

# INVESTMENT SECTION

## JULY 1, 2006 - JUNE 30, 2007 SUMMARY OF INVESTMENTS AND RELATED INCOME (UNAUDITED)

No.	INVESTMENTS	MARKET VALUE 06/30/06	MARKET VALUE 06/30/07	06/30/07 MARKET VALUE AS A % OF TOTAL ASSETS	(1) 06/30/07 INCOME AS A % OF TOTAL INCOME	(2) 06/30/07 INCOME (INCLUDES MARKET GAIN)	(1) 06/30/07 INCOME AS A % OF MARKET VALUE
Section 14	Stock (Publicly Traded) .....	\$1,804,266,986.12	\$1,915,867,062.44	42.752%	55.249%	\$364,612,728.96	19.031%
Section 17	Debt/Obligations .....	617,357,562.03	711,971,856.95	15.887%	13.569%	89,549,092.66	12.578%
Section 19(1)	Equity – Reit's & Pooled .....	139,220,445.50	144,196,945.77	3.218%	2.596%	17,133,693.37	11.882%
Section 19(2)	Equity Real Estate .....	132,461,073.00	237,803,041.03	5.307%	2.409%	15,899,235.75	6.686%
Section 20	Mortgages .....	227,600,946.95	192,243,167.45	4.290%	2.197%	14,499,949.08	7.543%
Section 20a	Small Business Investments – MI .....	79,641,760.06	99,269,244.63	2.215%	1.728%	11,404,746.29	11.489%
Section 20d	Basket Clause .....	506,914,541.29	512,807,090.01	11.443%	2.797%	18,456,706.14	3.599%
Section 20k	Foreign Securities .....	474,651,536.73	586,408,380.81	13.086%	19.454%	128,387,099.61	21.894%
<b>TOTAL INVESTMENTS</b> .....		<b>\$3,982,114,851.68</b>	<b>\$4,400,566,789.09</b>	<b>98.197%</b>	<b>100.000%</b>	<b>\$659,943,251.86</b>	<b>14.997%</b>
Cash .....			5,943,198.56	0.133%			
Accounts Receivable .....			118,872,777.90	2.653%			
Accounts Payable .....			(44,455,097.95)	-0.992%			
Capital Assets .....			422,237.00	0.009%			
<b>NET ASSETS AVAILABLE FOR BENEFITS</b> .....			<b>\$4,481,349,904.60</b>	<b>100.000%</b>			
Less: Investment Expenses .....						(15,741,915.73)	
Investment Income Before Administrative Expenses .....						644,201,336.13	
Less: Administrative Expenses .....						(3,744,217.88)	
<b>NET INVESTMENT INCOME</b> .....						<b>\$640,457,118.25</b>	

(1) Percentage Factor is Calculated Using Gross Income.

(2) Income May Be Net of Expenses Per Contract Agreements.

JULY 1, 2006 - JUNE 30, 2007  
**DETAIL SCHEDULE OF INVESTMENTS  
AND RELATED INCOME**

No.	INVESTMENTS	MARKET VALUE 06/30/06	MARKET VALUE 06/30/07	06-07 INCOME AND NET CHANGE IN ASSET VALUE
<b>SECTION 14 STOCK (PUBLICLY TRADED)</b>				
	Common & Preferred Stock .....	\$1,794,971,656.31 .....	\$1,893,986,555.82 .....	\$364,367,065.23
	Deutsche Bank Croci .....	0.00 .....	10,935,000.00 .....	0.00
(c)	Mesirow Arbitrage Trust .....	8,508,190.21 .....	9,955,869.01 .....	0.00 (c)
	P&F Fund, Inc. ....	787,139.60 .....	989,637.61 .....	245,663.73
<b>TOTAL SECTION 14 .....</b>		<b>\$1,804,266,986.12 .....</b>	<b>\$1,915,867,062.44 .....</b>	<b>\$364,612,728.96</b>
<b>SECTION 17 DEBT/OBLIGATIONS</b>				
	Bonds & Notes .....	\$378,510,403.55 .....	\$449,061,037.26 .....	\$65,170,285.15
(b)	Short-Term Investments .....	85,549,654.15 .....	102,040,280.09 .....	14,651,910.40 (b)
	Mort. Backed Securities .....	153,297,504.33 .....	160,870,539.60 .....	9,726,897.11
<b>TOTAL SECTION 17 .....</b>		<b>\$617,357,562.03 .....</b>	<b>\$711,971,856.95 .....</b>	<b>\$89,549,092.66</b>
<b>SECTION 19(1) EQUITY REAL ESTATE-POOLED (REITS)</b>				
(a)	Reits Held by Custodian .....	\$60,374,428.50 .....	\$49,730,269.83 .....	\$3,220,724.59 (a)
	Behringer Harvard Reit 1 .....	0.00 .....	10,000,000.00 .....	330,477.76
	CNL Hospitality Reit .....	15,873,000.00 .....	0.00 .....	793,650.00
	Inland American Reit .....	0.00 .....	15,967,750.00 .....	973,161.29
	Inland Retail Trust .....	11,770,000.00 .....	0.00 .....	3,678,630.52
	Lightstone Value Plus Reit, INC. ....	0.00 .....	10,000,000.00 .....	106,312.83
	Midland Multifamily Equity .....	27,787,882.00 .....	29,844,420.00 .....	4,556,538.01
	Prisa 11 .....	0.00 .....	4,000,000.00 .....	0.00
	RREEF America Reit II .....	23,415,135.00 .....	24,468,389.33 .....	3,609,748.43
	Steward Real Estate Fund .....	0.00 .....	186,116.61 .....	(135,550.06)
<b>TOTAL SECTION 19(1) .....</b>		<b>\$139,220,445.50 .....</b>	<b>\$144,196,945.77 .....</b>	<b>\$17,133,693.37</b>

# INVESTMENT SECTION

No.	INVESTMENTS	MARKET VALUE 06/30/06	MARKET VALUE 06/30/07	06-07 INCOME AND NET CHANGE IN ASSET VALUE
<b>SECTION 19(2)</b>	<b>EQUITY REAL ESTATE-DIRECT &amp; LP</b>			
	Equity Direct .....	\$97,369,243.00	\$201,948,908.01	(\$1,399,691.95)
	AERC-DPF Georgia Ventures (LP) .....	10,535,227.00	0.00	11,063,273.00
	Canyon-Johnson Urban Fund .....	808,478.00	806,254.00	97,085.01
	Con. Cap Johnstown-Washington .....	14,082,341.00	16,572,043.00	1,842,039.00
	Fidelity Real Estate Fund, LP .....	1,222,563.00	1,310,452.94	701,163.76
	Inheritance Capital Group, LLC .....	0.00	10,928,485.08	257,708.53
	Walton Street Reit III .....	8,443,221.00	6,236,898.00	3,337,658.40
	<b>TOTAL SECTION 19(2)</b> .....	<b>\$132,461,073.00</b>	<b>\$237,803,041.03</b>	<b>\$15,899,235.75</b>
<b>SECTION 20</b>	<b>MORTGAGES</b>			
	Direct & Participating .....	\$22,113,403.67	\$20,390,413.73	\$1,498,359.33
	Construction Loans .....	120,644,869.28	89,536,753.72	7,428,263.74
	Midland-MAHGT (Trust) .....	84,842,674.00	82,316,000.00	5,573,326.01
	<b>TOTAL SECTION 20</b> .....	<b>\$227,600,946.95</b>	<b>\$192,243,167.45</b>	<b>\$14,499,949.08</b>
<b>SECTION 20a</b>	<b>INVESTMENTS-MICHIGAN</b>			
	Atheneum Hotel Stock .....	\$5,158,062.44	\$5,158,062.44	\$200,000.00
	Doctors Hospital .....	0.00	0.00	6,726.59
	Fred Silber Co. ....	155,000.00	155,000.00	0.00
	GVC Networks/Winstar .....	0.00	10,000,000.00	0.00
	Onyx Capital Advisory Fund 1 .....	0.00	195,749.20	0.00
	Oracle Capital Partners .....	424,811.70	1,080,307.00	(484,004.70)
	Princeton Capital Fund .....	660,040.92	660,040.92	0.00
	Romulus Disposal L.P. & Note .....	39,882,844.00	41,626,608.07	0.00
	The Superior Fund, L.P. ....	0.00	119,515.00	(130,485.00)
	Touchstone Opportunity LTD .....	12,388,707.00	8,347,550.00	967,423.72
	Touchstone Opportunity LTD II.....	14,963,076.00	17,843,341.00	1,511,159.68
	Wind Point IV .....	6,009,218.00	14,083,071.00	9,333,926.00
	<b>TOTAL SECTION 20a</b> .....	<b>\$79,641,760.06</b>	<b>\$99,269,244.63</b>	<b>\$11,404,746.29</b>

JULY 1, 2006 - JUNE 30, 2007  
**DETAIL SCHEDULE OF INVESTMENTS  
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No.	INVESTMENTS	MARKET VALUE 06/30/06	MARKET VALUE 06/30/07	06-07 INCOME AND NET CHANGE IN ASSET VALUE
<b>SECTION 20d</b>	<b>BASKET CLAUSE</b>			
	Advent .....	\$27,032,567.00	\$27,840,661.00	\$0.00
	Book Cadillac Credit Enhancement .....	0.00	15,000,000.00	0.00
	Credit Suisse .....	40,181,475.00	43,003,216.00	0.00
	HSBC .....	144,381,051.00	144,932,966.00	0.00
	Income Research .....	10,885,572.00	936,440.00	0.00
	Loomis Sayles .....	35,624,844.00	1,227,277.00	0.00
	Penn .....	43,208,706.00	41,223,250.00	0.00
	Seneca .....	46,137,698.00	42,578,830.00	0.00
	Transamerica .....	60,218,756.00	13,854,314.00	0.00
	Payden & Rygel, Cash Management .....	1,897,393.00	3,332,040.00	0.00
	Pugh Capital .....	0.00	1,798,200.00	0.00
	Acadia Clo .....	0.00	20,000,000.00	0.00
	Capri Select Income .....	10,000.00	47,482.00	37,482.00
	Capri Select Income 11 .....	3,825,760.00	12,985,985.00	664,225.00
	Citigroup Capital Partners 11 .....	0.00	4,319,186.00	119,186.00
	Crescent Gate .....	0.00	0.00	(1,179,739.00)
	Everest Energy Fund .....	20,000,000.00	20,000,000.00	0.00
	GSC Partners .....	7,500,000.00	50,000.00	6,609,726.00
	GSC Partners II .....	13,806,144.00	14,175,346.00	2,080,565.00
	Guidance Enhanced Green Terrain Fund L .....	0.00	10,000,000.00	0.00
	Liberty Mutual Energy I .....	38,765.00	2,750.00	(725.00)
	Liberty Mutual Energy II .....	786,490.00	690,078.00	(96,412.00)
	Liberty Mutual Energy III .....	1,939,422.00	1,689,930.00	763,429.00
	Liberty Mutual Energy-C1V .....	9,652,160.00	959,550.00	529,302.00
	Liberty Mutual Energy-CV .....	8,677,909.00	13,025,684.00	913,724.00
	Mesirow Arbitrage Trust .....	30,627,919.29	35,321,017.99	6,140,777.50
	Nob Hill Clo .....	0.00	2,000,000.00	184,313.79
	O'Connor Global Fundamental Market .....	0.00	10,581,291.34	581,291.34
	Perseus Partners VII .....	0.00	4,121,596.00	532,874.00
	Pronous Offshore Fund LTD .....	0.00	10,788,240.68	788,240.68
	Provender Opportunities Fund .....	481,910.00	50,000.00	(224,021.95)
	River Road Fund, LTD .....	0.00	10,000,000.00	0.00
	Solitron-Unsecured Claim .....	0.00	0.00	21,655.56
	SW Pelham Fund 111, L.P. ....	0.00	474,124.00	(23,824.00)
	Syndicated Communications .....	0.00	1,507,122.00	(450,749.00)
	The Sheffield .....	0.00	4,000,000.00	465,242.22
	USPF 111-Blocker Fund .....	0.00	116,148.00	0.00
	USPF 111-Leveraged Feeder .....	0.00	174,365.00	143.00
	<b>TOTAL SECTION 20d .....</b>	<b>\$506,914,541.29</b>	<b>\$512,807,090.01</b>	<b>\$18,456,706.14</b>

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No.	INVESTMENTS	MARKET VALUE 06/30/06	MARKET VALUE 06/30/07	06-07 INCOME AND NET CHANGE IN ASSET VALUE
<b>SECTION 20k</b>	<b>FOREIGN SECURITIES</b>			
	Foreign Bonds/Notes .....	\$8,217,261.18	\$4,441,585.04	(\$578,298.03)
	Foreign Equities .....	466,434,275.55	581,966,795.77	115,750,603.95
	Foreign Currencies .....	0.00	0.00	13,214,793.69
	<b>TOTAL SECTION 20k</b> .....	<b>\$474,651,536.73</b>	<b>\$586,408,380.81</b>	<b>\$128,387,099.61</b>
	<b>TOTAL INVESTMENTS</b> .....	<b>\$3,982,114,851.68</b>	<b>\$4,400,566,789.09</b>	<b>\$659,943,251.86</b>

(a) Income included with income from bonds and notes.

(b) Short-term income includes income from securities lending.

(c) A portion of this investment is in qualified common stock. That portion is in Section 14. Income cannot be segregated.

## INVESTMENT MANAGERS

<p><b>ADVENT CAPITAL MANAGEMENT</b> ..... \$59.4 M            New York, New York  <i>Invests exclusively in convertible securities market with a value orientation with respect to the underlying equity.</i></p>	<p><b>CHICAGO EQUITY PARTNERS</b> ..... \$52.9 M            Chicago, Illinois  <i>Manages a domestic small-cap core equity portfolio.</i></p>
<p><b>ALPHA PARTNERS</b> ..... \$13.6 M            Detroit, Michigan  <i>Manages a domestic large-cap equity portfolio using a growth oriented investment approach.</i></p>	<p><b>CREDIT SUISSE</b> ..... \$45.3 M            New York, New York  <i>Manages a fixed income portfolio of high-yield bonds.</i></p>
<p><b>BANYAN REALTY ADVISORS</b> ..... \$22.7 M            Maitland, Florida  <i>A real estate advisor which provides investment and asset management services.</i></p>	<p><b>DEUTSCHE BANK (CROCI)</b> ..... \$10.9 M            London, England  <i>Manages a concentrated large capitalization equity portfolio.</i></p>
<p><b>BLACKROCK</b> ..... \$371.9 M            New York, New York  <i>Enhanced S&amp;P 500 Index Fund.</i></p>	<p><b>DIMENSIONAL FUND ADVISORS</b> ..... \$161.6 M            Santa Monica, California  <i>Manages a broadly diversified portfolio of international equities having relatively low turnover.</i></p>
<p><b>BNY ASSET MANAGEMENT</b> ..... \$160.9 M            New York, New York  <i>Manages a portfolio which is designed to track and outperform the MSCI EAFE international equity index utilizing American Depository receipts (ADRs).</i></p>	<p><b>EARNEST PARTNERS</b> ..... \$66.6 M            Atlanta, Georgia  <i>Manages domestic large-cap equities using a value-oriented style.</i></p>
	<p><b>EVERGREEN INVESTMENTS</b> ..... \$67.5 M            Charlotte, North Carolina  <i>Manages an international small-cap equity portfolio.</i></p>

INVESTMENT MANAGERS CON'T

<p><b>FISHER INVESTMENTS</b> ..... \$176.5 M  <b>Woodside, California</b>  <i>Manages domestic large-cap equities comprising all market sectors utilizing both growth and value styles.</i></p>	<p><b>MAYFIELD GENTRY REALTY ADVISORS, LLC</b> ... \$201.0 M  <b>Detroit, Michigan</b>  <i>A real estate advisor which provides investment and asset management services.</i></p>
<p><b>HSBC INVESTMENTS (USA) INC.</b> ..... \$154.3 M  <b>New York, New York</b>  <i>Manages a fixed income portfolio of high-yield bonds.</i></p>	<p><b>MESIROW ARBITRAGE TRUST</b> ..... \$45.2 M  <b>Chicago, Illinois</b>  <i>Manages a portfolio of equity and fixed income securities constructed to take advantage of price arbitrage opportunities.</i></p>
<p><b>INCOME RESEARCH AND MANAGEMENT</b> ..... \$96.0 M  <b>Boston, Massachusetts</b>  <i>A fixed income manager that specializes in the less efficient sectors of the investment grade fixed income markets, primarily corporate bonds.</i></p>	<p><b>MUNIMAE MIDLAND INVESTMENT CORPORATION</b> ..... \$236.9 M  <b>Clearwater, Florida</b>  <i>A real estate advisor which specializes in multifamily construction loans as well as intermediate and long-term mortgages.</i></p>
<p><b>KENNEDY CAPITAL</b> ..... \$302.1 M  <b>St. Louis, Missouri</b>  <i>Manages domestic small-cap equities using a growth-oriented style.</i></p>	<p><b>MUNROS CAPITAL</b> ..... \$59.6 M  <b>Birmingham, Michigan</b>  <i>Manages a European small-cap equity portfolio.</i></p>
<p><b>LOOMIS SAYLES &amp; COMPANY</b> ..... \$102.4 M  <b>Bloomfield Hills, Michigan</b>  <i>Manages a core fixed income portfolio which favors corporate bonds.</i></p>	<p><b>NORTH POINTE CAPITAL</b> ..... \$69.6 M  <b>Troy, Michigan</b>  <i>Manages a domestic small-cap growth equity portfolio.</i></p>

## INVESTMENT MANAGERS CON'T

<p><b>OPPENHEIMER CAPITAL</b> ..... \$153.7 M            New York, New York  <i>Manages a portfolio of international equities.</i></p>	<p><b>STEWARD CAPITAL</b> ..... \$38.8 M            Birmingham, Michigan  <i>Manages a large-cap equity portfolio of companies with both growth and value characteristics.</i></p>
<p><b>PAYDEN &amp; RYSEL</b> ..... \$220.3 M            Los Angeles, California  <i>Manages the System's short-term cash equivalents plus a portfolio of US government securities.</i></p>	<p><b>TRANSAMERICA INVESTMENT SERVICES</b> ..... \$154.9 M            Los Angeles, California  <i>An active fixed income manager which uses a research-driven approach to acquire undervalued quality bonds which fall within specific maturity guidelines.</i></p>
<p><b>PENN CAPITAL MANAGEMENT</b> ..... \$44.5 M            Cherry Hill, New Jersey  <i>Manages a portfolio of non-investment grade fixed income securities (high yield bonds).</i></p>	<p><b>TRUST COMPANY OF THE WEST</b> ..... \$111.9 M            Los Angeles, California  <i>Manages a portfolio of domestic mortgage-backed fixed income securities.</i></p>
<p><b>PUGH CAPITAL</b> ..... \$59.4 M            Seattle, Washington  <i>Manages a portfolio of domestic mortgage-backed fixed income securities.</i></p>	<p><b>TT INTERNATIONAL</b> ..... \$166.1 M            London, England  <i>Manages an international equity portfolio.</i></p>
<p><b>RHUMBLINE INVESTMENTS</b> ..... \$460.8 M            Boston, Massachusetts  <i>Manages an equity portfolio constructed to replicate the performance of the Russell 1000 Index Value Index, Russell 2000 Growth Index, Russell Mid-Cap Index.</i></p>	<p><b>WELLS CAPITAL MANAGEMENT</b> ..... \$175.3 M            San Francisco, California  <i>Manages portfolio that seeks capital appreciation by investing in securities of primarily large and small capitalization companies that offer attractive opportunities for growth.</i></p>
<p><b>SENECA CAPITAL MANAGEMENT, LLC</b> ..... \$45.0 M            San Francisco, California  <i>Manages high yield fixed income.</i></p>	