

OFFICE OF THE  
**ARIZONA STATE TREASURER**



**Doug Ducey**  
TREASURER



**DECEMBER 2010**

**Presented To:**

**Arizona State Board of Investment**

**JANUARY 25, 2011**

STATE BOARD OF INVESTMENT

**A G E N D A**

**January 25, 2011**

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports
  - A. Earnings Distribution; Investment Pools
  - B. LGIP Pools Investments and Performance Reports
  - C. State Agency Pools Investments and Performance Reports
  - D. Operating Monies Invested Balances
  - E. Earnings Distributed Endowment Funds
  - F. Endowment Investments and Performance Reports
  - G. Broker Activity Report
5. Proposed Changes to the Investment Policy
  - A. Review of Proposed Changes
  - B. Public Comment on Proposed Changes
  - C. Discussion and Action on Proposed Changes
6. Review and approval of Proposed/Pending Securities Dealers
7. General Business
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

**REPORT OF THE STATE TREASURER**

**FOR**

**January 25, 2011**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on December 28, 2010 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 1:35 p.m.

***Members Present:***

Dean Martin, Chair, State Treasurer  
Alan E. Maguire, President, The Maguire Company  
David Raber, Interim Director, Arizona Department of Administration

***Members Absent:***

Beth Ford, Treasurer, Pima County  
Lauren Kingry, Superintendent, Department of Financial Institutions

***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  
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office  
Carlton Woodruff, Assistant Deputy Treasurer General Accounting  
Patty Humbert, Portfolio Manager, Arizona State Treasurer's Office  
Doug Ducey, Treasurer Elect

Pursuant to A.R.S. 35-311, the following reports for November, 2010 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 December 28, 2010 BOI meeting to order at approximately 1:35 p.m.

**2. *Treasurers Comments:***

Treasurer Martin welcomed board members and guests and thanked all present for attending the December 28, 2010 meeting.

**3. *Approval of Minutes:***

Mr. Maguire made a motion to approve the minutes for the November 30, 2010 Board of Investment Meeting. Mr. Raber seconded the motion. Motion carried.

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

***Earnings Distribution – Investment Pools***

Mr. Swenson 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 November, 2010.

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

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

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

Mr. Swenson reported the net yields for the LGIP and LGIP-Gov Pools, as well as the comparisons to their relative benchmarks for the month of November, 2010.

***Pool 500 & Pool 700 Portfolio Yield Analysis***

Mr. Swenson reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of November, 2010.

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

Mr. Swenson reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of November 30, 2010.

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

Mr. Swenson reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of November, 2010.

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

Mr. Swenson 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***

Mr. Swenson reported the net yields for the State Agency Pools for the month of November, 2010.

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

Mr. Swenson 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 November 30, 2010.

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

Mr. Swenson 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 November 30, 2010.

***Operating Monies Average Invested Balance***

Mr. Swenson reported the Operating Monies average invested balance for the month of November, 2010.

***Review of Treasurer's Monthly Report – Endowments:***

Mr. Swenson 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. Swenson reported the earnings distributed for the Endowment Funds for the month of November, 2010. Also reported were the earnings distributed for the months of July 2010, August 2010, September 2010, and October 2010.

***Endowment Funds Yield Analysis***

Mr. Swenson reported the net yield of the Endowment Fund Fixed Income Pool for the month of November, 2010.

***Net Realized Capital Gains/Losses – Endowment Funds***

Mr. Swenson reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of November, 2010 and FY11 fiscal year to date.

***Endowment Funds Fixed-Income Pool Purchases & Sales***

Mr. Swenson reported the purchases and sales of the Endowment Fixed Income Pool for the month of November, 2010.

***Equity Funds Purchases & Sales***

Mr. Swenson reported the purchases and sales (summary) of the Endowment Equity Pools for the month of November, 2010.

***Investments Outstanding in Endowment Funds***

Mr. Swenson reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of November 30, 2010.

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

Mr. Swenson 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 November 30, 2010.

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

Mr. Swenson reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of November 30, 2010.

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

Mr. Swenson reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of November 30, 2010.

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

Mr. Swenson reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of November 30, 2010.

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

Mr. Swenson reported the total net assets, the weighted average life, the weighted average duration, the weighted average yield to maturity, the weighted average rating, and the total number of holdings for the Fixed Income Pool for the month of November, 2010.

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

Mr. Swenson reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of November, 2010.

***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.

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

There were no Securities Dealers to be approved.

***7. General Business:***

There was no general business.

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

There was no public comment.

*Mr. Maguire expressed his gratitude and appreciation to Treasurer Martin for his outstanding service to the Office of Treasurer for the State of Arizona, as well as to the people of the State of Arizona. Mr. Maguire noted that Treasurer Martin has restored the Treasurer's Office back to an office that strives to maintain a high standard of public service, and has "done great service to our State."*

***9. Notice of Next Meeting:***

The Treasurer advised the Board that the next regular meeting of the Board of Investment will be Thursday, January 25, 2011 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

**10. Adjournment:**

Treasurer Martin adjourned the BOI meeting at 1:55 p.m.

Respectfully Submitted by:

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Helen D. Garafola  
Executive Consultant

Approved by:

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Doug Ducey, Chair

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Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS**  
 DECEMBER 2010

State Treasurer's Report  
 January 25, 2011  
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<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>DECEMBER 2010</b>	<b>Fiscal YTD 10/11</b>	<b>Fiscal YTD 09/10</b>	
General Fund	\$365,074	\$2,831,069	\$339,296	
2 State Agencies I - Full Faith & Credit	560,765	3,451,179	9,040,978	266,562
3 State Agencies II - Diversified	677,363	4,081,477	9,073,089	433,583
4 State Agencies IV - Restricted Diversified	244,268	1,594,257	4,733,827	183,248
5 LGIP	243,932	1,858,353	5,122,434	511,553
7 LGIP Gov	222,066	1,336,169	3,611,746	585,793
12 CAWCD Medium-Term	315,039	1,773,127	2,947,027	44,036
15 GADA Long-Term	25,559	152,300	302,668	3,667
<b>Subtotal</b>	<b>\$2,654,066</b>	<b>\$17,077,931</b>	<b>\$35,171,066</b>	<b>\$2,028,443</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	228,348	1,292,928	1,115,106	45,083
700 LGIP - FF&C Med Term	111,945	734,980	36,843	37,554
<b>Total</b>	<b>\$2,994,359</b>	<b>\$19,105,839</b>	<b>\$36,323,015</b>	<b>\$2,111,080</b>

**LGIP & LGIP-GOV**  
**PORTFOLIO YIELD ANALYSIS**  
December 31, 2010

State Treasurer's Report  
January 25, 2011  
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FUND	DESCRIPTION	NET EARNINGS
5	LGIP	246,079
7	LGIP - GOV	222,066
<b>TOTAL LGIP &amp; LGIP-GOV</b>		<b>468,145</b>

		10/31/10	11/30/10	12/31/10
5	<b>LGIP MONTHLY YIELD (NET)</b>	0.21%	0.19%	0.17%
	<b>S &amp; P LGIP INDEX YIELD</b>	0.16%	0.15%	0.14%
	<b>LGIP YTD YIELD (NET)</b>	0.23%	0.22%	0.21%
	<b>S &amp; P LGIP YTD INDEX YIELD</b>	0.18%	0.17%	0.17%
7	<b>LGIP - GOV MONTHLY YIELD (NET)</b>	0.14%	0.15%	0.13%
	<b>3 MONTH T-BILL</b>	0.12%	0.13%	0.13%
	<b>LGIP - GOV YTD YIELD (NET)</b>	0.13%	0.13%	0.13%
	<b>YTD 3 MONTH T-BILL</b>	0.14%	0.14%	0.14%

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

**LGIP & LGIP-GOV MEDIUM TERM POOL  
PORTFOLIO YIELD ANALYSIS  
December 31, 2010**

State Treasurer's Report  
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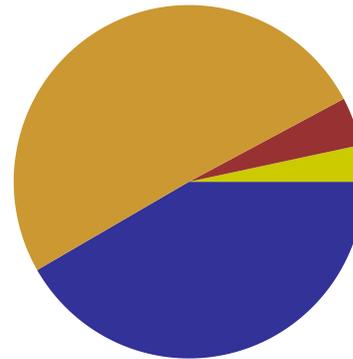
FUND	DESCRIPTION	NET EARNINGS
500	LGIP - MED TERM POOL	228,348
700	LGIP - FF&C MED TERM POOL	111,945
	<b>TOTAL LGIP MED TERM POOL</b>	<b>340,293</b>

	10/31/10	11/30/10	12/31/10
<b>LGIP - MED TERM MONTHLY YIELD (NET)</b>	1.71%	1.70%	1.55%
<b>MERRILL 1-5 US D M INDEX MONTHLY YIELD</b>	1.58%	1.71%	1.82%
<b>LGIP - MED TERM YTD YIELD (NET)</b>	1.87%	1.84%	1.79%
<b>MERRILL 1-5 US D M INDEX YTD YIELD</b>	1.51%	1.55%	1.60%
<b>LGIP - FF&amp;C MED TERM MONTHLY YIELD (NET)</b>	1.14%	1.45%	1.02%
<b>MERRILL 1-5 US TREAS INDEX MONTHLY YIELD</b>	0.53%	0.69%	0.93%
<b>LGIP - FF&amp;C MED TERM YTD YIELD (NET)</b>	1.13%	1.20%	1.17%
<b>MERRILL 1-5 US TREAS INDEX YTD YIELD</b>	0.66%	0.66%	0.71%

## Manager Allocation Arizona State Treasury (05509) As of December 31, 2010

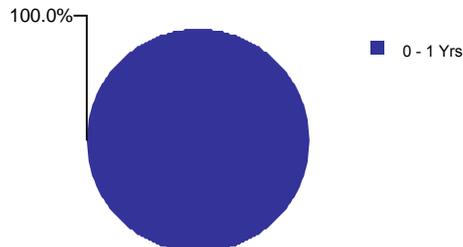
<b>LGIP composite (00550903)</b>		
<b>Account Name</b>	<b>Market Value(MIL)</b>	<b>Percent of Portfolio</b>
State of Arizona - Pool 5 (LGIP) (10327300)	1,626.41	41.6%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	178.46	4.6%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,974.29	50.5%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	129.53	3.3%
<b>TOTAL</b>	<b>3,908.68</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)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)



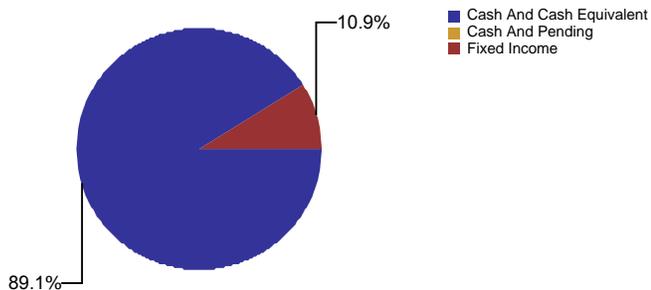
Portfolio Characteristics

Total Net Assets (Millions) **1,626.4**  
 Weighted Average Life (Years) **0.07**  
 Weighted Avg. Effective Duration (Years) **0.08**  
 Weighted Average Maturity (Years) **0.06**  
 Weighted Average Rating **AAA**  
 Number of Holdings **78**



Asset Mix

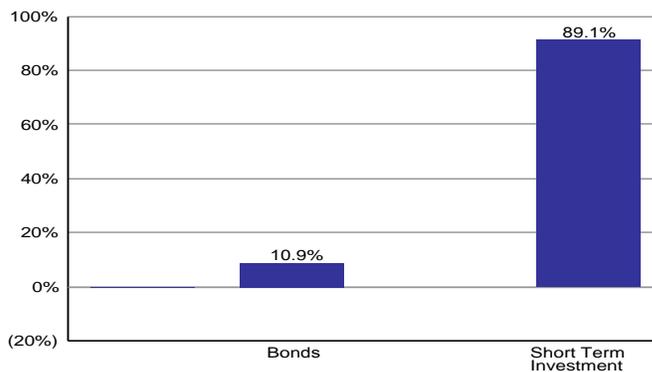
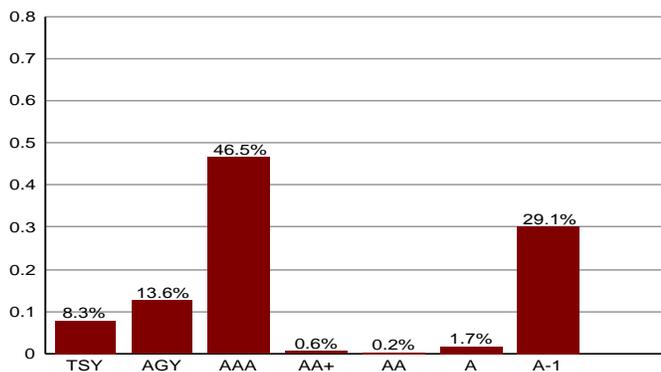
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
15199U623	TRI-PARTY REPO DEUTSCHE BANK 0.20% 14/JAN/2011	18.45%	0.20	14/1/2011
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 3/JAN/2011	15.41%	0.30	3/1/2011
07299U355	TRI-PARTY REPO CITIGROUP BANK 0.19	9.22%	0.19	10/1/2011
313384AD1	FEDERAL HOME LOAN BANKS 0% TB 04/JAN/2011 USD1000	3.07%	0.00	4/1/2011
31315KAC4	FED AGRIC MTG CP DSC NT FED BE MATURES 03/JAN/2011	3.07%	0.00	3/1/2011
947514D	UNITED STATES ZERO 07/APR/2011	2.46%	0.00	7/4/2011
313588AE5	FED NATL MORT ASSOC 0% 5/JAN/2011	2.15%	0.00	5/1/2011
912828JY7	UNITED STATES OF AMER TREAS NOTES 0.875% NTS	1.54%	0.8	31/1/2011
912828KH2	UNITED STATES TREAS NTS 0.875% 31/MAR/2011	1.54%	0.88	31/3/2011
313384AK5	FEDL HOME LOAN BK CONS DISC NT	1.54%	0.00	10/1/2011

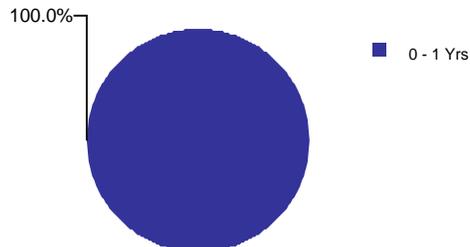
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



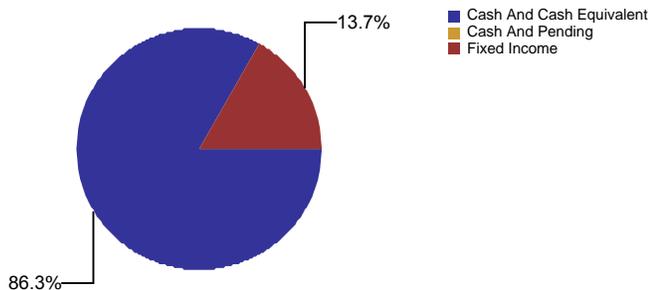
Portfolio Characteristics

Total Net Assets (Millions) **1,974.3**  
 Weighted Average Life (Years) **0.09**  
 Weighted Avg. Effective Duration (Years) **0.09**  
 Weighted Average Maturity (Years) **0.08**  
 Weighted Average Rating **AAA**  
 Number of Holdings **24**



Asset Mix

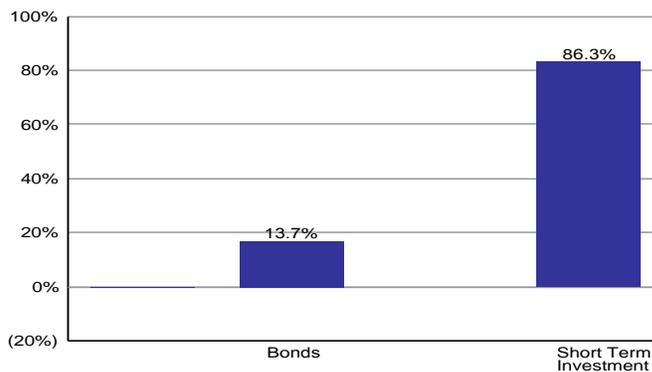
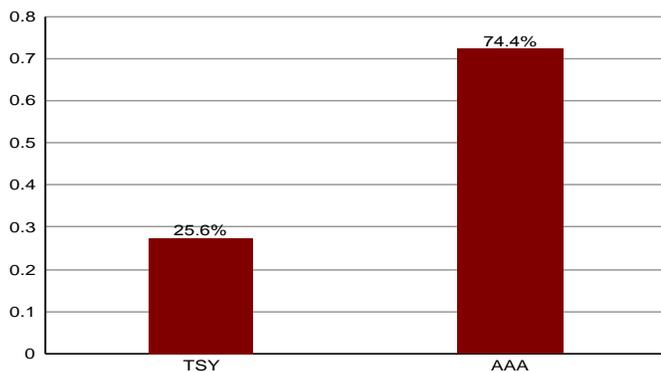
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
07299U355	TRI-PARTY REPO CITIGROUP BANK 0.19% 10/JAN/2011	17.73%	0.19	10/1/2011
60699I712	TRI-PARTY REPO MIZUHO SECURITIES 0.20% 13/JAN/2011	12.67%	0.20	13/1/2011
05199T288	TRI-PARTY REPO DEUTSCHE BANK 0.21% 14/JAN/2011	10.13%	0.21	14/1/2011
60699I662	TRI-PARTY REPO MIZUHO SECURITIES 0.20% 14/JAN/2011	10.13%	0.20	14/1/2011
85299W357	TRI-PARTY REPO SOUTH STREET 0.05%	8.10%	0.05	3/1/2011
60699I860	TRI-PARTY REPO MIZUHO SECURITIES 0.10% 03/JAN/2011	7.09%	0.10	3/1/2011
85299W365	TRI-PARTY REPO SOUTH STREET 0.16%	6.02%	0.16	3/12/2011
912795X71	UNITED STATES TREAS BILLS DT	4.81%	0.00	6/1/2011
912795Y21	UNITED STATES TREAS BILLS DT	3.04%	0.00	3/22/2011
912828KU3	UNITED STATES TREAS NTS 0.875% 31/MAY/2011	2.54%	0.88	31/5/2011

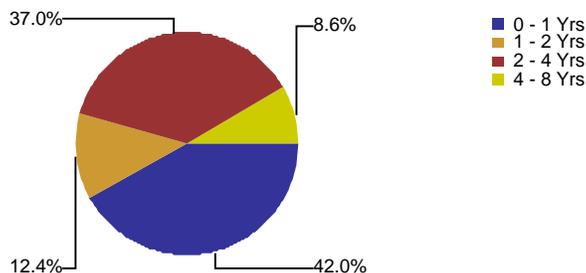
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



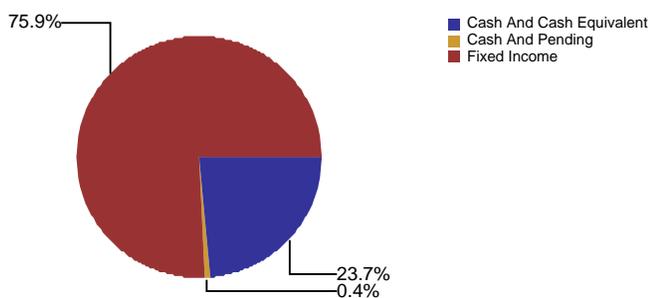
Portfolio Characteristics

Total Net Assets (Millions) **178.5**  
 Weighted Average Life (Years) **2.07**  
 Weighted Avg. Effective Duration (Years) **1.73**  
 Weighted Average Rating **AAA**  
 Number of Holdings **160**



Asset Mix

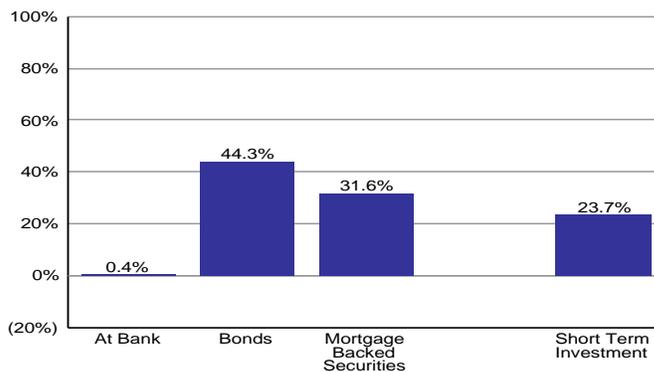
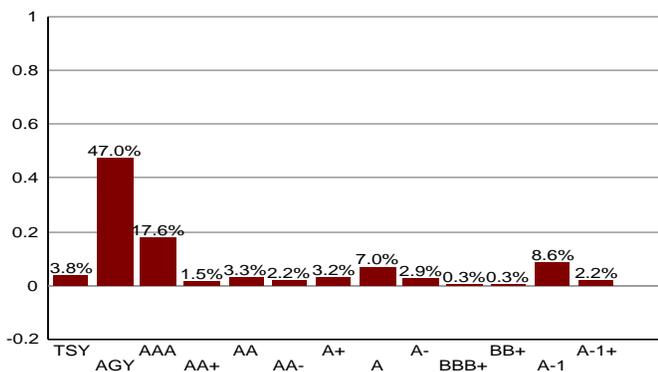
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299W365	TRI-PARTY REPO SOUTH STREET 0.16% 03/JAN/2011	12.33%	0.16	3/1/2011
31416NZB1	FNMA MORTPASS 4% 01/APR/2024 CI PN# AA5237	5.57%	4.00	1/4/2024
31398ATL6	FEDERAL NATIONAL MORTGAGE ASSOC 3.625% SNR NTS	2.90%	3.62	15/8/2011
31419CZL0	FNMA MORTPASS 4.5% 01/SEP/2040 CL PN# AE2546	2.85%	4.50	1/9/2040
3128PSQ75	FHLMCGLD MORTPASS 3.5% 01/OCT/2025 PN# 3178	2.77%	3.50	1/10/2025
3128PSKA4	FHLMCGLD MORTPASS 3.5% 01/SEP/2025 PN# 2989	2.76%	3.50	1/9/2025
31419AJM0	FNMA MORTPASS 4% 01/AUG/2025 CI PN# AE0267	2.74%	4.00	1/8/2025
31418RFS5	FNMA MORTPASS 4.5% 01/MAR/2025 CI PN# AD3776	2.49%	4.50	1/3/2025
3128MMLB7	FHLMCGLD MORTPASS 4.5% 01/AUG/2024 G1 PN# G18321	2.31%	4.50	1/8/2024
3133XXYX9	FEDERAL HOME LOAN BANKS 1.875% BDS 21/JUN/2013	1.72%	1.88	21/6/2013

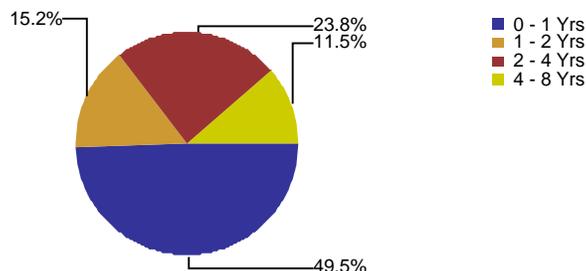
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



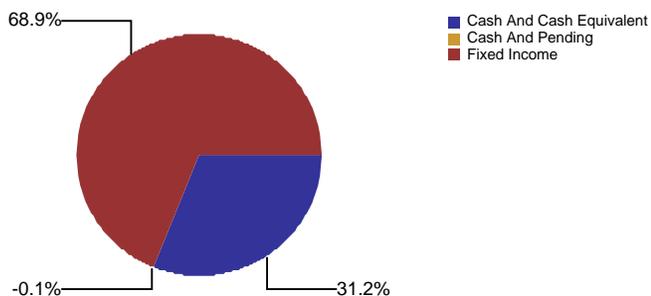
Portfolio Characteristics

Total Net Assets (Millions) **129.5**  
 Weighted Average Life (Years) **1.80**  
 Weighted Avg. Effective Duration (Years) **1.50**  
 Weighted Average Rating **AAA**  
 Number of Holdings **68**



Asset Mix

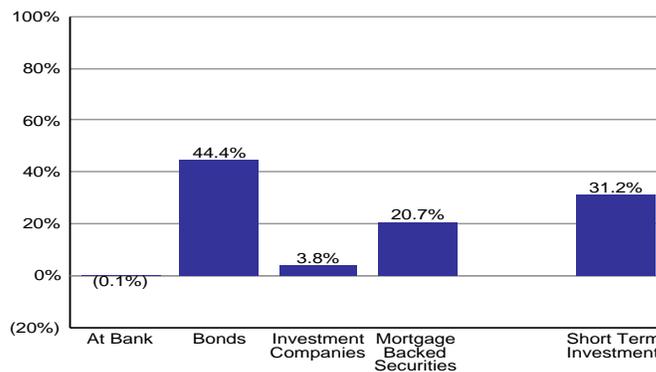
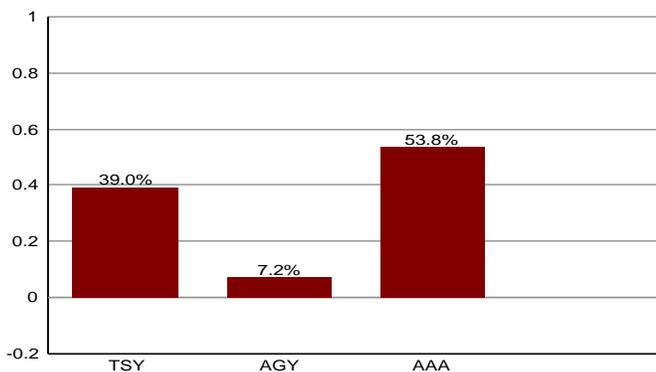
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299W365	TRI-PARTY REPO SOUTH STREET 0.16% 03/JAN/2011	23.16%	0.16	3/1/2011
938554N	FDIC - US BANK CD 0.38% 31/MAR/2011	5.81%	0.38	31/3/2011
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	4.00%	2.62	28/12/2012
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	3.85%		
36202FFH4	GNMA II MORTPASS 4.5% 20/APR/2025 SF PN# 004668	3.79%	4.50	20/4/2025
73278MAA1	POOLED FDG TR I 2.74% BDS 15/FEB/2012 USD	3.18%	2.74	15/2/2012
38376ETD7	GINNIE MAE 2009-108 WG 4.000% 20/SEP/2038	3.06%	4.00	20/9/2038
912828KL3	UNITED STATES TREAS NTS 0.875% 30/APR/2011	2.71%	0.88	30/4/2011
911759JQ2	U S DEPT HSG & URBAN DEV GOV'T 4.33% DEB	2.58%	4.33	1/8/2015
038461AC3	AID-EGYPT 4.45% 15/SEP/2015	2.57%	4.45	15/9/2015

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS  
PORTFOLIO YIELD ANALYSIS**  
December 31, 2010

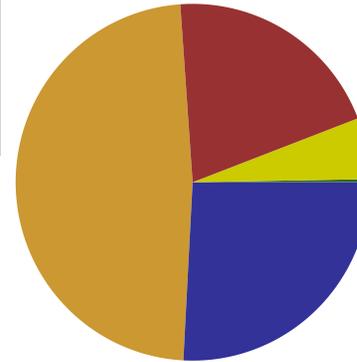
State Treasurer's Report  
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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
2	STATE AGENCIES I - FULL FAITH & CREDIT	708,296	0.9900%
3	STATE AGENCIES II - DIVERSIFIED	888,147	0.7300%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	248,880	0.4300%
12	CAWCD MEDIUM TERM	315,039	2.1100%
15	GADA	25,559	2.4800%
	<b>TOTAL STATE AGENCIES</b>	<b>2,185,921</b>	

## Manager Allocation Arizona State Treasury (05509) As of December 31, 2010

Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	181.13	5.5%
State of Arizona - Pool 15 (GADA) (10327600)	12.28	0.4%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	853.29	25.9%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,574.24	47.8%
State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)	669.11	20.3%
<b>TOTAL</b>	<b>3,290.04</b>	<b>100.0%</b>

- State of Arizona - Pool 2 (State Agency - FF&C)
- State of Arizona - Pool 3 (State Agency - Divers
- State of Arizona - Pool 4 ( State Agency Rest Di
- State of Arizona - Pool 12 (CAWCD - Med Term) (1
- State of Arizona - Pool 15 (GADA) (10327600)

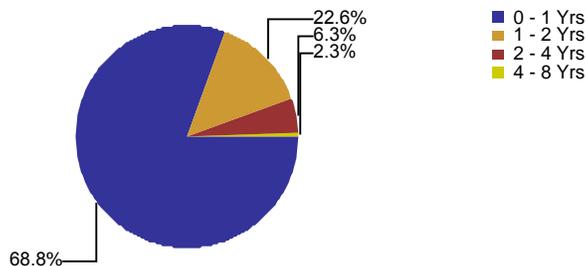


Portfolio Characteristics

Duration Mix

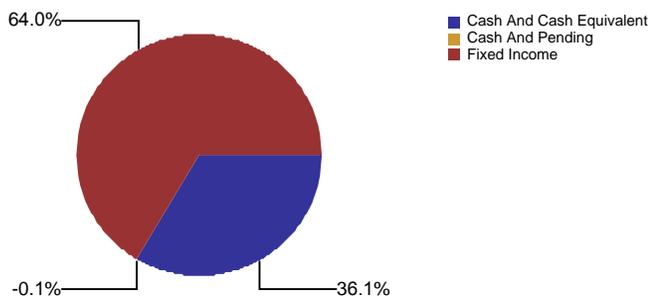
Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Rating  
Number of Holdings

853.4  
0.80  
0.53  
AAA  
62



Asset Mix

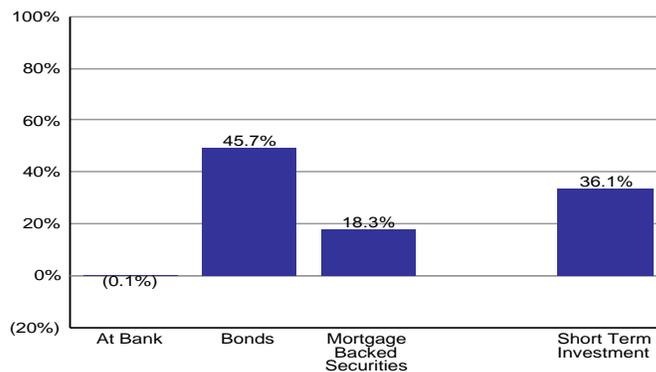
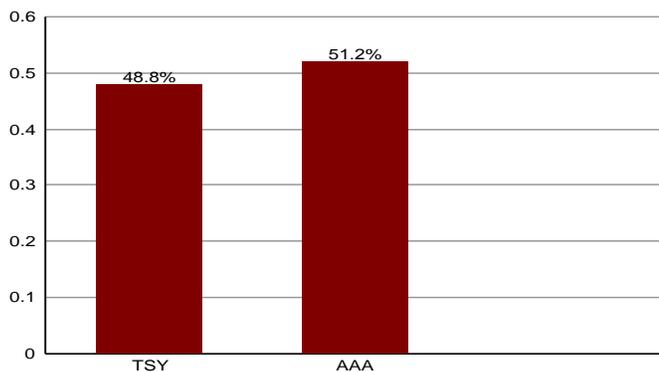
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299W365	TRI-PARTY REPO SOUTH STREET 0.16% 3/JAN/2011	36.09%	0.16	3/1/2011
912828LG3	US TREAS NTS 1% 31/JUL/2011	4.73%	1.00	31/7/2011
912828FH8	US TREAS NTS 4.875% 31/MAR/2011	2.40%	4.88	31/5/2011
912828EX4	US TREAS NTS 4.500% 28/FEB/2011	2.40%	4.50	28/2/2011
912828KP4	US TREAS NTS 1.375% 15/MAY/2012	2.38%	1.38	15/5/2012
912828KB5	US TREAS NTS 1.125% 15/JAN/2012	2.37%	1.13	15/1/2012
912828LF5	US TREAS NTS 1.125% 30/JUN/2011	2.37%	1.13	30/6/2011
912828MU1	US TREAS NTS 1.000% 31/MAR/2012	2.37%	1.00	31/3/2012
36967HAG2	GENERAL ELECTRIC CAPITAL CORP SER G 1.625% BDS	2.36%	1.63	1/7/2011
912828KH2	US TREAS NTS 0.875 31/MAR/2011	2.35%	0.88	31/3/2011

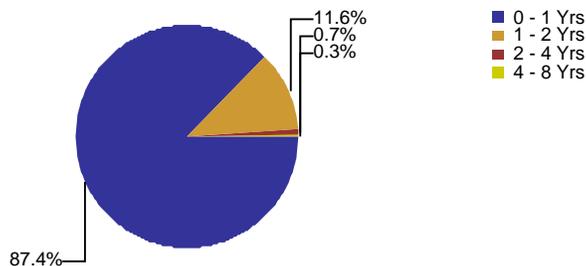
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



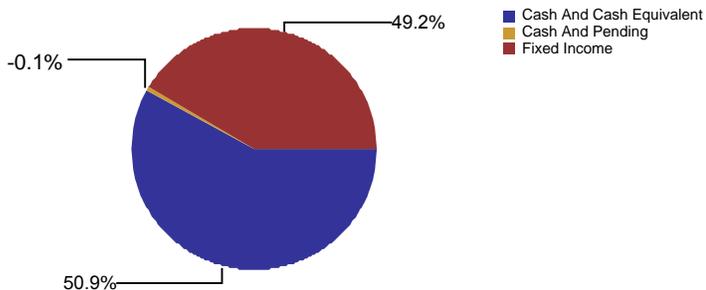
Portfolio Characteristics

Total Net Assets (Millions) **1,574.2**  
 Weighted Average Life (Years) **0.64**  
 Weighted Avg. Effective Duration (Years) **0.30**  
 Weighted Average Rating **AA+**  
 Number of Holdings **100**



Asset Mix

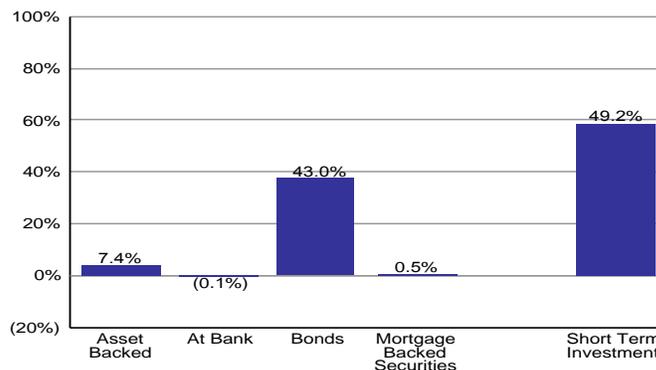
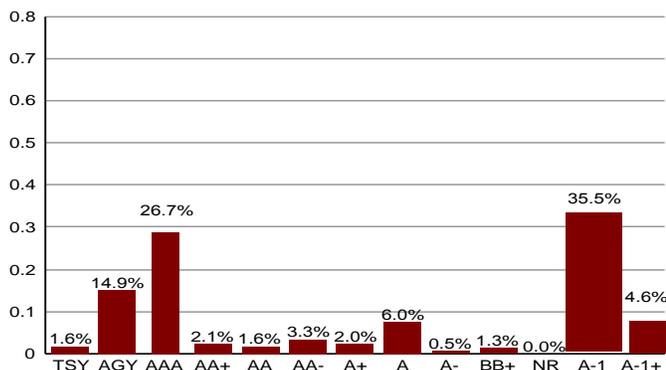
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299W340	TRI-PARTY REPO SOUTH STREET 0.08% 03/JAN/2011	8.26%	0.08	3/1/2011
606991803	TRI-PARTY REPO MIZUHO AZ 0.2% 03/JAN/ 2011	6.35%	0.20	3/1/2011
85299W365	TRI_PARTY REPO SOUTH STREET 0.16% 03/JAN/2011	2.86%	0.16	3/1/2011
31398AWQ1	FEDERAL NATIONAL MORTGAGE ASSOC 1.375% SRN U	2.24%	1.38	28/4/2011
31398A2L5	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% NTS	2.23%	1.25	16/8/2013
5705X5Q87	MARKET ST FNDG CORP COMMERCIAL PAPER	1.91%	0.00	8/3/2011
3128X9XU9	FEDERAL HOME LOAN MORTGAGE CORP 0.00%	1.91%	0.41	3/2/2012
96442MN43	WHITE POINT FDG INC CORPORATE COMMERCIAL PAPER	1.91%	0.00	4/1/2011
92646LNE6	VICTORY RECEIVABLES CORPORATE COMMERCIAL PAPER	1.91%	0.00	14/1/2011
67083UNJ8	OLD LINE FUNDING LLC CORPORATE COMMERCIAL PAPER	1.91%	0.00	18/1/2011

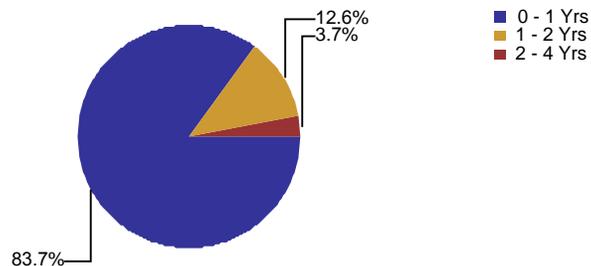
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



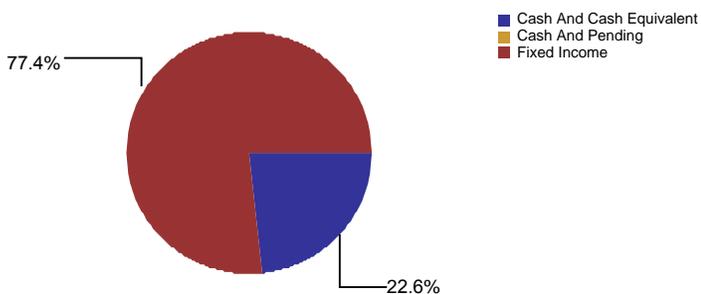
Portfolio Characteristics

Total Net Assets (Millions) **669.1**  
 Weighted Average Life (Years) **1.10**  
 Weighted Avg. Effective Duration (Years) **0.50**  
 Weighted Average Rating **AGY**  
 Number of Holdings **49**



Asset Mix

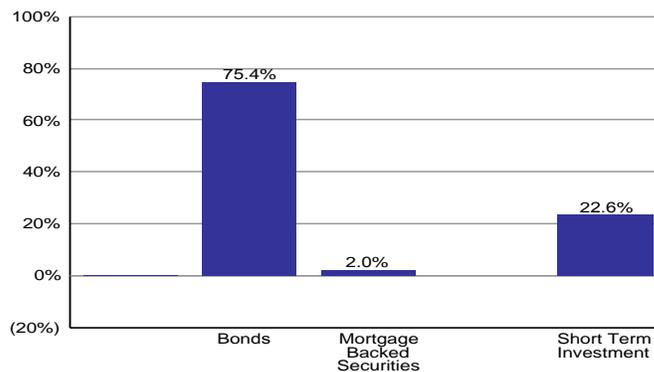
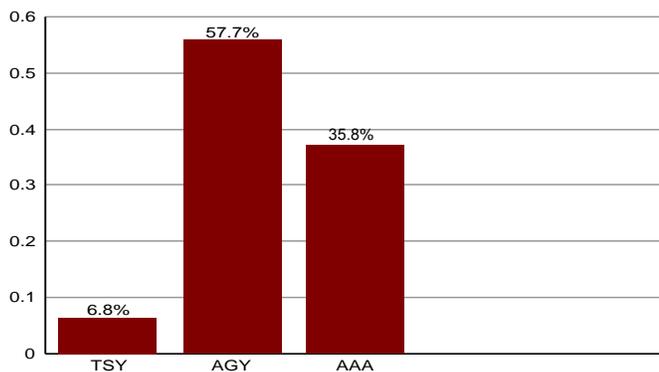
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299W365	TRI-PARTY REPO SOUTH STREET 0.16% 03/JAN/2011	14.43%	0.16	3/1/2011
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 3/JAN/2011	8.24%	0.30	3/1/2011
3128X9XU9	FEDERAL HOME LOAN MORTGAGE CORP 0.00% BDS	4.49%	0.41	3/2/2012
446436AB3	HUNTINGTN.NATL.BK FR GTD NT 01/JUN/2012 USD1000	3.76%	0.70	1/6/2012
788717D	FED HOME LOAN ZCP 06/JAN/2011	3.05%	0.00	6/1/2011
912828JU5	UNITED STATES OF AMER TREAS NOTES 1.75% TB	3.03%	1.75	15/11/2011
3134G1UJ1	FED HOME LOAN MTG 0.4% MTN 22/SEP/2011 USD	2.99%	0.40	22/9/2011
313396CT8	FED HOME LOAN MORTGAGE CORP 0% DISCOUNT NTS	2.99%	0.00	7/3/2011
313396DH3	FED HOME LOAN MTG 0% 21/MAR/2011 NTS	2.99%	0.00	21/3/2011
787631D	FED HOME LOAN ZCP 29/AUG/2011	2.99%	0.00	29/8/2011

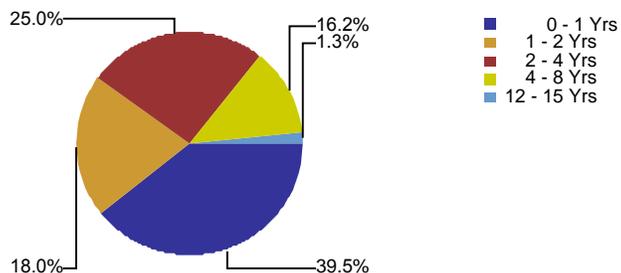
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



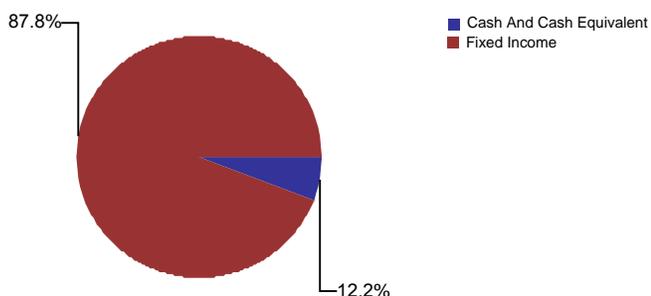
Portfolio Characteristics

Total Net Assets (Millions) **181.1**  
 Weighted Average Life (Years) **4.78**  
 Weighted Avg. Effective Duration (Years) **2.03**  
 Weighted Average Rating **AA+**  
 Number of Holding **112**



Asset Mix

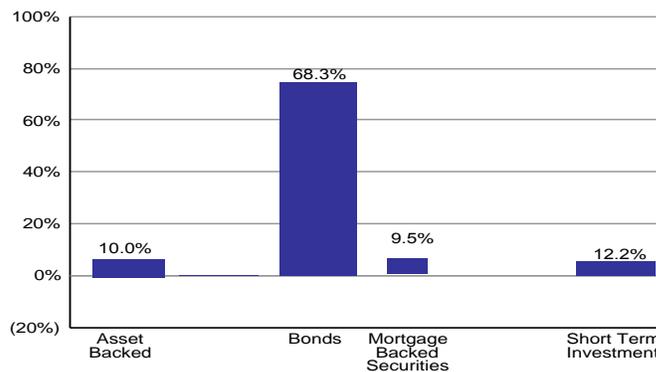
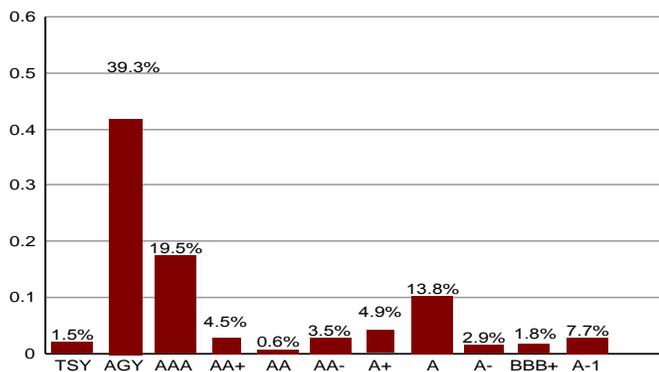
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
86299W365	TRI-PARTY REPO SOUTH STREET 0.16% 03/JAN/2011	4.38%	0.16	3/1/2011
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3C	2.75%	0.42	15/2/2017
928989383	JP MORGAN US GOVT AGENCY SHARES	2.15%	0.00	31/12/2049
084664BG5	BERKSHIRE HATHAWAY FINANCE CORP 5% GTD SNR NTS	1.84%	5.00	15/8/2013
3128X77G3	FEDERAL HOME LOAN MORTGAGE CORP 4.25% BDS	1.70%	4.25	12/12/2018
36159JCC3	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 2010-3A USD2000	1.68%	2.21	15/6/2016
264399EM4	DUKE ENERGY CORP 5.3% 01/OCT/2015	1.65%	5.30	1/10/2015
958902D	DEUTSCHE BK ZCP 13/SEP/2011	1.65%	0.00	13/9/2011
58013MEC4	MCDONALD'S CORP 6.3% BDS 15/OCT /2037 USD 1000	1.30%	6.30	15/10/2037
110122AR9	BRISTOL MYERS SQUIBB 5.45 BDS 01/MAY/2018 USD 2000	1.26%	5.45	1/5/2018

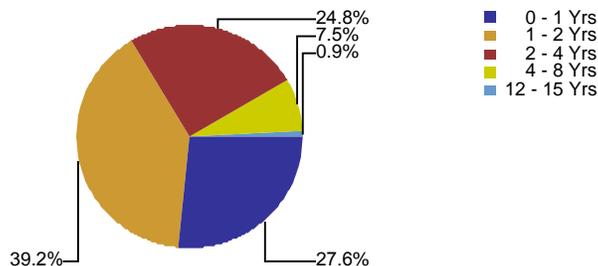
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



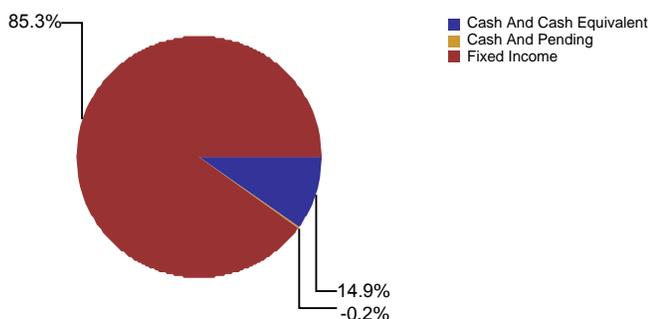
Portfolio Characteristics

Total Net Assets (Millions) **12.3**  
 Weighted Average Life (Years) **4.61**  
 Weighted Avg. Effective Duration (Years) **1.78**  
 Weighted Average Rating **AAA**  
 Number of Holdings **23**



Asset Mix

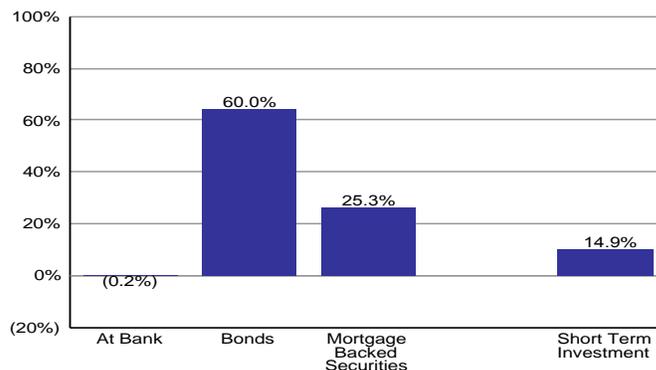
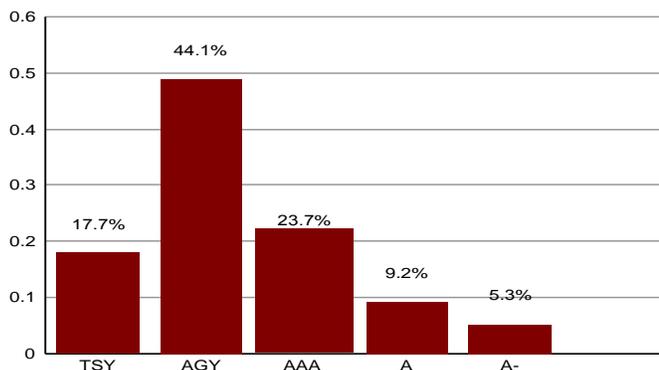
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	14.89%	0.00	31/12/2049
787697B	LONG TERM GOVT POOL ZCP 31/DEC/2049 DTD	8.15%	0.00	31/12/2049
31294KT81	FEDERAL HOME LN MTG CORP GOLD POOL # EO1446	7.24%	4.50	1/9/2018
36241KJZ2	GNMA I MORTPASS 4.5% 15 FEB/2021 JP PN #782080	5.8%	4.50	15/2/2021
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.81%	6.95	15/3/2014
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/2039	4.78%	4.00	16/11/2039
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/2012	4.44%	7.13	15/11/2012
3128X77G3	FEDERAL HOME LOAN MORTGAGE CORP 4.25% BDS	4.19%	4.25	12/12/2018
3128X94A5	FEDERAL HOME LOAN MORTGAGE CORP 5% USD1000	4.12%	5.00	29/4/2025
912828LG3	UNITED STATES TREAS NTS 1% 31/JUL/2011	4.11%	1.00	31/7/2011

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

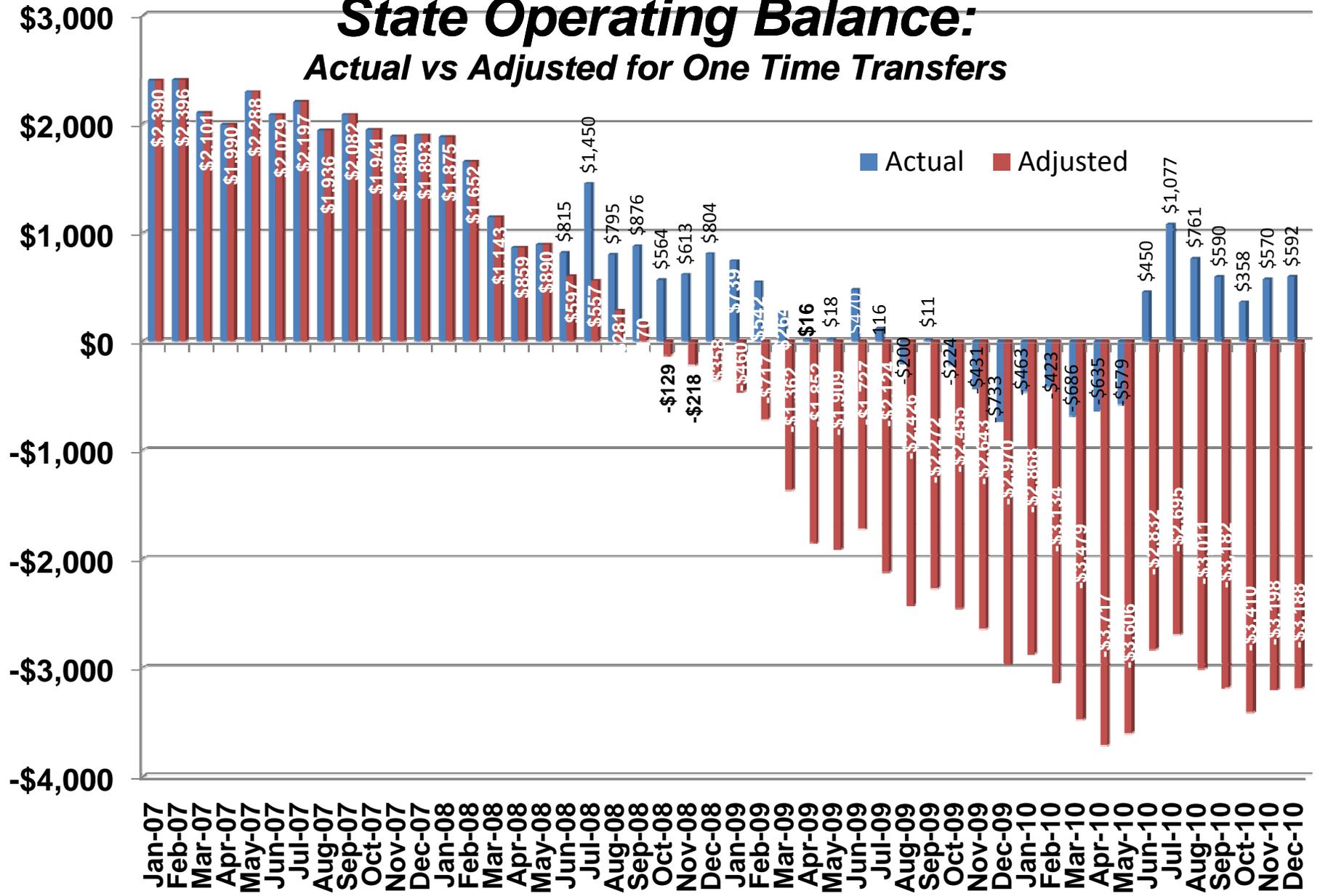


**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**  
Through December 31, 2010  
(in millions of dollars)

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<u>Month</u>	<u>Fiscal Year</u> <u>2008/2009</u>	<u>Fiscal Year</u> <u>2009/2010</u>	<u>Fiscal Year</u> <u>2010/2011</u>
JULY	1,450	116	1,077
AUGUST	795	(200)	761
SEPTEMBER	876	11	590
OCTOBER	564	(224)	358
NOVEMBER	613	(431)	570
DECEMBER	804	(733)	592
JANUARY	739	(463)	
FEBRUARY	542	(423)	
MARCH	264	(686)	
APRIL	16	(635)	
MAY	18	(579)	
JUNE	470	450	
<b>Y-T-D</b>			
<b>Average</b>	<b>\$596</b>	<b>(\$316)</b>	<b>\$658</b>

# State Operating Balance: Actual vs Adjusted for One Time Transfers



**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
DECEMBER 2010**

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Distributed in Current Month

Recipient	December-10	Fiscal YTD 10/11	Fiscal YTD 09/10
101 A & M Colleges	\$4,897	\$27,411	\$0
102 State Hospital	\$2,401	\$13,353	\$0
103 Leg., Exec., & Jud.	\$4,604	\$26,085	\$0
104 Military Institute	\$356	\$2,025	\$0
105 Miners Hospital	\$6,454	\$36,462	\$0
107 Normal School ASU/NAU	\$1,795	\$10,134	\$0
108 Penitentiaries	\$9,792	\$56,880	\$0
109 Permanent Common School	\$1,390,917	\$7,818,444	\$0
110 School for Deaf & Blind	\$2,682	\$15,174	\$0
111 School of Mines	\$6,060	\$34,161	\$0
112 State Charitable-Pioneers Home	\$21,984	\$121,911	\$0
112 State Charitable-Corrections	\$10,992	\$60,957	\$0
112 State Charitable-Youth Treatment	\$10,992	\$60,957	\$0
113 University Fund	\$9,301	\$52,344	\$0
114 U of A Land - 1881	\$20,827	\$117,519	\$0
<b>Total</b>	<b>\$1,504,054</b>	<b>\$8,453,817</b>	<b>\$0</b>

Posted in USAS in current month

**ENDOWMENT FUNDS**  
**PORTFOLIO YIELD ANALYSIS**  
December 31, 2010

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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
205	ENDOWMENTS - FIXED INCOME	4,123,485	5.17%
	<b>TOTAL ENDOWMENTS - FIXED INCOME</b>	<b>4,123,485</b>	

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

Endowment Fund -----	Dec-10 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(336,721)	(727,095)
Equity Pool (500) Net Gain (Loss)	(643,657)	412,769
Equity Pool (400) Net Gain (Loss)	7,232,902	11,284,193
<b>Totals</b>	<b>6,252,524</b> =====	<b>10,969,867</b> =====

**ENDOWMENT FUNDS FIXED-INCOME POOL  
PURCHASES & SALES  
Month of December 2010**

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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 MTG	4.00	12/25/2023	4.55	\$6,000,000	\$6,344,417	2.65%	Aaa/AAA
U S TREASURY NOTE	4.50	11/30/2011	N/A	\$5,000,000	\$5,208,686	0.33%	Aaa/AAA
U S TREASURY NOTE	3.25	7/31/2016	N/A	\$5,000,000	\$5,291,848	2.37%	Aaa/AAA

<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>	<b>\$16,000,000</b>	<b>\$16,844,951</b>
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**II. Endowment Funds Sales**

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&amp;P RATING</u>
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<b>TOTAL ENDOWMENT FUNDS SALES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
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\*WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

**EQUITY FUNDS**  
**PURCHASES & SALES**  
Month of December 2010

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**I. Equity Fund Purchases**

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	711,573	\$16,430,607	\$9,796
S&P 500 Large-Cap Fund	678,952	\$15,650,116	\$9,801
<b>TOTAL EQUITY PURCHASES</b>	<b>1,390,525</b>	<b>\$32,080,722</b>	<b>\$19,597</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	240,023	\$14,501,983	\$3,254
S&P 500 Large-Cap Fund	193,536	\$7,945,088	\$2,006
<b>TOTAL EQUITY SALES</b>	<b>433,559</b>	<b>\$22,447,071</b>	<b>\$5,260</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
DECEMBER 31, 2010  
(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>
101 A & M Colleges					
<i>Shares in S&amp;P 500 Index Fund</i>	2,553	2,320	2,847	526	
<i>Shares in Mid-Cap 400 Equity Fund</i>	819	795	1,594	799	
<i>Shares in Fixed Income Fund</i>	2,763	3,115	4,621	1,506	
Total	6,135	6,230	9,061	2,831	<b>1.454</b>
102 State Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	1,654	1,429	1,845	416	
<i>Shares in Mid-Cap 400 Equity Fund</i>	460	489	896	407	
<i>Shares in Fixed Income Fund</i>	1,620	1,918	2,710	792	
Total	3,735	3,835	5,450	1,615	<b>1.421</b>
103 Leg., Exec., & Jud.					
<i>Shares in S&amp;P 500 Index Fund</i>	1,942	1,899	2,166	267	
<i>Shares in Mid-Cap 400 Equity Fund</i>	625	650	1,216	566	
<i>Shares in Fixed Income Fund</i>	2,291	2,549	3,831	1,282	
Total	4,858	5,098	7,213	2,115	<b>1.415</b>
104 Military Institute					
<i>Shares in S&amp;P 500 Index Fund</i>	131	131	147	16	
<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	89	44	
<i>Shares in Fixed Income Fund</i>	163	175	272	97	
Total	340	351	508	157	<b>1.448</b>
105 Miners Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	4,132	4,015	4,608	593	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,129	1,374	2,197	823	
<i>Shares in Fixed Income Fund</i>	4,125	5,389	6,899	1,510	
Total	9,386	10,778	13,704	2,925	<b>1.271</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
DECEMBER 31, 2010  
(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>	912	858	1,017	159	
<i>Shares in Mid-Cap 400 Equity Fund</i>	272	294	529	236	
<i>Shares in Fixed Income Fund</i>	976	1,151	1,633	482	
Total	2,161	2,303	3,180	877	<b>1.381</b>
108 Penitentiaries					
<i>Shares in S&amp;P 500 Index Fund</i>	3,256	2,943	3,631	688	
<i>Shares in Mid-Cap 400 Equity Fund</i>	938	1,008	1,825	817	
<i>Shares in Fixed Income Fund</i>	3,257	3,951	5,446	1,495	
Total	7,451	7,902	10,902	3,000	<b>1.380</b>
109 Permanent Common School					
<i>Shares in S&amp;P 500 Index Fund</i>	876,569	845,702	977,504	131,801	
<i>Shares in Mid-Cap 400 Equity Fund</i>	239,753	289,469	466,558	177,089	
<i>Shares in Fixed Income Fund</i>	888,157	1,135,171	1,485,269	350,098	
Total	2,004,479	2,270,342	2,929,330	658,989	<b>1.290</b>
110 School for Deaf & Blind					
<i>Shares in S&amp;P 500 Index Fund</i>	1,310	1,240	1,461	221	
<i>Shares in Mid-Cap 400 Equity Fund</i>	404	424	786	362	
<i>Shares in Fixed Income Fund</i>	1,459	1,664	2,440	776	
Total	3,173	3,328	4,687	1,359	<b>1.408</b>
111 School of Mines					
<i>Shares in S&amp;P 500 Index Fund</i>	2,884	2,799	3,216	417	
<i>Shares in Mid-Cap 400 Equity Fund</i>	875	958	1,702	744	
<i>Shares in Fixed Income Fund</i>	3,163	3,758	5,290	1,532	
Total	6,922	7,515	10,208	2,693	<b>1.358</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
DECEMBER 31, 2010  
(In Thousands)

State Treasurer's Report  
January 25, 2011  
Page 25

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>	29,985	27,932	33,437	5,506	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,856	9,562	15,288	5,726	
<i>Shares in Fixed Income Fund</i>	29,265	37,494	48,940	11,446	
Total	67,106	74,988	97,666	22,677	<b>1.302</b>
113 University Fund					
<i>Shares in S&amp;P 500 Index Fund</i>	4,756	4,552	5,303	751	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,423	1,558	2,770	1,211	
<i>Shares in Fixed Income Fund</i>	5,190	6,111	8,678	2,567	
Total	11,369	12,222	16,751	4,530	<b>1.371</b>
114 U Of A Land - 1881					
<i>Shares in S&amp;P 500 Index Fund</i>	13,669	13,633	15,243	1,610	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,775	4,666	7,345	2,679	
<i>Shares in Fixed Income Fund</i>	14,359	18,299	24,013	5,714	
Total	31,803	36,599	46,601	10,003	<b>1.273</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in S&amp;P 500 Index Fund</i>	943,754	909,452	1,052,425	142,973	
<i>Shares in Mid-Cap 400 Equity Fund</i>	258,374	311,292	502,795	191,502	
<i>Shares in Fixed Income Fund</i>	956,788	1,220,746	1,600,042	379,296	
<b>Grand Total</b>	<b>2,158,917</b>	<b>2,441,490</b>	<b>3,155,262</b>	<b>713,772</b>	

**ASSET ALLOCATION PERCENTAGE**

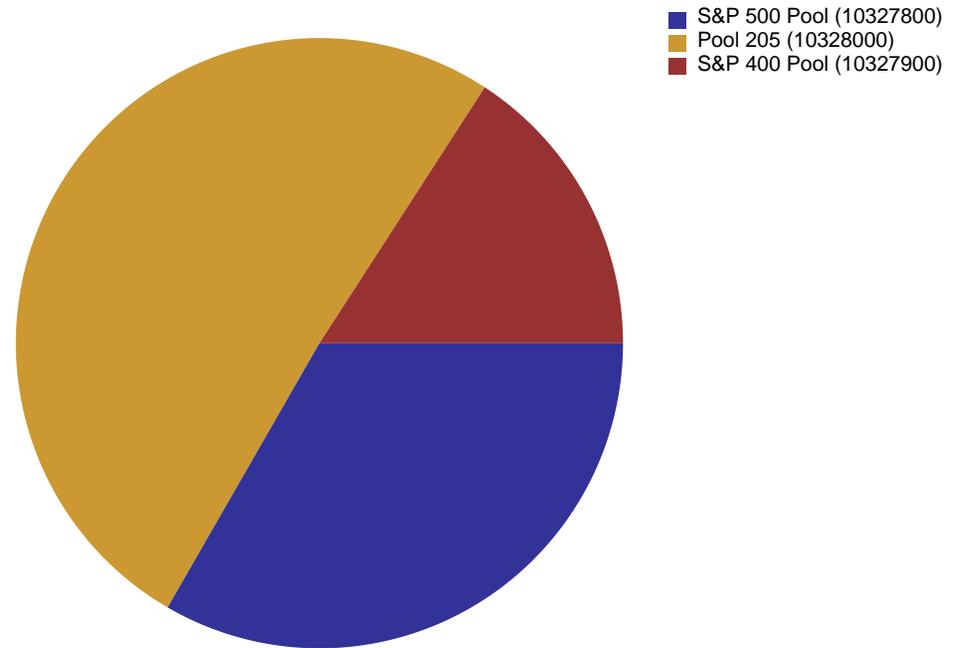
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&amp;P 500 Index Fund</i>	43.71%	37.25%	33.35%
<i>Shares in Mid-Cap 400 Equity Fund</i>	11.97%	12.75%	15.94%
<i>Shares in Fixed Income Fund</i>	44.32%	50.00%	50.71%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As of December 2010**  
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	982,023,050.63	1,052,424,995.88	4,914,943	6.67	10.75	15.15	23.25	15.15	(2.69)	2.21	0.29	07/01/1999
10327900	S&P 400 Pool	470,410,857.98	502,794,597.22	1,677,768	6.53	13.48	25.52	28.37	25.52	2.19	5.30	7.63	08/01/2001
10328000	Pool 205	1,597,226,825.31	1,600,042,203.90	6,587,088	(0.24)	(0.44)	5.86	1.36	5.86	5.96	5.82	6.15	07/01/1999
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>3,049,660,733.92</b>	<b>3,155,261,797.00</b>	<b>13,179,799</b>	<b>3.03</b>	<b>5.16</b>	<b>11.69</b>	<b>11.73</b>	<b>11.69</b>	<b>2.42</b>	<b>4.68</b>	<b>5.04</b>	<b>07/01/1999</b>

## Manager Allocation Arizona State Treasury (05509) As of December 31, 2010

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,600.04	50.7%
S&P 400 Pool (10327900)	502.79	15.9%
S&P 500 Pool (10327800)	1,052.42	33.4%
<b>TOTAL</b>	<b>3,155.26</b>	<b>100.0%</b>

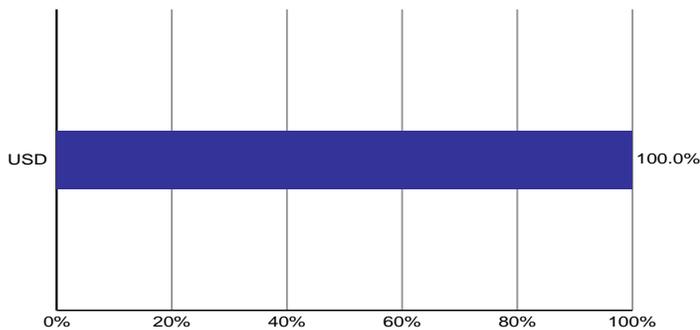


Portfolio Characteristics				Risk Measures			
Total Asset Value (in Millions)	1,052.4			Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	17.50	Tracking Error	0.07	0.20	0.43	1.78	
Price to Book Ratio	2.15	Information Ratio	1.27	0.82	(0.19)	(0.42)	
Dividend Yield (%)	1.87	Std Deviation of Port.	19.21	22.07	17.69	16.44	
Return on Equity (%)	20.72	Std Deviation of Bench.	19.26	22.16	17.82	16.30	
Sales Growth (%)	10.37	Sharpe Ratio of Port.	0.78	(0.16)	(0.01)	(0.15)	
Market Capitalization (\$ Billions)	88,791.40	Sharpe Ratio of Bench.	0.78	(0.16)	(0.01)	(0.11)	
Earnings per Share (\$)	2.60	R-Squared	1.00	1.00	1.00	0.99	
Number of Holdings	502	Jensen's Alpha	0.13	0.15	(0.09)	(0.75)	

Top Ten Portfolio Holdings

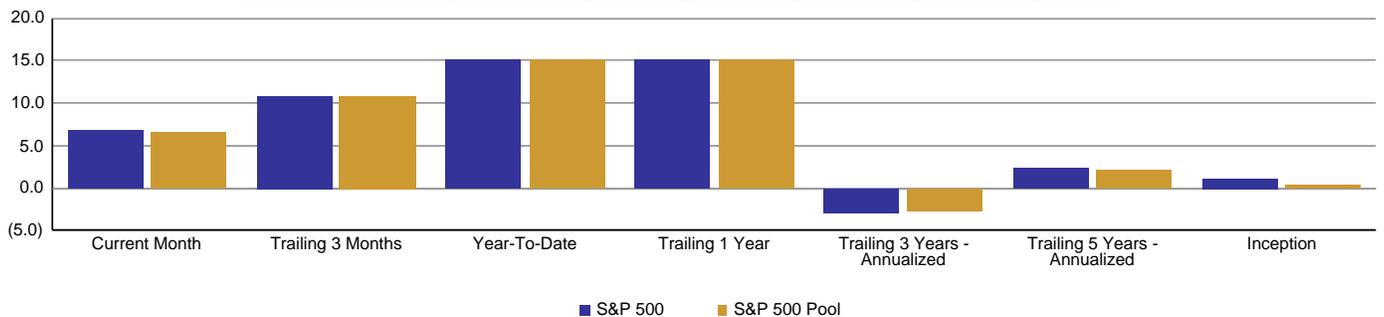
Security ID	Security Name	% of Assets
30231G102	EXXON MOBIL CORP - COM NPV	3.13%
78462F103	SPDR S&P 500 ETF TRUST	2.97%
037833100	APPLE INC - COM NPV	2.51%
594918104	MICROSOFT CORP - COM USD.001	1.78%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.66%
166764100	CHEVRON CORP - COM USD3	1.56%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.55%
742718109	PROCTER & GAMBLE CO - COM NPV	1.53%
00206R102	AT&T INC - COM USD1	1.47%
478160104	JOHNSON & JOHNSON - COM USD1	1.44%

Top Ten Currency Weights

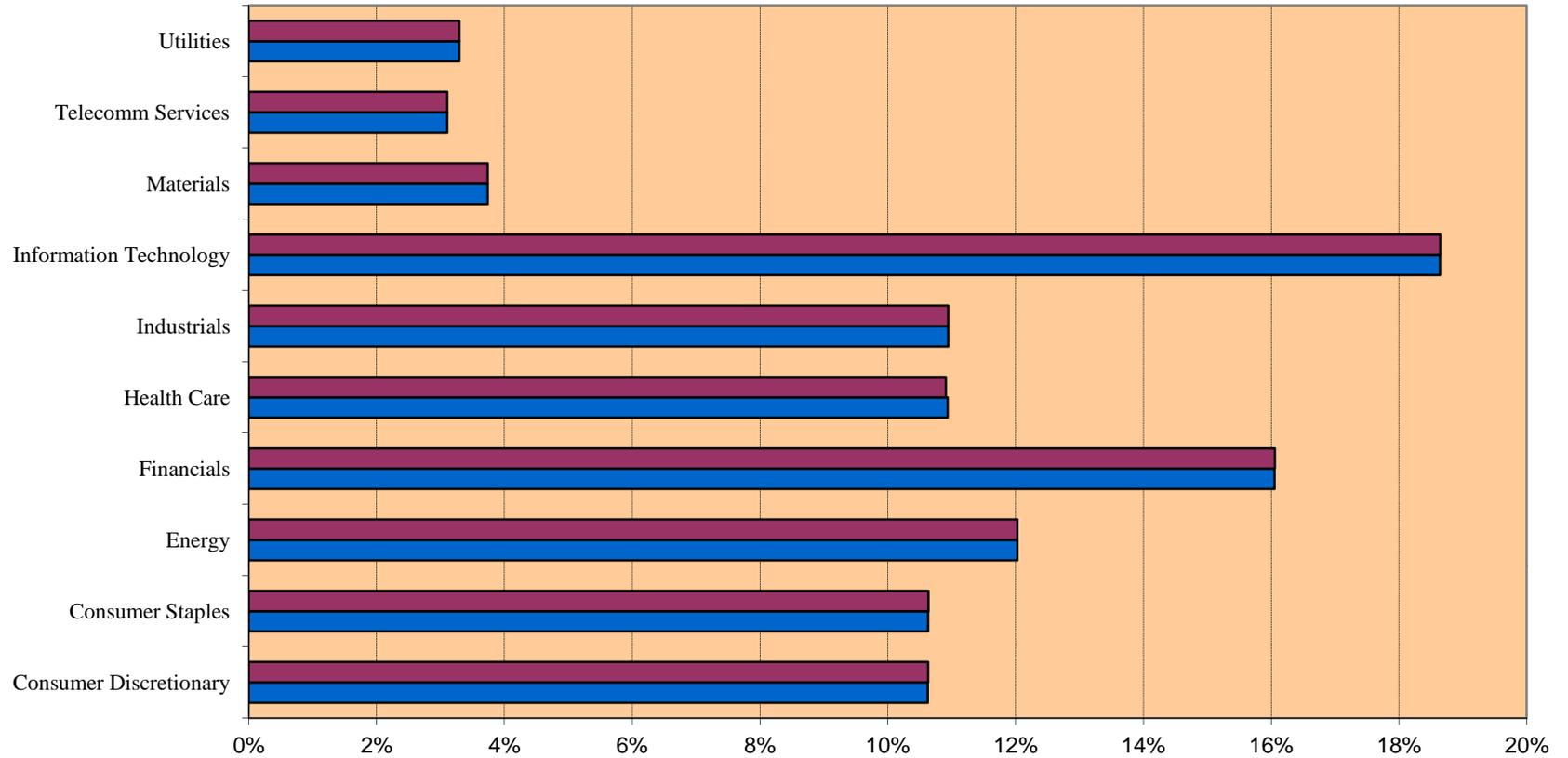


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	6.67	10.75	15.15	15.15	(2.69)	2.21	0.29
S&P 500	6.68	10.76	15.06	15.06	(2.86)	2.29	1.04
Excess	(0.01)	(0.00)	0.09	0.09	0.16	(0.08)	(0.75)



**STATE OF ARIZONA  
POOL 201 (S&P 500)  
As of December 31, 2010**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	10.63%	10.63%	12.03%	16.06%	10.91%	10.95%	18.65%	3.74%	3.11%	3.30%
■ STATE OF ARIZONA - POOL 201	10.63%	10.63%	12.03%	16.06%	10.93%	10.94%	18.64%	3.74%	3.11%	3.30%

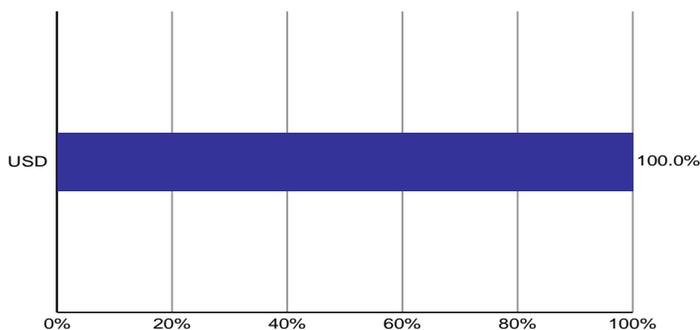
S&P 500 Index
  STATE OF ARIZONA - POOL 201

Portfolio Characteristics		Risk Measures			
Total Asset Value (in Millions)	502.8	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	18.36	0.60	2.52	2.15	2.22
Price to Book Ratio	3.83	Information Ratio	(1.86)	(0.53)	(0.20)
Dividend Yield (%)	1.24	Std Deviation of Port.	20.91	25.19	20.26
Return on Equity (%)	9.10	Std Deviation of Bench.	21.13	26.17	21.15
Sales Growth (%)	10.29	Sharpe Ratio of Port.	1.21	0.06	0.14
Market Capitalization (\$ Billions)	3,449.85	Sharpe Ratio of Bench.	1.26	0.10	0.16
Earnings per Share (\$)	2.11	R-Squared	1.00	0.99	0.99
Number of Holdings	404	Jensen's Alpha	(0.84)	(1.23)	(0.28)
					0.30

### Top Ten Portfolio Holdings

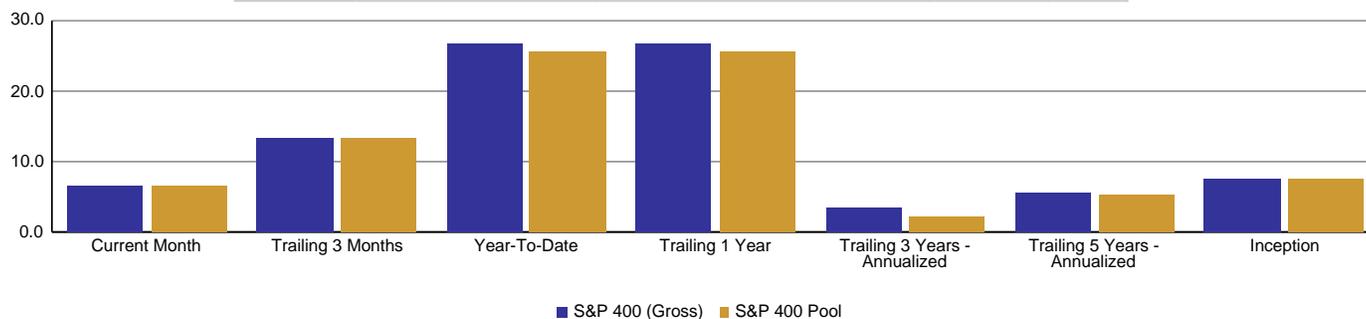
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	5.89%
28176E108	EDWARDS LIFESCIENCES CORP - COM USD1	0.78%
481165108	JOY GLOBAL INC - COM	0.76%
099724106	BORGWARNER INC - COM USD.01	0.70%
649445103	NEW YORK CMNTY BANCORP INC - COM USD.01	0.69%
171798101	CIMAREX ENERGY CO - COM USD.01	0.63%
118759109	BUCYRUS INTERNATIONAL INC - COM USD.01	0.61%
225447101	CREE INC - COM USD.01	0.60%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.60%
256746108	DOLLAR TREE INC - COM USD.01	0.59%

### Top Ten Currency Weights

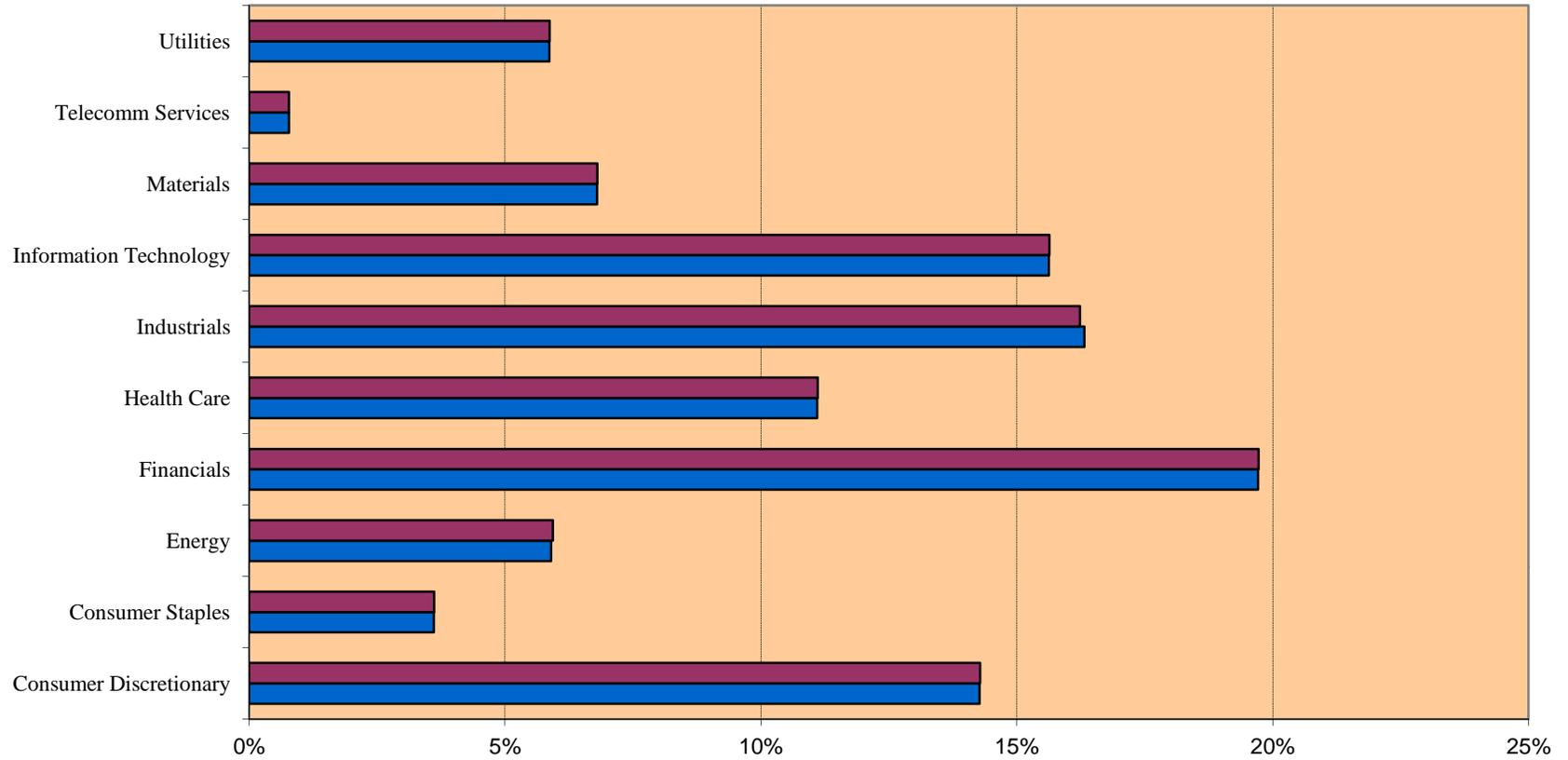


### Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	6.53	13.48	25.52	25.52	2.19	5.30	7.63
S&P 400 (Gross)	6.55	13.50	26.64	26.64	3.52	5.74	7.67
Excess	(0.02)	(0.02)	(1.12)	(1.12)	(1.34)	(0.44)	(0.04)



**STATE OF ARIZONA  
POOL 203 (S&P MIDCAP 400)  
As of December 31, 2010**

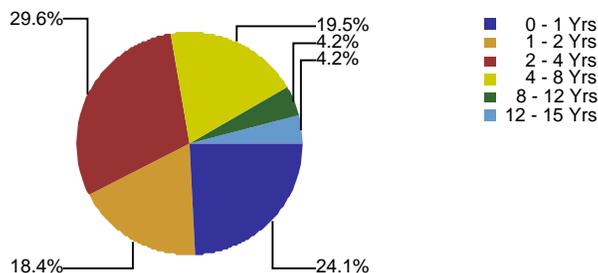


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	14.29%	3.61%	5.94%	19.73%	11.11%	16.23%	15.64%	6.81%	0.78%	5.87%
■ STATE OF ARIZONA - POOL 203	14.27%	3.61%	5.90%	19.72%	11.10%	16.32%	15.63%	6.80%	0.78%	5.87%

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

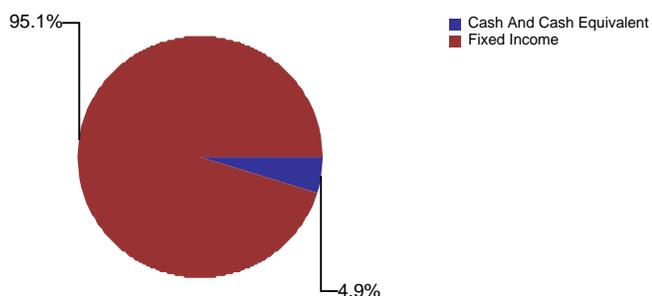
Portfolio Characteristics

Total Net Assets (Millions)	1,600.0
Weighted Average Life (Years)	4.95
Weighted Avg. Effective Duration (Years)	3.24
Weighted Average Coupon (%)	4.40
Weighted Average Current Yield (%)	2.02
Weighted Average Yield to Maturity (%)	2.07
Weighted Average Rating	AAA
Number of Holdings	263



Asset Mix

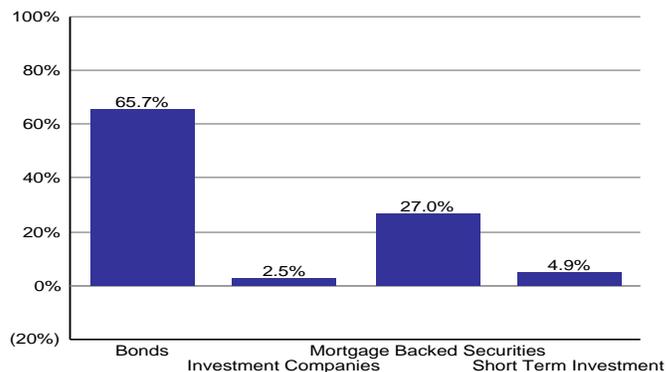
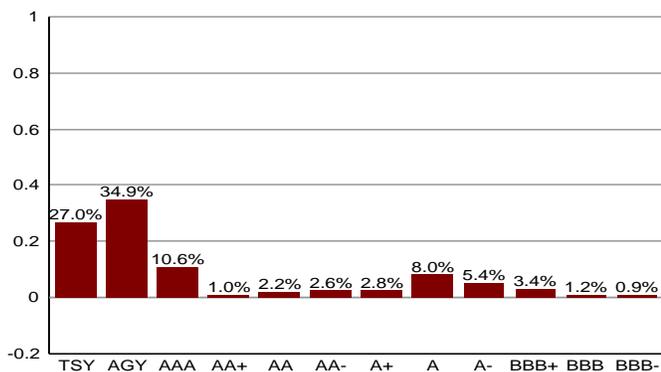
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	4.81%	0.00	31/12/2049
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.38%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.25%	0.00	31/1/2011
958268S	LONG TERM GOV'T POOL	1.25%	0.00	31/1/2011
92343VAN4	VERIZON COMMUNICATIONS INC 5.25% NTS 15/APR/2013	1.00%	5.25	15/4/2013
912828FK1	US TREAS NTS 05.125% 30/JUN/2011	0.96%	5.12	30/6/2011
931142BV4	WAL MART STORES 931142BV4 4.125% 15/FEB/2011	0.96%	4.12	15/2/2011
912810ED6	UNITED STATES OF AMER TREAS BONDS 8.125%	0.89%	8.12	15/8/2019
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.82%	6.38	15/8/2027
92343VAM6	VERIZON COMMUNICATIONS INC 6.1% NTS 15/APR/2018	0.72%	6.10	15/4/2018

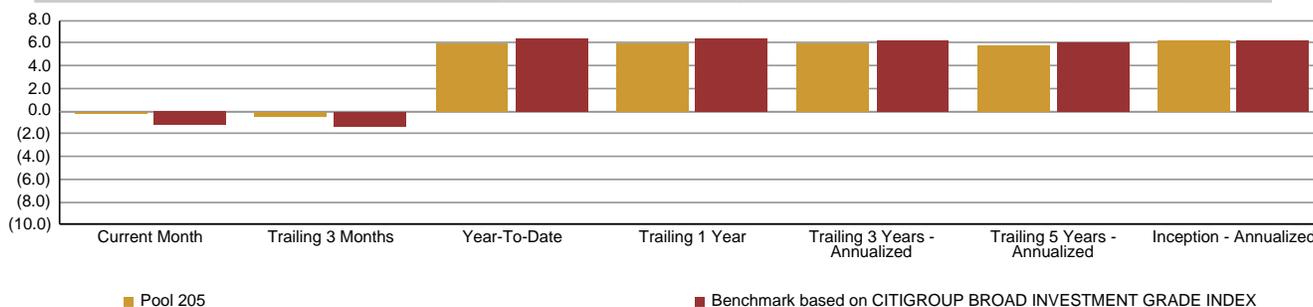
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



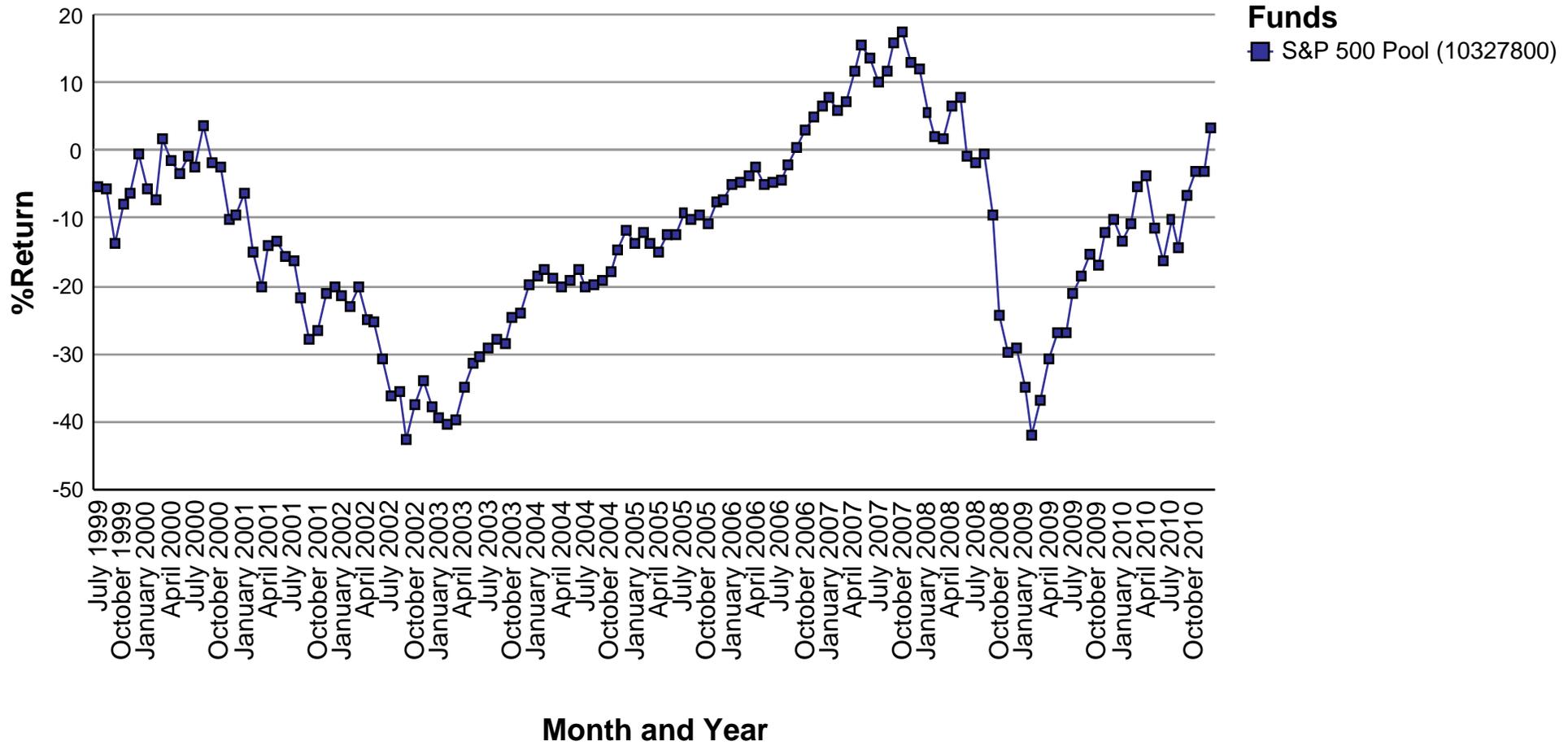
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	(0.24)	(0.44)	5.86	5.86	5.96	5.82	6.15
CITIGROUP BROAD INVESTMENT GRADE INDEX	(1.16)	(1.34)	6.30	6.30	6.14	5.99	6.22
Excess	0.92	0.90	(0.44)	(0.44)	(0.17)	(0.17)	(0.08)



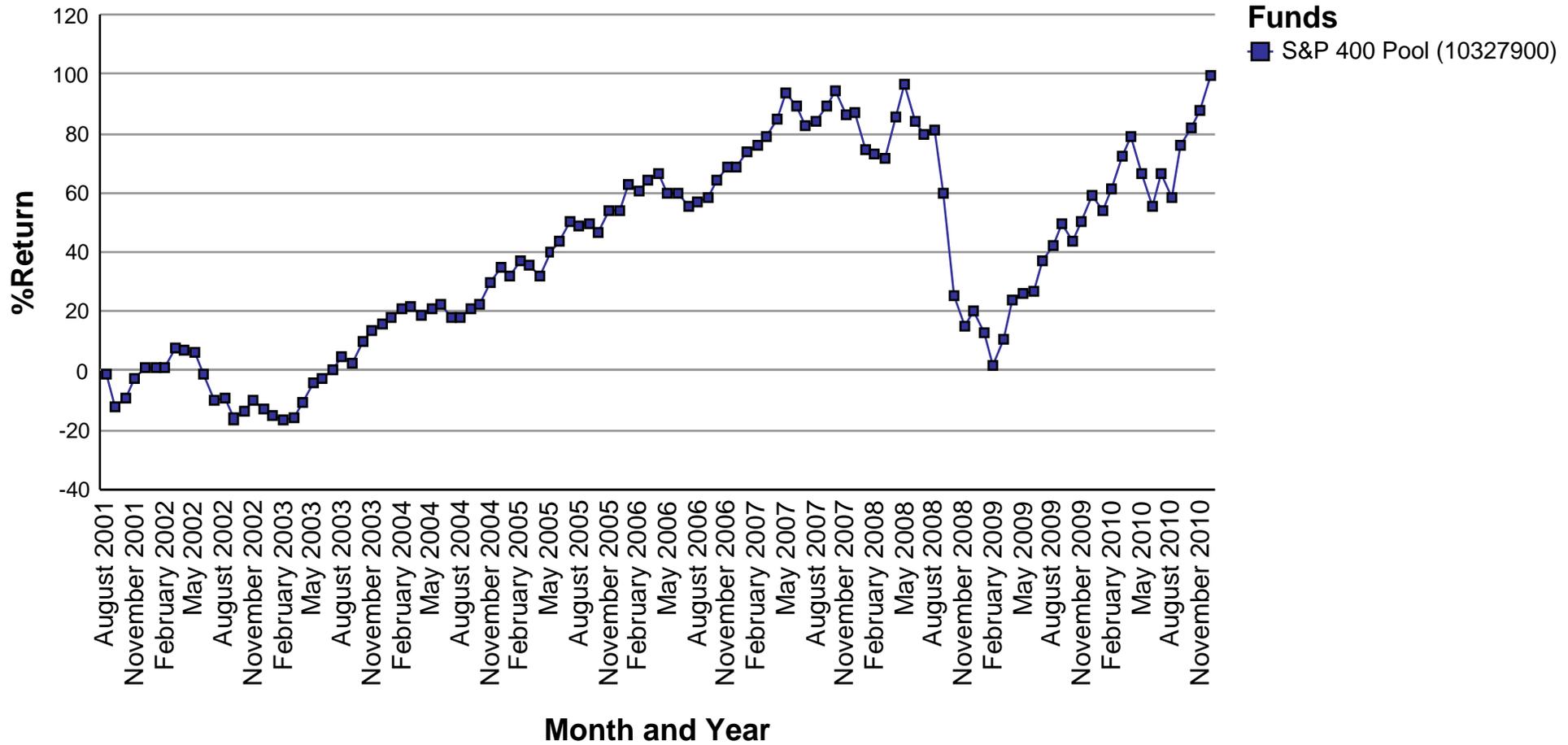
## Performance Growth by Account

Arizona State Treasury (05509)  
From July 1999 to December 2010  
Gross of Fee



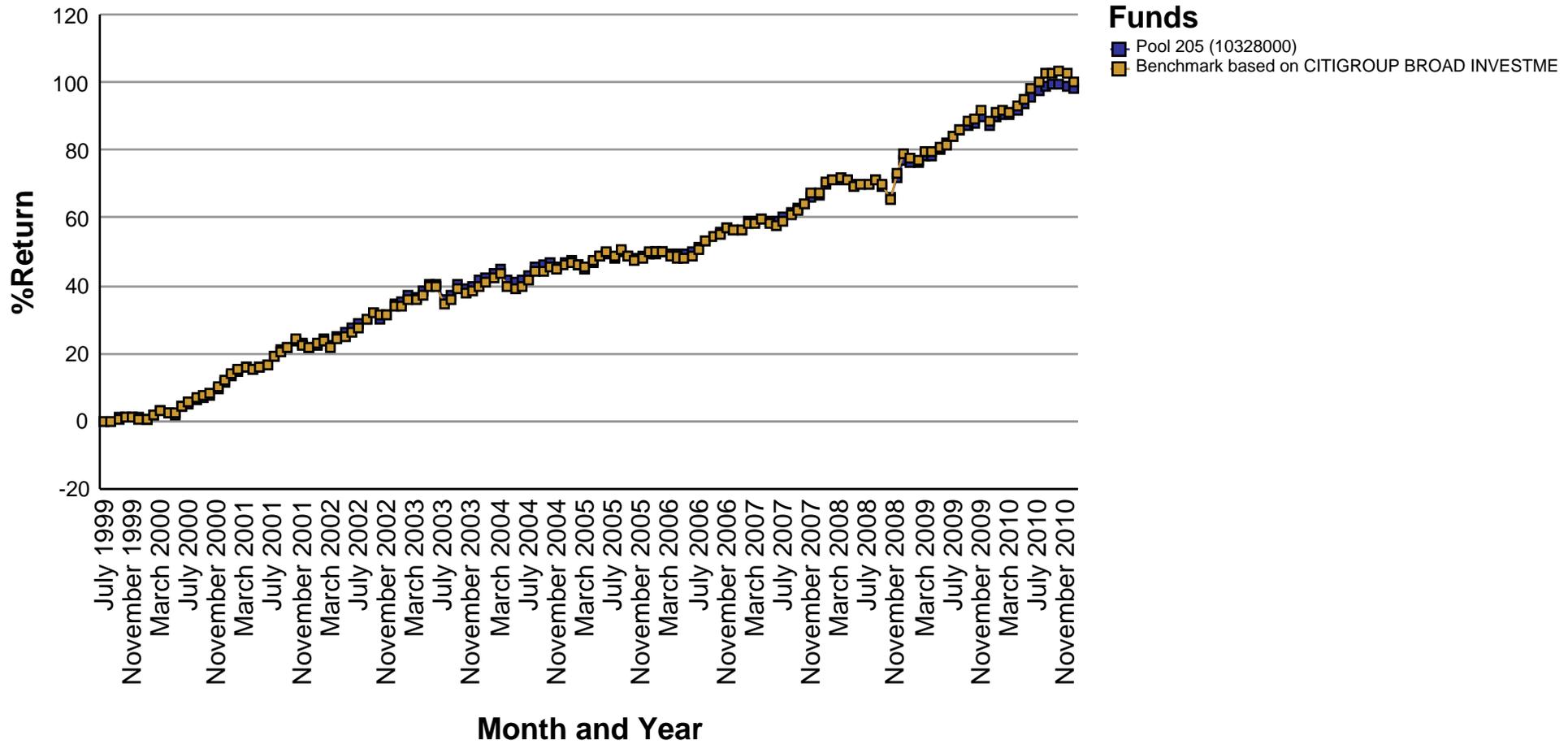
## Performance Growth by Account

Arizona State Treasury (05509)  
From August 2001 to December 2010  
Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)  
From July 1999 to December 2010  
Gross of Fee



**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	369,817,575	1.24%	1.06%
	COMMERCIAL PAPER	184,959,870	23.13%	0.53%
	US-AGENCY	3,994,480	1.56%	0.01%
	US TREAS	40,410,530	50.66%	0.12%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	57,376,029	7.18%	0.17%
	CORP ABS	3,050,056	4.23%	0.01%
	CORP NOTES	19,054,574	33.66%	0.05%
	USA-MBS	5,203,160	83.72%	0.01%
	US TREAS	4,942,956	6.20%	0.01%
<b>BROADPOINT CAPITAL</b>				
	CORP ABS	2,367,094	3.28%	0.01%
<b>CANTOR FITZGERALD</b>				
	USA-MBS	1,011,574	16.28%	0.00%
<b>CITIGROUP</b>				
	REPO	11,792,138,851	39.57%	33.93%
	COMMERCIAL PAPER	163,918,958	20.50%	0.47%
	CORP NOTES	1,987,200	3.51%	0.01%
	CORP ABS	1,304,267	1.81%	0.00%
	US-AGENCY	19,949,878	7.79%	0.06%
	US TREAS	4,962,266	6.22%	0.01%
<b>DEUTSCHE BANC</b>				
	REPO	5,340,715,338	17.92%	15.37%
	COMMERCIAL PAPER	36,948,524	4.62%	0.11%
	CORP NOTES	20,331,450	35.91%	0.06%
	US TREAS	10,063,706	12.62%	0.03%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>FIRST TENNESSEE</b>				
	CORP ABS	1,310,436	1.82%	0.00%
	US AGENCY	98,394,666	38.40%	0.28%
	US TREAS	19,393,905	24.31%	0.06%
<b>GOLDMAN SACHS</b>				
	COMMERCIAL PAPER	58,972,901	7.38%	0.17%
	CORP NOTES	5,118,545	9.04%	0.01%
<b>JP MORGAN CHASE</b>				
	MONEY-MARK	73,874,418	100.00%	0.21%
	REPO SWEEP	3,606,973,415	100.00%	10.38%
	COMMERCIAL PAPER	257,390,566	32.19%	0.74%
	CORP NOTES	4,969,482	8.78%	0.01%
<b>JEFFRIES CO.</b>				
	US AGENCY	35,214,603	13.74%	0.10%
<b>MIZUHO SECURITIES</b>				
	REPO	5,615,906,919	18.84%	16.16%
<b>MORGAN STANLEY</b>				
	CORP NOTES	4,072,796	7.19%	0.01%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	39,995,689	5.00%	0.12%
	US AGENCY	97,178,955	37.93%	0.28%
<b>ROBERT W BAIRD</b>				
	CORP ABS	18,003,047	24.96%	0.05%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b><i>SOUTH STREET</i></b>				
	REPO	6,684,045,745	22.43%	19.23%
<b><i>STIFEL NICOLAUS</i></b>				
	CORP ABS	46,083,739	63.90%	0.13%
	CORP NOTES	1,076,929	1.90%	0.00%
<b><i>UBS PAINE WEBBER</i></b>				
	US AGENCY	1,500,000	0.59%	0.00%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	COMMERCIAL PAPER	158,501,625	18.79%	0.48%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	39,990,819	4.74%	0.12%
	US-AGENCY	19,999,108	4.60%	0.06%
<b>CITIGROUP</b>				
	REPO	4,606,102,797	27.33%	13.87%
	COMMERCIAL PAPER	115,979,077	13.75%	0.35%
<b>DEUTSCHE BANC</b>				
	REPO	3,807,295,668	22.59%	11.46%
	COMMERCIAL PAPER	50,982,694	6.04%	0.15%
	CORP NOTES	3,441,098	23.94%	0.01%
<b>FIRST TENNESSEE</b>				
	US-AGENCY	49,985,292	11.49%	0.15%
<b>JEFFRIES CO.</b>				
	US-AGENCY	34,998,338	8.05%	0.11%
<b>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	214,541,294	25.43%	0.65%
	MONEY MARKET	11,795,945	100.00%	0.04%
	REPO SWEEP	15,029,036,426	100.00%	45.25%
	CORP NOTES	6,722,924	46.77%	0.02%
<b>MIZUHO SECURITIES</b>				
	REPO	3,502,268,899	20.78%	10.55%
	US-AGENCY	209,964,333	48.27%	0.63%
	US TREAS	24,993,729	100.00%	0.08%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	129,301,314	15.32%	0.39%
	CORP NOTES	4,208,969	29.28%	0.01%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	134,468,799	15.94%	0.40%
	US-AGENCY	19,998,600	4.60%	0.06%
<b>SOUTH STREET</b>				
	REPO	4,935,649,941	29.29%	14.86%
<b>UBS PAINE WEBBER</b>				
	US-AGENCY	99,999,583	22.99%	0.30%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	COMMERCIAL PAPER	4,894,538	17.19%	0.29%
	CORP NOTES	249,778	5.59%	0.01%
	US TREAS	969,548	32.39%	0.06%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	1,999,205	7.02%	0.12%
	US AGENCY	5,172,484	30.09%	0.31%
	US TREAS	966,659	32.29%	0.06%
<b>CANTOR FITZGERALD</b>				
	USA-MBS	5,187,882	15.69%	0.31%
<b>CITIGROUP</b>				
	REPO	476,000,000	30.39%	28.25%
	COMMERCIAL PAPER	1,997,978	7.02%	0.12%
	CORP NOTES	596,288	13.35%	0.04%
	US AGENCY	1,004,054	5.84%	0.06%
	USA-MBS	10,460,417	31.64%	0.62%
<b>DEUTSCHE BANC</b>				
	REPO	306,000,000	19.54%	18.16%
	COMMERCIAL PAPER	1,996,217	7.01%	0.12%
	US AGENCY	1,500,000	8.73%	0.09%
<b>GOLDMAN SACHS</b>				
	COMMERCIAL PAPER	1,496,563	5.26%	0.09%
	CORP NOTES	997,800	22.35%	0.06%
	USA-MBS	4,938,397	14.94%	0.29%
	US TREAS	1,057,320	35.32%	0.06%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>GOVERNMENT PERSPECTIVES</b>				
	USA-MBS	5,186,024	15.69%	0.31%
<b>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	6,695,245	23.51%	0.40%
	MONEY MARKET	32,472,091	100.00%	1.93%
	CORP NOTES	1,499,180	33.58%	0.09%
<b>KEYBANC CAPITAL MARKETS</b>				
	US AGENCY	5,502,880	32.02%	0.33%
<b>MIZUHO SECURITIES</b>				
	REPO	329,000,000	21.01%	19.53%
<b>MORGAN KEEGAN</b>				
	CORP NOTES	626,145	14.02%	0.04%
	USA-MBS	2,053,750	6.21%	0.12%
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	2,997,275	10.53%	0.18%
	CORP NOTES	495,910	11.11%	0.03%
	US AGENCY	1,000,000	5.82%	0.06%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	5,398,849	18.96%	0.32%
<b>ROBERT W BAIRD</b>				
	US AGENCY	507,356	2.95%	0.03%
	USA-MBS	5,234,026	15.83%	0.31%
<b>SOUTH STREET</b>				
	REPO	455,102,339	29.06%	27.01%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>UBS PAINE WEBBER</b>				
	US AGENCY	2,501,458	14.55%	0.15%
<b>WELLS FARGO</b>				
	COMMERCIAL PAPER	998,901	3.51%	0.06%

**BROKER ACTIVITY REPORT**  
**POOL 7 - L.G.I.P.- GOV**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	REPO	310,182,425	0.91%	0.91%
	US TREAS	9,997,342	11.76%	0.03%
<b>CITIGROUP</b>				
	REPO	9,312,758,352	27.47%	27.40%
<b>DEUTSCHE BANC</b>				
	REPO	7,698,988,993	22.71%	22.65%
	US TREAS	74,989,773	88.24%	0.22%
<b>JP MORGAN CHASE</b>				
	MONEY MARKET	1,040,193	100.00%	0.00%
<b>MIZUHO SECURITIES</b>				
	REPO	9,865,823,181	29.10%	29.03%
<b>SOUTH STREET</b>				
	REPO	6,714,201,975	19.80%	19.75%

**BROKER ACTIVITY REPORT**  
**POOL 700 - F.F.& C. MEDIUM TERM**  
**OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b>BA SECURITIES INC.</b>				
	FDIC - CORP NOTES	13,147,694	76.45%	1.08%
<b>BARCLAYS CAPITAL INC.</b>				
	FDIC - CORP NOTES	4,049,914	23.55%	0.33%
	US AGENCY	5,690,636	37.51%	0.47%
<b>BROADPOINT CAPITAL</b>				
	US AGENCY	3,403,129	22.43%	0.28%
<b>CITIGROUP</b>				
	REPO	408,000,000	35.02%	33.55%
<b>DEUTSCHE BANC</b>				
	REPO	237,000,000	20.34%	19.49%
<b>GOLDMAN SACHS</b>				
	US TREAS	7,227,348	82.83%	0.59%
<b>JP MORGAN CHASE</b>				
	MONEY MARKET	10,041,664	100.00%	0.83%
	US TREAS	1,497,798	17.17%	0.12%
<b>MIZUHO SECURITIES</b>				
	REPO	212,000,000	18.20%	17.43%
<b>RAYMOND JAMES</b>				
	US AGENCY	6,076,856	40.06%	0.50%
<b>SOUTH STREET</b>				
	REPO	308,000,000	26.44%	25.33%

**BROKER ACTIVITY REPORT  
FIXED INCOME FUND 205  
OCTOBER 1 - DECEMBER 31, 2010**

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
<b><i>BROADPOINT CAPITAL</i></b>				
	USA MBS	33,749,090	100.00%	19.77%
<b><i>CITIGROUP</i></b>				
	US TREAS	10,335,712	50.42%	6.05%
<b><i>DEUTSCHE BANC</i></b>				
	US TREAS	10,164,879	49.58%	5.95%
<b><i>JP MORGAN CHASE</i></b>				
	MONEY-MARK	111,495,368	100.00%	65.30%
	US AGENCY	4,992,500	100.00%	2.92%