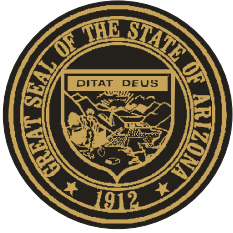


OFFICE OF THE
ARIZONA STATE TREASURER



JEFF DEWIT
TREASURER



JULY 2015

Presented To:

Arizona State Board of Investment

August 25, 2015

STATE BOARD OF INVESTMENT

REVISED AGENDA

August 25, 2015

1. Call to Order
2. Chairman Remarks
3. Approval of July 23, 2015 Minutes
4. Review of Treasurer's Monthly Reports
 - A. Earnings Distribution; Investment Pools
 - B. Operating Monies Invested Balances
 - C. State Agency Pools Investments and Performance Reports
 - D. LGIP Pools Investments and Performance Reports
 - 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
 - A. Approval of External Investment Manager
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

August 25, 2015

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| E. Earnings Distributed Endowment Funds | 33 |
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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on July 23, 2015 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer DeWit called the meeting to order at approximately 1:32 p.m.

Members Present:

Jeff DeWit, Chair, State Treasurer
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate
Lauren Kingry, Superintendent, Department of Financial Institutions
Beth Ford, Treasurer, Pima County, Via Tele-Conference
Clark Partridge, Comptroller, Arizona Department of Administration

Others Present:

Mark Swenson, Deputy Treasurer of Policy & Research, 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
Dennis Stevenson, Portfolio Manager, Arizona State Treasurer's Office
Jake Richardson, Investment Analyst, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Sean Dollman, Director of Government Affairs, Arizona State Treasurer's Office
Dajana Zlaticanin, Program and Project Specialist, Arizona State Treasurer's Office
Pam Kirk, Assistant Investment Accounting Manager, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for June, 2015 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

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

1. Call to Order:

Treasurer DeWit called the July 23, 2015 BOI meeting to order at approximately 1:32 pm.

2. Treasurers Comments:

Treasurer DeWit welcomed the board members and guests and thanked all present for attending the July 23, 2015 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the June 23, 2015 minutes. Mr. Kingry seconded the motion. Motion carried.

4. Review of Treasurer's Monthly Report

Earnings Distribution – Investment Pools

Ms. Humbert reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of June, 2015.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of June, 2015. *Ms. Ford asked for clarification regarding the budget stabilization average balance. Ms. Humbert and Mr. Stomberg provided a brief explanation.*

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 June, 2015.

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 June 30, 2015.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, asset allocation, the weighted average life, the weighted average duration and the weighted average rating for the State Agency Investment Pools as of June 30, 2015.

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

Mr. Stevenson 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. Stevenson reported the net yield for the LGIP and LGIP-Gov Pools and the comparison to the benchmark for the month of June, 2015.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Stevenson reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of June, 2015.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Stevenson reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of June 30, 2015.

LGIP Pools Investments and Performance Reports

Mr. Stevenson reported the total net assets, asset allocation, the weighted average life, the weighted average duration, and the weighted average rating on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of June, 2015.

Review of Treasurer's Monthly Report – Endowments:

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

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of June, 2015.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, S&P 400 and S&P 600 pools for the month of June, 2015 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 June, 2015.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of June, 2015.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of June 30, 2015.

Performance of Investments in Endowment Funds

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of June 30, 2015.

Manager Allocation of Invested Monies for the Endowment Pools

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of June 30, 2015.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of June 30, 2015.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of June 30, 2015.

Equity Holdings Investments Outstanding S&P 600

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 600 Pool as of June 30, 2015.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, asset allocation, the weighted average life, the weighted average duration and the weighted average rating for the Fixed Income Pool for the month of June, 2015.

Endowment Investments and Performance Growth by Account Reports

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of June 30, 2015.

Broker Activity Report

Mr. White reported the quarterly broker activity for all internally managed pools for the period of April 1, 2015 through June 30, 2015.

Approval of Treasurer's Report

Mr. Kingry made a motion to approve the Treasurer's Report. Mr. Papp 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:

No General Business.

8. Call to the Public:

There was no Public comment.

Mr. Papp provided the members of the board with a brief economic update.

9. Notice of Next Meeting:

Treasurer DeWit advised the Board that the next regular meeting of the Board of Investment will be Tuesday, August 25, 2015 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

Mr. Partridge made a motion to adjourn the BOI meeting. Mr. Kingry seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:17 p.m.

Respectfully Submitted by:

Christine Thurston
Executive Consultant II

Approved by:

Jeff DeWit, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
JULY 2015**

| Recipient | Earnings Distributed | | | Fiscal YTD Investment Management Fees Received |
|--|----------------------|---------------------|---------------------|---|
| | JULY 2015 | Fiscal YTD 15/16 | Fiscal YTD 14/15 | |
| General Fund | \$1,053,351 | \$1,053,351 | \$1,158,388 | |
| 2 State Agencies - Full Faith & Credit | 376,539 | 376,539 | 446,483 | \$40,729 |
| 3 State Agencies - Diversified (<i>Combined</i>) | 561,043 | 561,043 | 580,565 | 67,215 |
| 4 State Agencies - Gov | 329,282 | 329,282 | 545,045 | 37,781 |
| 5 LGIP | 122,394 | 122,394 | 72,727 | 51,030 |
| 7 LGIP Gov | 74,755 | 74,755 | 41,122 | 46,237 |
| 10 Restricted Operating | 282,697 | 282,697 | 269,226 | 63,081 |
| 12 CAWCD Medium-Term | 377,742 | 377,742 | 428,446 | 14,399 |
| 16 ECDH Medium-Term | 459,380 | 459,380 | 467,097 | 17,685 |
| Subtotal | \$3,637,182 | \$3,637,182 | \$4,009,100 | \$338,156 |
| NAV POOL | | | | |
| 500 LGIP - Med Term | 236,813 | 236,813 | 256,133 | 11,269 |
| 700 LGIP - FF&C Med Term | 93,657 | 93,657 | 127,094 | 6,800 |
| Total | \$3,967,652 | \$3,967,652 | \$4,392,327 | \$356,225 |
| JULY 2014 TOTALS | \$4,407,368 | | | \$365,951 |

OPERATING MONIES
AVERAGE INVESTED BALANCE

Through July 31, 2015

(in millions of dollars)

| <u>Month</u> | <u>Fiscal Year</u> <u>2013/2014</u> | <u>Fiscal Year</u> <u>2014/2015</u> | <u>Fiscal Year</u> <u>2015/2016</u> |
|--|--|--|--|
| JULY | 1,942 | 1,876 | 1,795 |
| AUGUST | 1,709 | 1,369 | |
| SEPTEMBER | 1,974 | 1,638 | |
| OCTOBER | 1,824 | 1,521 | |
| NOVEMBER | 1,853 | 1,535 | |
| DECEMBER | 1,895 | 1,478 | |
| JANUARY | 2,234 | 1,754 | |
| FEBRUARY | 2,427 | 1,959 | |
| MARCH | 2,107 | 1,686 | |
| APRIL | 2,100 | 1,879 | |
| MAY | 2,312 | 2,163 | |
| JUNE | 2,462 | 2,307 | |
| Y-T-D | | | |
| Average | \$2,070 | \$1,764 | \$1,795 |
| Budget Stabilization Average Fund Balance - July 2015 | | | <u>\$458</u> |
| Total Average Cash Available - July 2015 | | | <u>\$2,253</u> |

**STATE AGENCY POOLS
PORTFOLIO EARNINGS ANALYSIS
JULY 2015**

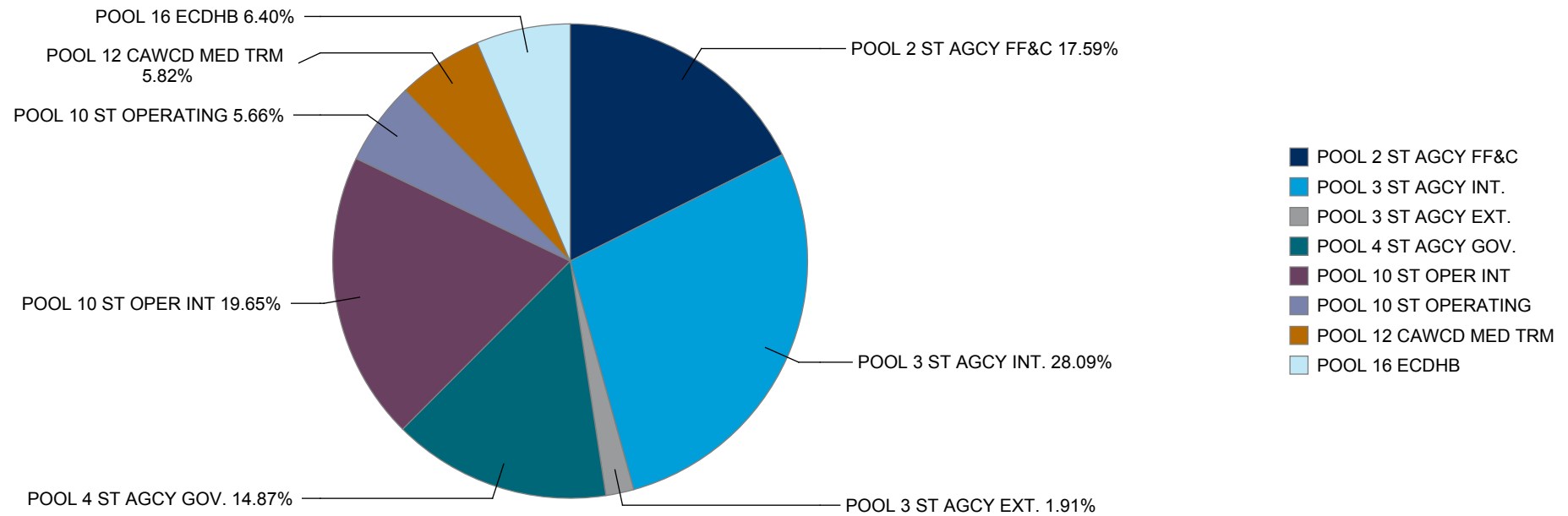
| FUND | DESCRIPTION | Current Month 07/31/15 | Prior Month 06/30/15 | Prior Year 07/31/14 | Net Asset Value Per Share |
|-------------|--------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|--|
| 2 | STATE AGENCIES - FULL FAITH & CREDIT | 434,276 | 486,785 | 559,307 | 0.9961 |
| 3 | STATE AGENCIES - DIVERSIFIED | | | | |
| | INTERNAL MANAGERS | 788,278 | 750,274 | 822,955 | 0.9979 |
| | EXTERNAL MANAGERS | 73,564 | 71,696 | 56,234 | 1.0000 |
| | FUND 3 TOTAL | 861,842 | 821,970 | 879,188 | 0.9981 |
| 4 | STATE AGENCIES - GOV | 467,547 | 475,903 | 720,252 | 0.9966 |
| 10 | RESTRICTED OPERATING | | | | |
| | INTERNAL MANAGERS | 729,522 | 731,421 | 767,766 | 0.9985 |
| | EXTERNAL MANAGERS | 106,979 | 111,296 | 71,872 | 0.9999 |
| | FUND 10 TOTAL | 836,501 | 842,718 | 839,638 | 0.9988 |
| 12 | CAWCD MEDIUM-TERM | 377,742 | 448,981 | 428,446 | 1.0056 |
| 16 | ECDH MEDIUM-TERM | 459,380 | 457,548 | 467,097 | 0.9960 |
| | TOTAL STATE AGENCIES | 3,437,288 | 3,533,904 | 3,893,929 | |

**STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 JULY 2015**

| FUND | DESCRIPTION | Current Month 07/31/15 | Prior Month 06/30/15 | Prior Year 07/31/14 |
|-------------|---|---------------------------------------|-------------------------------------|------------------------------------|
| 2 | STATE AGENCIES - FULL FAITH & CREDIT | 0.59% | 0.55% | 0.71% |
| | 75% MERRILL 0-1 US TREAS INDEX / 25% | 0.84% | 0.81% | 0.79% |
| | MERRILL US GNMA MORTGAGE BACKED INDEX | | | |
| 3 | STATE AGENCIES - DIVERSIFIED | | | |
| | INTERNAL MANAGERS | 0.71% | 0.55% | 0.76% |
| | EXTERNAL MANAGERS | 0.85% | 0.86% | 0.65% |
| | COMBINED | 0.72% | 0.57% | 0.75% |
| | 50% 3 MONTH LIBOR INDEX / 50% MERRILL | 0.65% | 0.63% | 0.51% |
| | 1-3 US BROAD MARKET INDEX | | | |
| 4 | STATE AGENCIES - GOV | 0.68% | 0.58% | 0.97% |
| | 50% MERRILL 6 MTH US T-BILL INDEX / 50% | 0.41% | 0.36% | 0.30% |
| | MERRILL 1-3 UNSUB. US TREAS / AGY INDEX | | | |
| 10 | RESTRICTED OPERATING | | | |
| | INTERNAL MANAGERS | 0.82% | 0.82% | 0.81% |
| | EXTERNAL MANAGERS | 0.42% | 0.45% | 0.28% |
| | COMBINED | 0.73% | 0.74% | 0.70% |
| | 50% 3 MONTH LIBOR INDEX / 50% MERRILL | 0.65% | 0.63% | 0.51% |
| | 1-3 US BROAD MARKET INDEX | | | |
| 12 | CAWCD MEDIUM-TERM | 1.44% | 1.78% | 1.68% |
| | MERRILL 1-5 US D M INDEX | 1.42% | 1.38% | 1.32% |
| 16 | ECDH MEDIUM-TERM | 1.58% | 1.62% | 1.63% |
| | MERRILL 1-5 US D M INDEX | 1.42% | 1.38% | 1.32% |



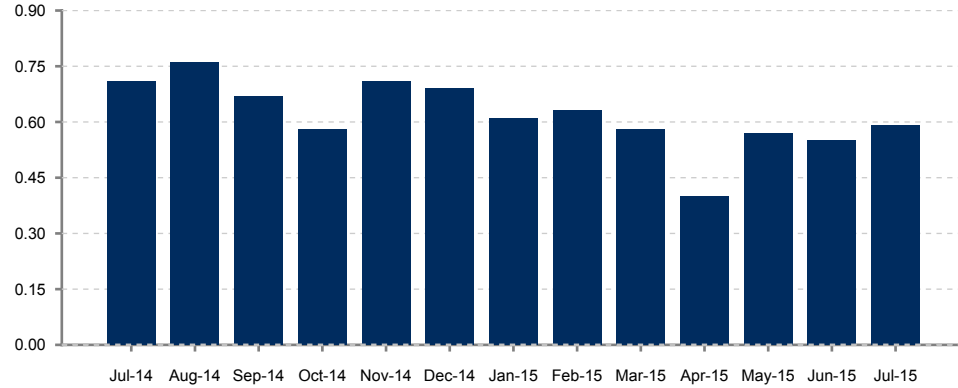
Manager Allocation



| | Market Value | % of Portfolio |
|-----------------------|---------------|----------------|
| POOL 2 ST AGCY FF&C | 939,124,882 | 17.6 |
| POOL 3 ST AGCY INT. | 1,499,592,235 | 28.1 |
| POOL 3 ST AGCY EXT. | 102,041,886 | 1.9 |
| POOL 4 ST AGCY GOV. | 793,826,928 | 14.9 |
| POOL 10 ST OPER INT | 1,049,301,633 | 19.7 |
| POOL 10 ST OPERATING | 302,158,722 | 5.7 |
| POOL 12 CAWCD MED TRM | 310,943,335 | 5.8 |
| POOL 16 ECDHB | 341,765,851 | 6.4 |
| TOTAL STATE AGENCY | 5,338,755,472 | 100.0 |



Net Yield



Current Mth **Prior Mth** **1 Year Ago**

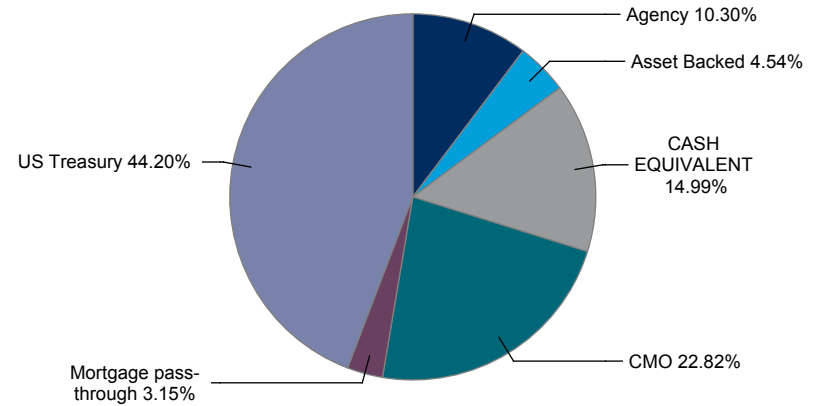
| | | | |
|---------------------|------|------|------|
| POOL 2 ST AGCY FF&C | 0.59 | 0.55 | 0.71 |
|---------------------|------|------|------|

Asset Allocation

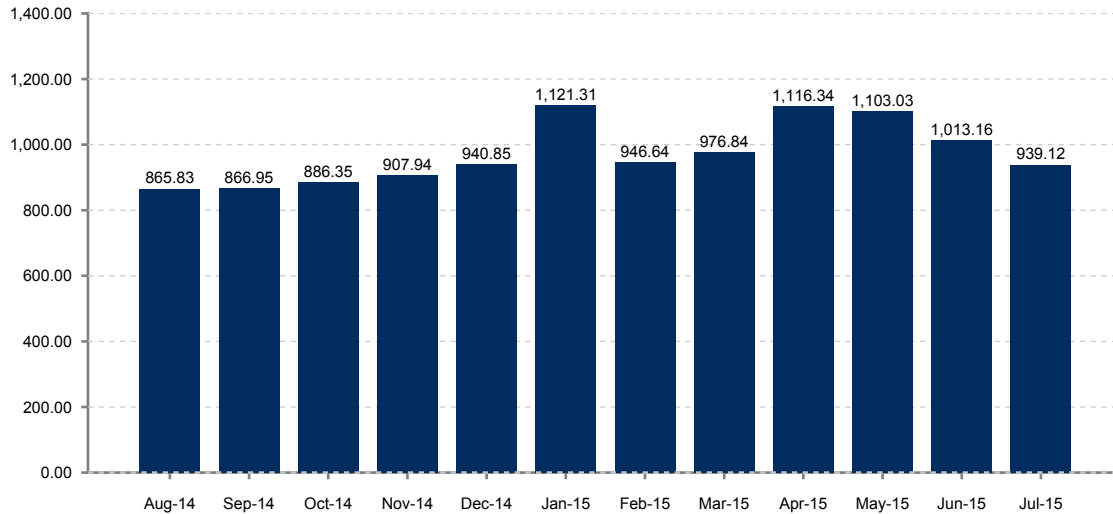
POOL 2 ST AGCY FF&C

Ending Market Value

939,124,882



Net Asset Values over Time (\$MM)

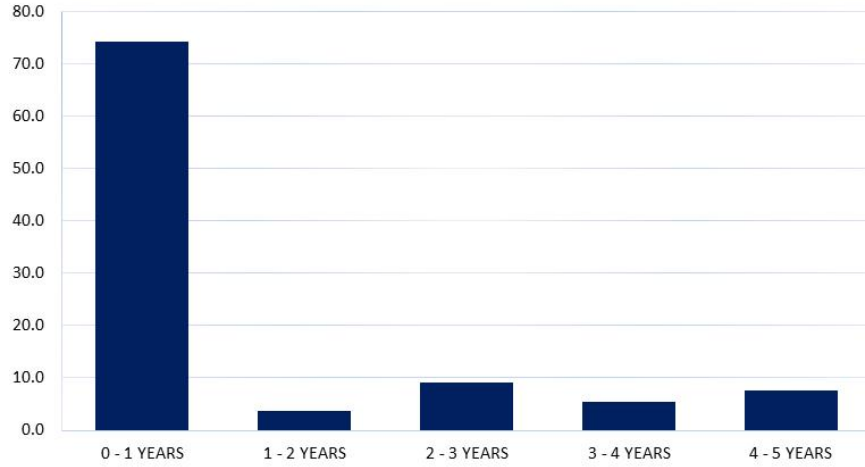


Top 10 Holdings

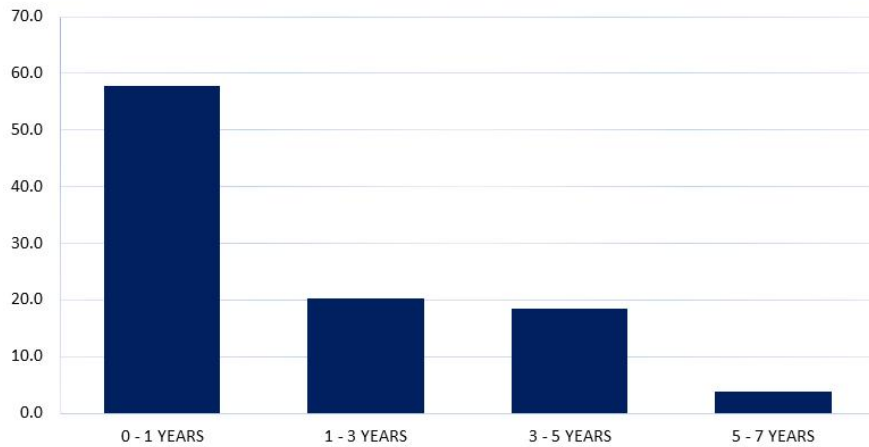
| Security Name | Ending Market Value | % of Portfolio |
|--------------------------------|---------------------|----------------|
| POOL 2 ST AGCY FF&C | | |
| DAIWA CAPITAL MARKETS REPO | 120,836,019 | 12.87 |
| US TREASURY N/B | 46,960,725 | 5.00 |
| US TREASURY N/B | 40,242,079 | 4.29 |
| US TREASURY FRN | 39,997,969 | 4.26 |
| US TREASURY N/B | 30,176,789 | 3.21 |
| GOVERNMENT NATIONAL MORTGAGE A | 28,130,123 | 3.00 |
| US TREASURY N/B | 20,590,902 | 2.19 |
| US TREASURY N/B | 20,482,677 | 2.18 |
| US TREASURY N/B | 20,447,131 | 2.18 |
| US TREASURY N/B | 20,423,979 | 2.17 |



Duration Distribution



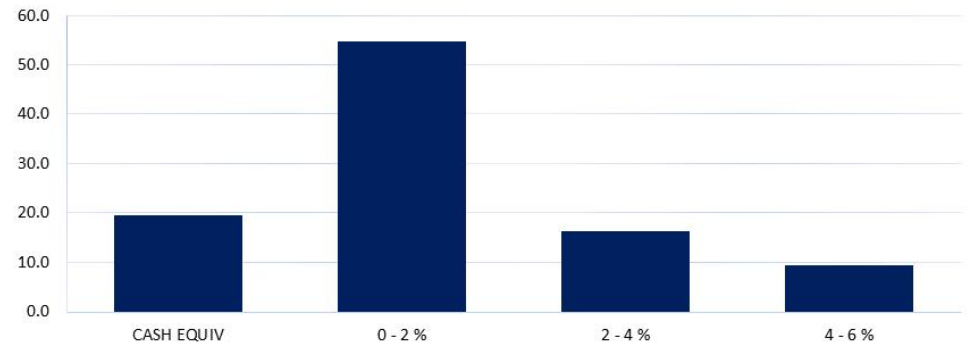
Expected Maturity Distribution



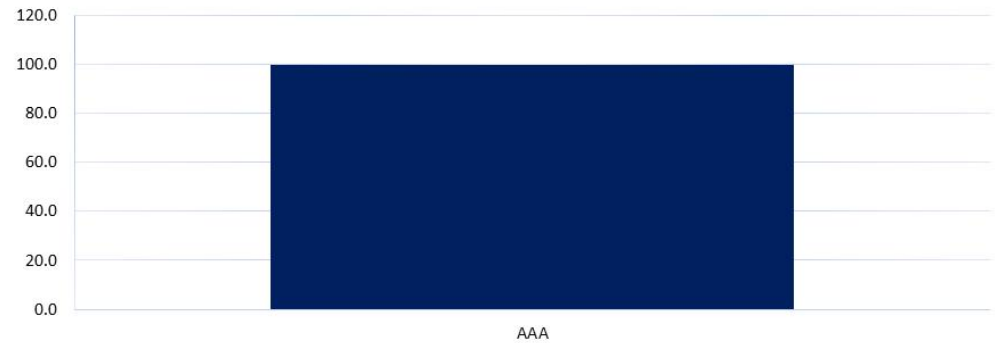
Portfolio Level Characteristics

| | POOL 2 ST AGCY FF&C |
|--------------------------|---------------------|
| Weighted Average Life | 1.58 |
| Coupon | 1.76 |
| Effective Duration | 1.05 |
| Quality Rating (Moody's) | AAA |

Coupon Distribution

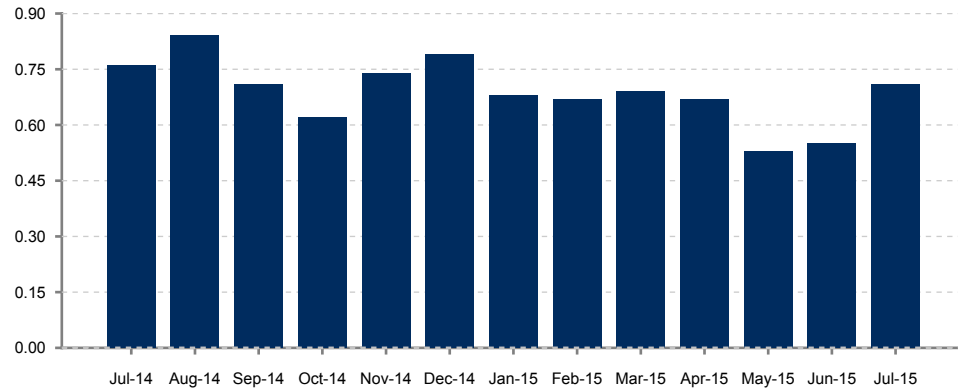


Rating Distribution





Net Yield

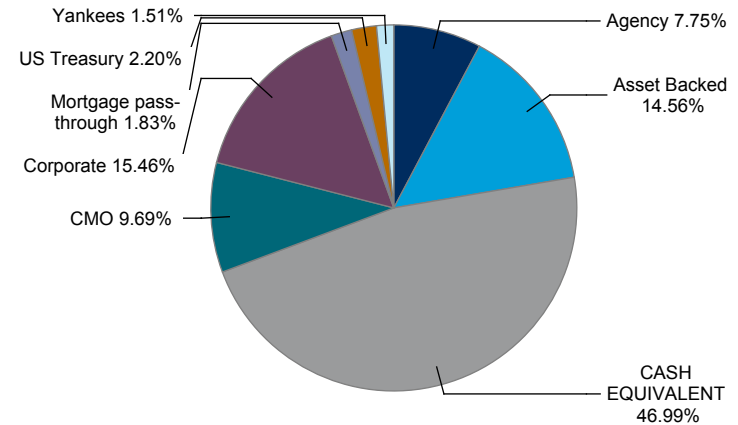


Current Mth **Prior Mth** **1 Year Ago**

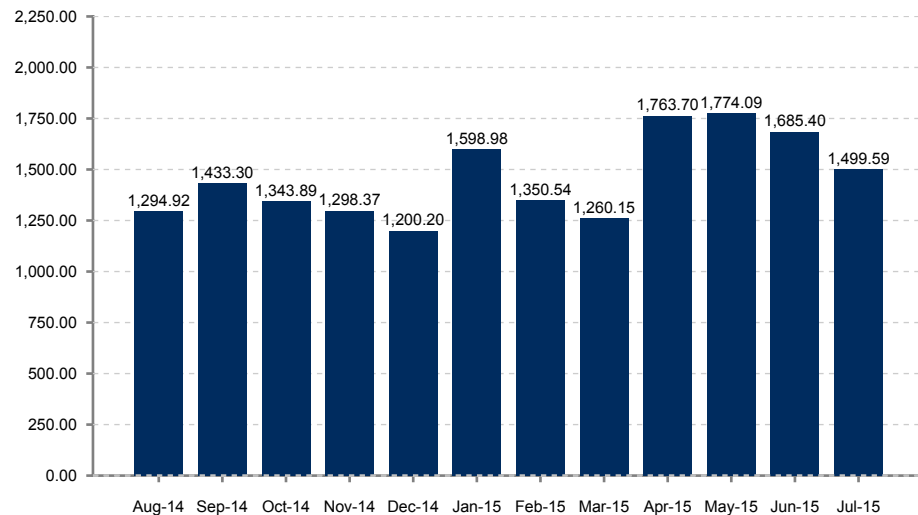
| | | | |
|---------------------|------|------|------|
| POOL 3 ST AGCY INT. | 0.71 | 0.55 | 0.76 |
|---------------------|------|------|------|

Asset Allocation

| | |
|----------------------------|---------------|
| Ending Market Value | |
| POOL 3 ST AGCY INT. | 1,499,592,235 |



Net Asset Values over Time (\$MM)

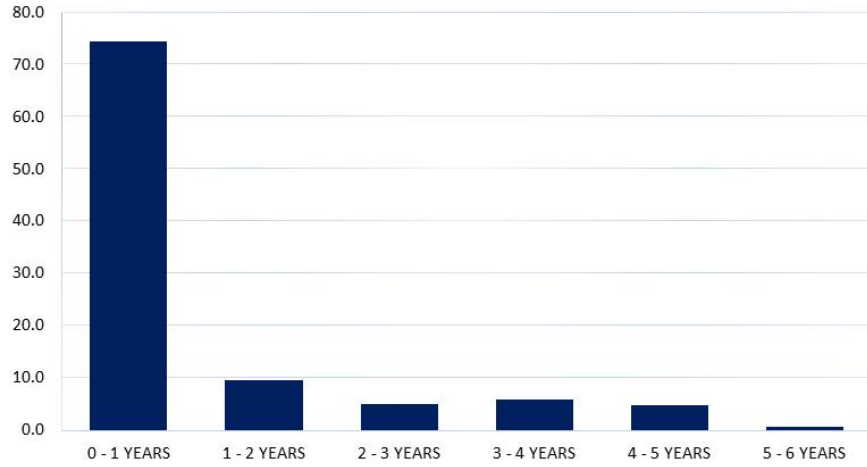


Top 10 Holdings

| Security Name | Ending Market Value | % of Portfolio |
|---------------------------|---------------------|----------------|
| POOL 3 ST AGCY INT. | | |
| SOUTH STREET REPO | 156,791,797 | 10.46 |
| VICTORY RECEIVABLES | 39,999,600 | 2.67 |
| GOTHAM FDG CORP | 39,996,000 | 2.67 |
| CEDAR SPRING CPTL CO | 39,995,911 | 2.67 |
| SHEFFIELD RECEIVABLE | 39,994,122 | 2.67 |
| HANNOVER FDG CO. LLC | 39,993,333 | 2.67 |
| STARBIRD FDG. CORP | 39,980,667 | 2.67 |
| THUNDER BAY FNDNG LLC | 39,960,522 | 2.66 |
| INTERCONTINENTAL EXCHANGE | 32,971,703 | 2.20 |
| GOLDEN FUNDING CORP | 31,203,850 | 2.08 |



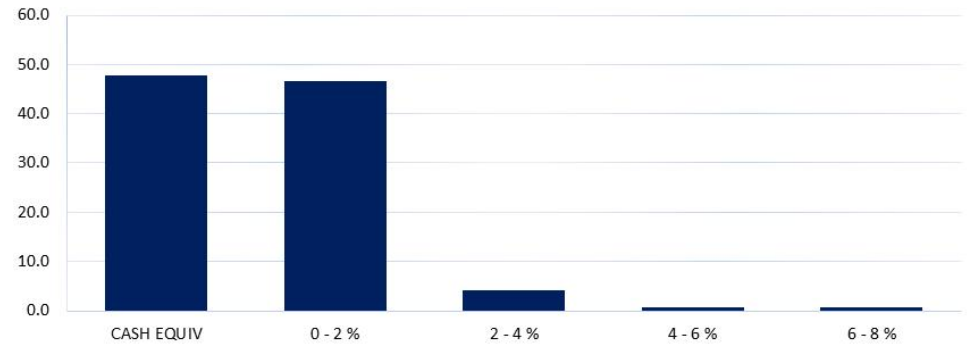
Duration Distribution



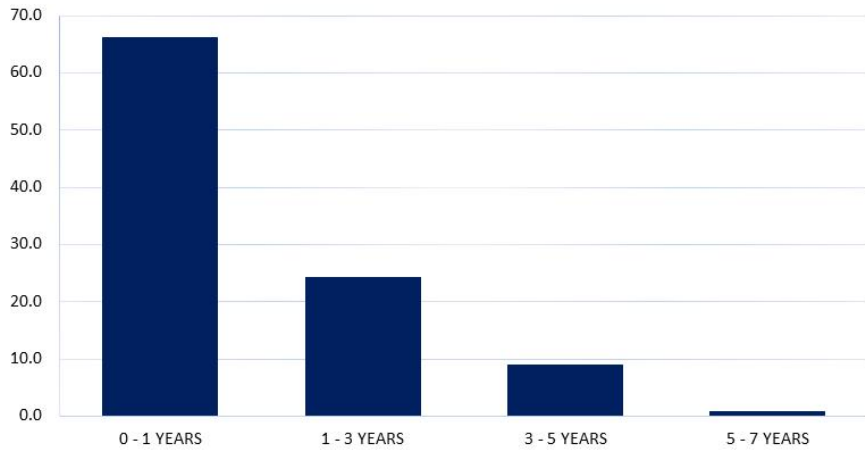
Portfolio Level Characteristics

| | POOL 3 ST AGCY INT. |
|--------------------------|---------------------|
| Weighted Average Life | 1.12 |
| Coupon | 0.84 |
| Effective Duration | 0.85 |
| Quality Rating (Moody's) | AA-1 |

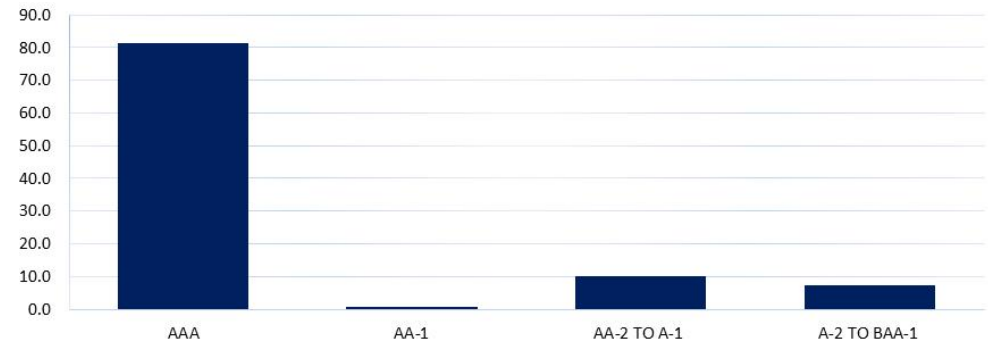
Coupon Distribution



Expected Maturity Distribution

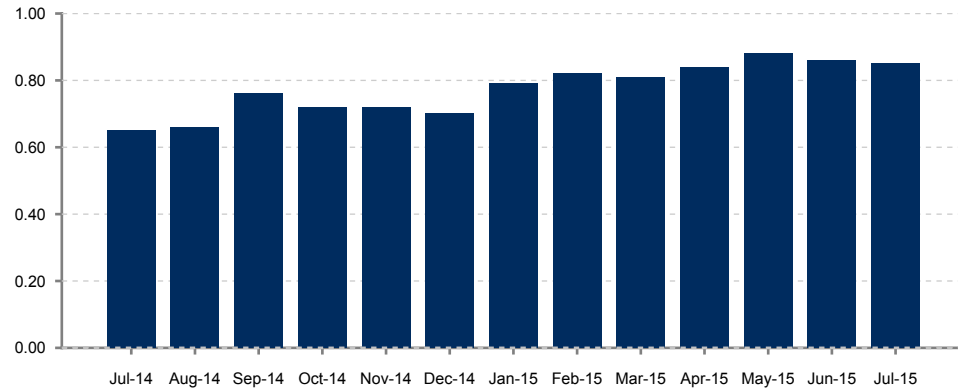


Rating Distribution





Net Yield



Current Mth **Prior Mth** **1 Year Ago**

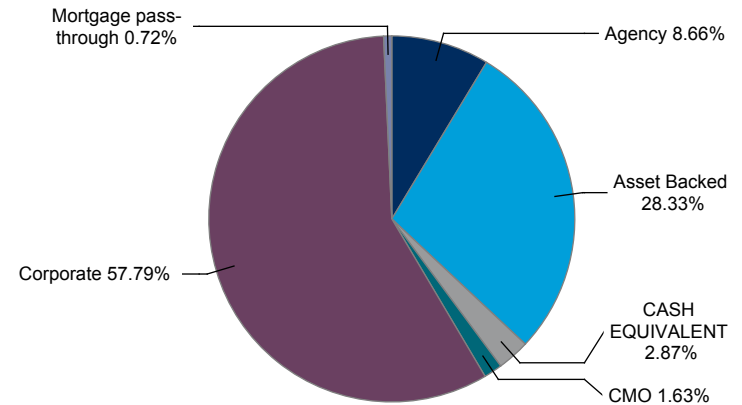
| | | | |
|---------------------|------|------|------|
| POOL 3 ST AGCY EXT. | 0.85 | 0.86 | 0.65 |
|---------------------|------|------|------|

Asset Allocation

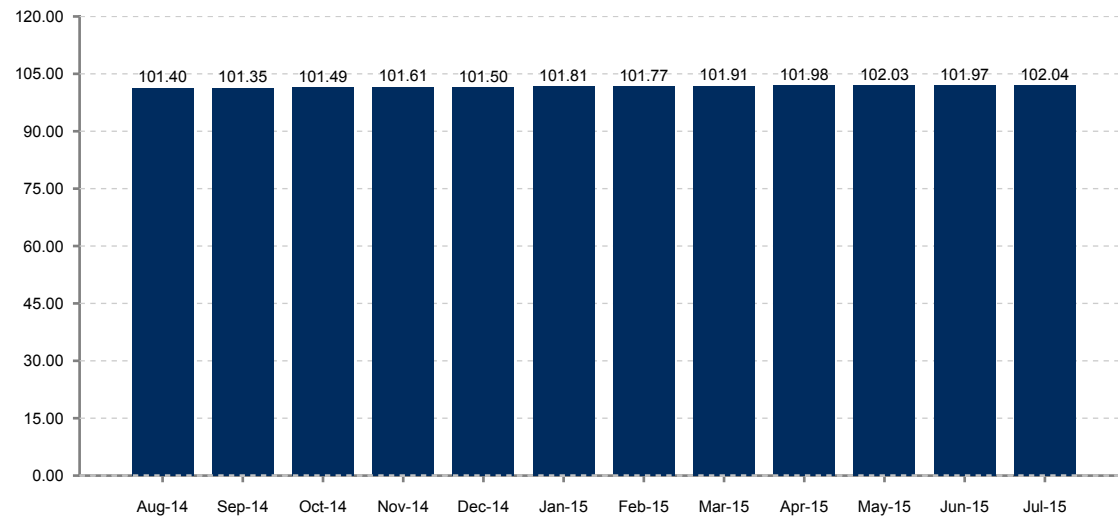
POOL 3 ST AGCY EXT.

Ending Market Value

102,041,886



Net Asset Values over Time (\$MM)

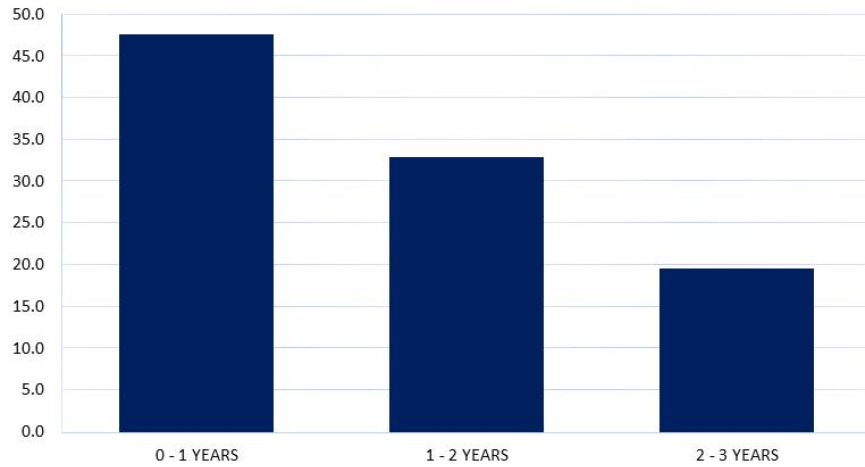


Top 10 Holdings

| Security Name | Ending Market Value | % of Portfolio |
|--------------------------------|---------------------|----------------|
| POOL 3 ST AGCY EXT. | | |
| ROYAL BK OF CANADA | 1,805,630 | 1.77 |
| VOLKSWAGEN AUTO LOAN ENHANCED | 1,703,552 | 1.67 |
| MUFG UNION BANK NA | 1,634,975 | 1.60 |
| COSTCO WHOLESALE CORP | 1,596,390 | 1.56 |
| DISCOVER CARD EXECUTION NOTE T | 1,575,911 | 1.54 |
| MERCEDES BENZ AUTO RECEIVABLES | 1,528,974 | 1.50 |
| JPMORGAN CHASE + CO | 1,511,256 | 1.48 |
| FANNIE MAE | 1,508,506 | 1.48 |
| CITIBANK CREDIT CARD ISSUANCE | 1,505,874 | 1.48 |
| FEDERAL FARM CREDIT BANK | 1,504,065 | 1.47 |



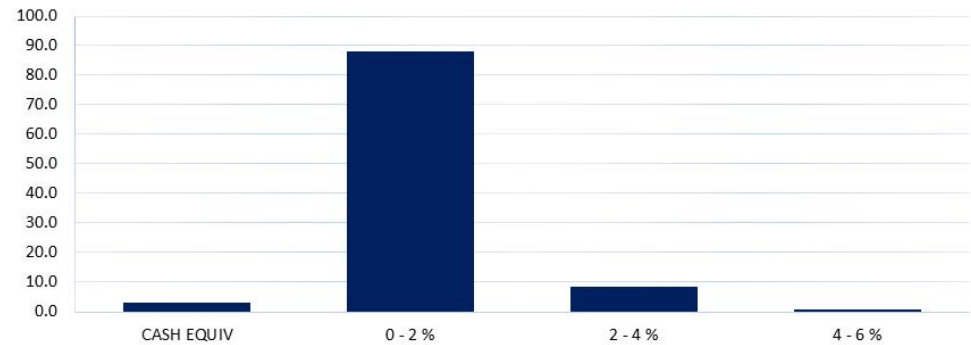
Duration Distribution



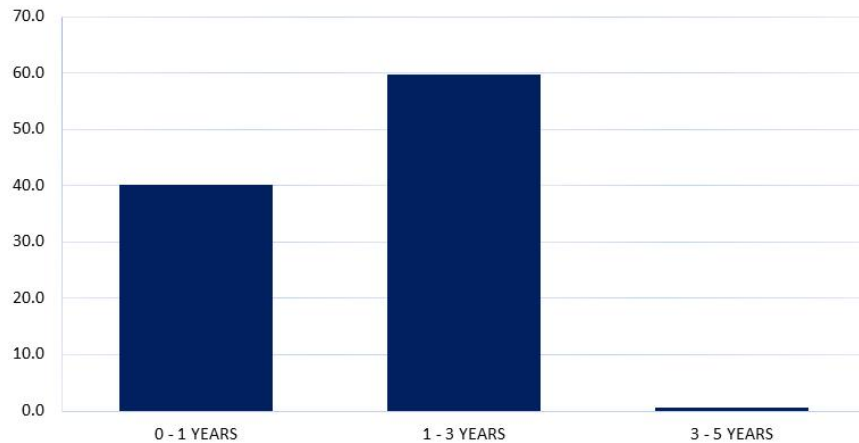
Portfolio Level Characteristics

| | POOL 3 ST AGCY EXT. |
|--------------------------|---------------------|
| Weighted Average Life | 1.37 |
| Coupon | 1.20 |
| Effective Duration | 1.19 |
| Quality Rating (Moody's) | AA-2 |

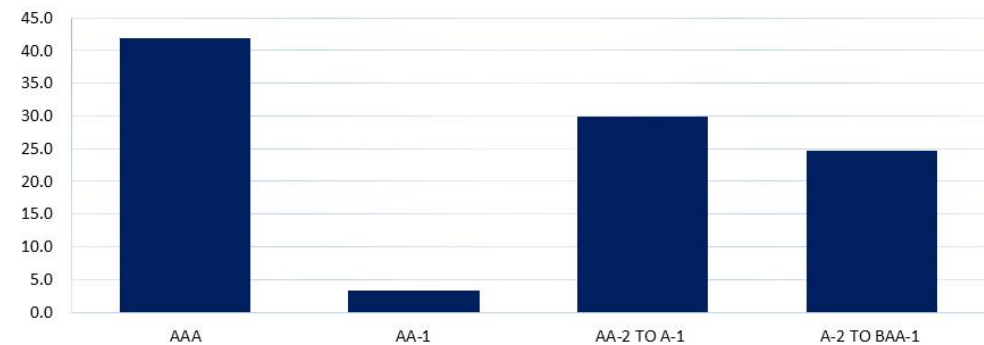
Coupon Distribution



Expected Maturity Distribution

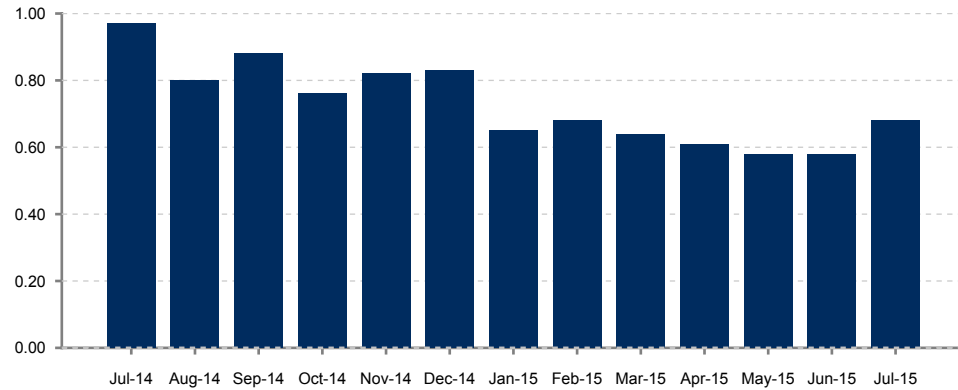


Rating Distribution





Net Yield

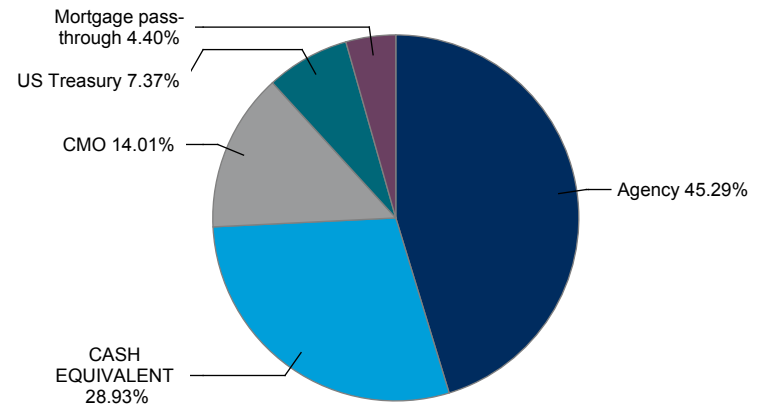


Current Mth Prior Mth 1 Year Ago

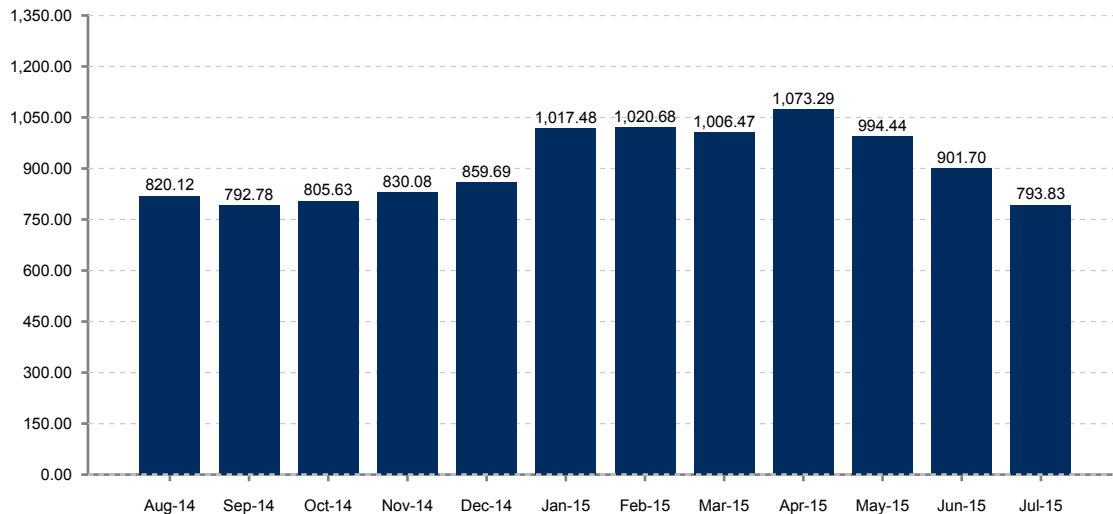
| | | | |
|---------------------|------|------|------|
| POOL 4 ST AGCY GOV. | 0.68 | 0.58 | 0.97 |
|---------------------|------|------|------|

Asset Allocation

| | |
|----------------------------|-------------|
| Ending Market Value | |
| POOL 4 ST AGCY GOV. | 793,826,928 |



Net Asset Values over Time (\$MM)

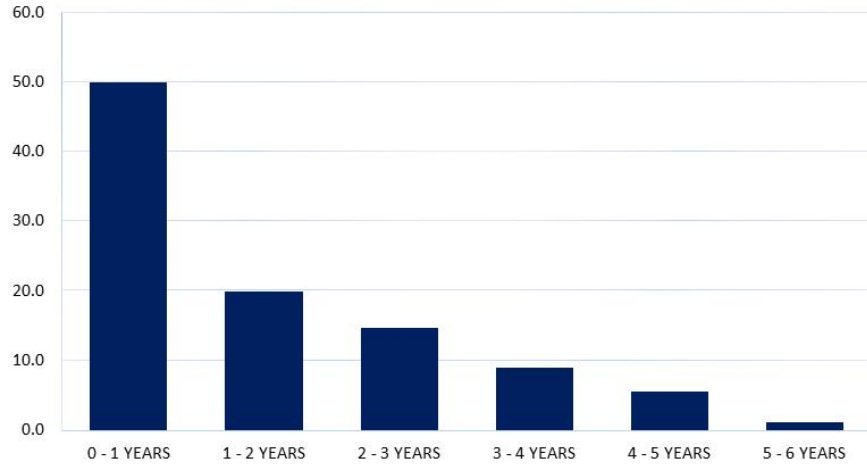


Top 10 Holdings

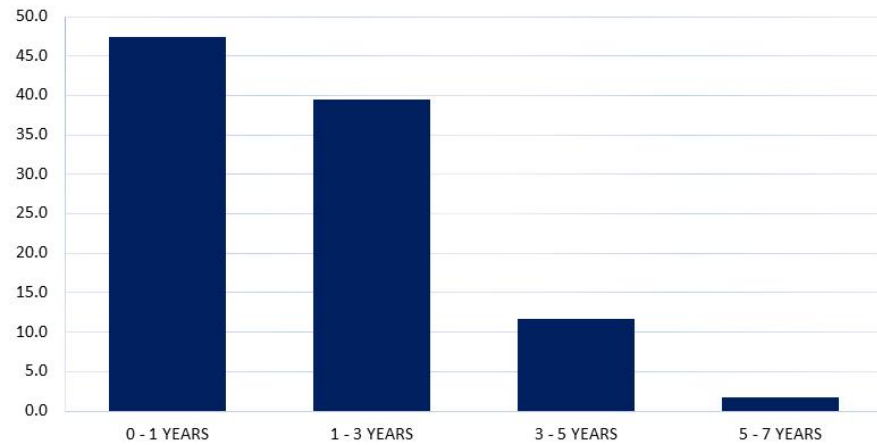
| Security Name | Ending Market Value | % of Portfolio |
|--------------------------|---------------------|----------------|
| POOL 4 ST AGCY GOV. | | |
| AMHERST PIERPONT | 117,693,844 | 14.83 |
| FED HOME LN DISCOUNT NT | 39,998,350 | 5.04 |
| FANNIE MAE | 39,863,759 | 5.02 |
| FEDERAL HOME LOAN BANK | 32,491,352 | 4.09 |
| FEDERAL FARM CREDIT BANK | 30,001,647 | 3.78 |
| FREDDIE MAC | 20,176,303 | 2.54 |
| FEDERAL FARM CREDIT BANK | 20,047,498 | 2.53 |
| FEDERAL FARM CREDIT BANK | 20,027,519 | 2.52 |
| FEDERAL FARM CREDIT BANK | 20,014,393 | 2.52 |
| FREDDIE MAC DISCOUNT NT | 19,995,178 | 2.52 |



Duration Distribution



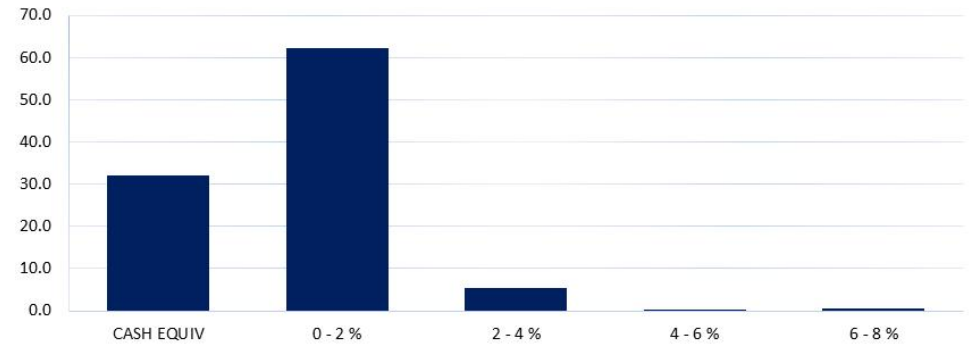
Expected Maturity Distribution



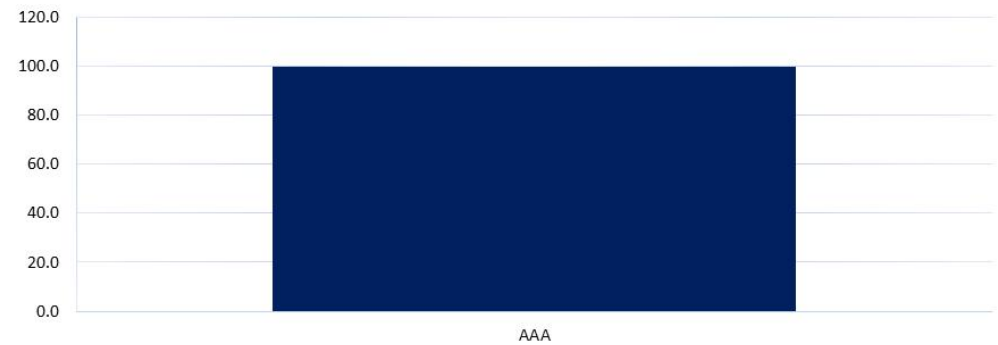
Portfolio Level Characteristics

| | POOL 4 ST AGCY GOV. |
|--------------------------|---------------------|
| Weighted Average Life | 1.52 |
| Coupon | 1.00 |
| Effective Duration | 1.33 |
| Quality Rating (Moody's) | AAA |

Coupon Distribution

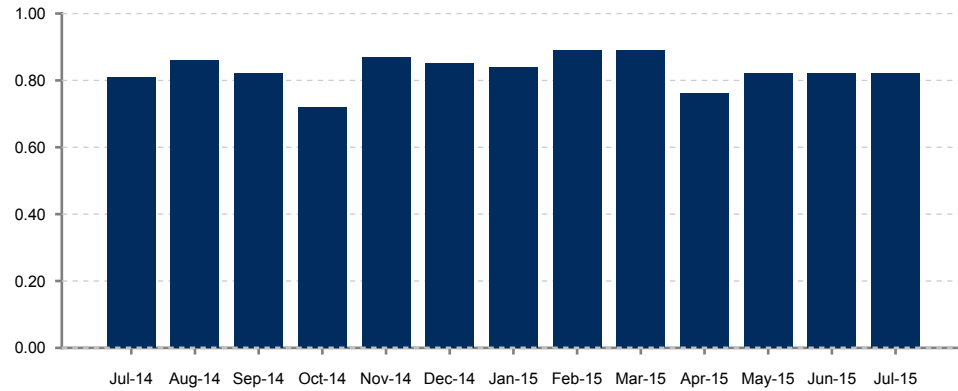


Rating Distribution





Net Yield

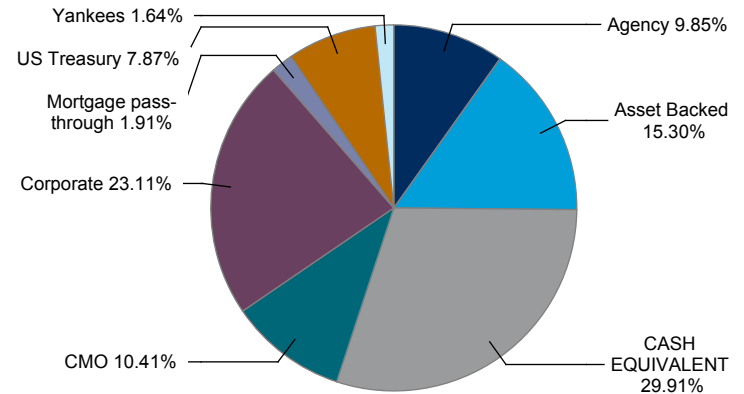


Current Mth **Prior Mth** **1 Year Ago**

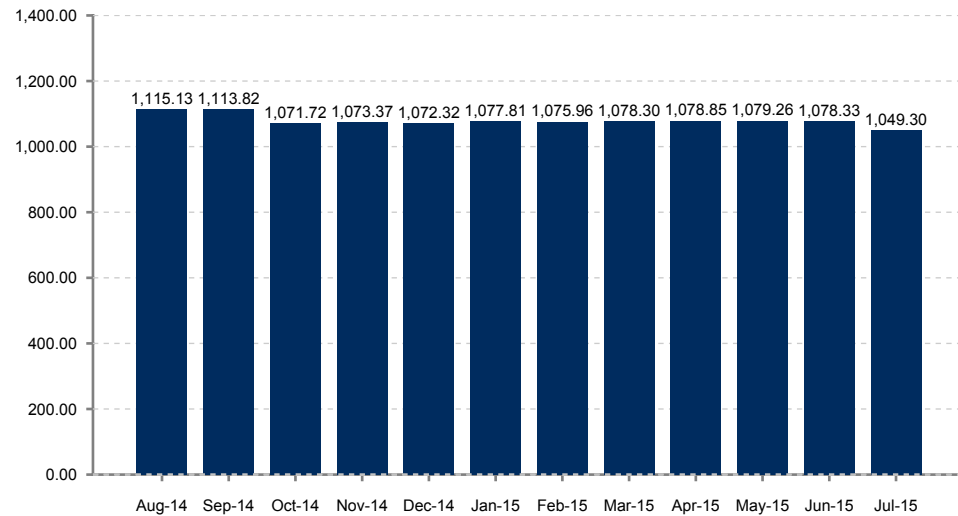
| | | | |
|---------------------|------|------|------|
| POOL 10 ST OPER INT | 0.82 | 0.82 | 0.81 |
|---------------------|------|------|------|

Asset Allocation

| | Ending Market Value |
|---------------------|---------------------|
| POOL 10 ST OPER INT | 1,049,301,633 |



Net Asset Values over Time (\$MM)

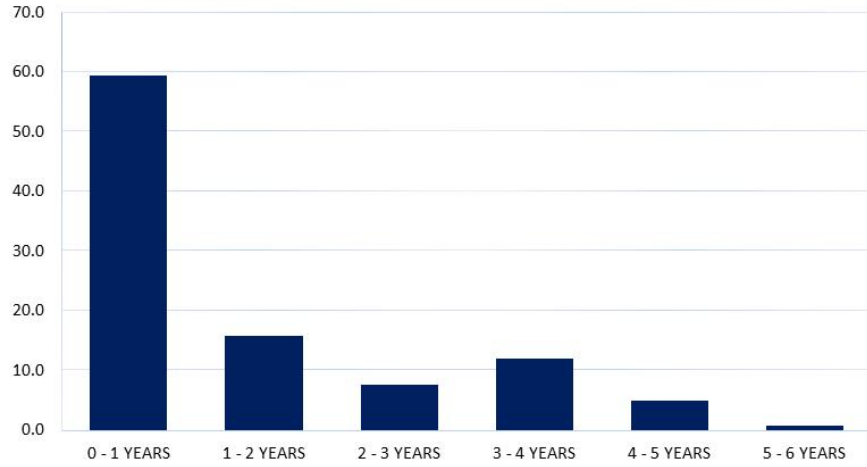


Top 10 Holdings

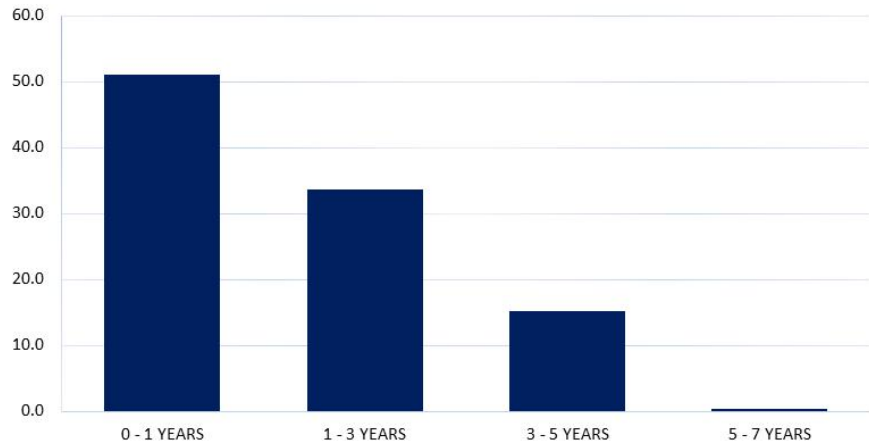
| Security Name | Ending Market Value | % of Portfolio |
|-------------------------|---------------------|----------------|
| POOL 10 ST OPER INT | | |
| SUN TRUST ROBINSON REPO | 75,012,500 | 7.15 |
| CREDIT AGRICOLE | 40,032,395 | 3.82 |
| CEDAR SPRING CPTL CO | 34,920,628 | 3.33 |
| INSTITUTIONAL SECURED | 29,975,350 | 2.86 |
| MIZUHO BANK LTD | 25,004,833 | 2.38 |
| FED HOME LN DISCOUNT NT | 24,997,035 | 2.38 |
| ABBEY NATIONAL NA LL | 24,987,927 | 2.38 |
| LIBERTY FUNDING LLC | 24,978,042 | 2.38 |
| US TREASURY N/B | 20,213,320 | 1.93 |
| US TREASURY N/B | 20,043,076 | 1.91 |



Duration Distribution



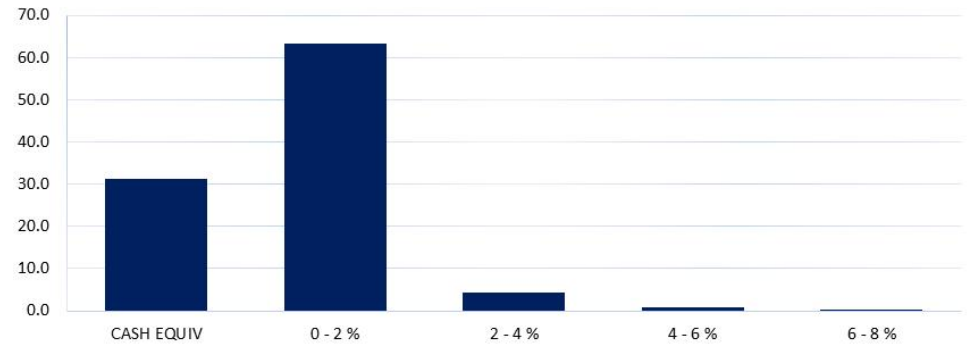
Expected Maturity Distribution



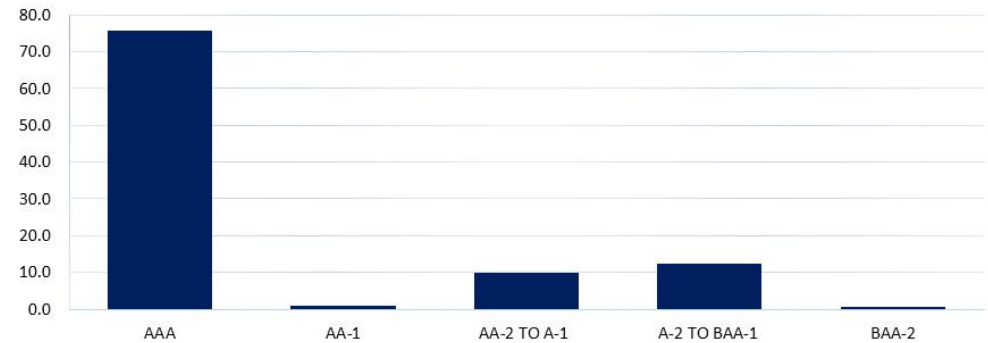
Portfolio Level Characteristics

| | POOL 10 ST OPERATING INT |
|--------------------------|--------------------------|
| Weighted Average Life | 1.51 |
| Coupon | 1.05 |
| Effective Duration | 1.27 |
| Quality Rating (Moody's) | AA-1 |

Coupon Distribution

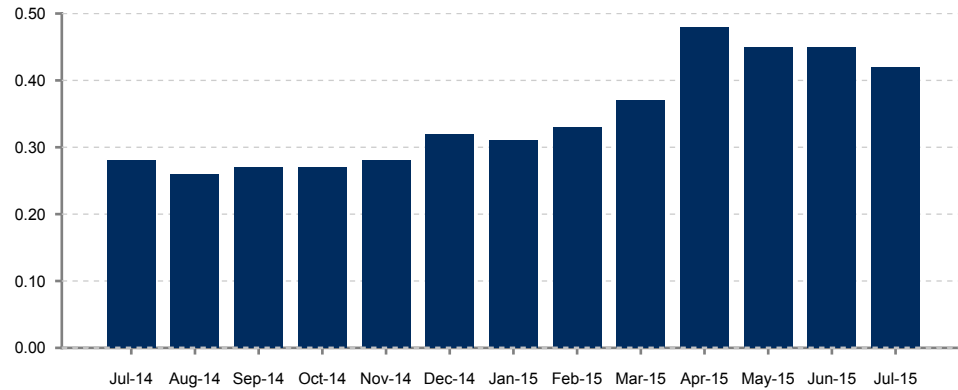


Rating Distribution





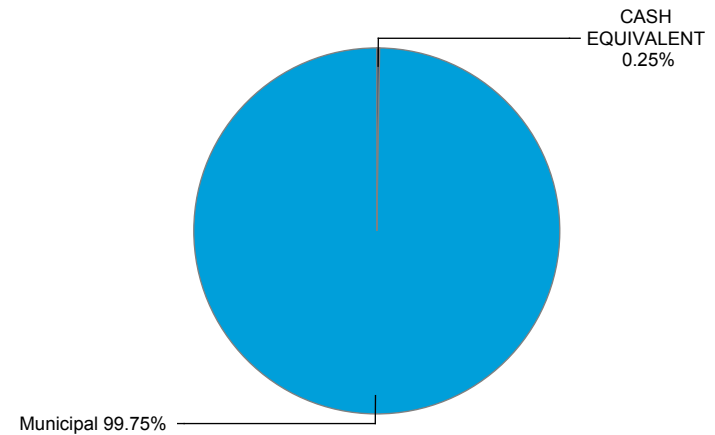
Net Yield



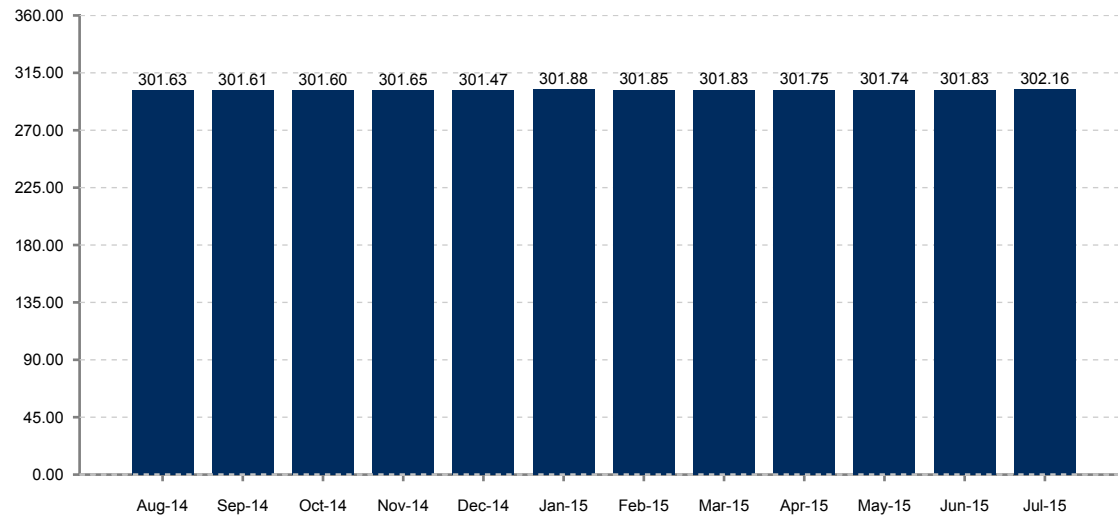
| | Current Mth | Prior Mth | 1 Year Ago |
|----------------------|-------------|-----------|------------|
| POOL 10 ST OPERATING | 0.42 | 0.45 | 0.28 |

Asset Allocation

| | Ending Market Value |
|----------------------|---------------------|
| POOL 10 ST OPERATING | 302,158,722 |



Net Asset Values over Time (\$MM)

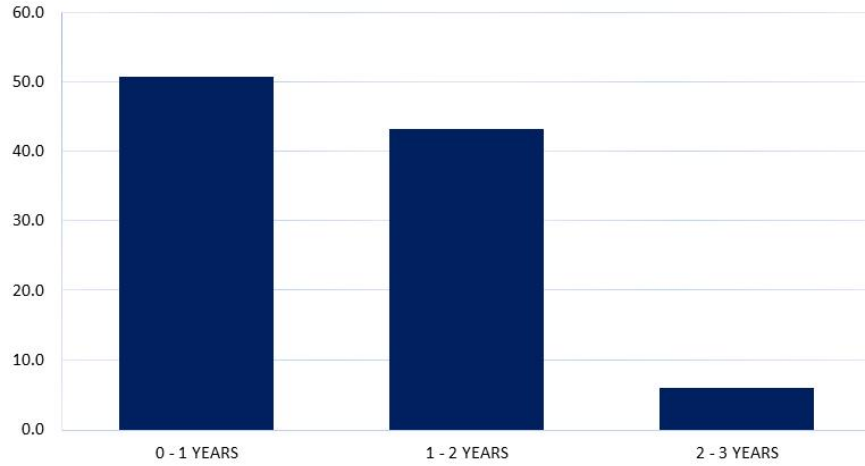


Top 10 Holdings

| Security Name | Ending Market Value | % of Portfolio |
|--------------------------------|---------------------|----------------|
| POOL 10 ST OPERATING | | |
| MASSACHUSETTS ST SCH BLDG AUTH | 23,116,405 | 7.65 |
| PORTLAND OR CMNTY CLG DIST | 12,907,975 | 4.27 |
| SAN ANTONIO TX | 12,433,957 | 4.12 |
| TEXAS ST | 11,528,293 | 3.82 |
| MULTNOMAH CNTY OR SCH DIST 1J | 10,924,410 | 3.62 |
| OHIO ST | 10,254,064 | 3.39 |
| BEAUFORT CNTY SC SCH DIST | 10,197,866 | 3.38 |
| ARIZONA ST TRANSPRTN BRD HIGHW | 9,336,868 | 3.09 |
| VIRGINIA ST PUBLIC BLDG AUTH P | 8,196,930 | 2.71 |
| ARIZONA ST WTR INFRASTRUCTURE | 8,115,198 | 2.69 |



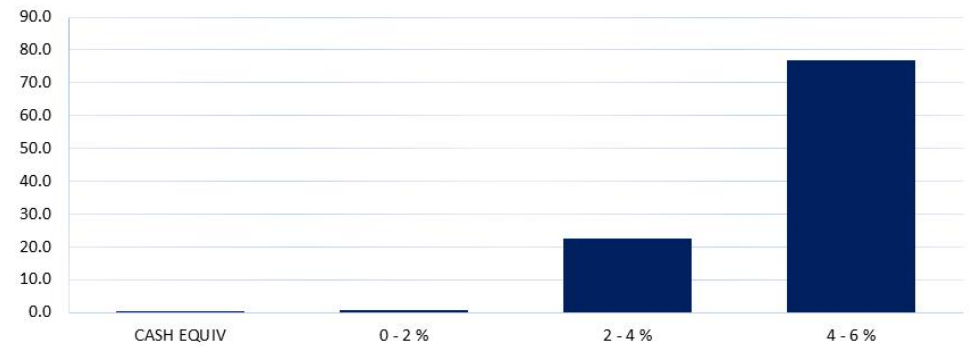
Duration Distribution



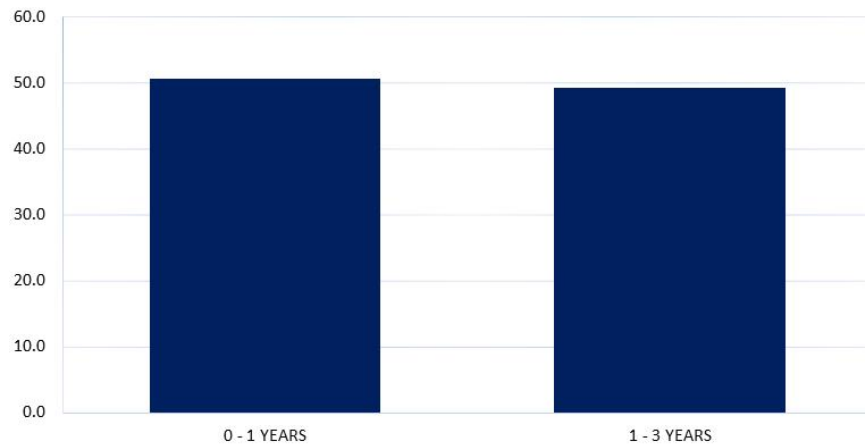
Portfolio Level Characteristics

| | POOL 10 ST OPERATING |
|--------------------------|----------------------|
| Weighted Average Life | 1.17 |
| Coupon | 4.65 |
| Effective Duration | 1.12 |
| Quality Rating (Moody's) | AA-1 |

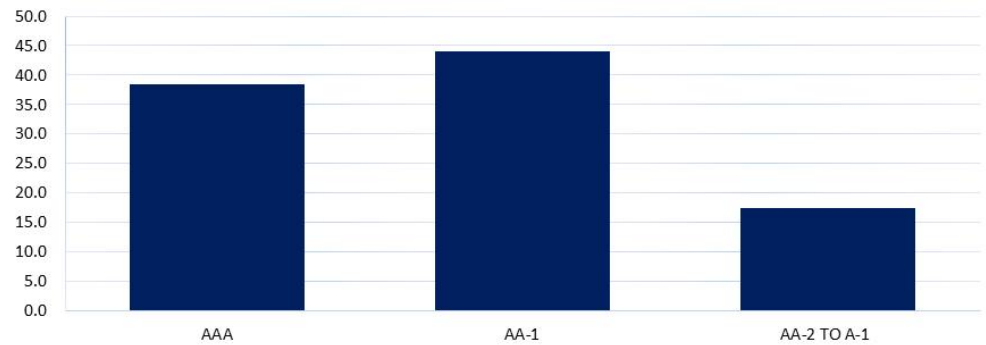
Coupon Distribution



Expected Maturity Distribution

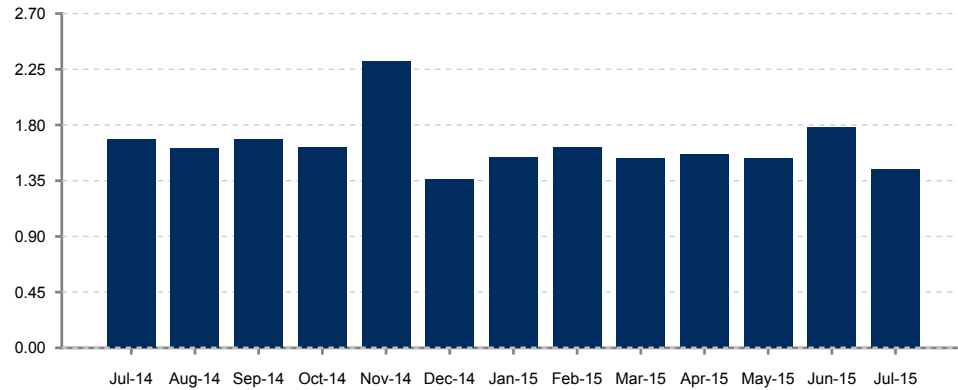


Rating Distribution





Net Yield

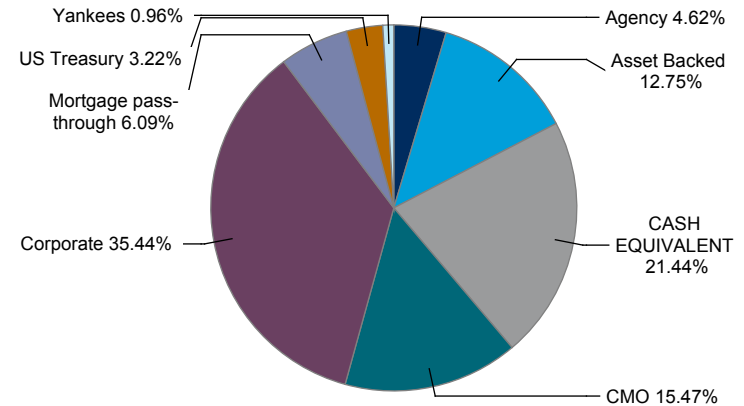


Current Mth **Prior Mth** **1 Year Ago**

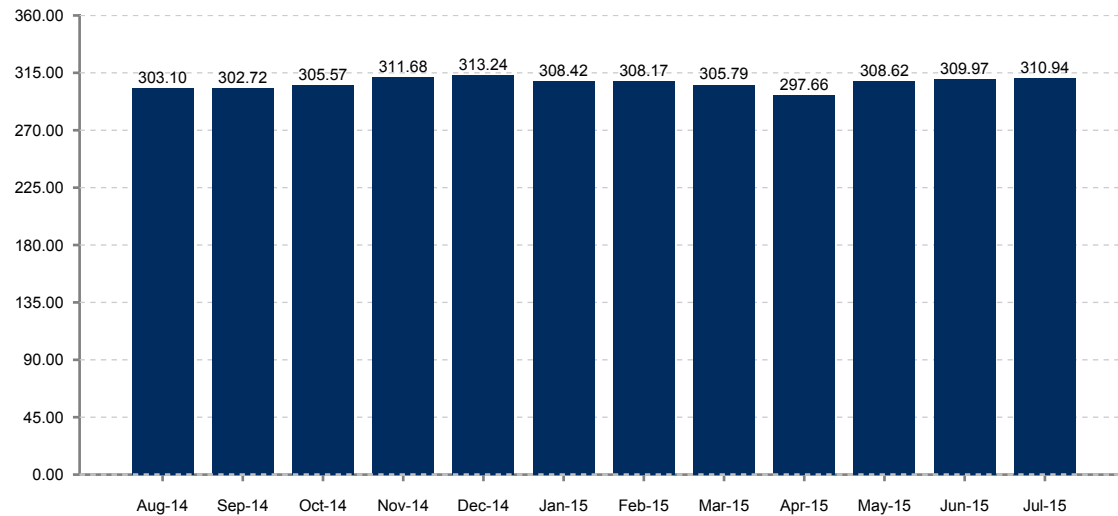
| | | | |
|-----------------------|------|------|------|
| POOL 12 CAWCD MED TRM | 1.44 | 1.78 | 1.68 |
|-----------------------|------|------|------|

Asset Allocation

| | Ending Market Value |
|-----------------------|---------------------|
| POOL 12 CAWCD MED TRM | 310,943,335 |



Net Asset Values over Time (\$MM)

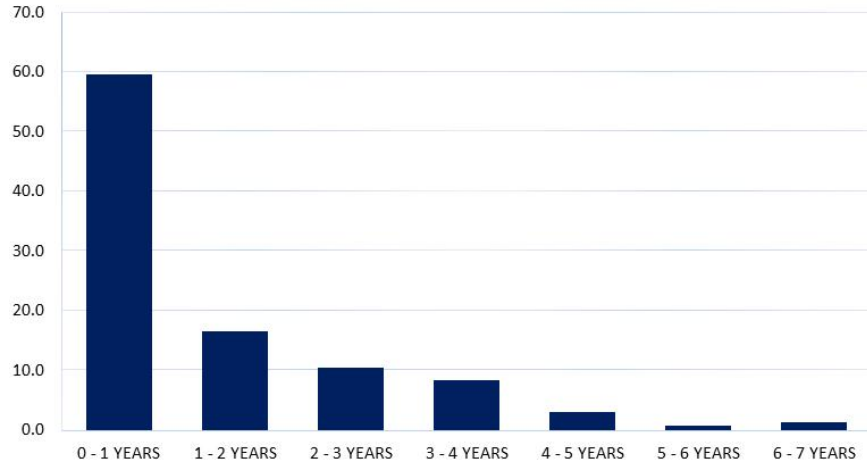


Top 10 Holdings

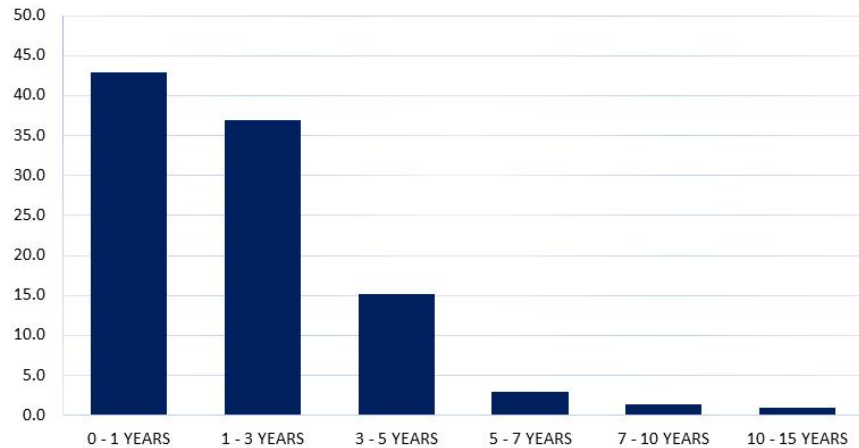
| Security Name | Ending Market Value | % of Portfolio |
|--------------------------|---------------------|----------------|
| POOL 12 CAWCD MED TRM | | |
| SUN TRUST ROBINSON REPO | 25,004,167 | 8.04 |
| AMHERST PIERPONT | 18,307,365 | 5.89 |
| FNMA POOL AV9175 | 6,765,617 | 2.18 |
| FANNIE MAE | 6,693,644 | 2.15 |
| FNMA POOL MA1763 | 5,818,050 | 1.87 |
| FANNIE MAE | 5,469,288 | 1.76 |
| FANNIE MAE | 5,167,383 | 1.66 |
| GOLDMAN SACHS GROUP INC | 5,047,201 | 1.62 |
| TOYOTA MOTOR CREDIT CORP | 5,032,115 | 1.62 |
| US TREASURY N/B | 5,016,280 | 1.61 |



Duration Distribution



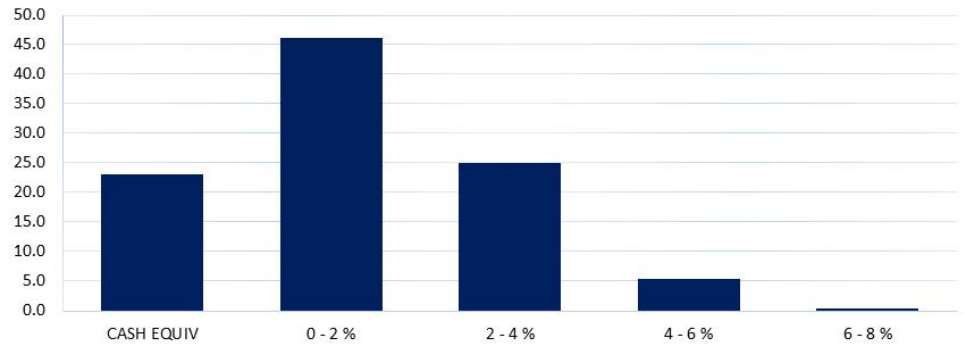
Expected Maturity Distribution



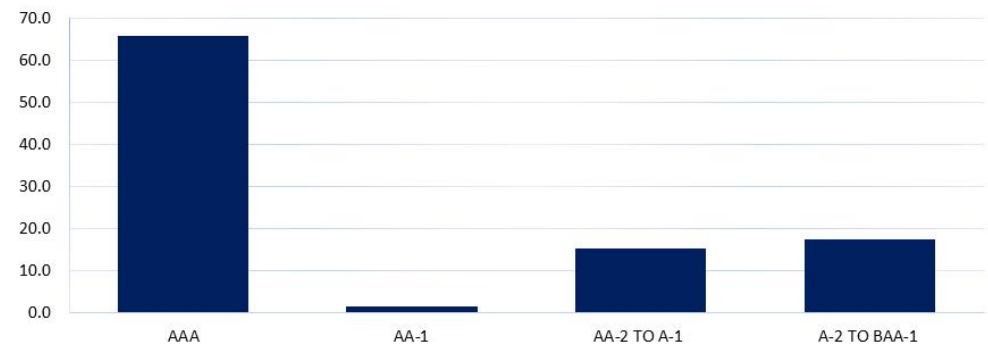
Portfolio Level Characteristics

| | POOL 12 CAWCD MED TRM |
|--------------------------|-----------------------|
| Weighted Average Life | 1.89 |
| Coupon | 1.90 |
| Effective Duration | 1.23 |
| Quality Rating (Moody's) | AA-1 |

Coupon Distribution

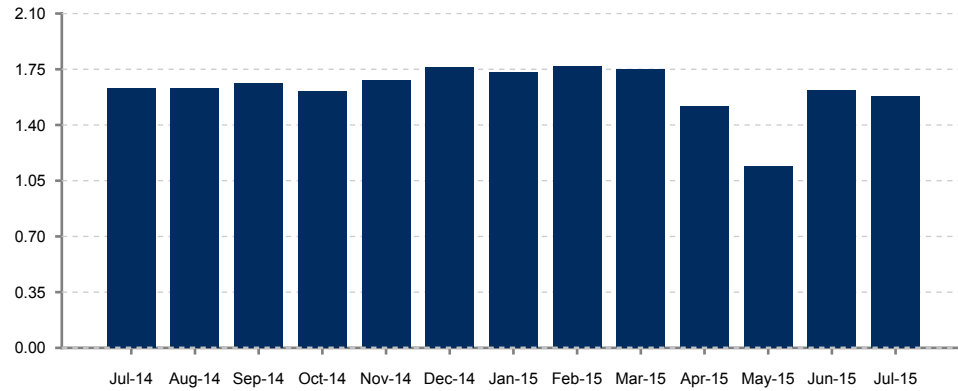


Rating Distribution





Net Yield

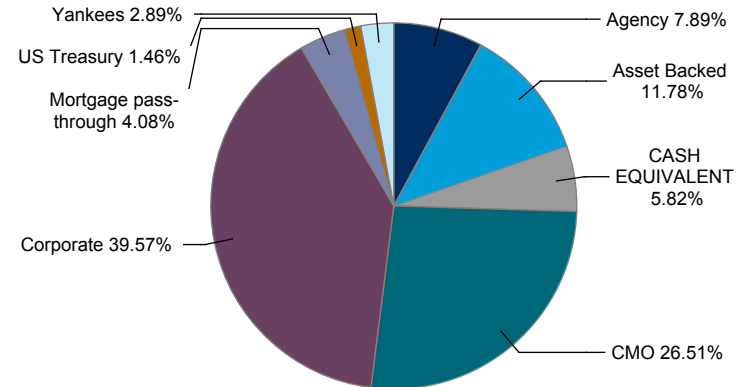


Current Mth **Prior Mth** **1 Year Ago**

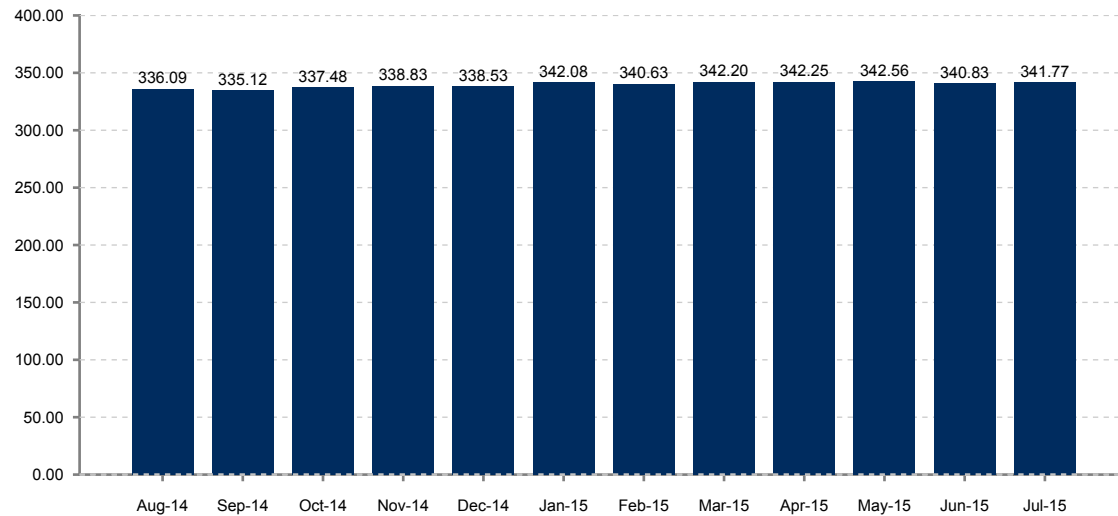
| | | | |
|---------------|------|------|------|
| POOL 16 ECDHB | 1.58 | 1.62 | 1.63 |
|---------------|------|------|------|

Asset Allocation

| | |
|----------------------------|-------------|
| Ending Market Value | |
| POOL 16 ECDHB | 341,765,851 |



Net Asset Values over Time (\$MM)

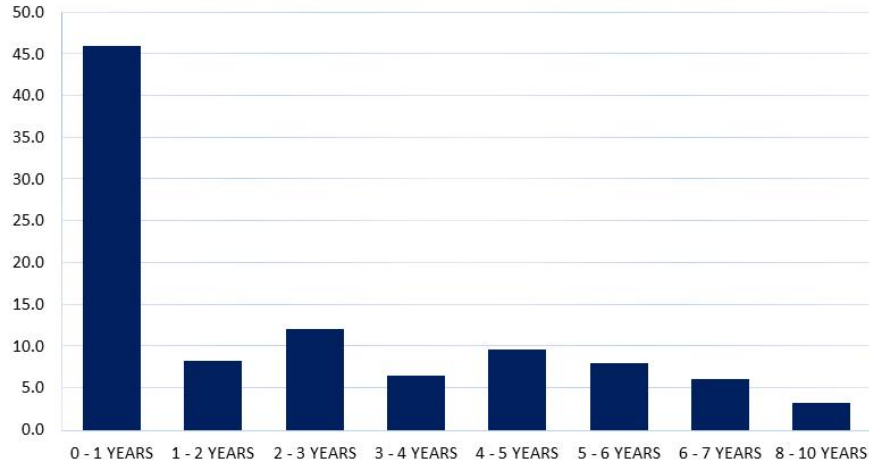


Top 10 Holdings

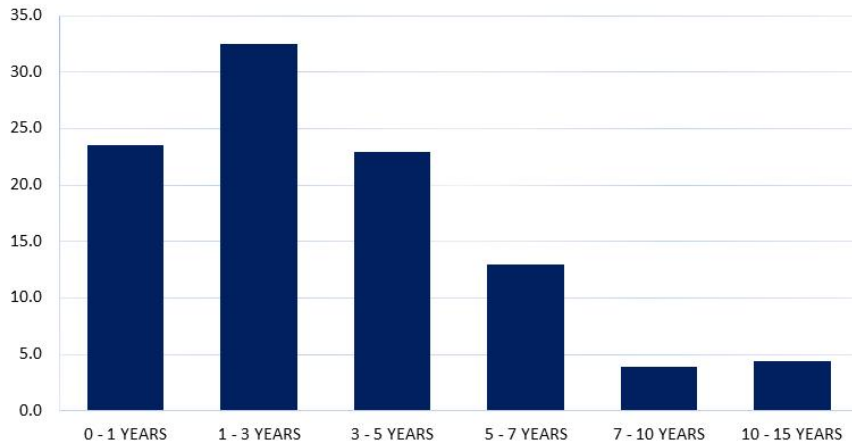
| Security Name | Ending Market Value | % of Portfolio |
|--------------------------------|---------------------|----------------|
| POOL 16 ECDHB | | |
| DAIWA CAPITAL MARKETS REPO | 18,000,110 | 5.27 |
| FREDDIEMAC STRIP | 8,329,989 | 2.44 |
| FREDDIE MAC | 8,196,118 | 2.40 |
| NATIONAL CITY BANK | 6,973,668 | 2.04 |
| FANNIE MAE | 6,513,866 | 1.91 |
| CNH EQUIPMENT TRUST | 5,998,547 | 1.76 |
| FREDDIE MAC | 5,540,992 | 1.62 |
| FREDDIE MAC | 5,251,623 | 1.54 |
| GOVERNMENT NATIONAL MORTGAGE A | 5,250,013 | 1.54 |
| FREDDIE MAC | 5,218,415 | 1.53 |



Duration Distribution



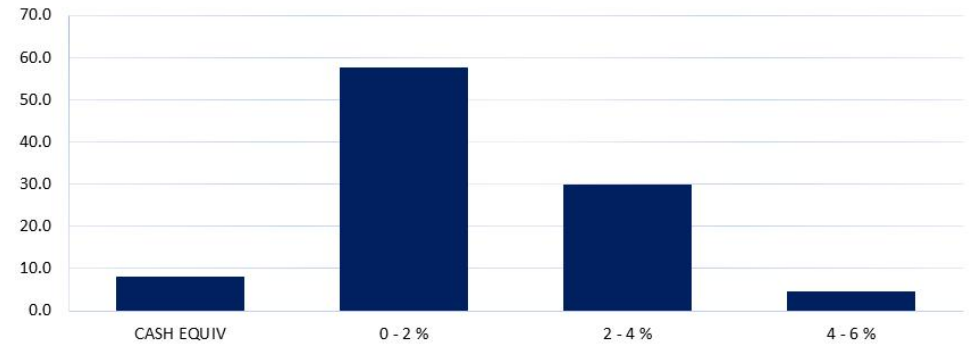
Expected Maturity Distribution



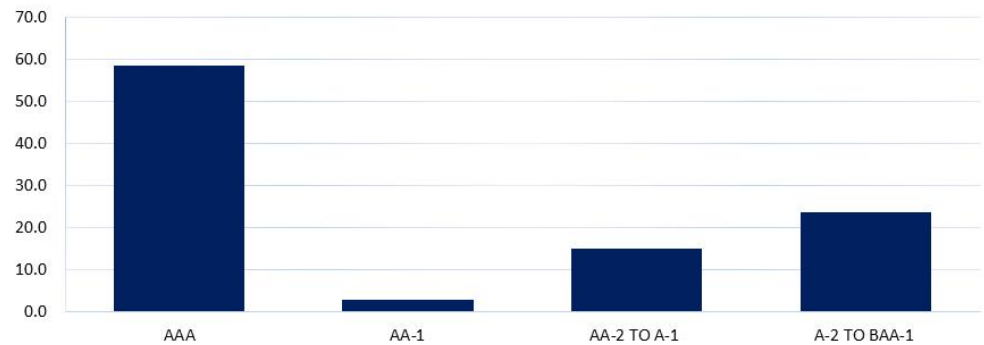
Portfolio Level Characteristics

| | POOL 16 ECDHB |
|--------------------------|---------------|
| Weighted Average Life | 3.33 |
| Coupon | 1.99 |
| Effective Duration | 2.40 |
| Quality Rating (Moody's) | AA-2 |

Coupon Distribution



Rating Distribution



**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 JULY 2015**

NET EARNINGS

| FUND | DESCRIPTION | Current Month 07/31/15 | Prior Month 06/30/15 | Prior Year 07/31/14 | Net Asset Value Per Share |
|-------------|----------------------------------|---------------------------------------|-------------------------------------|------------------------------------|--|
| 5 | LGIP | 124,098 | 148,991 | 73,587 | 1.0000 |
| 7 | LGIP - GOV | 75,796 | 81,086 | 41,584 | 1.0000 |
| | TOTAL LGIP & LGIP-GOV | 199,894 | 230,077 | 115,171 | |

YIELDS

MONTHLY

| | Current Month 07/31/15 | Prior Month 06/30/15 | Prior Year 7/31/14 |
|--------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| 5 LGIP (NET) | 0.13% | 0.14% | 0.07% |
| S & P LGIP INDEX | 0.07% | 0.06% | 0.05% |
| 7 LGIP - GOV (NET) | 0.09% | 0.09% | 0.05% |
| 3 MONTH T-BILL | 0.02% | 0.01% | 0.02% |

YEAR TO DATE

| | | | |
|--------------------|-------|-------|-------|
| 5 LGIP (NET) | 0.13% | 0.12% | 0.07% |
| S & P LGIP INDEX | 0.07% | 0.05% | 0.05% |
| 7 LGIP - GOV (NET) | 0.09% | 0.07% | 0.05% |
| 3 MONTH T-BILL | 0.02% | 0.01% | 0.02% |

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

**LGIP & LGIP- GOV MEDIUM TERM POOLS
PORTFOLIO YIELD ANALYSIS
JULY 2015**

NET EARNINGS

| FUND | DESCRIPTION | Current Month 07/31/15 | Prior Month 06/30/15 | Prior Year 07/31/14 | Net Asset Value Per Share |
|------|-------------------------------------|------------------------------|----------------------------|---------------------------|---------------------------------|
| 500 | LGIP - MED TERM POOL | 236,813 | 229,810 | 256,133 | 1.0331 |
| 700 | LGIP - FF&C MED TERM POOL | 93,657 | 79,019 | 127,094 | 1.0094 |
| | TOTAL LGIP MEDIUM TERM POOLS | 330,469 | 308,829 | 383,227 | |

YIELDS

MONTHLY

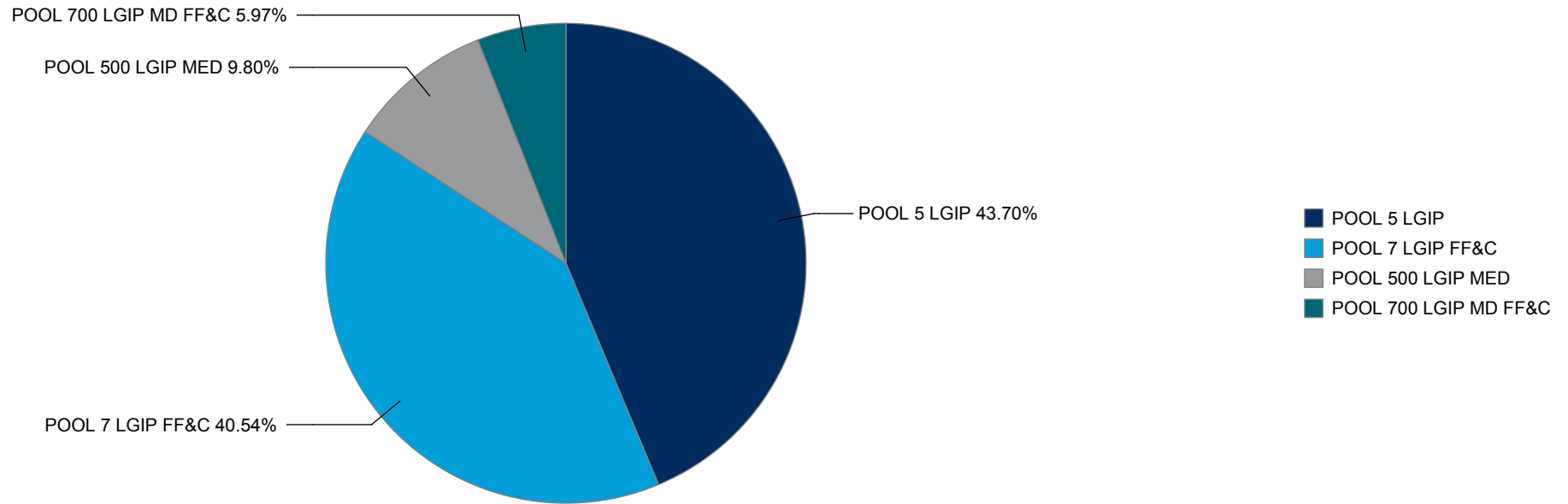
| | Current Month 07/31/15 | Prior Month 06/30/15 | Prior Year 7/31/14 |
|---|------------------------------|----------------------------|--------------------------|
| 500 LGIP - MED TERM (NET) | 1.17% | 1.11% | 1.19% |
| MERRILL 1-5 US D M INDEX | 1.42% | 1.38% | 1.32% |
| 700 LGIP - FF&C MED TERM (NET) | 0.76% | 0.66% | 0.93% |
| 75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL US GNMA MORTGAGE BACKED INDEX | 1.36% | 1.39% | 1.40% |

YEAR TO DATE

| | | | |
|---|-------|-------|-------|
| 500 LGIP - MED TERM (NET) | 1.17% | 1.07% | 1.19% |
| MERRILL 1-5 US D M INDEX | 1.42% | 1.34% | 1.32% |
| 700 LGIP - FF&C MED TERM (NET) | 0.76% | 0.88% | 0.93% |
| 75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL US GNMA MORTGAGE BACKED INDEX | 1.36% | 1.29% | 1.40% |



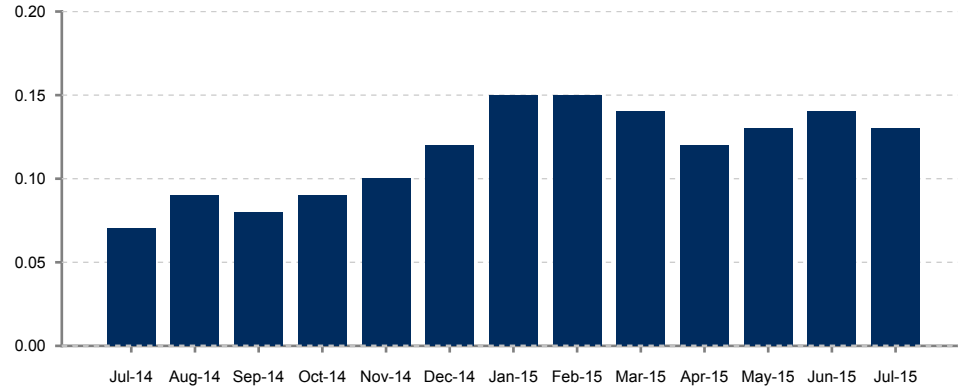
Manager Allocation



| | Market Value | % of Portfolio |
|-----------------------|---------------|----------------|
| POOL 5 LGIP | 1,070,621,563 | 43.7 |
| POOL 7 LGIP FF&C | 993,246,352 | 40.5 |
| POOL 500 LGIP MED | 239,990,920 | 9.8 |
| POOL 700 LGIP MD FF&C | 146,153,041 | 6.0 |
| TOTAL LGIP | 2,450,011,876 | 100.0 |



Net Yield



Current Mth **Prior Mth** **1 Year Ago**

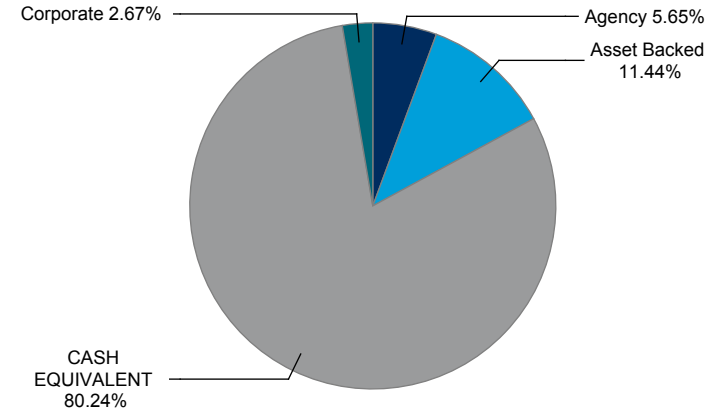
| | | | |
|-------------|------|------|------|
| POOL 5 LGIP | 0.13 | 0.14 | 0.07 |
|-------------|------|------|------|

Asset Allocation

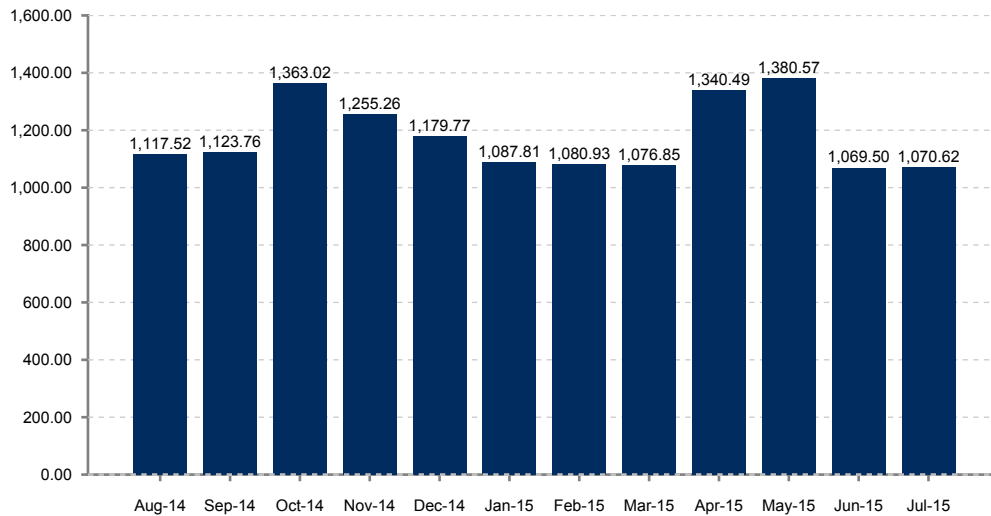
POOL 5 LGIP

Ending Market Value

1,070,621,563



Net Asset Values over Time (\$MM)

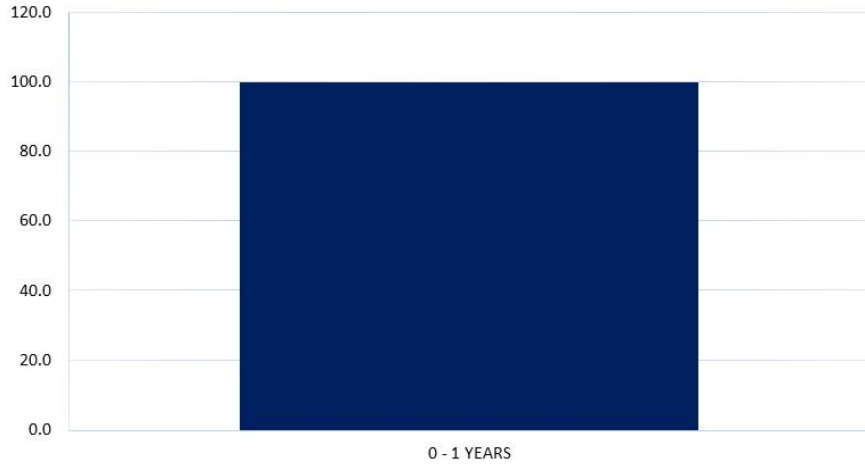


Top 10 Holdings

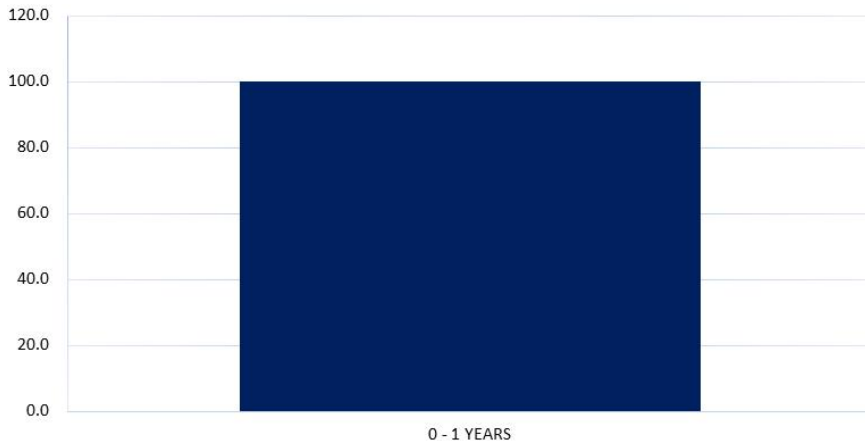
| Security Name | Ending Market Value | % of Portfolio |
|---------------------------|---------------------|----------------|
| POOL 5 LGIP | | |
| WELLS FARGO REPO | 150,001,167 | 14.01 |
| BANK OF AMERICA REPO | 80,626,580 | 7.53 |
| MIZUHO BANK LTD | 30,002,328 | 2.80 |
| CEDAR SPRING CPTL CO | 29,999,550 | 2.80 |
| INTERCONTINENTAL EXCHANGE | 29,999,400 | 2.80 |
| CAN AST & CAN LTD JT | 29,998,300 | 2.80 |
| ING (US) FUNDING LLC | 29,997,571 | 2.80 |
| ABBEY NATIONAL NA LL | 29,995,450 | 2.80 |
| INSTITUTIONAL SECURED | 29,985,333 | 2.80 |
| SUMITOMO MTSU BKG CORP | 29,979,933 | 2.80 |



Duration Distribution



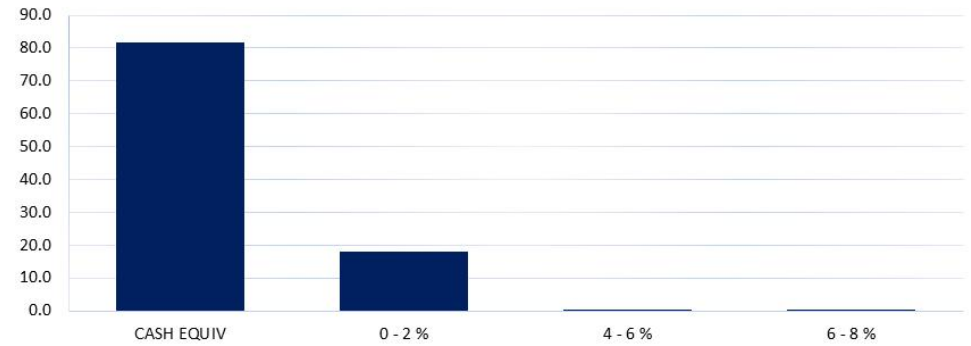
Expected Maturity Distribution



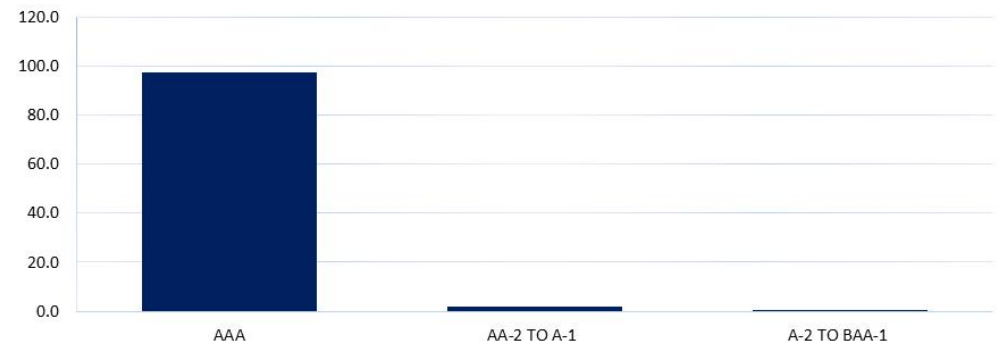
Portfolio Level Characteristics

| | POOL 5 LGIP |
|--------------------------|-------------|
| Weighted Average Life | 0.16 |
| Coupon | 0.14 |
| Effective Duration | 0.15 |
| Quality Rating (Moody's) | AAA |

Coupon Distribution

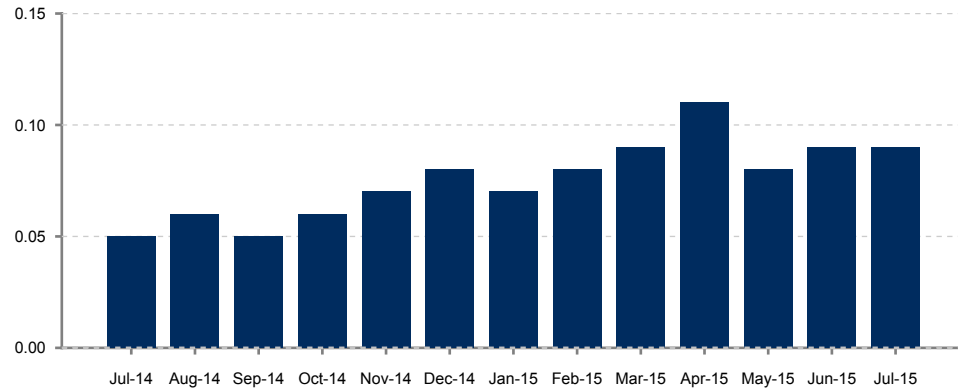


Rating Distribution





Net Yield

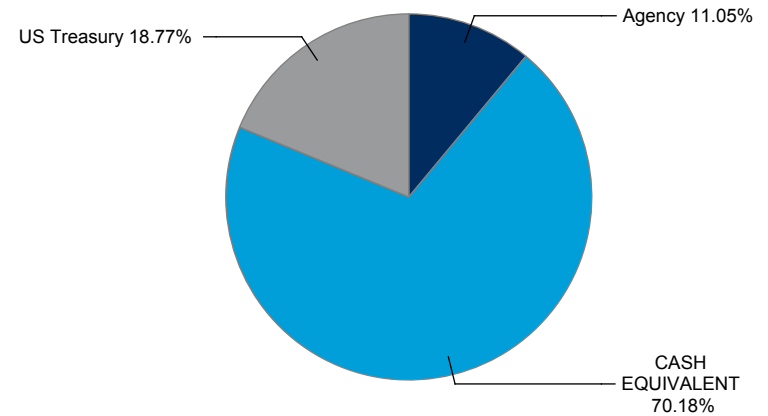


Current Mth **Prior Mth** **1 Year Ago**

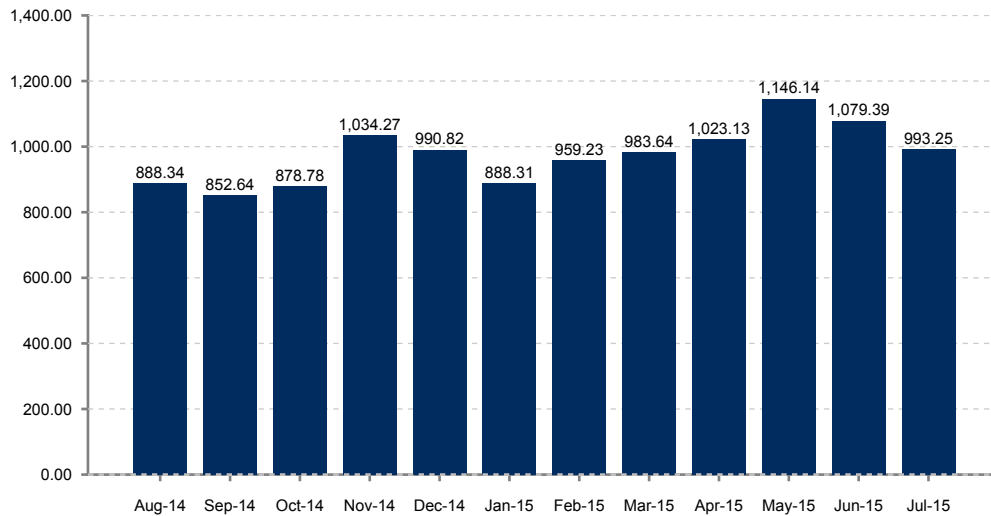
| | | | |
|------------------|------|------|------|
| POOL 7 LGIP FF&C | 0.09 | 0.09 | 0.05 |
|------------------|------|------|------|

Asset Allocation

| | |
|------------------|----------------------------|
| | Ending Market Value |
| POOL 7 LGIP FF&C | 993,246,352 |



Net Asset Values over Time (\$MM)

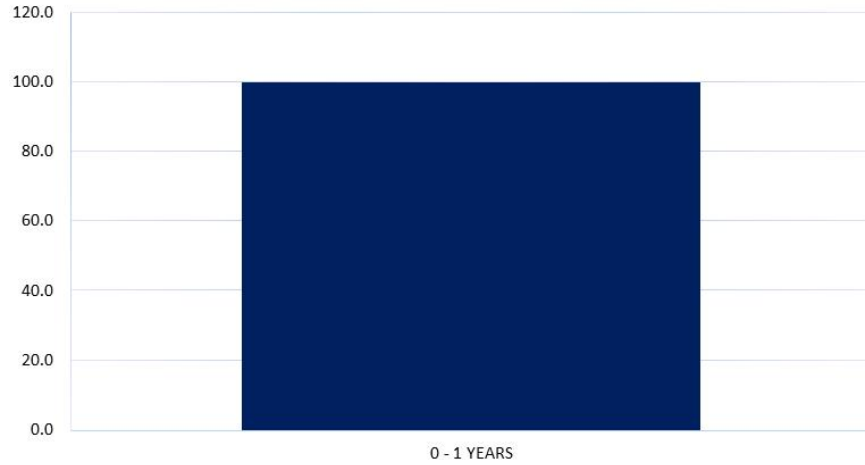


Top 10 Holdings

| Security Name | Ending Market Value | % of Portfolio |
|--------------------------------|---------------------|----------------|
| POOL 7 LGIP FF&C | | |
| WELLS FARGO REPO | 150,001,167 | 15.10 |
| SOUTH STREET REPO | 150,001,042 | 15.10 |
| GUGGENHEIM SECURITIES REPO | 100,009,028 | 10.07 |
| ALLIANCE BANK OF ARIZONA MONEY | 68,324,908 | 6.88 |
| GUGGENHEIM SECURITIES REPO | 50,000,347 | 5.03 |
| DAIWA CAPITAL MARKETS REPO | 44,132,415 | 4.44 |
| TREASURY BILL | 40,017,554 | 4.03 |
| US TREASURY FRN | 40,008,213 | 4.03 |
| TREASURY BILL | 34,998,753 | 3.52 |
| TREASURY BILL | 29,994,588 | 3.02 |



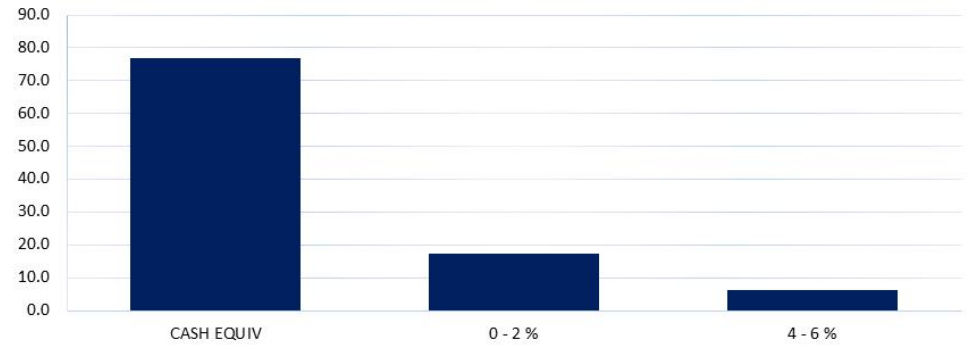
Duration Distribution



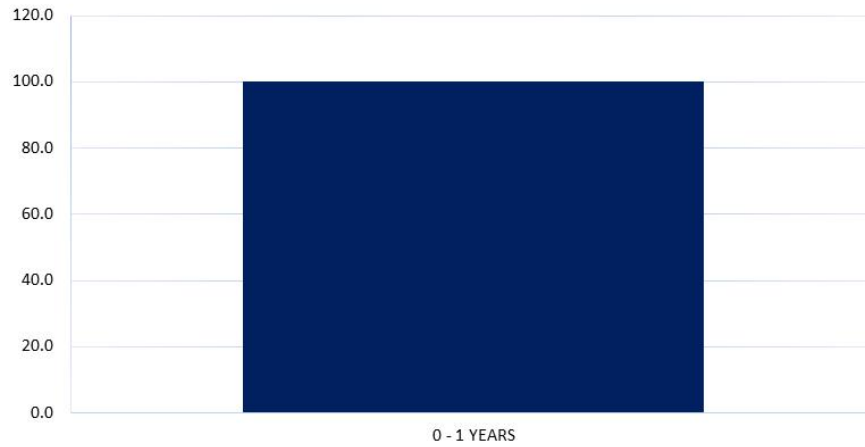
Portfolio Level Characteristics

| | POOL 7 LGIP FF&C |
|--------------------------|------------------|
| Weighted Average Life | 0.16 |
| Coupon | 0.78 |
| Effective Duration | 0.08 |
| Quality Rating (Moody's) | AAA |

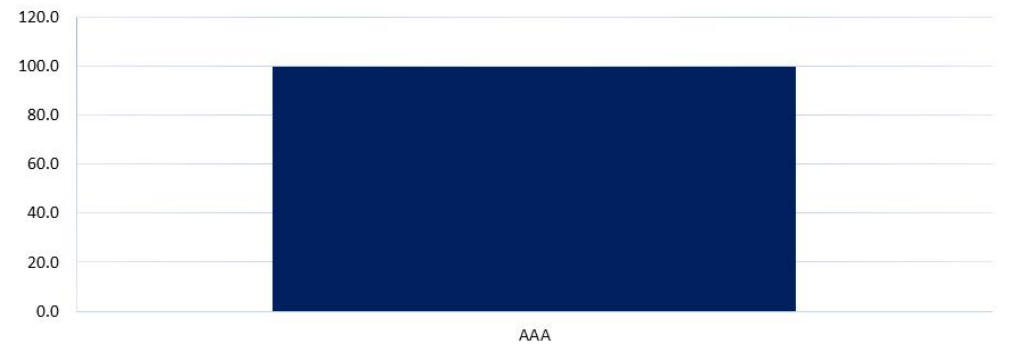
Coupon Distribution



Expected Maturity Distribution

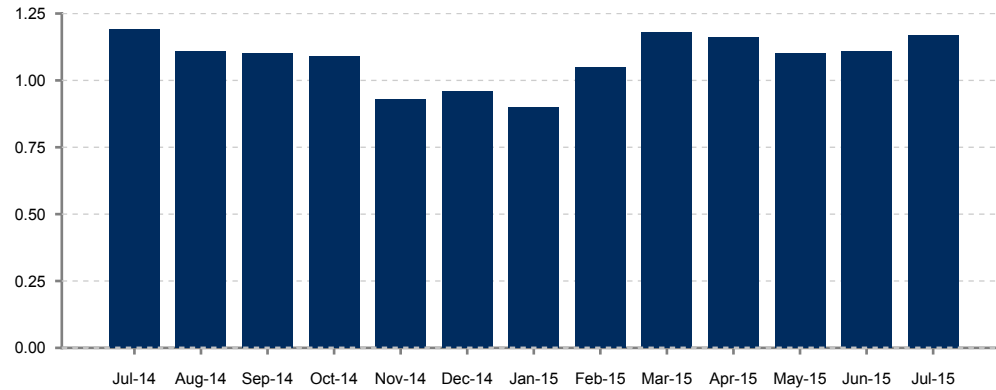


Rating Distribution





Net Yield

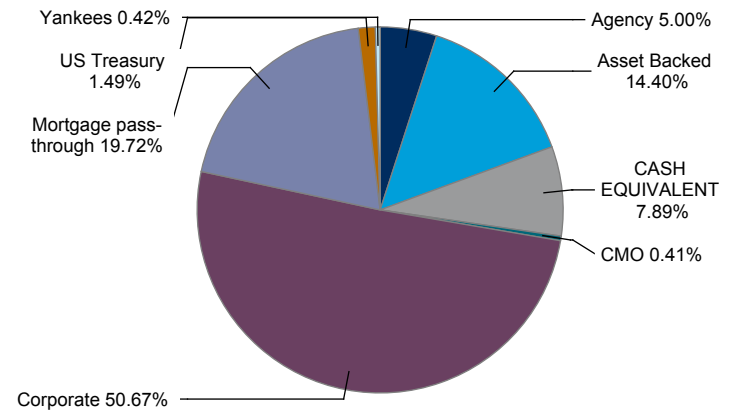


Current Mth **Prior Mth** **1 Year Ago**

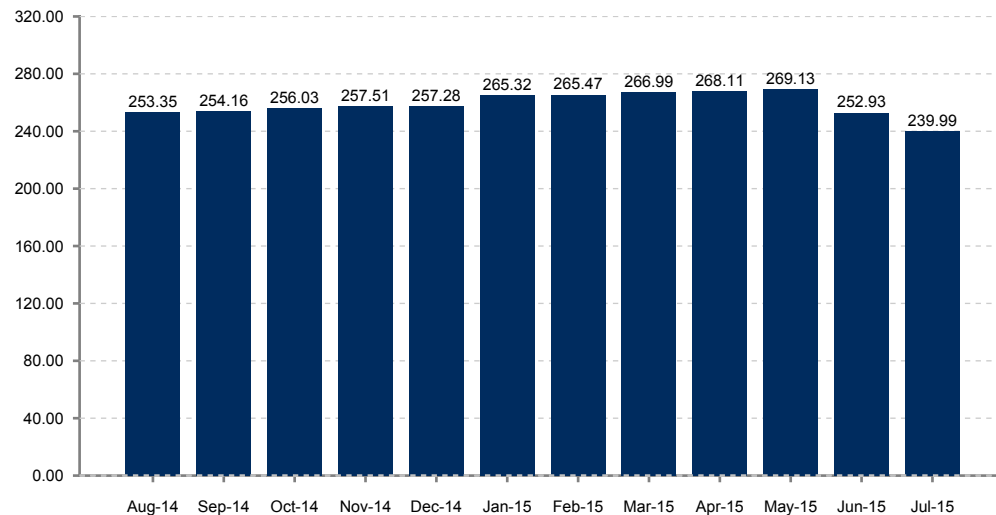
| | | | |
|-------------------|------|------|------|
| POOL 500 LGIP MED | 1.17 | 1.11 | 1.19 |
|-------------------|------|------|------|

Asset Allocation

| | Ending Market Value |
|-------------------|---------------------|
| POOL 500 LGIP MED | 239,990,920 |



Net Asset Values over Time (\$MM)

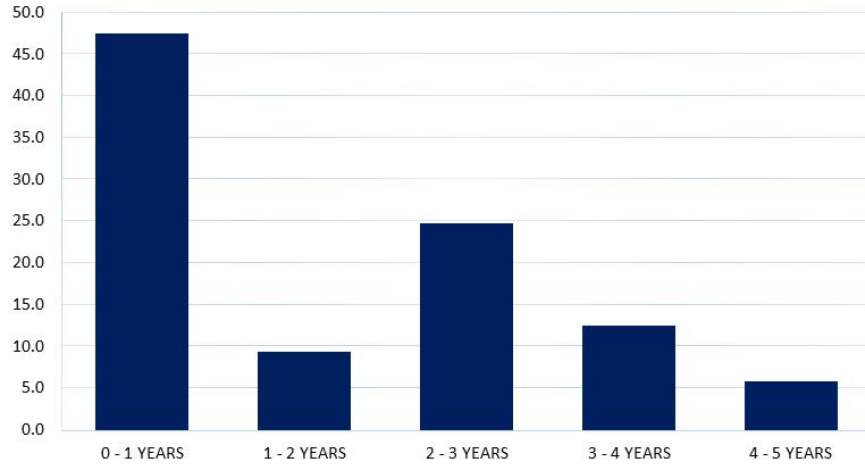


Top 10 Holdings

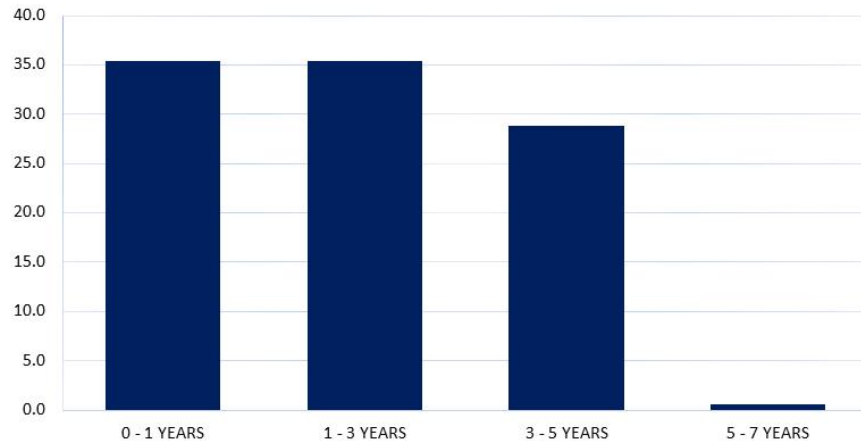
| Security Name | Ending Market Value | % of Portfolio |
|-----------------------------|---------------------|----------------|
| POOL 500 LGIP MED | | |
| DAIWA CAPITAL MARKETS REPO | 13,626,395 | 5.68 |
| FNMA POOL AB5991 | 9,854,051 | 4.11 |
| VOLKSWAGEN AUTO LEASE TRUST | 6,000,820 | 2.50 |
| MERCK + CO INC | 5,482,661 | 2.28 |
| FNMA POOL AE7578 | 5,355,800 | 2.23 |
| MICROSOFT CORP | 5,049,474 | 2.10 |
| CHEVRON CORP | 5,021,791 | 2.09 |
| FEDERAL HOME LOAN BANK | 5,017,048 | 2.09 |
| ELI LILLY + CO | 5,015,768 | 2.09 |
| GOLDMAN SACHS GROUP INC | 5,011,761 | 2.09 |



Duration Distribution



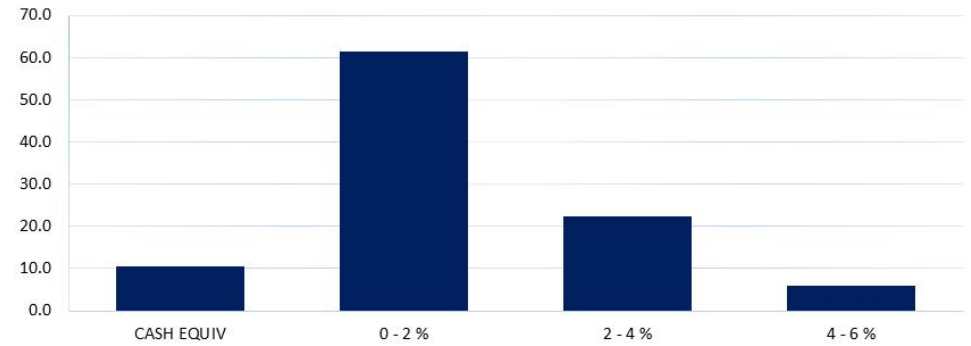
Expected Maturity Distribution



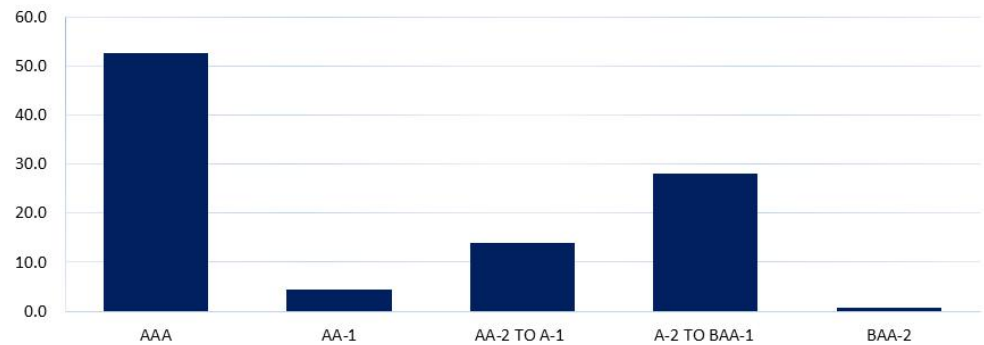
Portfolio Level Characteristics

| | POOL 500 LGIP MED |
|--------------------------|-------------------|
| Weighted Average Life | 2.19 |
| Coupon | 1.77 |
| Effective Duration | 1.57 |
| Quality Rating (Moody's) | AA-2 |

Coupon Distribution

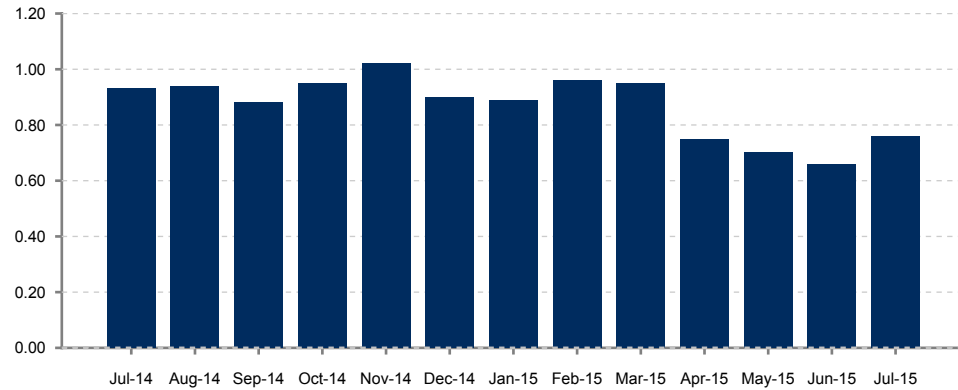


Rating Distribution





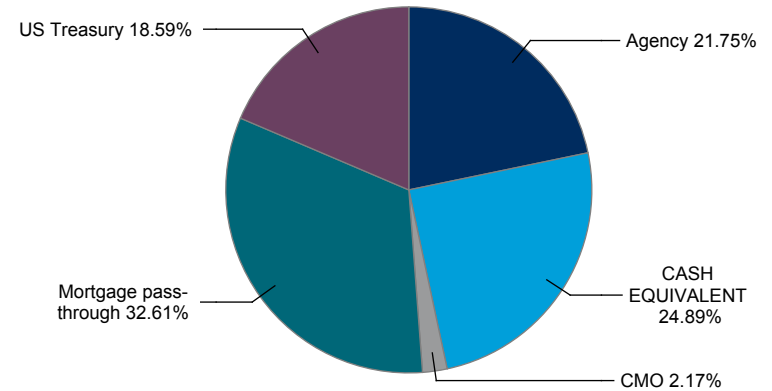
Net Yield



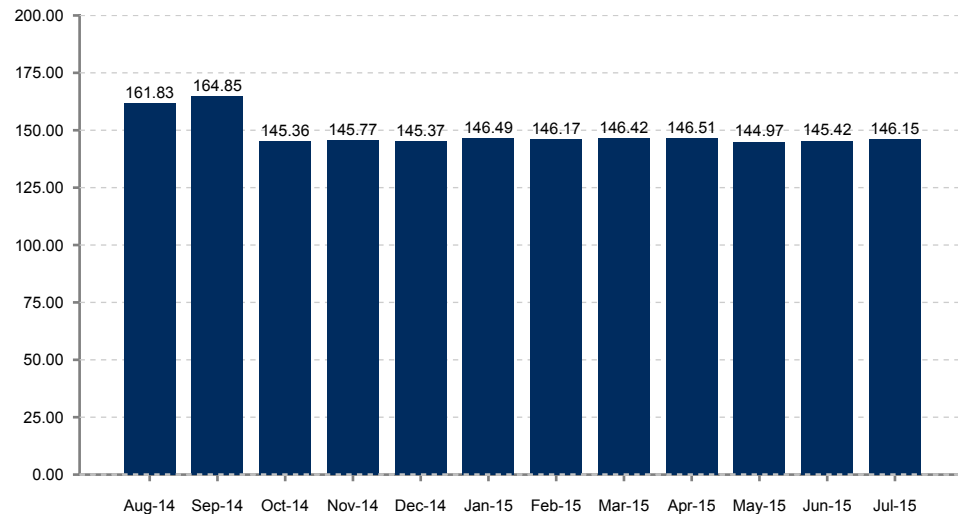
| | Current Mth | Prior Mth | 1 Year Ago |
|-----------------------|-------------|-----------|------------|
| POOL 700 LGIP MD FF&C | 0.76 | 0.66 | 0.93 |

Asset Allocation

| | Ending Market Value |
|-----------------------|---------------------|
| POOL 700 LGIP MD FF&C | 146,153,041 |



Net Asset Values over Time (\$MM)

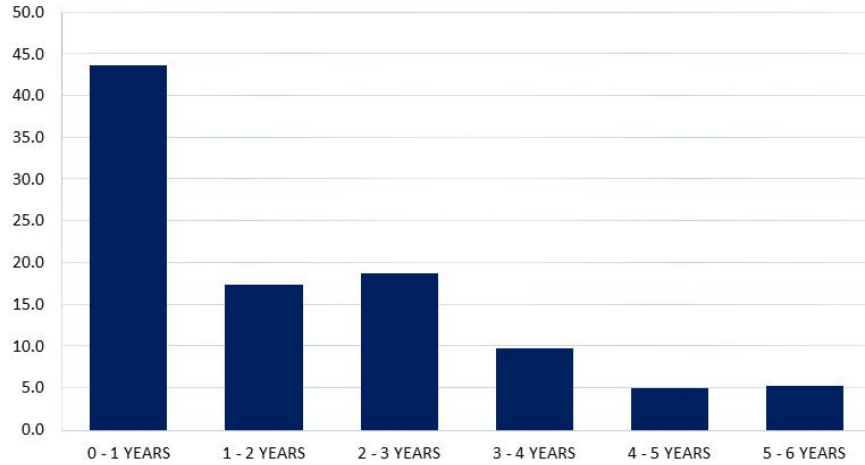


Top 10 Holdings

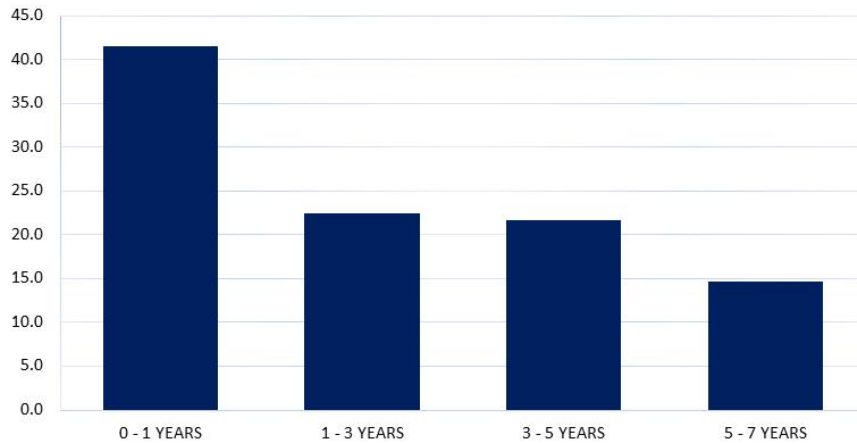
| Security Name | Ending Market Value | % of Portfolio |
|----------------------------|---------------------|----------------|
| POOL 700 LGIP MD FF&C | | |
| BANK OF AMERICA REPO | 19,000,063 | 13.00 |
| FDIC US BANK CDARS ACCOUNT | 15,182,519 | 10.39 |
| HOUSING URBAN DEVELOPMNT | 9,194,850 | 6.29 |
| GNMA II POOL MA0213 | 6,182,451 | 4.23 |
| US TREASURY N/B | 5,202,227 | 3.56 |
| US TREASURY N/B | 5,008,307 | 3.43 |
| AID ISRAEL | 4,952,610 | 3.39 |
| GNMA II POOL 004849 | 4,084,594 | 2.79 |
| AID EGYPT | 3,752,667 | 2.57 |
| GNMA POOL 775134 | 3,392,311 | 2.32 |



Duration Distribution



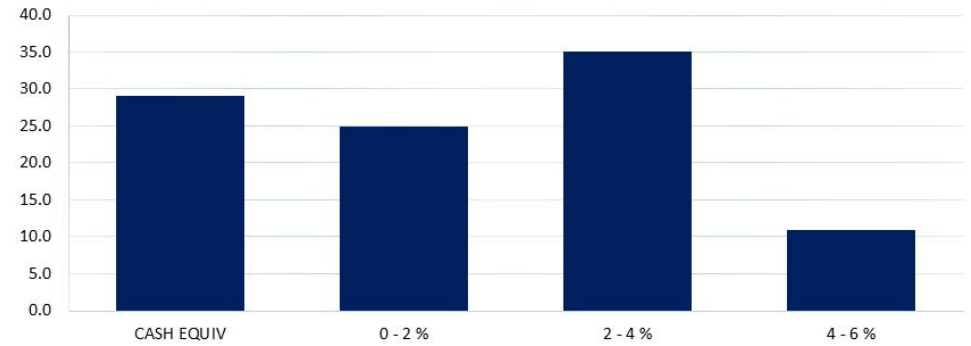
Expected Maturity Distribution



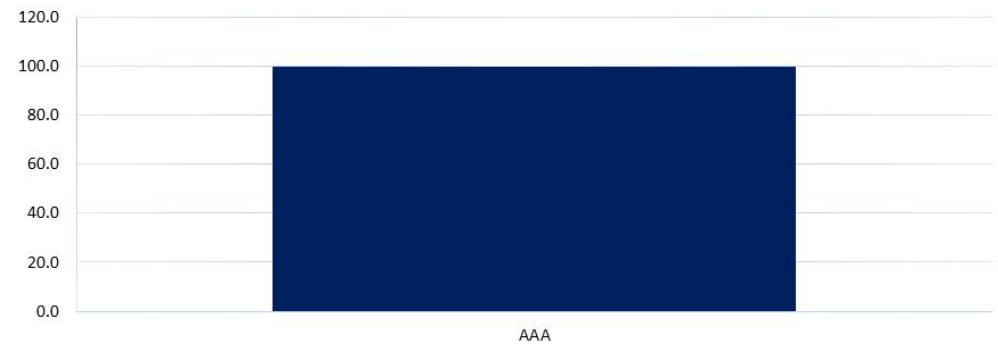
Portfolio Level Characteristics

| | POOL 700 LGIP MD FF&C |
|--------------------------|-----------------------|
| Weighted Average Life | 2.04 |
| Coupon | 2.34 |
| Effective Duration | 1.62 |
| Quality Rating (Moody's) | AAA |

Coupon Distribution



Rating Distribution



**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
JULY 2015**

Distributed in Current Month

| Recipient | JULY 2015 | Fiscal YTD 15/16 | Fiscal YTD 14/15 |
|--------------------------------------|--------------------|-----------------------------|-----------------------------|
| 101 A & M Colleges | \$20,991 | \$20,991 | \$18,997 |
| 102 State Hospital | \$13,015 | \$13,015 | \$11,534 |
| 103 Leg., Exec., & Jud. | \$17,116 | \$17,116 | \$15,436 |
| 104 Military Institute | \$1,166 | \$1,166 | \$1,065 |
| 105 Miners Hospital | \$39,311 | \$39,311 | \$32,415 |
| 107 Normal School ASU/NAU | \$7,749 | \$7,749 | \$6,839 |
| 108 Penitentiaries | \$27,365 | \$27,365 | \$23,538 |
| 109 Permanent Common School | \$7,265,434 | \$7,265,434 | \$6,332,035 |
| 110 School for Deaf & Blind | \$10,929 | \$10,929 | \$9,692 |
| 111 School of Mines | \$23,731 | \$23,731 | \$21,500 |
| 112 State Charitable-Pioneers Home | \$115,161 | \$115,161 | \$103,941 |
| 112 State Charitable-Corrections | \$57,581 | \$57,581 | \$51,970 |
| 112 State Charitable-Youth Treatment | \$57,581 | \$57,581 | \$51,970 |
| 113 University Fund | \$40,307 | \$40,307 | \$35,752 |
| 114 U of A Land - 1881 | \$116,795 | \$116,795 | \$94,102 |
| Total | \$7,814,230 | \$7,814,230 | \$6,810,786 |

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

| Endowment Fund | Jul-15 NET GAIN(LOSS) | Jul-14 NET GAIN(LOSS) |
|-----------------------|----------------------------------|----------------------------------|
| Fixed Income Pool | 403,779 | (334,714) |
| 500 Large-Cap Fund | 2,819,344 | 3,400,509 |
| 400 Mid-Cap Fund | 3,361,366 | 3,164,147 |
| 600 Small-Cap Fund | 8,729,237 | 2,339,650 |
| Totals | 15,313,725 | 8,569,593 |

| Endowment Fund | 2015/2016 FISCAL YEAR TO DATE GAINS(LOSSES) | 2014/ 2015 FISCAL YEAR TO DATE GAINS(LOSSES) |
|-----------------------|--|---|
| Fixed Income Pool | 403,779 | (334,714) |
| 500 Large-Cap Fund | 2,819,344 | 3,400,509 |
| 400 Mid-Cap Fund | 3,361,366 | 3,164,147 |
| 600 Small-Cap Fund | 8,729,237 | 2,339,650 |
| Totals | 15,313,725 | 8,569,593 |

**ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
JULY 2015**

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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> |
|-----------------------------|-------------|-----------------|-----------------------|----------------------|--------------------------|--------------|-------------------------------------|
| 3M COMPANY | 6.38 | 2/15/2028 | NA | \$10,000,000 | \$13,057,650 | 3.60% | Aa3/AA- |
| CABELA'S MT | 0.86 | 7/17/2023 | 5.00 | \$7,000,000 | \$7,000,000 | 0.86% | NR/AAA |
| CABELA'S MT | 2.25 | 7/17/2023 | 5.00 | \$4,500,000 | \$4,498,209 | 2.25% | NR/AAA |
| COMM MTG | 1.33 | 2/10/2047 | 1.59 | \$3,067,876 | \$3,069,551 | 1.32% | Aaa/NR |
| DAIMLER FIN. | 1.01 | 8/3/2017 | NA | \$5,000,000 | \$5,000,000 | 1.01% | A3/A- |
| GNMA | 5.00 | 9/20/2041 | 4.19 | \$5,000,000 | \$5,516,493 | 2.37% | Aaa/AA+ |
| GNMA | 5.50 | 6/20/2040 | 4.44 | \$5,985,678 | \$6,680,183 | 2.56% | Aaa/AA+ |
| IBM | 6.50 | 1/15/2028 | NA | \$10,000,000 | \$12,661,306 | 3.83% | Aa3/AA- |
| ROCHE HOLDINGS | 3.35 | 9/30/2024 | NA | \$5,000,000 | \$5,102,529 | 3.23% | A1/AA |
| US Treasury | 6.13 | 8/15/2029 | NA | \$5,000,000 | \$7,294,675 | 2.46% | Aaa/AA+ |
| US Treasury | 6.75 | 8/15/2026 | NA | \$5,000,000 | \$7,232,629 | 2.41% | Aaa/AA+ |
| US Treasury | 6.13 | 11/15/2027 | NA | \$5,000,000 | \$6,942,756 | 2.53% | Aaa/AA+ |

TOTAL ENDOWMENT FUNDS PURCHASES

\$70,553,554

\$84,055,981

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> |
|-----------------------------|-------------|-----------------|----------------------|------------------------------------|---------------------------------|-------------------------------------|
| EMERSON ELECTRIC | 5.00 | 4/15/2019 | \$2,500,000 | \$2,797,775 | 272,209 | A2/A |
| FAMCA | 2.00 | 7/27/2016 | \$8,000,000 | \$8,201,067 | 129,402 | Aaa/AA+ |
| FFCB | 4.88 | 12/21/2026 | \$5,000,000 | \$5,898,888 | 153,253 | Aaa/AA+ |
| FFCB | 5.30 | 1/25/2027 | \$5,000,000 | \$6,106,339 | 96,490 | Aaa/AA+ |
| US Treasury | 6.13 | 11/15/2027 | \$5,000,000 | \$7,078,337 | 128,984 | Aaa/AA+ |
| US Treasury | 0.50 | 11/30/2016 | \$5,000,000 | \$5,004,753 | 8,364 | Aaa/AA+ |
| US Treasury | 0.25 | 8/15/2015 | \$5,000,000 | \$5,005,985 | 759 | Aaa/AA+ |
| US Treasury | 0.25 | 8/15/2015 | \$5,000,000 | \$5,005,985 | 759 | Aaa/AA+ |

TOTAL ENDOWMENT FUNDS SALES

\$40,500,000

\$45,099,127

\$790,219

*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
JULY 2015**

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I. Equity Fund Purchases

| | <u>SHARES</u> | <u>PURCHASE COST</u> | <u>COMMISSIONS</u> |
|-------------------------------|------------------|----------------------|--------------------|
| 400 Mid-Cap Fund | 483,279 | \$28,816,856 | \$2,270 |
| 500 Large-Cap Fund | 123,141 | \$17,718,617 | \$735 |
| 600 Small-Cap Fund | 653,343 | \$16,180,027 | \$4,128 |
| TOTAL EQUITY PURCHASES | 1,259,763 | \$62,715,499 | \$7,133 |

II. Equity Funds Sales

| | <u>SHARES</u> | <u>SALES AMOUNT</u> | <u>COMMISSIONS</u> |
|---------------------------|------------------|---------------------|--------------------|
| 400 Mid-Cap Fund | 399,874 | \$19,785,605 | \$2,195 |
| 500 Large-Cap Fund | 152,751 | \$9,170,983 | \$781 |
| 600 Small-Cap Fund | 522,932 | \$19,247,711 | \$2,775 |
| TOTAL EQUITY SALES | 1,075,557 | \$48,204,299 | \$5,751 |

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**

JULY 31, 2015
(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> | 485 | 3,413 | 8,101 | 4,687 | |
| | <i>Shares in Fixed Income Pools</i> | 4,386 | 3,068 | 4,695 | 1,627 | |
| | Total | 4,871 | 6,481 | 12,796 | 6,315 | 1.974 |
| 102 | State Hospital | | | | | |
| | <i>Shares in Equity Pools</i> | 323 | 2,354 | 5,392 | 3,038 | |
| | <i>Shares in Fixed Income Pools</i> | 2,808 | 2,091 | 3,007 | 916 | |
| | Total | 3,131 | 4,445 | 8,399 | 3,954 | 1.889 |
| 103 | Leg., Exec, & Jud | | | | | |
| | <i>Shares in Equity Pools</i> | 391 | 2,936 | 6,521 | 3,585 | |
| | <i>Shares in Fixed Income Pools</i> | 3,754 | 2,627 | 4,019 | 1,392 | |
| | Total | 4,145 | 5,564 | 10,540 | 4,976 | 1.894 |
| 104 | Military Institute | | | | | |
| | <i>Shares in Equity Pools</i> | 25 | 185 | 425 | 240 | |
| | <i>Shares in Fixed Income Pools</i> | 251 | 166 | 268 | 102 | |
| | Total | 276 | 352 | 693 | 341 | 1.970 |
| 105 | Miners Hospital | | | | | |
| | <i>Shares in Equity Pools</i> | 1,114 | 9,866 | 18,595 | 8,729 | |
| | <i>Shares in Fixed Income Pools</i> | 9,815 | 8,370 | 10,507 | 2,137 | |
| | Total | 10,929 | 18,236 | 29,102 | 10,866 | 1.596 |
| 107 | Normal School ASU/NAU | | | | | |
| | <i>Shares in Equity Pools</i> | 197 | 1,564 | 3,288 | 1,724 | |
| | <i>Shares in Fixed Income Pools</i> | 1,807 | 1,363 | 1,934 | 571 | |
| | Total | 2,004 | 2,927 | 5,222 | 2,295 | 1.784 |
| 108 | Penitentiaries | | | | | |
| | <i>Shares in Equity Pools</i> | 728 | 5,925 | 12,152 | 6,227 | |
| | <i>Shares in Fixed Income Pools</i> | 6,602 | 5,259 | 7,068 | 1,809 | |
| | Total | 7,330 | 11,184 | 19,220 | 8,036 | 1.718 |

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**

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JULY 31, 2015

(In Thousands)

| 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> | 184,401 | 1,468,774 | 3,078,579 | 1,609,805 | |
| <i>Shares in Fixed Income Pools</i> | 1,651,325 | 1,313,341 | 1,767,794 | 454,453 | |
| Total | 1,835,726 | 2,782,115 | 4,846,373 | 2,064,258 | 1.742 |
| 110 School for Deaf & Blind | | | | | |
| <i>Shares in Equity Pools</i> | 257 | 1,931 | 4,291 | 2,360 | |
| <i>Shares in Fixed Income Pools</i> | 2,402 | 1,715 | 2,572 | 857 | |
| Total | 2,660 | 3,646 | 6,863 | 3,217 | 1.882 |
| 111 School of Mines | | | | | |
| <i>Shares in Equity Pools</i> | 544 | 4,071 | 9,076 | 5,005 | |
| <i>Shares in Fixed Income Pools</i> | 5,040 | 3,662 | 5,395 | 1,734 | |
| Total | 5,583 | 7,732 | 14,471 | 6,739 | 1.872 |
| 112 State Charitable | | | | | |
| <i>Shares in Equity Pools</i> | 5,497 | 41,408 | 91,765 | 50,358 | |
| <i>Shares in Fixed Income Pools</i> | 48,313 | 37,647 | 51,720 | 14,073 | |
| Total | 53,809 | 79,055 | 143,486 | 64,431 | 1.815 |
| 113 University Fund | | | | | |
| <i>Shares in Equity Pools</i> | 987 | 7,811 | 16,484 | 8,672 | |
| <i>Shares in Fixed Income Pools</i> | 9,158 | 6,840 | 9,804 | 2,964 | |
| Total | 10,146 | 14,651 | 26,288 | 11,637 | 1.794 |
| 114 U Of A Land - 1881 | | | | | |
| <i>Shares in Equity Pools</i> | 3,394 | 31,140 | 56,663 | 25,523 | |
| <i>Shares in Fixed Income Pools</i> | 31,124 | 25,932 | 33,319 | 7,387 | |
| Total | 34,518 | 57,071 | 89,982 | 32,910 | 1.577 |
| TOTALS - ALL FUNDS | | | | | |
| <i>Shares in Equity Pools</i> | 198,343 | 1,581,379 | 3,311,332 | 1,729,953 | |
| <i>Shares in Fixed Income Pools</i> | 1,776,785 | 1,412,081 | 1,902,103 | 490,022 | |
| Grand Total | 1,975,127 | 2,993,460 | 5,213,435 | 2,219,975 | |
| PRIOR YEAR: | | | | | |
| JULY 2014 BALANCES | 1,952,925 | 2,926,381 | 4,779,924 | 1,853,544 | |

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
JULY 31, 2015**

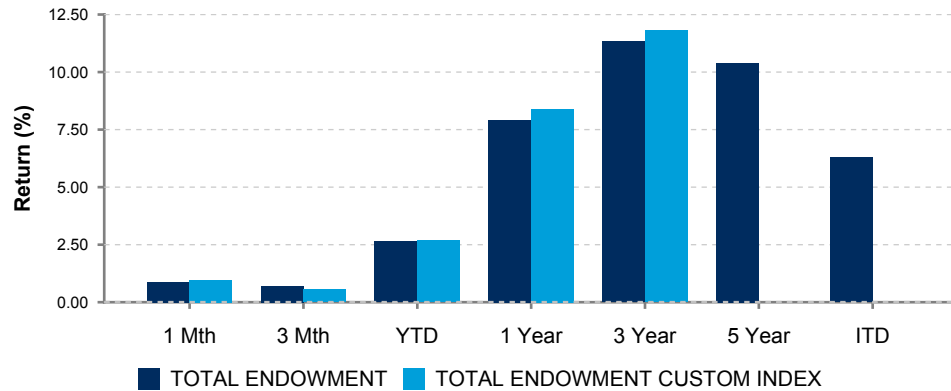
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ASSET ALLOCATION PERCENTAGE

| | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | JULY 2014 MARKET VALUE |
|-------------------------------------|-----------------------|----------------|-----------------|---------------------------|
| <i>Shares in Equity Pools</i> | 10.04% | 52.83% | 63.52% | 61.59% |
| <i>Shares in Fixed Income Pools</i> | 89.96% | 47.17% | 36.48% | 38.41% |
| | ----- | ----- | ----- | ----- |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |
| | ===== | ===== | ===== | ===== |



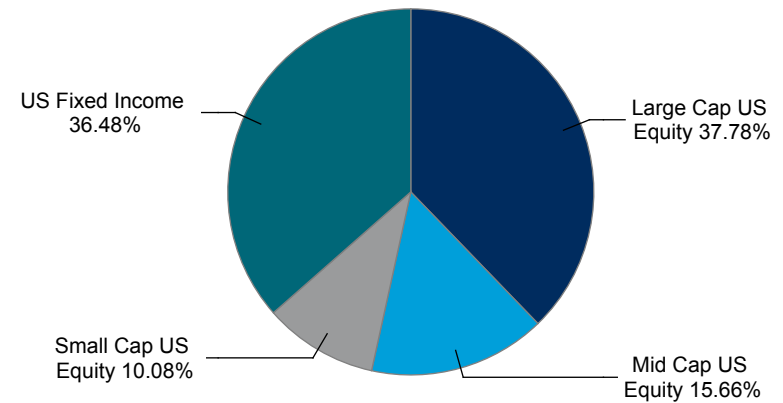
Performance



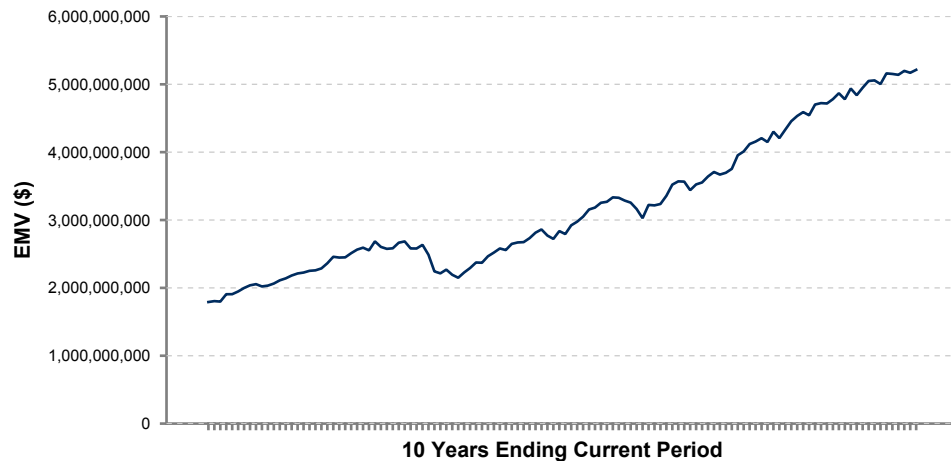
| | 1 Mth | 3 Mth | YTD | 1 Year | 3 Year | 5 Year | ITD | Incept Date |
|------------------------------|-------|-------|-------|--------|--------|--------|------|-------------|
| TOTAL ENDOWMENT | 0.88 | 0.71 | 2.63 | 7.92 | 11.33 | 10.40 | 6.30 | 07/99 |
| TOTAL ENDOWMENT CUSTOM INDEX | 0.96 | 0.56 | 2.68 | 8.40 | 11.81 | | | 07/99 |
| Excess | -0.09 | 0.15 | -0.05 | -0.48 | -0.48 | | | |

Asset Allocation

| | Ending Market Value |
|-----------------|---------------------|
| TOTAL ENDOWMENT | 5,213,434,981 |



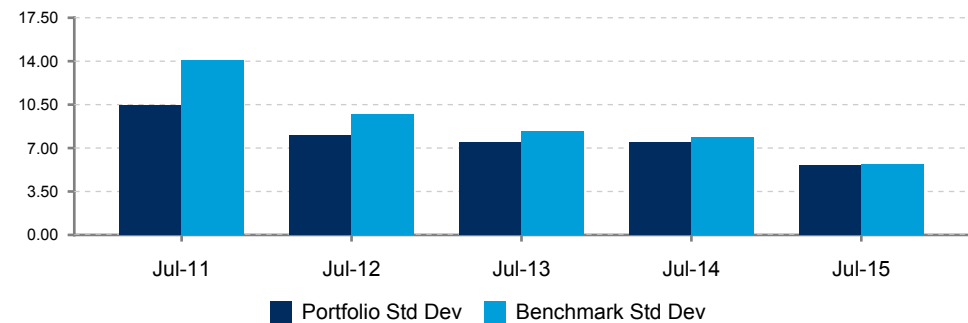
Ending Market Value



— TOTAL ENDOWMENT

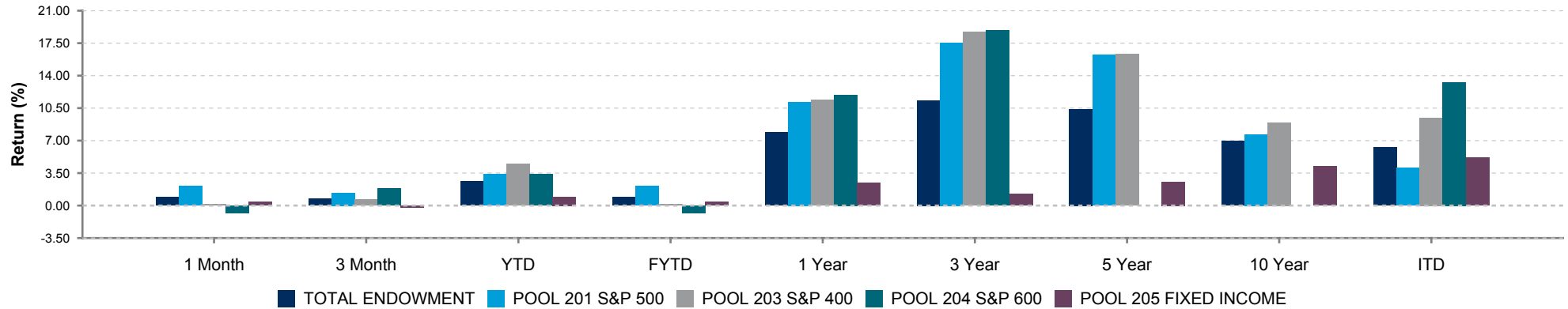
3 Year Risk Statistics

| | Return | Portfolio Std Dev | Benchmark Std Dev | Sharpe Ratio | Beta | Tracking Error | Information Ratio |
|-----------------|--------|-------------------|-------------------|--------------|------|----------------|-------------------|
| TOTAL ENDOWMENT | 11.33 | 5.63 | 5.72 | 2.00 | 0.98 | 0.32 | -1.52 |





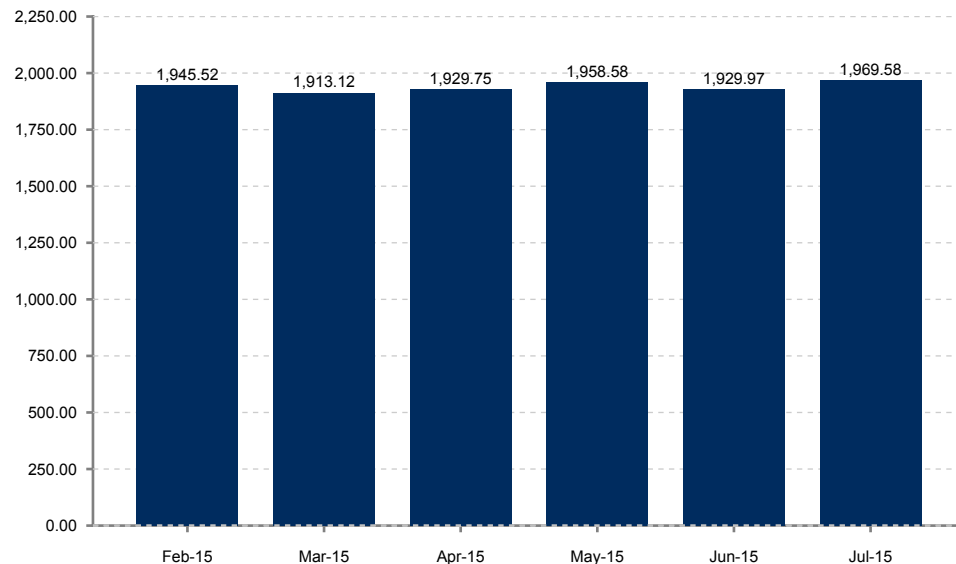
Return Comparison



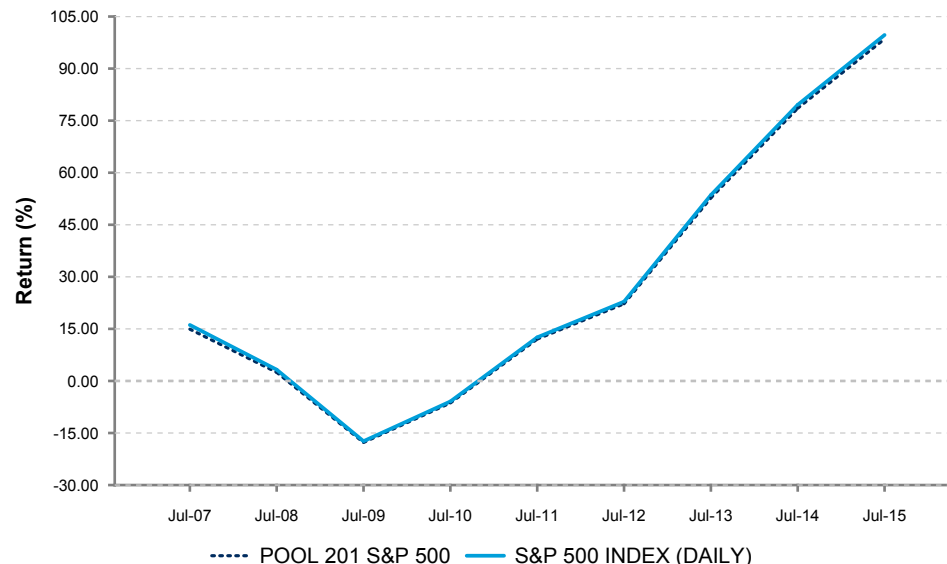
| | Market Value | Actual Weight | 1 Mth | 3 Mth | YTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year | ITD | Inc Date |
|------------------------------|---------------|---------------|-------|-------|-------|-------|--------|--------|--------|---------|-------|-----------|
| TOTAL ENDOWMENT | 5,213,434,981 | 100.00 | 0.88 | 0.71 | 2.63 | 0.88 | 7.92 | 11.33 | 10.40 | 6.97 | 6.30 | Jul-01-99 |
| TOTAL ENDOWMENT CUSTOM INDEX | | | 0.96 | 0.56 | 2.68 | 0.96 | 8.40 | 11.81 | | | | Jul-01-99 |
| Excess | | | -0.09 | 0.15 | -0.05 | -0.09 | -0.48 | -0.48 | | | | |
| POOL 201 S&P 500 | 1,969,576,503 | 37.78 | 2.08 | 1.38 | 3.35 | 2.08 | 11.17 | 17.55 | 16.21 | 7.67 | 4.08 | Jul-01-99 |
| S&P 500 INDEX (DAILY) | | | 2.10 | 1.41 | 3.35 | 2.10 | 11.21 | 17.58 | 16.24 | 7.72 | 4.65 | Jul-01-99 |
| Excess | | | -0.01 | -0.02 | -0.00 | -0.01 | -0.04 | -0.03 | -0.03 | -0.06 | -0.57 | |
| POOL 203 S&P 400 | 816,438,309 | 15.66 | 0.17 | 0.64 | 4.48 | 0.17 | 11.39 | 18.68 | 16.35 | 8.95 | 9.47 | Aug-01-01 |
| S&P 400 MIDCAP INDEX (DAILY) | | | 0.14 | 0.57 | 4.34 | 0.14 | 11.30 | 18.67 | 16.29 | 9.20 | 9.48 | Aug-01-01 |
| Excess | | | 0.03 | 0.06 | 0.14 | 0.03 | 0.09 | 0.01 | 0.06 | -0.25 | -0.01 | |
| POOL 204 S&P 600 | 525,317,531 | 10.08 | -0.79 | 1.81 | 3.37 | -0.79 | 11.94 | 18.86 | | | 13.30 | Mar-01-11 |
| S&P SM 600 TR | | | -0.85 | 1.71 | 3.28 | -0.85 | 11.97 | 18.78 | | | 13.27 | Mar-01-11 |
| Excess | | | 0.06 | 0.10 | 0.09 | 0.06 | -0.03 | 0.09 | | | 0.03 | |
| POOL 205 FIXED INCOME | 1,902,102,639 | 36.48 | 0.42 | -0.24 | 0.94 | 0.42 | 2.43 | 1.22 | 2.56 | 4.22 | 5.14 | Jul-01-99 |
| CITIGROUP BIG (DAILY) | | | 0.65 | -0.69 | 0.59 | 0.65 | 2.79 | 1.58 | 3.23 | 4.69 | 5.45 | Jul-01-99 |
| Excess | | | -0.23 | 0.45 | 0.35 | -0.23 | -0.36 | -0.36 | -0.68 | -0.47 | -0.31 | |



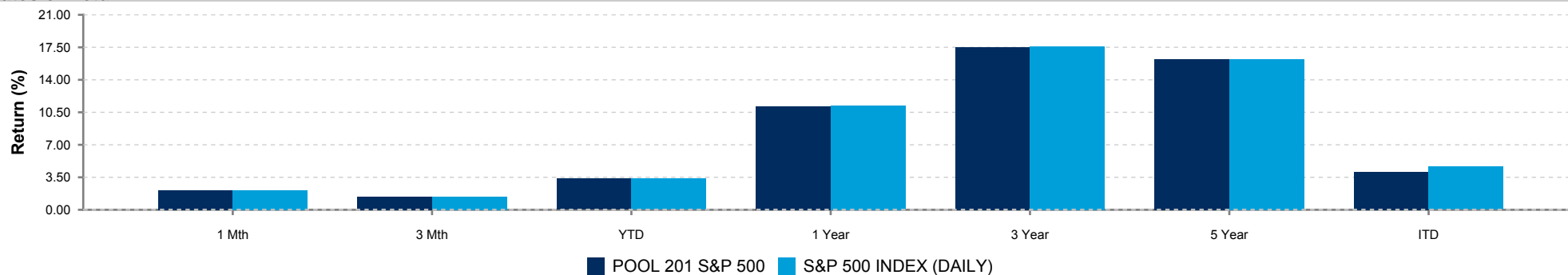
Net Asset Values over Time (\$MM)



Cumulative Return (%)



Rates of Return



| | 1 Mth | 3 Mth | YTD | 1 Year | 3 Year | 5 Year | ITD | Jul 31 2015 | Jul 31 2014 | Jul 31 2013 |
|-----------------------|-------|-------|-------|--------|--------|--------|-------|-------------|-------------|-------------|
| POOL 201 S&P 500 | 2.08 | 1.38 | 3.35 | 11.17 | 17.55 | 16.21 | 4.08 | 11.17 | 16.91 | 24.97 |
| S&P 500 INDEX (DAILY) | 2.10 | 1.41 | 3.35 | 11.21 | 17.58 | 16.24 | 4.65 | 11.21 | 16.94 | 25.00 |
| Excess | -0.01 | -0.02 | -0.00 | -0.04 | -0.03 | -0.03 | -0.57 | -0.04 | -0.03 | -0.03 |

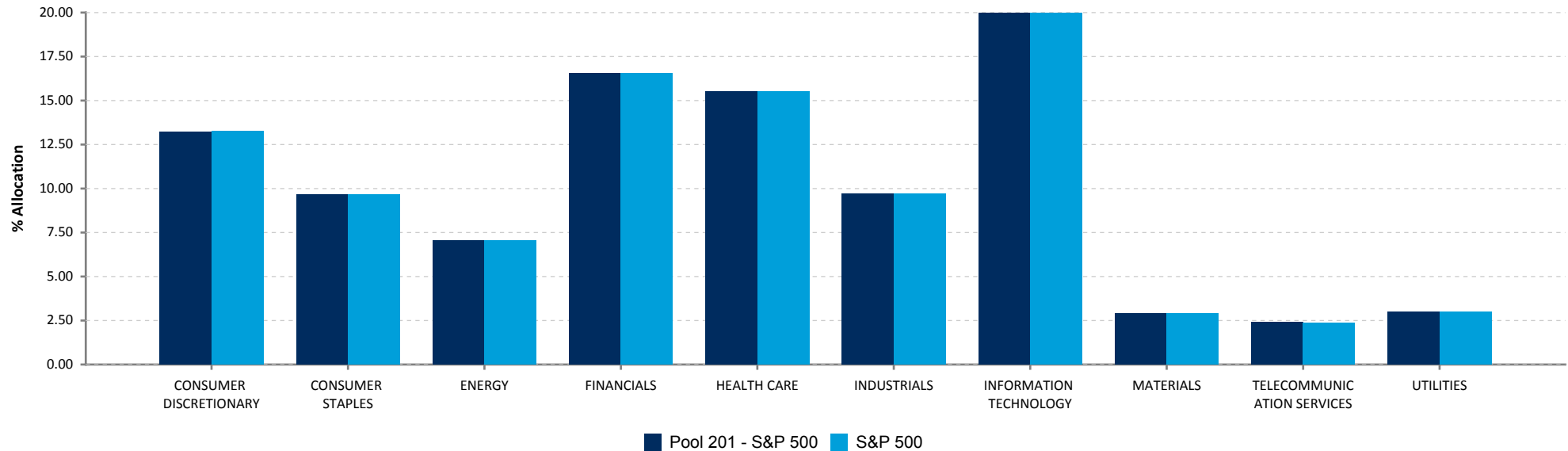
OFFICE OF THE ARIZONA STATE TREASURER

July 31, 2015

POOL 201 S&P 500
Sector Allocation vs S&P 500 INDEX (DAILY)



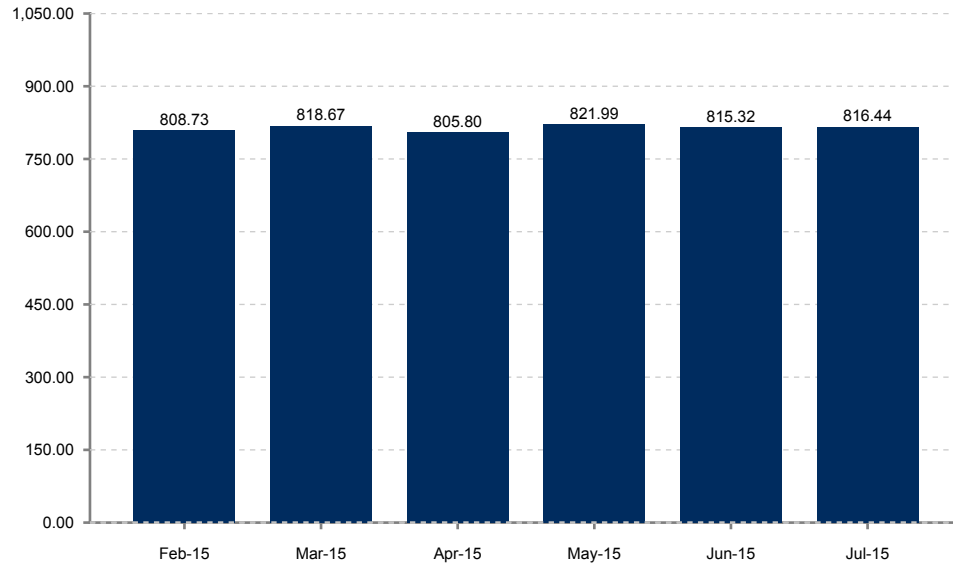
STATE STREET.



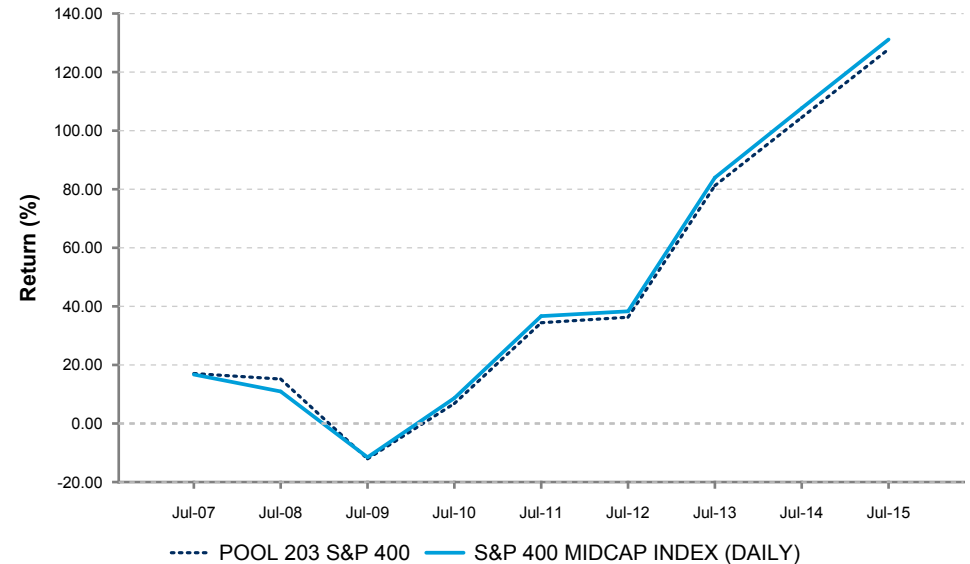
| | Fund Weight | Benchmark Weight | Relative Weight |
|----------------------------|-------------|------------------|-----------------|
| POOL 201 S&P 500 | 100.00 | 100.00 | 0.00 |
| CONSUMER DISCRETIONARY | 13.10 | 13.10 | -0.01 |
| CONSUMER STAPLES | 9.38 | 9.39 | -0.00 |
| ENERGY | 7.80 | 7.80 | -0.00 |
| FINANCIALS | 16.36 | 16.37 | -0.01 |
| HEALTH CARE | 15.48 | 15.40 | 0.08 |
| INDUSTRIALS | 9.91 | 9.90 | 0.00 |
| INFORMATION TECHNOLOGY | 19.76 | 19.77 | -0.00 |
| MATERIALS | 3.10 | 3.13 | -0.03 |
| TELECOMMUNICATION SERVICES | 2.26 | 2.26 | -0.00 |
| UTILITIES | 2.85 | 2.88 | -0.02 |



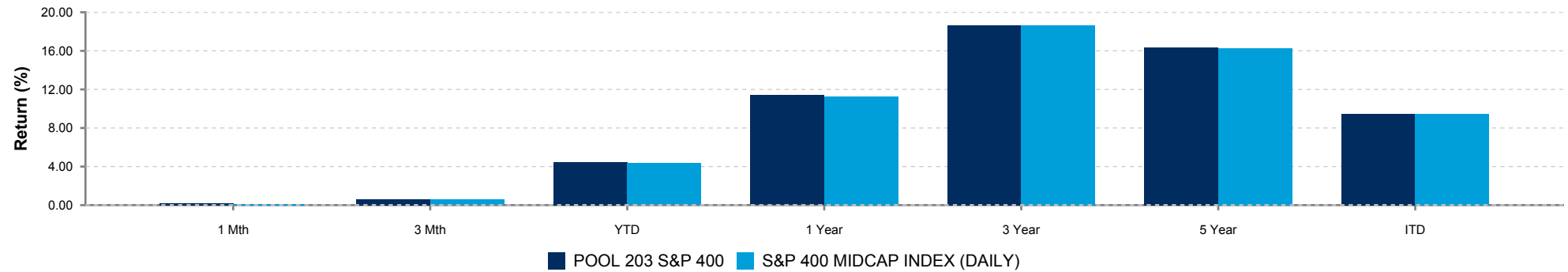
Net Asset Values over Time (\$MM)



Cumulative Return (%)



Rates of Return



| | 1 Mth | 3 Mth | YTD | 1 Year | 3 Year | 5 Year | ITD | Jul 31 2015 | Jul 31 2014 | Jul 31 2013 |
|------------------------------|-------|-------|------|--------|--------|--------|-------|-------------|-------------|-------------|
| POOL 203 S&P 400 | 0.17 | 0.64 | 4.48 | 11.39 | 18.68 | 16.35 | 9.47 | 11.39 | 12.85 | 32.97 |
| S&P 400 MIDCAP INDEX (DAILY) | 0.14 | 0.57 | 4.34 | 11.30 | 18.67 | 16.29 | 9.48 | 11.30 | 12.89 | 33.00 |
| Excess | 0.03 | 0.06 | 0.14 | 0.09 | 0.01 | 0.06 | -0.01 | 0.09 | -0.04 | -0.03 |

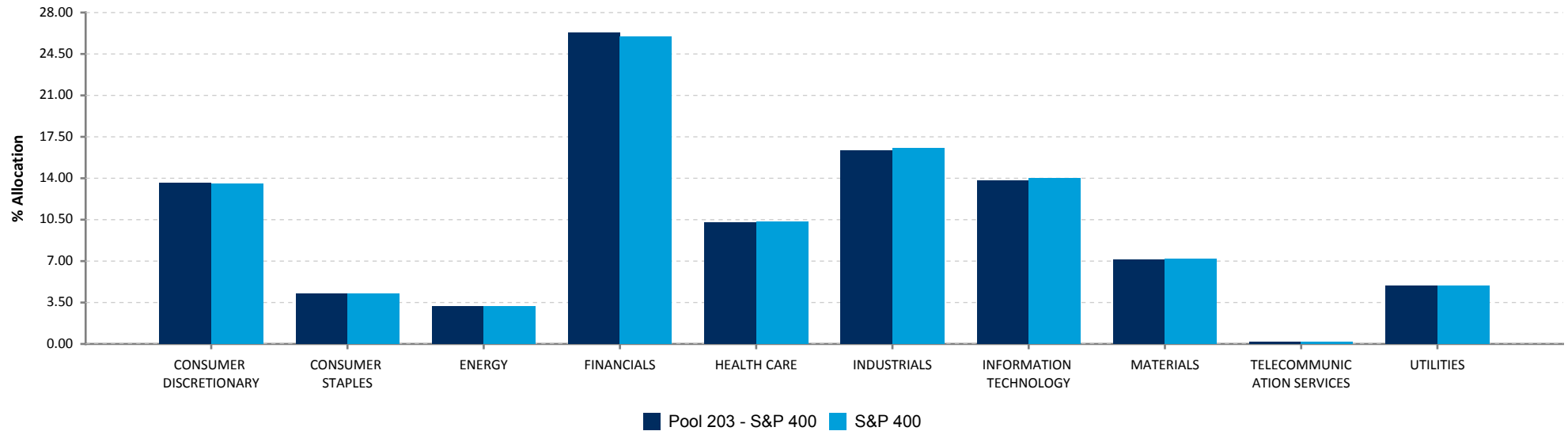
OFFICE OF THE ARIZONA STATE TREASURER

July 31, 2015

POOL 203 S&P 400
Sector Allocation vs S&P MID CAP 400



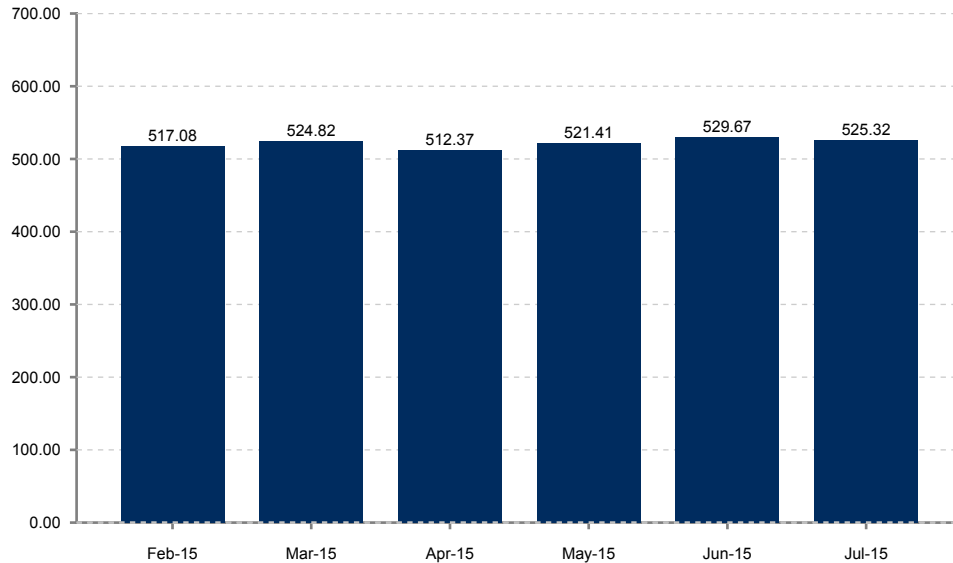
STATE STREET.



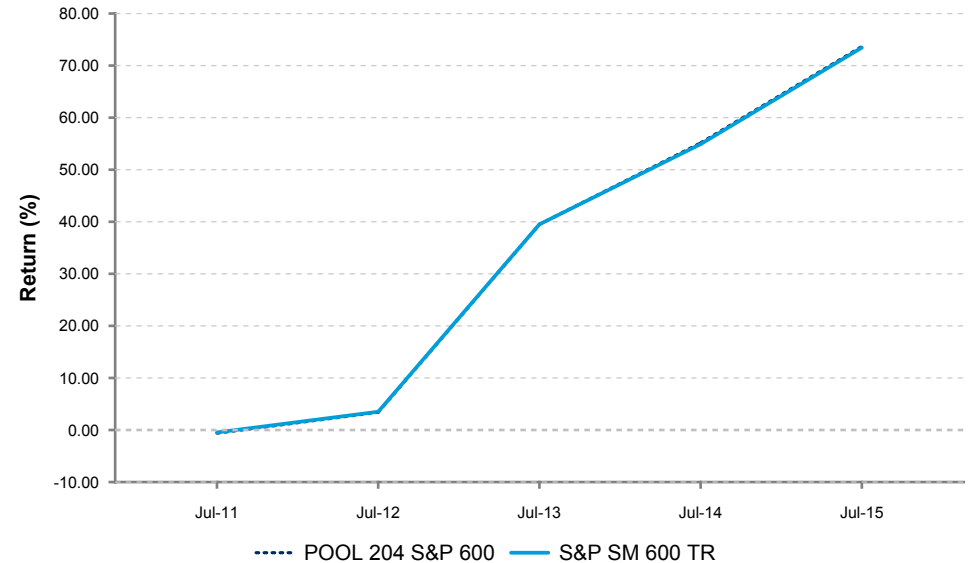
| | Weight Fund | Weight Benchmark | Weight Relative |
|----------------------------|-------------|------------------|-----------------|
| POOL 203 S&P 400 | 100.00 | 100.00 | 0.00 |
| CONSUMER DISCRETIONARY | 14.23 | 13.63 | 0.60 |
| CONSUMER STAPLES | 3.56 | 4.27 | -0.72 |
| ENERGY | 4.14 | 3.98 | 0.17 |
| FINANCIALS | 25.33 | 25.12 | 0.21 |
| HEALTH CARE | 9.50 | 9.28 | 0.22 |
| INDUSTRIALS | 17.26 | 17.21 | 0.05 |
| INFORMATION TECHNOLOGY | 13.93 | 14.02 | -0.09 |
| MATERIALS | 7.08 | 7.56 | -0.48 |
| TELECOMMUNICATION SERVICES | 0.18 | 0.18 | 0.00 |
| UTILITIES | 4.79 | 4.76 | 0.03 |



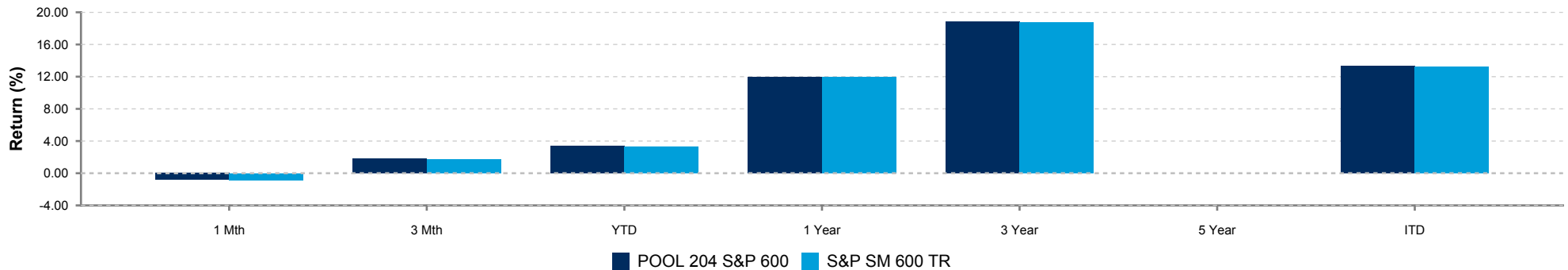
Net Asset Values over Time (\$MM)



Cumulative Return (%)



Rates of Return



| | 1 Mth | 3 Mth | YTD | 1 Year | 3 Year | 5 Year | ITD | Jul 31 2015 | Jul 31 2014 | Jul 31 2013 |
|------------------|-------|-------|------|--------|--------|--------|-------|-------------|-------------|-------------|
| POOL 204 S&P 600 | -0.79 | 1.81 | 3.37 | 11.94 | 18.86 | 13.30 | 13.30 | 11.94 | 11.21 | 34.89 |
| S&P SM 600 TR | -0.85 | 1.71 | 3.28 | 11.97 | 18.78 | 13.27 | 13.27 | 11.97 | 11.04 | 34.78 |
| Excess | 0.06 | 0.10 | 0.09 | -0.03 | 0.09 | 0.03 | 0.03 | -0.03 | 0.18 | 0.11 |

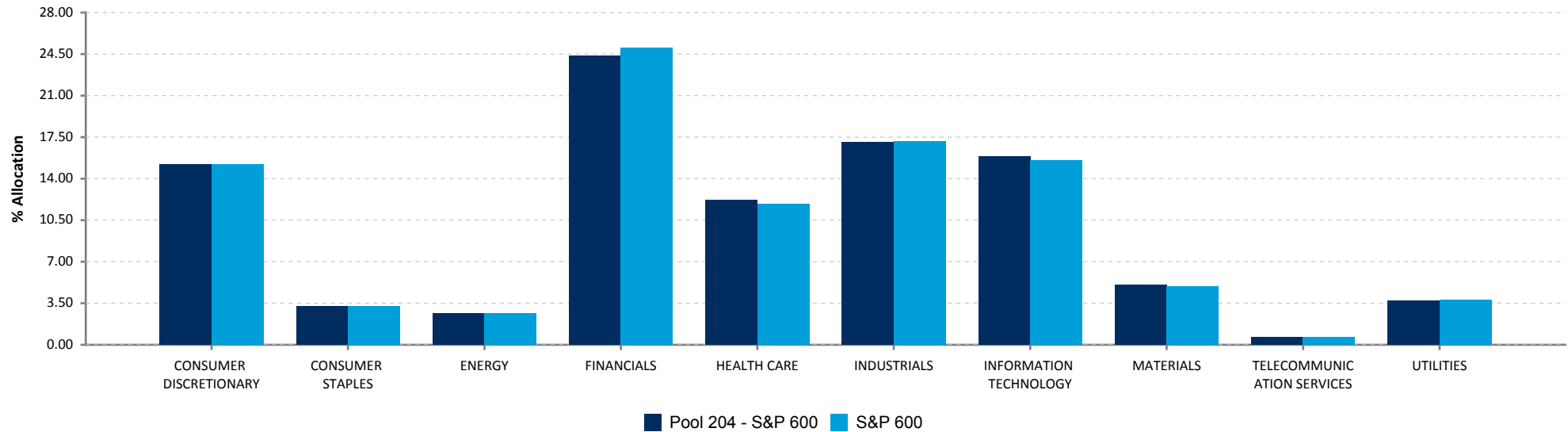
OFFICE OF THE ARIZONA STATE TREASURER

July 31, 2015

POOL 204 S&P 600
Sector Allocation vs S&P SMALLCAP 600



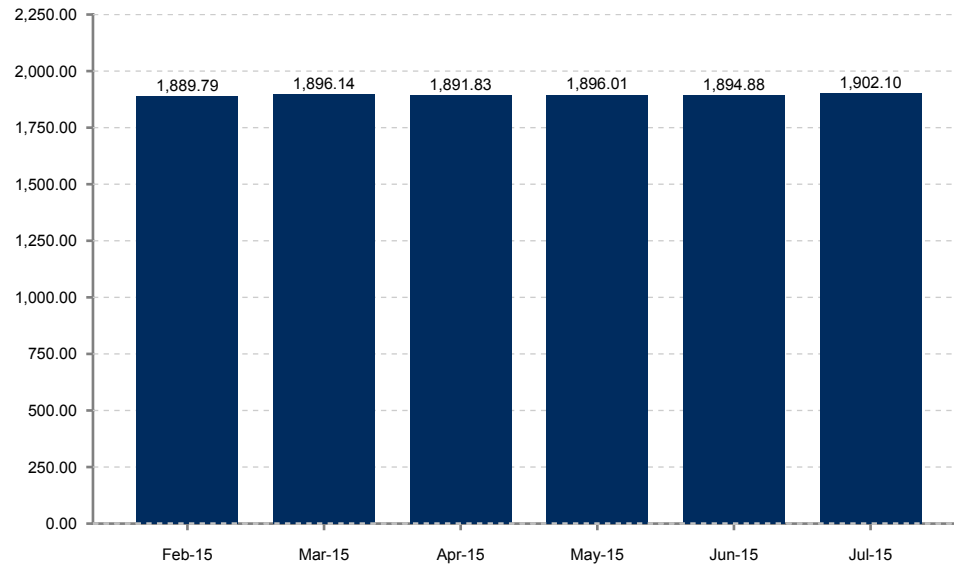
STATE STREET.



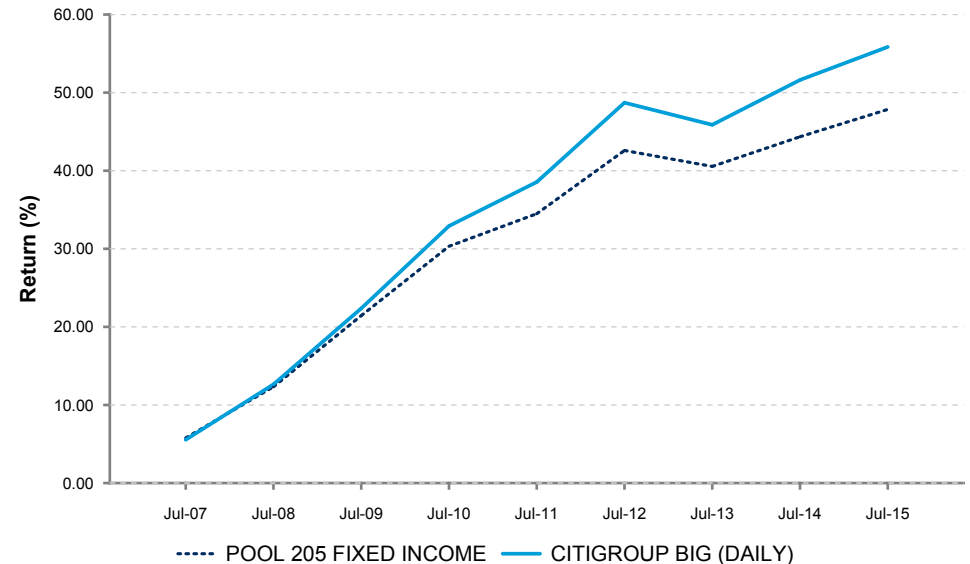
| | Weight Fund | Weight Benchmark | Weight Relative |
|----------------------------|-------------|------------------|-----------------|
| POOL 204 S&P 600 | 100.00 | 100.00 | 0.00 |
| CONSUMER DISCRETIONARY | 15.87 | 16.54 | -0.67 |
| CONSUMER STAPLES | 3.55 | 3.19 | 0.35 |
| ENERGY | 2.97 | 2.99 | -0.02 |
| FINANCIALS | 23.52 | 23.46 | 0.06 |
| HEALTH CARE | 12.20 | 12.48 | -0.28 |
| INDUSTRIALS | 16.56 | 16.28 | 0.29 |
| INFORMATION TECHNOLOGY | 16.01 | 15.88 | 0.14 |
| MATERIALS | 5.22 | 5.10 | 0.13 |
| TELECOMMUNICATION SERVICES | 0.62 | 0.62 | 0.00 |
| UTILITIES | 3.47 | 3.45 | 0.02 |



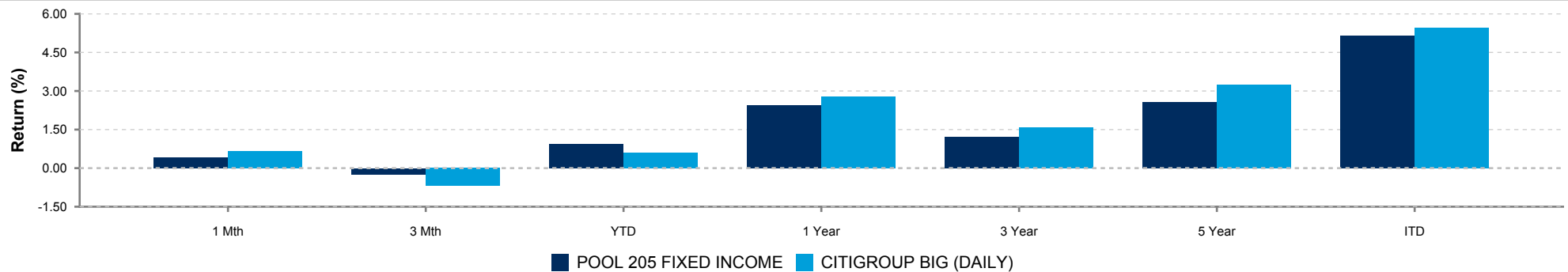
Net Asset Values over Time (\$MM)



Cumulative Return (%)



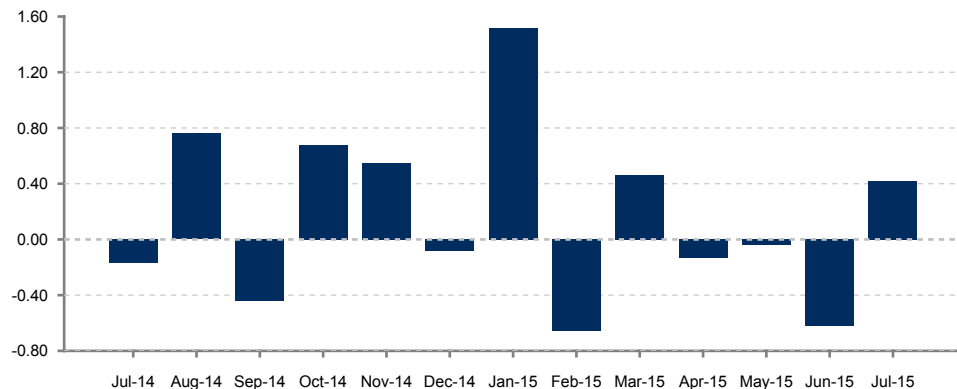
Rates of Return



| | 1 Mth | 3 Mth | YTD | 1 Year | 3 Year | 5 Year | ITD | Jul 31 2015 | Jul 31 2014 | Jul 31 2013 |
|-----------------------|-------|-------|------|--------|--------|--------|-------|-------------|-------------|-------------|
| POOL 205 FIXED INCOME | 0.42 | -0.24 | 0.94 | 2.43 | 1.22 | 2.56 | 5.14 | 2.43 | 2.70 | -1.43 |
| CITIGROUP BIG (DAILY) | 0.65 | -0.69 | 0.59 | 2.79 | 1.58 | 3.23 | 5.45 | 2.79 | 3.94 | -1.90 |
| Excess | -0.23 | 0.45 | 0.35 | -0.36 | -0.36 | -0.68 | -0.31 | -0.36 | -1.24 | 0.47 |



Net Mqr Return



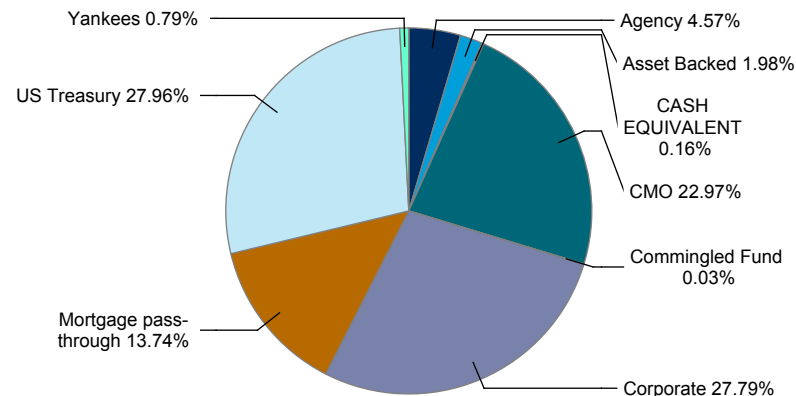
| | Current Mth | Prior Mth | 1 Year Ago |
|-----------------------|-------------|-----------|------------|
| POOL 205 FIXED INCOME | 0.42 | -0.62 | -0.17 |

Asset Allocation

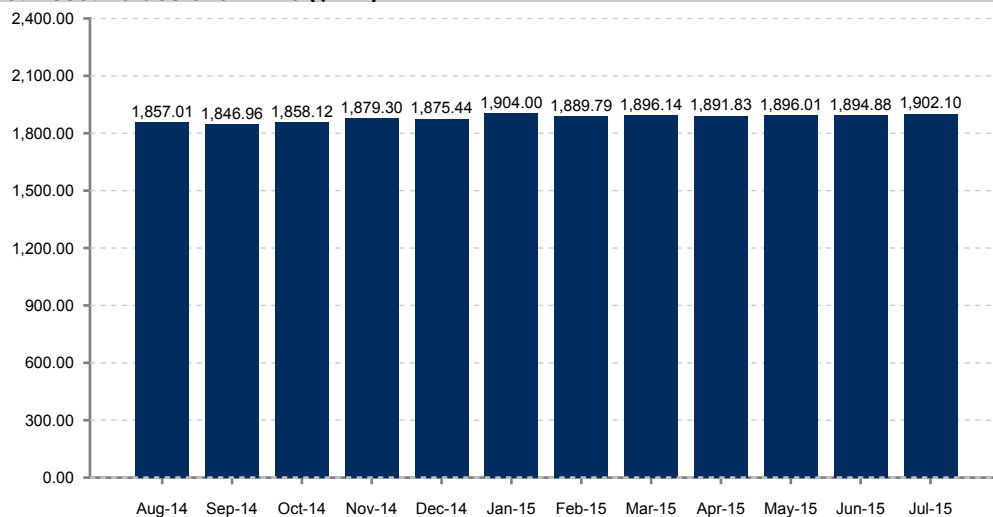
POOL 205 FIXED INCOME

Ending Market Value

1,902,102,639



Net Asset Values over Time (\$MM)

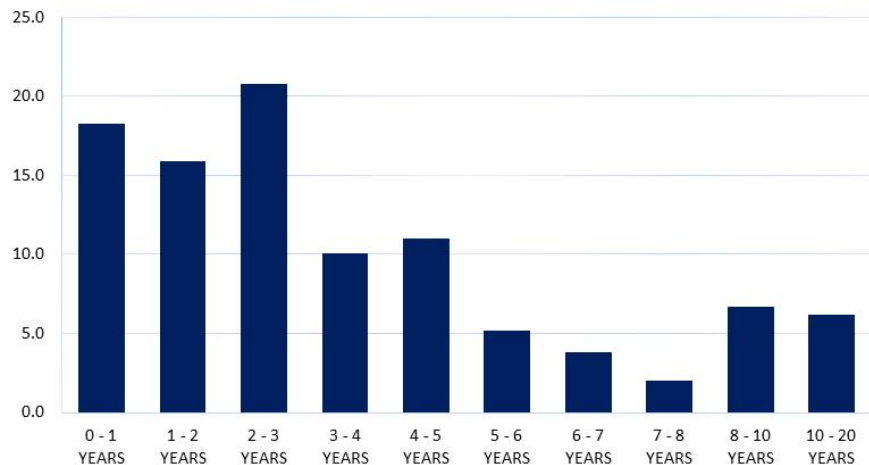


Top 10 Holdings

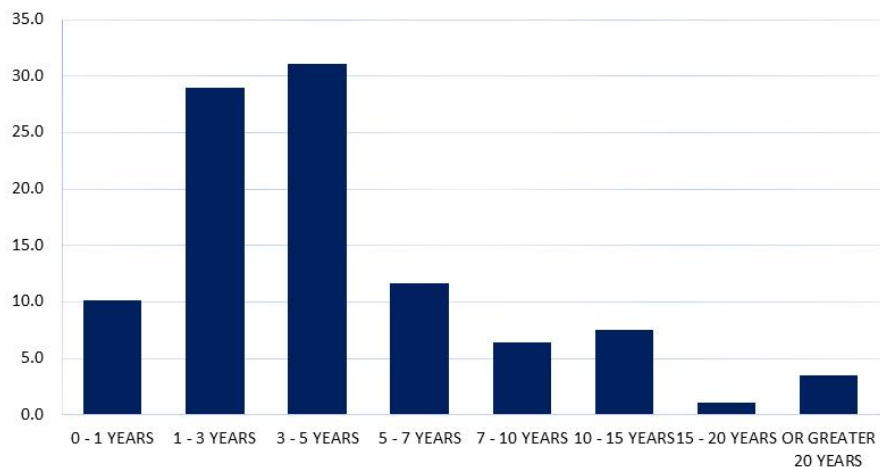
| Security Name | Ending Market Value | % of Portfolio |
|--------------------------|---------------------|----------------|
| POOL 205 FIXED INCOME | | |
| US TREASURY N/B | 17,603,127 | 0.93 |
| FIFTH THIRD BANK | 14,966,813 | 0.79 |
| US TREASURY N/B | 14,735,615 | 0.77 |
| US TREASURY N/B | 14,596,435 | 0.77 |
| 3M COMPANY | 13,197,428 | 0.69 |
| US TREASURY N/B | 13,052,167 | 0.69 |
| IBM CORP | 12,643,086 | 0.66 |
| PRES + FELLOWS OF HARVAR | 12,615,677 | 0.66 |
| US TREASURY N/B | 12,060,987 | 0.63 |
| CONOCOPHILLIPS | 11,884,286 | 0.62 |



Duration Distribution



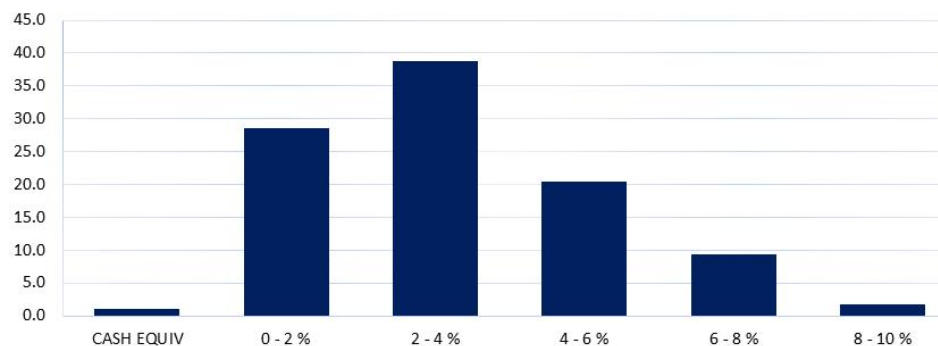
Expected Maturity Distribution



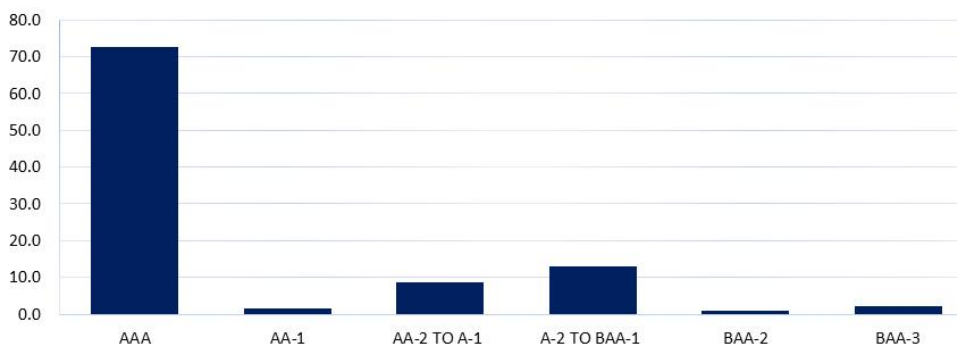
Portfolio Level Characteristics

| | POOL 205 FIXED INCOME |
|--------------------------|-----------------------|
| Weighted Average Life | 4.98 |
| Coupon | 3.37 |
| Effective Duration | 3.73 |
| Quality Rating (Moody's) | AA-1 |

Coupon Distribution



Rating Distribution



Thousands

Endowment Fund Market Value

