

OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



FEBRUARY 2011

Presented To:

Arizona State Board of Investment

MARCH 22, 2011

STATE BOARD OF INVESTMENT

A G E N D A

March 22, 2011

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports
 - A. Earnings Distribution; Investment Pools
 - B. LGIP Pools Investments and Performance Reports
 - C. State Agency Pools Investments and Performance Reports
 - D. Operating Monies Invested Balances
 - E. Earnings Distributed Endowment Funds
 - F. Endowment Investments and Performance Reports
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

March 22, 2011

TABLE OF CONTENTS

	<u>Page</u>
Minutes of Board of Investment Meeting	ii-ix
Review of Treasurer's Monthly Reports:	
A. Earnings Distribution; Investment Pools	1
B. LGIP Pools Investments and Performance Reports	2-8
C. State Agency Pools Investments and Performance Reports	9-15
D. Operating Monies Invested Balances	16
E. Earnings Distributed Endowment Funds	17
F. Endowment Investments and Performance Reports	18-37

**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on February 22, 2011 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey, Chair called the meeting to order at approximately 1:35 p.m.

Members Present:

Doug Ducey, Chair, State Treasurer
Beth Ford, Treasurer, Pima County, by teleconference
Alan E. Maguire, President, The Maguire Company
David Raber, Arizona Department of Administration, designee for Scott Smith,
Director of Arizona Department of Administration
Lauren Kingry, Superintendent, Department of Financial Institutions

Members Absent:

None

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office
Carlton Woodruff, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Patty Humbert, Senior Portfolio 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
Kevin Donnellan, Director of Communications, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Jenelle Birchmeier, Investment Analyst, Arizona State Treasurer's Office
Roy Miller, Treasurer and Co-Founder, Arizona Economic Forum

Pursuant to A.R.S. 35-311, the following reports for January, 2011 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
Earnings Distributed Endowment Funds
Endowment Investments and Performance Reports

1. *Call to Order:*

Treasurer Ducey called the February 22, 2011 BOI meeting to order at approximately 1:35 p.m.

2. *Treasurers Comments:*

Treasurer Ducey welcomed board members and guests and thanked all present for attending the February 22, 2011 meeting.

3. *Approval of Minutes:*

Mr. Maguire made a motion to approve the January 25, 2011 minutes with two minor changes;

1. Correct the language in the General Business Section to the following; Mr. Raber made a motion to approve the five year *review* of the *Boards'* General Rules.

2. Correction of the printed date in error of Thursday, February 22, 2011 to the correct date of *Tuesday, February 22, 2011*.

Mr. Kingry seconded the motion. Motion carried as Amended.

4. *Review of Treasurer's Monthly Report*

Earnings Distribution – Investment Pools

Mr. Petkiewicz reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of January, 2011.

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

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

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

Mr. Petkiewicz reported the net yields for the LGIP and LGIP-Gov Pools, as well as the comparisons to their relative benchmarks for the month of January, 2011.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Petkiewicz reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of January, 2011.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Petkiewicz reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of January 31, 2011.

LGIP Pools Investments and Performance Reports

Mr. Petkiewicz reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of January, 2011.

Review of Treasurer's Monthly Report – Agency Pool:

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

State Agency Pools Portfolio Yield Analysis

Ms. Humbert reported the net yields for the State Agency Pools for the month of January, 2011.

Manager Allocation of Invested Monies for the State Agency Pools

Ms. Humbert reported the total market value of all of the State Agency Pools broken up to show the percent allocated to each individual State Agency Pool as of January 31, 2011.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, the weighted average life, the weighted average duration, the weighted average rating, and the total number of holdings for the State Agency Investment Pools as of January 31, 2011.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of January, 2011.

Review of Treasurer's Monthly Report – Endowments:

Mr. White presented the endowment portion of the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of January, 2011.

Endowment Funds Yield Analysis

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of January, 2011.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of January, 2011 and FY11 fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of January, 2011.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of January, 2011.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of January 31, 2011.

Performance of Investments in Endowment Funds

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of January 31, 2011.

Manager Allocation of Invested Monies for the Endowment Pools

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of January 31, 2011.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of January 31, 2011.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of January 31, 2011.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, the weighted average life, the weighted average duration, the weighted average yield to maturity, the weighted average rating, and the total number of holdings for the Fixed Income Pool for the month of January, 2011.

Endowment Investments and Performance Growth by Account Reports

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of January, 2011.

Approval of Treasurer's Report

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

5. Proposed Changes to Investment Policy:

Mr. Swenson presented to the Board the following proposed changes to the Investment Policy;

- A. Include in Investment Policy rebalancing triggers and passive targets based upon market value rather than "cost" for the endowment. Suggest a +/- 5% market value monthly rebalancing trigger.*
- B. Add 5% diversification limit for corporate credits in pools 12 and 15. This conforms to existing practice.*
- C. Remove references to Treasurer and outside financial advisors as members of the Investment Risk Management Committee.*

Mr. Raber questioned the thinking behind removing external analysts and financial advisors to play a role with reference to the Investment Risk Management Committee and inquired about the benefits of having an external set of eyes for guidance from a different perspective. Mr. Swenson stated that allowing external advisors has not been precluded and noted that outside advisors would still be allowed, but would not be involved with the day to day management function. If we would ever get to that point where we have consultants, they would be part of that process.

Mr. Maguire made a motion to approve the changes as presented and Mr. Raber seconded the motion. The motion carried.

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

There were no Securities Dealers to be approved.

7. General Business:

A. Approval by the Board of the Public Notice to Banks Qualified to be a Servicing Bank of the Time and Place Servicing Proposals will be Received Pursuant to ARS 35-315.

Mr. Woodruff presented to the Board for approval, the Public Notice to Banks Qualified to be a Servicing Bank. Mr. Woodruff provided a list of eligible banks based on the criteria by statute along with a notice that will be sent to the qualified banks on March 7, 2011, upon approval of the Board.

Mr. Maguire made a motion to approve the Public Notice to Banks Qualified to be a Servicing Bank and Mr. Raber seconded the motion. The motion carried.

B. Legislative Update

Mr. Donnellan presented to the Board, HB 2726, a Bill that is being championed by Speaker Adams. Mr. Donnellan wanted to make the Board aware of the language in HB 2726, which impacts the Board of Investment. In reviewing the Retirement Systems Plan, the Bill calls for the Board of Investment to conduct a study, which would require resources that are currently not available. Mr. Donnellan has been in contact with House Leadership and will keep the Board updated on any new development in the coming weeks.

8. Call to the Public

There was no public comment.

Treasurer Ducey acknowledged Roy Miller, who entered the room after the meeting was called to order.

9. Notice of Next Meeting:

The Treasurer advised the Board that the next regular meeting of the Board of Investment will be Tuesday, March 22, 2011 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

Mr. Maguire made a motion to adjourn the BOI meeting. Mr. Raber seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:20 p.m.

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 FEBRUARY 2011**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	FEBRUARY 2011	Fiscal YTD 10/11	Fiscal YTD 09/10	
General Fund	\$484,747	\$3,793,728	\$365,754	
2 State Agencies I - Full Faith & Credit	606,248	4,593,461	10,748,517	349,527
3 State Agencies II - Diversified	596,935	5,251,856	10,424,428	602,836
4 State Agencies IV - Restricted Diversified	231,967	2,061,986	5,468,852	246,525
5 LGIP	234,063	2,316,392	5,446,308	661,554
7 LGIP Gov	163,647	1,711,965	3,809,160	774,419
12 CAWCD Medium-Term	364,513	2,501,361	3,563,090	65,268
15 GADA Long-Term	24,466	202,121	363,273	4,842
Subtotal	\$2,706,586	\$22,432,869	\$40,189,381	\$2,704,971
NAV POOL				
500 LGIP - Med Term	250,408	1,751,247	1,423,441	63,259
700 LGIP - FF&C Med Term	112,221	943,238	132,722	50,151
Total	\$3,069,214	\$25,127,354	\$41,745,544	\$2,818,381
FEBRUARY 2010 TOTALS	\$2,672,408			\$2,834,394

**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2011**

NET EARNINGS

FUND	DESCRIPTION	Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10	Net Asset Value Per Share
5	LGIP	225,464	235,295	170,899	0.9998
7	LGIP - GOV	213,167	164,502	120,552	1.0000
	TOTAL LGIP & LGIP-GOV	438,631	399,797	291,451	

YIELDS

<u>MONTHLY</u>		Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10
5	LGIP (NET)	0.17%	0.19%	0.13%
	S & P LGIP INDEX	0.13%	0.13%	0.15%
7	LGIP - GOV (NET)	0.13%	0.10%	0.06%
	3 MONTH T-BILL	0.14%	0.12%	0.09%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.21%	0.21%	0.22%
	S & P LGIP INDEX	0.16%	0.16%	0.26%
7	LGIP - GOV (NET)	0.13%	0.13%	0.08%
	3 MONTH T-BILL	0.14%	0.13%	0.09%

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

**LGIP & LGIP- GOV MEDIUM TERM POOLS
PORTFOLIO YIELD ANALYSIS
FEBRUARY 28, 2011**

NET EARNINGS

FUND	DESCRIPTION	Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10	Net Asset Value Per Share
500	LGIP - MED TERM POOL	233,352	276,405	154,359	1.0294
700	LGIP - FF&C MED TERM POOL	113,244	129,621	54,104	1.0019
	TOTAL LGIP MEDIUM TERM POOLS	346,596	406,026	208,463	

YIELDS

MONTHLY

	Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10
500 LGIP - MED TERM (NET)	1.58%	1.87%	2.78%
MERRILL 1-5 US D M INDEX	1.80%	1.84%	2.19%
700 LGIP - FF&C MED TERM (NET)	1.03%	1.30%	0.70%
MERRILL 1-5 US TREAS INDEX	0.87%	1.01%	1.19%

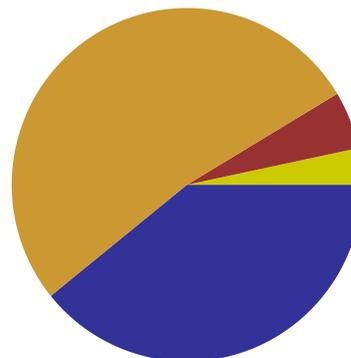
YEAR TO DATE

500 LGIP - MED TERM (NET)	1.76%	1.77%	3.04%
MERRILL 1-5 US D M INDEX	1.63%	1.65%	2.39%
700 LGIP - FF&C MED TERM (NET)	1.15%	1.16%	0.41%
MERRILL 1-5 US TREAS INDEX	0.73%	0.77%	1.23%

Manager Allocation - Daily Arizona State Treasury (05509) As of February 28, 2011

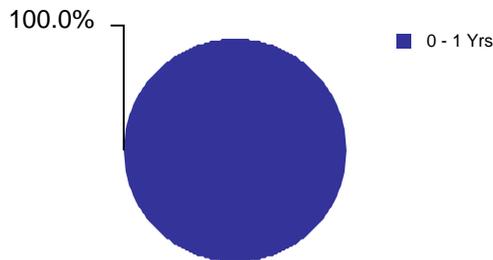
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,480.41	39.3%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	198.43	5.3%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,957.74	52.0%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	130.25	3.5%
TOTAL	3,766.83	100.0%

- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)



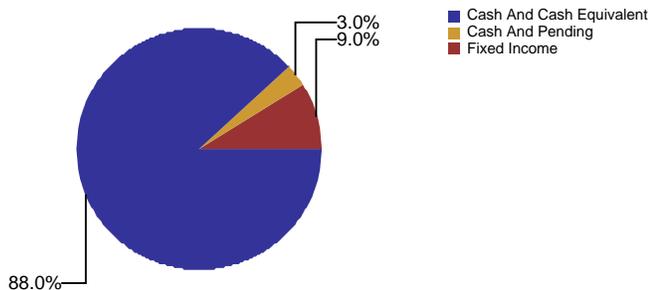
Portfolio Characteristics

Total Net Assets (Millions) **1,480.4**
 Weighted Average Life (Years) **0.08**
 Weighted Avg. Effective Duration (Years) **0.08**
 Weighted Average Maturity (Years) **0.07**
 Weighted Average Rating **AAA**
 Number of Holdings **92**



Asset Mix

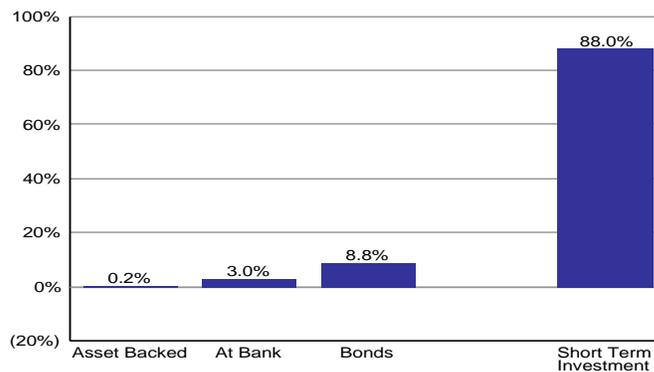
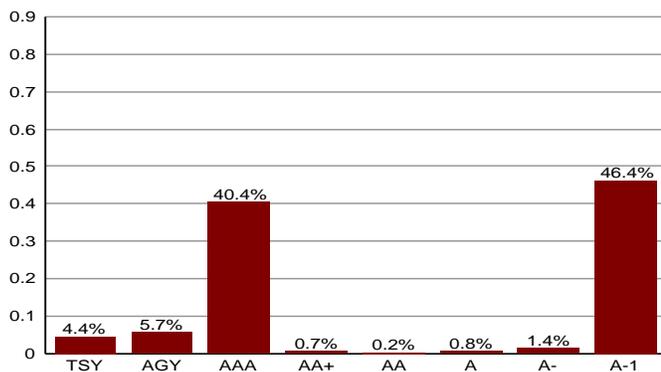
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 01/MAR/2011	16.93%	0.30	1/3/2011
38299R423	TRI-PARTY REPO GOLDMAN SACHS 0.14% 04/MAR/2011	6.75%	0.14	4/3/2011
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	3.86%	0.16	1/3/2011
962455N	ALLIANCE BANK OF AZ REPO SWEEP 0.324% 01/MAR/2011	3.41%	0.32	1/3/2011
313384CM9	FEDERAL HOME LN BKS CONS DISC NTS	3.38%	0.00	1/3/2011
912795VD0	UNITED STATES TREAS BILLS ZCP 07/APR/2011	2.70%	0.00	7/4/2011
912828KH2	UNITED STATES TREAS NTS 0.875% 31/MAR/2011	1.70%	0.88	31/3/2011
313396CM3	FED HOME LOAN MTG 0% 01/MAR/2011 NTS	1.69%	0.00	1/3/2011
92646LR85	VICTORY RECEIVABLES CORPORATE COMMERCIAL PAPER	1.62%	0.00	8/4/2011
30601WSB6	FAIRWAY FINANCE CORPOR ZCP 11/MAY/2011	1.44%	0.00	11/5/2011

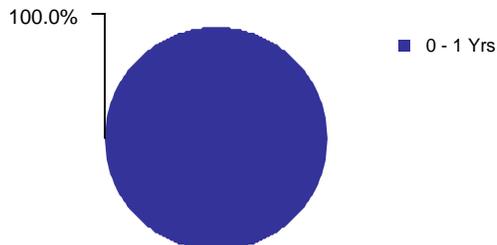
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



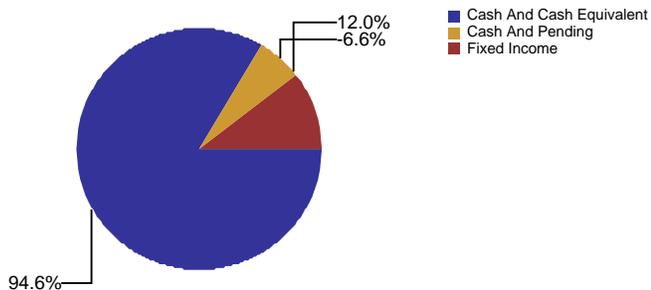
Portfolio Characteristics

Total Net Assets (Millions) **1,957.7**
 Weighted Average Life (Years) **0.03**
 Weighted Avg. Effective Duration (Years) **0.04**
 Weighted Average Maturity Years **0.04**
 Weighted Average Rating **AAA**
 Number of Holdings **22**



Asset Mix

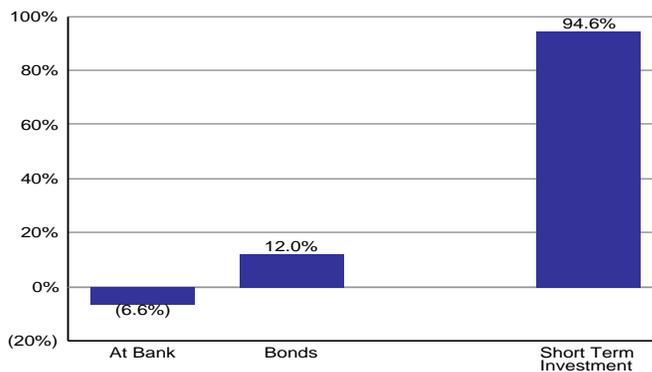
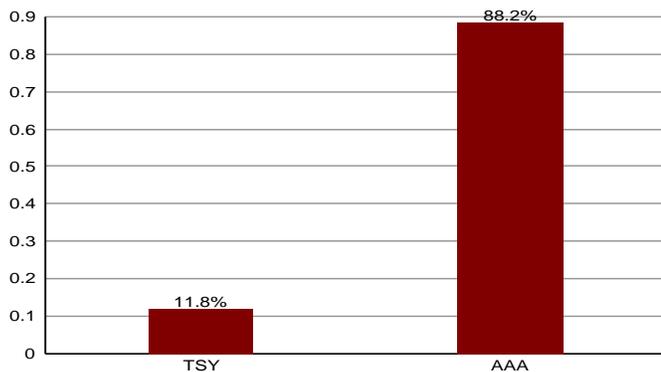
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	45.11%	0.16	1/3/2011
60699B196	TRI-PARTY REPO MIZUHO SECURITIES 0.14% 02/MAR/2011	15.32%	0.14	2/3/2011
05199T528	DEUTSCHE BANK REPO .17% 01/MAR/2011	9.19%	0.17	1/3/2011
38299R423	TRI-PARTY REPO GOLDMAN SACHS 0.14% 04/MAR/2011	7.66%	0.14	4/3/2011
60699B220	TRI-PARTY REPO MIZUHO SECURITIES 0.14% 03/MAR/2011	6.39%	0.14	3/3/2011
912828KU3	UNITED STATES TREAS NTS 0.875% 31/MAY/2011	2.56%	0.88	31/5/2011
786970D	UNITED STATES ZERO ZCP 02/JUN/2011	2.55%	0.00	2/6/2011
912795VD0	UNITED STATES TREAS BILLS ZCP 07/APR/2011	2.04%	0.00	7/4/2011
961125D	UNITED STATES ZERO 23/JUN/2011	2.04%	0.00	23/6/2011
786969D	UNITED STATES ZERO 30/JUN/2011	1.28%	0.00	30/6/2011

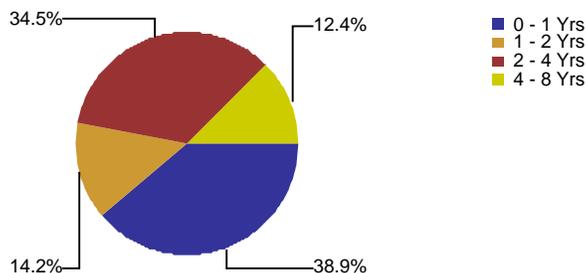
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



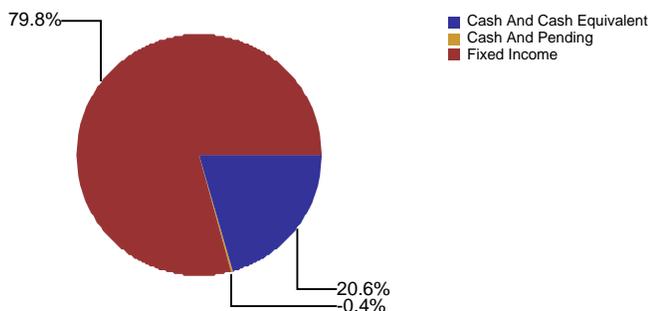
Portfolio Characteristics

Total Net Assets (Millions) **198.4**
 Weighted Average Life (Years) **2.18**
 Weighted Avg. Effective Duration (Years) **1.80**
 Weighted Average Rating **AAA**
 Number of Holdings **180**



Asset Mix

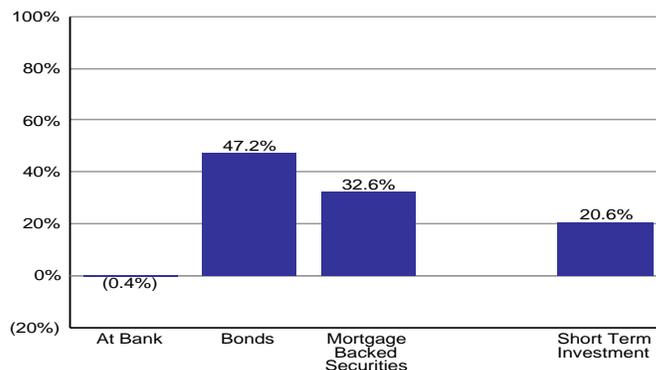
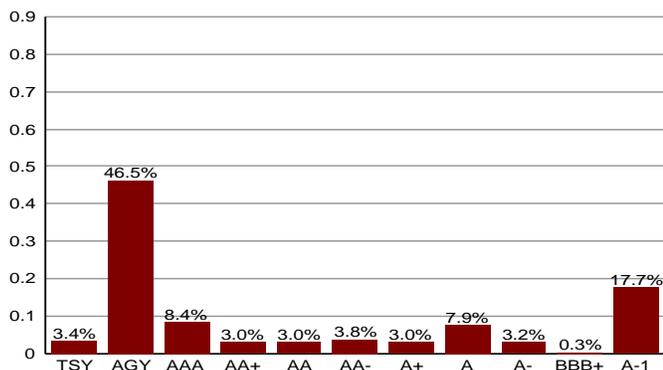
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31416NZB1	FNMA MORTPASS 4% 01/APR/2024 CI PN# AA5237	4.40%	4.00	1/4/2024
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	4.14%	4.00	1/2/2026
31398ATL6	FEDERAL NATIONAL MORTGAGE ASSOC 3.625% SNR NTS	2.55%	3.62	15/8/2011
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	2.51%	0.16	1/3/2011
31419CZL0	FNMA MORTPASS 4.5% 01/SEP/2040 CL PN# AE2546	2.46%	4.50	1/9/2040
3128PSQ75	FHLMCGLD MORTPASS 3.5% 01/OCT/2025 PN# 3178	2.42%	3.50	1/10/2025
3128PSKA4	FHLMCGLD MORTPASS 3.5% 01/SEP/2025 PN# 2989	2.39%	3.50	1/9/2025
31419AJM0	FNMA MORTPASS 4% 01/AUG/2025 CI PN# AE0267	2.38%	4.00	1/8/2025
31418RFS5	FNMA MORTPASS 4.5% 01/MAR/2025 CI PN# AD3776	2.12%	4.50	1/3/2025
3128MMLB7	FHLMCGLD MORTPASS 4.5% 01/AUG/2024 G1 PN# G18321	1.91%	4.50	1/8/2024

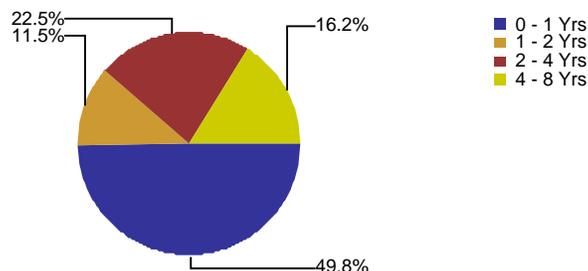
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



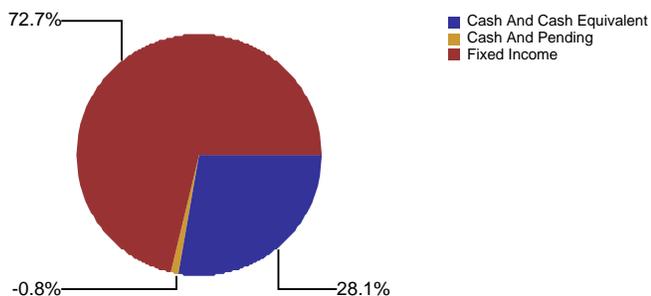
Portfolio Characteristics

Total Net Assets (Millions) 130.3
Weighted Average Life (Years) 2.01
Weighted Avg. Effective Duration (Years) 1.62
Weighted Average Rating AAA
Number of Holdings 73



Asset Mix

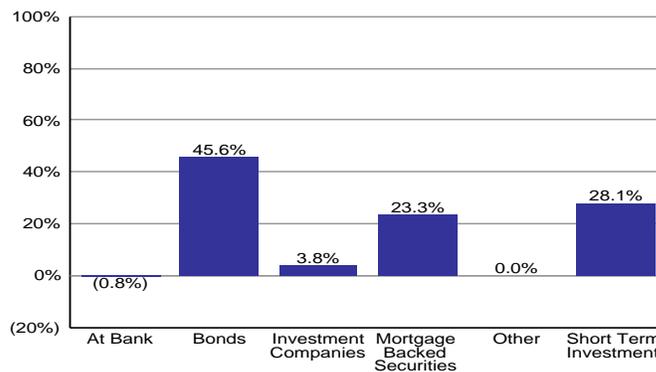
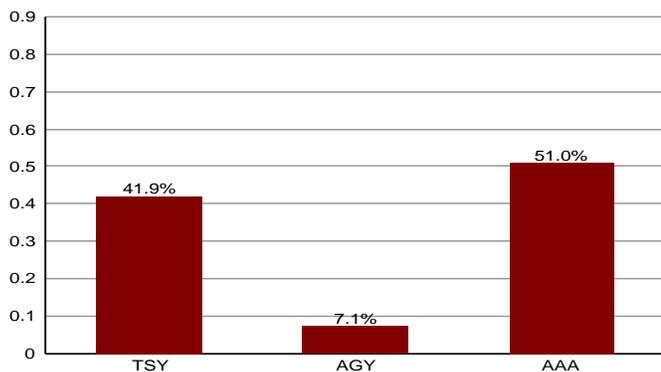
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	20.73%	0.16	1/3/2011
938554N	FDIC - US BANK CD 0.38% 31/MAR/2011	5.78%	0.38	31/3/2011
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	3.99%	2.62	28/12/2012
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	3.83%		
36202FFH4	GNMA II MORTPASS 4.5% 20/APR/2025 SF PN# 004668	3.66%	4.50	20/4/2025
3620A5MX4	GNMA I MORTPASS 5% 15/SEP/2039 SF PN# 719574	3.49%	5.00	15/9/2039
73278MAA1	POOLED FDG TR I 2.74% BDS 15/FEB/2012 USD	3.14%	2.74	15/2/2012
38376ETD7	GINNIE MAE 2009-108 WG 4.000% 20/SEP/2038	2.96%	4.00	20/9/2038
912828KL3	UNITED STATES TREAS NTS 0.875% 30/APR/2011	2.70%	0.88	30/4/2011
038461AC3	AID-EGYPT 4.45% 15/SEP/2015	2.57%	4.45	15/9/2015

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2011**

NET EARNINGS

FUND	DESCRIPTION	Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10	Net Asset Value Per Share
2	STATE AGENCIES I - FULL FAITH & CREDIT	679,736	662,786	873,617	1.0042
3	STATE AGENCIES II - DIVERSIFIED	853,105	974,721	660,690	1.0022
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	245,157	236,906	320,691	1.0002
12	CAWCD MEDIUM TERM	363,721	364,513	288,756	1.0101
15	GADA	25,355	24,466	28,741	1.0146
TOTAL STATE AGENCIES		2,167,073	2,263,392	2,172,495	

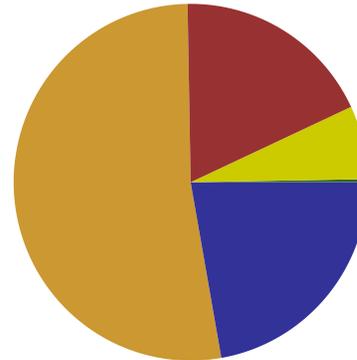
YIELDS

<u>MONTHLY</u>		Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10
2	STATE AGENCIES I - FULL FAITH & CREDIT	0.96%	0.99%	1.65%
3	STATE AGENCIES II - DIVERSIFIED	0.62%	0.68%	0.77%
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	0.45%	0.46%	0.59%
12	CAWCD MEDIUM TERM	2.09%	2.01%	2.91%
15	GADA	2.46%	2.62%	3.08%

Manager Allocation - Daily Arizona State Treasury (05509) As of February 28, 2011

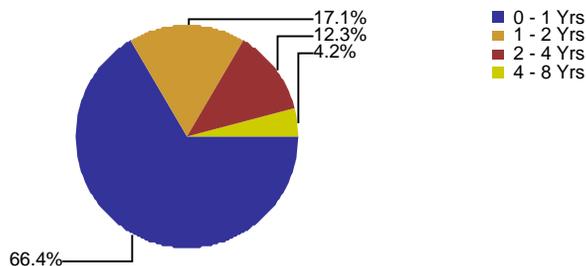
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	238.96	6.6%
State of Arizona - Pool 15 (GADA) (10327600)	12.29	0.3%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	805.29	22.2%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,910.86	52.6%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	667.33	18.4%
TOTAL	3,634.73	100.0%

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



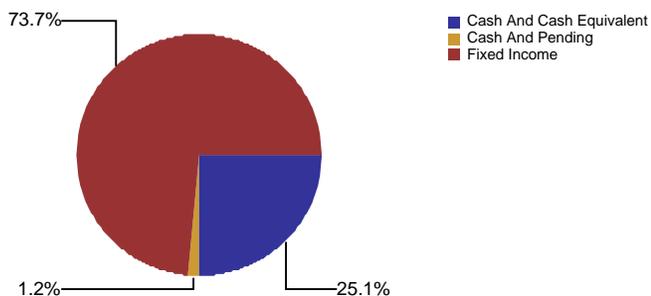
Portfolio Characteristics

Total Net Assets (Millions) **805.3**
 Weighted Average Life (Years) **1.17**
 Weighted Avg. Effective Duration (Years) **0.95**
 Weighted Average Rating **AAA**
 Number of Holdings **71**



Asset Mix

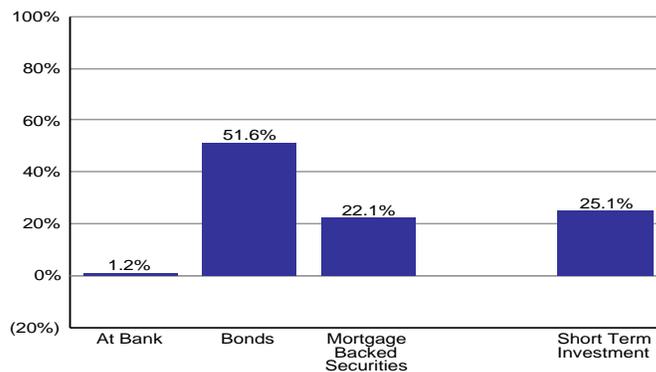
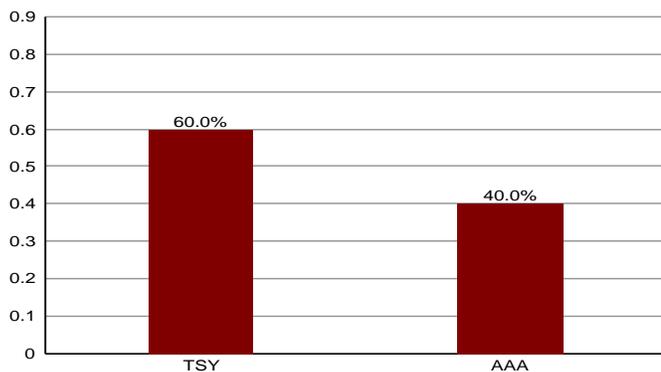
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	25.12%	0.16	1/3/2011
912828LG3	UNITED STATES TREAS NTS 1% 31/JUL/2011	5.00%	1.00	31/7/2011
912828FH8	US TREAS NTS 04.875% 31/MAY/2011	2.54%	4.88	31/5/2011
912828KP4	UNITED STATES TREAS NTS 1.375% 15/MAY/2012	2.52%	1.38	15/5/2012
912828MU1	UNITED STATES TREAS NTS 1.000% 31/MAR/2012	2.51%	1.00	31/3/2012
912828KB5	UNITED STATES TREAS NTS 1.125% 15/JAN/2012	2.51%	1.12	15/1/2012
912828LF5	UNITED STATES TREAS NTS 1.125% 30/JUN/2011	2.50%	1.12	30/6/2011
912828KH2	UNITED STATES TREAS NTS 0.875% 31/MAR/2011	2.49%	0.88	31/3/2011
38376XC92	GINNIE MAE 2010-31 TJ 4.000% 20/MAR/2021	2.41%	4.00	20/3/2021
17314JAN3	CITIBANK N A 1.375% BDS 10/AUG/2011 USD1000	2.18%	1.38	10/8/2011

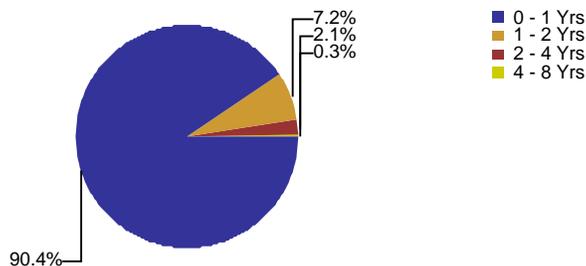
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



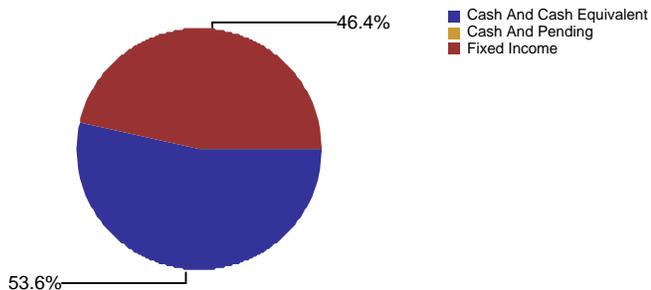
Portfolio Characteristics

Total Net Assets (Millions) **1,910.9**
 Weighted Average Life (Years) **0.59**
 Weighted Avg. Effective Duration (Years) **0.30**
 Weighted Average Rating **AA+**
 Number of Holdings **129**



Asset Mix

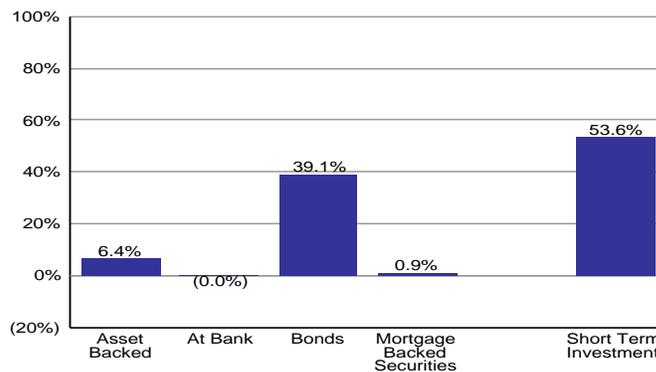
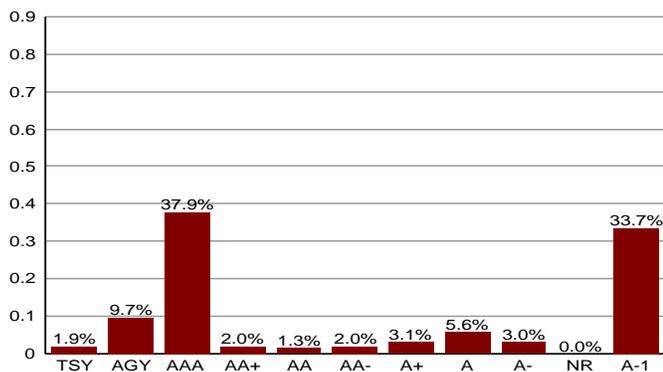
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	14.95%	0.16	1/3/2011
38346MRR7	GOTHAM FDG CORP CORPORATE COMMERCIAL PAPER	2.61%	0.00	25/4/2011
31398AWQ1	FEDERAL NATIONAL MORTGAGE ASSOC 1.37500% SRN	1.84%	1.38	28/4/2011
12619URL7	CRC FUNDING LLC CORPORATE COMMERCIAL PAPER	1.63%	0.00	20/4/2011
5705X5Q87	MARKET ST FNDG CORP CORPORATE COMMERCIAL PAPER	1.57%	0.00	8/3/2011
06945MQ74	BARTON CAPITAL CP 03/11	1.57%	0.00	7/3/2011
85520MQH9	STARBIRD FDG. CORP. CORPORATE COMMERCIAL PAPER	1.57%	0.00	17/3/2011
17177MR53	CIESCO CP 04/11	1.57%	0.00	5/4/2011
97342KR42	WINDMILL FUNDING CORP. ZCP 04/APR/2011	1.57%	0.00	4/4/2011
82124MR85	SHEFFIELD RECEIVABLE CORPORATE COMMERCIAL PAPER	1.57%	0.00	8/4/2011

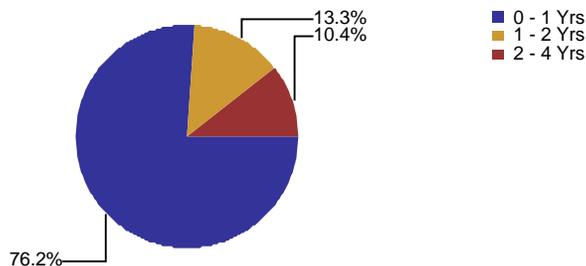
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



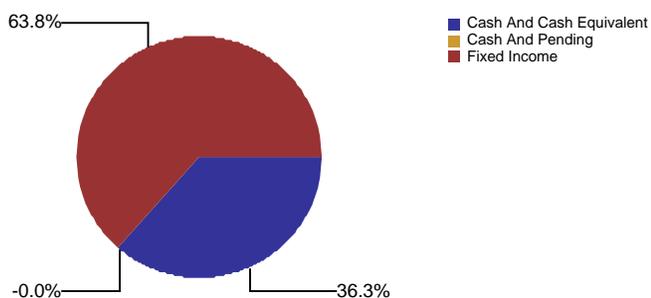
Portfolio Characteristics

Total Net Assets (Millions) **667.3**
 Weighted Average Life (Years) **1.08**
 Weighted Avg. Effective Duration (Years) **0.61**
 Weighted Average Rating **AGY**
 Number of Holdings **51**



Asset Mix

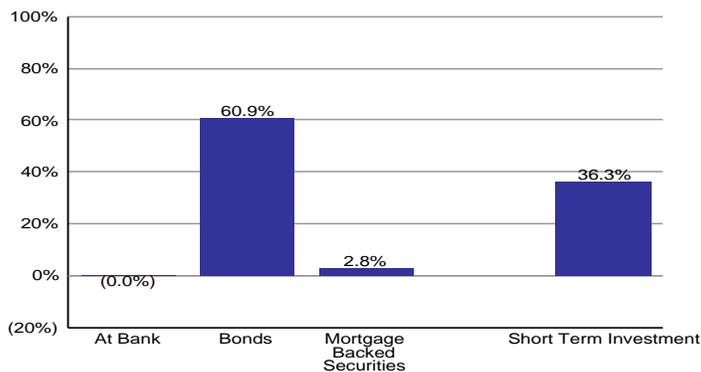
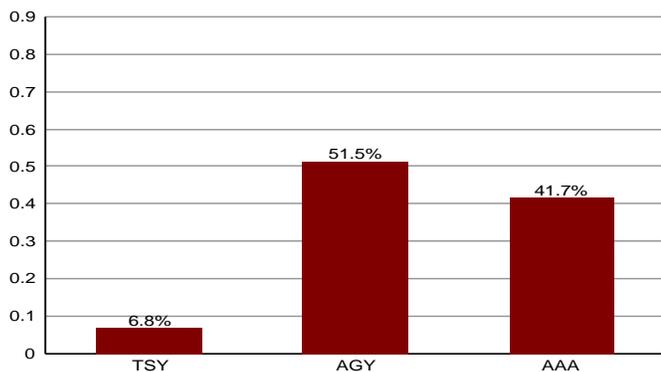
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	19.78%	0.16	1/3/2011
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 01/MAR/2011	8.26%	0.30	1/3/2011
446436AB3	HUNTINGTON NATIONAL BANK FRN 01/JUN/2012 USD1000	3.77%	0.70	1/6/2012
788717D	FED HOME LOAN ZCP 06/JAN/2011	3.05%	0.00	1/6/2011
912828JU5	UNITED STATES OF AMER TREAS NOTES 1.75% TB	3.04%	1.75	15/11/2011
3134G1UJ1	FED HOME LOAN MTG 0.4% MTN 22/SEP/2011 USD	3.00%	0.40	22/9/2011
313396CT8	FEDERAL HOME LOAN MORTGAGE CORP 0% DISCOUNT NTS	3.00%	0.00	7/3/2011
313396DH3	FED HOME LOAN MTG 0% 21/MAR/2011 NTS	3.00%	0.00	21/3/2011
787631D	FED HOME LOAN ZCP 29/AUG/2011	2.99%	0.00	29/8/2011
954199D	FANNIE ZCP 26/SEP/2011	2.99%	0.00	26/9/2011

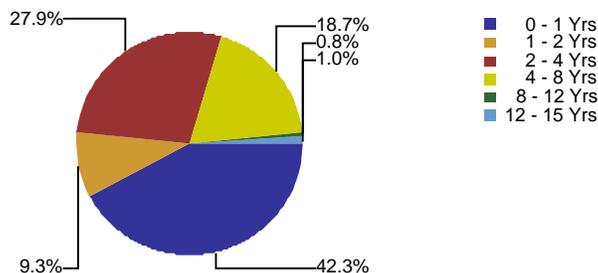
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



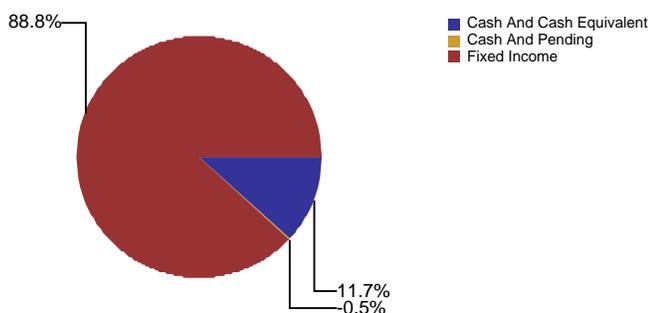
Portfolio Characteristics

Total Net Assets (Millions) **239.0**
 Weighted Average Life (Years) **4.32**
 Weighted Avg. Effective Duration (Years) **2.12**
 Weighted Average Rating **AA+**
 Number of Holdings **126**



Asset Mix

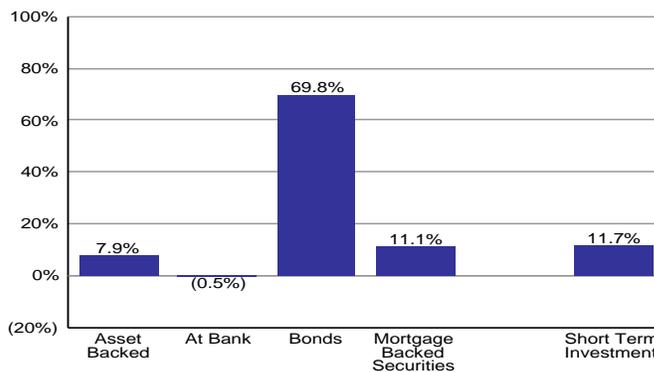
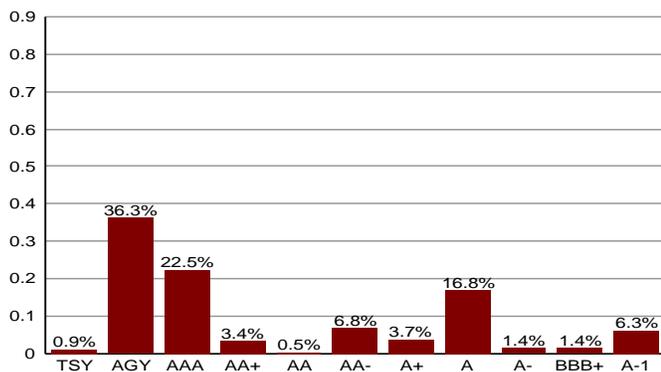
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
05199T536	TRI-PARTY REPO DEUTSCHE BANK 0.16% 01/MAR/2011	3.23%	0.16	1/3/2011
59217GAF6	METRO LIFE GBL FD1 FR MTN 10/JAN/2014 USD1000	2.09%	1.05	10/1/2014
039483BA9	ARCHER DANIELS MIDLAND CO 0.4733% BDS 13/AUG/2012	2.08%	0.47	13/8/2012
06945MS49	BARTON CAPITAL CORP. CORPORATE COMMERCIAL PAPER	2.08%	0.00	4/5/2011
963673D	LEGACY CAPITAL ZERO 02/JUN/2011	2.08%	0.00	2/6/2011
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	2.08%	0.44	15/2/2017
532457AN8	LILLY(ELI)& CO 6.57% NTS 01/JAN/2016 USD1000	2.05%	6.57	1/1/2016
31398SQU0	FANNIE MAE 2010-137 MC 3.000% 25/OCT/2038	2.04%	3.00	25/10/2038
674599BZ7	OCCIDENTAL PETE CORP DEL SR NT 2.5% 01/FEB/2016	1.87%	2.50	1/2/2016
3024A7Q78	FCAR OWNER TRUST CORPORATE COMMERCIAL PAPER	1.67%	0.00	7/3/2011

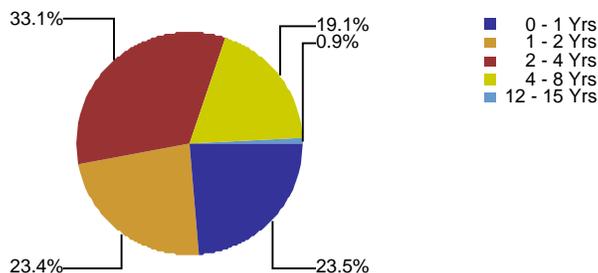
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



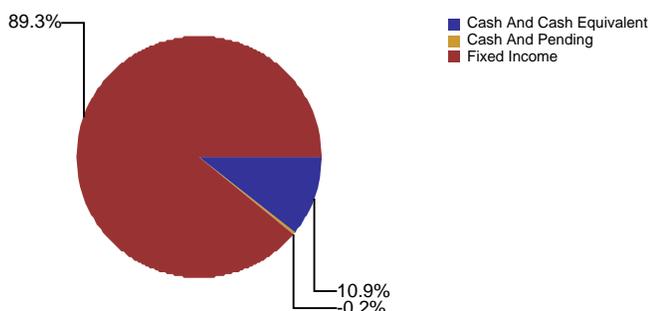
Portfolio Characteristics

Total Net Assets (Millions) **12.3**
 Weighted Average Life (Years) **4.75**
 Weighted Avg. Effective Duration (Years) **2.42**
 Weighted Average Rating **AAA**
 Number of Holdings **26**



Asset Mix

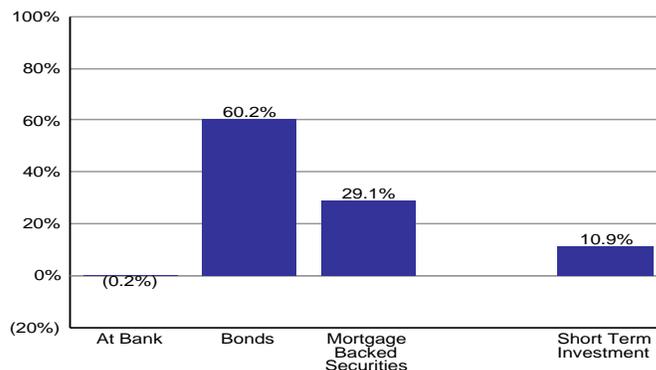
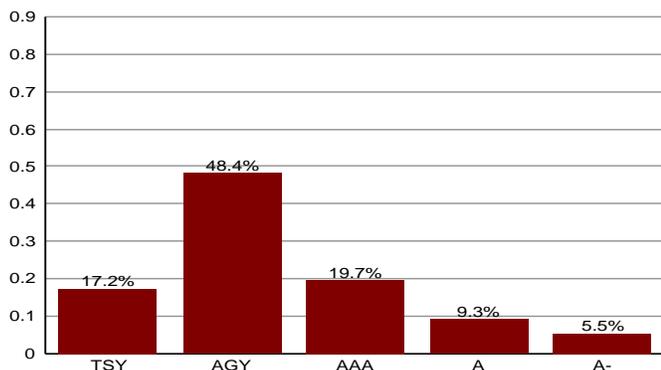
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
928989383	JP MORGAN U S GOVT AGENCY SHARES	10.87%	0.00	31/12/2049
787697B	LONG TERM GOV'T POOL ZCP 31/DEC/2049	8.09%	0.00	31/12/2049
31294KT B1	FEDERAL HOME LN MTG CORP GOLD POOL # EO1446 DTD	6.82%	4.50	1/9/2018
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP PN# 782080	5.50%	4.50	15/2/2021
3137A2PF2	FREDDIE MAC 3766 HE 3.000% 15/NOV/2020	5.11%	3.00	15/11/2020
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.82%	6.95	15/3/2014
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/2039	4.62%	4.00	16/11/2039
5526E2AC3	MBNA AMERICA BANK NA 7.125% 15/NOV/2012	4.47%	7.12	15/11/2012
3128X77G3	FEDERAL HOME LOAN MORTGAGE CORP 4.25% BDS	4.19%	4.25	12/12/2018
3128X94A5	FEDERAL HOME LOAN MORTGAGE CORP 5% NTS 29/APR/2025	4.14%	5.00	29/4/2025

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through February 28, 2011

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year</u> <u>2008/2009</u>	<u>Fiscal Year</u> <u>2009/2010</u>	<u>Fiscal Year</u> <u>2010/2011</u>
JULY	1,450	116	1,077
AUGUST	795	(200)	761
SEPTEMBER	876	11	590
OCTOBER	564	(224)	358
NOVEMBER	613	(431)	570
DECEMBER	804	(733)	592
JANUARY	739	(463)	835
FEBRUARY	542	(423)	863
MARCH	264	(686)	
APRIL	16	(635)	
MAY	18	(579)	
JUNE	470	450	
Y-T-D			
Average	\$596	(\$316)	\$706

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
FEBRUARY 2011**

Distributed in Current Month

Recipient	February-11	Fiscal YTD 10/11	Fiscal YTD 09/10
101 A & M Colleges	\$4,897	\$37,205	\$0
102 State Hospital	\$2,401	\$18,155	\$0
103 Leg., Exec., & Jud.	\$4,604	\$35,293	\$0
104 Military Institute	\$356	\$2,737	\$0
105 Miners Hospital	\$6,454	\$49,370	\$0
107 Normal School ASU/NAU	\$1,795	\$13,724	\$0
108 Penitentiaries	\$9,792	\$76,464	\$0
109 Permanent Common School	\$1,390,917	\$10,600,278	\$0
110 School for Deaf & Blind	\$2,682	\$20,538	\$0
111 School of Mines	\$6,060	\$46,281	\$0
112 State Charitable-Pioneers Home	\$21,984	\$165,879	\$0
112 State Charitable-Corrections	\$10,992	\$82,941	\$0
112 State Charitable-Youth Treatment	\$10,992	\$82,941	\$0
113 University Fund	\$9,301	\$70,946	\$0
114 U of A Land - 1881	\$20,827	\$159,173	\$0
Total	\$1,504,054	\$11,461,925	\$0

Posted in USAS in current month

**ENDOWMENT FUNDS
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2011**

NET EARNINGS

FUND	DESCRIPTION	Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10
205	ENDOWMENTS - FIXED INCOME	3,663,212	4,177,775	5,310,621

YIELDS

<u>MONTHLY</u>	Prior Month 01/31/11	Current Month 02/28/11	Prior Year 2/28/10	
205	ENDOWMENTS - FIXED INCOME	4.59%	5.31%	6.80%

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Feb-11 NET GAIN(LOSS)	Feb-10 NET GAIN(LOSS)
----- Fixed Income Pool	(261,247)	655,273
Equity Pool (500)	35,332	(760,958)
Equity Pool (400)	2,305,147	1,204,409
	-----	-----
Totals	2,079,232	1,098,724
	=====	=====

Endowment Fund	2010/2011 FISCAL YEAR TO DATE GAINS(LOSSES)	2009/ 2010 FISCAL YEAR TO DATE GAINS(LOSSES)
----- Fixed Income Pool	(1,349,945)	(1,691,833)
Equity Pool (500)	770,099	(7,909,530)
Equity Pool (400)	14,484,366	3,319,677
	-----	-----
Totals	13,904,521	(6,281,687)
	=====	=====

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of February 2011

State Treasurer's Report
 March 22, 2011
 Page 20

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&P RATING</u>
FNMA	4.00	2/18/2016	N/A	\$5,000,000	\$5,082,700	0.68%	Aaa/AAA
FNMA MTG	4.00	1/1/2025	3.90	\$5,432,226	\$5,600,248	3.09%	Aaa/AAA
FHLMC MTG VAR	2.80	10/1/2036	8.72	\$4,884,809	\$5,148,099	1.87%	Aaa/AAA
FHLMC MTG	4.00	5/15/2028	3.96	\$4,856,231	\$5,006,454	3.15%	Aaa/AAA
FHLMC MTG	4.00	11/15/2025	3.75	\$5,000,000	\$5,140,781	3.24%	Aaa/AAA
FHLMC MTG	4.50	12/15/2021	5.88	\$4,912,311	\$5,210,888	3.36%	Aaa/AAA
GNMA MTG	4.50	3/15/2039	5.42	\$1,915,374	\$1,982,951	3.76%	Aaa/AAA
U S TREASURY NOTE	2.63	4/30/2016	N/A	\$2,500,000	\$2,538,622	2.46%	Aaa/AAA
JOHNSON CONTROLS	1.75	3/1/2014	N/A	\$2,000,000	\$1,999,340	1.76%	Baa1/BBB+
				----- \$36,500,952	----- \$37,710,083		
TOTAL ENDOWMENT FUNDS PURCHASES							

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&P RATING</u>
			----- \$0	----- \$0	----- \$0	
TOTAL ENDOWMENT FUNDS SALES						

*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 February 2011

State Treasurer's Report
March 22, 2011
Page 21

I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	108,117	\$2,781,366	\$1,622
S&P 500 Large-Cap Fund	103,273	\$4,925,447	\$939
S&P 600 Small-Cap Fund	1,196,307	\$27,724,111	\$17,904
TOTAL EQUITY PURCHASES	1,407,697	\$35,430,924	\$20,465

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	69,270	\$5,753,475	\$512
S&P 500 Large-Cap Fund	2,192	\$124,791	\$33
S&P 600 Small-Cap Fund	0	\$0	\$0
TOTAL EQUITY SALES	71,462	\$5,878,266	\$544

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**

State Treasurer's Report

March 22, 2011

Page 22

FEBRUARY 28, 2011

(In Thousands)

FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,555	2,323	3,016	693	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	812	788	1,686	899	
	<i>Shares in Small-Cap 600 Equity Fund</i>	79	79	79	(0)	
	<i>Shares in Fixed Income Fund</i>	2,718	3,064	4,526	1,462	
	Total	6,163	6,253	9,307	3,054	1.488
102	State Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,656	1,431	1,955	524	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	457	485	949	464	
	<i>Shares in Small-Cap 600 Equity Fund</i>	46	46	46	(0)	
	<i>Shares in Fixed Income Fund</i>	1,594	1,886	2,654	768	
	Total	3,752	3,847	5,604	1,756	1.456
103	Leg., Exec., & Jud.					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,944	1,900	2,295	394	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	620	644	1,287	643	
	<i>Shares in Small-Cap 600 Equity Fund</i>	65	65	65	(0)	
	<i>Shares in Fixed Income Fund</i>	2,253	2,507	3,752	1,245	
	Total	4,881	5,117	7,399	2,282	1.446
104	Military Institute					
	<i>Shares in Large-Cap 500 Equity Fund</i>	132	131	155	25	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	45	44	94	50	
	<i>Shares in Small-Cap 600 Equity Fund</i>	5	5	5	(0)	
	<i>Shares in Fixed Income Fund</i>	160	172	267	94	
	Total	341	352	521	168	1.479
105	Miners Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,308	4,222	5,086	864	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,160	1,439	2,411	972	
	<i>Shares in Small-Cap 600 Equity Fund</i>	173	173	173	(0)	
	<i>Shares in Fixed Income Fund</i>	4,196	5,508	6,989	1,482	
	Total	9,838	11,342	14,659	3,317	1.292

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**

State Treasurer's Report

March 22, 2011

Page 23

FEBRUARY 28, 2011

(In Thousands)

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 Large-Cap 500 Equity Fund</i>	918	865	1,084	219	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	271	293	563	269	
	<i>Shares in Small-Cap 600 Equity Fund</i>	28	28	28	(0)	
	<i>Shares in Fixed Income Fund</i>	966	1,141	1,608	467	
	Total	2,183	2,327	3,283	956	1.411
108	Penitentiaries					
	<i>Shares in Large-Cap 500 Equity Fund</i>	3,256	2,944	3,845	901	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	929	998	1,930	931	
	<i>Shares in Small-Cap 600 Equity Fund</i>	91	91	91	(0)	
	<i>Shares in Fixed Income Fund</i>	3,201	3,883	5,331	1,448	
	Total	7,477	7,917	11,197	3,280	1.414
109	Permanent Common School					
	<i>Shares in Large-Cap 500 Equity Fund</i>	880,768	850,632	1,039,914	189,281	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	238,495	288,056	495,457	207,401	
	<i>Shares in Small-Cap 600 Equity Fund</i>	25,684	25,684	25,665	(18)	
	<i>Shares in Fixed Income Fund</i>	876,536	1,120,563	1,459,873	339,310	
	Total	2,021,482	2,284,936	3,020,909	735,973	1.322
110	School for Deaf & Blind					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,311	1,241	1,548	307	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	400	421	832	411	
	<i>Shares in Small-Cap 600 Equity Fund</i>	41	41	41	(0)	
	<i>Shares in Fixed Income Fund</i>	1,435	1,637	2,390	753	
	Total	3,188	3,339	4,811	1,471	1.441
111	School of Mines					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,886	2,801	3,407	606	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	867	950	1,801	851	
	<i>Shares in Small-Cap 600 Equity Fund</i>	89	89	89	(0)	
	<i>Shares in Fixed Income Fund</i>	3,111	3,695	5,181	1,486	
	Total	6,952	7,535	10,478	2,943	1.391

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2011
 (In Thousands)

State Treasurer's Report
 March 22, 2011
 Page 24

FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
112	State Charitable					
	<i>Shares in Large-Cap 500 Equity Fund</i>	30,018	27,973	35,442	7,469	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	7,790	9,481	16,183	6,701	
	<i>Shares in Small-Cap 600 Equity Fund</i>	815	815	815	(1)	
	<i>Shares in Fixed Income Fund</i>	28,793	36,889	47,954	11,065	
	Total	67,416	75,159	100,394	25,235	1.336
113	University Fund					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,793	4,597	5,659	1,062	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,419	1,554	2,948	1,394	
	<i>Shares in Small-Cap 600 Equity Fund</i>	158	158	158	(0)	
	<i>Shares in Fixed Income Fund</i>	5,131	6,043	8,546	2,504	
	Total	11,502	12,352	17,312	4,960	1.402
114	U Of A Land - 1881					
	<i>Shares in Large-Cap 500 Equity Fund</i>	13,813	13,803	16,309	2,505	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	3,774	4,666	7,841	3,174	
	<i>Shares in Small-Cap 600 Equity Fund</i>	447	447	447	(0)	
	<i>Shares in Fixed Income Fund</i>	14,231	18,136	23,701	5,566	
	Total	32,265	37,053	48,298	11,245	1.303
TOTALS - ALL FUNDS						
	<i>Shares in Large-Cap 500 Equity Fund</i>	948,357	914,864	1,119,715	204,851	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	257,039	309,821	533,980	224,160	
	<i>Shares in Small-Cap 600 Equity Fund</i>	27,721	27,721	27,701	(20)	
	<i>Shares in Fixed Income Fund</i>	944,324	1,205,124	1,572,774	367,651	
	Grand Total	2,177,440	2,457,529	3,254,171	796,642	
PRIOR YEAR:						
FEBRUARY 2010 BALANCES		2,067,177	2,316,157	2,732,696	416,539	

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
FEBRUARY 28, 2011**

State Treasurer's Report
March 22, 2011
Page 25

ASSET ALLOCATION PERCENTAGE

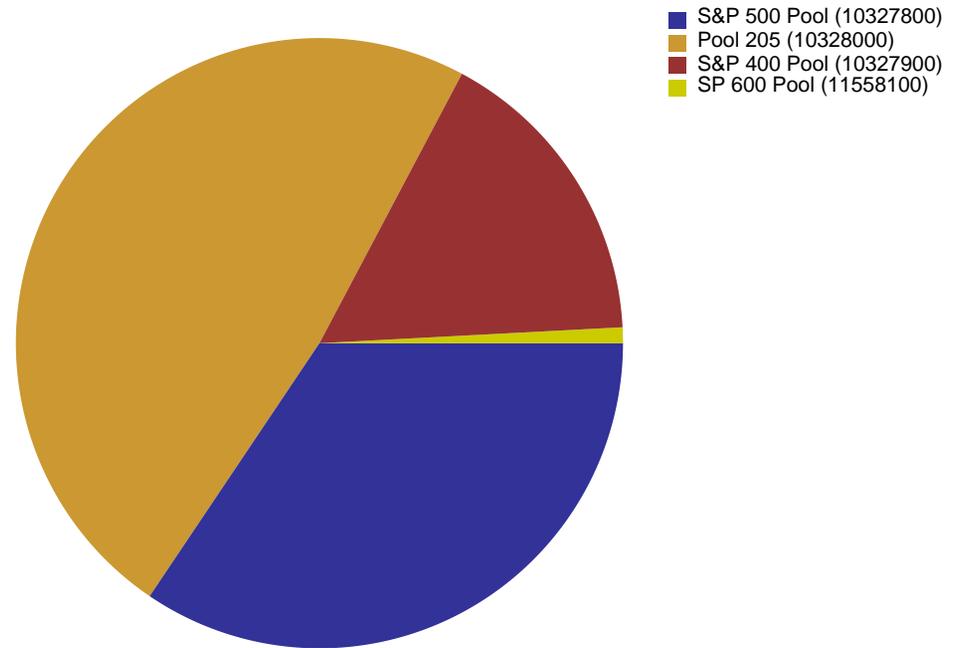
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	FEBRUARY 2010 MARKET VALUE
<i>Shares in Large-Cap 500 Equity Fund</i>	43.55%	37.23%	34.41%	31.67%
<i>Shares in Mid-Cap 400 Equity Fund</i>	11.80%	12.61%	16.41%	14.32%
<i>Shares in Small-Cap 600 Equity Fund</i>	1.27%	1.13%	0.85%	0.00%
<i>Shares in Fixed Income Fund</i>	43.37%	49.04%	48.33%	54.01%
Total	100.00%	100.00%	100.00%	100.00%

Performance Worksheet
Arizona State Treasury (05509)
As of February 2011
Gross of Fee

Total Endowment Fund Composite (00550902)													
ID	Name	Beginning Market Value	Ending Market Value	Cashflow	Current Month	Trailing Three Months	Year to Date	Fiscal Year To Date	Trailing One Year	Trailing Three Years	Trailing Five Years	Since Inception	Inception Date
10327800	S&P 500 Pool	1,078,141,381.00	1,119,715,361.00	4,615,028	3.43	12.94	5.88	30.50	22.59	2.33	2.83	0.77	07/01/1999
10327900	S&P 400 Pool	513,079,821.50	533,980,398.20	-3,054,963	4.67	13.73	6.76	37.04	32.19	7.19	5.84	8.23	08/01/2001
10328000	Pool 205	1,592,321,082.00	1,572,774,218.00	-21,820,196	0.14	(0.64)	(0.41)	0.95	3.76	4.91	5.66	6.02	07/01/1999
11558100	SP 600 Pool	0.00	27,700,879.45	27,720,712									02/01/2011
00550902	Total Endowment Fund Composite	3,183,542,284.01	3,254,170,857.16	7,460,580	1.98	5.94	2.83	14.89	13.82	4.57	4.89	5.21	07/01/1999

Manager Allocation - Daily Arizona State Treasury (05509) As of February 28, 2011

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,572.77	48.3%
S&P 400 Pool (10327900)	533.98	16.4%
S&P 500 Pool (10327800)	1,119.72	34.4%
SP 600 Pool (11558100)	27.70	0.9%
TOTAL	3,254.17	100.0%



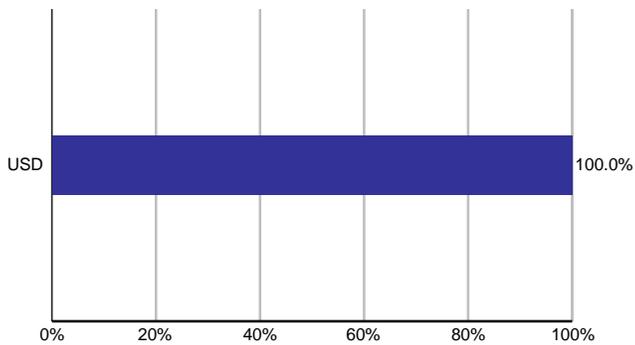
Portfolio Characteristics

Total Asset Value (in Millions)	1,119.7	Trailing 1 Year	0.04	Trailing 3 Years	0.19	Trailing 5 Years	0.42	Since Inception	1.77
P/E Ratio	17.30	Information Ratio	0.23	Std Deviation of Port.	18.50	Std Deviation of Bench.	21.89	Sharpe Ratio of Port.	1.21
Price to Book Ratio	2.28	Std Deviation of Port.	18.50	Sharpe Ratio of Bench.	1.21	R-Squared	1.00	Jensen's Alpha	0.06
Dividend Yield (%)	1.83	Tracking Error	0.04	Information Ratio	0.23	Std Deviation of Port.	18.50	Std Deviation of Bench.	21.89
Return on Equity (%)	20.49	Information Ratio	0.23	Std Deviation of Port.	18.50	Sharpe Ratio of Port.	1.21	R-Squared	1.00
Sales Growth (%)	9.91	Std Deviation of Port.	18.50	Sharpe Ratio of Bench.	1.21	Jensen's Alpha	0.06		
Market Capitalization (\$ Millions)	92,824.47	Std Deviation of Bench.	21.89						
Earnings per Share (\$)	5.06	Sharpe Ratio of Port.	1.21						
Number of Holdings	503	R-Squared	1.00						

Top Ten Portfolio Holdings

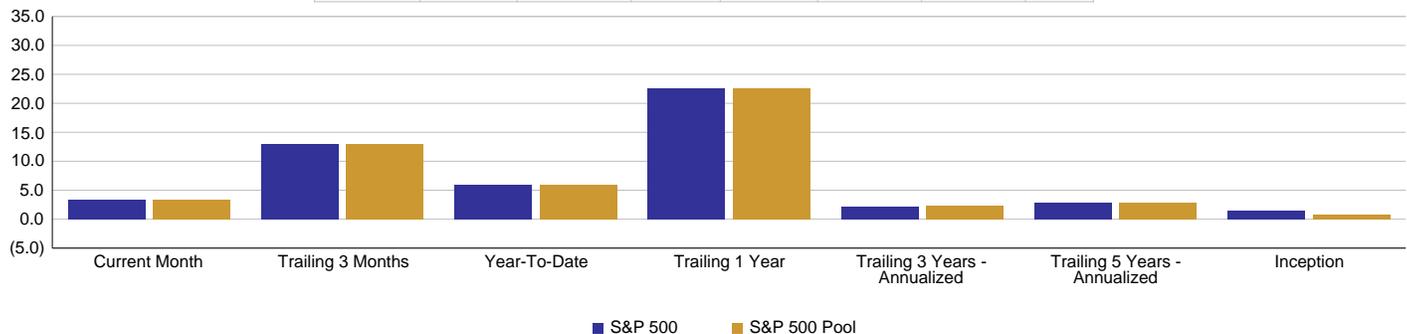
Security ID	Security Name	% of Assets
30231G102	EXXON MOBIL CORP - COM NPV	3.48%
78462F103	SPDR S&P 500 ETF TRUST	2.68%
037833100	APPLE INC - COM NPV	2.60%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.80%
166764100	CHEVRON CORP - COM USD3	1.69%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.62%
594918104	MICROSOFT CORP - COM USD.001	1.62%
46625H100	JPMORGAN CHASE & CO - COM USD12	1.47%
742718109	PROCTER & GAMBLE CO - COM NPV	1.42%
478160104	JOHNSON & JOHNSON - COM USD1	1.37%

Top Ten Currency Weights

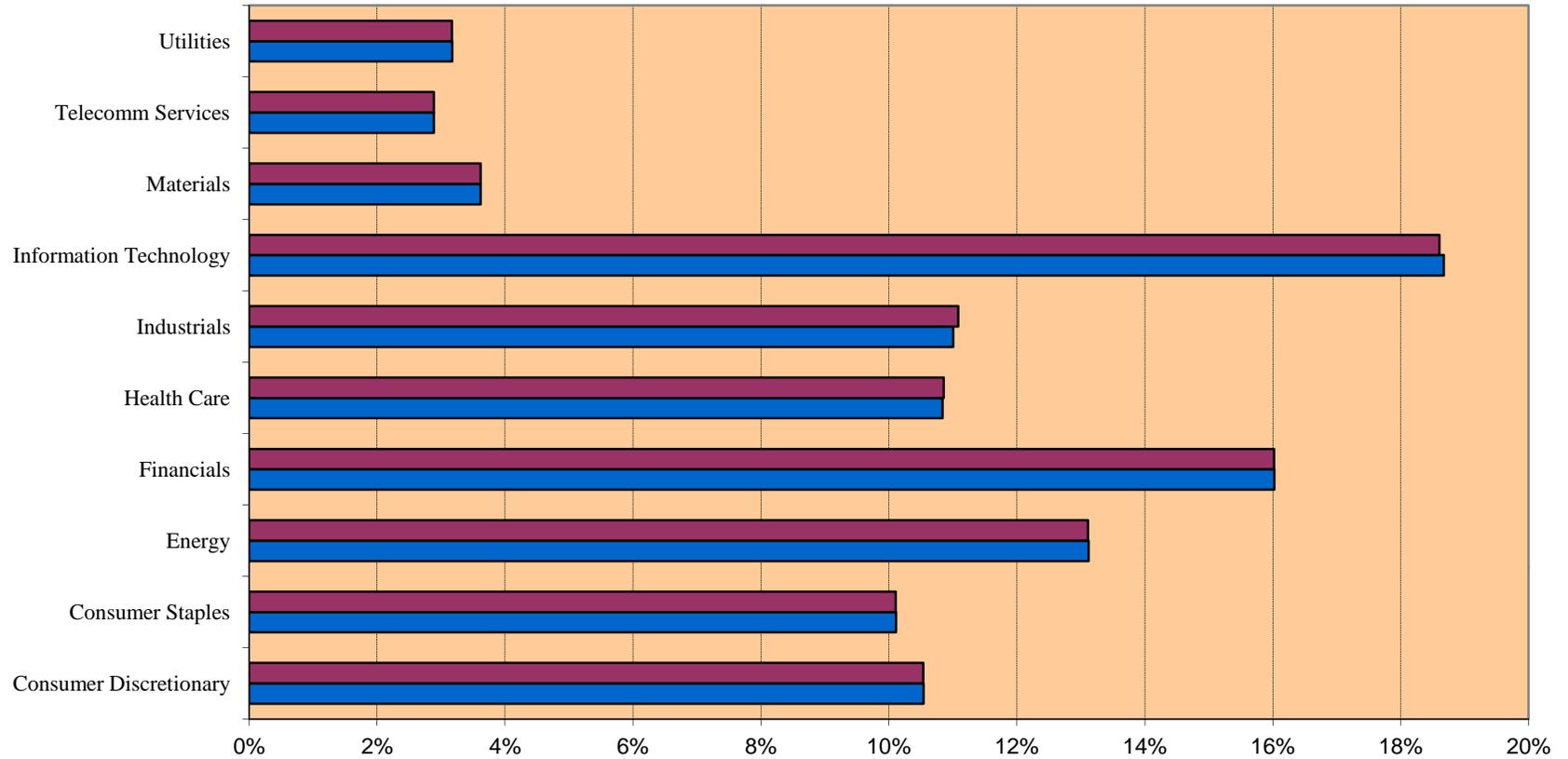


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	3.43	12.94	5.88	22.59	2.33	2.83	0.77
S&P 500	3.43	12.95	5.88	22.57	2.19	2.87	1.52
Excess	(0.00)	(0.02)	(0.00)	0.01	0.14	(0.05)	(0.75)



**STATE OF ARIZONA
POOL 201 (S&P 500)
As of February 28, 2011**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	10.54%	10.11%	13.11%	16.02%	10.86%	11.08%	18.61%	3.62%	2.89%	3.17%
■ STATE OF ARIZONA - POOL 201	10.54%	10.11%	13.12%	16.03%	10.84%	11.01%	18.67%	3.62%	2.89%	3.17%

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

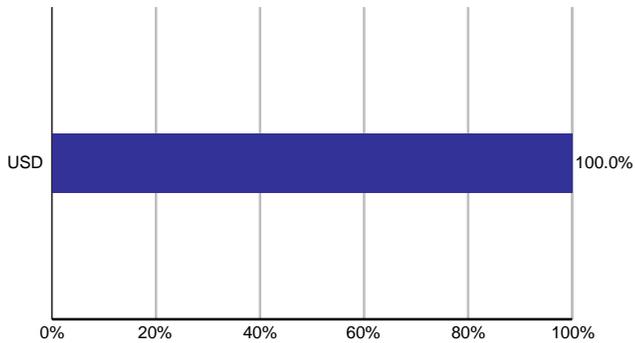
Portfolio Characteristics

Total Asset Value (in Millions)	534.0	Trailing 1 Year	0.56	Trailing 3 Years	2.41	Trailing 5 Years	2.13	Since Inception	2.20
P/E Ratio	24.20	Information Ratio	(1.01)		(0.65)		(0.11)		(0.02)
Price to Book Ratio	2.30	Std Deviation of Port.	20.00		24.92		20.23		17.48
Dividend Yield (%)	1.26	Std Deviation of Bench.	20.24		25.91		21.09		18.56
Return on Equity (%)	10.71	Sharpe Ratio of Port.	1.60		0.27		0.18		0.35
Sales Growth (%)	9.75	Sharpe Ratio of Bench.	1.61		0.31		0.18		0.33
Market Capitalization (\$ Millions)	3,731.97	R-Squared	1.00		0.99		0.99		0.99
Earnings per Share (\$)	2.37	Jensen's Alpha	(0.18)		(1.22)		(0.07)		0.34
Number of Holdings	402								

Top Ten Portfolio Holdings

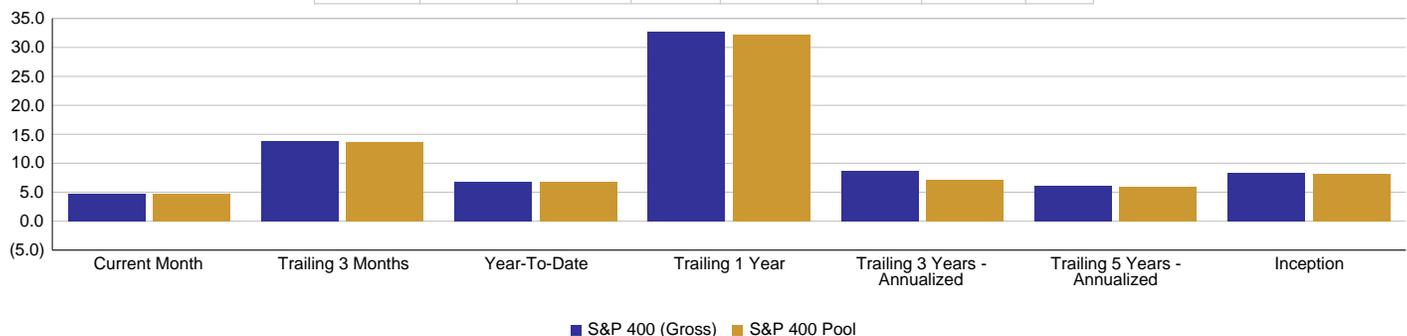
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	4.73%
171798101	CIMAREX ENERGY CO - COM USD.01	0.79%
28176E108	EDWARDS LIFESCIENCES CORP - COM USD1	0.78%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.76%
099724106	BORGWARNER INC - COM USD.01	0.71%
649445103	NEW YORK CMNTY BANCORP INC - COM USD.01	0.66%
169656105	CHIPOTLE MEXICAN GRILL INC - COM USD.01	0.61%
118759109	BUCYRUS INTERNATIONAL INC - COM USD.01	0.59%
74153Q102	PRIDE INTERNATIONAL INC - COM NPV	0.59%
549271104	LUBRIZOL CORP - COM NPV	0.58%

Top Ten Currency Weights

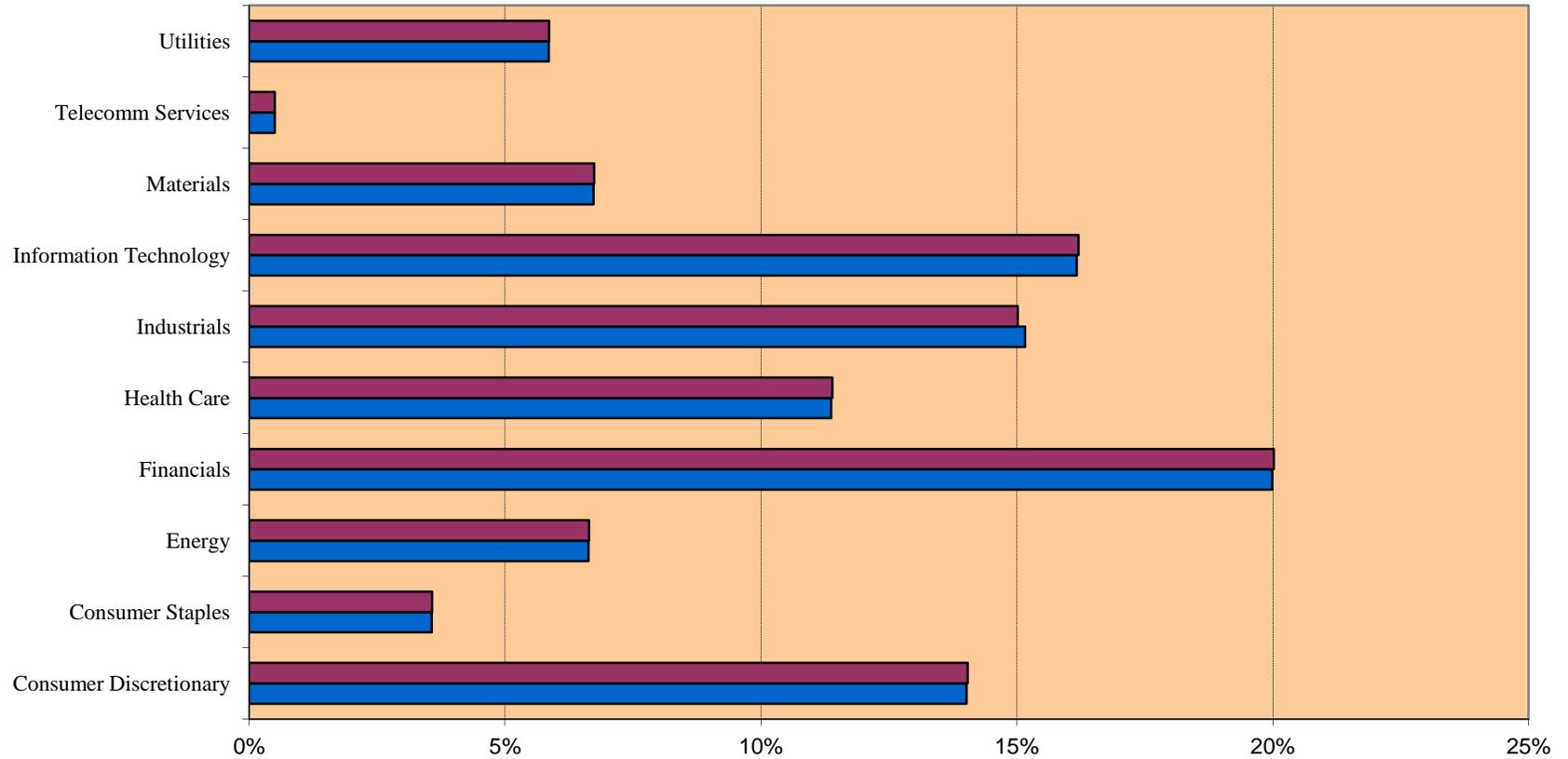


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	4.67	13.73	6.76	32.19	7.19	5.84	8.23
S&P 400 (Gross)	4.65	13.74	6.75	32.76	8.74	6.09	8.27
Excess	0.02	(0.01)	0.01	(0.56)	(1.56)	(0.24)	(0.04)



**STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of February 28, 2011**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	14.04%	3.57%	6.64%	20.02%	11.39%	15.02%	16.21%	6.74%	0.50%	5.86%
■ STATE OF ARIZONA - POOL 203	14.02%	3.57%	6.63%	19.99%	11.37%	15.16%	16.17%	6.73%	0.50%	5.85%

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

Portfolio Characteristics

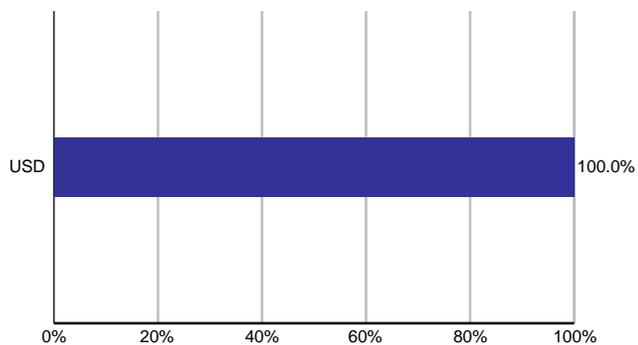
Risk Measures

Total Asset Value (in Millions)	27.7	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	26.63	Information Ratio	-	-	-	-
Price to Book Ratio	1.96	Std Deviation of Port.	-	-	-	-
Dividend Yield (%)	0.98	Std Deviation of Bench.	-	-	-	-
Return on Equity (%)	7.74	Sharpe Ratio of Port.	-	-	-	-
Sales Growth (%)	11.87	Sharpe Ratio of Bench.	-	-	-	-
Market Capitalization (\$ Millions)	1,263.96	R-Squared	-	-	-	-
Earnings per Share (\$)	1.58	Jensen's Alpha	-	-	-	-
Number of Holdings	601					

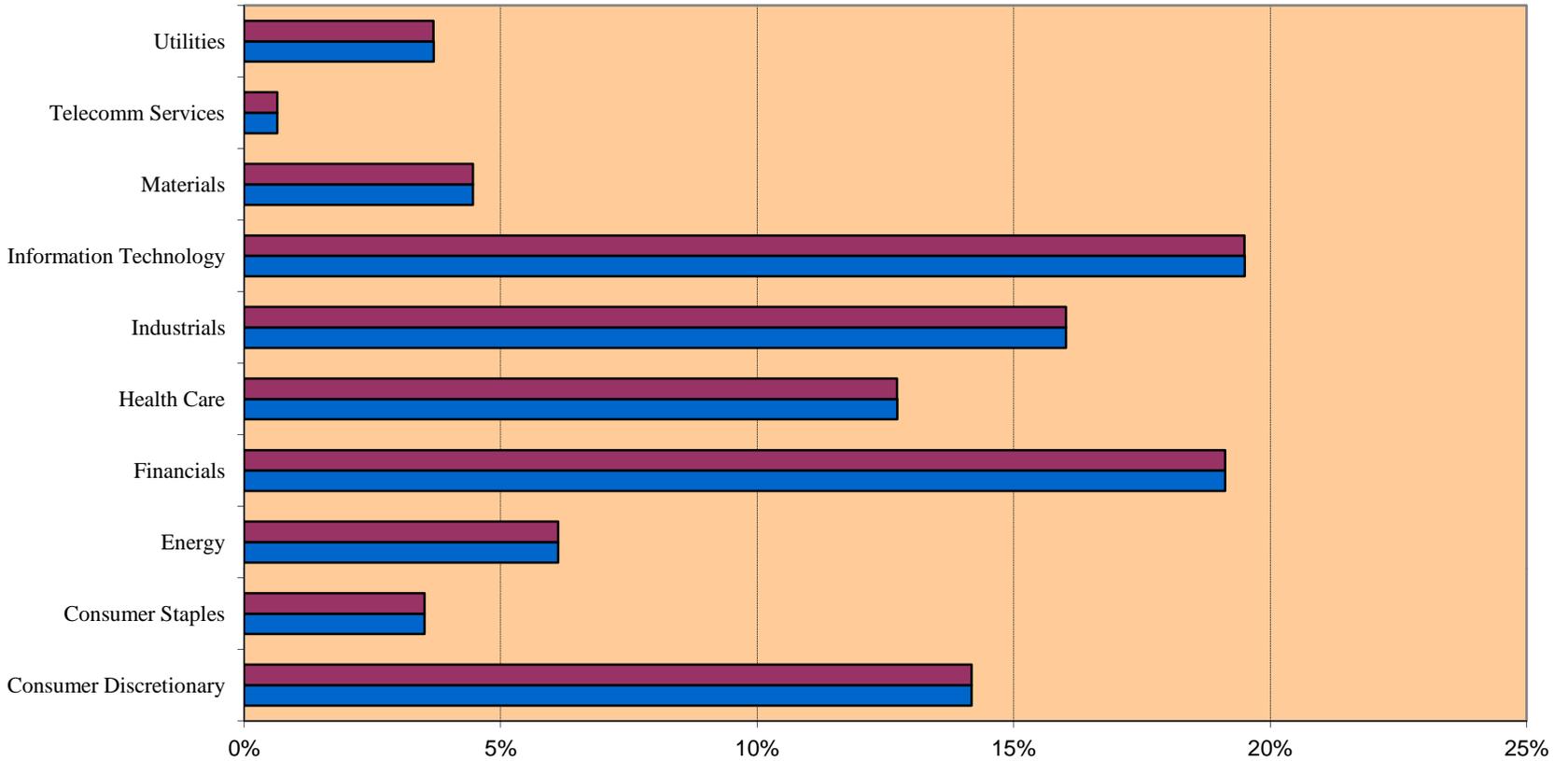
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets
464287804	ISHARES TRUST S&P SMALLCAP 600 INDEX FUND	2.33%
678026105	OIL STATES INTL INC - COM USD.01	0.71%
922207105	VARIAN SEMICONDUCTOR EQUIPMT - COM USD.01	0.68%
981475106	WORLD FUEL SERVICES CORP - COM USD.01	0.55%
03073T102	AMERIGROUP CORP - COM USD.01	0.55%
216648402	COOPER COMPANIES INC - COM USD.1	0.55%
75886F107	REGENERON PHARMACEUT - COM USD.001	0.51%
860630102	STIFEL FINANCIAL CORP - COM USD.15	0.49%
435758305	HOLLY CORP - COM USD.01	0.49%
09063H107	BIOMED REALTY TRUST INC - COM USD.01	0.46%

Top Ten Currency Weights



**STATE OF ARIZONA
POOL 204 (S&P 600)
As of February 28, 2011**

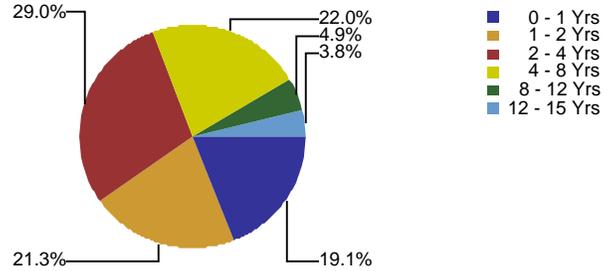


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 600 Index	14.18%	3.52%	6.12%	19.12%	12.73%	16.02%	19.50%	4.46%	0.65%	3.69%
■ STATE OF ARIZONA - POOL 204	14.18%	3.52%	6.12%	19.12%	12.73%	16.02%	19.50%	4.46%	0.65%	3.69%

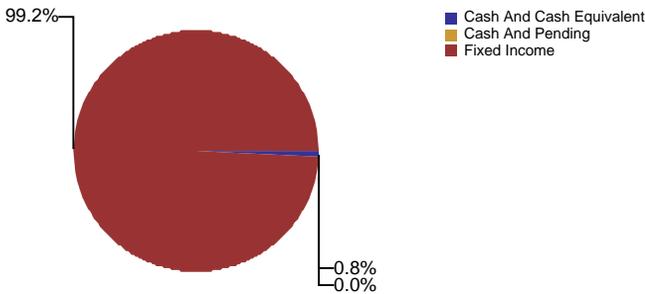
S&P 600 Index
 STATE OF ARIZONA - POOL 204

Portfolio Characteristics

Total Net Assets (Millions)	1,572.8
Weighted Average Life (Years)	5.11
Weighted Avg. Effective Duration (Years)	3.41
Weighted Average Coupon (%)	4.49
Weighted Average Current Yield (%)	2.17
Weighted Average Yield to Maturity (%)	2.23
Weighted Average Rating	AAA
Number of Holdings	279



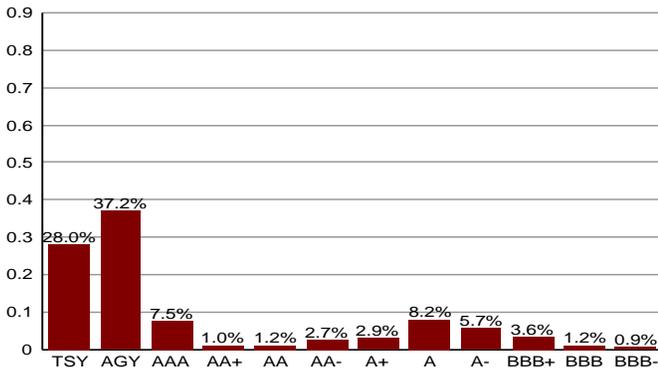
Asset Mix



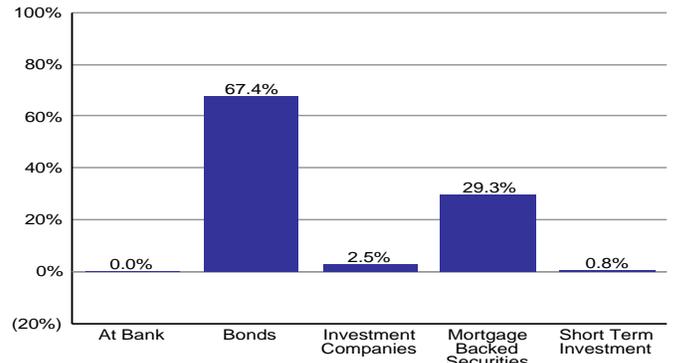
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.37%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.27%	0.00	31/12/2049
958268S	LONG TERM GOV'T POOL	1.27%	0.00	31/12/2049
92343VAN4	VERIZON COMMUNICATIONS INC 5.25% NTS 15/APR/2013	1.02%	5.25	15/4/2013
912828FK1	US TREAS NTS 05.125% 30/JUN/2011	0.98%	5.12	30/6/2011
3136FP4E4	FEDERAL NATIONAL MORTGAGE ASSOC 1.75% NTS	0.96%	1.75	30/12/2013
912810ED6	USA TREASURY BDS 8.125% BDS15/AUG/2019 USD1000	0.88%	8.12	15/8/2019
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.81%	6.38	15/8/2027
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	0.76%	0.00	31/12/2049
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.73%	5.75	1/4/2018

Quality/Rating Weightings

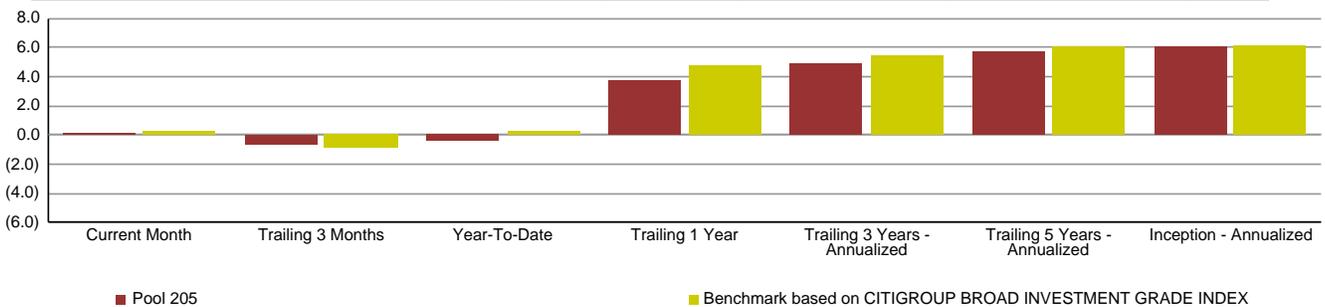


Sector Weightings (as % of Market Value)



Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.14	(0.64)	(0.41)	3.76	4.91	5.66	6.02
Benchmark based on CITIGROUP BROAD INVESTMENT GRADE INDEX	0.20	(0.85)	0.31	4.73	5.43	5.98	6.16
Excess	(0.06)	0.21	(0.72)	(0.97)	(0.52)	(0.32)	(0.14)

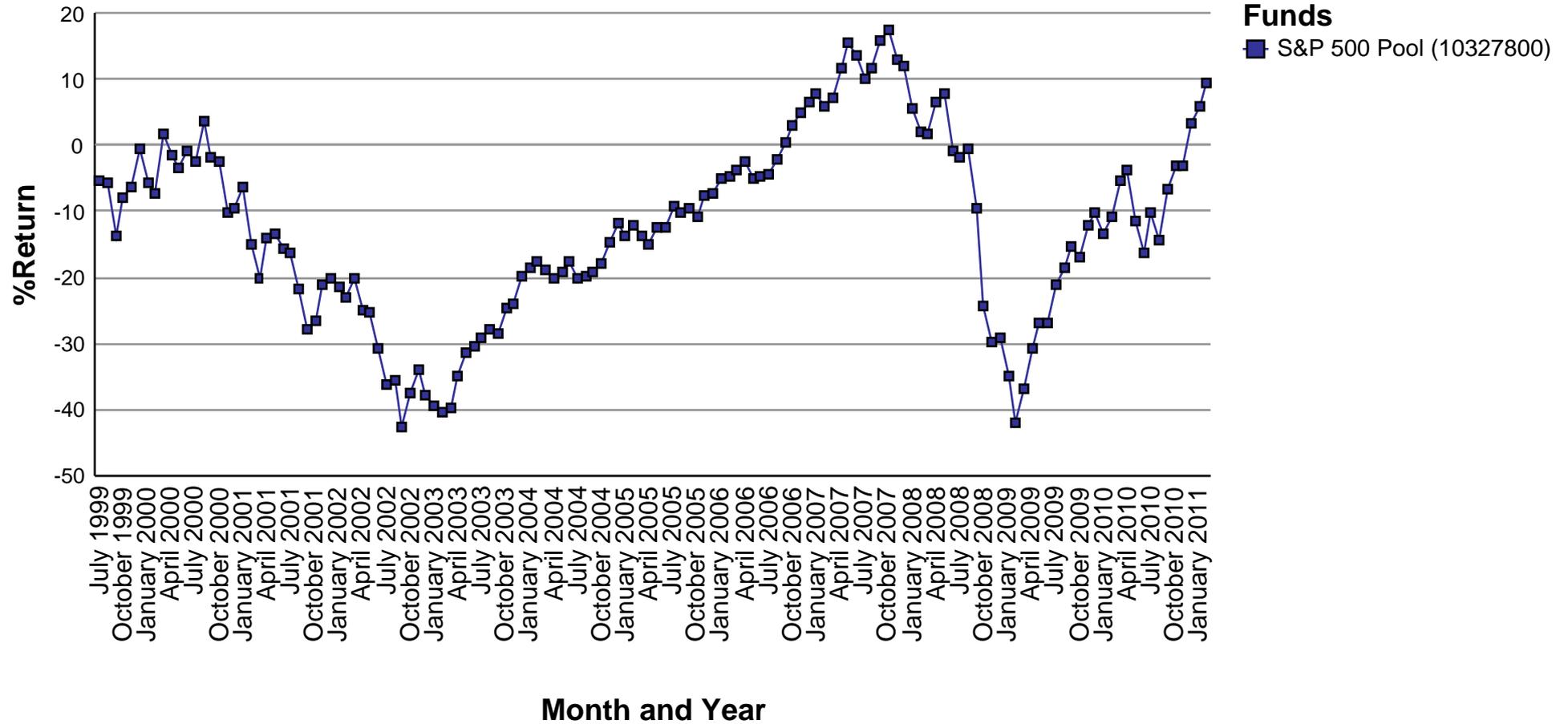


Performance Growth by Account

Arizona State Treasury (05509)

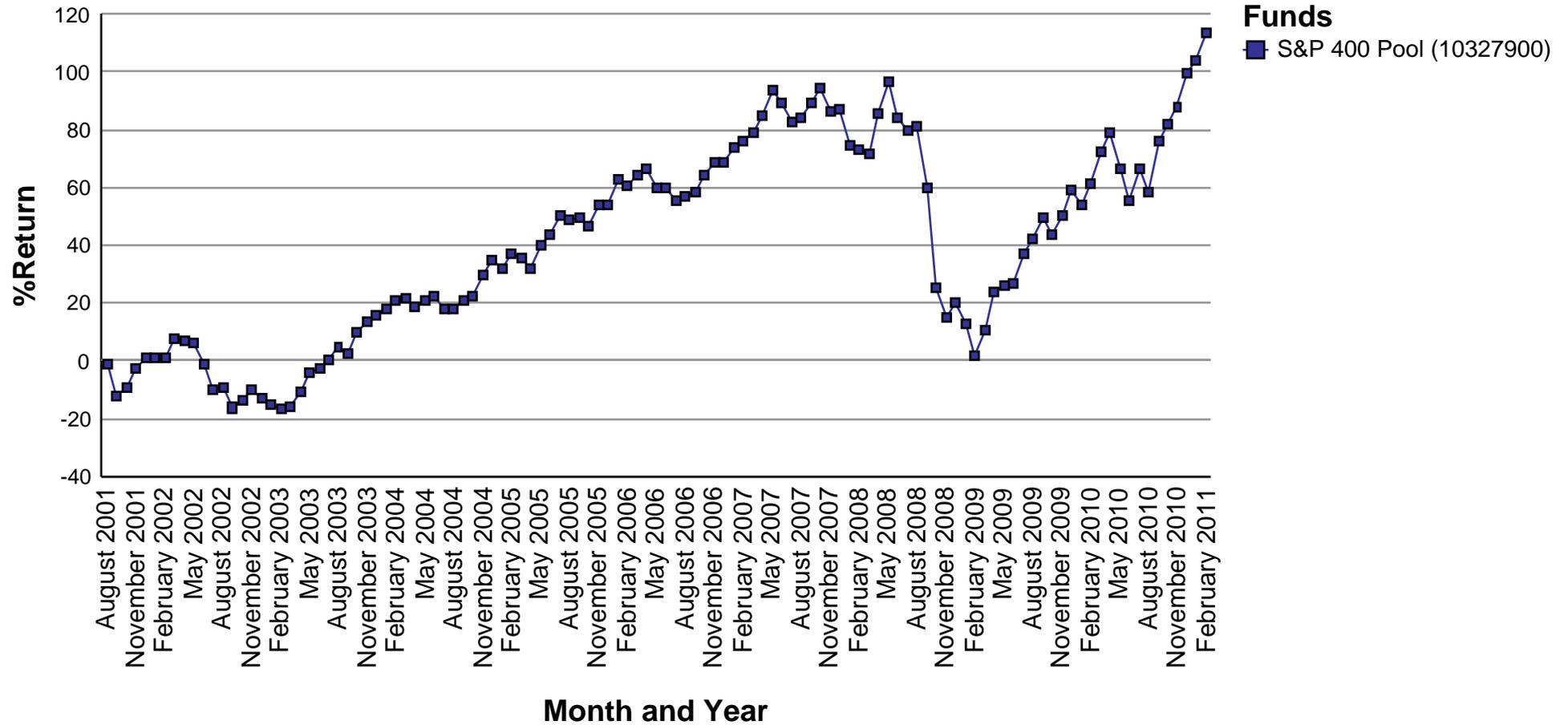
From July 1999 to February 2011

Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)
From August 2001 to February 2011
Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to February 2011

Gross of Fee

