

OFFICE OF THE  
**ARIZONA STATE TREASURER**



**HON. DEAN MARTIN  
TREASURER**



**MARCH 2010**

**Presented To:**

**Arizona State Board of Investment**

**APRIL 28, 2010**

STATE BOARD OF INVESTMENT

**A G E N D A**

**April 28, 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
  - F. 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**

**April 28, 2010**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on March 25, 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 1:32 p.m.

***Members Present:***

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

***Members Absent:***

*None*

***Others Present:***

Mark Swenson, Deputy Treasurer Strategic Planning, Audit & Research, Arizona State Treasurer's Office  
Klint Tegland, Deputy Treasurer of Operations, Arizona State Treasurer's Office  
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office  
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office  
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for February, 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 March 25, 2010 BOI meeting to order at approximately 1:32 p.m.

**2. Treasurers Comments:**

Treasurer Martin welcomed board members and guests and thanked all present for attending the March 25, 2010 meeting.

**3. Approval of Minutes:**

Mr. Maguire made a motion to approve the minutes for the February 24, 2010 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 February, 2010.

***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 February, 2010.

***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 February, 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 Long Term Pools as of February 28, 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 Long Term pools for February 28, 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 February, 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 February 28, 2010.

*Treasurer Martin asked Mr. Swenson if he knew how much the sweep for pool 3 would be. Mr. Swenson responded that if the ballot measure is approved by the voters in November, Pool 3 would be reduced by about 323 million and Pool 2 would be reduced by about 125 million. He added that the analysis for the recurring sweeps had not been done yet.*

***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 February 28, 2010.

***Operating Monies Average Invested Balance***

Mr. Swenson reported the Operating Monies average invested balance for the month of February, 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:

***Endowment Funds Yield Analysis***

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

***Equity Funds Purchases & Sales***

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

***Investments Outstanding in Endowment Funds***

Mr. Swenson reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of February 28, 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 February 28, 2010.

*Mr. Swenson advised the board that the Endowment has been doing well this year and at this point in time, it appears that distributions will be made next year to the beneficiaries, according to the 5 year formula.*

***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 February 28, 2010.

***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 February 28, 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 February 28, 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 February 28, 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 February, 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 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:***

There was no general business this month.

***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, April 28, 2010 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

**10. Adjournment:**

Mr. Raber made a motion to adjourn the BOI meeting. Mr. Wood seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 1:55 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**  
MARCH 2010

State Treasurer's Report  
April 28, 2010  
Page 1

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>MARCH 2010</b>	<b>Fiscal YTD 09/10</b>	<b>Fiscal YTD 08/09</b>	
General Fund	\$0	\$365,754	\$10,954,167	
2 State Agencies I - Full Faith & Credit	894,490	11,643,007	21,849,301	279,597
3 State Agencies II - Diversified	779,219	11,203,647	28,294,223	523,687
4 State Agencies IV - Restricted Diversified	343,907	5,812,759	12,476,424	343,807
5 Local Governments	176,053	5,622,361	27,765,720	756,282
7 LGIP Gov't	174,816	3,983,976	22,677,543	1,148,595
12 CAWCD Medium-Term	240,866	3,803,956	3,438,225	55,225
15 GADA Long-Term	30,067	393,340	532,530	5,490
<b>Subtotal</b>	<b>\$2,639,418</b>	<b>\$42,828,799</b>	<b>\$127,988,132</b>	<b>\$3,112,684</b>
<b>NAV POOL</b>				
500 LGIP LT	141,599	1,565,039	1,827,308	33,270
700 LGIP GOV LT	71,066	203,788	0	25,495
<b>Total</b>	<b>\$2,852,082</b>	<b>\$44,597,627</b>	<b>\$129,815,440</b>	<b>\$3,171,449</b>

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

State Treasurer's Report  
 April 28, 2010  
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FUND	DESCRIPTION	NET EARNINGS
5	LGIP	176,053
7	LGIP - GOV	174,816
<b>TOTAL LGIP &amp; LGIP-GOV</b>		<b>350,869</b>

		01/31/10	02/28/10	03/31/10
5	<b>LGIP MONTHLY YIELD (NET)</b>	0.10%	0.13%	0.12%
	<b>S &amp; P LGIP INDEX YIELD</b>	0.18%	0.15%	0.15%
	<b>LGIP YTD YIELD (NET)</b>	0.23%	0.22%	0.21%
	<b>S &amp; P LGIP YTD INDEX YIELD</b>	0.27%	0.26%	0.25%
7	<b>LGIP - GOV MONTHLY YIELD (NET)</b>	0.03%	0.06%	0.09%
	<b>3 MONTH T-BILL</b>	0.05%	0.09%	0.14%
	<b>LGIP - GOV YTD YIELD (NET)</b>	0.08%	0.08%	0.08%
	<b>YTD 3 MONTH T-BILL</b>	0.09%	0.09%	0.10%

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

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

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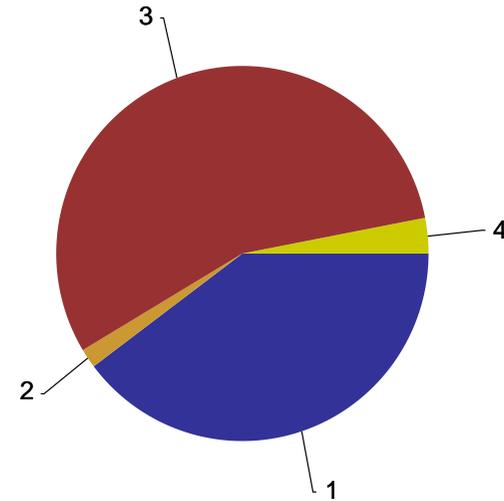
<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>
500	LGIP LONG TERM POOL	141,599
700	LGIP - GOV LONG TERM POOL	71,066
	<b>TOTAL LGIP LONG TERM POOL</b>	<b>212,664</b>

	<b>01/31/10</b>	<b>02/28/10</b>	<b>03/31/10</b>
<b>LGIP LONG TERM MONTHLY YIELD (NET)</b>	2.69%	2.78%	2.44%
<b>MERRILL 1-5 US D M INDEX MONTHLY YIELD</b>	2.20%	2.19%	2.35%
<b>LGIP LONG TERM YTD YIELD (NET)</b>	3.07%	3.04%	2.97%
<b>MERRILL 1-5 US D M INDEX YTD YIELD</b>	2.42%	2.39%	2.39%
<b>LGIP - GOV LONG TERM MONTHLY YIELD (NET)</b>	0.49%	0.70%	0.74%
<b>MERRILL 1-5 US TREAS INDEX MONTHLY YIELD</b>	1.21%	1.19%	1.42%
<b>LGIP - GOV LONG TERM YTD YIELD (NET)</b>	0.31%	0.41%	0.47%
<b>MERRILL 1-5 US TREAS INDEX YTD YIELD</b>	1.25%	1.23%	1.27%

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

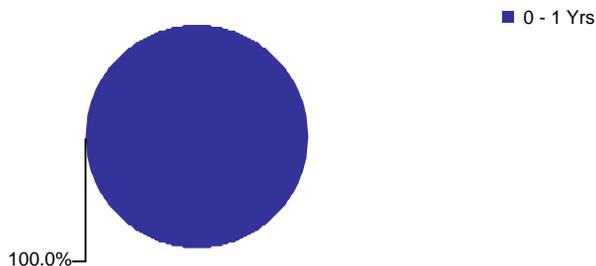
LGIP composite (00550903)

Sr. No.	Account Name	Market Value(MIL)	Percent of Portfolio
1	State of Arizona - Pool 5 (LGIP) (10327300)	1,523.06	39.7%
2	State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	70.41	1.8%
3	State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	2,132.65	55.5%
4	State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	113.10	2.9%
	<b>TOTAL</b>	<b>3,839.23</b>	<b>100.0%</b>



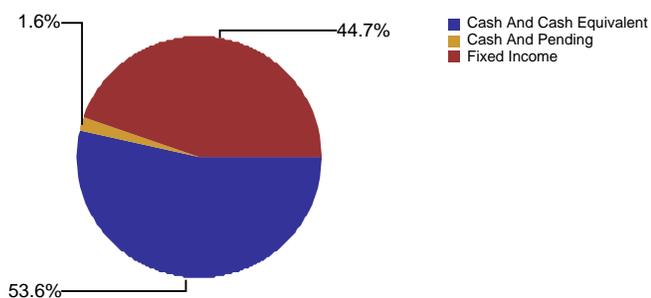
Portfolio Characteristics

Total Net Assets (Millions) **1,523.1**  
 Weighted Average Life (Years) **0.19**  
 Weighted Avg. Effective Duration (Years) **0.09**  
 Weighted Average Maturity (Years) **0.11**  
 Weighted Average Rating **AAA**  
 Number of Holdings **62**



Asset Mix

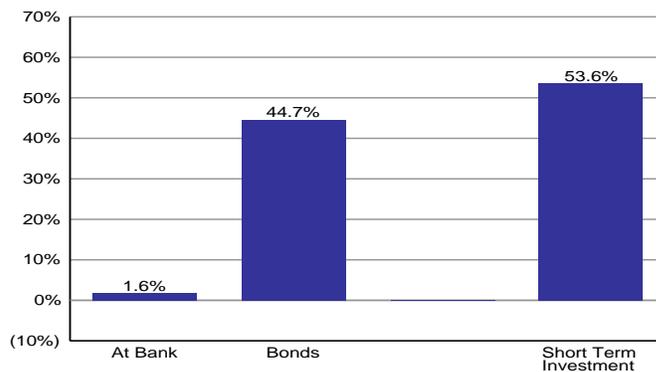
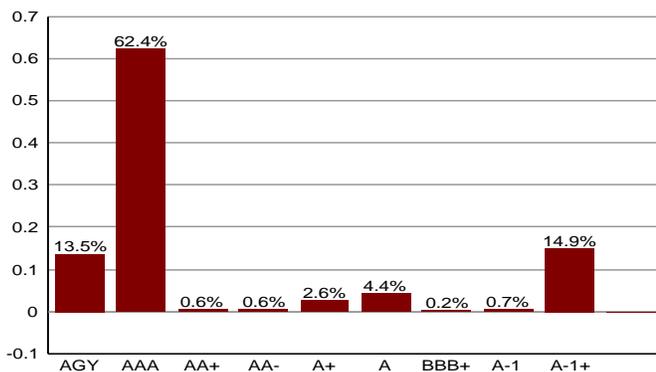
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 20/APR	16.41%	0.30	1/4/2010
15199S156	TRI-PARTY REPO DEUTSCHE BANK 0.12% 08	6.67%	0.12	8/4/2010
912795UP4	UNITED STATES TREAS BILLS DT	4.92%	0.00	29/4/2010
912828ED8	UNITED STATES OF AMER TREAS NOTES 4.1	3.35%	4.12	15/8/2010
912828DZ0	UNITED STATES OF AMER TREAS NOTES 3.8	3.34%	3.88	15/7/2010
912828JC5	UNITED STATES TREAS NTS 2.875%30/JUN/	3.33%	2.88	30/6/2010
3133XTLZ7	FEDERAL HOME LOAN BANKS CONS BD FLT 1	3.28%	0.00	29/4/2010
459053VH4	INTL BK FOR RECON & DEV DISC NT MATURE	3.28%	0.00	9/4/2010
313385VL7	FEDL HOME LOAN BK CONS DISC NT	3.28%	0.00	12/4/2010
459053WM2	INTL BK FOR RECON & DEV DISC NT MATURE	3.28%	0.00	7/5/2010

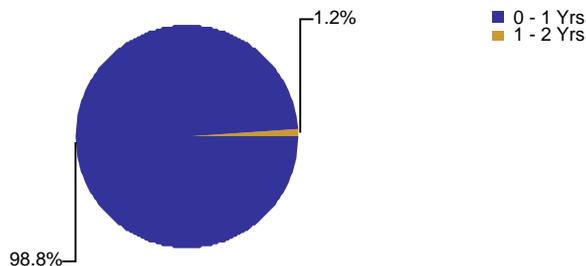
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



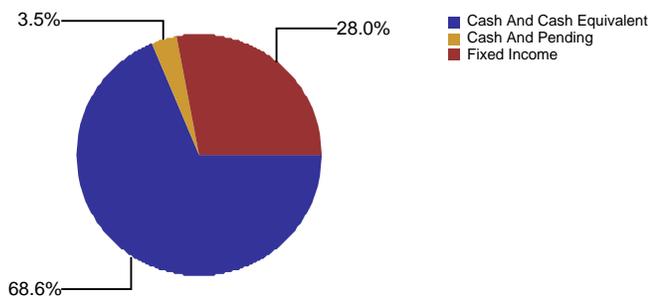
Portfolio Characteristics

Total Net Assets (Millions) **2,132.7**  
 Weighted Average Life (Years) **0.14**  
 Weighted Avg. Effective Duration (Years) **0.13**  
 Weighted Average Maturity (Years) **0.15**  
 Weighted Average Rating **AAA**  
 Number of Holdings **27**



Asset Mix

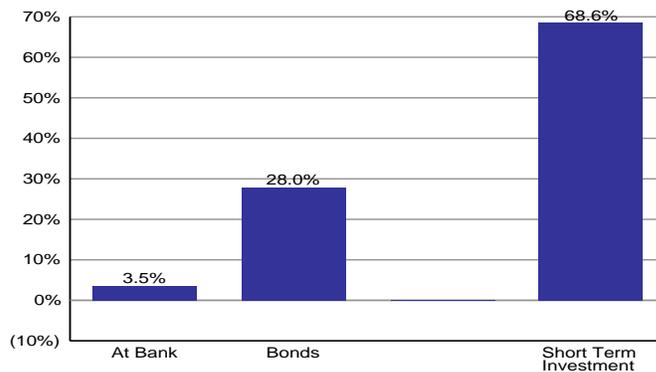
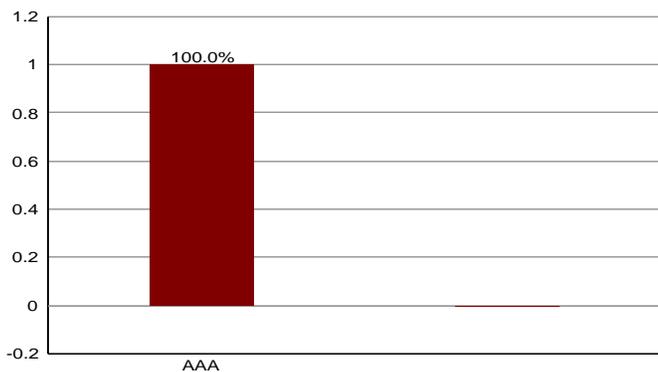
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099QC66	AZ GEN REPO BOA 0.02	33.72%	0.02	1/4/2010
15199S156	TRI-PARTY REPO DEUTSCHE BANK 0.12% 08	12.89%	0.12	8/4/2010
912828JF8	UNITED STATES OF AMER TREAS BONDS 2.7	7.13%	2.75	31/7/2010
15199S545	TRI-PARTY REPO DEUTSCHE BANK 0.12% 05	5.16%	0.12	5/4/2010
912795UT6	UNITED STATES TREAS BILLS DT	4.69%	0.00	10/6/2010
912795UR0	UNITED STATES TREAS BILLS ZCP 20/MAY/	3.52%	0.00	20/5/2010
9128276J6	UNITED STATES OF AMER TREAS NOTES 5.7	2.41%	5.75	15/8/2010
912828DR8	US TREASURY NOTE 4% DUE 15/APR/2010	2.39%	4.00	15/4/2010
912828DU1	USA TREASURY NTS 3.875% NTS 15/MAY/20	2.39%	3.88	15/5/2010
912828DZ0	UNITED STATES OF AMER TREAS NOTES 3.8	2.39%	3.88	15/7/2010

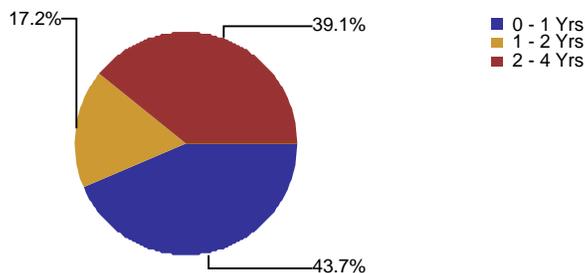
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



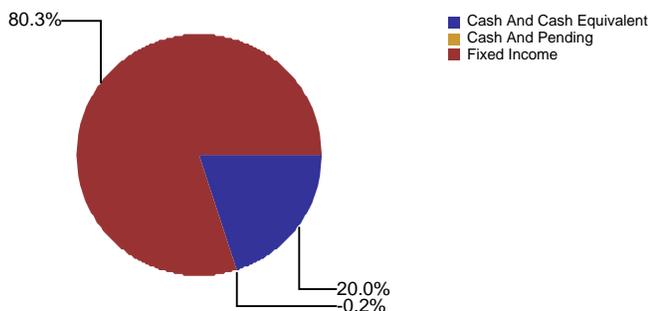
Portfolio Characteristics

Total Net Assets (Millions) **70.4**  
 Weighted Average Life (Years) **1.85**  
 Weighted Avg. Effective Duration (Years) **1.46**  
 Weighted Average Rating **AA+**  
 Number of Holdings **126**



Asset Mix

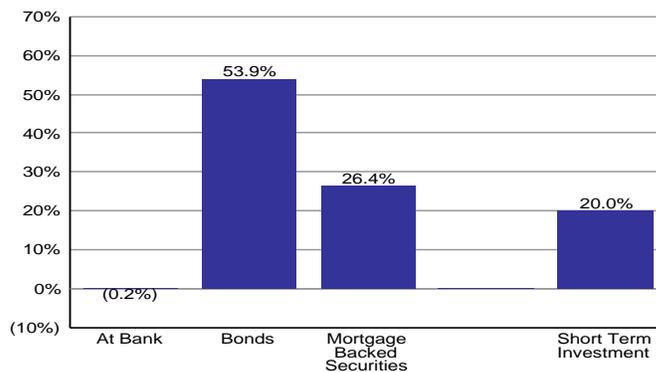
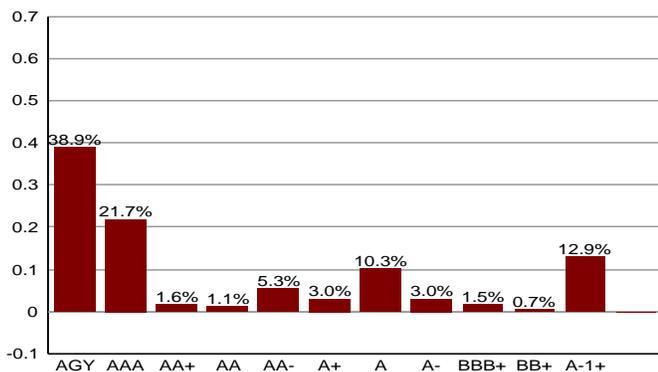
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
912795UN9	UNITED STATES TREAS BILLS DT	3.55%	0.00	22/4/2010
31417SJP6	FNMA MORTPASS 4.5% 01/OCT/2024 CI PN#	2.82%	4.50	1/10/2024
3128MMKJ1	FHLMCGLD MORTPASS 4.5% 01/FEB/2024 G1	2.51%	4.50	1/2/2024
31417SXR6	FNMA MORTPASS 5% 01/NOV/2024 CI PN# A	2.20%	5.00	1/11/2024
67983UD83	OLD LINE FUNDING LLC CORPORATE COMMER	2.13%	0.00	8/4/2010
06945MDE3	BARTON CAPITAL CP 04/10	2.06%	0.00	14/4/2010
92646LDD9	VICTORY RECEIVABLES	1.98%	0.00	13/4/2010
31371MAT4	FNMA MORTPASS 5.0% 01/APR/2015 POOL#2	1.85%	5.00	1/4/2015
3024A7D56	FCAR OWNER TRUST CORPORATE COMMERCIAL	1.85%	0.00	5/4/2010
31416BN38	FNMA MORTPASS 5.5% 01/NOV/2018 CI PN#	1.55%	5.50	1/11/2018

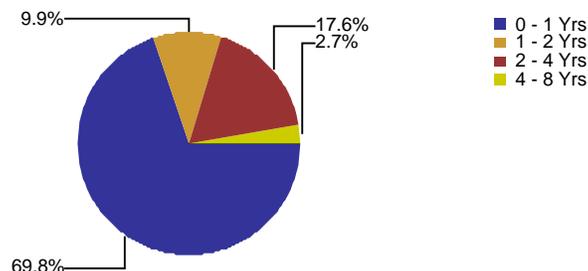
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



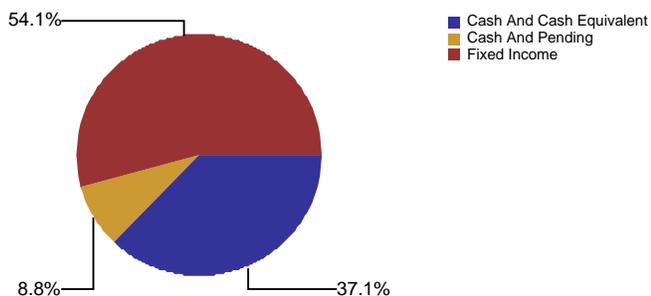
Portfolio Characteristics

Total Net Assets (Millions) **113.1**  
 Weighted Average Life (Years) **1.05**  
 Weighted Avg. Effective Duration (Years) **0.87**  
 Weighted Average Rating **AAA**  
 Number of Holdings **46**



Asset Mix

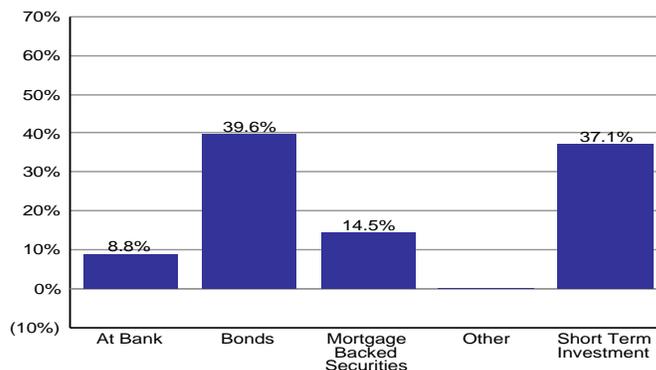
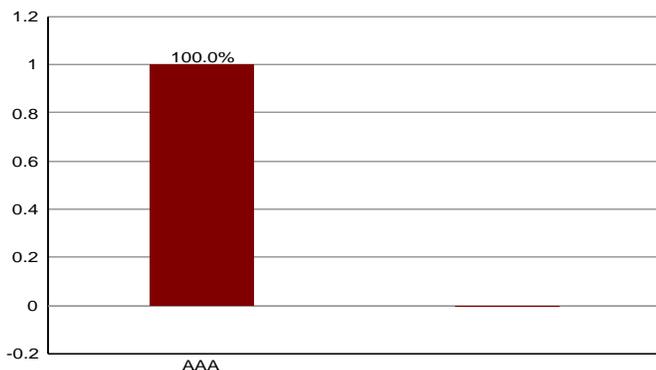
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
15199S156	TRI-PARTY REPO DEUTSCHE BANK 0.12% 08	22.10%	0.12	8/4/2010
06099QC66	AZ - GEN REPO BOA 0.02	8.84%	0.02	1/4/2010
912828HX1	UNITED STATES TREAS NTS 2.125% 30/APR	4.47%	2.12	30/4/2010
912828JL5	UNITED STATES TREAS NTS 02.000% 30/SE	4.46%	2.00	30/9/2010
938554N	FDIC - USBANK 0.4	4.42%	0.40	31/3/2011
912820LU9	U S TREAS NT STRIPPED PRIN PMT 03.625	4.42%	0.00	15/6/2010
912828JJ0	UNITED STATES OF AMER TREAS NOTES 2.3	4.02%	2.38	31/8/2010
38376ETD7	GINNIE MAE 2009-108 WG 4.000% 20/SEP/	3.62%	4.00	20/9/2038
912828KL3	UNITED STATES TREAS NTS 0.875% 30/APR	3.12%	0.88	30/4/2011
912828EM8	UNITED STATES OF AMER TREAS NOTES 4.5	2.31%	4.50	15/11/2010

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



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

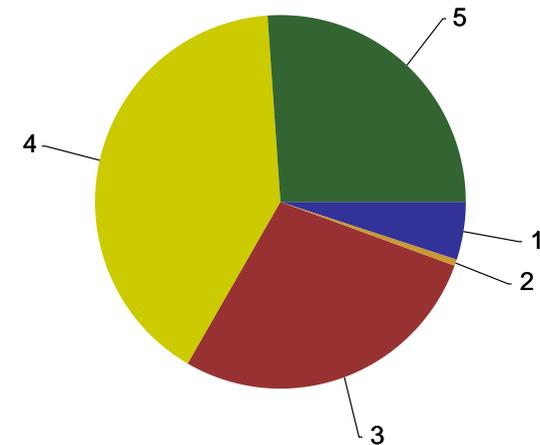
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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
2	STATE AGENCIES I - FULL FAITH & CREDIT	894,490	1.5000%
3	STATE AGENCIES II - DIVERSIFIED	779,219	0.8300%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	343,907	0.5800%
12	CAWCD MEDIUM TERM	240,866	2.1500%
15	GADA	30,067	2.9100%
	<b>TOTAL STATE AGENCIES</b>	<b>2,288,549</b>	

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

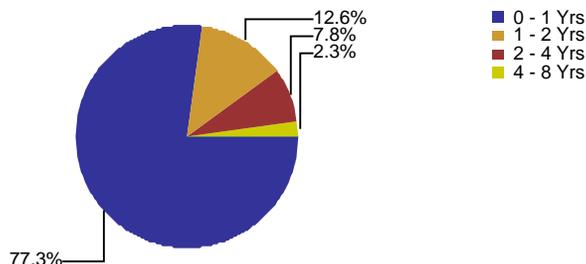
### Pool Composite (00550904)

Sr. No.	Account Name	Market Value(MIL)	Percent of Portfolio
1	State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	133.41	5.1%
2	State of Arizona - Pool 15 (GADA) (10327600)	12.37	0.5%
3	State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	727.98	27.7%
4	State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,068.12	40.6%
5	State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)	686.01	26.1%
<b>TOTAL</b>		<b>2,627.89</b>	<b>100.0%</b>

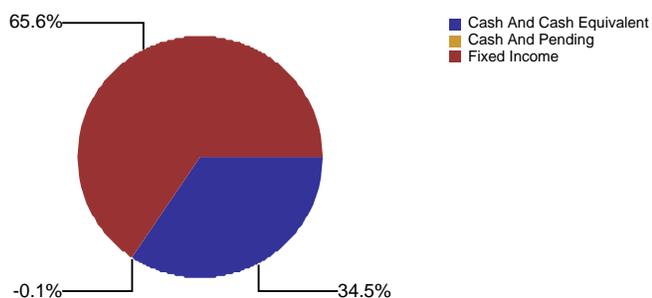


Portfolio Characteristics

Total Net Assets (Millions) **728.0**  
 Weighted Average Life (Years) **0.79**  
 Weighted Avg. Effective Duration (Years) **0.66**  
 Weighted Average Rating **AAA**  
 Number of Holdings **65**



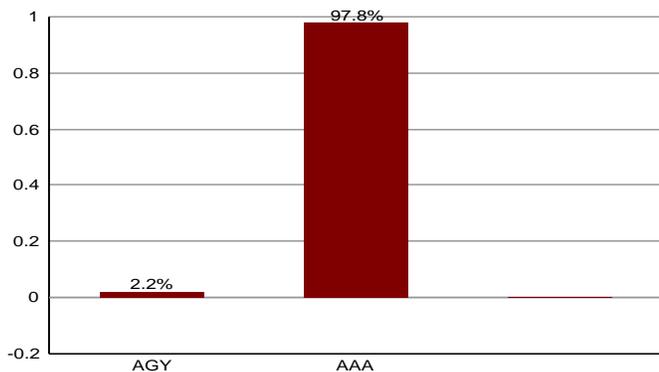
Asset Mix



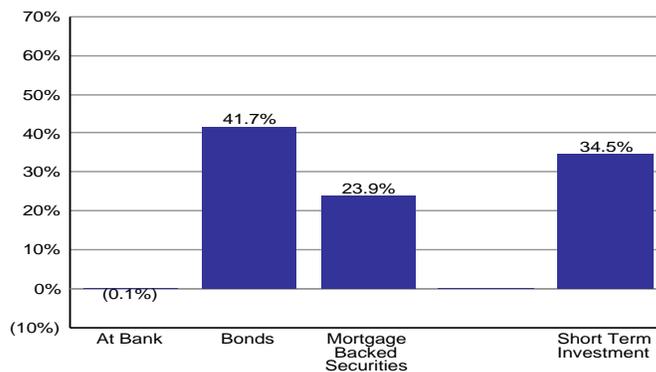
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099QC66	AZ- GEN REPO BOA 0.02	18.04%	0.02	1/4/2010
770839D	UNITED STATES ZERO 18/NOV/2010	6.86%	0.00	18/11/2010
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 US	4.22%	2.75	10/12/2010
912828LG3	UNITED STATES TREAS NTS 1% 31/JUL/201	4.14%	1.00	31/7/2011
912828ED8	UNITED STATES OF AMER TREAS NOTES 4.1	2.80%	4.12	15/8/2010
36967HAG2	GENERAL ELECTRIC CAPITAL CORP SER'G'1	2.78%	1.62	7/1/2011
912828KP4	UNITED STATES TREAS NTS 1.375% 15/MAY	2.78%	1.38	15/5/2012
912828JA9	UNITED STATES TREAS NTS 2.625% 31/MAY	2.77%	2.62	31/5/2010
912828MU1	UNITED STATES TREAS NTS 1.000% 31/MAR	2.75%	1.00	31/3/2012
932894D	UNITED STATES ZERO 16/DEC/2010	2.74%	0.00	16/12/2010

Quality/Rating Weightings

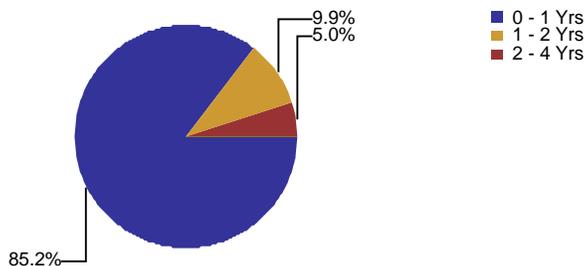


Sector Weightings (as % of Market Value)



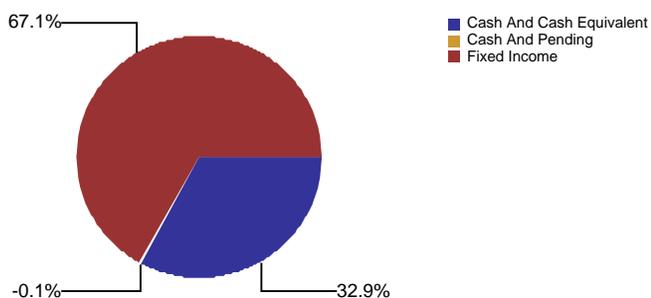
Portfolio Characteristics

Total Net Assets (Millions) **1,068.1**  
 Weighted Average Life (Years) **1.00**  
 Weighted Avg. Effective Duration (Years) **0.42**  
 Weighted Average Rating **AA+**  
 Number of Holdings **89**



Asset Mix

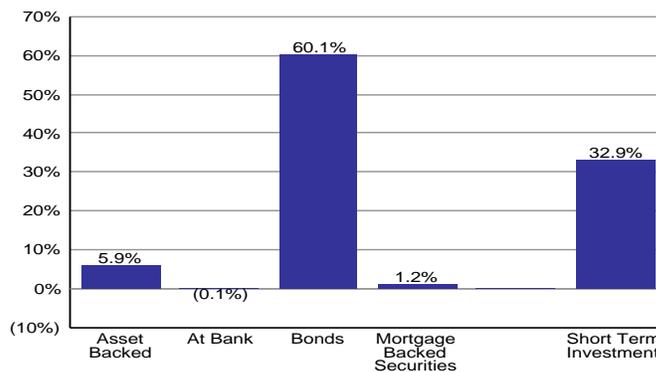
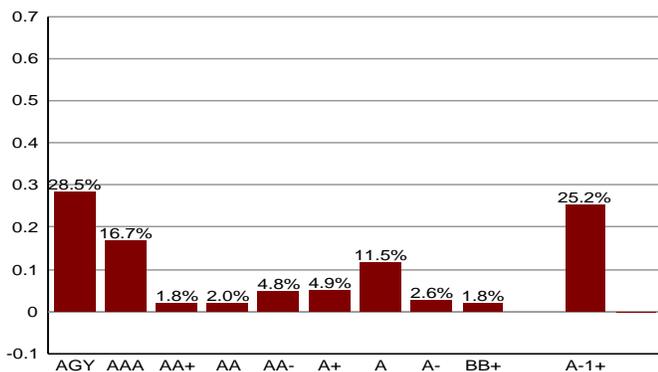
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
172967EG2	CITIGROUP INC VAR 13/AUG/2010	4.68%	0.40	13/8/2010
932895D	UNITED STATES ZERO 01/JUL/2010	3.74%	0.00	1/7/2010
3128X9XU9	FEDERAL HOME LOAN MORTGAGE CORP 0.00%	2.81%	0.37	3/2/2012
46623ECW7	JP MORGAN CHASE & CO VAR 07/MAY/2010	2.81%	0.29	7/5/2010
59018YE72	MERRILL LYNCH & CO INC FLTG RATE NTS	2.39%	0.48	5/6/2012
86888NFA8	SURREY FUNDING CORP CORPORATE COMMERC	2.39%	0.00	10/6/2010
3128X8WF5	FEDERAL HOME LOAN MORTGAGE CORP 3% NT	2.38%	3.00	21/4/2014
31398AVW9	FEDERAL NATIONAL MORTGAGE ASSOC 2% SR	2.36%	2.00	1/4/2011
3024A7D56	FCAR OWNER TRUST CORPORATE COMMERCIAL	2.34%	0.00	5/4/2010
06945MD78	BARTON CAP CORP DISCOUNTED	2.34%	0.00	7/4/2010

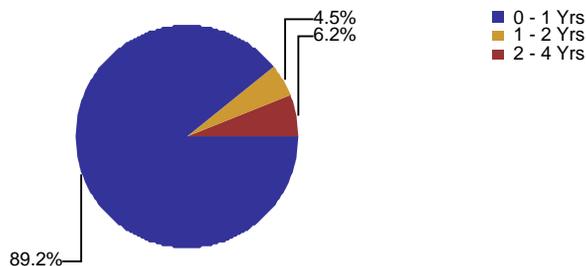
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

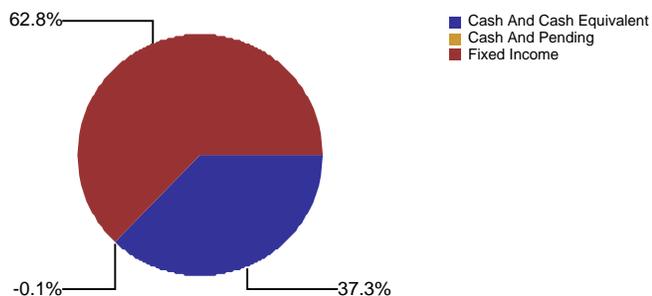


Portfolio Characteristics

Total Net Assets (Millions) **686.0**  
 Weighted Average Life (Years) **1.11**  
 Weighted Avg. Effective Duration (Years) **0.43**  
 Weighted Average Rating **AGY**  
 Number of Holdings **53**



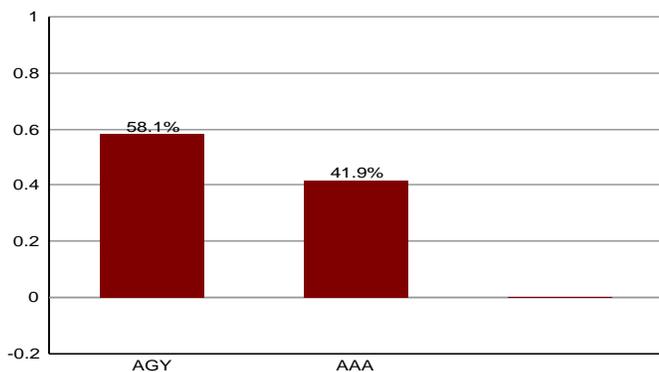
Asset Mix



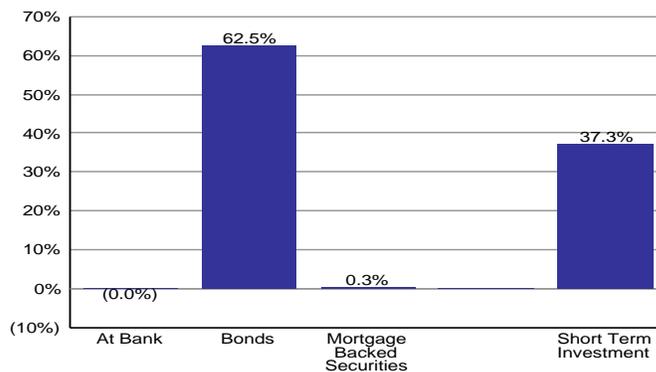
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099QC66	AZ-GEN REPO BOA 0.02	14.71%	0.02	1/4/2010
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 14/APR	8.02%	0.30	1/4/2010
3128X9XU9	FEDERAL HOME LOAN MORTGAGE CORP 0.00%	4.38%	0.37	3/2/2012
446436AB3	HUNTINGTON NATL BK FDIC TLGP GTD NT F	3.68%	0.65	1/6/2012
3128X82R2	FHLMC 1.50% 29/JUN/2012	2.93%	1.50	29/6/2012
313385WC6	FEDL HOME LOAN BK CONS DISC NT MATURE	2.92%	0.00	28/4/2010
459053WQ3	INTL BK FOR RECON & DEV DISC NT MATURE	2.91%	0.00	10/5/2010
313589XP3	FEDERAL NATL MTG ASSN DISC NT MATURES	2.91%	0.00	2/6/2010
313397XN6	FEDL HOME LN MTG CORP DISC NT MATURES	2.91%	0.00	1/6/2010
313397YB1	FEDL HOME LN MTG CORP DISC NT MATURES	2.91%	0.00	14/6/2010

Quality/Rating Weightings

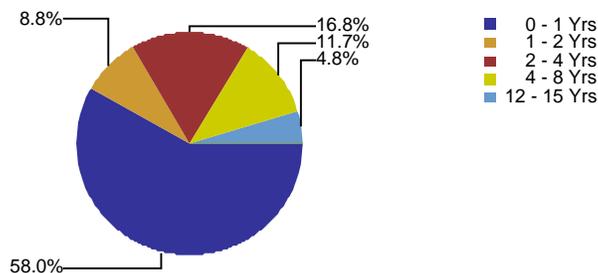


Sector Weightings (as % of Market Value)



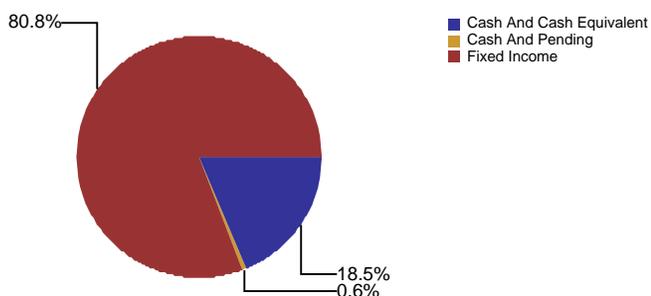
Portfolio Characteristics

Total Net Assets (Millions) **133.4**  
 Weighted Average Life (Years) **3.84**  
 Weighted Avg. Effective Duration (Years) **2.06**  
 Weighted Average Rating **AA+**  
 Number of Holdings **82**



Asset Mix

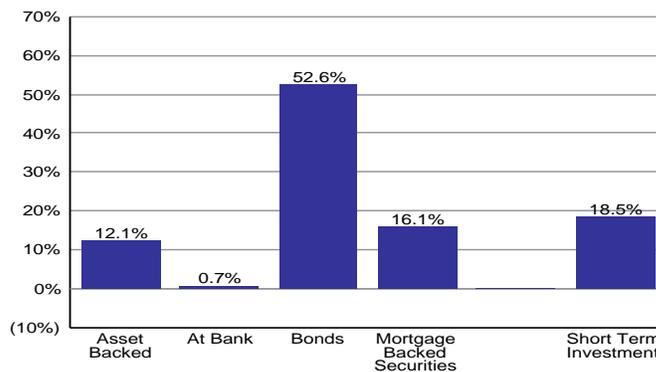
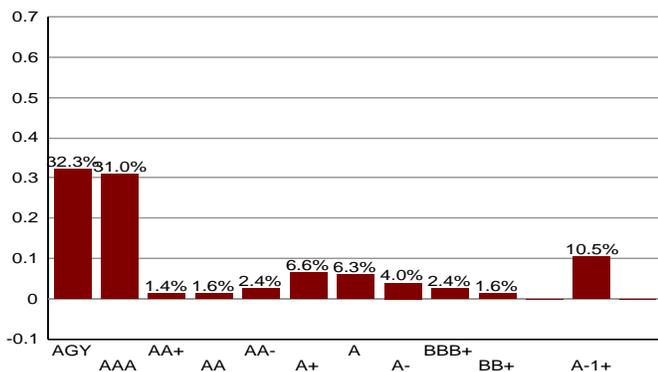
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099QC66	AZ-GEN REPO BOA 0.02	5.48%	0.02	1/4/2010
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 C	3.72%	0.40	15/2/2017
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5	3.15%	5.63	1/10/2038
31398AYW6	FEDERAL NATIONAL MORTGAGE ASSOC 3.5%	3.04%	3.50	25/8/2014
928989383	JP MORGAN U S GOVT AGENCY SHARES	2.57%	0.02	31/12/2049
250847DS6	DETROIT EDISON CO 6.125% BDS 01/OCT/2	2.18%	6.12	1/10/2010
94980GAF8	WELLS FARGO HOMR EQUITY ABD TRUST 200	1.92%	4.89	25/5/2034
38374HD23	GINNIE MAE 2004-79 PA 5.000% 20/JAN/2	1.88%	5.00	20/1/2031
31393MGQ8	FREDDIE MAC 2585 CJ MAC 4.500% 15/DEC	1.84%	4.50	15/12/2032
31398AXF4	FEDERAL NATIONAL MORTGAGE ASSOC 3% NT	1.67%	3.00	12/5/2014

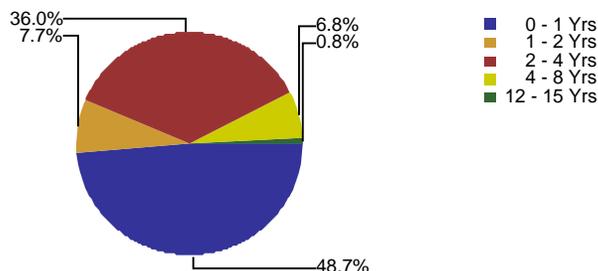
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

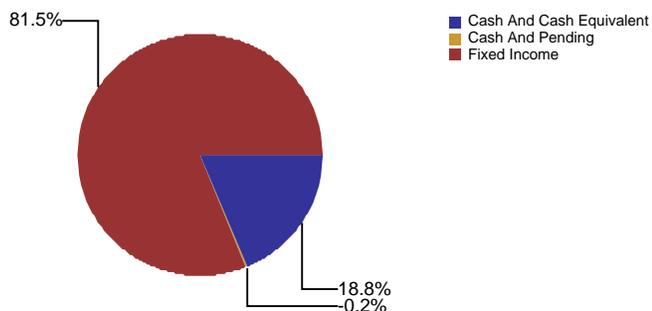


Portfolio Characteristics

Total Net Assets (Millions) **12.4**  
 Weighted Average Life (Years) **2.31**  
 Weighted Avg. Effective Duration (Years) **1.57**  
 Weighted Average Rating **AAA**  
 Number of Holdings **24**



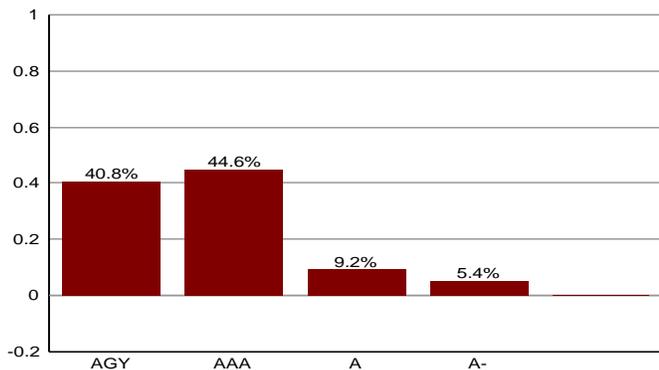
Asset Mix



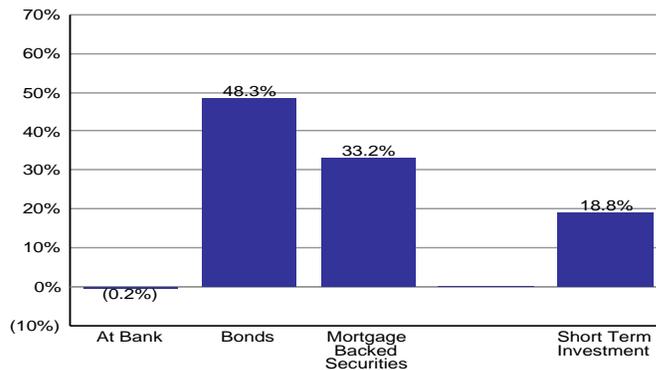
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	18.77%	0.02	31/12/2049
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL #	8.93%	4.50	1/9/2018
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP P	7.09%	4.50	15/2/2021
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/	6.71%	4.00	16/11/2039
31396WBV7	FEDERAL NATL MTG ASSOC 5.5% 25/JUN/20	5.28%	5.50	25/6/2027
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2	4.69%	6.95	15/3/2014
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/20	4.54%	7.12	15/11/2012
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 US	4.14%	2.75	10/12/2010
481247AD6	JPMORGAN CHASE & CO 2.625% NTS 01/DEC	4.14%	2.62	1/12/2010
31331GZG7	FEDERAL FARM CR BKS GLOBAL CONS BD 4.	4.13%	4.25	23/6/2016

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



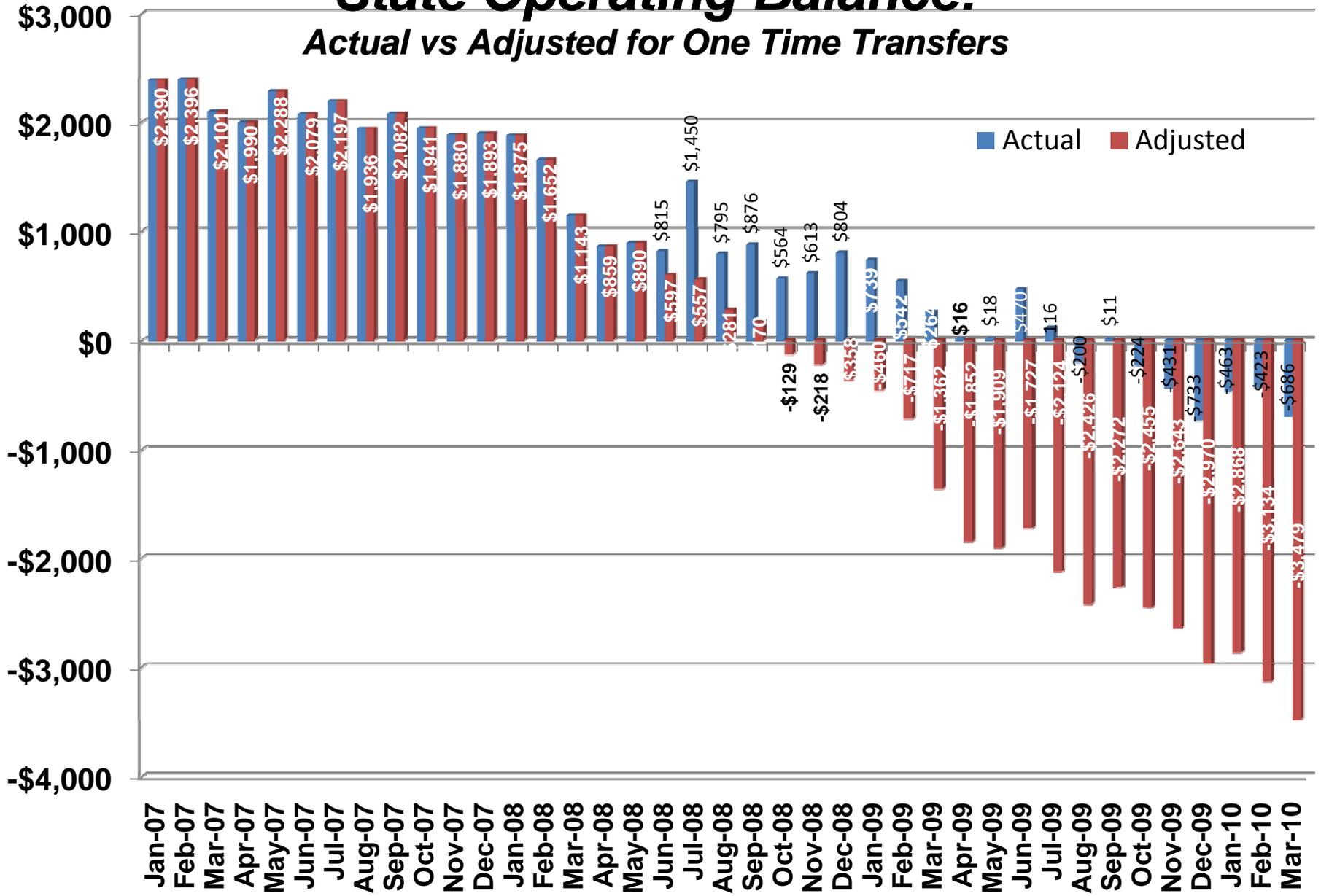
**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**  
Through March 31, 2010  
(in millions of dollars)

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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	(423)
MARCH	1,143	264	(686)
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>(\$337)</b>

# State Operating Balance:

## Actual vs Adjusted for One Time Transfers



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

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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
205	ENDOWMENTS - FIXED INCOME	6,359,688	8.13%
	<b>TOTAL ENDOWMENTS - FIXED INCOME</b>	<b>6,359,688</b>	

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

Endowment Fund -----	Mar-10 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	1,796,304	104,471
Equity Pool (500) Net Gain (Loss)	284,945	(7,624,585)
Equity Pool (400) Net Gain (Loss)	1,612,584	4,932,261
<b>Totals</b>	<b>3,693,833</b> =====	<b>(2,587,854)</b> =====

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
 Month of March 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>
FHLMC MBS	6.00	10/1/2038	1.95	\$10,294,870	\$11,171,007	1.49%	Aaa/AAA
FHLB	3.20	11/23/2011	N/A	\$1,715,000	\$1,763,655	0.51%	Aaa/AAA
FHLB	3.70	3/22/2017	N/A	\$5,000,000	\$4,985,000	3.75%	Aaa/AAA
FHLMC	2.00	3/29/2013	N/A	\$5,000,000	\$5,000,000	2.00%	Aaa/AAA
FNMA	2.00	4/29/2013	N/A	\$5,000,000	\$5,023,333	1.61%	Aaa/AAA
FNMA	2.05	7/30/2012	N/A	\$8,100,000	\$8,170,891	0.43%	Aaa/AAA
FNMA MTG	4.00	11/25/2018	4.47	\$2,770,000	\$2,908,490	2.77%	Aaa/AAA
FNMA STEP NOTE	2.00	3/24/2015	N/A	\$5,000,000	\$5,000,000	2.00%	Aaa/AAA
FHLMC MBS	5.50	9/1/2039	2.77	\$10,027,950	\$10,704,489	2.90%	Aaa/AAA
GNMA MBS	4.50	10/20/2020	1.12	\$5,143,123	\$5,311,882	1.49%	Aaa/AAA
U S TREASURY NOTE	1.38	4/15/2012	N/A	\$5,000,000	\$5,064,262	1.03%	Aaa/AAA
U S TREASURY NOTE	1.38	3/15/2013	N/A	\$5,000,000	\$4,987,661	1.47%	Aaa/AAA
U S TREASURY NOTE	1.00	3/31/2012	N/A	\$5,000,000	\$4,993,750	1.06%	Aaa/AAA
U S TREASURY NOTE	1.38	3/15/2013	N/A	\$5,000,000	\$4,969,837	1.60%	Aaa/AAA
U S TREASURY NOTE	3.38	6/30/2013	N/A	\$5,000,000	\$5,293,952	1.77%	Aaa/AAA
GE CAPITAL CORP	2.00	9/28/2012	N/A	\$10,000,000	\$10,235,978	1.42%	Aaa/AAA
PHILIP MORRIS INTL INC	4.50	3/26/2020	N/A	\$5,000,000	\$4,935,850	4.66%	A2/A
WELLS FARGO	3.63	4/15/2015	N/A	\$4,000,000	\$3,995,000	3.65%	A1/AA-
				<b>\$102,050,943</b>	<b>\$104,515,036</b>		
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>							

**II. Endowment Funds Sales**

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&amp;P RATING</u>
FNMA MTG	6.00	12/1/2036	\$7,116,786	\$7,580,118	\$477,776	Aaa/AAA
FNMA MTG	6.00	5/1/2038	\$7,524,924	\$8,014,827	\$519,729	Aaa/AAA
FNMA MTG	6.00	12/1/2036	\$4,808,578	\$5,121,636	\$316,648	Aaa/AAA
ARCHER DANIELS	6.45	1/15/2038	\$5,000,000	\$5,418,750	\$439,382	A2/A
GE CAPITAL CORP	1.80	3/11/2011	\$10,000,000	\$10,132,400	\$131,957	Aaa/AAA
			<b>\$34,450,287</b>	<b>\$36,267,732</b>	<b>\$1,885,492</b>	
<b>TOTAL ENDOWMENT FUNDS SALES</b>						

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

**EQUITY FUNDS**  
**PURCHASES & SALES**  
Month of March 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	578,022	\$17,675,444	\$8,666
S&P 500 Large-Cap Fund	186,819	\$7,275,005	\$2,786
<b>TOTAL EQUITY PURCHASES</b>	<b>764,841</b>	<b>\$24,950,450</b>	<b>\$11,452</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	291,344	\$13,542,010	\$4,058
S&P 500 Large-Cap Fund	53,984	\$2,547,828	\$804
<b>TOTAL EQUITY SALES</b>	<b>345,327</b>	<b>\$16,089,837</b>	<b>\$4,862</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
MARCH 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>	2,560	2,327	2,615	288	
<i>Shares in Mid-Cap 400 Equity Fund</i>	821	797	1,377	581	
<i>Shares in Fixed Income Fund</i>	2,771	3,124	4,444	1,320	
Total	6,153	6,248	8,436	2,189	<b>1.350</b>
102 State Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	1,578	1,354	1,611	257	
<i>Shares in Mid-Cap 400 Equity Fund</i>	445	464	746	283	
<i>Shares in Fixed Income Fund</i>	1,570	1,818	2,518	700	
Total	3,592	3,635	4,875	1,240	<b>1.341</b>
103 Leg., Exec., & Jud.					
<i>Shares in S&amp;P 500 Index Fund</i>	1,950	1,906	1,992	85	
<i>Shares in Mid-Cap 400 Equity Fund</i>	627	652	1,052	400	
<i>Shares in Fixed Income Fund</i>	2,299	2,559	3,687	1,129	
Total	4,877	5,117	6,731	1,614	<b>1.315</b>
104 Military Institute					
<i>Shares in S&amp;P 500 Index Fund</i>	132	131	135	4	
<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	77	32	
<i>Shares in Fixed Income Fund</i>	163	176	262	86	
Total	341	352	474	122	<b>1.346</b>
105 Miners Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	3,853	3,751	3,935	185	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,073	1,284	1,800	516	
<i>Shares in Fixed Income Fund</i>	3,942	5,034	6,322	1,288	
Total	8,868	10,069	12,057	1,988	<b>1.197</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
MARCH 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>	883	830	901	72	
<i>Shares in Mid-Cap 400 Equity Fund</i>	266	284	446	162	
<i>Shares in Fixed Income Fund</i>	955	1,114	1,532	418	
Total	2,104	2,228	2,879	652	<b>1.293</b>
108 Penitentiaries					
<i>Shares in S&amp;P 500 Index Fund</i>	3,208	2,897	3,276	380	
<i>Shares in Mid-Cap 400 Equity Fund</i>	929	992	1,558	566	
<i>Shares in Fixed Income Fund</i>	3,224	3,888	5,170	1,281	
Total	7,360	7,777	10,004	2,227	<b>1.286</b>
109 Permanent Common School					
<i>Shares in S&amp;P 500 Index Fund</i>	836,587	804,902	854,402	49,500	
<i>Shares in Mid-Cap 400 Equity Fund</i>	231,801	275,503	388,829	113,325	
<i>Shares in Fixed Income Fund</i>	855,582	1,080,406	1,372,101	291,695	
Total	1,923,970	2,160,811	2,615,331	454,520	<b>1.210</b>
110 School for Deaf & Blind					
<i>Shares in S&amp;P 500 Index Fund</i>	1,143	1,078	1,167	89	
<i>Shares in Mid-Cap 400 Equity Fund</i>	370	369	621	252	
<i>Shares in Fixed Income Fund</i>	1,337	1,448	2,144	696	
Total	2,850	2,895	3,932	1,037	<b>1.358</b>
111 School of Mines					
<i>Shares in S&amp;P 500 Index Fund</i>	2,894	2,809	2,956	147	
<i>Shares in Mid-Cap 400 Equity Fund</i>	877	961	1,472	510	
<i>Shares in Fixed Income Fund</i>	3,174	3,770	5,090	1,320	
Total	6,946	7,541	9,518	1,977	<b>1.262</b>

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

State Treasurer's Report  
April 28, 2010  
Page 24

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>	29,828	27,776	30,463	2,687	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,826	9,507	13,128	3,621	
<i>Shares in Fixed Income Fund</i>	29,162	37,283	46,768	9,484	
Total	66,817	74,566	90,359	15,793	<b>1.212</b>
113 University Fund					
<i>Shares in S&amp;P 500 Index Fund</i>	4,769	4,565	4,871	306	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,427	1,563	2,394	831	
<i>Shares in Fixed Income Fund</i>	5,204	6,128	8,346	2,218	
Total	11,401	12,256	15,611	3,354	<b>1.274</b>
114 U Of A Land - 1881					
<i>Shares in S&amp;P 500 Index Fund</i>	10,105	9,658	10,320	662	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,077	3,306	5,161	1,855	
<i>Shares in Fixed Income Fund</i>	11,174	12,964	17,920	4,956	
Total	24,356	25,928	33,402	7,474	<b>1.288</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in S&amp;P 500 Index Fund</i>	899,491	863,985	918,646	54,660	
<i>Shares in Mid-Cap 400 Equity Fund</i>	249,586	295,727	418,662	122,935	
<i>Shares in Fixed Income Fund</i>	920,558	1,159,712	1,476,302	316,591	
<b>Grand Total</b>	<b>2,069,635</b>	<b>2,319,424</b>	<b>2,813,610</b>	<b>494,186</b>	

**ASSET ALLOCATION PERCENTAGE**

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&amp;P 500 Index Fund</i>	43.46%	37.25%	32.65%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.06%	12.75%	14.88%
<i>Shares in Fixed Income Fund</i>	44.48%	50.00%	52.47%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

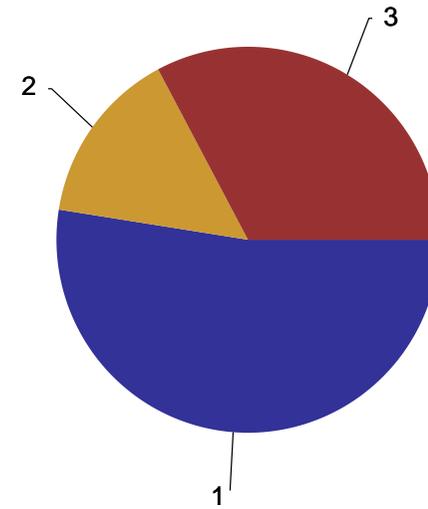
**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As At March 2010**  
Gross of Fee

<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	865,394,427.19	918,645,665.67	1,207,682	6.01	5.44	5.44	29.23	49.77	(4.05)	1.84	(0.51)	07/01/1999
10327900	S&P 400 Pool	391,374,388.79	418,661,593.44	412,072	6.87	8.33	8.33	35.73	56.22	(1.23)	4.91	6.49	08/01/2001
10328000	Pool 205	1,475,927,272.68	1,476,302,475.45	1,633,075	(0.08)	1.52	1.52	4.55	6.81	6.19	5.58	6.18	07/01/1999
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>2,732,696,088.66</b>	<b>2,813,609,734.56</b>	<b>3,252,830</b>	<b>2.84</b>	<b>3.77</b>	<b>3.77</b>	<b>15.77</b>	<b>24.31</b>	<b>1.56</b>	<b>4.49</b>	<b>4.68</b>	<b>07/01/1999</b>

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

### Total Endowment Fund Composite (00550902)

Sr. No.	Account Name	Market Value(MIL)	Percent of Portfolio
1	Pool 205 (10328000)	1,476.30	52.5%
2	S&P 400 Pool (10327900)	418.66	14.9%
3	S&P 500 Pool (10327800)	918.65	32.7%
	<b>TOTAL</b>	<b>2,813.61</b>	<b>100.0%</b>

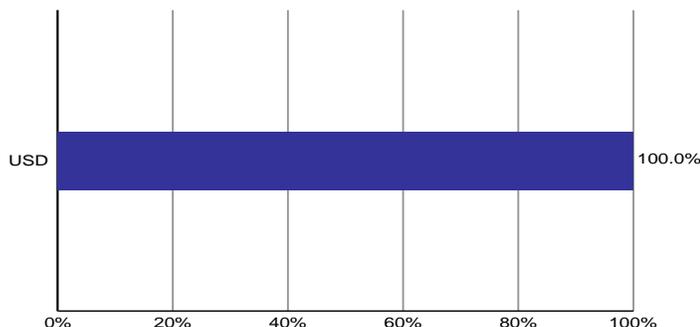


Portfolio Characteristics				Risk Measures			
Total Asset Value (in Millions)	918.6			Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	14.90	Tracking Error	0.17	0.33	0.44	1.84	
Price to Book Ratio	3.83	Information Ratio	(0.02)	0.33	(0.19)	(0.44)	
Dividend Yield (%)	1.84	Std Deviation of Port.	13.25	20.24	16.16	16.16	
Return on Equity (%)	19.71	Std Deviation of Bench.	13.34	20.37	16.31	16.01	
Sales Growth (%)	11.28	Sharpe Ratio of Port.	3.74	(0.30)	(0.07)	(0.22)	
Market Capitalization (\$ Billions)	82,954.06	Sharpe Ratio of Bench.	3.72	(0.30)	(0.06)	(0.17)	
Earnings per Share (\$)	2.89	R-Squared	1.00	1.00	1.00	0.99	
Number of Holdings	501	Jensen's Alpha	0.32	0.07	(0.09)	(0.79)	

### Top Ten Portfolio Holdings

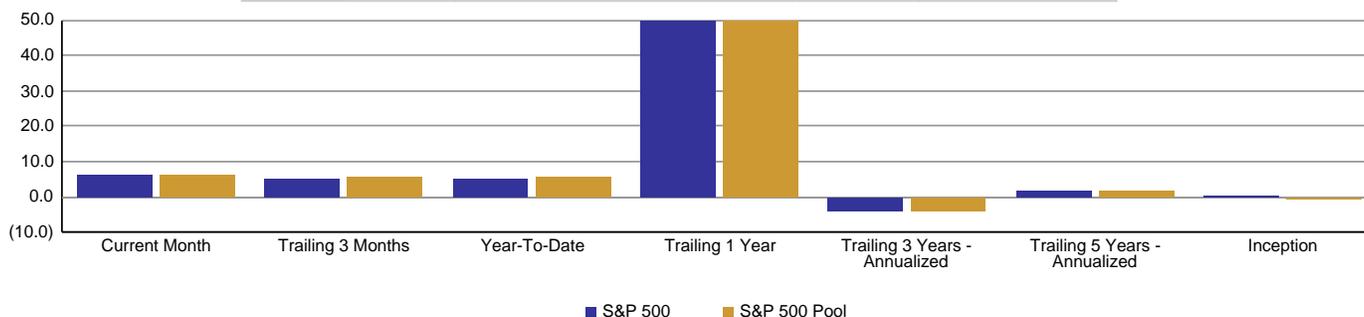
Security ID	Security Name	% of Assets
30231G102	EXXON MOBIL CORP - COM NPV	2.93%
594918104	MICROSOFT CORP - COM USD.001	2.07%
037833100	APPLE INC - COM NPV	1.97%
78462F103	SPDR TRUST UNITS SER 1 NPV	1.95%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.81%
742718109	PROCTER & GAMBLE CO - COM NPV	1.70%
478160104	JOHNSON & JOHNSON - COM USD1	1.66%
060505104	BANK OF AMERICA CORP - COM USD2.5	1.66%
46625H100	JPMORGAN CHASE & CO - COM USD12	1.65%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.54%

### Top Ten Currency Weights

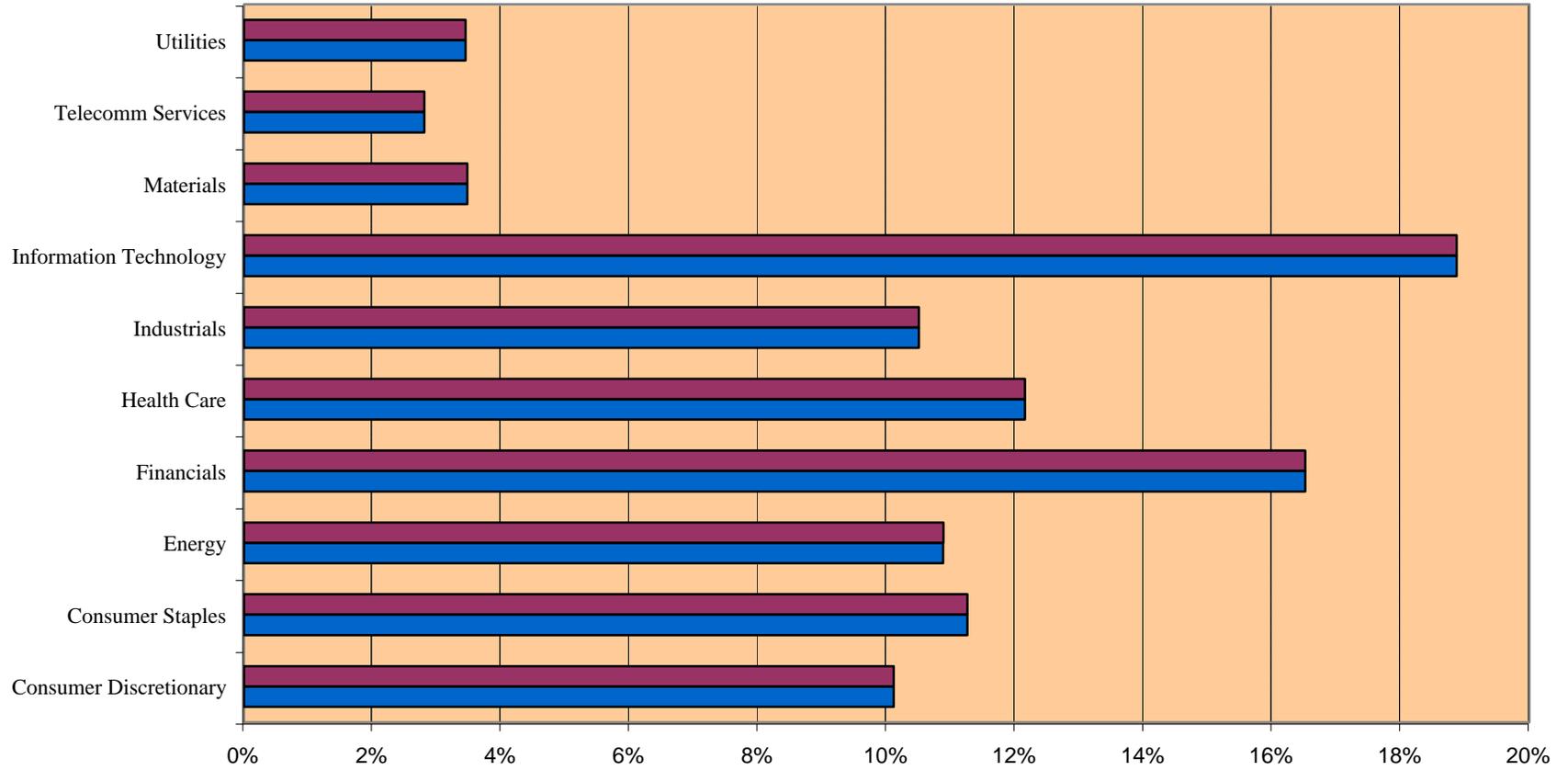


### Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	6.01	5.44	5.44	49.77	(4.05)	1.84	(0.51)
S&P 500	6.03	5.39	5.39	49.77	(4.17)	1.92	0.29
Excess	(0.02)	0.05	0.05	(0.00)	0.11	(0.08)	(0.80)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	10.11%	11.25%	10.88%	16.51%	12.15%	10.50%	18.87%	3.48%	2.81%	3.45%
■ STATE OF ARIZONA - POOL 201	10.11%	11.25%	10.88%	16.51%	12.15%	10.50%	18.87%	3.48%	2.81%	3.45%

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

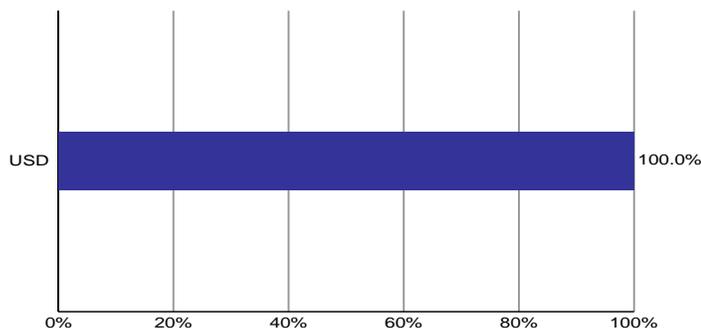
Portfolio Characteristics Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>418.7</b>		<b>Trailing 1 Year</b>	<b>2.90</b>	<b>Trailing 3 Years</b>	<b>2.66</b>	<b>Trailing 5 Years</b>	<b>2.20</b>	<b>Since Inception</b>	<b>2.31</b>
<b>P/E Ratio</b>	<b>2.75</b>		<b>Information Ratio</b>	<b>(2.71)</b>	<b>(0.15)</b>	<b>(0.12)</b>	<b>(0.12)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Price to Book Ratio</b>	<b>2.04</b>		<b>Std Deviation of Port.</b>	<b>15.95</b>	<b>23.21</b>	<b>18.92</b>	<b>17.19</b>	<b>18.38</b>	<b>18.38</b>	<b>18.38</b>
<b>Dividend Yield (%)</b>	<b>0.83</b>		<b>Std Deviation of Bench.</b>	<b>18.00</b>	<b>24.35</b>	<b>19.88</b>	<b>0.11</b>	<b>0.24</b>	<b>0.24</b>	<b>0.24</b>
<b>Return on Equity (%)</b>	<b>5.80</b>		<b>Sharpe Ratio of Port.</b>	<b>3.51</b>	<b>(0.14)</b>	<b>0.11</b>	<b>0.11</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>
<b>Sales Growth (%)</b>	<b>8.23</b>		<b>Sharpe Ratio of Bench.</b>	<b>3.55</b>	<b>(0.12)</b>	<b>0.11</b>	<b>0.99</b>	<b>0.99</b>	<b>0.99</b>	<b>0.99</b>
<b>Market Capitalization (\$ Billions)</b>	<b>2,306.13</b>		<b>R-Squared</b>	<b>0.99</b>	<b>(0.55)</b>	<b>(0.15)</b>	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>
<b>Earnings per Share (\$)</b>	<b>1.20</b>		<b>Jensen's Alpha</b>	<b>(0.19)</b>	<b>(0.55)</b>	<b>(0.15)</b>				
<b>Number of Holdings</b>	<b>202</b>									

Top Ten Portfolio Holdings

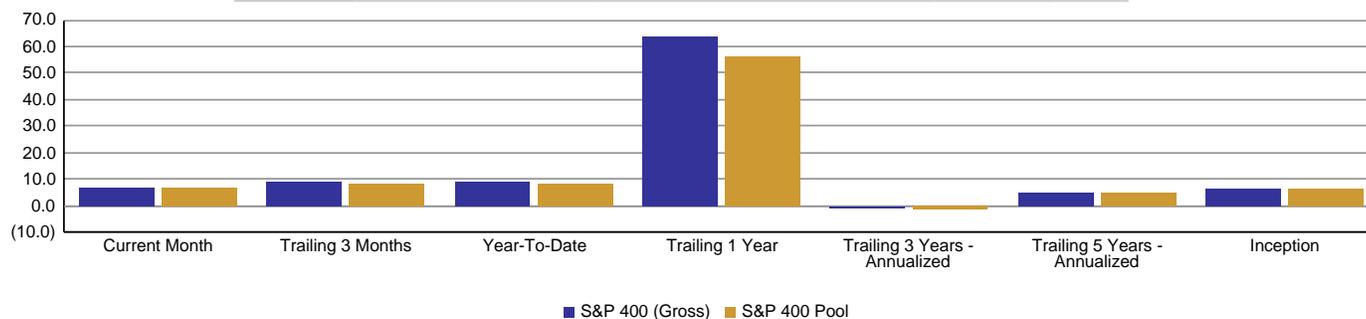
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	39.27%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.73%
225447101	CREE INC - COM USD.01	0.66%
649445103	NEW YORK CMNTY BANCORP INC - COM USD.01	0.64%
651290108	NEWFIELD EXPLORATION CO - COM USD.01	0.62%
549271104	LUBRIZOL CORP - COM NPV	0.56%
481165108	JOY GLOBAL INC - COM	0.52%
156782104	CERNER CORP - COM USD.01	0.51%
143130102	CARMAX INC - COM NPV	0.50%
28176E108	EDWARDS LIFESCIENCES CORP - COM USD1	0.50%

Top Ten Currency Weights

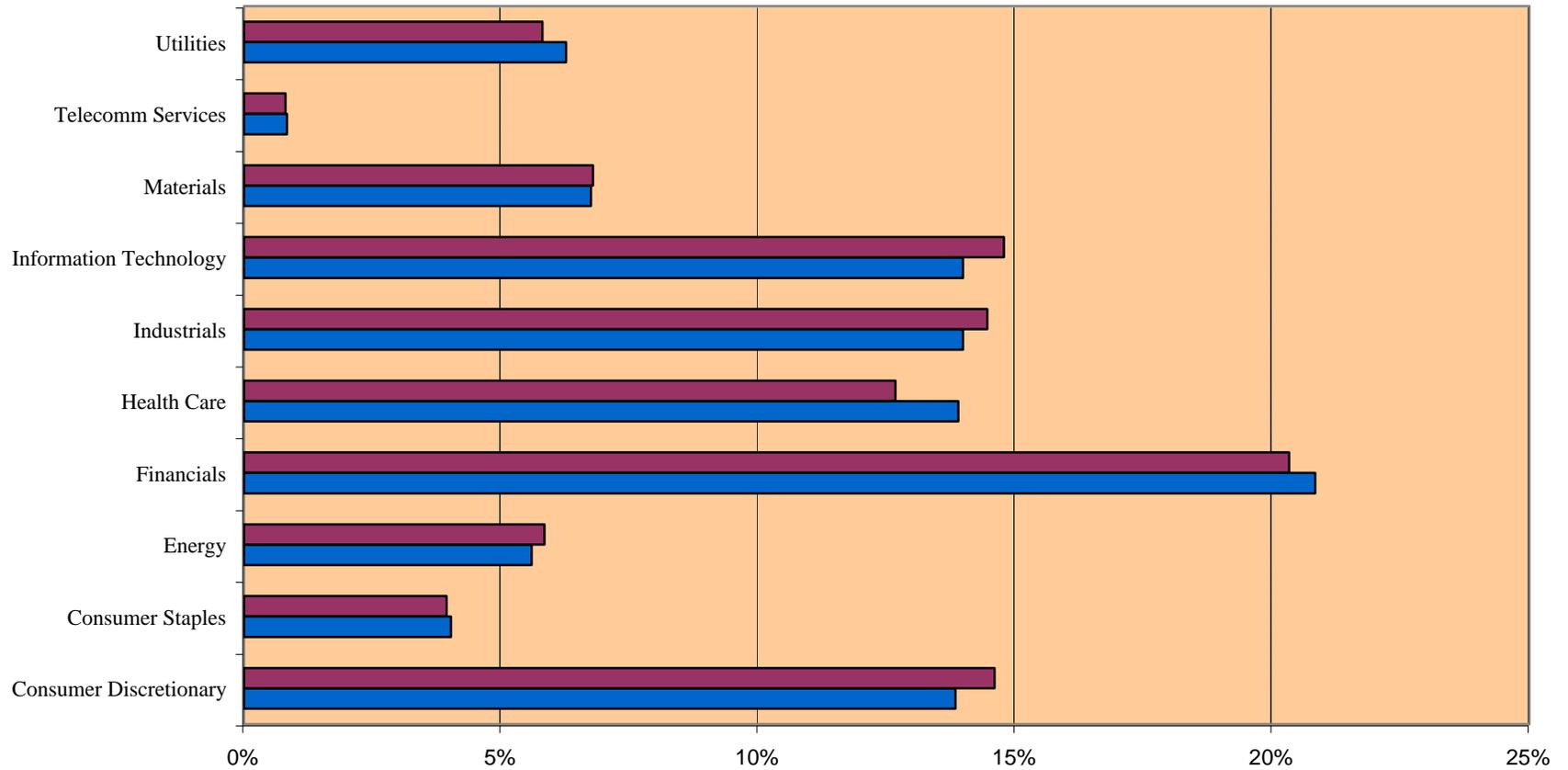


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	6.87	8.33	8.33	56.22	(1.23)	4.91	6.49
S&P 400 (Gross)	7.14	9.09	9.09	64.07	(0.83)	5.18	6.52
<b>Excess</b>	<b>(0.27)</b>	<b>(0.76)</b>	<b>(0.76)</b>	<b>(7.86)</b>	<b>(0.41)</b>	<b>(0.27)</b>	<b>(0.03)</b>



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

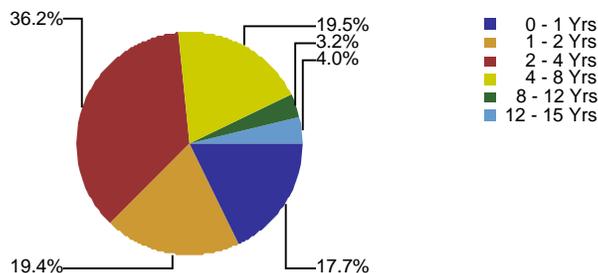


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	14.60%	3.94%	5.84%	20.33%	12.67%	14.46%	14.78%	6.79%	0.81%	5.80%
■ STATE OF ARIZONA - POOL 203	13.83%	4.03%	5.60%	20.83%	13.89%	13.99%	13.99%	6.75%	0.84%	6.27%

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

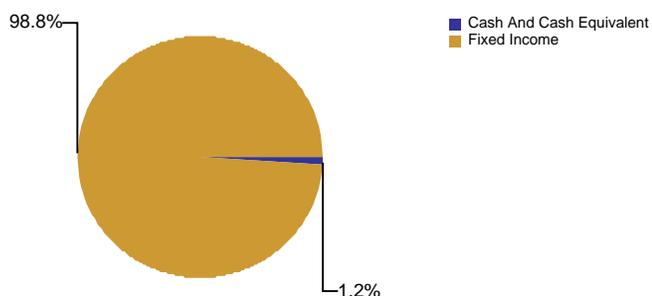
Portfolio Characteristics

Total Net Assets (Millions)	1,476.3
Weighted Average Life (Years)	4.88
Weighted Avg. Effective Duration (Years)	3.38
Weighted Average Coupon (%)	4.64
Weighted Average Current Yield (%)	2.43
Weighted Average Yield to Maturity (%)	2.47
Weighted Average Rating	AA+
Number of Holdings	245



Asset Mix

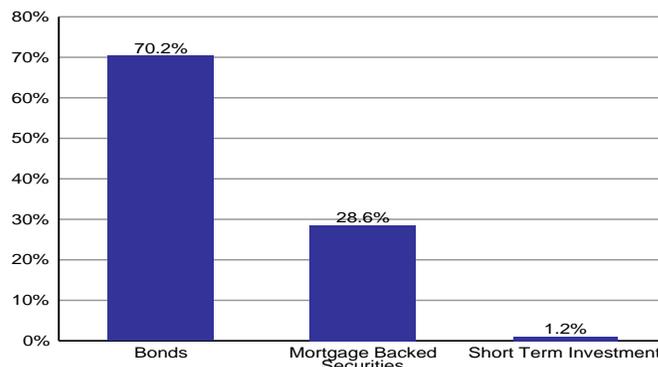
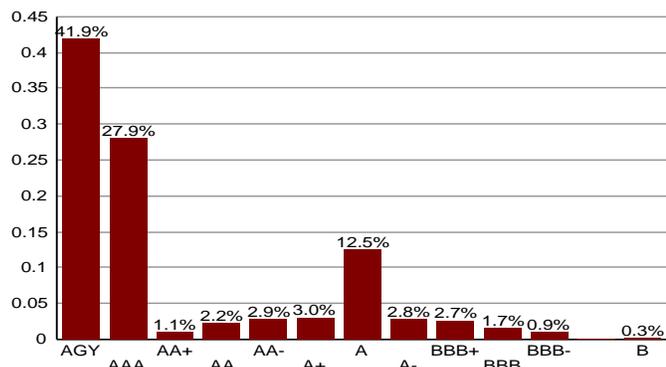
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31359MQV8	FANNIE MAE BOND 4.75%	1.48%	4.75	21/2/2013
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	1.15%	0.00	31/12/2049
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	1.05%	4.12	15/2/2011
912810DZ8	UNITED STATES OF AMER TREAS BONDS 8.8	0.93%	8.88	15/8/2017
912810ED6	UNITED STATES OF AMER TREAS BONDS 8.1	0.92%	8.12	15/8/2019
31395LZM6	FREDDIE MAC 2936 PB 5.000% 15/FEB/202	0.86%	5.00	15/2/2028
31396VAS7	FEDERAL NATL MTG ASSOC 5.5% 25/APR/20	0.78%	5.50	25/4/2017
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 U	0.76%	6.10	15/4/2018

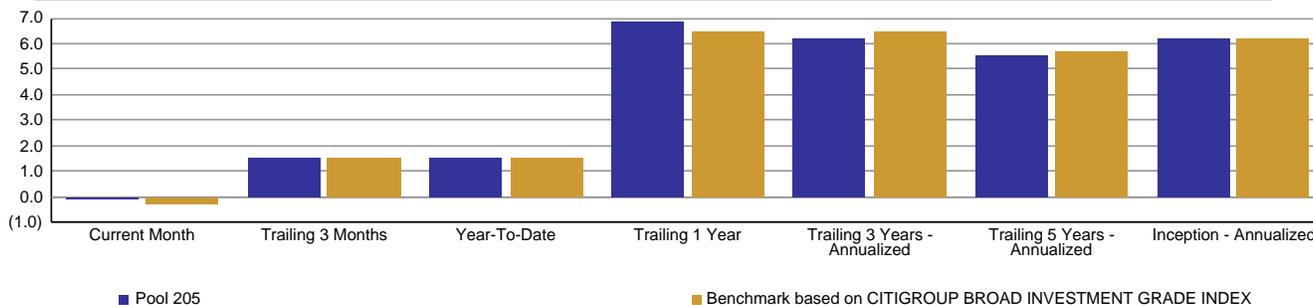
Quality/Rating Weightings

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	(0.08)	1.52	1.52	6.81	6.19	5.58	6.18
Benchmark based on CITIGROUP BROAD INVESTMENT GRADE INDEX	(0.26)	1.54	1.54	6.44	6.46	5.66	6.22
Excess	0.18	(0.02)	(0.02)	0.37	(0.27)	(0.09)	(0.04)

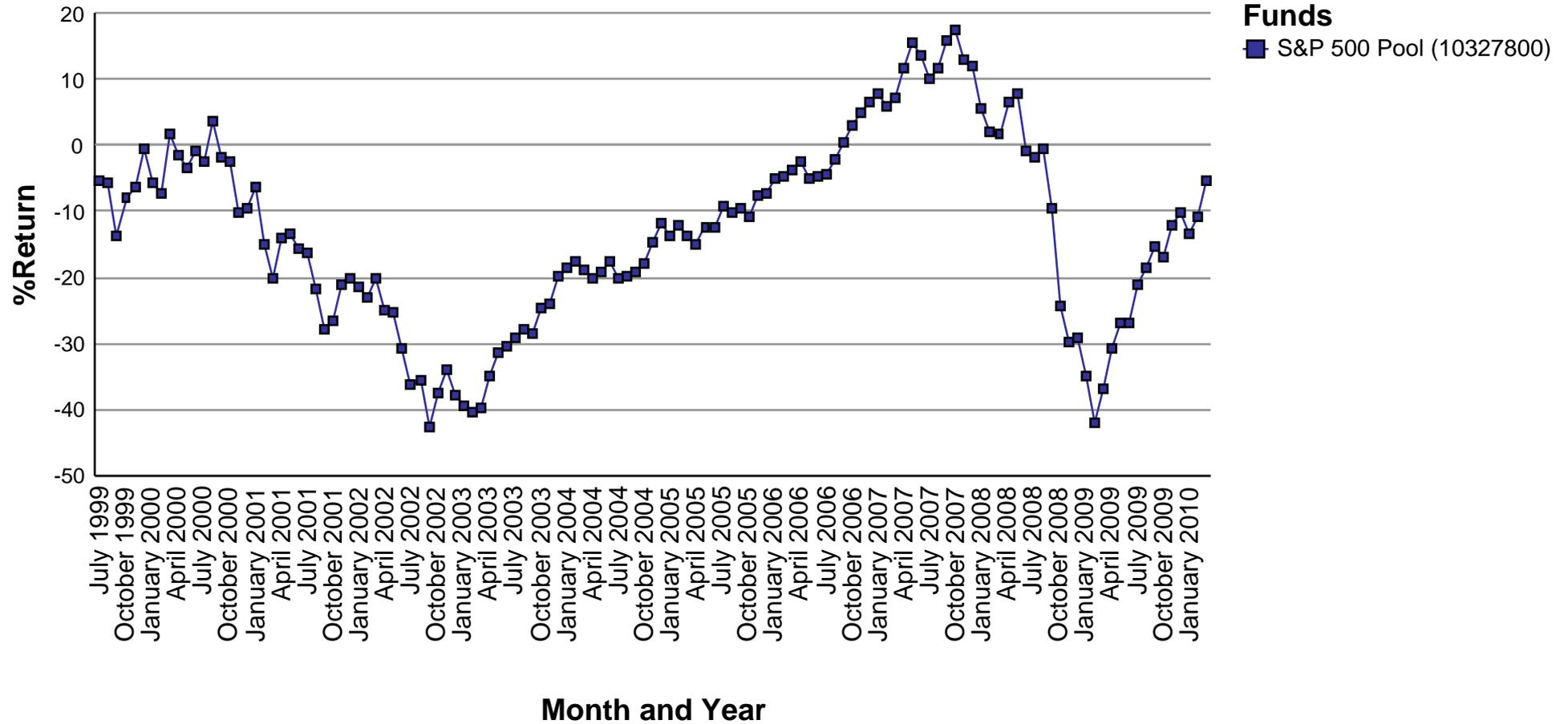


## Performance Growth by Account

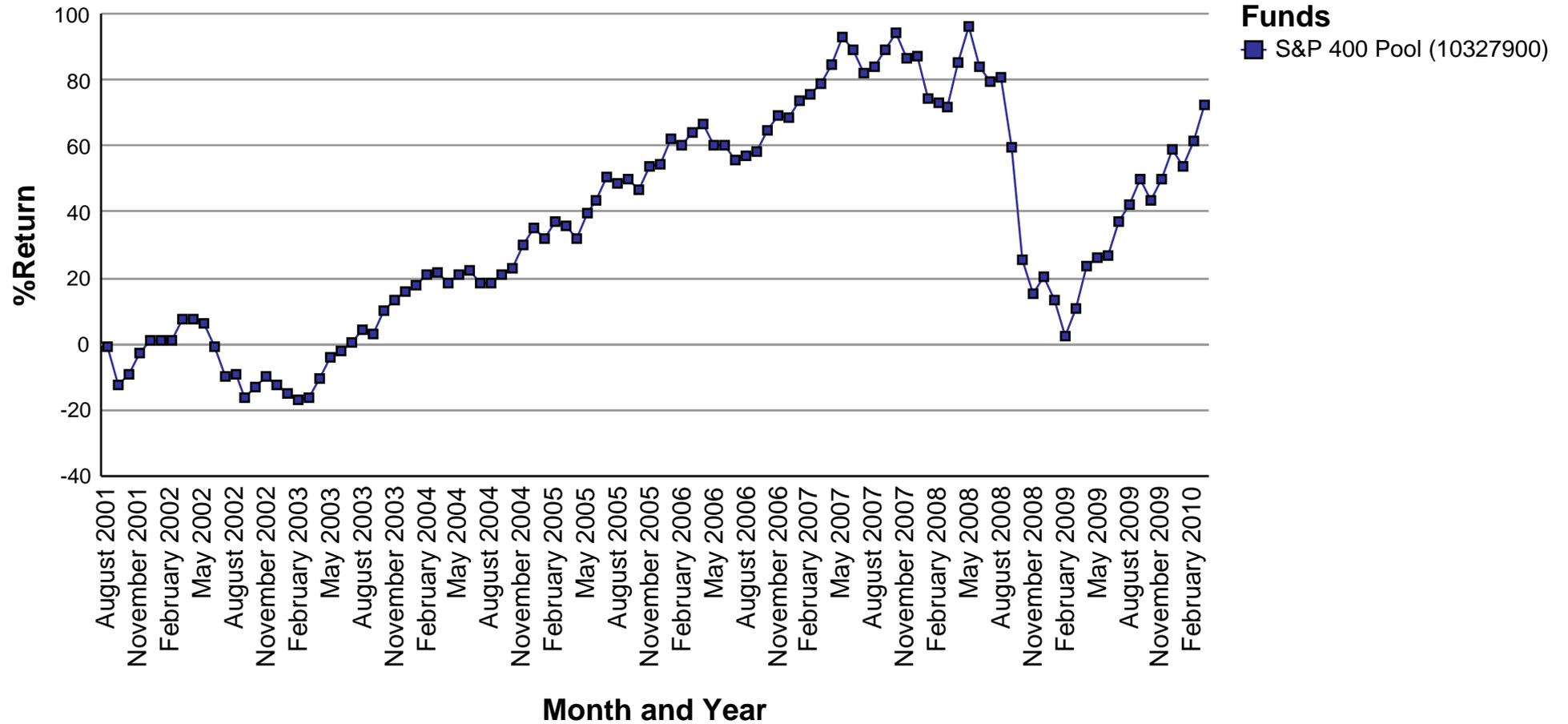
Arizona State Treasury (05509)

From July 1999 to March 2010

Gross of Fee



**Performance Growth by Account**  
**Arizona State Treasury (05509)**  
 From August 2001 to March 2010  
 Gross of Fee

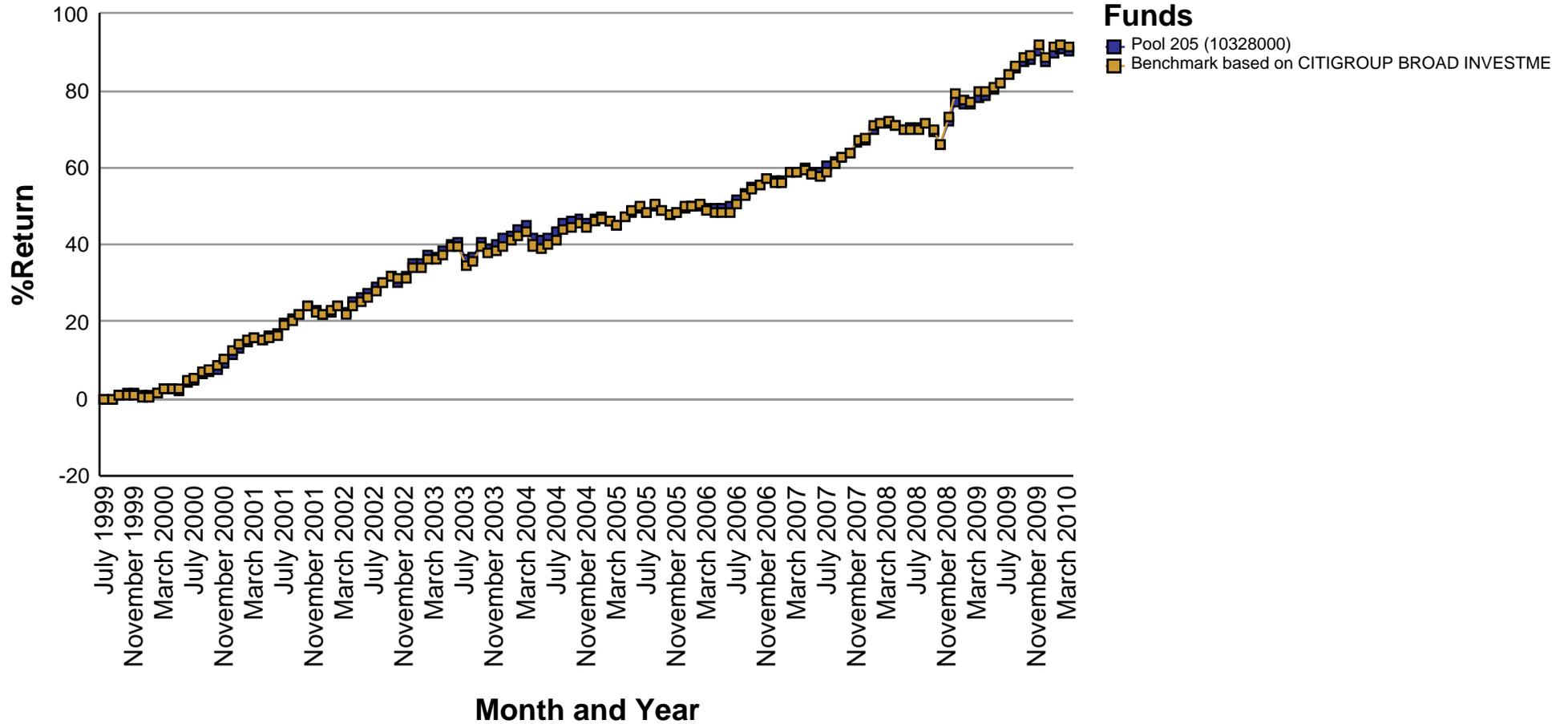


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to March 2010

Gross of Fee



**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**JANUARY 1 - MARCH 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	3,760,435,747	14.59%	13.73%
	COMMERCIAL PAPER	119,251,342	19.35%	0.44%
	US-AGENCY	19,992,086	4.49%	0.07%
	US TREAS	50,306,885	37.76%	0.18%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	106,858,014	17.34%	0.39%
	CORP ABS	29,362,320	61.22%	0.11%
	US-AGENCY	78,714,157	17.68%	0.29%
	USA-MBS	1,277,887	38.82%	0.00%
	US TREAS	40,180,560	30.16%	0.15%
<b>CANTOR FITZGERALD</b>				
	CORP NOTES	1,670,000	8.64%	0.01%
	US AGENCY	504,285	0.11%	0.02%
	CORP ABS	5,099,787	10.63%	0.00%
<b>CITIGROUP</b>				
	REPO	13,475,080,474	52.28%	49.19%
	COMMERCIAL PAPER	46,536,130	7.55%	0.17%
	US AGENCY	42,000,000	9.44%	0.15%
	US TREAS	10,094,141	7.58%	0.04%
<b>DEUTSCHE BANC</b>				
	REPO	4,462,025,930	17.31%	16.29%
	CORP NOTES	13,939,553	72.11%	0.05%
	US TREAS	10,078,125	7.56%	0.04%
<b>FIRST TENNESSEE</b>				
	US AGENCY	40,896,806	9.19%	0.15%
	US TREAS	9,980,300	7.49%	0.04%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**JANUARY 1 - MARCH 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>GOLDMAN SACHS</b>				
	REPO	2,006,534,727	7.78%	7.33%
	COMMERCIAL PAPER	64,992,478	10.54%	0.24%
<b>JP MORGAN CHASE</b>				
	MONEY-MARK	96,256,027	100.00%	0.35%
	COMMERCIAL PAPER	153,668,515	24.93%	0.56%
	US AGENCY	25,031,000	5.62%	0.09%
	CORP ABS	13,502,561	28.15%	0.05%
<b>JEFFRIES CO.</b>				
	US AGENCY	25,136,500	5.65%	0.09%
<b>KEYBANC CAPITAL MARKETS</b>				
	CORP NOTES	3,721,428	19.25%	0.01%
	US AGENCY	17,240,579	3.87%	0.06%
	US TREAS	12,586,392	9.45%	0.05%
<b>MIZUHO SECURITIES</b>				
	REPO	2,072,333,017	8.04%	7.57%
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	19,999,000	3.24%	0.07%
<b>RAYMOND JAMES</b>				
	US AGENCY	50,386,200	11.32%	0.18%
	USA-MBS	2,013,750	61.18%	0.01%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	105,057,643	17.04%	0.38%
	US AGENCY	35,096,700	7.88%	0.13%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**JANUARY 1 - MARCH 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>RBS GREENWICH</b>				
	US AGENCY	19,991,878	4.49%	0.07%
<b>ROBERT W BAIRD</b>				
	US AGENCY	20,000,000	4.49%	0.07%
<b>STIFEL NICOLAUS</b>				
	US AGENCY	29,101,080	6.54%	0.11%
<b>TREASURER WARRANT NOTES</b>				
	WARRANT NOTES	253,521,911	100.00%	0.93%
<b>UBS PAINE WEBBER</b>				
	US AGENCY	41,025,000	9.22%	0.15%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**JANUARY 1 - MARCH 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	1,663,778,167	7.81%	6.93%
	COMMERCIAL PAPER	189,583,154	33.81%	0.79%
	US-AGENCY	525,999,156	32.97%	2.19%
	US TREAS	125,565,195	36.14%	0.52%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	67,795,217	12.09%	0.28%
	CORP NOTES	6,723,407	100.00%	0.03%
	US-AGENCY	421,145,072	26.40%	1.76%
	US TREAS	25,213,867	7.26%	0.11%
<b>CITIGROUP</b>				
	REPO	12,880,580,845	60.47%	53.68%
	COMMERCIAL PAPER	58,993,549	10.52%	0.25%
	US TREAS	100,700,446	28.99%	0.42%
<b>DEUTSCHE BANC</b>				
	REPO	3,713,272,531	17.43%	15.47%
	US TREAS	44,991,460	12.95%	0.19%
<b>FIRST TENNESSEE</b>				
	US-AGENCY	72,987,965	4.57%	0.30%
<b>GOLDMAN SACHS</b>				
	REPO	1,247,909,707	5.86%	5.20%
	US-AGENCY	217,878,327	13.66%	0.91%
<b>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	117,266,809	20.91%	0.49%
	MONEY MARKET	185,144,624	100.00%	0.77%
	US-AGENCY	49,999,931	3.13%	0.21%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**JANUARY 1 - MARCH 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>JEFFRIES CO.</b>				
	US-AGENCY	99,989,325	6.27%	0.42%
<b>MIZUHO SECURITIES</b>				
	REPO	1,795,372,536	8.43%	7.48%
	US-AGENCY	7,162,120	0.45%	0.03%
	US TREAS	50,925,781	14.66%	0.21%
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	17,082,144	3.05%	0.07%
	US-AGENCY	92,994,007	5.83%	0.39%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	69,509,523	12.39%	0.29%
<b>RBS GREENWICH</b>				
	US-AGENCY	49,999,944	3.13%	0.21%
<b>UBS PAINE WEBBER</b>				
	US-AGENCY	57,348,389	3.59%	0.24%
<b>WACHOVIA SECURITIES</b>				
	COMMERCIAL PAPER	25,567,731	4.56%	0.11%
<b>WELLS FARGO</b>				
	COMMERCIAL PAPER	14,999,125	2.67%	0.06%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. LONG-TERM**  
**JANUARY 1 - MARCH 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	11,122,436	39.45%	14.20%
	US AGENCY	4,499,984	33.46%	5.75%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	4,603,750	16.33%	5.88%
	CORP NOTES	524,210	33.95%	0.67%
	US AGENCY	2,999,978	22.30%	3.83%
	US TREAS	3,305,979	86.30%	4.22%
<b>CANTOR FITZGERALD</b>				
	USA-MBS	259,680	100.00%	0.33%
<b>CITIGROUP</b>				
	COMMERCIAL PAPER	1,199,841	4.26%	1.53%
	US AGENCY	1,000,000	7.43%	1.28%
<b>DEUTSCHE BANC</b>				
	US AGENCY	4,299,988	31.97%	5.49%
<b>FIRST TENNESSEE</b>				
	US TREAS	524,961	13.70%	0.67%
<b>GOLDMAN SACHS</b>				
	CORP NOTES	1,020,033	66.05%	1.30%
<b>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	5,471,620	19.40%	6.99%
	MONEY MARKET	31,033,329	100.00%	39.63%

*BROKER ACTIVITY REPORT  
POOL 500 - L.G.I.P. LONG-TERM  
JANUARY 1 - MARCH 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>
<i>MORGAN STANLEY</i>				
	COMMERCIAL PAPER	999,994	3.55%	1.28%
	US AGENCY	650,055	4.83%	0.83%
<i>RBC DAIN RAUSCHER</i>				
	COMMERCIAL PAPER	4,799,403	17.02%	6.13%

**BROKER ACTIVITY REPORT**  
**POOL 7 - L.G.I.P.- GOV**  
**JANUARY 1 - MARCH 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	8,754,554,255	18.91%	18.54%
	US TREAS	201,781,484	24.44%	0.43%
<b>BARCLAYS CAPITAL INC.</b>				
	FDIC - CORP NOTES	52,885,060	100.00%	0.11%
	US TREAS	298,893,481	36.20%	0.63%
<b>CITIGROUP</b>				
	REPO	22,948,923,580	49.58%	48.60%
<b>DEUTSCHE BANC</b>				
	REPO	7,458,269,214	16.11%	15.79%
	US TREAS	149,957,257	18.16%	0.32%
<b>GOLDMAN SACHS</b>				
	REPO	5,434,455,607	11.74%	11.51%
<b>JEFFRIES CO.</b>				
	US TREAS	49,993,542	6.05%	0.11%
<b>JP MORGAN CHASE</b>				
	MONEY MARKET	57,667,207	100.00%	0.12%
	US TREAS	49,995,000	6.05%	0.11%
<b>MIZUHO SECURITIES</b>				
	REPO	1,691,563,985	3.65%	3.58%
	US TREAS	75,110,169	9.10%	0.16%

**BROKER ACTIVITY REPORT**  
**POOL 700 - L.G.I.P.- GOV LONG-TERM**  
**JANUARY 1 - MARCH 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	200,700,000	17.36%	16.17%
	US TREAS	8,573,945	23.97%	0.69%
<b>BARCLAYS CAPITAL INC.</b>				
	US TREAS	21,835,048	61.04%	1.76%
<b>CANTOR FITZGERALD</b>				
	USA-MBS	3,052,567	42.44%	0.25%
<b>CITIGROUP</b>				
	REPO	523,676,000	45.30%	42.20%
<b>DEUTSCHE BANC</b>				
	REPO	327,560,073	28.33%	26.40%
	FDIC - CORP NOTES	1,004,280	24.46%	0.08%
	US TREAS	4,837,598	13.52%	0.39%
<b>FIRST TENNESSEE</b>				
	US TREAS	525,078	1.47%	0.04%
<b>FORTIS SECURITIES</b>				
	USA-MBS	4,139,729	57.56%	0.33%
<b>GOLDMAN SACHS</b>				
	REPO	65,100,000	5.63%	5.25%
<b>JP MORGAN CHASE</b>				
	MONEY MARKET	37,751,000	100.00%	3.04%
<b>KEYBANC CAPITAL MARKETS</b>				
	FDIC - CORP NOTES	3,101,120	75.54%	0.25%
<b>MIZUHO SECURITIES</b>				
	REPO	39,000,000	3.37%	3.14%

**BROKER ACTIVITY REPORT  
FIXED INCOME FUND 205  
JANUARY 1 - MARCH 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>BARCLAYS CAPITAL INC.</b>				
	US TREAS	17,396,289	24.68%	4.07%
<b>BROADPOINT CAPITAL</b>				
	US AGENCY	17,027,273	15.01%	3.99%
	CORP-ABS	5,382,820	100.00%	1.26%
	USA MBS	8,208,574	10.86%	1.92%
	US TREAS	4,967,969	7.05%	1.16%
<b>CANTOR FITZGERALD</b>				
	US AGENCY	10,026,000	8.84%	2.35%
	US TREAS	5,455,078	7.74%	1.28%
<b>CITIGROUP</b>				
	CORP-NOTE	4,385,200	10.06%	1.03%
	US AGENCY	14,970,000	13.19%	3.50%
	US TREAS	25,713,867	36.48%	6.02%
<b>DEUTSCHE BANC</b>				
	US AGENCY	20,405,030	17.98%	4.78%
	US TREAS	6,876,367	9.76%	1.61%
<b>FIRST TENNESSEE</b>				
	US AGENCY	16,291,044	14.36%	3.81%
<b>FORTIS INVESTMENTS</b>				
	US AGENCY	5,000,000	4.41%	1.17%
<b>GOLDMAN SACHS</b>				
	CORP-NOTE	9,992,700	22.93%	2.34%

**BROKER ACTIVITY REPORT  
FIXED INCOME FUND 205  
JANUARY 1 - MARCH 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>JP MORGAN CHASE</i></b>				
	MONEY-MARK	118,761,524	100.00%	27.79%
	CORP-NOTE	4,935,850	11.33%	1.16%
	US AGENCY	5,000,000	4.41%	1.17%
	US TREAS	10,080,469	14.30%	2.36%
<b><i>KEY BANC CAPITAL MARKETS</i></b>				
	CORP-NOTE	20,273,600	46.52%	4.74%
<b><i>PIPER JAFFRAY</i></b>				
	USA MBS	27,367,352	36.20%	6.41%
<b><i>RBS GREENWICH</i></b>				
	US AGENCY	5,000,000	4.41%	1.17%
<b><i>ROBERT W BAIRD</i></b>				
	US AGENCY	11,747,191	10.35%	2.75%
	USA MBS	40,019,011	52.94%	9.37%
<b><i>WACHOVIA SECURITIES</i></b>				
	US AGENCY	8,002,286	7.05%	1.87%
<b><i>WELLS FARGO</i></b>				
	CORP-NOTE	3,995,000	9.17%	0.93%