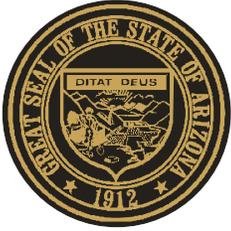


OFFICE OF THE  
**ARIZONA STATE TREASURER**



**Doug Ducey**  
TREASURER



**MAY 2012**

**Presented To:**

**Arizona State Board of Investment**

**JUNE 26, 2012**

STATE BOARD OF INVESTMENT

**A G E N D A**

**June 26, 2012**

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

**REPORT OF THE STATE TREASURER**

**FOR**

**June 26, 2012**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on May 22, 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  
Scott Smith, Director of Arizona Department of Administration - *Arrived at 1:31 pm*  
Beth Ford, Treasurer, Pima County  
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate

***Members Absent:***

None

***Others Present:***

Mark Swenson, Deputy Treasurer, 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  
Don Ascoli, Chairman, Gila County Republican Party

Pursuant to A.R.S. 35-311, the following reports for April, 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 May 22, 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 May 22, 2012 meeting.

**3. *Approval of Minutes:***

Mr. Papp made a motion to approve the April 24, 2012 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 April, 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 April, 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 April, 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 April 30, 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 April, 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 April, 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 April 30, 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 April 30, 2012.

***Operating Monies Average Invested Balance***

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

***Endowment Funds Yield Analysis***

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

***Equity Funds Purchases & Sales***

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

***Investments Outstanding in Endowment Funds***

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of April 30, 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 April 30, 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 April 30, 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 April 30, 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 April 30, 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 April 30, 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 April, 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 April, 2012.

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

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

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

*Deputy Treasurer, Mark Swenson briefed the Board on the progress of the Asset Allocation Changes for the Endowment both in terms of changes to the Investment Policy, Distribution Policy, and the current RFP for Passive Index Investment Managers.*

*Mr. Swenson declared the House approved HCR 2056 adding that the proposed new Distribution Policy will be listed on the fall ballot as Proposition 118. Ms. Ford inquired if the State Treasurer's Office could do anything politically for the passage of Prop 118. Treasurer Ducey stated that he intends to take personal responsibility within the ethical guidelines, while acting as a spokesperson. Mr. Swenson added that we cannot utilize the resources of the State Treasurer's office for any type of an election campaign, however it can provide technical information, similar to the analysis that was provided to Legislation explaining why the changes were necessary. Mr. Smith had inquired as to whether or not the Board could submit a letter in support to be included in the pamphlet and Mr. Swenson confirmed that this has been done in the past and he would look into the mechanics of submitting a joint statement from the Board. Treasurer Ducey advised that a draft would be made available for the Board to review to ensure that all members are comfortable with the language.*

*Mr. Swenson shared that he met with Board Member, Harry Papp and Steve McCourt from Meketa Investments at the direction of the Treasurer, developing a Five year implementation plan for the new Asset Allocation Study, and as a result an RFP was issued for a multi-mandate passive index manager, noting that responses are due Friday, May 24, 2012. Mr. Swenson also added that Meketa Investments will assist with the scoring of those responses and is hopeful to begin interviewing the top finalists around the week of June 11, 2012 with a possible recommendation to the Board for final approval at the June, 2012 BOI meeting.*

*Mr. Swenson also informed the Board that staff has been working on a separate Investment Policy Statement for the Permanent Land Fund and is hopeful to provide a first draft to the Board members very soon for further discussion and adoption during the June or July BOI meeting. The document will include language of a five-year phase in, adding that the new asset allocations will be incorporated and voted upon by members of the board and is targeting the first quarter of the next fiscal year as the beginning date*

*for the new asset classes. Mr. Swenson added that the exact timing would be dependent upon the RFP process, legal documents and setting up the proper accounts with JPMorgan.*

*Mr. Swenson reported his findings from the Assistant AG who advised that the Institutional Co-mingled funds are current products that we cannot utilize without a change in state law, stating that a fixed income ETF that invests in, for example US TIPS would count towards the 60% equity limitation in the constitution under current law.*

*We are looking at possible legislation changes next year which would allow the office to invest in co-mingled products offered by asset managers as well as clarify that an ETF's designation tracks with the underlying assets of the product.*

*Mr. Swenson provided an update on the RFP for Passive Index Investment Managers, advising that the paperwork has been completed for PFM as an external manager adding that PFM is currently on retainer. Mr. Swenson also stated that \$100 million was allocated from Pool 3 to US Bancorp on May 15, 2012, adding that approximately 25% of the assets were invested in the first week and expects to be fully invested by the end of June. The Board can expect the first performance report from US Bancorp at the June, 2012 BOI meeting.*

*In summary, Treasurer Ducey made a request from Board Member Harry Papp to utilize his expertise in investment management by participating in the interviews of the finalist firms for the Passive Index Manager RFP. Mr. Papp stated that he would be happy to participate.*

**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, June 26, 2012 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.*

*Treasurer Ducey proposed a date change for the August 2012 dates as a result of summer schedules and conflicts, suggesting that the meeting be held one week prior to the scheduled date of August 28, 2012. The Board agreed to report back on their availability after the meeting.*

**10. Adjournment:**

Mr. Papp made a motion to adjourn the BOI meeting. Mr. Smith seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:09 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**  
**MAY 2012**

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>MAY 2012</b>	<b>Fiscal YTD 11/12</b>	<b>Fiscal YTD 10/11</b>	
General Fund	\$1,632,444	\$10,585,605	\$5,688,682	
2 State Agencies - Full Faith & Credit	562,883	6,734,930	6,599,281	523,844
3 State Agencies - Diversified ( <i>Combined</i> )	835,387	9,403,211	7,237,570	1,069,228
4 State Agencies - Gov	450,159	4,327,070	2,941,054	413,476
5 LGIP	255,964	2,436,367	3,031,898	801,404
7 LGIP Gov	126,931	1,024,794	2,039,610	884,548
12 CAWCD Medium-Term	507,638	5,734,474	3,890,694	152,208
15 GADA Long-Term	20,647	273,679	281,547	6,680
16 ECDH Medium-Term	366,521	1,020,929	0	41,481
<b>Subtotal</b>	<b>\$4,758,574</b>	<b>\$41,541,059</b>	<b>\$31,710,336</b>	<b>\$3,892,868</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	283,148	3,018,203	2,616,633	120,053
700 LGIP - FF&C Med Term	131,555	1,251,508	1,271,495	79,355
<b>Total</b>	<b>\$5,173,276</b>	<b>\$45,810,770</b>	<b>\$35,598,464</b>	<b>\$4,092,276</b>
<b>MAY 2011 TOTALS</b>	<b>\$3,596,834</b>			<b>\$3,941,261</b>

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

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 05/31/12</b>	<b>Prior Month 04/30/12</b>	<b>Prior Year 5/31/11</b>	<b>Net Asset Value Per Share</b>
5	LGIP	262,501	254,239	225,126	1.0000
7	LGIP - GOV	128,905	122,327	94,393	1.0000
	<b>TOTAL LGIP &amp; LGIP-GOV</b>	<b>391,406</b>	<b>376,566</b>	<b>319,519</b>	

**YIELDS**

<b><u>MONTHLY</u></b>		<b>Current Month 05/31/12</b>	<b>Prior Month 04/30/12</b>	<b>Prior Year 5/31/11</b>
5	LGIP (NET)	0.21%	0.21%	0.17%
	S & P LGIP INDEX	0.10%	0.10%	0.10%
7	LGIP - GOV (NET)	0.09%	0.10%	0.06%
	3 MONTH T-BILL	0.08%	0.08%	0.03%
<b><u>YEAR TO DATE</u></b>				
5	LGIP (NET)	0.18%	0.18%	0.20%
	S & P LGIP INDEX	0.08%	0.08%	0.15%
7	LGIP - GOV (NET)	0.07%	0.07%	0.11%
	3 MONTH T-BILL	0.04%	0.03%	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  
MAY 31, 2012**

**NET EARNINGS**

FUND	DESCRIPTION	Current Month 05/31/12	Prior Month 04/30/12	Prior Year 5/31/11	Net Asset Value Per Share
500	LGIP - MED TERM POOL	311,033	309,597	302,338	1.0421
700	LGIP - FF&C MED TERM POOL	150,472	164,036	131,827	1.0164
	<b>TOTAL LGIP MEDIUM TERM POOLS</b>	<b>461,505</b>	<b>473,633</b>	<b>434,165</b>	

**YIELDS**

**MONTHLY**

	Current Month 05/31/12	Prior Month 04/30/12	Prior Year 5/31/11
500 LGIP - MED TERM (NET)	1.66%	1.71%	1.75%
MERRILL 1-5 US D M INDEX	1.28%	1.27%	1.66%
700 LGIP - FF&C MED TERM (NET)	1.11%	1.25%	1.35%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.78%	0.75%	1.34%

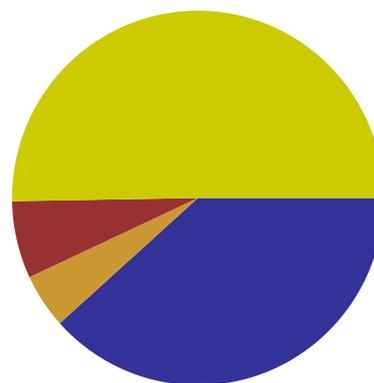
**YEAR TO DATE**

500 LGIP - MED TERM (NET)	1.73%	1.74%	1.79%
MERRILL 1-5 US D M INDEX	1.44%	1.45%	1.69%
700 LGIP - FF&C MED TERM (NET)	1.12%	1.12%	1.23%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.85%	0.86%	1.34%

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

LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,352.34	38.4%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,771.64	50.4%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	229.99	6.5%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	163.34	4.6%
<b>TOTAL</b>	<b>3,517.31</b>	<b>100.0%</b>

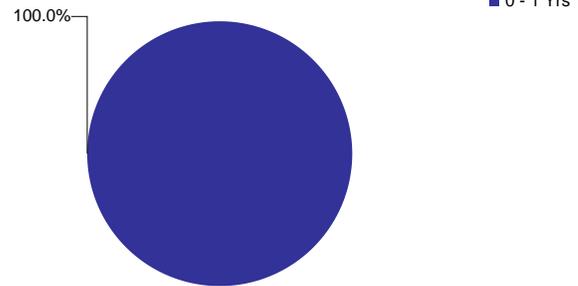
- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)



Portfolio Characteristics

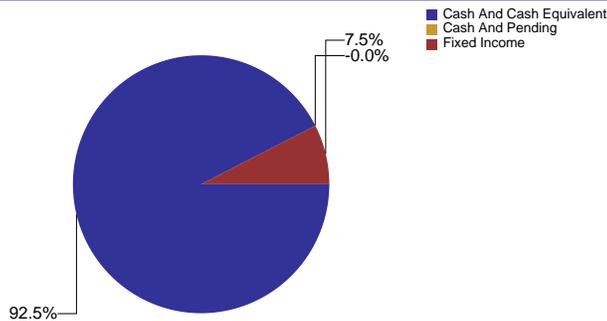
Duration Mix

Total Net Assets (Millions) **1,352.3**  
 Weighted Average Life (Years) **0.06**  
 Weighted Avg. Effective Duration (Years) **0.04**  
 Weighted Average Maturity (Years) **0.06**  
 Weighted Average Rating **AA+**  
 Number of Holdings **73**



Asset Mix

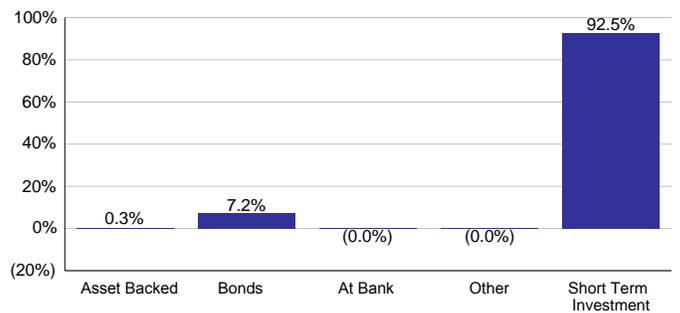
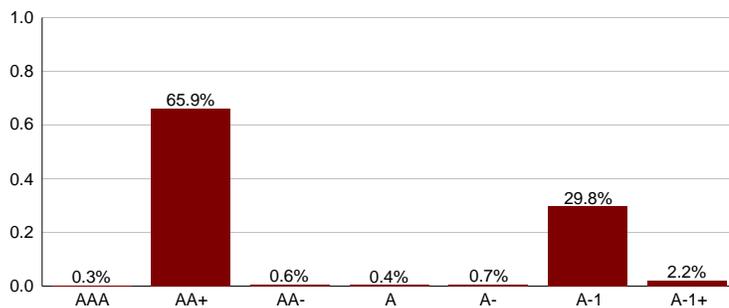
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/JUN	18.60%	0.30	1/6/2012
85299T628	TRI-PARTY REPO SOUTH STREET 0.25% 06/JUN/2012	14.79%	0.25	6/6/2012
38199BH90	TRI-PARTY REPO GOLDMAN SACHS 0.14% 06/JUN/2012	9.24%	0.14	6/6/2012
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP	7.41%	0.20	1/6/2012
315997031	FIDELITY INVESTMENTS - PRIME MONEY MARKET	4.66%	0.00	1/6/2012
9127954B4	UNITED STATES TREAS BILLS DT	1.85%	0.00	26/7/2012
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	1.48%	0.47	21/9/2012
31398A3X8	FANNIE MAE VAR 13/SEP/2012	1.48%	0.39	13/9/2012
46636JAF0	MORGAN J.P. CHASE & CORPORATE COMMERC	1.48%		12/9/2012
0556N0FV2	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.48%	0.00	29/6/2012

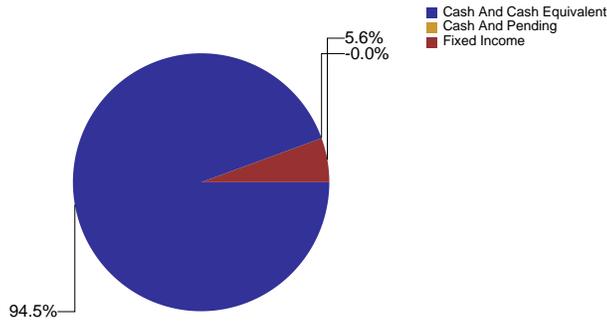
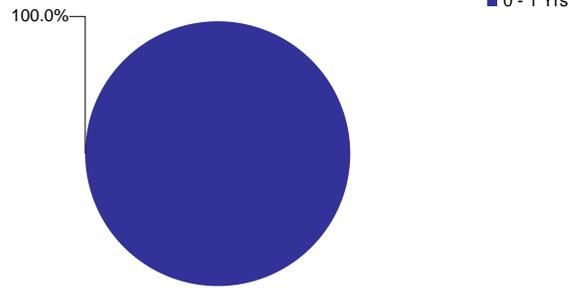
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



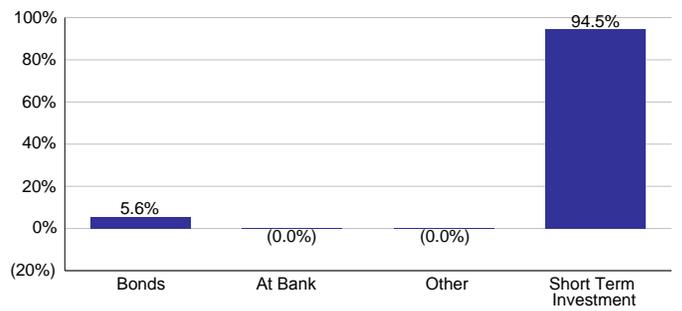
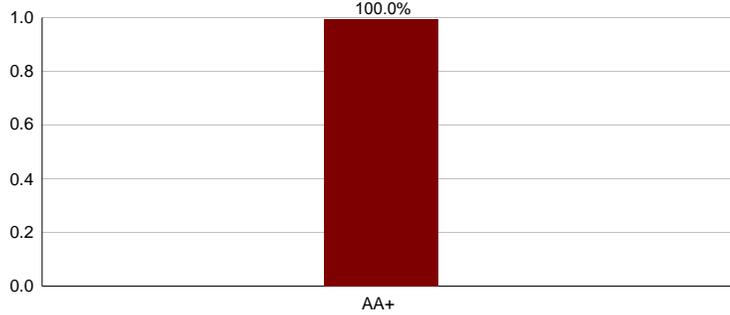
Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,771.6  
**Weighted Average Life (Years)** 0.07  
**Weighted Avg. Effective Duration (Years)** 0.06  
**Weighted Average Maturity (Years)** 0.09  
**Weighted Average Rating** AA+  
**Number of Holdings** 25



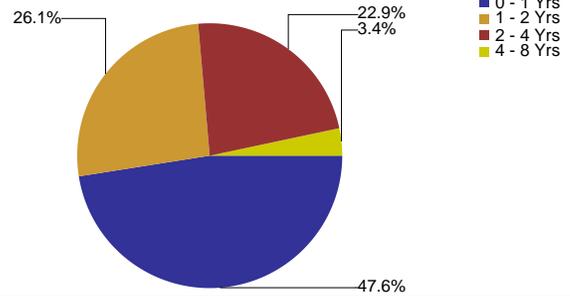
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
38299U186	TRI-PARTY REPO GOLMAN SACHS 0.16% 12/JUN/2012	22.58%	0.16	12/6/2012
65599Y832	TRI-PARTY REPO NOMURA 0.24% 01/JUN/2012	16.41%	0.24	1/6/2012
65599B238	TRI-PARTY REPO NOMURA 0.16% 06/JUN/2012	14.11%	0.16	6/6/2012
15199V647	TRI-PARTY REPO DEUTSCHE BANK 0.15% 06/JUN/2012	11.29%	0.15	6/6/2012
60699L202	TRI-PARTY REPO MIZUHO 0.11% 05/JUN/2012	7.05%	0.11	5/6/2012
9127954B4	UNITED STATES TREAS BILLS DT	4.23%	0.00	26/7/2012
315997023	FIDELITY INVESTMENTS - TREASURY PORTFOLIO SHARES	2.82%	0.00	1/6/2012
9127955X5	UNITED STATES TREAS BILLS DT	2.82%	0.00	19/7/2012
9127956S5	UNITED STATES TREAS BILLS DT	2.82%	0.00	8/11/2012
9127956E6	UNITED STATES TREAS BILLS DT	2.82%	0.00	7/3/2013

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

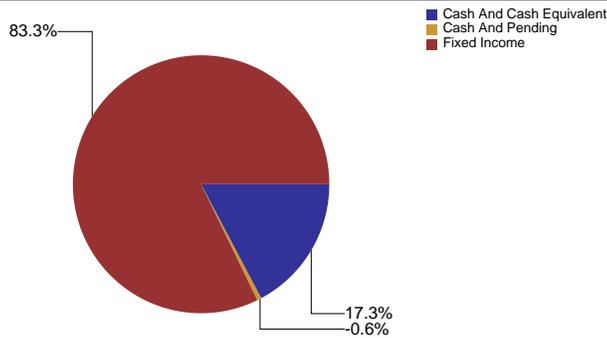


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 230.0  
**Weighted Average Life (Years)** 1.82  
**Weighted Avg. Effective Duration (Years)** 1.33  
**Weighted Average Rating** AA  
**Number of Holdings** 194

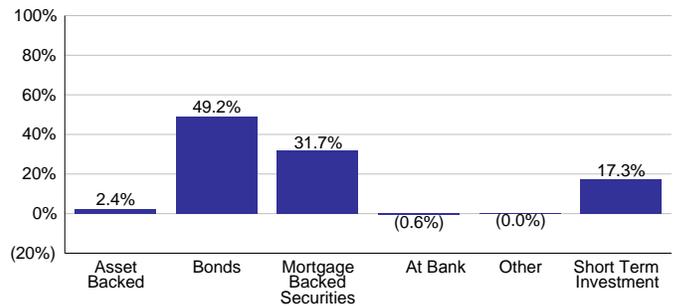
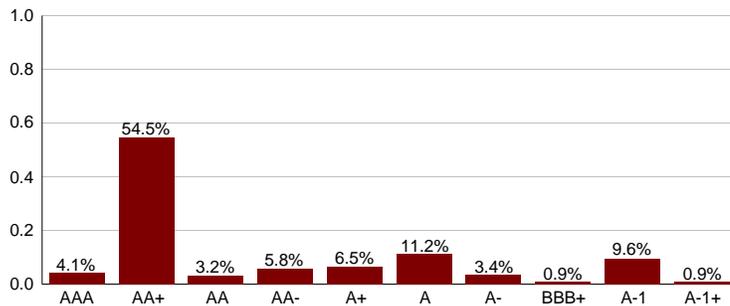


Asset Mix Top Ten Portfolio Holdings



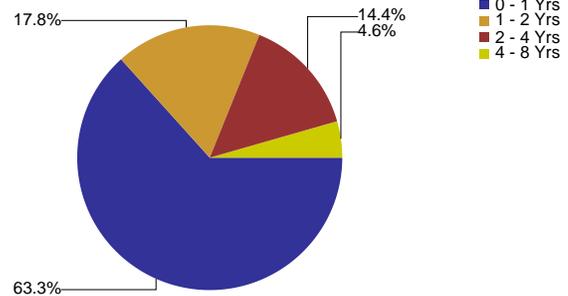
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
8529T636	TRI-PARTY REPO SOUTH STREET 0.23% 01/JUN/2012	5.62%	0.23	1/6/2012
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	2.82%	4.00	1/2/2026
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	2.27%	4.00	1/12/2040
31417AXK0	FNMA MORTPASS 3% 01/JAN/2027 CI PN# AB4281	2.21%	3.00	1/1/2027
3128MMN33	FHLMCGLD MORTPASS 3% 01/NOV/2026 G1 PN# G18409	2.17%	3.00	1/11/2026
36967HBA4	GENL ELEC CAP CORP FDIC TLGP GTD SR NT FLT 12	2.17%	0.47	21/9/2012
312936EV5	FHLMCGLD MORTPASS 4% 01/OCT/2039 A8 PN# A89148	2.12%	4.00	1/10/2039
3138ALNT0	FNMA MORTPASS 4% 01/SEP/2041 CL PN# AI6701	2.09%	4.00	1/9/2041
31419CZL0	FNMA MORTPASS 4.5% 01/SEP/2040 CL PN# AE2546	1.67%	4.50	1/9/2040
3128PR3M9	FHLMCGLD MORTPASS 4% 01/JUL/2025 J1 PN# J12604	1.60%	4.00	1/7/2025

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

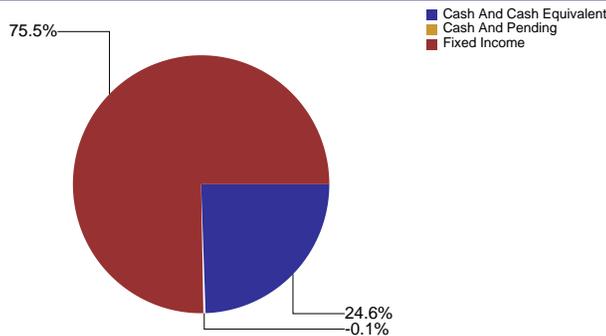


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 163.3  
**Weighted Average Life (Years)** 1.44  
**Weighted Avg. Effective Duration (Years)** 0.96  
**Weighted Average Rating** AA+  
**Number of Holdings** 79

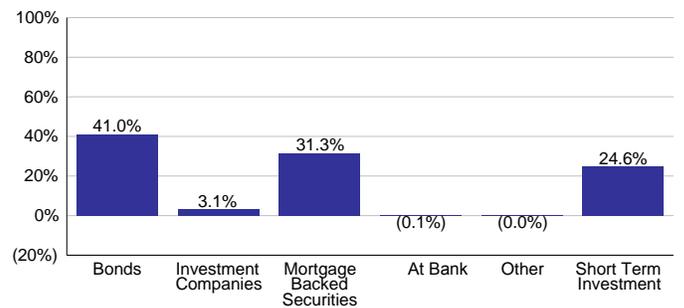
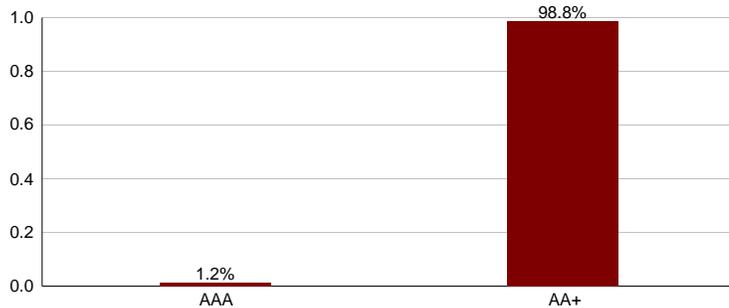


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599Y832	TRI-PARTY REPO NOMURA 0.24% 01/JUN/2012	18.35%	0.24	1/6/2012
69351CAC7	PNC FUNDING CORP 2.3% BDS 22/JUN/2012 USD2000	7.59%	2.30	22/6/2012
938554N	FDIC US BANK CDARS ACCOUNT 0.23% 2/JUL/2012	4.62%	0.23	2/7/2012
36230M3Y1	GNMA I MORTPASS 4% 15/NOV/2040 SF PN# 753515	3.56%	4.00	15/11/2040
36176S4T4	GNMA I MORTPASS 4% 15/SEP/2041 SF PN# 775134	3.32%	4.00	15/9/2041
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	3.13%	2.62	28/12/2012
17313YAN1	CITIGROUP FUNDING INC 1.875% 15/NOV/2012	3.08%	1.88	15/11/2012
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	3.07%	0.00	31/12/2049
3620C4U57	GNMA I MORTPASS 4.5% 15/SEP/2040 SF PN# 748604	3.04%	4.50	15/9/2040
36202E7F0	GNMA II MORTPASS 4% 20/JUL/2039 SF PN# 004494	2.81%	4.00	20/7/2039

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



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

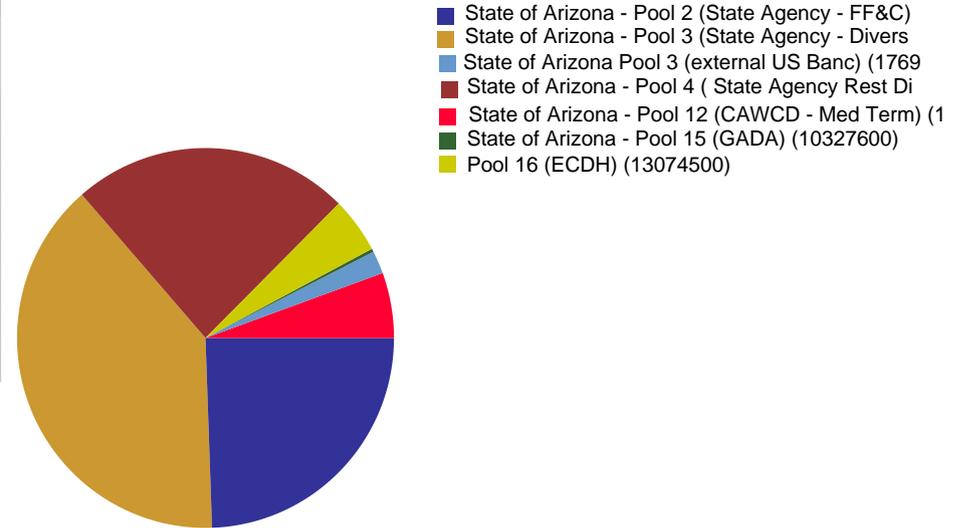
<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 05/31/12</b>	<b>Prior Month 04/30/12</b>	<b>Prior Year 5/31/11</b>	<b>Net Asset Value Per Share</b>
2	STATE AGENCIES - FULL FAITH & CREDIT	836,841	791,566	925,675	1.0063
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,922,369	2,009,584	1,086,720	1.0041
	EXTERNAL MANAGERS	9,314	N/A	N/A	0.9998
	<b>FUND 3 TOTAL</b>	<b>1,931,683</b>	<b>2,009,584</b>	<b>1,086,720</b>	<b>1.0039</b>
4	STATE AGENCIES - GOV	657,035	603,039	338,143	1.0024
12	CAWCD MEDIUM-TERM	507,638	503,366	467,200	1.0235
15	GADA LONG-TERM	20,647	20,749	25,412	1.0226
16	ECDH MEDIUM-TERM	366,521	300,683	N/A	1.0037
	<b>TOTAL STATE AGENCIES</b>	<b>4,320,365</b>	<b>4,228,987</b>	<b>2,843,150</b>	

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

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 05/31/12</b>	<b>Prior Month 04/30/12</b>	<b>Prior Year 5/31/11</b>
2	STATE AGENCIES - FULL FAITH & CREDIT	0.89%	1.11%	<b>1.04%</b>
	75% MERRILL 0-1 US TREAS INDEX / 25%	0.59%	0.55%	<b>0.88%</b>
	MERRILL GNMA MORTGAGE MASTER INDEX			
3	STATE AGENCIES - DIVERSIFIED			
	INTERNAL MANAGERS	1.08%	1.02%	<b>0.68%</b>
	EXTERNAL MANAGERS	0.11%	N/A	<b>N/A</b>
	COMBINED	1.06%	1.02%	<b>0.68%</b>
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	0.72%	0.73%	<b>0.56%</b>
	1-3 US BROAD MARKET INDEX			
4	STATE AGENCIES - GOV	0.71%	0.90%	<b>0.59%</b>
	50% MERRILL 6 MTH US T-BILL INDEX / 50%	0.21%	0.23%	<b>0.28%</b>
	MERRILL 1-3 UNSUB. US TREAS / AGY INDEX			
12	CAWCD MEDIUM-TERM	2.16%	2.21%	<b>2.07%</b>
	BARCLAYS CAPITAL US AGG. BOND INDEX	1.97%	2.07%	<b>2.74%</b>
15	GADA LONG-TERM	2.01%	2.09%	<b>2.47%</b>
	MERRILL 3-5 US BROAD MARKET EX CORP	1.53%	1.52%	<b>2.38%</b>
16	ECDH MEDIUM-TERM	1.73%	1.83%	<b>N/A</b>
	BARCLAYS CAPITAL US AGG. BOND INDEX	1.97%	2.07%	<b>N/A</b>

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

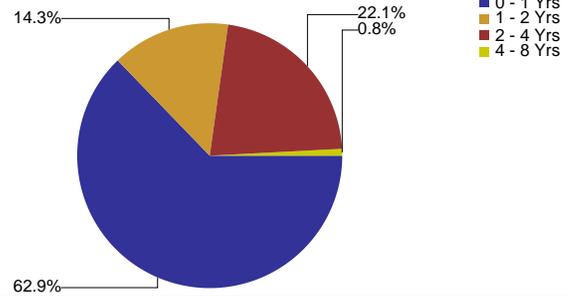
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 ( State Agency - FF&C) (10327000)	1,253.88	24.4%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,014.74	39.1%
State of Arizona - Pool 3 (external US Banc) (17699900)	99.98	1.9%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,230.58	23.9%
State of Arizona - Pool 12 ( CAWCD - Med Term) (10327500)	285.17	5.5%
State of Arizona - Pool 15 ( GADA) (10327600)	12.38	0.2%
State of Arizona - Pool 16 (ECDH) (13074500)	251.59	4.9%
<b>TOTAL</b>	<b>5,148.33</b>	<b>100.0%</b>



Portfolio Characteristics

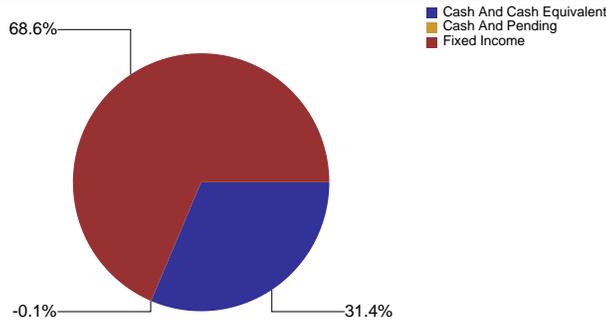
Duration Mix

Total Net Assets (Millions) **1,253.9**  
 Weighted Average Life (Years) **1.08**  
 Weighted Avg. Effective Duration (Years) **0.94**  
 Weighted Average Rating **AA+**  
 Number of Holdings **109**



Asset Mix

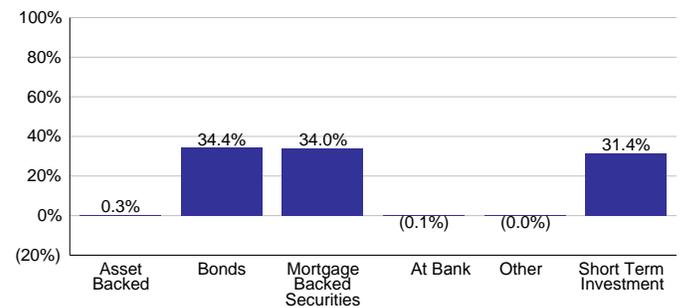
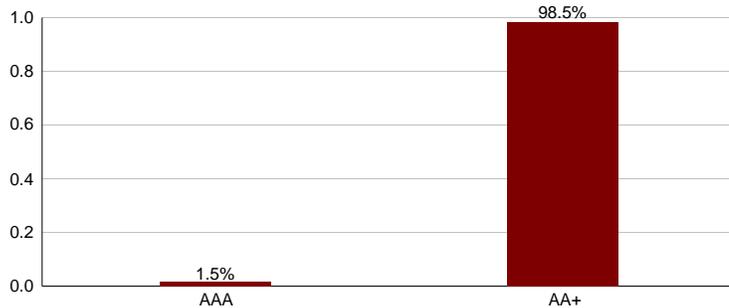
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099T618	TRI-PARTY REPO BANK OF AMERICA 0.18% 01/JUN/2012	23.91%	0.18	1/6/2012
65599Y832	TRI-PARTY REPO NOMURA 0.24% 01/JUN/2012	6.31%	0.24	1/6/2012
912828PD6	UNITED STATES TREAS NTS 0.375% 31/OCT/2012	3.19%	0.38	31/10/2012
62889KAA9	NCUA GTD NTS MASTER TRUST 0% BDS 12/J	3.19%	0.26	12/6/2013
38374UAY7	GINNIE MAE 2009-32 CA 4.000% 20/MAY/2039	2.09%	0.00	20/5/2039
36179MAB6	GNMA II MORTPASS 3% 20/APR/2027 JM PN# MA0002	2.07%	3.00	20/4/2027
38377WL77	GINNIE MAE 2011-94 AB 2.000% 20/JAN/2039	2.07%	0.00	20/1/2039
38377U3J5	GINNIE MAE 2011-63 BA 2.000% 20/MAY/2038	1.95%	0.00	20/5/2038
912828KV1	US 2.25000 '14	1.66%	2.25	31/5/2014
912828AJ9	UNITED STATES OF AMER TREAS NOTES 4.375%	1.63%	4.38	15/8/2012

Quality/Rating Weightings

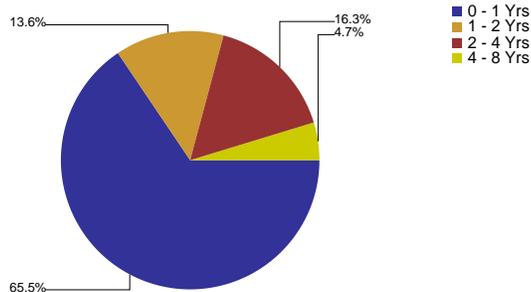
Sector Weightings (as % of Market Value)



Portfolio Characteristics

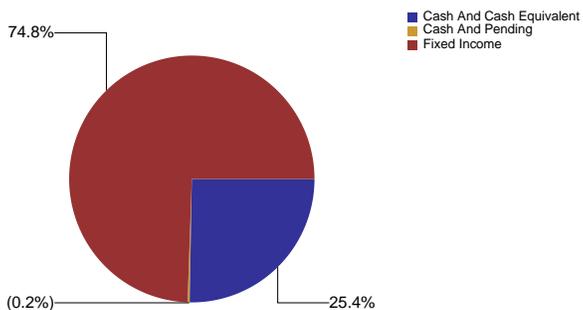
Duration Mix

Total Net Assets (Millions) **2,114.7**  
Weighted Average Life (Years) **1.89**  
Weighted Avg. Effective Duration (Years) **1.00**  
Weighted Average Rating **AA**  
Number of Holdings **238**



Asset Mix

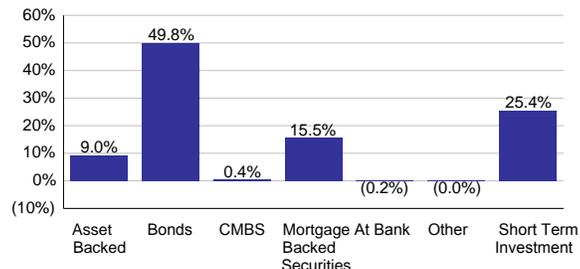
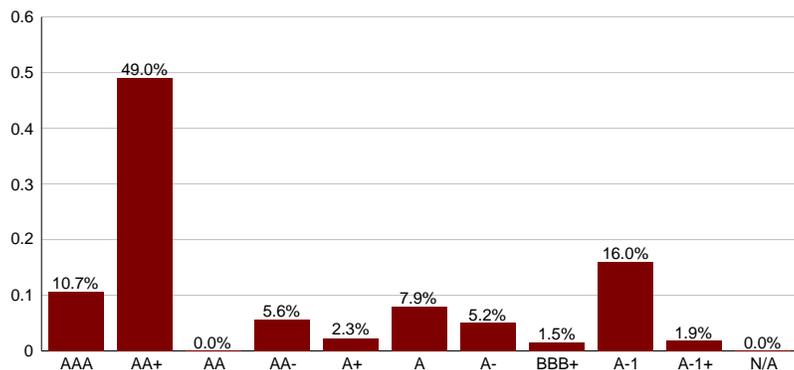
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
315997015	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	2.36%	0.00	1/6/2012
2284K0F42	CROWN POINT CAP CO. CORPORATE COMMERCIAL PAPER	2.36%	0.00	4/6/2012
62455AG27	MOUNTCLIFF ZCP 02/JUL/2012	2.36%	0.00	2/7/2012
2063C0G55	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	2.36%	0.00	5/7/2012
52952LG55	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	2.36%	0.00	5/7/2012
52468JH23	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.36%	0.00	2/8/2012
85520LH16	STARBIIRD FDG. CORP. CORPORATE COMMERCIAL PAPER	2.36%	0.00	1/8/2012
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.89%	0.00	2/5/2013
313378G88	FEDERAL HOME LOAN BANKS CONS BD 1.5% 28/FEB/2017	1.43%	1.50	28/2/2017
3134G2R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.42%	1.70	2/11/2016

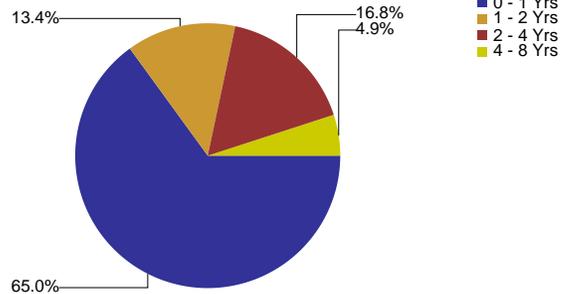
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

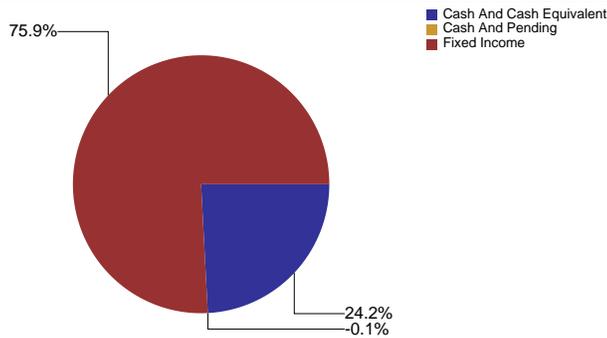


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 2,014.7  
**Weighted Average Life (Years)** 1.93  
**Weighted Avg. Effective Duration (Years)** 1.02  
**Weighted Average Rating** AA  
**Number of Holdings** 177

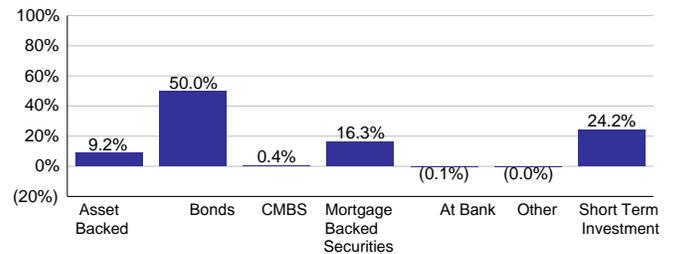
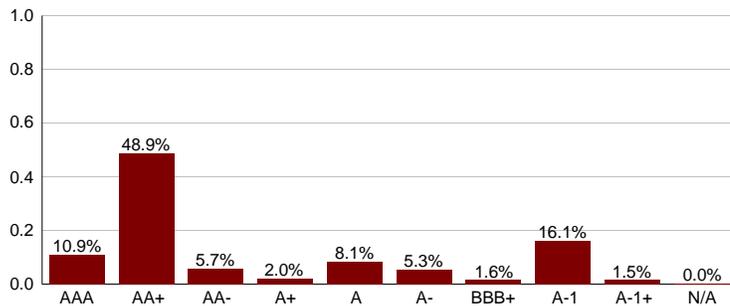


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
315997015	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	2.48%	0.00	1/6/2012
2284K0F42	CROWN POINT CAP CO. CORPORATE COMMERCIAL PAPER	2.48%	0.00	4/6/2012
62455AG27	MOUNTCLIFF ZCP 02/JUL/2012	2.48%	0.00	2/7/2012
2063C0G55	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	2.48%	0.00	5/7/2012
52952LG55	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	2.48%	0.00	5/7/2012
52468JH23	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.48%	0.00	2/8/2012
85520LH16	STARBIRD FDG. CORP. CORPORATE COMMERCIAL PAPER	2.48%	0.00	1/8/2012
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.98%	0.00	2/5/2013
313378G88	FEDERAL HOME LOAN BANKS CONS BD 1.5% 28/FEB/2017	1.50%	1.50	28/2/2017
3134G22R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.50%	1.70	2/11/2016

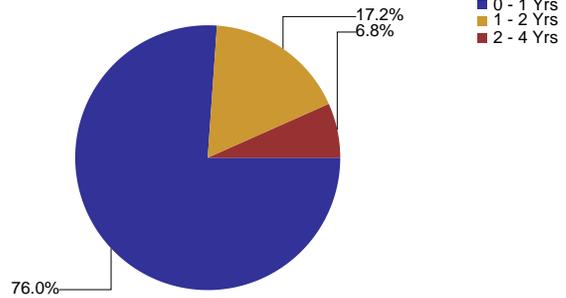
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

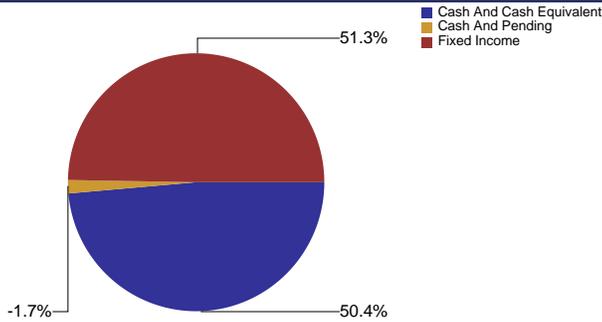
Duration Mix

Total Net Assets (Millions) **100.0**  
 Weighted Average Life (Years) **0.99**  
 Weighted Avg. Effective Duration (Years) **0.55**  
 Weighted Average Rating **AA+**  
 Number of Holdings **61**



Asset Mix

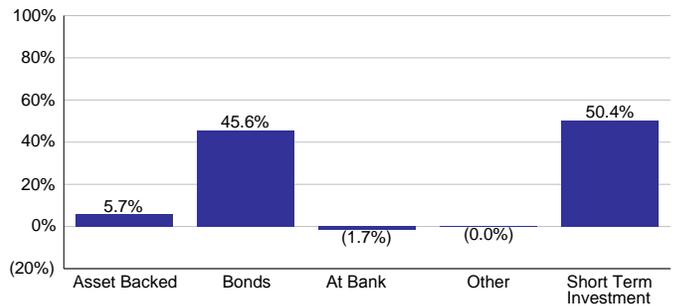
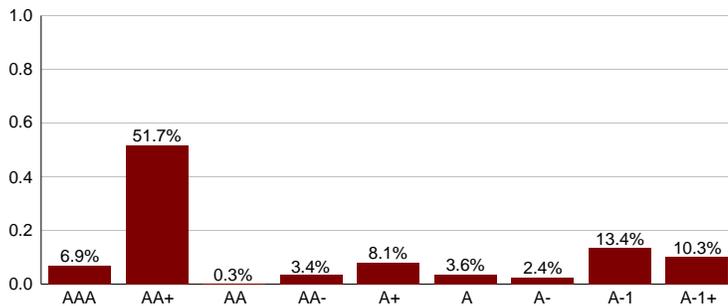
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT MMF AGENCY SHARES	25.21%	0.00	31/12/2049
313379P60	FEDERAL HOME LOAN BANKS CONS BD FLT 13 25/NOV/2013	3.93%	0.26	25/11/2013
3135G0LB7	FEDERAL NATL MTG ASSN CALL 1%29/MAY/2015	2.47%	1.00	29/5/2015
313379KE8	FEDERAL HOME LOAN BANKS CONS BD 0.5% 28/MAY/2014	2.46%	0.50	28/5/2014
3135G0KR3	FEDERAL NATIONAL MORTGAGE ASSOC 0.7% NTS	2.46%	0.70	15/5/2015
3133EARS9	FEDERAL FARM CR BKS CONS BD 0.38% 29/MAY/2014	2.46%	0.38	29/5/2014
86257GZ71	STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	2.26%	0.00	7/8/2012
377372AC1	GLAXOSMITHKLINE CAPITAL 4.85% BDS 15/MAY/2013	2.05%	4.85	15/5/2013
3134G3DY3	FEDERAL HOME LN MTG CORP CALL0.875%19/DEC/2014	1.98%	0.88	19/12/2014
084664BP5	BERKSHIRE HATHAWAY FIN CORP GTD SR NT FLT 14	1.98%	0.80	10/1/2014

Quality/Rating Weightings

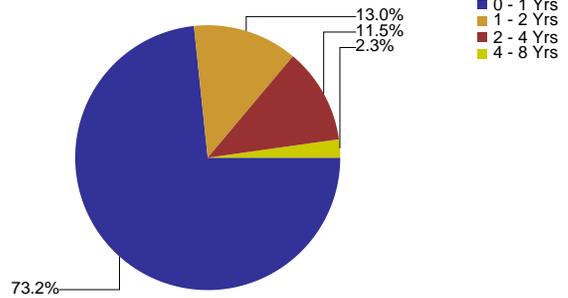
Sector Weightings (as % of Market Value)



Portfolio Characteristics

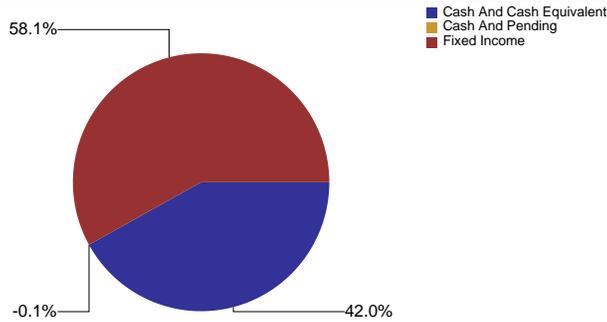
Duration Mix

Total Net Assets (Millions) **1,230.6**  
 Weighted Average Life (Years) **1.34**  
 Weighted Avg. Effective Duration (Years) **0.74**  
 Weighted Average Rating **AA+**  
 Number of Holdings **96**



Asset Mix

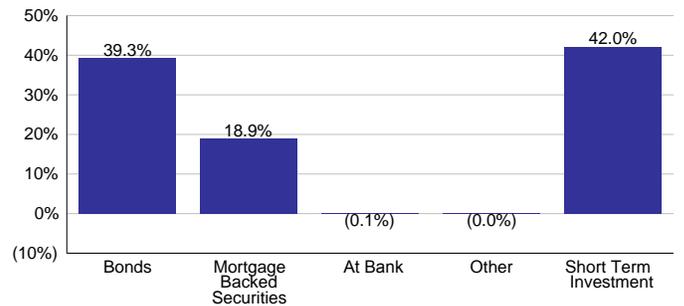
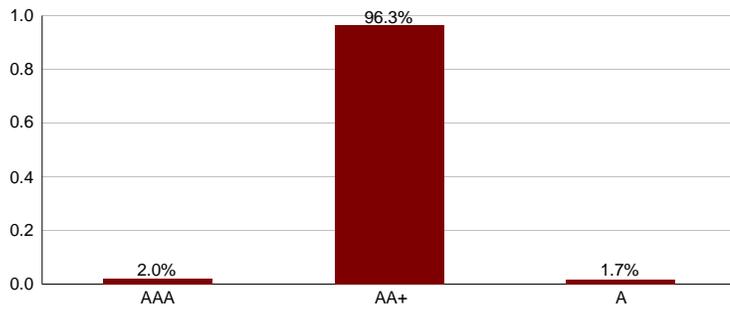
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299T636	TRI-PARTY REPO SOUTH STREET 0.23% 01/JUN/2012	15.16%	0.23	1/6/2012
60699B444	TRI-PARTY REPO MIZUHO 0.20% 01/JUN/2012	8.53%	0.20	1/6/2012
852990J76	TRI-PARTY REPO SOUTH STREET .22% 1/JUNE/2012	8.12%	0.22	1/6/2012
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/JUN	4.50%	0.30	1/6/2012
3135G0KF9	FEDERAL NATIONAL MORTGAGE ASSOC 1.5% NTS	2.87%	1.50	17/4/2017
3135G0JS3	FEDERAL NATIONAL MORTGAGE ASSOC 1.125% NTS	2.04%	1.12	12/4/2016
446436AB3	HUNTINGTON NATIONAL BANK FRN 01/JUN/2012 USD1000	2.03%	0.76	1/6/2012
313374TP5	FEDERAL HOME LOAN BANKS CONS BD 0.25% 18/JUL/2012	2.03%	0.25	18/7/2012
313396H97	FEDL HOME LLN MTG CORP DISC NT MATURES 01/OCT/2012	2.03%	0.00	1/10/2012
912828AU4	US TREAS NTS 3.875% 15/FEB/2013	1.69%	3.88	15/2/2013

Quality/Rating Weightings

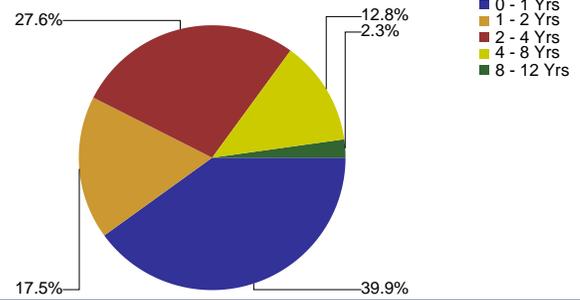
Sector Weightings (as % of Market Value)



Portfolio Characteristics

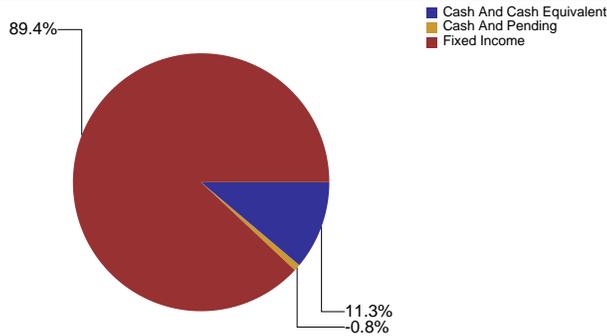
Duration Mix

Total Net Assets (Millions) **285.2**  
 Weighted Average Life (Years) **3.18**  
 Weighted Avg. Effective Duration (Years) **2.02**  
 Weighted Average Rating **AA**  
 Number of Holdings **121**



Asset Mix

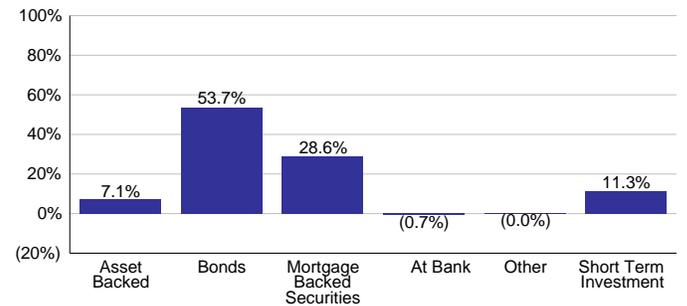
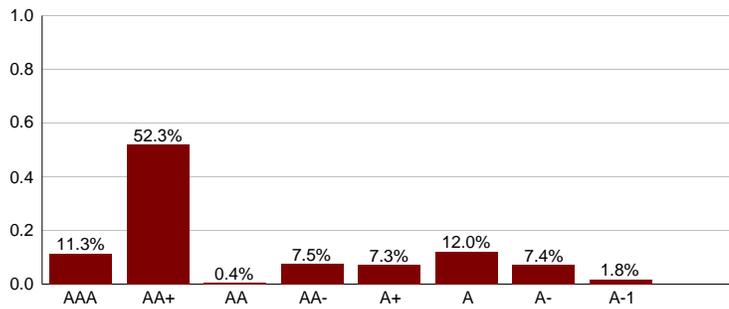
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299T636	TRI-PARTY REPO SOUTH STREET 0.23% 01/JUN/2012	4.70%	0.23	1/6/2012
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.80%	0.75	15/11/2013
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
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.74%	0.41	15/2/2017
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.74%	1.22	10/1/2014
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.74%	0.00	2/5/2013
52468JF41	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	1.74%	0.00	4/6/2012
36962G5T7	GENERAL ELEC CAP CORP MTN BE SR FIX/FLT NT 16	1.70%	1.55	8/2/2016
3137A8QA9	FREDDIE MAC 3841 AV 4.000% 15/MAR/2024	1.68%	4.00	15/3/2024

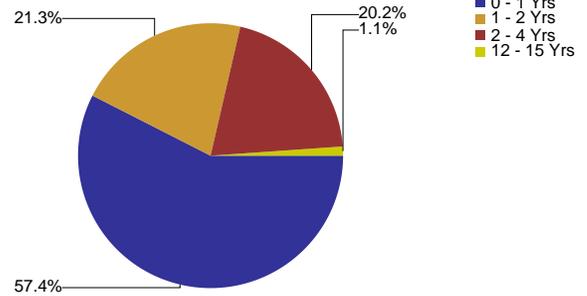
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

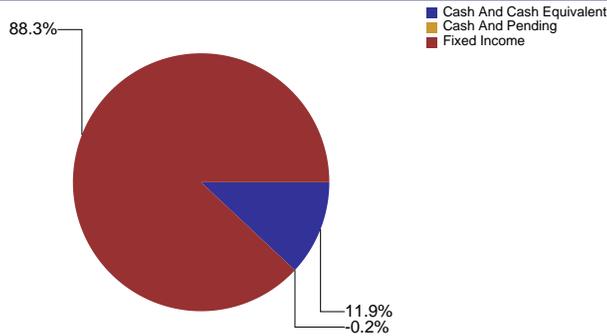


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **12.4**  
 Weighted Average Life (Years) **3.35**  
 Weighted Avg. Effective Duration (Years) **1.03**  
 Weighted Average Rating **AA+**  
 Number of Holdings **26**

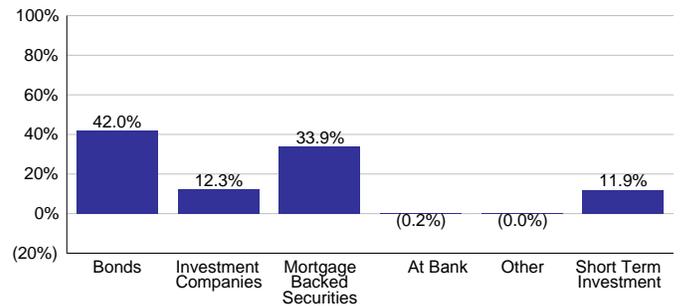
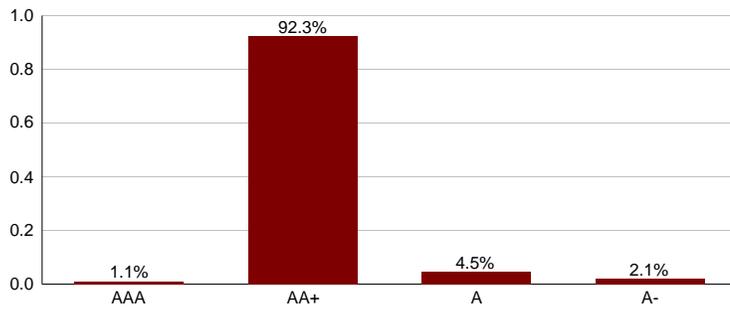


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
958268S	LONG TERM GOV'T POOL	12.30%	0.00	31/12/2049
928989383	JP MORGAN U S GOV'T MMF AGENCY SHARES	7.82%	0.00	31/12/2049
3137ALQW2	FREDDIE MAC 3999 TA 4.000% 15/NOV/2034	4.96%	4.00	15/11/2034
3133XUQ48	FEDERAL HOME LOAN BANKS CONS BD 3.8% 14/SEP/2016	4.93%	3.80	14/9/2016
31398ACS9	FEDERAL NATIONAL MORTGAGE ASSOC 5.78% BDS	4.77%	5.78	7/6/2022
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.54%	6.95	15/3/2014
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL # EO1446 DTD	4.48%	4.50	1/9/2018
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.35%	3.50	15/2/2026
3128X6SL1	FEDERAL HOME LN MTG CORP CALL 5.25%13/DEC/2022	4.23%	5.25	13/12/2022
31331KL73	FEDERAL FARM CR BKS CONS BD 3.8% 02/NOV/2026	4.10%	3.80	2/11/2026

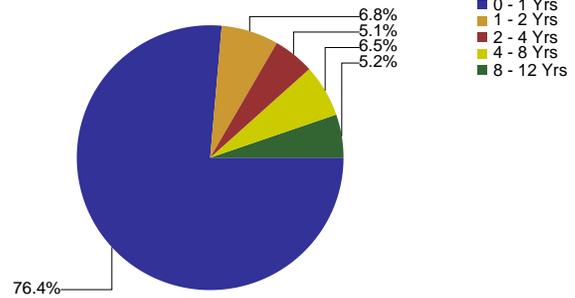
Quality/Rating Weightings Sector Weightings (as % of Market Value)



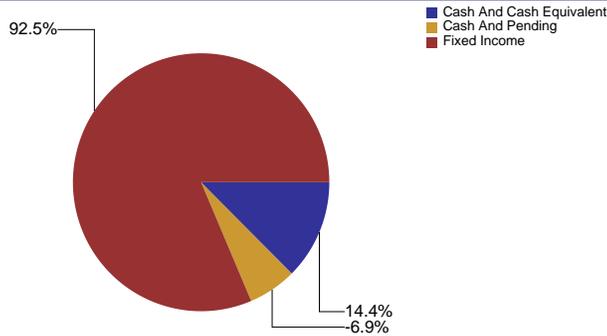
Portfolio Characteristics Duration Mix

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

**251.6**  
**1.90**  
**1.01**  
**AA**  
**73**

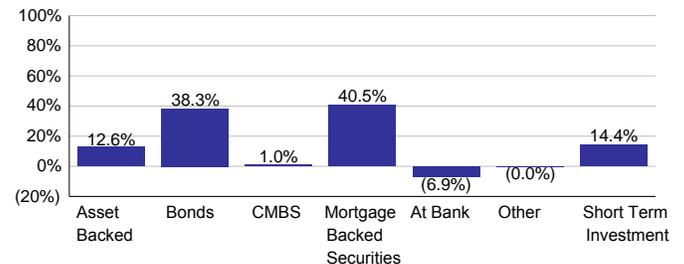
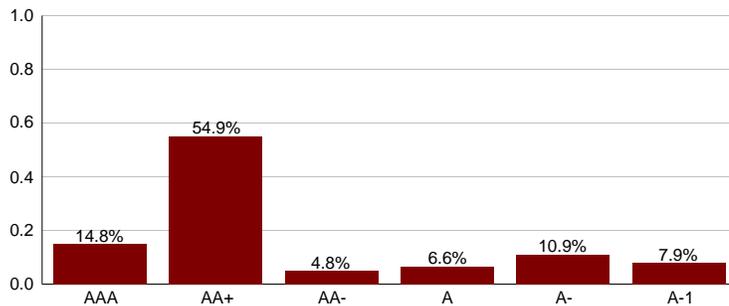


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299T636	TRI-PARTY REPO SOUTH STREET 0.23% 01/JUN/2012	4.09%	0.23	1/6/2012
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.43%	0.84	7/6/2017
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.42%	1.99	26/3/2018
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	2.13%	0.00	25/6/2030
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	2.12%	0.00	15/1/2032
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	2.01%	0.00	16/4/2035
3137ALQW2	FREDDIE MAC 3999 TA 4.000% 15/NOV/2034	1.97%	4.00	15/11/2034
3138EDSW2	FNMA MORTPASS 3.5% 01/APR/2042 CL PN# AK8632	1.96%	0.00	1/4/2042
31417A4P1	FNMA MORTPASS 3.5% 01/FEB/2042 CL PN# AB4429	1.95%	0.00	1/2/2042
3137GAWQ6	FREDDIE MAC 3738 BH 3.000% 15/DEC/2038	1.94%	0.00	15/12/2038

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



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

Through May 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	1,501
MARCH	(686)	802	1,373
APRIL	(635)	1,002	1,725
MAY	(579)	1,128	2,036
JUNE	450	1,358	
<b>Y-T-D</b>			
<b>Average</b>	<b>(\$316)</b>	<b>\$828</b>	<b>\$1,220</b>

**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
MAY 2012**

**Distributed in Current Month**

Recipient	MAY 2012	Fiscal YTD 11/12	Fiscal YTD 10/11
101 A & M Colleges	\$22,280	\$242,041	\$51,896
102 State Hospital	\$12,347	\$134,136	\$25,358
103 Leg., Exec., & Jud.	\$18,283	\$198,677	\$49,105
104 Military Institute	\$1,297	\$14,091	\$3,805
105 Miners Hospital	\$29,529	\$320,945	\$68,732
107 Normal School ASU/NAU	\$7,607	\$82,673	\$19,109
108 Penitentiaries	\$29,198	\$318,063	\$105,840
109 Permanent Common School	\$6,558,971	\$71,273,946	\$14,773,029
110 School for Deaf & Blind	\$10,923	\$118,702	\$28,584
111 School of Mines	\$25,281	\$274,685	\$64,461
112 State Charitable-Pioneers Home	\$114,920	\$1,247,946	\$231,831
112 State Charitable-Corrections	\$57,460	\$623,973	\$115,917
112 State Charitable-Youth Treatment	\$57,460	\$623,973	\$115,917
113 University Fund	\$40,373	\$438,647	\$98,849
114 U of A Land - 1881	\$86,333	\$937,424	\$221,654
<b>Total</b>	<b>\$7,072,263</b>	<b>\$76,849,921</b>	<b>\$15,974,087</b>

Posted in USAS in current month

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

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 05/31/12</b>	<b>Prior Month 04/30/12</b>	<b>Prior Year 5/31/11</b>
205	ENDOWMENTS - FIXED INCOME	\$3,643,939	\$3,648,094	\$4,293,321

**YIELDS**

<b><u>MONTHLY</u></b>	<b>Current Month 05/31/12</b>	<b>Prior Month 04/30/12</b>	<b>Prior Year 5/31/11</b>	
205	ENDOWMENTS - FIXED INCOME	5.40%	5.40%	5.71%

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

<b>Endowment Fund</b>	<b>May-12 NET GAIN(LOSS)</b>	<b>May-11 NET GAIN(LOSS)</b>
Fixed Income Pool	(278,337)	(187,034)
Equity Pool (500)	(148,197)	18,835
Equity Pool (400)	775,063	2,109,711
Equity Pool (600)	503,644	98,558
<b>Totals</b>	<b>852,173</b>	<b>2,040,070</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	61,697	(1,675,378)
Equity Pool (500)	(961,614)	1,856,799
Equity Pool (400)	19,465,694	26,920,545
Equity Pool (600)	2,990,000	157,144
<b>Totals</b>	<b>21,555,777</b>	<b>27,259,110</b>

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
 Month of May 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	1.95	3/28/2019	N/A	\$400,000	\$402,873	0.65%	Aaa/AA+
FFCB	0.82	7/17/2015	N/A	\$5,000,000	\$5,012,869	0.82%	Aaa/AA+
FHLB	0.50	8/28/2013	N/A	\$5,000,000	\$5,019,139	0.29%	Aaa/AA+
FHLMC MTG	4.00	12/15/2040	4.59	\$4,961,968	\$5,419,124	1.90%	Aaa/AA+
BERKSHIRE HATHAWAY	1.60	5/15/2017	N/A	\$5,000,000	\$4,996,150	1.62%	Aa2/AA+
PROGRESS ENERGY	2.80	5/15/2022	N/A	\$3,000,000	\$2,993,250	2.83%	A1/A
GENERAL ELECTRIC	2.30	4/27/2017	N/A	\$5,000,000	\$5,015,421	2.26%	A1/AA+
IBM	0.75	5/11/2015	N/A	\$5,000,000	\$4,991,700	0.81%	Aa3/AA-
JP MORGAN MTG	4.11	7/17/2046	6.90	\$5,775,000	\$6,314,141	2.44%	NR/AAA
MURPHY OIL	4.00	6/1/2022	N/A	\$5,000,000	\$4,989,300	4.03%	Baa3/BBB
PENSKE TRUCK	3.13	5/11/2015	N/A	\$4,000,000	\$3,996,120	3.16%	Baa3/BBB-
PENSKE TRUCK	3.75	5/11/2017	N/A	\$4,000,000	\$3,997,120	3.77%	Baa3/BBB-
ROWAN	4.88	6/1/2022	N/A	\$4,000,000	\$3,973,320	4.96%	Baa3/BBB-
U S BANCORP	1.65	5/15/2017	N/A	\$10,000,000	\$9,981,300	1.69%	Aa3/A
WELLPOINT	3.13	5/15/2022	N/A	\$5,000,000	\$4,974,400	3.19%	Baa1/A-
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>				<b>\$71,136,968</b>	<b>\$72,076,227</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>
<b>TOTAL ENDOWMENT FUNDS SALES</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</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 May 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	43,603	\$2,351,254	\$654
S&P 500 Large-Cap Fund	62,221	\$3,467,124	\$933
S&P 600 Small-Cap Fund	76,837	\$1,537,999	\$1,152
<b>TOTAL EQUITY PURCHASES</b>	<b>182,661</b>	<b>\$7,356,377</b>	<b>\$2,739</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	5,059	\$119,045	\$76
S&P 500 Large-Cap Fund	39,930	\$2,754,523	\$599
S&P 600 Small-Cap Fund	5,561	\$128,866	\$83
<b>TOTAL EQUITY SALES</b>	<b>50,551</b>	<b>\$3,002,433</b>	<b>\$758</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

MAY 31, 2012

(In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,554	2,335	3,058	723	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	759	744	1,541	796	
	<i>Shares in Small-Cap 600 Equity Fund</i>	801	785	801	16	
	<i>Shares in Fixed Income Fund</i>	2,237	2,522	4,016	1,494	
	Total	6,352	6,387	9,416	3,029	<b>1.474</b>
102	State Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,694	1,480	2,027	548	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	435	471	883	411	
	<i>Shares in Small-Cap 600 Equity Fund</i>	476	466	476	10	
	<i>Shares in Fixed Income Fund</i>	1,335	1,581	2,396	815	
	Total	3,939	3,998	5,782	1,784	<b>1.446</b>
103	Leg., Exec., & Jud.					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,934	1,896	2,316	419	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	577	606	1,172	566	
	<i>Shares in Small-Cap 600 Equity Fund</i>	664	649	663	14	
	<i>Shares in Fixed Income Fund</i>	1,852	2,061	3,325	1,264	
	Total	5,027	5,212	7,475	2,263	<b>1.434</b>
104	Military Institute					
	<i>Shares in Large-Cap 500 Equity Fund</i>	131	130	156	26	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	42	42	86	44	
	<i>Shares in Small-Cap 600 Equity Fund</i>	47	46	47	1	
	<i>Shares in Fixed Income Fund</i>	131	142	236	94	
	Total	352	360	526	166	<b>1.460</b>
105	Miners Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	5,269	5,401	6,308	908	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,319	1,821	2,676	855	
	<i>Shares in Small-Cap 600 Equity Fund</i>	1,612	1,602	1,611	8	
	<i>Shares in Fixed Income Fund</i>	4,213	5,852	7,565	1,713	
	Total	12,413	14,676	18,160	3,484	<b>1.237</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

MAY 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
107	Normal School ASU/NAU					
	<i>Shares in Large-Cap 500 Equity Fund</i>	942	896	1,128	232	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	258	283	524	241	
	<i>Shares in Small-Cap 600 Equity Fund</i>	293	287	293	6	
	<i>Shares in Fixed Income Fund</i>	812	961	1,457	497	
	Total	2,305	2,428	3,402	975	<b>1.401</b>
108	Penitentiaries					
	<i>Shares in Large-Cap 500 Equity Fund</i>	3,271	2,977	3,916	939	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	870	944	1,766	822	
	<i>Shares in Small-Cap 600 Equity Fund</i>	935	917	934	17	
	<i>Shares in Fixed Income Fund</i>	2,642	3,208	4,743	1,536	
	Total	7,718	8,046	11,360	3,314	<b>1.412</b>
109	Permanent Common School					
	<i>Shares in Large-Cap 500 Equity Fund</i>	922,938	900,133	1,104,923	204,790	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	232,641	285,620	472,073	186,453	
	<i>Shares in Small-Cap 600 Equity Fund</i>	269,817	264,913	269,630	4,717	
	<i>Shares in Fixed Income Fund</i>	753,144	971,658	1,352,226	380,568	
	Total	2,178,540	2,422,324	3,198,852	776,528	<b>1.321</b>
110	School for Deaf & Blind					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,336	1,276	1,600	323	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	381	409	772	363	
	<i>Shares in Small-Cap 600 Equity Fund</i>	431	422	430	8	
	<i>Shares in Fixed Income Fund</i>	1,203	1,383	2,160	777	
	Total	3,350	3,490	4,962	1,472	<b>1.422</b>
111	School of Mines					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,901	2,828	3,473	645	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	813	899	1,651	752	
	<i>Shares in Small-Cap 600 Equity Fund</i>	919	900	919	18	
	<i>Shares in Fixed Income Fund</i>	2,574	3,059	4,621	1,562	
	Total	7,207	7,686	10,663	2,977	<b>1.387</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

MAY 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>	30,194	28,272	36,148	7,876	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	7,293	8,931	14,798	5,867	
	<i>Shares in Small-Cap 600 Equity Fund</i>	8,337	8,167	8,331	164	
	<i>Shares in Fixed Income Fund</i>	23,770	30,454	42,678	12,224	
	Total	69,593	75,823	101,955	26,131	<b>1.345</b>
113	University Fund					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,862	4,695	5,821	1,126	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,343	1,495	2,724	1,230	
	<i>Shares in Small-Cap 600 Equity Fund</i>	1,538	1,508	1,537	29	
	<i>Shares in Fixed Income Fund</i>	4,281	5,066	7,687	2,621	
	Total	12,025	12,764	17,770	5,006	<b>1.392</b>
114	U Of A Land - 1881					
	<i>Shares in Large-Cap 500 Equity Fund</i>	13,949	13,978	16,700	2,722	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,551	4,415	7,205	2,790	
	<i>Shares in Small-Cap 600 Equity Fund</i>	4,224	4,136	4,221	85	
	<i>Shares in Fixed Income Fund</i>	11,808	15,048	21,200	6,152	
	Total	33,532	37,576	49,326	11,750	<b>1.313</b>
<b>TOTALS - ALL FUNDS</b>						
	<i>Shares in Large-Cap 500 Equity Fund</i>	991,976	966,298	1,187,573	221,276	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	250,282	306,681	507,871	201,191	
	<i>Shares in Small-Cap 600 Equity Fund</i>	290,095	284,799	289,893	5,094	
	<i>Shares in Fixed Income Fund</i>	810,001	1,042,993	1,454,310	411,318	
	<b>Grand Total</b>	<b>2,342,354</b>	<b>2,600,770</b>	<b>3,439,648</b>	<b>838,878</b>	
	<b>PRIOR YEAR:</b>					
	<b>MAY 2011 BALANCES</b>	<b>2,210,957</b>	<b>2,482,304</b>	<b>3,327,923</b>	<b>845,619</b>	

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

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**ASSET ALLOCATION PERCENTAGE**

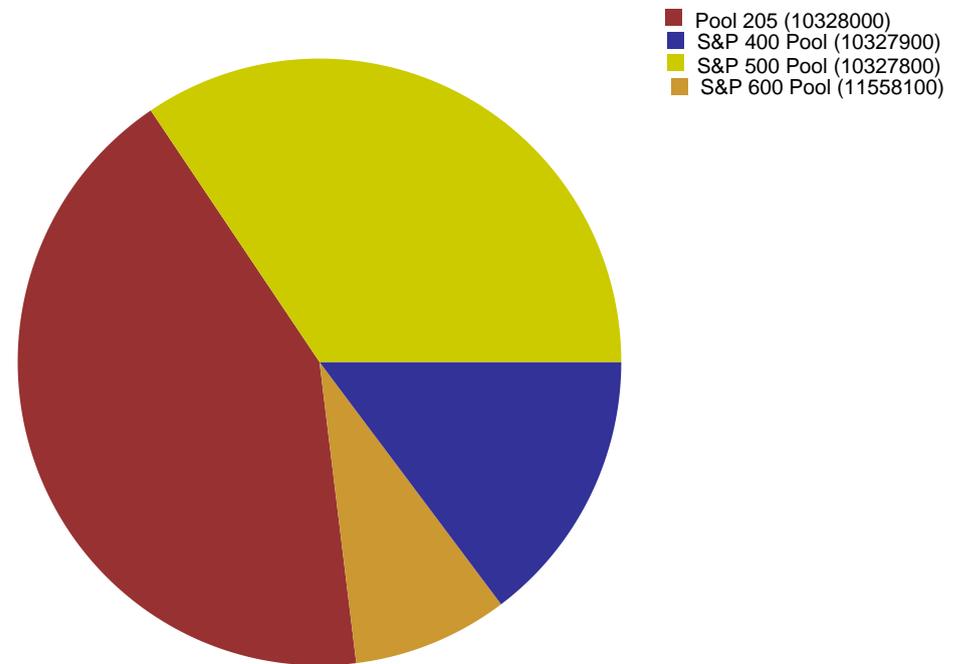
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	<b>MAY 2011 MARKET VALUE</b>
<i>Shares in Large-Cap 500 Equity Fund</i>	42.35%	37.15%	34.53%	<b>34.45%</b>
<i>Shares in Mid-Cap 400 Equity Fund</i>	10.69%	11.79%	14.77%	<b>16.21%</b>
<i>Shares in Small-Cap 600 Equity Fund</i>	12.38%	10.95%	8.43%	<b>3.31%</b>
<i>Shares in Fixed Income Fund</i>	34.58%	40.10%	42.28%	<b>46.04%</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 May 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	1,265,616,562.15	1,187,573,434.00	-2,151,162	(6.00)	(3.52)	5.16	1.25	(0.44)	14.92	(0.80)	0.81	07/01/1999
10327900	S&P 400 Pool	543,836,542.24	507,871,484.28	-921,927	(6.44)	(4.84)	6.02	(3.95)	(5.90)	18.17	1.51	7.02	08/01/2001
10328000	Pool 205	1,446,533,669.56	1,454,310,254.44	-2,458,471	0.71	1.30	2.00	5.98	5.70	5.80	6.06	6.04	07/01/1999
11558100	S&P 600 Pool	309,854,604.28	289,892,929.49	614,618	(6.24)	(4.72)	3.71	(2.58)	(4.37)			0.03	03/01/2011
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>3,565,841,378.23</b>	<b>3,439,648,102.21</b>	<b>-6,146,232</b>	<b>(3.37)</b>	<b>(1.85)</b>	<b>3.79</b>	<b>2.73</b>	<b>1.61</b>	<b>10.31</b>	<b>2.93</b>	<b>5.01</b>	<b>07/01/1999</b>

**Manager Allocation - Daily**  
**Arizona State Treasury (05509)**  
**As of May 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)	1,454.31	42.3%
S&P 400 Pool (10327900)	507.87	14.8%
S&P 500 Pool (10327800)	1,187.57	34.5%
S&P 600 Pool (11558100)	289.89	8.4%
<b>TOTAL</b>	<b>3,439.65</b>	<b>100.0%</b>



Portfolio Characteristics

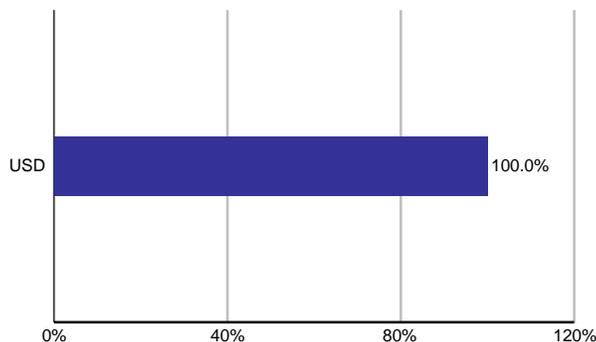
Risk Measures

Total Asset Value (in Millions)	1,187.6	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	14.60	Information Ratio	0.05	0.10	0.24	1.68
Price to Book Ratio	1.98	Std Deviation of Port.	(0.58)	(0.01)	0.43	(0.39)
Dividend Yield (%)	2.21	Std Deviation of Bench.	17.82	15.99	19.06	16.28
Return on Equity (%)	65.42	Sharpe Ratio of Port.	17.86	16.04	19.14	16.16
Sales Growth (%)	7.81	Sharpe Ratio of Bench.	(0.03)	0.93	(0.10)	(0.11)
Market Capitalization (\$ Millions)	102,383.07	R-Squared	(0.03)	0.92	(0.10)	(0.06)
Earnings per Share (\$)	5.70	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	502		(0.03)	0.05	0.11	(0.67)

Top Ten Portfolio Holdings

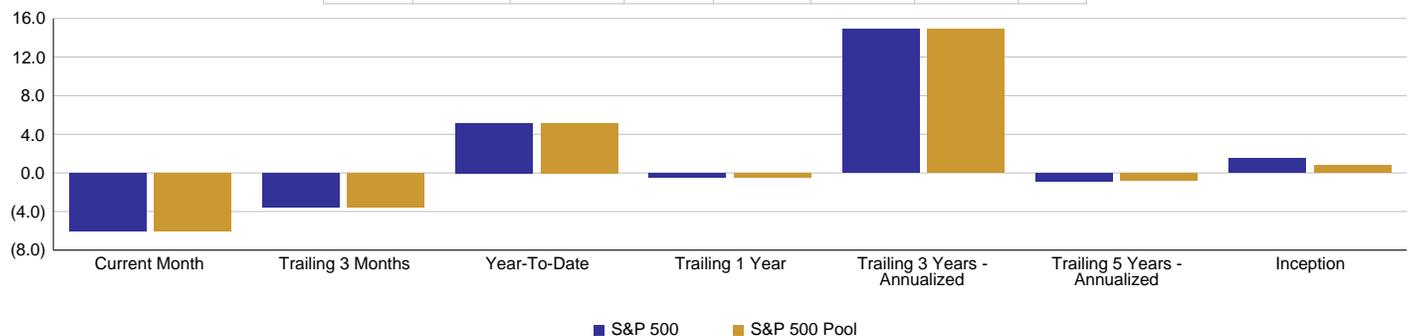
Security ID	Security Name	% of Assets
037833100	APPLE INC - COM NPV	4.39%
78462F103	SPDR S&P 500 ETF TRUST	3.25%
30231G102	EXXON MOBIL CORP - COM NPV	3.04%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.83%
594918104	MICROSOFT CORP - COM USD.00000625	1.79%
00206R102	AT&T INC - COM USD1	1.65%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.64%
166764100	CHEVRON CORP - COM USD3	1.60%
478160104	JOHNSON & JOHNSON - COM USD1	1.41%
742718109	PROCTER & GAMBLE CO - COM NPV	1.40%

Top Ten Currency Weights

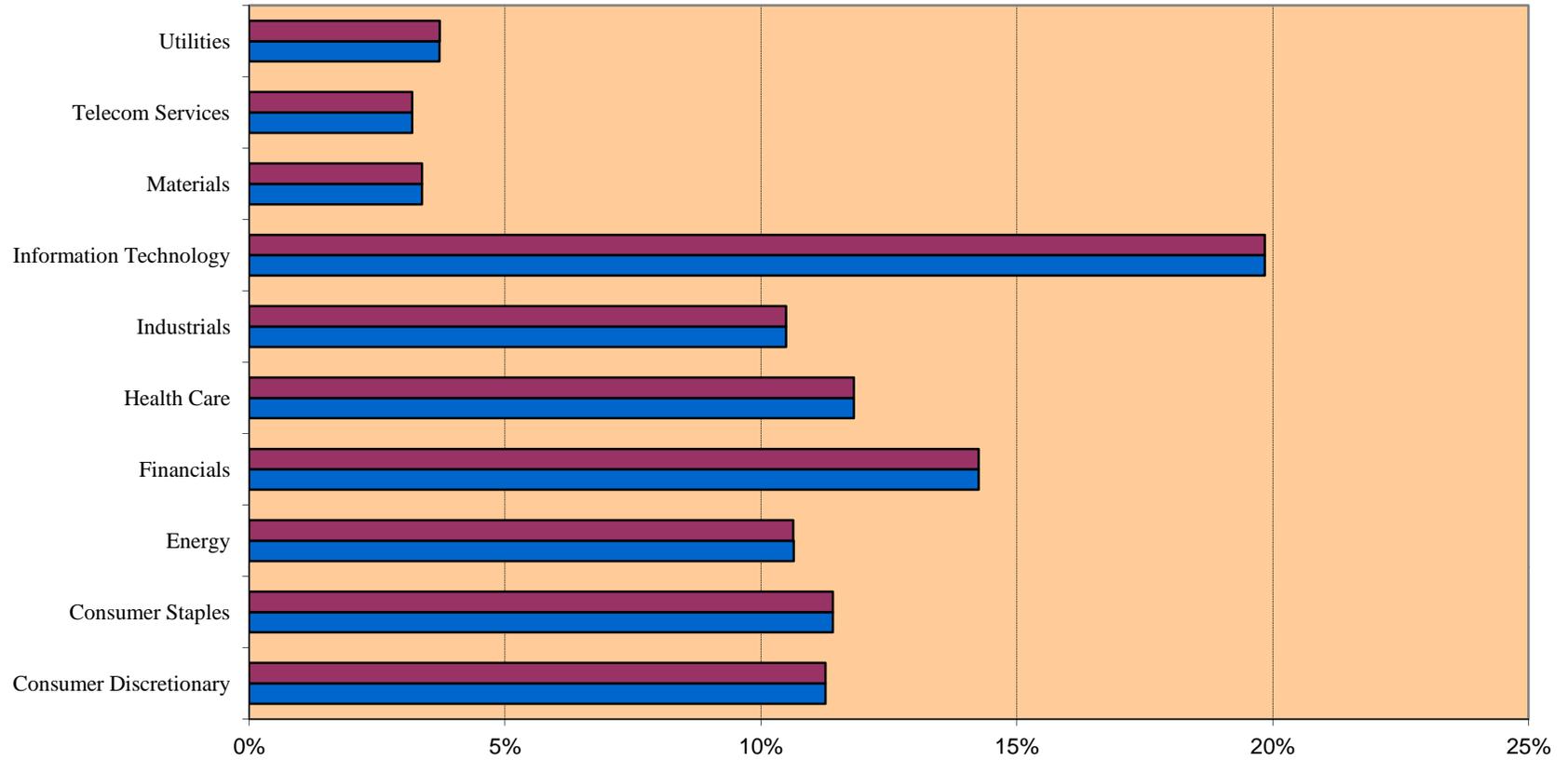


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	(6.00)	(3.52)	5.16	(0.44)	14.92	(0.80)	0.81
S&P 500	(6.01)	(3.53)	5.16	(0.41)	14.92	(0.92)	1.48
Excess	0.01	0.01	0.01	(0.02)	0.01	0.12	(0.68)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	11.26%	11.41%	10.63%	14.26%	11.82%	10.49%	19.85%	3.38%	3.19%	3.72%
■ STATE OF ARIZONA - POOL 201	11.26%	11.41%	10.64%	14.25%	11.82%	10.49%	19.84%	3.38%	3.19%	3.72%



Portfolio Characteristics

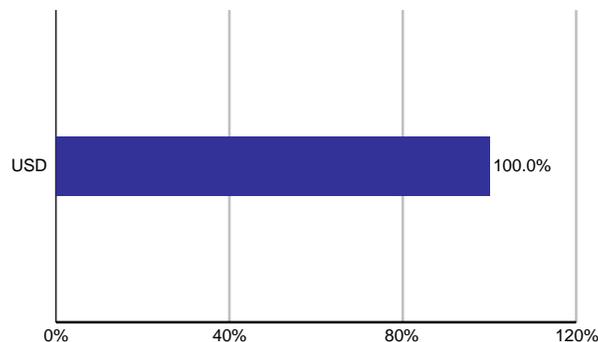
Risk Measures

Total Asset Value (in Millions)	507.9	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	19.80	Information Ratio	0.06	0.87	2.06	2.07
Price to Book Ratio	1.96	Std Deviation of Port.	3.48	(0.75)	(0.18)	(0.09)
Dividend Yield (%)	1.52	Std Deviation of Bench.	22.77	19.09	22.18	17.79
Return on Equity (%)	12.20	Sharpe Ratio of Port.	22.80	19.39	22.92	18.74
Sales Growth (%)	6.66	Sharpe Ratio of Bench.	(0.26)	0.94	0.02	0.29
Market Capitalization (\$ Millions)	3,702.06	R-Squared	(0.27)	0.97	0.03	0.27
Earnings per Share (\$)	2.35	Jensen's Alpha	1.00	1.00	0.99	0.99
Number of Holdings	401		0.19	(0.40)	(0.19)	0.27

Top Ten Portfolio Holdings

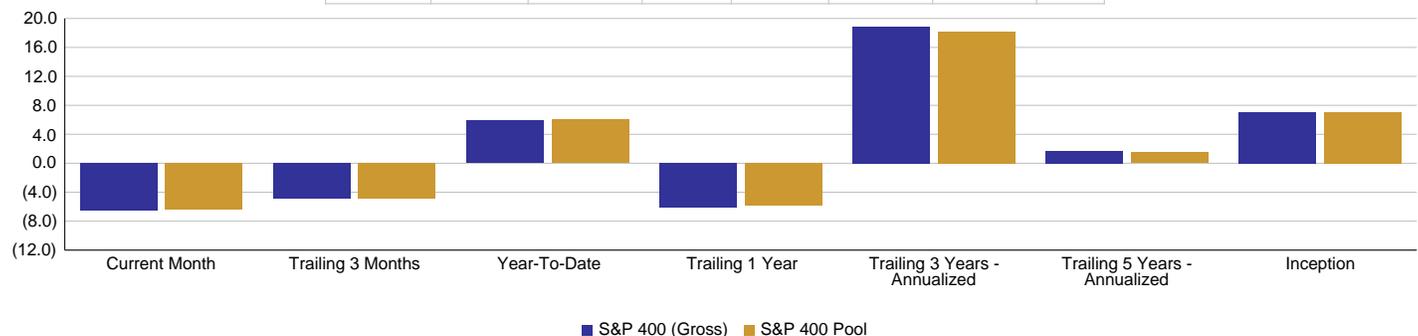
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	3.67%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	1.10%
611740101	MONSTER BEVERAGE CORP - COM USD.005	0.96%
75886F107	REGENERON PHARMACEUT - COM USD.001	0.90%
031100100	AMETEK INC - COM USD1	0.71%
171340102	CHURCH & DWIGHT INC - COM NPV	0.67%
29444U502	EQUINIX INC - COM USD.001	0.66%
554382101	MACERICH CO - COM USD.01	0.66%
485170302	KANSAS CITY SOUTHERN - COM NPV	0.63%
716768106	PETSMART INC - COM USD.0001	0.63%

Top Ten Currency Weights

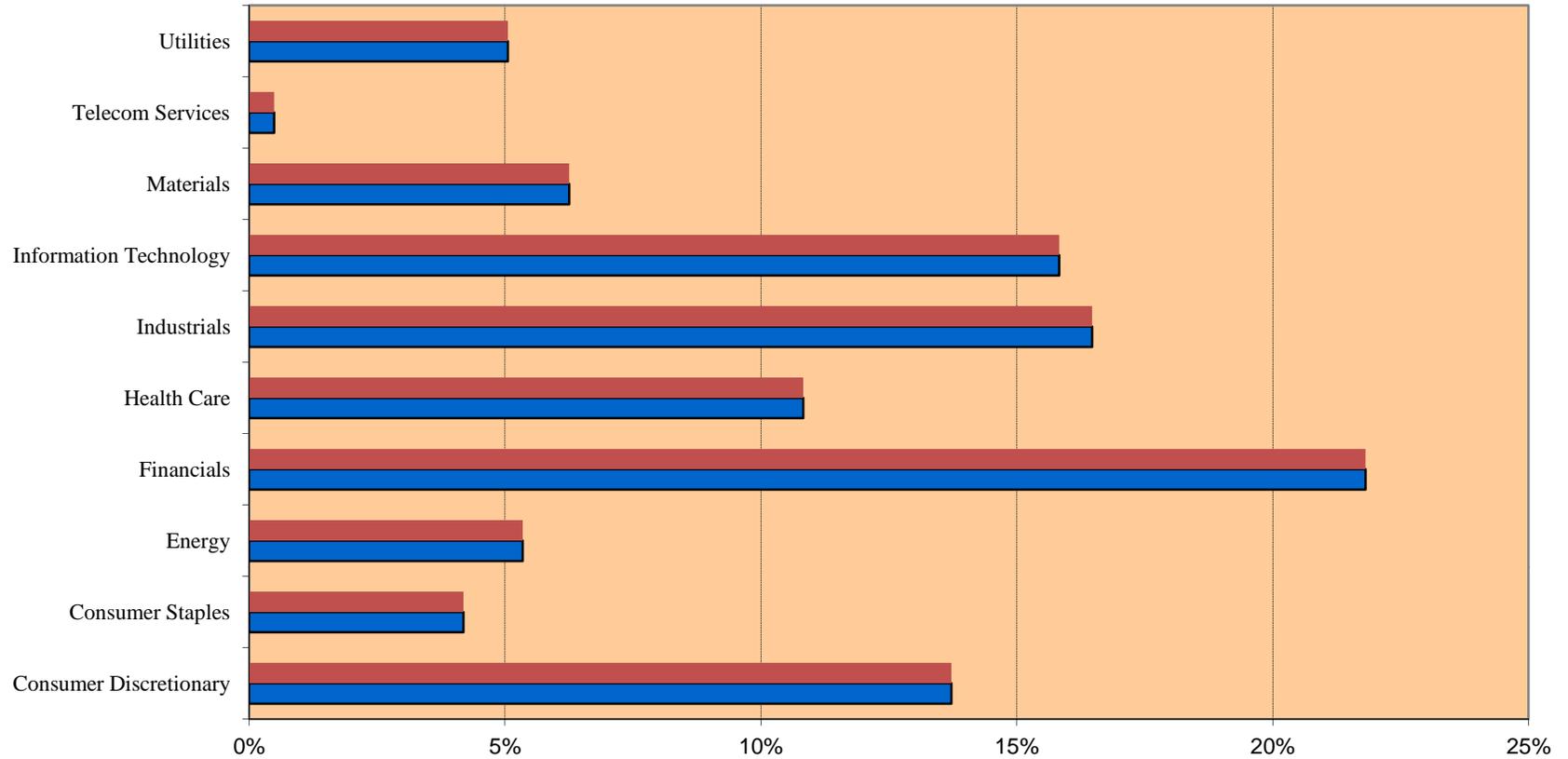


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	(6.44)	(4.84)	6.02	(5.90)	18.17	1.51	7.02
S&P 400 (Gross)	(6.48)	(4.94)	5.90	(6.09)	18.87	1.72	7.03
Excess	0.04	0.09	0.12	0.20	(0.70)	(0.21)	(0.01)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.72%	4.19%	5.34%	21.82%	10.83%	16.47%	15.83%	6.25%	0.49%	5.06%
■ STATE OF ARIZONA - POOL 203	13.72%	4.19%	5.34%	21.82%	10.83%	16.47%	15.83%	6.25%	0.49%	5.06%



Portfolio Characteristics

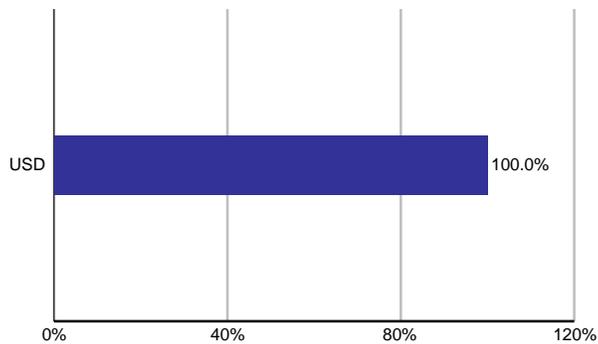
Risk Measures

Total Asset Value (in Millions)	289.9	Trailing 1 Year	0.08	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	0.11
P/E Ratio	22.00	Information Ratio	0.27		-		-		(0.73)
Price to Book Ratio	1.72	Std Deviation of Port.	23.35		-		-		21.03
Dividend Yield (%)	1.23	Std Deviation of Bench.	23.40		-		-		21.08
Return on Equity (%)	11.86	Sharpe Ratio of Port.	(0.19)		-		-		(0.00)
Sales Growth (%)	7.35	Sharpe Ratio of Bench.	(0.19)		-		-		0.00
Market Capitalization (\$ Millions)	1,160.43	R-Squared	1.00		-		-		1.00
Earnings per Share (\$)	1.57	Jensen's Alpha	0.02		-		-		(0.07)
Number of Holdings	601								

Top Ten Portfolio Holdings

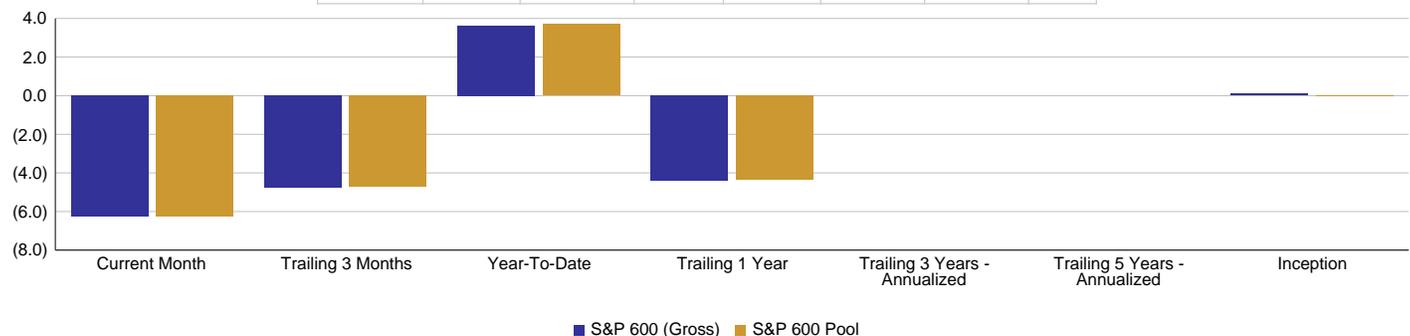
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST S&P SMALLCAP 600 INDEX FUND	4.78%
49427F108	KILROY REALTY CORP - COM USD.01	0.64%
795435106	SALIX PHARMACEUTICALS LTD - COM NPV	0.63%
30225T102	EXTRA SPACE STORAGE INC - COM USD.01	0.59%
875465106	TANGER FACTORY OUTLET CTRS - COM USD.01	0.58%
59522J103	MID-AMERICA APT CMNTYS INC - COM USD.01	0.56%
74267C106	PROASSURANCE CORP - COM NPV	0.55%
737464107	POST PROPERTIES INC - COM USD.01	0.53%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.52%
74835Y101	QUESTCOR PHARMACEUTICALS INC - COM NPV	0.51%

Top Ten Currency Weights

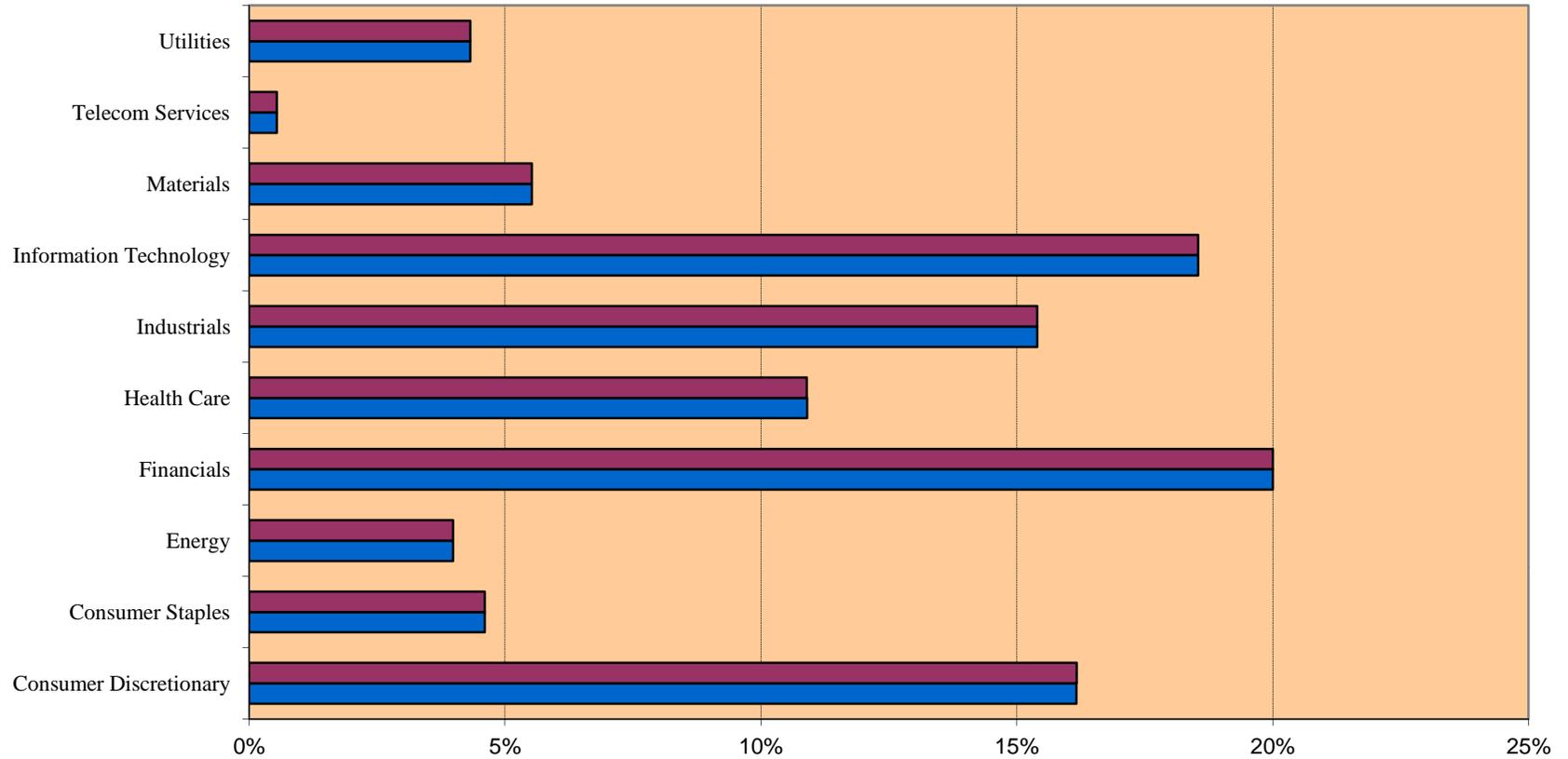


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	(6.24)	(4.72)	3.71	(4.37)			0.03
S&P 600 (Gross)	(6.27)	(4.77)	3.64	(4.40)			0.10
Excess	0.03	0.05	0.06	0.03	(0.00)	(0.00)	(0.07)



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



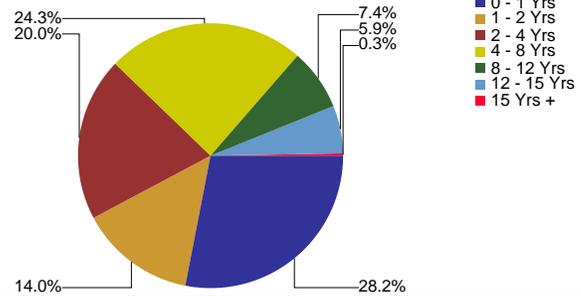
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	16.17%	4.61%	3.98%	20.00%	10.90%	15.40%	18.55%	5.53%	0.54%	4.32%
■ STATE OF ARIZONA - POOL 204	16.17%	4.61%	3.98%	20.00%	10.90%	15.40%	18.55%	5.53%	0.54%	4.32%

S&P 600 Index
  STATE OF ARIZONA - POOL 204

Portfolio Characteristics

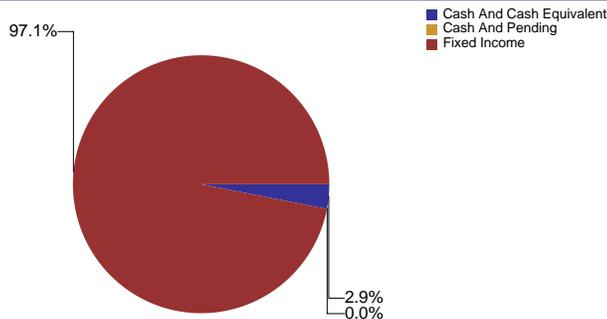
Duration Mix

**Total Net Assets (Millions)** 1,454.3  
**Weighted Average Life (Years)** 5.42  
**Weighted Avg. Effective Duration (Years)** 3.75  
**Weighted Average Coupon (%)** 4.35  
**Weighted Average Current Yield (%)** 1.12  
**Weighted Average Yield to Maturity (%)** 1.15  
**Weighted Average Rating** AA  
**Number of Holdings** 253



Asset Mix

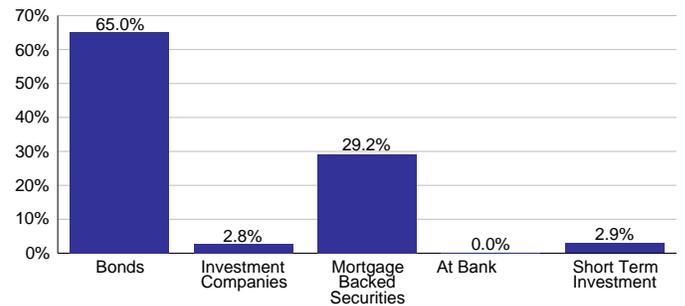
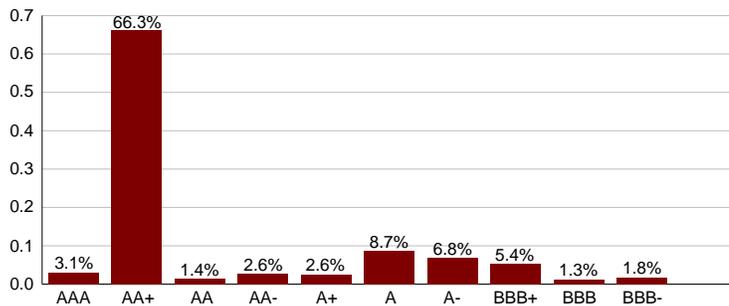
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	2.72%	0.00	31/12/2049
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.44%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.42%	0.00	1/6/2012
958268S	LONG TERM GOV'T POOL	1.41%	0.00	31/12/2049
912810FA1	US 6.37500 '27	1.09%	6.38	15/8/2027
912810ED6	US 8.12500 '19	1.05%	8.12	15/8/2019
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.92%	5.62	1/10/2038
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.90%	5.90	15/5/2038
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.84%	6.10	15/4/2018
912828JH4	US 4.00000 '18	0.83%	4.00	15/8/2018

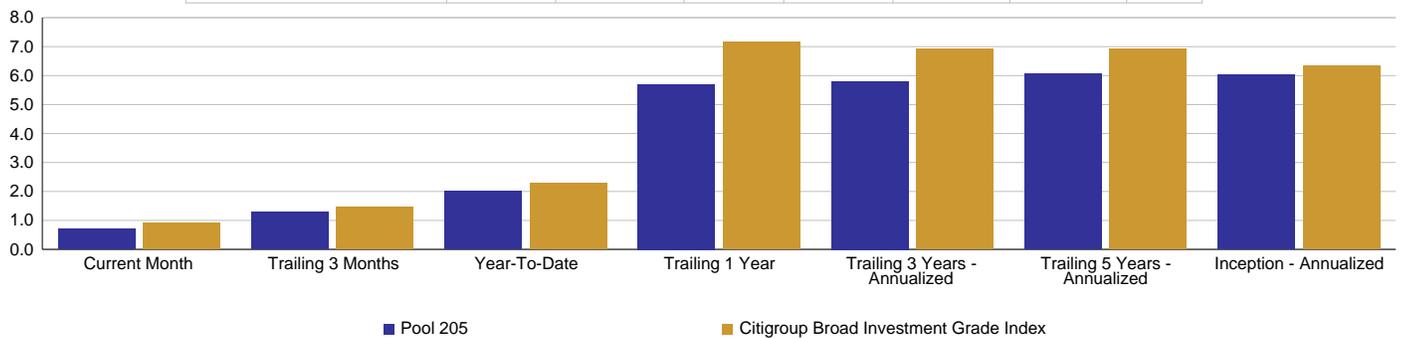
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



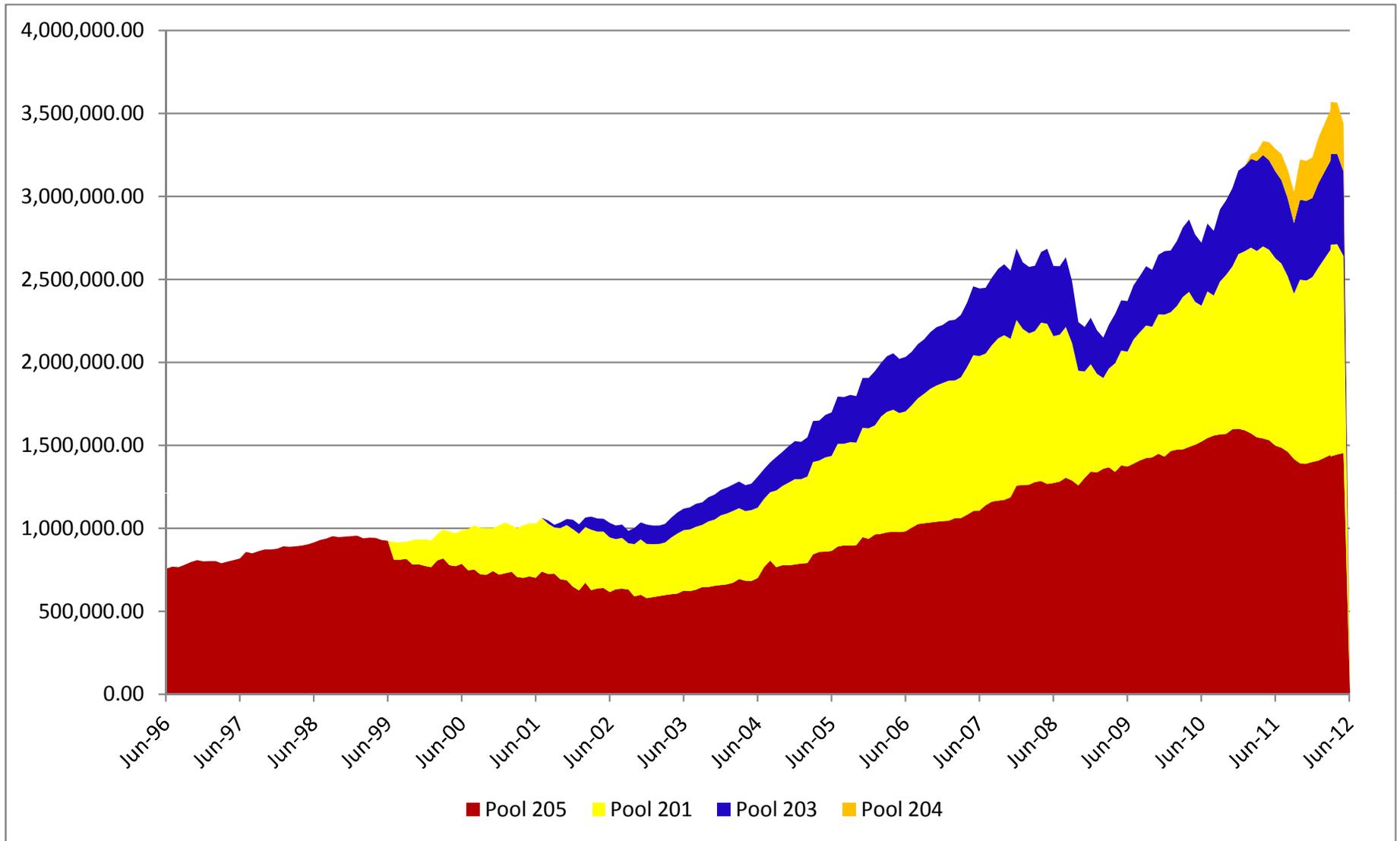
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.71	1.30	2.00	5.70	5.80	6.06	6.04
Citigroup Broad Investment Grade Index	0.91	1.46	2.29	7.16	6.92	6.91	6.33
Excess	(0.20)	(0.15)	(0.29)	(1.46)	(1.12)	(0.86)	(0.29)



Thousands

# Endowment Fund Market Value

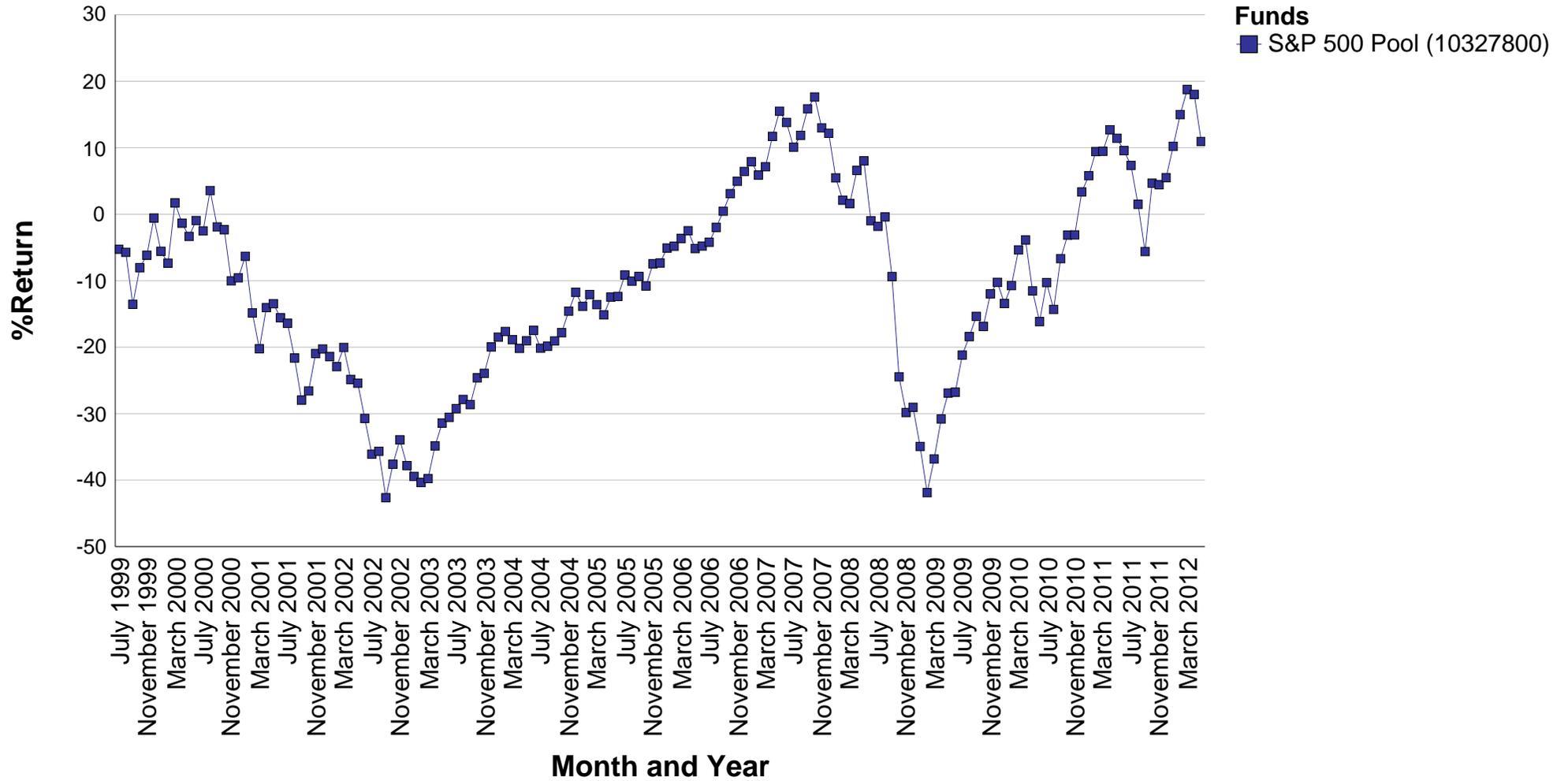


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to May 2012

Gross of Fee

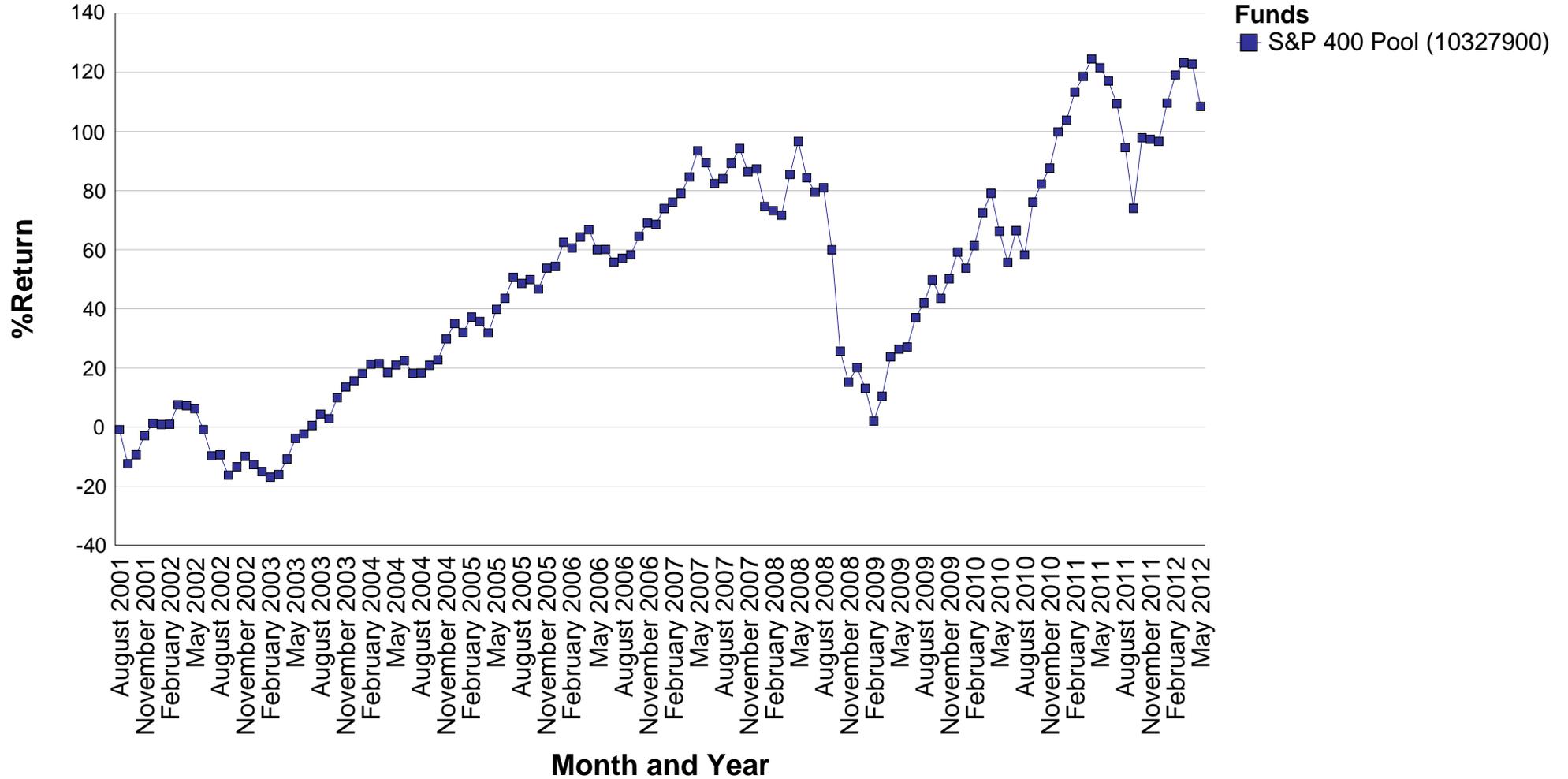


## Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to May 2012

Gross of Fee

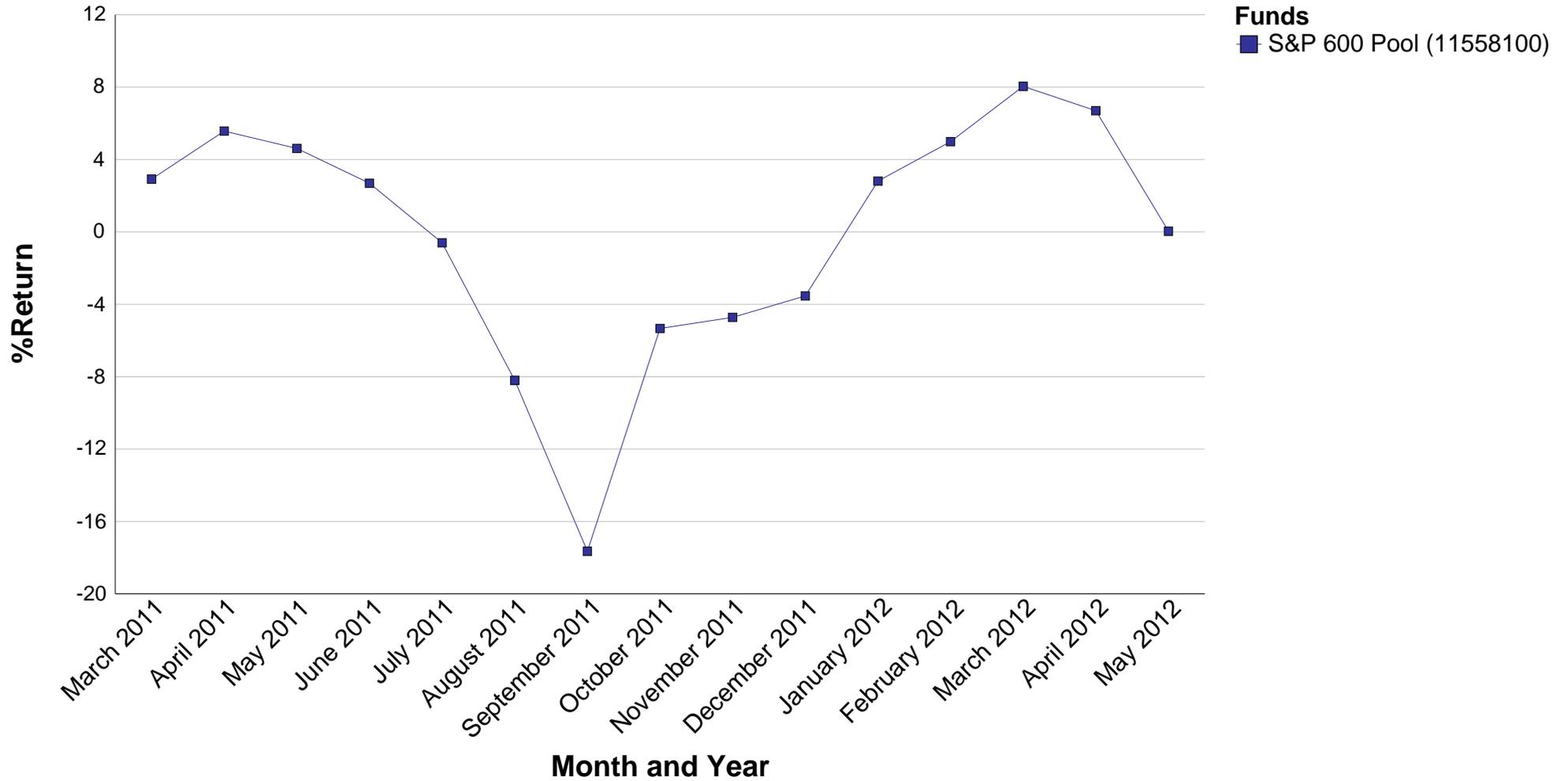


## Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to May 2012

Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to May 2012

Gross of Fee

