

OFFICE OF THE
ARIZONA STATE TREASURER



**HON. DEAN MARTIN
TREASURER**



JULY 2008

Presented To:

Arizona State Board of Investment

AUGUST 27, 2008

STATE BOARD OF INVESTMENT

A G E N D A

August 27, 2008

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
 - State Agency Pools
 - LGIP Pools 5 & 7
 - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
 - State Agency Pools
 - LGIP Pools 5, 7, & 500
 - Shares, LGIP Pool 500
- D. Rating Summaries
 - State Agency Pools
 - LGIP Pool 5
 - LGIP Pool 7
 - LGIP Pool 500
- E. Maturity Summary – LGIP
 - LGIP Pool 5
 - LGIP Pool 7
 - LGIP Pool 500

Balance Report

- F. Operating Monies Invested Balances

5. Review of Treasurer's Monthly Reports - Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

Holdings Reports

- G. Investments Outstanding; Endowment Pools
 - H. Rating Summaries – Endowments
 - I. Equity Holdings – Investments Outstanding by Sector
 - S&P 500
 - S&P 400
 - J. Equity Holdings by Participant
6. Proposed Changes to the Investment Policy
- A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
7. Review and Approval of Proposed and or Pending Securities Dealers
8. General Business
- A. Review and Approval of Preliminary Endowment Distribution for Fiscal Year 2008/2009
9. Call to the Public
10. Notice of Next Meeting
11. Adjournment

A person with a disability may request a reasonable accommodation such as a sign language interpreter by contacting Deputy Treasurer Klint Tegland, ADA Coordinator, Office of the State Treasurer, 1700 West Washington, West Wing, State Capitol, Phoenix, Arizona 85007, telephone (602) 604-7816. Requests should be made as early as possible to allow time to arrange the accommodation.

Note: To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other members of the public body. Members of the public body may reply to this message, but they should not send a copy of the reply to other members (please do not “reply to all”).

REPORT OF THE STATE TREASURER

FOR

August 27, 2008

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on July 16, 2008 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Martin, Chair called the meeting to order at approximately 10:30 a.m.

Members Present:

Dean Martin, Chair, State Treasurer
Alan E. Maguire, President, The Maguire Company
Jack Hudock, Consultant for Legal & Administrative Affairs, Department of Financial Institutions, designee for Felecia A. Rotellini, Superintendent, Department of Financial Institutions
Charlotte Hosseini, Arizona Department of Administration, designee for William Bell, Director, Arizona Department of Administration

Members Absent:

Ross Jacobs, Treasurer, Yavapai County

Others Present:

Mark Swenson, Deputy Treasurer Strategic Planning, Audit & Research, Arizona State Treasurer's Office
Klint Tegland, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Tim White, Chief Investment Officer, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Kenton McCarthy, Vice President, Stone & Youngberg, Member of the Public

Pursuant to A.R.S. 35-311, the following reports for June, 2008 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
 - State Agency Pools
 - LGIP Pools 5 & 7
 - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
 - State Agency Pools
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 - State Agency Pools
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Balance Report

- F. Operating Monies Invested Balances

Review of Treasurer's Monthly Reports – Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

Holdings Reports

- G. Investments Outstanding; Endowment Pools
- H. Rating Summaries – Endowments
- I. Equity Holdings – Investments Outstanding by Sector
 - S&P 500
 - S&P 400
- J. Equity Holdings by Participant

1. Call to Order:

Treasurer Martin called the July 16, 2008 BOI meeting to order at approximately 10:30 a.m.

2. Treasurers Comments:

Treasurer Martin welcomed board members and guests and thanked all present for attending the July 16, 2008 meeting.

3. Approval of Minutes:

Mr. Maguire made a motion to approve the minutes for the June 18, 2008 Board of Investment Meeting. Ms. Hosseini seconded the motion. Motion carried.

4. Review of Treasurer's Monthly Report – Investment Pools:

Mr. Tim White presented the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distribution – Investment Pools

Mr. White 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 June, 2008.

State Agency Pools Portfolio Yield Analysis

Mr. White reported the gross yields for the State Agency Pools for the month of June, 2008.

LGIP (Pool 5) & LGIP GOV (Pool 7) Portfolio Yield Analysis

Mr. White reported the gross yields and net yields for the LGIP and LGIP-Gov pools, as well as the comparisons to their relative benchmarks for the month of June, 2008.

Pool 500

Mr. White reported the gross yield and net yield for the LGIP Long Term Pool and the comparison to the benchmark for the month of June, 2008.

Investments Outstanding in State Agency Pools

Mr. White reported the total ending par, book, market value, and unrealized gain/loss on the State Investment Pools as of June 30, 2008.

Investments Outstanding Pools 5, 7, and 500

Mr. White reported the ending par, book, market value, and unrealized gain/loss on the LGIP, LGIP-Gov, and LGIP Long Term pools as of June 30, 2008.

Mr. White noted that there was an increase in the LGIP funds in June. Ms. Hosseini inquired if the increase was because of new customers or if it was because there is more money coming in. Treasurer Martin responded that it was both more funds coming into existing accounts as well as some new customers. He explained that the participants seem to be showing more confidence in the office. Treasurer Martin also noted that there have been quarterly meetings for LGIP members during the past 18 months, so participants have a better feeling for the office.

Investments Outstanding Pool 500 Shares

Mr. White reported the ending par, book, market value, and unrealized gain/loss for the LGIP Long Term Pool (share balances) as of June 30, 2008.

Rating Summary for State Agencies

Mr. White reported on the credit ratings for the State Agency Funds for the last three months.

Rating Summary for LGIP Pool 5

Mr. White reported on the credit ratings for the LGIP for the last three months.

Treasurer Martin noted that we are carefully bringing top rated commercial paper positions back into the portfolios.

Rating Summary LGIP-Long Term Pool 500

Mr. White reported on the credit ratings for the LGIP Long Term Pool for the last three months.

Rating Summary LGIP-Gov Pool 7

Mr. White reported on the credit ratings for the LGIP-Gov Pool for the last three months.

LGIP Maturity Summary Pool 5

Mr. White reported the weighted average maturity (WAM) for the LGIP for the last three months.

LGIP Maturity Summary Pool 7

Mr. White reported the weighted average maturity (WAM) for the LGIP-Gov for the last three months.

LGIP Long Term Maturity Summary Pool 500

Mr. White reported the duration for the LGIP Long Term Pool for the last three months.

Mr. Maguire noted that there are a lot bonds in this pool with a maturity beyond five years and questioned whether or not consideration had been given to interest rates rising in the next twelve to eighteen months. Mr. White agreed that interest rates could be increasing, and pointed out the short duration of the pool. Mr. Maguire then inquired

about the process for withdrawing from this pool and Mr. White responded participants can pull out at the end of the month with a five day notification. In conclusion, Mr. Maguire advised the Board that the probability is that interest rates will be increasing and it would be better for investments in the pool to be short rather than long.

Operating Monies Average Invested Balance

Mr. White reported the Operating Monies average invested balance for the month of June, 2008.

5. Review of Treasurer's Monthly Report – Endowments:

Mr. Tim White presented 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 June, 2008, FY08 fiscal year to date, and FY07 fiscal year to date.

Endowment Funds Yield Analysis

Mr. White reported the book yield of the Endowment Fund Fixed Income Pool for the month of June, 2008.

Monthly Return Analysis for the Endowment Funds

Mr. White reported the total return numbers for the Endowment Funds for the month of June, 2008 and FY08 fiscal year to date, as well as the comparison to their respective benchmarks.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of June, 2008 and FY08 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 June, 2008.

Ms. Hosseini questioned if TIPS (Treasury Inflation-Protected Securities) can be purchased in the portfolio. Treasurer Martin responded that we are in the process of having the accounting system upgraded so it will be an option to us in the future.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of June, 2008.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of June 30, 2008.

Rating Summary Endowment Fixed Income Fund

Mr. White reported the credit ratings for the Endowment Funds as of June 30, 2008.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by industry sector for the S&P 500 Pool as of June 30, 2008.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by industry sector for the S&P 400 Pool as of June 30, 2008.

Equity Holdings – By Participant

Mr. White reported the equity holdings of the Endowment Funds as of June 30, 2008.

Mr. Maguire inquired if the REPO process was three party collateral. Mr. White responded that it is tri-party. Mr. Maguire then asked if it was 102% collateral. Treasurer Martin confirmed that it is.

Broker Activity Reports

Mr. White reported briefly on the broker activity reports for the quarter ending June 30, 2008

Approval of Treasurer's Report

Mr. Maguire made a motion to approve the Treasurer's Report as submitted.
Mr. Hudock seconded the motion. Motion carried.

6. Proposed Changes to Investment Policy

Treasurer Martin reported that there were no proposed changes to the Investment Policy at this time.

7. Review and Approval of Proposed/Pending Securities Dealers

Treasurer Martin reported that there were no proposed or pending security dealer's issues at this time.

8. General Business:

None

9. Notice of Next Meeting:

The next regular meeting of the Board of Investment will be Wednesday, August 27, 2008 at 10:30 a.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Call to the Public

There was no public comment.

11. Adjournment:

Mr. Maguire made a motion to adjourn the BOI meeting. Ms. Hosseini seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 11:20 a.m.

Respectfully Submitted by:

Helen D. Garafola
Executive Consultant

Approved by:

Dean Martin, Chair

Date:

EARNINGS DISTRIBUTION - INVESTMENT POOLS
JULY 2008

State Treasurer's Report
 August 27, 2008
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Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	JULY 2008	Fiscal YTD 08/09	Fiscal YTD 07/08	
General Fund	\$2,197,132	\$2,197,132	\$7,186,672	
2 State Agencies I - Full Faith & Credit	2,088,927	2,088,927	1,353,488	\$51,968
3 State Agencies II - Diversified	4,320,987	4,320,987	7,055,548	127,413
5 Local Governments	3,029,746	3,029,746	8,470,280	163,953
6 State Agencies III - US Govt & Agency	6,449	6,449	27,405	412
7 LGIP Gov't	7,586,082	7,586,082	7,702,015	113,830
8 State Agencies IV - Restricted Diversified	688,838	688,838	983,338	35,318
9 * ADOT - BFO	0	0	0	0
11 School Facilities Board	13,159	13,159	8,154	664
12 CAWCD Medium-Term	291,476	291,476	305,583	6,105
14 School Facilities Board 2002 Series	17,261	17,261	121,800	1,153
15 GADA Long-Term	65,626	65,626	42,221	920
Subtotal	\$20,305,682	\$20,305,682	\$33,256,503	\$501,736
NAV POOL				
500 LGIP LT	193,720	193,720	114,574	3,040
Total	\$20,499,403	\$20,499,403	\$33,371,078	\$504,776

*Note: All earnings distributed for the ADOT - BFO Pool are distributed to the General Fund.

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS**
July 31, 2008

State Treasurer's Report
August 27, 2008
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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
2	STATE AGENCIES I - FULL FAITH & CREDIT	2,901,666	0.0000%	-0.1746%	3.7220%	3.5474%
3	STATE AGENCIES II - DIVERSIFIED	6,572,825	0.0000%	0.6801%	2.6020%	3.2822%
6	STATE AGENCIES III - US GOVT & AGENCY	16,783	0.0000%	1.5627%	1.0430%	2.6057%
8	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	1,653,999	0.0000%	-1.0253%	4.0107%	2.9854%
9	BOARD FUNDING OBLIGATION	448,213	0.0000%	0.0000%	4.8600%	4.8600%
11	SCHOOL FACILITIES BOARD	19,688	0.0000%	1.9136%	0.0000%	1.9136%
12	CAWCD MEDIUM TERM	413,386	0.0000%	-0.1276%	4.4165%	4.2889%
14	SCHOOL FACILITIES BOARD BONDS	42,020	0.0000%	1.7841%	0.5525%	2.3365%
15	GADA	62,282	0.0000%	0.2077%	4.0780%	4.2856%
TOTAL STATE AGENCIES		12,130,862				

LGIP & LGIP-GOV
PORTFOLIO YIELD ANALYSIS
 July 31, 2008

State Treasurer's Report
 August 27, 2008
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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
5	LGIP	6,402,687	0.0000%	1.0050%	1.4948%	2.4998%
7	LGIP - GOV	3,693,664	0.0000%	-0.6293%	2.7170%	2.0877%
	TOTAL LGIP & LGIP-GOV	10,096,351				
		05/31/08	06/30/08	07/31/08		
5	LGIP MONTHLY YIELD (NET)	2.37%	2.39%	2.44%		
	S & P LGIP INDEX YIELD	2.42%	2.29%	2.26%		
	LGIP YTD YIELD (NET)	4.22%	4.06%	2.44%		
	S & P LGIP YTD INDEX YIELD	4.19%	4.04%	2.26%		
7	LGIP - GOV MONTHLY YIELD (NET)	2.06%	2.12%	2.03%		
	3 MONTH T-BILL	1.77%	1.83%	1.65%		
	* S & P LGIP - GOV INDEX YIELD	2.13%	2.08%	2.07%		
	LGIP - GOV YTD YIELD (NET)	3.58%	3.44%	2.03%		
	YTD 3 MONTH T-BILL	3.00%	2.92%	1.65%		
	* S & P LGIP - GOV YTD INDEX YIELD	3.99%	3.85%	2.07%		

* Note: The LGIP-GOV Pool consists of only securities explicitly backed by the full faith & credit of the US Government. The S&P LGIP-Gov Index consists of both securities implicitly and explicitly backed by the full faith & credit of the US Government.

**LGIP LONG TERM POOL
PORTFOLIO YIELD ANALYSIS**
July 31, 2008

State Treasurer's Report
August 27, 2008
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FUND	DESCRIPTION	GROSS EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
500	LGIP LONG TERM POOL	196,998	0.0000%	0.0899%	3.7977%	3.8876%
	TOTAL LGIP LONG TERM POOL	196,998				

	05/31/08	06/30/08	07/31/08
LGIP LONG TERM MONTHLY YIELD (NET)	4.19%	3.66%	3.83%
MERRILL 1-5 US D M INDEX MONTHLY YIELD	4.31%	4.09%	4.11%
LGIP LONG TERM YTD YIELD (NET)	4.61%	4.49%	3.83%
MERRILL 1-5 US D M INDEX YTD YIELD	4.33%	4.31%	4.11%

**STATE AGENCY POOLS
INVESTMENTS OUTSTANDING**

JULY 31, 2008
(in thousands)

State Treasurer's Report
August 27, 2008
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POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
2	State Agencies I - Full Faith & Credit					
	Repurchase Agreements	139,000	139,000	139,000	0	
	U.S. Government & Agencies	776,057	778,064	777,865	(199)	
	Total	915,057	917,064	916,865	(199)	1.000
3	State Agencies II - Diversified					
	Repurchase Agreements	300,000	300,000	300,000	0	
	U.S. Government & Agencies	1,181,209	1,179,156	1,184,452	5,295	
	Corporate Securities	951,651	950,441	942,967	(7,474)	
	Total	2,432,860	2,429,597	2,427,419	(2,179)	0.999
6	State Agencies III - US Govt & Agency					
	Repurchase Agreements	4,000	4,000	4,000	0	
	U.S. Government & Agencies	3,000	3,000	2,991	(9)	
	Total	7,000	7,000	6,991	(9)	0.999
8	State Agencies IV - Restricted Diversified					
	Repurchase Agreements	16,000	16,000	16,000	0	
	U.S. Government & Agencies	618,640	620,599	619,664	(935)	
	Total	634,640	636,599	635,664	(935)	0.999
9	ADOT B.F.O.					
	Board Funding Obligations	110,000	110,000	110,000	0	
	Total	110,000	110,000	110,000	0	1.000
11	School Facilities Board					
	Repurchase Agreements	0	0	0	0	
	U.S. Government & Agencies	10,000	9,950	9,957	7	
	Total	10,000	9,950	9,957	7	1.001
12	CAWCD Medium-Term					
	Money Market Mutual Shares	365	365	365	0	
	U.S. Government & Agencies	71,277	71,368	71,068	(301)	
	Corporate Securities	43,413	43,506	42,039	(1,467)	
	Total	115,055	115,239	113,471	(1,768)	0.985

STATE AGENCY POOLS
INVESTMENTS OUTSTANDING
 JULY 31, 2008
 (in thousands)

State Treasurer's Report
 August 27, 2008
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POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
14	School Facilities Board Bonds					
	Repurchase Agreements	0	0	0	0	
	U.S. Government & Agencies	15,000	14,996	14,980	(16)	
	Total	15,000	14,996	14,980	(16)	0.999
15	GADA					
	Money Market Mutual Shares	57	57	57	0	
	U.S. Government & Agencies	13,291	13,276	13,206	(69)	
	Corporate Securities	4,025	4,044	3,939	(105)	
	Total	17,373	17,377	17,203	(174)	0.990
55	LGIP - NPF					
	<i>NPF Securities</i>	61,939	61,924	0	(61,924)	
	Total	61,939	61,924	0	(61,924)	0.000
TOTALS - AGENCY POOLS						
	Repurchase Agreements	459,000	459,000	459,000	0	
	Money Market Mutual Shares	422	422	422	0	
	Commercial Paper	0	0	0	0	
	U.S. Government & Agencies	2,688,474	2,690,409	2,694,183	3,773	
	Corporate Securities	999,090	997,991	988,945	(9,045)	
	Board Funding Obligations	110,000	110,000	110,000	0	
	<i>NPF Securities</i>	61,939	61,924	0	(61,924)	
	Grand Total	4,318,924	4,319,746	4,252,550	(67,196)	

L.G.I.P.
INVESTMENTS OUTSTANDING
 JULY 31, 2008
 (in thousands)

State Treasurer's Report
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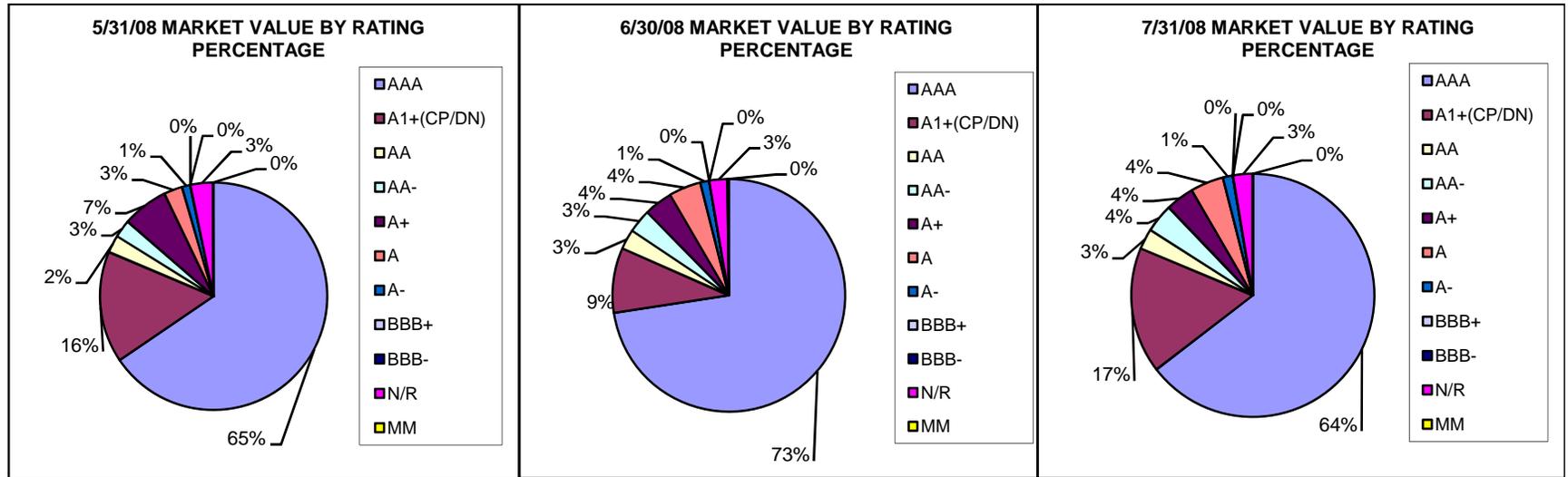
POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
5	Local Governments					
	Repurchase Agreements	0	0	0	0	
	Commercial Paper	20,000	19,996	19,996	0	
	Certificates of Deposit	5,000	4,987	5,038	52	
	U.S. Government & Agencies	2,194,549	2,191,121	2,190,312	(809)	
	Corporate Securities	840,940	840,244	832,048	(8,196)	
	Total	3,060,489	3,056,348	3,047,394	(8,954)	0.997
7	LGIP - Gov't					
	Repurchase Agreements	1,841,000	1,841,000	1,841,000	0	
	U.S. Government & Agencies	333,838	335,188	336,226	1,039	
	Total	2,174,838	2,176,188	2,177,226	1,039	1.000
500	LGIP LT					
	Money Market Mutual Shares	83	83	83	0	
	Commercial Paper	440	440	440	0	
	U.S. Government & Agencies	41,946	42,013	42,056	44	
	Corporate Securities	16,790	16,829	16,724	(104)	
	Dividends Payable/Other	(56)	(56)	(56)	0	
	Total	59,203	59,308	59,247	(61)	
TOTALS - LGIP POOLS						
	Repurchase Agreements	1,841,000	1,841,000	1,841,000	0	
	Money Market Mutual Shares	83	83	83	0	
	Commercial Paper	20,440	20,436	20,436	0	
	Certificates of Deposit	5,000	4,987	5,038	52	
	U.S. Government & Agencies	2,570,333	2,568,321	2,568,595	273	
	Corporate Securities	857,730	857,073	848,772	(8,301)	
	Dividends Payable/Other	(56)	(56)	(56)	0	
	Grand Total	5,294,530	5,291,843	5,283,868	(7,976)	

SHARES OUTSTANDING
LOCAL GOVERNMENT LONG TERM FUNDS
 JULY 31, 2008
 (In Thousands)

State Treasurer's Report
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	NAV
500	<i>Shares in LGIP LT Fund</i>	59,300	59,664	59,741	78	
	Total	59,300	59,664	59,741	78	1.001

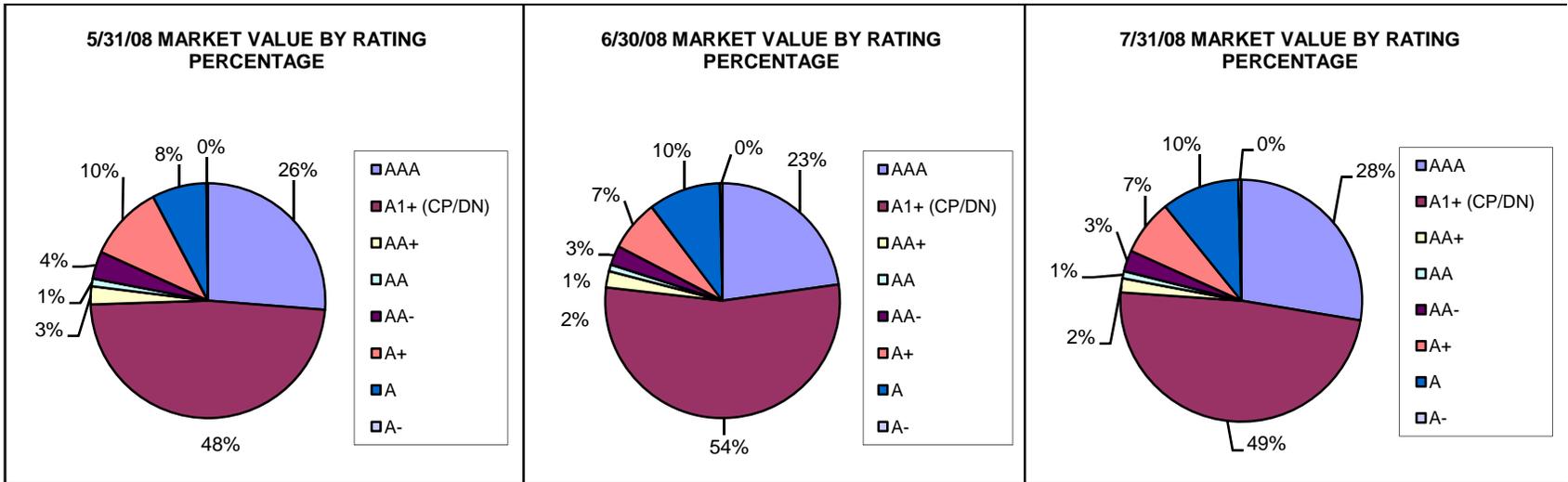
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
STATE AGENCY POOLS 2, 3, 6, 8, 9, 11 - 15**



	05/31/08			06/30/08			07/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	323	\$3,050,862,698	65%	307	\$3,178,212,981	73%	290	\$2,747,045,227	64%
A1+(CP/DN)	30	\$738,085,392	16%	19	\$395,919,822	9%	24	\$708,858,904	17%
AA	7	\$116,139,754	2%	8	\$121,690,604	3%	7	\$116,233,169	3%
AA-	10	\$116,942,005	3%	13	\$142,270,615	3%	15	\$160,863,724	4%
A+	30	\$302,844,283	7%	20	\$173,539,863	4%	19	\$159,522,801	4%
A	13	\$122,807,529	3%	17	\$194,437,624	4%	16	\$192,064,273	4%
A-	3	\$54,344,780	1%	4	\$54,732,613	1%	4	\$54,778,536	1%
BBB+	0	\$0	0%	0	\$0	0%	1	\$1,764,588	0%
BBB-	1	\$984,550	0%	1	\$987,690	0%	1	\$989,440	0%
N/R	14	\$150,007,071	3%	13	\$110,007,071	3%	18	\$110,007,071	3%
MM	2	\$2,545,358	0%	2	\$7,882,978	0%	2	\$421,922	0%
TOTAL	433	\$4,655,563,420	100%	404	\$4,379,681,860	100%	397	\$4,252,549,655	100%

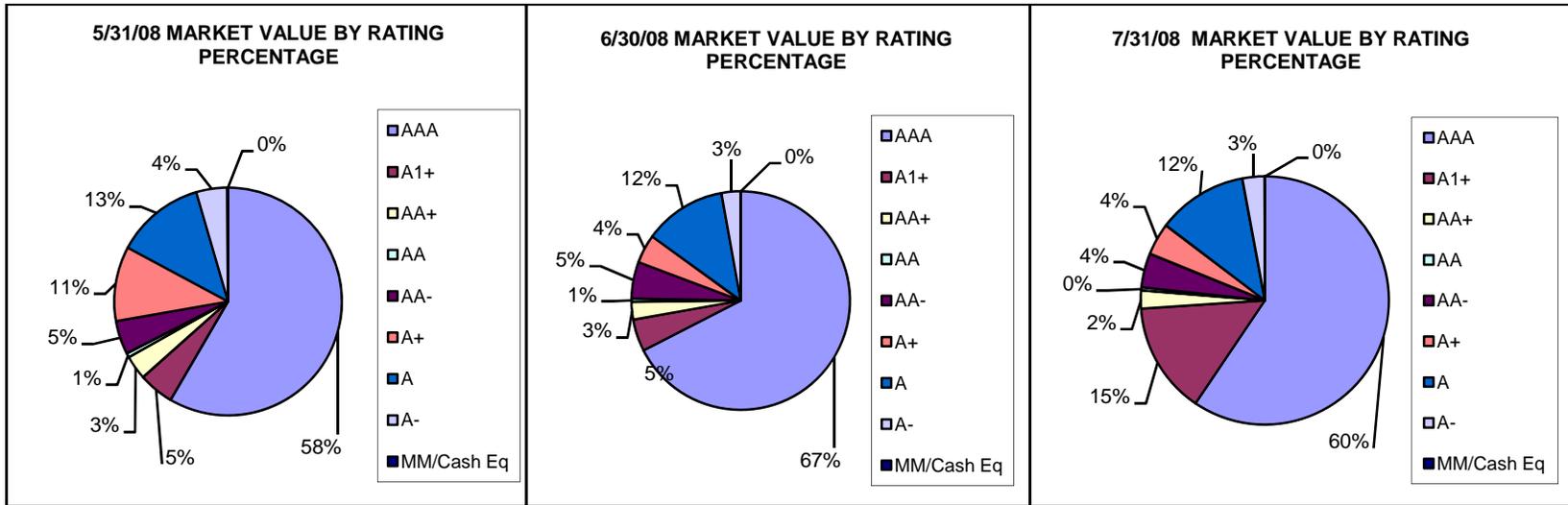
MM = MONEY MARKET (BONY/HAMILTON TREASURY)
N/R = ADOT BONDS (110,000,000), TAX DEFERRED (7,071) AND NCFE

**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP**



RATING	05/31/08			06/30/08			07/31/08		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	46	\$762,478,614	26%	44	\$731,897,809	23%	45	\$842,565,534	28%
A1+ (CP/DN)	31	\$1,388,597,307	49%	42	\$1,732,886,474	54%	41	\$1,475,160,217	49%
AA+	9	\$72,224,345	2%	9	\$72,176,180	2%	7	\$57,369,949	2%
AA	3	\$30,118,957	1%	3	\$29,928,945	1%	3	\$30,014,815	1%
AA-	10	\$110,326,915	4%	8	\$85,869,276	3%	8	\$85,898,431	3%
A+	20	\$303,640,949	10%	17	\$226,188,680	7%	17	\$226,266,680	7%
A	19	\$218,598,868	8%	24	\$319,273,149	10%	24	\$318,810,027	10%
A-	1	\$6,315,576	0%	2	\$11,303,970	0%	2	\$11,308,425	0%
TOTAL	139	\$2,892,301,531	100%	149	\$3,209,524,482	100%	147	\$3,047,394,077	100%

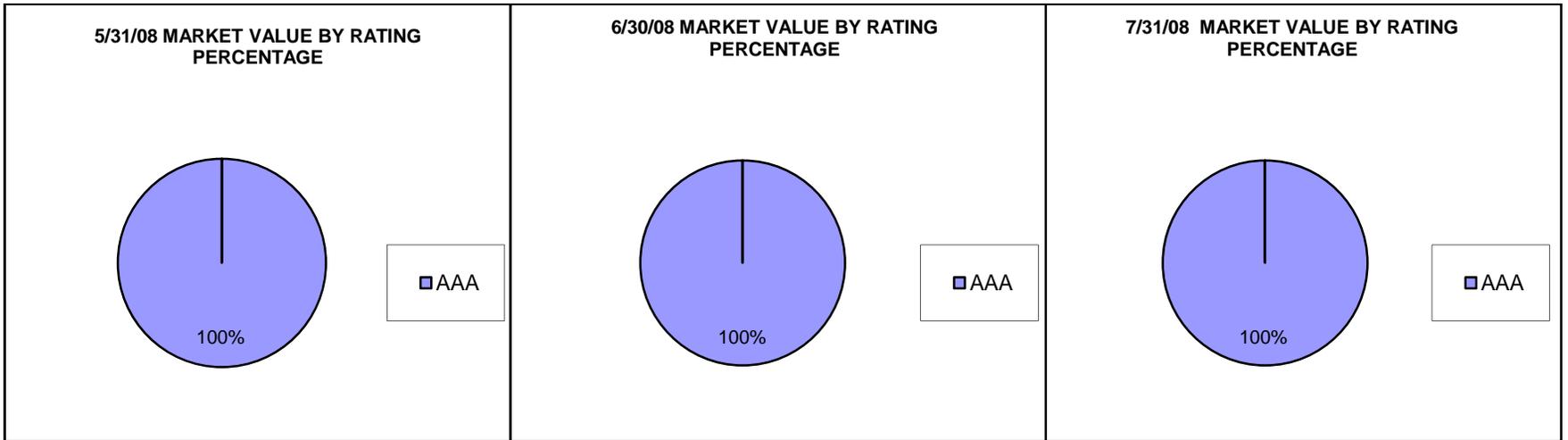
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP 500**



	5/31/2008			6/30/2008			7/31/2008		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	44	\$23,398,746	58%	56	\$35,734,254	68%	57	\$34,924,540	60%
A1+	5	\$1,818,635	5%	4	\$2,510,559	5%	6	\$8,859,438	15%
AA+	3	\$1,400,586	3%	3	\$1,396,498	3%	3	\$1,399,100	2%
AA	1	\$248,215	1%	1	\$248,600	0%	1	\$248,665	0%
AA-	5	\$1,885,363	5%	7	\$2,880,965	5%	6	\$2,633,498	4%
A+	11	\$4,201,083	11%	6	\$2,253,698	4%	7	\$2,484,180	4%
A	10	\$5,004,813	13%	14	\$6,471,923	12%	15	\$6,976,213	12%
A-	3	\$1,744,604	4%	3	\$1,492,160	3%	4	\$1,694,602	3%
MM/Cash Eq	2	\$40,486	0%	2	\$5,100	0%	2	\$27,001	0%
TOTAL	84	\$39,742,530	100%	96	\$52,993,755	100%	101	\$59,247,236	100%

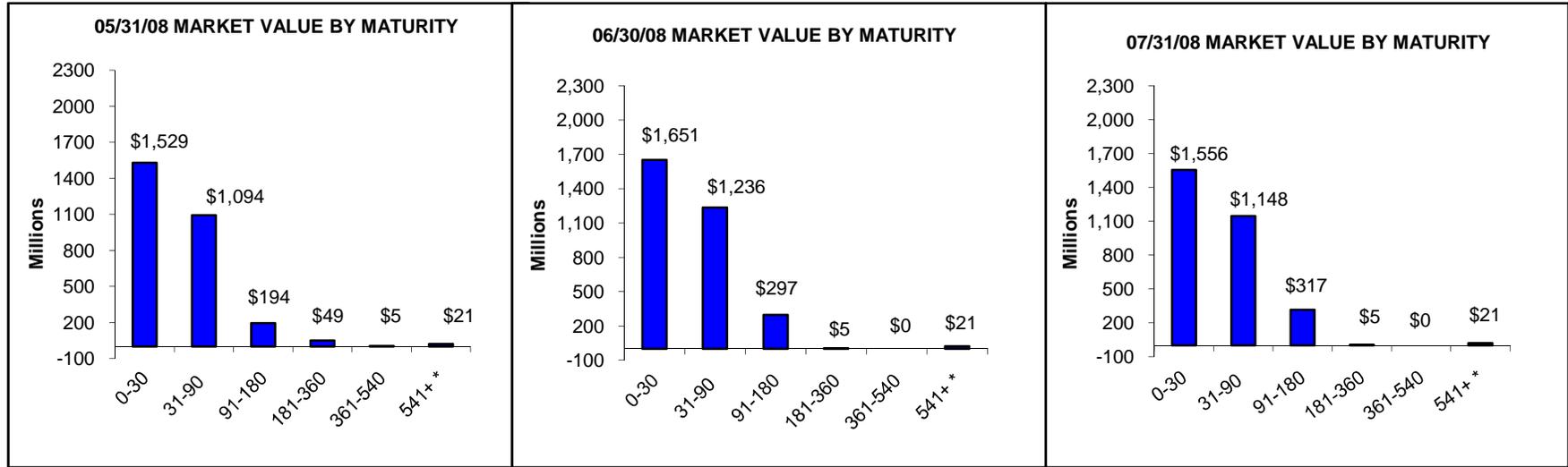
*MM/Cash Equivalent includes dividends payable

**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP-GOV**



		05/31/08				06/30/08				07/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	11	\$2,373,155,212	100%	15	\$2,356,865,615	100%	13	\$2,177,226,201	100%			

**ARIZONA STATE TREASURER'S OFFICE
MATURITY SUMMARY
LGIP**

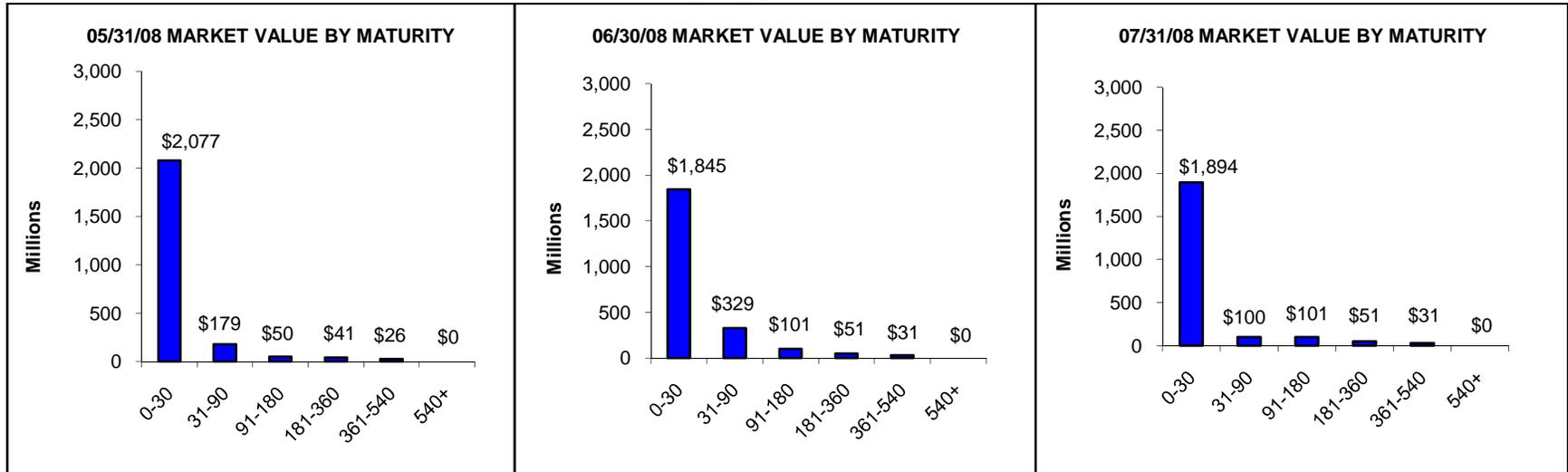


05/31/08				06/30/08			07/31/08		
MATURITY	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0-30	65	\$1,529,064,702	53%	61	\$1,650,811,059	51%	74	\$1,556,451,489	51%
31-90	59	\$1,093,550,045	38%	70	\$1,235,778,833	39%	57	\$1,147,785,489	38%
91-180	10	\$194,243,232	7%	14	\$296,952,579	9%	12	\$317,168,765	11%
181-360	1	\$49,445,000	2%	1	\$5,041,312	0%	1	\$5,038,235	0%
361-540	1	\$5,058,839	0%	0	\$0	0%	0	\$0	0%
541+ *	3	\$20,939,713	1%	3	\$20,940,700	1%	3	\$20,950,100	1%
TOTAL	139	\$2,892,301,531	100%	149	\$3,209,524,483	100%	147	\$3,047,394,077	100%

05/31/08			06/30/08			07/31/08		
MATURITY	WAM		MATURITY	WAM		MATURITY	WAM	
0-30	8.02		0-30	5.74		0-30	6.58	
31-90	24.19		31-90	22.24		31-90	19.99	
91-180	7.90		91-180	11.46		91-180	11.47	
181-360	3.09		181-360	0.55		181-360	0.53	
361-540	0.66		361-540	0.00		361-540	0.00	
541+	5.44		541+	4.71		541+	4.75	
TOTAL	49.31		TOTAL	44.70		TOTAL	43.31	

Note: The Average Maturity is calculated to the next interest reset date for all floating rate securities in the portfolio.

**ARIZONA STATE TREASURER'S OFFICE
MATURITY SUMMARY
LGIP-GOV**



MATURITY	05/31/08			06/30/08			07/31/08		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0-30	4	\$2,077,092,969	88%	2	\$1,845,000,000	78%	4	\$1,894,293,889	87%
31-90	4	\$179,223,963	8%	6	\$329,281,169	14%	2	\$100,351,500	5%
91-180	1	\$50,351,563	2%	3	\$100,594,000	4%	3	\$100,613,250	5%
181-360	1	\$40,975,000	2%	2	\$51,017,263	2%	2	\$50,990,650	2%
361-540	1	\$25,511,719	1%	2	\$30,973,184	1%	2	\$30,976,913	1%
540+	0	\$0	0%	0	\$0	0%	0	\$0	0%
TOTAL	11	\$2,373,155,213	100%	15	\$2,356,865,616	100%	13	\$2,177,226,202	100%

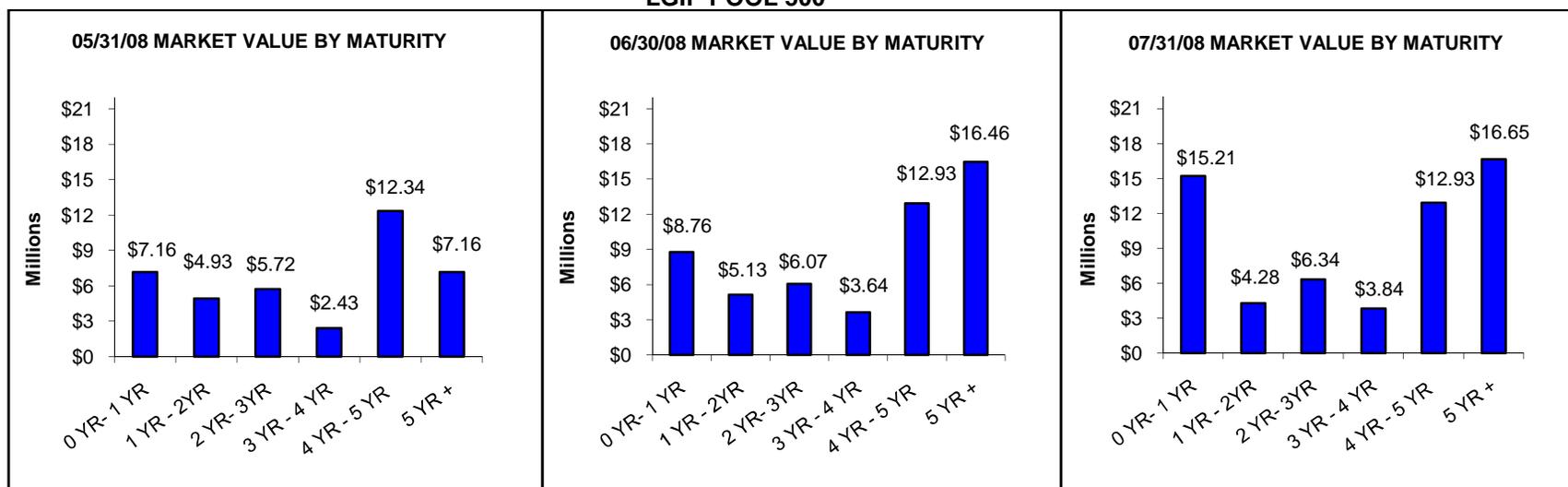
05/31/08	
MATURITY	WAM
0-30	2.16
31-90	4.61
91-180	1.95
181-360	6.03
361-540	5.24
540+	0.00
TOTAL	19.99

06/30/08	
MATURITY	WAM
0-30	0.78
31-90	4.99
91-180	4.91
181-360	6.58
361-540	5.87
540+	0.00
TOTAL	23.13

07/31/08	
MATURITY	WAM
0-30	1.33
31-90	2.12
91-180	4.60
181-360	6.39
361-540	5.91
540+	0.00
TOTAL	20.35

Note: The Average Maturity is calculated to the next interest reset date for all floating rate securities in the portfolio.

**ARIZONA STATE TREASURER'S OFFICE
MATURITY SUMMARY
LGIP POOL 500**



MATURITY	05/31/08			06/30/08			07/31/08		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0 YR- 1 YR	19	\$7,156,369	18%	19	\$8,759,092	17%	22	\$15,213,121	26%
1 YR - 2YR	11	\$4,931,974	12%	12	\$5,133,897	10%	12	\$4,281,533	7%
2 YR- 3YR	15	\$5,724,895	14%	15	\$6,071,715	11%	14	\$6,335,281	11%
3 YR - 4 YR	5	\$2,425,636	6%	7	\$3,639,222	7%	8	\$3,838,094	6%
4 YR - 5 YR	21	\$12,344,171	31%	24	\$12,927,262	24%	24	\$12,927,723	22%
5 YR +	13	\$7,159,485	18%	19	\$16,462,567	31%	21	\$16,651,484	28%
TOTAL	84	\$39,742,530	100%	96	\$52,993,755	100%	101	\$59,247,236	100%

	5/31/2008	6/30/2008	7/31/2008
LGIP LT MONTHLY DURATION	1.90	2.17	2.08
MERRILL 1-5 US DOMESTIC MASTER INDEX	2.76	2.61	2.62

*0 YR-1 YR includes dividends payable

*At the time of purchase Bloomberg Average Life pre-payment estimates are used as proxy for maturity for mtg bonds.

OPERATING MONIES
AVERAGE INVESTED BALANCE
Through July 31, 2008
(in millions of dollars)

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<u>Month</u>	<u>Fiscal Year</u> <u>2006/2007</u>	<u>Fiscal Year</u> <u>2007/2008</u>	<u>Fiscal Year</u> <u>2008/2009</u>
JULY	2,594	2,197	1,450
AUGUST	2,263	1,936	
SEPTEMBER	2,305	2,082	
OCTOBER	2,311	1,941	
NOVEMBER	2,198	1,880	
DECEMBER	2,181	1,893	
JANUARY	2,390	1,875	
FEBRUARY	2,396	1,652	
MARCH	2,101	1,143	
APRIL	1,990	859	
MAY	2,288	890	
JUNE	2,079	815	
Y-T-D			
Average	\$2,258	\$1,597	\$1,450

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
JULY 2008**

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Distributed in Current Month

Recipient	July-08	Fiscal YTD 08/09	Fiscal YTD 07/08
101 A & M Colleges	\$0	\$0	\$0
102 State Hospital	\$0	\$0	\$0
103 Leg., Exec., & Jud.	\$0	\$0	\$0
104 Military Institute	\$0	\$0	\$0
105 Miners Hospital	\$0	\$0	\$0
107 Normal School ASU/NAU	\$0	\$0	\$0
108 Penitentiaries	\$0	\$0	\$0
109 Permanent Common School	\$0	\$0	\$0
110 School for Deaf & Blind	\$0	\$0	\$0
111 School of Mines	\$0	\$0	\$0
112 State Charitable-Pioneers Home	\$0	\$0	\$0
112 State Charitable-Corrections	\$0	\$0	\$0
112 State Charitable-Youth Treatment	\$0	\$0	\$0
113 University Fund	\$0	\$0	\$0
114 U of A Land - 1881	\$0	\$0	\$0
Total	\$0	\$0	\$0

Posted in USAS in current month

July and August distribution will be distributed in August because the preliminary GDP Price Deflator [part of the Endowment distribution formula] was unknown until July 31, 2008. Thus, approval of the Endowment distribution for FY08-09 by the Board of Investment could not occur until the August 2008 Board of Investment meeting.

ENDOWMENT FUNDS
PORTFOLIO YIELD ANALYSIS
 July 31, 2008

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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	NET YIELD
205	ENDOWMENTS - FIXED INCOME	5,072,627	0.0127%	-0.3059%	4.9972%	4.7040%
	TOTAL ENDOWMENTS - FIXED INCOME	5,072,627				

RETURN ANALYSIS
ENDOWMENT FUNDS
(\$ In Thousands)

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ENDOWMENT FUNDS	JULY 2008 MONEY WEIGHTED RETURN	FISCAL YEAR 2008/2009 MONEY WEIGHTED RETURN
101 A & M Colleges	-0.76%	-0.76%
102 State Hospital	-0.73%	-0.73%
103 Leg., Exec., & Jud.	-0.72%	-0.72%
104 Military Institute	-0.72%	-0.72%
105 Miners Hospital	-0.72%	-0.72%
107 Normal School ASU/NAU	-0.72%	-0.72%
108 Penitentiaries	-0.72%	-0.72%
109 Permanent Common School	-0.71%	-0.71%
110 School for Deaf & Blind	-0.73%	-0.73%
111 School of Mines	-0.73%	-0.73%
112 State Charitable	-0.72%	-0.72%
113 University Fund	-0.73%	-0.73%
114 U Of A Land - 1881	-0.72%	-0.72%
<hr/>		
WEIGHTED PORTFOLIO RETURN	-0.71%	-0.71%
WEIGHTED BENCHMARK	-0.63%	-0.63%
S&P 500 EQUITY FUND RETURN:	-0.85%	-0.85%
S & P 500 LARGE CAP INDEX:	-0.84%	-0.84%
FIXED INCOME FUND RETURN:	0.02%	0.02%
CITIGROUP BIG INDEX RETURN:	-0.08%	-0.08%
S&P 400 EQUITY FUND RETURN:	-2.64%	-2.64%
S&P 400 MID-CAP INDEX:	-1.85%	-1.85%

Bond Fund Total Return Includes Returns on Money Market Account
Money Weighted Return is based on shares owned by individual participants
Weighted Average Benchmark represents proportional holdings in the funds

	May-08	Jun-08	Jul-08	May-08	Jun-08	Jul-08
S&P 500	1.30%	-8.43%	-0.84%	1400.38	1280.00	1267.38
S&P 400	5.29%	-7.03%	-1.85%	881.96	818.99	803.01
S&P 600	4.42%	-7.56%	2.06%	395.31	364.94	372.13
DOW JONES	-1.41%	-10.19%	0.25%	12638.32	11350.01	11378.02
NASDAQ	4.69%	-9.06%	1.46%	2522.66	2292.98	2325.55

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund -----	Jul-08 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(7,132)	(7,132)
Equity Pool (500) Net Gain (Loss)	(620,748)	(620,748)
Equity Pool (400) Net Gain (Loss)	(2,201,300)	(2,201,300)
Totals	(2,829,180) =====	(2,829,180) =====

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of July 2008

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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	5.25	3/15/2012	N/A	\$5,000,000	\$5,021,270	2.83	Aaa/AAA
FFCB	3.30	7/21/2010	N/A	\$5,000,000	\$4,999,135	3.31	Aaa/AAA
FHLB DISCOUNT NOTE	2.15	8/13/2008	N/A	\$20,000,000	\$19,984,472	2.15	Aaa/AAA

TOTAL ENDOWMENT FUNDS PURCHASES	\$30,000,000	\$30,004,877
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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>
J P MORGAN CHASE	3.50	3/15/2009	\$5,000,000	\$5,009,700	\$13,718	Aa2/AA-

TOTAL ENDOWMENT FUNDS SALES	\$5,000,000	\$5,009,700	\$13,718
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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 July 2008

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	772,562	\$34,651,856	\$11,589
S&P 500 Large-Cap Fund	433,864	\$15,957,124	\$6,509
TOTAL EQUITY PURCHASES	1,206,426	\$50,608,980	\$18,098

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	546,032	\$22,920,624	\$8,190
S&P 500 Large-Cap Fund	111,567	\$6,676,464	\$1,135
TOTAL EQUITY SALES	657,599	\$29,597,088	\$9,326

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 JULY 31, 2008
 (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 S&P 500 Index Fund</i>	2,555	2,327	2,706	379	
	<i>Shares in Fixed Income Fund</i>	2,830	3,127	4,065	938	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	834	798	1,459	661	
	Total	6,219	6,252	8,230	1,978	1.316
102	State Hospital					
	<i>Shares in S&P 500 Index Fund</i>	1,548	1,333	1,640	307	
	<i>Shares in Fixed Income Fund</i>	1,587	1,795	2,279	483	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	442	456	773	317	
	Total	3,577	3,584	4,692	1,107	1.309
103	Leg., Exec., & Jud.					
	<i>Shares in S&P 500 Index Fund</i>	1,978	1,946	2,095	149	
	<i>Shares in Fixed Income Fund</i>	2,380	2,616	3,418	802	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	644	667	1,126	459	
	Total	5,002	5,230	6,639	1,410	1.270
104	Military Institute					
	<i>Shares in S&P 500 Index Fund</i>	135	135	143	8	
	<i>Shares in Fixed Income Fund</i>	170	181	244	63	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	47	46	83	37	
	Total	352	362	470	108	1.298
105	Miners Hospital					
	<i>Shares in S&P 500 Index Fund</i>	3,642	3,604	3,858	254	
	<i>Shares in Fixed Income Fund</i>	3,865	4,842	5,551	709	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,032	1,233	1,806	572	
	Total	8,540	9,679	11,215	1,535	1.159

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 JULY 31, 2008
 (In Thousands)

State Treasurer's Report
 August 27, 2008
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
107	Normal School ASU/NAU					
	<i>Shares in S&P 500 Index Fund</i>	854	813	905	92	
	<i>Shares in Fixed Income Fund</i>	962	1,095	1,382	287	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	263	278	459	181	
	Total	2,079	2,186	2,746	561	1.256
108	Penitentiaries					
	<i>Shares in S&P 500 Index Fund</i>	2,112	2,018	2,237	218	
	<i>Shares in Fixed Income Fund</i>	2,545	2,713	3,655	942	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	686	691	1,199	508	
	Total	5,342	5,423	7,091	1,668	1.308
109	Permanent Common School					
	<i>Shares in S&P 500 Index Fund</i>	770,760	752,112	816,323	64,211	
	<i>Shares in Fixed Income Fund</i>	825,622	1,011,587	1,185,750	174,163	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	218,098	257,434	381,524	124,090	
	Total	1,814,480	2,021,133	2,383,597	362,464	1.179
110	School for Deaf & Blind					
	<i>Shares in S&P 500 Index Fund</i>	1,165	1,104	1,234	129	
	<i>Shares in Fixed Income Fund</i>	1,388	1,484	1,993	509	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	381	379	666	288	
	Total	2,934	2,967	3,893	926	1.312
111	School of Mines					
	<i>Shares in S&P 500 Index Fund</i>	2,894	2,830	3,066	236	
	<i>Shares in Fixed Income Fund</i>	3,244	3,802	4,660	858	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	890	970	1,557	587	
	Total	7,029	7,601	9,282	1,681	1.221

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 JULY 31, 2008
 (In Thousands)

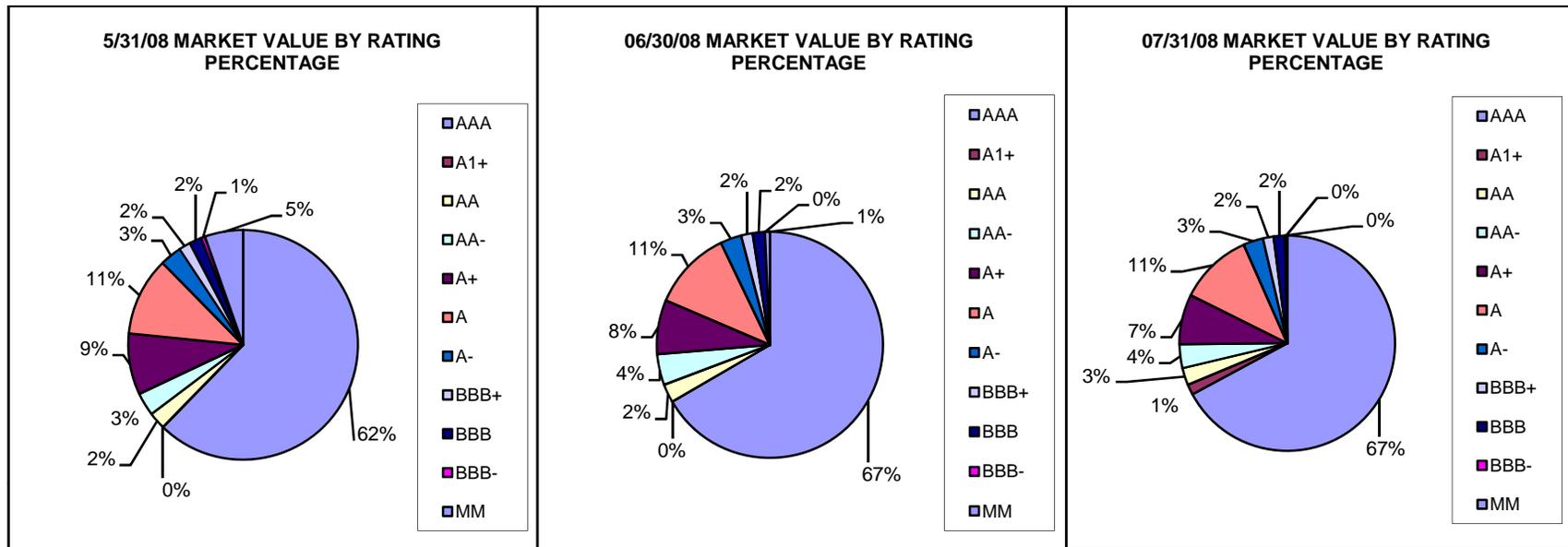
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112	State Charitable					
	<i>Shares in S&P 500 Index Fund</i>	32,372	30,197	34,286	4,089	
	<i>Shares in Fixed Income Fund</i>	32,257	40,555	46,328	5,773	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	8,513	10,338	14,892	4,554	
	Total	73,143	81,089	95,505	14,416	1.178
113	University Fund					
	<i>Shares in S&P 500 Index Fund</i>	4,796	4,622	5,080	458	
	<i>Shares in Fixed Income Fund</i>	5,336	6,209	7,663	1,455	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,451	1,583	2,538	954	
	Total	11,583	12,414	15,281	2,866	1.231
114	U Of A Land - 1881					
	<i>Shares in S&P 500 Index Fund</i>	9,861	9,458	10,444	986	
	<i>Shares in Fixed Income Fund</i>	11,212	12,710	16,102	3,392	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,048	3,239	5,332	2,093	
	Total	24,121	25,407	31,878	6,471	1.255
TOTALS - ALL FUNDS						
	<i>Shares in S&P 500 Index Fund</i>	834,672	812,498	884,013	71,516	
	<i>Shares in Fixed Income Fund</i>	893,399	1,092,716	1,283,091	190,374	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	236,328	278,114	413,415	135,301	
	Grand Total	1,964,399	2,183,328	2,580,518	397,191	

ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)
<i>Shares in S&P 500 Index Fund</i>	42.49%	37.21%	34.26%	18.01%
<i>Shares in Fixed Income Fund</i>	45.48%	50.05%	49.72%	47.93%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.03%	12.74%	16.02%	34.06%
Total	100.00%	100.00%	100.00%	100.00%

**TREASURER'S OFFICE
RATING SUMMARY
ENDOWMENT FIXED INCOME FUND**



	05/31/08			06/30/08			07/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	120	\$789,704,610	62%	128	\$851,246,701	66%	130	\$851,099,932	67%
A1+	0	\$0	0%	0	\$0	0%	1	\$19,985,667	2%
AA	5	\$30,204,550	2%	6	\$32,986,900	3%	6	\$32,744,900	3%
AA-	7	\$41,054,998	3%	8	\$50,895,911	4%	7	\$45,442,716	4%
A+	17	\$108,293,544	9%	16	\$97,674,042	8%	15	\$94,934,677	7%
A	21	\$138,780,370	11%	21	\$138,880,915	11%	22	\$139,829,824	11%
A-	7	\$38,420,145	3%	7	\$38,060,486	3%	7	\$37,741,470	3%
BBB+	4	\$20,730,070	2%	4	\$20,663,560	2%	4	\$20,440,644	2%
BBB	3	\$21,739,360	2%	3	\$21,794,150	2%	3	\$21,470,030	2%
BBB-	1	\$6,891,850	1%	0	\$0	0%	0	\$0	0%
MM	2	\$59,389,733	5%	2	\$9,051,922	1%	1	\$4,298,645	0%
TOTAL	187	\$1,255,209,229	100%	195	\$1,261,254,587	100%	196	\$1,267,988,505	100%

MM = MONEY MARKET (LGIP AND BONY/HAMILTON TREASURY)

EQUITY HOLDINGS
INVESTMENTS OUTSTANDING

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<u>POOL #</u>	<u>POOL DESCRIPTION</u>	<u>S&P SECTOR</u>	<u>MARKET</u> <u>VALUE</u>	<u>% POOL</u> <u>BALANCE</u>	<u>% S&P 500</u> <u>BALANCE</u>	<u>DIFFERENCE</u>
201	S&P 500 INDEX					
		CONSUMER DISCRETIONARY	65,091	8.04%	8.06%	-0.02%
		CONSUMER STAPLES	90,990	11.23%	11.23%	0.00%
		ENERGY	114,227	14.10%	14.09%	0.02%
		FINANCIALS	124,515	15.37%	15.34%	0.04%
		HEALTH CARE	102,665	12.68%	12.67%	0.01%
		INDUSTRIALS	92,455	11.42%	11.42%	0.00%
		INFORMATION TECHNOLOGY	133,783	16.52%	16.54%	-0.02%
		MATERIALS	30,353	3.75%	3.77%	-0.03%
		TELECOMMUNICATION SERVICES	25,355	3.13%	3.12%	0.01%
		UTILITIES	30,506	3.77%	3.77%	0.00%
		TOTALS LESS CASH / SPDR'S:	809,939	100.00%	100.00%	
		SPYDER'S	72,294			
		CASH **	1,779			
		TOTAL:	<u>884,013</u>			

*Numbers may not add up to 100% due to rounding. Differences may be off up to 1 bp due to rounding

** Includes dividends receivable and receivables (+)/payables (-) for sales/purchases.

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<u>POOL #</u>	<u>POOL DESCRIPTION</u>	<u>S & P SECTOR</u>	<u>MARKET</u> <u>VALUE</u>	<u>% POOL</u> <u>BALANCE</u>	<u>% S&P 400</u> <u>BALANCE</u>	<u>DIFFERENCE</u>
203	S&P 400 INDEX					
	CONSUMER DISCRETIONARY		21,177	7.67%	11.92%	-4.25%
	CONSUMER STAPLES		7,389	2.68%	3.09%	-0.41%
	ENERGY		33,961	12.31%	9.39%	2.92%
	FINANCIALS		39,229	14.22%	15.72%	-1.50%
	HEALTH CARE		32,810	11.89%	10.91%	0.98%
	INDUSTRIALS		53,283	19.31%	17.60%	1.71%
	INFORMATION TECHNOLOGY		34,733	12.59%	14.34%	-1.75%
	MATERIALS		26,203	9.50%	8.61%	0.88%
	TELECOMMUNICATION SERVICES		1,586	0.57%	0.53%	0.05%
	UTILITIES		25,573	9.27%	7.90%	1.37%
	TOTALS LESS CASH / SPDR'S:		275,944	100.00%	100.00%	
	SPYDER'S		136,788			
	CASH **		682			
	TOTAL:		413,415			

*Numbers may not add up to 100% due to rounding. Differences may be off up to 1 bp due to rounding

** Includes dividends receivable and receivables (+)/payables (-) for sales/purchases.

*** Pool 203 primarily holds the largest 200 equity positions in the S&P 400 Index based upon market capitalization; as well as cash and SPYDER'S (S&P MidCap 400 Depository Receipts) which represent ownership of all 400 common stocks in the index.

EQUITY HOLDINGS - BY PARTICIPANT

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<u>Fund #</u>	<u>PARTICIPANT DESCRIPTION</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN (LOSS)</u>
101	A & M Colleges	\$3,125	\$4,165	\$1,040
102	State Hospital	1,789	2,413	624
103	Leg., Exec., & Jud.	2,614	3,221	608
104	Military Institute	181	225	45
105	Miners Hospital	4,837	5,663	826
107	Normal School	1,091	1,364	273
108	Penitentiaries	2,710	3,436	726
109	Permanent Common School	1,009,546	1,197,847	188,301
110	School for Deaf & Blind	1,483	1,900	417
111	School of Mines	3,800	4,622	823
112	State Charitable	40,535	49,178	8,643
113	University Fund	6,205	7,617	1,412
114	U of A Land - 1881	12,697	15,776	3,079
	Totals:	<u>\$1,090,611</u>	<u>\$1,297,428</u>	<u>\$206,817</u>

Includes equity holdings of S&P 500 fund and S&P 400 Mid-Cap Fund