

OFFICE OF THE  
**ARIZONA STATE TREASURER**



**HON. DEAN MARTIN  
TREASURER**



**SEPTEMBER 2010**

**Presented To:**

**Arizona State Board of Investment**

**OCTOBER 28, 2010**

STATE BOARD OF INVESTMENT

**A G E N D A**

**October 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**

**October 28, 2010**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on September 23, 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 1:37 p.m.

***Members Present:***

Dean Martin, Chair, State Treasurer  
Beth Ford, Treasurer, Pima County, by teleconference  
David Raber, Director, Arizona Department of Administration  
Alan E. Maguire, President, The Maguire Company

***Members Absent:***

Lauren Kingry, Superintendent, Department of Financial Institutions

***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  
Patty Humbert, 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 August, 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 September 23, 2010 BOI meeting to order at approximately 1:37 p.m.

**2. Treasurers Comments:**

Treasurer Martin welcomed board members and guests and thanked all present for attending the September 23, 2010 meeting.

**3. Approval of Minutes:**

Mr. Maguire made a motion to approve the minutes for the August 26, 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 August, 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 August, 2010.

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

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

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

Mr. Swenson reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of August 31, 2010.

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

Mr. Swenson reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of August, 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 August, 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 August 31, 2010.

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

Mr. Swenson reported the total net assets, the weighted average life, the weighted average duration, the weighted average rating, and the total number of holdings for the State Agency Investment Pools as of August 31, 2010.

***Operating Monies Average Invested Balance***

Mr. Swenson reported the Operating Monies average invested balance for the month of August, 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 August, 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 August, 2010 and FY11 fiscal year to date.

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

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

***Equity Funds Purchases & Sales***

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

***Investments Outstanding in Endowment Funds***

Mr. Swenson reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of August 31, 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 August 31, 2010.

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

Mr. Swenson reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of August 31, 2010.

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

Mr. Swenson reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of August 31, 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 August 31, 2010.

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

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

*None*

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

*None*

***7. General Business:***

*Mr. Swenson stated they are working on the changes that Mr. Maguire recommended at the last meeting.*

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

*State Treasurer's Report  
October 28, 2010 Meeting  
Minutes of the September 23, 2010 Meeting*

**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 1:50 p.m.

Submitted by:

Approved by:

\_\_\_\_\_  
Christine M. Halvorson  
Director of Customer /Investor Relations

\_\_\_\_\_  
Dean Martin, Chair      Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS**  
 SEPTEMBER 2010

State Treasurer's Report  
 October 28, 2010  
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<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>SEPTEMBER 2010</b>	<b>Fiscal YTD 10/11</b>	<b>Fiscal YTD 09/10</b>	
General Fund	\$431,825	\$1,828,511	\$337,349	
2 State Agencies I - Full Faith & Credit	573,312	1,668,419	6,315,839	140,875
3 State Agencies II - Diversified	684,331	2,064,266	6,326,720	222,789
4 State Agencies IV - Restricted Diversified	246,914	814,677	3,345,970	79,471
5 LGIP	336,408	1,043,232	4,343,327	257,591
7 LGIP Gov	222,451	660,529	3,165,877	291,842
12 CAWCD Medium-Term	299,826	920,093	1,960,355	20,703
15 GADA Long-Term	25,926	74,413	191,801	1,833
<b>Subtotal</b>	<b>\$2,820,993</b>	<b>\$9,074,140</b>	<b>\$25,987,237</b>	<b>\$1,015,106</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	189,903	580,103	552,368	18,617
700 LGIP - FF&C Med Term	120,857	341,994	0	18,032
<b>Total</b>	<b>\$3,131,753</b>	<b>\$9,996,236</b>	<b>\$26,539,605</b>	<b>\$1,051,754</b>

**LGIP & LGIP-GOV**  
**PORTFOLIO YIELD ANALYSIS**  
September 30, 2010

State Treasurer's Report  
October 28, 2010  
Page 2

FUND	DESCRIPTION	NET EARNINGS
5	LGIP	336,408
7	LGIP - GOV	222,451
<b>TOTAL LGIP &amp; LGIP-GOV</b>		<b>558,860</b>

		07/31/10	08/31/10	09/30/10
5	<b>LGIP MONTHLY YIELD (NET)</b>	0.23%	0.25%	0.23%
	<b>S &amp; P LGIP INDEX YIELD</b>	0.18%	0.19%	0.19%
	<b>LGIP YTD YIELD (NET)</b>	0.23%	0.24%	0.24%
	<b>S &amp; P LGIP YTD INDEX YIELD</b>	0.18%	0.19%	0.19%
7	<b>LGIP - GOV MONTHLY YIELD (NET)</b>	0.11%	0.13%	0.14%
	<b>3 MONTH T-BILL</b>	0.15%	0.14%	0.14%
	<b>LGIP - GOV YTD YIELD (NET)</b>	0.11%	0.12%	0.13%
	<b>YTD 3 MONTH T-BILL</b>	0.15%	0.15%	0.14%

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

**LGIP & LGIP-GOV LONG TERM POOL  
PORTFOLIO YIELD ANALYSIS**  
September 30, 2010

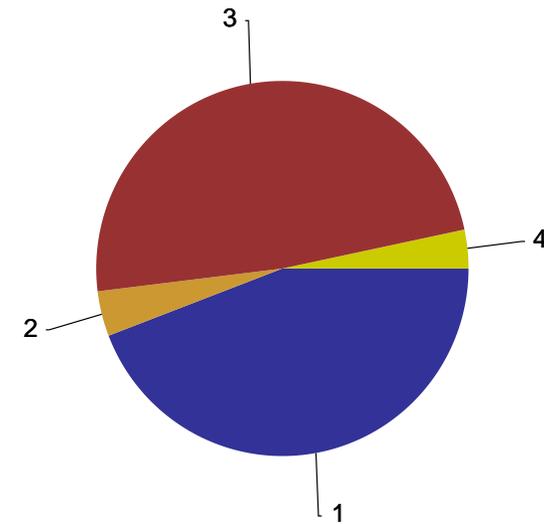
State Treasurer's Report  
October 28, 2010  
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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>
500	LGIP - MED TERM POOL	189,903
700	LGIP - FF&C MED TERM POOL	120,857
	<b>TOTAL LGIP MED TERM POOL</b>	<b>310,759</b>

	<b>07/31/10</b>	<b>08/31/10</b>	<b>09/30/10</b>
<b>LGIP - MED TERM MONTHLY YIELD (NET)</b>	2.16%	1.90%	1.71%
<b>MERRILL 1-5 US D M INDEX MONTHLY YIELD</b>	1.12%	1.59%	1.76%
<b>LGIP - MED TERM YTD YIELD (NET)</b>	2.16%	2.03%	1.92%
<b>MERRILL 1-5 US D M INDEX YTD YIELD</b>	1.12%	1.35%	1.49%
<b>LGIP - FF&amp;C MED TERM MONTHLY YIELD (NET)</b>	1.12%	1.14%	1.13%
<b>MERRILL 1-5 US TREAS INDEX MONTHLY YIELD</b>	0.79%	0.69%	0.62%
<b>LGIP - FF&amp;C MED TERM YTD YIELD (NET)</b>	1.12%	1.13%	1.13%
<b>MERRILL 1-5 US TREAS INDEX YTD YIELD</b>	0.79%	0.74%	0.70%

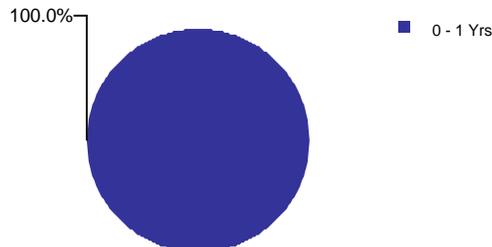
## Manager Allocation - Monthly Arizona State Treasury (05509) As at September 2010

LGIP composite (00550903)			
Sr. No.	Account Name	Market Value(MIL)	Percent of Portfolio
1	State of Arizona - Pool 5 (LGIP) (10327300)	1,630.93	44.2%
2	State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	136.88	3.7%
3	State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,793.46	48.6%
4	State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	126.55	3.4%
<b>TOTAL</b>		<b>3,687.83</b>	<b>100.0%</b>



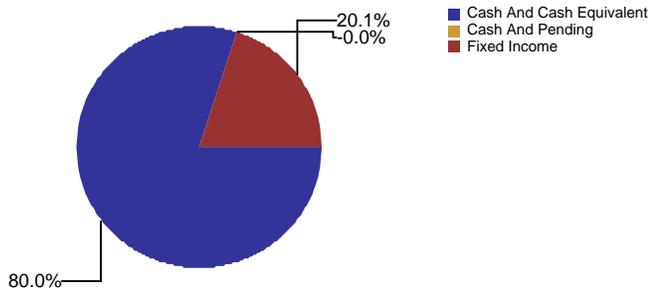
Portfolio Characteristics

Total Net Assets (Millions) **1,630.9**  
 Weighted Average Life (Years) **0.09**  
 Weighted Avg. Effective Duration (Years) **0.07**  
 Weighted Average Maturity (Years) **0.09**  
 Weighted Average Rating **AAA**  
 Number of Holdings **87**



Asset Mix

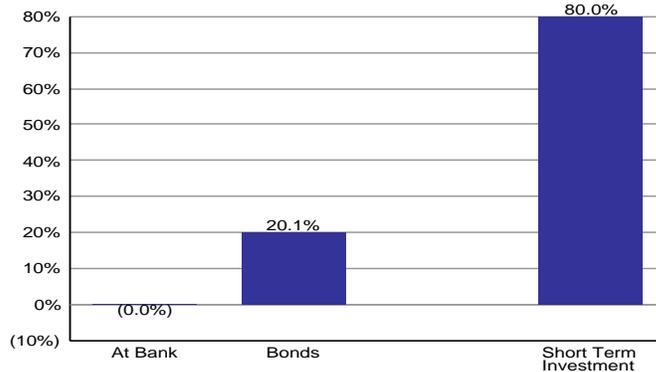
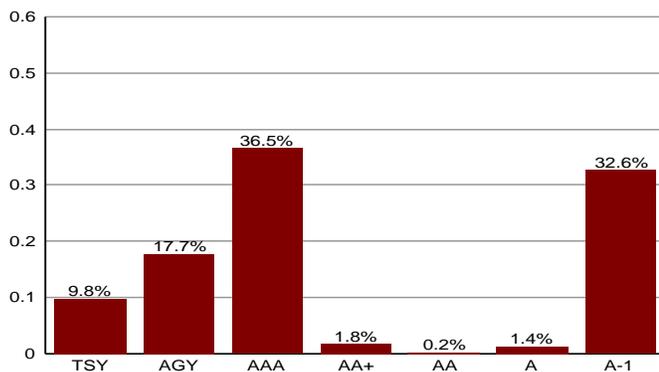
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 26/OCT	15.35%	0.30	1/10/2010
06099D837	TRI-PARTY REPO BANK OF AMERICA 0.18% 06/OCT/2010	8.58%	0.18	6/10/2010
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	7.22%	0.21	1/10/2010
313385H82	FHLB DISCOUNT NOTE 5.3	3.06%	0.00	1/10/2010
313385J49	FEDL HOME LOAN BK CONS DISC NT MATURES 05/OCT/2010	3.06%	0.00	5/10/2010
912795W23	UNITED STATES TREAS BILLS DT	3.06%	0.00	7/10/2010
313385J56	FEDERAL HOME LOAN BANKS 0% 06/OCT/2010 USD1000	3.06%	0.00	6/10/2010
313385L38	FED HOME LOAN BK 0% 20/OCT/2010 NTS	3.06%	0.00	20/10/2010
947514D	UNITED STATES ZERO 07/APR/2011	2.45%	0.00	7/4/2011
313589J46	FEDERAL NATL MTG ASSN DISC NT MATURES 05/OCT/2006	1.84%	0.00	5/10/2010

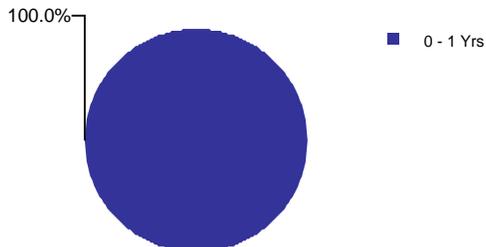
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



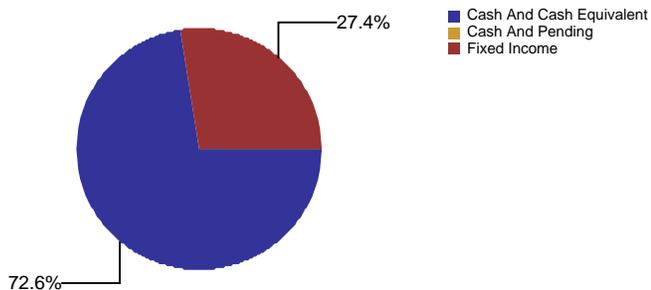
Portfolio Characteristics

Total Net Assets (Millions) **1,793.5**  
 Weighted Average Life (Years) **0.16**  
 Weighted Avg. Effective Duration (Years) **0.15**  
 Weighted Average Maturity (Years) **0.16**  
 Weighted Average Rating **AAA**  
 Number of Holdings **29**



Asset Mix

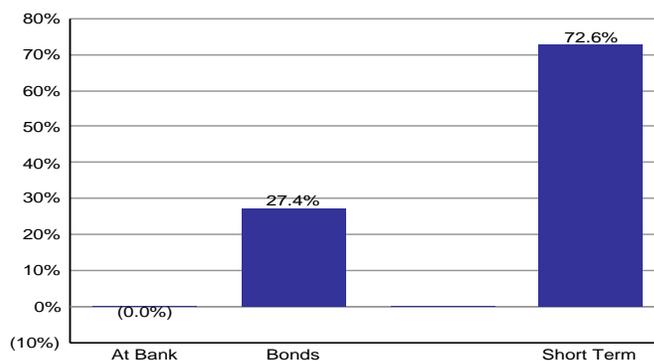
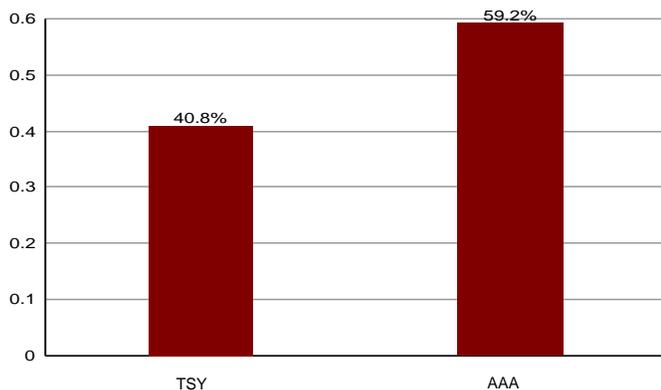
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
60699A891	TRI-PARTY REPO MIZUHO AZ 0.10% 01/OCT/2010	26.32%	0.10	1/10/2010
06099D795	TRI-PARTY REPO BANK OF AMERICA 0.18% 15/OCT/2010	9.48%	0.18	15/10/2010
06099D787	TRI-PARTY REPO BANK OF AMERICA 0.18% 15/OCT/2010	8.36%	0.18	15/10/2010
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	5.29%	0.21	1/10/2010
06099D779	TRI-PARTY REPO BANK OF AMERICA 0.18% 15/OCT/2010	4.74%	0.18	15/10/2010
912828KU3	UNITED STATES TREAS NTS 0.875% 31/MAY/2011	2.81%	0.88	31/5/2011
912828JS0	UNITED STATES OF AMER TREAS BONDS 1.25% TB	2.80%	1.25	30/11/2010
787567D	FDIC ALLIANCE BANK OF AZ NOW ACCOUNT 0.25%	2.79%	0.25	31/12/2010
912795W72	UNITED STATES TREAS BILLS DT	2.79%	0.00	12/11/2010
912795W80	UNITED STATES TREAS BILLS DT	2.79%	0.00	26/11/2010

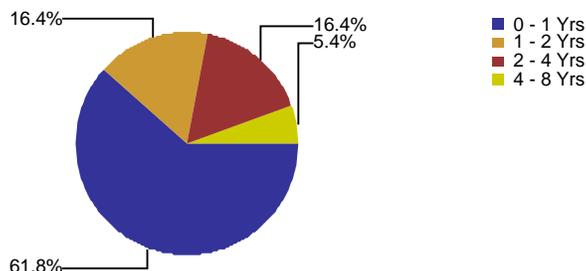
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



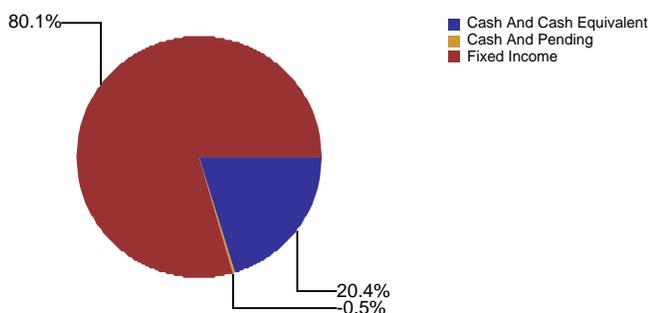
Portfolio Characteristics

Total Net Assets (Millions) **136.9**  
 Weighted Average Life (Years) **1.66**  
 Weighted Avg. Effective Duration (Years) **1.11**  
 Weighted Average Rating **AA+**  
 Number of Holdings **145**



Asset Mix

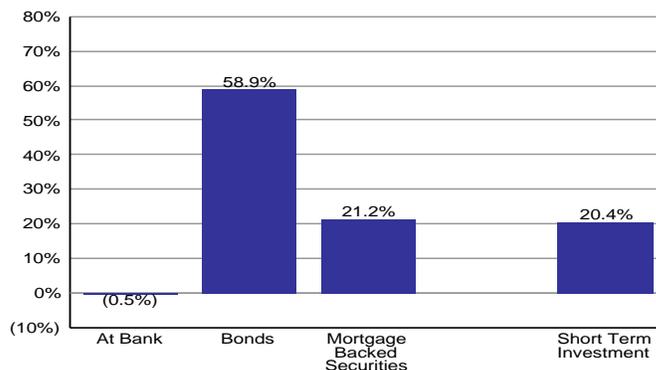
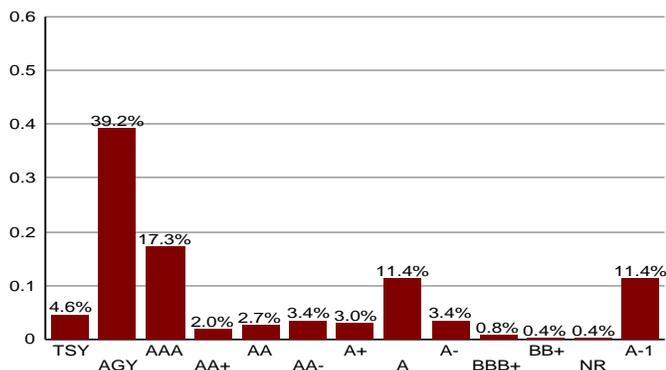
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	11.69%	0.21	1/10/2010
3128X9KE9	FEDERAL HOME LOAN MORTGAGE CORP 3% MTN 05/NOV/2014	3.71%	3.00	5/11/2014
31418RFS5	FNMA MORTPASS 4.5% 01/MAR/2025 CI PN# AD3776	3.57%	4.50	1/3/2025
3128MMLB7	FHLMCGLD MORTPASS 4.5% 01/AUG/2024 G1 PN# G18321	3.49%	4.50	1/8/2024
3133XXYX9	FEDERAL HOME LOAN BANKS 1.875% BDS 21/JUN/2013	2.27%	1.88	21/6/2013
31416B6K9	FNMA MORTPASS 4.5% 01/NOV/2021 CI PN# 995574	1.70%	4.50	1/11/2021
589331AP2	MERCK & CO INC 4% BDS 30/JUN/2015 USD1000	1.63%	4.00	30/6/2015
24702RAL5	DELL INC 2.3% BDS 10/SEP/2015 USD1000	1.47%	2.30	10/9/2015
31398AV33	FEDERAL NATIONAL MORTGAGE ASSOC 0.75% NTS	1.46%	0.75	30/12/2011
3134G1UE2	FED HOME LOAN MTG 1% MTN 23/SEP/2015 USD	1.46%	1.00	23/9/2015

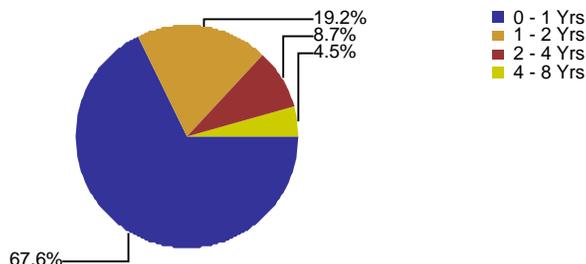
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



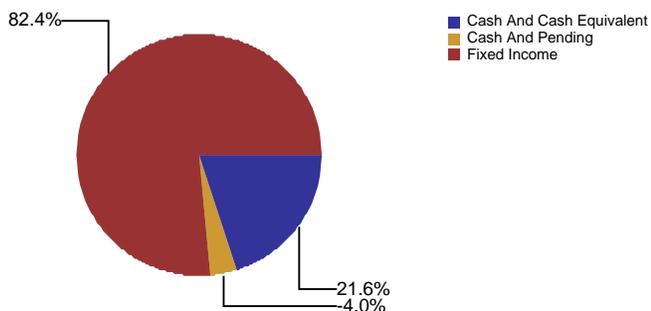
Portfolio Characteristics

Total Net Assets (Millions) **126.5**  
 Weighted Average Life (Years) **1.17**  
 Weighted Avg. Effective Duration (Years) **0.72**  
 Weighted Average Rating **AAA**  
 Number of Holdings **69**



Asset Mix

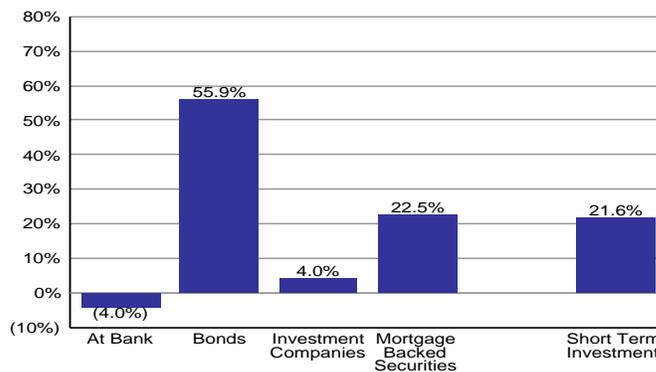
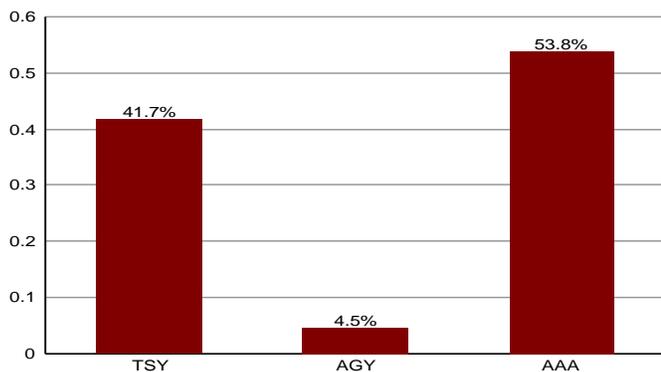
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	12.92%	0.21	1/10/2010
17313YAC5	CITIGROUP FUNDING INC 1.25% 03/JUN/2011	9.99%	1.25	3/6/2011
938554N	FDIC - US BANK CD 0.38% 31/MAR/2011	5.71%	0.38	31/3/2011
038461AC3	AID-EGYPT 4.45% 15/SEP/2015	4.32%	4.45	15/9/2015
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	3.99%	2.62	28/12/2012
36202FFH4	GNMA II MORTPASS 4.5% 20/APR/2025 SF PN# 004668	3.92%	4.50	20/4/2025
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	3.81%		
912828JL5	UNITED STATES TREAS NTS 02.000% 30/SEP/2010	3.80%	2.00	30/9/2010
73278MAA1	POOLED FDG TR I 2.74% BDS 15/FEB/2012 USD	3.13%	2.74	15/2/2012
38376ETD7	GINNIE MAE 2009-108 WG 4.000% 20/SEP/2038	3.12%	4.00	20/9/2038

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS  
PORTFOLIO YIELD ANALYSIS**  
September 30, 2010

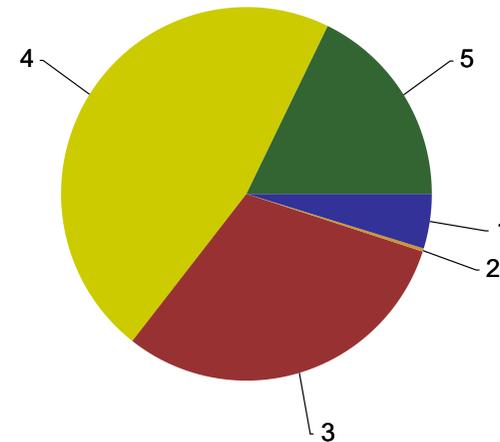
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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
-----			-----
2	STATE AGENCIES I - FULL FAITH & CREDIT	789,413	1.1400%
3	STATE AGENCIES II - DIVERSIFIED	894,031	0.7400%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	252,938	0.5700%
12	CAWCD MEDIUM TERM	299,826	2.6100%
15	GADA	25,926	2.5900%
		-----	
	<b>TOTAL STATE AGENCIES</b>	<b>2,262,134</b>	

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

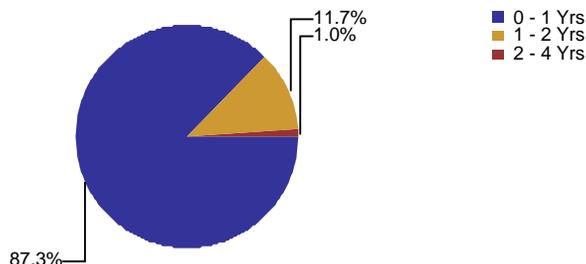
### Pool Composite (00550904)

Sr. No.	Account Name	Market Value(MIL)	Percent of Portfolio
1	State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	147.25	4.7%
2	State of Arizona - Pool 15 (GADA) (10327600)	12.45	0.4%
3	State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	953.63	30.6%
4	State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,452.84	46.5%
5	State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)	555.20	17.8%
<b>TOTAL</b>		<b>3,121.38</b>	<b>100.0%</b>



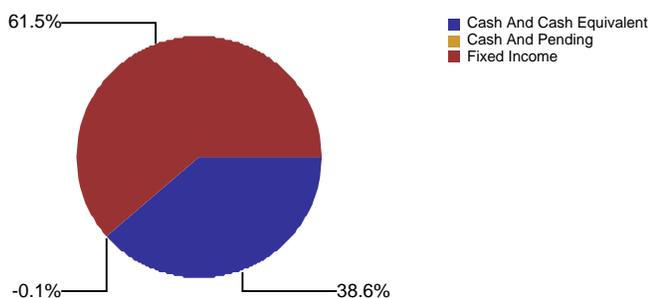
Portfolio Characteristics

Total Net Assets (Millions) **953.6**  
 Weighted Average Life (Years) **0.60**  
 Weighted Avg. Effective Duration (Years) **0.25**  
 Weighted Average Rating **AAA**  
 Number of Holdings **69**



Asset Mix

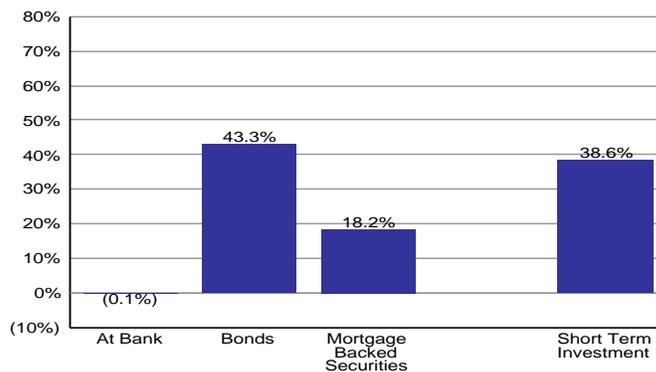
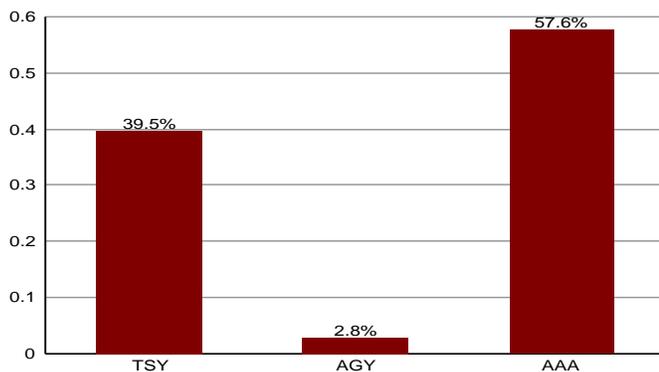
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	20.97%	0.21	1/10/2010
60699A891	TRI-PARTY REPO MIZUHO AZ 0.10% 01/OCT/2010	15.51%	0.10	1/10/2010
912828LG3	UNITED STATES TREAS NTS 1% 31/JUL/2011	4.23%	1.00	31/7/2011
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 USD1000	3.18%	2.75	10/12/2010
912828FH8	US TREAS NTS 04.875% 31/MAY/2011	2.20%	4.88	31/5/2011
38376XC92	GINNIE MAE 2010-31 TJ 4.000% 20/MAR/2021	2.16%	4.00	20/3/2021
912828EX4	US TREAS NTS 04.500% 28/FEB/2011	2.14%	4.50	28/2/2011
912828KP4	UNITED STATES TREAS NTS 1.375% 15/MAY/2012	2.14%	1.38	15/5/2012
912828MU1	UNITED STATES TREAS NTS 1.000% 31/MAR/2012	2.12%	1.00	31/3/2012
36967HAG2	GENERAL ELECTRIC CAPITAL CORP SER'G'1.625% BDS	2.11%	1.62	7/1/2011

Quality/Rating Weightings

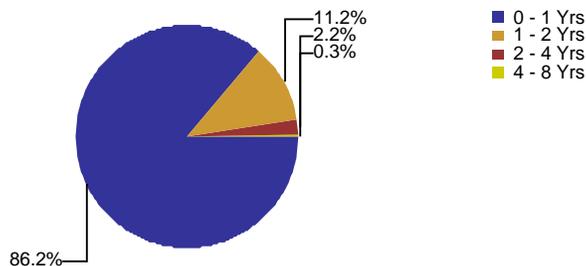
Sector Weightings (as % of Market Value)



Portfolio Characteristics

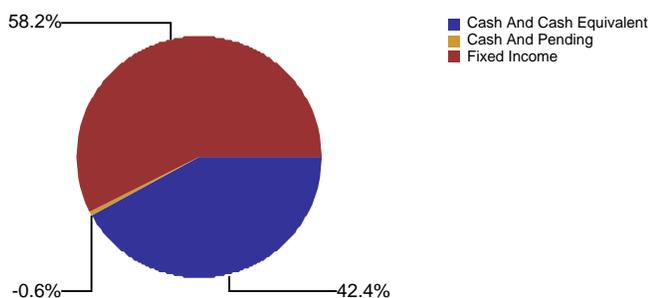
Duration Mix

Total Net Assets (Millions) **1,452.8**  
 Weighted Average Life (Years) **0.92**  
 Weighted Avg. Effective Duration (Years) **0.42**  
 Weighted Average Rating **AA+**  
 Number of Holdings **118**



Asset Mix

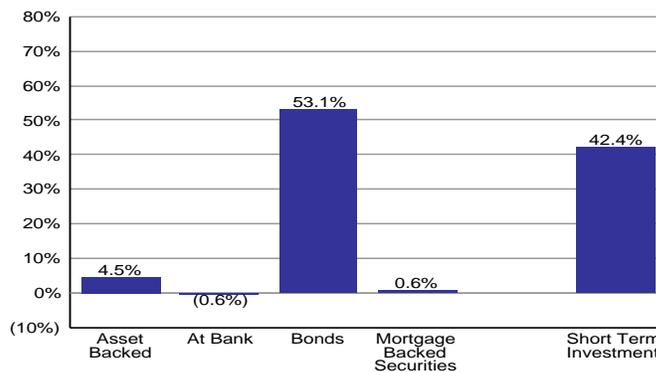
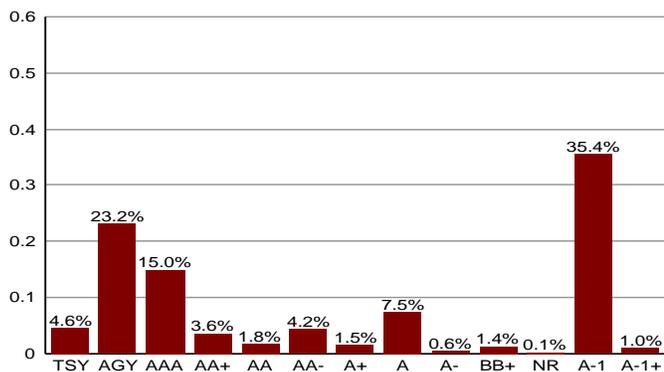
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	4.85%	0.21	1/10/2010
31398A2L5	FEDERAL NATIONAL MORTGAGE ASSOC 1.25% NTS	2.42%	1.25	16/8/2013
38346MKN3	GOTHAM FDG CORP CORPORATE COMMERCIAL PAPER	2.27%	0.00	22/10/2010
37247XAA0	GENWORTH GLOBAL FUNDING FR MTN 15/DEC/2010 USD1000	2.16%	0.45	15/12/2010
3128X9XU9	FEDERAL HOME LOAN MORTGAGE CORP 0.00% BDS	2.07%	0.58	3/2/2012
11765KK89	BRYANT PRK FDG LLC CORPORATE COMMERCIAL PAPER	2.06%	0.00	8/10/2010
92646LKRO	VICTORY RECEIVABLES CORPORATE COMMERCIAL PAPER	2.06%	0.00	25/10/2010
2063C1L24	CONCORD MIN CPTL CO CORPORATE COMMERCIAL PAPER	2.06%	0.00	2/11/2010
67983UM26	OLD LINE FUNDING LLC CORPORATE COMMERCIAL PAPER	2.06%	0.00	2/12/2010
18885KM12	CLIPPER RECEIVABLES CO CORPORATE COMMERCIAL PAPER	2.06%	0.00	1/12/2010

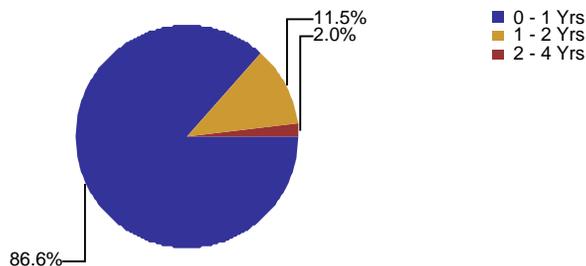
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



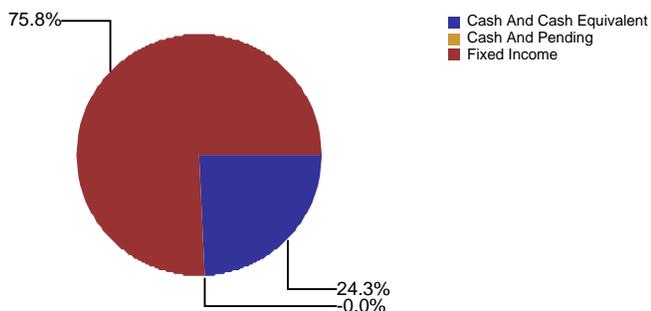
Portfolio Characteristics

Total Net Assets (Millions) **555.2**  
 Weighted Average Life (Years) **1.23**  
 Weighted Avg. Effective Duration (Years) **0.43**  
 Weighted Average Rating **AGY**  
 Number of Holdings **43**



Asset Mix

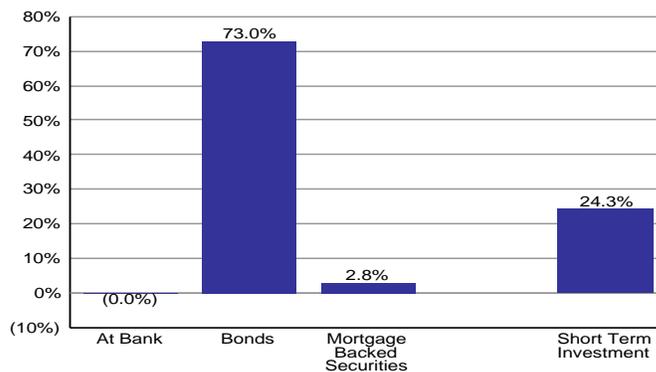
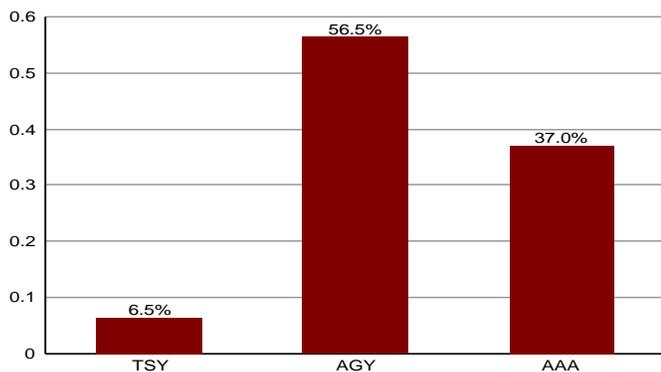
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	12.54%	0.21	1/10/2010
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 26/OCT	9.92%	0.30	1/10/2010
3128X9XU9	FEDERAL HOME LOAN MORTGAGE CORP 0.00% BDS	5.41%	0.58	3/2/2012
446436AB3	HUNTINGTN.NATL.BK FR GTD NT 01/JUN/2012 USD1000	4.54%	0.70	1/6/2012
31331JTZ6	FED FARM CREDIT 1.48% DEB 08/JUL/2013 USD1000	3.70%	1.48	8/7/2013
912828JU5	UNITED STATES OF AMER TREAS NOTES 1.75% TB	3.68%	1.75	15/11/2011
3134G1UJ1	FED HOME LOAN MTG 0.4% MTN 22/SEP/2011 USD	3.60%	0.40	22/9/2011
951492D	FED HOME LOAN ZERO 07/MAR/2011	3.60%	0.00	7/3/2011
787631D	FED HOME LOAN ZCP 29/AUG/2011	3.59%	0.00	29/8/2011
31398A3D2	FEDERAL NATIONAL MORTGAGE ASSOC 1.125% NTS	3.43%	1.12	9/9/2013

Quality/Rating Weightings

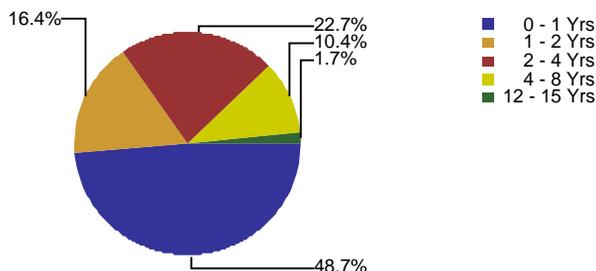
Sector Weightings (as % of Market Value)



Portfolio Characteristics

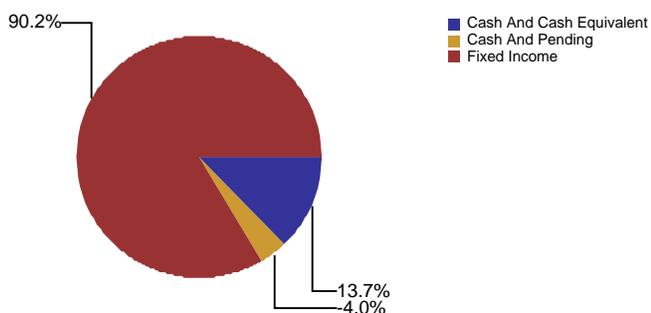
Duration Mix

Total Net Assets (Millions) **147.3**  
 Weighted Average Life (Years) **5.09**  
 Weighted Avg. Effective Duration (Years) **1.78**  
 Weighted Average Rating **AA+**  
 Number of Holdings **88**



Asset Mix

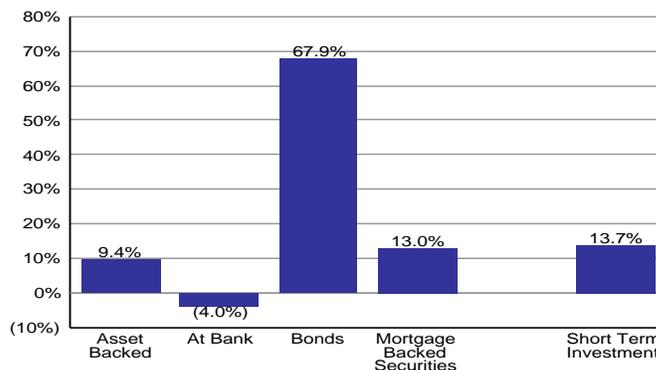
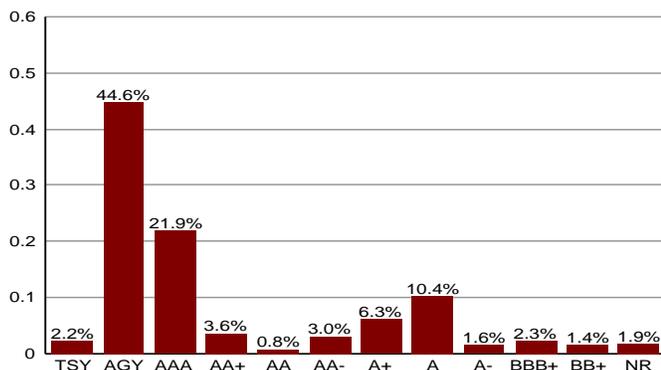
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099D845	TRI-PARTY REPO BANK OF AMERICA 0.21% 01/OCT/2010	9.65%	0.21	1/10/2010
928989383	JP MORGAN U S GOVT AGENCY SHARES	4.09%	0.00	1/10/2010
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	3.38%	0.43	15/2/2017
084664BG5	BERKSHIRE HATHAWAY FINANCE CORP 5% GTD SNR NTS	2.27%	5.00	15/8/2013
3128X77G3	FEDERAL HOME LOAN MORTGAGE CORP 4.25% BDS	2.14%	4.25	12/12/2018
17305ECU7	CITIBANK CREDIT CARD ISSUANCE TRUST 4.75%	2.07%	4.75	22/10/2012
250847DS6	DETROIT EDISON CO 6.125% BDS 01/OCT/2010 USD1000	1.87%	6.12	1/10/2010
58013MEC4	MCDONALD'S CORP 6.3% BDS 15/OCT/2037 USD1000	1.73%	6.30	15/10/2037
110122AR9	BRISTOL MYERS SQUIBB 5.45% BDS 01/MAY/2018 USD2000	1.65%	5.45	1/5/2018
035229CS0	ANHEUSER-BUSCH COS INC 4.5% NTS 01/APR/2018	1.56%	4.50	1/4/2018

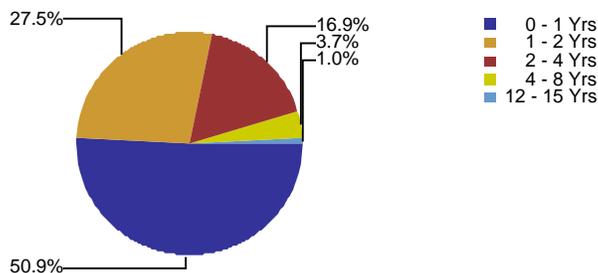
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



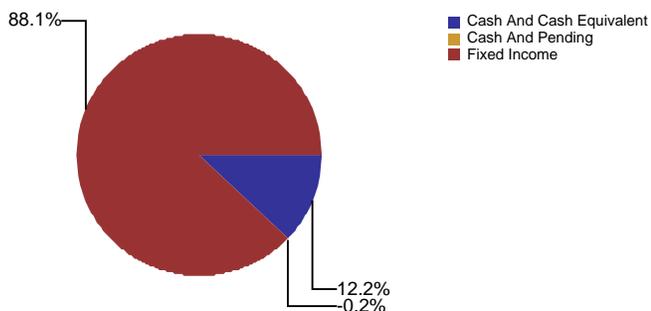
Portfolio Characteristics

Total Net Assets (Millions) **12.4**  
 Weighted Average Life (Years) **4.37**  
 Weighted Avg. Effective Duration (Years) **1.41**  
 Weighted Average Rating **AAA**  
 Number of Holdings **27**



Asset Mix

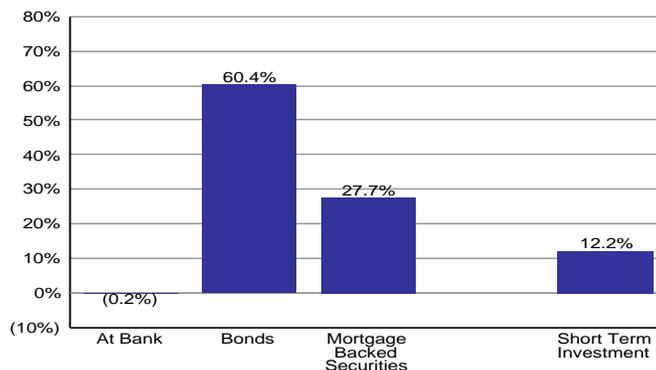
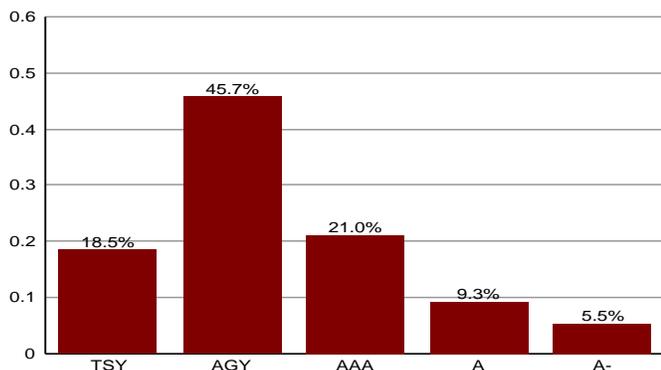
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	12.15%	0.05	31/12/2049
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL # EO1446 DTD	7.84%	4.50	1/9/2018
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP PN# 782080	6.18%	4.50	15/2/2021
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/2039	5.23%	4.00	16/11/2039
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.77%	6.95	15/3/2014
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/2012	4.49%	7.12	15/11/2012
31396WBV7	FEDERAL NATL MTG ASSOC 5.5% 25/JUN/2027 SER	4.26%	5.50	25/6/2027
3128X77G3	FEDERAL HOME LOAN MORTGAGE CORP 4.25% BDS	4.22%	4.25	12/12/2018
31398AZW5	FEDERAL NATIONAL MORTGAGE ASSOC 3.25% NTS	4.08%	3.25	17/11/2014
7591EAAA1	REGIONS BANK 2.75% BDS 10/DEC/2010 USD1000	4.07%	2.75	10/12/2010

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

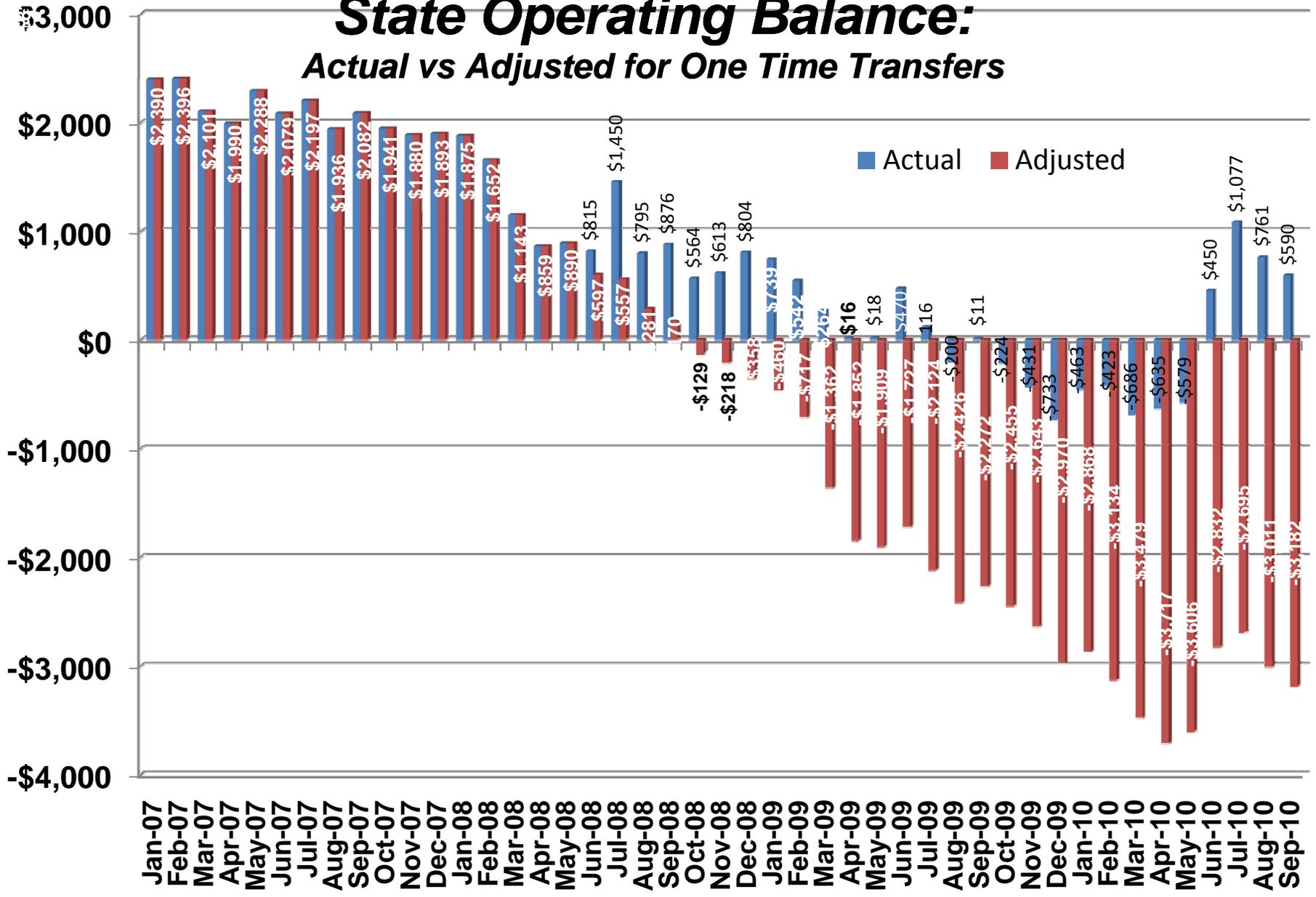


**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**  
 Through September 30, 2010  
 (in millions of dollars)

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<u>Month</u>	<u>Fiscal Year</u> <u>2008/2009</u>	<u>Fiscal Year</u> <u>2009/2010</u>	<u>Fiscal Year</u> <u>2010/2011</u>
JULY	1,450	116	1,077
AUGUST	795	(200)	761
SEPTEMBER	876	11	590
OCTOBER	564	(224)	
NOVEMBER	613	(431)	
DECEMBER	804	(733)	
JANUARY	739	(463)	
FEBRUARY	542	(423)	
MARCH	264	(686)	
APRIL	16	(635)	
MAY	18	(579)	
JUNE	470	450	
<b>Y-T-D</b>			
<b>Average</b>	<b>\$596</b>	<b>(\$316)</b>	<b>\$809</b>

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



**ENDOWMENT FUNDS**  
**PORTFOLIO YIELD ANALYSIS**  
September 30, 2010

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<b>FUND</b>	<b>DESCRIPTION</b>	<b>NET EARNINGS</b>	<b>NET YIELD</b>
205	ENDOWMENTS - FIXED INCOME	3,786,559	4.87%
	<b>TOTAL ENDOWMENTS - FIXED INCOME</b>	<b>3,786,559</b>	

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

Endowment Fund -----	Sep-10 NET GAIN(LOSS) -----	FISCAL YTD GAINS(LOSSES) -----
Fixed Income Pool Net Gain (Loss)	(570,545)	125,194
Equity Pool (500) Net Gain (Loss)	515,375	566,817
Equity Pool (400) Net Gain (Loss)	728,180	1,802,722
<b>Totals</b>	<b>673,010</b> =====	<b>2,494,733</b> =====

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
 Month of September 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>
FFCB	3.25	9/27/2019	N/A	\$5,000,000	\$5,000,000	3.25%	Aaa/AAA
FFCB	2.80	10/4/2018	N/A	\$5,000,000	\$5,000,000	2.80%	Aaa/AAA
FHLB	3.34	9/27/2021	N/A	\$8,595,000	\$8,593,095	3.35%	Aaa/AAA
FHLMC	5.00	3/15/2030	N/A	\$9,000,000	\$9,155,938	1.52%	Aaa/AAA
FHLMC	5.00	3/29/2030	N/A	\$5,000,000	\$5,219,708	1.16%	Aaa/AAA
FNMA MTG	4.50	1/25/2030	2.98	\$1,165,000	\$1,258,874	1.70%	Aaa/AAA
FNMA MTG	6.03	10/25/2040	3.00	\$5,000,000	\$5,596,263	1.74%	Aaa/AAA
FNMA MTG	6.00	8/25/2045	2.29	\$990,637	\$1,100,268	3.77%	Aaa/AAA
US TREASURY NOTE	6.38	8/15/2027	N/A	\$5,000,000	\$7,096,595	3.20%	Aaa/AAA
US TREASURY NOTE	7.88	2/15/2021	N/A	\$2,500,000	\$3,740,969	2.52%	Aaa/AAA
				-----	-----		
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>				<b>\$47,250,637</b>	<b>\$51,761,708</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>
AMERICAN GENERAL FINANCE	6.90	12/15/2017	\$2,000,000	\$1,695,250	(\$334,743)	B3/B
			-----	-----	-----	
<b>TOTAL ENDOWMENT FUNDS SALES</b>			<b>\$2,000,000</b>	<b>\$1,695,250</b>	<b>(\$334,743)</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 September 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	188,854	\$7,075,392	\$2,829
S&P 500 Large-Cap Fund	309,003	\$10,445,866	\$4,622
<b>TOTAL EQUITY PURCHASES</b>	<b>497,857</b>	<b>\$17,521,258</b>	<b>\$7,451</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	168,320	\$4,631,337	\$1,873
S&P 500 Large-Cap Fund	136,599	\$5,586,415	\$2,034
<b>TOTAL EQUITY SALES</b>	<b>304,919</b>	<b>\$10,217,751</b>	<b>\$3,907</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 SEPTEMBER 30, 2010  
 (In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101 A & M Colleges					
<i>Shares in S&amp;P 500 Index Fund</i>	2,557	2,324	2,575	251	
<i>Shares in Mid-Cap 400 Equity Fund</i>	820	796	1,407	611	
<i>Shares in Fixed Income Fund</i>	2,768	3,120	4,649	1,529	
Total	6,145	6,240	8,631	2,390	<b>1.383</b>
102 State Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	1,643	1,417	1,655	238	
<i>Shares in Mid-Cap 400 Equity Fund</i>	458	485	786	301	
<i>Shares in Fixed Income Fund</i>	1,611	1,902	2,706	804	
Total	3,713	3,804	5,147	1,343	<b>1.353</b>
103 Leg., Exec., & Jud.					
<i>Shares in S&amp;P 500 Index Fund</i>	1,946	1,902	1,960	57	
<i>Shares in Mid-Cap 400 Equity Fund</i>	626	651	1,074	422	
<i>Shares in Fixed Income Fund</i>	2,295	2,554	3,855	1,301	
Total	4,868	5,108	6,889	1,781	<b>1.349</b>
104 Military Institute					
<i>Shares in S&amp;P 500 Index Fund</i>	132	131	133	2	
<i>Shares in Mid-Cap 400 Equity Fund</i>	46	45	79	34	
<i>Shares in Fixed Income Fund</i>	163	176	274	98	
Total	341	351	485	134	<b>1.381</b>
105 Miners Hospital					
<i>Shares in S&amp;P 500 Index Fund</i>	4,126	4,008	4,155	147	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,128	1,372	1,935	563	
<i>Shares in Fixed Income Fund</i>	4,121	5,380	6,921	1,541	
Total	9,375	10,761	13,011	2,250	<b>1.209</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 SEPTEMBER 30, 2010  
 (In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
107 Normal School ASU/NAU					
<i>Shares in S&amp;P 500 Index Fund</i>	907	853	914	61	
<i>Shares in Mid-Cap 400 Equity Fund</i>	271	292	465	173	
<i>Shares in Fixed Income Fund</i>	973	1,145	1,634	489	
Total	2,151	2,289	3,013	724	<b>1.316</b>
108 Penitentiaries					
<i>Shares in S&amp;P 500 Index Fund</i>	3,265	2,951	3,288	337	
<i>Shares in Mid-Cap 400 Equity Fund</i>	940	1,010	1,612	602	
<i>Shares in Fixed Income Fund</i>	3,266	3,962	5,486	1,523	
Total	7,471	7,924	10,386	2,462	<b>1.311</b>
109 Permanent Common School					
<i>Shares in S&amp;P 500 Index Fund</i>	851,603	819,543	857,573	38,030	
<i>Shares in Mid-Cap 400 Equity Fund</i>	234,858	280,515	402,780	122,266	
<i>Shares in Fixed Income Fund</i>	867,210	1,100,057	1,456,631	356,573	
Total	1,953,671	2,200,115	2,716,984	516,869	<b>1.235</b>
110 School for Deaf & Blind					
<i>Shares in S&amp;P 500 Index Fund</i>	1,312	1,242	1,322	80	
<i>Shares in Mid-Cap 400 Equity Fund</i>	405	425	694	269	
<i>Shares in Fixed Income Fund</i>	1,462	1,667	2,455	788	
Total	3,179	3,334	4,471	1,137	<b>1.341</b>
111 School of Mines					
<i>Shares in S&amp;P 500 Index Fund</i>	2,889	2,804	2,909	105	
<i>Shares in Mid-Cap 400 Equity Fund</i>	876	960	1,502	543	
<i>Shares in Fixed Income Fund</i>	3,169	3,764	5,323	1,559	
Total	6,934	7,528	9,735	2,207	<b>1.293</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 SEPTEMBER 30, 2010  
 (In Thousands)

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FUND NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112 State Charitable					
<i>Shares in S&amp;P 500 Index Fund</i>	30,023	27,967	30,233	2,266	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,865	9,574	13,489	3,916	
<i>Shares in Fixed Income Fund</i>	29,303	37,543	49,220	11,677	
Total	67,191	75,084	92,942	17,859	<b>1.238</b>
113 University Fund					
<i>Shares in S&amp;P 500 Index Fund</i>	4,761	4,558	4,795	237	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,425	1,560	2,444	883	
<i>Shares in Fixed Income Fund</i>	5,196	6,119	8,728	2,609	
Total	11,383	12,237	15,966	3,730	<b>1.305</b>
114 U Of A Land - 1881					
<i>Shares in S&amp;P 500 Index Fund</i>	10,114	9,667	10,185	518	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,078	3,309	5,279	1,970	
<i>Shares in Fixed Income Fund</i>	11,180	12,977	18,778	5,802	
Total	24,372	25,953	34,243	8,290	<b>1.319</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in S&amp;P 500 Index Fund</i>	915,280	879,366	921,696	42,330	
<i>Shares in Mid-Cap 400 Equity Fund</i>	252,797	300,994	433,546	132,552	
<i>Shares in Fixed Income Fund</i>	932,716	1,180,367	1,566,660	386,293	
<b>Grand Total</b>	<b>2,100,793</b>	<b>2,360,727</b>	<b>2,921,902</b>	<b>561,175</b>	

**ASSET ALLOCATION PERCENTAGE**

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE
<i>Shares in S&amp;P 500 Index Fund</i>	43.57%	37.25%	31.54%
<i>Shares in Mid-Cap 400 Equity Fund</i>	12.03%	12.75%	14.84%
<i>Shares in Fixed Income Fund</i>	44.40%	50.00%	53.62%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

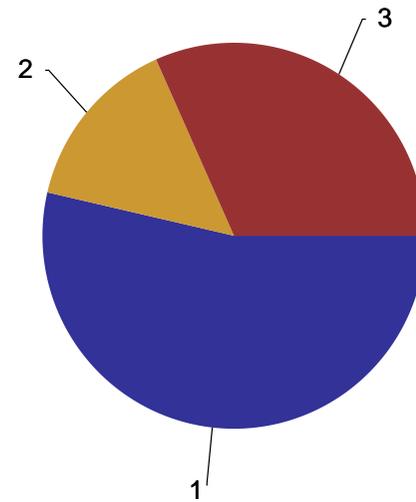
**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As At September 2010**  
Gross of Fee

<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	843,745,276.44	921,695,981.05	2,789,098	8.91	11.29	3.97	11.29	10.26	(6.96)	0.58	(0.61)	07/01/1999
10327900	S&P 400 Pool	388,749,640.04	433,546,170.66	951,283	11.28	13.12	10.61	13.12	17.57	(2.37)	3.28	6.37	08/01/2001
10328000	Pool 205	1,560,798,229.47	1,566,659,948.17	3,730,296	0.14	1.81	6.33	1.81	6.36	7.02	6.04	6.33	07/01/1999
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>2,793,293,145.95</b>	<b>2,921,902,099.88</b>	<b>7,470,678</b>	<b>4.34</b>	<b>6.24</b>	<b>6.21</b>	<b>6.24</b>	<b>9.14</b>	<b>0.64</b>	<b>4.17</b>	<b>4.68</b>	<b>07/01/1999</b>

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

### Total Endowment Fund Composite (00550902)

Sr. No.	Account Name	Market Value(MIL)	Percent of Portfolio
1	Pool 205 (10328000)	1,566.66	53.6%
2	S&P 400 Pool (10327900)	433.55	14.8%
3	S&P 500 Pool (10327800)	921.70	31.5%
	<b>TOTAL</b>	<b>2,921.90</b>	<b>100.0%</b>



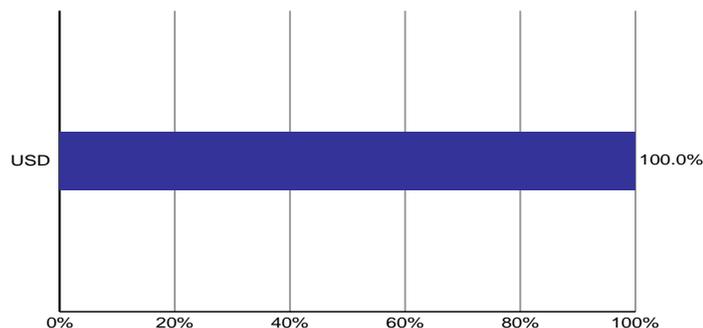
Portfolio Characteristics Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>921.7</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>11.43</b>		0.15	0.24	0.44	1.80
<b>Price to Book Ratio</b>	<b>3.74</b>	<b>Tracking Error</b>	0.65	0.86	(0.12)	(0.42)
<b>Dividend Yield (%)</b>	<b>1.96</b>	<b>Information Ratio</b>	19.01	21.71	17.47	16.47
<b>Return on Equity (%)</b>	<b>18.96</b>	<b>Std Deviation of Port.</b>	19.09	21.81	17.61	16.33
<b>Sales Growth (%)</b>	<b>10.31</b>	<b>Std Deviation of Bench.</b>	0.53	(0.37)	(0.12)	(0.21)
<b>Market Capitalization (\$ Billions)</b>	<b>78,311.65</b>	<b>Sharpe Ratio of Port.</b>	0.53	(0.38)	(0.11)	(0.17)
<b>Earnings per Share (\$)</b>	<b>3.54</b>	<b>Sharpe Ratio of Bench.</b>	1.00	1.00	1.00	0.99
<b>Number of Holdings</b>	<b>501</b>	<b>R-Squared</b>	0.14	0.17	(0.07)	(0.76)
		<b>Jensen's Alpha</b>				

Top Ten Portfolio Holdings

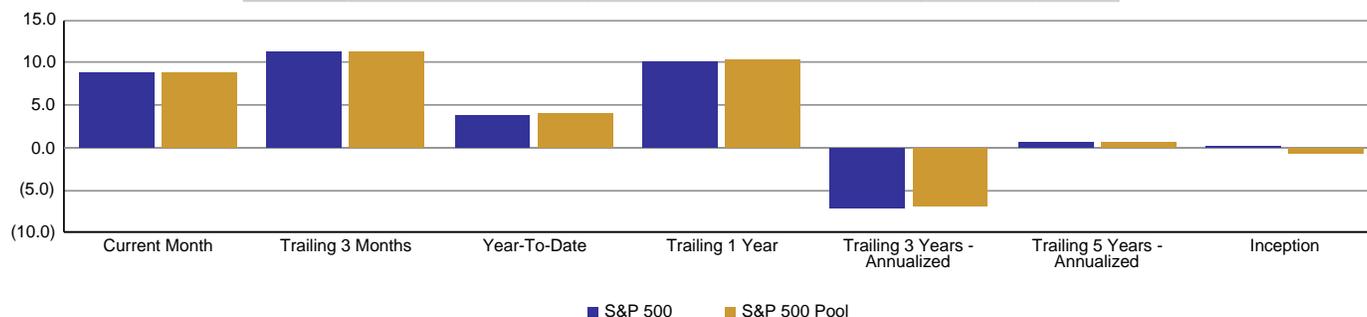
Security ID	Security Name	% of Assets
78462F103	SPDR S&P 500 ETF TRUST	3.23%
30231G102	EXXON MOBIL CORP - COM NPV	2.94%
037833100	APPLE INC - COM NPV	2.42%
594918104	MICROSOFT CORP - COM USD.001	1.74%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.64%
478160104	JOHNSON & JOHNSON - COM USD1	1.60%
742718109	PROCTER & GAMBLE CO - COM NPV	1.59%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.58%
00206R102	AT&T INC - COM USD1	1.58%
166764100	CHEVRON CORP - COM USD3	1.52%

Top Ten Currency Weights

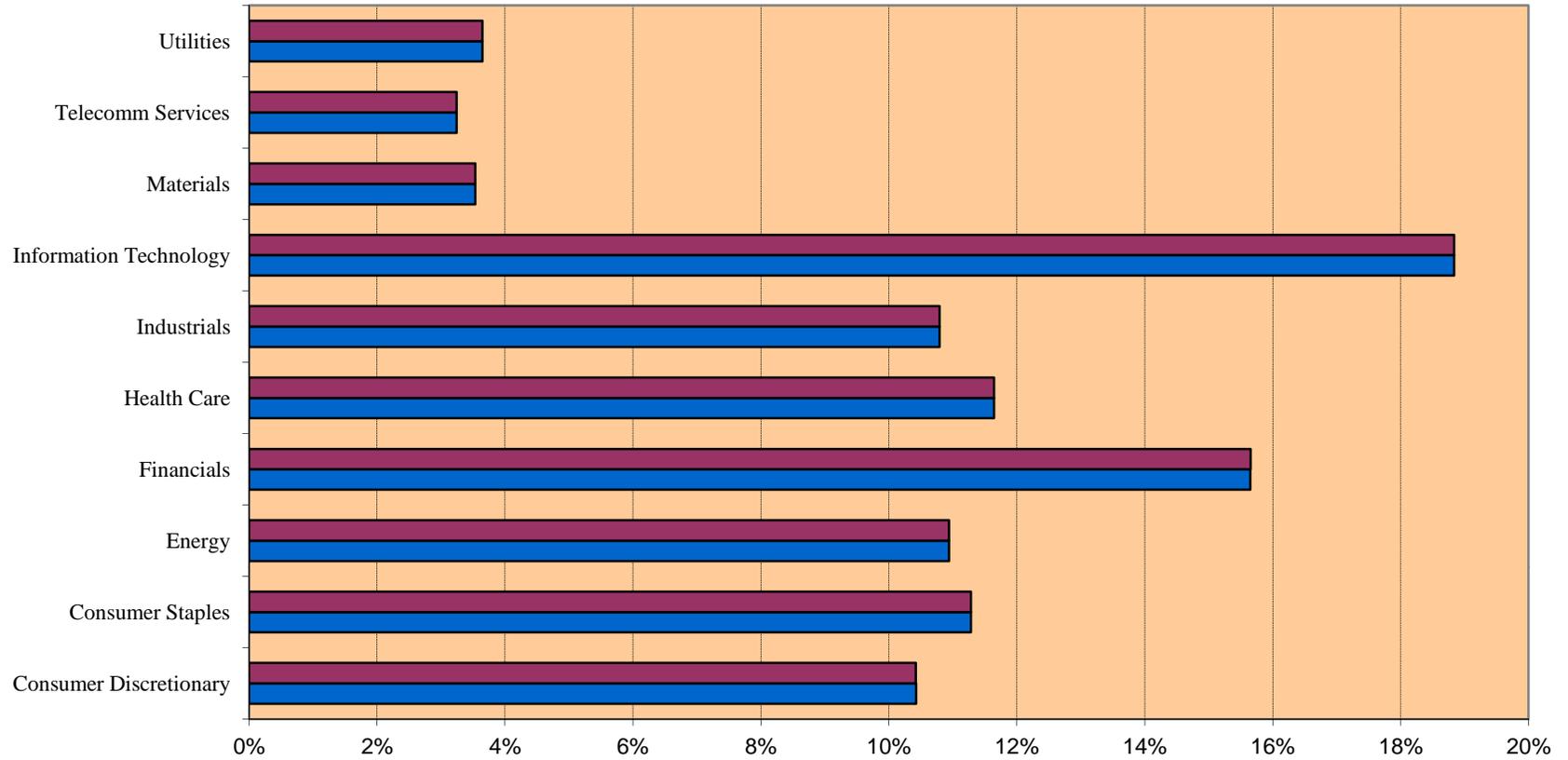


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	8.91	11.29	3.97	10.26	(6.96)	0.58	(0.61)
S&P 500	8.92	11.29	3.89	10.16	(7.16)	0.64	0.15
<b>Excess</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>0.08</b>	<b>0.10</b>	<b>0.21</b>	<b>(0.05)</b>	<b>(0.76)</b>



**STATE OF ARIZONA  
POOL 201 (S&P 500)  
As of September 30, 2010**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	10.42%	11.28%	10.94%	15.65%	11.65%	10.79%	18.84%	3.54%	3.24%	3.65%
■ STATE OF ARIZONA - POOL 201	10.43%	11.28%	10.94%	15.65%	11.64%	10.79%	18.84%	3.54%	3.24%	3.65%

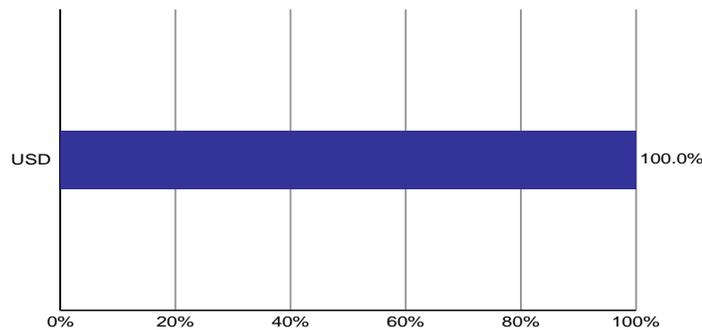
■ S&P 500 Index     
 ■ STATE OF ARIZONA - POOL 201

Portfolio Characteristics		Risk Measures				
Total Asset Value (in Millions)	433.5	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception	
P/E Ratio	27.73	1.00	2.64	2.15	2.25	
Price to Book Ratio	3.11	(0.21)	(0.27)	(0.23)	(0.02)	
Dividend Yield (%)	1.32	Tracking Error	21.81	24.96	20.13	17.68
Return on Equity (%)	8.41	Information Ratio	22.12	26.04	21.03	18.80
Sales Growth (%)	10.07	Std Deviation of Port.	0.80	(0.14)	0.03	0.23
Market Capitalization (\$ Billions)	3,132.85	Std Deviation of Bench.	0.80	(0.11)	0.06	0.22
Earnings per Share (\$)	2.09	Sharpe Ratio of Port.	1.00	0.99	0.99	0.99
Number of Holdings	403	Sharpe Ratio of Bench.	0.05	(0.83)	(0.45)	0.23
		R-Squared				
		Jensen's Alpha				

Top Ten Portfolio Holdings

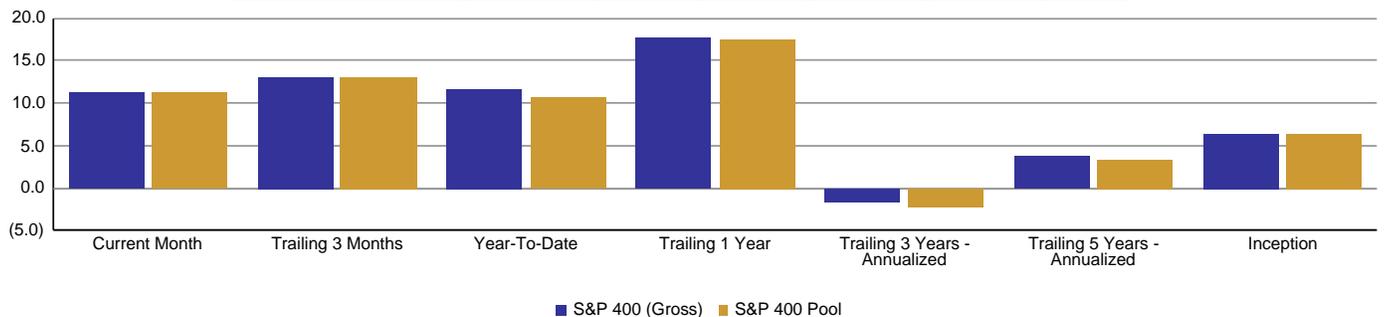
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	5.99%
315616102	F5 NETWORKS INC - COM NPV	0.78%
651290108	NEWFIELD EXPLORATION CO - COM USD.01	0.72%
28176E108	EDWARDS LIFESCIENCES CORP - COM USD1	0.71%
481165108	JOY GLOBAL INC - COM	0.68%
549271104	LUBRIZOL CORP - COM NPV	0.67%
649445103	NEW YORK CMNTY BANCORP INC - COM USD.01	0.66%
64110L106	NETFLIX INC - COM USD.001	0.66%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.66%
256746108	DOLLAR TREE INC - COM USD.01	0.58%

Top Ten Currency Weights

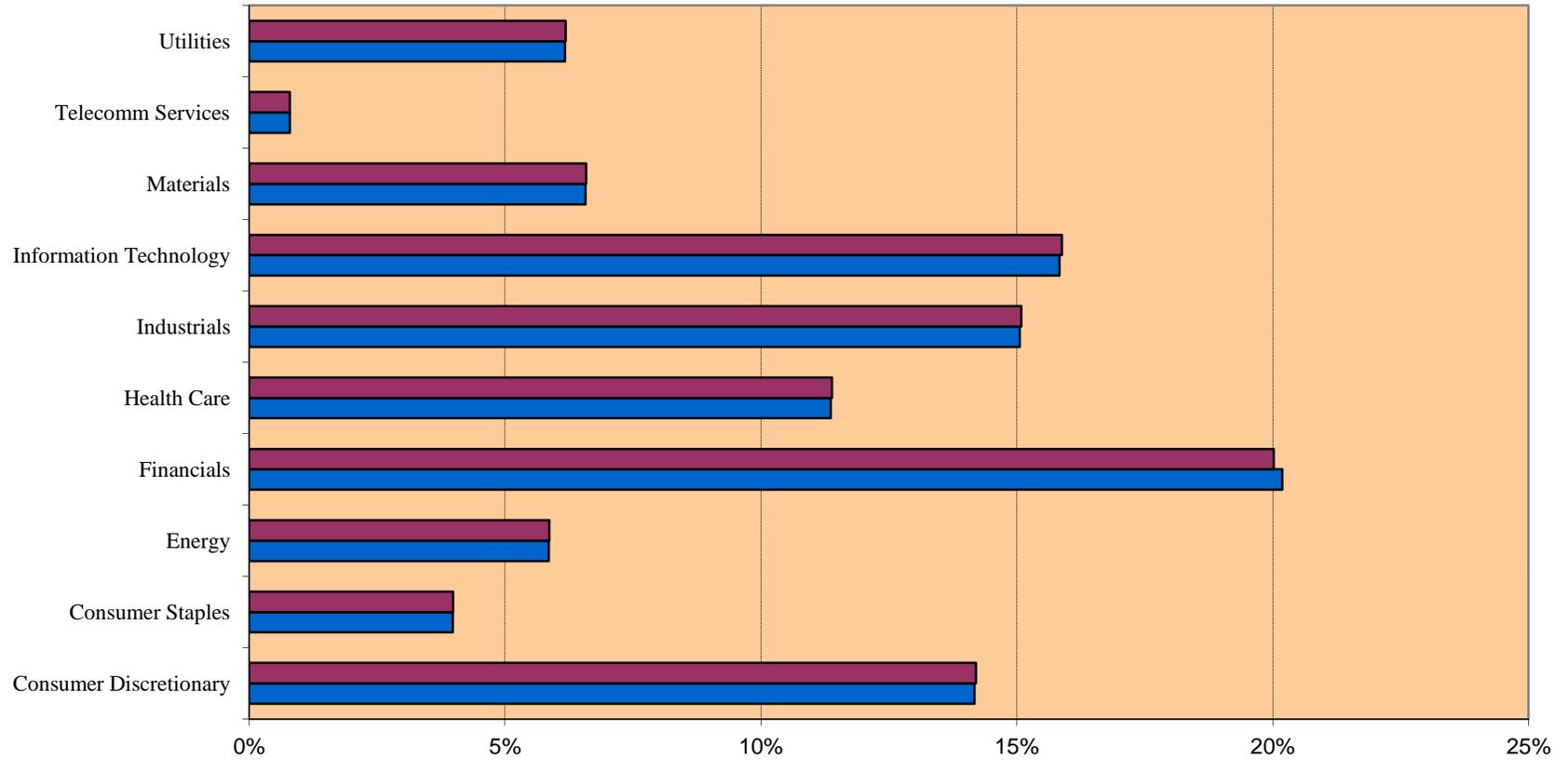


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	11.28	13.12	10.61	17.57	(2.37)	3.28	6.37
S&P 400 (Gross)	11.31	13.12	11.57	17.78	(1.67)	3.78	6.41
Excess	(0.03)	0.00	(0.97)	(0.21)	(0.70)	(0.50)	(0.04)



**STATE OF ARIZONA  
POOL 203 (S&P MIDCAP 400)  
As of September 30, 2010**

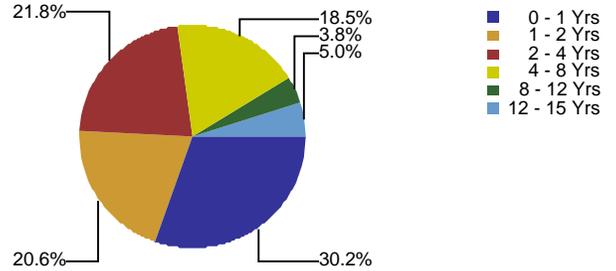


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	14.20%	3.99%	5.87%	20.02%	11.39%	15.09%	15.88%	6.58%	0.80%	6.19%
■ STATE OF ARIZONA - POOL 203	14.18%	3.98%	5.85%	20.19%	11.37%	15.06%	15.84%	6.57%	0.80%	6.17%

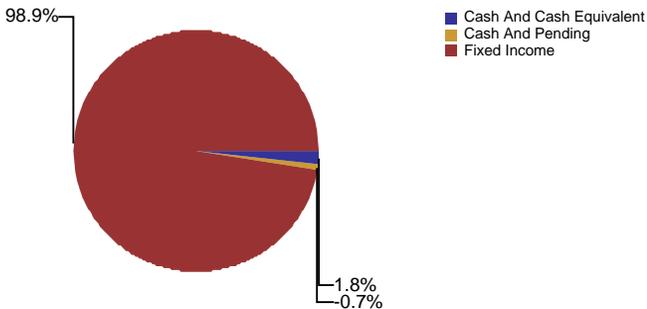
■ S&P MIDCAP 400     
 ■ STATE OF ARIZONA - POOL 203

Portfolio Characteristics

Total Net Assets (Millions)	1,566.7
Weighted Average Life (Years)	5.00
Weighted Avg. Effective Duration (Years)	2.99
Weighted Average Coupon (%)	4.62
Weighted Average Current Yield (%)	1.35
Weighted Average Yield to Maturity (%)	1.46
Weighted Average Rating	AA+
Number of Holdings	260



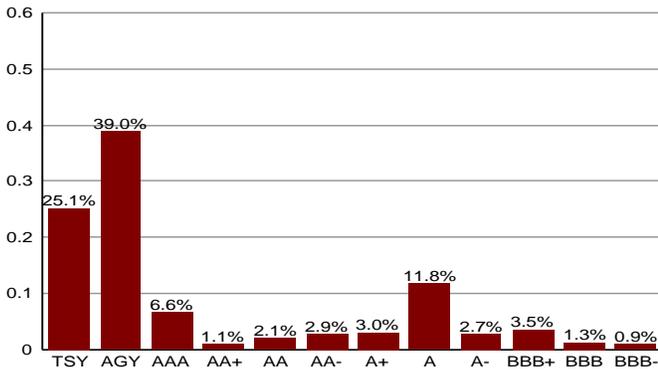
Asset Mix



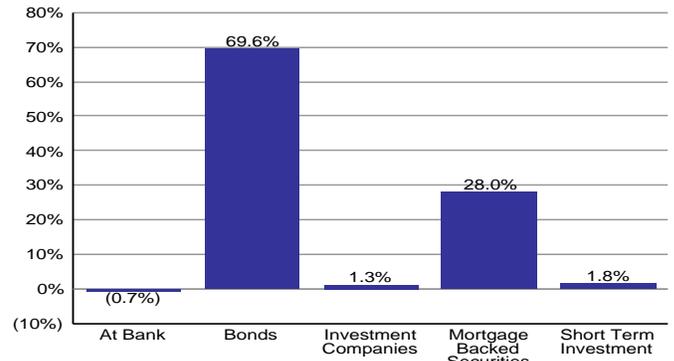
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	1.80%	0.00	31/12/2049
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.40%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.29%		
92343VAN4	VERIZON COMMUNICATIONS INC 5.25% NTS 15/APR/2013	1.04%	5.25	15/4/2013
912828FK1	US TREAS NTS 05.125% 30/JUN/2011	1.00%	5.12	30/6/2011
931142BV4	WAL MART STORES 931142BV4 4.125% 15/FEB/2011	0.98%	4.12	15/2/2011
912810ED6	UNITED STATES TREAS BDS 08.125% 15/AUG/2019	0.94%	8.12	15/8/2019
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.91%	6.38	15/8/2027
92343VAM6	VERIZON COMMUNICATIONS INC 6.1% NTS 15/APR/2018	0.78%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.76%	5.75	1/4/2018

Quality/Rating Weightings

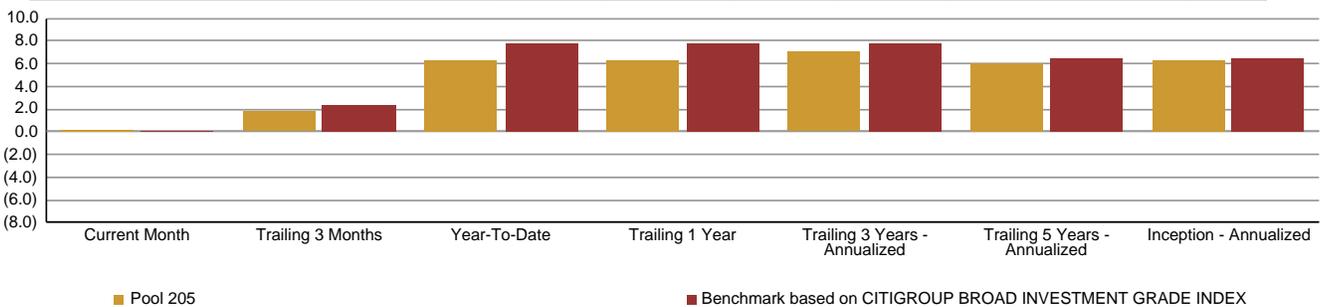


Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.14	1.81	6.33	6.36	7.02	6.04	6.33
Benchmark based on CITIGROUP BROAD INVESTMENT GRADE INDEX	(0.01)	2.36	7.75	7.77	7.72	6.41	6.49
Excess	0.15	(0.55)	(1.42)	(1.40)	(0.70)	(0.37)	(0.16)

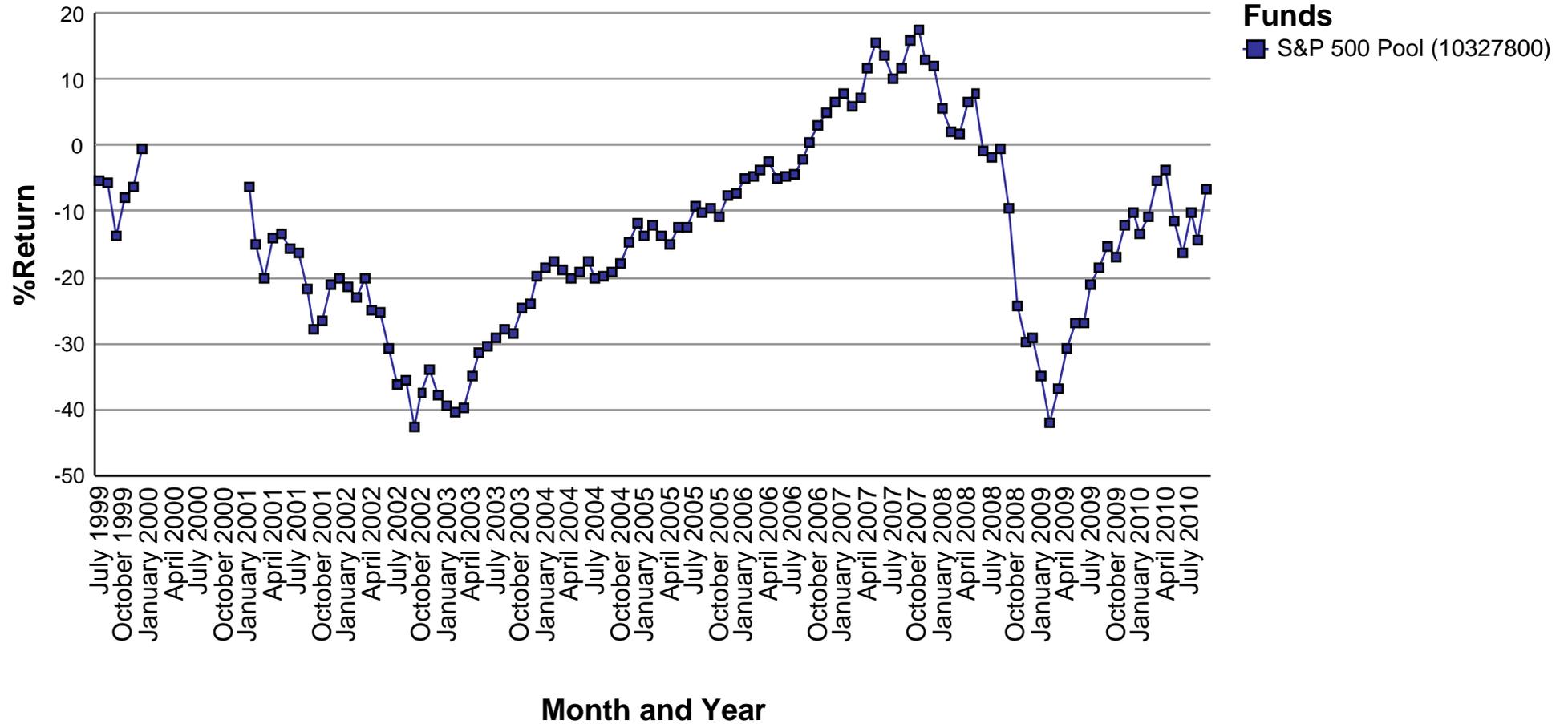


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to September 2010

Gross of Fee

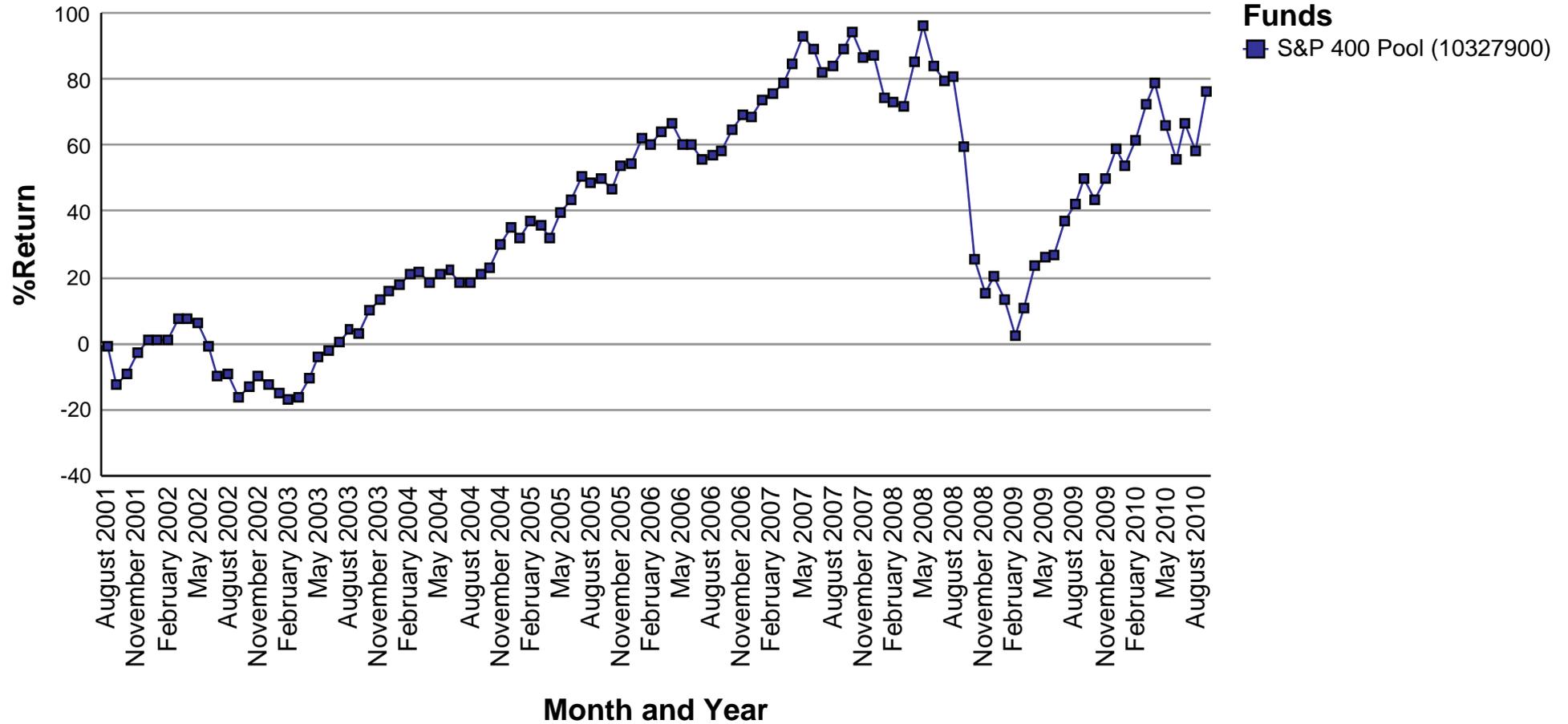


## Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to September 2010

Gross of Fee

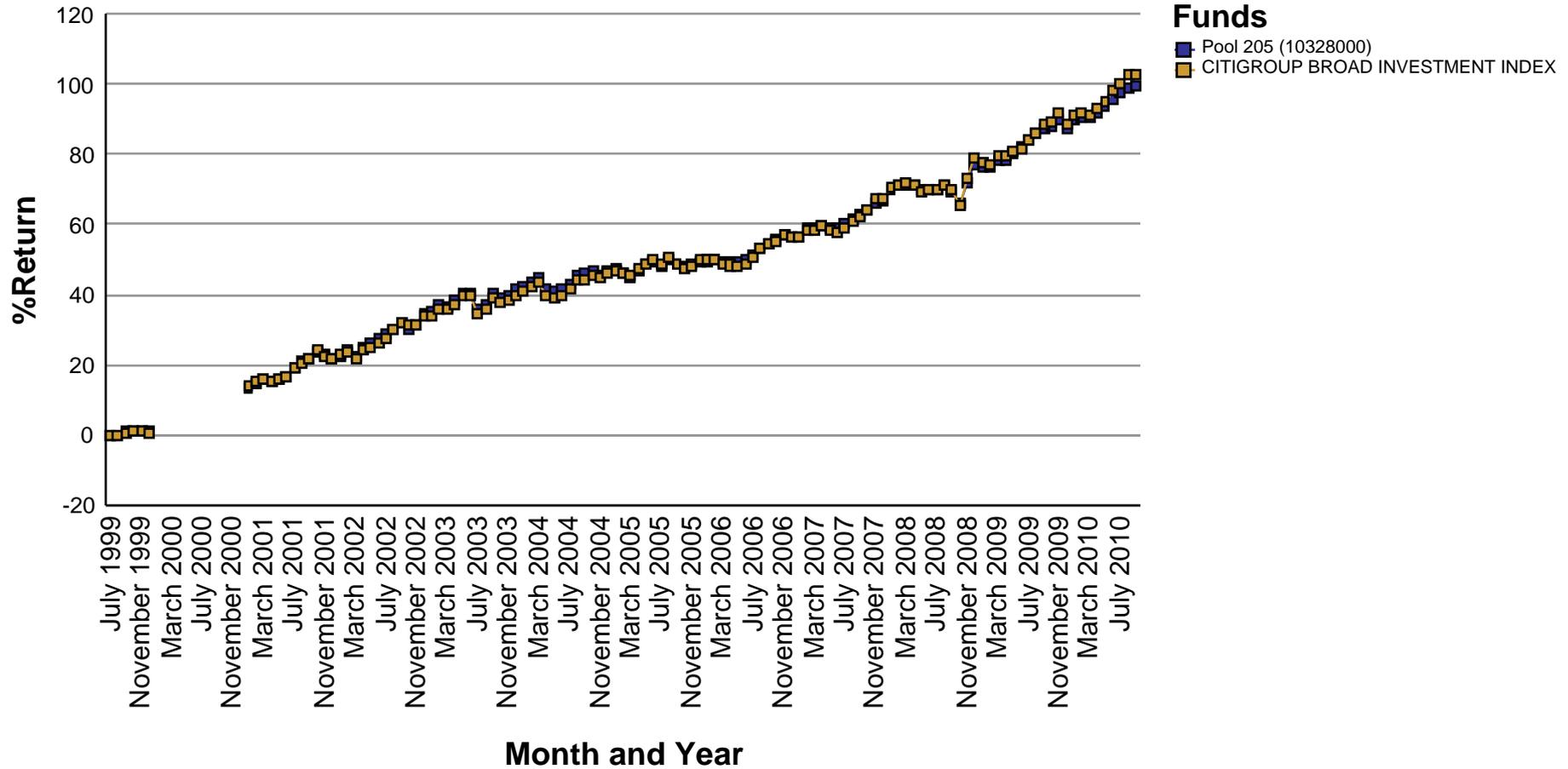


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to September 2010

Gross of Fee



**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**JULY 1 - SEPTEMBER 30, 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	2,048,504,065	8.13%	6.56%
	COMMERCIAL PAPER	176,602,133	15.64%	0.57%
	US-AGENCY	39,545,931	5.70%	0.13%
	US TREAS	56,155,222	21.86%	0.18%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	112,947,483	10.00%	0.36%
	CORP ABS	11,023,470	40.65%	0.04%
	CORP NOTES	31,449,147	40.15%	0.10%
	US-AGENCY	89,451,542	12.88%	0.29%
	US TREAS	10,227,191	3.98%	0.03%
<b>BROADPOINT CAPITAL</b>				
	CORP NOTES	13,187,691	16.84%	0.04%
	US-AGENCY	8,507,969	1.23%	0.03%
<b>CANTOR FITZGERALD</b>				
	US AGENCY	12,250,608	1.76%	0.04%
<b>CITIGROUP</b>				
	REPO	2,181,155,140	8.66%	6.98%
	COMMERCIAL PAPER	230,006,840	20.37%	0.74%
	CORP NOTES	10,000,000	12.77%	0.03%
	CORP ABS	3,920,248	14.46%	0.01%
	US-AGENCY	20,218,016	2.91%	0.06%
<b>DEUTSCHE BANC</b>				
	REPO	13,878,415,400	55.09%	44.44%
	US AGENCY	19,999,500	2.88%	0.06%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**JULY 1 - SEPTEMBER 30, 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>
	US TREAS	149,972,871	58.38%	0.48%
<b>FIRST TENNESSEE</b>				
	US AGENCY	58,003,483	8.35%	0.19%
	US TREAS	20,384,817	7.94%	0.07%
<b>GOLDMAN SACHS</b>				
	COMMERCIAL PAPER	63,484,505	5.62%	0.20%
	US AGENCY	64,163,215	9.24%	0.21%
<b>JP MORGAN CHASE</b>				
	MONEY-MARK	64,561,398	100.00%	0.21%
	REPO SWEEP	3,784,434,554	100.00%	12.12%
	COMMERCIAL PAPER	377,920,773	33.47%	1.21%
	CORP NOTES	4,978,050	6.36%	0.02%
	US AGENCY	36,609,271	5.27%	0.12%
	US TREAS	20,146,311	7.84%	0.06%
<b>JEFFRIES CO.</b>				
	US AGENCY	74,928,750	10.79%	0.24%
<b>KEYBANC CAPITAL MARKETS</b>				
	US AGENCY	86,727,070	12.49%	0.28%
<b>MIZUHO SECURITIES</b>				
	REPO	7,083,595,859	28.12%	22.68%
	US AGENCY	55,105,341	7.94%	0.18%
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	13,984,133	1.24%	0.04%

**BROKER ACTIVITY REPORT**  
**STATE AGENCY FUNDS 2, 3, 4, 12, 15, 55, 57**  
**JULY 1 - SEPTEMBER 30, 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>RAYMOND JAMES</b>				
	US AGENCY	10,116,728	1.46%	0.03%
	USA-MBS	4,069,629	100.00%	0.01%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	154,268,553	13.66%	0.49%
	US AGENCY	10,077,039	1.45%	0.03%
	CORP NOTES	18,712,307	23.89%	0.06%
<b>ROBERT W BAIRD</b>				
	US AGENCY	1,500,000	0.22%	0.00%
<b>STIFEL NICOLAUS</b>				
	CORP ABS	12,171,780	44.89%	0.04%
	US AGENCY	24,097,519	3.47%	0.08%
<b>UBS PAINE WEBBER</b>				
	US AGENCY	83,094,399	11.97%	0.27%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**JULY 1 - SEPTEMBER 30, 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	574,417,530	2.30%	1.35%
	COMMERCIAL PAPER	196,892,687	16.13%	0.46%
	US-AGENCY	49,999,444	13.74%	0.12%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	106,514,237	8.73%	0.25%
	CORP NOTES	15,019,387	53.57%	0.04%
	US-AGENCY	56,867,618	15.62%	0.13%
	US TREAS	49,999,213	31.19%	0.12%
<b>CITIGROUP</b>				
	REPO	4,466,897,662	17.87%	10.50%
	COMMERCIAL PAPER	257,736,906	21.11%	0.61%
<b>DEUTSCHE BANC</b>				
	REPO	12,838,009,736	51.37%	30.16%
	COMMERCIAL PAPER	39,974,983	3.27%	0.09%
	US TREAS	39,947,369	24.92%	0.09%
<b>FIRST TENNESSEE</b>				
	US-AGENCY	49,994,750	13.73%	0.12%
<b>GOLDMAN SACHS</b>				
	COMMERCIAL PAPER	19,969,858	1.64%	0.05%
	US TREAS	25,193,127	15.72%	0.06%
<b>JEFFRIES CO.</b>				
	US-AGENCY	12,248,809	3.37%	0.03%

**BROKER ACTIVITY REPORT**  
**POOL 5 - L.G.I.P.**  
**JULY 1 - SEPTEMBER 30, 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>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	244,849,255	20.06%	0.58%
	MONEY MARKET	25,073,182	100.00%	0.06%
	REPO SWEEP	15,768,481,824	100.00%	37.05%
	CORP NOTES	13,018,268	46.43%	0.03%
	US-AGENCY	29,998,483	8.24%	0.07%
	US TREAS	19,985,150	12.47%	0.05%
<b>KEYBANC CAPITAL MARKETS</b>				
	US-AGENCY	14,903,969	4.09%	0.04%
<b>MIZUHO SECURITIES</b>				
	REPO	7,113,906,614	28.46%	16.72%
	US-AGENCY	49,998,056	13.74%	0.12%
	US TREAS	25,178,167	15.71%	0.06%
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	115,659,365	9.47%	0.27%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	229,155,660	18.77%	0.54%
<b>UBS PAINE WEBBER</b>				
	US-AGENCY	99,991,972	27.47%	0.23%
<b>WACHOVIA SECURITIES</b>				
	COMMERCIAL PAPER	9,992,844	0.82%	0.02%

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**JULY 1 - SEPTEMBER 30, 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	76,000,000	11.12%	10.21%
	COMMERCIAL PAPER	4,985,667	21.82%	0.67%
<b>BARCLAYS CAPITAL INC.</b>				
	COMMERCIAL PAPER	998,347	4.37%	0.13%
	CORP NOTES	4,002,228	28.48%	0.54%
	US TREAS	99,991	100.00%	0.01%
<b>CITIGROUP</b>				
	REPO	111,000,000	16.23%	14.91%
	COMMERCIAL PAPER	7,324,137	32.05%	0.98%
	CORP NOTES	2,111,599	15.03%	0.28%
<b>DEUTSCHE BANC</b>				
	REPO	371,796,265	54.38%	49.94%
	COMMERCIAL PAPER	999,375	4.37%	0.13%
	CORP NOTES	579,543	4.12%	0.08%
<b>GOLDMAN SACHS</b>				
	CORP NOTES	1,637,978	11.66%	0.22%
<b>JP MORGAN CHASE</b>				
	COMMERCIAL PAPER	4,092,583	17.91%	0.55%
	MONEY MARKET	20,735,922	100.00%	2.79%
<b>KEYBANC CAPITAL MARKETS</b>				
	CORP NOTES	393,495	2.80%	0.05%
	US AGENCY	1,003,141	33.40%	0.13%
<b>MIZUHO SECURITIES</b>				
	REPO	124,921,296	18.27%	16.78%
<b>MORGAN KEEGAN</b>				

**BROKER ACTIVITY REPORT**  
**POOL 500 - L.G.I.P. MEDIUM-TERM**  
**JULY 1 - SEPTEMBER 30, 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>
	CORP NOTES	2,218,151	15.79%	0.30%
<b>MORGAN STANLEY</b>				
	COMMERCIAL PAPER	3,452,743	15.11%	0.46%
<b>RAYMOND JAMES</b>				
	CORP NOTES	1,047,333	7.45%	0.14%
<b>RBC DAIN RAUSCHER</b>				
	COMMERCIAL PAPER	999,321	4.37%	0.13%
<b>ROBERT W BAIRD</b>				
	CORP NOTES	1,060,411	7.55%	0.14%
<b>STIFEL NICOLAUS</b>				
	CORP NOTES	1,000,000	7.12%	0.13%
<b>UBS PAINE WEBBER</b>				
	US AGENCY	2,000,222	66.60%	0.27%

**BROKER ACTIVITY REPORT**  
**POOL 7 - L.G.I.P.- GOV**  
**JULY 1 - SEPTEMBER 30, 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	1,909,078,405	4.78%	4.65%
	US TREAS	199,899,639	17.41%	0.49%
<b>BARCLAYS CAPITAL INC.</b>				
	FDIC - CORP NOTES	20,052,795	100.00%	0.05%
	US TREAS	378,841,856	32.99%	0.92%
<b>CITIGROUP</b>				
	REPO	2,746,370,007	6.88%	6.68%
<b>DEUTSCHE BANC</b>				
	REPO	20,703,326,963	51.86%	50.39%
	US TREAS	99,986,904	8.71%	0.24%
<b>GOLDMAN SACHS</b>				
	US TREAS	169,913,163	14.79%	0.41%
<b>JP MORGAN CHASE</b>				
	MONEY MARKET	148,480	100.00%	0.00%
	US TREAS	249,893,381	21.76%	0.61%
<b>MIZUHO SECURITIES</b>				
	REPO	14,561,452,750	36.48%	35.44%
	US TREAS	49,965,340	4.35%	0.12%

**BROKER ACTIVITY REPORT**  
**POOL 700 - F.F.& C. MEDIUM TERM**  
**JULY 1 - SEPTEMBER 30, 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	87,000,000	7.82%	7.42%
<b>CANTOR FITZGERALD</b>				
	EQUITIES	4,998,213	100.00%	0.43%
<b>CITIGROUP</b>				
	REPO	106,000,000	9.53%	9.04%
	FDIC - CORP NOTES	14,139,456	55.86%	1.21%
<b>DEUTSCHE BANC</b>				
	REPO	479,000,000	43.08%	40.85%
<b>JP MORGAN CHASE</b>				
	MONEY MARKET	23,855,145	100.00%	2.03%
	FDIC - CORP NOTES	5,246,875	20.73%	0.45%
<b>KEYBANC CAPITAL MARKETS</b>				
	FDIC - CORP NOTES	5,926,826	23.41%	0.51%
<b>MIZUHO SECURITIES</b>				
	REPO	440,000,000	39.57%	37.53%
	USA-MBS	601,315	100.00%	0.05%
<b>ROBERT W BAIRD</b>				
	US AGENCY	5,751,056	100.00%	0.49%

**BROKER ACTIVITY REPORT  
FIXED INCOME FUND 205  
JULY 1 - SEPTEMBER 30, 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	13,687,007	38.85%	4.27%
<b>BROADPOINT CAPITAL</b>				
	CORP-NOTE	4,185,517	43.43%	1.31%
	USA MBS	20,894,577	27.50%	6.52%
<b>CANTOR FITZGERALD</b>				
	US AGENCY	9,971,200	20.81%	3.11%
	US TREAS	5,060,819	14.36%	1.58%
<b>CITIGROUP</b>				
	US TREAS	10,837,564	30.76%	3.38%
<b>DEUTSCHE BANC</b>				
	US TREAS	5,649,363	16.03%	1.76%
<b>FIRST TENNESSEE</b>				
	US AGENCY	32,968,740	68.80%	10.29%
<b>JP MORGAN CHASE</b>				
	MONEY-MARK	151,540,965	100.00%	47.31%
<b>KEYBANC CAPITAL MARKETS</b>				
	CORP-NOTE	5,451,779	56.57%	1.70%
<b>MORGAN KEEGAN</b>				
	US AGENCY	4,981,250	10.39%	1.56%
<b>ROBERT W BAIRD</b>				
	USA MBS	55,084,997	72.50%	17.20%