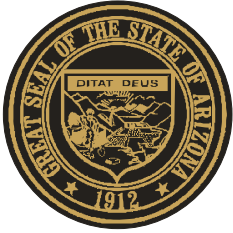


OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



SEPTEMBER 2013

Presented To:

Arizona State Board of Investment

OCTOBER 22, 2013

STATE BOARD OF INVESTMENT

A G E N D A

October 22, 2013

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
 - G. Broker Activity Report
5. Proposed Changes to the Investment Policy
 - A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
6. Review and Approval of Proposed/Pending Securities Dealers
7. General Business
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

October 22, 2013

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on September 24, 2013 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey called the meeting to order at approximately 1:30 p.m.

Members Present:

Doug Ducey, Chair, State Treasurer
Beth Ford, Treasurer, Pima County, – Via Teleconference
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate
Brian McNeil, Director of Arizona Department of Administration

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
Martin Kelly, Investment Analyst, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Kevin Donnellan, Director of Communications, Arizona State Treasurer's Office
Sheila Asher, VP, Relationship Manager, JP Morgan

Pursuant to A.R.S. 35-311, the following reports for August, 2013 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 September 24, 2013 BOI meeting to order at approximately 1:30 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the September 24, 2013 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the August 27, 2013 minutes. Mr. McNeil 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 August, 2013.

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 August, 2013.

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 August, 2013.

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 August 31, 2013.

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 August, 2013.

Review of Treasurer's Monthly Report – Agency Pools:

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 August, 2013.

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 August 31, 2013

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 August 31, 2013.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of August, 2013.

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 August, 2013.

Endowment Funds Yield Analysis

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of August, 2013.

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 August 2013 and 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 August, 2013.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of August, 2013.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of August 31, 2013.

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 August 31, 2013.

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 August 31, 2013.

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 August 31, 2013.

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 August 31, 2013.

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 August 31, 2013.

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 August, 2013.

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 August, 2013.

Approval of Treasurer's Report

Mr. Papp made a motion to approve the Treasurer's Report. Mr. McNeil seconded the motion. Motion carried.

5. Proposed Changes to Investment Policy:

No proposed changes.

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

There were no Securities Dealers to be approved.

7. General Business:

There was no general business.

8. Call to the Public

Sheila Asher stated that she was working on the RFP and thanked the members of the Board for having her.

9. Notice of Next Meeting:

Treasurer Ducey advised the Board that the next regular meeting of the Board of Investment will be Tuesday, October 22, 2013 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

Treasurer Ducey requested updates from the members. Mr. Papp provided a brief market update.

10. Adjournment:

Mr. McNeil made a motion to adjourn the BOI meeting. Mr. Papp seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:00 p.m.

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 SEPTEMBER 2013**

| Recipient | Earnings Distributed | | | Fiscal YTD Investment Management Fees Received |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | SEPTEMBER 2013 | Fiscal YTD 13/14 | Fiscal YTD 12/13 | |
| General Fund | \$1,219,225 | \$3,759,193 | \$3,538,556 | |
| 2 State Agencies - Full Faith & Credit | 546,095 | 1,657,101 | 1,586,831 | \$152,469 |
| 3 State Agencies - Diversified (<i>Combined</i>) | 1,132,768 | 3,568,297 | 3,347,222 | 330,306 |
| 4 State Agencies - Gov | 385,023 | 1,319,363 | 1,256,034 | 145,723 |
| 5 LGIP | 133,028 | 434,376 | 657,068 | 180,237 |
| 7 LGIP Gov | 28,128 | 78,105 | 417,923 | 136,517 |
| 10 Tax-exempt Non-AMT Municipal Bonds | 0 | 0 | 0 | 42,548 |
| 12 CAWCD Medium-Term | 469,356 | 1,402,476 | 1,552,412 | 40,633 |
| 15 GADA Long-Term | 17,954 | 61,799 | 52,038 | 1,731 |
| 16 ECDH Medium-Term | 468,722 | 1,421,726 | 1,300,085 | 52,555 |
| Subtotal | \$4,400,299 | \$13,702,436 | \$13,708,168 | \$1,082,719 |
| NAV POOL | | | | |
| 500 LGIP - Med Term | 280,288 | 792,152 | 909,222 | 40,141 |
| 700 LGIP - FF&C Med Term | 218,891 | 529,656 | 681,180 | 33,195 |
| Total | \$4,899,479 | \$15,024,244 | \$15,298,570 | \$1,156,055 |
| SEPTEMBER 2012 TOTALS | \$5,000,399 | | | \$1,186,601 |

* Note: All earnings distributed for Pool 10 Tax-exempt Non-AMT Municipal Bonds are reported in the General Fund line item.

**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 SEPTEMBER 30, 2013**

NET EARNINGS

| FUND | DESCRIPTION | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 | Net Asset Value Per Share |
|-------------|----------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|--|
| 5 | LGIP | 135,220 | 155,672 | 230,019 | 1.0000 |
| 7 | LGIP - GOV | 28,894 | 23,422 | 160,137 | 1.0000 |
| | TOTAL LGIP & LGIP-GOV | 164,115 | 179,095 | 390,156 | |

YIELDS

| <u>MONTHLY</u> | | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 |
|----------------------------|------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| 5 | LGIP (NET) | 0.14% | 0.14% | 0.25% |
| | S & P LGIP INDEX | 0.05% | 0.05% | 0.10% |
| 7 | LGIP - GOV (NET) | 0.04% | 0.03% | 0.15% |
| | 3 MONTH T-BILL | 0.01% | 0.04% | 0.10% |
| <u>YEAR TO DATE</u> | | | | |
| 5 | LGIP (NET) | 0.14% | 0.14% | 0.23% |
| | S & P LGIP INDEX | 0.05% | 0.05% | 0.10% |
| 7 | LGIP - GOV (NET) | 0.03% | 0.03% | 0.12% |
| | 3 MONTH T-BILL | 0.02% | 0.03% | 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
SEPTEMBER 30, 2013**

NET EARNINGS

| FUND | DESCRIPTION | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 | Net Asset Value Per Share |
|------|-------------------------------------|------------------------------|----------------------------|--------------------------|---------------------------------|
| 500 | LGIP - MED TERM POOL | 302,263 | 290,296 | 316,989 | 1.0304 |
| 700 | LGIP - FF&C MED TERM POOL | 218,891 | 160,630 | 293,228 | 1.0012 |
| | TOTAL LGIP MEDIUM TERM POOLS | 521,155 | 450,926 | 610,217 | |

YIELDS

MONTHLY

| | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 |
|--|------------------------------|----------------------------|--------------------------|
| 500 LGIP - MED TERM (NET) | 1.27% | 1.23% | 1.41% |
| MERRILL 1-5 US D M INDEX | 1.20% | 1.37% | 0.79% |
| 700 LGIP - FF&C MED TERM (NET) | 1.12% | 0.83% | 1.53% |
| 75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX | 1.23% | 1.38% | 0.47% |

YEAR TO DATE

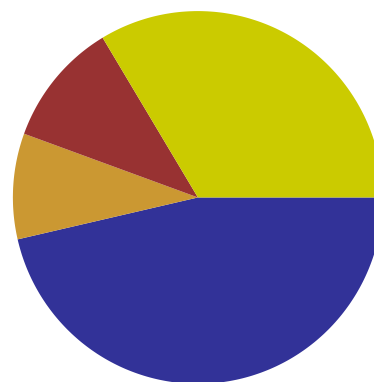
| | | | |
|--|-------|-------|-------|
| 500 LGIP - MED TERM (NET) | 1.20% | 1.16% | 1.53% |
| MERRILL 1-5 US D M INDEX | 1.29% | 1.33% | 0.92% |
| 700 LGIP - FF&C MED TERM (NET) | 0.91% | 0.81% | 1.49% |
| 75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX | 1.28% | 1.31% | 0.55% |

Note: Yield calculation changed from share value to market value. Prior month and prior year shown was also adjusted for comparison purposes.

Manager Allocation - Daily Arizona State Treasury (05509) As of September 30, 2013

| LGIP composite (00550903) | | |
|---|-------------------|----------------------|
| Account Name | Market Value(MIL) | Percent of Portfolio |
| State of Arizona - Pool 5 (LGIP) (10327300) | 1,189.66 | 46.3% |
| State of Arizona - Pool 500 (LGIP - Med Term) (10327700) | 285.32 | 11.1% |
| State of Arizona - Pool 7 (LGIP - FF&C) (10327400) | 860.96 | 33.5% |
| State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200) | 235.43 | 9.2% |
| TOTAL | 2,571.38 | 100.0% |

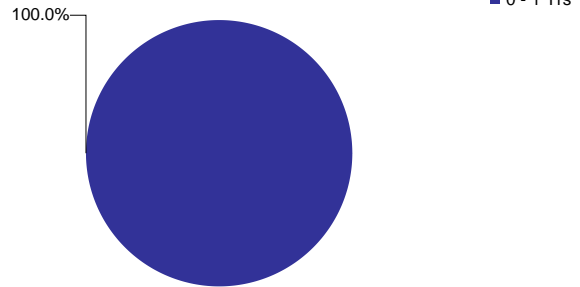
- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term)
- State of Arizona - Pool 500 (LGIP - Med Term) (1
- State of Arizona - Pool 7 (LGIP - FF&C) (1032740



Portfolio Characteristics

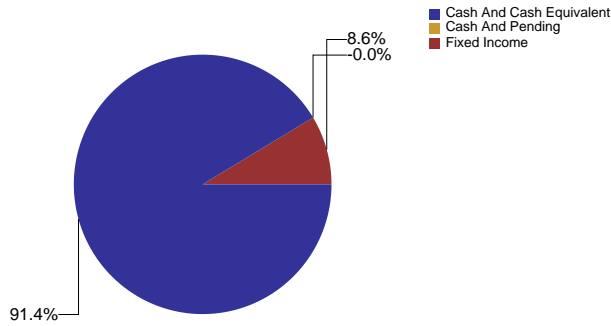
Duration Mix

Total Net Assets (Millions) **1,189.7**
 Weighted Average Life (Years) **0.09**
 Weighted Avg. Effective Duration (Years) **0.11**
 Weighted Average Maturity (Years) **0.10**
 Weighted Average Rating **AA+**
 Number of Holdings **72**



Asset Mix

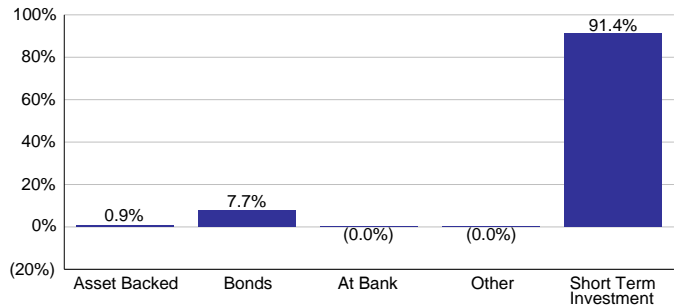
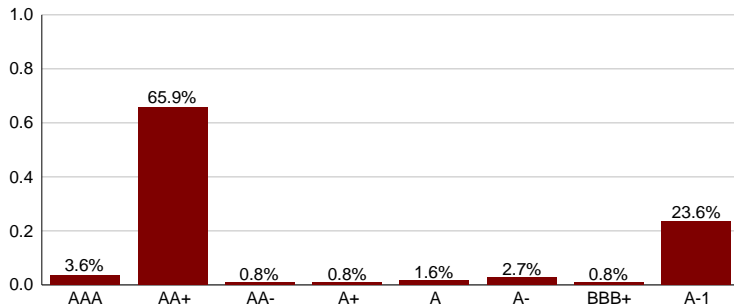
Top Ten Portfolio Holdings



| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|--|------------|-----------|-------------|
| 46999W014 | TRI-PARTY REPO JP MORGAN 0.25% 1/OCT/2013 | 21.23% | 0.25 | 1/10/2013 |
| 46999W022 | TRI-PARTY REPO JP MORGAN REPO SWEEP 0.20% | 8.44% | 0.20 | 1/10/2013 |
| 38199EU16 | TRI-PARTY REPO GOLDMAN SACHS 0.05% 29/NOV/2013 | 8.41% | 0.05 | 29/11/2013 |
| 94999AB10 | TRIPARTY REPO WELLS FARGO 0.05% 10/01/2013 | 8.40% | 0.05 | 1/10/2013 |
| 85299S828 | TRI-PARTY REPO SOUTH STREET 0.10 05/DEC/2013 | 6.30% | 0.10 | 5/12/2013 |
| 3169934U5 | FIDELITY INVESTMENTS - PRIME MONEY MARKET | 4.21% | 0.00 | 1/10/2013 |
| 85299SB65 | TRI PARTY REPO SOUTH STREET .10% 10/13 | 4.20% | 0.10 | 1/10/2013 |
| 85299SB81 | TRI PARTY REPO SOUTH STREET .14% 10/13 | 1.61% | 0.14 | 1/10/2013 |
| 38143USB8 | GOLDMAN SACHS GRP FRN 07/FEB/2014 USD2000 | 1.27% | 0.00 | 7/2/2014 |
| 693476BA0 | PNC FUNDING CORPORATION SR FLTG RATE NTS | 1.26% | 0.00 | 31/1/2014 |

Quality/Rating Weightings

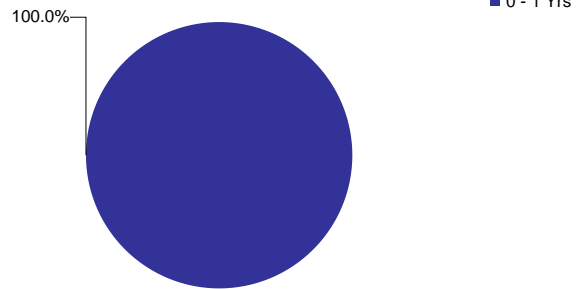
Sector Weightings (as % of Market Value)



Portfolio Characteristics

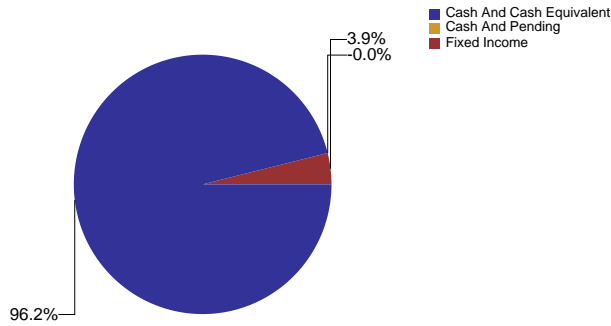
Duration Mix

Total Net Assets (Millions) **861.0**
 Weighted Average Life (Years) **0.09**
 Weighted Avg. Effective Duration (Years) **0.10**
 Weighted Average Maturity (Years) **0.09**
 Weighted Average Rating **AA+**
 Number of Holdings **13**



Asset Mix

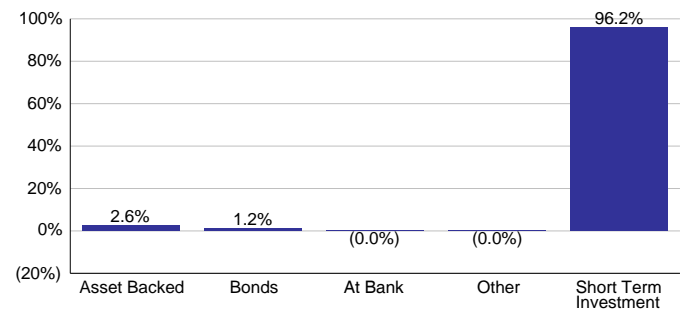
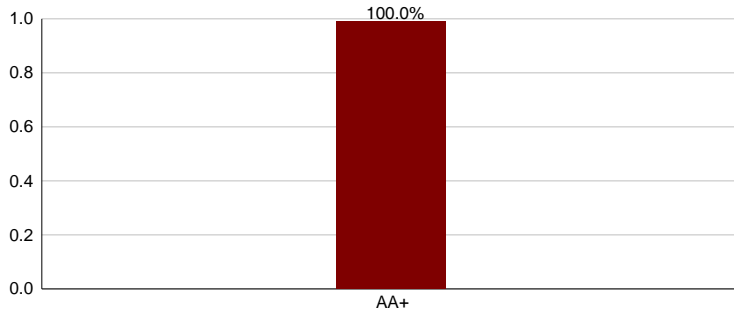
Top Ten Portfolio Holdings



| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|--|------------|-----------|-------------|
| 85299SB99 | TRI PARTY REPO SOUTH STREET .08% 10/13 | 46.46% | 0.08 | 1/10/2013 |
| 65599D481 | NOMURA SECURITIES CO LTD FIXED 0.07% DTD | 22.17% | 0.07 | 1/10/2013 |
| 01899A018 | ALLIANCE BANK OF ARIZONA MONEYMARKET 0.26% | 11.63% | 0.26 | 1/10/2013 |
| 94999AB10 | TRI PARTY REPO WELLS FARGO 0.05% 10/01/2013 | 6.39% | 0.05 | 1/10/2013 |
| 912796BT5 | UNITED STATES OF AMERICA BILL ZERO CPN | 5.80% | 0.00 | 24/7/2014 |
| 22087WAC3 | CORUS CONSTRUCTION VENTURE LLC 0% NTS T/2013 | 2.64% | 0.00 | 25/10/2013 |
| 912828CJ7 | UNITED STATES TREAS NTS 4.75%15/MAY/2014 | 1.22% | 4.75 | 15/5/2014 |
| 302990M45 | FDIC ALLIANCE BANK OF ARIZONA CDARS CD 0.52% | 1.17% | 0.52 | 18/9/2014 |
| 302992D09 | FDIC ALLIANCE BANK OF ARIZONA CDARS CD 0.33% | 0.94% | 0.33 | 16/1/2014 |
| 30299X039 | FDIC ALLIANCE BANK OF ARIZONA CDARS CD 0.51% | 0.90% | 0.51 | 17/10/2013 |

Quality/Rating Weightings

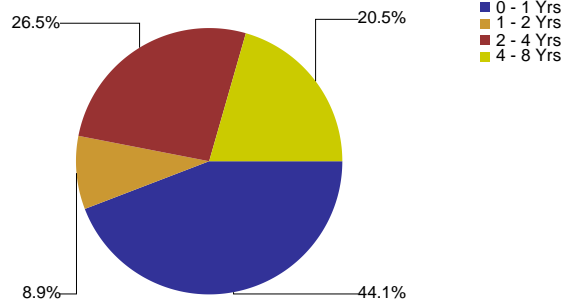
Sector Weightings (as % of Market Value)



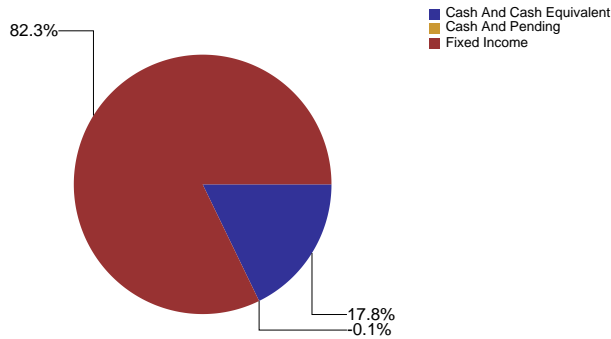
Portfolio Characteristics

Total Net Assets (Millions) **285.3**
 Weighted Average Life (Years) **2.23**
 Weighted Avg. Effective Duration (Years) **1.95**
 Weighted Average Rating **AA**
 Number of Holdings **202**

Duration Mix



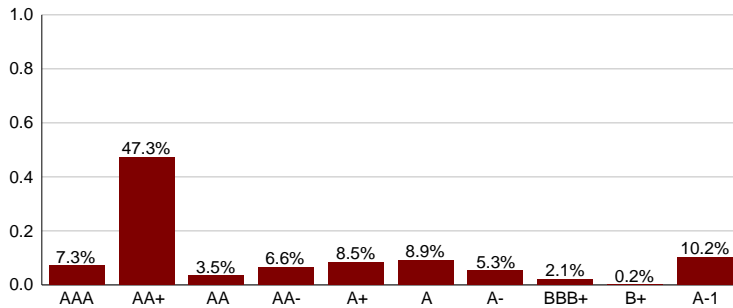
Asset Mix



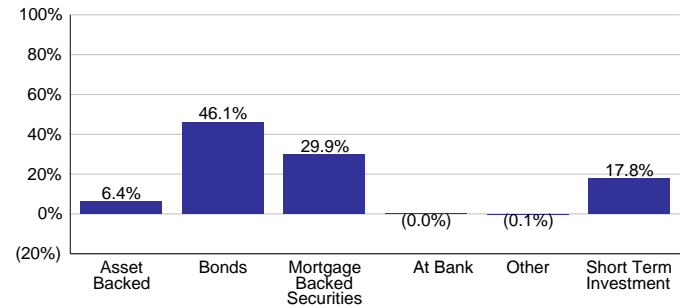
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Rat | Maturity Da |
|-------------|--|------------|------------|-------------|
| 85299SB81 | TRI PARTY REPO SOUTH STREET .14% 10/13 | 4.90% | 0.14 | 1/10/2013 |
| 31417CUR4 | FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991 | 4.30% | 2.50 | 1/8/2027 |
| 31419JM47 | FNMA MORTPASS 4.5% 01/NOV/2040 CL PN# AE7578 | 3.08% | 4.50 | 1/11/2040 |
| 85299S828 | TRI-PARTY REPO SOUTH STREET 0.10 05/DEC/2013 | 1.75% | 0.10 | 5/12/2013 |
| 67983UAM5 | OLD LINE FUNDING LLC CORPORATE CP | 1.75% | 0.00 | 21/1/2014 |
| 3128MMQT3 | FHLMCGLD MORTPASS 2.5% 01/MAY/2028 G1 | 1.72% | 2.50 | 1/5/2028 |
| 3137ARRT5 | FREDDIE MAC 4080 DA 2.000% 15/MAR/2041 | 1.60% | 2.00 | 15/3/2041 |
| 3132GU4P6 | FHLMCGLD MORTPASS 3.5% 01/JUL/2042 Q0 | 1.56% | 3.50 | 1/7/2042 |
| 79604YAB5 | SAMSUNG ELECTRONICS CO 1.75% BDS 10/APR/2017 | 1.41% | 1.75 | 10/4/2017 |
| 31416XE97 | FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959 | 1.41% | 4.00 | 1/12/2040 |

Quality/Rating Weightings



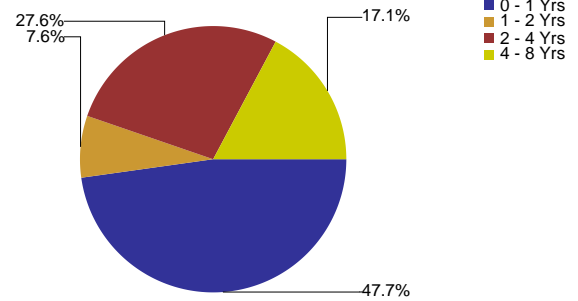
Sector Weightings (as % of Market Value)



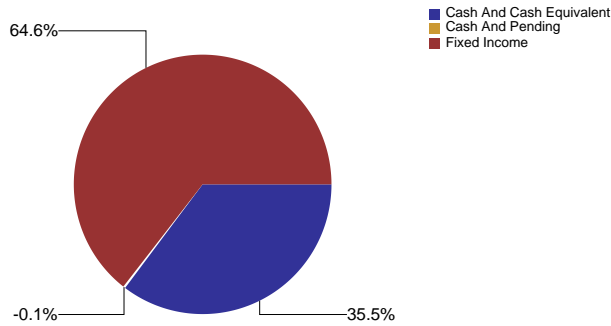
Portfolio Characteristics

Total Net Assets (Millions) **235.4**
 Weighted Average Life (Years) **2.33**
 Weighted Avg. Effective Duration (Years) **2.46**
 Weighted Average Rating **AA+**
 Number of Holdings **69**

Duration Mix



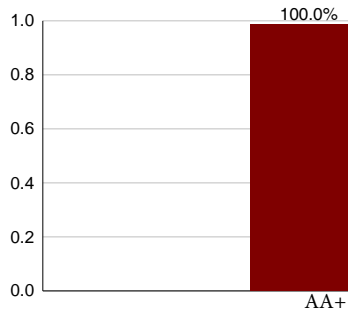
Asset Mix



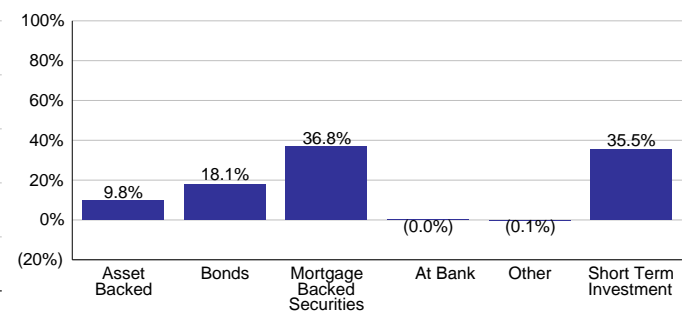
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|---|------------|-----------|-------------|
| 65599D481 | NOMURA SECURITIES CO LTD FIXED 0.07% DTD | 23.76% | 0.07 | 1/10/2013 |
| 22087WAC3 | CORUS CONSTRUCTION VENTURE LLC 0% NTS | 9.77% | 0.00 | 25/10/2013 |
| 39675DN | FDIC US BANK CDARS ACCOUNT 0.3% 01/OCT/2013 | 6.41% | 0.30 | 1/10/2013 |
| 60699C871 | TRI PARTY REPO MIZUHO BANK LTD 0.06% DTD | 4.24% | 0.06 | 6/1/2014 |
| 36202FL61 | GNMA II MORTPASS 4% 20/NOV/2040 JM PN# 004849 | 3.29% | 4.00 | 20/11/2040 |
| 36179MGW4 | GNMA II MORTPASS 3% 20/JUL/2042 JM PN# MA0213 | 2.99% | 3.00 | 20/7/2042 |
| 38378H4K9 | GINNIE MAE 2012-124 KB 2.000% 20/JUL/2042 | 2.83% | 2.00 | 20/7/2042 |
| 912828LL2 | US 3.00000 '16 | 2.27% | 3.00 | 31/8/2016 |
| 36179MAH3 | GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008 | 2.26% | 3.50 | 20/4/2027 |
| 912828TW0 | US 0.75000 '17 | 2.10% | 0.75 | 31/10/2017 |

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 September 30, 2013**

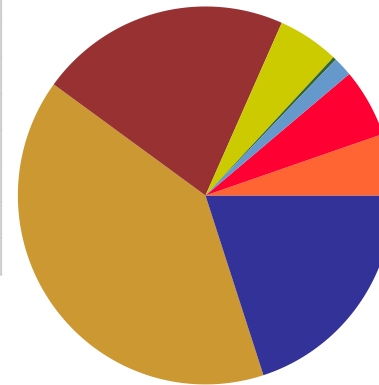
| FUND | DESCRIPTION | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 | Net Asset Value Per Share |
|-------------|--------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|--|
| 2 | STATE AGENCIES - FULL FAITH & CREDIT | 767,632 | 730,828 | 780,183 | 0.9940 |
| 3 | STATE AGENCIES - DIVERSIFIED | | | | |
| | INTERNAL MANAGERS | 1,685,619 | 1,730,283 | 1,564,011 | 0.9928 |
| | EXTERNAL MANAGERS | 49,744 | 47,304 | 50,338 | 0.9992 |
| | FUND 3 TOTAL | 1,735,363 | 1,777,588 | 1,614,349 | 0.9931 |
| 4 | STATE AGENCIES - GOV | 689,082 | 755,499 | 688,716 | 0.9903 |
| 10 | TAX-EXEMPT NON-AMT MUNICIPAL BONDS | 66,101 | 126,526 | N/A | 0.9994 |
| 12 | CAWCD MEDIUM-TERM | 469,356 | 463,905 | 520,666 | 1.0092 |
| 15 | GADA LONG-TERM | 17,954 | 14,523 | 16,614 | 0.9886 |
| 16 | ECDH MEDIUM-TERM | 468,722 | 491,029 | 379,498 | 0.9813 |
| | TOTAL STATE AGENCIES | 4,214,210 | 4,359,899 | 4,000,026 | |

**STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 SEPTEMBER 30, 2013**

| FUND | DESCRIPTION | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 |
|-------------|--|---------------------------------------|-------------------------------------|--|
| 2 | STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX | 0.88% 0.81% | 0.82% 0.89% | 0.96% 0.33% |
| 3 | STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX | 0.92% 0.60% 0.91% 0.46% | 0.95% 0.55% 0.94% 0.51% | 0.99% 0.61% 0.97% 0.55% |
| 4 | STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX | 0.76% 0.19% | 0.92% 0.24% | 0.82% 0.20% |
| 10 | TAX-EXEMPT NON-AMT MUNICIPAL BONDS SIFMA MUNICIPAL SWAP INDEX | 0.27% 0.06% | 0.50% 0.06% | N/A N/A |
| 12 | CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX | 2.00% 2.34% | 1.92% 2.48% | 2.25% 1.61% |
| 15 | GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP | 1.80% 1.65% | 1.41% 1.88% | 1.68% 0.83% |
| 16 | ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX | 1.69% 2.34% | 1.77% 2.48% | 1.41% 1.61% |

Manager Allocation - Daily Arizona State Treasury (05509) As of September 30, 2013

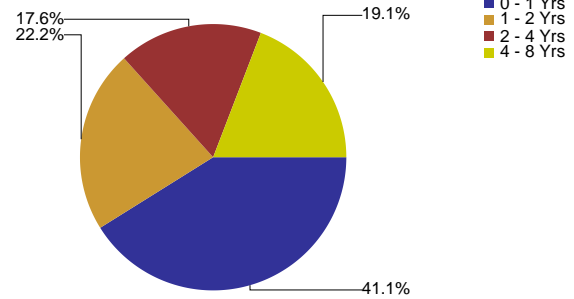
| Pool Composite (00550904) | | |
|---|-------------------|----------------------|
| Account Name | Market Value(MIL) | Percent of Portfolio |
| State of Arizona - Pool 10 (State Operating) (11741000) | 300.38 | 5.4% |
| State of Arizona - Pool 12 (CAWCD - Med Term) (10327500) | 288.17 | 5.2% |
| State of Arizona - Pool 15 (GADA) (10327600) | 11.97 | 0.2% |
| State of Arizona - Pool 16 (ECDH) (13074500) | 326.89 | 5.9% |
| State of Arizona - Pool 2 (State Agency - FF&C) (10327000) | 1,117.73 | 20.1% |
| State of Arizona - Pool 3 (State Agency - Diversified) (10327100) | 2,226.83 | 40.0% |
| State of Arizona - Pool 4 (State Agency Rest Div) (10327200) | 1,200.19 | 21.5% |
| State of Arizona Pool 3 (external US Banc) (17699900) | 100.61 | 1.8% |
| TOTAL | 5,572.77 | 100.0% |



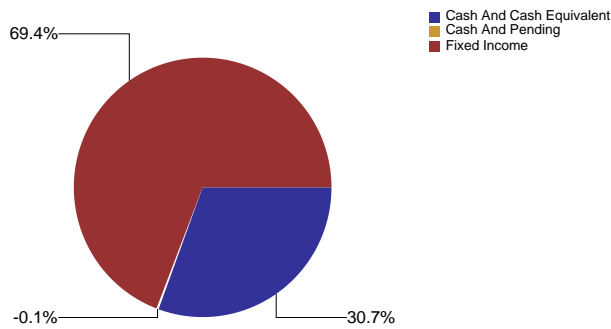
- State of Arizona - Pool 2 (State Agency - FF&C)
- State of Arizona - Pool 3 (State Agency - Divers
- State of Arizona - Pool 4 (State Agency Rest Di
- State of Arizona - Pool 10 (State Operating) (11
- State of Arizona - Pool 15 (GADA) (10327600)
- State of Arizona Pool 3 (external US Banc) (1769
- State of Arizona - Pool 16 (ECDH) (13074500)
- State of Arizona - Pool 12 (CAWCD - Med Term) (1

Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **1,117.7**
 Weighted Average Life (Years) **2.33**
 Weighted Avg. Effective Duration (Years) **1.90**
 Weighted Average Rating **AA+**
 Number of Holdings **104**

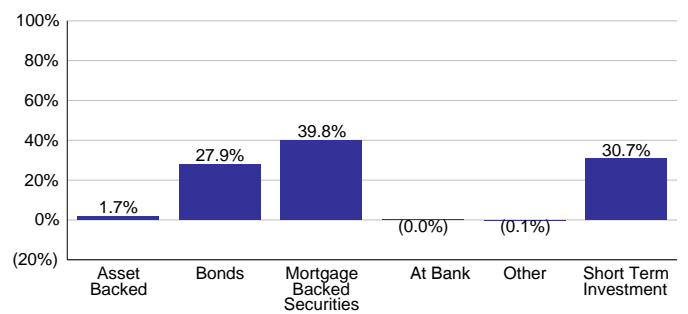
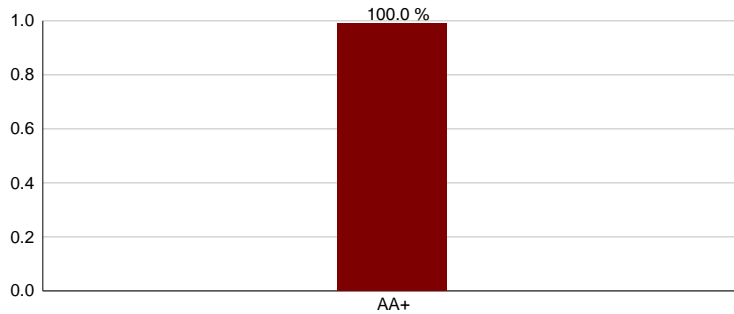


Asset Mix Top Ten Portfolio Holdings



| Security ID | Security Name | % of Assets | Coupon Rate | Maturity Date |
|-------------|---|-------------|-------------|---------------|
| 65599D481 | TRI - PARTY REPO NOMURA .07% 10/01/13 | 22.63% | 0.07 | 1/10/2013 |
| 912828DM9 | US TREASURY 4.00000 '15 | 4.73% | 4.00 | 15/2/2015 |
| 912828RZ5 | US TREASURY 0.25000 '15 | 4.48% | 0.25 | 15/1/2015 |
| 38375GHL8 | GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042 | 3.27% | 2.00 | 16/5/2042 |
| 912796BT5 | UNITED STATES OF AMERICA BILL ZERO CPN | 2.68% | 0.00 | 24/7/2014 |
| 912796BE8 | UNITED STATES TREAS BILLS DT | 2.23% | 0.00 | 1/5/2014 |
| 38377X5L2 | GINNIE MAE 2012-137 FA VARIABLE 20/NOV/2042 | 2.16% | 0.00 | 20/11/2042 |
| 38378EGJ6 | GINNIE MAE 2012-51 EA 1.500% 20/SEP/2040 | 1.97% | 1.50 | 20/9/2040 |
| 912828KV1 | UNITED STATES TREAS NTS 02.250% 31/MAY/2014 | 1.83% | 2.25 | 31/5/2014 |
| 912828SL5 | UNITED STATES TREAS NTS 0.25%31/MAR/2014 | 1.79% | 0.25 | 31/3/2014 |

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

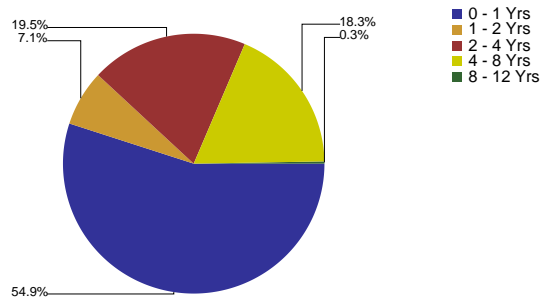


Portfolio Characteristics

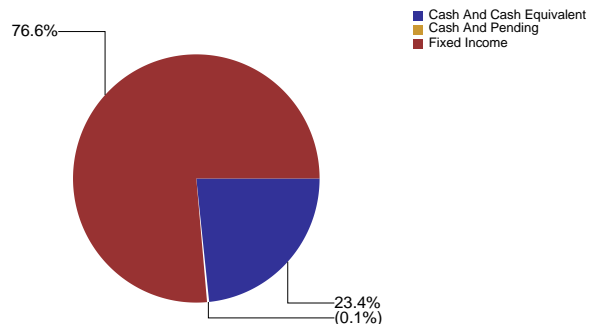
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

2,327.4
2.20
1.71
AA
336

Duration Mix



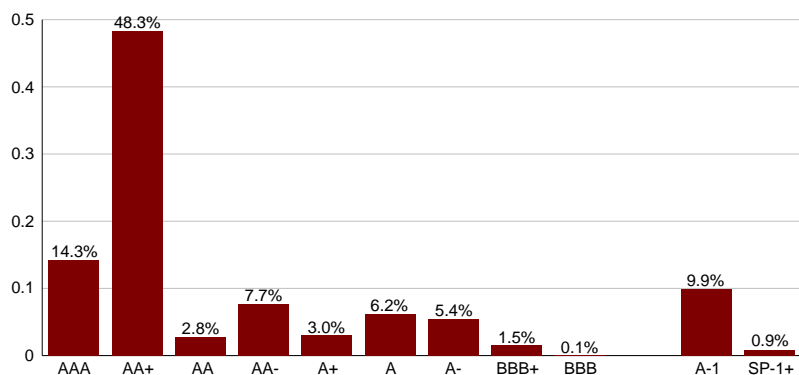
Asset Mix



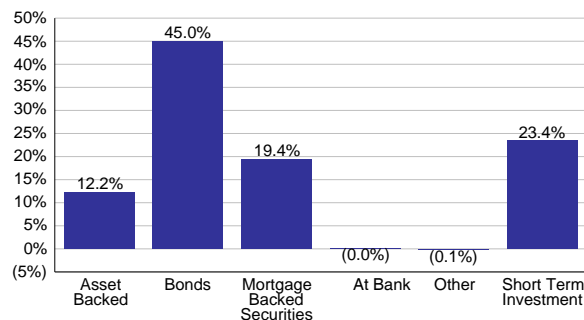
Top Ten Portfolio Holdings

| Security | Security Name | % of Asse | Coupon R | Maturity Da |
|-----------|--|-----------|----------|-------------|
| 85299SB65 | TRI PARTY REPO SOUTH STREET .10% 10/13 | 5.37% | 0.10 | 1/10/2013 |
| 85299SB81 | TRI PARTY REPO SOUTH STREET .14% 10/13 | 1.81% | 0.14 | 1/10/2013 |
| 25155BKQ7 | DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT | 1.73% | 0.73 | 23/1/2014 |
| 2063C0X72 | CONCORD MIN CPTL CO CORPORATE CP | 1.72% | 0.00 | 7/10/2013 |
| 2284K0X75 | CROWN POINT CAP CO. CORPORATE CL PAPER | 1.72% | 0.00 | 7/10/2013 |
| 52952LXF4 | EXINGTN PKR CAP CO LL CORPORATE CP | 1.72% | 0.00 | 15/10/2013 |
| 3135G0XD0 | FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS | 1.66% | 1.00 | 21/5/2018 |
| 3136G1HU6 | FEDERAL NATL MTG ASSN CALL 1.2%04/APR/2018 | 1.64% | 1.20 | 4/4/2018 |
| 52468JX25 | LEGACY CAPITAL COMPANY CORPORATE CP | 1.59% | 0.00 | 2/10/2013 |
| 45779PXQ6 | INSTITUTIONAL SECURED CORPORATE CP | 1.29% | 0.00 | 24/10/2013 |

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

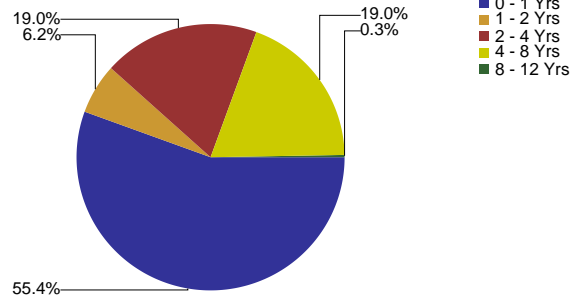


Portfolio Characteristics

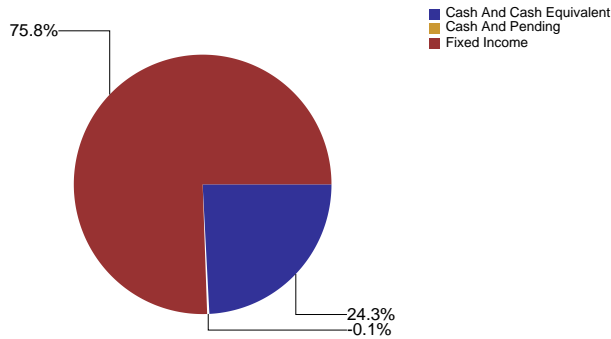
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

2,226.8
2.24
1.72
AA
189

Duration Mix



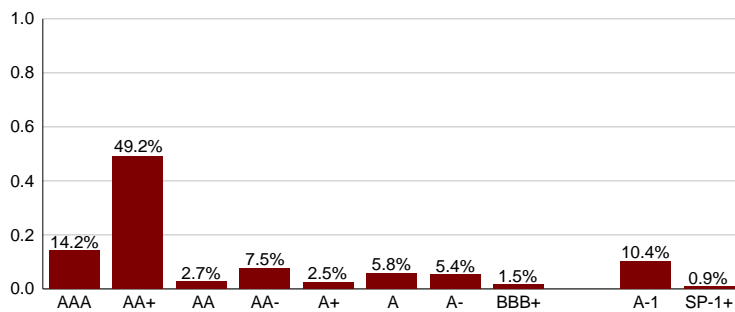
Asset Mix



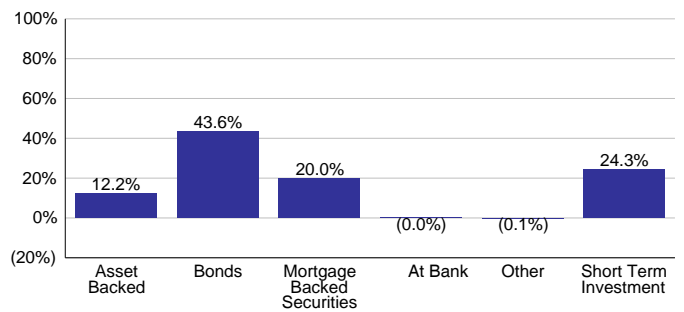
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|--|------------|-----------|-------------|
| 85299SB65 | TRI PARTY REPO SOUTH STREET .10% 10/13 | 5.61% | 0.10 | 1/10/2013 |
| 85299SB81 | TRI PARTY REPO SOUTH STREET .14% 10/13 | 1.90% | 0.14 | 1/10/2013 |
| 25155BKQ7 | DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT | 1.81% | 0.73 | 23/1/2014 |
| 2063C0X72 | CONCORD MIN CPTL CO CORPORATE CP | 1.79% | 0.00 | 7/10/2013 |
| 2284K0X75 | CROWN POINT CAP CO. CORPORATE CP | 1.79% | 0.00 | 7/10/2013 |
| 52952LXF4 | LEXINGTN PKR CAP CO LL CORPORATE CP | 1.79% | 0.00 | 15/10/2014 |
| 3135G0XD0 | FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS | 1.74% | 1.00 | 21/5/2018 |
| 3136G1HU6 | FEDERAL NATL MTG ASSN CALL 1.2%04/APR/2018 | 1.72% | 1.20 | 4/4/2018 |
| 52468JX25 | LEGACY CAPITAL COMPANY CORPORATE CP | 1.66% | 0.00 | 2/10/2013 |
| 45779PXQ6 | INSTITUTIONAL SECURED CORPORATE CP | 1.35% | 0.00 | 24/10/2013 |

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

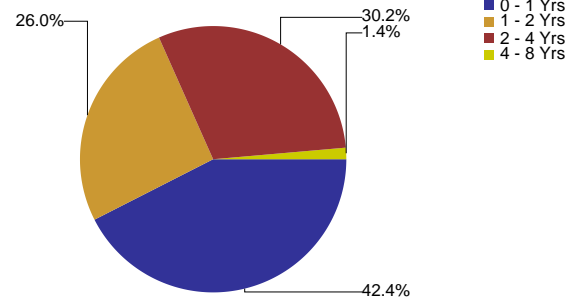


Portfolio Characteristics

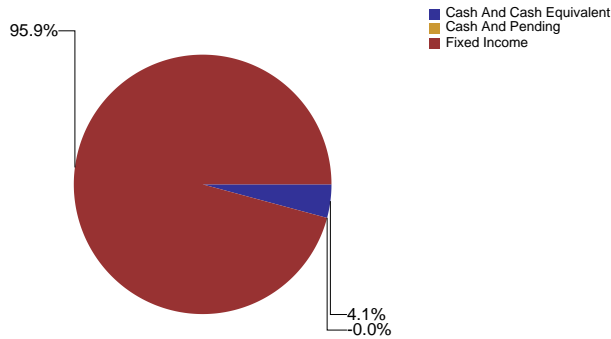
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

100.6
1.32
1.40
AA
147

Duration Mix



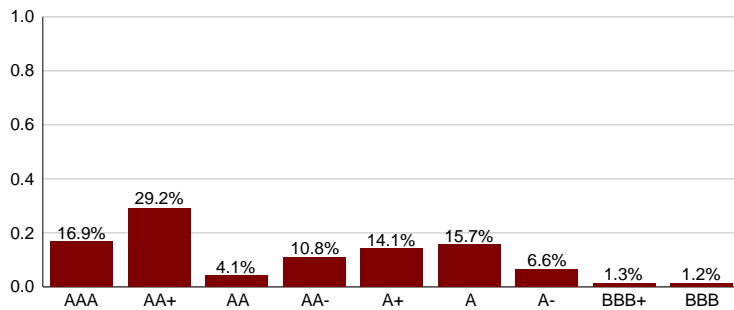
Asset Mix



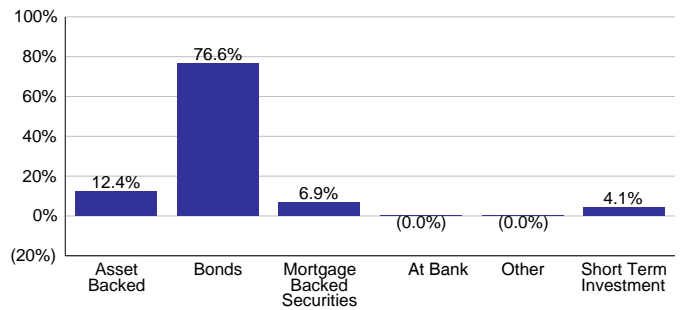
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|---|------------|-----------|-------------|
| 3133EAZU5 | FEDERAL FARM CREDIT BANKS 0.45% BDS | 2.49% | 0.45 | 24/4/2015 |
| 94985H5G5 | WELLS FARGO BANK N A SR FLT NT 15 20/JUL/2015 | 2.29% | 0.00 | 20/7/2015 |
| 64952WBG7 | NEW YORK LIFE GLOBAL FUNDING VAR BDS | 1.99% | 0.00 | 18/6/2014 |
| 3135G0XU2 | FEDERAL NATIONAL MORTGAGE ASSOC 0.52% NTS | 1.98% | 0.52 | 27/5/2016 |
| 59157BAF9 | METLIFE INSTITUTIONAL FUNDING II 1.207% BDS | 1.80% | 0.00 | 4/4/2014 |
| 12623MAC7 | CNH EQUIPMENT TST 0.94% BDS 15/MAY/2017 | 1.79% | 0.94 | 15/5/2017 |
| 78008TXB5 | ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000 | 1.75% | 0.00 | 30/10/2014 |
| 69371RL38 | PACCAR FINANCIAL CORP FRN 08/FEB/2016 USD1000 | 1.60% | 0.00 | 8/2/2016 |
| 254683BA2 | DISCOVER CARD MASTER TRUST 1 0.69% MTG BDS | 1.56% | 0.69 | 15/8/2018 |
| 38377XPJ5 | GINNIE MAE 2011-115 PD 2.000% 20/OCT/2038 | 1.55% | 2.00 | 20/10/2038 |

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

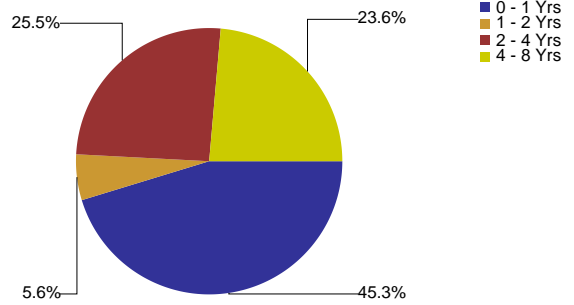


Portfolio Characteristics

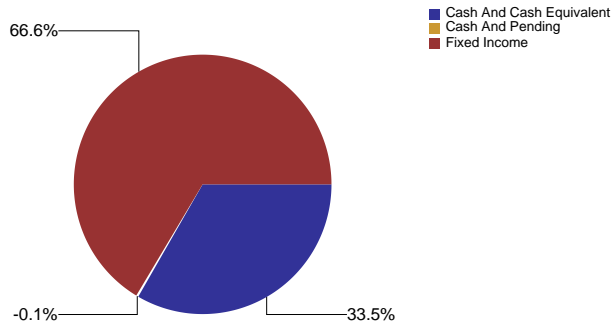
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

1,200.2
2.30
1.06
AA+
93

Duration Mix



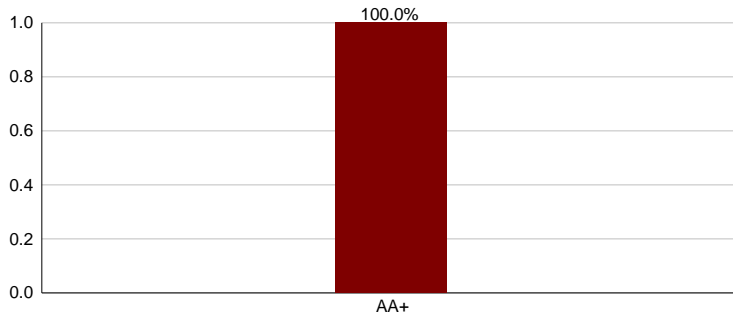
Asset Mix



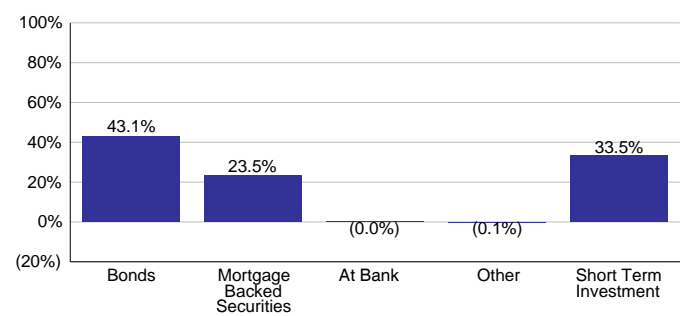
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Rat | Maturity Da |
|-------------|--|------------|------------|-------------|
| 85299SB08 | TRI PARTY REPO SOUTH STREET .05% 10/13 | 16.65% | 0.05 | 1/10/2013 |
| 85299SB77 | TRI PARTY REPO SOUTH STREET .09% | 8.33% | 0.09 | 1/10/2013 |
| 46999W014 | TRI-PARTY REPO JP MORGAN 0.25% 1/OCT/2013 | 4.63% | 0.25 | 1/10/2013 |
| 3135G0WB5 | FEDERAL NATIONAL MORTGAGE ASSOC 1.2% BDS | 4.08% | 1.20 | 18/4/2018 |
| 3133813R4 | FEDERAL HOME LOAN BANKS 1% BDS 09/NOV/2017 | 2.67% | 1.00 | 9/11/2017 |
| 3133EAJF6 | FEDERAL FARM CR BKS CONS BD FLT 15 22/SEP/2015 | 2.50% | 0.00 | 22/9/2015 |
| 3137AUBR9 | FREDDIE MAC 4111 AG 1.750% 15/AUG/2039 | 2.23% | 1.75 | 15/8/2039 |
| 3132GSCE7 | FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 | 1.85% | 3.50 | 1/3/2042 |
| 3133ECAW4 | FEDERAL FARM CREDIT BANKS VAR BDS 24/FEB/2016 | 1.67% | 0.00 | 24/2/2016 |
| 3133ECE34 | FEDERAL FARM CR BKS CONS BD FLT 18 30/JAN/2018 | 1.67% | 0.00 | 30/1/2018 |

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

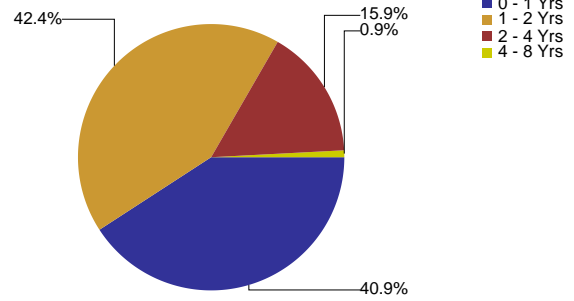


Portfolio Characteristics

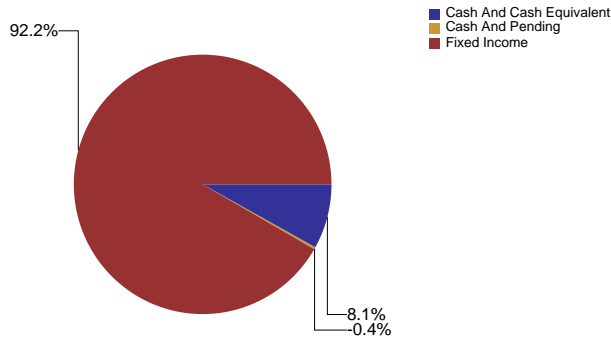
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

300.4
1.35
1.36
AA+
71

Duration Mix



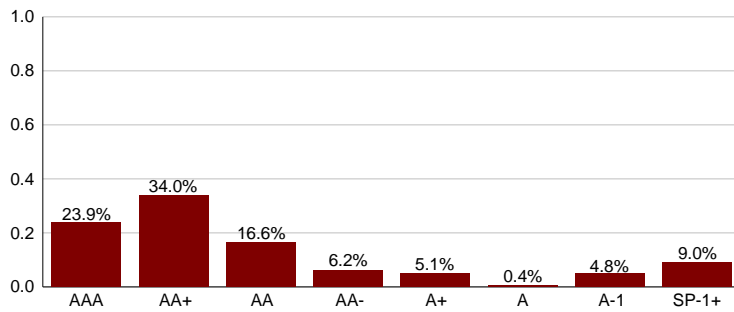
Asset Mix



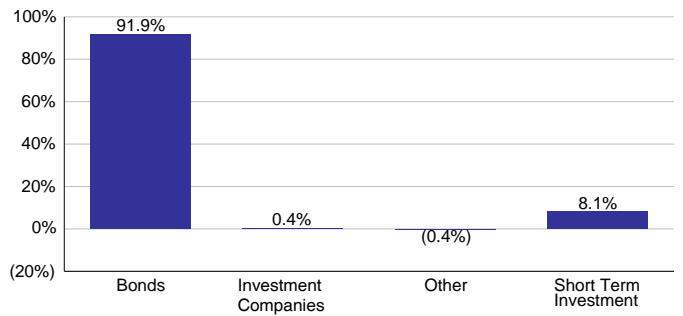
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|---|------------|-----------|-------------|
| 576000BF9 | MASSACHUSETTS ST SCH BLDG AUTH DEDICATED | 12.68% | 5.00 | 15/8/2023 |
| 04048RAA4 | ARIZONA BRD REGENTS ARIZ ST UNIV SYS REV | 4.80% | 0.00 | 1/7/2034 |
| 520121JA3 | LAWRENCE KANS TEMP NTS-SER II 01/OCT/2014 | 3.80% | 1.50 | 1/10/2014 |
| 576000NS8 | MASSACHUSETTS ST SCH BLDG AUTH DEDICATED | 3.62% | 5.00 | 15/8/2030 |
| 677520Q68 | OHIO ST FOR ISSUES DTD PRIOR TO 3/25/05 | 3.58% | 5.00 | 1/8/2016 |
| 64966KEE9 | NEW YORK N Y FOR PRIOR ISSUES DTD PRIOR TO | 3.44% | 4.00 | 1/8/2014 |
| 882723CX5 | TEXAS ST FOR ISSUES DATED PRIOR TO 12/19/12 | 3.38% | 2.00 | 28/8/2014 |
| 040654PW9 | ARIZONA ST TRANSN BRD HWY REV 01/JUL/2024 | 3.35% | 5.00 | 1/7/2024 |
| 001996859 | INVESCO TAX FREE CASH RESERVE PORTFOLIO INST. | 3.29% | 0.00 | 31/12/2099 |
| 91412GRL1 | UNIVERSITY CALIF REVS RFDG GEN-SER AF | 2.93% | 5.00 | 15/5/2015 |

Quality/Rating Weightings



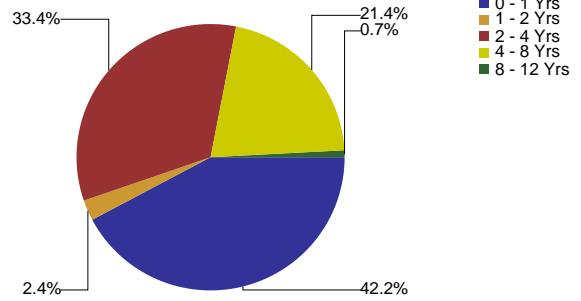
Sector Weightings (as % of Market Value)



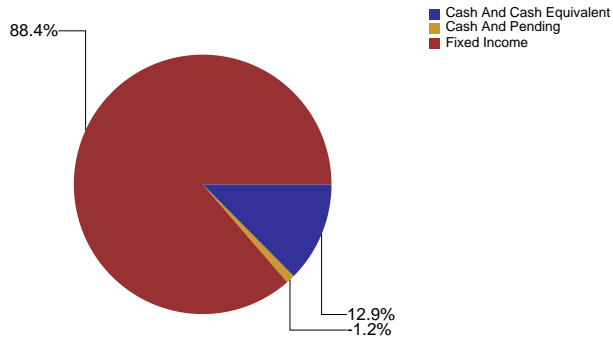
Portfolio Characteristics

Total Net Assets (Millions) **288.2**
 Weighted Average Life (Years) **2.81**
 Weighted Avg. Effective Duration (Years) **2.29**
 Weighted Average Rating **AA**
 Number of Holdings **108**

Duration Mix



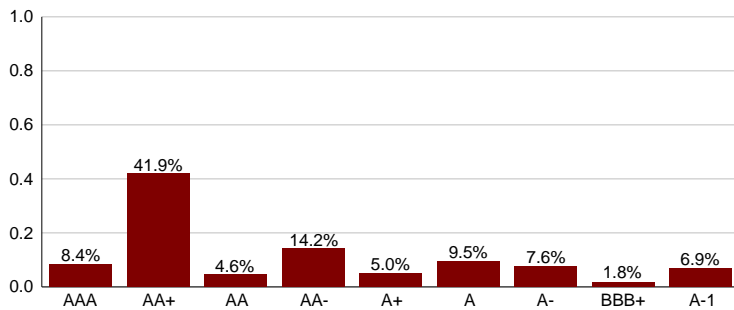
Asset Mix



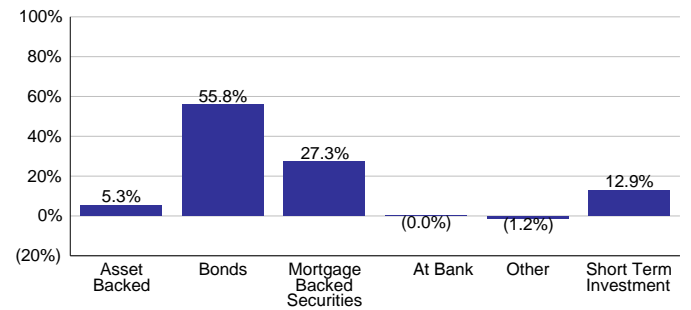
Top Ten Portfolio Holdings

| Security ID | Security Name | % of Asset | Coupon Ra | Maturity Da |
|-------------|--|------------|-----------|-------------|
| 3136AEFZ5 | FANNIE MAE 2013-53 JL 3.000% 25/JUN/2043 | 2.94% | 3.00 | 25/6/2043 |
| 85299SB81 | TRI PARTY REPO SOUTH STREET .14% 10/13 | 2.85% | 0.14 | 1/10/2013 |
| 191216AN0 | COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000 | 2.75% | 0.75 | 15/11/2013 |
| 3136A9LG1 | FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040 | 2.20% | 1.75 | 25/3/2040 |
| 92343VAY0 | VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016 | 1.81% | 3.00 | 1/4/2016 |
| 3136FTR68 | FEDERAL NATL MTG ASSN CALL 1.65%28/FEB/2019 | 1.80% | 1.65 | 28/2/2019 |
| 78008TXB5 | ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000 | 1.73% | 0.00 | 30/10/2014 |
| 38141GVK7 | GOLDMAN SACHS GROUP INC SR FLT NT 18 | 1.72% | 0.00 | 30/4/2018 |
| 94974BFK1 | WELLS FARGO & CO. MEDIUM TERM NOTE VARIABLE | 1.72% | 0.00 | 23/4/2018 |
| 59217GAF6 | METROPOLITAN LIFE GLOBAL FUNDING I FRN | 1.72% | 0.00 | 1/10/2014 |

Quality/Rating Weightings



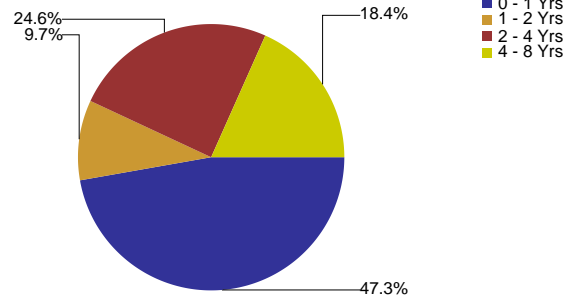
Sector Weightings (as % of Market Value)



Portfolio Characteristics

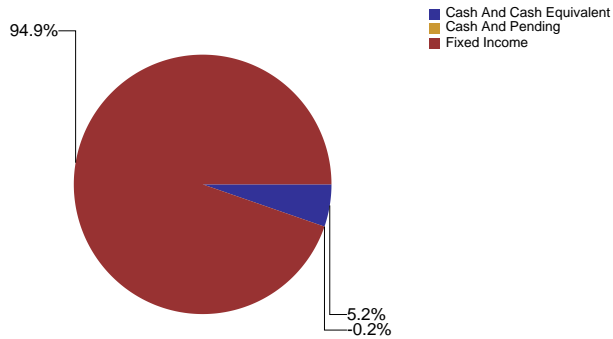
Duration Mix

Total Net Assets (Millions) 12.0
 Weighted Average Life (Years) 2.97
 Weighted Avg. Effective Duration (Years) 1.25
 Weighted Average Rating AA+
 Number of Holdings 21



Asset Mix

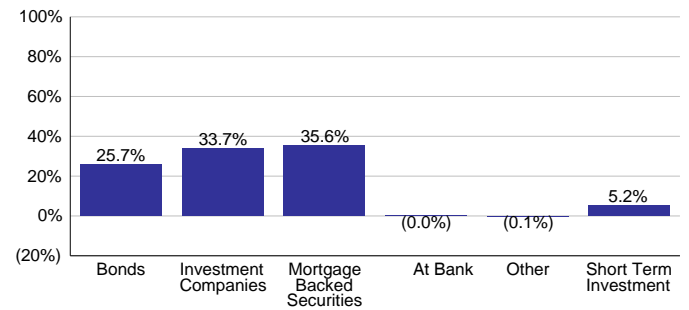
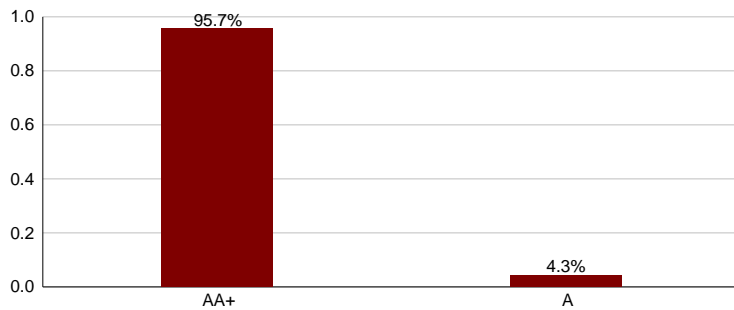
Top Ten Portfolio Holdings



| Security ID | Security Name | % of Asset | Coupon Rat | Maturity Da |
|-------------|--|------------|------------|-------------|
| 53998153 | LOCAL GOV INVS POOL 4 | 20.90% | 0.00 | 1/10/2013 |
| 3136AD2H1 | FANNIE MAE 2013-43 XP 1.500% 25/AUG/2041 | 15.24% | 1.50 | 25/8/2041 |
| A41995373 | LOCAL GOV INVS POOL 700 | 12.71% | 0.00 | 1/10/2013 |
| 3133EAX29 | FEDERAL FARM CR BKS CONS BD 0.98% 18/SEP/2017 | 8.23% | 0.98 | 18/9/2017 |
| 3136FTN70 | FEDERAL NATL MTG ASSN CALL 3%28/NOV/2025 | 5.77% | 3.00 | 28/11/2025 |
| 3137A7HC7 | FREDDIE MAC 3800 KE 3.500% 15/FEB/2026 | 4.41% | 3.50 | 15/2/2026 |
| 10138MAH8 | BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000 | 4.31% | 6.95 | 15/3/2014 |
| 3134G24S8 | FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018 | 4.22% | 2.25 | 14/11/2018 |
| G349937R3 | FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO | 4.19% | 0.00 | 1/10/2013 |
| 3138ASYU0 | FNMA MORTPASS 3% 01/OCT/2026 CI PN# AJ1622 | 3.48% | 3.00 | 1/10/2026 |

Quality/Rating Weightings

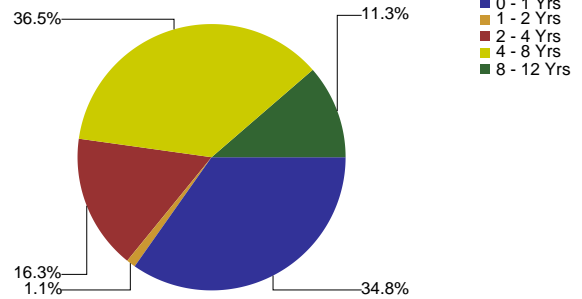
Sector Weightings (as % of Market Value)



Portfolio Characteristics

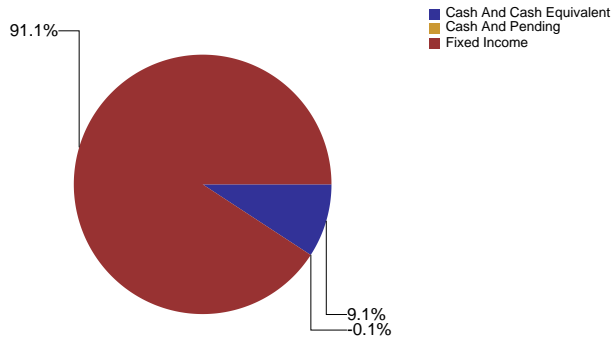
Duration Mix

Total Net Assets (Millions) **326.9**
 Weighted Average Life (Years) **4.47**
 Weighted Avg. Effective Duration (Years) **3.81**
 Weighted Average Rating **AA**
 Number of Holdings **95**



Asset Mix

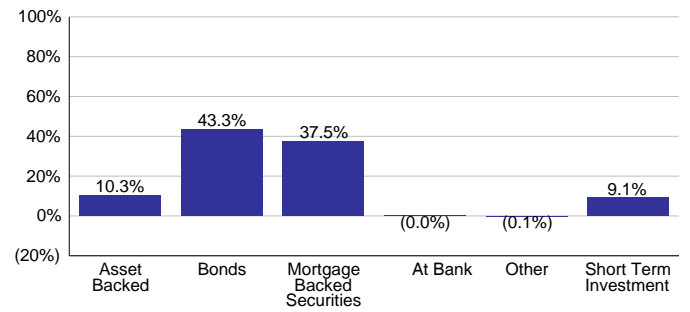
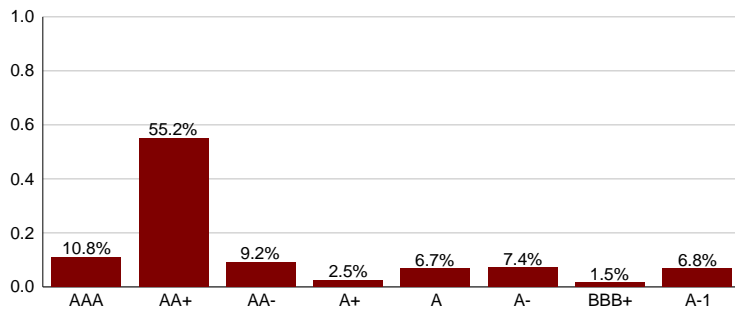
Top Ten Portfolio Holdings



| Security ID | Security Name | % of Asset | Coupon Rat | Maturity Da |
|-------------|---|------------|------------|-------------|
| 3137ATR20 | FREDDIE MAC 4097 VH 1.500% 15/OCT/2041 | 3.69% | 1.50 | 15/10/2041 |
| 3128HXW76 | FHLMC GOLD MORTPASS 3.00% 15/AUG/2042 | 2.91% | 3.00 | 15/8/2042 |
| 3134G35R7 | FEDERAL HOME LOAN MORTGAGE CORP 2.25% NTS | 2.35% | 2.25 | 13/3/2020 |
| 63534PAH0 | NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS | 2.10% | 0.00 | 7/6/2017 |
| 31398NY24 | FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040 | 1.94% | 4.00 | 25/7/2040 |
| 31398T7A3 | FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030 | 1.63% | 4.00 | 25/6/2030 |
| 3137AL2X6 | FREDDIE MAC 3990 BH 3.500% 15/JAN/2032 | 1.62% | 3.50 | 15/1/2032 |
| 46625YXT5 | JP MORGAN CHASE COMMERCIAL MORTGAGE SEC | 1.59% | 0.00 | 15/12/2044 |
| 3137GAWS2 | FREDDIE MAC 3738 BJ 3.500% 15/DEC/2038 | 1.59% | 3.50 | 15/12/2038 |
| 3137GAWQ3 | FREDDIE MAC 3738 BH 3.000% 15/DEC/2038 | 1.58% | 3.00 | 15/12/2038 |

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through September 30, 2013

(in millions of dollars)

| <u>Month</u> | <u>Fiscal Year</u> <u>2011/2012</u> | <u>Fiscal Year</u> <u>2012/2013</u> | <u>Fiscal Year</u> <u>2013/2014</u> |
|---|--|--|--|
| JULY | 1,209 | 1,817 | 1,942 |
| AUGUST | 818 | 1,475 | 1,709 |
| SEPTEMBER | 744 | 1,420 | 1,974 |
| OCTOBER | 668 | 1,205 | |
| NOVEMBER | 858 | 1,316 | |
| DECEMBER | 979 | 1,464 | |
| JANUARY | 1,511 | 1,885 | |
| FEBRUARY | 1,501 | 1,899 | |
| MARCH | 1,373 | 1,815 | |
| APRIL | 1,725 | 2,109 | |
| MAY | 2,036 | 2,428 | |
| JUNE | 2,331 | 2,679 | |
| Y-T-D | | | |
| Average | \$1,313 | \$1,793 | \$1,875 |
| Budget Stabilization Average Fund Balance - September 2013 | | | <u>\$455</u> |
| Total Average Cash Available - September 2013 | | | <u>\$2,428</u> |

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
SEPTEMBER 2013**

Distributed in Current Month

| Recipient | SEPTEMBER 2013 | Fiscal YTD 13/14 | Fiscal YTD 12/13 |
|--------------------------------------|--------------------|---------------------|---------------------|
| 101 A & M Colleges | \$17,813 | \$53,438 | \$41,770 |
| 102 State Hospital | \$10,553 | \$31,660 | \$24,320 |
| 103 Leg., Exec., & Jud. | \$14,367 | \$43,100 | \$35,524 |
| 104 Military Institute | \$1,003 | \$3,010 | \$2,579 |
| 105 Miners Hospital | \$27,751 | \$83,254 | \$62,207 |
| 107 Normal School ASU/NAU | \$6,218 | \$18,654 | \$15,202 |
| 108 Penitentiaries | \$20,501 | \$61,503 | \$68,600 |
| 109 Permanent Common School | \$5,648,484 | \$16,945,452 | \$13,368,863 |
| 110 School for Deaf & Blind | \$8,889 | \$26,667 | \$22,132 |
| 111 School of Mines | \$20,138 | \$60,413 | \$48,636 |
| 112 State Charitable-Pioneers Home | \$98,076 | \$294,229 | \$215,595 |
| 112 State Charitable-Corrections | \$49,038 | \$147,115 | \$107,798 |
| 112 State Charitable-Youth Treatment | \$49,038 | \$147,115 | \$107,798 |
| 113 University Fund | \$33,169 | \$99,508 | \$79,322 |
| 114 U of A Land - 1881 | \$81,012 | \$243,037 | \$174,159 |
| Total | \$6,086,052 | \$18,258,156 | \$14,374,506 |

Posted in USAS in current month

**ENDOWMENT FUNDS
 PORTFOLIO YIELD ANALYSIS
 SEPTEMBER 30, 2013**

NET EARNINGS

| FUND | DESCRIPTION | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 |
|-------------|---------------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| 205 | ENDOWMENTS - FIXED INCOME | \$3,075,861 | \$3,066,434 | \$4,754,376 |

YIELDS

MONTHLY

| | Current Month 09/30/13 | Prior Month 08/31/13 | Prior Year 9/30/12 |
|-------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| 205 ENDOWMENTS - FIXED INCOME | 2.42% | 2.43% | 3.81% |

Note: Yield calculation changed from share value to market value. Prior month and prior year shown was also adjusted for comparison purposes.

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

| Endowment Fund | Sep-13 NET GAIN(LOSS) | Sep-12 NET GAIN(LOSS) |
|----------------------------|----------------------------------|----------------------------------|
| ----- Fixed Income Pool | (235,760) | 824,389 |
| Equity Pool (500) | 3,274,466 | 1,887,399 |
| Equity Pool (400) | 10,547,169 | 1,724,626 |
| Equity Pool (600) | 2,657,381 | 467,157 |
| Totals | 16,243,256 | 4,903,571 |
| | ===== | ===== |

| Endowment Fund | 2013/2014 FISCAL YEAR TO DATE GAINS(LOSSES) | 2012/ 2013 FISCAL YEAR TO DATE GAINS(LOSSES) |
|----------------------------|--|---|
| ----- Fixed Income Pool | (817,483) | 211,135 |
| Equity Pool (500) | 34,070 | 2,635,839 |
| Equity Pool (400) | 10,955,237 | 3,584,272 |
| Equity Pool (600) | 4,256,641 | 553,388 |
| Totals | 14,428,465 | 6,984,634 |
| | ===== | ===== |

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of September 2013

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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&P RATING</u> |
|-----------------------------|-------------|-----------------|-----------------------|----------------------|--------------------------|--------------|-------------------------------------|
| US TREAS | 0.63 | 7/15/2016 | N/A | \$5,000,000 | \$5,012,203 | 0.58% | Aaa/AA+ |
| US TREAS | 0.88 | 9/15/2016 | N/A | \$5,000,000 | \$5,037,555 | 0.63% | Aaa/AA+ |

| | | |
|--|---------------------------------------|---------------------------------------|
| TOTAL ENDOWMENT FUNDS PURCHASES | ----- \$10,000,000 ----- | ----- \$10,049,758 ----- |
|--|---------------------------------------|---------------------------------------|

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> |
|-----------------------------|-------------|-----------------|----------------------|------------------------------------|---------------------------------|-------------------------------------|
|-----------------------------|-------------|-----------------|----------------------|------------------------------------|---------------------------------|-------------------------------------|

| | | | |
|------------------------------------|------------------------------|------------------------------|------------------------------|
| TOTAL ENDOWMENT FUNDS SALES | ----- \$0 ----- | ----- \$0 ----- | ----- \$0 ----- |
|------------------------------------|------------------------------|------------------------------|------------------------------|

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

EQUITY FUNDS
PURCHASES & SALES
Month of September 2013

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I. Equity Fund Purchases

| | <u>SHARES</u> | <u>PURCHASE COST</u> | <u>COMMISSIONS</u> |
|-------------------------------|------------------|----------------------|--------------------|
| S&P 400 Mid-Cap Fund | 1,004,696 | \$26,785,652 | \$6,591 |
| S&P 500 Large-Cap Fund | 337,358 | \$18,470,280 | \$2,157 |
| S&P 600 Small-Cap Fund | 366,373 | \$10,233,829 | \$2,748 |
| TOTAL EQUITY PURCHASES | 1,708,427 | \$55,489,761 | \$11,496 |

II. Equity Funds Sales

| | <u>SHARES</u> | <u>SALES AMOUNT</u> | <u>COMMISSIONS</u> |
|---------------------------|----------------|---------------------|--------------------|
| S&P 400 Mid-Cap Fund | 411,237 | \$23,629,037 | \$2,711 |
| S&P 500 Large-Cap Fund | 284,377 | \$12,734,471 | \$1,436 |
| S&P 600 Small-Cap Fund | 266,735 | \$8,731,908 | \$1,762 |
| TOTAL EQUITY SALES | 962,349 | \$45,095,415 | \$5,909 |

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2013
 (In Thousands)

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| FUND | NAME OF FUND | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|------|-------------------------------------|-----------------------|---------------|-----------------|------------------------------|----------------------------------|
| 101 | A & M Colleges | | | | | |
| | <i>Shares in Equity Pools</i> | 544 | 3,762 | 7,104 | 3,343 | |
| | <i>Shares in Fixed Income Pools</i> | 3,908 | 2,452 | 3,904 | 1,453 | |
| | Total | 4,452 | 6,213 | 11,009 | 4,796 | 1.772 |
| 102 | State Hospital | | | | | |
| | <i>Shares in Equity Pools</i> | 350 | 2,437 | 4,572 | 2,134 | |
| | <i>Shares in Fixed Income Pools</i> | 2,392 | 1,592 | 2,390 | 798 | |
| | Total | 2,742 | 4,029 | 6,961 | 2,932 | 1.728 |
| 103 | Leg., Exec. & Jud | | | | | |
| | <i>Shares in Equity Pools</i> | 442 | 3,298 | 5,767 | 2,469 | |
| | <i>Shares in Fixed Income Pools</i> | 3,398 | 2,160 | 3,395 | 1,235 | |
| | Total | 3,839 | 5,458 | 9,162 | 3,704 | 1.679 |
| 104 | Military Institute | | | | | |
| | <i>Shares in Equity Pools</i> | 29 | 212 | 380 | 168 | |
| | <i>Shares in Fixed Income Pools</i> | 230 | 138 | 230 | 92 | |
| | Total | 259 | 350 | 610 | 260 | 1.743 |
| 105 | Miners Hospital | | | | | |
| | <i>Shares in Equity Pools</i> | 1,104 | 8,925 | 14,419 | 5,494 | |
| | <i>Shares in Fixed Income Pools</i> | 7,621 | 5,915 | 7,614 | 1,700 | |
| | Total | 8,725 | 14,840 | 22,034 | 7,194 | 1.485 |
| 107 | Normal School ASU/NAU | | | | | |
| | <i>Shares in Equity Pools</i> | 208 | 1,552 | 2,721 | 1,169 | |
| | <i>Shares in Fixed Income Pools</i> | 1,511 | 1,017 | 1,509 | 492 | |
| | Total | 1,719 | 2,569 | 4,231 | 1,662 | 1.647 |
| 108 | Penitentiaries | | | | | |
| | <i>Shares in Equity Pools</i> | 808 | 6,484 | 10,559 | 4,075 | |
| | <i>Shares in Fixed Income Pools</i> | 5,822 | 4,303 | 5,816 | 1,513 | |
| | Total | 6,630 | 10,787 | 16,375 | 5,588 | 1.518 |

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2013
 (In Thousands)

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| NAME OF FUND | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|-------------------------------------|-----------------------|------------------|------------------|------------------------------|--------------------------|
| 109 Permanent Common School | | | | | |
| <i>Shares in Equity Pools</i> | 200,358 | 1,555,085 | 2,616,843 | 1,061,758 | |
| <i>Shares in Fixed Income Pools</i> | 1,419,421 | 1,040,817 | 1,418,136 | 377,319 | |
| Total | 1,619,779 | 2,595,902 | 4,034,979 | 1,439,077 | 1.554 |
| 110 School for Deaf & Blind | | | | | |
| <i>Shares in Equity Pools</i> | 283 | 2,055 | 3,696 | 1,640 | |
| <i>Shares in Fixed Income Pools</i> | 2,109 | 1,349 | 2,107 | 758 | |
| Total | 2,392 | 3,404 | 5,802 | 2,398 | 1.705 |
| 111 School of Mines | | | | | |
| <i>Shares in Equity Pools</i> | 610 | 4,519 | 7,974 | 3,454 | |
| <i>Shares in Fixed Income Pools</i> | 4,512 | 2,986 | 4,508 | 1,522 | |
| Total | 5,123 | 7,505 | 12,481 | 4,976 | 1.663 |
| 112 State Charitable | | | | | |
| <i>Shares in Equity Pools</i> | 6,187 | 46,324 | 80,803 | 34,480 | |
| <i>Shares in Fixed Income Pools</i> | 43,063 | 31,034 | 43,024 | 11,990 | |
| Total | 49,250 | 77,358 | 123,828 | 46,470 | 1.601 |
| 113 University Fund | | | | | |
| <i>Shares in Equity Pools</i> | 1,051 | 7,897 | 13,728 | 5,831 | |
| <i>Shares in Fixed Income Pools</i> | 7,771 | 5,200 | 7,764 | 2,564 | |
| Total | 8,822 | 13,097 | 21,493 | 8,396 | 1.641 |
| 114 U Of A Land - 1881 | | | | | |
| <i>Shares in Equity Pools</i> | 3,131 | 24,986 | 40,899 | 15,913 | |
| <i>Shares in Fixed Income Pools</i> | 22,722 | 16,673 | 22,701 | 6,028 | |
| Total | 25,853 | 41,659 | 63,601 | 21,941 | 1.527 |
| TOTALS - ALL FUNDS | | | | | |
| <i>Shares in Equity Pools</i> | 215,106 | 1,667,537 | 2,809,466 | 1,141,929 | |
| <i>Shares in Fixed Income Pools</i> | 1,524,480 | 1,115,635 | 1,523,100 | 407,465 | |
| Grand Total | 1,739,586 | 2,783,172 | 4,332,566 | 1,549,394 | |
| PRIOR YEAR: | | | | | |
| SEPTEMBER 2012 BALANCES | 1,684,254 | 2,652,655 | 3,708,281 | 1,055,626 | |

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
SEPTEMBER 30, 2013**

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ASSET ALLOCATION PERCENTAGE

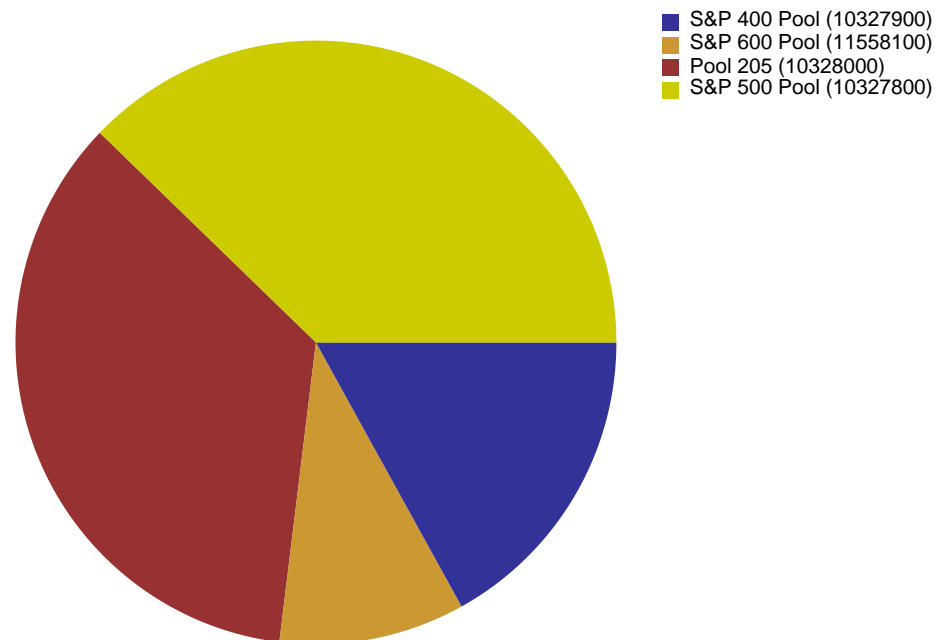
| | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | SEPTEMBER 2012 MARKET VALUE |
|-------------------------------------|-----------------------|----------------|-----------------|--|
| <i>Shares in Equity Pools</i> | 12.37% | 59.91% | 64.85% | 59.60% |
| <i>Shares in Fixed Income Pools</i> | 87.63% | 40.09% | 35.15% | 40.40% |
| | ----- | ----- | ----- | ----- |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |
| | ===== | ===== | ===== | ===== |

Performance Worksheet
Arizona State Treasury (05509)
As of September 2013
 Primary - US Dollar

| 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 | 1,588,863,773.28 | 1,640,213,014.73 | 1,509,755 | 3.14 | 5.26 | 19.77 | 5.26 | 19.32 | 16.24 | 10.09 | 2.72 | 07/01/1999 |
| 10327900 | S&P 400 Pool | 691,540,314.45 | 728,298,215.80 | 647,038 | 5.22 | 7.58 | 23.26 | 7.58 | 27.71 | 17.55 | 12.33 | 9.02 | 08/01/2001 |
| 10328000 | Pool 205 | 1,511,789,561.87 | 1,523,099,709.96 | 1,725,435 | 0.63 | 0.45 | (1.73) | 0.45 | (1.51) | 2.27 | 4.71 | 5.46 | 07/01/1999 |
| 11558100 | S&P 600 Pool | 414,765,486.16 | 440,954,907.62 | 431,359 | 6.21 | 10.73 | 28.73 | 10.73 | 31.62 | | | 15.34 | 03/01/2011 |
| 00550902 | Total Endowment Fund Composite | 4,206,959,135.76 | 4,332,565,848.11 | 4,313,587 | 2.88 | 4.40 | 12.46 | 4.40 | 13.24 | 10.59 | 8.65 | 5.90 | 07/01/1999 |

Manager Allocation - Daily Arizona State Treasury (05509) As of September 30, 2013

| Total Endowment Fund Composite (00550902) | | |
|---|-------------------|----------------------|
| Account Name | Market Value(MIL) | Percent of Portfolio |
| Pool 205 (10328000) | 1,523.10 | 35.2% |
| S&P 400 Pool (10327900) | 728.30 | 16.8% |
| S&P 500 Pool (10327800) | 1,640.21 | 37.9% |
| S&P 600 Pool (11558100) | 440.95 | 10.2% |
| TOTAL | 4,332.57 | 100.0% |



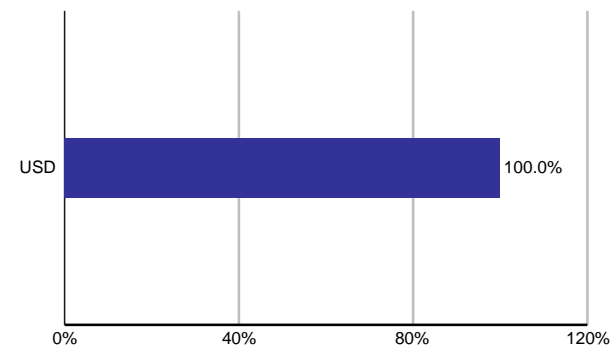
Portfolio Characteristics

| | | | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Since Inception |
|-------------------------------------|------------|-------------------------|-----------------|------------------|------------------|-----------------|
| Total Asset Value (in Millions) | 1,640.2 | | | | | |
| P/E Ratio | 18.3 | Tracking Error | 0.02 | 0.04 | 0.13 | 1.60 |
| Price to Book Ratio | 2.26 | Information Ratio | (0.91) | (0.70) | 0.40 | (0.37) |
| Dividend Yield (%) | 2.02 | Std Deviation of Port. | 9.04 | 12.39 | 18.00 | 15.76 |
| Return on Equity (%) | 18.71 | Std Deviation of Bench. | 9.04 | 12.41 | 18.08 | 15.64 |
| Sales Growth (%) | 6.92 | Sharpe Ratio of Port. | 2.00 | 1.27 | 0.62 | 0.11 |
| Market Capitalization (\$ Millions) | 101,548.99 | Sharpe Ratio of Bench. | 2.00 | 1.27 | 0.61 | 0.14 |
| Earnings per Share (\$) | 5.21 | R-Squared | 1.00 | 1.00 | 1.00 | 0.99 |
| Number of Holdings | 502 | Jensen's Alpha | (0.02) | (0.00) | 0.12 | (0.63) |

Top Ten Portfolio Holdings

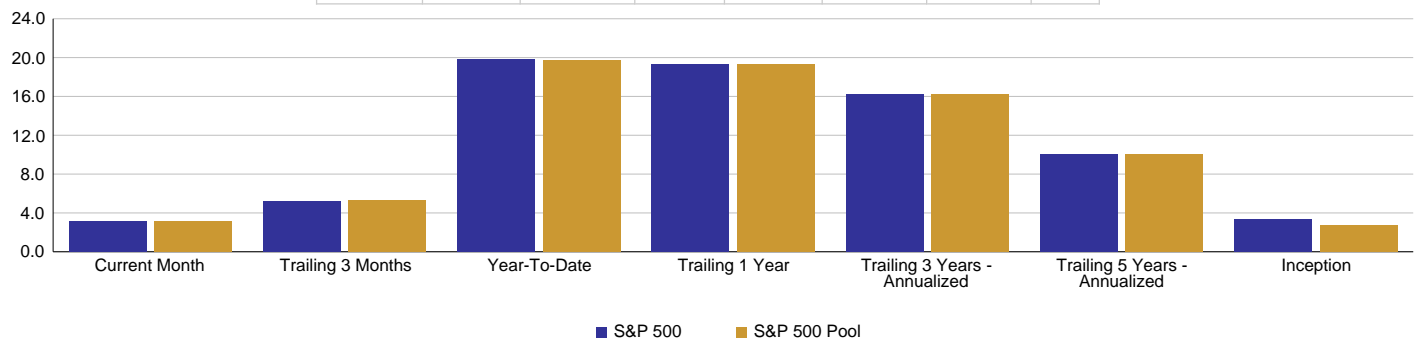
| Security ID | Security Name | % of Assets |
|-------------|--|-------------|
| 78462F103 | SPDR S&P 500 ETF TRUST | 4.62% |
| 037833100 | APPLE INC - COM NPV | 2.76% |
| 30231G102 | EXXON MOBIL CORP - COM NPV | 2.41% |
| 594918104 | MICROSOFT CORP - COM USD.00000625 | 1.61% |
| 369604103 | GENERAL ELECTRIC CO - COM USD.63 | 1.56% |
| 38259P508 | GOOGLE INC - CL A COM USD.001 | 1.56% |
| 478160104 | JOHNSON & JOHNSON - COM USD1 | 1.56% |
| 166764100 | CHEVRON CORP - COM USD3 | 1.50% |
| 742718109 | PROCTER & GAMBLE CO - COM NPV | 1.32% |
| 084670702 | BERKSHIRE HATHAWAY - CL B COM USD.0033 | 1.30% |

Top Ten Currency Weights

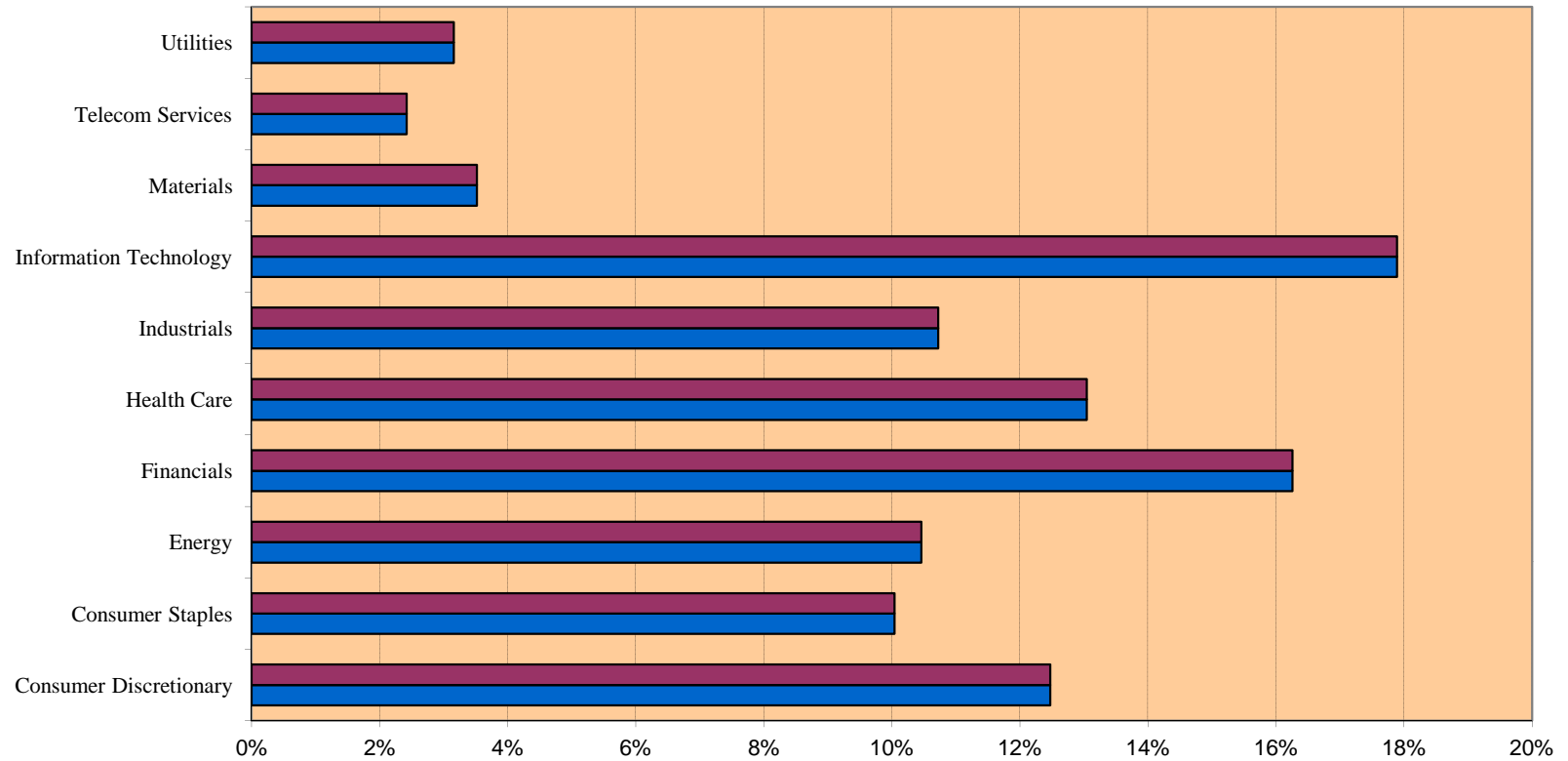


Returns Series

| | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|--------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| S&P 500 Pool | 3.14 | 5.26 | 19.77 | 19.32 | 16.24 | 10.09 | 2.72 |
| S&P 500 | 3.14 | 5.24 | 19.79 | 19.34 | 16.27 | 10.02 | 3.35 |
| Excess | 0.00 | 0.01 | (0.02) | (0.02) | (0.03) | 0.07 | (0.63) |



**STATE OF ARIZONA
POOL 201 (S&P 500)
As of September 30, 2013**



| | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Telecom Services | Utilities |
|-------------------------------|------------------------|------------------|--------|------------|-------------|-------------|------------------------|-----------|------------------|-----------|
| ■ S&P 500 Index | 12.48% | 10.04% | 10.46% | 16.26% | 13.04% | 10.73% | 17.89% | 3.52% | 2.42% | 3.16% |
| ■ STATE OF ARIZONA - POOL 201 | 12.48% | 10.04% | 10.46% | 16.26% | 13.04% | 10.73% | 17.89% | 3.52% | 2.42% | 3.16% |



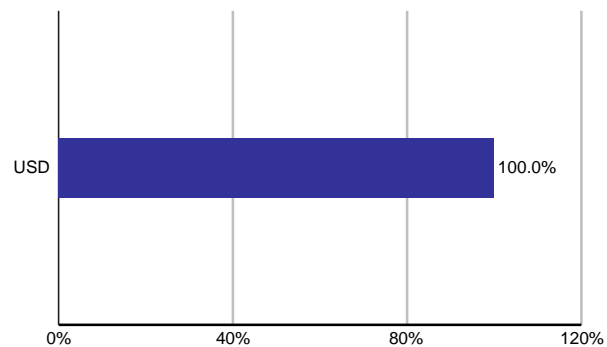
Portfolio Characteristics

| | | | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Since Inception |
|-------------------------------------|----------|-------------------------|-----------------|------------------|------------------|-----------------|
| Total Asset Value (in Millions) | 728.3 | Tracking Error | 0.06 | 0.06 | 1.68 | 1.95 |
| P/E Ratio | 24.20 | Information Ratio | 0.45 | 1.43 | (0.50) | (0.08) |
| Price to Book Ratio | 2.30 | Std Deviation of Port. | 11.53 | 15.49 | 20.96 | 17.15 |
| Dividend Yield (%) | 1.38 | Std Deviation of Bench. | 11.51 | 15.51 | 21.77 | 18.03 |
| Return on Equity (%) | 14.18 | Sharpe Ratio of Port. | 2.19 | 1.12 | 0.66 | 0.49 |
| Sales Growth (%) | 6.25 | Sharpe Ratio of Bench. | 2.19 | 1.11 | 0.67 | 0.48 |
| Market Capitalization (\$ Millions) | 4,528.52 | R-Squared | 1.00 | 1.00 | 1.00 | 0.99 |
| Earnings per Share (\$) | 2.47 | Jensen's Alpha | (0.00) | 0.13 | (0.24) | 0.38 |
| Number of Holdings | 401 | | | | | |

Top Ten Portfolio Holdings

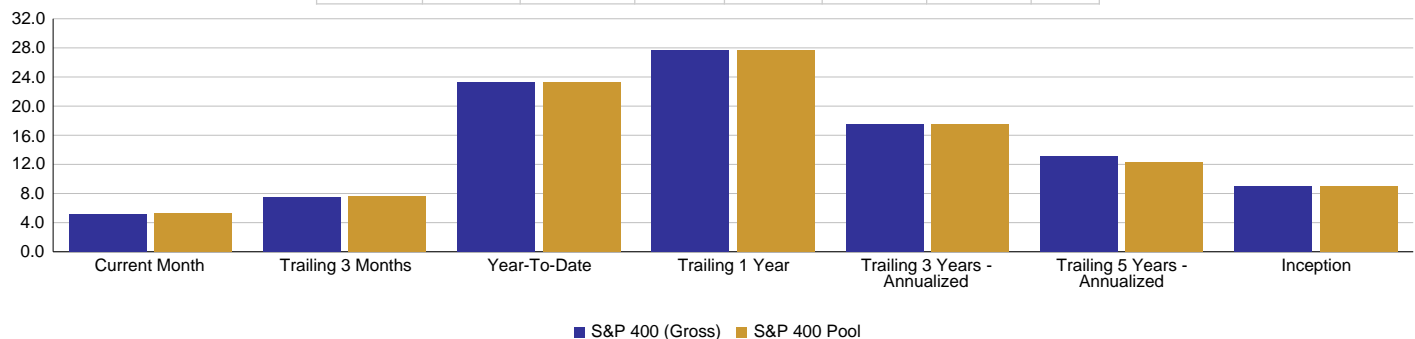
| Security ID | Security Name | % of Assets |
|-------------|--|-------------|
| 78467Y107 | SPDR S&P MIDCAP 400 ETF TRUST | 4.77% |
| 018581108 | ALLIANCE DATA SYSTEMS CORP - COM USD.01 | 0.69% |
| 393122106 | GREEN MTN COFFEE ROASTERS - COM USD.1 | 0.66% |
| 008252108 | AFFILIATED MANAGERS GRP INC - COM USD.01 | 0.65% |
| 501889208 | LKQ CORP - COM | 0.64% |
| 892356106 | TRACTOR SUPPLY CO - COM USD.008 | 0.63% |
| 29444U502 | EQUINIX INC - COM USD.001 | 0.61% |
| 806407102 | SCHEIN (HENRY) INC - COM USD.01 | 0.60% |
| 675232102 | OCEANEERING INTERNATIONAL - COM USD.25 | 0.59% |
| 436106108 | HOLLYFRONTIER CORP - COM USD.01 | 0.57% |

Top Ten Currency Weights

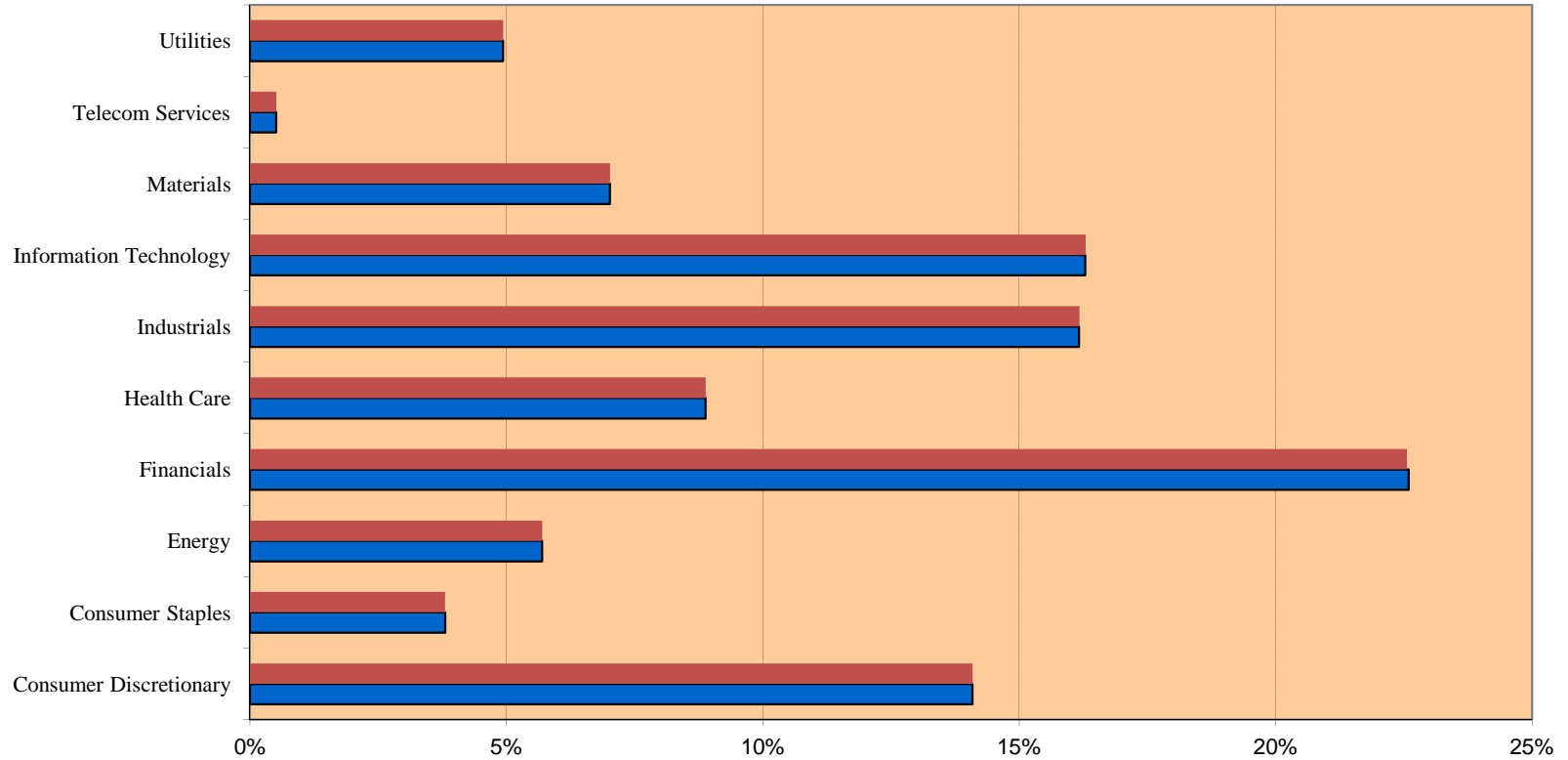


Returns Series

| | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|-----------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| S&P 400 Pool | 5.22 | 7.58 | 23.26 | 27.71 | 17.55 | 12.33 | 9.02 |
| S&P 400 (Gross) | 5.21 | 7.54 | 23.23 | 27.68 | 17.45 | 13.08 | 9.03 |
| Excess | 0.01 | 0.04 | 0.02 | 0.03 | 0.10 | (0.75) | (0.01) |



**STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of September 30, 2013**



| | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Telecom Services | Utilities |
|-------------------------------|------------------------|------------------|--------|------------|-------------|-------------|------------------------|-----------|------------------|-----------|
| ■ S&P MIDCAP 400 | 14.09% | 3.81% | 5.70% | 22.56% | 8.89% | 16.17% | 16.30% | 7.02% | 0.51% | 4.94% |
| ■ STATE OF ARIZONA - POOL 203 | 14.09% | 3.81% | 5.70% | 22.59% | 8.89% | 16.17% | 16.29% | 7.02% | 0.51% | 4.94% |



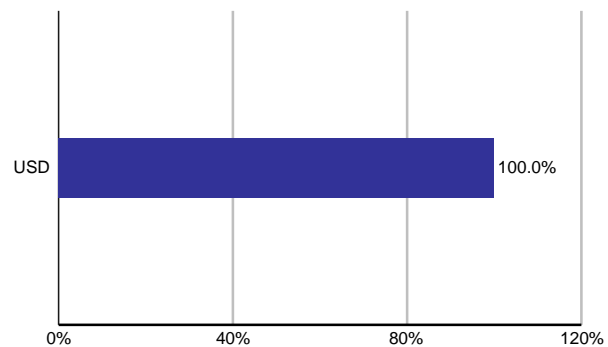
Portfolio Characteristics

| | | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Since Inception |
|-------------------------------------|----------|-------------------------|------------------|------------------|-----------------|
| Total Asset Value (in Millions) | 441.0 | | | | |
| P/E Ratio | 28.40 | 0.07 | - | - | 0.09 |
| Price to Book Ratio | 2.20 | 1.24 | - | - | (0.03) |
| Dividend Yield (%) | 1.10 | 11.09 | - | - | 16.50 |
| Return on Equity (%) | 16.95 | 11.12 | - | - | 16.54 |
| Sales Growth (%) | 7.48 | 2.55 | - | - | 0.94 |
| Market Capitalization (\$ Millions) | 1,569.62 | 2.53 | - | - | 0.94 |
| Earnings per Share (\$) | 1.46 | 1.00 | - | - | 1.00 |
| Number of Holdings | 602 | 0.19 | - | - | 0.04 |
| | | Tracking Error | | | |
| | | Information Ratio | | | |
| | | Std Deviation of Port. | | | |
| | | Std Deviation of Bench. | | | |
| | | Sharpe Ratio of Port. | | | |
| | | Sharpe Ratio of Bench. | | | |
| | | R-Squared | | | |
| | | Jensen's Alpha | | | |

Top Ten Portfolio Holdings

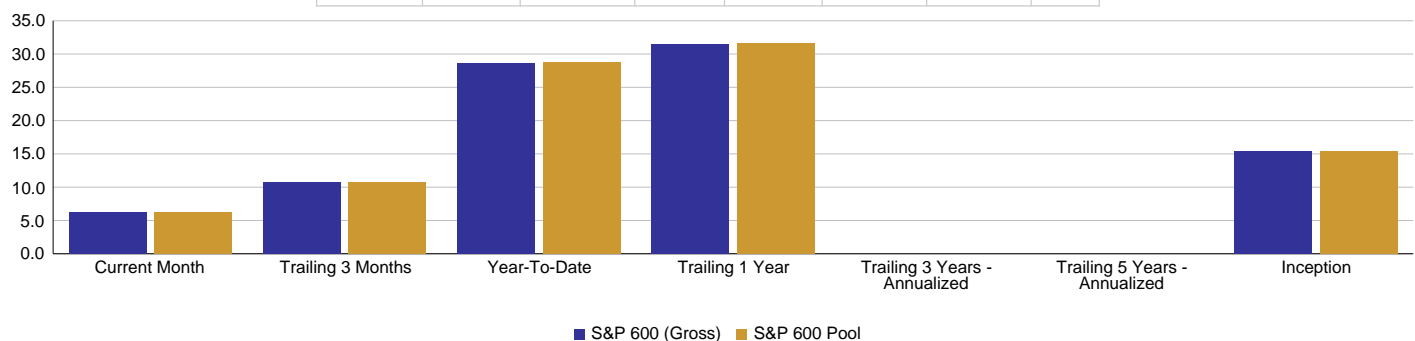
| Security ID | Security Name | % of Assets |
|-------------|--|-------------|
| 464287804 | ISHARES TRUST CORE S&P SMALL-CAP ETF | 6.95% |
| 402635304 | GULFPORT ENERGY CORP - COM USD.01 | 0.72% |
| 405217100 | HAIN CELESTIAL GROUP INC - COM USD.01 | 0.53% |
| 30241L109 | FEI CO - COM NPV | 0.53% |
| 117043109 | BRUNSWICK CORP - COM USD.75 | 0.52% |
| 831865209 | SMITH (A O) CORP - COM USD1 | 0.50% |
| 15135B101 | CENTENE CORP - COM USD.003 | 0.50% |
| 016255101 | ALIGN TECHNOLOGY INC - COM USD.001 | 0.48% |
| 679580100 | OLD DOMINION FREIGHT - COM USD.1 | 0.46% |
| 74835Y101 | QUESTCOR PHARMACEUTICALS INC - COM NPV | 0.46% |

Top Ten Currency Weights

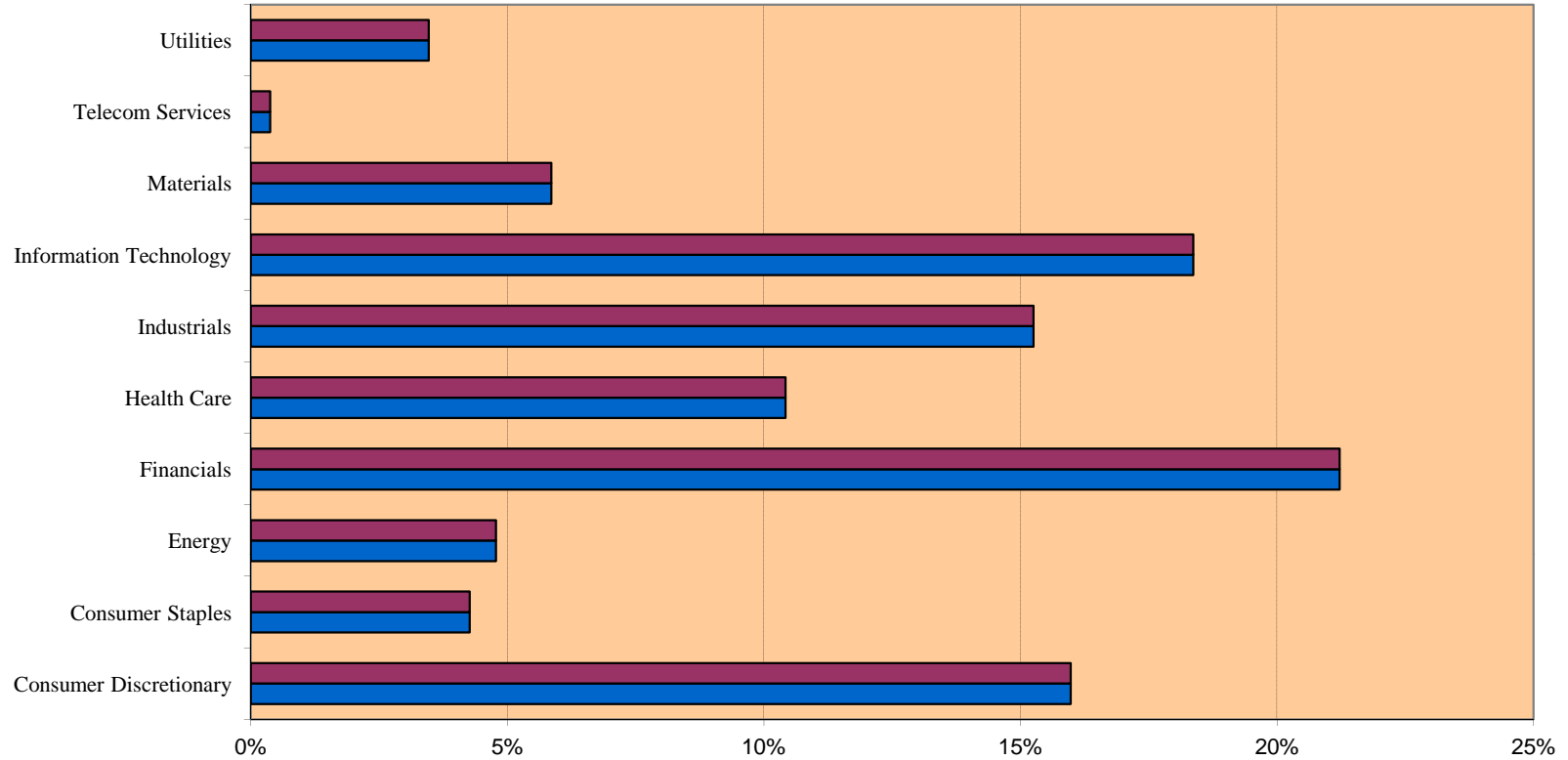


Returns Series

| | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|-----------------|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| S&P 600 Pool | 6.21 | 10.73 | 28.73 | 31.62 | | | 15.34 |
| S&P 600 (Gross) | 6.23 | 10.73 | 28.66 | 31.51 | | | 15.34 |
| Excess | (0.02) | (0.01) | 0.07 | 0.11 | (0.00) | (0.00) | 0.00 |



**STATE OF ARIZONA
POOL 204 (S&P 600 Index)
As of September 30, 2013**



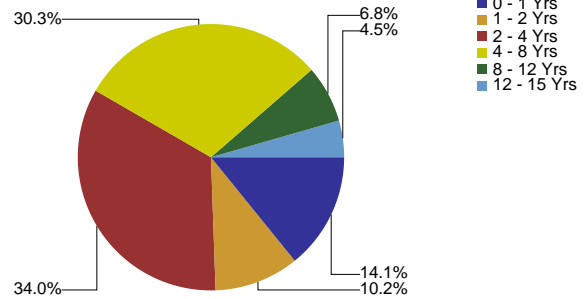
| | Consumer Discretionary | Consumer Staples | Energy | Financials | Health Care | Industrials | Information Technology | Materials | Telecom Services | Utilities |
|-------------------------------|------------------------|------------------|--------|------------|-------------|-------------|------------------------|-----------|------------------|-----------|
| ■ S&P 600 Index | 15.98% | 4.27% | 4.78% | 21.22% | 10.42% | 15.25% | 18.37% | 5.86% | 0.38% | 3.47% |
| ■ STATE OF ARIZONA - POOL 204 | 15.98% | 4.27% | 4.78% | 21.22% | 10.42% | 15.25% | 18.37% | 5.86% | 0.38% | 3.47% |



Portfolio Characteristics

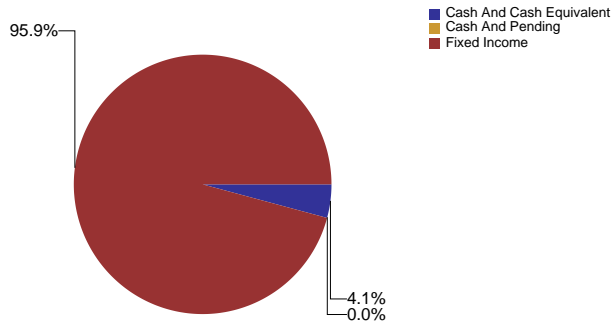
Duration Mix

Total Net Assets (Millions) **1,523.1**
 Weighted Average Life (Years) **5.47**
 Weighted Avg. Effective Duration (Years) **4.18**
 Weighted Average Coupon (%) **3.60**
 Weighted Average Current Yield (%) **1.68**
 Weighted Average Yield to Maturity (%) **1.68**
 Weighted Average Rating **AA**
 Number of Holdings **282**



Asset Mix

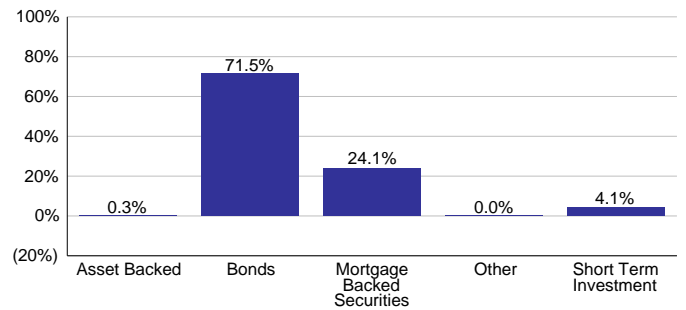
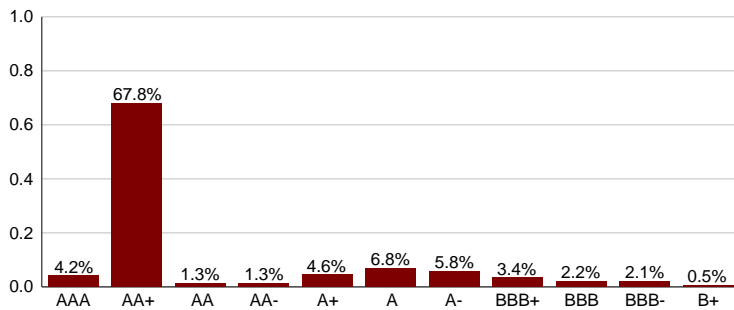
Top Ten Portfolio Holdings



| Security ID | Security Name | % of Asset | Coupon Rate | Maturity Date |
|-------------|---|------------|-------------|---------------|
| 539992AA5 | LOCAL GOVERNMENT INVESTMENT POOL | 4.01% | 0.00 | 31/12/2049 |
| 912828PE4 | US 1.25000 '15 | 1.18% | 1.25 | 31/10/2015 |
| 31677QA1 | FIFTH THIRD BANCORP 1.45% BDS 28/FEB/2018 | 0.96% | 1.45 | 28/2/2018 |
| 912810FA1 | USA TREASURY BDS6.375% BDS 15/AUG/2027 | 0.91% | 6.38 | 15/8/2027 |
| 912810ED6 | US 8.12500 '19 | 0.90% | 8.12 | 15/8/2019 |
| 912810DZ8 | USA TREASURY BDS 8.875% 15/AUG/2017 USD1000 | 0.86% | 8.88 | 15/8/2017 |
| 20825CAP9 | CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000 | 0.78% | 5.90 | 15/5/2038 |
| 59562VAT4 | MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS | 0.78% | 5.75 | 1/4/2018 |
| 92343VAM6 | VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000 | 0.78% | 6.10 | 15/4/2018 |
| 637432HT5 | NATL RURAL UTL FIN 5.45% DEB 10/APR/2017 USD100 | 0.76% | 5.45 | 10/4/2017 |

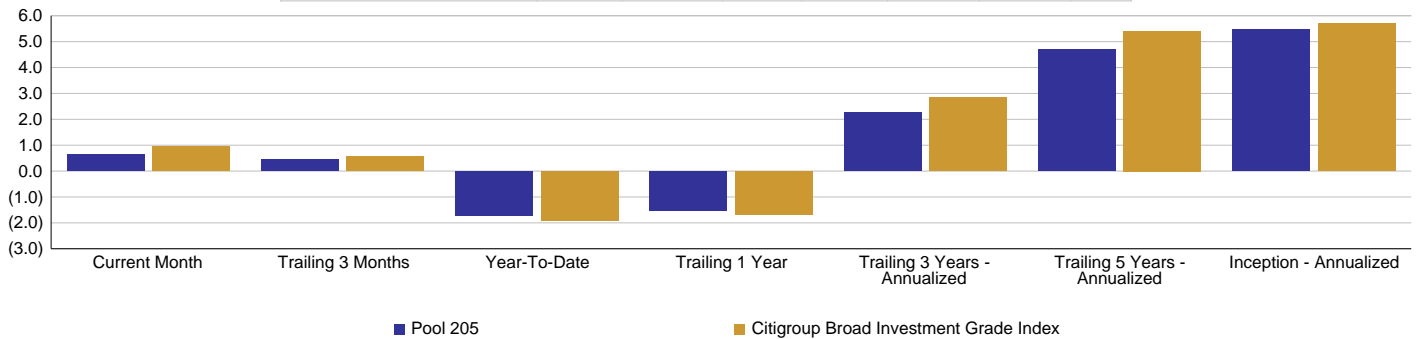
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



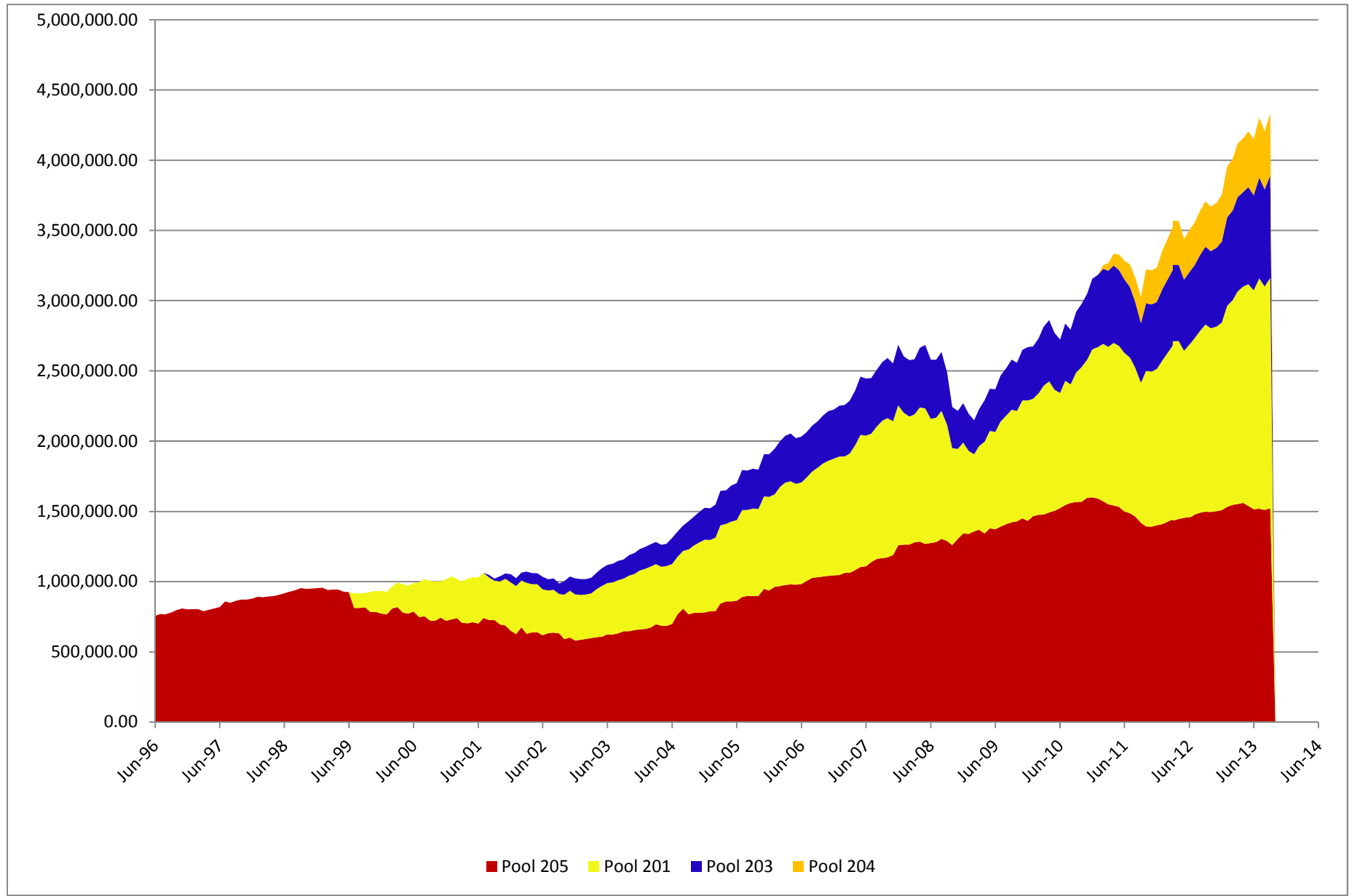
Returns Series

| | Current Month | Trailing 3 Months | Year-To-Date | Trailing 1 Year | Trailing 3 Years | Trailing 5 Years | Inception |
|--|---------------|-------------------|--------------|-----------------|------------------|------------------|-----------|
| Pool 205 | 0.63 | 0.45 | (1.73) | (1.51) | 2.27 | 4.71 | 5.46 |
| Citigroup Broad Investment Grade Index | 0.95 | 0.57 | (1.90) | (1.67) | 2.85 | 5.41 | 5.72 |
| Excess | (0.31) | (0.13) | 0.16 | 0.16 | (0.57) | (0.70) | (0.25) |



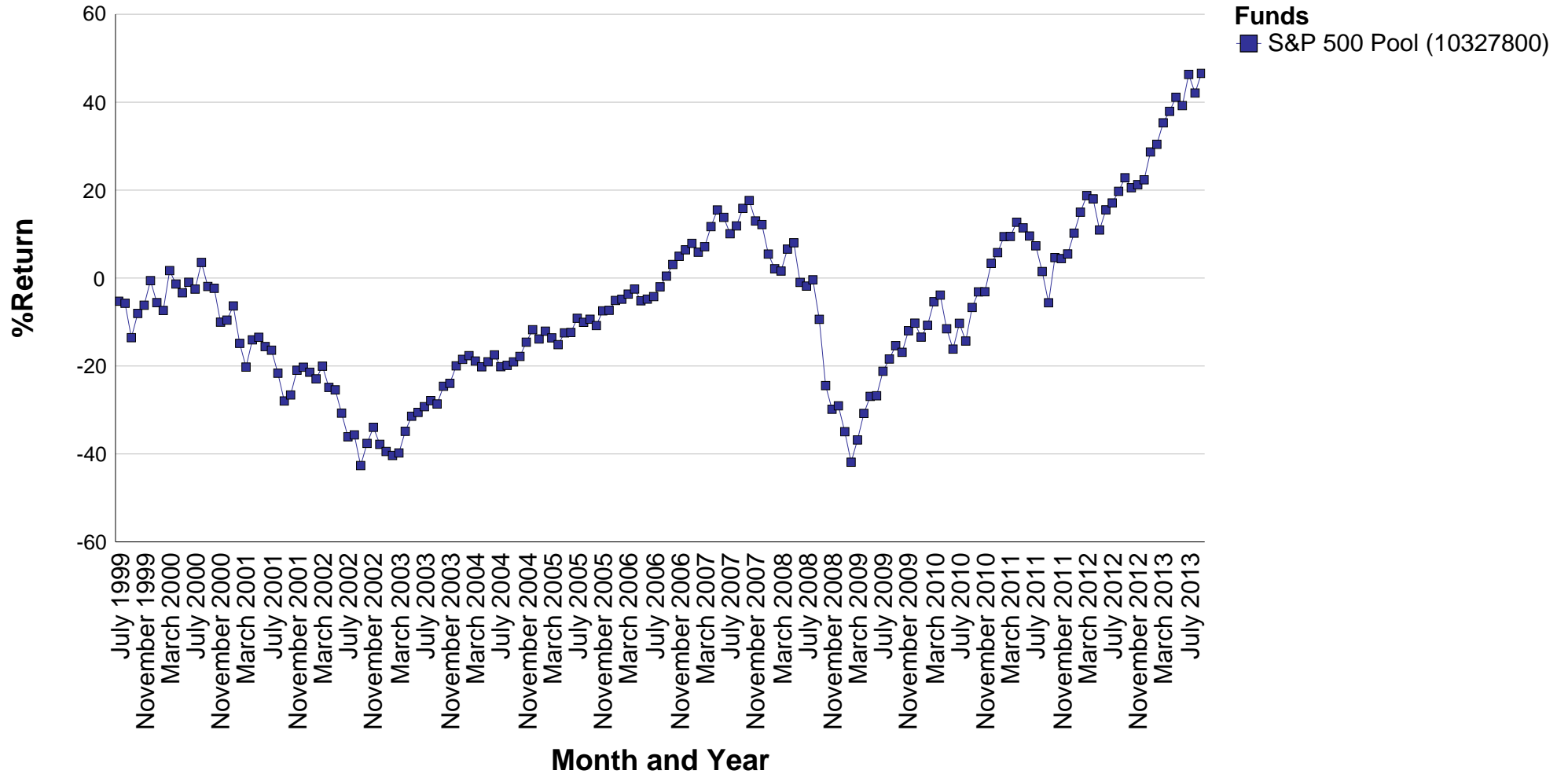
Thousands

Endowment Fund Market Value



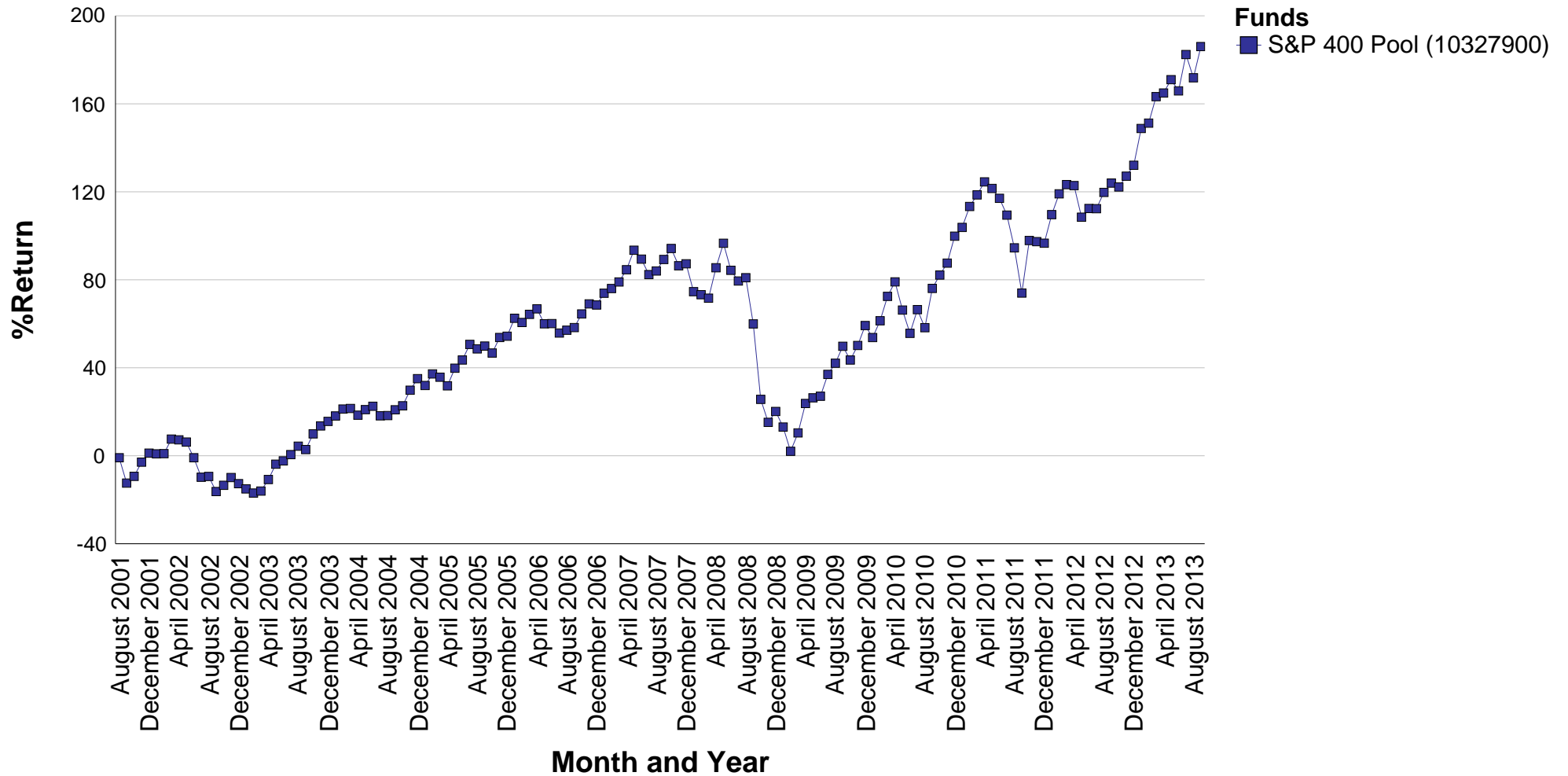
Performance Growth by Account

Arizona State Treasury (05509)
From July 1999 to September 2013
Gross of Fee



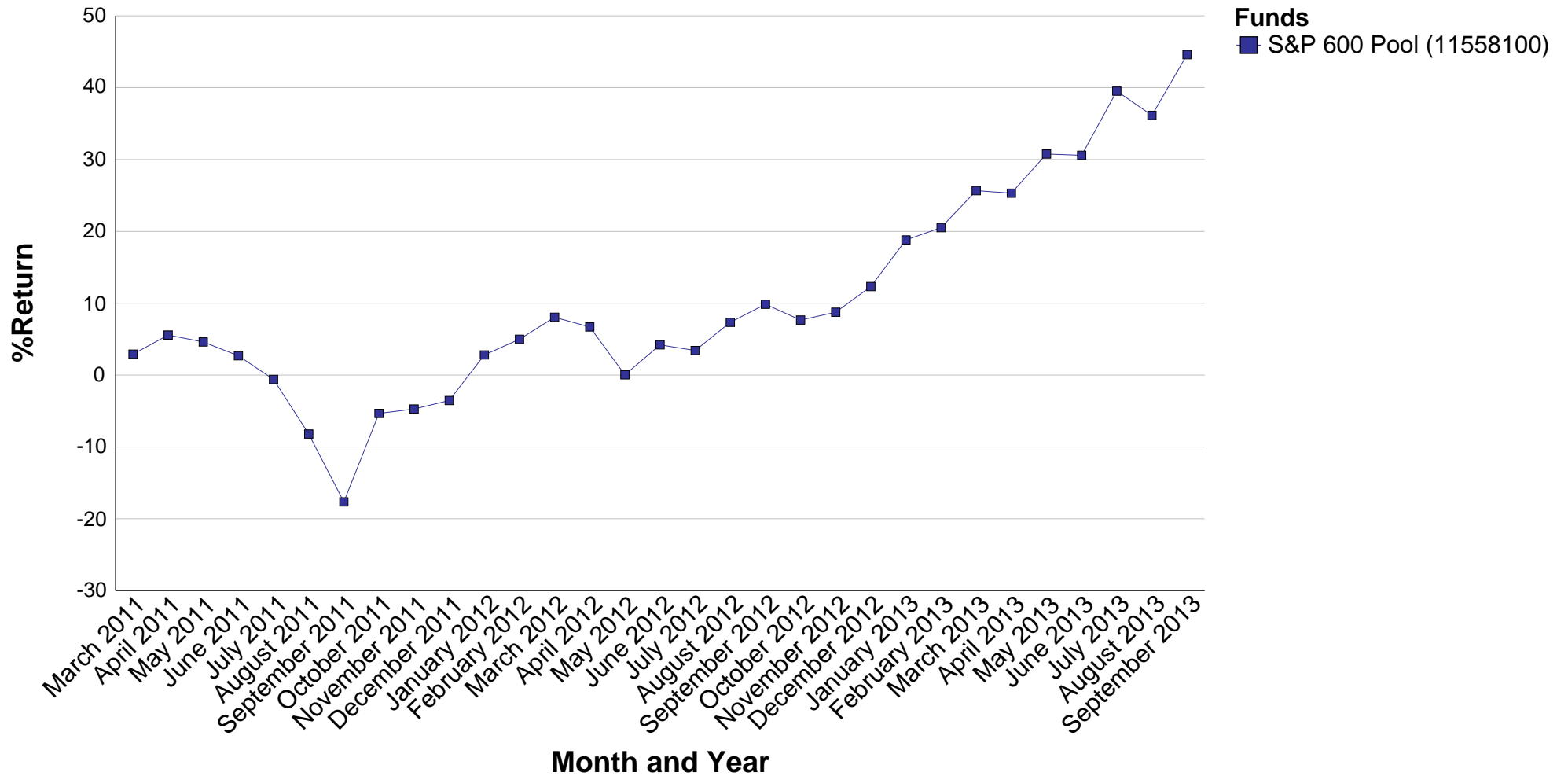
Performance Growth by Account

Arizona State Treasury (05509)
 From August 2001 to September 2013
 Gross of Fee



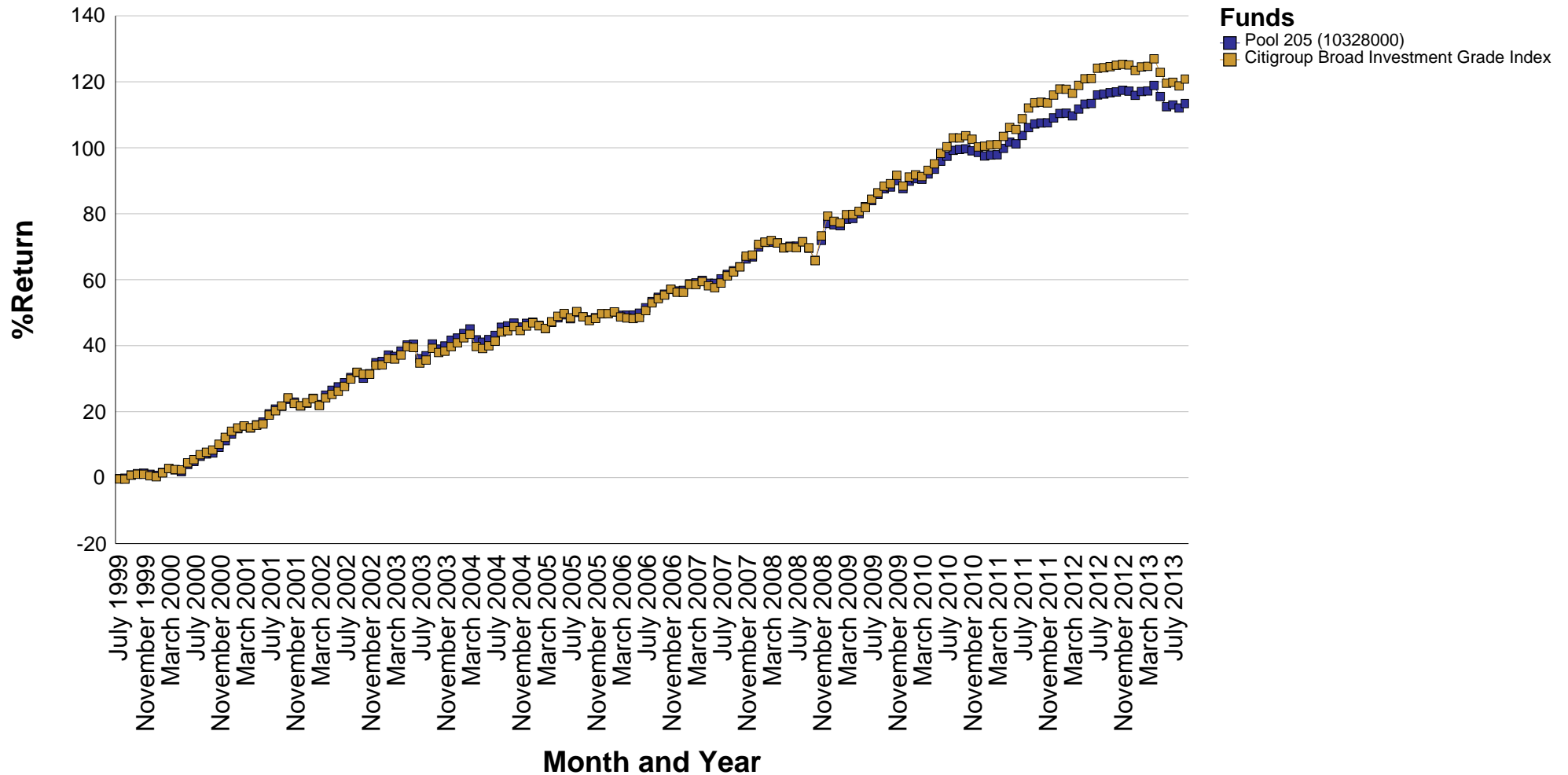
Performance Growth by Account

Arizona State Treasury (05509)
From March 2011 to September 2013
Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)
From July 1999 to September 2013
Gross of Fee



BROKER ACTIVITY REPORT
STATE AGENCY FUNDS 2, 3, 4, 12, 15, 16
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | COMMERCIAL PAPER | 67,249,025 | 9.45% | 0.46% |
| | US TREAS | 49,999,813 | 16.37% | 0.34% |
| BARCLAYS CAPITAL INC. | | | | |
| | COMMERCIAL PAPER | 21,999,449 | 3.09% | 0.15% |
| | US TREAS | 49,987,740 | 16.36% | 0.34% |
| BNP PARIBAS | | | | |
| | US-AGENCY | 4,999,127 | 4.65% | 0.03% |
| BROADPOINT CAPITAL | | | | |
| | COMMERCIAL PAPER | 131,987,794 | 18.56% | 0.90% |
| CANTOR FITZGERALD | | | | |
| | COMMERCIAL PAPER | 29,986,400 | 4.22% | 0.21% |
| | USA-MBS | 184,117 | 15.89% | 0.00% |
| CITIGROUP | | | | |
| | REPO | 130,327,928 | 1.37% | 0.89% |
| | COMMERCIAL PAPER | 157,284,797 | 22.11% | 1.08% |
| | US-AGENCY | 12,541,247 | 11.67% | 0.09% |
| DEUTSCHE BANC | | | | |
| | COMMERCIAL PAPER | 28,399,716 | 3.99% | 0.19% |
| | US TREAS | 24,999,300 | 8.18% | 0.17% |
| GREENWICH | | | | |
| | US-AGENCY | 12,999,993 | 12.09% | 0.09% |

BROKER ACTIVITY REPORT
STATE AGENCY FUNDS 2, 3, 4, 12, 15, 16
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---------------------------|--------------------|--------------------------|--------------------|---------------------|
| JP MORGAN CHASE | | | | |
| | MONEY-MARKET | 124,682,226 | 100.00% | 0.85% |
| | REPO SWEEP | 3,819,049,389 | 100.00% | 26.19% |
| | COMMERCIAL PAPER | 99,994,600 | 14.06% | 0.69% |
| | MUNICIPAL BONDS | 15,787,595 | 100.00% | 0.11% |
| | US-AGENCY | 963,004 | 0.90% | 0.01% |
| | US TREAS | 70,592,220 | 23.11% | 0.48% |
| MIZUHO SECURITIES | | | | |
| | REPO | 1,267,248,827 | 13.34% | 8.69% |
| | US TREAS | 49,945,611 | 16.35% | 0.34% |
| MORGAN STANLEY CAP | | | | |
| | COMMERCIAL PAPER | 160,983,617 | 22.63% | 1.10% |
| NOMURA SECURITIES | | | | |
| | REPO | 3,443,104,484 | 36.25% | 23.61% |
| | US-AGENCY | 74,999,917 | 69.78% | 0.51% |
| | US TREAS | 34,997,145 | 11.45% | 0.24% |
| RBC DAIN RAUSCHER | | | | |
| | COMMERCIAL PAPER | 9,990,456 | 1.40% | 0.07% |
| | US TREAS | 24,999,106 | 8.18% | 0.17% |
| ROBERT W BAIRD | | | | |
| | US-AGENCY | 980,367 | 0.91% | 0.01% |
| | USA-MBS | 974,657 | 84.11% | 0.01% |
| SOUTH STREET | | | | |
| | REPO | 4,499,769,390 | 47.37% | 30.85% |

BROKER ACTIVITY REPORT
STATE AGENCY FUNDS 2, 3, 4, 12, 15, 16
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| STERNE AGEE AND LEACH | | | | |
| | CORP NOTES | 118,134 | 9.09% | 0.00% |
| STIFEL NICOLAUS | | | | |
| | CORP NOTES | 1,181,718 | 90.91% | 0.01% |
| WELLS FARGO | | | | |
| | REPO | 158,089,812 | 1.66% | 1.08% |
| | COMMERCIAL PAPER | 3,399,235 | 0.48% | 0.02% |

BROKER ACTIVITY REPORT
POOL 5 - L.G.I.P.
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|--------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | COMMERCIAL PAPER | 56,773,607 | 10.85% | 0.17% |
| BARCLAYS CAPITAL INC. | | | | |
| | COMMERCIAL PAPER | 99,483,374 | 19.01% | 0.30% |
| | CORP NOTES | 10,000,000 | 41.94% | 0.03% |
| BNP PARIBAS | | | | |
| | CORP NOTES | 6,661,011 | 27.93% | 0.02% |
| BROADPOINT CAPITAL | | | | |
| | CD'S | 10,000,000 | 33.32% | 0.03% |
| | COMMERCIAL PAPER | 29,975,558 | 5.73% | 0.09% |
| CANTOR FITZGERALD | | | | |
| | COMMERCIAL PAPER | 29,991,917 | 5.73% | 0.09% |
| CITIGROUP | | | | |
| | COMMERCIAL PAPER | 87,067,638 | 16.64% | 0.26% |
| FIRST TENNESSEE | | | | |
| | COMMERCIAL PAPER | 4,998,633 | 0.96% | 0.02% |
| GOLDMAN SACHS | | | | |
| | REPO | 100,000,000 | 1.01% | 0.30% |
| | COMMERCIAL PAPER | 11,177,245 | 2.14% | 0.03% |
| GOVERNMENT PERSPECTIVES | | | | |
| | CORP NOTES | 5,030,758 | 21.10% | 0.02% |
| GREENWICH | | | | |
| | COMMERCIAL PAPER | 9,999,300 | 1.91% | 0.03% |

BROKER ACTIVITY REPORT
POOL 5 - L.G.I.P.
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---------------------------|--------------------|--------------------------|--------------------|---------------------|
| JP MORGAN CHASE | | | | |
| | COMMERCIAL PAPER | 46,993,010 | 8.98% | 0.14% |
| | MONEY-MARKET | 64,798,830 | 100.00% | 0.20% |
| | REPO SWEEP | 22,238,718,987 | 100.00% | 67.63% |
| | CORP ABS | 12,370,000 | 100.00% | 0.04% |
| | US AGENCY | 56,684,874 | 56.95% | 0.17% |
| MIZUHO SECURITIES | | | | |
| | REPO | 3,747,225 | 0.04% | 0.01% |
| MORGAN STANLEY CAP | | | | |
| | COMMERCIAL PAPER | 86,813,412 | 16.59% | 0.26% |
| NOMURA SECURITIES | | | | |
| | REPO | 63,794,012 | 0.65% | 0.19% |
| UBS PAINE WEBBER | | | | |
| | CD'S | 10,000,000 | 33.32% | 0.03% |
| RBC DAIN RAUSCHER | | | | |
| | CD'S | 10,012,321 | 33.36% | 0.03% |
| | COMMERCIAL PAPER | 50,061,932 | 9.57% | 0.15% |
| SOUTH STREET | | | | |
| | REPO | 9,679,734,541 | 97.88% | 29.44% |
| WELLS FARGO | | | | |
| | REPO | 41,910,188 | 0.42% | 0.13% |
| | COMMERCIAL PAPER | 9,980,701 | 1.91% | 0.03% |
| | CORP NOTES | 2,154,387 | 9.03% | 0.01% |
| | US AGENCY | 42,849,708 | 43.05% | 0.13% |

BROKER ACTIVITY REPORT
POOL 500 - L.G.I.P. MEDIUM-TERM
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|--------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | COMMERCIAL PAPER | 5,499,188 | 10.78% | 0.90% |
| BARCLAYS CAPITAL INC. | | | | |
| | CD'S | 1,304,944 | 100.00% | 0.21% |
| | COMMERCIAL PAPER | 13,457,279 | 26.38% | 2.20% |
| BROADPOINT CAPITAL | | | | |
| | COMMERCIAL PAPER | 4,994,186 | 9.79% | 0.82% |
| CANTOR FITZGERALD | | | | |
| | COMMERCIAL PAPER | 8,996,917 | 17.64% | 1.47% |
| CITIGROUP | | | | |
| | COMMERCIAL PAPER | 8,075,701 | 15.83% | 1.32% |
| GOVERNMENT PERSPECTIVES | | | | |
| | US AGENCY | 1,925,471 | 100.00% | 0.31% |
| JP MORGAN CHASE | | | | |
| | MONEY-MARKET | 34,760,066 | 100.00% | 5.69% |
| | COMMERCIAL PAPER | 2,499,302 | 4.90% | 0.41% |
| | CORP ABS | 2,499,968 | 100.00% | 0.41% |
| MIZUHO SECURITIES | | | | |
| | REPO | 18,000,000 | 3.55% | 2.94% |
| MORGAN STANLEY CAP | | | | |
| | COMMERCIAL PAPER | 2,498,875 | 4.90% | 0.41% |
| NOMURA SECURITIES | | | | |
| | REPO | 116,574,275 | 22.97% | 19.07% |

*BROKER ACTIVITY REPORT
POOL 500 - L.G.I.P. MEDIUM-TERM
JULY 1 - SEPTEMBER 30, 2013*

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---------------------|--------------------|--------------------------|--------------------|---------------------|
| <i>OPPENHEIMER</i> | | | | |
| | CORP NOTES | 3,168,252 | 25.57% | 0.52% |
| <i>SOUTH STREET</i> | | | | |
| | REPO | 357,900,000 | 70.53% | 58.54% |
| <i>WELLS FARGO</i> | | | | |
| | REPO | 15,000,000 | 2.96% | 2.45% |
| | COMMERCIAL PAPER | 4,991,272 | 9.78% | 0.82% |
| | CORP NOTES | 9,223,856 | 74.43% | 1.51% |

BROKER ACTIVITY REPORT
POOL 7 - L.G.I.P.- GOV
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | REPO | 150,000,000 | 1.44% | 1.37% |
| BARCLAYS CAPITAL INC. | | | | |
| | US TREAS | 99,950,760 | 62.31% | 0.91% |
| CITIGROUP | | | | |
| | REPO | 3,672,072 | 0.04% | 0.03% |
| DEUTSCHE BANC | | | | |
| | REPO | 110,000,000 | 1.05% | 1.01% |
| JP MORGAN CHASE | | | | |
| | MONEY-MARKET | 325,016,280 | 100.00% | 2.97% |
| MIZUHO SECURITIES | | | | |
| | REPO | 3,533,003,948 | 33.84% | 32.34% |
| NOMURA SECURITIES | | | | |
| | REPO | 4,604,103,469 | 44.10% | 42.14% |
| SOUTH STREET | | | | |
| | REPO | 1,109,314,525 | 10.63% | 10.15% |
| WELLS FARGO | | | | |
| | REPO | 930,000,000 | 8.91% | 8.51% |
| | US TREAS | 60,463,992 | 37.69% | 0.55% |

BROKER ACTIVITY REPORT
POOL 700 - L.G.I.P. MEDIUM TERM F. F. & C.
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BARCLAYS CAPITAL INC. | | | | |
| | USA-MBS | 2,099,703 | 26.32% | 0.18% |
| CITIGROUP | | | | |
| | REPO | 41,000,000 | 3.91% | 3.44% |
| DEUTSCHE BANK | | | | |
| | US TREAS | 2,461,754 | 49.90% | 0.21% |
| JP MORGAN CHASE | | | | |
| | MONEY-MARKET | 130,553,250 | 100.00% | 10.96% |
| JEFFERIES CO. | | | | |
| | US TREAS | 2,471,342 | 50.10% | 0.21% |
| MIZUHO SECURITIES | | | | |
| | REPO | 328,000,000 | 31.31% | 27.54% |
| NOMURA SECURITIES | | | | |
| | REPO | 552,423,761 | 52.74% | 46.39% |
| ROBERT W BAIRD | | | | |
| | USA-MBS | 5,876,648 | 73.68% | 0.49% |
| SOUTH STREET | | | | |
| | REPO | 126,000,000 | 12.03% | 10.58% |

**BROKER ACTIVITY REPORT
FIXED INCOME FUND 205
JULY 1 - SEPTEMBER 30, 2013**

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BARCLAYS CAPITAL INC. | | | | |
| | US TREAS | 5,012,203 | 32.71% | 7.86% |
| CITIGROUP | | | | |
| | US TREAS | 5,275,164 | 34.42% | 8.27% |
| JP MORGAN CHASE | | | | |
| | MONEY-MARKET | 45,480,226 | 100.00% | 71.28% |
| PIPER JAFFRAY | | | | |
| | US AGENCY | 2,998,890 | 100.00% | 4.70% |
| WELLS FARGO | | | | |
| | US TREAS | 5,037,555 | 32.87% | 7.90% |

BROKER ACTIVITY REPORT
ENDOWMENT EQUITY POOLS 201, 203, 204
JULY 1 - SEPTEMBER 30, 2013

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BARCLAYS CAPITAL INC. | | | | |
| | SMALL CAP | 861,763 | 3.18% | 0.73% |
| BLOOMBERG | | | | |
| | LARGE CAP | 11,344,673 | 29.92% | 9.62% |
| | MID CAP | 25,021,438 | 47.26% | 21.21% |
| | SMALL CAP | 14,086,708 | 51.97% | 11.94% |
| CANTOR FITZGERALD | | | | |
| | LARGE CAP | 26,111,993 | 68.88% | 22.14% |
| | MID CAP | 27,039,945 | 51.08% | 22.92% |
| | SMALL CAP | 11,476,561 | 42.34% | 9.73% |
| MOORS & CABOT | | | | |
| | LARGE CAP | 454,213 | 1.20% | 0.39% |
| | MID CAP | 880,058 | 1.66% | 0.75% |
| | SMALL CAP | 681,115 | 2.51% | 0.58% |