

OFFICE OF THE
ARIZONA STATE TREASURER



**HON. DEAN MARTIN
TREASURER**



FEBRUARY 2009

Presented To:

Arizona State Board of Investment

MARCH 18, 2009

STATE BOARD OF INVESTMENT

A G E N D A

March 18, 2009

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. Discussion/Approval of rate for non-cash collateral for loaned securities pursuant to ARS 35-313.C (Pursuant to A.R.S. 38-431.03(A) (3) & (4) the Commission may vote to go into executive session which is not open to the general public to consult with legal counsel and discuss potential negotiation positions on any necessary contracts.)
 8. Discussion/Approval of request for additional distribution from Endowment by Land Department. (Pursuant to A.R.S. 38-431.03(A) (3) the Commission may vote to go into executive session which is not open to the general public to consult with legal counsel.)
 9. General Business
 10. Call to the Public
 11. Notice of Next Meeting
 12. 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

March 18, 2009

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on February 18, 2009 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 10:46 a.m.

Members Present:

Dean Martin, Chair, State Treasurer
Alan E. Maguire, President, The Maguire Company
Charlotte Hosseini, Arizona Department of Administration, designee for William Bell, Director, Arizona Department of Administration, (*Audio Conference Call*)
Thomas J. Giallanza, Assistant Superintendent, Department of Financial Institutions, designee for Felecia A. Rotellini, Superintendent, Department of Financial Institutions

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, Senior Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for January, 2009 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
 - 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

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 February 18, 2009 BOI meeting to order at approximately 10:46 a.m.

2. Treasurers Comments:

Treasurer Martin welcomed board members and guests and thanked all present for attending the February 18, 2009 meeting.

3. Approval of Minutes:

Ms. Hosseini made a motion to approve the minutes for the January 21, 2009 Board of Investment Meeting. Mr. Giallanza 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 January, 2009.

State Agency Pools Portfolio Yield Analysis

Mr. Petkiewicz reported the gross yields for the State Agency Pools for the month of January, 2009.

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 January, 2009.

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 January, 2009.

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 January 31, 2009.

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 January 31, 2009.

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 January 31, 2009.

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.

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 January, 2009.

A graph titled State Operating Balance: Actual Vs Adjusted for One Time Transfers was included with the BOI Report. Treasurer Martin, referring to this graph, advised the board that the adjusted number for the January operating balance is negative 460 million and noted that he is still working on the analysis with GAO for the rest of the year.

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

Mr. Petkiewicz 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. Petkiewicz reported the earnings distributed for the Endowment Funds for the month of January, 2009, FY09 fiscal year to date, and FY08 fiscal year to date.

Endowment Funds Yield Analysis

Mr. Petkiewicz reported the book yield of the Endowment Fund Fixed Income Pool for the month of January, 2009.

Monthly Return Analysis for the Endowment Funds

Mr. Petkiewicz reported the total return numbers for the Endowment Funds for the month of January, 2009 and FY09 fiscal year to date, as well as the comparison to their respective benchmarks.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. Petkiewicz reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of January, 2009 and FY09 fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. Petkiewicz reported the purchases and sales of the Endowment Fixed Income Pool for the month of January, 2009.

Equity Funds Purchases & Sales

Mr. Petkiewicz reported the purchases and sales (summary) of the Endowment Equity Pools for the month of January, 2009.

Investments Outstanding in Endowment Funds

Mr. Petkiewicz reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of January 31, 2009.

Treasurer Martin pointed out that currently the asset allocation percentages for book value in the Endowment Portfolio is 50% equities and 50% bonds compared to the asset allocation percentage for market value which is 40% equities, 60% bonds. The Treasurer advised the board members that rebalancing the endowment investments is being taken under consideration, and there may be a proposal to rebalance those assets in next month's meeting.

Rating Summary Endowment Fixed Income Fund

Mr. Petkiewicz reported the credit ratings for the Endowment Funds as of January 31, 2009.

Equity Holdings Investments Outstanding S&P 500

Mr. Petkiewicz reported the investments outstanding by industry sector for the S&P 500 Pool as of January 31, 2009.

Equity Holdings Investments Outstanding S&P 400

Mr. Petkiewicz reported the investments outstanding by industry sector for the S&P 400 Pool as of January 31, 2009.

Equity Holdings – By Participant

Mr. Petkiewicz reported the equity holdings of the Endowment Funds as of January 31, 2009.

Treasurer Martin advised the board that the statute pertaining to the Land Department states that when there is a default, all of the funds that were paid into the trust pulls out and becomes rental income, which is distributed that year. Mr. Swenson added, "to date, the Land Department has asked for 20 million dollars back." "Currently we are waiting to hear from the AG's office if a payout would violate the distribution formula in the constitution." Mr. Maguire summed it up saying "so they are essentially transferring the property back to the trust." Treasurer Martin agreed. Then Mr. Swenson explained that "the property never transferred out of the trust because they didn't deed it over. They don't deed it over until they receive full payment, so it's just a return of the down payment." Treasurer Martin clarified "our question is, does the constitution contemplate this type of a distribution?"

In conclusion, Treasurer Martin noted that the reason for some of the liquidity in the endowment portfolio is because of the possibility of a large payout to the Land Department.

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.

6. Proposed Changes to Investment Policy

None

7. Review and Approval of Proposed/Pending Securities Dealers

None

8. General Business:

Treasurer Martin informed the Board Members that the Treasurer's Office has awarded the new custodial contract to J.P. Morgan Chase. Mr. Swenson elaborated that " securities lending will be part of the contract to offset costs of the custodial contract." He added "We will come to you in March for approval to set the maximum collateral rate that would be required for non-cash collateral securities lending."

9. Call to the Public

There was no public comment.

10. Notice of Next Meeting:

The Treasurer advised the Board that the next regular meeting of the Board of Investment will be Wednesday, March 18, 2009 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

Mr. Maguire asked the Treasurer to clarify the information shown on the State Operating Balance: Actual Vs Adjusted for One Time Transfers graph that was included with the report. Treasurer responded that the blue line represents what the actual balance was and the red line reflects the deduction of any one time source of revenue that comes in such as sweeps, borrowing, etc. He added that the value of the red line is that it shows what the economy is doing.

11. Adjournment:

Mr. Maguire made a motion to adjourn the BOI meeting. Mr. Giallanza seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 11:14 a.m.

Respectfully Submitted by:

Helen D. Garafola
Executive Consultant

Approved by:

Dean Martin, Chair

Date:

EARNINGS DISTRIBUTION - INVESTMENT POOLS
 FEBRUARY 2009

State Treasurer's Report
 March 18, 2009
 Page 1

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	FEBRUARY 2009	Fiscal YTD 08/09	Fiscal YTD 07/08	
General Fund	\$781,544	\$10,558,930	\$76,829,203	
2 State Agencies I - Full Faith & Credit	2,091,748	20,332,053	25,609,371	\$386,267
3 State Agencies II - Diversified	2,966,060	26,646,018	68,564,321	729,919
5 Local Governments	3,905,597	25,712,510	81,767,798	1,063,851
6 State Agencies III - US Govt & Agency	0	52,505	138,378	2,151
7 LGIP Gov't	314,475	22,242,204	54,716,217	1,134,174
8 State Agencies IV - Restricted Diversified	0	11,973,256	10,666,717	196,512
9 * ADOT - BFO	0	0	0	0
11 School Facilities Board	0	62,790	246,101	4,782
12 CAWCD Medium-Term	351,037	3,189,258	3,423,963	46,786
14 School Facilities Board 2002 Series	0	128,213	845,427	6,563
15 GADA Long-Term	41,130	488,718	517,666	6,994
Subtotal	\$10,451,592	\$121,386,456	\$323,325,161	\$3,577,999
NAV POOL				
500 LGIP LT	197,428	1,632,362	953,253	25,347
Total	\$10,649,020	\$123,018,818	\$324,278,414	\$3,603,346

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

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS**
February 28, 2009

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March 18, 2009
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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	1,956,679	0.1332%	0.0897%	2.5234%	2.7463%
3	STATE AGENCIES II - DIVERSIFIED	1,997,749	-0.0726%	-0.1155%	1.8999%	1.7119%
6	STATE AGENCIES III - US GOVT & AGENCY	0	0.0000%	0.0000%	0.0000%	0.0000%
8	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	674,461	0.0000%	-0.6747%	2.3193%	1.6446%
9	BOARD FUNDING OBLIGATION	404,787	0.0000%	0.0000%	4.8600%	4.8600%
11	SCHOOL FACILITIES BOARD	0	0.0000%	0.0000%	0.0000%	0.0000%
12	CAWCD MEDIUM TERM	340,513	0.0000%	-0.2915%	4.5073%	4.2158%
14	SCHOOL FACILITIES BOARD BONDS	0	0.0000%	0.0000%	0.0000%	0.0000%
15	GADA	44,017	0.0000%	0.0470%	3.3888%	3.4358%
TOTAL STATE AGENCIES		5,418,205				

LGIP & LGIP-GOV
PORTFOLIO YIELD ANALYSIS
February 28, 2009

State Treasurer's Report
March 18, 2009
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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	GROSS YIELD
5	LGIP	948,936	-0.2199%	-0.5860%	1.4509%	0.6450%
7	LGIP - GOV	662,716	0.0000%	-0.0678%	0.4202%	0.3525%
	TOTAL LGIP & LGIP-GOV	1,611,652				
		12/31/08	01/31/09	02/28/09		
5	LGIP MONTHLY YIELD (NET)	0.61%	0.98%	0.58%		
	S & P LGIP INDEX YIELD	1.54%	1.18%	0.84%		
	LGIP YTD YIELD (NET)	1.88%	1.77%	1.66%		
	S & P LGIP YTD INDEX YIELD	2.08%	1.93%	1.81%		
7	LGIP - GOV MONTHLY YIELD (NET)	0.38%	0.19%	0.29%		
	3 MONTH T-BILL	0.01%	0.11%	0.28%		
	* S & P LGIP - GOV INDEX YIELD	1.38%	1.05%	0.73%		
	LGIP - GOV YTD YIELD (NET)	1.12%	0.97%	0.88%		
	YTD 3 MONTH T-BILL	0.88%	0.77%	0.71%		
	* S & P LGIP - GOV YTD INDEX YIELD	1.89%	1.75%	1.64%		

* 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**
February 28, 2009

State Treasurer's Report
March 18, 2009
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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	198,277	0.0000%	-0.4159%	4.3301%	3.9142%
	TOTAL LGIP LONG TERM POOL	198,277				

	12/31/08	01/31/09	02/28/09
LGIP LONG TERM MONTHLY YIELD (NET)	3.75%	3.61%	3.85%
MERRILL 1-5 US D M INDEX MONTHLY YIELD	3.25%	3.42%	3.50%
LGIP LONG TERM YTD YIELD (NET)	3.91%	3.86%	3.86%
MERRILL 1-5 US D M INDEX YTD YIELD	4.07%	3.97%	3.91%

**STATE AGENCY POOLS
INVESTMENTS OUTSTANDING**

FEBRUARY 28, 2009
(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	0	0	0	0	
	FDIC - Commercial Paper	39,000	38,987	38,987	(0)	
	U.S. Government & Agencies	655,534	656,798	662,743	5,945	
	FDIC - Corporate Securities	78,000	78,817	78,688	(129)	
	Total	772,534	774,602	780,418	5,816	1.008
3	State Agencies II - Diversified					
	Repurchase Agreements	32,000	32,000	32,000	0	
	U.S. Government & Agencies	757,783	757,383	758,776	1,393	
	FDIC - Corporate Securities	13,000	13,076	13,086	10	
	Corporate Securities	733,439	731,489	693,019	(38,469)	
	Total	1,536,223	1,533,948	1,496,881	(37,066)	0.976
6	State Agencies III - US Govt & Agency					
	Repurchase Agreements	0	0	0	0	
	U.S. Government & Agencies	0	0	0	0	
	Total	0	0	0	0	0.000
8	State Agencies IV - Restricted Diversified					
	Repurchase Agreements	20,000	20,000	20,000	0	
	U.S. Government & Agencies	472,495	474,026	474,622	596	
	FDIC - Corporate Securities	50,600	50,907	50,643	(263)	
	Total	543,095	544,933	545,265	333	1.001
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	0	0	0	0	
	Total	0	0	0	0	0.000
12	CAWCD Medium-Term					
	Money Market Mutual Shares	7,758	7,758	7,758	0	
	U.S. Government & Agencies	54,989	55,215	55,425	210	
	Corporate Securities	44,138	44,223	40,576	(3,648)	
	Total	106,885	107,197	103,758	(3,438)	0.968

STATE AGENCY POOLS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2009
 (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	0	0	0	0	
	U.S. Government & Agencies	0	0	0	0	
	Total	0	0	0	0	0.000
15	GADA					
	Money Market Mutual Shares	5,408	5,408	5,408	0	
	U.S. Government & Agencies	8,399	8,402	8,485	83	
	Corporate Securities	3,525	3,542	3,181	(361)	
	Total	17,332	17,352	17,074	(278)	0.984
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	4,833	(34,594)	
	Total	39,450	39,427	4,833	(34,594)	0.123
TOTALS - AGENCY POOLS						
	Repurchase Agreements	52,000	52,000	52,000	0	
	Money Market Mutual Shares	13,166	13,166	13,166	0	
	FDIC - Commercial Paper	39,000	38,987	38,987	(0)	
	Commercial Paper	0	0	0	0	
	U.S. Government & Agencies	1,949,200	1,951,824	1,960,051	8,227	
	FDIC - Corporate Securities	141,600	142,800	142,418	(382)	
	Corporate Securities	781,103	779,255	736,776	(42,479)	
	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	4,833	(34,594)	
	Grand Total	3,187,457	3,189,383	3,058,230	(131,153)	

L.G.I.P.
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2009
 (in thousands)

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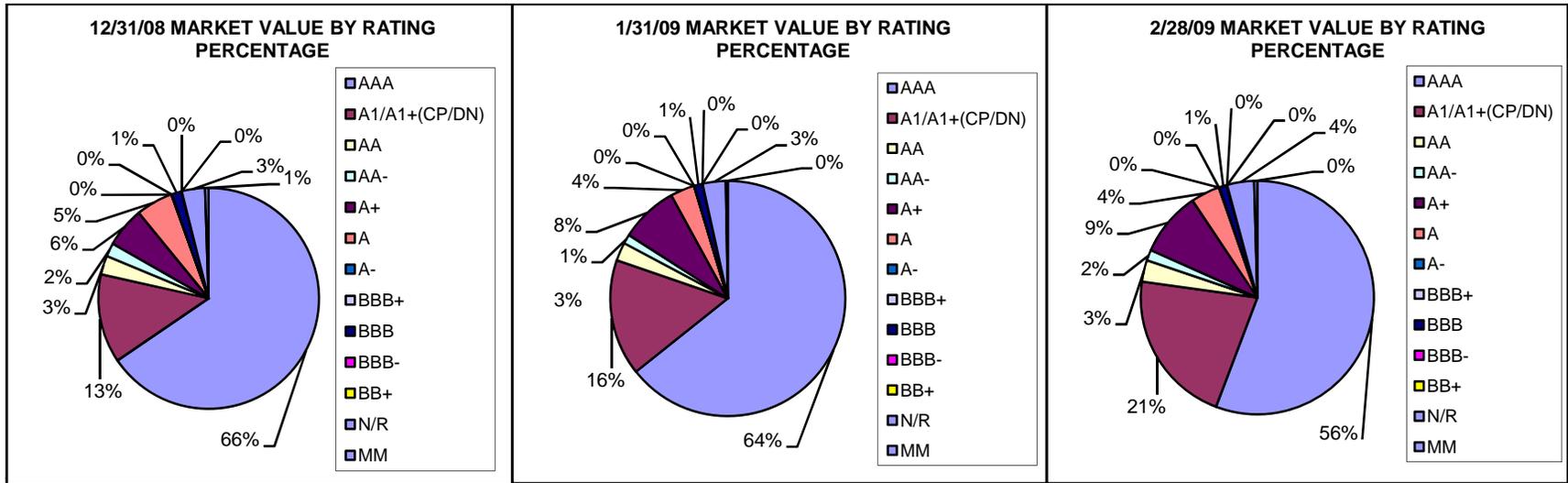
POOL	INVESTMENT POOL	PAR VALUE	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
5	Local Governments					
	Repurchase Agreements	0	0	0	0	
	Commercial Paper	15,000	14,998	14,998	0	
	Certificates of Deposit	5,000	4,996	5,090	94	
	U.S. Government & Agencies	1,680,616	1,684,329	1,688,955	4,626	
	Corporate Securities	369,540	369,202	360,592	(8,610)	
	Total	2,070,156	2,073,524	2,069,635	(3,890)	0.998
7	LGIP - Gov't					
	Repurchase Agreements	2,023,000	2,023,000	2,023,107	107	
	FDIC - Commercial Paper	270,000	269,949	269,949	0	
	U.S. Government & Agencies	620,498	622,139	623,931	1,792	
	Total	2,913,498	2,915,088	2,916,987	1,899	1.001
500	LGIP LT					
	Money Market Mutual Shares	3,905	3,905	3,905	0	
	Commercial Paper	0	0	0	0	
	U.S. Government & Agencies	43,937	44,222	45,159	937	
	Corporate Securities	17,040	17,094	16,535	(559)	
	FDIC - Corporate Securities	500	499	497	(2)	
	Dividends Payable/Other	(58)	(58)	(58)	0	
	Total	65,323	65,662	66,037	375	
	TOTALS - LGIP POOLS					
	Repurchase Agreements	2,023,000	2,023,000	2,023,107	107	
	Money Market Mutual Shares	3,905	3,905	3,905	0	
	FDIC - Commercial Paper	270,000	269,949	269,949	0	
	Commercial Paper	15,000	14,998	14,998	0	
	Certificates of Deposit	5,000	4,996	5,090	94	
	U.S. Government & Agencies	2,345,051	2,350,690	2,358,045	7,355	
	Corporate Securities	386,580	386,296	377,127	(9,169)	
	FDIC - Corporate Securities	500	499	497	(2)	
	Dividends Payable/Other	(58)	(58)	(58)	0	
	Grand Total	5,048,977	5,054,275	5,052,659	(1,616)	

SHARES OUTSTANDING
LOCAL GOVERNMENT LONG TERM FUNDS
 FEBRUARY 28, 2009
 (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>	65,666	66,034	66,511	477	
	Total	65,666	66,034	66,511	477	1.007

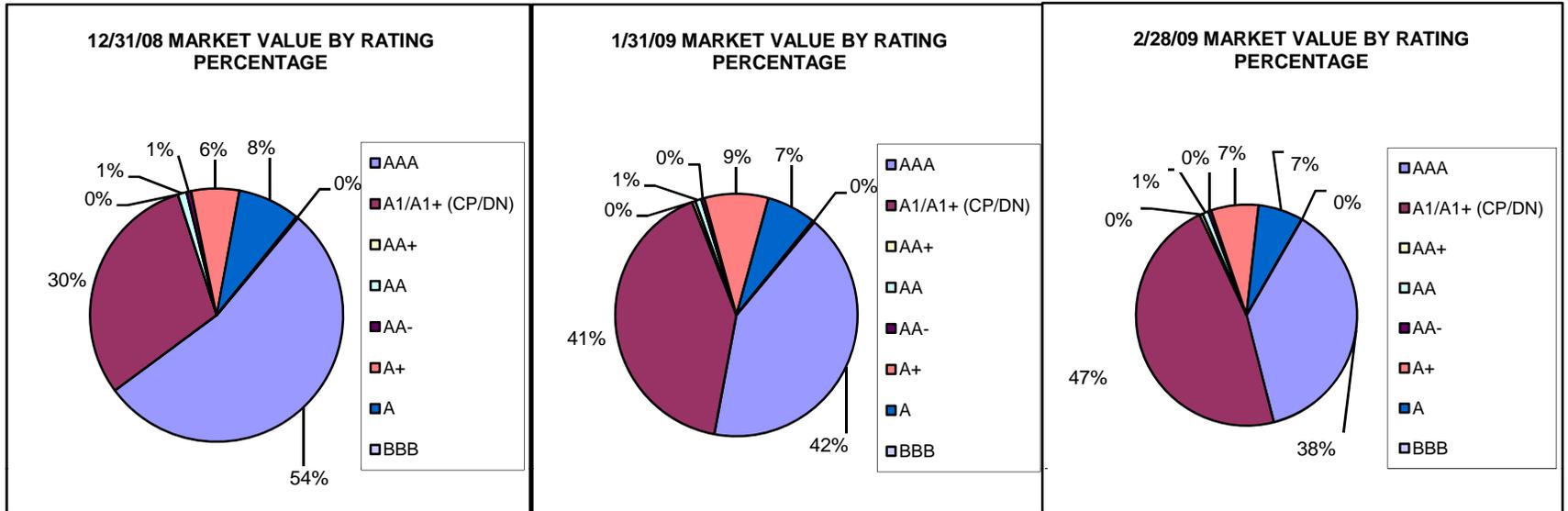
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
STATE AGENCY POOLS 2, 3, 6, 8, 9, 11 - 15, 55, 57**



	12/31/08			01/31/09			02/28/09		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	227	\$2,187,666,487	66%	232	\$2,329,999,106	65%	220	\$1,707,907,390	56%
A1/A1+(CP/DN)	13	\$435,632,919	13%	14	\$580,892,012	16%	16	\$655,911,217	21%
AA	7	\$92,513,092	3%	7	\$92,202,037	3%	7	\$91,444,830	3%
AA-	7	\$66,059,800	2%	6	\$45,864,280	1%	5	\$41,659,880	2%
A+	22	\$195,888,891	6%	28	\$289,535,577	8%	30	\$274,094,272	9%
A	16	\$181,245,834	5%	13	\$121,628,980	3%	13	\$122,403,229	4%
A-	1	\$397,574	0%	0	\$0	0%	0	\$0	0%
BBB+	1	\$1,769,943	0%	1	\$1,719,396	0%	2	\$2,453,762	0%
BBB	5	\$49,159,365	1%	5	\$41,593,215	1%	3	\$33,327,105	1%
BBB-	1	\$999,981	0%	0	\$0	0%	0	\$0	0%
BB+	0	\$0	0%	0	\$0	0%	2	\$1,022,610	0%
N/R	21	\$113,557,571	3%	21	\$115,234,196	3%	21	\$114,839,696	4%
MM	2	\$18,204,168	1%	2	\$10,607,953	0%	2	\$13,166,059	0%
TOTAL	323	\$3,343,095,626	100%	329	\$3,629,276,751	100%	321	\$3,058,230,050	100%

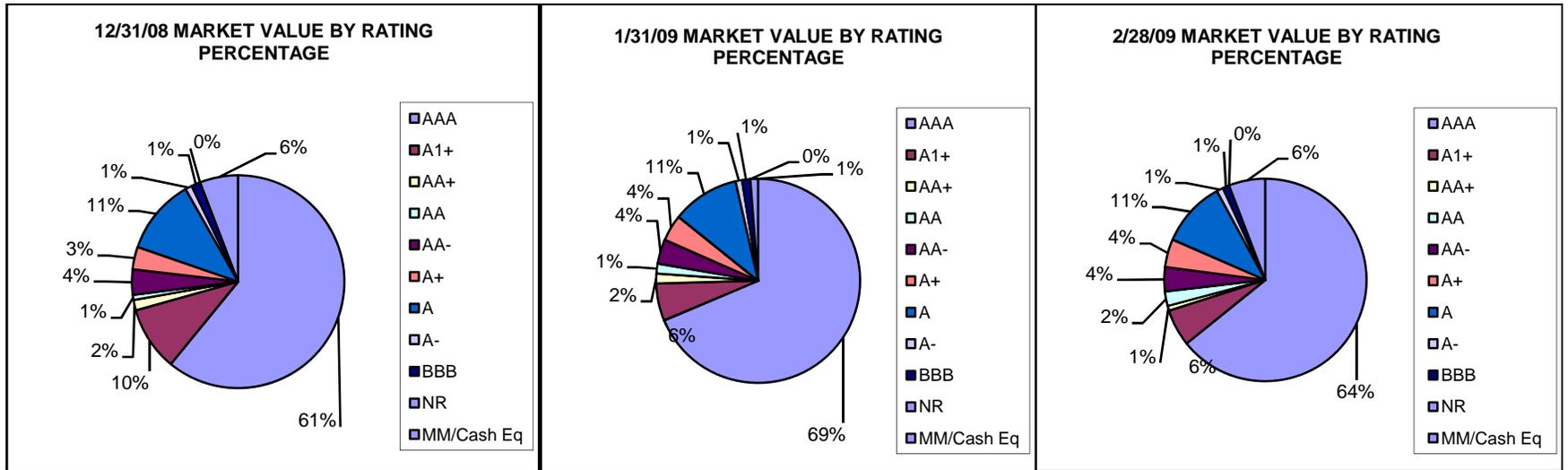
MM = MONEY MARKET (DREYFUS INST'L)
N/R = ADOT BONDS (110,000,000), TAX DEFERRED (7,071) AND NCFE

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



RATING	12/31/08			01/31/09			02/28/09		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	39	\$1,299,265,784	54%	42	\$919,747,768	42%	39	\$780,732,736	38%
A1/A1+ (CP/DN)	22	\$729,692,021	30%	31	\$903,459,898	41%	31	\$973,716,910	47%
AA+	0	\$0	0%	1	\$10,009,028	0%	1	\$10,009,697	0%
AA	3	\$27,247,443	1%	2	\$17,385,244	1%	2	\$17,426,347	1%
AA-	2	\$14,381,000	1%	1	\$9,574,167	0%	1	\$9,466,974	0%
A+	9	\$148,019,875	6%	11	\$184,698,722	9%	10	\$144,005,197	7%
A	18	\$192,354,579	8%	16	\$134,972,129	7%	16	\$134,276,986	7%
BBB	1	\$6,268,192	0%	1	\$6,169,857	0%	0	\$0	0%
TOTAL	94	\$2,417,228,894	100%	105	\$2,186,016,814	100%	100	\$2,069,634,848	100%

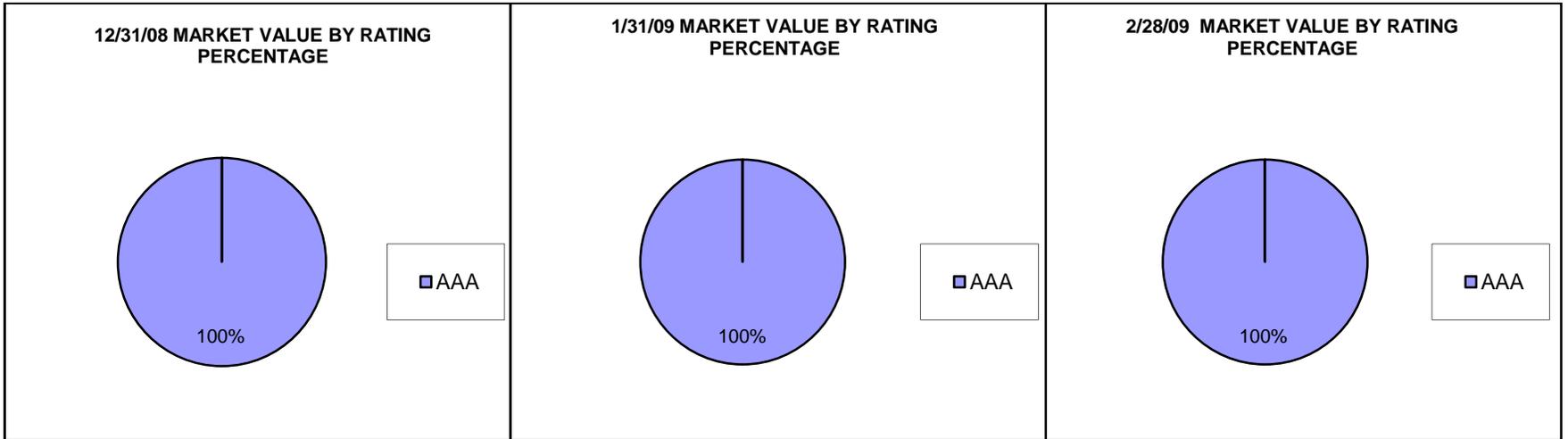
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP 500**



	12/31/2008			1/31/2009			2/28/2009		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	63	\$40,110,561	61%	68	\$45,354,084	68%	65	\$42,406,796	64%
A1+	7	\$6,418,264	10%	6	\$3,872,855	6%	6	\$3,874,565	6%
AA+	2	\$1,033,750	2%	2	\$1,030,495	2%	1	\$517,188	1%
AA	2	\$521,283	1%	4	\$1,024,863	2%	5	\$1,524,075	2%
AA-	5	\$2,526,220	4%	5	\$2,557,086	4%	5	\$2,545,213	4%
A+	6	\$2,253,711	3%	7	\$2,751,615	4%	8	\$2,970,558	4%
A	19	\$7,558,146	11%	17	\$6,998,462	11%	17	\$6,954,359	11%
A-	2	\$680,022	1%	2	\$686,188	1%	2	\$687,565	1%
BBB	2	\$889,105	1%	2	\$825,570	1%	2	\$680,145	1%
NR	1	\$22,500	0%	1	\$33,125	0%	1	\$30,625	0%
MM/Cash Eq	2	\$3,836,453	6%	2	\$803,193	1%	2	\$3,846,245	6%
TOTAL	111	\$65,850,015	100%	116	\$65,937,535	100%	114	\$66,037,333	100%

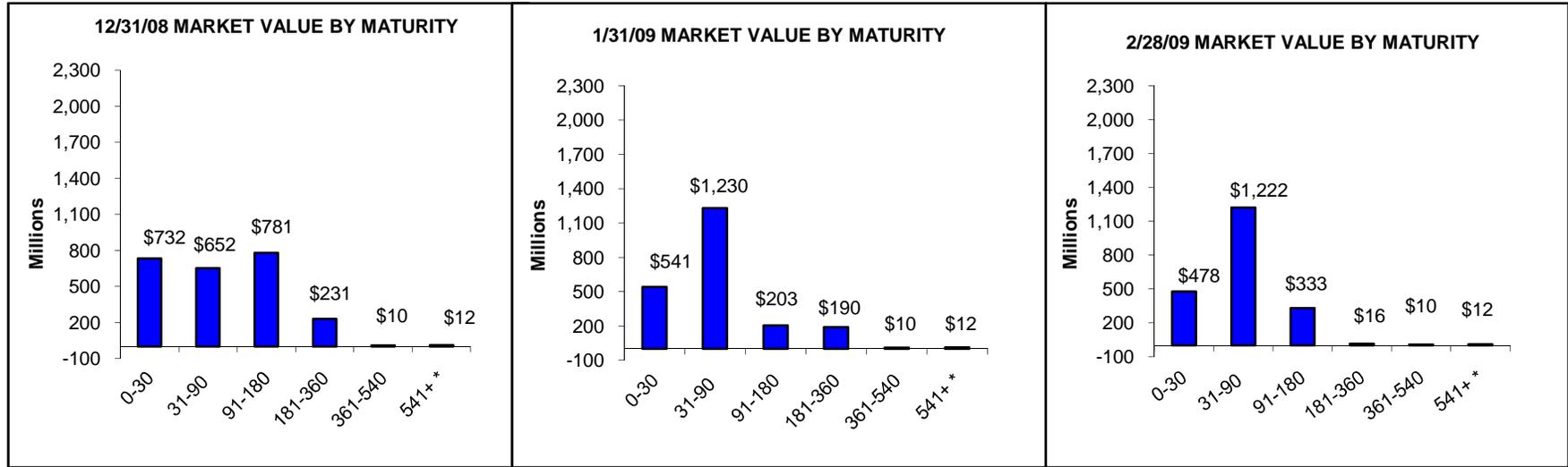
*MM/Cash Equivalent includes dividends payable

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



		12/31/08				01/31/09				02/28/09	
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT		
AAA	19	\$3,238,935,081	100%	24	\$3,072,703,005	100%	31	\$2,916,987,191	100%		

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

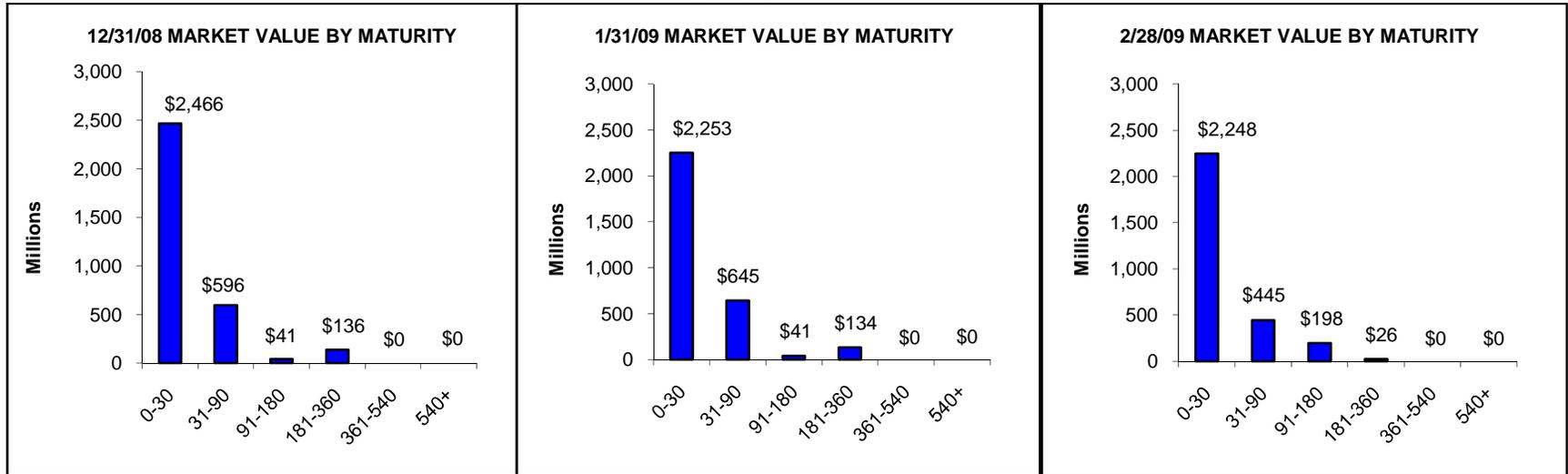


12/31/08				01/31/09			02/28/09		
MATURITY	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0-30	23	\$731,727,665	30%	36	\$541,353,978	25%	40	\$478,006,847	23%
31-90	44	\$651,962,839	27%	51	\$1,229,748,599	56%	44	\$1,221,656,108	59%
91-180	18	\$781,025,790	32%	9	\$203,160,643	9%	11	\$332,551,291	16%
181-360	6	\$230,687,504	10%	6	\$190,017,603	9%	2	\$15,695,944	1%
361-540	1	\$9,618,546	0%	1	\$9,586,440	0%	1	\$9,589,359	0%
541+ *	2	\$12,206,550	1%	2	\$12,149,550	1%	2	\$12,135,300	1%
TOTAL	94	\$2,417,228,894	100%	105	\$2,186,016,814	100%	100	\$2,069,634,848	100%

12/31/08			01/31/09			02/28/09		
MATURITY	WAM		MATURITY	WAM		MATURITY	WAM	
0-30	3.19		0-30	3.78		0-30	3.70	
31-90	15.10		31-90	39.25		31-90	33.54	
91-180	36.47		91-180	12.71		91-180	21.26	
181-360	20.10		181-360	16.54		181-360	1.66	
361-540	1.73		361-540	1.78		361-540	1.75	
541+	3.12		541+	3.26		541+	3.28	
TOTAL	79.72		TOTAL	77.32		TOTAL	65.19	

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	12/31/08			01/31/09			02/28/09		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0-30	9	\$2,465,996,732	76%	8	\$2,253,184,910	73%	11	\$2,248,092,346	77%
31-90	5	\$596,000,115	18%	11	\$644,924,001	21%	12	\$445,425,839	15%
91-180	1	\$40,939,177	1%	1	\$40,935,766	1%	7	\$197,559,236	7%
181-360	4	\$135,999,058	4%	4	\$133,658,328	4%	1	\$25,909,770	1%
361-540	0	\$0	0%	0	\$0	0%	0	\$0	0%
540+	0	\$0	0%	0	\$0	0%	0	\$0	0%
TOTAL	19	\$3,238,935,081	100%	24	\$3,072,703,005	100%	31	\$2,916,987,191	100%

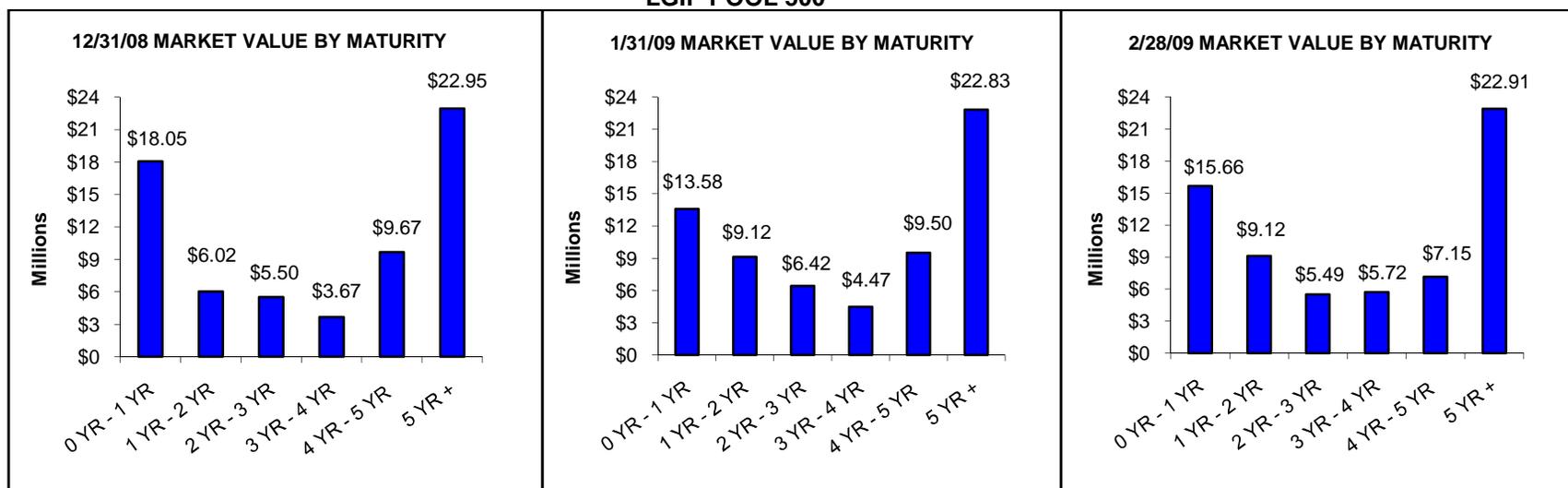
12/31/08	
MATURITY	WAM
0-30	7.26
31-90	7.26
91-180	1.71
181-360	9.39
361-540	0.00
540+	0.00
TOTAL	25.63

01/31/09	
MATURITY	WAM
0-30	6.53
31-90	11.27
91-180	1.39
181-360	8.39
361-540	0.00
540+	0.00
TOTAL	27.57

02/28/09	
MATURITY	WAM
0-30	5.89
31-90	8.39
91-180	9.36
181-360	1.90
361-540	0.00
540+	0.00
TOTAL	25.53

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	12/31/08			01/31/09			02/28/09		
	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
0 YR - 1 YR	28	\$18,045,392	27%	27	\$13,584,130	21%	26	\$15,656,270	24%
1 YR - 2 YR	17	\$6,017,957	9%	20	\$9,119,965	14%	20	\$9,117,487	14%
2 YR - 3 YR	14	\$5,500,716	8%	15	\$6,424,926	10%	13	\$5,493,283	8%
3 YR - 4 YR	8	\$3,669,304	6%	10	\$4,474,299	7%	12	\$5,716,551	9%
4 YR - 5 YR	19	\$9,669,107	15%	18	\$9,501,422	14%	15	\$7,145,233	11%
5 YR +	25	\$22,947,539	35%	26	\$22,832,794	35%	28	\$22,908,510	35%
TOTAL	111	\$65,850,015	100%	116	\$65,937,535	100%	114	\$66,037,333	100%

	12/31/2008	1/31/2009	2/28/2009
LGIP LT MONTHLY DURATION	1.31	1.38	1.31
MERRILL 1-5 US DOMESTIC MASTER INDEX	2.06	2.19	2.30

*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 February 28, 2009
(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	613
DECEMBER	2,181	1,893	804
JANUARY	2,390	1,875	739
FEBRUARY	2,396	1,652	542
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	\$798

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
FEBRUARY 2009**

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Distributed in Current Month

Recipient	February-09	Fiscal YTD 08/09	Fiscal YTD 07/08
101 A & M Colleges	\$22,686	\$181,698	\$261,825
102 State Hospital	\$11,186	\$89,596	\$130,343
103 Leg., Exec., & Jud.	\$16,072	\$128,732	\$172,131
104 Military Institute	\$1,269	\$10,161	\$13,485
105 Miners Hospital	\$20,025	\$160,395	\$208,063
107 Normal School ASU/NAU	\$6,345	\$50,823	\$67,323
108 Penitentiaries	\$16,874	\$135,163	\$188,389
109 Permanent Common School	\$4,521,984	\$36,221,184	\$46,194,213
110 School for Deaf & Blind	\$10,040	\$80,416	\$110,645
111 School of Mines	\$21,542	\$172,540	\$215,204
112 State Charitable-Pioneers Home	\$94,777	\$759,073	\$961,625
112 State Charitable-Corrections	\$47,388	\$379,534	\$480,814
112 State Charitable-Youth Treatment	\$47,388	\$379,534	\$480,814
113 University Fund	\$31,283	\$250,600	\$336,573
114 U of A Land - 1881	\$73,623	\$589,698	\$778,206
Total	\$4,942,482	\$39,589,146	\$50,599,653

Posted in USAS in current month

ENDOWMENT FUNDS
PORTFOLIO YIELD ANALYSIS
February 28, 2009

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FUND	DESCRIPTION	NET EARNINGS	SALES EARNINGS YIELD	AMORT/DISC EARNINGS YIELD	COUPON EARNINGS YIELD	NET YIELD
205	ENDOWMENTS - FIXED INCOME	4,660,185	0.0000%	-0.2710%	4.7759%	4.5049%
	TOTAL ENDOWMENTS - FIXED INCOME	4,660,185				

**RETURN ANALYSIS
ENDOWMENT FUNDS**

(\$ In Thousands)

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ENDOWMENT FUNDS	FEBRUARY 2009 MONEY WEIGHTED RETURN	FISCAL YEAR 2008/2009 MONEY WEIGHTED RETURN
101 A & M Colleges	-4.16%	-21.62%
102 State Hospital	-4.27%	-22.03%
103 Leg., Exec., & Jud.	-3.96%	-20.48%
104 Military Institute	-3.90%	-20.24%
105 Miners Hospital	-4.19%	-21.46%
107 Normal School ASU/NAU	-4.08%	-21.13%
108 Penitentiaries	-4.28%	-19.96%
109 Permanent Common School	-4.15%	-21.48%
110 School for Deaf & Blind	-3.98%	-20.64%
111 School of Mines	-4.08%	-21.14%
112 State Charitable	-4.26%	-21.97%
113 University Fund	-4.09%	-21.16%
114 U Of A Land - 1881	-4.07%	-21.13%
WEIGHTED PORTFOLIO RETURN	-4.15%	-17.24%
WEIGHTED BENCHMARK	-4.21%	-16.95%
S&P 500 EQUITY FUND RETURN:	-10.67%	-41.31%
S & P 500 LARGE CAP INDEX:	-10.65%	-41.48%
FIXED INCOME FUND RETURN:	-0.16%	3.74%
CITIGROUP BIG INDEX RETURN:	-0.29%	4.31%
S&P 400 EQUITY FUND RETURN:	-9.75%	-44.64%
S&P 400 MID-CAP INDEX:	-9.68%	-44.41%

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

	Dec-08	Jan-09	Feb-09	Dec-08	Jan-09	Feb-09
S&P 500	1.06%	-8.43%	-10.65%	903.25	825.88	735.09
S&P 400	4.85%	-7.25%	-9.68%	538.28	498.68	449.44
S&P 600	6.10%	-12.70%	-11.97%	268.73	234.32	205.97
DOW JONES	-0.60%	-8.84%	-11.72%	8776.39	8000.86	7062.93
NASDAQ	2.79%	-6.35%	-6.50%	1577.03	1476.42	1377.84

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund -----	Feb-09 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(32,732)	867,102
Equity Pool (500) Net Gain (Loss)	(782,320)	(27,301,852)
Equity Pool (400) Net Gain (Loss)	(7,722,276)	(31,068,752)
Totals	(8,537,328) =====	(57,503,502) =====

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of FEBRUARY 2009

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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>
FREDDIE MAC CMO	5.00	11/15/2028	2.77	\$7,511,243	\$7,734,233	4.79	Aaa/AAA
FREDDIE MAC CMO	5.00	2/15/2028	2.03	\$12,414,000	\$12,863,038	4.73	Aaa/AAA
FREDDIE MAC CMO	4.00	8/15/2023	3.36	\$10,000,000	\$10,203,125	3.83	Aaa/AAA
CONOCOPHILLIPS	5.75	2/1/2019	N/A	\$5,000,000	\$4,966,300	5.84	A1/A
WELLS FARGO MTG	5.00	1/25/2019	4.09	\$4,897,734	\$4,830,391	5.18	Aaa/AAA
TOTAL ENDOWMENT FUNDS PURCHASES				\$39,822,978	\$40,597,087		

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>
TOTAL ENDOWMENT FUNDS SALES			\$0	\$0	\$0	

*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 2009

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	1,125,875	\$19,788,039	\$16,889
S&P 500 Large-Cap Fund	855,014	\$19,112,854	\$12,826
TOTAL EQUITY PURCHASES	1,980,889	\$38,900,893	\$29,715

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	754,558	\$10,254,879	\$10,529
S&P 500 Large-Cap Fund	54,830	\$534,301	\$822
TOTAL EQUITY SALES	809,388	\$10,789,180	\$11,351

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2009
 (In Thousands)

State Treasurer's Report
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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>	2,504	2,280	1,569	(711)	
	<i>Shares in Fixed Income Fund</i>	2,765	3,070	4,120	1,050	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	817	781	812	31	
	Total	6,085	6,131	6,502	370	1.060
102	State Hospital					
	<i>Shares in S&P 500 Index Fund</i>	1,542	1,326	967	(359)	
	<i>Shares in Fixed Income Fund</i>	1,565	1,784	2,332	548	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	440	454	437	(17)	
	Total	3,546	3,564	3,735	172	1.048
103	Leg., Exec., & Jud.					
	<i>Shares in S&P 500 Index Fund</i>	1,944	1,912	1,218	(694)	
	<i>Shares in Fixed Income Fund</i>	2,332	2,574	3,475	901	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	632	655	629	(27)	
	Total	4,908	5,141	5,322	181	1.035
104	Military Institute					
	<i>Shares in S&P 500 Index Fund</i>	132	132	83	(49)	
	<i>Shares in Fixed Income Fund</i>	166	178	248	70	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	46	1	
	Total	345	355	377	22	1.061
105	Miners Hospital					
	<i>Shares in S&P 500 Index Fund</i>	3,736	3,668	2,342	(1,326)	
	<i>Shares in Fixed Income Fund</i>	3,900	4,927	5,811	884	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,052	1,256	1,047	(209)	
	Total	8,688	9,851	9,200	(651)	0.934

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
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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>	855	811	536	(275)	
	<i>Shares in Fixed Income Fund</i>	952	1,091	1,418	327	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	262	277	261	(17)	
	Total	2,069	2,179	2,215	36	1.016
108	Penitentiaries					
	<i>Shares in S&P 500 Index Fund</i>	3,171	2,875	1,988	(887)	
	<i>Shares in Fixed Income Fund</i>	3,231	3,865	4,814	949	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	925	985	920	(64)	
	Total	7,328	7,725	7,723	(2)	1.000
109	Permanent Common School					
	<i>Shares in S&P 500 Index Fund</i>	808,165	779,424	506,602	(272,822)	
	<i>Shares in Fixed Income Fund</i>	844,572	1,051,013	1,258,470	207,457	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	225,851	266,783	224,630	(42,153)	
	Total	1,878,589	2,097,220	1,989,702	(107,517)	0.949
110	School for Deaf & Blind					
	<i>Shares in S&P 500 Index Fund</i>	1,144	1,084	717	(367)	
	<i>Shares in Fixed Income Fund</i>	1,358	1,459	2,024	564	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	374	371	372	0	
	Total	2,875	2,915	3,112	197	1.068
111	School of Mines					
	<i>Shares in S&P 500 Index Fund</i>	2,864	2,796	1,796	(1,001)	
	<i>Shares in Fixed Income Fund</i>	3,194	3,760	4,759	999	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	879	957	874	(83)	
	Total	6,937	7,513	7,428	(85)	0.989

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
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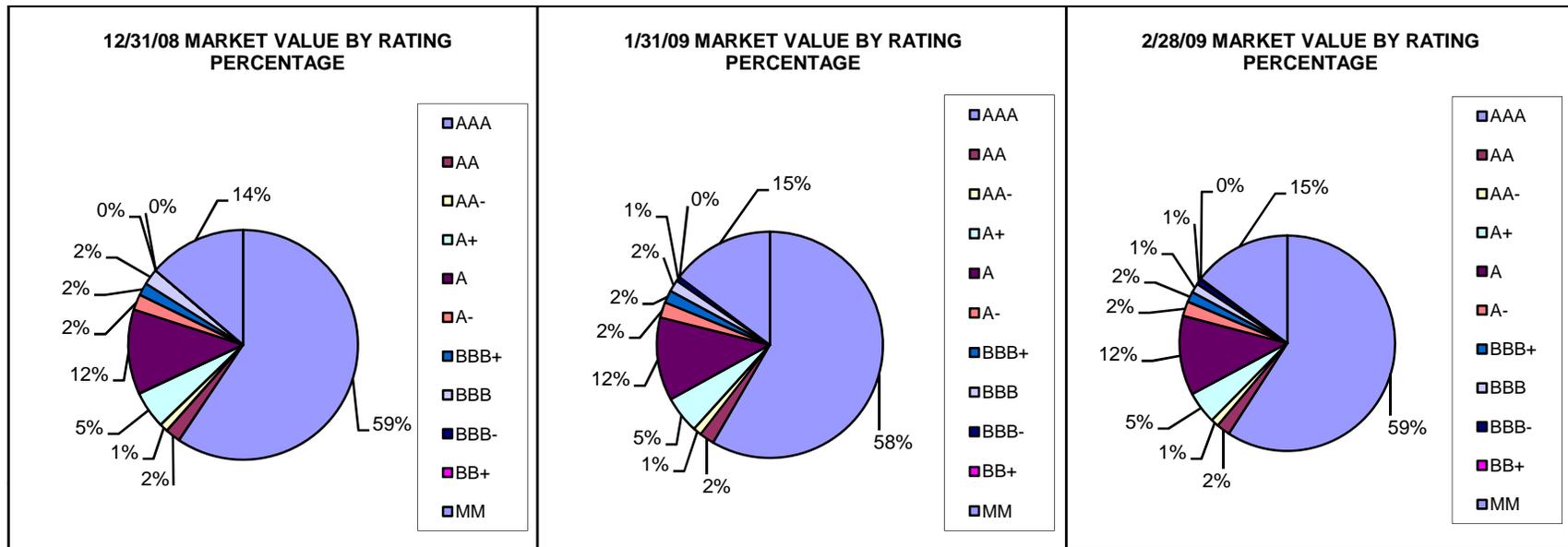
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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112	State Charitable					
	<i>Shares in S&P 500 Index Fund</i>	32,034	29,881	20,081	(9,801)	
	<i>Shares in Fixed Income Fund</i>	31,863	40,159	47,479	7,320	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	8,424	10,230	8,378	(1,852)	
	Total	72,321	80,270	75,937	(4,332)	0.946
113	University Fund					
	<i>Shares in S&P 500 Index Fund</i>	4,725	4,554	2,962	(1,592)	
	<i>Shares in Fixed Income Fund</i>	5,247	6,123	7,819	1,695	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,429	1,559	1,421	(139)	
	Total	11,401	12,236	12,201	(35)	0.997
114	U Of A Land - 1881					
	<i>Shares in S&P 500 Index Fund</i>	9,956	9,568	6,241	(3,327)	
	<i>Shares in Fixed Income Fund</i>	11,203	12,861	16,693	3,832	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,059	3,275	3,042	(233)	
	Total	24,218	25,704	25,977	272	1.011
TOTALS - ALL FUNDS						
	<i>Shares in S&P 500 Index Fund</i>	872,772	840,312	547,102	(293,210)	
	<i>Shares in Fixed Income Fund</i>	912,348	1,132,863	1,359,461	226,598	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	244,190	287,629	242,869	(44,760)	
	Grand Total	2,029,310	2,260,804	2,149,431	(111,373)	

ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&P 500 Index Fund</i>	43.01%	37.17%	25.45%
<i>Shares in Fixed Income Fund</i>	44.96%	50.11%	63.25%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.03%	12.72%	11.30%
Total	100.00%	100.00%	100.00%

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



	12/31/08			01/31/09			02/28/09		
RATING	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT	POSITIONS	MARKET VALUE	PERCENT
AAA	126	\$791,085,217	59%	128	\$773,628,336	58%	132	\$797,220,187	59%
AA	5	\$28,497,958	2%	5	\$28,172,650	2%	5	\$27,991,650	2%
AA-	2	\$15,795,973	1%	2	\$15,522,945	1%	2	\$15,397,120	1%
A+	12	\$70,016,123	5%	12	\$70,533,468	5%	11	\$65,148,806	5%
A	25	\$159,197,144	12%	25	\$157,574,821	12%	26	\$160,855,734	12%
A-	6	\$29,291,104	2%	6	\$29,522,730	2%	6	\$29,668,550	2%
BBB+	5	\$23,264,170	2%	5	\$23,777,690	2%	4	\$20,910,680	2%
BBB	5	\$30,441,075	2%	4	\$21,993,825	2%	3	\$19,045,200	1%
BBB-	0	\$0	0%	1	\$8,700,700	1%	2	\$10,839,290	1%
BB+	0	\$0	0%	0	\$0	0%	1	\$1,988,050	0%
MM	2	\$183,403,114	14%	2	\$195,521,528	15%	2	\$199,290,832	15%
TOTAL	188	\$1,330,991,877	100%	190	\$1,324,948,693	100%	194	\$1,348,356,099	100%

MM = MONEY MARKET (LGIP AND DREYFUS INST'L)

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	43,858	8.40%	8.40%	0.00%
		CONSUMER STAPLES	69,906	13.39%	13.39%	0.00%
		ENERGY	72,223	13.84%	13.84%	0.00%
		FINANCIALS	51,312	9.83%	9.82%	0.01%
		HEALTH CARE	81,482	15.61%	15.61%	0.00%
		INDUSTRIALS	51,087	9.79%	9.79%	0.00%
		INFORMATION TECHNOLOGY	91,021	17.44%	17.44%	0.00%
		MATERIALS	16,352	3.13%	3.13%	0.00%
		TELECOMMUNICATION SERVICES	21,216	4.06%	4.06%	0.00%
		UTILITIES	23,531	4.51%	4.51%	0.00%
		TOTALS LESS CASH / SPDR'S:	521,987	100.00%	100.00%	
		SPYDER'S	22,209			
		CASH **	2,905			
		TOTAL:	547,102			

*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		23,909	13.92%	15.76%	-1.85%
	CONSUMER STAPLES		10,046	5.85%	4.77%	1.07%
	ENERGY		12,791	7.44%	6.95%	0.50%
	FINANCIALS		27,107	15.78%	17.34%	-1.56%
	HEALTH CARE		26,524	15.44%	12.47%	2.97%
	INDUSTRIALS		22,481	13.08%	13.80%	-0.72%
	INFORMATION TECHNOLOGY		19,585	11.40%	13.74%	-2.34%
	MATERIALS		11,374	6.62%	6.66%	-0.04%
	TELECOMMUNICATION SERVICES		1,296	0.75%	0.78%	-0.02%
	UTILITIES		16,703	9.72%	7.73%	1.99%
	TOTALS LESS CASH / SPDR'S:		171,816	100.00%	100.00%	
	SPYDER'S		72,031			
	CASH **		(978)			
	TOTAL:		242,869			

*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	\$3,062	\$2,382	(\$680)
102	State Hospital	1,780	1,404	(376)
103	Leg., Exec., & Jud.	2,567	1,847	(720)
104	Military Institute	177	129	(48)
105	Miners Hospital	4,924	3,389	(1,535)
107	Normal School	1,088	797	(291)
108	Penitentiaries	3,860	2,908	(951)
109	Permanent Common School	1,046,207	731,232	(314,975)
110	School for Deaf & Blind	1,456	1,089	(367)
111	School of Mines	3,753	2,669	(1,084)
112	State Charitable	40,111	28,459	(11,652)
113	University Fund	6,113	4,383	(1,730)
114	U of A Land - 1881	12,843	9,283	(3,560)
	Totals:	<u>\$1,127,941</u>	<u>\$789,970</u>	<u>(\$337,971)</u>

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