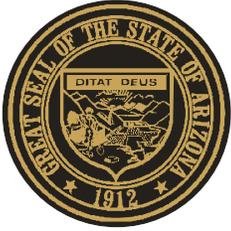


OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



AUGUST 2012

Presented To:

Arizona State Board of Investment

SEPTEMBER 25, 2012

STATE BOARD OF INVESTMENT

A G E N D A

September 25, 2012

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports
 - A. Earnings Distribution; Investment Pools
 - B. LGIP Pools Investments and Performance Reports
 - C. State Agency Pools Investments and Performance Reports
 - D. Operating Monies Invested Balances
 - E. Earnings Distributed Endowment Funds
 - F. Endowment Investments and Performance Reports
5. Proposed Changes to the Investment Policy
 - A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
6. Review and Approval of Proposed/Pending Securities Dealers
7. General Business
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

September 25, 2012

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on August 21, 2012 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey called the meeting to order at approximately 1:31 p.m.

Members Present:

Doug Ducey, Chair, State Treasurer
Beth Ford, Treasurer, Pima County, by teleconference
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate

Members Absent:

Lauren Kingry, Superintendent, Department of Financial Institutions
Scott Smith, Director of Arizona Department of Administration

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office
Carlton Woodruff, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Patty Humbert, Senior Portfolio Manager, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Martin Kelly, Investment Analyst, Arizona State Treasurer's Office
Kevin Donnellan, Director of Communications, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Dustin Smith, Arizona State Treasurer's Office Summer Intern
Sheila Asher, VP, Relationship Manager, JP Morgan

Pursuant to A.R.S. 35-311, the following reports for July, 2012 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

Earnings Distribution; Investment Pools
LGIP Pools Investments and Performance Reports
State Agency Pools Investments and Performance Reports
Operating Monies Invested Balances
Earnings Distributed Endowment Funds
Endowment Investments and Performance Reports

1. Call to Order:

Treasurer Ducey called the August 21, 2012 BOI meeting to order at approximately 1:31 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the August 21, 2012 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the July 24, 2012 minutes. Treasurer Ford seconded the motion. Motion carried.

4. Review of Treasurer's Monthly Report

Earnings Distribution – Investment Pools

Mr. Petkiewicz reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of July, 2012.

Review of Treasurer's Monthly Report – LGIP Investment Pools:

Mr. Petkiewicz presented the monthly report for the LGIP Investment Pools portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

LGIP (Pool 5) & LGIP GOV (Pool 7) Portfolio Yield Analysis

Mr. Petkiewicz reported the net yields for the LGIP and LGIP-Gov Pools, as well as the comparisons to their relative benchmarks for the month of July, 2012.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Petkiewicz reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of July, 2012.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Petkiewicz reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of July 31, 2012.

LGIP Pools Investments and Performance Reports

Mr. Petkiewicz reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of July, 2012.

Treasurer Ducey posed the question by asking Mr. Petkiewicz to speculate on why someone would invest in Pools 5 or 7 with funds that they are not going to need for many months when those funds could be placed into Pools 500 or 700. Mr. Petkiewicz explained that like buying any other long term bond, most agencies do not want to risk the present market value of their security, therefore investing in Pool 5 for a much more conservative mind set. Mr. Petkiewicz added that the non-guaranteed net asset value has always been 1.00 or \$1 dollar exactly and the net asset value on pools 500 and 700 are variables. Mr. Petkiewicz also stated that when it comes to government, most people are risk adverse and do not want to take an unrealized loss.

Treasurer Ducey shared that during his Northern Arizona visits he was amazed at how many clients' funds were longer term and not immediately needed, but still in the lower yield. Mr. Petkiewicz added that many will invest in individual bonds which carries that same risk but he was uncertain as to why they would not invest in a longer term pool, suggesting that the length of time it takes to make a decision in the public sector vs. private sector where decisions can be made more quickly was likely a factor.

Review of Treasurer's Monthly Report – Agency Pools:

Ms. Humbert presented the monthly report for the Agency Pools portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

State Agency Pools Portfolio Yield Analysis

Ms. Humbert reported the net yields for the State Agency Pools for the month of July, 2012.

Manager Allocation of Invested Monies for the State Agency Pools

Ms. Humbert reported the total market value of all of the State Agency Pools broken up to show the percent allocated to each individual State Agency Pool as of July 31, 2012.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, the weighted average life, the weighted average duration, the weighted average rating, and the total number of holdings for the State Agency Investment Pools as of July 31, 2012.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of July, 2012.

Review of Treasurer's Monthly Report – Endowments:

Mr. White presented the endowment portion of the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of July, 2012.

Endowment Funds Yield Analysis

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of July, 2012.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, S&P 400 and S&P 600 pools for the month of July, 2012 and FY12 fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of July, 2012.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of July, 2012.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of July 31, 2012.

Performance of Investments in Endowment Funds

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of July 31, 2012.

Manager Allocation of Invested Monies for the Endowment Pools

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of July 31, 2012.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of July 31, 2012.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of July 31, 2012.

Equity Holdings Investments Outstanding S&P 600

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 600 Pool as of July 31, 2012.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, the weighted average life, the weighted average duration, the weighted average yield to maturity, the weighted average rating, and the total number of holdings for the Fixed Income Pool for the month of July, 2012.

Endowment Investments and Performance Growth by Account Reports

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of July, 2012.

Approval of Treasurer's Report

Mr. Papp made a motion to approve the Treasurer's Report. Treasurer Ford seconded the motion. Motion carried.

5. Proposed Changes to Investment Policy:

No proposed changes.

6. Review and approval of Proposed/Pending Securities Dealers:

There were no Securities Dealers to be approved.

7. General Business:

There was no general business.

Treasurer Ducey shared his feedback from his recent LGIP visits in Northern Arizona adding that the reviews were excellent with regard to the support of the Arizona State Treasurer's Office staff. Treasurer Ducey commended the staff for their hard work and efforts.

8. Call to the Public

There was no public comment.

9. Notice of Next Meeting:

Treasurer Ducey advised the Board that the next regular meeting of the Board of Investment will be Tuesday, September 25, 2012 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

Treasurer Ford made a motion to adjourn the BOI meeting. Mr. Papp seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:05 p.m.

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
AUGUST 2012**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	AUGUST 2012	Fiscal YTD 12/13	Fiscal YTD 11/12	
General Fund	\$1,229,936	\$2,498,734	\$1,450,960	
2 State Agencies - Full Faith & Credit	542,490	1,111,053	1,262,728	\$108,132
3 State Agencies - Diversified (<i>Combined</i>)	1,393,630	2,165,124	1,384,819	215,481
4 State Agencies - Gov	446,634	811,152	617,126	110,835
5 LGIP	216,292	432,502	365,057	121,073
7 LGIP Gov	122,576	260,668	113,698	143,400
12 CAWCD Medium-Term	595,736	1,031,746	1,049,544	28,544
15 GADA Long-Term	16,989	35,424	62,099	1,232
16 ECDH Medium-Term	464,908	920,588	0	36,493
Subtotal	\$5,029,188	\$9,266,990	\$6,306,029	\$765,190
NAV POOL				
500 LGIP - Med Term	383,916	616,784	513,093	24,935
700 LGIP - FF&C Med Term	233,864	414,397	203,213	18,735
Total	\$5,646,968	\$10,298,171	\$7,022,335	\$808,860
AUGUST 2011 TOTALS	\$3,652,551			\$718,221

**LGIP & LGIP- GOV
PORTFOLIO YIELD ANALYSIS
AUGUST 31, 2012**

NET EARNINGS

FUND	DESCRIPTION	Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11	Net Asset Value Per Share
5	LGIP	221,410	227,440	198,385	1.0000
7	LGIP - GOV	124,815	142,072	69,699	1.0000
TOTAL LGIP & LGIP-GOV		346,224	369,512	268,084	

YIELDS

<u>MONTHLY</u>		Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11
5	LGIP (NET)	0.23%	0.22%	0.16%
	S & P LGIP INDEX	0.10%	0.10%	0.07%
7	LGIP - GOV (NET)	0.11%	0.11%	0.05%
	3 MONTH T-BILL	0.09%	0.09%	0.01%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.23%	0.22%	0.15%
	S & P LGIP INDEX	0.10%	0.10%	0.07%
7	LGIP - GOV (NET)	0.11%	0.11%	0.04%
	3 MONTH T-BILL	0.09%	0.09%	0.02%

* Note: The LGIP-GOV Pool consists of only securities explicitly backed by the full faith & credit of the US Government.

**LGIP & LGIP- GOV MEDIUM TERM POOLS
PORTFOLIO YIELD ANALYSIS
AUGUST 31, 2012**

NET EARNINGS

FUND	DESCRIPTION	Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11	Net Asset Value Per Share
500	LGIP - MED TERM POOL	416,146	256,165	291,815	1.0450
700	LGIP - FF&C MED TERM POOL	260,647	204,695	118,557	1.0172
	TOTAL LGIP MEDIUM TERM POOLS	676,793	460,860	410,372	

YIELDS

MONTHLY

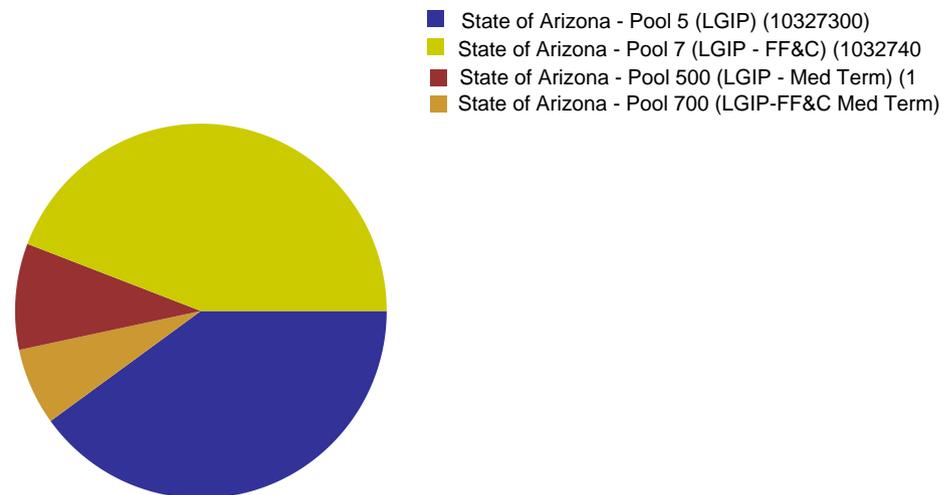
	Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11
500 LGIP - MED TERM (NET)	1.91%	1.38%	1.77%
MERRILL 1-5 US D M INDEX	0.99%	0.98%	1.55%
700 LGIP - FF&C MED TERM (NET)	1.56%	1.41%	1.16%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.62%	0.57%	0.98%

YEAR TO DATE

500 LGIP - MED TERM (NET)	1.65%	1.38%	1.71%
MERRILL 1-5 US D M INDEX	0.98%	0.98%	1.53%
700 LGIP - FF&C MED TERM (NET)	1.49%	1.41%	1.20%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.59%	0.57%	1.12%

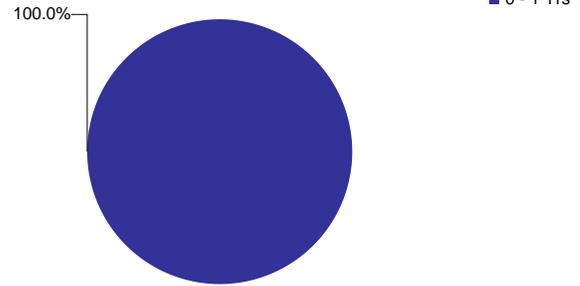
Manager Allocation - Daily Arizona State Treasury (05509) As of August 31, 2012

LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,177.86	39.9%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,308.56	44.3%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	267.87	9.1%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	200.47	6.8%
TOTAL	2,954.76	100.0%

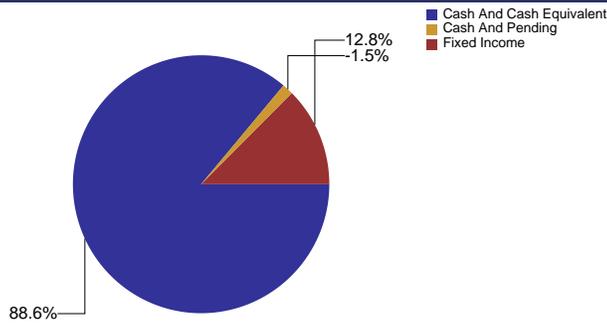


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,177.9
Weighted Average Life (Years) 0.07
Weighted Avg. Effective Duration (Years) 0.07
Weighted Average Maturity (Years) 0.08
Weighted Average Rating AA+
Number of Holdings 55

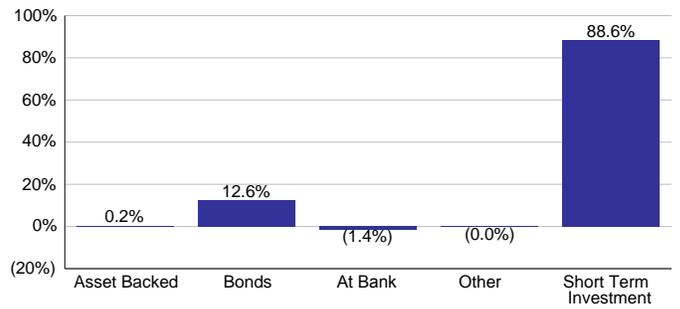
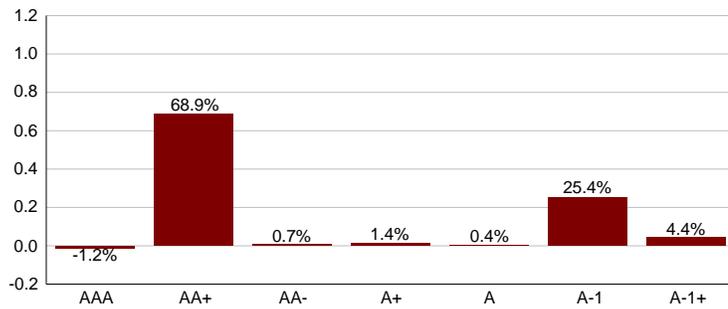


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 4/SEP/2012	21.08%	0.30	4/9/2012
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	10.41%	0.24	4/9/2012
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0.20%	8.39%	0.20	4/9/2012
06099V647	TRI-PARTY REPO BANK OF AMERICA 0.18% 04/SEP/2012	8.37%	0.18	4/9/2012
852990Q37	TRI-PARTY REPO SOUTH STREET 0.25% 28/SEP/2012	5.86%	0.25	28/9/2012
31599JD15	FIDELITY INVESTMENTS-PRIME MONEY MARKET PORTFOLIO	3.35%	0.16	1/10/2012
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	1.68%	0.47	21/9/2012
31398A3X8	FANNIE MAE VAR 13/SEP/2012	1.68%	0.36	13/9/2012
46636JAF0	MORGAN J.P. CHASE & CORPORATE COMMERCIAL PAPER	1.67%	0.00	12/9/2012
52468JJ54	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	1.67%	0.00	5/9/2012

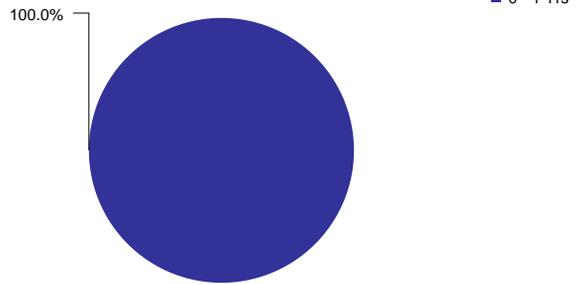
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

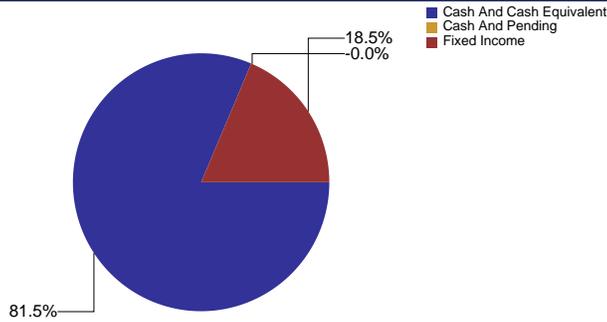
Duration Mix

Total Net Assets (Millions) **1,308.6**
 Weighted Average Life (Years) **0.14**
 Weighted Avg. Effective Duration (Years) **0.15**
 Weighted Average Maturity (Years) **0.18**
 Weighted Average Rating **AA+**
 Number of Holdings **28**



Asset Mix

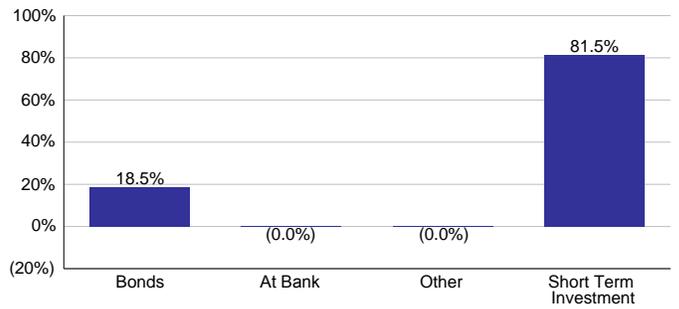
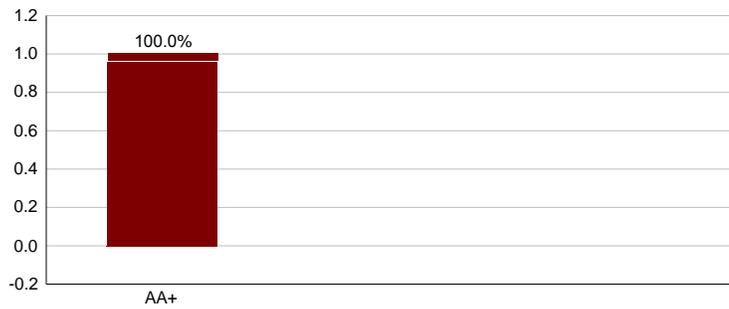
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
60699L475	TRI-PARTY REPO MIZUHO 0.16% 04/SEP/2012	15.28%	0.16	4/9/2012
38199CL02	TRI-PARTY REPO GOLDMAN SACHS 0.14% 04/SEP/2012	15.28%	0.14	4/9/2012
65599Z755	TRI-PARTY REPO NOMURA 0.18% 13/SEP/2012	8.41%	0.18	13/9/2012
65599Z771	TRI-PARTY REPO NOMURA 0.27% 04/SEP/2012	7.87%	0.27	4/9/2012
06099V647	TRI-PARTY REPO BANK OF AMERICA 0.18% 04/SEP/2012	5.84%	0.18	4/9/2012
9127956S5	UNITED STATES TREAS BILLS DT	3.82%	0.00	8/11/2012
9127955V9	UNITED STATES TREAS BILLS DT	3.82%	0.00	10/1/2013
9127956E6	UNITED STATES TREAS BILLS DT	3.82%	0.00	7/3/2013
9127956F3	UNITED STATES TREAS BILLS DT	3.82%	0.00	4/4/2013
9127956R7	UNITED STATES TREAS BILLS DT	3.82%	0.00	30/5/2013

Quality/Rating Weightings

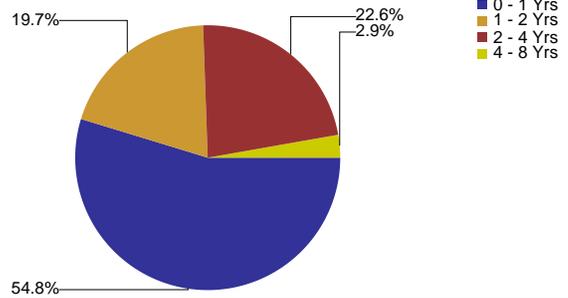
Sector Weightings (as % of Market Value)



Portfolio Characteristics

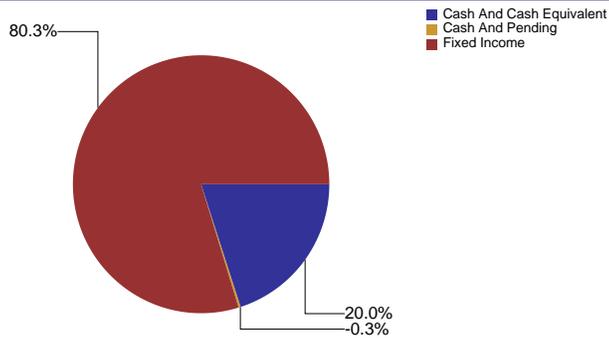
Duration Mix

Total Net Assets (Millions) **267.9**
 Weighted Average Life (Years) **1.63**
 Weighted Avg. Effective Duration (Years) **1.23**
 Weighted Average Rating **AA**
 Number of Holdings **181**



Asset Mix

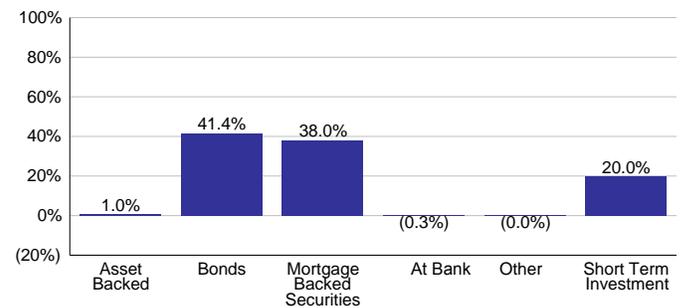
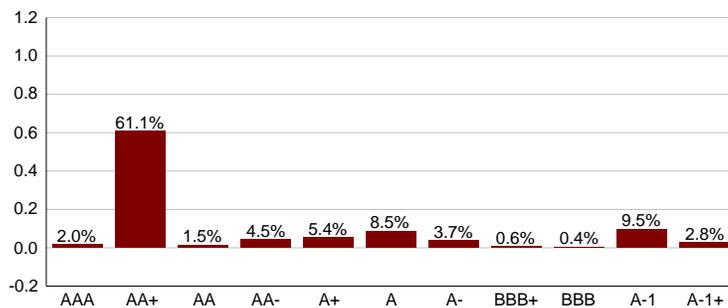
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	7.44%	0.24	4/9/2012
31417CUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	5.79%	2.50	1/8/2027
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	2.28%	4.00	1/2/2026
31418AHW1	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# MA1144	1.99%	2.50	1/8/2027
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 Q0 PN# Q09530	1.97%	3.50	1/7/2042
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	1.94%	4.00	1/12/2040
31292LFA8	FHLMCGLD MORTPASS 3.5% 01/FEB/2042 C0 PN# C03761	1.90%	3.50	1/2/2042
3137ARRT5	FREDDIE MAC 4080 DA 2.000% 15/MAR/2041	1.88%	2.00	15/3/2041
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	1.86%	0.47	21/9/2012
06945LJB5	BARTON CAPITAL CORP. ZCP 11/SEP/2008	1.86%	0.00	11/9/2012

Quality/Rating Weightings

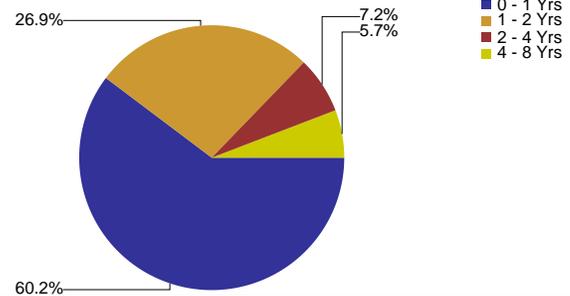
Sector Weightings (as % of Market Value)



Portfolio Characteristics

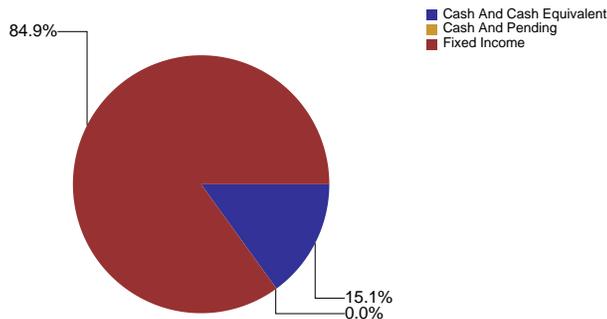
Duration Mix

Total Net Assets (Millions) **200.5**
 Weighted Average Life (Years) **1.59**
 Weighted Avg. Effective Duration (Years) **0.94**
 Weighted Average Rating **AA+**
 Number of Holdings **73**



Asset Mix

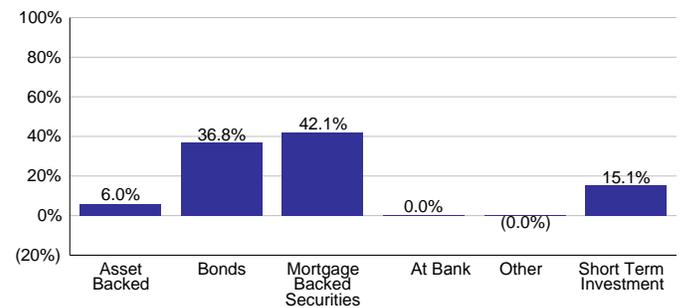
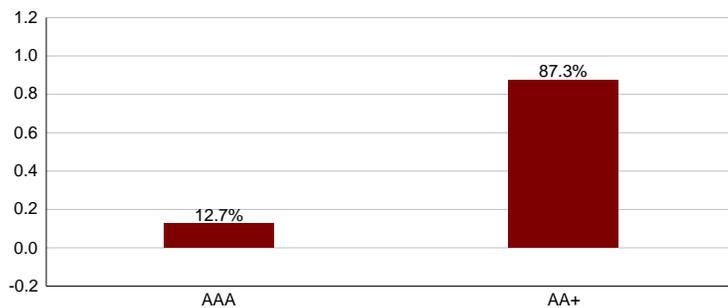
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099V647	TRI-PARTY REPO BANK OF AMERICA 0.18% 04/SEP/2012	14.47%	0.18	4/9/2012
36186CBF9	ALLY FINANCIAL INC 2.2% NTS 19/DEC/2012 USD1000	6.30%	2.20	19/12/2012
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	6.00%	0.00	25/10/2013
22087WAB5	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2012	5.71%	0.00	25/10/2012
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	3.92%	3.50	20/4/2027
36225E3Y6	GNMA II MORTPASS 03% 20/SEP/2040 AT PN# 082614	3.81%	3.00	20/9/2040
302998G60	FDIC US BANK CDARS ACCOUNT 0.27% 01/OCT/2012	3.77%	0.27	1/10/2012
36230M3Y1	GNMA I MORTPASS 4% 15/NOV/2040 SF PN# 753515	2.81%	4.00	15/11/2040
36176S4T4	GNMA I MORTPASS 4% 15/SEP/2041 SF PN# 775134	2.69%	4.00	15/9/2041
36179MGN4	GNMA II GTD 3% MTG BDS 20/JUL/2027 USD1000	2.66%	3.00	20/7/2027

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS
PORTFOLIO EARNINGS ANALYSIS
AUGUST 31, 2012**

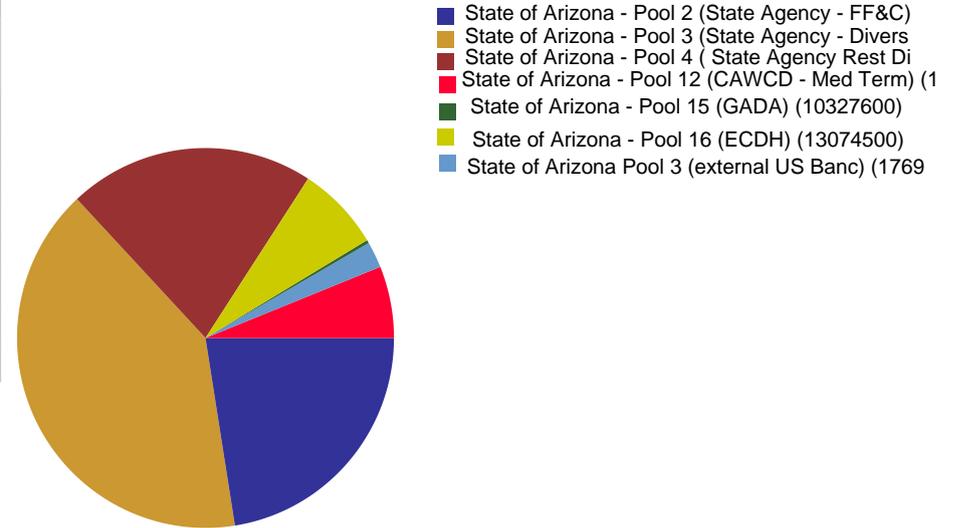
FUND	DESCRIPTION	Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	908,242	1,046,842	958,902	1.0087
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,882,866	1,157,002	1,137,483	1.0059
	EXTERNAL MANAGERS	46,389	37,207	N/A	1.0009
	FUND 3 TOTAL	1,929,255	1,194,209	1,137,483	1.0057
4	STATE AGENCIES - GOV	708,821	669,656	327,864	1.0045
12	CAWCD MEDIUM-TERM	595,736	436,010	525,569	1.0269
15	GADA LONG-TERM	16,989	18,435	24,275	1.0209
16	ECDH MEDIUM-TERM	464,908	455,680	N/A	1.0091
	TOTAL STATE AGENCIES	4,623,950	3,820,831	2,974,093	

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS
AUGUST 31, 2012**

FUND	DESCRIPTION	Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	1.02% 0.49%	1.11% 0.45%	1.25% 0.66%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	1.11% 0.55% 1.08% 0.63%	0.69% 0.44% 0.68% 0.66%	0.80% N/A 0.80% 0.58%
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.80% 0.19%	0.69% 0.19%	0.65% 0.14%
12	CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	2.49% 1.74%	1.83% 1.72%	2.25% 2.39%
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	1.65% 1.15%	1.79% 1.08%	2.36% 2.06%
16	ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.67% 1.74%	1.64% 1.72%	N/A N/A

Manager Allocation - Daily Arizona State Treasury (05509) As of August 31, 2012

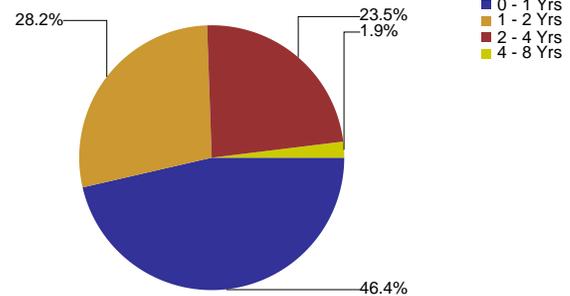
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,042.82	22.4%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,898.93	40.8%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	984.21	21.1%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	289.54	6.2%
State of Arizona - Pool 15 (GADA) (10327600)	12.36	0.3%
State of Arizona - Pool 16 (ECDH) (13074500)	329.89	6.5%
State of Arizona Pool 3 (external US Banc) (17699900)	100.17	2.7%
TOTAL	4,657.92	100.0%



Portfolio Characteristics

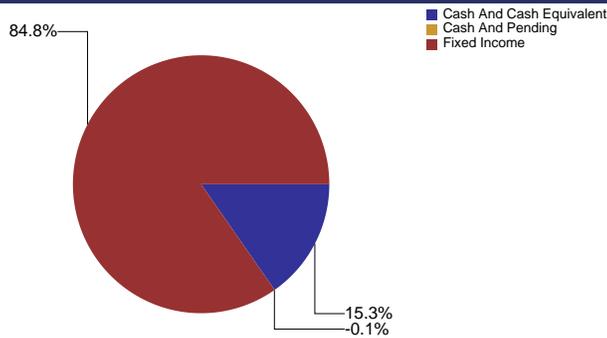
Duration Mix

Total Net Assets (Millions) **1,042.8**
 Weighted Average Life (Years) **1.54**
 Weighted Avg. Effective Duration (Years) **1.24**
 Weighted Average Rating **AA+**
 Number of Holdings **109**



Asset Mix

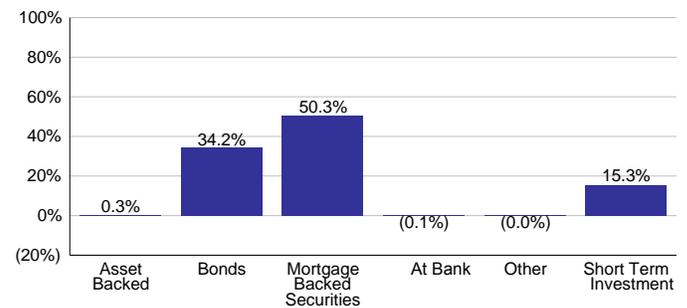
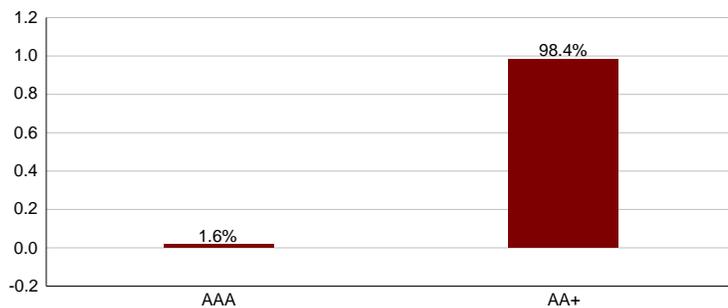
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599Z789	TRI-PARTY REPO NOMURA 0.24% 04/SEP/2012	9.58%	0.24	4/9/2012
06099V647	TRI-PARTY REPO BANK OF AMERICA 0.18% 04/SEP/2012	4.26%	0.18	4/9/2012
912828QH6	US 1.25000 '14	3.89%	1.25	15/2/2014
912828PD6	UNITED STATES TREAS NTS 0.375% 31/OCT/2012	3.84%	0.38	31/10/2012
62889KAA9	NCUA GTD NTS MASTER TRUST 0% BDS 12/JUN/2013	3.83%	0.26	12/6/2013
36179MAB6	GNMA II MORTPASS 3% 20/APR/2027 JM PN# MA0002	2.48%	3.00	20/4/2027
38377WL77	GINNIE MAE 2011-94 AB 2.000% 20/JAN/2039	2.35%	2.00	20/1/2039
38374UAY7	GINNIE MAE 2009-32 CA 4.000% 20/MAY/2039	2.29%	4.00	20/5/2039
38377UJ5	GINNIE MAE 2011-63 BA 2.000% 20/MAY/2038	2.05%	2.00	20/5/2038
912828KV1	US 2.25000 '14	1.99%	2.25	31/5/2014

Quality/Rating Weightings

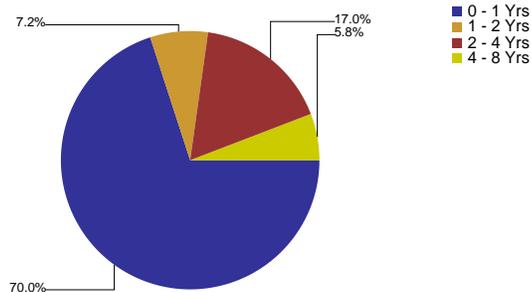
Sector Weightings (as % of Market Value)



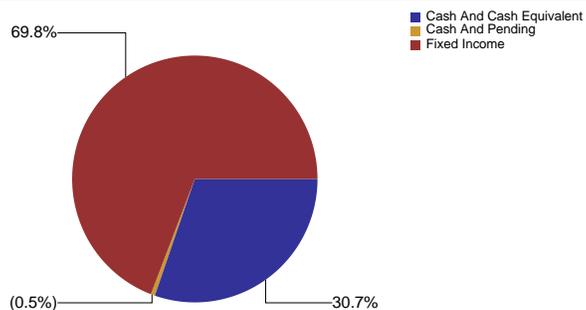
Portfolio Characteristics

Total Net Assets (Millions) **1,999.1**
 Weighted Average Life (Years) **1.61**
 Weighted Avg. Effective Duration (Years) **0.96**
 Weighted Average Rating **AA**
 Number of Holdings **256**

Duration Mix



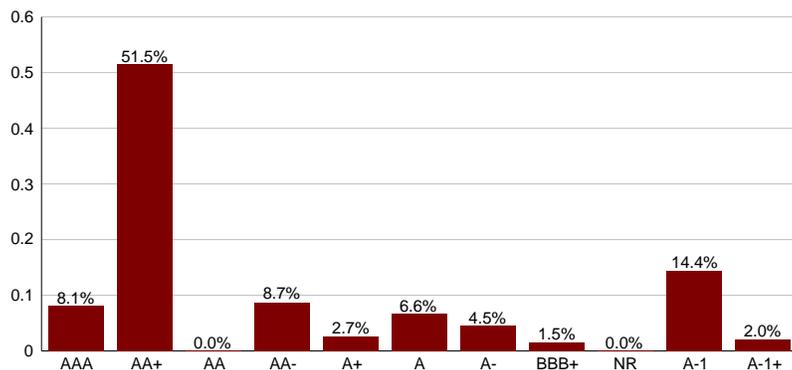
Asset Mix



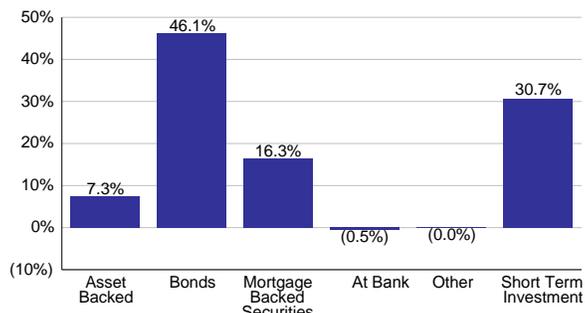
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	6.45%	1.39	4/9/2012
31599YU39	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.49%	1.39	1/10/2012
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	2.24%	1.39	15/7/2013
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.99%	1.39	2/5/2013
06945LJH2	BARTON CAPITAL CORP. CORPORATE COMMERCIAL PAPER	1.99%	1.39	17/9/2012
2063C0K27	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	1.99%	1.39	2/10/2012
52468JL28	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	1.99%	1.39	2/11/2012
52952LL26	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	1.99%	1.39	2/11/2012
45779PKX5	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.99%	1.39	31/10/2012
38346LKG0	GOTHAM FUNDING CO	1.86%	1.39	16/10/2012

Quality/Rating Weightings

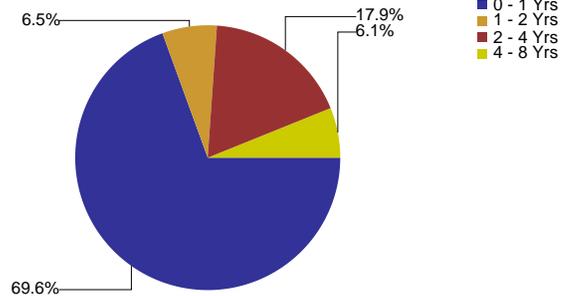


Sector Weightings (as % of Market Value)

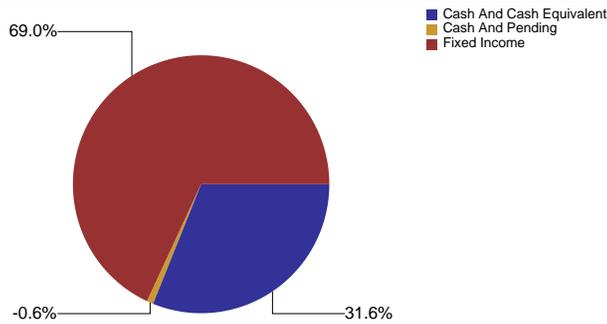


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **1,898.9**
 Weighted Average Life (Years) **1.66**
 Weighted Avg. Effective Duration (Years) **0.99**
 Weighted Average Rating **AA**
 Number of Holdings **160**

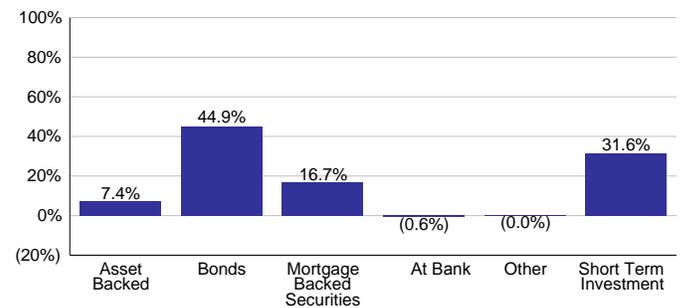
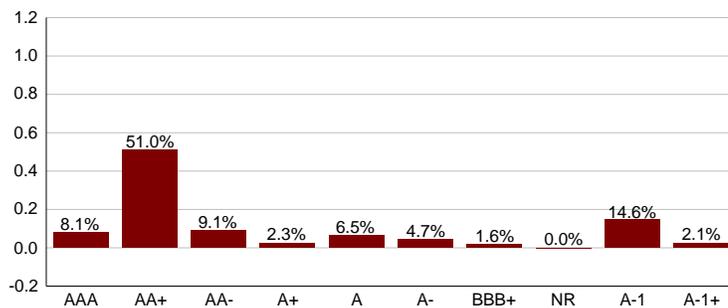


Asset Mix Top Ten Portfolio Holdings



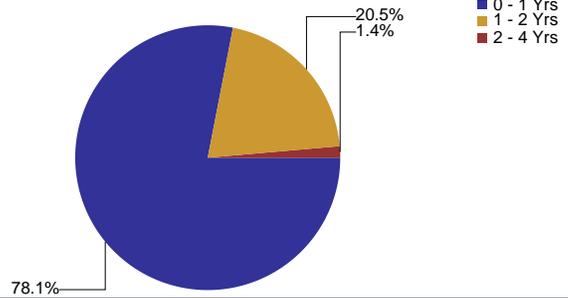
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	6.79%	0.24	4/9/2012
31599YU39	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.62%	0.21	1/10/2012
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	2.36%	1.00	15/7/2013
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	2.09%	0.00	2/5/2013
06945LJH2	BARTON CAPITAL CORP. CORPORATE COMMERCIAL PAPER	2.09%	0.00	17/9/2012
2063C0K27	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	2.09%	0.00	2/10/2012
52468JL28	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.09%	0.00	2/11/2012
52952LL26	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	2.09%	0.00	2/11/2012
45779PKX5	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	2.09%	0.00	31/10/2012
38346LKG0	GOTHAM FUNDING CO	1.96%	0.00	16/10/2012

Quality/Rating Weightings Sector Weightings (as % of Market Value)

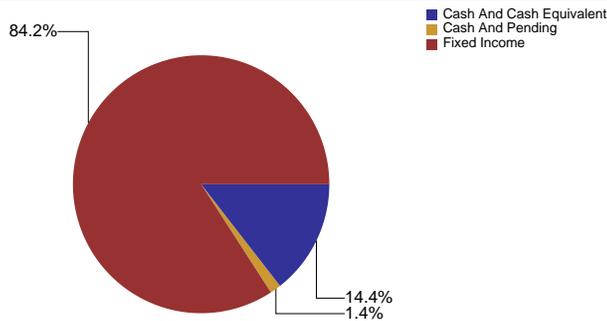


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **100.2**
 Weighted Average Life (Years) **0.71**
 Weighted Avg. Effective Duration (Years) **0.40**
 Weighted Average Rating **AA+**
 Number of Holdings **96**



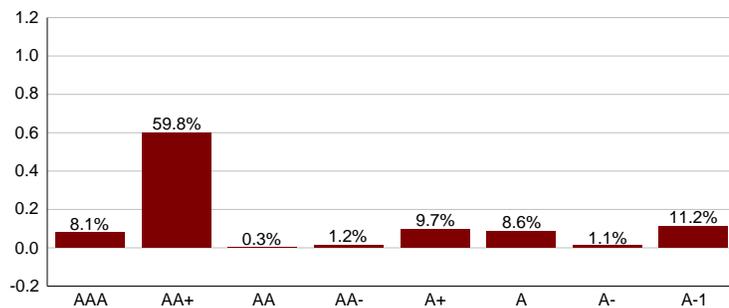
Asset Mix



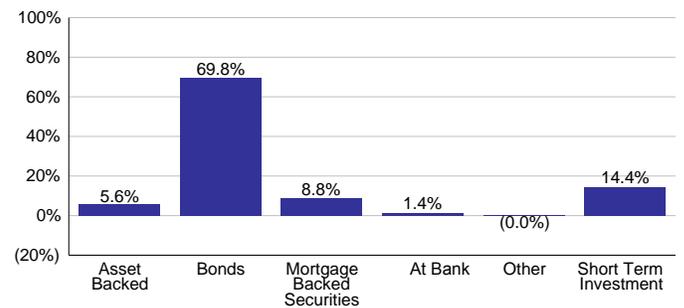
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313379P60	FEDERAL HOME LOAN BANKS CONS BD FLT 13 25/NOV/2013	4.05%	0.00	25/11/2013
3135G0LB7	FEDERAL NATL MTG ASSN CALL 1%29/MAY/2015	2.55%	1.00	29/5/2015
3136G0CB5	FEDERAL NATL MTG ASSN CALL 0.71%15/APR/2015	2.54%	0.71	15/4/2015
3135G0KR3	FEDERAL NATIONAL MORTGAGE ASSOC 0.7% NTS	2.54%	0.70	15/5/2015
3133EARS9	FEDERAL FARM CR BKS CONS BD 0.38% 29/MAY/2014	2.54%	0.38	29/5/2014
3135G0KS1	FEDERAL NATIONAL MORTGAGE ASSOC 0.56% NTS	2.53%	0.56	10/2/2015
3133EAXC7	FEDERAL FARM CR BKS CONS BD 0.57% 09/JUL/2015	2.53%	0.57	9/7/2015
3133EAZU5	FEDERAL FARM CREDIT BANKS 0.45% BDS 24/APR/2015	2.53%	0.45	24/4/2015
377372AC1	GLAXOSMITHKLINE CAPITAL 4.85% BDS 15/MAY/2013	2.12%	4.85	15/5/2013
097014AH7	BOEING CAPITAL CORP 5.8% BDS 15/JAN/2013 USD1000	2.08%	5.80	15/1/2013

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

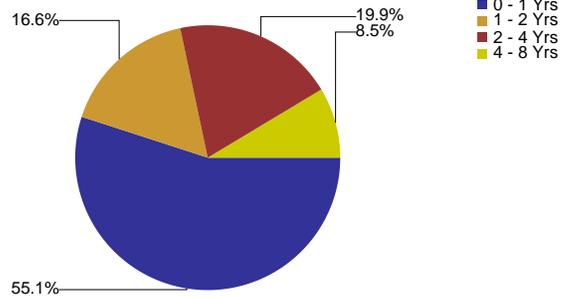


Portfolio Characteristics

Duration Mix

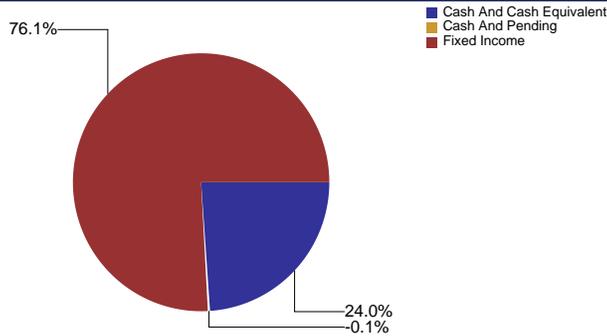
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

984.2
1.85
1.18
AA+
87



Asset Mix

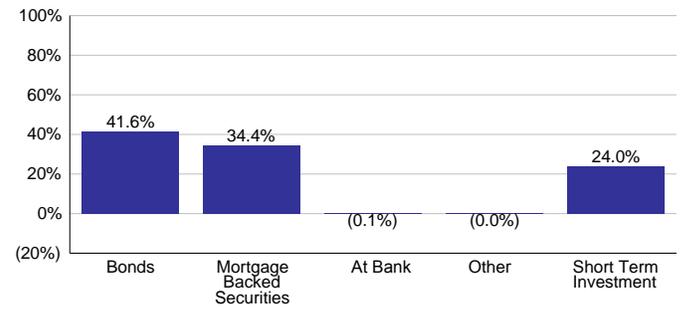
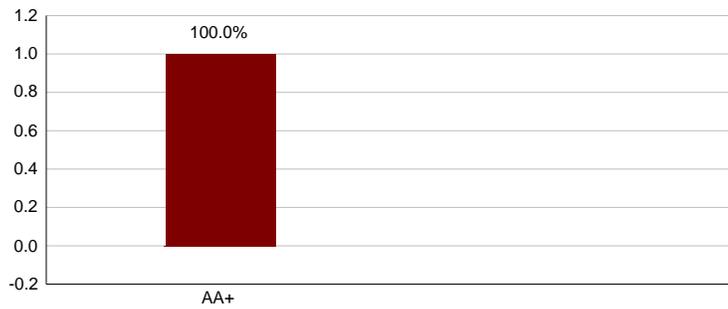
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	10.02%	0.24	4/9/2012
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 4/SEP/2012	5.63%	0.30	4/9/2012
06099V647	TRI-PARTY REPO BANK OF AMERICA 0.18% 04/SEP/2012	5.08%	0.18	4/9/2012
3135G0KF9	FEDERAL NATIONAL MORTGAGE ASSOC 1.5% NTS	4.63%	1.50	17/4/2017
3135G0JS3	FEDERAL NATIONAL MORTGAGE ASSOC 1.125% NTS	3.57%	1.12	12/4/2016
3132GSCE7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 PN# Q06969	2.59%	3.50	1/3/2042
313396H97	FEDL HOME LLN MTG CORP DISC NT MATURES 01/OCT/2012	2.54%	0.00	1/10/2012
912828HV5	UNITED STATES TREAS NTS 2.5% 31/MAR/2013	2.08%	2.50	31/3/2013
912828AU4	US TREAS NTS 3.875% 15/FEB/2013	2.07%	3.88	15/2/2013
3137APJG6	FREDDIE MAC 4030 BC 2.000% 15/JAN/2042	1.96%	2.00	15/1/2042

Quality/Rating Weightings

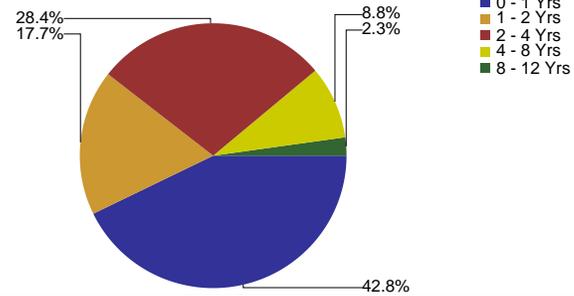
Sector Weightings (as % of Market Value)



Portfolio Characteristics

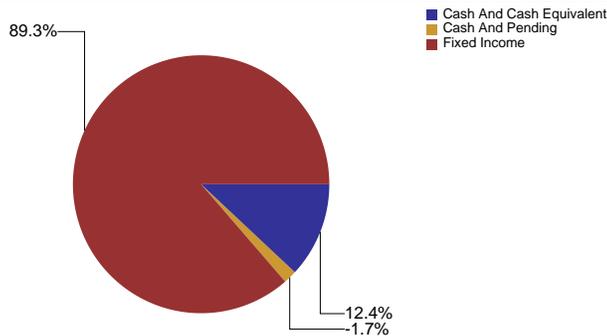
Duration Mix

Total Net Assets (Millions) **289.5**
 Weighted Average Life (Years) **2.97**
 Weighted Avg. Effective Duration (Years) **1.83**
 Weighted Average Rating **AA**
 Number of Holdings **120**



Asset Mix

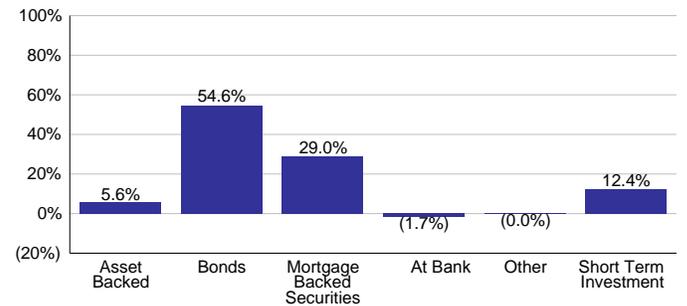
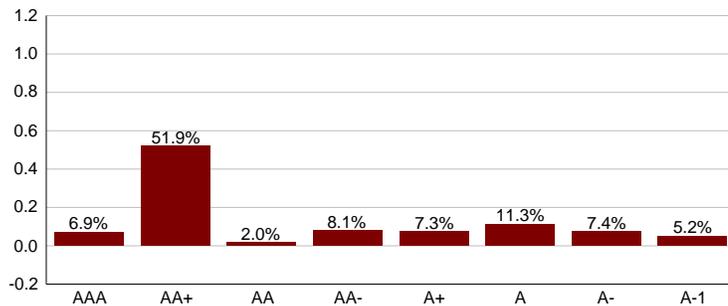
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	4.50%	0.24	4/9/2012
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.74%	0.75	15/11/2013
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.42%	1.99	26/3/2018
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.85%	3.00	1/4/2016
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.71%	1.15	30/10/2014
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.71%	1.21	10/1/2014
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.70%	0.41	15/2/2017
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.70%	0.00	2/5/2013
41068KK56	HANNOVER FDG CO, LLC CORPORATE COMMERCIAL PAPER	1.70%	0.00	5/10/2012
96442LKV8	WHITE POINT FDG INC, CORPORATE COMMERCIAL PAPER	1.70%	0.00	29/10/2012

Quality/Rating Weightings

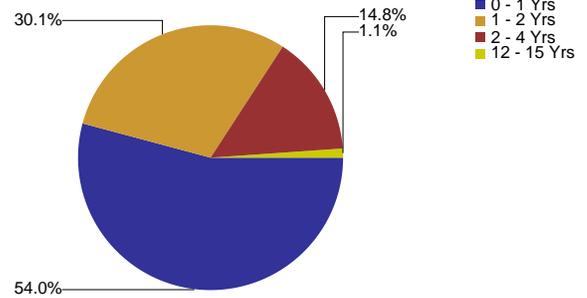
Sector Weightings (as % of Market Value)



Portfolio Characteristics

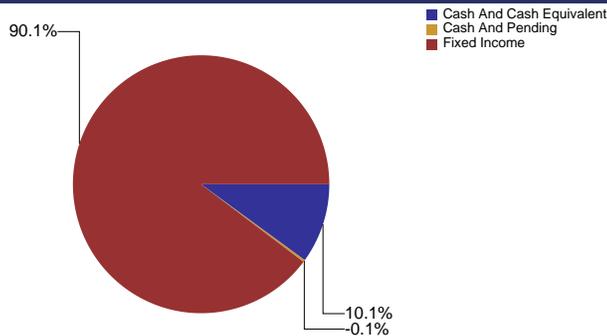
Duration Mix

Total Net Assets (Millions) **12.4**
 Weighted Average Life (Years) **3.79**
 Weighted Avg. Effective Duration (Years) **1.04**
 Weighted Average Rating **AA+**
 Number of Holdings **27**



Asset Mix

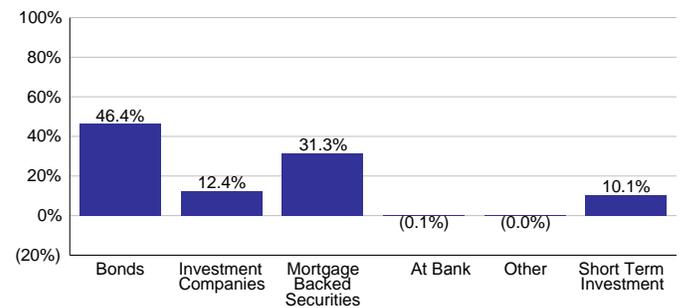
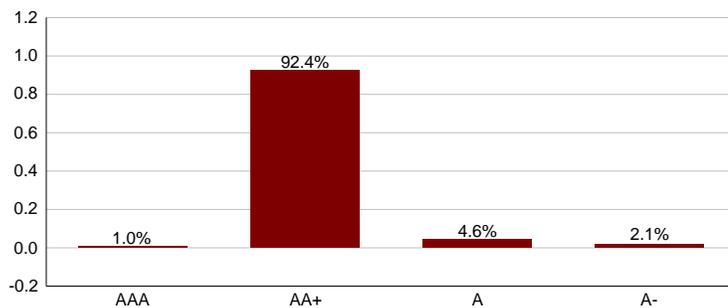
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
958268S	LONG TERM GOV'T POOL	12.37%	0.00	31/12/2049
928989466	JP MORGAN PRIME MMF AGENCY SHARES	10.05%	0.00	31/12/2049
3133XUQ48	FEDERAL HOME LOAN BANKS CONS BD 3.8% 14/SEP/2016	4.94%	3.80	14/9/2016
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.56%	6.95	15/3/2014
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.35%	3.50	15/2/2026
3134G24S8	FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018	4.15%	2.25	14/11/2018
3128X6SL1	FEDERAL HOME LN MTG CORP CALL 5.25%13/DEC/2022	4.14%	5.25	13/12/2022
31331KL73	FEDERAL FARM CR BKS CONS BD 3.8% 02/NOV/2026	4.11%	3.80	2/11/2026
3137ALQW2	FREDDIE MAC 3999 TA 4.000% 15/NOV/2034	4.09%	4.00	15/11/2034
3134G2Z96	FEDERAL HOME LN MTG CORP CALL 1.55%26/OCT/2016	4.07%	1.55	26/10/2016

Quality/Rating Weightings

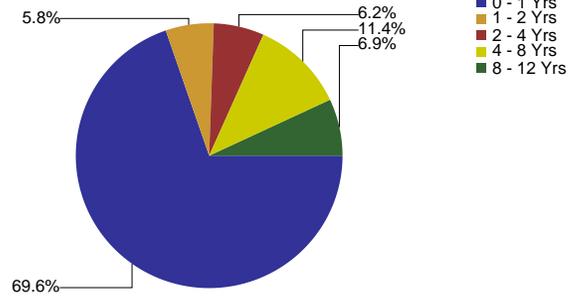
Sector Weightings (as % of Market Value)



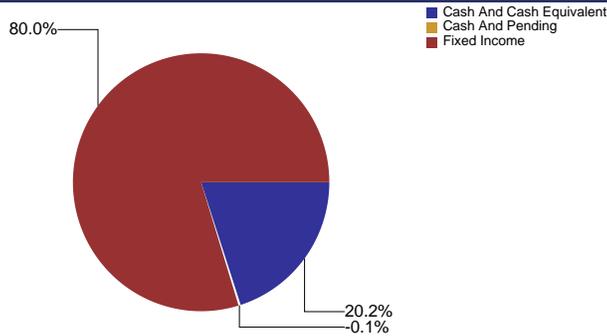
Portfolio Characteristics Duration Mix

Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

329.9
2.18
1.44
AA
84

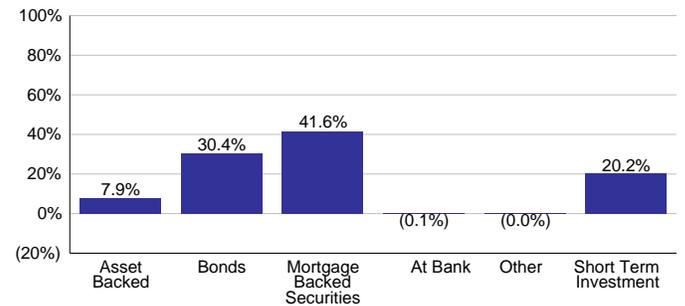
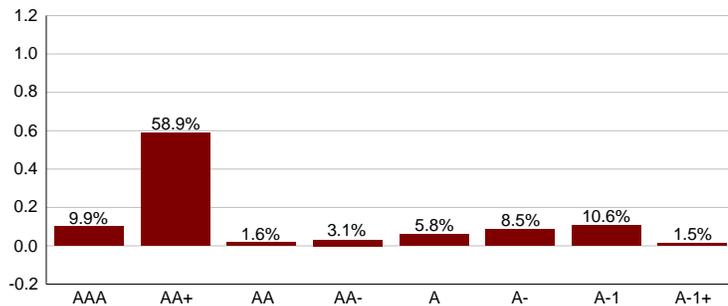


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990U57	TRI-PARTY REPO SOUTH STREET 0.24% 04/SEP/2012	4.24%	0.24	4/9/2012
3137APUK4	FREDDIE MAC 4045 HP 3.500% 15/MAY/2042	3.34%	3.50	15/5/2042
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	2.02%	4.00	25/7/2040
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.01%	0.84	7/6/2017
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	1.98%	1.99	26/3/2018
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.75%	4.00	25/6/2030
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.71%	3.50	15/1/2032
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	1.63%	3.50	16/4/2035
46625YXT5	JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES	1.62%	5.40	15/12/2044
3138EDSW2	FNMA MORTPASS 3.5% 01/APR/2042 CL PN# AK8632	1.61%	3.50	1/4/2042

Quality/Rating Weightings Sector Weightings (as % of Market Value)



**OPERATING MONIES
AVERAGE INVESTED BALANCE**

Through August 31, 2012

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year 2010/2011</u>	<u>Fiscal Year 2011/2012</u>	<u>Fiscal Year 2012/2013</u>
JULY	1,077	1,209	1,817
AUGUST	761	818	1,475
SEPTEMBER	590	744	
OCTOBER	358	668	
NOVEMBER	570	858	
DECEMBER	592	979	
JANUARY	835	1,511	
FEBRUARY	863	1,501	
MARCH	802	1,373	
APRIL	1,002	1,725	
MAY	1,128	2,036	
JUNE	1,358	2,331	
Y-T-D Average	\$828	\$1,313	\$1,646

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
AUGUST 2012**

Distributed in Current Month

Recipient	AUGUST 2012	Fiscal YTD 12/13	Fiscal YTD 11/12
101 A & M Colleges	\$13,923	\$27,847	\$42,535
102 State Hospital	\$8,107	\$16,214	\$23,571
103 Leg., Exec., & Jud.	\$11,841	\$23,683	\$34,942
104 Military Institute	\$860	\$1,720	\$2,479
105 Miners Hospital	\$20,736	\$41,471	\$56,476
107 Normal School ASU/NAU	\$5,067	\$10,135	\$14,543
108 Penitentiaries	\$22,867	\$45,733	\$56,318
109 Permanent Common School	\$4,456,288	\$8,912,575	\$12,534,788
110 School for Deaf & Blind	\$7,377	\$14,755	\$20,878
111 School of Mines	\$16,212	\$32,424	\$48,289
112 State Charitable-Pioneers Home	\$71,865	\$143,730	\$219,057
112 State Charitable-Corrections	\$35,933	\$71,865	\$109,528
112 State Charitable-Youth Treatment	\$35,933	\$71,865	\$109,528
113 University Fund	\$26,441	\$52,881	\$77,106
114 U of A Land - 1881	\$58,053	\$116,106	\$164,505
Total	\$4,791,502	\$9,583,004	\$13,514,545

Posted in USAS in current month

**ENDOWMENT FUNDS
 PORTFOLIO YIELD ANALYSIS
 AUGUST 31, 2012**

NET EARNINGS

FUND	DESCRIPTION	Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11
205	ENDOWMENTS - FIXED INCOME	\$3,788,369	\$4,060,507	\$3,993,935

YIELDS

<u>MONTHLY</u>		Current Month 08/31/12	Prior Month 07/31/12	Prior Year 8/31/11
205	ENDOWMENTS - FIXED INCOME	5.55%	6.00%	5.69%

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Aug-12 NET GAIN(LOSS)	Aug-11 NET GAIN(LOSS)
Fixed Income Pool	(306,752)	(213,593)
Equity Pool (500)	(184,148)	66,946
Equity Pool (400)	1,732,219	197,741
Equity Pool (600)	182,179	(31,313)
Totals	1,423,498	19,781

Endowment Fund	2012/2013 FISCAL YEAR TO DATE GAINS(LOSSES)	2011/ 2012 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	(613,254)	(48,756)
Equity Pool (500)	748,440	478,544
Equity Pool (400)	1,859,646	3,533,652
Equity Pool (600)	86,231	149,964
Totals	2,081,063	4,113,404

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of August 2012

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I. Endowment Funds Purchases

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&P RATING</u>
GNMA MTG	2.69	8/16/2041	7.19	\$3,125,000	\$3,258,257	2.05%	Aaa/AA+
US TREAS	3.25	3/31/2017	N/A	\$5,000,000	\$5,647,278	0.67%	Aaa/AA+
US TREAS	2.38	7/31/2017	N/A	\$5,000,000	\$5,402,446	0.74%	Aaa/AA+
US TREAS	2.38	7/31/2017	N/A	\$2,500,000	\$2,693,173	0.80%	Aaa/AA+
US TREAS	3.50	5/15/2020	N/A	\$2,500,000	\$2,912,322	1.37%	Aaa/AA+
US TREAS	1.00	6/30/2019	N/A	\$2,500,000	\$2,464,012	1.24%	Aaa/AA+
US TREAS	3.25	3/31/2017	N/A	\$2,500,000	\$2,830,050	0.62%	Aaa/AA+
US TREAS	1.75	5/15/2022	N/A	\$2,500,000	\$2,535,509	1.65%	Aaa/AA+
US TREAS	1.00	6/30/2019	N/A	\$2,500,000	\$2,489,194	1.09%	Aaa/AA+
US TREAS	1.25	9/30/2015	N/A	\$2,500,000	\$2,579,897	0.38%	Aaa/AA+
US TREAS	1.25	10/31/2015	N/A	\$2,500,000	\$2,577,866	0.39%	Aaa/AA+
DBUBS MTG	4.54	7/10/2044	8.58	\$5,000,000	\$5,693,123	2.77%	Aaa/NR
TOTAL ENDOWMENT FUNDS PURCHASES				----- \$38,125,000 -----	----- \$41,083,126 -----		

II. Endowment Funds Sales

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&P RATING</u>
TOTAL ENDOWMENT FUNDS SALES			----- \$0 -----	----- \$0 -----	----- \$0 -----	

*WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

EQUITY FUNDS
PURCHASES & SALES
Month of August 2012

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	352,307	\$11,848,941	\$2,643
S&P 500 Large-Cap Fund	287,449	\$13,420,574	\$2,156
S&P 600 Small-Cap Fund	189,706	\$3,911,276	\$1,424
TOTAL EQUITY PURCHASES	829,462	\$29,180,791	\$6,223

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	83,036	\$6,393,676	\$623
S&P 500 Large-Cap Fund	25,185	\$1,873,434	\$189
S&P 600 Small-Cap Fund	29,116	\$468,186	\$44
TOTAL EQUITY SALES	137,337	\$8,735,295	\$856

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
AUGUST 31, 2012
(In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	556	3,844	5,753	1,909	
	<i>Shares in Fixed Income Pools</i>	4,000	2,510	4,054	1,544	
	Total	4,556	6,354	9,807	3,454	1.544
102	State Hospital					
	<i>Shares in Equity Pools</i>	352	2,435	3,644	1,209	
	<i>Shares in Fixed Income Pools</i>	2,408	1,593	2,440	847	
	Total	2,760	4,028	6,084	2,057	1.511
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	451	3,367	4,666	1,299	
	<i>Shares in Fixed Income Pools</i>	3,469	2,205	3,516	1,310	
	Total	3,920	5,572	8,182	2,610	1.468
104	Military Institute					
	<i>Shares in Equity Pools</i>	30	217	308	91	
	<i>Shares in Fixed Income Pools</i>	235	141	238	97	
	Total	265	358	546	189	1.527
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,100	8,853	11,386	2,532	
	<i>Shares in Fixed Income Pools</i>	7,589	5,871	7,691	1,820	
	Total	8,689	14,724	19,076	4,352	1.296
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	204	1,493	2,110	617	
	<i>Shares in Fixed Income Pools</i>	1,475	978	1,495	517	
	Total	1,679	2,471	3,606	1,134	1.459
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	684	4,840	7,084	2,244	
	<i>Shares in Fixed Income Pools</i>	4,743	3,209	4,807	1,598	
	Total	5,428	8,049	11,891	3,842	1.477

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
AUGUST 31, 2012
(In Thousands)

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NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	193,426	1,473,551	2,002,058	528,507	
<i>Shares in Fixed Income Pools</i>	1,368,251	986,973	1,386,593	399,620	
Total	1,561,677	2,460,524	3,388,651	928,127	1.377
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	289	2,097	2,987	891	
<i>Shares in Fixed Income Pools</i>	2,152	1,377	2,181	805	
Total	2,441	3,473	5,169	1,695	1.488
111 School of Mines					
<i>Shares in Equity Pools</i>	622	4,602	6,439	1,837	
<i>Shares in Fixed Income Pools</i>	4,602	3,044	4,664	1,620	
Total	5,224	7,646	11,103	3,457	1.452
112 State Charitable					
<i>Shares in Equity Pools</i>	6,185	45,870	64,023	18,153	
<i>Shares in Fixed Income Pools</i>	43,021	30,790	43,597	12,808	
Total	49,206	76,659	107,620	30,961	1.404
113 University Fund					
<i>Shares in Equity Pools</i>	1,038	7,657	10,747	3,091	
<i>Shares in Fixed Income Pools</i>	7,657	5,042	7,760	2,718	
Total	8,696	12,699	18,507	5,809	1.457
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	2,905	22,469	30,071	7,601	
<i>Shares in Fixed Income Pools</i>	21,168	15,011	21,452	6,440	
Total	24,073	37,481	51,522	14,042	1.375
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	207,843	1,581,294	2,151,277	569,983	
<i>Shares in Fixed Income Pools</i>	1,470,772	1,058,744	1,490,488	431,744	
Grand Total	1,678,614	2,640,038	3,641,765	1,001,727	
PRIOR YEAR:					
AUGUST 2011 BALANCES	1,654,408	2,499,817	3,162,308	662,491	

Note: Prior Year Shares Outstanding adjusted due to 7/01/12 combining of equity pool shares and fixed income pool shares.

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
AUGUST 31, 2012**

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ASSET ALLOCATION PERCENTAGE

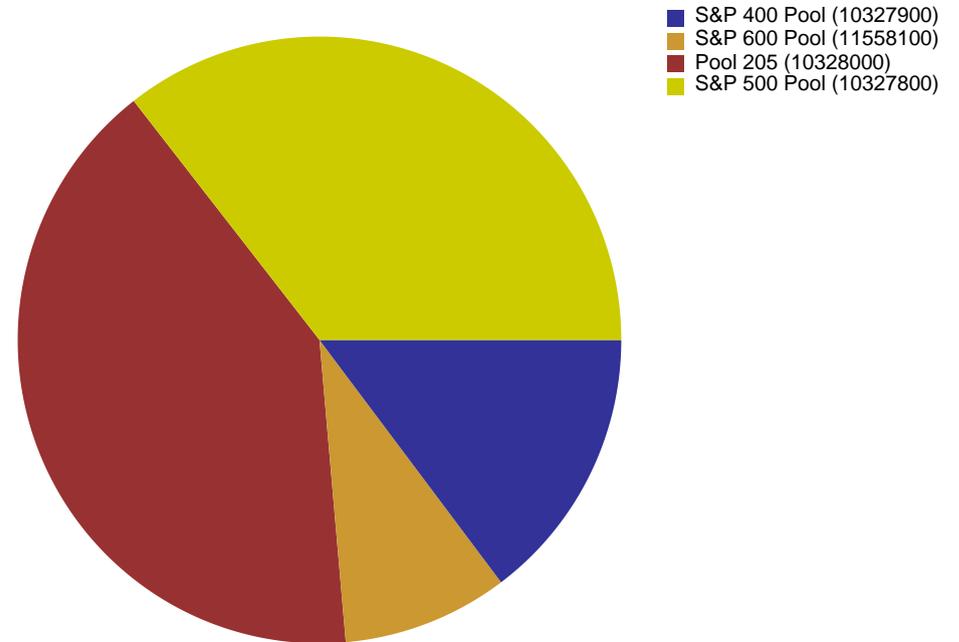
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	AUGUST 2011 MARKET VALUE
<i>Shares in Equity Pools</i>	12.38%	59.90%	59.07%	53.76%
<i>Shares in Fixed Income Pools</i>	87.62%	40.10%	40.93%	46.24%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====

Performance Worksheet
Arizona State Treasury (05509)
As of August 2012
 Primary - US Dollar

Total Endowment Fund Composite (00550902)													
ID	Name	Beginning Market Value	Ending Market Value	Cashflow	Current Month	Trailing Three Months	Year to Date	Fiscal Year To Date	Trailing One Year	Trailing Three Years	Trailing Five Years	Since Inception	Inception Date
10327800	S&P 500 Pool	1,256,745,452.24	1,295,250,525.43	10,090,433	2.26	7.93	13.50	3.65	17.96	13.64	1.37	1.38	07/01/1999
10327900	S&P 400 Pool	518,682,301.96	541,096,026.98	4,324,471	3.48	5.40	11.74	3.44	12.95	15.64	3.61	7.36	08/01/2001
10328000	Pool 205	1,477,089,482.24	1,490,487,884.86	11,531,923	0.12	1.43	3.46	1.34	4.93	5.17	6.00	6.03	07/01/1999
11558100	S&P 600 Pool	300,627,873.35	314,927,255.10	2,882,981	3.79	7.31	11.28	3.01	16.94			4.84	03/01/2011
00550902	Total Endowment Fund Composite	3,553,145,109.79	3,641,761,692.37	28,829,809	1.68	4.75	8.73	2.60	11.61	9.56	4.14	5.28	07/01/1999

Manager Allocation - Daily Arizona State Treasury (05509) As of August 31, 2012

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,490.49	40.9%
S&P 400 Pool (10327900)	541.10	14.9%
S&P 500 Pool (10327800)	1,295.25	35.6%
S&P 600 Pool (11558100)	314.93	8.6%
TOTAL	3,641.76	100.0%



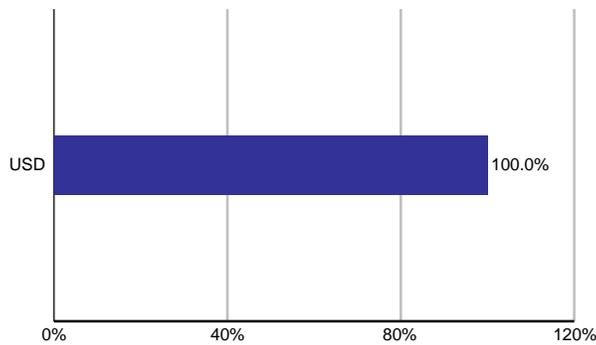
Portfolio Characteristics

Total Asset Value (in Millions)	1,295.3	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	15.10	Information Ratio	0.06	0.09	0.21	1.66
Price to Book Ratio	8.69	Std Deviation of Port.	(0.61)	0.03	0.34	(0.38)
Dividend Yield (%)	2.25	Std Deviation of Bench.	16.58	15.58	19.08	16.17
Return on Equity (%)	64.06	Sharpe Ratio of Port.	16.62	15.63	19.17	16.05
Sales Growth (%)	7.92	Sharpe Ratio of Bench.	1.08	0.87	0.03	(0.07)
Market Capitalization (\$ Millions)	114,686.65	R-Squared	1.08	0.86	0.03	(0.03)
Earnings per Share (\$)	5.84	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	501		0.01	0.05	0.09	(0.67)

Top Ten Portfolio Holdings

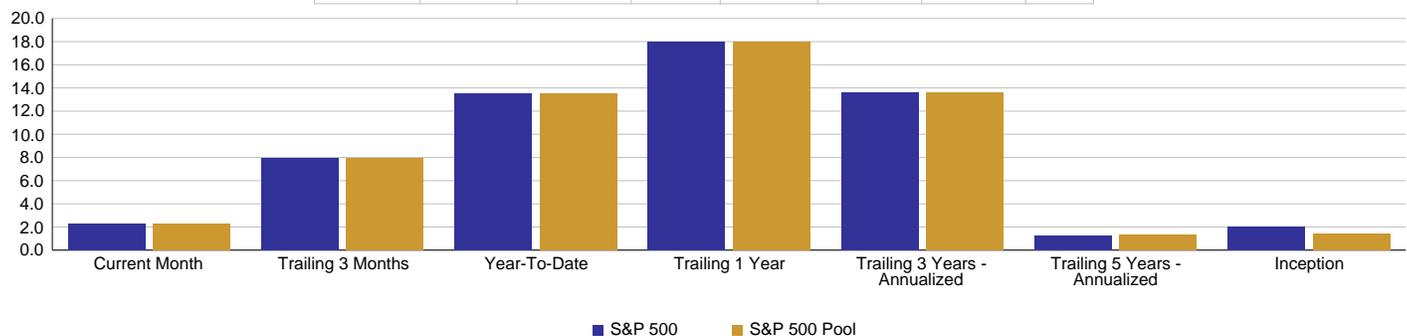
Security ID	Security Name	% of Assets
037833100	APPLE INC - COM NPV	4.72%
78462F103	SPDR S&P 500 ETF TRUST	3.33%
30231G102	EXXON MOBIL CORP - COM NPV	3.12%
594918104	MICROSOFT CORP - COM USD.00000625	1.76%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.71%
166764100	CHEVRON CORP - COM USD3	1.69%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.66%
00206R102	AT&T INC - COM USD1	1.63%
478160104	JOHNSON & JOHNSON - COM USD1	1.42%
742718109	PROCTER & GAMBLE CO - COM NPV	1.40%

Top Ten Currency Weights

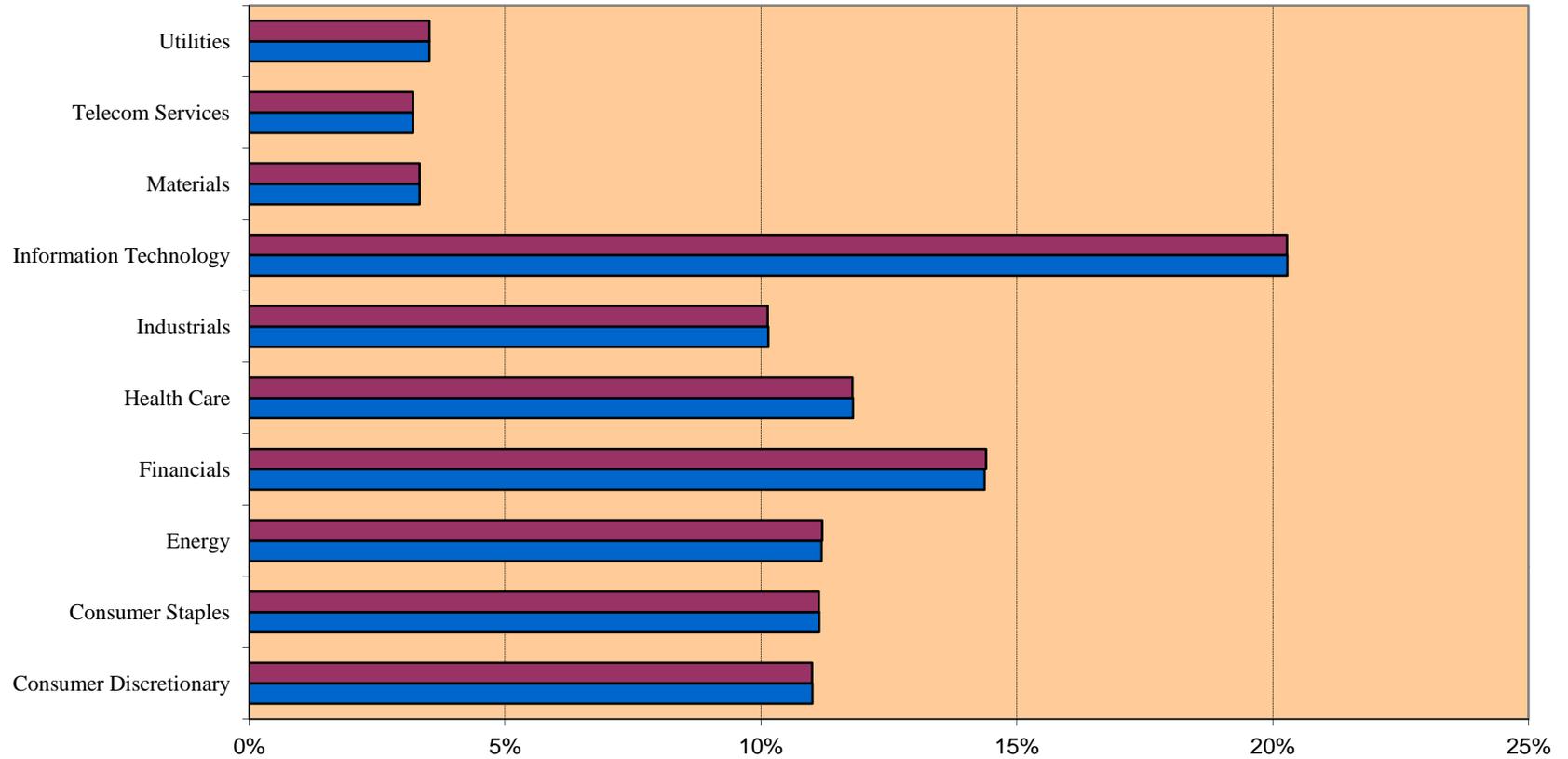


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	2.26	7.93	13.50	17.96	13.64	1.37	1.38
S&P 500	2.25	7.94	13.51	18.00	13.62	1.28	2.05
Excess	0.00	(0.02)	(0.01)	(0.04)	0.01	0.09	(0.67)



**STATE OF ARIZONA
POOL 201 (S&P 500)
As of August 31, 2012**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	11.00%	11.14%	11.20%	14.40%	11.79%	10.14%	20.28%	3.33%	3.20%	3.52%
■ STATE OF ARIZONA - POOL 201	11.01%	11.14%	11.19%	14.37%	11.80%	10.14%	20.29%	3.33%	3.20%	3.52%



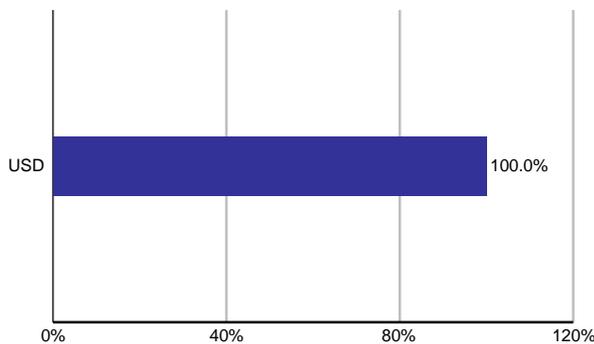
Portfolio Characteristics

		Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Total Asset Value (in Millions)	541.1				
P/E Ratio	17.50	0.06	0.59	2.04	2.05
Price to Book Ratio	2.04	2.87	(0.18)	(0.24)	(0.09)
Dividend Yield (%)	1.54	21.10	18.73	22.13	17.61
Return on Equity (%)	13.72	21.15	18.89	22.84	18.55
Sales Growth (%)	6.62	0.61	0.83	0.13	0.31
Market Capitalization (\$ Millions)	3,847.74	0.60	0.83	0.14	0.30
Earnings per Share (\$)	2.37	1.00	1.00	0.99	0.99
Number of Holdings	401	0.23	0.05	(0.25)	0.29
		Tracking Error			
		Information Ratio			
		Std Deviation of Port.			
		Std Deviation of Bench.			
		Sharpe Ratio of Port.			
		Sharpe Ratio of Bench.			
		R-Squared			
		Jensen's Alpha			

Top Ten Portfolio Holdings

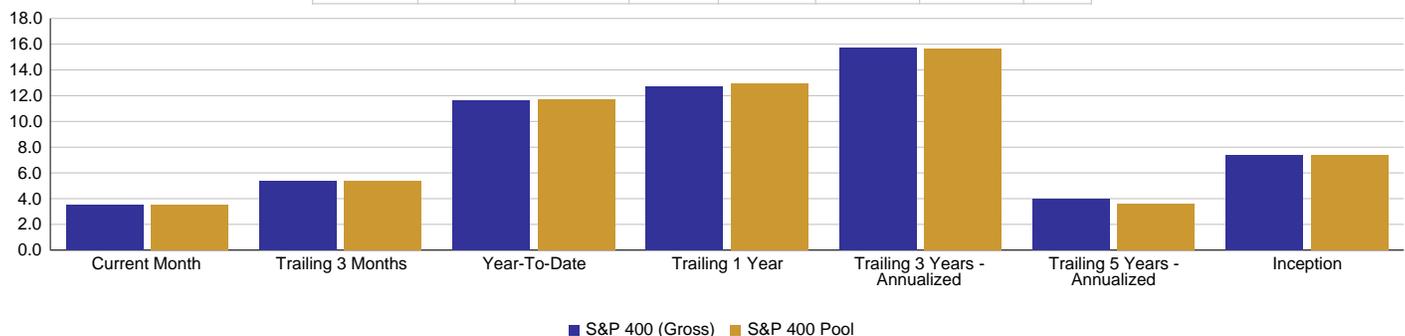
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	4.14%
75886F107	REGENERON PHARMACEUT - COM USD.001	0.96%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.94%
29444U502	EQUINIX INC - COM USD.001	0.79%
485170302	KANSAS CITY SOUTHERN - COM NPV	0.71%
436106108	HOLLYFRONTIER CORP - COM USD.01	0.70%
031100100	AMETEK INC - COM USD1	0.69%
554382101	MACERICH CO - COM USD.01	0.66%
716768106	PETSMART INC - COM USD.0001	0.64%
171340102	CHURCH & DWIGHT INC - COM NPV	0.64%

Top Ten Currency Weights

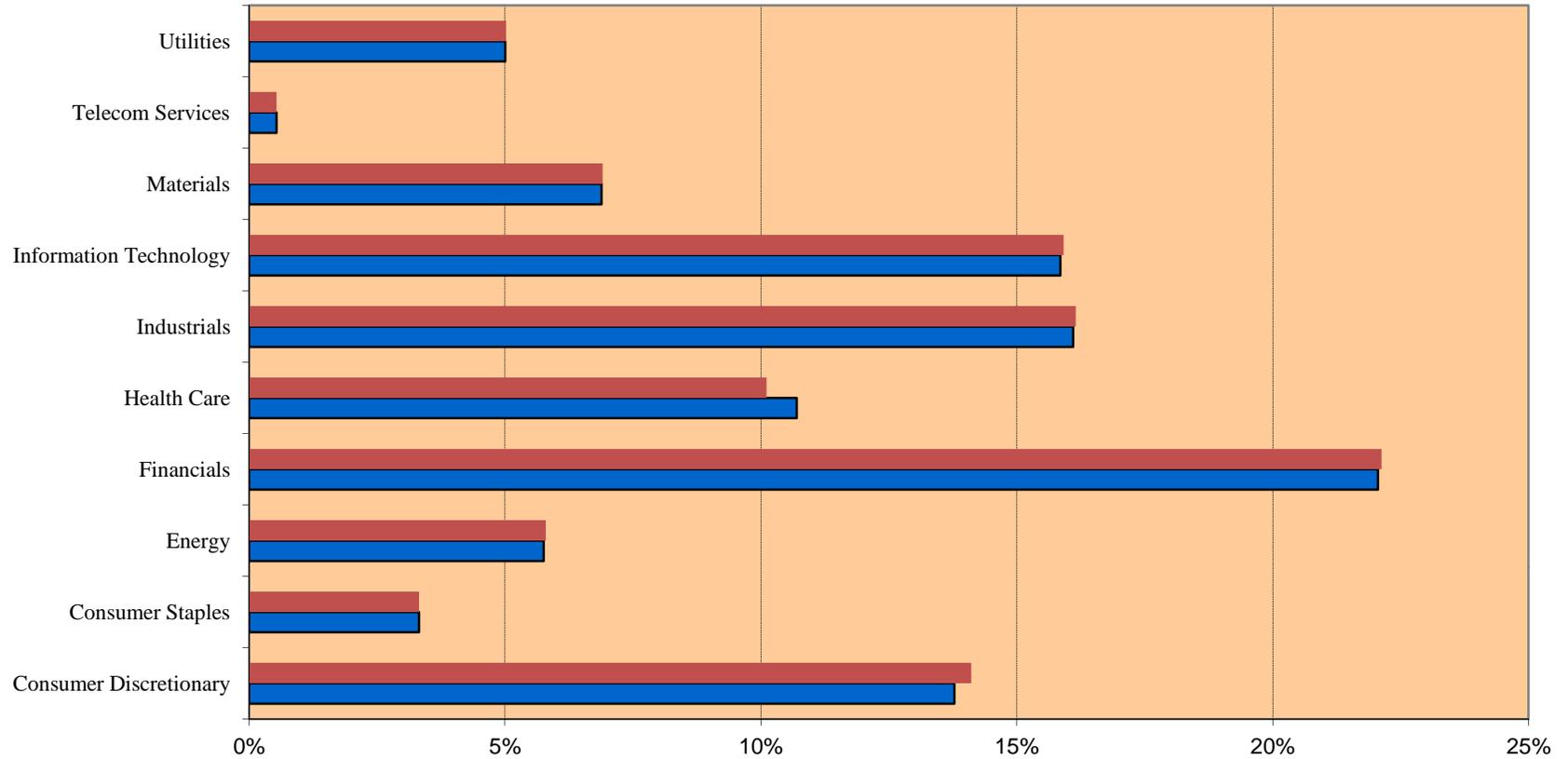


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	3.48	5.40	11.74	12.95	15.64	3.61	7.36
S&P 400 (Gross)	3.48	5.39	11.61	12.75	15.73	3.97	7.37
Excess	0.00	0.01	0.13	0.21	(0.09)	(0.36)	(0.01)



**STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of August 31, 2012**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	14.11%	3.32%	5.80%	22.13%	10.11%	16.15%	15.92%	6.91%	0.54%	5.02%
■ STATE OF ARIZONA - POOL 203	13.78%	3.32%	5.76%	22.06%	10.70%	16.10%	15.86%	6.88%	0.53%	5.01%



Portfolio Characteristics

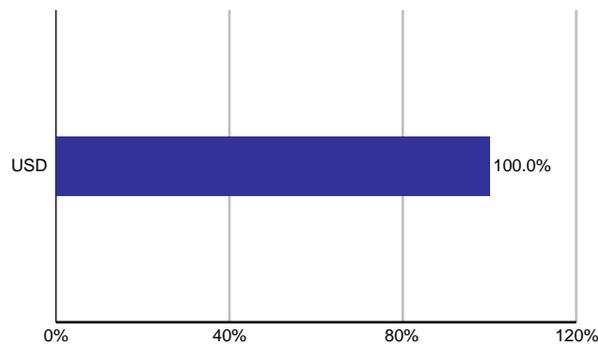
Risk Measures

Total Asset Value (in Millions)	314.9	Trailing 1 Year	0.07	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	0.10
P/E Ratio	18.90	Information Ratio	0.39		-		-		(0.64)
Price to Book Ratio	1.83	Std Deviation of Port.	21.75		-		-		19.58
Dividend Yield (%)	1.26	Std Deviation of Bench.	21.80		-		-		19.63
Return on Equity (%)	12.06	Sharpe Ratio of Port.	0.78		-		-		0.24
Sales Growth (%)	7.18	Sharpe Ratio of Bench.	0.77		-		-		0.24
Market Capitalization (\$ Millions)	1,269.96	R-Squared	1.00		-		-		1.00
Earnings per Share (\$)	1.56	Jensen's Alpha	0.08		-		-		(0.05)
Number of Holdings	601								

Top Ten Portfolio Holdings

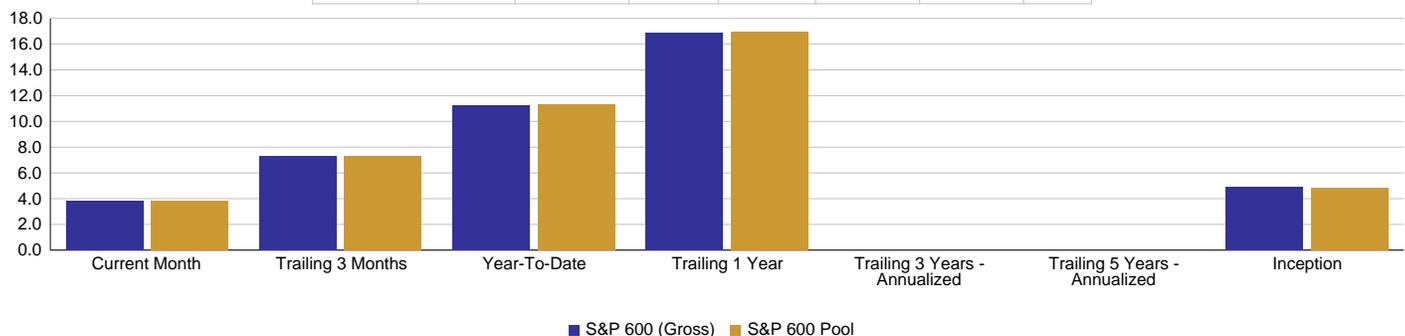
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST S&P SMALLCAP 600 INDEX FUND	3.70%
30225T102	EXTRA SPACE STORAGE INC - COM USD.01	0.68%
49427F108	KILROY REALTY CORP - COM USD.01	0.67%
875465106	TANGER FACTORY OUTLET CTRS - COM USD.01	0.60%
405217100	HAIN CELESTIAL GROUP INC - COM USD.01	0.60%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.56%
911163103	UNITED NATURAL FOODS INC - COM USD.01	0.54%
59522J103	MID-AMERICA APT CMNTYS INC - COM USD.01	0.54%
737464107	POST PROPERTIES INC - COM USD.01	0.53%
74267C106	PROASSURANCE CORP - COM NPV	0.53%

Top Ten Currency Weights

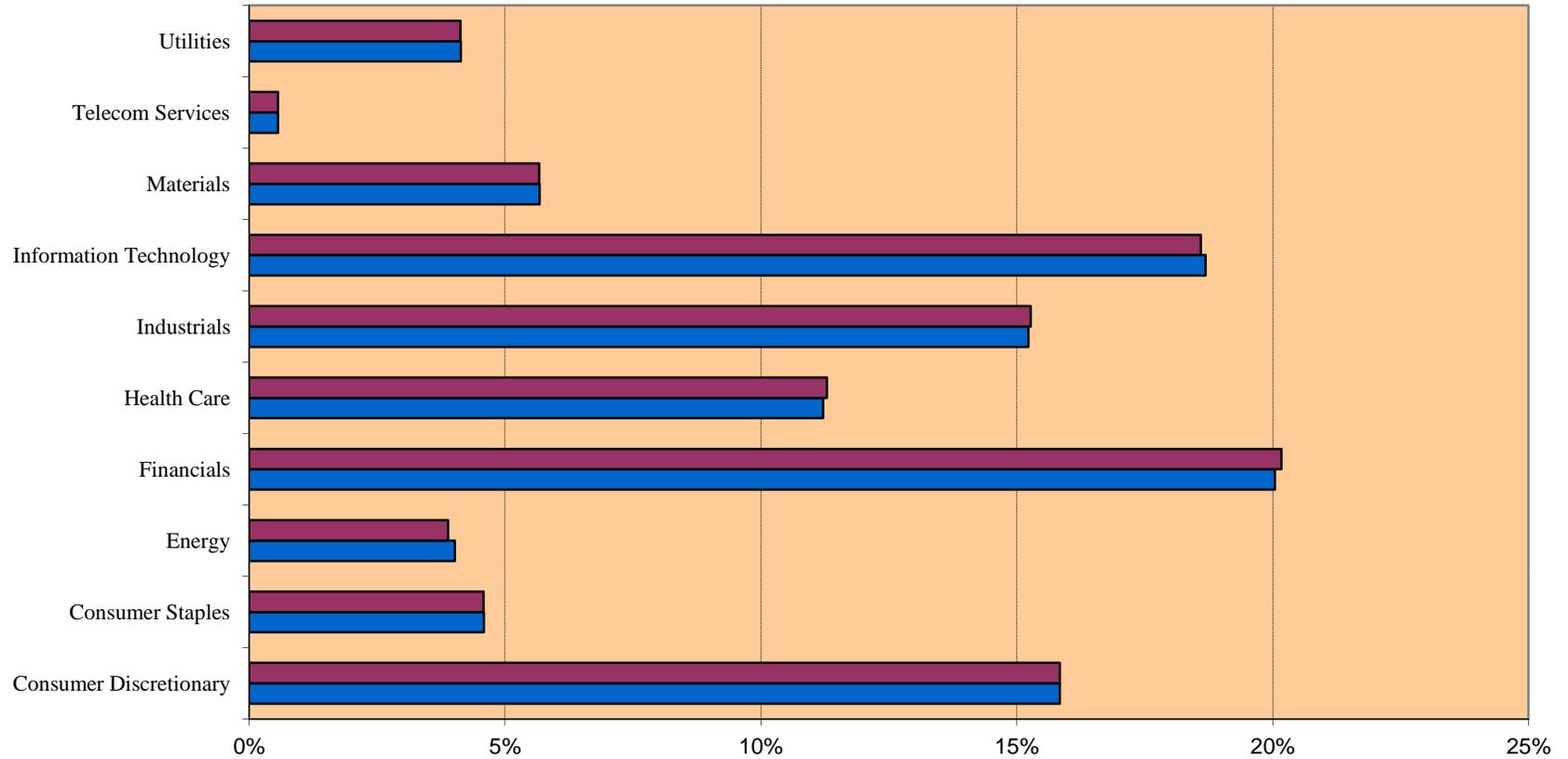


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	3.79	7.31	11.28	16.94			4.84
S&P 600 (Gross)	3.79	7.30	11.21	16.90			4.90
Excess	0.01	0.00	0.07	0.04	(0.00)	(0.00)	(0.06)



**STATE OF ARIZONA
POOL 204 (S&P 600 Index)
As of August 31, 2012**



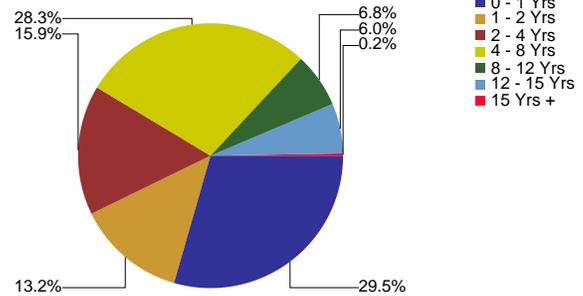
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.84%	4.58%	3.89%	20.17%	11.29%	15.27%	18.60%	5.67%	0.56%	4.13%
■ STATE OF ARIZONA - POOL 204	15.84%	4.59%	4.02%	20.05%	11.22%	15.23%	18.69%	5.68%	0.56%	4.14%



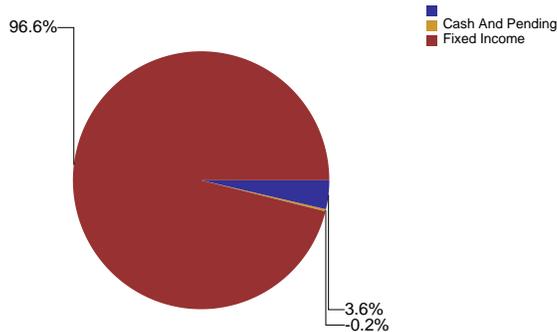
Portfolio Characteristics

Total Net Assets (Millions) 1,490.5
Weighted Average Life (Years) 5.46
Weighted Avg. Effective Duration (Years) 3.82
Weighted Average Coupon (%) 4.30
Weighted Average Current Yield (%) 0.51
Weighted Average Yield to Maturity (%) 0.57
Weighted Average Rating AA
Number of Holdings 261

Duration Mix



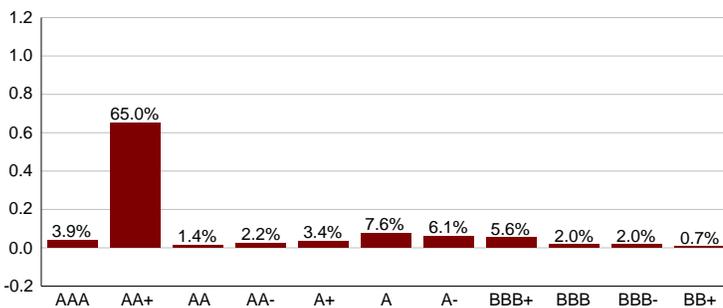
Asset Mix



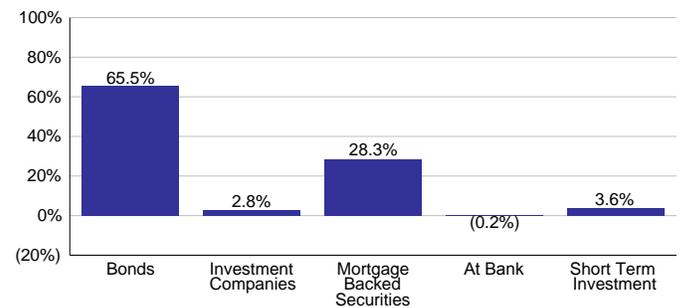
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	3.20%	0.00	31/12/2049
947513BB	LONG TERM POOL	1.40%	0.00	31/12/2049
958268S	LONG TERM GOV'T POOL	1.38%	0.00	31/12/2049
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.37%	4.75	21/2/2013
912810FA1	US 6.37500 '27	1.04%	6.38	15/8/2027
912810ED6	US 8.12500 '19	1.00%	8.12	15/8/2019
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.91%	5.90	15/5/2038
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.90%	5.62	1/10/2038
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.85%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.82%	5.75	1/4/2018

Quality/Rating Weightings

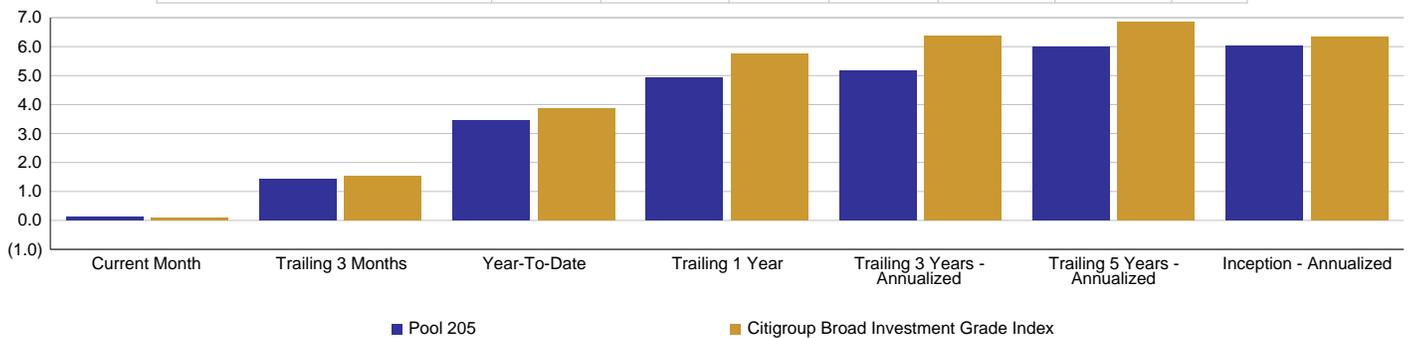


Sector Weightings (as % of Market Value)



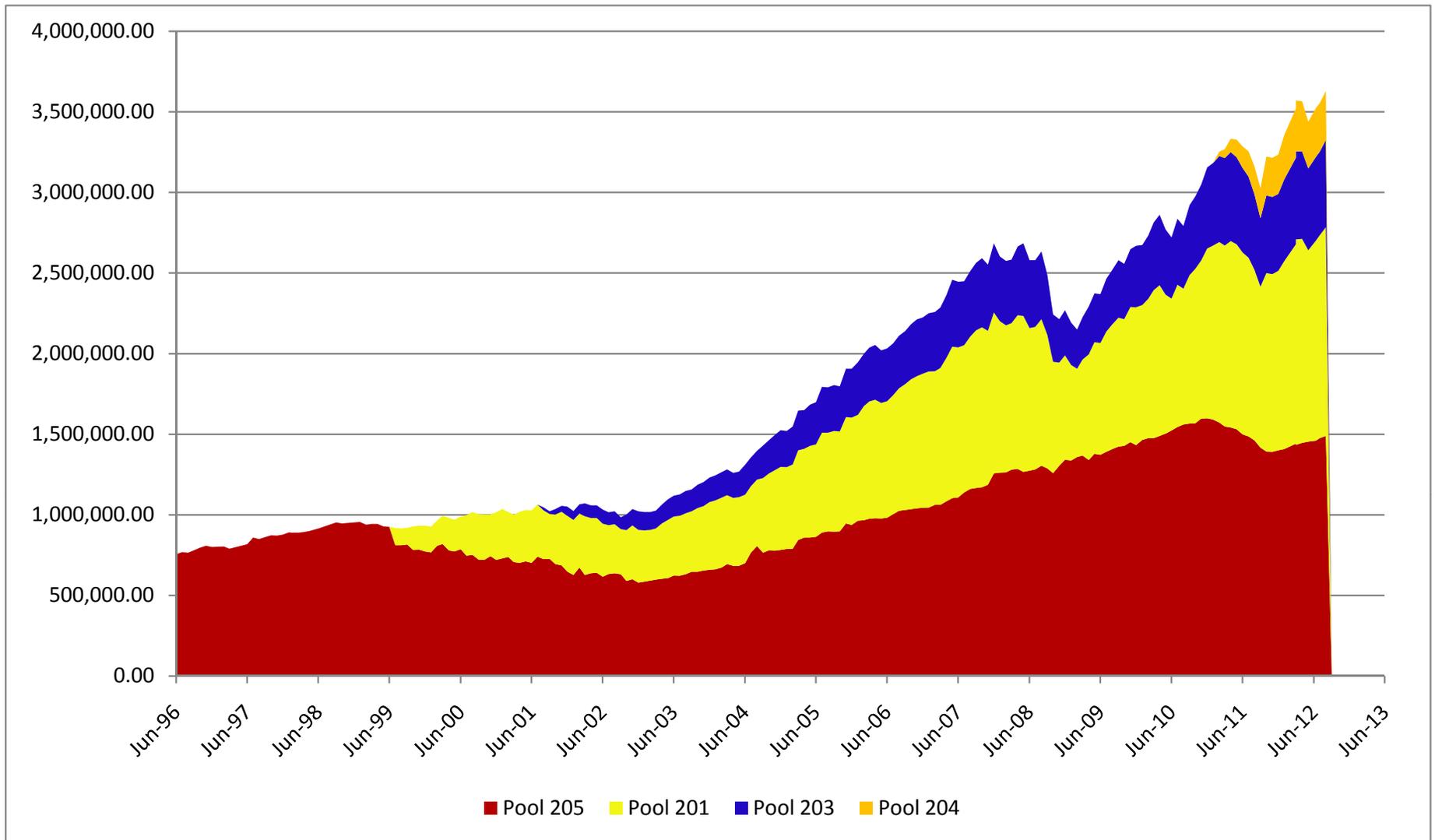
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.12	1.43	3.46	4.93	5.17	6.00	6.03
Citigroup Broad Investment Grade Index	0.08	1.53	3.85	5.76	6.37	6.83	6.33
Excess	0.05	(0.10)	(0.39)	(0.83)	(1.19)	(0.83)	(0.29)



Thousands

Endowment Fund Market Value

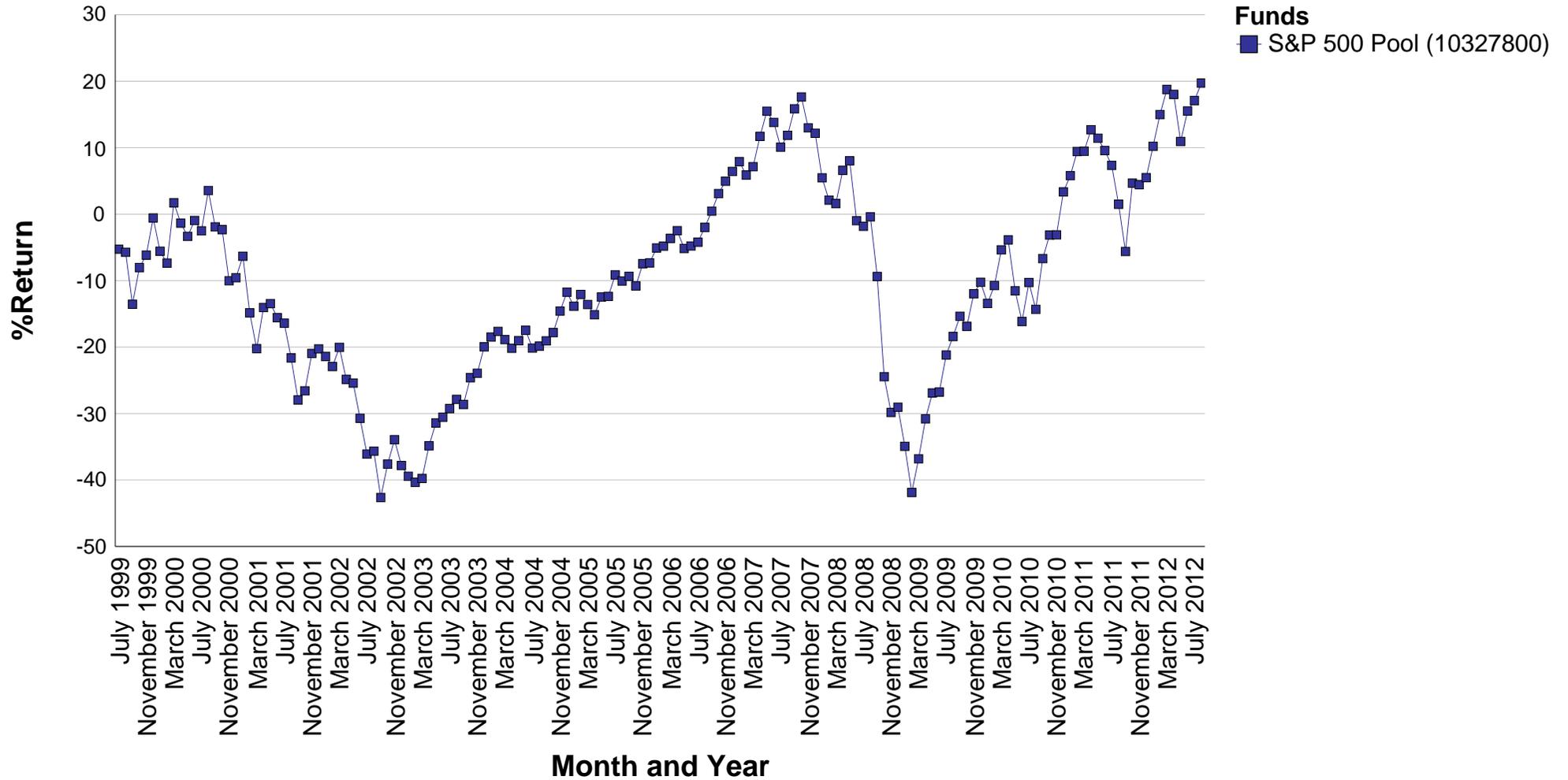


Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to August 2012

Gross of Fee

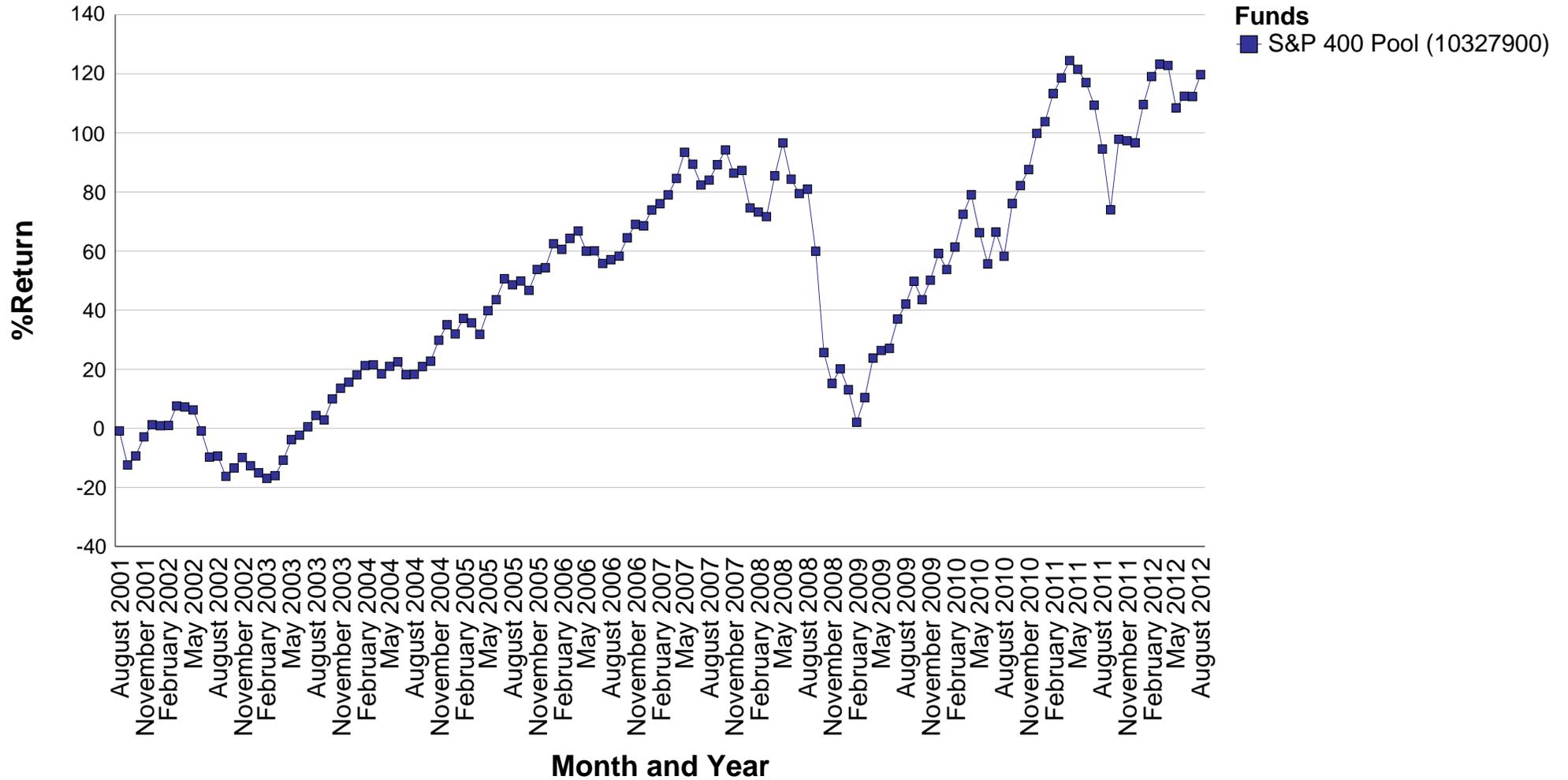


Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to August 2012

Gross of Fee

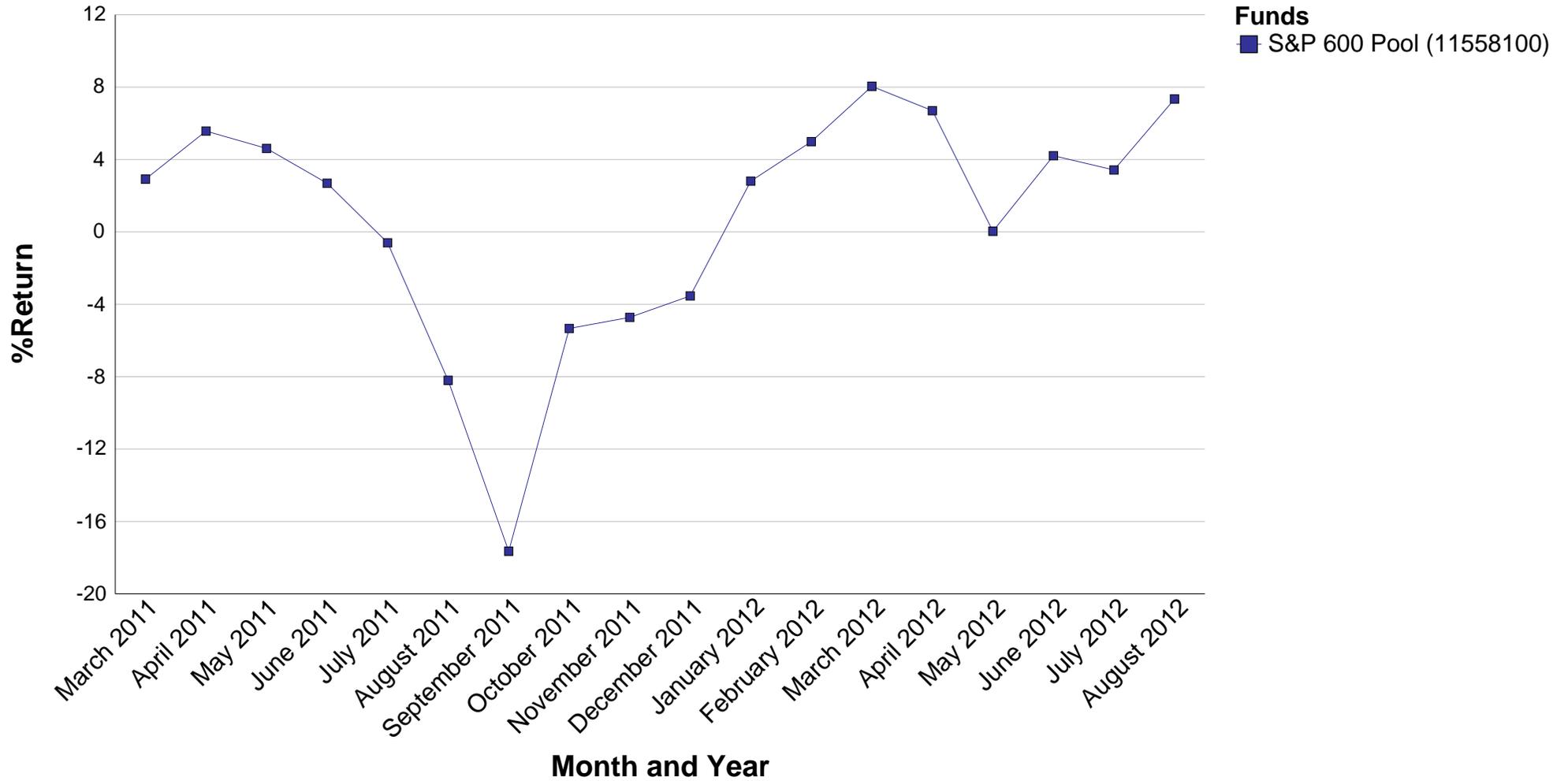


Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to August 2012

Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to August 2012

Gross of Fee

