

OFFICE OF THE  
**ARIZONA STATE TREASURER**



**HON. DEAN MARTIN  
TREASURER**



**OCTOBER 2009**

**Presented To:**

**Arizona State Board of Investment**

**NOVEMBER 24, 2009**

STATE BOARD OF INVESTMENT

**A G E N D A**

**November 24, 2009**

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports
  - A. Earnings Distribution; Investment Pools
  - B. LGIP Pools Investments and Performance Reports
  - C. State Agency Pools Investments and Performance Reports
  - D. Operating Monies Invested Balances
  - E. Endowment Investments and Performance Reports
5. Broker Activity Report
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/Pending Securities Dealers
8. General Business
  - A. Board of Investment Sunset Review
9. Call to the Public
10. Notice of Next Meeting
11. Adjournment

**REPORT OF THE STATE TREASURER**

**FOR**

**November 24, 2009**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on October 28, 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 1:40 p.m.

***Members Present:***

Dean Martin, Chair, State Treasurer  
David Raber, Interim Director of the Arizona Department of Administration  
Alan E. Maguire, President, The Maguire Company  
Beth Ford, Treasurer, Pima County, by teleconference  
Thomas Wood, 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, Senior 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  
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office  
Sheila W. Asher, Vice President Relationship Manager J. P. Morgan  
Nicole C. Franjevic, CPA, Office of the Auditor General  
Kathleen M. Wood, CPA, Office of the Auditor General

Pursuant to A.R.S. 35-311, the following reports for September, 2009 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

Earnings Distribution; Investment Pools  
LGIP Pools Investments and Performance Reports  
State Agency Pools Investments and Performance Reports  
Operating Monies Invested Balances  
Endowment Investments and Performance Reports

**1. Call to Order:**

Treasurer Martin called the October 28, 2009 BOI meeting to order at approximately 1:40 p.m.

**2. Treasurers Comments:**

Treasurer Martin welcomed board members and guests and thanked all present for attending the October 28, 2009 meeting.

**3. Approval of Minutes:**

Mr. Maguire made a motion to approve the minutes for the September 24, 2009 Board of Investment Meeting. Mr. Raber seconded the motion. Motion carried.

**4. Review of Treasurer's Monthly Report**

***Review of Treasurer's Monthly Report – LGIP Investment Pools:***

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

***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, 2009.

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

Mr. Petkiewicz reported the net yields for the LGIP and LGIP-Gov Pools, as well as the comparisons to their relative benchmarks for the month of September, 2009.

***Pool 500 Portfolio Yield Analysis***

Mr. Petkiewicz reported the net yield for the LGIP Long Term Pool and the comparison to the benchmark for the month of September, 2009.

***Manager Allocation of Invested Monies for the LGIP Pools***

Mr. Petkiewicz reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Long Term Pools for September 30, 2009.

*Mr. Maguire requested that Mr. Petkiewicz clarify the representation of the ratings presented on the Quality Rating Weightings graph.*

*Treasurer Martin asked Mr. Petkiewicz to explain what the NOW Accounts are for the Board. Mr. Petkiewicz stated that the NOW Accounts are a "negotiable order of withdrawal." He advised that "it is essentially a checking account, a negotiated agreement with the bank whereby we deposit or promise to deposit certain amounts of money and keep it in there for certain periods of time, but they do give us the flexibility to take money out as we need to." He added that "they are backed by the full faith and credit of the US Treasury, through the FDIC. The program is part of the TLGP Program. The Program was initially slated to end on December 31, 2009 but the program was extended to June 30, 2010."*

### ***LGIP Pools Investments and Performance Reports***

Mr. Petkiewicz reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Long Term pools for September 30, 2009.

*Treasurer Ford asked Mr. Petkiewicz what holdings in Pool 500 are not rated. Mr. Petkiewicz responded that he would have to get back to her on that question.*

### ***Review of Treasurer's Monthly Report – Agency Pools:***

Ms. Humbert presented the monthly report for the Agency Pools portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

### ***State Agency Pools Portfolio Yield Analysis***

Ms. Humbert reported the net yields for the State Agency Pools for the month of September, 2009.

### ***Manager Allocation of Invested Monies for the State Agency Pools***

Ms. Humbert reported the total market value of all of the State Agency Pools broken up to show the percent allocated to each individual State Agency Pool as of September 30, 2009.

### ***Investments Outstanding in State Agency Pools***

Ms. Humbert reported the total net assets, the weighted average life, the weighted average duration, the weighted average rating, and the total number of holdings for the State Agency Investment Pools as of September 30, 2009.

### ***Operating Monies Average Invested Balance***

Ms. Humbert reported the Operating Monies average invested balance for the month of September, 2009.

*State Treasurer's Report  
November 24, 2009 Meeting  
Minutes of the October 28, 2009 Meeting*

*Treasurer Martin advised the Board that we received stimulus money in September which has been spent. Referring to the chart "State Operating Balance: Actual vs Adjusted for One Time Transfers" he noted that the chart is showing that we continue on the same downward path.*

### **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:

#### ***Endowment Funds Yield Analysis***

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of September, 2009.

#### ***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, 2009 and FY10 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, 2009.

#### ***Equity Funds Purchases & Sales***

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

#### ***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, 2009.

#### ***Performance of Investments in Endowment Funds***

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of September 30, 2009.

#### ***Manager Allocation of Invested Monies for the Endowment Pools***

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of September 30, 2009.

***Equity Holdings Investments Outstanding S&P 500***

Mr. White reported the investments outstanding by portfolio characteristics and industry sector and for the S&P 500 Pool as of September 30, 2009.

***Equity Holdings Investments Outstanding S&P 400***

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of September 30, 2009.

***Fixed Income Investments and Performance Reports***

Mr. White reported the total net assets, the weighted average life, the weighted average duration, the weighted average yield to maturity, the weighted average rating, and the total number of holdings for the Fixed Income Pool for September 30, 2009.

***Endowment Investments and Performance Growth by Account Reports***

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of September, 2009.

***Approval of Treasurer's Report***

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

***5. Proposed Changes to Investment Policy***

There were no proposed changes to the Investment Policy this month.

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

There were no Securities Dealers to be approved this month.

***7. General Business:***

***A. RFQ Discussion***

*Mr. Tegland advised the board that the RFQ award was given to Bank of America. He added that the documents should be finalized within the next couple of weeks.*

***8. Call to the Public***

There was no public comment.

**9. Notice of Next Meeting:**

The Treasurer advised the Board that the next regular meeting of the Board of Investment will be Tuesday, November 24, 2009 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

**10. Adjournment:**

Mr. Maguire made a motion to adjourn the BOI meeting. Mr. Wood seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 2:37 p.m.

Respectfully Submitted by:

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Helen D. Garafola  
Executive Consultant

Approved by:

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Dean Martin, Chair

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Date:

**EARNINGS DISTRIBUTION - INVESTMENT POOLS**  
OCTOBER 2009

State Treasurer's Report  
November 24, 2009  
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<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>OCTOBER 2009</b>	<b>Fiscal YTD 09/10</b>	<b>Fiscal YTD 08/09</b>	
General Fund	\$1,947	\$339,296	\$7,871,139	
2 State Agencies I - Full Faith & Credit	947,118	7,262,957	\$12,556,007	114,727
3 State Agencies II - Diversified	1,098,899	7,425,619	\$17,894,514	248,858
4 State Agencies IV - Restricted Diversified	494,532	3,840,502	\$6,337,515	165,610
5 Local Governments	374,248	4,717,575	\$16,078,912	330,654
7 LGIP Gov't	197,894	3,363,771	\$17,510,901	538,724
12 CAWCD Medium-Term	327,739	2,288,094	\$1,797,938	23,658
15 GADA Long-Term	40,242	232,043	\$211,916	2,461
<b>Subtotal</b>	<b>\$3,482,620</b>	<b>\$29,469,857</b>	<b>\$80,258,842</b>	<b>\$1,424,691</b>
<b>NAV POOL</b>				
500 LGIP LT	165,513	717,881	809,060	14,938
<b>Total</b>	<b>\$3,648,133</b>	<b>\$30,187,738</b>	<b>\$81,067,902</b>	<b>\$1,439,629</b>

**LGIP & LGIP-GOV**  
**PORTFOLIO YIELD ANALYSIS**  
 October 31, 2009

State Treasurer's Report  
 November 24, 2009  
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FUND	DESCRIPTION	NET EARNINGS
5	LGIP	374,356
7	LGIP - GOV	197,969
<b>TOTAL LGIP &amp; LGIP-GOV</b>		<b>572,325</b>

		08/31/09	09/30/09	10/31/09
5	LGIP MONTHLY YIELD (NET)	0.25%	0.29%	0.28%
	S & P LGIP INDEX YIELD	0.33%	0.31%	0.26%
	LGIP YTD YIELD (NET)	0.34%	0.32%	0.31%
	S & P LGIP YTD INDEX YIELD	0.36%	0.34%	0.32%
7	LGIP - GOV MONTHLY YIELD (NET)	0.07%	0.11%	0.08%
	3 MONTH T-BILL	0.16%	0.11%	0.06%
	* S & P LGIP - GOV INDEX YIELD	0.33%	0.30%	0.22%
	LGIP - GOV YTD YIELD (NET)	0.13%	0.12%	0.11%
	YTD 3 MONTH T-BILL	0.17%	0.15%	0.13%
	* S & P LGIP - GOV YTD INDEX YIELD	0.34%	0.33%	0.30%

\* 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, 2009

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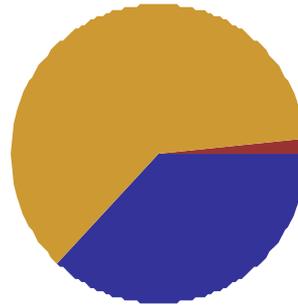
FUND	DESCRIPTION	NET EARNINGS
500	LGIP LONG TERM POOL	165,513
	<b>TOTAL LGIP LONG TERM POOL</b>	<b>165,513</b>

	08/31/09	09/30/09	10/31/09
<b>LGIP LONG TERM MONTHLY YIELD (NET)</b>	3.01%	3.29%	2.76%
<b>MERRILL 1-5 US D M INDEX MONTHLY YIELD</b>	2.67%	2.43%	2.31%
<b>LGIP LONG TERM YTD YIELD (NET)</b>	3.01%	3.10%	3.02%
<b>MERRILL 1-5 US D M INDEX YTD YIELD</b>	2.76%	2.65%	2.56%

## Manager Allocation - Monthly Arizona State Treasury (05509) As at October 2009

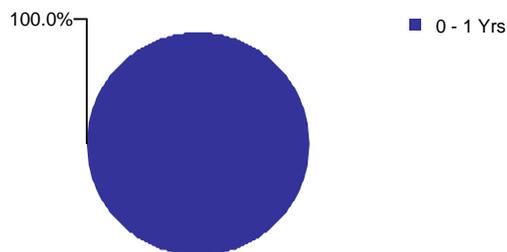
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,587.18	37.0%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	72.98	1.7%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	2,623.85	61.2%
<b>TOTAL</b>	<b>4,284.02</b>	<b>100.0%</b>

- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)



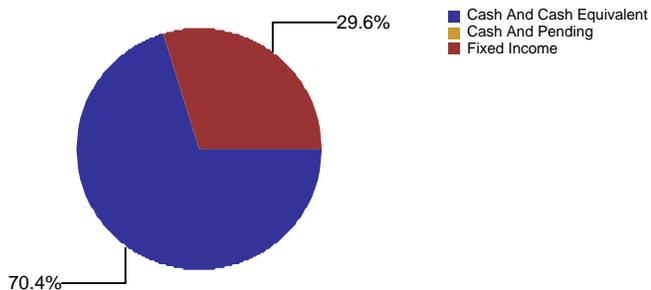
Portfolio Characteristics

Total Net Assets (Millions) **1,587.2**  
 Weighted Average Life (Years) **0.24**  
 Weighted Avg. Effective Duration (Years) **0.07**  
 Weighted Average Rating **AAA**  
 Number of Holdings **51**



Asset Mix

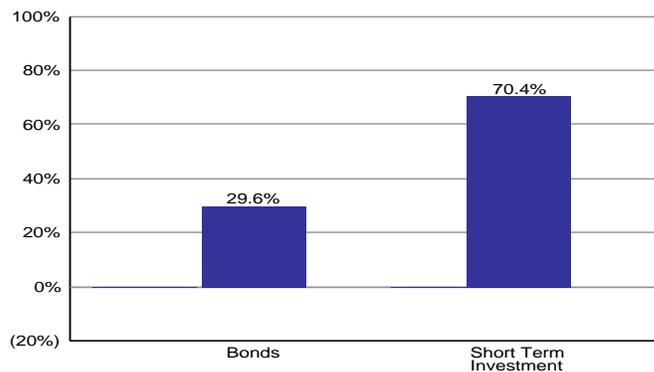
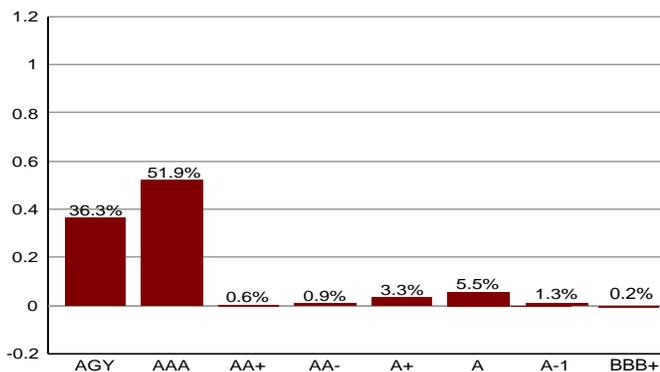
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
766553D	FDIC-CITIBANK NOW ACCOUNT 0.40% 15/DE	18.90%	0.40	15/12/2009
892995T50	ARIZONA TREASURY REPO	17.15%	0.00	1/11/2009
925258D	FDIC-CITIBANK NOW 9/21 ACCOUNT 0.40%	6.30%	0.40	15/12/2009
925257D	FDIC-CITIBANK NOW 9/18 ACCOUNT	3.15%	0.40	15/12/2009
313589PA5	FEDERAL NATL MTG ASSN DISC NT MATURES	3.15%	0.00	9/11/2009
313589QQ9	FEDERAL NATL MTG ASSN DISC NT MATURES	3.15%	0.00	17/12/2009
3133XTLZ7	FEDERAL HOME LOAN BANKS CONS BD FLT 1	3.15%	0.00	29/4/2010
46623ECW7	JP MORGAN CHASE & CO VAR 07/MAY/2010	2.52%	0.51	7/5/2010
313589SA2	FEDERAL NATL MTG ASSN DISC NT MATURES	2.20%	0.00	20/1/2010
313385PZ3	FEDL HOME LOAN BK CONS DISC NT MATURE	2.20%	0.00	2/12/2009

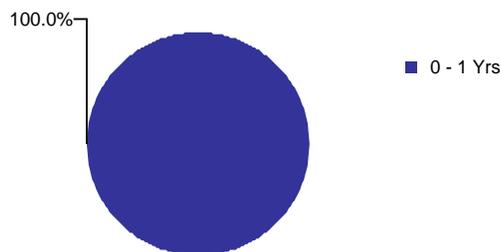
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



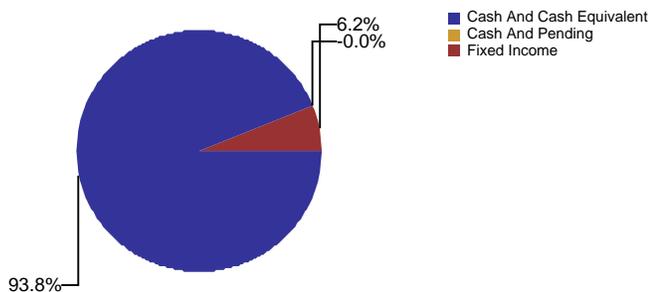
Portfolio Characteristics

Total Net Assets (Millions) **2,623.8**  
 Weighted Average Life (Years) **0.07**  
 Weighted Avg. Effective Duration (Years) **0.05**  
 Weighted Average Rating **AAA**  
 Number of Holdings **23**



Asset Mix

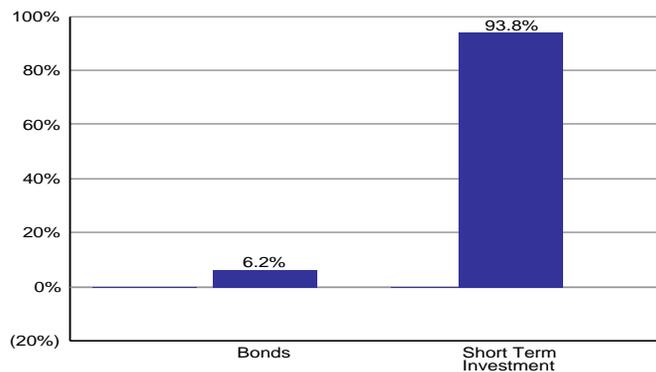
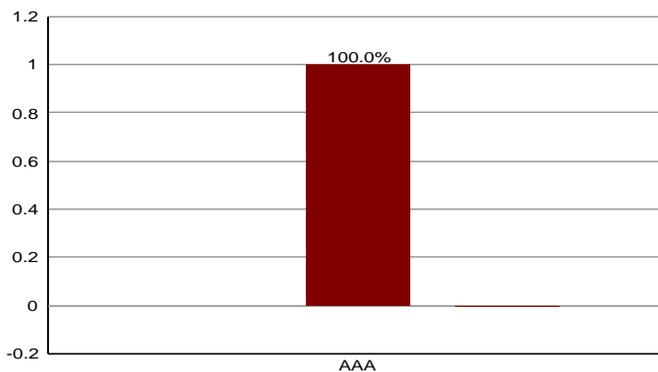
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	35.12%	0.00	1/11/2009
15199F204	TRI-PARTY REPO DEUTSCHE BANK 0.08% 16	19.05%	0.08	16/11/2009
60699A537	TRI PARTY REPO MIZUHO SECURITIES 0.08	7.62%	0.08	16/11/2009
925258D	FDIC-CITIBANK NOW 9/21 ACCOUNT 0.40%	5.72%	0.40	15/12/2009
925256D	FDIC-CITIBANK NOW 9/25 ACCOUNT 0.40%	5.72%	0.40	15/12/2009
912795S51	UNITED STATES TREAS BILLS DT	3.43%	0.00	19/11/2009
912795R60	UNITED STATES TREAS BILLS DT	2.48%	0.00	31/12/2009
912828DR8	US TREASURY NOTE 4% DUE 15/APR/2010	1.94%	4.00	15/4/2010
912828DL1	UNITED STATES OF AMER TREAS NOTES 3.5	1.94%	3.50	15/2/2010
912828HL7	UNITED STATES OF AMER TREAS NOTES 3.2	1.94%	3.25	31/12/2009

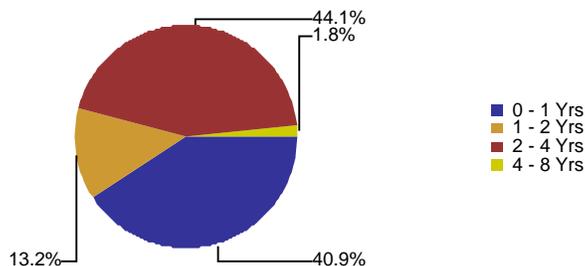
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



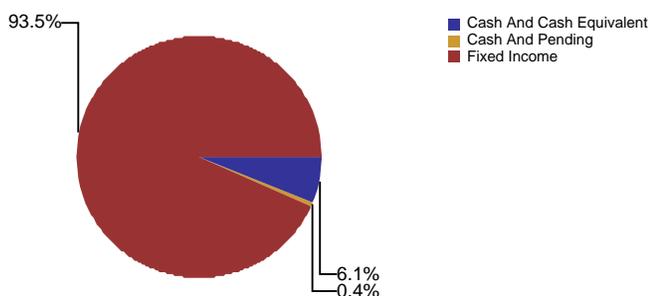
Portfolio Characteristics

Total Net Assets (Millions) **73.0**  
 Weighted Average Life (Years) **1.76**  
 Weighted Avg. Effective Duration (Years) **1.60**  
 Weighted Average Rating **AAA**  
 Number of Holdings **124**



Asset Mix

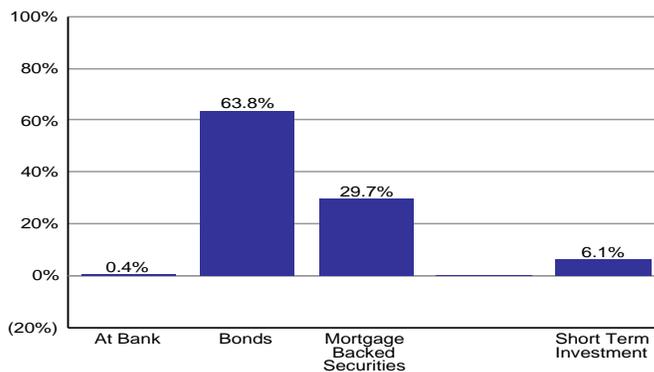
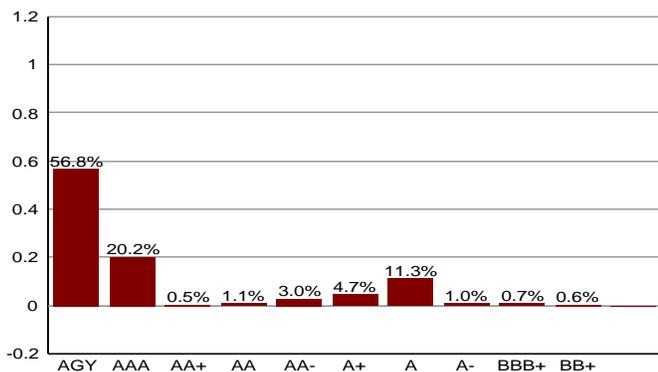
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31417SJP6	FNMA MORTPASS 4.5% 01/OCT/2024 CI PN#	2.87%	4.50	1/10/2024
3128MMKJ1	FHLMCGLD MORTPASS 4.5% 01/FEB/2024 G1	2.80%	4.50	1/2/2024
3128X8KN1	FEDERAL HOME LN MTG CORP CALL 2.4%17/	2.78%	2.40	17/2/2012
3128X8QH8	FEDERAL HOME LOAN MORTGAGE CORP 2% NT	2.77%	2.00	26/7/2010
313385PA8	FEDL HOME LOAN BK CONS DISC NT MATURE	2.30%	0.00	9/11/2009
31371MAT4	FNMA MORTPASS 5.0% 01/APR/2015 POOL#2	2.04%	5.00	1/4/2015
31416BN38	FNMA MORTPASS 5.5% 01/NOV/2018 CI PN#	1.70%	5.50	1/11/2018
31403DHB8	FNMA MORTPASS 6% 01/MAY/2021 CI PN# 7	1.68%	6.00	1/5/2021
3128MBZR1	FHLMCGLD MORTPASS 6% 01/FEB/2019 G1 P	1.64%	6.00	1/2/2019
31413MFY8	FNMA MORTPASS 6% 01/AUG/2022 CI PN# 9	1.60%	6.00	1/8/2022

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS  
PORTFOLIO YIELD ANALYSIS**  
October 31, 2009

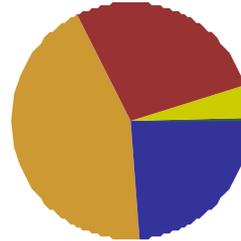
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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
2	STATE AGENCIES I - FULL FAITH & CREDIT	947,930	1.9800%
3	STATE AGENCIES II - DIVERSIFIED	1,099,455	1.0800%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	494,928	0.7400%
12	CAWCD MEDIUM TERM	327,739	3.2100%
15	GADA	40,242	3.8900%
	<b>TOTAL STATE AGENCIES</b>	<b>2,910,294</b>	

## Manager Allocation - Monthly Arizona State Treasury (05509) As at October 2009

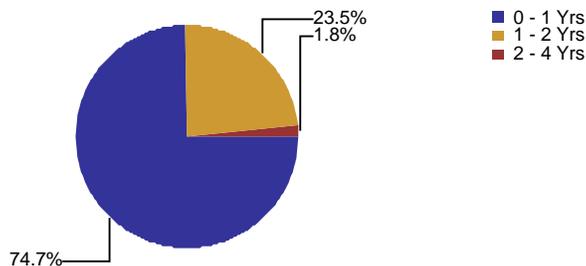
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	122.16	4.5%
State of Arizona - Pool 15 (GADA) (10327600)	12.38	0.5%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	644.13	23.6%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,196.82	43.9%
State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)	751.60	27.6%
<b>TOTAL</b>	<b>2,727.09</b>	<b>100.0%</b>

- State of Arizona - Pool 2 (State Agency - FF&C) (10327000)
- State of Arizona - Pool 3 (State Agency - Diversified) (10327100)
- State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)
- State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)
- State of Arizona - Pool 15 (GADA) (10327600)



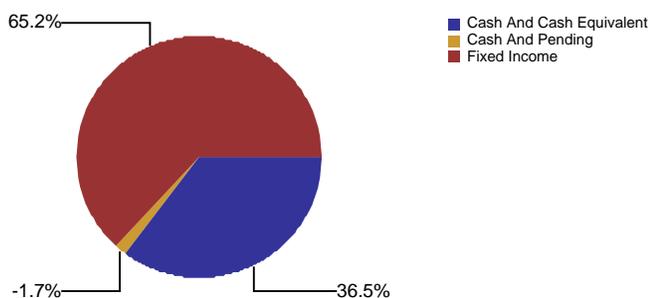
Portfolio Characteristics

Total Net Assets (Millions) **644.1**  
 Weighted Average Life (Years) **0.72**  
 Weighted Avg. Effective Duration (Years) **0.50**  
 Weighted Average Rating **AAA**  
 Number of Holdings **58**



Asset Mix

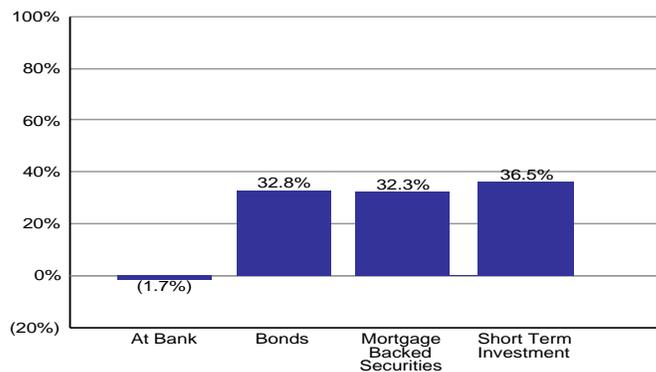
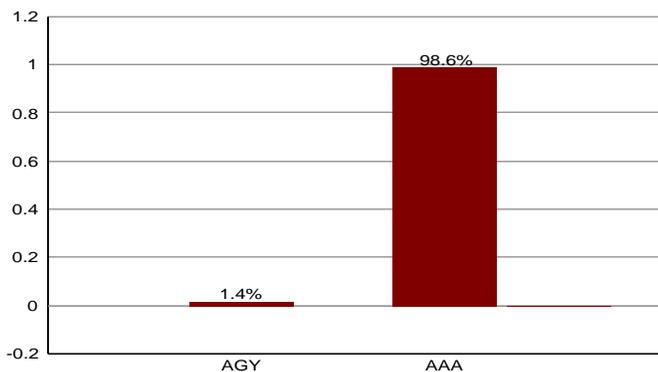
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	31.88%	0.00	1/11/2009
38374J6E1	GNMA REMIC TRUST 2004-93 PB 16/DEC/20	3.24%	5.00	16/12/2032
912828ED8	UNITED STATES OF AMER TREAS NOTES 4.1	3.22%	4.12	15/8/2010
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 US	3.21%	2.75	10/12/2010
912828JA9	UNITED STATES TREAS NTS 2.625% 31/MAY	3.18%	2.63	31/5/2010
36967HAG2	GENERAL ELECTRIC CAPITAL CORP SER'G'1	3.15%	1.62	7/1/2011
36241KM54	GNMA I MORTPASS 5% 15/APR/2021 JP PN#	2.95%	5.00	15/4/2021
38373YG65	GINNIE MAE 2003-00 TC-MX 4.500% 16/MA	2.85%	4.50	16/5/2031
38374GKR2	GINNIE MAE 2004-29 B-MX 5.000% 16/AUG	2.73%	5.00	16/8/2029
38374HX21	GINNIE MAE 2004-75 OA-MX 4.000% 20/MA	1.86%	4.00	20/3/2030

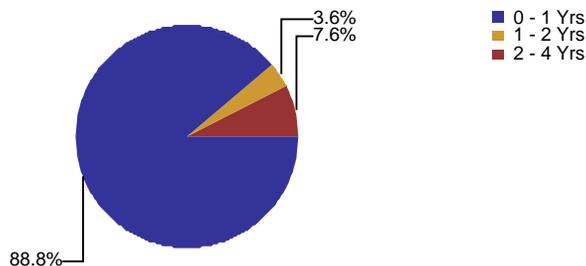
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



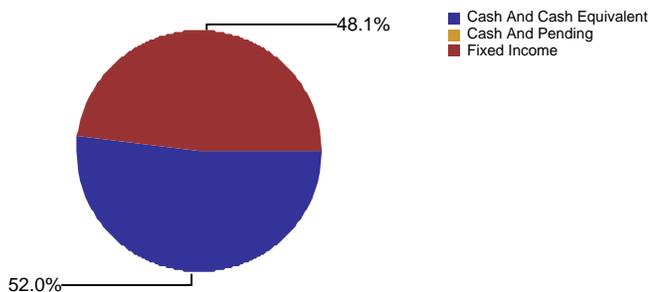
Portfolio Characteristics

Total Net Assets (Millions) **1,196.8**  
 Weighted Average Life (Years) **0.70**  
 Weighted Avg. Effective Duration (Years) **0.28**  
 Weighted Average Rating **AA**  
 Number of Holdings **63**



Asset Mix

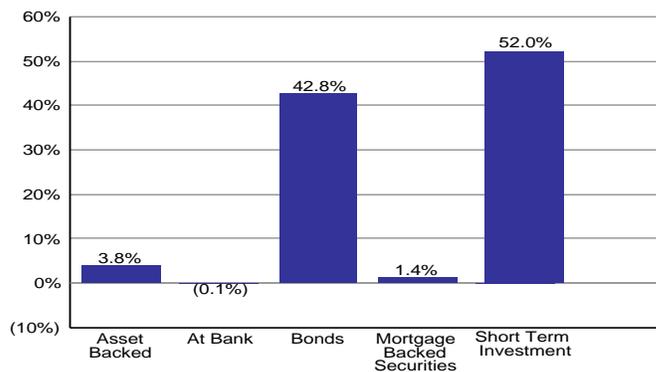
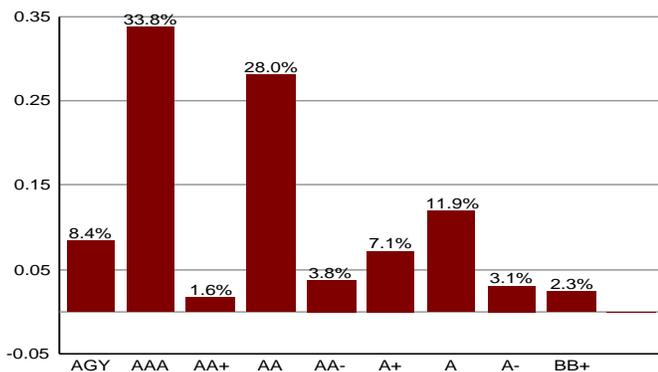
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
919050B	ARIZONA WARRANT NOTE 1.15% 31/DEC/204	26.21%	0.00	31/12/2049
892995T50	ARIZONA TREASURY REPO	25.23%	0.00	1/11/2009
172967EG2	CITIGROUP INC VAR 13/AUG/2010	4.17%	0.60	13/8/2010
36962G2H6	GENERAL ELECTRIC CAPITAL CORP FLTG RA	2.73%	0.33	12/3/2010
46623ECW7	JP MORGAN CHASE & CO VAR 07/MAY/2010	2.51%	0.51	7/5/2010
59018YE72	MERRILL LYNCH & CO INC FLTG RATE NTS	2.08%	0.54	5/6/2012
88319QM26	TEXTRON FINL CORP MTN BE VR	1.89%	1.20	14/2/2011
931142CF8	WAL-MART STORES INC 5% BDS 05/APR/201	1.81%	5.00	5/4/2012
3133XUJS3	FEDERAL HOME LOAN BANKS 2.3% BDS 24/A	1.68%	2.30	24/8/2012
86787ARQ0	SUNTRUST BANK VAR 06/NOV/2009	1.67%	0.28	6/11/2009

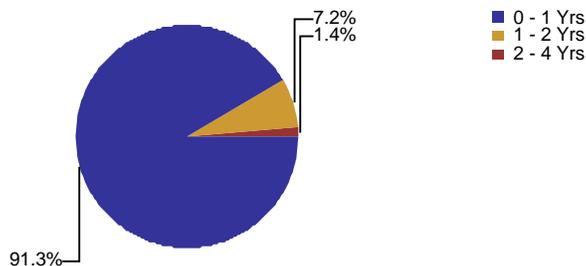
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



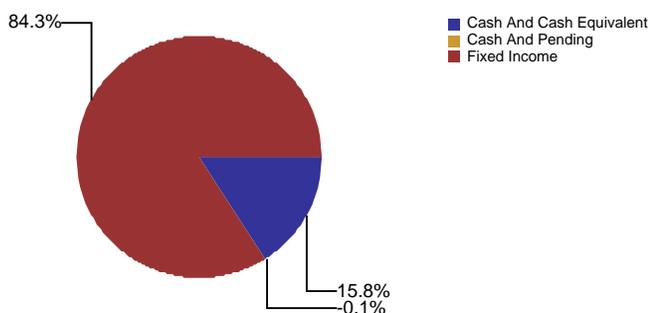
Portfolio Characteristics

Total Net Assets (Millions) **751.6**  
 Weighted Average Life (Years) **1.54**  
 Weighted Avg. Effective Duration (Years) **0.41**  
 Weighted Average Rating **AGY**  
 Number of Holdings **61**



Asset Mix

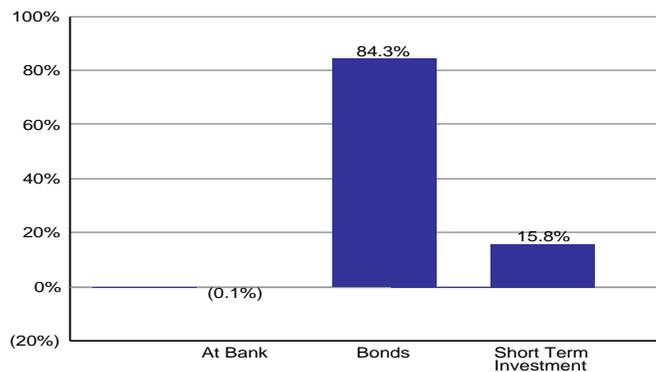
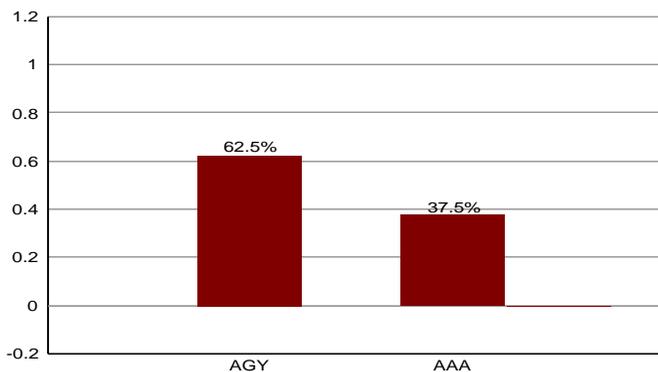
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
892995T50	ARIZONA TREASURY REPO	13.11%	0.00	1/11/2009
9128275Z1	UNITED STATES OF AMER TREAS NOTES 6.5	8.23%	6.50	15/2/2010
3128X8RR5	FEDERAL HOME LOAN MORTGAGE CORP 2.625	4.71%	2.62	19/3/2012
31331GEL9	FEDERAL FARM CR BKS GLOBAL CONS BD 4.	3.40%	4.40	18/11/2013
446436AB3	HUNTINGTON NATL BK FDIC TLGP GTD NT F	3.37%	0.76	1/6/2012
31359M2S1	FEDERAL NATIONAL MORTGAGE ASSOC 4.625	2.72%	4.62	15/12/2009
3128X82R2	FHLMC 1.50% 29/JUN/2012	2.69%	1.50	29/6/2012
3136F95T6	FEDERAL NATL MTG ASSN CALL STEP 27/JA	2.67%	1.25	27/1/2011
912795Q53	UNITED STATES TREAS BILLS DT	2.66%	0.00	27/11/2009
3128X8SK9	FEDERAL HOME LN MTG CORP CALL 2.5%23/	2.52%	2.50	23/3/2012

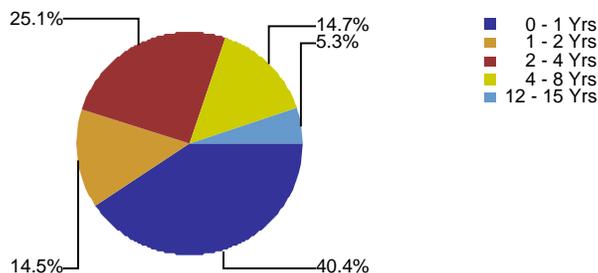
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



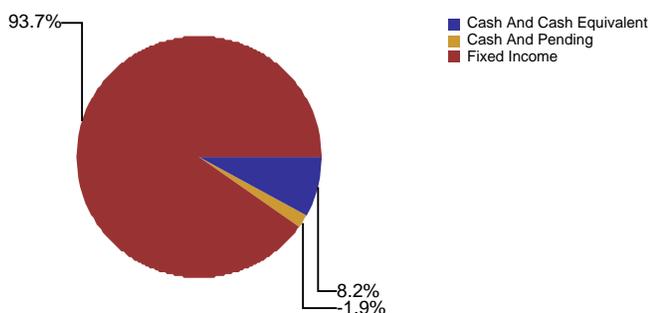
Portfolio Characteristics

Total Net Assets (Millions) **122.2**  
 Weighted Average Life (Years) **5.36**  
 Weighted Avg. Effective Duration (Years) **2.63**  
 Weighted Average Rating **AA+**  
 Number of Holdings **72**



Asset Mix

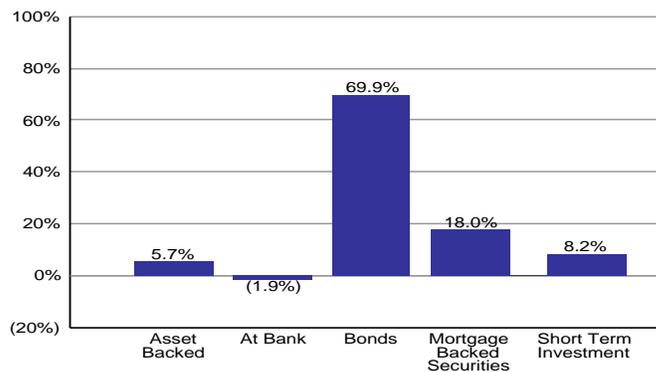
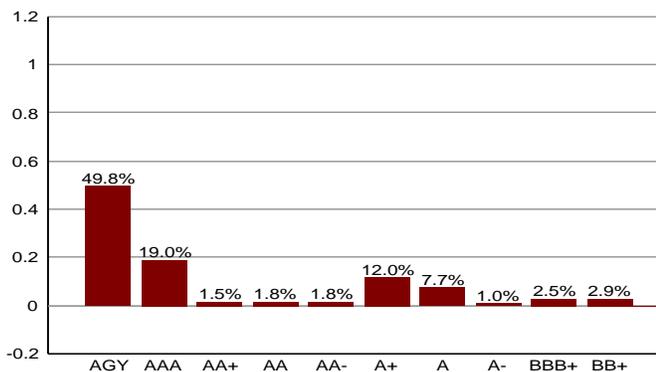
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	8.25%	0.02	25/10/2019
31398ARC8	FEDERAL NATIONAL MORTGAGE ASSOC 4.12%	4.18%	4.12	6/5/2013
31398AST0	FEDERAL NATIONAL MORTGAGE ASSOC 4.15%	4.18%	4.15	13/1/2012
3128X6XS0	FEDERAL HOME LN MTG CORP 5.55%25/JAN/	4.17%	5.55	25/1/2023
3133XMXZ9	FEDERAL HOME LN BKS CONS BD FLT 12 16	4.08%	0.59	16/11/2012
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 C	4.00%	0.40	15/2/2017
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5	3.49%	5.63	1/10/2038
459200GJ4	INTERNATIONAL BUS MACH CORP 5.7% BDS	3.04%	5.70	14/9/2017
31393MGQ8	FREDDIE MAC 2585 CJ MAC 4.500% 15/DEC	2.32%	4.50	15/12/2032
31393C4C4	FANNIE MAE 2003-66 PA 3.500% 25/FEB/2	1.89%	3.50	25/2/2033

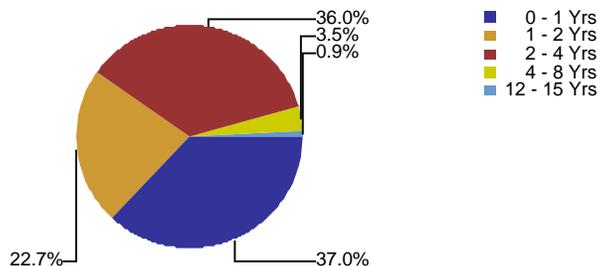
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



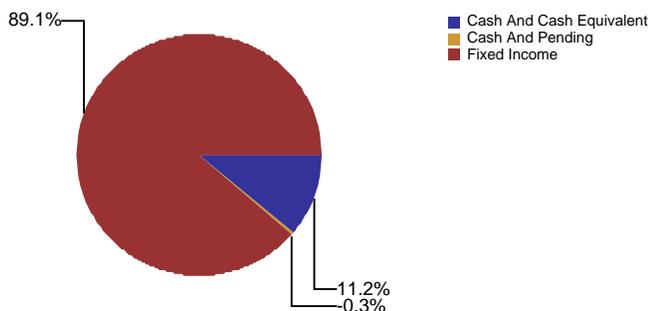
Portfolio Characteristics

Total Net Assets (Millions) **12.4**  
 Weighted Average Life (Years) **4.31**  
 Weighted Avg. Effective Duration (Years) **1.66**  
 Weighted Average Rating **AAA**  
 Number of Holdings **24**



Asset Mix

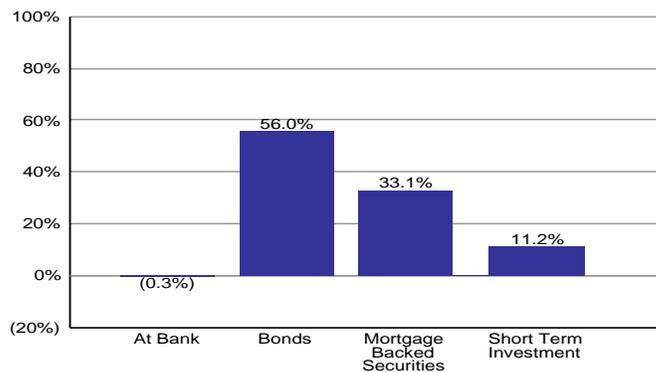
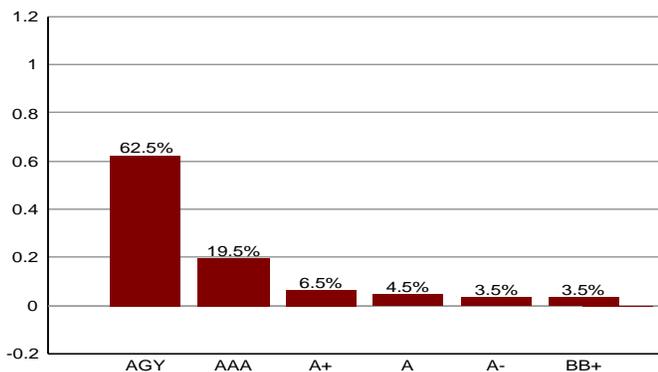
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL #	16.69%	4.50	1/9/2018
928989383	JP MORGAN U S GOVT AGENCY SHARES	11.25%	0.02	25/10/2019
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP P	7.70%	4.50	15/2/2021
31396WBV7	FEDERAL NATL MTG ASSOC 5.5% 25/JUN/20	5.95%	5.50	25/6/2027
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2	4.74%	6.95	15/3/2014
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/20	4.53%	7.12	15/11/2012
3128X7U36	FEDERAL HOME LOAN MORTGAGE CORP	4.17%	3.75	30/7/2010
31331GZG7	FEDERAL FARM CR BKS GLOBAL CONS BD 4.	4.16%	4.25	23/6/2016
3133XNH85	FEDERAL HOME LN BKS 5.25% 18/DEC/2017	4.14%	5.25	18/12/2017
31398ARC8	FEDERAL NATIONAL MORTGAGE ASSOC 4.12%	4.12%	4.12	6/5/2013

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



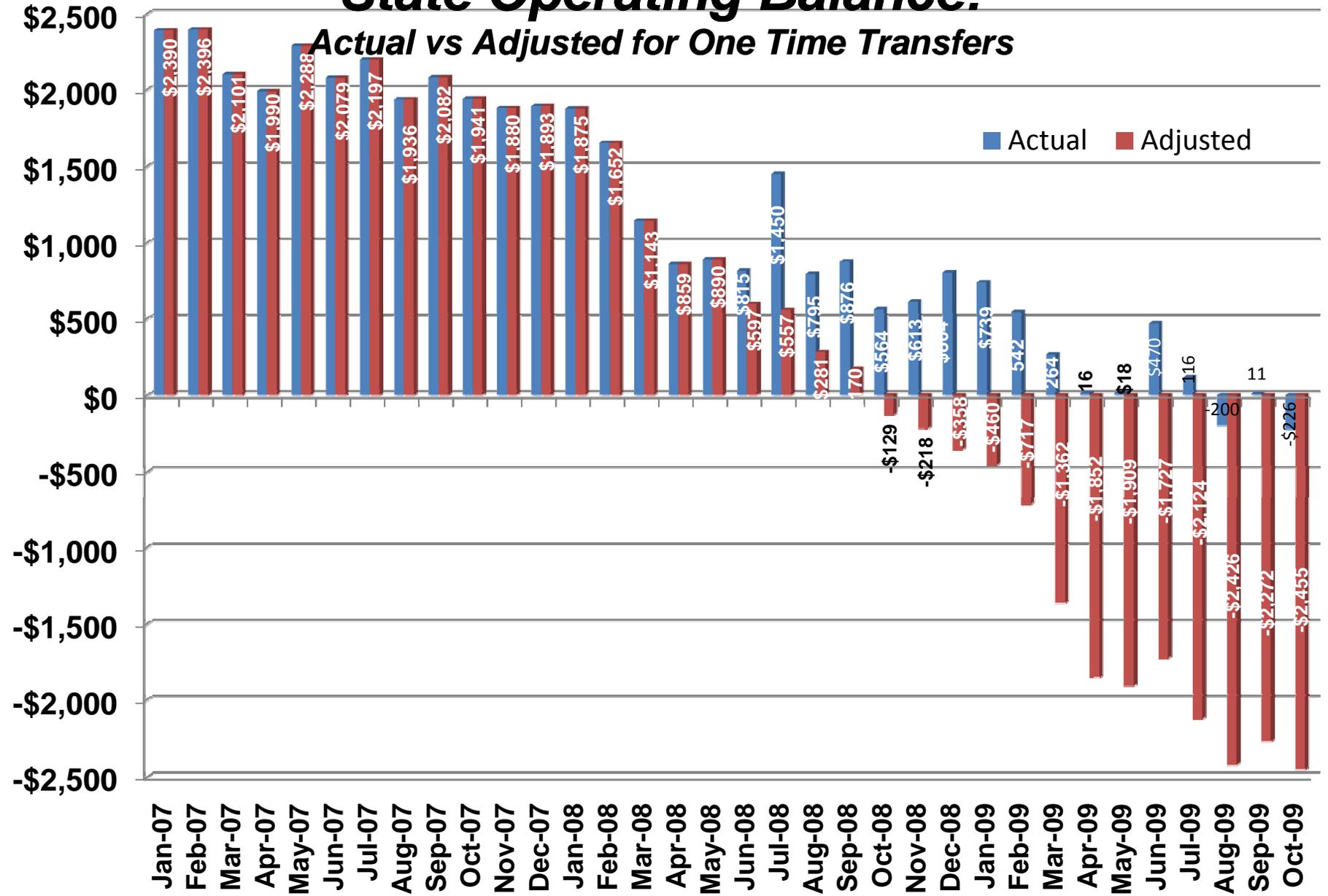
**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**  
Through October 31, 2009  
(in millions of dollars)

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<u>Month</u>	<u>Fiscal Year</u> <u>2007/2008</u>	<u>Fiscal Year</u> <u>2008/2009</u>	<u>Fiscal Year</u> <u>2009/2010</u>
JULY	2,197	1,450	116
AUGUST	1,936	795	(200)
SEPTEMBER	2,082	876	11
OCTOBER	1,941	564	(224)
NOVEMBER	1,880	613	
DECEMBER	1,893	804	
JANUARY	1,875	739	
FEBRUARY	1,652	542	
MARCH	1,143	264	
APRIL	859	16	
MAY	890	18	
JUNE	815	470	
<b>Y-T-D</b>			
<b>Average</b>	<b>\$1,597</b>	<b>\$596</b>	<b>(\$74)</b>

# State Operating Balance:

## Actual vs Adjusted for One Time Transfers



**ENDOWMENT FUNDS**  
**PORTFOLIO YIELD ANALYSIS**  
October 31, 2009

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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
205	ENDOWMENTS - FIXED INCOME	4,492,462	5.8600%
	<b>TOTAL ENDOWMENTS - FIXED INCOME</b>	<b>4,492,462</b>	

**NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS**

Endowment Fund -----	Oct-09 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(36,367)	(2,106,033)
Equity Pool (500) Net Gain (Loss)	117,871	(1,466,523)
Equity Pool (400) Net Gain (Loss)	521,875	586,449
<b>Totals</b>	<b>603,379</b> =====	<b>(2,986,107)</b> =====

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
 Month of October 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&amp;P RATING</u>
FNMA	2.05	10/19/2012	N/A	\$10,000,000	\$10,014,500	2.00%	Aaa/AAA
FNMA MBS	6.02	9/25/2039	3.36	\$5,000,000	\$5,209,470	3.44%	Aaa/AAA
FHLB	1.13	10/15/2012	N/A	\$9,000,000	\$9,004,005	1.08%	Aaa/AAA
FHLMC	4.75	1/18/2011	N/A	\$5,000,000	\$5,268,870	0.53%	Aaa/AAA
U S TREASURY NOTE	8.12	8/15/2019	N/A	\$5,000,000	\$7,030,078	3.27%	Aaa/AAA
U S TREASURY NOTE	4.25	11/15/2014	N/A	\$5,000,000	\$5,443,945	2.38%	Aaa/AAA
U S TREASURY NOTE	4.25	8/15/2015	N/A	\$5,000,000	\$5,423,633	2.67%	Aaa/AAA
U S TREASURY NOTE	1.38	10/15/2012	N/A	\$5,000,000	\$4,991,660	1.43%	Aaa/AAA
U S TREASURY NOTE	4.00	8/15/2018	N/A	\$5,000,000	\$5,327,539	3.15%	Aaa/AAA
				<b>\$54,000,000</b>	<b>\$57,713,701</b>		
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>							

**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&amp;P RATING</u>
PITNEY BOEWS INC.	4.75	5/15/2018	\$5,000,000	\$5,027,450	\$32,376	A1/A
			<b>\$5,000,000</b>	<b>\$5,027,450</b>	<b>\$32,376</b>	
<b>TOTAL ENDOWMENT FUNDS SALES</b>						

\*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 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	367,092	\$10,822,582	\$5,507
S&P 500 Large-Cap Fund	179,509	\$4,925,482	\$2,694
<b>TOTAL EQUITY PURCHASES</b>	<b>546,601</b>	<b>\$15,748,064</b>	<b>\$8,201</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	314,692	\$7,409,976	\$4,687
S&P 500 Large-Cap Fund	217	\$22,512	\$2
<b>TOTAL EQUITY SALES</b>	<b>314,909</b>	<b>\$7,432,488</b>	<b>\$4,689</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
OCTOBER 31, 2009  
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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	<b>Mkt Value/ Book Value</b>
101 A & M Colleges					
<i>Shares in S&amp;P 500 Index Fund</i>	2,499	2,268	2,240	(28)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	808	776	1,131	354	
<i>Shares in Fixed Income Fund</i>	2,721	3,044	4,309	1,265	
Total	6,028	6,089	7,680	1,592	<b>1.261</b>
102 State Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	1,564	1,341	1,402	61	
<i>Shares in Mid-Cap 400 Equity Fund</i>	442	459	619	160	
<i>Shares in Fixed Income Fund</i>	1,559	1,801	2,469	669	
Total	3,566	3,601	4,490	889	<b>1.247</b>
103 Leg., Exec., & Jud.					
<i>Shares in S&amp;P 500 Index Fund</i>	1,950	1,906	1,748	(158)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	627	653	878	225	
<i>Shares in Fixed Income Fund</i>	2,299	2,559	3,642	1,083	
Total	4,877	5,117	6,267	1,150	<b>1.225</b>
104 Military Institute					
<i>Shares in S&amp;P 500 Index Fund</i>	132	131	118	(13)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	64	19	
<i>Shares in Fixed Income Fund</i>	163	176	259	83	
Total	341	352	441	89	<b>1.253</b>
105 Miners Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	3,828	3,726	3,432	(295)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,068	1,275	1,494	218	
<i>Shares in Fixed Income Fund</i>	3,922	5,002	6,211	1,209	
Total	8,818	10,004	11,136	1,133	<b>1.113</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
OCTOBER 31, 2009  
(In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	<b>Mkt Value/ Book Value</b>
107 Normal School ASU/NAU					
<i>Shares in S&amp;P 500 Index Fund</i>	876	824	786	(38)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	265	282	371	89	
<i>Shares in Fixed Income Fund</i>	950	1,106	1,505	399	
Total	2,091	2,211	2,661	449	<b>1.203</b>
108 Penitentiaries					
<i>Shares in S&amp;P 500 Index Fund</i>	3,208	2,897	2,876	(21)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	929	992	1,300	308	
<i>Shares in Fixed Income Fund</i>	3,224	3,888	5,105	1,217	
Total	7,360	7,777	9,281	1,504	<b>1.193</b>
109 Permanent Common School					
<i>Shares in S&amp;P 500 Index Fund</i>	813,982	783,484	729,615	(53,869)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	226,937	268,172	317,540	49,368	
<i>Shares in Fixed Income Fund</i>	837,610	1,051,656	1,326,603	274,947	
Total	1,878,529	2,103,312	2,373,758	270,447	<b>1.129</b>
110 School for Deaf & Blind					
<i>Shares in S&amp;P 500 Index Fund</i>	1,143	1,078	1,024	(54)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	370	369	518	149	
<i>Shares in Fixed Income Fund</i>	1,337	1,448	2,117	669	
Total	2,850	2,895	3,659	764	<b>1.264</b>
111 School of Mines					
<i>Shares in S&amp;P 500 Index Fund</i>	2,861	2,777	2,565	(212)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	871	951	1,218	267	
<i>Shares in Fixed Income Fund</i>	3,147	3,728	4,985	1,257	
Total	6,879	7,455	8,768	1,312	<b>1.176</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
OCTOBER 31, 2009  
(In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	<b>Mkt Value/ Book Value</b>
112 State Charitable					
<i>Shares in S&amp;P 500 Index Fund</i>	29,786	27,735	26,698	(1,037)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,817	9,493	10,938	1,445	
<i>Shares in Fixed Income Fund</i>	29,128	37,229	46,133	8,904	
Total	66,731	74,458	83,769	9,312	<b>1.125</b>
113 University Fund					
<i>Shares in S&amp;P 500 Index Fund</i>	4,769	4,565	4,274	(290)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,427	1,562	1,997	434	
<i>Shares in Fixed Income Fund</i>	5,203	6,127	8,241	2,114	
Total	11,399	12,254	14,512	2,258	<b>1.184</b>
114 U Of A Land - 1881					
<i>Shares in S&amp;P 500 Index Fund</i>	10,092	9,646	9,046	(599)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,074	3,302	4,302	1,000	
<i>Shares in Fixed Income Fund</i>	11,164	12,947	17,681	4,734	
Total	24,330	25,894	31,029	5,134	<b>1.198</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in S&amp;P 500 Index Fund</i>	876,692	842,378	785,824	(56,554)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	244,680	288,331	342,368	54,037	
<i>Shares in Fixed Income Fund</i>	902,427	1,130,709	1,429,260	298,550	
<b>Grand Total</b>	<b>2,023,799</b>	<b>2,261,419</b>	<b>2,557,452</b>	<b>296,033</b>	

**ASSET ALLOCATION PERCENTAGE**

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&amp;P 500 Index Fund</i>	43.32%	37.25%	30.73%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.09%	12.75%	13.39%
<i>Shares in Fixed Income Fund</i>	44.59%	50.00%	55.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

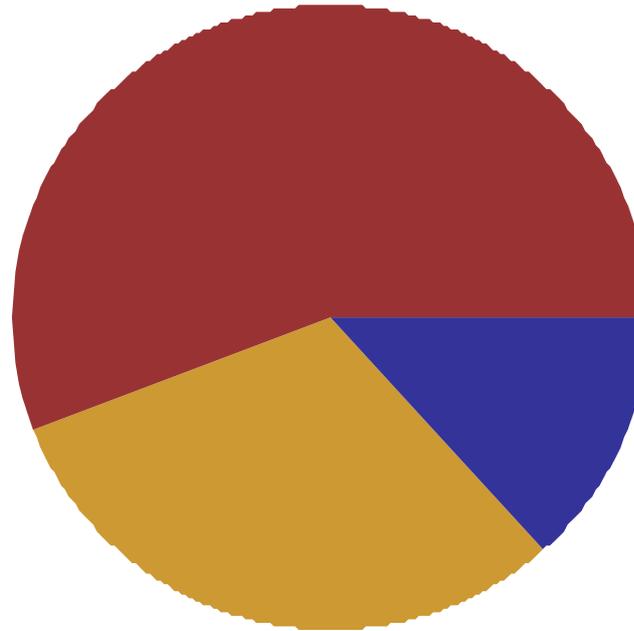
**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As At October 2009**  
Gross of Fee

Total Endowment Fund Composite (00550902)													
ID	Name	Beginning Market Value	Ending Market Value	Cashflow	Current Month	Trailing Three Months	Year to Date	Fiscal Year To Date	Trailing One Year	Trailing Three Years	Trailing Five Years	Since Inception	Inception Date
10327800	S&P 500 Pool	799,424,675.29	785,824,320.63	699,521	(1.79)	5.47	17.16	13.51	10.02	(6.93)	0.23	(1.77)	07/01/1999
10327900	S&P 400 Pool	357,074,939.92	342,367,914.04	186,262	(4.17)	4.78	19.47	12.96	14.24	(4.44)	3.18	4.48	08/01/2001
10328000	Pool 205	1,424,183,654.99	1,429,259,653.97	817,090	0.30	2.25	6.25	3.26	13.40	6.52	5.08	6.31	07/01/1999
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>2,580,683,270.20</b>	<b>2,557,451,888.64</b>	<b>1,702,873</b>	<b>(0.97)</b>	<b>3.56</b>	<b>11.21</b>	<b>7.52</b>	<b>12.69</b>	<b>0.37</b>	<b>3.54</b>	<b>4.12</b>	<b>07/01/1999</b>

## Manager Allocation - Monthly Arizona State Treasury (05509) As at October 2009

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,429.26	55.9%
S&P 400 Pool (10327900)	342.37	13.4%
S&P 500 Pool (10327800)	785.82	30.7%
<b>TOTAL</b>	<b>2,557.45</b>	<b>100.0%</b>

- S&P 400 Pool (10327900)
- S&P 500 Pool (10327800)
- Pool 205 (10328000)



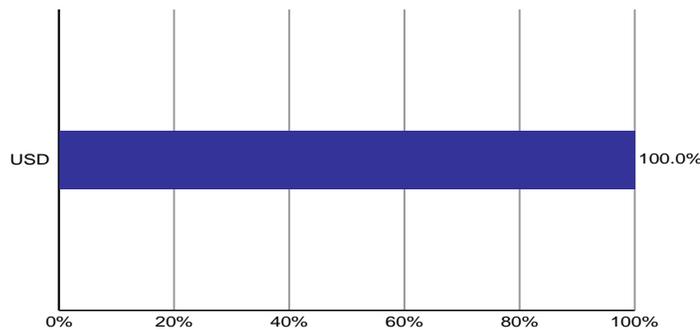
Portfolio Characteristics Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>785.8</b>		<b>Trailing 1 Year</b>	<b>Trailing 3 Years</b>	<b>Trailing 5 Years</b>	<b>Since Inception</b>
<b>P/E Ratio</b>	<b>8.88</b>	<b>Tracking Error</b>	0.20	0.35	0.45	1.88
<b>Price to Book Ratio</b>	<b>3.54</b>	<b>Information Ratio</b>	1.06	0.27	(0.24)	(0.44)
<b>Dividend Yield (%)</b>	<b>1.96</b>	<b>Std Deviation of Port.</b>	23.54	19.46	15.82	16.20
<b>Return on Equity (%)</b>	<b>30.58</b>	<b>Std Deviation of Bench.</b>	23.64	19.58	15.97	16.04
<b>Sales Growth (%)</b>	<b>14.39</b>	<b>Sharpe Ratio of Port.</b>	0.41	(0.49)	(0.18)	(0.30)
<b>Market Capitalization (\$ Billions)</b>	<b>74,586.56</b>	<b>Sharpe Ratio of Bench.</b>	0.40	(0.50)	(0.17)	(0.25)
<b>Earnings per Share (\$)</b>	<b>1.83</b>	<b>R-Squared</b>	1.00	1.00	1.00	0.99
<b>Number of Holdings</b>	<b>500</b>	<b>Jensen's Alpha</b>	0.26	0.03	(0.13)	(0.81)

Top Ten Portfolio Holdings

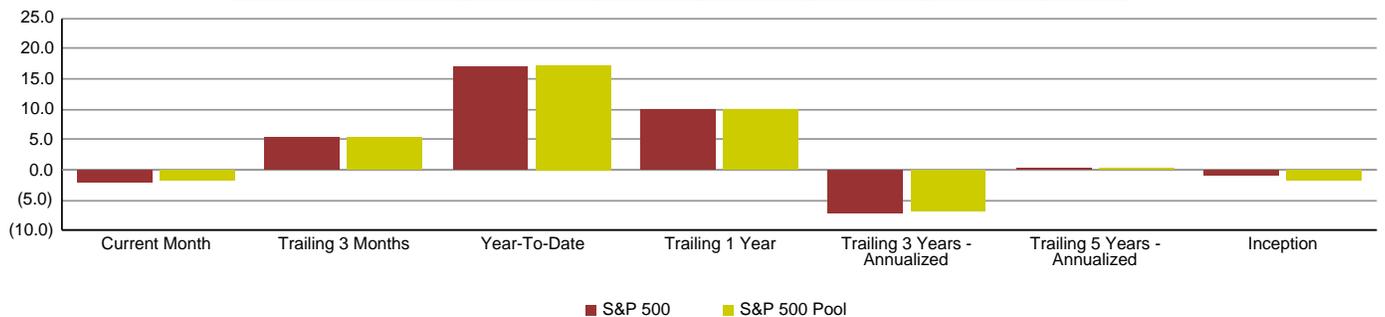
Security ID	Security Name	% of Assets
78462F103	SPDR TRUST UNITS SER 1 NPV	4.09%
30231G102	EXXON MOBIL CORP COM NPV	3.63%
594918104	MICROSOFT CORP COM USD0.0000125	2.27%
742718109	PROCTER & GAMBLE CO COM STK NPV	1.80%
037833100	APPLE INC COM STK NPV	1.78%
46625H100	JPMORGAN CHASE & CO COM STK USD1	1.73%
478160104	JOHNSON & JOHNSON COM STK USD1	1.71%
459200101	INTERNATIONAL BUS MACH CORP COM STK U	1.67%
00206R102	AT&T INC COM STK USD1	1.62%
166764100	CHEVRON CORP COM STK USD0.75	1.62%

Top Ten Currency Weights

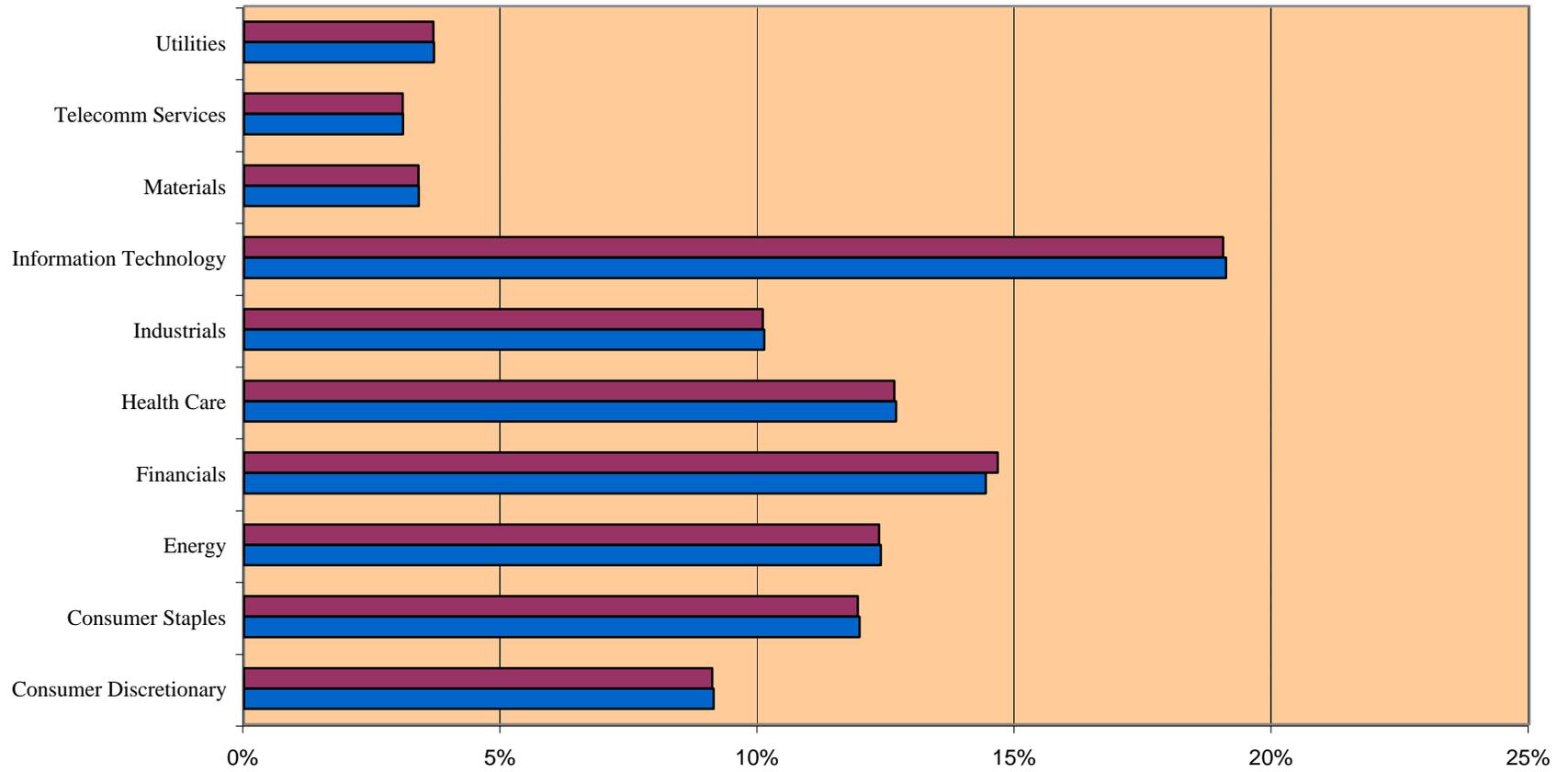


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	(1.79)	5.47	17.16	10.02	(6.93)	0.23	(1.77)
S&P 500	(1.86)	5.48	17.05	9.80	(7.02)	0.33	(0.95)
<b>Excess</b>	<b>0.07</b>	<b>(0.01)</b>	<b>0.11</b>	<b>0.22</b>	<b>0.09</b>	<b>(0.11)</b>	<b>(0.82)</b>



**STATE OF ARIZONA  
POOL 201 (S&P 500)  
As of October 31, 2009**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	9.11%	11.94%	12.35%	14.66%	12.65%	10.09%	19.05%	3.39%	3.09%	3.68%
■ STATE OF ARIZONA - POOL 201	9.13%	11.97%	12.39%	14.43%	12.68%	10.12%	19.10%	3.40%	3.10%	3.69%

■ STATE OF ARIZONA - POOL 201     
 ■ S&P 500 Index

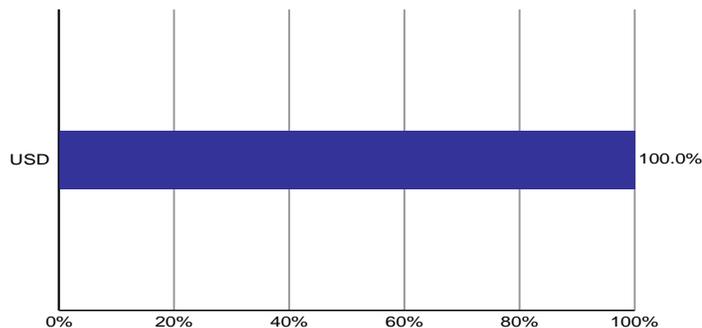
Portfolio Characteristics Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>342.4</b>		<b>Trailing 1 Year</b>	<b>Trailing 3 Years</b>	<b>Trailing 5 Years</b>	<b>Since Inception</b>
<b>P/E Ratio</b>	<b>9.12</b>		3.60	2.68	2.20	2.35
<b>Price to Book Ratio</b>	<b>2.06</b>	<b>Tracking Error</b>	(1.10)	(0.08)	(0.03)	0.01
<b>Dividend Yield (%)</b>	<b>0.93</b>	<b>Information Ratio</b>	24.19	22.31	18.59	17.19
<b>Return on Equity (%)</b>	<b>10.17</b>	<b>Std Deviation of Port.</b>	27.26	23.51	19.55	18.44
<b>Sales Growth (%)</b>	<b>10.10</b>	<b>Std Deviation of Bench.</b>	0.58	(0.32)	0.01	0.11
<b>Market Capitalization (\$ Billions)</b>	<b>2,051.95</b>	<b>Sharpe Ratio of Port.</b>	0.66	(0.29)	0.01	0.11
<b>Earnings per Share (\$)</b>	<b>0.56</b>	<b>Sharpe Ratio of Bench.</b>	0.99	0.99	0.99	0.99
<b>Number of Holdings</b>	<b>200</b>	<b>R-Squared</b>	(1.89)	(0.61)	(0.05)	0.17
		<b>Jensen's Alpha</b>				

Top Ten Portfolio Holdings

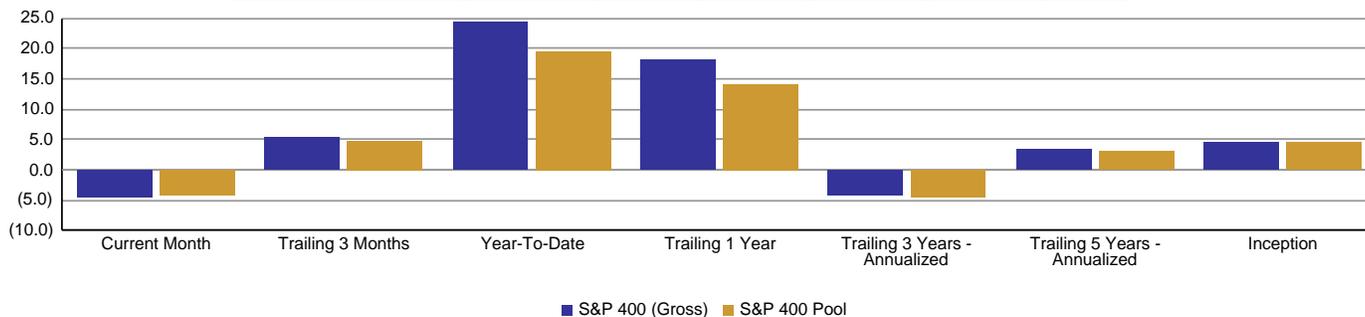
Security ID	Security Name	% of Assets
595635103	MIDCAP SPDR TRUST UNIT SERIES 1	37.12%
741503403	PRICELINE.COM INC COM STK USD0.008	0.72%
92532F100	VERTEX PHARMACEUTICAL COM STK USD0.01	0.66%
778296103	ROSS STORES INC COM STK USD0.01	0.60%
651290108	NEWFIELD EXPLORATION CO COM STK USD0.	0.59%
G3223R108	EVEREST RE GROUP COM STK USD0.01	0.57%
481165108	JOY GLOBAL INC COM STK USD1	0.56%
74153Q102	PRIDE INTL INC NEW COM USD0.01	0.56%
156782104	CERNER CORP COM STK USD0.01	0.55%
806407102	HENRY SCHEIN INC COM STK NPV	0.52%

Top Ten Currency Weights

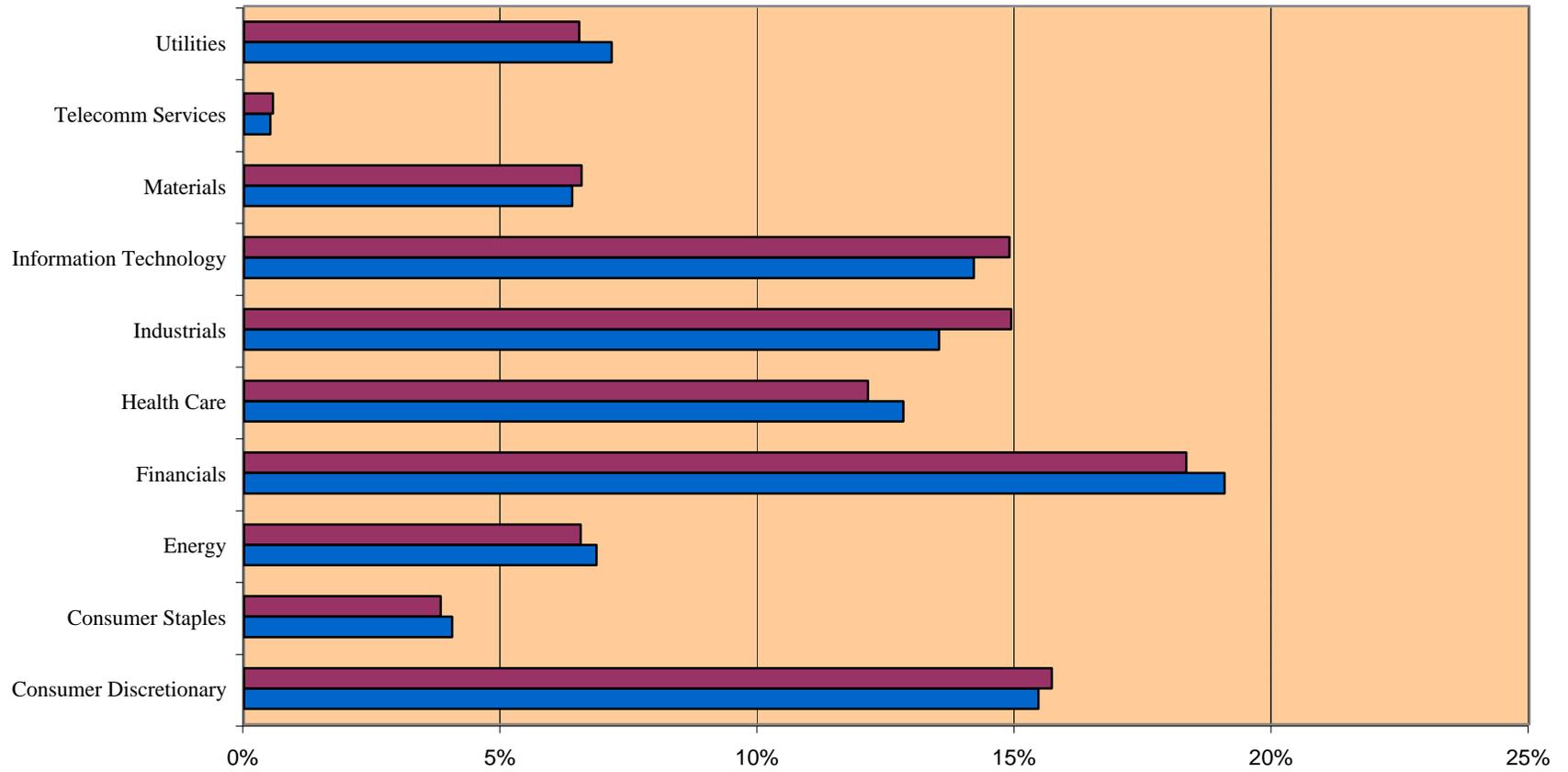


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	(4.17)	4.78	19.47	14.24	(4.44)	3.18	4.48
S&P 400 (Gross)	(4.54)	5.33	24.23	18.18	(4.22)	3.24	4.45
<b>Excess</b>	<b>0.37</b>	<b>(0.55)</b>	<b>(4.77)</b>	<b>(3.95)</b>	<b>(0.22)</b>	<b>(0.06)</b>	<b>0.02</b>



**STATE OF ARIZONA  
POOL 203 (S&P MIDCAP 400)  
As of October 31, 2009**

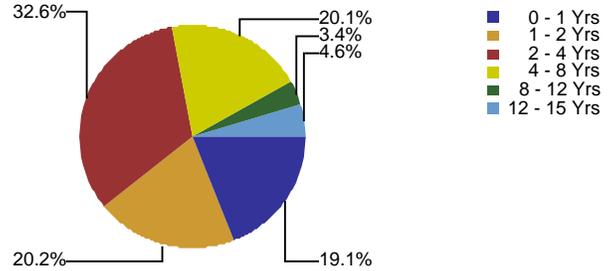


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	15.71%	3.83%	6.55%	18.32%	12.14%	14.92%	14.89%	6.56%	0.56%	6.52%
■ STATE OF ARIZONA - POOL 203	15.45%	4.05%	6.85%	19.07%	12.82%	13.52%	14.19%	6.38%	0.51%	7.15%

■ STATE OF ARIZONA - POOL 203    
 ■ S&P MIDCAP 400

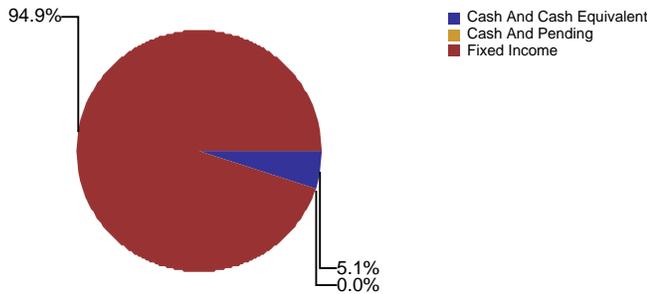
Portfolio Characteristics

Total Net Assets (Millions)	1,429.3
Weighted Average Life (Years)	5.23
Weighted Avg. Effective Duration (Years)	3.43
Weighted Average Coupon (%)	4.72
Weighted Average Current Yield (%)	2.58
Weighted Average Yield to Maturity (%)	3.07
Weighted Average Rating	AA+
Number of Holdings	224



Asset Mix

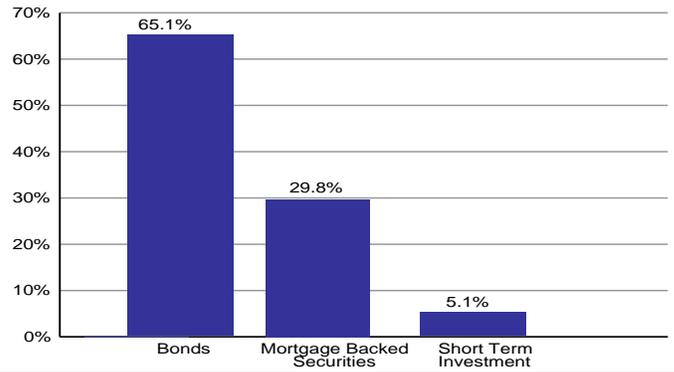
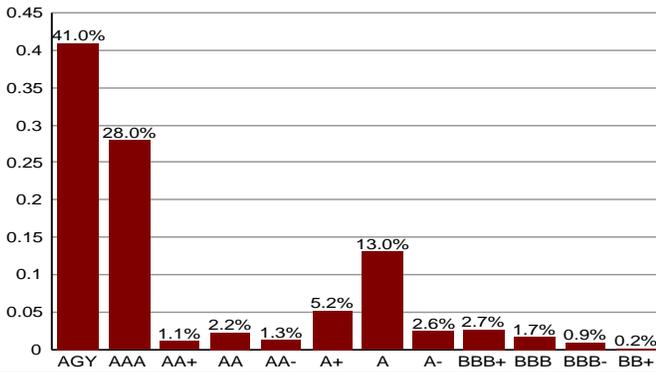
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	5.08%	0.00	31/12/2049
31359MQV8	FANNIE MAE BOND 4.75%	1.53%	4.75	21/2/2013
912828FK1	UNITED STATES OF AMER TREAS NOTES 5.1	1.14%	5.12	30/6/2011
92343VAN4	VERIZON COMMUNICATIONS INC 5.25% NTS	1.10%	5.25	15/4/2013
931142BV4	WAL MART STORES 931142BV4 4.125% 15/F	1.10%	4.12	15/2/2011
31395LZM6	FREDDIE MAC 2936 PB 5.000% 15/FEB/202	0.91%	5.00	15/2/2028
31396VAS7	FEDERAL NATL MTG ASSOC 5.5% 25/APR/20	0.84%	5.50	25/4/2017
912828BR0	UNITED STATES OF AMER TREAS NOTES 15/	0.78%	4.25	15/11/2013
134429AR0	CAMPBELL SOUP CO 5% 03/DEC/2012	0.78%	5.00	3/12/2012
3134A4FM1	FEDERAL HOME LN MTG CORP DEB 6.00%	0.77%	6.00	15/6/2011

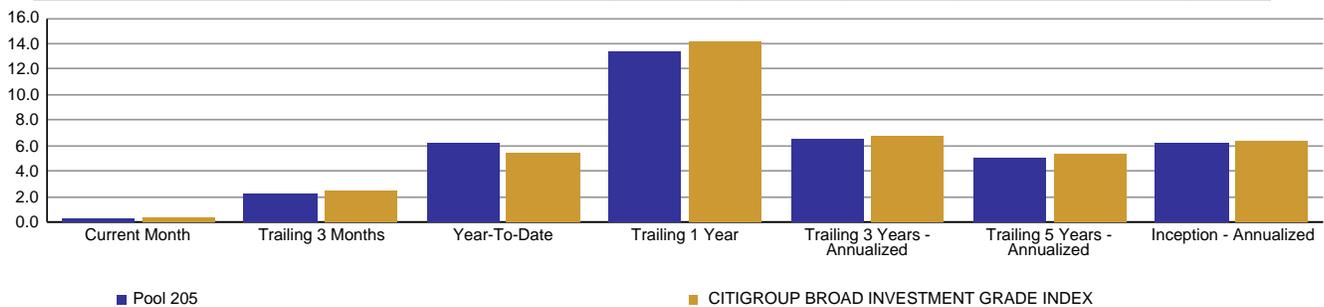
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



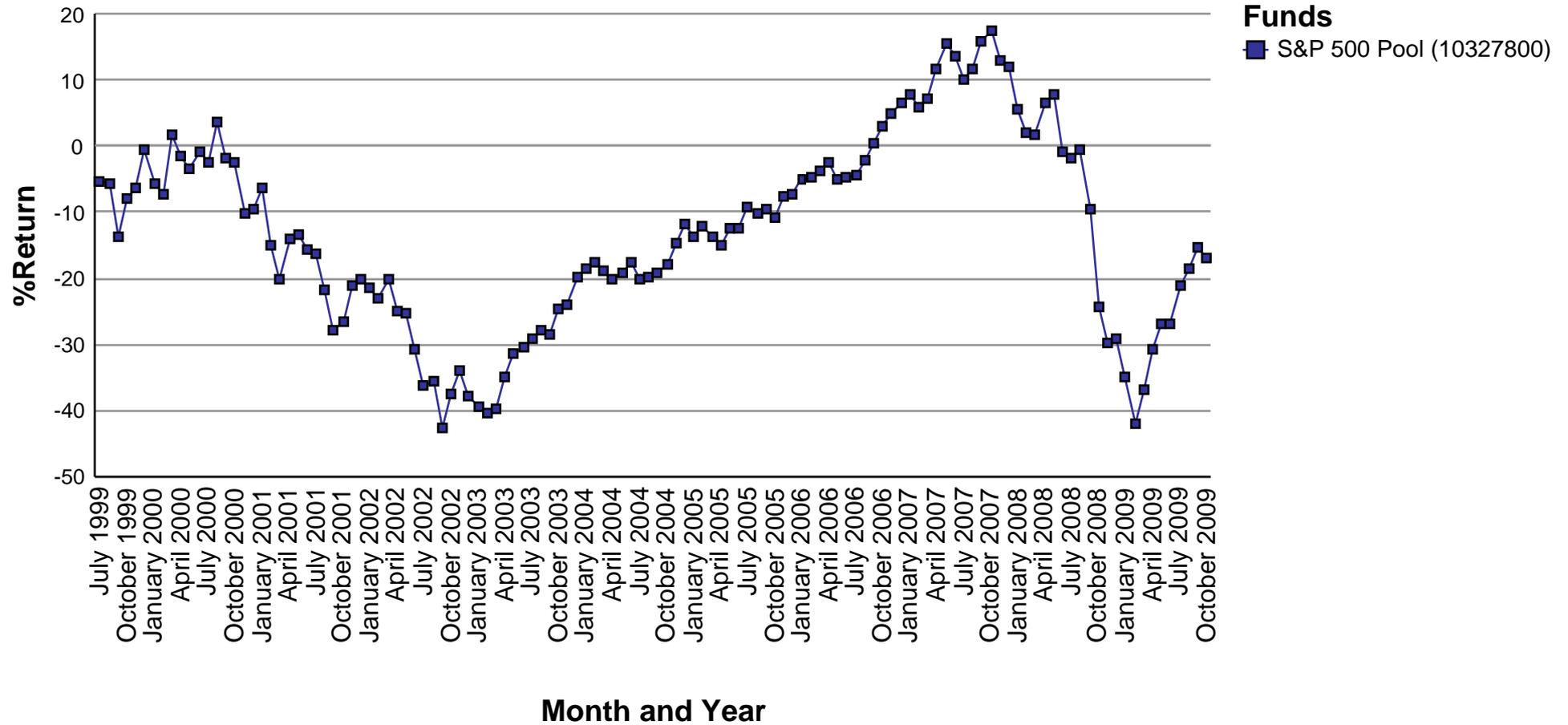
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.30	2.25	6.25	13.40	6.52	5.08	6.3
CITIGROUP BROAD INVESTMENT GRADE INDEX	0.41	2.55	5.49	14.09	6.78	5.34	6.36
Excess	(0.11)	(0.31)	0.76	(0.68)	(0.25)	(0.27)	(0.06)

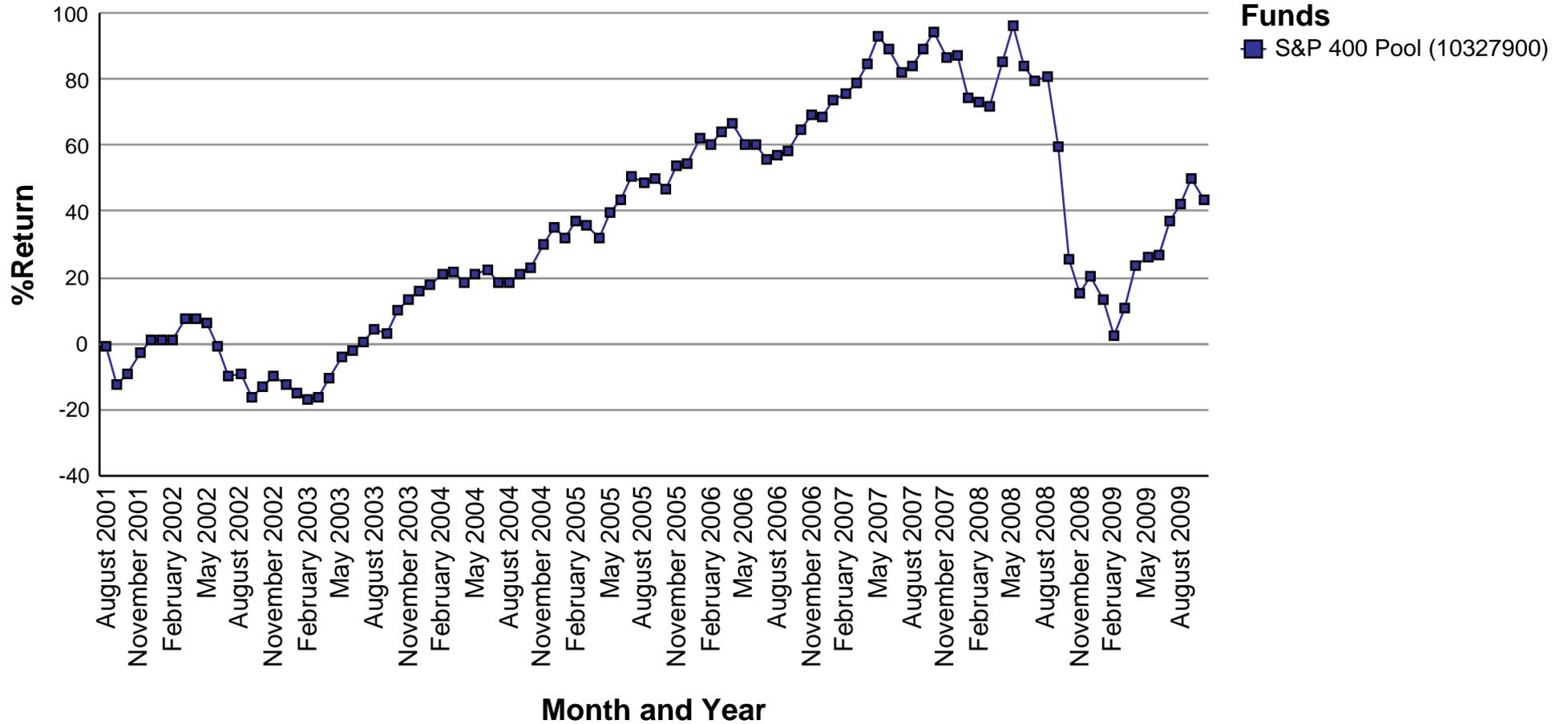


## Performance Growth by Account

Arizona State Treasury (05509)  
From July 1999 to October 2009  
Gross of Fee



**Performance Growth by Account**  
**Arizona State Treasury (05509)**  
 From **August 2001** to **October 2009**  
 Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to October 2009

Gross of Fee

