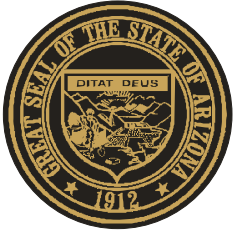


OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



FEBRUARY 2014

Presented To:

Arizona State Board of Investment

MARCH 24, 2014

STATE BOARD OF INVESTMENT

A G E N D A

March 24, 2014

1. Call to Order
2. Chairman Remarks
3. Approval of February 25, 2014 Minutes
4. Review of Treasurer's Monthly Reports
 - A. Earnings Distribution; Investment Pools
 - B. LGIP Pools Investments and Performance Reports
 - C. State Agency Pools Investments and Performance Reports
 - D. Operating Monies Invested Balances
 - E. Earnings Distributed Endowment Funds
 - F. Endowment Investments and Performance Reports
5. Proposed Changes to the Investment Policy
 - A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
6. Review and Approval of Proposed/Pending Securities Dealers
7. General Business
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

March 24, 2014

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on February 25, 2014 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 1:34 p.m.

Members Present:

Doug Ducey, Chair, State Treasurer
Lauren Kingry, Superintendent, Department of Financial Institutions
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, Chief Investment Officer, 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
Randy Pullen, Past ARP Chairman and Arizona State Treasurer Candidate
Ally Miller, Pima County Board of Supervisor Representative, District 1
Jennifer Coyle, Chief of Staff, Ally Miller, Pima County Board of Supervisors,

Pursuant to A.R.S. 35-311, the following reports for January, 2014 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

Earnings Distribution; Investment Pools
LGIP Pools Investments and Performance Reports
State Agency Pools Investments and Performance Reports
Operating Monies Invested Balances
Earnings Distributed Endowment Funds
Endowment Investments and Performance Reports

1. Call to Order:

Treasurer Ducey called the February 25, 2014 BOI meeting to order at approximately 1:34 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the February 25, 2014 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the January 27, 2014 minutes. Mr. Kingry 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 January, 2014.

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

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

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

Mr. Petkiewicz reported the net yields for the LGIP and LGIP-Gov Pools, as well as the comparisons to their relative benchmarks for the month of January, 2014.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Petkiewicz reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of January, 2014.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Petkiewicz reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of January 31, 2014.

LGIP Pools Investments and Performance Reports

Mr. Petkiewicz reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of January, 2014.

Review of Treasurer's Monthly Report – Agency Pools:

Treasurer Ducey expressed his gratitude for Ms. Humbert dedication and congratulated her on her recent promotion to Chief Investment Officer.

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

State Agency Pools Portfolio Yield Analysis

Ms. Humbert reported the net yields for the State Agency Pools for the month of January, 2014.

Manager Allocation of Invested Monies for the State Agency Pools

Ms. Humbert reported the total market value of all of the State Agency Pools broken up to show the percent allocated to each individual State Agency Pool as of January 31, 2014.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, the weighted average life, the weighted average duration, the weighted average rating, and the total number of holdings for the State Agency Investment Pools as of January 31, 2014.

Mr. McNeil referenced Page 10 of the monthly report with regard to Funds 10 – 16. Mr. McNeil asked Ms. Humbert for clarity in interpreting the comparative funds yields vs. the index and the best way to understand the differences in these particular funds. Ms. Humbert provided an explanation and after a brief discussion, Mr. McNeil suggested that it would be best to include a footnote to the page to explain the comparative index and to avoid any confusion and or concern of possible underperformance of the funds in question. Ms. Humbert agreed to include the footnote moving forward.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of January, 2014.

Review of Treasurer's Monthly Report – Endowments:

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

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of January, 2014.

Endowment Funds Yield Analysis

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of January, 2014.

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 January 2014 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 January, 2014.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of January, 2014.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of January 31, 2014.

Performance of Investments in Endowment Funds

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of January 31, 2014.

Manager Allocation of Invested Monies for the Endowment Pools

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of January 31, 2014.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of January 31, 2014.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of January 31, 2014.

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 January 31, 2014.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, the weighted average life, the weighted average duration, the weighted average yield to maturity, the weighted average rating, and the total number of holdings for the Fixed Income Pool for the month of January, 2014.

Endowment Investments and Performance Growth by Account Reports

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of January, 2014.

Approval of Treasurer's Report

Mr. Kingry 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

There was no public comment.

9. Notice of Next Meeting:

Treasurer Ducey advised the Board that the next regular meeting of the Board of Investment will be Monday, March 24, 2014 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

Mr. Papp provided the members of the board with a brief economy 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 2:11 p.m.

State Treasurer's Report
March 24, 2014 Meeting
Minutes of the February 25, 2014 Meeting

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 FEBRUARY 2014**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	FEBRUARY 2014	Fiscal YTD 13/14	Fiscal YTD 12/13	
General Fund	\$1,343,525	\$9,987,243	\$8,960,431	
2 State Agencies - Full Faith & Credit	490,579	4,147,248	4,090,812	\$382,966
3 State Agencies - Diversified (<i>Combined</i>)	874,987	8,765,519	8,677,117	882,145
4 State Agencies - Gov	394,140	3,543,628	3,501,336	390,272
5 LGIP	95,309	1,068,592	1,782,771	502,201
7 LGIP Gov	34,208	294,927	1,097,764	365,073
10 Tax-exempt Non-AMT Municipal Bonds	0	0	0	110,978
12 CAWCD Medium-Term	377,689	3,541,705	4,001,682	106,758
15 GADA Long-Term	16,447	143,705	138,083	4,488
16 ECDH Medium-Term	442,563	3,766,581	3,654,501	136,934
Subtotal	\$4,069,446	\$35,259,148	\$35,904,497	\$2,881,815
NAV POOL				
500 LGIP - Med Term	261,400	2,093,426	2,317,122	106,805
700 LGIP - FF&C Med Term	161,775	1,350,733	1,503,846	84,809
Total	\$4,492,620	\$38,703,307	\$39,725,465	\$3,073,429
FEBRUARY 2013 TOTALS	\$4,810,989			\$3,196,440

* 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
 FEBRUARY 28, 2014**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13	Net Asset Value Per Share
5	LGIP	97,840	154,672	168,986	1.0000
7	LGIP - GOV	35,155	40,134	83,471	1.0000
	TOTAL LGIP & LGIP-GOV	132,994	194,806	252,457	

YIELDS

MONTHLY

	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13
5 LGIP (NET)	0.10%	0.13%	0.17%
S & P LGIP INDEX	0.05%	0.05%	0.07%
7 LGIP - GOV (NET)	0.05%	0.05%	0.08%
3 MONTH T-BILL	0.04%	0.04%	0.09%

YEAR TO DATE

5 LGIP (NET)	0.12%	0.12%	0.22%
S & P LGIP INDEX	0.05%	0.05%	0.10%
7 LGIP - GOV (NET)	0.05%	0.05%	0.12%
3 MONTH T-BILL	0.04%	0.04%	0.08%

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

**LGIP & LGIP- GOV MEDIUM TERM POOLS
PORTFOLIO YIELD ANALYSIS
FEBRUARY 28, 2014**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13	Net Asset Value Per Share
500	LGIP - MED TERM POOL	281,511	271,705	320,725	1.0319
700	LGIP - FF&C MED TERM POOL	161,775	150,862	189,846	1.0031
	TOTAL LGIP MEDIUM TERM POOLS	443,285	422,567	510,571	

YIELDS

MONTHLY

	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13
500 LGIP - MED TERM (NET)	1.16%	1.12%	1.42%
MERRILL 1-5 US D M INDEX	1.12%	1.15%	1.12%
700 LGIP - FF&C MED TERM (NET)	0.93%	0.79%	1.01%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL US GNMA MORTGAGE BACKED INDEX	1.25%	1.25%	0.80%

YEAR TO DATE

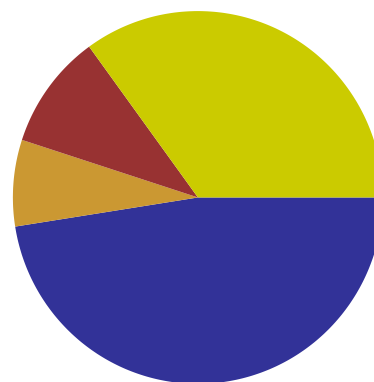
500 LGIP - MED TERM (NET)	1.17%	1.18%	1.40%
MERRILL 1-5 US D M INDEX	1.20%	1.21%	0.99%
700 LGIP - FF&C MED TERM (NET)	0.89%	0.88%	1.16%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL US GNMA MORTGAGE BACKED INDEX	1.27%	1.27%	0.65%

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 February 28, 2014

LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,372.06	47.6%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	292.21	10.1%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	1,007.99	35.0%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	209.47	7.3%
TOTAL	2,881.74	100.0%

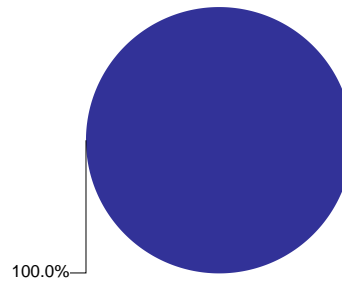
- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)



Portfolio Characteristics

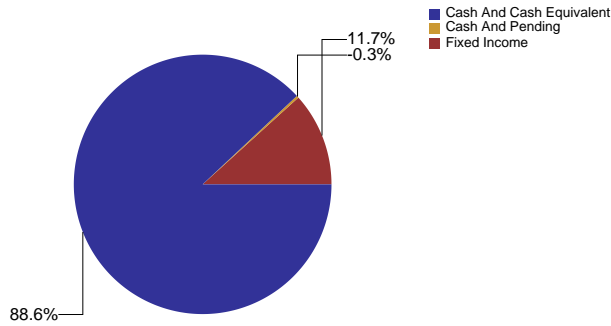
Duration Mix

Total Net Assets (Millions) 1,372.1
 Weighted Average Life (Years) 0.09
 Weighted Avg. Effective Duration (Years) 0.10
 Weighted Average Maturity (Years) 0.10
 Weighted Average Rating AA+
 Number of Holdings 100



Asset Mix

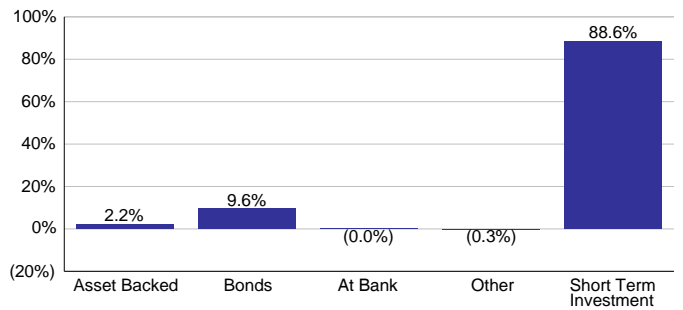
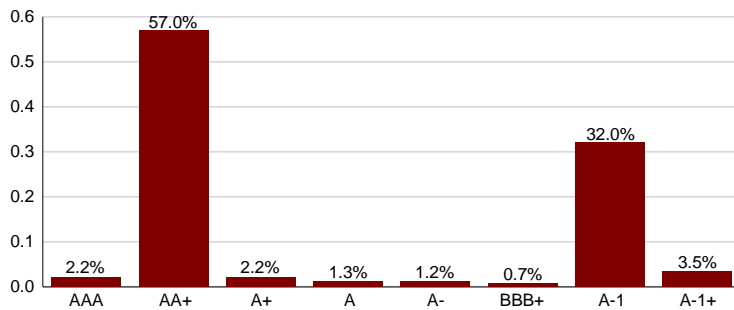
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853991A07	TRI_PARTY REPO SOUTH ST .07%	15.26%	0.07	3/3/2014
5199U6041	TRI-PARTY REPO DEUTSCHE BANK 0.12% 31/MAR/2014	10.90%	0.12	31/3/2014
853990Z69	TRI-PARTY REPO SOUTH STREET 0.06% 3/MAR/2014	10.90%	0.06	3/3/2014
853990Z44	TRI-PARTY REPO SOUTH STREET 0.08% 3/MAR/2014	8.30%	0.08	3/3/2014
3130A0D49	FEDERAL HOME LOAN BANKS BOND VARIABLE 21/AUG/2014	3.63%	0.00	21/8/2014
60688LHX7	MIZUHO BANK LTD CERTIFICATE OF DEPOSIT FIXED DTD	1.45%	0.23	4/3/2014
22532U7B4	CREDIT AGRICOLE CRP & CERTIFICATE OF DEPOSIT FIXED	1.45%	0.17	14/4/2014
52952MCA6	LEXINGTON PARKER CAPITAL CO LLC COMMERCIAL PAPER	1.45%	0.00	10/3/2014
79540BCE4	SALISBURY REC CO LLC CORPORATE COMMERCIAL PAPER	1.45%	0.00	14/3/2014
62455BCQ6	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.45%	0.00	24/3/2014

Quality/Rating Weightings

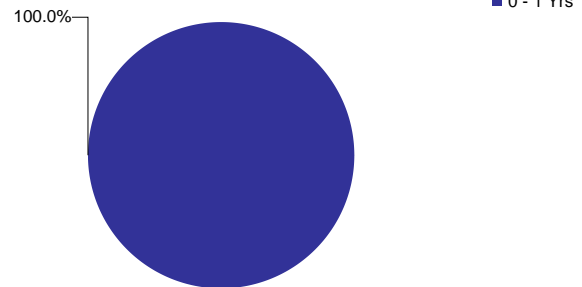
Sector Weightings (as % of Market Value)



Portfolio Characteristics

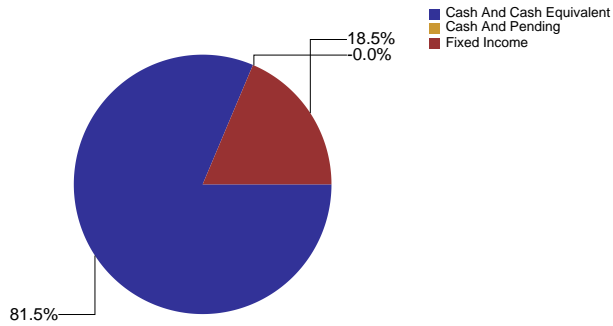
Duration Mix

Total Net Assets (Millions) **1,008.0**
 Weighted Average Life (Years) **0.13**
 Weighted Avg. Effective Duration (Years) **0.12**
 Weighted Average Maturity (Years) **0.13**
 Weighted Average Rating **AA+**
 Number of Holdings **20**



Asset Mix

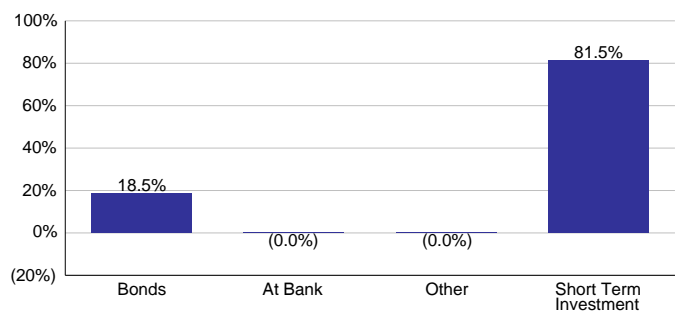
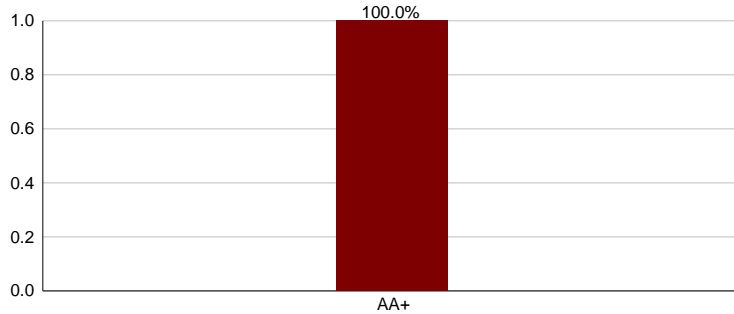
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
655990R35	TRI-PARTY REPO NOMURA 0.06% 3/MAR/2014	19.84%	0.06	3/3/2014
5199U6041	TRI-PARTY REPO DEUTSCHE BANK 0.12% 31/MAR/2014	14.88%	0.12	31/3/2014
94999A194	TRI-PARTY REPO WELLS FARGO 0.06% 3/MAR/2014	10.86%	0.06	3/3/2014
912828K1	UNITED STATES TREAS NTS 02.250% 31/MAY/2014	10.03%	2.25	31/5/2014
01899A018	ALLIANCE BANK OF ARIZONA MONEYMARKET 0.27% 03/MAR/	8.25%	0.27	3/3/2014
60699O156	TRI-PARTY REPO MIZUHO 0.05% 15/APR/2014	7.94%	0.05	15/4/2014
912828TA8	UNITED STATES TREAS NTS 0.25%30/JUN/2014	4.96%	0.25	30/6/2014
912796CHO	UNITED STATES OF AMERICA BILL ZERO CPN 17/APR/2014	4.96%	0.00	17/4/2014
912796CJ6	UNITED STATES OF AMERICA BILL ZERO CPN 24/APR/2014	4.96%	0.00	24/4/2014
912796BT5	UNITED STATES OF AMERICA BILL ZERO CPN 24/JUL/2014	4.96%	0.00	24/7/2014

Quality/Rating Weightings

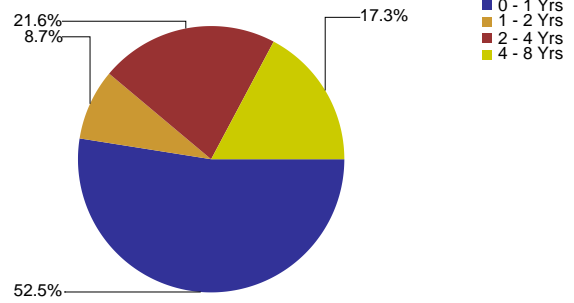
Sector Weightings (as % of Market Value)



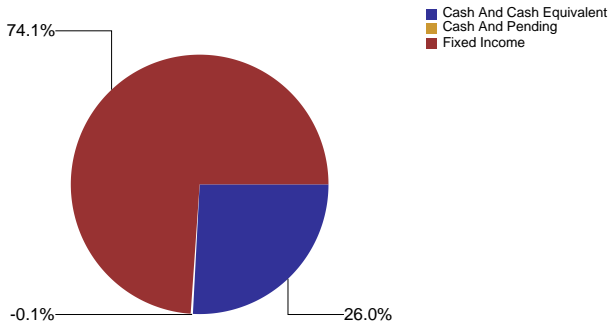
Portfolio Characteristics

Total Net Assets (Millions) **292.2**
 Weighted Average Life (Years) **1.98**
 Weighted Avg. Effective Duration (Years) **1.66**
 Weighted Average Rating **AA**
 Number of Holdings **193**

Duration Mix



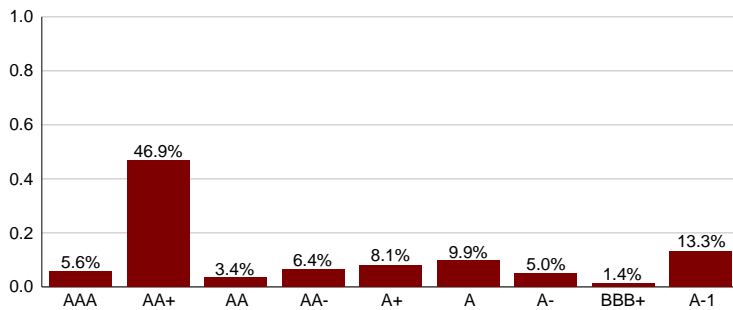
Asset Mix



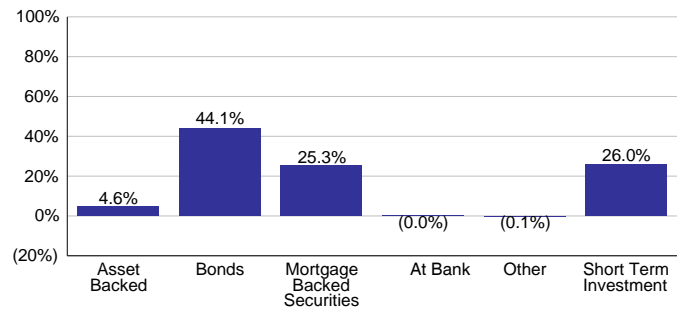
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990Z44	TRI-PARTY REPO SOUTH STREET 0.08% 3/MAR/2014	11.62%	0.08	3/3/2014
31417CJUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	4.05%	2.50	1/8/2027
31419JM47	FNMA MORTPASS 4.5% 01/NOV/2040 CL PN# AE7578	2.73%	4.50	1/11/2040
53127UC73	LIBERTY FUNDING LLC CORPORATE COMMERCIAL PAPER	1.71%	0.00	7/3/2014
45779QCB0	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.71%	0.00	11/3/2014
25153KCX3	DEUTSCHE BK FINL LLC CORPORATE COMMERCIAL PAPER	1.71%	0.00	31/3/2014
0027A1HK8	ABBEY NATIONAL NA LL CORPORATE COMMERCIAL PAPER	1.71%	0.00	19/8/2014
3128MMQT3	FHLMCGLD MORTPASS 2.5% 01/MAY/2028 G1 PN# G18465	1.62%	2.50	1/5/2028
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 Q0 PN# Q09530	1.49%	3.50	1/7/2042
3137ARRT5	FREDDIE MAC 4080 DA 2.000% 15/MAR/2041	1.48%	2.00	15/3/2041

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

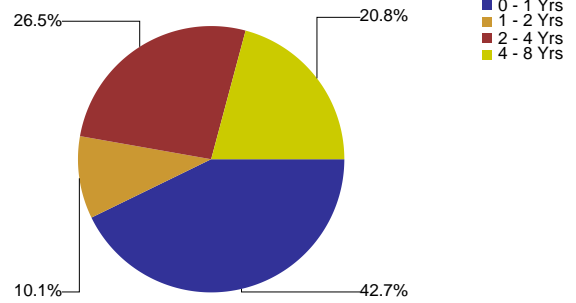


Portfolio Characteristics

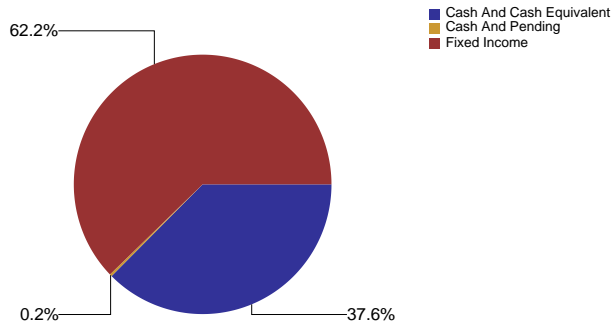
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

209.5
2.46
2.03
AA+
83

Duration Mix



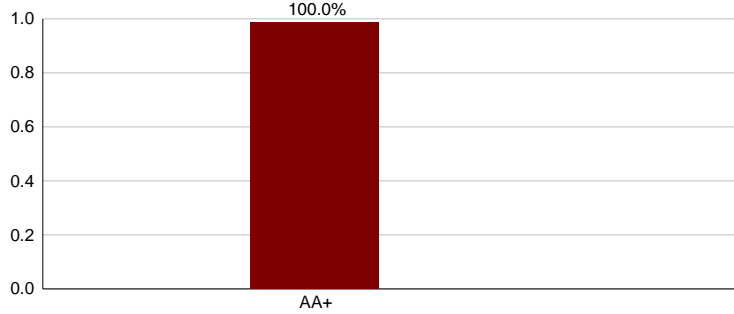
Asset Mix



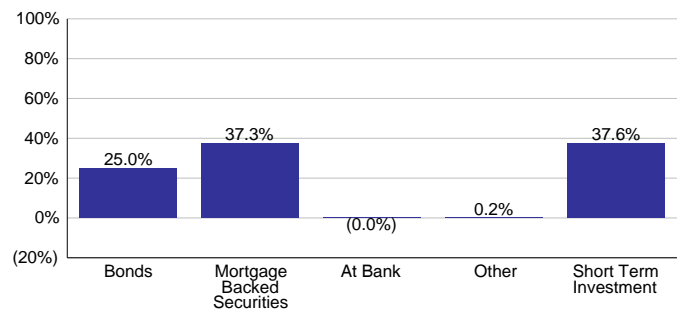
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
94999A194	TRI-PARTY REPO WELLS FARGO 0.06% 3/MAR/2014	29.18%	0.06	3/3/2014
39675DN	FDIC US BANK CDARS ACCOUNT 0.3% 03/MAR/2014	7.23%	0.03	3/3/2014
36202FL61	GNMA II MORTPASS 4% 20/NOV/2040 JM PN# 004849	3.41%	4.00	20/11/2040
36179MGW4	GNMA II MORTPASS 3% 20/JUL/2042 JM PN# MA0213	3.29%	3.00	20/7/2042
38378H4K9	GINNIE MAE 2012-124 KB 2.000% 20/JUL/2042	3.02%	2.00	20/7/2042
912828LL2	US TREASURY 3.00000 '16	2.54%	3.00	31/8/2016
912828TW0	US TREASURY 0.75000 '17	2.38%	0.75	31/10/2017
465139HR7	ISRAEL STATE ZERO 15/NOV/2016	2.33%	0.00	15/11/2016
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	2.18%	3.50	20/4/2027
36178GHQ0	GNMA I MORTPASS 3% 15/AUG/2027 SF PN# AA8339	2.10%	3.00	15/8/2027

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 February 28, 2014**

FUND	DESCRIPTION	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	663,006	572,193	974,875	0.9948
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,578,003	1,642,379	1,483,232	0.9949
	EXTERNAL MANAGERS	48,780	46,691	49,434	1.0016
	FUND 3 TOTAL	1,626,783	1,689,070	1,532,666	0.9951
4	STATE AGENCIES - GOV	724,677	747,074	713,941	0.9923
10	TAX-EXEMPT NON-AMT MUNICIPAL BONDS	65,176	74,011	N/A	1.0015
12	CAWCD MEDIUM-TERM	377,689	402,395	408,364	1.0100
15	GADA LONG-TERM	16,447	15,202	16,795	0.9953
16	ECDH MEDIUM-TERM	442,563	491,684	401,319	0.9861
	TOTAL STATE AGENCIES	3,916,341	3,991,628	4,047,960	

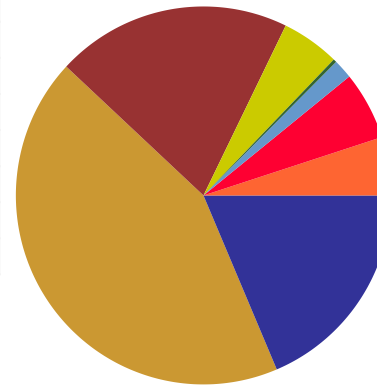
**STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2014**

FUND	DESCRIPTION	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL US GNMA MORTGAGE BACKED INDEX	0.86% 0.85%	0.63% 0.85%	1.02% 0.63%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	0.79% 0.63% 0.79% 0.42%	0.83% 0.54% 0.82% 0.43%	0.83% 0.64% 0.82% 0.51%
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.81% 0.22%	0.76% 0.21%	0.82% 0.19%
10	TAX-EXEMPT NON-AMT MUNICIPAL BONDS SIFMA MUNICIPAL SWAP INDEX	0.26% 0.03%	0.29% 0.04%	N/A N/A
12	CAWCD MEDIUM-TERM *BARCLAYS CAPITAL US AGG. BOND INDEX	1.70% 2.28%	1.61% 2.31%	2.08% 1.84%
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	1.77% 1.60%	1.48% 1.64%	1.81% 1.44%
16	ECDH MEDIUM-TERM *BARCLAYS CAPITAL US AGG. BOND INDEX	1.58% 2.28%	1.76% 2.31%	1.59% 1.84%

*This Benchmark is under review for a change. Pools 12 and 16 duration risk and investment policy is much more conservative than the current benchmark.

Manager Allocation - Daily Arizona State Treasury (05509) As of February 28, 2014

Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 10 (State Operating) (11741000)	301.33	5.2%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	289.75	5.0%
State of Arizona - Pool 15 (GADA) (10327600)	12.05	0.2%
State of Arizona - Pool 16 (ECDH) (13074500)	330.81	5.7%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,073.97	18.5%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,515.77	43.4%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,175.10	20.3%
State of Arizona Pool 3 (external US Banc) (17699900)	101.10	1.7%
TOTAL	5,799.87	100.0%

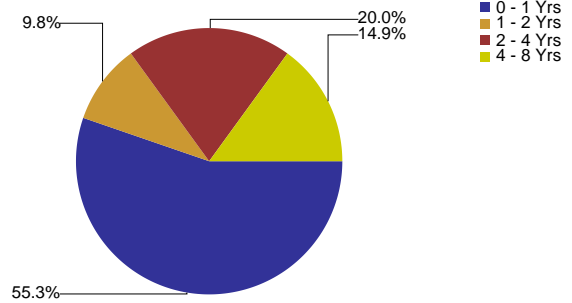


- State of Arizona - Pool 2 (State Agency - FF&C)
- State of Arizona - Pool 3 (State Agency - Divers)
- State of Arizona - Pool 4 (State Agency Rest Di
- State of Arizona - Pool 10 (State Operating) (11
- State of Arizona - Pool 15 (GADA) (10327600)
- State of Arizona Pool 3 (external US Banc) (1769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

Portfolio Characteristics

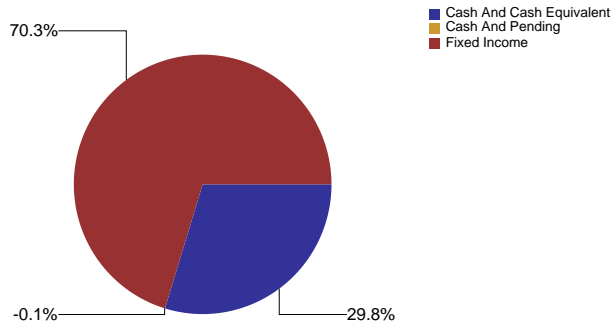
Duration Mix

Total Net Assets (Millions) **1,074.0**
 Weighted Average Life (Years) **2.09**
 Weighted Avg. Effective Duration (Years) **1.72**
 Weighted Average Rating **AA+**
 Number of Holdings **104**



Asset Mix

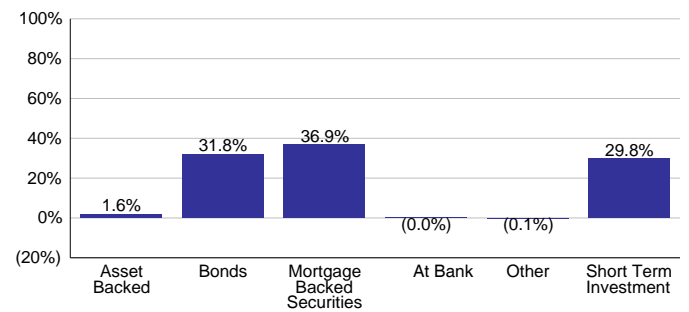
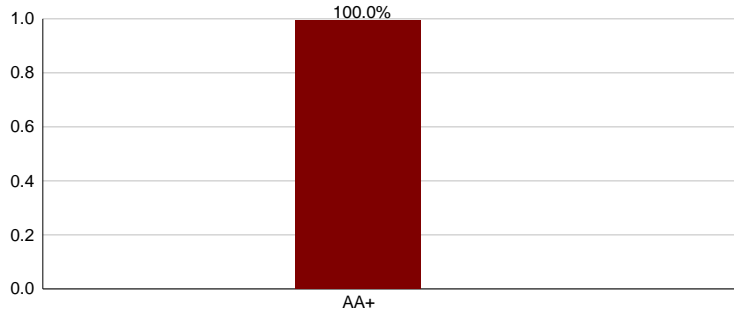
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
94999A194	TRI-PARTY REPO WELLS FARGO 0.06% 3/MARCH/2014	21.35%	0.06	3/3/2014
91282DM9	US TREASURY 4.00000 '15	4.83%	4.00	15/2/2015
91282RZ5	UNITED STATES 0.25% 01/15	4.66%	0.25	15/1/2015
38375GHL8	GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042	3.25%	2.00	16/5/2042
912796BT5	UNITED STATES OF AMERICA BILL ZERO CPN 24/JUL/2014	2.79%	0.00	24/7/2014
912796BE8	UNITED STATES OF AMERICA BILL ZERO CPN 01/MAY/2014	2.33%	0.00	1/5/2014
38377XSL2	GINNIE MAE 2012-137 FA VARIABLE 20/NOV/2042	2.17%	0.45	20/11/2042
38378EGJ6	GINNIE MAE 2012-51 EA 1.500% 20/SEP/2040	1.95%	1.50	20/9/2040
912828KV1	UNITED STATES TREAS NTS 02.250% 31/MAY/2014	1.88%	2.25	31/5/2014
912828PZ7	USA TREASURY NTS 1.25% TB 15/MAR/2014 USD1000	1.87%	1.25	15/3/2014

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

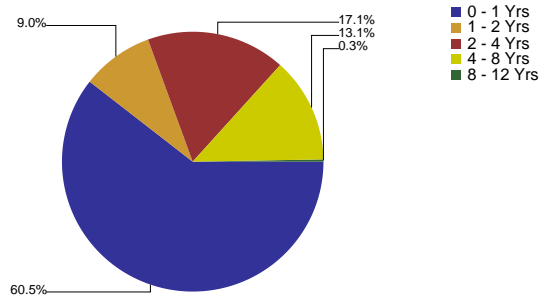


Portfolio Characteristics

Duration Mix

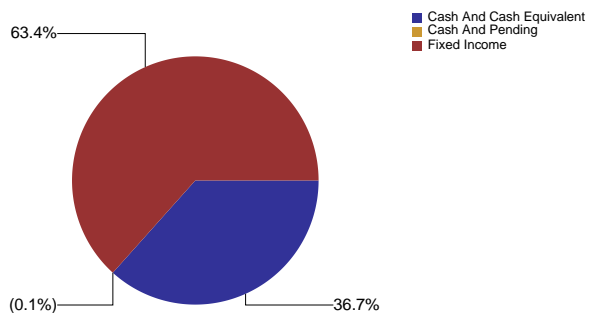
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

2,616.9
1.71
1.43
AA
331



Asset Mix

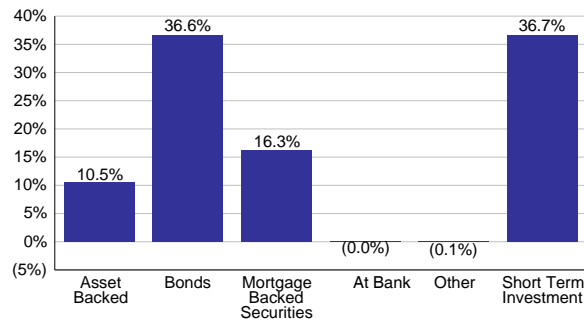
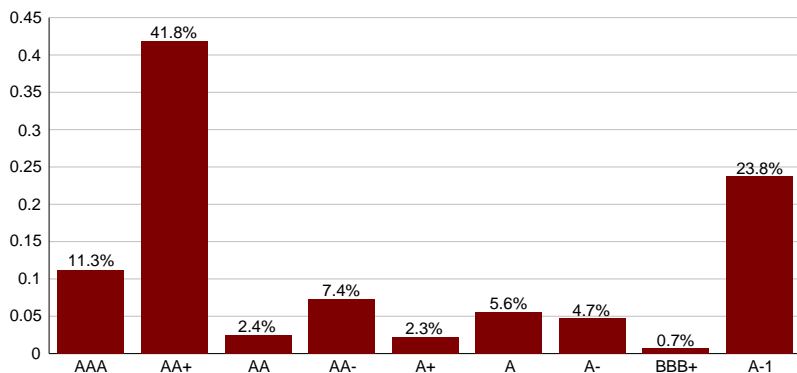
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853991A72	TRI-PARTY REPO SOUTH STREET .10%	6.30%	0.10	3/3/2014
87019SE18	SWEDBANK FORENINGS SPA CORPORATE COMMERCIAL PAPER	1.91%	0.00	1/5/2014
25155JGE2	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.72%	0.22	30/4/2014
45779QCB0	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.60%	0.00	11/3/2014
79540BF27	SALISBURY REC CO 06/10	1.58%	0.00	2/6/2014
06538GZ88	BNK OF TKYO-MTBSHI L CERTIFICATE OF DEPOSIT FIXED	1.53%	0.19	27/5/2014
62455BC37	MOUNTCLIFF ZCP 3/MAR/2014	1.53%	0.00	3/3/2014
0556N1C35	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.53%	0.00	3/3/2014
85520MC35	STARBIRD FUNDING CORP ZCP 03/MAR/2014	1.53%	0.00	3/3/2014
5766P1C74	MATCHPOINT MST TRST CORPORATE COMMERCIAL PAPER	1.53%	0.10	7/3/2014

Quality/Rating Weightings

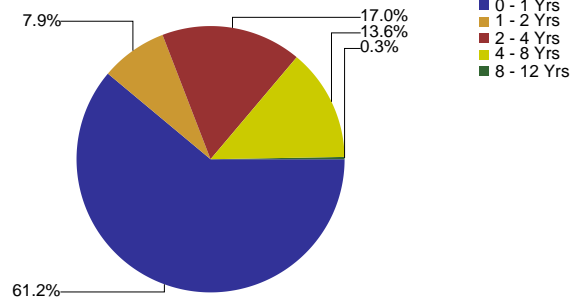
Sector Weightings (as % of Market Value)



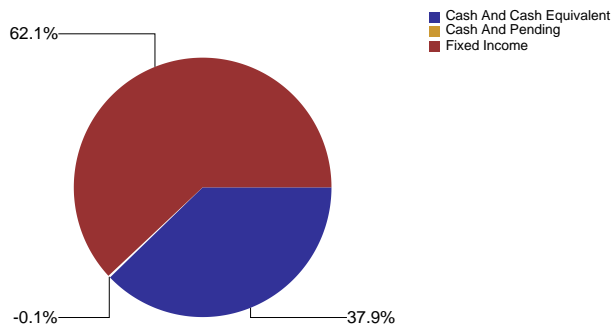
Portfolio Characteristics

Total Net Assets (Millions) 2,515.8
 Weighted Average Life (Years) 1.76
 Weighted Avg. Effective Duration (Years) 1.43
 Weighted Average Rating AA
 Number of Holdings 185

Duration Mix



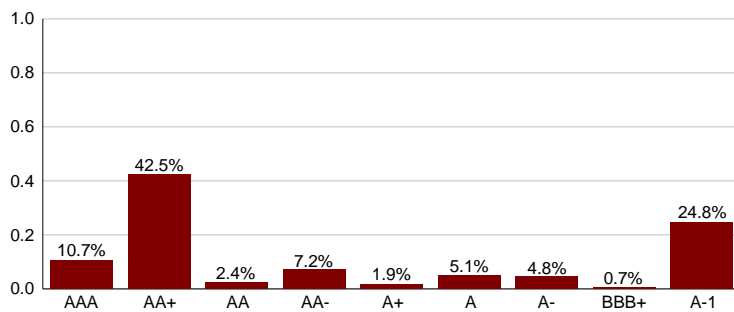
Asset Mix



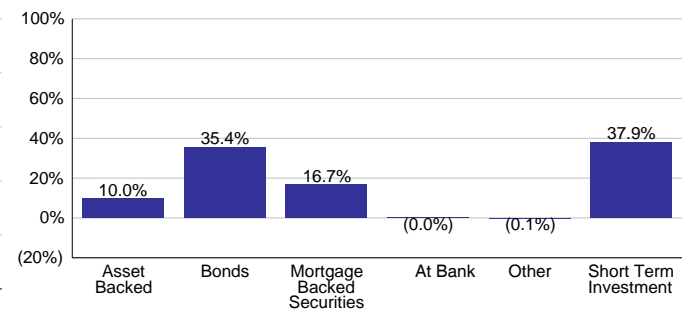
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853991A72	TRI-PARTY REPO SOUTH STREET .10%	6.55%	0.10	3/3/2014
87019SE18	SWEDBANK FORENINGS SPA CORPORATE COMMERCIAL PAPER	1.99%	0.00	1/5/2014
25155JGE2	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.79%	0.22	30/4/2014
45779QCB0	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.67%	0.00	11/3/2014
79540BF27	SALISBURY REC CO 06/10	1.65%	0.00	2/6/2014
06538GZ88	BNK OF TKYO-MTBSHI L CERTIFICATE OF DEPOSIT FIXED	1.59%	0.19	27/5/2014
62455BC37	MOUNTCLIFF ZCP 3/MAR/2014	1.59%	0.00	3/3/2014
0556N1C35	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.59%	0.00	3/3/2014
85520MC35	STARBIRD FUNDING CORP ZCP 03/MAR/2014	1.59%	0.00	3/3/2014
5766P1C74	MATCHPOINT MST TRST CORPORATE COMMERCIAL PAPER	1.59%	0.00	7/3/2014

Quality/Rating Weightings



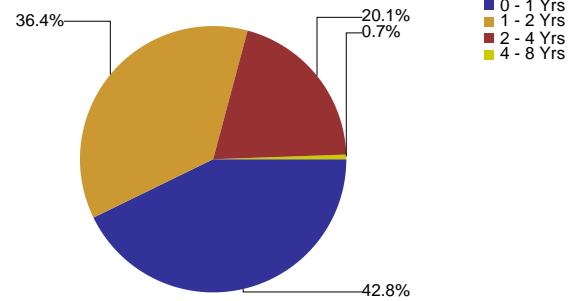
Sector Weightings (as % of Market Value)



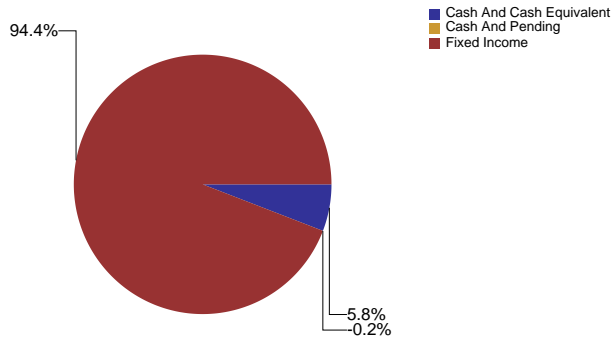
Portfolio Characteristics

Total Net Assets (Millions) **101.1**
 Weighted Average Life (Years) **1.45**
 Weighted Avg. Effective Duration (Years) **1.24**
 Weighted Average Rating **AA**
 Number of Holdings **146**

Duration Mix



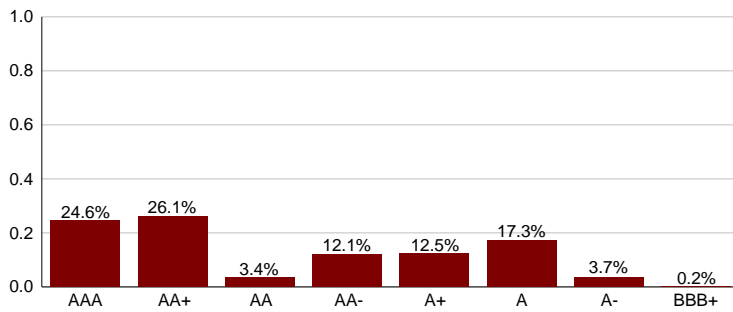
Asset Mix



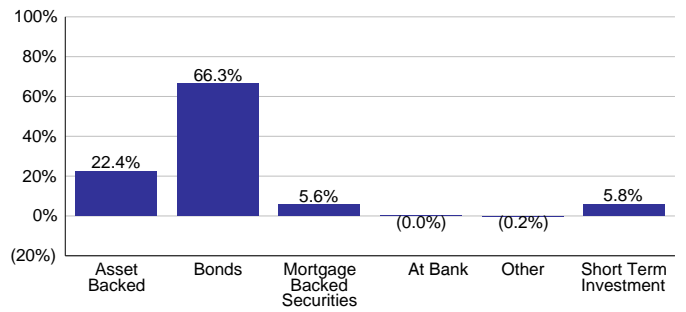
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
94985H5G5	WELLS FARGO BANK N A SR FLT NT 15 20/JUL/2015	2.28%	0.00	20/7/2015
3135G0XU2	FEDERAL NATIONAL MORTGAGE ASSOC 0.52% NTS	1.98%	0.52	27/5/2016
78009NNG7	ROYAL BANK OF CANADA FRN 21/JUN/2016 USD1000	1.78%	0.00	21/6/2016
69371RL38	PACCAR FINANCIAL CORP FRN 08/FEB/2016 USD1000	1.59%	0.00	8/2/2016
254683BA2	DISCOVER CARD MASTER TRUST 1 0.69% MTG BDS	1.56%	0.69	15/8/2018
06050TLS9	BANK OF AMERICA NA NOTES VARIABLE 14/NOV/2016 USD	1.49%	0.00	14/11/2016
3135G0VA8	FEDERAL NATIONAL MORTGAGE ASSOC 0.5% BDS	1.49%	0.50	30/3/2016
17305EFK6	CITIBANK CREDIT CARD ISSUANCE TRUST 2013-A10 A10	1.49%	0.73	2/7/2016
931142CX9	WAL-MART STORES INC 1.5% NTS 25/OCT/2015 USD1000	1.42%	1.50	25/10/2015
38377XPJ5	GINNIE MAE 2011-115 PD 2.000% 20/OCT/2038	1.39%	2.00	20/10/2038

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

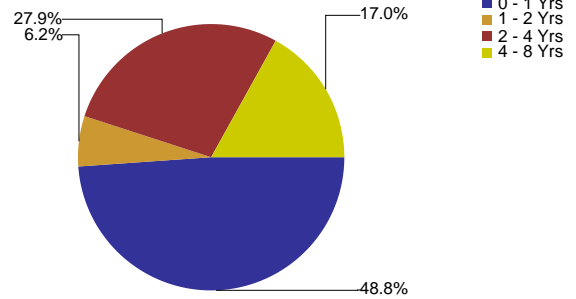


Portfolio Characteristics

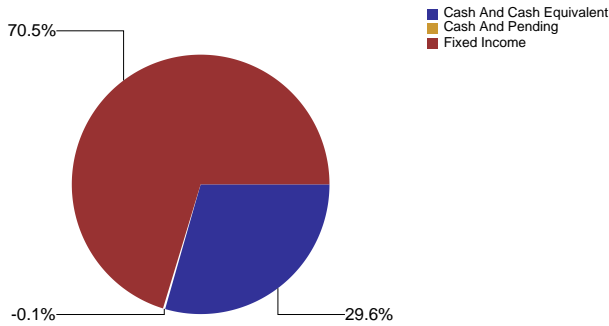
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

1,175.1
2.17
1.95
AA+
93

Duration Mix



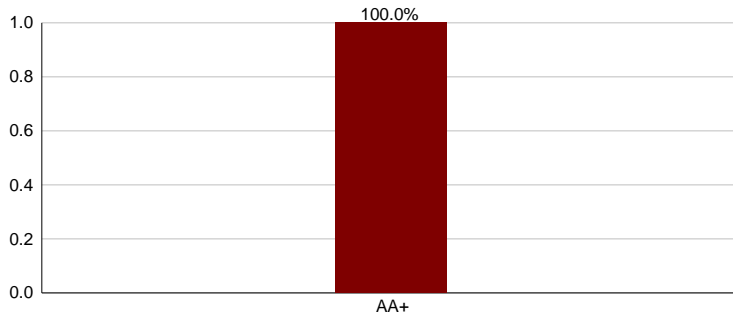
Asset Mix



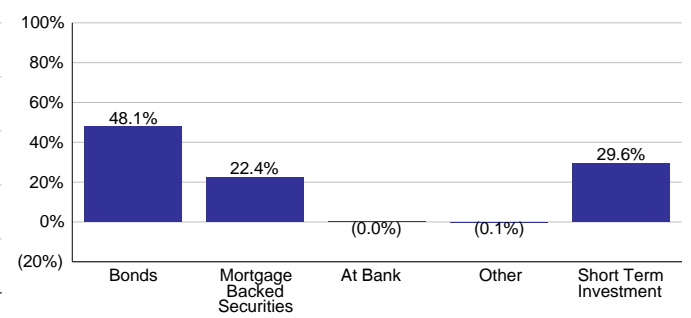
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990Z44	TRI-PARTY REPO SOUTH STREET 0.08% 3/MAR/2014	16.19%	0.08	3/3/2014
912796CD9	UNITED STATES OF AMERICA BILL ZERO CPN 20/MAR/2014	4.25%	0.00	20/3/2014
313397UY5	FEDL HOME LN MTG CORP DISC NT MATURES 31/MAR/2014	4.25%	0.00	31/3/2014
3135G0WB5	FEDERAL NATIONAL MORTGAGE ASSOC 1.2% BDS	4.19%	1.20	18/4/2018
3133813R4	FEDERAL HOME LOAN BANKS 1% BDS 09/NOV/2017	2.74%	1.00	9/11/2017
3133EAJF6	FEDERAL FARM CR BKS CONS BD FLT 15 22/SEP/2015	2.55%	0.18	22/9/2015
313385UD6	FEDL HOME LOAN BK CONS DISC NT MATURES 12/MAR/2002	2.30%	0.00	12/3/2014
3137AUBR9	FREDDIE MAC 4111 AG 1.750% 15/AUG/2039	2.15%	1.75	15/8/2039
3132GSC7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 PN# Q06969	1.79%	3.50	1/3/2042
912828PZ7	USA TREASURY NTS 1.25% TB 15/MAR/2014 USD1000	1.71%	1.25	15/3/2014

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

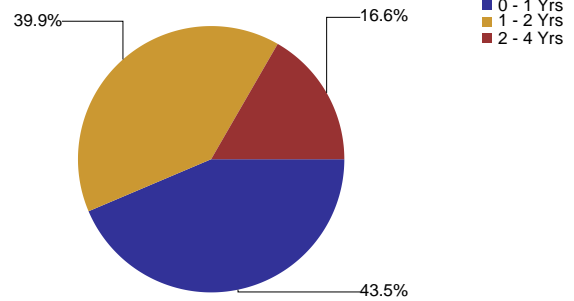


Portfolio Characteristics

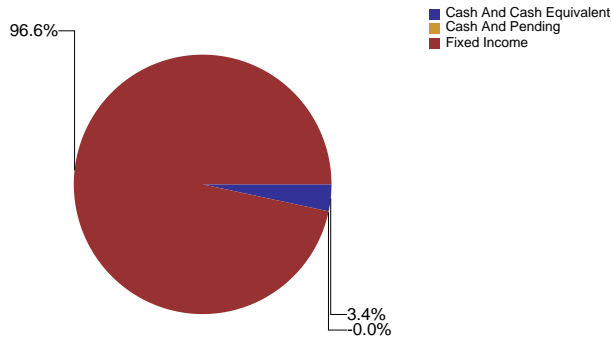
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

301.3
1.11
1.15
AA+
74

Duration Mix



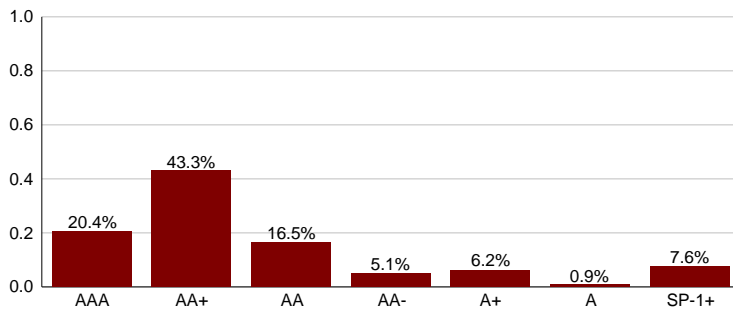
Asset Mix



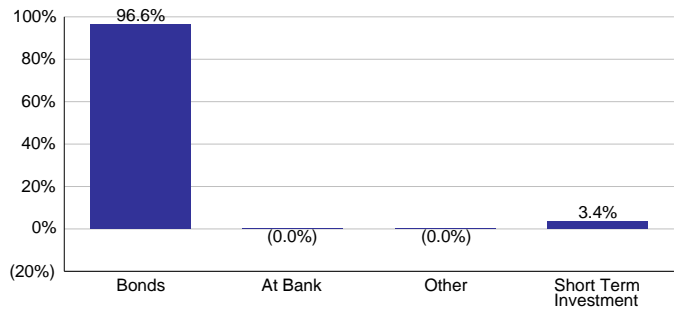
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
576000BF9	MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	12.43%	5.00	15/8/2023
576000NS8	MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	3.55%	5.00	15/8/2030
677520068	OHIO ST FOR ISSUES DTD PRIOR TO 3/25/05 SEE 677519	3.55%	5.00	1/8/2016
604129R24	MINNESOTA ST VARIOUS PURP-SER D 06/NOV/2013	3.52%	5.00	1/10/2014
001998859	INVESCO TAX FREE CASH RESERVE PORTFOLIO INST.	3.44%	0.00	31/12/2099
882723CX5	TEXAS ST FOR ISSUES DATED PRIOR TO 12/19/12 SEE	3.38%	2.00	28/8/2014
64966KEE9	NEW YORK N Y FOR PRIOR ISSUES DTD PRIOR TO	3.38%	4.00	1/8/2014
040654PW9	ARIZONA ST TRANSN BRD HWY REV 01/JUL/2024 05.000	3.31%	5.00	1/7/2024
97705L4A2	WISCONSIN ST SER A 13/FEB/2014 01/MAY/2015 3%	3.05%	3.00	1/5/2015
65825PCQ1	NORTH CAROLINA ST CAP IMPT LTD OBLIG SER A	2.82%	5.00	1/5/2015

Quality/Rating Weightings



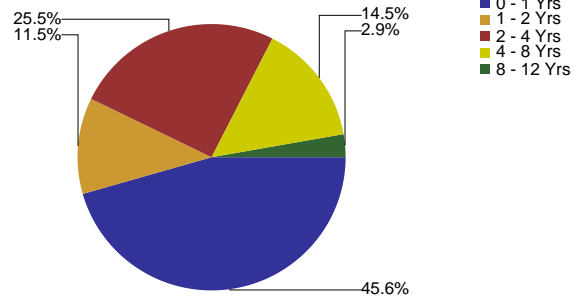
Sector Weightings (as % of Market Value)



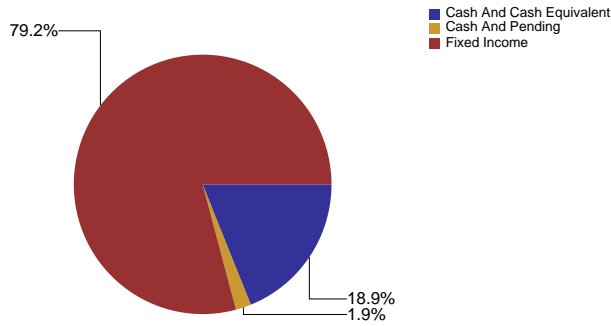
Portfolio Characteristics

Total Net Assets (Millions) **289.8**
 Weighted Average Life (Years) **2.50**
 Weighted Avg. Effective Duration (Years) **2.04**
 Weighted Average Rating **AA**
 Number of Holdings **104**

Duration Mix



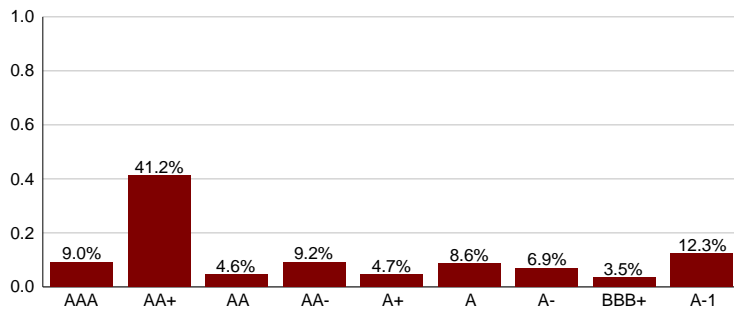
Asset Mix



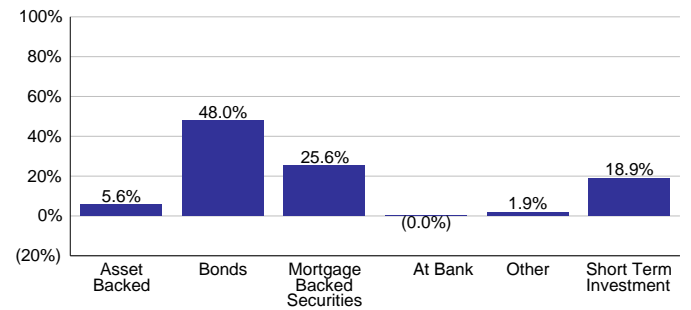
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3136AEFZ5	FANNIE MAE 2013-53 JL 3.000% 25/JUN/2043	2.93%	3.00	25/6/2043
3136A9LG1	FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040	2.19%	1.75	25/3/2040
853990Z44	TRI-PARTY REPO SOUTH STREET 0.08% 3/MAR/2014	2.00%	0.08	3/3/2014
96442MCE3	WHITE POINT FDG INC. CORPORATE COMMERCIAL PAPER	1.94%	0.00	14/3/2014
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.86%	3.00	1/4/2016
38141GVK7	GOLDMAN SACHS GROUP INC SR FLT NT 18 30/APR/2018	1.78%	0.00	30/4/2018
94974BFK1	WELLS FARGO & CO. MEDIUM TERM NOTE VARIABLE DTD	1.77%	0.00	23/4/2018
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.77%	0.00	30/10/2014
89233P6S0	TOYOTA MOTOR CREDIT CORP 1.25% BDS 05/OCT/2017	1.76%	1.25	5/10/2017
717081DD2	PFIZER INC 0.9% NTS 15/JUN/2017 USD1000	1.76%	0.90	15/1/2017

Quality/Rating Weightings



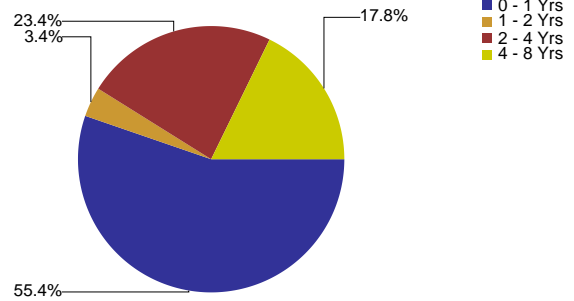
Sector Weightings (as % of Market Value)



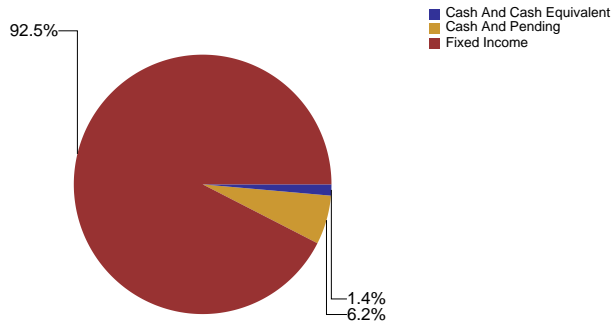
Portfolio Characteristics

Total Net Assets (Millions) **12.1**
 Weighted Average Life (Years) **1.88**
 Weighted Avg. Effective Duration (Years) **1.62**
 Weighted Average Rating **AA+**
 Number of Holdings **18**

Duration Mix



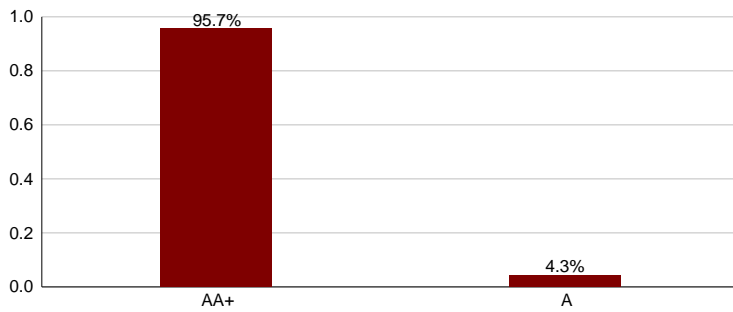
Asset Mix



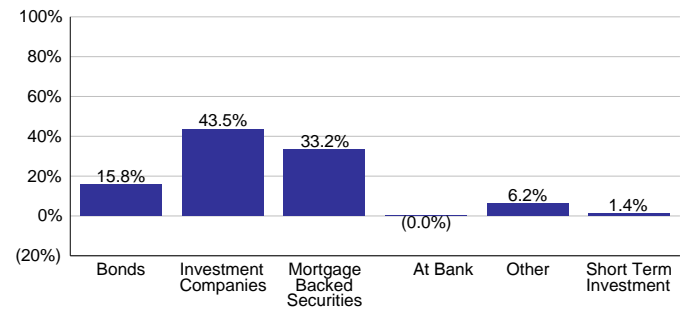
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539998153	LOCAL GOV INVS POOL 4	39.96%	0.00	3/3/2014
3136AD2H1	FANNIE MAE 2013-43 XP 1.500% 25/AUG/2041	15.62%	1.50	25/8/2041
3133EAX29	FEDERAL FARM CREDIT BANK CALLABLE BOND FIXED .98%	8.84%	0.98	18/9/2017
A41995373	LOCAL GOV INVS POOL 700	6.45%	0.00	3/3/2014
3137A7HCT	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.73%	3.50	15/2/2026
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.56%	6.95	15/3/2014
3138ASYU0	FNMA MORTPASS 3% 01/OCT/2026 CI PN# AJ1622	3.44%	3.00	1/10/2026
313379S75	FEDERAL HOME LOAN BANKS CONS BD 2.5% 27/JUN/2022	3.40%	2.50	27/6/2022
38376JFP4	GINNIE MAE 2009-106 HA 4.000% 16/NOV/2039	2.50%	4.00	16/11/2039
36241KJZ2	GNMA I MORTPASS 4.5% 15/FEB/2021 JP PN# 782080	2.47%	4.50	15/2/2021

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

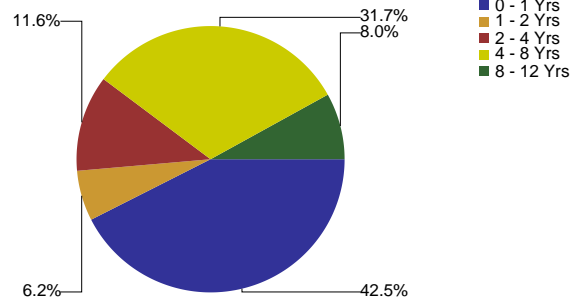


Portfolio Characteristics

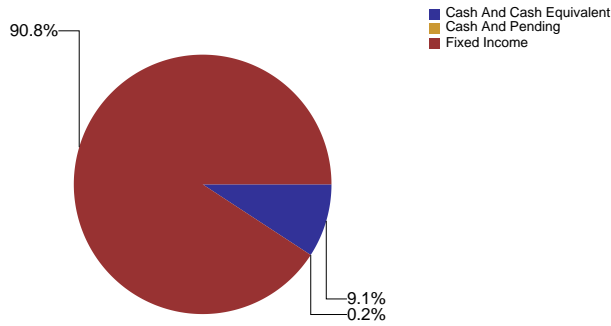
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

330.8
4.08
3.22
AA
93

Duration Mix



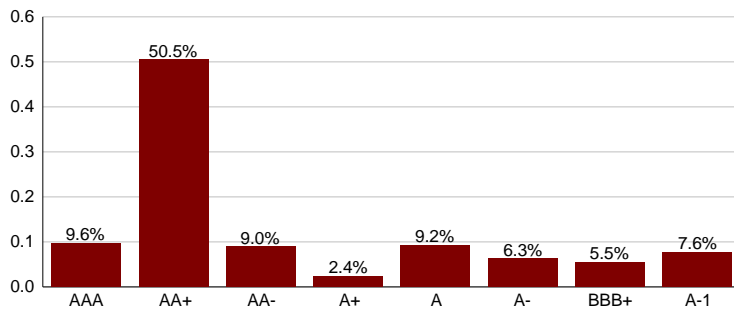
Asset Mix



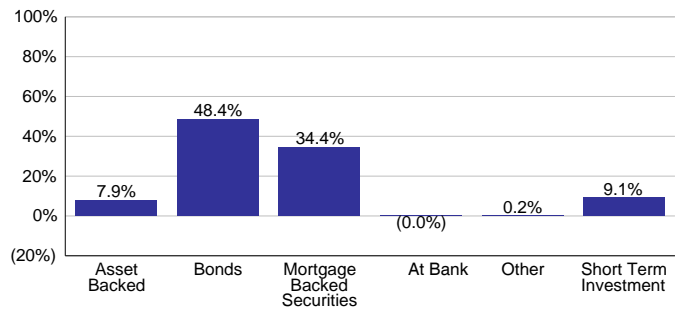
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3137ATR20	FREDDIE MAC 4097 VH 1.500% 15/OCT/2041	3.49%	1.50	15/10/2041
3128HXW76	FHLMC GOLD MORTPASS 3.00% 15/AUG/2042 POOL#S06070	2.83%	3.00	15/8/2042
3134G35R7	FEDERAL HOME LOAN MORTGAGE CORP 2.25% NTS	2.37%	2.25	13/3/2020
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.10%	0.61	7/6/2017
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	1.93%	4.00	25/7/2040
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.59%	3.50	15/1/2032
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.59%	4.00	25/6/2030
3137GAWS2	FREDDIE MAC 3738 BJ 3.500% 15/DEC/2038	1.58%	3.50	15/12/2038
46625YXT5	JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES	1.57%	0.00	15/12/2044
3137GAWQ6	FREDDIE MAC 3738 BH 3.000% 15/DEC/2038	1.56%	3.00	15/12/2038

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through February 28, 2014

(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	1,824
NOVEMBER	858	1,316	1,853
DECEMBER	979	1,464	1,895
JANUARY	1,511	1,885	2,234
FEBRUARY	1,501	1,899	2,427
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	\$1,982
Budget Stabilization Average Fund Balance - February 2014			<u>\$454</u>
Total Average Cash Available - February 2014			<u>\$2,881</u>

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
FEBRUARY 2014**

Distributed in Current Month

Recipient	FEBRUARY 2014	Fiscal YTD 13/14	Fiscal YTD 12/13
-----	-----	-----	-----
101 A & M Colleges	\$17,813	\$142,502	\$125,382
102 State Hospital	\$10,553	\$84,426	\$71,991
103 Leg., Exec., & Jud.	\$14,367	\$114,934	\$103,304
104 Military Institute	\$1,003	\$8,027	\$7,363
105 Miners Hospital	\$27,751	\$222,009	\$177,228
107 Normal School ASU/NAU	\$6,218	\$49,745	\$43,833
108 Penitentiaries	\$20,501	\$164,008	\$166,154
109 Permanent Common School	\$5,648,484	\$45,187,872	\$38,631,075
110 School for Deaf & Blind	\$8,889	\$71,111	\$63,378
111 School of Mines	\$20,138	\$161,102	\$143,330
112 State Charitable-Pioneers Home	\$98,076	\$784,612	\$666,094
112 State Charitable-Corrections	\$49,038	\$392,306	\$333,047
112 State Charitable-Youth Treatment	\$49,038	\$392,306	\$333,047
113 University Fund	\$33,169	\$265,356	\$232,633
114 U of A Land - 1881	\$81,012	\$648,099	\$526,108
	-----	-----	-----
Total	\$6,086,052	\$48,688,416	\$41,623,969
	=====	=====	=====

Posted in USAS in current month

**ENDOWMENT FUNDS
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 28, 2014**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13
205	ENDOWMENTS - FIXED INCOME	\$3,139,990	\$3,079,263	\$3,723,501

YIELDS

<u>MONTHLY</u>	Current Month 02/28/14	Prior Month 01/31/14	Prior Year 2/28/13	
205	ENDOWMENTS - FIXED INCOME	2.07%	2.05%	2.89%

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	Feb-14 NET GAIN(LOSS)	Feb-13 NET GAIN(LOSS)
Fixed Income Pool	(162,312)	98,171
Equity Pool (500)	753,933	232,707
Equity Pool (400)	670,489	3,781,307
Equity Pool (600)	1,468,977	1,660,069
Totals	2,731,087	5,772,254

Endowment Fund	2013/2014 FISCAL YEAR TO DATE GAINS(LOSSES)	2012/ 2013 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	(1,580,695)	1,256,197
Equity Pool (500)	42,462,071	2,837,342
Equity Pool (400)	48,629,519	11,509,694
Equity Pool (600)	16,040,270	5,148,735
Totals	105,551,165	20,751,968

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of February 2014

State Treasurer's Report
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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>
FHLMC MTG	3.00	8/15/2031	4.95	\$4,972,465	\$5,110,451	2.41%	Aaa/AA+
FHLMC MTG	3.00	12/15/2043	4.64	\$4,899,318	\$5,055,739	2.29%	Aaa/AA+
FNMA MTG	3.50	9/1/2033	6.03	\$5,764,713	\$5,958,791	2.85%	Aaa/AA+
FNMA MTG	4.00	1/1/2034	5.55	\$11,461,597	\$12,216,510	2.70%	Aaa/AA+
FNMA MTG	2.70	3/25/2043	10.22	\$3,651,802	\$3,387,594	3.55%	Aaa/AA+
FNMA MTG	4.00	2/25/2043	4.95	\$4,783,639	\$5,147,121	2.08%	Aaa/AA+
US TREAS	2.13	1/31/2021	N/A	\$5,000,000	\$4,992,393	2.17%	Aaa/AA+
US TREAS	2.38	12/31/2020	N/A	\$5,000,000	\$5,091,855	2.14%	Aaa/AA+
US TREAS	3.63	2/15/2020	N/A	\$5,000,000	\$5,512,074	1.82%	Aaa/AA+
US TREAS	1.50	3/31/2019	N/A	\$5,000,000	\$5,019,787	1.53%	Aaa/AA+
US TREAS	2.75	2/15/2019	N/A	\$5,000,000	\$5,296,821	1.52%	Aaa/AA+
AMERICAN INTL GROUP	4.88	9/15/2016	N/A	\$5,000,000	\$5,592,131	1.01%	Baa1/A-
GOOGLE	3.38	2/25/2024	N/A	\$5,000,000	\$4,999,150	3.38%	Aa2/AA
JP MORGAN MTG	3.14	6/16/2045	5.61	\$10,000,000	\$10,324,469	2.55%	Aaa/NR
MORGAN STANLEY	5.50	1/26/2020	N/A	\$3,100,000	\$3,517,966	3.04%	Baa2/A-
PEPSICO	3.60	3/1/2024	N/A	\$5,000,000	\$4,991,250	3.62%	A1/A-
TOTAL ENDOWMENT FUNDS PURCHASES				\$88,633,534	\$92,214,102		

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 February 2014

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	482,971	\$18,763,435	\$3,521
S&P 500 Large-Cap Fund	402,187	\$21,589,867	\$3,017
S&P 600 Small-Cap Fund	829,580	\$22,798,554	\$6,209
TOTAL EQUITY PURCHASES	1,714,738	\$63,151,856	\$12,748

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	138,659	\$3,698,948	\$1,040
S&P 500 Large-Cap Fund	6,758	\$225,896	\$12
S&P 600 Small-Cap Fund	264,964	\$4,631,772	\$1,748
TOTAL EQUITY SALES	410,380	\$8,556,616	\$2,800

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2014
 (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>	489	3,381	7,164	3,783	
	<i>Shares in Fixed Income Pools</i>	4,424	3,071	4,576	1,505	
	Total	4,913	6,452	11,740	5,288	1.819
102	State Hospital					
	<i>Shares in Equity Pools</i>	316	2,211	4,636	2,424	
	<i>Shares in Fixed Income Pools</i>	2,744	2,008	2,838	830	
	Total	3,060	4,219	7,474	3,254	1.771
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	397	2,963	5,813	2,850	
	<i>Shares in Fixed Income Pools</i>	3,815	2,662	3,946	1,285	
	Total	4,212	5,625	9,760	4,135	1.735
104	Military Institute					
	<i>Shares in Equity Pools</i>	26	190	383	193	
	<i>Shares in Fixed Income Pools</i>	257	171	266	95	
	Total	284	361	649	288	1.797
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,109	9,717	16,255	6,538	
	<i>Shares in Fixed Income Pools</i>	9,774	8,304	10,110	1,806	
	Total	10,884	18,020	26,365	8,344	1.463
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	189	1,414	2,770	1,356	
	<i>Shares in Fixed Income Pools</i>	1,725	1,268	1,784	516	
	Total	1,914	2,682	4,554	1,872	1.698
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	728	5,836	10,662	4,826	
	<i>Shares in Fixed Income Pools</i>	6,598	5,226	6,825	1,598	
	Total	7,326	11,062	17,486	6,424	1.581

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2014
 (In Thousands)

State Treasurer's Report
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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>	182,682	1,428,190	2,676,726	1,248,536	
<i>Shares in Fixed Income Pools</i>	1,633,621	1,290,367	1,689,657	399,289	
Total	1,816,302	2,718,557	4,366,382	1,647,825	1.606
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	254	1,847	3,726	1,879	
<i>Shares in Fixed Income Pools</i>	2,377	1,671	2,459	788	
Total	2,631	3,518	6,185	2,667	1.758
111 School of Mines					
<i>Shares in Equity Pools</i>	550	4,078	8,061	3,983	
<i>Shares in Fixed Income Pools</i>	5,105	3,692	5,280	1,587	
Total	5,655	7,771	13,340	5,570	1.717
112 State Charitable					
<i>Shares in Equity Pools</i>	5,560	41,634	81,472	39,839	
<i>Shares in Fixed Income Pools</i>	48,931	38,044	50,609	12,565	
Total	54,491	79,678	132,081	52,403	1.658
113 University Fund					
<i>Shares in Equity Pools</i>	996	7,806	14,594	6,788	
<i>Shares in Fixed Income Pools</i>	9,242	6,874	9,559	2,685	
Total	10,238	14,680	24,153	9,473	1.645
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,394	30,867	49,725	18,858	
<i>Shares in Fixed Income Pools</i>	31,141	25,855	32,210	6,355	
Total	34,535	56,722	81,934	25,212	1.444
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	196,690	1,540,135	2,881,986	1,341,851	
<i>Shares in Fixed Income Pools</i>	1,759,755	1,389,213	1,820,117	430,904	
Grand Total	1,956,445	2,929,348	4,702,103	1,772,755	
PRIOR YEAR:					
FEBRUARY 2013 BALANCES	1,737,037	2,771,873	4,010,564	1,238,691	

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
FEBRUARY 28, 2014**

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ASSET ALLOCATION PERCENTAGE

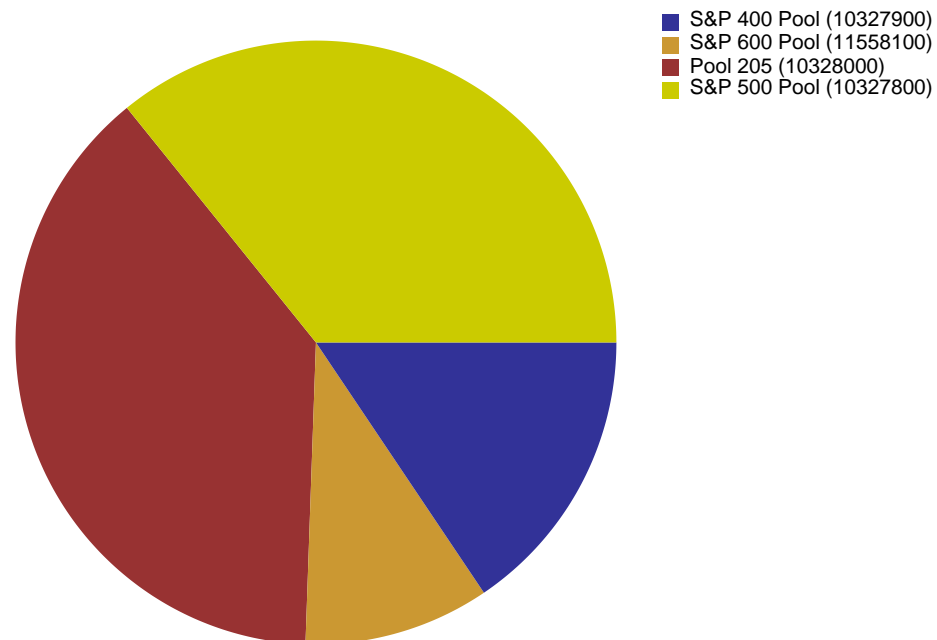
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	FEBRUARY 2013 MARKET VALUE
<i>Shares in Equity Pools</i>	10.05%	52.58%	61.29%	61.43%
<i>Shares in Fixed Income Pools</i>	89.95%	47.42%	38.71%	38.57%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====

Performance Worksheet
Arizona State Treasury (05509)
As of February 2014
 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	1,596,958,375.81	1,679,027,437.08	9,759,312	4.53	3.49	0.92	17.40	25.32	14.31	22.97	3.41	07/01/1999
10327900	S&P 400 Pool	687,935,657.55	725,138,691.06	4,182,562	4.80	5.77	2.59	19.57	26.54	14.22	25.52	9.63	08/01/2001
10328000	Pool 205	1,802,939,104.23	1,820,117,254.50	11,153,499	0.33	0.88	1.38	1.90	(0.26)	3.05	4.18	5.41	07/01/1999
11558100	S&P 600 Pool	455,493,650.37	477,819,384.15	2,788,375	4.29	1.82	0.40	22.06	32.25	16.81		16.81	03/01/2011
00550902	Total Endowment Fund Composite	4,543,326,787.96	4,702,102,766.79	27,883,749	2.88	2.63	1.30	12.18	15.91	10.36	13.94	6.25	07/01/1999

Manager Allocation - Daily
Arizona State Treasury (05509)
 As of February 28, 2014

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,820.12	38.7%
S&P 400 Pool (10327900)	725.14	15.4%
S&P 500 Pool (10327800)	1,679.03	35.7%
S&P 600 Pool (11558100)	477.82	10.2%
TOTAL	4,702.10	100.0%



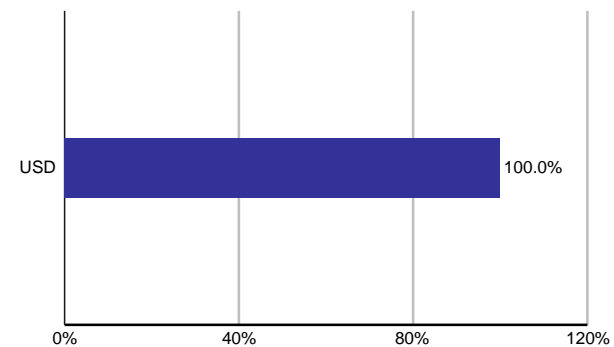
Portfolio Characteristics

Total Asset Value (in Millions)	1,679.0	Trailing 1 Year	0.06	Trailing 3 Years	0.05	Trailing 5 Years	0.09	Since Inception	1.58
P/E Ratio	18.40	Information Ratio	(0.74)						
Price to Book Ratio	3.48	Std Deviation of Port.	10.09						
Dividend Yield (%)	1.43	Std Deviation of Bench.	10.11						
Return on Equity (%)	14.56	Sharpe Ratio of Port.	2.30						
Sales Growth (%)	3.93	Sharpe Ratio of Bench.	2.30						
Market Capitalization (\$ Millions)	74,049.37	R-Squared	1.00						
Earnings per Share (\$)	2.82	Jensen's Alpha	0.00						
Number of Holdings	502								

Top Ten Portfolio Holdings

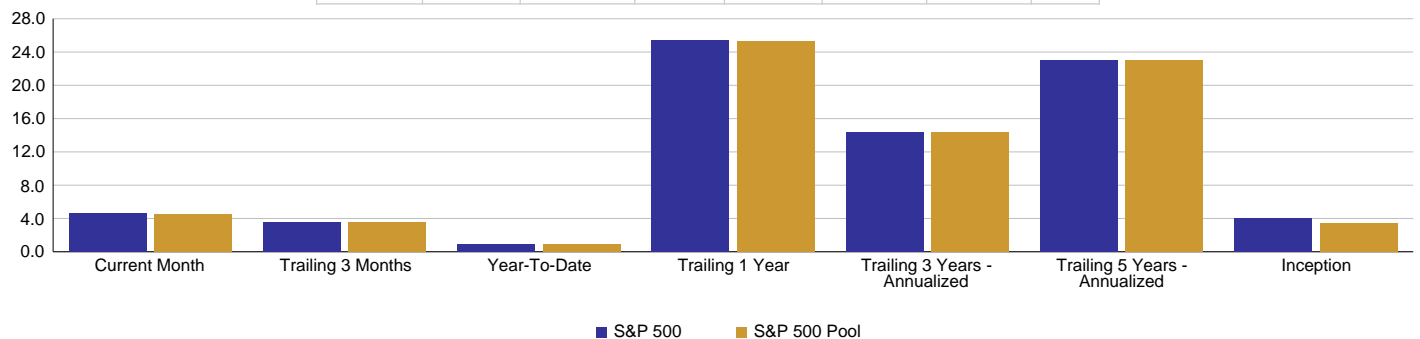
Security ID	Security Name	% of Assets
037833100	APPLE INC - COM NPV	2.82%
30231G102	EXXON MOBIL CORP - COM NPV	2.52%
38259P508	GOOGLE INC - CL A COM USD.001	2.03%
594918104	MICROSOFT CORP - COM USD.00000625	1.74%
478160104	JOHNSON & JOHNSON - COM USD1	1.56%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.55%
949746101	WELLS FARGO & CO - COM USD1.67	1.33%
166764100	CHEVRON CORP - COM USD3	1.33%
742718109	PROCTER & GAMBLE CO - COM NPV	1.27%
46625H100	JPMORGAN CHASE & CO - COM USD12	1.27%

Top Ten Currency Weights

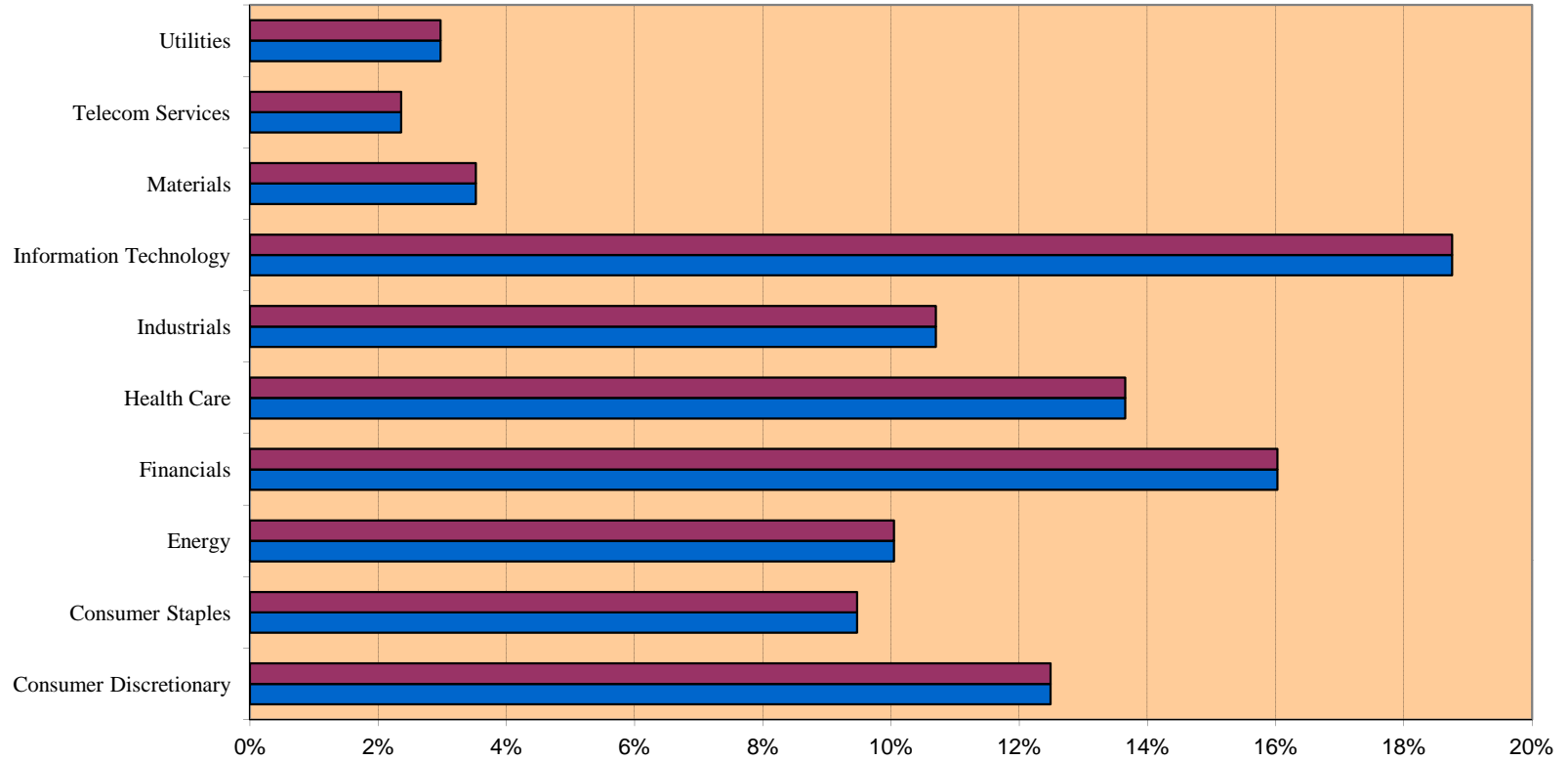


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	4.53	3.49	0.92	25.32	14.31	22.97	3.41
S&P 500	4.57	3.51	0.96	25.37	14.35	23.00	4.02
Excess	(0.05)	(0.02)	(0.04)	(0.05)	(0.04)	(0.03)	(0.62)



**STATE OF ARIZONA
POOL 201 (S&P 500)
As of February 28, 2014**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	12.49%	9.47%	10.05%	16.03%	13.65%	10.70%	18.75%	3.52%	2.36%	2.98%
■ STATE OF ARIZONA - POOL 201	12.49%	9.47%	10.05%	16.03%	13.65%	10.70%	18.75%	3.52%	2.36%	2.98%



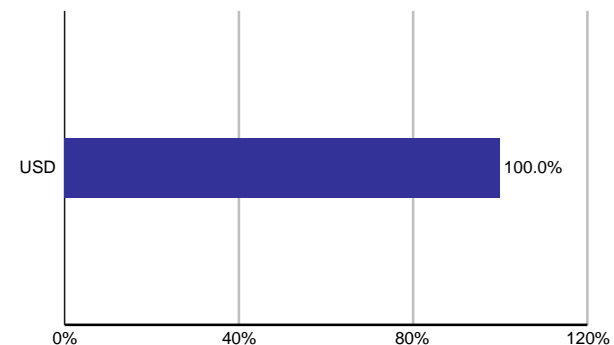
Portfolio Characteristics

Total Asset Value (in Millions)	725.1	Trailing 1 Year	0.11	Trailing 3 Years	0.08	Trailing 5 Years	1.46	Since Inception	1.92
P/E Ratio	24.9	Information Ratio	(0.26)		0.84		(0.86)		(0.08)
Price to Book Ratio	2.42	Std Deviation of Port.	11.21	15.34	16.69	16.95			
Dividend Yield (%)	0.80	Std Deviation of Bench.	11.22	15.37	17.32	17.81			
Return on Equity (%)	8.42	Sharpe Ratio of Port.	2.16	0.94	1.45	0.53			
Sales Growth (%)	4.83	Sharpe Ratio of Bench.	2.17	0.93	1.47	0.52			
Market Capitalization (\$ Millions)	3,205.57	R-Squared	1.00	1.00	0.99	0.99			
Earnings per Share (\$)	1.48	Jensen's Alpha	(0.02)	0.10	(0.37)	0.40			
Number of Holdings	403								

Top Ten Portfolio Holdings

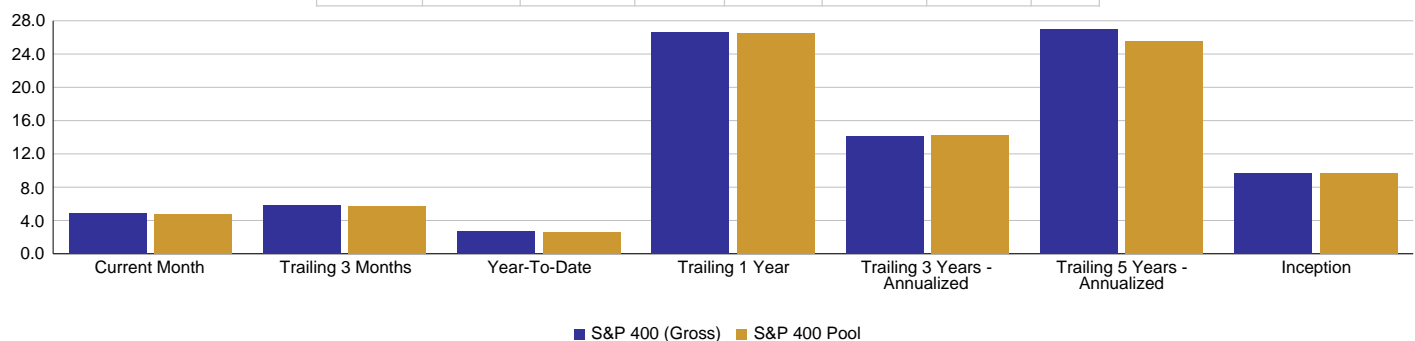
Security ID	Security Name	% of Assets
393122106	GREEN MTN COFFEE ROASTERS - COM USD.1	0.91%
29264F205	ENDO HEALTH SOLUTIONS INC - COM USD.01	0.76%
806407102	SCHEIN (HENRY) INC - COM USD.01	0.65%
171798101	CIMAREX ENERGY CO - COM USD.01	0.64%
008252108	AFFILIATED MANAGERS GRP INC - COM USD.01	0.63%
896239100	TRIMBLE NAVIGATION LTD - COM NPV	0.62%
171340102	CHURCH & DWIGHT INC - COM NPV	0.60%
29444U502	EQUINIX INC - COM USD.001	0.60%
78440X101	SL GREEN REALTY CORP - COM USD.01	0.60%
00751Y106	ADVANCE AUTO PARTS INC - COM USD.0001	0.59%

Top Ten Currency Weights

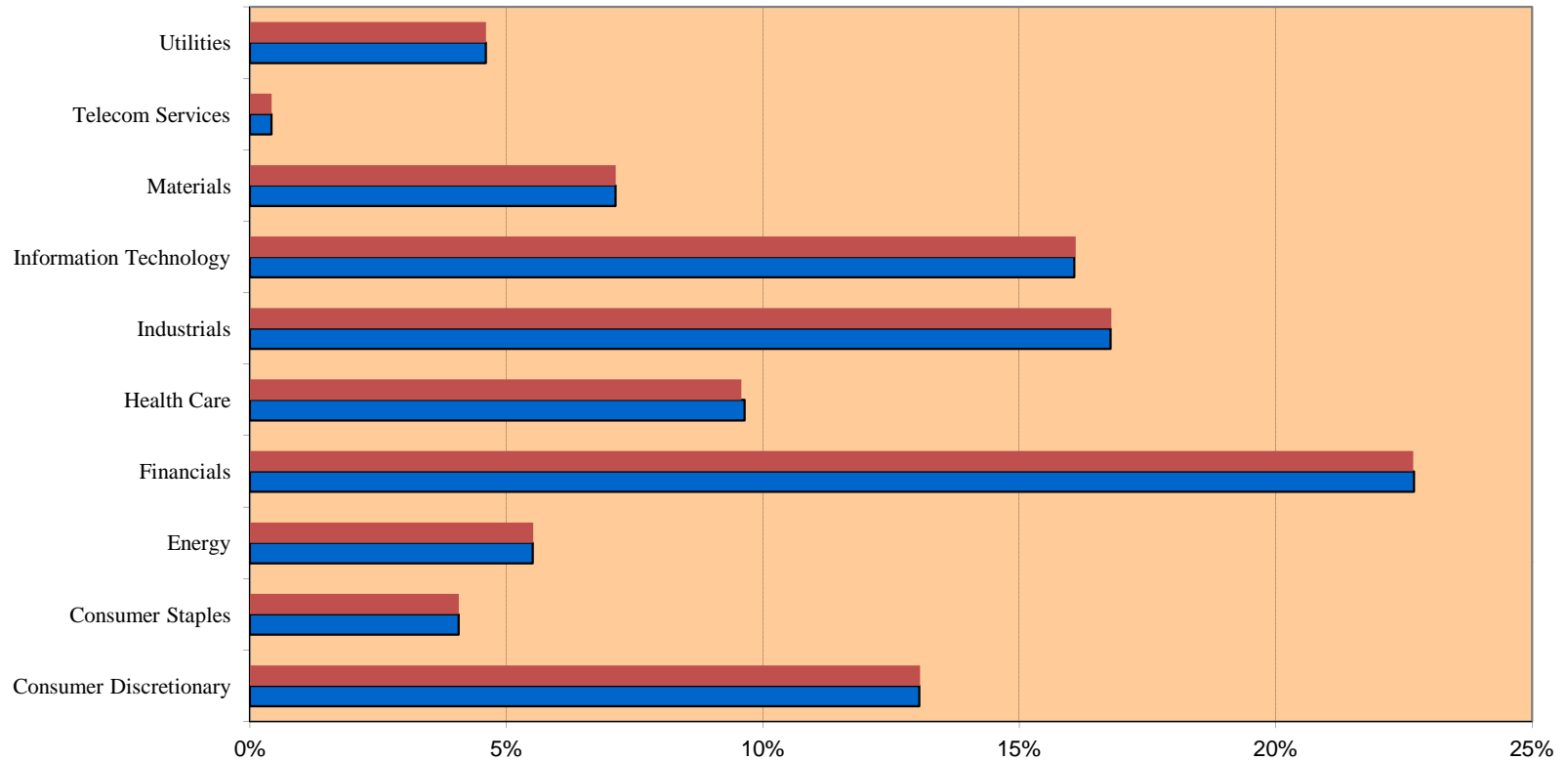


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	4.80	5.77	2.59	26.54	14.22	25.52	9.63
S&P 400 (Gross)	4.88	5.83	2.66	26.58	14.14	26.95	9.64
Excess	(0.09)	(0.06)	(0.07)	(0.03)	0.08	(1.43)	(0.02)



**STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of February 28, 2014**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.07%	4.08%	5.52%	22.68%	9.58%	16.80%	16.10%	7.14%	0.42%	4.61%
■ STATE OF ARIZONA - POOL 203	13.05%	4.07%	5.52%	22.70%	9.65%	16.78%	16.07%	7.13%	0.42%	4.60%



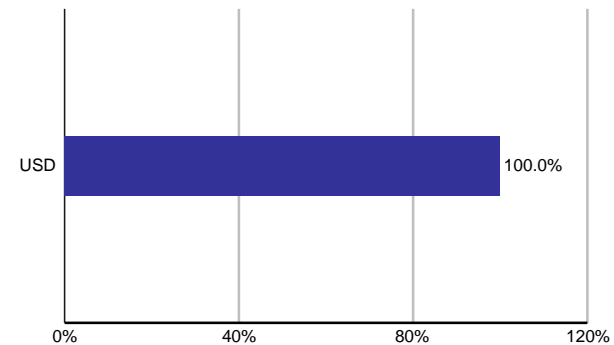
Portfolio Characteristics

Total Asset Value (in Millions)	477.8	Trailing 1 Year	0.23	Trailing 3 Years	0.15	Trailing 5 Years	-	Since Inception	0.15
P/E Ratio	30.10	Information Ratio	(0.24)		(0.18)		-		(0.18)
Price to Book Ratio	3.06	Std Deviation of Port.	11.74		15.82		-		15.82
Dividend Yield (%)	0.91	Std Deviation of Bench.	11.85		15.88		-		15.88
Return on Equity (%)	10.54	Sharpe Ratio of Port.	2.46		1.06		-		1.06
Sales Growth (%)	6.78	Sharpe Ratio of Bench.	2.44		1.06		-		1.06
Market Capitalization (\$ Millions)	1,384.08	R-Squared	1.00		1.00		-		1.00
Earnings per Share (\$)	1.35	Jensen's Alpha	0.25		0.04		-		0.04
Number of Holdings	602								

Top Ten Portfolio Holdings

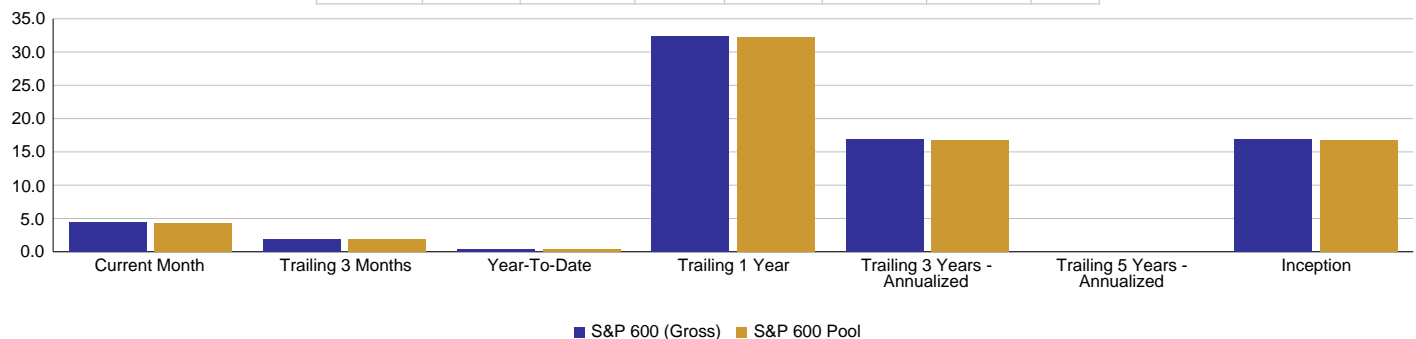
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST CORE S&P SMALL-CAP ETF	4.95%
30241L109	FEI CO - COM NPV	0.59%
485865109	KATE SPADE & CO - COM USD1	0.58%
891092108	TORO CO - COM USD1	0.52%
879360105	TELEDYNE TECHNOLOGIES INC - COM USD.01	0.51%
73179P106	POLYONE CORP - COM USD.1	0.50%
15135B101	CENTENE CORP - COM USD.003	0.48%
74835Y101	QUESTOR PHARMACEUTICALS INC - COM NPV	0.47%
29275Y102	ENERSYS INC - COM USD.01	0.46%
04270V106	ARRIS GROUP INC - COM USD.01	0.45%

Top Ten Currency Weights

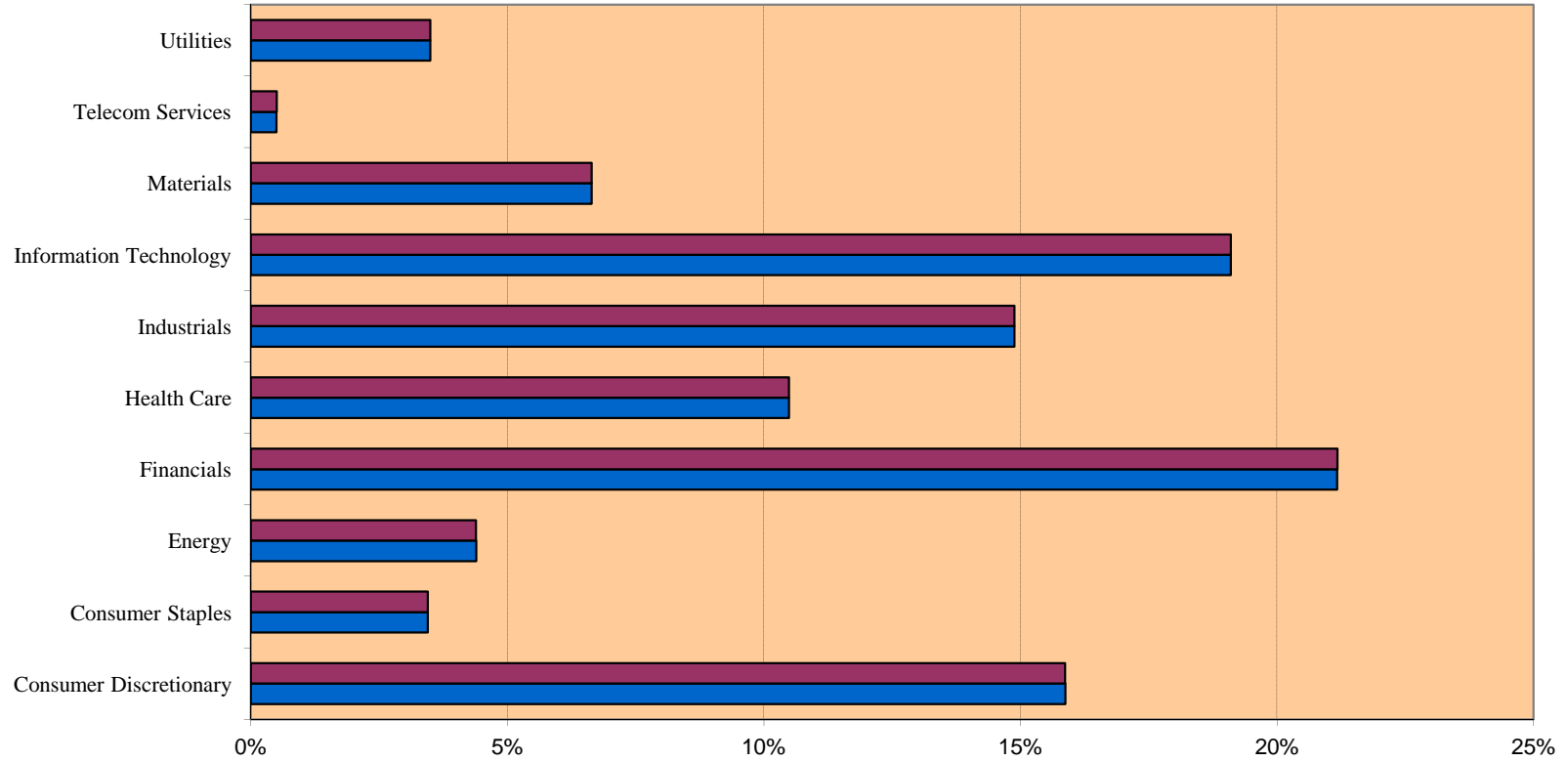


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	4.29	1.82	0.40	32.25	16.81		16.81
S&P 600 (Gross)	4.46	1.88	0.43	32.30	16.83		16.83
Excess	(0.17)	(0.06)	(0.03)	(0.05)	(0.02)	(0.00)	(0.02)



**STATE OF ARIZONA
POOL 204 (S&P 600 Index)
As of February 28, 2014**



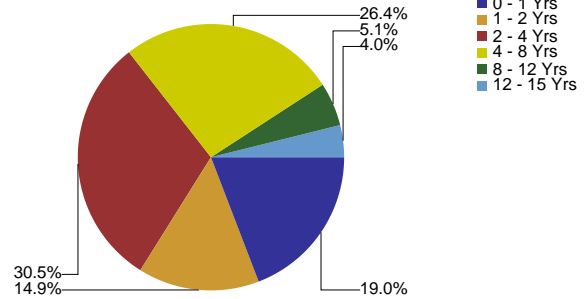
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.87%	3.45%	4.39%	21.18%	10.49%	14.88%	19.10%	6.64%	0.51%	3.50%
■ STATE OF ARIZONA - POOL 204	15.88%	3.45%	4.39%	21.17%	10.49%	14.88%	19.10%	6.64%	0.50%	3.50%



Portfolio Characteristics

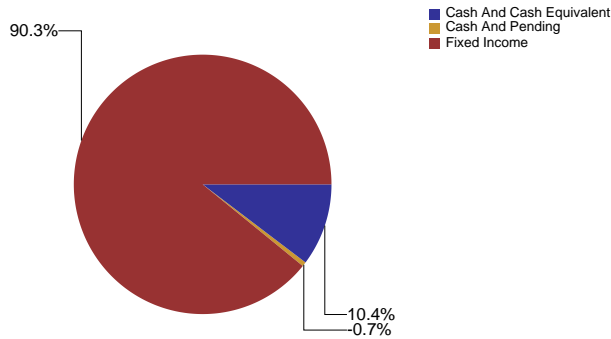
Duration Mix

Total Net Assets (Millions) **1,820.1**
 Weighted Average Life (Years) **4.81**
 Weighted Avg. Effective Duration (Years) **3.69**
 Weighted Average Coupon (%) **3.20**
 Weighted Average Current Yield (%) **1.59**
 Weighted Average Yield to Maturity (%) **1.59**
 Weighted Average Rating **AA**
 Number of Holdings **327**



Asset Mix

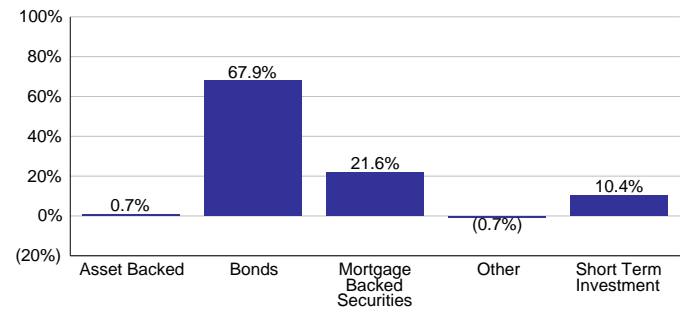
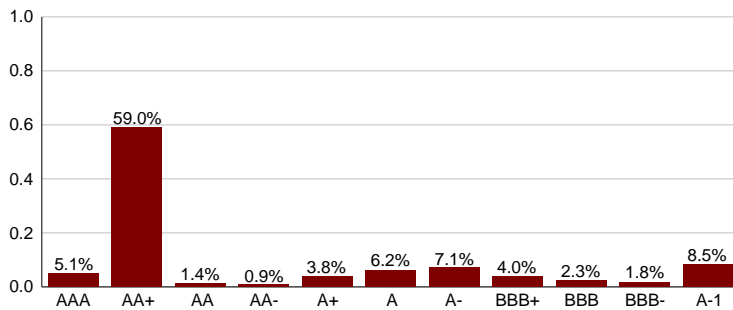
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	1.83%	0.00	3/3/2014
25153KEW3	DEUTSCHE BK FINL DISC COML PAPER	1.09%	0.00	30/5/2014
62455BGA7	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.09%	0.00	10/7/2014
912828PE4	US TREASURY 1.25000 '15	0.97%	1.25	31/10/2015
5766P1CA7	MATCHPOINT MST TRST CORPORATE COMMERCIAL PAPER	0.82%	0.00	10/3/2014
17178CFA6	CIESCO, LLC CORPORATE COMMERCIAL PAPER DISCOUNT	0.82%	0.00	10/6/2014
0556N1FD0	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	0.82%	0.00	13/6/2014
31677QAV1	FIFTH THIRD BANCORP 1.45% BDS 28/FEB/2018 USD1000	0.81%	1.45	28/2/2018
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.75%	6.38	15/8/2027
912810ED6	US TREASURY 8.12500 '19	0.73%	8.12	15/8/2019

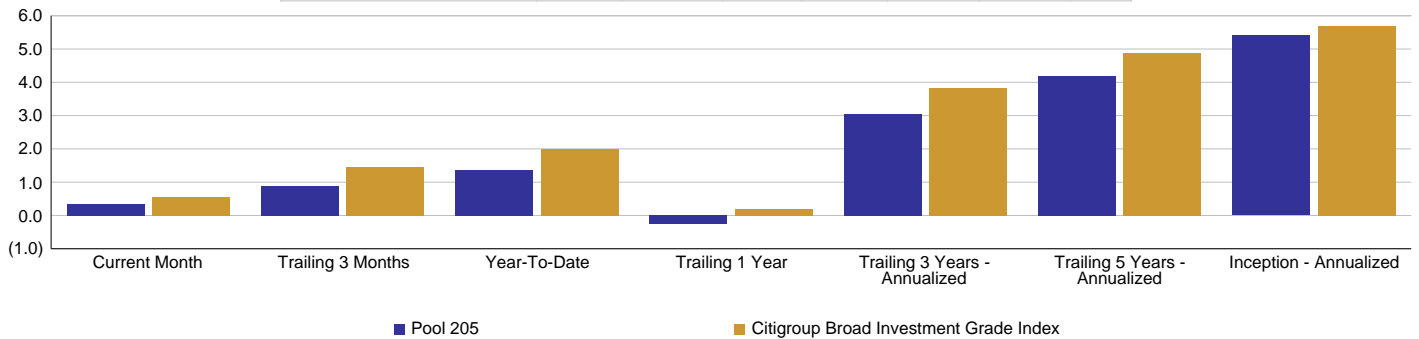
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



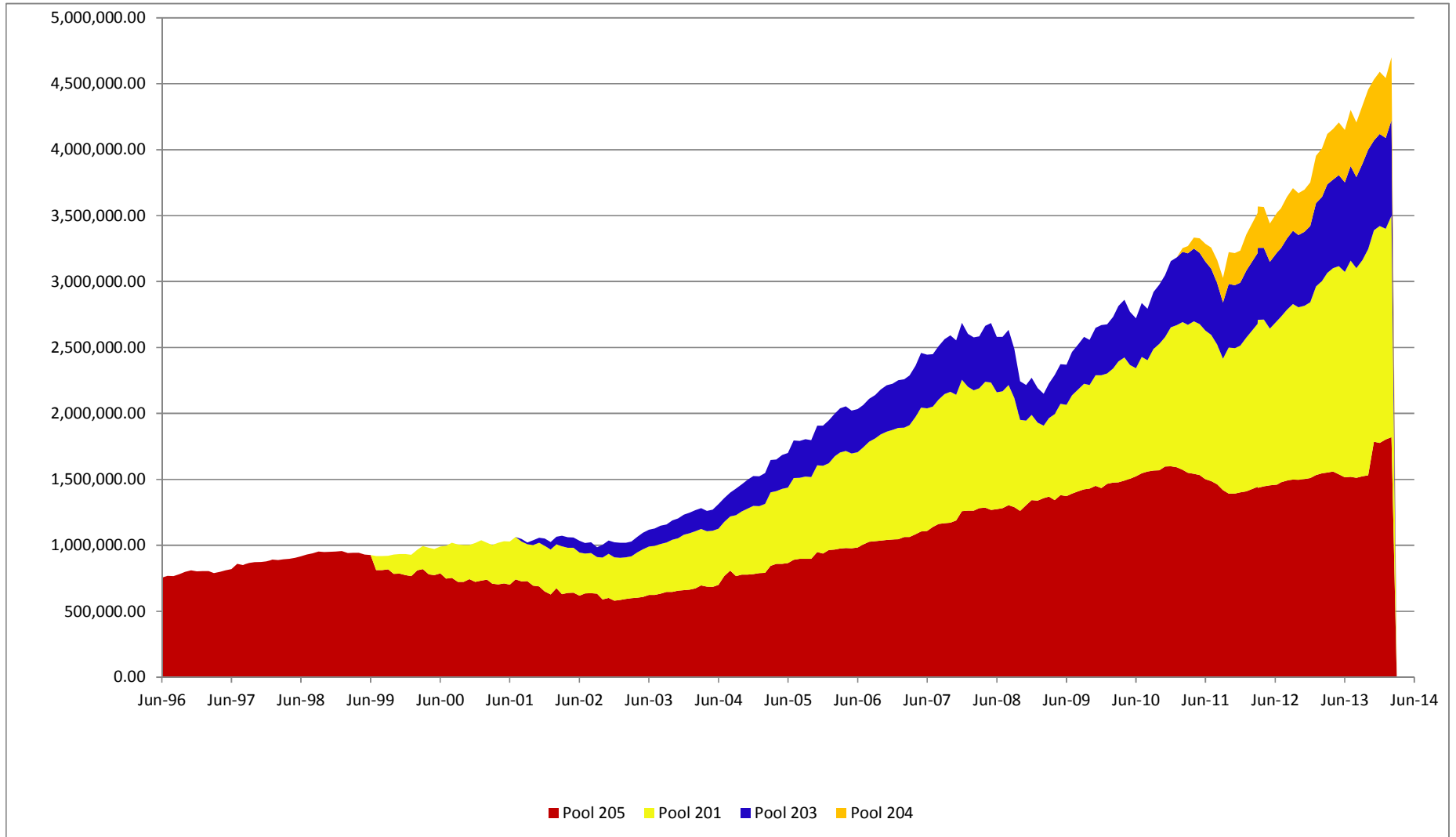
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.33	0.88	1.38	(0.26)	3.05	4.18	5.41
Citigroup Broad Investment Grade Index	0.55	1.47	2.01	0.18	3.84	4.88	5.68
Excess	(0.22)	(0.59)	(0.63)	(0.44)	(0.79)	(0.70)	(0.28)



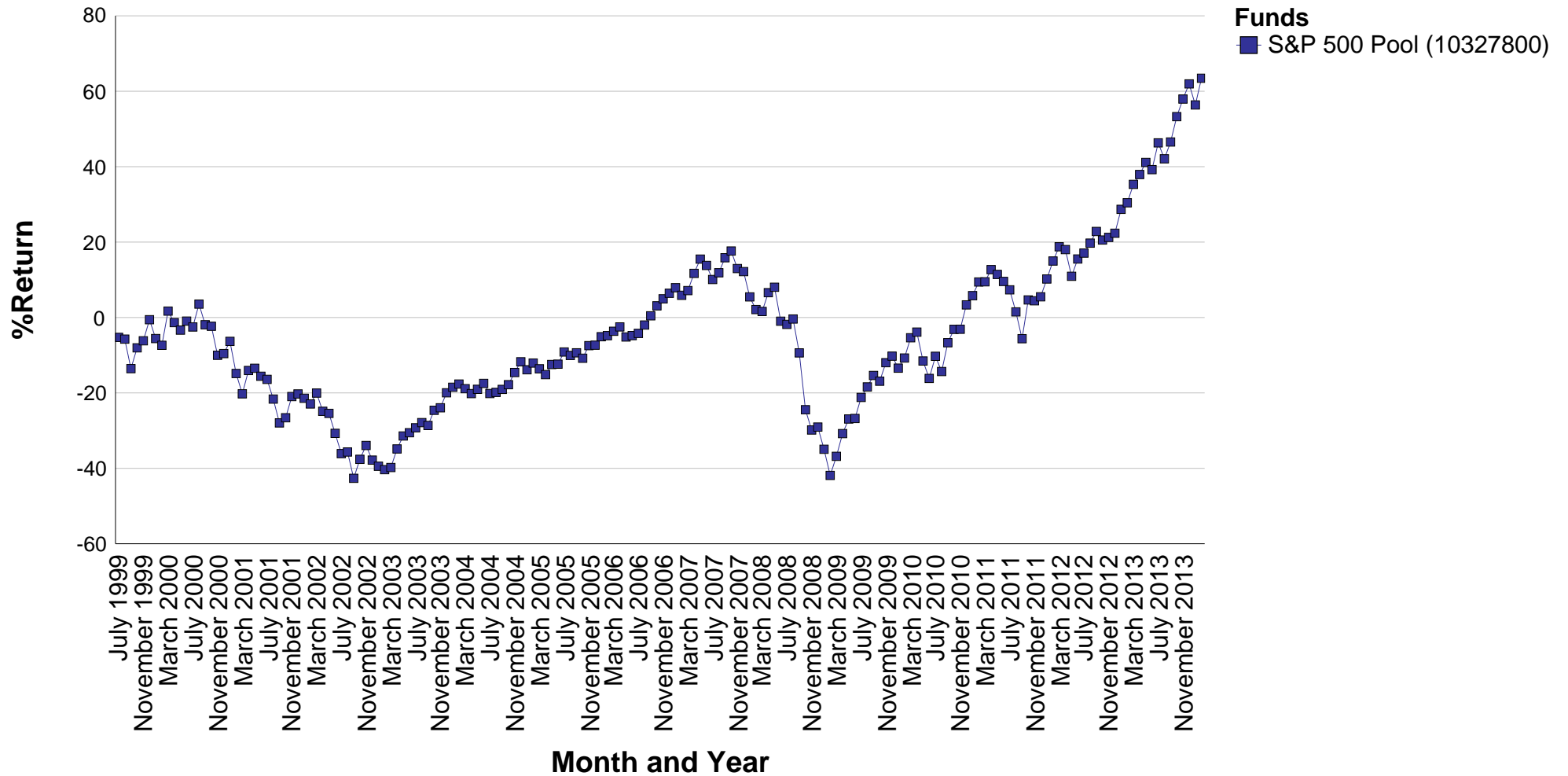
Thousands

Endowment Fund Market Value



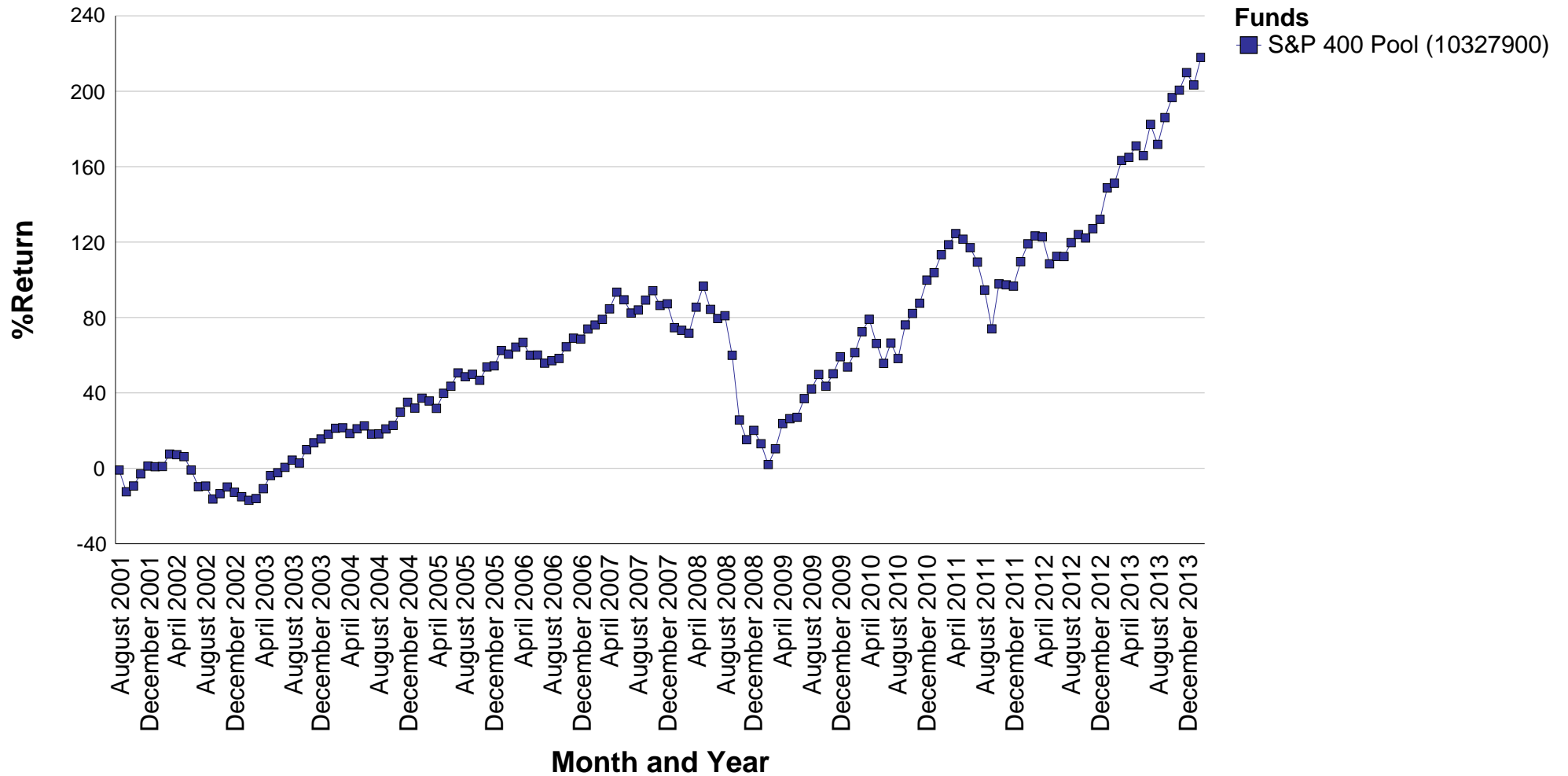
Performance Growth by Account

Arizona State Treasury (05509)
 From July 1999 to February 2014
 Gross of Fee



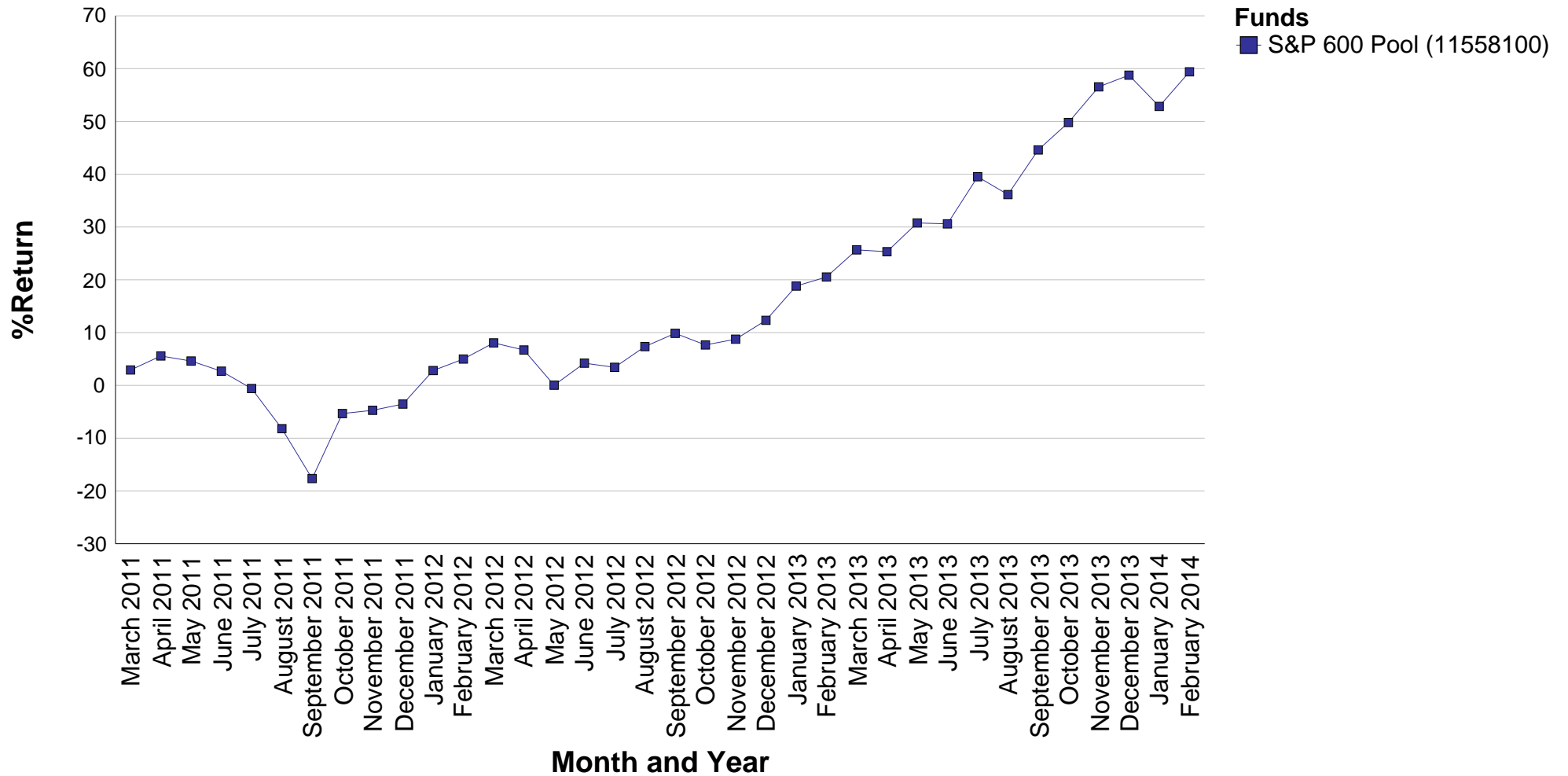
Performance Growth by Account

Arizona State Treasury (05509)
From August 2001 to February 2014
Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)
From March 2011 to February 2014
Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)
 From July 1999 to February 2014
 Gross of Fee

