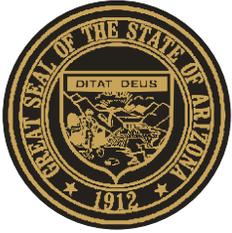


OFFICE OF THE  
**ARIZONA STATE TREASURER**



**HON. DEAN MARTIN  
TREASURER**



**JANUARY 2010**

**Presented To:**

**Arizona State Board of Investment**

**FEBRUARY 24, 2010**

STATE BOARD OF INVESTMENT

**A G E N D A**

**February 24, 2010**

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. 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**

**February 24, 2010**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on January 27, 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 3:00 p.m.

***Members Present:***

Dean Martin, Chair, State Treasurer  
David Raber, Interim Director of the Arizona Department of Administration  
Beth Ford, Treasurer, Pima County, by teleconference  
Mike Fowler, Administration Manager, Department of Financial Institutions,  
designee for Thomas Wood, Interim Superintendent, Department of Financial  
Institutions  
Alan E. Maguire, President, The Maguire Company

***Members Absent:***

*None*

***Others Present:***

Mark Swenson, Deputy Treasurer Strategic Planning, Audit & Research, 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

Pursuant to A.R.S. 35-311, the following reports for December, 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 January 27, 2010 BOI meeting to order at approximately 3:00 p.m.

**2. *Treasurers Comments:***

Treasurer Martin welcomed board members and guests and thanked all present for attending the January 27, 2010 meeting.

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

Mr. Maguire made a motion to approve the minutes for the December 21, 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. 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:

***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 December, 2009.

***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 December, 2009.

***Pool 500 Portfolio Yield Analysis***

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

***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 Long Term Pools as of December 31, 2009.

***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 Long Term pools for December 31, 2009.

***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 December, 2009.

***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 December 31, 2009.

***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 December 31, 2009.

***Operating Monies Average Invested Balance***

Mr. Swenson reported the Operating Monies average invested balance for the month of December, 2009.

***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:

***Endowment Funds Yield Analysis***

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

***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 December, 2009 and FY10 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 December, 2009.

***Equity Funds Purchases & Sales***

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

***Investments Outstanding in Endowment Funds***

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

***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 December 31, 2009.

***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 December 31, 2009.

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

Mr. Swenson reported the investments outstanding by portfolio characteristics and industry sector and for the S&P 500 Pool as of December 31, 2009.

***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 December 31, 2009.

***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 December 31, 2009.

***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 December, 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 changes to the Investment Policy.

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

There were no Securities Dealers to be approved this month.

***7. General Business:***

***A. Update on the Sunset Review***

*Treasurer Martin advised the board that the Sunset Review Committee hearing had occurred. He noted that the amendments for adding an Endowment Member, going to a confirmation process, and staggered terms for appointed members were passed unanimously.*

***B. General Business***

*Mr. Swenson handed out the report "How Do We Respond to a Sustainable Spending Challenge?" by Robert Arnott, who works with Research Affiliates. Mr. Swenson explained that the report addresses the question, "Is 5% Real Spending Sustainable?" He advised board members that he had the opportunity to discuss the report with Mr. Arnott and gave a brief synopsis of the report to the members, noting how it might pertain to the Endowment Portfolio.*

*Mr. Swenson also handed out a press release from the SEC - "Money Market Fund Reforms to Better Protect Investors" which he noted*

*the Treasurer's Office is not subject to. He pointed out that the new regulations "will take the weighted average maturity from 90 days down to 60, require 10% daily liquidity and 30% weekly liquidity of money market funds, limit second tier securities to 3% from 5% and also require periodic stress tests on funds." He added that this will primarily affect pools 5 and 7 when it goes into effect.*

**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 Wednesday, February 24, 2010 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. Raber seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 3:27 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**  
**JANUARY 2010**

State Treasurer's Report  
 February 24, 2010  
 Page 1

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>JANUARY 2010</b>	<b>Fiscal YTD 09/10</b>	<b>Fiscal YTD 08/09</b>	
General Fund	\$26,458	\$365,754	\$9,777,385	
2 State Agencies I - Full Faith & Credit	833,922	9,874,900	18,240,306	212,110
3 State Agencies II - Diversified	690,648	9,763,737	23,679,958	416,542
4 State Agencies IV - Restricted Diversified	414,334	5,148,161	11,973,256	276,569
5 Local Governments	152,975	5,275,409	21,806,913	598,613
7 LGIP Gov't	76,862	3,688,607	21,927,729	931,428
12 CAWCD Medium-Term	327,307	3,274,334	2,838,221	42,526
15 GADA Long-Term	31,864	334,532	447,588	4,276
<b>Subtotal</b>	<b>\$2,554,370</b>	<b>\$37,725,436</b>	<b>\$110,691,356</b>	<b>\$2,482,063</b>
<b>NAV POOL</b>				
500 LGIP LT	153,976	1,269,082	1,434,934	26,120
700 LGIP GOV LT	41,775	78,618	0	15,107
<b>Total</b>	<b>\$2,750,121</b>	<b>\$39,073,136</b>	<b>\$112,126,290</b>	<b>\$2,523,289</b>

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

State Treasurer's Report  
 February 24, 2010  
 Page 2

FUND	DESCRIPTION	NET EARNINGS
5	LGIP	153,177
7	LGIP - GOV	77,131
<b>TOTAL LGIP &amp; LGIP-GOV</b>		<b>230,308</b>

		11/30/09	12/31/09	01/31/10
5	LGIP MONTHLY YIELD (NET)	0.17%	0.11%	0.10%
	S & P LGIP INDEX YIELD	0.23%	0.22%	0.18%
	LGIP YTD YIELD (NET)	0.28%	0.25%	0.23%
	S & P LGIP YTD INDEX YIELD	0.30%	0.29%	0.27%
7	LGIP - GOV MONTHLY YIELD (NET)	0.05%	0.04%	0.03%
	3 MONTH T-BILL	0.04%	0.04%	0.05%
	* S & P LGIP - GOV INDEX YIELD	0.19%	0.19%	0.15%
	LGIP - GOV YTD YIELD (NET)	0.10%	0.09%	0.08%
	YTD 3 MONTH T-BILL	0.11%	0.10%	0.09%
	* S & P LGIP - GOV YTD INDEX YIELD	0.28%	0.26%	0.25%

\* 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 & LGIP-GOV LONG TERM POOL  
 PORTFOLIO YIELD ANALYSIS  
 January 31, 2010**

State Treasurer's Report  
 February 24, 2010  
 Page 3

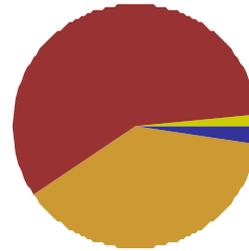
<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>
500	LGIP LONG TERM POOL	153,976
700	LGIP - GOV LONG TERM POOL	41,775
	<b>TOTAL LGIP LONG TERM POOL</b>	<b>195,751</b>

	<b>11/30/09</b>	<b>12/31/09</b>	<b>01/31/10</b>
<b>LGIP LONG TERM MONTHLY YIELD (NET)</b>	3.85%	2.89%	2.69%
<b>MERRILL 1-5 US D M INDEX MONTHLY YIELD</b>	1.84%	2.66%	2.20%
<b>LGIP LONG TERM YTD YIELD (NET)</b>	3.18%	3.13%	3.07%
<b>MERRILL 1-5 US D M INDEX YTD YIELD</b>	2.41%	2.46%	2.42%
<b>LGIP - GOV LONG TERM MONTHLY YIELD (NET)</b>	0.15%	0.28%	0.49%
<b>MERRILL 1-5 US TREAS INDEX MONTHLY YIELD</b>	1.00%	1.53%	1.21%
<b>LGIP - GOV LONG TERM YTD YIELD (NET)</b>	0.15%	0.22%	0.31%
<b>MERRILL 1-5 US TREAS INDEX YTD YIELD</b>	1.00%	1.27%	1.25%

## Manager Allocation - Monthly Arizona State Treasury (05509) As at January 2010

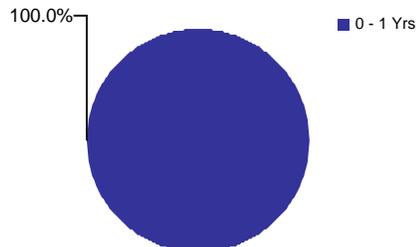
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,621.21	38.3%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	69.41	1.6%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	2,445.83	57.7%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	101.08	2.4%
<b>TOTAL</b>	<b>4,237.53</b>	<b>100.0%</b>

- State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)
- 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)



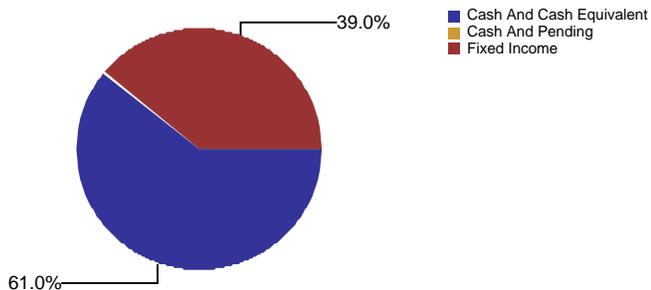
Portfolio Characteristics

Total Net Assets (Millions) **1,621.2**  
 Weighted Average Life (Years) **0.18**  
 Weighted Avg. Effective Duration (Years) **0.05**  
 Weighted Average Maturity (Years) **0.09**  
 Weighted Average Rating **AAA**  
 Number of Holdings **50**



Asset Mix

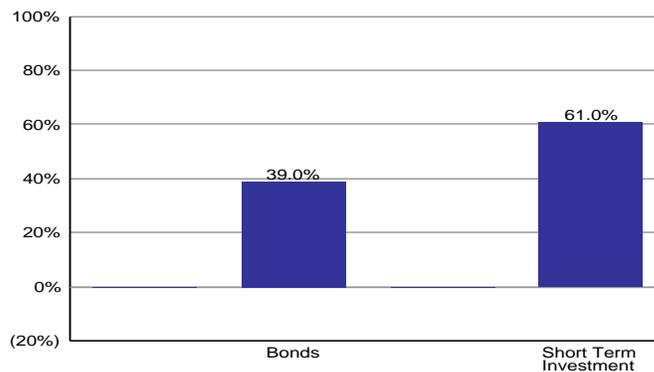
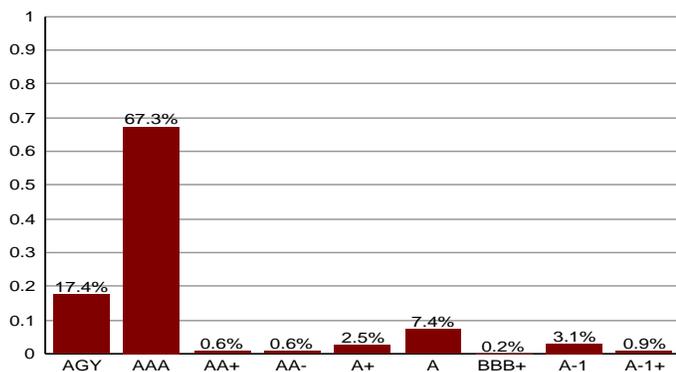
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
15199S081	TRI PARTY REPO DEUTSCHE BANK 0.10% 12	18.51%	0.10	12/2/2010
17399E409	TRI-PARTY REPO CITIGROUP 0.11% 11/FEB	18.50%	0.11	11/2/2010
89699M670	BANK OF AMERICA 2/1 .11%	8.02%	0.00	1/2/2010
3133XTLZ7	FEDERAL HOME LOAN BANKS CONS BD FLT 1	3.08%	0.00	29/4/2010
459053SZ8	INTL BK FOR RECON &DEV DISC NT MATURE	3.08%	0.00	12/2/2010
313397UW9	FEDL HOME LN MTG CORP DISC NT MATURES	3.08%	0.00	29/3/2010
313589VD2	FEDERAL NATL MTG ASSN DISC NT	3.08%	0.00	5/4/2010
459053VH4	INTL BK FOR RECON &DEV DISC NT MATURE	3.08%	0.00	9/4/2010
459053WM2	INTL BK FOR RECON &DEV DISC NT MATURE	3.08%	0.00	7/5/2010
459053TP9	INTL BK FOR RECON &DEV DISC NT MATURE	2.96%	0.00	26/2/2010

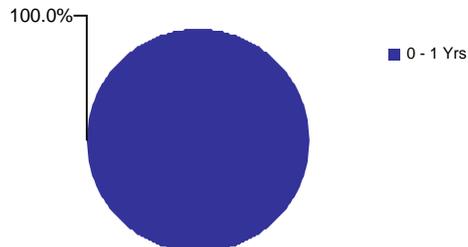
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



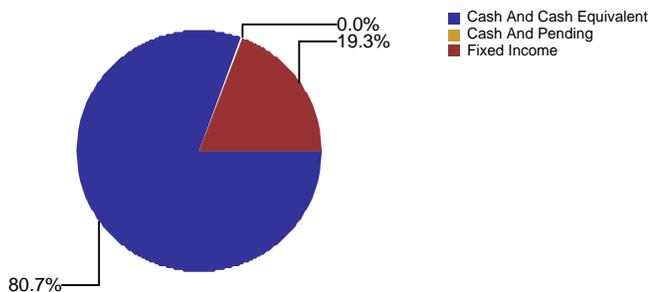
Portfolio Characteristics

Total Net Assets (Millions) **2,445.8**  
 Weighted Average Life (Years) **0.12**  
 Weighted Avg. Effective Duration (Years) **0.08**  
 Weighted Average Maturity (Years) **0.12**  
 Weighted Average Rating **AAA**  
 Number of Holdings **26**



Asset Mix

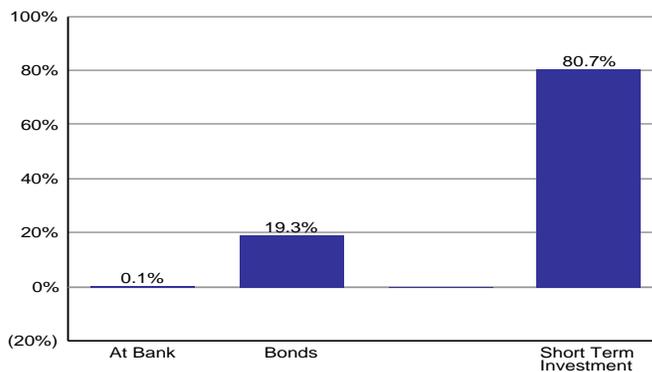
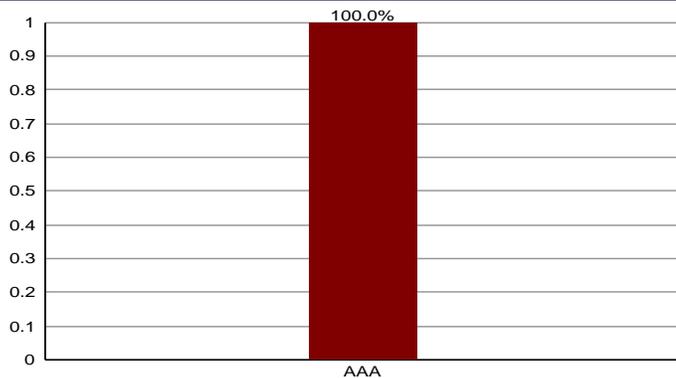
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89699M670	BANK OF AMERICA 2/1 .11%	26.80%	0.00	1/2/2010
15199S081	TRI PARTY REPO DEUTSCHE BANK 0.10% 12	12.27%	0.10	12/2/2010
89699M662	CITIGROUP 2/1 .11%	10.22%	0.00	1/2/2010
17399E409	TRI-PARTY REPO CITIGROUP 0.11% 11/FEB	8.18%	0.11	11/2/2010
89799W594	CITIGROUP 2/1 .10%	7.56%	0.00	1/2/2010
912828JF8	UNITED STATES OF AMER TREAS BONDS 2.7	6.21%	2.75	31/7/2010
933638D	UNITED STATES ZERO ZCP 10/JUN/2010	4.09%	0.00	10/6/2010
912795T27	UNITED STATES TREAS BILLS DT	2.86%	0.00	11/2/2010
912828DR8	US TREASURY NOTE 4% DUE 15/APR/2010	2.08%	4.00	15/4/2010
912828DU1	USA TREASURY NTS 3.875% NTS 15/MAY/20	2.08%	3.88	15/5/2010

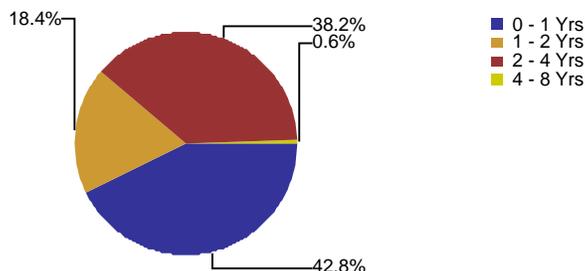
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



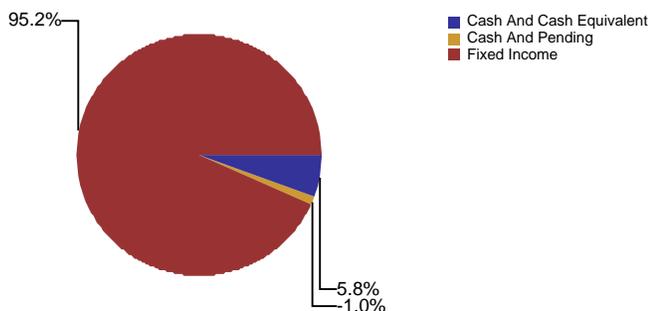
Portfolio Characteristics

Total Net Assets (Millions) **69.4**  
 Weighted Average Life (Years) **2.16**  
 Weighted Avg. Effective Duration (Years) **1.46**  
 Weighted Average Rating **AA+**  
 Number of Holdings **127**



Asset Mix

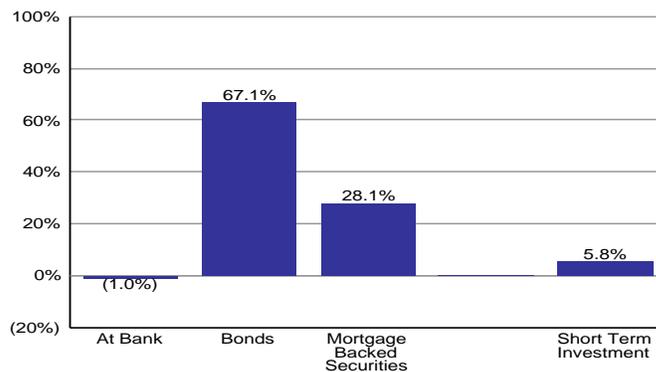
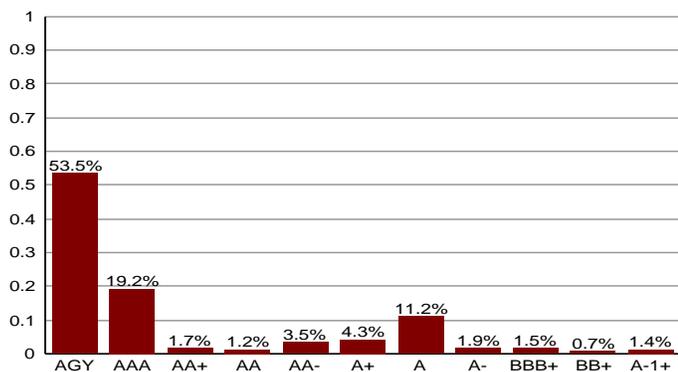
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31417SJP6	FNMA MORTPASS 4.5% 01/OCT/2024 CI PN#	2.97%	4.50	1/10/2024
3128X8KN1	FEDERAL HOME LN MTG CORP CALL 2.4%17/	2.92%	2.40	17/2/2012
3128X8QH8	FEDERAL HOME LOAN MORTGAGE CORP 2% NT	2.91%	2.00	16/3/2011
928989383	JP MORGAN U S GOVT AGENCY SHARES	2.88%	0.00	31/12/2049
3128MMKJ1	FHLMCGLD MORTPASS 4.5% 01/FEB/2024 G1	2.66%	4.50	1/2/2024
31417SXR6	FNMA MORTPASS 5% 01/NOV/2024 CI PN# A	2.27%	5.00	1/11/2024
31371MAT4	FNMA MORTPASS 5.0% 01/APR/2015 POOL#2	1.97%	5.00	1/4/2015
31416BN38	FNMA MORTPASS 5.5% 01/NOV/2018 CI PN#	1.65%	5.50	1/11/2018
31403DHB8	FNMA MORTPASS 6% 01/MAY/2021 CI PN# 7	1.65%	6.00	1/5/2021
3128MBZR1	FHLMCGLD MORTPASS 6% 01/FEB/2019 G1 P	1.59%	6.00	1/2/2019

Quality/Rating Weightings

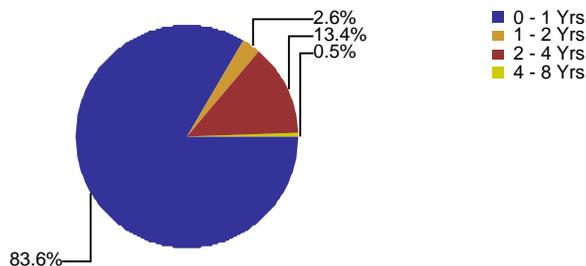
Sector Weightings (as % of Market Value)



Portfolio Characteristics

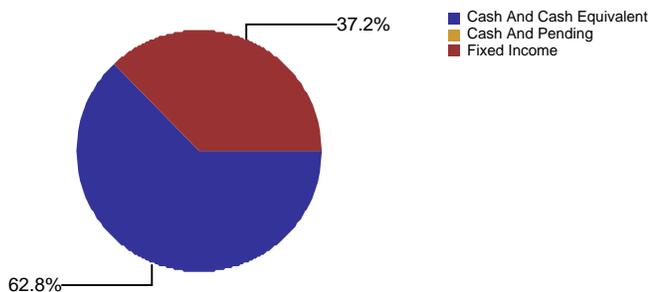
Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Rating  
Number of Holdings

101.1  
0.62  
0.51  
AAA  
29



Asset Mix

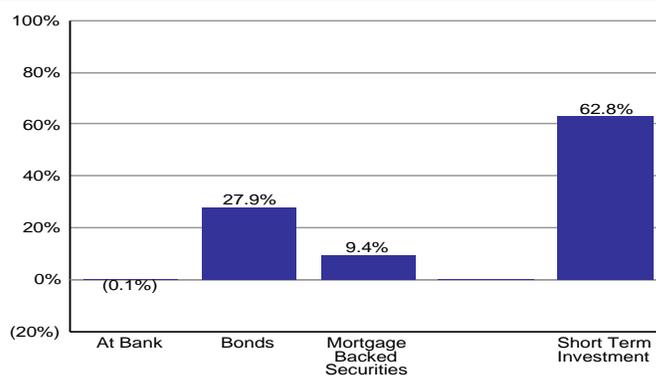
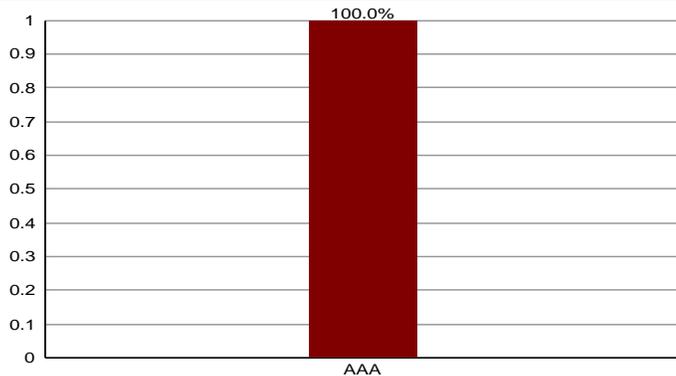
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89699M670	BANK OF AMERICA 2/1 .11%	55.90%	0.00	1/2/2010
912828JL5	UNITED STATES TREAS NTS 02.000% 30/SE	5.04%	2.00	30/9/2010
912828HX1	UNITED STATES TREAS NTS 2.125% 30/APR	5.00%	2.12	30/4/2010
912795T50	UNITED STATES TREAS BILLS DT	4.95%	0.00	4/3/2010
912820LU9	U S TREAS NT STRIPPED PRIN PMT 03.625	4.94%	0.00	15/6/2010
912828JU0	UNITED STATES OF AMER TREAS NOTES 2.3	4.55%	2.38	31/8/2010
38376ETD7	GINNIE MAE 2009-108 WG 4.000% 20/SEP/	4.09%	4.00	20/9/2038
36200NTC5	GNMA I MORTPASS 4.5% 15/JUN/2019 SF P	2.06%	4.50	15/6/2019
36297KGS4	GNMA I MORTPASS 5% 15/OCT/2039 SF PN#	2.05%	5.00	15/10/2039
17313UAA7	CITIGROUP INC 2.875% GTD BDS 09/DEC/2	1.28%	2.88	9/12/2011

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



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

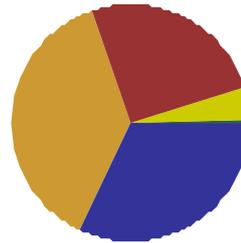
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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
2	STATE AGENCIES I - FULL FAITH & CREDIT	856,850	1.4600%
3	STATE AGENCIES II - DIVERSIFIED	692,776	0.7600%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	415,263	0.6900%
12	CAWCD MEDIUM TERM	327,307	3.0300%
15	GADA	31,864	3.0800%
	<b>TOTAL STATE AGENCIES</b>	<b>2,324,060</b>	

## Manager Allocation - Monthly Arizona State Treasury (05509) As at January 2010

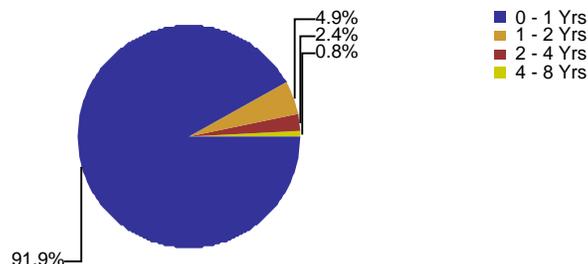
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	128.89	4.7%
State of Arizona - Pool 15 (GADA) (10327600)	12.40	0.4%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	883.62	31.9%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,044.86	37.8%
State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)	696.91	25.2%
<b>TOTAL</b>	<b>2,766.69</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)



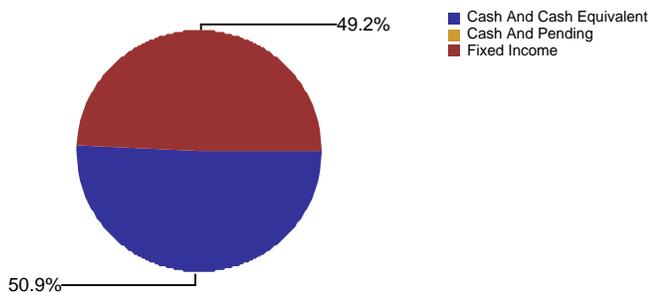
Portfolio Characteristics

Total Net Assets (Millions) **883.6**  
 Weighted Average Life (Years) **0.48**  
 Weighted Avg. Effective Duration (Years) **0.33**  
 Weighted Average Rating **AAA**  
 Number of Holdings **63**



Asset Mix

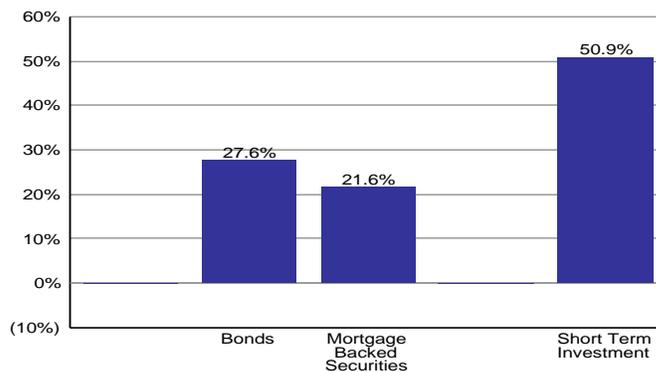
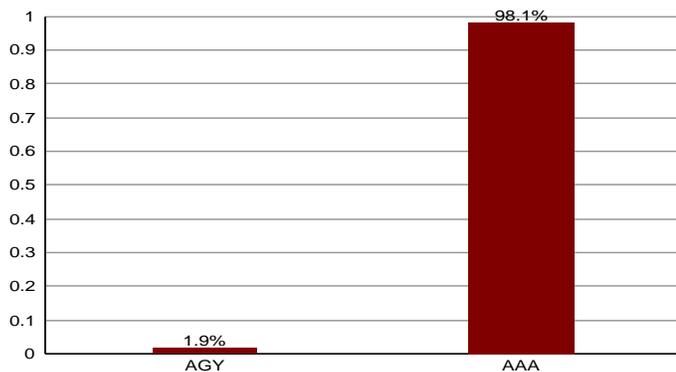
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89699M662	CITIGROUP 2/1 .11%	36.21%	0.00	1/2/2010
770839D	UNITED STATES ZERO 18/NOV/2010	5.65%	0.00	18/11/2010
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 US	3.48%	2.75	10/12/2010
912828ED8	UNITED STATES OF AMER TREAS NOTES 4.1	2.35%	4.12	15/8/2010
912828JA9	UNITED STATES TREAS NTS 2.625% 31/MAY	2.29%	2.62	31/5/2010
36967HAG2	GENERAL ELECTRIC CAPITAL CORP SER 'G'1	2.29%	1.62	7/1/2011
912795T50	UNITED STATES TREAS BILLS DT	2.26%	0.00	4/3/2010
932894D	UNITED STATES ZERO 16/DEC/2010	2.26%	0.00	16/12/2010
38374J6E1	GNMA REMIC TRUST 2004-93 PB 16/DEC/20	2.20%	5.00	16/12/2032
36241KM54	GNMA I MORTPASS 5% 15/APR/2021 JP PN#	2.00%	5.00	15/4/2021

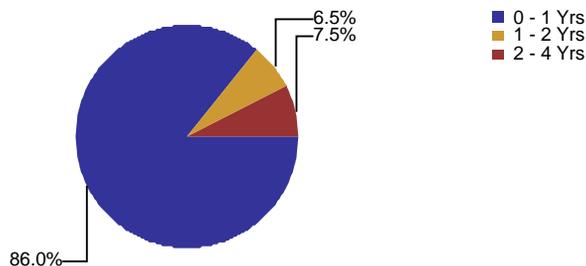
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



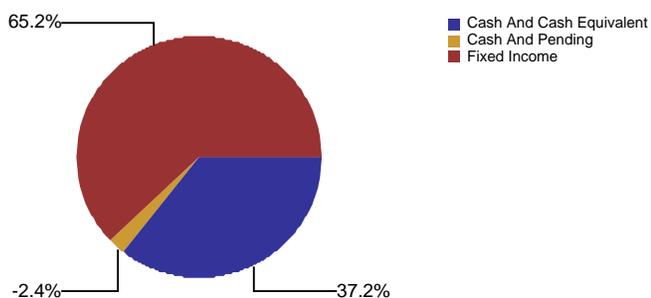
Portfolio Characteristics

Total Net Assets (Millions) **1,044.9**  
 Weighted Average Life (Years) **0.90**  
 Weighted Avg. Effective Duration (Years) **0.35**  
 Weighted Average Rating **AA+**  
 Number of Holdings **74**



Asset Mix

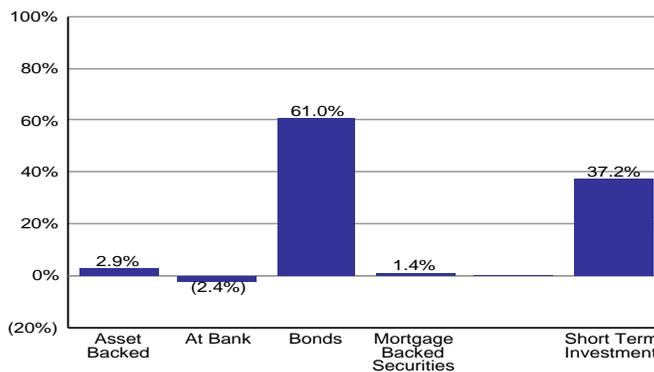
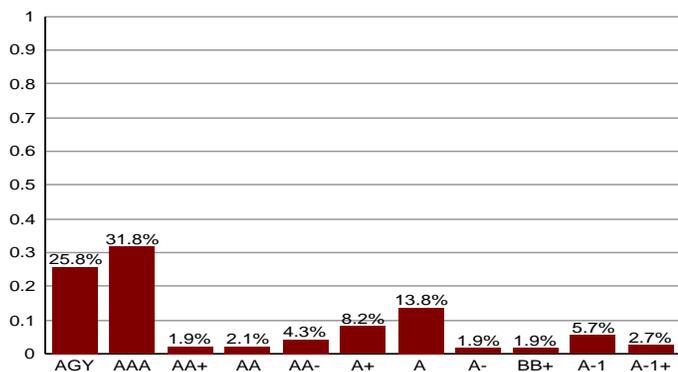
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89699M662	CITIGROUP 2/1 .11%	18.18%	0.00	1/2/2010
172967EG2	CITIGROUP INC VAR 13/AUG/2010	4.79%	0.42	13/8/2010
313385TG1	FED HOME LN DISCOUNT NT ZCP 19/FEB/20	4.31%	0.00	19/2/2010
932895D	UNITED STATES ZERO 01/JUL/2010	3.83%	0.00	1/7/2010
36962G2H6	GENERAL ELECTRIC CAPITAL CORP FLTG RA	3.13%	0.28	12/3/2010
46623ECW7	JP MORGAN CHASE & CO VAR 07/MAY/2010	2.87%	0.32	7/5/2010
86888NB3	SURREY FUNDING CORP CORPORATE COMMERC	2.71%	0.00	18/2/2010
59018YE72	MERRILL LYNCH & CO INC FLTG RATE NTS	2.44%	0.49	5/6/2012
3128X8WF5	FEDERAL HOME LOAN MORTGAGE CORP 3% NT	2.42%	3.00	21/4/2014
31398AVW9	FEDERAL NATIONAL MORTGAGE ASSOC 2% SR	2.42%	2.00	1/4/2011

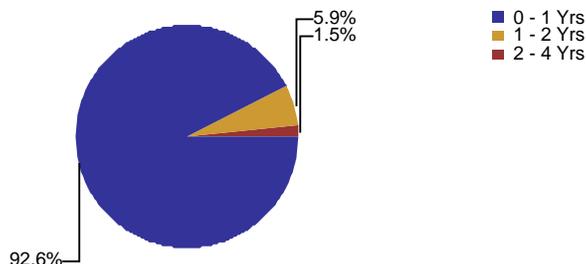
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



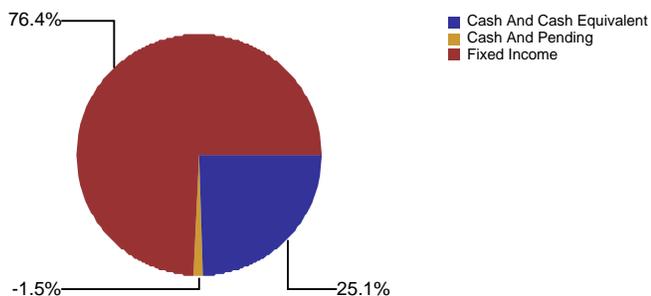
Portfolio Characteristics

Total Net Assets (Millions) **696.9**  
 Weighted Average Life (Years) **1.25**  
 Weighted Avg. Effective Duration (Years) **0.35**  
 Weighted Average Rating **AGY**  
 Number of Holdings **56**



Asset Mix

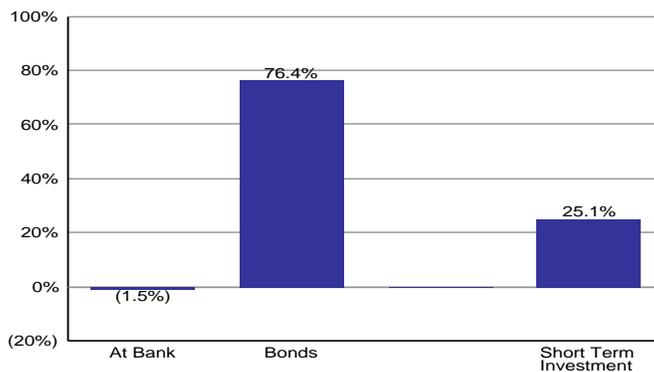
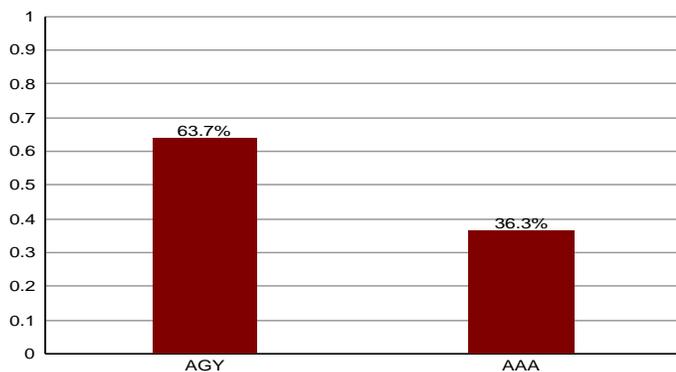
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89699M662	CITIGROUP 2/1 .11%	12.91%	0.00	1/2/2010
9128275Z1	UNITED STATES OF AMER TREAS NOTES 6.5	8.89%	6.50	15/2/2010
3128X8RR5	FEDERAL HOME LOAN MORTGAGE CORP 2.625	5.09%	2.62	19/3/2012
446436AB3	HUNTINGTON NATL BK FDIC TLGP GTD NT F	3.63%	0.66	1/6/2012
313385TG1	FED HOME LN DISCOUNT NT ZCP 19/FEB/20	3.59%	0.00	19/2/2010
3128X82R2	FHLMC 1.50% 29/JUN/2012	2.89%	1.50	29/6/2012
3133XVYA3	FEDERAL HOME LOAN BANKS CALL STEP 22/	2.87%	0.50	22/12/2011
313589TS2	FEDERAL NATL MTG ASSN DISC NT	2.87%	0.00	1/3/2010
313385WC6	FEDL HOME LOAN BK CONS DISC NT MATURE	2.87%	0.00	28/4/2010
3128X8SK9	FEDERAL HOME LN MTG CORP CALL 2.5%23/	2.73%	2.50	23/3/2012

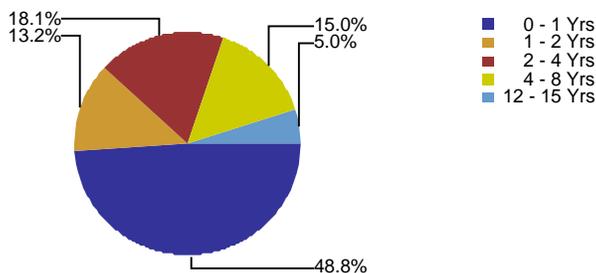
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



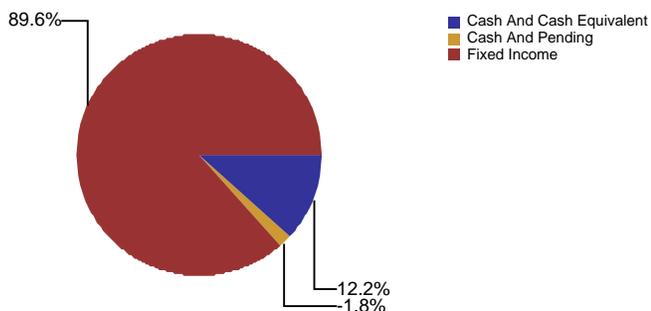
Portfolio Characteristics

Total Net Assets (Millions) **128.9**  
 Weighted Average Life (Years) **4.54**  
 Weighted Avg. Effective Duration (Years) **2.41**  
 Weighted Average Rating **AA+**  
 Number of Holdings **78**



Asset Mix

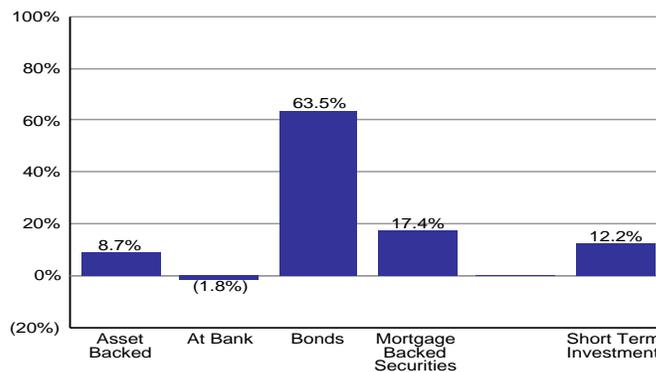
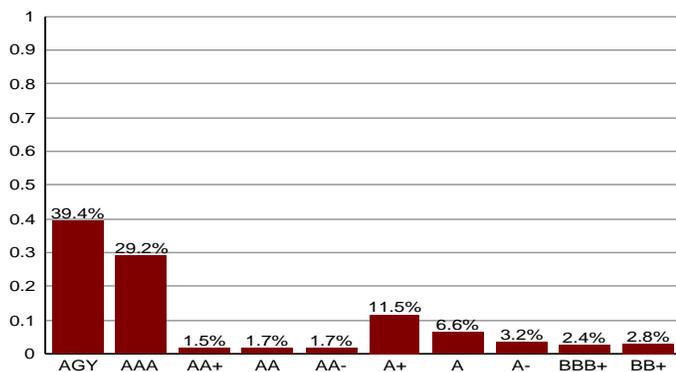
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
89699M670	BANK OF AMERICA 2/1 .11%	6.20%	0.00	1/2/2010
928989383	JP MORGAN U S GOVT AGENCY SHARES	4.46%	0.00	31/12/2049
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 C	3.84%	0.40	15/2/2017
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5	3.22%	5.63	1/10/2038
31398AYW6	FEDERAL NATIONAL MORTGAGE ASSOC 3.5%	3.19%	3.50	25/8/2014
459200GJ4	INTERNATIONAL BUS MACH CORP 5.7% BDS	2.93%	5.70	14/9/2017
250847DS6	DETROIT EDISON CO 6.125% BDS 01/OCT/2	2.26%	6.12	1/10/2010
38374HD23	GINNIE MAE 2004-79 PA 5.000% 20/JAN/2	2.17%	5.00	20/1/2031
31393MGQ8	FREDDIE MAC 2585 CJ MAC 4.500% 15/DEC	2.04%	4.50	15/12/2032
31398AVR0	FEDERAL NATIONAL MORTGAGE ASSOC 3.375	1.76%	3.38	10/3/2014

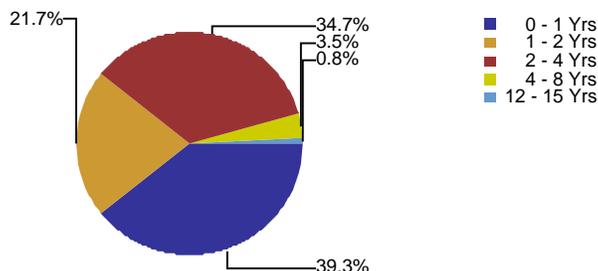
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



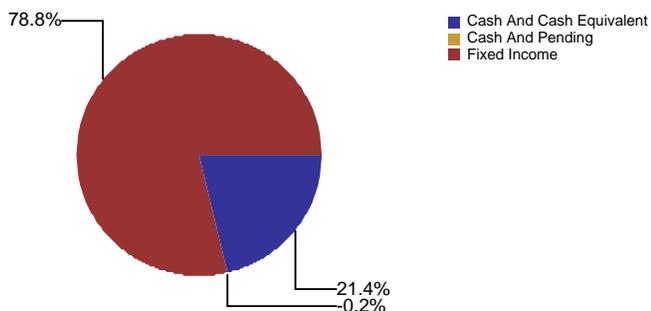
Portfolio Characteristics

Total Net Assets (Millions) **12.4**  
 Weighted Average Life (Years) **3.18**  
 Weighted Avg. Effective Duration (Years) **1.71**  
 Weighted Average Rating **AAA**  
 Number of Holdings **25**



Asset Mix

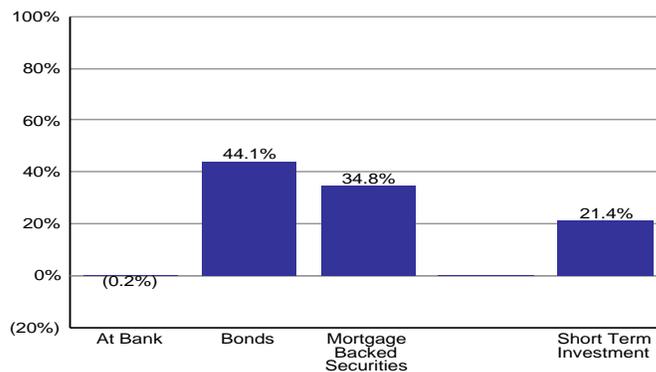
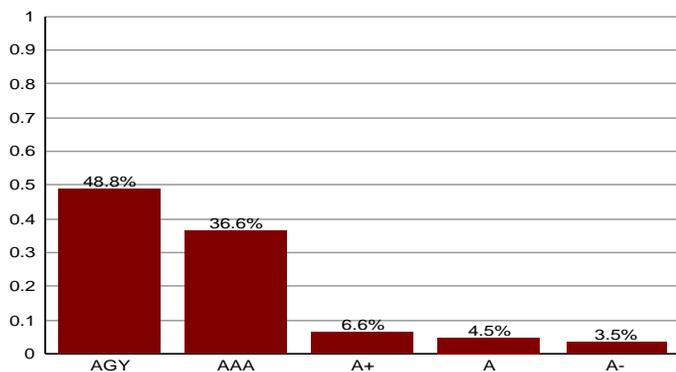
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	10.09%	0.00	31/12/2049
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL #	9.30%	4.50	1/9/2018
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP P	7.33%	4.50	15/2/2021
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/	7.04%	4.00	16/11/2039
313385TL0	FEDL HOME LOAN BK CONS DISC NT	6.45%	0.00	23/2/2010
31396WBV7	FEDERAL NATL MTG ASSOC 5.5% 25/JUN/20	5.50%	5.50	25/6/2027
313589SR5	FEDERAL NATL MTG ASSN DISC NT MATURES	4.84%	0.00	4/2/2010
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2	4.81%	6.95	15/3/2014
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/20	4.51%	7.12	15/11/2012
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 US	4.14%	2.75	10/12/2010

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



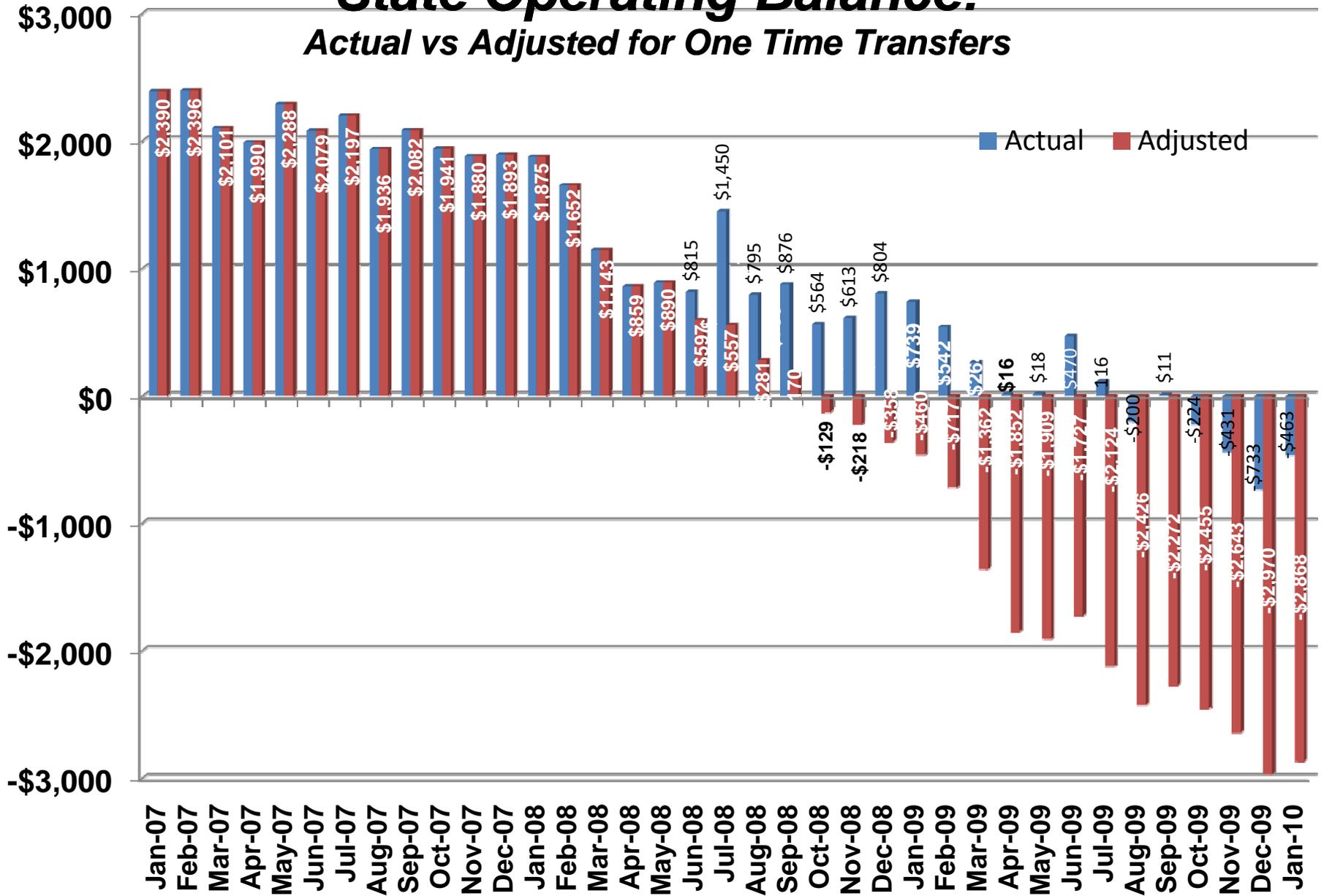
**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**  
Through January 31, 2010  
(in millions of dollars)

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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	(431)
DECEMBER	1,893	804	(733)
JANUARY	1,875	739	(463)
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>(\$275)</b>

# State Operating Balance:

## Actual vs Adjusted for One Time Transfers



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

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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
205	ENDOWMENTS - FIXED INCOME	4,327,946	5.56%
	<b>TOTAL ENDOWMENTS - FIXED INCOME</b>	<b>4,327,946</b>	

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

Endowment Fund -----	Jan-10 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(76,398)	(2,347,106)
Equity Pool (500) Net Gain (Loss)	(2,898,785)	(7,148,572)
Equity Pool (400) Net Gain (Loss)	(171,455)	2,115,268
<b>Totals</b>	<b>(3,146,638)</b> =====	<b>(7,380,410)</b> =====

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
Month of January 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 MBS	4.00	7/25/2024	2.90	\$5,260,870	\$5,494,115	2.30%	Aaa/AAA
GNMA MBS	5.00	8/20/2038	4.32	\$4,914,836	\$5,195,905	3.50%	Aaa/AAA
GNMA MBS	4.50	7/20/2038	4.24	\$4,430,278	\$4,626,526	3.32%	Aaa/AAA
U S TREASURY NOTE	4.88	6/30/2012	N/A	\$5,000,000	\$5,440,430	1.26%	Aaa/AAA
U S TREASURY NOTE	1.00	12/31/2011	N/A	\$5,000,000	\$4,997,852	1.02%	Aaa/AAA
				-----	-----		
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>				<b>\$24,605,984</b>	<b>\$25,754,827</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>
			-----	-----	-----	
<b>TOTAL ENDOWMENT FUNDS SALES</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</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 January 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	625,998	\$13,392,088	\$8,995
S&P 500 Large-Cap Fund	523,064	\$16,220,324	\$7,772
<b>TOTAL EQUITY PURCHASES</b>	<b>1,149,062</b>	<b>\$29,612,412</b>	<b>\$16,766</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	193,518	\$5,422,359	\$2,705
S&P 500 Large-Cap Fund	84,938	\$1,454,236	\$333
<b>TOTAL EQUITY SALES</b>	<b>278,456</b>	<b>\$6,876,594</b>	<b>\$3,038</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 JANUARY 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>	2,558	2,324	2,390	65	
<i>Shares in Mid-Cap 400 Equity Fund</i>	821	796	1,227	431	
<i>Shares in Fixed Income Fund</i>	2,769	3,120	4,426	1,306	
Total	6,147	6,240	8,043	1,803	<b>1.289</b>
102 State Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	1,577	1,354	1,474	120	
<i>Shares in Mid-Cap 400 Equity Fund</i>	445	463	665	202	
<i>Shares in Fixed Income Fund</i>	1,570	1,818	2,510	692	
Total	3,592	3,635	4,649	1,014	<b>1.279</b>
103 Leg., Exec., & Jud.					
<i>Shares in S&amp;P 500 Index Fund</i>	1,950	1,906	1,822	(84)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	627	652	938	285	
<i>Shares in Fixed Income Fund</i>	2,299	2,559	3,676	1,117	
Total	4,877	5,117	6,436	1,319	<b>1.258</b>
104 Military Institute					
<i>Shares in S&amp;P 500 Index Fund</i>	132	131	123	(8)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	69	24	
<i>Shares in Fixed Income Fund</i>	163	176	261	85	
Total	341	352	453	101	<b>1.287</b>
105 Miners Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	3,853	3,751	3,600	(150)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,073	1,284	1,605	321	
<i>Shares in Fixed Income Fund</i>	3,942	5,034	6,302	1,268	
Total	8,868	10,069	11,507	1,438	<b>1.143</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 JANUARY 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>	876	824	819	(5)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	265	282	396	114	
<i>Shares in Fixed Income Fund</i>	950	1,106	1,519	413	
Total	2,091	2,211	2,734	522	<b>1.236</b>
108 Penitentiaries					
<i>Shares in S&amp;P 500 Index Fund</i>	3,208	2,897	2,997	101	
<i>Shares in Mid-Cap 400 Equity Fund</i>	929	992	1,389	397	
<i>Shares in Fixed Income Fund</i>	3,224	3,888	5,154	1,265	
Total	7,360	7,777	9,540	1,763	<b>1.227</b>
109 Permanent Common School					
<i>Shares in S&amp;P 500 Index Fund</i>	832,354	800,755	777,690	(23,065)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	230,914	274,084	345,302	71,218	
<i>Shares in Fixed Income Fund</i>	852,113	1,074,839	1,362,270	287,431	
Total	1,915,381	2,149,679	2,485,263	335,584	<b>1.156</b>
110 School for Deaf & Blind					
<i>Shares in S&amp;P 500 Index Fund</i>	1,143	1,078	1,068	(11)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	370	369	553	184	
<i>Shares in Fixed Income Fund</i>	1,337	1,448	2,137	689	
Total	2,850	2,895	3,758	863	<b>1.298</b>
111 School of Mines					
<i>Shares in S&amp;P 500 Index Fund</i>	2,861	2,777	2,673	(104)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	870	951	1,302	351	
<i>Shares in Fixed Income Fund</i>	3,147	3,728	5,032	1,304	
Total	6,879	7,455	9,007	1,552	<b>1.208</b>

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

State Treasurer's Report  
 February 24, 2010  
 Page 24

FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112 State Charitable					
<i>Shares in S&amp;P 500 Index Fund</i>	29,826	27,774	27,868	93	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,826	9,507	11,703	2,196	
<i>Shares in Fixed Income Fund</i>	29,161	37,281	46,619	9,338	
Total	66,813	74,562	86,190	11,628	<b>1.156</b>
113 University Fund					
<i>Shares in S&amp;P 500 Index Fund</i>	4,769	4,565	4,455	(109)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,427	1,562	2,134	571	
<i>Shares in Fixed Income Fund</i>	5,203	6,127	8,319	2,192	
Total	11,399	12,254	14,908	2,654	<b>1.217</b>
114 U Of A Land - 1881					
<i>Shares in S&amp;P 500 Index Fund</i>	10,099	9,652	9,436	(216)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,076	3,304	4,599	1,295	
<i>Shares in Fixed Income Fund</i>	11,169	12,956	17,856	4,900	
Total	24,344	25,912	31,891	5,979	<b>1.231</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in S&amp;P 500 Index Fund</i>	895,207	859,789	836,416	(23,374)	
<i>Shares in Mid-Cap 400 Equity Fund</i>	248,688	294,290	371,881	77,591	
<i>Shares in Fixed Income Fund</i>	917,048	1,154,079	1,466,081	312,002	
<b>Grand Total</b>	<b>2,060,942</b>	<b>2,308,159</b>	<b>2,674,378</b>	<b>366,219</b>	

**ASSET ALLOCATION PERCENTAGE**

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&amp;P 500 Index Fund</i>	43.44%	37.25%	31.28%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.07%	12.75%	13.91%
<i>Shares in Fixed Income Fund</i>	44.50%	50.00%	54.82%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

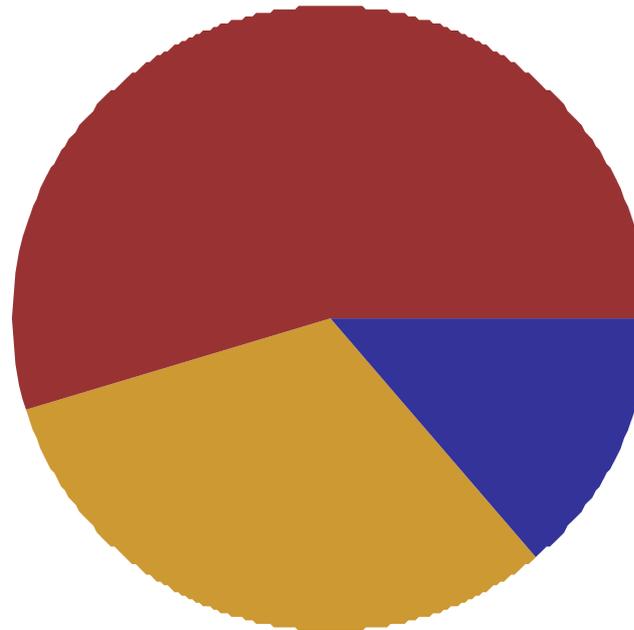
**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As At January 2010**  
Gross of Fee

<b>Total Endowment Fund Composite (00550902)</b>													
<b>ID</b>	<b>Name</b>	<b>Beginning Market Value</b>	<b>Ending Market Value</b>	<b>Cashflow</b>	<b>Current Month</b>	<b>Trailing Three Months</b>	<b>Year to Date</b>	<b>Fiscal Year To Date</b>	<b>Trailing One Year</b>	<b>Trailing Three Years</b>	<b>Trailing Five Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
10327800	S&P 500 Pool	855,301,203.83	836,415,528.53	11,520,058	(3.54)	4.15	(3.54)	18.22	33.05	(7.08)	0.10	(1.35)	07/01/1999
10327900	S&P 400 Pool	381,057,111.93	371,881,451.33	3,943,090	(3.43)	7.11	(3.43)	21.00	35.99	(4.02)	3.10	5.19	08/01/2001
10328000	Pool 205	1,433,315,399.23	1,466,080,834.39	15,463,164	1.21	0.94	1.21	4.22	7.48	6.60	5.23	6.25	07/01/1999
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>2,669,673,714.99</b>	<b>2,674,377,814.25</b>	<b>30,926,312</b>	<b>(0.98)</b>	<b>2.75</b>	<b>(0.98)</b>	<b>10.47</b>	<b>18.07</b>	<b>0.29</b>	<b>3.54</b>	<b>4.29</b>	<b>07/01/1999</b>

## Manager Allocation - Monthly Arizona State Treasury (05509) As at January 2010

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,466.08	54.8%
S&P 400 Pool (10327900)	371.88	13.9%
S&P 500 Pool (10327800)	836.42	31.3%
<b>TOTAL</b>	<b>2,674.38</b>	<b>100.0%</b>

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

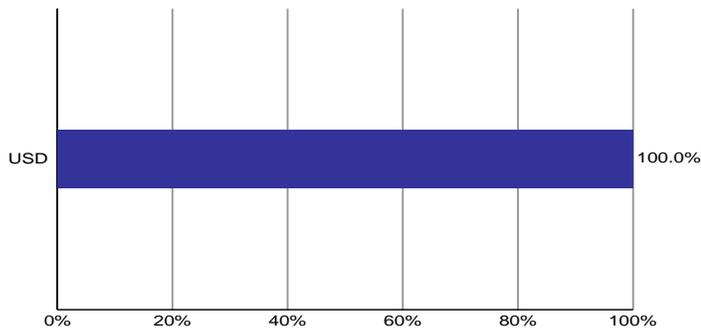


Portfolio Characteristics		Risk Measures			
Total Asset Value (in Millions)	836.4	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	6.95	0.18	0.34	0.44	1.86
Price to Book Ratio	3.65	(0.47)	0.47	(0.18)	(0.44)
Dividend Yield (%)	1.97	Tracking Error	Information Ratio	Std Deviation of Port.	Std Deviation of Bench.
Return on Equity (%)	30.35	20.14	19.84	15.94	16.16
Sales Growth (%)	13.84	20.20	19.97	16.09	16.01
Market Capitalization (\$ Billions)	75,599.41	Sharpe Ratio of Port.	Sharpe Ratio of Bench.	R-Squared	Jensen's Alpha
Earnings per Share (\$)	2.36	1.63	(0.47)	(0.18)	(0.27)
Number of Holdings	501	1.63	(0.48)	(0.17)	(0.23)
		1.00	1.00	1.00	0.99
		0.01	0.10	(0.11)	(0.80)

### Top Ten Portfolio Holdings

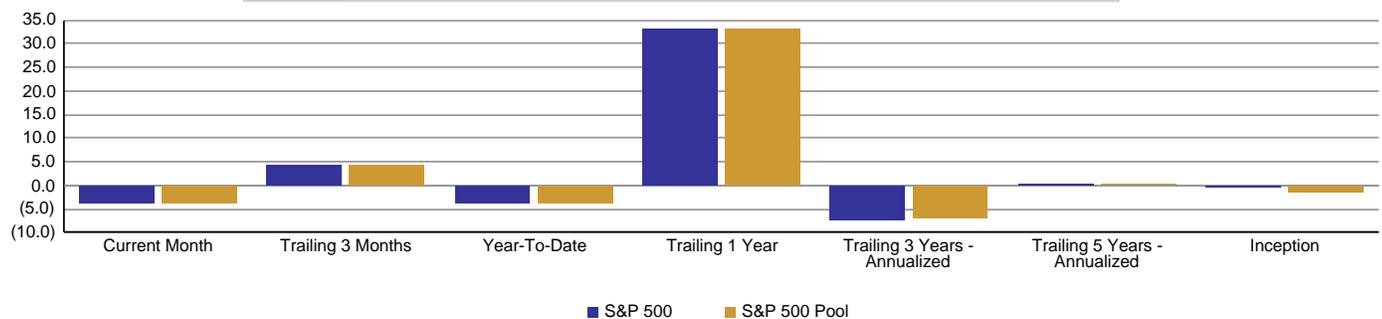
Security ID	Security Name	% of Assets
30231G102	EXXON MOBIL CORP COM NPV	3.10%
78462F103	SPDR TRUST UNITS SER 1 NPV	3.01%
594918104	MICROSOFT CORP COM USD0.0000125	2.21%
742718109	PROCTER & GAMBLE CO COM STK NPV	1.83%
478160104	JOHNSON & JOHNSON COM STK USD1	1.76%
037833100	APPLE INC COM STK NPV	1.75%
369604103	GENERAL ELECTRIC CO. COM STK USD0.06	1.73%
459200101	INTERNATIONAL BUS MACH CORP COM STK U	1.63%
46625H100	JPMORGAN CHASE & CO COM STK USD1	1.55%
00206R102	AT&T INC COM STK USD1	1.54%

### Top Ten Currency Weights

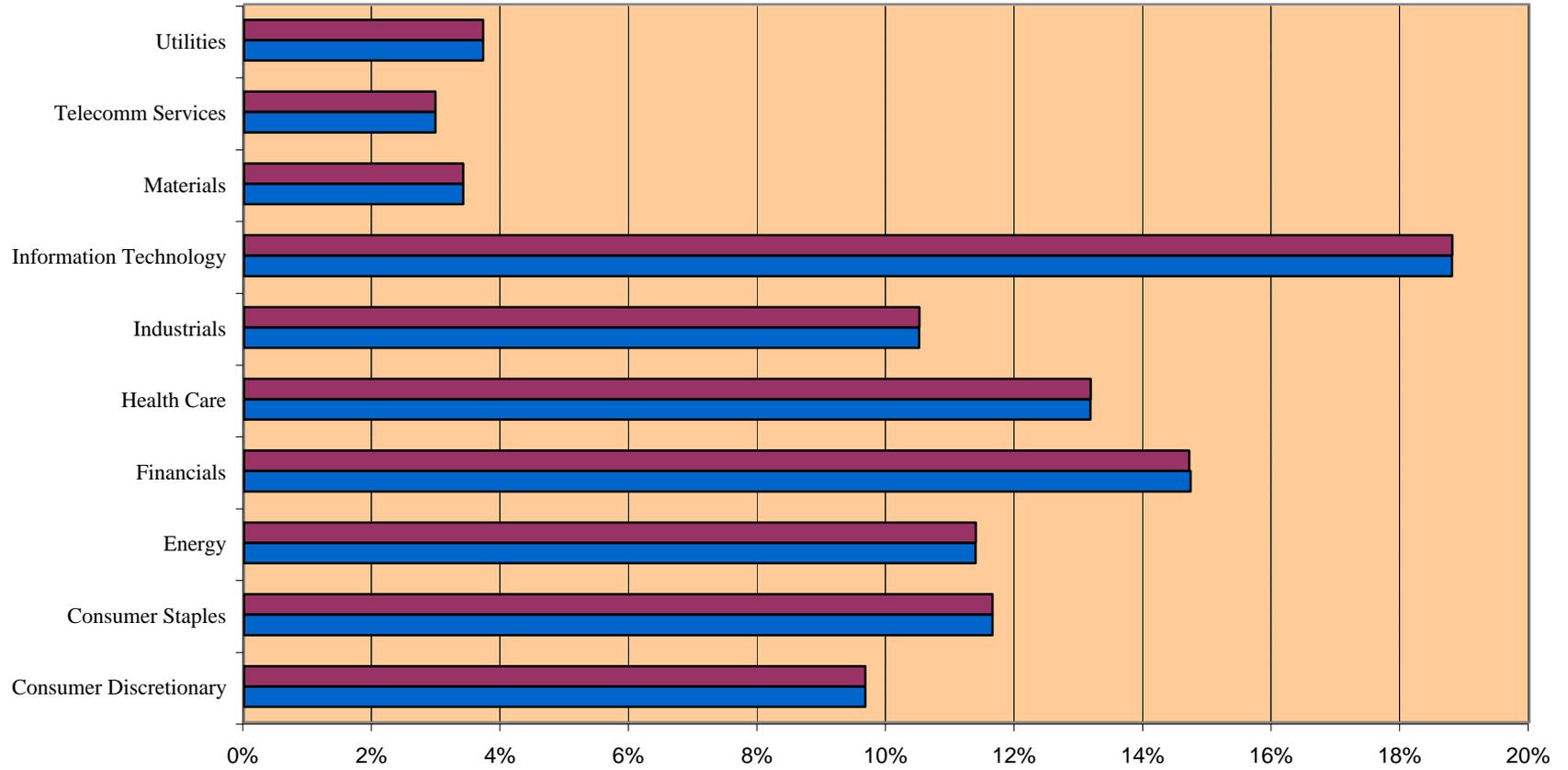


### Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	(3.54)	4.15	(3.54)	33.05	(7.08)	0.10	(1.35)
S&P 500	(3.60)	4.16	(3.60)	33.14	(7.24)	0.18	(0.54)
Excess	0.06	(0.00)	0.06	(0.08)	0.16	(0.08)	(0.81)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	9.67%	11.65%	11.39%	14.71%	13.17%	10.51%	18.80%	3.41%	2.98%	3.72%
■ STATE OF ARIZONA - POOL 201	9.67%	11.65%	11.38%	14.73%	13.17%	10.51%	18.80%	3.41%	2.98%	3.72%

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

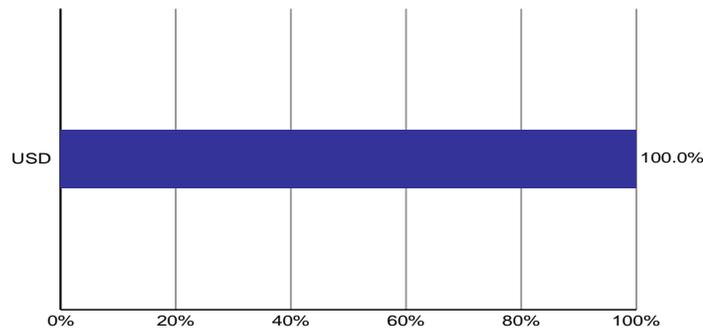
Portfolio Characteristics Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>371.9</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>11.80</b>		2.94	2.69	2.22	2.33
<b>Price to Book Ratio</b>	<b>2.05</b>	<b>Tracking Error</b>	(2.51)	0.01	(0.01)	0.01
<b>Dividend Yield (%)</b>	<b>0.93</b>	<b>Information Ratio</b>	21.22	22.71	18.67	17.15
<b>Return on Equity (%)</b>	<b>6.56</b>	<b>Std Deviation of Port.</b>	23.19	23.82	19.59	18.36
<b>Sales Growth (%)</b>	<b>9.60</b>	<b>Std Deviation of Bench.</b>	1.69	(0.28)	0.01	0.16
<b>Market Capitalization (\$ Billions)</b>	<b>2,086.18</b>	<b>Sharpe Ratio of Port.</b>	1.86	(0.27)	0.01	0.15
<b>Earnings per Share (\$)</b>	<b>0.62</b>	<b>R-Squared</b>	0.99	0.99	0.99	0.99
<b>Number of Holdings</b>	<b>203</b>	<b>Jensen's Alpha</b>	(3.52)	(0.30)	(0.02)	0.23

Top Ten Portfolio Holdings

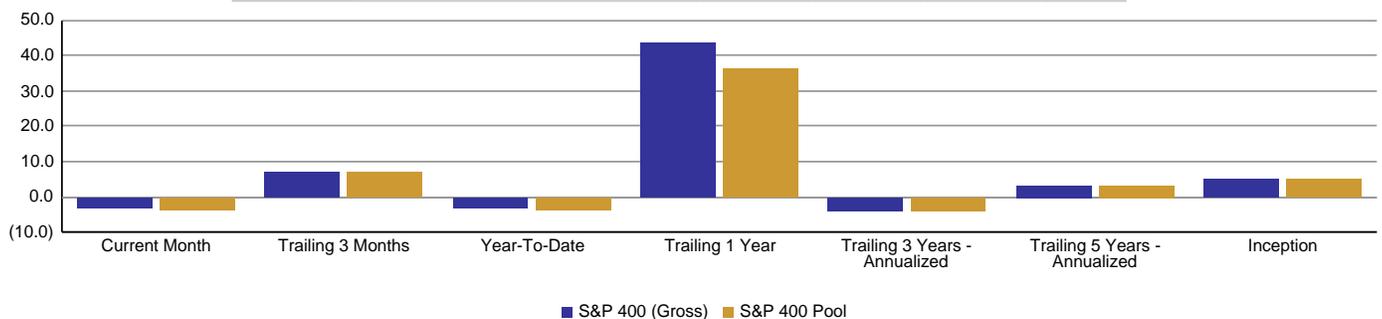
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	38.59%
92532F100	VERTEX PHARMACEUTICAL COM STK USD0.01	0.74%
651290108	NEWFIELD EXPLORATION CO COM STK USD0.	0.65%
649445103	NEW YORK COMMTY COM USD0.01	0.63%
225447101	CREE INC COM STK USD0.005	0.58%
G3223R108	EVEREST RE GROUP COM STK USD0.01	0.52%
74153Q102	PRIDE INTL INC NEW COM USD0.01	0.52%
156782104	CERNER CORP COM STK USD0.01	0.51%
28176E108	EDWARDS LIFESCIENCES CORP COM STK USD	0.51%
549271104	LUBRIZOL CORP COM STK NPV	0.50%

Top Ten Currency Weights

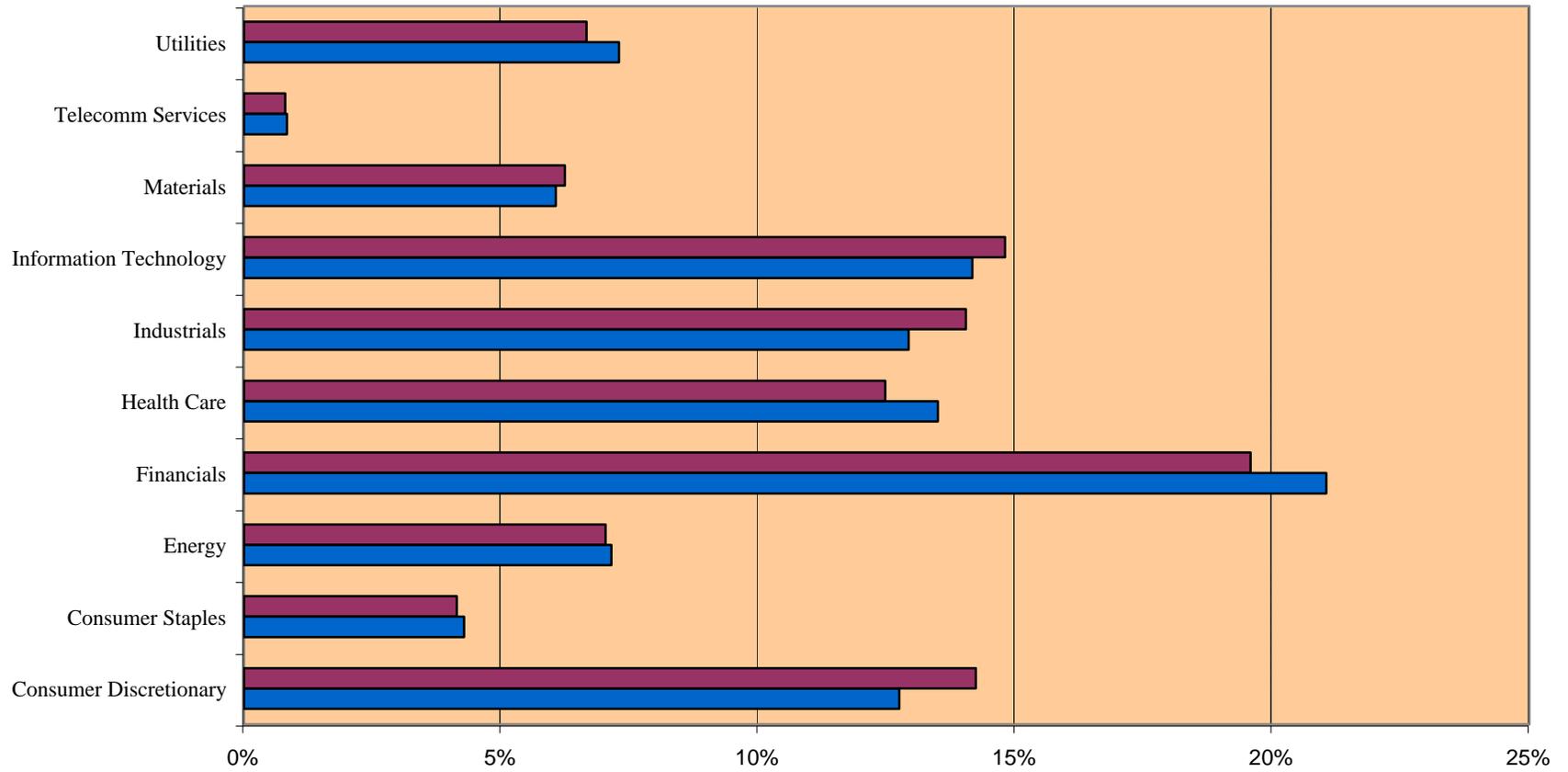


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	(3.43)	7.11	(3.43)	35.99	(4.02)	3.10	5.19
S&P 400 (Gross)	(3.22)	7.03	(3.22)	43.36	(4.05)	3.14	5.16
<b>Excess</b>	<b>(0.21)</b>	<b>0.09</b>	<b>(0.21)</b>	<b>(7.37)</b>	<b>0.02</b>	<b>(0.03)</b>	<b>0.03</b>



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

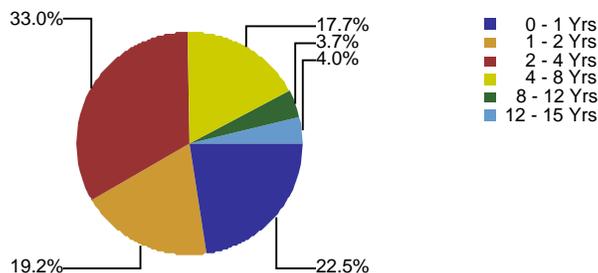


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	14.24%	4.14%	7.03%	19.58%	12.47%	14.04%	14.80%	6.24%	0.80%	6.66%
■ STATE OF ARIZONA - POOL 203	12.75%	4.28%	7.15%	21.05%	13.49%	12.93%	14.16%	6.07%	0.84%	7.29%

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

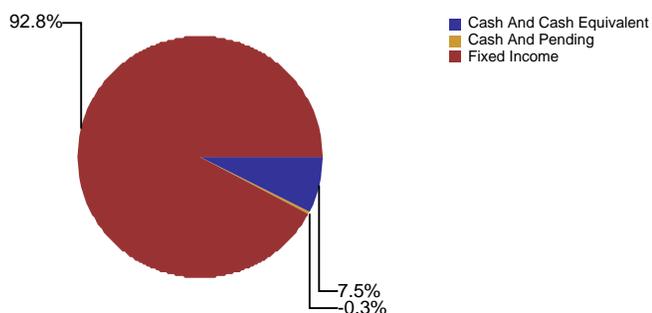
Portfolio Characteristics

Total Net Assets (Millions)	1,466.1
Weighted Average Life (Years)	4.77
Weighted Avg. Effective Duration (Years)	3.22
Weighted Average Coupon (%)	4.58
Weighted Average Current Yield (%)	2.28
Weighted Average Yield to Maturity (%)	2.32
Weighted Average Rating	AA+
Number of Holdings	232



Asset Mix

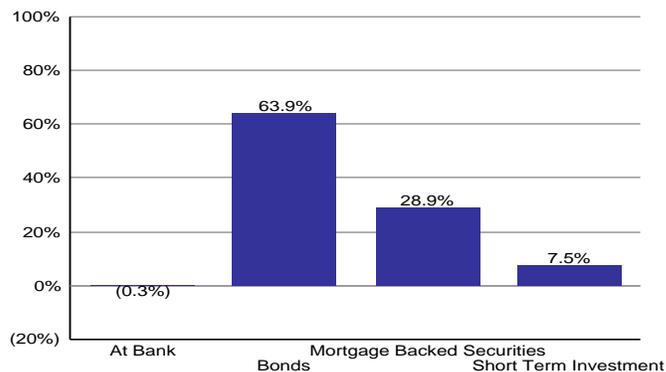
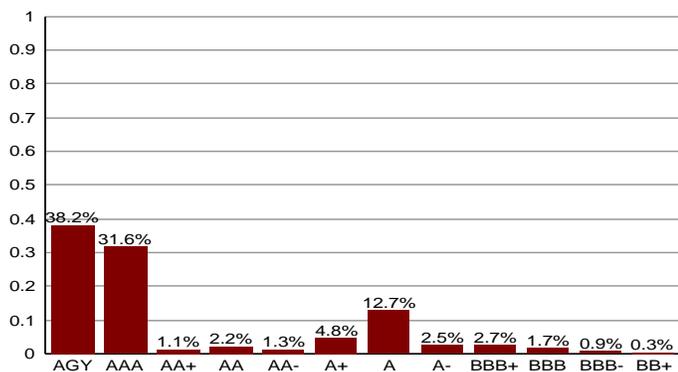
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	7.42%	0.00	31/12/2049
31359MQV8	FANNIE MAE BOND 4.75%	1.52%	4.75	21/2/2013
92343VAN4	VERIZON COMMUNICATIONS INC 5.25% NTS	1.10%	5.25	15/4/2013
912828FK1	UNITED STATES OF AMER TREAS NOTES 5.1	1.09%	5.12	30/6/2011
931142BV4	WAL MART STORES 931142BV4 4.125% 15/F	1.08%	4.12	15/2/2011
31395LZM6	FREDDIE MAC 2936 PB 5.000% 15/FEB/202	0.89%	5.00	15/2/2028
31396VAS7	FEDERAL NATL MTG ASSOC 5.5% 25/APR/20	0.80%	5.50	25/4/2017
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 U	0.76%	6.10	15/4/2018
06406HBB4	BANK OF NEW YORK CO INC 5% BDS 23/MAR	0.76%	5.00	23/3/2012
724479AG5	PITNEY BOWES, INC.	0.75%	5.00	15/3/2015

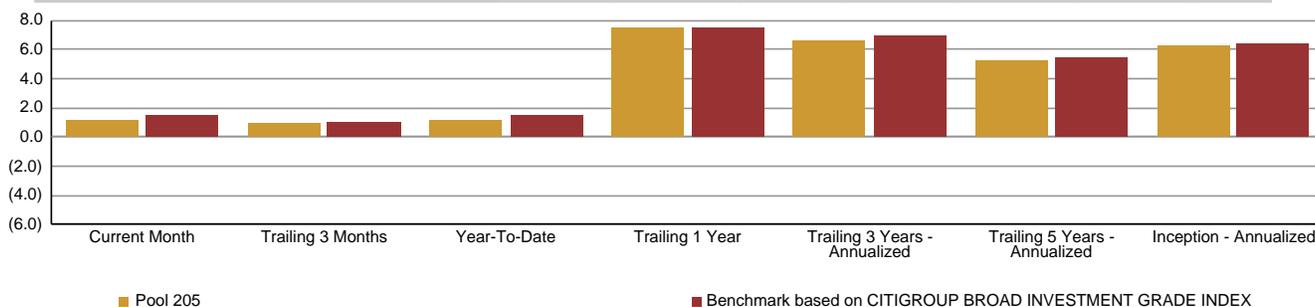
Quality/Rating Weightings

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	1.21	0.94	1.21	7.48	6.60	5.23	6.25
Benchmark based on CITIGROUP BROAD INVESTMENT GRADE INDEX	1.46	1.07	1.46	7.55	6.97	5.40	6.31
Excess	(0.26)	(0.13)	(0.26)	(0.08)	(0.37)	(0.17)	(0.07)

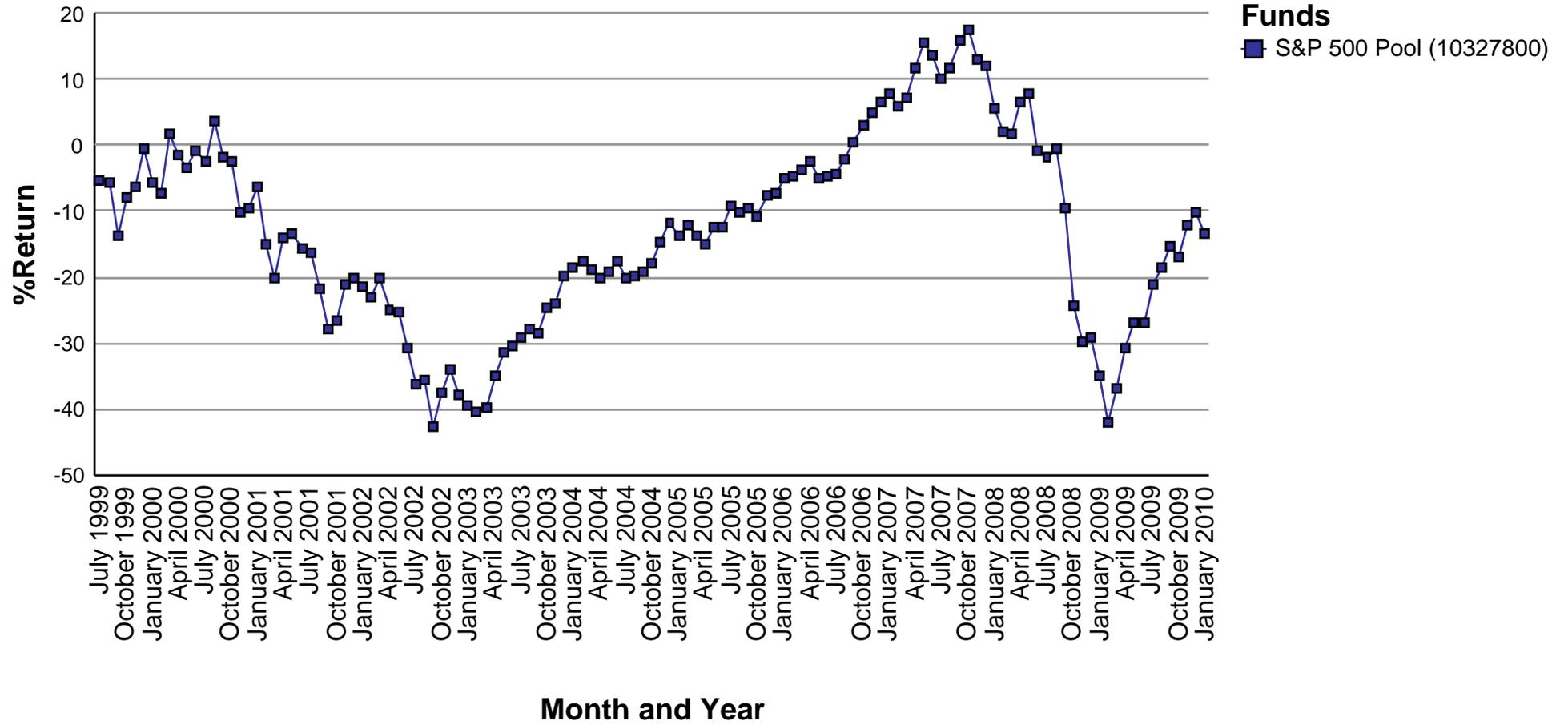


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to January 2010

Gross of Fee

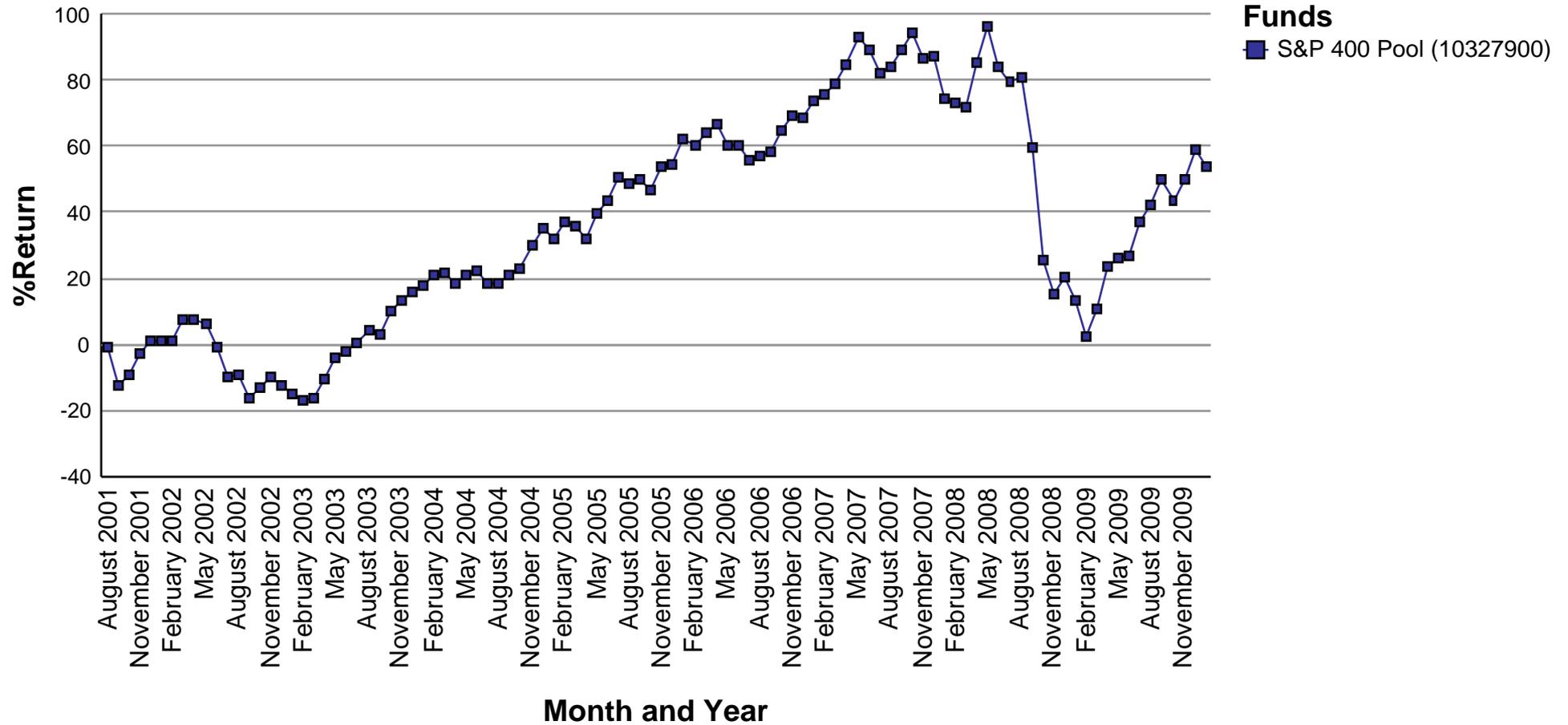


## Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to January 2010

Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to January 2010

Gross of Fee

