



# The IPAIT Bulletin

October 2011

## Quarterly Economic Review

Market volatility pushed investors to the edge during the quarter as they try to craft a strategy around shifting political winds and evolving central bank policies. Fundamentals have taken a back seat, and fear is front and center.

We can understand the fear. The drama in Europe continues and a resolution will not come quickly. While we believe European leaders will eventually craft the necessary consensus, significant deterioration in the situation could further damage consumer sentiment and send the U.S. back into recession. Arguments over the debt ceiling and the subsequent downgrade of the U.S. debt rating to AA+ by S&P have added to the uncertainty, weighing on business activity and leaving consumer sentiment fragile.

Market participants have responded to this elevated uncertainty by buying the most liquid and safest asset in the world, U.S. Treasuries, which drove interest rates to historic lows during the quarter. Also contributing to lower rates was the announcement of Operation Twist by the Federal Reserve in September. The program to sell short maturity Treasuries and buy longer maturity Treasuries has the effect of reducing longer-term interest rates and thus benefiting borrowers such as home mortgages. Declining inflation expectations have allowed the Fed to keep monetary policy accommodative, but monetary policy alone cannot bring robust growth.

Bottom line, while domestic growth has clearly slowed, our analysis suggests there continues to be sufficient underlying economic activity to keep GDP growth positive and avoid a double dip recession. Strong growth will not come, however, until uncertainty abates, which means markets will continue be heavily influenced by politics at home and abroad.

Given this backdrop we expect low money market rates for the foreseeable future. The guidelines of safety and liquidity remain of utmost importance though we recognize participants' wish for yield now more than ever. We appreciate the opportunity to preserve assets through this environment and look forward to a clearer path.

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## IPAIT Service Center

IPASonline is an internet-based accounting system that allows you the ability to create, view, and modify transactions, accounts for an unlimited number of sub-accounts. It also allows you to view daily rate information, confirmations, statements, account balances and interest accruals. IPASonline even provides the opportunity to choose different levels of authorization for your approved users.

Once signed up for IPAIT each participant will receive a username, password, and detailed instructions on how to use IPASonline.

To sign up simply go to [www.IPAIT.org](http://www.IPAIT.org), click on Forms and Reports, and select the Electronic Notification Form.

## Investment Yield Summary

Monthly Average Yield	Portfolio
September	0.025%
SEC Yield (7-Day Average)	*as of 9/30/2011
	0.026%

For current rates, a 12-month history of our daily rates, or investment assistance, please visit our website or call us toll free. The above daily rates are calculated based on a 365-Day annualized factor.

*\*Past performance is not indicative of future performance*

## Holidays

Fund closed to transactions and participant inquiries

### October

Monday, October 10<sup>th</sup> – Columbus Day

### November

Friday, November 11<sup>th</sup> – Veterans Day  
Thursday, November 24<sup>th</sup> - Thanksgiving

### December

Monday, December 26<sup>th</sup> – Christmas Day (Observed)

## Contact Information

### Fund Inquiries

Toll Free: (800) 872-4024  
Or visit [www.IPAIT.org](http://www.IPAIT.org)



### Fixed Term Automated (FTA) quotes

Toll Free: (800) 872-4024  
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Email: [fixedrate@miles-capital.com](mailto:fixedrate@miles-capital.com)



## IPAIT's Sponsoring Associations



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Iowa League of Cities  
317 Sixth Avenue, Suite 800  
Des Moines, IA 50309  
[www.iowaleague.org](http://www.iowaleague.org)



Iowa State Association of Counties  
501 SW Seventh Street, Suite Q  
Des Moines, IA 50309-4540  
[www.iowacounties.org](http://www.iowacounties.org)

## IPAIT Disclosures

IPAIT was established in 1987.

IPAIT's unique, internet-based proprietary reporting system offers real-time account inquiry, and transaction capabilities via the internet. Participants may invest, withdraw funds, check balances and transaction history, and make vendor payments with this service. There is also toll-free phone access to experienced administrators who can personally assist you with any IPAIT-related inquiry.

There is no limit on the number of individual accounts, no minimum balance requirement, and no limits on the number of transactions per month. Please contact us today to learn more about the additional benefits IPAIT has to offer you.

***An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00/share, it is possible to lose money by investing in the Fund. This newsletter must be accompanied by the Information Statement prior to investing. The Information Statement is available at [www.IPAIT.org](http://www.IPAIT.org).***

## IPAIT Professionals

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