

OFFICE OF THE
ARIZONA STATE TREASURER



**HON. DEAN MARTIN
TREASURER**



OCTOBER 2008

Presented To:

Arizona State Board of Investment

NOVEMBER 19, 2008

STATE BOARD OF INVESTMENT

A G E N D A

November 19, 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
 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

November 19, 2008

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on October 15, 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 1:36 p.m.

Members Present:

Dean Martin, Chair, State Treasurer
Ross Jacobs, Treasurer, Yavapai County
Charlotte Hosseini, Arizona Department of Administration, designee for William Bell, Director, Arizona Department of Administration
Alan E. Maguire, President, The Maguire Company
Thomas J. Giallanza, Assistant Superintendent, Department of Financial Institutions, designee for Felecia A. Rotellini, Superintendent, Department of Financial Institutions

Members Absent:

None

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, Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Patty Humbert, Portfolio Manager, Arizona State Treasurer's Office
Tara A. Erickson, CPA, Manager, Office of the Auditor General
John Combe, Audit Senior, Office of the Auditor General
Kenton McCarthy, Vice President, Stone & Youngberg, Member of the Public

Pursuant to A.R.S. 35-311, the following reports for September, 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
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- 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 October 15, 2008 BOI meeting to order at approximately 1:36 p.m. Treasurer advised the board that the BOI meetings may be moved to the afternoons because it would allow the Portfolio Managers to attend the meeting after the markets have closed.

2. Treasurers Comments:

Treasurer Martin welcomed board members and guests and thanked all present for attending the October 15, 2008 meeting.

3. Approval of Minutes:

Mr. Maguire made a motion to approve the minutes for the September 17, 2008 Board of Investment Meeting. Mr. Jacobs seconded the motion. Motion carried.

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

Mr. Petkiewicz presented the monthly report for the non-endowment portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distribution – Investment Pools

Mr. Petkiewicz reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of September, 2008.

State Agency Pools Portfolio Yield Analysis

Mr. Petkiewicz reported the gross yields for the State Agency Pools for the month of September, 2008.

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

Mr. Petkiewicz 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 September, 2008.

Pool 500

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

Investments Outstanding in State Agency Pools

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

Investments Outstanding Pools 5, 7, and 500

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

Investments Outstanding Pool 500 Shares

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

Rating Summary for State Agencies

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

Rating Summary for LGIP Pool 5

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

Rating Summary LGIP-Long Term Pool 500

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

Rating Summary LGIP-Gov Pool 7

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

LGIP Maturity Summary Pool 5

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

Mr. Maguire inquired about the WAM in Pool 5. Mr. Petkiewicz advised the board that he would follow up on it and let the board know.

LGIP Maturity Summary Pool 7

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

LGIP Long Term Maturity Summary Pool 500

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

Operating Monies Average Invested Balance

Mr. Petkiewicz reported the Operating Monies average invested balance for the month of September, 2008.

Treasurer Martin handed out an update on the state budget that had been created for the Finance Advisory Committee, October 15, 2008. He noted that the graphs reflect the comparisons year to year for the state operating balances. Treasurer Martin also advised that there is a possibility warrant notes may be issued by the end of the year.

Mr. Jacobs asked the Treasurer how the warrant notes work. Treasurer Martin responded that basically it is overnight CP. Mr. Jacobs then asked who would buy them.

Mr. Swenson responded that currently there is an informal arrangement with our bank, should we need to use them.

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

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

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of September, 2008, FY09 fiscal year to date, and FY08 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 September, 2008.

Monthly Return Analysis for the Endowment Funds

Mr. White reported the total return numbers for the Endowment Funds for the month of September, 2008 and FY09 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 September, 2008 and FY09 fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of September, 2008.

Equity Funds Purchases & Sales

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

Investments Outstanding in Endowment Funds

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

Rating Summary Endowment Fixed Income Fund

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

Equity Holdings – By Participant

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

Approval of Treasurer's Report

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

Review and Approval of Projected Endowment Distribution for Fiscal Year 2008/2009

The Projected Fiscal Year 2008/2009 Calculated Distribution of Endowment Income was included with the Treasurer's BOI Report and submitted to the Board for approval.

Mr. Maguire made a motion to approve the Projected Endowment Distribution for Fiscal Year 2008/2009. Mr. Giallanza seconded the motion. Motion carried.

6. Proposed Changes to Investment Policy

Treasurer Martin advised the board that a decision had been made to re-organize the Trading Room and establish a Risk Management Committee. The new Committee would review the watermark reports on a weekly basis. Treasurer Martin noted that at this time the Investment Risk Management Committee would consist of the three Portfolio Managers, Mr. Swenson, and the Treasurer. The goal is to have one or two outside Financial Advisers sitting on the Committee as well. The purpose of the committee will be to have an opportunity to discuss and debate ideas, as well as looking at risks going on in the market place. Treasurer Martin added, this change necessitates a

change in the Investment Policy from a CIO having the sole responsibility of making decisions pertaining to the purchase and sales of securities to the Investment Risk Management Committee having that authority and currently there is an RFP process going on.

Ms. Hosseini asked Treasurer Martin if there will be outside membership on the evaluation committee for the RFP. Mr. Swenson noted that we are looking at outside credit analyst in addition to financial advice.

Mr. Jacobs asked if by having a committee it will slow the process down. Treasurer Martin responded that the Portfolio Managers will be responsible between the meetings for the investment of the portfolio's they manage. The Portfolio managers will manage their portfolios daily, and the committee will meet weekly. The purpose of the weekly meetings will be to discuss the events going on in the marketplace. The Investment Risk Management Committee will have the outside financial advisers who will bring in information from an outside perspective. It will also provide closer management of the risks we already have within the portfolios.

Mr. Maguire made a motion to approve the changes to the Investment Policy as submitted. Mr. Jacobs, seconded the motion. Motion carried.

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:*

Treasurer Martin advised the board that S & P will be in the office next week to rate Pool 5. He added that it looks like Pool 5 will receive the strongest positive rating.

Mr. Jacobs asked Treasurer Martin to explain about the participants leaving pool 5. Treasurer Martin responded that because of the distressed market, participants may want to move from Pool 5 to Pool 7. The Treasurer added that at this time there is sufficient liquidity in Pool 5 to cover a ten to fifteen percent move to Pool 7, however this would leave a higher percentage of distressed securities for the members remaining in Pool 5. He advised the board that "what we are doing is if ten percent move, we will reduce our exposure in the distressed area by the same amount. That way those that remain in Pool 5 have exactly the same share of the risk to the distressed assets as they did before those people moved." Mr. Jacobs then asked if the NAV is still at 1.00. Treasurer Martin advised that currently the NAV in Pool 5 is at .995 without accrued interest. With the accrued interest included it is at .9975.

Mr. Jacobs then inquired if the investments being held in the pools are priced at the market rate. Treasurer responded that the securities are priced at the market price using Bank of New York pricing. Mr. Swenson added that currently we are pricing by marking to market.

Treasure Martin advised the board that a self insurance plan is being considered for the pools. This plan would help to offset losses in uncertain markets.

9. Notice of Next Meeting:

The next regular meeting of the Board of Investment will be Wednesday, November 19, 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. Mr. Jacobs seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 2:39 p.m.

Respectfully Submitted by:

Helen D. Garafola
Executive Consultant

Approved by:

Dean Martin, Chair

Date:

EARNINGS DISTRIBUTION - INVESTMENT POOLS
OCTOBER 2008

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Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	OCTOBER 2008	Fiscal YTD 08/09	Fiscal YTD 07/08	
General Fund	\$1,325,428	\$7,871,139	\$46,778,017	
2 State Agencies I - Full Faith & Credit	2,670,550	12,556,007	11,391,183	\$194,170
3 State Agencies II - Diversified	3,802,073	17,894,514	33,322,056	406,950
5 Local Governments	3,079,046	16,078,912	34,002,495	592,915
6 State Agencies III - US Govt & Agency	10,124	25,973	90,580	1,538
7 LGIP Gov't	3,783,141	17,510,901	29,132,263	485,039
8 State Agencies IV - Restricted Diversified	2,874,337	6,337,515	4,145,904	126,756
9 * ADOT - BFO	0	0	0	0
11 School Facilities Board	7,020	37,445	55,915	2,788
12 CAWCD Medium-Term	686,302	1,797,938	1,732,892	23,799
14 School Facilities Board 2002 Series	12,085	59,173	494,295	3,926
15 GADA Long-Term	45,197	211,916	280,952	3,542
Subtotal	\$18,295,304	\$80,381,433	\$161,426,551	\$1,841,422
NAV POOL				
500 LGIP LT	206,992	809,060	468,890	12,267
Total	\$18,502,296	\$81,190,493	\$161,895,441	\$1,853,688

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

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS**
October 31, 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	2,342,879	0.0000%	0.2527%	2.5273%	2.7800%
3	STATE AGENCIES II - DIVERSIFIED	3,013,490	-0.8210%	0.3661%	2.6993%	2.2443%
6	STATE AGENCIES III - US GOVT & AGENCY	12,253	0.0000%	0.9688%	0.9097%	1.8785%
8	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	1,374,347	0.0000%	-0.4890%	3.2920%	2.8030%
9	BOARD FUNDING OBLIGATION	448,438	0.0000%	0.0000%	4.8600%	4.8600%
11	SCHOOL FACILITIES BOARD	18,820	0.0000%	0.5441%	0.6320%	1.1760%
12	CAWCD MEDIUM TERM	424,511	0.0000%	0.1631%	4.1338%	4.2969%
14	SCHOOL FACILITIES BOARD BONDS	27,493	0.0000%	0.8654%	0.7295%	1.5948%
15	GADA	57,552	0.0000%	0.0706%	3.8992%	3.9698%
TOTAL STATE AGENCIES		7,719,783				

LGIP & LGIP-GOV
PORTFOLIO YIELD ANALYSIS
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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
5	LGIP	3,589,821	-0.8856%	1.0389%	1.6358%	1.7892%
7	LGIP - GOV	1,777,554	-0.1655%	0.0640%	0.9224%	0.8209%
TOTAL LGIP & LGIP-GOV		5,367,375				

		08/31/08	09/30/08	10/31/08
5	LGIP MONTHLY YIELD (NET)	2.47%	2.11%	1.73%
	S & P LGIP INDEX YIELD	2.28%	2.32%	2.14%
	LGIP YTD YIELD (NET)	2.45%	2.34%	2.21%
	S & P LGIP YTD INDEX YIELD	2.27%	2.29%	2.24%
7	LGIP - GOV MONTHLY YIELD (NET)	2.08%	1.60%	0.76%
	3 MONTH T-BILL	1.72%	1.25%	0.64%
	* S & P LGIP - GOV INDEX YIELD	2.10%	2.14%	1.93%
	LGIP - GOV YTD YIELD (NET)	2.05%	1.90%	1.57%
	YTD 3 MONTH T-BILL	1.69%	1.56%	1.34%
	* S & P LGIP - GOV YTD INDEX YIELD	2.09%	2.10%	2.06%

* 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**
October 31, 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	208,567	-0.0057%	0.1090%	3.8772%	3.9805%
	TOTAL LGIP LONG TERM POOL	208,567				

	08/31/08	09/30/08	10/31/08
LGIP LONG TERM MONTHLY YIELD (NET)	3.90%	4.11%	3.92%
MERRILL 1-5 US D M INDEX MONTHLY YIELD	4.06%	4.46%	4.38%
LGIP LONG TERM YTD YIELD (NET)	3.87%	3.95%	3.94%
MERRILL 1-5 US D M INDEX YTD YIELD	4.08%	4.21%	4.25%

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

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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 U.S. Government & Agencies	130,000 881,259	130,000 881,978	130,000 880,175	0 (1,803)	
	Total	1,011,259	1,011,978	1,010,175	(1,803)	0.998
3	State Agencies II - Diversified Repurchase Agreements U.S. Government & Agencies Corporate Securities	135,000 590,495 809,195	135,000 590,220 807,858	135,000 591,291 776,033	0 1,071 (31,825)	
	Total	1,534,690	1,533,078	1,502,323	(30,755)	0.980
6	State Agencies III - US Govt & Agency Repurchase Agreements U.S. Government & Agencies	0 8,000	0 7,999	0 7,997	0 (2)	
	Total	8,000	7,999	7,997	(2)	1.000
8	State Agencies IV - Restricted Diversified Repurchase Agreements U.S. Government & Agencies	0 560,751	0 561,112	0 561,092	0 (20)	
	Total	560,751	561,112	561,092	(20)	1.000
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 U.S. Government & Agencies	14,000 5,000	14,000 4,988	14,000 4,990	0 2	
	Total	19,000	18,988	18,990	2	1.000
12	CAWCD Medium-Term Money Market Mutual Shares U.S. Government & Agencies Corporate Securities	2,207 73,470 42,828	2,207 73,449 42,919	2,207 72,773 36,866	0 (676) (6,053)	
	Total	118,504	118,575	111,846	(6,729)	0.943

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

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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	2,000	2,000	2,000	0	
	U.S. Government & Agencies	20,000	19,996	19,993	(3)	
	Total	22,000	21,996	21,993	(3)	1.000
15	GADA					
	Money Market Mutual Shares	470	470	470	0	
	U.S. Government & Agencies	12,373	12,344	12,199	(145)	
	Corporate Securities	4,525	4,543	4,062	(481)	
	Total	17,367	17,357	16,731	(626)	0.964
55	LGIP - NPF					
	<i>NPF Securities</i>	61,939	61,924	0	(61,924)	
	Total	61,939	61,924	0	(61,924)	0.000
57	LGIP - LEHMAN BROTHERS HOLDINGS					
	<i>Lehman Bonds</i>	39,450	39,427	4,635	(34,791)	
	Total	39,450	39,427	4,635	(34,791)	0.118
TOTALS - AGENCY POOLS						
	Repurchase Agreements	281,000	281,000	281,000	0	
	Money Market Mutual Shares	2,677	2,677	2,677	0	
	Commercial Paper	0	0	0	0	
	U.S. Government & Agencies	2,151,347	2,152,085	2,150,509	(1,576)	
	Corporate Securities	856,548	855,320	816,960	(38,360)	
	Board Funding Obligations	110,000	110,000	110,000	0	
	<i>NPF Securities</i>	61,939	61,924	0	(61,924)	
	<i>Lehman Bonds</i>	39,450	39,427	4,635	(34,791)	
	Grand Total	3,502,960	3,502,433	3,365,781	(136,651)	

L.G.I.P.
INVESTMENTS OUTSTANDING
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 (in thousands)

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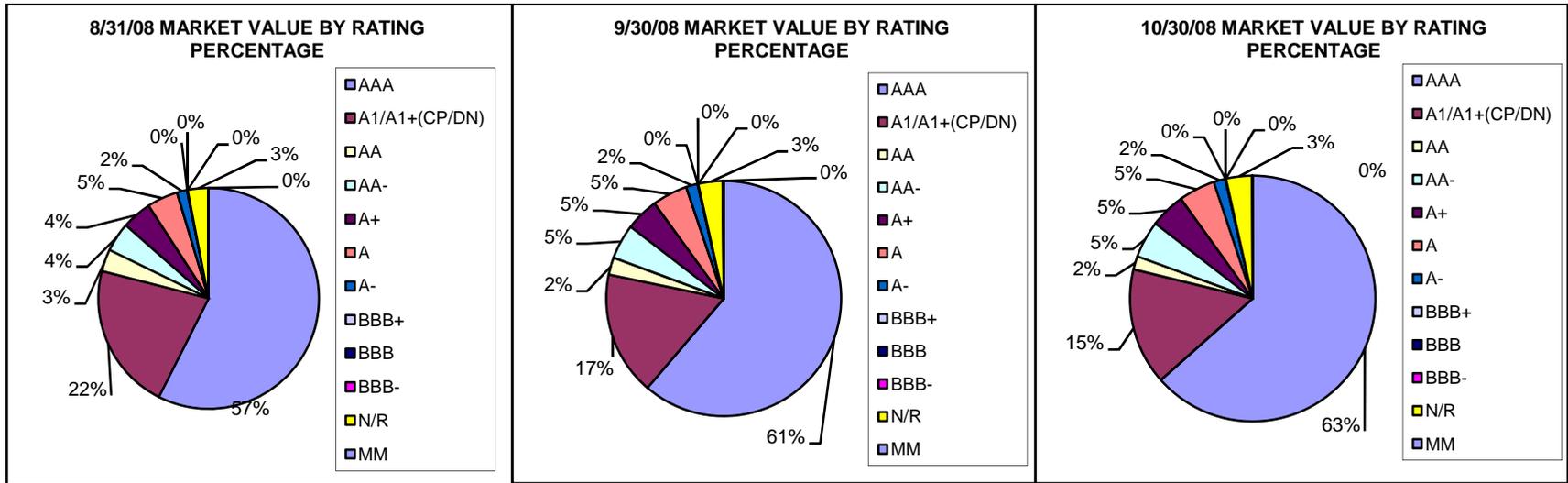
POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
5	Local Governments					
	Repurchase Agreements	85,000	85,000	85,121	121	
	Commercial Paper	0	0	0	0	
	Certificates of Deposit	5,000	4,991	5,084	93	
	U.S. Government & Agencies	1,844,209	1,841,538	1,847,413	5,875	
	Corporate Securities	640,940	640,391	621,891	(18,500)	
	Total	2,575,149	2,571,919	2,559,509	(12,410)	0.995
7	LGIP - Gov't					
	Repurchase Agreements	1,954,000	1,954,000	1,955,028	1,028	
	U.S. Government & Agencies	930,498	929,808	932,550	2,742	
	Total	2,884,498	2,883,808	2,887,578	3,770	1.001
500	LGIP LT					
	Money Market Mutual Shares	28	28	28	0	
	Commercial Paper	0	0	0	0	
	U.S. Government & Agencies	44,153	44,283	44,280	(3)	
	Corporate Securities	17,140	17,206	16,151	(1,055)	
	Dividends Payable/Other	(69)	(69)	(69)	0	
	Total	61,252	61,448	60,389	(1,059)	
TOTALS - LGIP POOLS						
	Repurchase Agreements	2,039,000	2,039,000	2,040,149	1,149	
	Money Market Mutual Shares	28	28	28	0	
	Commercial Paper	0	0	0	0	
	Certificates of Deposit	5,000	4,991	5,084	93	
	U.S. Government & Agencies	2,818,860	2,815,629	2,824,243	8,613	
	Corporate Securities	658,080	657,597	638,042	(19,555)	
	Dividends Payable/Other	(69)	(69)	(69)	0	
	Grand Total	5,520,899	5,517,176	5,507,476	(9,699)	

SHARES OUTSTANDING
LOCAL GOVERNMENT LONG TERM FUNDS
 OCTOBER 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>	61,309	61,693	60,790	(904)	
	Total	61,309	61,693	60,790	(904)	0.985

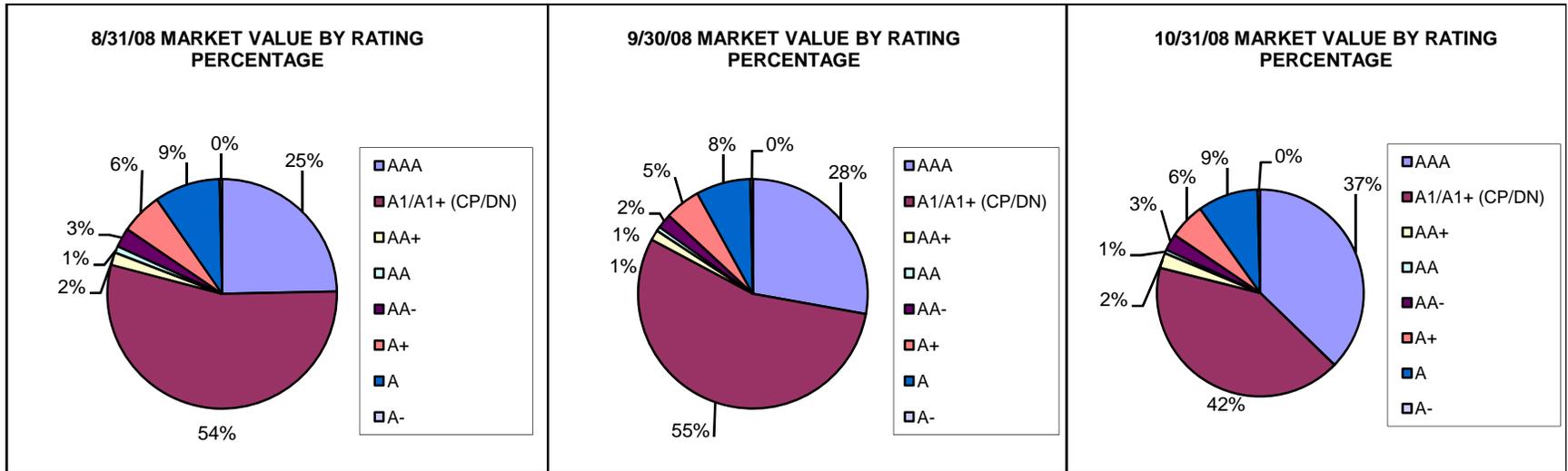
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
STATE AGENCY POOLS 2, 3, 6, 8, 9, 11 - 15, 55, 57**



	08/31/08			09/30/08			10/30/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	278	\$2,107,710,240	58%	263	\$2,101,565,953	61%	256	\$2,136,502,996	63%
A1/A1+(CP/DN)	26	\$791,443,281	22%	19	\$599,792,017	17%	18	\$516,784,906	15%
AA	8	\$120,065,818	3%	5	\$63,855,000	2%	4	\$59,188,210	2%
AA-	14	\$156,076,955	4%	15	\$164,405,968	5%	15	\$163,980,513	5%
A+	19	\$159,826,102	4%	17	\$155,831,682	5%	17	\$154,309,985	5%
A	15	\$167,015,677	5%	15	\$165,710,905	5%	16	\$162,275,782	5%
A-	4	\$54,335,375	1%	4	\$54,472,288	2%	4	\$52,013,248	2%
BBB+	1	\$1,789,200	0%	1	\$1,659,231	0%	1	\$1,489,488	0%
BBB	0	\$0	0%	2	\$1,123,195	0%	2	\$917,205	0%
BBB-	1	\$992,470	0%	1	\$820,000	0%	1	\$999,899	0%
N/R	13	\$110,007,071	3%	21	\$114,938,321	3%	21	\$114,642,446	3%
MM	2	\$2,725,460	0%	2	\$5,042,150	0%	2	\$2,676,647	0%
TOTAL	381	\$3,671,987,649	100%	365	\$3,429,216,711	100%	357	\$3,365,781,323	100%

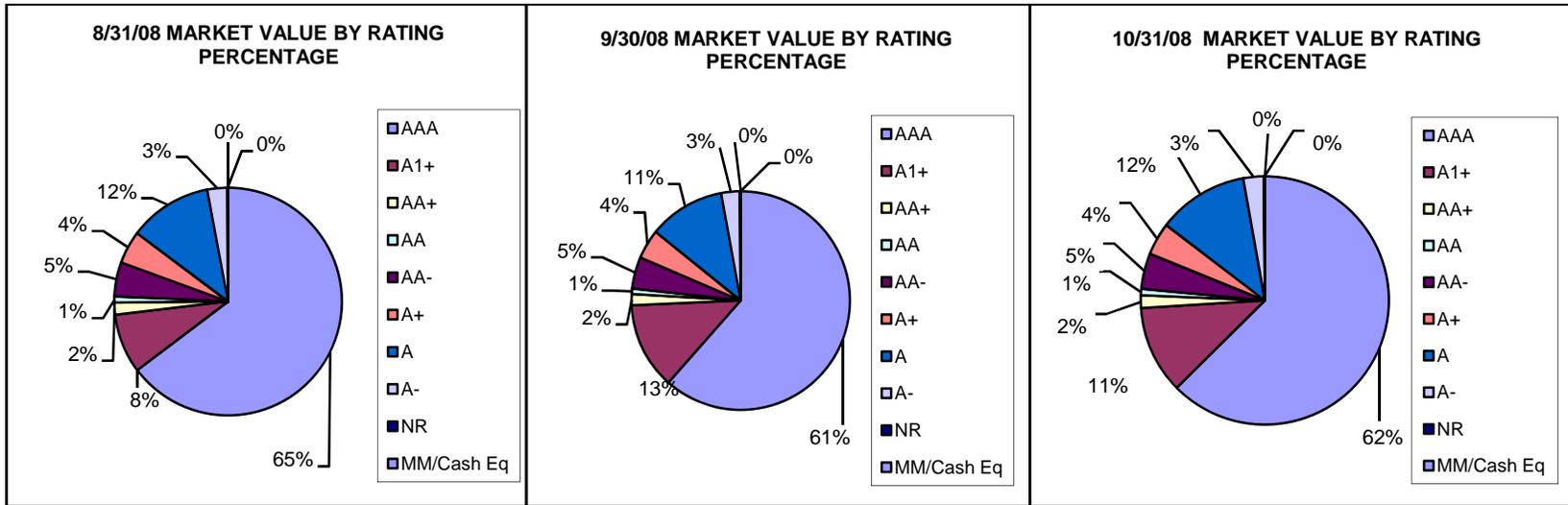
MM = MONEY MARKET (BONY/HAMILTON TREASURY)
N/R = ADOT BONDS (110,000,000), TAX DEFERRED (7,071) AND NCFE

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



RATING	08/31/08			09/30/08			10/31/08		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	46	\$783,335,496	25%	45	\$907,990,600	28%	42	\$966,800,779	37%
A1/A1+ (CP/DN)	53	\$1,727,614,243	54%	52	\$1,794,698,641	55%	30	\$1,066,133,908	42%
AA+	6	\$56,702,759	2%	5	\$46,539,133	1%	5	\$46,267,435	2%
AA	3	\$29,953,704	1%	2	\$19,968,550	1%	1	\$13,990,408	1%
AA-	8	\$85,887,115	3%	6	\$67,238,121	2%	6	\$67,398,963	3%
A+	16	\$186,017,224	6%	15	\$163,981,637	5%	13	\$145,263,840	6%
A	21	\$294,519,949	9%	17	\$250,841,388	8%	17	\$242,273,267	9%
A-	2	\$11,313,958	0%	2	\$11,304,978	0%	2	\$11,380,804	0%
TOTAL	155	\$3,175,344,448	100%	144	\$3,262,563,047	100%	116	\$2,559,509,405	100%

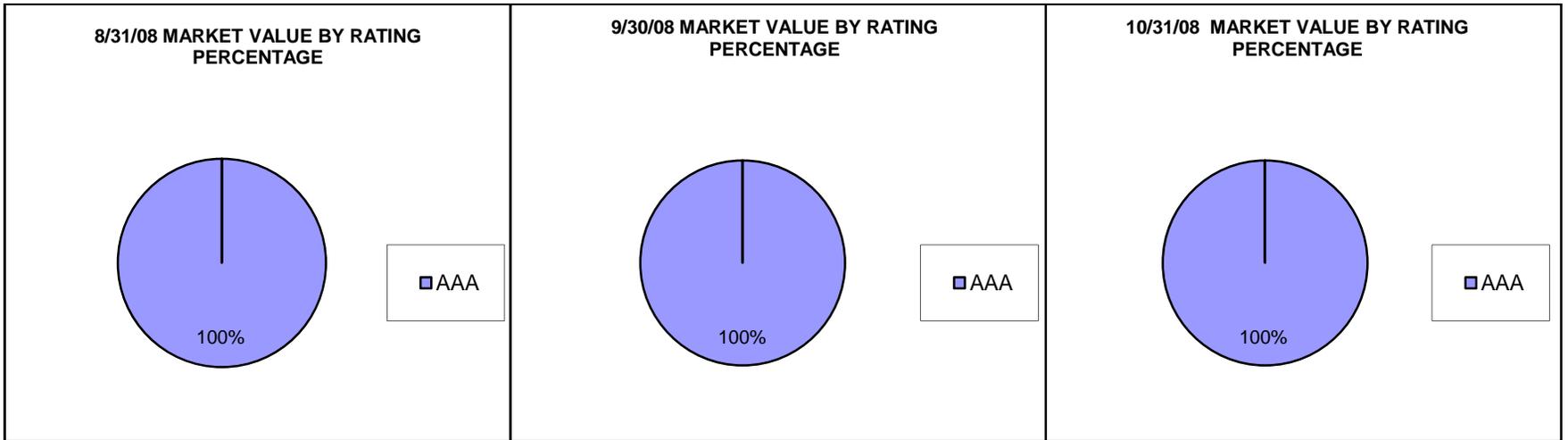
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP 500**



	8/31/2008			9/30/2008			10/31/2008		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	61	\$38,812,312	64%	60	\$37,482,014	61%	60	\$38,497,728	62%
A1+	7	\$4,781,112	8%	12	\$7,771,352	13%	10	\$6,546,114	11%
AA+	2	\$994,580	2%	2	\$994,046	2%	2	\$994,471	2%
AA	2	\$513,528	1%	2	\$503,758	1%	2	\$498,603	1%
AA-	7	\$2,896,696	5%	7	\$2,840,289	5%	7	\$2,806,030	5%
A+	8	\$2,743,491	5%	8	\$2,638,398	4%	8	\$2,551,018	4%
A	15	\$6,993,841	12%	15	\$6,872,074	11%	16	\$6,902,924	12%
A-	4	\$1,691,886	3%	4	\$1,685,215	3%	4	\$1,604,963	3%
NR	0	\$0	0%	1	\$31,250	0%	1	\$29,375	0%
MM/Cash Eq	2	\$59,601	0%	2	(\$27,435)	0%	2	(\$41,820)	0%
TOTAL	108	\$59,487,046	100%	113	\$60,790,960	100%	112	\$60,389,406	100%

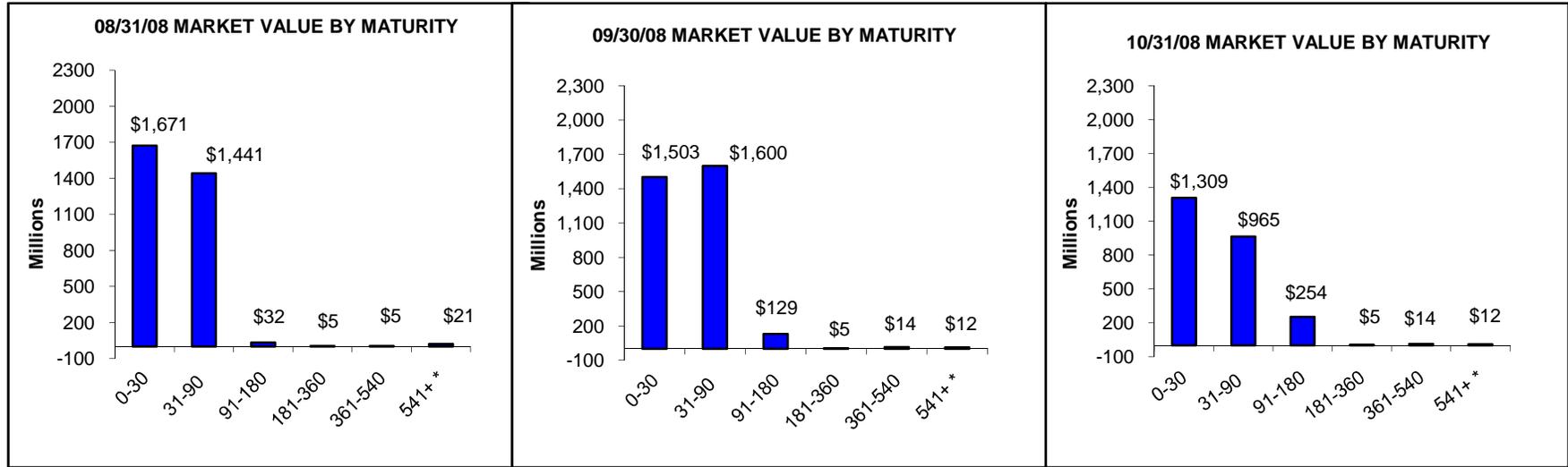
*MM/Cash Equivalent includes dividends payable

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



		08/31/08				09/30/08				10/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	13	\$2,213,908,971	100%	47	\$2,531,702,530	100%	33	\$2,887,577,582	100%			

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

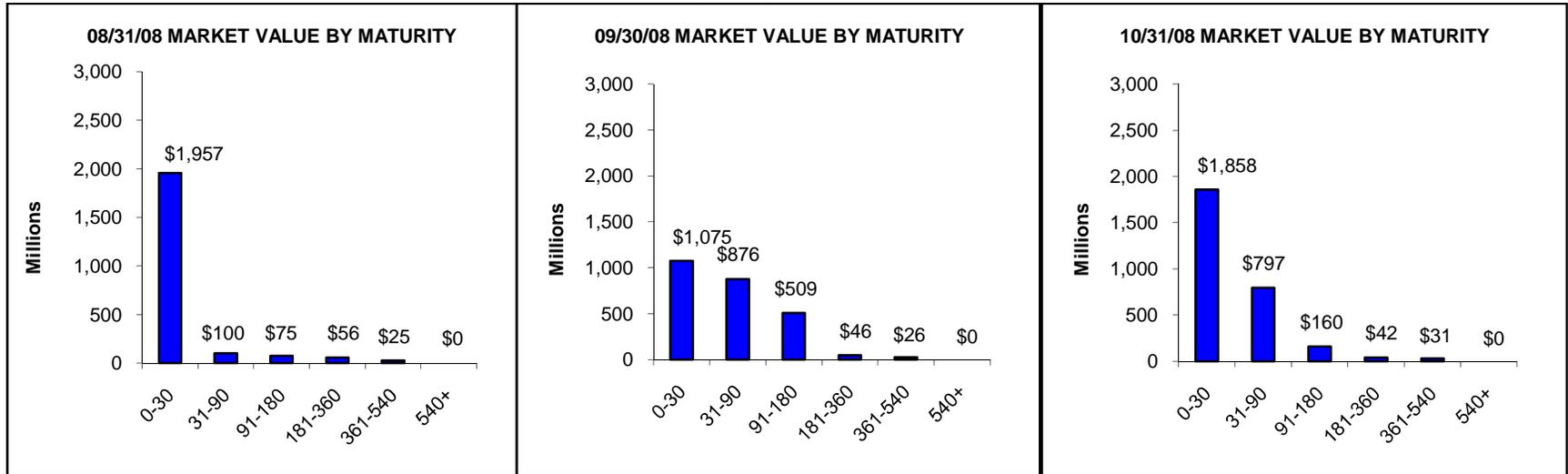


08/31/08				09/30/08			10/31/08		
MATURITY	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0-30	79	\$1,671,448,307	53%	62	\$1,502,733,733	46%	61	\$1,309,390,848	51%
31-90	68	\$1,441,146,463	45%	73	\$1,599,972,861	49%	44	\$965,064,287	38%
91-180	3	\$31,695,200	1%	4	\$128,932,000	4%	6	\$253,833,438	10%
181-360	1	\$5,038,979	0%	1	\$4,992,909	0%	1	\$5,084,383	0%
361-540	1	\$5,045,313	0%	2	\$14,292,856	1%	2	\$14,425,088	1%
541+ *	3	\$20,970,188	1%	2	\$11,638,688	0%	2	\$11,711,363	0%
TOTAL	155	\$3,175,344,448	100%	144	\$3,262,563,047	100%	116	\$2,559,509,405	100%

08/31/08		09/30/08		10/31/08	
MATURITY	WAM	MATURITY	WAM	MATURITY	WAM
0-30	7.43	0-30	5.93	0-30	7.33
31-90	27.55	31-90	27.81	31-90	20.76
91-180	1.27	91-180	4.18	91-180	12.00
181-360	0.46	181-360	0.39	181-360	0.45
361-540	0.70	361-540	2.13	361-540	2.57
541+	4.36	541+	2.53	541+	3.11
TOTAL	41.76	TOTAL	42.98	TOTAL	46.21

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	08/31/08			09/30/08			10/31/08		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0-30	4	\$1,957,053,642	88%	14	\$1,074,975,623	42%	11	\$1,858,173,020	64%
31-90	3	\$100,374,123	5%	19	\$876,244,386	35%	15	\$796,543,129	28%
91-180	2	\$74,625,500	3%	11	\$508,739,375	20%	4	\$159,974,554	6%
181-360	3	\$56,383,051	3%	2	\$46,231,428	2%	1	\$41,675,815	1%
361-540	1	\$25,472,656	1%	1	\$25,511,719	1%	2	\$31,211,065	1%
540+	0	\$0	0%	0	\$0	0%	0	\$0	0%
TOTAL	13	\$2,213,908,972	100%	47	\$2,531,702,531	100%	33	\$2,887,577,582	100%

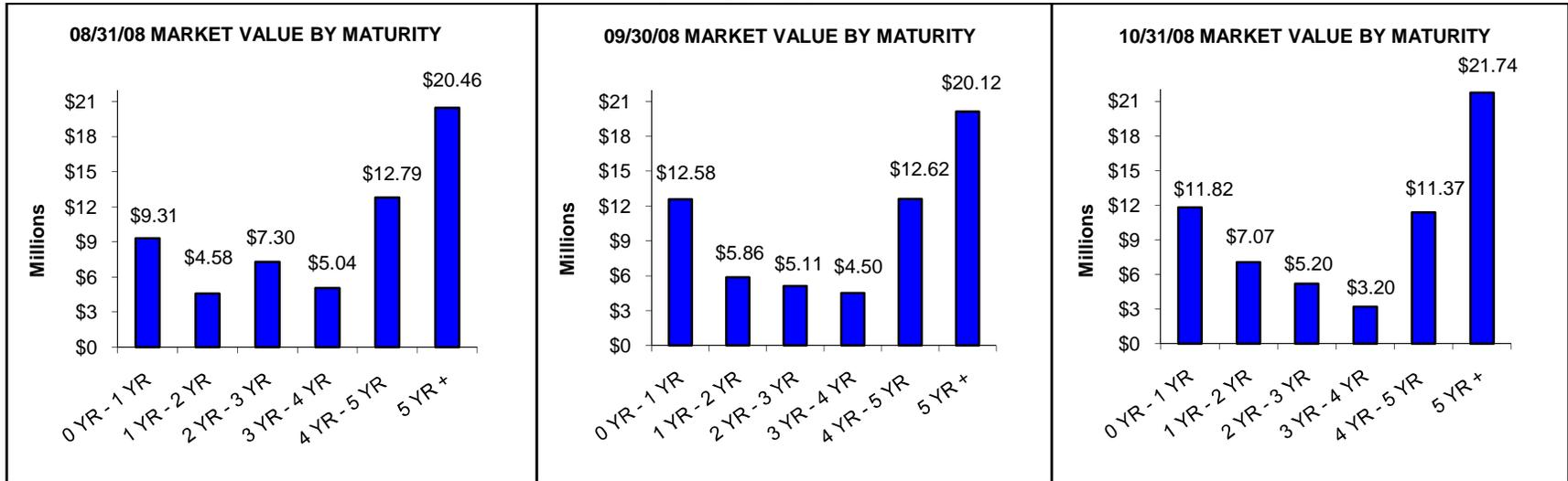
08/31/08	
MATURITY	WAM
0-30	2.90
31-90	3.11
91-180	3.60
181-360	6.39
361-540	4.54
540+	0.00
TOTAL	20.53

09/30/08	
MATURITY	WAM
0-30	6.37
31-90	17.83
91-180	20.30
181-360	4.31
361-540	3.68
540+	0.00
TOTAL	52.49

10/31/08	
MATURITY	WAM
0-30	5.23
31-90	16.18
91-180	6.54
181-360	2.83
361-540	3.49
540+	0.00
TOTAL	34.27

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	08/31/08			09/30/08			10/31/08		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0 YR - 1 YR	21	\$9,309,485	16%	27	\$12,584,515	21%	25	\$11,819,824	20%
1 YR - 2 YR	13	\$4,579,655	8%	16	\$5,857,496	10%	18	\$7,069,224	12%
2 YR - 3 YR	17	\$7,304,286	12%	14	\$5,111,898	8%	14	\$5,195,624	9%
3 YR - 4 YR	11	\$5,043,603	8%	10	\$4,504,154	7%	8	\$3,196,179	5%
4 YR - 5 YR	23	\$12,788,000	21%	23	\$12,615,031	21%	22	\$11,366,059	19%
5 YR +	23	\$20,462,016	34%	23	\$20,117,866	33%	25	\$21,742,497	36%
TOTAL	108	\$59,487,046	100%	113	\$60,790,960	100%	112	\$60,389,406	100%

	8/31/2008	9/30/2008	10/31/2008
LGIP LT MONTHLY DURATION	2.12	2.12	2.12
MERRILL 1-5 US DOMESTIC MASTER INDEX	2.66	2.76	2.63

*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 October 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	795
SEPTEMBER	2,305	2,082	876
OCTOBER	2,311	1,941	564
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	\$921

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
OCTOBER 2008**

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Distributed in Current Month

Recipient	October-08	Fiscal YTD 08/09	Fiscal YTD 07/08
101 A & M Colleges	\$22,686	\$90,954	\$130,881
102 State Hospital	\$11,186	\$44,852	\$65,155
103 Leg., Exec., & Jud.	\$16,072	\$64,444	\$86,043
104 Military Institute	\$1,269	\$5,085	\$6,741
105 Miners Hospital	\$20,025	\$80,295	\$104,003
107 Normal School ASU/NAU	\$6,345	\$25,443	\$33,651
108 Penitentiaries	\$16,874	\$67,667	\$94,169
109 Permanent Common School	\$4,521,984	\$18,133,248	\$23,090,793
110 School for Deaf & Blind	\$10,040	\$40,256	\$55,309
111 School of Mines	\$21,542	\$86,372	\$107,572
112 State Charitable-Pioneers Home	\$94,777	\$379,965	\$480,697
112 State Charitable-Corrections	\$47,388	\$189,982	\$240,350
112 State Charitable-Youth Treatment	\$47,388	\$189,982	\$240,350
113 University Fund	\$31,283	\$125,468	\$168,237
114 U of A Land - 1881	\$73,623	\$295,206	\$388,998
Total	\$4,942,482	\$19,819,218	\$25,292,949

Posted in USAS in current month

ENDOWMENT FUNDS
PORTFOLIO YIELD ANALYSIS
 October 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	4,868,079	-0.2315%	-0.2738%	4.8944%	4.3891%
	TOTAL ENDOWMENTS - FIXED INCOME	4,868,079				

**RETURN ANALYSIS
ENDOWMENT FUNDS**

(\$ In Thousands)

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ENDOWMENT FUNDS	OCTOBER 2008 MONEY WEIGHTED RETURN	FISCAL YEAR 2008/2009 MONEY WEIGHTED RETURN
101 A & M Colleges	-10.01%	-15.02%
102 State Hospital	-10.08%	-15.13%
103 Leg., Exec., & Jud.	-9.67%	-14.50%
104 Military Institute	-9.63%	-14.44%
105 Miners Hospital	-9.92%	-14.88%
107 Normal School ASU/NAU	-9.84%	-14.78%
108 Penitentiaries	-9.66%	-14.49%
109 Permanent Common School	-9.89%	-14.96%
110 School for Deaf & Blind	-9.72%	-14.58%
111 School of Mines	-9.85%	-14.76%
112 State Charitable	-10.04%	-15.04%
113 University Fund	-9.85%	-14.76%
114 U Of A Land - 1881	-9.82%	-14.84%
WEIGHTED PORTFOLIO RETURN	-9.86%	-14.37%
WEIGHTED BENCHMARK	-10.03%	-14.09%
S&P 500 EQUITY FUND RETURN:	-16.63%	-23.70%
S & P 500 LARGE CAP INDEX:	-16.80%	-23.76%
FIXED INCOME FUND RETURN:	-2.16%	-2.50%
CITIGROUP BIG INDEX RETURN:	-2.31%	-2.42%
S&P 400 EQUITY FUND RETURN:	-21.45%	-31.84%
S&P 400 MID-CAP INDEX:	-21.74%	-30.24%

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

	Aug-08	Sep-08	Oct-08	Aug-08	Sep-08	Oct-08
S&P 500	1.45%	-8.91%	-16.80%	1282.83	1166.36	968.75
S&P 400	1.71%	-10.71%	-21.74%	815.60	727.29	568.49
S&P 600	4.18%	-6.76%	-20.15%	387.35	360.68	287.67
DOW JONES	1.45%	-6.00%	-14.06%	11543.55	10850.66	9325.66
NASDAQ	1.92%	-11.60%	-17.69%	2367.52	2091.58	1720.95

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund -----	Oct-08 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(273,309)	(316,459)
Equity Pool (500) Net Gain (Loss)	(8,571,961)	(22,456,754)
Equity Pool (400) Net Gain (Loss)	(13,483,827)	(12,663,256)
Totals	(22,329,096) =====	(35,436,469) =====

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of October 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>
FEDERAL FARM CREDIT BK	4.75	9/30/2015	N/A	\$5,000,000	\$5,149,550	4.25	Aaa/AAA
TOTAL ENDOWMENT FUNDS PURCHASES				\$5,000,000	\$5,149,550		

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>
U S TREASURY NOTE	4.25	11/15/2014	\$5,000,000	\$5,460,938	\$432,620	Aaa/AAA
U S TREASURY NOTE	4.25	11/15/2014	\$5,000,000	\$5,428,711	\$400,393	Aaa/AAA
U S TREASURY NOTE	4.75	5/15/2014	\$10,000,000	\$10,959,375	\$785,110	Aaa/AAA
CIT GROUP INC.	5.13	9/30/2014	\$3,695,000	\$1,847,500	(\$1,874,857)	Baa1/A-
TOTAL ENDOWMENT FUNDS SALES			\$23,695,000	\$23,696,523	(\$256,734)	

*WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

EQUITY FUNDS
PURCHASES & SALES
Month of October 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	1,297,220	\$31,372,548	\$18,864
S&P 500 Large-Cap Fund	990,316	\$25,538,474	\$14,855
TOTAL EQUITY PURCHASES	2,287,536	\$56,911,022	\$33,718

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	919,786	\$30,061,203	\$12,971
S&P 500 Large-Cap Fund	256,906	\$23,280,596	\$3,609
TOTAL EQUITY SALES	1,176,692	\$53,341,800	\$16,580

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

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November 19, 2008
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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>	2,535	2,309	2,066	(243)	
	<i>Shares in Fixed Income Fund</i>	2,804	3,104	3,920	816	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	827	791	1,013	222	
	Total	6,165	6,204	6,999	795	1.128
102	State Hospital					
	<i>Shares in S&P 500 Index Fund</i>	1,539	1,325	1,254	(71)	
	<i>Shares in Fixed Income Fund</i>	1,572	1,781	2,198	417	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	440	454	538	85	
	Total	3,550	3,559	3,990	431	1.121
103	Leg., Exec., & Jud.					
	<i>Shares in S&P 500 Index Fund</i>	1,965	1,933	1,601	(332)	
	<i>Shares in Fixed Income Fund</i>	2,360	2,599	3,300	701	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	639	662	782	120	
	Total	4,964	5,194	5,684	490	1.094
104	Military Institute					
	<i>Shares in S&P 500 Index Fund</i>	134	134	109	(25)	
	<i>Shares in Fixed Income Fund</i>	169	180	236	56	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	47	46	57	12	
	Total	349	359	402	43	1.120
105	Miners Hospital					
	<i>Shares in S&P 500 Index Fund</i>	3,625	3,586	2,954	(632)	
	<i>Shares in Fixed Income Fund</i>	3,842	4,817	5,373	556	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,028	1,228	1,258	31	
	Total	8,494	9,631	9,585	(45)	0.995

ENDOWMENT FUNDS
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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>	850	809	693	(116)	
	<i>Shares in Fixed Income Fund</i>	955	1,088	1,335	247	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	262	277	320	43	
	Total	2,067	2,174	2,348	175	1.080
108	Penitentiaries					
	<i>Shares in S&P 500 Index Fund</i>	3,113	2,833	2,537	(296)	
	<i>Shares in Fixed Income Fund</i>	3,318	3,967	4,640	673	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	912	970	1,117	148	
	Total	7,343	7,769	8,294	525	1.068
109	Permanent Common School					
	<i>Shares in S&P 500 Index Fund</i>	782,243	764,328	637,496	(126,832)	
	<i>Shares in Fixed Income Fund</i>	832,872	1,026,486	1,164,616	138,131	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	220,500	261,615	270,057	8,441	
	Total	1,835,615	2,052,429	2,072,169	19,740	1.010
110	School for Deaf & Blind					
	<i>Shares in S&P 500 Index Fund</i>	1,156	1,096	942	(154)	
	<i>Shares in Fixed Income Fund</i>	1,376	1,474	1,924	449	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	378	376	463	87	
	Total	2,910	2,946	3,329	383	1.130
111	School of Mines					
	<i>Shares in S&P 500 Index Fund</i>	2,874	2,810	2,342	(468)	
	<i>Shares in Fixed Income Fund</i>	3,219	3,777	4,501	724	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	883	963	1,082	119	
	Total	6,977	7,550	7,926	376	1.050

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
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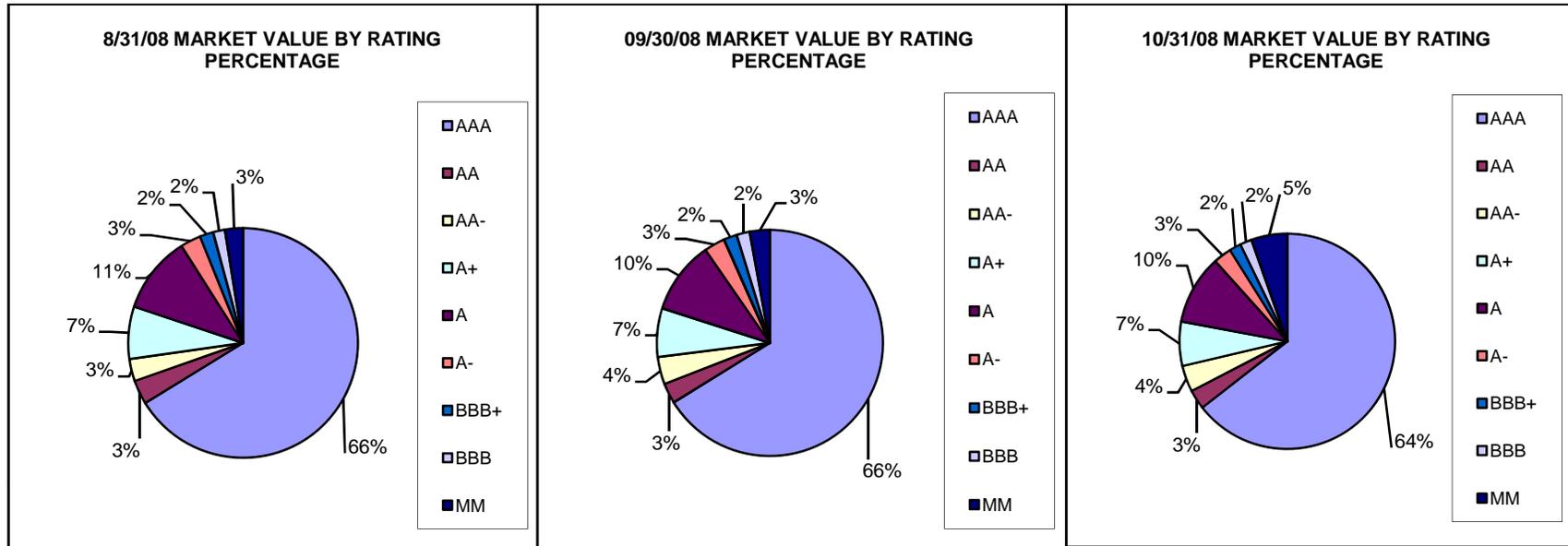
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112	State Charitable					
	<i>Shares in S&P 500 Index Fund</i>	32,251	30,083	26,283	(3,800)	
	<i>Shares in Fixed Income Fund</i>	32,106	40,405	44,894	4,489	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	8,480	10,298	10,386	88	
	Total	72,837	80,787	81,563	776	1.010
113	University Fund					
	<i>Shares in S&P 500 Index Fund</i>	4,767	4,594	3,885	(709)	
	<i>Shares in Fixed Income Fund</i>	5,299	6,174	7,410	1,236	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,441	1,573	1,765	192	
	Total	11,507	12,341	13,060	719	1.058
114	U Of A Land - 1881					
	<i>Shares in S&P 500 Index Fund</i>	10,008	9,618	8,156	(1,462)	
	<i>Shares in Fixed Income Fund</i>	11,294	12,929	15,793	2,864	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,077	3,294	3,769	474	
	Total	24,379	25,842	27,717	1,875	1.073
TOTALS - ALL FUNDS						
	<i>Shares in S&P 500 Index Fund</i>	847,058	825,457	690,318	(135,140)	
	<i>Shares in Fixed Income Fund</i>	901,184	1,108,779	1,260,139	151,360	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	238,914	282,547	292,609	10,062	
	Grand Total	1,987,157	2,216,784	2,243,066	26,282	

ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&P 500 Index Fund</i>	42.63%	37.24%	30.78%
<i>Shares in Fixed Income Fund</i>	45.35%	50.02%	56.18%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.02%	12.75%	13.05%
Total	100.00%	100.00%	100.00%

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



	08/31/08			09/30/08			10/31/08		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	133	\$866,234,548	66%	131	\$844,090,058	66%	130	\$810,426,386	64%
AA	6	\$33,321,733	3%	6	\$37,185,295	3%	6	\$36,590,867	3%
AA-	6	\$40,585,950	3%	8	\$49,701,317	4%	8	\$49,202,297	4%
A+	15	\$95,328,699	7%	14	\$88,924,751	7%	14	\$82,704,972	7%
A	22	\$140,987,483	11%	21	\$132,548,650	10%	21	\$122,979,553	10%
A-	7	\$37,652,461	3%	8	\$38,195,350	3%	7	\$33,992,130	3%
BBB+	5	\$24,837,104	2%	5	\$24,212,220	2%	5	\$21,924,743	2%
BBB	3	\$21,615,960	2%	4	\$23,772,080	2%	4	\$21,961,756	2%
MM	2	\$32,779,209	3%	2	\$36,746,106	3%	2	\$68,716,790	5%
TOTAL	199	\$1,293,343,147	100%	199	\$1,275,375,827	100%	197	\$1,248,499,493	100%

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

EQUITY HOLDINGS
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<u>POOL #</u>	<u>POOL DESCRIPTION</u>	<u>S&P SECTOR</u>	<u>MARKET VALUE</u>	<u>% POOL BALANCE</u>	<u>% S&P 500 BALANCE</u>	<u>DIFFERENCE</u>
201	S&P 500 INDEX					
		CONSUMER DISCRETIONARY	54,504	8.21%	8.21%	0.00%
		CONSUMER STAPLES	85,671	12.90%	12.90%	0.00%
		ENERGY	87,303	13.15%	13.15%	0.00%
		FINANCIALS	99,086	14.92%	14.92%	0.00%
		HEALTH CARE	91,980	13.85%	13.85%	0.00%
		INDUSTRIALS	72,761	10.96%	10.96%	0.00%
		INFORMATION TECHNOLOGY	104,525	15.74%	15.74%	0.00%
		MATERIALS	20,861	3.14%	3.14%	0.00%
		TELECOMMUNICATION SERVICES	21,967	3.31%	3.31%	0.00%
		UTILITIES	25,399	3.82%	3.82%	0.00%
		TOTALS LESS CASH / SPDR'S:	664,057	100.00%	100.00%	
		SPYDER'S	25,109			
		CASH **	1,151			
		TOTAL:	<u>690,318</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		20,683	9.83%	13.82%	-3.98%
	CONSUMER STAPLES		9,885	4.70%	4.15%	0.55%
	ENERGY		15,703	7.46%	7.01%	0.45%
	FINANCIALS		46,487	22.10%	19.52%	2.58%
	HEALTH CARE		29,357	13.95%	12.25%	1.71%
	INDUSTRIALS		28,161	13.39%	14.31%	-0.92%
	INFORMATION TECHNOLOGY		23,968	11.39%	13.40%	-2.01%
	MATERIALS		12,526	5.95%	6.57%	-0.61%
	TELECOMMUNICATION SERVICES		1,130	0.54%	0.47%	0.06%
	UTILITIES		22,475	10.68%	8.51%	2.17%
	TOTALS LESS CASH / SPDR'S:		210,375	100.00%	100.00%	
	SPYDER'S		82,024			
	CASH **		210			
	TOTAL:		292,609			

*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	\$3,100	\$3,078	(\$21)
102	State Hospital	1,779	1,792	14
103	Leg., Exec., & Jud.	2,595	2,384	(212)
104	Military Institute	179	166	(13)
105	Miners Hospital	4,814	4,212	(601)
107	Normal School	1,086	1,013	(73)
108	Penitentiaries	3,802	3,654	(148)
109	Permanent Common School	1,025,943	907,552	(118,391)
110	School for Deaf & Blind	1,472	1,405	(67)
111	School of Mines	3,773	3,425	(348)
112	State Charitable	40,382	36,669	(3,713)
113	University Fund	6,167	5,650	(517)
114	U of A Land - 1881	12,913	11,925	(988)
	Totals:	<u>\$1,108,005</u>	<u>\$982,927</u>	<u>(\$125,078)</u>

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