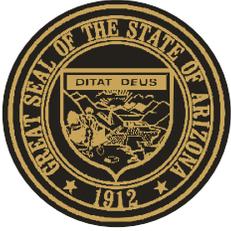


OFFICE OF THE  
**ARIZONA STATE TREASURER**



**Doug Ducey**  
TREASURER



**JANUARY 2012**

**Presented To:**

**Arizona State Board of Investment**

**FEBRUARY 28, 2012**

STATE BOARD OF INVESTMENT

**A G E N D A**

**February 28, 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: Asset Allocation of State Trust  
Land Endowment
  - 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**

**February 28, 2012**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on January 24, 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 1:32 p.m.

***Members Present:***

Doug Ducey, Chair, State Treasurer  
Lauren Kingry, Superintendent, Department of Financial Institutions  
Scott Smith, Director of Arizona Department of Administration  
Beth Ford, Treasurer, Pima County

***Members Absent:***

Alan E. Maguire, President, The Maguire Company

***Others Present:***

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office  
Carlton Woodruff, Deputy Treasurer of Operations, Arizona State Treasurer's Office  
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office  
Chris Petkiewicz, Portfolio Manager, 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  
Sheila Asher, VP, Relationship Manager, JP Morgan  
Laura B. Wirick, Meketa Investment Group  
Stephen McCourt, Meketa Investment Group  
Doug Safford, Wells Fargo Securities  
Brad East, Sr. VP, Investments, Moors & Cabot  
John Wentworth, Moors & Cabot  
Rex Nowlan, Section Chief Counsel, Attorney General's Office

Pursuant to A.R.S. 35-311, the following reports for December, 2011 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\  
Broker Activity Report

**1. Call to Order:**

Treasurer Ducey called the January 24, 2012 BOI meeting to order at approximately 1:32 pm.

**2. Treasurers Comments:**

Treasurer Ducey welcomed board members and guests and thanked all present for attending the January 24, 2012 meeting.

**3. Approval of Minutes:**

Mr. Kingry made a motion to approve the December 27, 2011 minutes. Ms. 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 December, 2011.

***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 December, 2011.

***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 December, 2011.

***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 December 31, 2011.

***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 December, 2011.

***Review of Treasurer's Monthly Report – Agency Pools:***

Mr. Petkiewicz 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***

Mr. Petkiewicz reported the net yields for the State Agency Pools for the month of December, 2011.

***Manager Allocation of Invested Monies for the State Agency Pools***

Mr. Petkiewicz 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 December 31, 2011.

***Investments Outstanding in State Agency Pools***

Mr. Petkiewicz 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 December 31, 2011.

***Operating Monies Average Invested Balance***

Mr. Petkiewicz reported the Operating Monies average invested balance for the month of December, 2011.

***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 December, 2011.

***Endowment Funds Yield Analysis***

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of December, 2011.

***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 December, 2011 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 December, 2011.

***Equity Funds Purchases & Sales***

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of December, 2011.

***Investments Outstanding in Endowment Funds***

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of December 31, 2011.

***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 December 31, 2011.

***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 December 31, 2011.

***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 December 31, 2011.

***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 December 31, 2011.

***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 December 31, 2011.

***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 December, 2011.

***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 December, 2011.

***Approval of Treasurer's Report***

Mr. Smith made a motion to approve the Treasurer's Report. Mr. Kingry seconded the motion. Motion carried.

***5. Proposed Changes to Investment Policy:***

- A. Deputy Treasurer Swenson discussed the proposed addition to investment policy, which is the establishment of Pool 16 for the Early Childhood Development and Health Board.***

*Mr. Kingry inquired as to whether this was an anticipated choice to make the addition of Pool 16 and further inquired if there were others that were anticipated to come forward. Treasurer Ducey stated that the addition was a result from visiting with clients of the Treasurer's office in terms of a request for an investment vehicle product with a desire for such a Pool while working to specifically tailor to each individual client. Mr. Swenson stated that we have received a few inquiries from various members of the local government investment pools that have large cash balances with us and those discussions are ongoing.*

Mr. Kingry made a motion to approve the proposed changes. Ms. Ford seconded the motion. Motion carried.

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

There were no Securities Dealers to be approved.

**7. General Business:**

- A. *Meketa Investment Group was selected to conduct the first asset allocation study of the Endowment. Stephen McCourt and Laura Wirick presented their findings to the Board of Investment.***

*Treasurer Ducey stated that it was important for the guests to know that as early as 1999 the entire permanent land endowment was invested 100% in bonds and as recent as 2011 the endowment was at 50% Equity and 50% Bonds or Fixed Income. Treasurer Ducey stated that we were interested in looking at the \$3.3 plus billion dollar endowment and what happens to it over the next decade.*

*Treasurer Ducey stated that in essence we are presented with two key decision points as the Trustees of the Endowment. The first key decision point; do we adopt a different asset allocation policy from what we currently have? If the answer is yes, we have to decide if we should recommend changes to the Constitution or state law, or both. The second key decision point; should we recommend changes to the distribution policy in the Constitution as well?*

*Treasurer Ducey inquired at which point an asset allocation study performance takes place on a traditional customary portfolio. Mr. McCourt stated that it is standard to perform a study every 3-5 years stating that it is rare to come across a fund that has not had a performance study. Mr. McCourt explained that when most funds are organized, distribution policies and statements of objectives and restraints are put together along with an associated asset allocation policy which is modified and adapted every 3 -5 years.*

*Treasurer Ducey encouraged the Board to review the asset allocation study and suggested that further conversations would take place during the February BOI Meeting.*

**8. Call to the Public**

There was no public comment.

**9. Notice of Next Meeting:**

Mr. Ducey advised the Board that the next regular meeting of the Board of Investment will be Tuesday, February 28, 2012 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

**10. Adjournment:**

Mr. Kingry made a motion to adjourn the BOI meeting. Mr. Smith seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 3:02 p.m.

*State Treasurer's Report  
February 28, 2012 Meeting  
Minutes of the January 24, 2012 Meeting*

Respectfully Submitted by:

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Barbara Conley  
Executive Consultant II

Approved by:

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Doug Ducey, Chair

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Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS  
 JANUARY 2012**

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>JANUARY 2012</b>	<b>Fiscal YTD 11/12</b>	<b>Fiscal YTD 10/11</b>	
General Fund	\$1,058,318	\$5,109,330	\$3,308,981	
2 State Agencies I - Full Faith & Credit	525,624	4,258,875	3,987,213	329,430
3 State Agencies II - Diversified	828,364	5,811,135	4,654,922	629,019
4 State Agencies IV - Restricted Diversified	406,810	2,390,905	1,830,019	240,385
5 LGIP	236,748	1,451,924	2,082,329	507,486
7 LGIP Gov	91,969	549,525	1,548,318	565,088
12 CAWCD Medium-Term	523,651	3,652,846	2,136,848	96,726
15 GADA Long-Term	22,012	178,470	177,655	4,276
<b>Subtotal</b>	<b>\$3,693,497</b>	<b>\$23,403,009</b>	<b>\$19,726,284</b>	<b>\$2,372,410</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	296,639	1,879,211	1,500,838	74,908
700 LGIP - FF&C Med Term	109,475	712,890	831,017	47,450
<b>Total</b>	<b>\$4,099,612</b>	<b>\$25,995,111</b>	<b>\$22,058,140</b>	<b>\$2,494,769</b>
<b>JANUARY 2011 TOTALS</b>	<b>\$2,952,301</b>			<b>\$2,478,941</b>

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

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 01/31/12</b>	<b>Prior Month 12/31/11</b>	<b>Prior Year 1/31/11</b>	<b>Net Asset Value Per Share</b>
5	LGIP	239,188	220,382	225,464	1.0000
7	LGIP - GOV	92,702	62,986	213,167	1.0000
	<b>TOTAL LGIP &amp; LGIP-GOV</b>	<b>331,890</b>	<b>283,368</b>	<b>438,631</b>	

**YIELDS**

<b><u>MONTHLY</u></b>		<b>Current Month 01/31/12</b>	<b>Prior Month 12/31/11</b>	<b>Prior Year 1/31/11</b>
5	LGIP (NET)	0.18%	0.17%	0.17%
	S & P LGIP INDEX	0.08%	0.08%	0.13%
7	LGIP - GOV (NET)	0.07%	0.04%	0.13%
	3 MONTH T-BILL	0.03%	0.00%	0.14%
<b><u>YEAR TO DATE</u></b>				
5	LGIP (NET)	0.17%	0.17%	0.21%
	S & P LGIP INDEX	0.08%	0.08%	0.16%
7	LGIP - GOV (NET)	0.06%	0.06%	0.13%
	3 MONTH T-BILL	0.01%	0.01%	0.14%

\* 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  
JANUARY 31, 2012**

**NET EARNINGS**

FUND	DESCRIPTION	Current Month 01/31/12	Prior Month 12/31/11	Prior Year 1/31/11	Net Asset Value <u>Per Share</u>
500	LGIP - MED TERM POOL	330,797	340,909	233,352	1.0419
700	LGIP - FF&C MED TERM POOL	125,827	121,889	113,244	1.0145
	<b>TOTAL LGIP MEDIUM TERM POOLS</b>	<b>456,624</b>	<b>462,798</b>	<b>346,596</b>	

**YIELDS**

**MONTHLY**

	Current Month 01/31/12	Prior Month 12/31/11	Prior Year 1/31/11
500 LGIP - MED TERM (NET)	2.04%	1.90%	1.58%
MERRILL 1-5 US D M INDEX	1.22%	1.46%	1.80%
700 LGIP - FF&C MED TERM (NET)	0.96%	1.00%	1.03%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.63%	0.76%	1.54%

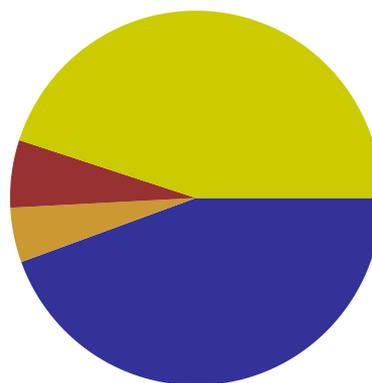
**YEAR TO DATE**

500 LGIP - MED TERM (NET)	1.73%	1.67%	1.76%
MERRILL 1-5 US D M INDEX	1.50%	1.55%	1.63%
700 LGIP - FF&C MED TERM (NET)	1.08%	1.11%	1.15%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.88%	0.92%	1.21%

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

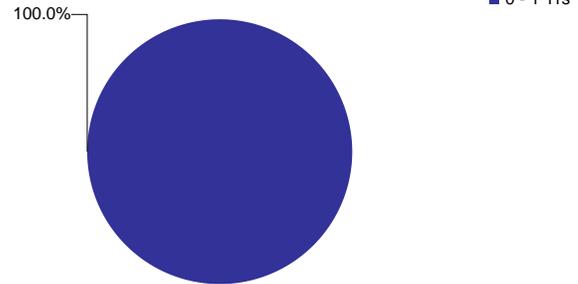
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,519.24	44.5%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,539.93	45.1%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	198.50	5.8%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	157.13	4.6%
<b>TOTAL</b>	<b>3,414.80</b>	<b>100.0%</b>

- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)

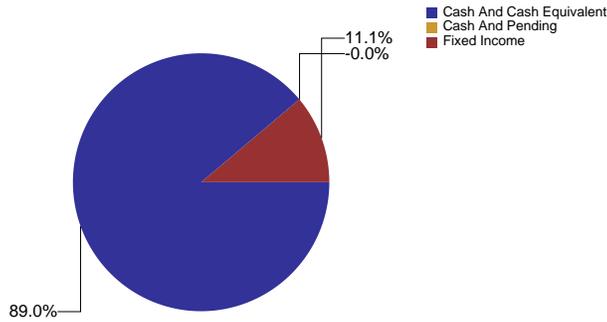


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,519.2  
**Weighted Average Life (Years)** 0.06  
**Weighted Avg. Effective Duration (Years)** 0.03  
**Weighted Average Maturity (Years)** 0.05  
**Weighted Average Rating** AA+  
**Number of Holdings** 62

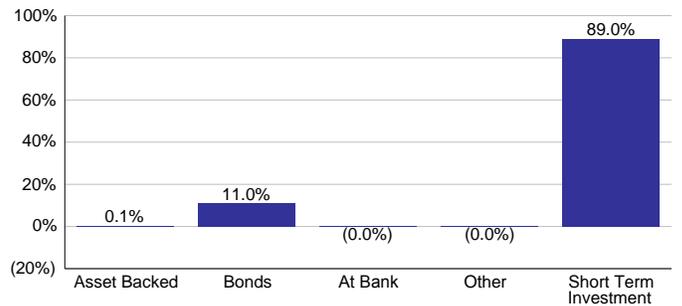
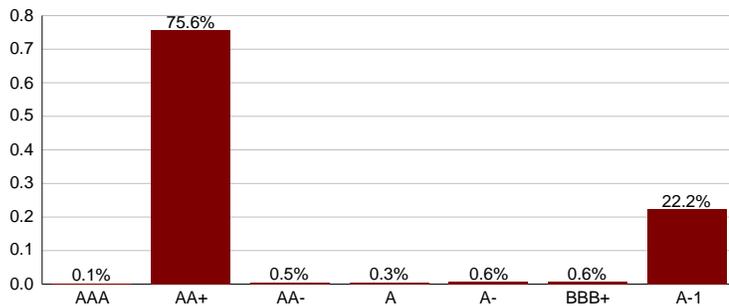


Asset Mix Top Ten Portfolio Holdings



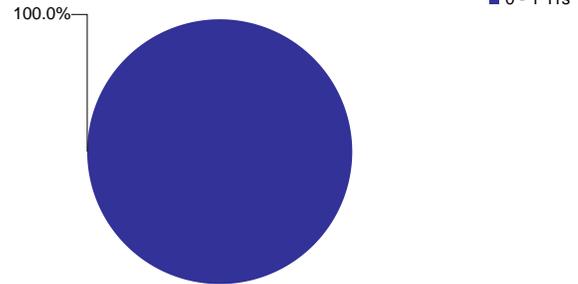
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/FEB/2012	16.54%	0.30	1/2/2012
85299Z889	TRI-PARTY REPO SOUTH STREET 0.20% 01/FEB/2012	13.37%	0.20	1/2/2012
85299Z798	TRI-PARTY REPO SOUTH STREET 0.16% 03/FEB/2012	9.87%	0.16	3/2/2012
5199U2974	TRI-PARTY REPO DEUTSCHE 0.06% 07/FEB/2012	8.23%	0.06	7/2/2012
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0.20%	6.59%	0.20	1/2/2012
85299Z822	TRI-PARTY REPO SOUTH STREET 0.17% 22/FEB/2012	4.28%	0.17	22/2/2012
G34995814	FIDELITY INVESTMENTS - PRIME MONEY MARKET	4.15%	0.00	1/2/2012
313370FV5	FEDERAL HOME LOAN BANKS CONS BD FLT 12 03/FEB/2012	1.65%	0.30	3/2/2012
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	1.32%	0.57	21/9/2012
31398A3X8	FANNIE MAE VAR 13/SEP/2012	1.32%	0.34	13/9/2012

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

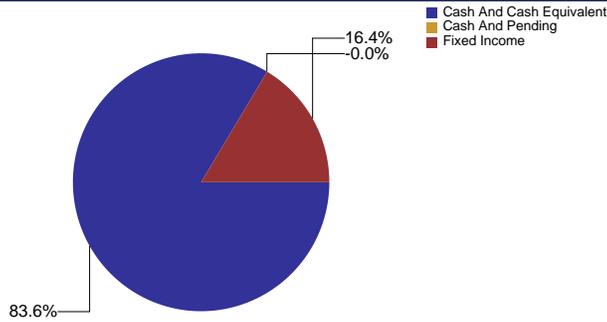


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,539.9  
**Weighted Average Life (Years)** 0.09  
**Weighted Avg. Effective Duration (Years)** 0.07  
**Weighted Average Maturity (Years)** 0.10  
**Weighted Average Rating** AA+  
**Number of Holdings** 24

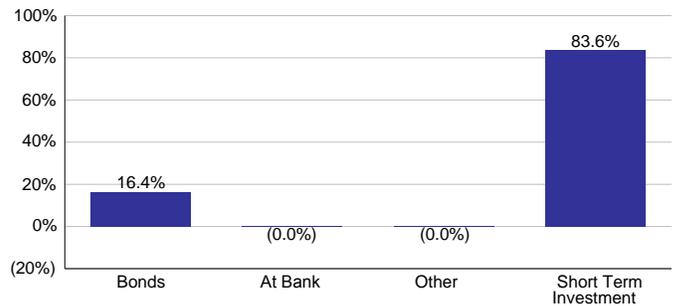
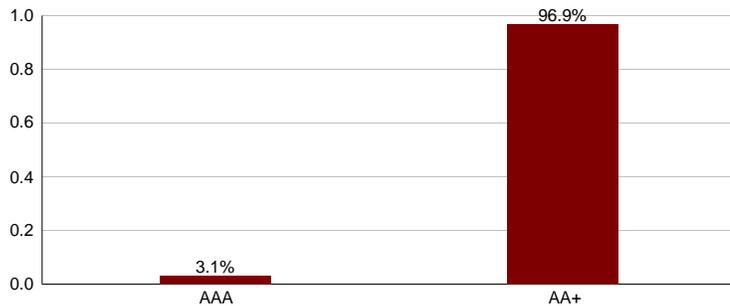


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599X768	TRI-PARTY REPO NOMURA 0.22% 01/FEB/2012	20.76%	0.22	1/2/2012
5199U3253	TRI-PARTY REPO DEUTCHE BANK 0.09% 21/FEB/2012	19.48%	0.09	21/2/2012
06099E504	TRI-PARTY REPO BANK OF AMERICA 0.07% 17/FEB/2012	19.48%	0.07	17/2/2012
5199U2974	TRI-PARTY REPO DEUTSCHE 0.06% 07/FEB/2012	8.12%	0.06	7/2/2012
9127954B4	UNITED STATES TREAS BILLS DT	6.49%	0.00	26/7/2012
912828MU1	UNITED STATES TREAS NTS 1.000% 31/MAR/2012	3.26%	1.00	31/3/2012
G24998711	FIDELITY INVESTMENTS - TREASURY PORTFOLIO SHARES	3.25%	0.00	1/2/2012
9127955X5	UNITED STATES TREAS BILLS DT	3.25%	0.00	19/7/2012
17314AAE2	CITIGROUP FUNDING INC FRN 30/MAR/2012 USD1000	3.12%	0.88	30/3/2012
61757UAN0	MORGAN STANLEY FRN 13/MAR/2012 USD1000	2.19%	0.74	13/3/2012

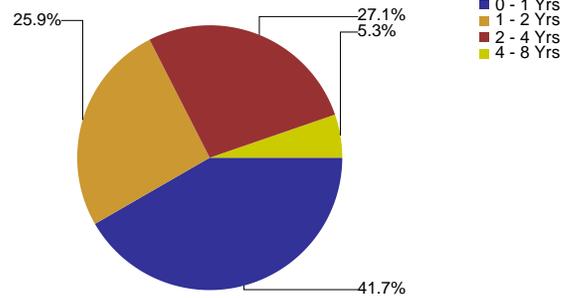
Quality/Rating Weightings Sector Weightings (as % of Market Value)



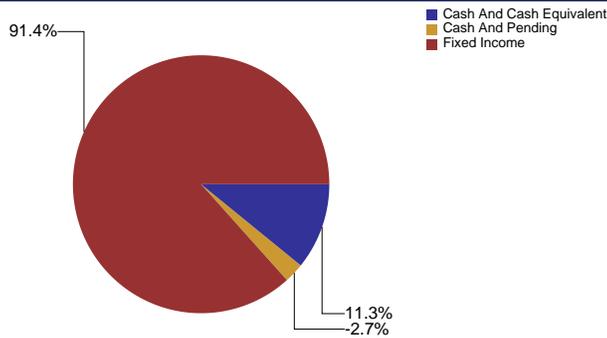
Portfolio Characteristics

**Total Net Assets (Millions)** 198.5  
**Weighted Average Life (Years)** 1.95  
**Weighted Avg. Effective Duration (Years)** 1.49  
**Weighted Average Rating** AA  
**Number of Holdings** 173

Duration Mix



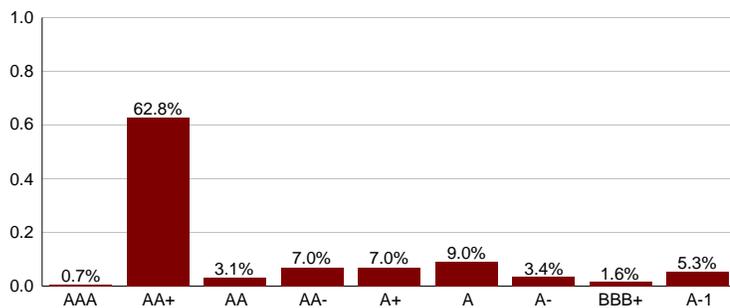
Asset Mix



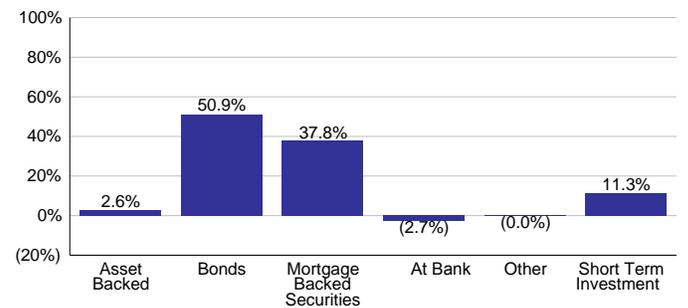
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299Z889	TRI-PARTY REPO SOUTH STREET 0.20% 01/FEB/2012	5.89%	0.20	1/2/2012
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	3.40%	4.00	1/2/2026
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	2.60%	4.00	1/12/2040
312936EV5	FHLMCGLD MORTPASS 4% 01/OCT/2039 A8 PN# A89148	2.56%	4.00	1/10/2039
31417AXK0	FNMA MORTPASS 3% 01/JAN/2027 CI PN# AB4281	2.55%	3.00	1/1/2027
3128MMN33	FHLMCGLD MORTPASS 3% 01/NOV/2026 G1 PN# G18409	2.54%	3.00	1/11/2026
3138ALNT0	FNMA MORTPASS 4% 01/SEP/2041 CL PN# A16701	2.48%	4.00	1/9/2041
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	2.46%	0.57	21/9/2012
3128PR3M9	FHLMCGLD MORTPASS 4% 01/JUL/2025 J1 PN# J12604	2.09%	4.00	1/7/2025
31419CZL0	FNMA MORTPASS 4.5% 01/SEP/2040 CL PN# AE2546	2.08%	4.50	1/9/2040

Quality/Rating Weightings

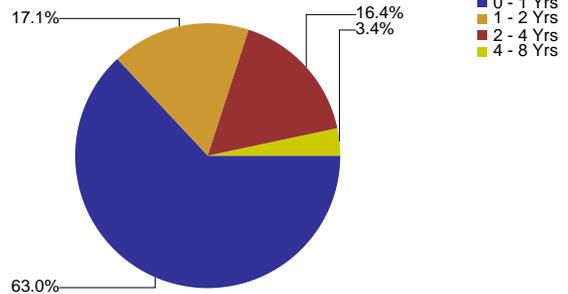


Sector Weightings (as % of Market Value)

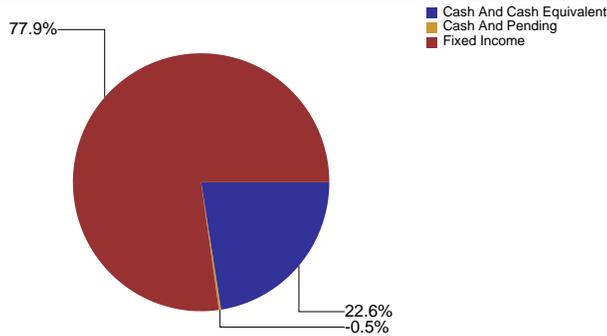


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 157.1  
**Weighted Average Life (Years)** 1.52  
**Weighted Avg. Effective Duration (Years)** 1.10  
**Weighted Average Rating** AA+  
**Number of Holdings** 78

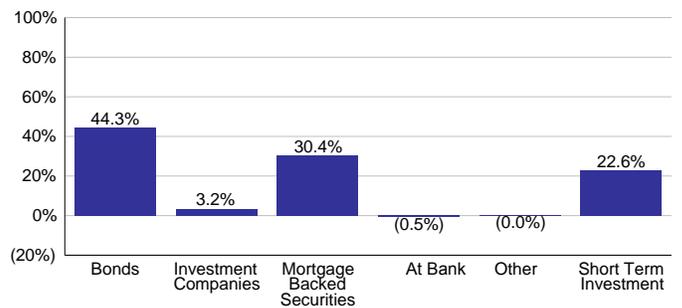
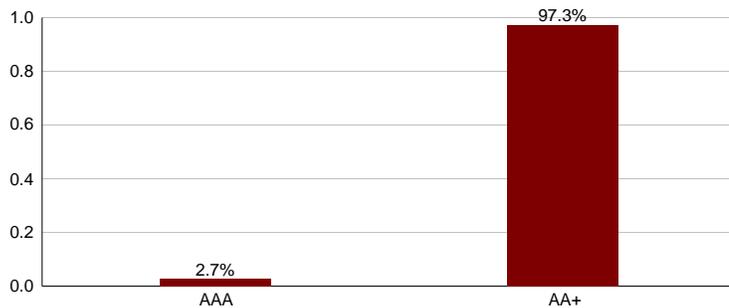


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599X768	TRI-PARTY REPO NOMURA 0.22% 01/FEB/2012	16.46%	0.22	1/2/2012
69351CAC7	PNC FUNDING CORP 2.3% BDS 22/JUN/2012 USD2000	7.85%	2.30	22/6/2012
938554N	FDIC US BANK CDARS ACCOUNT 0.23% 01/MAR//2012	4.77%	0.23	1/3/2012
36230M3Y1	GNMA I MORTPASS 4% 15/NOV/2040 SF PN# 753515	3.78%	4.00	15/11/2040
36176S4T4	GNMA I MORTPASS 4% 15/SEP/2041 SF PN# 775134	3.42%	4.00	15/9/2041
3620C4U57	GNMA I MORTPASS 4.5% 15/SEP/2040 SF PN# 748604	3.26%	4.50	15/9/2040
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	3.24%	2.62	28/12/2012
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	3.18%	0.00	31/12/2049
36202E7F0	GNMA II MORTPASS 4% 20/JUL/2039 SF PN# 004494	3.01%	4.00	20/7/2039
36202FFH4	GNMA II MORTPASS 4.5% 20/APR/2025 SF PN# 004668	2.66%	4.50	20/4/2025

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



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

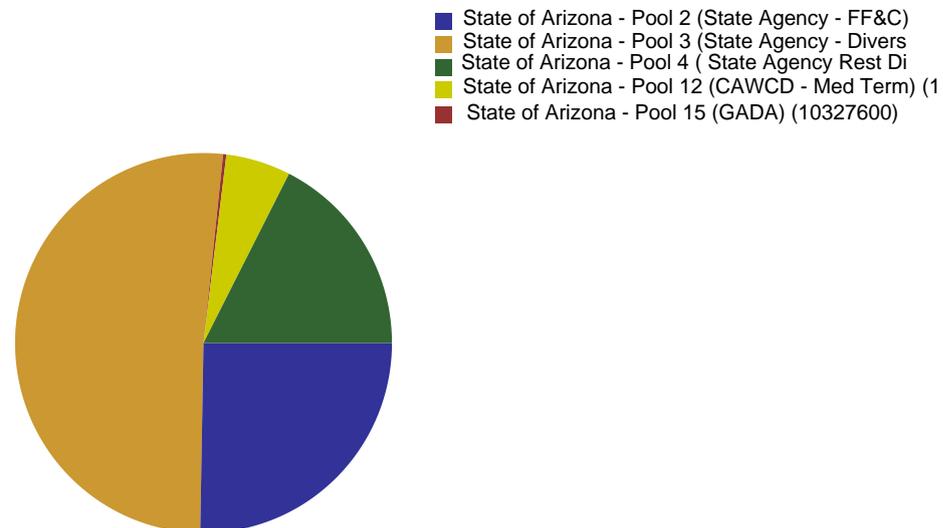
		<u>NET EARNINGS</u>			Net Asset Value Per Share
FUND	DESCRIPTION	Current Month 01/31/12	Prior Month 12/31/11	Prior Year 1/31/11	
2	STATE AGENCIES I - FULL FAITH & CREDIT	797,067	788,243	679,736	1.0065
3	STATE AGENCIES II - DIVERSIFIED	1,526,010	1,444,312	853,105	1.0032
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	442,357	450,233	245,157	1.0029
12	CAWCD MEDIUM TERM	523,651	520,389	363,721	1.0259
15	GADA	22,012	23,936	25,355	1.0207
	<b>TOTAL STATE AGENCIES</b>	<b>3,311,098</b>	<b>3,227,113</b>	<b>2,167,073</b>	

YIELDS

<u>MONTHLY</u>		Current Month 01/31/12	Prior Month 12/31/11	Prior Year 1/31/11
2	STATE AGENCIES I - FULL FAITH & CREDIT	0.86%	1.01%	0.96%
	75% MERRILL 0-1 US TREAS INDEX / 25%	0.45%	0.52%	1.04%
	MERRILL GNMA MORTGAGE MASTER INDEX			
3	STATE AGENCIES II - DIVERSIFIED	0.83%	0.90%	0.62%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL 1 -3	0.84%	0.82%	0.65%
	US BROAD MARKET INDEX			
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	0.67%	0.70%	0.45%
	50% MERRILL 6 MTH US T-BILL INDEX / 50%	0.17%	0.19%	0.37%
	MERRILL 1-3 UNSUB. US TREAS / AGY INDEX			
12	CAWCD MEDIUM TERM	2.39%	2.23%	2.09%
	BARCLAYS CAPITAL US AGG. BOND INDEX	2.05%	2.24%	2.97%
15	GADA	2.14%	2.33%	2.46%
	MERRILL 3-5 US BROAD MARKET EX CORP	1.25%	1.70%	2.62%

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

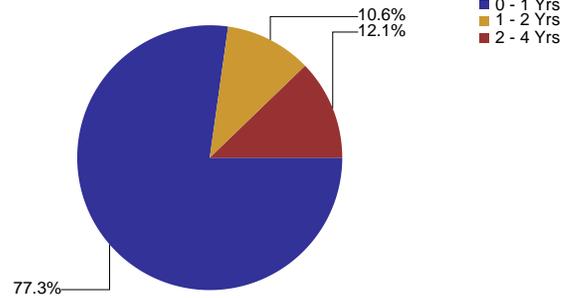
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,186.80	25.4%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,390.63	51.2%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	819.09	17.5%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	264.22	5.7%
State of Arizona - Pool 15 (GADA) (10327600)	12.36	0.3%
<b>TOTAL</b>	<b>4,673.10</b>	<b>100.0%</b>



Portfolio Characteristics

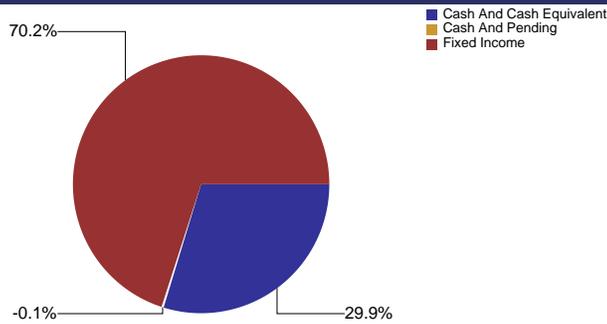
Total Net Assets (Millions) **1,186.8**  
 Weighted Average Life (Years) **0.79**  
 Weighted Avg. Effective Duration (Years) **0.64**  
 Weighted Average Rating **AA+**  
 Number of Holdings **98**

Duration Mix



Asset Mix

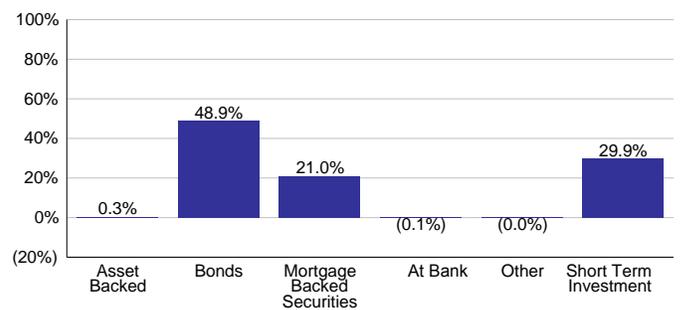
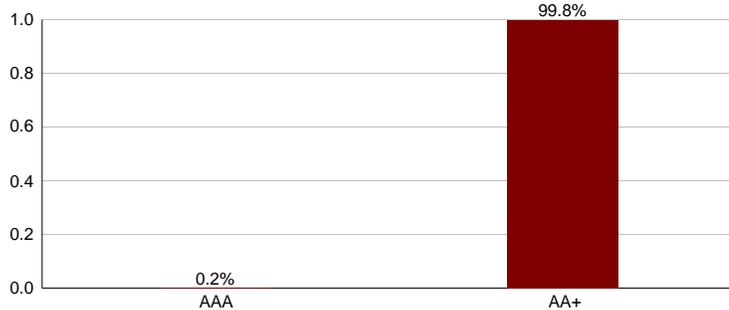
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099S040	TRI-PARTY REPO BANK OF AMERICA 0.16% 01/FEB/2012	16.84%	0.16	1/2/2012
65599X768	TRI-PARTY REPO NOMURA 0.22% 01/FEB/2012	13.00%	0.22	1/2/2012
36967HAN7	GENERAL ELECTRIC CAPITAL CORP 2.25% NTS	3.49%	2.25	12/3/2012
912828PD6	UNITED STATES TREAS NTS 0.375% 31/OCT/2012	3.38%	0.38	31/10/2012
62889KAA9	NCUA GUARANTEED 0% BDS 12/JUN/2013 USD	3.37%	0.32	12/6/2013
912828NE6	UNITED STATES TREAS NTS 0.750% 31/MAY/2012	2.53%	0.75	31/5/2012
912828AJ9	UNITED STATES TREAS NTS 4.375% 15AUG12	1.76%	4.38	15/8/2012
06050BAG6	BANK OF AMERICA CORP 2.1% SRN 30/APR/2012 USD1000	1.73%	2.10	30/4/2012
912828GK0	US TREAS NTS 4.625% 29/FEB/2012	1.72%	4.62	29/2/2012
38146FAA9	GOLDMAN SACHS GROUP INC 3.25% BDS 15/JUN/2012	1.71%	3.25	15/6/2012

Quality/Rating Weightings

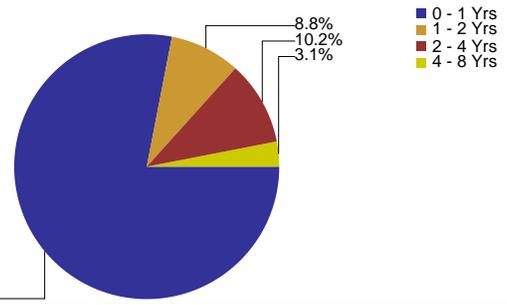
Sector Weightings (as % of Market Value)



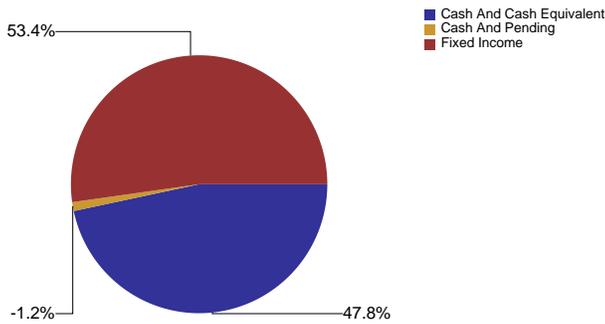
Portfolio Characteristics

Total Net Assets (Millions) **2,390.6**  
 Weighted Average Life (Years) **1.20**  
 Weighted Avg. Effective Duration (Years) **0.63**  
 Weighted Average Rating **AA**  
 Number of Holdings **168**

Duration Mix



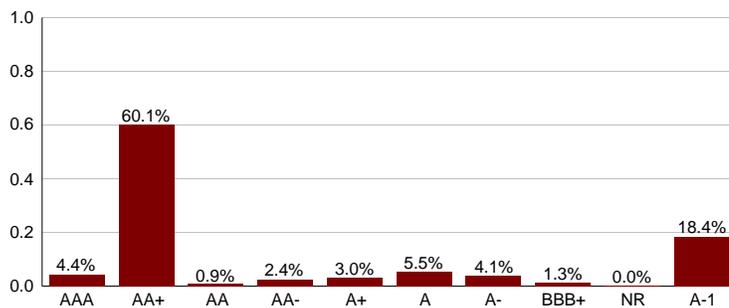
Asset Mix



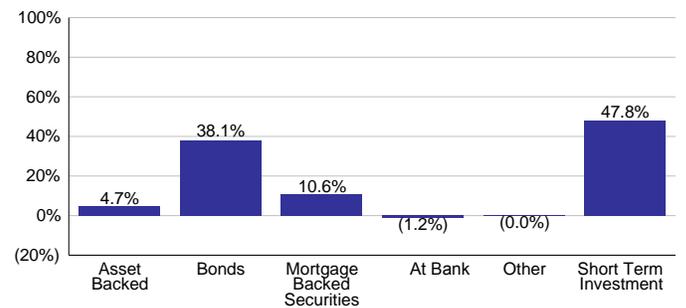
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299Z889	TRI-PARTY REPO SOUTH STREET 0.20% 01/FEB/2012	17.88%	0.20	1/2/2012
85299Z798	TRI-PARTY REPO SOUTH STREET 0.16% 03/FEB/2012	6.20%	0.16	3/2/2012
G34992548	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	2.07%	0.00	1/2/2012
74977JMT6	RABOBANK NEDERLAND 0.33% 06/FEB/2012	1.66%	0.33	6/2/2012
52952LB68	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	1.65%	0.00	6/2/2012
06538BBH5	BANK OF TOKYO-MITSUBIS CORPORATE COMMERCIAL PAPER	1.65%	0.00	17/2/2012
16115UBT7	CHARTA, LLC CORPORATE COMMERCIAL PAPER DISCOUNT	1.65%	0.00	27/2/2012
38346LBT2	GOTHAM FDG CORP CORPORATE COMMERCIAL PAPER	1.65%	0.00	27/2/2012
0556N0BU8	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.65%	0.00	28/2/2012
3134G22R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.25%	1.70	2/11/2016

Quality/Rating Weightings

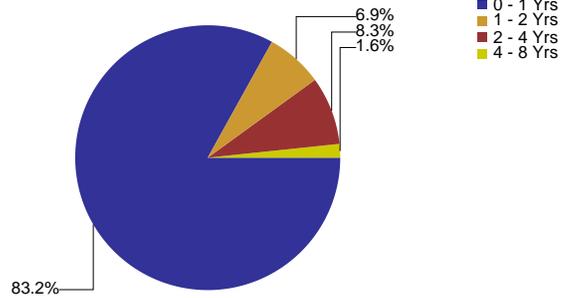


Sector Weightings (as % of Market Value)

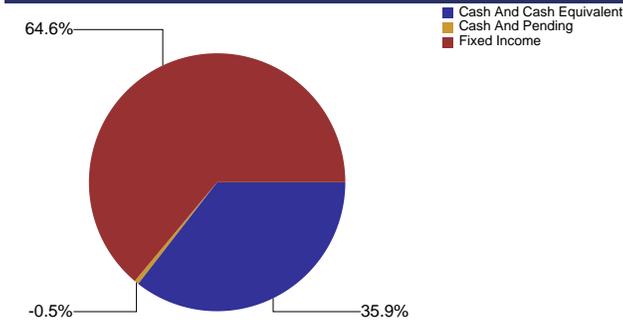


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **819.1**  
 Weighted Average Life (Years) **1.36**  
 Weighted Avg. Effective Duration (Years) **0.57**  
 Weighted Average Rating **AA+**  
 Number of Holdings **82**

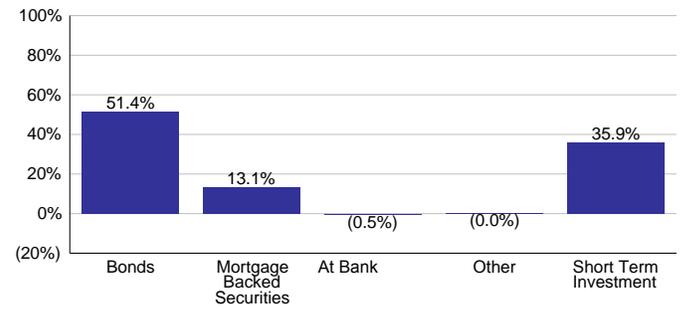
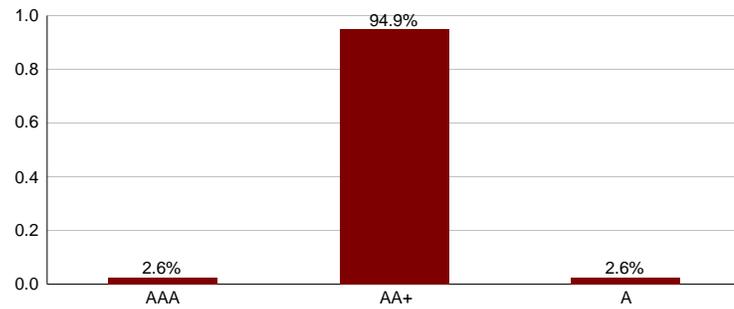


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299Z863	TI-PARTY REPO SOUTH STREET 0.20% 27/FEB/2012	12.15%	0.20	27/2/2012
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/FEB/2012	6.72%	0.30	1/2/2012
85299Z889	TRI-PARTY REPO SOUTH STREET 0.20% 01/FEB/2012	6.33%	0.20	1/2/2012
446436AB3	HUNTINGTON NATIONAL BANK FRN 01/JUN/2012 USD1000	3.05%	0.93	1/6/2012
313374TP5	FEDERAL HOME LOAN BANKS CONS BD 0.25% 18/JUL/2012	3.04%	0.25	18/7/2012
313384WG0	FHLB	3.04%	0.00	1/5/2012
313396H97	FEDL HOME LLN MTG CORP DISC NT MATURES 01/OCT/2012	3.04%	0.00	1/10/2012
31359MNU3	FANNIE MAE 5.25% 01/AUG/2012	2.55%	5.25	1/8/2012
36967HAN7	GENERAL ELECTRIC CAPITAL CORP 2.25% NTS	2.46%	2.25	12/3/2012
313396XS7	FEDL HOME LLN MTG CORP DISC NT MATURES 04/JUN/2012	2.43%	0.00	4/6/2012

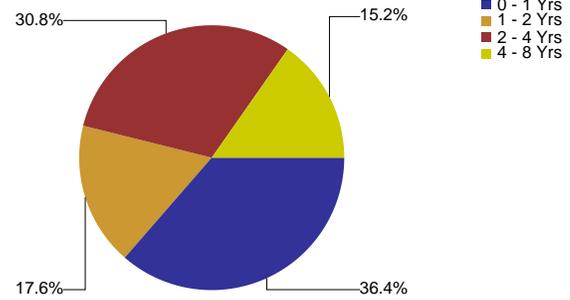
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

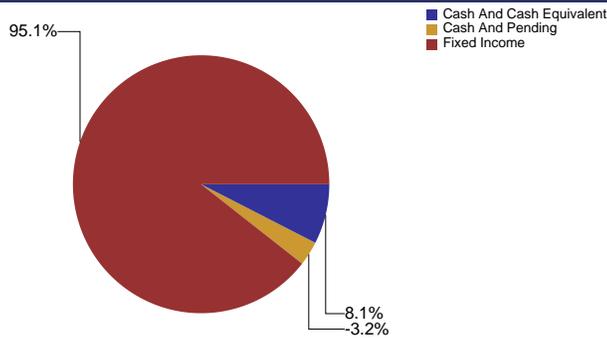
Duration Mix

Total Net Assets (Millions) **264.2**  
 Weighted Average Life (Years) **3.59**  
 Weighted Avg. Effective Duration (Years) **2.05**  
 Weighted Average Rating **AA**  
 Number of Holdings **125**



Asset Mix

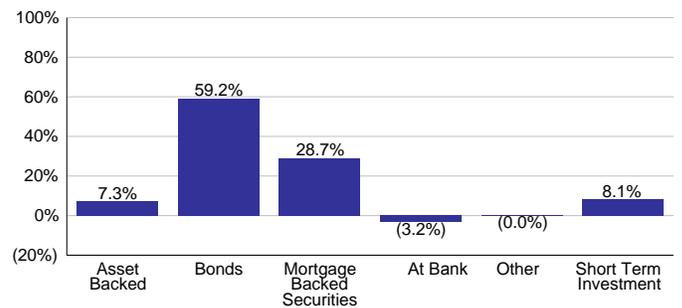
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.96%	0.75	15/11/2013
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.97%	3.00	1/4/2016
85299Z889	TRI-PARTY REPO SOUTH STREET 0.20% 01/FEB/2012	1.93%	0.20	1/2/2012
3136A3UG4	FANNIE MAE 2012-1 AE 1.750% 25/DEC/2021	1.86%	1.75	25/12/2021
039483BA9	ARCHER DANIELS MIDLAND CO 0.4733% BDS 13/AUG/2012	1.84%	0.61	13/8/2012
959802AN9	WESTERN UNION COMP 0% BDS 07/MAR/2013 USD2000	1.84%	1.11	7/3/2013
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.84%	0.46	15/2/2017
532457AN8	LILLY(ELI)& CO 6.57% NTS 01/JAN/2016 USD1000	1.82%	6.57	1/1/2016
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.81%	1.33	10/1/2014
3137A8QA9	FREDDIE MAC 3841 AV 4.000% 15/MAR/2024	1.81%	4.00	15/3/2024

Quality/Rating Weightings

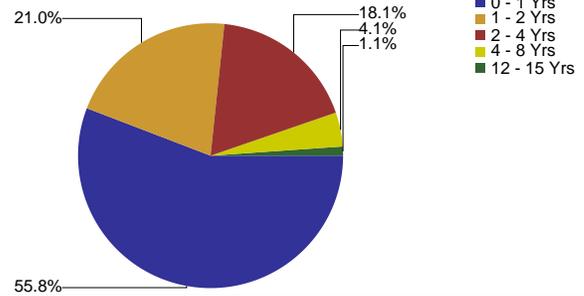
Sector Weightings (as % of Market Value)



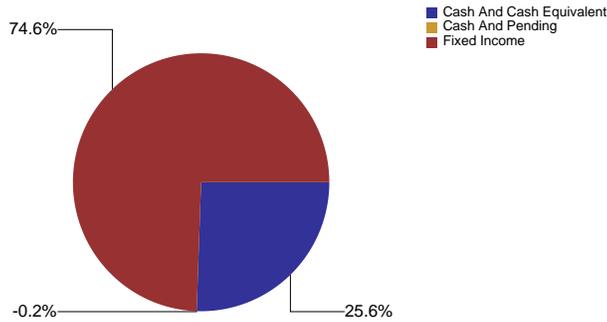
Portfolio Characteristics Duration Mix

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

**12.4**  
**3.42**  
**1.41**  
**AA**  
**24**

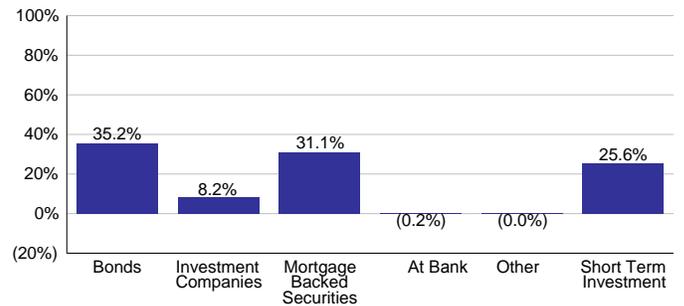
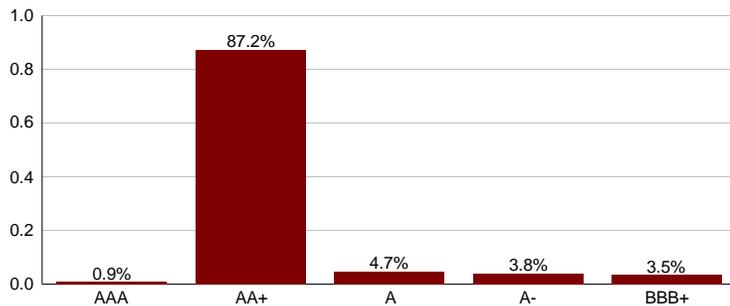


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JPMORGAN US GOVT MMKT - AGENCY SHR FUND 1603	21.47%	0.01	31/12/2049
958268S	LONG TERM GOVT POOL	8.23%	0.00	31/12/2049
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL # E01446 DTD	5.10%	4.50	1/9/2018
3133XUQ48	FEDERAL HOME LOAN BANKS CONS BD 3.8% 14/SEP/2016	5.02%	3.80	14/9/2016
31398ACS9	FEDERAL NATIONAL MORTGAGE ASSOC 5.78% BDS	4.76%	5.78	7/6/2022
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.67%	6.95	15/3/2014
3137A2PF2	FREDDIE MAC 3766 HE 3.000% 15/NOV/2020	4.31%	3.00	15/11/2020
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP PN# 782080	4.28%	4.50	15/2/2021
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.28%	3.50	15/2/2026
3128X6SL1	FEDERAL HOME LN MTG CORP CALL 5.25%13/DEC/2022	4.22%	5.25	13/12/2022

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



**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**

Through January 31, 2012

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year</u> <u>2009/2010</u>	<u>Fiscal Year</u> <u>2010/2011</u>	<u>Fiscal Year</u> <u>2011/2012</u>
JULY	116	1,077	1,209
AUGUST	(200)	761	818
SEPTEMBER	11	590	744
OCTOBER	(224)	358	668
NOVEMBER	(431)	570	858
DECEMBER	(733)	592	979
JANUARY	(463)	835	1,511
FEBRUARY	(423)	863	
MARCH	(686)	802	
APRIL	(635)	1,002	
MAY	(579)	1,128	
JUNE	450	1,358	
<b>Y-T-D</b>			
<b>Average</b>	<b>(\$316)</b>	<b>\$828</b>	<b>\$970</b>

**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
JANUARY 2012**

Distributed in Current Month

Recipient	JANUARY 2012	Fiscal YTD 11/12	Fiscal YTD 10/11
101 A & M Colleges	\$22,280	\$152,922	\$32,308
102 State Hospital	\$12,347	\$84,746	\$15,754
103 Leg., Exec., & Jud.	\$18,283	\$125,545	\$30,689
104 Military Institute	\$1,297	\$8,905	\$2,381
105 Miners Hospital	\$29,529	\$202,830	\$42,916
107 Normal School ASU/NAU	\$7,607	\$52,244	\$11,929
108 Penitentiaries	\$29,198	\$201,270	\$66,672
109 Permanent Common School	\$6,558,971	\$45,038,064	\$9,209,361
110 School for Deaf & Blind	\$10,923	\$75,010	\$17,856
111 School of Mines	\$25,281	\$173,559	\$40,221
112 State Charitable-Pioneers Home	\$114,920	\$788,266	\$143,895
112 State Charitable-Corrections	\$57,460	\$394,133	\$71,949
112 State Charitable-Youth Treatment	\$57,460	\$394,133	\$71,949
113 University Fund	\$40,373	\$277,153	\$61,645
114 U of A Land - 1881	\$86,333	\$592,091	\$138,346
<b>Total</b>	<b>\$7,072,263</b>	<b>\$48,560,869</b>	<b>\$9,957,871</b>

Posted in USAS in current month

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

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 01/31/12</b>	<b>Prior Month 12/31/11</b>	<b>Prior Year 1/31/11</b>
205	ENDOWMENTS - FIXED INCOME	\$4,462,590	\$3,687,894	<b>\$3,663,212</b>

**YIELDS**

<b><u>MONTHLY</u></b>	<b>Current Month 01/31/12</b>	<b>Prior Month 12/31/11</b>	<b>Prior Year 1/31/11</b>	
205	ENDOWMENTS - FIXED INCOME	6.73%	5.56%	<b>4.59%</b>

**NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS**

<b>Endowment Fund</b>	<b>Jan-12 NET GAIN(LOSS)</b>	<b>Jan-11 NET GAIN(LOSS)</b>
-----	-----	-----
Fixed Income Pool	533,166	(361,603)
Equity Pool (500)	318,856	321,998
Equity Pool (400)	(326,445)	895,026
Equity Pool (600)	904,988	0
	-----	-----
<b>Totals</b>	<b>1,430,565</b>	<b>855,421</b>
	=====	=====

<b>Endowment Fund</b>	<b>2011/2012 FISCAL YEAR TO DATE GAINS(LOSSES)</b>	<b>2010/ 2011 FISCAL YEAR TO DATE GAINS(LOSSES)</b>
-----	-----	-----
Fixed Income Pool	1,011,798	(1,088,698)
Equity Pool (500)	(2,131,463)	734,767
Equity Pool (400)	13,009,890	12,179,219
Equity Pool (600)	913,641	0
	-----	-----
<b>Totals</b>	<b>12,803,866</b>	<b>11,825,289</b>
	=====	=====

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

State Treasurer's Report  
 February 28, 2012  
 Page 20

**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&amp;P RATING</u>
FFCB	5.03	10/6/2025	N/A	\$5,000,000	\$6,178,915	3.04%	Aaa/AA+
FFCB	5.43	6/7/2024	N/A	\$5,000,000	\$6,357,671	2.87%	Aaa/AA+
FFCB	4.88	12/21/2026	N/A	\$5,000,000	\$5,959,685	3.27%	Aaa/AA+
FHLMC	2.38	1/13/2022	N/A	\$2,000,000	\$1,988,360	2.44%	Aaa/AA+
FHLMC MTG	3.00	12/1/2026	3.88	\$11,137,121	\$11,627,967	1.88%	Aaa/AA+
FHLMC MTG	3.50	8/1/2026	2.97	\$9,215,647	\$9,753,578	1.53%	Aaa/AA+
FNMA MTG	4.00	1/1/2042	4.24	\$4,986,345	\$5,278,930	2.38%	Aaa/AA+
FNMA MTG	4.00	1/1/2041	3.61	\$9,567,675	\$10,123,099	2.11%	Aaa/AA+
GNMA MTG	3.50	11/20/2041	6.89	\$4,984,581	\$5,180,606	2.86%	Aaa/AA+
CFCRE CMO	4.96	4/15/2044	8.81	\$4,153,000	\$4,656,551	3.38%	Aaa/NR
JP MORGAN MTG	4.72	2/16/2046	7.46	\$5,000,000	\$5,558,668	3.30%	NR/AAA
KROGER CO	2.20	1/15/2017	N/A	\$3,000,000	\$3,000,000	2.20%	Baa2/BBB
MACYS RETAIL	3.88	1/15/2022	N/A	\$2,000,000	\$1,983,780	3.97%	Baa3/BBB-
TOYOTA MOTOR	3.30	1/12/2022	N/A	\$5,000,000	\$4,981,450	3.34%	Aa3/AA-
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>				<b>\$76,044,369</b>	<b>\$82,629,261</b>		

**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&amp;P RATING</u>
FNMA MTG	4.00	11/25/2019	\$1,178,096	\$1,244,619	\$10,536	Aaa/AA+
FNMA MTG	4.50	1/25/2030	\$995,867	\$1,047,652	(\$22,844)	Aaa/AA+
FNMA MTG	4.00	10/25/2024	\$2,564,291	\$2,685,044	\$49,751	Aaa/AA+
FNMA MTG	4.00	11/25/2018	\$1,861,560	\$1,964,929	\$14,868	Aaa/AA+
FNMA MTG	4.00	11/25/2018	\$2,343,030	\$2,476,062	\$37,923	Aaa/AA+
FHLMC MTG	3.50	3/15/2026	\$6,450,490	\$6,740,717	\$77,139	Aaa/AA+
FHLMC MTG	4.00	1/15/2026	\$4,298,960	\$4,548,419	\$41,394	Aaa/AA+
FHLMC MTG	4.00	5/15/2024	\$4,208,862	\$4,442,571	\$52,489	Aaa/AA+
FHLMC MTG	4.00	5/15/2028	\$3,860,282	\$4,015,524	\$38,079	Aaa/AA+
FHLMC MTG	4.00	11/15/2025	\$3,406,816	\$3,534,241	\$40,835	Aaa/AA+
FHLMC MTG	5.50	8/15/2033	\$3,867,489	\$4,077,569	\$211,001	Aaa/AA+
FHLMC MTG	4.00	9/15/2024	\$5,000,000	\$5,397,951	\$189,895	Aaa/AA+
KROGER	6.20	6/15/2012	\$5,000,000	\$5,141,728	\$83,778	Baa2/BBB
<b>TOTAL ENDOWMENT FUNDS SALES</b>			<b>\$45,035,743</b>	<b>\$47,317,025</b>	<b>\$824,844</b>	

\*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 January 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	34,381	\$1,638,418	\$175
S&P 500 Large-Cap Fund	163,306	\$8,164,645	\$2,406
S&P 600 Small-Cap Fund	846,001	\$18,635,536	\$12,666
<b>TOTAL EQUITY PURCHASES</b>	<b>1,043,688</b>	<b>\$28,438,599</b>	<b>\$15,247</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	38,998	\$1,670,076	\$149
S&P 500 Large-Cap Fund	35,997	\$4,074,543	\$540
S&P 600 Small-Cap Fund	53,016	\$2,254,186	\$455
<b>TOTAL EQUITY SALES</b>	<b>128,012</b>	<b>\$7,998,804</b>	<b>\$1,143</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

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(In Thousands)

FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,596	2,373	3,088	714	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	775	760	1,581	822	
	<i>Shares in Small-Cap 600 Equity Fund</i>	765	747	786	39	
	<i>Shares in Fixed Income Fund</i>	2,259	2,547	4,001	1,454	
	Total	6,394	6,426	9,455	3,029	<b>1.471</b>
102	State Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,713	1,495	2,037	542	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	442	478	903	424	
	<i>Shares in Small-Cap 600 Equity Fund</i>	451	440	463	24	
	<i>Shares in Fixed Income Fund</i>	1,342	1,589	2,377	789	
	Total	3,948	4,002	5,781	1,779	<b>1.444</b>
103	Leg., Exec., & Jud.					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,968	1,930	2,341	412	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	590	619	1,203	585	
	<i>Shares in Small-Cap 600 Equity Fund</i>	636	620	654	34	
	<i>Shares in Fixed Income Fund</i>	1,871	2,082	3,313	1,231	
	Total	5,065	5,250	7,511	2,261	<b>1.431</b>
104	Military Institute					
	<i>Shares in Large-Cap 500 Equity Fund</i>	133	132	158	26	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	43	43	88	45	
	<i>Shares in Small-Cap 600 Equity Fund</i>	46	44	47	2	
	<i>Shares in Fixed Income Fund</i>	133	143	235	92	
	Total	354	362	528	166	<b>1.457</b>
105	Miners Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,523	4,469	5,380	911	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,140	1,436	2,327	891	
	<i>Shares in Small-Cap 600 Equity Fund</i>	1,262	1,235	1,296	61	
	<i>Shares in Fixed Income Fund</i>	3,592	4,743	6,362	1,619	
	Total	10,517	11,883	15,364	3,482	<b>1.293</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

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JANUARY 31, 2012

(In Thousands)

FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
107	Normal School ASU/NAU					
	<i>Shares in Large-Cap 500 Equity Fund</i>	951	904	1,131	228	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	262	287	535	249	
	<i>Shares in Small-Cap 600 Equity Fund</i>	278	272	286	14	
	<i>Shares in Fixed Income Fund</i>	815	962	1,443	480	
	Total	2,306	2,424	3,395	971	<b>1.401</b>
108	Penitentiaries					
	<i>Shares in Large-Cap 500 Equity Fund</i>	3,313	3,013	3,941	927	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	886	959	1,808	848	
	<i>Shares in Small-Cap 600 Equity Fund</i>	887	867	911	45	
	<i>Shares in Fixed Income Fund</i>	2,660	3,227	4,712	1,484	
	Total	7,746	8,067	11,372	3,305	<b>1.410</b>
109	Permanent Common School					
	<i>Shares in Large-Cap 500 Equity Fund</i>	910,616	883,607	1,083,149	199,541	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	230,914	280,875	471,194	190,319	
	<i>Shares in Small-Cap 600 Equity Fund</i>	248,529	242,481	255,287	12,806	
	<i>Shares in Fixed Income Fund</i>	739,129	945,020	1,309,107	364,087	
	Total	2,129,189	2,351,984	3,118,736	766,753	<b>1.326</b>
110	School for Deaf & Blind					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,331	1,265	1,583	318	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	382	405	779	374	
	<i>Shares in Small-Cap 600 Equity Fund</i>	403	393	414	21	
	<i>Shares in Fixed Income Fund</i>	1,193	1,360	2,113	752	
	Total	3,309	3,423	4,889	1,466	<b>1.428</b>
111	School of Mines					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,937	2,862	3,494	632	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	828	914	1,689	775	
	<i>Shares in Small-Cap 600 Equity Fund</i>	876	854	899	45	
	<i>Shares in Fixed Income Fund</i>	2,590	3,076	4,587	1,511	
	Total	7,231	7,707	10,670	2,963	<b>1.384</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 JANUARY 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
112	State Charitable					
	<i>Shares in Large-Cap 500 Equity Fund</i>	30,609	28,660	36,409	7,748	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	7,436	9,107	15,174	6,067	
	<i>Shares in Small-Cap 600 Equity Fund</i>	7,927	7,734	8,143	409	
	<i>Shares in Fixed Income Fund</i>	23,965	30,703	42,445	11,742	
	Total	69,938	76,205	102,171	25,966	<b>1.341</b>
113	University Fund					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,880	4,697	5,804	1,107	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,355	1,495	2,766	1,270	
	<i>Shares in Small-Cap 600 Equity Fund</i>	1,451	1,416	1,491	75	
	<i>Shares in Fixed Income Fund</i>	4,273	5,032	7,569	2,537	
	Total	11,960	12,640	17,629	4,989	<b>1.395</b>
114	U Of A Land - 1881					
	<i>Shares in Large-Cap 500 Equity Fund</i>	14,131	14,160	16,808	2,648	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,617	4,497	7,381	2,883	
	<i>Shares in Small-Cap 600 Equity Fund</i>	4,025	3,926	4,135	209	
	<i>Shares in Fixed Income Fund</i>	11,891	15,154	21,061	5,907	
	Total	33,664	37,737	49,385	11,648	<b>1.309</b>
<b>TOTALS - ALL FUNDS</b>						
	<i>Shares in Large-Cap 500 Equity Fund</i>	979,701	949,568	1,165,323	215,755	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	248,671	301,874	507,427	205,553	
	<i>Shares in Small-Cap 600 Equity Fund</i>	267,537	261,027	274,811	13,784	
	<i>Shares in Fixed Income Fund</i>	795,713	1,015,639	1,409,324	393,685	
	<b>Grand Total</b>	<b>2,291,622</b>	<b>2,528,109</b>	<b>3,356,886</b>	<b>828,777</b>	
	<b>PRIOR YEAR:</b>					
	<b>JANUARY 2011 BALANCES</b>	<b>2,160,383</b>	<b>2,443,630</b>	<b>3,183,542</b>	<b>739,913</b>	

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

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**ASSET ALLOCATION PERCENTAGE**

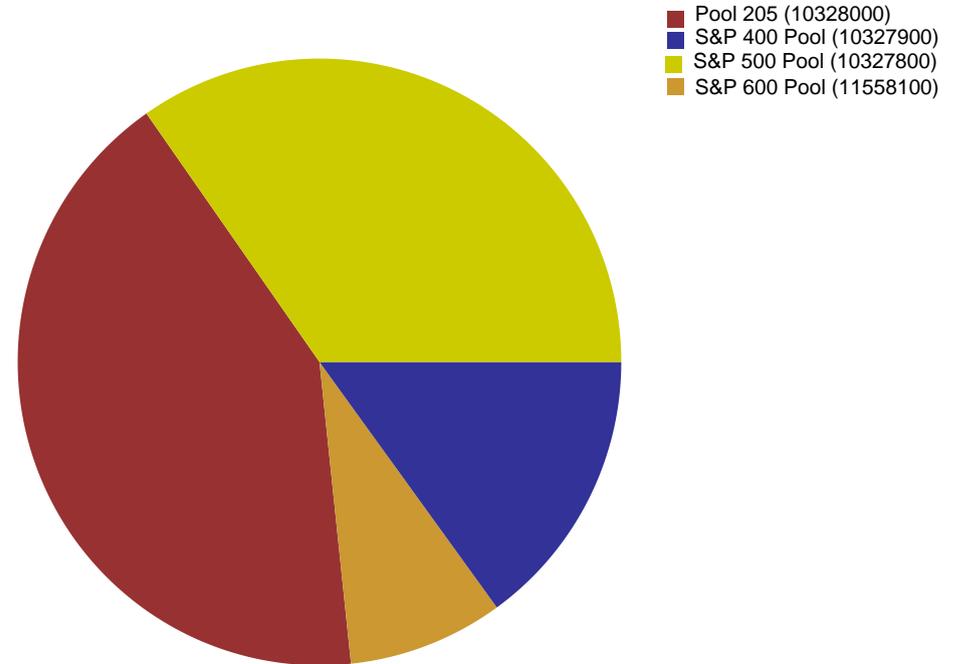
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	<b>JANUARY 2011 MARKET VALUE</b>
<i>Shares in Large-Cap 500 Equity Fund</i>	42.75%	37.56%	34.71%	<b>33.87%</b>
<i>Shares in Mid-Cap 400 Equity Fund</i>	10.85%	11.94%	15.12%	<b>16.12%</b>
<i>Shares in Small-Cap 600 Equity Fund</i>	11.67%	10.32%	8.19%	<b>0.00%</b>
<i>Shares in Fixed Income Fund</i>	34.72%	40.17%	41.98%	<b>50.02%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As of January 2012**  
Gross of Fee

<b>Total Endowment Fund Composite (00550902)</b>													
<b>ID</b>	<b>Name</b>	<b>Beginning Market Value</b>	<b>Ending Market Value</b>	<b>Cashflow</b>	<b>Current Month</b>	<b>Trailing Three Months</b>	<b>Year to Date</b>	<b>Fiscal Year To Date</b>	<b>Trailing One Year</b>	<b>Trailing Three Years</b>	<b>Trailing Five Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
10327800	S&P 500 Pool	1,113,591,856.01	1,165,323,032.88	1,861,669	4.48	5.30	4.48	0.59	4.17	19.20	0.42	0.77	07/01/1999
10327900	S&P 400 Pool	476,943,289.04	507,427,290.14	-1,014,808	6.60	5.94	6.60	(3.42)	2.83	22.84	3.80	7.30	08/01/2001
10328000	Pool 205	1,400,383,916.65	1,409,324,065.35	0	0.64	1.38	0.64	4.57	6.51	5.99	6.06	6.09	07/01/1999
11558100	S&P 600 Pool	245,368,100.24	274,811,374.57	13,276,951	6.58	8.60	6.58	0.12				2.81	03/01/2011
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>3,236,287,161.94</b>	<b>3,356,885,762.94</b>	<b>14,123,812</b>	<b>3.29</b>	<b>3.95</b>	<b>3.29</b>	<b>2.23</b>	<b>5.43</b>	<b>12.28</b>	<b>3.87</b>	<b>5.10</b>	<b>07/01/1999</b>

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

<b>Total Endowment Fund Composite (00550902)</b>		
<b>Account Name</b>	<b>Market Value(MIL)</b>	<b>Percent of Portfolio</b>
Pool 205 (10328000)	1,409.32	42.0%
S&P 400 Pool (10327900)	507.43	15.1%
S&P 500 Pool (10327800)	1,165.32	34.7%
S&P 600 Pool (11558100)	274.81	8.2%
<b>TOTAL</b>	<b>3,356.89</b>	<b>100.0%</b>



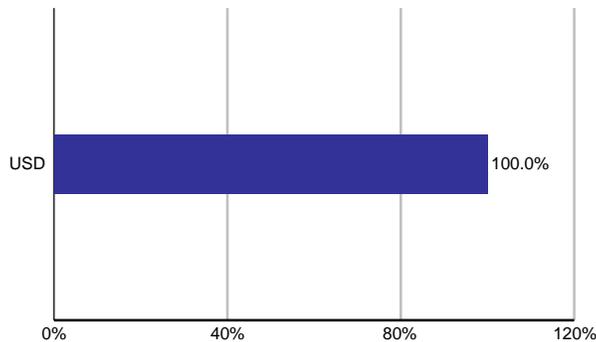
Portfolio Characteristics

			Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Total Asset Value (in Millions)	1,165.3					
P/E Ratio	14.80	Tracking Error	0.05	0.11	0.26	1.70
Price to Book Ratio	2.08	Information Ratio	(0.99)	(0.34)	0.37	(0.41)
Dividend Yield (%)	2.37	Std Deviation of Port.	16.34	18.12	18.88	16.33
Return on Equity (%)	22.82	Std Deviation of Bench.	16.38	18.16	18.98	16.21
Sales Growth (%)	8.34	Sharpe Ratio of Port.	0.25	1.05	(0.05)	(0.11)
Market Capitalization (\$ Millions)	94,643.17	Sharpe Ratio of Bench.	0.25	1.05	(0.06)	(0.07)
Earnings per Share (\$)	5.23	R-Squared	1.00	1.00	1.00	0.99
Number of Holdings	503	Jensen's Alpha	(0.04)	0.01	0.09	(0.69)

Top Ten Portfolio Holdings

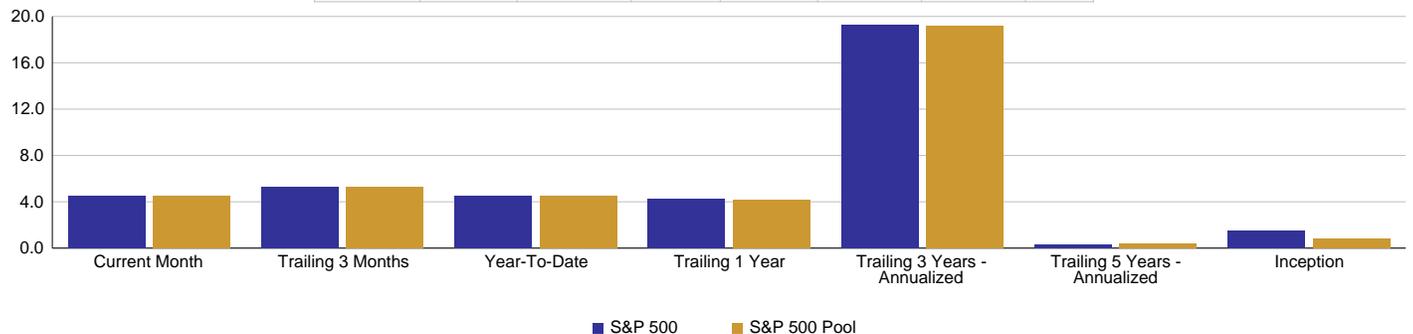
Security ID	Security Name	% of Assets
037833100	APPLE INC - COM NPV	3.45%
78462F103	SPDR S&P 500 ETF TRUST	3.43%
30231G102	EXXON MOBIL CORP - COM NPV	3.26%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.84%
594918104	MICROSOFT CORP - COM USD.00000625	1.80%
166764100	CHEVRON CORP - COM USD3	1.67%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.60%
478160104	JOHNSON & JOHNSON - COM USD1	1.46%
00206R102	AT&T INC - COM USD1	1.44%
742718109	PROCTER & GAMBLE CO - COM NPV	1.42%

Top Ten Currency Weights

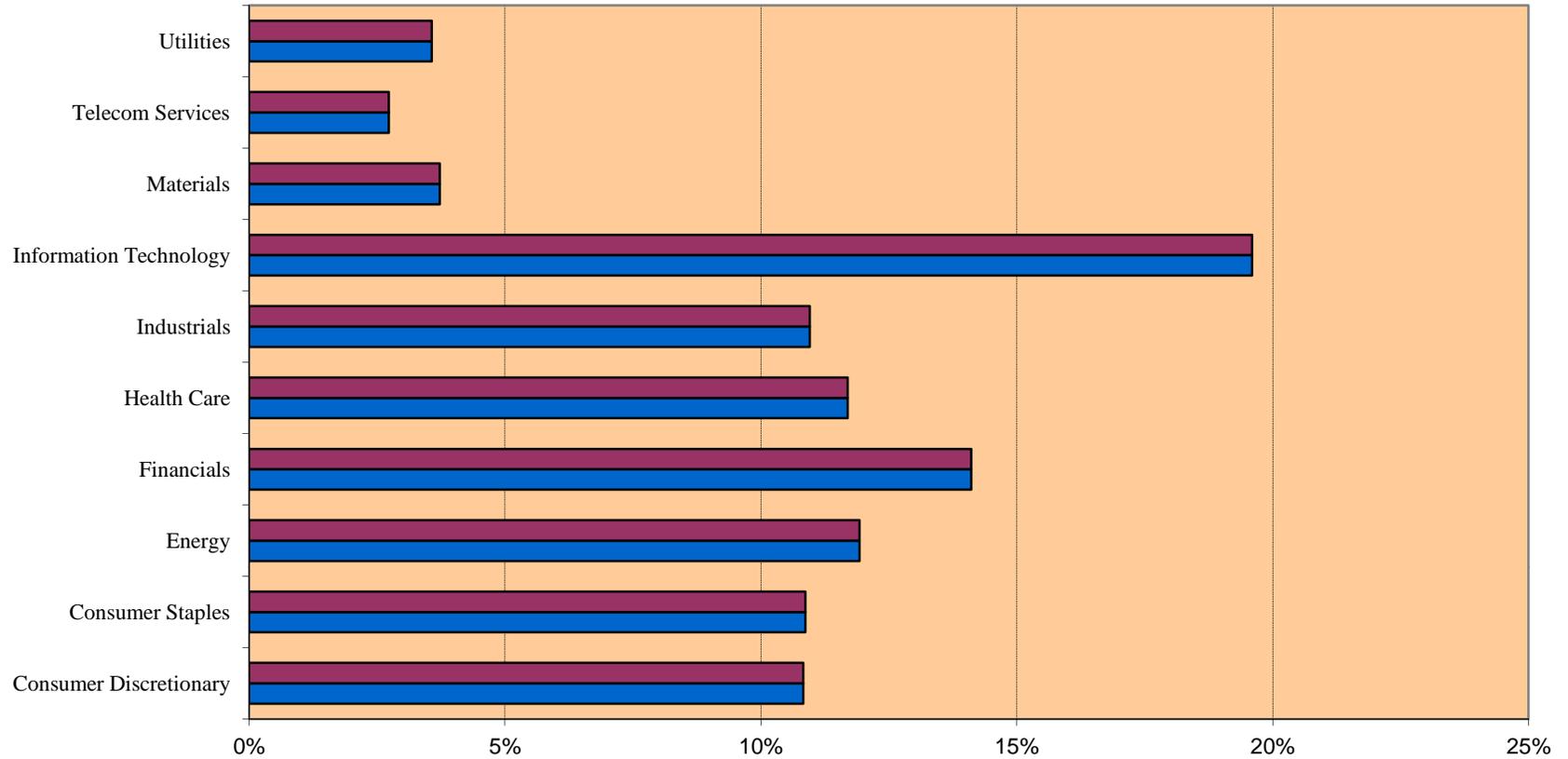


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	4.48	5.30	4.48	4.17	19.20	0.42	0.77
S&P 500	4.48	5.32	4.48	4.22	19.24	0.33	1.47
Excess	(0.00)	(0.01)	(0.00)	(0.05)	(0.04)	0.10	(0.70)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	10.83%	10.87%	11.93%	14.11%	11.70%	10.95%	19.60%	3.73%	2.73%	3.57%
■ STATE OF ARIZONA - POOL 201	10.83%	10.87%	11.93%	14.11%	11.70%	10.95%	19.60%	3.73%	2.73%	3.57%



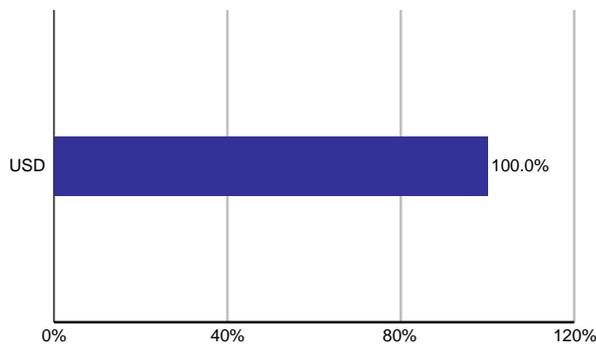
Portfolio Characteristics

		Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Total Asset Value (in Millions)	507.4				
P/E Ratio	20.70	0.07	1.84	2.09	2.10
Price to Book Ratio	2.12	1.76	(1.31)	(0.05)	(0.01)
Dividend Yield (%)	1.41	22.05	20.84	22.01	17.89
Return on Equity (%)	16.91	22.08	21.68	22.75	18.87
Sales Growth (%)	7.85	0.12	1.09	0.11	0.30
Market Capitalization (\$ Millions)	3,564.63	0.12	1.16	0.11	0.28
Earnings per Share (\$)	2.13	1.00	0.99	0.99	0.99
Number of Holdings	401	0.12	(1.37)	(0.01)	0.27
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

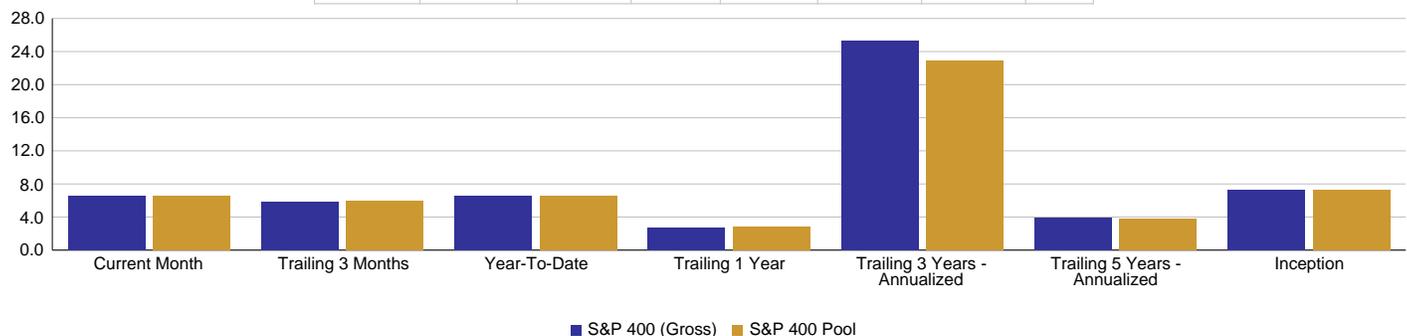
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	3.24%
611740101	MONSTER BEVERAGE CORP - COM USD.005	0.68%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.67%
485170302	KANSAS CITY SOUTHERN - COM NPV	0.65%
031100100	AMETEK INC - COM USD1	0.65%
554382101	MACERICH CO - COM USD.01	0.62%
393122106	GREEN MTN COFFEE ROASTERS - COM USD.1	0.60%
75886F107	REGENERON PHARMACEUT - COM USD.001	0.60%
171340102	CHURCH & DWIGHT INC - COM NPV	0.56%
806407102	SCHNEIDER (HENRY) INC - COM USD.01	0.55%

Top Ten Currency Weights

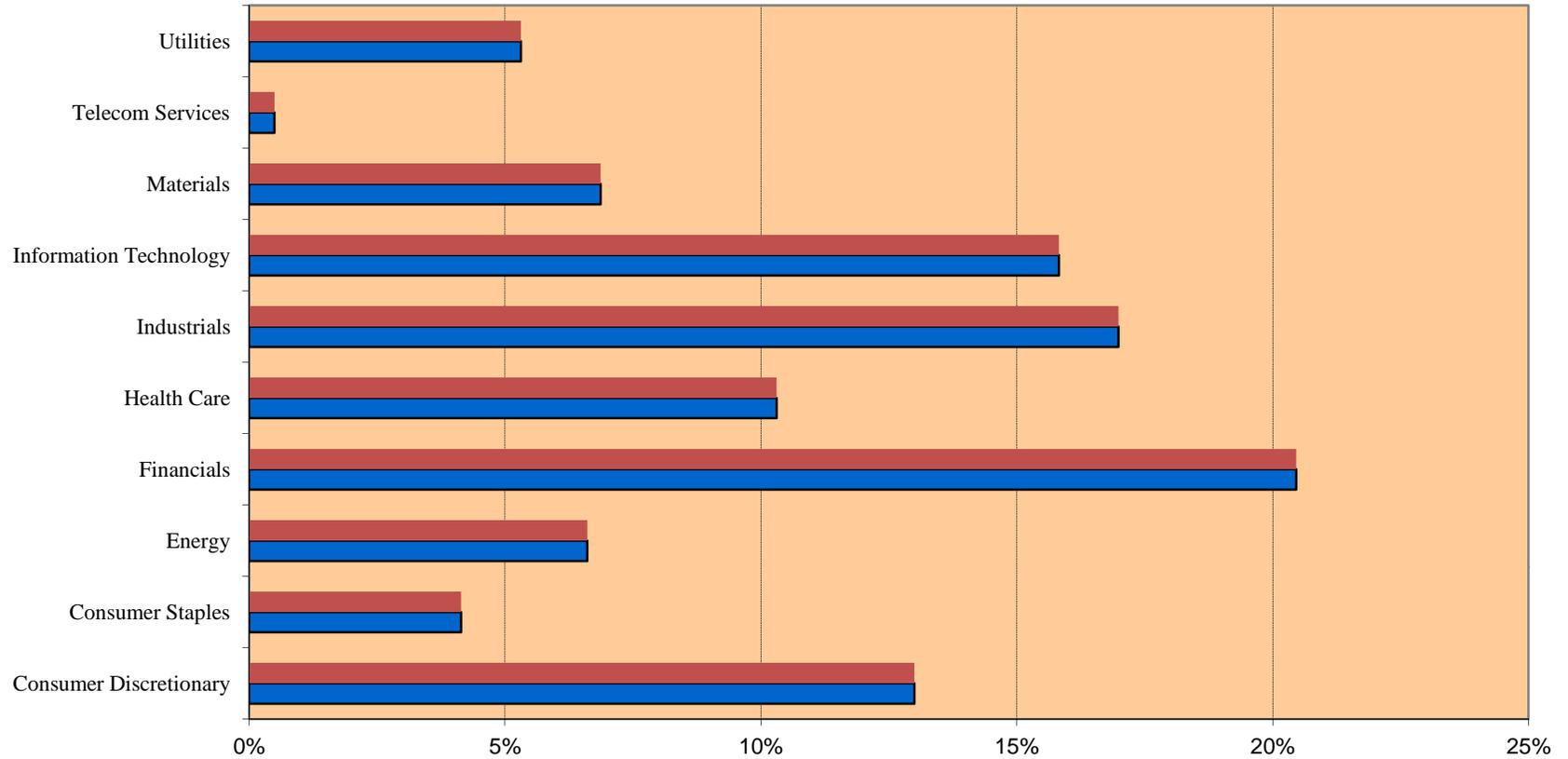


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	6.60	5.94	6.60	2.83	22.84	3.80	7.30
S&P 400 (Gross)	6.61	5.89	6.61	2.71	25.26	3.90	7.33
Excess	(0.00)	0.06	(0.00)	0.12	(2.41)	(0.10)	(0.03)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.00%	4.14%	6.61%	20.46%	10.31%	16.99%	15.82%	6.87%	0.50%	5.31%
■ STATE OF ARIZONA - POOL 203	13.00%	4.14%	6.61%	20.46%	10.31%	16.99%	15.82%	6.87%	0.50%	5.31%



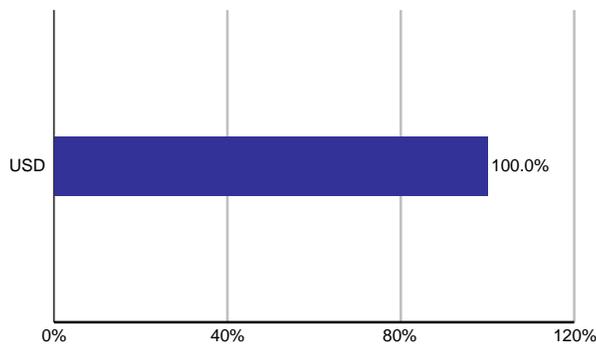
Portfolio Characteristics

Total Asset Value (in Millions)	274.8	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
P/E Ratio	22.4	Tracking Error	-	-	-	-	-	-	-
Price to Book Ratio	1.86	Information Ratio	-	-	-	-	-	-	-
Dividend Yield (%)	1.17	Std Deviation of Port.	-	-	-	-	-	-	-
Return on Equity (%)	11.10	Std Deviation of Bench.	-	-	-	-	-	-	-
Sales Growth (%)	10.01	Sharpe Ratio of Port.	-	-	-	-	-	-	-
Market Capitalization (\$ Millions)	1,172.28	Sharpe Ratio of Bench.	-	-	-	-	-	-	-
Earnings per Share (\$)	1.43	R-Squared	-	-	-	-	-	-	-
Number of Holdings	601	Jensen's Alpha	-	-	-	-	-	-	-

Top Ten Portfolio Holdings

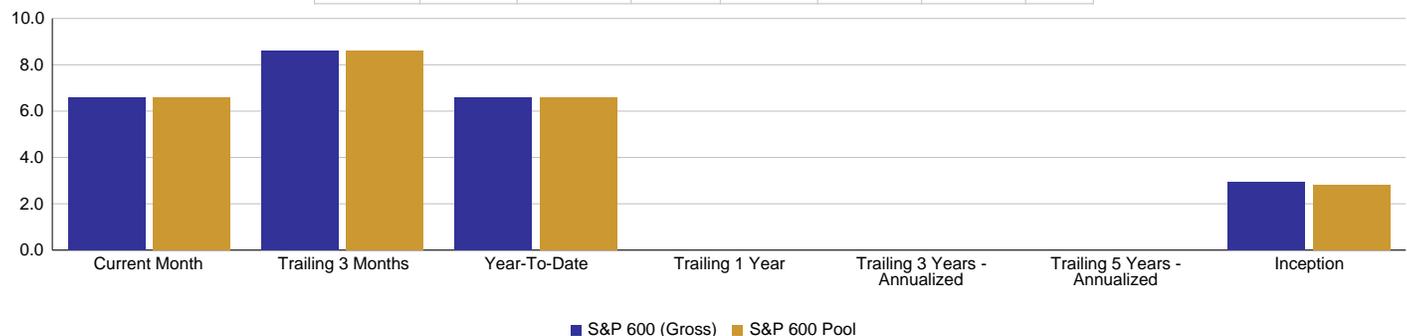
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST S&P SMALLCAP 600 INDEX FUND	4.24%
09063H107	BIOMED REALTY TRUST INC - COM USD.01	0.57%
795435106	SALIX PHARMACEUTICALS LTD - COM NPV	0.56%
875465106	TANGER FACTORY OUTLET CTRS - COM USD.01	0.51%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.50%
74267C106	PROASSURANCE CORP - COM NPV	0.49%
30225T102	EXTRA SPACE STORAGE INC - COM USD.01	0.49%
49427F108	KILROY REALTY CORP - COM USD.01	0.48%
247131105	DELPHI FINANCIAL GROUP INC - CL A COM USD.01	0.48%
59522J103	MID-AMERICA APT CMNTYS INC - COM USD.01	0.48%

Top Ten Currency Weights

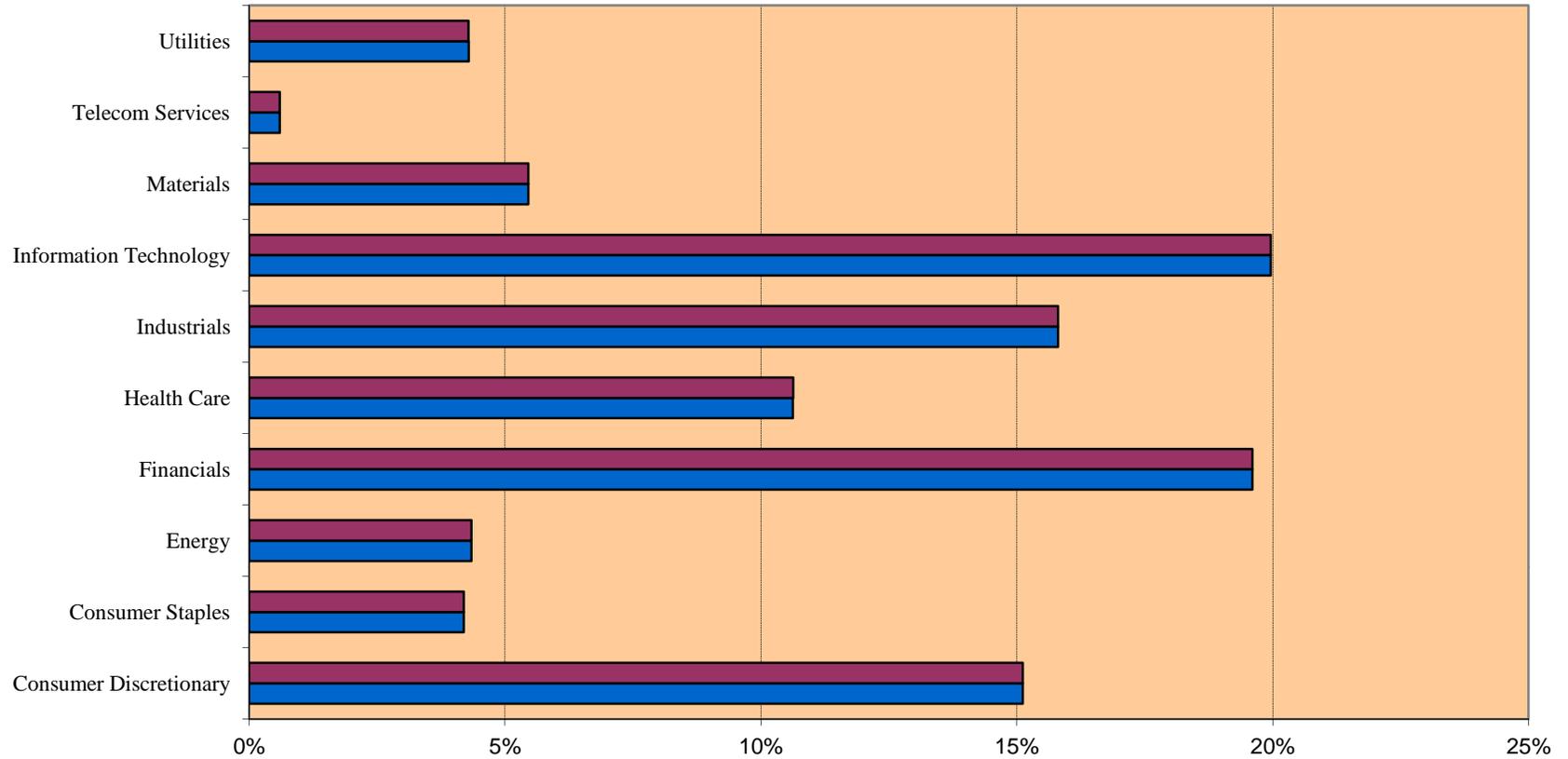


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	6.58	8.60	6.58				2.81
S&P 600 (Gross)	6.58	8.60	6.58				2.96
Excess	(0.00)	0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.15)



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



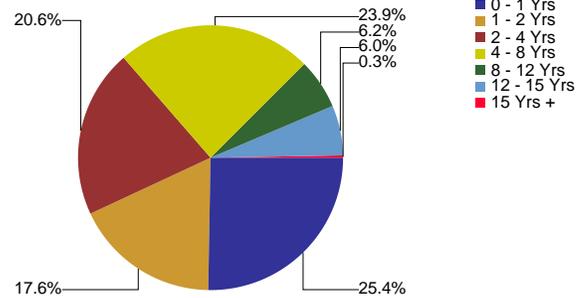
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.12%	4.20%	4.35%	19.60%	10.63%	15.80%	19.96%	5.46%	0.60%	4.29%
■ STATE OF ARIZONA - POOL 204	15.12%	4.20%	4.35%	19.61%	10.62%	15.81%	19.96%	5.46%	0.60%	4.29%



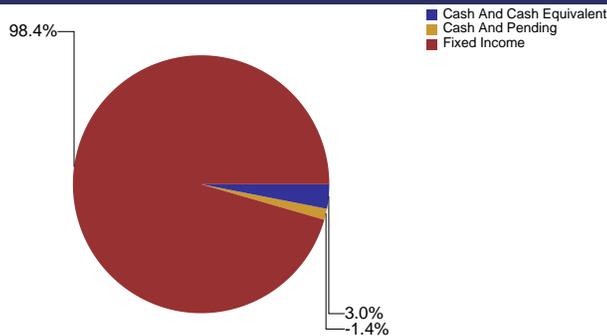
Portfolio Characteristics

**Total Net Assets (Millions)** 1,409.3  
**Weighted Average Life (Years)** 5.29  
**Weighted Avg. Effective Duration (Years)** 3.64  
**Weighted Average Coupon (%)** 4.50  
**Weighted Average Current Yield (%)** 1.38  
**Weighted Average Yield to Maturity (%)** 1.41  
**Weighted Average Rating** AA  
**Number of Holdings** 238

Duration Mix



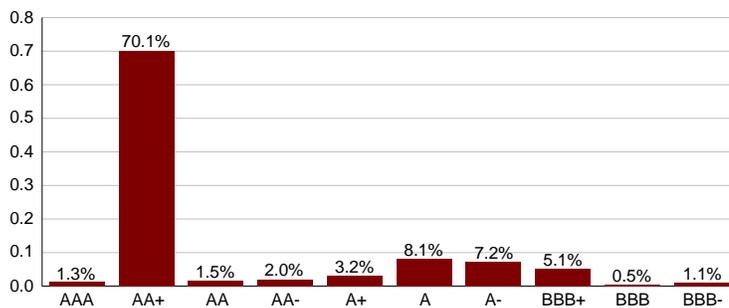
Asset Mix



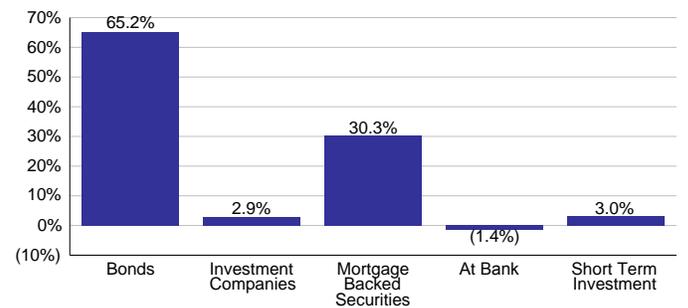
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	2.59%	0.00	31/12/2049
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.50%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.44%	0.00	31/12/2049
958268S	LONG TERM GOV'T POOL	1.43%	0.00	31/12/2049
912810FA1	US 6.37500 '27	1.08%	6.38	15/8/2027
912810ED6	US 8.12500 '19	1.07%	8.12	15/8/2019
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.92%	5.90	15/5/2038
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.91%	5.62	1/10/2038
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.87%	6.10	15/4/2018
912828JH4	US 4.00000 '18	0.84%	4.00	15/8/2018

Quality/Rating Weightings

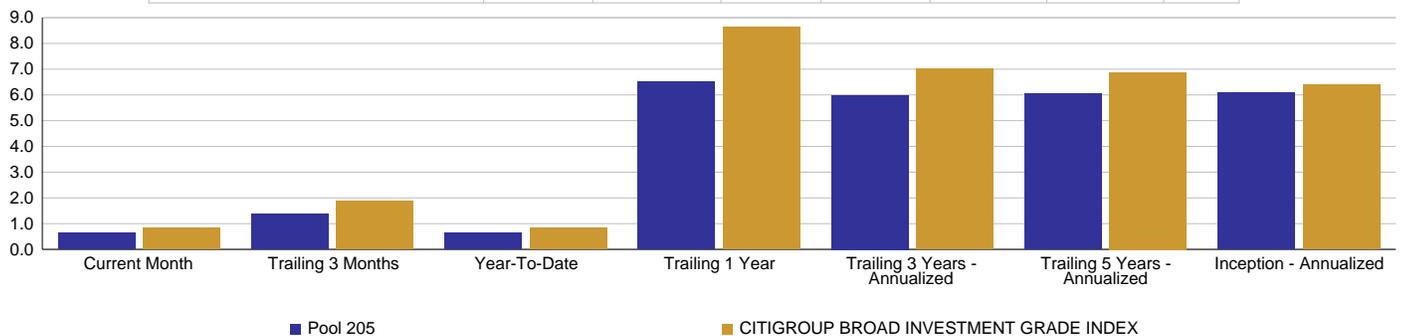


Sector Weightings (as % of Market Value)



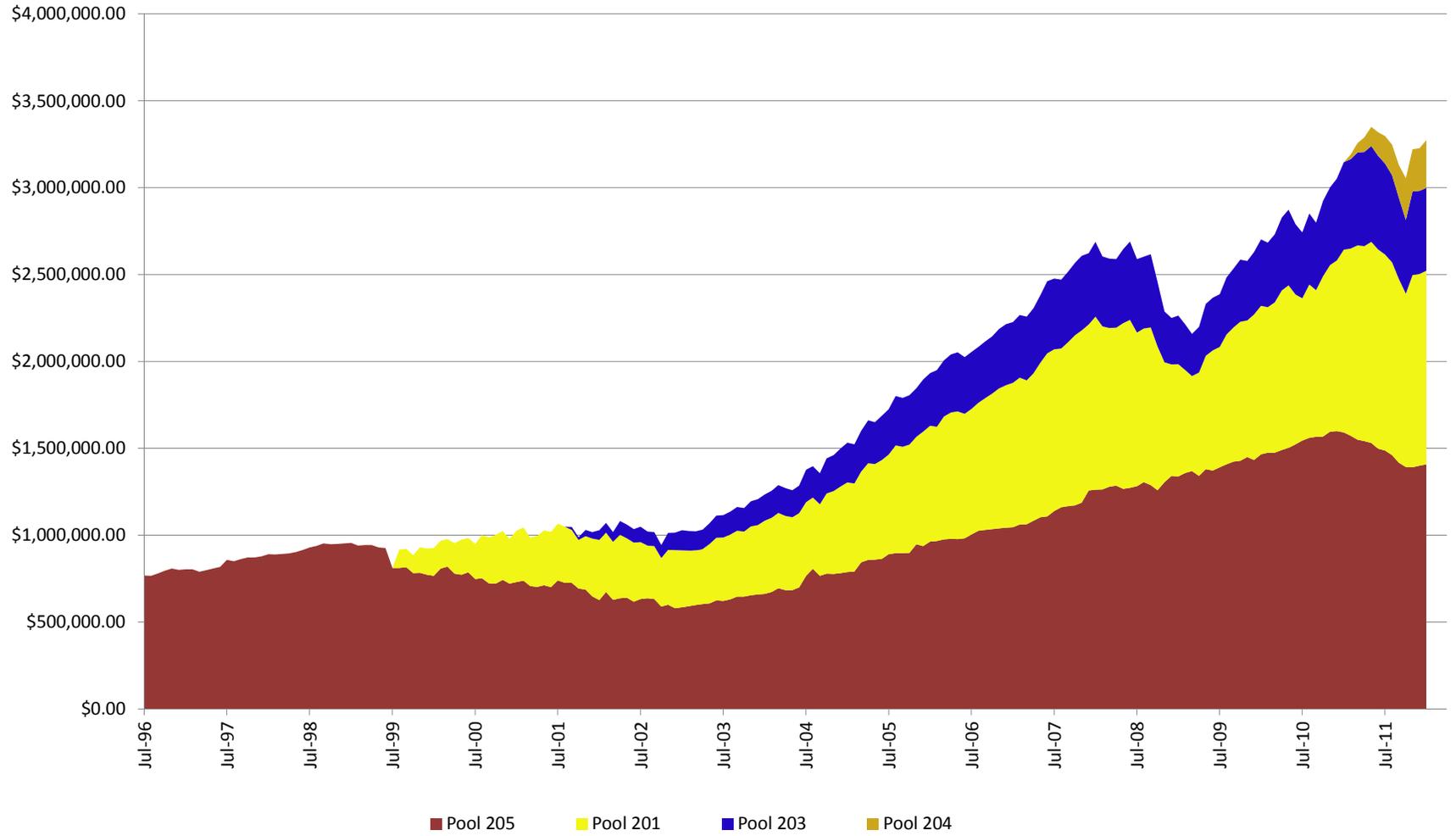
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.64	1.38	0.64	6.51	5.99	6.06	6.09
CITIGROUP BROAD INVESTMENT GRADE INDEX	0.85	1.86	0.85	8.65	7.02	6.88	6.38
Excess	(0.21)	(0.48)	(0.21)	(2.14)	(1.03)	(0.82)	(0.29)



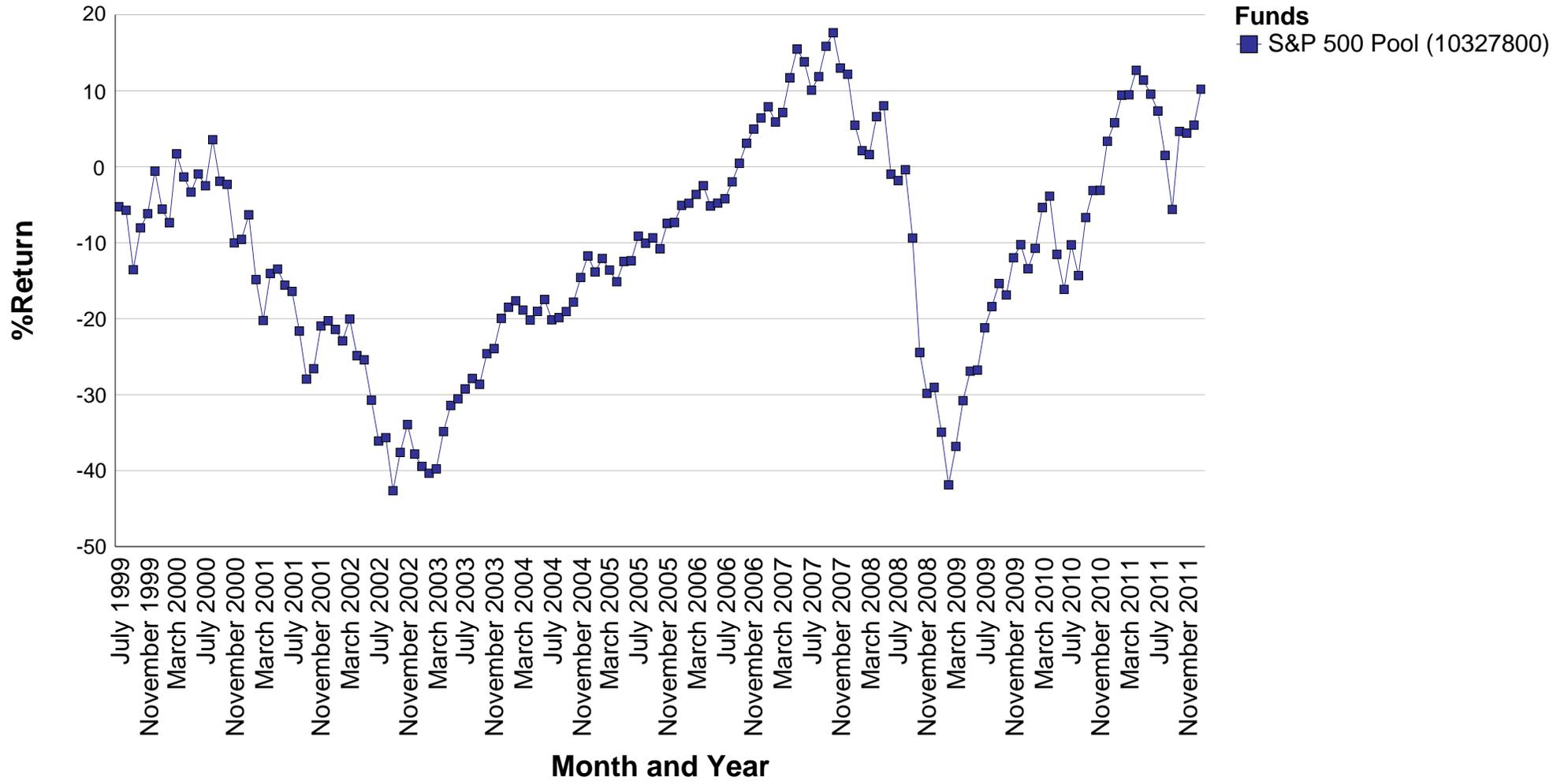
Thousands

## Endowment Fund Market Value



## Performance Growth by Account

Arizona State Treasury (05509)  
From July 1999 to January 2012  
Gross of Fee

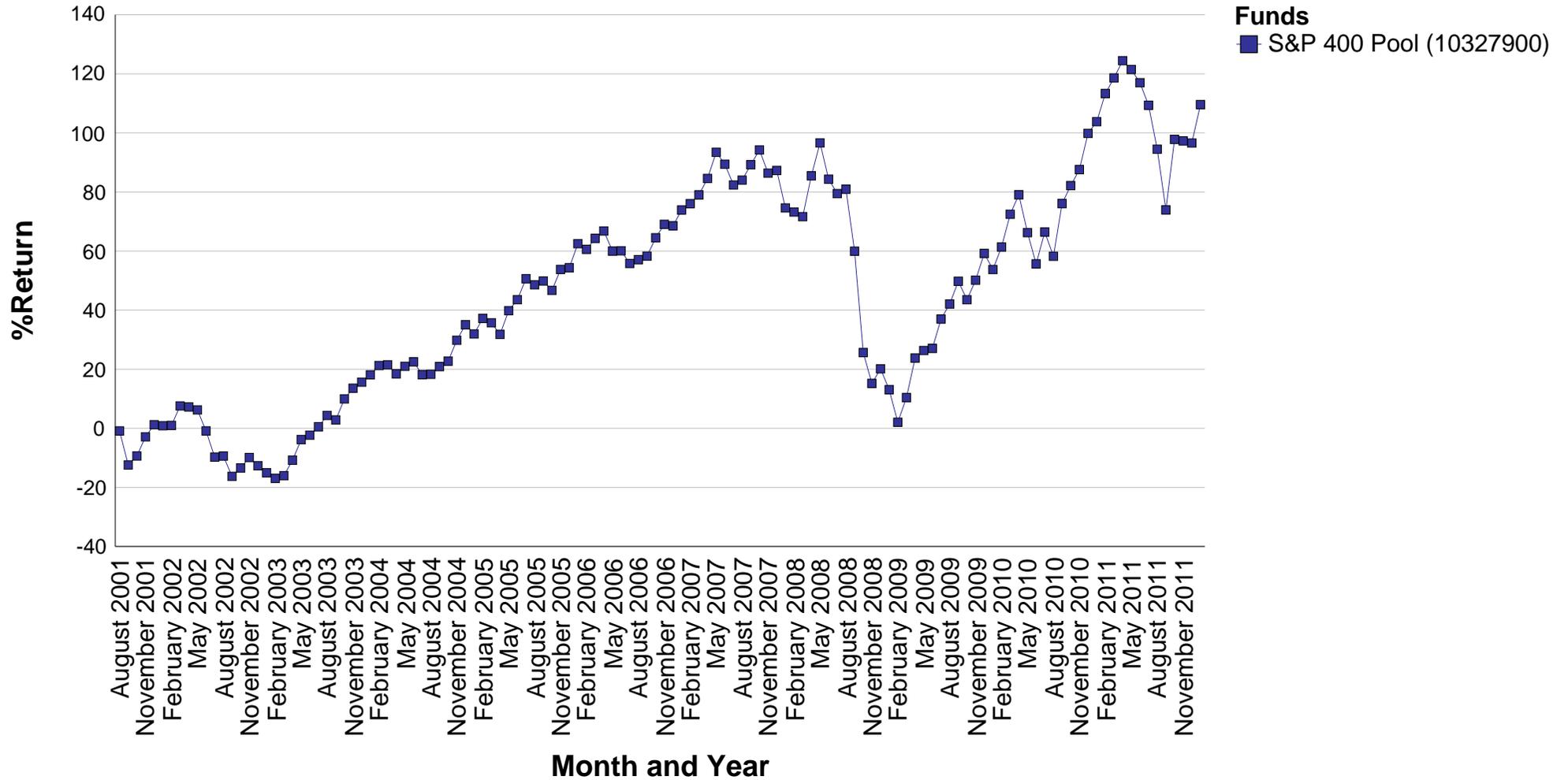


## Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to January 2012

Gross of Fee

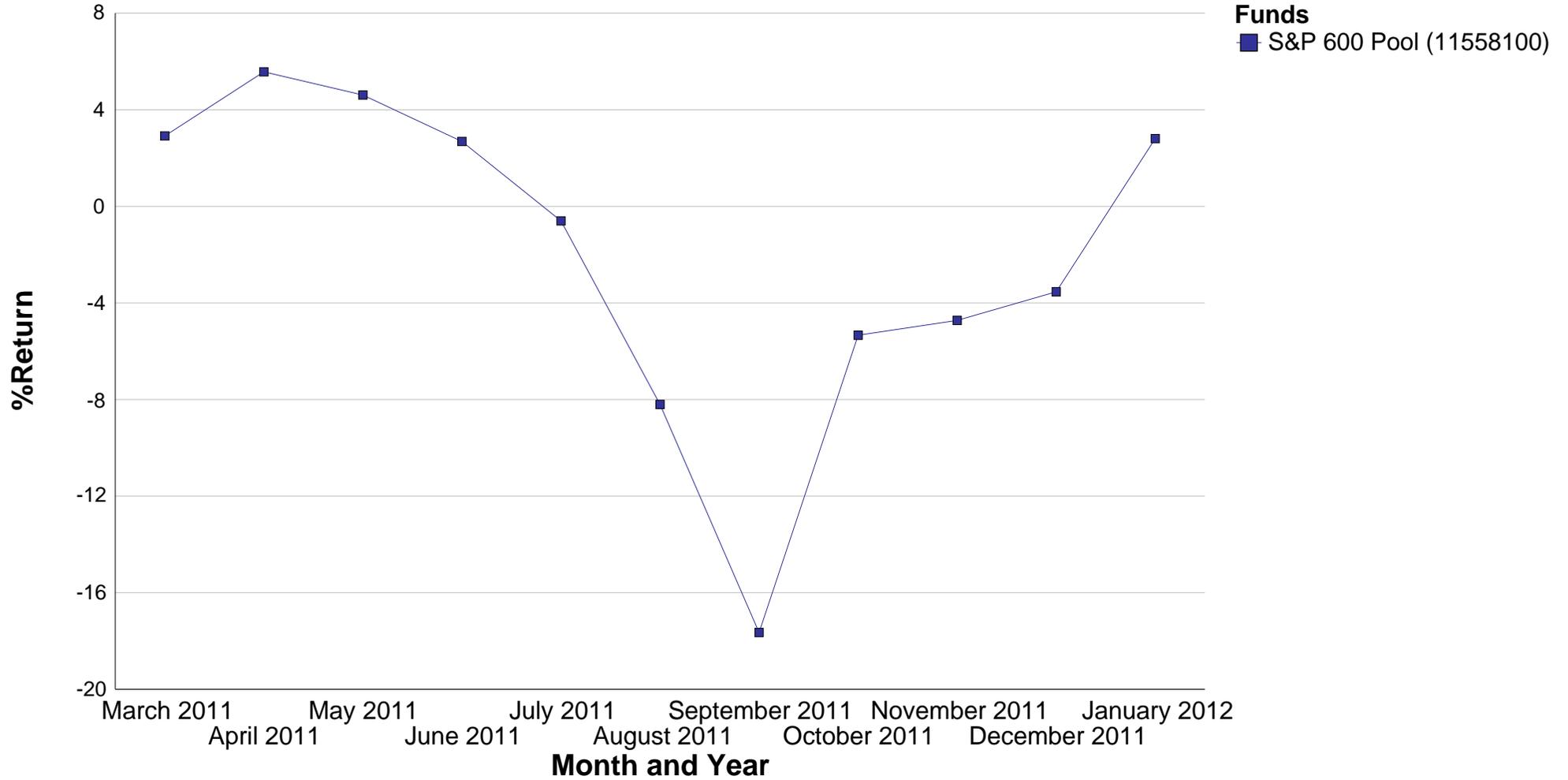


## Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to January 2012

Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)  
From July 1999 to January 2012  
Gross of Fee

