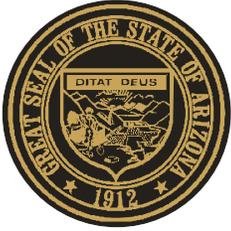


OFFICE OF THE  
**ARIZONA STATE TREASURER**



**Doug Ducey**  
TREASURER



**JUNE 2012**

**Presented To:**

**Arizona State Board of Investment**

**JULY 24, 2012**

STATE BOARD OF INVESTMENT

**A G E N D A**

**July 24, 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
  - G. Broker Activity Report
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
  - A. Review and approve the FY 2012-2013 Preliminary Endowment Distribution
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

**REPORT OF THE STATE TREASURER**

**FOR**

**July 24, 2012**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on June 26, 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 1:30 p.m.

***Members Present:***

Doug Ducey, Chair, State Treasurer  
Lauren Kingry, Superintendent, Department of Financial Institutions  
Beth Ford, Treasurer, Pima County  
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate

***Members Absent:***

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  
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  
Nate Hoffman, Arizona State Treasurer's Office, Summer Intern  
Holly Wright, Arizona State Treasurer's Office, Summer Intern  
Nicholas Petsas, Arizona State Treasurer's Office, Summer Intern

Pursuant to A.R.S. 35-311, the following reports for May, 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 June 26, 2012 BOI meeting to order at approximately 1:30 pm.

**2. Treasurers Comments:**

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the June 26, 2012 meeting.

**3. Approval of Minutes:**

Mr. Kingry made a motion to approve the May 22, 2012 minutes. Mr. Papp 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 May, 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 May, 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 May, 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 May 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 May, 2012.

***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 May, 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 May 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 May 31, 2012.

***Operating Monies Average Invested Balance***

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

***Endowment Funds Yield Analysis***

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

***Equity Funds Purchases & Sales***

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

***Investments Outstanding in Endowment Funds***

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

*With reference to page 38 of the Treasurer's Report, Mr. Papp inquired as to whether the index had a longer duration. Mr. White explained the duration and component of the index stating it carried a higher credit quality with much less exposure.*

*Mr. Kingry inquired about the cash and cash equivalents that we are investing and asked if the % would actually ever get to zero. Mr. White explained that during the process as we shift out to other assets it will be very close to zero due to monies coming in for dividends that will be swept into cash equivalents or interest. Mr. White explained how he projects how the month by month cash flow would look like over the next five years vs. what the asset allocation study cash flow would potentially look like, with cash needs coming out - by matching maturities, looking at interests earned and mortgage pay downs as well as other components, while making a cash estimate as to what is going to be available. In closing, Mr. White added that it is a best guess estimate, adding that we are maximizing the cash in a safe way, adding more duration where we can in keeping closer to the benchmarks, while being very defensive with regard to duration.*

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

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

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

*Deputy Treasurer, Mark Swenson briefed the Board on the proposed changes to the Investment Policy, an update on the Asset Allocation rebalancing timeline and process and provided a brief update on Proposition 118.*

***Investment Policy Statement;*** *Mr. Swenson referenced the two documents that were presented to the board in advance, which included the changes to the current policy along with the proposed stand alone investment policy statement for the Endowment. A decision was made to provide the documents to the board for this meeting to allow enough time to review and provide an opportunity for discussion at today's meeting.*

*Mr. Swenson noted that the idea is to adopt the changes at the July meeting, which would allow time to review and allow the Board to become comfortable with the changes, adding that once the policy changes are adopted, execution can begin on the new asset classes for the Endowment.*

*Mr. Kingry inquired as to any requirements on waiting until July to implement the changes. Treasurer Ducey stated that these are fairly dramatic changes to the investment policy and an asset allocation strategy that has not had an asset allocation study performed, adding that we could make a decision and vote today, but recognizes the demand for the Board's time. He requested that the Board take the additional time to review the document, stating that while safety is the first priority he felt it was best to err on the side of caution. Treasurer Ducey was open to comments or suggestions and it was agreed upon that the one month delay would not be a disadvantage. Mr. Swenson also added that we would not be able to operationally execute until August.*

***Asset Allocation Study;*** *Mr. Swenson updated the Board on the Asset Allocation Study, stating that we received six responses to the RFP for the passive index manager and although it was stated that Meketa would be evaluating those responses, the decision was made to evaluate the responses internally due to the limited amount of RFP responses received. Three of the six responses were interviewed by the evaluation team along with Board Member Harry Papp. The evaluation team made the recommendation that we do not make any allocations or choose any managers at this time for the following reasons;*

*Cost: It would be less costly for us to gain exposure via Exchange Traded Funds during the next year, than to hire external managers. Adding that cost savings would only incur in year 2 of our implementation schedule noting that there is no real fiscal impact to the Endowment by taking this approach for the first year of the asset reallocation.*

*Operational Issues: The preferred method of gaining exposure to these new asset classes was through Institutional Commingled Funds, noting that a change in state law would be required to do so. Mr. Swenson stated that this was something ASRS and PSPRS have in their statutes and the RFP process confirmed that the costs are much cheaper through these funds.*

*Size of Assets: It became apparent during the interviews that until we reach a certain size per asset class, there was no benefit to hiring external managers, stating that the Staff will research the appropriate investment vehicles to use over the course of the next year and will update the board at the July meeting.*

*In closing, Mr. Swenson stated that although the decision was made to cancel the RFP the evaluation team learned a great deal of pricing knowledge that can be taken to the legislature for a recommendation staff-wise to the board and added that we would pursue in the next legislative session.*

***Proposition 118;*** *Mr. Swenson provide the Board with an update on Proposition 118, stating that Legislative Council adopted the analysis statement for the publicity pamphlet and arguments in support of the measure to be submitted to the SOS by July 11. Next steps are for the SOS to draft ballot language.*

*In closing, Treasurer Ducey stated that the objective was to vote on adopting the Investment Policy and Endowment Policy at the July BOI Meeting.*

**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.

**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, July 24, 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. Ms. Ford seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:16 p.m.

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**  
**JUNE 2012**

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>JUNE 2012</b>	<b>Fiscal YTD 11/12</b>	<b>Fiscal YTD 10/11</b>	
General Fund	\$1,647,933	\$12,233,539	\$6,591,655	
2 State Agencies - Full Faith & Credit	578,361	7,313,292	7,211,382	584,681
3 State Agencies - Diversified ( <i>Combined</i> )	700,264	10,103,475	7,836,861	1,172,211
4 State Agencies - Gov	400,737	4,727,807	3,269,060	475,164
5 LGIP	238,295	2,674,663	3,216,536	868,373
7 LGIP Gov	150,893	1,175,687	2,124,918	971,653
12 CAWCD Medium-Term	501,389	6,235,863	4,391,083	166,061
15 GADA Long-Term	20,486	294,164	306,237	7,281
16 ECDH Medium-Term	432,147	1,453,076	0	57,671
<b>Subtotal</b>	<b>\$4,670,506</b>	<b>\$46,211,565</b>	<b>\$34,947,732</b>	<b>\$4,303,095</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	291,052	3,309,255	2,859,197	130,838
700 LGIP - FF&C Med Term	138,852	1,390,360	1,357,549	87,472
<b>Total</b>	<b>\$5,100,410</b>	<b>\$50,911,180</b>	<b>\$39,164,478</b>	<b>\$4,521,405</b>
<b>JUNE 2011 TOTALS</b>	<b>\$3,566,014</b>			<b>\$4,332,280</b>

**LGIP & LGIP- GOV  
 PORTFOLIO YIELD ANALYSIS  
 JUNE 30, 2012**

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 06/30/12</b>	<b>Prior Month 05/31/12</b>	<b>Prior Year 6/30/11</b>	<b>Net Asset Value Per Share</b>
5	LGIP	247,918	262,501	185,740	1.0000
7	LGIP - GOV	154,416	128,905	85,855	1.0000
	<b>TOTAL LGIP &amp; LGIP-GOV</b>	<b>402,334</b>	<b>391,406</b>	<b>271,595</b>	

**YIELDS**

<b><u>MONTHLY</u></b>		<b>Current Month 06/30/12</b>	<b>Prior Month 05/31/12</b>	<b>Prior Year 6/30/11</b>
5	LGIP (NET)	0.22%	0.21%	0.13%
	S & P LGIP INDEX	0.10%	0.10%	0.09%
7	LGIP - GOV (NET)	0.11%	0.09%	0.05%
	3 MONTH T-BILL	0.08%	0.08%	0.03%
<b><u>YEAR TO DATE</u></b>				
5	LGIP (NET)	0.19%	0.18%	0.20%
	S & P LGIP INDEX	0.09%	0.08%	0.14%
7	LGIP - GOV (NET)	0.07%	0.07%	0.11%
	3 MONTH T-BILL	0.04%	0.04%	0.11%

\* 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  
JUNE 30, 2012**

**NET EARNINGS**

FUND	DESCRIPTION	Current Month 06/30/12	Prior Month 05/31/12	Prior Year 6/30/11	Net Asset Value Per Share
500	LGIP - MED TERM POOL	320,473	311,033	300,135	1.0429
700	LGIP - FF&C MED TERM POOL	158,061	150,472	130,736	1.0167
	<b>TOTAL LGIP MEDIUM TERM POOLS</b>	<b>478,534</b>	<b>461,505</b>	<b>430,871</b>	

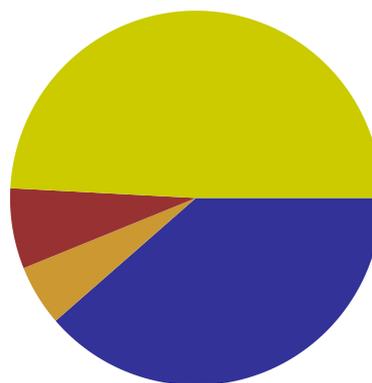
**YIELDS**

<u>MONTHLY</u>		Current Month 06/30/12	Prior Month 05/31/12	Prior Year 6/30/11
500	LGIP - MED TERM (NET)	1.81%	1.66%	1.73%
	MERRILL 1-5 US D M INDEX	1.30%	1.28%	1.76%
700	LGIP - FF&C MED TERM (NET)	1.16%	1.11%	1.29%
	75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.83%	0.78%	1.38%
<u>YEAR TO DATE</u>				
500	LGIP - MED TERM (NET)	1.74%	1.73%	1.79%
	MERRILL 1-5 US D M INDEX	1.43%	1.44%	1.70%
700	LGIP - FF&C MED TERM (NET)	1.12%	1.12%	1.24%
	75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.85%	0.85%	1.34%

## Manager Allocation - Daily Arizona State Treasury (05509) As of June 30, 2012

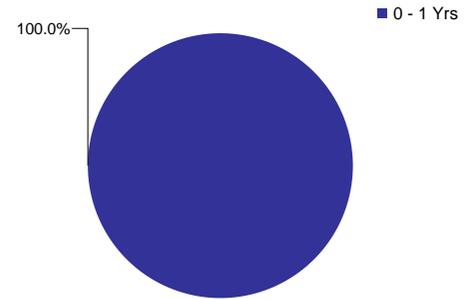
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,222.43	38.5%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,560.34	49.1%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	224.64	7.1%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	169.31	5.3%
<b>TOTAL</b>	<b>3,176.72</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)

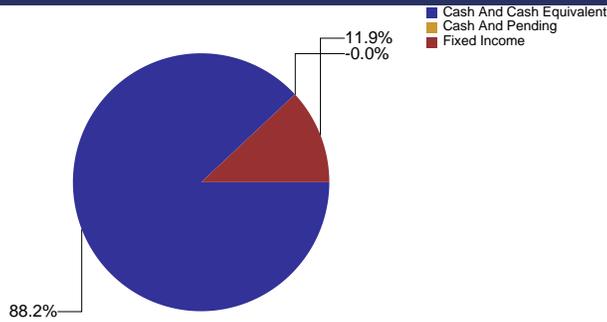


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **1,222.4**  
 Weighted Average Life (Years) **0.06**  
 Weighted Avg. Effective Duration (Years) **0.05**  
 Weighted Average Maturity (Years) **0.07**  
 Weighted Average Rating **AA+**  
 Number of Holdings **62**

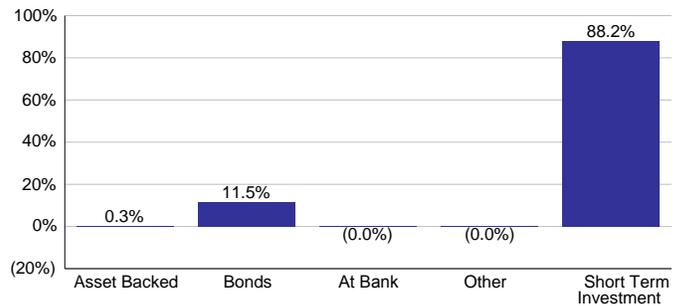
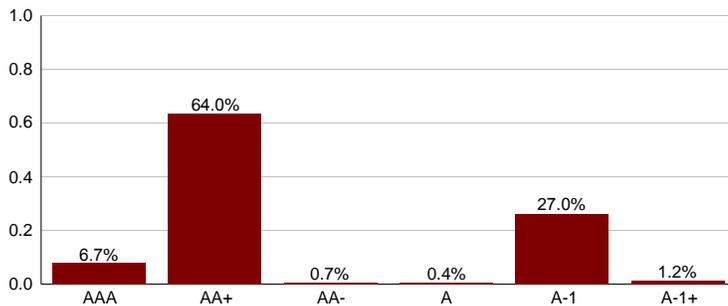


Asset Mix Top Ten Portfolio Holdings



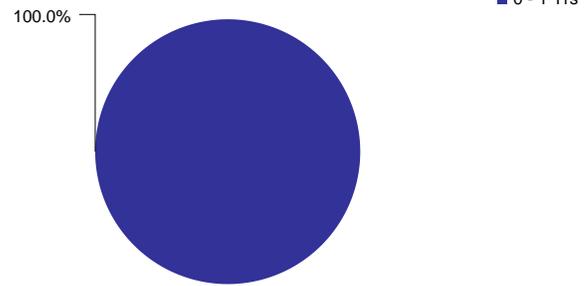
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 02/JUL	20.59%	0.30	2/7/2012
85299T685	TRI-PARTY REPO SOUTH STREET 0.28% 05/JUL/2012	16.36%	0.28	5/7/2012
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0	8.19%	0.20	2/7/2012
85299N30	TRI-PARTY REPO SOUTH STREET .45% 02/JUL/2012	7.82%	0.45	2/7/2012
G3499QD20	FIDELITY INVESTMENTS-PRIME MONEY MARKET PORTFOLIO	5.16%	0.17	1/8/2012
9127954B4	UNITED STATES TREAS BILLS DT	2.04%	0.00	26/7/2012
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	1.64%	0.47	21/9/2012
31398A3X8	FANNIE MAE VAR 13/SEP/2012	1.64%	0.32	13/9/2012
46636JAF0	MORGAN J.P. CHASE & CORPORATE COMMERCIAL PAPER	1.64%	0.00	12/9/2012
3024A6G97	FCAR OWNER TR SER II	1.39%	0.00	9/7/2012

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

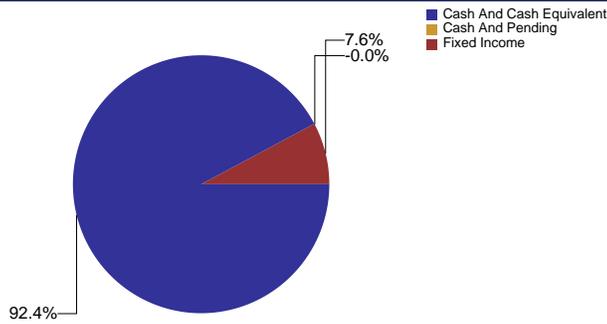


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,560.3  
**Weighted Average Life (Years)** 0.08  
**Weighted Avg. Effective Duration (Years)** 0.07  
**Weighted Average Maturity (Years)** 0.08  
**Weighted Average Rating** AA+  
**Number of Holdings** 25

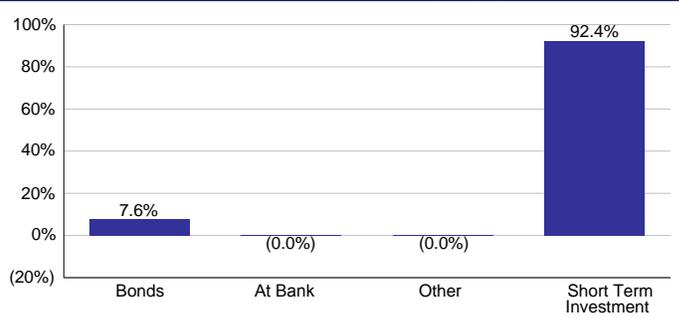
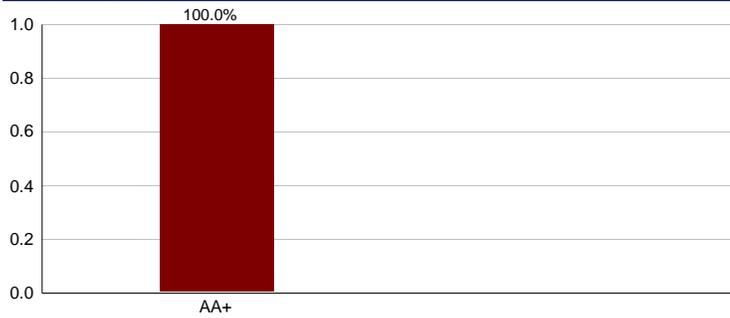


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599B279	TRI-PARTY REPO NOMURA 0.17% 11/JUL/2012	19.22%	0.17	11/7/2012
5199U4400	TRI-PARTY REPO GOLDMAN SACHS 0.175% 05/JUL/2012	16.02%	0.18	5/7/2012
38299U293	TRI-PARTY REPO GOLDMAN SACHS AND CO 0.11%	16.02%	0.11	3/7/2012
06099T899	TRI-PARTY REPO BANK OF AMERICA .08% 03/JUL/2012	16.02%	0.08	3/7/2012
9127954B4	UNITED STATES TREAS BILLS DT	4.81%	0.00	26/7/2012
G34998QX8	FIDELITY INVESTMENTS-TREASURY PORTFOLIO SHARES	3.20%	0.01	1/8/2012
9127955X5	UNITED STATES TREAS BILLS DT	3.20%	0.00	19/7/2012
9127956S5	UNITED STATES TREAS BILLS DT	3.20%	0.00	8/11/2012
9127956E6	UNITED STATES TREAS BILLS DT	3.20%	0.00	7/3/2013
9127956M8	UNITED STATES TREAS BILLS DT	2.88%	0.00	11/10/2012

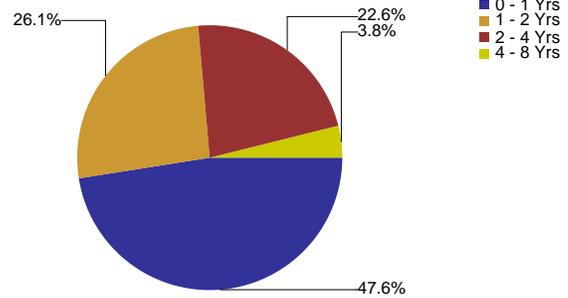
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

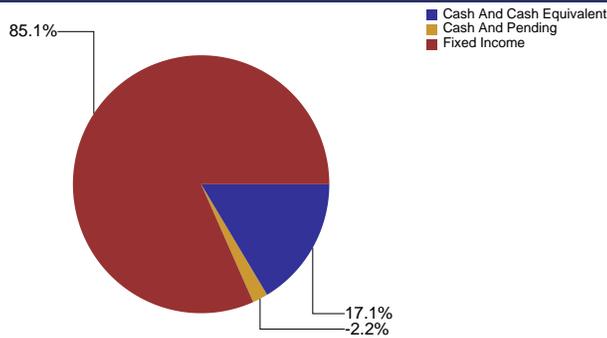
Duration Mix

**Total Net Assets (Millions)** 224.6  
**Weighted Average Life (Years)** 1.76  
**Weighted Avg. Effective Duration (Years)** 1.32  
**Weighted Average Rating** AA  
**Number of Holdings** 180



Asset Mix

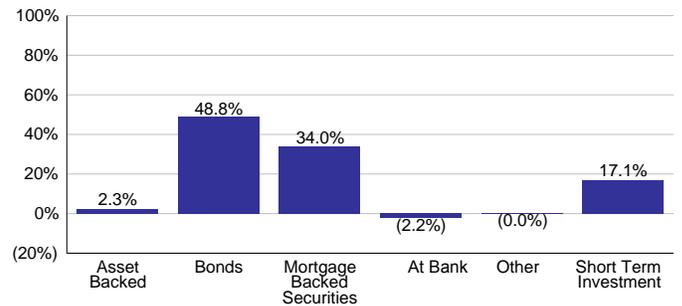
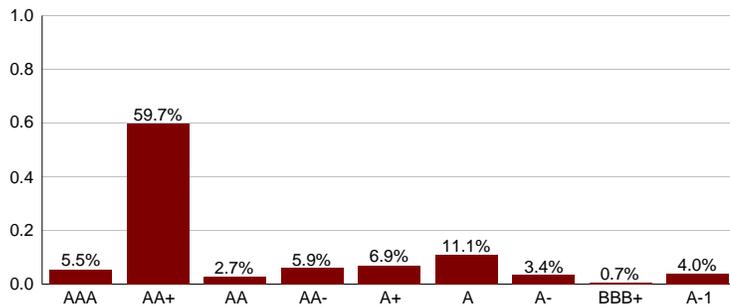
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990N30	TRI-PARTY REPO SOUTH STREET .45% 02/JUL/2012	12.64%	0.45	2/7/2012
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	2.75%	4.00	1/2/2026
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	2.27%	4.00	1/12/2040
31292LFA8	FHLMCGLD MORTPASS 3.5% 01/FEB/2042 C0 PN# C03761	2.24%	3.50	1/2/2042
31417AXK0	FNMA MORTPASS 3% 01/JAN/2027 CI PN# AB4281	2.21%	3.00	1/1/2027
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	2.18%	0.47	21/9/2012
3128MMN33	FHLMCGLD MORTPASS 3% 01/NOV/2026 G1 PN# G18409	2.12%	3.00	1/11/2026
312936EV5	FHLMCGLD MORTPASS 4% 01/OCT/2039 A8 PN# A89148	2.09%	4.00	1/10/2039
3138ALNT0	FNMA MORTPASS 4% 01/SEP/2041 CL PN# AI6701	2.08%	4.00	1/9/2041
31419CZL0	FNMA MORTPASS 4.5% 01/SEP/2040 CL PN# AE2546	1.68%	4.50	1/9/2040

Quality/Rating Weightings

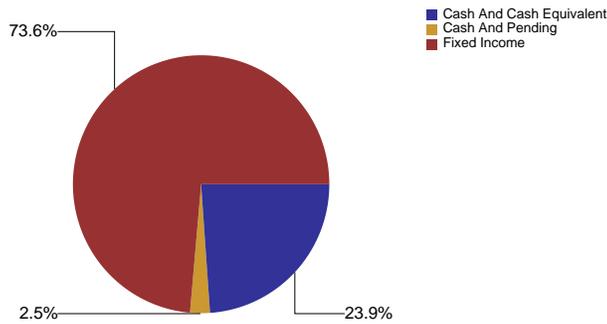
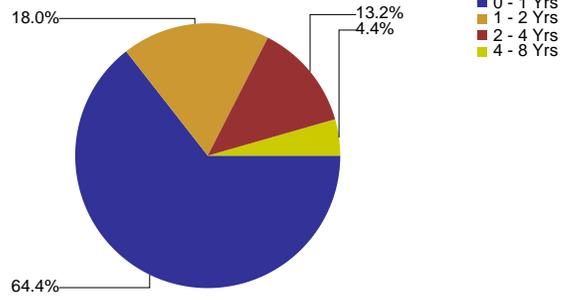
Sector Weightings (as % of Market Value)



Portfolio Characteristics

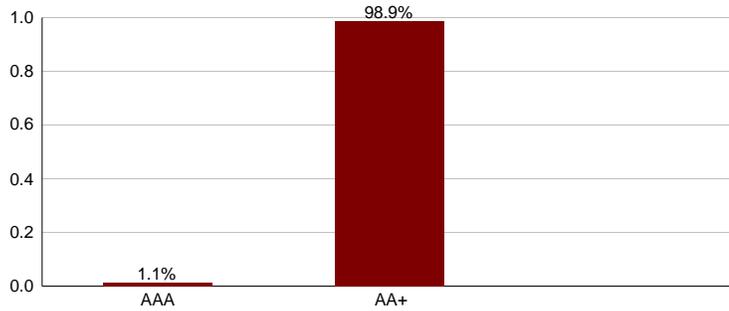
Duration Mix

Total Net Assets (Millions) **169.3**  
 Weighted Average Life (Years) **1.38**  
 Weighted Avg. Effective Duration (Years) **0.93**  
 Weighted Average Rating **AA+**  
 Number of Holdings **73**

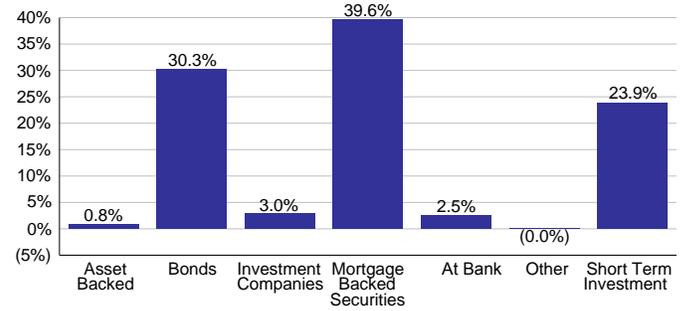


Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099T949	TRI-PARTY BANK OF AMERICA 0.12% 02/JUL/2012	18.17%	0.12	2/7/2012
22087WAB5	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2012	6.93%	0.00	25/10/2012
938554N	FDIC US BANK CDARS ACCOUNT 0.23% 01/AUG/2012	4.57%	0.23	1/8/2012
36230M3Y1	GNMA I MORTPASS 4% 15/NOV/2040 SF PN# 753515	3.46%	4.00	15/11/2040
36176S4T4	GNMA I MORTPASS 4% 15/SEP/2041 SF PN# 775134	3.25%	4.00	15/9/2041
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	3.20%	3.50	20/4/2027
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	3.06%	2.62	28/12/2012
17313YAN1	CITIGROUP FUNDING INC 1.875% 15/NOV/2012	3.06%	1.88	15/11/2012
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	3.04%		
3620C4U57	GNMA I MORTPASS 4.5% 15/SEP/2040 SF PN# 748604	2.95%	4.50	15/9/2040

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS  
PORTFOLIO EARNINGS ANALYSIS  
JUNE 30, 2012**

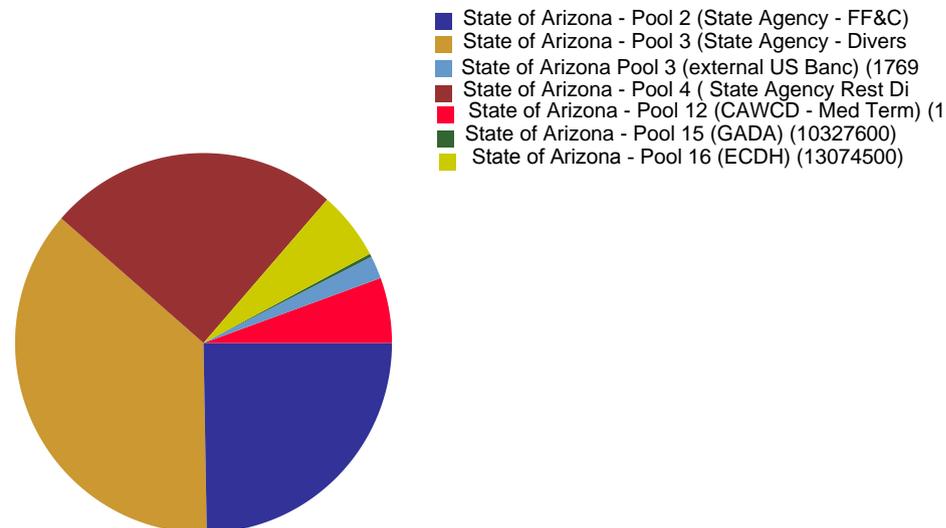
FUND	DESCRIPTION	Current Month 06/30/12	Prior Month 05/31/12	Prior Year 6/30/11	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	1,012,894	836,841	926,737	1.0062
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,526,182	1,922,369	1,067,963	1.0040
	EXTERNAL MANAGERS	32,674	9,314	N/A	0.9998
	FUND 3 TOTAL	1,558,856	1,931,683	1,067,963	1.0038
4	STATE AGENCIES - GOV	693,770	657,035	343,769	1.0023
12	CAWCD MEDIUM-TERM	501,389	507,638	500,388	1.0235
15	GADA LONG-TERM	20,486	20,647	24,691	1.0205
16	ECDH MEDIUM-TERM	432,147	366,521	N/A	1.0075
	TOTAL STATE AGENCIES	4,219,542	4,320,365	2,863,548	

**STATE AGENCY POOLS  
 PORTFOLIO YIELD ANALYSIS  
 JUNE 30, 2012**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 06/30/12</b>	<b>Prior Month 05/31/12</b>	<b>Prior Year 6/30/11</b>
2	STATE AGENCIES - FULL FAITH & CREDIT	1.02%	0.89%	<b>0.98%</b>
	75% MERRILL 0-1 US TREAS INDEX / 25%	0.63%	0.59%	<b>0.89%</b>
	MERRILL GNMA MORTGAGE MASTER INDEX			
3	STATE AGENCIES - DIVERSIFIED			
	INTERNAL MANAGERS	0.94%	1.08%	<b>0.67%</b>
	EXTERNAL MANAGERS	0.40%	0.11%	<b>N/A</b>
	COMBINED	0.92%	1.06%	<b>0.67%</b>
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	0.74%	0.72%	<b>0.57%</b>
	1-3 US BROAD MARKET INDEX			
4	STATE AGENCIES - GOV	0.68%	0.71%	<b>0.63%</b>
	50% MERRILL 6 MTH US T-BILL INDEX / 50%	0.25%	0.21%	<b>0.29%</b>
	MERRILL 1-3 UNSUB. US TREAS / AGY INDEX			
12	CAWCD MEDIUM-TERM	2.19%	2.16%	<b>2.27%</b>
	BARCLAYS CAPITAL US AGG. BOND INDEX	1.98%	1.97%	<b>2.83%</b>
15	GADA LONG-TERM	2.04%	2.01%	<b>2.48%</b>
	MERRILL 3-5 US BROAD MARKET EX CORP	1.55%	1.53%	<b>2.49%</b>
16	ECDH MEDIUM-TERM	1.75%	1.73%	<b>N/A</b>
	BARCLAYS CAPITAL US AGG. BOND INDEX	1.98%	1.97%	<b>N/A</b>

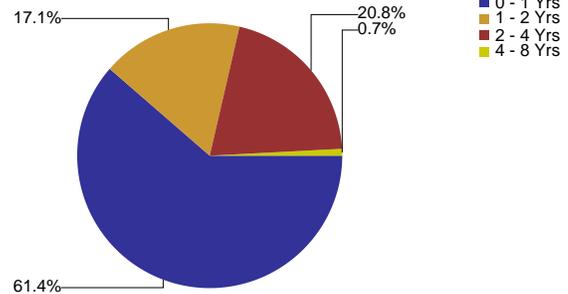
## Manager Allocation - Daily Arizona State Treasury (05509) As of June 30, 2012

Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 ( State Agency - FF&C) (10327000)	1,272.65	24.7%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,881.46	36.5%
State of Arizona - Pool 3 (external US Banc) (17699900)	99.99	1.9%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,293.95	25.1%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	286.15	5.6%
State of Arizona - Pool 15 (GADA) (10327600)	12.36	0.2%
State of Arizona Pool 16 (ECDH) (13074500)	302.52	5.9%
<b>TOTAL</b>	<b>5,149.08</b>	<b>100.0%</b>

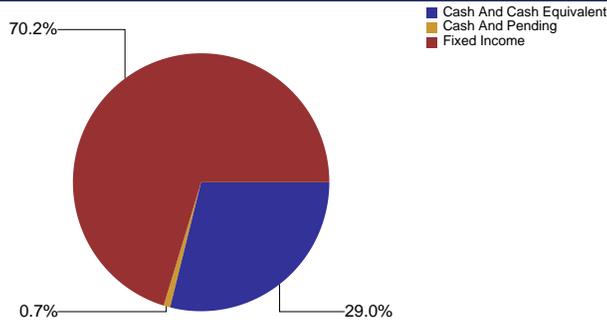


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **1,272.7**  
 Weighted Average Life (Years) **1.07**  
 Weighted Avg. Effective Duration (Years) **0.94**  
 Weighted Average Rating **AA+**  
 Number of Holdings **108**

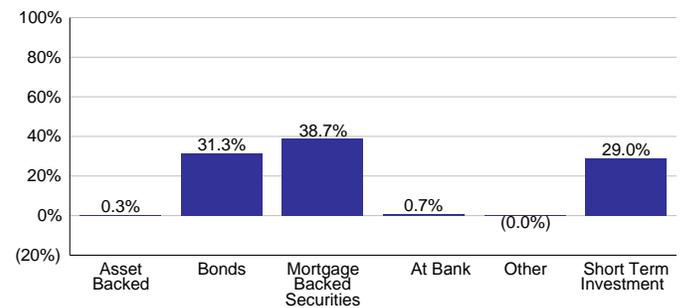
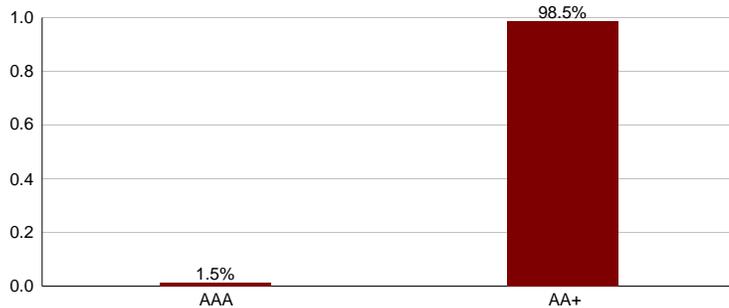


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599B303	TRI-PARTY REPO NOMURA 0.18% 05/JUL/2012	14.25%	0.18	5/7/2012
06099T949	TRI-PARTY BANK OF AMERICA 0.12% 02/JUL/2012	13.80%	0.12	2/7/2012
912828QH6	US 1.25000 '14	3.23%	1.25	15/2/2014
912828PD6	UNITED STATES TREAS NTS 0.375% 31/OCT/2012	3.17%	0.38	31/10/2012
62889KAA9	NCUA GTD NTS MASTER TRUST 0% BDS 12/JUN/2013	3.17%	0.27	12/6/2013
36179MAB6	GNMA II MORTPASS 3% 20/APR/2027 JM PN# MA0002	2.05%	3.00	20/4/2027
38374UAY7	GINNIE MAE 2009-32 CA 4.000% 20/MAY/2039	2.03%	4.00	20/5/2039
38377WL77	GINNIE MAE 2011-94 AB 2.000% 20/JAN/2039	2.02%	2.00	20/1/2039
38377UJ5	GINNIE MAE 2011-63 BA 2.000% 20/MAY/2038	1.89%	2.00	20/5/2038
912828KV1	US 2.25000 '14	1.64%	2.25	31/5/2014

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

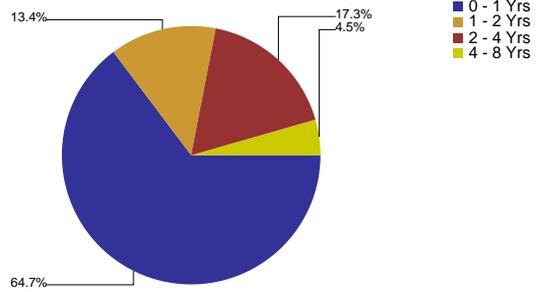


Portfolio Characteristics

Duration Mix

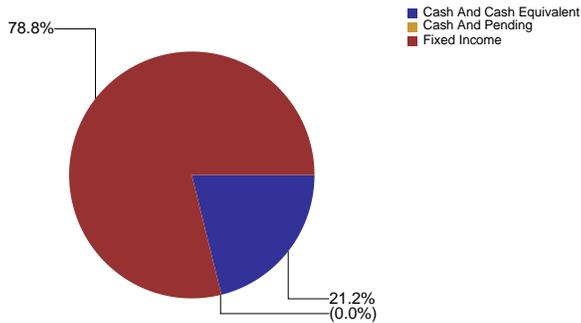
Total Net Assets (Millions)  
 Weighted Average Life (Years)  
 Weighted Avg. Effective Duration (Years)  
 Weighted Average Rating  
 Number of Holdings

1,981.4  
 1.80  
 0.99  
 AA  
 248



Asset Mix

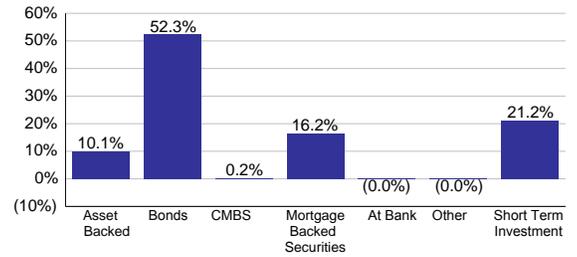
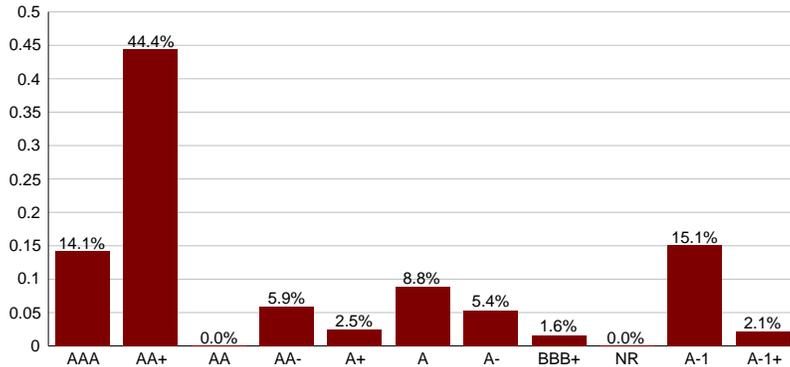
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
G34997QK8	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.53%	0.00	1/8/2012
62455AG27	MOUNTCLIFF ZCP 02JUL2012	2.52%	0.00	2/7/2012
2063C0G55	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	2.52%	0.00	5/7/2012
52952LG55	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	2.52%	0.00	5/7/2012
52468JH23	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.52%	0.00	2/8/2012
85520LH16	STARBIRD FDG. CORP. CORPORATE COMMERCIAL PAPER	2.52%	0.00	1/8/2012
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	2.02%	0.00	2/5/2013
313378G88	FEDERAL HOME LOAN BANKS CONS BD 1.5% 28/FEB/2017	1.52%	1.50	28/2/2017
3134G22R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.52%	1.70	2/11/2016
0556N0GW9	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.51%	0.00	30/7/2012

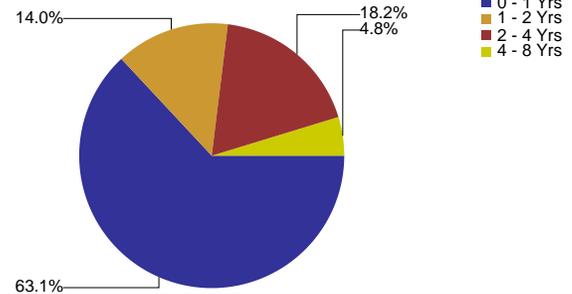
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

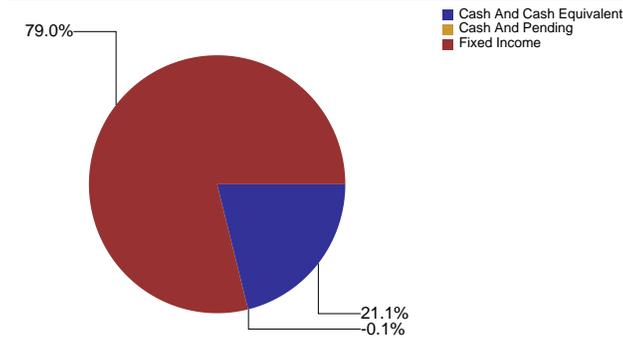


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **1,881.5**  
 Weighted Average Life (Years) **1.89**  
 Weighted Avg. Effective Duration (Years) **1.03**  
 Weighted Average Rating **AA**  
 Number of Holdings **169**

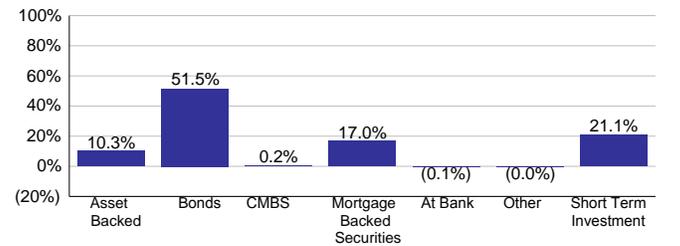
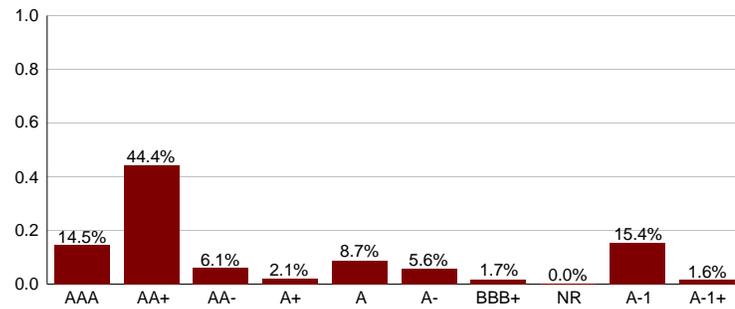


Asset Mix Top Ten Portfolio Holdings



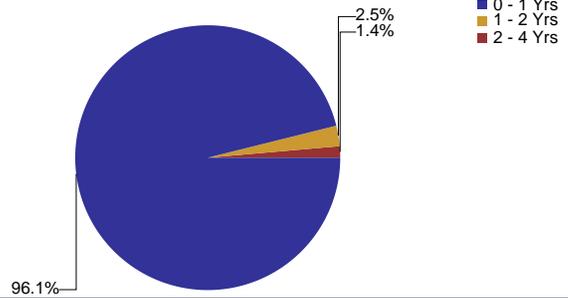
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
G34997QK8	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.66%	0.22	1/8/2012
62455AG27	MOUNTCLIFF ZCP 02/JUL/2012	2.66%	0.00	2/7/2012
2063C0G55	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	2.66%	0.00	5/7/2012
52952LG55	LEXINGTON PKR CAP CO LL CORPORATE COMMERCIAL PAPER	2.66%	0.00	5/7/2012
52468JH23	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.65%	0.00	2/8/2012
85520LH16	STARBIRD FDG. CORP. CORPORATE COMMERCIAL PAPER	2.65%	0.00	1/8/2012
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	2.13%	0.00	2/5/2013
313378G88	FEDERAL HOME LOAN BANKS CONS BD 1.5% 28/FEB/2017	1.60%	1.50	28/2/2017
3134G22R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.60%	1.70	2/11/2016
0556N0GW9	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.59%	0.00	30/7/2012

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

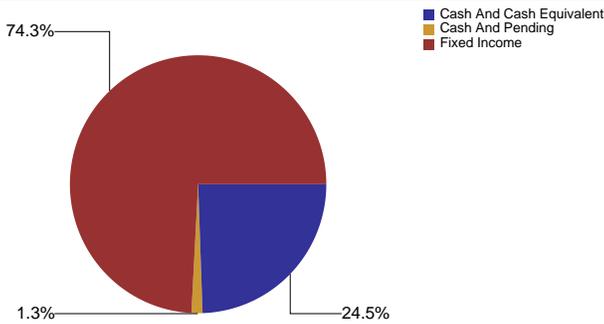


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **100.0**  
 Weighted Average Life (Years) **0.16**  
 Weighted Avg. Effective Duration (Years) **0.13**  
 Weighted Average Rating **AA+**  
 Number of Holdings **79**

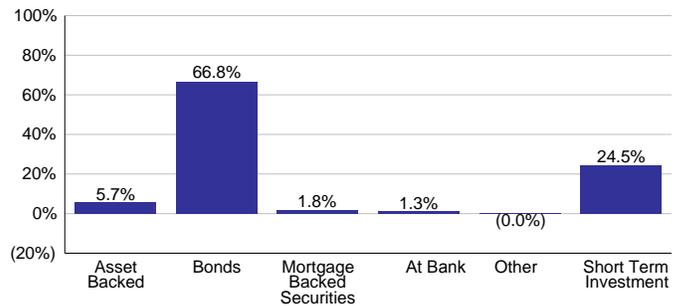
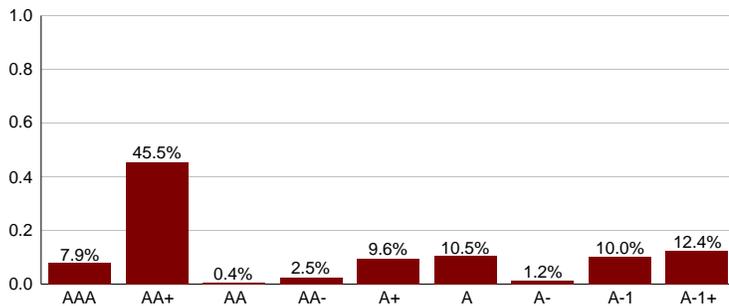


Asset Mix Top Ten Portfolio Holdings



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	2.53%	0.70	15/5/2015
3133EARS9	FEDERAL FARM CR BKS CONS BD 0.38% 29/MAY/2014	2.53%	0.38	29/5/2014
3135G0KS1	FEDERAL NATIONAL MORTGAGE ASSOC 0.56% NTS	2.53%	0.56	10/2/2015
313379HC6	FEDERAL HOME LOAN BANKS 0.42% BDS 23/MAY/2014	2.53%	0.42	23/5/2014
313379R84	FEDERAL HOME LOAN BANKS 0.5% BDS 13/JUN/2014	2.53%	0.50	13/6/2014
86257GZ71	STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	2.33%	0.00	7/8/2012
097014AH7	BOEING CAPITAL CORP 5.8% BDS 15/JAN/2013 USD1000	2.14%	5.80	15/1/2013

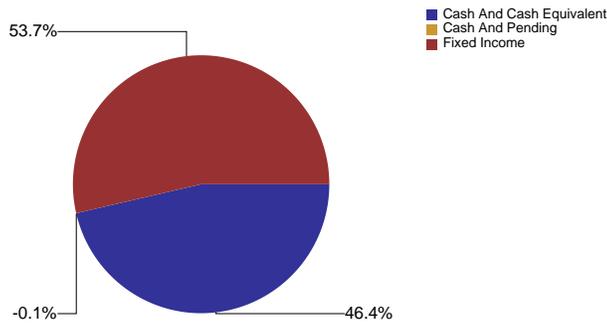
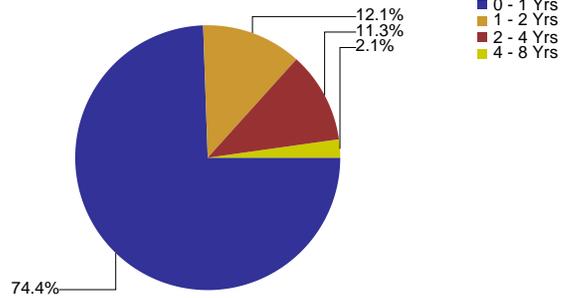
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

Duration Mix

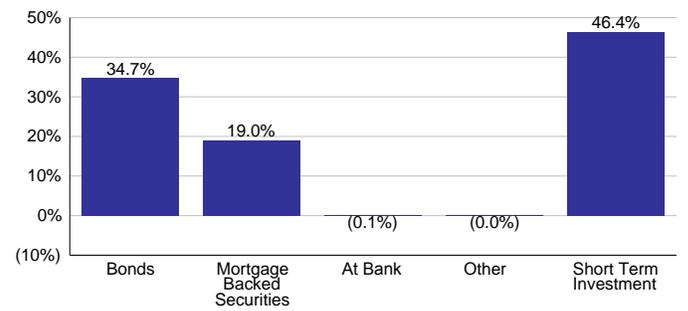
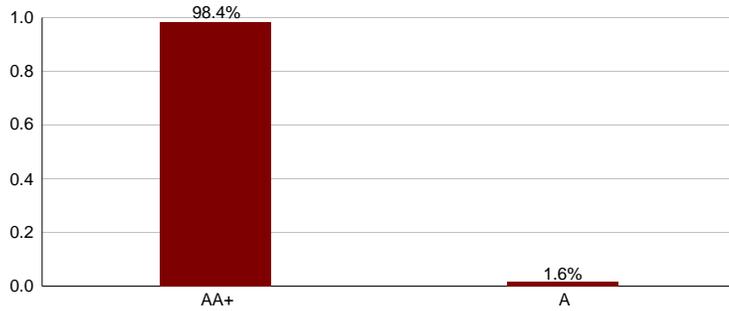
Total Net Assets (Millions) **1,294.0**  
 Weighted Average Life (Years) **1.23**  
 Weighted Avg. Effective Duration (Years) **0.71**  
 Weighted Average Rating **AA+**  
 Number of Holdings **89**



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299T727	TRI-PARTY REPO SOUTH STREET 0.25% 02/JUL/2012	16.61%	0.25	2/7/2012
852990L24	TRI-PARTY REPO SOUTH STREET 0.25% 09/JUL/2012	7.73%	0.25	9/7/2012
852990N22	TRI-PARTY REPO SOUTH STREET .30% 02/JUL/2012	7.72%	0.30	2/7/2012
06099T949	TRI-PARTY BANK OF AMERICA 0.12% 02/JUL/2012	5.41%	0.12	2/7/2012
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 2/JUL/2012	4.28%	0.30	2/7/2012
3135G0KF9	FEDERAL NATIONAL MORTGAGE ASSOC 1.5% NTS	3.51%	1.50	17/4/2017
3135G0JS3	FEDERAL NATIONAL MORTGAGE ASSOC 1.125% NTS	2.72%	1.12	12/4/2016
313374TP5	FEDERAL HOME LOAN BANKS CONS BD 0.25% 18/JUL/2012	1.93%	0.25	18/7/2012
313396H97	FEDL HOME LLN MTG CORP DISC NT MATURES 01/OCT/2012	1.93%	0.00	1/10/2012
912828AU4	US TREAS NTS 3.875% 15/FEB/2013	1.60%	3.88	15/2/2013

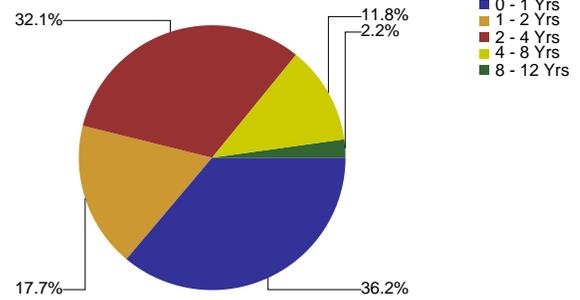
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

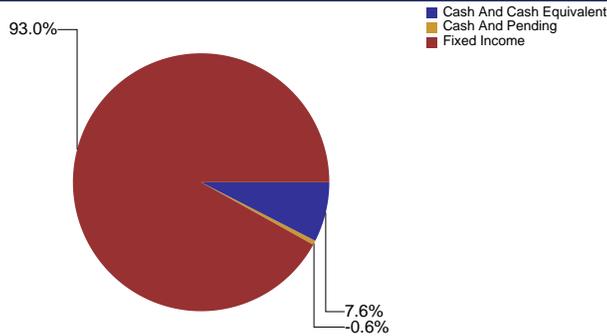


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 286.1  
**Weighted Average Life (Years)** 3.21  
**Weighted Avg. Effective Duration (Years)** 2.11  
**Weighted Average Rating** AA  
**Number of Holdings** 121

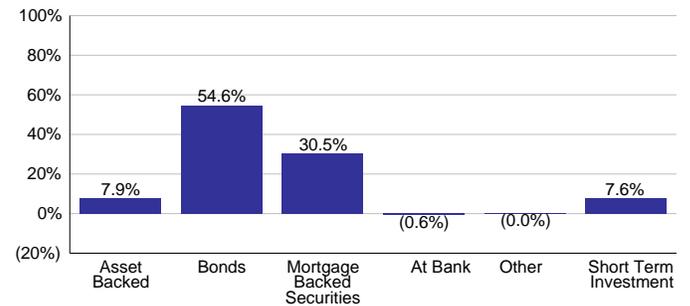
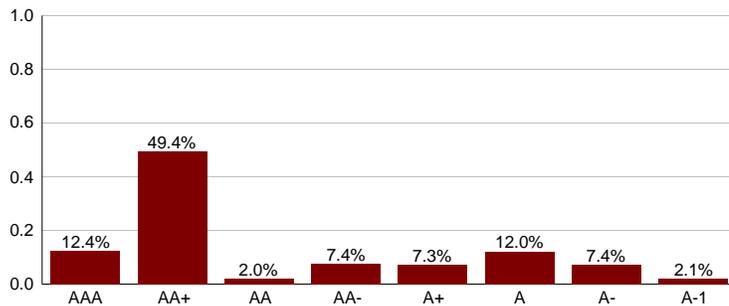


Asset Mix Top Ten Portfolio Holdings



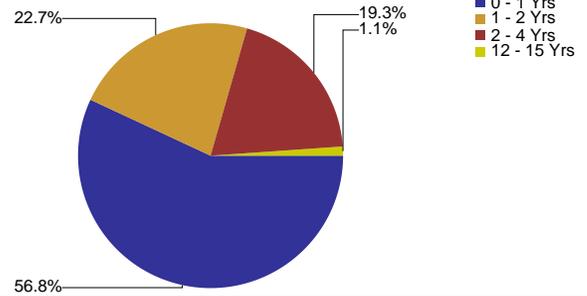
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990N30	TRI-PARTY REPO SOUTH STREET .45% 02/JUL/2012	2.80%	0.45	2/7/2012
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.79%	0.75	15/11/2013
3133EAJRO	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.46%	1.99	26/3/2018
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.86%	3.00	1/4/2016
532457AN8	LILLY(ELI)& CO 6.57% NTS 01/JAN/2016 USD1000	1.75%	6.57	1/1/2016
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.74%	1.22	10/1/2014
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.74%	0.41	15/2/2017
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.74%	0.00	2/5/2013
36962G5T7	GENERAL ELEC CAP CORP MTN BE SR FIX/FLT NT 16	1.73%	1.55	8/2/2016
05531FAG8	BB&T CORP 3.2% BDS 15/MAR/2016 USD1000	1.67%	3.20	15/3/2016

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

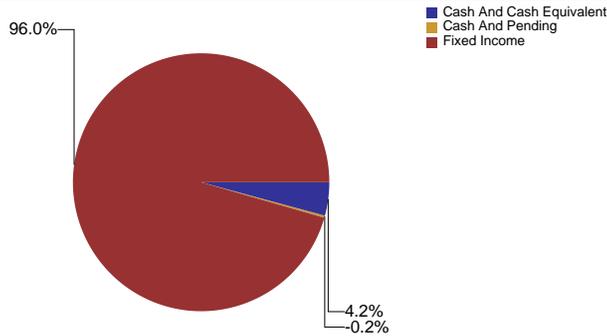


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 12.4  
**Weighted Average Life (Years)** 3.33  
**Weighted Avg. Effective Duration (Years)** 1.11  
**Weighted Average Rating** AA+  
**Number of Holdings** 28

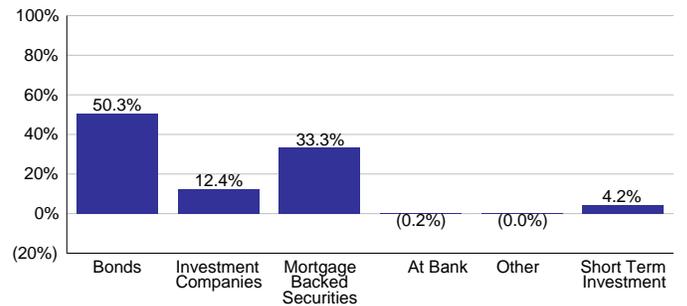
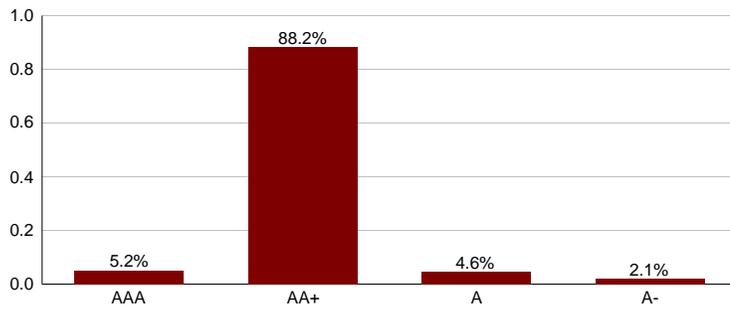


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
958268S	LONG TERM GOV'T POOL	12.34%	0.00	2/8/2012
3133XUQ48	FEDERAL HOME LOAN BANKS CONS BD 3.8% 14/SEP/2016	4.94%	3.80	14/9/2016
3137ALQW2	FREDDIE MAC 3999 TA 4.000% 15/NOV/2034	4.86%	4.00	15/11/2034
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.55%	6.95	15/3/2014
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.34%	3.50	15/2/2026
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL # E01446 DTD	4.33%	4.50	1/9/2018
928989383	JP MORGAN U S GOVT MMF AGENCY SHARES	4.19%	0.00	31/12/2049
3134G24S8	FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018	4.14%	2.25	14/11/2018
3128X6SL1	FEDERAL HOME LN MTG CORP CALL 5.25%13/DEC/2022	4.13%	5.25	13/12/2022
31331KL73	FEDERAL FARM CR BKS CONS BD 3.8% 02/NOV/2026	4.10%	3.80	2/11/2026

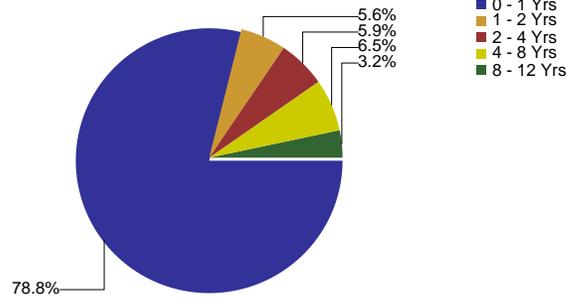
Quality/Rating Weightings Sector Weightings (as % of Market Value)



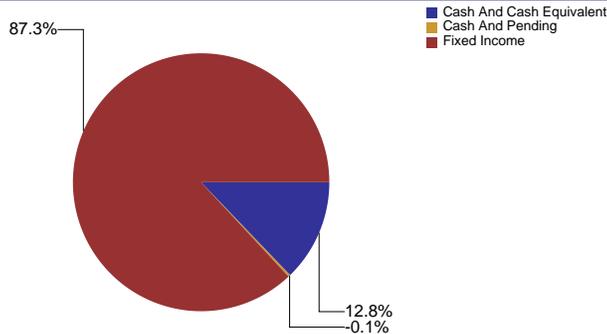
Portfolio Characteristics Duration Mix

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

**302.5**  
**1.45**  
**0.85**  
**AA**  
**80**

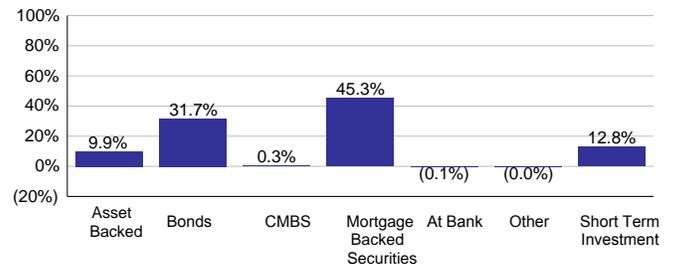
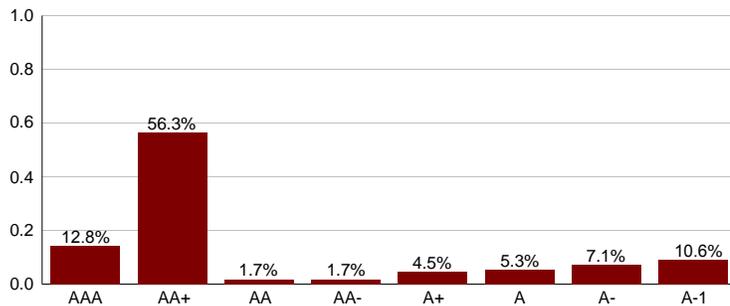


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3137APUK4	FREDDIE MAC 4045 HP 3.500% 15/MAY/2042	3.60%	3.50	15/5/2042
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	2.19%	4.00	25/7/2040
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.16%	0.84	7/6/2017
3133EAJRO	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.16%	1.99	26/3/2018
3137ANQ32	FREDDIE MAC 4036 HU 3.000% 15/APR/2027	1.93%	3.00	15/4/2027
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.89%	4.00	25/6/2030
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.87%	3.50	15/1/2032
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	1.77%	3.50	16/4/2035
46625YXT5	JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES	1.74%	5.40	15/12/2044
3138EDSW2	FNMA MORTPASS 3.5% 01/APR/2042 CL PN# AK8632	1.74%	3.50	1/4/2042

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



**OPERATING MONIES  
AVERAGE INVESTED BALANCE**

Through June 30, 2012

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year 2009/2010</u>	<u>Fiscal Year 2010/2011</u>	<u>Fiscal Year 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	1,501
MARCH	(686)	802	1,373
APRIL	(635)	1,002	1,725
MAY	(579)	1,128	2,036
JUNE	450	1,358	2,331
<b>Y-T-D Average</b>	<b>(\$316)</b>	<b>\$828</b>	<b>\$1,313</b>

**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
JUNE 2012**

**Distributed in Current Month**

<b>Recipient</b>	<b>JUNE 2012</b>	<b>Fiscal YTD 11/12</b>	<b>Fiscal YTD 10/11</b>
101 A & M Colleges	\$22,280	\$264,320	\$56,793
102 State Hospital	\$12,347	\$146,483	\$27,759
103 Leg., Exec., & Jud.	\$18,283	\$216,960	\$53,709
104 Military Institute	\$1,297	\$15,388	\$4,161
105 Miners Hospital	\$29,529	\$350,474	\$75,186
107 Normal School ASU/NAU	\$7,607	\$90,281	\$20,904
108 Penitentiaries	\$29,198	\$347,261	\$115,632
109 Permanent Common School	\$6,558,971	\$77,832,917	\$16,163,946
110 School for Deaf & Blind	\$10,923	\$129,625	\$31,266
111 School of Mines	\$25,281	\$299,966	\$70,521
112 State Charitable-Pioneers Home	\$114,920	\$1,362,866	\$253,815
112 State Charitable-Corrections	\$57,460	\$681,433	\$126,909
112 State Charitable-Youth Treatment	\$57,460	\$681,433	\$126,909
113 University Fund	\$40,373	\$479,020	\$108,150
114 U of A Land - 1881	\$86,333	\$1,023,757	\$242,481
<b>Total</b>	<b>\$7,072,263</b>	<b>\$83,922,184</b>	<b>\$17,478,141</b>

Posted in USAS in current month

**ENDOWMENT FUNDS  
 PORTFOLIO YIELD ANALYSIS  
 JUNE 30, 2012**

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 06/30/12</b>	<b>Prior Month 05/31/12</b>	<b>Prior Year 6/30/11</b>
205	ENDOWMENTS - FIXED INCOME	\$3,799,704	\$3,643,939	\$5,133,439

**YIELDS**

<b><u>MONTHLY</u></b>	<b>Current Month 06/30/12</b>	<b>Prior Month 05/31/12</b>	<b>Prior Year 6/30/11</b>
205 ENDOWMENTS - FIXED INCOME	5.61%	5.40%	6.96%

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

<b>Endowment Fund</b>	<b>Jun-12 NET GAIN(LOSS)</b>	<b>Jun-11 NET GAIN(LOSS)</b>
Fixed Income Pool	(130,626)	786,424
Equity Pool (500)	902,818	80,550
Equity Pool (400)	4,093,408	3,687,222
Equity Pool (600)	413,905	143,303
<b>Totals</b>	<b>5,279,505</b>	<b>4,697,499</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	(68,929)	(888,954)
Equity Pool (500)	(58,796)	1,937,349
Equity Pool (400)	23,559,102	30,607,767
Equity Pool (600)	3,403,905	300,447
<b>Totals</b>	<b>26,835,282</b>	<b>31,956,609</b>

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
 Month of June 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&amp;P RATING</u>
FNMA	1.00	6/28/2027	NA	\$10,000,000	\$10,000,000	1.00%	Aaa/AA+
U S TREASURY NOTE	4.25	11/15/2017	NA	\$5,000,000	\$5,937,118	0.78%	Aaa/AA+
FORD MOTOR CREDIT	3.00	6/12/2017	NA	\$10,000,000	\$9,996,300	3.01%	Baa3/BB+
GOODRICH	6.80	2/1/2018	NA	\$1,800,000	\$2,299,394	2.04%	Baa2/BBB+
JP MORGAN CMO	4.72	2/16/2046	8.50	\$5,000,000	\$5,602,971	3.14%	NR/AAA
KEYCORP	6.50	5/14/2013	NA	\$10,000,000	\$10,547,133	1.06%	Baa1/BBB+
TYSON FOODS	4.50	6/15/2022	NA	\$3,000,000	\$2,983,740	4.57%	Baa3/BBB-
WFRBS COMMERCIAL	3.43	6/16/2045	9.89	\$5,000,000	\$5,112,456	3.20%	Aaa/NR

**TOTAL ENDOWMENT FUNDS PURCHASES**

-----  
**\$49,800,000**  
 \_\_\_\_\_

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**\$52,479,113**  
 \_\_\_\_\_

**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>
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**TOTAL ENDOWMENT FUNDS SALES**

-----  
**\$0**  
 \_\_\_\_\_

-----  
**\$0**  
 \_\_\_\_\_

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**\$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 June 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	188,376	\$11,687,509	\$2,826
S&P 500 Large-Cap Fund	315,101	\$13,304,667	\$4,305
S&P 600 Small-Cap Fund	351,996	\$7,390,323	\$5,282
<b>TOTAL EQUITY PURCHASES</b>	<b>855,473</b>	<b>\$32,382,499</b>	<b>\$12,413</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	189,366	\$8,857,680	\$2,434
S&P 500 Large-Cap Fund	202,003	\$5,823,782	\$3,018
S&P 600 Small-Cap Fund	122,406	\$5,268,953	\$1,837
<b>TOTAL EQUITY SALES</b>	<b>513,775</b>	<b>\$19,950,415</b>	<b>\$7,289</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

JUNE 30, 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 Large-Cap 500 Equity Fund</i>	2,548	2,329	3,176	847	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	758	743	1,567	824	
	<i>Shares in Small-Cap 600 Equity Fund</i>	799	783	832	49	
	<i>Shares in Fixed Income Fund</i>	2,232	2,516	4,011	1,495	
	Total	6,337	6,372	9,586	3,214	<b>1.504</b>
102	State Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,691	1,478	2,108	630	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	434	470	898	428	
	<i>Shares in Small-Cap 600 Equity Fund</i>	475	465	495	30	
	<i>Shares in Fixed Income Fund</i>	1,333	1,579	2,395	816	
	Total	3,933	3,992	5,895	1,904	<b>1.477</b>
103	Leg., Exec., & Jud.					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,040	2,028	2,543	515	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	605	662	1,250	588	
	<i>Shares in Small-Cap 600 Equity Fund</i>	700	687	728	42	
	<i>Shares in Fixed Income Fund</i>	1,936	2,211	3,479	1,267	
	Total	5,280	5,588	8,000	2,412	<b>1.432</b>
104	Military Institute					
	<i>Shares in Large-Cap 500 Equity Fund</i>	130	130	162	33	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	42	42	87	45	
	<i>Shares in Small-Cap 600 Equity Fund</i>	47	46	49	3	
	<i>Shares in Fixed Income Fund</i>	131	141	236	94	
	Total	351	359	535	176	<b>1.489</b>
105	Miners Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	5,286	5,422	6,590	1,168	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,323	1,831	2,736	906	
	<i>Shares in Small-Cap 600 Equity Fund</i>	1,618	1,609	1,684	75	
	<i>Shares in Fixed Income Fund</i>	4,227	5,876	7,596	1,720	
	Total	12,454	14,737	18,605	3,869	<b>1.263</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 JUNE 30, 2012  
 (In Thousands)

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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>	953	910	1,188	278	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	261	289	540	251	
	<i>Shares in Small-Cap 600 Equity Fund</i>	297	291	309	18	
	<i>Shares in Fixed Income Fund</i>	820	976	1,474	498	
	Total	2,331	2,467	3,511	1,045	<b>1.423</b>
108	Penitentiaries					
	<i>Shares in Large-Cap 500 Equity Fund</i>	3,281	2,989	4,090	1,100	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	873	949	1,804	855	
	<i>Shares in Small-Cap 600 Equity Fund</i>	938	920	976	56	
	<i>Shares in Fixed Income Fund</i>	2,649	3,221	4,761	1,540	
	Total	7,741	8,080	11,632	3,552	<b>1.440</b>
109	Permanent Common School					
	<i>Shares in Large-Cap 500 Equity Fund</i>	926,174	904,167	1,154,590	250,424	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	233,477	287,349	482,742	195,394	
	<i>Shares in Small-Cap 600 Equity Fund</i>	270,924	266,065	282,032	15,967	
	<i>Shares in Fixed Income Fund</i>	755,709	976,267	1,358,074	381,807	
	Total	2,186,284	2,433,849	3,277,439	843,591	<b>1.347</b>
110	School for Deaf & Blind					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,333	1,274	1,662	389	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	380	408	785	377	
	<i>Shares in Small-Cap 600 Equity Fund</i>	430	421	447	26	
	<i>Shares in Fixed Income Fund</i>	1,201	1,380	2,158	778	
	Total	3,344	3,483	5,053	1,570	<b>1.451</b>
111	School of Mines					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,894	2,821	3,608	786	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	812	897	1,678	781	
	<i>Shares in Small-Cap 600 Equity Fund</i>	917	898	955	57	
	<i>Shares in Fixed Income Fund</i>	2,568	3,052	4,615	1,562	
	Total	7,191	7,669	10,855	3,187	<b>1.416</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

JUNE 30, 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>	30,486	28,636	38,005	9,369	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	7,368	9,087	15,234	6,147	
	<i>Shares in Small-Cap 600 Equity Fund</i>	8,437	8,271	8,783	512	
	<i>Shares in Fixed Income Fund</i>	24,002	30,870	43,133	12,263	
	Total	70,292	76,863	105,154	28,291	<b>1.368</b>
113	University Fund					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,851	4,684	6,047	1,363	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,340	1,491	2,770	1,279	
	<i>Shares in Small-Cap 600 Equity Fund</i>	1,534	1,504	1,597	93	
	<i>Shares in Fixed Income Fund</i>	4,272	5,056	7,678	2,622	
	Total	11,998	12,735	18,093	5,357	<b>1.421</b>
114	U Of A Land - 1881					
	<i>Shares in Large-Cap 500 Equity Fund</i>	13,929	13,958	17,364	3,407	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,546	4,409	7,331	2,923	
	<i>Shares in Small-Cap 600 Equity Fund</i>	4,217	4,129	4,390	261	
	<i>Shares in Fixed Income Fund</i>	11,792	15,027	21,191	6,163	
	Total	33,484	37,523	50,276	12,754	<b>1.340</b>
<b>TOTALS - ALL FUNDS</b>						
	<i>Shares in Large-Cap 500 Equity Fund</i>	995,596	970,825	1,241,134	270,309	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	251,218	308,627	519,424	210,797	
	<i>Shares in Small-Cap 600 Equity Fund</i>	291,333	286,090	303,278	17,189	
	<i>Shares in Fixed Income Fund</i>	812,871	1,048,174	1,460,800	412,626	
	<b>Grand Total</b>	<b>2,351,019</b>	<b>2,613,716</b>	<b>3,524,637</b>	<b>910,921</b>	
<b>PRIOR YEAR:</b>						
<b>JUNE 2011 BALANCES</b>		<b>2,219,257</b>	<b>2,486,380</b>	<b>3,286,677</b>	<b>800,297</b>	

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**  
JUNE 30, 2012

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**ASSET ALLOCATION PERCENTAGE**

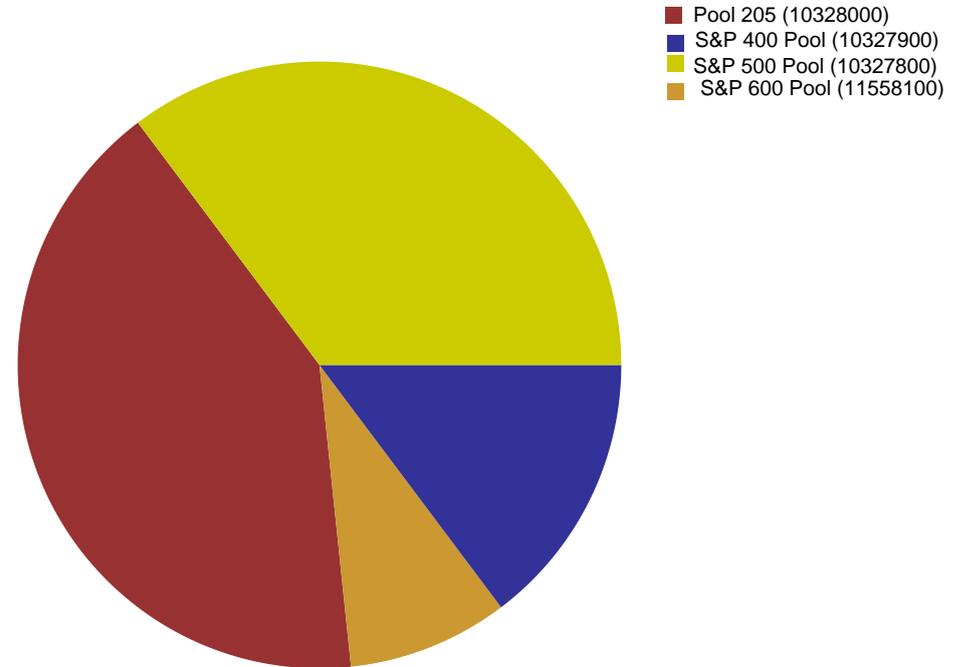
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	<b>JUNE 2011 MARKET VALUE</b>
<i>Shares in Large-Cap 500 Equity Fund</i>	42.35%	37.14%	35.21%	<b>34.36%</b>
<i>Shares in Mid-Cap 400 Equity Fund</i>	10.69%	11.81%	14.74%	<b>15.93%</b>
<i>Shares in Small-Cap 600 Equity Fund</i>	12.39%	10.95%	8.60%	<b>4.10%</b>
<i>Shares in Fixed Income Fund</i>	34.58%	40.10%	41.45%	<b>45.61%</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 June 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	1,187,573,434.00	1,241,134,008.79	4,513,385	4.13	(2.73)	9.51	5.43	5.43	16.41	0.30	1.12	07/01/1999
10327900	S&P 400 Pool	507,871,484.28	519,423,990.40	1,934,308	1.89	(4.86)	8.02	(2.13)	(2.13)	18.68	2.32	7.14	08/01/2001
10328000	Pool 205	1,454,310,254.44	1,460,800,258.74	5,158,155	0.09	1.79	2.09	6.08	6.08	5.42	6.08	6.01	07/01/1999
11558100	S&P 600 Pool	289,892,929.49	303,278,374.79	1,289,539	4.17	(3.55)	8.03	1.48	1.48			3.14	03/01/2011
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>3,439,648,102.21</b>	<b>3,524,636,632.72</b>	<b>12,895,387</b>	<b>2.10</b>	<b>(1.31)</b>	<b>5.97</b>	<b>4.89</b>	<b>4.89</b>	<b>10.77</b>	<b>3.54</b>	<b>5.14</b>	<b>07/01/1999</b>

**Manager Allocation - Daily**  
**Arizona State Treasury (05509)**  
 As of June 30, 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)	1,460.80	41.4%
S&P 400 Pool (10327900)	519.42	14.7%
S&P 500 Pool (10327800)	1,241.13	35.2%
S&P 600 Pool (11558100)	303.28	8.6%
<b>TOTAL</b>	<b>3,524.64</b>	<b>100.0%</b>



Portfolio Characteristics

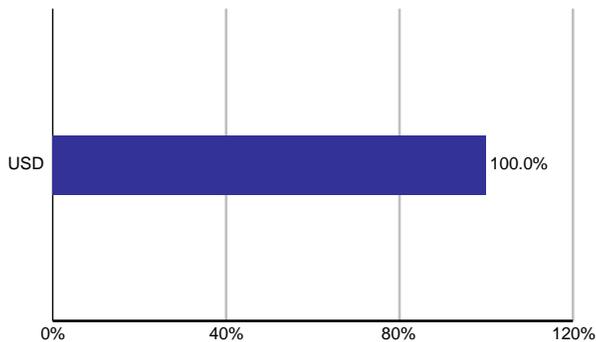
Risk Measures

Total Asset Value (in Millions)	1,241.1	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	14.70	Information Ratio	0.05	0.10	0.23	1.68
Price to Book Ratio	2.059	Std Deviation of Port.	(0.31)	0.13	0.36	(0.40)
Dividend Yield (%)	2.21	Std Deviation of Bench.	18.14	16.06	19.13	16.26
Return on Equity (%)	65.15	Sharpe Ratio of Port.	18.18	16.11	19.21	16.14
Sales Growth (%)	8.01	Sharpe Ratio of Bench.	0.30	1.01	(0.04)	(0.09)
Market Capitalization (\$ Millions)	106,725.94	R-Squared	0.30	1.01	(0.04)	(0.04)
Earnings per Share (\$)	5.66	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	502		(0.01)	0.06	0.08	(0.67)

Top Ten Portfolio Holdings

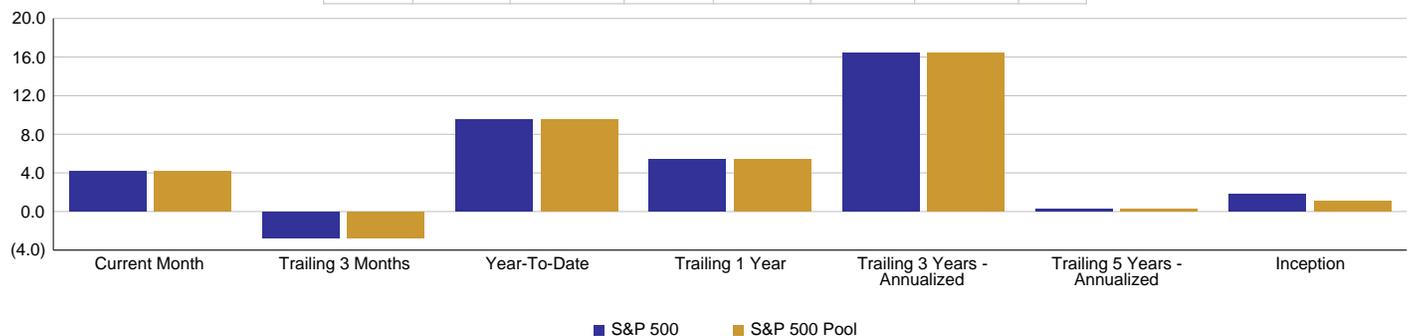
Security ID	Security Name	% of Assets
037833100	APPLE INC COM STK NPV	4.29%
78462F103	SPDR S&P 500 ETF TRUST	3.22%
30231G102	EXXON MOBIL CORP COM STK NPV	3.14%
594918104	MICROSOFT CORP COM STK USD0.00000625	1.80%
459200101	INTERNATIONAL BUS MACH CORP COM STK USD0.20	1.77%
369604103	GENERAL ELECTRIC CO.	1.75%
00206R102	AT & T INC	1.64%
166764100	CHEVRON CORP COM STK USD0.75	1.63%
478160104	JOHNSON & JOHNSON COM STK USD1	1.46%
949746101	WELLS FARGO & CO COM STK USD1 2/3	1.39%

Top Ten Currency Weights

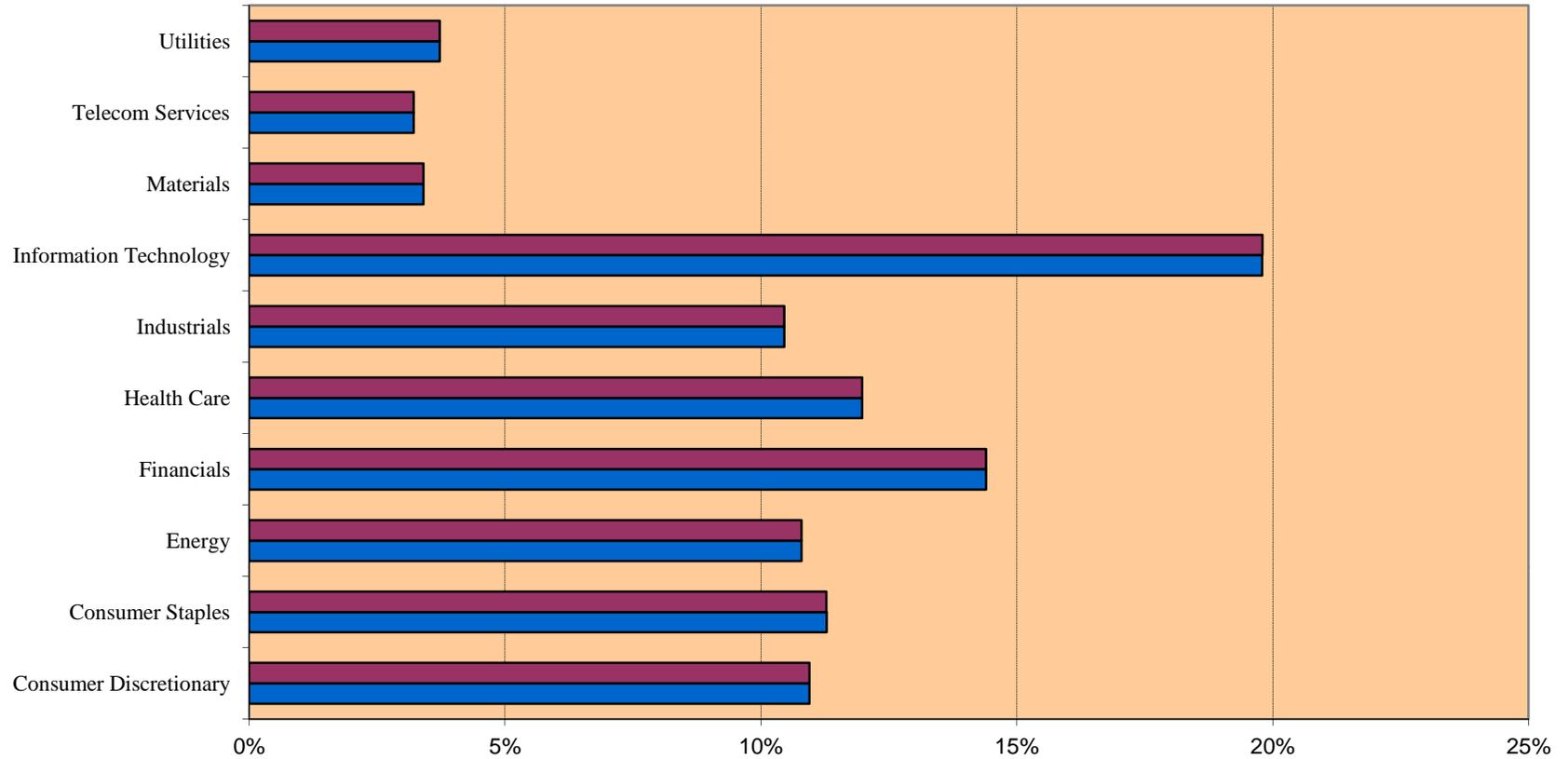


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	4.13	(2.73)	9.51	5.43	16.41	0.30	1.12
S&P 500	4.12	(2.75)	9.49	5.45	16.40	0.22	1.79
Excess	0.01	0.02	0.02	(0.02)	0.01	0.08	(0.67)



**STATE OF ARIZONA  
POOL 201 (S&P 500)  
As of June 30, 2012**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	10.95%	11.28%	10.79%	14.40%	11.98%	10.46%	19.80%	3.41%	3.22%	3.73%
■ STATE OF ARIZONA - POOL 201	10.95%	11.28%	10.79%	14.40%	11.98%	10.46%	19.80%	3.41%	3.22%	3.73%



Portfolio Characteristics

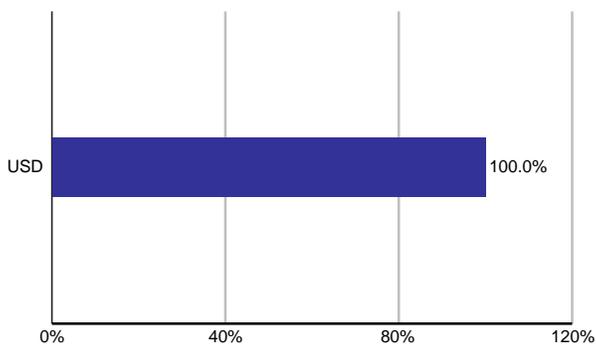
Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>519.4</b>		<b>Trailing 1 Year</b>	<b>0.06</b>	<b>Trailing 3 Years</b>	<b>0.87</b>	<b>Trailing 5 Years</b>	<b>2.06</b>	<b>Since Inception</b>	<b>2.06</b>
<b>P/E Ratio</b>	<b>17.30</b>	<b>Tracking Error</b>		<b>3.33</b>	<b>(0.78)</b>	<b>(0.11)</b>	<b>(0.01)</b>			
<b>Price to Book Ratio</b>	<b>1.98</b>	<b>Information Ratio</b>		<b>22.79</b>	<b>19.09</b>	<b>22.16</b>	<b>17.72</b>			
<b>Dividend Yield (%)</b>	<b>1.51</b>	<b>Std Deviation of Port.</b>		<b>22.82</b>	<b>19.38</b>	<b>22.90</b>	<b>18.67</b>			
<b>Return on Equity (%)</b>	<b>13.70</b>	<b>Std Deviation of Bench.</b>		<b>(0.10)</b>	<b>0.97</b>	<b>0.06</b>	<b>0.29</b>			
<b>Sales Growth (%)</b>	<b>6.46</b>	<b>Sharpe Ratio of Port.</b>		<b>(0.10)</b>	<b>0.99</b>	<b>0.07</b>	<b>0.28</b>			
<b>Market Capitalization (\$ Millions)</b>	<b>3,620.10</b>	<b>Sharpe Ratio of Bench.</b>		<b>1.00</b>	<b>1.00</b>	<b>0.99</b>	<b>0.99</b>			
<b>Earnings per Share (\$)</b>	<b>2.34</b>	<b>R-Squared</b>		<b>0.19</b>	<b>(0.37)</b>	<b>(0.18)</b>	<b>0.28</b>			
<b>Number of Holdings</b>	<b>401</b>	<b>Jensen's Alpha</b>								

Top Ten Portfolio Holdings

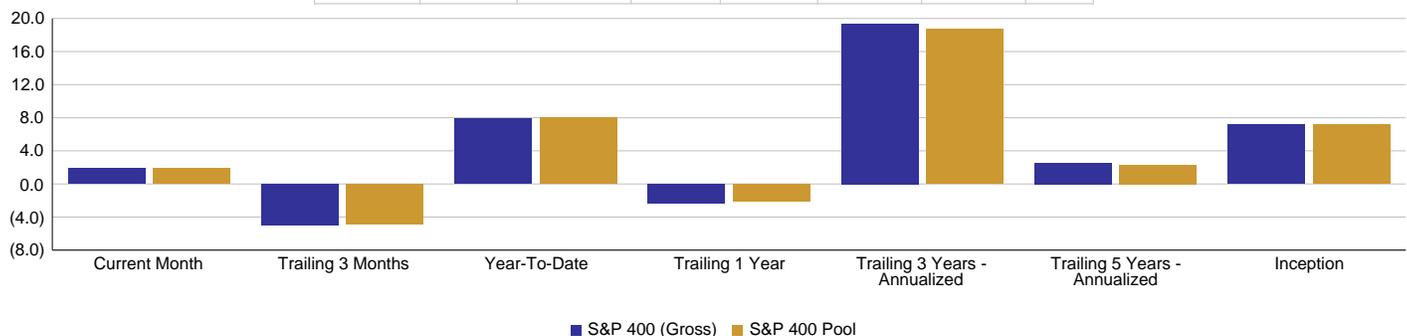
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	4.75%
92532F100	VERTEX PHARMACEUTICAL COM STK USD0.01	1.01%
75886F107	REGENERON PHARMACEUTICALS INC COM STK USD0.001	0.76%
29444U502	EQUINIX INC USD0.001	0.72%
031100100	AMETEK INC COM STK USD0.01	0.68%
554382101	MACERICH CO COM STK USD0.01	0.67%
171340102	CHURCH & DWIGHT COM STK USD1	0.66%
485170302	KANSAS CITY SOUTHERN COM STK USD0.01	0.65%
716768106	PETSMART INC COM STK USD0.0001	0.63%
436106108	HOLLYFRONTIER CORP USD0.01	0.63%

Top Ten Currency Weights

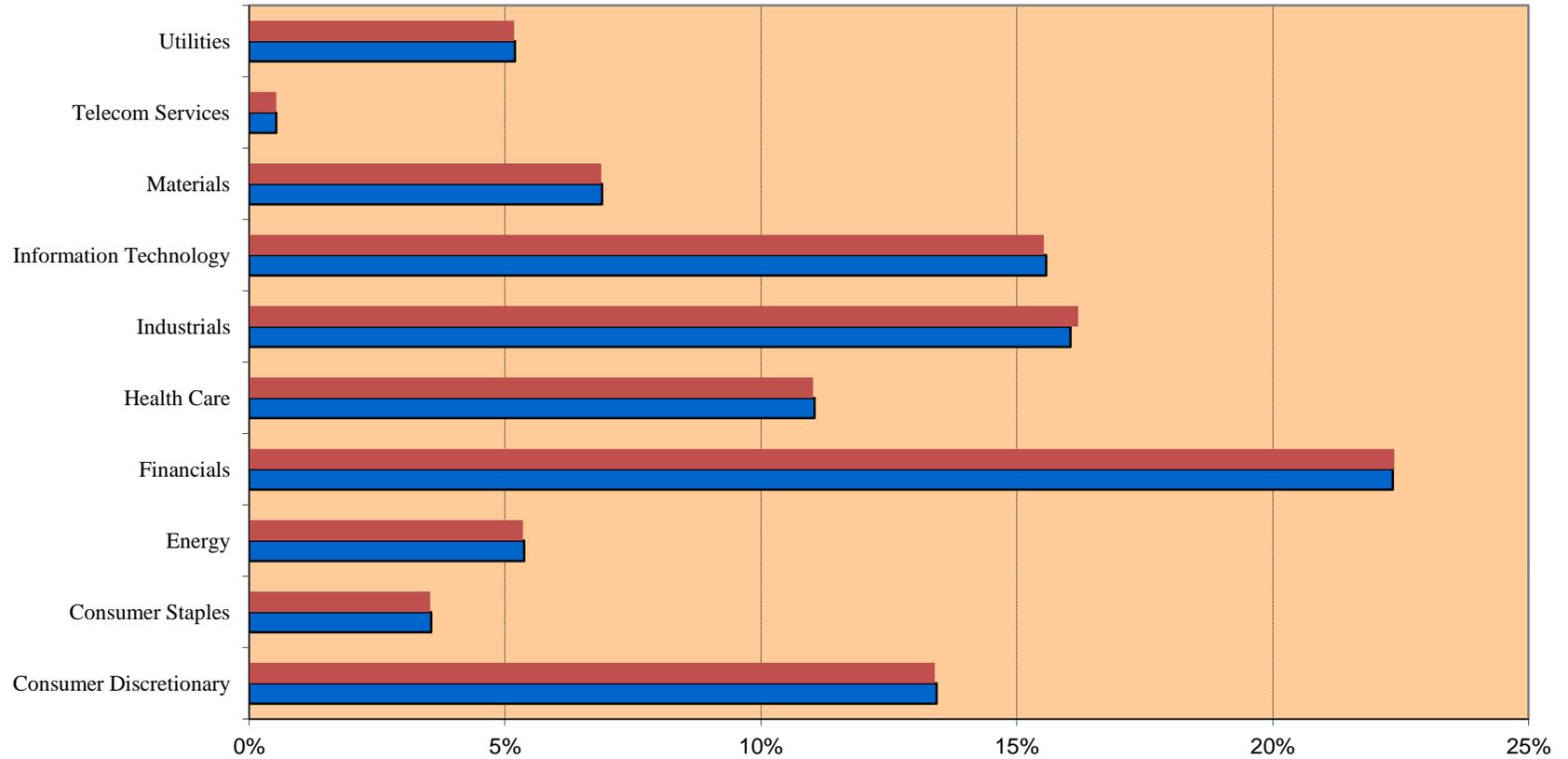


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	1.89	(4.86)	8.02	(2.13)	18.68	2.32	7.14
S&P 400 (Gross)	1.89	(4.93)	7.90	(2.33)	19.36	2.55	7.16
Excess	0.00	0.07	0.12	0.20	(0.68)	(0.23)	(0.01)



**STATE OF ARIZONA  
POOL 203 (S&P MIDCAP 400)  
As of June 30, 2012**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.40%	3.54%	5.35%	22.38%	11.02%	16.20%	15.53%	6.88%	0.53%	5.18%
■ STATE OF ARIZONA - POOL 203	13.43%	3.56%	5.37%	22.35%	11.05%	16.05%	15.57%	6.90%	0.53%	5.19%



Portfolio Characteristics

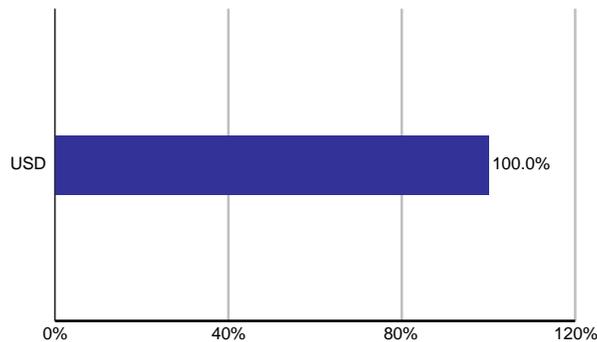
Risk Measures

Total Asset Value (in Millions)	303.3	Trailing 1 Year	0.07	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	0.10
P/E Ratio	18.10	Information Ratio	0.76		-		-		(0.71)
Price to Book Ratio	1.78	Std Deviation of Port.	23.65		-		-		20.61
Dividend Yield (%)	1.25	Std Deviation of Bench.	23.71		-		-		20.66
Return on Equity (%)	12.08	Sharpe Ratio of Port.	0.06		-		-		0.15
Sales Growth (%)	7.44	Sharpe Ratio of Bench.	0.06		-		-		0.15
Market Capitalization (\$ Millions)	1,219.82	R-Squared	1.00		-		-		1.00
Earnings per Share (\$)	1.58	Jensen's Alpha	0.06		-		-		(0.07)
Number of Holdings	602								

Top Ten Portfolio Holdings

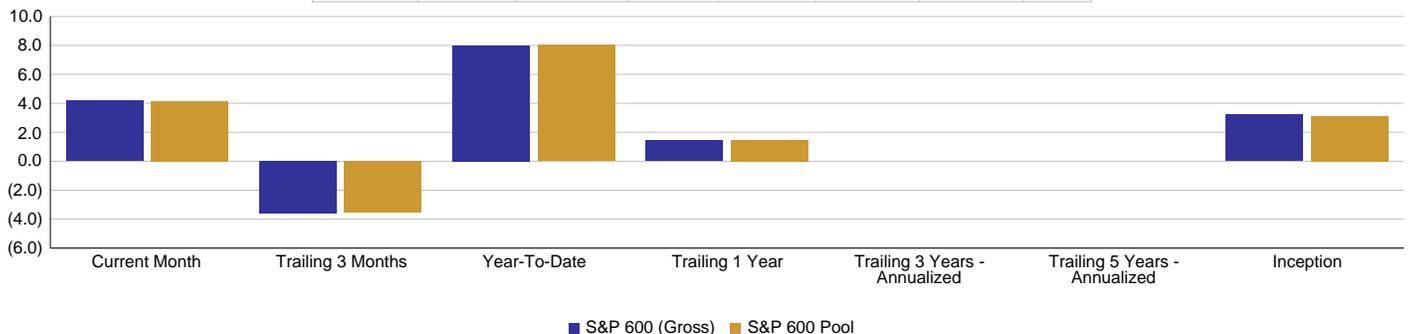
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST S&P SMALLCAP 600 INDEX FUND	3.75%
49427F108	KILROY REALTY CORP COM STK USD0.01	0.66%
74835Y101	QUESTCOR PHARMACEUTICAL INC COM STK NPV	0.64%
30225T102	EXTRA SPACE STORAGE INC COM STK USD0.01	0.63%
795435106	SALIX PHARMACEUTICALS LTD COM NPV	0.63%
875465106	TANGER FACTORY OUTLET CENTERS COM STK USD0.01	0.59%
59522J103	MID-AMERICA APARTMENT COMMUNITIES COM STK USD0.01	0.55%
74267C106	PROASSURANCE CORP COM STK USD0.01	0.54%
911163103	UNITED NATURAL FOODS INC COM STK USD0.01	0.53%
737464107	POST PROPERTIES COM USD0.01	0.52%

Top Ten Currency Weights

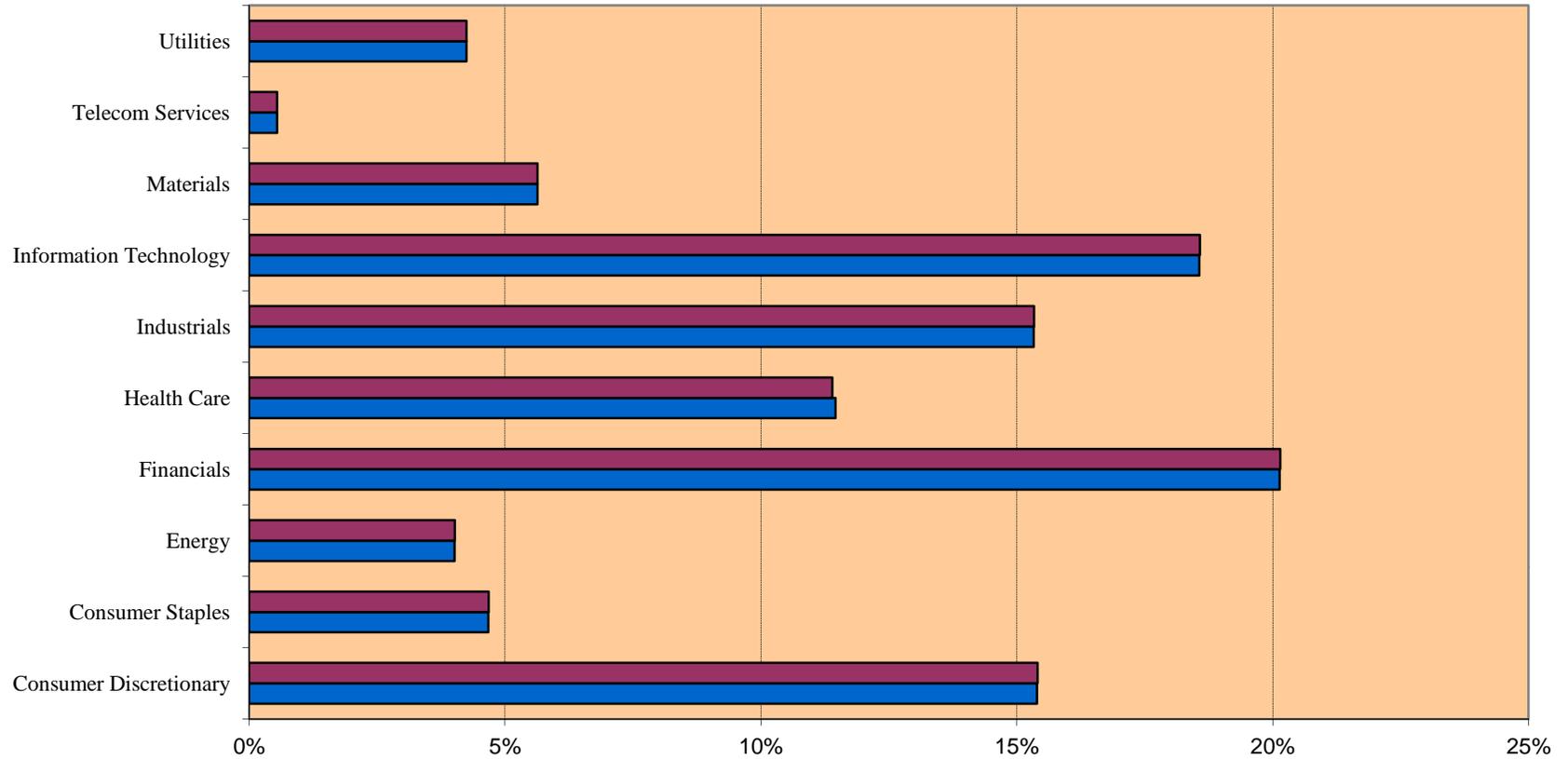


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	4.17	(3.55)	8.03	1.48			3.14
S&P 600 (Gross)	4.18	(3.58)	7.98	1.43			3.22
Excess	(0.01)	0.03	0.06	0.05	(0.00)	(0.00)	(0.07)



**STATE OF ARIZONA  
POOL 204 (S&P 600 Index)  
As of June 30, 2012**



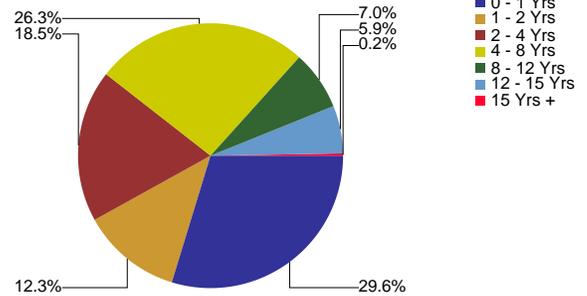
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.41%	4.68%	4.02%	20.15%	11.40%	15.34%	18.58%	5.64%	0.55%	4.25%
■ STATE OF ARIZONA - POOL 204	15.39%	4.68%	4.02%	20.14%	11.46%	15.33%	18.57%	5.63%	0.55%	4.25%

S&P 600 Index
  STATE OF ARIZONA - POOL 204

Portfolio Characteristics

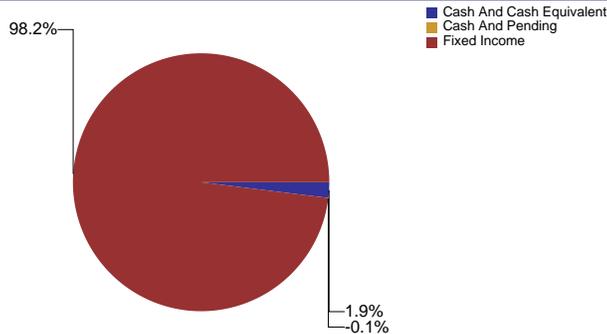
Duration Mix

**Total Net Assets (Millions)** 1,460.8  
**Weighted Average Life (Years)** 5.42  
**Weighted Avg. Effective Duration (Years)** 3.77  
**Weighted Average Coupon (%)** 4.37  
**Weighted Average Current Yield (%)** 1.01  
**Weighted Average Yield to Maturity (%)** 1.04  
**Weighted Average Rating** AA  
**Number of Holdings** 256



Asset Mix

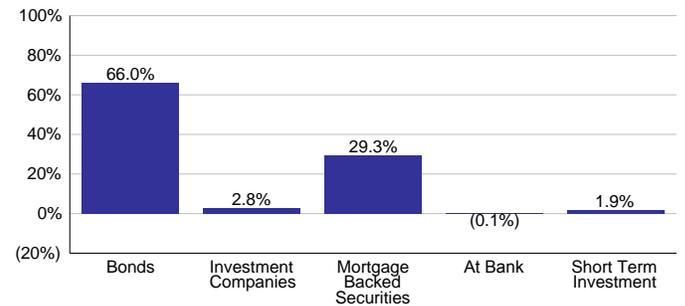
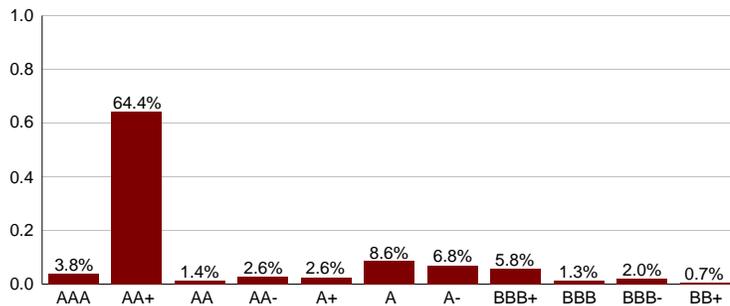
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.43%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.42%	0.00	2/8/2012
958268S	LONG TERM GOV'T POOL	1.41%	0.00	2/8/2012
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	1.08%	0.00	31/12/2049
912810FA1	US 6.37500 '27	1.07%	6.38	15/8/2027
912810ED6	US 8.12500 '19	1.04%	8.12	15/8/2019
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.91%	5.62	1/10/2038
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.90%	5.90	15/5/2038
928989383	JP MORGAN U S GOVT MMF AGENCY SHARES	0.86%	0.00	31/12/2049
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.84%	6.10	15/4/2018

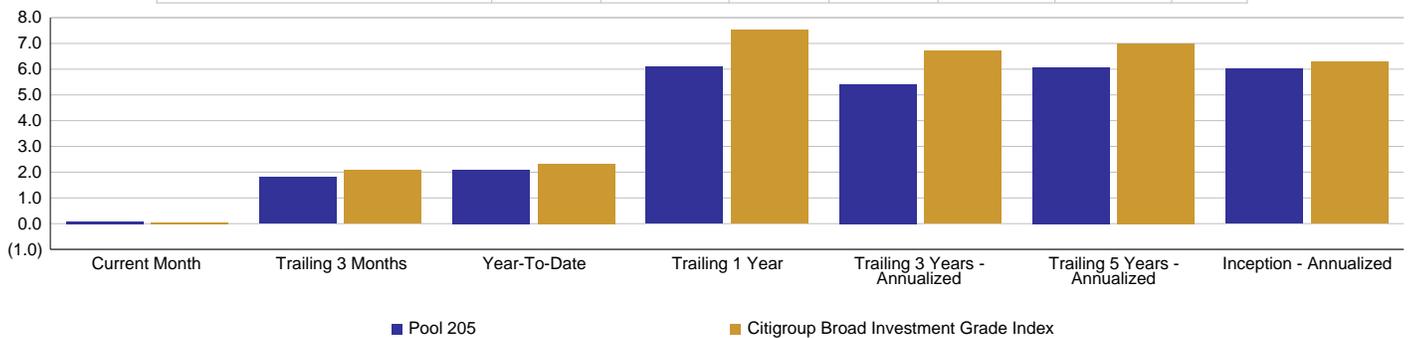
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



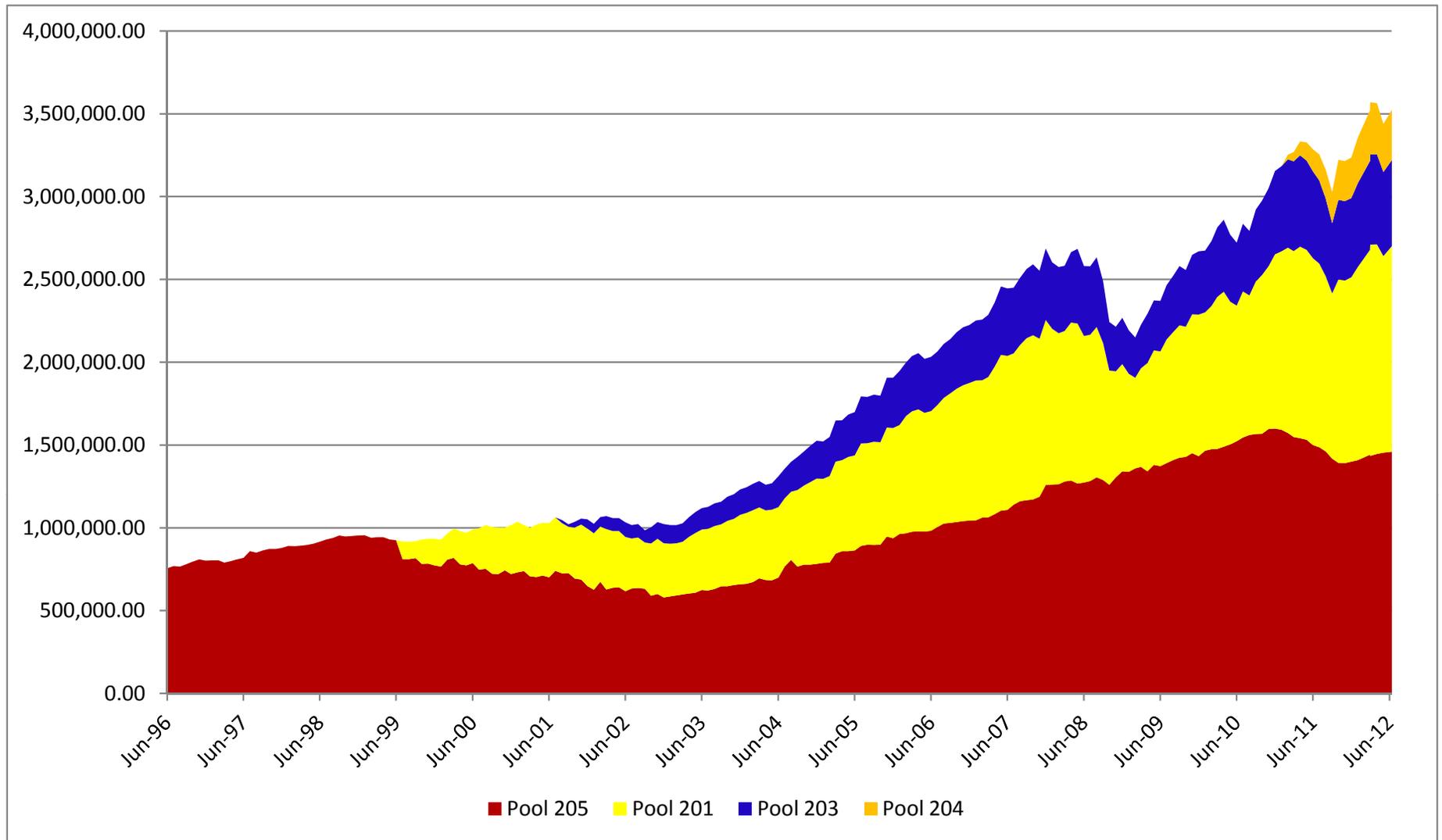
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.09	1.79	2.09	6.08	5.42	6.08	6.01
Citigroup Broad Investment Grade Index	0.04	2.07	2.33	7.51	6.71	7.00	6.29
Excess	0.05	(0.28)	(0.24)	(1.43)	(1.29)	(0.92)	(0.28)



Thousands

# Endowment Fund Market Value

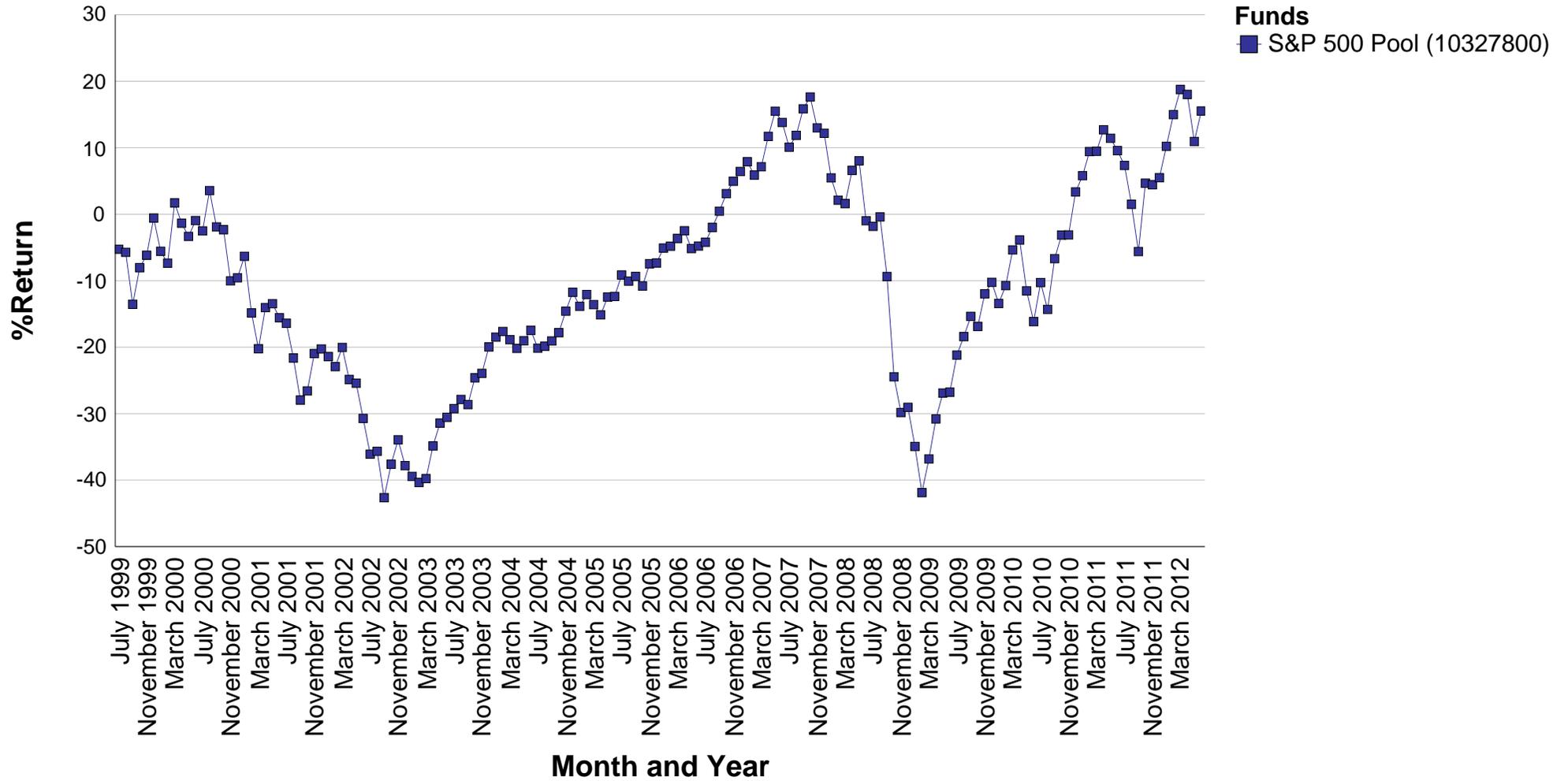


## Performance Growth by Account

Arizona State Treasury (05509)

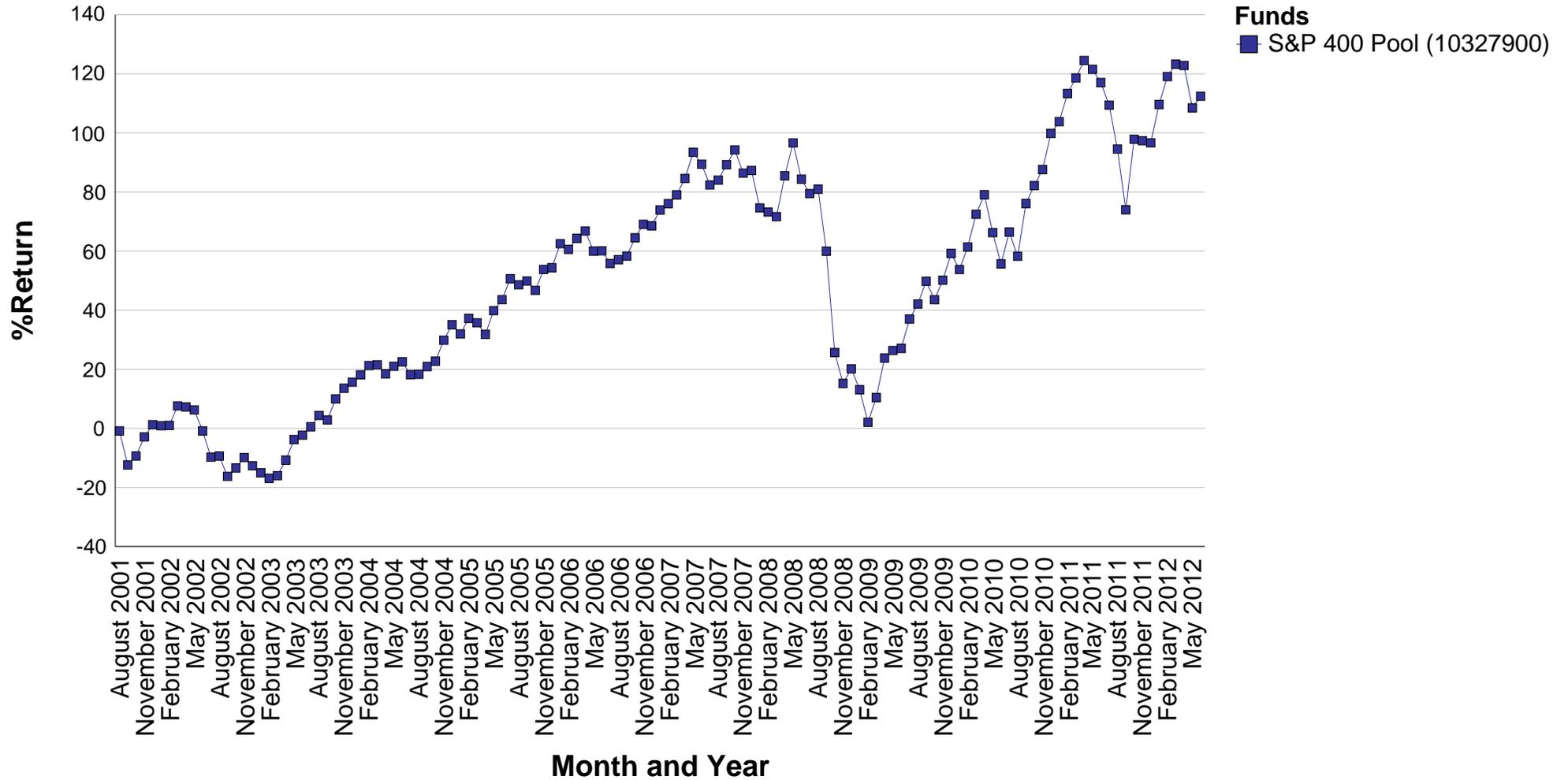
From July 1999 to June 2012

Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)  
From August 2001 to June 2012  
Gross of Fee

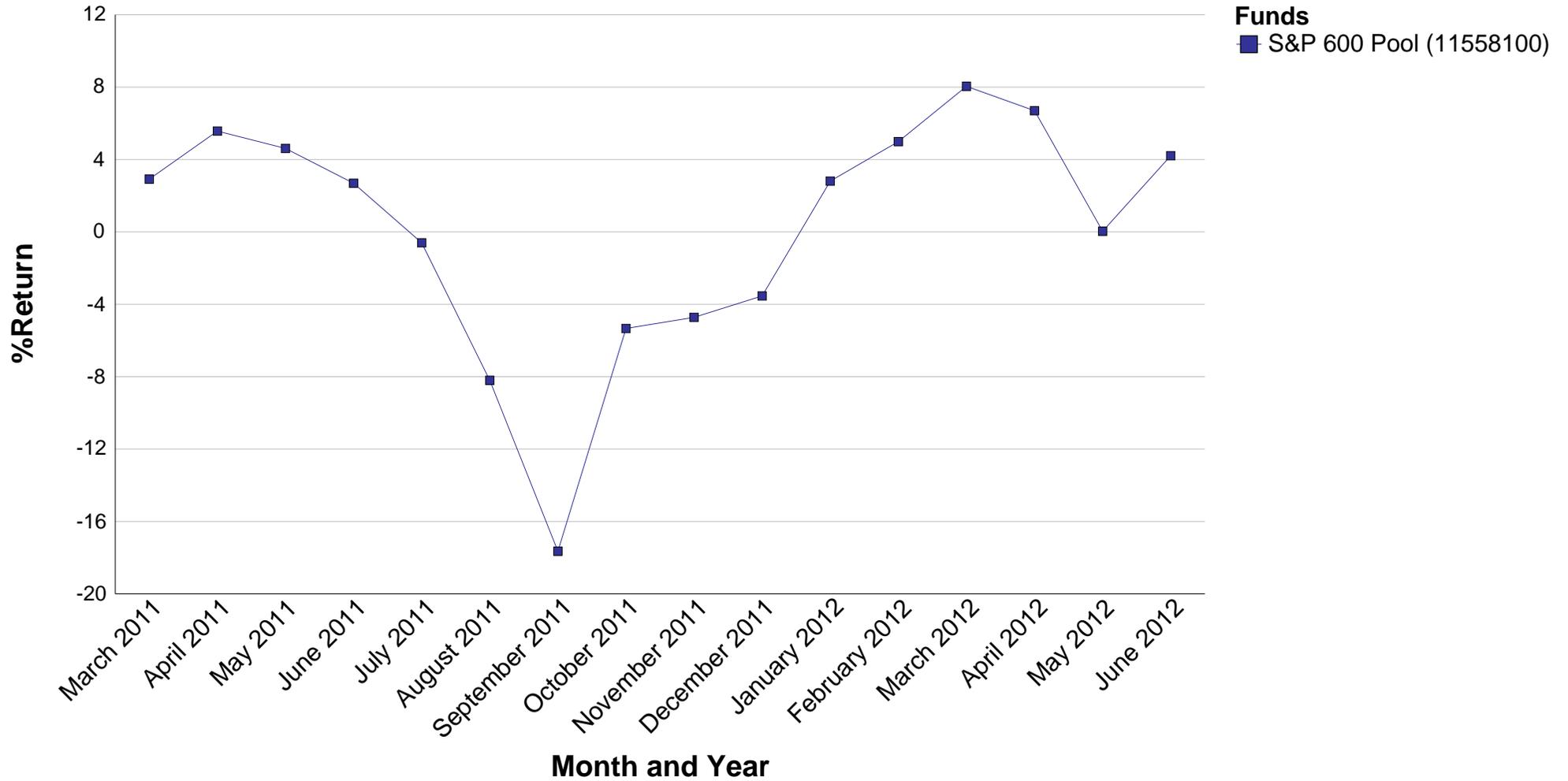


## Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to June 2012

Gross of Fee

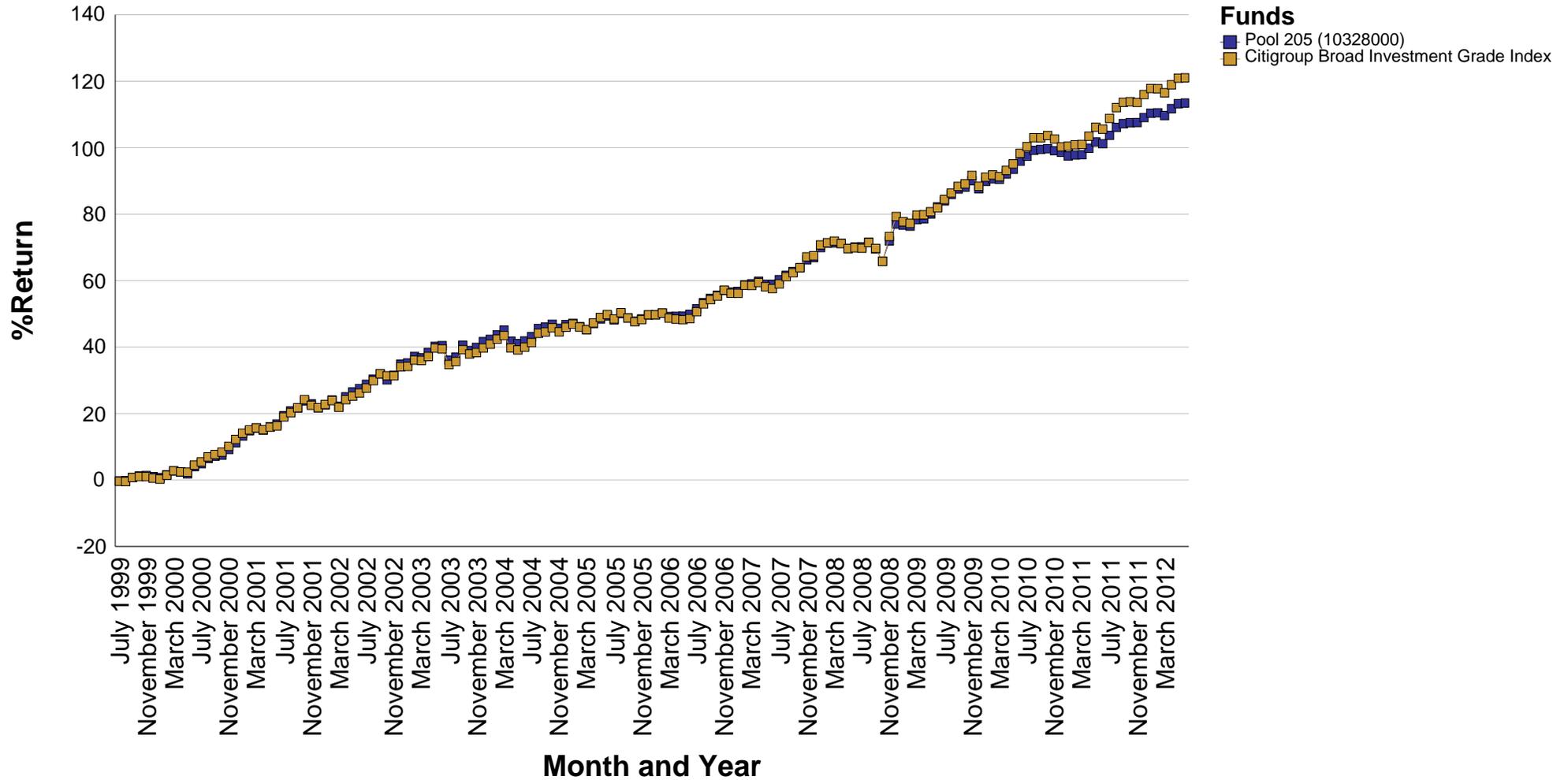


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to June 2012

Gross of Fee



**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 16, 55, 57**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	11,085,185,222	33.83%	28.42%
	COMMERCIAL PAPER	204,864,367	22.66%	0.53%
	US TREAS	41,270,525	17.27%	0.11%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	127,978,518	14.16%	0.33%
	CORP NOTES	29,958,900	26.52%	0.08%
	CORP ABS	38,999,404	38.56%	0.10%
	US-AGENCY	14,997,000	6.47%	0.04%
	USA-MBS	34,733,258	8.03%	0.09%
	US TREAS	61,862,813	25.89%	0.16%
<b>BNP PARIBAS</b>				
	US-AGENCY	10,040,688	4.33%	0.03%
<b>BROADPOINT CAPITAL</b>				
	US TREAS	4,990,900	2.09%	0.01%
<b>CANTOR FITZGERALD</b>				
	COMMERCIAL PAPER	19,991,746	2.21%	0.05%
	CORP CMO	21,628,739	100.00%	0.06%
	US-AGENCY	10,088,621	4.35%	0.03%
	USA-MBS	187,164,569	43.26%	0.48%
<b>CITIGROUP</b>				
	COMMERCIAL PAPER	179,826,639	19.89%	0.46%
	CORP NOTES	5,562,484	4.92%	0.01%
	CORP ABS	9,815,455	9.70%	0.03%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 16, 55, 57**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>DEUTSCHE BANC</b>				
	REPO	120,000,000	0.37%	0.31%
	COMMERCIAL PAPER	4,992,106	0.55%	0.01%
	US TREAS	50,785,959	21.25%	0.13%
<b>FIRST TENNESSEE</b>				
	CORP NOTES	17,682,396	15.65%	0.05%
	US-AGENCY	122,018,532	52.61%	0.31%
	US TREAS	19,942,093	8.34%	0.05%
<b>GOLDMAN SACHS</b>				
	COMMERCIAL PAPER	29,962,842	3.31%	0.08%
<b>JEFFRIES CO.</b>				
	USA-MBS	106,158,574	24.54%	0.27%
<b>JP MORGAN CHASE</b>				
	MONEY-MARKET	283,389,431	100.00%	0.73%
	REPO SWEEP	3,865,001,237	100.00%	9.91%
	COMMERCIAL PAPER	154,883,164	17.13%	0.40%
	CORP NOTES	45,767,471	40.51%	0.12%
	CORP ABS	20,000,000	19.77%	0.05%
	US-AGENCY	7,286,714	3.14%	0.02%
	US TREAS	39,732,486	16.63%	0.10%
<b>MIZUHO SECURITIES</b>				
	REPO	1,839,246,966	5.61%	4.71%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 16, 55, 57**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>NOMURA SECURITIES</b>				
	REPO	5,225,823,006	15.95%	13.40%
	US-AGENCY	10,000,000	4.31%	0.03%
	US TREAS	20,403,700	8.54%	0.05%
<b>RBC DAIN RAUSCHER</b>				
	CD'S	50,000,000	100.00%	0.13%
	COMMERCIAL PAPER	181,433,897	20.07%	0.47%
	CORP NOTES	14,000,000	12.39%	0.04%
	US-AGENCY	35,489,793	15.30%	0.09%
	USA-MBS	10,089,588	2.33%	0.03%
<b>ROBERT W BAIRD</b>				
	CORP ABS	16,005,794	15.82%	0.04%
	USA-MBS	62,551,086	14.46%	0.16%
<b>SOUTH STREET</b>				
	REPO	14,498,665,901	44.25%	37.17%
<b>STERNE AGEE &amp; LEACH</b>				
	US-AGENCY	2,012,267	0.87%	0.01%
<b>STIFEL NICOLAUS</b>				
	US-AGENCY	20,000,000	8.62%	0.05%
	USA-MBS	9,987,923	2.31%	0.03%
<b>WELLS FARGO</b>				
	CORP ABS	16,327,126	16.14%	0.04%
	USA-MBS	21,922,175	5.07%	0.06%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	395,040,317	4.38%	1.22%
	COMMERCIAL PAPER	87,461,779	13.17%	0.27%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	107,352,801	16.17%	0.33%
<b>BNP PARIBAS</b>				
	CORP ABS	5,000,000	100.00%	0.02%
<b>CITIGROUP</b>				
	COMMERCIAL PAPER	107,951,774	16.26%	0.33%
	CORP NOTES	11,345,149	100.00%	0.04%
<b>GOLDMAN SACHS</b>				
	REPO	525,000,000	5.82%	1.63%
	COMMERCIAL PAPER	29,974,353	4.51%	0.09%
<b>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	140,956,597	21.23%	0.44%
	MONEY-MARKET	37,694,712	100.00%	0.12%
	REPO SWEEP	22,514,302,826	100.00%	69.74%
<b>MORGAN STANLEY CAP</b>				
	COMMERCIAL PAPER	62,302,513	9.38%	0.19%
<b>NOMURA SECURITIES</b>				
	REPO	5,861,175	0.07%	0.02%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	128,049,966	19.28%	0.40%

*BROKER ACTIVITY REPORT  
POOL 5 - L.G.I.P.  
APRIL 1 - JUNE 30, 2012*

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<i>SOUTH STREET</i>				
	REPO	8,087,001,664	89.73%	25.05%
<i>UBS PAINE WEBBER</i>				
	CD'S	15,000,000	100.00%	0.05%
<i>WELLS FARGO</i>				
	US TREAS	24,997,156	100.00%	0.08%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	59,000,000	5.37%	5.09%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	3,499,135	15.56%	0.30%
<b>BNP PARIBAS</b>				
	CORP ABS	999,996	100.00%	0.09%
<b>CITIGROUP</b>				
	COMMERCIAL PAPER	4,495,833	19.99%	0.39%
	CORP NOTES	2,000,000	12.95%	0.17%
	US AGENCY	1,000,000	100.00%	0.09%
	US TREAS	1,023,043	35.81%	0.09%
<b>DEUTSCHE BANC</b>				
	CORP NOTES	998,130	6.46%	0.09%
<b>GOLDMAN SACHS</b>				
	COMMERCIAL PAPER	1,998,670	8.89%	0.17%
	CORP NOTES	1,058,611	6.86%	0.09%
	US TREAS	1,582,291	55.38%	0.14%
<b>JEFFRIES CO.</b>				
	CORP NOTES	3,772,576	24.43%	0.33%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>JP MORGAN CHASE</b>				
	MONEY-MARKET	13,643,529	100.00%	1.18%
	COMMERCIAL PAPER	3,997,517	17.78%	0.34%
	CORP NOTES	997,250	6.46%	0.09%
<b>MORGAN STANLEY CAP</b>				
	COMMERCIAL PAPER	3,997,105	17.78%	0.34%
<b>MIZUHO SECURITIES</b>				
	REPO	23,000,000	2.09%	1.98%
<b>NOMURA SECURITIES</b>				
	REPO	72,000,000	6.56%	6.21%
	US TREAS	251,657	8.81%	0.02%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	4,498,053	20.00%	0.39%
	CORP NOTES	400,391	2.59%	0.03%
<b>ROBERT W BAIRD</b>				
	CORP NOTES	795,872	5.15%	0.07%
	USA-MBS	5,142,178	100.00%	0.44%
<b>SOUTH STREET</b>				
	REPO	944,000,000	85.97%	81.41%
<b>STERNE AGEE &amp; LEACH</b>				
	CORP NOTES	3,978,468	25.76%	0.34%
<b>STIFEL NICOLAUS</b>				
	CORP NOTES	1,441,123	9.33%	0.12%

**BROKER ACTIVITY REPORT**  
**POOL 7 - L.G.I.P.- GOV**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	2,659,674,456	10.72%	10.59%
<b>BARCLAYS CAPITAL INC.</b>				
	FDIC - CORP NOTES	27,771,624	70.43%	0.11%
<b>BROADPOINT CAPITAL</b>				
	FDIC - CORP NOTES	11,658,510	29.57%	0.05%
<b>DEUTSCHE BANC</b>				
	REPO	1,700,000,000	6.85%	6.77%
<b>GOLDMAN SACHS</b>				
	REPO	1,100,000,000	4.43%	4.38%
	US TREAS	49,935,375	21.26%	0.20%
<b>JP MORGAN CHASE</b>				
	MONEY-MARKET	35,188,596	100.00%	0.14%
<b>MIZUHO SECURITIES</b>				
	REPO	3,873,753,034	15.62%	15.42%
	US TREAS	14,983,279	6.38%	0.06%
<b>NOMURA SECURITIES</b>				
	REPO	15,471,171,489	62.37%	61.60%
	US TREAS	144,935,899	61.71%	0.58%
<b>WELLS FARGO</b>				
	US TREAS	24,997,156	10.64%	0.10%

**BROKER ACTIVITY REPORT**  
**POOL 700 - L.G.I.P. MEDIUM TERM F. F. & C.**  
**APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	897,100,005	53.59%	51.19%
<b>BARCLAYS CAPITAL INC.</b>				
	USA-MBS	4,491,726	19.10%	0.26%
<b>BROADPOINT CAPITAL</b>				
	FDIC - CORP NOTES	2,552,317	80.43%	0.15%
<b>CANTOR FITZGERALD</b>				
	USA-MBS	7,918,142	33.67%	0.45%
<b>GOLDMAN SACHS</b>				
	US TREAS	2,025,024	100.00%	0.12%
<b>JP MORGAN CHASE</b>				
	MONEY-MARKET	49,084,761	100.00%	2.80%
<b>MIZUHO SECURITIES</b>				
	REPO	179,000,000	10.69%	10.21%
<b>NOMURA SECURITIES</b>				
	REPO	598,000,000	35.72%	34.12%
<b>RBC DAIN RAUSCHER</b>				
	FDIC - CORP NOTES	620,952	19.57%	0.04%
<b>ROBERT W BAIRD</b>				
	USA-MBS	864,673	3.68%	0.05%
<b>STERNE AGEE &amp; LEACH</b>				
	USA-MBS	8,243,697	35.05%	0.47%
<b>WELLS FARGO</b>				
	US AGENCY	509,201	100.00%	0.03%
	USA-MBS	2,001,027	8.51%	0.11%

**BROKER ACTIVITY REPORT  
FIXED INCOME FUND 205  
APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b><i>BA SECURITIES INC.</i></b>				
	CORP NOTES	19,966,850	25.36%	9.19%
<b><i>BARCLAYS CAPITAL INC.</i></b>				
	CORP NOTES	4,991,700	6.34%	2.30%
<b><i>BROADPOINT CAPITAL</i></b>				
	USA-MBS	7,751,772	100.00%	3.57%
	CORP-ABS	11,917,113	100.00%	5.48%
<b><i>CANTOR FITZGERALD</i></b>				
	US-AGENCY	5,019,139	16.47%	2.31%
<b><i>CITIGROUP</i></b>				
	CORP NOTES	2,991,900	3.80%	1.38%
	US TREAS	5,937,118	100.00%	2.73%
<b><i>DEUTSCHE BANC</i></b>				
	CORP NOTES	9,981,300	12.68%	4.59%
<b><i>GLEACHER</i></b>				
	US-AGENCY	10,436,345	34.25%	4.80%
<b><i>GOLDMAN SACHS</i></b>				
	CORP NOTES	5,015,421	6.37%	2.31%
<b><i>JEFFRIES CO.</i></b>				
	US-AGENCY	15,012,869	49.27%	6.91%
<b><i>JP MORGAN CHASE</i></b>				
	MONEY-MARKET	77,394,769	100.00%	35.62%
	CORP NOTES	15,966,280	20.28%	7.35%

**BROKER ACTIVITY REPORT  
FIXED INCOME FUND 205  
APRIL 1 - JUNE 30, 2012**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>KEYBANC</b>				
	CORP NOTES	10,547,133	13.40%	4.85%
<b>RBC DAIN RAUSCHER</b>				
	CORP NOTES	3,973,320	5.05%	1.83%
<b>STERNE AGEE &amp; LEACH</b>				
	CORP NOTES	2,299,394	2.92%	1.06%
<b>WELLS FARGO</b>				
	CORP NOTES	2,993,250	3.80%	1.38%
	CORP CMO	5,112,456	100.00%	2.35%