

OFFICE OF THE  
**ARIZONA STATE TREASURER**



**Doug Ducey**  
TREASURER



**JULY 2011**

**Presented To:**

**Arizona State Board of Investment**

**AUGUST 23, 2011**

STATE BOARD OF INVESTMENT

**A G E N D A**

**August 23, 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**

**August 23, 2011**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on July 21, 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 11:02 a.m.

***Members Present:***

Doug Ducey, Chair, State Treasurer  
Beth Ford, Treasurer, Pima County, by teleconference  
Alan E. Maguire, President, The Maguire Company  
Scott Smith, Director of Arizona Department of Administration

***Members Absent:***

Lauren Kingry, Superintendent, Department of Financial Institutions

***Others Present:***

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office  
Carlton Woodruff, Deputy Treasurer of Operations, 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  
Sheila Asher, VP, Relationship Manager, JP Morgan  
Jason Shapiro, Intern, Arizona State Treasurer's Office  
Leon Johnson, Intern, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for June, 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  
Broker Activity Report

**1. Call to Order:**

Treasurer Ducey called the July 21, 2011 BOI meeting to order at approximately 11:02 am.

**2. Treasurers Comments:**

Treasurer Ducey welcomed board members and guests and thanked all present for attending the July 21, 2011 meeting.

**3. Approval of Minutes:**

Mr. Maguire made a motion to approve the June 21, 2011 minutes. Mr. Smith seconded the motion. Motion carried.

**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 June, 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 June, 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 June, 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 June 30, 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 June, 2011.

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

Mr. Petkiewicz 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. Petkiewicz reported the net yields for the State Agency Pools for the month of June, 2011.

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

Mr. Petkiewicz 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 June 30, 2011.

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

Mr. Petkiewicz 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 June 30, 2011.

***Operating Monies Average Invested Balance***

Mr. Petkiewicz reported the Operating Monies average invested balance for the month of June, 2011.

*The Treasurer suggested that it was worth noting, the YTD Average for FY 2009/2010 to Current FY 2010/2011 from negative \$316M to \$828M positive.*

***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 June, 2011.

***Endowment Funds Yield Analysis***

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

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

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, S&P 400 and S&P 600 pools for the month of June, 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 June, 2011.

***Equity Funds Purchases & Sales***

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

***Investments Outstanding in Endowment Funds***

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2011.

***Equity Holdings Investments Outstanding S&P 600***

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 600 Pool as of June 30, 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 June, 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 June, 2011.

***Approval of Treasurer's Report***

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

***5. Proposed Changes to Investment Policy:***

There were no proposed changes to the Investment Policy.

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

***A. Proposal to add Brokerage Firm Sterne, Agee and Leach.***

Mr. Swenson presented for approval the Brokerage Firm; Sterne, Agee and Leach, Inc. for consideration as an addition to the Approved Broker Dealer List.

Mr. Maguire made a motion to approve the addition of Sterne, Agee and Leach, Inc. to the Approved Broker Dealer List. Mr. Smith seconded the motion. Motion carried.

***7. General Business:***

***A. Review and Approve the FY2011-2012 Preliminary Endowment Distributions***

Mr. Swenson presented the FY 2011- 2012 Preliminary Endowment Distribution for review and approval.

Mr. Maguire made a motion to approve the FY 2011-2012 Preliminary Endowment Distribution. Mr. Smith seconded the motion. Motion carried.

**8. Call to the Public**

The Treasurer expressed his gratitude to Mr. Maguire and Ms. Ford for their attendance and also acknowledged Mr. Smith's return to the Board of Investment Meetings.

**9. Notice of Next Meeting:**

The Treasurer advised the Board that the next regular meeting of the Board of Investment will be Tuesday, August 23, 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. Smith seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 11:39 a.m.

Respectfully Submitted by:

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Barbara Conley  
Executive Consultant II

Approved by:

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Doug Ducey, Chair

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Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS  
JULY 2011**

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>JULY 2011</b>	<b>Fiscal YTD 11/12</b>	<b>Fiscal YTD 10/11</b>	
General Fund	\$789,411	\$789,411	\$806,226	
2 State Agencies I - Full Faith & Credit	591,432	591,432	556,089	50,781
3 State Agencies II - Diversified	548,829	548,829	645,112	96,239
4 State Agencies IV - Restricted Diversified	310,357	310,357	301,768	29,624
5 LGIP	168,791	168,791	333,398	73,808
7 LGIP Gov	44,172	44,172	201,220	86,885
12 CAWCD Medium-Term	523,975	523,975	307,037	13,903
15 GADA Long-Term	37,824	37,824	25,834	617
<b>Subtotal</b>	<b>\$3,014,791</b>	<b>\$3,014,791</b>	<b>\$3,176,685</b>	<b>\$351,858</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	250,662	250,662	194,760	10,532
700 LGIP - FF&C Med Term	104,332	104,332	108,852	6,184
<b>Total</b>	<b>\$3,369,785</b>	<b>\$3,369,785</b>	<b>\$3,480,297</b>	<b>\$368,573</b>
<b>JULY 2010 TOTALS</b>	<b>\$3,480,297</b>			<b>\$362,068</b>

**LGIP & LGIP- GOV  
PORTFOLIO YIELD ANALYSIS  
JULY 31, 2011**

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/11</b>	<b>Prior Month 06/30/11</b>	<b>Prior Year 7/31/10</b>	<b>Net Asset Value Per Share</b>
5	LGIP	169,932	185,740	334,065	1.0000
7	LGIP - GOV	44,267	85,855	201,220	1.0000
	<b>TOTAL LGIP &amp; LGIP-GOV</b>	<b>214,199</b>	<b>271,595</b>	<b>535,285</b>	

**YIELDS**

<b><u>MONTHLY</u></b>		<b>Current Month 07/31/11</b>	<b>Prior Month 06/30/11</b>	<b>Prior Year 7/31/10</b>
5	LGIP (NET)	0.14%	0.13%	0.23%
	S & P LGIP INDEX	0.08%	0.09%	0.18%
7	LGIP - GOV (NET)	0.03%	0.05%	0.11%
	3 MONTH T-BILL	0.03%	0.03%	0.15%
<b><u>YEAR TO DATE</u></b>				
5	LGIP (NET)	0.14%	0.20%	0.23%
	S & P LGIP INDEX	0.08%	0.14%	0.18%
7	LGIP - GOV (NET)	0.03%	0.11%	0.11%
	3 MONTH T-BILL	0.03%	0.11%	0.15%

\* 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  
JULY 31, 2011**

**NET EARNINGS**

FUND	DESCRIPTION	Current Month 07/31/11	Prior Month 06/30/11	Prior Year 7/31/10	Net Asset Value Per Share
500	LGIP - MED TERM POOL	277,958	300,135	194,760	1.0381
700	LGIP - FF&C MED TERM POOL	125,209	130,736	108,852	1.0122
	<b>TOTAL LGIP MEDIUM TERM POOLS</b>	<b>403,167</b>	<b>430,871</b>	<b>303,612</b>	

**YIELDS**

**MONTHLY**

	Current Month 07/31/11	Prior Month 06/30/11	Prior Year 7/31/10
500 LGIP - MED TERM (NET)	1.65%	1.73%	2.16%
MERRILL 1-5 US D M INDEX	1.52%	1.76%	1.12%
700 LGIP - FF&C MED TERM (NET)	1.23%	1.29%	1.12%
MERRILL 1-5 US TREAS INDEX	0.60%	0.78%	0.79%

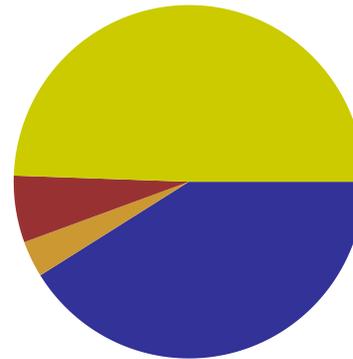
**YEAR TO DATE**

500 LGIP - MED TERM (NET)	1.65%	1.79%	2.16%
MERRILL 1-5 US D M INDEX	1.52%	1.70%	1.12%
700 LGIP - FF&C MED TERM (NET)	1.23%	1.24%	1.12%
MERRILL 1-5 US TREAS INDEX	0.60%	0.81%	0.79%

## Manager Allocation - Daily Arizona State Treasury (05509) As of July 31, 2011

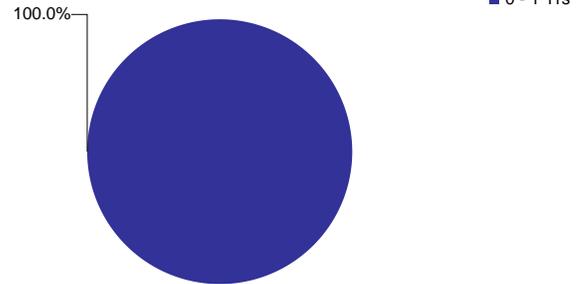
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,408.43	41.0%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,697.03	49.4%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	206.14	6.0%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	121.46	3.5%
<b>TOTAL</b>	<b>3,433.06</b>	<b>100.0%</b>

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

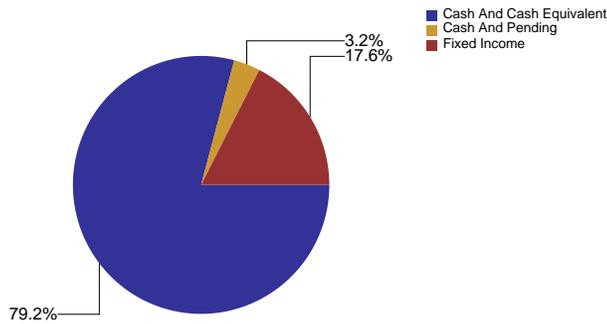


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,408.4  
**Weighted Average Life (Years)** 0.09  
**Weighted Avg. Effective Duration (Years)** 0.09  
**Weighted Average Maturity** 0.08  
**Weighted Average Rating** AAA  
**Number of Holdings** 84

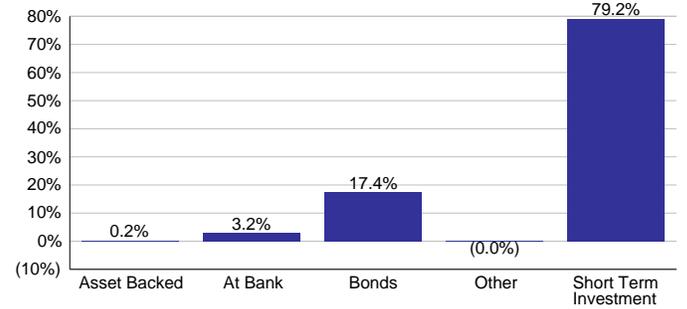
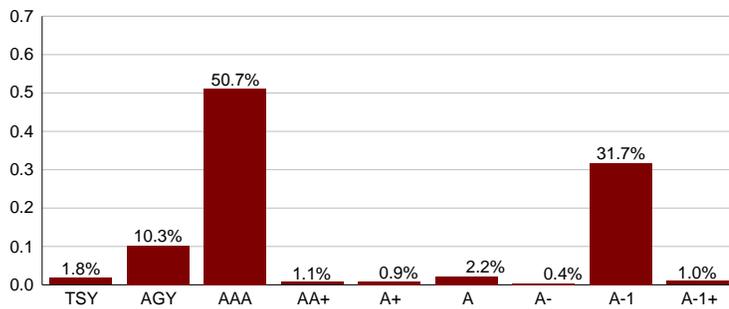


Asset Mix Top Ten Portfolio Holdings



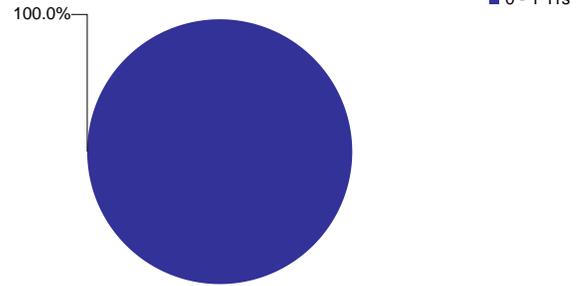
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/AUG/2011	18.41%	0.30	1/8/2011
85299X611	TRI-PARTY REPO SOUTH STREET 0.18% 05/AUG/2011	11.00%	0.18	5/8/2011
315994517	FIDELITY STIF .11%	5.13%	0.00	1/8/2011
313372EV2	FEDERAL HOME LOAN BANKS CONS BD FLT 12 13/JAN/2012	3.67%	0.19	13/1/2012
85299X546	TRI-PARTY REPO SOUTH STREET 0.18% 01/AUG/2011	2.63%	0.18	1/8/2011
52468KWP2	LEGACY CAPITAL COMPANY CORPORATE COMMERCIAL PAPER	2.20%	0.00	23/9/2011
313372EU4	FEDERAL HOME LOAN BANKS CONS BD FLT 12 24/JAN/2012	1.83%	0.21	24/1/2012
31331GQ44	FED FARM CREDIT FR DEB 15/SEP/2011 USD1000	1.83%	0.23	15/9/2011
9127953M1	UNITED STATES TREAS BILLS DT	1.83%	0.00	6/10/2011
880592MA5	TENNESSEE VALLEY AUTH DISC NTS MATURES 22/SEP/2011	1.83%	0.00	22/9/2011

Quality/Rating Weightings Sector Weightings (as % of Market Value)

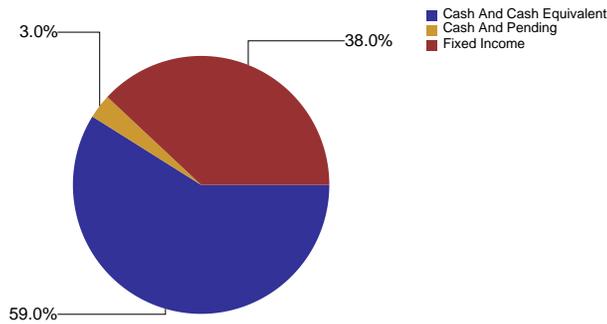


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,697.0  
**Weighted Average Life (Years)** 0.12  
**Weighted Avg. Effective Duration (Years)** 0.12  
**Weighted Average Maturity** 0.12  
**Weighted Average Rating** AAA  
**Number of Holdings** 26

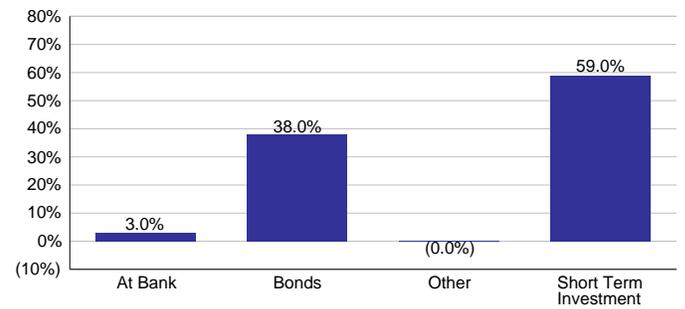
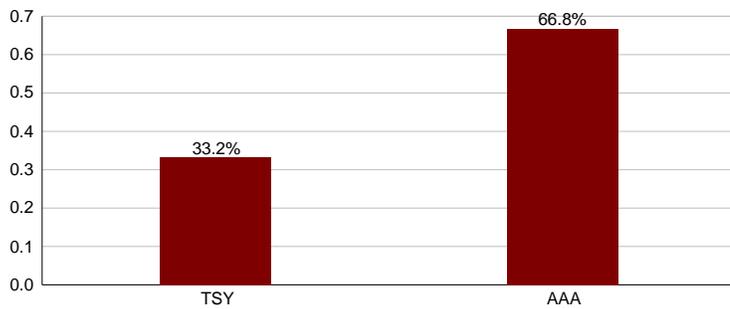


Asset Mix Top Ten Portfolio Holdings



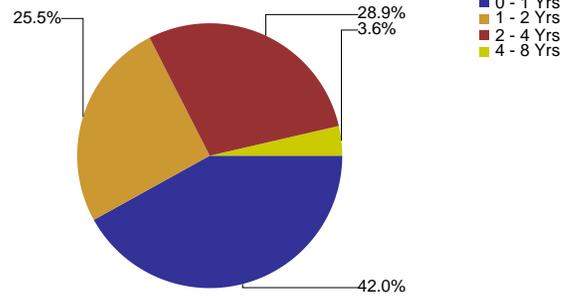
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599W307	TRI-PARTY REPO NOMURA 0.18% 01/AUG/2011	25.86%	0.18	1/8/2011
85299X512	TRI-PARTY REPO SOUTH STREET 0.07% 17/AUG/2011	12.15%	0.07	17/8/2011
38199WZ94	TRI-PARTY REPO GOLDMAN 0.10% 05/AUG/2011	12.15%	0.10	5/8/2011
31599H229	FIDELITY STIF .01%	6.08%	0.00	1/8/2011
912828GA2	US TREAS NTS 04.500% 30/NOV/2011	5.90%	4.50	30/11/2011
912828GC8	US TREAS NTS 04.625% 31/DEC/2011	3.11%	4.62	31/12/2011
975709D	ALLIANCE BANK OF ARIZONA REPO SWEEP 0.23%	3.07%	0.23	1/9/2011
912828MU1	UNITED STATES TREAS NTS 1.000% 31/MAR/2012	3.06%	1.00	31/3/2012
912828LT5	UNITED STATES TREAS NTS 1% 31/OCT/2011	3.05%	1.00	31/10/2011
912828ML1	UNITED STATES OF AMER TREAS BONDS 1% BDS	3.05%	1.00	31/12/2011

Quality/Rating Weightings Sector Weightings (as % of Market Value)

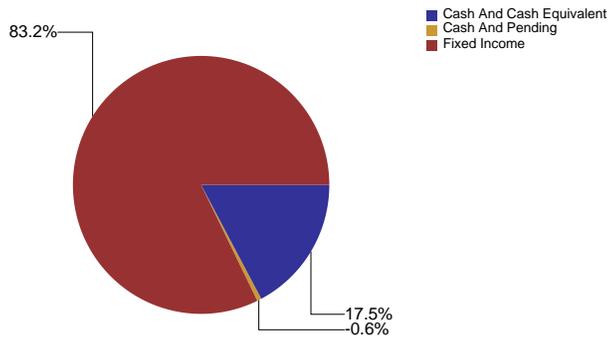


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 206.1  
**Weighted Average Life (Years)** 1.84  
**Weighted Avg. Effective Duration (Years)** 1.47  
**Weighted Average Rating** AAA  
**Number of Holdings** 175

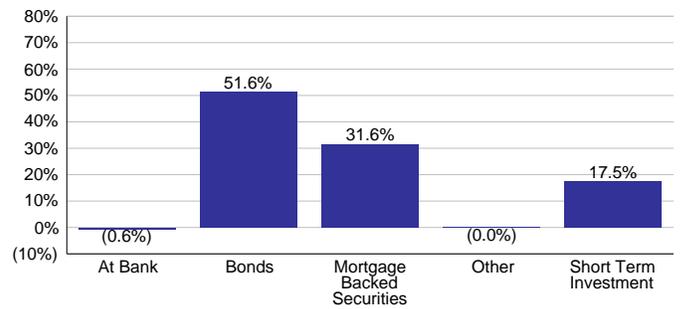
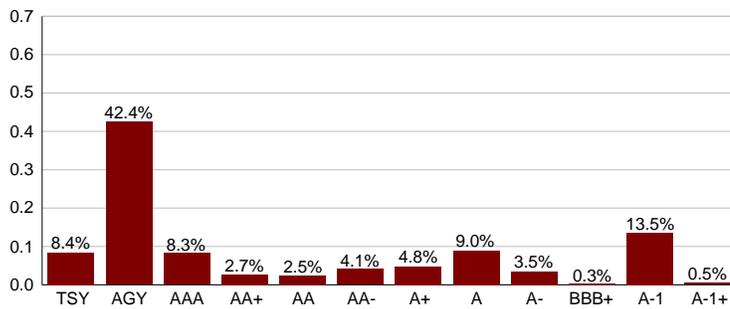


Asset Mix Top Ten Portfolio Holdings



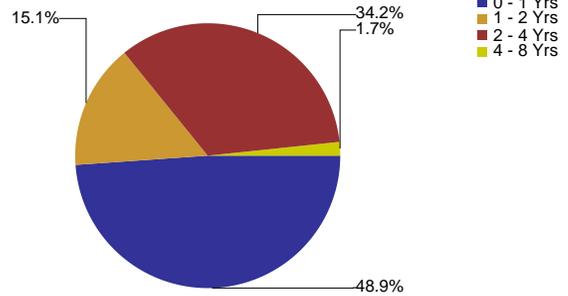
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
967518D	UNITED STATES ZCP 01/SEP/2011	4.82%	0.00	1/9/2011
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	3.82%	4.00	1/2/2026
31416NZB1	FNMA MORTPASS 4% 01/APR/2024 CI PN# AA5237	3.71%	4.00	1/4/2024
85299X546	TRI-PARTY REPO SOUTH STREET 0.18% 01/AUG/2011	2.89%	0.18	1/8/2011
3128PR3M9	FHLMCGLD MORTPASS 4% 01/JUL/2025 PN# 2604	2.49%	4.00	1/7/2025
31398ATL6	FEDERAL NATIONAL MORTGAGE ASSOC 3.625% SNR NTS	2.45%	3.62	15/8/2011
31419CZL0	FNMA MORTPASS 4.5% 01/SEP/2040 CL PN# AE2546	2.35%	4.50	1/9/2040
3128PSQ75	FHLMCGLD MORTPASS 3.5% 01/OCT/2025 PN# 3178	2.29%	3.50	1/10/2025
3128PSKA4	FHLMCGLD MORTPASS 3.5% 01/SEP/2025 PN# 2989	2.22%	3.50	1/9/2025
31419AJM0	FNMA MORTPASS 4% 01/AUG/2025 CI PN# AE0267	2.18%	4.00	1/8/2025

Quality/Rating Weightings Sector Weightings (as % of Market Value)

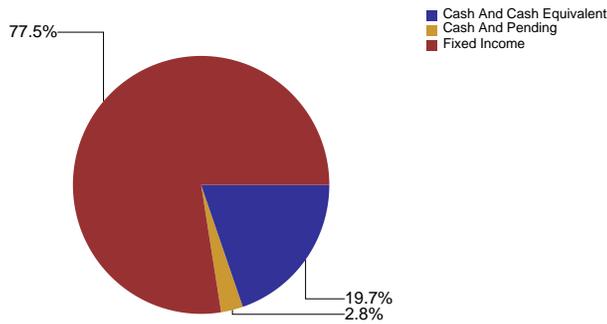


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 121.5  
**Weighted Average Life (Years)** 1.74  
**Weighted Avg. Effective Duration (Years)** 1.46  
**Weighted Average Rating** AAA  
**Number of Holdings** 73

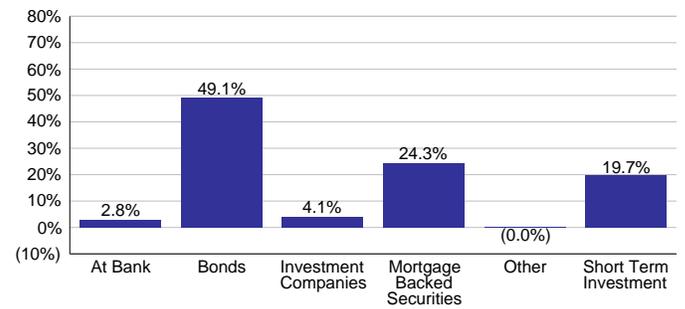
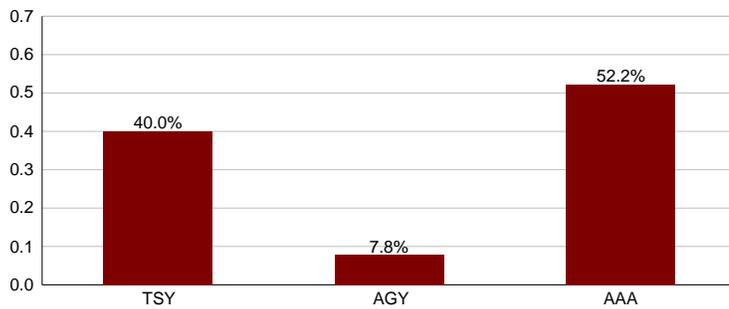


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599W307	TRI-PARTY REPO NOMURA 0.18% 01/AUG/2011	17.78%	0.18	1/8/2011
17313UAA7	CITIGROUP INC 2.875% GTD BDS 09/DEC/2011 USD1000	4.49%	2.88	9/12/2011
36967HAY3	GENERAL ELECTRIC CAPITAL CORP 2.625% BDS	4.38%	2.62	28/12/2012
464287457	ISHARES BARCLAYS 1-3 YRS TREASURY BOND FUND	4.25%		
36202FFH4	GNMA II MORTPASS 4.5% 20/APR/2025 SF PN# 004668	3.88%	4.50	20/4/2025
3620A5MX4	GNMA I MORTPASS 5% 15/SEP/2039 SF PN# 719574	3.82%	5.00	15/9/2039
73278MAA1	POOLED FDG TR I 2.74% BDS 15/FEB/2012 USD	3.47%	2.74	15/2/2012
38376ETD7	GINNIE MAE 2009-108 WG 4.000% 20/SEP/2038	3.21%	4.00	20/9/2038
038461AC3	AID-EGYPT 4.45% 15/SEP/2015	2.90%	4.45	15/9/2015
911759JQ2	U S DEPT HSG & URBAN DEV GOVT 4.33% DEB	2.89%	4.33	1/8/2015

Quality/Rating Weightings Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS  
PORTFOLIO YIELD ANALYSIS  
JULY 31, 2011**

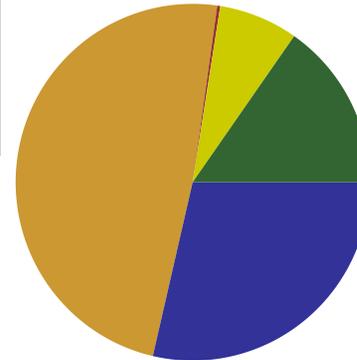
		<b><u>NET EARNINGS</u></b>			<b>Net Asset Value Per Share</b>
<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/11</b>	<b>Prior Month 06/30/11</b>	<b>Prior Year 7/31/10</b>	
2	STATE AGENCIES I - FULL FAITH & CREDIT	926,068	926,737	<b>905,109</b>	1.0079
3	STATE AGENCIES II - DIVERSIFIED	939,516	1,067,963	<b>1,048,802</b>	1.0041
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	325,037	343,769	<b>354,618</b>	1.0031
12	CAWCD MEDIUM TERM	523,975	500,388	<b>307,037</b>	1.0230
15	GADA	37,824	24,691	<b>25,834</b>	1.0224
	<b>TOTAL STATE AGENCIES</b>	<b>2,752,419</b>	<b>2,863,548</b>	<b>2,641,400</b>	

**YIELDS**

<b><u>MONTHLY</u></b>		<b>Current Month 07/31/11</b>	<b>Prior Month 06/30/11</b>	<b>Prior Year 7/31/10</b>
2	STATE AGENCIES I - FULL FAITH & CREDIT	1.10%	0.98%	<b>1.06%</b>
	75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.94%	0.89%	<b>0.74%</b>
3	STATE AGENCIES II - DIVERSIFIED	0.58%	0.67%	<b>0.80%</b>
	50% 3 MONTH LIBOR INDEX / 50% MERRILL 1 -3 US BROAD MARKET INDEX	0.53%	0.57%	<b>1.11%</b>
4	STATE AGENCIES IV-RESTRICTED DIVERSIFIED	0.66%	0.63%	<b>0.79%</b>
	50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.28%	0.30%	<b>0.39%</b>
12	CAWCD MEDIUM TERM	2.26%	2.27%	<b>2.68%</b>
	BARCLAYS CAPITAL US AGG. BOND INDEX	2.61%	2.83%	<b>2.57%</b>
15	GADA	3.68%	2.48%	<b>2.50%</b>
	MERRILL 3-5 US BROAD MARKET EX CORP US GOV/AGY INDEX	2.18%	2.50%	<b>1.88%</b>

## Manager Allocation - Daily Arizona State Treasury (05509) As of July 31, 2011

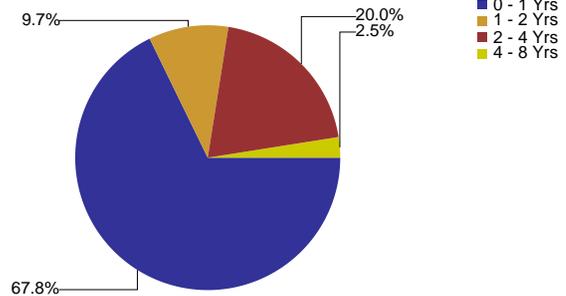
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 (State Agency -FF&C) (10327000)	1,116.87	28.7%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	1,880.75	48.4%
State of Arizona - Pool 4 (State Agency Rets Div) (10327200)	595.33	15.3%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	279.89	7.2%
State of Arizona - Pool 15 (GADA) (10327600)	12.38	0.3%
<b>TOTAL</b>	<b>3,885.21</b>	<b>100.0%</b>



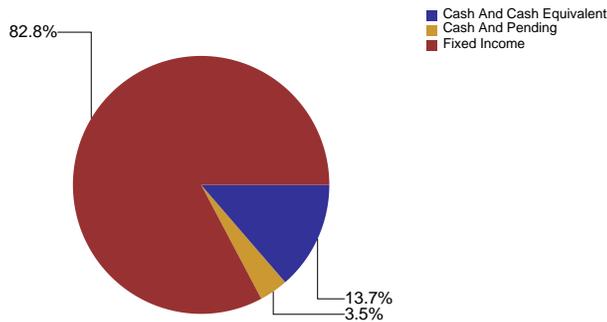
- State of Arizona - Pool 2 (State Agency - FF&C)
- State of Arizona - Pool 3 (State Agency - Divers)
- State of Arizona - Pool 4 ( State Agency Rest Di
- State of Arizona - Pool 12 (CAWCD - Med Term) (1
- State of Arizona - Pool 15 (GADA) (10327600)

Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,116.9  
**Weighted Average Life (Years)** 1.27  
**Weighted Avg. Effective Duration (Years)** 1.11  
**Weighted Average Rating** AAA  
**Number of Holdings** 101

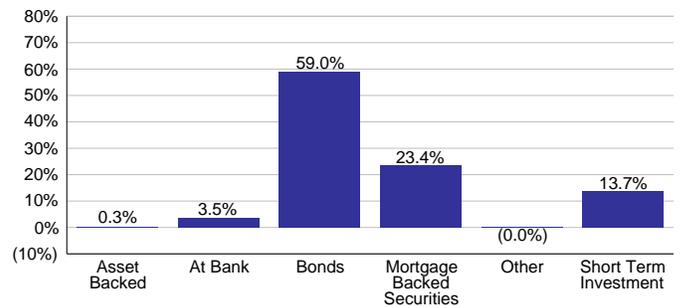
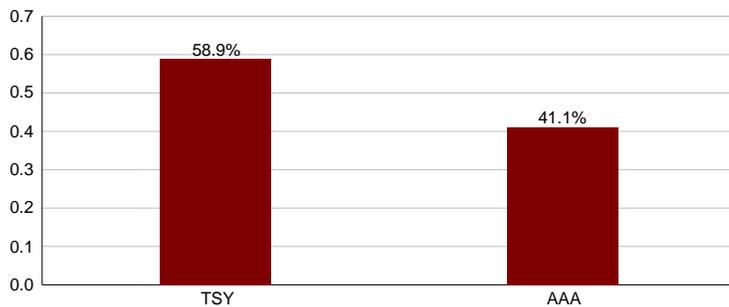


Asset Mix Top Ten Portfolio Holdings



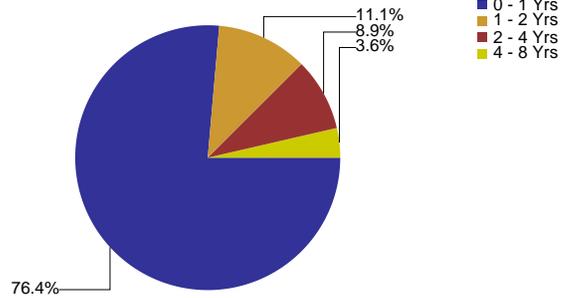
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599W307	TRI-PARTY REPO NOMURA 0.18% 01/AUG/2011	14.23%	0.18	1/8/2011
912828LT5	UNITED STATES TREAS NTS 1% 31/OCT/2011	5.59%	1.00	31/10/2011
36967HAN7	GENERAL ELECTRIC CAPITAL CORP 2.25% NTS	3.88%	2.25	12/3/2012
912828MM9	UNITED STATES OF AMER TREAS NOTES 0% TREAS NTS	3.72%	0.75	30/11/2011
912828NE6	UNITED STATES TREAS NTS 0.750% 31/MAY/2012	2.80%	0.75	31/5/2012
4042EPA5	HSBC USA INC 3.125% BDS 16/DEC/2011 USD1000	2.11%	3.12	16/12/2011
912828GK0	US TREAS NTS 4.625% 29/FEB/2012	1.94%	4.62	29/2/2012
06050BAG6	BANK OF AMERICA CORP 2.1% SRN 30/APR/2012 USD1000	1.92%	2.10	30/4/2012
38146FAA9	GOLDMAN SACHS GROUP INC 3.25% BDS 15/JUN/2012	1.91%	3.25	15/6/2012
912828KP4	UNITED STATES TREAS NTS 1.375% 15/MAY/2012	1.88%	1.38	15/5/2012

Quality/Rating Weightings Sector Weightings (as % of Market Value)

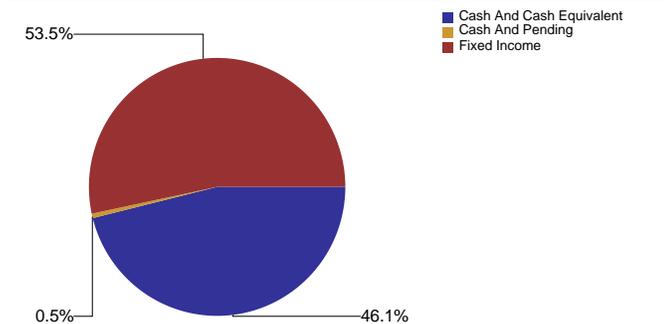


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 1,880.7  
**Weighted Average Life (Years)** 1.28  
**Weighted Avg. Effective Duration (Years)** 0.68  
**Weighted Average Rating** AA+  
**Number of Holdings** 142

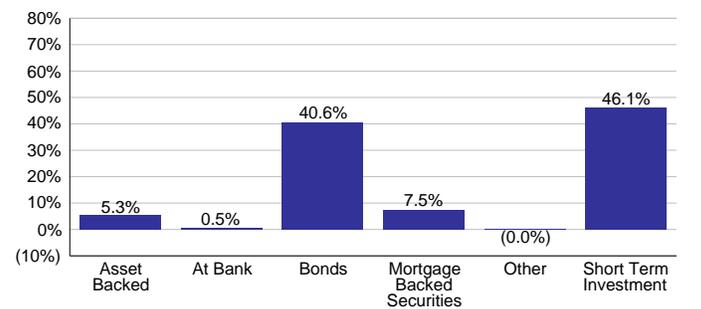
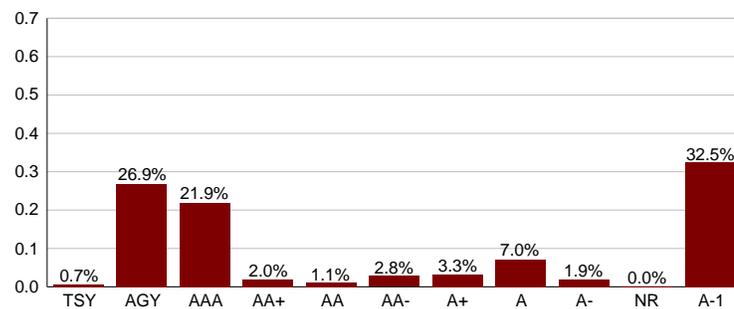


Asset Mix Top Ten Portfolio Holdings



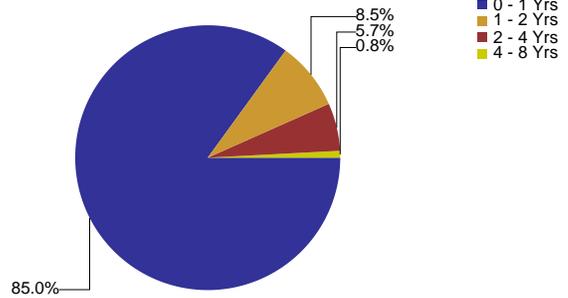
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299X546	TRI-PARTY REPO SOUTH STREET 0.18% 01/AUG/2011	8.79%	0.18	1/8/2011
0556N1WD1	BNP PARIBAS FIN CP 09/11	2.67%	0.00	13/9/2011
00282DWW7	ABBOT LABORATORIES CORPORATE COMMERCIAL PAPER	2.47%	0.00	30/8/2011
85520MVP5	STARBIRD FDG, CORP. CORPORATE COMMERCIAL PAPER	2.14%	0.00	23/8/2011
25153KW60	DEUTSCHE BK FINL LLC CORPORATE COMMERCIAL PAPER	2.14%	0.00	6/9/2011
38362WWE7	GOVCO, LLC. CORPORATE COMMERCIAL PAPER DISCOUNT	2.14%	0.00	14/9/2011
53127UVN7	LIBERTY FUNDING LLC CORPORATE COMMERCIAL PAPER	1.97%	0.00	22/8/2011
06945MW85	BARTON CAPITAL CORP. CORPORATE COMMERCIAL PAPER	1.96%	0.00	8/9/2011
38346MWE0	GOTHAM FDG CORP CORPORATE COMMERCIAL PAPER	1.87%	0.00	14/9/2011
30601VWA4	FAIRWAY FINANCE CORP CORPORATE COMMERCIAL PAPER	1.79%	0.00	10/8/2011

Quality/Rating Weightings Sector Weightings (as % of Market Value)

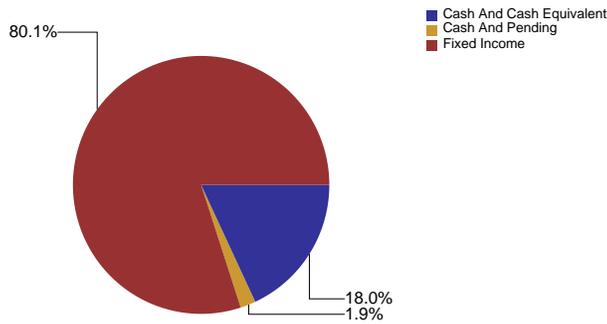


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 595.3  
**Weighted Average Life (Years)** 1.39  
**Weighted Avg. Effective Duration (Years)** 0.58  
**Weighted Average Rating** AGY  
**Number of Holdings** 65

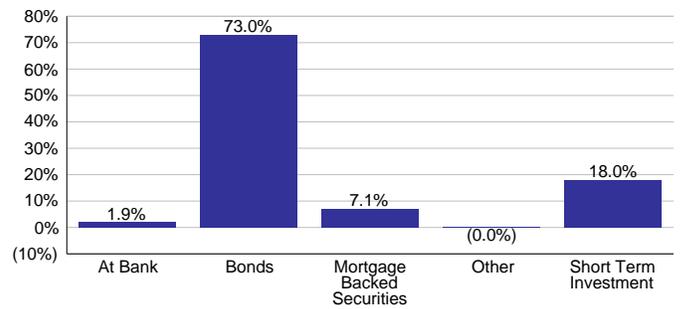
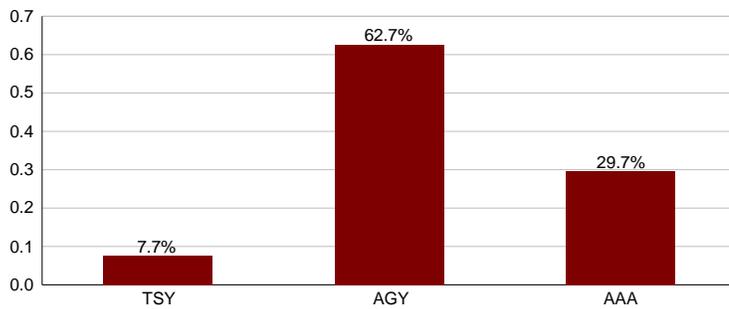


Asset Mix Top Ten Portfolio Holdings



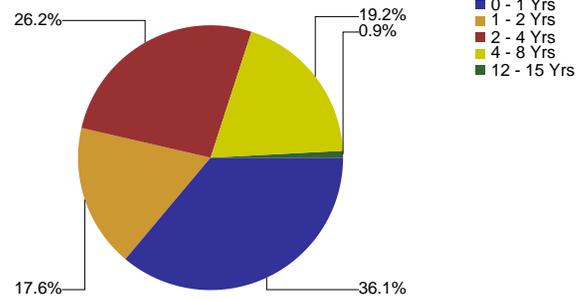
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/AUG/2011	9.46%	0.30	1/8/2011
446436AB3	HUNTINGTON NATIONAL BANK FRN 01/JUN/2012 USD1000	4.30%	0.65	1/6/2012
31359MNU3	FANNIE MAE 5.25% 01/AUG/2012	3.68%	5.25	1/8/2012
85299X546	TRI-PARTY REPO SOUTH STREET 0.18% 01/AUG/2011	3.61%	0.18	1/8/2011
36967HAN7	GENERAL ELECTRIC CAPITAL CORP 2.25% NTS	3.50%	2.25	12/3/2012
912828JU5	UNITED STATES OF AMER TREAS NOTES 1.75% TB	3.45%	1.75	15/11/2011
31331KEW6	FEDERAL FARM CREDIT BANKS 0.44% BDS	3.43%	0.44	24/9/2012
3133733A8	FEDERAL HOME LOAN BANKS CONS BD 0.18% 21/DEC/2011	3.43%	0.18	21/12/2011
787631D	FED HOME LOAN ZCP 29/AUG/2011	3.42%	0.00	29/8/2011
954199D	FANNIE ZCP 26/SEP/2011	3.42%	0.00	26/9/2011

Quality/Rating Weightings Sector Weightings (as % of Market Value)

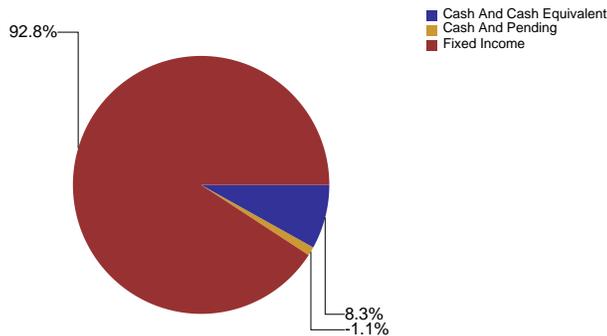


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 279.9  
**Weighted Average Life (Years)** 4.26  
**Weighted Avg. Effective Duration (Years)** 2.15  
**Weighted Average Rating** AA+  
**Number of Holdings** 121

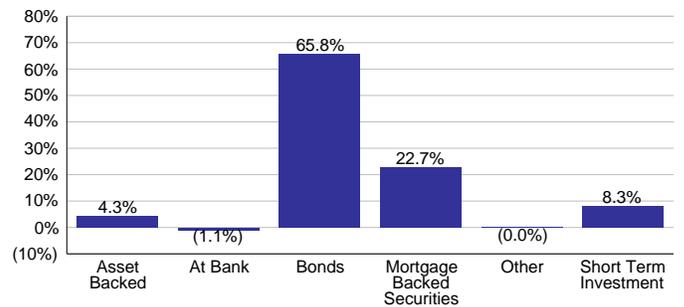
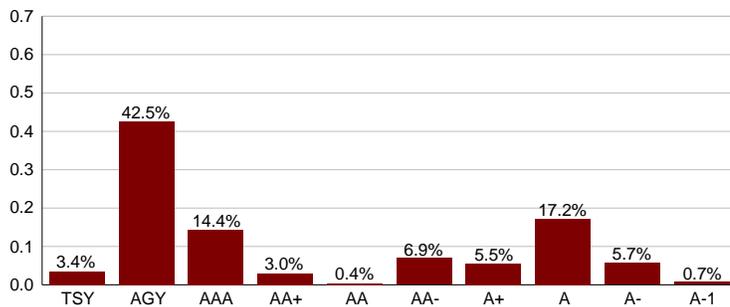


Asset Mix Top Ten Portfolio Holdings



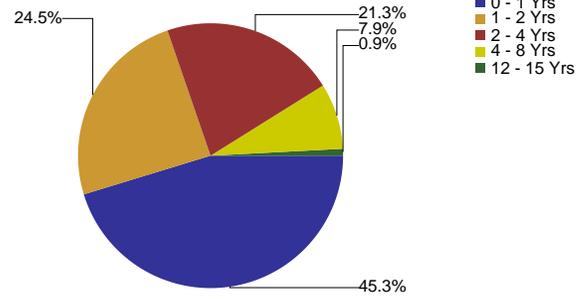
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
315999227	FIDELITY STIF .15%	3.18%	0.00	1/8/2011
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.83%	0.75	15/11/2013
85299X546	TRI-PARTY REPO SOUTH STREET 0.18% 01/AUG/2011	2.69%	0.18	1/8/2011
3137A55N0	FREDDIE MAC 3784 JU 4.000% 15/MAY/2036	2.16%	4.00	15/5/2036
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.86%	3.00	1/4/2016
959802AN9	WESTERN UNION COMP 0% BDS 07/MAR/2013 USD2000	1.78%	0.83	7/3/2013
3137A8QA9	FREDDIE MAC 3841 AV 4.000% 15/MAR/2024	1.77%	4.00	15/3/2024
039483BA9	ARCHER DANIELS MIDLAND CO 0.4733% BDS 13/AUG/2012	1.77%	0.42	13/8/2012
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.77%	0.36	15/2/2017
63743HEA6	NATL RURAL UTILS C FR MTN 09/DEC/2011 USD1000	1.77%	0.35	9/12/2011

Quality/Rating Weightings Sector Weightings (as % of Market Value)

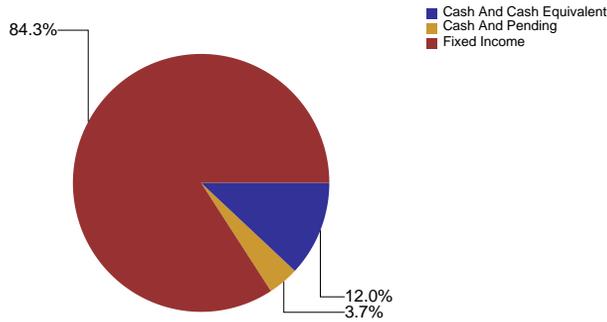


Portfolio Characteristics Duration Mix

**Total Net Assets (Millions)** 12.4  
**Weighted Average Life (Years)** 4.06  
**Weighted Avg. Effective Duration (Years)** 1.59  
**Weighted Average Rating** AAA  
**Number of Holdings** 26

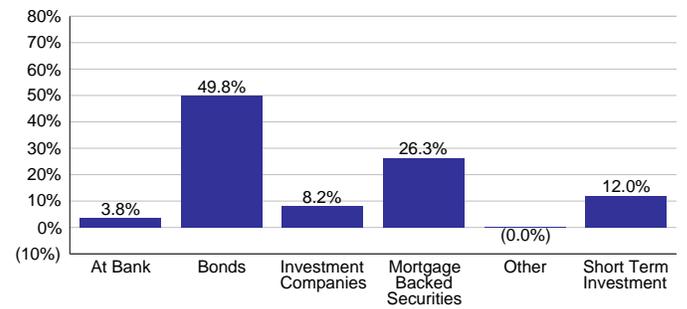
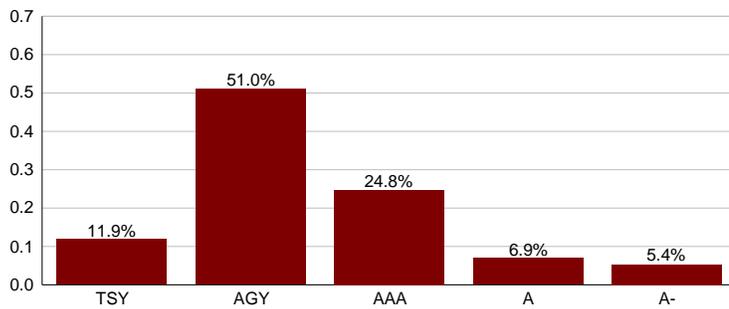


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
958268S	LONG TERM GOV'T POOL	8.48%	0.00	31/12/2049
31331JQ97	FEDERAL FARM CR BKS CONS BD 1.375% 14/OCT/2014	8.44%	1.38	14/10/2014
928989383	JP MORGAN U S GOVT MMF AGENCY SHARES	8.24%	0.01	31/12/2049
31294KTB1	FEDERAL HOME LN MTG CORP GOLD POOL # EO1446 DTD	6.30%	4.50	1/9/2018
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP PN# 782080	5.11%	4.50	15/2/2021
3137A2PF2	FREDDIE MAC 3766 HE 3.000% 15/NOV/2020	5.06%	3.00	15/11/2020
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.95%	6.95	15/3/2014
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/2039	4.42%	4.00	16/11/2039
3128X77G3	FEDERAL HOME LOAN MORTGAGE CORP 4.25% BDS	4.27%	4.25	12/12/2018
313370XQ6	FEDERAL HOME LOAN BANKS CONS BD 3.05% 17/SEP/2019	4.24%	3.05	17/9/2019

Quality/Rating Weightings Sector Weightings (as % of Market Value)



**OPERATING MONIES  
AVERAGE INVESTED BALANCE**

Through July 31, 2011

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year 2009/2010</u>	<u>Fiscal Year 2010/2011</u>	<u>Fiscal Year 2011/2012</u>
JULY	116	1,077	1,209
AUGUST	(200)	761	
SEPTEMBER	11	590	
OCTOBER	(224)	358	
NOVEMBER	(431)	570	
DECEMBER	(733)	592	
JANUARY	(463)	835	
FEBRUARY	(423)	863	
MARCH	(686)	802	
APRIL	(635)	1,002	
MAY	(579)	1,128	
JUNE	450	1,358	
<b>Y-T-D Average</b>	<b>(\$316)</b>	<b>\$828</b>	<b>\$1,209</b>

**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
JULY 2011**

**Distributed in Current Month**

<b>Recipient</b>	<b>JULY 2011</b>	<b>Fiscal YTD 11/12</b>	<b>Fiscal YTD 10/11</b>
101 A & M Colleges	\$21,267	\$21,267	\$4,240
102 State Hospital	\$11,786	\$11,786	\$2,050
103 Leg., Exec., & Jud.	\$17,471	\$17,471	\$4,091
104 Military Institute	\$1,240	\$1,240	\$319
105 Miners Hospital	\$28,238	\$28,238	\$5,700
107 Normal School ASU/NAU	\$7,271	\$7,271	\$1,583
108 Penitentiaries	\$28,159	\$28,159	\$9,168
109 Permanent Common School	\$6,267,394	\$6,267,394	\$1,215,231
110 School for Deaf & Blind	\$10,439	\$10,439	\$2,376
111 School of Mines	\$24,145	\$24,145	\$5,327
112 State Charitable-Pioneers Home	\$109,528	\$109,528	\$18,653
112 State Charitable-Corrections	\$54,764	\$54,764	\$9,327
112 State Charitable-Youth Treatment	\$54,764	\$54,764	\$9,327
113 University Fund	\$38,553	\$38,553	\$8,147
114 U of A Land - 1881	\$82,253	\$82,253	\$18,346
<b>Total</b>	<b>\$6,757,272</b>	<b>\$6,757,272</b>	<b>\$1,313,885</b>

Posted in USAS in current month

**ENDOWMENT FUNDS  
 PORTFOLIO YIELD ANALYSIS  
 JULY 31, 2011**

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/11</b>	<b>Prior Month 06/30/11</b>	<b>Prior Year 7/31/10</b>
205	ENDOWMENTS - FIXED INCOME	\$4,478,304	\$5,133,439	<b>\$4,301,992</b>

**YIELDS**

<b><u>MONTHLY</u></b>	<b>Current Month 07/31/11</b>	<b>Prior Month 06/30/11</b>	<b>Prior Year 7/31/10</b>	
205	ENDOWMENTS - FIXED INCOME	6.20%	6.96%	<b>5.55%</b>

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

<b>Endowment Fund</b>	<b>Jul-11 NET GAIN(LOSS)</b>	<b>Jul-10 NET GAIN(LOSS)</b>
-----	-----	-----
Fixed Income Pool	164,837	(180,367)
Equity Pool (500)	411,598	123,822
Equity Pool (400)	3,335,911	1,115,378
Equity Pool (600)	181,277	0
	-----	-----
<b>Totals</b>	<b>4,093,623</b>	<b>1,058,833</b>
	=====	=====

<b>Endowment Fund</b>	<b>2011/2012 FISCAL YEAR TO DATE GAINS(LOSSES)</b>	<b>2010/ 2011 FISCAL YEAR TO DATE GAINS(LOSSES)</b>
-----	-----	-----
Fixed Income Pool	164,837	(180,367)
Equity Pool (500)	411,598	123,822
Equity Pool (400)	3,335,911	1,115,378
Equity Pool (600)	181,277	0
	-----	-----
<b>Totals</b>	<b>4,093,623</b>	<b>1,058,833</b>
	=====	=====

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

State Treasurer's Report  
 August 23, 2011  
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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>
FAMCA	2.00	7/27/2016	N/A	\$8,000,000	\$7,965,200	2.09%	Aaa/AAA

	\$8,000,000	\$7,965,200
<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>	<b>\$8,000,000</b>	<b>\$7,965,200</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>
U S TREASURY NOTE	4.88	7/31/2011	\$10,000,000	\$10,243,441	\$1,299	Aaa/AAA
CLOROX	3.55	11/1/2015	\$2,200,000	\$2,237,637	(\$39,971)	Baa1/BBB+
VERIZON	5.25	4/15/2013	\$5,500,000	\$5,984,312	\$408,824	A3/A-

	\$17,700,000	\$18,465,390	\$370,152
<b>TOTAL ENDOWMENT FUNDS SALES</b>	<b>\$17,700,000</b>	<b>\$18,465,390</b>	<b>\$370,152</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 July 2011

State Treasurer's Report  
August 23, 2011  
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**I. Equity Fund Purchases**

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	117,310	\$6,088,971	\$1,443
S&P 500 Large-Cap Fund	210,118	\$10,842,009	\$2,237
S&P 600 Small-Cap Fund	1,325,983	\$28,883,950	\$19,847
<b>TOTAL EQUITY PURCHASES</b>	<b>1,653,411</b>	<b>\$45,814,930</b>	<b>\$23,527</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	82,789	\$6,607,176	\$601
S&P 500 Large-Cap Fund	57,121	\$6,028,936	\$766
S&P 600 Small-Cap Fund	29,465	\$1,824,015	\$125
<b>TOTAL EQUITY SALES</b>	<b>169,374</b>	<b>\$14,460,127</b>	<b>\$1,492</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

JULY 31, 2011

(In Thousands)

State Treasurer's Report

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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 Large-Cap 500 Equity Fund</i>	2,577	2,350	2,985	636	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	778	755	1,586	831	
	<i>Shares in Small-Cap 600 Equity Fund</i>	464	475	461	(14)	
	<i>Shares in Fixed Income Fund</i>	2,494	2,812	4,279	1,466	
	Total	6,313	6,392	9,310	2,919	<b>1.457</b>
102	State Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,670	1,448	1,935	487	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	437	464	891	427	
	<i>Shares in Small-Cap 600 Equity Fund</i>	267	274	266	(8)	
	<i>Shares in Fixed Income Fund</i>	1,462	1,731	2,508	778	
	Total	3,837	3,917	5,600	1,683	<b>1.430</b>
103	Leg., Exec., & Jud.					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,957	1,916	2,267	351	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	593	616	1,208	591	
	<i>Shares in Small-Cap 600 Equity Fund</i>	381	390	378	(12)	
	<i>Shares in Fixed Income Fund</i>	2,065	2,298	3,542	1,244	
	Total	4,995	5,220	7,395	2,175	<b>1.417</b>
104	Military Institute					
	<i>Shares in Large-Cap 500 Equity Fund</i>	132	132	153	22	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	43	42	88	46	
	<i>Shares in Small-Cap 600 Equity Fund</i>	27	28	27	(1)	
	<i>Shares in Fixed Income Fund</i>	147	158	252	94	
	Total	350	360	520	160	<b>1.445</b>
105	Miners Hospital					
	<i>Shares in Large-Cap 500 Equity Fund</i>	4,367	4,292	5,059	766	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	1,116	1,385	2,276	891	
	<i>Shares in Small-Cap 600 Equity Fund</i>	763	780	758	(22)	
	<i>Shares in Fixed Income Fund</i>	3,867	5,075	6,633	1,558	
	Total	10,113	11,532	14,725	3,193	<b>1.277</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

JULY 31, 2011

(In Thousands)

State Treasurer's Report

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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 Large-Cap 500 Equity Fund</i>	943	894	1,093	198	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	263	286	537	251	
	<i>Shares in Small-Cap 600 Equity Fund</i>	170	174	168	(5)	
	<i>Shares in Fixed Income Fund</i>	899	1,062	1,542	480	
	Total	2,275	2,415	3,340	924	<b>1.383</b>
108	Penitentiaries					
	<i>Shares in Large-Cap 500 Equity Fund</i>	3,291	2,985	3,812	827	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	891	958	1,817	859	
	<i>Shares in Small-Cap 600 Equity Fund</i>	541	554	537	(17)	
	<i>Shares in Fixed Income Fund</i>	2,942	3,569	5,046	1,477	
	Total	7,665	8,066	11,212	3,146	<b>1.390</b>
109	Permanent Common School					
	<i>Shares in Large-Cap 500 Equity Fund</i>	889,235	860,671	1,030,018	169,347	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	228,553	276,048	465,887	189,839	
	<i>Shares in Small-Cap 600 Equity Fund</i>	147,454	150,998	146,461	(4,537)	
	<i>Shares in Fixed Income Fund</i>	804,852	1,028,923	1,380,541	351,618	
	Total	2,070,094	2,316,640	3,022,907	706,267	<b>1.305</b>
110	School for Deaf & Blind					
	<i>Shares in Large-Cap 500 Equity Fund</i>	1,321	1,252	1,530	277	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	383	403	781	378	
	<i>Shares in Small-Cap 600 Equity Fund</i>	242	248	241	(7)	
	<i>Shares in Fixed Income Fund</i>	1,316	1,501	2,257	756	
	Total	3,262	3,404	4,808	1,405	<b>1.413</b>
111	School of Mines					
	<i>Shares in Large-Cap 500 Equity Fund</i>	2,917	2,838	3,379	540	
	<i>Shares in Mid-Cap 400 Equity Fund</i>	832	911	1,695	784	
	<i>Shares in Small-Cap 600 Equity Fund</i>	528	541	525	(16)	
	<i>Shares in Fixed Income Fund</i>	2,859	3,396	4,904	1,508	
	Total	7,136	7,687	10,503	2,816	<b>1.366</b>

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING**

JULY 31, 2011

(In Thousands)

State Treasurer's Report

August 23, 2011

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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 Large-Cap 500 Equity Fund</i>	30,269	28,270	35,061	6,791	
<i>Shares in Mid-Cap 400 Equity Fund</i>	7,456	9,075	15,197	6,123	
<i>Shares in Small-Cap 600 Equity Fund</i>	4,780	4,895	4,748	(148)	
<i>Shares in Fixed Income Fund</i>	26,408	33,833	45,296	11,463	
Total	68,912	76,073	100,302	24,229	<b>1.318</b>
113 University Fund					
<i>Shares in Large-Cap 500 Equity Fund</i>	4,831	4,642	5,596	954	
<i>Shares in Mid-Cap 400 Equity Fund</i>	1,358	1,487	2,769	1,281	
<i>Shares in Small-Cap 600 Equity Fund</i>	875	896	869	(27)	
<i>Shares in Fixed Income Fund</i>	4,706	5,542	8,072	2,531	
Total	11,771	12,567	17,307	4,739	<b>1.377</b>
114 U Of A Land - 1881					
<i>Shares in Large-Cap 500 Equity Fund</i>	13,946	13,961	16,154	2,193	
<i>Shares in Mid-Cap 400 Equity Fund</i>	3,617	4,472	7,374	2,901	
<i>Shares in Small-Cap 600 Equity Fund</i>	2,423	2,481	2,407	(74)	
<i>Shares in Fixed Income Fund</i>	13,069	16,655	22,416	5,762	
Total	33,056	37,569	48,351	10,782	<b>1.287</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in Large-Cap 500 Equity Fund</i>	957,457	925,652	1,109,041	183,389	
<i>Shares in Mid-Cap 400 Equity Fund</i>	246,321	296,902	502,105	205,203	
<i>Shares in Small-Cap 600 Equity Fund</i>	158,916	162,734	157,846	(4,888)	
<i>Shares in Fixed Income Fund</i>	867,085	1,106,554	1,487,288	380,734	
<b>Grand Total</b>	<b>2,229,779</b>	<b>2,491,842</b>	<b>3,256,280</b>	<b>764,438</b>	
<b>PRIOR YEAR:</b>					
<b>JULY 2010 BALANCES</b>	<b>2,093,627</b>	<b>2,351,158</b>	<b>2,836,971</b>	<b>485,813</b>	

**ENDOWMENT FUNDS  
INVESTMENTS OUTSTANDING  
JULY 31, 2011**

State Treasurer's Report  
August 23, 2011  
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**ASSET ALLOCATION PERCENTAGE**

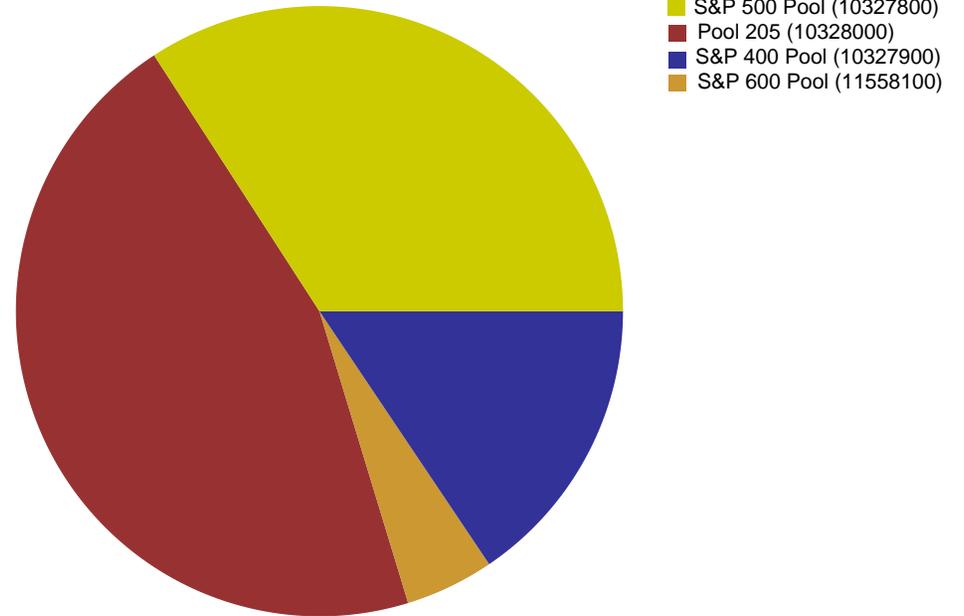
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	<b>JULY 2010 MARKET VALUE</b>
<i>Shares in Large-Cap 500 Equity Fund</i>	42.94%	37.15%	34.06%	<b>31.11%</b>
<i>Shares in Mid-Cap 400 Equity Fund</i>	11.05%	11.91%	15.42%	<b>14.40%</b>
<i>Shares in Small-Cap 600 Equity Fund</i>	7.13%	6.53%	4.85%	<b>0.00%</b>
<i>Shares in Fixed Income Fund</i>	38.89%	44.41%	45.67%	<b>54.48%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Performance Worksheet**  
**Arizona State Treasury (05509)**  
**As Of July 2011**  
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	1,129,277,170.95	1,109,040,773.84	2,704,687	(2.03)	(4.76)	3.85	(2.03)	19.64	3.02	2.30	0.59	07/01/1999
10327900	S&P 400 Pool	523,512,294.25	502,105,274.62	-2,984,422	(3.52)	(6.73)	4.76	(3.52)	25.78	5.27	6.09	7.67	08/01/2001
10328000	Pool 205	1,499,095,301.05	1,487,287,917.02	-30,713,232	1.26	1.96	2.57	1.26	3.18	6.18	6.10	6.07	07/01/1999
11558100	S&P 600 Pool	134,792,258.91	157,845,812.79	27,371,393	(3.20)	(5.85)		(3.20)				(0.60)	03/01/2011
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>3,286,677,025.16</b>	<b>3,256,279,778.27</b>	<b>-3,621,573</b>	<b>(0.81)</b>	<b>(2.09)</b>	<b>3.13</b>	<b>(0.81)</b>	<b>11.33</b>	<b>5.03</b>	<b>4.84</b>	<b>5.06</b>	<b>07/01/1999</b>

**Manager Allocation - Daily**  
**Arizona State Treasury (05509)**  
 As of July 31, 2011

<b>Total Endowment Fund Composite (00550902)</b>		
<b>Account Name</b>	<b>Market Value(MIL)</b>	<b>Percent of Portfolio</b>
S&P 500 Pool (10327800)	1,109.04	34.1%
Pool 205 (10328000)	1,487.29	45.7%
S&P 400 Pool (10327800)	502.11	15.4%
S&P 600 Pool (11558100)	157.85	4.8%
<b>TOTAL</b>	<b>3,256.28</b>	<b>100.0%</b>



Portfolio Characteristics

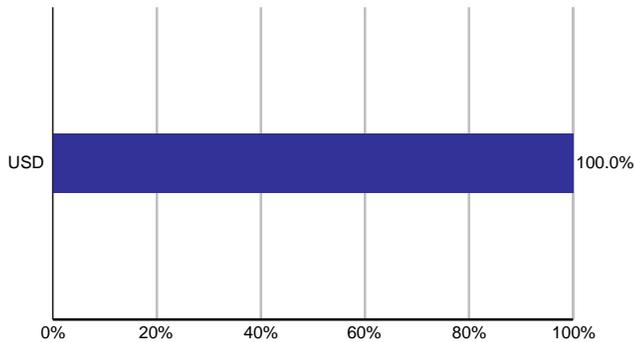
Risk Measures

<b>Total Asset Value (in Millions)</b>	<b>1,109.0</b>		<b>Trailing 1 Year</b>	<b>0.04</b>	<b>Trailing 3 Years</b>	<b>0.18</b>	<b>Trailing 5 Years</b>	<b>0.40</b>	<b>Since Inception</b>	<b>1.74</b>
<b>P/E Ratio</b>	<b>15.70</b>	<b>Tracking Error</b>	<b>Information Ratio</b>	<b>(0.41)</b>	<b>0.54</b>	<b>(0.23)</b>	<b>(0.42)</b>	<b>16.12</b>	<b>15.99</b>	<b>(0.13)</b>
<b>Price to Book Ratio</b>	<b>2.06</b>	<b>Std Deviation of Port.</b>	<b>Std Deviation of Bench.</b>	<b>13.34</b>	<b>21.16</b>	<b>17.79</b>	<b>17.91</b>	<b>15.99</b>	<b>(0.09)</b>	<b>0.99</b>
<b>Dividend Yield (%)</b>	<b>2.05</b>	<b>Sharpe Ratio of Port.</b>	<b>Sharpe Ratio of Bench.</b>	<b>1.46</b>	<b>0.13</b>	<b>0.02</b>	<b>0.03</b>	<b>1.00</b>	<b>0.99</b>	<b>(0.72)</b>
<b>Return on Equity (%)</b>	<b>22.34</b>	<b>R-Squared</b>	<b>Jensen's Alpha</b>	<b>1.46</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.99</b>	<b>(0.72)</b>
<b>Sales Growth (%)</b>	<b>8.12</b>			<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.99</b>	<b>(0.72)</b>
<b>Market Capitalization (\$ Millions)</b>	<b>89,444.75</b>			<b>0.03</b>	<b>0.11</b>	<b>(0.09)</b>	<b>(0.09)</b>	<b>(0.09)</b>	<b>(0.72)</b>	
<b>Earnings per Share (\$)</b>	<b>4.47</b>									
<b>Number of Holdings</b>	<b>501</b>									

Top Ten Portfolio Holdings

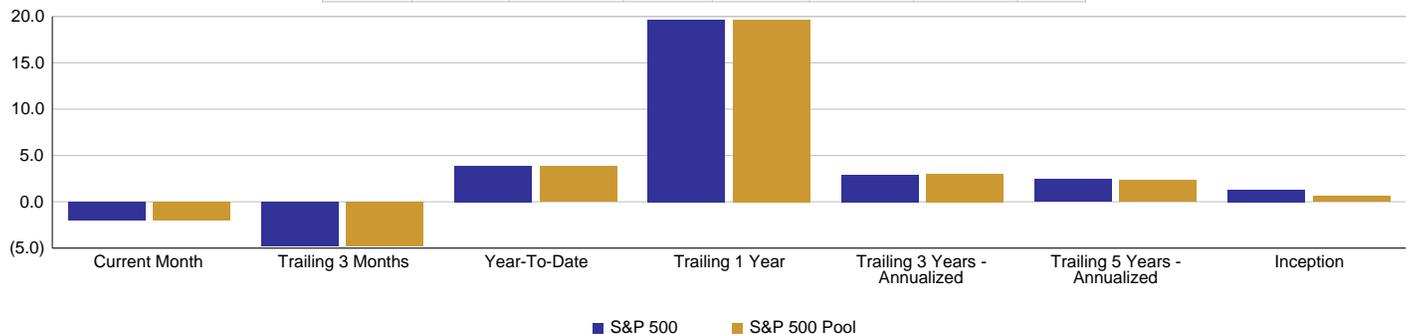
Security ID	Security Name	% of Assets
30231G102	EXXON MOBIL CORP - COM NPV	3.22%
78462F103	SPDR S&P 500 ETF TRUST	3.17%
037833100	APPLE INC - COM NPV	2.96%
459200101	INTL BUSINESS MACHINES CORP - COM USD.2	1.81%
166764100	CHEVRON CORP - COM USD3	1.71%
594918104	MICROSOFT CORP - COM USD.00000625	1.67%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.56%
478160104	JOHNSON & JOHNSON - COM USD1	1.46%
00206R102	AT&T INC - COM USD1	1.44%
742718109	PROCTER & GAMBLE CO - COM NPV	1.42%

Top Ten Currency Weights

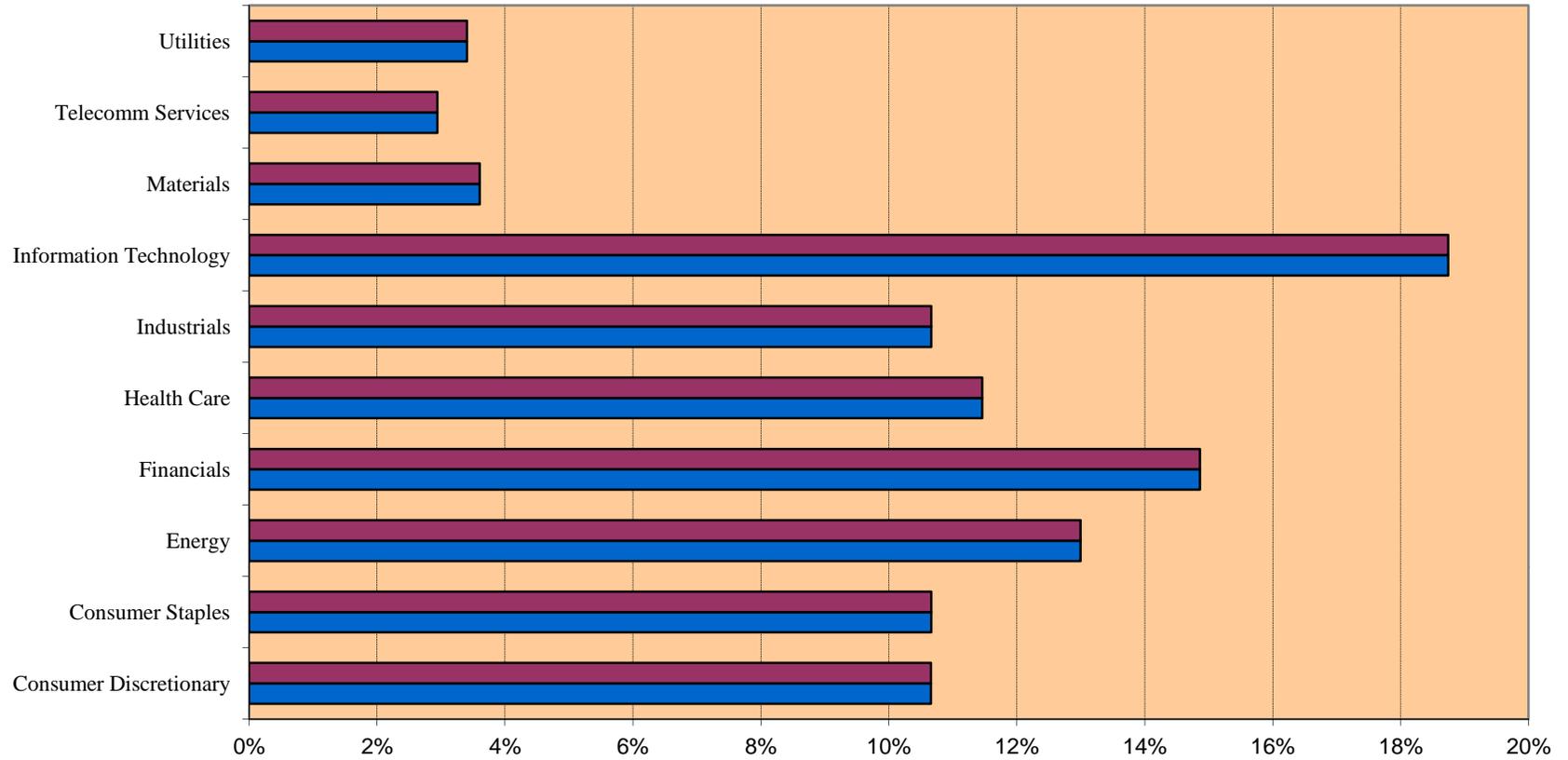


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	(2.03)	(4.76)	3.85	19.64	3.02	2.30	0.59
S&P 500	(2.03)	(4.76)	3.87	19.65	2.92	2.39	1.31
<b>Excess</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>0.10</b>	<b>(0.09)</b>	<b>(0.72)</b>



**STATE OF ARIZONA  
POOL 201 (S&P 500)  
As of July 31, 2011**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 500 Index	10.66%	10.66%	13.00%	14.86%	11.46%	10.66%	18.75%	3.61%	2.94%	3.41%
■ STATE OF ARIZONA - POOL 201	10.66%	10.66%	13.00%	14.86%	11.46%	10.66%	18.75%	3.61%	2.94%	3.41%

S&P 500 Index
  STATE OF ARIZONA - POOL 201

Portfolio Characteristics

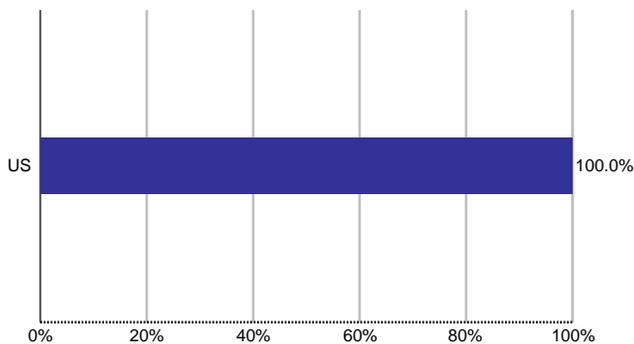
Risk Measures

Total Asset Value (in Millions)	502.1	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	21.70	Information Ratio	0.07	2.24	2.11	2.15
Price to Book Ratio	2.19	Std Deviation of Port.	0.15	(0.86)	(0.17)	(0.02)
Dividend Yield (%)	1.34	Std Deviation of Bench.	15.60	24.17	20.22	17.22
Return on Equity (%)	16.76	Sharpe Ratio of Port.	15.65	25.24	21.05	18.27
Sales Growth (%)	7.44	Sharpe Ratio of Bench.	1.64	0.20	0.21	0.32
Market Capitalization (\$ Millions)	3,873.97	R-Squared	1.64	0.27	0.22	0.31
Earnings per Share (\$)	2.44	Jensen's Alpha	1.00	0.99	0.99	0.99
Number of Holdings	401		0.08	(1.62)	(0.16)	0.32

Top Ten Portfolio Holdings

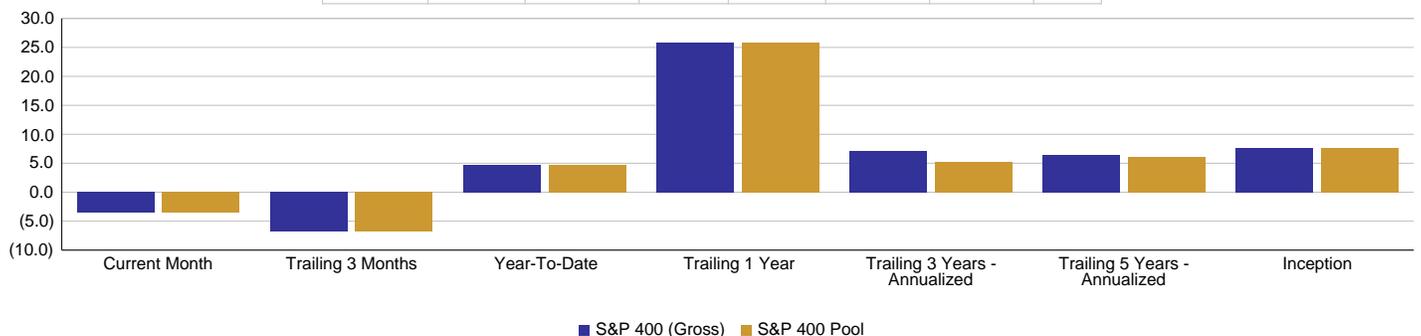
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	1.68%
393122106	GREEN MTN COFFEE ROASTERS - COM USD.1	1.11%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	0.91%
099724106	BORGWARNER INC - COM USD.01	0.75%
549271104	LUBRIZOL CORP - COM NPV	0.74%
256746108	DOLLAR TREE INC - COM USD.01	0.69%
436106108	HOLLYFRONTIER CORP - COM USD.01	0.67%
171798101	CIMAREX ENERGY CO - COM USD.01	0.64%
714290103	PERRIGO CO - COM NPV	0.64%
554382101	MACERICH CO - COM USD.01	0.59%

Top Ten Currency Weights

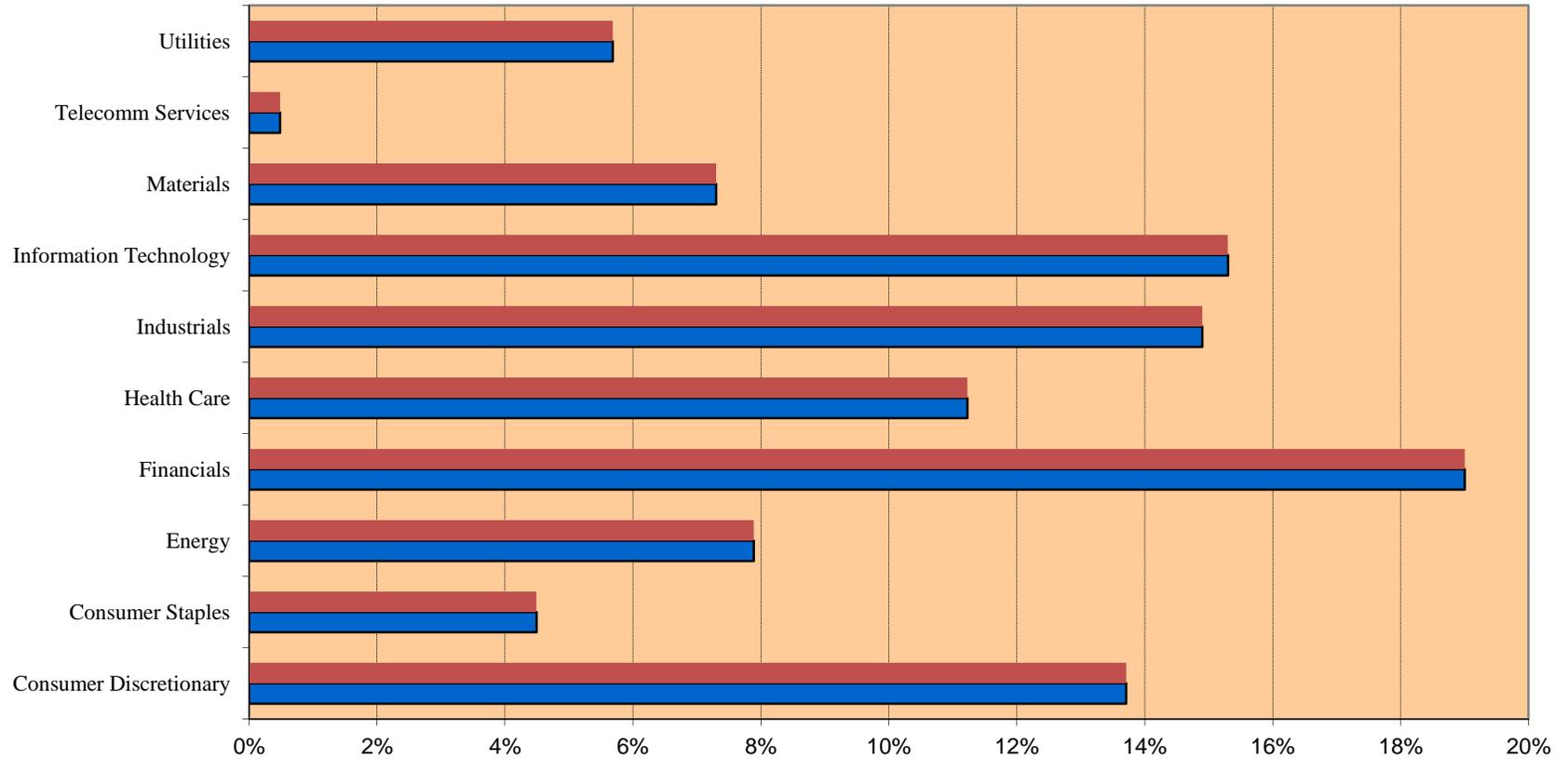


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	(3.52)	(6.73)	4.76	25.78	5.27	6.09	7.67
S&P 400 (Gross)	(3.53)	(6.77)	4.73	25.77	7.20	6.45	7.71
Excess	0.01	0.04	0.04	0.01	(1.93)	(0.36)	(0.04)



**STATE OF ARIZONA  
POOL 203 (S&P MIDCAP 400)  
As of July 31, 2011**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P MIDCAP 400	13.71%	4.49%	7.89%	19.01%	11.23%	14.90%	15.30%	7.30%	0.48%	5.68%
■ STATE OF ARIZONA - POOL 203	13.71%	4.49%	7.89%	19.01%	11.23%	14.90%	15.30%	7.30%	0.48%	5.68%

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

Portfolio Characteristics

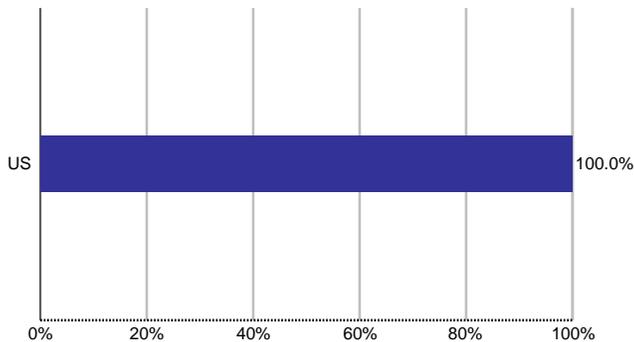
Risk Measures

Total Asset Value (in Millions)	157.8	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
P/E Ratio	23.40	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Price to Book Ratio	1.89	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Dividend Yield (%)	1.10	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Return on Equity (%)	10.87	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Sales Growth (%)	10.00	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Market Capitalization (\$ Millions)	1,238.58	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Earnings per Share (\$)	1.46	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
Number of Holdings	603	Trailing 1 Year	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Tracking Error	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Information Ratio	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Std Deviation of Port.	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Std Deviation of Bench.	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Sharpe Ratio of Port.	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Sharpe Ratio of Bench.	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		R-Squared	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-
		Jensen's Alpha	-	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	-

Top Ten Portfolio Holdings

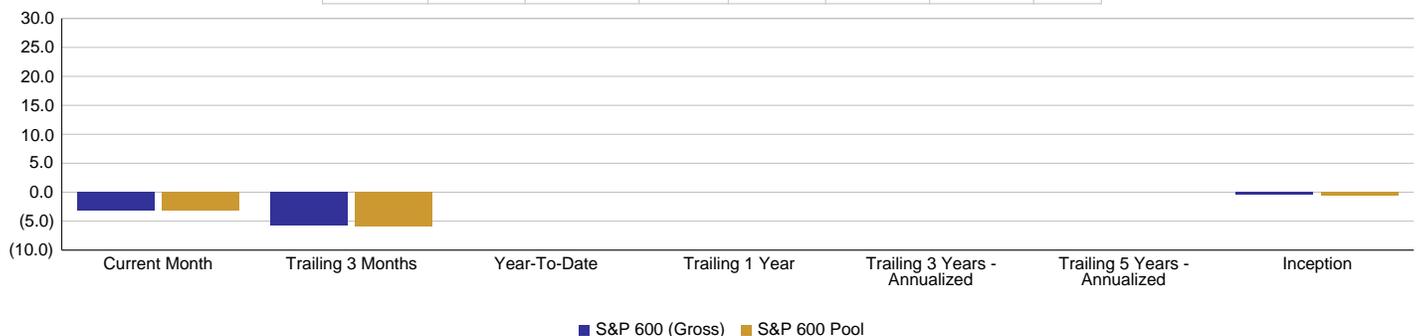
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST S&P SMALLCAP 600 INDEX FUND	1.69%
75886F107	REGENERON PHARMACEUT - COM USD.001	0.80%
42224N101	HEALTHSPRING INC - COM USD	0.56%
227046109	CROCS INC - COM USD.001	0.56%
82669G104	SIGNATURE BANKNY - COM	0.54%
981475106	WORLD FUEL SERVICES CORP - COM USD.01	0.54%
59522J103	MID-AMERICA APT CMNTYS INC - COM USD.01	0.53%
09063H107	BIOMED REALTY TRUST INC - COM USD.01	0.52%
437306103	HOME PROPERTIES INC - COM USD.01	0.52%
549764108	LUFKIN INDUSTRIES INC - COM USD1	0.50%

Top Ten Currency Weights

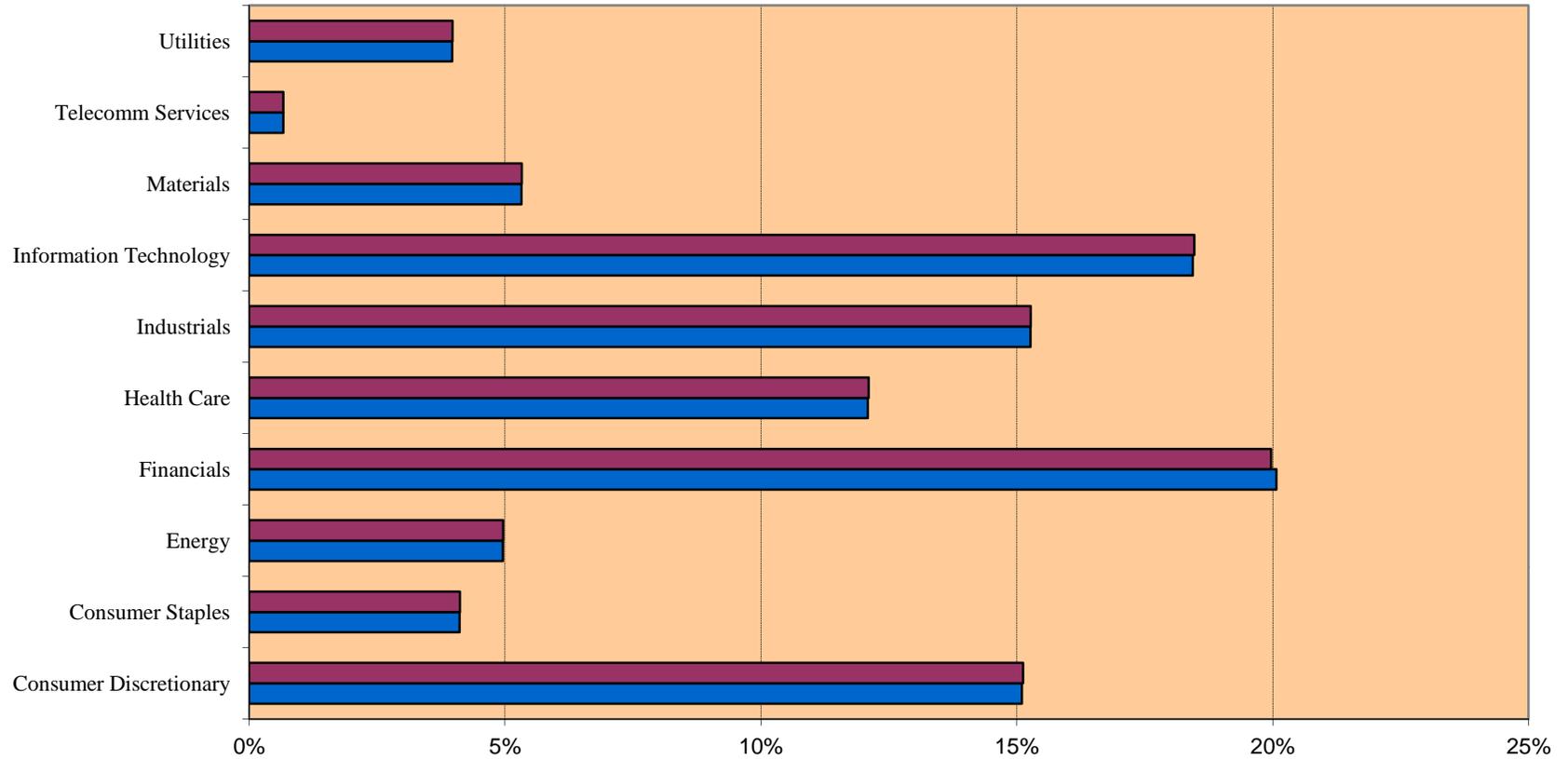


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	(3.20)	(5.85)					(0.60)
S&P 600 (Gross)	(3.21)	(5.82)					(0.46)
Excess	0.01	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.14)



**STATE OF ARIZONA  
POOL 204 (S&P 600 Index)  
As of July 31, 2011**



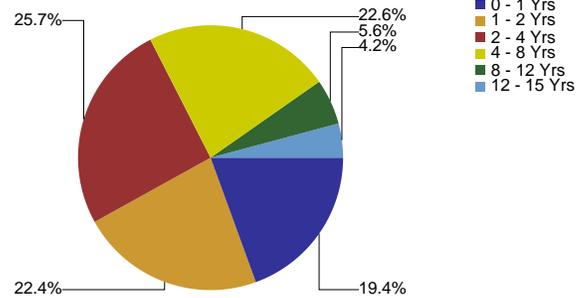
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecomm Services	Utilities
■ S&P 600 Index	15.12%	4.12%	4.97%	19.97%	12.11%	15.27%	18.47%	5.33%	0.67%	3.98%
■ STATE OF ARIZONA - POOL 204	15.10%	4.12%	4.96%	20.07%	12.09%	15.27%	18.44%	5.32%	0.67%	3.97%

S&P 600 Index
  STATE OF ARIZONA - POOL 204

Portfolio Characteristics

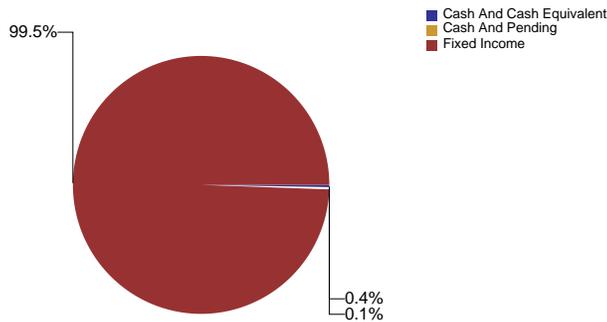
Duration Mix

**Total Net Assets (Millions)** 1,487.3  
**Weighted Average Life (Years)** 5.23  
**Weighted Avg. Effective Duration (Years)** 3.52  
**Weighted Average Coupon (%)** 4.51  
**Weighted Average Current Yield (%)** 1.81  
**Weighted Average Yield to Maturity (%)** 1.87  
**Weighted Average Rating** AAA  
**Number of Holdings** 254



Asset Mix

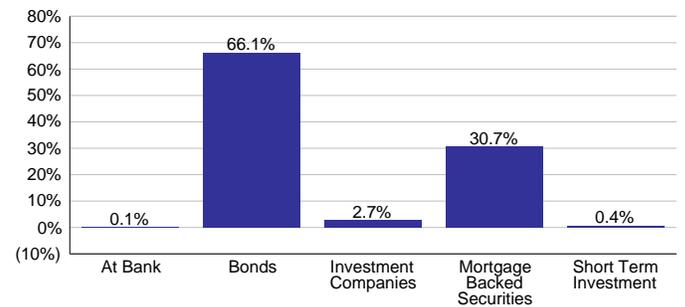
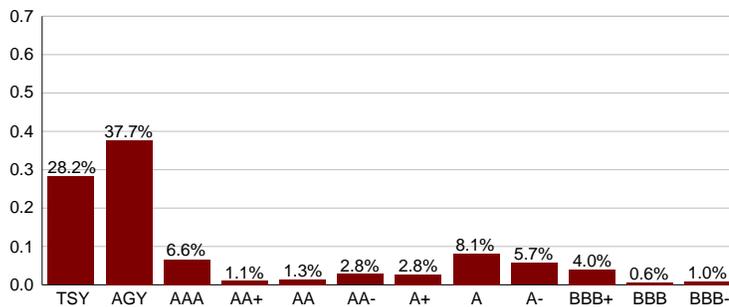
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.46%	4.75	21/2/2013
947513BB	LONG TERM POOL	1.37%	0.00	31/12/2049
958268S	LONG TERM GOV'T POOL	1.36%	0.00	31/12/2049
912810ED6	USA TREASURY BDS 8.125% BDS15/AUG/2019 USD1000	0.99%	8.12	15/8/2019
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.92%	6.38	15/8/2027
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018	0.81%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.79%	5.75	1/4/2018
637432HT5	NATL RURAL UTL FIN 5.45% DEB 10/APR/2017 USD100	0.79%	5.45	10/4/2017
880591EC2	TENNESSEE VALLEY 4.5% BDS 01/APR/2018 USD1000	0.77%	4.50	1/4/2018
912828JH4	UNITED STATES TREAS NTS 4.000% 15/AUG/2018	0.77%	4.00	15/8/2018

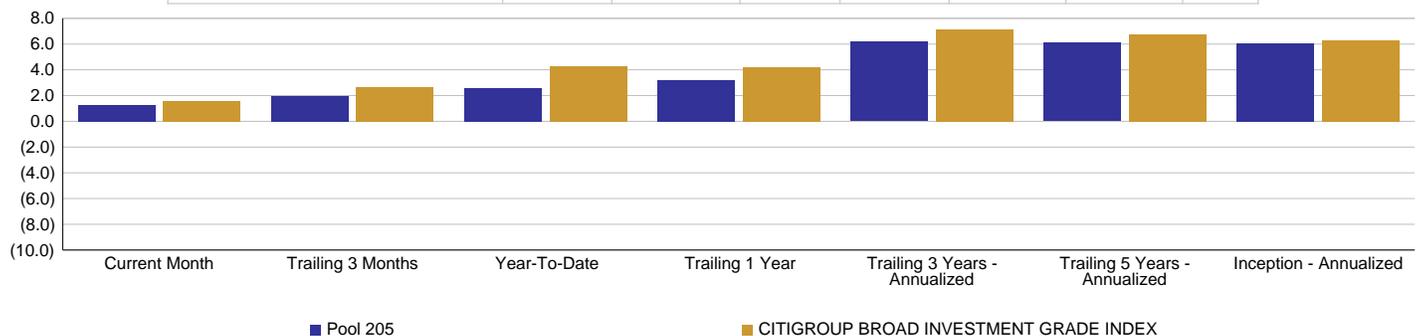
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



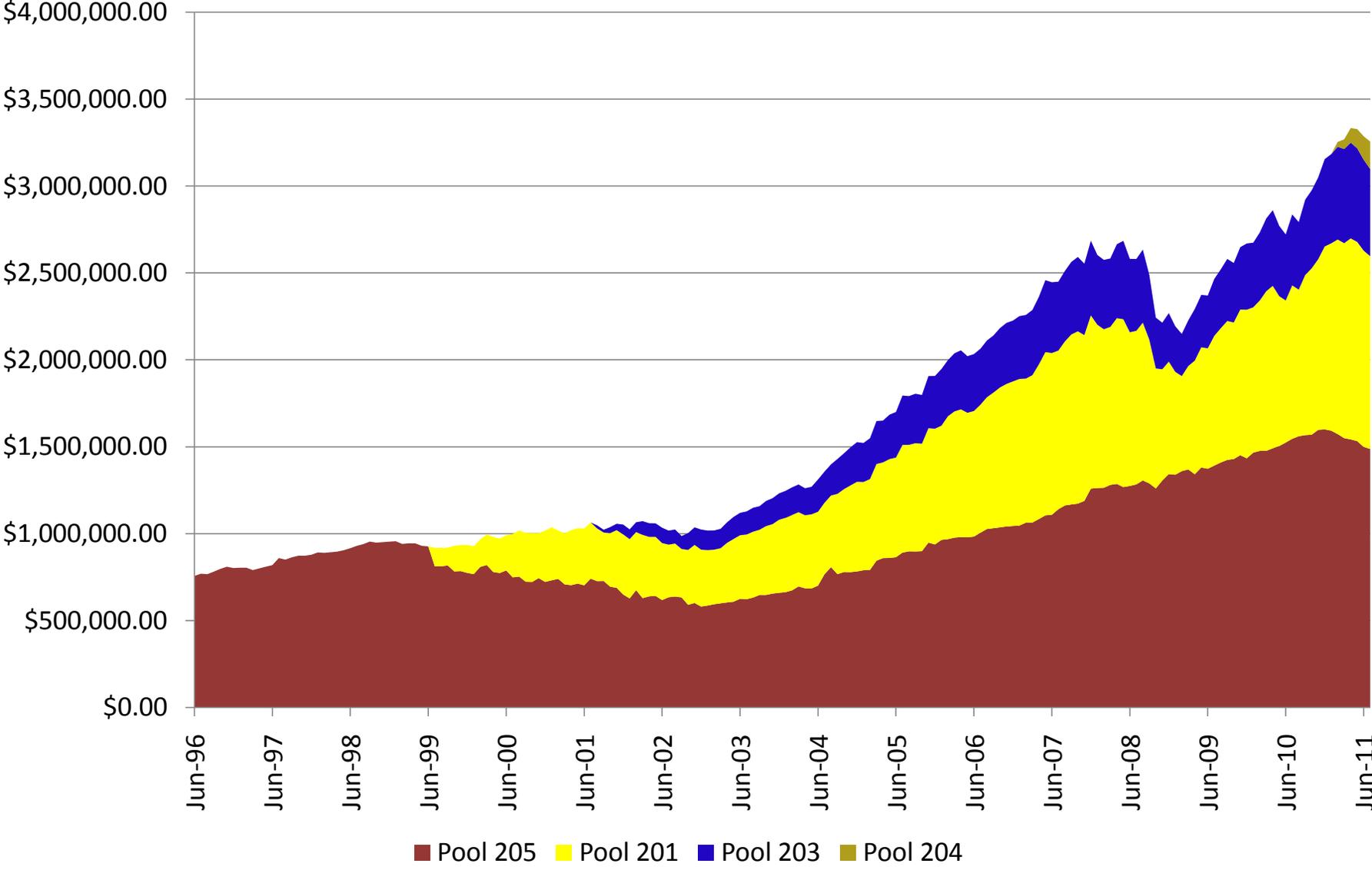
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	1.26	1.96	2.57	3.18	6.18	6.10	6.07
CITIGROUP BROAD INVESTMENT GRADE INDEX	1.57	2.63	4.27	4.23	7.15	6.75	6.28
Excess	(0.31)	(0.67)	(1.70)	(1.05)	(0.97)	(0.65)	(0.22)



Thousands

# Endowment Fund Market Value

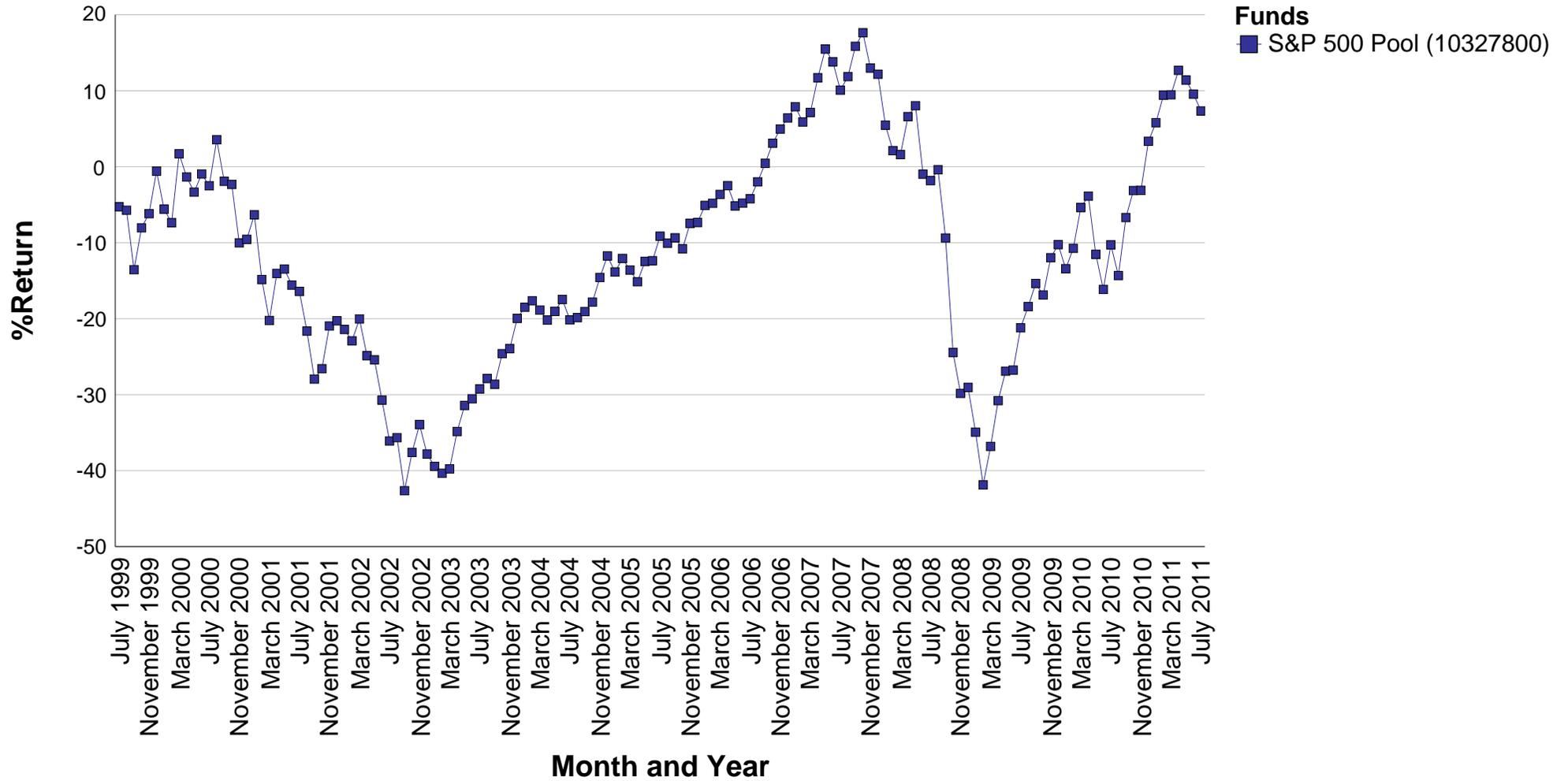


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to July 2011

Gross of Fee

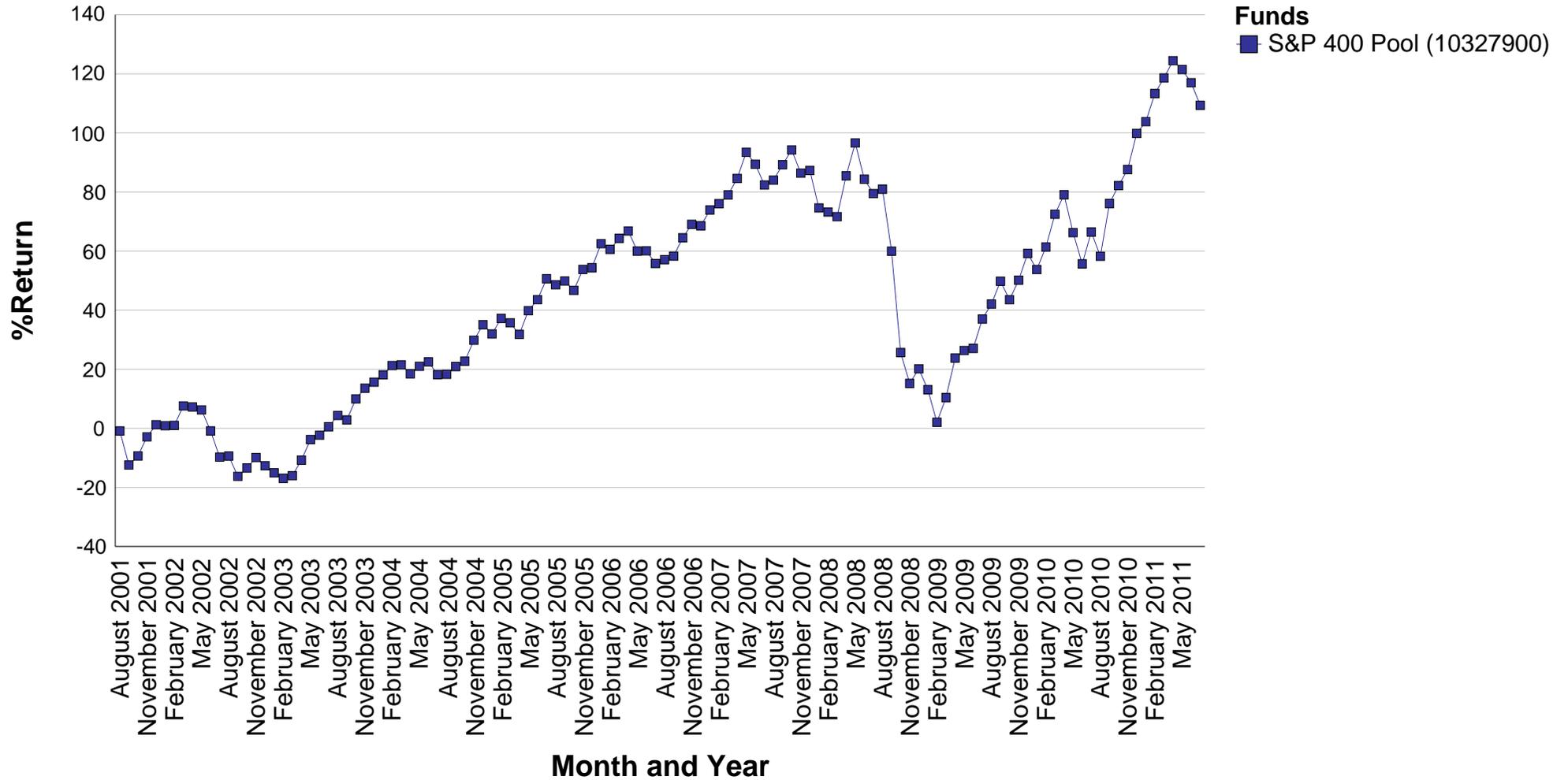


## Performance Growth by Account

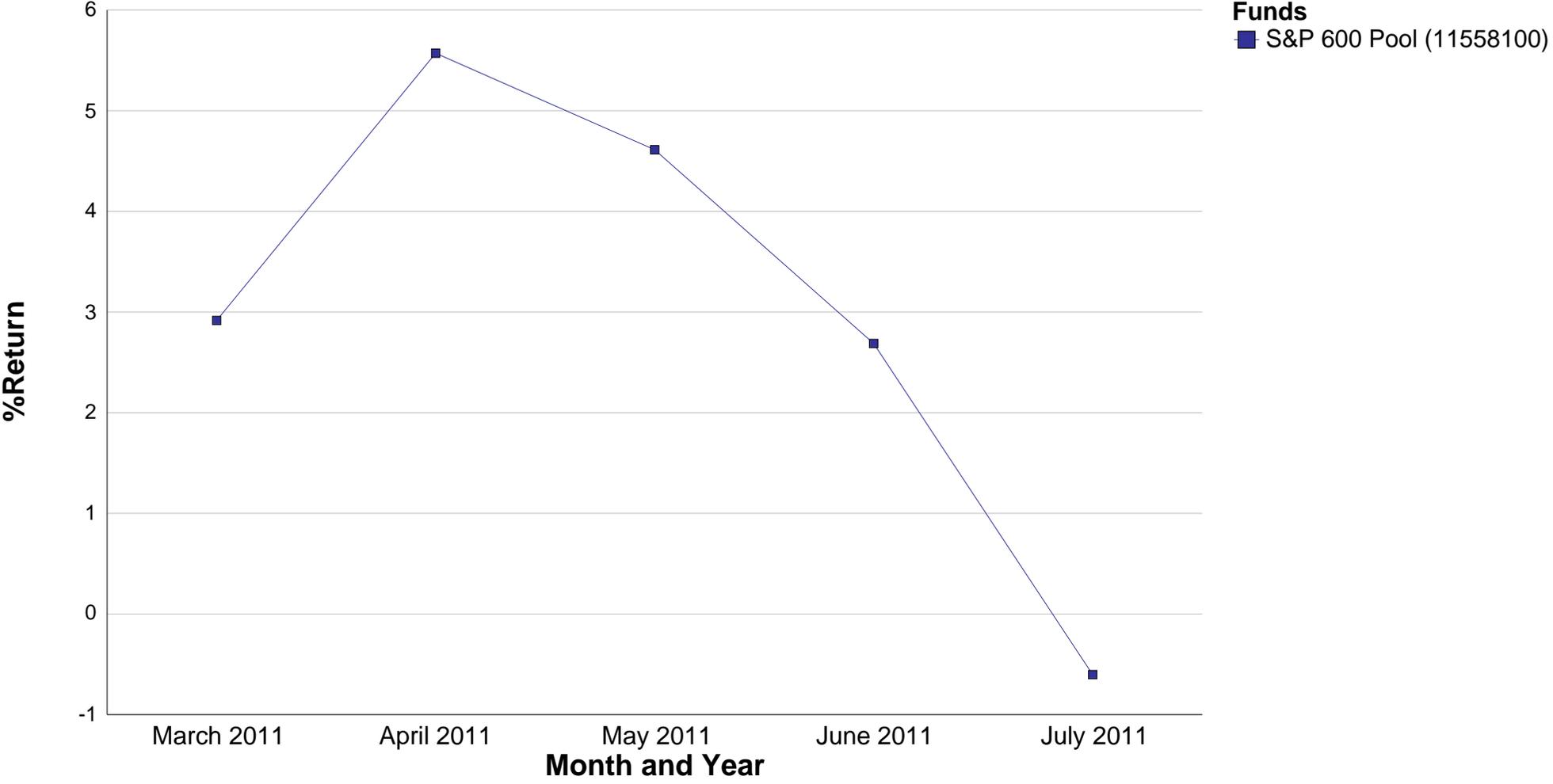
Arizona State Treasury (05509)

From August 2001 to July 2011

Gross of Fee



**Performance Growth by Account**  
Arizona State Treasury (05509)  
From March 2011 to July 2011  
Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to July 2011

Gross of Fee

