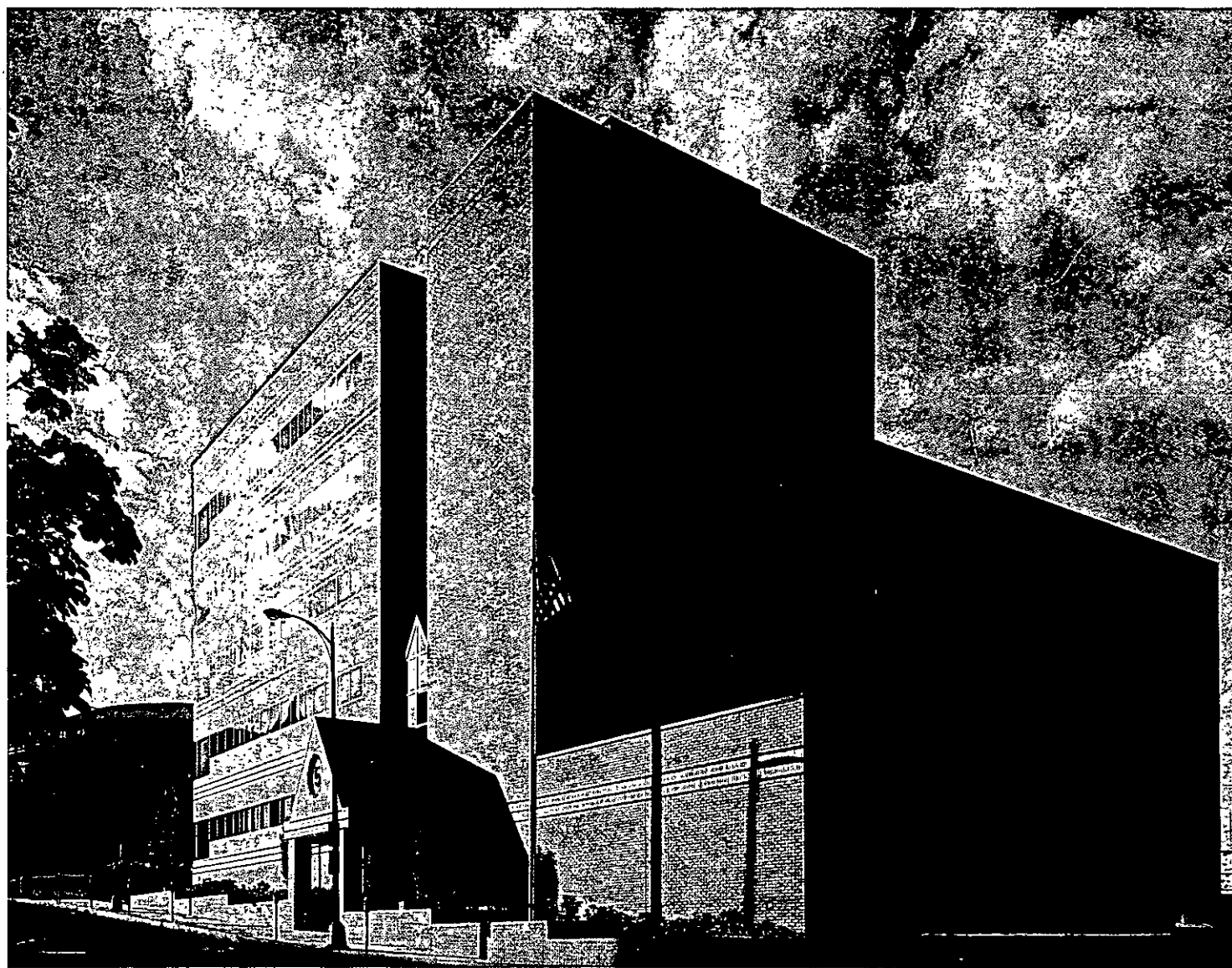


PSERS

Comprehensive Annual Financial Report



Public School Employes' Retirement System
Box 125
Harrisburg, Pennsylvania 17108

10-87

Comprehensive Annual Financial Report

For The
Fiscal Year Ended June 30, 1987

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

James A. Perry
Executive Director

*Report prepared by the Public School Employes' Retirement System staff
Arthur J. Granito
Director of Fiscal Control*

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1986
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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, 1986

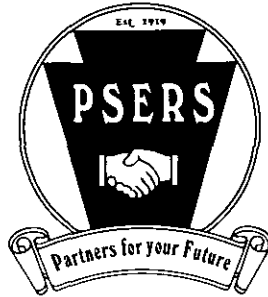
A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
governmental units and public employee retirement
systems whose comprehensive annual financial
reports (CAFR's) are judged to substantially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



Betty Jo Harker
President

Jeffrey L. Esser
Executive Director

Mission Statement



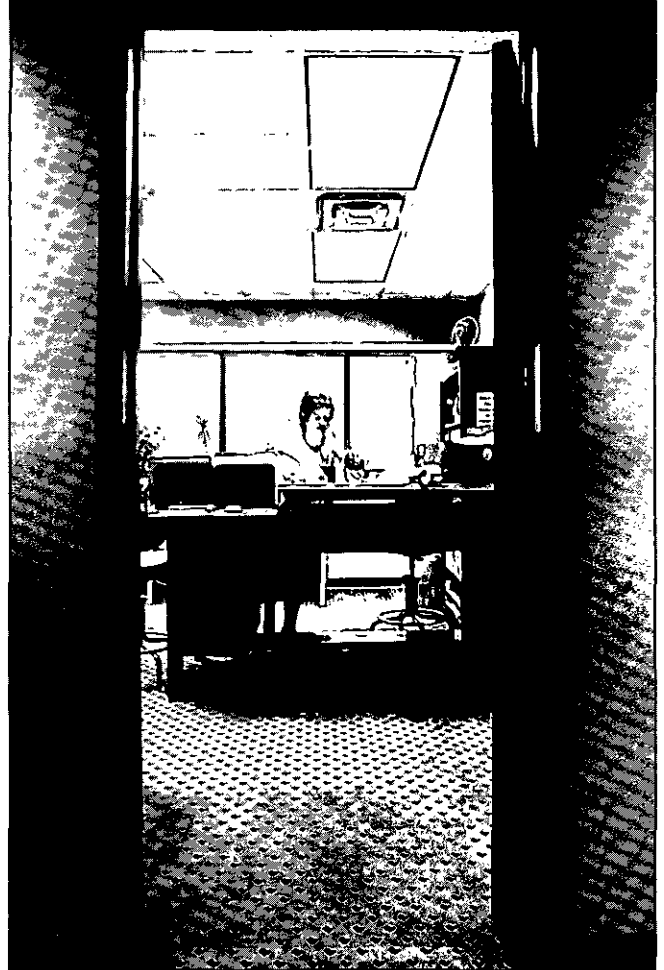
The Board of Trustees of the Public School Employees' Retirement System, empowered by statute with the authority and having fiduciary responsibility to ensure the timely and accurate payment of benefits to the members of the System and to maintain the stability of the Fund, shall:

- 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.*

*Adopted
4/26/85*

INTRODUCTORY SECTION

5



Letter of Transmittal

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

December 15, 1987

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

I am pleased to present the sixty-eighth Annual Financial Report for the Pennsylvania Public School Employees' Retirement System for the fiscal year ended June 30, 1987. 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 employes 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 Main & Co. for an audit of its financial statements 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, 1986. A reproduction of this award appears in this Introductory Section. This is the fourth 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 1987 certificate.

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

The 1987 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

This report has been prepared in accordance with generally accepted accounting and reporting principles as promulgated by the Governmental Accounting Standards Board.

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

Assets

26

The Pennsylvania Public School Employes' Retirement System's assets totalled \$11.3 billion (\$12.4 billion at market value) as of June 30, 1987. This was accomplished by a record increase of \$1.8 billion during the year, advancing the Fund's assets from \$9.5 to \$11.3 billion. Based on the market valuation of its assets, PSERS is the 13th largest public pension fund in the nation and the 22nd largest among public and corporate pension funds.

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 1987 totalled \$2,497.7 million. This represents an increase of 14 percent over 1986 revenues of \$2,180.1 million, shown as follows:

Revenue Source	1987 (Millions)	1986 (Millions)
Member Contributions	\$ 250.4	\$ 228.8
Employer Contributions	888.2	831.8
Investment Income	1,359.1	1,119.5
Total	\$2,497.7	\$2,180.1

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 19.90 percent for the 1986-87 fiscal year and was reduced to 19.54 percent for the 1987-88 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 1987 and 1986 are shown for comparative purposes.

Expenses	1987 (Millions)	1986 (Millions)
Retirement Benefits	\$623.6	\$585.1
Refunds	11.4	12.7
Disabilities	22.0	21.8
Lump-Sum Payment	131.7	77.6
Administrative	9.5	8.5
Other	6.6	8.9
Total	\$804.8	\$714.6

The increase in benefit payments resulted from an increase in the number of annuitants receiving payments which numbered 90,000 at June 30, 1987. Pension payments exceed \$50 million per month in providing earned benefits to our annuitant membership. Expenses to administer the Retirement System continue to represent a small fraction of total expenses. Administrative expenses for 1987 constituted only 1 percent of the System's total expenditures. A detailed breakdown of these expenses, with budget comparisons by expenditure category, appears in the Financial Section (Schedule 2).

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

Funding

The Public School Employees' Retirement System uses an actuarial reserve type of funding which is financed by member contributions, employer contributions and earnings from invested assets. For the year ended June 30, 1987, member contributions constituted 10 percent of the annual funding, employer contributions constituted 36 percent and investment earnings accounted for 54 percent.

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, 1987, the Fund balance increased \$1,692.9 million over the prior year — from \$9,348.5 million to \$11,041.4 million after meeting the retirement obligations of the System.

The results of the latest actuarial valuation indicate that the rates of contribution payable by the 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. Additional information on the System's funding progress is contained in the Actuarial and Financial Sections of this report.

Investments

Earnings from the investment portfolio represent a major source of revenue to the System, accounting for over half of total revenues for the year.

Investments of the Public School Employees' Retirement System netted a record \$1,359.1 million in earnings for the year. Investment revenue increased \$239.6 million in the 1986-87 fiscal year over the previous year. The investment portfolio totalled \$11.8 billion, at market value, as of June 30, 1987. This represents an increase of approximately \$1.7 billion over the prior year.

Investments earned a total rate of return of 12.7 percent for the year. By category, short-term investments earned 5.6 percent, equities earned 23.2 percent, fixed income investments earned 6.0 percent and real estate and mortgages returned a combined rate of 7.2 percent.

The investment portfolio is high quality and well-diversified to emphasize a long-term investment approach. The investment objective of the Fund is to produce a real return over inflation over time. The Board of Trustees recognizes that the objectives of a sound and prudent policy is to produce investment results that will preserve the assets of the Fund, as well as maximizing earnings of the Fund consistent with its long-term needs.

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 was approximately 200,000 at year end. The retiree population grew to a record 90,000 annuitants and beneficiaries receiving monthly benefits. During the year, PSERS staff processed nearly 18,000 enrollment applications, 21,000 beneficiary forms, 7,300 refunds, 6,300 statements of amount due for purchase of service, 7,100 retirements, 400 death-in-service benefits and 25,000 retirement estimates.

Recent Legislation

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. This retirement window was extended through June 30, 1989, by Act 69 signed by Governor Casey on July 13, 1987 retroactive to July 1, 1987.

Qualified Tax Status

The Pennsylvania Public School Employees' Retirement System is a qualified trust fund under Section 401(a) of the Internal Revenue Code. As a result of the qualified status, the trust fund is entitled to an exemption, under Section 501(a) of the Code, from Federal income taxation on its investment earnings. Additionally, contributions made on behalf of the active members are tax deferred under Section 414(h) of the Internal Revenue Code. The trust fund and any benefits accruing to the members of the System are exempt from Pennsylvania state and municipal taxes.

Professional Services

Professional consultants are appointed by the Board of Trustees to perform services essential to the efficient operation of the System. An annual audit by an independent accounting firm and annual valuation by an actuarial consultant attest to the financial and actuarial soundness of the System. The investment performance of the Fund is reviewed by investment evaluation firms on a quarterly basis. The consultants providing services to the System are listed in the Introductory Section of this report.

Current and Future Developments

Dorothy B. Taylor of Andalusia took her seat on the Public School Employees' Retirement Board in January as elected representative of the retired members of PSERS. She succeeds Alfred R. Webb of Plymouth Meeting.

The employer contribution rate for the 1987/88 fiscal year will be reduced from 19.90% to 19.54%. This reflects the second consecutive reduction in the employer contribution rate. This rate is shared equally by the reporting units and the Commonwealth of Pennsylvania.

PSERS has relocated its headquarters to a newly constructed office building at 5 North Fifth Street, Harrisburg. It is the first time the System has occupied offices specifically designed for its use. The System's mailing address will remain P.O. Box 125, Harrisburg, PA 17108, and telephone numbers remain the same.

PSERS is continuing a multi-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.

The Retirement System is developing plans to replace its production mainframe computer system, currently a Unisys A10 computer system, with a state-of-the-art A15 system. The existing A10 mainframe will be utilized to replace two (2) B5920 computers now used for system's development activities.

PSERS traditionally prides itself in providing quality training for its employees that enables the organization to carry out its mission of servicing the members of the System, professionally, accurately and in a timely manner. Toward this goal, PSERS has hired a full-time training officer to develop a comprehensive agency-wide training program for all personnel.

Members of the Public School Employees' Retirement System who are contemplating retirement within two years will have an opportunity to participate in group counseling sessions in numerous locations throughout the State. The group counseling concept was introduced in 1986 to assure that all members receive thorough standardized counseling in preparation for the selection of a retirement option. One hundred and seventy five sessions were held during the 1986-87 year in which approximately 5,500 members were counseled.

PSERS is continuing 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.

PSERS is developing a slide presentation intended to provide pertinent information to annuitant groups and is developing a video series to assist its active membership.

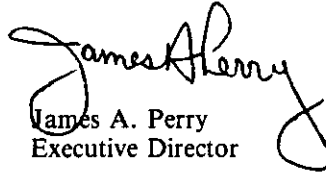
Acknowledgements

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.

Respectively submitted,


James A. Perry
Executive Director

Administrative Organization

PSERS Board of Trustees

as of June 30, 1987

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

Honorable Thomas K. Gilhool

Treasurer of the Commonwealth of Pennsylvania (ex officio)

Honorable G. Davis Greene, Jr.

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) 1991

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) 1991

Mr. Bernard J. Freitag (term expires January 1, 1990)

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

Ms. Dorothy B. Taylor (term expires January 1, 1990)

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) 1992

Ms. Mary Ann Caputo

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) 1991

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 Peter R. Vroon

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 Roger A. Madigan~~ James R. Kelley

PSERS Board of Trustees



Left to right (seated) Mr. Angle, Mr. McCullough, Mr. Harris, Ms. Taylor; (standing) Mr. Oravitz, Mr. Ciani, Mr. Fondy, Mr. McCann, Mr. Greene, Mr. Blough (representing Mr. Gilhool), Mr. Vroon. Absent from picture - Mr. Freitag, Mr. Pievsky, Mr. Rocks, Mr. Madigan

1987 Board Committees

Appeals

Mr. McCann, Chairman
Mr. Blough
Mr. Ciani
Mr. Freitag

Finance

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

Building

Mr. Freitag, Chairman
Mr. Angle
Mr. Blough
Mr. Fondy

Audit/Budget

Mr. Oravitz, Chairman
Mr. Blough
Mr. Ciani
Mr. Freitag
Mr. Greene

Legislation

Mr. McCann, Chairman
Mr. Ciani
Mr. Greene
Mr. Oravitz
Ms. Taylor

Personnel

Mr. Angle, Chairman
Mr. Blough
Mr. Fondy
Mr. Harris
Mr. McCann

Proxy Voting

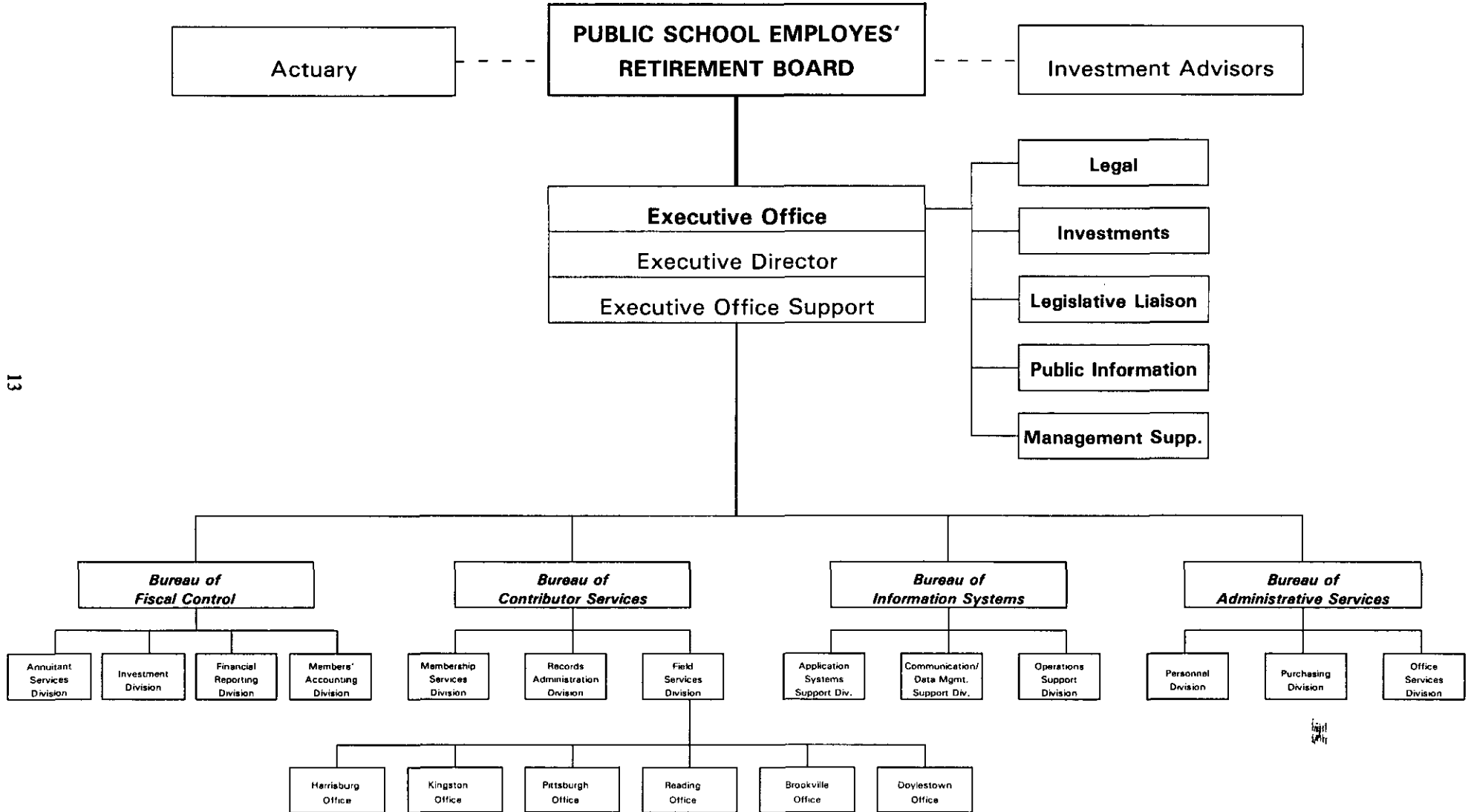
Mr. Harris, Chairman
Mr. Freitag
Mr. Greene

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



Organizational Structure of the Public School Employees' Retirement System

Public School Employees' Retirement Board

The Board, consisting of fifteen members, adopts and promulgates rules and regulations for the uniform administration of the System and exercises a fiduciary responsibility over the investment of the Fund's assets. In addition, the Board certifies salary deductions and contribution rates, makes actuarial investigations of the Retirement System, adopts mortality tables, and publishes an annual financial statement of the condition of the Retirement Fund. Administratively, the Board reviews the activities performed by the System's executive office.

Executive Office

The Executive Director serves as chief administrative officer of a rapidly growing governmental agency which is chartered to administer a large pension fund for public school employees. Generally, the Executive Director directs and manages the operation of the Retirement System to achieve the primary objectives of the Fund as established by the Retirement Board. This office plans, formulates, and recommends to the Board policies and directions which further sound management practices and represent the best interests of the active members and annuitants of the System. Particularly, the Executive Director monitors the operation of the investment portfolio and evaluates portfolio performance for consideration by the Board, certifies expenditures of the Fund, and measures performance of professional individuals or firms with whom the Board contracts for specialized services. The Executive Director also appraises the Board of any development which will in any way affect the Retirement System and its operation.

Additional functions of the Executive Office are performed by specialized support staff. The Public Relations Office is responsible for the coordination and release of information about the Retirement System. In fulfilling this obligation, this office prepares press releases, bulletins, newsletters, the annual report pamphlets, and members' handbooks, and answers written, personal, and telephone inquiries. This office is responsible for the development of the agency video series and for coordination of the annual Investment Seminar. It also maintains personal contact with school retiree groups across the state by providing speakers and displays.

The legislative liaison in the Executive Office monitors and reports on legislative activities which may impact on members' benefits or the administration of the System.

The Investment Office is responsible for the investment activities of the Retirement System as opposed to the administrative functions of investment accounting. The Fund's assets are allocated to numerous investment advisors for investment in the areas of equities, fixed income, real estate, venture capital, and options. The Chief Investment Officer oversees the performance and operations of the investment advisors and reports to the Board. He is responsible for assuring that the Board's investment policies and decisions are carried out. For the past two years, the Investment Office and the Board have been formulating a plan for meeting the earnings requirements of the Fund's target liability by the use of strategic asset allocation.

Legal Services are provided by a team of professional personnel shared by PSERS, the State Employees' Retirement System, and the Pennsylvania Municipal Retirement System. The legal staff is responsible for interpretation of the Retirement Code, for representation of the System in administrative hearings and courts, and for determination of legality of contracts.

The most recent addition to the Executive Office staff has been that of Management Support. This team is responsible for the implementation of a management study to improve PSERS's efficiency and for the maintenance of efficient operating procedures and work flows.

Bureau of Administrative Services

The Bureau of Administrative Services directs and coordinates staff activities relating to personnel, purchasing, management methods, and mail and messenger services.

Personnel Division

Personnel coordinates a comprehensive personnel operation through the establishment and maintenance of personnel policies and programs. Specifically, the division maintains a position classification system; administers the Commonwealth benefits program; oversees the recruitment, selection, and placement of job candidates; develops, conducts, and evaluates an intensive training program; processes transactions and maintains the personnel management system; participates in labor and employe relations; and maintains personnel and leave records. The Affirmative Action function is carried out through this division.

Purchasing Division

This division procures and maintains inventory on supplies, furniture, and equipment, and contracts for services from outside sources. This function involves reviewing agency purchase requests, making recommendations, formulating specifications, securing and awarding bids, preparing purchasing documents, determining need for maintenance agreements, and ensuring compliance with agency requirements. The division chief is also the agency's Contract Compliance Officer.

Office Services Division

Office Services develops techniques to improve practices and the allocation of resources, develops administrative procedures, conducts space and equipment utilization studies, and negotiates leases. It also manages a forms and publications program by providing graphic, composition, reproduction, and distribution services. The division coordinates and directs a Disaster Recovery program and operates a consolidated mail and messenger service. The division chief has had primary responsibility over the past 18 months for allocating space and coordinating the move to new headquarters.

Bureau of Contributor Services

This bureau has responsibility for the administration, management, and direction of all activities related to the System's membership. Duties include bringing new members into the System, maintaining members' files, computing purchase of credit for service bills, computing regular and disability estimates and retirement payments, refunding contributions and interest, computing death benefits, making miscellaneous adjustments, and providing field services to the members and the reporting units.

Membership Services Division

This division is responsible for all activities carried out by the Retirement Processing, Purchase of Service, Refund, and Closing and Adjusting Sections. Specifically, this division computes various types of retirement payments including disability and death benefits; prepares billings for credit for various types of service (military, out-of-state, previous refunds, uncredited, part-time, and state), processes applications for the return of contributions and interest for members ineligible to receive benefits, and computes complex miscellaneous adjustments.

Records Administration Division

Records Administration manages all members' records. It is responsible for enrolling of members entering the System, the recording of the beneficiary, maintaining the name and address file, processing forms and correspondence, merging accounts, updating information and disseminating member records to other areas of the agency as needed. Telephone calls to PSERS are handled in this area whenever possible. A communications unit serves as a clearing house for incoming telephone calls and correspondence. Word Processing provides centralized recording and storing services for the agency.

Field Services Division

The Field Services Division consists of eight School Retirement System Field Agents located in offices throughout the Commonwealth. Each field agent serves as a professional liaison between the agency, the members, and the reporting units. They provide information and guidance to members of PSERS in meetings, discussions, and counseling sessions. A major function is providing counseling and estimates of benefits for prospective retirees.

The field staff is also responsible for coordinating and conducting training sessions for school district business personnel on the proper completion of PSERS forms and reports.

Bureau of Fiscal Control

This bureau has responsibility for the planning, organization, and direction of a complete accounting system. Fulfilling this responsibility includes preparation of financial statements and the administrative budget, accounting for the investment portfolio transactions, consulting with the Board of Trustees on financial matters, and serving as liaison with financial consultants, actuaries, fund evaluators, investment advisors, other state and federal agencies, and all reporting units.

Division of Investment Accounting

The Division of Investment Accounting has responsibility for managing investment transactions to guarantee adherence to policies and guidelines prescribed by the Board. It serves as intermediary with mortgage companies, brokers, investment evaluators, money managers, and the State Treasury Department. The division accounts for a \$12 billion investment portfolio through the execution and reconciliation of all investment transactions.

Division of Financial Reporting

The Division of Financial Reporting has responsibility for the classification, analysis, and reporting of all financial transactions. The General Ledger Section records all financial data including outgoing payments from the Fund and incoming receipts to the Fund. It maintains the cash receipts journal, cash disbursements journal and the general ledger and is responsible for the preparation of financial statements. It is also responsible for the efficient flow of the administrative budget process. The Accounts Receivable Section is responsible for the billing and receivable procedures for employe and employer contributions.

Division of Annuitant Services

The Division of Annuitant Services administers a \$50 million monthly annuitant payroll. This administration involves the creation and maintenance of the automated payroll file, deduction of hospitalization costs for eligible annuitants, and provision of tax and accounting information. The Division is responsible for calculating and processing post-retirement death benefits and also provides general information and assistance to the annuitant membership.

Division of Members' Accounting

The Division of Members' Accounting has responsibility for the collection, posting and reconciliation, receipts, and disbursements of member contributions. Supported by the Control Section and the District Reporting Section, this division ensures the accuracy of the members' savings accounts through efficient collection of data, updates the individual members' savings accounts, applies interest, maintains the automated members' savings accounts, audits withdrawals from these accounts, and reconciles total members' contributions with the general ledger. It also provides services to the reporting units by interpreting the rules and regulations regarding membership and by ensuring proper application of codes and reporting procedures.

Bureau of Information Systems

This bureau has responsibility for planning, administering, and controlling all electronic data processing activities within PSERS and providing contracted support services for other agencies. Additionally, this bureau interprets and applies agency policies and objectives across all data processing activities, provides professional services for feasibility studies, system analyses, system design and programming, data communications and data management, hardware and software selection and computer operations. The bureau also formulates short-term and long-range developmental plans to permit the agency to meet directed missions and integrates supported agencies' projected data processing needs into a comprehensive two-year plan.

Application Systems Support Division

Responsibilities of this division include system analyses, design, cost analysis, feasibility studies and specification of related informational needs; identifying potential application of electronic data processing to satisfy staff needs; preparing documentation necessary for the creation and support of newly developed systems; developing standards and procedures relating to system and staff documentation; staff training; developing program logic and flow diagrams, coding, unit testing and debugging; and identification of existing and potential sources of information required to achieve stated agency objectives.

Communication/Data Management Support Division

Primary responsibilities involve maintaining the data communication and data management software support code external to the operating system; providing for data integrity and security within the data communication and database environments; developing database structures, access methods, and backup and recovery procedures; establishing and enforcing standards and conventions (database usage, data naming, design and installation of communication applications); providing technical training in data communications and data management; evaluating statistical data to ensure efficient use of product supports; determining communication lines, networks, and software characteristics for new applications; and assisting systems analysts, programmers, users, and management in data communications and data management projects.

Operations Support Division

This division is responsible for providing the evaluation, modification, development, and implementation of software systems (such as operating systems, compilers, utility programs), conducting hardware and software studies which include microcomputers, developing program efficiency standards and evaluations, designing software necessary to support the agency's electronic data processing activities, and establishing and conducting a training program for microcomputer users. It is also responsible for monitoring the computer system for acceptable performance, resource utilization, inefficiencies, and analyzing current and future workloads to determine the proper system configuration. In addition, this division assures the optimum utilization of all the computing and associated hardware consistent with staff needs and priorities, prepares production and test schedules, and is accountable for the organization and proper execution of control functions (input/output validation, accuracy and quality checks of work performed, security and maintenance of data and program libraries, input/output distributions). This division maintains inventory of data processing supplies, tracks computer-related problems, establishes and maintains Work Flow Language libraries, controls implementation of all production programs, maintains job and program performance statistics, prepares computer output microfiche documentation, and maintains the agency's card-entry security system.

Administrative Staff

James A. Perry
Executive Director

Clay B. Mansfield
Chief Investment Officer

Abbott A. Leban
Chief Counsel

Arthur J. Granito
Director of Fiscal Control

Dale W. Houck
Director of Information Systems

Linda L. Weidner
Director of Contributor Services

Thomas E. Yagel
Director of Administrative Services

Professional Consultants

Investment Advisors

Bankers Trust Co. (Equities)
280 Park Avenue
6th Floor, West Building
New York, NY 10017

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)**
1000 Louisiana Street, Suite 6000
Houston, TX 77002

Delaware Investment Advisors (Equities)
10 Penn Center Plaza, 14th Floor
Philadelphia, PA 19103

Dreman Value Management (Equities)
30 Montgomery Street
Jersey City, NJ 07302

Fidelity Bank (Mortgages & Real Estate)
P.O. Box 1300
Philadelphia, PA 19105

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

Genesis Seed Fund
3 Great Valley Parkway, Suite 227
Malvern, PA 19355

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, 34th Floor
Boston, MA 02111

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

Mellon Capital Management
595 Market Street, Suite 2900
San Francisco, CA 94105

**Miller Anderson & Sherrerd (Fixed Income &
Equities)**
Two Bala Plaza, Room 2220
Bala Cynwyd, PA 19004

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

Oppenheimer Capital Corp. (Equities)
Oppenheimer Tower, 37th Floor
World Financial Center
New York, NY 10281

Oppenheimer Option Management
Division of Oppenheimer Capital
Oppenheimer Tower
World Financial Center
New York, NY 10281

Pacific Investment Management Co. (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)
One Oliver Plaza, 27th Floor
Pittsburgh, PA 15265

Provident Capital Management., Inc. (Equities)
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)
600 Grant Street, 5th Floor
Pittsburgh, PA 15219

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

Small Managers Equity Fund Advisors

Addison Capital Management
1608 Walnut Street
Philadelphia, PA 19103

Advisor Investment Managers, Inc.
Suite 1400
1300 Post Oak Boulevard
Houston, TX 77056

Ariston Capital Management Corp.
Suite 250
12301 N.E. 10th Place
Bellevue, WA 98005

Birmingham Capital Management Co., Inc.
Suite 1230
Finance Center
Birmingham, AL 35203

Brandywine Asset Management
Suite 536
1 Custom House Square
Wilmington, DE 19801

Crabbe-Huson Company
Suite 2900
1211 S.W. 5th Street
Portland, OR 97204

Crawford Investment Counsel, Inc.
Suite 980
100 Galleria Pkwy. N.W.
Atlanta, GA 30339

Cutler & Company, Inc.
Suite 204
132 W. Main Street
Medford, OR 97501

Eagle Asset Management, Inc.
880 Carillon Parkway
St. Petersburg, FL 33716

Evans & Moxon Capital Management, Inc.
Suite A-1
9 South Main Street
Yardley, Bucks County, PA 19067

Greenleaf Capital Management
Suite 803
20600 Chagrin Boulevard
Shaker Heights, OH 44122

Gulf Investment Management, Inc.
Suite 1120
580 Westlake Park Boulevard
Houston, TX 77079

Newbold's Asset Management
1500 Walnut Street
Philadelphia, PA 19102

Scheetz, Smith & Company, Inc.
Suite 2734
500 Grant Street
Pittsburgh, PA 15219

Trust Company of the West
400 South Hope Street
Los Angeles, CA 90071

Edward A. Viner & Co., Inc./Hudson Capital Advisors
3 East 54th Street
New York, NY 10022

Westport Asset Management, Inc.
253 Riverside Avenue
Westport, CT 06880

Investment Evaluators

Evaluation Associates, Inc.
Westport, CT

SEI Corporation
Wayne, PA



Actuary

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

Auditor

Peat Marwick Main 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 EMPLOYES' RETIREMENT SYSTEM
BOX 125
HARRISBURG, PENNSYLVANIA 17108
Area Code 717-787-8546

December 15, 1987

Honorable Robert P. Casey
Governor of Pennsylvania

Members of the Legislature
Members of the Retirement System

Dear Governor Casey, Legislators and Members:

On behalf of the Board of Trustees of the Pennsylvania Public School Employes' Retirement System, I am pleased to report the very positive results in this sixty-eighth Annual Financial Report for the fiscal year ended June 30, 1987. The report presents an in-depth review of the financial, actuarial and investment status of the Retirement Fund.

The Retirement System continues to grow. The market value of assets surpassed \$12 billion at fiscal year end; active membership approximates 200,000 and annuitants now total over 90,000 receiving pension benefits of \$50 million per month.

In the area of operations, the System has undertaken a comprehensive work management study geared toward streamlining operations to provide a superior quality of service to the membership of the System.

The financial integrity and actuarial soundness of the System are attested by the accompanying reports of the independent auditor and consulting actuary.

This report highlights many of the significant activities of the Retirement System for the year ended June 30, 1987 as well as plans to continue improving services to the active and retired members of the System.

The Board of Trustees is committed to assuring that the retirement funds are managed prudently for the sole benefit of the System. The Board of Trustees pledges to continue to administer the affairs of the Pennsylvania Public School Employes' Retirement System in the most competent and efficient manner possible.



Samuel A. McCullough
Chairman
Board of Trustees

FINANCIAL SECTION

33



Auditors' Opinion Letter



Certified Public Accountants

Peat Marwick Main & Co.
225 Market Street
Suite 300
P.O. Box 1190
Harrisburg, PA 17108-1190

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, 1987 and 1986 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, 1987 and 1986, 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, on pages 36 through 39; Table F, on page 51; Schedule 1, on page 54; and Schedule 2, on page 56 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. Such information for the year 1978 and other supplementary information presented herein is unaudited and we express no opinion thereon.

Peat Marwick Main & Co.

September 25, 1987

Balance Sheets

June 30, 1987 and 1986

(Amounts in Thousands)

	1987	1986
Assets		
Investments, at cost (note 4):		
Corporate and government debentures (market value \$4,038,955 in 1987 and \$3,841,929 in 1986)	\$4,017,196	\$3,583,913
Common and preferred stocks (market value \$4,211,195 in 1987 and \$3,382,996 in 1986)	3,214,120	2,532,625
Mortgage investments (market value \$959,592 in 1987 and \$847,408 in 1986)	967,734	844,621
Other long-term investments (market value \$785,455 in 1987 and \$682,818 in 1986)	724,402	630,754
Short-term investments (market value \$1,828,197 in 1987 and \$1,347,781 in 1986)	1,828,197	1,347,781
Total investments	<u>10,751,649</u>	<u>8,939,694</u>
Receivables:		
Contributions:		
Members	38,150	32,533
Employers	157,383	144,756
Commonwealth of Pennsylvania	112,283	103,902
Investment:		
Income receivable	143,719	137,900
Proceeds receivable	145,452	146,250
Other	2,241	1,113
Total receivables	<u>599,228</u>	<u>566,454</u>
Cash	<u>3</u>	<u>14</u>
Fixed assets (net of accumulated depreciation of \$1,405 and \$1,081 in 1987 and 1986 respectively)	<u>3,085</u>	<u>1,756</u>
TOTAL ASSETS	<u><u>\$11,353,965</u></u>	<u><u>\$9,507,918</u></u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable and accrued expenses	\$ 16,975	\$ 13,500
Option 4 installment benefits payable	35,834	—
Investment purchases payable	259,756	145,934
Total liabilities	<u>312,565</u>	<u>159,434</u>
Unfunded actuarial liability (note 1d)		
Fund balance (note 3):		
State accumulation account	3,962,683	2,942,505
Members' savings account	2,668,271	2,464,839
Reserve for retirement	4,223,517	3,694,891
Reserve for disabilities	186,929	246,249
Total fund balance	<u>11,041,400</u>	<u>9,348,484</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$11,353,965</u></u>	<u><u>\$9,507,918</u></u>

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Fund Balance
Years ended June 30, 1987 and 1986
 (Amounts in Thousands)

	Total	Year ended June 30, 1987			
		State Accumulation Account	Members' Savings Account	Reserve for Retirement	Reserve for Disabilities
Revenue:					
Contributions:					
School districts	\$ 445,398	\$ 445,398	\$ —	\$ —	\$ —
Employes	250,420	—	250,420	—	—
Commonwealth of Pennsylvania	442,862	442,862	—	—	—
	<u>1,138,680</u>	<u>888,260</u>	<u>250,420</u>	<u>—</u>	<u>—</u>
Investment revenue, net of related expenses (note 4)	<u>1,359,118</u>	<u>1,031,398</u>	<u>100,371</u>	<u>218,733</u>	<u>8,616</u>
Total revenue	<u>2,497,798</u>	<u>1,919,658</u>	<u>350,791</u>	<u>218,733</u>	<u>8,616</u>
Expenses:					
Benefits	777,343	—	—	755,258	22,085
Refunds	11,374	—	11,374	—	—
Net transfers to State Employees' Retirement System	6,658	5,978	680	—	—
Administrative expenses	9,507	9,507	—	—	—
Total expenses	<u>804,882</u>	<u>15,485</u>	<u>12,054</u>	<u>755,258</u>	<u>22,085</u>
Excess (deficiency) of revenues over expenses	<u>1,692,916</u>	<u>1,904,173</u>	<u>338,737</u>	<u>(536,525)</u>	<u>(13,469)</u>
Transfers between reserves for:					
Retirements by members	—	(750,421)	(135,328)	819,860	65,889
Annuitants who returned to service	—	1,130	23	(907)	(246)
Actuarial requirements	—	(134,704)	—	246,198	(111,494)
Other reclassification	—	—	—	—	—
Fund balance at beginning of year	<u>9,343,484</u>	<u>2,942,505</u>	<u>2,464,839</u>	<u>3,694,891</u>	<u>246,249</u>
Change in unfunded actuarial liability (note 1d)	—	—	—	—	—
Fund balance at end of year	<u><u>\$11,041,400</u></u>	<u><u>\$3,962,683</u></u>	<u><u>\$2,668,271</u></u>	<u><u>\$4,223,517</u></u>	<u><u>\$186,929</u></u>

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Fund Balance (Continued)

Years ended June 30, 1987 and 1986

(Amounts in Thousands)

	Total	Year ended June 30, 1986			
		State Accumulation Account	Members' Savings Account	Reserve for Retirement	Reserve for Disabilities
Revenue:					
Contributions:					
School districts	\$ 415,532	\$ 415,532	\$ —	\$ —	\$ —
Employees	228,760	—	228,760	—	—
Commonwealth of Pennsylvania	416,308	416,308	—	—	—
	<u>1,060,600</u>	<u>831,840</u>	<u>228,760</u>	<u>—</u>	<u>—</u>
Investment revenue, net of related expenses (note 4)	1,119,487	822,606	92,702	194,317	9,862
Total revenue	<u>2,180,087</u>	<u>1,654,446</u>	<u>321,462</u>	<u>194,317</u>	<u>9,862</u>
Expenses:					
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	—	—	—
Total expenses	<u>714,589</u>	<u>16,497</u>	<u>13,582</u>	<u>662,675</u>	<u>21,835</u>
Excess (deficiency) of revenues over expenses	<u>1,465,498</u>	<u>1,637,949</u>	<u>307,880</u>	<u>(468,358)</u>	<u>(11,973)</u>
Transfers between reserves for:					
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)	—	—
Fund balance at beginning of year	<u>7,882,986</u>	<u>2,051,281</u>	<u>2,274,834</u>	<u>3,430,618</u>	<u>126,253</u>
Change in unfunded actuarial liability (note 1d)					
Fund balance at end of year	<u>\$9,348,484</u>	<u>\$2,942,505</u>	<u>\$2,464,839</u>	<u>\$3,694,891</u>	<u>\$246,249</u>

See accompanying notes to financial statements.

Statements of Changes in Financial Position

Years ended June 30, 1987 and 1986

(Amounts in Thousands)

	1987	1986
Resources provided by:		
Excess of revenues over expenses	\$1,692,916	\$1,465,498
Sales and maturities of long-term investments	7,378,329	5,921,342
Items not requiring (providing) resources currently:		
Net (gain) loss from sales of long-term investments	(627,883)	(425,819)
Net amortized premium (discount)	(1,962)	(7,051)
Depreciation	367	336
Total resources provided	\$8,441,767	\$6,954,306
 Resources used by:		
Purchases of long-term investments	\$8,080,023	\$6,430,878
Acquisition of equipment	1,696	350
Total resources used	\$8,081,719	\$6,431,228
INCREASE IN WORKING CAPITAL	\$ 360,048	523,078
 Elements of net increase (decrease) in working capital		
Current assets:		
Cash	\$ (11)	\$ (8)
Short-term investments	480,416	340,271
Contributions receivable	26,625	(2,775)
Investment income receivable	5,819	(1,693)
Investment proceeds and other receivables	330	40,529
Increase in current assets	513,179	376,324
 Current liabilities:		
Accounts payable and accrued expenses	3,475	(9,248)
Option 4 installment benefits payable	35,834	—
Investment purchases payable	119,822	(137,506)
Net increase (decrease) in current liabilities	153,131	(146,754)
INCREASE IN WORKING CAPITAL	\$ 360,048	\$ 523,078

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 1987 and 1986

(1)

Organization and Description of the System

(a) Organization

The Commonwealth of Pennsylvania Public School Employees' Retirement System (the "System") was established as of July 18, 1917, under the provision of P.L. 1043, No. 343. The System is a cost-sharing multiple-employer plan and its 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. At June 30, 1987 there were 632 reporting units, generally school districts and membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employes entitled to, but not receiving benefits	<u>90,000</u>
Currently employed members:	
Vested	120,000
Nonvested	<u>80,000</u>
	<u>200,000</u>

All members are fully vested in their individual balance in the Members' Savings Account which is described in note 3(b).

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. Act 91, enacted for a period of one year from July 1, 1986 to June 30, 1987 (and extended through June 30, 1989 by Act 69), 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 full 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. After completion of 10 years of service, a member's right to the defined benefit is vested and early retirement benefits may be elected. Under certain features of the System, participants may purchase credit for previous types of educational or military service on a lump-sum or installment purchase basis.

In addition to regular retirement benefits, the System also provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of 5 years of eligible service. Such benefits are equal to 2 percent of the members' final average salary (as defined) multiplied by the number of years of credited service, but not less than one third of such salary, nor greater than the benefit the member would have had at superannuation retirement age.

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. Such benefits are equal to the benefit which would have been effective if the member retired on the day before death.

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

Notes to Financial Statements (Continued)

computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The combined amounts required from the employers and Commonwealth were 19.90 percent and 20.04 percent of active member payroll for the years ended June 30, 1987 and 1986, respectively. The employer and the Commonwealth share such cost equally. Effective July 1, 1987 the combined contribution rate was decreased to 19.54 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, 1986, 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 \$27,868,000 from the prior year and was \$6,647,016,000. The actuary calculates that the average funding period to amortize total unfunded accrued and supplemental annuity liabilities is 19.6 years as of June 30, 1986.

Such liability includes \$109,831,000, as of June 30, 1986 and 1985, related to unaccrued interest receivable on Commonwealth contributions which were not paid on a timely basis.

Such interest receivable relates to an underfunding of Commonwealth contributions for fiscal years ended June 30, 1970 to 1973, and is not recorded on the System's financial statements. However, the System's actuary considers the interest receivable an asset in the calculation of the actuarial valuation.

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:

(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. Income on mortgages is recognized as earned.

Other long-term investments are carried at cost as of the trade date.

Short-term investments, principally investments in the state treasury investment pool are carried at cost, which approximates market value. Income on these investments is recognized when earned.

(b) Fixed Assets

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

(c) Federal Income Tax Status

During the years ended June 30, 1987 and 1986, the System qualified under the provision of the Internal Revenue Code and was exempt from Federal income taxes.

(d) Compensated Absences

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

(3)

Description of Funds

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

(a) State Accumulation Account

The State Accumulation Account is credited with the contributions of the Commonwealth and the employers. Additionally, interest earnings of the System (after

Notes to Financial Statements (Continued)

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 expenses necessary for the operation of the System are paid from the State Accumulation Account.

(b) 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.

(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)
Investments**

The Board of Trustees (the "Board") has the responsibility to invest and reinvest available funds of the System, in accordance with the guidelines and limitations outlined by Act 96. The Board accomplishes the daily management of the System's investments through the use of investment advisors who act as agents for the System. Under the guidelines of Act 96, the Board may make investments in corporate and government debentures, common and preferred stocks, mortgage investments, real estate, venture capital, and index options 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.

The major components of investment revenue for the years ended June 30, 1987 and 1986 are as follows:

(Amounts in Thousands)

Corporate and government debentures	
Common and preferred stocks	
Mortgage investments	
Other long-term investments	
Short-term investments	
Option writing income (loss)	
Securities lending income	
Net amortized discount	
Net gain on investment transactions	
Total investment revenue before investment expenses	
Investment expenses	
Net investment revenue	

1987	1986
\$ 361,451	\$359,564
123,862	105,539
74,190	83,584
71,550	67,260
102,183	87,786
1,037	(10,129)
4,207	3,750
1,962	7,051
631,589	426,369
1,372,031	1,130,774
(12,913)	(11,287)
\$1,359,118	\$1,119,487

The amounts for investment expenses do not reflect \$672,000 and \$350,000 in 1987 and 1986, 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 \$522,000 and \$328,000 in 1987 and 1986, respectively, which were paid through interest earnings on trades funded prior to settlement.

Notes to Financial Statements (Continued)

A summary of investment securities as of June 30, 1987 and 1986 and the approximate market values follows:

(Amounts in Thousands)

	1987		1986	
	Book Value	Market Value	Book Value	Market Value
Corporate and government debentures:				
U.S. Government and agency obligations	\$3,231,970	\$ 3,263,923	\$2,989,286	\$3,226,452
Corporate and municipal bonds	737,411	728,241	576,306	593,042
Convertible bonds	47,815	46,791	18,321	22,435
	<u>4,017,196</u>	<u>4,038,955</u>	<u>3,583,913</u>	<u>3,841,929</u>
Common and preferred stocks:				
Common stock	3,203,460	4,200,265	2,524,979	3,374,606
Preferred stock	10,660	10,930	7,646	8,390
	<u>3,214,120</u>	<u>4,211,195</u>	<u>2,532,625</u>	<u>3,382,996</u>
Mortgage investments:				
FHA/VA residential mortgages	211,318	194,413	243,782	233,821
FHA project mortgages	38,176	31,876	37,215	36,055
Government agency mortgage backed securities	637,847	641,962	500,413	503,931
Other mortgage backed securities	80,025	90,973	62,822	73,212
Conventional mortgages	368	368	389	389
	<u>967,734</u>	<u>959,592</u>	<u>844,621</u>	<u>847,408</u>
Other long-term investments:				
Real Estate	130,777	130,173	98,167	97,412
Equity real estate	350,646	384,274	312,690	336,378
Equity participating mortgages	209,702	237,731	207,538	236,669
Venture capital pool	30,500	30,500	10,500	10,500
FHA debentures	2,777	2,777	1,859	1,859
	<u>724,402</u>	<u>785,455</u>	<u>630,754</u>	<u>682,818</u>
Short-term investments:				
State Treasury investment pool	1,828,197	1,828,197	—	—
U.S. Treasury bills and notes	—	—	403,953	403,953
Repurchase agreements	—	—	370,686	370,686
Commercial paper	—	—	410,667	410,667
Certificates of deposit	—	—	55,000	55,000
Federal farm credit bank	—	—	40,000	40,000
Federal home loan bank	—	—	20,000	20,000
Money market funds	—	—	47,475	47,475
	<u>\$1,828,197</u>	<u>\$ 1,828,197</u>	<u>\$1,347,781</u>	<u>\$1,347,781</u>
	<u>\$10,751,649</u>	<u>\$11,823,394</u>	<u>\$8,939,694</u>	<u>\$10,102,932</u>

Notes to Financial Statements (Continued)

The System's investments are categorized below to give an indication of the level of risk assumed by the System at June 30, 1987. In accordance with a contractual relationship between the Commonwealth's Treasury Department and a custodial agent, substantially all investments subject to categorization are held in book entry form via a unique account so as to be identified at all times as the possession of the Commonwealth. Therefore, all such investments as well as certain securities physically held at the Commonwealth's Treasury Department are reflected in Category 1, which is defined as insured or registered investments or investments for which

the securities are held by the System or its agent in the System's name.

Investments may also be categorized as Category 2, which is defined as uninsured or unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the System's name, and Category 3, which is defined as uninsured or unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the System's name. The System has no investments which would be classified in Categories 2 or 3. However, the System does have investments which are not in any of the three defined categories. Such investments are separately identified.

	Category 1	Not Categorized	Market Value
	(Amounts in Thousands)		
U.S. Government and agency obligations	\$3,231,970	—	\$3,263,923
Corporate and municipal bonds	737,411	—	728,241
Convertible bonds	47,815	—	46,791
Common stock	3,203,460	—	4,200,265
Preferred stock	10,660	—	10,930
FHA/VA residential mortgages	211,318	—	194,413
FHA project mortgages	38,176	—	31,876
Government agency mortgage backed securities	637,847	—	641,962
Other mortgage backed securities	80,025	—	90,973
Other Conventional mortgages	368	—	368
FHA debentures	2,777	—	2,777
Real Estate	130,777	—	130,173
Equity real estate	350,646	—	384,274
Equity participation real estate	209,702	—	237,731
Venture capital pool	—	30,500	30,500
State Treasury investment pool	—	1,828,197	1,828,197
	<u>\$8,892,952</u>	<u>\$ 1,858,697</u>	<u>\$11,823,394</u>

Notes to Financial Statements (Continued)

In accordance with contracts between the Commonwealth and the custodial agent, the System participates in a security lending program, whereby System securities are transferred to an independent broker or dealer in exchange for collateral equal to 102 percent of the market value of securities on loan. Securities under loan are maintained on the System's financial records and are classified in the above summary of investment risk. As the System does not trade or sell the collateral received in the securities lending program, such collateral is not considered an asset of the System and a corresponding liability is not required on the balance sheet.

(5)
Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects

of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the System, discussed in notes 1(c) and 1(d) above.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1986, the most recent actuarial report. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 5.50 percent per year compounded annually, (b) projected salary increases ranging from 6.99 percent at age 25 to 1.89 percent at age 69 per year and (c) no postretirement benefit increases.

At June 30, 1986, the unfunded pension benefit obligation was \$5,522,400,000 as follows:

	(Amounts in Thousands)
Pension benefit obligation:	
Annuitants and survivor annuitants currently receiving benefits, and terminated members not yet receiving benefits	\$ 5,363,200
Current members:	
Accumulated member contributions with interest	2,450,400
System-financed vested	3,707,100
System-financed nonvested	<u>3,350,200</u>
Total pension benefit obligation	14,870,900
Net assets available for benefits, at cost (market value is \$10,551,700,000)	<u>9,348,500</u>
Unfunded pension benefit obligation	<u>\$ 5,522,400</u>
Effect on the pension benefit obligation due to the following changes during the fiscal year ended June 30, 1986:	
Change in actuarial assumptions	\$ 337,600
1985 "Early Retirement Window" program (enacted through Act 95 and effective through July 1, 1986)	<u>37,000</u>
Total increase in unfunded pension benefit obligation	<u>\$ 374,600</u>

Notes to Financial Statements (Continued)

(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 Secretary of Education or his designate serves as a member of the Board of Trustees. The Commonwealth's contribution is disbursed to the Department of Education and the Department remits the contribution to the System in quarterly installments.

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 eligibility. Management does not anticipate that the ultimate liability arising from such litigation and threats

of litigation will have a material effect on the financial statements of the System.

(8)

Commitments

The System has commitments to fund various venture capital partnerships which amounted to \$43.5 million and commitments to fund equity real estate investments amounting to \$41.1 million at June 30, 1987.

(9)

Ten-Year Historical Trend Information

Ten-year historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is presented on pages 51, 54, and 56 as follows:

The Analysis of Funding Progress, Table F on page 51, is presented for the one year for which the measure is available.

Revenues by Source, on page 54, and Expenses by Type, on page 56, are presented for the past ten years. Contributions were made in accordance with actuarially determined contribution requirements.

Schedule 1

Investment Summary

Year ended June 30, 1987

(Amounts in Thousands)

Type of Investment	Market Value 6/30/86	Market Value 6/30/87	% Market Value
Corporate and Government Debentures:			
U.S. Government & Agency Obligations	\$ 3,226,452	\$ 3,263,923	27.6%
Corporate & Municipal Bonds	593,042	728,241	6.2%
Convertible Bonds	22,435	46,791	0.4%
Total bonds	3,841,929	4,038,955	34.2%
Common and Preferred Stock:			
Common Stock	3,374,606	4,200,265	35.5%
Preferred Stock	8,390	10,930	0.1%
Total stock	3,382,996	4,211,195	35.6%
Mortgages:			
FHA/VA Residential Mortgages	233,821	194,413	1.6%
FHA Project Mortgages	36,055	31,876	0.3%
Government Agency Mortgage Backed Securities	503,931	641,962	5.4%
Other Mortgage Backed Securities	73,212	90,973	0.8%
Conventional Mortgages	389	368	0.0%
Total mortgages	847,408	959,592	8.1%
Other Long-Term Investments:			
Real Estate Owned	97,412	130,173	1.1%
Equity Real Estate	336,378	384,274	3.2%
Equity Participating Mortgages	236,669	237,731	2.0%
Venture Capital	10,500	30,500	0.3%
FHA Debentures	1,859	2,777	0.0%
Total other long-term investments	682,818	785,455	6.6%
Short-Term Investments:			
U.S. Treasury Bills & Notes	403,953	0	0.0%
Federal Home Loan Bank	20,000	0	0.0%
Federal Farm Credit Bank	40,000	0	0.0%
Repurchase Agreements	370,686	0	0.0%
Commercial Paper	410,667	0	0.0%
Certificates of Deposit	55,000	0	0.0%
Money Market Funds	47,475	0	0.0%
State Treasury Investment Pool	0	1,828,197	15.5%
Total short-term investments	1,347,781	1,828,197	15.5%
Grand total	\$10,102,932	\$11,823,394	100.0%

Schedule 1

Investment Summary (Continued)

Year ended June 30, 1987

(Amounts in Thousands)

Book Value 6/30/86	Purchases	Sales	Gain/ (Loss)	Accretion/ (Amortization)	Book Value 6/30/87	% Book Value 6/30/87
\$2,989,286	\$ 3,623,216	\$3,455,663	\$ 84,564	\$ -9,433	\$3,231,970	30.1%
576,306	1,130,874	971,750	1,278	703	737,411	6.9%
18,321	53,344	33,253	9,427	-24	47,815	0.4%
<u>3,583,913</u>	<u>4,807,434</u>	<u>4,460,666</u>	<u>95,269</u>	<u>-8,754</u>	<u>4,017,196</u>	<u>37.4%</u>
2,524,979	2,343,428	2,186,663	521,716	0	3,203,460	29.8%
7,646	11,748	8,016	-718	0	10,660	0.1%
<u>2,532,625</u>	<u>2,355,176</u>	<u>2,194,679</u>	<u>520,998</u>	<u>0</u>	<u>3,214,120</u>	<u>29.9%</u>
243,782	0	34,809	0	2,345	211,318	2.0%
37,215	0	2,336	0	3,297	38,176	0.4%
500,413	763,687	641,849	11,455	4,141	637,847	5.9%
62,822	25,379	9,580	161	1,243	80,025	0.7%
389	0	21	0	0	368	0.0%
<u>844,621</u>	<u>789,066</u>	<u>688,595</u>	<u>11,616</u>	<u>11,026</u>	<u>967,734</u>	<u>9.0%</u>
98,167	32,761	0	0	-151	130,777	1.2%
312,690	71,906	33,791	0	-159	350,646	3.3%
207,538	2,762	598	0	0	209,702	1.9%
10,500	20,000	0	0	0	30,500	0.3%
1,859	918	0	0	0	2,777	0.0%
<u>630,754</u>	<u>128,347</u>	<u>34,389</u>	<u>0</u>	<u>-310</u>	<u>724,402</u>	<u>6.7%</u>
403,953	0	407,314	3,361	0	0	0.0%
20,000	0	20,327	327	0	0	0.0%
40,000	0	40,019	19	0	0	0.0%
370,686	526,795	897,481	0	0	0	0.0%
410,667	217,214	627,865	-16	0	0	0.0%
55,000	0	55,015	15	0	0	0.0%
47,475	49,235	96,710	0	0	0	0.0%
0	2,695,552	867,355	0	0	1,828,197	17.0%
<u>1,347,781</u>	<u>3,488,796</u>	<u>3,012,086</u>	<u>3,706</u>	<u>0</u>	<u>1,828,197</u>	<u>17.0%</u>
<u>\$8,939,694</u>	<u>\$11,568,819</u>	<u>\$10,390,415</u>	<u>\$631,589</u>	<u>\$1,962</u>	<u>\$10,751,649</u>	<u>100.0%</u>

Schedule 2

Administrative Expenses

Comparative Two-Year Schedule

Years ended June 30, 1987 and 1986

(Amounts in Thousands)

	1987		1986	
	Actual	Budget	Actual	Budget
Personnel costs:				
Salaries and wages	\$4,103		\$3,637	
Social security contributions	307		269	
Retirement contributions	558		656	
Employees' insurance contributions	586		542	
Other employe benefits	171		111	
Total personnel costs	\$5,725	\$5,908	\$5,215	\$5,512
Operating costs:				
Auditor General services	29		54	
Treasury services	459		466	
Civil Service Commission services	19		19	
Classification and pay services	4		3	
Purchasing services	5		4	
Data processing services	3		4	
Consultant fees	3		3	
Legal fees	14		9	
Specialized services	297		273	
Contracted personnel services	3		1	
Printing	161		231	
Postage	325		443	
Telephone and telegraph	151		86	
Dues and subscriptions	10		10	
Electricity	95		89	
Motorized equipment supplies and repair	3		5	
Travel	102		107	
Contracted maintenance services	282		260	
Rental of real estate	627		337	
Rental of equipment	31		37	
Office supplies	177		115	
Miscellaneous expenses and supplies	196		137	
Total operating expenses	\$2,996	\$2,672	\$2,743	\$2,766
Fixed charges:				
Furniture and equipment	419		207	
Depreciation	367		336	
Total fixed charges	\$ 786	\$1,899	\$ 543	\$ 713
Total administrative expenses	\$9,507	\$10,479¹	\$8,506	\$8,991²

¹ Includes \$10,362,000 related to the 1986-87 appropriation and \$117,000 related to the 1985-86 appropriation.

² Includes \$8,804,000 related to the 1985-1986 appropriation and \$187,000 related to the 1984-1985 appropriation.

Schedule 3 Summary Schedule of Cash Receipts and Disbursements

Years ended June 30, 1987 and 1986

(Amounts in Thousands)

	1987	1986
Cash balance at beginning of year	\$ 14	\$ 22
Add cash receipts:		
Investment sales and maturities	11,426,582	15,471,129
Contributions:		
School districts	433,130	404,313
Employes	244,779	223,474
Commonwealth of Pennsylvania	434,481	431,090
Interest and dividends	738,035	920,749
Transfers from State Employees' Retirement System	1,621	823
Refund of expenditures	4,286	3,938
Other receipts	613	803
Total cash receipts	\$13,283,527	\$17,461,319
Less cash disbursements:		
Investment purchases	12,496,220	16,721,327
Benefit payments	742,630	699,830
Refunds	12,275	12,452
Transfers to State Employees' Retirement System	9,644	8,430
Administrative expenses	10,729	8,879
Other disbursements	12,040	10,409
Total cash disbursements	13,283,538	\$17,461,327
Cash balance at end of year	<u>\$ 3</u>	<u>\$ 14</u>

ACTUARIAL SECTION

14



Actuary's Certification Letter

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

May 7, 1987

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

Ladies and Gentlemen:

We have completed the June 30, 1986, 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.

The valuation reflects the fiscally significant legislated amendment to the System which provided for an early retirement window program during the fiscal year ended June 30, 1986. This window program provided for special early retirement provisions during the period July 1, 1985 to June 30, 1986. Under these provisions, any member who attained age 53 and who had credit for 30 or more eligibility points could retire during this period and receive a maximum single life annuity without any reduction for retirement prior to the superannuation age. In addition, any member who attained age 50 but not age 53, and who had credit for 30 or more eligibility points could retire during this period and receive a maximum single life annuity reduced by 1/4 of 1 percent for each month by which the effective date of retirement preceded the attainment of age 53.

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, 1987, should be set equal to 19.54 percent of payroll.

The contribution rate of 19.54 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 an amount of \$109,831,000 representing the accumulated interest receivable on the Commonwealth's deficiency in contributions. The Board decided to freeze the accumulated interest receivable as of June 30, 1985, at the then current amount of \$109,831,000, until the issue of removing this receivable item from the valuation balance sheet is resolved.

Actuarial Assumptions and Methods

The rates of separation, salary increase and mortality after retirement used in the valuation were those adopted by the Retirement Board upon the recommendation of the actuary. The following revisions were made to the rates of separation effective with the June 30, 1986, actuarial valuation: (i) withdrawal rates were increased, (ii) death-in-service rates were generally increased for males and decreased for females, (iii) disability rates were decreased for males only, and (iv) retirement rates were increased. In addition, the rates of mortality after service retirement were decreased effective with the June 30, 1986, actuarial valuation with the adoption of The 1984 George B. Buck Mortality Tables to replace The 1979 George B. Buck Mortality Tables previously in effect. 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 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.

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, 1986, the total unfunded accrued liability amounted to \$6,537,185,000, including an amount of \$1,182,552,000 on account of supplemental annuities which have been granted to certain annuitants. The unfunded amount of \$6,537,185,000 also includes increases established as of June 30, 1986, of (i) \$37,000,000 on account of the 1986 "early retirement window" program, and (ii) \$337,608,000 on account of the change in actuarial assumptions.

In order to liquidate the total unfunded accrued liability of \$6,537,185,000, 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 nine unfunded portions to be amortized over a period ranging from 6 to 30 years, including amortization of the increases in the unfunded accrued liability established as of June 30, 1986, over a period of 30 years from that date.

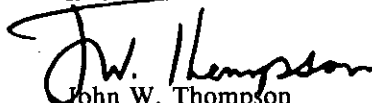
Funding Adequacy

The results of the valuation indicate that the rates of 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 nine portions of the unfunded accrued liability range from 6 to 30 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, 1986

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	6/30/86	6/30/85
Assets (book value)	\$9,458,315	\$7,992,817
Accounts receivable included in assets:		
From State:		
Principal amount	\$ 103,902	\$ 118,684
Interest	109,831	109,831
From School Districts	144,756	133,036
From Members	<u>32,533</u>	<u>32,246</u>
Total	\$ 391,022	\$ 393,797
 Member average contribution rate	 5.34%*	 5.29%*
Employer contribution rate:		
Normal	8.72%	9.13%
Accrued liability	7.38%	7.10%
Supplemental annuity (excluding July 1, 1979 increase)	1.43%	1.55%
Supplemental annuity a/c July 1, 1979 increase	1.34%	1.41%
Supplemental annuity a/c July 1, 1984 increase	<u>.67%</u>	<u>.71%</u>
Total	19.54%	19.90%
 Total contribution rate (member plus employer)	 24.88%	 25.19%
Unfunded accrued liability:		
Before consideration of Act 96	\$4,289,216	\$4,604,405
Increase on account of Act 96	599,338	606,470
Increase on account of 1984 "early retirement window" program	47,692	47,604
Increase on account of Unisex Factors	43,779	43,496
Increase on account of 1986 "early retirement window" program	37,000	-
Increase on account of change in actuarial assumptions	<u>337,608</u>	<u>-</u>
Total	\$5,354,633	\$5,301,975
Unfunded supplemental annuity liability:		
Excluding July 1, 1979 increases	\$ 331,621	\$ 376,295
July 1, 1979 increases	533,871	559,529
July 1, 1984 increases	<u>317,060</u>	<u>327,254</u>
Total	\$1,182,552	\$1,263,078
 Total unfunded accrued and supplemental annuity liability	 \$6,537,185	 \$6,565,053
Accrued liability funding period:		
Established prior to Act 96	21 years	24 years
Established on account of Act 96	18 years	19 years
Established on account of 1984 "early retirement window" program	24 years	25 years
Established on account of Unisex Factors	27 years	28 years
Established on account of 1986 "early retirement window" program	30 years	-
Established on account of change in actuarial assumptions	30 years	-
Supplemental annuity liability funding period:		
Established prior to July 1, 1979	6 years	7 years
July 1, 1979 increases	14 years	15 years
July 1, 1984 increases	18 years	19 years
 Average funding period to amortize total unfunded accrued and supplemental annuity liability:	 19.6 years	 21.6 years

*Average weighted member contribution rate.

Schedule II
Valuation Balance Sheet
As of June 30, 1986
(Dollar Amounts in Thousands)

Assets

Current assets:

Members' Savings Account	\$ 2,464,839	
Annuity Reserve Account*	4,075,844	
State Accumulation Account	<u>2,917,632</u>	

Total Current Assets

\$ 9,458,315

Future assets:

Member contributions	\$ 2,590,428	
Employer contributions:		
Normal	4,230,062	
Accrued liability	\$5,354,633	
Supplemental annuity liability	<u>1,182,552</u>	
	<u>6,537,185</u>	

Total Future Assets

\$13,357,675

Total Assets

\$22,815,990

Liabilities

Active membership:

Benefits payable on account of:

Member contributions accumulated to date	\$2,464,839	
Future member contributions	<u>2,590,428</u>	5,055,267

Remaining benefits payable to produce 2 percent benefit formula amounts

12,411,972 \$17,467,239

Retired membership:

Benefits payable to annuitants and survivor annuitants

5,348,751

Total Liabilities

\$22,815,990

*Includes Supplemental Retirement Allowance Account of \$1,182,552 thousands.

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

State Accumulation Account and Annuity Reserve Account	Amount
(1) Unfunded accrued liability as of 6/30/85	\$6,565.1
(2) Interest at 5½ percent for 1 year	361.1
(3) Less: Accrued liability contribution with interest for ½ year	(—) 459.1
(4) Expected unfunded accrued liability as of 6/30/86	6,467.1
(5) Actual unfunded accrued liability as of 6/30/86	<u>6,537.2</u>
Net Increase Above expected	\$ 70.1 *

* Explanation of net increase:

(a) Experience:

Interest surplus	\$—667.7	
Salary increases above expected	304.9	
Retirement and other separations	35.0	
Pensioners' mortality experience	<u>23.9</u>	
Net experience gain		\$—303.9

(b) Change in actuarial assumptions 337.0

(c) 1986 early retirement window program 37.0

Total Net Increase **\$ 70.1**

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

Valuation as of 6/30	Aggregate Accrued Liabilities for:			Reported Assets**	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Annuity and Beneficiaries	Active Members (Employer Financed Portion)*				
1986	\$2,464,839	\$5,348,751	\$8,181,910	\$9,458,315	100%	100.0%	20.1%
1985	2,274,834	4,950,826	7,332,210	7,992,817	100%	100.0%	10.5%
1984	2,085,294	4,822,488	6,712,779	6,897,484	100%	99.8%	0.0%
1983	1,919,861	4,361,033	5,987,048	6,109,592	100%	96.1%	0.0%
1982	1,868,012	4,031,176	5,465,494	5,977,119	100%	100.0%	1.4%
1981	1,717,739	3,876,225	5,042,226	5,399,010	100%	95.0%	0.0%
1980	1,578,884	3,569,221	3,515,904	4,901,476	100%	93.1%	0.0%
1979	1,433,024	3,500,991	3,099,333	4,514,353	100%	88.0%	0.0%
1978	1,314,217	2,726,305	2,869,494	4,123,035	100%	100.0%	2.9%
1977	1,190,833	2,590,411	2,539,736	3,764,902	100%	99.4%	0.0%

* 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, 1986
(Dollar Amounts in Millions)

Item	Amount
(1) Estimated value of accumulated benefits of System:	
Vested benefits	
— Members currently receiving payments	\$ 5,348.8
— Other members	6,171.9
Subtotal	\$11,520.7
Nonvested benefits	1,053.9
Total value of accumulated benefits	\$12,574.6
(2) Value of additional accrued liabilities reflecting effect of anticipated future increases in pay	3,420.9
(3) Total accrued liability of System	\$15,995.5
(4) Book value of assets	(—) 9,458.3
(5) Unfunded accrued and supplemental annuity liability of System (as shown in Schedule I)	\$ 6,537.2

Notes:

- (A) 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, 1986. Thus, accumulated benefits do not reflect the effect of future pay increases on the benefit ultimately payable upon retirement or separation from employment.
- (B) 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.
- (C) 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 (A) 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		Super- annuation Retirement	Salary Increase
				Vesting & Early Retirement			
				Less than 25 Years of Service	25 or More Years of Service		
Men							
25	10.01%	.07%	.01%	1.52%			6.99%
30	7.02%	.07%	.01%	1.52%			6.32%
35	5.88%	.07%	.02%	1.47%			5.23%
40	5.24%	.12%	.06%	1.10%	.13%		4.14%
45	4.85%	.20%	.11%	1.00%	.15%		3.27%
50	4.58%	.32%	.26%	1.30%	.30%	22.00%	2.60%
55	4.42%	.53%	.49%	2.30%	3.41%	20.90%	2.13%
60	4.37%	.94%	1.01%	3.26%	4.95%	18.15%	1.91%
65		1.74%				44.00%	1.90%
69		2.58%				16.50%	1.89%
Women							
25	9.96%	.03%	.01%	7.20%			6.99%
30	9.02%	.03%	.02%	4.40%			6.32%
35	7.92%	.04%	.05%	2.10%			5.23%
40	6.62%	.07%	.07%	1.40%	1.32%		4.14%
45	5.70%	.11%	.10%	1.50%	1.32%		3.27%
50	5.14%	.15%	.23%	2.05%	.86%	22.00%	2.60%
55	4.80%	.21%	.45%	3.00%	5.77%	19.80%	2.13%
60	4.74%	.34%	.79%	5.15%	11.00%	19.80%	1.91%
65		.63%				36.30%	1.90%
69		1.10%				27.50%	1.89%

Death after retirement: The 1984 George B. Buck Mortality Tables (adopted in 1986) for service retirements and dependent beneficiaries. Special mortality tables were used for disability retirements. (The 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, 1986, 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, 1986, 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, 1986**

Group	Number	Annual Salaries
Included in Valuation:		
Men	71,820	\$1,792,827,324
Women	127,751	2,273,643,556
Total	199,571	\$4,066,470,880*

In addition to the above, 22,583 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, 1986, amounted to \$4,159,049,604 which includes \$4,104,539,365 attributable to members in active status as of June 30, 1986. An adjustment was made in the valuation to reflect the amount of \$4,104,539,365.

**Table B
Annuitants and Survivor Annuitants of the System
As of June 30, 1986**

Class	Number	Annual Annuities
Retired on account of superannuation and those in receipt of withdrawal annuities:		
Men	24,762	\$179,912,434
Women	54,821	359,774,665
Total	79,583	\$539,687,099
Retired on account of disability:		
Men	1,260	\$ 7,530,937
Women	2,237	11,318,628
Total	3,497	\$18,849,565
Survivor annuitants in receipt of benefits:		
Men	688	\$ 1,952,445
Women	2,874	10,697,384
Total	3,562	\$12,649,829
Annuities in lieu of return of accumulated deductions:		
Men	4	\$ 507
Women	4	\$ 507
Total	8	\$ 1,014
Grand Total	86,646	\$571,187,000

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
1986	199,571	(1.07)%	\$4,159,050,000	6.97%
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%

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
1986	86,646	6,586	2,828	4.53%	\$571.2	5.15%
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%

Table E
Summary of Accrued and Unfunded Accrued Liabilities
for Last 10 Years
(Dollar Amounts in Millions)

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
1986	\$15,995.5	\$9,458.3	59.1%	\$6,537.2	\$4,159.0	157.2%
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%

Table F
Analysis of Funding Progress
(Dollar Amounts in Millions)

Valuation As of 6/30	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1986	\$9,348.5	\$14,870.9	62.9%	\$5,522.4	\$4,159.1	132.8%

Section III - Summary of Benefit and Contribution Provisions

Membership

For valuation purposes, all employes are considered to be members of Class T-C. All employes 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

Two 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

Five years of service.

Amount

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

Vesting Annuity Eligibility

Ten years of service.

Amount

Accrued benefit deferred to superannuation retirement age.

Optional Benefits

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

Option 2. Joint and 100 percent survivorship annuity.

Option 3. Joint and 50 percent survivorship annuity.

Option 4. Benefit of equivalent actuarial value.

Death Benefit Eligibility

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

Amount

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

Return of Contributions Eligibility

Death or separation from service where no other benefit payable.

Amount

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

Contributions

By Members

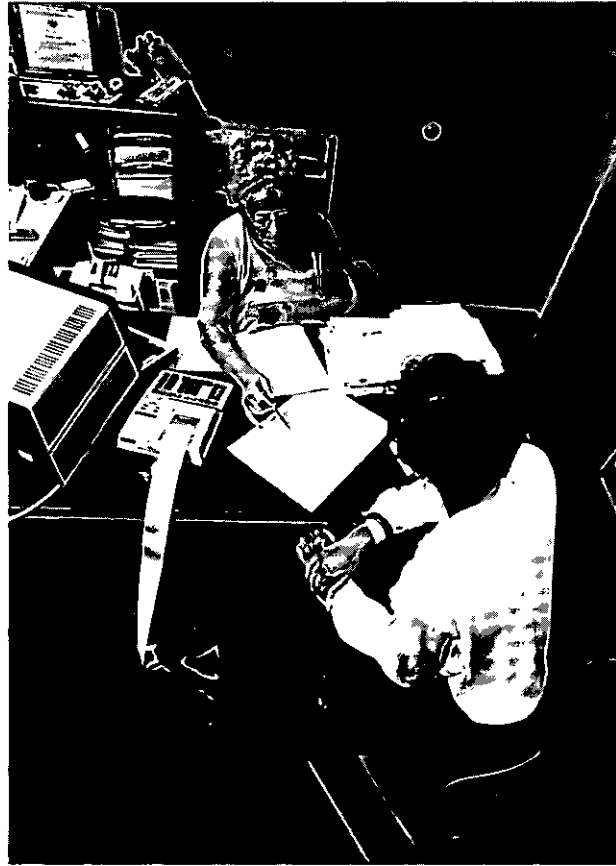
Members who were hired prior to July 22, 1983, contribute at a rate of $5\frac{1}{4}$ percent of compensation, while members who were hired on or after July 22, 1983, contribute at a rate of $6\frac{1}{4}$ percent of compensation. Reduction for a joint coverage member of 40 percent of Social Security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

By Commonwealth and School Districts

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

STATISTICAL SECTION

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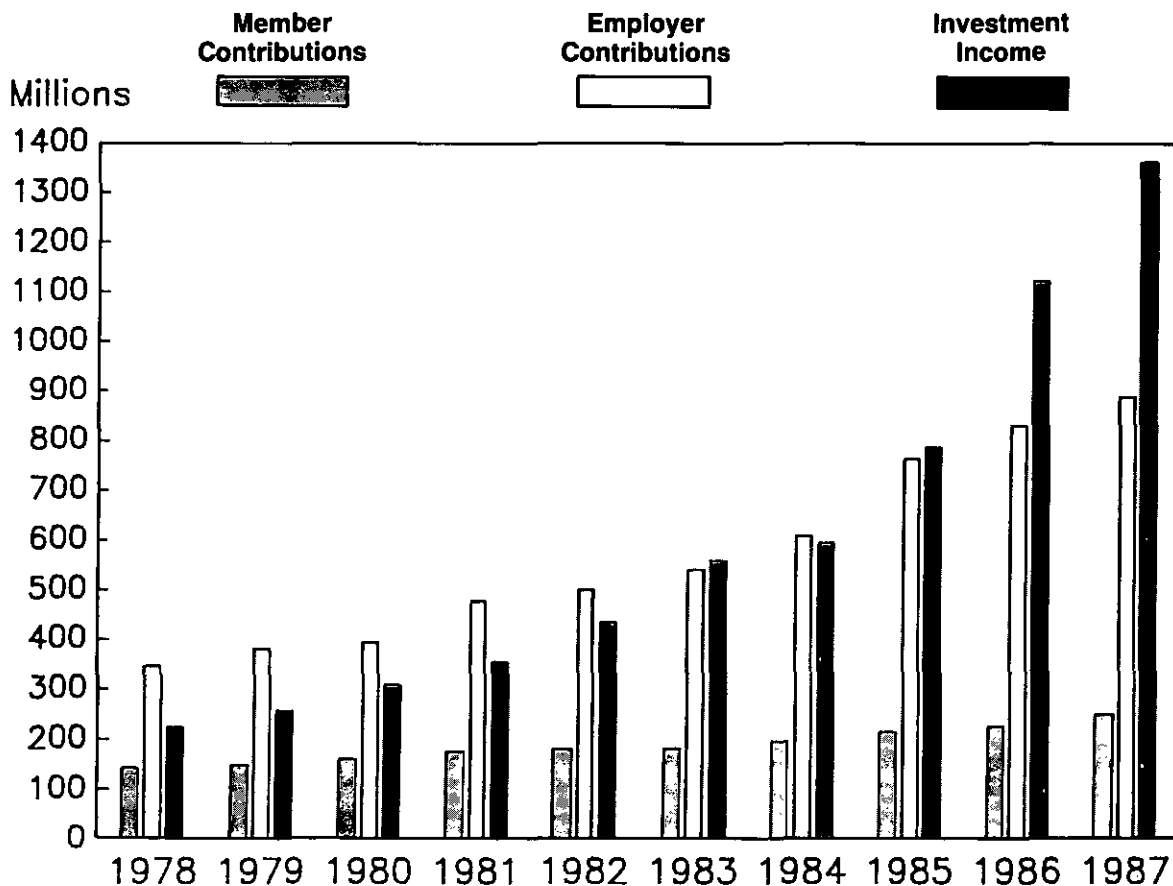




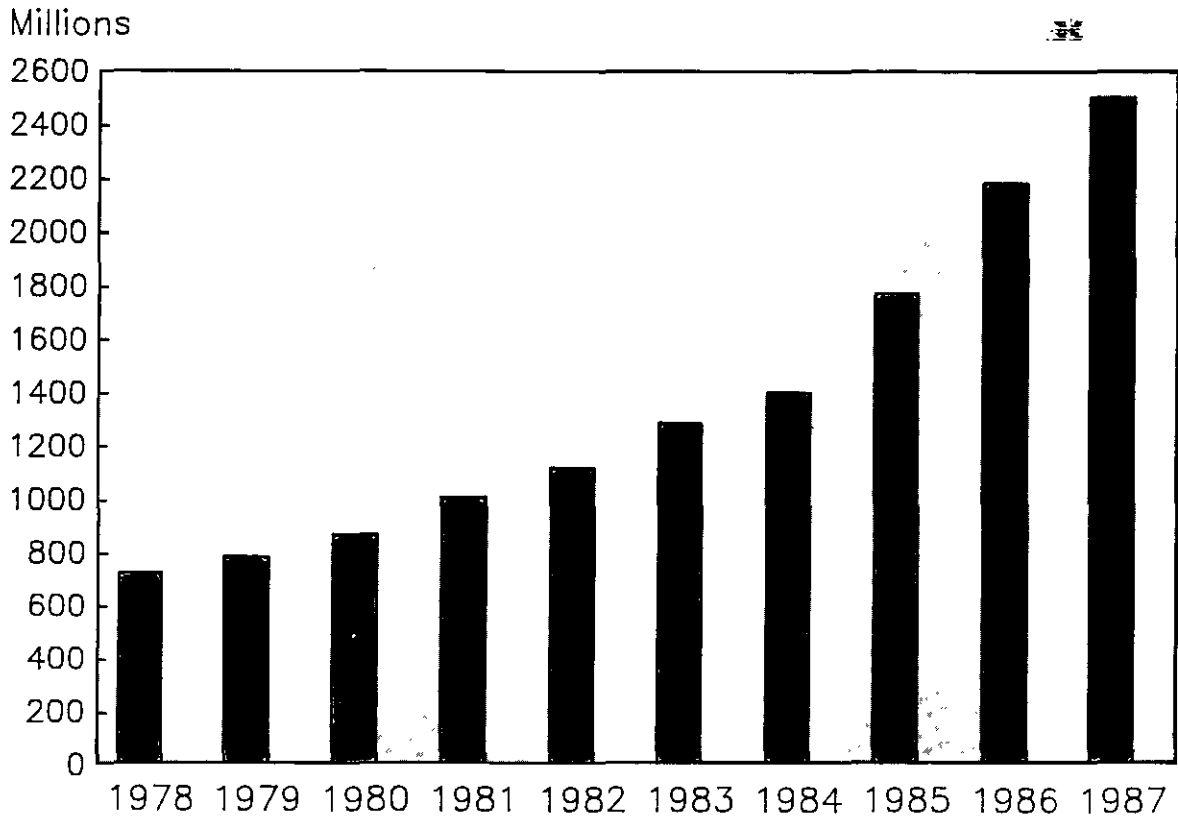
Schedule 1 Revenues by Source Ten Years (Amounts in Thousands)

Fiscal Year	Members' Contributions	Employers' Contributions	Investment Income	Total Revenue
1987	\$250,420	\$888,260	\$1,359,118	\$2,497,798
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	347,067	226,972	717,128

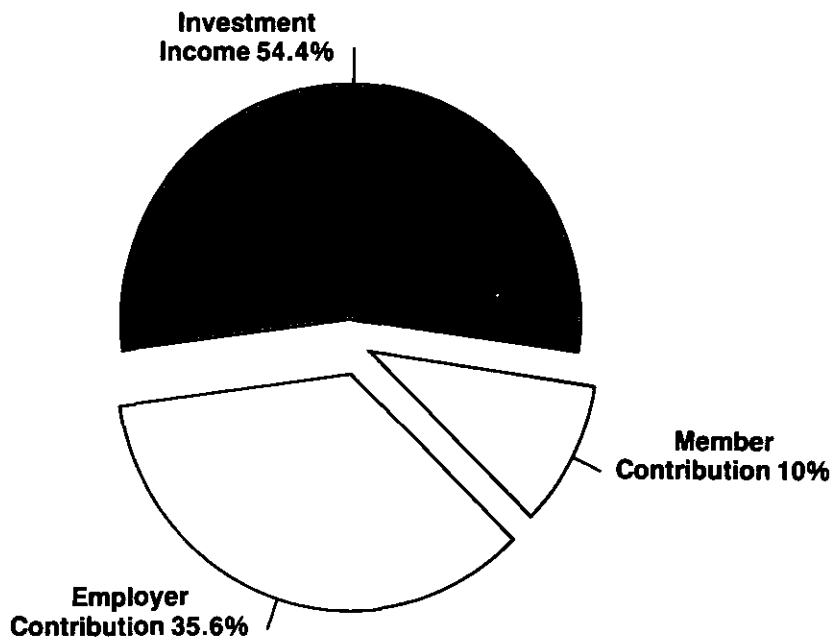
Revenues by Source — 10 Years



Total Revenue



Ratio of Revenues by Source to Total Revenue

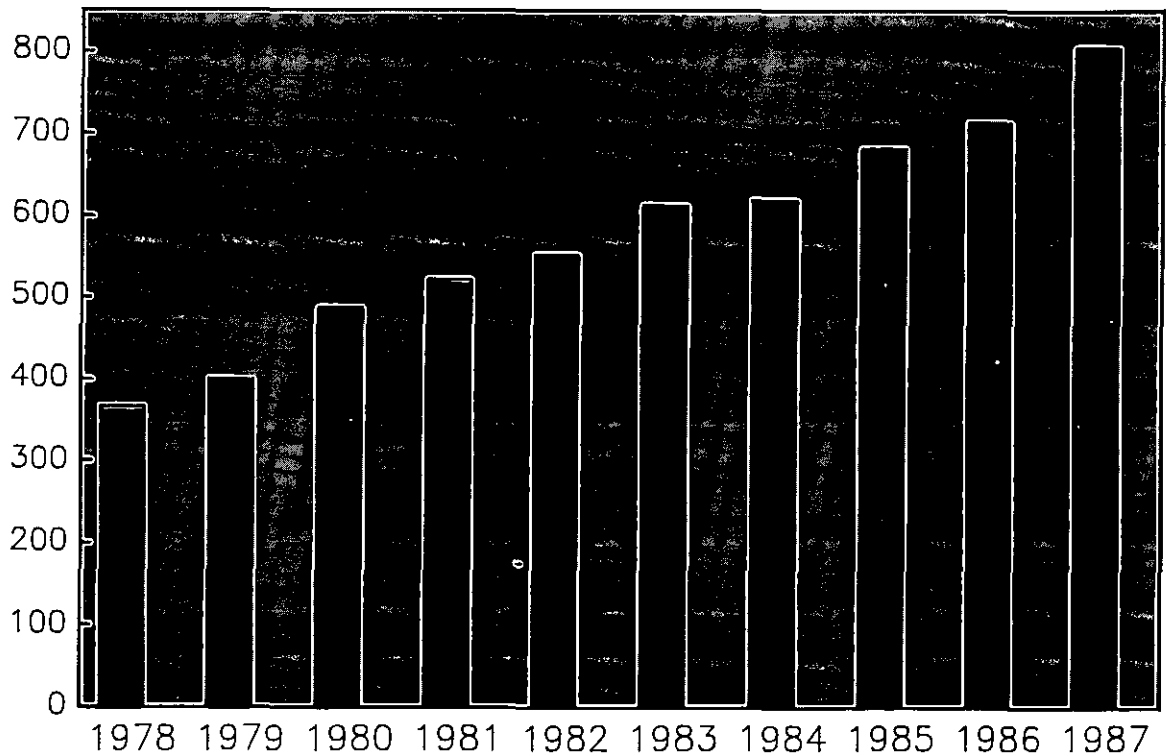


**Schedule 2
Expenses by Type
Ten Years
(Amounts in Thousands)**

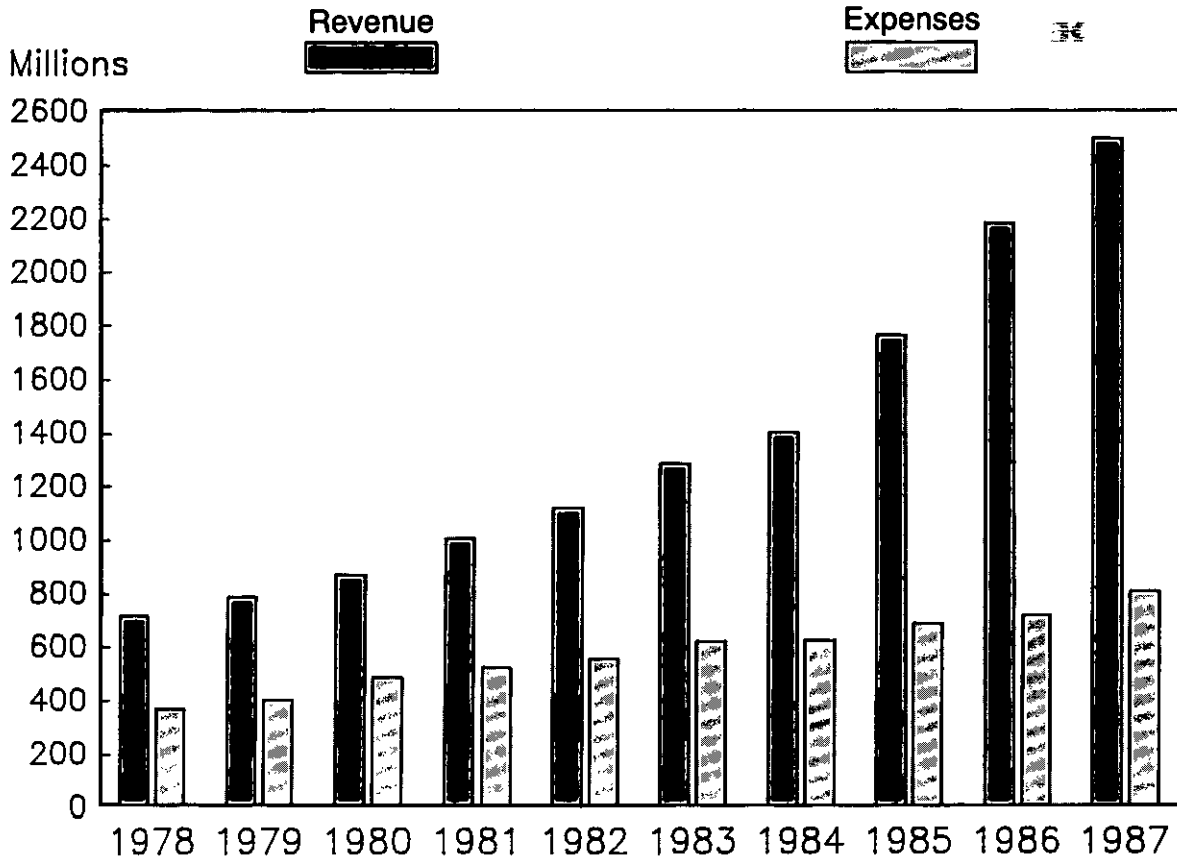
<u>Fiscal Year</u>	<u>Benefits Paid</u>	<u>Refunds Paid</u>	<u>Disabilities Paid</u>	<u>Lump-Sum Payments</u>	<u>Aministrative Expenses</u>	<u>Other Payments</u>	<u>Total Expenses</u>
1987	\$623,576	\$11,374	22,084	\$131,683	\$9,507	\$6,658	\$804,882
1986	585,122	12,710	21,835	77,553	8,506	8,863	714,589
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

Millions

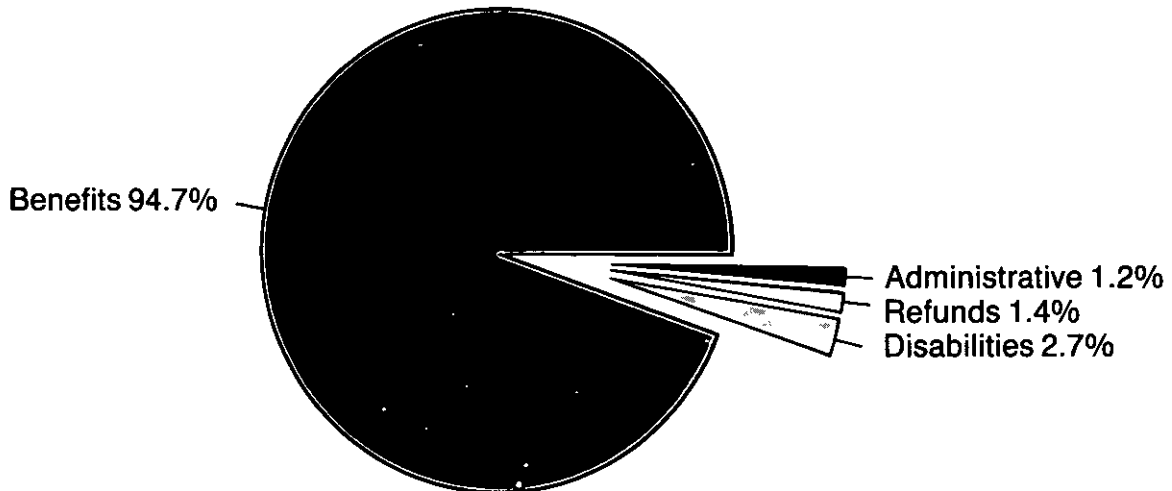
Total Expenses — 10 Years



Revenue versus Expenses



Total Expenses — 1987



Schedule 3 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
1987	S	44,608	\$595	6,919	\$565	10,624	\$736
	W	14,956	449	2,818	336	2,801	596
	D	3,196	447	52	460	366	548
	R	3	6	0	0	0	0
	B	0	0	0	0	3,114	314
Total		62,763		9,789		16,905	
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
Total		60,370		9,340		15,990	
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
Total		58,059		8,843		15,053	
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
Total		56,210		8,348		14,208	
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
Total		54,267		7,775		13,409	
1982	S	41,334	\$546	5,686	\$545	8,389	\$653
	W	7,265	326	1,154	266	1,120	468
	D	2,705	379	65	411	280	454
	R	4	11	0	0	0	0
	B	0	0	0	0	2,303	247
Total		51,308		6,905		12,092	
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
Total		48,957		6,435		11,320	
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
Total		46,773		6,179		10,468	
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
Total		44,670		5,981		9,687	
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
Total		42,361		5,783		8,833	

LEGEND:

Options:

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

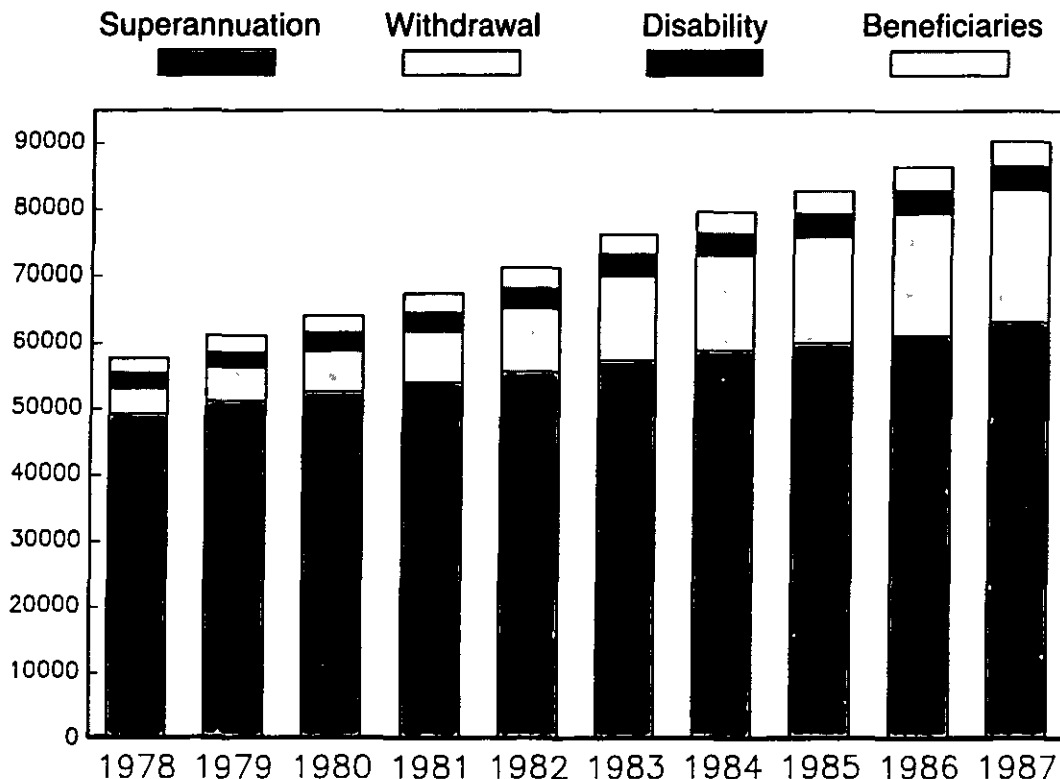
Schedule 3 (Continued)

Schedule of Retired Members by Type of Benefit

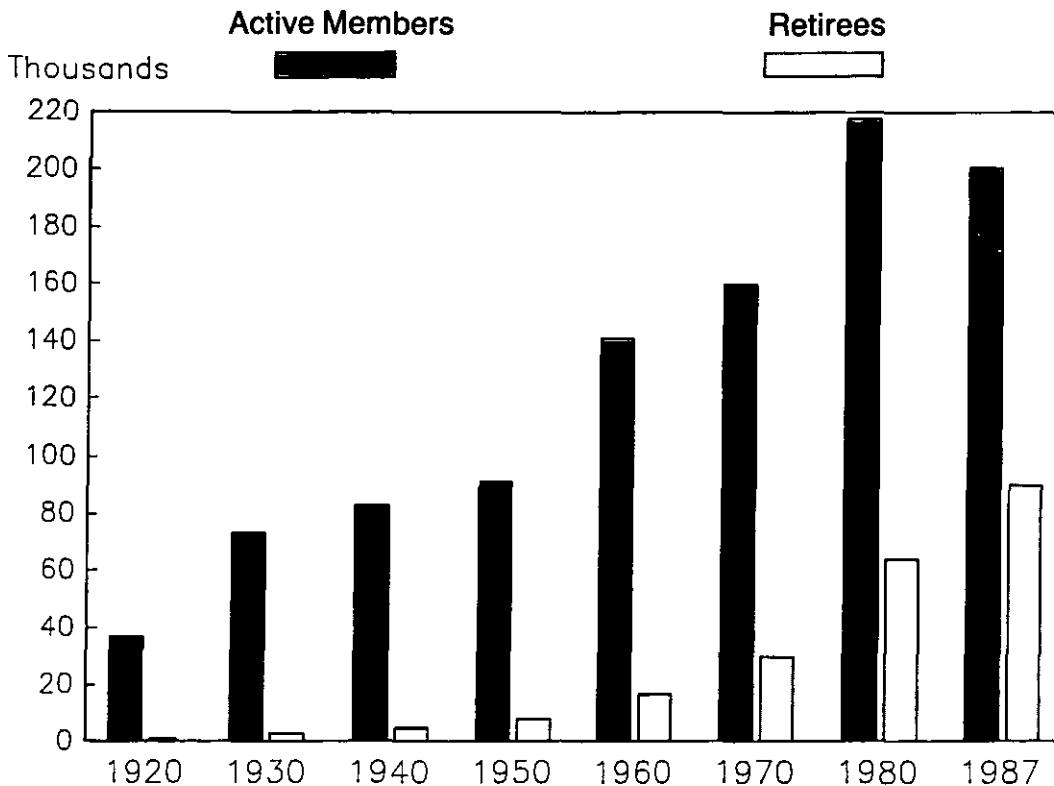
Year	Retirement Type	4		5		Total Retirees	% Increase of Retirees
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit		
1987	S	282	\$1,073	0	\$ 0	62,433	1.8%
	W	24	823	0	0	20,599	12.8%
	D	0	0	0	0	3,614	3.4%
	R	0	0	0	0	3	-75.0%
	B	150	332	453	291	3,717	4.5%
		<u>456</u>		<u>453</u>		<u>90,366</u>	4.3%
1986	S	296	\$1,049	0	\$ 0	61,304	21%
	W	21	745	0	0	18,262	13.9%
	D	0	0	0	0	3,494	3.1%
	R	0	0	0	276	4	0.0%
	B	147	159	456	0	3,556	5.2%
		<u>464</u>		<u>456</u>		<u>86,620</u>	4.5%
1985	S	309	\$1,046	0	\$ 0	60,062	1.8%
	W	21	743	0	0	16,039	13.0%
	D	0	0	0	0	3,389	2.8%
	R	0	0	0	0	4	0.0%
	B	139	152	449	297	3,379	5.3%
		<u>469</u>		<u>449</u>		<u>82,873</u>	4.0%
1984	S	324	\$ 963	0	\$ 0	59,006	2.4%
	W	21	694	0	0	14,190	13.0%
	D	0	0	0	0	3,297	4.1%
	R	0	0	0	0	4	0.0%
	B	141	148	454	296	3,209	6.0%
		<u>486</u>		<u>454</u>		<u>79,706</u>	4.3%
1983	S	333	\$ 952	0	\$ 0	57,625	3.3%
	W	21	694	0	0	12,559	31.4%
	D	0	0	0	0	3,168	3.9%
	R	0	0	0	0	4	0.0%
	B	136	150	443	296	3,028	6.1%
		<u>490</u>		<u>443</u>		<u>76,384</u>	7.2%
1982	S	352	\$ 946	0	\$ 0	55,761	3.1%
	W	20	677	0	0	9,559	22.4%
	D	0	0	0	0	3,050	5.4%
	R	0	0	0	0	4	0.0%
	B	132	143	418	296	2,853	5.4%
		<u>504</u>		<u>418</u>		<u>71,227</u>	5.5%
1981	S	364	\$ 955	0	\$ 0	54,079	2.8%
	W	20	\$ 698	0	0	7,807	23.5%
	D	0	0	0	0	2,893	7.3%
	R	0	0	0	0	4	0.0%
	B	89	133	305	324	2,707	6.1%
		<u>473</u>		<u>305</u>		<u>67,490</u>	5.2%
1980	S	376	\$ 946	0	\$ 0	52,598	2.7%
	W	19	685	0	\$ 0	6,321	26.7%
	D	0	0	0	0	2,697	8.8%
	R	0	0	0	0	4	-33.3%
	B	81	138	276	311	2,552	8.7%
		<u>476</u>		<u>276</u>		<u>64,172</u>	5.1%
1979	S	383	\$ 765	0	\$ 0	51,240	4.1%
	W	19	573	0	0	4,988	29.0%
	D	0	0	0	0	2,480	5.8%
	R	0	0	0	0	6	-14.3%
	B	74	137	247	297	2,347	6.0%
		<u>476</u>		<u>247</u>		<u>61,061</u>	5.9%
1978	S	394	\$ 578	0	\$ 0	49,245	4.6%
	W	19	521	0	0	3,867	26.9%
	D	0	0	0	0	2,344	10.3%
	R	0	0	0	0	7	0.0%
	B	64	102	224	223	2,215	6.4%
		<u>477</u>		<u>224</u>		<u>57,678</u>	6.2%

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

10/10

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
Norrstown 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 Copley
 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
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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
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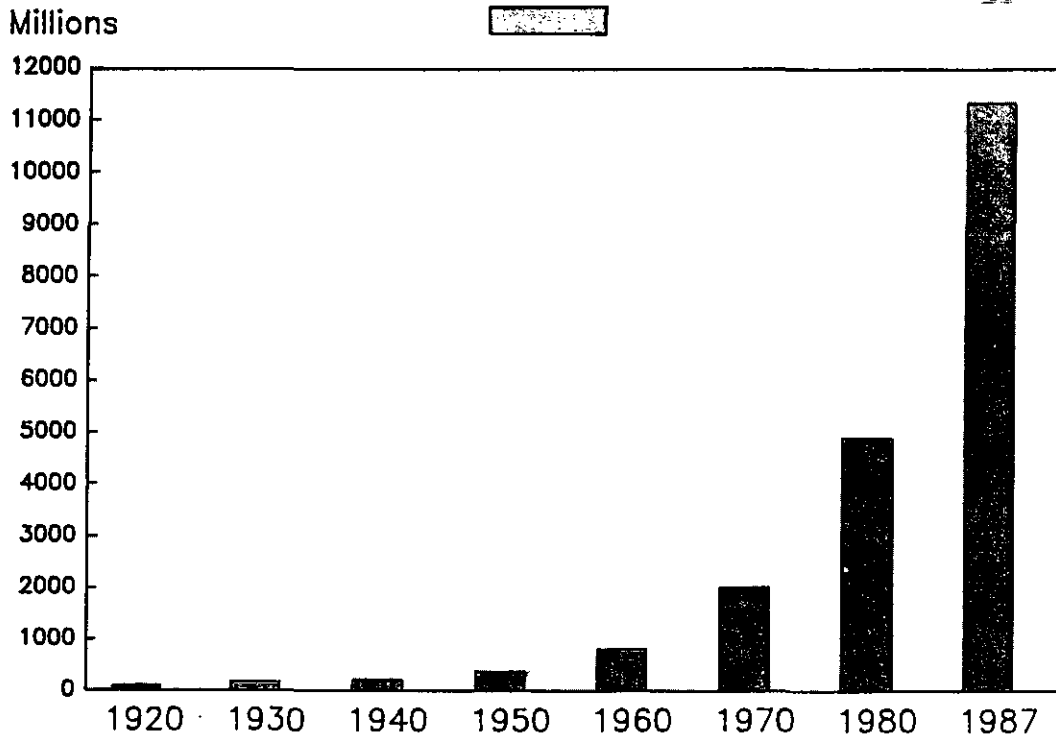
Colleges/Universities

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 University of Pittsburgh West Chester University
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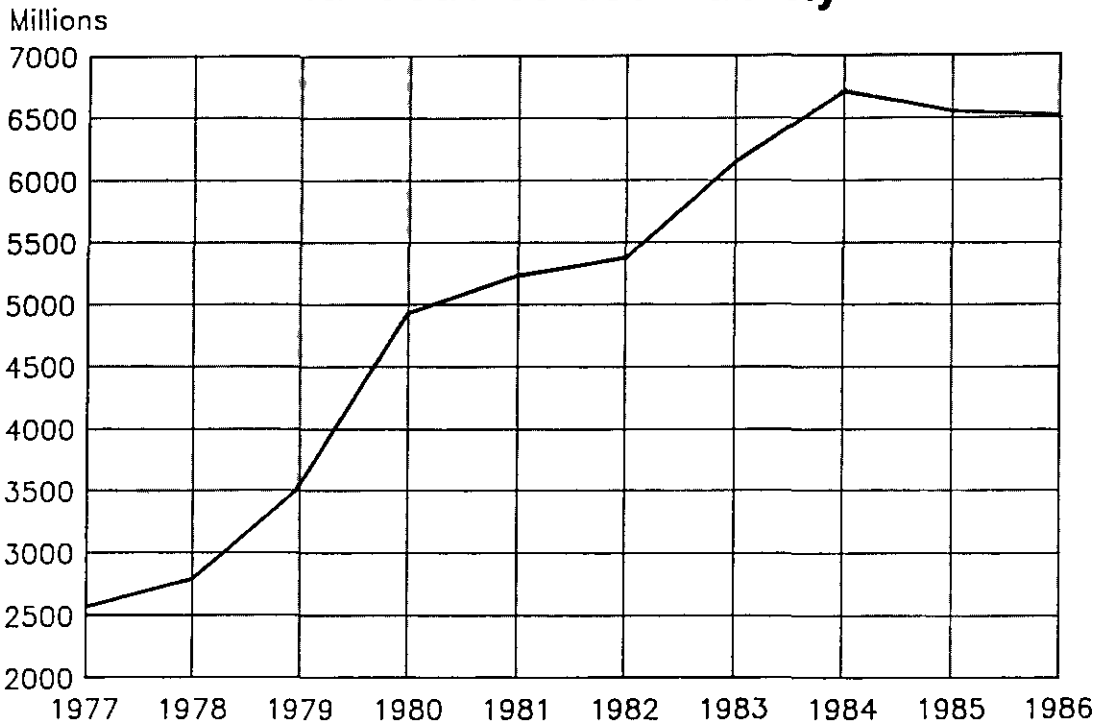
Other

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
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Total Assets (Book Value)



Unfunded Accrued Liability



Components of Total Contribution Rate

(In Percentages)

Fiscal Year	Employer Contribution			Employee Contribution (Average)	Total Contribution Rate
	Normal Requirement (A)	Accrued Liability (B)	Total Employer		
87-88	8.72	10.82	19.54	5.34	24.88
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

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
87-88	7.38	1.43	1.34	0.67	10.82
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

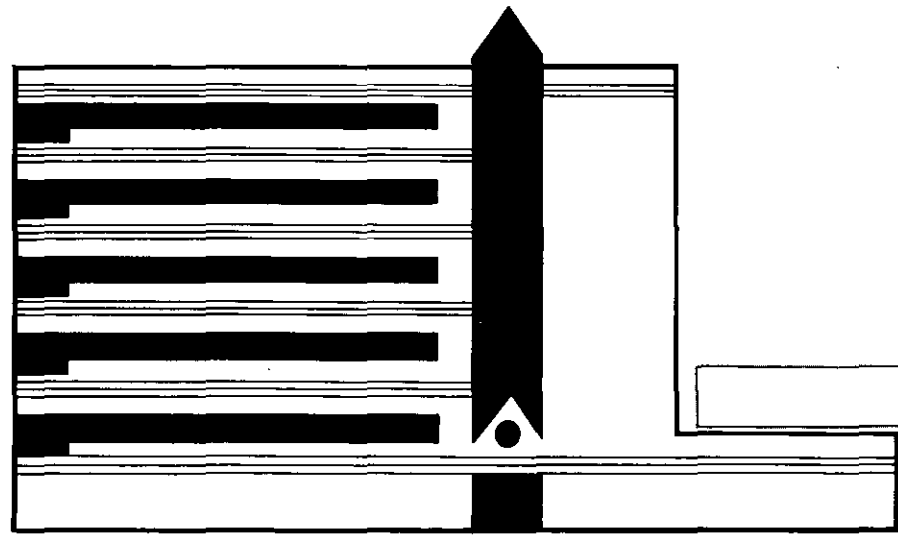
The total contribution rate is the total of the employer and employee rates actuarially required for funding of the PSERS.

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:

- (A) The normal requirement portion is the percentage of compensation necessary to fund any prospective benefits payable to the member.
- (B) The total accrued liability portion is the percentage of compensation 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

35



Investment Overview

The Board of Trustees is dedicated to preserving the financial integrity of the Retirement Fund through a sound investment program. The investment policies and decisions of the Board are in constant focus with the long-term actuarial requirements of the System. All investments are made solely for the benefit of the active members and annuitants of the Retirement System.

The Board of Trustees, under the leadership of Board Chairman McCullough and Vice-Chairman Harris, has followed a sound approach of diversifying investments among various asset classes in order to minimize possible negative impacts from adverse changes in financial markets. The Board continues its long-range strategic planning process which examines the real economic liability of the System and approaches investment risk as it relates to this liability. The result of this process will provide a closer focus on how and where better performance may be achieved through policy-guided strategic asset allocation decisions.

Through the board's Chief Investment Officer, Clay B. Mansfield, the Retirement System is exploring and examining the need to have financially-driven exit strategies as they relate to asset allocation decisions and meeting System liabilities. Such thinking is necessary if the Retirement Board is going to meet the mandates of the System's mission statement.

The market value of investments of the Public School Employees' Retirement Fund reached \$11.8 billion as of June 30, 1987. The composition of the Fund at market value was 34.2 percent fixed income, 35.6 percent equity, 6.6 percent mortgage investments, 8.1 percent other long-term investments, and 15.5 percent short-term investments.

For the period ended June 30, 1987, the time-weighted rate of return for the System's investments was 12.7 percent. This compares to a 21.5 percent return for 1986. This reflects slower growth in both the stock and bond markets during the period ended June 30, 1987 as compared to the previous year.

Equities showed a return of 23.2 percent at market value for the year ended June 30, 1987, as compared to a 31.7 percent return for the previous fiscal year. Standard and Poor's 500 Index, a nationally recognized measurement of investment performance, was 25.1 percent for the fiscal year ended June 30, 1987.

The bond portfolio of the System at market value earned 6.0 percent as compared to the Shearson-Lehman Government/Corporate Bond Index which posted a 5.6 percent rate of return.

Other long-term investments including equity real estate and mortgages returned a combined rate of 7.2 percent. Short-term investments returned 6.5 percent against

Market Values (Amounts in Thousands)

Equity Managers	
Mellon Bank, N.A.	\$1,616,976
Oppenheimer Capital Corp	724,473
Delaware Investment Advisers	543,548
Miller, Anderson & Sherrerd	433,324
Provident Capital Management Inc.....	397,026
Bankers Trust	300,842
Cashman, Farrell & Associates	236,226
Small Manager Equity Fund	220,761
Dreman Value Management	123,394
Holding Account/Mellon Bank, N.A.	71,529
Fixed Income Managers	
Mellon Bank, N.A.	2,350,908
Loomis Sayles & Company, Inc.	811,048
Miller, Anderson & Sherrerd	511,300
Glenmede Trust Co	359,810
Pittsburgh National Bank	318,873
Pacific Investment Management	250,602
Criterion	246,664
The Fidelity Bank	226,657
In-House	268,037
Other Long-Term Investment Managers	
The Fidelity Bank	506,632
Jones Lang Wootton Realty Advisors	245,545
Commonwealth Venture Partners	20,000
Trivest	7,500
Genesis Seed Fund	2,000
NEPA Management Corp	1,000
Option Managers	
Oppenheimer Option Management	6,553
Webster Options	3,484
Short-Term Manager	
Treasury, Commonwealth of PA	1,029,837

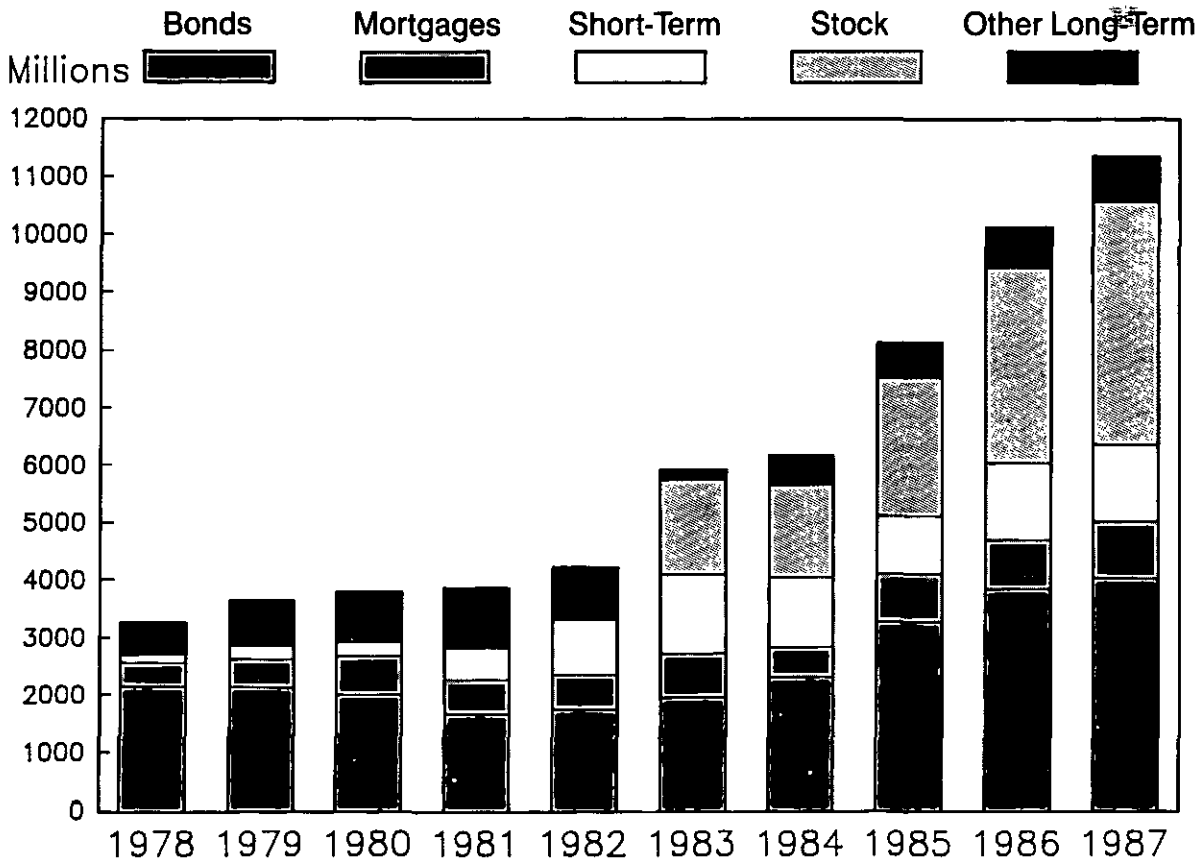
a 5.6 percent return for 90-day Treasury Bills.

Net investment income increased by 21.4 percent from \$1,119 million in the 1985-86 fiscal year to \$1.359 billion in the 1986-87 fiscal year before deducting the administrative expenses of \$8.5 million and \$9.5 million respectively.

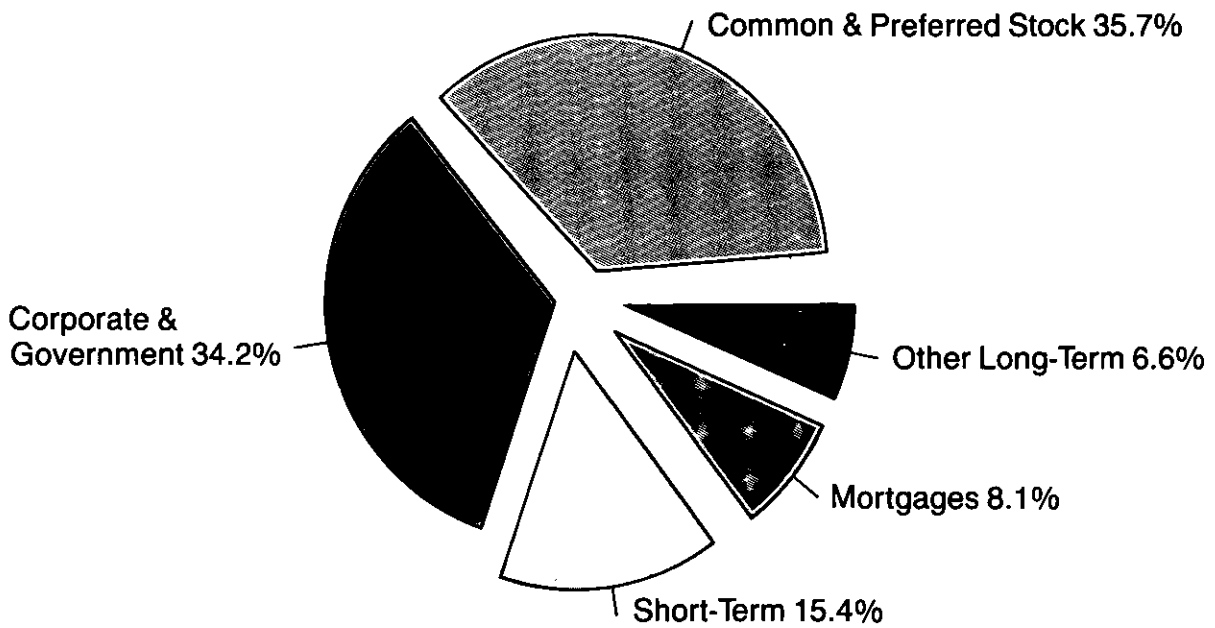
Distribution of invested assets at book value at year end was: corporate and government debentures, \$4.0 billion or 37.4 percent; common and preferred stock, \$3.2 billion or 30.0 percent; mortgage investments including FHA/VA and government-insured residential and project mortgages, GNMA mortgage-backed securities, and conventional mortgages, \$968 million or 9.0 percent; other long-term investments including equity real estate, equity participation real estate, venture capital, and FHA debentures, \$724 million or 6.8 percent; and short-term investments, \$1.8 billion or 16.8 percent.

The chart on this page reports the market value of assets, on a settlement date basis, managed by each of the System's funded investment advisors as of June 30, 1987.

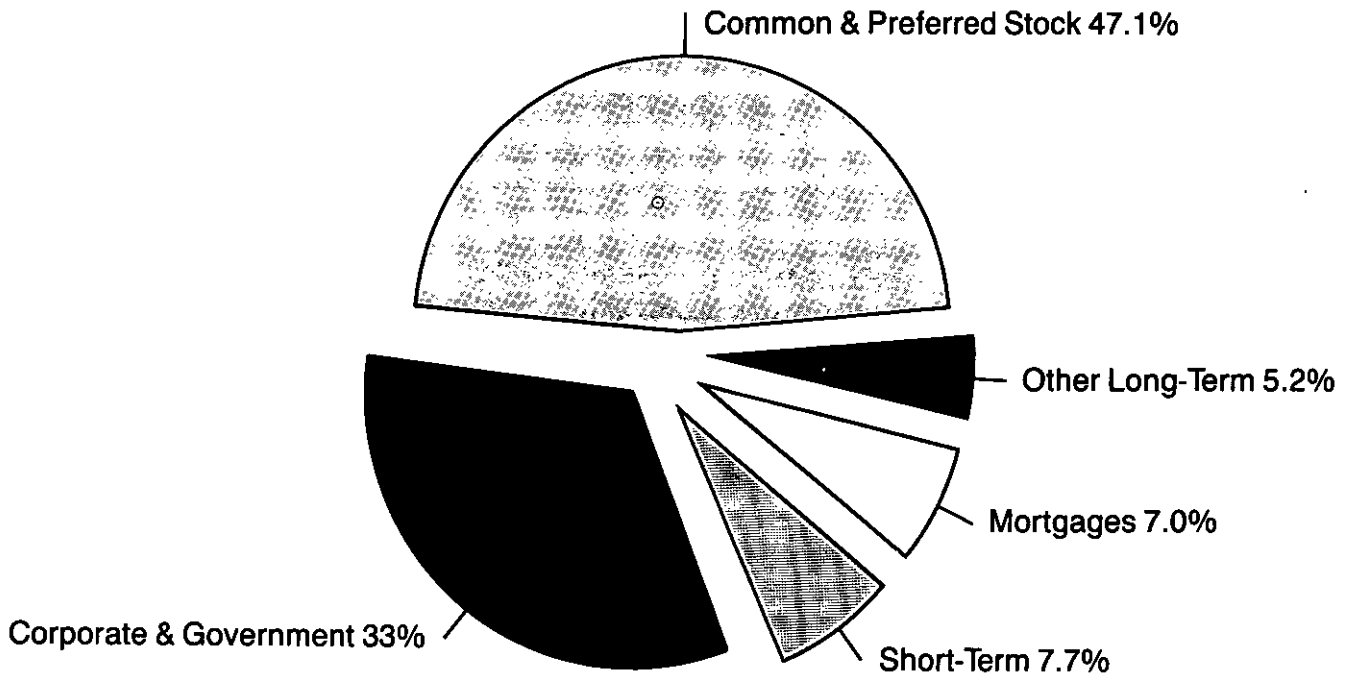
Portfolio Distribution — 10 Year Trend (Market Value)



Portfolio Distribution (Market Value)



Components of Investment Income



Summary Schedule of Investment Fees Year Ended June 30, 1987

Manager/Consultant	Fees	Manager/Consultant	Fees
Bankers Trust (Equity)	\$ 68,125	Miller Anderson Sherrerd (Fixed)	809,094
Bankers Trust (Options)	54,582	Miscellaneous Investment Expenses	318,502
Cashman, Farrell & Assoc	617,188	Mortgage Service Fees	1,040,483
Criterion Investment Management	139,089	Oppenheimer Capital (Equity)	988,612
Delaware Investment Advisors	1,040,498	Oppenheimer Options	387,951
Dreman & Embry	327,599	Pittsburgh National Bank	73,957
Evaluation Associates	1,084,394	Provident Capital Management	1,020,259
Fidelity Bank	735,490	Pacific Investment Management	69,041
Glenmede Trust	489,631	Webster Capital Management	200,000
Jones Lang Wootton	1,601,089		
Loomis Sayles	511,755		
Mellon Bank	991,000		
Miller Anderson Sherrerd (Equity)	344,950		
		Grand Total	\$12,913,289

Summary Schedule of Commissions Paid to Brokers

Year Ended June 30, 1987

Broker Name	Commission Paid	Broker Name	Commission Paid
Abel Noser	\$ 192	L F Rothschild Unterberg Towbin	23,681
Alpha Management	80,362	L I K Secs	16,860
Anantha Raman	3,612	Lawrence, Cyrus J	76,688
Atrium Group	4,809	Lazard Freres & Co	80
Autranet Inc	38,907	Legg Mason Wood Walker	19,160
Baker Watts & Co	968	Lipper Analytical Securities Corp	13,530
Bear Stearns & Co	355,803	Lynch Jones & Ryan	160,108
Bernard L Madoff	2,128	Mabon Nugent & Co	11,904
Beuret & Co	18,000	Makefield Securities Corp	164,109
Boenning & Scattergood	2,856	McDonald & Co Securities	12,510
Boston Institutional Services	2,130	McLeod Young Weir	6,000
Brandt, Robert & Co	4,630	Merrill Lynch Pierce Fenner & Smith	1,143,786
Brean Murray Foster Securities	2,140	Mesirov & Co	2,168
Brick Securities	2,877	Miscellaneous Broker Code	5,700
Bridge Trading Co	14,631	Montgomery Securities	57,391
Brimberg & Co	5,000	Morgan Keegan & Co	225
Brown, Alex & Sons	31,336	Morgan Stanley & Co	132,636
Buckingham Research	8,526	Muller & Co	14,400
Burns Fry & Timmins	17,425	Nathan Lewis	7,470
Butcher & Singer	14,470	Neuberger & Berman	25,151
Cantor Fitzgerald & Co	34,203	New York Foreign Securities Corp	15,000
Capital Institutional Services	73,462	Newbolds W H Son & Co	2,322
Conning & Co	19,965	Newhard Cook & Co	1,400
Cowen & Co	46,024	Nomura Securities International	10,350
Daniels & Bell	1,320	O'Neil William & Co	11,635
Dean Witter Reynolds	243,937	Oppenheimer & Co	356,129
Dillon Read & Co	34,241	Oscar Gruss & Son	1,890
Dominion Securities Pitfield	600	Paine Webber Jackson & Curtis	420
Donaldson Lufkin & Jenrette	79,491	Paine Webber Mitchell Hutchins	201,776
Dougherty A Webster & Co	2,050	Pennsylvania Group	16,603
Dow Jones News Svc	715	Pennsylvania Securities Co	5,967
Drexel Burnham Lambert	179,900	Pershing & Co	151,944
Dunlevy & Co	105	Pforzheimer, Carl H & Co	470
Eberstadt Fleming	37,713	Piper Jaffray & Hopwood	3,770
Edwards A G & Sons	2,541	Prescott Ball & Turben	26,762
Eppler Guerin & Turner	1,634	Prudential-Bache Sec	106,315
Ernst & Co	2,848	Pryor Govan Counts & Co	25,200
Execution Services	2,214	Raymond James & Associates	9,855
Fagenon & Co	1,120	Robinson-Humphrey Co	3,773
Fahnestock & Co	8,402	Rochdale Securities Corp	15,805
First Boston Corp	245,994	Rosenthal Silberberg	13,105
First Equity Corp of Florida	1,224	Rothschild Securities Corp	6,020
First Manhattan Co	29,619	Roulston Research Corp	16,357
Fox Pitt Kelton	2,430	Russell, Frank	2,280
Friemark Blair	3,438	S E I Funds Evaluations	7,810
Friend L H & Co	600	Salomon Bros	210,934
Furman Selz Mager Dietz & Birney	10,799	Sanford C Bernstein & Co	55,920
Gartner Securities	250	Shearson/Lehman Brothers	327,019
Gintelco	12,500	Shearson/American Express	25,119
Goldman Sachs & Co	267,581	Shields Capital Corp	47,914
Goodrich Securities	14,539	Smith Barney Harris Upham & Co	126,134
Gordon Haskett & Co	8,212	Stamm, R C & Co	6,552
H M E Intl Advisory Assoc	7,728	Standard & Poor Securities	17,306
Hambrecht & Quist	280	Sutro & Co	2,282
Herzfeld & Stern	44	Thomson & McKinnon Securities	888
Herzog Heine Guduld	4,200	Tucker Anthony & R L Day	59,407
Hoening & Co	6,000	W & D Securities	35,195
Hoening & Strock	1,071	W H Reaves & Co	5,318
Hopper Holiday & Co	4,620	Wagner Scott Clearing Corp	114
Howard Weil Labouisse Friedrichs	4,665	Walcott Research	1,362
Hutton, E F & Co	168,547	Walsh Greenwood & Co	6,054
Instinet Corp	1,059	Warburg (SG) Rowe & Pitman	11,500
Interstate Securities Corp	4,403	Weeden & Co	40,845
Investment Performance Services	23,980	Weeden Equity Trading	11,120
Janney Montgomery Scott	5,718	Weisburg T P	900
Jefferies & Co	161,524	Wertheim & Co	171,760
Jesup & Lamont Clearing Corp	400	William Blair & Co	840
Johnson Lane Space Smith & Co	48,964	Wilshire Associates	46,847
Jones & Associates	21,517	Wood Gundy	18,845
Josephthal & Co	21,400		
Kalb Voorhis & Co	4,862		
Keane Securities Co	2,280		
Keefe Bruyette & Woods	2,383		
Kidder Peabody & Co	238,623		
Krentz Meyer & McClellan Investment Corp	6,260		
		Total	\$6,857,691

Portfolio Summary Statistics as of 6/30/87 Trade Date Basis

TYPE OF INVESTMENT	PAR VALUE	BOOK VALUE	MARKET VALUE
Corporate and Government Debentures (detail begins on page 73)			
U.S. Government & Agency Obligations	\$3,201,785,616	\$3,231,969,565	\$ 3,263,923,160
Corporate and Municipal Bonds	763,056,430	737,410,460	728,240,530
Convertible Bonds	<u>46,535,600</u>	<u>47,815,458</u>	<u>46,791,530</u>
Total	4,011,377,646	4,017,195,483	4,038,955,220
Common and Preferred Stock (detail begins on page 82)			
Common Stock (106,544,854 shares)		3,203,460,131	4,200,264,550
Preferred Stock (443,182 shares)		<u>10,660,077</u>	<u>10,929,945</u>
Total		3,214,120,208	4,211,194,495
Mortgage Investments (detail begins on page 115)			
FHA/VA Residential Mortgages	211,318,378	211,318,378	194,412,907
FHA Project Mortgages	38,175,544	38,175,544	31,876,579
Government Agency Mortgage Backed Securities	693,443,270	637,847,400	641,961,812
Other Mortgage Backed Securities	97,417,750	80,024,661	90,973,254
Conventional Mortgages	<u>367,716</u>	<u>367,716</u>	<u>367,716</u>
Total	1,040,722,658	967,733,699	959,592,268
Other Long-Term Investments (detail begins on page 122)			
Real Estate Owned	130,173,020	130,776,719	130,173,020
Equity Real Estate	350,832,889	350,646,070	384,274,162
Equity Participating Mortgages	209,702,232	209,702,232	237,730,238
Venture Capital	30,500,000	30,500,000	30,500,000
FHA Debentures	<u>2,777,350</u>	<u>2,777,350</u>	<u>2,777,350</u>
Total	723,985,491	724,402,371	785,454,770
Short-Term Investments (detail begins on page 123)			
State Treasury Investment Pool	<u>1,828,197,000</u>	<u>1,828,197,000</u>	<u>1,828,197,000</u>
Total	\$1,828,197,000	1,828,197,000	1,828,197,000
GRAND TOTAL		<u>\$10,751,648,761</u>	<u>\$11,823,393,753</u>

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
CORPORATE AND GOVERNMENT DEBENTURES					
U.S. Govt. & Agency Obligations					
Certificate Accrual Treas Series T	10.37	05/15/89	25,000,000	20,330,800	21,734,250
Certificate Accrual Treas Series P	13.25	05/15/88	5,000,000	4,537,520	4,707,300
Coupon Treasury Receipt Int Pmt	10.37	05/15/93	4,980,000	2,506,980	3,059,413
Coupon Treasury Receipt Int Pmt	10.37	05/15/94	12,014,250	5,465,744	6,746,722
Coupon Treasury Receipt Int Pmt	10.37	11/15/88	1,037,500	889,692	940,981
Coupon Treasury Receipt Int Pmt	10.37	11/15/94	12,481,125	5,332,145	6,672,784
Coupon Treasury Receipt Int Pmt	11.12	08/15/93	1,001,250	490,222	602,432
Coupon Treasury Receipt Int Pmt	11.62	11/15/94	10,695,000	4,632,830	5,717,868
Coupon Treasury Receipt Int Pmt	12.00	02/15/90	4,980,000	3,706,099	4,060,294
Coupon Treasury Receipt Int Pmt	12.00	02/15/94	11,481,250	5,347,577	6,584,612
Coupon Treasury Receipt Int Pmt	12.37	05/15/89	1,361,250	1,102,536	1,183,430
Coupon Treasury Receipt Int Pmt	13.25	11/15/94	2,802,375	1,205,923	1,498,234
Coupon Treasury Receipt Int Pmt	14.00	11/15/88	2,380,000	2,040,444	2,165,015
Fed Home Ln Mtg Coll Mtg Ser K CL K-5 ..	7.76	05/01/12	24,000,000	23,486,978	23,310,000
Fed Home Ln Mtg Coll Mtg	8.25	12/01/96	2,000,000	1,983,841	2,053,740
Fed Home Ln Mtg Coll Mtg Ser M	8.65	06/01/05	10,000,000	9,903,645	10,312,500
Federal Farm Cr Bks Fdg Corp	7.55	04/22/91	4,280,000	4,280,563	4,163,584
Federal Farm Cr Bks Fdg Corp	9.55	07/23/90	10,000,000	10,121,754	10,325,000
Federal Farm Cr Bks Fdg Corp	10.55	10/20/87	5,000,000	5,005,079	5,044,000
Federal Farm Cr Bks Fdg Corp	11.45	12/01/94	10,000,000	10,917,430	11,356,000
Federal Farm Cr Bks Fdg Corp	11.50	01/20/92	10,000,000	10,756,622	11,031,000
Federal Farm Cr Bks Fdg Corp	11.65	01/23/89	8,800,000	9,263,032	9,269,920
Federal Farm Cr Bks Fdg Corp Series D	12.50	09/04/90	9,100,000	9,320,880	10,135,580
Federal Farm Cr Bks Fdg Corp Series D	13.65	12/02/91	3,000,000	3,222,444	3,540,000
Federal Farm Cr Bks Fdg Corp Series C	14.10	06/01/90	5,000,000	5,336,812	5,740,500
Federal Farm Cr Bks Fdg Corp Series A	14.25	04/20/94	5,000,000	5,563,779	6,348,500
Federal Farm Cr Bks Fdg Corp Series D	15.65	10/23/89	14,000,000	14,957,380	16,143,400
Federal Home Loan Banks	6.70	03/26/90	40,000,000	39,913,134	38,800,000
Federal Home Loan Banks	7.55	04/26/93	25,000,000	25,132,781	23,765,000
Federal Home Loan Banks	7.75	04/25/96	8,550,000	8,424,161	7,919,865
Federal Home Loan Banks	8.00	07/25/96	20,000,000	19,735,269	18,926,000
Federal Home Loan Banks	8.15	04/27/92	2,000,000	2,000,000	1,976,240
Federal Home Loan Banks	8.25	09/25/96	10,000,000	9,885,712	9,588,000
Federal Home Loan Banks	9.50	01/25/93	10,000,000	10,000,000	10,393,000
Federal Home Loan Banks	10.70	01/25/93	5,000,000	5,033,186	5,428,000
Federal Home Loan Banks	10.75	05/25/93	5,000,000	4,769,587	5,450,000
Federal Home Loan Banks	10.80	03/25/93	9,250,000	9,228,229	10,105,625
Federal Home Loan Banks	10.90	12/26/90	3,895,000	3,938,247	4,204,263
Federal Home Loan Banks	12.50	09/25/90	19,400,000	20,099,903	21,739,640
Federal Home Loan Banks	14.12	07/25/89	16,900,000	17,621,655	18,885,750
Federal Home Loan Banks	14.25	04/25/89	10,000,000	10,417,146	11,090,000
Federal Home Loan Banks	14.55	09/25/89	10,000,000	10,548,750	11,356,000
Federal Home Loan Mtg Corp	10.90	03/30/90	5,000,000	4,791,214	5,321,875
Federal Home Loan Mtg Corp	11.85	08/30/91	25,370,000	25,295,718	28,320,531
Federal National Mortgage Assn	6.90	02/11/91	25,000,000	24,949,175	24,125,000
Federal National Mortgage Assn	7.00	11/12/90	20,000,000	20,044,132	19,470,000
Federal National Mortgage Assn	7.70	12/10/96	32,000,000	32,018,252	29,561,600
Federal National Mortgage Assn	7.90	03/10/93	20,000,000	20,523,105	19,386,000
Federal National Mortgage Assn	8.15	08/12/96	5,000,000	4,985,290	4,744,000
Federal National Mortgage Assn	9.20	01/10/96	10,000,000	9,943,123	10,150,000
Federal National Mortgage Assn	9.50	10/10/88	6,000,000	6,000,000	6,151,800
Federal National Mortgage Assn	9.85	09/10/87	5,000,000	4,962,079	5,031,000
Federal National Mortgage Assn	10.40	03/10/88	10,000,000	10,051,755	10,219,000
Federal National Mortgage Assn	10.90	01/11/93	3,000,000	2,869,774	3,296,400
Federal National Mortgage Assn	10.90	12/10/87	1,000,000	990,015	1,015,400

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
U.S. Govt. & Agency Obligations (Continued)					
Federal National Mortgage Assn	10.95	03/10/93	11,600,000	12,756,720	12,775,080
Federal National Mortgage Assn	11.10	01/10/89	10,000,000	10,000,000	10,522,000
Federal National Mortgage Assn	11.50	02/10/95	20,000,000	21,311,655	22,850,000
Federal National Mortgage Assn	11.55	01/11/88	7,940,000	7,866,504	8,118,650
Federal National Mortgage Assn	12.10	03/10/89	1,000,000	1,013,493	1,068,400
Federal National Mortgage Assn	12.35	12/10/13	14,800,000	17,191,125	17,404,800
Federal National Mortgage Assn	12.55	10/13/87	5,000,000	5,000,804	5,071,500
Federal National Mortgage Assn	12.65	03/10/14	4,000,000	4,895,585	4,741,200
Federal National Mortgage Assn	13.12	08/10/89	10,750,000	11,086,555	11,838,975
Federal National Mortgage Assn	15.25	07/10/87	2,400,000	2,406,884	2,406,720
Treasury Invt Growth Receipt	13.25	11/15/87	5,000,000	4,787,857	4,880,300
Treasury Invt Growth Receipt	14.00	11/15/93	4,998,000	2,387,568	2,945,271
Twelve Federal Land Banks	7.95	10/21/96	5,000,000	4,913,852	4,634,500
U S Treasury Bond	7.25	05/15/16	5,000,000	4,191,327	4,279,650
U S Treasury Bond	7.50	11/15/16	32,705,000	28,706,330	28,877,842
U S Treasury Bond	7.62	02/15/07	22,200,000	20,396,250	20,021,514
U S Treasury Bond	8.00	07/15/94	39,505,000	39,091,432	38,809,712
U S Treasury Bond	8.75	05/15/17	280,000	273,882	287,350
U S Treasury Bond	9.00	02/15/94	5,000,000	5,393,484	5,184,350
U S Treasury Bond	11.50	11/15/95	15,000,000	18,682,391	17,746,800
U S Treasury Bond	11.87	11/15/03	3,000,000	3,465,264	3,798,750
U S Treasury Bond	12.00	05/15/05	10,735,000	14,754,998	13,807,894
U S Treasury Bond	14.00	11/15/11	17,610,000	28,113,630	25,958,197
U S Treasury Coupons Stripped	13.37	02/15/92	4,146,250	2,516,385	2,839,020
U S Treasury Coupons Stripped	13.37	08/15/92	4,146,250	2,384,675	2,717,950
U S Treasury Coupons Stripped	14.00	05/15/89	4,340,000	3,566,678	3,749,630
U S Treasury Coupons Stripped	15.75	05/15/89	7,080,491	5,784,220	6,155,567
U S Treasury Coupons Stripped	15.75	11/15/88	866,250	750,168	787,672
U S Treasury Note	6.62	02/15/92	25,000,000	24,719,250	23,671,750
U S Treasury Note	6.62	05/15/92	4,700,000	4,432,127	4,437,082
U S Treasury Note	6.62	07/31/88	4,100,000	4,115,669	4,078,188
U S Treasury Note	6.62	08/15/89	12,900,000	12,943,747	12,670,122
U S Treasury Note	6.62	12/31/90	1,500,000	1,444,167	1,442,805
U S Treasury Note	6.75	03/31/91	53,000,000	50,532,928	50,995,540
U S Treasury Note	6.75	09/30/90	90,000,000	90,478,335	87,158,700
U S Treasury Note	7.25	03/31/90	25,000,000	25,059,825	24,710,750
U S Treasury Note	7.25	07/15/93	71,900,000	70,737,714	68,641,492
U S Treasury Note	7.25	11/15/96	56,965,000	55,483,677	52,656,737
U S Treasury Note	7.37	04/15/93	127,800,000	128,222,820	123,126,354
U S Treasury Note	7.37	05/15/96	127,140,000	123,020,173	118,756,388
U S Treasury Note	7.50	08/15/91	125,000,000	127,885,513	122,890,000
U S Treasury Note	8.00	05/31/89	20,000,000	20,138,596	20,175,000
U S Treasury Note	8.12	05/15/91	50,000,000	52,298,950	50,296,500
U S Treasury Note	8.37	12/31/89	10,000,000	10,000,000	10,162,500
U S Treasury Note	8.50	05/15/97	41,000,000	41,223,166	41,332,920
U S Treasury Note	8.75	01/15/93	25,500,000	27,735,088	26,193,090
U S Treasury Note	8.87	02/15/96	44,500,000	47,169,933	45,695,715
U S Treasury Note	9.12	02/15/91	48,600,000	51,115,804	50,361,750
U S Treasury Note	9.25	05/15/89	15,000,000	14,893,573	15,463,950
U S Treasury Note	9.50	08/15/88	30,000,000	30,726,569	30,731,100
U S Treasury Note	9.50	11/15/95	40,000,000	45,411,161	42,574,800
U S Treasury Note	9.62	11/15/90	16,000,000	16,825,821	16,804,960
U S Treasury Note	9.75	10/15/92	42,300,000	43,040,498	45,168,363
U S Treasury Note	10.00	05/15/88	25,000,000	25,110,219	25,593,750

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
U.S. Govt. & Agency Obligations (Continued)					
U S Treasury Note	10.12	02/15/88	19,200,000	19,093,507	19,560,000
U S Treasury Note	10.12	05/15/93	13,000,000	14,773,950	14,149,590
U S Treasury Note	10.37	02/15/88	10,000,000	10,061,853	10,206,200
U S Treasury Note	10.50	01/15/90	11,600,000	11,621,025	12,343,096
U S Treasury Note	10.50	04/15/90	20,000,000	20,212,936	21,350,000
U S Treasury Note	10.50	08/15/95	40,000,000	43,420,645	44,862,400
U S Treasury Note	10.50	11/15/92	25,000,000	25,277,680	27,523,250
U S Treasury Note	10.62	12/31/88	15,000,000	15,195,398	15,693,750
U S Treasury Note	10.75	07/15/90	29,000,000	29,261,109	31,256,490
U S Treasury Note	11.00	02/15/90	25,000,000	27,629,688	26,921,750
U S Treasury Note	11.25	05/15/95	33,000,000	38,185,091	38,331,480
U S Treasury Note	11.37	02/15/89	15,000,000	15,356,374	15,900,000
U S Treasury Note	11.37	05/15/90	24,000,000	24,818,995	26,190,000
U S Treasury Note	11.50	10/15/90	2,000,000	1,967,002	2,205,620
U S Treasury Note	11.62	01/15/92	45,000,000	50,349,889	50,934,150
U S Treasury Note	11.75	01/15/91	103,100,000	116,103,797	115,020,422
U S Treasury Note	11.75	04/15/92	45,000,000	47,350,858	51,384,150
U S Treasury Note	11.75	05/15/89	30,000,000	30,746,189	32,202,900
U S Treasury Note	11.75	11/15/88	40,000,000	40,691,746	42,287,200
U S Treasury Note	11.75	11/15/93	98,600,000	116,730,775	115,269,316
U S Treasury Note	11.87	08/15/93	50,000,000	50,561,515	58,546,500
U S Treasury Note	11.87	10/15/89	24,280,000	24,369,762	26,427,080
U S Treasury Note	12.37	04/15/91	25,000,000	24,941,502	28,546,750
U S Treasury Note	12.37	08/15/87	12,700,000	12,821,197	12,787,249
U S Treasury Note	12.62	08/15/94	25,000,000	26,756,371	30,710,750
U S Treasury Note	12.62	11/15/87	33,300,000	33,468,023	34,007,625
U S Treasury Note	12.75	11/15/89	40,000,000	43,273,373	44,387,200
U S Treasury Note	13.00	11/15/90	2,200,000	2,314,822	2,526,546
U S Treasury Note	13.12	05/15/94	30,500,000	33,543,843	38,077,115
U S Treasury Note	13.62	06/30/88	20,000,000	20,224,371	21,262,400
U S Treasury Note	13.75	05/15/92	36,000,000	44,790,743	44,032,320
U S Treasury Note	13.75	07/15/91	52,200,000	63,463,192	62,395,182
U S Treasury Note	13.75	08/15/87	1,300,000	1,301,981	1,311,375
U S Treasury Note	13.87	08/15/89	27,000,000	28,394,006	30,298,860
U S Treasury Note	14.00	07/15/88	24,900,000	25,422,040	26,627,313
U S Treasury Note	14.37	04/15/89	12,400,000	12,980,013	13,845,344
U S Treasury Note	14.50	07/15/89	30,305,000	33,852,015	34,263,439
U S Treasury Note	14.62	02/15/92	10,000,000	11,282,410	12,509,300
U S Treasury Note Coupons Stripped	13.75	05/15/89	3,231,250	2,651,659	2,812,609
U S Treasury Note Coupons Stripped	13.75	05/15/91	7,012,500	4,649,584	5,150,541
U S Treasury Note Coupons Stripped	13.75	11/15/87	1,478,125	1,413,477	1,444,631
U S Treasury Note Coupons Stripped	13.75	11/15/88	3,712,500	3,201,117	3,375,739
U S Treasury Note Stripped	15.37	10/15/88	2,000,000	1,743,699	1,824,480
U S Treasury Note Stripped	13.75	05/15/92	25,500,000	15,260,840	17,246,160
U S Treasury Stripped Int Pmt	0.00	02/15/93	15,500,000	10,452,180	9,826,380
U S Treasury Stripped Int Pmt	0.00	02/15/94	5,000,000	3,148,578	2,913,800
U S Treasury Stripped Int Pmt	0.00	02/15/95	5,000,000	2,876,575	2,655,400
U S Treasury Stripped Int Pmt	0.00	02/15/98	10,000,000	3,973,702	3,956,900
U S Treasury Stripped Int Pmt	0.00	08/15/00	3,000,000	960,181	941,310
U S Treasury Stripped Int Pmt	0.00	08/15/98	25,000,000	9,385,838	9,469,750
U S Treasury Stripped Prin Pmt	0.00	02/15/95	10,000,000	5,307,268	5,214,700
TOTAL			3,201,785,616	3,231,969,565	3,263,923,160

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Corporate and Municipal					
Air Products & Chemicals	11.50	05/01/95	2,500,000	2,580,391	2,787,500
Allegheny Generating	8.75	03/01/17	5,000,000	4,977,545	4,451,550
Amoco	8.37	06/15/05	5,000,000	5,024,337	4,559,400
Amsted Inds	16.00	01/01/06	129,000	55,821	72,885
Appalachian Power	8.75	02/01/17	2,800,000	2,786,033	2,504,012
Armco	13.50	06/15/94	2,500,000	2,500,000	2,518,750
Associated Dry Goods	11.25	11/01/87	5,000,000	4,968,480	5,059,400
Associates Corp North America	11.62	12/01/89	5,000,000	5,179,711	5,314,050
Associates Corp North America	11.50	05/01/90	5,000,000	5,028,829	5,237,500
Associates Corp North America	11.00	08/01/90	5,000,000	5,131,486	5,271,900
Atlantic Richfield	10.37	07/15/95	2,000,000	1,946,951	2,140,000
Baltimore Gas & Electric	4.62	08/01/90	700,000	700,569	633,500
Beneficial	7.45	02/01/00	6,000,000	5,452,218	4,852,500
Beneficial	8.50	01/15/89	2,000,000	2,002,670	1,990,000
Beverly Enterprises Liq Yield	0.00	07/16/03	6,360,000	1,781,326	1,764,900
Boeing	8.37	03/01/96	5,000,000	4,977,178	4,781,250
Burlington Northern Railroad	9.25	10/01/06	7,400,000	7,825,243	7,094,750
C I T Group Holdings	15.50	10/15/87	4,000,000	4,031,199	4,081,240
Cass Twp Schuylkill Pa	2.00	02/01/88	5,000	5,000	4,848
Cass Twp Schuylkill Pa	2.00	02/01/89	5,000	5,000	4,715
Cass Twp Schuylkill Pa	2.00	02/01/90	5,000	5,000	4,508
Cass Twp Schuylkill Pa	2.00	02/01/91	8,000	8,000	6,956
Caterpillar Tractor	8.00	11/01/01	5,400,000	4,962,154	4,682,826
Champion International	8.50	08/15/93	2,000,000	2,000,000	1,933,900
Chase Manhattan	10.00	06/15/99	2,000,000	1,995,008	2,023,120
Chase Manhattan	7.87	01/15/97	5,000,000	4,995,146	4,606,250
Chemical Bk New York	5.87	01/01/92	3,000,000	2,996,628	2,680,680
Chemical New York	9.75	06/15/99	2,000,000	1,991,611	1,992,500
Chevron Cap U S A	12.75	08/01/87	5,000,000	4,999,634	5,010,950
Chevron Cap U S A	7.87	03/01/97	5,000,000	5,000,000	4,612,500
Chevron Cap U S A	10.75	06/01/95	5,000,000	4,959,432	5,400,000
Chrysler	8.00	11/01/98	1,500,000	1,412,793	1,342,500
Chrysler	13.00	03/01/97	12,525,000	14,647,413	14,552,547
Chrysler Financial	12.75	11/01/99	5,400,000	6,867,618	6,473,250
Chrysler Financial	7.62	03/10/92	2,000,000	1,978,548	1,897,500
CIGNA	8.00	09/01/96	6,000,000	6,000,000	5,569,260
Citicorp	12.00	10/15/90	3,725,000	3,573,139	3,808,813
Citicorp	11.50	04/15/90	10,000,000	10,013,369	10,162,500
Citicorp	8.25	08/15/96	6,000,000	6,000,000	5,458,020
Citicorp	9.00	04/15/99	3,000,000	2,837,809	2,909,070
Cityplace Ctr East	7.87	02/15/95	9,800,000	9,740,571	9,114,000
Coca-Cola Enterprises	8.75	04/01/17	10,000,000	9,940,102	9,075,000
Comerica	9.75	05/01/99	3,200,000	3,184,096	3,221,504
Commercial Credit	8.00	03/01/94	1,000,000	994,696	950,310
Commonwealth Edison	10.62	09/01/95	5,000,000	4,972,208	5,300,000
Consolidated Edison	5.00	12/01/90	1,000,000	841,230	907,190
Consolidated Edison	4.37	10/01/92	1,310,000	1,311,662	1,087,706
Consolidated Edison	4.40	06/01/93	7,000,000	7,000,000	5,906,110
Consumers Power	9.00	06/15/92	2,800,000	2,800,000	2,800,000
Corestates Cap	8.37	11/01/96	10,000,000	9,976,031	9,415,900
Corestates Cap	8.50	04/01/96	5,000,000	5,080,477	4,818,750
Credithrift Financial	8.37	03/01/89	3,175,000	3,175,000	3,192,875
Credithrift Financial	8.25	03/01/96	8,000,000	8,078,110	7,510,000
Credithrift Financial	7.75	01/15/97	2,000,000	1,993,198	1,798,340

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Corporate and Municipal (Continued)					
CSX	9.00	08/15/06	5,150,000	5,264,696	4,905,375
Deutsche Bank	7.50	11/01/91	1,500,000	1,505,173	1,436,625
Dominion Bankshares	9.62	06/15/99	2,700,000	2,694,604	2,694,195
Du Pont E I De Nemours	12.87	09/01/92	4,000,000	3,981,469	4,422,520
Duke Power	7.50	03/01/97	5,000,000	4,877,011	4,437,500
Enron	7.00	02/15/99	3,100,000	2,562,081	2,604,000
Equitable Gas	6.25	09/01/92	1,822,000	1,822,000	1,591,681
F I Realty Private Placement	0.00	03/01/97	10,010,523	3,932,777	3,553,736
Federal Express	9.00	02/01/91	1,250,000	1,246,393	1,266,800
Fidelity Federal Svgs & Ln Assn	8.50	04/15/97	5,000,000	4,983,718	4,731,250
First Intst Bancorp	9.70	08/15/00	3,000,000	3,062,213	3,105,000
First Pv Fdg Corp Lease Oblig	10.15	01/15/16	1,500,000	1,435,828	1,423,710
First Tenn National	10.37	06/01/99	2,950,000	2,979,452	2,980,415
Fletcher Challenge Fin Usa	9.25	05/15/97	2,700,000	2,694,605	2,666,250
Ford Motor Credit	11.00	06/01/95	5,000,000	4,985,722	5,418,750
Ford Motor Credit	9.87	01/15/94	10,000,000	9,956,303	10,362,500
Ford Motor Credit	8.12	05/01/93	10,000,000	10,000,000	9,537,500
Ford Motor Credit	8.00	08/15/93	3,000,000	3,035,986	2,860,500
Ford Motor Credit	7.50	04/15/92	5,600,000	5,545,905	5,341,000
Ford Motor Credit	9.62	11/01/00	6,500,000	6,646,948	6,573,125
Franklin Svgs Assn Ottawa Kans	12.25	04/01/92	7,500,000	7,466,756	8,390,625
GATX	11.50	06/30/96	59,000	59,000	60,770
General Motors Acceptance	8.00	05/01/93	3,400,000	2,855,973	3,285,250
General Motors Acceptance	7.12	09/01/92	12,000,000	9,706,288	11,265,000
General Motors Acceptance	11.00	04/01/88	5,000,000	5,159,340	5,142,200
General Motors Acceptance	10.50	04/15/89	5,000,000	5,068,679	5,200,000
General Motors Acceptance	10.25	06/01/90	5,000,000	4,994,903	5,126,550
General Motors Acceptance	9.50	12/01/89	9,500,000	9,489,447	9,817,680
General Motors Acceptance	7.50	08/15/93	5,000,000	4,879,998	4,650,000
General Motors Acceptance	7.30	03/01/91	2,000,000	1,922,288	1,860,920
General Motors Acceptance	8.37	05/01/97	3,000,000	2,977,974	2,985,000
General Motors Acceptance	7.45	03/27/92	7,000,000	6,664,876	6,981,870
General Motors Acceptance	7.40	02/25/92	2,000,000	1,885,308	1,873,560
General Telephone Kentucky	5.25	10/01/89	1,600,000	1,600,000	1,514,608
General Telephone Michigan	5.37	12/01/89	1,500,000	1,500,000	1,431,105
General Telephone Ohio	5.25	10/01/89	1,550,000	1,550,000	1,487,008
General Telephone Ohio	4.75	10/01/93	2,000,000	1,989,631	1,729,960
Great Western Bank	9.50	07/01/97	3,100,000	3,080,315	3,080,315
Green Tree Acceptance	8.25	06/01/95	1,500,000	1,310,361	1,241,250
Hartford National	9.85	06/01/99	2,500,000	2,496,885	2,487,500
Hoechst Celanese	9.45	06/15/97	1,000,000	1,000,000	1,004,800
Household Finance	4.50	07/01/91	3,000,000	2,786,657	2,595,000
Household Finance	4.87	09/15/93	8,519,000	7,272,514	6,919,047
Household Finance	8.75	06/01/93	5,000,000	4,976,650	4,976,650
ICI North America	8.87	11/15/06	4,825,000	4,839,696	4,559,625
Imperial Svgs & Ln Assn	8.50	08/01/96	2,000,000	2,044,176	1,880,000
Imperial Svgs & Ln Assn	8.00	08/15/11	17,000,000	16,608,310	16,128,750
Inland Steel	8.87	04/15/99	2,000,000	1,832,676	1,740,000
International American Dev Bank	11.37	05/01/95	4,500,000	4,932,760	5,231,250
International Bk for Recon & Dev	5.87	09/01/93	1,700,000	1,617,574	1,485,800
International Bk for Recon & Dev	15.00	12/15/88	4,900,000	5,105,850	5,376,280
International Bk for Recon & Dev	14.75	06/01/92	11,234,000	12,561,099	13,943,641
International Bk for Recon & Dev	14.62	08/01/87	6,000,000	6,027,398	6,082,200
International Bk for Recon & Dev	13.45	09/01/87	4,800,000	4,820,395	4,853,760

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Corporate and Municipal (Continued)					
Internorth	9.62	03/15/06	1,800,000	1,617,782	1,664,442
Irving Bank	5.75	08/01/91	2,783,000	2,582,954	2,504,700
ITT Financial	9.87	10/15/88	2,750,000	2,749,149	2,823,920
Leader Federal Svgs & Ln Assn	10.87	01/01/92	5,000,000	5,248,886	5,246,900
Lomas & Nettleton Finl	0.00	09/03/01	1,290,000	401,904	399,900
Louisiana St Agricultural Fin	8.25	10/01/96	5,000,000	4,943,556	5,428,650
Macy, R H & Co	16.50	11/15/06	2,000,000	945,809	970,000
Marathon Oil	9.50	03/01/94	4,000,000	3,935,000	3,920,000
Marine Midland Banks	8.62	03/01/97	3,000,000	2,782,105	2,816,250
Marine Midland	4.50	07/15/89	7,500,000	7,099,045	7,075,800
Marriott	9.37	06/15/07	6,100,000	6,123,577	6,138,125
Mary Kay	15.00	11/30/00	113,000	49,132	49,720
Maytag	8.87	07/01/97	1,550,000	1,542,250	1,542,250
McDonalds	7.25	11/01/91	5,000,000	5,020,287	4,806,250
Merrill Lynch & Co	13.15	08/01/87	1,000,000	1,002,885	1,001,250
MNC Financial	9.37	05/01/97	2,400,000	2,388,108	2,385,000
Mobil Alaska Pipeline	8.45	03/01/05	10,650,000	9,829,130	9,531,750
Municipal Financial Auth	13.75	12/01/05	9,000,000	10,921,551	10,611,540
National Gypsum	15.50	06/30/04	415,000	216,489	257,300
Newfoundland Province Canada	15.00	11/15/91	5,000,000	6,106,027	6,081,250
Norwest	5.12	10/15/90	1,800,000	1,764,789	1,650,384
Nutri Systems	15.00	08/15/01	39,400	0	16,154
Occidental Petroleum	8.95	04/15/94	5,700,000	5,140,751	5,301,000
Owens Corning Fiberglas	15.00	12/01/06	3,000,000	1,695,340	1,837,500
Pacific Gas & Electric	7.75	12/01/05	5,000,000	4,652,975	4,132,800
Pacific Gas & Electric	13.00	04/01/93	2,000,000	2,086,698	2,342,500
Pacific Telephone & Telegraph	9.62	11/01/14	5,000,000	5,168,477	4,868,750
Papercraft Holding	15.00	11/01/00	43,000	17,718	22,360
Philadelphia Saving Fund Society	12.00	11/15/94	4,300,000	4,806,389	5,009,500
Philadelphia Suburban Water	5.00	09/01/89	1,700,000	1,700,000	1,616,972
Phillips Petroleum Co Fltg Rate	8.21	03/15/95	9,200,000	8,707,705	8,625,000
Private Export Funding	10.25	05/31/88	1,000,000	1,014,666	1,021,250
Private Export Funding	11.25	02/28/92	1,500,000	1,462,894	1,590,000
Private Export Funding	9.55	01/31/91	5,000,000	5,000,000	5,106,250
Procter & Gamble	8.25	03/01/05	5,000,000	4,877,297	4,528,150
Public Service Electric & Gas	4.37	06/01/93	1,250,000	1,101,178	1,001,950
Roosevelt Fed S&L Assn	7.37	03/01/92	4,000,000	3,706,413	3,780,000
Safeway Stores	15.00	11/24/06	428,000	428,000	441,375
Santa Barbara Funding	5.00	12/20/12	20,000,000	17,368,205	17,350,000
Santa Barbara Svgs & Ln Assn	8.00	12/31/96	3,000,000	2,708,803	2,741,250
Schlitz, Joseph Brewing	9.50	12/01/99	1,000,000	862,568	775,310
Sears Roebuck	13.25	09/01/92	5,000,000	5,502,158	5,910,950
Sears Roebuck	10.25	01/15/88	4,000,000	3,974,746	4,080,000
Security Pacific	8.25	07/01/93	2,000,000	1,997,329	1,945,000
Security Pacific	9.75	05/15/99	3,000,000	2,986,565	3,052,500
Sheller Globe	13.75	06/01/01	115,000	57,632	69,575
Southtrust	9.95	06/01/99	3,000,000	2,993,659	3,005,640
Southwestern Bell Telephone	4.50	08/01/97	3,750,000	3,763,839	2,614,463
Southwestern Bell Telephone	7.62	10/01/13	10,000,000	8,578,030	8,150,000
Southwestern Bell Telephone	9.62	03/15/19	4,000,000	3,800,906	3,910,000
Sovran Financial	9.75	06/15/99	2,500,000	2,489,566	2,534,375
Standard Oil Ohio	13.37	09/15/92	12,400,000	12,408,053	13,616,812
Sweden Kingdom	10.25	11/01/15	10,600,000	12,309,035	11,686,500
System Energy Resources	10.50	09/01/96	2,000,000	2,072,216	1,790,000

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Corporate and Municipal (Continued)					
Tele Communications	6.50	08/15/11	235,000	259,913	282,000
Time	8.75	04/01/17	5,000,000	4,952,828	4,493,750
TNE Funding	9.00	05/01/95	2,000,000	2,000,000	2,007,500
Tri City Property Invs	0.00	03/01/98	10,010,523	2,823,026	3,240,907
Union Oil	9.75	03/01/94	5,000,000	5,183,924	5,043,750
Union Oil	8.50	04/01/94	4,000,000	3,911,006	3,820,000
Union Pacific	6.00	03/01/92	2,000,000	1,613,265	1,805,000
Union Pacific	8.50	01/15/17	10,000,000	9,831,803	8,750,000
United California Bank	4.50	01/15/90	1,000,000	990,432	913,440
United Technologies	8.12	03/01/96	5,000,000	4,982,888	4,687,500
United Telecommunications	9.75	09/01/10	570,000	730,158	721,050
United Telephone Indiana	5.00	09/01/90	740,000	740,000	624,412
United Telephone Pennsylvania	5.00	06/01/89	720,000	720,000	647,712
Volkswagon Manufacturing	8.50	09/15/91	1,512,985	1,512,985	1,313,180
World Bank	9.25	07/15/17	1,000,000	1,000,000	1,000,000
Xerox Credit	8.25	07/01/90	23,875,000	23,860,675	23,860,675
TOTAL			763,056,430	737,410,460	728,240,530
Convertible Bonds					
Alexander & Alexander Services	11.00	04/15/07	500,000	536,151	530,000
Anadarko Petroleum	5.75	04/01/12	65,000	66,134	70,200
Anixter Bros	8.25	01/01/03	500,000	518,644	505,000
Apache	7.50	04/01/12	500,000	500,000	495,000
ARX	9.37	03/15/05	365,000	401,349	410,625
Atlantic Research	8.00	05/01/08	360,000	403,045	374,400
Baltimore Bancorp	6.75	04/01/11	415,000	439,153	379,725
Bank New York	8.25	07/01/10	105,000	136,904	135,056
Bank of Boston	7.75	06/15/11	90,000	124,074	137,700
Barris Inds	6.75	03/01/12	420,000	424,179	361,200
BCI Holdings	15.25	05/01/02	180,600	163,843	187,598
Bergen Brunswick	7.62	07/01/10	70,000	68,604	67,900
Bindley Western Inds	8.62	04/15/10	400,000	425,182	408,000
Bolt Beranek & Newman	6.00	04/01/12	140,000	140,698	140,700
Brintec	7.50	05/01/11	450,000	403,246	355,500
Businessland	5.50	03/01/07	350,000	369,130	285,250
CML Group	7.50	07/01/12	200,000	200,000	200,000
Caseys General Stores	6.25	05/01/12	425,000	435,560	435,625
Catalyst Energy	7.75	07/01/02	425,000	425,000	425,000
Caterpillar Tractor	5.50	06/30/00	115,000	118,416	129,375
Champion International	6.50	04/15/11	445,000	562,953	540,675
Chock Full O Nuts	7.00	04/01/12	425,000	425,000	365,500
Circle K	8.25	05/15/05	230,000	279,227	304,750
Circle K	7.25	11/01/06	825,000	826,990	827,063
Coast Savings & Loan Assn	7.00	03/01/11	100,000	94,016	98,000
Colonial Bancgroup	7.50	03/31/11	375,000	403,046	375,000
Comcast	5.50	08/01/11	120,000	141,014	145,800
Comprehensive Care	7.50	04/15/10	470,000	402,005	383,050
Control Data	8.50	06/15/11	4,965,000	5,478,151	6,094,538
Costco	7.25	04/30/11	400,000	397,038	374,000
DEP	7.37	07/15/01	425,000	425,000	425,000
Federal	6.00	02/15/17	500,000	485,030	475,000
Fieldcrest Cannon	6.00	03/15/12	480,000	481,795	456,000

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Convertible Bonds (Continued)					
Forum Group	6.25	08/15/11	425,000	441,740	403,750
Fruit of the Loom	6.75	03/15/02	430,000	430,000	391,300
General Dynamics	5.75	07/15/11	105,000	124,865	126,000
General Instrument	7.25	06/15/12	165,000	165,000	191,400
Great American First Savings	8.50	01/15/11	640,000	800,874	748,800
Greenery Rehab Group	6.50	06/15/11	110,000	103,410	105,050
Gruntal Financial	7.50	06/15/11	420,000	399,000	395,850
Hechinger	5.50	04/01/12	175,000	176,744	176,750
Heinz, H J	7.25	02/15/15	115,000	159,730	164,450
Hercules	8.00	08/15/10	95,000	137,566	144,638
Home Federal Savings & Loan Assn	7.25	05/15/11	105,000	102,905	98,700
Humana	8.50	08/15/09	500,000	519,678	506,250
Inspiration Resources	8.50	06/01/12	250,000	250,000	267,500
International Business Machines	7.87	11/21/04	485,000	601,377	606,856
Kaman	6.00	03/15/12	460,000	471,114	448,500
Kaufman & Broad	7.50	10/15/06	60,000	69,337	59,400
Kerr McGee	7.25	06/15/12	365,000	372,500	516,248
Legg Mason	7.00	06/15/11	40,000	38,803	36,800
Lomas & Nettleton Financial	9.00	04/01/10	60,000	81,831	73,800
MacMillan	5.50	02/15/12	525,000	530,775	553,875
Masco	5.25	02/15/12	90,000	92,690	91,575
Matrix	8.25	07/15/10	450,000	414,098	411,750
Maxicare Health Plans	7.00	07/01/10	110,000	103,142	84,700
MCI Communications	7.75	03/15/03	500,000	402,976	380,000
Mediq	7.25	06/01/06	425,000	441,645	372,938
Melridge	6.87	04/15/06	375,000	422,600	281,250
Moore McCormack Resources	7.25	02/01/12	400,000	443,878	450,000
MTech	5.75	03/15/12	55,000	53,096	52,800
NBD Bancorp	8.25	06/15/10	405,000	530,677	538,650
Noble Affiliates	7.25	06/01/12	75,000	75,000	82,500
Nvryan	10.00	06/15/02	425,000	425,000	420,750
Old Kent Financial	8.00	07/15/10	375,000	439,777	405,000
Owens & Minor	8.50	05/15/10	375,000	412,002	431,250
Paco Pharmaceutical Services	6.50	03/01/07	410,000	420,157	358,750
Park Communications	6.87	03/15/11	350,000	411,929	404,250
Perpetual Savings Bank	7.25	05/15/11	105,000	101,857	100,275
Petrie Stores	8.00	12/15/10	50,000	74,403	77,000
Petrie Stores	8.00	01/15/10	35,000	50,908	51,450
Plenum Publishing	6.50	04/15/07	825,000	825,000	849,750
Potlatch	5.75	03/01/12	105,000	111,279	101,325
Prime Computer	5.75	02/01/12	225,000	233,968	248,625
Prime Motor Inns	6.62	04/01/11	50,000	54,572	54,875
Recognition Equipment	7.25	04/15/11	10,000	12,392	12,700
Reynolds Metals	6.00	04/01/12	95,000	98,787	107,588
Ruddick	8.00	11/01/11	425,000	425,000	473,875
Service Corp International	6.50	04/15/11	100,000	120,178	114,000
Southeast Banking	6.50	03/15/99	220,000	220,037	220,757
Sterling Software	8.00	09/01/01	425,000	425,000	312,375
Stevens, J. P.	6.00	03/01/12	130,000	136,482	131,300
Student Loan Marketing Assn	7.75	11/15/09	40,000	82,861	84,000
Sudbury Holdings	7.50	04/15/11	425,000	420,802	493,000
Sun	6.75	06/15/12	205,000	205,000	209,100
Sun Microsystems	5.25	02/15/12	200,000	239,982	232,000
Texas Eastern	12.00	10/15/09	90,000	98,084	98,550

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Convertible Bonds (Continued)					
Texas Inds	9.00	01/15/08	500,000	509,281	507,500
Travelers	7.62	01/15/97	14,500,000	13,919,562	13,213,125
Trinity Inds Leasing	6.75	04/01/12	55,000	55,000	56,650
Tyco Laboratories	6.75	05/15/06	60,000	76,870	74,100
Union Carbide	7.50	04/15/12	255,000	258,498	262,650
Union Federal Svgs & Loan Assn	7.25	02/15/11	50,000	54,735	51,500
United Cable Television	7.87	12/01/05	155,000	203,662	210,800
Wachovia	8.75	12/15/09	40,000	53,948	51,600
Wessex	8.50	11/15/06	425,000	425,000	331,500
Wherehouse Entertainment	6.25	07/01/06	425,000	430,193	259,250
Witco	5.50	03/15/12	125,000	125,623	120,000
TOTAL			46,535,600	47,815,458	46,791,530

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
COMMON AND PREFERRED STOCK			
Common Stock			
AAR	15,400	350,139	494,725
Aaron Rents	5,300	92,310	58,300
Abbott Labs	172,200	3,770,804	10,740,975
Activision	65,500	207,471	57,313
Adac Labs	27,200	181,379	61,200
Adams Russell Electrs	3,700	49,909	57,350
Adams Russell	3,700	45,893	136,900
Adobe Res	2,580	35,150	23,543
ADT	5,900	134,344	188,063
Advanced Micro Devices	40,300	1,187,666	765,700
Advanced Semiconductor Matls Intl	9,300	182,633	77,888
Aetna Life & Cas	481,700	27,758,180	28,661,150
Affiliated Bankshares Colo	49,800	818,806	628,725
Affiliated Pubns	17,100	157,412	1,043,100
AFG Inds	13,050	258,964	352,350
Agency Rent A Car	30,454	310,038	685,215
Agnico Eagle Mines Ltd	6,800	101,728	153,000
AGS Computers	7,200	96,643	120,600
Ahmanson H F	60,400	1,013,734	1,298,600
Air Prods & Chems	30,400	746,248	1,428,800
Air Wis Svcs	7,010	108,846	71,853
Airborne Fight	25,700	812,971	848,100
Alaska Air Group	55,800	1,458,956	1,136,925
Alberto Culver	21,825	124,786	529,256
Albertsons	15,300	455,180	852,975
ALC Communications	5,660	56,600	18,395
Alcan Alum Ltd	158,600	4,139,479	4,805,925
Alco Health Svcs	6,800	118,694	133,450
Alco Std	127,200	2,746,380	3,307,200
Alex Brown	7,500	139,150	153,750
Alexander & Alexander Svcs	44,300	1,407,796	1,146,263
Alexander & Baldwin	36,400	699,380	2,011,100
Alleghany & Western Energy	3,000	82,500	81,750
Alleghany	79	5,207	8,911
Allegheny Intl	7,300	230,282	113,150
Allegheny Pwr Sys	22,900	566,093	918,863
Allegis	1,061	0	94,827
Allied Bancshares	22,234	535,584	200,104
Allied Signal	386,584	16,646,752	16,864,637
Allis Chalmers	16,600	178,998	41,500
Alltel	65,700	1,194,174	1,806,750
Alpha Industries	4,900	101,954	49,000
Altos Computer Systems	7,600	95,724	96,900
Aluminum Co of America	86,300	3,396,068	4,603,700
Alza Corp Cl A	23,400	422,726	874,575
Amax	49,100	1,089,135	1,012,688
Amdahl	17,800	353,245	625,225
Amerada Hess	181,500	6,197,823	6,890,338
American Brands	329,800	14,063,819	15,418,150
American Business Products	4,200	92,667	124,425
American Cap Mgmt & Resh	12,600	269,489	233,100
American Cyanamid	59,000	1,654,104	2,891,000
American Ecology	16,770	99,256	377,325
American Electric Power	431,400	11,435,192	11,863,500

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
American Express	831,156	22,689,847	28,510,843
American Family	107,992	1,168,480	1,403,896
American Finl Enterprises	7,000	96,267	169,750
American Gen	265,000	9,597,437	10,500,625
American Greetings Cl A	24,600	649,065	639,600
American Home Products	225,900	15,916,616	19,240,988
American Income Life Ins	6,600	93,854	78,374
American Information Technologies	121,360	7,358,968	10,558,320
American Intl Group	439,800	26,112,196	31,179,825
American Med Intl	717,400	12,877,448	13,720,275
American Mtrs	65,600	226,451	278,800
American Natl Ins	13,500	264,536	472,500
American Petrofina Cl A	5,500	331,211	320,375
American President COS LTD	7,900	142,840	341,675
American Quasar Pete	47,500	207,854	2,993
American Quasar Pete Wt	299,938	0	9,298
American Std	22,925	664,045	971,447
American Stores	15,518	659,803	1,136,694
American Surgery Ctrs	40,700	181,239	10,175
American Tel & Teleg	634,900	12,887,995	17,541,738
American Television & Commn	5,400	90,882	135,000
American Wtr Wks	62,600	1,046,552	1,118,975
Americana Hotels & Rlty	3,500	88,672	44,625
Americus Tr - Merck Shs Prime	1,500	36,118	181,125
Americus Tr/Amerm Hm Prods	8,000	338,632	684,000
Americus Tr/Gen Elec Co Unit	36,500	1,891,762	3,969,375
Americus Tr/Merck Shs Unit	5,500	264,862	941,875
Ameritrust	11,200	139,567	271,600
Ames Dept Stores	12,000	132,848	285,000
Ametek	10,300	235,306	333,462
Amfac	7,200	197,085	236,700
Amgen	7,300	149,321	279,224
Amoco	250,100	14,034,376	21,868,750
AMP	68,700	2,289,100	4,027,538
AMR	216,900	10,754,782	12,886,125
Amsouth Bancorporation	7,650	115,199	247,669
Anadarko Pete	36,700	813,062	1,087,237
Analog Devices	19,333	365,135	376,994
Analogic	8,500	217,559	90,313
Andrew	4,700	182,573	71,675
Andros Analyzers	4,500	37,625	72,000
Angelica	4,300	112,210	117,175
Anheuser Busch	336,100	6,513,647	11,406,138
AOI Coal	8,600	50,003	31,175
AON	205,400	5,632,036	5,289,050
Apache	12,100	174,314	130,075
Apogee Enterprises	42,300	444,183	428,288
Apollo Computer	14,100	365,145	285,525
Apple Computer	94,200	2,073,326	3,815,100
Applied Biosystems	4,900	156,913	122,500
Applied Magnetics	12,550	185,031	378,069
Archer Daniels Midland	123,344	1,895,753	3,021,928
Argonaut Group	12,100	236,061	402,325
Argosystems	4,900	96,016	180,075

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Aristech Chem	113,900	2,248,390	3,160,725
Aritech	1,180	16,230	17,405
Arkansas Best	11,700	146,456	200,363
Arkla	388,200	7,281,132	9,365,324
Armco	106,600	943,646	1,066,000
Armor All Prods	10,800	130,464	184,950
Armstrong World Inds	41,700	922,591	1,595,025
Armtex	5,400	95,445	108,674
Arvin Inds	12,000	294,787	426,000
ASA Ltd	8,300	369,965	478,288
Asamera	20,700	229,385	199,238
Asarco	2,700	40,190	66,825
Ashland Oil	19,200	656,349	1,216,800
Ashton Tate	15,400	335,563	377,300
Ask Computer Sys	5,200	100,595	64,350
Astrotech Intl	28,118	103,719	17,574
Atari	29,800	394,567	420,925
Atlanta Gas Lt	31,400	563,443	730,050
Atlantic City Elec	8,500	191,784	294,313
Atlantic Resh	4,350	93,076	117,450
Atlantic Richfield	350,900	18,153,745	33,423,224
Augat	7,700	336,708	189,613
Ausimont Compo N V	14,700	298,248	308,700
Autodesk	10,500	134,155	265,125
Automatic Data Processing	18,300	640,653	873,825
Avantek	8,700	248,779	138,112
Avatar Hldgs	6,800	99,248	158,950
Avery Intl	18,400	218,363	460,000
Avnet	23,200	1,040,763	762,700
Avon Products	922,766	26,998,205	31,143,353
AVX	4,100	117,882	73,287
Aydin	2,200	104,584	75,625
Bacardi Cl A	3	122,865	105
Bairnco	4,200	91,581	163,800
Baker Hughes	360,300	5,188,303	8,354,200
Baldor Elec	3,700	97,927	82,325
Baldwin & Lyons Cl B	10,400	230,932	178,100
Ball	11,900	245,230	568,225
Bally Mfg	39,400	837,914	886,500
Baltimore Bancorp	61,600	1,152,629	1,155,000
Baltimore Gas & Elec	40,200	822,801	1,261,275
Banc One	363,124	8,941,207	10,031,300
Banco Central S A Adr	0	0	0
Bancorp Hawaii	21,800	986,481	1,209,900
Banctexas Group	13,400	96,726	1,260
Bandag	9,400	258,360	601,600
Bank New England	19,850	366,063	704,675
Bank New York	14,400	370,434	626,400
Bank of Boston	146,150	4,015,580	5,115,250
Bank South	8,906	90,882	162,535
BankAmerica	22,800	286,260	262,200
Bankers Tr N Y	171,200	5,809,461	8,731,200
Banks Mid Amer	5,408	94,810	15,548
Banta George	8,800	97,219	191,400

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Bard C R	11,800	379,838	531,000
Barnett Bks	23,925	531,470	885,225
Barry Wright	4,000	122,406	75,000
Bassett Furniture Inds	3,600	163,328	145,800
Battle Mtn Gold Cl A	20,900	225,533	624,388
Bausch & Lomb	22,825	699,960	970,063
Baxter Travenol Labs	142,281	3,095,536	3,468,095
Baybanks	62,600	2,282,108	2,691,800
BDM Intl Cl A	4,620	97,112	145,530
Bear Stearns	54,970	1,011,716	934,490
Bearings	2,600	98,522	108,550
Becton Dickinson	39,100	1,320,310	2,492,625
Bell & Howell	7,400	218,240	441,350
Bell Atlantic	162,080	7,276,909	11,041,700
Bell CDA Enterprises	120,100	2,967,372	3,798,163
Bell Inds	2,900	95,851	66,338
Bellsouth	315,780	8,165,652	12,907,508
Belo A H	6,400	273,603	417,600
Beneficial	242,900	12,288,604	13,936,388
Benequity Hldgs Unit Ltd Partnership	3,800	47,311	99,275
Bergen Brunswick	6,195	179,937	148,680
Berkley W R	30,000	727,664	787,500
Berkshire Hathaway	600	726,552	2,070,000
Best Prods	89,000	1,344,268	951,463
Bethlehem Stl	88,000	1,209,498	1,320,000
Betz Labs	12,500	473,214	612,500
Beverly Enterprises	17,200	366,549	253,700
BIC	6,600	91,339	193,050
Bio Response	6,100	91,318	22,875
Biocraft Labs	7,200	117,576	142,200
Biogen N V	8,600	103,286	90,300
Black & Decker	17,700	371,590	411,525
Block Drug Cl A	7,877	111,436	248,126
Block H & R	64,400	3,283,218	3,421,250
Blount Cl B	6,100	92,081	95,697
Boatmens Bancshares	7,140	168,942	274,890
Bob Evans Farms	15,262	236,526	373,919
Boeing	142,800	5,799,691	6,693,750
Boise Cascade	13,500	604,106	982,125
Bolar Pharmaceutical	29,600	747,398	704,050
Bolt Beranek & Newman	3,400	98,412	148,325
Borden	311,700	9,650,504	18,702,000
Borg Warner	1,669	37,389	77,609
Boston Edison	14,800	210,229	336,700
Bow Valley Inds	19,463	426,711	287,079
Bowater	10,900	335,155	425,100
Bowne	24,100	370,846	475,975
Bralorne Res Ltd	37,100	172,984	62,625
Branch	3,900	99,821	140,400
Brascan Ltd Ord Cl A	25,600	414,019	665,600
Briggs & Stratton	7,200	233,252	282,600
Bristol Myers	177,622	4,586,585	8,836,695
British Gas Plc Adr 2nd Installment	10,300	224,493	288,400
British Pete Plc Adr	3,500	127,663	262,500

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Britoil Plc Adr	136,300	2,009,859	3,822,500
Brock Hotel	236	95,524	2,036
Brockway	13,200	286,717	617,100
Brooklyn Un Gas	31,100	741,266	835,813
Brown Forman Cl A	5,550	118,327	239,344
Brown Forman Cl B	5,450	149,797	252,060
Brown Group	7,900	251,488	337,725
Brown Tom	21,400	189,441	26,750
Browning Ferris Inds	91,200	1,271,583	2,587,800
Brunos	16,600	139,815	319,550
Brunswick	310,000	2,894,622	7,440,000
Brush Wellman	13,900	426,542	542,100
Builders Trans	28,600	468,325	629,200
Burlington Coat Factory Whse	5,400	192,214	139,050
Burlington Inds	17,600	744,439	1,346,400
Burlington Northern	48,200	2,493,403	3,988,550
Burndy	600	14,445	10,200
Burr Brown	8,812	86,555	85,917
Business Mens Assurn Co America	5,000	95,238	190,625
Businessland	12,300	139,359	152,213
Butler Mfg	3,300	96,014	112,200
C O M B	5,800	133,864	112,375
C P T	7,700	113,346	26,950
Cablevision System	10,900	217,170	305,200
Cabot	505,000	14,138,028	17,801,250
Caesars	7,600	134,386	130,150
Caesars World	10,200	142,471	348,075
Calfed	29,200	800,350	1,018,350
Calgon Carbon	16,400	466,375	510,450
California First Bk San Francisco	5,600	95,733	191,100
California Microwave	18,300	226,789	137,250
Callahan Mining	6,228	152,254	171,270
Calmat	118,890	1,933,567	3,566,700
Camco	5,500	98,249	152,625
Cameron Iron Works	14,200	311,977	308,850
Campbell Red Lake Mines Ltd	19,700	558,917	499,888
Campbell Soup	42,800	1,679,755	2,862,250
Canadian Marconi	11,100	214,457	167,888
Canadian Occidental Pete Ltd	17,500	414,925	520,625
Canadian Pac Ltd Ord	90,932	1,133,065	1,704,975
Capital Cities ABC	25,000	6,405,673	9,564,450
Capital Holding Corp	30,000	705,104	922,500
Care Enterprises Cl A	2,850	35,363	7,481
Care Enterprises Cl B	5,700	64,929	17,100
Caremark	9,750	146,057	203,531
Carlisle Cos	4,300	118,059	159,638
Carolina Freight	3,600	116,618	123,750
Carolina Power & Light	315,700	9,275,792	11,759,825
Carpenter Technology	5,400	258,364	228,150
Carson Pirie Scott	5,300	196,847	258,375
Carter Hawley Hale Stores	9,900	499,268	622,463
Carter Wallace	12,100	515,599	1,191,850
Castle & Cooke	36,019	570,209	855,451
Caterpillar	210,400	9,297,813	11,256,400

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO: OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
CB & T Bancshares	8,775	97,177	188,663
CBS	18,001	1,764,024	3,159,176
Cenergy	47	435	458
Centel	11,300	472,607	747,213
Centerior Energy	234,961	5,040,336	4,053,075
Centerre Bancorporation	3,600	100,243	139,050
Centex	189,900	5,890,901	5,082,325
Centocor	6,900	97,257	267,375
Central & South West	160,300	4,912,135	5,004,600
Central Bancorporation	8,164	94,685	316,355
Central Bancshares South	11,700	94,946	204,750
Central Fid Bks	73,850	2,118,911	2,261,656
Central Hudson Gas & Electric	4,700	115,510	124,550
Central Illinois Pub Service	16,300	258,277	374,900
Central Louisiana Electric	5,800	204,189	191,400
Central Maine Power	9,200	146,538	162,150
Centronics	5,200	134,320	20,150
Century Tel Enterprises	5,000	83,538	95,625
Cenvill Invs	3,800	92,987	78,850
Certain Teed Corp	33,200	743,851	1,398,550
Cetus Corp	10,400	151,790	302,900
CF & I Steel Corp	5,000	31,495	23,750
Champion Intl	83,467	2,135,672	3,036,112
Champion Spark Plug	18,400	187,010	266,800
Charming Shoppes	42,700	1,047,696	1,297,013
Charter Med Corp Cl A	8,850	146,949	271,031
Charter Med Corp Cl B	13,950	247,086	427,215
Chase Manhattan	58,600	1,941,893	2,421,450
Chaus Bernard	9,200	221,021	112,700
Chemed Corp	16,400	504,437	662,150
Chemical New York Cl B	29,900	216,775	198,088
Chemical New York	232,091	10,390,764	9,835,322
Chemical Waste Mgmt	9,300	229,431	279,000
Chesapeake	4,500	99,036	194,063
Chevron	222,100	6,243,428	13,770,200
Chi-Chi's	183,450	1,452,495	1,352,944
Chicago Milwaukee	1,300	171,153	200,200
Chieftain Dev Ltd	11,250	180,014	120,938
Chiron	5,500	124,190	154,000
Chrysler	834,225	21,317,563	28,520,866
Chubb	85,775	5,069,182	5,275,163
Church & Dwight	18,600	102,890	279,000
Churchs Fried Chicken	328,400	3,743,324	3,279,738
CIGNA	240,700	13,853,929	15,254,363
CILCORP	47,800	1,820,737	1,607,275
Cincinnati Bell	115,000	1,367,595	2,817,500
Cincinnati Financial	6,510	224,270	431,288
Cincinnati Gas & Electric	77,800	1,834,768	2,081,150
Cincinnati Milacron	26,700	756,276	844,388
Cintas	6,800	165,597	229,500
Cipher Data Products	6,000	150,571	67,500
Circle K	70,100	1,182,449	1,174,175
Circuit City Stores	51,200	1,240,190	1,958,400
Circus Circus Enterprises	17,000	126,363	527,000

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Citicorp	521,800	25,581,930	30,786,200
Citizens & Southern	57,430	1,006,762	1,586,504
Citizens Finl Group	7,400	141,359	163,725
Citizens First Bancorp	6,840	125,856	165,870
Citizens Util Co Ser A	22,316	292,320	680,639
City Natl	18,770	377,308	502,098
CityFed Finl	30,400	316,778	254,600
Clabir	8,000	86,600	59,000
Clabir Wt	10,290	9,325	7,718
Clark Equipment	18,400	300,288	485,300
Clark J L Mfg	4,100	95,715	122,488
Cleveland Cliffs	8,500	211,522	131,750
Clorox	29,200	600,940	959,950
Club Med	7,100	172,090	186,375
CMS Energy	426,700	6,914,437	7,893,950
CNA Financial	35,300	1,305,269	1,844,425
Coachmen Inds	4,000	132,731	45,500
Coastal	38,812	616,175	1,348,717
Coca Cola Bottling Co Cons	3,400	93,218	118,150
Coca Cola	325,500	7,485,180	14,484,750
Coca Cola Enterprises	95,600	1,407,313	1,840,300
Coleco Inds	2,100	20,505	22,575
Colgate Palmolive	21,174	754,727	995,178
Collaborative Resh	7,700	108,533	54,863
Collagen	12,100	103,426	124,025
Collins Foods Intl	11,475	94,723	238,106
Colorado Natl Bankshares	38,000	714,337	527,250
Colt Inds	3,800	44,413	50,825
Columbia Gas Sys	6,000	272,550	300,750
Combustion Engineering	262,500	8,916,772	9,843,750
Comcast Cl A	14,675	148,086	344,863
Comcast Cl A Spl	7,337	74,038	166,000
Comdata Network	7,700	252,908	123,200
Comdial	38,800	282,777	106,700
Comdisco	20,100	535,625	618,075
Comerica	23,830	1,188,263	1,411,928
Cominco Ltd	33,050	551,488	404,860
Commerce Bancshares	5,000	103,988	175,000
Commerce Clearing House	10,400	455,357	681,200
Commerce Un	5,700	152,219	173,138
Commercial Cr	625,200	13,478,386	16,255,200
Commercial Shearing	7,246	97,787	108,690
Commodore	1,827	645	91
Commodore Intl Ltd	14,200	675,852	134,900
Commonwealth Edison	820,800	28,009,182	28,420,200
Commonwealth Energy Sys	5,200	109,870	176,150
Communications Satellite	8,800	350,638	249,700
Community Psychiatric Centers	13,950	313,598	573,694
Comp-U-Card Intl	10,125	91,315	258,188
Compania Telefonica Nacional Espana	190,000	4,122,262	4,465,000
COMPAQ Computer	10,100	160,903	473,438
Comprehensive Care	774	12,826	11,320
Compugraphic	3,800	102,724	88,350
Computer & Communications Technology	4,500	95,491	38,810

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Computer Assoc Intl	20,400	164,961	512,550
Computer Consoles	5,998	112,006	57,731
Computer Language Resh	6,300	180,150	43,313
Computer Memories	23,700	185,004	78,518
Computer Products	9,800	97,854	36,142
Computer Sciences	10,800	160,981	608,850
Computer Task Group	6,500	107,338	85,313
Computervision	13,200	687,657	198,000
ConAgra	38,740	616,983	1,225,153
Conquest Expl	13,000	127,638	68,250
Consolidated Edison Co	57,300	2,570,724	2,573,938
Consolidated Freightways	66,500	1,854,134	2,427,250
Consolidated Natural Gas	59,000	1,293,864	2,669,750
Consolidated Papers	33,200	1,608,083	2,148,950
Consolidated Rail	445,000	12,667,535	14,851,875
Consolidated Stores	23,300	349,780	233,000
Constar Intl	17,000	489,559	497,250
Conston Cl A	20,000	279,452	187,500
Contel	370,000	11,363,808	11,782,500
Continental	368,400	16,170,872	16,295,800
Control Data Corp	77,800	2,569,774	2,228,250
Convergent	16,500	409,946	113,438
Cooper Dev	9,624	27,802	12,030
Cooper Inds	53,100	2,118,851	3,132,900
Cooper Lasersonics	7,300	49,304	15,060
Cooper Tire & Rubber	29,200	530,441	1,018,350
Coopervision	145,960	3,086,209	2,171,155
Coors Adolph Co. Cl B	25,000	663,844	571,875
Copelco Finl Svcs Group	780	3,900	7,118
Cordis	6,900	128,202	105,225
Core Inds	6,400	97,309	96,000
CoreStates Financial	309,400	10,965,268	12,143,950
Corning Glass Works	28,500	1,392,809	1,824,000
Corroon & Black	54,600	1,802,865	1,631,175
Corvus Systems	129,450	474,750	97,088
Cosmo Communications	13,600	179,846	61,200
Costco Wholesale	12,500	169,750	159,375
Cousins Pptys	8,850	122,895	132,750
CP Natl	3,600	126,014	110,700
CPC Intl	13,100	678,843	720,025
CPI	7,600	102,012	187,150
Crane	14,366	249,573	423,780
Crawford	8,250	99,524	212,438
Cray Resh	31,300	1,266,021	3,180,863
Crazy Eddie	20,000	259,240	122,500
Crompton & Knowles	7,200	132,398	171,900
Cross & Trecker	6,400	190,950	125,600
Cross A T Co Cl A	7,800	128,146	259,350
Crossland Svgs FSB Brooklyn N Y	7,600	123,158	111,150
Crown Cent Pete Corp Cl A	5,600	89,836	92,400
Crystal Brands	3,740	66,520	80,410
CSX	369,798	10,997,790	12,896,818
CTS	1,102	47,301	27,963
Cubic	3,700	104,365	74,925

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Culbro	3,800	91,772	155,800
Cullen Frost Bankers	3,300	112,514	37,950
Cullinet Software	13,800	312,020	160,425
Cullum Cos	7,600	104,568	238,450
Cummins Engine	15,800	1,228,068	1,425,950
Curtiss Wright	2,300	104,869	136,850
Cypress Semiconductor	17,200	231,151	199,950
Cyprus Minerals	14,300	143,573	336,050
C3	5,000	97,226	54,375
Daisy Sys	100,600	919,584	804,800
Dallas	5,000	95,289	69,375
Damon	3,700	96,765	75,388
Dana	37,750	1,035,238	1,783,681
Daniel Inds	7,497	90,575	81,530
Dart Group Corp Cl A	400	33,238	67,200
Data Gen	13,100	442,671	404,463
Data Switch	18,700	224,287	123,888
Datapoint	7,600	179,503	49,403
Dataproducs	50,600	793,564	569,250
Dauphin Deposit	6,000	95,536	193,500
Day Intl	5,400	159,057	188,325
Days Inns	1,000	13,955	11,875
Dayton Hudson	77,000	3,268,906	3,898,125
DCNY	4,200	118,692	92,925
De Luxe Check Printers	54,800	810,404	1,733,050
Dean Foods	9,675	163,284	345,881
Deb Shops	10,500	95,708	204,750
Deere	50,400	1,285,004	1,435,000
DEKALB	6,100	168,331	147,163
Delmarva Power & Light	21,900	247,765	440,738
Delmed	32,700	194,099	34,760
Delta Air Lines	101,832	5,616,146	5,707,092
Denison Mines Ltd Cl A	9,600	192,174	68,400
Denison Mines Ltd Cl B	19,200	299,126	120,000
Dennison Mfg	6,900	153,438	234,600
Deposit Guaranty	4,800	95,629	169,200
Derby Savings Bank Conn	5,000	96,250	105,000
Desoto	3,300	96,464	130,763
Detroit Edison	76,900	1,151,133	1,249,625
Dexter	10,999	182,827	273,600
Diamond Shamrock Offshore Partners	15,600	261,768	282,750
Diamond Shamrock R & M	10,727	261,298	175,646
Diasonics	21,500	286,923	81,980
Diebold	6,150	371,563	336,713
Digital Communications Assoc	4,050	96,782	131,625
Digital Equipment	188,800	17,453,883	30,939,600
Dillard Department Stores Inc Cl A	11,300	278,481	536,750
Dime Savings Bank	530,100	8,806,713	10,933,313
Dionex	4,800	124,992	145,200
Disney Walt Co	196,500	7,044,403	14,211,725
Diversified Energies	11,860	234,916	278,710
Dollar Gen	8,760	133,920	105,120
Dome Mines Ltd	58,700	785,558	748,425
Dominion Bankshares	121,400	2,067,239	2,412,825

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Dominion Res Inc VA	242,600	10,310,203	10,498,150
Domtar	378,000	3,253,442	5,575,500
Donnelley R R & Sons	65,000	1,844,049	2,543,125
Dover	30,400	1,152,830	2,048,200
Dow Chemical	120,100	4,995,575	10,343,610
Dow Jones & Co Cl B	17,050	0	895,125
Dow Jones & Co	9,700	406,003	499,050
DPL	18,100	284,057	470,600
Dress Barn	11,400	145,806	205,200
Dresser Industries	357,000	6,500,335	11,156,250
Dreyers Grand Ice Cream	10,600	184,143	214,650
Dreyfus	23,200	510,855	759,800
DSC Communications	35,256	526,486	268,827
DST Systems	5,800	86,275	232,000
Du Pont E I De Nemours	239,100	15,610,484	28,692,000
Ducommun	2,400	98,516	30,600
Duke Power	259,200	10,615,714	11,567,100
Dun & Bradstreet	77,774	2,212,374	4,919,206
Dunkin Donuts	6,000	95,881	172,500
Duquesne Lt	27,400	451,284	328,800
Durham	4,500	123,240	150,188
Durr-Fillauer Med	7,375	106,760	88,500
Dynascan	2,026	14,887	24,565
Dynatech	2,900	80,459	88,450
Dyncorp	8,500	88,633	151,938
E M C	7,500	143,100	210,000
E-Systems	19,500	672,778	636,188
Eagle Picher Industries	22,600	625,393	954,850
Eastern Gas & Fuel Association	107,600	2,962,885	2,932,100
Eastern Utilities Association	6,800	112,285	214,200
Eastman Kodak	370,400	20,839,304	31,900,700
Eaton	20,700	1,039,851	1,914,750
Echo Bay Mines Ltd	13,700	137,281	484,638
Ecolab	12,600	161,250	359,100
Edison Brothers Stores	5,100	179,697	187,425
EDO	5,250	94,746	80,719
Edwards A G	19,300	396,065	525,925
EG & G	12,000	468,396	414,000
El Paso Electric	13,200	218,447	224,400
Electro Biology	10,900	181,174	50,413
Electro Rent	4,500	78,643	58,500
Electrospace Systems	6,093	109,558	162,988
Elscent Ltd	22,400	186,664	50,400
Elsinore	9,100	97,491	22,750
Emerson Electric	70,725	6,599,699	7,675,538
Emerson Radio	19,844	89,770	133,947
Emery Air Freight	7,400	179,139	121,175
Emhart Corp	12,760	307,952	571,010
Empire Dist Elect	2,600	89,910	72,475
Employers Cas	5,800	96,701	204,450
Emulex	5,600	133,267	42,700
Energas	12,400	102,561	175,150
Energy Conversion Devices	2,400	92,029	72,600
Engelhard	23,100	574,240	594,825

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Enron	24,600	785,350	1,140,825
Enserch	48,200	1,017,639	1,191,750
Ensource	4,010	124,119	36,591
Enterprise Technologies	245,100	122,550	1,226
Enterra	6,100	112,943	59,475
Entex	10,800	235,328	159,300
Envirodyne Inds	4,700	117,289	189,175
Environmental Sys	6,500	152,679	123,500
Enzo Biochem	4,920	125,440	45,510
Equifax	50,000	1,013,527	1,268,750
Equitable Bancorporation Cl B	283	2,210	7,217
Equitable Bancorporation	28,020	450,234	714,510
Equitable Iowa Cos Cl A	3,700	96,552	86,025
Equitable Iowa Cos Cl B	7,400	95,627	173,900
Equitable Res	9,225	174,878	392,063
Equity Oil	24,255	227,711	148,562
Erbamont N V	76,100	1,392,374	2,235,438
Esselte Business Sys	10,500	355,215	473,810
Esterline	3,900	130,809	65,813
Ethyl	31,700	694,885	858,475
Evans & Sutherland Computer	4,100	188,990	133,250
Exchange Intl	110,000	1,263,751	1,567,500
Exxon	791,700	48,831,464	73,805,725
Fairchild Industries	6,200	133,465	72,850
Fairfield Cmnties	6,300	91,903	42,525
Family Dollar Stores	13,350	198,885	233,625
Farm Fresh	4,896	95,257	57,528
Farmers Group	454,600	18,254,110	20,457,000
Federal Company	32,400	964,380	1,449,900
Federal Express	14,300	824,114	961,675
Federal National Mortgage Association	24,800	674,878	964,100
Federal Paper Board	41,955	1,179,947	1,678,200
Federal Signal	26,500	586,005	622,750
Federated Department Stores	387,600	14,047,959	20,252,100
Federated Group	6,450	91,556	28,219
FGIC	9,600	297,197	225,600
Fidelcor	35,000	1,126,801	1,286,250
Fieldcrest Cannon	4,800	81,388	163,200
Fifth Third Bancorp	4,950	117,910	264,825
Figgie International Holdings Cl A	10,350	508,157	750,375
Figgie International Cl B	3,100	173,848	241,800
Financial Corp Amer	11,500	87,170	51,750
Firemans Fd	220,100	7,484,434	7,923,600
Firestone Tire & Rubber	34,300	723,103	1,427,738
First Alabama Bancshares	14,400	132,643	316,800
First American Bank	27,400	1,149,905	1,219,300
First American Bank for Savings Boston	52,000	533,000	630,500
First American Corp Tennessee	44,600	873,942	1,248,800
First Bancorporation Ohio	6,300	91,438	192,150
First Bank System	188,100	4,119,737	6,345,350
First Boston	150,100	7,324,304	6,698,213
First Chicago	250,700	7,890,331	7,395,650
First City Bancorporation Tex	15,100	318,538	39,638
First City Industries	4,600	87,219	61,525

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
First Coml	5,000	96,980	116,250
First Comm	3,866	94,510	73,454
First Executive	33,166	452,602	567,968
First Fidelity Bancorporation	13,880	293,651	596,840
First Florida Banks	160,200	5,002,382	4,966,200
First Hawaiian	9,600	98,629	248,400
First Illinois	10,375	136,577	168,594
First Interstate Bancorp Earnout Rt	6,000	0	6,000
First Interstate Bancorp	130,500	5,050,182	7,797,374
First Jersey Natl	3,600	161,388	199,800
First Kentucky National	9,450	127,667	229,163
First Maryland Bancorp	55,390	936,905	1,980,193
First Mississippi	241,500	1,725,122	2,837,625
First National Cincinnati	4,620	94,700	182,490
First Security	5,600	145,433	149,800
First Tennessee National	6,450	96,622	195,113
First Union Real Estate Equity & Mortgage	6,900	139,900	187,163
First Union	597,486	14,217,574	15,161,207
First Virginia Banks	5,800	101,215	177,625
First Wachovia	31,180	772,160	1,258,480
First Wisconsin	8,000	97,006	209,000
Fischbach	1,800	81,000	39,375
Fisher Scientific Group	399	5,461	6,584
Fleet Financial Group	22,600	390,380	618,675
Fleetwood Enterprises	42,000	1,098,988	1,076,250
Fleming Cos	8,300	235,602	339,263
Flightsafety International	29,900	687,377	979,225
Floating Point System	4,200	140,275	39,375
Florida East Coast Industries	4,400	140,622	216,700
Florida Federal Savings & Loan Association St Peters	16,300	253,165	240,425
Florida National Banks	178,500	3,669,927	3,837,750
Florida Progress	19,000	362,809	681,625
Florida Rock & Tank Lines	3,000	18,876	36,375
Florida Rock Inds	6,000	63,912	154,500
Florida Steel	14,600	427,936	542,025
Flowers Industries	10,650	126,901	288,881
Fluke John Manufacturing	4,252	119,170	123,308
Fluor	72,500	1,094,331	1,281,650
FMC Corp	99,300	2,650,770	3,413,438
FMI Financial	12,300	151,659	166,050
Fonar	34,700	207,205	134,463
Food Lion Cl A	36,600	151,550	567,300
Food Lion Cl B	24,000	99,300	396,000
Ford Motor	486,825	29,051,081	48,402,075
Foremost Corp Amer	5,300	171,430	185,500
Forest Labs	17,600	190,512	488,400
Fort Howard Paper	38,500	1,413,833	2,064,563
Forum Group	13,887	103,221	69,435
Fourth Financial	6,457	100,830	130,750
Foxboro	25,500	756,612	784,125
FPL Group	86,100	2,061,543	2,712,150
Franklin Res	11,000	385,132	308,000
Freeport McMoran Gold	20,900	230,715	321,338
Freeport McMoran	20,300	533,306	497,350

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Freeport McMoran Oil & Gas Realty Tr	18,360	116,000	107,865
Fremont Gen	5,400	93,664	84,375
Fruehauf	1,902	7,370	12,363
Fuji Photo Film Ltd ADR 2	45,000	898,641	2,345,625
Fuller H B Company	40,500	810,701	1,650,375
Fuqua Industries	56,800	1,383,876	2,016,400
GAF	263,400	12,158,616	14,026,050
Gallagher Arthur J & Co	5,000	146,650	103,125
Gannett	105,200	2,794,435	5,365,200
GAP	42,500	1,111,694	2,879,375
Gates Learjet	5,985	99,668	34,414
GATX	2,482	85,239	100,831
GCA	120	214,196	1,320
Gearhart Industries	8,600	198,619	26,875
Geico	5,200	312,729	697,450
Gelco	6,500	121,744	145,438
Gelco Rights	6,500	0	65
Gemini II	99,200	1,270,910	1,649,200
GenCorp	4,459	144,838	459,277
Genentech	51,200	1,297,670	2,052,500
General Cinema	21,600	566,762	1,136,700
General Communication Cl A	27,860	29,680	55,720
General Datacomm Industries	6,400	126,544	62,400
General Dev	176,504	3,709,917	3,022,631
General Dynamics	132,100	9,688,392	8,810,175
General Electric	1,152,300	31,591,992	62,656,313
General Host	29,000	430,975	406,000
General Instrument	40,200	1,034,255	1,497,450
General Mills	203,200	8,242,154	11,303,000
General Motors Cl E	33,800	928,660	1,292,850
General Motors Cl H	25,565	1,051,481	1,259,076
General Motors	473,600	33,578,036	39,152,800
General Nutrition	15,500	294,039	91,063
General Public Utilities	30,300	279,373	784,011
General Re	483,200	26,980,149	26,213,600
General Signal	241,900	10,910,227	11,917,850
Genetic Instit	6,000	118,980	189,000
Genex	6,000	117,571	7,500
Genrad	32,100	609,914	405,263
Genuine Parts	57,900	1,387,410	2,149,538
Geo International	7,900	93,514	49,375
Georgia Gulf	7,700	273,991	294,525
Georgia Pacific	73,900	2,037,955	3,242,363
Gerber Products	17,800	588,598	872,200
Gerber Scientific	36,600	849,006	997,350
Getty Pete	5,775	126,176	132,825
Giant Food Cl A	13,800	138,657	462,300
Gibraltar Financial	64,600	767,274	613,700
Gibson Greetings	7,200	106,057	106,200
Gillette	141,000	2,837,157	5,375,625
Glatfelter P H	12,000	93,315	408,000
Glenfed	28,700	549,497	853,825
Global Nat Res	35,900	198,446	233,350
Golden Enterprises	9,244	101,890	115,550

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Golden Nugget	15,900	251,939	190,800
Golden West Financial	85,200	2,175,799	2,045,900
Goodrich B F	9,200	371,380	472,650
Gordon Jewelry CI A	5,333	105,250	98,661
Gotaas Larsen Shipping	8,300	91,300	241,738
Gould	22,000	440,065	442,750
Goulds Pumps	8,100	146,571	162,000
Grace W R & Company	233,500	12,363,522	15,002,375
Graham McCormick Oil & Gas Partnership	10,400	119,290	10,400
Grainger W W	10,800	291,491	577,800
Graphic Scanning	15,800	132,090	136,275
Great American First Savings Bank San Diego	45,900	844,102	877,838
Great Atlantic & Pac Tea	350,000	7,904,878	13,562,500
Great Lakes Chemical	28,500	1,466,331	1,656,563
Great Lakes Federal Savings & Loan Association	34,500	853,622	802,125
Great Northern Nekoosa	167,200	5,243,411	7,022,400
Great Western Financial	411,768	7,269,969	8,389,763
Green Tree Acceptance	10,000	104,226	265,000
Greyhound	192,600	5,581,652	7,848,450
Grumman	30,800	876,580	796,813
GTE	918,500	33,278,496	35,362,250
Guilford MIs	4,750	93,463	154,372
Gulf & Western Industries	61,700	3,017,775	5,244,500
Gulf Broadcast	22,800	0	1,425
Gulf Canada	203,500	2,407,186	4,527,875
Gulf States Utilities	47,300	666,120	372,488
Hall Frank B & Co	5,600	157,771	72,800
Halliburton	299,300	7,499,485	11,381,388
Hamilton Oil	12,466	175,592	263,344
Handleman	25,000	401,027	724,238
Handy & Harman	6,400	134,034	158,400
Handyman	1,275	9,488	15,300
Hanna M A	7,500	175,814	152,813
Hannaford Bros	9,600	189,842	504,000
Hanover Ins	19,000	446,627	617,500
Hanson Tr Plc Sponsored	875,800	11,771,280	12,589,625
Harcourt Brace Jovanovich	22,600	742,301	1,344,700
Harland John H	15,600	150,034	430,950
Harper Group	9,450	115,900	125,213
Harris Corp Del	21,875	769,548	784,766
Hartford National	12,075	198,426	356,213
Hartford Steam Boiler Inspection	6,400	42,476	196,800
Hartmarx	13,800	350,486	401,925
Hasbro	26,400	299,361	656,700
Hawaiian Elec Industries	8,000	122,381	231,000
HBO & Co	221,150	2,607,337	2,737,981
Healthdyne	25,600	257,566	142,413
Hechinger CI A	13,085	184,037	294,413
Hechinger CI B	5,625	106,520	129,375
Hecla Mining	24,385	468,828	457,219
Heileman G. Brewing	21,000	668,835	559,125
Heilig Meyers	7,200	94,980	212,400
Heinz H J	88,400	2,425,335	4,287,400
Helmerich & Payne	19,800	506,819	621,225

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Henley Group	505,075	10,736,738	12,942,547
Hercules	105,500	5,711,723	6,672,875
Heritage Communications	7,200	88,177	239,400
Hershey Foods	52,200	916,533	1,461,600
Hewlett Packard	157,800	6,322,187	9,645,525
Hibernia Cl A	6,957	88,162	166,968
Highland Superstores	9,500	155,135	116,375
Hillenbrand Industries	63,100	950,447	1,822,010
Hilton Hotels	15,400	906,210	1,368,675
Hitachi Limited ADR	43,634	1,495,394	3,594,351
Hogan Sys	10,500	205,173	139,125
Holiday	13,000	830,815	316,875
Hollywood Park Realty Enterprises	3,250	95,148	94,250
Home Ben Cl B	5,800	117,726	205,900
Home Depot	11,600	363,605	391,500
Home Federal Bank Florida F S B St Petersburg	135,500	3,897,528	5,216,750
Home Federal Savings & Loan Assn San Diego CA	8,500	112,625	261,375
Home Group	32,000	642,000	632,000
Home Shopping Network	44,600	850,850	825,100
Homestake Mining	2,330	74,914	81,598
Hon Industries	10,400	110,995	176,800
Honda Motor Ltd American Shs	145,000	8,205,125	16,348,750
Honeywell	185,200	11,489,475	15,294,000
Horizon Bancorp NJ	3,900	88,214	238,875
Hormel Geo A & Co	18,000	120,629	414,000
Horn & Hardart	2,400	36,192	29,700
Hospital Corp American	236,896	8,347,567	10,986,052
Houghton Mifflin	7,600	95,962	299,250
House Fabrics	6,300	93,525	104,738
Household Intl	41,700	1,922,890	2,210,100
Houston Industries	76,500	1,941,492	2,543,625
Howard Savings Bank Newark NJ	48,800	898,888	1,055,300
HRE Properties	4,200	94,900	96,600
Hubbell Cl A	5,200	91,622	195,000
Hubbell Cl B	10,600	165,367	402,800
Huffy	11,300	249,391	245,775
Humana	153,920	4,101,451	3,972,190
Hunt J B Trans Services	10,800	95,850	256,500
Huntington Bancshares	8,470	108,833	222,338
Husky Oil Limited	7,450	60,238	65,635
Hutton E F Group	20,100	848,502	766,313
I C H	296,100	4,486,402	3,997,350
I M S International	11,800	27,842	359,900
IC Industries	400,470	7,294,895	13,315,628
ICN Pharmaceuticals	8,400	205,943	98,700
Idaho Power	10,300	169,797	252,350
IDC Services	1,063	600	13,020
IE Inds	7,200	112,035	171,900
Illinois Power	128,100	3,001,370	3,442,688
Illinois Tool Works	153,800	4,565,076	6,036,650
IMO Delaval	3,190	38,581	89,719
Imperial Chem Industries PLC ADR	103,200	3,884,635	9,765,300
Imperial Corp America	9,048	94,354	127,803
Imperial Oil Limited Cl A	85,700	2,857,717	4,702,788

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Inco Limited	68,500	1,067,474	1,173,063
Independence Bancor PA	65,800	1,539,550	1,982,225
Independent Ins Group	3,500	91,147	109,375
Indiana National	4,455	90,226	174,859
Information Res	6,300	101,850	122,850
Infotron Sys	2,800	106,667	27,300
Inland Steel Industries	23,700	593,419	622,125
Insilco	15,191	300,095	356,989
Inspiration Res	14,100	157,850	100,463
Intel	76,600	2,117,288	3,370,400
Intelligent Sys Master	31,000	224,384	65,875
Intelogic Trace	130,380	1,867,760	765,983
Interco	479,575	19,995,910	21,760,716
Interfirst	56,900	696,309	320,063
Intergraph	47,200	1,103,016	1,062,000
Interlake	8,400	201,152	349,650
Intermedics	5,300	97,317	131,175
Intermet	9,400	120,602	146,875
International Business Machines	811,600	89,294,532	131,989,000
International Clinical Labs	3,600	95,743	65,700
International Flavors & Fragrances	13,800	409,389	671,025
International Game Technology	5,400	91,352	70,875
International Lease Finance	15,300	94,674	298,350
International Minerals & Chemical	16,100	496,595	672,175
International Multifoods	5,700	116,137	168,150
International Paper	307,800	10,984,464	14,928,300
International Technology	9,000	149,846	133,875
International Thoroughbred Breeders	18,500	102,528	13,875
Interprovincial Pipe Line Ltd	20,500	593,578	780,292
Interpublic Group	59,700	1,591,199	2,164,125
Interstate Power	21,800	567,947	520,475
Intertan	4,660	32,077	81,550
Iowa III Gas & Electric	6,200	156,490	261,170
Iowa Res	10,600	143,330	235,850
Ipalco Enterprises	16,000	221,474	376,000
Irving Bank	8,200	206,490	379,250
ISC Systems	6,900	106,745	61,238
ITT	520,600	24,643,043	30,585,250
IU International	28,100	565,027	519,850
J P Inds	6,800	148,840	139,400
James River VA	36,693	1,111,610	1,229,216
Jamesway	8,200	94,503	108,650
Jefferson Pilot	248,425	8,145,514	7,949,600
Jefferson Smurfit	9,800	351,134	494,900
Jerrico	24,033	453,747	514,922
Johnson & Johnson	205,200	11,491,250	18,852,750
Johnson Ctls	17,198	354,328	623,428
Jorgensen Earle	3,500	88,672	93,625
Joslyn	3,100	95,620	100,750
Jostens	18,000	173,608	409,500
Joy Mfg	81	1,742	2,734
JWP	6,400	179,712	196,000
JWT Group	4,050	90,175	223,256
K Mart	845,650	27,184,983	35,751,213

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
K N Energy	4,300	61,586	80,625
Kaisertech Ltd	2,400	36,024	43,200
Kaman CI A	6,000	89,418	179,250
Kansas City Life Insurance	4,800	92,952	136,800
Kansas City Power & Light	12,300	253,956	321,338
Kansas City Southern Inds	4,800	312,447	282,000
Kansas Gas & Elec	113,100	2,549,084	2,587,163
Kansas Power & Light	47,800	788,802	1,224,875
Karcher Carl Enterprises	3,300	110,864	87,450
Katy Industries	3,400	88,943	53,975
Kaufman & Broad Home	14,500	173,623	170,375
Kaufman & Broad	10,300	213,496	233,038
Kaydon	2,500	16,743	74,688
Kellogg	209,400	7,404,270	13,690,013
Kellwood	8,400	97,091	294,000
Kelly Services CI A	2,412	44,609	126,027
Kemper	135,002	3,994,741	4,151,312
Kennametal	5,700	157,630	175,988
Kenner Parker Toys	5,610	88,022	179,520
Kentucky Cent Life Ins	6,300	120,395	95,284
Kentucky Utility	18,000	192,044	351,000
Kerr McGee	321,800	10,372,880	11,826,150
Keycorp	7,875	102,133	213,609
Keystone International	14,785	247,435	306,789
Kidde	36,800	1,271,478	1,775,600
Kimball International CI B	5,000	97,113	220,000
Kimberly Clark	36,800	405,422	2,019,400
Kinder Care	16,600	190,653	284,275
King World Prodtns	71,500	1,139,913	1,975,184
KLA Instruments	6,900	108,319	141,450
KLM Royal Dutch Airlines	20,400	413,447	504,900
Knight Ridder Newspapers	40,300	1,426,463	2,125,825
Koger	3,900	100,271	120,413
Koger Properties	3,500	93,958	97,563
Kollmorgen	4,400	129,131	71,500
Koppers	13,300	252,305	536,988
Kraft	92,900	2,670,645	5,585,613
Kroger	89,418	2,109,411	3,286,112
Krueger W A	44,800	356,970	532,000
Kulicke & Soffa Industries	3,400	97,224	36,550
La Petite Academy	8,200	134,931	143,500
La Quinta Mtr Inns	6,700	128,630	92,125
La Z Boy Chair	2,400	101,029	201,600
LAC Minerals Ltd	11,490	221,325	346,136
Laclede Gas	4,100	153,287	127,613
Ladd Furniture	76,500	1,133,073	1,568,250
LaFarge	15,400	185,700	182,875
Laidlaw Industries	8,000	104,762	188,000
Lancaster Colony	13,475	256,628	266,131
Lance	19,866	613,569	869,138
Lands End	5,200	136,916	226,200
Lawson Products	6,750	94,786	195,750
Lawter International	8,400	102,033	134,400
Learonal	5,875	97,345	108,688

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Leaseway Transportation	5,600	256,256	284,900
Lee Data	6,000	122,071	39,000
Lee Enterprises Inc Cl B	6,300	79,050	170,100
Lee Enterprises	6,300	79,050	171,675
Leggett & Platt	6,300	99,100	217,350
Lennar	4,800	95,257	127,200
Leslie Fay	10,400	123,677	124,800
Leucadia Natl	7,200	133,261	113,400
Liberty S C	4,600	102,550	181,125
Liberty Natl Bancorp KY	5,200	115,362	120,250
Lilly Eli & Co	91,200	4,289,771	8,561,400
Limited	216,050	6,034,549	9,371,169
Lin Broadcasting	46,900	1,006,863	1,952,425
Lincoln National	34,300	1,359,855	1,757,875
Lincoln Telecommunications	4,200	111,700	210,000
Liquid Air Corp North America	6,100	154,606	189,100
Litton Industries	7,200	548,783	657,900
Liz Claiborne	64,000	751,722	2,224,000
Lockheed	187,500	9,056,843	9,702,188
Loctite	4,800	211,657	296,400
Loews	324,750	19,872,734	21,271,125
Logicon	3,400	97,274	85,425
Lomas & Nettleton Financial	400,200	12,547,758	11,255,625
Lone Star Industries	7,100	221,257	258,263
Lone Star Tech	2,500	22,244	46,875
Long Island Ltg	48,400	779,009	447,700
Longs Drug Stores	28,800	824,048	1,018,800
Longview Fibre	7,900	229,899	436,475
Loral	25,200	948,327	1,017,575
Lorimar Telepictures	36,680	790,665	568,540
Lotus Dev	24,100	485,474	707,575
Louisiana Ld & Expl	22,608	604,108	864,756
Louisiana Pac	13,955	340,898	434,349
Louisville Gas & Electric	8,800	204,562	313,500
Lowe's	16,900	447,347	460,525
LSI Logic	15,750	239,875	161,438
LTX	5,200	99,295	84,500
Lubys Cafeterias	8,599	142,830	263,344
Lucky Stores	23,567	657,862	715,848
Luria L & Son	0	0	0
Lydall	20,000	305,100	340,000
Lymphomed	10,950	149,095	265,538
M A Com	21,100	446,046	290,125
MCorp	19,470	578,719	180,098
M D C Holdings	38,300	742,379	454,810
Mack Trucks	13,700	262,869	265,438
MacMillan Bloedel Ltd	48,900	368,565	984,113
MacMillan	11,300	242,412	737,325
Madison Gas & Electric Company	4,600	100,819	144,900
Magma Copper Cl B	15,600	78,975	103,350
Magma Power	8,600	133,988	121,475
Management Science America	7,900	233,802	95,788
Manitowoc	5,100	121,611	104,550
Manor Care	1,500	34,515	27,750

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Manpower	24,137	1,088,114	1,321,500
Manufacturers Hanover	104,900	5,249,091	4,684,663
Manufacturers National	119,800	5,347,774	5,271,200
Mapco	56,000	2,044,953	3,036,750
Marine Midland Bks	198,500	9,150,858	11,761,125
Marion Labs	253,600	5,543,041	9,129,600
Marriott	21,100	763,595	827,338
Marsh & McLennan	283,200	15,084,361	17,593,800
Marshall & Ilsley	6,900	112,344	208,725
Martin Marietta	35,175	1,143,166	1,626,844
MAS Pooled Tr Fd Value Portfolio	912,446	26,044,521	34,481,345
Masco Corporation	77,400	1,680,052	2,738,025
Masco Industries	22,280	41,058	401,040
Masstor Systems	95,100	323,949	410,166
Material Sciences	1,873	12,923	41,674
Materials Resh	3,000	96,960	27,375
Matrix Corporation NJ	5,625	105,291	58,359
Matrix Science	6,200	88,480	113,150
Mattel	24,000	260,836	246,000
Maxicare Health Plans	10,950	110,413	156,038
Maxtor	9,200	175,536	177,100
Maxus Energy	42,906	702,802	584,594
Maxxam Group	9,200	94,725	110,400
May Department Stores	493,820	14,257,008	23,482,700
Maytag	114,319	4,076,012	6,101,777
MCA	53,300	1,954,300	2,585,050
McCormick & Co Inc Non Vtg	5,900	162,812	277,300
McDermott International	36,600	812,503	1,093,425
McDonalds	409,700	11,996,031	21,706,200
McDonnell Douglas	68,900	5,970,779	4,788,550
McGraw Hill	35,800	1,647,484	2,456,775
MCI Communications	898,600	5,959,500	6,739,500
McIntyre Mines Ltd	2,600	94,897	83,200
McKesson	197,000	4,147,813	6,648,750
MCO Holdings	8,400	126,700	127,050
MCO Res	53,100	219,281	33,184
MDU Res Group	12,100	305,296	261,663
Mead	28,800	671,779	961,200
Measorex	91,100	1,513,837	2,482,475
Medco Containment Svcs	9,000	297,720	333,000
Media Gen Inc Cl A	12,800	184,605	497,600
Mediq	7,800	48,763	53,625
Medtronic	25,600	1,342,477	2,393,600
MEI Diversified	7,900	42,956	62,213
Mellon Bank	6,100	407,236	217,313
Melville	45,400	2,099,603	3,331,675
Mentor Graphics	8,300	135,539	246,925
Mercantile Bancorporation	6,300	112,267	160,650
Mercantile Bankshares	5,400	93,407	221,400
Mercantile Stores	14,250	307,077	687,563
Merchants Natl	4,900	146,167	132,300
Merck & Co	181,629	14,311,920	30,975,445
Mercury Gen	7,000	128,310	115,500
Meredith	46,400	1,435,763	1,699,400

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Meridian Bancorp	81,400	1,260,482	1,697,300
Meritor Savings Bank PA	13,400	168,157	130,650
Merrill Lynch & Co	15,000	580,125	523,125
Mesa Ltd Partnership Depository Unit	13,800	161,432	222,525
Metro Mobile Cts	8,360	137,408	219,450
Metromail	4,900	133,305	99,225
Meyer Fred	11,000	154,880	174,625
Michigan National	60,300	2,149,320	2,517,525
Micom Systems	7,100	321,951	90,525
Micropolis	5,900	217,785	208,713
Microsoft	7,700	375,991	785,400
Middle South Utilities	161,700	2,223,828	1,718,063
Midlantic	14,524	295,221	680,813
Midway Airlines	21,700	201,542	339,063
Midwest Energy	14,100	217,742	282,000
Miller Herman	11,400	183,124	263,625
Millicom	228	2,173	3,905
Millipore	12,800	190,209	513,600
Minnesota Mining & Manufacturing	297,000	15,202,134	21,049,875
Minnesota Power & Light	12,800	162,184	339,200
Minstar	8,900	203,187	213,600
Mission Insurance Group	10,396	155,689	18,193
Mitchell Energy & Development	23,400	645,728	336,375
Mitel	40,900	197,547	189,163
MLX	20,000	145,000	132,500
MNC Finl	131,852	5,469,784	6,015,748
Mobil	729,100	23,411,839	37,092,963
Mobile Communications Amer Cl B	6,100	143,838	170,038
Mohasco	13,050	167,350	453,488
Mohawk Data Sciences	7,400	95,992	26,825
Molecular Genetics	5,600	97,133	40,600
Molex	11,750	352,948	502,313
Monarch Cap	4,100	121,853	278,800
Monolithic Memories	14,800	349,904	236,800
Monsanto	169,800	8,308,789	14,199,588
Montana Power	111,100	4,252,092	3,957,938
Moore Financial Group Idaho	3,960	96,643	113,355
Moore McCormack Res	4,100	109,415	101,475
Morgan J P & Co	126,600	3,348,886	6,063,450
Morgan Stanley Group	12,900	903,065	933,638
Morrison	6,615	125,812	201,758
Morrison Knudsen	139,100	6,226,935	6,833,288
Morse Shoe	2,800	94,641	130,900
Morton Thiokol	328,000	11,408,959	14,596,000
Motorola	91,900	3,691,309	4,974,088
Multimedia	5,700	244,131	334,875
Murphy Oil	28,900	883,631	1,058,463
Murray Ohio Manufacturing	3,400	97,336	88,825
Mylan Labs	16,800	133,936	249,900
Nalco Chemical	18,700	656,281	668,525
Nashua	11,400	205,465	360,525
National Bancshares Corporation Tex	4,025	96,583	30,691
National City	18,412	376,929	637,510
National Cmnty Bank N J Rutherford	5,200	148,954	267,800

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
National Computer Sys	6,600	127,266	91,575
National Convenience Stores	215,000	2,106,767	2,123,125
National Data	5,300	94,580	113,950
National Distillers & Chemical	120,600	4,214,461	8,185,725
National Ed	7,200	98,467	178,200
National Fuel Gas Co NJ	12,760	108,626	299,860
National Intergroup	7,300	223,255	118,625
National Loan Bank Houston Texas	29,900	71,013	78,488
National Med Enterprises	50,500	1,218,804	1,382,438
National Presto Industries	3,400	95,524	111,350
National Semiconductor	57,800	788,746	752,850
National Service Industries	23,100	301,033	574,613
National Westminster Bank PLC ADR	6,200	178,435	218,550
National Western Life Ins Cl A	30,000	538,125	502,500
Navistar International	81,100	641,179	604,550
NBD Bancorp	72,200	2,025,193	2,662,375
NBI	4,700	142,873	56,400
NCH	13,300	323,889	452,200
NCNB	96,254	1,838,229	2,490,572
NCR	171,900	6,511,675	12,820,300
Nerco	17,200	208,825	320,350
Network Systems	23,125	397,489	228,359
Neutrogena	7,050	164,876	338,400
Nevada Power	11,800	161,999	230,100
New England Business Service	7,600	97,080	169,100
New England Electric System	16,500	317,800	445,500
New Process	10,400	292,989	278,200
New York State Elec & Gas	16,400	340,921	451,000
New York Times Co Cl A	10,200	412,458	479,400
Newell	26,900	626,523	968,400
Newhall Ld & Farming	8,400	124,212	275,100
Newmont Gold	52,500	1,299,585	1,456,875
Newmont Mining	31,200	801,117	1,470,300
Newport	4,200	96,867	49,350
Niagara Mohawk Power	151,500	2,772,763	2,518,688
Nichols S E	12,900	132,419	90,300
Nicolet Instrument	19,400	377,427	383,150
Nicor	19,300	616,259	521,100
Nike Cl B	29,900	529,160	503,338
NL Inds	23,300	90,956	195,138
Noble Affiliates	66,300	1,180,912	1,102,238
Noble Drilling	5,200	24,254	35,428
Nordson	6,750	95,536	237,938
Norfolk Southern	787,745	22,064,555	25,995,585
Norsk Hydro Sponsored ADR	10,700	275,896	342,400
Norstar Bancorp	15,690	276,092	513,848
Nortek	279,933	4,435,895	3,884,070
North American Philips	13,000	465,369	555,750
North American Ventures	8,826	45,601	63,989
Northeast Bancorp	3,100	171,523	179,025
Northeast Utilities	726,200	13,058,984	16,611,825
Northern Ind Public Service	30,600	442,789	359,550
Northern States Power Co Minn	23,000	343,160	724,500
Northern Telecom Ltd	215,400	4,320,308	4,577,250

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Northern Tr	28,700	1,053,494	1,295,088
Northrop	136,400	6,083,092	5,626,500
Northwest Nat Gas	8,700	115,016	195,750
Northwestern Natl Life	68,300	1,752,239	1,869,713
Norton	9,000	383,507	416,250
Norwest	39,200	1,499,003	1,666,000
Nova Pharmaceutical	10,600	130,698	143,100
Novo Industri A S Adr	18,800	640,644	742,600
Noweco Well Svc Ltd	5,700	92,865	86,925
Noxell Cl B	11,800	289,972	693,250
Numac Oil & Gas Ltd	12,200	128,805	103,700
NWA	32,800	1,901,533	2,296,000
Nynex	679,380	31,519,689	47,641,523
Occidental Pete	582,684	17,286,944	21,924,486
Ocean Drilling & Expl	25,000	749,256	668,750
Ogden	5,800	166,376	390,050
Ohio Casualty	99,700	3,986,612	4,436,725
Ohio Edison	98,300	1,651,227	2,097,563
Ohio Mattress	6,875	94,636	154,688
Oklahoma Gas & Electric Co	19,000	377,334	627,000
Old Kent Financial	117,600	2,770,401	2,675,400
Old Rep International	6,300	151,657	192,938
Olin	13,200	466,817	696,300
OMI	5,700	17,358	30,280
Omnicare	4,900	190,854	44,713
Omnicom Group	11,042	208,601	269,149
Oneida Ltd	4,300	100,484	90,838
Oneok	5,900	166,300	203,550
Optical Radiation	3,200	97,105	80,000
Oracle Systems	13,800	140,277	307,050
Orange & Rockland Utilities	6,300	124,237	203,175
Oregon Metallurgical	11,300	167,751	55,088
Orient Express Hotels	22,700	101,779	87,963
Orion Pictures	4,900	94,429	65,538
Oshmans Sporting Goods	4,200	94,900	70,350
Otter Tail Power	14,600	568,589	627,800
Outboard Marine	33,800	1,042,043	1,145,025
Overseas Shipholding Group	12,200	268,037	305,000
Owens Corning Fiberglas	12,600	249,088	296,175
Oxford Industries	5,400	127,582	89,100
Paccar	25,700	1,339,614	1,773,300
Pacific Gas & Electric	492,928	10,440,304	9,921,001
Pacific Lighting	15,938	734,315	875,023
Pacific Res Inc Hawaii	8,500	135,074	132,813
Pacific Scientific	9,600	185,995	172,800
Pacific Telecom	17,900	349,229	313,250
Pacific Telesis Group	1,032,960	25,592,624	27,373,440
Pacificorp	97,500	2,939,741	3,492,738
Paco Pharmaceutical Services	3,800	95,362	64,125
Paine Webber Group	13,325	475,233	414,741
Pall Corporation	16,800	314,750	489,300
Panhandle Eastern	132,400	2,718,191	4,137,500
Pannill Knitting	7,800	132,241	90,675
Pansophic Systems	8,000	102,381	156,000

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
PAR Technology	4,100	98,790	49,200
Paradyne	10,877	224,454	73,420
Parisian	4,100	112,053	73,284
Park Communications	6,300	95,025	201,600
Park Electrochemical	4,200	82,377	95,025
Parker Drilling	215,900	1,383,166	1,673,225
Parker Hannifin	36,900	1,029,584	1,217,700
Pay'n Pak Stores	5,000	94,939	104,375
Paychex	4,400	112,552	115,500
Payless Cashways	107,700	2,266,299	2,504,875
PCS	7,600	164,008	224,200
Penn Cent	314,900	16,270,740	18,224,838
Penn Va	2,300	99,119	132,250
Pennbancorp	4,950	165,987	143,550
Penney J C	586,400	20,424,771	30,786,000
Pennsylvania Power & Light	219,500	8,163,591	7,902,000
Pennwalt	5,600	224,530	351,400
Pennzoil	35,900	1,500,565	2,701,475
Pension Insurance Group America	62,340	105,930	46,755
Pentair	4,812	95,803	137,142
Penwest Ltd	750	6,792	34,781
Peoples Energy	17,600	169,666	358,725
Peoples Westchester Savings Bank NY	5,500	149,875	147,125
Pep Boys Manny Moe & Jack	7,200	116,443	349,200
Pepsico	191,500	3,123,042	6,883,250
Peregrine Entertainment Ltd	13,167	84,691	92,167
Perini	2,500	68,112	77,500
Perkin Elmer	20,800	642,844	657,800
Petrie Stores	49,500	1,133,614	1,633,500
Petroleum Heat & Power Cl B	40,000	561,050	565,000
Petrolite	5,700	180,093	205,200
Pfizer	404,500	24,479,408	29,136,900
Pharmacia Ab ADR	14,000	312,186	325,500
Phelps Dodge	160,700	4,792,367	5,711,813
Phelps Dodge Corporation Depository Sh	9,600	483,297	531,600
PHH Group	7,400	236,580	299,700
Philadelphia Electric	302,200	6,315,209	6,383,975
Philips Morris	492,600	27,765,430	44,146,288
Philips Industries	11,600	88,502	237,800
Philips N V New York	408,400	9,822,189	10,214,850
Phillips Pete	134,300	1,342,048	2,231,688
Phillips Van Heusen	10,750	86,288	216,344
Pic'n' Save	12,000	155,285	292,500
Piedmont Aviation	4,328	207,770	299,714
Pier 1 Imports	30,433	482,471	658,114
Pilgrims Pride	11,900	172,015	120,488
Pillsbury	75,900	1,839,324	3,292,163
Pinnacle West Cap	34,700	861,051	1,101,725
Pioneer Hi Bred International	9,700	313,749	354,050
Pitney Bowes	136,900	3,707,146	5,835,360
Pittston	61,900	844,648	936,238
Pittway	2,200	136,097	247,225
Placer Development Ltd	45,200	496,527	689,300
Plains Pete	8,100	169,595	260,213

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Plantronics	4,500	73,049	100,125
PNC Finl	27,783	639,797	1,347,476
Pogo Producing	8,600	227,056	63,425
Polaroid	50,400	1,153,358	1,934,100
Policy Mgmt Sys	7,600	234,062	180,500
Pope & Talbot	17,000	195,010	371,875
Pope Res Del Ltd Partnership Deposit	1,700	58,803	37,400
Porex Technologies	4,600	106,375	159,850
Portland Gen	19,900	563,401	509,938
Potlatch	37,700	881,339	1,229,963
Potomac Elec Power	45,200	414,602	1,039,600
PPG Inds	213,600	5,719,329	10,039,200
Premark Intl	36,000	498,447	1,012,500
Premier Bancorp	68,300	1,120,833	529,325
Premier Indl	14,550	330,724	571,088
Presidential Life	106,800	169,100	1,815,600
Preston	4,900	120,517	82,075
Price	51,500	1,754,770	2,311,413
Price T Rowe Accos	3,600	113,688	138,600
Primark	9,300	115,520	248,775
Prime Computer	28,500	471,256	751,688
Prime Med Svcs	6,000	92,071	26,250
Prime Mtr Inns	56,200	2,387,897	2,339,325
Primerica	15,900	677,019	661,838
Procter & Gamble	106,700	5,825,814	10,456,600
Products Resh & Chemical	8,500	98,823	149,813
Progressive Ohio	26,475	663,427	794,250
Protective Life	25,900	504,745	359,363
Provident Life & Accident Insurance	17,600	295,219	356,400
PS Group	3,900	142,175	134,550
Public Service Co Colorado	29,000	530,612	654,863
Public Service Co Ind	648,200	9,359,841	10,614,275
Public Service Co NH	18,000	310,963	83,250
Public Service Co N Mex	21,100	756,688	691,025
Public Service Enterprise Group	455,600	15,640,997	17,312,800
Puget Sound Power & Light	26,300	589,620	526,000
Pulitzer Pubg	4,500	176,735	187,875
Pulte Home	11,000	289,798	127,875
Puritan Bennett	8,800	109,110	235,400
Purolator Courier	436	23,655	16,020
Quaker Oats	13,400	560,968	696,800
Quaker State Oil Refining	21,800	459,010	482,325
Quantum	4,400	98,319	70,950
Questar	8,700	294,454	371,925
R T E Corporation	7,800	156,612	249,600
Rainier Bancorporation	9,000	160,179	479,250
Ralston Purina	53,400	2,056,640	4,565,700
Ranger Oil Ltd	38,700	443,600	222,525
Ransburg	5,000	87,976	76,875
Raychem	4,500	349,179	531,000
Raytheon	87,300	5,000,223	6,591,150
Reading & Bates	19,000	189,354	91,050
Reebok Intl	9,600	397,077	404,400
Regency Electronics	19,800	188,617	123,750

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Regis	5,000	93,960	67,500
Reichhold Chemicals	3,400	125,549	206,550
Reliance Group Holdings	39,500	398,160	404,875
Rent A Ctr	8,400	139,048	182,700
Republic American	20,700	330,958	357,075
Republic NY	11,750	414,357	640,375
Republic Pictures Corporation Cl A	1,562	3,754	14,058
Republicbank	12,600	403,351	292,950
Resorts International Cl A	3,700	139,793	213,675
Reuters Holdings PLC ADR B	278	38,442	22,970
Reynolds & Reynolds Company Cl A	79,000	2,531,800	2,587,250
Reynolds Metals	14,200	603,591	1,075,650
Rhodes	57,400	943,853	990,150
Ridgewood Properties	587	15,115	17,830
Riggs National	5,600	110,867	162,400
Rio Algom Limited	23,400	387,818	368,550
Rite Aid	25,000	611,800	975,000
RJR Nabisco	178,712	7,248,230	9,466,135
Roadway Services	23,100	776,256	848,925
Robertson H H	2,500	97,513	33,438
Robins A H	11,300	303,351	314,988
Robinson Nugent	4,800	101,105	72,600
Rochester Gas & Electric	72,800	1,625,976	1,292,200
Rochester Tel	5,200	166,120	230,100
Rockefeller Ctr Properties	19,400	413,800	378,300
Rockwell International	548,000	13,276,028	14,811,750
Rogers Cablesystems Cl B	10,500	103,375	161,438
Rogers Cablesystems of America Cl A	15,800	226,014	242,925
Rohm & Haas	34,700	900,459	1,645,050
Rohr Industries	6,800	106,999	200,600
Rollins Environmental Services	17,550	93,627	390,488
Rollins	12,100	86,909	217,800
Roper	28,400	354,335	702,900
Rorer Group	29,962	1,125,847	1,318,328
Roses Stores	9,000	105,893	168,750
Rothschild Holdings	8,600	120,013	104,275
Rouse	21,000	254,417	504,000
Rowan	788,200	4,347,411	7,186,025
Royal Dutch Pete NY Registry	48,200	3,978,903	6,362,400
RPC Energy Services	7,260	24,622	40,838
RPM Ohio	6,500	132,145	139,750
Rubbermaid	8,600	224,356	256,925
Russ Berrie & Co	7,500	214,853	278,438
Russ Togs	3,900	96,559	126,750
Russell	39,600	502,892	673,200
Ryan Homes	1,202	39,828	55,593
Ryans Family Steak Houses	26,700	196,512	363,788
Ryder Systems	68,988	1,949,061	2,500,815
Ryland Group	17,500	320,648	393,750
SCI Holdings Wt	7,700	21,175	28,390
Saatchi & Saatchi Plc ADR	0	2	3
Sabine	8,000	185,787	142,000
Safecard Services	24,300	96,571	495,113
Safeco	78,400	1,947,456	2,464,200

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

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DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Safety Kleen	14,850	155,269	499,331
Safeway Stores Wt	6,963	0	11,314
Salomon	240,300	8,439,242	7,899,863
San Diego Gas & Electric	26,000	511,444	880,750
San Juan Basin Realty	17,800	141,047	160,200
Santa Fe Southern Pacific	104,688	2,772,631	5,234,400
Sara Lee	179,000	6,228,892	8,131,300
Savannah Electric & Power	10,300	210,650	172,525
Savannah Foods & Industries	5,600	101,067	151,200
Scana	18,100	338,836	613,138
Scherer R P	5,100	110,136	92,438
Schering Plough	102,284	3,320,510	4,973,560
Schulman A	4,500	119,490	141,750
SCI Systems	8,250	147,649	160,875
Scientific Atlanta	198,300	3,307,629	3,832,150
Scitex Ltd	18,700	229,940	58,438
Scott Paper	30,000	1,090,522	2,171,250
Scottys	15,700	224,175	215,875
Scripps Howard Broadcasting	4,499	229,774	359,920
Scurry Rainbow Oil Ltd	8,000	132,424	132,504
Sea Containers Ltd	24,400	525,982	536,800
Seaboard	400	75,607	47,200
Seagate Technology	147,700	5,256,411	5,021,800
Seagram Ltd	41,900	1,480,491	3,158,210
Seagull Energy	6,300	113,237	126,000
Sealed Air	4,600	103,513	212,750
Sealed Power	5,600	160,925	201,600
Seaman Furniture	7,000	142,030	165,375
Sears Roebuck	688,200	28,228,014	34,841,625
Security Pac	186,700	6,542,454	7,841,400
SEI	6,200	101,045	103,850
Seibels Bruce Group	3,700	97,477	54,575
Selective Ins Group	4,900	97,242	127,400
Sensormatic Electronics	66,200	969,816	777,850
Sequa Cl A	19,092	1,189,242	1,381,784
Sequa Cl B	1,850	62,878	138,750
Service Corp International	5,400	106,004	135,150
Service Merchandise	478,300	5,748,053	3,766,613
Servicemaster Ltd Partnership Pub Pt	14,800	446,494	458,800
Shaklee	6,000	163,971	138,750
Shared Med Sys	22,900	882,421	641,200
Shaw Industries	30,566	529,280	725,943
Shawmut	48,150	1,566,126	2,232,956
Shaws Supermarkets	6,300	134,379	186,638
Shearson Lehman Bros Holdings	6,200	210,800	180,575
Shell Transportation & Trading Plc NY	36,800	1,494,043	3,367,200
Sherwin Williams	21,700	382,221	759,500
Shoe Town	15,400	92,710	119,350
Shoneys	29,791	623,714	886,507
Sierra Pacific Resources	8,500	119,609	215,688
Sigma Aldrich	12,300	201,290	547,350
Signet Bkg	86,600	2,672,441	2,879,450
Silicon General	41,900	223,573	178,075
Silicon Systems	4,700	95,625	46,413

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Silicon Valley Group	8,000	86,168	74,000
Singer	15,800	838,970	596,450
Sizzler Restaurants Intl	9,000	168,970	169,875
Skyline	27,500	443,520	415,938
Smith A O Corporation Cl A	8,000	158,624	185,000
Smith A O Corporation Cl B	6,950	119,845	153,769
Smith International	10,600	291,184	87,450
Smithkline Beckman	598,040	22,253,878	35,347,890
Smucker J M	5,200	98,547	260,650
Snap On Tools	36,300	812,164	1,538,213
Society	6,400	95,505	214,400
Sonat	37,900	962,309	1,317,025
Sonoco Products	13,200	146,339	376,200
Soo Line	3,600	103,793	85,950
South Carolina National	71,428	1,426,953	1,607,130
Southdown	4,015	137,014	153,072
Southeast Bkg	172,050	3,929,382	4,709,869
Southeastern Pub Service	25,188	220,563	58,247
Southern California Edison	90,600	2,087,340	2,792,325
Southern	429,400	9,790,957	10,413,100
Southern Ind Gas & Electric	6,300	110,125	225,225
Southern New England Telecommunication	14,000	523,917	750,750
Southern Union	5,400	120,164	70,200
Southland	121,100	5,796,243	8,113,700
Southland Financial	7,700	190,346	55,825
Southmark	293,720	2,790,415	2,753,625
Southtrust	10,250	98,278	235,750
Southwest Airlines	30,500	763,705	617,625
Southwest Gas	8,400	98,428	216,300
Southwestern Bell	571,620	17,416,424	22,221,728
Southwestern Energy	49,500	1,328,478	1,256,063
Southwestern Public Service	18,600	314,991	525,450
Sovran Financial	20,057	302,162	712,020
Sparton	5,000	94,088	80,000
Spectra Physics	2,900	99,126	105,488
SPI Pharmaceuticals	5,000	164,150	51,875
Springs Industries	8,800	162,273	293,700
Square D	208,200	10,304,778	11,086,650
Squibb	62,800	1,402,773	5,447,900
SSMC	2,375	36,813	48,094
St Joe Gold	16,100	161,274	229,425
St Jude Med	31,900	481,654	773,575
St Paul	114,100	4,845,785	5,232,575
Staley Continental	50,200	1,284,727	1,430,700
Stanadyne	4,600	97,394	228,850
Standard Brands Paint	5,200	115,608	122,850
Standard Fed Bk Troy Mich	16,000	173,280	138,000
Standard Microsystems	5,000	142,350	70,000
Standard Motor Products	22,100	483,456	425,425
Standard Pacific L P Unit Ltd	97,200	1,279,703	1,239,300
Standard Products	10,100	200,181	455,763
Standard Register	12,400	97,945	306,900
Standard Shs	1,400	133,962	143,850
Standex International	6,600	94,352	118,800

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Stanhome	5,000	113,750	171,875
Stanley Works	15,750	253,272	539,438
State St Boston	10,500	93,437	317,625
Stepan	1,500	50,775	71,438
Sterling Drug	33,100	1,062,581	1,871,925
Stevens J P & Co	14,700	401,670	630,263
Stewart Warner	6,300	197,215	186,638
Stone & Webster	3,300	136,351	225,638
Stone Container	11,200	209,392	525,000
Stop & Shop	4,800	275,469	329,400
Stratus Computer	8,200	90,200	278,800
Strawbridge & Clothier Ser A	15,990	504,949	719,550
Stride Rite	3,500	121,833	139,563
Stryker	8,700	95,251	219,675
Student Loan Marketing Association	23,700	1,223,039	1,881,188
Sturm Ruger & Co	3,800	96,110	131,100
Subaru American	22,400	235,467	268,800
Summit Bancorporation	5,300	127,624	156,350
Sun	61,400	2,836,636	4,028,934
Sun Microsystems	14,100	306,041	574,575
Sunbelt Nursery Group	2,350	28,641	16,156
Sundstrand	8,600	395,344	491,275
Sunshine Mining	9,750	76,472	63,375
Suntrust Bks	60,623	682,549	1,538,309
Sunwest Financial Services	5,600	90,418	172,200
Supermarkets Gen	2,005	76,366	79,198
SW Cap	39,500	3,009	790
Syntex	281,400	8,071,567	12,100,200
Sysco	2,500	86,063	87,813
Systematics	5,000	110,238	127,500
Systems & Computer Technology	6,100	207,981	19,063
Taft Broadcasting	3,900	333,813	592,800
Tambrands	10,600	294,655	628,050
Tandem Computers	53,000	1,071,664	1,676,125
Tandy	91,703	2,793,545	3,954,690
TCBY Enterprises	12,900	161,938	209,625
Tech Sym	4,600	97,400	78,775
Teco Energy	11,600	280,955	520,550
Tecumseh Products	2,600	235,548	321,100
Tejon Ranch	11,000	94,413	501,875
Tektronix	14,800	583,807	573,500
Tele Communications Inc Cl A	128,500	2,888,161	4,529,625
Telecredit	7,600	90,885	296,400
Teledyne	6,900	1,292,516	2,351,175
Teleflex	25,700	726,193	790,275
Telerate	14,300	252,278	622,050
Telesphere International	12,200	109,037	35,075
Telex	93,800	3,648,215	6,618,850
Tellabs	6,900	202,480	80,213
Telxon	6,500	137,020	162,500
Temple Inland	35,430	1,560,764	2,161,230
Tenera L P Depository Unit	29,500	83,338	184,375
Tennant	4,500	96,054	146,250
Tenneco	503,500	20,529,971	24,734,438

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Teradyne	10,800	346,853	283,500
Tesoro Pete	8,100	129,834	107,325
Texaco Cda	62,600	1,476,108	1,744,975
Texaco	544,300	16,888,238	22,031,550
Texas Air	16,414	709,140	611,422
Texas American Bancshares	4,300	170,260	59,125
Texas Eastern	355,000	10,915,439	12,957,500
Texas Industries	4,093	134,072	123,813
Texas Instruments	142,400	7,295,689	8,723,313
Texas Utilities	203,300	6,117,701	6,556,425
Texscan	16,600	187,793	2,075
Textron	696,600	20,863,308	21,129,725
Thermo Electron	9,900	87,785	232,650
Thomas & Betts	9,700	359,708	549,263
Thomas Inds	14,850	287,576	291,431
Thompson Med	1,062	24,457	19,913
Thousand Trails	5,700	98,212	15,322
Tidewater	7,800	209,005	72,150
Tie Communications	16,823	692,166	73,601
Time	46,500	3,031,478	4,545,375
Timeplex	4,375	88,948	133,984
Times Mirror	40,000	1,877,119	3,690,688
TJX	56,000	1,288,000	1,337,000
TMBR Drilling	2,140	5,197	1,870
TMK United	13,016	187,105	152,938
Todd Shipyards	2,800	98,879	27,650
Tootsie Roll Inds	2,369	147,384	73,143
Torchmark	168,400	3,623,313	4,778,350
Toro	39,600	505,028	767,250
Tosco	86,658	288,015	249,142
Total Pete North America Ltd	84,700	1,487,380	1,630,475
Towle Mfg	3,800	94,399	8,075
Toys R Us	82,775	2,015,585	3,000,594
TPI Enterprises	9,100	110,067	42,088
Tracor	27,000	555,082	546,750
Transamerica	52,000	1,581,168	2,106,000
Transcanada Pipelines Ltd	51,300	632,529	679,725
Transco Energy	194,000	8,503,189	6,994,250
Transtechology	3,000	71,288	76,500
Travelers	288,400	13,275,002	12,978,000
Tri Star Pictures	12,400	143,592	119,350
Triad Systems	4,700	93,273	55,813
Tribune Co New	106,600	2,879,613	4,290,650
Trinity Industries	7,300	130,895	207,138
Trus Joist	5,800	97,426	121,800
Trustcorp	4,332	97,719	127,794
TRW	41,400	2,064,997	2,178,675
Tucson Electric Power	11,100	292,879	646,575
Tultex	9,000	93,216	172,125
Turner Broadcasting Systems	11,300	159,048	254,250
TW Services	55,550	820,409	1,048,506
Tyco Labs	38,700	1,032,622	1,693,125
Tyler	21,100	287,196	271,663
Tyson Foods	36,000	88,200	675,000

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis



DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
U S Bancorp Ore	55,195	1,240,865	1,545,460
U S Healthcare	79,075	1,117,544	1,136,703
U S Trust	17,625	509,238	616,875
U S West	331,180	15,834,465	17,428,348
Uccel	8,600	233,937	354,750
UGI	5,400	109,550	155,250
Ultimate	24,600	398,376	658,050
Ultrasystems	5,100	96,111	57,375
Ungermann Bass	7,800	84,825	98,475
Unifi	21,600	181,916	337,500
Unilever N V New York	5,900	1,303,944	1,955,850
Unimar Co Indonesian Part Ctf	9,538	104,588	92,996
Union Camp	34,200	831,655	1,419,300
Union Carbide	637,614	14,770,451	18,876,715
Union Carbide Corporation Rights	5,138	50,738	2,310
Union Electric	142,800	2,504,041	3,498,600
Union National PA	4,100	140,753	139,400
Union Pacific	165,000	10,259,406	12,931,175
Union Planters	3,100	121,148	108,500
Unisys	148,000	12,196,759	18,206,700
United Artists Communications	47,700	335,783	1,323,675
United Bks Colo	11,154	221,597	206,349
United Cable Television	11,475	125,023	371,503
United Illum	52,300	1,663,597	1,425,175
United Indl	6,388	117,264	103,805
United Jersey Bks Hackensack NJ	15,200	319,045	456,000
United Mo Bancshares	6,787	95,508	178,159
United National Bk Plainfield NJ	11,613	166,015	429,681
United States Leasing International	3,300	136,002	170,363
United States Shoe	40,000	856,130	1,215,000
United States Surgical	5,100	168,786	161,925
United Stationers	6,400	96,305	123,200
United Technologies	65,400	2,744,253	3,413,550
United Telecommunications Inc Kans C	343,025	9,633,572	9,390,309
United Television	7,800	96,293	249,600
United VA Bankshares	11,000	172,399	339,625
United Wtr Res	8,250	120,978	161,906
Unitrode	5,500	198,911	76,313
Univar	3,700	89,223	79,550
Universal Communication Sys	7,100	88,511	71,888
Universal Foods	43,650	951,689	1,178,550
Universal Furniture Ltd	9,400	149,601	164,500
Universal Health Services Inc CI B	182,550	2,520,706	1,437,581
Universal Leaf Tobacco	8,200	172,553	259,325
Unocal	464,582	12,177,067	18,407,374
Unum	672,900	17,197,566	16,065,488
Upjohn	107,700	1,769,168	4,873,425
USAir Group	230,700	8,322,188	10,929,413
USF&G	76,312	2,842,190	2,890,317
USG	159,300	4,776,453	5,456,025
USLICO	10,955	192,338	265,659
USLIFE	13,800	499,164	514,050
USPCI	4,300	149,419	183,825
UST	485,800	10,007,732	12,630,800

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
USX	471,079	12,723,382	14,838,989
Utah Power & Light	24,400	551,324	582,550
Utilicorp Utd	6,530	104,004	202,431
V F	45,700	732,964	1,862,275
Valley National Bancorp	1,500	64,549	69,000
Valley National Corporation Arizona	156,700	6,432,427	6,268,000
Valspar	6,200	130,395	199,950
Value Line	4,700	159,073	125,725
Varian Assoc	38,100	1,344,708	1,209,675
Veeco Instruments	4,500	99,991	87,750
Vermont American Corporation Cl A	6,255	98,786	146,990
VICORP Restaurants	5,100	94,836	51,000
Viratek	4,100	326,278	51,250
Vista Chem	8,100	206,007	272,363
VLSI Technology	7,400	128,355	111,925
Volt Information Sciences	8,700	186,927	243,600
Vornado	1,600	119,128	152,000
Vulcan Materials	7,800	629,385	1,132,950
VWR	3,700	21,062	91,113
Wal Mart Stores	113,200	5,347,307	7,655,150
Walgreen	35,000	793,990	1,443,750
Wallace Computer Services	4,500	130,616	181,688
Walter Jim	99,193	3,858,659	5,145,637
Wang Labs Inc Cl B	112,371	3,086,930	1,784,702
Wang Labs Inc Cl C	3,200	113,930	50,800
Warner Communications	77,800	1,595,588	2,713,275
Warner Lambert	80,800	2,881,486	5,837,800
Washington Energy	6,000	118,820	101,250
Washington Federal Savings & Loan Association Seattle	5,850	140,712	162,338
Washington Gas Lt	46,400	877,097	1,218,000
Washington Mutual Savings Bank Seattle	5,200	122,616	193,050
Washington National	5,100	149,098	139,613
Washington Post Cl B	10,400	1,396,854	2,288,000
Washington Water Power	8,200	231,224	223,450
Waste Management	189,300	4,502,825	7,422,213
Watkins Johnson	4,500	129,668	166,500
WD 40	4,000	84,668	137,000
Webb Del E	5,100	93,748	104,550
Weingarten Realty	7,200	156,420	201,600
Weis Markets	21,600	348,202	704,700
Wellman	15,000	333,750	348,750
Wells Fargo	33,100	1,014,050	1,799,810
Wells Fargo Mortgage & Equity Tr	3,500	92,846	64,750
Wendys International	203,321	1,930,131	1,982,380
Wesco Financial	5,000	98,876	188,750
West	23,400	318,027	473,850
West Point Pepperell	8,321	321,056	543,985
Westcoast Transmission Ltd	20,300	248,071	279,125
Western Cap Invt	20,000	277,500	302,500
Western Co North America	54,900	237,583	96,075
Western Digital	8,300	97,278	212,688
Western Pubg Group	10,400	129,532	159,900
Western Savings & Loan Association Phoenix Ariz	62,500	1,301,865	1,320,313
Western Tele Communications Inc Cl A	960	3,176	16,200

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Common Stock (Continued)			
Westinghouse Electric	315,600	13,637,496	20,113,800
Westmark Intl	4,800	32,331	110,400
Westmoreland Coal	3,100	64,356	70,525
Westvaco	19,300	485,134	854,025
Wetterau	5,100	101,848	253,725
Weyerhaeuser	82,700	3,252,895	4,155,675
Whirlpool	86,400	2,747,328	3,078,000
Whitehall	1,900	97,281	38,238
Whittaker	6,800	213,148	243,950
WICOR	4,900	110,842	182,525
Wiley John & Sons Inc Cl B	2,600	95,148	118,300
Willamette Industries	11,833	250,944	582,775
Williams A L	9,500	188,091	174,563
Williams Cos	412,000	12,407,719	14,162,500
Wilmington Tr	9,200	91,522	257,600
Windmere	7,900	92,590	86,900
Winn Dixie Stores	21,200	686,695	1,044,100
Winnebago Industries	11,800	251,874	137,175
Wisconsin Energy	32,400	386,674	810,000
Wisconsin Pub Svc	6,000	163,521	275,250
Wisconsin Power & Light	6,300	170,437	302,400
Wiser Oil	5,300	130,355	104,675
Witco	35,100	793,440	1,447,875
Wolverine World Wide	4,900	93,567	59,413
Woolworth F W	393,200	13,009,338	20,965,400
Worlds of Wonder	11,400	271,662	149,625
Worthington Industries	25,200	302,067	548,100
Wrigley Wm Jr Co Cl B	3,200	55,443	171,200
Wrigley Wm Jr	6,400	166,330	342,400
Wyle Labs	4,600	94,550	78,200
Wyman Gordon	9,100	312,542	161,525
Wyse Technology	6,200	174,871	173,600
Xerox	340,400	18,399,573	26,314,263
Xicor	5,500	96,774	58,438
Xidex	15,712	447,401	178,724
Xtra	149,200	3,367,809	3,804,600
Yellow Freight Systems	14,300	210,935	493,350
York International	10	109	266
Zapata	8,900	180,672	41,163
Zayre	34,880	696,463	972,280
Zehntel	4,500	24,129	19,970
Zenith Electronics	7,400	186,924	190,550
Zenith National Ins	9,800	225,898	203,350
Zentec	6,000	15,294	28,500
Zero	6,327	95,115	106,768
Zions Utah Bancorporation	2,900	97,426	123,250
TOTAL	106,544,854	3,203,460,131	4,200,264,550

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	NO. OF SHARES	BOOK VALUE (\$)	MARKET VALUE (\$)
Preferred Stock			
ALC Communications Pfd	1,577	11,039	4,534
Adobe Res Pfd	3,440	65,345	71,380
Adobe Res Pfd Conv	3,096	57,847	58,437
Advanced Micro Deppfd Cv Exch Devices	8,300	414,389	406,700
American Stores Cv Exch Pfd	2,100	158,057	169,575
Amsted Inds Pfd Ser A	384	14,784	15,744
Anheuser Busch Pfd-Ser A Cv	9,600	1,257,346	1,286,400
Arkla Pfd Ser A Conv	2,500	125,800	125,000
Baker Hughes Pfd Conv	7,000	350,000	416,500
Baxter Travenol Labs Pfd Conv Exch	1,400	110,348	113,750
Chemical New York Pfd Ser C	28,253	326,675	321,377
Cityfed Financial Ser C Jr Pfd	4,499	48,693	14,622
Clabir Pfd	3,704	72,460	72,228
Cummins Engine Pfd Ser A	1,100	69,652	72,600
Federal Paper Brd Pfd Conv	2,600	129,532	122,850
Fidellcor Pfd Ser B Conv	1,900	63,410	61,275
Fruehauf Pfd Ser A Exch	3,453	73,411	69,926
Gulf Cda Sr Pref Ser I	108,000	394,776	378,000
Hills Stores Pfd Ser B	2,039	28,023	48,681
I C H Pfd Ser 1986 A Cv Exch	17,000	425,000	303,875
James Riv Pfd K Cv Exch	1,300	79,066	70,525
Johnson Ctls Pfd Ser C Cv Exch	6,000	423,600	453,000
Mediq A Pfd	7,800	49,470	54,116
Mesa Ltd Partnership Pfd A	32,936	419,934	477,572
Orion Cap Pfd Conv Exch	14,000	439,250	323,750
PNC Financial Pfd Conv Ser D	4,600	180,450	182,850
Paine Webber Group Pfd Cv Exch	2,300	58,236	53,188
Palm Beach Pfd Exch	3,100	10,269	15,888
Perpetual Savings Bank F S B Alexandria Va Pfd	53,700	553,110	583,988
Phillips Pete Pfd Ser A	6,346	179,182	154,684
Pier 1 Imports Pfd	729	1,032	3,098
Pioneer Federal Savings & Loan Association Hopewell Va	31,500	787,500	716,625
Potlatch Pfd Ser B Conv Exch	400	31,228	28,800
Staley Ctl Pfd	4,900	249,018	251,125
Swift Indpt Packing Pfd Ser A Exch	3,813	15,466	27,644
Texas Air Dep Pfd	2,557	11,187	12,465
USX Conv Pfd	9,800	490,000	516,950
USF&G Pfd Ser A Conv Exch	7,700	428,120	406,175
Unisys Pfd Ser A Conv	17,256	962,882	1,216,548
Warner Communications Pfd Conv Exch	15,500	841,990	1,007,500
Weyerhaeuser Pfd Conv Exch	5,000	252,500	240,000
TOTAL	443,182	10,660,077	10,929,945

Portfolio Detail Statistics as of 6/30/87

Trade Date Basis

DESCRIPTION	INTEREST RATE	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE (\$)	MARKET VALUE (\$)
MORTGAGE INVESTMENTS					
FHA/VA Residential Mortgages			211,318,378	211,318,378	194,412,907
FHA Project Mortgages			38,175,544	38,175,544	31,876,579
Government Agency Mortgage Backed Securities					
Federal Home Loan Mtg Corp	6.000	12/01/09	1,191,203	1,093,593	997,632
Federal Home Loan Mtg Corp	6.500	07/01/01	1,073,385	982,247	947,263
Federal Home Loan Mtg Corp	6.750	07/01/03	1,353,271	970,213	1,157,046
Federal Home Loan Mtg Corp	7.000	01/01/07	2,121,575	1,998,332	1,878,920
Federal Home Loan Mtg Corp	7.000	03/01/09	2,130,945	1,947,053	1,883,222
Federal Home Loan Mtg Corp	7.000	07/01/08	1,145,830	969,325	1,019,789
Federal Home Loan Mtg Corp	7.000	07/01/09	3,526,362	3,098,983	3,120,830
Federal Home Loan Mtg Corp	7.000	09/01/11	4,569,334	3,985,468	4,038,149
Federal Home Loan Mtg Corp	7.000	12/01/02	2,903,601	2,544,658	2,569,687
Federal Home Loan Mtg Corp	7.000	12/01/08	5,480,446	4,962,875	4,848,415
Federal Home Loan Mtg Corp	7.120	01/01/03	69,787	60,880	62,110
Federal Home Loan Mtg Corp	7.120	07/01/02	465,244	410,095	414,067
Federal Home Loan Mtg Corp	7.120	12/01/02	1,316,172	1,159,728	1,171,393
Federal Home Loan Mtg Corp	7.250	01/01/07	4,406,969	3,947,971	3,938,729
Federal Home Loan Mtg Corp	7.250	07/01/12	4,574,729	4,122,340	4,002,888
Federal Home Loan Mtg Corp	7.250	09/01/02	1,818,520	1,658,503	1,625,305
Federal Home Loan Mtg Corp	7.250	09/01/09	653,660	598,685	584,208
Federal Home Loan Mtg Corp	7.250	12/01/02	535,030	468,135	478,183
Federal Home Loan Mtg Corp	7.250	12/01/05	5,439,532	4,840,022	4,759,590
Federal Home Loan Mtg Corp	7.500	01/01/07	4,108,636	3,705,028	3,718,315
Federal Home Loan Mtg Corp	7.500	01/01/17	414,187	361,119	361,119
Federal Home Loan Mtg Corp	7.500	02/01/17	362,024	315,639	315,639
Federal Home Loan Mtg Corp	7.500	03/01/17	111,064	96,834	96,834
Federal Home Loan Mtg Corp	7.500	03/01/97	4,995,921	4,874,940	4,568,120
Federal Home Loan Mtg Corp	7.500	04/01/17	3,200,944	2,790,825	2,790,823
Federal Home Loan Mtg Corp	7.500	05/01/17	1,577,857	1,375,694	1,375,694
Federal Home Loan Mtg Corp	7.500	06/01/08	2,697,937	2,415,907	2,440,948
Federal Home Loan Mtg Corp	7.500	06/01/17	1,552,600	1,353,673	1,353,673
Federal Home Loan Mtg Corp	7.500	07/01/07	3,886,594	3,465,370	3,573,218
Federal Home Loan Mtg Corp	7.500	07/01/17	418,865	365,198	365,198
Federal Home Loan Mtg Corp	7.500	09/01/16	420,550	366,667	366,667
Federal Home Loan Mtg Corp	7.500	10/01/08	1,302,825	1,188,120	1,197,778
Federal Home Loan Mtg Corp	7.500	10/01/09	2,379,035	2,085,233	2,187,213
Federal Home Loan Mtg Corp	7.500	10/01/16	3,725,209	3,602,608	3,371,315
Federal Home Loan Mtg Corp	7.500	11/01/06	8,568,233	7,699,255	7,754,251
Federal Home Loan Mtg Corp	7.500	11/01/16	682,075	621,419	604,007
Federal Home Loan Mtg Corp	7.500	12/01/02	640,250	579,360	579,426
Federal Home Loan Mtg Corp	7.500	12/01/06	5,131,785	4,780,922	4,644,266
Federal Home Loan Mtg Corp	7.500	12/01/08	2,987,946	2,819,363	2,705,959
Federal Home Loan Mtg Corp	7.500	12/01/10	4,796,014	4,359,282	4,340,392
Federal Home Loan Mtg Corp	7.500	12/01/16	13,435,634	12,751,065	12,078,343

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Government Agency Mortgage Backed Securities (Continued)					
Federal Home Loan Mtg Corp	7.750	02/01/09	1,214,418	1,045,810	1,130,927
Federal Home Loan Mtg Corp	7.750	03/01/09	5,593,421	5,299,412	5,145,947
Federal Home Loan Mtg Corp	7.750	10/01/06	1,039,712	944,237	956,535
Federal Home Loan Mtg Corp	7.750	10/01/11	1,577,129	1,459,830	1,459,830
Federal Home Loan Mtg Corp	8.000	01/01/09	4,419,380	3,833,422	4,115,548
Federal Home Loan Mtg Corp	8.000	01/01/11	5,381,593	4,646,731	5,004,881
Federal Home Loan Mtg Corp	8.000	02/01/07	4,389,813	3,998,259	4,082,527
Federal Home Loan Mtg Corp	8.000	02/01/08	675,619	579,044	628,325
Federal Home Loan Mtg Corp	8.000	02/01/09	122,738	103,130	114,146
Federal Home Loan Mtg Corp	8.000	03/01/06	6,596,150	6,115,785	6,134,420
Federal Home Loan Mtg Corp	8.000	03/01/07	2,588,176	2,374,006	2,407,004
Federal Home Loan Mtg Corp	8.000	03/01/09	5,627,210	4,874,762	5,234,845
Federal Home Loan Mtg Corp	8.000	04/01/06	2,480,144	2,315,055	2,306,534
Federal Home Loan Mtg Corp	8.000	04/01/07	7,860,865	7,273,757	7,310,604
Federal Home Loan Mtg Corp	8.000	04/01/09	10,093,638	9,439,770	9,412,317
Federal Home Loan Mtg Corp	8.000	04/01/17	33,500,000	30,233,750	30,233,750
Federal Home Loan Mtg Corp	8.000	05/01/08	2,077,825	1,828,102	1,897,186
Federal Home Loan Mtg Corp	8.000	05/01/09	2,953,749	2,664,998	2,746,986
Federal Home Loan Mtg Corp	8.000	05/01/10	1,106,396	929,236	1,028,948
Federal Home Loan Mtg Corp	8.000	06/01/07	1,164,730	1,090,549	1,083,199
Federal Home Loan Mtg Corp	8.000	06/01/08	3,373,262	3,054,155	3,137,134
Federal Home Loan Mtg Corp	8.000	06/01/09	1,564,113	1,480,965	1,418,447
Federal Home Loan Mtg Corp	8.000	06/01/10	1,195,454	1,029,335	1,111,772
Federal Home Loan Mtg Corp	8.000	07/01/08	2,840,222	2,419,408	2,641,407
Federal Home Loan Mtg Corp	8.000	08/01/08	1,310,820	1,133,502	1,219,063
Federal Home Loan Mtg Corp	8.000	09/01/07	13,518,337	12,548,358	12,572,053
Federal Home Loan Mtg Corp	8.000	09/01/08	780,378	649,803	725,752
Federal Home Loan Mtg Corp	8.000	10/01/07	1,837,259	1,701,544	1,710,113
Federal Home Loan Mtg Corp	8.000	11/01/07	3,063,056	2,704,999	2,879,273
Federal Home Loan Mtg Corp	8.000	12/01/08	1,299,264	1,091,499	1,208,315
Federal Home Loan Mtg Corp	8.000	12/01/11	8,667,636	8,219,170	8,136,743
Federal Home Loan Mtg Corp	8.250	01/01/08	1,290,809	1,124,360	1,221,428
Federal Home Loan Mtg Corp	8.250	02/01/06	3,167,716	2,948,059	2,979,633
Federal Home Loan Mtg Corp	8.250	03/01/09	1,307,737	1,224,629	1,230,090
Federal Home Loan Mtg Corp	8.250	05/01/08	2,597,225	2,434,098	2,447,885
Federal Home Loan Mtg Corp	8.250	06/01/06	564,711	530,184	531,181
Federal Home Loan Mtg Corp	8.250	07/01/08	2,695,116	2,529,487	2,540,147
Federal Home Loan Mtg Corp	8.250	09/01/06	3,052,310	2,877,911	2,871,079
Federal Home Loan Mtg Corp	8.250	10/01/05	188,364	173,218	177,180
Federal Home Loan Mtg Corp	8.250	10/01/06	520,049	480,900	489,171
Federal Home Loan Mtg Corp	8.250	10/01/07	2,718,712	2,512,506	2,557,288
Federal Home Loan Mtg Corp	8.250	10/01/09	2,727,423	2,621,728	2,565,483
Federal Home Loan Mtg Corp	8.250	11/01/07	1,863,846	1,708,372	1,753,180
Federal Home Loan Mtg Corp	8.250	12/01/05	1,580,408	1,461,313	1,486,571
Federal Home Loan Mtg Corp	8.250	12/01/07	927,138	902,678	872,094
Federal Home Loan Mtg Corp	8.250	12/01/09	9,353,124	8,811,836	8,850,394
Federal Home Loan Mtg Corp	8.300	05/01/05	452,908	438,633	427,432
Federal Home Loan Mtg Corp	8.500	01/01/10	729,329	629,423	690,128
Federal Home Loan Mtg Corp	8.500	02/01/08	1,958,826	1,901,192	1,853,539
Federal Home Loan Mtg Corp	8.500	02/01/09	4,172,258	3,651,992	3,953,214

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Government Agency Mortgage Backed Securities (Continued)					
Federal Home Loan Mtg Corp	8.500	03/01/05	1,256,862	1,152,471	1,195,590
Federal Home Loan Mtg Corp	8.500	03/01/08	1,378,670	1,319,887	1,304,567
Federal Home Loan Mtg Corp	8.500	05/01/05	2,020,286	1,921,111	1,911,696
Federal Home Loan Mtg Corp	8.500	05/01/08	895,132	791,147	847,019
Federal Home Loan Mtg Corp	8.500	06/01/06	1,542,419	1,462,539	1,459,514
Federal Home Loan Mtg Corp	8.500	06/01/09	1,479,944	1,323,320	1,400,397
Federal Home Loan Mtg Corp	8.500	07/01/05	1,529,554	1,446,550	1,447,341
Federal Home Loan Mtg Corp	8.500	07/01/08	673,215	640,105	634,506
Federal Home Loan Mtg Corp	8.500	08/01/06	677,973	643,863	641,532
Federal Home Loan Mtg Corp	8.500	09/01/10	2,921,337	2,522,769	2,764,316
Federal Home Loan Mtg Corp	8.500	10/01/05	2,179,639	2,024,364	2,062,483
Federal Home Loan Mtg Corp	8.500	12/01/05	341,710	316,240	323,343
Federal Home Loan Mtg Corp	8.500	12/01/07	422,949	405,887	400,216
Federal Home Loan Mtg Corp	8.500	12/01/08	1,464,955	1,286,546	1,386,214
Federal Home Loan Mtg Corp	8.600	08/01/05	124,879	118,435	119,103
Federal Home Loan Mtg Corp	8.750	03/01/08	4,208,872	3,992,711	3,940,557
Federal Home Loan Mtg Corp	8.750	03/01/10	4,224,608	3,620,968	4,045,060
Federal Home Loan Mtg Corp	8.750	07/01/05	968,433	915,881	927,274
Federal Home Loan Mtg Corp	8.750	07/01/09	1,142,808	1,119,495	1,069,954
Federal Home Loan Mtg Corp	8.750	11/01/04	107,937	103,215	103,350
Federal Home Loan Mtg Corp	8.800	08/01/05	809,215	777,313	776,845
Federal Home Loan Mtg Corp	9.000	01/01/09	419,670	404,384	413,375
Federal Home Loan Mtg Corp	9.000	01/01/10	450,183	433,786	443,430
Federal Home Loan Mtg Corp	9.000	01/01/17	2,340,411	2,311,915	2,250,685
Federal Home Loan Mtg Corp	9.000	02/01/13	893,238	886,361	879,840
Federal Home Loan Mtg Corp	9.000	03/01/09	603,333	581,357	594,283
Federal Home Loan Mtg Corp	9.000	03/01/17	563,127	540,366	554,680
Federal Home Loan Mtg Corp	9.000	04/01/08	63,634	61,316	62,680
Federal Home Loan Mtg Corp	9.000	04/01/09	463,612	446,725	456,657
Federal Home Loan Mtg Corp	9.000	04/01/17	2,099,535	2,020,535	2,067,969
Federal Home Loan Mtg Corp	9.000	05/01/16	252,361	242,161	248,576
Federal Home Loan Mtg Corp	9.000	05/01/17	1,173,935	1,126,485	1,156,326
Federal Home Loan Mtg Corp	9.000	06/01/16	340,839	338,363	326,140
Federal Home Loan Mtg Corp	9.000	06/01/17	536,989	515,284	528,934
Federal Home Loan Mtg Corp	9.000	07/01/16	991,045	983,907	948,307
Federal Home Loan Mtg Corp	9.000	08/01/09	792,842	723,171	766,084
Federal Home Loan Mtg Corp	9.000	09/01/10	803,699	787,117	791,644
Federal Home Loan Mtg Corp	9.000	09/01/16	3,455,608	3,430,729	3,403,774
Federal Home Loan Mtg Corp	9.000	10/01/07	371,981	358,433	366,402
Federal Home Loan Mtg Corp	9.000	10/01/09	1,037,905	1,000,101	1,022,336
Federal Home Loan Mtg Corp	9.000	10/01/13	477,517	460,124	470,354
Federal Home Loan Mtg Corp	9.000	11/01/11	631,757	627,161	622,280
Federal Home Loan Mtg Corp	9.000	11/01/16	212,069	210,540	202,923
Federal Home Loan Mtg Corp	9.000	12/01/16	777,384	745,963	765,724
Federal Home Loan Mtg Corp	9.500	01/01/11	59,419	61,362	58,157
Federal Home Loan Mtg Corp	8.500	01/01/17	1,064,221	1,092,382	1,034,918
Federal Home Loan Mtg Corp	9.500	02/01/10	545,016	559,432	533,434
Federal Home Loan Mtg Corp	9.500	02/01/11	141,252	146,297	138,250
Federal Home Loan Mtg Corp	9.500	03/01/10	492,776	505,202	482,305
Federal Home Loan Mtg Corp	9.500	03/01/13	211,860	213,472	207,358

Portfolio Detail Statistics as of 6/30/87 Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Government Agency Mortgage Backed Securities (Continued)					
Federal Home Loan Mtg Corp	9.500	03/01/16	1,676,861	1,703,246	1,641,228
Federal Home Loan Mtg Corp	9.500	03/01/17	1,885,814	1,895,274	1,845,740
Federal Home Loan Mtg Corp	9.500	04/01/09	84,484	85,631	82,689
Federal Home Loan Mtg Corp	9.500	04/01/16	4,817,498	4,915,590	4,679,582
Federal Home Loan Mtg Corp	9.500	05/01/07	1,909,197	1,959,266	1,854,403
Federal Home Loan Mtg Corp	9.500	05/01/09	508,248	519,982	497,448
Federal Home Loan Mtg Corp	9.500	05/01/15	378,423	382,449	370,381
Federal Home Loan Mtg Corp	9.500	05/01/16	2,572,540	2,598,457	2,517,874
Federal Home Loan Mtg Corp	9.500	06/01/09	350,651	359,531	343,200
Federal Home Loan Mtg Corp	9.500	06/01/16	2,851,470	2,865,893	2,790,876
Federal Home Loan Mtg Corp	9.500	07/01/10	1,512,443	1,551,371	1,480,304
Federal Home Loan Mtg Corp	9.500	07/01/16	7,499,844	7,564,124	7,340,473
Federal Home Loan Mtg Corp	9.500	08/01/16	8,436,349	8,510,517	8,257,076
Federal Home Loan Mtg Corp	9.500	09/01/10	583,758	599,331	571,353
Federal Home Loan Mtg Corp	9.500	09/01/16	6,849,807	6,919,488	6,703,544
Federal Home Loan Mtg Corp	9.500	10/01/09	1,255,644	1,295,090	1,228,962
Federal Home Loan Mtg Corp	9.500	10/01/16	7,270,182	7,376,754	7,115,690
Federal Home Loan Mtg Corp	9.500	11/01/09	133,533	134,798	130,695
Federal Home Loan Mtg Corp	9.500	11/01/16	9,525,669	9,603,329	9,339,093
Federal Home Loan Mtg Corp	9.500	12/01/09	859,503	880,198	841,238
Federal Home Loan Mtg Corp	9.500	12/01/16	4,606,193	4,602,293	4,501,054
Federal Home Loan Mtg Corp	10.000	01/01/16	972,533	998,427	987,121
Federal Home Loan Mtg Corp	10.000	02/01/09	717,226	735,787	727,985
Federal Home Loan Mtg Corp	10.000	02/01/10	918,398	943,233	921,976
Federal Home Loan Mtg Corp	10.000	06/01/09	319,833	328,435	319,513
Federal Home Loan Mtg Corp	10.000	06/01/10	7,909,864	8,115,904	7,924,695
Federal Home Loan Mtg Corp	10.000	09/01/10	181,897	187,019	181,715
Federal Home Loan Mtg Corp	10.000	09/01/12	731,921	753,226	731,189
Federal Home Loan Mtg Corp	10.000	09/01/13	503,780	517,266	503,277
Federal Home Loan Mtg Corp	10.000	09/01/15	11,325	11,667	11,313
Federal Home Loan Mtg Corp	10.000	10/01/15	353,993	363,458	353,639
Federal Home Loan Mtg Corp	10.000	11/01/15	119,538	122,928	119,418
Federal Home Loan Mtg Corp	11.000	10/01/15	2,782,183	3,021,545	2,889,992
Federal Home Loan Mtg Corp	11.500	01/01/16	1,240,266	1,335,790	1,300,729
Federal Home Loan Mtg Corp	11.500	02/01/13	371,418	401,502	389,524
Federal Home Loan Mtg Corp	11.500	02/01/16	869,317	927,981	911,696
Federal Home Loan Mtg Corp	11.500	03/01/11	475,439	503,753	498,616
Federal Home Loan Mtg Corp	11.500	03/01/12	3,708,120	3,880,401	3,888,894
Federal Home Loan Mtg Corp	11.500	03/01/15	604,621	645,305	634,096
Federal Home Loan Mtg Corp	11.500	03/01/16	800,742	856,689	839,778
Federal Home Loan Mtg Corp	11.500	07/01/11	499,431	532,917	523,779
Federal Home Loan Mtg Corp	11.750	06/01/13	662,190	732,913	691,160
Federal Home Loan Mtg Corp	11.750	10/01/13	507,628	545,810	529,837
Federal Home Loan Mtg Corp	11.750	11/01/13	1,497,915	1,616,777	1,466,084
Federal Home Loan Mtg Corp	12.000	04/01/14	721,186	767,276	762,654
Federal Home Loan Mtg Corp	12.000	07/01/13	546,522	586,456	577,947
Federal Home Loan Mtg Corp	12.000	08/01/13	813,976	890,570	860,780
Federal Home Loan Mtg Corp	12.000	08/01/15	1,485,996	1,616,143	1,571,440
Federal Home Loan Mtg Corp	12.000	10/01/13	844,754	907,234	893,328
Federal Home Loan Mtg Corp	12.000	10/01/14	1,118,879	1,218,760	1,183,215

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Government Agency Mortgage Backed Securities (Continued)					
Federal Home Loan Mtg Corp	12.000	11/01/15	1,609,820	1,689,924	1,702,384
Federal Home Loan Mtg Corp	12.000	12/01/09	520,587	554,937	550,521
Federal Home Loan Mtg Corp	12.000	12/01/15	773,629	827,043	818,113
Federal Home Loan Mtg Corp	12.250	02/01/13	1,124,243	1,196,244	1,177,667
Federal Home Loan Mtg Corp	12.250	04/01/14	756,278	822,924	795,982
Federal Home Loan Mtg Corp	12.250	04/01/15	1,201,400	1,311,531	1,264,474
Federal Home Loan Mtg Corp	12.250	07/01/15	713,179	755,874	750,621
Federal Home Loan Mtg Corp	12.250	09/01/14	610,506	653,586	642,557
Federal Home Loan Mtg Corp	12.250	10/01/13	744,521	779,846	783,609
Federal Home Loan Mtg Corp	13.000	01/01/11	792,293	853,526	847,753
Federal Home Loan Mtg Corp	13,250	02/01/10	842,103	915,372	901,050
Federal National Mtg Assn	6.000	10/01/06	2,371,468	2,129,515	2,075,034
Federal National Mtg Assn	6.500	10/01/05	8,800,310	8,072,000	7,799,275
Federal National Mtg Assn	7.000	06/01/07	5,635,109	4,618,968	5,022,291
Federal National Mtg Assn	7.000	09/01/07	6,086,766	5,075,137	5,424,830
Federal National Mtg Assn	7.500	02/01/09	4,925,522	4,189,656	4,496,548
Federal National Mtg Assn	7.500	06/01/09	1,185,397	1,015,210	1,090,565
Federal National Mtg Assn	8.000	01/01/09	4,925,556	4,508,588	4,605,395
Federal National Mtg Assn	8.000	02/01/09	3,225,219	3,193,953	2,928,886
Federal National Mtg Assn	8.000	05/01/02	3,999,229	3,886,291	3,771,752
Federal National Mtg Assn	8.000	06/01/02	500,741	486,600	472,259
Federal National Mtg Assn	8.000	06/01/07	1,811,270	1,559,883	1,695,802
Federal National Mtg Assn	8.000	11/01/09	2,259,200	1,932,188	2,115,176
Federal National Mtg Assn	8.000	12/01/06	1,641,892	1,574,151	1,537,221
Federal National Mtg Assn	8.250	05/01/06	2,370,350	1,915,633	2,173,302
Federal National Mtg Assn	8.250	07/01/09	3,169,322	2,804,605	2,996,990
Federal National Mtg Assn	8.250	09/01/09	706,601	614,328	668,622
Federal National Mtg Assn	8.250	10/01/08	2,046,071	1,766,988	1,875,981
Federal National Mtg Assn	8.500	02/01/09	2,410,836	2,432,336	2,249,599
Federal National Mtg Assn	8.500	03/01/11	11,214,806	10,645,017	10,668,084
Federal National Mtg Assn	8.500	08/01/11	20,113,355	17,404,055	19,132,828
Federal National Mtg Assn	8.500	11/01/08	1,693,775	1,531,229	1,611,203
Federal National Mtg Assn	8.500	12/01/08	2,802,177	2,511,148	2,665,571
Federal National Mtg Assn	9.000	01/01/10	571,958	517,287	556,229
Federal National Mtg Assn	9.000	10/01/04	3,260,375	2,733,583	3,190,440
Federal National Mtg Assn	11.250	10/01/15	1,411,505	1,490,570	1,479,426
Federal National Mtg Assn	11.250	12/01/15	437,138	485,698	458,173
Federal National Mtg Assn	11.500	12/01/15	828,471	898,519	881,800
Federal National Mtg Assn	11.750	05/01/14	1,466,799	1,572,055	1,537,382
Federal National Mtg Assn	11.750	07/01/15	508,172	556,474	532,628
Federal National Mtg Assn	12.000	07/01/11	1,258,435	1,348,181	1,337,087
Federal National Mtg Assn	12.500	04/01/14	427,817	477,622	455,625
Federal National Mtg Assn	12.500	07/01/15	725,240	801,578	772,381
Federal National Mtg Assn	12.500	12/01/14	395,866	446,356	421,598
Federal National Mtg Stripped	2.560	11/01/08	881	881	998
Federal National Mtg Stripped	3.050	01/01/06	643,468	9,804,536	1,003,811
Federal National Mtg Stripped	9.000	02/01/17	42,986,356	22,344,675	24,502,223
Government National Mtg Assn	7.500	01/15/17	762,328	673,094	674,305
Government National Mtg Assn	7.500	02/15/17	448,947	389,927	399,841
Government National Mtg Assn	7.500	03/15/17	14,709,725	12,828,933	13,071,564

Portfolio Detail Statistics as of 6/30/87 Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Government Agency Mortgage Backed Securities (Continued)					
Government National Mtg Assn	7.500	04/15/07	800,134	721,210	712,616
Government National Mtg Assn	7.500	04/15/17	10,216,979	8,896,495	9,083,011
Government National Mtg Assn	7.500	05/15/17	11,825,612	10,322,376	10,522,091
Government National Mtg Assn	7.500	06/15/17	984,299	870,182	870,182
Government National Mtg Assn	7.500	07/15/07	224,855	202,675	200,260
Government National Mtg Assn	8.000	01/15/08	918,772	841,543	836,082
Government National Mtg Assn	8.000	02/15/08	1,546,322	1,411,405	1,407,153
Government National Mtg Assn	8.000	03/15/08	2,361,059	2,159,489	2,148,563
Government National Mtg Assn	8.000	03/15/17	499,025	456,042	443,679
Government National Mtg Assn	8.000	04/15/17	11,488,672	10,514,194	10,214,463
Government National Mtg Assn	8.000	05/15/17	12,984,801	11,877,873	11,544,656
Government National Mtg Assn	8.000	06/15/06	315,075	287,239	286,718
Government National Mtg Assn	8.000	07/15/01	8,230	7,536	7,489
Government National Mtg Assn	8.000	07/15/05	116,096	106,339	105,647
Government National Mtg Assn	8.000	07/15/06	58,845	53,999	53,549
Government National Mtg Assn	8.000	07/15/07	1,398,288	1,279,456	1,272,442
Government National Mtg Assn	8.000	07/15/08	106,548	97,484	96,959
Government National Mtg Assn	8.000	07/15/16	153,768	140,987	136,713
Government National Mtg Assn	8.000	08/15/06	941,711	861,601	856,957
Government National Mtg Assn	8.000	08/15/07	1,828,639	1,671,616	1,664,061
Government National Mtg Assn	8.000	08/15/16	850,104	779,431	755,819
Government National Mtg Assn	8.000	09/15/07	75,230	68,917	68,459
Government National Mtg Assn	8.000	10/15/07	5,953,169	5,457,230	5,417,385
Government National Mtg Assn	8.000	10/15/08	61,777	56,524	56,217
Government National Mtg Assn	8.000	11/15/07	2,148,728	1,967,987	1,955,342
Government National Mtg Assn	8.000	12/15/07	2,781,868	2,551,757	2,531,500
Government National Mtg Assn	15.000	02/15/12	1,014,703	1,183,912	1,155,219
Government National Mtg Assn	15.000	05/15/12	510,331	596,021	581,002
Government National Mtg Assn	15.000	07/15/11	338,757	391,579	385,668
Government National Mtg Assn	15.000	07/15/12	240,330	276,109	273,611
Government National Mtg Assn	15.000	08/15/12	620,646	720,953	706,593
Government National Mtg Assn	15.000	09/15/11	805,923	932,581	917,527
Government National Mtg Assn	15.000	09/15/12	141,909	171,335	161,560
Government National Mtg Assn	15.000	11/15/11	245,214	280,506	279,171
TOTAL			693,443,270	637,847,400	641,961,812

Other Mortgage Backed Securities

Beacon Federal Savings 1985-3	7.8270	04/01/03	7,420,729	6,713,834	6,817,795
Centrust Sav/Dade 1984-3	8.4710	11/01/07	8,885,649	6,875,635	8,441,367
GS TRust II E-4	8.9500	08/01/02	2,100,000	1,973,685	1,973,685
Gem Savings Part Cert 1984-8	7.6792	01/01/03	7,688,534	5,940,168	7,006,176
Gold Dome FHA VA Mtg Backed Sec	8.7490	07/26/07	6,581,318	4,672,639	6,194,666
Great American Federal Mtg 1984-1	8.9311	04/01/08	10,141,184	8,196,317	9,558,066
Great American Federal Mtg 1984-2	8.6150	04/01/99	1,377,624	1,308,900	1,324,241
Mechanics & Farmers Savings Bank	8.5000	10/08/99	7,335,991	6,934,844	6,969,191
Midwest Federal Mtg Part Cert 84-1	8.7680	03/01/13	3,011,912	2,257,735	2,842,492
Salomon Bros Mtg Secs IV	7.0000	02/01/17	3,933,907	3,348,800	3,348,738
Sears Mortgage Sec Pass-Thru	10.0000	11/01/12	6,096,377	5,083,074	6,081,136

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	INTEREST RATE (%)	MATURITY DATE	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Other Mortgage Backed Securities (Continued)					
Beacon Federal Savings 1985-3	7.8270	04/01/03	7,420,729	6,713,834	6,817,795
Centrust Sav/Dade 1984-3	8.4710	11/01/07	8,885,649	6,875,635	8,441,367
GS TRust II E-4	8.9500	08/01/02	2,100,000	1,973,685	1,973,685
Gem Savings Part Cert 1984-8	7.6792	01/01/03	7,688,534	5,940,168	7,006,176
Gold Dome FHA VA Mtg Backed Sec	8.7490	07/26/07	6,581,318	4,672,639	6,194,666
Great American Federal Mtg 1984-1	8.9311	04/01/08	10,141,184	8,196,317	9,558,066
Great American Federal Mtg 1984-2	8.6150	04/01/99	1,377,624	1,308,900	1,324,241
Mechanics & Farmers Savings Bank	8.5000	10/08/99	7,335,991	6,934,844	6,969,191
Midwest Federal Mtg Part Cert 84-1	8.7680	03/01/13	3,011,912	2,257,735	2,842,492
Salomon Bros Mtg Secs IV	7.0000	02/01/17	3,933,907	3,348,800	3,348,738
Sears Mortgage Sec Pass-Thru	10.0000	11/01/12	6,096,377	5,083,074	6,081,136
Security Savings Scottsdale	7.9430	05/01/03	4,991,820	3,953,665	4,592,475
State Federal Savings/Loan Tulsa	8.2710	01/01/09	4,253,959	3,259,677	3,934,912
Mercantile Savings Assn Houston TX	9.0910	05/01/08	2,832,542	2,341,221	2,673,211
United Savings Assn Houston TX	8.2541	07/01/03	8,762,239	6,883,775	8,137,929
United Savings Assn Houston TX	9.0410	05/01/08	4,027,996	3,521,510	3,801,422
United Savings Assn Houston TX	9.0288	05/01/08	3,503,638	3,271,632	3,306,558
Virginia Beach Savings/Loan	6.9000	03/01/01	4,472,331	3,487,550	3,969,194
TOTAL			97,417,750	80,024,661	90,973,254
Conventional Mortgages			367,716	367,716	167,716

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
OTHER LONG-TERM INVESTMENTS			
Real Estate Owned			
Austin Shopping Centers, Austin, TX	64,893,424	64,907,073	64,893,424
First Citizens Bank, Charlotte, NC	32,627,315	32,942,615	32,627,315
Two Oliver Plaza, Pittsburgh, PA	32,652,281	32,927,031	32,652,281
TOTAL	130,173,020	130,776,719	130,173,020
Equity Participating Real Estate			
3355 W Ala Office Bldg, Houston, TX	19,510,287	19,510,287	18,199,098
435 Sixth Ave, Pittsburgh, PA	23,407,665	23,407,665	28,724,815
Chesterbrook Corp Center, Tredyffrin Twp, PA ..	12,000,000	12,000,000	15,447,887
First Computer Inds Bldg, Westmont, IL	1,366,625	1,366,625	1,422,983
Gallery II, Philadelphia, PA	31,824,898	31,824,898	36,444,971
George Washington, Washington, DC	38,000,000	37,177,899	44,823,302
Hershey Hotel, Philadelphia, PA	35,766,079	35,766,079	37,134,154
Highlands Inn, Carmel, CA	54,580,448	54,858,919	54,580,448
Ingalls Building, Boston, MA	25,660,000	25,660,000	36,032,708
One Bunker Hill, Los Angeles, CA	38,410,951	38,437,201	38,410,951
One Oxford Center, Pittsburgh, PA	625,000	625,000	6,424,689
Suburban Station, Philadelphia, PA	22,380,936	22,711,497	22,380,936
Valley Forge Executive Mall, Valley Forge, PA ..	37,000,000	37,000,000	32,670,285
West Valley Business Ctr I, Tredyffrin Twp, PA	4,900,000	4,900,000	5,683,025
West Valley Business Ctr II, Tredyffrin Twp, PA	5,400,000	5,400,000	5,893,910
TOTAL	350,832,889	350,646,070	384,274,162
Equity Participating Mortgages			
5 North 5th Street, Harrisburg, PA	750,000	750,000	750,000
1000 Mass. Ave., Cambridge, MA	9,328,803	9,328,803	11,305,237
1400 Eye Street, Washington, DC	16,359,187	16,359,187	17,401,564
5600 Bldg (Spaulding & Style), Charlotte, NC ...	3,107,707	3,107,707	4,173,353
Commerce Court, Pittsburgh, PA	21,255,781	21,255,781	26,565,944
MCI Office Bldg, Washington, PA	23,061,167	23,061,167	22,582,610
North Shore Center, Pittsburgh, PA	11,301,075	11,301,075	17,137,848
One Park Place, Chicago, IL	70,659,358	70,659,358	75,835,343
One State Street Steam Boiler, Hartford, CT	42,626,027	42,626,027	48,065,186
Point West III, Framingham, MA	4,928,004	4,928,004	6,286,861
Riverstreet Executive Place, Wellesley, MA	2,292,327	2,292,327	3,298,331
Schiller Park Ind Bldg, Schiller Park, IL	2,858,144	2,858,144	3,018,342
Wheeling Industrial Bldg, Wheeling, IL	1,174,652	1,174,652	1,209,619
TOTAL	209,702,232	209,702,232	237,730,238

Portfolio Detail Statistics as of 6/30/87
Trade Date Basis

DESCRIPTION	PAR VALUE (\$)	BOOK VALUE(\$)	MARKET VALUE(\$)
Venture Capital			
Commonwealth Venture Partners	20,000,000	20,000,000	20,000,000
Genesis Seed Fund	2,000,000	2,000,000	2,000,000
NEPA	1,000,000	1,000,000	1,000,000
Trivest	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>
TOTAL	30,500,000	30,500,000	30,500,000
 FHA Debentures	 2,777,350	 2,777,350	 2,777,350
 SHORT-TERM INVESTMENTS			
State Treasury Investment Pool	1,828,197,000	1,828,197,000	1,828,197,000
TOTAL	1,828,197,000	1,828,197,000	1,828,197,000

