

OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



FEBRUARY 2013

Presented To:

Arizona State Board of Investment

MARCH 26, 2013

STATE BOARD OF INVESTMENT

A G E N D A

March 26, 2013

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

March 26, 2013

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on February 26, 2013 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey called the meeting to order at approximately 1:32 p.m.

Members Present:

Doug Ducey, Chair, State Treasurer
Beth Ford, Treasurer, Pima County – *Via Teleconference*
Brian McNeil, Director of Arizona Department of Administration
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate

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

Pursuant to A.R.S. 35-311, the following reports for January, 2013 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 February 26, 2013 BOI meeting to order at approximately 1:32 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the February 26, 2013 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the January 22, 2013 minutes. Mr. McNeil 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 January, 2013.

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 January, 2013.

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 January, 2013.

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 January 31, 2013.

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 January, 2013.

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 January, 2013.

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 January 31, 2013.

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 January 31, 2013.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of January, 2013.

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 January, 2013.

Endowment Funds Yield Analysis

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of January, 2013.

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 January, 2013 and FY13 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 January, 2013.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of January, 2013.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of January 31, 2013.

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 January 31, 2013.

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 January 31, 2013.

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 January 31, 2013.

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 January 31, 2013.

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 January 31, 2013.

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 January, 2013.

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 January, 2013.

Approval of Treasurer's Report

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

5. Proposed Changes to Investment Policy:

Deputy Treasurer Swenson briefed the members of the board on the proposed changes to the Investment Policy. After a brief discussion with reference to Item 7; Notice of Redemptions / Withdrawals, the board unanimously agreed to approve the changes as presented. Further discussions will take place in the future to modify the language to include a more specific notice for the withdrawals and deposit transaction.

Mr. Papp made a motion to approve the proposed changes to the Investment Policy. Mr. McNeil seconded the motion. Motion carried.

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

There were no Securities Dealers to be approved.

7. General Business:

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, March 26, 2013 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

Mr. Papp made a motion to adjourn the BOI meeting. Mr. McNeil seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:14 p.m.

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 FEBRUARY 2013**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	FEBRUARY 2013	Fiscal YTD 12/13	Fiscal YTD 11/12	
General Fund	\$1,254,171	\$8,960,431	\$6,296,787	
2 State Agencies - Full Faith & Credit	622,118	4,090,812	4,800,223	\$416,406
3 State Agencies - Diversified (<i>Combined</i>)	960,736	8,677,117	6,743,603	858,951
4 State Agencies - Gov	429,734	3,501,336	2,781,135	423,104
5 LGIP	165,226	1,782,771	1,669,891	506,262
7 LGIP Gov	81,854	1,097,764	643,802	539,469
12 CAWCD Medium-Term	408,364	4,001,682	4,168,876	110,907
15 GADA Long-Term	16,795	138,083	210,152	4,830
16 ECDH Medium-Term	401,319	3,654,501	127,039	143,964
Subtotal	\$4,340,317	\$35,904,497	\$27,441,507	\$3,003,894
NAV POOL				
500 LGIP - Med Term	300,344	2,317,122	2,167,363	106,663
700 LGIP - FF&C Med Term	170,327	1,503,846	838,451	85,883
Total	\$4,810,989	\$39,725,465	\$30,447,321	\$3,196,440
FEBRUARY 2012 TOTALS	\$4,452,210			\$2,868,485

**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12	Net Asset Value Per Share
5	LGIP	168,986	205,985	221,004	1.0000
7	LGIP - GOV	83,471	109,079	95,411	1.0000
	TOTAL LGIP & LGIP-GOV	252,457	315,064	316,415	

YIELDS

<u>MONTHLY</u>		Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12
5	LGIP (NET)	0.17%	0.18%	0.19%
	S & P LGIP INDEX	0.07%	0.08%	0.09%
7	LGIP - GOV (NET)	0.08%	0.10%	0.08%
	3 MONTH T-BILL	0.09%	0.06%	0.08%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.22%	0.22%	0.17%
	S & P LGIP INDEX	0.10%	0.10%	0.08%
7	LGIP - GOV (NET)	0.12%	0.13%	0.06%
	3 MONTH T-BILL	0.08%	0.08%	0.02%

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

**LGIP & LGIP- GOV MEDIUM TERM POOLS
PORTFOLIO YIELD ANALYSIS
FEBRUARY 28, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12	Net Asset Value Per Share
500	LGIP - MED TERM POOL	320,725	270,868	317,483	1.0413
700	LGIP - FF&C MED TERM POOL	189,846	180,822	144,168	1.0146
	TOTAL LGIP MEDIUM TERM POOLS	510,571	451,690	461,651	

YIELDS

MONTHLY

	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12
500 LGIP - MED TERM (NET)	1.48%	1.19%	1.88%
MERRILL 1-5 US D M INDEX	1.12%	1.19%	1.31%
700 LGIP - FF&C MED TERM (NET)	1.03%	0.94%	1.17%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.80%	0.86%	0.78%

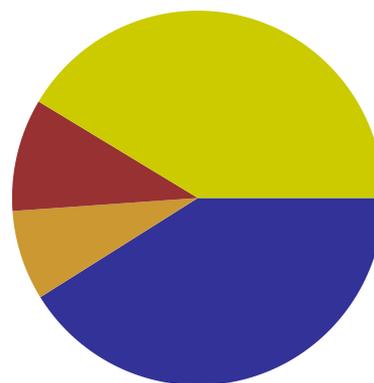
YEAR TO DATE

500 LGIP - MED TERM (NET)	1.46%	1.46%	1.75%
MERRILL 1-5 US D M INDEX	0.99%	0.98%	1.48%
700 LGIP - FF&C MED TERM (NET)	1.18%	1.20%	1.10%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.65%	0.63%	0.87%

Manager Allocation - Daily Arizona State Treasury (05509) As of February 28, 2013

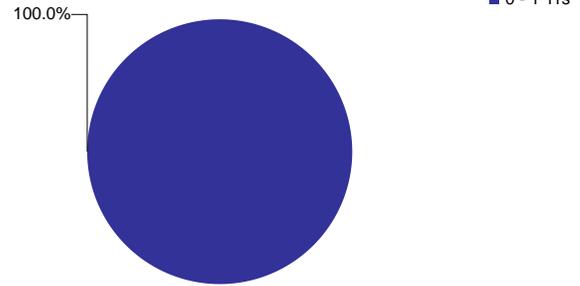
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,260.11	41.0%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,274.19	41.5%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	293.45	9.6%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	244.32	8.0%
TOTAL	3,072.08	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)

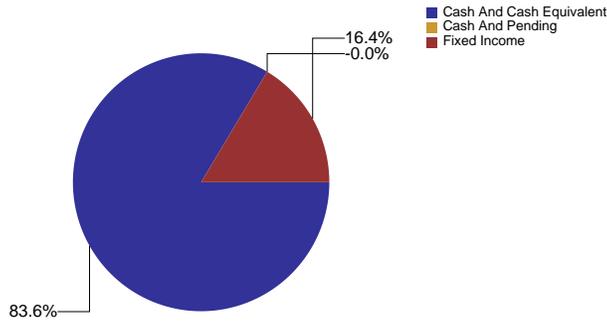


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,260.1
Weighted Average Life (Years) 0.08
Weighted Avg. Effective Duration (Years) 0.09
Weighted Average Maturity (Years) 0.08
Weighted Average Rating AA+
Number of Holdings 71

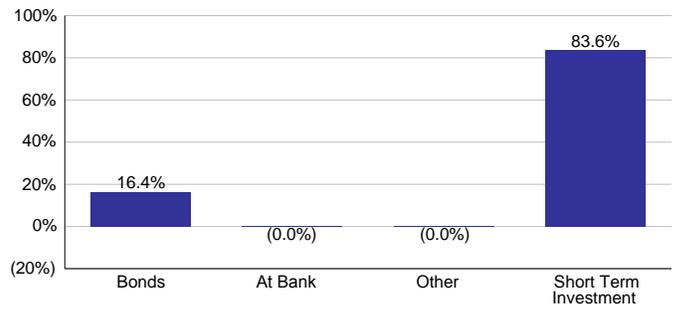
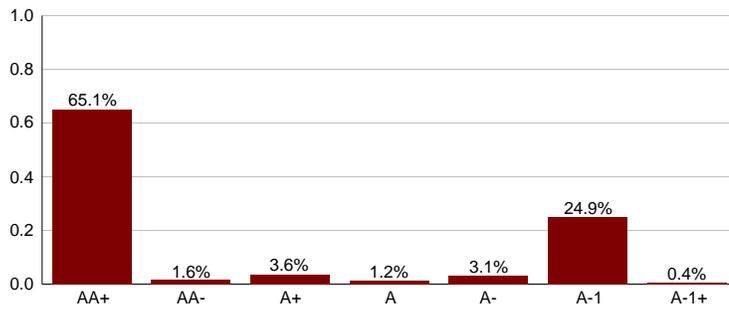


Asset Mix Top Ten Portfolio Holdings



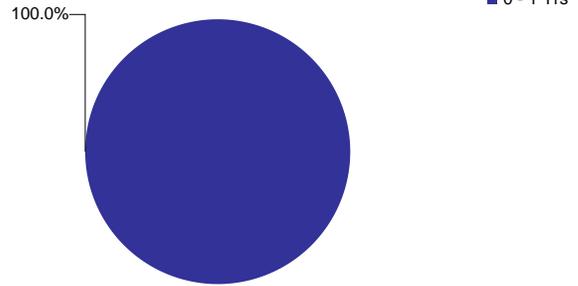
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/MAR/2013	20.01%	0.30	1/3/2013
852990Z29	TRI-PARTY REPO SOUTH STREET 0.16% 05/MAR/2013	10.32%	0.16	5/3/2013
853990B73	TRI-PARTY REPO SOUTH STREET 0.20% 01/MAR/2013	8.93%	0.20	1/3/2013
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0.20%	7.96%	0.20	1/3/2013
06099X080	TRI-PARTY REPO BANK OF AMERICA 0.14% 28/MAR/2013	7.93%	0.14	28/3/2013
31599FR00	FIDELITY INVESTMENTS-PRIME MONEY MARKET PORTFOLIO	3.18%	0.11	1/4/2013
634902MU1	NATL CITY BK CLEVE SR MTN BE VR	1.59%	0.41	1/3/2013
3133EASW9	FEDERAL FARM CR BKS CONS BD FLT 13 06/AUG/2013	1.59%	0.21	6/8/2013
86257ETA6	STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	1.59%	0.00	10/4/2013
0556N0TL9	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.39%	0.00	20/6/2013

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

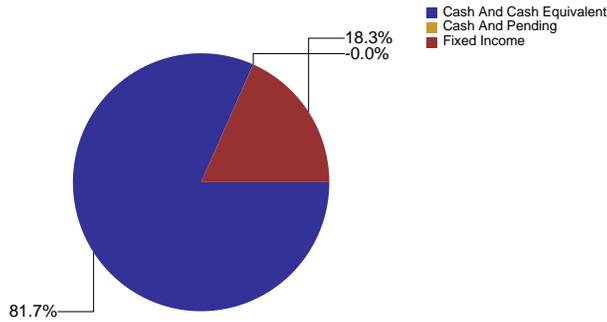


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,274.2
Weighted Average Life (Years) 0.13
Weighted Avg. Effective Duration (Years) 0.13
Weighted Average Maturity (Years) 0.15
Weighted Average Rating AA+
Number of Holdings 22

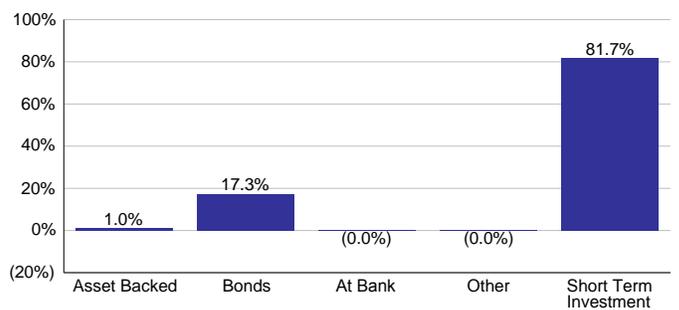
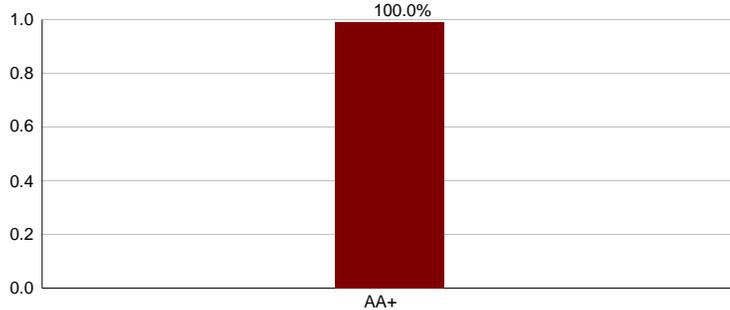


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
655990D22	TRI-PARTY REPO NOMURA 0.19% 01/MAR/2013	18.51%	0.19	1/3/2013
06099X080	TRI-PARTY REPO BANK OF AMERICA 0.14% 28/MAR/2013	11.77%	0.14	28/3/2013
5199U5449	TRI-PARTY REPO DEUTSCHE 0.20% 01/MAR/2013	11.38%	0.20	1/3/2013
38199DE57	TRI-PARTY REPO GOLDMAN SACHS .13% 13/MAR/2013	10.99%	0.13	13/3/2013
912828RD4	UNITED STATES TREAS NTS 0.125% 31/AUG/2013	7.85%	0.12	31/8/2013
9127956R7	UNITED STATES TREAS BILLS DT	7.85%	0.00	30/5/2013
9127956E6	UNITED STATES TREAS BILLS DT	3.92%	0.00	7/3/2013
9127956F3	UNITED STATES TREAS BILLS DT	3.92%	0.00	4/4/2013
912796AJ8	UNITED STATES TREAS BILLS DT	3.92%	0.00	6/6/2013
9127957A3	UNITED STATES TREAS BILLS DT	3.92%	0.00	25/7/2013

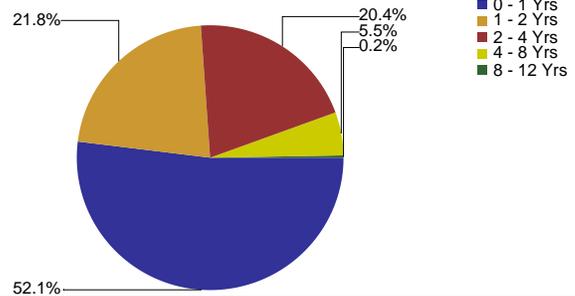
Quality/Rating Weightings Sector Weightings (as % of Market Value)



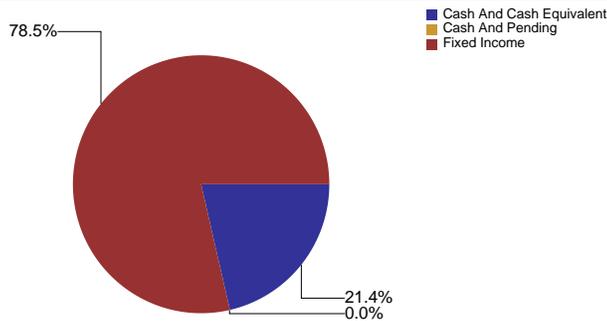
Portfolio Characteristics

Total Net Assets (Millions) **293.5**
 Weighted Average Life (Years) **1.72**
 Weighted Avg. Effective Duration (Years) **1.38**
 Weighted Average Rating **AA**
 Number of Holdings **198**

Duration Mix



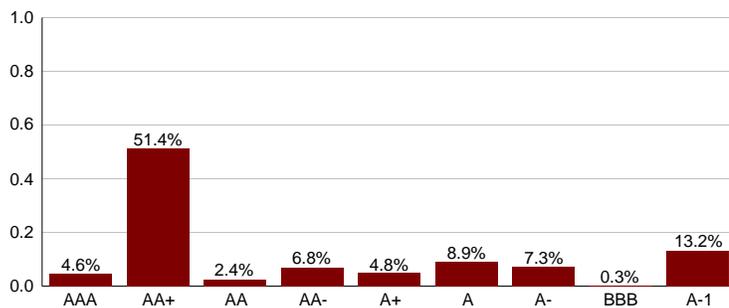
Asset Mix



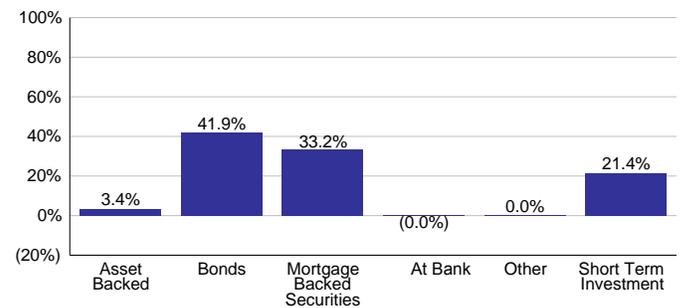
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990B73	TRI-PARTY REPO SOUTH STREET 0.20% 01/MAR/2013	8.18%	0.20	1/3/2013
31417CUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	4.88%	2.50	1/8/2027
31419JM47	FNMA MORTPASS 4.5% 01/NOV/2040 CL PN# AE7578	3.70%	4.50	1/11/2040
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	1.79%	4.00	1/2/2026
62455AR17	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.70%	0.00	1/4/2013
52952LR20	LEXPAR 0 04/02/09-LEXINGT ON PARKER CAPITAL	1.70%	0.00	2/4/2013
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 QO PN# Q09530	1.67%	3.50	1/7/2042
3137ARRT5	FREDDIE MAC 4080 DA 2.000% 15/MAR/2041	1.67%	2.00	15/3/2041
31418AHW1	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# MA1144	1.62%	2.50	1/8/2027
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	1.59%	4.00	1/12/2040

Quality/Rating Weightings



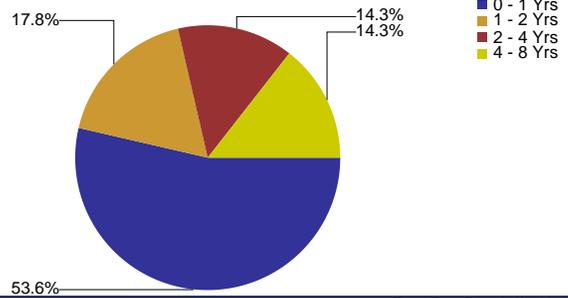
Sector Weightings (as % of Market Value)



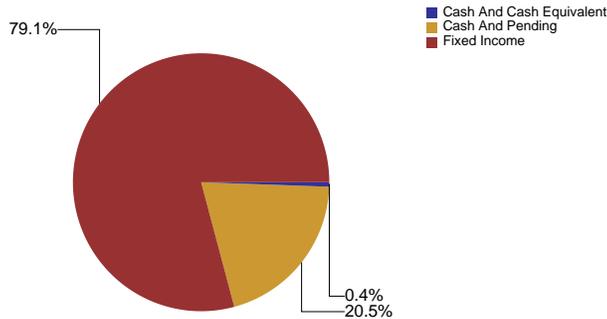
Portfolio Characteristics

Total Net Assets (Millions) **244.3**
 Weighted Average Life (Years) **2.06**
 Weighted Avg. Effective Duration (Years) **1.48**
 Weighted Average Rating **AA+**
 Number of Holdings **75**

Duration Mix



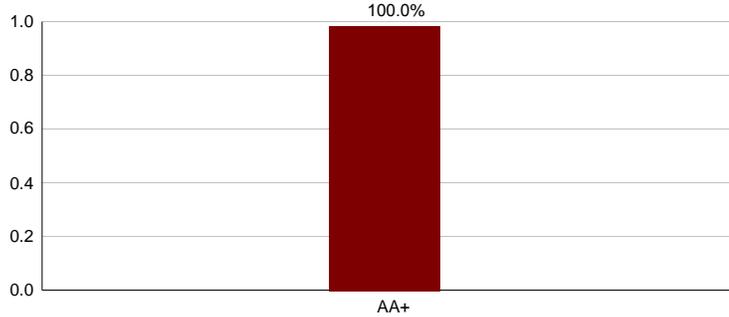
Asset Mix



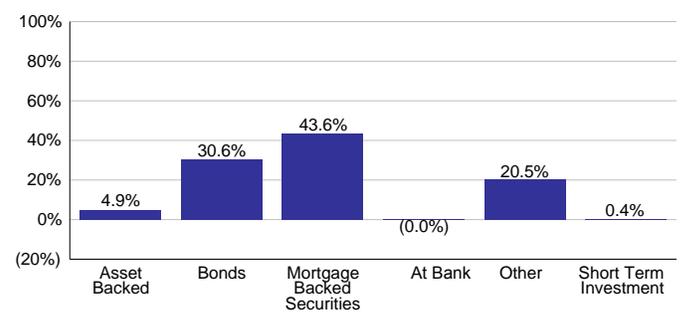
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
655990D22	TRI PARTY REPO NOMURA 0.19% 01/MAR/2013	20.13%	0.19	1/3/2013
30299FD00	FDIC US BANK CDARS ACCOUNT	7.76%	0.30	1/4/2013
22087WAC3	CORUS CONST VENT LLC 0% NTS 25/OCT/2013	6.22%	0.00	25/10/2013
912828RD4	UNITED STATES TREAS NTS 0.125% 31/AUG/2013	5.15%	0.12	31/8/2013
36202FL61	GNMA II MORTPASS 4% 20/NOV/2042 JM PN# 004849	4.94%	4.00	20/11/2040
36179MGW4	GNMA II MORTPASS 3% 20/JUL/2042 PN#MA0213	3.94%	3.00	20/7/2042
38378H4K9	GINNIE MAE 2012-124 KB 2.000% 20/JUL/2042	3.85%	2.00	20/7/2042
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF MA0008 MA0008	3.66%	3.50	20/4/2027
36225E3Y6	GNMA II MORTPASS 03% 20/SEP/2040 PN#082614	3.47%	3.00	20/9/2040
912828LL2	US TREASURY 3.00000 '16	2.80%	3.00	31/8/2016

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 FEBRUARY 28, 2013**

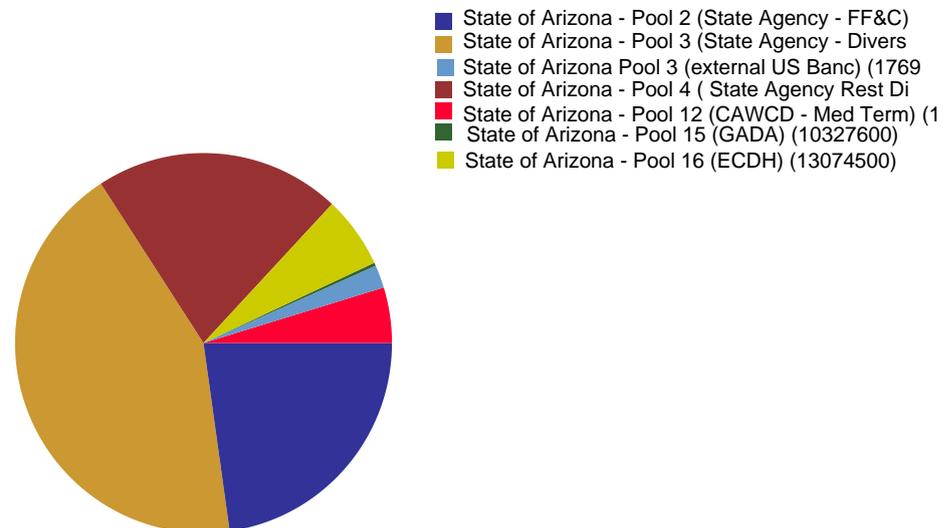
FUND	DESCRIPTION	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	974,875	805,092	803,448	1.0051
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,483,232	1,684,947	1,765,034	1.0039
	EXTERNAL MANAGERS	49,434	49,675	N/A	1.0008
	FUND 3 TOTAL	1,532,666	1,734,622	1,765,034	1.0038
4	STATE AGENCIES - GOV	713,941	707,154	430,913	1.0012
12	CAWCD MEDIUM-TERM	408,364	601,991	516,030	1.0264
15	GADA LONG-TERM	16,795	14,786	31,682	1.0166
16	ECDH MEDIUM-TERM	401,319	470,580	127,039	1.0078
	TOTAL STATE AGENCIES	4,047,960	4,334,226	3,674,146	

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS
FEBRUARY 28, 2013**

FUND	DESCRIPTION	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	1.02% 0.63%	0.88% 0.63%	0.96% 0.55%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	0.83% 0.64% 0.82% 0.51%	0.89% 0.58% 0.88% 0.55%	1.05% N/A 1.05% 0.83%
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.82% 0.19%	0.74% 0.19%	0.68% 0.23%
12	CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	2.08% 1.84%	2.65% 1.90%	2.30% 2.10%
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	1.81% 1.44%	1.44% 1.53%	3.30% 1.47%
16	ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.59% 1.84%	1.68% 1.90%	1.60% 2.10%

Manager Allocation - Daily Arizona State Treasury (05509) As of February 28, 2013

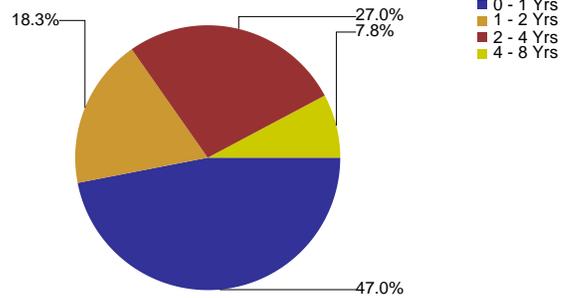
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,236.72	22.9%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,317.70	42.9%
State of Arizona - Pool 3 (External US Banc) (17699900)	100.46	1.9%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,145.33	21.2%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	262.57	4.9%
State of Arizona - Pool 15 (GADA) (10327600)	12.31	0.2%
State of Arizona - Pool 16 (ECDH) (10327600)	332.29	6.1%
TOTAL	5,407.38	100.0%



Portfolio Characteristics

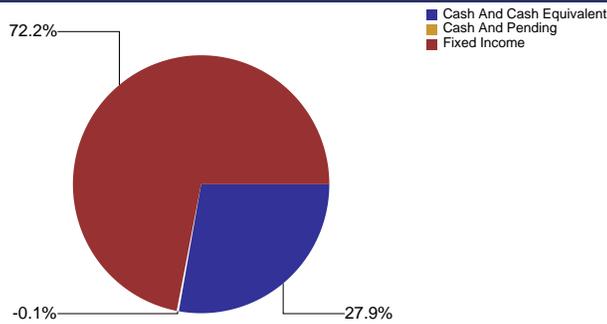
Total Net Assets (Millions) **1,236.7**
 Weighted Average Life (Years) **1.86**
 Weighted Avg. Effective Duration (Years) **1.55**
 Weighted Average Rating **AA+**
 Number of Holdings **112**

Duration Mix



Asset Mix

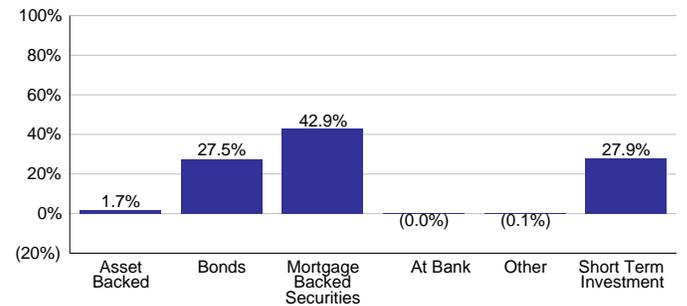
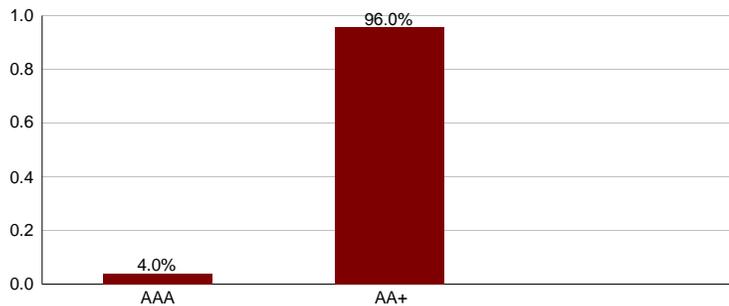
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099X072	TRI-PARTY REPO BANK OF AMERICA 0.13% 01/MAR/2013	18.17%	0.13	1/3/2013
85299S083	TRI-PARTY REPO SOUTH STREET 0.12% 01/MAR/2013	8.08%	0.12	1/3/2013
38375GHL8	GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042	3.30%	2.00	16/5/2042
912828QH6	UNITED STATES TREAS NTS 1.250% 15/FEB/2014	3.27%	1.25	15/2/2014
62889KAA9	NCUA GTD NTS MASTER TRUST 0% BDS 12/JUN/2013	3.23%	0.00	12/6/2013
38377X5L2	GINNIE MAE 2012-137 FA VARIABLE 20/NOV/2042	2.02%	0.50	20/11/2042
38378EGJ6	GINNIE MAE 2012-51 EA 1.500% 20/SEP/2040	1.94%	1.50	20/9/2040
36179MAB6	GNMA II MORTPASS 3% 20/APR/2027 JM PN# MA0002	1.78%	3.00	20/4/2027
912828KV1	US TREASURY 2.25000 '14	1.67%	2.25	31/5/2014
38377WL77	GINNIE MAE 2011-94 AB 2.000% 20/JAN/2039	1.65%	2.00	20/1/2039

Quality/Rating Weightings

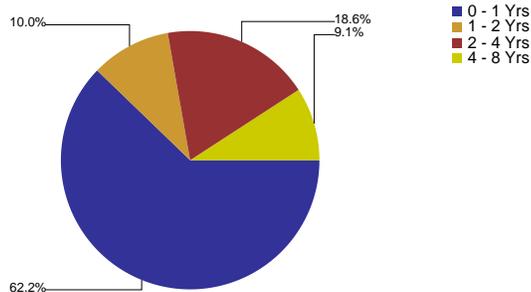
Sector Weightings (as % of Market Value)



Portfolio Characteristics

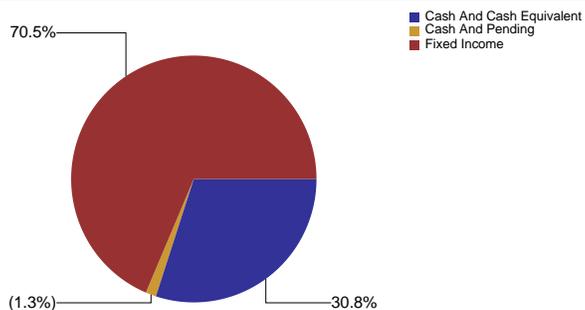
Duration Mix

Total Net Assets (Millions) 2,418.2
 Weighted Average Life (Years) 1.73
 Weighted Avg. Effective Duration (Years) 1.24
 Weighted Average Rating AA
 Number of Holdings 342



Asset Mix

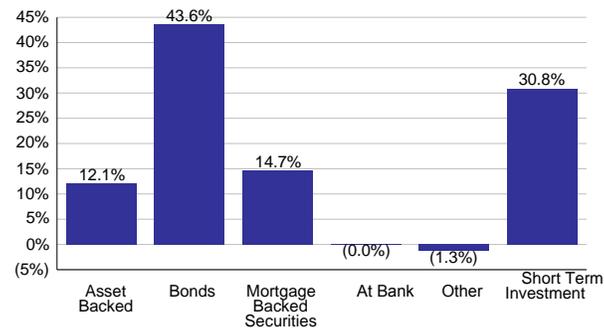
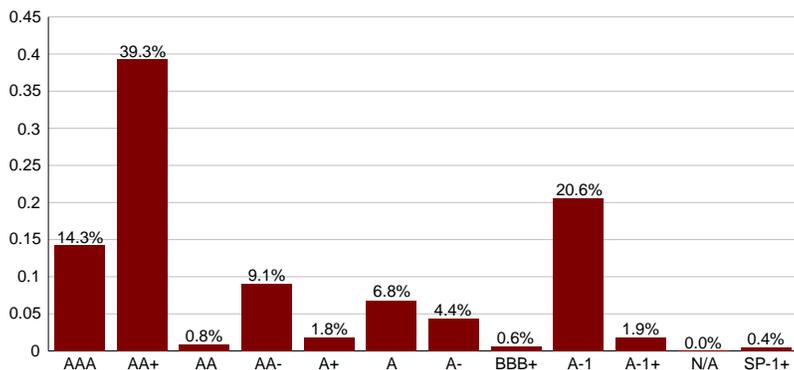
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990B73	TRI-PARTY REPO SOUTH STREET 0.20% 01/MAR/2013	3.46%	0.20	1/3/2013
06099X072	TRI-PARTY REPO BANK OF AMERICA 0.13% 01/MAR/2013	3.06%	0.13	1/3/2013
6555POS48	NORDEA NORTH AMER. I CORPORATE COMMERCIAL PAPER	2.48%	0.00	10/5/2013
G3R992543	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.05%	0.16	1/4/2013
85520LS22	STARBIRD FDG. CORP. CORPORATE COMMERCIAL PAPER	2.04%	0.00	2/5/2013
52468JS21	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.04%	0.00	2/5/2013
0556NOSU0	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	2.04%	0.00	28/5/2013
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	1.85%	1.00	15/7/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.64%	0.73	23/1/2014
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.63%	0.00	2/5/2013

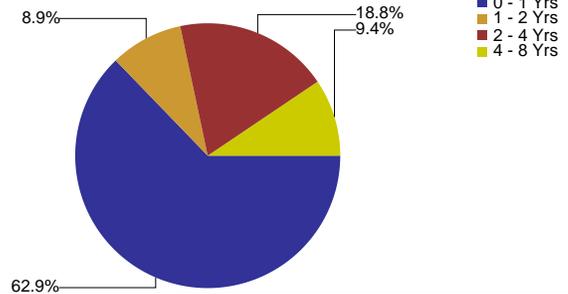
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

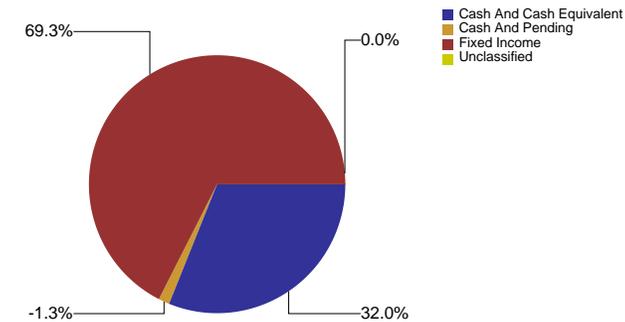


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 2,317.7
Weighted Average Life (Years) 1.75
Weighted Avg. Effective Duration (Years) 1.24
Weighted Average Rating AA
Number of Holdings 205

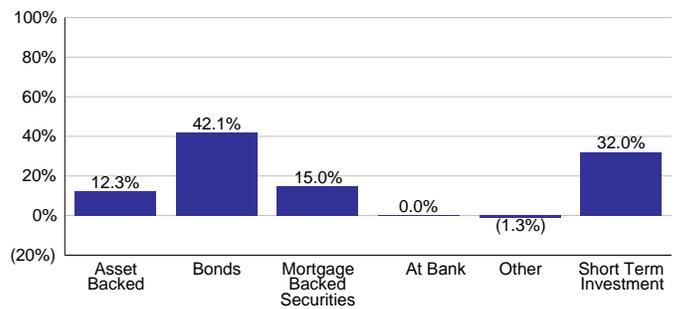
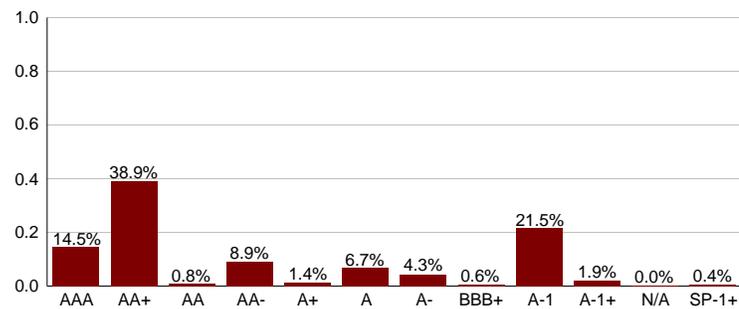


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990B73	TRI-PARTY REPO SOUTH STREET 0.20% 01/MAR/2013	3.61%	0.20	1/3/2013
06099X072	TRI-PARTY REPO BANK OF AMERICA 0.13% 01/MAR/2013	3.19%	0.13	1/3/2013
6555P0SA8	NORDEA NORTH AMER. I CORPORATE COMMERCIAL PAPER	2.58%	0.00	10/5/2013
G3R992543	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.14%	0.16	1/4/2013
85520LS22	STARBIRD FDG, CORP. CORPORATE COMMERCIAL PAPER	2.13%	0.00	2/5/2013
52468JS21	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.13%	0.00	2/5/2013
0556N0SU0	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	2.13%	0.00	28/5/2013
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	1.93%	1.00	15/7/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.71%	0.73	23/1/2014
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.70%	0.45	2/5/2013

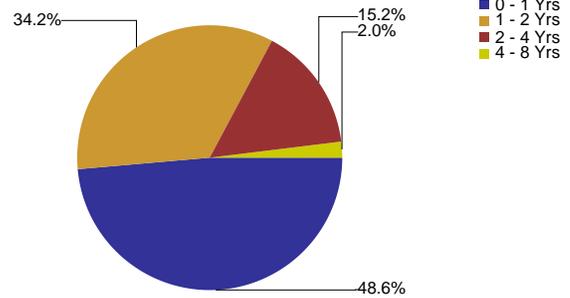
Quality/Rating Weightings Sector Weightings (as % of Market Value)



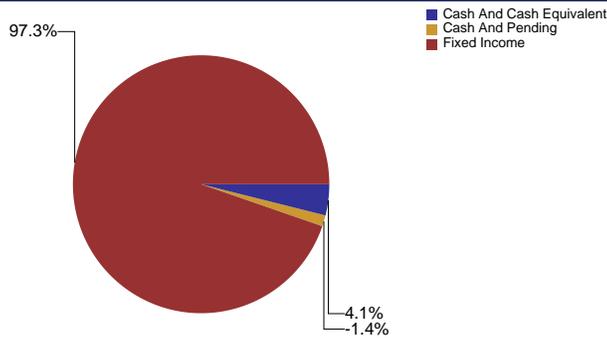
Portfolio Characteristics

Total Net Assets (Millions) 100.5
Weighted Average Life (Years) 1.10
Weighted Avg. Effective Duration (Years) 1.17
Weighted Average Rating AA
Number of Holdings 137

Duration Mix



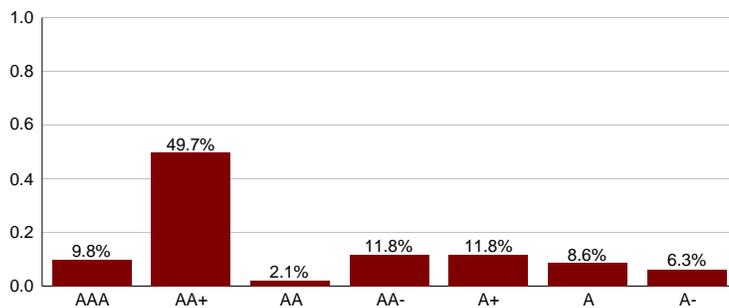
Asset Mix



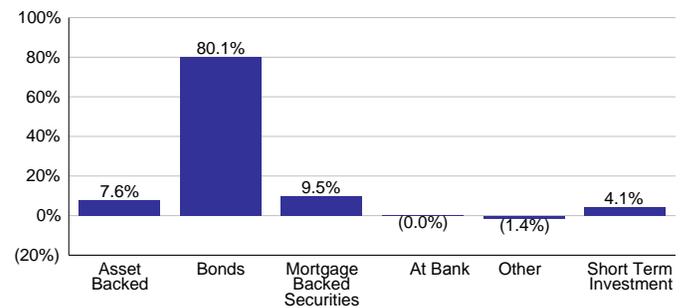
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313379P60	FEDERAL HOME LOAN BANKS CONS BD FLT 13 25/NOV/2013	3.93%	0.00	25/11/2013
3136G0CB5	FEDERAL NATL MTG ASSN CALL 0.71%15/APR/2015	2.46%	0.71	15/4/2015
3135G0KR3	FEDERAL NATIONAL MORTGAGE ASSOC 0.7% NTS	2.46%	0.70	15/5/2015
3133EAZU5	FEDERAL FARM CREDIT BANKS 0.45% BDS 24/APR/2015	2.46%	0.45	24/4/2015
3133EARS9	FEDERAL FARM CR BKS CONS BD 0.38% 29/MAY/2014	2.46%	0.38	29/5/2014
3135G0KS1	FEDERAL NATIONAL MORTGAGE ASSOC 0.56% NTS	2.46%	0.56	10/2/2015
12623MAC7	CNH EQUIPMENT TST 0.94% MTG BDS 15/MAY/2017 USD1	1.98%	0.94	15/5/2017
64952WBG7	NEW YORK LIFE GLOBAL FUNDING VAR BDS 18/JUN/2014	1.97%	0.00	18/6/2014
949746NA5	WELLS FARGO COMPANY VARIABLE 28/OCT/2015	1.81%	0.00	28/10/2015
59157BAF9	METLIFE INSTITUTIONAL FUNDING II 1.207% BDS	1.79%	1.20	4/4/2014

Quality/Rating Weightings



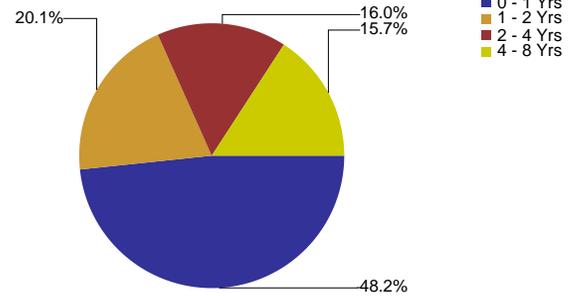
Sector Weightings (as % of Market Value)



Portfolio Characteristics

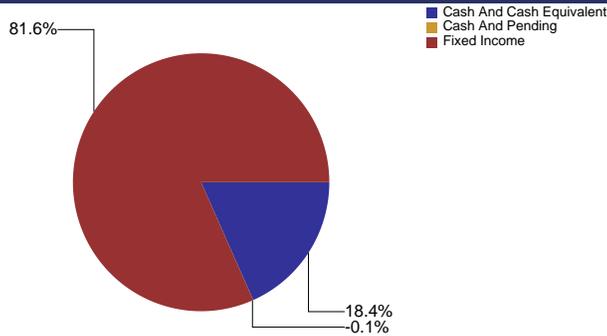
Duration Mix

Total Net Assets (Millions) **1,145.3**
 Weighted Average Life (Years) **2.37**
 Weighted Avg. Effective Duration (Years) **1.64**
 Weighted Average Rating **AA+**
 Number of Holdings **95**



Asset Mix

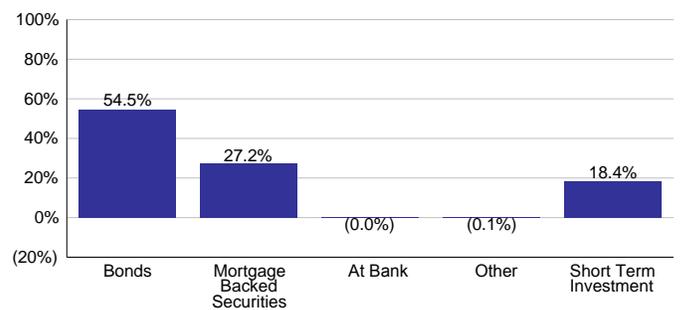
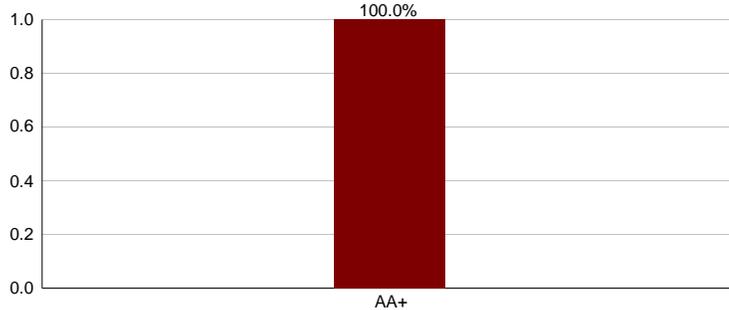
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990B73	TRI-PARTY REPO SOUTH STREET 0.20% 01/MAR/2013	12.94%	0.20	1/3/2013
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/MAR/2013	4.84%	0.30	1/3/2013
3135G0KF9	FEDERAL NATIONAL MORTGAGE ASSOC 1.5% NTS	3.95%	1.50	17/4/2017
3133813R4	FEDERAL HOME LOAN BANKS 1% BDS 09/NOV/2017	2.85%	1.00	9/11/2017
3133EAJF6	FEDERAL FARM CR BKS CONS BD FLT 15 22/SEP/2015	2.62%	0.23	22/9/2015
3137AUBR9	FREDDIE MAC 4111 AG 1.750% 15/AUG/2039	2.58%	1.75	15/8/2039
3134G3A42	FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 14/AUG/2017	2.18%	1.00	14/8/2017
3132GSCE7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 PN# Q06969	2.13%	3.50	1/3/2042
3137ARV78	FREDDIE MAC 4079 AH 2.000% 15/JUL/2027	2.00%	2.00	15/7/2027
912828HV5	UNITED STATES TREAS NTS 2.5% 31/MAR/2013	1.77%	2.50	31/3/2013

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

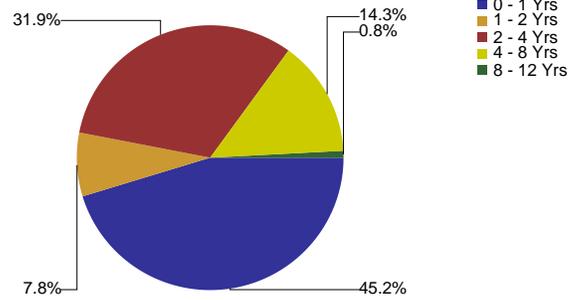


Portfolio Characteristics

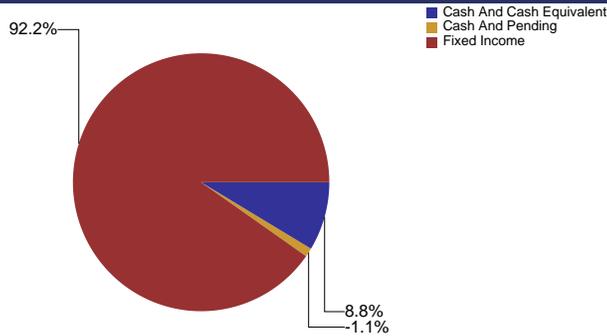
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

262.6
2.63
1.94
AA
107

Duration Mix



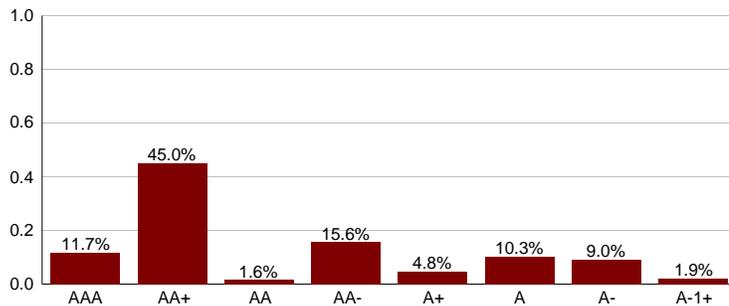
Asset Mix



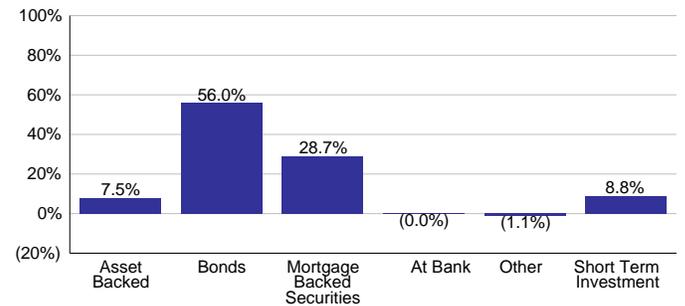
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990B73	TRI-PARTY REPO SOUTH STREET 0.20% 01/MAR/2013	4.71%	0.20	1/3/2013
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	3.03%	0.75	15/11/2013
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.66%	1.99	26/3/2018
3136A9LG1	FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040	2.63%	1.75	25/3/2040
928989466	JP MORGAN PRIME MMF AGENCY SHARES	2.15%	0.00	31/12/2049
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	2.03%	3.00	1/4/2016
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.90%	1.00	30/10/2014
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.90%	1.06	10/1/2014
89233P6S0	TOYOTA MOTOR CREDIT CORP 1.25% BDS 05/OCT/2017	1.90%	1.25	5/10/2017
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.89%	0.37	15/2/2017

Quality/Rating Weightings



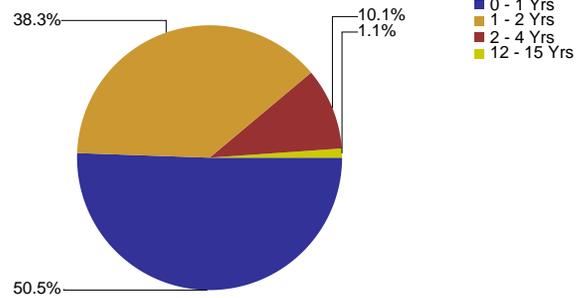
Sector Weightings (as % of Market Value)



Portfolio Characteristics

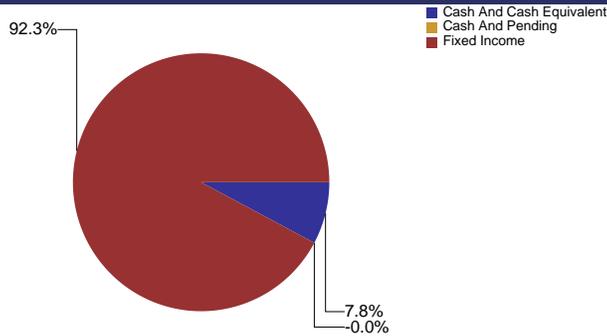
Duration Mix

Total Net Assets (Millions) **12.3**
 Weighted Average Life (Years) **3.14**
 Weighted Avg. Effective Duration (Years) **1.22**
 Weighted Average Rating **AA+**
 Number of Holdings **24**



Asset Mix

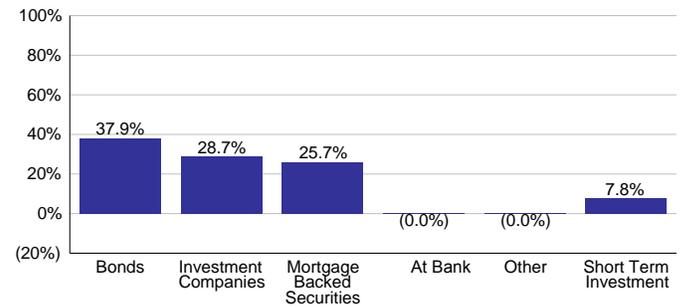
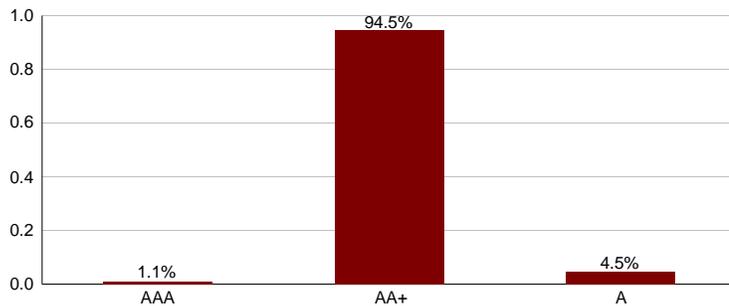
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539998153	LOCAL GOV INVS POOL 4	16.25%	0.00	1/3/2013
A41995373	LOCAL GOV INVS POOL 700	12.46%	0.00	1/3/2013
3133EAX29	FEDERAL FARM CR BKS CONS BD 0.98% 18/SEP/2017	8.17%	0.98	18/9/2017
928989466	JP MORGAN PRIME MMF AGENCY SHARES	7.75%	0.00	31/12/2049
3136FTN70	FEDERAL NATL MTG ASSN CALL 3%28/NOV/2025	6.10%	3.00	28/11/2025
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.46%	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	4.14%	2.25	14/11/2018
G3R992543	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	4.07%	0.16	1/4/2013
3138ASYU0	FNMA MORTPASS 3% 01/OCT/2026 CI PN# AJ1622	3.81%	3.00	1/10/2026

Quality/Rating Weightings

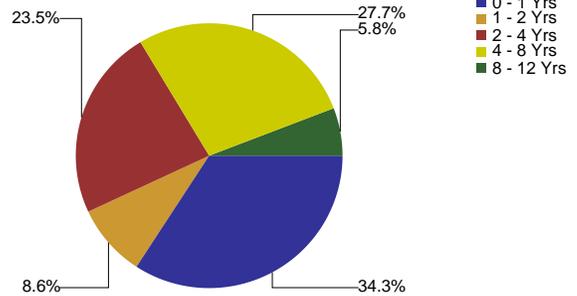
Sector Weightings (as % of Market Value)



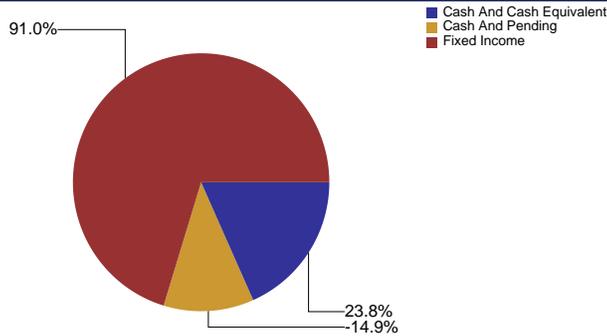
Portfolio Characteristics Duration Mix

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

332.3
3.55
3.06
AA
90

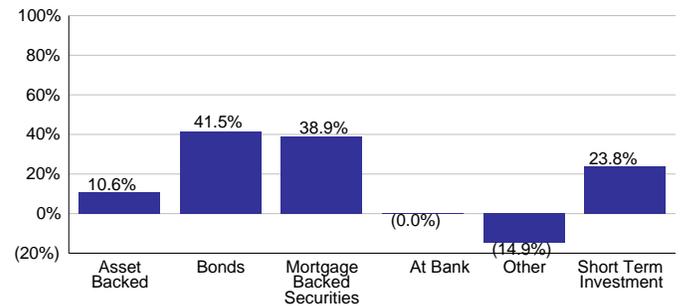
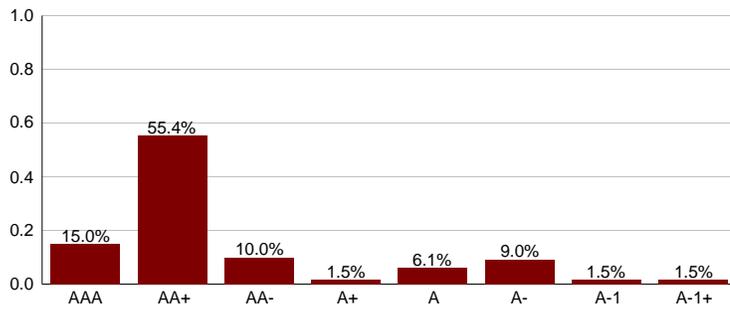


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990B73	TRI-PARTY REPO SOUTH ST 0.20% 01/MAR/2013	4.72%	0.20	1/3/2013
3137ATR20	FREDDIE MAC 4097 VH 1.500% 15/OCT/2041	3.62%	1.50	15/10/2041
3128HXW76	FHLMC GOLD MORT 3.00% 15/AUG/2042 #S06070	2.72%	3.00	15/8/2042
63534PAH0	NATIONAL CITY BANK (CLEVELAND) FLTG RATE NTS	1.81%	0.68	7/6/2017
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	1.75%	4.00	25/7/2040
3137APUK4	FREDDIE MAC 4045 HP 3.500% 15/MAY/2042	1.71%	3.50	15/5/2042
3133EAJR0	FEDERAL FM CR BKS CONS BD 1.99% 26/MAR/2018	1.71%	1.99	26/3/2018
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.48%	3.50	15/1/2032
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.47%	4.00	25/6/2030
38377XC75	GNMA 2011-133 MN 3.50%16/APR/2035	1.43%	3.50	16/4/2035

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



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through February 28, 2013

(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	1,316
DECEMBER	592	979	1,464
JANUARY	835	1,511	1,885
FEBRUARY	863	1,501	1,899
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	\$1,560
Budget Stabilization Average Fund Balance - February			<u>\$452</u>
Total Average Cash Available - February			\$2,351

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
FEBRUARY 2013**

Distributed in Current Month

Recipient	FEBRUARY 2013	Fiscal YTD 12/13	Fiscal YTD 11/12
-----	-----	-----	-----
101 A & M Colleges	\$20,921	\$125,382	\$175,201
102 State Hospital	\$11,675	\$71,991	\$97,094
103 Leg., Exec., & Jud.	\$16,128	\$103,304	\$143,828
104 Military Institute	\$1,102	\$7,363	\$10,201
105 Miners Hospital	\$26,407	\$177,228	\$232,359
107 Normal School ASU/NAU	\$6,714	\$43,833	\$59,851
108 Penitentiaries	\$14,477	\$166,154	\$230,469
109 Permanent Common School	\$5,946,675	\$38,631,075	\$51,597,035
110 School for Deaf & Blind	\$9,557	\$63,378	\$85,933
111 School of Mines	\$23,029	\$143,330	\$198,841
112 State Charitable-Pioneers Home	\$117,452	\$666,094	\$903,186
112 State Charitable-Corrections	\$58,726	\$333,047	\$451,593
112 State Charitable-Youth Treatment	\$58,726	\$333,047	\$451,593
113 University Fund	\$36,995	\$232,633	\$317,526
114 U of A Land - 1881	\$88,895	\$526,108	\$678,424
	-----	-----	-----
Total	\$6,437,479	\$41,623,969	\$55,633,132
	=====	=====	=====

Posted in USAS in current month

**ENDOWMENT FUNDS
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12
205	ENDOWMENTS - FIXED INCOME	\$3,723,501	\$3,475,460	\$3,783,606

YIELDS

<u>MONTHLY</u>	Current Month 02/28/13	Prior Month 01/31/13	Prior Year 2/29/12
205 ENDOWMENTS - FIXED INCOME	5.27%	4.94%	5.58%

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Feb-13 NET GAIN(LOSS)	Feb-12 NET GAIN(LOSS)
Fixed Income Pool	98,171	(153,911)
Equity Pool (500)	232,707	4,024
Equity Pool (400)	3,781,307	212,363
Equity Pool (600)	1,660,069	233,928
Totals	5,772,254	296,404

Endowment Fund	2012/2013 FISCAL YEAR TO DATE GAINS(LOSSES)	2011/ 2012 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	1,256,197	857,887
Equity Pool (500)	2,837,342	(2,127,439)
Equity Pool (400)	11,509,694	13,222,253
Equity Pool (600)	5,148,735	1,147,569
Totals	20,751,968	13,100,270

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
Month of February 2013

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I. Endowment Funds Purchases

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&P RATING</u>
FHLMC MTG	3.00	11/15/2032	5.67	\$5,000,000	\$5,287,031	1.93%	Aaa/AA+
FNMA MTG	2.50	10/1/2032	5.56	\$5,833,429	\$5,957,389	2.10%	Aaa/AA+
US TREAS	0.38	4/15/2015	N/A	\$5,000,000	\$5,013,511	0.31%	Aaa/AA+
US TREAS	1.75	7/31/2015	N/A	\$5,000,000	\$5,177,771	0.32%	Aaa/AA+
US TREAS	2.00	1/31/2016	N/A	\$5,000,000	\$5,239,467	0.39%	Aaa/AA+
US TREAS	3.13	10/31/2016	N/A	\$2,500,000	\$2,756,892	0.57%	Aaa/AA+
US TREAS	3.25	12/31/2016	N/A	\$5,000,000	\$5,522,212	0.62%	Aaa/AA+
US TREAS	3.13	1/31/2017	N/A	\$5,000,000	\$5,501,695	0.59%	Aaa/AA+
CITIGROUP	3.38	3/1/2023	N/A	\$5,000,000	\$4,988,150	3.40%	Baa2/A-
CITIGROUP	4.05	7/30/2022	N/A	\$2,000,000	\$2,000,000	4.05%	Baa3/BBB+
CITIGROUP	6.50	8/19/2013	N/A	\$10,000,000	\$10,296,139	0.58%	Baa2/A-
FIFTH THIRD BANCORP	1.45	2/28/2018	N/A	\$15,000,000	\$14,972,700	1.49%	A3/BBB+

TOTAL ENDOWMENT FUNDS PURCHASES	\$70,333,429	\$72,712,958
----------------------------------------	---------------------	---------------------

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>
EMERSON ELECTRIC	5.00	4/15/2019	\$2,500,000	\$3,025,186	\$491,054	A2/A

TOTAL ENDOWMENT FUNDS SALES	\$2,500,000	\$3,025,186	\$491,054
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*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 February 2013

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	299,080	\$13,994,148	\$1,831
S&P 500 Large-Cap Fund	178,296	\$9,082,637	\$1,276
S&P 600 Small-Cap Fund	265,501	\$7,861,686	\$1,992
TOTAL EQUITY PURCHASES	742,877	\$30,938,471	\$5,098

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	48,252	\$4,926,991	\$302
S&P 500 Large-Cap Fund	15,679	\$1,154,972	\$73
S&P 600 Small-Cap Fund	50,835	\$3,216,266	\$232
TOTAL EQUITY SALES	114,766	\$9,298,228	\$606

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2013
 (In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	550	3,807	6,313	2,506	
	<i>Shares in Fixed Income Pools</i>	3,962	2,485	4,026	1,540	
	Total	4,512	6,292	10,339	4,047	1.643
102	State Hospital					
	<i>Shares in Equity Pools</i>	351	2,436	4,030	1,594	
	<i>Shares in Fixed Income Pools</i>	2,403	1,594	2,441	848	
	Total	2,754	4,030	6,472	2,442	1.606
103	Leg., Exec. & Jud					
	<i>Shares in Equity Pools</i>	446	3,334	5,120	1,786	
	<i>Shares in Fixed Income Pools</i>	3,438	2,186	3,493	1,308	
	Total	3,884	5,519	8,613	3,094	1.560
104	Military Institute					
	<i>Shares in Equity Pools</i>	29	215	338	123	
	<i>Shares in Fixed Income Pools</i>	233	140	237	97	
	Total	262	354	575	220	1.622
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,101	8,872	12,626	3,754	
	<i>Shares in Fixed Income Pools</i>	7,596	5,883	7,719	1,836	
	Total	8,697	14,755	20,345	5,590	1.379
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	206	1,511	2,357	845	
	<i>Shares in Fixed Income Pools</i>	1,487	991	1,511	520	
	Total	1,692	2,502	3,868	1,366	1.546
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	678	4,792	7,772	2,980	
	<i>Shares in Fixed Income Pools</i>	4,696	3,177	4,772	1,595	
	Total	5,374	7,969	12,543	4,574	1.574

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2013
 (In Thousands)

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NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	200,211	1,550,128	2,296,077	745,949	
<i>Shares in Fixed Income Pools</i>	1,418,238	1,038,056	1,441,124	403,068	
Total	1,618,449	2,588,184	3,737,201	1,149,017	1.444
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	286	2,077	3,279	1,202	
<i>Shares in Fixed Income Pools</i>	2,133	1,364	2,168	803	
Total	2,419	3,442	5,447	2,005	1.583
111 School of Mines					
<i>Shares in Equity Pools</i>	616	4,557	7,065	2,508	
<i>Shares in Fixed Income Pools</i>	4,558	3,015	4,632	1,617	
Total	5,175	7,572	11,697	4,125	1.545
112 State Charitable					
<i>Shares in Equity Pools</i>	6,177	45,888	70,844	24,956	
<i>Shares in Fixed Income Pools</i>	42,954	30,796	43,648	12,852	
Total	49,132	76,684	114,492	37,808	1.493
113 University Fund					
<i>Shares in Equity Pools</i>	1,029	7,587	11,800	4,213	
<i>Shares in Fixed Income Pools</i>	7,590	4,998	7,712	2,715	
Total	8,619	12,585	19,512	6,927	1.550
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,155	25,172	36,178	11,007	
<i>Shares in Fixed Income Pools</i>	22,913	16,813	23,282	6,469	
Total	26,067	41,985	59,461	17,476	1.416
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	214,836	1,660,377	2,463,800	803,423	
<i>Shares in Fixed Income Pools</i>	1,522,201	1,111,496	1,546,765	435,269	
Grand Total	1,737,037	2,771,873	4,010,564	1,238,692	
PRIOR YEAR:					
FEBRUARY 2012 BALANCES	1,710,953	2,613,671	3,521,902	908,231	

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
FEBRUARY 28, 2013**

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ASSET ALLOCATION PERCENTAGE

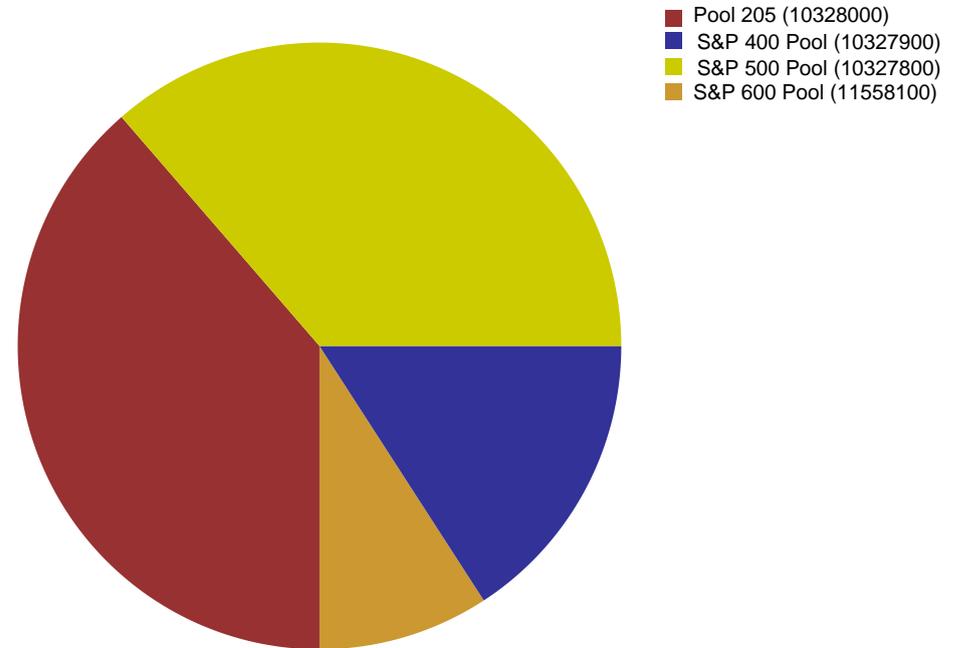
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	FEBRUARY 2012 MARKET VALUE
<i>Shares in Equity Pools</i>	12.37%	59.90%	61.43%	59.04%
<i>Shares in Fixed Income Pools</i>	87.63%	40.10%	38.57%	40.96%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====

Performance Worksheet
Arizona State Treasury (05509)
As of February 2013
 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	1,432,112,169.54	1,457,773,288.77	6,291,385	1.35	7.57	6.60	12.90	13.43	13.47	5.02	1.96	07/01/1999
10327900	S&P 400 Pool	630,051,436.12	638,949,746.35	2,696,308	0.98	10.62	8.26	18.27	14.68	15.90	7.72	8.28	08/01/2001
10328000	Pool 205	1,531,381,518.22	1,546,764,740.79	7,190,154	0.53	(0.18)	(0.06)	1.70	3.11	4.42	4.85	5.83	07/01/1999
11558100	S&P 600 Pool	360,080,280.38	367,076,620.99	1,797,539	1.44	10.83	7.30	15.66	14.80			9.79	03/01/2011
00550902	Total Endowment Fund Composite	3,953,625,404.26	4,010,564,396.90	17,975,386	0.99	5.17	4.24	9.30	9.52	9.69	5.80	5.57	07/01/1999

Manager Allocation - Daily
Arizona State Treasury (05509)
 As of February 28, 2013

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,546.76	38.6%
S&P 400 Pool (10327900)	638.95	15.9%
S&P 500 Pool (10327800)	1,457.77	36.3%
S&P 600 Pool (11558100)	367.08	9.2%
TOTAL	4,010.56	100.0%



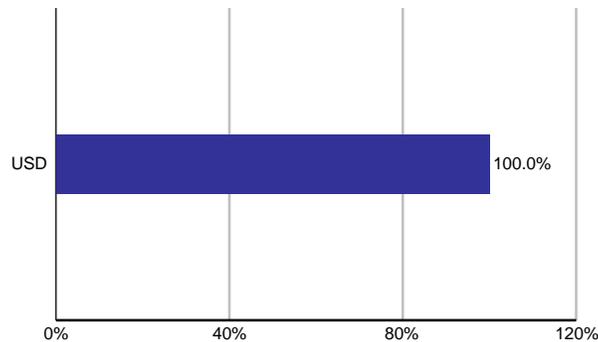
Portfolio Characteristics

Total Asset Value (in Millions)	1,457.8	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	17.10	Information Ratio	0.04	0.04	0.15	1.63
Price to Book Ratio	2.27	Std Deviation of Port.	(0.72)	(0.52)	0.36	(0.38)
Dividend Yield (%)	2.22	Std Deviation of Bench.	10.26	15.17	18.80	15.95
Return on Equity (%)	62.56	Sharpe Ratio of Port.	10.27	15.20	18.87	15.83
Sales Growth (%)	7.57	Sharpe Ratio of Bench.	1.30	0.88	0.25	(0.03)
Market Capitalization (\$ Millions)	105,587.93	R-Squared	1.30	0.88	0.24	0.01
Earnings per Share (\$)	5.64	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	501		(0.01)	0.01	0.09	(0.65)

Top Ten Portfolio Holdings

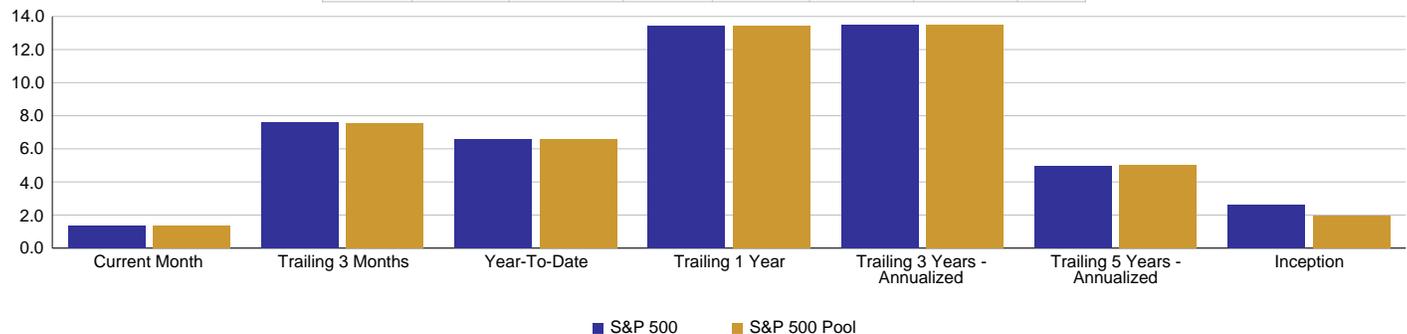
Security ID	Security Name	% of Assets
78462F103	SPDR S&P 500 ETF TRUST	3.54%
037833100	APPLE INC - COM NPV	2.95%
30231G102	EXXON MOBIL CORP COM NPV	2.92%
369604103	GENERAL ELECTRIC CO - COM USD	1.75%
166764100	CHEVRON CORP - COM USD	1.64%
459200101	INTL BUSINESS MACHINES CORP -COM	1.52%
38259P508	GOOGLE INC - CL A COM	1.52%
478160104	JOHNSON & JOHNSON - COM	1.51%
594918104	MICROSOFT CORP - COM	1.51%
742718109	PROCTOR & GAMBLE CO - COM	1.48%

Top Ten Currency Weights

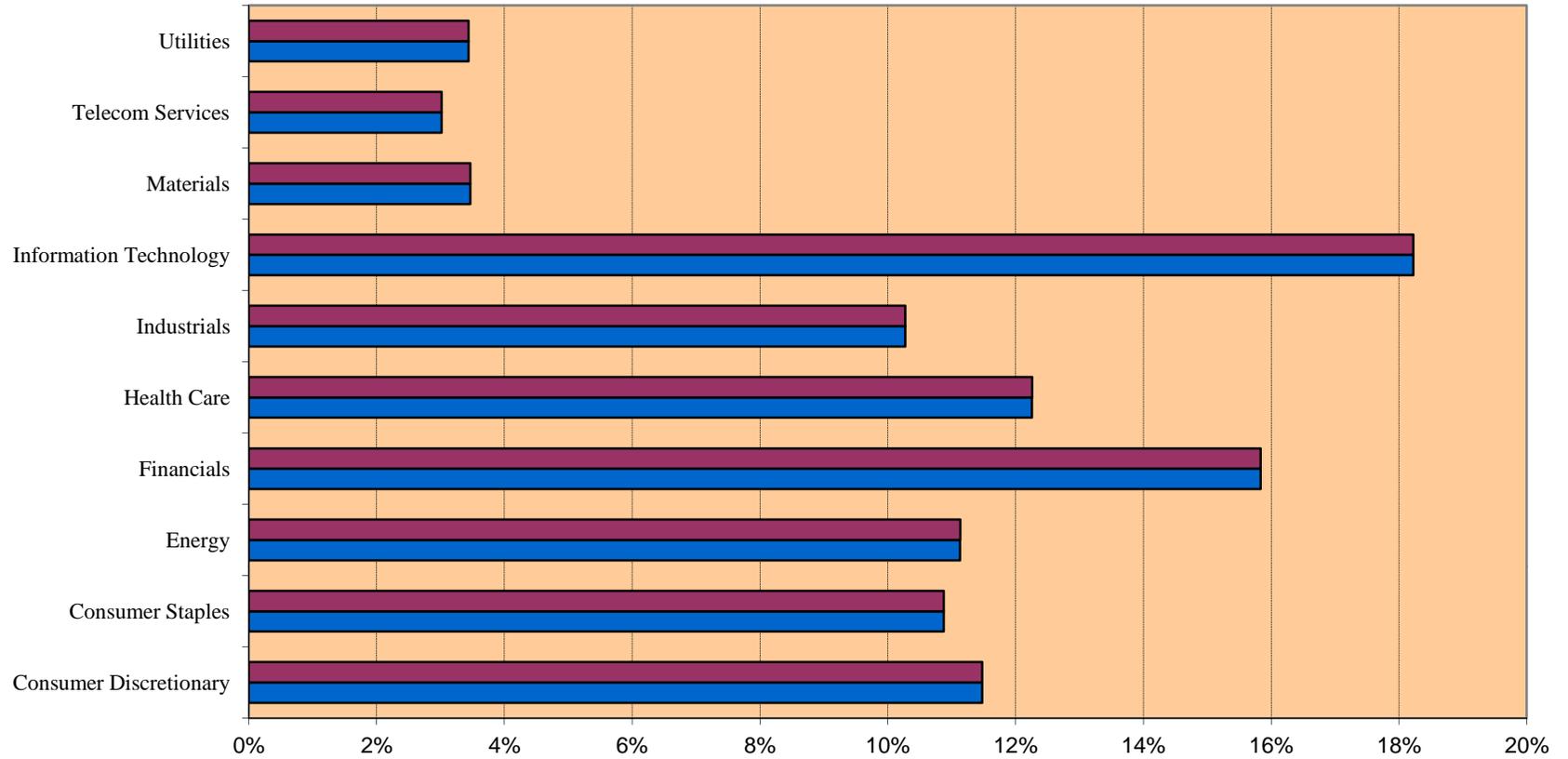


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	1.35	7.57	6.60	13.43	13.47	5.02	1.96
S&P 500	1.36	7.58	6.61	13.46	13.50	4.94	2.61
Excess	(0.00)	(0.01)	(0.01)	(0.03)	(0.02)	0.07	(0.65)



**STATE OF ARIZONA
POOL 201 (S&P 500)
As of February 28, 2013**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	11.48%	10.87%	11.13%	15.84%	12.26%	10.27%	18.22%	3.47%	3.02%	3.44%
■ STATE OF ARIZONA - POOL 201	11.48%	10.87%	11.13%	15.84%	12.26%	10.28%	18.22%	3.47%	3.02%	3.44%



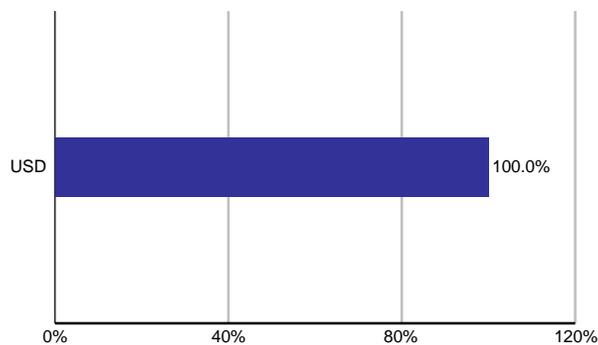
Portfolio Characteristics

Total Asset Value (in Millions)	638.9	Trailing 1 Year	0.06	Trailing 3 Years	0.33	Trailing 5 Years	1.87	Since Inception	2.00
P/E Ratio	21.60	Information Ratio	1.61		(0.26)		(0.52)		(0.09)
Price to Book Ratio	2.18	Std Deviation of Port.	10.99		18.04		21.96		17.35
Dividend Yield (%)	1.35	Std Deviation of Bench.	11.03		18.15		22.64		18.26
Return on Equity (%)	16.90	Sharpe Ratio of Port.	1.33		0.88		0.33		0.37
Sales Growth (%)	6.54	Sharpe Ratio of Bench.	1.31		0.87		0.36		0.35
Market Capitalization (\$ Millions)	4,504.58	R-Squared	1.00		1.00		0.99		0.99
Earnings per Share (\$)	2.73	Jensen's Alpha	0.16		0.03		(0.61)		0.34
Number of Holdings	402								

Top Ten Portfolio Holdings

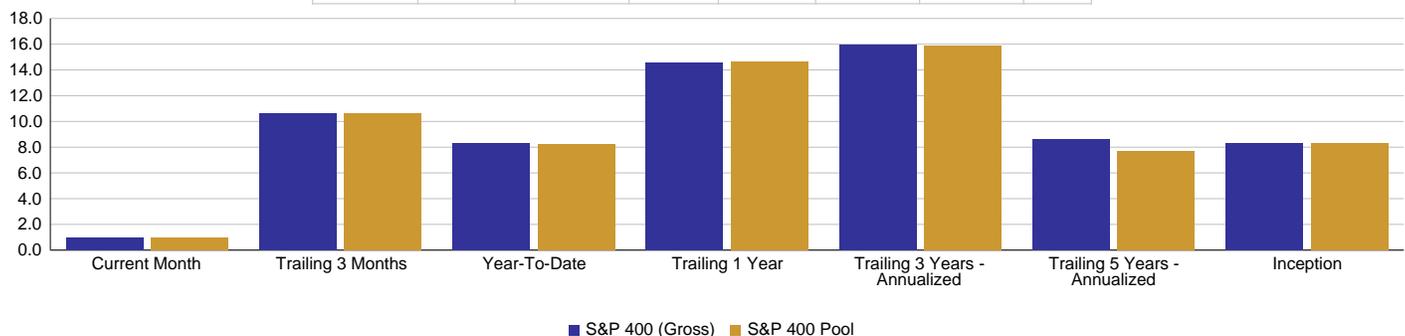
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	4.91%
75886F107	REGENERON PHARMACEUTICAL - COM	0.93%
436106108	HOLLYFRONTIER CORP - COM	0.85%
485170302	KANSAS CITY SOUTHERN - COM	0.84%
29444U502	EQUINIX INC - COM	0.76%
031100100	AMETEK INC - COM	0.75%
92532F100	VERTEX PHARMACEUTICALS INC - COM	0.75%
171340102	CHURCH & DWIGHT INC - COM	0.65%
554382101	MACERICH CO - COM	0.62%
756109104	REALTY INCOME CORP - COM	0.60%

Top Ten Currency Weights

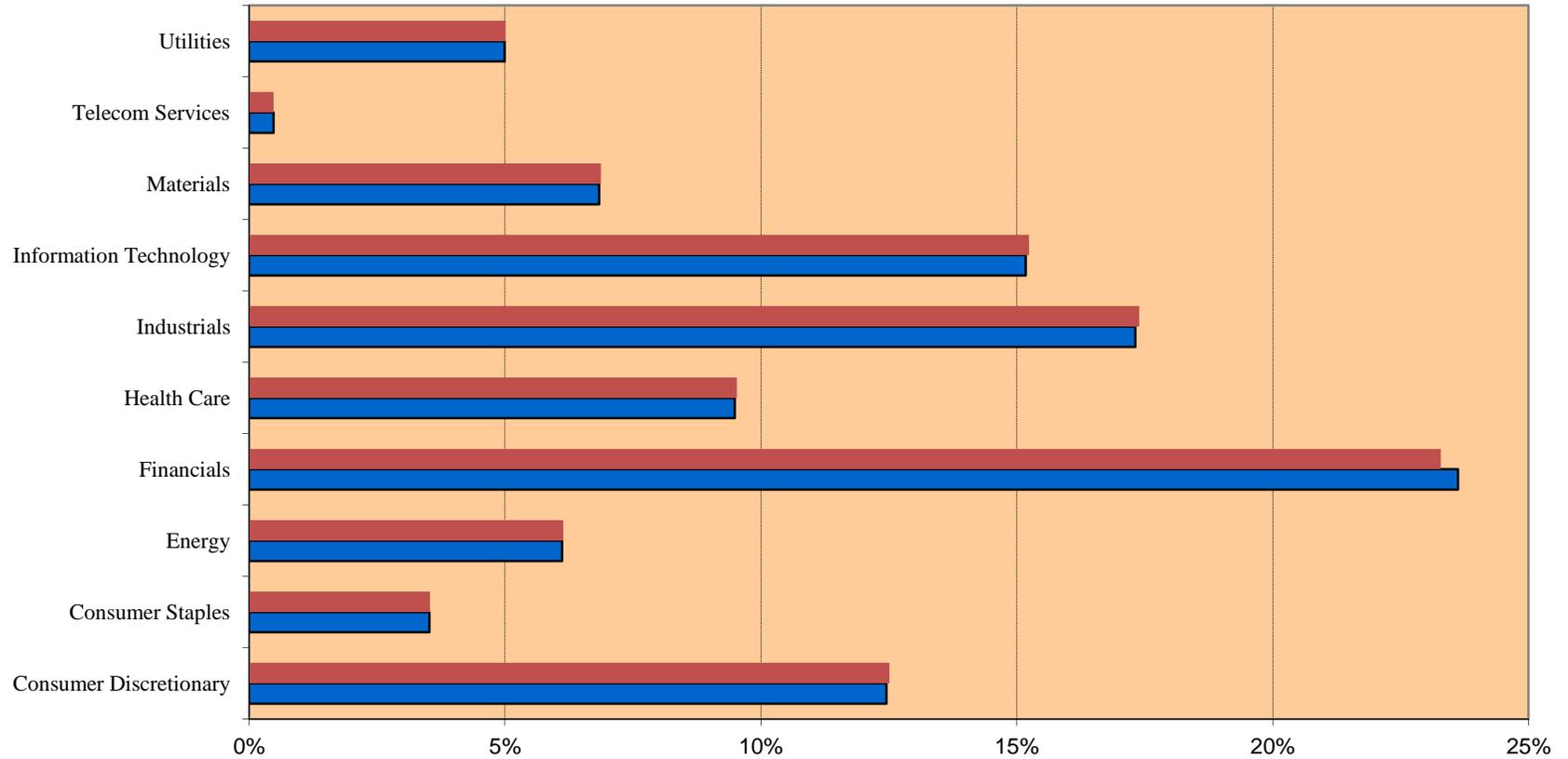


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	0.98	10.62	8.26	14.68	15.90	7.72	8.28
S&P 400 (Gross)	0.98	10.64	8.27	14.57	15.97	8.60	8.29
Excess	0.00	(0.01)	(0.01)	0.11	(0.07)	(0.88)	(0.01)



**STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of February 28, 2013**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	12.51%	3.54%	6.14%	23.28%	9.53%	17.39%	15.24%	6.87%	0.48%	5.01%
■ STATE OF ARIZONA - POOL 203	12.46%	3.52%	6.11%	23.62%	9.49%	17.32%	15.17%	6.84%	0.48%	4.99%



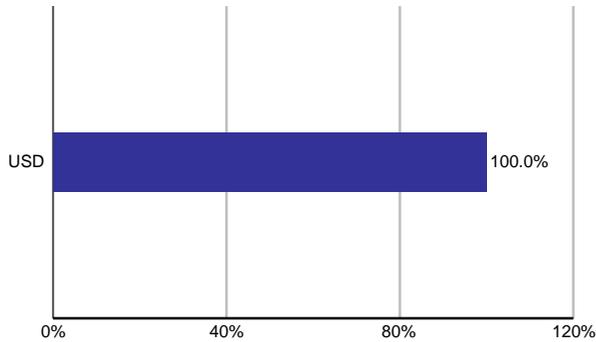
Portfolio Characteristics

Total Asset Value (in Millions)	367.1		Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	24.20	Tracking Error	0.05	-	-	0.09
Price to Book Ratio	1.96	Information Ratio	2.40	-	-	(0.14)
Dividend Yield (%)	1.24	Std Deviation of Port.	11.47	-	-	17.48
Return on Equity (%)	15.33	Std Deviation of Bench.	11.51	-	-	17.52
Sales Growth (%)	7.00	Sharpe Ratio of Port.	1.28	-	-	0.55
Market Capitalization (\$ Millions)	1,421.60	Sharpe Ratio of Bench.	1.26	-	-	0.55
Earnings per Share (\$)	1.67	R-Squared	1.00	-	-	1.00
Number of Holdings	601	Jensen's Alpha	0.19	-	-	0.02

Top Ten Portfolio Holdings

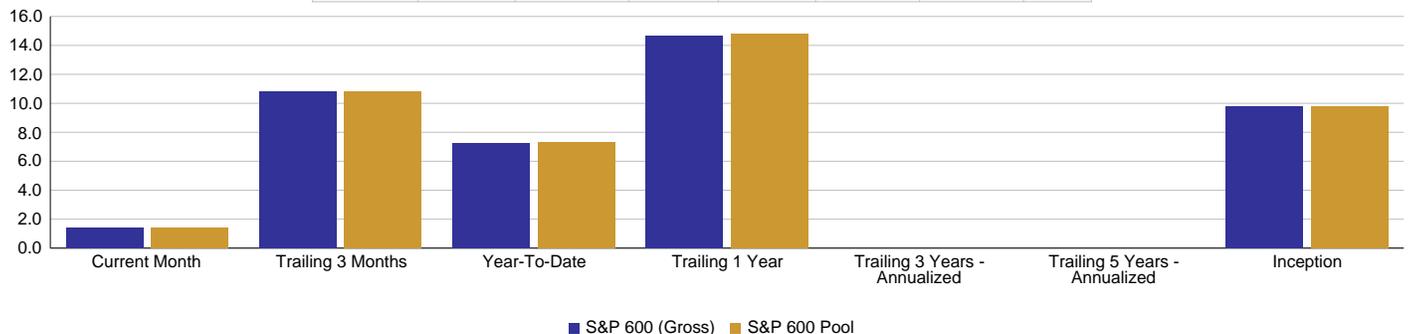
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST CORE S&P SMALL CAP ETF	4.50%
875465106	TANGER FACTORY OUTLET CTRS	0.58%
117043109	BRUNSWICK CORP -COM	0.57%
232572107	CYMER INC - COM	0.54%
26969P108	EAGLE MATERIALS INC - COM	0.52%
59522J103	MID-AMERICA APT CMNTYS INC	0.52%
74267C106	PROASSURANCE CORP - COM	0.50%
36159R103	GEO GROUP INC - COM	0.49%
831865209	SMITH (A O) CORP - COM	0.48%
229678107	CUBIST PHARMACEUTICALS INC -COM	0.47%

Top Ten Currency Weights

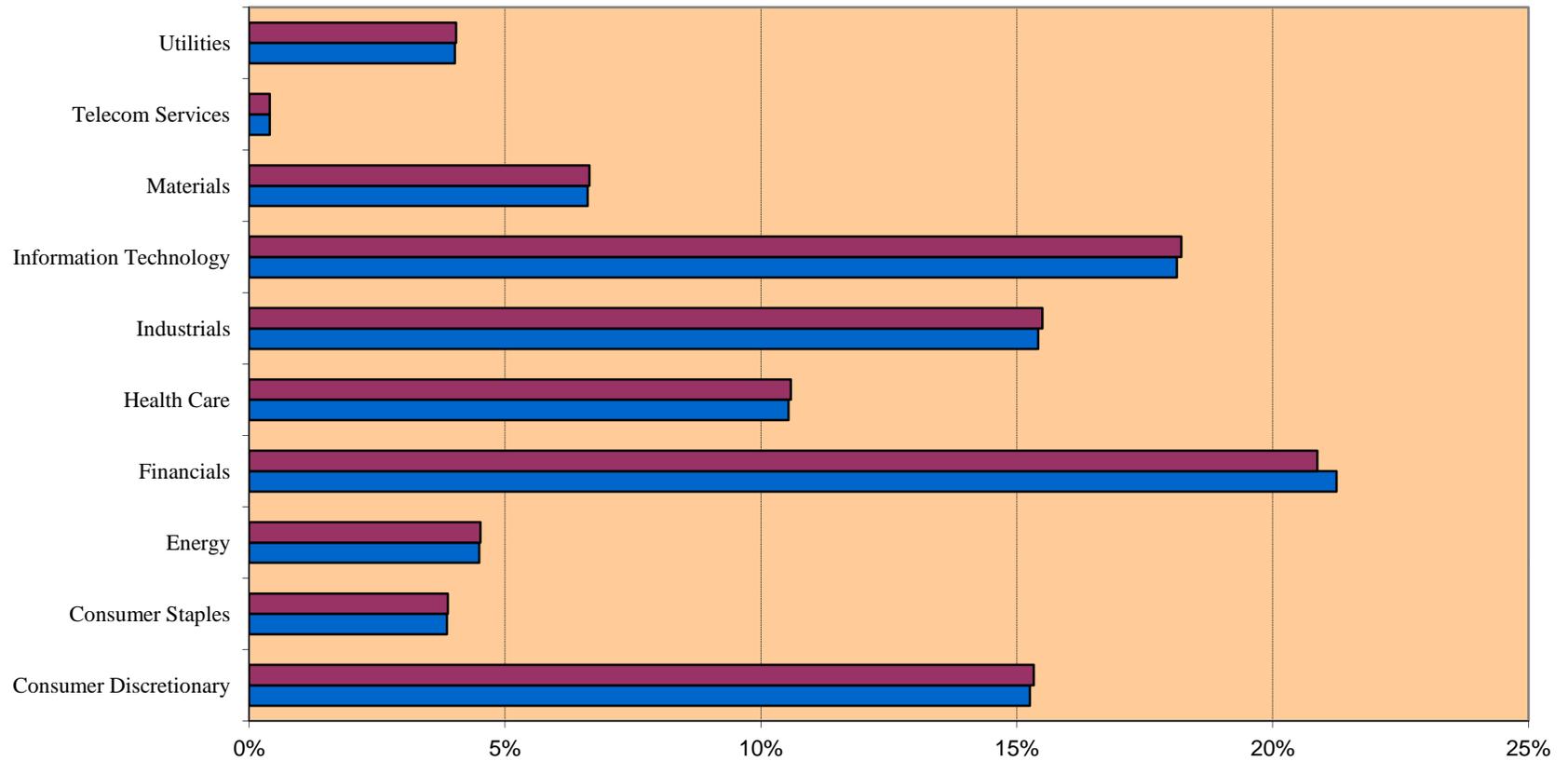


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	1.44	10.83	7.30	14.80			9.79
S&P 600 (Gross)	1.41	10.81	7.27	14.65			9.79
Excess	0.03	0.02	0.04	0.15	(0.00)	(0.00)	(0.01)



**STATE OF ARIZONA
POOL 204 (S&P 600 Index)
As of February 28, 2013**



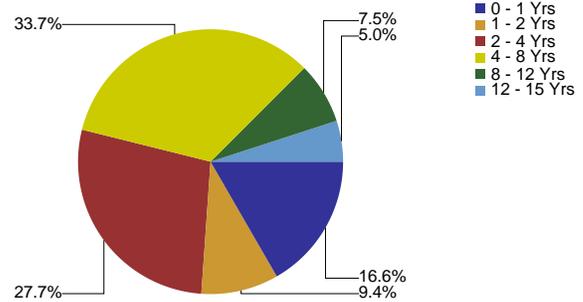
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.33%	3.88%	4.52%	20.87%	10.59%	15.50%	18.22%	6.65%	0.40%	4.04%
■ STATE OF ARIZONA - POOL 204	15.26%	3.87%	4.50%	21.25%	10.54%	15.42%	18.13%	6.62%	0.40%	4.02%



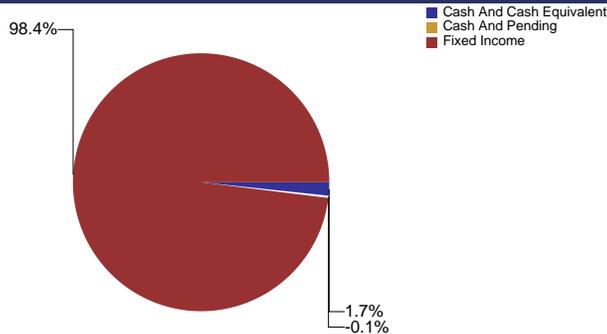
Portfolio Characteristics

Total Net Assets (Millions) 1,546.8
Weighted Average Life (Years) 5.77
Weighted Avg. Effective Duration (Years) 4.31
Weighted Average Coupon (%) 4.02
Weighted Average Current Yield (%) 1.08
Weighted Average Yield to Maturity (%) 1.10
Weighted Average Rating AA
Number of Holdings 278

Duration Mix



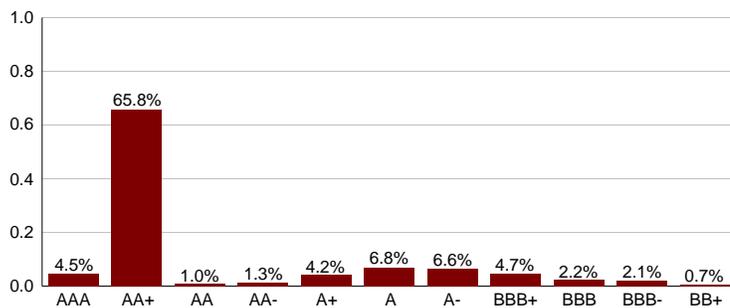
Asset Mix



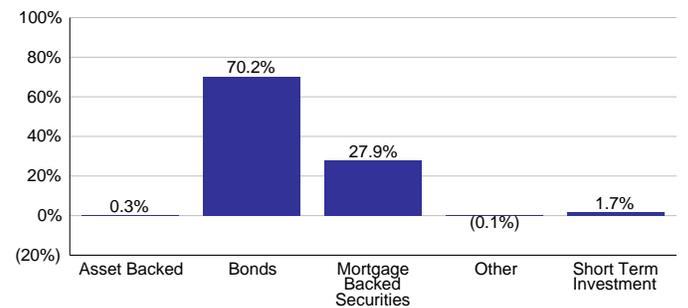
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	1.73%	0.00	31/12/2049
31677QAV1	FIFTH THIRD BANCORP 1.45% BDS 28/FEB/2018 USD1000	0.97%	1.45	28/2/2018
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.96%	6.38	15/8/2027
912810ED6	US TREASURY BILS 8.12500 '19	0.93%	8.12	15/8/2019
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.85%	5.90	15/5/2038
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.84%	5.62	1/10/2038
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.80%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.79%	5.75	1/4/2018
3137AF2R2	FREDDIE MAC 3920 AC 2.500% 15/SEP/2041	0.79%	2.50	15/9/2041
880591EC2	TENNESSEE VALLEY AUTH PWR BD 2008-B 18 01/APR/2018	0.77%	4.50	1/4/2018

Quality/Rating Weightings

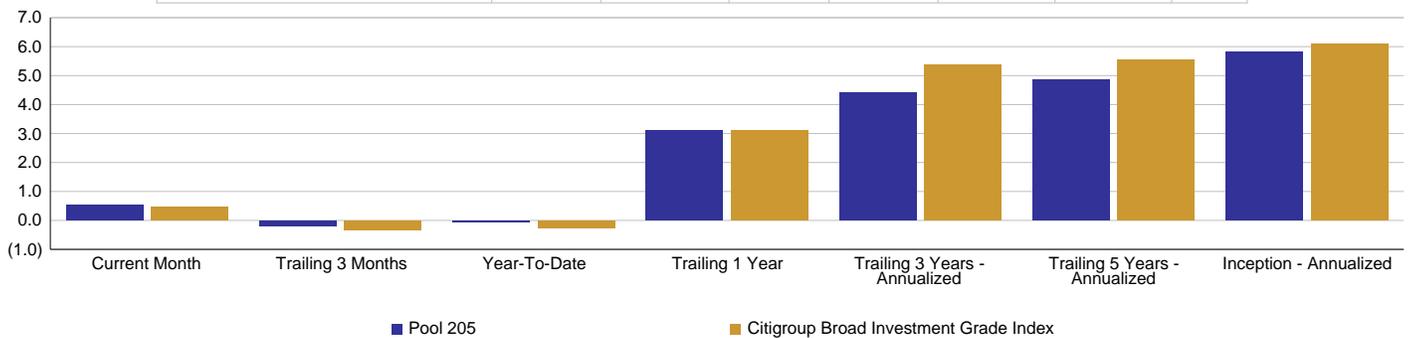


Sector Weightings (as % of Market Value)



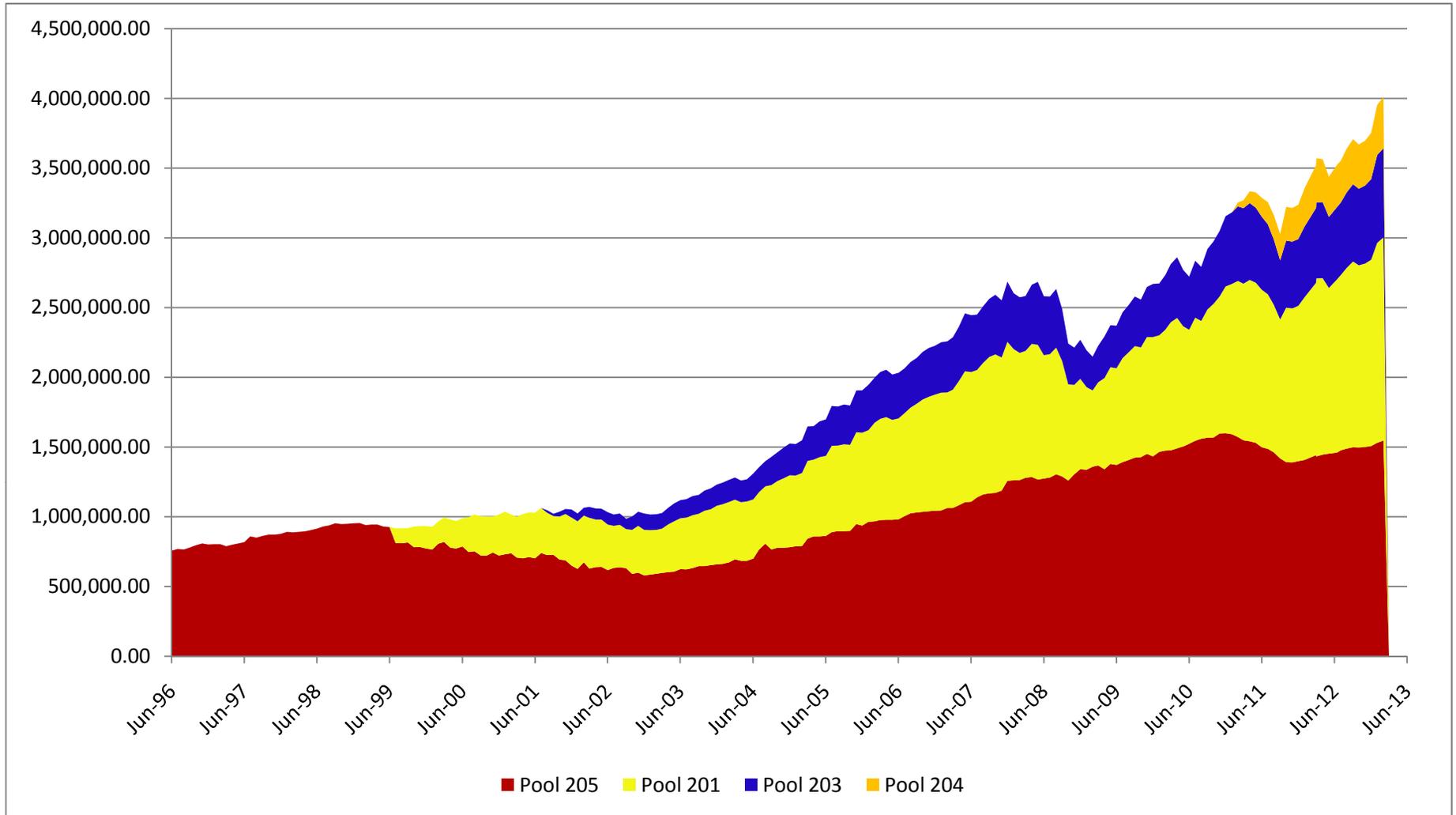
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.53	(0.18)	(0.06)	3.11	4.42	4.85	5.83
Citigroup Broad Investment Grade Index	0.47	(0.34)	(0.26)	3.11	5.39	5.55	6.10
Excess	0.06	0.16	0.21	0.01	(0.97)	(0.70)	(0.26)



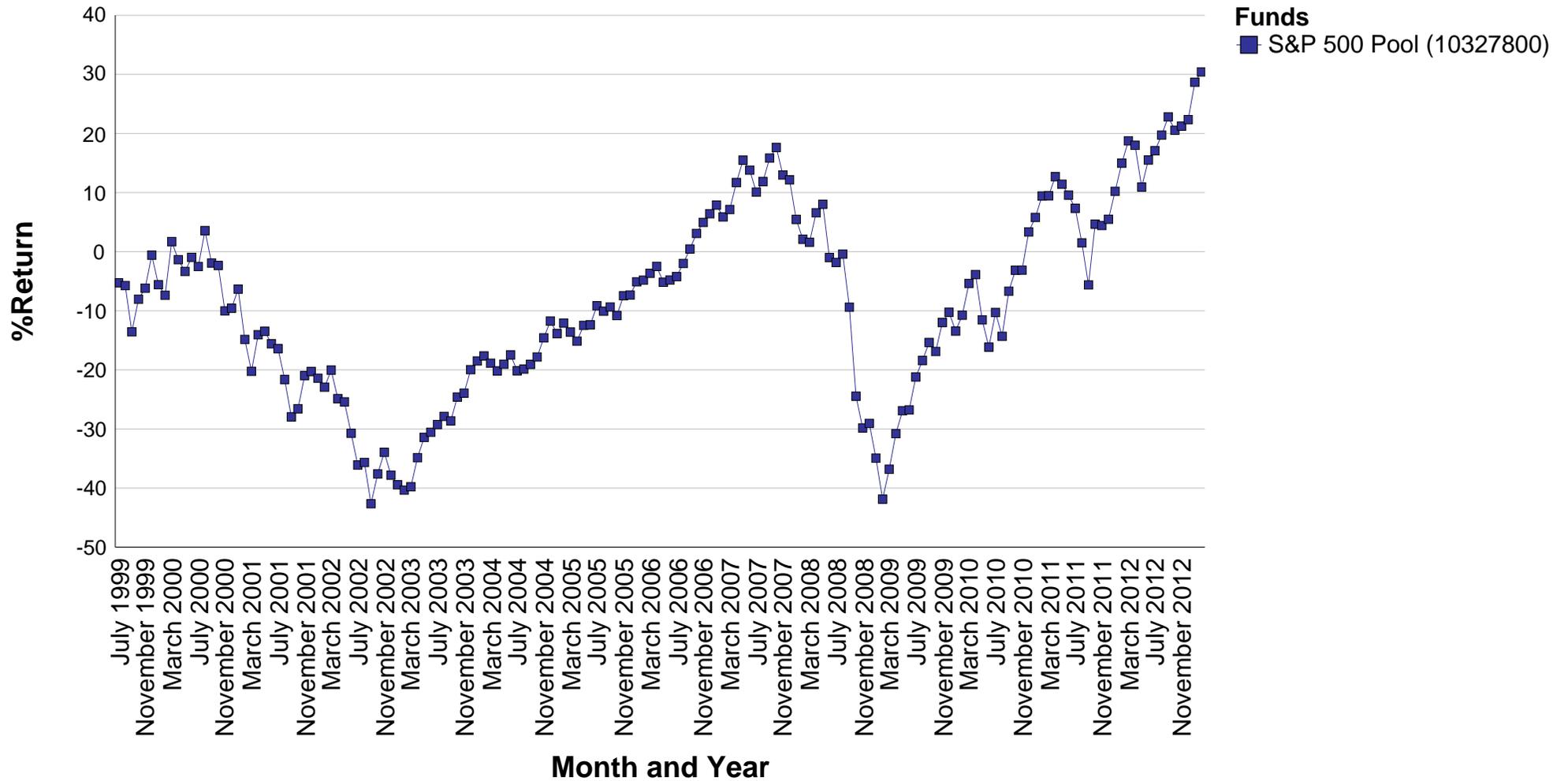
Thousands

Endowment Fund Market Value



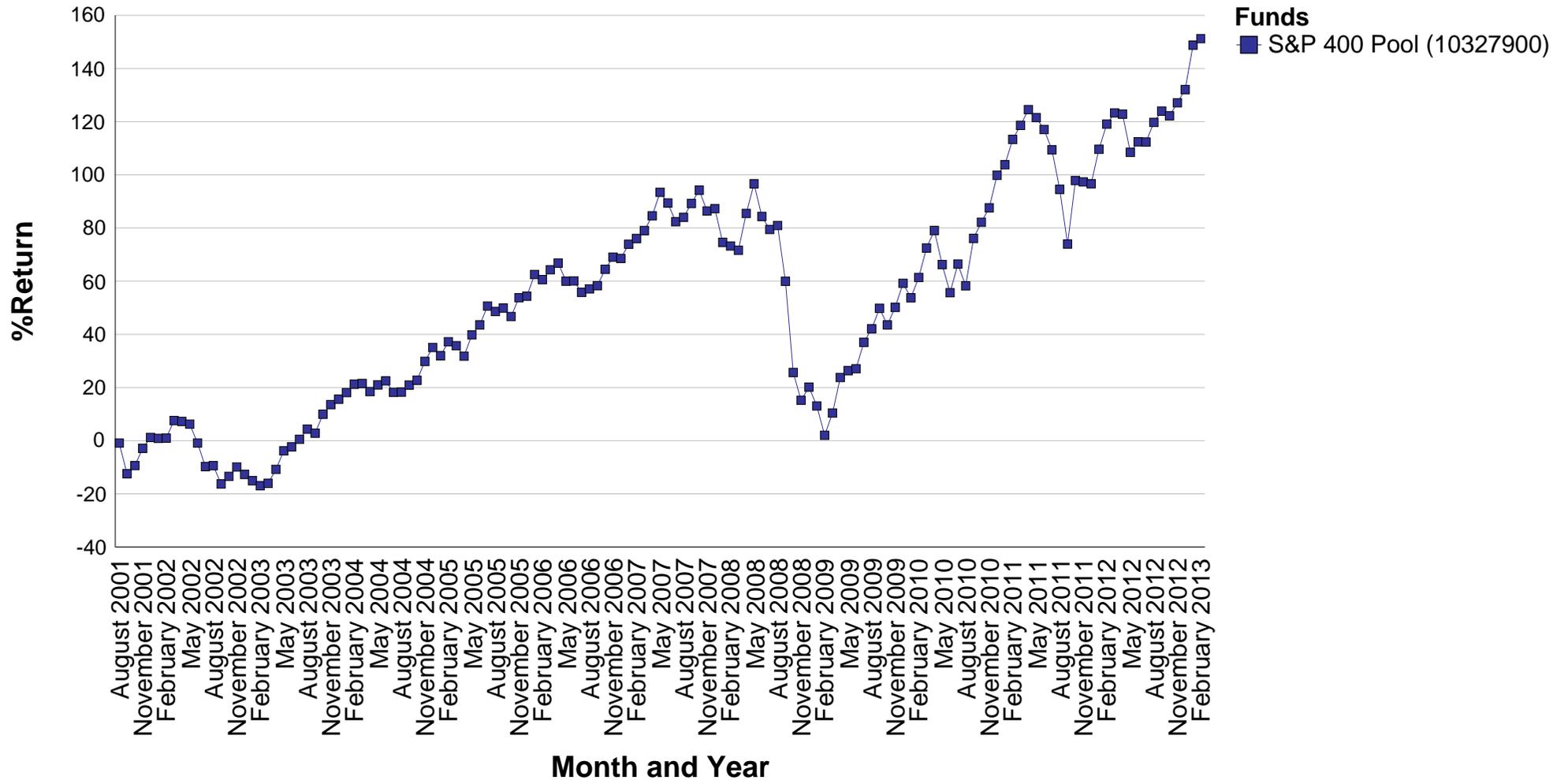
Performance Growth by Account

Arizona State Treasury (05509)
From July 1999 to February 2013
Gross of Fee



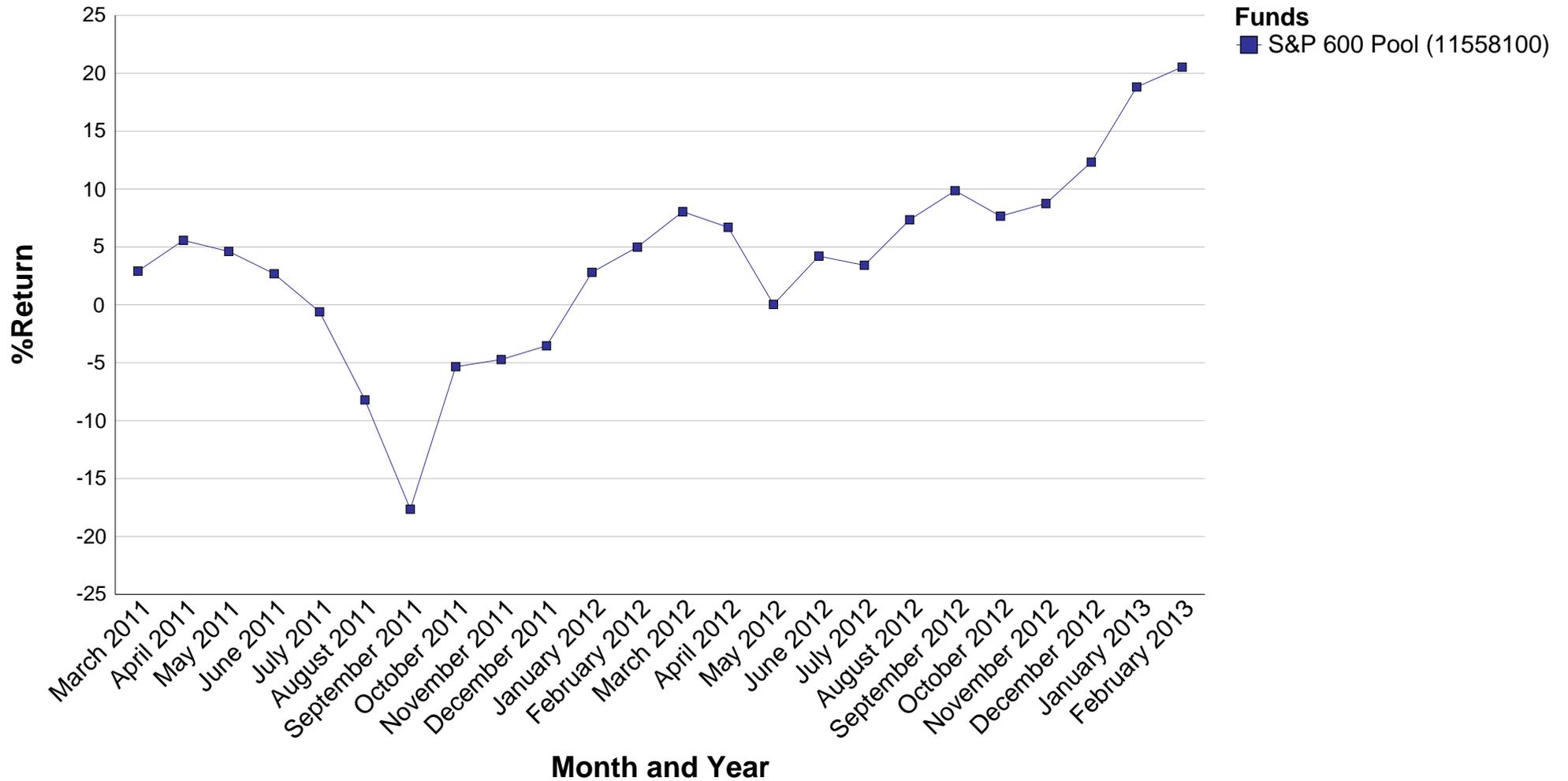
Performance Growth by Account

Arizona State Treasury (05509)
From August 2001 to February 2013
Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)
From March 2011 to February 2013
Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)
 From July 1999 to February 2013
 Gross of Fee

