



Secretaría

LCDA. TANIA BARBAROSSA ORTIZ

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- ARCHIVAR
- PREPARAR CARTA
- NOMBRAMIENTO
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INICIALES

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- JURIDICA, SEGURIDAD Y VETERANOS
- SALUD Y NUTRICIÓN
- EDUCACIÓN, FORMACIÓN Y DESARROLLO DEL INDIVIDUO
- ASUNTOS DE LA MUJER
- INFRAESTRUCTURA, DESARROLLO URBANO
Y TRANSPORTACIÓN
- AGRICULTURA, SEGURIDAD ALIMENTARIA
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- RECURSOS NATURALES, AMBIENTALES
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- DERECHOS CIVILES, PARTICIPACIÓN CIUDADANA
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- AUTONOMÍA MUNICIPAL, DESCENTRALIZACIÓN
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- BANCA, SEGUROS Y TELECOMUNICACIONES
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- ÉTICA E INTEGRIDAD LEGISLATIVA
- CORPORACIONES PÚBLICAS
Y ALIANZAS PÚBLICO-PRIVADAS
- REGLAS, CALENDARIO Y ASUNTOS INTERNOS

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OFFICE OF THE COMPTROLLER
OF THE COMMONWEALTH OF PUERTO RICO
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Puerto Rico Government Investment Trust Fund

(An Investment Pool of the Commonwealth of Puerto Rico)

*BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
REQUIRED SUPPLEMENTARY INFORMATION*

June 30, 2013

(With Independent Auditor's Report Thereon)

[Handwritten signature and notes]

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND TAX CONSULTANTS
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PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

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165 Ponce de León Ave.,
Second Floor
San Juan, Puerto Rico
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Puerto Rico Government Investment Trust Fund:

Report on the Basic Financial Statements

We have audited the accompanying statement of fiduciary net position of the Puerto Rico Government Investment Trust Fund (the "Trust Fund") as of June 30, 2013 and the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust Fund's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Trust Fund, as of June 30, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1, in 2013, the Trust Fund adopted Governmental Accounting Standards Board (“GASB”) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4 through 7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Trust Fund’s basic financial statements as a whole. The Schedule of Investments, on pages 20 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

January 24, 2014
San Juan, PR

JLM D PSC

License No. 90
Expiration Date: December 1, 2015

Stamp No. E98711 of Puerto Rico
Society of Certified Public Accountants
was affixed to the record copy of this report.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

This section presents management's discussion and analysis of the Puerto Rico Government Investment Trust Fund's (the "Trust Fund") financial performance for the fiscal year ended June 30, 2013, and is presented as a narrative overview and analysis in conjunction with the basic financial statements.

The Trust Fund is a collective investment trust created by the Secretary of the Treasury of Puerto Rico, as Settler, and Government Development Bank for Puerto Rico (the "Bank"), as Trustee, Administrator and Custodian pursuant to Act No. 176 of August 11, 1995 (the "Act 176-1995") of the Commonwealth of Puerto Rico (the "Commonwealth") for the purpose of providing eligible investors a convenient and economical way to invest in a professionally managed money market portfolio. Eligible investors, as defined, include the Commonwealth and its agencies, municipalities, public corporations and other public authorities and instrumentalities on a voluntary basis. Shares representing a fractional undivided interest in the assets of the Trust Fund are being offered on a continuous basis and will be sold exclusively to eligible investors.

The Trust Fund is not an investment company or a mutual fund and is not subject to regulation or registration under the Investment Company Act of 1940, as amended. Shares issued by the Trust Fund are not subject to regulation or registration under the Securities and Exchange Act of 1933, as amended, because the shares are issued by a government entity. Shares in the Trust Fund are not subject to registration under the securities laws of Puerto Rico or the Puerto Rico Investment Companies Act, but are subject to the antifraud provisions by those laws.

1. Financial Highlights

- Net position of the Trust Fund at June 30, 2013 amounted to \$300.2 million, a decrease of \$71.1 million or 19%, with respect to the prior year. The reduction in net position held in trust for pool participants is due to an increase in shares redeemed by a governmental entity. The governmental entity used the proceeds from bonds issued on prior year to invest as a short-term investment in the Trust Fund during fiscal year 2012.
- For the year ended on June 30, 2013, the rate of return on investments is 0.25%.
- Average net position for 2013 amounted to approximately \$325.8 million as compared with prior year average net position which amounted to approximately \$435.8 million.

2. Financial Statements Overview

The financial statements include the management's discussion and analysis narrative, the independent auditors' report, and the basic financial statements of the Trust Fund. The notes to the basic financial statements explain in more detail some of the information in the basic financial statements.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

This discussion and analysis is intended to serve as an introduction to the Trust Fund's basic financial statements, which comprise the following:

- Basic financial statements
- Notes to the basic financial statements
- Schedule of investments

Collectively, this information presents the fiduciary net position held and summarizes the changes in fiduciary net position of the Trust Fund as of and for the year ended June 30, 2013, for pool participants.

The information available in each of these sections is briefly summarized as follows:

Basic Financial Statements - Financial statements presented include a statement of fiduciary net position as of June 30, 2013, and a statement of changes in fiduciary net position for the year then ended. These financial statements reflect the resources available for distribution to participants

Notes to the Financial Statements - The notes provide additional information that is essential to a complete understanding of the data provided in the basic financial statements.

Schedule of Investments - Includes detailed information on the investments presented in the statement of fiduciary net position.

3. Financial Analysis

Condensed financial information on assets, liabilities and net position held in trust for pool participants are presented below (in thousands):

	June 30,		Change	
	2013	2012	Amount	Percent
ASSETS:				
Cash	\$ 6	\$ -	\$ 6	100%
Investment - at amortized cost	302,703	369,971	(67,268)	-18%
Receivable from investments sold	-	921	(921)	-100%
Interest receivable	116	682	(566)	-83%
	<u>302,825</u>	<u>371,574</u>	<u>(68,749)</u>	-19%
LIABILITIES	<u>2,633</u>	<u>304</u>	<u>2,329</u>	766%
Net position held in trust for pool participants	<u>\$ 300,192</u>	<u>\$ 371,270</u>	<u>\$ (71,078)</u>	-19%

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Net position held in trust for pool participants decreased approximately \$71.1 million due to an increase in shares redeemed by a governmental entity that temporarily invested the proceeds from previous bonds issuances during fiscal year 2012.

Condensed financial information of changes in fiduciary net position is as follows (in thousands):

	<u>June 30,</u>		<u>Change</u>	
	<u>2013</u>	<u>2012</u>	<u>Amount</u>	<u>Percent</u>
ADDITIONS:				
Shares issued to participants	\$ 38,815	\$ 163,931	\$ (125,116)	-76%
Investment income	799	1,239	(440)	-36%
Less: investment expenses	(541)	(738)	197	-27%
Total additions	<u>39,073</u>	<u>164,432</u>	<u>(106,589)</u>	<u>-65%</u>
DEDUCTIONS:				
Shares redeemed from participants	110,132	271,800	(161,668)	-59%
Administrative expenses	19	50	(31)	-62%
Total deductions	<u>110,151</u>	<u>271,850</u>	<u>(142,929)</u>	<u>-53%</u>
Change in fiduciary net position	(71,078)	(107,418)	36,340	-34%
NET POSITION - Beginning of year	<u>371,270</u>	<u>478,688</u>	<u>(107,418)</u>	<u>-22%</u>
NET POSITION - End of year	<u>\$ 300,192</u>	<u>\$ 371,270</u>	<u>\$ (71,078)</u>	<u>-19%</u>

Additions include shares issued to participants as well as investment income. The decrease in net position of approximately \$71.1 million is mainly the result of a decrease in shares issued to participants of approximately \$125.1 million for the year ended June 30, 2013, and a decrease in shares redeemed of approximately \$161.7 million. The decrease is mainly related to shares redeemed from a governmental entity that temporarily invested the proceeds from previous bonds issuances as a short-term investment in the Trust Fund during fiscal year 2013.

The Trust Fund earned approximately \$800 thousand in investment income in 2013, as compared with approximately \$1.2 million earned in 2012. Lower investment income is the result of decrease in short-term interest rate coupled with a decrease in average balance of investments during 2013.

Shares redeemed from participants are the primary deductions from net position. Shares redeemed from participants amounted to approximately \$110.1 million, a decrease of approximately \$161.7 million or 59% from prior year.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Following is a table of the investments held at June 30, 2013 and 2012, presented at amortized cost (in thousands):

	<u>June 30,</u>		<u>Change</u>	
	<u>2013</u>	<u>2012</u>	<u>Amount</u>	<u>Percent</u>
Securities purchased under agreements to resell	\$ 97,461	\$ 113,389	\$ (15,928)	-14%
Commercial paper	92,956	102,937	(9,981)	-10%
U.S. government and sponsored agencies obligations	80,514	109,180	(28,666)	-26%
Certificates of deposit	14,850	14,800	50	0%
Money market	12,412	18,942	(6,530)	-34%
Corporate obligations	4,510	10,723	(6,213)	-58%
	<u>\$ 302,703</u>	<u>\$ 369,971</u>	<u>\$ (67,268)</u>	-36%

At June 30, 2013, total investments, at amortized cost, amounted to approximately \$302.7 million, a reduction of approximately \$67.3 million or 36% from prior year. The reduction is mainly related to shares redeemed from a governmental entity that temporarily invested the proceeds from previous bonds issuances as short term investments during fiscal year 2013.

The distribution of investments among the various investment categories is a result of decisions made by Investment Advisors in compliance with the Trust Fund's investment policy.

4. Request for Information

This financial report is designed to provide our participants with a general overview of the Trust Fund's finances and to facilitate the Trust Fund's accountability for the funds it manages on behalf of pool participants. If you have questions about this report or need additional financial information, contact the Puerto Rico Government Investment Trust Fund, P.O. Box 42001, San Juan, Puerto Rico, 00940-2001.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

ASSETS

Cash	\$ 6,294
Investments, at amortized cost (market value \$302,715,749)	302,702,987
Interest receivable	<u>115,894</u>
Total assets	<u><u>\$ 302,825,175</u></u>

LIABILITIES

Payable from investment purchased	\$ 2,500,000
Investment advisory fees	123,108
Other	<u>10,239</u>
Total liabilities	<u><u>2,633,347</u></u>

NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS	<u><u>\$ 300,191,828</u></u>
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PRICING OF SHARES:

Shares outstanding (unlimited shares authorized)	300,191,828
Net asset value, offering and redemption price per shares	\$ 1

See notes to basic financial statements.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

ADDITIONS:

Shares issued to participants	\$ 38,815,489
Investment income	<u>798,646</u>
Total additions	<u>39,614,135</u>

DEDUCTIONS:

Shares redeemed from participants	110,132,110
Investment advisory fees	326,865
Subcustodian fees	142,759
Trustee fees	71,049
Administrative	<u>19,616</u>
Total deductions	<u>110,692,399</u>

CHANGE IN FIDUCIARY NET POSITION (71,078,264)

NET POSITION - Beginning of year 371,270,092

NET POSITION - End of year \$ 300,191,828

See notes to basic financial statements.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
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NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

1. REPORTING ENTITY

The Puerto Rico Government Investment Trust Fund (the “Trust Fund”) is a collective investment trust created by the Secretary of the Treasury of Puerto Rico, as Settler, and Government Development Bank for Puerto Rico (the “Bank”), as Trustee, Administrator and Custodian pursuant to Act No. 176 of August 11, 1995 (the “Act 176-1995”) of the Commonwealth of Puerto Rico (the “Commonwealth”) for the purpose of providing eligible investors a convenient and economical way to invest in a professionally managed money market portfolio. Eligible investors, as defined, include the Commonwealth and its agencies, municipalities, public corporations and other public authorities and instrumentalities on a voluntary basis. Shares representing a fractional undivided interest in the assets of the Trust Fund are being offered on a continuous basis and will be sold exclusively to eligible investors.

The Trust Fund is not an investment company or a mutual fund and is not subject to regulation or registration under the Investment Company Act of 1940, as amended. Shares issued by the Trust Fund are not subject to regulation or registration under the Securities and Exchange Act of 1933, as amended, because the shares are issued by a government entity. Shares in the Trust Fund are not subject to registration under the securities laws of Puerto Rico or the Puerto Rico Investment Companies Act, but are subject to the antifraud provisions by those laws.

The investment objective of the Trust Fund is to obtain a level of current income consistent with the preservation of capital and liquidity. The Trust Fund maintains a constant net asset value per unit of \$1 through investments in high grade short-term money market instruments with a dollar-weighted average portfolio maturity of less than 60 days. The minimum amount of each investment is \$25,000. Participants can invest, reinvest or redeem shares acquired by them at any time without charge or penalty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Trust Fund conform to accounting principles generally accepted in the United States of America (“GAAP”), as applicable to governmental entities as prescribed by the Governmental Accounting Standards Board (“GASB”).

Effective July 1, 2012, the Trust Fund adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources, which are consumptions of net position by the government that is applicable to a future reporting period and deferred inflows of resources which are acquisitions of net position by the government that is applicable to a future reporting period. Statement No. 63 amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The adoption of Statement No. 63 resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position and the term “net assets” is changed to “net position” throughout the basic financial statements. The Trust Fund had no deferred outflows or deferred inflows of resources as permitted by Statement No. 63, at June 30, 2013.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of changes in net position during the reporting period. Actual results could differ from those estimates.

Following is a description of the Trust Fund's most significant accounting policies:

Measurement Focus and Basis of Accounting - The Trust Fund's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Investment income is recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Income Tax - The Trust Fund is exempt from taxation in Puerto Rico.

Investments - Investments are carried at amortized cost, which approximates fair value. The Trust Fund operates in a manner consistent with the Securities and Exchange Commission Rule 2-a7 of the Investment Company Act of 1940, as amended. Investments are recorded on the trade date adjusted for amortization of premiums and accretion of discounts. Investments are priced daily and compared to Trust Fund's carrying value.

Deductions - Deductions applicable to all participants, paid in the form of a management fee, are allocated between all participants as an adjustment to the daily investment yield so that only net investment income is credited to participant accounts. The Bank, as Trustee, Administrator and Custodian, is responsible pursuant to Act No. 176-1995, of approving any modifications or other amendments of the management fee structure.

Participant Accounts - The Bank of New York Mellon (the "Sub-Administrator" or "BNYM") performs the transfer agent and dividend disbursing functions for the Trust Fund and maintains one or more accounts for each participant expressed in full and fractional shares of the Trust Fund. An account in the Trust Fund must be registered in the name of an eligible investor. Each participant may establish multiple accounts as necessary to satisfy requirements regarding commingling of funds or for accounting convenience.

The Trust Fund does not issue unit certificates. The Sub-Administrator sends monthly statements to participants setting forth transactions in their account for the preceding period and the period-end balance of shares held in the account.

Additions and Deductions - Contributions from participants are recognized as additions when received. Withdrawals from participants are recognized as deductions when payments are due.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Recently Issued Accounting Guidance:

The GASB has issued the following accounting pronouncements that have effective date after June 30, 2013:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities, or vice versa. In the case of the Trust Fund, as there are no deferred outflows or deferred inflow of resources, no impact is expected from the future adoption of this statement. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.
- GASB Statement No. 66, *Technical Corrections 2012*. The objective of this Statement, among other provisions, is to amend Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. No impact is expected upon the adoption of this statement on July 1, 2013.
- GASB Statement No. 67, *Financial Reporting for Pension Plans — an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The major fundamental change, among others related to the application and determination of certain measurement assumptions in valuing pension plans, is switching from the existing “funding-based” accounting model, where currently the Annual Required Contribution (ARC) is compared to the actual payments made and that difference determines the Net Pension Obligation; to an “accrual basis” model similar to current FASB standards, where the Total Pension Obligation (Actuarially determined) is compared to the Net Plan Position and the difference represents the Net Pension Liability. This particular Statement will not be applicable to the Trust Fund, as the Trust Fund does not have its own pension plan; on the other hand, this will be applicable to the three Employees’ Retirement Systems of the Commonwealth (the “Retirement Systems”). However, this change applicable to only the Retirement Systems, will have an impact on the different government agencies and public corporations, including the Trust Fund, when GASB Statement No. 68, discussed below, is adopted effective for fiscal year 2015. The provisions of this Statement are effective for the financial statements of the Retirement Systems for periods beginning after June 15, 2013.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. This Statement, among other requirements, will bring the effect of Statement 67 summarized above, into the accounting records of the individual agencies, public corporations and municipalities, whose employees participate in the Retirement Systems. The Trust Fund, as well as the other component units of the Commonwealth and the municipalities, are considered “cost-sharing” employers of the Retirement Systems; therefore, a government participating in the Retirement Systems, such as the Trust Fund, would report the resulting Net Pension Liability from Statement 67 as follows:
 - ✓ Based on the Trust Fund’s proportion of the collective net pension liability of all the governments participating.
 - ✓ The proportion should be consistent with the method used to assess contributions (percentage of payroll).

The impact of the effects of this Statement on the Trust Fund’s basic financial statements is not expected to be significant as the Trust Fund currently has no employees participating in Retirement Systems. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfer of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a governmental entity guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. Certain qualitative factors should be considered when evaluating the likelihood of a guaranty payment, such as: initiation of a bankruptcy process, breach of a debt contract in relation to the guaranteed obligation and indications of significant financial difficulty to pay agents or trustees. This Statement is not expected to have any impact on the Trust Fund as the Trust Fund has no financial guarantees outstanding at June 30, 2013. This Statement is effective for financial statements for periods beginning after June 15, 2013.

PUERTO RICO GOVERNMENT INVESTMENT TRUST FUND
(An Investment Pool of the Commonwealth of Puerto Rico)

NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

3. INVESTMENT ADVISORY, ADMINISTRATION, AND CUSTODIAN AGREEMENTS, AND TRANSACTIONS WITH RELATED PARTIES

Pursuant to Act No. 176 -1995 of the Commonwealth of Puerto Rico, the Bank acts as the Trustee, Administrator, and Custodian of the Trust Fund. The Trust Fund receives trustee services in exchange for a fee. The trustee services fee will not exceed 0.03% of the Trust Fund's daily average net assets value. For the year ended June 30, 2013, the Bank billed to the Trust Fund approximately \$71,000 as trustee fees or 0.02% of daily average net assets value.

The Bank entered into subadministration and subcustodian agreement with the BNYM. BNYM provides administrative services necessary for the operation of the Trust. Such services include providing facilities for maintaining the Trust Fund's organization; supervising relations with investment advisors, custodians, transfer and pricing agents, accountants, underwriters and other persons dealing with the Trust Fund; preparing general participant communications and assisting the Bank with participant's relations; maintaining the Trust Fund's records; developing management and participant services and furnishing reports; and providing evaluations and analyses on a variety of subjects to the Trustee. For the year ended June 30, 2013, the Trust Fund incurred administrative and subcustodian fees amounting to approximately \$143,000.

The Bank entered into investment advisory subcontract agreements with Cutwater Asset Management and Wellington Management Company (the "Investment Advisors"). The Investment Advisors manage a portion of the Trust Fund's portfolio in accordance with the stated investment policies, objectives and guidelines, make investment decisions, place orders to purchase and sell securities and employ professional portfolio managers and other professionals to provide services to the Trust Fund. Cutwater Asset Management is currently managing 60% and Wellington Management Company manages 40% of the Trust Fund's investment portfolio.

The Investment Advisors are responsible for managing the Trust Fund's investment portfolio and to provide necessary personnel, facilities, equipment, and certain other required services for the Trust Fund's operations. The investment advisory fees will not exceed 0.25% of the Trust Fund's daily-amortized cost value. For the year ended June 30, 2013, the Trust Fund incurred investment advisory fees amounting to approximately \$327 thousand or 0.10% of the daily-amortized cost value.

4. INVESTMENT POLICY

The Trust Fund seeks to achieve its objective by investing only in certain high grade money market instruments, including obligations of the U.S. Government and the Commonwealth and their respective agencies and instrumentalities. These market instruments are authorized for investment by the Trust Fund as specified in the Act 176-1995 and the investment policies, objectives and guidelines set forth in the Deed of Trust, as they may be amended from time to time. The investment policies, objectives and guidelines for the Trust Fund are subject to requirements imposed by rating organizations.

The Trust Fund may purchase only high quality securities denominated in U.S. dollars that the Investment Advisors believe present minimal credit risk. To be considered high quality, a security

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must be a U.S. government security or be rated (or issued by an entity that is rated with respect to a class of securities having a remaining of 397 days or less and that is comparable to the security being acquired) in accordance with applicable rules in the highest rating categories for long-term and short-term securities by Standard & Poor's Rating Group ("Standard & Poor's") and Moody's Investors Service, Inc. (Moody's). Rating categories by credit rating agency are as follow:

<u>Type of Securities</u>	<u>Standard & Poor's</u>	<u>Moody's</u>
Long-term	AAA or AA	Aaa or Aa
Short-term	A-1	P-1

The Trust Fund may also purchase unrated securities that the Investment Advisor making the investment judges to be of quality equivalent to those securities meeting rating requirements, pursuant to additional criteria provided in the guidelines established under the Deed of Trust and by the nationally recognized statistical rating organization from which the Trustee has requested a ruling for the Trust Fund.

The Trust Fund invests in high-grade money market instruments maturing in 397 days or less, with a dollar-weighted average portfolio maturity of less than 60 days (subject to certain limitations) including the following:

- U.S. government and agencies securities
- Puerto Rico government and sponsored agencies securities
- Commercial paper
- Corporate obligations
- Time deposits, certificates of deposit, bank notes, and bankers' acceptances issued by U.S. or Puerto Rico regulated banks
- Repurchase agreements collateralized by U.S. government securities
- Dollar-denominated certificates of deposit, bankers' acceptances, and time deposits issued in the United States by branches or subsidiaries of foreign banks

The Trust Fund adopted an investment policy that places the following diversification limitations. In general, each of the Investment Advisors will not invest more than:

- 5% of its portfolio assets in securities of the same issuer other than U.S. government securities.
- 25% of its portfolio assets in the same industry, excluding the banking industry.

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- 40% of its portfolio assets in commercial paper.
- 20% of its portfolio assets in dollar-denominated securities issued in the United States by branches or subsidiaries of foreign issuers.
- 10% of its portfolio assets in restricted and illiquid securities.
- 33.3% of its portfolio assets in the same government agency.
- 25% of its portfolio assets in overnight agreements with the same counterparty.
- 10% of its portfolio assets in repurchase agreements with a maturity date of more than one day, but less than 30 days with the same counterparty.
- 10% of its portfolio assets in floating and variable rate securities.

5. INVESTMENTS

At June 30, 2013, the Trust Fund's securities are classified as short-term investment which mature in one year or less, and consist of the following (in thousands):

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Concentration</u>
Securities purchased under agreements to resell	\$ 97,461	\$ 97,461	32%
Commercial paper	92,956	92,962	31%
U.S. government and sponsored agencies obligations	80,514	80,515	27%
Certificates of deposit	14,850	14,855	5%
Money market	12,412	12,412	4%
Corporate obligations	4,510	4,511	1%
	<u>\$ 302,703</u>	<u>\$ 302,716</u>	100%

At June 30, 2013, the Trust Fund's investments are rated as follow:

	<u>Standard & Poor's</u>	<u>Moody's</u>
Securities purchased under agreements to resell	A-1+ or A-1	P-1
Commercial paper	A-1+ or A-1	P-1
U.S. government and sponsored agencies obligations	AA+	Aaa or P-1
Certificates of deposit	A-1	P-1 or Aa2
Money market	A-1+	P-1
Corporate obligations	A-1+ AA+ or A-1	Aaa or P-1

The Trust Fund liquidity is influenced by the issuer ability to comply with required payments when due. Changes in interest rate may affect the yield and market value of the Trust Fund's investment portfolio.

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6. SHARES TRANSACTIONS

Shares transactions for the year ended June 30, 2013 were as follows:

	<u>Shares</u>	<u>Dollar Amount</u>
Balance, at beginning of year	371,270,092	\$ 371,270,092
Sales	38,815,489	38,815,489
Reinvestment of earnings accredited to participants' accounts	<u>238,357</u>	<u>238,357</u>
	410,323,938	410,323,938
Redemptions	<u>(110,132,110)</u>	<u>(110,132,110)</u>
Balance, at end of year	<u><u>300,191,828</u></u>	<u><u>\$ 300,191,828</u></u>

Certain procedures have been established under the Deed of Trust designed to stabilize the Trust Fund's net asset value per unit at \$1. The Administrator considers from time to time the extent to which net asset value calculated by using market valuations would deviate from \$1 per share. If the Trustee believes that a deviation from the Trust Fund's amortized cost per unit may result in material dilution or other unfair results to existing participants, the Trustee may take such corrective action as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results. Such corrective actions include: instructing the Investment Advisors to sell instruments prior to maturity or to shorten the average portfolio maturity; withholding dividends; redeeming shares in kind; suspending the determination of net asset value; reducing the number of shares in the account of each participant on a pro rata basis, among other measures, as the Trustee may deem appropriate. No corrective actions were adopted by the Administrator to stabilize the Trust Fund's net asset value during the year ended June 30, 2013.

The Trust Agreement requires the net investment income and net realized capital gains, if any, to be distributed on a daily basis to shareholders. Dividends are reinvested automatically in additional shares of the Trust Fund. Shares are redeemed at net asset value computed preceding the redemption date.

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7. PER SHARE DATA AND RELEVANT RATIOS

Selected data for a share of the Trust Fund outstanding during the year ended June 30, 2013, is as follows:

<u>Per share data</u>	
Investment income	\$ 0.0025
Expenses	<u>(0.0018)</u>
Increase in net position	0.0007
Distributions to pool participants	<u>(0.0007)</u>
Net increase in net position value	\$ -
NET POSITION - Beginning of year	<u>\$ 1.00</u>
NET POSITION - End of year	<u><u>\$ 1.00</u></u>
<u>Ratios</u>	
Investment income to average net assets value	0.25%
Expenses to average net assets value	0.17%

8. RISKS AND UNCERTAINTIES

The Trust Fund's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market values, it is possible that near term risks could materially affect participants' account balances and the amounts presented in the accompanying statement of fiduciary net position and the statement of changes in fiduciary net position.

At June 30, 2013, investment securities were insured, registered or held by the custodian agent on behalf of the Trust Fund. The Trust Fund does not have a custodial credit risk policy.

At June 30, 2013, the Trust Fund's certificates of deposit amounting to approximately \$14.9 million, in aggregate, were exposed to credit risk since such deposits were uninsured and uncollateralized.

The Trust Fund seeks to maintain a constant net asset value per share of \$1. Investments in the Trust Fund are neither insured nor guaranteed by the U.S. Government or the Commonwealth, including the Bank, and there are no assurances that the Trust Fund will maintain a net asset value per unit of \$1. The Commonwealth did not provide nor obtain any legally binding guarantees to support the value per share during the year ended June 30, 2013.

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9. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 24, 2014, the date the financial statements were available to be issued, to determine if any such events should either be recognized or disclosed in the 2013 financial statements.

SCHEDULE OF INVESTMENTS

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SCHEDULE OF INVESTMENTS
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Face amount	Issuer	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Securities purchased under agreements to resell – 32.47% of net position					
\$ 20,000,000	BARCLAYS CAT 9 REPO	0.1000%	07/01/13	\$ 20,000,000	\$ 20,000,000
20,000,000	UBS WARBURG REPO	0.0500%	07/01/13	20,000,000	20,000,000
11,461,000	BANC OF AM CORP REPO	0.0900%	07/01/13	11,461,000	11,461,000
12,000,000	HSBC AGCY REPO	0.1000%	07/01/13	12,000,000	12,000,000
12,000,000	MORGAN ST REV REPO	0.1200%	07/01/13	12,000,000	12,000,000
11,000,000	UBS SEC AG PASS REPO	0.0900%	07/01/13	11,000,000	11,000,000
11,000,000	DEUTSCHE BANK REPO	0.1000%	07/01/13	11,000,000	11,000,000
<u>\$ 97,461,000</u>				<u>\$ 97,461,000</u>	<u>\$ 97,461,000</u>
Certificates of deposit – 4.95% of net positions					
\$ 1,000,000	BANK MONTREAL CHI BRH INSTL CD	0.2700%	06/18/14	\$ 1,000,000	\$ 999,992
750,000	BANK MONTREAL CHI BRH INSTL CD	0.2800%	01/07/14	750,000	750,155
1,000,000	BANK MONTREAL CHI BRH INSTL CD	0.2400%	08/13/13	1,000,000	1,000,090
1,500,000	BANK OF NOVA SCOTIA INSTL C/D	0.2700%	10/17/13	1,500,000	1,500,449
500,000	COOPERATIEVE CENTRAL INSTL C/D	0.2700%	12/18/13	500,024	500,050
1,500,000	RABOBANK NED NY FRN	0.3500%	01/27/14	1,500,000	1,500,959
1,000,000	DEUTSCHE BANK AG NY INSTL C/D	0.3500%	09/23/13	1,000,000	1,000,203
1,000,000	NORDEA BK FINLAND INSTL C/D	0.1700%	09/20/13	1,000,000	999,980
2,500,000	ROYAL BK CANADA NY INSTL C/D	0.3200%	01/27/14	2,500,000	2,501,920
1,000,000	SOCIETE GENERALE INSTL C/D	0.4300%	09/09/13	1,000,000	1,000,360
1,500,000	STANDARD CHARTERED BK INSTL CD	0.3800%	01/23/14	1,500,000	1,500,096
500,000	STANDARD CHARTERED BK INSTL CD	0.2800%	04/10/14	500,000	500,116
600,000	SVENSKA HANDELSBKN INSTL C/D	0.2100%	09/23/13	600,007	600,012
500,000	TORONTO DOMINION NY INSTL C/D	0.2400%	11/15/13	500,000	500,166
<u>\$ 14,850,000</u>				<u>\$ 14,850,031</u>	<u>\$ 14,854,547</u>
Treasury Bills- 1% of net positions					
\$ 3,000,000	TREASURY BILL	0.0300%	07/18/13	\$ 2,999,955	\$ 2,999,967
<u>\$ 3,000,000</u>				<u>\$ 2,999,955</u>	<u>\$ 2,999,967</u>
Treasury Notes - 5.27% of net positions					
\$ 4,000,000	U S TREASURY NOTE	0.7500%	08/15/13	\$ 4,002,839	\$ 4,003,280
3,000,000	U S TREASURY NOTE	0.5000%	10/15/13	3,002,553	3,003,399
4,000,000	U S TREASURY NOTE	0.5000%	11/15/13	4,006,296	4,005,780
3,000,000	U S TREASURY NOTE	0.2500%	10/31/13	3,000,550	3,001,524
1,800,000	U S TREASURY NOTE	0.3750%	07/31/13	1,800,270	1,800,421
<u>\$ 15,800,000</u>				<u>\$ 15,812,507</u>	<u>\$ 15,814,404</u>
Corporate obligations – 1.5% of net positions					
\$ 3,000,000	METLIFE INSTITUTIONAL FUN 144A	0.3700%	09/12/13	\$ 3,000,000	\$ 3,000,492
110,000	KFW	1.3750%	07/15/13	110,047	110,040
1,400,000	WELLS FARGO BANK INSTL C/D	0.1900%	12/09/13	1,400,000	1,400,062
<u>\$ 4,510,000</u>				<u>\$ 4,510,047</u>	<u>\$ 4,510,593</u>
Money Market – 4.13% of net positions					
\$ 12,411,820	DREYFUS CASH MGMT FUND	0.0500%		\$ 12,411,820	\$ 12,411,820
<u>\$ 12,411,820</u>				<u>\$ 12,411,820</u>	<u>\$ 12,411,820</u>

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Face amount	Issuer	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Commercial paper – 30.97% of net positions					
\$ 1,500,000	ALPINE SECR CORP DISC	0.2700%	10/18/13	\$ 1,498,774	\$ 1,498,920
2,250,000	AUTOBAHN FDG CO DISC	0.3200%	12/02/13	2,246,920	2,247,075
2,500,000	BARCLAYS US FDG DISC	0.3600%	09/04/13	2,498,330	2,498,950
3,000,000	BARCLAYS US FDG DISC	0.4000%	03/07/14	2,991,700	2,990,340
3,000,000	CREDIT SUISSE FST DISC	0.2900%	10/04/13	2,997,704	2,998,230
3,000,000	FCAR OWNER TR II DISC	0.2400%	09/04/13	2,998,700	2,998,770
2,500,000	GEMINI SECR DISC	0.1400%	07/15/13	2,499,854	2,499,800
1,000,000	GOLDEN FDG CORP DISC	0.1900%	07/22/13	999,883	999,890
2,000,000	GOLDEN FDG CORP DISC	0.3700%	10/17/13	1,997,780	1,998,460
2,500,000	ING (US) FUNDING DISC	0.2400%	07/19/13	2,499,687	2,499,800
2,250,000	ING (US) FUNDING DISC	0.4900%	08/02/13	2,249,000	2,249,618
3,000,000	ING (US) FUNDING DISC	0.2700%	10/28/13	2,997,323	2,997,420
2,500,000	KELLS FDG LLC DISC	0.2200%	08/14/13	2,499,297	2,499,475
3,000,000	KELLS FDG LLC DISC	0.2200%	09/05/13	2,998,790	2,998,920
3,000,000	LIBERTY ST FDG DISC	0.1400%	07/25/13	2,999,700	2,999,610
2,250,000	MANHATTAN AST FDG DISC	0.1900%	08/06/13	2,249,550	2,249,550
2,000,000	MANHATTAN AST FDG DISC	0.2000%	08/13/13	1,999,522	1,999,520
3,000,000	RABOBANK USA FINL DISC	0.2600%	09/05/13	2,998,569	2,999,160
2,250,000	RIDGEFIELD FDG CO DISC	0.2300%	07/01/13	2,250,000	2,249,978
2,000,000	RIDGEFIELD FDG CO DISC	0.2100%	07/15/13	1,999,821	1,999,860
3,000,000	STANDARD CHART DISC	0.2100%	07/15/13	2,999,732	2,999,850
2,000,000	STANDARD CHART DISC	0.2500%	09/03/13	1,999,111	1,999,380
3,000,000	STANDARD CHART DISC	0.2500%	09/12/13	2,998,479	2,998,890
2,500,000	SURREY FDG CORP DISC	0.2100%	07/09/13	2,499,867	2,499,875
2,500,000	WORKING CAP MGMT DISC	0.1700%	07/15/13	2,499,825	2,499,825
1,000,000	BPCE DISC	0.4300%	09/09/13	999,154	999,540
950,000	BPCE DISC	0.4400%	01/02/14	947,852	948,129
1,250,000	CHARIOT FDG LLC DISC	0.1700%	08/01/13	1,249,806	1,249,913
250,000	COCA COLA CO DISC	0.1700%	12/17/13	249,800	249,860
600,000	COMWLTH BK AUST DISC	0.2300%	10/24/13	599,559	599,688
1,500,000	FAIRWAY FIN CORP DISC	0.1400%	07/10/13	1,499,944	1,499,925
2,500,000	FAIRWAY FIN CORP DISC	0.2047%	01/06/14	2,500,000	2,500,000
1,000,000	GENERAL ELEC CAP DISC	0.1500%	07/03/13	999,988	999,990
1,000,000	HSBC AMERICAS INC DISC	0.2900%	08/12/13	999,650	999,790
1,000,000	HSBC AMERICAS INC DISC	0.3400%	11/15/13	998,706	999,270
2,500,000	J P MORGAN CHASE DISC	0.2100%	07/30/13	2,499,557	2,499,825
1,000,000	KFW DISC	0.1700%	10/15/13	999,499	999,470
1,200,000	MARKET STREET FDG DISC	0.1600%	09/04/13	1,199,653	1,199,700
1,000,000	METLIFE SHORT DISC	0.1500%	08/05/13	999,854	999,840
2,000,000	METLIFE SHORT DISC	0.1500%	09/03/13	1,999,467	1,999,320
950,000	SOCIETE GEN N A DISC	0.4600%	01/10/14	947,657	948,005
1,500,000	THUNDER BAY FDG DISC	0.1700%	08/20/13	1,499,646	1,499,565
1,500,000	TOYOTA MTR CR CP DISC	0.2700%	11/25/13	1,498,346	1,498,620
3,500,000	CREDIT SUISSE AG IB NT	0.3900%	07/05/13	3,500,000	3,500,032
2,500,000	CREDIT SUISSE AG IB NT	0.3600%	11/08/13	2,500,000	2,499,823
2,500,000	FAIRWAY FIN CORP IB NT	0.2200%	07/05/13	2,500,000	2,500,010
300,000	AUSTRALIA & NZ BK IB NT	0.1900%	11/25/13	300,000	300,035
<u>\$ 93,000,000</u>				<u>\$ 92,956,058</u>	<u>\$ 92,961,513</u>

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Face Amount	Issuer	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Government and agencies obligations – 20.55% of net position					
\$ 2,000,000	FEDERAL HOME LN BK CONS BD	0.14000%	08/28/13	\$ 1,999,931	\$ 2,000,000
2,000,000	FEDERAL HOME LN BK CONS BD	4.50000%	09/16/13	2,018,464	2,018,154
3,000,000	FEDERAL NATL MTG ASSN	1.12500%	06/27/14	3,027,261	3,027,114
2,000,000	FEDERAL HOME LN MTG CORP	0.37500%	10/30/13	2,001,500	2,001,486
600,000	FEDERAL HOME LN MTG CORP	5.00000%	01/30/14	616,814	616,697
750,000	FEDERAL HOME LN BK CONS BD	0.37500%	01/29/14	750,841	750,755
800,000	FEDERAL HOME LN BK CONS BD	0.28000%	08/15/13	800,076	800,137
800,000	FEDERAL HOME LN BK CONS BD	0.30000%	12/04/13	800,420	800,536
1,275,000	FEDERAL HOME LN BK CONS BD	0.25000%	09/06/13	1,275,086	1,275,252
3,400,000	FEDERAL HOME LN BK CONS BD	0.25000%	09/06/13	3,400,228	3,400,677
650,000	FEDERAL HOME LN BK CONS BD	0.30000%	12/12/13	650,312	650,450
500,000	FEDERAL HOME LN BK CONS BD	0.32000%	12/11/13	500,250	500,345
1,000,000	FEDERAL HOME LN BK CONS BD	0.20000%	10/04/13	999,963	1,000,155
650,000	FEDERAL HOME LN BK CONS BD	0.17000%	12/24/13	649,930	650,066
450,000	FEDERAL HOME LN BK CONS BD	0.17000%	12/20/13	449,941	450,048
4,250,000	FEDERAL HOME LN BK CONS BD	0.12500%	04/11/14	4,248,462	4,247,051
600,000	FEDERAL HOME LN BK CONS BD	0.14000%	06/04/14	599,877	599,545
1,000,000	FEDERAL FARM CR BK CONS BD	0.15000%	02/15/14	999,811	999,686
495,000	FEDERAL HOME LN MTG CORP	4.87500%	11/15/13	503,639	503,831
1,000,000	FEDERAL HOME LN MTG CORP	5.00000%	07/15/14	1,049,892	1,049,378
650,000	FEDERAL HOME LN MTG CORP	0.45000%	01/09/14	650,843	650,948
600,000	FEDERAL HOME LN MTG CORP	0.37500%	02/27/14	600,752	600,648
1,000,000	FEDERAL NATL MTG ASSN	1.25000%	02/27/14	1,007,224	1,007,534
3,600,000	FEDERAL HOME LN MTG CORP	0.37500%	10/30/13	3,603,214	3,602,675
4,000,000	FEDERAL HOME LN BK CONS DISC	0.04000%	07/10/13	3,999,950	3,999,980
5,000,000	FEDERAL HOME LN BK CONS DISC	0.05000%	07/19/13	4,999,863	4,999,950
5,000,000	FEDERAL HOME LN BK CONS DISC	0.05000%	07/24/13	4,999,840	4,999,935
2,000,000	FEDERAL HOME LN BK CONS DISC	0.08000%	08/23/13	1,999,764	1,999,912
2,500,000	FEDERAL HOME LN MTG CORP DISC	0.15000%	09/05/13	2,499,313	2,499,818
3,000,000	FEDERAL HOME LN MTG CORP DISC	0.09000%	10/15/13	2,999,205	2,999,559
3,000,000	FEDERAL NATL MTG ASSN DISC	0.09000%	08/22/13	2,999,588	2,999,871
4,000,000	FEDERAL NATL MTG ASSN DISC	0.09000%	09/04/13	3,999,314	3,999,712
<u>\$ 61,570,000</u>				<u>\$ 61,701,569</u>	<u>\$ 61,701,905</u>

Total investments – 100.84% of net position

\$ 302,702,987 \$ 302,715,749

Net of liabilities in excess of other assets – .84% of net position

(2,511,159)

Net position – 100%

\$ 300,191,828