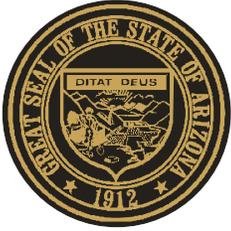


OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



OCTOBER 2012

Presented To:

Arizona State Board of Investment

NOVEMBER 27, 2012

STATE BOARD OF INVESTMENT

A G E N D A

November 27, 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
 - A. Review and Approve the FY 2012-2013 Final Endowment Distribution.
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

November 27, 2012

TABLE OF CONTENTS

	<u>Page</u>
Minutes of Board of Investment Meeting	ii-viii
Review of Treasurer’s Monthly Reports:	
A. Earnings Distribution; Investment Pools	1
B. LGIP Pools Investments and Performance Reports	2-8
C. State Agency Pools Investments and Performance Reports	9-19
D. Operating Monies Invested Balances	20
E. Earnings Distributed Endowment Funds	21
F. Endowment Investments and Performance Reports	22-42

**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on October 23, 2012 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey called the meeting to order at approximately 1:31 p.m.

Members Present:

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

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office
Carlton Woodruff, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Patty Humbert, Senior Portfolio Manager, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Martin Kelly, Investment Analyst, Arizona State Treasurer's Office
Kevin Donnellan, Director of Communications, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office

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

1. Call to Order:

Treasurer Ducey called the October 23, 2012 BOI meeting to order at approximately 1:31 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the October 23, 2012 meeting.

3. Approval of Minutes:

Mr. Kingry made a motion to approve the September 25, 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 September, 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 September, 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 September, 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 September 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 September, 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 September, 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 September 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 September 30, 2012.

Treasurer Ducey referenced page 19, Early Childhood Development Fund, noting that in all other areas the benchmark has been outperforming and asked Ms. Humbert to explain why this particular fund appears to be falling below the benchmark. Ms. Humbert shared her strategy stating that she has been very defensive to protect this money to maintain a large amount of floating rate securities that will float up as interest rates begin to rise. Ms. Humbert added that the lower benchmark is not a result of an underperforming fund, more so a function of the market. Mr. Papp also commented that the rate for this fund has been declining steadily over the past few months and stated that we are trailing the benchmark, however not as much as before. Ms. Humbert also stated that this is a relatively new fund and will be a function of the yield curve.

Mr. Kingry inquired whether there was any speculation on the speed in which the mortgages are being paid off. Ms. Humbert explained the HARP program guidelines and anticipates that once the one-time-only HARP Mortgages are refinanced there may be some slowing, adding that the 30 year mortgage interest rates are at a record low and we may continue to have high refinancing rates for the next few months. Mr. Kingry asked if there were any other alternative investment competition. Ms. Humbert stated that we are currently working with retail contracts of consumers that are stressed, adding that she is hesitant to add too much duration with the retail loans until we have a better understanding as to how the consumers will react to the latest in economics that we are currently experiencing.

Treasurer Ducey also asked that the June transfer of \$450M be documented and moving forward - the balance and interest to be included in future reports.

Operating Monies Average Invested Balance

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

Endowment Funds Yield Analysis

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

Equity Funds Purchases & Sales

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

Investments Outstanding in Endowment Funds

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

Approval of Treasurer's Report

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

5. Proposed Changes to Investment Policy:

No proposed changes.

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

There were no Securities Dealers to be approved.

7. General Business:

There was no general business.

8. Call to the Public

There was no public comment.

9. Notice of Next Meeting:

Treasurer Ducey advised the Board that the next regular meeting of the Board of Investment will be Tuesday, November 27, 2012 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

Treasurer Ducey congratulated Mr. Smith on his promotion and new assignment of Chief of Staff to the Governor. Mr. Smith added that the new DOA Director would attend the BOI meetings moving forward.

10. Adjournment:

Mr. Kingry made a motion to adjourn the BOI meeting. Mr. Smith seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:03 p.m.

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
OCTOBER 2012**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	OCTOBER 2012	Fiscal YTD 12/13	Fiscal YTD 11/12	
General Fund	\$846,993	\$4,385,548	\$2,602,432	
2 State Agencies - Full Faith & Credit	401,443	1,988,274	2,533,273	\$207,770
3 State Agencies - Diversified (<i>Combined</i>)	1,171,149	4,518,371	3,174,407	414,145
4 State Agencies - Gov	450,700	1,706,734	1,201,608	212,220
5 LGIP	243,539	900,606	762,303	236,601
7 LGIP Gov	162,526	580,449	292,330	272,348
12 CAWCD Medium-Term	443,627	1,996,039	2,098,964	56,839
15 GADA Long-Term	20,022	72,060	108,994	2,444
16 ECDH Medium-Term	517,152	1,817,237	0	72,565
Subtotal	\$4,257,151	\$17,965,319	\$12,774,311	\$1,474,933
NAV POOL				
500 LGIP - Med Term	298,651	1,207,873	1,033,095	51,593
700 LGIP - FF&C Med Term	165,696	846,876	398,969	40,792
Total	\$4,721,498	\$20,020,068	\$14,206,376	\$1,567,317
OCTOBER 2011 TOTALS	\$3,596,893			\$1,375,758

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

NET EARNINGS

FUND	DESCRIPTION	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11	Net Asset Value Per Share
5	LGIP	249,057	230,019	206,239	1.0000
7	LGIP - GOV	165,547	160,137	99,431	1.0000
	TOTAL LGIP & LGIP-GOV	414,604	390,155	305,670	

YIELDS

<u>MONTHLY</u>		Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11
5	LGIP (NET)	0.25%	0.25%	0.18%
	S & P LGIP INDEX	0.11%	0.10%	0.07%
7	LGIP - GOV (NET)	0.15%	0.15%	0.08%
	3 MONTH T-BILL	0.10%	0.10%	0.01%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.24%	0.23%	0.16%
	S & P LGIP INDEX	0.10%	0.10%	0.07%
7	LGIP - GOV (NET)	0.13%	0.12%	0.06%
	3 MONTH T-BILL	0.09%	0.09%	0.01%

* 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
OCTOBER 31, 2012**

NET EARNINGS

FUND	DESCRIPTION	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11	Net Asset Value Per Share
500	LGIP - MED TERM POOL	323,356	316,989	276,694	1.0445
700	LGIP - FF&C MED TERM POOL	182,809	293,228	113,764	1.0172
	TOTAL LGIP MEDIUM TERM POOLS	506,165	610,217	390,458	

YIELDS

MONTHLY

	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11
500 LGIP - MED TERM (NET)	1.46%	1.50%	1.56%
MERRILL 1-5 US D M INDEX	0.94%	0.79%	1.61%
700 LGIP - FF&C MED TERM (NET)	0.99%	1.59%	1.11%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.65%	0.47%	0.92%

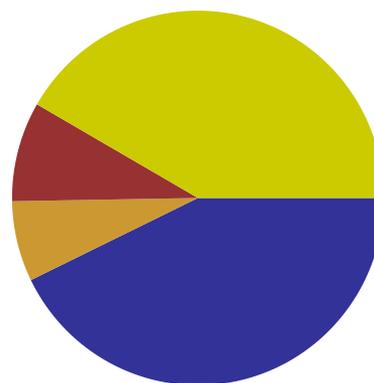
YEAR TO DATE

500 LGIP - MED TERM (NET)	1.56%	1.60%	1.67%
MERRILL 1-5 US D M INDEX	0.92%	0.92%	1.55%
700 LGIP - FF&C MED TERM (NET)	1.39%	1.52%	1.17%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.57%	0.55%	0.97%

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

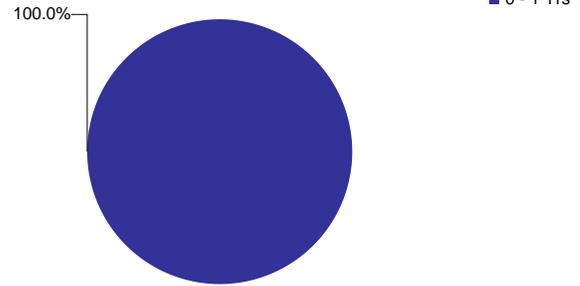
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,342.28	42.7%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,309.10	41.6%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	272.14	8.7%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	220.62	7.0%
TOTAL	3,144.14	100.0%

- 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)

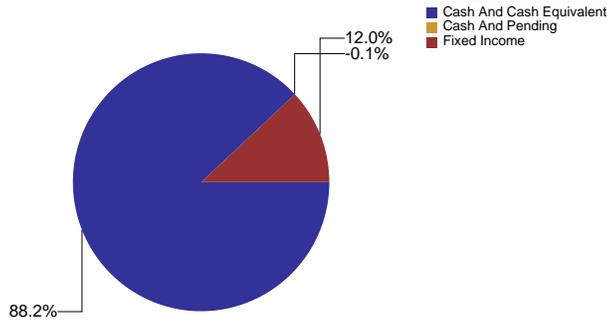


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,342.3
Weighted Average Life (Years) 0.06
Weighted Avg. Effective Duration (Years) 0.06
Weighted Average Maturity (Years) 0.07
Weighted Average Rating AA+
Number of Holdings 61

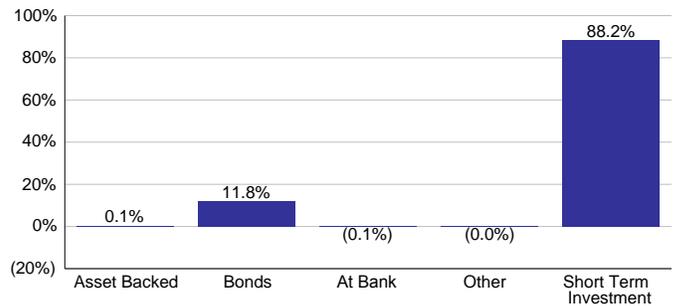
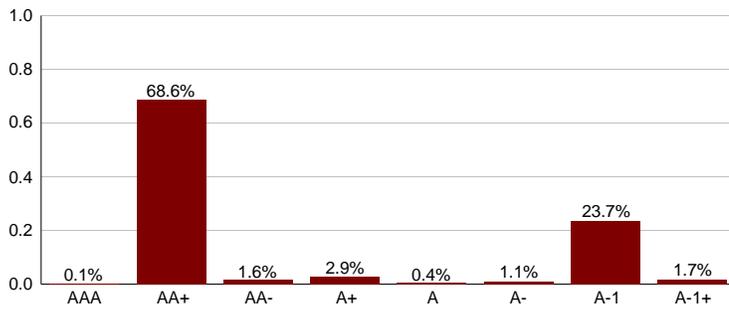


Asset Mix Top Ten Portfolio Holdings



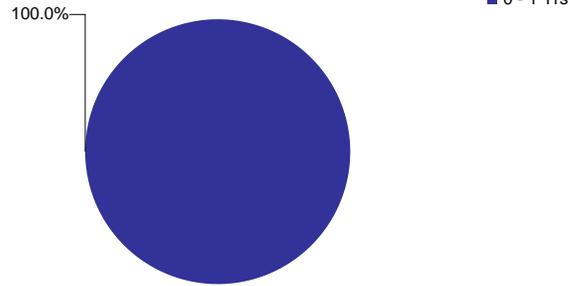
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/NOV	18.75%	0.30	1/11/2012
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	15.93%	0.35	1/11/2012
06099F733	TRI-PARTY REPO BANK OF AMERICA 0.25% 01/NOV/2012	13.39%	0.25	1/11/2012
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0	7.46%	0.20	1/11/2012
852990V49	TRI-PARTY REPO SOUTH STREET 0.25% 01/NOV/2012	4.09%	0.25	1/11/2012
G3499FR03	FIDELITY INVESTMENTS-PRIME MONEY MARKET PORTFOLIO	2.98%	0.16	3/12/2012
634902MU1	NATL CITY BK CLEVE SR MTN BE VR	1.49%	0.52	1/3/2013
3133EASW9	FEDERAL FARM CR BKS CONS BD FLT 13 06/AUG/2013	1.49%	0.21	6/8/2013
25153JLE8	DEUTSCHE BK FINL LLC ZCP 14/NOV/2008	1.30%	0.00	14/11/2012
45779PL71	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.26%	0.00	7/11/2012

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

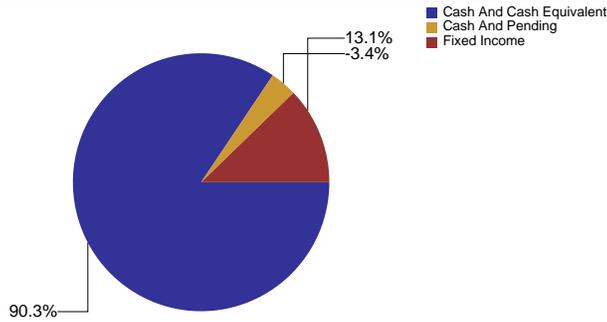


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,309.1
Weighted Average Life (Years) 0.11
Weighted Avg. Effective Duration (Years) 0.11
Weighted Average Maturity (Years) 0.13
Weighted Average Rating AA+
Number of Holdings 25

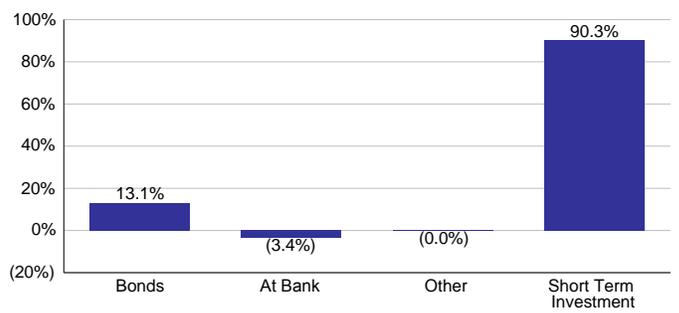
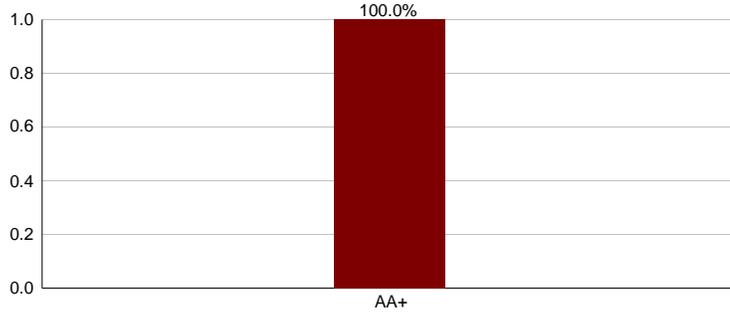


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599B782	TRI-PARTY REPO NOMURA 0.33% 01/NOV/2012	29.54%	0.33	1/11/2012
60699B626	TRI-PARTY REPO MIZUHO SECURITIES 0.21% 06/NOV/2012	8.12%	0.21	6/11/2012
15199W249	TRI-PARTY REPO DEUTSCHE 0.20% 03/DEC/2012	6.65%	0.20	3/12/2012
65599B683	TRI-PARTY REPO NOMURA 0.22% 01/NOV/2012	6.28%	0.22	1/11/2012
06099F733	TRI-PARTY REPO BANK OF AMERICA 0.25% 01/NOV/2012	5.35%	0.25	1/11/2012
60699B675	TRI-PARTY REPO MIZUHO 0.20% 11/JAN/2013	4.80%	0.20	11/1/2013
9127956S5	UNITED STATES TREAS BILLS DT	3.69%	0.00	8/11/2012
9127955V9	UNITED STATES TREAS BILLS DT	3.69%	0.00	10/1/2013
9127956E6	UNITED STATES TREAS BILLS DT	3.69%	0.00	7/3/2013
9127956F3	UNITED STATES TREAS BILLS DT	3.69%	0.00	4/4/2013

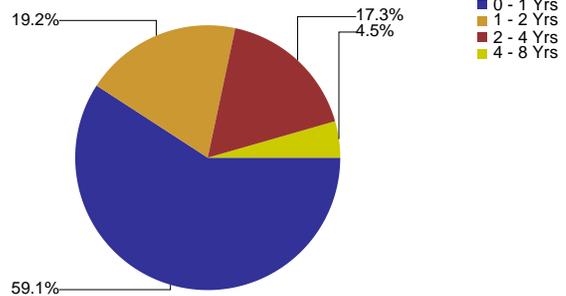
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

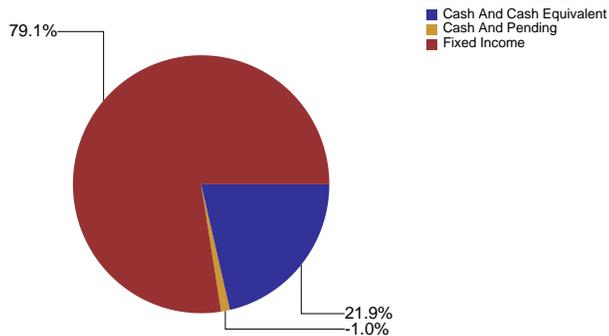
Duration Mix

Total Net Assets (Millions) **272.1**
 Weighted Average Life (Years) **1.53**
 Weighted Avg. Effective Duration (Years) **1.17**
 Weighted Average Rating **AA**
 Number of Holdings **190**



Asset Mix

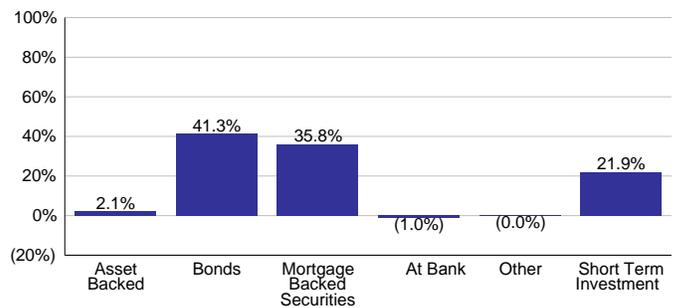
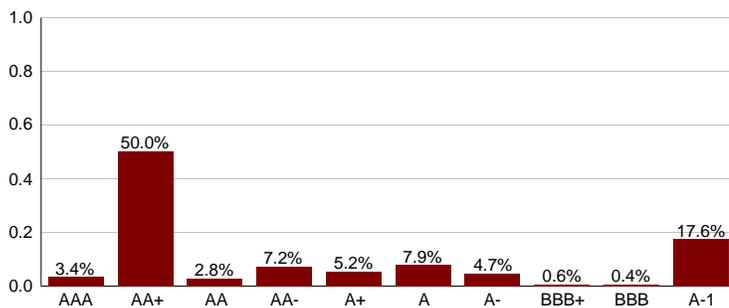
TopTen Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31417CUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	5.61%	2.50	1/8/2027
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	3.27%	0.35	1/11/2012
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	2.14%	4.00	1/2/2026
31418AHW1	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# MA1144	1.93%	2.50	1/8/2027
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 QO PN# Q09530	1.92%	3.50	1/7/2042
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	1.86%	4.00	1/12/2040
96442LL54	WHITE POINT FDG INC. CORPORATE COMMERCIAL PAPER	1.82%	0.00	5/11/2012
3137ARRT5	FREDDIE MAC 4080 DA 2.000% 15/MAR/2041	1.82%	2.00	15/3/2041
62455AN37	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.82%	0.00	3/1/2013
45779PN46	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.82%	0.00	4/1/2013

Quality/Rating Weightings

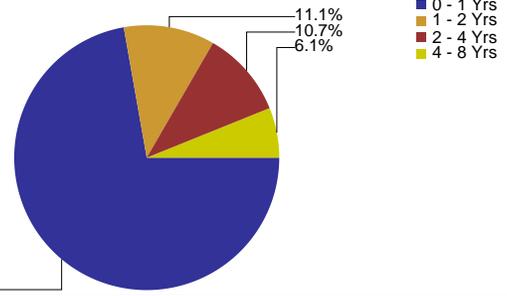
Sector Weightings (as % of Market Value)



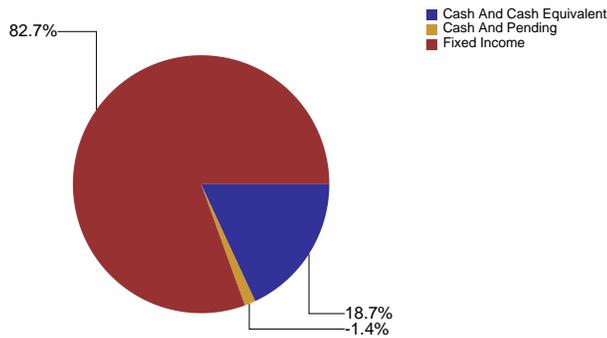
Portfolio Characteristics

Total Net Assets (Millions) **220.6**
 Weighted Average Life (Years) **1.58**
 Weighted Avg. Effective Duration (Years) **0.89**
 Weighted Average Rating **AA+**
 Number of Holdings **75**

Duration Mix



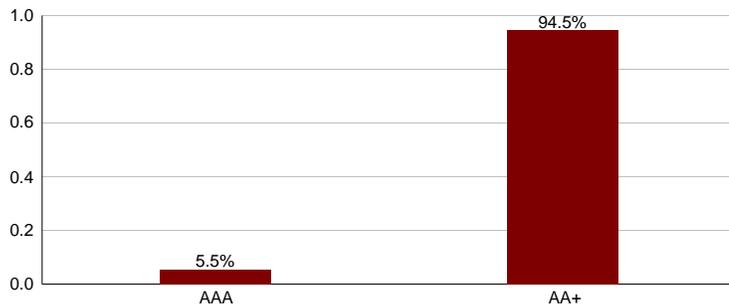
Asset Mix



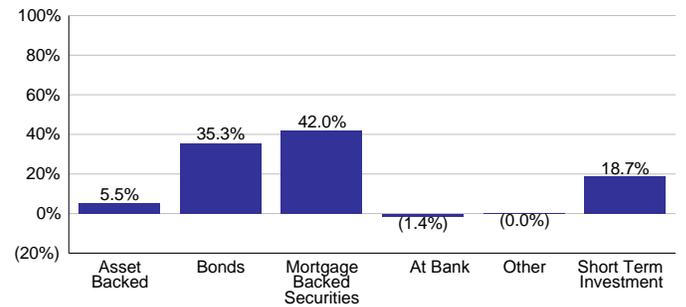
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099F733	TRI-PARTY REPO BANK OF AMERICA 0.25% 01/NOV/2012	16.54%	0.25	1/11/2012
30299G010	FDIC US BANK CDARS ACCOUNT 0.27% 03/DEC/2012	6.73%	0.27	3/12/2012
36186CBF9	ALLY FINANCIAL INC 2.2% NTS 19/DEC/2012 USD1000	5.65%	2.20	19/12/2012
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	5.39%	0.00	25/10/2013
36179MGW4	GNMA II MORTPASS 3% 20/JUL/2042 JM PN# MA0213	3.59%	3.00	20/7/2042
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	3.43%	3.50	20/4/2027
36225E3Y6	GNMA II MORTPASS 03% 20/SEP/2040 AT PN# 082614	3.24%	3.00	20/9/2040
36230M3Y1	GNMA I MORTPASS 4% 15/NOV/2040 SF PN# 753515	2.38%	4.00	15/11/2040
36176S4T4	GNMA I MORTPASS 4% 15/SEP/2041 SF PN# 775134	2.36%	4.00	15/9/2041
36178GHQ0	GNMA I MORTPASS 3% 15/AUG/2027 SF PN# AA8339	2.36%	3.00	15/8/2027

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



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

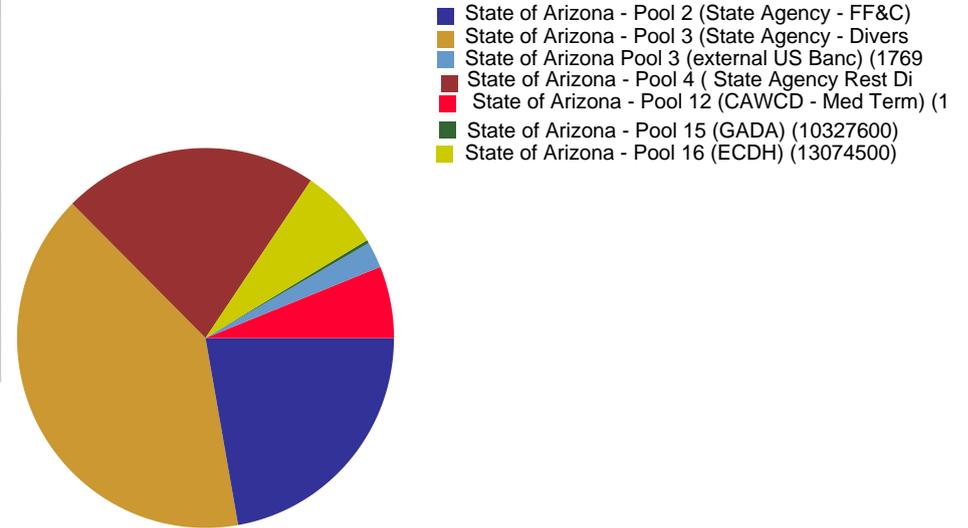
FUND	DESCRIPTION	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	610,339	780,183	849,139	1.0090
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,495,497	1,564,011	1,181,218	1.0054
	EXTERNAL MANAGERS	55,987	50,338	N/A	1.0029
	FUND 3 TOTAL	1,551,485	1,614,349	1,181,218	1.0052
4	STATE AGENCIES - GOV	658,104	688,716	314,304	1.0028
12	CAWCD MEDIUM-TERM	443,627	520,666	533,291	1.0259
15	GADA LONG-TERM	20,022	16,614	22,813	1.0182
16	ECDH MEDIUM-TERM	517,152	379,498	N/A	1.0093
	TOTAL STATE AGENCIES	3,800,729	4,000,026	2,900,765	

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

FUND	DESCRIPTION	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.74% 0.48%	0.96% 0.33%	1.21% 0.66%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	0.97% 0.66% 0.95% 0.58%	0.99% 0.61% 0.97% 0.55%	0.92% N/A 0.92% 0.63%
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.79% 0.22%	0.82% 0.20%	0.54% 0.18%
12	CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.84% 1.70%	2.25% 1.61%	2.24% 2.37%
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	1.95% 1.06%	1.68% 0.83%	2.22% 2.07%
16	ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.86% 1.70%	1.41% 1.61%	N/A N/A

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

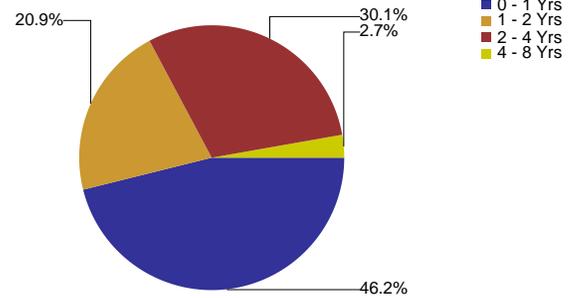
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,058.36	22.2%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,908.73	40.1%
State of Arizona - Pool 3 (external US Banc) (17699900)	100.46	2.1%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,055.34	22.2%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	291.19	6.1%
State of Arizona - Pool 15 (GADA) (10327600)	12.33	0.3%
State of Arizona - Pool 16 (ECDH) (13074500)	331.05	7.0%
TOTAL	4,757.47	100.0%



Portfolio Characteristics

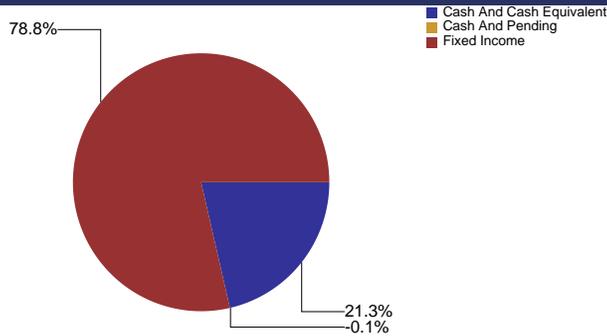
Duration Mix

Total Net Assets (Millions) **1,058.4**
 Weighted Average Life (Years) **1.70**
 Weighted Avg. Effective Duration (Years) **1.38**
 Weighted Average Rating **AA+**
 Number of Holdings **102**



Asset Mix

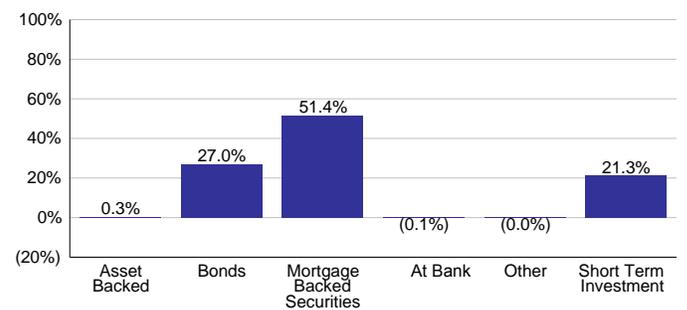
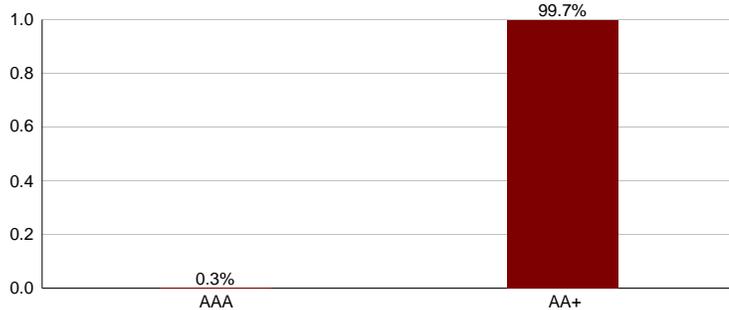
TopTen Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
60699B741	TRI-PARTY REPO MIZUHO SECURITIES 0.30% 01/NOV/2012	18.88%	0.31	1/11/2012
38375GHL8	GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042	3.98%	2.00	16/5/2042
912828QH6	US 1.25000 '14	3.84%	1.25	15/2/2014
62889KAA9	NCUA GTD NTS MASTER TRUST 0% BDS 12/JUN/2013	3.78%	0.23	12/6/2013
36179MAB6	GNMA II MORTPASS 3% 20/APR/2027 JM PN# MA0002	2.41%	3.00	20/4/2027
38378EGJ6	GINNIE MAE 2012-51 EA 1.500% 20/SEP/2040	2.32%	1.50	20/9/2040
38377WL77	GINNIE MAE 2011-94 AB 2.000% 20/JAN/2039	2.20%	2.00	20/1/2039
38374UAY7	GINNIE MAE 2009-32 CA 4.000% 20/MAY/2039	2.02%	4.00	20/5/2039
912828KV1	US 2.25000 '14	1.97%	2.25	31/5/2014
38378BWG0	GINNIE MAE 2012-79 A 1.800% 16/APR/2039	1.92%	1.80	16/4/2039

Quality/Rating Weightings

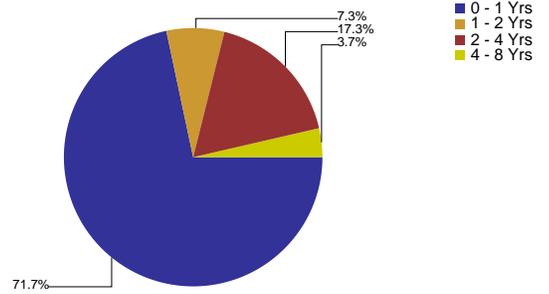
Sector Weightings (as % of Market Value)



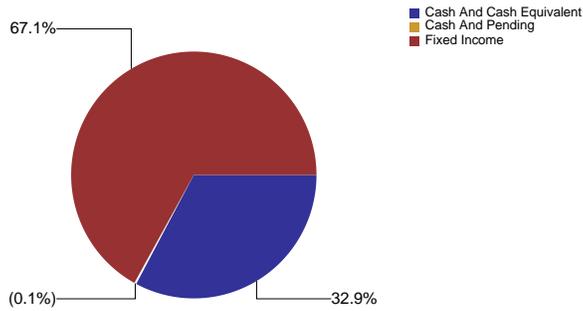
Portfolio Characteristics

Total Net Assets (Millions) **2,009.2**
 Weighted Average Life (Years) **1.29**
 Weighted Avg. Effective Duration (Years) **0.84**
 Weighted Average Rating **AA**
 Number of Holdings **260**

Duration Mix



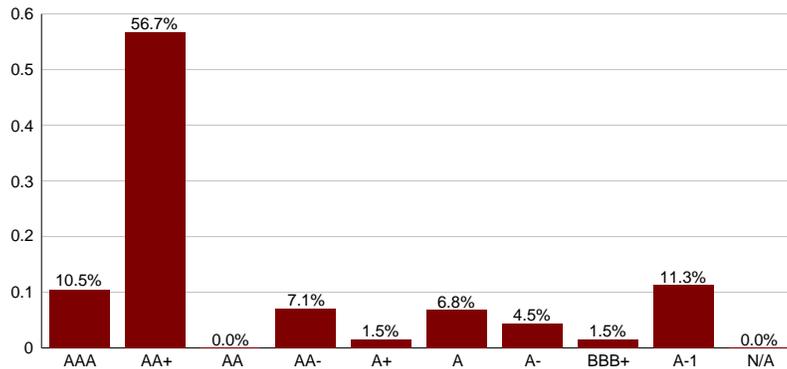
Asset Mix



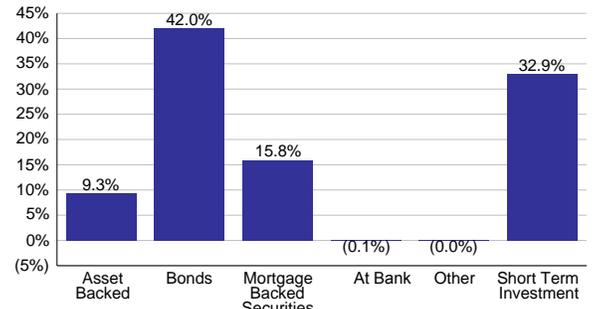
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990W30	TRI PARTY REPO SOUTH STREET 0.90% 01/NOV/2012	12.43%	0.30	1/11/2012
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	2.88%	0.35	1/11/2012
G3R99JAH1	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.49%	0.21	1/11/2012
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	2.25%	0.17	15/7/2013
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.99%	0.59	2/5/2013
52952LL26	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	1.99%	0.00	2/11/2012
52468JL28	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	1.99%	0.00	2/11/2012
62455ANG8	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.99%	0.00	16/1/2013
2470C2Q57	DELL INC CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.84%	0.00	5/3/2013
3134G22R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.50%	1.70	2/11/2016

Quality/Rating Weightings

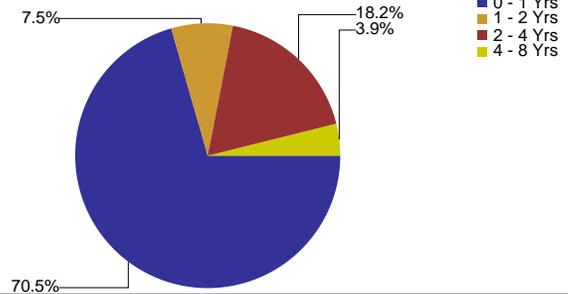


Sector Weightings (as % of Market Value)

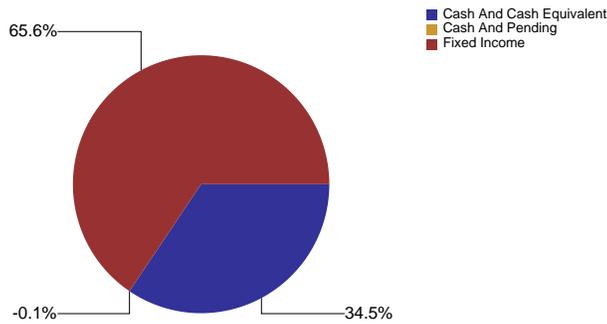


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,908.7
Weighted Average Life (Years) 1.35
Weighted Avg. Effective Duration (Years) 0.87
Weighted Average Rating AA
Number of Holdings 153

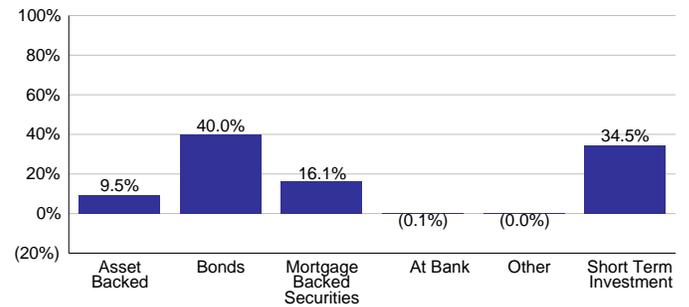
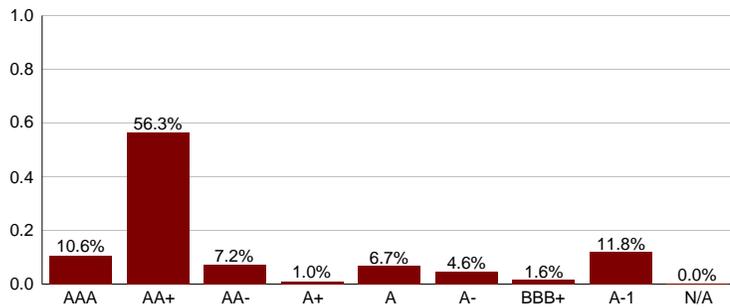


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
852990W30	TRI PARTY REPO SOUTH STREET 0.30% 01/NOV/2012	13.09%	0.30	1/11/2012
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	3.04%	0.35	1/11/2012
G3R99JAH1	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.62%	0.21	1/11/2012
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	2.37%	0.17	15/7/2013
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	2.10%	0.59	2/5/2013
52468JL28	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.09%	0.00	2/11/2012
52952LL26	LEXINGTN PKR CAP CO LL CORPORATE COMMERCIAL PAPER	2.09%	0.00	2/11/2012
62455ANG8	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	2.09%	0.00	16/1/2013
2470C2Q57	DELL INC CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.94%	0.00	5/3/2013
3134G22R2	FEDERAL HOME LOAN MORTGAGE CORP 1.7% NTS	1.58%	1.70	2/11/2016

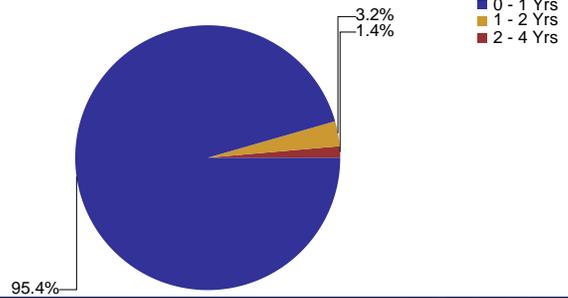
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

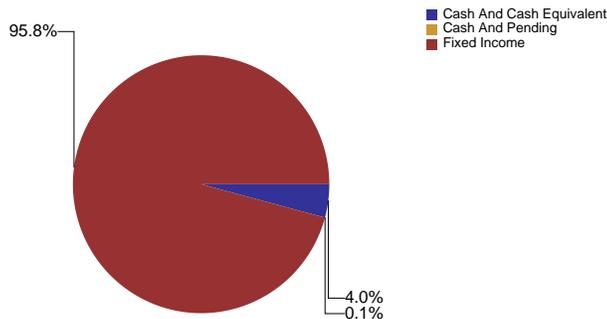
Duration Mix

Total Net Assets (Millions) **100.5**
 Weighted Average Life (Years) **0.19**
 Weighted Avg. Effective Duration (Years) **0.11**
 Weighted Average Rating **AA+**
 Number of Holdings **107**



Asset Mix

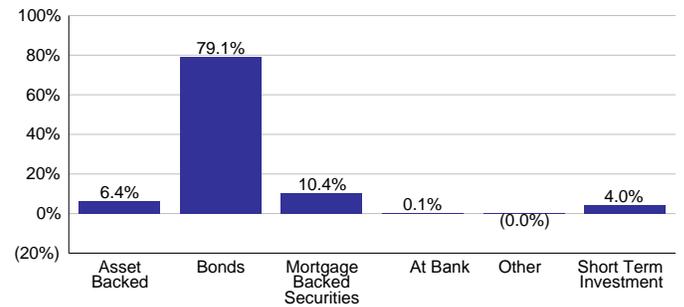
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313379P60	FEDERAL HOME LOAN BANKS CONS BD FLT 13 25/NOV/2013	3.99%	0.00	25/11/2013
3135G0LB7	FEDERAL NATIONAL MORTGAGE ASSOC 1% NTS 29/MAY/2015	2.51%	1.00	29/5/2015
3135G0KR3	FEDERAL NATIONAL MORTGAGE ASSOC 0.7% NTS	2.50%	0.70	15/5/2015
3133EARS9	FEDERAL FARM CR BKS CONS BD 0.38% 29/MAY/2014	2.50%	0.38	29/5/2014
3135G0KS1	FEDERAL NATIONAL MORTGAGE ASSOC 0.56% NTS	2.50%	0.56	10/2/2015
3136G0CB5	FEDERAL NATL MTG ASSN CALL 0.71%15/APR/2015	2.50%	0.71	15/4/2015
3133EAXC7	FEDERAL FARM CR BKS CONS BD 0.57% 09/JUL/2015	2.50%	0.57	9/7/2015
3133EAZU5	FEDERAL FARM CREDIT BANKS 0.45% BDS 24/APR/2015	2.49%	0.45	24/4/2015
377372AC1	GLAXOSMITHKLINE CAPITAL 4.85% BDS 15/MAY/2013	2.08%	4.85	15/5/2013
097014AH7	BOEING CAPITAL CORP 5.8% BDS 15/JAN/2013 USD1000	2.05%	5.80	15/1/2013

Quality/Rating Weightings

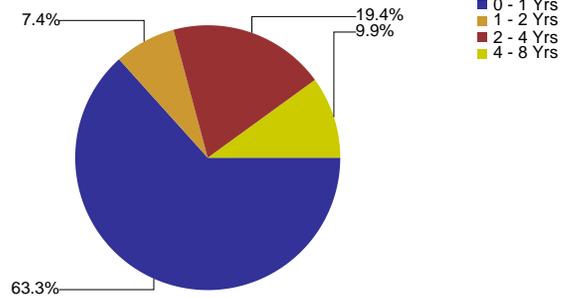
Sector Weightings (as % of Market Value)



Portfolio Characteristics

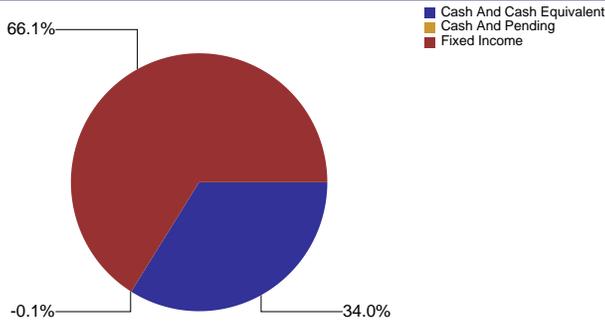
Duration Mix

Total Net Assets (Millions) **1,055.3**
 Weighted Average Life (Years) **1.51**
 Weighted Avg. Effective Duration (Years) **1.20**
 Weighted Average Rating **AA+**
 Number of Holdings **76**



Asset Mix

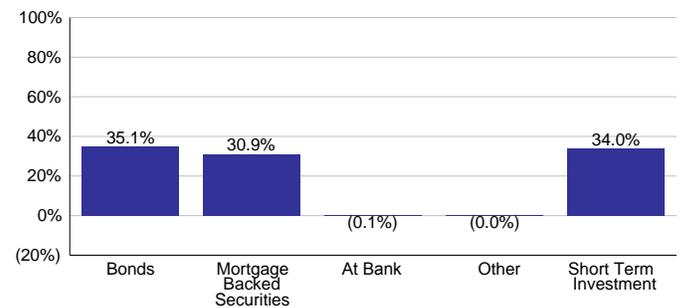
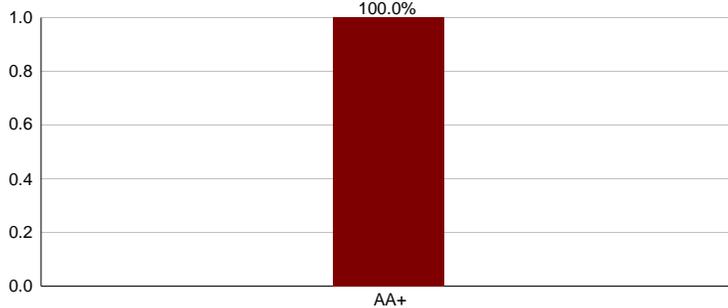
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	28.02%	0.35	1/11/2012
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/NOV	5.25%	0.30	1/11/2012
3135G0KF9	FEDERAL NATIONAL MORTGAGE ASSOC 1.5% NTS	4.29%	1.50	17/4/2017
3137AUBR9	FREDDIE MAC 4111 AG 1.750% 15/AUG/2039	2.82%	1.75	15/8/2039
3132GSCE7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 PN# Q06969	2.40%	3.50	1/3/2042
3137ARV78	FREDDIE MAC 4079 AH 2.000% 15/JUL/2027	2.27%	2.00	15/7/2027
912828AU4	US TREAS NTS 3.875% 15/FEB/2013	1.93%	3.88	15/2/2013
912828HV5	UNITED STATES TREAS NTS 2.5% 31/MAR/2013	1.92%	2.50	31/3/2013
3137APJG6	FREDDIE MAC 4030 BC 2.000% 15/JAN/2042	1.79%	2.00	15/1/2042
3138E4DN8	FNMA MORTPASS 4% 01/JAN/2042 CL PN# AK0108	1.60%	4.00	1/1/2042

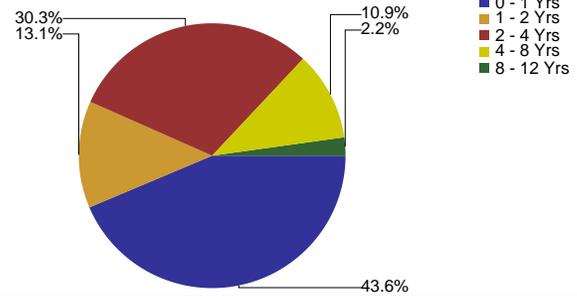
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

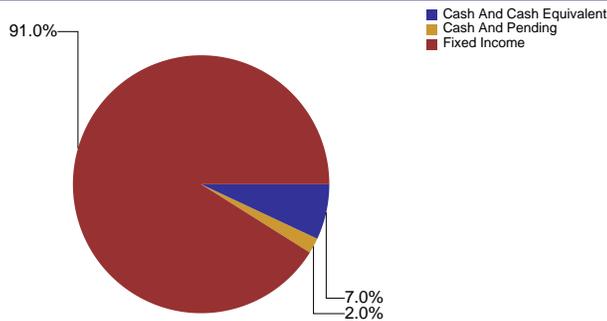


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 291.2
Weighted Average Life (Years) 2.98
Weighted Avg. Effective Duration (Years) 1.91
Weighted Average Rating AA
Number of Holdings 117

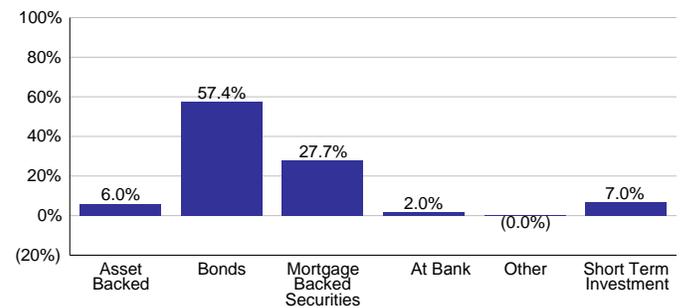
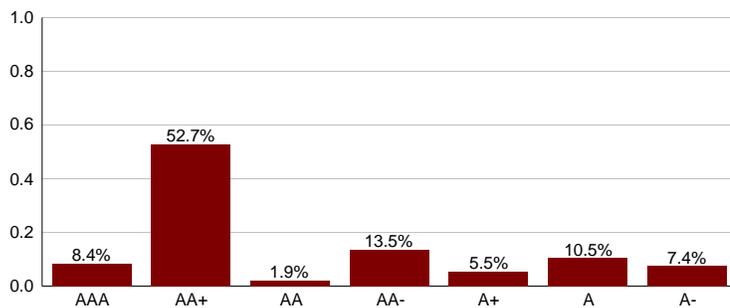


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	4.88%	0.35	1/11/2012
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.82%	0.75	15/11/2013
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.47%	1.99	26/3/2018
3136A9LG1	FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040	2.46%	1.75	25/3/2040
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.88%	3.00	1/4/2016
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.77%	1.01	30/10/2014
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.76%	1.10	10/1/2014
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.76%	0.38	15/2/2017
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.76%	0.59	2/5/2013
36962G5T7	GENERAL ELEC CAP CORP MTN BE SR FIX/FLT NT 16	1.75%	1.55	8/2/2016

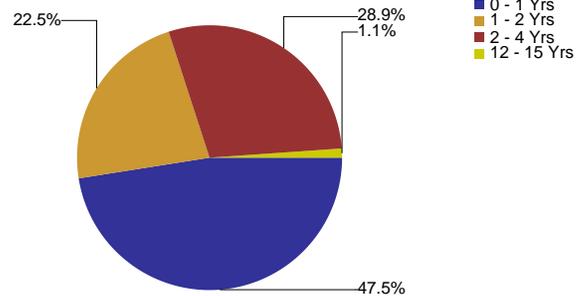
Quality/Rating Weightings Sector Weightings (as % of Market Value)



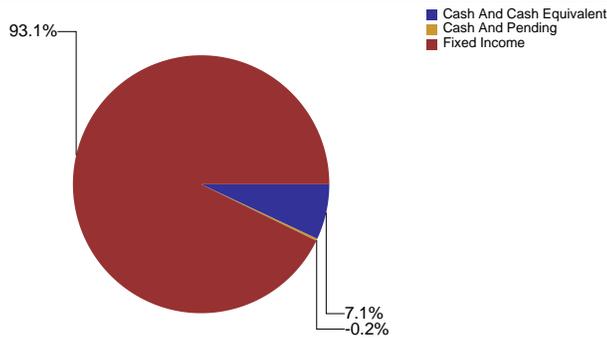
Portfolio Characteristics

Total Net Assets (Millions) **12.3**
 Weighted Average Life (Years) **4.48**
 Weighted Avg. Effective Duration (Years) **1.34**
 Weighted Average Rating **AA+**
 Number of Holdings **27**

Duration Mix



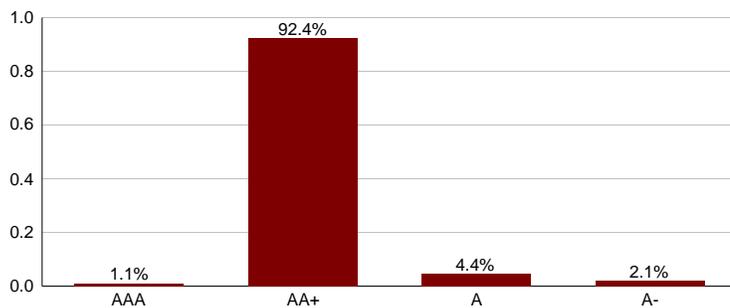
Asset Mix



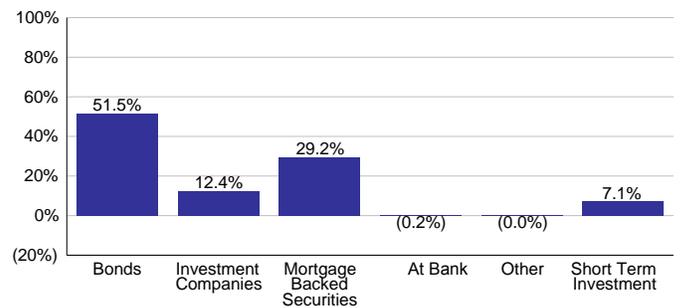
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
A41995373	LOCAL GOV INVS POOL 700	12.37%	0.00	31/12/2049
3133EAX29	FEDERAL FARM CR BKS CONS BD 0.98% 18/SEP/2017	8.09%	0.98	18/9/2017
928989466	JP MORGAN PRIME MMF AGENCY SHARES	7.05%	0.00	31/12/2049
3136FTN70	FEDERAL NATL MTG ASSN CALL 3%28/NOV/2025	6.14%	3.00	28/11/2025
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.44%	6.95	15/3/2014
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.34%	3.50	15/2/2026
3134G24S8	FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018	4.16%	2.25	14/11/2018
3128X6SL1	FEDERAL HOME LN MTG CORP CALL 5.25%13/DEC/2022	4.15%	5.25	13/12/2022
31331KL73	FEDERAL FARM CR BKS CONS BD 3.8% 02/NOV/2026	4.13%	3.80	2/11/2026
G3R99JAH1	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	4.06%	0.21	1/11/2012

Quality/Rating Weightings

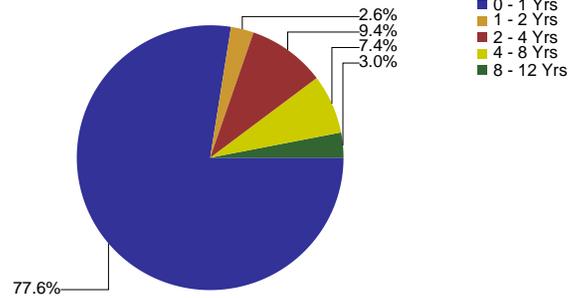


Sector Weightings (as % of Market Value)

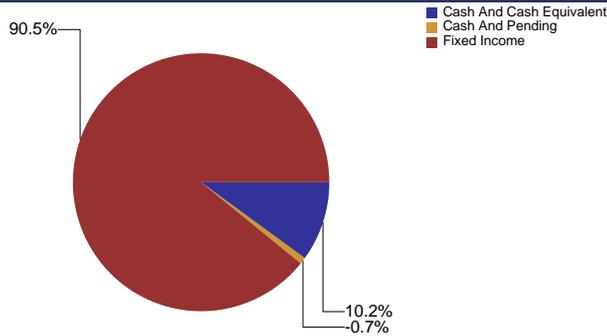


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 331.0
Weighted Average Life (Years) 1.68
Weighted Avg. Effective Duration (Years) 1.04
Weighted Average Rating AA
Number of Holdings 87

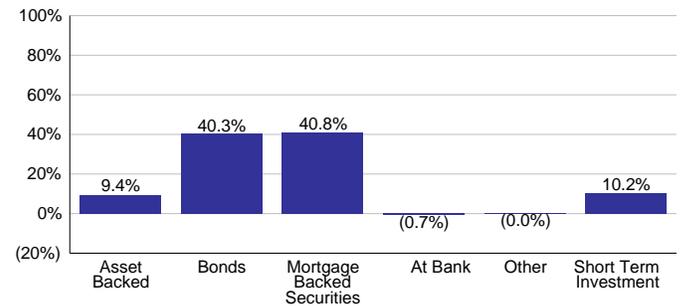
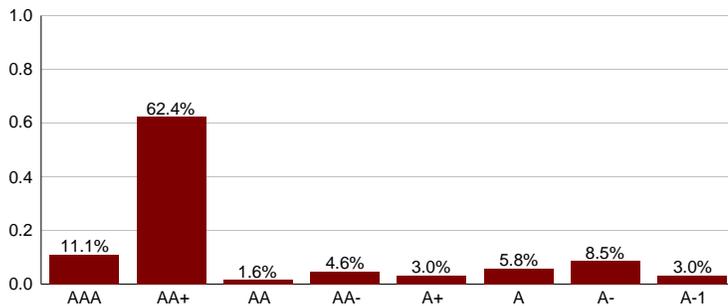


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3137ATR20	FREDDIE MAC 4097 VH 1.500% 15/OCT/2041	4.42%	1.50	15/10/2041
3137APUK4	FREDDIE MAC 4045 HP 3.500% 15/MAY/2042	3.18%	3.50	15/5/2042
3128HXW76	FHLMC GOLD MORTPASS 3.00% 15/AUG/2042 POOL#S06070	3.13%	3.00	15/8/2042
85299R333	TRI-PARTY REPO SOUTH STREET 0.35% 01/NOV/2012	2.70%	0.35	1/11/2012
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.04%	0.78	7/6/2017
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	2.02%	4.00	25/7/2040
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	1.95%	1.99	26/3/2018
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.72%	4.00	25/6/2030
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.70%	3.50	15/1/2032
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	1.64%	3.50	16/4/2035

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



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through October 31, 2012

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year</u> <u>2010/2011</u>	<u>Fiscal Year</u> <u>2011/2012</u>	<u>Fiscal Year</u> <u>2012/2013</u>
JULY	1,077	1,209	1,817
AUGUST	761	818	1,475
SEPTEMBER	590	744	1,420
OCTOBER	358	668	1,205
NOVEMBER	570	858	
DECEMBER	592	979	
JANUARY	835	1,511	
FEBRUARY	863	1,501	
MARCH	802	1,373	
APRIL	1,002	1,725	
MAY	1,128	2,036	
JUNE	1,358	2,331	
Y-T-D			
Average	\$828	\$1,313	\$1,479
Budget Stabilization Average Fund Balance - October			<u>\$451</u>
Total Average Cash Available - October			\$1,656

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
OCTOBER 2012**

Distributed in Current Month

Recipient	OCTOBER 2012	Fiscal YTD 12/13	Fiscal YTD 11/12
-----	-----	-----	-----
101 A & M Colleges	\$13,923	\$55,693	\$86,082
102 State Hospital	\$8,107	\$32,427	\$47,704
103 Leg., Exec., & Jud.	\$11,841	\$47,365	\$70,696
104 Military Institute	\$860	\$3,439	\$5,015
105 Miners Hospital	\$20,736	\$82,943	\$114,243
107 Normal School ASU/NAU	\$5,067	\$20,270	\$29,421
108 Penitentiaries	\$22,867	\$91,467	\$113,676
109 Permanent Common School	\$4,456,288	\$17,825,150	\$25,361,153
110 School for Deaf & Blind	\$7,377	\$29,510	\$42,240
111 School of Mines	\$16,212	\$64,848	\$97,715
112 State Charitable-Pioneers Home	\$71,865	\$287,460	\$443,505
112 State Charitable-Corrections	\$35,933	\$143,730	\$221,753
112 State Charitable-Youth Treatment	\$35,933	\$143,730	\$221,753
113 University Fund	\$26,441	\$105,762	\$156,032
114 U of A Land - 1881	\$58,053	\$232,212	\$333,091
	-----	-----	-----
Total	\$4,791,502	\$19,166,007	\$27,344,080
	=====	=====	=====

Posted in USAS in current month

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

NET EARNINGS

FUND	DESCRIPTION	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11
205	ENDOWMENTS - FIXED INCOME	\$5,337,113	\$4,754,376	\$3,796,639

YIELDS

<u>MONTHLY</u>	Current Month 10/31/12	Prior Month 09/30/12	Prior Year 10/31/11
205 ENDOWMENTS - FIXED INCOME	7.81%	6.95%	5.71%

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Oct-12 NET GAIN(LOSS)	Oct-11 NET GAIN(LOSS)
Fixed Income Pool	1,011,257	(244,546)
Equity Pool (500)	(817,454)	27,397
Equity Pool (400)	2,374,897	(710,335)
Equity Pool (600)	1,304,136	(43,339)
Totals	3,872,836	(970,823)

Endowment Fund	2012/2013 FISCAL YEAR TO DATE GAINS(LOSSES)	2011/ 2012 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	1,222,392	1,024,831
Equity Pool (500)	1,818,385	570,694
Equity Pool (400)	5,959,169	5,778,514
Equity Pool (600)	1,857,524	(334,677)
Totals	10,857,470	7,039,362

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

State Treasurer's Report
 November 27, 2012
 Page 24

I. Endowment Funds Purchases

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&P RATING</u>
FHLMC MTG	3.00	8/15/2042	6.37	\$9,971,451	\$10,554,158	2.00%	Aaa/AA+
FHLMC MTG	2.50	9/15/2041	5.20	\$12,241,749	\$12,669,572	1.78%	Aaa/AA+
FHLMC MTG	2.50	9/1/2027	3.40	\$9,955,295	\$10,510,095	0.86%	Aaa/AA+
FHLMC MTG	2.50	9/1/2027	3.41	\$9,955,735	\$10,501,227	0.89%	Aaa/AA+
FNMA MTG	5.76	8/1/2037	9.18	\$4,596,245	\$5,056,352	2.64%	Aaa/AA+
FNMA MTG	2.50	9/25/2042	2.31	\$9,926,658	\$10,002,142	2.14%	Aaa/AA+
FNMA MTG	4.00	3/25/2029	7.98	\$5,391,411	\$6,161,446	2.03%	Aaa/AA+
GNMA MTG	3.50	4/16/2042	4.22	\$2,341,965	\$2,546,969	1.30%	Aaa/AA+
GNMA MTG	3.50	4/20/2042	6.57	\$7,938,260	\$8,614,666	2.03%	Aaa/AA+
US TREAS	1.63	8/15/2022	N/A	\$2,500,000	\$2,467,137	1.80%	Aaa/AA+
JOHN DEERE	1.70	1/15/2020	N/A	\$3,000,000	\$2,989,830	1.75%	A2/A
TOTAL ENDOWMENT FUNDS PURCHASES				\$77,818,769	\$82,073,593		

II. Endowment Funds Sales

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&P RATING</u>
FHLMC MTG	6.00	10/1/2038	\$3,859,457	\$4,240,498	\$78,972	Aaa/AA+
FHLMC MTG	3.50	11/15/2024	\$3,099,306	\$3,196,805	\$28,012	Aaa/AA+
FHLMC MTG	4.00	6/15/2028	\$2,664,254	\$2,746,125	(\$39,548)	Aaa/AA+
FHLMC MTG	3.50	8/1/2026	\$7,385,189	\$7,839,070	\$45,131	Aaa/AA+
FNMA MTG	3.50	9/1/2026	\$2,365,915	\$2,517,605	\$33,640	Aaa/AA+
FNMA MTG	4.50	3/1/2025	\$5,042,912	\$5,457,376	\$167,012	Aaa/AA+
FNMA MTG	4.50	5/1/2024	\$2,257,795	\$2,443,358	\$63,223	Aaa/AA+
FNMA MTG	5.00	5/1/2039	\$3,417,686	\$3,730,381	\$99,068	Aaa/AA+
FNMA MTG	6.00	8/25/2045	\$669,113	\$761,952	\$23,476	Aaa/AA+
FNMA MTG	6.23	8/25/2047	\$1,873,361	\$2,196,696	\$68,490	Aaa/AA+
FNMA MTG	4.50	4/1/2018	\$2,011,545	\$2,172,469	\$66,230	Aaa/AA+
GNMA MTG	4.50	8/20/2033	\$3,628,535	\$3,744,194	(\$53,861)	Aaa/AA+
GNMA MTG	5.00	10/20/2040	\$4,100,192	\$4,514,767	\$133,900	Aaa/AA+
GNMA MTG	4.50	3/15/2039	\$1,264,072	\$1,383,290	\$76,911	Aaa/AA+
GNMA MTG	5.00	6/15/2039	\$3,776,764	\$4,183,422	\$252,842	Aaa/AA+
GNMA MTG	4.50	1/16/2031	\$2,583,189	\$2,657,455	(\$66,168)	Aaa/AA+
GNMA MTG	4.00	8/20/2039	\$3,995,013	\$4,330,229	\$171,186	Aaa/AA+
GNMA MTG	5.00	8/20/2038	\$3,582,579	\$3,876,647	\$81,726	Aaa/AA+
TOTAL ENDOWMENT FUNDS SALES			\$57,576,878	\$61,992,341	\$1,230,240	

*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 October 2012

State Treasurer's Report
November 27, 2012
Page 25

I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	172,151	\$6,557,410	\$1,291
S&P 500 Large-Cap Fund	25,718	\$1,902,824	\$193
S&P 600 Small-Cap Fund	172,472	\$4,386,862	\$1,124
TOTAL EQUITY PURCHASES	370,341	\$12,847,097	\$2,608

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	110,849	\$6,262,330	\$667
S&P 500 Large-Cap Fund	29,990	\$620,589	\$225
S&P 600 Small-Cap Fund	85,973	\$3,375,458	\$645
TOTAL EQUITY SALES	226,812	\$10,258,376	\$1,537

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

State Treasurer's Report
November 27, 2012
Page 26

FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	554	3,833	5,779	1,946	
	<i>Shares in Fixed Income Pools</i>	3,989	2,503	4,051	1,548	
	Total	4,544	6,336	9,830	3,495	1.552
102	State Hospital					
	<i>Shares in Equity Pools</i>	351	2,430	3,664	1,234	
	<i>Shares in Fixed Income Pools</i>	2,404	1,590	2,441	851	
	Total	2,755	4,020	6,105	2,085	1.519
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	449	3,357	4,686	1,330	
	<i>Shares in Fixed Income Pools</i>	3,460	2,199	3,513	1,314	
	Total	3,909	5,556	8,200	2,644	1.476
104	Military Institute					
	<i>Shares in Equity Pools</i>	30	216	309	93	
	<i>Shares in Fixed Income Pools</i>	234	141	238	98	
	Total	264	357	547	191	1.535
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,098	8,841	11,453	2,612	
	<i>Shares in Fixed Income Pools</i>	7,578	5,862	7,695	1,833	
	Total	8,676	14,703	19,148	4,445	1.302
107	S Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	204	1,492	2,124	632	
	<i>Shares in Fixed Income Pools</i>	1,474	978	1,497	519	
	Total	1,678	2,470	3,621	1,151	1.466
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	682	4,821	7,109	2,288	
	<i>Shares in Fixed Income Pools</i>	4,725	3,197	4,799	1,602	
	Total	5,407	8,018	11,907	3,889	1.485

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

State Treasurer's Report
November 27, 2012
Page 27

NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	193,941	1,479,643	2,022,207	542,564	
<i>Shares in Fixed Income Pools</i>	1,371,863	991,065	1,393,127	402,061	
Total	1,565,805	2,470,708	3,415,334	944,626	1.382
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	288	2,090	3,001	910	
<i>Shares in Fixed Income Pools</i>	2,147	1,373	2,180	807	
Total	2,434	3,463	5,180	1,717	1.496
111 School of Mines					
<i>Shares in Equity Pools</i>	620	4,588	6,468	1,879	
<i>Shares in Fixed Income Pools</i>	4,589	3,036	4,660	1,625	
Total	5,210	7,624	11,128	3,504	1.460
112 State Charitable					
<i>Shares in Equity Pools</i>	6,203	46,082	64,683	18,601	
<i>Shares in Fixed Income Pools</i>	43,143	30,931	43,812	12,881	
Total	49,346	77,013	108,495	31,482	1.409
113 University Fund					
<i>Shares in Equity Pools</i>	1,035	7,635	10,795	3,161	
<i>Shares in Fixed Income Pools</i>	7,636	5,028	7,755	2,727	
Total	8,672	12,663	18,550	5,887	1.465
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	2,899	22,423	30,230	7,807	
<i>Shares in Fixed Income Pools</i>	21,126	14,982	21,454	6,472	
Total	24,026	37,405	51,684	14,279	1.382
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	208,356	1,587,451	2,172,509	585,058	
<i>Shares in Fixed Income Pools</i>	1,474,369	1,062,884	1,497,222	434,337	
Grand Total	1,682,726	2,650,335	3,669,731	1,019,396	
PRIOR YEAR:					
OCTOBER 2011 BALANCES	1,658,461	2,518,782	3,222,715	703,932	

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

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

State Treasurer's Report
November 27, 2012
Page 28

ASSET ALLOCATION PERCENTAGE

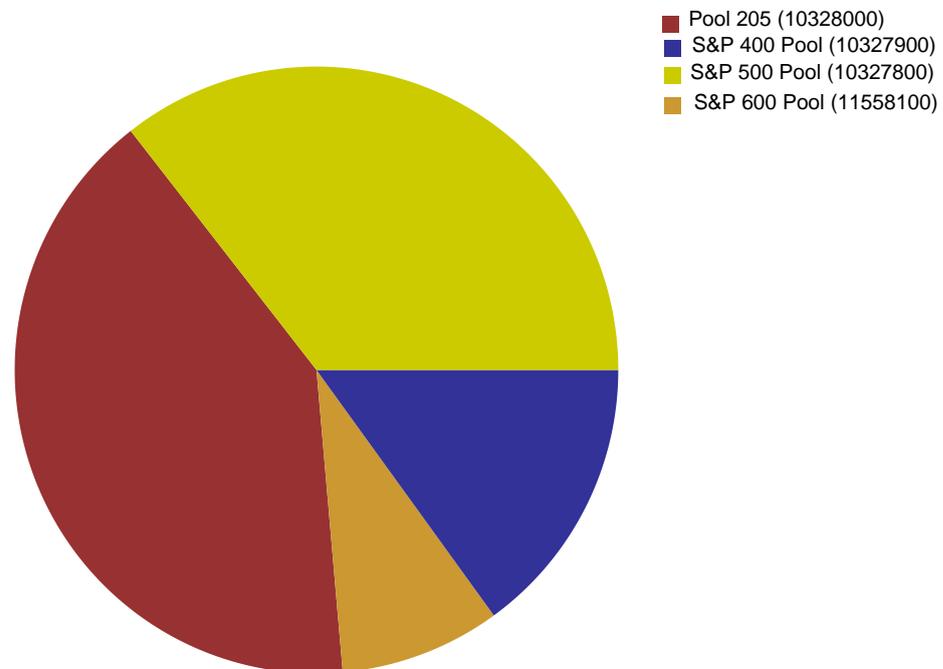
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	OCTOBER 2011 MARKET VALUE
<i>Shares in Equity Pools</i>	12.38%	59.90%	59.20%	47.26%
<i>Shares in Fixed Income Pools</i>	87.62%	40.10%	40.80%	52.74%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====

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

Total Endowment Fund Composite (00550902)													
ID	Name	Beginning Market Value	Ending Market Value	Cashflow	Current Month	Trailing Three Months	Year to Date	Fiscal Year To Date	Trailing One Year	Trailing Three Years	Trailing Five Years	Since Inception	Inception Date
10327800	S&P 500 Pool	1,333,046,088.12	1,307,253,953.52	-1,185,731	(1.85)	2.96	14.28	4.36	15.18	13.19	0.49	1.41	07/01/1999
10327900	S&P 400 Pool	553,421,972.94	548,521,310.19	-508,170	(0.79)	4.64	13.00	4.60	12.30	15.68	2.73	7.35	08/01/2001
10328000	Pool 205	1,498,261,761.00	1,497,221,595.00	-1,355,121	0.02	0.33	3.67	1.55	4.44	4.83	5.74	5.97	07/01/1999
11558100	S&P 600 Pool	323,550,819.80	316,733,761.49	-338,780	(2.00)	4.10	11.61	3.31	13.73			4.53	03/01/2011
00550902	Total Endowment Fund Composite	3,708,280,642.00	3,669,730,620.00	-3,387,802	(0.94)	2.22	9.30	3.15	10.00	9.25	3.54	5.26	07/01/1999

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

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,497.22	40.8%
S&P 400 Pool (10327900)	548.52	14.9%
S&P 500 Pool (10327800)	1,307.25	35.6%
S&P 600 Pool (11558100)	316.73	8.6%
TOTAL	3,669.73	100.0%



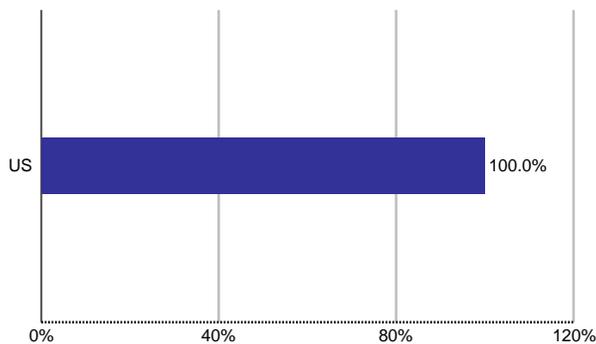
Portfolio Characteristics

Total Asset Value (in Millions)	1,307.3		Trailing 1 Year	0.04	Trailing 3 Years	0.08	Trailing 5 Years	0.19	Since Inception	1.65
P/E Ratio	35.90		Information Ratio	(0.61)	(0.24)	0.62	0.62	(0.38)	(0.38)	(0.38)
Price to Book Ratio	15.60		Std Deviation of Port.	10.60	15.54	19.07	19.07	16.09	16.09	16.09
Dividend Yield (%)	2.26		Std Deviation of Bench.	10.61	15.58	19.15	19.15	15.97	15.97	15.97
Return on Equity (%)	63.23		Sharpe Ratio of Port.	1.43	0.84	(0.01)	(0.01)	(0.06)	(0.06)	(0.06)
Sales Growth (%)	7.89		Sharpe Ratio of Bench.	1.43	0.84	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Market Capitalization (\$ Millions)	109,587.08		R-Squared	1.00	1.00	1.00	1.00	0.99	0.99	0.99
Earnings per Share (\$)	5.93		Jensen's Alpha	(0.01)	0.02	0.13	0.13	(0.66)	(0.66)	(0.66)
Number of Holdings	502									

Top Ten Portfolio Holdings

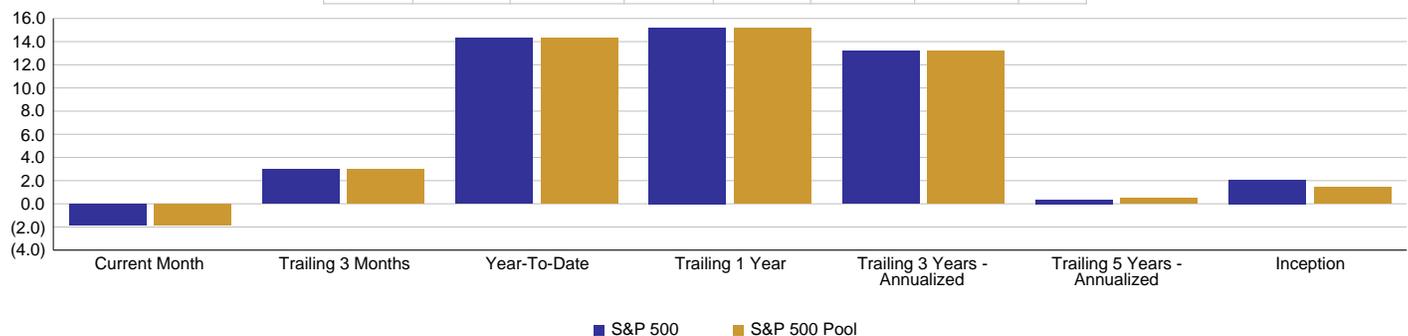
Security ID	Security Name	% of Assets
037833100	APPLE INC - COM NPV	4.26%
78462F103	SPDR S&P 500 ETF TRUST	3.35%
30231G102	EXXON MOBIL CORP - COM NPV	3.22%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.70%
166764100	CHEVRON CORP - COM USD3	1.65%
594918104	MICROSOFT CORP - COM USD.00000625	1.65%
455200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.60%
00206R102	AT&T INC - COM USD1	1.54%
478160104	JOHNSON & JOHNSON - COM USD1	1.49%
742718109	PROCTER & GAMBLE CO - COM NPV	1.47%

Top Ten Currency Weights

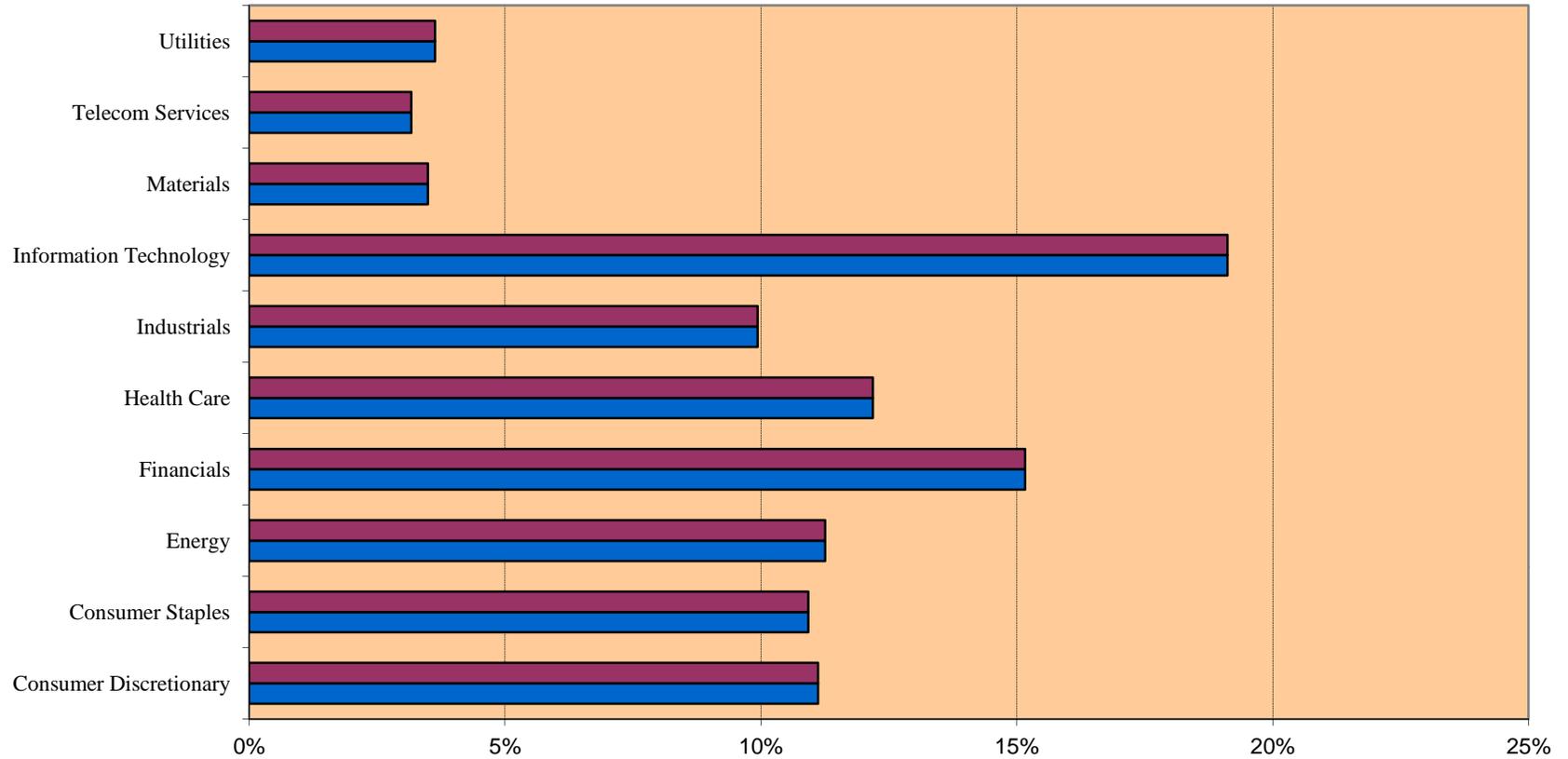


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	(1.85)	2.96	14.28	15.18	13.19	0.49	1.41
S&P 500	(1.85)	2.96	14.29	15.21	13.21	0.36	2.07
Excess	(0.00)	(0.00)	(0.02)	(0.03)	(0.01)	0.13	(0.66)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	11.12%	10.93%	11.26%	15.17%	12.19%	9.94%	19.12%	3.49%	3.17%	3.63%
■ STATE OF ARIZONA - POOL 201	11.12%	10.93%	11.26%	15.17%	12.19%	9.94%	19.12%	3.49%	3.17%	3.63%



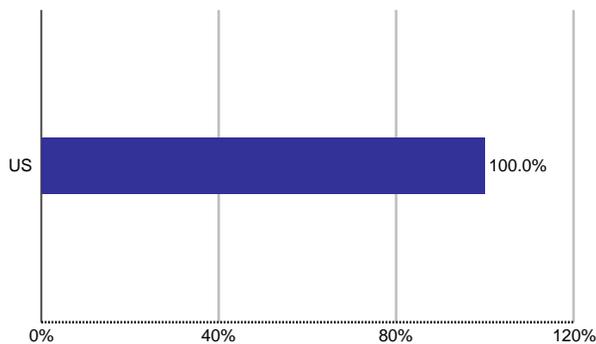
Portfolio Characteristics

Total Asset Value (in Millions)	548.5	Trailing 1 Year	0.06	Trailing 3 Years	0.52	Trailing 5 Years	2.04	Since Inception	2.03
P/E Ratio	19.90	Information Ratio	2.82	Std Deviation of Port.	11.30	Std Deviation of Bench.	11.33	Sharpe Ratio of Port.	1.08
Price to Book Ratio	2.01	Sharpe Ratio of Bench.	1.06	R-Squared	1.00	Jensen's Alpha	0.22		
Dividend Yield (%)	1.43								
Return on Equity (%)	13.53								
Sales Growth (%)	6.49								
Market Capitalization (\$ Millions)	3,820.45								
Earnings per Share (\$)	2.49								
Number of Holdings	401								

Top Ten Portfolio Holdings

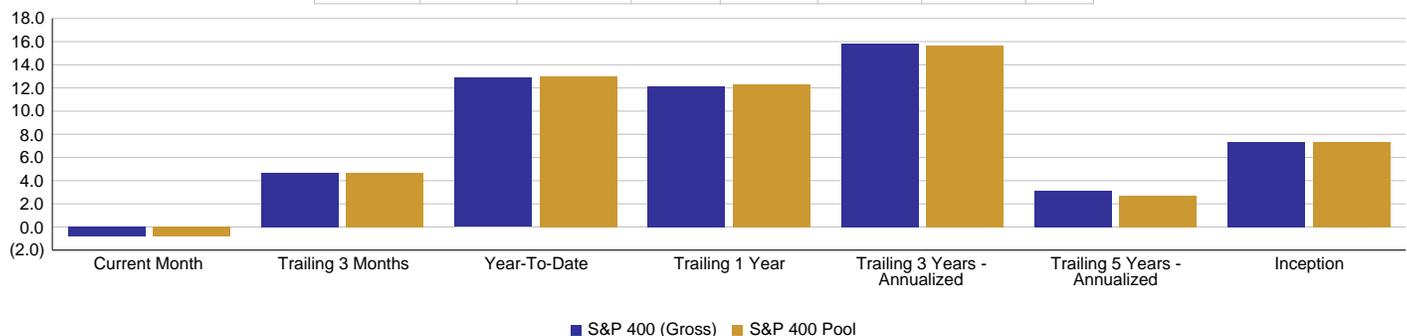
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	4.43%
75886F107	REGENERON PHARMACEUT - COM USD.001	0.89%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.87%
485170302	KANSAS CITY SOUTHERN - COM NPV	0.74%
29444U502	EQUINIX INC - COM USD.001	0.72%
031100100	AMETEK INC - COM USD1	0.72%
436106108	HOLLYFRONTIER CORP - COM USD.01	0.65%
693656100	PVH CORP - COM USD1	0.65%
554382101	MACERICH CO - COM USD.01	0.63%
018581108	ALLIANCE DATA SYSTEMS CORP - COM USD.01	0.59%

Top Ten Currency Weights

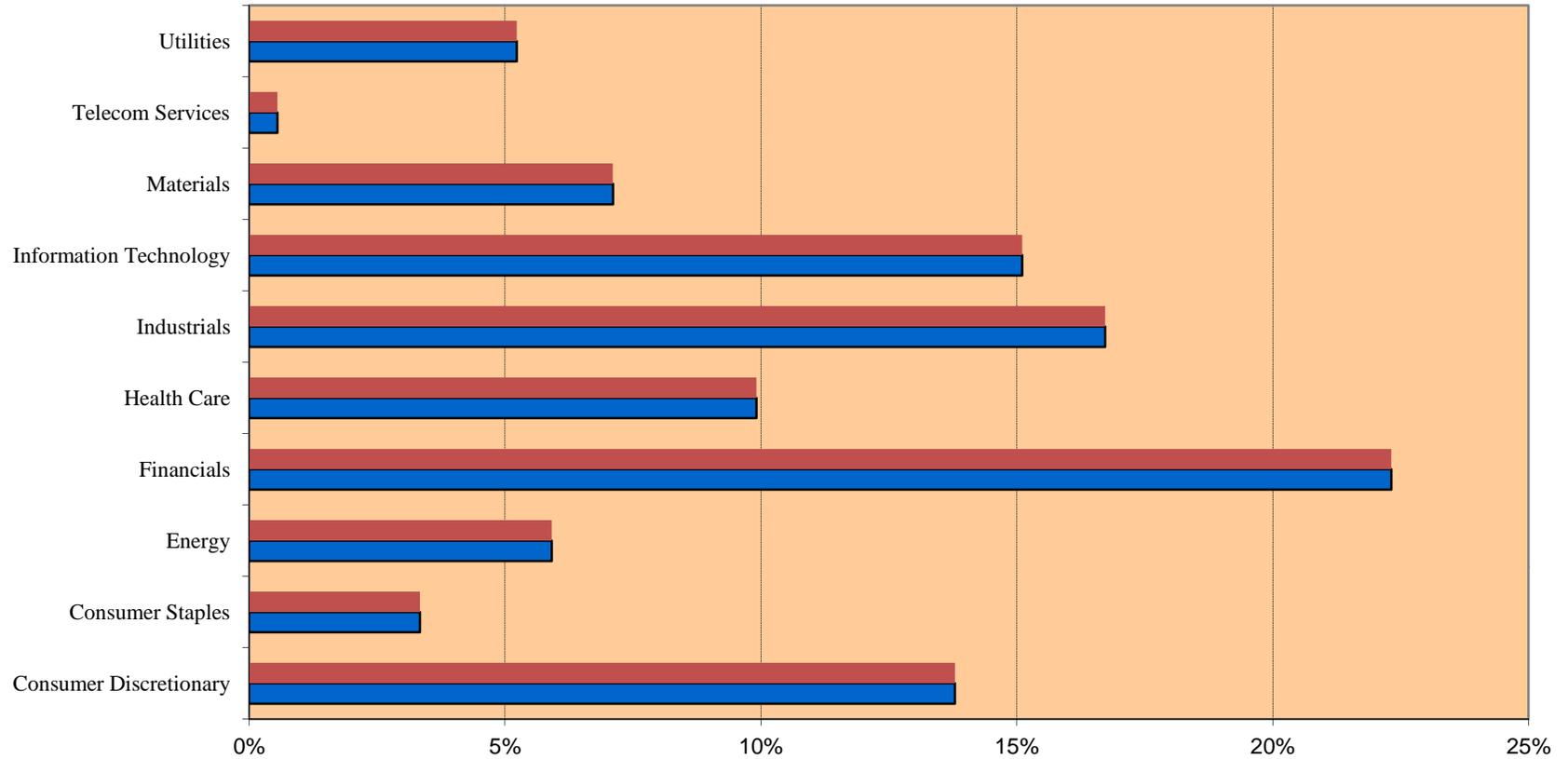


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	(0.79)	4.64	13.00	12.30	15.68	2.73	7.35
S&P 400 (Gross)	(0.79)	4.65	12.87	12.11	15.81	3.12	7.37
Excess	0.00	(0.01)	0.13	0.19	(0.13)	(0.40)	(0.01)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.79%	3.34%	5.91%	22.32%	9.92%	16.73%	15.10%	7.11%	0.55%	5.23%
■ STATE OF ARIZONA - POOL 203	13.79%	3.34%	5.91%	22.32%	9.92%	16.73%	15.10%	7.11%	0.55%	5.23%



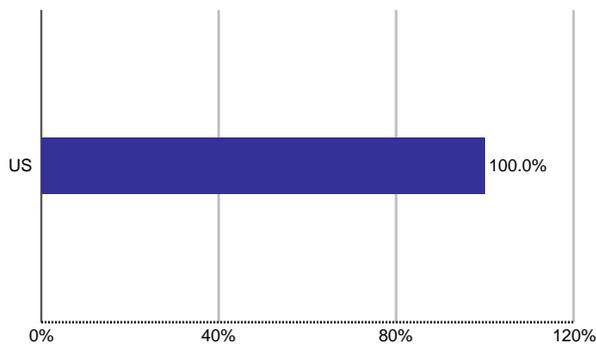
Portfolio Characteristics

Total Asset Value (in Millions)	316.7	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	23.10	Information Ratio	0.04	-	-	0.10
Price to Book Ratio	1.84	Std Deviation of Port.	2.53	-	-	(0.35)
Dividend Yield (%)	1.25	Std Deviation of Bench.	11.69	-	-	18.69
Return on Equity (%)	12.02	Sharpe Ratio of Port.	11.72	-	-	18.73
Sales Growth (%)	6.91	Sharpe Ratio of Bench.	1.17	-	-	0.24
Market Capitalization (\$ Millions)	1,255.22	R-Squared	1.15	-	-	0.24
Earnings per Share (\$)	1.57	Jensen's Alpha	1.00	-	-	1.00
Number of Holdings	602		0.16	-	-	(0.02)

Top Ten Portfolio Holdings

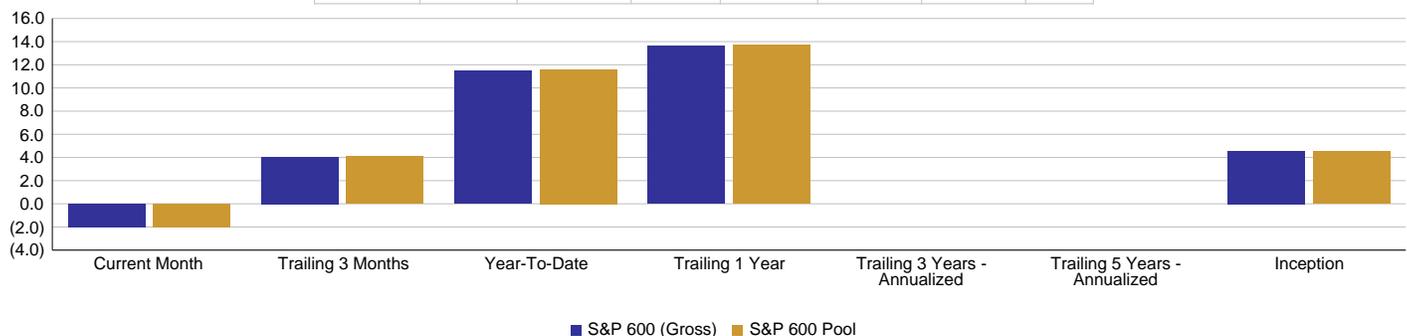
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST CORE S&P SMALL-CAP ETF	3.81%
30225T102	EXTRA SPACE STORAGE INC - COM USD.01	0.65%
49427F108	KILROY REALTY CORP - COM USD.01	0.64%
875465106	TANGER FACTORY OUTLET CTRS - COM USD.01	0.58%
74267C106	PROASSURANCE CORP - COM NPV	0.53%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.53%
59522J103	MID-AMERICA APT CMINTYS INC - COM USD.01	0.52%
737464107	POST PROPERTIES INC - COM USD.01	0.51%
172755100	CIRRUS LOGIC INC - COM NPV	0.51%
204166102	COMMVault SYSTEMS INC - COM USD.01	0.51%

Top Ten Currency Weights

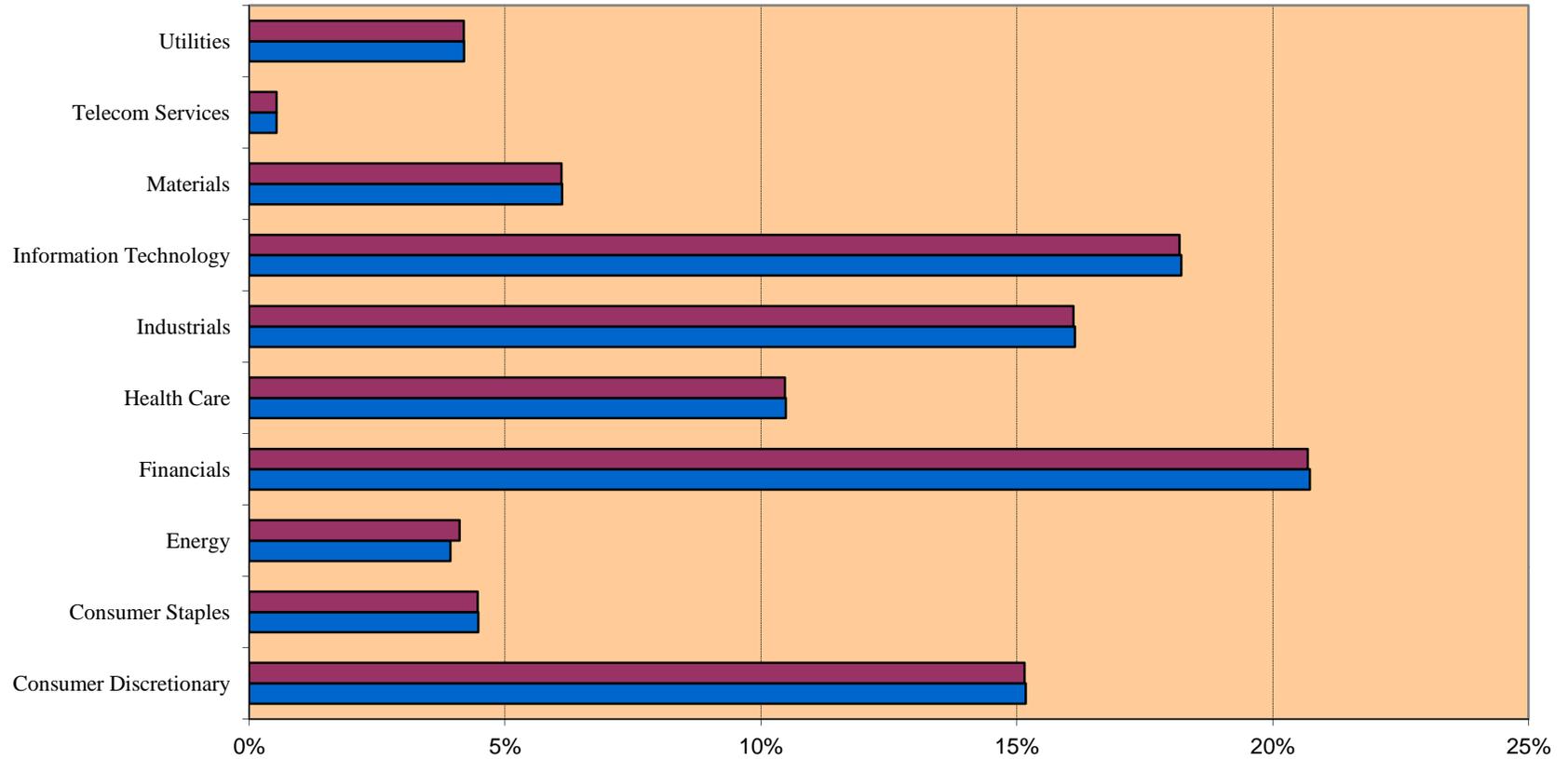


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	(2.00)	4.10	11.61	13.73			4.53
S&P 600 (Gross)	(2.03)	4.05	11.49	13.60			4.56
Excess	0.03	0.04	0.12	0.13	(0.00)	(0.00)	(0.03)



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



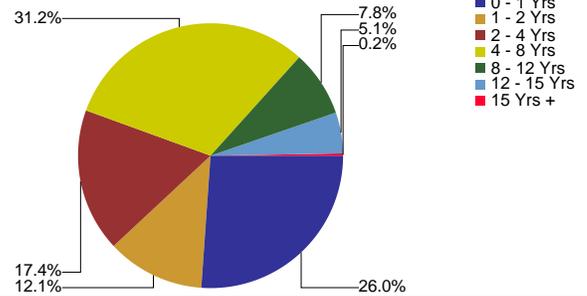
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.15%	4.47%	4.11%	20.69%	10.47%	16.11%	18.18%	6.10%	0.54%	4.19%
■ STATE OF ARIZONA - POOL 204	15.18%	4.48%	3.94%	20.73%	10.49%	16.14%	18.21%	6.11%	0.54%	4.20%



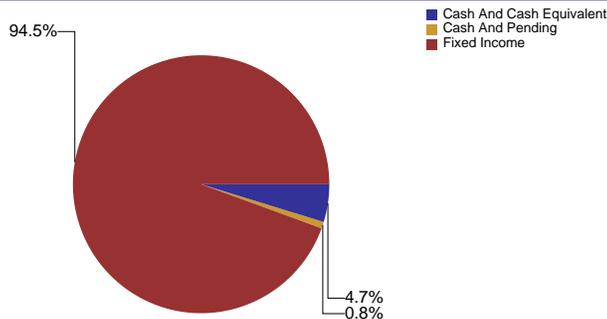
Portfolio Characteristics

Total Net Assets (Millions)	1,497.2
Weighted Average Life (Years)	5.52
Weighted Avg. Effective Duration (Years)	3.98
Weighted Average Coupon (%)	4.14
Weighted Average Current Yield (%)	0.27
Weighted Average Yield to Maturity (%)	0.38
Weighted Average Rating	AA
Number of Holdings	255

Duration Mix



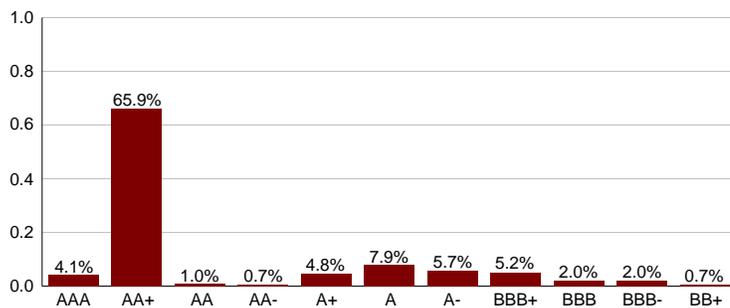
Asset Mix



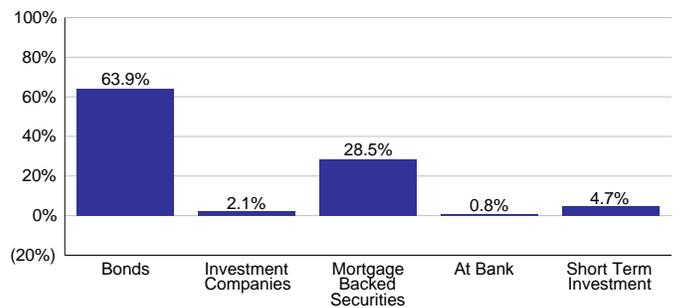
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	4.27%	0.00	31/12/2049
539998765	LOCAL GOV INVS POOL 500	1.41%	0.00	31/12/2049
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.38%	4.75	21/2/2013
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	1.04%	6.38	15/8/2027
912810ED6	US 8.12500 '19	1.00%	8.12	15/8/2019
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.93%	5.90	15/5/2038
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.89%	5.62	1/10/2038
3137AF2R2	FREDDIE MAC 3920 AC 2.500% 15/SEP/2041	0.85%	2.50	15/9/2041
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.84%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.81%	5.75	1/4/2018

Quality/Rating Weightings

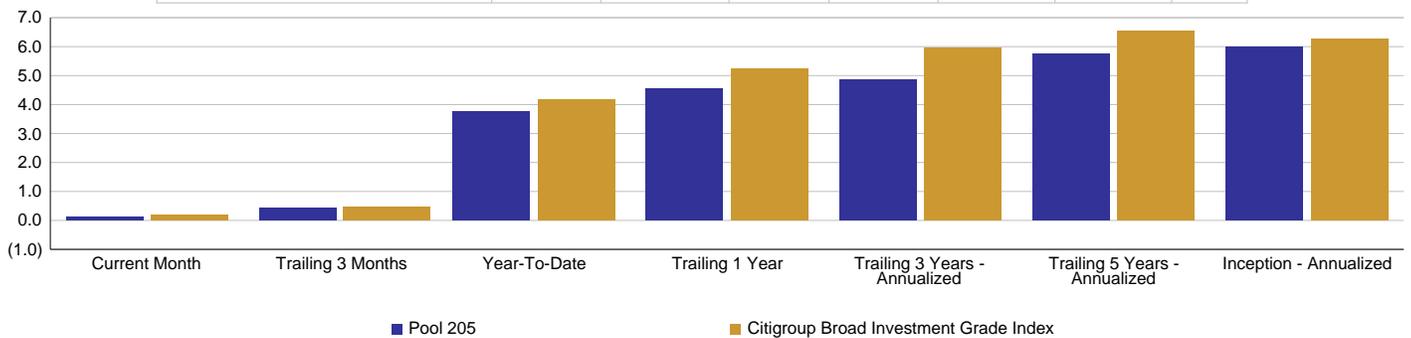


Sector Weightings (as % of Market Value)



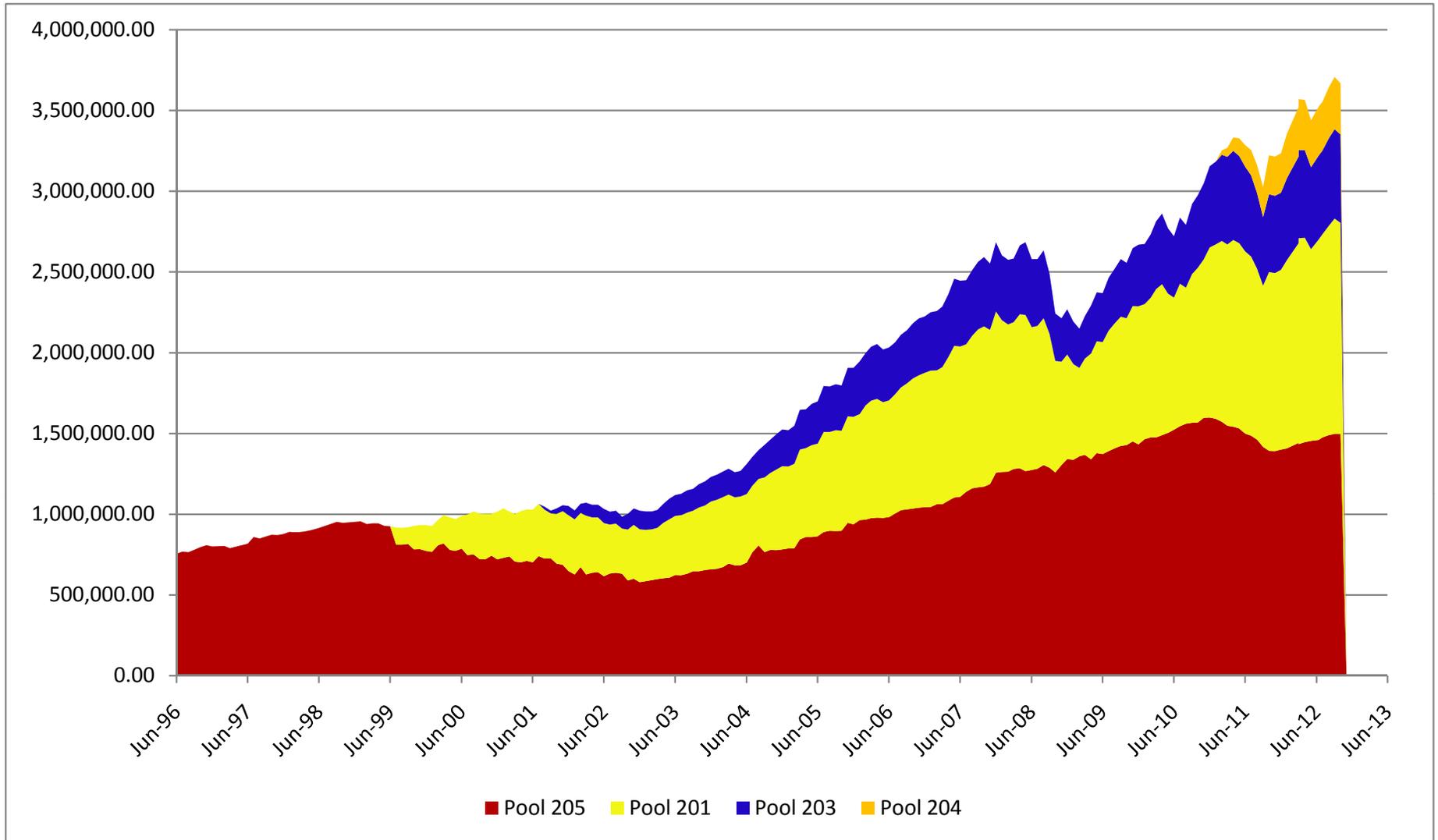
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.02	0.33	3.67	4.44	4.83	5.74	5.97
Citigroup Broad Investment Grade Index	0.19	0.40	4.19	5.24	5.96	6.55	6.27
Excess	(0.17)	(0.07)	(0.52)	(0.80)	(1.13)	(0.80)	(0.30)



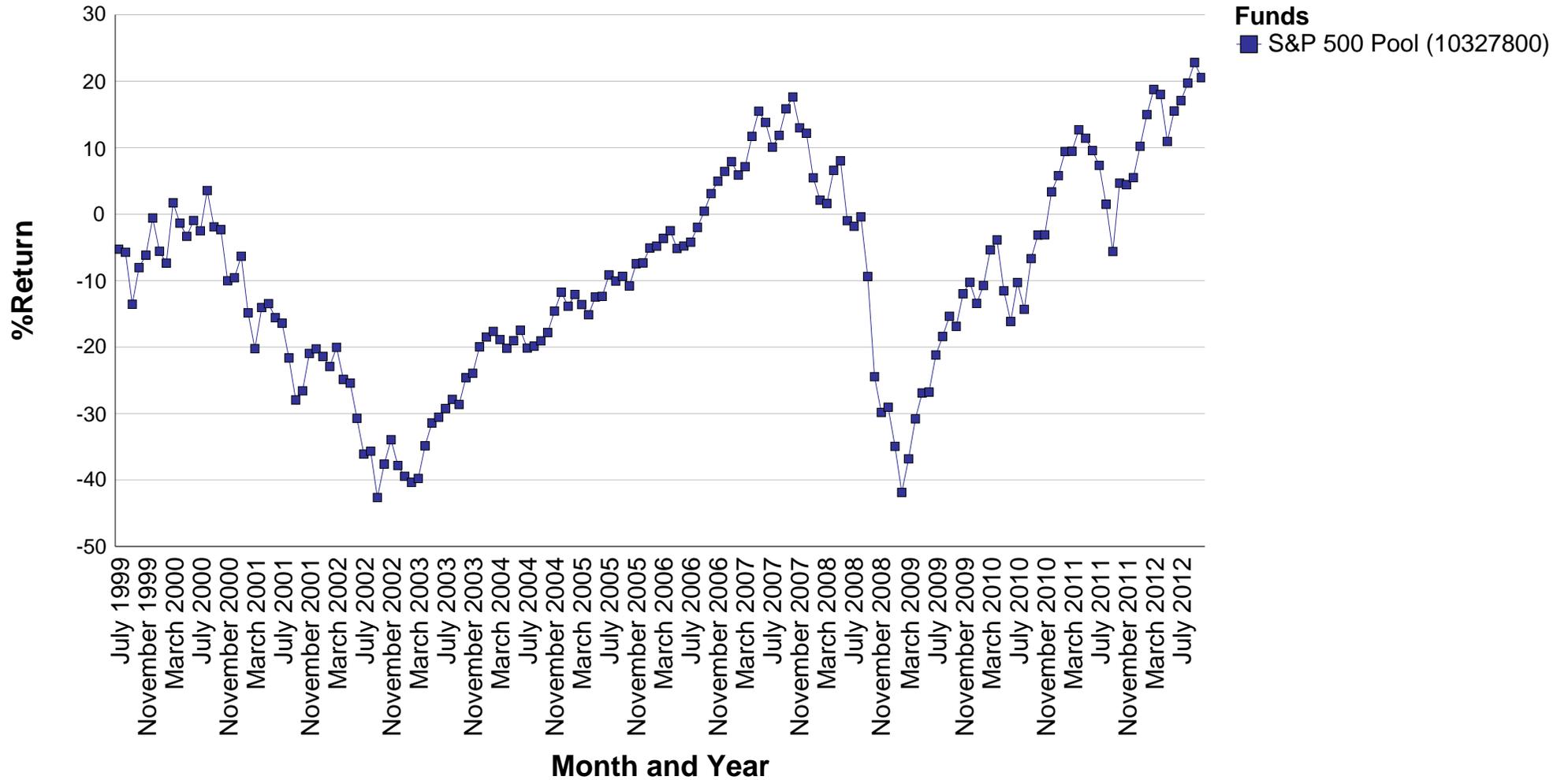
Thousands

Endowment Fund Market Value



Performance Growth by Account

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

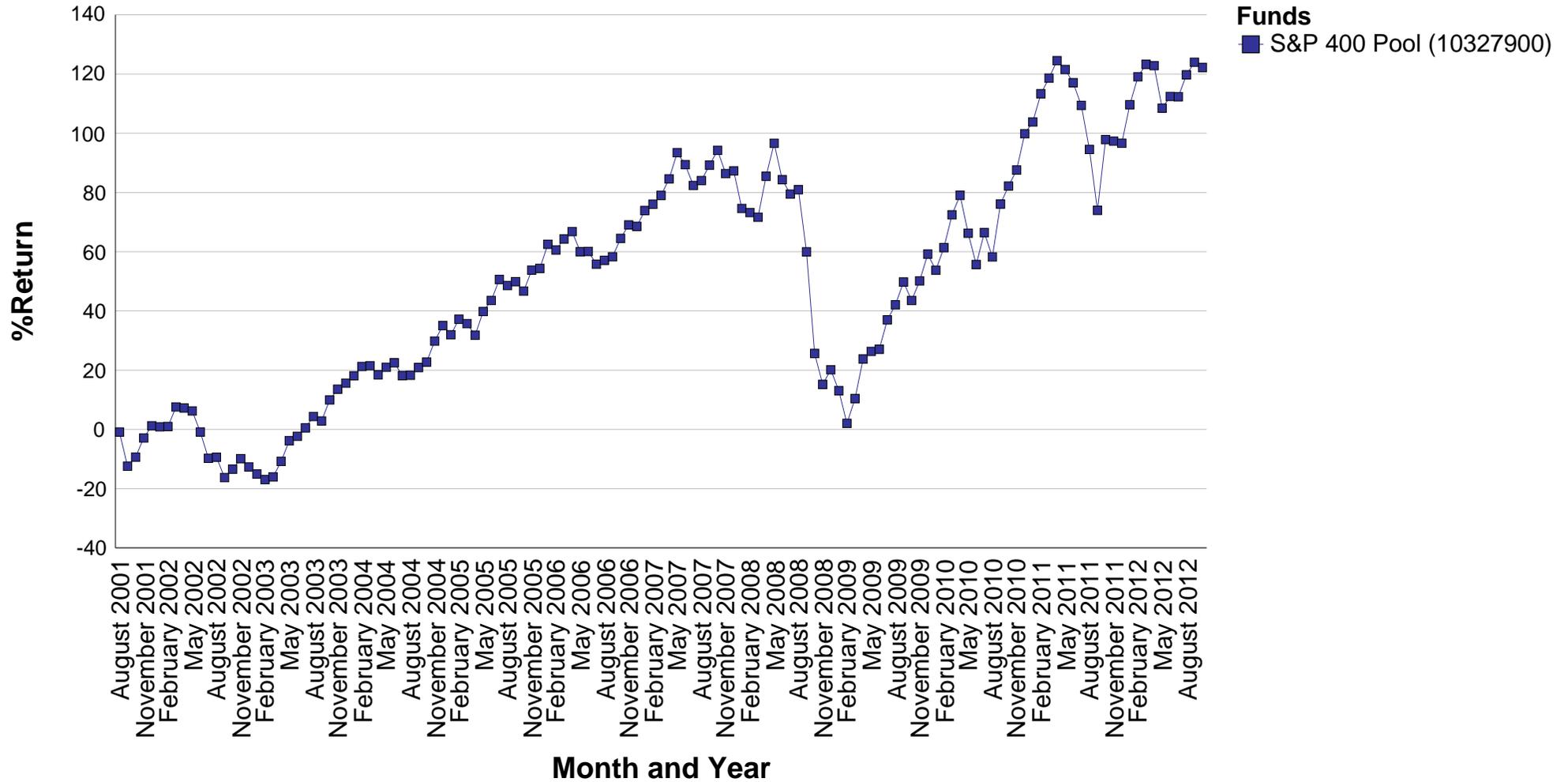


Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to October 2012

Gross of Fee

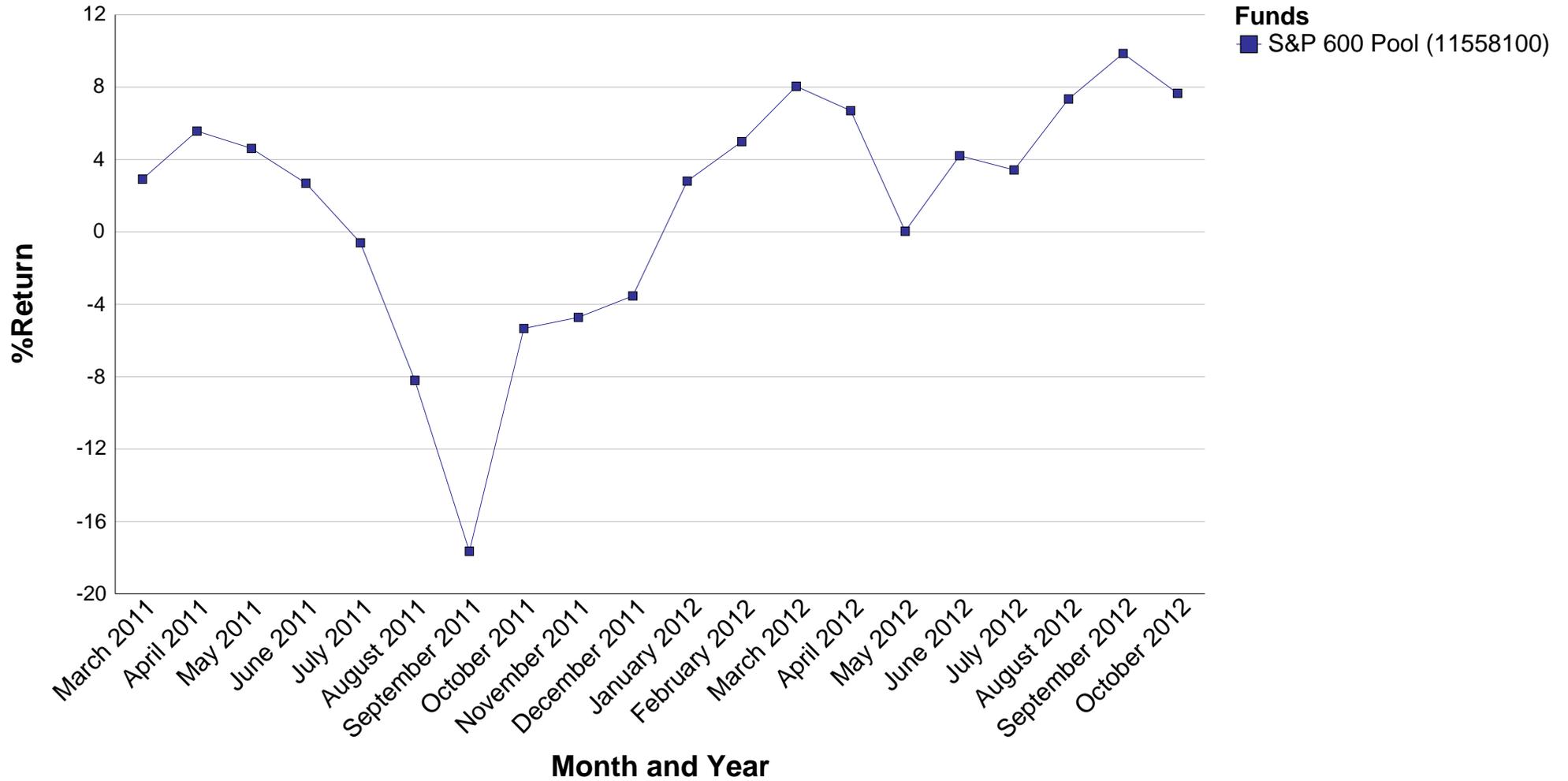


Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to October 2012

Gross of Fee



Performance Growth by Account

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

