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MINNESOTA STATE
BOARD OF INVESTMENT

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MINNESOTA STATE BOARD OF INVESTMENT

1985 ANNUAL REPORT

STATE BOARD OF INVESTMENT

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State Auditor Arne H. Carlson
Secretary of State Joan Anderson Growe
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Attorney General Hubert H. Humphrey III

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Raymond Vecellio, Retiree Representative
Deborah W. Veverka, Manager, Pension Financial Planning, Honeywell
Jan Yeomans, Manager, Pension Fund, 3M Company

INVESTMENT DEPARTMENT PERSONNEL

Howard J. Bicker	Executive Director
Jeff Bailey	Assistant Executive Director
Roger W. Henry	Equity and Fixed Income Manager

COMMON STOCKS

Mark Edwards	Senior Portfolio Manager
A. Arthur Kaese	Senior Portfolio Manager
C. Robert Parsons	Investment Analyst, Senior
David McCulloch	Investment Analyst
Harold L. Syverson	Head Security Trader

ALTERNATIVE EQUITY INVESTMENTS

John Griebenow	Senior Portfolio Manager
Teresa Myers	Assistant to the Executive Director
Daralyn Peifer	Investment Analyst

FIXED INCOME

Grant A. Feldman	Fixed Income Manager, Short Term
John T. Kinne	Senior Portfolio Manager
N. Robert Barman	Investment Analyst, Senior
Arthur M. Blauzda	Investment Analyst, Senior

ADMINISTRATIVE STAFF

L. Michael Schmitt	Administrative Director
Mable E. Patrick	Senior Accounting Officer
Thomas L. Delmont	Accounting Officer, Intermediate
Nancy Wold	Accounting Officer
Deborah F. Griebenow	Research Analyst, Intermediate
Harriet Balian	Office Services Supervisor II
Kathy Leisz	Computer Operator
Charlene Olson	Clerk Stenographer, Senior
Linda M. Nadeau	Clerk Typist II
Lavern Jagg	Clerk Typist I

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STATE AUDITOR ARNE H. CARLSON
STATE TREASURER ROBERT W. MATTSON
SECRETARY OF STATE JOAN ANDERSON GROWE
ATTORNEY GENERAL HUBERT H. HUMPHREY III



EXECUTIVE DIRECTOR
HOWARD J. BICKER

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155
296-3328

The State Board of Investment is pleased to submit its 1985 annual report. Fiscal year 1985 was a successful period for the Board. The funds under management earned returns surpassed only once in the last decade.

The Basic Retirement Funds produced a total rate of return of 26.8%. The asset allocation policy established by the Board is designed to allow the Basic Funds to take full advantage of the superior long-run returns available in the capital markets. Every year cannot be expected to yield such impressive results. Nevertheless, the Board is confident that its asset allocation policy and investment management structure will result in continued superior long-run returns for the Basic Funds.

The Post Retirement Investment Fund also performed well in fiscal year 1985. The earnings generated by the Post Fund resulted in a 7.9% benefit increase for its participants, well in excess of the inflation rate. The Post Fund benefited from the high inflation-adjusted yields available in the bond market and the sizable increase in common stock prices that occurred in 1985.

After implementing many fundamental changes in the management of the retirement funds in recent years, the Board devoted much of 1985 to a consolidation and refinement of its investment program. However, several significant developments took place, including: the preparation of needs and objectives analyses for the Post Fund and the Permanent School Fund; the construction of a dedicated bond portfolio for the Post Fund; the reorganization of the Basic Funds' active equity manager group; and, continuing investments in real estate and venture capital.

The Board looks forward to continuing the improvement of the investment management of its funds. It is the Board's hope that its annual report facilitates that process by clearly communicating the investment objectives, management structure, and performance of Minnesota's public pension and trust funds.

Sincerely,

A handwritten signature in cursive script that reads "Howard Bicker".

Howard J. Bicker
Executive Director

INTRODUCTION

All investments undertaken by the State Board of Investment are governed by the common law prudent person rule and other standards codified in Chapter 11A of the Minnesota Statutes. The prudent person rule requires all members of the Board, Investment Advisory Council, and investment staff to "...act in good faith and exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom."

In addition to the prudent person rule, the Minnesota Statutes contain a specific list of asset classes available for investment, such as stocks, bonds, short term securities, real estate, venture capital, and resource programs. The statutes prescribe the percentage of fund assets that may be invested in each specific class and contain specific restrictions to ensure the quality of the investments.

Within the requirements established in state law, the State Board of Investment, in conjunction with the Investment Advisory Council and investment staff, sets the asset allocation targets among stocks, bonds, cash, and alternative equity investments for each fund under management. The asset allocation is based on each fund's specific needs and objectives and thus may differ substantially from fund to fund. In addition, the Board determines the most appropriate investment management structure for each fund, structures which may include the use of external money managers and/or the internal investment staff.

In recent years, the Board, Investment Advisory Council, and staff have conducted comprehensive analyses of the investment needs and objectives of the Basic Retirement Funds, the Post Retirement Investment Fund, and the Permanent School Fund. These analyses have focused on the selection of an appropriate asset mix and investment management structure to achieve the funds' desired goals. The results of these studies represent the "roadmap" by which the Board manages these funds. In the near future, the Board plans to commence a study of the needs and objectives of the Supplemental Investment Fund.

The body of this annual report is divided into separate discussions of each of the funds under the Board's management. Each section describes the particular fund's objectives, asset mix and management structure, and performance. The remainder of the annual report contains statistical and accounting data on the Board's managers and funds.

FUNDS MANAGED BY THE STATE BOARD OF INVESTMENT



FUNDS MANAGED BY THE STATE BOARD OF INVESTMENT**MARKET VALUE****June 30, 1985****BASIC RETIREMENT FUNDS****\$3.7 billion**

The Basic Retirement Funds are the pension assets of the currently employed participants in six major statewide retirement plans:

Teachers Retirement Fund	\$1,508 million
Public Employees Retirement Fund	1,083 million
State Employees Retirement Fund	765 million
Public Employees Police and Fire Fund	277 million
Highway Patrol Retirement Fund	54 million
Judges Retirement Fund	4 million

POST RETIREMENT INVESTMENT FUND**\$2.7 billion**

The Post Retirement Investment Fund is composed of the reserves for retirement benefits to be paid to currently retired employees by seven plans. Permanent retirement benefit increases are permitted based on excess earnings from dividends, interest, and net realized capital gains.

MINNESOTA SUPPLEMENTAL INVESTMENT FUND**\$287 million**

The Minnesota Supplemental Investment Fund includes the assets of the state deferred compensation plan, supplemental benefit arrangements, various retirement programs for local police and firefighters, and the unclassified employees of the state. Participants have a choice among four separate accounts with different investment emphases as authorized by law:

Income Share Account -	a balanced portfolio of stocks and bonds
Growth Share Account -	a portfolio of common stocks
Fixed Return Account -	a portfolio of short-to-intermediate debt investments
Bond Account -	a portfolio of intermediate maturity debt investments

MINNESOTA VARIABLE ANNUITY FUND**\$120 million**

The Variable Annuity Program is an investment option concentrating on common stocks which formerly was offered to members of the Teachers' Retirement Association. It is not available to new members.

STATE CASH ACCOUNTS**\$2.1 billion**

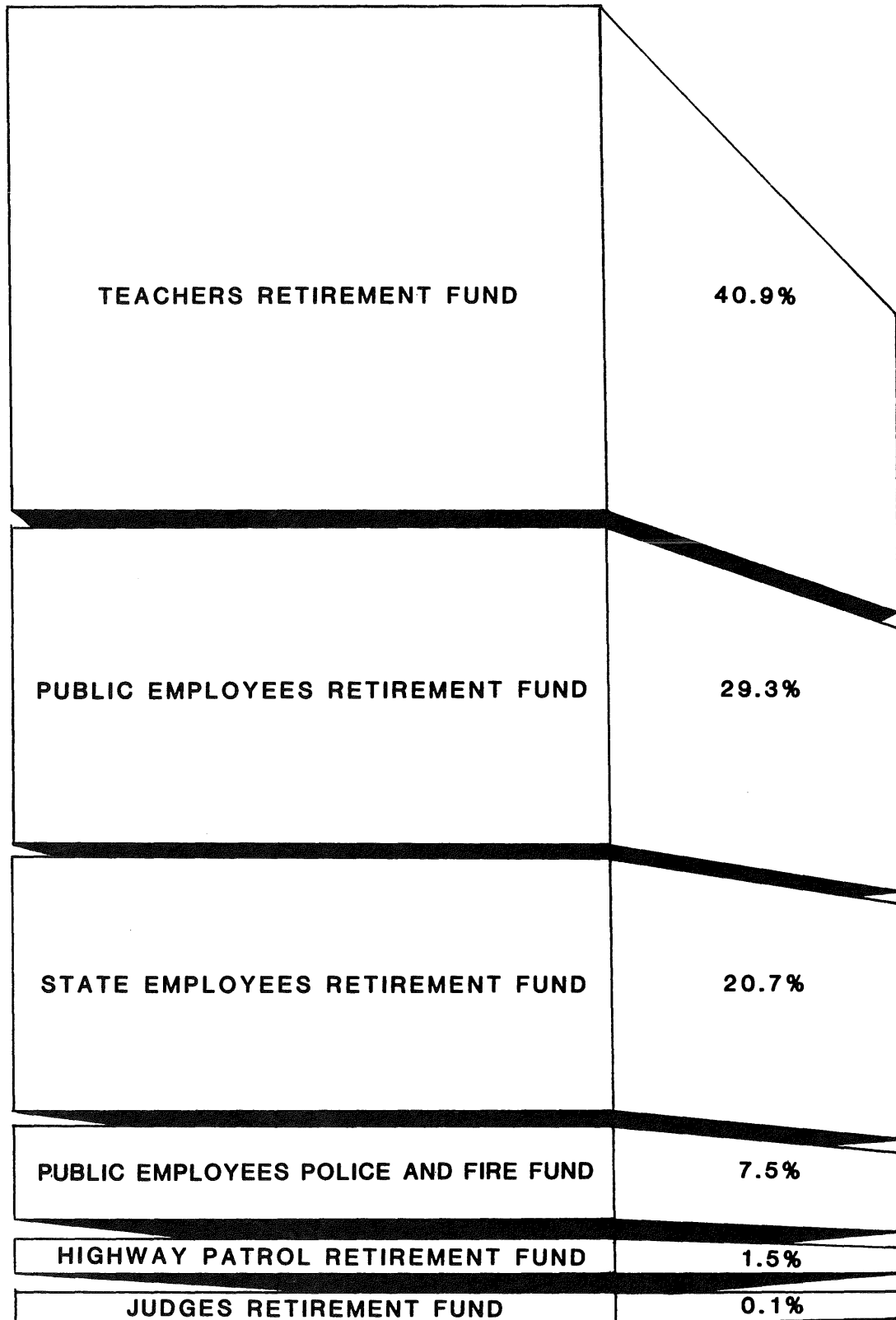
These accounts are composed of short-term investments maturing within three years. They include the Invested Treasurers Cash Fund, transportation funds, and various miscellaneous cash accounts.

PERMANENT SCHOOL FUND**\$337 million**

The Permanent School Fund is a trust established for the benefit of Minnesota schools.

BASIC RETIREMENT FUNDS

COMPOSITION BY FUND



BASIC RETIREMENT FUNDS

The \$3.7 billion Basic Retirement Funds are composed of the retirement assets for currently employed participants in six major statewide retirement funds. The graph on the preceding page identifies the individual statewide retirement funds which comprise the Basic Retirement Funds. The Funds serve as accumulation pools in which the pension contributions of public employees and their employers are placed during the employees' years of active service. Approximately 250,000 public employees are participants in the Basic Retirement Funds.

INVESTMENT OBJECTIVES

The fundamental goal governing the investment of the Basic Retirement Funds is to earn total rates of return which, over the long-run, fund promised pension benefits at the lowest cost to the employers and employees. In setting the asset mix among stocks, bonds, and other investment alternatives, the Board pursues this fundamental goal by establishing three broad investment objectives. The first objective is to protect the principal of the Funds against a financial catastrophe which would result from a massive deflation or hyperinflation. The second is to control long-term total portfolio return volatility. Finally, the Board seeks to earn the highest possible inflation-adjusted return, subject to the first two objectives.

Based on the adequate funding levels and participant demographics of the Basic Retirement Funds, the investment time horizon of the Funds is long, in excess of twenty years. This time horizon allows the Board to focus on the maximization of the long-term total rate of return, within the constraints described above, as its primary objective. The Board pursues control of near-term portfolio volatility and the generation of current income only as secondary objectives.

ASSET ALLOCATION

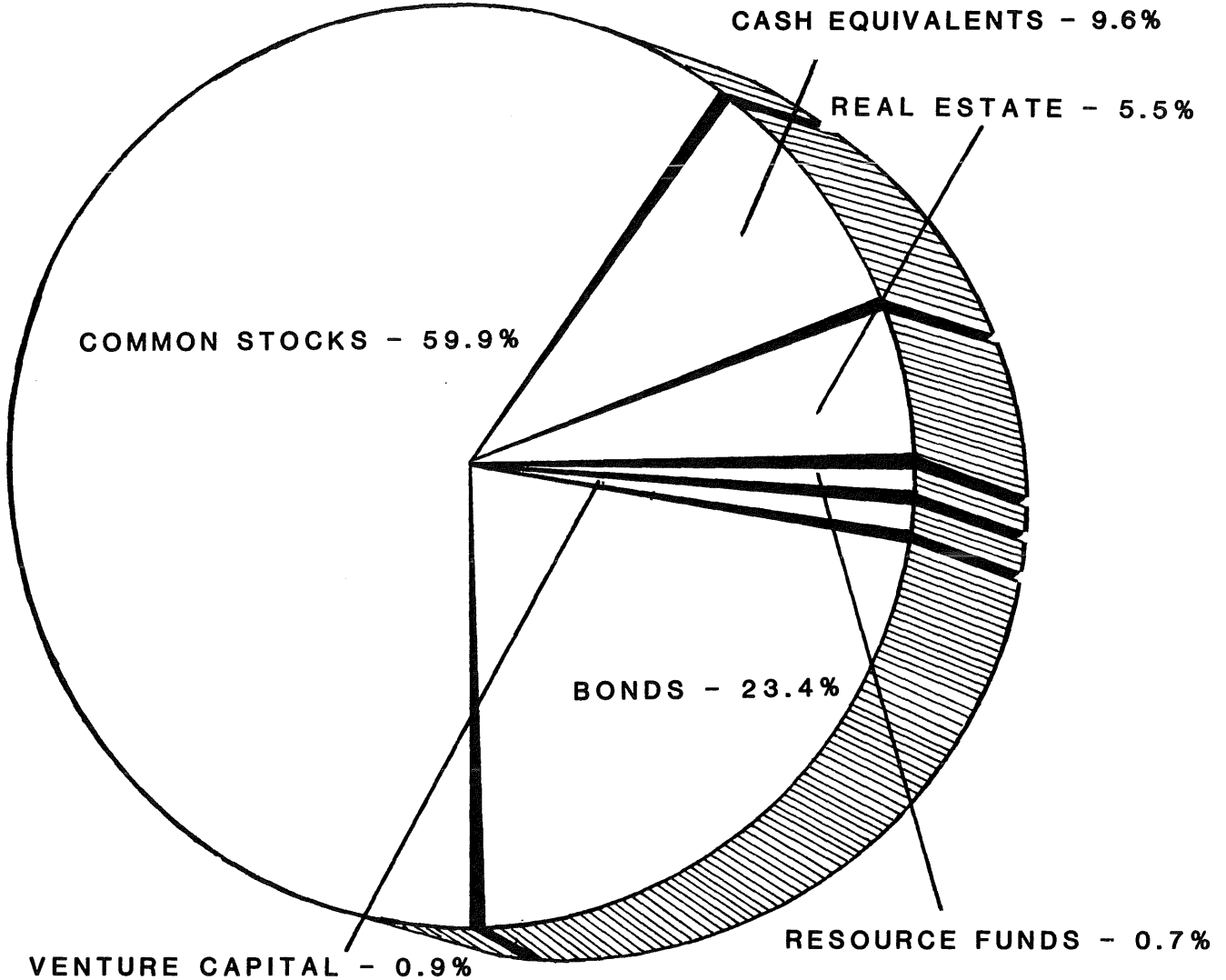
The choice of a long-run allocation of assets among common stocks, bonds, cash equivalents, and alternative equity investments can have a dramatic impact on investment results. In fact, asset allocation decisions quite frequently overwhelm the impact of individual security selection within a total portfolio.

Based on the Basic Retirement Funds' investment objectives, the Board has adopted the following long-term asset allocation (i.e., policy portfolio) for the Funds:

BASIC RETIREMENT FUNDS

1985 FISCAL YEAR END ASSET MIX

PERCENT OF MARKET VALUE



	\$Million	Percent
Common Stocks	2,209	59.9
Bonds	865	23.4
Cash Equivalents*	355	9.6
Alternative Equity Assets:		
Real Estate	203	5.5
Resource Funds	25	0.7
Venture Capital	34	0.9
Total	3,691	100.0

*Includes cash uncommitted to long-term assets plus cash held by all external managers.

Common Stocks	60.0%
Fixed Income (bonds and cash equivalents)	25.0%
Real Estate	10.0%
Resource Funds	2.5%
Venture Capital	2.5%

The graph on the preceding page presents the asset allocation of the Basic Retirement Funds at the end of the 1985 fiscal year. Historical data on the Funds' asset mix over the last five years are displayed in the graph on page 8 and the table on page 9.

The majority of the Funds' assets are invested in common stocks. This large allocation reflects the long investment time horizon of the Basic Retirement Funds and the advantageous long-term risk-return characteristics of common stocks. Further, the Funds' emphasis on maximizing total returns, as opposed to current income, is consistent with the capital gains orientation of common stocks. While this strategy may result in a higher level of total portfolio return volatility than more conservative, higher fixed income allocation strategies, the Board anticipates that additional returns will more than compensate for the increased volatility over the long-run.

The fixed income component of the Funds is utilized as a deflation hedge and as a means of dampening long-term portfolio return volatility. In the event of a major deflation, only high quality bonds will protect principal as well as generate sizable capital gains. Fixed income assets serve as a diversifying element in the total portfolio, moderating return volatility, and in addition, satisfying Minnesota statutes that limit equity investments to 75% of the total fund.

Alternative equity investments, such as real estate and resource funds, provide an inflation hedge that financial assets, such as stocks and particularly bonds, cannot offer. Hard assets can be expected to appreciate in value at least at a rate equal to inflation. Thus, by holding positions in these investments, the value of the total fund can be protected against catastrophic losses in the event of a sustained high inflation. Moreover, alternative equity investments, including venture capital, offer historically attractive returns. They also add diversification to the total portfolio, helping to prevent excessively volatile long-run returns.

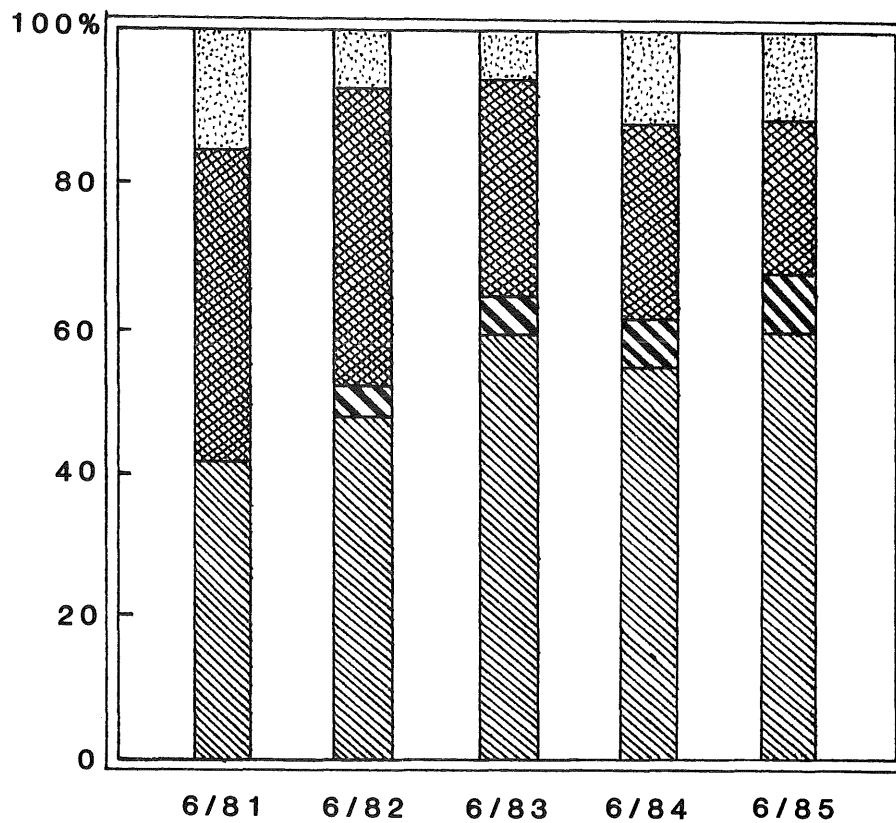
INVESTMENT MANAGEMENT

Fiscal year 1985 marked the first complete year of total external management for the Basic Retirement Funds. Historically, the Basic Retirement Funds were managed entirely by the SBI's investment staff. However, based on its analysis of the investment needs and objectives of the Basic Retirement Funds, the Board adopted a complete external management structure for the Funds. As a result, fiscal years 1983 and 1984 were

BASIC RETIREMENT FUNDS

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE
FISCAL YEAR END ALLOCATIONS



Common
Stocks



Alt.
Equity
Assets



Bonds



Cash
Equivalents*

BASIC RETIREMENT FUNDS

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE FISCAL YEAR END ALLOCATIONS

		FISCAL YEAR				
		1981	1982	1983	1984	1985
		----	----	----	----	----
Common Stocks						
\$ Million		868	1,037	1,872	1,696	2,209
Percent		42.6	47.5	59.5	56.1	59.9
Bonds						
\$ Million		831	922	970	829	865
Percent		40.8	42.2	30.8	27.4	23.4
Cash Equivalents*						
\$ Million		337	146	188	331	355
Percent		16.6	6.7	6.0	10.9	9.6
Real Estate						
\$ Million		---	62	96	140	203
Percent		---	2.8	3.1	4.6	5.5
Resource Funds						
\$ Million		---	18	19	23	25
Percent		---	0.8	0.6	0.8	0.7
Venture Capital						
\$ Million		---	---	---	4	34
Percent		---	---	---	0.2	0.9
Total Fund						
\$ Million		2,036	2,185	3,145	3,023	3,691
Percent		100.0	100.0	100.0	100.0	100.0

* Includes cash uncommitted to long-term assets plus cash held by all external managers.

periods of major transition for the Funds, as the shift from internal to external management was implemented.

During fiscal year 1985, the Board refined and consolidated the Basic Retirement Funds' investment management structure. Fixed income managers were retained and funded. In addition, new commitments to real estate and venture capital continued. Further, the contracts of several active common stock managers were not renewed and the active common stock manager group was reorganized.

COMMON STOCKS

The SBI utilizes a two-part approach to the management of the Basic Retirement Funds' common stock portfolio, combining a \$1.6 billion core diversified passive portfolio (i.e., an index fund) with approximately \$700 million in non-diversified actively managed portfolios.

An index fund is a well-diversified portfolio of common stocks designed to match the rate of return performance of a predetermined stock market index. The index fund utilized by the SBI tracks the Wilshire 5000, a broad-based equity market indicator composed of the common stocks of all U.S.-domiciled corporations, for which daily prices are available. In effect, the Wilshire 5000 represents virtually the entire domestic common stock market.

The SBI's decision to utilize an index fund is based on the inherent difficulty of actively managing a multi-billion dollar common stock portfolio. The Board has chosen to accept market returns on a substantial portion of its common stock portfolio through the utilization of an index fund. The SBI seeks above-market returns through the active management of the remaining assets.

The actively managed segment of the Basic Retirement Funds' common stock portfolio is designed to complement the core index fund. With the index fund providing adequate diversification for the Funds' total portfolio, the active managers are expected to add incremental value, over the long-run, through aggressive investment management decisions. To ensure that they maintain highly non-diversified, aggressive postures, the active managers are assigned specific risk and return targets. The targets are discussed on page 15. A summary of the investment styles and portfolio characteristics of each of the common stock managers is included in the Statistical Data Appendix.

BONDS

The Basic Retirement Funds' \$900 million bond portfolio is managed by six external bond managers. The managers' funding in early fiscal year 1985 was the final step in the Basic Retirement Funds' move to total external management. The group of six managers was selected for its blend of investment styles. Each of the managers invests in high-quality fixed income securities

and emphasizes active investment decisions. The managers vary, however, in the emphasis they place on interest rate anticipation and in the manner in which they approach their issue selection and sector weighting decisions.

In keeping with the objective of utilizing the bond portfolio as a deflation hedge, the managers are restricted regarding the minimum average life of their portfolios. This requirement is designed to prevent the Basic Retirement Funds' total bond portfolio from assuming an excessively short-lived position and thus, severely diluting its deflation hedge capacity. Further, the bond managers are permitted to hold only high quality (BAA or better) fixed income assets. In addition, to avoid extreme variability in total bond portfolio returns, the maximum average life of the managers' portfolios is also constrained. A summary of each bond manager's investment approach and portfolio characteristics is presented in the Statistical Data Appendix.

CASH EQUIVALENTS

The long-term asset mix of the Basic Retirement Funds does not include an allocation to cash equivalents. Given the long-run objectives of the Funds, a permanent commitment to short-term investments is not appropriate. On the other hand, at any given point it is quite likely that cash reserves will compose five percent or more of the Funds' market value. Cash equivalent holdings are derived from two sources: first, new contributions provided by the retirement funds which have yet to be allocated to a specific long-term asset segment; and second, the external investment managers, who are permitted to hold cash as part of their own individual short-run asset mix strategies.

Cash reserves are invested in a short-term investment fund (STIF) managed by State Street Bank and Trust, the Basic Retirement Funds' master custodian. The STIF is a separate account invested under the same state statutes which guide SBI investment staff's short-term investments.

REAL ESTATE

The SBI has targeted 10%, or \$370 million, of the Basic Retirement Funds for investment in real estate. Under state law, the SBI is authorized to invest in real estate through commingled funds, limited partnerships, and trusts. The SBI does not invest in real estate through direct investments, separate accounts, or individual transactions.

The SBI has adopted a three part program to implement the planned allocation: 30-40% of the real estate portfolio will be invested in open-end diversified commingled funds; 30-40% will be invested in closed-end diversified commingled funds; and, 20-30% will be placed in less diversified, more focused commingled funds.

The objective of the first two parts of the SBI's real estate program is to create a large core portfolio that is broadly

diversified by property type, location, and financing structure. The core portfolio is designed to reflect the composition of the aggregate U.S. real estate market and, as such, is expected to earn market returns. The broad diversification of the core portfolio enables the Board to implement the third part of real estate program, the selection of less diversified, special orientation managers. With their more focused approach to real estate management, these funds offer the ability to enhance the return earned by the core portfolio.

During fiscal year 1985, the Board substantially completed the first two parts of the real estate program and made significant progress in implementing the third part. The balance of the real estate portfolio is expected to be put into place in fiscal year 1986 with the selection of additional specialty managers. The Board will continue to review and add new real estate investments to the portfolio as needed to fulfill the target 10% allocation.

The review of prospective real estate managers is conducted by the IAC's Alternative Investment Committee and SBI investment staff with the assistance of the Board's real estate advisor, Evaluation Associates. In their evaluations, the Committee and staff focus on the managers' experience, performance history, and investment strategy.

VENTURE CAPITAL

The SBI has allocated 2.5%, or \$92.3 million of the Basic Retirement Funds to investment in venture capital. Under state law, the Board is authorized to invest in venture capital through limited partnerships and corporations. Like the real estate portfolio, the Board's venture capital portfolio is broadly diversified. It consists primarily of participations in venture capital partnerships and is diversified across three dimensions: location, industry type, and stage of corporate development of individual portfolio companies.

During fiscal year 1985, the Board proceeded in the implementation of its venture capital program, making commitments to six diversified venture capital limited partnerships. The Board anticipates that its current venture capital allocation will be completed in 1986 with commitments to several venture capital and leveraged buyout funds. The Board will make additional commitments in future years as the growth of the Basic Retirement Funds warrants the expansion of the venture capital portfolio.

The search for venture capital managers is conducted by the IAC's Alternative Investment Committee and SBI investment staff. Venture Economics, the SBI's venture capital advisor, assists in the selection process. The Committee and staff's venture recommendations are based primarily on the managers' experience, performance history, investment strategy, and diversification potential.

RESOURCE FUNDS

The SBI has allocated 2.5%, or \$92.3 million, of the Basic Retirement Funds' assets for investment in oil and gas partnerships. The Board invests in partnerships structured specifically for tax-exempt investors. These partnerships concentrate their investments in producing properties and royalty interests that are diversified geographically and/or geologically.

The Board added one investment to the Basic Retirement Funds' resource portfolio during the year. The Board chose to participate in an investment managed by Apache Corporation. The Board anticipates making one to two additional commitments in fiscal year 1986 to complete its current allocation to resource investments.

Resource investments are reviewed by the IAC's Alternative Investment Committee and the investment staff. As in the real estate and venture capital reviews, in its assessment of potential resource managers the Committee and staff focus on the managers' experience, performance history, and investment strategy.

A description of each of the alternative equity investments is included in the Statistical Data Appendix.

INVESTMENT PERFORMANCE

RISK-RETURN OBJECTIVES

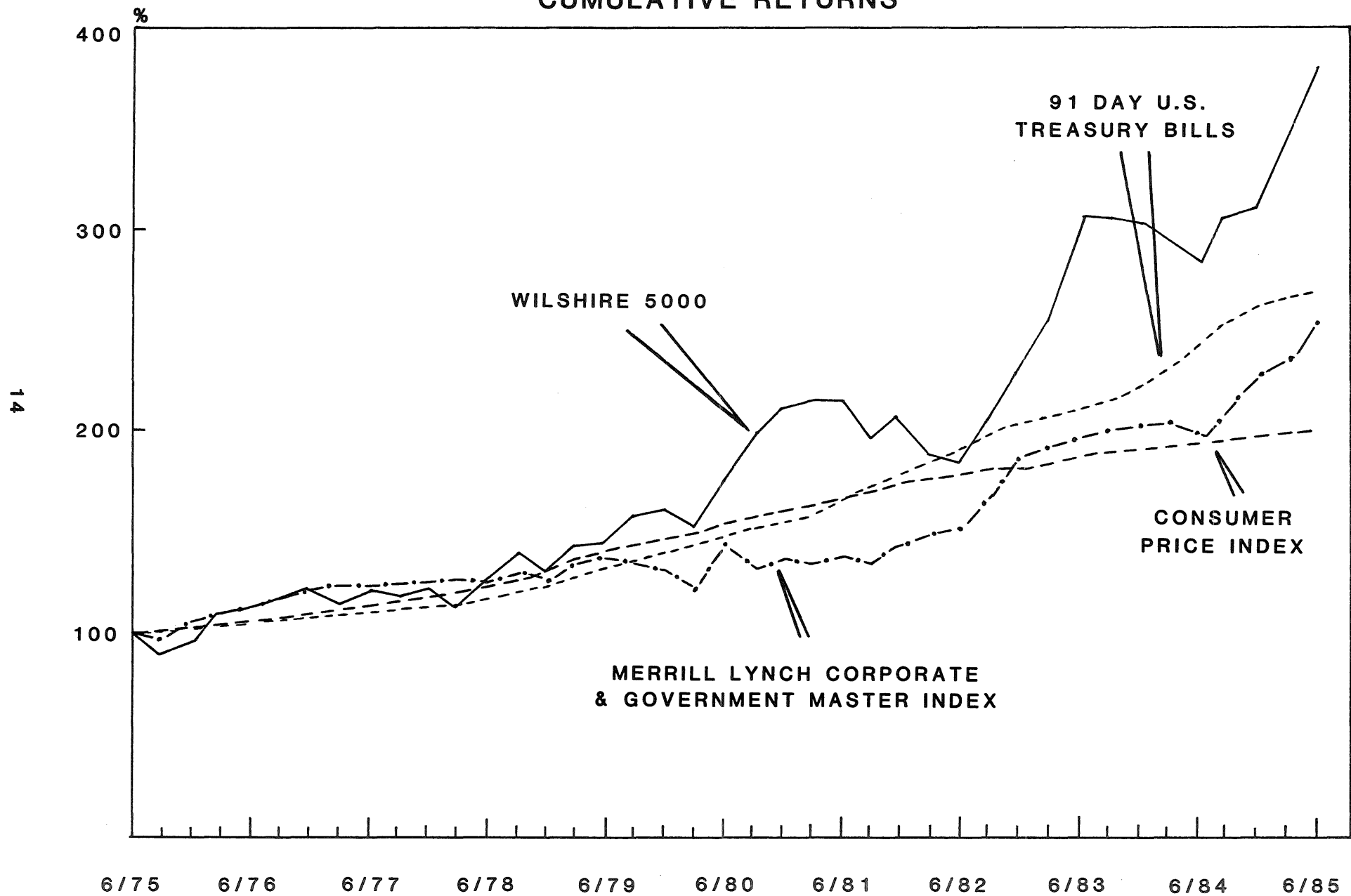
The Board has adopted performance objectives which are consistent with the needs of the Basic Retirement Funds and realistic in the sense that they are both attainable and measurable. The evaluation of performance outcomes relative to objectives is an integral part of the SBI's investment management system.

Given the long-term investment time horizon of the Basic Retirement Funds, the performance evaluation time period is necessarily long-term as well. Recognizing that excessive attention to performance in the short-run can have a negative impact on investment results, the Board evaluates investment performance over a time horizon of approximately three to five years (roughly corresponding to a typical market cycle). While performance is measured and reviewed quarterly to identify trends and control extreme underperformance, decisions regarding the effectiveness of a particular investment management structure are made over a considerably longer period.

The Basic Retirement Funds' multiple manager configuration requires that investment performance be evaluated on two distinct

PERFORMANCE OF CAPITAL MARKETS

CUMULATIVE RETURNS



levels: the total fund and the individual managers. The use of total fund risk-return targets ensures that long-run strategic decisions which affect the total performance of the Funds are developed and implemented in a manner consistent with their needs. Risk-return objectives for the individual asset managers are designed to ensure that the managers adhere to their assigned investment roles. In addition, the objectives permit evaluation of the value that the managers add to the investment process.

TOTAL FUND RISK-RETURN OBJECTIVES

To a significant degree, the risk level of the total fund is set implicitly when the long-term asset mix (policy portfolio) and investment management structure are determined. Given the adequate funding levels and long-term investment time horizons of the Basic Retirement Funds, the Board has targeted an above average risk posture for the Funds. The Board's objective is to take advantage of the established relationship between risk and return. Higher risk investment strategies have been shown to offer higher long-run returns than lower risk strategies. The Board's risk target is implemented through the long-term commitment of a sizable proportion the Funds' assets to equities and the adoption of an investment management structure which has an aggressive orientation.

The Funds' long-term rate of return performance is evaluated relative to four specific benchmarks. First, based on the Funds' long-term asset mix targets and the historical real returns offered by the various asset classes, the total portfolio is expected to achieve a real rate of return of 5%. Second, the returns produced by the total portfolio are expected to exceed those derived from a composite of asset class market indices, weighted in the same proportion as the Funds' policy portfolio. Because comprehensive data is available for only the stock and bond markets, the composite index is weighted 70% stocks, 30% bonds. Third, the Funds' portfolio is expected to outperform the median return produced by a representative sample of other tax-exempt balanced funds. Fourth, the return on the Funds' total portfolio should exceed that of its actuarial assumed return of 8%.

INDIVIDUAL MANAGER RISK-RETURN OBJECTIVES

Two primary long-run risk objectives have been established for the Basic Retirement Funds' equity managers. The first objective is based on each manager's individual investment approach. Each manager (active or passive) is expected to hold a portfolio that is consistent, in terms of risk characteristics, with the managers' stated investment approach. The second objective relates to the managers' levels of diversification. The active equity managers are expected to hold highly non-diversified portfolios, while the index fund manager is expected to hold a well-diversified portfolio. In the short-run, the active equity managers may depart from these two risk targets, as part of their specific investment strategies.

The equity managers' returns are evaluated against two standards. The first benchmark is the performance of the Wilshire 5000, representing the equity market. The index fund manager is expected to track the Wilshire 5000's return. The active equity managers, because of their generally riskier portfolios, are expected to produce returns which exceed that of the Wilshire 5000. Second, the equity managers' performances are expected to exceed those of the median manager from a sample of other equity managers with similar portfolio risk characteristics.

The risk of the bond managers' portfolios is constrained in such a way as to ensure that they fulfill their deflation hedge and total fund diversification roles. The bond managers are restricted in terms of the average life (i.e., the durations) of their portfolios and the quality of their fixed income investments.

The bond managers' return objectives are similar to those set for the equity managers. Their returns are expected to exceed those of the Merrill Lynch Master Bond Index, which represents the performance of the bond market. Further, the bond managers are expected to outperform the median manager from a representative sample of other bond managers with similar risk.

At this time, specific performance objectives have not been established for the alternative investment managers. The long-term nature of their investments, a lack of comprehensive data on the returns provided by the real estate, resource, and venture capital markets, and the general unavailability of data on the performance of a universe of individual managers within these asset classes, precludes effective performance evaluation. In the future, as markets for these assets become more institutionalized, the Board hopes to be able to more fully integrate these assets into its performance analysis.

TOTAL FUND RISK-RETURN PERFORMANCE RESULTS

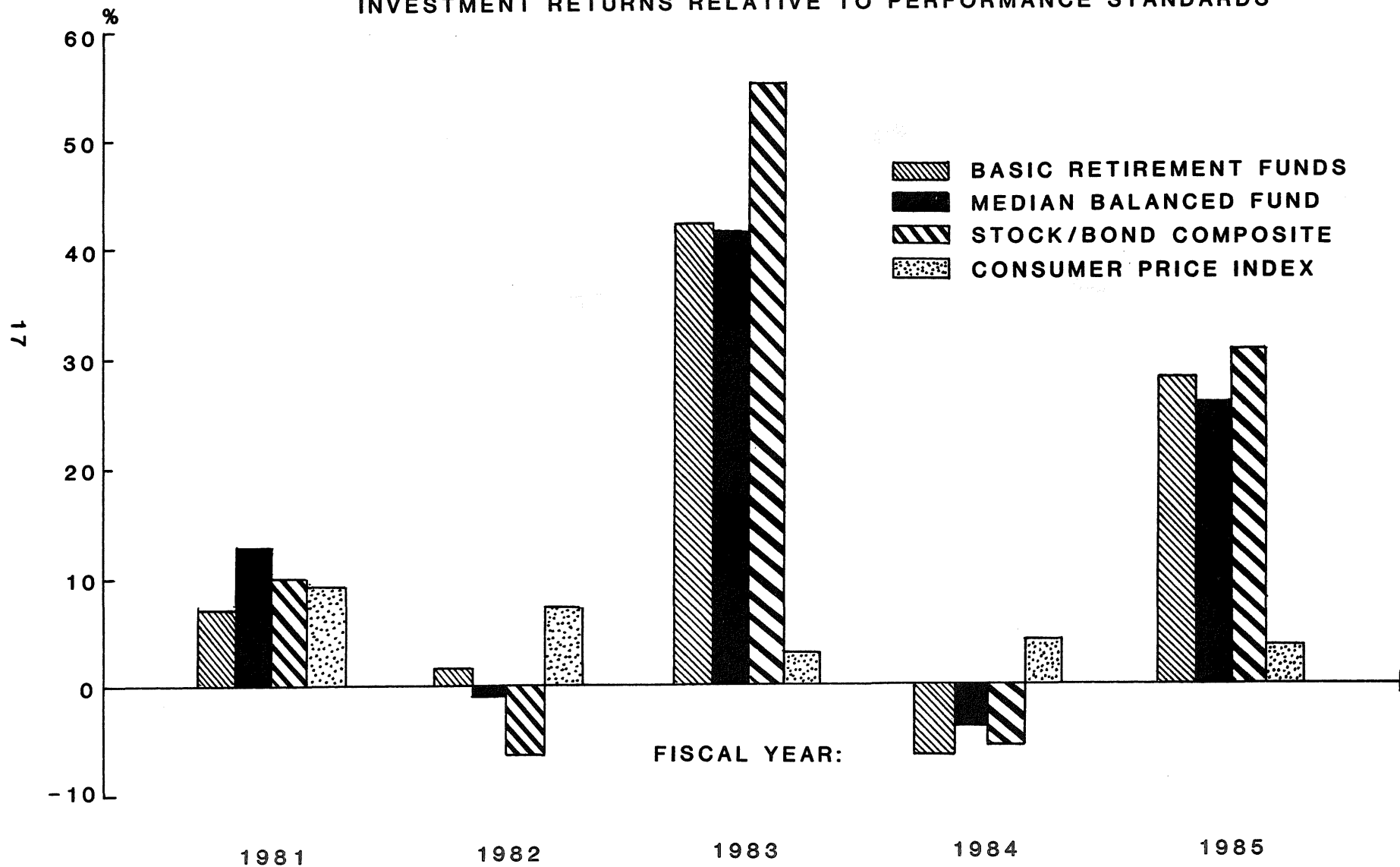
The Board continued to make significant strides toward the attainment of the long-term asset mix targets established for the Basic Retirement Funds. Major progress was achieved in fiscal year 1984 with the construction of the index fund and the hiring of the external bond managers. During fiscal year 1985, the primary activity in this regard centered around the Funds' alternative investment programs. With the Board actively making new commitments to real estate, venture capital and resource managers, the alternative investment program approached completion. Consequently, the overweighting of the fixed income and cash equivalents sections will continue to decrease toward their policy portfolio allocations as the alternative investment managers are funded in the next several years.

Fiscal year 1985 was an outstanding year for the Basic Retirement Funds. Stellar performances by the capital markets provided an environment in which the Funds produced excellent returns. The stock market, as represented by the Wilshire 5000, reached record highs during the period, generating a 31.2% total

BASIC RETIREMENT FUNDS

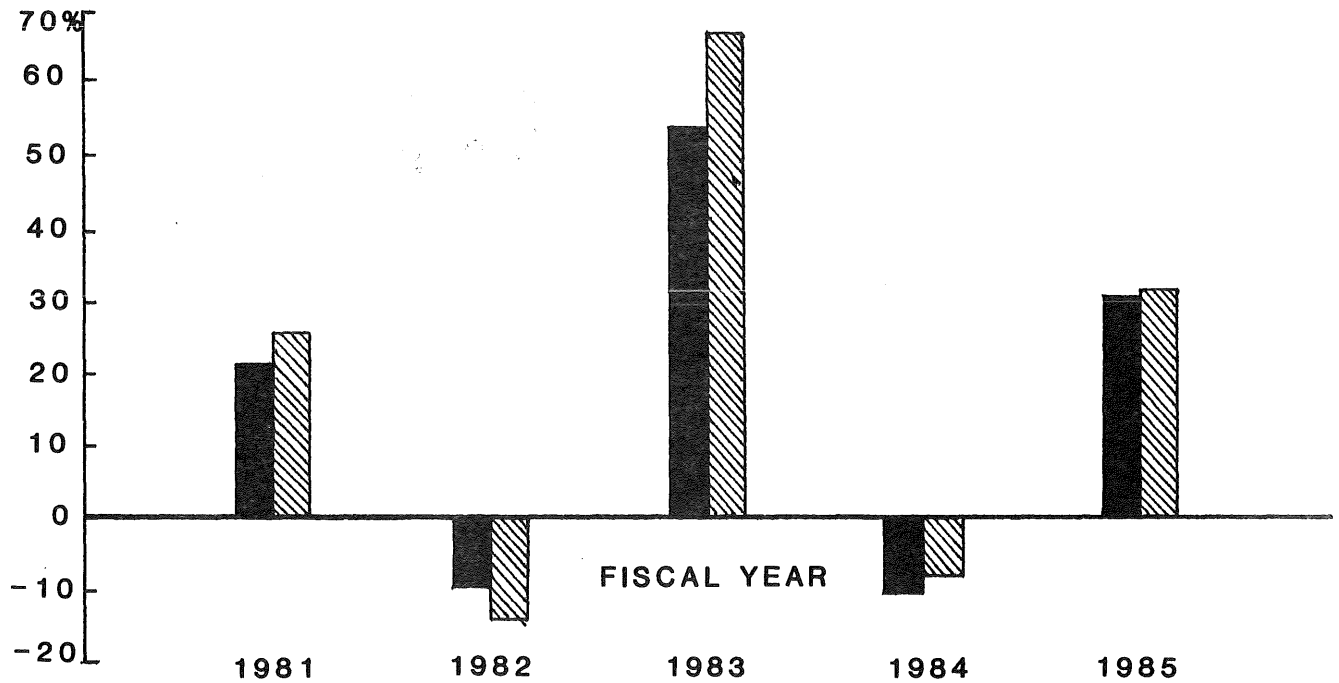
TOTAL FUND RETURNS

INVESTMENT RETURNS RELATIVE TO PERFORMANCE STANDARDS

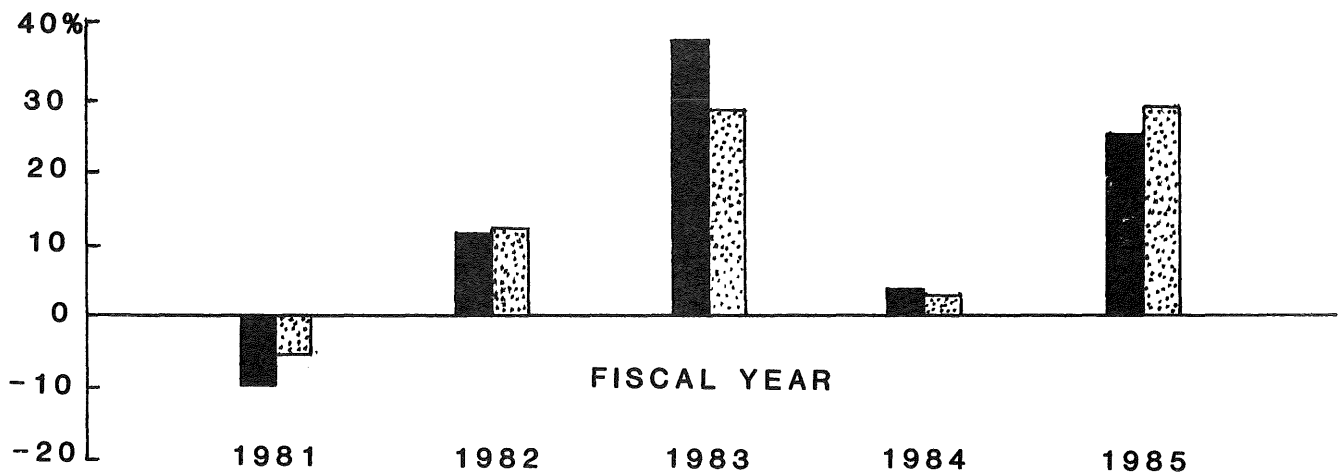





BASIC RETIREMENT FUNDS

EQUITY SEGMENT PERFORMANCE



BOND SEGMENT PERFORMANCE



-  BASIC RETIREMENT FUNDS
-  WILSHIRE 5000
-  MERRILL LYNCH MASTER BOND INDEX

BASIC RETIREMENT FUNDS

INVESTMENT RETURNS RELATIVE TO PERFORMANCE STANDARDS

	FISCAL YEAR					ANNUALIZED	
	1981	1982	1983	1984	1985	3 YR.	5 YR
	----	----	----	----	----	-----	-----
TOTAL FUND:							
(incl. alt. assets)*	7.1	2.0	40.5	-5.5	26.8	19.0	13.0
(excl. alt. assets)	7.1	1.8	42.1	-6.3	28.4	19.6	13.3
Median Balanced Fund**	12.0	-0.5	41.7	-2.3	26.2	20.3	14.3
Stock/Bond Composite***	10.3	-7.2	54.5	-5.6	30.6	23.9	14.3
Inflation	9.6	7.1	2.5	4.3	3.7	3.5	5.4
EQUITY SEGMENT	21.6	-10.4	54.1	-11.1	30.9	21.5	14.3
Wilshire 5000	25.1	-14.9	66.4	-8.6	31.2	25.9	16.3
BOND SEGMENT	-9.6	11.9	37.4	2.2	26.4	21.1	12.4
ML Master Bond Index	-4.2	12.3	28.9	1.7	29.0	19.1	12.7

* Alternative equity assets include real estate, venture capital and resource funds

** Wilshire Associates Trust Universe Comparison Service median tax-exempt balanced portfolio

*** 50/50 Wilshire 5000/Merrill Lynch Master Bond Index Composite through 6-30-81, 70/30 Wilshire 5000/Merrill Lynch Master Bond Index Composite 7-01-81 through 6-30-85

return for the year. The performance of the bond market was equally buoyant. Interest rates declined steadily throughout the fiscal year, reaching their lowest levels in recent years. Responding to the positive interest rate climate, the bond market, as represented by the Merrill Lynch Corporate and Government Master Index, produced a solid 29.0% total return for the year.

Benefitting from the exceptional capital markets environment, the Basic Retirement Funds' total portfolio generated a 26.8% total return for fiscal year 1985. (Excluding alternative investments the portfolio produced a 28.4% return.) This performance, in striking contrast to that produced in the inhospitable 1984 period, is the Funds' second highest in the last ten years.

On a relative basis, the Basic Retirement Funds' performance surpassed that of three of its four total fund benchmarks. The Funds outperformed the median tax-exempt fund, real rate of return, and the assumed actuarial return targets. The Funds' performance lagged that of the assigned 70/30 stock-bond composite. Performance relative to total fund targets is presented on pages 17-19.

INDIVIDUAL MANAGER RISK-RETURN PERFORMANCE RESULTS

With few exceptions, the external common stock managers have successfully fulfilled the long-term risk objectives outlined for them by the Board. In general, the managers have constructed portfolios consistent with their investment approaches and have maintained appropriate levels of diversification.

From a total return perspective, the aggregate performance of the external active common stock managers improved relative to the previous year. The managers, as a group, outperformed the median manager from a sample of managers with similar risk characteristics. In aggregate, however, the managers underperformed the stock market.

The fiscal year performances of the individual active common stock managers varied widely. Several of the managers performed extremely well, outperforming both the stock market and the median aggressive manager by large margins. However, several of the managers significantly underperformed the returns produced by both of the assigned benchmarks.

This disparity among individual investment results can be explained, in part, by the capital market environment. Although the year was an exceptional period for stocks in general, the environment continued to be extremely difficult for small capitalization, higher volatility, higher growth stocks. In general, the SBI's managers who tend to hold larger capitalization, lower volatility issues (i.e. those with value and rotational orientations) performed well. On the other hand, the Board's growth-oriented managers, for the most part, experienced difficulties during the period.

The index fund closely tracked the performance of its assigned target, the Wilshire 5000. Fiscal year returns for the index fund were 31.6%.

Fiscal year 1985 was the first full year of operations for the external bond manager group. During the year, the bond managers fulfilled their assigned long-term risk targets. They invested in high quality fixed income instruments and maintained portfolio durations within the prescribed range.

Like the common stock manager results, the performances of the individual bond managers were mixed. Although a few of the managers produced excellent investment results, the bond managers in aggregate roughly matched the performance of the median similar risk manager and failed to outperform the strong bond market. This result was due, in large part, to the less than market portfolio durations held by the majority of the managers in a declining interest rate environment.

Performance data for the individual managers are presented on pages 22-23.

BASIC RETIREMENT FUNDS

EQUITY MANAGER PERFORMANCE

FISCAL YEAR 1985

Managers -----	Total Portfolio Returns -----
Fred Alger	26.4%
Alliance Capital	34.3
Beutel Goodman	36.5
Forstmann Leff	29.6
Hellman Jordan	33.9
IDS Advisory	35.9
Investment Advisers	32.5
Loomis Sayles	25.7
Siebel Capital	27.2
Herbert R. Smith	20.2
Trustee & Investors	18.4
 Total - External Active Managers	 29.3
 Wilshire Associates (Index Fund)	 31.6
 Total - All Common Stock Managers	 30.9
 Performance Standards -----	
 Wilshire 5000	 31.2
S&P 500	31.3
TUCS Median Aggressive Manager	25.8
Consumer Price Index (Inflation)	3.7

BASIC RETIREMENT FUNDS

BOND MANAGER PERFORMANCE

FISCAL YEAR 1985

Manager -----	Total Portfolio Returns -----
Investment Advisers	35.2%
Lehman Management	27.5
Miller, Anderson & Sherrerd	22.9
Morgan Stanley	26.2
Peregrine Capital	23.7
Western Asset	32.2
 Total External Active Bond Managers	 27.1
 Merrill Lynch Master Bond Index	 29.0
TUCS Median Bond Manager	27.5

POST RETIREMENT INVESTMENT FUND

The Post Retirement Investment Fund contains the pension assets of those retired public employees covered by the seven statewide retirement plans (i.e., the Basic Retirement Funds and the Legislative & Survivors Retirement Fund). The assets of the Fund are used to finance monthly annuities paid to retirees. These annuities may be adjusted upwards based on the earnings of the Fund. As of the end of the 1985 fiscal year, the Post Retirement Investment Fund had a market value of \$2.7 billion. As of that date, approximately 44,500 retirees were participants in the Fund.

INVESTMENT OBJECTIVES

Public employees participating in the statewide retirement plans are promised benefits based on their "high five" average salaries and years of service. Upon the employees' retirement, sums of money sufficient to finance fixed monthly annuities are transferred from the accumulation pools to the Post Retirement Investment Fund. In order to support promised benefits, the Fund must "earn" at least 5% on its invested assets. If the Fund exceeds this earnings rate, excess earnings are used to finance permanent benefit increases for eligible retirees.

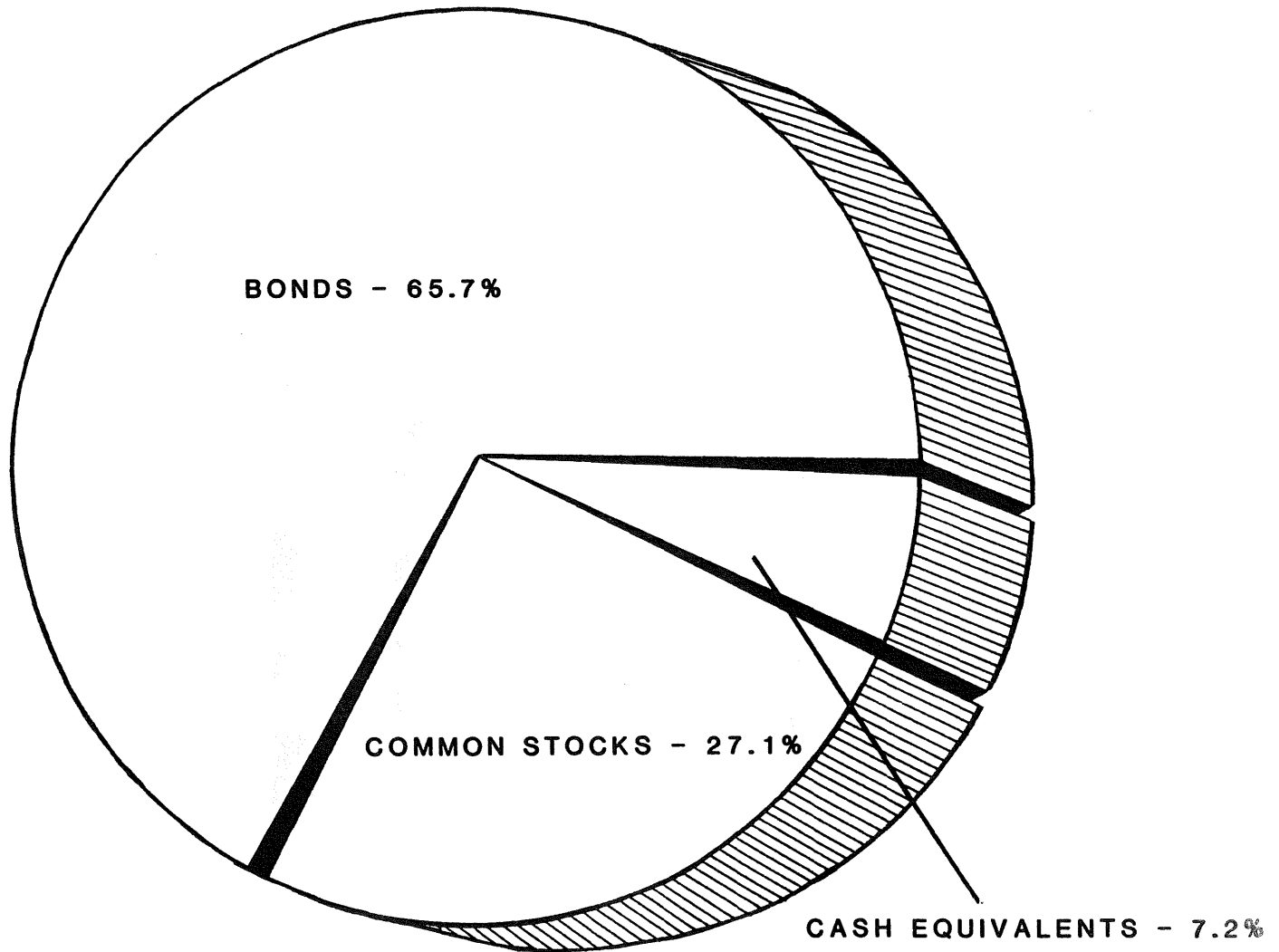
The SBI pursues two primary investment goals for the Post Retirement Investment Fund: first, to produce annual earnings sufficient to maintain promised benefits at current levels; second, to generate additional earnings which allow benefits to be increased at a rate which compensates, to some degree, for inflation. In order to achieve these two objectives, the Board recognizes that the Post Retirement Investment Fund requires a completely different investment approach than that applied to the Basic Retirement Funds.

The ability of the Post Retirement Investment Fund to maintain current benefit levels and provide future benefit increases is dependent upon its earnings. As specified by statute, earnings for the Fund are defined as interest and dividend income as well as realized equity and fixed income capital gains (or losses). Unrealized capital gains have no direct impact on the benefits paid out to retirees. Unrealized capital gains (or losses) are excluded from defined earnings in order to make benefit payments largely insensitive to near-term fluctuations in the capital markets. As a result, the Fund is not oriented toward long-term total rate of return maximization. Rather, the Board attempts to generate a high, consistent stream of earnings for the Fund that will maintain current benefits, as well as produce increasing benefits over time.

POST RETIREMENT INVESTMENT FUND

1985 FISCAL YEAR END ASSET MIX

PERCENT OF MARKET VALUE

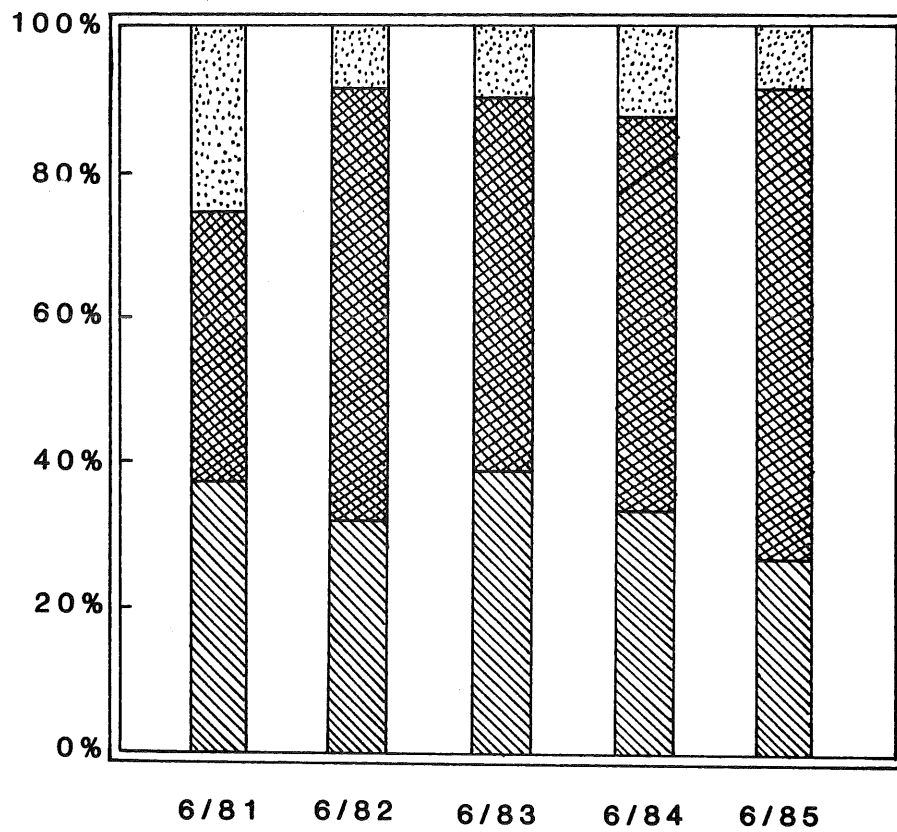


	\$Million	Percent
	-----	-----
Common Stocks	733	27.1
Bonds	1,780	65.7
Cash Equivalents	196	7.2
Total	2,709	100.0

POST RETIREMENT INVESTMENT FUND

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE
FISCAL YEAR END ALLOCATIONS




Common
Stocks


Bonds


Cash
Equivalents

POST RETIREMENT INVESTMENT FUND

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE
FISCAL YEAR END ALLOCATIONS

		FISCAL YEAR				
		1981	1982	1983	1984	1985
		----	----	----	----	----
Common Stocks						
\$ Million		461	382	693	657	733
Percent		37.3	32.7	39.5	35.5	27.1
Bonds						
\$ Million		475	692	903	951	1,780
Percent		38.4	59.3	51.5	51.4	65.7
Cash Equivalents						
\$ Million		301	93	157	243	196
Percent		24.3	8.0	9.0	13.1	7.2
Total Fund						
\$ Million		1,237	1,167	1,753	1,851	2,709
Percent		100.0	100.0	100.0	100.0	100.0

ASSET ALLOCATION

The asset mix of the Post Retirement Investment Fund is designed to generate the sizable, stable earnings stream referred to in the previous section. The Fund's year-end asset mix, as well as its historical asset allocation data, are presented on pages 25-27.

The majority of the Fund's assets are invested in a dedicated bond portfolio. A dedicated bond portfolio is a collection of various maturity, high quality bonds which generate cash flows from income and principal payments that match a specific stream of liabilities. The highly predictable benefits owed to the Fund's retired participants, and the high real interest rates that have existed in recent years, have created an ideal situation to employ a dedicated bond portfolio. Information relating to the construction of the dedicated bond portfolio is contained on pages 53-55.

The Post Retirement Investment Fund's dedicated bond portfolio facilitates the attainment of the Fund's two objectives. Most importantly, it ensures that funds are available at the required times to meet promised benefit payments. The dedicated bond portfolio also earns enough additional interest income to consistently permit a minimum annual benefit increase of 3%. If the Fund's other investments should do well, as has been the case recent years, the Fund can offer eligible retirees even more than this floor benefit increase.

While bonds represent the largest asset class in the Post Retirement Investment Fund's total portfolio, common stocks also play an important role. Common stocks provide the Fund with a source of long-run earnings growth not available from fixed income investments. In recent years, realized gains on common stocks have contributed importantly to the large benefit increases.

Cash equivalents make up the remainder of the Fund's portfolio. These assets provide the Fund with a certain amount of inflation protection, as their yields are highly inflation sensitive. Further, cash equivalents give the Fund the liquidity necessary to meet withdrawals required for benefit payments.

INVESTMENT MANAGEMENT

The Post Retirement Investment Fund is managed solely by the SBI's investment staff. This management structure is employed for three reasons. First, the low turnover, limited discretion nature of the dedicated bond portfolio makes bond management by SBI staff cost effective. Second, with respect to common stock

management, the Fund's equity managers must be concerned with generating current income and avoiding realized losses. Most external investment managers are not used to functioning under the Fund's unique investment requirements. SBI staff, on the other hand, has managed the Fund's portfolio since its inception. Third, the SBI investment staff is viewed as being more closely attuned to the risk-return preferences of the retirees.

BONDS

As described above, the dedicated bond portfolio represents the bulk of the Post Retirement Investment Fund's assets. SBI investment staff constructs the lowest cost portfolio, within established constraints, that produces sufficient cash flows to fund promised benefit payments and maintains adequate quality levels.

The management of the dedicated bond portfolio requires that the statewide retirement systems supply SBI investment staff with forecasts of benefit payments expected to be paid over a thirty-year horizon. Based upon these forecasts, a computer program generates a list of bonds that will meet these forecasted benefits. SBI staff then attempts to purchase the recommended issues. If these bonds are not available, substitute bonds are purchased. The dedicated bond portfolio is rebalanced annually following the receipt of the benefit projections from the retirement systems.

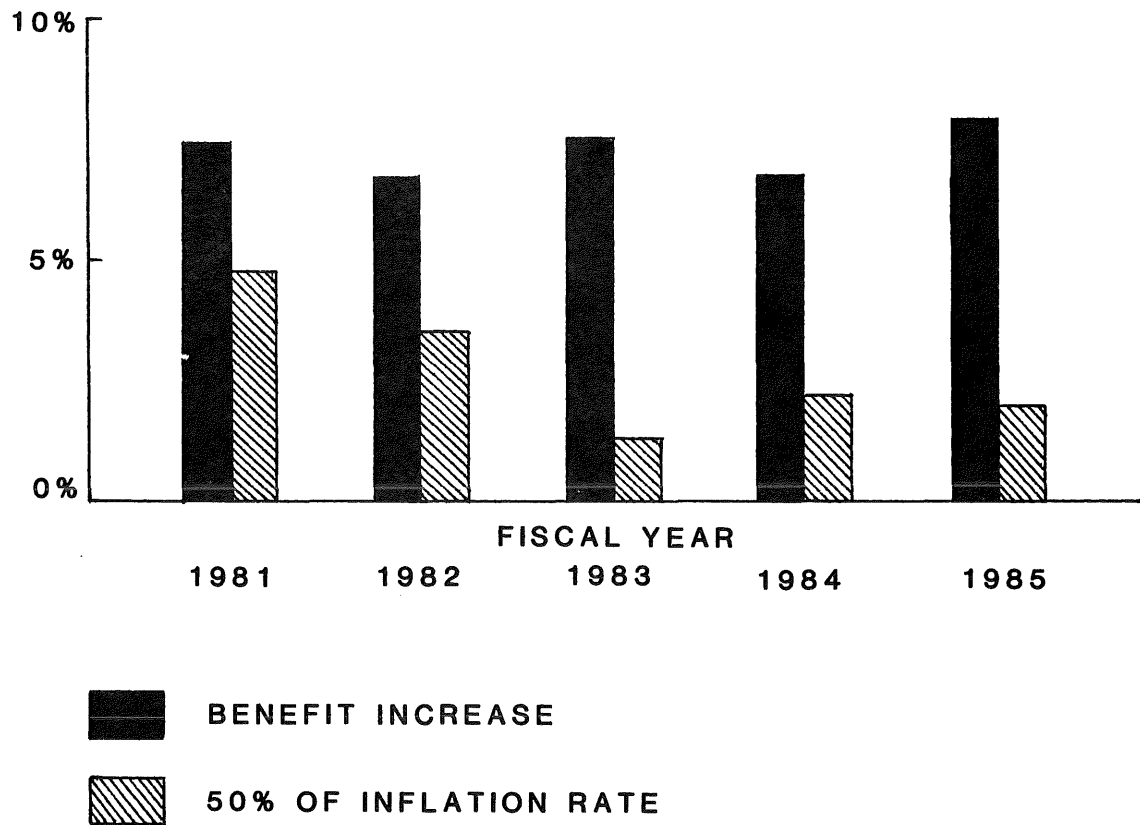
COMMON STOCKS

The focus of the investment staff's common stock management is long-term, value-based stock selection. The strategies implemented by the investment staff are less aggressive than those utilized by the Basic Retirement Funds' external equity managers. As the only common stock manager for the Post Retirement Investment Fund, the investment staff recognizes the diversification requirements of the Fund's stock portfolio. Further, staff is aware of the Fund's need to avoid investment strategies which generate high portfolio turnover and which, at times, could result in sizable realized losses.

The investment staff attempts to identify stocks that have attractive expected returns, yet do not possess significantly high levels of market volatility. The staff uses recommendations generated by quantitative valuation models as the primary source of investment candidates. In addition, selected recommendations of the Board's external equity managers are utilized if they fit the investment goals of the Fund. Based upon the recommendations from these two sources, staff constructs the Fund's equity portfolio within specific diversification and turnover guidelines. Investment staff always maintains a fully invested position in the equity portfolio. Market timing strategies are not utilized.

POST RETIREMENT INVESTMENT FUND

BENEFIT INCREASES VERSUS INFLATION



	FISCAL YEAR				
	1981	1982	1983	1984	1985
Benefit Increase	7.4	6.9	7.5	6.9	7.9
50% of Inflation Rate	4.8	3.6	1.3	2.2	1.9

INVESTMENT PERFORMANCE

RISK-RETURN OBJECTIVES

Because of its focus on generating current income, the risk composition of the Post Retirement Fund's investment portfolio is conservatively structured. The majority of the Fund's assets are invested in high quality bonds. Further, the Fund's equity portfolio maintains a relatively high level of diversification and a moderate level of relative market volatility.

In terms of long-term rate of return objectives, the Fund's investment results are compared to three standards. First, in order to finance promised benefit payments, the Fund must generate a level of interest and dividend income, combined with realized capital gains, which meets the Fund's actuarial assumptions. Second, the Fund is expected to produce additional earnings sufficient to allow benefits to increase at a rate at least one-half of the inflation rate. Third, the total rate of return on the Fund's actively-managed common stock portfolio is expected to exceed the performance of the Wilshire 5000.

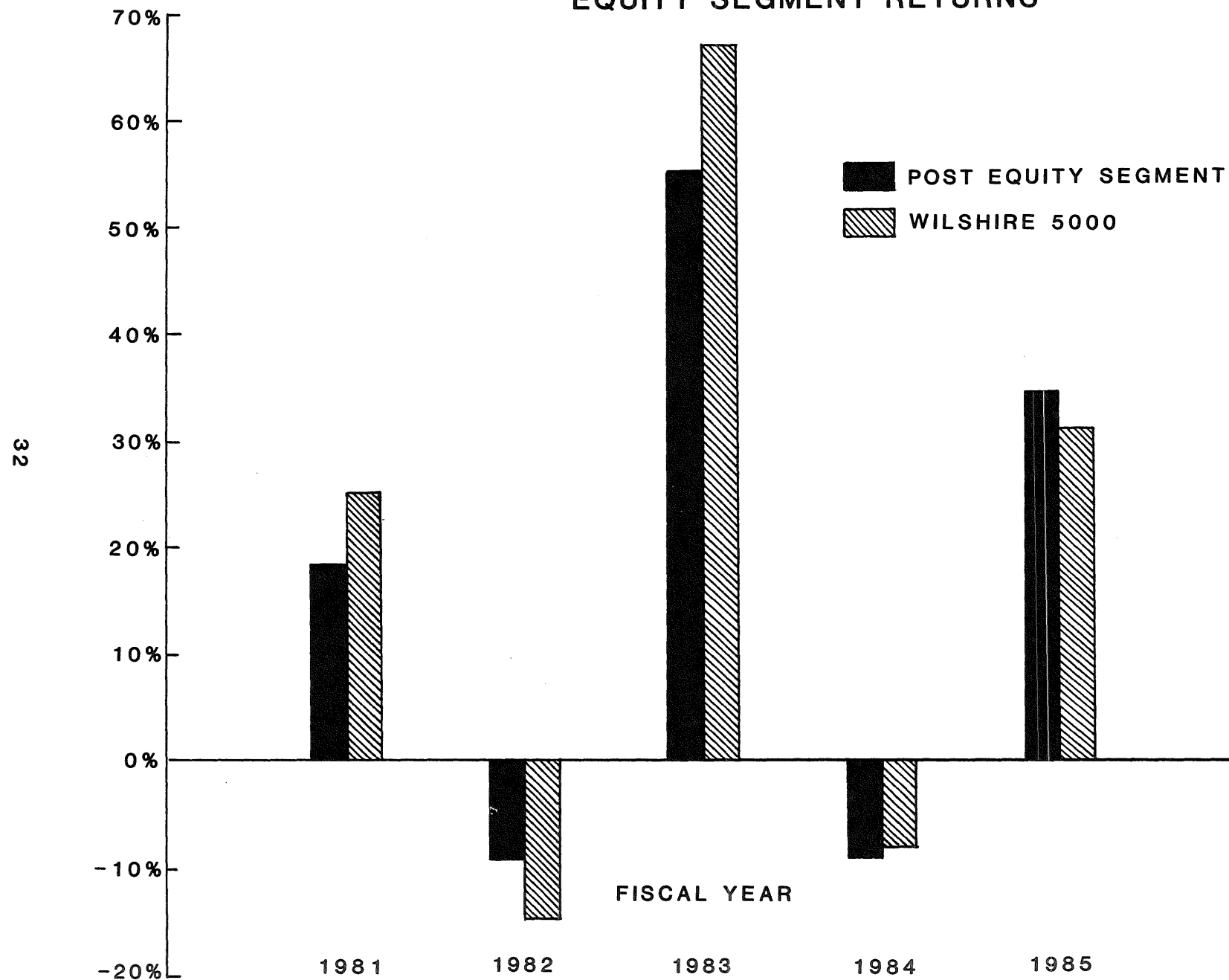
RISK-RETURN PERFORMANCE RESULTS

The Post Retirement Investment Fund's total portfolio met all prescribed risk targets during the 1985 fiscal year. The Fund was approximately 60% invested in fixed income assets, with an average quality rating of AAA. The Fund's equity portfolio maintained a slightly above average level of relative market volatility and was consistently well-diversified.

Investment returns for the 1985 fiscal year met all established performance standards. The Fund generated income and realized capital gains in excess of the amount needed to fund promised benefits. The surplus earnings will permit a benefit increase of approximately 7.9%, considerably above the fiscal year 1985 inflation rate of 3.7%. Finally, the Fund's common stock portfolio outperformed its performance standard, the Wilshire 5000. Post Retirement Investment Fund performance data for the most recent fiscal year, as well as the last five years, are presented on pages 32-33.

POST RETIREMENT INVESTMENT FUND

EQUITY SEGMENT RETURNS



POST RETIREMENT INVESTMENT FUND

EQUITY SEGMENT RETURNS

<u>FISCAL YEAR</u>	EQUITY SEGMENT TOTAL RETURNS	
	<u>POST RETIREMENT FUND</u>	<u>WILSHIRE 5000</u>
1981	18.5%	25.1%
1982	-9.8	-14.9
1983	54.9	66.4
1984	-9.3	-8.6
1985	33.9	31.2
3 Years (Annualized)	23.4	25.9
5 Years (Annualized)	15.0	16.3

MINNESOTA SUPPLEMENTAL INVESTMENT FUND

The Minnesota Supplemental Investment Fund is a multi-purpose investment program that offers a range of investment options to state and local public employees. The Fund's participants include police and firefighter retirement organizations, state university and community college teachers, state employees, and employees of various units of local government. A wide diversity of investment goals exists among the Fund's participants. The Fund's June 30, 1985 market value was \$287 million.

Most participants in the Supplemental Investment Fund have three different investment options: the Income Share Account, the Growth Share Account, or one of two debt-related accounts, the Fixed Return Account for individuals or the Bond Account for retirement plans. Participants allocate their investments among accounts that are appropriate for their needs, within statutory requirements and rules established by the participating organizations.

INCOME SHARE ACCOUNT

Participation in the Income Share Account is structured similar to a mutual fund. Participants own shares in the Account which are priced monthly on a market value basis. Interest and dividend income is reinvested. Participants' investment returns are measured by changes in the Account's unit value, which in turn is a function of the income and capital appreciation (or depreciation) generated by the securities held by the Account. Participants may buy or sell shares monthly in the Account based on the most recent unit value.

The primary investment objective of the \$144 million Income Share Account is similar to that of the Basic Retirement Funds. The Account seeks to maximize long-term inflation-adjusted rates of return. The Account pursues this objective within the constraints of protecting against disastrous financial environments and limiting long-run portfolio return volatility.

To achieve this objective, the Income Share Account is invested in a balanced portfolio of common stocks and fixed income securities. The Account's policy portfolio calls for a long-term asset allocation of 65% common stocks, 30% bonds, and 5% cash equivalents. Common stocks provide the potential for significant long-term capital appreciation, while bonds provide both a hedge against deflation and the diversification needed to limit excessive portfolio return volatility. The year-end asset

mix and historical asset allocation data for the Income Share Account are presented on pages 45-46.

The Income Share Account's investment management structure combines internal and external management. The SBI's investment staff manages the entire fixed income component of the Account's portfolio and approximately four-fifths of the common stock portfolio. The balance of the common stock segment is managed externally.

The SBI investment staff manages the internal portion of the common stock portfolio with a long-term value-oriented approach appropriate for the balanced nature of the Account. The Income Share Account's external manager provides a complementary aggressive investment style. Due to the balanced investment goals of the Account, the percentage of the total portfolio assigned to aggressive equity management has been kept at a relatively low level. During fiscal year, 1985, the external component of the Income Share Account's common stock portfolio was managed by BMI Capital Management. As discussed on pages 56-57, BMI Capital will be one of eleven managers responsible for the management of the Account's external common stock segment during fiscal year 1986.

Similar to the other SBI funds which utilize a multi-manager investment structure, the performance of the Income Share Account is evaluated on two levels: the total fund and the individual manager.

The total fund performance of the Income Share Account is expected to exceed the returns of a composite of market indices weighted in the same proportion as the Account's policy portfolio. In addition, total fund returns are expected to surpass the performance of the median manager from a sample of other balanced tax-exempt funds.

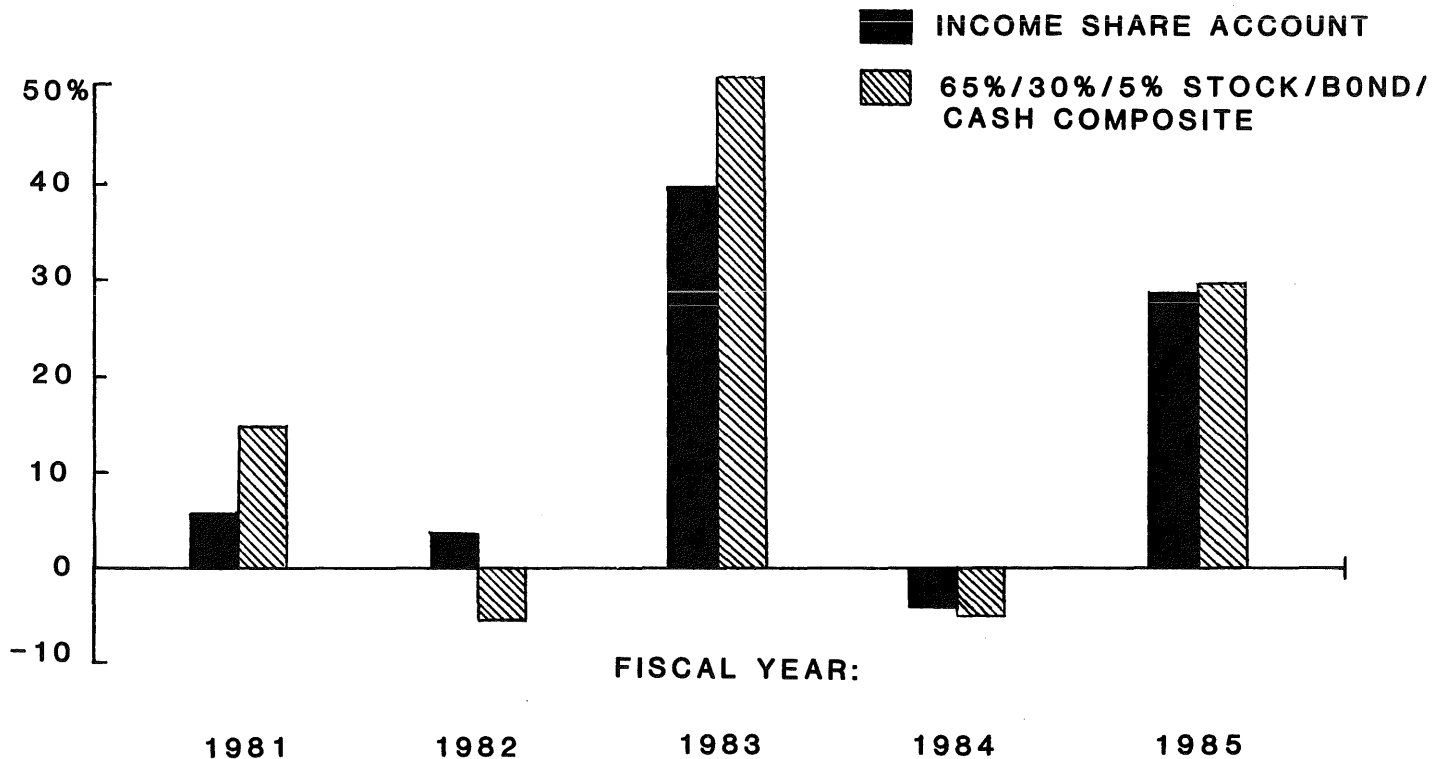
On the individual manager level, the performances of the Income Share Account's external and internal equity managers are expected to exceed the returns produced by two benchmarks: the Wilshire 5000 and the median managers from samples of other equity manager with similar investment characteristics. The internal bond manager is targeted to outperform both the Merrill Lynch Master Bond Index and the median performance among bond managers of similar investment risk.

On a total fund level, during fiscal year 1985 the performance of the Income Share Account exceeded that of the median balanced manager. However, the Account failed to match the performance of the assigned market indices composite.

On an individual level, BMI Capital underperformed both of its performance targets: the Wilshire 5000 and the median manager from a sample of similar risk managers. BMI's performance has been severely hampered by the continued difficult environment for high-volatility, high-growth stocks. In contrast, however, the internal manager, with its large

SUPPLEMENTAL INVESTMENT FUND (Income Share Account)

TOTAL FUND PERFORMANCE



	FISCAL YEAR					ANNUALIZED	
	1981	1982	1983	1984	1985	3 YR.	5 YR.
	----	----	----	----	----	-----	-----
TOTAL FUND							
65/30/5 Stock/Bond/Cash Composite	6.2	3.7	39.8	-4.4	28.8	19.9	13.7
	15.7	-5.8	51.5	-4.8	29.5	23.1	15.3
EQUITY SEGMENT							
Wilshire 5000	20.1	-5.1	53.7	-11.0	30.4	21.3	15.2
	25.1	-14.9	66.4	-8.6	31.2	25.9	16.3
BOND SEGMENT							
M.L. Master Bond Index	-9.2	12.1	36.2	2.3	32.1	22.6	13.4
	-4.2	12.3	28.9	1.7	29.0	19.1	12.7

capitalization, value-oriented style, significantly outperformed both the Wilshire 5000 and the median manager from a similar risk manager sample. In addition, the Account's internal bond manager produced returns which exceeded both of its performance targets. Performance data for the individual managers and the total fund are presented on pages 36 and 44.

GROWTH SHARE ACCOUNT

Participation in the Growth Share Account is structured precisely the same as the Income Share Account. The primary investment objective of the \$67 million Growth Share Account is to generate above-average capital appreciation. To achieve this objective, over the long-run the Account will hold a large permanent equity commitment. The Account's policy portfolio reflects this commitment. The policy portfolio is weighted 95% common stocks, 5% cash equivalents. The small cash equivalents component represents the normal cash reserves held by the Account as a result of new contributions to the Account not yet allocated to common stocks. To meet its objectives, the Account's asset mix may vary substantially from its assigned policy portfolio at times. Depending on the Account managers' near-term outlook for the capital markets, the Account may invest up to 100% of its market value in stocks or may make a sizeable allocation to cash equivalents. Year end asset mix and historical asset allocation data for the Growth Share Account are presented on pages 45-46.

Because of its sizeable common stock commitment, the Growth Share Account's returns likely will be more variable than those of the balanced Income Share Account. Higher long-run returns from the Growth Share Account's investments are expected to compensate for the additional variability of returns.

The management of the Growth Share Account's common stock portfolio is split equally between internal and external management. Similar to the Income Share Account, the SBI investment staff manages the internal component with a long-term value-oriented approach. The balance of the Account's portfolio is managed by an external manager whose aggressive investment style complements that of the investment staff. Waddell and Reed managed the external common stock component during the most recent fiscal year. During fiscal year 1986, the external component will be managed by the new eleven manager group, as discussed on pages 56-57.

Total fund performance of the Growth Share Account is evaluated relative to the performance of two benchmarks: a 95%/5% stock-cash equivalents composite, which reflects the Account's policy portfolio, and the median manager from a sample of tax-exempt managed equity funds.

The Account's individual managers are expected to outperform the Wilshire 5000. In addition, the external and internal managers are expected to produce returns that exceed those of the

median manager from representative samples of other similar risk equity managers.

The Growth Share Account underperformed both of its total fund performance standards during fiscal year 1985. From the individual manager perspective, performance was mixed. Waddell and Reed failed to match the performance of either the Wilshire 5000 or the median manager from a sample of other aggressive equity managers. The SBI investment staff, on the other hand, outperformed both of its assigned performance targets. Individual manager and total fund performance data are presented on pages 39 and 44.

FIXED RETURN ACCOUNT

The Fixed Return Account's investment objective is to generate high levels of current income by investing in debt securities. The Account's sole source of earnings is the interest income produced by its portfolio of securities. Participants experience minimal investment risk because all portfolio assets are held to maturity. Given this structure, there is little likelihood that the Account will realize capital losses (or gains) as a result of changes in the market value of the Account's assets. On June 30, 1985, the Account's market value was \$70 million.

Participation in the Fixed Return Account is structured similar to a money market mutual fund. The Account maintains a uniform value per share. Annual income is used to purchase additional shares in the Account. As currently established, the Account permits participation only by individual public employees as part of their authorized investment options. (Various retirement associations participate in a similar style of investment management through the Bond Account described below.)

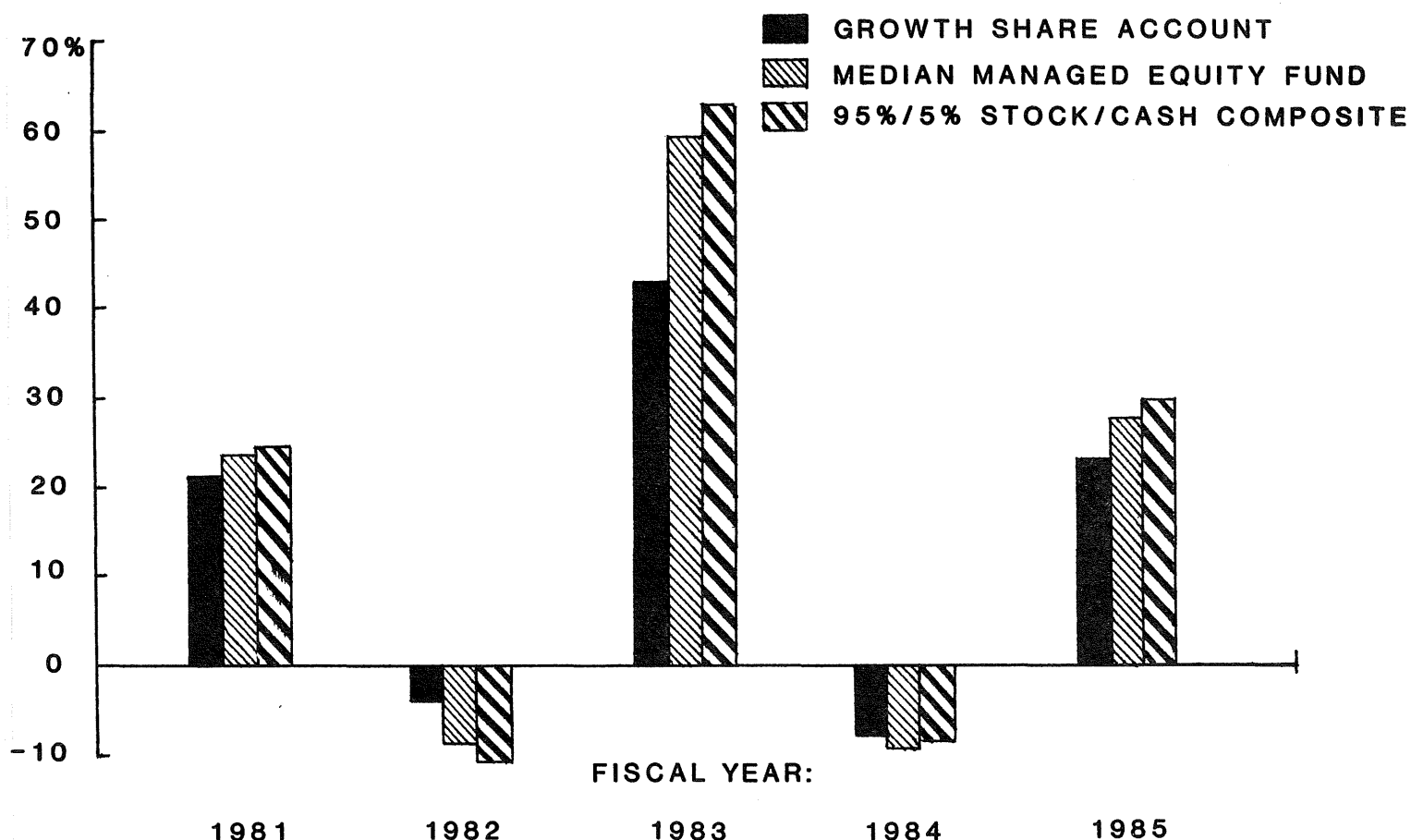
The Fixed Return Account is managed entirely by SBI investment staff. Since all portfolio assets are held to maturity, staff provides very cost-effective management for the Account. To achieve the Account's investment objectives staff invests solely in investment grade debt securities (i.e. those rated BAA or above). In addition, staff maintains approximately a two-to-three year maturity target for new investments. The target is designed to earn high levels of interest income, yet guarantee adequate liquidity for the Account.

BOND ACCOUNT

The Bond Account was established by the 1981 Legislature to provide a separate fixed return investment vehicle for police and firefighter retirement organizations. Similar to the Fixed Return Account, the Bond Account is a low risk investment option which earns a high level of current income from quality debt

SUPPLEMENTAL INVESTMENT FUND (Growth Share Account)

TOTAL FUND PERFORMANCE



	FISCAL YEAR					ANNUALIZED	
	1981	1982	1983	1984	1985	3 YR.	5 YR.
TOTAL FUND	20.7	-4.2	42.7	-7.5	22.9	17.5	13.4
95/5 Stock/Cash Composite	24.9	-11.0	63.3	-7.9	30.1	25.0	16.8
Median Equity-Only Fund	23.7	-8.7	59.2	-8.5	27.6	23.8	16.6
EQUITY SEGMENT	21.9	-9.4	56.7	-17.9	28.1	18.1	12.7
Wilshire 5000	25.1	-14.9	66.4	-8.6	31.2	25.9	16.3

securities. The Bond Account is managed solely by SBI investment staff. The Account is managed in a similar manner as the Fixed Return Account. However, the average life of the Bond Account's investments is longer than that of the Fixed Return Account. On June 30, 1985, the Bond Account had a market value of \$5 million.

Participation in the Bond Account is offered to qualified retirement organizations only. Individuals do not participate in this Account. The Account is designed to offer participating organizations a fixed rate of return for a specified period of time. The length of time this guarantee is in effect depends on the average maturity of the Account's investments, usually in the range of six-to-eight years.

Contributions to the Bond Account made by the participating retirement organizations are grouped by year, referred to as a class year. Depending on the available fixed income investment opportunities available at the initiation of a class year, a rate of return is guaranteed on the contributions made by the participants in the class year. This guarantee is in effect for the life of the class. If a retirement organization chooses to withdraw from the Bond Account, all unexpired class years will have their shares redeemed at market value.

MINNESOTA VARIABLE ANNUITY FUND

The Minnesota Variable Annuity Fund is an investment option formerly offered to members of the Teachers' Retirement Association. The Fund was designed as an alternative to the regular Teachers' Retirement Plan. The opportunity to enroll in the Fund is no longer offered to new Association members, although members enrolled prior to the cutoff date may retain their participation in the Fund and continue to make contributions. The June 30, 1985 market value of the Fund was \$120 million.

The investment objective of the Fund is quite similar to that of the Minnesota Supplemental Investment Fund's Growth Share Account. The purpose of the Fund is to provide participants with above average long-run capital appreciation on their investments. This investment objective necessitates a large long-term commitment to common stocks. The Minnesota Variable Annuity Fund is authorized to hold up to 100% of its market value in common stocks. However, the Fund's portfolio may contain a considerable cash equivalent component at any given time, depending on the near-term investment strategies of its managers. Like the Growth Share Account, the Fund's assigned policy portfolio is weighted 95% common stock/5% cash equivalents. The year-end asset mix and historical asset allocation data for the Fund are presented on page 45-46.

Management of the Minnesota Variable Annuity Fund is split equally between external and internal management. The role of the external managers is to provide an aggressive approach complementary to that of the internal investment staff. Peregrine Capital and Lieber & Company provided aggressive equity management for the Fund during fiscal year 1985. During fiscal year 1986, the aggressive equity approach will be provided by eleven external managers with diverse investment styles. The manager group is described more fully on pages 55-56.

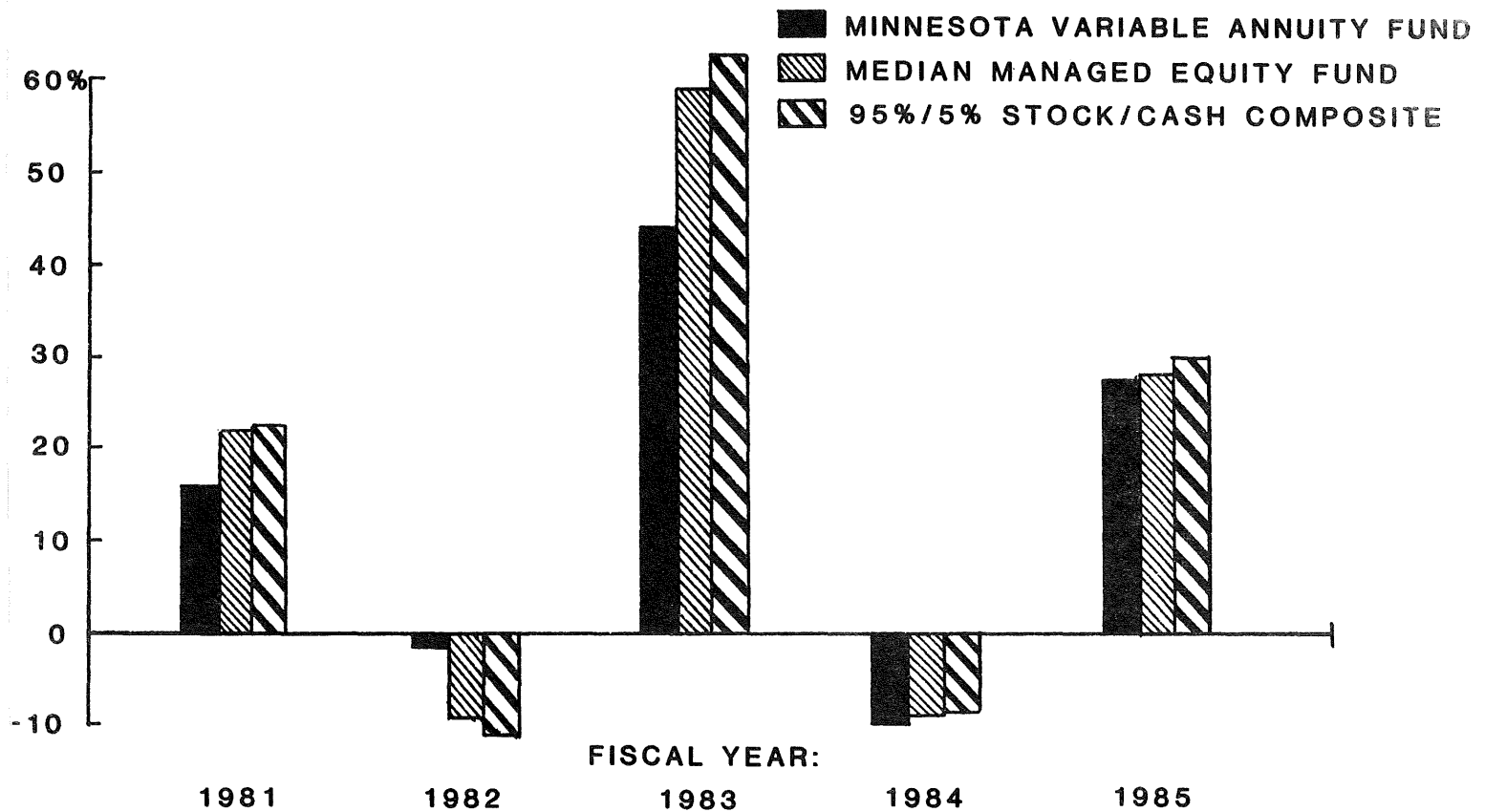
The Fund's total performance is expected to surpass the returns of a market indices composite weighted in the same proportion as the Account's policy portfolio. Further, the Fund's total portfolio returns are expected to exceed those of the median manager from a sample of tax-exempt managed equity funds. The Fund's individual managers are expected to outperform the Wilshire 5000 and the median manager from samples of similar risk managers.

During the 1985 fiscal year, the Minnesota Variable Annuity Fund's performance failed to exceed the results of its two total fund performance standards. On the individual manager level, performance varied widely. Peregrine Capital underperformed both

of its individual manager performance targets. Peregrine's performance was hindered by the poor environment for smaller capitalization, higher-growth stocks. Lieber and Company's performance lagged that of the Wilshire 5000 but exceeded that of the median manager from a sample of similar risk equity managers by a substantial margin. In contrast, the investment staff, with its long-term value-oriented approach, outperformed both of its performance benchmarks. Individual manager and total fund performance data are presented on pages 43-44.

MINNESOTA VARIABLE ANNUITY FUND

TOTAL FUND PERFORMANCE



	FISCAL YEAR					ANNUALIZED	
	1981	1982	1983	1984	1985	3 YR.	5 YR.
TOTAL FUND	16.4	-1.9	44.2	-9.8	27.5	18.4	13.6
95/5 Stock/Cash Composite	24.9	-11.0	63.3	-7.9	30.1	25.0	16.8
Median Equity-Only Fund	23.7	-8.7	59.2	-8.5	27.6	23.8	16.6
EQUITY SEGMENT	22.1	-7.6	55.8	-14.1	30.3	20.4	14.5
Wilshire 5000	25.1	-14.9	66.4	-8.6	31.2	25.9	16.3

MULTI-MANAGER FUNDS

EQUITY MANAGER PERFORMANCE

FISCAL YEAR 1985

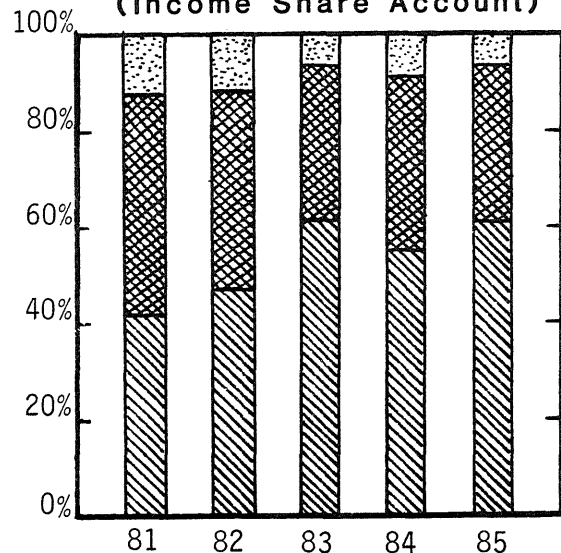
	Total Portfolio Returns -----
Income Share Account	
BMI Capital	14.4%
Internal Manager	32.4
Growth Share Account	
Waddell & Reed	15.8
Internal Manager	32.5
Minnesota Variable Annuity Fund	
Peregrine Capital	20.6
Lieber & Company	30.9
Internal Manager	31.6
Performance Standards -----	
Wilshire 5000	31.2%
S&P 500	31.3
TUCS Median Aggressive Equity Manager	25.8
TUCS Median Diversified Equity Manager	26.2
Consumer Price Index (Inflation)	3.7

MINNESOTA RETIREMENT FUNDS HISTORICAL ASSET MIX

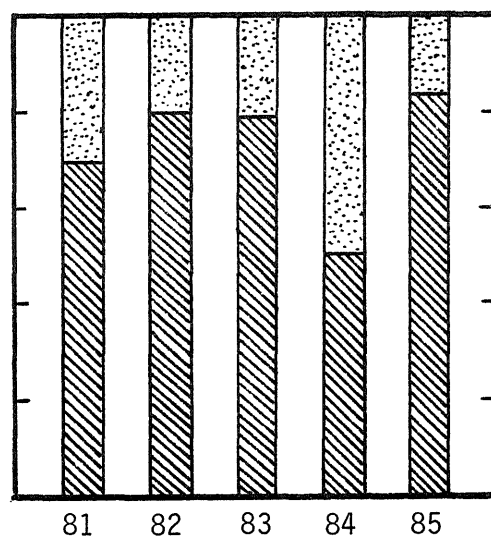
PERCENT OF MARKET VALUE
FISCAL YEAR END ALLOCATIONS

45

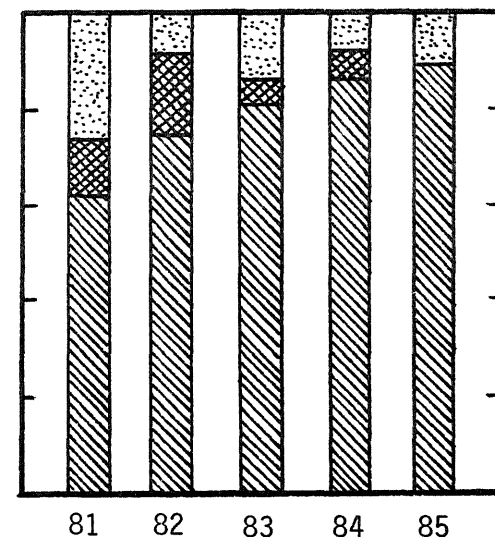
(Income Share Account)



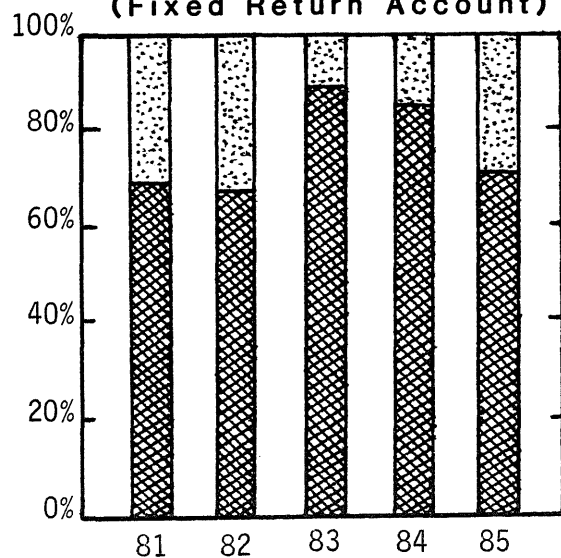
(Growth Share Account)



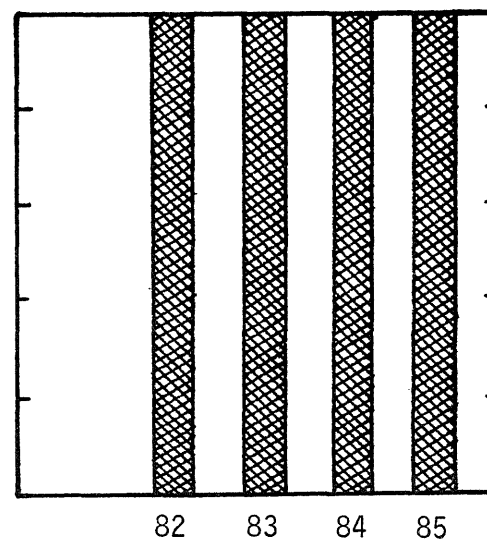
Minnesota Variable Annuity Fund



(Fixed Return Account)



(Bond Account)



Common Stocks



Bonds



Cash Equivalents*

MINNESOTA RETIREMENT FUNDS

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE FISCAL YEAR END ALLOCATIONS

	1981		1982		1983		1984		1985	
	\$ Million	Percent	\$ Million	Percent	\$ Million	Percent	\$ Million	Percent	\$ Million	Percent
Income Share Account										
Common Stocks	33	42.9	37	46.8	70	61.4	61	55.0	88	61.1
Bonds	34	44.1	33	41.8	37	32.5	40	36.0	44	30.6
Cash Equivalents*	10	13.0	9	11.4	7	6.1	10	9.0	12	8.3
Total	77	100.0	79	100.0	114	100.0	111	100.0	144	100.0
Growth Share Account										
Stocks	27	69.2	32	80.0	46	79.3	27	50.0	56	83.6
Bonds	0	0.0	1	2.5	0	0.0	0	0.0	0	0.0
Cash Equivalents*	12	30.8	7	17.5	12	20.7	27	50.0	11	16.4
Total	39	100.0	40	100.0	58	100.0	54	100.0	67	100.0
Fixed Return Account										
Bonds	16	68.0	22	67.0	40	89.4	45	85.5	50	71.4
Cash Equivalents	8	32.0	10	33.0	5	10.6	8	14.5	20	28.6
Total	24	100.0	32	100.0	45	100.0	53	100.0	70	100.0
Bond Account										
Bonds	--	----	1	100.0	2	100.0	3	100.0	5	100.0
Cash Equivalents	--	----	0	0.0	0	0.0	0	0.0	0	0.0
Total			1	100.0	2	100.0	3	100.0	5	100.0
Mn Variable Annuity Fund										
Stocks	48	62.3	57	76.0	87	81.3	83	86.5	107	89.2
Bonds	9	11.7	12	16.0	5	4.7	5	5.2	0	0.0
Cash Equivalents*	20	26.0	6	8.0	15	14.0	8	8.3	13	10.8
Total	77	100.0	75	100.0	107	100.0	96	100.0	120	100.0

*Includes cash uncommitted to long-term assets plus cash held by external managers.

PERMANENT SCHOOL FUND

The Permanent School Fund is a trust fund created by the Minnesota State Constitution. The Fund was designed to serve as a long-term source of revenue for public schools. Proceeds from land sales, mining royalties, timber sales, and lakeshore and other leases are invested in the Fund. Income generated by the Fund's assets currently is used to offset state school aid payments. During the 1985 fiscal year, these offsets totaled \$26 million. As of June 30, 1985, the Permanent School Fund had a market value of \$337 million.

INVESTMENT OBJECTIVES

The Investment Board manages the Permanent School Fund to produce a high, consistent level of income that will assist in offsetting state expenditures on school aids. The Fund's investment objectives are influenced by the restrictive accounting provisions under which its investments must be managed. These provisions require that the Fund's principal remain inviolate. Further, any net realized equity and fixed income capital gains must be added to principal. Moreover, if the Fund realizes net capital losses, these losses must be offset against interest and dividend income before such income can be distributed. Finally, all interest and dividend income must be distributed in the year in which it is earned.

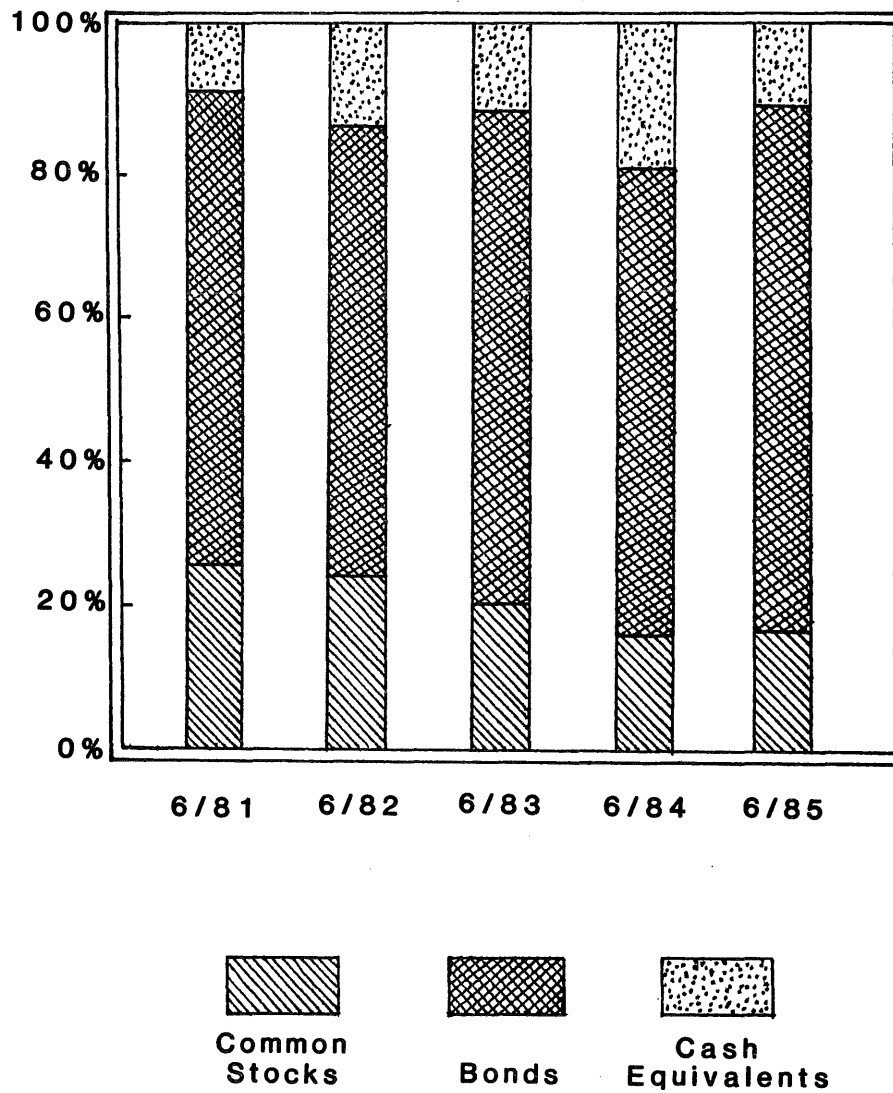
These accounting provisions limit the investment time horizon over which the Permanent School Fund is managed. Long-run growth in the Fund's assets is difficult to achieve without seriously reducing current spendable income, and exposing the spendable income stream to unacceptable volatility. The Board, therefore, invests the Fund's assets to produce the maximum amount of current income, within the constraint of maintaining adequate portfolio quality.

The Board maximizes current income by investing all of the Permanent School Fund's assets in fixed income securities. The Board has a strong incentive not to invest in equity assets for the following reasons. First, common stock dividend yields are considerably lower than bond yields. Thus, common stocks generate less current income than bonds. Second, equity prices are highly volatile and at times may produce realized capital losses that will reduce spendable income. Finally, net capital gains become part of the Fund's principal. Therefore, the effect of the volatility of equity prices on the Fund's spendable income cannot be smoothed out by spending past realized capital gains.

PERMANENT SCHOOL FUND

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE
FISCAL YEAR END ALLOCATIONS



PERMANENT SCHOOL FUND

HISTORICAL ASSET MIX

PERCENT OF MARKET VALUE FISCAL YEAR END ALLOCATIONS

		FISCAL YEAR				
		1981	1982	1983	1984	1985
		----	----	----	----	----
Common Stocks	\$ Million	68	52	59	46	58
	Percent	24.6	22.0	19.9	16.6	17.2
Bonds						
	\$ Million	156	152	203	178	241
	Percent	66.1	64.1	68.6	64.3	71.5
Cash Equivalents						
	\$ Million	22	33	34	53	38
	Percent	9.3	13.9	11.5	19.1	11.3
Total Fund						
	\$ Million	236	237	296	277	337
	Percent	100.0	100.0	100.0	100.0	100.0

ASSET ALLOCATION

Based upon a staff study of the Permanent School Fund's investment needs and objectives, late in the 1985 fiscal year the Investment Board chose to eliminate the Fund's relatively small equity holdings. In early fiscal year 1986, all of the Fund's assets were moved into fixed income securities. The Fund's 1985 year-end asset mix (which still contained equities), as well as its historical asset allocation data, are shown on pages 48-49.

The Permanent School Fund's current investment focus is short-term. This situation is necessitated by the Fund's restrictive accounting provisions. However, the Board believes that the Fund's needs could better be met by a longer-term outlook. Under the current asset allocation, spendable income cannot grow over time. As a result, the value of income produced by the Fund, in inflation-adjusted terms, will gradually decline. On the other hand, a longer-term outlook that includes investments in equity assets could allow the Fund's principal, and hence spendable income, to grow. For a longer-term approach to be implemented, the Fund's accounting provisions will have to be altered. The Board will seek legislative changes in the Fund's accounting provisions to allow effective use of equities in the Fund's asset mix.

INVESTMENT MANAGEMENT

The Permanent School Fund is managed entirely by SBI investment staff. Given the peculiar accounting restrictions of the Fund, it would be extremely difficult for external managers to invest the Fund's portfolio. Typically, money managers seek to earn superior total rates of return (which include income and capital appreciation) through active management. The Fund's emphasis on producing high levels of current spendable income through buy-and-hold investments is not compatible with the investment style of most money managers. In addition, with the move to an all-fixed income portfolio, SBI staff management of the Fund is the most cost-effective approach. The passive nature of the Fund's investment management makes unnecessary the expense associated with external managers.

The Permanent School Fund's bond portfolio is managed primarily through a buy-and-hold approach. New purchases are evaluated in light of prevailing financial market conditions, as well as expectations of near-term changes in those conditions.

INVESTMENT PERFORMANCE

RISK-RETURN OBJECTIVES

The Permanent School Fund's investment current objective is to maximize spendable income, within the constraint of

maintaining adequate portfolio quality. From a risk perspective the Fund's portfolio is very conservatively structured, as its target asset mix calls for a full commitment to fixed income securities. The risk assumed by the bond portfolio is influenced by its buy-and-hold investment approach. Subject to current and expected future financial conditions, the Fund will attempt to maximize interest income by investing in longer-term, high yielding investment grade bonds.

From a rate of return perspective, the Fund is not concerned with total rates of return. Market value changes have no effect on the Fund's ability to produce spendable income. Spendable income is affected only to the extent that any securities are sold at losses. Thus, the Fund's return objective is to maintain a high current yield on new investments.

RISK-RETURN PERFORMANCE RESULTS

At fiscal year-end, the Fund's bond portfolio had a duration of 5.8 with an average quality rating of AAA. With yield spreads at low levels and interest rates expected to increase, during 1985 new purchases were constrained to high quality, short-lived issues. Some near-term give-up in yields was made with the expectation that as yield spreads widen and interest rates increase, a lowering of quality and an extension of portfolio maturity would add to portfolio income.

STATE CASH ACCOUNTS

The \$2.1 billion cash assets of State agency accounts, and trust funds are invested to provide a high level of current income. These assets are invested in highly liquid, quality securities which mature within at least 3 years. All cash investments are managed by the SBI investment staff. Short term investments include U.S. Treasury and Agency issues, repurchase agreements, bankers acceptances, commercial paper, and certificates of deposit. The maturity structure of each individual account's portfolio depends on the cash flow needs of the respective account. The largest short-term accounts are the \$1.042 billion Invested Treasurers Cash; the \$455 million Highway Funds; and the \$191 million Debt Service Account.

As part of the cash management program, the SBI administers a securities lending program in which U.S. Treasury and Government Agency securities held by the SBI are loaned to banks and government security dealers for a daily fee. These loans are fully collateralized. The Securities Lending Program has generated approximately \$1.5 million per year in additional income for its accounts.

The SBI also manages a certificate of deposit (CD) program in which it purchases CD's from Minnesota banks and savings and loan institutions. The Board receives a market rate of return on these investments, utilizing the average secondary CD market rate quoted by the New York Federal Reserve Bank. All investments are fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation. The Minnesota Certificate of Deposit program provides a reliable source of capital to all Minnesota financial institutions, regardless of size, many of which do not have access to the national CD market. The SBI designed the loan process so that no single institution is favored in the allocation of assets. Since it began in 1980, the CD program has loaned over \$900 million to 365 financial institutions throughout the state.

1985 MAJOR DEVELOPMENTS

DEDICATED BOND PORTFOLIO

In the third quarter of 1984, SBI staff prepared a series of position papers outlining the investment needs, objectives, and management structure of the Post Retirement Investment Fund. These studies discussed the fact that the Post Retirement Investment Fund has two objectives: first, to produce earnings sufficient to finance benefits currently promised retirees; and, second, to produce additional earnings that permit benefits to be increased at a rate which compensates, to some degree, for inflation. The position papers concluded that a dedicated bond portfolio would be an efficient instrument to attain the Fund's objectives.

A dedicated bond portfolio is a collection of high quality fixed income securities that generates cash flows from principal and interest payments which match a specified stream of liabilities. The Post Retirement Investment Fund's liabilities (i.e., promised retirement benefits) at any point in time are fixed and can be calculated easily. As a result, by properly constructing a dedicated bond portfolio, the attainment of the Fund's first objective, producing earnings sufficient to finance promised benefits, can be assured.

A dedicated bond portfolio also can aid in meeting the Fund's second objective: producing benefit increases that compensate, to some degree, for inflation. If the dedicated bond portfolio is large enough, it can produce not only cash flows sufficient to fund promised benefits, but also to finance consistent annual benefit increases.

Staff proposals regarding the Post Retirement Investment Fund and, in particular, the use of a dedicated bond portfolio, were reviewed by the Investment Advisory Council (IAC). The IAC recommended that the SBI approve those proposals, which the Board did at its December 1984 meeting.

Also at its December 1984 meeting, the Board approved the retention of an adviser who would work with SBI staff to implement the dedicated bond portfolio. The role of the adviser is to provide the computer software and technical expertise necessary to both design the dedicated bond portfolio and carry out the required securities trading.

With the assistance of the Board's consultant, Evaluation Associates, the IAC Fixed Income Manager Committee and staff interviewed several potential candidates for the adviser's job. The primary issues discussed with each candidate included: universe of bonds from which the portfolio would be constructed; bond pricing procedures; dedication computer software; procedures

for selecting alternative bonds if originally selected issues were not available; sector, quality, and individual issue weighting constraints; call protection; trading strategy; hedging techniques; bond swaps; experience; and fees. Based on the interviews, the IAC Fixed Income Manager Committee and staff chose Bankers Trust as the adviser.

After reviewing the Post Retirement Investment Fund's existing bond holdings and estimated liability data, Bankers Trust made its recommendations concerning the dedicated bond portfolio's design. Bankers Trust proposed that the portfolio be composed largely of Treasury and Agency bonds, due to the then prevailing historically low yield spreads between corporate and government issues. The firm recommended retaining all corporate bonds then in the portfolio. Where necessary, existing Treasury and Agency bonds would be sold to buy other Treasury and Agency bonds which, when combined with the existing corporate bonds, would produce the cash flows required to meet promised benefit payments.

This proposal had several advantages. First, trading in only government issues served to reduce trading costs. With the low level of yield spreads, very little portfolio income was given up by this strategy. Second, if and when yield spreads widen, the government bonds can be swapped for corporate bonds at a pace dictated only by the availability of attractive trades. Third, the ability to buy and sell government bonds simultaneously minimized interest rate risk exposure.

The process of constructing the Post Retirement Investment Fund's dedicated bond portfolio was greatly facilitated by the Fund's pre-dedication asset mix structure. For several years, the Fund had maintained a large bond commitment. Based on the Fund's perceived objectives, but without a formal study of its cash flow requirements, the size and make-up of the Fund's existing bond portfolio closely approximated that of the desired dedicated portfolio. This situation greatly eased the logistics of the construction process.

The bonds held by the original bond portfolio were not precisely those required by the dedicated bond portfolio. Thus, the dedicated portfolio's construction involved transactions in a large number and dollar volume of securities. However, as noted, the original portfolio was quite similar in composition to the desired dedicated portfolio. As a result, most of the required transactions had the advantage of involving very liquid, similar securities, which greatly reduced transactions costs and the risk of adverse interest rate moves.

In total, approximately \$1.8 billion (at market) in trading took place over the first two months of 1985. The original bond portfolio contained 271 securities, with a year-end 1984 market value of \$1.3 billion. The completed dedicated bond portfolio held 187 securities and had a February month-end market value of \$1.5 billion. The trading process went smoothly. It is not possible to quantify the total trading costs. However, the

liquidity of the government bond market permitted the dedicated bond portfolio's transactions to be absorbed with no apparent significant market impact.

The dedicated portfolio will be rebalanced annually based upon actuarial data supplied by the retirement systems. In the interim, new contributions to the Post Retirement Investment Fund temporarily will be placed in Treasury bonds. These bonds, in aggregate, will have a duration approximately equal to the duration of the newly created liabilities. In this way, interest rate risk can be minimized until the annual rebalancing takes place.

MASTER CUSTODIAN

In February, 1985, State Street Bank of Boston was assigned the master custodial duties for the Supplemental Investment Fund and the Minnesota Variable Annuity Fund. A full understanding of this decision requires a brief review of the Board's initial decision to retain State Street Bank as master custodian for the Basic Retirement Funds.

As discussed in the 1984 annual report, a master custodian provides a wide range of investment services. From the Board's perspective several such services are essential: safekeeping of securities; settlement of securities trades; income collection; securities lending; cash management; reporting of transactions and assets held; and, fail float credit.

Master custodial banks have in place the administrative apparatus to handle large multiple-manager pension plans, such as the Basic Retirement Funds and the Supplemental Investment Fund. Developing custodial systems designed to meet the needs of modern pension plans is expensive, both in terms of equipment and personnel. Further, there are vast economies of scale in the master custodian business, as a large client base allows sizable fixed costs to be spread out. Therefore, the largest master custodians are able to offer the most efficient, lowest cost service to large pension funds.

During the summer of 1983, the SBI's search committee, assisted by the Board's consultant, Evaluation Associates, conducted an extensive analysis of the master custodian marketplace. Based on the responses received to its request-for-proposal (RFP) and its on-site interviews, the search committee recommended that State Street Bank be hired as the SBI's master custodian.

The search committee considered five of the top master custodian banks in the United States, along with three large Twin Cities banks. In the final analysis, the committee believed that State Street provided the best combination of experience, size, personnel, accurate and timely reporting, and dedication to client service. The bank was the originator of custody services

to mutual funds in the 1920's. It was an early participant in the master custodian business in the 1970's. State Street is the second largest master custodian bank in the U.S. The search committee was impressed not only by the number, but also by the quality of persons who would be assigned to the SBI's account. The bank's recordkeeping and reporting capabilities were viewed favorably in terms of accuracy and timeliness. Finally, the master custody business is by far the bank's most important profit center. Thus, the bank appears committed to maintaining its leading role in the rapidly changing master custody business by continually making the sizable required investment in people and equipment.

The Board approved the hiring of State Street Bank as master custodian for the Basic Retirement Funds, effective November 1, 1983. The conversion process from the Board's previous custodial arrangements to State Street went smoothly. Over the next twelve months, State Street fully satisfied the Board's expectations by providing complete, accurate and timely custodial service. On a number of occasions, the bank handled potentially difficult situations without complications. The most prominent of these was the creation of the SBI's index fund, which entailed a massive trading volume. Further, the net cost to the Board of State Street's services proved to be far lower than expected. State Street's securities lending program provided a significant income offset to its fees. For the calendar year 1984, total fees, after securities lending income, totaled only \$102,000.

Based upon the efficient, low cost custodial service provided by State Street to the Basic Retirement Funds, the Board chose to move custodial responsibility for the Supplemental Investment Fund and Minnesota Variable Annuity Fund to State Street. These funds utilize a multiple-manager structure akin to the Basic Retirement Funds. The previous custodial arrangement with First National Bank of St. Paul was not capable of handling the complex needs of these funds. Further, the Supplemental Investment Fund must calculate unit values for its various accounts based on month-end asset values. State Street Bank is able to deliver unit values in four business days, where previously it had taken ten business days. This quicker unit value calculation benefits participants in the Fund who are making withdrawals.

State Street's master custodial responsibilities for the two additional funds began effective February 1, 1985. To date, the service provided has been of the same high quality and low cost provided to the Basic Retirement Funds.

EXTERNAL EQUITY MANAGER CHANGES

The active equity manager component of the Basic Retirement Funds underwent significant modifications at the end of the 1985 fiscal year. The Board acted to redress an imbalance in management styles that existed within the active equity manager pool. At the same time, the Board chose to end its relationship with several poorly performing managers in whose investment operations the Board no longer had confidence.

The Basic Retirement Funds active equity pool, since its inception, had contained managers with an aggregate bias towards growth-oriented, smaller capitalization stocks. This bias was a result of the original manager selection process which had emphasized the retention of managers with strong historical performance track records. Managers that had performed well in the late 1970's and early 1980's generally emphasized common stock investments with the following characteristics: high equity beta, low yield, high P/E, small capitalization, and particularly, a growth orientation. As a result, the selection process produced a group of managers with an emphasis on "growth" stocks.

A growth bias is not necessarily undesirable. There have been periods of time when growth managers have done quite well. However, during other periods growth managers have performed poorly relative to the market averages. The existence of a style bias adds to the volatility of the aggregate equity manager portfolio.

The Board chose to alter its active equity manager composition in order to reduce the growth bias of the combined group. Four managers were terminated: Loomis Sayles, Siebel Capital, Herbert R. Smith, and Trustee & Investors. With the exception of Siebel Capital, these managers used an investment approach which focused on growth stocks.

At the same time several other changes were made to the active equity manager pool. Four managers, BMI Capital, Lieber & Co., Peregrine Capital, and Waddell & Reed were added to the pool. These managers had previously managed equity assets for only the Supplemental Investment Fund and the Minnesota Variable Annuity Fund. In addition, Peregrine Capital was asked to shift its investment approach from a growth style to a defensive, contrarian style (the firm offers both investment styles). Further, internal SBI staff was temporarily retained to manage a portfolio with a low P/E, value investment style. The internal manager will be replaced in the future when an additional external manager with a similar investment style is retained.

Besides balancing the Basic Retirement Funds' active equity approach and removing several poorly performing managers, the changes in the active equity pool have another advantage. They improve the administrative efficiency of the external equity manager program. All of the Board's external active equity managers now operate within one pool. The Basic Retirement Funds, Supplemental Investment Fund, and Minnesota Variable Annuity Fund purchase participation units in this pool and share proportionately in its results.

ALTERNATIVE INVESTMENT FUNDING

REAL ESTATE

In the first phase of its three-part real estate program, the SBI committed a total of \$120 to three open-end commingled funds designed specifically for institutional investors. The funds are managed by the Aetna, Equitable, and Prudential Insurance Companies. In 1984, the SBI initiated the second phase of the program with commitments of \$75 million to the closed-end fund managed by the Rosenberg Real Estate Equity funds (RREEF) and \$20 million to the closed-end fund managed by Heitman Advisory Corporation.

During the most recent fiscal year, the SBI made substantial progress in the implementation of the third part of the program. After an extensive review of special-orientation managers, the Investment Advisory Council's Alternative Investment Committee recommended, and the Board approved, commitments of \$40 million to Trust Company of the West Fund III and \$20 million to State Street Bank and Trust Fund III. Trust Company of the West and State Street specialize in the use of innovative investment vehicles such as convertible mortgages, participating mortgages and leverage to maximize real estate returns. The Basic Funds' real estate program is expected to reach its target allocation during fiscal year 1986 with the selection of additional closed-end fund and specialty managers. The Board will continue to review and add new real estate investments in the future as the allocation increases.

VENTURE CAPITAL

The SBI initiated the Basic Funds' venture capital program in 1984 with commitments of \$10 million to Northwest Venture Partners, a Minnesota-based diversified venture capital limited partnership, and \$25 million to the Kohlberg, Kravis, and Roberts 1984 Leveraged Buyout Fund. During fiscal year 1985, the SBI proceeded in the implementation of the program, making a total of \$52.5 million in commitments to the following six venture funds: First Century III (Smith Barney); Summit Ventures; Data Science Ventures IV; Matrix Partners II; Inman and Bowman, and the Allied Venture Partnership. The partnership selections were based primarily on the venture managers' extensive venture capital experience and their ability to contribute to the diversification of the aggregate Basic Funds' venture portfolio. The SBI anticipates that it will substantially complete the target allocation in 1986 with commitments to several venture capital and leveraged buyout funds. New venture investments will be added to portfolio as needed to maintain the target 2.5% allocation.

RESOURCE FUNDS

The SBI's commitment of a total of \$22 million to two oil & gas partnerships sponsored in 1981 and 1983 by First Reserve represented the inception of the Basic Funds' resource program. In 1984, the Board committed an additional \$30 million to an investment managed by Apache Corporation. No new resource investments were made during the most recent fiscal year. However, the Board anticipates that it will make one to two additional resource investments in fiscal year 1986. The Board expects to reach the current target allocation for resource investments in fiscal years 1986-1987.

LEGISLATIVE REVIEW

The SBI's statutory investment authority was not significantly altered by the 1985 legislature. The Board's housekeeping bill contained the following changes in investment statutes:

1. Authorized the Minnesota Supplemental Investment Fund, the Minnesota Variable Annuity Fund, and the Permanent School Fund to participate in the Combined Investment Funds. The Combined Investment Funds are pools of assets invested in equities, fixed income securities, real estate, and other asset classes utilized by the Board. The Combined Investment Funds provide increased flexibility and efficiency of investment management to the participating pension plans.
2. Permitted the assumed interest rate for the Fixed Return Account to be set more than once a year. More frequent changes in the assumed interest rate allow for a more accurate valuation at the time assets are withdrawn from the Account.
3. Clarified the language authorizing the Board to invest in debt securities of federal agencies.
4. Simplified restrictions on the Board's investments in corporate debt obligations. Previously, these investments were restricted by a complex set of financial criteria. Eligible securities are now identified by the ratings supplied by nationally recognized debt rating services.
5. Expanded the Board's authority to allow investments in guaranteed insurance contracts. It also expanded eligible collateral for repurchase agreements to include letters of credit.

PROXY VOTING

As a stockholder, the State Board of Investment is entitled to participate in corporate annual meetings, through direct attendance or casting its votes by proxy. Through proxy voting, the Board directs company representatives to vote its shares in a particular way on resolutions under consideration at annual meetings. In effect, as a shareholder the State Board of Investment can participate in shaping corporate policies and practices.

Resolutions prepared at annual meetings range from routine issues, such as those involving the election of corporate directors and ratification of auditors, to non-routine items involving such matters as merger proposals and corporate social responsibility issues. In order to identify the "non-routine" resolutions, the State Board of Investment utilizes the Investor Responsibility Research Center (IRRC), a non-partisan service which provides information and analyses of the issues under consideration at corporate annual meetings.

Due to the administrative difficulty involved in voting the proxies of over 1100 corporations owned by the Basic Retirement Funds, all routine matters are automatically voted in accordance with the recommendations of corporate management. This process is administered by the SBI's master custodian, State Street Bank and Trust Company. All non-routine issues highlighted by IRRC are screened by State Street and voted directly by the State Board of Investment. In addition, the shares of the approximately 150 companies owned by the Post Retirement Fund, the Supplemental Investment Fund, the Variable Annuity Fund and the Permanent School Fund are voted directly by the Board.

All non-routine issues are reviewed by a committee on proxy voting appointed by the State Board of Investment. The committee votes on the resolutions in accordance with the SBI's statement on investment responsibility (see page 61).

RESOLUTION
REGARDING ADDITIONAL INVESTMENT CRITERIA
AND THE VOTING OF PROXIES

WHEREAS, the Investment Board recognizes that when performing their duty of investing the trust funds (pension and other funds) for which they are custodian, their primary responsibility is the prudent and responsible investment of the assets of the funds for the economic benefit of the beneficiaries of the funds; and

WHEREAS, it has become increasingly apparent that the standards of prudence and responsibility may, in limited circumstances, be considered in light of the social and environmental policies of the corporation in which the State owns or contemplates owning an investment; and

WHEREAS, investing in an enterprise which is flagrantly violating the law or stubbornly ignoring public policy may constitute implicit endorsement of those policies, and the Investment Board is of the opinion that government may abrogate its duties to its citizens by offering such implicit endorsement; and

WHEREAS, it is the Investment Board's opinion that corporations which do not take the welfare of society and its members into consideration may jeopardize their own financial stability and, in today's world, risk depreciation of their investment value.

NOW, THEREFORE, BE IT RESOLVED that the following guideline be adopted: Consistent with prudent and responsible investment policy, the Investment Board shall not knowingly invest or maintain holdings in those corporations which are in flagrant violation of the law or in stubborn disregard of the social welfare of the society, or do not recognize environmental responsibilities in their corporate actions, and are not taking reasonable steps to overcome the situation; and

BE IT FURTHER RESOLVED that, consistent with prudent and responsible investment policy, all or some of the following measures may be instituted when a corporation is found by the Board to be in violation of the aforementioned guideline:

1. The Investment Board will discuss the problem with a representative of the corporation in question for the purpose of:
 - a. expressing the view that, as a shareholder, the State of Minnesota is opposed to such policies.
 - b. being informed as to the progress underway in ameliorating the problem.

2. If voting stock in such corporation is held by trust funds administered by the Investment Board, it may be voted in a manner calculated to ameliorate the existing problem.
 - a. While it is recognized that it is the Investment Board's responsibility to vote all stocks, the Investment Board may solicit recommendations from its staff concerning the manner of voting stock of a corporation in violation of the guidelines set forth above.
 - b. When deemed necessary to protect the State's interest in the fund and in grave cases, the Investment Board may institute procedures for a shareholder's proposal for the purpose of committing the corporation toward correcting the policy in question.
3. In the instance that no recourse mentioned above is available and/or it is shown that the corporation is not taking steps reasonably calculated to ameliorate the problem in question within a reasonable period of time, the Investment Board may sell the State's investment in the corporation, if sale is consistent with sound investment policy for the affected funds.

STATISTICAL DATA APPENDIX

EXTERNAL MANAGER INVESTMENT PHILOSOPHIES

FRED ALGER

Fred Alger searches for companies expected to experience above-consensus earnings gains. These earnings gains may be either cyclical or secular. The firm focuses on two types of companies. First, companies whose products are expected to produce high consistent unit volume growth rates. Second, companies undergoing a positive life cycle change not yet fully recognized by the market. The proportion of the total portfolio invested in these two types of companies varies over time. On average, however, the high unit growth companies tend to dominate the total portfolio. Fred Alger is not an active market timer, usually maintaining a fully invested position.

ALLIANCE CAPITAL

Alliance searches for companies likely to experience high rates of earnings growth, on either a cyclical or secular basis. Alliance has invested in a wide range of growth opportunities from small, emerging growth to large, cyclically sensitive companies. There is no clear distinction on the part of firm as to an emphasis on one particular type of growth company over another. However, the firm's decision-making process appears to be much more oriented toward macroeconomic considerations than is the case with most other growth managers. Accordingly, cyclical earnings prospects, rather than secular, appear to play a larger role in terms of stock selection. Alliance is not an active market, rarely raises cash above minimal levels.

BMI CAPITAL

BMI's investment approach focuses on companies expected to exhibit strong sustained earnings gains. BMI attempts to identify two types of "growth" companies: first, misperceived companies that are in the process of undergoing dynamic changes that will cause them to produce materially higher earnings over the near-term; and second, small-to-medium sized companies that exhibit the potential for rapid future earnings growth. The weighting of the two types of growth companies within the firm's portfolio will vary over time depending upon economic and financial conditions. Generally, however, the misperceived companies will make up the majority of the portfolio. On the other hand, the smaller high growth companies tend to dominate the portfolio's risk characteristics. The firm concentrates almost exclusively on stock selection, only rarely raising cash to significant levels.

BEUTEL GOODMAN

Beutel Goodman searches for companies whose stock prices are low in comparison to estimated tangible book value or companies whose P/E's are low in relation to earnings quality and expected earnings growth. This "value" investment approach is contrarian and defensive by nature, exhibiting less volatility than investment styles focusing on growing earnings. Beutel Goodman is not an active market timer and is almost always fully invested.

FORSTMANN LEFF

Forstmann Leff is a classic example of a "rotational" manager. The firm focuses almost exclusively on asset mix and sector weighting decisions. Based upon its macroeconomic outlook, the firm will move aggressively into and out of asset classes and equity sectors over the course of a market cycle. The firm tends to purchase liquid, large capitalization stocks. Forstmann-Leff will make sizable market timing moves at any point during a market cycle.

HELLMAN JORDAN

Hellman Jordan is a "rotational" manager. Its cyclical and secular economic forecasts drive its asset mix and industry sector selections. The firm's primary focus is asset allocation, although it will invest in a wide range of industries over a market cycle. The firm tends to purchase liquid, large capitalization stocks. Hellman Jordan will make sudden and significant asset mix shifts over a market cycle.

IDS ADVISORY

IDS employs a "rotational" style of management, shifting among industry sectors based upon its outlook for the economy and the financial markets. The firm emphasizes primarily sector weighting decisions. Moderate market timing is also used. Over a market cycle IDS will invest in a wide range of industries. It tends to buy liquid, large capitalization stocks. While IDS will make occasional significant asset mix shifts over a market cycle, the firm is a less aggressive market timer than most rotational managers.

INVESTMENT ADVISERS

Investment Advisers is a "rotational" manager. Its macroeconomic forecasts drive its investment decision-making. The firm emphasizes market timing and sector weighting decisions. Investment Advisers will invest in a wide range of industries over a market cycle. It tends to hold liquid, medium to large capitalization stocks. The firm is an active market timer, willing to make gradual but significant asset mix shifts over a market cycle.

LIEBER & COMPANY

Lieber & Co. seeks to identify investment concepts that are either currently profitable or likely to become so in the near future, yet whose prospects are not reflected in the stock prices of the companies associated with the concepts. The investment concepts upon which the firm focuses are related to both macroeconomic trends and specific product developments within particular industries or companies. Stocks purchased by Lieber tend to be those of well-managed, high growth and high return on equity, small-to-medium sized companies. The stocks may be undervalued due to the failure of investors to recognize fully either the value of new products or a successful turnaround situation. Particularly attractive to Lieber are small-to-medium sized takeover candidates. The firm generally is fully invested, with any cash positions the result of a lack of attractive investment concepts.

LOOMIS SAYLES

Loomis Sayles is a growth manager that seeks those industries and companies that are expected to experience significant cyclical or secular earnings gains. The Loomis portfolio tends to focus on stocks with relatively high P/E's and low yields and companies with highly variable, but successful patterns of historical earnings growth. The firm generally maintains a fully invested position, only rarely raising cash to significant levels.

PEREGRINE CAPITAL (NORWEST BANK MPLS)

Peregrine concentrates primarily on attractive emerging growth opportunities. The firm searches for industries and companies experiencing: a growing share of GNP; developing new, high growth products; and, which are positively influenced by cyclical economic change. Peregrine is not an active market timer, but will raise cash to moderate levels if it believes the market for emerging growth stocks is likely to be weak.

SIEBEL CAPITAL

Siebel employs an eclectic style of money management concentrating on stock selection, but also considering the effect of macroeconomic factors on the prospects for specific industries and companies. The firm tends to purchase stocks of two principal types of companies: first, seasoned growth companies devising new products or creating new markets for old products which will significantly raise earnings growth and second, low P/E companies undergoing a potentially profitable redeployment of assets. Siebel is a moderate market timer, willing to alter asset mix at any point in the market cycle.

HERBERT R. SMITH

Herbert R. Smith combines a focus on smaller capitalization, growth-oriented stocks with an aggressive market timing approach. The firm uses its economic and political outlook and its technical analysis of the marketplace to establish the asset mix for its portfolios. Its stock selection is predicated upon both fundamental and technical analysis of individual securities. Herbert Smith searches for stocks with attractive relative P/E's and positive technical patterns.

TRUSTEE & INVESTORS

Trustee & Investors uses a disciplined investment approach focusing solely on stock selection. The firm analyzes potential purchase and sale candidates through the use of computerized data bases which screen such fundamental valuation parameters as price, earnings, and balance sheet and income statement data. Trustee & Investors searches for companies with undervalued assets or earnings, or companies undergoing cyclical or operational turnarounds. The firm tends to emphasize growth opportunities in its stock selection. The firm maintains a fully invested position at all times.

WADDELL & REED

Waddell & Reed focuses its attention primarily on small capitalization aggressive growth stocks. However, the firm has demonstrated a willingness to make significant bets against this investment approach for extended periods of time. The firm is an active market timer and will raise cash to extreme levels at various points in the market cycle.

BOND MANAGERS

INVESTMENT ADVISERS

Investment Advisers is a traditional top down bond manager. The firm's approach is oriented toward correct identification of the economy's position in the credit cycle. This analysis leads the firm to its interest rate forecast and maturity decisions, from which the firm derives most of its value-added. Investment Advisers is an active asset allocator, willing to make rapid, significant moves between cash and long maturity investments over the course of an interest rate cycle. Quality, sector and issue selection are secondary decisions. Quality and sector choices are made through yield spread analyses consistent with the interest rate forecasts. Individual security selection receives very limited emphasis, focusing largely on specific bond characteristics such as call provisions.

LEHMAN MANAGEMENT

Lehman's primary emphasis is on forecasting cyclical interest rate trends and positioning its portfolios in terms of maturity, quality and sectors, in response to its interest rate forecast. However, the firm avoids significant, rapidly changing interest rate bets. Instead, it prefers to shift portfolio interest rate sensitivity gradually over a market cycle, avoiding extreme positions in either long or short maturities. Individual bond selection is based on a quantitative valuation approach and the firm's internally-conducted credit analysis. High quality (A or better) undervalued issues are selected consistent with the desired maturity, quality and sector composition of the portfolios.

MILLER, ANDERSON & SHERRERD

Miller Anderson focuses its investments in misunderstood or under-researched classes of securities. Over the years this approach has led the firm to emphasize mortgage-backed securities in its portfolios. The firm rarely purchases corporate bonds. Based on its economic and interest rate outlook, the firm establishes a desired maturity level for its portfolios. This decision is instituted primarily through the selection of specific types of mortgage securities that have prepayment expectations consistent with the portfolio's desired maturity. The firm will also move in and out of cash, but generally only gradually over an interest rate cycle and never taking extremely high cash positions. Total portfolio maturity is always kept within an intermediate three-to-seven year duration band. Unlike many other firms that also invest in mortgage securities, Miller Anderson intensively researches and, even in some cases manages, the mortgage pools in which it invests.

MORGAN STANLEY

Morgan Stanley takes a very conservative approach to fixed income investing, emphasizing the preservation of capital through the generation of consistent real returns. This philosophy has led the firm to maintain a vast majority of its portfolio in short to intermediate maturity, high quality (A or better) securities. Large positions in maturities longer than ten years are held only as temporary trading opportunities. These positions are increased or reduced gradually as the firm's expectations of the cyclical level of interest rates changes. Issue selection is of secondary importance to maturity decisions. Further, the firm avoids short-run trades between qualities and sectors. Rather, given its maturity decisions, the firm prefers to make sizable investments in specific areas of the market where it believes persistent misvaluations are present.

PEREGRINE CAPITAL (NORWEST BANK MPLS)

Peregrine Capital stresses consistency of fixed income portfolio relative returns. To accomplish this goal, the firm maintains a portfolio of high quality, liquid securities and a balance of maturity levels avoiding extreme exposures on either the long or short end. Further, Norwest will make only gradual moves between maturities over an interest rate cycle. The firm's maturity, quality and sector decisions are driven by both its economic forecasts and a quantitative analysis of the sensitivity of various classes of fixed income securities to different interest rate scenarios. The firm also concentrates on exploring misperceived fixed income securities, which has led the firm to make extensive use of mortgage-backed securities and floating rate notes.

WESTERN ASSET MANAGEMENT

Western recognizes the importance of interest rates changes on fixed income portfolio returns. However, the firm believes that successful interest rate forecasting, particularly short-run forecasting, is extremely difficult to accomplish consistently. Thus, the firm attempts to keep portfolio maturity in a narrow band near that of the market, making only relatively small, gradual shifts over an interest rate cycle. It prefers to add value primarily through appropriate sector decisions. Based on its economic analysis, Western will significantly overweight particular sectors, shifting these weights as economic expectations warrant. Issue selection, like its maturity decisions, are of secondary importance to the firm.

EQUITY MANAGER PORTFOLIO STATISTICS GLOSSARY

In the table following this glossary, summary descriptions of the individual equity managers' portfolio risk characteristics are displayed. Some of the statistics presented are technical in nature. This glossary is designed to aid in understanding the terms that are introduced.

Qtr. Port. Turnover	- the manager's total equity asset sales during the quarter divided by the average value of the manager's equity assets over the quarter.
# of Stocks	- number of different issues held in the manager's stock portfolio.
Equity Allocation	- percent of the manager's total portfolio invested in common and preferred stocks and convertible securities.
Yield	- indicated annual dividend of the manager's stock portfolio divided by the market value of the manager's stock portfolio.
P/E	- weighted average price per share of the managers' common stock portfolio divided by the weighted average trailing four quarter earnings per share of the manager's common stock portfolio.
Market Volatility	- degree to which the returns on the manager's stock portfolio are sensitive to movements in the stock market's return. By definition the market has a market volatility measure (referred to as beta) of 1.0. Portfolios with values greater (less) than 1.0 have above (below) average sensitivity to market moves. The SBI's managers are required, over the long-term to hold portfolios with market volatility levels above 1.10. This measure does not include the impact of cash holdings on total portfolio volatility.
Diversification	- extent to which a manager's equity holdings statistically resemble the stock market. Low (high) diversification portfolios will experience returns which are not well (are well) correlated with those of the market. By definition, the market has a diversification measure of 1.0. The less a portfolio is diversified, the lower will be its diversification measure (referred to as R-squared). The SBI's managers are required, over the long-term, to hold portfolios with diversification levels less than .85.

Portfolio Risk
Orientation

- the riskiness of a portfolio can be expressed in terms of its market volatility and diversification. A complementary approach is to break down a portfolio's risk into sensitivity to various fundamental factors. These factors, six of which are used in this analysis, are related to various balance sheet, income statement and securities data on the stocks which make up a manager's portfolio. The sensitivity of a manager's portfolio to these factors is rated relative to the the stock market's sensitivity. Thus, the term ++ (--) indicates that a portfolio has a relatively very high (low) exposure to the factor. A + (-) indicates an above (below) average exposure. A 0 indicates no exposure.

Price Variability

- risk related to the historical variability of the prices of stocks in the portfolio. The more variable are the portfolio's securities' prices, the more risky is the portfolio. Items such as current stock price, twelve month price range, trading volume, and beta make up this measure.

Earnings Variability

- risk related to the variability of the earnings of those companies owned in the manager's portfolio. The more variable are the companies' earnings, the more risky is the portfolio. Items such as variance of accounting earnings, variance of cash flow, occurrence of extraordinary accounting items, and the correlation of companies' earnings with U.S. corporate earnings make up this measure.

Earnings Success

- risk related to the extent to which the earnings of companies owned by the portfolio have been recently low or negative. The poorer have been companies' earnings, the riskier is the portfolio. Items including return on equity, earnings growth, book/price ratio, dividend cuts, and tax rate make up this measure.

Size

- risk related to the size and maturity of the companies held in the portfolio. The smaller and younger the companies, the more risky is the portfolio. Items such as total assets, market capitalization, gross plant/book value ratio, and company age make up this measure.

Growth

- risk related to the growth orientation of companies owned by the manager. The more growth-oriented are the companies, the riskier is the portfolio. Items such as dividend yield, E/P ratio, and growth in total assets make up this measure.

Financial Leverage

- risk related to the extent to which companies held in the portfolio have used debt to finance their operations. The more leveraged are the companies, the riskier is the portfolio. Items such as debt/asset ratio, current asset/current liability ratio, and uncovered fixed charges make up this ratio.

EXTERNAL EQUITY MANAGERS

PORTFOLIO STATISTICS HISTORICAL SUMMARY

MANAGER NAME	DATE	QTR. PORT. T/O	# OF STKS	EQUITY ALLOC.	YIELD	P/E	MKT VOLTY	DIVRSFN	Earn. Var.	PORTFOLIO RISK ORIENTATION			
		Earn. Succ.								Size	Growth	Fin. Lever.	
AVG. EXT. MANAGERS	6/30/85	24	43	90	2.54	16.0	1.23	0.83	+	-	0	+	0
AVG. EXT. MANAGERS	3/31/85	33	43	90	2.72	14.4	1.23	0.82	+	-	0	0	0
AVG. EXT. MANAGERS	12/31/84	24	42	86	3.02	13.1	1.25	0.81	+	0	0	+	0
AVG. EXT. MANAGERS	9/30/84	33	42	84	3.00	13.4	1.26	0.82	+	-	0	+	0
AVG. EXT. MANAGERS	6/30/84	27	41	81	3.21	13.5	1.29	0.81	+	+	+	+	0
AVG. EXT. MANAGERS	3/31/84	25	41	83	3.05	13.5	1.25	0.82	+	0	+	+	0
AVG. EXT. MANAGERS	12/31/83	36	34	84	2.79	16.2	1.23	0.80	+	0	+	0	0
AVG. EXT. MANAGERS	9/30/83	32	32	85	2.48	19.4	1.29	0.82	+	0	+	+	0
AVG. EXT. MANAGERS	6/30/83	27	32	85	2.44	16.7	1.29	0.81	0	-	0	+	+
AVG. EXT. MANAGERS	3/31/83	NA	26	67	2.78	15.0	1.26	0.83	+	-	0	+	0
FRED ALGER	6/30/85	41	41	92	1.94	18.5	1.23	0.79	++	--	0	++	0
FRED ALGER	3/31/85	36	39	96	1.77	16.4	1.27	0.85	++	-	-	++	+
FRED ALGER	12/31/84	16	36	95	2.63	12.8	1.19	0.86	+	-	--	+	0
FRED ALGER	9/30/84	20	33	94	2.57	13.8	1.22	0.86	++	--	0	0	-
FRED ALGER	6/30/84	16	32	93	2.92	13.1	1.22	0.86	+	0	0	-	0
FRED ALGER	3/31/84	19	33	91	2.82	14.8	1.19	0.86	+	+	0	0	0
FRED ALGER	12/31/83	23	32	95	2.64	15.9	1.18	0.88	++	-	0	0	0
FRED ALGER	9/30/83	27	32	91	2.63	17.5	1.24	0.88	++	0	0	0	0
FRED ALGER	6/30/83	8	35	94	2.10	18.7	1.33	0.88	++	--	+	+	++
FRED ALGER	3/31/83	NA	35	89	2.31	17.1	1.29	0.87	++	--	+	+	+
ALLIANCE CAPITAL	6/30/85	7	34	95	1.92	17.9	1.21	0.76	+	--	+	++	0
ALLIANCE CAPITAL	3/31/85	10	35	96	2.03	16.1	1.19	0.76	0	--	+	++	--
ALLIANCE CAPITAL	12/31/84	8	34	92	2.26	14.0	1.30	0.73	+	--	+	++	--
ALLIANCE CAPITAL	9/30/84	13	31	88	2.30	14.9	1.34	0.72	++	--	0	+	--
ALLIANCE CAPITAL	6/30/84	8	32	92	1.84	15.4	1.39	0.73	+	++	+	++	--
ALLIANCE CAPITAL	3/31/84	12	32	92	1.75	15.4	1.38	0.72	+	0	+	++	--
ALLIANCE CAPITAL	12/31/83	14	33	92	1.47	19.7	1.37	0.72	++	-	0	++	-
ALLIANCE CAPITAL	9/30/83	22	27	87	1.55	20.4	1.41	0.75	++	-	+	+	-
ALLIANCE CAPITAL	6/30/83	17	30	91	1.72	20.9	1.35	0.77	++	--	0	+	0
ALLIANCE CAPITAL	3/31/83	NA	30	84	1.68	20.3	1.40	0.81	++	--	+	++	-
BEUTEL GOODMAN	6/30/85	6	20	94	3.32	17.3	1.24	0.83	++	+	++	+	++
BEUTEL GOODMAN	3/31/85	14	20	93	3.74	13.0	1.18	0.83	0	++	++	0	++
BEUTEL GOODMAN	12/31/84	8	19	94	4.26	12.3	1.19	0.81	0	++	++	0	++
BEUTEL GOODMAN	9/30/84	10	18	93	4.15	9.3	1.21	0.81	+	+	++	0	++
BEUTEL GOODMAN	6/30/84	11	18	92	4.14	14.9	1.18	0.79	+	0	++	0	++
BEUTEL GOODMAN	3/31/84	12	20	98	3.84	11.0	1.16	0.79	+	+	++	0	++
BEUTEL GOODMAN	12/31/83	15	16	95	3.77	10.3	1.08	0.74	+	++	++	0	++
BEUTEL GOODMAN	9/30/83	6	16	99	3.47	10.5	1.14	0.75	+	++	++	0	++
BEUTEL GOODMAN	6/30/83	7	12	79	3.29	10.2	1.07	0.75	0	-	++	0	++
BEUTEL GOODMAN	3/31/83	NA	6	34	2.98	9.3	1.09	0.71	0	++	+	+	++

MANAGER NAME		DATE	QTR.	# OF STKS	EQUITY ALLOC.	YIELD	P/E	MKT VOLTY	DIVRSFN	Earn.	PORTFOLIO RISK ORIENTATION		
			PORT. T/O							Earn. Succ.	Size	Growth	Fin. Lever.
BMI CAPITAL	6/30/85	10	23	98	1.92	18.0	1.22	0.75	++	0	++	++	--
BMI CAPITAL	3/31/85	2	25	99	1.87	18.4	1.26	0.55	++	--	++	++	--
BMI CAPITAL	12/31/84	13	21	87	2.19	17.6	1.33	0.74	++	--	++	++	--
BMI CAPITAL	9/30/84	29	20	82	2.65	15.2	1.33	0.75	++	--	++	+	--
BMI CAPITAL	6/30/84	6	24	99	2.73	18.5	1.33	0.79	++	-	++	+	--
BMI CAPITAL	3/31/84	18	24	95	2.67	17.1	1.32	0.80	++	0	++	+	--
BMI CAPITAL	12/31/83	14	21	98	2.23	20.4	1.29	0.81	++	-	++	+	0
BMI CAPITAL	9/30/83	19	19	99	2.14	19.2	1.34	0.81	++	-	++	+	0
BMI CAPITAL	6/30/83	0	20	96	2.26	16.6	1.31	0.80	0	--	++	+	0
BMI CAPITAL	3/31/83	NA	13	53	2.35	13.7	1.36	0.80	++	--	++	++	++
FORSTMANN-LEFF	6/30/85	27	33	77	2.51	15.6	1.22	0.89	+	0	--	+	+
FORSTMANN-LEFF	3/31/85	55	27	69	3.06	11.8	1.19	0.89	+	0	-	0	0
FORSTMANN-LEFF	12/31/84	12	31	87	3.58	10.9	1.22	0.84	0	++	-	0	++
FORSTMANN-LEFF	9/30/84	40	31	83	3.53	10.8	1.26	0.86	0	+	-	0	+
FORSTMANN-LEFF	6/30/84	31	31	54	3.64	11.4	1.26	0.81	+	++	-	0	++
FORSTMANN-LEFF	3/31/84	34	38	71	3.52	12.4	1.17	0.82	+	+	-	0	++
FORSTMANN-LEFF	12/31/83	41	39	81	3.23	15.7	1.10	0.70	0	++	--	--	--
FORSTMANN-LEFF	9/30/83	46	28	83	2.59	20.7	1.14	0.72	0	++	--	0	--
FORSTMANN-LEFF	6/30/83	52	33	93	2.90	15.0	1.08	0.70	--	0	--	--	--
FORSTMANN-LEFF	3/31/83	NA	38	85	3.23	14.8	1.09	0.82	0	0	-	0	--
HELLMAN JORDAN	6/30/85	38	38	89	3.78	14.1	1.10	0.89	0	+	--	0	++
HELLMAN JORDAN	3/31/85	52	35	81	3.73	14.2	1.13	0.88	+	++	--	-	++
HELLMAN JORDAN	12/31/84	36	42	82	3.94	13.4	1.21	0.86	++	++	--	0	++
HELLMAN JORDAN	9/30/84	10	44	80	4.01	13.7	1.22	0.84	++	+	--	0	++
HELLMAN JORDAN	6/30/84	34	37	61	5.09	13.5	1.25	0.87	++	++	-	0	++
HELLMAN JORDAN	3/31/84	30	34	58	4.94	12.9	1.16	0.87	++	+	--	0	+
HELLMAN JORDAN	12/31/83	43	23	51	5.31	12.5	1.23	0.74	++	++	-	--	++
HELLMAN JORDAN	9/30/83	57	20	47	2.89	21.2	1.34	0.77	++	++	0	0	++
HELLMAN JORDAN	6/30/83	38	18	56	2.37	16.1	1.30	0.77	++	-	--	0	++
HELLMAN JORDAN	3/31/83	NA	14	53	3.18	15.9	1.30	0.72	++	--	--	+	+
IDS ADVISORY	6/30/85	13	50	98	3.49	16.3	1.11	0.87	+	--	-	+	0
IDS ADVISORY	3/31/85	39	42	87	4.05	14.1	1.08	0.85	0	-	--	-	+
IDS ADVISORY	12/31/84	21	44	89	4.69	11.7	1.05	0.83	0	0	--	0	0
IDS ADVISORY	9/30/84	40	44	92	4.60	12.5	1.08	0.89	0	0	--	0	0
IDS ADVISORY	6/30/84	42	43	87	4.80	13.4	1.04	0.85	-	--	0	0	++
IDS ADVISORY	3/31/84	41	39	82	4.31	11.2	1.09	0.80	+	--	-	--	0
IDS ADVISORY	12/31/83	45	36	89	3.13	18.8	1.17	0.86	++	-	+	+	0
IDS ADVISORY	9/30/83	79	34	86	2.40	25.0	1.24	0.86	++	0	+	+	-
IDS ADVISORY	6/30/83	42	49	94	2.19	19.9	1.30	0.81	+	--	-	+	-
IDS ADVISORY	3/31/83	NA	48	88	3.17	15.3	1.19	0.84	+	-	--	+	-
INVESTMENT ADVISERS	6/30/85	10	37	90	2.88	11.8	1.17	0.90	+	0	--	+	0
INVESTMENT ADVISERS	3/31/85	28	37	89	3.25	10.9	1.17	0.91	+	0	-	-	0
INVESTMENT ADVISERS	12/31/84	9	42	97	3.76	9.8	1.19	0.88	+	++	--	0	0
INVESTMENT ADVISERS	9/30/84	21	39	88	3.74	9.9	1.21	0.86	+	+	--	0	0
INVESTMENT ADVISERS	6/30/84	8	43	98	4.19	10.0	1.21	0.89	0	++	-	0	++
INVESTMENT ADVISERS	3/31/84	21	40	92	3.60	11.1	1.17	0.89	+	++	-	0	++
INVESTMENT ADVISERS	12/31/83	16	39	89	3.11	13.5	1.13	0.86	+	++	--	0	0
INVESTMENT ADVISERS	9/30/83	8	41	89	2.92	15.6	1.13	0.87	+	++	--	0	0
INVESTMENT ADVISERS	6/30/83	7	37	78	3.19	15.9	1.08	0.89	0	0	--	0	0
INVESTMENT ADVISERS	3/31/83	NA	34	47	3.35	13.4	1.06	0.85	0	-	--	-	0

MANAGER NAME	DATE	QTR. PORT. T/O	# OF STKS	EQUITY ALLOC.	YIELD	P/E	MKT VOLTY	DIVRSFN	Earn. Var.	PORTFOLIO RISK ORIENTATION			
										Earn. Succ.	Size	Growth	Fin. Lever.
LIEBER & COMPANY	6/30/85	14	107	96	2.45	12.9	1.27	0.80	0	--	++	++	--
LIEBER & COMPANY	3/31/85	19	107	99	2.49	12.6	1.24	0.81	0	--	++	0	--
LIEBER & COMPANY	12/31/84	14	103	85	2.53	12.3	1.34	0.79	+	-	++	++	--
LIEBER & COMPANY	9/30/84	17	108	87	2.55	11.9	1.31	0.80	+	0	++	+	--
LIEBER & COMPANY	6/30/84	10	117	95	2.66	12.0	1.33	0.81	0	0	++	++	--
LIEBER & COMPANY	3/31/84	0	115	93	2.63	12.0	1.37	0.85	0	--	++	+	-
LIEBER & COMPANY	12/31/83	9	60	100	2.77	12.9	1.24	0.83	0	-	++	+	-
LIEBER & COMPANY	9/30/83	9	56	97	2.83	11.3	1.30	0.83	0	-	++	+	-
LIEBER & COMPANY	6/30/83	2	49	92	2.70	14.0	1.26	0.84	0	--	++	+	-
LIEBER & COMPANY	3/31/83	NA	24	45	2.94	15.9	1.20	0.85	0	-	++	+	--
LOOMIS SAYLES	6/30/85	46	22	99	2.05	21.7	1.37	0.75	+	--	+	+	-
LOOMIS SAYLES	3/31/85	69	18	98	2.29	18.6	1.33	0.76	++	--	+	++	-
LOOMIS SAYLES	12/31/84	38	14	84	2.32	15.5	1.26	0.72	+	--	--	++	-
LOOMIS SAYLES	9/30/84	46	16	88	1.57	17.2	1.35	0.78	++	--	-	+	-
LOOMIS SAYLES	6/30/84	25	20	94	1.71	14.4	1.37	0.70	++	-	+	++	0
LOOMIS SAYLES	3/31/84	6	22	93	1.93	13.2	1.37	0.66	++	--	+	+	+
LOOMIS SAYLES	12/31/83	39	19	81	1.79	18.0	1.38	0.70	++	--	+	+	0
LOOMIS SAYLES	9/30/83	60	23	95	1.28	28.8	1.53	0.75	++	--	+	++	0
LOOMIS SAYLES	6/30/83	49	19	97	1.21	17.3	1.64	0.75	++	--	+	++	++
LOOMIS SAYLES	3/31/83	NA	20	98	1.62	18.2	1.44	0.85	++	--	0	++	-
NORWEST BANK MPLS	6/30/85	58	43	75	0.84	22.8	1.48	0.78	++	--	++	++	--
NORWEST BANK MPLS	3/31/85	49	59	89	0.95	20.2	1.41	0.79	++	--	++	++	--
NORWEST BANK MPLS	12/31/84	37	61	87	1.24	20.1	1.37	0.81	++	--	++	++	--
NORWEST BANK MPLS	9/30/84	61	62	97	1.18	26.6	1.36	0.81	++	--	++	+	-
NORWEST BANK MPLS	6/30/84	26	56	89	1.96	17.4	1.39	0.83	++	++	++	++	-
NORWEST BANK MPLS	3/31/84	66	47	87	1.65	19.2	1.28	0.82	++	--	++	++	-
NORWEST BANK MPLS	12/31/83	92	41	83	1.88	19.0	1.23	0.87	0	-	+	+	--
NORWEST BANK MPLS	9/30/83	56	53	85	2.12	21.4	1.27	0.87	0	-	+	+	-
NORWEST BANK MPLS	6/30/83	95	42	80	2.53	16.3	1.23	0.88	--	-	+	+	--
NORWEST BANK MPLS	3/31/83	NA	35	83	2.94	14.1	1.20	0.90	--	-	+	+	--
SIEBEL CAPITAL	6/30/85	16	55	85	1.99	14.2	1.21	0.86	+	0	++	+	0
SIEBEL CAPITAL	3/31/85	38	52	76	2.46	12.8	1.19	0.87	0	-	++	0	0
SIEBEL CAPITAL	12/31/84	24	54	80	2.69	12.1	1.24	0.84	0	--	+	+	-
SIEBEL CAPITAL	9/30/84	48	50	74	2.73	12.8	1.24	0.86	0	--	+	+	-
SIEBEL CAPITAL	6/30/84	47	36	63	3.22	12.3	1.27	0.88	--	++	++	+	0
SIEBEL CAPITAL	3/31/84	28	42	78	3.07	11.5	1.25	0.88	0	+	+	+	0
SIEBEL CAPITAL	12/31/83	25	37	90	3.14	12.4	1.16	0.89	--	0	0	-	++
SIEBEL CAPITAL	9/30/83	26	35	83	3.28	12.6	1.15	0.88	0	++	0	0	0
SIEBEL CAPITAL	6/30/83	27	36	91	3.24	13.5	1.17	0.86	0	0	0	0	++
SIEBEL CAPITAL	3/31/83	NA	26	80	3.38	13.5	1.15	0.85	0	-	--	0	+
HERBERT R. SMITH	6/30/85	17	44	91	2.53	12.9	1.26	0.85	++	--	+	+	0
HERBERT R. SMITH	3/31/85	30	49	97	2.65	11.2	1.26	0.84	+	-	0	0	0
HERBERT R. SMITH	12/31/84	46	45	77	2.83	10.3	1.30	0.72	++	--	++	+	0
HERBERT R. SMITH	9/30/84	39	52	89	2.78	12.0	1.25	0.79	++	--	+	+	0
HERBERT R. SMITH	6/30/84	38	67	86	3.29	12.5	1.20	0.92	+	-	+	+	--
HERBERT R. SMITH	3/31/84	29	68	84	3.12	13.9	1.22	0.91	+	0	+	+	0
HERBERT R. SMITH	12/31/83	46	60	80	2.14	18.9	1.33	0.85	++	-	++	+	++
HERBERT R. SMITH	9/30/83	40	46	65	2.68	19.4	1.44	0.87	++	-	++	+	++
HERBERT R. SMITH	6/30/83	13	48	65	2.36	18.2	1.46	0.83	++	--	++	++	++
HERBERT R. SMITH	3/31/83	NA	18	20	2.74	13.7	1.45	0.77	++	--	+	+	++

MANAGER NAME	DATE	QTR. PORT. T/O	# OF STKS	EQUITY ALLOC.	YIELD	P/E	MKT VOLTY	DIVRSFN	Earn. Var.	PORTFOLIO RISK ORIENTATION			
		Earn. Succ.							Size	Growth	Fin. Lever.		
TRUSTEE & INVESTORS	6/30/85	16	49	97	2.88	13.4	1.18	0.91	++	++	0	+	++
TRUSTEE & INVESTORS	3/31/85	10	43	97	2.82	13.5	1.22	0.93	++	++	0	0	++
TRUSTEE & INVESTORS	12/31/84	39	41	96	3.00	11.2	1.31	0.91	++	++	+	+	+
TRUSTEE & INVESTORS	9/30/84	24	37	94	3.52	8.3	1.28	0.91	0	++	--	+	0
TRUSTEE & INVESTORS	6/30/84	15	40	95	3.86	12.8	1.31	0.90	+	++	-	+	++
TRUSTEE & INVESTORS	3/31/84	25	41	98	3.30	14.4	1.27	0.89	+	++	0	+	++
TRUSTEE & INVESTORS	12/31/83	17	44	99	2.82	18.0	1.25	0.89	0	0	+	+	++
TRUSTEE & INVESTORS	9/30/83	9	40	98	3.04	19.8	1.26	0.92	0	++	+	+	++
TRUSTEE & INVESTORS	6/30/83	11	34	98	3.09	17.5	1.24	0.93	0	-	+	+	+
TRUSTEE & INVESTORS	3/31/83	NA	26	71	3.80	14.4	1.24	0.93	0	-	+	0	++
WADDELL & REED	6/30/85	34	53	74	3.66	12.6	1.19	0.79	++	--	+	-	++
WADDELL & REED	3/31/85	51	52	78	3.58	12.1	1.26	0.82	++	0	+	-	++
WADDELL & REED	12/31/84	39	46	52	3.34	11.8	1.29	0.75	++	--	+	+	++
WADDELL & REED	9/30/84	76	48	35	3.11	12.1	1.27	0.76	++	--	+	+	-
WADDELL & REED	6/30/84	81	13	21	2.08	10.9	1.56	0.52	++	++	++	+	+
WADDELL & REED	3/31/84	35	21	31	2.63	12.6	1.31	0.74	++	+	+	0	++
WADDELL & REED	12/31/83	103	10	31	2.45	17.2	1.36	0.72	+	--	++	++	--
WADDELL & REED	9/30/83	9	17	73	1.41	27.4	1.41	0.73	0	--	++	+	--
WADDELL & REED	6/30/83	38	16	75	1.51	21.0	1.48	0.74	0	--	++	++	+
WADDELL & REED	3/31/83	NA	17	79	2.04	14.9	1.50	0.81	+	-	++	+	++

EXTERNAL EQUITY MANAGERS

SECTOR WEIGHTING HISTORICAL PROFILE

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
AVG. EXT. MANAGERS	6/30/85	---	2.2	6.6	29.3	3.1	20.0	10.9	17.3	7.6	3.0
AVG. EXT. MANAGERS	3/31/85	---	2.4	6.8	26.4	3.6	17.5	11.4	22.2	6.8	3.0
AVG. EXT. MANAGERS	12/31/84	---	2.4	8.0	26.4	2.3	15.5	11.2	23.9	6.6	4.0
AVG. EXT. MANAGERS	9/30/84	---	2.9	7.9	27.9	3.8	14.1	9.6	26.3	4.8	2.7
AVG. EXT. MANAGERS	6/30/84	---	4.0	7.6	28.6	4.2	12.5	10.9	23.4	5.4	3.4
AVG. EXT. MANAGERS	3/31/84	---	5.2	7.6	24.0	5.7	13.2	13.3	22.7	5.1	3.1
AVG. EXT. MANAGERS	12/31/83	---	6.0	6.4	23.5	3.0	12.2	15.1	24.0	6.3	3.5
AVG. EXT. MANAGERS	9/30/83	---	3.6	5.9	28.9	3.1	12.8	13.5	24.2	5.7	2.4
AVG. EXT. MANAGERS	6/30/83	---	3.7	6.1	30.2	3.6	15.1	11.7	21.2	5.8	2.5
AVG. EXT. MANAGERS	3/31/83	---	2.8	4.3	30.6	3.6	15.2	11.4	23.5	4.9	3.8
FRED ALGER	6/30/85	63,144,042	---	17.6	36.0	1.4	9.3	3.5	15.7	16.6	---
FRED ALGER	3/31/85	57,886,615	5.2	14.3	28.8	3.7	7.8	1.8	24.8	13.6	---
FRED ALGER	12/31/84	54,018,782	5.2	16.1	36.1	---	4.1	7.9	25.2	5.4	---
FRED ALGER	9/30/84	53,908,974	9.3	15.4	33.7	---	0.8	11.4	23.5	6.0	---
FRED ALGER	6/30/84	49,936,760	14.0	8.0	30.7	---	3.8	11.5	29.5	2.6	---
FRED ALGER	3/31/84	51,737,228	13.3	4.3	28.8	---	3.4	18.3	31.9	---	---
FRED ALGER	12/31/83	55,644,200	13.2	6.6	21.7	---	6.4	18.1	33.9	---	---
FRED ALGER	9/30/83	56,169,879	5.7	6.8	26.9	---	8.4	23.3	29.0	---	---
FRED ALGER	6/30/83	58,138,999	4.9	8.5	35.0	3.5	8.2	18.0	21.9	---	---
FRED ALGER	3/31/83	51,420,548	1.4	7.5	37.0	---	9.0	22.0	23.1	---	---
ALLIANCE CAPITAL	6/30/85	65,072,829	---	8.7	49.9	2.2	14.3	---	12.7	8.9	3.3
ALLIANCE CAPITAL	3/31/85	58,738,405	---	9.9	47.9	2.4	12.6	---	15.8	8.0	3.4
ALLIANCE CAPITAL	12/31/84	52,332,767	---	8.7	48.8	---	10.2	---	20.6	8.1	3.7
ALLIANCE CAPITAL	9/30/84	51,653,441	---	8.8	49.7	---	9.6	---	19.3	9.2	3.5
ALLIANCE CAPITAL	6/30/84	48,457,996	---	8.1	51.6	---	6.9	---	23.5	9.9	---
ALLIANCE CAPITAL	3/31/84	47,427,119	---	8.3	48.0	2.7	5.6	---	25.1	10.4	---
ALLIANCE CAPITAL	12/31/83	52,725,699	0.8	7.5	45.3	---	6.8	2.4	24.2	13.1	---
ALLIANCE CAPITAL	9/30/83	52,945,082	2.8	5.4	45.9	---	9.2	---	24.6	12.1	---
ALLIANCE CAPITAL	6/30/83	57,538,354	2.2	4.7	42.3	---	8.2	7.5	22.7	12.4	---
ALLIANCE CAPITAL	3/31/83	51,037,067	---	3.5	49.9	2.7	6.7	3.6	23.5	10.0	---
BEUTEL GOODMAN	6/30/85	75,450,430	2.8	---	12.8	---	30.4	23.1	19.1	11.7	---
BEUTEL GOODMAN	3/31/85	70,177,266	2.1	---	19.2	---	28.4	33.1	13.6	3.6	---
BEUTEL GOODMAN	12/31/84	63,402,269	8.8	---	13.8	---	32.2	33.8	11.4	---	---
BEUTEL GOODMAN	9/30/84	60,461,938	6.5	---	14.0	---	37.1	35.6	6.8	---	---
BEUTEL GOODMAN	6/30/84	55,295,358	9.3	---	21.1	---	30.4	32.4	6.7	---	---
BEUTEL GOODMAN	3/31/84	56,896,258	8.9	---	18.6	---	27.2	39.3	6.0	---	---
BEUTEL GOODMAN	12/31/83	57,233,781	9.8	---	20.2	---	11.2	46.2	5.4	7.2	---
BEUTEL GOODMAN	9/30/83	55,416,939	8.8	---	22.0	---	13.1	43.5	4.7	8.0	---
BEUTEL GOODMAN	6/30/83	54,835,808	11.0	---	18.5	---	17.4	42.4	---	10.6	---
BEUTEL GOODMAN	3/31/83	50,442,256	---	---	15.7	---	15.4	52.1	---	16.8	---

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIC MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
BMI CAPITAL	6/30/85	9,759,880	5.4	9.7	34.9	---	5.7	4.0	30.3	9.9	---
BMI CAPITAL	3/31/85	9,851,108	7.1	9.0	37.6	---	---	6.8	35.9	3.7	---
BMI CAPITAL	12/31/84	9,015,974	6.5	5.8	40.0	---	---	7.4	35.9	4.4	---
BMI CAPITAL	9/30/84	8,820,740	4.6	13.4	42.6	---	---	4.1	31.3	3.9	---
BMI CAPITAL	6/30/84	8,533,642	3.2	16.4	37.4	---	---	11.5	31.5	---	---
BMI CAPITAL	3/31/84	8,366,038	4.3	12.7	39.3	---	---	17.8	25.9	---	---
BMI CAPITAL	12/31/83	9,784,767	7.4	12.1	28.4	---	6.6	19.0	26.4	---	---
BMI CAPITAL	9/30/83	10,420,827	7.6	11.2	37.1	---	6.4	18.6	19.2	---	---
BMI CAPITAL	6/30/83	11,285,353	7.9	12.7	44.2	---	9.8	15.9	9.5	---	---
BMI CAPITAL	3/31/83	10,081,983	10.6	8.1	35.3	---	12.3	22.0	11.8	---	---
FORSTMANN-LEFF	6/30/85	66,383,632	1.1	7.4	40.1	---	25.1	10.3	11.0	5.1	---
FORSTMANN-LEFF	3/31/85	61,436,421	2.5	9.8	25.7	---	25.5	14.7	17.4	4.4	---
FORSTMANN-LEFF	12/31/84	55,396,358	1.4	10.5	30.9	---	23.3	15.1	13.3	5.5	---
FORSTMANN-LEFF	9/30/84	53,550,733	4.5	4.6	32.5	---	21.5	14.5	18.9	3.6	---
FORSTMANN-LEFF	6/30/84	51,218,131	3.7	3.6	40.2	---	7.0	10.3	24.3	7.2	3.7
FORSTMANN-LEFF	3/31/84	52,083,507	7.6	3.0	37.0	---	6.0	14.5	23.1	6.0	2.8
FORSTMANN-LEFF	12/31/83	55,421,154	5.7	13.6	35.5	5.8	3.9	8.4	18.7	5.3	3.1
FORSTMANN-LEFF	9/30/83	55,775,736	---	14.6	52.3	3.3	4.5	5.3	15.1	4.8	---
FORSTMANN-LEFF	6/30/83	56,471,479	---	12.7	61.4	---	2.7	7.2	11.7	4.3	---
FORSTMANN-LEFF	3/31/83	51,390,160	2.1	4.7	50.7	5.9	4.7	10.3	17.4	4.2	---
HELLMAN JORDAN	6/30/85	64,181,384	3.9	3.5	23.0	7.0	26.0	15.5	7.5	3.5	10.0
HELLMAN JORDAN	3/31/85	59,732,797	1.3	---	21.9	5.9	25.3	13.6	16.1	6.7	9.2
HELLMAN JORDAN	12/31/84	54,923,168	1.3	6.1	19.5	1.1	19.8	17.1	20.3	9.2	5.7
HELLMAN JORDAN	9/30/84	52,497,049	1.5	10.7	11.3	0.8	14.0	15.3	29.3	12.0	5.0
HELLMAN JORDAN	6/30/84	47,929,367	1.8	12.4	13.8	1.2	16.4	21.2	12.6	11.1	9.6
HELLMAN JORDAN	3/31/84	49,895,127	---	12.4	19.5	6.4	15.7	15.7	4.3	8.8	17.2
HELLMAN JORDAN	12/31/83	50,182,761	---	14.8	30.0	6.0	16.5	10.4	2.1	3.0	17.2
HELLMAN JORDAN	9/30/83	50,713,576	---	15.0	47.4	---	19.5	3.5	3.3	4.7	6.5
HELLMAN JORDAN	6/30/83	52,402,164	---	3.8	23.3	---	35.9	---	24.8	---	12.2
HELLMAN JORDAN	3/31/83	49,541,253	---	---	15.1	---	33.4	4.6	27.2	---	19.7
INVESTMENT ADVISERS	6/30/85	66,785,302	3.4	8.8	6.5	3.2	18.8	17.1	29.0	13.2	---
INVESTMENT ADVISERS	3/31/85	62,742,678	3.4	6.0	6.1	2.8	16.3	19.9	32.9	12.6	---
INVESTMENT ADVISERS	12/31/84	58,967,426	3.3	6.4	13.6	5.9	20.5	19.2	19.9	10.8	0.6
INVESTMENT ADVISERS	9/30/84	55,807,710	3.7	7.2	21.5	6.9	21.0	13.1	20.2	5.6	0.8
INVESTMENT ADVISERS	6/30/84	50,388,386	5.5	5.9	26.3	6.2	18.8	9.1	20.6	3.7	3.9
INVESTMENT ADVISERS	3/31/84	51,864,720	5.8	5.4	30.2	8.9	21.5	7.7	15.6	3.9	1.0
INVESTMENT ADVISERS	12/31/83	54,533,402	6.3	6.3	25.0	5.8	21.9	9.7	15.7	6.1	3.2
INVESTMENT ADVISERS	9/30/83	53,819,067	5.8	6.2	30.6	6.0	13.4	9.1	18.3	7.1	3.5
INVESTMENT ADVISERS	6/30/83	54,812,985	6.5	6.6	24.7	11.7	9.7	9.8	16.9	10.3	3.9
INVESTMENT ADVISERS	3/31/83	50,748,987	6.5	9.1	26.0	10.2	7.3	15.0	17.7	5.0	3.2
IDS ADVISORY	6/30/85	68,295,847	3.0	4.8	27.7	8.4	13.4	7.2	11.7	8.5	15.1
IDS ADVISORY	3/31/85	62,021,800	---	5.2	27.5	9.8	11.0	7.3	14.0	7.7	17.6
IDS ADVISORY	12/31/84	57,153,006	1.8	4.6	29.5	3.7	7.6	3.7	16.9	7.2	25.0
IDS ADVISORY	9/30/84	55,468,185	3.4	6.6	25.4	7.6	7.9	5.6	19.6	4.6	19.4
IDS ADVISORY	6/30/84	50,278,968	---	5.3	27.6	8.1	6.8	7.6	19.2	4.8	20.6
IDS ADVISORY	3/31/84	50,085,955	4.8	10.1	12.4	9.6	8.7	14.3	15.2	9.5	15.4
IDS ADVISORY	12/31/83	54,006,960	4.9	7.6	18.0	---	8.8	19.0	26.1	6.0	9.6
IDS ADVISORY	9/30/83	54,334,602	---	4.1	24.3	3.4	6.0	19.7	33.8	5.4	3.4
IDS ADVISORY	6/30/83	57,561,715	4.2	12.0	30.5	4.5	4.2	6.7	33.7	4.3	---
IDS ADVISORY	3/31/83	50,689,028	5.4	9.2	30.7	5.4	9.8	6.4	26.3	---	6.6

EQUITY SECTOR WEIGHTS

		TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
MANAGER NAME	DATE										
LIEBER & COMPANY	6/30/85	31,313,770	2.1	7.8	21.4	4.6	30.3	16.0	11.0	5.5	1.2
LIEBER & COMPANY	3/31/85	29,544,589	2.9	8.0	25.3	6.1	28.9	15.1	8.9	3.5	1.3
LIEBER & COMPANY	12/31/84	26,473,866	3.2	5.3	27.0	3.2	24.2	18.4	15.3	3.4	---
LIEBER & COMPANY	9/30/84	25,807,665	2.9	3.8	33.0	4.1	22.4	16.8	14.8	2.2	---
LIEBER & COMPANY	6/30/84	23,927,529	2.6	3.3	34.8	3.5	21.1	16.7	15.3	1.8	0.8
LIEBER & COMPANY	3/31/84	24,261,218	3.6	6.4	32.3	4.9	17.3	16.8	16.3	1.8	0.7
LIEBER & COMPANY	12/31/83	11,159,936	7.7	4.5	33.7	3.5	16.7	22.3	6.1	5.6	---
LIEBER & COMPANY	9/30/83	11,016,060	6.5	3.5	31.0	4.7	18.0	25.4	5.4	5.5	---
LIEBER & COMPANY	6/30/83	11,233,248	6.4	5.0	33.3	5.0	16.5	23.9	3.3	6.6	---
LIEBER & COMPANY	3/31/83	10,063,917	8.3	---	23.1	3.9	11.6	41.0	5.6	6.4	---
LOOMIS SAYLES	6/30/85	54,796,721	---	2.7	44.6	---	47.3	---	5.5	---	---
LOOMIS SAYLES	3/31/85	49,233,894	---	13.8	19.3	---	30.1	---	36.7	---	---
LOOMIS SAYLES	12/31/84	46,561,187	---	24.0	12.9	---	26.1	---	37.0	---	---
LOOMIS SAYLES	9/30/84	46,082,328	---	16.0	18.9	---	12.8	---	52.3	---	---
LOOMIS SAYLES	6/30/84	43,613,462	7.6	12.8	16.1	---	4.9	8.8	33.8	16.0	---
LOOMIS SAYLES	3/31/84	45,336,835	11.2	15.1	3.4	---	5.1	12.8	38.2	14.3	---
LOOMIS SAYLES	12/31/83	49,181,570	11.6	16.1	3.3	---	5.2	14.0	33.5	16.4	---
LOOMIS SAYLES	9/30/83	50,182,549	3.5	14.5	13.3	---	10.6	5.2	44.9	8.0	---
LOOMIS SAYLES	6/30/83	55,042,543	3.1	9.0	12.1	---	34.6	10.8	20.4	9.9	---
LOOMIS SAYLES	3/31/83	50,105,254	---	4.8	19.8	---	25.4	9.1	30.7	10.1	---
08 NORWEST BANK MPLS	6/30/85	29,610,673	0.2	---	51.4	4.2	12.4	2.9	24.0	2.7	2.3
NORWEST BANK MPLS	3/31/85	27,145,424	---	2.3	44.2	6.3	9.2	6.2	28.0	1.9	1.9
NORWEST BANK MPLS	12/31/84	25,188,312	---	2.3	37.5	2.7	3.9	9.8	37.7	4.1	1.9
NORWEST BANK MPLS	9/30/84	25,685,954	---	3.7	38.0	0.6	2.3	11.9	39.7	1.3	2.4
NORWEST BANK MPLS	6/30/84	24,546,941	2.8	5.5	31.2	5.8	1.0	9.3	38.9	4.3	1.3
NORWEST BANK MPLS	3/31/84	10,385,041	3.6	4.4	23.1	8.5	1.1	7.2	45.5	5.4	1.1
NORWEST BANK MPLS	12/31/83	11,215,761	2.5	1.6	25.5	1.2	3.2	6.0	51.8	1.7	6.6
NORWEST BANK MPLS	9/30/83	11,816,270	1.2	---	31.6	3.3	2.0	8.4	46.1	1.4	5.8
NORWEST BANK MPLS	6/30/83	12,126,921	4.8	---	36.4	5.2	8.9	4.8	33.0	2.9	3.3
NORWEST BANK MPLS	3/31/83	10,417,512	7.0	1.8	47.1	4.2	13.5	---	20.1	6.3	---
SIEBEL CAPITAL	6/30/85	63,008,528	2.6	11.7	40.3	1.1	13.2	6.4	24.8	---	---
SIEBEL CAPITAL	3/31/85	59,170,590	7.0	5.4	39.1	1.2	18.9	5.9	22.5	---	---
SIEBEL CAPITAL	12/31/84	55,043,551	3.2	6.3	35.4	---	16.1	4.1	26.3	8.5	---
SIEBEL CAPITAL	9/30/84	52,544,464	3.6	6.2	43.1	1.2	13.3	3.2	24.7	4.8	---
SIEBEL CAPITAL	6/30/84	49,523,376	4.1	4.8	38.8	---	25.9	7.4	17.6	1.4	---
SIEBEL CAPITAL	3/31/84	49,328,007	3.6	1.3	26.4	---	25.8	11.4	29.2	2.4	---
SIEBEL CAPITAL	12/31/83	53,482,144	3.6	1.7	27.9	---	24.0	11.7	24.6	2.6	3.8
SIEBEL CAPITAL	9/30/83	54,520,467	3.5	---	32.7	2.8	25.1	7.2	19.3	5.0	4.4
SIEBEL CAPITAL	6/30/83	56,381,931	2.6	---	36.4	1.7	22.6	6.2	20.1	5.4	5.0
SIEBEL CAPITAL	3/31/83	51,621,595	4.6	---	28.8	---	18.5	5.3	30.0	6.7	6.2
HERBERT R. SMITH	6/30/85	51,502,874	2.3	3.3	23.1	8.8	25.5	5.2	18.8	13.1	---
HERBERT R. SMITH	3/31/85	47,216,714	2.4	3.2	24.3	8.8	20.1	4.7	18.7	17.8	---
HERBERT R. SMITH	12/31/84	43,937,991	0.8	7.8	22.1	13.4	17.9	0.3	17.6	20.1	---
HERBERT R. SMITH	9/30/84	44,289,327	1.4	8.9	20.0	17.9	12.4	3.3	26.7	9.4	---
HERBERT R. SMITH	6/30/84	42,860,060	2.4	0.3	24.4	25.5	10.6	7.5	20.9	7.4	1.1
HERBERT R. SMITH	3/31/84	44,150,474	3.3	0.2	10.1	28.8	16.9	12.8	18.6	9.1	---
HERBERT R. SMITH	12/31/83	46,441,280	4.4	0.4	15.4	10.6	14.5	8.8	30.2	15.8	---
HERBERT R. SMITH	9/30/83	48,910,462	2.2	0.6	12.7	9.4	22.1	15.6	23.2	9.4	4.8
HERBERT R. SMITH	6/30/83	53,176,398	2.0	0.6	15.5	5.2	17.6	13.9	29.4	7.3	6.7
HERBERT R. SMITH	3/31/83	50,198,982	4.8	---	32.6	---	20.5	---	34.7	7.4	---

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
TRUSTEE & INVESTORS	6/30/85	52,236,198	6.2	1.3	12.7	3.7	7.2	33.2	25.2	9.9	0.6
TRUSTEE & INVESTORS	3/31/85	50,202,957	2.3	1.5	17.0	3.9	6.8	26.2	31.2	11.1	---
TRUSTEE & INVESTORS	12/31/84	47,486,287	---	1.7	9.9	3.9	7.1	28.0	34.9	11.2	3.3
TRUSTEE & INVESTORS	9/30/84	48,156,379	---	---	6.3	15.1	21.9	8.2	36.3	8.4	3.8
TRUSTEE & INVESTORS	6/30/84	44,119,650	2.5	---	9.9	11.9	17.6	9.4	38.8	---	10.0
TRUSTEE & INVESTORS	3/31/84	47,158,224	2.5	---	10.0	16.0	17.3	10.1	35.3	---	8.7
TRUSTEE & INVESTORS	12/31/83	50,974,369	2.4	---	12.9	9.3	16.7	9.5	41.4	---	7.7
TRUSTEE & INVESTORS	9/30/83	53,062,524	2.5	---	15.6	10.5	17.1	8.8	38.4	---	7.1
TURSTEE & INVESTORS	6/30/83	57,620,180	2.9	3.2	17.0	11.5	18.9	10.3	29.7	---	6.5
TRUSTEE & INVESTORS	3/31/83	50,154,412	3.6	---	12.2	14.4	24.1	10.2	24.1	---	11.4
WADDELL & REED	6/30/85	29,531,769	---	11.8	14.5	2.5	21.1	18.4	13.3	6.1	12.4
WADDELL & REED	3/31/85	27,604,382	---	12.8	11.9	2.7	21.5	15.8	16.3	7.9	11.2
WADDELL & REED	12/31/84	26,234,116	---	14.0	18.7	---	18.8	2.7	25.5	1.0	19.3
WADDELL & REED	9/30/84	25,856,251	1.4	13.9	28.0	3.3	14.3	0.5	30.9	1.6	6.1
WADDELL & REED	6/30/84	25,495,564	---	29.0	25.7	---	15.7	---	17.8	11.8	---
WADDELL & REED	3/31/84	25,833,644	5.2	32.1	21.4	---	25.0	---	11.7	4.5	---
WADDELL & REED	12/31/83	11,409,742	12.8	32.4	---	---	33.9	---	20.9	---	---
WADDELL & REED	9/30/83	12,042,511	5.8	13.4	22.5	---	5.1	---	38.2	15.0	---
WADDELL & REED	6/30/83	12,464,478	5.7	13.2	29.2	3.3	5.0	---	31.1	12.5	---
WADDELL & REED	3/31/83	10,013,713	5.5	13.8	15.5	2.5	29.1	---	27.2	6.4	---
WILSHIRE 5000	6/30/85	---	4.8	4.0	26.3	11.2	12.2	10.8	13.6	3.6	13.5
WILSHIRE 5000	3/31/85	---	4.9	3.9	25.3	13.0	11.4	10.9	14.4	3.3	12.9
WILSHIRE 5000	12/31/84	---	5.4	9.9	23.0	13.5	9.9	10.6	13.2	3.7	10.8
WILSHIRE 5000	9/30/84	---	5.2	4.3	24.9	13.2	10.3	11.5	15.5	2.9	12.2
WILSHIRE 5000	6/30/84	---	5.3	4.0	25.7	13.5	9.6	11.7	15.6	2.9	11.7
WILSHIRE 5000	3/31/84	---	5.4	3.9	23.6	16.1	9.8	12.1	15.3	2.9	11.1
WILSHIRE 5000	12/31/83	---	5.5	4.2	24.0	14.5	9.5	12.2	16.3	2.8	11.1
WILSHIRE 5000	9/30/83	---	5.2	4.0	24.3	14.8	9.4	11.8	16.3	2.9	11.3
WILSHIRE 5000	6/30/83	---	5.3	3.9	24.9	15.0	9.3	11.6	16.3	2.9	10.9
WILSHIRE 5000	3/31/83	---	5.1	3.5	25.2	14.6	9.8	12.3	14.9	2.9	11.8

EXTERNAL EQUITY MANAGERS

HISTORICAL PERFORMANCE SUMMARY

	2Q 1985	1Q 1985	4Q 1984	3Q 1984	2Q 1984	1Q 1984	4Q 1983	3Q 1983	2Q 1983
FRED ALGER									
Equity	10.1%	7.3%	0.2%	8.3%	-4.1%	-8.1%	-1.0%	-3.5%	13.9%
Total Fund	9.1	7.2	0.2	8.0	-3.5	-7.0	-0.9	-3.4	13.1
ALLIANCE CAPITAL									
Equity	11.5	13.1	1.3	7.1	2.2	-11.2	-0.6	-8.7	14.3
Total Fund	10.8	12.2	1.3	6.6	2.2	-10.1	-0.4	-8.0	12.7
BEUTEL GOODMAN									
Equity	8.1	12.1	5.1	10.1	-2.8	-0.7	3.5	3.4	13.9
Total Fund	7.5	10.7	4.9	9.3	-2.8	-0.6	3.3	1.1	8.7
BMI CAPITAL									
Equity	-0.7	10.5	2.3	3.6	2.1	-14.4	-6.0	-7.8	14.4
Total Fund	-0.9	9.3	2.2	3.4	2.0	-14.5	-6.1	-7.7	11.9
FORSTMANN-LEFF									
Equity	9.4	12.6	3.7	7.5	-2.8	-8.3	-1.0	-1.7	11.2
Total Fund	8.1	10.9	3.4	4.6	-1.7	-6.0	-0.6	-1.2	9.9
HELLMAN JORDAN									
Equity	9.5	10.0	4.3	8.6	-4.8	-3.1	-0.9	-9.5	10.0
Total Fund	7.5	8.7	4.6	9.5	-3.9	-0.6	-1.0	-3.2	5.8
IDS ADVISORY									
Equity	10.7	9.2	3.2	11.4	0.0	-8.4	-0.9	-6.6	14.3
Total Fund	10.1	8.5	3.0	10.3	0.4	-7.3	-0.6	-5.6	13.6
INVESTMENT ADVISERS									
Equity	7.1	6.6	5.8	11.3	-3.0	-5.8	1.5	-2.9	11.6
Total Fund	6.4	6.4	5.7	10.7	-2.8	-4.9	1.3	-1.8	8.0
LIEBER & COMPANY									
Equity	6.3	13.8	2.9	8.9	-1.3	-10.2	1.7	-2.4	16.6
Total Fund	6.0	11.6	2.6	7.9	-1.4	-7.3	1.3	-1.9	11.6
LOOMIS SAYLES									
Equity	11.5	6.9	1.5	6.0	-4.8	-8.8	-2.3	-9.3	10.2
Total Fund	11.3	5.7	1.0	5.7	-3.8	-7.8	-2.0	-8.8	9.8
NORWEST BANK MPLS									
Equity	10.7	9.5	-2.1	5.3	-3.2	-8.8	-6.0	-3.6	19.6
Total Fund	9.1	7.8	-1.9	4.7	-2.7	-7.4	-5.1	-2.6	16.4
SIEBEL CAPITAL									
Equity	7.5	9.8	5.2	7.4	0.4	-9.1	-2.4	-4.0	10.6
Total Fund	6.5	7.5	4.8	6.1	0.4	-7.8	-1.9	-3.3	9.2
HERBERT R. SMITH									
Equity	10.1	9.4	-0.9	3.4	-3.1	-6.4	-7.8	-11.0	13.4
Total Fund	9.1	7.5	-0.8	3.3	-2.9	-4.9	-5.1	-8.0	5.9
TRUSTEE & INVESTORS									
Equity	4.3	6.1	-1.4	9.3	-6.8	-7.8	-3.7	-7.9	16.4
Total Fund	4.1	5.7	-1.4	9.1	-6.4	-7.5	-3.9	-7.9	14.9
WADDELL & REED									
Equity	8.7	8.1	0.7	-1.6	-10.3	-14.0	-9.3	-4.7	30.2
Total Fund	7.0	5.2	1.5	1.4	-1.3	-2.2	-5.3	-3.0	24.0
SBI AGGREGATE									
Equity	8.8	9.5	2.4	8.0	-2.7	-7.5	-1.5	-5.3	13.2
Total Fund	8.0	8.4	2.4	7.2	-2.2	-5.9	-1.2	-4.5	10.5
MARKET INDICES									
Wilshire 5000	7.5	10.3	1.3	9.2	-2.8	-4.2	-1.0	-0.9	13.0
S&P 500	7.4	9.2	1.8	9.7	-2.5	-2.4	0.4	-0.1	11.1
91 Day T-Bills	1.9	2.1	2.3	2.7	2.6	2.4	2.3	2.4	2.2

EXTERNAL FIXED INCOME MANAGERS

PORTFOLIO STATISTICS HISTORICAL SUMMARY

MANAGER NAME	DATE	QUARTER PORTFOLIO T/O	# OF BONDS	BOND ALLOCATION	COUPON	CURRENT YIELD	YIELD TO MAT.	AVERAGE QUALITY	DURATION	TERM TO MAT.
AVG. EXT. MGRS.	6/30/85	48	29	95	10.4	10.2	10.4	AAA	4.5	8.5
AVG. EXT. MGRS.	3/31/85	37	25	91	10.3	10.8	11.5	AAA	4.2	8.2
AVG. EXT. MGRS.	12/31/84	38	22	93	10.3	10.8	11.4	AAA	4.5	8.8
AVG. EXT. MGRS.	9/30/84	54	29	88	10.1	11.1	12.3	AAA	4.3	8.8
INVESTMENT ADV.	6/30/85	50	17	99	8.4	8.1	10.1	AAA	4.7	6.2
INVESTMENT ADV.	3/31/85	19	13	99	8.7	9.3	11.7	AAA	4.9	8.9
INVESTMENT ADV.	12/31/84	25	10	99	8.4	9.3	11.5	AAA	5.6	12.1
INVESTMENT ADV.	9/30/84	10	7	100	9.0	10.8	12.6	AAA	6.4	15.2
LEHMAN MGMT.	6/30/85	49	27	92	11.4	10.8	9.9	AAA	3.8	6.3
LEHMAN MGMT.	3/31/85	43	24	85	11.6	11.4	11.0	AAA	3.6	5.6
LEHMAN MGMT.	12/31/84	44	19	85	11.6	11.4	10.8	AAA	3.3	5.3
LEHMAN MGMT.	9/30/84	62	15	82	11.2	11.5	12.2	AAA	3.7	6.5
MILLER ANDERSON	6/30/85	75	48	95	9.3	10.0	10.4	AA	4.6	9.3
MILLER ANDERSON	3/31/85	35	41	92	9.0	10.0	11.1	AA	3.7	7.4
MILLER ANDERSON	12/31/84	50	43	99	9.1	10.1	11.3	AA	3.9	7.3
MILLER ANDERSON	9/30/84	83	59	71	9.8	11.1	11.9	AAA	3.3	6.7
MORGAN STANLEY	6/30/85	38	17	100	11.4	10.8	10.5	AAA	5.0	9.7
MORGAN STANLEY	3/31/85	62	16	85	11.1	11.3	11.5	AAA	3.8	7.3
MORGAN STANLEY	12/31/84	30	12	100	11.5	11.5	11.5	AAA	5.3	9.4
MORGAN STANLEY	9/30/84	105	20	99	8.6	8.9	12.5	AAA	3.7	5.3
NORWEST BANK	6/30/85	15	35	98	11.2	10.8	10.5	AA	3.4	7.6
NORWEST BANK	3/31/85	13	28	100	11.1	11.3	11.5	AA	3.7	7.6
NORWEST BANK	12/31/84	39	25	96	10.5	10.9	11.3	AA	3.5	7.5
NORWEST BANK	9/30/84	17	21	93	10.6	11.7	12.5	AA	3.6	7.6
WESTERN ASSET	6/30/85	58	29	84	10.5	10.7	10.8	AA	5.4	12.1
WESTERN ASSET	3/31/85	52	28	87	10.4	11.5	12.1	AA	5.3	12.2
WESTERN ASSET	12/31/84	39	24	80	10.6	11.4	11.8	AA	5.2	11.3
WESTERN ASSET	9/30/84	49	19	80	11.3	12.3	12.8	AA	4.8	11.3

EXTERNAL FIXED INCOME MANAGERS

SECTOR WEIGHTING HISTORICAL PROFILE

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	QUALITY WEIGHTINGS					SECTOR WEIGHTINGS									
			AAA	AA	A	BAA	OTHER	GOVT	AGCY	ZERO	IND	UTIL	FIN	TRAN	MTGS	MISC	CASH
AVG. EXT. MGRS.	6/30/85	---	81	6	6	3	4	34	1	4	5	4	9	0	36	1	5
AVG. EXT. MGRS.	3/31/85	---	78	10	6	2	4	27	5	4	5	6	12	0	31	1	9
AVG. EXT. MGRS.	12/31/84	---	77	12	7	2	2	33	8	4	2	8	12	0	24	1	7
AVG. EXT. MGRS.	9/30/84	---	79	12	7	2	0	30	10	7	3	8	9	1	19	1	12
INVESTMENT ADV.	6/30/85	33,794,148	96	4	0	0	0	62	0	23	10	0	4	0	0	0	1
INVESTMENT ADV.	3/31/85	30,942,776	85	15	0	0	0	53	0	18	11	13	4	0	0	0	1
INVESTMENT ADV.	12/31/84	30,397,636	74	26	0	0	0	52	0	18	0	25	4	0	0	0	1
INVESTMENT ADV.	9/30/84	27,932,974	72	28	0	0	0	59	0	10	0	31	0	0	0	0	0
LEHMAN MGMT.	6/30/85	190,808,742	91	5	4	0	0	64	8	0	5	2	4	0	9	0	8
LEHMAN MGMT.	3/31/85	177,383,853	95	3	2	0	0	65	13	0	2	0	2	0	3	0	15
LEHMAN MGMT.	12/31/84	173,831,628	98	0	2	0	0	64	13	0	3	0	0	0	5	0	15
LEHMAN MGMT.	9/30/84	162,737,117	96	1	2	0	0	60	13	5	4	0	0	0	0	0	18
MILLER ANDERSON	6/30/85	183,857,869	69	3	8	4	16	19	0	2	5	0	12	0	57	0	5
MILLER ANDERSON	3/31/85	173,961,916	54	13	11	2	20	2	0	4	7	0	27	0	52	0	8
MILLER ANDERSON	12/31/84	169,696,156	55	17	14	5	9	0	0	7	5	0	36	0	51	0	1
MILLER ANDERSON	9/30/84	159,574,376	81	12	5	2	0	0	0	0	2	0	17	0	52	0	29
MORGAN STANLEY	6/30/85	188,907,479	100	0	0	0	0	49	0	0	0	0	0	0	51	0	0
MORGAN STANLEY	3/31/85	173,106,782	100	0	0	0	0	38	9	0	0	0	0	0	38	0	15
MORGAN STANLEY	12/31/84	170,547,941	100	0	0	0	0	74	18	0	0	0	0	0	8	0	0
MORGAN STANLEY	9/30/84	159,109,110	100	0	0	0	0	45	27	27	0	0	0	0	0	0	1
NORWEST BANK	6/30/85	92,417,709	56	15	20	7	2	0	0	0	4	5	33	0	49	7	2
NORWEST BANK	3/31/85	86,259,088	55	23	19	3	0	3	0	0	0	5	38	0	47	7	0
NORWEST BANK	12/31/84	84,387,890	65	13	18	4	0	6	7	0	0	5	30	0	48	0	4
NORWEST BANK	9/30/84	79,887,650	58	14	24	4	0	12	7	0	10	0	31	0	33	0	7
WESTERN ASSET	6/30/85	197,929,627	73	9	4	8	6	10	0	0	8	15	0	1	51	0	15
WESTERN ASSET	3/31/85	181,426,695	76	9	4	7	4	4	11	0	8	16	0	1	47	0	13
WESTERN ASSET	12/31/84	177,328,832	69	15	7	5	4	3	11	0	6	19	2	2	33	4	20
WESTERN ASSET	9/30/84	165,957,816	68	15	9	5	3	4	16	0	3	18	4	5	26	4	20

ALTERNATIVE EQUITY INVESTMENTS

REAL ESTATE SEPARATE ACCOUNT (RESA)

Real Estate Separate Account (RESA) is an open-end commingled real estate fund managed by the Aetna Life and Casualty Company of Hartford, Conn. The fund was formed in January, 1978. The fund has no termination date; investors have the option to withdraw all or a portion of their investment. RESA invests primarily in existing equity real estate. Investments are diversified by location and type of property. On-site management of properties is contracted to outside firms or conducted by a joint venture partner. At the end of fiscal year 1985, RESA held 127 properties with an aggregate market value of \$1.3 billion.

SEPARATE ACCOUNT #8

Separate Account #8 was formed in August 1973 by the New York-based Equitable Real Estate Group, Inc. The account is an open-end commingled real estate fund. The fund has no termination date; investors retain the option to withdraw all or a portion of their investment. The fund makes equity investments in existing real estate. The fund's portfolio is diversified by location and property type. Management of the fund's properties is contracted to outside firms or is conducted by joint venture partners. As of June 30, 1985, the Separate Account portfolio was comprised of 232 properties. Total market value of the properties was \$2.4 billion.

PRISA I

PRISA I is an open-end commingled real estate fund. One of the largest and oldest of the open-end funds, PRISA I was formed in July 1970 by the Prudential Investment Management Corporation of New Jersey. PRISA's real estate portfolio consists primarily of equity investments in existing properties. Investments are diversified by both the type and location of properties. Prudential contracts with outside firms for the on-site management of its properties or retains joint venture partners as property managers. The fund has no termination date. Investors have the option quarterly to withdraw a portion or all of their investment. At fiscal year end, PRISA I held investments in 455 properties. Aggregate market value of the properties was \$5.1 billion.

RREEF USA III

RREEF USA III is a \$773 million commingled real estate group trust. The trust, which is managed by the Rosenberg Real Estate Equity Funds, has a twelve year term. Typically, the trust purchases 100% of the equity of its properties with cash. The trust generally does not utilize leverage or participating mortgages. Properties are diversified by location and type.

RREEF's in-house staff manages the trust's real estate properties. The firm's primary office is located in San Francisco. At the end of fiscal year 1985, RREEF USA III's portfolio was comprised of 6 investments with an aggregate value, at cost, of \$304.8 million.

HAC GROUP TRUST I

HAC Group Trust I is a \$113 million real estate group trust. The trust was formed in May 1984 and has a term of twelve years. HAC Group Trust I is managed by the Heitman Advisory Group, which is based in Chicago. The majority of the trust investments are equity real estate. The real estate portfolio is diversified by the type and location of the properties. Centre Properties, Ltd., an affiliate of Heitman, manages the trust's wholly-owned properties. Properties that are partially owned by the trust may be managed by joint venture partners. At fiscal year end, HAC Group Trust I held 6 investments totaling \$83.5 million at cost.

TCW REALTY FUND III

TCW Realty Fund III is a \$215 million real estate fund. The fund was formed in July 1985 and has a term of ten years. Management of the fund is a joint venture between Trust Company of the West and Westmark Real Estate Investment Services of Los Angeles. The fund manages utilize specialty investment vehicles such as convertible and participating mortgages to enhance real estate returns. Investments are diversified by location and type. Management of portfolio properties typically is conducted by local property management firms. Although the SBI committed to the fund at its June, 1985 meeting, funding did not take place until July. Therefore, the TCW Realty Fund III held no investments at fiscal year end.

STATE STREET REAL ESTATE FUND III

State Street Real Estate Fund III is a \$103 million real estate fund formed in August 1985. The fund has a term of fifteen years. It is managed by the State Street Bank and Trust Company of Boston. State Street Bank has retained Aldrich, Eastman and Waltch as the Fund's advisor. The fund's special orientation is the use of creative investment vehicles such as convertible and participating mortgages to maximize real estate returns. The real estate portfolio is diversified by location and property type. On-site property management typically is contracted to outside firms or conducted by joint venture partners. The fund's initial investments were made after the 1985 fiscal year end.

NORTHWEST VENTURE PARTNERS I

Northwest Venture Partners I is a \$60 million venture capital limited partnership. The partnership, which was formed in

January 1984, has a term of ten years. Norwest Venture Capital Management, a wholly owned subsidiary of Norwest Corp., is the general partner and manager of the partnership. Norwest Venture Capital also manages the Norwest Growth Fund, an SBIC, and Norwest Equity Capital, a leveraged buyout fund. Norwest Venture Partners' investment focus is on high technology companies in the early stages of corporate development. However, the partnership's portfolio also includes investments in expansion stage firms and is diversified by the location and industry type of its portfolio companies. As of June 30, 1985, Northwest Venture Partners held investments in 22 portfolio companies. The investments totaled \$14.8 million at cost.

1984 INVESTMENT PARTNERSHIP (KKR III)

KKR III is a \$1 billion leveraged buyout limited partnership. The partnership was formed in March 1984 and has a term of twelve years. It is the third leveraged buyout fund to be managed by Kohlberg, Kravis, Roberts and Co., which operates offices in New York and San Francisco. KKR III invests in large management leveraged buyouts. The partnership's portfolio companies are mature, low technology companies with very diversified operations. At fiscal year end, KKR III held five investments with an aggregate cost of \$544 million.

SUMMIT VENTURES

Summit Ventures is a \$93 million venture capital limited partnership. The partnership has a ten year term. It was formed in December 1984 by Stamps, Woodsum & Co., the managing general partners of the fund and Shearson/American Express Stamps and Woodsum focus on profitable, expansion stage firms that have not yet received any venture backing. The majority of the partnership's investments are in high tech firms. Investments are diversified by location and industry type. At fiscal year end, Summit Ventures held investments in 7 companies. The aggregate value of the Summit portfolio investments at cost was \$7.4 million.

FIRST CENTURY III

First Century III is a venture capital limited partnership. The partnership, which was formed in December 1984, is \$100 million in size and has a term of ten years. The general partner and manager of the partnership is Smith Barney Venture Corp., a subsidiary of Smith Barney Harris Upham and Co. Smith Barney Venture has offices in New York and San Francisco. This is the third fund formed by the firm since 1972. The partnership invests primarily in early stage, high technology companies. Investments are diversified by location and industry group. As of June 30, 1985, First Century III's portfolio was comprised of 6 investments with a combined cost of \$4.5 million.

DSV PARTNERS IV

DSV Partners IV was formed in April, 1985. It is a \$60 million venture capital limited partnership with a twelve year term. DSV Partners IV is the fourth venture fund to be managed by DSV Management Ltd since the firm's inception in 1968. The firm's primary office is located in Princeton, New Jersey. However, the firm will open a California office in 1986. DSV Partners' investment emphasis is on portfolio companies in the start up and early stages of corporate development. The geographic focus of the partnership is on East and West Coast firms. Investments are diversified by industry type. Formed in the last quarter of the fiscal year, DSV IV held only one \$200,000 venture investment at fiscal year end.

INMAN & BOWMAN

Inman & Bowan was formed in June, 1985. The fund is a \$44 million venture capital limited partnership. Its investment focus is early-stage, high-technology firms. The fund will emphasize investments in California, where the general partner, Inman & Bowman Management, is based. However, Inman and Bowman work closely with Rainier Venture Partners, a small Washington venture firm. They expect to make several co-investments with Rainier in the Pacific Northwest. The partnership has a ten year term. It received its first funding in June but made no investments in fiscal year 1985.

MATRIX PARTNERS II

Matrix Partners II was formed in August, 1985. The fund is \$70 million in size and has a term of ten years. The fund's investment emphasis is on high-technology firms in the early and expansion stages of corporate development. However, for diversification the Fund's portfolio will include a sizable component of non-technology firms. The portfolio may include several small leveraged buyout investments as well. The fund is managed by five experienced general partners. The partners have offices in Boston, San Jose, and San Francisco. The fund made no investments in fiscal year 1985.

ALLIED VENTURE PARTNERSHIP

Allied Venture Partnership is a \$40 million venture capital limited partnership. The fund was formed in September 1985 and has a ten year term. Based in Washington D.C., the fund will focus on later stage, low technology companies located in the Southeastern and Eastern U.S. Most investments will be made in syndication with Allied Capital, a large publicly-owned venture capital corporation formed in 1958.

AMGO I

AMGO I is a \$144 million oil and gas limited partnership. The fund was formed in July 1981 and has a term of twenty years. The general partner and manager of the fund is First Reserve Corp. The general partner's long-term investment strategy is to create a diversified portfolio of oil and gas investments for the fund. The portfolio is diversified across four dimensions: location, geological structure, investment type, and operating company. At the end of fiscal year 1985, AMGO I held 23 investments. The total value of the investments at cost was \$132.5 million.

AMGO II

Formed in December 1982, Amgo II is a \$36 million oil and gas limited partnership with a nineteen year term. First Reserve Corp. of New York is the general partner and manager of both Amgo I and Amgo II. First Reserve's strategy for Amgo II is similar to that of Amgo I. Amgo II's portfolio is diversified by location, geological structure, investment type, and operating company. As of June 30, 1985, Amgo II's portfolio consisted of 10 investments, totaling \$23.1 million at cost.

10% EQUIPMENT FINANCING NOTES

The Apache Corp. 10% Equipment Financing Notes are a \$150 million private placement to finance Apache's portion of production facility expenditures. The expenditures were made under the terms of a series of offshore joint ventures in the Gulf of Mexico. The joint ventures were organized by Shell Oil Company. In addition to fixed interest payments of 10% per annum, noteholders will receive additional interest of 2% of Apache's share of gross revenues from the joint ventures. Principal and interest on the notes are estimated to be repaid by 1992. The 2% additional interest will be paid to noteholders throughout the life of producing properties. At fiscal year end, Apache Corp. held 1 investment in the fund's portfolio. The investment required \$1.7 million of the total \$150 million private placement. Apache Corp. is based in Minneapolis.

ALTERNATIVE EQUITY INVESTMENTS

FUND NAME -----	COMMITMENT -----	FUNDED -----
REAL ESTATE:		
Separate Account #8	\$ 40.0 Million	\$ 40.0 Million
RESA	40.0	40.0
PRISA I	40.0	40.0
RREEF USA III	75.0	36.0
HAC Group Trust I	20.0	20.0
TCW Realty Fund III	40.0	20.0
State Street Fund III	20.0	5.0
	-----	-----
Total:	\$275.0 Million	\$201.0 Million
Target:	(\$369 Million or 10% of Basic Retirement Funds)	
VENTURE CAPITAL:		
Northwest	\$10.0 Million	\$ 7.0 Million
KKR III	25.0	19.4
Summit Ventures	10.0	5.0
First Century III	10.0	2.5
DSV IV	10.0	4.0
Matrix II	10.0	2.5
Inman & Bowman	7.5	2.0
Allied Venture	5.0	1.6
	-----	-----
Total:	\$87.5 Million	\$44.0 Million
Target:	(\$92.3 Million or 2.5% of Basic Retirement Funds)	
RESOURCE:		
Amgo I	\$15.0 Million	\$15.0 Million
Amgo II	7.0	7.0
Apache I	22.5	0.3
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Total:	\$44.5 Million	\$22.3 Million
Target:	(92.3 Million or 2.5% of Basic Retirement Funds)	

MINNESOTA STATE BOARD OF INVESTMENT
COMMISSIONS AND TRADING VOLUME
BY BROKER
FISCAL YEAR 1985

BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
A.G. BECKER & CO.	140,864.53	283.50	0.00	0.00	90,000,000.00
ABEL/NOSER CORP.	2,324,450.00	6,000.00	0.00	0.00	0.00
ALLISON-WILLIAMS	0.00	0.00	1,408,527.46	4,244.34	0.00
AMERICAN EXPRESS CREDIT	0.00	0.00	0.00	0.00	24,701,000.00
AMERICAN NATIONAL BANK	0.00	0.00	0.00	0.00	13,338,000.00
ASSOC CORP OF N AMER	0.00	0.00	0.00	0.00	48,204,000.00
AUTRANET	7,720,305.60	16,632.00	0.00	0.00	0.00
BANK OF AMERICA	0.00	0.00	0.00	0.00	108,169,000.00
BANKERS TRUST	0.00	0.00	0.00	0.00	134,095,000.00
BEAR STEARNS & CO	39,575,882.52	90,593.50	0.00	0.00	2,378,331,000.00
BECKER-WARBURG-PARIBUS	1,372,400.00	3,572.00	0.00	0.00	0.00
BLYTH PAINE WEBBER	0.00	0.00	4,959,741.89	5,091.73	0.00
BRANDT (ROBERT) & CO	8,016,325.00	19,900.00	0.00	0.00	0.00
BRIDGE TRADING CO.	5,011,700.00	10,168.00	0.00	0.00	0.00
BRIGGS & SCHAEDELE	0.00	0.00	0.00	0.00	8,000,000.00
BROWN ALEX & SONS	1,159,650.00	4,200.00	0.00	0.00	0.00
BURDGE DANIELS & CO.	0.00	0.00	1,951,645.75	5,622.13	0.00
CANTOR FITZGERALD	7,746,245.00	19,031.00	0.00	0.00	0.00
CHEMICAL BANK N.Y.	0.00	0.00	0.00	0.00	11,000,000.00
CIT FINANCIAL CORP	0.00	0.00	0.00	0.00	102,886,000.00
CITIBANK	0.00	0.00	0.00	0.00	325,845,000.00
CONNING & COMPANY	528,400.00	1,900.00	0.00	0.00	0.00
COWEN&CO	9,344,812.50	21,747.50	0.00	0.00	0.00
CYRUS J. LAWRENCE	15,498,981.25	33,980.25	0.00	0.00	0.00
DAIN KALMAN & QUAIL S	1,107,475.00	3,993.50	0.00	0.00	0.00
DEAN WITTER REYNOLDS	43,762,008.50	107,673.50	8,232,199.50	11,756.01	271,294,000.00
DELAFIELD HAR. TABELL	6,177,915.00	14,250.00	0.00	0.00	0.00
DILLON READ	23,362,975.00	64,597.00	0.00	0.00	0.00
DONALDSON LUFKIN	4,626,700.00	11,800.00	0.00	0.00	0.00
DREXEL BURNHAM LAMBERT	52,444,661.90	136,441.00	9,358,710.22	36,910.46	0.00
E F HUTTON AND CO	4,214,562.50	11,273.50	0.00	0.00	0.00
EBERSTADT (F) & CO	15,065,921.90	35,163.00	0.00	0.00	0.00
FHLB DES MOINES	0.00	0.00	0.00	0.00	7,000,000.00
FIRST BOSTON CORPORATION	42,219,363.90	106,500.00	54,708,774.68	53,741.94	5,366,645,000.00
FIRST INTERSTATE BK CAL	0.00	0.00	0.00	0.00	8,000,000.00
FIRST MANHATTAN COMPANY	20,685,025.00	46,163.75	0.00	0.00	0.00
FIRST NATIONAL BANK BOSTO	0.00	0.00	0.00	0.00	54,500,000.00
FIRST NATIONAL BANK CHI	0.00	0.00	0.00	0.00	13,000,000.00
FIRST NATIONAL BANK MPLS	0.00	0.00	0.00	0.00	159,147,000.00
FIRST NATIONAL BANK SP	0.00	0.00	0.00	0.00	68,250,000.00
FORD MOTOR CREDIT CO	0.00	0.00	0.00	0.00	142,484,000.00
FURMAN SELZ MAGER	8,235,316.00	21,834.50	0.00	0.00	0.00
GENERAL ELEC. FIN. SERV.	0.00	0.00	0.00	0.00	39,403,000.00

MINNESOTA STATE BOARD OF INVESTMENT
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BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
GENERAL MOTORS ACCEPTANCE	0.00	0.00	0.00	0.00	243,492,000.00
GOLDMAN SACHS & COMPANY	37,373,646.50	100,917.50	27,593,950.67	20,546.13	9,740,210,000.00
GORDON HASKETT & CO.	5,900,250.00	10,000.00	0.00	0.00	0.00
HELLER FINANCIAL INC.	0.00	0.00	0.00	0.00	308,901,000.00
HOWARD WEIL LABOUISSIE FRI	1,633,635.00	4,775.00	0.00	0.00	0.00
INDEPENDENT STATE BANK	0.00	0.00	0.00	0.00	45,950,000.00
INSTANET	32,312,783.80	46,794.80	0.00	0.00	0.00
IRVING TRSUT CO N.Y.	0.00	0.00	0.00	0.00	7,000,000.00
JANNEY MONTGOMERY SCOTT	0.00	0.00	449,300.00	1,235.00	0.00
JEFFERIES & CO	43,142,437.50	107,426.00	0.00	0.00	0.00
JOHNSON LANE SPACE & SMIT	29,598,400.00	59,428.00	0.00	0.00	0.00
JONES & ASSOCIATES	6,593,063.10	18,827.00	0.00	0.00	0.00
KEEFE BRUYETTE & WOOD	1,235,625.00	3,756.00	0.00	0.00	0.00
KIDDER PEABODY	23,895,241.50	57,635.00	33,568,930.22	83,371.83	4,121,276,021.67
KLEINWORT BENSON GOVT SEC	0.00	0.00	0.00	0.00	2,072,983,015.36
L F ROTHSCHILD	2,862,850.00	7,108.00	0.00	0.00	0.00
LEHMAN GOVT SECURITIES	0.00	0.00	0.00	0.00	6,189,936,000.00
LYNCH JONES & RYAN	6,917,800.00	13,600.00	0.00	0.00	0.00
MARQUETTE NATIONAL BANK	0.00	0.00	0.00	0.00	55,998,000.00
MERRILL LYNCH P F & S (R)	54,926,124.33	134,610.30	32,775,703.10	83,862.75	430,126,000.00
MESIROW AND COMPANY	395,000.00	1,400.00	0.00	0.00	0.00
MIDLAND NATIONAL BANK MPL	0.00	0.00	0.00	0.00	8,600,000.00
MIDWAY NATIONAL BANK ST P	0.00	0.00	0.00	0.00	3,000,000.00
MONTGOMERY SECURITIES	7,080,250.00	18,152.00	0.00	0.00	0.00
MORGAN GUARANTY	0.00	0.00	0.00	0.00	26,700,000.00
MORGAN STANLEY & CO	37,605,675.00	96,820.75	19,975,166.19	46,811.17	0.00
NATIONAL CITY BANK MPLS	0.00	0.00	0.00	0.00	13,300,000.00
NO. COUNTRY SECURITIES	331,250.00	2,750.00	0.00	0.00	0.00
NORWEST BANK MPLS	0.00	0.00	0.00	0.00	211,334,000.00
OPPENHEIMER & CO	18,833,929.40	46,400.00	0.00	0.00	0.00
PAINE WEBBER J & C	40,974,519.75	102,248.77	1,272,480.00	5,500.00	1,105,030,000.00
PENNEY (J.C.) FINANCE	0.00	0.00	0.00	0.00	27,508,000.00
PIPER JAFFRAY & HOP B	0.00	0.00	5,000,000.00	9,500.00	0.00
PIPER JAFFRAY & HOP S	4,885,660.13	14,940.85	0.00	0.00	0.00
PRESCOTT BALL & TURBAN	370,000.00	1,400.00	0.00	0.00	0.00
PRINTON & KANE	0.00	0.00	1,171,980.00	3,830.00	0.00
PRUDENTIAL BACHE SECURITI	14,168,569.25	43,650.50	0.00	0.00	8,849,848,250.00
R.C. STAMM	7,372,102.75	17,610.50	0.00	0.00	0.00
REPUBLIC NATL. BANK N.Y.	0.00	0.00	0.00	0.00	7,000,000.00
ROBERTSON COLMAN & STEPHE	1,314,612.50	4,008.00	0.00	0.00	0.00
SALOMON BROTHERS	59,092,556.25	132,417.50	48,862,357.04	72,022.88	21,165,915,000.00
SANFORD C. BERNSTEIN	40,544,877.74	91,184.46	0.00	0.00	0.00

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BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
SEARS ROEBUCK ACCEPTANCE	0.00	0.00	0.00	0.00	80,022,000.00
SEI FUNDS EVALUATION	12,637,411.25	29,638.58	0.00	0.00	0.00
SHEARSON HAMMILL	0.00	0.00	3,399,568.33	1,108.42	0.00
SHEARSON LEHMAN (BONDSTAT	0.00	0.00	16,500,000.00	27,500.00	0.00
SHEARSON LEHMAN AMER EXPR	4,697,050.00	14,104.00	16,847,258.90	26,372.50	0.00
SHEARSON/AMERICAN EXPRESS	12,809,000.00	35,863.00	0.00	0.00	0.00
SLOWTE WIESMAN	4,864,637.50	8,000.00	0.00	0.00	0.00
SMITH BARNEY & COMPANY	20,448,318.15	51,267.23	1,000,000.00	2,000.00	1,164,815,000.00
SOWARBY (JOHN) ASSOCIATES	0.00	0.00	0.00	0.00	36,991,000.00
STATE BOARD OF INVESTMENT	0.00	0.00	0.00	0.00	36,500,000.00
THOMSON & MCKINNON	0.00	0.00	27,909,130.70	97,275.00	0.00
TUCKER ANTHONY & R.L. DAY	4,531,250.00	10,000.00	0.00	0.00	0.00
TUCKER ANTHONY (L. BAILEY	233,600.00	1,752.00	0.00	0.00	0.00
W.E. POLLOCK & COMPANY IN	0.00	0.00	0.00	0.00	702,028,000.00
WEEDEN & COMPANY	14,931,703.80	49,347.00	0.00	0.00	0.00
WELLINGTON & CO.	9,359,787.50	22,374.00	0.00	0.00	0.00
WELLS FARGO BANK	0.00	0.00	0.00	0.00	15,000,000.00
WERTHEIM & COMPANY	12,917,212.50	21,778.00	18,935,603.50	48,562.50	0.00
WESTINGHOUSE CREDIT	0.00	0.00	0.00	0.00	96,295,000.00
WILLIAM BLAIR & CO.	700,700.00	3,080.00	0.00	0.00	0.00
WILSHIRE ASSOCIATES	6,153,687.50	10,000.00	0.00	0.00	0.00
WOOD GUNDY & COMPANY	1,007,212.50	2,892.00	0.00	0.00	0.00
ALL BROKERS COMBINED	904,994,371.30	2,185,654.23	335,881,028.16	646,864.79	66,248,335,287.03

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
COMPOSITION OF STATE INVESTMENT PORTFOLIO'S BY TYPE OF INVESTMENT
MARKET VALUE JUNE 30, 1985

	CASH AND SHORT TERM SECURITIES	INTERNAL	BONDS EXTERNAL	INTERNAL	STOCKS EXTERNAL	ALTERNATIVE ASSETS	TOTAL
BASIC RETIREMENT FUNDS:							
TEACHERS RETIREMENT FUND	\$ 84,157 5.58%	\$ -0- 0.00%	\$375,682 24.91%	\$ -0- 0.00%	\$ 936,953 62.12%	\$111,409 7.39%	\$1,508,201 100%
PUBLIC EMPLOYEES RETIRE. FUND	61,174 5.65%	-0- 0.00%	270,004 24.92%	-0- 0.00%	672,293 62.05%	79,905 7.38%	1,083,376 100%
STATE EMPLOYEES RETIRE. FUND	51,311 6.71%	-0- 0.00%	188,203 24.59%	-0- 0.00%	469,857 61.40%	55,894 7.30%	765,265 100%
PUBLIC EMP. POLICE & FIRE FUND	12,772 4.61%	-0- 0.00%	73,332 26.49%	-0- 0.00%	170,627 61.62%	20,154 7.28%	276,885 100%
HIGHWAY PATROL RETIRE. FUND	2,168 4.04%	-0- 0.00%	14,291 26.66%	-0- 0.00%	33,226 61.98%	3,922 7.32%	53,607 100%
JUDGES RETIREMENT FUND	152 4.06%	-0- 0.00%	996 26.57%	-0- 0.00%	2,325 62.03%	275 7.34%	3,748 100%
POST RETIREMENT FUND	206,223 7.76%	1,722,028 64.79%	-0- 0.00%	729,721 27.45%	-0- 0.00%	-0- 0.00%	2,657,972 100%
MINNESOTA SUPPLEMENTAL FUNDS:							
INCOME SHARE ACCOUNT	12,384 8.66%	43,297 30.26%	-0- 0.00%	77,622 54.26%	9,760 6.82%	-0- 0.00%	143,063 100%
GROWTH SHARE ACCOUNT	3,108 4.64%	50 .07%	-0- 0.00%	34,338 51.23%	29,532 44.06%	-0- 0.00%	67,028 100%
FIXED RETURN ACCOUNT	20,281 29.37%	48,783 70.63%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	69,064 100%
BOND ACCOUNT	61 1.14%	5,276 98.86%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	5,337 100%
MINNESOTA VARIABLE ANNUITY	4,547 3.80%	85 .07%	-0- 0.00%	54,060 45.20%	60,924 50.93%	-0- 0.00%	119,616 100%
TOTAL RETIREMENT FUNDS	\$ 458,338 6.79%	\$1,819,519 26.94%	\$922,508 13.66%	\$895,741 13.26%	\$2,385,497 35.33%	\$271,559 4.02%	\$6,753,162 100%

PERMANENT SCHOOL FUND	37,948 11.41%	236,416 71.10%	-0- 0.00%	58,133 17.49%	-0- 0.00%	-0- 0.00%	332,497 100%
TREASURERS CASH	1,042,109 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	1,042,109 100%
TRANSPORTATION FUNDS	454,918 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	454,918 100%
STATE BUILDING FUNDS	100,684 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	100,684 100%
HOUSING FINANCE AGENCY	151,782 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	151,782 100%
MINNESOTA DEBT SERVICE FUND	190,615 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	190,615 100%
MISCELLANEOUS ACCOUNTS	109,263 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	109,263 100%
TACONITE AREA ENVIR. PROTECTION	12,300 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	12,300 100%
N.E. MINNESOTA PROTECTION	39,596 100%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	-0- 0.00%	39,596 100%
GRAND TOTAL	\$2,597,553 28.27%	\$2,055,935 22.38%	\$922,508 10.04%	\$953,874 10.38%	\$2,385,497 25.97%	\$271,559 2.96%	\$9,186,926 100%

TIME-WEIGHTED RATE OF RETURN

In measuring the performance of a manager or fund whose investment objective is to maximize the total value of an investment portfolio, the proper measuring tool is the time-weighted total rate of return. This performance measure includes the effect of income earned as well as realized and unrealized portfolio market value changes. In addition, the time-weighted total rate of return nets out the influence of contributions made to and distributions taken from the manager or fund. These are variables over which the manager or fund generally has no control.

The calculation of a portfolio's true time-weighted return requires that the portfolio be valued every time that there is a capital flow in or out. Because most portfolios are not valued that frequently, it is usually necessary to estimate the time-weighted total rates of return by approximating the required valuations.

In 1968, the Bank Administration Institute (BAI) commissioned a study, conducted by the University of Chicago, which considered desirable methods of estimating time-weighted returns. The BAI report is considered to be the definitive work in the field of performance measurement because of the academic reputations and thorough scientific efforts of its authors.

When monthly data are available, the BAI study recommends employing a technique called the linked internal rate of return (LIRR). Merrill Lynch, the SBI's performance measurement consultant, calculates the LIRR by solving the following equation for R:

$$VB*(1+R) + C*(1+R)**1/2 = VE$$

Where:

VB = Value of the fund at the beginning of the month

VE = Value of the fund at the end of the month

C = Assumed single mid-month net cash flow

R = Internal rate of return

The internal rate of return, R, is a proxy for the true time-weighted return over the month. It approximates the interim valuations by assuming a uniform growth of the invested assets throughout the period.

The IRR's calculated for each month can be linked together to estimate the time-weighted return for a longer period. For example, given three consecutive monthly IRR's - R1, R2, and R3, the quarterly time-weighted return (TWRQ) is:

$$TWRQ = (1+R1)*(1+R2)*(1+R3) - 1$$



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

The State Board of Investment
and
Howard J. Bicker, Executive Director

We have examined the combining and individual fund financial statements, including the portfolio of investments, and the supplementary schedule of participation of the Investment Trust Funds of the Minnesota State Board of Investment as of and for the year ended June 30, 1985 as shown on pages 98 to 199. Our examination was 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. Securities owned at June 30, 1985 were counted by us when held by the State Treasurer or were confirmed to us when held by other custodians.

In our opinion, the aforementioned combining and individual fund financial statements PRESENT FAIRLY the net assets and participation of the INVESTMENT TRUST FUNDS of the State of Minnesota at June 30, 1985, and the results of their operations and changes in their net assets for the year then ended, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding fiscal year.

Sincerely,

A handwritten signature in dark ink, appearing to read "James R. Nobles".

James R. Nobles
Legislative Auditor

A handwritten signature in dark ink, appearing to read "John Asmussen".

John Asmussen, CPA
Deputy Legislative Auditor

November 22, 1985

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1985

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE(4) ANNUITY FUND	BASIC RETIREMENT POOLED FUNDS	TOTAL
ASSETS:					
INVESTMENTS (at market value)(1)					
Common Stock	\$ 142,414,052	\$ 729,720,727	\$ 105,661,550	\$ 2,199,062,657	\$ 3,176,858,986
Alternative Equities	-0-	-0-	-0-	264,310,948	264,310,948
Fixed Income Securities	98,387,060	1,732,347,348	523,833	867,871,548	2,699,129,789
Short Term Securities	43,743,590	172,614,175	12,743,990	341,487,265	570,589,020
TOTAL INVESTMENTS(2)	\$ 284,544,702	\$ 2,634,682,250	\$ 118,929,373	\$ 3,672,732,418	\$ 6,710,888,743
Cash	2	8,403	(161)	13,517	21,761
Security Sales Receivable	1,229,091	22,992,420	515,612	29,639,596	54,376,719
Accounts Receivable-Mortality	-0-	9,624,674	-0-	-0-	9,624,674
Accounts Receivable-Participants	-0-	12,658,899	-0-	-0-	12,658,899
Accrued Interest	2,512,766	47,738,719	7,875	19,379,199	69,638,559
Accrued Dividends	562,982	3,026,561	309,492	8,706,883	12,605,918
Accrued Short Term Gain	277,976	256,185	65,549	2,496,007	3,095,717
TOTAL ASSETS	\$ 289,127,519	\$ 2,730,988,111	\$ 119,827,740	\$ 3,732,967,620	\$ 6,872,910,990
LIABILITIES:					
Management Fees Payable	106,575	118,877	139,749	1,429,469	1,794,670
Security Purchases Payable	1,690,468	-0-	-0-	38,739,969	40,430,437
Accounts Payable-Participants	-0-	193	468,656	-0-	468,849
Options Premiums Received	-0-	141,875(3)	-0-	-0-	141,875
TOTAL LIABILITIES	\$ 1,797,043	\$ 260,945	\$ 608,405	\$ 40,169,438	\$ 42,835,831
NET ASSETS AT JUNE 30, 1985	\$ 287,330,476	\$ 2,730,727,166	\$ 119,219,335	\$ 3,692,798,182	\$ 6,830,075,159
 (1)The cost of investments at June 30, was:					
Common Stock	\$ 126,667,326	\$ 631,913,397	\$ 94,604,045	\$ 1,931,932,988	\$ 2,785,117,756
Alternative Equities	-0-	-0-	-0-	237,461,407	237,461,407
Fixed Income Securities	96,045,958	1,666,546,839	477,982	823,813,289	2,586,884,068
Short Term Securities	43,743,590	172,614,175	12,743,990	341,487,265	570,589,020
Total Investments at Cost	\$ 266,456,874	\$ 2,471,074,411	\$ 107,826,017	\$ 3,334,694,949	\$ 6,180,052,251
 (2)The market of loaned securities outstanding at June 30, was:					
	\$ 8,811,540	\$ 435,015,011	\$ 4,255,119	\$ 100,594,456	\$ 548,676,126

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1985

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE(4) ANNUITY FUND	BASIC RETIREMENT POOLED FUNDS	TOTAL
FROM INVESTMENT ACTIVITY:					
Net Investment Income	\$ 19,141,988	\$ 210,548,924	\$ 3,574,869	\$ 199,828,118	\$ 433,093,899
Realized Gains (Losses)	661,615	77,353,217	3,964,129	95,101,432	177,080,393
Unrealized Gains (Losses)	38,961,124	305,680,811	18,005,932	498,184,496	860,832,363
TOTAL INCOME	\$ 58,764,727	\$ 593,582,952	\$ 25,544,930	\$ 793,114,046	\$ 1,471,006,655
Less Distribution to Participant Accounts	(51,517,582)	(102,129,516)	(6,715,851)	(282,006,231)	(442,369,180)
Undistributed Dedicated Income	-0-	(156,537,112)	-0-	1,228,116	(155,308,996)
NET CHANGE IN UNDISTRIBUTED INCOME	\$ 7,247,145	\$ 334,916,324	\$ 18,829,079	\$ 512,335,931	\$ 873,328,479
FROM PARTICIPANT TRANSACTION:					
Additions to Participant Accounts					
Participant Contributions	15,185,004	439,750,733	82,353	460,853,919	915,872,009
Income Distribution	51,517,582	102,129,516	6,715,851	282,006,231	442,369,180
Income to be Distributed	-0-	156,537,112	-0-	(1,228,116)	155,308,996
TOTAL ADDITIONS	\$ 66,702,586	\$ 698,417,361	\$ 6,798,204	\$ 741,632,034	\$ 1,513,550,185
Deductions from Participant Accounts					
Withdrawals	6,564,056	168,485,515	1,214,788	572,335,917	748,600,276
TOTAL DEDUCTIONS	\$ 6,564,056	\$ 168,485,515	\$ 1,214,788	\$ 572,335,917	\$ 748,600,276
NET CHANGE IN PARTICIPATION	\$ 60,138,530	\$ 529,931,846	\$ 5,583,416	\$ 169,296,117	\$ 764,949,909
TOTAL CHANGE IN ASSETS	67,385,675	864,848,170	24,412,495	681,632,048	1,638,278,388
NET ASSETS:					
Beginning of Period	219,944,801	1,865,878,996	94,806,840	3,011,166,134	5,191,796,771
End of Period	\$ 287,330,476	\$ 2,730,727,166	\$ 119,219,335	\$ 3,692,798,182	\$ 6,830,075,159

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1985

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE(4) ANNUITY FUND	BASIC RETIREMENT POOLED FUNDS	TOTAL
INVESTMENT INCOME:					
Interest	10,749,974	166,487,409	435,781	93,375,489	\$ 271,048,653
Dividends	4,740,233	31,791,054	2,783,643	77,720,292	117,035,222
Short Term Gains	4,028,763	12,674,139	852,248	34,491,907	52,047,057
INCOME BEFORE EXPENSES	\$ 19,518,970	\$ 210,952,602	\$ 4,071,672	\$ 205,587,688	\$ 440,130,932
Management Fees	376,982	403,678	496,803	5,759,570	7,037,033
NET INCOME	\$ 19,141,988	\$ 210,548,924	\$ 3,574,869	\$ 199,828,118	\$ 433,093,899
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized:					
Proceeds from Sales	\$ 109,630,333	\$ 1,317,481,158	\$ 93,464,373	\$ 2,260,767,973	\$ 3,781,343,837
Cost of Securities Sold	108,968,718	1,240,127,941	89,500,244	2,165,666,541	3,604,263,444
NET REALIZED GAIN (LOSS)	\$ 661,615	\$ 77,353,217	\$ 3,964,129	\$ 95,101,432	\$ 177,080,393
Unrealized					
Beginning of Period	(20,873,296)	(142,027,757)	(6,902,576)	(160,147,027)	(329,950,656)
End of Period	18,087,828	163,653,054	11,103,356	338,037,469	530,881,707
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	\$ 38,961,124	\$ 305,680,811	\$ 18,005,932	\$ 498,184,496	\$ 860,832,363
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT	\$ 39,622,739	\$ 383,034,028	\$ 21,970,061	\$ 593,285,928	\$ 1,037,912,756

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1985

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	FIXED RETURN ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
ASSETS:					
INVESTMENTS (at market value)(1)					
Common Stock	\$ 87,171,851	\$ 55,242,201	\$ -0-	\$ -0-	\$ 142,414,052
Fixed Income Securities	43,296,834	1,031,250	48,782,885	5,276,091	98,387,060
Short Term Securities	12,502,737	11,027,861	20,153,010	59,982	43,743,590
TOTAL INVESTMENTS(2)	<u>\$ 142,971,422</u>	<u>\$ 67,301,312</u>	<u>\$ 68,935,895</u>	<u>\$ 5,336,073</u>	<u>\$ 284,544,702</u>
Cash	-0-	1	-0-	1	2
Security Sales Receivable	701,790	527,301	-0-	-0-	1,229,091
Accounts Receivable-Mortality	-0-	-0-	-0-	-0-	-0-
Accounts Receivable-Participants	-0-	-0-	-0-	-0-	-0-
Accrued Interest	973,162	5,158	1,396,791	137,655	2,512,766
Accrued Dividends	316,008	246,974	-0-	-0-	562,982
Accrued Short Term Gain	82,902	66,001	127,736	1,337	277,976
TOTAL ASSETS	<u>\$ 145,045,284</u>	<u>\$ 68,146,747</u>	<u>\$ 70,460,422</u>	<u>\$ 5,475,066</u>	<u>\$ 289,127,519</u>
LIABILITIES:					
Management Fees Payable	34,108	67,766	4,559	142	106,575
Security Purchases Payable	706,900	983,568	-0-	-0-	1,690,468
Accounts Payable to Teachers	-0-	-0-	-0-	-0-	-0-
Options Premiums Received	-0-	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	<u>\$ 741,008</u>	<u>\$ 1,051,334</u>	<u>\$ 4,559</u>	<u>\$ 142</u>	<u>\$ 1,797,043</u>
NET ASSETS AT JUNE 30, 1985	<u>\$ 144,304,276</u>	<u>\$ 67,095,413</u>	<u>\$ 70,455,863</u>	<u>\$ 5,474,924</u>	<u>\$ 287,330,476</u>
 (1)The cost of investments at June 30, was:					
Common Stock	\$ 77,309,942	\$ 49,357,384	\$ -0-	\$ -0-	\$ 126,667,326
Fixed Income Securities	41,130,527	1,035,000	48,992,336	4,888,095	96,045,958
Short Term Securities	12,502,737	11,027,861	20,153,010	59,982	43,743,590
Total Investments at Cost	<u>\$ 130,943,206</u>	<u>\$ 61,420,245</u>	<u>\$ 69,145,346</u>	<u>\$ 4,948,077</u>	<u>\$ 266,456,874</u>
 (2)The market of loaned securities outstanding at June 30, was:					
	\$ 5,066,006	\$ 1,846,800	\$ 1,596,859	\$ 301,875	\$ 8,811,540

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1985

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	FIXED RETURN ACCOUNT	BOND(6) ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
FROM INVESTMENT ACTIVITY:					
Net Investment Income	\$ 8,668,245	\$ 3,261,884	\$ 6,680,357	\$ 531,502	\$ 19,141,988
Realized Gains (Losses)	(134,171)	764,764	31,022	-0-	661,615
Unrealized Gains (Losses)	23,503,027	8,307,465	6,612,227	538,405	38,961,124
TOTAL INCOME	\$ 32,037,101	\$ 12,334,113	\$ 13,323,606	\$ 1,069,907	\$ 58,764,727
Less Distribution to Participant Accounts	(32,037,101)	(12,334,113)	(6,620,782)	(525,586)	(51,517,582)
Undistributed Dedicated Income	-0-	-0-	-0-	-0-	-0-
NET CHANGE IN UNDISTRIBUTED INCOME	\$ -0-	\$ -0-	\$ 6,702,824	\$ 544,321	\$ 7,247,145
FROM PARTICIPANT TRANSACTION:					
Additions to Participant Accounts					
Participant Contributions	3,669,078	2,019,229	8,038,538	1,458,159	15,185,004
Income Distribution	32,037,101	12,334,113	6,620,782	525,586	51,517,582
Income to be Distributed	-0-	-0-	-0-	-0-	-0-
TOTAL ADDITIONS	\$ 35,706,179	\$ 14,353,342	\$ 14,659,320	\$ 1,983,745	\$ 66,702,586
Deductions from Participant Accounts					
Withdrawals	1,731,935	1,409,744	3,338,863(5)	83,514	6,564,056
TOTAL DEDUCTIONS	\$ 1,731,935	\$ 1,409,744	\$ 3,338,863	\$ 83,514	\$ 6,564,056
NET CHANGE IN PARTICIPATION	\$ 33,974,244	\$ 12,943,598	\$ 11,320,457	\$ 1,900,231	\$ 60,138,530
TOTAL CHANGE IN ASSETS	33,974,244	12,943,598	18,023,281	2,444,552	67,385,675
NET ASSETS:					
Beginning of Period	110,330,032	54,151,815	52,432,582	3,030,372	219,944,801
End of Period	\$ 144,304,276	\$ 67,095,413	\$ 70,455,863	\$ 5,474,924	\$ 287,330,476

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
COMBINING STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1985

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	FIXED RETURN ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
INVESTMENT INCOME:					
Interest	\$ 4,589,140	\$ 36,823	\$ 5,687,638	\$ 436,373	\$ 10,749,974
Dividends	2,993,225	1,747,008	-0-	-0-	4,740,233
Short Term Gains	1,207,494	1,719,351	1,006,112	95,806	4,028,763
INCOME BEFORE EXPENSES	\$ 8,789,859	\$ 3,503,182	\$ 6,693,750	\$ 532,179	\$ 19,518,970
Management Fees	121,614	241,298	13,393	677	376,982
NET INCOME	\$ 8,668,245	\$ 3,261,884	\$ 6,680,357	\$ 531,502	\$ 19,141,988
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Realized:					
Proceeds from Sales	\$ 56,978,618	\$ 42,941,334	\$ 9,710,381	\$ -0-	\$ 109,630,333
Cost of Securities Sold	57,112,789	42,176,570	9,679,359	-0-	108,968,718
NET REALIZED GAIN (LOSS)	\$ (134,171)	\$ 764,764	\$ 31,022	\$ -0-	\$ 661,615
Unrealized					
Beginning of Period	(11,474,811)	(2,426,398)	(6,821,678)	(150,409)	(20,873,296)
End of period	12,028,216	5,881,067	(209,451)	387,996	18,087,828
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	\$ 23,503,027	\$ 8,307,465	\$ 6,612,227	\$ 538,405	\$ 38,961,124
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT	\$ 23,368,856	\$ 9,072,229	\$ 6,643,249	\$ 538,405	\$ 39,622,739

STATE BOARD OF INVESTMENT
MINNESOTA POOLED FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1985

	ACTIVE EQUITY FUND	PASSIVE EQUITY FUND	REAL ESTATE FUND	RESOURCE FUND	VENTURE CAPITAL FUND	BOND FUND	MONEY MARKET FUND	BASIC RETIREMENT POOLED FUNDS TOTAL
ASSETS:								
INVESTMENTS (at market value)(1)								
Common Stock	\$ 627,139,707	\$1,571,922,950	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,199,062,657
Alternative Equities	-0-	-0-	205,541,971	24,801,119	33,967,858	-0-	-0-	264,310,948
Fixed Income Securities	12,133,376	3,896,187	-0-	-0-	-0-	851,841,985	-0-	867,871,548
Short Term Securities	46,644,663	10,601,139	2,837,234	417,006	6,503,646	64,241,633	210,241,944	341,487,265
TOTAL INVESTMENTS(2)	\$ 685,917,746	\$1,586,420,276	\$ 208,379,205	\$ 25,218,125	\$ 40,471,504	\$ 916,083,618	\$ 210,241,944	\$ 3,672,732,418
Cash	6	-0-	-0-	-0-	-0-	13,511	-0-	13,517
Security Sales Receivable	8,393,493	1,681,341	-0-	-0-	-0-	19,564,762	-0-	29,639,596
Accounts Receivable-Mortality	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accounts Receivable-Participants	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accrued Interest	286,648	55,352	-0-	-0-	-0-	19,037,199	-0-	19,379,199
Accrued Dividends	1,914,532	6,209,958	334,393	248,000	-0-	-0-	-0-	8,706,883
Accrued Short Term Gain	419,028	56,874	24,586	2,768	57,878	443,989	1,490,884	2,496,007
TOTAL ASSETS	\$ 696,931,453	\$1,594,423,801	\$ 208,738,184	\$ 25,468,893	\$ 40,529,382	\$ 955,143,079	\$ 211,732,828	\$ 3,732,967,620
LIABILITIES:								
Management Fees Payable	958,818	51,276	-0-	-0-	-0-	419,375	-0-	1,429,469
Security Purchases Payable	6,073,668	-0-	-0-	-0-	-0-	32,666,301	-0-	38,739,969
Accounts Payable to Teachers	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Options Premiums Received	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	\$ 7,032,486	\$ 51,276	\$ -0-	\$ -0-	\$ -0-	\$ 33,085,676	\$ -0-	\$ 40,169,438
NET ASSETS AT JUNE 30, 1985	\$ 689,898,967	\$1,594,372,525	\$ 208,738,184	\$ 25,468,893	\$ 40,529,382	\$ 922,057,403	\$ 211,732,828	\$ 3,692,798,182
(1)The cost of investments at June 30, was:								
Common Stock	\$ 538,536,808	\$1,393,396,180	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,931,932,988
Alternative Equities	-0-	-0-	178,700,288	24,801,119	33,960,000	-0-	-0-	237,461,407
Fixed Income Securities	11,309,635	3,892,217	-0-	-0-	-0-	808,611,437	-0-	823,813,289
Short Term Securities	46,644,663	10,601,139	2,837,234	417,006	6,503,646	64,241,633	210,241,944	341,487,265
Total Investments at Cost	\$ 596,491,106	\$1,407,889,536	\$ 181,537,522	\$ 25,218,125	\$ 40,463,646	\$ 872,853,070	\$ 210,241,944	\$ 3,334,694,949
(2)The market of loaned securities outstanding at June 30, was:								
	\$ 15,427,525	\$ 80,550,848	\$ -0-	\$ -0-	\$ -0-	\$ 4,616,083	\$ -0-	\$ 100,594,456

STATE BOARD OF INVESTMENT
MINNESOTA POOLED FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1985

	ACTIVE EQUITY FUND	PASSIVE EQUITY FUND	REAL ESTATE FUND	RESOURCE FUND	VENTURE CAPITAL FUND	BOND FUND	MONEY MARKET FUND	BASIC RETIREMENT POOLED FUNDS TOTAL
FROM INVESTMENT ACTIVITY:								
Net Investment Income	\$ 20,126,159	\$ 59,438,429	\$ 2,038,579	\$ 1,297,062	\$ 873,587	\$ 101,902,867	\$ 14,151,435	\$ 199,828,118
Realized Gains (Losses)	15,466,224	13,756,587	-0-	-0-	-0-	65,878,621	-0-	95,101,432
Unrealized Gains (Losses)	120,878,028	316,976,001	16,048,616	-0-	7,858	44,273,993	-0-	498,184,496
TOTAL INCOME	\$ 156,470,411	\$ 390,171,017	\$ 18,087,195	\$ 1,297,062	\$ 881,445	\$ 212,055,481	\$ 14,151,435	\$ 793,114,046
Less Distribution to								
Participant Accounts	(35,738,048)	(74,358,579)	(1,704,186)	(1,049,063)	(873,587)	(168,282,768)	-0-	(282,006,231)
Undistributed Dedicated Income	145,665	1,163,563	(334,393)	(247,999)	-0-	501,280	-0-	1,228,116
NET CHANGE IN UNDISTRIBUTED INCOME	\$ 120,878,028	\$ 316,976,001	\$ 16,048,616	\$ -0-	\$ 7,858	\$ 44,273,993	\$ 14,151,435	\$ 512,335,931
FROM PARTICIPANT TRANSACTION:								
Additions to Participant Accounts	-0-	26,040	24,322,154	-0-	10,000,000	96,860,021	329,645,704	460,853,919
Participant Contributions	-0-	74,358,579	1,704,186	1,049,063	873,587	168,282,768	-0-	282,006,231
Income Distribution	35,738,048	(1,163,563)	334,393	247,999	-0-	(501,280)	-0-	(1,228,116)
Income to be Distributed	(145,665)	(1,163,563)	334,393	247,999	-0-	(501,280)	-0-	(1,228,116)
TOTAL ADDITIONS	\$ 35,592,383	\$ 73,221,056	\$ 26,360,733	\$ 1,297,062	\$ 10,873,587	\$ 264,641,509	\$ 329,645,704	\$ 741,632,034
Deductions from								
Participant Accounts	-0-	57,226,778	-0-	-0-	-0-	241,388,622	273,720,517	572,335,917
Withdrawals	-0-	57,226,778	-0-	-0-	-0-	241,388,622	273,720,517	572,335,917
TOTAL DEDUCTIONS	\$ -0-	\$ 57,226,778	\$ -0-	\$ -0-	\$ -0-	\$ 241,388,622	\$ 273,720,517	\$ 572,335,917
NET CHANGE IN PARTICIPATION	\$ 35,592,383	\$ 15,994,278	\$ 26,360,733	\$ 1,297,062	\$ 10,873,587	\$ 23,252,887	\$ 55,925,187	\$ 169,296,117
TOTAL CHANGE IN ASSETS	156,470,411	332,970,279	42,409,349	1,297,062	10,881,445	67,526,880	70,076,622	681,632,048
NET ASSETS:								
Beginning of Period	533,428,556	1,261,402,246	166,328,835	24,171,831	29,647,937	854,530,523	141,656,206	3,011,166,134
End of Period	\$ 689,898,967	\$ 1,594,372,525	\$ 208,738,184	\$ 25,468,893	\$ 40,529,382	\$ 922,057,403	\$ 211,732,828	\$ 3,692,798,182

STATE BOARD OF INVESTMENT
MINNESOTA POOLED FUNDS
COMBINING STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1985

	ACTIVE EQUITY FUND	PASSIVE EQUITY FUND	REAL ESTATE FUND	RESOURCE FUND	VENTURE CAPITAL FUND	BOND FUND	MONEY MARKET FUND	BASIC RETIREMENT POOLED FUNDS TOTAL
INVESTMENT INCOME:								
Interest	\$ 1,135,443	\$ 186,941	\$ -0-	\$ -0-	\$ -0-	\$ 92,053,105	\$ -0-	\$ 93,375,489
Dividends	16,549,978	58,772,078	1,155,886	1,177,023	65,327	-0-	-0-	77,720,292
Short Term Gains	6,023,060	672,732	882,693	136,033	1,220,760	11,405,194	14,151,435	34,491,907
INCOME BEFORE EXPENSES	\$ 23,708,481	\$ 59,631,751	\$ 2,038,579	\$ 1,313,056	\$ 1,286,087	\$ 103,458,299	\$ 14,151,435	\$ 205,587,688
Management Fees	3,582,322	193,322	-0-	15,994	412,500	1,555,432	-0-	5,759,570
NET INCOME	\$ 20,126,159	\$ 59,438,429	\$ 2,038,579	\$ 1,297,062	\$ 873,587	\$ 101,902,867	\$ 14,151,435	\$ 199,828,118
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS								
Realized:								
Proceeds from Sales	\$ 572,958,284	\$ 94,507,967	\$ -0-	\$ -0-	\$ -0-	\$ 1,593,301,722	\$ -0-	\$ 2,260,767,973
Cost of Securities Sold	557,492,060	80,751,380	-0-	-0-	-0-	1,527,423,101	-0-	2,165,666,541
NET REALIZED GAIN (LOSS)	\$ 15,466,224	\$ 13,756,587	\$ -0-	\$ -0-	\$ -0-	\$ 65,878,621	\$ -0-	\$ 95,101,432
Unrealized								
Beginning of Period	(31,451,388)	(138,445,261)	10,793,067	-0-	-0-	(1,043,445)	-0-	(160,147,027)
End of Period	89,426,640	178,530,740	26,841,683	-0-	7,858	43,230,548	-0-	338,037,469
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	\$ 120,878,028	\$ 316,976,001	\$ 16,048,616	\$ -0-	\$ 7,858	\$ 44,273,993	\$ -0-	\$ 498,184,496
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT	\$ 136,344,252	\$ 330,732,588	\$ 16,048,616	\$ -0-	\$ 7,858	\$ 110,152,614	\$ -0-	\$ 593,285,928

SIGNIFICANT ACCOUNTING POLICIES

The following general notes apply to all financial statements presented herein for the twelve funds under management of the State Board. Specific notes can be found immediately after the financial statements.

The Minnesota Post Retirement Fund, Minnesota Variable Annuity Fund, Minnesota Supplemental Retirement Fund, Minnesota Active Equity Pooled Fund, Minnesota Passive Equity Pooled Fund, Minnesota Real Estate Pooled Fund, Minnesota Resource Pooled Fund, Minnesota Venture Capital Pooled Fund and the Minnesota Bond Pooled Fund are managed by the State Board of Investment under authority of Minnesota Statutes 11A. The Supplemental Fund prepares separate financial statements for four investment accounts which it is comprised of: Income Share, Growth Share, Fixed Return and Bond Accounts.

The assets of the six pooled funds are held by our master custodian State Street Bank of Boston. The six Basic Retirement Funds are the sole participants of these pooled funds. State Street Bank also invests cash equivalents for the six basic retirement funds and the value of these cash equivalents are included in the combining statement. The master custodial relationship with State Street Bank started on November 1, 1983. The Minnesota Active Equity Pooled Fund was created on March 1, 1983 and the remaining five pooled funds on November 1, 1984. On February 1, 1985 the Minnesota Supplemental Retirement Fund and the Minnesota Variable Annuity Fund were moved to State Street Bank. The assets owned by these funds didn't participate with the Basic Funds in the various investment pools during Fiscal Year 1985. They will participate in the pools starting July 1, 1985.

The financial statements presented for these funds are based on the preferred accounting practices described in the American Institute of Certified Public Accountants audit guide, "Audits of Investment Companies". These practices and the significant accounting policies which follow are in conformity with generally accepted accounting principles.

The format of the financial statements presented herein is unchanged from that used in the prior years report. The four investment accounts that make up the Supplemental Fund are combined to show the total for that fund. The six pooled funds are combined to show the total investments for the six basic retirement funds that are held at State Street Bank. The totals for the Supplemental Fund and the Pooled Funds are then combined with the Post Retirement and Variable Annuity Funds to present the entire group of funds administered by the State Board on a combined basis.

SECURITY VALUATION: All securities are valued at market except for U.S. Government short-term securities and commercial paper, which are valued at market less accrued interest. Accrued short-term interest is recognized as income as part of "Short-Term Gain". For long-term fixed income securities the State Board uses the Merrill Lynch valuation system. This pricing service is capable of providing prices for both actively traded and privately placed bonds. For equity securities the State Board uses a valuation service provided by Compensation & Capital.

RECOGNITION OF SECURITY TRANSACTIONS: Security transactions are accounted for on the date the securities are purchased or sold.

INCOME RECOGNITION: Dividend income is recorded on the ex-dividend date. Interest and dividend income are accrued monthly. Short term interest is accrued monthly and is presented as "Accrued Short-Term Gain".

LOANING SECURITIES: Certain U.S. Government and Government Agency securities are loaned out by the State Board to banks and brokers for additional income. Collateral in the amount of 105% of the market value of the security loaned is required. The Pooled Funds under the custody of State Street Bank participate in a loan program in which equity and corporate bonds are loaned out to banks and brokers for additional income. This program is run entirely by the Bank with the income generated being split evenly by the State Board and the Bank.

PORTFOLIO LISTING: A listing of all securities held by these funds can be found starting on page 111 of this report. Bonds are shown at face value and stocks at market value. Securities held as cash equivalents are not listed.

GENERAL FOOTNOTES:

3) Options premiums received are shown as a liability until such time as the option contract is terminated. Upon termination any gain or loss applicable to the option transaction is recognized. For reporting purposes the market value of the option is shown on the Statement of Assets and Liabilities, while the difference between the premium received and the market value of the option is reported on the Statement of Operations as part of the "Increase (Decrease) in Unrealized Appreciation". At June 30, 1985 the option account in the Post Retirement Fund was:

Option Premium Received	\$187,089.34
Market Value of Options	<u>141,875.00</u>
Unrealized Appreciation	\$ 45,214.34

4) STATUTORY VALUATIONS REQUIRED IN MINNESOTA VARIABLE ANNUITY FUND: The Admitted Value Increment at June 30, 1984 and 1985 was \$4,298,664 and \$3,475,517 respectively. This valuation is required by Minnesota Statutes 11A.19 Subdivision 5 and is the amount by which the recognized value of investments is above or below the book value of investments. The admitted value is based on an average ratio of book value to market value of the securities calculated over a two year period. This calculation is used to determine the rate of return and the increase or decrease which shall be credited to the individual member's account balances at the end of the fiscal year.

Laws of Minnesota 1978, Chapter 781, stated in part "Effective July 1, 1978 no future employee and employer contribution shall be credited to any account in the variable annuity division unless the member elects continued participation...". Very few members of the Teachers' Retirement Fund elected to continue in the variable annuity division. Previous contributions for all former and current participants in the variable annuity fund will remain in that fund until the participant retires or withdraws in accordance with the Teachers' Retirement Act (M.S.354)

VARIABLE ANNUITY FUND
PARTICIPATION AT JUNE 30, 1985

Net Assets	\$ 119,219,335
Admitted Value Increment	<u>3,475,517</u>
	\$ 122,694,852
Less: Unrealized Market	
Appreciation (Depreciation)	<u>11,103,356</u>
Total Participation	\$ 111,591,496

5) Withdrawals from the fixed return account are paid out pursuant to Minnesota Statutes 11A.17 Subdivision 9, which states in part that: "The value of investment shares in the fixed-return account shall be \$5 per share; provided, however, if the fixed-return investment account shares are redeemed by a public retirement fund where the shares are not attributable to the individual account of any person prior to the expiration of the multi-year period set by the board for the payment of the applicable assumed rate, the value of the investment shares shall be at market value. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board."

6) The Minnesota Supplemental Investment Fund Bond Account was created pursuant to Laws of Minnesota 1981, Chapter 208 with activity commencing on July 1, 1981. It is designed for public retirement funds who wish to lock in a guaranteed rate over a multi-year period. These retirement funds have been participating in a similar multi-year guaranteed rate plan in the Fixed Return Account. The guaranteed rate plan is being phased out of the Fixed Return Account. Income earned from prior year pools in the Fixed Return Account is being transferred to the Bond Account on a monthly basis. This income, new contributions and principal from the guaranteed rate pools as it matures will all be invested in the Bond Account.

7) Total participation for the Post Retirement Fund is equal to the actuarially determined required reserves at June 30, 1985. It includes the 5% actuarially assumed income distribution made pursuant to Minnesota Statutes 11A.18 and the mortality gains and losses as determined by the actuaries for the applicable retirement funds.

8) The annuity stabilization reserve is the difference between the actuarially determined reserves required to support benefits in force and the book value of the assets of the fund. Pursuant to Minnesota Statutes 11A.18 Subdivision 9 Clause 2C, "The book value of assets on any given date shall be the net assets at cost less the excess investment income determined pursuant to Clause (1) (C)." "If the state board determines that the book value of the assets of the fund is less than an amount equal to 100 percent of the current June 30 required reserves, with the book value and required reserves to be determined after the adjustments provided for in Subdivision 11, then the board shall allocate five percent of the excess investment income as an asset of the fund. The remaining 95 percent will be termed available for distribution."

The Deferred Yield Adjustment account at June 30, 1985 is 0.00. This account is required by Minnesota Statutes 11A.18 Subdivision 5 and is the unamortized loss on the sale or disposition of debt securities. The account is increased by the loss on the sale of debt securities and decreased by the gain on the sale of such securities. At the end of each year a portion of the balance is offset against investment income for the year.

FISCAL YEAR 1985	
Deferred Yield Adjustment	
Beginning Balance	\$21,580,322.81
Net Realized (Gain) Loss	(24,532,745.38)
Excess Gain	2,636,849.23
Balance at June 30	\$ 0.00

9) The unrealized market appreciation or (depreciation) is the difference between the cost and market value of investments.

10) Pursuant to Minnesota Statutes 11A.18 Subdivision 9 this is the portion of fiscal year 1985 income which is available for distribution as a benefit increase in January of 1986. This amount shall be increased by 2.5% from fiscal year 1986 income and shall be stated as a percentage of total required reserves. The amount available shall be certified to each participating pension fund for distribution to eligible individuals. Individuals receiving benefits at June 30, 1984 are eligible to receive the January 1, 1986 increase. Past increases paid to retirees on January 1st have been:

1981	3.209%
1982	7.436%
1983	6.853%
1984	7.449%
1985	6.905%

The benefit increase for January 1, 1986 will be 7.884%.

SUBSEQUENT EVENTS:

At it's October 2, 1985 meeting the Minnesota State Board of Investment adopted a resolution relating to companies doing business in South Africa. The resolution calls for the divestment of companies not meeting predetermined guidelines in a four phased approach. The first three phases relate to individual companies signing and complying with the Sullivan Principles. The fourth phase, to be completed by August, 1989, calls for the divestment of any company with operations in South Africa.

The resolution also calls for the SBI to receive financial and legal advise at the completion of each phase to insure it is not violating it's fiduciary responsibility.

It can't be determined at this time what effect, if any, this resolution will have on the SBI's investment flexibility.

STATE BOARD OF INVESTMENT
MINNESOTA INVESTMENT TRUST FUNDS
SCHEDULE OF PARTICIPATION
JUNE 30, 1985

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT FUND	VARIABLE ANNUITY FUND	BASIC RETIREMENT POOLED FUND TOTAL	TOTAL
Albert Lea Firemen's Relief	\$ 2,539,449	\$ -0-	\$ -0-	\$ -0-	\$ 2,539,449
Apple Valley Firemen's-Special	-0-	-0-	-0-	-0-	-0-
Apple Valley Firemen's-General	-0-	-0-	-0-	-0-	-0-
Bloomington Fire Dept. Relief	6,191,305	-0-	-0-	-0-	6,191,305
Bloomington Police Relief	770,595	-0-	-0-	-0-	770,595
Chanhassen Fire Dept.	-0-	-0-	-0-	-0-	-0-
Hennepin County Supplemental Ret.	17,803,565	-0-	-0-	-0-	17,803,565
Inver Grove Heights Fire-Special	-0-	-0-	-0-	-0-	-0-
St. Louis Park Police Relief	60,993	-0-	-0-	-0-	60,993
ST. Paul Fire -General	349,298	-0-	-0-	-0-	349,298
St. Paul Fire-Special	35,311,803	-0-	-0-	-0-	35,311,803
St. Paul Police Relief	38,800,705	-0-	-0-	-0-	38,800,705
MSRS Deferred Compensation	88,053,576	-0-	-0-	-0-	88,053,576
MSRS Unclassified Empl. Escrow	28,907,005	-0-	-0-	-0-	28,907,005
South St. Paul Policemen's Relief	189,873	-0-	-0-	-0-	189,873
Teacher's Supplemental Retirement	67,817,556	-0-	-0-	-0-	67,817,556
Winona Fire Dept. Relief	256,559	-0-	-0-	-0-	256,559
Teacher's Retirement Fund	-0-	1,030,092,000	111,591,496	1,508,907,023	2,650,590,519
Public Employees Retirement Fund	-0-	822,377,000	-0-	1,083,881,907	1,906,258,907
State Employees Retirement Fund	-0-	424,583,000	-0-	765,619,131	1,190,202,131
Public Employees Police & Fire	-0-	74,286,000	-0-	277,009,903	351,295,903
Highway Patrolmen's Retirement	-0-	44,193,000	-0-	53,631,674	97,824,674
Legislators & Survivors Retire.	-0-	5,977,000	-0-	-0-	5,977,000
Judges Retirement Fund	-0-	9,029,000	-0-	3,748,544	12,777,544
TOTAL PARTICIPATION	\$ 287,052,282	\$ 2,410,537,000(7)	\$ 111,591,496	\$ 3,692,798,182	\$ 6,501,978,960
Adjustments					
Annuity Stabilization(8)	-0-	-0-	-0-	-0-	-0-
Admitted Value Increment	-0-	-0-	(3,475,517)	-0-	(3,475,517)
Unrealized Appreciation(9)					
(Depreciation) of Investments	178,545	163,653,054	11,103,356	-0-	174,934,955
Undistributed Earnings	99,649	156,537,112(10)	-0-	-0-	156,636,761
NET ASSETS	\$ 287,330,476	\$ 2,730,727,166	\$ 119,219,335	\$ 3,692,798,182	\$ 6,830,075,159

MINNESOTA SUPPLEMENTAL RETIREMENT FUND

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	FIXED RETURN ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
Albert Lea Firemen's Relief	\$ 2,441,230	\$ -0-	\$ 66,729	\$ 31,490	\$ 2,539,449
Bloomington Fire Dept. Relief	5,723,151	468,154	-0-	-0-	6,191,305
Bloomington Police Relief	770,595	-0-	-0-	-0-	770,595
Hennepin County Supplemental Ret.	8,410,487	7,238,777	2,154,301	-0-	17,803,565
St. Louis Park Police Relief	60,993	-0-	-0-	-0-	60,993
St. Paul Fire -General	210,461	37,401	-0-	101,436	349,298
St. Paul Fire-Special	19,197,786	4,538,003	6,665,669	4,910,345	35,311,803
St. Paul Police Relief	31,765,786	7,034,919	-0-	-0-	38,800,705
MSRS Deferred Compensation	17,434,292	14,401,381	56,217,903	-0-	88,053,576
MSRS Unclassified Empl. Escrow	17,052,948	6,441,691	5,412,366	-0-	28,907,005
South St. Paul Policemen's Relief	97,519	-0-	61,773	30,581	189,873
Teacher's Supplemental Retirement	40,882,469	26,935,087	-0-	-0-	67,817,556
Winona Fire Dept. Relief	256,559	-0-	-0-	-0-	256,559
TOTAL PARTICIPATION	\$ 144,304,276	\$ 67,095,413	\$ 70,578,741	\$ 5,073,852	\$ 287,052,282
Adjustments					
Unrealized Appreciation					
(Depreciation) of Investments(9)	-0-	-0-	(209,451)	387,996	178,545
Undistributed Earnings	-0-	-0-	86,573	13,076	99,649
NET ASSETS	\$ 144,304,276	\$ 67,095,413	\$ 70,455,863	\$ 5,474,924	\$ 287,330,476

MINNESOTA BASIC RETIREMENT POOLED FUNDS

	ACTIVE EQUITY FUND	PASSIVE EQUITY FUND	REAL ESTATE FUND	RESOURCE FUND	VENTURE CAPITAL FUND	BOND FUND	CASH EQUIVALENTS	BASIC RETIREMENT POOLED FUND TOTAL
Teachers Retirement Fund	\$ 283,086,119	\$ 653,452,345	\$ 85,648,514	\$ 10,439,377	\$ 16,625,340	\$ 375,498,806	\$ 84,156,522	\$ 1,508,907,023
Public Employees Retirement Fund	202,940,496	469,055,508	61,399,402	7,507,350	11,933,354	269,872,056	61,173,741	1,083,881,907
State Employees Retirement Fund	141,997,187	327,652,156	42,967,847	5,240,596	8,339,216	188,110,935	51,311,194	765,619,131
Public Employees Police & Fire	51,211,949	119,340,325	15,496,337	1,887,910	3,005,205	73,296,006	12,772,171	277,009,903
Highway Patrolmen's Retirement	9,965,989	23,245,601	3,015,136	367,665	585,315	14,284,415	2,167,553	53,631,674
Judges Retirement Fund	697,227	1,626,590	210,948	25,995	40,952	995,185	151,647	3,748,544
TOTAL PARTICIPATION	\$ 689,898,967	\$1,594,372,525	\$ 208,738,184	\$ 25,468,893	\$ 40,529,382	\$ 922,057,403	\$211,732,828	\$ 3,692,798,182

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
188,000	ADVANCED MICRO DEV.	\$ 4,888,000
173,300	ALCAN ALUMINUM LTD.	4,354,163
212,875	ALLIED BANCSHARES INC.	4,896,125
143,325	ALLIED CORPORATION	6,109,228
130,900	ALUMINUM CO. OF AMERICA	4,483,325
153,100	AMER. GENERAL CORP.	5,339,363
192,250	AMER. MEDICAL INT'L.	4,998,500
74,750	AMERICAN BROADCASTING CO.	8,502,813
428,505	ARCHER DANIELS MIDLAND CO.	10,391,246
155,550	ATLANTIC RICHFIELD	9,313,556
210,700	AVON PRODS INC	4,503,713
179,550	BANKERS TRUST NY CORP.	12,501,169
334,700	BAXTER TRAVENOL LABS	5,146,013
253,800	BOEING COMPANY	11,357,550
227,500	BORG-WARNER	5,175,625
176,000	BROWN GROUP	5,170,000
170,700	BRUNSWICK CORP.	6,294,563
109,000	BURLINGTON NORTHERN INC.	6,798,875
81,650	BURROUGHS CORPORATION	4,776,525
383,100	CANADIAN PACIFIC LTD	5,459,175
140,400	CARLISLE CORP	4,563,000
219,800	CATERPILLAR TRACTOR CO.	7,280,875
53,800	CELANESE CORPORATION	6,462,725
97,100	CHASE MANHATTAN CORP.	5,862,413
269,500	CHEMICAL NEW YORK CORP	11,116,875
120,000	CITICORP	5,925,000
287,950	CITY INVESTING	10,150,238
181,800	COLUMBIA GAS SYSTEM INC	5,817,600
151,000	COMBUSTION ENGINEERING	4,926,375
350,000	COMMONWEALTH EDISON CO.	10,806,250
223,350	CONTINENTAL TELECOM. INC.	5,164,969
274,400	CONTROL DATA CORP.	7,100,100
180,800	COOPER TIRE & RUBBER	2,779,800
102,300	CROWN CORK & SEAL	6,739,013
72,550	CUMMINS ENGINE CO.	4,606,925
87,500	DU PONT EI DENEMOURS	5,085,938
189,600	E-SYSTEMS	6,114,600
199,050	EXXON CORPORATION	10,723,819
144,100	FEDERAL EXPRESS CORP.	6,394,438
354,950	FEDERAL NATL. MTG.	7,365,213
110,900	FIRST INTERSTATE BANCORP.	6,141,088

MINNESOTA STATE BOARD OF INVESTMENT
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ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
101,700	FORD MOTOR CO.	\$ 4,589,213
82,000	GENERAL ELECTRIC CO.	5,073,750
60,700	GENERAL MOTORS CORP.	4,370,400
111,500	GENRAD INC.	1,895,500
183,800	GOODYEAR TIRE & RUBBER	5,422,100
380,300	GREYHOUND CORP.	11,361,463
130,700	GRUMMAN CORP.	4,019,025
117,550	GTE CORP.	4,746,081
325,000	HALLIBURTON INC.	9,506,250
220,650	HOUSTON INDUSTRIES INC.	6,260,944
90,300	INTEL CORP.	2,347,800
39,400	INTL. BUSINESS MACHINES	4,875,750
112,300	LEAR SIEGLER INC.	6,288,800
154,800	LITTON INDS INC.	12,732,300
238,980	LOCKHEED AIRCRAFT CORP	12,247,725
544,500	LTV CORP	4,015,688
140,000	MANUFACTURERS HAN. CORP.	5,512,500
73,000	MCDONNELL DOUGLAS CORP.	5,538,875
1,445,050	MCI COMMUNICATION	15,714,919
171,600	MEDTRONIC INC.	5,641,350
103,400	MELLON BANK CORP	5,583,600
123,800	MELVILLE CORPORATION	5,942,400
60,400	MICOM SYS INC	1,223,100
284,400	MITCHELL ENERGY	3,732,750
162,550	MOBIL CORPORATION	4,896,819
108,350	MONSANTO CO.	5,241,431
133,850	MOTOROLA INCORPORATED	4,567,631
117,500	NATIONAL GYPSUM CO	5,449,063
188,450	NCR CORP.	5,771,281
46,188	NETWORK SYSTEMS CORP.	1,045,004
370,300	NORTHEAST UTILITIES	6,202,525
189,000	OCEAN DRILLING & EXPL CO	3,992,625
284,400	OWENS CORNING FIBER. CORP.	10,060,650
123,900	OWENS ILLINOIS INC.	5,792,325
338,050	PHILADELPHIA ELEC. CO.	5,197,519
118,300	RAYTHEON COMPANY	5,915,000
370,400	REPUBLIC BANK CORP	11,297,200
206,800	REVCO D.S.	5,118,300
87,350	ROYAL DUTCH PET. GLDRS.	5,109,975
206,500	RYDER SYSTEMS INC.	5,911,063
623,200	SCHLUMBERGER LTD	24,071,100

MINNESOTA STATE BOARD OF INVESTMENT
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NO. OF SHARES	SECURITY	MARKET VALUE
413,650	SERVICE MERCHANDISE	\$ 5,997,925
182,000	SHARED MED. SYSTEMS CORP.	5,323,500
154,200	SHELL TRANSPORT & TRADING	5,686,125
79,500	SMITHKLINE-BECKMAN CORP.	5,535,188
261,500	SONAT INC.	9,414,000
175,000	SOUTHLAND CORP.	6,518,750
45,400	SPERRY CORP.	2,406,200
214,450	STANDARD OIL CO. OHIO	10,052,344
338,000	STERLING DRUG INC	10,773,750
154,700	TANDEM COMPUTERS INC	2,803,938
116,950	TENNECO INC.	4,955,756
195,400	TERADYNE INC.	4,591,900
133,800	TEXACO INC.	5,067,675
323,400	TEXAS COMMERCE BANKSHARES	10,308,375
136,150	TEXAS EASTERN CORP.	4,595,063
325,250	TEXAS OIL & GAS CORP.	5,325,969
280,000	TRAVELERS CORP.	12,950,000
137,500	TYCO LABS	5,414,063
131,600	UNION CARBIDE CORP	6,119,400
216,750	UNITED TELECOM. INC.	5,012,344
164,200	US AIR GROUP	5,747,000
308,800	US FIDELITY & GUAR. CO.	11,348,400
124,000	USG CORP HOLDING CO.	5,270,000
146,800	WALTER JIM CORP	5,449,950
254,450	WANG LABS CL B	4,580,100
265,350	WARNACO INC.	6,666,919
410,850	WESTINGHOUSE ELEC. CO.	14,122,969
162,500	WILLIAMS COS	4,631,250
136,500	XEROX CORP	7,183,313
TOTAL EQUITY PORTFOLIO		\$ 729,720,741

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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
100,000	ALBERTA GOVT TEL COM	06/15/1994	8.000% \$	87,531
1,000,000	AMERICAN TELEPHONE & TEL	08/01/2000	6.000%	635,640
15,000,000	AMOCO CO	06/01/1991	14.000%	16,643,700
1,105,000	ARISTAR INC.	05/15/1990	8.500%	1,010,279
5,000,000	ASSOCIATES CORP. NORTH A	11/15/1992	11.450%	5,135,600
4,227,305	ATLANTIC RICHFIELD CO.	07/15/1996	9.250%	3,748,097
2,769,274	ATLANTIC RICHFIELD CO.	12/01/2001	8.750%	2,290,965
10,000,000	BANKAMERICA CORP.	12/01/2003	7.875%	7,189,500
2,250,000	BEATRICE FOODS CO	08/15/2008	8.500%	1,743,233
5,000,000	BELL TEL CO OF PENNA	01/15/2019	9.250%	4,097,150
15,000,000	BENEFICIAL CORP.	07/15/2002	7.500%	10,642,200
1,175,000	BROOKLYN UNION GAS	04/01/1990	4.625%	911,013
4,200,000	BURLINGTON INDUSTRIES	08/01/1990	11.250%	4,329,192
1,929,517	BURLINGTON NORTHERN	09/01/1993	8.750%	1,727,342
162,107	BURLINGTON NORTHERN	07/03/1993	8.500%	144,422
7,790,000	C.I.T. FINANCIAL CORP.	04/01/2001	8.375%	6,104,400
3,500,000	CANADIAN PACIFIC, LTD.	01/15/1992	8.625%	3,394,020
5,000,000	CENTRAL POWER & LIGHT	06/01/2004	9.375%	4,153,600
15,000,000	CHESAPEAKE & POTOMAC TEL	04/15/2019	9.500%	12,609,000
18,140,000	CHEVRON CORP.	07/01/2005	8.750%	14,680,521
1,320,000	CITICORP	03/15/2007	8.450%	1,017,311
1,000,000	CITIZENS UTILITIES	12/31/1991	4.800%	771,660
3,500,000	CONSOLIATED NATURAL GAS	10/01/2000	12.875%	3,736,005
5,000,000	CREDITHRIFT FINANCIAL CO	09/15/1992	13.875%	5,571,900
1,650,000	DEERE (JOHN) CREDIT	10/31/1990	5.000%	1,289,360
7,000,000	DOW CHEMICAL COMPANY	07/15/2007	7.875%	5,065,690
4,000,000	DU PONT (E.I.) DENEMOURS	12/01/2001	6.000%	2,479,760
50,000	DUKE POWER CO	05/01/1986	3.625%	47,959
250,000	FARRELL LINES, INC	06/29/1997	8.350%	208,600
40,000,000	FEDERAL FARM CREDIT BANK	10/20/1997	11.900%	43,950,000
10,000,000	FEDERAL FARM CREDIT BANK	10/21/1991	10.600%	10,200,000
12,000,000	FEDERAL FARM CREDIT BANK	10/20/1993	11.800%	12,945,000
5,000,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%	5,531,250
2,500,000	FEDERAL FARM CREDIT BANK	09/01/1988	12.875%	2,719,525
4,250,000	FEDERAL FARM CREDIT BANK	10/20/1986	10.750%	4,372,188
10,000,000	FEDERAL HOME LOAN BANK	09/25/1991	11.750%	10,725,000
5,000,000	FEDERAL HOME LOAN BANK	04/27/1992	11.700%	5,325,000
5,450,000	FEDERAL HOME LOAN BANK	01/27/1986	12.750%	5,601,565
4,410,000	FEDERAL HOME LOAN BANK	08/25/1987	12.625%	4,717,333
5,240,000	FEDERAL HOME LOAN BANK	02/27/1989	15.100%	6,060,374
10,620,000	FEDERAL HOME LOAN BANK	11/26/1990	13.700%	12,213,000

MINNESOTA STATE BOARD OF INVESTMENT
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PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
27,000,000	FEDERAL HOME LOAN BANKS	07/26/1993	11.700%	\$	28,923,750
5,000,000	FEDERAL HOME LOAN BANKS	09/25/1989	12.500%		5,431,250
4,730,000	FEDERAL NATIONAL MORTGAG	10/13/1987	12.550%		5,059,634
5,000,000	FIRESTONE TIRE & RUBBER	12/01/2004	9.250%		4,148,950
5,000,000	FIRST INTERSTATE BANCORP	04/15/1988	10.500%		5,070,200
2,000,000	FLORIDA POWER & LIGHT CO	05/01/2010	11.300%		1,950,720
3,000,000	FLORIDA POWER & LIGHT CO	11/01/2009	12.125%		3,064,260
5,650,000	FMC CORP	01/15/2000	9.500%		4,985,786
1,850,000	FORD MOTOR COMPANY	07/15/1994	9.250%		1,686,812
5,800,000	FORD MOTOR CREDIT CO	04/01/1999	8.700%		4,775,256
14,000,000	GENERAL ELECTRIC CREDIT	09/15/1991	13.625%		15,256,780
5,000,000	GENERAL FOODS INC	06/15/2001	6.000%		3,098,850
5,000,000	GENERAL MOTORS ACCEPT CO	11/15/2006	8.250%		3,794,050
5,000,000	GENERAL MOTORS ACCEPT CO	06/15/2001	8.750%		4,082,100
8,500,000	GENERAL MOTORS ACCEPT CO	06/01/1999	8.875%		7,121,045
13,000,000	GENERAL MOTORS ACCEPT CO	04/01/2011	6.000%		7,407,660
8,800,000	GENERAL MOTORS ACCEPT. C	10/15/1989	11.750%		9,187,992
1,000,000	GENERAL TEL CO (FLA)	05/01/1993	4.500%		689,160
8,150,000	GREYHOUND LEASING	04/01/1994	13.625%		8,861,169
200,000	HARBOR TUG & BARGE	03/15/2001	8.150%		161,548
2,802,000	HERTZ CORPORATION	02/15/1999	9.500%		2,643,211
5,000,000	HONEYWELL INC.	11/01/1992	11.125%		5,061,750
7,320,000	HOUSEHOLD FINANCE CORP.	10/01/2003	8.375%		5,654,846
5,000,000	HOUSTON NATURAL GAS CO.	11/15/1992	11.000%		4,937,050
4,950,000	JEWEL CO'S INC.	12/01/1992	11.500%		4,997,867
10,000,000	KIMBERLY CLARK	10/15/1990	11.125%		10,409,400
3,600,000	KMART	03/01/2005	12.500%		3,952,152
1,463,000	LACHMAR HULL 54 US	09/25/1988	14.000%		1,505,690
5,718,910	LNM ACCEPTANCE CORP	12/01/1986	9.100%		5,621,860
1,000,000	LONG ISLAND LIGHTING	04/01/1993	4.400%		677,410
2,998,167	LOUISVILLE & NASHVILLE	10/20/1991	9.000%		2,780,590
95,074	LOUISVILLE & NASHVILLE	04/20/1988	8.125%		91,780
50,000	MACMILLAN BLOEDEL LTD.	07/15/1992	6.500%		36,909
5,440,000	MANITOBA HYDRO ELEC BD	10/15/1997	7.650%		4,256,419
1,020,000	MANITOBA, PROVINCE OF	04/01/1994	7.875%		879,240
800,000	MARATHON OIL COMPANY	02/01/2000	8.500%		613,592
9,000,000	MARTIN-MARIETTA CORP.	03/15/2011	7.000%		5,625,360
5,000,000	MINNESOTA POWER & L.	08/01/2005	10.500%		4,610,050
5,000,000	MINNESOTA POWER & L.	09/01/2006	8.700%		3,927,600
3,000,000	MISSISSIPPI POWER & LIGH	06/01/1988	11.250%		3,054,870
1,328,594	MISSOURI PACIFIC RR	06/01/1995	12.750%		1,501,112

MINNESOTA STATE BOARD OF INVESTMENT
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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
2,077,868	MISSOURI PACIFIC RR	06/01/1994	9.750% \$	1,988,645
250,000	MONTGOMERY WARD CREDIT	09/15/1986	8.625%	246,650
1,228,000	MOUNTAIN FUEL SUPPOB	09/01/1986	4.875%	1,164,390
7,000,000	MOUNTAIN STATES TEL & TE	06/01/2013	7.750%	4,923,730
8,825,000	MOUNTAIN STATES TEL & TE	04/01/2018	8.625%	6,760,568
2,000,000	NEW YORK STATE ELEC. & G	04/01/1993	11.750%	2,044,880
6,500,000	NEW YORK STATE ELEC. & G	01/01/1994	12.375%	6,764,095
3,125,000	NORTHERN STATES POWER CO	01/01/2004	8.375%	2,481,969
8,500,000	NORTHWESTERN BELL TEL. C	08/15/2016	9.500%	7,188,110
4,000,000	NORWEST CORP	03/15/2003	7.750%	2,886,200
2,000,000	NORWEST FINANCIAL	07/01/1990	12.750%	2,139,100
2,570,000	NORWEST FINANCIAL INC.	07/01/1993	11.250%	2,610,349
7,000,000	NORWEST FINANCIAL INC.	01/01/1994	12.125%	7,463,610
3,500,000	NOVA SCOTIA POWER COMM	03/15/1997	7.750%	2,750,370
6,400,000	NOVA SCOTIA POWER CORP	06/01/2008	9.625%	5,480,832
4,350,000	ONTARIO HYDRO	03/15/1996	9.500%	3,578,223
1,000,000	ONTARIO PROVINCE OF CANA	06/15/2005	9.125%	846,050
7,000,000	ONTARIO, PROVINCE OF	06/01/2008	9.375%	6,027,910
6,920,000	ONTARIO, PROVINCE OF	11/30/2008	9.375%	5,954,314
5,300,000	OWENS ILLINOIS INC.	06/01/1990	10.375%	5,304,134
5,000,000	PACIFIC TEL & TEL	04/01/2005	8.650%	3,911,300
5,000,000	PACIFIC TEL & TEL	07/01/2003	6.500%	3,182,900
5,000,000	PACIFIC TEL & TEL CO	10/01/2006	8.750%	3,946,300
30,000	PACIFIC TELE & TELE	11/01/1990	4.625%	24,033
12,660,000	PENNEY (J.C.) CO.	06/15/1990	10.750%	12,924,847
7,930,000	PENNEY J.C. CO.	05/01/2006	6.000%	4,597,735
15,000,000	PHILLIPS PETROLEUM	09/01/1992	12.875%	15,826,500
2,415,000	PUBLIC SERV ELEC GAS	09/01/1994	4.625%	1,646,861
3,000,000	PUBLIC SERVICE CO OF IND	09/01/1990	12.125%	2,984,700
7,000,000	PUBLIC SERVICE ELECTRIC	06/01/2007	8.250%	5,191,130
1,110,000	ROCHESTER TELEPHONE	09/01/1993	4.750%	809,623
7,000,000	SASKATCH., PROVINCE OF	04/15/2008	9.250%	5,856,060
4,524,460	SEABOARD COAST LINE RR	10/01/1992	8.250%	4,137,257
4,206,282	SEABOARD COAST LINE RR	09/01/1993	9.625%	3,973,549
4,000,000	SEAFIRST CORP.	06/01/1990	10.500%	3,800,000
13,000,000	SEARS ROEBUCK & CO.	05/01/2000	6.000%	8,253,700
5,000,000	SOUTH CENTRAL BELL TEL	12/01/2004	8.250%	3,809,250
3,000,000	SOUTH CENTRAL BELL TEL	11/01/2007	7.375%	2,055,600
3,200,000	SOUTHERN BELL TEL & TEL	10/05/2020	12.875%	3,430,816
6,000,000	SOUTHERN BELL TEL & TEL	12/01/2019	10.900%	5,716,860
8,000,000	SOUTHERN BELL TEL & TEL	03/15/2013	7.625%	5,568,960

MINNESOTA STATE BOARD OF INVESTMENT
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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
3,150,000	SOUTHERN NATURAL GAS	11/15/1994	11.375%	\$ 3,207,991
200,000	SOUTHWEST. INVESTMENT	10/15/1986	8.500%	197,800
5,000,000	SOUTHWESTERN BELL TEL	08/01/2007	8.750%	3,937,150
3,100,000	SOUTHWESTERN BELL TEL	06/01/2003	5.875%	1,818,863
5,000,000	SOUTHWESTERN BELL TEL CO	03/15/2019	9.625%	4,201,950
450,000	SPRAGUE ELECTRIC CO	09/01/1988	4.375%	375,521
1,070,890	STANDARD OIL OF CALIF.	03/30/1997	7.700%	837,640
994,398	STANDARD OIL OF CALIF.	03/02/1997	7.700%	770,450
994,398	STANDARD OIL OF CALIF.	02/10/1997	7.700%	779,161
4,050,967	STANDARD OIL OF CALIF.	07/02/1999	8.500%	3,298,581
550,000	STATES STEAMSHIP CO	03/31/1993	5.100%	391,468
5,000,000	STUDEBAKER-WORTHINGTON	11/15/2003	9.350%	4,055,350
4,000,000	TEKTRONIX INC.	07/15/1990	11.000%	4,099,760
3,182,000	TEXACO, INC.	12/01/2001	7.750%	2,393,150
150,000	TEXAS EASTERN TRANSMISSI	07/01/1985	10.000%	149,997
3,000,000	TEXAS POWER & LIGHT	01/01/2006	8.600%	2,310,300
2,500,000	TEXAS POWER & LIGHT	02/01/2009	9.375%	2,053,500
43,000,000	U.S.A. TREASURY BOND	11/15/2002	11.625%	46,225,000
30,129,000	U.S.A. TREASURY BOND	11/15/2004	11.625%	32,595,661
29,475,000	U.S.A. TREASURY BOND	02/15/2007	7.625%	22,308,743
60,000,000	U.S.A. TREASURY BOND	02/15/2010	11.750%	66,000,000
40,000,000	U.S.A. TREASURY BOND	02/15/1994	9.000%	37,374,800
18,375,000	U.S.A. TREASURY BOND	05/15/2014	13.250%	22,520,768
40,000,000	U.S.A. TREASURY BOND	02/15/2003	10.750%	40,350,000
37,100,000	U.S.A. TREASURY BOND	05/15/1999	8.500%	32,253,627
40,000,000	U.S.A. TREASURY BOND	08/15/2001	8.000%	32,374,800
12,200,000	U.S.A. TREASURY BOND	08/15/2008	8.375%	9,981,064
38,050,000	U.S.A. TREASURY BOND	05/15/2005	8.250%	31,177,029
60,000,000	U.S.A. TREASURY BOND	05/15/1995	10.375%	60,975,000
40,000,000	U.S.A. TREASURY BOND	11/15/2010	12.750%	46,924,800
60,000,000	U.S.A. TREASURY BOND	11/15/1995	11.500%	64,950,000
40,000,000	U.S.A. TREASURY BOND	02/15/2000	7.875%	32,374,800
35,800,000	U.S.A. TREASURY BOND	02/15/2001	11.750%	38,775,696
8,795,000	U.S.A. TREASURY BOND	08/15/2000	8.375%	7,437,228
40,000,000	U.S.A. TREASURY BOND	02/15/1995	10.500%	40,924,800
40,000,000	U.S.A. TREASURY BOND	05/15/1995	12.625%	45,700,000
28,326,000	U.S.A. TREASURY BOND	08/15/2013	12.000%	31,548,083
52,000,000	U.S.A. TREASURY BOND	05/15/2005	12.000%	57,850,000
18,000,000	U.S.A. TREASURY BOND	05/15/2009	9.125%	15,817,500
14,900,000	U.S.A. TREASURY BOND	11/15/2009	10.375%	14,611,238
6,430,000	U.S.A. TREASURY NOTE	07/31/1986	12.625%	6,733,432

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
6,290,000	U.S.A. TREASURY NOTE	04/15/1989	14.375% \$	7,221,675
8,400,000	U.S.A. TREASURY NOTE	07/15/1989	14.500%	9,738,708
2,225,000	U.S.A. TREASURY NOTE	09/30/1986	12.250%	2,329,998
10,000,000	U.S.A. TREASURY NOTE	11/15/1994	11.625%	10,806,200
11,800,000	U.S.A. TREASURY NOTE	01/15/1988	12.375%	12,696,092
10,140,000	U.S.A. TREASURY NOTE	03/31/1987	10.250%	10,406,175
330,000	U.S.A. TREASURY NOTE	12/31/1988	10.625%	342,477
5,000,000	U.S.A. TREASURY NOTE	05/15/1991	14.500%	5,937,500
13,750,000	U.S.A. TREASURY NOTE	01/15/1990	10.500%	14,162,500
6,680,000	U.S.A. TREASURY NOTE	06/30/1987	10.500%	6,897,100
8,700,000	U.S.A. TREASURY NOTE	03/31/1986	14.000%	9,107,769
4,800,000	U.S.A. TREASURY NOTE	07/15/1988	14.000%	5,388,000
420,000	U.S.A. TREASURY NOTE	12/31/1986	10.000%	429,320
4,910,000	U.S.A. TREASURY NOTE	07/31/1985	10.625%	4,923,797
7,060,000	U.S.A. TREASURY NOTE	09/30/1985	15.875%	7,205,577
535,000	U.S.A. TREASURY NOTE	04/15/1988	13.250%	587,163
5,265,000	U.S.A. TREASURY NOTE	10/15/1988	15.375%	6,141,938
3,400,000	U.S.A. TREASURY NOTE	01/15/1989	14.625%	3,912,108
52,000,000	U.S.A. TREASURY NOTE	05/15/1995	11.250%	55,380,000
11,250,000	U.S.A. TREASURY NOTE	11/15/1990	13.000%	12,663,225
5,000,000	UNION CAMP	10/01/2012	12.750%	5,399,950
4,000,000	UNION TANK CAR	12/15/1995	9.500%	3,718,280
20,000,000	UPJOHN COMPANY	06/01/1991	14.000%	21,833,200
4,000,000	USLIFE CORP.	10/15/1989	12.000%	4,246,920
60,000	VIRGINIA ELEC. & POWER	12/01/1987	4.500%	53,276
4,000,000	WESTINGHOUSE CREDIT CORP	01/15/1989	10.750%	4,022,680
10,450,000	WILLAMETTE INDUSTRIES IN	04/15/1993	11.375%	10,459,301
TOTAL BOND PORTFOLIO				\$ 1,732,347,355

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT INCOME SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
21,500	ALCAN ALUMINUM LTD.	\$ 540,188
21,462	ALLIED BANCSHARES INC.	493,626
13,150	ALLIED CORPORATION	560,519
21,000	ALTOS COMPUTER SYSTEMS	233,625
11,900	ALUMINUM CO. OF AMERICA	407,575
18,900	AMER. GENERAL CORP.	659,138
19,200	AMER. MEDICAL INT'L.	499,200
7,600	AMERICAN BROADCASTING CO.	864,500
4,000	* AMERICAN HOSPITAL SUPPLY	164,000
56,760	ARCHER DANIELS MIDLAND CO.	1,376,430
25,000	* ASK COMPUTER	318,750
16,200	ATLANTIC RICHFIELD	969,975
30,000	* AUDIO VIDEO AFFILIATES INC	476,250
17,100	BANKERS TRUST NY CORP.	1,190,588
23,550	BOEING COMPANY	1,053,863
20,000	BRITISH PETROLEUM	547,500
17,700	BROWN GROUP	519,938
19,500	BRUNSWICK CORP.	719,063
8,500	BURROUGHS CORPORATION	497,250
38,100	CANADIAN PACIFIC LTD	542,925
14,100	CARLISLE CORP	458,250
27,000	CATERPILLAR TRACTOR CO.	894,375
6,150	CELANESE CORPORATION	738,769
91,400	CENTRONICS DATA COMPUTER	239,925
10,500	CHASE MANHATTAN CORP.	633,938
28,150	CHEMICAL NEW YORK CORP	1,161,188
44,100	CITY INVESTING	1,554,525
22,700	COLLINS & AIKMAN CORP	496,563
18,500	COLONIAL PENN GROUP	497,188
14,400	COLUMBIA GAS SYSTEM INC	460,800
15,300	COMBUSTION ENGINEERING	499,163
51,000	COMMODORE INTL LTD	497,250
17,500	COMMONWEALTH EDISON CO.	540,313
25,750	COMPUTER VISION CORP.	366,938
21,900	CONTINENTAL TELECOM. INC.	506,438
26,300	CONTROL DATA CORP.	680,513
15,750	COOPER TIRE & RUBBER	242,156
10,500	CROWN CORK & SEAL	691,688
7,550	CUMMINS ENGINE CO.	479,425
10,500	* DIEBOLD INC.	412,125

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT INCOME SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
9,800	DU PONT EI DENEMOURS	\$ 569,625
8,000	* DUN & BRADSTREET COS INC	634,000
18,800	E-SYSTEMS	606,300
118,515	EMERSON RADIO CORP.	1,392,551
21,750	EXXON CORPORATION	1,171,781
14,400	FEDERAL EXPRESS CORP.	639,000
10,000	* FEDERAL EXPRESS CORP.	443,750
	SUB-TOTAL 24,400 SHARES	1,082,750
35,750	FEDERAL NATL. MTG.	741,813
9,800	FIRST INTERSTATE BANCORP.	542,675
15,000	* FLEXI VAN CORP.	504,375
11,650	FORD MOTOR CO.	525,706
10,000	* FORD MOTOR CO.	451,250
	SUB-TOTAL 21,650 SHARES	976,956
20,900	FRUEHAUF CORP.	459,800
16,450	FUQUA INDS INC	526,400
41,800	GEARHART INDS INC	418,000
7,400	GENERAL DYNAMICS	550,375
8,300	GENERAL ELECTRIC CO.	513,563
6,200	GENERAL MOTORS CORP.	446,400
10,500	GENRAD INC.	178,500
26,800	GENSTAR LTD.	636,500
18,400	GOODYEAR TIRE & RUBBER	542,800
41,800	GREYHOUND CORP.	1,248,775
13,600	GRUMMAN CORP.	418,200
11,800	GTE CORP.	476,425
32,800	HALLIBURTON INC.	959,400
21,900	HOUSTON INDUSTRIES INC.	621,413
20,000	* INTERGRAPH CORP.	610,000
25,000	* INTERNATIONAL TECHNOLOGY CORP	546,875
7,800	INTL. BUSINESS MACHINES	965,250
10,500	* INTL. FLAVORS & FRAG.	315,000
16,000	* KELLWOOD CO.	586,000
11,100	LEAR SIEGLER INC.	621,600
6,500	LITTON INDS INC.	534,625
23,900	LOCKHEED AIRCRAFT CORP	1,224,875
11,000	* LOCKHEED AIRCRAFT CORP	563,750
	SUB-TOTAL 34,900 SHARES	1,788,625

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT INCOME SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
54,450	LTV CORP	\$ 401,569
14,200	MANUFACTURERS HAN. CORP.	559,125
9,000	* MATERIALS RESEARCH	105,750
6,300	MCDONNELL DOUGLAS CORP.	478,013
141,300	MCI COMMUNICATION	1,536,638
16,550	MEDTRONIC INC.	544,081
10,800	MELLON BANK CORP	583,200
12,500	MELVILLE CORPORATION	600,000
6,450	MENTOR GRAPHICS CORP.	165,281
15,000	MGMT. SCIENCE AMER.	232,500
4,500	* MINNESOTA MNG & MFG CO	351,000
28,750	MITCHELL ENERGY	377,344
16,450	MOBIL CORPORATION	495,556
10,950	MONSANTO CO.	529,706
20,000	* MORSE SHOE	455,000
13,550	MOTOROLA INCORPORATED	462,394
11,600	NATIONAL GYPSUM CO	537,950
18,400	NCR CORP.	563,500
70,100	NORTHEAST UTILITIES	1,174,175
22,200	NUMERAX INC.	169,275
29,300	* NUMERAX INC.	223,413
	SUB-TOTAL 51,500 SHARES	392,688
14,400	OWENS CORNING FIBER. CORP.	509,400
11,600	OWENS ILLINOIS INC.	542,300
32,850	PHILADELPHIA ELEC. CO.	505,069
16,000	* POLICY MGMT. SYS. CORP.	348,000
10,400	RAYTHEON COMPANY	520,000
24,600	REGENCY ELECTRONICS	135,300
34,550	REPUBLIC BANK CORP	1,053,775
20,900	REVCO D.S.	517,275
20,000	* ROBINS A.H. INC.	352,500
20,000	RYDER SYSTEMS INC.	572,500
62,300	SCHLUMBERGER LTD	2,406,338
13,500	SEA CONTAINERS LTD.	565,313
31,650	SEACO INC.	146,381
35,050	SENSORMATIC ELECTRS CORP	284,781
41,800	SERVICE MERCHANDISE	606,100
18,400	SHARED MED. SYSTEMS CORP.	538,200
16,000	* SHARED MED. SYSTEMS CORP.	468,000

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT INCOME SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
	SUB-TOTAL	34,400 SHARES \$ 1,006,200
15,600	SHELL TRANSPORT & TRADING	575,250
10,000	* SHERWIN WILLIAMS CO.	385,000
8,000	SMITHKLINE-BECKMAN CORP.	557,000
24,300	SONAT INC.	874,800
17,700	SOUTHLAND CORP.	659,325
21,300	STANDARD OIL CO. OHIO	998,438
34,300	STERLING DRUG INC	1,093,313
15,600	TANDEM COMPUTERS INC	282,750
10,000	* TANDY CORP	357,500
12,300	TENNECO INC.	521,213
24,700	TERADYNE INC.	580,450
13,600	TEXACO INC.	515,100
31,550	TEXAS COMMERCE BANKSHARES	1,005,656
16,450	TEXAS EASTERN CORP.	555,188
106,000	TIE COMMUNICATIONS	516,750
28,000	TRAVELERS CORP.	1,295,000
13,500	TYCO LABS	531,563
69,340	ULTRASYSTEMS INC	520,050
12,850	UNION CARBIDE CORP	597,525
21,900	UNITED TELECOM. INC.	506,438
14,100	US AIR GROUP	493,500
32,300	US FIDELITY & GUAR. CO.	1,187,025
14,200	USG CORP HOLDING CO.	603,500
14,850	WALTER JIM CORP	551,306
17,850	WANG LABS CL B	321,300
26,050	WARNACO INC.	654,506
39,250	WESTINGHOUSE ELEC. CO.	1,349,219
10,000	* WHIRLPOOL CORP.	477,500
16,450	WILLIAMS COS	468,825
10,700	XEROX CORP	563,088
5,950	ZYCAD CORP.	83,300
TOTAL EQUITY PORTFOLIO		\$ 87,171,865

* THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED BY
BMI CAPITAL MANAGEMENT INC.

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT INCOME SHARE ACCOUNT
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
1,250,000	ASSOCIATES CORP. NORTH A	11/15/1992	11.450%	\$	1,283,900
115,000	CENTRONICS DATA COMP CV	06/01/1990	10.000%		115,000
1,500,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%		1,659,375
2,000,000	FEDERAL FARM CREDIT BANK	01/22/1990	11.150%		2,085,000
3,000,000	FEDERAL FARM CREDIT BANK	12/01/1987	10.650%		3,098,430
3,000,000	FEDERAL HOME LOAN BANKS	11/25/1986	11.000%		3,096,570
2,000,000	FEDERAL HOME LOAN MTG CO	08/30/1991	11.850%		2,127,500
1,000,000	FEDERAL NATIONAL MORTGAG	10/13/1987	12.550%		1,069,690
1,000,000	FEDERAL NATIONAL MORTGAG	11/10/1987	11.550%		1,049,370
3,000,000	FEDERAL NATIONAL MORTGAG	12/12/1988	11.250%		3,118,110
2,000,000	FEDERAL NATIONAL MORTGAG	01/10/1990	11.450%		2,102,500
2,000,000	FEDERAL NATIONAL MORTGAG	02/13/1990	11.050%		2,077,500
500,000	FEDERAL NATIONAL MORTGAG	06/10/1988	10.500%		515,000
1,000,000	FIRST INTERSTATE BANCORP	04/15/1988	10.500%		1,014,040
1,000,000	GENERAL MOTORS ACCEPT. C	10/15/1989	11.750%		1,044,090
1,500,000	GERBER PRODUCTS CO	11/01/1994	11.750%		1,564,140
1,000,000	HOUSTON NATURAL GAS CO.	11/15/1992	11.000%		987,410
1,000,000	KIMBERLY CLARK	10/15/1990	11.125%		1,040,940
800,000	LINCOLN NATIONAL CORP.	09/15/1992	13.875%		879,984
2,000,000	MISSISSIPPI POWER & LIGH	06/01/1988	11.250%		2,036,580
700,000	NEW YORK STATE ELEC. & G	04/01/1993	11.750%		715,708
800,000	NORWEST CORP	09/15/1986	7.875%		787,912
500,000	SEAFIRST CORP.	06/01/1990	10.500%		475,000
1,400,000	U.S.A. TREASURY BOND	11/15/1995	11.500%		1,515,500
3,000,000	U.S.A. TREASURY NOTE	10/15/1989	11.875%		3,228,750
3,000,000	U.S.A. TREASURY NOTE	11/15/1992	10.500%		3,067,500
1,000,000	U.S.A. TREASURY NOTE	02/15/1987	9.000%		1,007,500
500,000	USLIFE CORP.	10/15/1990	12.500%		533,835
TOTAL BOND PORTFOLIO				\$	43,296,834

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT GROWTH SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
15,700	* AETNA LIFE AND CASUALTY CO. \$	732,013
4,900	* AHMANSON H.F. CO.	177,625
7,700	ALCAN ALUMINUM LTD.	193,463
4,300	* ALCAN ALUMINUM LTD.	108,038
	SUB-TOTAL 12,000 SHARES	301,500
9,437	ALLIED BANCSHARES INC.	217,051
5,700	ALLIED CORPORATION	242,963
9,200	ALTOS COMPUTER SYSTEMS	102,350
5,900	ALUMINUM CO. OF AMERICA	202,075
7,600	AMER. GENERAL CORP.	265,050
9,300	* AMER. GENERAL CORP.	324,338
	SUB-TOTAL 16,900 SHARES	589,388
10,800	AMER. MEDICAL INT'L.	280,800
3,350	AMERICAN BROADCASTING CO.	381,063
3,300	* AMERICAN EXPRESS COMPANY	156,750
5,200	* AMERITECH CORP	493,350
23,590	ARCHER DANIELS MIDLAND CO.	572,058
8,400	ATLANTIC RICHFIELD	502,950
7,100	BANKERS TRUST NY CORP.	494,338
8,600	* BANKERS TRUST NY CORP.	598,775
	SUB-TOTAL 15,700 SHARES	1,093,113
9,900	BOEING COMPANY	443,025
8,300	BRITISH PETROLEUM	227,213
7,700	BROWN GROUP	226,188
6,800	BRUNSWICK CORP.	250,750
3,500	BURROUGHS CORPORATION	204,750
17,000	* CALFED INC	420,750
15,300	CANADIAN PACIFIC LTD	218,025
6,200	CARLISLE CORP	201,500
11,100	CATERPILLAR TRACTOR CO.	367,688
2,650	CELANESE CORPORATION	318,331
4,900	* CELANESE CORPORATION	588,613
	SUB-TOTAL 7,550 SHARES	906,944
41,600	CENTRONICS DATA COMPUTER	109,200
4,200	CHASE MANHATTAN CORP.	253,575
11,950	CHEMICAL NEW YORK CORP	492,938

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT GROWTH SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
24,500	* CHRYSLER CORP.	\$ 894,250
6,100	* CHUBB CORPORATION	453,688
40,000	* CHURCHS FRIED CHICKEN	715,000
20,000	CITY INVESTING	705,000
10,700	COLLINS & AIKMAN CORP	234,063
8,700	COLONIAL PENN GROUP	233,813
8,350	COLUMBIA GAS SYSTEM INC	267,200
6,600	COMBUSTION ENGINEERING	215,325
22,200	COMMODORE INTL LTD	216,450
7,850	COMMONWEALTH EDISON CO.	242,369
11,500	COMPUTER VISION CORP.	163,875
9,500	CONTINENTAL TELECOM. INC.	219,688
15,350	CONTROL DATA CORP.	397,181
6,300	COOPER TIRE & RUBBER	96,863
4,200	CROWN CORK & SEAL	276,675
21,500	* CSX CORPORATION	561,688
3,400	CUMMINS ENGINE CO.	215,900
6,000	* DELTA AIR LINES INC.	294,000
5,100	* DILLARD DEPT. STORES	382,500
17,000	* DOMINION RESOURCES	561,000
17,000	* DOW CHEMICAL COMPANY	607,750
4,250	DU PONT EI DENEMOURS	247,031
8,200	E-SYSTEMS	264,450
48,472	EMERSON RADIO CORP.	569,546
8,600	EXXON CORPORATION	463,325
6,400	FEDERAL EXPRESS CORP.	284,000
14,350	FEDERAL NATL. MTG.	297,763
4,800	FIRST INTERSTATE BANCORP.	265,800
19,600	* FLEETWOOD ENTER. INC.	426,300
5,500	FORD MOTOR CO.	248,188
13,800	* FORD MOTOR CO.	622,725
	SUB-TOTAL 19,300 SHARES	870,913
9,100	FRUEHAUF CORP.	200,200
7,150	FUQUA INDS INC	228,800
15,400	* GAF CORP	527,450
18,200	GEARHART INDS INC	182,000
3,400	GENERAL DYNAMICS	252,875
3,600	GENERAL ELECTRIC CO.	222,750
3,200	GENERAL MOTORS CORP.	230,400

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT GROWTH SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
4,500	GENRAD INC.	\$ 76,500
12,100	GENSTAR LTD.	287,375
8,000	GOODYEAR TIRE & RUBBER	236,000
16,000	GREYHOUND CORP.	478,000
11,800	* GREYHOUND CORP.	352,525
	SUB-TOTAL 27,800 SHARES	830,525
6,150	GRUMMAN CORP.	189,113
5,150	GTE CORP.	207,931
14,200	HALLIBURTON INC.	415,350
1,500	* HASBRO INDS. INC.	58,125
8,500	* HM FED SVG&LN ASSN S.D.CALIF	219,938
9,000	* HOME FED SVGS + LN ASSN TUCSON	184,500
9,500	HOUSTON INDUSTRIES INC.	269,563
3,500	INTL. BUSINESS MACHINES	433,125
2,300	* K MART CORPORATION	88,263
14,500	* KANSAS GAS & ELEC CO	253,750
5,000	* KIMBERLY CLARK CORP	295,625
4,800	LEAR SIEGLER INC.	268,800
3,400	LITTON INDS INC.	279,650
10,700	LOCKHEED AIRCRAFT CORP	548,375
13,500	* LOEWS CORP	668,250
22,382	* LOUISIANA PAC. CORP.	495,202
34,200	* LSI LOGIC CORP.	487,350
24,450	LTV CORP	180,319
28,100	* M/A COM	547,950
6,200	MANUFACTURERS HAN. CORP.	244,125
2,200	* MARSH & MCCLENNAN	158,950
4,180	* MATSUSHITA EL. IND.	236,170
10,000	* MATTEL INC	167,500
5,900	MCDONNELL DOUGLAS CORP.	447,663
60,500	MCI COMMUNICATION	657,938
27,000	* MCI COMMUNICATION	293,625
	SUB-TOTAL 87,500 SHARES	951,563
7,400	MEDTRONIC INC.	243,275
4,300	MELLON BANK CORP	232,200
5,400	MELVILLE CORPORATION	259,200
2,800	MENTOR GRAPHICS CORP.	71,750
20,700	* MESA PETE CO	307,913

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT GROWTH SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
6,500	MGMT. SCIENCE AMER.	\$ 100,750
3,700	* MIDCON CORPORATION	173,438
15,600	MITCHELL ENERGY	204,750
7,150	MOBIL CORPORATION	215,394
4,750	MONSANTO CO.	229,781
7,400	MOTOROLA INCORPORATED	252,525
9,300	* NATIONAL DISTILLERS & CHEM	301,088
5,450	NATIONAL GYPSUM CO	252,744
8,000	NCR CORP.	245,000
15,300	* NIAGARA MOHAWK PWR CORP	309,825
29,550	NORTHEAST UTILITIES	494,963
18,000	* NORTHEAST UTILITIES	301,500
	SUB-TOTAL 47,550 SHARES	796,463
9,700	NUMERAX INC.	73,963
6,250	OWENS CORNING FIBER. CORP.	221,094
4,700	OWENS ILLINOIS INC.	219,725
10,400	* PEPSICO INCORPORATED	625,300
14,300	PHILADELPHIA ELEC. CO.	219,863
11,700	* PPG INDUSTRIES INC.	489,938
5,100	RAYTHEON COMPANY	255,000
10,800	REGENCY ELECTRONICS	59,400
14,550	REPUBLIC BANK CORP	443,775
9,100	REVCO D.S.	225,225
8,700	RYDER SYSTEMS INC.	249,038
27,800	SCHLUMBERGER LTD	1,073,775
6,050	SEA CONTAINERS LTD.	253,344
12,550	SEACO INC.	58,044
15,300	SENSORMATIC ELECTRS CORP	124,313
18,200	SERVICE MERCHANDISE	263,900
8,000	SHARED MED. SYSTEMS CORP.	234,000
6,800	SHELL TRANSPORT & TRADING	250,750
19,500	* SINGER CO.	716,625
3,650	SMITHKLINE-BECKMAN CORP.	254,131
10,200	SONAT INC.	367,200
7,700	SOUTHLAND CORP.	286,825
7,900	* SOUTHWESTERN BELL CORP.	663,600
9,250	STANDARD OIL CO. OHIO	433,594
14,050	STERLING DRUG INC	447,844
7,200	TANDEM COMPUTERS INC	130,500

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT GROWTH SHARE ACCOUNT
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
64,400	* TANDON CORP.	\$ 313,950
5,100	TENNECO INC.	216,113
11,200	TERADYNE INC.	263,200
5,900	TEXACO INC.	223,463
13,900	TEXAS COMMERCE BANKSHARES	443,063
7,150	TEXAS EASTERN CORP.	241,313
1,200	* TEXAS EASTERN CORP.	40,500
	SUB-TOTAL 8,350 SHARES	281,813
6,700	* THOMAS & BETTS CORP	237,850
47,950	TIE COMMUNICATIONS	233,756
9,600	* TRANSAMERICA CORP	307,200
12,550	TRAVELERS CORP.	580,438
6,400	TYCO LABS	252,000
5,600	* UAL INC.	300,300
25,060	ULTRASYSTEMS INC	187,950
6,000	UNION CARBIDE CORP	279,000
5,500	* UNITED TECHNOLOGIES CORP.	228,250
9,500	UNITED TELECOM. INC.	219,688
7,200	US AIR GROUP	252,000
3,200	* US AIR GROUP	112,000
	SUB-TOTAL 10,400 SHARES	364,000
14,700	US FIDELITY & GUAR. CO.	540,225
6,500	USG CORP HOLDING CO.	276,250
6,500	WALTER JIM CORP	241,313
8,250	WANG LABS CL B	148,500
11,500	WARNACO INC.	288,938
14,800	* WARNER LAMBERT	641,950
17,600	WESTINGHOUSE ELEC. CO.	605,000
7,150	WILLIAMS COS	203,775
4,300	XEROX CORP	226,288
12,900	* XEROX CORP	678,863
	SUB-TOTAL 17,200 SHARES	905,150
2,800	ZYCAD CORP.	39,200
TOTAL EQUITY PORTFOLIO		\$ 55,242,225

* THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED
BY WADDELL & REED.

MINNESOTA STATE BOARD OF INVESTMENT
 SUPPLEMENTAL RETIREMENT GROWTH SHARE ACCOUNT
 COMBINED INTERNAL AND EXTERNAL MANAGERS
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
50,000	CENTRONICS DATA COMP CV	06/01/1990	10.000%	\$ 50,000
250,000	* GREAT WESTN FINL CORP CV	04/15/2010	8.500%	246,250
230,000	* MAXICARE HEALTH PLANS CV	07/01/2010	7.000%	230,000
225,000	* MID ATLANTIC BK	07/01/2010	8.250%	225,000
280,000	* NWA INC CV.	06/15/2010	7.500%	280,000
TOTAL BOND PORTFOLIO				\$ 1,031,250

* THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED
 BY WADDELL & REED.

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT FIXED RETURN ACCOUNT
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
90,000	ACF INDUSTRIES, INC.	03/01/1991	9.000%	\$	83,590
45,000	ACF INDUSTRIES, INC.	02/01/1992	8.000%		41,953
150,000	AMAX	03/01/2001	8.625%		99,266
150,000	AMOCO CORP	07/15/2004	9.200%		130,760
1,000,000	ASSOCIATES CORP. N.A.	02/01/1989	11.850%		1,039,320
1,000,000	ASSOCIATES CORP. NORTH A	11/15/1992	11.450%		1,027,120
126,819	ATLANTIC RICHFIELD CO.	07/15/1996	9.250%		112,443
468,000	BRITISH COLUMBIA HYDRO	07/15/1996	9.625%		421,303
361,784	BURLINGTON NORTHERN	09/01/1993	8.750%		323,877
280,000	BURLINGTON NORTHERN	06/15/1998	9.250%		264,765
175,000	CANADIAN PACIFIC, LTD.	01/15/1992	8.625%		169,701
467,000	COMMONWEALTH EDISON	04/01/1999	10.000%		431,461
575,000	CREDITHRIFT FINANCIAL CO	09/15/1992	13.875%		640,769
500,000	CREDITHRIFT FINANCIAL CO	01/01/1994	12.375%		532,815
500,000	FEDERAL FARM CREDIT BANK	01/22/1990	10.950%		518,125
2,000,000	FEDERAL FARM CREDIT BANK	01/22/1990	11.150%		2,085,000
500,000	FEDERAL HOME LOAN BANK	03/25/1987	11.100%		518,435
750,000	FEDERAL HOME LOAN BANK	06/25/1987	10.300%		769,920
5,000,000	FEDERAL HOME LOAN BANK	12/26/1990	10.900%		5,193,750
500,000	FEDERAL HOME LOAN BANK	11/25/1986	11.300%		517,970
2,000,000	FEDERAL HOME LOAN BANKS	11/25/1985	10.125%		2,018,740
68,600	FEDERAL HOME LOAN MORTGA	03/15/2007	8.050%		62,683
1,600,000	FEDERAL HOME LOAN MTG CO	08/30/1991	11.850%		1,702,000
500,000	FEDERAL NATIONAL MORTGAG	11/10/1987	11.550%		524,685
2,000,000	FEDERAL NATIONAL MORTGAG	01/10/1990	11.450%		2,102,500
500,000	FLORIDA POWER & LIGHT CO	11/01/1990	13.300%		531,530
150,000	FMC CORP	01/15/2000	9.500%		132,366
475,000	FORD LEASING DEVELOPT	03/15/2004	9.500%		379,725
150,000	FORD MOTOR COMPANY	07/15/1994	9.250%		136,769
1,200,000	FORD MOTOR CREDIT CORP	08/15/1987	13.000%		1,271,892
11,599	GNMA POOL # 09797	05/15/2006	8.000%		9,685
327,701	GNMA POOL # 10375	05/15/2006	8.250%		277,333
171,789	GNMA POOL # 15955	08/15/2007	8.000%		143,444
352,899	GNMA POOL # 17086	11/15/2007	8.000%		294,670
328,415	GNMA POOL # 17606	07/15/2007	8.000%		274,227
600,000	HOUSTON LIGHTING & POWER	02/01/1991	13.875%		677,130
250,000	HOUSTON LIGHTING & POWER	10/01/2006	8.375%		186,745
250,000	IOWA-ILL GAS & ELEC	01/15/2007	8.250%		187,233
500,000	KIMBERLY CLARK	10/15/1990	11.125%		520,470
439,916	LNM ACCEPTANCE CORP	12/01/1986	9.100%		432,451
89,945	LOUISVILLE & NASHVILLE	10/20/1991	9.000%		83,418

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT FIXED RETURN ACCOUNT
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
73,129	LOUISVILLE & NASHVILLE	04/20/1992	8.375%	\$	68,340
150,000	MINNESOTA POWER & L.	08/01/2005	10.500%		138,302
296,825	MISSOURI PACIFIC RR	06/01/1994	9.750%		284,079
400,000	MONTGOMERY WARD CREDIT	06/30/2002	8.250%		282,360
400,000	MONTGOMERY WARD CREDIT	10/01/2002	8.375%		285,232
500,000	NEW YORK STATE ELEC. & G	01/01/1994	12.375%		520,315
400,000	NORTHERN STATES POWER CO	01/01/2004	8.375%		317,692
1,000,000	NORTHERN TELECOM	10/01/1990	12.250%		1,044,490
500,000	NORWEST FINANCIAL	07/01/1990	12.750%		534,775
1,000,000	NORWEST FINANCIAL INC.	07/01/1991	12.750%		1,077,270
500,000	NOVA SCOTIA POWER CORP	06/01/2008	9.625%		428,190
229,624	OLYMPIC PIPELINE CO.	09/01/2001	8.850%		172,188
435,000	ONTARIO HYDRO	03/15/1996	9.500%		357,822
700,000	ONTARIO PROVINCE OF CANA	06/15/2005	9.125%		592,235
500,000	ONTARIO, PROVINCE OF	11/30/2008	9.375%		430,225
250,000	PACIFIC GAS & ELECTRIC C	12/01/2005	7.750%		177,493
700,000	PENNEY J.C.	02/01/1993	12.125%		747,061
206,000	PLANTATION PIPE LINE	10/01/2001	7.875%		185,876
1,000,000	PUBLIC SERVICE CO OF IND	09/01/1990	12.125%		994,900
250,000	PUBLIC SERVICE CO OF IND	01/01/2007	7.625%		153,515
500,000	PUBLIC SERVICE ELECTRIC	06/01/2007	8.250%		370,795
600,000	SASKATCH., PROVINCE OF	04/15/2008	9.250%		501,948
172,229	SEABOARD COAST LINE RR	04/01/1992	9.000%		159,895
361,957	SEABOARD COAST LINE RR	10/01/1992	8.250%		330,981
117,989	STANDARD OIL OF CALIF.	07/02/1999	8.500%		96,075
250,000	TEXAS POWER & LIGHT CO	02/01/2007	8.250%		184,850
500,000	U.S.A. TREASURY BOND	11/15/1993	8.625%		457,810
2,000,000	U.S.A. TREASURY NOTE	09/30/1986	12.250%		2,094,380
5,000,000	U.S.A. TREASURY NOTE	04/15/1990	10.500%		5,150,000
500,000	U.S.A. TREASURY NOTE	02/15/1987	9.000%		503,750
250,000	UNION OIL OF CALIFORNIA	03/01/2006	8.625%		193,625
2,000,000	UPJOHN CO	07/15/1990	10.650%		2,040,100
500,000	USLIFE CORP.	10/15/1990	12.500%		533,835
500,000	WILLAMETTE INDUSTRIES IN	04/15/1993	11.375%		500,445
TOTAL BOND PORTFOLIO				\$	48,782,888

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RETIREMENT BOND ACCOUNT
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
350,000	ASSOCIATES CORP. NORTH A	11/15/1992	11.450%	\$	359,492
200,000	FEDERAL NATIONAL MORTGAG	10/13/1987	12.125%		212,250
1,000,000	FEDERAL NATIONAL MORTGAG	04/10/1992	12.000%		1,076,250
290,000	FEDERAL NATIONAL MORTGAG	06/10/1992	10.125%		289,092
400,000	FIRST INTERSTATE BANCORP	04/15/1988	10.500%		405,616
200,000	GENERAL MOTORS ACCEPT. C	10/15/1989	11.750%		208,818
600,000	GULF & WESTERN INDUSTRIE	04/01/1995	12.375%		632,220
300,000	NEW YORK STATE ELEC. & G	04/01/1993	11.750%		306,732
300,000	PENNEY J.C.	02/01/1993	12.125%		320,169
480,000	U.S.A. TREASURY NOTE	04/15/1989	14.375%		551,098
250,000	U.S.A. TREASURY NOTE	11/15/1991	14.250%		296,405
250,000	U.S.A. TREASURY NOTE	01/15/1989	14.625%		287,655
330,000	WILLAMETTE INDUSTRIES IN	04/15/1993	11.375%		330,294
TOTAL BOND PORTFOLIO				\$	5,276,091

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
85,000	CENTRONICS DATA COMP CV	06/01/1990	10.000%	\$	85,000
382,000	* LORIMAR CV.	10/15/2004	8.875%		427,840
3,100	** UNOCAL CORP.	05/15/1990	14.000%		3,313
4,300	** UNOCAL CORP.	05/15/1991	12.125%		4,429
3,100	** UNOCAL CORP.	05/15/1997	13.500%		3,251
TOTAL BOND PORTFOLIO				\$	523,833

* THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED BY
NORWEST BANK.

** THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED BY
LIEBER & CO.

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
10,800	** AFG INDS INC	\$ 225,450
16,385	* AGENCY RENT A CAR	577,571
14,650	ALCAN ALUMINUM LTD.	368,081
13,000	** ALLEN ORGAN CLASS B	419,250
14,500	ALLIED BANCSHARES INC.	333,500
8,850	ALLIED CORPORATION	377,231
13,900	ALTOS COMPUTER SYSTEMS	154,638
9,100	ALUMINUM CO. OF AMERICA	311,675
13,000	** AMER. DISTRICT TELEGRAPH	321,750
12,300	AMER. GENERAL CORP.	428,963
16,750	AMER. MEDICAL INT'L.	435,500
8,000	** AMERADA HESS CORP.	227,000
5,050	AMERICAN BROADCASTING CO.	574,438
15,000	** AMERICAN FAMILY CORP	361,875
6,800	** AMERICAN GREETINGS	243,100
8,000	** AMERICAN STANDARD INC.	239,000
13,800	* AMES DEPARTMENT STORES	665,850
9,820	** AMFESCO IND. INC.	69,968
14,500	** AMSTED INDS INC	578,188
20,000	** ANALOGIC CORP	242,500
9,000	** ANDREW CORP.	184,500
12,300	** APOGEE ENTERPRISES	119,925
31,600	* APPLIED CIRCUIT TECH.	55,300
36,395	ARCHER DANIELS MIDLAND CO.	882,579
35,000	** ASPEN RIBBONS INC	107,188
13,800	ATLANTIC RICHFIELD	826,275
25,400	* AVANTEK INC	533,400
16,000	** BANK OF NY CO. INC.	712,000
11,000	BANKERS TRUST NY CORP.	765,875
10,000	** BENEFICIAL CORPORATION	448,750
21,100	* BEVERLY ENTERPRISES	812,350
5,100	** BK. OF NEW HAMP. CORP.	183,600
15,075	BOEING COMPANY	674,606
12,750	BRITISH PETROLEUM	349,031
11,900	BROWN GROUP	349,563
11,200	BRUNSWICK CORP.	413,000
5,000	** BUILDERS TRANSPORT INC.	127,500
5,500	BURROUGHS CORPORATION	321,750
24,600	CANADIAN PACIFIC LTD	350,550
9,500	CARLISLE CORP	308,750

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
17,400	CATERPILLAR TRACTOR CO.	\$ 576,375
4,150	CELANESE CORPORATION	498,519
12,500	** CEN. BANKSHRS. SO.	431,250
67,000	CENTRONICS DATA COMPUTER	175,875
6,800	CHASE MANHATTAN CORP.	410,550
18,500	CHEMICAL NEW YORK CORP	763,125
12,000	** CHICAGO PAC CORP	363,000
13,000	** CHIEF AUTO SYSTEMS	253,500
34,050	CITY INVESTING	1,200,263
27,400	* COHERENT INC.	465,800
17,700	COLLINS & AIKMAN CORP	387,188
10,000	** COLONIAL LIFE & ACC INS CO	342,500
14,500	COLONIAL PENN GROUP	389,688
13,800	COLUMBIA GAS SYSTEM INC	441,600
10,300	COMBUSTION ENGINEERING	336,038
36,600	COMMODORE INTL LTD	356,850
11,800	COMMONWEALTH EDISON CO.	364,325
26,800	* COMPRESSOR LABS	154,100
17,750	COMPUTER VISION CORP.	252,938
15,600	** CONIFER GROUP	425,100
14,750	CONTINENTAL TELECOM. INC.	341,094
25,350	CONTROL DATA CORP.	655,931
10,200	COOPER TIRE & RUBBER	156,825
24,300	* CORDURA CORP.	619,650
6,800	CROWN CORK & SEAL	447,950
5,400	CUMMINS ENGINE CO.	342,900
5,000	** DALE ELECTRONICS	134,375
3,500	** DART GROUP	360,500
2,800	* DATA CARD CORP.	54,600
12,000	** DAUPHIN DEPOSIT CORP.	474,000
20,000	** DIAMOND SHAMROCK	335,000
23,900	* DIGITAL COMMUNICATIONS ASSOC	567,625
8,800	* DOWNEY SVGS & LN ASSN	202,400
6,600	DU PONT EI DENEMOURS	383,625
10,000	** DYLEX LTD	423,750
20,000	** E Z EM INC	220,000
12,700	E-SYSTEMS	409,575
10,000	** ECKERD JACK CORP	297,500
18,000	** EDUCATIONAL COMP. CORP.	175,500
15,000	** ELECTRO RENT CORP	202,500

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
80,073	EMERSON RADIO CORP.	\$ 940,858
28,800	* EQUATORIAL COMMUNICATIONS	500,400
13,500	EXXON CORPORATION	727,313
2,400	** F/H INDUSTRIES CORP.	23,700
18,000	** FAIRFIELD COMMUN. INC.	249,750
9,700	FEDERAL EXPRESS CORP.	430,438
27,550	FEDERAL NATL. MTG.	571,663
11,000	** FEDERATED GTY CORP	129,250
15,000	** FILTERTEK COS.	240,000
42,300	* FIRST FED MICH DETROIT	734,963
25,400	* FIRST FED. S&L ARIZ	587,375
14,600	** FIRST INTERSTATE BANCORP RTS	0
7,600	FIRST INTERSTATE BANCORP.	420,850
8,000	** FIRST JERSEY NAT'L. CO.	266,000
12,000	** FIRST SVGS. BANK FLORIDA	300,000
20,000	** FLORIDA FED. S & L	387,500
5,400	** FLORIDA ROCK INDUSTRIES	224,100
8,950	FORD MOTOR CO.	403,869
14,100	FRUEHAUF CORP.	310,200
11,050	FUQUA INDS INC	353,600
28,325	** G & K SERVICES INC.	375,306
28,200	GEARHART INDS INC	282,000
10,000	** GENERAL BANCSTHRS CORP	425,000
5,600	GENERAL DYNAMICS	416,500
5,600	GENERAL ELECTRIC CO.	346,500
5,200	GENERAL MOTORS CORP.	374,400
6,800	GENRAD INC.	115,600
18,300	GENSTAR LTD.	434,625
28,900	* GIBSON GREETINGS	650,250
15,000	** GIBSON GREETINGS	337,500
	SUB-TOTAL 43,900 SHARES	987,750
15,000	** GODFREY COMPANY	255,000
12,400	GOODYEAR TIRE & RUBBER	365,800
19,000	** GREENTREE ACCEPT. INC.	470,250
25,800	GREYHOUND CORP.	770,775
9,750	GRUMMAN CORP.	299,813
7,950	GTE CORP.	320,981
15,000	** GUILFORD IND.	217,500
15,000	** GULF CDA LTD	202,500

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
22,300	* GULF STREAM AEROSPACE	\$ 415,338
22,200	HALLIBURTON INC.	649,350
5,000	** HARPER GROUP	141,250
14,000	** HARTMARX CORP	507,500
15,000	** HEI CORP.	195,000
20,000	** HERITAGE FEDERAL S&L	380,000
10,400	** HOLMES D.H. & CO.	278,200
14,750	HOUSTON INDUSTRIES INC.	418,531
47,700	* HYBRITECH INC.	1,204,425
16,500	** INT'L. KINGS TABLE	305,250
12,000	** INTL. ALUMINUM CORP.	229,500
5,600	INTL. BUSINESS MACHINES	693,000
10,300	** INTL. BUSINESS MACHINES	1,274,625
	SUB-TOTAL 15,900 SHARES	1,967,625
3,000	** JACOBSON STORES INC	86,250
7,000	* JAMESWAY CORP.	180,250
6,500	** JEFFERSON BANKSHRS. VA.	260,813
24,500	* KULICKE & SOFFA IND.	349,125
14,000	** LADD FURNITURE	259,000
52,300	* LAIDLAW TRANSPORTATION CL B	575,300
6,000	** LANE INC	304,500
1,765	* LEAR PETE PARTNERS L P	39,933
25,400	* LEAR PETROLEUM CORP	339,725
7,500	LEAR SIEGLER INC.	420,000
8,700	** LEE ENTERPRISES INC	363,225
30,000	* LIMITED INC.	750,000
5,450	LITTON INDS INC.	448,263
15,500	* LIZ CLAIBORNE INC.	720,750
16,100	LOCKHEED AIRCRAFT CORP	825,125
10,000	** LOTUS	295,000
7,250	** LOWENSTEIN M CORP.	326,250
36,650	LTV CORP	270,294
5,000	** MACMILLAN INC.	175,000
10,400	** MANHATTAN INDUSTRIES	152,100
26,000	** MANUFACTURED HOMES INC	318,500
9,500	MANUFACTURERS HAN. CORP.	374,063
2,500	** MATERIAL SCIENCES CORP	46,875
31,100	* MAXICARE HEALTH PLANS	925,225
5,000	** MAY DEPT. STORES CO.	278,125

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
26,400	* MAY PETROLEUM	\$ 125,400
18,000	** MAYFLOWER CORP.	418,500
5,200	MCDONNELL DOUGLAS CORP.	394,550
95,950	MCI COMMUNICATION	1,043,456
69,500	* MCI COMMUNICATION	755,813
	SUB-TOTAL 165,450 SHARES	1,799,269
11,500	MEDTRONIC INC.	378,063
7,000	MELLON BANK CORP	378,000
8,100	MELVILLE CORPORATION	388,800
4,250	MENTOR GRAPHICS CORP.	108,906
16,400	* MENTOR GRAPHICS CORP.	420,250
	SUB-TOTAL 20,650 SHARES	529,156
4,723	** MERIDIAN BNCP PFD 2.50	166,486
37,600	* MGM/UA ENTERPRISES	554,600
9,900	MGMT. SCIENCE AMER.	153,450
16,000	** MILLER HERMAN INC.	574,000
58,000	* MINISCRIBE	159,500
25,800	MITCHELL ENERGY	338,625
11,100	MOBIL CORPORATION	334,388
7,400	MONSANTO CO.	357,975
15,000	** MORRIS CO. SVGS. BANK	423,750
11,400	MOTOROLA INCORPORATED	389,025
19,600	* MUNFORD INC.	475,300
8,125	** MUNFORD INC.	197,031
	SUB-TOTAL 27,725 SHARES	672,331
9,050	NATIONAL GYPSUM CO	419,694
18,750	** NATL. COMPUTER SYSTEMS	323,438
12,400	NCR CORP.	379,750
31,075	* NETWORK SYSTEMS CORP.	703,072
10,000	** NICO CORP.	172,500
45,700	NORTHEAST UTILITIES	765,475
14,000	** NOWSCO WELL SERVICE LTD	192,500
14,600	NUMERAX INC.	111,325
11,000	** NUMERICA SAVINGS BANK	291,500
8,750	** OLD REP INTL CORP	300,781
7,000	** OPTICAL COATING LAB	110,250
9,700	OWENS CORNING FIBER. CORP.	343,138

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
7,500	OWENS ILLINOIS INC.	\$ 350,625
21,000	** OXFORD INDS INC	288,750
10,000	** PANHANDLE EASTN CORP	362,500
12,000	** PAR TECHNOLOGY	210,000
22,150	PHILADELPHIA ELEC. CO.	340,556
20,400	* PIONEER HI-BRED INT'L.	668,100
15,000	** POPE & TALBOT	290,625
26,100	* PROTECTIVE LIFE CORP	554,625
15,000	** PROTECTIVE LIFE CORP	318,750
	SUB-TOTAL 41,100 SHARES	873,375
10,000	** PULTE HOME CORP	167,500
18,000	** QUAKER ST OIL REFNG CORP	393,750
15,000	** QUANTUM CORP.	363,750
6,800	RAYTHEON COMPANY	340,000
32,500	* RECOGNITION EQUIP.	349,375
8,000	** REDKEN LABS INC.	224,000
16,300	REGENCY ELECTRONICS	89,650
19,500	** REGENCY ELECTRONICS	107,250
	SUB-TOTAL 35,800 SHARES	196,900
14,000	** RENT A CENTER	308,000
22,150	REPUBLIC BANK CORP	675,575
14,100	REVCO D.S.	348,975
5,000	** ROSES STORES INC	112,500
8,000	** ROSES STORES INC.	186,000
53,200	* ROWAN COMPANIES INC	452,200
28,500	* RUSS BERRIE & CO.	609,188
7,000	** RUSS BERRIE & CO.	149,625
	SUB-TOTAL 35,500 SHARES	758,813
13,500	RYDER SYSTEMS INC.	386,438
13,800	* SAFEGUARD HEALTH ENTERPRISES	293,250
42,300	SCHLUMBERGER LTD	1,633,838
10,000	** SCITEX LTD	157,500
5,200	** SCOTT & FETZER COMPANY	315,250
8,800	SEA CONTAINERS LTD.	368,500
21,150	SEACO INC.	97,819
23,650	SENSORMATIC ELECTRS CORP.	192,156
28,200	SERVICE MERCHANDISE	408,900

MINNESOTA STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND
COMBINED INTERNAL AND EXTERNAL MANAGERS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
12,400	SHARED MED. SYSTEMS CORP.	\$ 362,700
10,600	SHELL TRANSPORT & TRADING	390,875
5,950	SMITHKLINE-BECKMAN CORP.	414,269
16,200	SONAT INC.	583,200
11,900	SOUTHLAND CORP.	443,275
14,300	STANDARD OIL CO. OHIO	670,313
21,950	STERLING DRUG INC	699,656
9,630	** STRAWBRIDGE & CLOTHIER	317,790
62,000	* SUMMIT HEALTH LTD	782,750
11,600	** SUNAIR ELEC. INC.	68,150
8,000	** SUSQUEHANNA BNKSHRS. INC.	388,000
10,900	TANDEM COMPUTERS INC	197,563
4,900	** TELEFLEX INC.	135,975
8,000	TENNECO INC.	339,000
19,100	TERADYNE INC.	448,850
9,100	TEXACO INC.	344,663
22,800	TEXAS COMMERCE BANKSHARES	726,750
11,300	TEXAS EASTERN CORP.	381,375
10,000	** TEXAS EASTERN CORP.	337,500
	SUB-TOTAL 21,300 SHARES	718,875
24,750	TEXAS OIL & GAS CORP.	405,281
10,000	** THUNANDER CORP.	52,500
81,950	TIE COMMUNICATIONS	399,506
18,800	TRAVELERS CORP.	869,500
3,500	** TRIANGLE PAC CORP	99,313
10,600	TYCO LABS	417,375
17,925	* U.S. HEALTHCARE SYSTEMS	712,519
25,600	ULTRASYSTEMS INC	192,000
15,300	* UNGERMANN BASS INC.	198,900
10,000	UNION CARBIDE CORP	465,000
18,000	** UNITED FIRST FED S&L SARASOTA	315,000
21,200	* UNITED STATES SHOE CORP	818,850
14,750	UNITED TELECOM. INC.	341,094
8,000	** UNITRODE CORP	214,000
15,000	** UNIVERSAL FURNITURE LTD	313,125
10,100	** UNIVERSAL-RUNDLE	169,175
9,200	US AIR GROUP	322,000
22,950	US FIDELITY & GUAR. CO.	843,413
11,500	USG CORP HOLDING CO.	488,750

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NO. OF SHARES	SECURITY	MARKET VALUE
13,100	* VALUE LINE INC	\$ 304,575
12,000	** WACKENHUT CORP.	240,000
10,000	WALTER JIM CORP	371,250
13,450	WANG LABS CL B	242,100
17,500	WARNACO INC.	439,688
18,750	** WAXMAN INDUSTRIES	292,969
6,500	** WEIS MARKETS INC.	272,188
26,400	WESTINGHOUSE ELEC. CO.	907,500
4,000	** WHITE CONS INDS INC	109,500
11,050	WILLIAMS COS	314,925
6,900	XEROX CORP	363,113
3,950	ZYCAD CORP.	55,300
TOTAL EQUITY PORTFOLIO		\$ 105,661,567

* THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED BY
NORWEST BANK.

** THESE SECURITIES ARE HELD IN THE PORTFOLIO MANAGED BY
LIEBER & CO.

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
28,950	ADVANCED MICRO DEV.	\$ 752,700
14,600	ALCAN ALUMINUM LTD.	366,825
17,788	ALLIED BANCSHARES INC.	409,124
10,850	ALLIED CORPORATION	462,481
11,200	ALUMINUM CO. OF AMERICA	383,600
15,300	AMER. GENERAL CORP.	533,588
15,000	AMER. MEDICAL INT'L.	390,000
6,250	AMERICAN BROADCASTING CO.	710,938
45,675	ARCHER DANIELS MIDLAND CO.	1,107,619
13,000	ATLANTIC RICHFIELD	778,375
19,500	AVON PRODS INC	416,813
12,300	BANKERS TRUST NY CORP.	856,388
34,200	BAXTER TRAVENOL LABS	525,825
18,825	BOEING COMPANY	842,419
16,800	BORG-WARNER	382,200
14,600	BROWN GROUP	428,875
20,800	BRUNSWICK CORP.	767,000
6,750	BURROUGHS CORPORATION	394,875
30,600	CANADIAN PACIFIC LTD	436,050
11,700	CARLISLE CORP	380,250
22,200	CATERPILLAR TRACTOR CO.	735,375
4,150	CELANESE CORPORATION	498,519
8,500	CHASE MANHATTAN CORP.	513,188
20,800	CHEMICAL NEW YORK CORP	858,000
33,300	CITY INVESTING	1,173,825
11,900	COLUMBIA GAS SYSTEM INC	380,800
12,600	COMBUSTION ENGINEERING	411,075
14,650	COMMONWEALTH EDISON CO.	452,319
18,100	CONTINENTAL TELECOM. INC.	418,563
21,700	CONTROL DATA CORP.	561,488
12,700	COOPER TIRE & RUBBER	195,263
6,100	CUMMINS ENGINE CO.	387,350
8,050	DU PONT EI DENEMOURS	467,906
15,100	E-SYSTEMS	486,975
17,200	EXXON CORPORATION	926,650
12,000	FEDERAL EXPRESS CORP.	532,500
31,200	FEDERAL NATL. MTG.	647,400
9,500	FIRST INTERSTATE BANCORP.	526,063
8,600	FORD MOTOR CO.	388,075
17,300	FRUEHAUF CORP.	380,600
13,450	FUQUA INDS INC	430,400

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ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
34,600	GEARHART INDS INC	\$ 346,000
5,500	GENERAL DYNAMICS	409,063
6,900	GENERAL ELECTRIC CO.	426,938
5,200	GENERAL MOTORS CORP.	374,400
9,000	GENRAD INC.	153,000
22,600	GENSTAR LTD.	536,750
15,200	GOODYEAR TIRE & RUBBER	448,400
34,000	GREYHOUND CORP.	1,015,750
11,000	GRUMMAN CORP.	338,250
9,750	GTE CORP.	393,656
27,200	HALLIBURTON INC.	795,600
15,800	HOUSTON INDUSTRIES INC.	448,325
5,300	INTEL CORP.	137,800
6,100	INTL. BUSINESS MACHINES	754,875
9,200	LEAR SIEGLER INC.	515,200
6,100	LITTON INDS INC.	501,725
20,000	LOCKHEED AIRCRAFT CORP	1,025,000
45,550	LTV CORP	335,931
11,700	MANUFACTURERS HAN. CORP.	460,688
5,800	MCDONNELL DOUGLAS CORP.	440,075
11,200	MCI COMMUNICATION	121,800
14,150	MEDTRONIC INC.	465,181
8,700	MELLON BANK CORP	469,800
8,750	MELVILLE CORPORATION	420,000
4,900	MICOM SYS INC	99,225
23,750	MITCHELL ENERGY	311,719
13,600	MOBIL CORPORATION	409,700
9,050	MONSANTO CO.	437,794
11,200	MOTOROLA INCORPORATED	382,200
19,350	NCR CORP.	592,594
3,812	NETWORK SYSTEMS CORP.	86,247
57,650	NORTHEAST UTILITIES	965,638
11,700	OWENS CORNING FIBER. CORP.	413,888
18,550	OWENS ILLINOIS INC.	867,213
27,150	PHILADELPHIA ELEC. CO.	417,431
8,400	RAYTHEON COMPANY	420,000
25,350	REPUBLIC BANK CORP	773,175
17,300	REVCO D.S.	428,175
7,750	ROYAL DUTCH PET. GLDRS.	453,375
16,500	RYDER SYSTEMS INC.	472,313
52,000	SCHLUMBERGER LTD	2,008,500

MINNESOTA STATE BOARD OF INVESTMENT
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ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
8,250	SEA CONTAINERS LTD.	\$ 345,469
31,650	SEACO INC.	146,381
28,950	SERVICE MERCHANDISE	419,775
13,000	SHARED MED. SYSTEMS CORP.	380,250
10,700	SHELL TRANSPORT & TRADING	394,563
6,000	SMITHKLINE-BECKMAN CORP.	417,750
20,000	SONAT INC.	720,000
12,200	SOUTHLAND CORP.	454,450
7,600	SPERRY CORP.	402,800
8,550	STANDARD OIL CO. OHIO	400,781
29,700	STERLING DRUG INC	946,688
11,600	TANDEM COMPUTERS INC	210,250
8,000	TENNECO INC.	339,000
15,000	TERADYNE INC.	352,500
11,200	TEXACO INC.	424,200
24,650	TEXAS COMMERCE BANKSHARES	785,719
11,450	TEXAS EASTERN CORP.	386,438
23,450	TRAVELERS CORP.	1,084,563
10,250	UNION CARBIDE CORP	476,625
18,100	UNITED TELECOM. INC.	418,563
11,400	US AIR GROUP	399,000
25,850	US FIDELITY & GUAR. CO.	949,988
10,600	USG CORP HOLDING CO.	450,500
12,250	WALTER JIM CORP	454,781
18,000	WANG LABS CL B	324,000
20,300	WARNACO INC.	510,038
32,800	WESTINGHOUSE ELEC. CO.	1,127,500
13,550	WILLIAMS COS	386,175
8,600	XEROX CORP	452,575
TOTAL EQUITY PORTFOLIO		\$ 58,132,995

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
1,000,000	ALUMINUM CO OF CANADA	03/01/1995	9.500%	\$	922,850
1,700,000	ASSOCIATES CORP NO. AMER	08/01/1990	11.000%		1,734,510
2,536,383	ATLANTIC RICHFIELD CO.	07/15/1996	9.250%		2,248,858
1,846,183	ATLANTIC RICHFIELD CO.	12/01/2001	8.750%		1,527,310
2,500,000	BELL TELE. CO CANADA	09/01/1995	4.850%		1,560,900
1,050,000	CANADIAN PACIFIC, LTD.	01/15/1992	8.625%		1,018,206
4,000,000	CONSOLIDATED NATURAL GAS	06/01/1997	8.125%		3,409,800
750,000	CONSTRUCTION AGGREGATE	06/01/1991	7.500%		655,463
1,250,000	EAGLE TERMINAL TANKERS	06/01/1989	6.000%		1,065,513
2,795,000	EL PASO COLUMBIA TANKER	03/31/2003	9.250%		2,435,311
140,000	FARRELL LINES, INC	09/20/1998	9.000%		121,111
131,000	FARRELL LINES, INC	06/29/1997	9.000%		114,552
134,000	FARRELL LINES, INC	11/27/1997	9.000%		116,873
136,000	FARRELL LINES, INC	02/28/1998	9.000%		118,019
516,000	FARRELL LINES, INC	04/01/1988	8.050%		490,355
5,000,000	FEDERAL FARM CREDIT BANK	10/21/1991	10.600%		5,100,000
100,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%		110,625
600,000	FEDERAL FARM CREDIT BANK	07/20/1992	13.750%		699,000
5,000,000	FEDERAL FARM CREDIT BANK	09/01/1988	12.875%		5,439,050
3,000,000	FEDERAL FARM CREDIT BANK	10/23/1989	12.450%		3,255,000
7,000,000	FEDERAL HOME LOAN BANK	03/25/1988	10.200%		7,175,000
3,000,000	FEDERAL HOME LOAN BANK	04/27/1992	11.700%		3,195,000
3,000,000	FEDERAL HOME LOAN BANKS	07/26/1993	11.700%		3,213,750
5,000,000	FEDERAL HOME LOAN BANKS	09/25/1989	12.500%		5,431,250
3,000,000	FEDERAL HOME LOAN MTG CO	08/30/1991	11.850%		3,191,250
4,000,000	FEDERAL NATIONAL MORTGAG	05/10/1990	10.300%		4,060,000
3,000,000	FEDERAL NATIONAL MORTGAG	10/13/1987	12.550%		3,209,070
3,000,000	FMC CORP	01/15/2000	9.500%		2,647,320
2,227,410	GNMA POOL # 00505	11/15/2001	6.500%		1,759,654
2,078,606	GNMA POOL # 00506	12/15/2001	6.500%		1,642,099
2,329,651	GNMA POOL # 02290	03/15/2003	6.500%		1,840,424
2,582,627	GNMA POOL # 02291	04/15/2003	6.500%		2,040,275
2,528,587	GNMA POOL # 02424	04/15/2003	6.500%		1,997,584
382,768	GNMA POOL # 03627	07/15/2004	8.250%		323,936
1,058,543	GNMA POOL # 03972	07/15/2004	8.250%		895,845
718,868	GNMA POOL # 03974	11/15/2004	9.000%		636,198
425,640	GNMA POOL # 03979	08/15/2004	8.250%		360,219
431,629	GNMA POOL # 04004	08/15/2004	8.250%		365,287
1,135,933	GNMA POOL # 04092	07/15/2004	8.250%		961,340
340,319	GNMA POOL # 04145	08/15/2004	8.250%		288,012
461,673	GNMA POOL # 04472	09/15/2004	9.000%		408,580

MINNESOTA STATE BOARD OF INVESTMENT
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PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
444,511	GNMA POOL # 09680	06/15/2006	8.250%	\$	376,189
635,903	GNMA POOL # 10887	07/15/2006	8.250%		538,165
3,720,509	GNMA POOL # 12383	02/15/2005	8.750%		3,242,423
355,273	GNMA POOL # 17904	08/15/2007	8.000%		296,653
565,850	GNMA POOL # 18017	07/15/2007	8.000%		472,485
853,341	GNMA POOL # 18058	07/15/2007	8.000%		712,540
346,119	GNMA POOL # 18592	11/15/2007	8.000%		289,010
730,780	GNMA POOL # 18768	08/15/2007	8.000%		610,201
671,873	GNMA POOL # 18782	10/15/2007	8.000%		561,014
774,854	GNMA POOL # 19105	07/15/2007	8.000%		647,003
700,798	GNMA POOL # 19667	01/15/2008	8.000%		585,166
734,402	GNMA POOL # 19740	10/15/2007	8.000%		613,226
4,119,072	GNMA POOL # 19784	09/15/2007	8.000%		3,439,425
649,568	GNMA POOL # 19997	10/15/2007	8.000%		542,389
47,887	GNMA POOL # 20074	03/15/2007	8.000%		39,986
737,594	GNMA POOL # 20263	11/15/2007	8.000%		615,891
790,599	GNMA POOL # 20393	11/15/2007	8.000%		660,150
800,910	GNMA POOL # 20495	11/15/2007	8.000%		668,760
872,857	GNMA POOL # 21037	11/15/2007	8.000%		728,836
726,150	GNMA POOL # 21480	01/15/2008	8.000%		606,335
810,852	GNMA POOL # 21615	01/15/2008	8.000%		677,062
736,489	GNMA POOL # 21930	03/15/2008	8.000%		614,968
866,821	GNMA POOL # 22012	04/15/2008	8.000%		723,796
769,857	GNMA POOL # 22820	12/15/2007	8.000%		642,830
835,682	GNMA POOL # 24078	02/15/2008	8.000%		697,794
870,909	GNMA POOL # 24417	03/15/2008	8.000%		727,209
4,077,931	GNMA POOL # 27638	10/15/2008	9.000%		3,608,969
4,307,295	GNMA POOL # 35014	02/15/2010	11.000%		4,264,222
1,923,428	GNMA POOL # 40589	03/15/2010	11.000%		1,904,193
1,800,511	GNMA POOL # 42691	08/15/2010	11.000%		1,782,506
2,499,695	GNMA POOL # 43596	10/15/2010	11.500%		2,521,567
4,000,000	KANSAS POWER & LIGHT	06/01/2007	8.125%		2,963,880
2,932,774	LMN ACCEPTANCE CORP	12/01/1986	9.100%		2,883,005
984,000	MATSON NAVIGATION CO	11/10/1994	7.500%		797,886
2,500,000	MICHIGAN BELL TELEPHONE	06/01/2015	8.125%		1,807,475
20,242,429	MN MTG. MARKETING CORP	06/01/2014	12.566%		20,995,447
16,695,300	MN MTG. MARKETING CORP	09/01/2014	12.823%		17,486,657
5,679,067	MN MTG. MARKETING CORP	02/01/2015	13.004%		6,005,613
2,607,000	MOORE-MCCORMACK LEASING	07/15/2001	8.875%		2,245,566
450,000	MOORE-MCCORMACK LINES	04/01/1987	5.750%		424,224
3,000,000	MOUNTAIN STATES TEL & TE	06/01/2013	7.750%		2,110,170

MINNESOTA STATE BOARD OF INVESTMENT
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PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
15,000	MOWER/FREEBORN SD 90	07/01/1986	3.000%	\$	14,388
2,500,000	NORTHERN STATES POWER CO	01/01/2004	8.375%		1,985,575
1,809,600	NORTON SIMON, INC.	06/01/2004	9.875%		1,609,585
1,500,000	NORWEST CORP	03/15/2003	7.750%		1,082,325
3,000,000	NORWEST CORP	09/15/1986	7.875%		2,954,670
1,500,000	NORWEST CORP	10/15/1990	5.125%		1,196,685
1,000,000	OWENS ILLINOIS INC.	06/01/1990	10.375%		1,000,780
1,543,000	PACIFIC FAR EAST LINE	02/01/1997	8.750%		1,331,825
914,500	PENN TANKER CO.	11/10/1989	6.000%		789,954
1,461,000	PRUDENTIAL LINES, INC.	11/01/1995	6.000%		1,040,977
1,731,000	PUGET SOUND TUG & BARG	02/15/2001	9.125%		1,502,352
4,966,988	SBA POOL - MEEDA BONDS S	12/01/2004	11.700%		5,274,320
4,000,000	SOUTHERN BELL TEL & TEL	03/15/2013	7.625%		2,784,480
1,000,000	SPRAGUE ELECTRIC CO	09/01/1988	4.375%		834,490
784,134	STANDARD OIL OF CALIF.	09/07/1997	7.700%		610,276
784,134	STANDARD OIL OF CALIF.	09/08/1997	7.700%		610,252
784,134	STANDARD OIL OF CALIF.	11/06/1997	7.700%		609,178
778,000	STATES STEAMSHIP CO	03/31/1993	5.100%		553,749
3,000,000	TEXAS POWER & LIGHT	02/01/2009	9.375%		2,464,200
1,000,000	U.S.A. TREASURY BOND	02/15/2007	7.625%		756,870
2,000,000	U.S.A. TREASURY BOND	11/15/2010	12.750%		2,346,240
2,000,000	U.S.A. TREASURY BOND	11/15/1995	11.500%		2,165,000
50,000	U.S.A. TREASURY BOND	11/15/1998	3.500%		47,094
3,000,000	U.S.A. TREASURY BOND	02/15/2001	11.750%		3,249,360
2,000,000	U.S.A. TREASURY BOND	11/15/1993	8.625%		1,831,240
15,000,000	U.S.A. TREASURY NOTE	10/15/1989	11.875%		16,143,750
40,000	U.S.A. TREASURY NOTE	11/15/1987	7.625%		39,225
50,000	U.S.A. TREASURY NOTE	05/15/1986	7.875%		49,984
2,000,000	U.S.A. TREASURY NOTE	02/15/1987	9.000%		2,015,000
40,000	U.S.A. TREASURY NOTE	05/15/1987	12.000%		42,288
90,000	U.S.A. TREASURY NOTE	08/15/1986	8.000%		90,168
2,000,000	U.S.A. TREASURY NOTE	11/15/1989	10.750%		2,081,240
2,984,536	US DEPT OF AGRICULTUR	07/31/1985	8.625%		2,984,536
10,000	WAD/OTTERTL JICSD 291	07/01/1986	3.000%		9,592
1,888,374	WESTERN CO OF NORTH AM	06/11/1990	9.250%		1,819,750
3,000,000	ZAPATA OFF-SHORE CO.	06/15/1996	8.625%		2,577,720
TOTAL BOND PORTFOLIO				\$	236,415,403

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
72,800	A & M FOOD SERVICES	HERBERT R. SMITH	\$ 473,200
30,000	ABBOTT LABS	LOOMIS SAYLES	1,721,250
60,000	ADVANCED MICRO DEV.	INVESTMENT ADVISORS	1,560,000
35,500	ADVANCED MICRO DEV.	TRUSTEE & INVESTORS	923,000
	SUB-TOTAL	95,500 SHARES	2,483,000
20,900	AETNA LIFE AND CASUALTY	HERBERT R. SMITH	974,463
45,000	AHMANSON H.F. CO.	LOOMIS SAYLES	1,631,250
42,400	AIR MIDWEST INC.	HERBERT R. SMITH	530,000
45,000	AIR PRODUCTS & CHEM. INC	INVESTMENT ADVISORS	2,503,125
40,500	ALCAN ALUMINUM LTD.	TRUSTEE & INVESTORS	1,017,563
140,000	ALLEGHENY INTERNATIONAL	BEUTEL GOODMAN	3,202,500
69,444	ALLIANCE TECHNOLOGY FD I	ALLIANCE CAPITAL	1,206,243
39,000	ALUMINUM CO. OF AMERICA	HELLMAN JORDAN	1,335,750
50,000	ALUMINUM CO. OF AMERICA	INVESTMENT ADVISORS	1,712,500
40,600	ALUMINUM CO. OF AMERICA	TRUSTEE & INVESTORS	1,390,550
	SUB-TOTAL	129,600 SHARES	4,438,800
75,000	AMER. GEN. CORP PFD 2.64	BEUTEL GOODMAN	5,221,875
30,000	AMER. GENERAL CORP.	IDS ADVISORY	1,046,250
38,500	AMER. INT'L.. GROUP INC.	HELLMAN JORDAN	3,272,500
30,000	AMER. INT'L.. GROUP INC.	LOOMIS SAYLES	2,550,000
	SUB-TOTAL	68,500 SHARES	5,822,500
48,400	AMER. MEDICAL INT'L.	TRUSTEE & INVESTORS	1,258,400
38,000	AMERADA HESS CORP.	HELLMAN JORDAN	1,078,250
6,700	AMERICAN BROADCASTING CO	HELLMAN JORDAN	762,125
22,000	AMERICAN EXPRESS COMPANY	FRED ALGER	1,045,000
75,000	AMERICAN EXPRESS COMPANY	FORSTMANN LEFF	3,562,500
53,000	AMERICAN EXPRESS COMPANY	HELLMAN JORDAN	2,517,500
30,000	AMERICAN EXPRESS COMPANY	INVESTMENT ADVISORS	1,425,000
55,000	AMERICAN EXPRESS COMPANY	LOOMIS SAYLES	2,612,500
	SUB-TOTAL	235,000 SHARES	11,162,500
54,000	AMERICAN GREETINGS	FRED ALGER	1,930,500
11,000	AMERICAN HOSPITAL SUPPLY	HELLMAN JORDAN	451,000
26,600	AMERICAN HOSPITAL SUPPLY	TRUSTEE & INVESTORS	1,090,600
	SUB-TOTAL	37,600 SHARES	1,541,600
40,000	AMERICAN STANDARD INC.	INVESTMENT ADVISORS	1,195,000
19,000	AMERICAN STORES CO NEW	IDS ADVISORY	1,268,250

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
90,000	AMERICAN TEL & TEL NEW	IDS ADVISORY	\$ 2,171,250
24,000	AMES DEPARTMENT STORES	SIEBEL CAPITAL	1,158,000
60,000	AMETEK INC	IDS ADVISORY	1,455,000
6,900	AMETEK INC	TRUSTEE & INVESTORS	167,325
	SUB-TOTAL	66,900 SHARES	1,622,325
16,000	AMOCO CORP	IDS ADVISORY	1,026,000
15,000	AMP INC.	FRED ALGER	483,750
45,000	AMR CORP.	FRED ALGER	2,154,375
35,000	AMR CORP.	ALLIANCE CAPITAL	1,675,625
29,100	AMR CORP.	FORSTMANN LEFF	1,393,163
15,000	AMR CORP.	IDS ADVISORY	718,125
50,000	AMR CORP.	INVESTMENT ADVISORS	2,393,750
32,500	AMR CORP.	HERBERT R. SMITH	1,555,938
	SUB-TOTAL	206,600 SHARES	9,890,975
21,000	ANALOG DEVICES INC	SIEBEL CAPITAL	427,875
63,000	ARCHER DANIELS MIDLAND C	HELLMAN JORDAN	1,527,750
31,000	ASHLAND OIL INC	IDS ADVISORY	1,046,250
15,400	ATLANTIC RICHFIELD	IDS ADVISORY	922,075
32,500	AUTOMATIC DATA PROCESSIN	IDS ADVISORY	1,738,750
5,800	AYDIN CORP.	TRUSTEE & INVESTORS	125,425
19,600	BANK VA CO	SIEBEL CAPITAL	617,400
40,600	BANK VA CO	HERBERT R. SMITH	1,278,900
	SUB-TOTAL	60,200 SHARES	1,896,300
14,200	BANKERS TRUST NY CORP.	HERBERT R. SMITH	988,675
35,700	BAYLY CORP.	HERBERT R. SMITH	276,675
9,000	BELL ATLANTIC CORP.	IDS ADVISORY	833,625
30,100	BERGEN BRUNSWIG CORP.	SIEBEL CAPITAL	876,663
50,100	BEVERLY ENTERPRISES	FRED ALGER	1,928,850
35,000	BEVERLY ENTERPRISES	INVESTMENT ADVISORS	1,347,500
27,900	BEVERLY ENTERPRISES	SIEBEL CAPITAL	1,074,150
	SUB-TOTAL	113,000 SHARES	4,350,500
27,800	BLAIR JOHN & CO.	SIEBEL CAPITAL	583,800
28,300	BLOCK H & R INC.	HERBERT R. SMITH	1,598,950
62,250	BOEING COMPANY	FRED ALGER	2,785,688
22,500	BOEING COMPANY	ALLIANCE CAPITAL	1,006,875
34,650	BOEING COMPANY	FORSTMANN LEFF	1,550,588
37,500	BOEING COMPANY	IDS ADVISORY	1,678,125

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
33,900	BOEING COMPANY	HERBERT R. SMITH	\$ 1,517,025
	SUB-TOTAL	190,800 SHARES	8,538,300
51,600	BOISE CASCADE CORP	FORSTMANN LEFF	2,489,700
30,000	BOISE CASCADE CORP	INVESTMENT ADVISORS	1,447,500
33,500	BOISE CASCADE CORP	TRUSTEE & INVESTORS	1,616,375
	SUB-TOTAL	115,100 SHARES	5,553,575
42,500	BRISTOL-MYERS COMPANY	FORSTMANN LEFF	2,608,438
28,000	BURLINGTON NORTHERN INC.	IDS ADVISORY	1,746,500
50,000	BURLINGTON NORTHERN INC.	INVESTMENT ADVISORS	3,118,750
	SUB-TOTAL	78,000 SHARES	4,865,250
30,000	BURROUGHS CORPORATION	INVESTMENT ADVISORS	1,755,000
16,900	BURROUGHS CORPORATION	TRUSTEE & INVESTORS	988,650
	SUB-TOTAL	46,900 SHARES	2,743,650
25,600	CALFED INC	FORSTMANN LEFF	633,600
120,000	CALFED INC	LOOMIS SAYLES	2,970,000
	SUB-TOTAL	145,600 SHARES	3,603,600
3,700	CAPITAL CITIES COMMUNICA	SIEBEL CAPITAL	826,025
50,000	CAROLINA FREIGHT CORP	INVESTMENT ADVISORS	1,137,500
9,100	CARPENTER TECHNOLOGY COR	TRUSTEE & INVESTORS	338,975
140,200	CARSON PIRIE & CO.	SIEBEL CAPITAL	3,312,225
124,400	CARTER HAWLEY HALE STORE	BEUTEL GOODMAN	3,592,050
5,000	CARTER WALLACE INC	HERBERT R. SMITH	202,500
34,300	CATERPILLAR TRACTOR CO.	TRUSTEE & INVESTORS	1,136,188
5,700	CBS INCORPORATED	FORSTMANN LEFF	662,625
5,000	CENTEX CORP	TRUSTEE & INVESTORS	130,000
30,000	CHAMPION INTERNATIONAL	HELLMAN JORDAN	693,750
54,000	CHAMPION INTERNATIONAL	INVESTMENT ADVISORS	1,248,750
80,000	CHAMPION INTERNATIONAL	TRUSTEE & INVESTORS	1,850,000
	SUB-TOTAL	164,000 SHARES	3,792,500
34,500	CHEMICAL NEW YORK CORP	HELLMAN JORDAN	1,423,125
20,000	CHEMICAL NEW YORK CORP	INVESTMENT ADVISORS	825,000
	SUB-TOTAL	54,500 SHARES	2,248,125
50,000	CHRYSLER CORP.	FRED ALGER	1,825,000
45,000	CHRYSLER CORP.	ALLIANCE CAPITAL	1,642,500
55,800	CHRYSLER CORP.	FORSTMANN LEFF	2,036,700

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
55,000	CHRYSLER CORP.	HELLMAN JORDAN	\$ 2,007,500
38,000	CHRYSLER CORP.	IDS ADVISORY	1,387,000
40,000	CHRYSLER CORP.	LOOMIS SAYLES	1,460,000
41,900	CHRYSLER CORP.	HERBERT R. SMITH	1,529,350
	SUB-TOTAL	325,700 SHARES	11,888,050
23,500	CHUBB CORP PFD CV EXCH	HELLMAN JORDAN	1,451,125
16,000	CHUBB CORPORATION	LOOMIS SAYLES	1,190,000
50,000	CHYRON CORP	FRED ALGER	362,500
25,300	CIPHER DATA PRODS INC	SIEBEL CAPITAL	423,775
28,400	CIRCLE K CORP	HERBERT R. SMITH	1,001,100
66,000	CIRCUS CIRCUS ENTER.	FRED ALGER	1,790,250
56,600	CITICORP	FORSTMANN LEFF	2,794,625
35,000	CITICORP	INVESTMENT ADVISORS	1,728,125
	SUB-TOTAL	91,600 SHARES	4,522,750
47,000	CITIZENS & SOUTHN GA COR	HERBERT R. SMITH	1,045,750
95,000	CITY INVESTING	HELLMAN JORDAN	3,348,750
58,500	CITY INVESTING	SIEBEL CAPITAL	2,062,125
	SUB-TOTAL	153,500 SHARES	5,410,875
98,500	CLEVELAND ELEC. ILLUM.	IDS ADVISORY	2,290,125
25,300	COACHMEN INDS INC	TRUSTEE & INVESTORS	347,875
32,000	COCA COLA BOTTLING CO CO	ALLIANCE CAPITAL	1,352,000
24,000	COCA COLA COMPANY	FRED ALGER	1,665,000
25,000	COCA COLA COMPANY	ALLIANCE CAPITAL	1,734,375
29,300	COCA COLA COMPANY	HELLMAN JORDAN	2,032,688
	SUB-TOTAL	78,300 SHARES	5,432,063
33,000	COLLINS & AIKMAN CORP	IDS ADVISORY	721,875
42,000	CONAGRA INC.	IDS ADVISORY	1,611,750
2,000	CONSOLIDATED PAPERS INC	TRUSTEE & INVESTORS	99,500
56,600	CONTL. AIR	HERBERT R. SMITH	735,800
63,500	CONTL. AIR 9% CV PFD	HERBERT R. SMITH	1,016,000
45,000	CONTROL DATA CORP.	INVESTMENT ADVISORS	1,164,375
50,400	COOPER TIRE & RUBBER	SIEBEL CAPITAL	774,900
27,900	COOPERVISION INC	FORSTMANN LEFF	700,988
40,000	CORROON & BLACK CORP	LOOMIS SAYLES	1,820,000
35,000	CRAY RESH INC	LOOMIS SAYLES	2,966,250
45,000	CSX CORPORATION	FORSTMANN LEFF	1,175,625
50,000	CSX CORPORATION	INVESTMENT ADVISORS	1,306,250

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
71,000	CSX CORPORATION	TRUSTEE & INVESTORS	\$ 1,854,875
	SUB-TOTAL	166,000 SHARES	4,336,750
60,000	DAMON CORP.	FRED ALGER	630,000
71,200	DATAPRODUCTS CORP	SIEBEL CAPITAL	943,400
58,500	DAYTON-HUDSON CORP.	ALLIANCE CAPITAL	2,471,625
65,000	DEERE & COMPANY	BEUTEL GOODMAN	1,958,125
37,100	DEERE & COMPANY	TRUSTEE & INVESTORS	1,117,638
	SUB-TOTAL	102,100 SHARES	3,075,763
36,000	DELTA AIR LINES INC.	FRED ALGER	1,764,000
58,000	DETROIT EDISON CO	IDS ADVISORY	993,250
20,000	DIGITAL EQUIPMENT CORP.	FRED ALGER	1,877,500
10,000	DIGITAL EQUIPMENT CORP.	ALLIANCE CAPITAL	938,750
15,000	DIGITAL EQUIPMENT CORP.	INVESTMENT ADVISORS	1,408,125
16,300	DIGITAL EQUIPMENT CORP.	SIEBEL CAPITAL	1,530,163
	SUB-TOTAL	61,300 SHARES	5,754,538
47,000	DILLARD DEPT. STORES	LOOMIS SAYLES	3,525,000
10,000	DISNEY WALT PRODUCTIONS	IDS ADVISORY	938,750
41,000	DONNELLEY RR & SONS	ALLIANCE CAPITAL	2,388,250
60,000	DOW CHEMICAL COMPANY	INVESTMENT ADVISORS	2,145,000
20,000	DOW JONES & CO	ALLIANCE CAPITAL	940,000
22,600	DREYFUS CORP.	HERBERT R. SMITH	1,344,700
38,000	DU PONT EI DENEMOURS	HELLMAN JORDAN	2,208,750
17,000	DUN & BRADSTREET COS INC	IDS ADVISORY	1,347,250
54,200	E.F. HUTTON GROUP INC.	FRED ALGER	1,897,000
60,000	EASTERN AIR LINES	HELLMAN JORDAN	517,500
15,400	EATON CORP.	HERBERT R. SMITH	789,250
24,500	ECONOMICS LAB INC	SIEBEL CAPITAL	814,625
27,000	EXXON CORPORATION	IDS ADVISORY	1,454,625
32,900	FEDERAL EXPRESS CORP.	FRED ALGER	1,459,938
25,000	FEDERAL EXPRESS CORP.	ALLIANCE CAPITAL	1,109,375
23,000	FEDERAL EXPRESS CORP.	IDS ADVISORY	1,020,625
	SUB-TOTAL	80,900 SHARES	3,589,938
36,200	FIRESTONE TIRE & RUBR CO	SIEBEL CAPITAL	778,300
50,000	FIRST BANK SYSTEM	ALLIANCE CAPITAL	1,981,250
56,000	FIRST BANK SYSTEM	IDS ADVISORY	2,219,000
	SUB-TOTAL	106,000 SHARES	4,200,250

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
30,000	FIRST BOSTON INC	ALLIANCE CAPITAL	\$ 2,452,500
9,500	FIRST BOSTON INC	HERBERT R. SMITH	776,625
	SUB-TOTAL	39,500 SHARES	3,229,125
74,000	FIRST CHICAGO CORP	FRED ALGER	1,646,500
83,000	FIRST INTERSTATE BANCORP	BEUTEL GOODMAN	4,596,125
24,000	FIRST UN CORP	IDS ADVISORY	972,000
46,400	FLEETWOOD ENTER. INC.	TRUSTEE & INVESTORS	1,009,200
35,000	FORD MOTOR CO.	FRED ALGER	1,579,375
34,000	FORD MOTOR CO.	INVESTMENT ADVISORS	1,534,250
	SUB-TOTAL	69,000 SHARES	3,113,625
30,000	FOREMOST CORP. OF AMER.	SIEBEL CAPITAL	930,000
40,000	GANNETT INC.	ALLIANCE CAPITAL	2,515,000
50,000	GANNETT INC.	LOOMIS SAYLES	3,143,750
	SUB-TOTAL	90,000 SHARES	5,658,750
30,000	GENENTECH INC	FRED ALGER	1,417,500
32,600	GENERAL ELECTRIC CO.	IDS ADVISORY	2,017,125
33,000	GENERAL ELECTRIC CO.	INVESTMENT ADVISORS	2,041,875
22,000	GENERAL ELECTRIC CO.	SIEBEL CAPITAL	1,361,250
9,300	GENERAL ELECTRIC CO.	TRUSTEE & INVESTORS	575,438
	SUB-TOTAL	96,900 SHARES	5,995,688
8,000	GENERAL FOODS CORP.	FORSTMANN LEFF	648,000
32,000	GENERAL MOTORS CORP CL E	FRED ALGER	1,328,000
3,000	GENERAL MOTORS CORP CL E	ALLIANCE CAPITAL	124,500
	SUB-TOTAL	35,000 SHARES	1,452,500
20,000	GENERAL MOTORS CORP.	FRED ALGER	1,440,000
30,000	GENERAL MOTORS CORP.	ALLIANCE CAPITAL	2,160,000
25,000	GENERAL MOTORS CORP.	IDS ADVISORY	1,800,000
26,000	GENERAL MOTORS CORP.	INVESTMENT ADVISORS	1,872,000
	SUB-TOTAL	101,000 SHARES	7,272,000
46,000	GENERAL PUBLIC UTILITIES	HELLMAN JORDAN	649,750
8,000	GENERAL RE CORP.	FORSTMANN LEFF	680,000
17,200	GENERAL RE CORP.	HELLMAN JORDAN	1,462,000
20,000	GENERAL RE CORP.	IDS ADVISORY	1,700,000
40,000	GENERAL RE CORP.	LOOMIS SAYLES	3,400,000
	SUB-TOTAL	85,200 SHARES	7,242,000

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
150,000	GENRAD INC.	BEUTEL GOODMAN	\$ 2,550,000
23,700	GENRAD INC.	SIEBEL CAPITAL	402,900
	SUB-TOTAL	173,700 SHARES	2,952,900
15,000	GILLETTE COMPANY	FRED ALGER	881,250
14,200	GLAXO HLDGS LTD	FORSTMANN LEFF	225,425
36,900	GRUMMAN CORP.	TRUSTEE & INVESTORS	1,134,675
82,000	GTE CORP.	HELLMAN JORDAN	3,310,750
40,600	GULF & WESTERN INDUS.	TRUSTEE & INVESTORS	1,583,400
19,400	GULF BROADCASTING	SIEBEL CAPITAL	293,425
80,000	HARLAND JOHN H CO	LOOMIS SAYLES	2,820,000
50,000	HBO & CO	INVESTMENT ADVISORS	1,100,000
20,000	HEWLETT PACKARD CO.	FRED ALGER	700,000
75,000	HM FED SVG&LN ASSN S.D.C	INVESTMENT ADVISORS	1,940,625
23,000	HOLIDAY CORP	FORSTMANN LEFF	1,279,375
30,000	HOSPITAL CORP. OF AMER.	INVESTMENT ADVISORS	1,455,000
31,900	HOSPITAL CORP. OF AMER.	SIEBEL CAPITAL	1,547,150
25,400	HOSPITAL CORP. OF AMER.	TRUSTEE & INVESTORS	1,231,900
	SUB-TOTAL	87,300 SHARES	4,234,050
4,300	HUMANA INC.	FORSTMANN LEFF	145,125
37,800	I C INDUSTRIES	TRUSTEE & INVESTORS	1,327,725
33,000	IMPERIAL OIL CO. LTD.	IDS ADVISORY	1,167,375
25,000	INTEL CORP.	FRED ALGER	650,000
46,500	INTEL CORP.	ALLIANCE CAPITAL	1,209,000
39,000	INTEL CORP.	TRUSTEE & INVESTORS	1,014,000
	SUB-TOTAL	110,500 SHARES	2,873,000
40,000	INTERGRAPH CORP.	ALLIANCE CAPITAL	1,220,000
29,400	INTERGRAPH CORP.	SIEBEL CAPITAL	896,700
	SUB-TOTAL	69,400 SHARES	2,116,700
27,000	INTL. BUSINESS MACHINES	ALLIANCE CAPITAL	3,341,250
26,300	INTL. BUSINESS MACHINES	FORSTMANN LEFF	3,254,625
4,500	INTL. BUSINESS MACHINES	HELLMAN JORDAN	556,875
15,000	INTL. BUSINESS MACHINES	IDS ADVISORY	1,856,250
30,000	INTL. BUSINESS MACHINES	INVESTMENT ADVISORS	3,712,500
30,391	INTL. BUSINESS MACHINES	SIEBEL CAPITAL	3,760,886
	SUB-TOTAL	133,191 SHARES	16,482,386
69,500	INTL. HARVESTER CO	FORSTMANN LEFF	573,375

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
27,700	JAMES RIV CORP VA	TRUSTEE & INVESTORS	\$ 896,788
40,000	JERRICO INC	SIEBEL CAPITAL	835,000
47,500	JOHNSON & JOHNSON	HELLMAN JORDAN	2,202,813
25,000	JWT GROUP INC.	SIEBEL CAPITAL	850,000
75,000	KANSAS GAS & ELEC CO	HELLMAN JORDAN	1,312,500
11,700	KEMPER CORP.	SIEBEL CAPITAL	690,300
53,100	KIDDE INC.	SIEBEL CAPITAL	1,878,413
25,000	KLA INSTRS CORP	FRED ALGER	468,750
6,400	KOPPERS INC	TRUSTEE & INVESTORS	113,600
35,000	KROGER COMPANY	FRED ALGER	1,588,125
17,400	KULICKE & SOFFA IND.	SIEBEL CAPITAL	247,950
285,000	LAFARGE CORP.	BEUTEL GOODMAN	2,137,500
11,600	LIBBEY OWENS FORD CO	SIEBEL CAPITAL	530,700
60,000	LIMITED INC.	IDS ADVISORY	1,500,000
80,000	LIMITED INC.	LOOMIS SAYLES	2,000,000
	SUB-TOTAL	140,000 SHARES	3,500,000
68,300	LIN BROADCAST. CORP.	ALLIANCE CAPITAL	2,083,150
18,900	LINCOLN NATL CORP IND	IDS ADVISORY	781,988
20,000	LITTON INDS INC.	INVESTMENT ADVISORS	1,645,000
10,000	LOCKHEED AIRCRAFT CORP	HELLMAN JORDAN	512,500
21,800	LOCKHEED AIRCRAFT CORP	SIEBEL CAPITAL	1,117,250
14,800	LOCKHEED AIRCRAFT CORP	TRUSTEE & INVESTORS	758,500
	SUB-TOTAL	46,600 SHARES	2,388,250
15,700	LOEWS CORP	FRED ALGER	777,150
15,000	LOEWS CORP	SIEBEL CAPITAL	742,500
	SUB-TOTAL	30,700 SHARES	1,519,650
258,700	LTV CORP	BEUTEL GOODMAN	1,907,913
45,100	MACHINE TECHNOLOGY	HERBERT R. SMITH	293,150
25,800	MACY R.H. & CO.	TRUSTEE & INVESTORS	1,335,150
75,000	MARION LABS INC	LOOMIS SAYLES	2,756,250
10,000	MARRIOTT CORP.	FRED ALGER	943,750
55,000	MARSH & MCCLENNAN	LOOMIS SAYLES	3,973,750
5,000	MATH. APPLICATION GRP.	HERBERT R. SMITH	16,250
24,000	MATSUSHITA EL. IND.	ALLIANCE CAPITAL	1,356,000
30,000	MAY DEPT. STORES CO.	LOOMIS SAYLES	1,668,750
20,450	MAY DEPT. STORES CO.	HERBERT R. SMITH	1,137,531
	SUB-TOTAL	50,450 SHARES	2,806,281

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
35,000	MCA INC.	ALLIANCE CAPITAL	\$ 2,095,625
33,000	MCA INC.	IDS ADVISORY	1,975,875
8,500	MCA INC.	SIEBEL CAPITAL	508,938
	SUB-TOTAL	76,500 SHARES	4,580,438
21,200	MCDERMOTT INTL INC	SIEBEL CAPITAL	551,200
38,350	MCDONALDS CORP.	FRED ALGER	2,626,975
16,200	MCDONALDS CORP.	IDS ADVISORY	1,109,700
17,950	MCDONALDS CORP.	SIEBEL CAPITAL	1,229,575
	SUB-TOTAL	72,500 SHARES	4,966,250
10,000	MCDONNELL DOUGLAS CORP.	IDS ADVISORY	758,750
57,800	MEI CORP.	ALLIANCE CAPITAL	2,239,750
23,200	MELRIDGE INC.	HERBERT R. SMITH	316,100
24,100	MELVILLE CORPORATION	HERBERT R. SMITH	1,156,800
17,000	MENTOR GRAPHICS CORP.	SIEBEL CAPITAL	435,625
20,000	MERCK & COMPANY INC.	HELLMAN JORDAN	2,252,500
13,000	MEREDITH CORP	SIEBEL CAPITAL	926,250
46,000	MERRILL LYNCH & CO. INC.	TRUSTEE & INVESTORS	1,489,250
50,500	MGM/UA ENTERPRISES	SIEBEL CAPITAL	744,875
9,100	MONOLITHIC MEMORIES INC	TRUSTEE & INVESTORS	116,025
54,000	MONSANTO CO.	BEUTEL GOODMAN	2,612,250
31,200	MORGAN J P & COMPANY INC	FORSTMANN LEFF	1,606,800
40,000	MORGAN J P & COMPANY INC	INVESTMENT ADVISORS	2,060,000
	SUB-TOTAL	71,200 SHARES	3,666,800
12,000	MOTOROLA INCORPORATED	HELLMAN JORDAN	409,500
42,000	MOTOROLA INCORPORATED	TRUSTEE & INVESTORS	1,433,250
	SUB-TOTAL	54,000 SHARES	1,842,750
85,000	MTV NETWORKS INC	ALLIANCE CAPITAL	2,210,000
50,000	MULTIMEDIA INC.	ALLIANCE CAPITAL	2,881,250
10,800	NATL. MED. ENTER. INC.	FORSTMANN LEFF	341,550
37,000	NATL. MED. ENTER. INC.	HELLMAN JORDAN	1,170,125
	SUB-TOTAL	47,800 SHARES	1,511,675
300,000	NATL. SEMICONDUCTOR	BEUTEL GOODMAN	3,600,000
27,800	NATL. SEMICONDUCTOR	FORSTMANN LEFF	333,600
	SUB-TOTAL	327,800 SHARES	3,933,600
19,600	NIAGARA MOHAWK PWR CORP	HELLMAN JORDAN	396,900

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
18,000	NORTHROP CORP	IDS ADVISORY	\$ 938,250
79,400	NOVAR ELECTRONICS	HERBERT R. SMITH	1,627,700
36,000	NWA INC.	ALLIANCE CAPITAL	1,948,500
128,000	OGDEN CORP.	BEUTEL GOODMAN	3,744,000
33,700	OWENS ILLINOIS INC.	TRUSTEE & INVESTORS	1,575,475
210,600	PAN AM CORPORATION	FRED ALGER	1,500,525
40,400	PENN CENT CORP	FORSTMANN LEFF	2,146,250
28,800	PENN CENT CORP	SIEBEL CAPITAL	1,530,000
	SUB-TOTAL	69,200 SHARES	3,676,250
38,500	PENNZOIL CO.	HERBERT R. SMITH	1,963,500
6,800	PEPSICO INCORPORATED	FORSTMANN LEFF	408,850
25,700	PEPSICO INCORPORATED	HERBERT R. SMITH	1,545,213
	SUB-TOTAL	32,500 SHARES	1,954,063
46,600	PFIZER INCORPORATED	FORSTMANN LEFF	2,306,700
30,000	PFIZER INCORPORATED	LOOMIS SAYLES	1,485,000
19,600	PFIZER INCORPORATED	SIEBEL CAPITAL	970,200
	SUB-TOTAL	96,200 SHARES	4,761,900
62,600	PHELPS DODGE	TRUSTEE & INVESTORS	1,064,200
34,000	PHIBRO-SALOMON	ALLIANCE CAPITAL	1,449,250
80,400	PHIBRO-SALOMON	FORSTMANN LEFF	3,427,050
31,000	PHIBRO-SALOMON	HELLMAN JORDAN	1,321,375
37,000	PHIBRO-SALOMON	IDS ADVISORY	1,577,125
35,000	PHIBRO-SALOMON	INVESTMENT ADVISORS	1,491,875
61,000	PHIBRO-SALOMON	HERBERT R. SMITH	2,600,125
50,000	PHIBRO-SALOMON	TRUSTEE & INVESTORS	2,131,250
	SUB-TOTAL	328,400 SHARES	13,998,050
35,000	PHILLIPS PETROLEUM CO.	ALLIANCE CAPITAL	1,334,375
15,000	PIONEER STD ELECTRS INC	SIEBEL CAPITAL	123,750
5,000	PITNEY BOWES INC.	INVESTMENT ADVISORS	224,375
48,000	PPG INDUSTRIES INC.	FRED ALGER	2,010,000
3,500	PRIME MTR INNS INC	SIEBEL CAPITAL	112,000
45,000	PROGRESSIVE CORP OHIO	ALLIANCE CAPITAL	1,631,250
22,200	PULTE HOME CORP	TRUSTEE & INVESTORS	371,850
16,600	QUAKER OATS CO	IDS ADVISORY	865,275
30,000	RAINIER BANCORPORATION	SIEBEL CAPITAL	915,000
46,300	RALSTON PURINA CO.	HERBERT R. SMITH	2,060,350
39,000	RAYTHEON COMPANY	TRUSTEE & INVESTORS	1,950,000

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ALPHABETICAL ACTIVE EQUITY MANAGER HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
47,000	RCA CORP.	FRED ALGER	\$ 2,238,375
36,500	RCA CORP.	FORSTMANN LEFF	1,738,313
40,000	RCA CORP.	INVESTMENT ADVISORS	1,905,000
25,700	RCA CORP.	SIEBEL CAPITAL	1,223,963
	SUB-TOTAL	149,200 SHARES	7,105,650
75,000	REPUBLIC AIRLINES	ALLIANCE CAPITAL	665,625
58,000	REVLON INCORPORATED	FORSTMANN LEFF	2,363,500
45,500	REYNOLDS METALS CO	TRUSTEE & INVESTORS	1,558,375
90,750	RLC CORP.	HERBERT R. SMITH	714,656
50,400	ROBINS A.H. INC.	SIEBEL CAPITAL	888,300
48,000	ROCKWELL INTL CORP	TRUSTEE & INVESTORS	1,788,000
30,000	RORER GROUP INC.	SIEBEL CAPITAL	1,098,750
52,000	SAGA CORP.	IDS ADVISORY	1,410,500
19,200	SANDERS ASSOCIATES	SIEBEL CAPITAL	710,400
12,000	SANTA FE SO. PACIFIC COR	HELLMAN JORDAN	399,000
47,700	SANTA FE SO. PACIFIC COR	HERBERT R. SMITH	1,586,025
	SUB-TOTAL	59,700 SHARES	1,985,025
50,000	SCHLUMBERGER LTD	INVESTMENT ADVISORS	1,931,250
46,500	SCIENTIFIC COMM. INC.	HERBERT R. SMITH	395,250
20,000	SCIENTIFIC MICRO SYS INC	SIEBEL CAPITAL	100,000
31,700	SCOTT PAPER CO.	HERBERT R. SMITH	1,307,625
150,000	SEA CONTAINERS LTD.	BEUTEL GOODMAN	6,281,250
150,000	SEACO INC.	BEUTEL GOODMAN	693,750
20,000	SEARLE GD & CO.	FRED ALGER	1,080,000
38,700	SEARS ROEBUCK & COMPANY	TRUSTEE & INVESTORS	1,485,113
60,000	SECURITY PACIFIC CORP.	INVESTMENT ADVISORS	1,830,000
40,500	SERVICEMASTER INDS INC	IDS ADVISORY	850,500
30,000	SHARED MED. SYSTEMS CORP	FRED ALGER	877,500
31,000	SHARED MED. SYSTEMS CORP	IDS ADVISORY	906,750
	SUB-TOTAL	61,000 SHARES	1,784,250
52,200	SIGNAL COS INC	HELLMAN JORDAN	2,211,975
47,000	SINGER CO.	FRED ALGER	1,727,250
13,100	SOFTWARE AG SYS GROUP	HERBERT R. SMITH	211,238
22,000	SONAT INC.	FRED ALGER	792,000
85,696	SOUTHDOWN INC.	BEUTEL GOODMAN	3,663,504
7,500	SOUTHERN NEW ENGLAND TEL	TRUSTEE & INVESTORS	307,500
21,300	SOVRAN FINANCIAL CORP.	SIEBEL CAPITAL	945,188
53,000	SPERRY CORP.	HELLMAN JORDAN	2,809,000

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
20,000	SPERRY CORP.	INVESTMENT ADVISORS	\$ 1,060,000
38,900	SPERRY CORP.	HERBERT R. SMITH	2,061,700
	SUB-TOTAL	111,900 SHARES	5,930,700
40,000	SQUIBB CORP.	LOOMIS SAYLES	2,525,000
40,000	ST. PAUL COS. INC.	LOOMIS SAYLES	2,900,000
80,000	SUN CHEMICAL	BEUTEL GOODMAN	2,850,000
35,000	SYNTEX CORPORATION	FORSTMANN LEFF	2,235,625
16,000	SYNTEX CORPORATION	HELLMAN JORDAN	1,022,000
16,000	SYNTEX CORPORATION	IDS ADVISORY	1,022,000
16,100	SYNTEX CORPORATION	HERBERT R. SMITH	1,028,388
	SUB-TOTAL	83,100 SHARES	5,308,013
70,000	TAMBRANDS INC.	BEUTEL GOODMAN	5,495,000
30,400	TANDEM COMPUTERS INC	SIEBEL CAPITAL	551,000
100,000	TANDON CORP.	INVESTMENT ADVISORS	487,500
44,600	TANDY CORP	FORSTMANN LEFF	1,594,450
30,700	TELERATE INC	FORSTMANN LEFF	560,275
45,000	TELEX CORP.	HERBERT R. SMITH	1,811,250
56,500	TENNECO INC.	HELLMAN JORDAN	2,394,188
27,900	TENNECO INC.	TRUSTEE & INVESTORS	1,182,263
	SUB-TOTAL	84,400 SHARES	3,576,450
33,600	TERADYNE INC.	TRUSTEE & INVESTORS	789,600
15,000	TEXAS EASTERN CORP.	HELLMAN JORDAN	506,250
4,000	TEXAS INSTRUMENTS	FRED ALGER	382,500
15,000	TEXAS INSTRUMENTS	INVESTMENT ADVISORS	1,434,375
	SUB-TOTAL	19,000 SHARES	1,816,875
40,700	TEXAS OIL & GAS CORP.	TRUSTEE & INVESTORS	666,463
20,000	TEXTRON INC	IDS ADVISORY	1,100,000
29,000	TIME INC.	HELLMAN JORDAN	1,674,750
6,100	TIMKEN CO	TRUSTEE & INVESTORS	288,988
55,000	TORCHMARK CORP	LOOMIS SAYLES	2,646,875
67,500	TOYS R US	ALLIANCE CAPITAL	2,700,000
37,500	TOYS R US	IDS ADVISORY	1,500,000
12,200	TOYS R US	SIEBEL CAPITAL	488,000
	SUB-TOTAL	117,200 SHARES	4,688,000
77,500	TRACOR INC.	INVESTMENT ADVISORS	1,734,063
140,000	TRANS WORLD AIRLINES	FRED ALGER	2,695,000
0	TRANS WORLD AIRLINES	HELLMAN JORDAN	0

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
	SUB-TOTAL	140,000 SHARES	\$ 2,695,000
65,231	TRANSCO EXPL. PART. LTD	HERBERT R. SMITH	1,443,236
10,000	TRW INC.	FRED ALGER	748,750
74,300	TYCO LABS	BEUTEL GOODMAN	2,925,563
31,300	TYCO LABS	SIEBEL CAPITAL	1,232,438
	SUB-TOTAL	105,600 SHARES	4,158,000
21,000	U S BANCORP	IDS ADVISORY	635,250
15,000	U.S. STEEL	HELLMAN JORDAN	418,125
45,000	U.S. STEEL	IDS ADVISORY	1,254,375
	SUB-TOTAL	60,000 SHARES	1,672,500
15,000	U.S. STEEL PFD. 12.75	HELLMAN JORDAN	1,942,500
25,000	U.S. WEST CORP	ALLIANCE CAPITAL	2,025,000
30,000	U.S. WEST CORP	IDS ADVISORY	2,430,000
	SUB-TOTAL	55,000 SHARES	4,455,000
85,000	UAL INC.	BEUTEL GOODMAN	4,558,125
22,000	UAL INC.	IDS ADVISORY	1,179,750
	SUB-TOTAL	107,000 SHARES	5,737,875
48,000	UNION CARBIDE CORP	HELLMAN JORDAN	2,232,000
70,000	UNION ELEC CO	IDS ADVISORY	1,347,500
37,400	UNION PACIFIC CORP.	TRUSTEE & INVESTORS	1,785,850
52,100	UNITED CABLE TV CORP.	ALLIANCE CAPITAL	2,298,913
6,000	UNITED NEW MEXICO FINL C	HERBERT R. SMITH	60,000
25,000	UNITED STATES LEASING IN	SIEBEL CAPITAL	906,250
10,000	UNITED TECHNOLOGIES CORP	FORSTMANN LEFF	415,000
30,000	UNITED TECHNOLOGIES CORP	INVESTMENT ADVISORS	1,245,000
36,000	UNITED TECHNOLOGIES CORP	TRUSTEE & INVESTORS	1,494,000
	SUB-TOTAL	76,000 SHARES	3,154,000
28,500	UPJOHN CO	FORSTMANN LEFF	3,085,125
24,000	UPJOHN CO	LOOMIS SAYLES	2,598,000
	SUB-TOTAL	52,500 SHARES	5,683,125
30,000	US AIR GROUP	HELLMAN JORDAN	1,050,000
130,000	US FIDELITY & GUAR. CO.	BEUTEL GOODMAN	4,777,500
22,000	USG CORP HOLDING CO.	SIEBEL CAPITAL	935,000
30,200	VALLEY NATIONAL CORP.	HERBERT R. SMITH	1,238,200

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ALPHABETICAL ACTIVE EQUITY MANAGER HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
72,200	VLI CORP	FRED ALGER	\$ 595,650
30,400	WACHOVIA CORP.	HERBERT R. SMITH	1,048,800
27,000	WAL-MART STORES INC.	FRED ALGER	1,474,875
45,000	WAL-MART STORES INC.	ALLIANCE CAPITAL	2,458,125
26,000	WAL-MART STORES INC.	IDS ADVISORY	1,420,250
54,000	WARNER COMMUNICATIONS	FORSTMANN LEFF	1,701,000
25,300	WARNER LAMBERT	SIEBEL CAPITAL	1,097,388
15,900	WASHINGTON POST B	FRED ALGER	1,931,850
30,000	WASTE MANAGEMENT	IDS ADVISORY	1,822,500
18,200	WASTE MANAGEMENT	HERBERT R. SMITH	1,105,650
	SUB-TOTAL	48,200 SHARES	2,928,150
40,400	WENDYS INTL INC	SIEBEL CAPITAL	696,900
39,600	WEYERHEUSER CO.	TRUSTEE & INVESTORS	1,138,500
36,000	WHITEHALL CORP.	HERBERT R. SMITH	1,161,000
7,400	WHITNEY HLDG CORP	HERBERT R. SMITH	562,400
36,700	WHITTAKER CORP	SIEBEL CAPITAL	903,738
33,800	WILLIAMS COS	TRUSTEE & INVESTORS	963,300
28,500	WINNEBAGO IND INC.	TRUSTEE & INVESTORS	313,500
20,100	WITCO CHEMICAL CORP.	HERBERT R. SMITH	723,600
85,000	XEROX CORP	BEUTEL GOODMAN	4,473,125
25,000	YELLOW FREIGHT SYSTEM	IDS ADVISORY	956,250
	TOTAL EQUITY PORTFOLIO		\$ 627,139,725

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ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
28,000	A & M FOOD SERVICES	\$ 182,000
26,000	A G EDWARDS, INC	854,750
95,500	ABBOTT LABS	5,479,313
34,200	ACCO WORLD CORP	769,500
35,000	ADOBE OIL & GAS	595,000
41,700	ADVANCED MICRO DEV.	1,084,200
18,000	ADVANCED SEMI CONDUCTOR	184,500
75,400	AETNA LIFE AND CASUALTY CO.	3,515,525
31,000	AFG INDS INC	647,125
21,000	AHMANSON H.F. CO.	761,250
24,500	AIR PRODUCTS & CHEM. INC.	1,362,813
21,000	AIR WIS AVIATION INC	322,875
24,000	AIRBORNE FGHT CORP	477,000
45,000	ALASKA AIR GROUP	1,046,250
26,000	ALBERTSONS INC	832,000
70,900	ALCAN ALUMINUM LTD.	1,781,363
20,000	ALCO STANDARD CORP.	747,500
33,000	ALEXANDER & ALEXANDER	981,750
24,000	ALEXANDER & BALDWIN INC	846,000
11,100	ALEXANDERS INC	255,300
8,160	ALLEGHANY CORP	663,000
23,500	ALLEGHENY & WESTN ENERGY CORP	528,750
41,000	ALLEGHENY BEVERAGE CORP	768,750
17,000	ALLEGHENY INTERNATIONAL	388,875
35,600	ALLEGHENY PWR SYS INC	1,174,800
20,200	ALLEN GROUP INC	411,575
30,000	ALLIED BANCSHARES INC.	690,000
60,750	ALLIED CORPORATION	2,589,469
15,800	ALLIED STORES CORP	944,050
26,000	ALLTEL CORP	731,250
65,000	ALUMINUM CO. OF AMERICA	2,226,250
51,000	AMAX INC	758,625
36,600	AMDAHL CORP	475,800
33,000	AMER. BANK. INS. GRP.	416,625
16,000	AMER. DISTRICT TELEGRAPH	396,000
11,157	AMER. ECOLOGY INC.	298,450
50,200	AMER. GENERAL CORP.	1,750,725
59,200	AMER. INT'L.. GROUP INC.	5,032,000
67,900	AMER. MEDICAL INT'L.	1,765,400
12,000	AMER. PETROFINA INC CL A	709,500
64,000	AMERADA HESS CORP.	1,816,000

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ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
49,500	AMERICAN BRANDS INC	\$ 3,297,938
22,800	AMERICAN BROADCASTING CO.	2,593,500
21,800	AMERICAN CAN CORP.	1,297,100
37,000	AMERICAN CYANAMID	1,850,000
137,400	AMERICAN ELEC PWR INC	3,246,075
171,639	AMERICAN EXPRESS COMPANY	8,152,853
57,750	AMERICAN FAMILY CORP	1,393,219
24,900	AMERICAN GREETINGS	890,175
53,700	AMERICAN HOSPITAL SUPPLY	2,201,700
7,600	AMERICAN INCOME LIFE INS CO	101,650
30,000	AMERICAN NATL INS CO	997,500
37,950	AMERICAN STANDARD INC.	1,133,756
11,552	AMERICAN STORES CO NEW	771,096
837,607	AMERICAN TEL & TEL NEW	20,207,269
4,500	AMERICAN WATER WORKS	105,750
79,360	AMERITECH CORP	7,529,280
34,000	AMERITRUST CORP	1,266,500
28,000	AMES DEPARTMENT STORES	1,351,000
18,000	AMETEK INC	436,500
44,500	AMF INC	823,250
30,200	AMFAC INC	838,050
228,300	AMOCO CORP	14,639,738
79,800	AMP INC.	2,573,550
34,600	AMR CORP.	1,656,475
12,300	AMSTED INDS INC	490,463
38,750	ANALOG DEVICES INC	789,531
29,000	ANALOGIC CORP	351,625
23,000	ANCHOR HOCKING CORP.	618,125
26,000	ANDERSON CLAYTON & CO	1,023,750
12,000	ANDREW CORP.	246,000
21,000	ANIXTER BROS	296,625
58,000	APACHE CORP	594,500
44,000	APPLE COMPUTER	792,000
30,000	APPLIED MATLS INC	630,000
95,340	ARCHER DANIELS MIDLAND CO.	2,311,995
5,900	ARGOSYSTEMS INC	112,100
39,000	ARKLA INCORPORATED	731,250
39,000	ARMCO INC	326,625
24,800	ARMSTRONG IND. INC.	967,200
27,500	ARVIN INDS INC	563,750
15,000	ASA LTD	742,500

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JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
71,000	ASAMERA INC	\$ 505,875
28,700	ASARCO INC.	574,000
30,000	ASHLAND OIL INC	1,012,500
15,700	ASSOC. DRY GOODS	1,055,825
6,500	ATLANTA GAS LT CO	214,500
36,000	ATLANTIC BANCORPORATION	1,458,000
28,000	ATLANTIC CITY ELEC CO	791,000
201,200	ATLANTIC RICHFIELD	12,046,850
19,500	ATWOOD OCEANICS INC	307,125
22,000	AUGAT INC	489,500
27,300	AUTOMATIC DATA PROCESSING INC	1,460,550
27,000	AVANTEK INC	567,000
22,000	AVERY INTL. CORP.	687,500
5,000	AVIATION GROUP INC	88,125
27,000	AVNET INC	823,500
61,200	AVON PRODS INC	1,308,150
24,000	AVX CORP.	321,000
16,000	AYDIN CORP.	346,000
50,100	AZP GROUP INC	1,396,538
30,750	BAIRNCO CORP	914,813
52,200	BAKER INTL. CORP.	926,550
32,800	BALLY MFG CO	574,000
28,500	BALTIMORE GAS & ELEC CO	1,325,250
31,900	BANC ONE CORP	1,084,600
11,000	BANDAG INC	653,125
11,000	BANK BOSTON CORP	603,625
16,975	BANK NEW ENGLAND CORP	793,581
20,000	BANK OF NY CO. INC.	890,000
117,600	BANKAMERICA CORPORATION	2,249,100
28,200	BANKERS TRUST NY CORP.	1,963,425
38,800	BARD C.R. INC.	1,367,700
9,000	BARNES GROUP INC	200,250
30,000	BARNETT BKS FLA	1,132,500
26,000	BARRY WRIGHT CORP	487,500
14,000	BASSETT FURNITURE INDS INC	532,000
24,800	BAUSCH & LOMB INC	806,000
105,100	BAXTER TRAVENOL LABS	1,615,913
18,000	BAYBANKS INC	1,035,000
8,600	BBDO INTL INC	427,850
92,100	BEATRICE FOODS CO.	2,924,175
28,000	BECOR WESTERN INC	399,000

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NO. OF SHARES	SECURITY	MARKET VALUE
12,000	BECTON DICKINSON & CO	\$ 655,500
25,200	BELL & HOWELL CO.	803,250
79,360	BELL ATLANTIC CORP.	7,350,720
177,000	BELL CANADA ENTERPRISES INC	5,708,250
243,080	BELL SOUTH CORP	10,148,590
18,000	BELO A H CORP	1,003,500
11,000	BENEFICIAL CORPORATION	493,625
25,000	BERGEN BRUNSWIG CORP.	728,125
26,000	BEST PRODUCTS	334,750
35,100	BETHLEHEM STEEL	565,988
13,000	BETZ LABS INC	438,750
19,000	BEVERLY ENTERPRISES	731,500
21,400	BIG B INC	358,450
35,000	BIG THREE INDUSTRIES	826,875
43,500	BLACK & DECKER MFG CO	859,125
20,000	BLAIR JOHN & CO.	420,000
14,000	BLOCK H & R INC.	791,000
23,400	BLOUNT INC	353,925
37,000	BOB EVANS FARMS INC	786,250
110,025	BOEING COMPANY	4,923,619
21,000	BOISE CASCADE CORP	1,013,250
5,800	BOLAR PHARMACY	233,450
60,000	BORDEN INC.	2,520,000
64,100	BORG-WARNER	1,458,275
20,800	BOSTON EDISON CO	910,000
21,300	BRASCAN LTD	444,638
17,000	BRIGGS & STRATTON CORP	480,250
111,000	BRISTOL-MYERS COMPANY	6,812,625
21,000	BROOKLYN UN GAS CO.	850,500
17,000	BROWN GROUP	499,375
30,600	BROWNING FERRIS INDS INC	1,530,000
34,000	BRUNOS INC	501,500
23,100	BRUNSWICK CORP.	851,813
22,000	BRUSH WELLMAN INC	704,000
21,200	BURLINGTON INDUSTRIES	564,450
57,600	BURLINGTON NORTHERN INC.	3,592,800
33,000	BURNDY CORP	396,000
5,000	BURNUP & SIMS INC	38,125
33,800	BURROUGHS CORPORATION	1,977,300
18,000	CABOT CORP	488,250
30,000	CALFED INC	742,500

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
31,827	CALLAHAN MNG CORP	\$ 533,102
17,000	CALNY FOOD SVCS INC	229,500
39,000	CAMERON IRON WORKS INC	511,875
50,000	CAMPBELL RED LAKES MINES LTD	1,043,750
33,000	CAMPBELL SOUP CO	2,532,750
30,000	CANADIAN MARCONI CO	446,250
46,900	CANADIAN PACIFIC ENTERPRISES	990,763
176,100	CANADIAN PACIFIC LTD	2,509,425
1,000	CANAL RANDOLPH LTD PARTNERSHIP	6,000
12,700	CAPITAL CITIES COMMUNICATIONS	2,835,275
55,800	CAPITAL HOLDING CORP.	1,332,225
54,000	CAREMARK	648,000
33,000	CARL KARCHER ENTERPRISES INC.	482,625
24,000	CARLISLE CORP	780,000
24,000	CAROLINA FREIGHT CORP	546,000
48,400	CAROLINA PWR & LT CO	1,458,050
13,800	CARPENTER TECHNOLOGY CORP	514,050
9,600	CARSON PIRIE & CO.	226,800
29,800	CARTER HAWLEY HALE STORES INC	860,475
70,300	CATERPILLAR TRACTOR CO.	2,328,688
12,000	CBI INDS INC	273,000
23,000	CBS INCORPORATED	2,673,750
22,000	CBT CORP	1,017,500
12,100	CELANESE CORPORATION	1,453,513
41,835	CENERGY CORP	345,139
21,000	CENTEL CORP.	939,750
12,000	CENTEX CORP	312,000
74,000	CENTRAL & SO WEST CORP.	1,914,750
8,400	CENTRAL HUDSON GAS & ELEC CORP	252,000
41,000	CENTRAL ILL PUB SVC CO	830,250
24,000	CENTRAL LA ELEC CO	657,000
20,500	CENTRAL ME PWR CO	258,813
46,000	CENTRAL SOYA INC	1,104,000
26,000	CENVILL INVS INC	542,750
31,400	CERTAIN TEED PRODS CORP	863,500
42,000	CESSNA AIRCRAFT CO	955,500
59,000	CETUS CORP	634,250
7,101	CF & I STL CORP	62,135
80,465	CHAMPION INTERNATIONAL	1,860,753
64,000	CHAMPION SPARK PLUG CO	568,000
42,000	CHARMING SHOPPES INC	824,250

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
48,000	CHARTER MED CORP	\$ 1,368,000
25,600	CHASE MANHATTAN CORP.	1,545,600
25,500	CHEM-LAWN CORP.	631,125
21,000	CHEMED CORPORATION	627,375
55,500	CHEMICAL NEW YORK CORP	2,289,375
16,000	CHESAPEAKE CORP VA	526,000
25,500	CHESEBROUGH-PONDS INC.	816,000
279,900	CHEVRON CORP	10,461,263
29,000	CHI-CHIS INC	351,625
21,000	CHIEFTAIN DEV LTD	175,875
57,000	CHROMALLOY AMERN CORP DEL	577,125
99,400	CHRYSLER CORP.	3,628,100
14,550	CHUBB CORPORATION	1,082,156
56,400	CHURCHS FRIED CHICKEN	1,008,150
54,600	CIGNA CORPORATION	3,241,875
32,000	CILCORP INC	856,000
8,400	CINCINNATI BELL INC	421,050
21,000	CINCINNATI FINL CORP	1,018,500
18,000	CINCINNATI MILACRON INC	373,500
28,000	CIPHER DATA PRODS INC	469,000
21,000	CIRCLE K CORP	740,250
102,200	CITICORP	5,046,125
20,000	CITIZENS & SOUTHN CORP	805,000
28,000	CITIZENS & SOUTHN GA CORP	623,000
31,500	CITIZENS FID CORP	1,078,875
24,308	CITIZENS UTILS CO DEL	954,089
55,000	CITY FED FINANCIAL CORP	605,000
27,600	CITY INVESTING	972,900
24,400	CLARK EQUIP CO	701,500
27,000	CLEVELAND CLIFFS & IRON	540,000
60,000	CLEVELAND ELEC. ILLUM.	1,395,000
14,000	CLOROX CO.	526,750
22,000	CLUETT PEABODY	794,750
50,000	CNA FINL CORP	2,937,500
25,000	COACHMEN INDS INC	343,750
33,000	COASTAL CORP	1,051,875
24,200	COBE LABS INC	441,650
35,000	COCA COLA BOTTLING CO CONS	1,478,750
116,600	COCA COLA COMPANY	8,089,125
62,000	COLGATE PALMOLIVE	1,650,750
15,100	COLLAGEN CORP.	200,075

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
35,200	COLLINS & AIKMAN CORP	\$ 770,000
48,000	COLLINS FOODS INTL.	1,158,000
16,000	COLONIAL PENN GROUP	430,000
24,700	COLOR TILE INC	432,250
21,800	COLT INDS INC DEL	1,389,750
29,400	COLUMBIA GAS SYSTEM INC	940,800
12,400	COMAIR INC	173,600
25,800	COMBINED INTL CORP	1,244,850
25,100	COMBUSTION ENGINEERING	818,888
36,000	COMDATA NETWORK INC.	459,000
25,000	COMDISCO INC.	365,625
23,000	COMERICA INC	991,875
48,000	COMINCO LTD	462,000
6,000	COMMERCE CLEARING HOUSE INC.	447,000
26,000	COMMERCIAL METALS CO	422,500
22,800	COMMODORE INTL LTD	222,300
139,936	COMMONWEALTH EDISON CO.	4,320,524
25,000	COMMUNICATIONS INDS INC	712,500
27,000	COMMUNICATIONS SATELLITE CORP	968,625
23,900	COMMUNITY PSYCHIATRIC CENTERS	812,600
28,000	COMPREHENSIVE CARE CORP	931,000
27,000	COMPUGRAPHIC CORP	688,500
25,000	COMPUTER ASSOC INTL INC	700,000
4,792	COMPUTER CONSOLES	26,955
34,500	COMPUTER SCIENCES CORP.	599,438
21,100	COMPUTER VISION CORP.	300,675
45,000	CONAGRA INC.	1,726,875
97,800	CONSOL. EDISON OF N.Y.	3,630,825
23,600	CONSOL. FREIGHTWAYS INC.	749,300
32,000	CONSOL. NAT. GAS	1,396,000
26,000	CONSOLIDATED PAPERS INC	1,293,500
27,300	CONTINENTAL BANCORP INC PA	1,098,825
36,200	CONTINENTAL CORP	1,556,600
52,800	CONTINENTAL TELECOM. INC.	1,221,000
29,600	CONTROL DATA CORP.	765,900
56,000	CONVERGENT TECH.	364,000
32,600	COOPER INDS. INC.	1,145,075
37,000	COOPER LABS INC	504,125
37,000	COOPER LASERSONICS INC	198,875
48,781	COOPERBIOMEDICAL INC	115,854
44,000	COOPERVISION INC	1,105,500

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BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
21,000	CORESTATES FINL CORP	\$ 1,233,750
32,000	CORNING GLASS WORKS	1,416,000
11,000	CORROON & BLACK CORP	500,500
47,000	CPC INTERNATIONAL INC.	2,144,375
53,000	CPT CORP.	344,500
17,507	CRANE CO.	647,759
10,100	CRAY RESH INC	855,975
9,180	CROCKER NATL CORP PFD ADJ RATE	465,885
24,000	CROSS & TRECKER	612,000
23,500	CROSS A T CO	810,750
17,500	CROWN CORK & SEAL	1,152,813
20,400	CROWN ZELL. CORP	808,350
108,100	CSX CORPORATION	2,824,113
9,500	CUBIC CORP	218,500
23,000	CULLEN FROST BANKERS INC	428,375
36,000	CULLINET SOFTWARE INC.	976,500
9,000	CULLUM COS INC	207,000
6,700	CUMMINS ENGINE CO.	425,450
22,830	CYPRUS MINERALS CORP	288,229
45,600	DANA CORPORATION	1,248,300
24,150	DANIEL INDS INC	244,519
151,800	DART & KRAFT INC.	5,369,925
20,500	DATA GENERAL CORP.	766,188
22,700	DATA I O CORP	272,400
55,000	DATA SWITCH CORP	247,500
19,000	DATAPPOINT CORP	242,250
23,000	DATAPRODUCTS CORP	304,750
37,700	DAYTON PWR & LT CO	716,300
72,300	DAYTON-HUDSON CORP.	3,054,675
53,800	DE LUXE CHECK PRINTERS INC	2,219,250
33,000	DEAN FOODS CO	1,254,000
51,300	DEERE & COMPANY	1,545,413
26,000	DEKALB AGRESEARCH INC	607,750
32,500	DELMARVA PWR & LT CO	853,125
29,800	DELTA AIR LINES INC.	1,460,200
19,000	DENISON MINES LTD A	163,875
19,000	DENISON MINES LTD B	156,750
115,000	DETROIT EDISON CO	1,969,375
29,000	DEXTER CORP	667,000
35,300	DI GIORGIO CORP	560,388
98,400	DIAMOND SHAMROCK	1,648,200

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
96,000	DIASONICS INC	\$ 312,000
6,750	DIBRELL BROS INC	151,875
49,500	DIGITAL EQUIPMENT CORP.	4,646,813
29,700	DISNEY WALT PRODUCTIONS	2,788,088
22,000	DIVERSIFOODS INC.	250,250
41,400	DOLLAR GEN CORP	1,185,075
72,000	DOME MINES LTD	531,000
66,300	DOMINION RESOURCES	2,187,900
29,600	DONNELLEY RR & SONS	1,724,200
37,000	DOVER CORP.	1,406,000
147,700	DOW CHEMICAL COMPANY	5,280,275
45,000	DOW JONES & CO	2,115,000
61,600	DRESSER INDUSTRIES	1,316,700
31,000	DREYERS GRAND ICE CREAM INC	581,250
15,000	DREYFUS CORP.	892,500
43,380	DSC COMMUNICATIONS CORP	889,290
197,780	DU PONT EI DENEMOURS	11,495,963
73,400	DUKE POWER CO. NC	2,550,650
61,300	DUN & BRADSTREET COS INC	4,858,025
55,900	DUQUESNE LT CO	915,363
15,300	DURR FILLAUER MED INC	248,625
7,300	DYNATECH CORP	167,900
28,000	E-SYSTEMS	903,000
36,100	E.F. HUTTON GROUP INC.	1,263,500
22,000	EAGLE PICHER INDS INC	503,250
27,000	EASTERN GAS & FUEL ASSOC	617,625
202,800	EASTMAN KODAK COMPANY	8,973,900
23,900	EATON CORP.	1,224,875
20,700	ECHLIN INC.	543,375
29,100	ECKERD JACK CORP	865,725
23,800	ECONOMICS LAB INC	791,350
15,000	EDISON BROS STORES INC	564,375
28,900	EG & G INC	1,159,613
57,000	EL PASO ELEC CO	869,250
21,000	ELECTRO BIOLOGY INC	152,250
22,000	ELECTRO CATHETER CORP	401,500
21,500	ELECTRO NUCLEONICS INC	344,000
12,000	ELECTROSPACE SYSTEMS	288,000
52,100	EMERSON ELECTRIC	3,822,838
22,000	EMERY AIR FREIGHT CORP.	371,250
25,300	EMHART CORP VA	755,838

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
40,200	EMULEX CORP	\$ 301,500
27,400	ENGLEHARD CORP	719,250
45,000	ENSERCH CORP.	1,136,250
43,900	ENTERRA CORP	499,363
36,000	ENTEX	661,500
29,000	ENZO BIOCHEM INC	355,250
14,000	EQUITABLE RES INC	661,500
23,000	ESTERLINE CORP	414,000
70,000	ETHYL CORP.	1,715,000
45,000	EVANS & SUTHERLAND COMPUTER CO	703,125
19,000	EX CELL O CORP	738,625
646,400	EXXON CORPORATION	34,824,800
37,000	FAIRCHILD INDS INC	550,375
50,000	FALCONBRIDGE LTD	675,000
51,000	FAMILY DLR STORES INC	1,319,625
35,700	FARM FRESH INC	535,500
49,500	FARM HOUSE FOODS CORP	179,438
29,000	FARMERS GROUP INC.	1,870,500
11,700	FAYS DRUG INC	108,225
21,000	FEDERAL CO	824,250
33,000	FEDERAL EXPRESS CORP.	1,464,375
49,500	FEDERAL NATL. MTG.	1,027,125
32,000	FEDERAL PAPER BRD INC	612,000
18,000	FEDERAL-MOGUL CORP	668,250
36,400	FEDERATED DEPT. STORES	2,320,500
10,000	FERRO CORP	298,750
36,000	FIDELCOR	1,134,000
26,000	FIRESTONE TIRE & RUBR CO	559,000
36,000	FIRST ALA BANCSHARES INC	1,062,000
57,750	FIRST ATLANTA CORP	1,465,406
25,600	FIRST BANK SYSTEM	1,014,400
14,700	FIRST BOSTON INC	1,201,725
35,300	FIRST CHICAGO CORP	785,425
35,000	FIRST CITY BANKCORP TEXAS	420,000
47,600	FIRST EXECUTIVE CORP DEL	595,000
15,700	FIRST FIDELITY BANCORP	914,525
10,000	FIRST FLA BKS INC.	277,500
38,500	FIRST INTERSTATE BANCORP.	2,131,938
7,000	FIRST JERSEY NAT'L. CO.	232,750
26,850	FIRST KY NATL CORP	815,569
29,000	FIRST SEC CORP DEL	663,375

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY		MARKET VALUE
26,200	FIRST TENN NATL CORP	\$	1,048,000
27,000	FIRST UN CORP		1,093,500
16,000	FLEET FINANCIAL GROUP INC		662,000
19,900	FLEETWOOD ENTER. INC.		432,825
26,200	FLEMING COS.		992,325
34,500	FLIGHTSAFETY INTL INC		966,000
54,000	FLOATING POINT SYS INC		1,572,750
37,500	FLORIDA FED. S & L		726,563
28,500	FLORIDA NATL BKS FLA INC		1,179,188
35,000	FLORIDA PROGRESS CORP		975,625
52,500	FLOWERS INDUSTRIES		990,938
14,300	FLUKE JOHN MFG.		359,288
55,000	FLUOR CORP		948,750
25,000	FMC CORP.		1,712,500
17,000	FOOD LION CORP		297,500
152,150	FORD MOTOR CO.		6,865,769
27,000	FOREST OIL CORP		486,000
23,000	FORT HOWARD PAPER CO.		1,673,250
47,000	FOSTER WHEELER CORP		628,625
5,032	FOTOMAT CORP		8,177
19,000	FOXBORO CO		484,500
83,600	FPL GROUP INC.		2,142,250
69,000	FREEPORT-MCMORAN INC		1,336,875
42,000	FREMONT GEN CORP		1,123,500
22,500	FRUEHAUF CORP.		495,000
24,000	FUQUA INDS INC		768,000
30,000	GAF CORP		1,027,500
62,100	GANNETT INC.		3,904,538
30,000	GATX		851,250
18,800	GCA CORP		324,300
40,000	GEARHART INDS INC		400,000
15,000	GEICO CORP.		1,132,500
29,000	GELCO CORPORATION		551,000
20,808	GENCORP		996,183
17,000	GENENTECH INC		803,250
5,000	GENERAL BANCSTHRS CORP		212,500
22,000	GENERAL CINEMA CORP		849,750
44,000	GENERAL DATACOMM INDS INC		544,500
42,100	GENERAL DYNAMICS		3,131,188
368,300	GENERAL ELECTRIC CO.		22,788,563
49,300	GENERAL FOODS CORP.		3,993,300

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
68,625	GENERAL HOST CORP	\$ 1,158,047
23,800	GENERAL INSTRUMENT CORP	377,825
52,000	GENERAL MILLS INC.	3,308,500
43,260	GENERAL MOTORS CORP CL E	1,795,290
257,400	GENERAL MOTORS CORP.	18,532,800
57,000	GENERAL NUTRITION INC	277,875
61,700	GENERAL PUBLIC UTILITIES CORP.	871,513
34,100	GENERAL RE CORP.	2,898,500
26,000	GENERAL SIGNAL CORP.	1,192,750
77,000	GENETIC SYS CORP	567,875
17,800	GENRAD INC.	302,600
16,000	GENSTAR LTD.	380,000
41,100	GENUINE PARTS COMPANY	1,376,850
14,200	GEORGE A HORMEL & CO	482,800
78,800	GEORGIA PACIFIC CORP.	1,871,500
26,050	GERBER PRODS CO	901,981
10,000	GIFFORD HILL & CO INC	223,750
23,700	GILLETTE COMPANY	1,392,375
10,000	GOLDEN ENTERPRISES	192,500
21,000	GOLDEN WEST FINANCIAL	777,000
25,100	GOODRICH (B.F.)	800,063
79,600	GOODYEAR TIRE & RUBBER	2,348,200
34,400	GOULD INC.	864,300
35,000	GOULDS PUMPS INC	595,000
10,000	GR. AMER. FIRST SVGS BK SAN D	215,000
39,800	GR. WESTERN FINANCIAL	1,154,200
36,700	GRACE W R & CO	1,481,763
20,000	GRAINGER W W INC	672,500
40,000	GREAT ATLANTIC & PAC TEA INC	645,000
26,400	GREAT LAKES CHEMICAL CORP	1,032,900
19,000	GREAT NORTHN NEKOOSA CORP	731,500
25,000	GREENTREE ACCEPT. INC.	618,750
36,200	GREYHOUND CORP.	1,081,475
53,002	GROW CHEM CORP	596,273
33,600	GRUMMAN CORP.	1,033,200
160,700	GTE CORP.	6,488,263
59,100	GULF & WESTERN INDUS.	2,304,900
81,400	GULF BROADCASTING	1,231,175
63,000	GULF CDA LTD	850,500
20,000	GULF STREAM AEROSPACE	372,500
74,000	GULF STS UTILS CO	1,147,000

MINNESOTA STATE BOARD OF INVESTMENT
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JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
29,500	HALL FRANK B & CO INC	\$ 848,125
94,100	HALLIBURTON INC.	2,752,425
44,000	HAMILTON OIL CORP	709,500
21,000	HAMMERMILL PAPER CO	795,375
38,000	HANDY & HARMAN	698,250
19,000	HANOVER INS. CO	836,000
29,500	HARCOURT BRACE JOVAN.	2,031,813
34,000	HARLAND JOHN H CO	1,198,500
12,300	HARPER ROW PUBLISHERS INC DL	359,775
30,900	HARRIS CORP.	876,788
28,000	HARSCO CORP	819,000
17,500	HARTFORD NATL CORP	542,500
21,000	HARTMARX CORP	761,250
10,500	HARVERTY FURNITURE COS INC	231,000
19,800	HAWAIIAN ELEC INDS INC	465,300
10,000	HAZELTINE CORP	257,500
30,000	HBO & CO	660,000
25,000	HECLA INC.	400,000
68,700	HEINZ H.J. & CO.	3,752,738
40,000	HEIZER DEP. REC.	35,000
25,000	HELMERICH & PAYNE INC	503,125
42,400	HERCULES INCORPORATED	1,494,600
34,400	HERSHEY FOODS CORP	1,625,400
206,900	HEWLETT PACKARD CO.	7,241,500
32,000	HILLENBRAND INDS INC	792,000
16,000	HILTON HOTELS CORP	1,046,000
41,800	HM FED SVG&LN ASSN S.D.CALIF	1,081,575
30,000	HOGAN SYSTEMS	116,250
29,000	HOLIDAY CORP	1,613,125
43,135	HOLLY CORP (NEW)	620,058
16,000	HOME DEPOT INC.	212,000
52,250	HOMESTAKE MNG CO	1,280,125
36,400	HONEYWELL INC.	2,243,150
24,400	HOOVER CO	661,850
63,900	HOSPITAL CORP. OF AMER.	3,099,150
6,500	HOUGHTON MIFFLIN CO.	265,688
37,000	HOUSEHOLD INTL.	1,359,750
70,400	HOUSTON INDUSTRIES INC.	1,997,600
10,300	HOWARD SVGS BK LIVINGSTON N J	239,475
28,000	HUBBARD REAL ESTATE INVTs	738,500
21,000	HUBBELL HARVEY B.	887,250

MINNESOTA STATE BOARD OF INVESTMENT
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ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
42,900	HUGHES TOOL	\$ 568,425
98,340	HUMANA INC.	3,318,975
5,000	HUNTINGTON BANCSHARES INC	231,250
38,500	HYBRITECH INC.	972,125
39,986	I C INDUSTRIES	1,404,508
46,000	I M S INTL INC	1,311,000
36,800	IDAHO PWR CO	864,800
5,672	IDC SVCS INC	50,339
30,000	IDEAL BASIC INDS INC	348,750
37,400	ILLINOIS POWER CORP	1,014,475
24,000	ILLINOIS TOOL WKS INC	768,000
37,900	IMPERIAL OIL CO. LTD.	1,340,713
72,700	INCO INC.	963,275
53,900	INEXCO OIL CO	276,238
20,200	INGERSOLL RAND	982,225
30,500	INLAND STEEL CORP.	674,813
42,000	INSILCO CORP.	808,500
30,000	INTEGRATED RESOURCES INC.	622,500
85,600	INTEL CORP.	2,225,600
35,000	INTELLIGENT SYS CORP	214,375
17,000	INTERCO	1,134,750
52,500	INTERFIRST CORP.	544,688
38,600	INTERGRAPH CORP.	1,177,300
1,116	INTERNATIONAL CAP EQUIP. LTD	4,604
26,000	INTERNATIONAL MULTIFOODS CORP	867,750
33,600	INTERNORTH INC.	1,478,400
28,000	INTERPUBLIC GROUP	1,162,000
10,900	INTERSTATE BAKERIES CORP NEW	200,288
11,000	INTERSTATE PWR CO	242,000
496,672	INTL. BUSINESS MACHINES	61,463,160
37,200	INTL. FLAVORS & FRAG.	1,116,000
26,700	INTL. MINERALS & CHEM.	1,088,025
37,100	INTL. PAPER CO.	1,817,900
30,800	IOWA ELEC LT & PWR CO	631,400
26,000	IOWA ILL GAS & ELEC CO	841,750
24,000	IOWA RESOURCES INC.	906,000
22,000	IPALCO ENTERPRISES	816,750
28,000	IRVING BK CORP	1,088,500
44,000	ISC SYS CORP	550,000
107,800	ITT CORP	3,449,600
26,000	IU INTL CORP	344,500

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
21,000	JAMES RIV CORP VA	\$ 679,875
27,000	JEFFERSON PILOT CORP.	1,137,375
40,000	JERRICO INC	835,000
163,500	JOHNSON & JOHNSON	7,582,313
35,790	JOHNSON CONTROLS	1,525,549
36,000	JOSTENS INC	900,000
17,000	JOY MFG CO	408,000
27,750	JWT GROUP INC.	943,500
92,500	K MART CORPORATION	3,549,688
22,000	K N ENERGY INC.	797,500
32,800	KAISER ALUM & CHEM CORP	434,600
54,000	KANEB SERVICES	438,750
35,000	KANSAS CITY PWR & LT CO	813,750
6,100	KANSAS CITY SO. IND.	322,538
38,000	KANSAS GAS & ELEC CO	665,000
20,400	KANSAS PWR & LT CO	800,700
21,000	KATY INDS INC	372,750
42,000	KAUFMAN & BROAD INC	661,500
54,000	KAYDON CORP	492,750
73,000	KELLOGG CO	4,261,375
16,045	KEMPER CORP.	946,655
19,000	KENNAMETAL INC	372,875
5,000	KENTUCKY CENT LIFE INS CO	198,125
29,000	KENTUCKY UTILS CO	848,250
8,800	KERR GLASS MFG CORP	96,800
39,000	KERR MCGEE CORP.	1,140,750
31,000	KEY PHARMACEUTICAL	306,125
30,000	KIDDE INC.	1,061,250
35,000	KIMBERLY CLARK CORP	2,069,375
66,300	KLA INSTRS CORP	1,243,125
53,000	KLM ROYAL DUTCH AIR	914,250
45,000	KNIGHT RIDDER INC.	1,743,750
33,000	KOPPERS INC	585,750
34,200	KROGER COMPANY	1,551,825
24,000	KROY INC	156,000
25,000	LA QUINTA MTR INNS INC	350,000
33,333	LANCE INC.	958,324
30,500	LANDMARK BKG CORP FLA	590,938
9,000	LAWSON PRODS INC	257,625
48,000	LAWTER INTL INC	516,000
15,000	LEAR SIEGLER INC.	840,000

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
44,000	LEE DATA CORP.	\$ 225,500
30,300	LEVI STRAUSS & CO.	1,068,075
17,000	LEVITZ FURNITURE	658,750
11,000	LIBBEY OWENS FORD CO	503,250
30,000	LIEBERT CORP	600,000
54,900	LILLY ELI & CO	4,748,850
105,400	LIMITED INC.	2,635,000
38,000	LIN BROADCAST. CORP.	1,159,000
32,000	LINCOLN NATL CORP IND	1,324,000
34,800	LITTON INDS INC.	2,862,300
29,000	LIZ CLAIBORNE INC.	1,348,500
47,670	LOCKHEED AIRCRAFT CORP	2,443,088
20,000	LOCTITE CORP	635,000
62,250	LOEWS CORP	3,081,375
26,000	LOMAS & NETTLETON FINL CORP	897,000
25,000	LONE STAR INDUSTRIES	606,250
16,881	LONE STAR STL CO	130,828
26,000	LONG DRUG STORES INC	796,250
20,000	LORAL CORP	720,000
16,000	LOUISIANA LD & EXPL CO	516,000
21,218	LOUISIANA PAC. CORP.	469,448
28,000	LOUISVILLE GAS & ELEC CO	864,500
35,200	LOWES COMPANY	946,000
36,000	LTX CORP	477,000
37,000	LUBRIZOL CORP	818,625
37,600	LUCKY STORES	855,400
14,000	LUKENS STL CO	197,750
6,000	LYNCH COMMUNICATIONS SYS INC	146,250
42,000	M/A COM	819,000
32,400	MACK TRUCKS INC.	340,200
14,800	MACMILLAN INC.	518,000
39,000	MACY R.H. & CO.	2,018,250
16,000	MAGIC CHEF INC	664,000
200	MANAGEMENT ASSISTANCE INC	475
19,000	MANOR CARE INC	543,875
35,500	MANUFACTURERS HAN. CORP.	1,397,813
27,000	MAPCO INC	945,000
33,000	MARINE MIDLAND BKS INC	1,192,125
45,800	MARION LABS INC	1,683,150
20,800	MARRIOTT CORP.	1,963,000
27,000	MARSH & MCCLENNAN	1,950,750

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ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
22,000	MARSHALL INDUSTRIES	\$ 363,000
27,400	MARTIN MARIETTA	1,582,350
40,700	MARY KAY COSMETICS	493,488
31,400	MARYLAND NATIONAL CORP	969,475
42,500	MASCO CORP	1,498,125
9,125	MASCO INDS	540,656
9,992	MATERIAL SCIENCES CORP	187,350
31,250	MATRIX CORP N J	777,344
32,850	MAY DEPT. STORES CO.	1,827,281
8,000	MAYTAG CO.	418,000
36,400	MCA INC.	2,179,450
22,000	MCCORMICK & CO INC	770,000
26,200	MCDERMOTT INTL INC	681,200
67,425	MCDONALDS CORP.	4,618,613
30,400	MCDONNELL DOUGLAS CORP.	2,306,600
32,000	MCFARLAND ENERGY INC	356,000
47,400	MCGRAW HILL INC.	2,334,450
173,300	MCI COMMUNICATION	1,884,638
8,000	MCINTYRE MINES LTD	220,000
9,000	MCKESSON CORP	425,250
55,850	MCORP	1,186,813
6,700	MDU RESOURCES GROUP	246,225
22,300	MEAD CORP.	942,175
11,000	MEDIA GEN INC	951,500
30,900	MEDTRONIC INC.	1,015,838
19,000	MEI CORP.	736,250
22,000	MELLON BANK CORP	1,188,000
48,700	MELVILLE CORPORATION	2,337,600
15,000	MERCANTILE BANCORPORATION INC	551,250
11,000	MERCANTILE STORES INC	742,500
60,300	MERCK & COMPANY INC.	6,791,288
15,000	MEREDITH CORP	1,068,750
33,000	MERIDIAN BANCORP INC	1,134,375
73,900	MERRILL LYNCH & CO. INC.	2,392,513
33,700	MGMT. SCIENCE AMER.	522,350
15,000	MICOM SYS INC	303,750
24,000	MIDCON CORPORATION	1,125,000
141,900	MIDDLE SOUTH UTILS INC	2,039,813
35,000	MIDLAND ROSS CORP	551,250
16,000	MIDLANTIC BKS INC	624,000
25,400	MILLER HERMAN INC.	911,225

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 ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
 JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
22,000	MILLIPORE CORP.	\$ 863,500
91,400	MINNESOTA MNG & MFG CO	7,129,200
25,000	MINNESOTA PWR & LT CO	968,750
25,000	MINNETONKA INC	212,500
33,900	MITCHELL ENERGY	444,938
47,000	MITEL CORP	299,625
334,300	MOBIL CORPORATION	10,070,788
18,800	MOLEX INC	639,200
17,000	MONARCH CAPITAL CORP.	756,500
52,900	MONOLITHIC MEMORIES INC	674,475
60,400	MONSANTO CO.	2,921,850
25,000	MONTANA PWR CO	706,250
87,300	MOORE CORP LTD	1,746,000
15,250	MOORE FINL GROUP INC IDAHO	406,031
10,000	MOORE MCCORMACK RES INC	257,500
61,400	MORGAN J P & COMPANY INC.	3,162,100
23,000	MORRISON KNUDSEN CORP	963,125
30,000	MORTON THIOKOL	1,020,000
95,200	MOTOROLA INCORPORATED	3,248,700
18,000	MULTIMEDIA INC.	1,037,250
25,000	MURPHY OIL	706,250
55,500	MYLAN LABS INC	1,332,000
14,400	N.W. NATL. LIFE	417,600
63,200	NABISCO BRANDS	5,221,900
30,000	NALCO CHEMICAL CO.	727,500
17,000	NATIONAL BANKSHARES CORP.	386,750
18,000	NATIONAL CITY CORP	812,250
43,750	NATIONAL CONVENIENCE STORES	590,625
33,000	NATIONAL DATA CORP	412,500
28,000	NATIONAL DISTILLERS & CHEM	906,500
14,500	NATIONAL GYPSUM CO	672,438
20,300	NATIONAL INTERGROUP INC	545,563
27,900	NATIONAL SVC INDS INC	833,513
33,800	NATL PATENT DEVEL CORP	460,525
49,375	NATL. MED. ENTER. INC.	1,561,484
64,300	NATL. SEMICONDUCTOR	771,600
32,000	NBD BANCORP INC	1,140,000
18,000	NBI INC	326,250
26,000	NCNB CORP.	1,131,000
82,400	NCR CORP.	2,523,500

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BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
27,500	NETWORK SYSTEMS CORP.	\$ 622,188
26,000	NEVADA PWR CO	822,250
20,500	NEW ENGLAND BUSINESS SVC INC	527,875
16,069	NEW ENGLAND ELEC SYS	701,010
10,300	NEW PROCESS CO	199,563
37,000	NEW YORK ST ELEC & GAS CORP	1,008,250
40,800	NEW YORK TIMES CO	1,953,300
21,000	NEWHALL LD & FARMING CO CALIF.	1,202,250
25,700	NEWMONT MINING	1,072,975
15,000	NEWPORT CORP	348,750
76,400	NIAGARA MOHAWK PWR CORP	1,547,100
23,100	NICOR INC	765,188
46,000	NIKE INC.	494,500
52,500	NL INDUSTRIES	570,938
23,400	NO. AMERICAN PHILIPS CORP.	819,000
23,294	NO. STS. POWER CO. MINN.	1,150,141
33,500	NOBLE AFFILIATES INC	498,313
18,000	NORDSTROM INC	909,000
47,600	NORFOLK SOUTHERN CORP	3,260,600
18,900	NORSTAR BANCORP	862,313
13,000	NORTH AMERN COAL CORP	698,750
80,000	NORTHEAST UTILITIES	1,340,000
50,200	NORTHERN IND PUB SVC CO	608,675
39,000	NORTHERN TELECOM LTD.	1,408,875
34,500	NORTHROP CORP	1,798,313
3,419	NORTHWEST INDS INC	175,651
2,500	NORTHWEST NAT GAS CO	49,375
11,000	NORTON CO	396,000
30,700	NORWEST CORP.	836,575
14,000	NOXELL CORP	768,250
23,000	NUCOR CORP	845,250
70,000	NUTRI SYS INC	253,750
16,400	NWA INC.	887,650
79,960	NYNEX	7,136,430
83,300	OCCIDENTAL PETE CORP	2,832,200
39,000	OCEAN DRILLING & EXPL CO	823,875
24,000	OGDEN CORP.	702,000
14,000	OHIO CAS CORP	864,500
106,200	OHIO EDISON CO	1,632,825
19,000	OHIO MATTRESS CO.	239,875
33,000	OKLAHOMA GAS & ELEC CO	866,250

MINNESOTA STATE BOARD OF INVESTMENT
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ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
26,250	OLD REP INTL CORP	\$ 902,344
27,400	OLIN CORP	869,950
25,000	OMNICARE INC	168,750
24,000	ONEOK INC	768,000
24,900	OPTICAL RADIATION CORP	1,052,025
8,100	ORANGE & ROCKLAND UTILS INC	225,788
26,600	OUTBOARD MARINE CORP	605,150
16,000	OVERNITE TRANSPORT	502,000
40,000	OVERSEAS SHIPHOLDING GROUP INC	635,000
16,300	OWENS CORNING FIBER. CORP.	576,613
21,500	OWENS ILLINOIS INC.	1,005,125
34,000	OXFORD INDS INC	467,500
11,000	PACCAR INC	453,750
249,400	PACIFIC GAS & ELEC. CO.	4,894,475
26,000	PACIFIC LMBR CO	682,500
24,800	PACIFIC LTG CORP	1,134,600
79,660	PACIFIC TELESIS GROUP	6,243,353
43,100	PACIFICORP	1,303,775
18,100	PAINE WEBBER	635,763
24,300	PALL CORP	871,763
28,500	PANDICK INC	456,000
31,900	PANHANDLE EASTN CORP	1,156,375
33,000	PANSOPHC SYS INC	742,500
71,480	PARADYNE CORP	732,670
90,000	PARKER DRILLING CO	450,000
21,000	PARKER HANNIFIN CORP	700,875
37,080	PARKER PEN CO	695,250
30,000	PAYLESS CASHWAYS	551,250
30,600	PENN CENT CORP	1,625,625
56,200	PENNEY J.C. INC.	2,894,300
51,600	PENNSYLVANIA PWR & LT CO	1,386,750
16,000	PENNWALT CORP	586,000
37,000	PENNZOIL CO.	1,887,000
32,500	PENTAIR INC	910,000
44,000	PEOPLES ENERGY CORP	748,000
30,000	PEOPLES EXPRESS AIRLS INC	307,500
25,000	PEP BOYS MANNY MOE & JACK	1,093,750
87,600	PEPSICO INCORPORATED	5,266,950
33,500	PERKIN ELMER	854,250
25,000	PETRIE STORES CORP.	1,046,875
24,000	PETROLITE CORP	672,000

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
127,000	PFIZER INCORPORATED	\$ 6,286,500
48,100	PHELPS DODGE	817,700
19,000	PHH GROUP INC	612,750
117,900	PHIBRO-SALOMON	5,025,488
127,200	PHILADELPHIA ELEC. CO.	1,955,700
63,000	PHILLIPS PETROLEUM CO.	2,401,875
25,700	PHILLIPS VAN HEUSEN CORP	636,075
35,000	PIC N SAVE CORP.	975,625
14,400	PIEDMONT AVIATION	478,800
42,100	PILLSBURY COMPANY	2,273,400
28,000	PIONEER CORP	689,500
30,000	PIONEER HI-BRED INT'L.	982,500
27,600	PITNEY BOWES INC.	1,238,550
56,500	PITTSTON CO	635,625
30,600	PNC FINANCIAL	1,858,950
30,000	POGO PRODUCING CO	487,500
13,900	POLAROID CORP.	437,850
23,000	POLICY MGMT. SYS. CORP.	500,250
27,000	PONDEROSA SYSTEM INC.	293,625
38,900	POPE & TALBOT	753,688
40,000	PORTLAND GEN ELEC CO	860,000
22,400	POTLATCH CORP	781,200
33,000	POTOMAC ELEC. & PWR.	1,060,125
53,500	PPG INDUSTRIES INC.	2,240,313
30,000	PREMIER INDL CORP	645,000
12,000	PRICE CO	786,000
14,500	PRIMARK CORP	551,000
37,400	PRIME COMPUTER INC.	701,250
32,000	PRIME MTR INNS INC	1,024,000
138,200	PROCTOR & GAMBLE	7,773,750
44,000	PROVIDENT LIFE & ACC INS CO	1,001,000
28,000	PSA INC	808,500
35,000	PUBLIC SVC CO COLO	835,625
35,000	PUBLIC SVC CO N MEX	980,000
90,300	PUBLIC SVC ELEC & GAS CO	2,754,150
59,000	PUGET SOUND PWR & LT CO	914,500
33,700	PULTE HOME CORP	564,475
10,000	PURITAN BENNETT CORP	210,000
11,000	PUROLATOR COURIER CORP	277,750
31,000	QUAKER OATS CO	1,615,875
35,400	QUAKER ST OIL REFNG CORP	774,375

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JUNE 30, 1985

NO. OF SHARES	SECURITY		MARKET VALUE
19,500	QUANTUM CORP.	\$	472,875
26,000	QUESTAR CORP		822,250
21,000	QUICK & REILLY GROUP INC		504,000
49,200	QUOTRON SYSTEMS INC.		559,650
25,000	R.P.M. INC OHIO		362,500
40,000	RAINIER BANCORPORATION		1,220,000
91,200	RALSTON PURINA CO.		4,058,400
77,000	RANGER OIL LTD		231,000
34,000	RANSBURG CORP		556,750
6,000	RAYCHEM CORP		372,000
65,700	RAYTHEON COMPANY		3,285,000
58,900	RCA CORP.		2,805,113
62,200	READING & BATES CORP		536,475
40,000	REDMAN INDS INC		345,000
58,000	REEVES COMMUNICATIONS CORP		696,000
2,508	RE PUB. PICTURES CORP CL A		14,108
25,000	REPUBLIC BANK CORP		762,500
23,300	REPUBLIC N Y CORP		1,042,675
11,000	RESORT INTL.		470,250
24,350	REVCO D.S.		602,663
27,700	REVLON INCORPORATED		1,128,775
45,000	REXNORD INC		618,750
20,000	REYNOLDS & REYNOLDS CO		835,000
21,000	REYNOLDS METALS CO		719,250
44,000	RIBI IMMUNOCHEM RESH INC		357,500
24,000	RICHARDSON VICKS		864,000
51,000	RITE AID CORP		1,370,625
39,800	ROADWAY SVCS INC		1,154,200
18,500	ROBERTSON H H CO		499,500
54,100	ROBINS A.H. INC.		953,513
34,000	ROCHESTER GAS & ELEC CORP		790,500
22,000	ROCHESTER TEL CORP		849,750
116,900	ROCKWELL INTL CORP		4,354,525
19,800	ROHM & HAAS CO		1,304,325
19,800	ROHR INDS INC		1,098,900
21,000	ROLLINS COMMUNICATIONS INC		532,875
35,000	ROLLINS INC		367,500
29,342	RORER GROUP INC.		1,074,654
44,000	ROUSE CO		1,045,000
56,000	ROWAN COMPANIES INC		476,000
91,000	RPC ENERGY SVCS INC		318,500

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NO. OF SHARES	SECURITY	MARKET VALUE
19,000	RUBBERMAID INC	\$ 997,500
29,000	RYAN HOMES INC.	793,875
12,000	RYANS FAMILY STEAK HOUSES INC	204,000
54,140	RYDER SYSTEMS INC.	1,549,758
37,000	RYKOFF S E & CO	888,000
33,000	SABINE CORP	519,750
38,400	SAFECO CORPORATION	1,550,400
25,200	SAFEGUARD BUSINESS SYS INC	450,450
28,500	SAFETY KLEEN CORP	1,018,875
57,400	SAFEWAY STORES INC.	1,944,425
18,000	SAGA CORP.	488,250
50,000	SALEM CARPET MLS INC	243,750
37,000	SAN DIEGO GAS & ELEC CO	1,012,875
21,700	SANDERS ASSOCIATES	802,900
146,245	SANTA FE SO. PACIFIC CORP.	4,862,646
52,000	SARA LEE	2,242,500
11,900	SAVANNAH FOODS & INDS INC	473,025
36,000	SCANA	990,000
38,500	SCHERING PLOUGH CORP	1,722,875
250,620	SCHLUMBERGER LTD	9,680,198
48,900	SCI SYS INC	592,913
33,000	SCIENTIFIC ATLANTA INC	391,875
27,000	SCITEX LTD	425,250
19,000	SCM CORP	874,000
27,000	SCOA INDS INC	843,750
15,300	SCOTT & FETZER COMPANY	927,563
44,900	SCOTT PAPER CO.	1,852,125
16,000	SCOVILL	672,000
41,400	SEAGATE TECHNOLOGY	258,750
14,500	SEALED AIR CORP	396,938
18,400	SEALED POWER CORP	476,100
37,300	SEARLE GD & CO.	2,014,200
293,800	SEARS ROEBUCK & COMPANY	11,274,575
10,000	SECURITY BANCORP INC DEL	252,500
57,270	SECURITY PACIFIC CORP.	1,746,735
29,400	SENSORMATIC ELECTRS CORP	238,875
36,750	SERVICE CORP. INT'L	1,410,281
44,000	SERVICE MERCHANDISE	638,000
31,500	SERVICEMASTER INDS INC	661,500
17,690	SFN COS INC NEW SER A EXC 16.2	143,731
34,000	SHAKLEE CORP	476,000

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NO. OF SHARES	SECURITY		MARKET VALUE
20,700	SHARED MED. SYSTEMS CORP.	\$	605,475
15,000	SHAWMUT CORP		570,000
22,000	SHELLER GLOBE CORP		605,000
25,000	SHERWIN WILLIAMS CO.		962,500
37,333	SHONEYS INC		1,124,657
12,800	SIERRA PAC RES		243,200
84,500	SIGNAL COS INC		3,580,688
25,000	SINGER CO.		918,750
34,800	SKYLINE CORP.		456,750
43,000	SMITH INTL INC		365,500
61,800	SMITHKLINE-BECKMAN CORP.		4,302,825
11,000	SMUCKER J M CO		737,000
21,200	SNAP ON TOOLS CORP		826,800
6,500	SO. CAROLINA NATL. CORP.		250,250
10,000	SOCIETY CORP		475,000
39,900	SONAT INC.		1,436,400
17,000	SONOCO PRODS CO		420,750
10,000	SOUTH JERSEY INDS INC		288,750
11,024	SOUTHDOWN INC.		471,276
28,000	SOUTHEAST BKG CORP		959,000
10,000	SOUTHERN BANCORPORATION INC		240,000
177,200	SOUTHERN CALIF. EDISON		4,740,100
193,900	SOUTHERN CO		4,290,038
21,000	SOUTHERN NEW ENGLAND TEL CO		861,000
31,000	SOUTHERN UN CO.		945,500
27,874	SOUTHLAND CORP.		1,038,307
39,000	SOUTHLAND RTY CO		526,500
8,333	SOUTHTRUST CORP		143,744
21,250	SOUTHWEST AIRLINES		589,688
79,460	SOUTHWESTERN BELL CORP.		6,674,640
32,000	SOUTHWESTERN ENERGY CO		840,000
37,000	SOUTHWESTERN PUB SVC CO		952,750
21,050	SOVRAN FINANCIAL CORP.		934,094
45,600	SPERRY CORP.		2,416,800
21,000	SPRINGS INDS INC		679,875
22,100	SQUARE D CO		875,713
40,100	SQUIBB CORP.		2,531,313
38,000	SRI CORP		731,500
31,000	ST JUDE MED INC		426,250
15,600	ST. PAUL COS. INC.		1,131,000
41,000	STALEY CONTL INC		922,500

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ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
36,500	STANDARD BRANDS PAINT CO	\$ 862,313
20,400	STANDARD MICROSYSTEMS CORP	290,700
34,000	STANDARD MTR PRODS INC	408,000
89,200	STANDARD OIL CO. OHIO	4,181,250
15,600	STANDARD PRODS CO	298,350
6,000	STANDEX INTL.	82,500
28,700	STANLEY WKS	846,650
20,000	STATE STREET BOSTON CORP	1,340,000
47,300	STERLING DRUG INC	1,507,688
27,000	STEVENS J.P.	600,750
18,000	STONE CONTAINER CORP	492,750
15,000	STOP & SHOP INC.	690,000
19,000	STORER COMMUNICATIONS	1,486,750
25,000	STRYKER CORP	862,500
5,400	SUBARU OF AMERICA INC.	837,000
17,000	SUN BKS INC	658,750
88,400	SUN INC	4,408,950
14,800	SUNDSTRAND CORP	680,800
54,000	SUNSHINE MNG CO	378,000
28,600	SUPER VALU STORES INC.	1,093,950
19,000	SUPERMARKETS GEN CORP	878,750
22,000	SWIFT INDPT CORP	459,250
31,000	SYBRON CORP	573,500
25,600	SYNTEX CORPORATION	1,635,200
26,000	SYSCO CORP	952,250
24,000	SYSTEMS & COMPUTER TECHNOLOGY	102,000
12,000	TAFT BROADCASTING	904,500
12,000	TAMBRANDS INC.	942,000
32,600	TANDEM COMPUTERS INC	590,875
50,000	TANDON CORP.	243,750
81,300	TANDY CORP	2,906,475
24,000	TECO ENERGY INC	834,000
7,000	TECUMSEH PRODS CO	749,000
7,000	TEJON RANCH CO	1,363,250
14,800	TEKTRONIX INC	895,400
32,600	TELE COMMUNICATIONS INC	998,375
87,000	TELECOM PLUS INTL CORP	772,125
9,400	TELEDYNE INC.	2,419,325
19,000	TELEX CORP.	764,750
32,000	TELLABS INC	504,000
19,436	TEMPLE INLAND	655,965

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
115,300	TENNECO INC.	\$ 4,885,838
18,000	TERADYNE INC.	423,000
44,000	TESORO PETE CORP	478,500
195,200	TEXACO INC.	7,393,200
17,000	TEXAS AMERN BANCSHARES INC	548,250
31,500	TEXAS COMMERCE BANKSHARES	1,004,063
53,000	TEXAS EASTERN CORP.	1,788,750
17,742	TEXAS INDUSTRIES	483,470
19,400	TEXAS INSTRUMENTS	1,855,125
158,800	TEXAS OIL & GAS CORP.	2,600,350
106,700	TEXAS UTILITIES CO.	3,307,700
29,700	TEXTRON INC	1,633,500
19,800	THOMAS & BETTS CORP	702,900
23,000	THOMPSON MED CO INC	368,000
40,000	THRIFTY CORP	865,000
27,900	TIDEWATER INC.	401,063
38,400	TIE COMMUNICATIONS	187,200
50,100	TIME INC.	2,893,275
53,400	TIMES MIRROR CO	2,870,250
10,200	TIMKEN CO	483,225
17,000	TODD SHIPYARDS CORP	514,250
39,100	TOLEDO EDISON CO	821,100
34,000	TORCHMARK CORP	1,636,250
76,500	TOYS R US	3,060,000
20,000	TRACOR INC.	447,500
7,541	TRANS WORLD AIRL PFD .05	302
19,722	TRANS WORLD AIRLINES	379,649
48,500	TRANSAMERICA CORP	1,552,000
18,100	TRANSCO ENERGY CO.	843,913
1,131	TRANSCO EXPL. PART. LTD	25,029
21,200	TRANSWORLD CORP	840,050
69,700	TRAVELERS CORP.	3,223,625
9,000	TRIANGLE PAC CORP	255,375
20,000	TRINITY INDS INC.	270,000
21,000	TRUST CO GA ATLANTA	748,125
27,300	TRW INC.	2,044,088
23,500	TYCO LABS	925,313
44,000	TYLER CORP	649,000
68,000	TYSON FOODS INC	1,462,000
34,100	U S BANCORP	1,031,525
74,360	U.S. WEST CORP	6,023,160

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
26,600	UAL INC.	\$ 1,426,425
25,000	ULTIMATE CORP.	300,000
19,500	ULTRASYSTEMS INC	146,250
44,400	UNION CAMP CORP.	1,648,350
53,318	UNION CARBIDE CORP	2,479,287
95,500	UNION ELEC CO	1,838,375
89,000	UNION PACIFIC CORP.	4,249,750
20,000	UNIROYAL INC	412,500
74,000	UNITED ARTISTS THEATRE CIRCUIT	1,489,250
9,000	UNITED BKS COLO INC	232,875
45,500	UNITED BRANDS CO	767,813
28,000	UNITED ENERGY RES INC	756,000
28,000	UNITED ILLUM CO	525,000
17,000	UNITED STATES LEASING INTL INC	616,250
16,700	UNITED STATES SHOE CORP	645,038
80,700	UNITED STATES STL CORP	2,249,513
45,000	UNITED STATES SURGICAL CORP	900,000
20,500	UNITED STATIONERS INC	417,688
31,000	UNITED STOCKYARDS CORP	228,625
104,600	UNITED TECHNOLOGIES CORP.	4,340,900
65,200	UNITED TELECOM. INC.	1,507,750
22,000	UNITED VA BANKSHARES INC	1,056,000
23,000	UNITRODE CORP	615,250
19,300	UNIVERSAL FOODS CORP	521,100
50,000	UNIVERSAL HEALTH SVCS	950,000
79,980	UNOCAL CORP.	2,339,415
24,300	UPJOHN CO	2,630,475
20,000	US AIR GROUP	700,000
36,000	US FIDELITY & GUAR. CO.	1,323,000
35,400	USG CORP HOLDING CO.	1,504,500
23,000	USLIFE CORP	828,000
41,000	UTAH POWER & LIGHT COMPANY INC	1,060,875
32,400	V F CORP	1,231,200
59,200	VALERO ENERGY CORP	710,400
27,000	VALLEY NATIONAL CORP.	1,107,000
20,000	VALUE LINE INC	465,000
19,900	VARIAN ASSOC. INC.	584,563
30,000	VEECO INSTRS INC	566,250
22,000	VIACOM INTL.	1,050,500
30,000	VICORP RESTAURANTS INC	708,750
25,000	VLSI TECHNOLOGY INC	325,000

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
10,000	VULCAN MATLS CO	\$ 781,250
36,000	WACHOVIA CORP.	1,242,000
113,400	WAL-MART STORES INC.	6,194,475
50,000	WALGREEN CO	1,381,250
22,000	WALLACE COMPUTER SER, INC	811,250
12,500	WALTER JIM CORP	464,063
104,100	WANG LABS CL B	1,873,800
22,000	WARNACO INC.	552,750
52,200	WARNER COMMUNICATIONS	1,644,300
62,100	WARNER LAMBERT	2,693,588
10,500	WASHINGTON GAS LT CO	241,500
17,000	WASHINGTON MUT SVGS BK SEATTLE	259,250
36,000	WASHINGTON NATL CORP	828,000
10,000	WASHINGTON POST B	1,215,000
34,000	WASHINGTON WTR PWR CO	811,750
36,100	WASTE MANAGEMENT	2,193,075
24,000	WATKINS JOHNSON CO.	630,000
32,000	WD 40 CO	640,000
14,000	WELLS FARGO & CO.	833,000
24,000	WELLS FARGO MTG & EQUITY TR	660,000
86,400	WENDYS INTL INC	1,490,400
25,000	WEST INC	609,375
15,000	WEST POINT PEPPERELL INC.	611,250
6,500	WESTERN PAC INDS INC	819,000
12,920	WESTERN TEL COMM	169,575
132,600	WESTINGHOUSE ELEC. CO.	4,558,125
27,000	WESTMORELAND COAL CO	438,750
14,700	WESTVACO CORP	565,950
33,000	WETTERAU INC	915,750
99,700	WEYERHEUSER CO.	2,866,375
27,600	WHIRLPOOL CORP.	1,317,900
15,000	WHITE CONS INDS INC	410,625
36,600	WHITTAKER CORP	901,275
21,000	WILLAMETTE INDS INC.	824,250
24,900	WILLIAMS COS	709,650
32,200	WINN DIXIE STORES INC	1,175,300
81,900	WINNEBAGO IND INC.	900,900
26,400	WISCONSIN ELEC. POWER	1,006,500
24,000	WISCONSIN PUB SVC CORP	897,000
26,000	WISCONSIN PWR & LT CO	945,750
28,000	WISER OIL CO DEL	504,000

MINNESOTA STATE BOARD OF INVESTMENT
 BASIC RETIREMENT FUNDS
 ALPHABETICAL PASSIVE EQUITY FUND HOLDINGS
 JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
17,000	WITCO CHEMICAL CORP.	\$ 612,000
27,000	WOODS PETE CORP	594,000
23,800	WOOLWORTH F W CO	1,118,600
33,000	WORTHINGTON INDS INC	932,250
12,000	WRIGLEY WM JR CO	888,000
21,200	WYMAN-GORDON CO.	500,850
72,100	XEROX CORP	3,794,263
50,887	XIDEX CORP	706,057
24,000	XTRA CORP.	591,000
14,900	YELLOW FREIGHT SYSTEM	569,925
24,933	ZAYRE CORP.	1,433,648
18,900	ZENITH ELECTRONICS CORP	375,638
23,000	ZURN INDS INC	770,500
TOTAL EQUITY PORTFOLIO		\$ 1,571,923,011

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALPHABETICAL ACTIVE EQUITY MANAGER BOND HOLDINGS
JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
ALLIANCE CAPITAL MANAGEMENT				
800,000	REPUBLIC AIRLINES INC CV	12/15/2007	10.125%	\$ 824,000
TOTAL BOND PORTFOLIO				\$ 824,000
FORSTMANN LEFF ASSOCIATES				
6,200,000	U.S.A. TREASURY NOTE	05/15/1995	11.250%	6,603,000
TOTAL BOND PORTFOLIO				\$ 6,603,000
SIEBEL CAPITAL MANAGEMENT				
1,200,000	COOPERVISION CV	03/01/2005	8.625%	\$ 1,323,000
2,000,000	U.S.A. TREASURY NOTE	02/15/1988	10.375%	2,060,620
1,190,000	U.S.A. TREASURY NOTE	06/30/1988	13.625%	1,322,756
TOTAL BOND PORTFOLIO				\$ 4,706,376
MINNESOTA INDEX FUND - WILSHIRE ASSOCIATES				
8,760	GENERAL MOTORS CONT	10/28/1991	0.000%	0
1,578	MAI HLDGS INC	11/15/1997	16.000%	1,195
1,034,400	UNOCAL CORP.	05/15/1990	14.000%	1,105,515
1,655,000	UNOCAL CORP.	05/15/1991	12.125%	1,704,650
1,034,400	UNOCAL CORP.	05/15/1997	13.500%	1,084,827
TOTAL BOND PORTFOLIO				\$ 3,896,187

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 INVESTMENT ADVISORS
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
1,250,000	CITICORP	10/15/1989	12.875%	\$	1,322,838
7,002,625	COUPON TREAS RCPT	05/15/1992	0.000%		3,429,255
965,250	COUPON TREAS RCPT	08/15/1988	0.000%		716,486
769,625	COUPON TREAS RCPT	08/15/1988	0.000%		571,277
427,500	COUPON TREAS RCPT	08/15/1988	0.000%		317,325
50,000	INDIANA & MICH ELEC	02/01/1988	3.875%		42,059
1,000,000	PRIVATE EPT FDG CORP	10/30/1987	11.750%		1,049,100
1,986,000	PRIVATE EXPT FDG CORP	11/01/1990	12.350%		2,091,457
3,500,000	TREASURY INVT GROWTH RCP	05/15/1988	0.000%		2,686,285
650,000	U.S.A. TREASURY NOTE	08/15/1987	12.375%		693,264
1,000,000	U.S.A. TREASURY NOTE	08/15/1994	12.625%		1,131,250
3,000,000	U.S.A. TREASURY NOTE	11/15/1992	10.500%		3,067,500
10,000,000	U.S.A. TREASURY NOTE	05/15/1993	10.125%		9,987,500
2,000,000	UNITED STATES TREAS NTS	11/30/1986	10.375%		2,053,120
3,000,000	UNITED STATES TREAS NTS	02/15/1995	11.250%		3,181,860
500,000	UNITED STATES TREAS NTS	08/15/1990	9.875%		505,155
TOTAL BOND PORTFOLIO				\$	32,845,731

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 LEHMAN MANAGEMENT INC.
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
4,000,000	CAROLINA PWR & LT CO	04/01/1995	11.125%	\$	4,092,040
8,550,000	FED HM LN PC # 170122	05/01/2015	12.000%		8,699,625
7,600,000	FED HM LN PC # 170128	06/01/2015	11.500%		7,590,500
14,000,000	FEDERAL HOME LOAN BANKS	07/26/1993	11.700%		14,997,500
4,000,000	MOBIL CORP	09/15/2004	13.765%		4,385,240
4,000,000	MORGAN GTY TR CO NEW YOR	06/15/1987	8.625%		3,974,800
4,000,000	TEXACO CAP INC	01/15/2000	10.750%		4,070,040
7,000,000	U.S.A. TREASURY BOND	11/15/2002	11.625%		7,525,000
8,000,000	U.S.A. TREASURY NOTE	07/31/1986	12.625%		8,377,520
4,000,000	U.S.A. TREASURY NOTE	08/15/1987	12.375%		4,266,240
5,000,000	U.S.A. TREASURY NOTE	05/15/1992	13.750%		5,834,350
1,000,000	U.S.A. TREASURY NOTE	11/15/1988	11.750%		1,065,620
8,000,000	U.S.A. TREASURY NOTE	11/15/1994	11.625%		8,644,960
5,000,000	U.S.A. TREASURY NOTE	12/31/1988	10.625%		5,189,050
8,000,000	U.S.A. TREASURY NOTE	01/15/1992	11.625%		8,550,000
4,125,000	U.S.A. TREASURY NOTE	05/15/1995	11.250%		4,393,125
5,250,000	U.S.A. TREASURY NOTE	08/15/1989	13.875%		5,985,000
6,500,000	U.S.A. TREASURY NOTE	07/15/1991	13.750%		7,519,655
7,000,000	U.S.A. TREASURY NOTES	11/15/1993	11.750%		7,581,840
8,000,000	U.S.A. TREASURY NOTES	10/15/1991	12.250%		8,760,000
22,750,000	UNITED STATES TREAS NT	04/30/1987	9.750%		23,162,230
400,000	UNITED STATES TREAS NTS	11/30/1986	10.375%		410,624
5,000,000	UNITED STATES TREAS NTS	04/15/1991	12.375%		5,487,500
4,000,000	UNITED STATES TREAS NTS	03/31/1989	11.250%		4,230,000
2,000,000	UNITED STATES TREAS NTS	08/15/1990	9.875%		2,020,620
4,000,000	XEROX CR CORP	11/15/1988	14.250%		4,248,360
TOTAL BOND PORTFOLIO				\$	171,061,439

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 MORGAN STANLEY ASSET
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
14,873,940	FED HM LN # 17-114	02/01/2015	12.000%	\$	15,134,234
3,129,902	FED HM LN PC # 170024	02/01/2010	11.250%		3,098,603
5,107,608	FED HM LN PC # 170067	10/01/2012	13.500%		5,465,141
5,803,485	FED HM LN PC # 170090	12/01/2013	13.000%		6,122,676
10,980,267	FED HM LN PC # 170093	03/01/2014	12.500%		11,364,576
14,697,522	FED HM LN PC # 170110	01/01/2015	12.000%		14,954,729
9,985,004	FED HM LN PC # 170119	04/01/2015	12.500%		10,334,479
4,546,647	FED HM LN PC # 186439	09/01/2013	12.500%		4,705,780
7,955,578	FEDERAL HOME LN MTG CORP	10/01/2009	10.750%		7,716,911
4,460,191	FEDERAL HOME LOAN MORTAG	03/01/2008	8.750%		3,930,543
5,535,968	FEDERAL HOME LOAN MORTAG	05/01/2008	8.750%		4,878,572
4,262,992	FEDERAL HOME LOAN MORTAG	04/01/2009	9.750%		3,953,925
30,000,000	U.S.A. TREASURY NOTE	05/15/1995	11.250%		31,950,000
23,600,000	U.S.A. TREASURY NOTES	10/15/1991	12.250%		25,842,000
20,000,000	UNITED STATES TREAS NTS	08/15/1990	9.875%		20,206,200
16,000,000	UNITED STATES TREAS NTS	07/15/1992	10.375%		16,179,200
TOTAL BOND PORTFOLIO				\$	185,837,569

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 MILLER ANDERSON
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
2,200,000	CHEVRON CAP U S A INC	02/01/1990	11.000%	\$	2,276,560
2,925,000	COUPON TREAS RCPT	05/15/1988	0.000%		2,241,866
1,505,000	COUPON TREAS RECPT	05/15/1988	0.000%		1,153,507
1,671,644	EQUITABLE LIFE LEASING	05/01/1989	11.000%		1,439,520
1,612,739	EQUITABLE LIFE LEASING C	02/01/1989	10.325%		1,388,794
2,258,994	FED HM LN PC # 180221	09/01/2003	6.500%		1,797,549
3,993,666	FED HM LN PC # 185597	10/01/2005	8.250%		3,439,545
3,790,101	FED HOME LN # 185622	11/01/2007	8.250%		3,264,224
7,041,746	FEDERAL HOME LOAN	05/01/2010	8.000%		6,020,693
4,607,555	FEDERAL HOME LOAN #18126	03/01/2008	8.500%		4,014,332
2,019,865	FEDERAL HOME LOAN POOL #	10/01/2008	7.000%		1,641,140
2,919,262	FEDERAL HOME LOAN POOL #	06/01/2008	6.250%		2,299,123
1,969,598	FEDERAL HOME LOAN POOL #	06/01/2008	7.000%		1,600,298
4,265,558	FEDERAL HOME LOAN POOL #	07/01/2009	7.750%		3,576,969
5,395,329	FEDERAL HOME LOAN POOL #	07/01/2012	7.250%		4,441,057
7,669,783	FEDERAL NATIONAL MORTGAGE	02/01/2013	8.000%		6,521,386
5,678,969	FEDERAL NATIONAL MORTGAGE	08/01/2008	8.000%		4,828,657
7,121,503	FEDERAL NATIONAL MORTGAGE	05/01/2011	8.500%		6,213,511
7,926,074	FEDERAL NATIONAL MTG ASS	01/01/2009	8.250%		6,915,500
3,416,498	FIRST FED SVGS BK KANS	05/01/2003	8.717%		2,989,436
4,675,035	FNMA POOL # 015348	05/01/2004	7.000%		3,765,834
6,963,609	FNMA POOL # 020250	04/01/2008	7.750%		5,876,729
7,000,000	FORD MOTOR CR CORP	04/25/1989	11.100%		6,798,260
764,577	GNMA POOL # 013862	03/15/2007	7.500%		620,263
758,283	GNMA POOL # 015195	02/15/2007	7.500%		615,157
596,418	GNMA POOL # 015624	02/15/2007	7.500%		483,844
611,667	GNMA POOL # 015835	02/15/2007	7.500%		496,215
212,097	GNMA POOL # 016944	05/15/2007	7.500%		172,064
190,652	GNMA POOL # 017519	06/15/2007	7.500%		154,666
3,051,667	GNMA POOL # 017526	06/15/2007	7.500%		2,475,665
196,330	GNMA POOL # 019764	08/15/2007	7.500%		159,273
1,500,000	HIBERNIA NATL BK NEW ORL	12/22/1986	10.850%		1,520,625
1,656,380	HILL FINL PART CERT	01/01/1989	5.825%		1,548,715
5,338,947	MIDWEST FEDERAL SAVINGS	04/01/2011	8.810%		4,638,210
3,700,000	OCCIDENTAL PETE CORP	03/15/1994	10.690%		3,700,000
1,700,000	REPUBLIC NATL BK DALLAS	04/15/1988	10.550%		1,613,589
1,000,000	SECURITY PACIFIC CD	03/31/1988	11.000%		1,030,000
10,172,065	TALMAN FED SVGS & LN	03/01/2008	9.165%		8,913,272
3,500,000	TORONTO DOMINION CD	01/06/1989	11.000%		3,018,470
5,400,000	U.S.A. TREASURY BOND	11/15/2012	10.375%		5,292,000

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 MILLER ANDERSON
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
4,000,000	U.S.A. TREASURY BOND	02/15/2007	7.625%	\$ 3,027,480
6,295,000	U.S.A. TREASURY NOTE	08/15/1994	12.625%	7,121,219
17,920,000	U.S.A. TREASURY NOTE	08/15/1989	13.875%	20,428,800
11,201,281	UNITED SAVINGS HOUSTON	05/01/2008	9.041%	6,408,365
4,000,000	UNOCAL CORP.	05/15/1997	13.500%	4,195,000
4,798,708	VIRGINIA BEACH FED SAVIN	02/01/2000	8.247%	4,156,881
4,400,000	WELLS FARGO CORP	05/02/1988	10.600%	4,466,000
TOTAL BOND PORTFOLIO				\$ 170,760,263

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 NORWEST BANK MINNEAPOLIS
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
4,000,000	AMERICAN EXPRESS CREDIT	01/15/1991	12.875%	\$	4,269,080
4,000,000	AMERICAN TELEPHONE & TEL	03/15/1991	13.250%		4,195,640
1,800,000	BRITISH COLUMBIA HYDRO &	04/15/1991	14.500%		2,009,448
3,000,000	CHASE MANHATTAN CORP	11/01/1995	8.438%		2,948,130
3,000,000	CITICORP HOMEOWNERS MTG	10/01/1988	12.375%		3,183,750
1,875,280	FED HOME LN MTG #186018	07/01/2003	6.750%		1,504,913
3,405,709	FED HOME LN MTG #187782	05/01/2003	7.500%		2,835,253
4,000,000	FEDERAL HOME LN MTG CORP	01/31/1994	11.875%		4,202,480
1,750,000	FEDERAL HOME LN MTG CORP	11/01/1991	11.250%		1,787,188
5,356,702	FEDERAL HOME LOAN	11/01/2010	6.000%		4,164,836
2,030,104	FEDERAL HOME LOAN #18-73	10/01/2003	6.750%		1,629,159
1,820,719	FEDERAL HOME LOAN #18-88	05/01/2003	6.500%		1,536,741
4,250,000	FEDERAL HOME LOAN MORTAG	05/01/1994	12.625%		4,489,063
4,755,143	FEDERAL HOME LOAN MORTGA	01/01/2010	12.500%		4,921,573
4,308	FEDERAL HOME LOAN POOL	02/01/2003	7.500%		3,587
5,566,814	FEDERAL NATIONAL MORTGAGE	02/01/2003	6.750%		4,366,943
3,000,000	FIRST CHICAGO CORP	07/24/1996	8.750%		3,030,000
3,000,000	FLEET FINANCIAL GROUP IN	11/15/1994	11.750%		3,067,290
1,750,000	FORD MTR CO	04/01/1990	14.250%		1,907,168
776,946	GNMA POOL # 049266	07/15/2011	15.000%		874,064
537,343	GNMA POOL # 050347	02/15/2012	15.000%		604,511
638,046	GNMA POOL # 050936	10/15/2011	15.000%		717,802
623,530	GNMA POOL # 051011	02/15/2012	15.000%		701,471
834,050	GNMA POOL # 052820	07/15/2012	15.000%		938,307
822,388	GNMA POOL # 056009	08/15/2012	15.000%		925,186
4,000,000	GUARANTEED MTG CORP II	10/01/1994	11.950%		4,160,000
3,000,000	HUTTON E F GROUP INC	06/07/1994	7.750%		3,030,000
3,000,000	IRVING BK CORP	05/30/1997	8.063%		2,964,000
2,500,000	ITT FINL CORP	03/01/1991	14.750%		2,779,225
3,000,000	ITT FINL CORP	08/15/1994	12.750%		3,296,730
1,200,000	LINCOLN NATIONAL CORP.	09/15/1992	13.875%		1,319,976
4,000,000	ONTARIO PROV CDA	05/01/1991	14.625%		4,456,760
2,000,000	PHILLIPS PETE CO	03/15/1995	9.313%		1,955,000
2,800,000	XEROX CR CORP	09/15/1991	16.000%		3,232,880
TOTAL BOND PORTFOLIO				\$	88,008,154

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 WESTERN ASSET MANAGEMENT
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
6,987,593	CITIBANK MTG PASS THRU	05/01/2000	11.500%	\$	7,127,345
9,750,000	CITIES SERVICE GAS	09/15/2005	13.000%		9,920,625
4,250,000	CITIES SVC CO	04/15/2011	7.000%		2,491,478
5,500,000	CONSOLIATED NATURAL GAS	10/01/2000	12.875%		5,870,865
6,863,671	FED HM LN PC # 25-1783	12/01/2009	8.500%		5,979,973
11,100,000	FEDERAL HOME LN MTG CORP	06/15/2013	11.875%		11,283,816
23,769,327	FEDERAL HOME LOAN MORTAG	10/01/2009	10.000%		22,343,167
14,734,161	FHA BANCO POOL # 37	05/01/2022	7.430%		10,750,044
4,852,068	FHA BANCO POOL #2	11/01/2019	7.337%		3,675,442
14,628,116	FHA CITICORP #136	05/01/2023	7.430%		10,879,662
4,691,866	FHA MERRILL # 16	02/01/2021	7.430%		3,495,440
4,859,001	FHA MERRILL POOL # 23	02/01/2022	7.430%		3,668,546
4,000,000	FLORIDA POWER & LIGHT CO	11/01/2009	12.125%		4,085,680
2,500,000	GEORGIA POWER CO.	06/01/2014	16.000%		2,837,325
592,121	GNMA POOL # 103531	10/15/2013	11.500%		597,302
3,788,300	GNMA POOL # 113170	01/15/2014	11.000%		3,750,417
2,631,239	GNMA POOL # 41836	09/15/2010	11.000%		2,604,927
495,683	GNMA POOL # 65026	08/15/2013	11.000%		490,726
3,834,568	GNMA POOL # 67709	05/15/2013	11.500%		3,868,121
963,007	GNMA POOL # 67763	07/15/2013	11.000%		953,377
4,644,800	GNMA POOL # 68665	07/15/2013	11.500%		4,685,442
982,636	GNMA POOL # 68747	07/15/2013	11.000%		972,810
2,439,000	LACHMAR HULL 54 US	09/25/1988	14.000%		2,510,170
10,700,000	OCCIDENTAL PETE CORP	10/15/1994	9.650%		9,148,500
3,000,000	PACIFIC GAS & ELECTRIC C	11/01/2017	12.750%		3,138,420
3,500,000	PACIFIC TEL & TEL CO.	11/01/2020	15.000%		3,979,150
3,000,000	PHILLIPS PETE CO	03/15/2000	14.750%		3,187,500
16,300,000	U.S.A. TREASURY NOTE	07/15/1991	13.750%		18,856,981
2,350,000	LITTON INDUSTRIES	07/ 01/ 2005	12 .625 %		2,473, 375
4,235,199	FHLM	01/ 01/ 2009	8 .000 %		3, 723, 011

TOTAL BOND PORTFOLIO

\$ 169,349,637

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 INTERNAL SHORT-TERM BOND
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1985

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
250,000	ALLSTATE FINANCIAL CORP.	04/15/1987	8.125%	\$	244,385
36,000	ANOKA/CIRCLE PINES	01/01/1987	4.500%		34,869
40,000	APPALACHIAN EL POWER	03/01/1987	4.625%		36,838
1,900,000	C.I.T. FINANCIAL CORP.	10/01/1986	6.375%		1,817,046
95,000	CASS CITY/PINE RIVER	09/01/1989	4.700%		84,735
150,000	CHASE MANHATTAN CORP.	05/15/1986	8.750%		150,099
45,000	CHISAGO 140 TAYLOR FLS	02/01/1988	3.700%		40,906
5,000	DOUGLAS ISD 213 OSASIS	03/01/1989	3.900%		3,874
5,000	DOUGLAS ISD 214 CARLOS	02/01/1986	3.900%		4,913
5,000,000	FEDERAL FARM CREDIT BANK	10/20/1986	10.750%		5,143,750
10,000	HENN CTY ISD 17 EDINA	02/01/1987	4.000%		9,652
5,000,000	INT'L BUS. MACHINES	10/01/1986	9.500%		5,050,000
5,000	ISANTI/PINE/KANABEC	02/01/1986	4.000%		4,917
20,000	LAKE CTY/BEAVER BAY	01/01/1987	5.000%		19,598
8,000	LINCOLN/LYON 409 TYLER	02/01/1986	4.300%		7,902
1,500,000	LOUISVILLE & NASHVILLE	12/01/1987	4.875%		1,351,875
30,000	MCLEOD CTY SD 38	02/01/1987	3.900%		28,708
25,000	METRO WTR DIST SO CAL	08/01/1985	4.000%		24,925
150,000	METRO WTR DIST SO CAL	04/01/1986	4.000%		149,552
20,000	MILLE LACS SD 4/1 BOCK	03/01/1989	3.900%		17,349
432,000	MOORE-MCCORMACK LINES	04/01/1987	5.750%		407,255
25,000	MORRISON/TODD ISD 486	02/01/1988	3.800%		22,801
7,000	MOWER/FREEMAN JISD 27	01/01/1986	3.000%		6,868
11,400,000	NORWEST CORP	09/15/1986	7.875%		11,227,746
20,000	RICE ISD 656 FARIBAULT	01/01/1987	3.400%		18,972
18,000	SHERBURNE/VIL BIG LAKE	07/01/1986	4.500%		17,754
30,000	STEARNS CTY ISD 93	07/01/1987	4.750%		29,154
200,000	TRAILMOBILE FINANCE	11/15/1987	8.200%		192,502
7,500,000	U.S.A. TREASURY NOTE	02/15/1987	9.000%		7,556,250
250,000	UT CREDIT CORP.	06/01/1986	8.625%		249,698
15,000	WAB/GOOD/OLMSTD 50 141	02/01/1986	3.800%		14,746
10,000	WABASHA/OLMSTEAD 806	06/01/1987	4.100%		9,553
TOTAL BOND PORTFOLIO				\$	33,979,192

MINNESOTA STATE BOARD OF INVESTMENT
BASIC RETIREMENT FUNDS
ALTERNATIVE EQUITY INVESTMENT FUNDS
JUNE 30, 1985

NO. OF SHARES	SECURITY	MARKET VALUE
REAL ESTATE POOL FUND		
31,000,000	THE RREEF FUNDS USA III	\$ 31,688,014
14,053	EQUIT. LIFE ASSUR. SOCIETY	53,851,644
18,000	HEITMAN ADVISORY CORP. GRP.	18,520,817
20,839	AETNA REAL ESTATE FUND	48,518,814
10,468	PRUDENTIAL REAL ESTATE FUND	52,962,682
TOTAL REAL ESTATE POOLED FUND		\$ 205,541,971
RESOURCES POOLED FUND		
20,000	AMGO I	17,538,241
2,338,655	AMGO II	7,000,000
262,878	APACHE CORP LTD PARTNERSHIP	262,878
TOTAL RESOURCE POOLED FUND		\$ 24,801,119
VENTURE CAPITAL POOLED FUND		
2,500,000	CENTURY PTN III	\$ 2,507,858
4,000,000	DSV PARTNERS IV	4,000,000
1,875,000	G & K VENTURE PARTNERSHIP	1,875,000
13,585,000	KOHLBERG KRAVIS, ROBERTS & CO	13,585,000
7,000	NORTHWEST VENTURE PARTNERS	7,000,000
5,000,000	SUMMIT VENTURE LTD PARTN	5,000,000
TOTAL VENTURE CAPITAL POOLED FUND		\$ 33,967,858