



Investment Policy
Vaccine Injury Compensation Trust Fund
20X8175
For October 1, 2008 through September 30, 2009

Purpose

The purpose of this document is to define the investment portfolio policy for the Vaccine Injury Compensation Trust Fund.

The authority for investing the Trust Fund is provided by 26 USC §9602, which states, "It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals."

The program agency and the Trust Fund Management Branch (TFMB) at the Bureau of the Public Debt each agree to this policy.

Background

The Vaccine Injury Compensation Trust Fund was established to provide a source of funding for payment of compensation under the National Vaccine Injury Compensation Program (VICP) to a petitioner for vaccine-related injury or death associated with taxable vaccines administered after September 30, 1988, and for payment of administrative expenses incurred by the Federal Government. This program is funded by a per dose excise tax on the sale of commonly used childhood vaccines. Taxable vaccines are those recommended by the Centers for Disease Control and Prevention for routine administration to children, on which are imposed an excise tax at the rate of 75 cents per dose. These excise taxes are deposited into the Trust Fund by the Office of Tax Analysis based on twice-a-month estimates. These estimates are adjusted to actual deposits on a quarterly basis. Currently, annual receipts into the fund exceed expenditures.

Portfolio Management

As of August 31, 2008, receipts into the fund exceeded expenditures by \$238,792,561.63. The program agency administering the Vaccine Injury Compensation Trust Fund is the Department of Health and Human Resources.

During FY 2008, the 1% overnight limit was sufficient to meet the cash flow needs of the Fund, and thus did not early redeem any of the Fund's longer-term securities. The interest payments, maturities, and excise tax receipts were enough to offset transfers. The Fund's investment portfolio contained a market-based bill that matured on September 27, 2007 and a market-based note that matured on February 15, 2008. The fund also holds longer-term investments laddered in the next ten years. The timing of interest payments and maturities, coupled with the overnight investment, supports the immediate cash needs of the Vaccine Injury Compensation Program.



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The investment policy for October 1, 2008 through September 30, 2009 is to maintain approximately 1% of the Fund's balance in overnight securities. All other receipts and maturities will be invested in notes and a market-based bill, maturing in 5 years or less, as well as 1 bond that will mature in 10 years.



**Attachment to the Investment Policy
Vaccine Injury Compensation Trust Fund
Investment Information**

Portfolio as of August 31, 2008

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 1.900% 09/02/2008	\$43,371,429.09	\$43,371,429.09	08/29/2008	09/02/2008
912828GF1	MK NOTE 4.750% 01/31/2012	\$429,110,211.42	\$433,267,580.64	01/31/2007	01/31/2012
912828DL1	MK NOTE 3.500% 02/15/2010	\$457,521,000.00	\$454,664,917.30	02/15/2005	02/15/2010
912828BZ2	MK NOTE 3.000% 02/15/2009	\$603,725,000.00	\$604,163,692.39	02/15/2004	02/15/2009
9128276T4	MK NOTE 5.000% 02/15/2011	\$519,878,000.00	\$524,517,555.98	02/15/2001	02/15/2011
912828EA2	MK BOND 9.125% 05/15/2018	\$447,492,000.00	\$639,125,699.95	05/16/1988	05/15/2018
912795G54	MK BILL 09/11/2008	\$151,073,000.00	\$151,008,143.48	03/13/2008	09/11//2008
		<u>\$2,652,170,640.51</u>	<u>\$2,850,119,018.83</u>		

Portfolio as of August 31, 2007

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY	ONE DAY 5.100% 09/04/2007	\$47,483,868.93	\$47,483,868.93	08/31/2007	09/04/2007
912828GF1	MK NOTE 4.750% 01/31/2012	\$373,065,000.00	\$373,854,839.26	01/31/2007	01/31/2012
912828DL1	MK NOTE 3.500% 02/15/2010	\$358,561,000.00	\$351,499,588.76	02/15/2005	02/15/2010
912828BZ2	MK NOTE 3.000% 02/15/2009	\$603,725,000.00	\$605,112,032.61	02/15/2004	02/15/2009
9128276T4	MK NOTE 5.000% 02/15/2011	\$519,878,000.00	\$526,264,412.67	02/15/2001	02/15/2011
9128273X8	MK NOTE 5.500% 02/15/2008	\$369,408,000.00	\$371,049,692.22	02/15/1998	02/15/2008
912795A35	MK BILL 09/27/2007	\$346,233,000.00	\$344,991,721.31	03/29/2007	09/27/2007
		<u>\$2,618,353,868.93</u>	<u>\$2,620,256,155.76</u>		

Additional details about the Fund's portfolio can be found at the following web site:
<http://www.federalinvestments.gov/govt/reports/reports.htm>