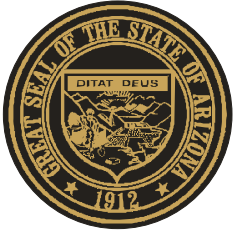


OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



JANUARY 2013

Presented To:

Arizona State Board of Investment

FEBRUARY 26, 2013

STATE BOARD OF INVESTMENT

A G E N D A

February 26, 2013

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

February 26, 2013

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on January 22, 2013 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey called the meeting to order at approximately 1:32 p.m.

Members Present:

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

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office
Carlton Woodruff, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Patty Humbert, Senior Portfolio Manager, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Martin Kelly, Investment Analyst, Arizona State Treasurer's Office
Kevin Donnellan, Director of Communications, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for December, 2012 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

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

1. Call to Order:

Treasurer Ducey called the January 22, 2013 BOI meeting to order at approximately 1:32 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the January 22, 2013 meeting.

3. *Approval of Minutes:*

Mr. Papp made a motion to approve the December 20, 2012 minutes. Ms. Ford 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 December, 2012.

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 December, 2012.

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 December, 2012.

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 December 31, 2012.

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 December, 2012.

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 December, 2012.

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 December 31, 2012.

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 December 31, 2012.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of December, 2012.

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 December, 2012.

Endowment Funds Yield Analysis

Mr. White reported the net yield of the Endowment Fund Fixed Income Pool for the month of December, 2012.

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 December, 2012 and FY13 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 December, 2012.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of December, 2012.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of December 31, 2012.

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 December 31, 2012.

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 December 31, 2012.

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 December 31, 2012.

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 December 31, 2012.

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 December 31, 2012.

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 December, 2012.

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 December, 2012.

Approval of Treasurer's Report

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

5. Proposed Changes to Investment Policy:

No proposed changes.

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

There were no Securities Dealers to be approved.

7. General Business:

- a. Approval of Endowment Distributions for FY 2013 and FY 2014

Mr. Swenson briefed the Board on the revised Endowment Distribution for Fiscal Year 2013 and Fiscal Year 2014. Mr. Swenson stated that the proposed distributions were based on the new formula that was approved by the voters in Proposition 118 in November 2012. Mr. Ducey asked for a motion for approval as presented.

Mr. McNeil made a motion to approve the Endowment Distribution for Fiscal Year 2013 and Fiscal Year 2014 as presented. Mr. Papp seconded the motion. Motion carried.

- b. Presentation of Update Endowment Asset Allocation Study

Mr. Swenson briefed the Board on the Endowment Asset Allocation Study that was performed by Meketa Investment Group, of which was distributed to the Board prior to the meeting. Mr. Swenson asked that the Board review the study at their convenience for further discussion at a future Board of Investment Meeting.

- c. Legislative Updates

Mr. Donnellan briefed the Board on pending legislation that the State Treasurer's Office will be pursuing. Mr. Donnellan stated that he would keep the Board apprised on the status as more information becomes available.

8. Call to the Public

Mr. Ducey invited Mr. Papp to provide a brief economic outlook for 2013 to the members of the board and staff.

9. Notice of Next Meeting:

Treasurer Ducey advised the Board that the next regular meeting of the Board of Investment will be Tuesday, February 26, 2013 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

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

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 JANUARY 2013**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	JANUARY 2013	Fiscal YTD 12/13	Fiscal YTD 11/12	
General Fund	\$1,316,127	\$7,706,260	\$5,109,330	
2 State Agencies - Full Faith & Credit	428,155	3,468,694	4,258,875	\$359,358
3 State Agencies - Diversified (<i>Combined</i>)	1,133,839	7,716,381	5,811,135	746,078
4 State Agencies - Gov	412,975	3,071,602	2,390,905	371,085
5 LGIP	201,809	1,617,545	1,451,924	447,280
7 LGIP Gov	107,036	1,015,910	549,525	480,049
12 CAWCD Medium-Term	601,991	3,593,319	3,652,846	99,128
15 GADA Long-Term	14,786	121,288	178,470	4,273
16 ECDH Medium-Term	470,580	3,253,182	0	127,266
Subtotal	\$4,687,299	\$31,564,180	\$23,403,009	\$2,634,517
NAV POOL				
500 LGIP - Med Term	247,991	2,016,778	1,879,211	93,239
700 LGIP - FF&C Med Term	165,690	1,333,519	712,890	74,720
Total	\$5,100,980	\$34,914,477	\$25,995,111	\$2,802,476
JANUARY 2012 TOTALS	\$4,099,612			\$2,494,769

**LGIP & LGIP- GOV
PORTFOLIO YIELD ANALYSIS
JANUARY 31, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12	Net Asset Value Per Share
5	LGIP	205,985	279,921	239,188	1.0000
7	LGIP - GOV	109,079	167,936	92,702	1.0000
	TOTAL LGIP & LGIP-GOV	315,064	447,857	331,890	

YIELDS

<u>MONTHLY</u>		Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12
5	LGIP (NET)	0.18%	0.23%	0.18%
	S & P LGIP INDEX	0.08%	0.10%	0.08%
7	LGIP - GOV (NET)	0.10%	0.14%	0.07%
	3 MONTH T-BILL	0.06%	0.06%	0.03%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.22%	0.23%	0.17%
	S & P LGIP INDEX	0.10%	0.10%	0.08%
7	LGIP - GOV (NET)	0.13%	0.14%	0.06%
	3 MONTH T-BILL	0.08%	0.09%	0.01%

* 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
JANUARY 31, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12	Net Asset Value Per Share
500	LGIP - MED TERM POOL	270,868	305,073	330,797	1.0403
700	LGIP - FF&C MED TERM POOL	180,822	188,418	125,827	1.0131
	TOTAL LGIP MEDIUM TERM POOLS	451,690	493,492	456,624	

YIELDS

MONTHLY

	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12
500 LGIP - MED TERM (NET)	1.19%	1.36%	2.04%
MERRILL 1-5 US D M INDEX	1.19%	1.00%	1.22%
700 LGIP - FF&C MED TERM (NET)	0.94%	1.01%	0.96%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.86%	0.66%	0.63%

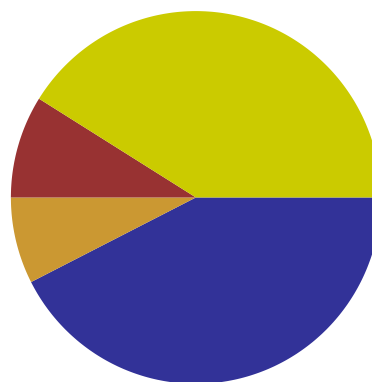
YEAR TO DATE

500 LGIP - MED TERM (NET)	1.46%	1.50%	1.73%
MERRILL 1-5 US D M INDEX	0.98%	0.94%	1.50%
700 LGIP - FF&C MED TERM (NET)	1.20%	1.24%	1.08%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.63%	0.59%	0.88%

Manager Allocation - Daily Arizona State Treasury (05509) As of January 31, 2013

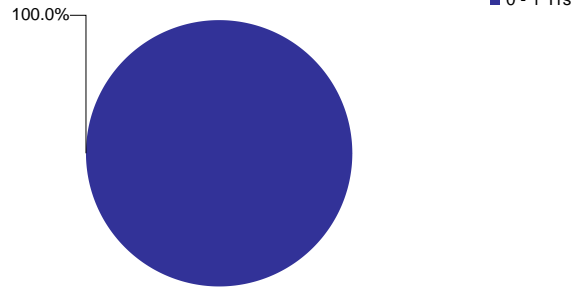
LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,311.52	42.5%
State of Arizona - Pool 7 (LGIP - FF&C) (10327700)	1,264.83	41.0%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	277.80	9.0%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	229.58	7.4%
TOTAL	3,083.73	100.0%

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

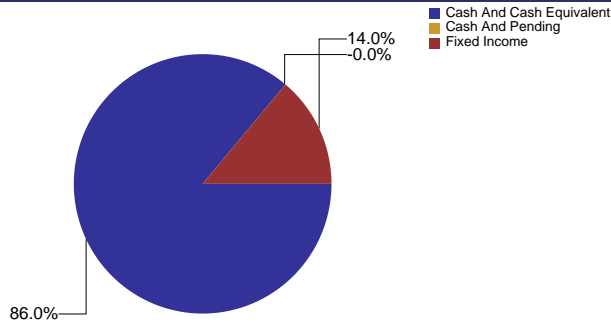


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,311.5
Weighted Average Life (Years) 0.06
Weighted Avg. Effective Duration (Years) 0.07
Weighted Average Maturity (Years) 0.07
Weighted Average Rating AA+
Number of Holdings 67

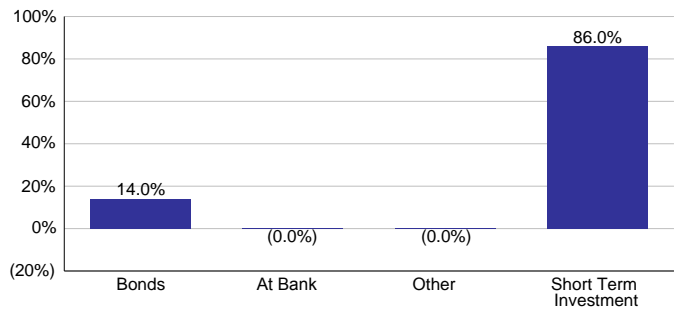
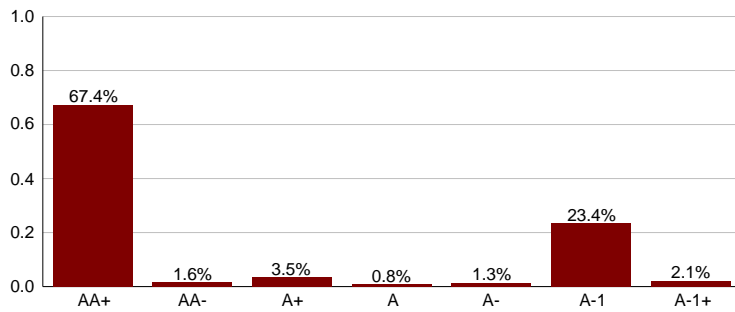


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
38299X396	TRI-PARTY REPO GOLDMAN SACHS 0.17% 01/FEB/2013	22.87%	0.17	1/2/2013
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/FEB	19.22%	0.30	1/2/2013
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0	7.65%	0.20	1/2/2013
85299S075	TRI-PARTY REPO SOUTH STREET 0.17% 20/FEB/2013	5.72%	0.17	20/2/2013
31599FR00	FIDELITY INVESTMENTS-PRIME MONEY MARKET PORTFOLIO	3.05%	0.11	1/2/2013
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	2.01%	0.19	1/2/2013
634902MU1	NATL CITY BK CLEVE SR MTN BE VR	1.53%	0.00	1/3/2013
3133EASW9	FEDERAL FARM CR BKS CONS BD FLT 13 06/AUG/2013	1.53%	0.00	6/8/2013
86257ETA6	STRAIGHT A FDG SLSTN CORPORATE COMMERCIAL PAPER	1.52%	0.00	10/4/2013
882508AS3	TEXAS INSTRUMENTS INC FRN 15/MAY/2013 USD1000	1.28%	0.00	15/5/2013

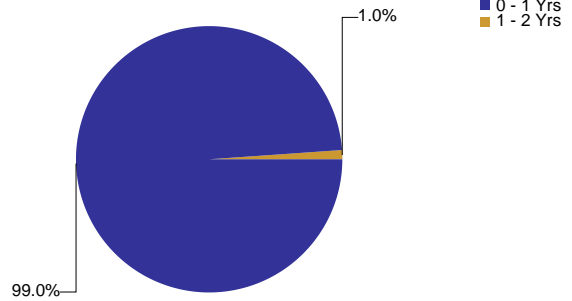
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

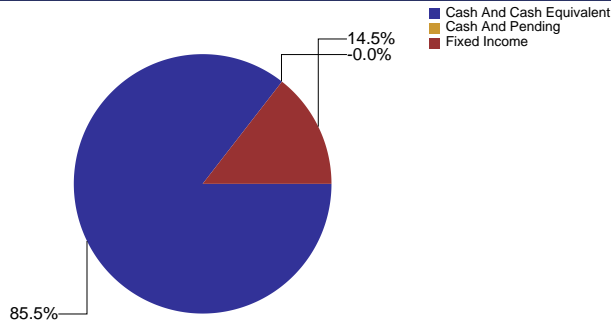
Total Net Assets (Millions) 1,264.8
Weighted Average Life (Years) 0.06
Weighted Avg. Effective Duration (Years) 0.13
Weighted Average Maturity (Years) 0.12
Weighted Average Rating AA+
Number of Holdings 19

Duration Mix



Asset Mix

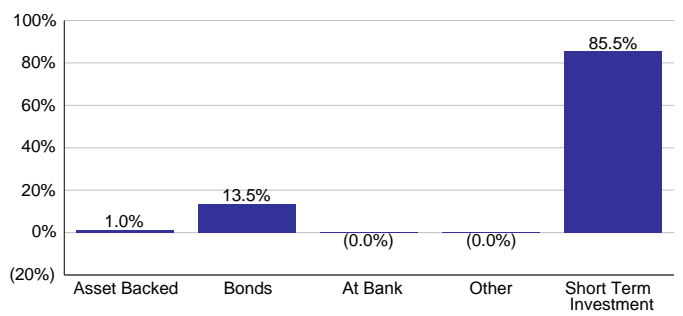
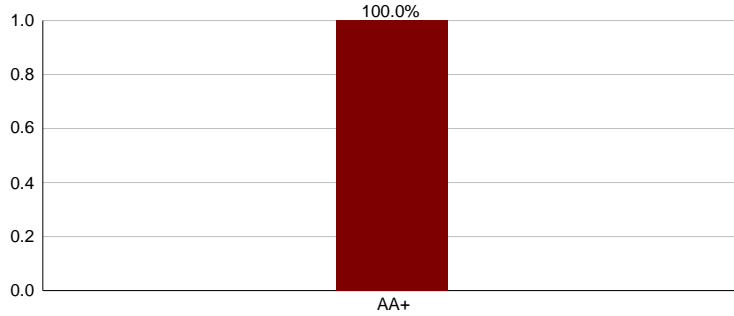
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
60699C087	TRI-PARTY REPO MIZUHO SECURITIES 0.13% 08/FEB/2013	23.72%	0.13	8/2/2013
65599C830	TRI-PARTY REPO NOMURA 0.17% 01/FEB/2013	17.90%	0.17	1/2/2013
60699L665	TRI-PARTY REPO MIZUHO 0.10% 20FEB013	15.81%	0.10	20/2/2013
38199DE57	TRI-PARTY REPO GOLDMAN SACHS .13% 13/MAR/2013	11.07%	0.13	13/3/2013
912828RD4	UNITED STATES TREAS NTS 0.125% 31/AUG/2013	3.95%	0.12	31/8/2013
9127956E6	UNITED STATES TREAS BILLS DT	3.95%	0.00	7/3/2013
9127956R7	UNITED STATES TREAS BILLS DT	3.95%	0.00	30/5/2013
9127956F3	UNITED STATES TREAS BILLS DT	3.95%	0.00	4/4/2013
9127957A3	UNITED STATES TREAS BILLS DT	3.95%	0.00	25/7/2013
G3R992550	FIDELITY INVESTMENTS-TREASURY PORTFOLIO SHARES	3.16%	0.01	1/3/2013

Quality/Rating Weightings

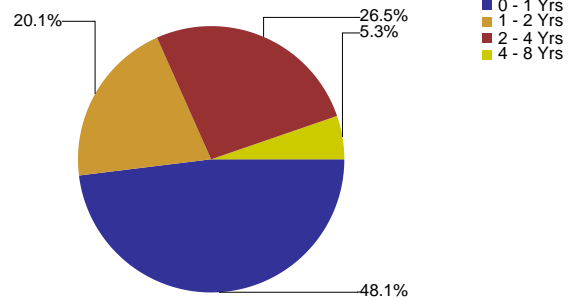
Sector Weightings (as % of Market Value)



Portfolio Characteristics

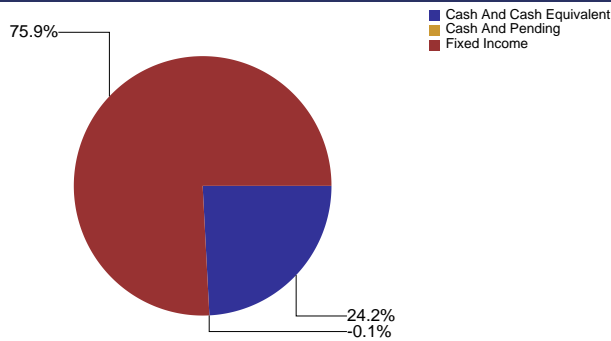
Duration Mix

Total Net Assets (Millions) 277.8
Weighted Average Life (Years) 1.63
Weighted Avg. Effective Duration (Years) 1.40
Weighted Average Rating AA
Number of Holdings 190



Asset Mix

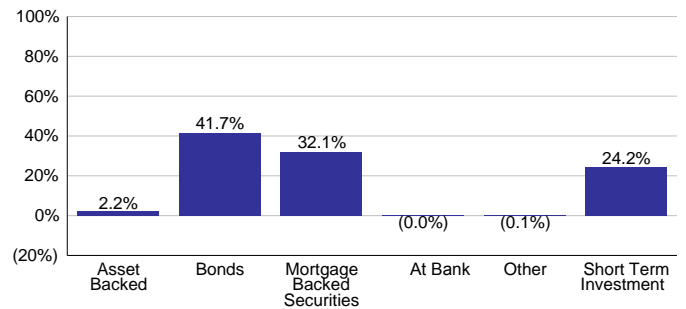
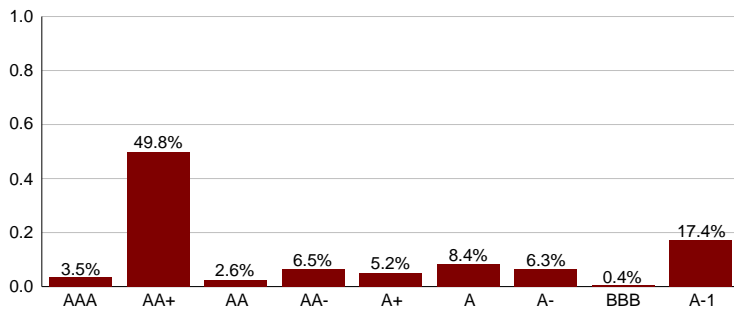
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	6.47%	0.19	1/2/2013
31417CUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	5.22%	2.50	1/8/2027
92646KPD8	VICTORY RECEIVABLES CORPORATE COMMERCIAL PAPER	2.16%	0.00	13/2/2013
3138A5CF7	FNMA MORTPASS 4% 01/FEB/2026 CI PN# AH3669	1.97%	4.00	1/2/2026
38141GDQ4	GOLDMAN SACHS GROUP INC 5.25% 15/OCT/2013	1.88%	5.25	15/10/2013
06945LP10	BARTON CAPITAL CORP. 01/02/01	1.80%	0.00	1/2/2013
62455AR17	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.80%	0.00	1/4/2013
52952LR20	LEXINGTON PKR CAP CO LL CORPORATE COMMERCIAL PAPER	1.80%	0.00	2/4/2013
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 Q0 PN# Q09530	1.79%	3.50	1/7/2042
31418AHW1	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# MA1144	1.78%	2.50	1/8/2027

Quality/Rating Weightings

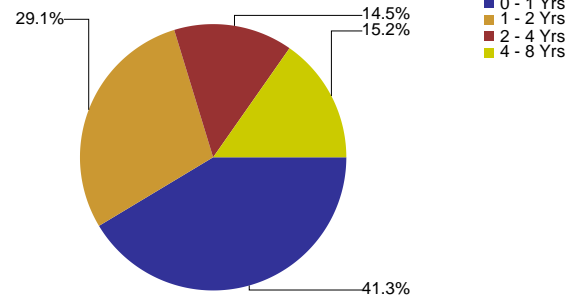
Sector Weightings (as % of Market Value)



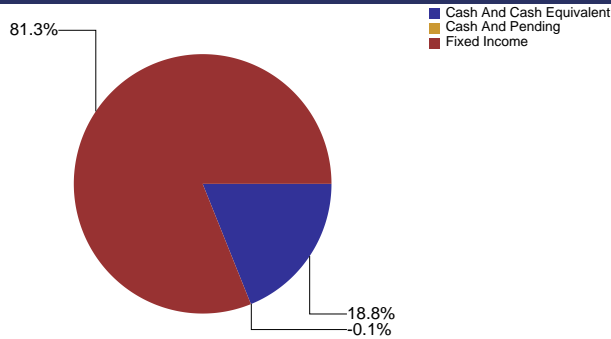
Portfolio Characteristics Duration Mix

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

229.6
2.19
1.74
AA+
76

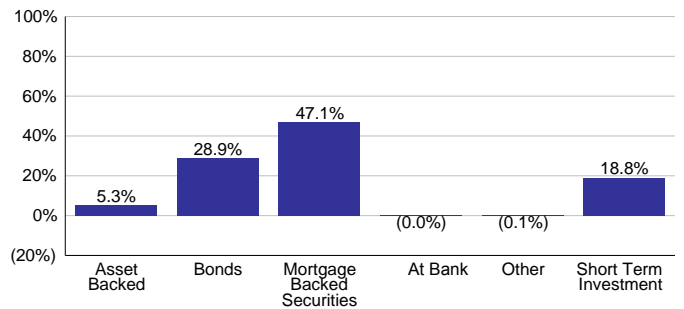
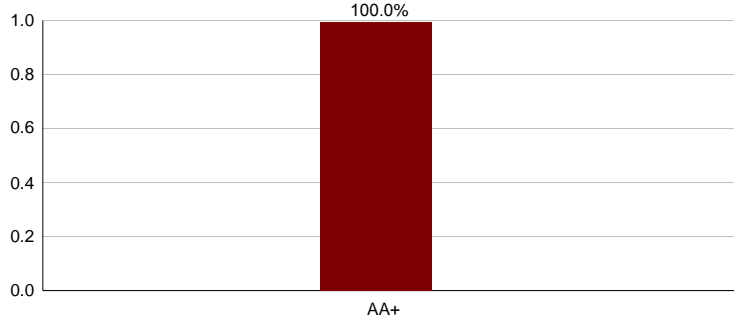


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599C830	TRI-PARTY REPO NOMURA 0.17% 01/FEB/2013	18.28%	0.17	1/2/2013
30299FD00	FDIC US BANK CDARS ACCOUNT	6.56%	0.00	1/3/2013
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	5.26%	0.00	25/10/2013
36202FL61	GNMA II MORTPASS 4% 20/NOV/2040 JM PN# 004849	4.23%	4.00	20/11/2040
36179MGW4	GNMA II MORTPASS 3% 20/JUL/2042 JM PN# MA0213	3.32%	3.00	20/7/2042
38378H4K9	GINNIE MAE 2012-124 KB 2.000% 20/JUL/2042	3.27%	2.00	20/7/2042
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	3.15%	3.50	20/4/2027
36225E3Y6	GNMA II MORTPASS 03% 20/SEP/2040 AT PN# 082614	2.99%	3.00	20/9/2040
912828LL2	US TREASURY 3% 31/AUG/2016	2.39%	3.00	31/8/2016
36178GHQ0	GNMA I MORTPASS 3% 15/AUG/2027 SF PN# AA8339	2.25%	3.00	15/8/2027

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



**STATE AGENCY POOLS
PORTFOLIO EARNINGS ANALYSIS
JANUARY 31, 2013**

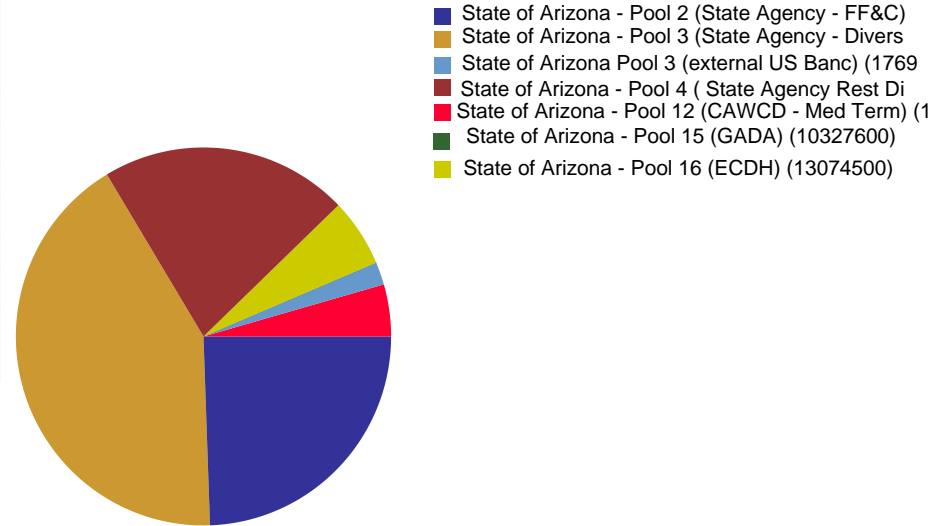
FUND	DESCRIPTION	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	805,092	839,579	797,067	1.0036
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,684,947	1,426,764	1,526,010	1.0035
	EXTERNAL MANAGERS	49,675	46,752	N/A	1.0006
	FUND 3 TOTAL	1,734,622	1,473,516	1,526,010	1.0034
4	STATE AGENCIES - GOV	707,154	748,527	442,357	1.0013
12	CAWCD MEDIUM-TERM	601,991	533,666	523,651	1.0253
15	GADA LONG-TERM	14,786	16,093	22,012	1.0153
16	ECDH MEDIUM-TERM	470,580	478,353	N/A	1.0048
	TOTAL STATE AGENCIES	4,334,226	4,089,734	3,311,098	

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS
JANUARY 31, 2013**

FUND	DESCRIPTION	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.88% 0.63%	1.03% 0.49%	0.86% 0.45%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	0.89% 0.58% 0.88% 0.55%	0.81% 0.55% 0.80% 0.59%	0.83% N/A 0.83% 0.84%
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.74% 0.19%	0.88% 0.18%	0.67% 0.17%
12	CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	2.65% 1.90%	2.21% 1.74%	2.39% 2.05%
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	1.44% 1.53%	1.56% 1.10%	2.14% 1.25%
16	ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.68% 1.90%	1.71% 1.74%	N/A N/A

Manager Allocation - Daily Arizona State Treasury (05509) As of January 31, 2013

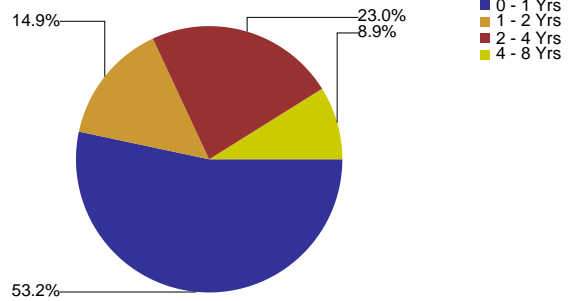
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,410.62	24.6%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,407.04	41.9%
State of Arizona - Pool 3 (external US Banc) (17699900)	100.40	1.7%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,219.64	21.2%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	261.90	4.6%
State of Arizona - Pool 15 (GADA) (10327600) (10327600)	12.29	0.2%
State of Arizona - Pool 16 (ECHD) (10374500)	330.84	5.8%
TOTAL	5,742.73	100.0%



Portfolio Characteristics

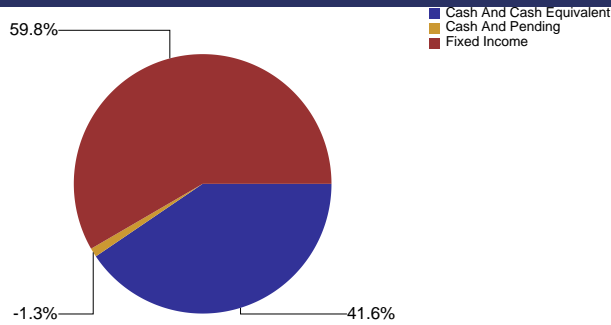
Total Net Assets (Millions) **1,410.6**
 Weighted Average Life (Years) **1.49**
 Weighted Avg. Effective Duration (Years) **1.31**
 Weighted Average Rating **AA+**
 Number of Holdings **105**

Duration Mix



Asset Mix

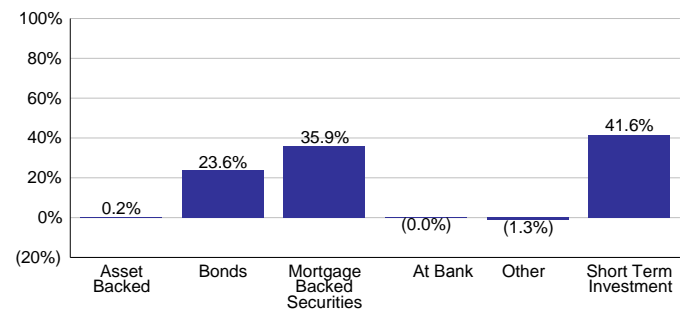
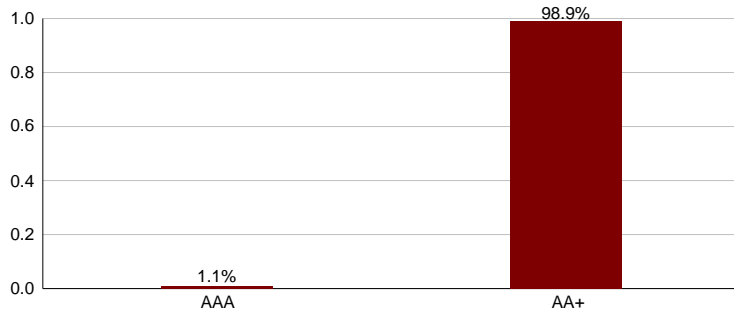
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
06099G111	TRI-PARTY REPO BANK OF AMERICA 0.13% 01/FEB/2013	20.99%	0.13	1/2/2013
65599C830	TRI-PARTY REPO NOMURA 0.17% 01/FEB/2013	9.20%	0.17	1/2/2013
85299S083	TRI-PARTY REPO SOUTH STREET 0.12% 01/MAR/2013	7.00%	0.12	1/3/2013
60699L665	TRI-PARTY REPO MIZUHO 0.10% 20FEB013	3.50%	0.10	20/2/2013
38375GHL8	GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042	2.87%	2.00	16/5/2042
912828QH6	US 1.25000 '14	2.85%	1.25	15/2/2014
62889KAA9	NCUA GTD NTS MASTER TRUST 0% BDS 12/JUN/2013	2.80%	0.00	12/6/2013
38378EGJ6	GINNIE MAE 2012-51 EA 1.500% 20/SEP/2040	1.69%	1.50	20/9/2040
36179MAB6	GNMA II MORTPASS 3% 20/APR/2027 JM PN# MA0002	1.56%	3.00	20/4/2027
38377WL77	GINNIE MAE 2011-94 AB 2.000% 20/JAN/2039	1.47%	2.00	20/1/2039

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

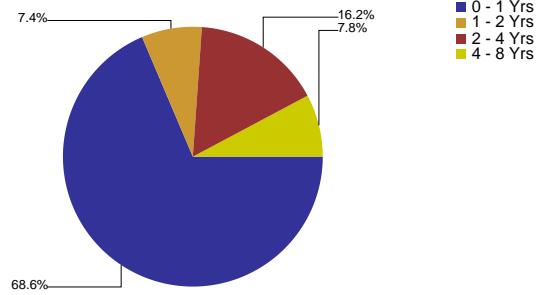


Portfolio Characteristics

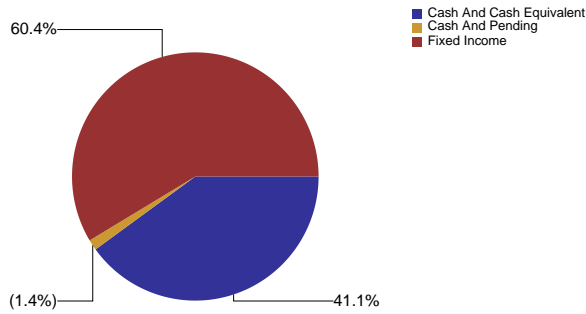
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

2,507.4
1.48
1.06
AA
309

Duration Mix



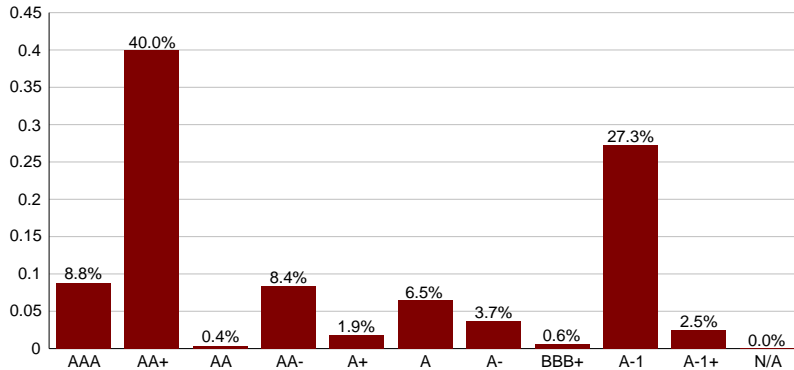
Asset Mix



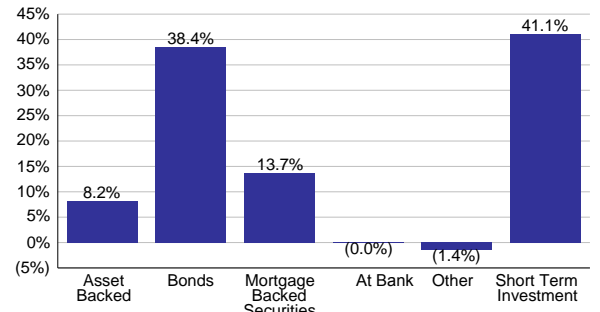
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	6.32%	0.19	1/2/2013
6555POS48	NORDEA NORTH AMER. I CORPORATE COMMERCIAL PAPER	2.38%	0.00	10/5/2013
G3R99Z543	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	1.97%	0.17	1/3/2013
06538FFM1	BNK OF TKYO-MTBSHI L CERTIFICATE OF DEPOSIT FIXED	1.97%	0.23	27/2/2013
85299S075	TRI-PARTY REPO SOUTH STREET 0.17% 20/FEB/2013	1.97%	0.17	20/2/2013
45779PPU6	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	1.97%	0.00	28/2/2013
0556NOSU0	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.96%	0.00	28/5/2013
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	1.78%	1.00	15/7/2013
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.58%	0.00	2/5/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.57%	0.73	23/1/2014

Quality/Rating Weightings

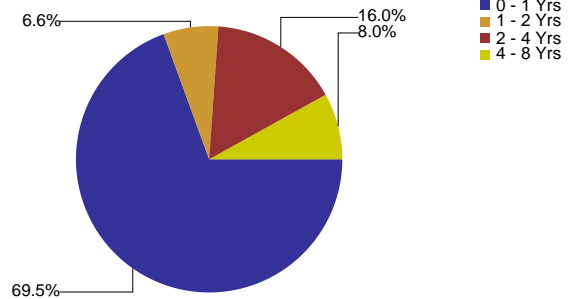


Sector Weightings (as % of Market Value)

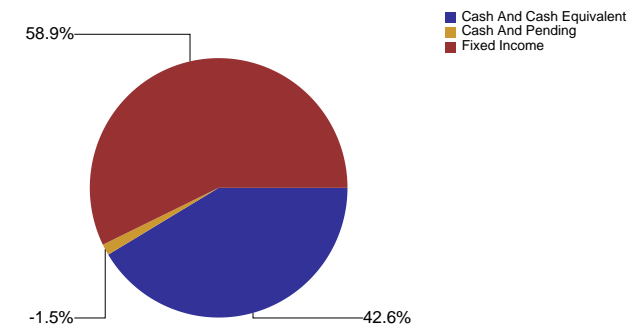


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 2,407.0
Weighted Average Life (Years) 1.49
Weighted Avg. Effective Duration (Years) 1.05
Weighted Average Rating AA
Number of Holdings 181

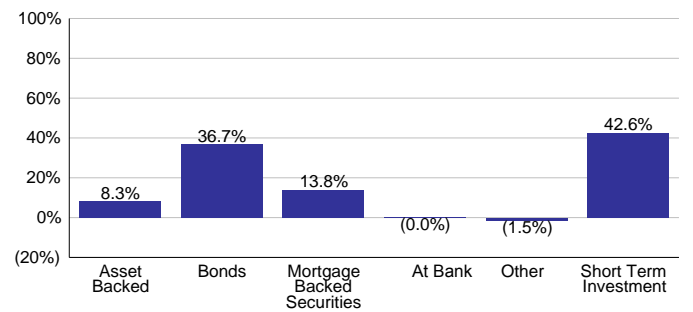
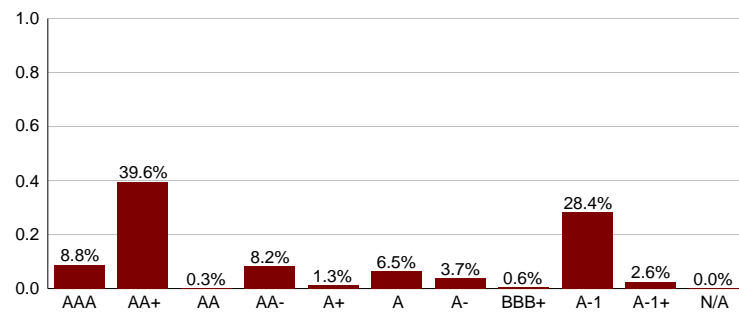


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	6.58%	0.19	1/2/2013
6555P0SA8	NORDEA NORTH AMER. I CORPORATE COMMERCIAL PAPER	2.48%	0.00	10/5/2013
G3R992543	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	2.05%	0.17	1/2/2013
06538FFM1	BNK OF TKYO-MTBSHI L CERTIFICATE OF DEPOSIT FIXED	2.05%	0.23	27/2/2013
85299S075	TRI-PARTY REPO SOUTH STREET 0.17% 20/FEB/2013	2.05%	0.17	20/2/2013
45779PPU6	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	2.05%	0.00	28/2/2013
0556N0SU0	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	2.04%	0.00	28/5/2013
87019QME5	SWEDBANK (SPARBANK) CERTIFICATE OF DEPOSIT FIXED	1.86%	1.00	15/7/2013
74977MZ81	RABOBANK NEDERLAND CERTIFICATE OF DEPOSIT VARIABLE	1.64%	0.00	2/5/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.64%	0.73	23/1/2014

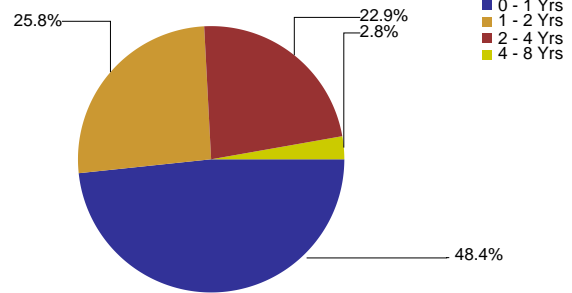
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

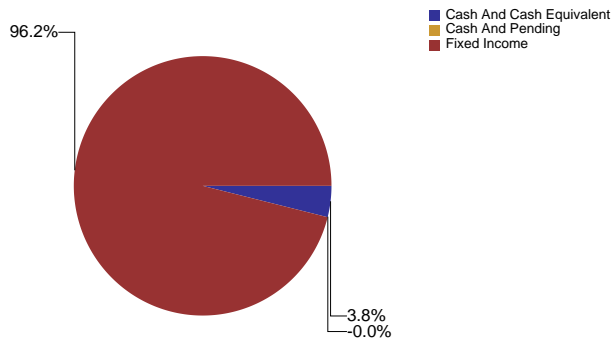
Duration Mix

Total Net Assets (Millions) **100.4**
 Weighted Average Life (Years) **1.15**
 Weighted Avg. Effective Duration (Years) **1.27**
 Weighted Average Rating **AA**
 Number of Holdings **128**



Asset Mix

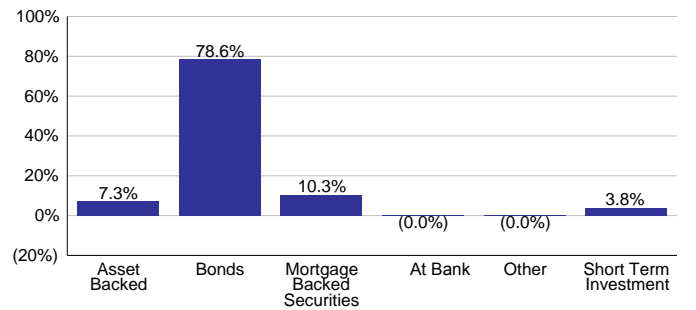
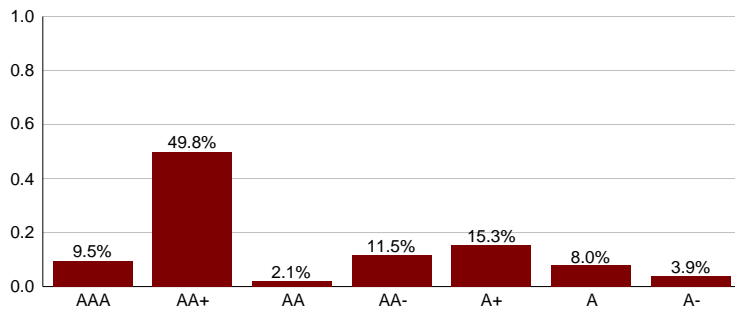
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313379P60	FEDERAL HOME LOAN BANKS CONS BD FLT 13 25/NOV/2013	3.99%	0.00	25/11/2013
3135G0KS1	FEDERAL NATIONAL MORTGAGE ASSOC 0.56% NTS	2.50%	0.56	10/2/2015
3136G0CB5	FEDERAL NATL MTG ASSN CALL 0.71%15/APR/2015	2.50%	0.71	15/4/2015
3135G0KR3	FEDERAL NATIONAL MORTGAGE ASSOC 0.7% NTS	2.50%	0.70	15/5/2015
3133EARS9	FEDERAL FARM CR BKS CONS BD 0.38% 29/MAY/2014	2.49%	0.38	29/5/2014
3133EAZU5	FEDERAL FARM CREDIT BANKS 0.45% BDS 24/APR/2015	2.49%	0.45	24/4/2015
377372AC1	GLAXOSMITHKLINE CAPITAL 4.85% BDS 15/MAY/2013	2.04%	4.85	15/5/2013
12623MAC7	CNH EQUIPMENT TST 0.94% MTG BDS 15/MAY/2017 USD1	2.00%	0.94	15/5/2017
084664BP5	BERKSHIRE HATHAWAY FIN CORP GTD SR NT FLT 14	2.00%	0.00	10/1/2014
64952WBG7	NEW YORK LIFE GLOBAL FUNDING VAR BDS 18/JUN/2014	2.00%	0.00	18/6/2014

Quality/Rating Weightings

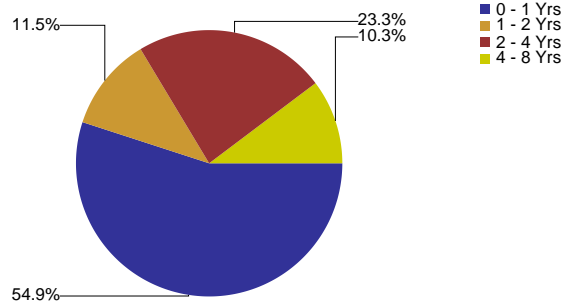
Sector Weightings (as % of Market Value)



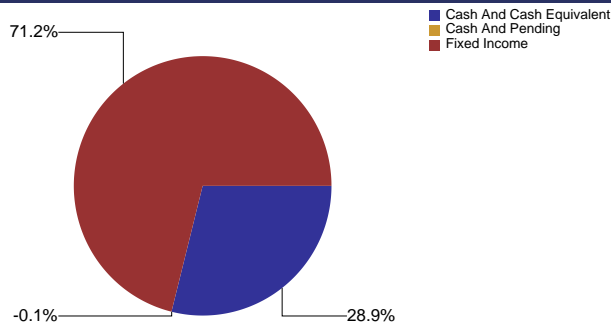
Portfolio Characteristics

Total Net Assets (Millions) **1,219.6**
 Weighted Average Life (Years) **1.91**
 Weighted Avg. Effective Duration (Years) **1.44**
 Weighted Average Rating **AA+**
 Number of Holdings **88**

Duration Mix



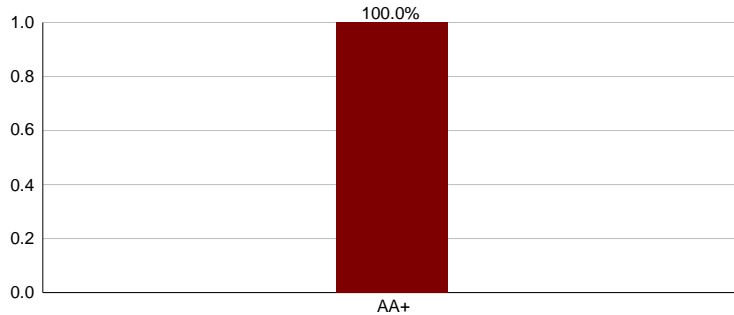
Asset Mix



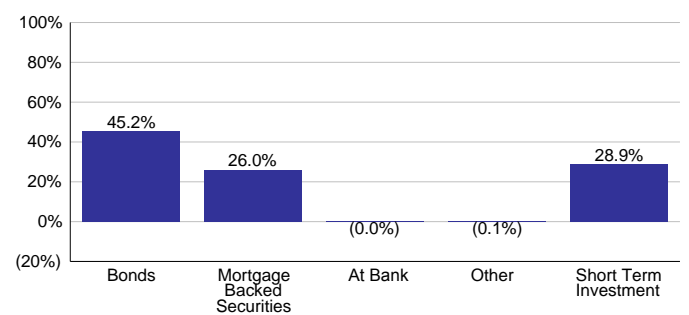
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
65599C830	TRI-PARTY REPO NOMURA 0.17% 01/FEB/2013	8.19%	0.17	1/2/2013
85299S075	TRI-PARTY REPO SOUTH STREET 0.17% 20/FEB/2013	6.15%	0.17	20/2/2013
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	5.68%	0.19	1/2/2013
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 14/FEB	4.55%	0.30	14/2/2013
85299S091	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	3.69%	0.19	1/2/2013
3135G0KF9	FEDERAL NATIONAL MORTGAGE ASSOC 1.5% NTS	3.68%	1.50	17/4/2017
3133EAJF6	FEDERAL FARM CR BKS CONS BD FLT 15 22/SEP/2015	2.46%	0.00	22/9/2015
3137AUBR9	FREDDIE MAC 4111 AG 1.750% 15/AUG/2039	2.42%	1.75	15/8/2039
3134G3A42	FEDERAL HOME LOAN MORTGAGE CORP 1% BDS 14/AUG/2017	2.06%	1.00	14/8/2017
3132GSCE7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 PN# Q06969	2.01%	3.50	1/3/2042

Quality/Rating Weightings



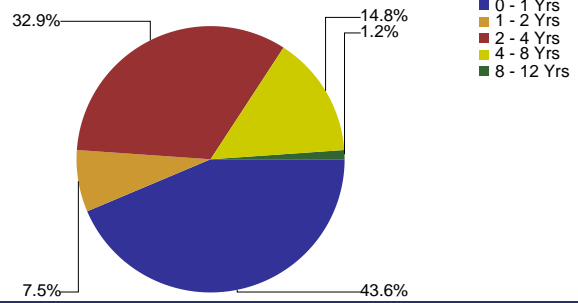
Sector Weightings (as % of Market Value)



Portfolio Characteristics

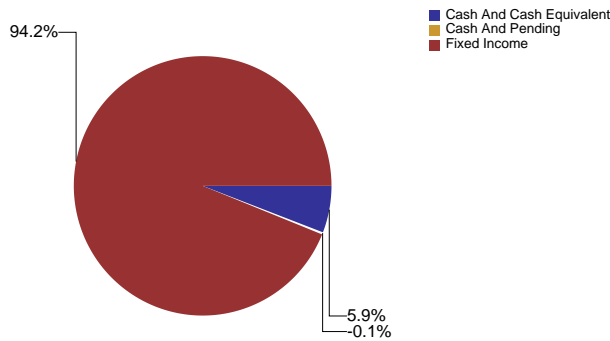
Duration Mix

Total Net Assets (Millions) **261.9**
 Weighted Average Life (Years) **2.70**
 Weighted Avg. Effective Duration (Years) **1.98**
 Weighted Average Rating **AA**
 Number of Holdings **109**



Asset Mix

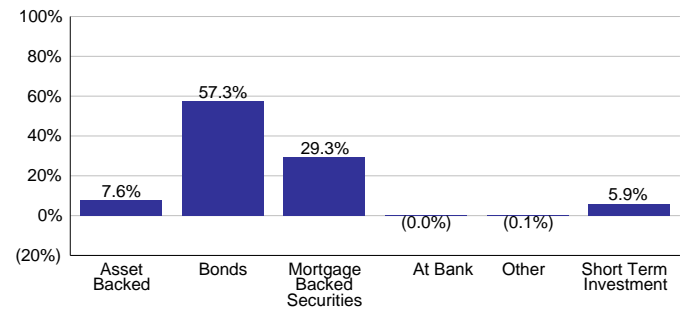
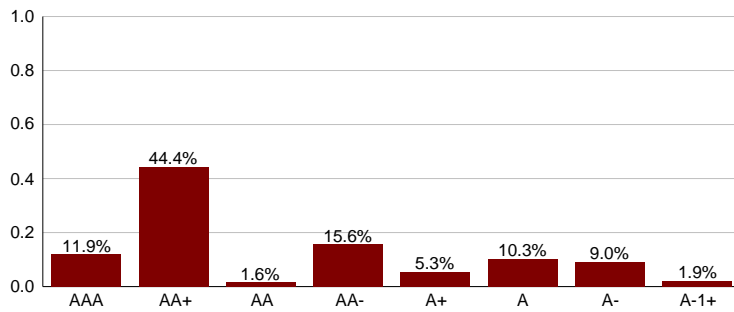
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	3.31%	0.19	1/2/2013
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	3.07%	0.75	15/11/2013
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	2.70%	1.99	26/3/2018
3136A9LG1	FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040	2.67%	1.75	25/3/2040
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	2.05%	3.00	1/4/2016
3128HXSR7	FHLMC GOLD MORTPASS 2.5% 15/AUG/2042 PN# S05928	1.93%	2.50	15/8/2042
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.92%	0.00	30/10/2014
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.92%	0.00	10/1/2014
36962G5T7	GENERAL ELEC CAP CORP MTN BE SR FIX/FLT NT 16	1.91%	0.00	8/2/2016
06423RBK1	BANK ONE ISSUANCE TRUST SER 2004-A3 CL A3	1.91%	0.00	15/2/2017

Quality/Rating Weightings

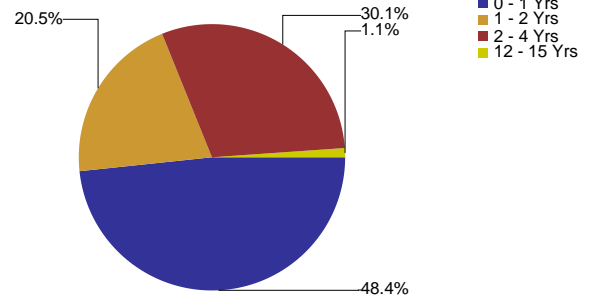
Sector Weightings (as % of Market Value)



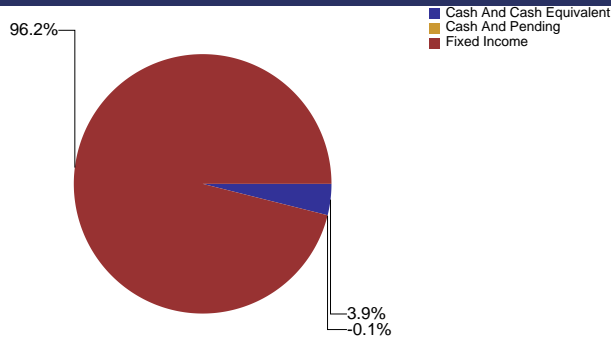
Portfolio Characteristics

Total Net Assets (Millions) **12.3**
 Weighted Average Life (Years) **3.38**
 Weighted Avg. Effective Duration (Years) **1.34**
 Weighted Average Rating **AA+**
 Number of Holdings **25**

Duration Mix



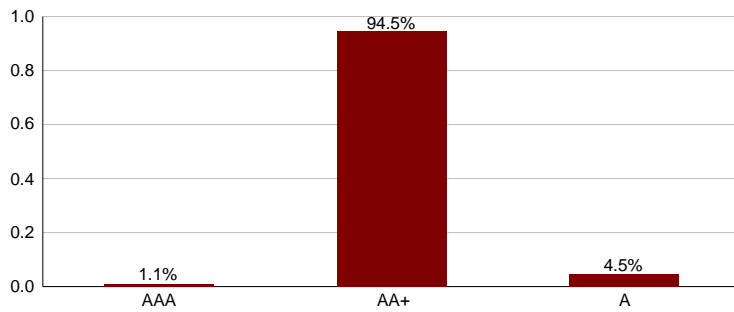
Asset Mix



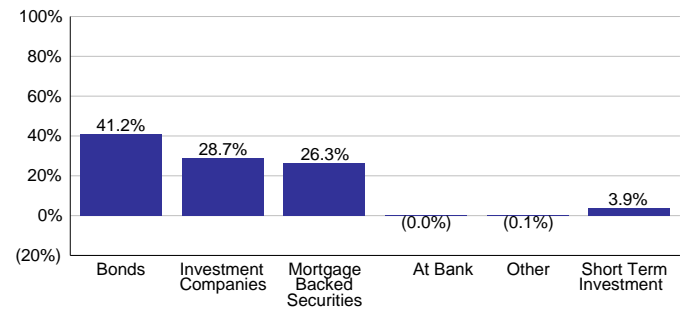
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539998153	LOCAL GOV INVS POOL 4	16.25%	0.00	1/2/2013
A41995373	LOCAL GOV INVS POOL 700	12.46%	0.00	1/2/2013
3133EAX29	FEDERAL FARM CR BKS CONS BD 0.98% 18/SEP/2017	8.13%	0.98	18/9/2017
3136FTN70	FEDERAL NATL MTG ASSN CALL 3%28/NOV/2025	6.16%	3.00	28/11/2025
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.45%	6.95	15/3/2014
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.34%	3.50	15/2/2026
3134G24S8	FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018	4.14%	2.25	14/11/2018
G3R992543	FIDELITY INVESTMENTS-MONEY MARKET PORTFOLIO SHARES	4.08%	0.00	1/2/2013
928989466	JP MORGAN PRIME MMF AGENCY SHARES	3.89%	0.00	1/2/2013
3138ASYU0	FNMA MORTPASS 3% 01/OCT/2026 CI PN# AJ1622	3.83%	3.00	1/10/2026

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

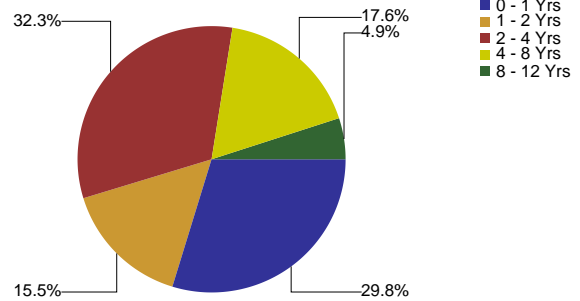


Portfolio Characteristics

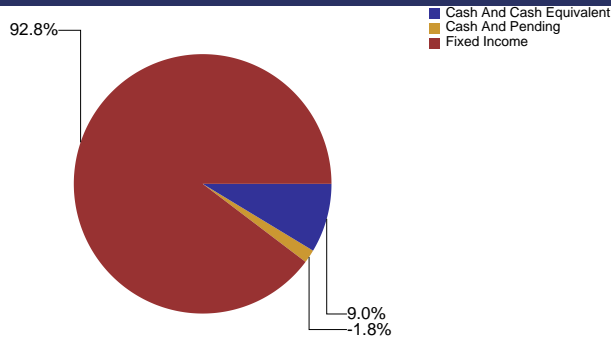
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

330.8
2.30
2.60
AA
90

Duration Mix



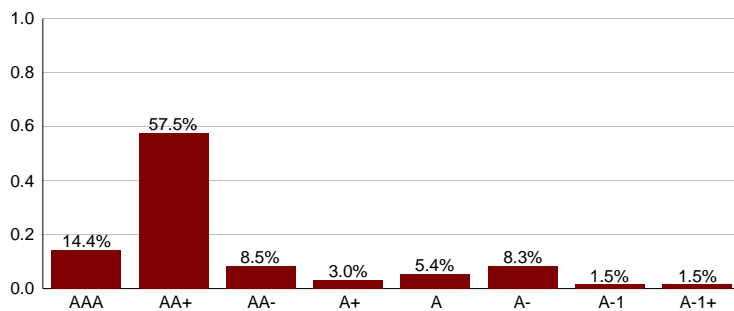
Asset Mix



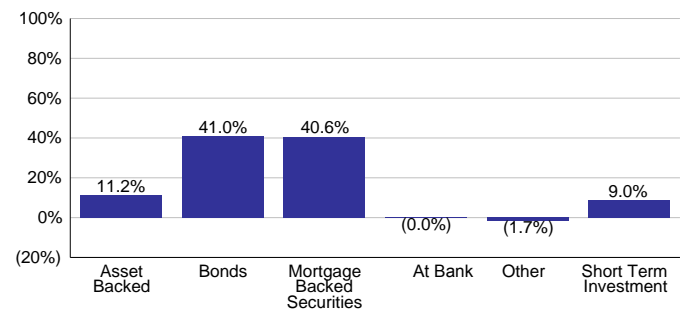
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
85299S125	TRI-PARTY REPO SOUTH STREET 0.19% 01/FEB/2013	5.05%	0.19	1/2/2013
3137ATR20	FREDDIE MAC 4097 VH 1.500% 15/OCT/2041	4.17%	1.50	15/10/2041
3128HXW76	FHLMC GOLD MORTPASS 3.00% 15/AUG/2042 POOL#S06070	3.05%	3.00	15/8/2042
3137APUK4	FREDDIE MAC 4045 HP 3.500% 15/MAY/2042	3.02%	3.50	15/5/2042
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.04%	0.00	7/6/2017
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	1.97%	4.00	25/7/2040
3133EAJR0	FEDERAL FARM CR BKS CONS BD 1.99% 26/MAR/2018	1.93%	1.99	26/3/2018
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.68%	3.50	15/1/2032
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.67%	4.00	25/6/2030
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	1.62%	3.50	16/4/2035

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through January 31, 2013

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year</u> <u>2010/2011</u>	<u>Fiscal Year</u> <u>2011/2012</u>	<u>Fiscal Year</u> <u>2012/2013</u>
JULY	1,077	1,209	1,817
AUGUST	761	818	1,475
SEPTEMBER	590	744	1,420
OCTOBER	358	668	1,205
NOVEMBER	570	858	1,316
DECEMBER	592	979	1,464
JANUARY	835	1,511	1,885
FEBRUARY	863	1,501	
MARCH	802	1,373	
APRIL	1,002	1,725	
MAY	1,128	2,036	
JUNE	1,358	2,331	
Y-T-D			
Average	\$828	\$1,313	\$1,512
Budget Stabilization Average Fund Balance - January			<u>\$452</u>
Total Average Cash Available - January			\$2,338

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
JANUARY 2013**

Distributed in Current Month

Recipient	JANUARY 2013	Fiscal YTD 12/13	Fiscal YTD 11/12
-----	-----	-----	-----
101 A & M Colleges	\$20,921	\$104,461	\$152,922
102 State Hospital	\$11,675	\$60,316	\$84,746
103 Leg., Exec., & Jud.	\$16,128	\$87,176	\$125,545
104 Military Institute	\$1,102	\$6,261	\$8,905
105 Miners Hospital	\$26,407	\$150,821	\$202,830
107 Normal School ASU/NAU	\$6,714	\$37,119	\$52,244
108 Penitentiaries	\$14,477	\$151,677	\$201,270
109 Permanent Common School	\$5,946,675	\$32,684,400	\$45,038,064
110 School for Deaf & Blind	\$9,557	\$53,821	\$75,010
111 School of Mines	\$23,029	\$120,301	\$173,559
112 State Charitable-Pioneers Home	\$117,452	\$548,642	\$788,266
112 State Charitable-Corrections	\$58,726	\$274,321	\$394,133
112 State Charitable-Youth Treatment	\$58,726	\$274,321	\$394,133
113 University Fund	\$36,995	\$195,638	\$277,153
114 U of A Land - 1881	\$88,895	\$437,213	\$592,091
	-----	-----	-----
Total	\$6,437,479	\$35,186,490	\$48,560,869
	=====	=====	=====

Posted in USAS in current month

**ENDOWMENT FUNDS
 PORTFOLIO YIELD ANALYSIS
 JANUARY 31, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12
205	ENDOWMENTS - FIXED INCOME	\$3,475,460	\$4,048,862	\$4,462,590

YIELDS

<u>MONTHLY</u>	Current Month 01/31/13	Prior Month 12/31/12	Prior Year 1/31/12	
205	ENDOWMENTS - FIXED INCOME	4.94%	5.88%	6.73%

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Jan-13 NET GAIN(LOSS)	Jan-12 NET GAIN(LOSS)
Fixed Income Pool	(298,887)	533,166
Equity Pool (500)	188,332	318,856
Equity Pool (400)	1,026,827	(326,445)
Equity Pool (600)	825,622	904,988
Totals	1,741,894	1,430,565

Endowment Fund	2012/2013 FISCAL YEAR TO DATE GAINS(LOSSES)	2011/ 2012 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	1,158,026	1,011,798
Equity Pool (500)	2,604,635	(2,131,463)
Equity Pool (400)	7,728,387	13,009,890
Equity Pool (600)	3,488,666	913,641
Totals	14,979,714	12,803,866

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

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I. Endowment Funds Purchases

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&P RATING</u>
FHLB	1.75	12/14/2018	N/A	\$5,000,000	\$5,200,319	1.07%	Aaa/AA+
FHLB	4.13	12/13/2019	N/A	\$5,510,000	\$6,504,746	1.42%	Aaa/AA+
FHLMC MTG	2.50	8/15/2042	6.81	\$5,000,000	\$5,153,819	1.95%	Aaa/AA+
FHLMC MTG	3.00	9/15/2042	4.28	\$5,000,000	\$5,258,177	1.76%	Aaa/AA+
US TREAS	3.13	10/31/2016	N/A	\$2,500,000	\$2,751,943	0.61%	Aaa/AA+
US TREAS	2.63	1/31/2018	N/A	\$2,500,000	\$2,750,017	0.83%	Aaa/AA+
US TREAS	3.13	5/15/2021	N/A	\$2,500,000	\$2,817,046	1.56%	Aaa/AA+
US TREAS	1.50	6/30/2016	N/A	\$5,000,000	\$5,173,379	0.51%	Aaa/AA+
US TREAS	1.00	9/30/2016	N/A	\$5,000,000	\$5,095,194	0.57%	Aaa/AA+
US TREAS	0.38	6/15/2015	N/A	\$5,000,000	\$5,006,759	0.34%	Aaa/AA+
US TREAS	1.00	9/30/2019	N/A	\$2,500,000	\$2,472,269	1.22%	Aaa/AA+
US TREAS	0.75	10/31/2017	N/A	\$5,000,000	\$4,992,435	0.82%	Aaa/AA+
US TREAS	1.63	11/15/2022	N/A	\$2,500,000	\$2,457,354	1.84%	Aaa/AA+
US TREAS	0.25	12/15/2015	N/A	\$5,000,000	\$4,979,739	0.40%	Aaa/AA+
US TREAS	0.75	12/31/2017	N/A	\$5,000,000	\$4,981,780	0.83%	Aaa/AA+
CITIGROUP	4.75	5/19/2015	N/A	\$5,000,000	\$5,439,984	1.28%	Baa2/A-
HONDA AUTO REC	0.62	3/21/2019	3.20	\$5,000,000	\$4,998,614	0.63%	NR/AAA
KEY BANK	1.65	2/1/2018	N/A	\$3,500,000	\$3,496,640	1.67%	A3/NR
WFRBS MTG	2.70	3/17/2045	6.91	\$5,000,000	\$5,154,107	2.22%	NR/AAA
TOTAL ENDOWMENT FUNDS PURCHASES				\$81,510,000	\$84,684,322		

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 January 2013

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	453,427	\$15,621,848	\$3,400
S&P 500 Large-Cap Fund	641,155	\$30,387,162	\$4,809
S&P 600 Small-Cap Fund	456,252	\$11,566,221	\$3,423
TOTAL EQUITY PURCHASES	1,550,834	\$57,575,232	\$11,632

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	10,130	\$843,359	\$76
S&P 500 Large-Cap Fund	6,117	\$643,540	\$46
S&P 600 Small-Cap Fund	82,976	\$2,574,256	\$622
TOTAL EQUITY SALES	99,223	\$4,061,154	\$744

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 JANUARY 31, 2013
 (In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	552	3,815	6,246	2,432	
	<i>Shares in Fixed Income Pools</i>	3,970	2,491	4,013	1,522	
	Total	4,522	6,305	10,259	3,954	1.627
102	State Hospital					
	<i>Shares in Equity Pools</i>	352	2,440	3,986	1,546	
	<i>Shares in Fixed Income Pools</i>	2,407	1,597	2,433	836	
	Total	2,759	4,037	6,419	2,382	1.590
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	447	3,340	5,065	1,725	
	<i>Shares in Fixed Income Pools</i>	3,444	2,190	3,481	1,292	
	Total	3,891	5,530	8,546	3,016	1.545
104	Military Institute					
	<i>Shares in Equity Pools</i>	30	215	334	119	
	<i>Shares in Fixed Income Pools</i>	233	140	236	96	
	Total	263	355	570	215	1.606
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,102	8,881	12,480	3,599	
	<i>Shares in Fixed Income Pools</i>	7,604	5,889	7,686	1,797	
	Total	8,706	14,770	20,166	5,396	1.365
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	205	1,508	2,324	816	
	<i>Shares in Fixed Income Pools</i>	1,485	989	1,501	512	
	Total	1,690	2,497	3,825	1,328	1.532
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	678	4,797	7,683	2,885	
	<i>Shares in Fixed Income Pools</i>	4,702	3,181	4,752	1,571	
	Total	5,380	7,978	12,435	4,456	1.559

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 JANUARY 31, 2013
 (In Thousands)

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NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	199,261	1,539,184	2,256,472	717,288	
<i>Shares in Fixed Income Pools</i>	1,411,091	1,030,759	1,426,200	395,441	
Total	1,610,352	2,569,943	3,682,672	1,112,729	1.433
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	286	2,081	3,244	1,163	
<i>Shares in Fixed Income Pools</i>	2,137	1,367	2,160	793	
Total	2,423	3,448	5,404	1,956	1.567
111 School of Mines					
<i>Shares in Equity Pools</i>	617	4,566	6,990	2,424	
<i>Shares in Fixed Income Pools</i>	4,567	3,021	4,616	1,595	
Total	5,185	7,587	11,606	4,019	1.530
112 State Charitable					
<i>Shares in Equity Pools</i>	6,179	45,903	69,976	24,074	
<i>Shares in Fixed Income Pools</i>	42,969	30,806	43,429	12,623	
Total	49,149	76,709	113,406	36,697	1.478
113 University Fund					
<i>Shares in Equity Pools</i>	1,031	7,601	11,673	4,072	
<i>Shares in Fixed Income Pools</i>	7,604	5,007	7,686	2,679	
Total	8,635	12,608	19,359	6,751	1.535
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,159	25,204	35,770	10,566	
<i>Shares in Fixed Income Pools</i>	22,943	16,835	23,189	6,354	
Total	26,102	42,040	58,959	16,920	1.402
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	213,900	1,649,535	2,422,244	772,708	
<i>Shares in Fixed Income Pools</i>	1,515,158	1,104,271	1,531,382	427,110	
Grand Total	1,729,057	2,753,807	3,953,625	1,199,819	
PRIOR YEAR:					
JANUARY 2012 BALANCES	1,665,553	2,528,109	3,356,886	828,777	

Note: Prior Year Shares Outstanding adjusted due to 7/01/12 combining of equity pool shares and fixed income pool shares.

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING**
JANUARY 31, 2013

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ASSET ALLOCATION PERCENTAGE

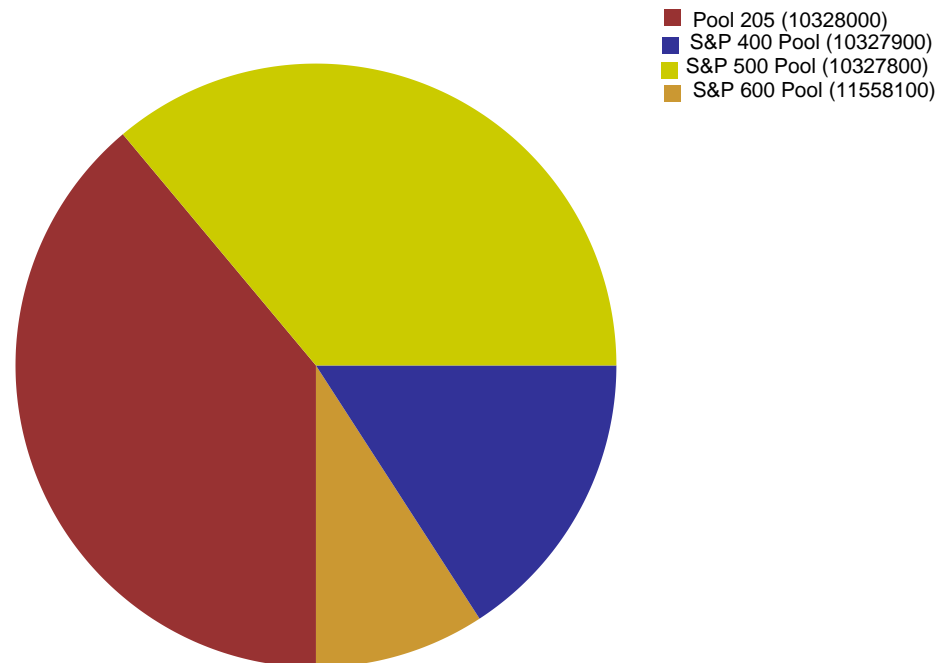
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	JANUARY 2012 MARKET VALUE
<i>Shares in Equity Pools</i>	12.37%	59.90%	61.27%	58.02%
<i>Shares in Fixed Income Pools</i>	87.63%	40.10%	38.73%	41.98%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====

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

Total Endowment Fund Composite (00550902)													
ID	Name	Beginning Market Value	Ending Market Value	Cashflow	Current Month	Trailing Three Months	Year to Date	Fiscal Year To Date	Trailing One Year	Trailing Three Years	Trailing Five Years	Since Inception	Inception Date
10327800	S&P 500 Pool	1,335,494,718.84	1,432,112,169.54	27,570,304	5.18	6.75	5.18	11.40	16.76	14.13	4.06	1.87	07/01/1999
10327900	S&P 400 Pool	576,618,945.50	630,051,436.12	11,815,845	7.20	11.97	7.20	17.12	18.68	17.40	7.34	8.25	08/01/2001
10328000	Pool 205	1,508,617,326.58	1,531,381,518.22	31,508,919	(0.59)	(0.48)	(0.59)	1.15	2.61	4.37	4.90	5.83	07/01/1999
11558100	S&P 600 Pool	332,938,856.06	360,080,280.38	7,877,230	5.78	10.36	5.78	14.01	15.57			9.41	03/01/2011
00550902	Total Endowment Fund Composite	3,753,669,846.98	3,953,625,404.26	78,772,298	3.22	4.89	3.22	8.23	11.04	10.02	5.40	5.53	07/01/1999

Manager Allocation - Daily Arizona State Treasury (05509) As of January 31, 2013

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,531.38	38.7%
S&P 400 Pool (10327900)	630.05	15.9%
S&P 500 Pool (10327800)	1,432.11	36.2%
S&P 600 Pool (11558100)	360.08	9.1%
TOTAL	3,953.63	100.0%



Portfolio Characteristics

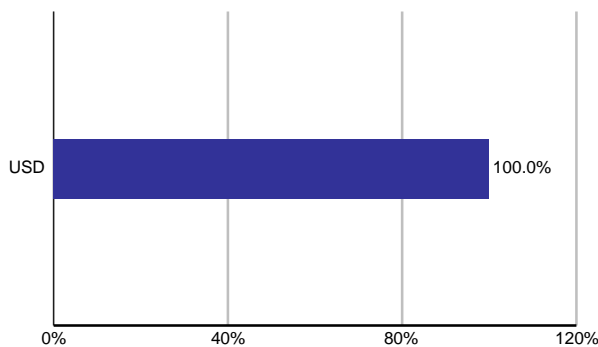
Risk Measures

Total Asset Value (in Millions)	1,432.1	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	16.60	Information Ratio	0.04	0.04	0.16	1.64
Price to Book Ratio	2.14	Std Deviation of Port.	(0.49)	(0.40)	0.45	(0.38)
Dividend Yield (%)	2.20	Std Deviation of Bench.	10.76	15.22	18.87	16.00
Return on Equity (%)	25.81	Sharpe Ratio of Port.	10.77	15.25	18.95	15.88
Sales Growth (%)	7.63	Sharpe Ratio of Bench.	1.55	0.92	0.19	(0.03)
Market Capitalization (\$ Millions)	104,816.48	R-Squared	1.55	0.92	0.19	0.01
Earnings per Share (\$)	5.65	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	500		(0.01)	0.01	0.10	(0.65)

Top Ten Portfolio Holdings

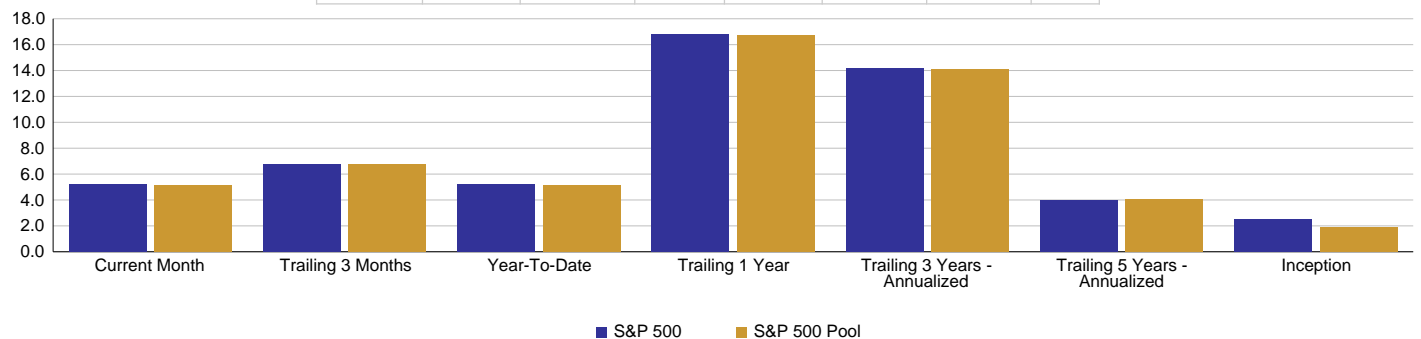
Security ID	Security Name	% of Assets
78462F103	SPDR S&P 500 ETF TRUST	3.58%
037833100	APPLE INC - COM NPV	3.08%
30231G102	EXXON MOBILE CORP - COM NPV	2.95%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.68%
166784100	CHEVRON CORP - COM USD3	1.62%
459200101	INTL BUSINESS MACHINES CORP - COM USD2	1.55%
594918104	MICROSOFT CORP - COM USD.00000625	1.50%
742718109	PROCTOR & GAMBLE CO - COM NPV	1.49%
478160104	JOHNSON & JOHNSON - COM USD1	1.47%
717081103	PFIZER INC - COM USD.1	1.46%

Top Ten Currency Weights

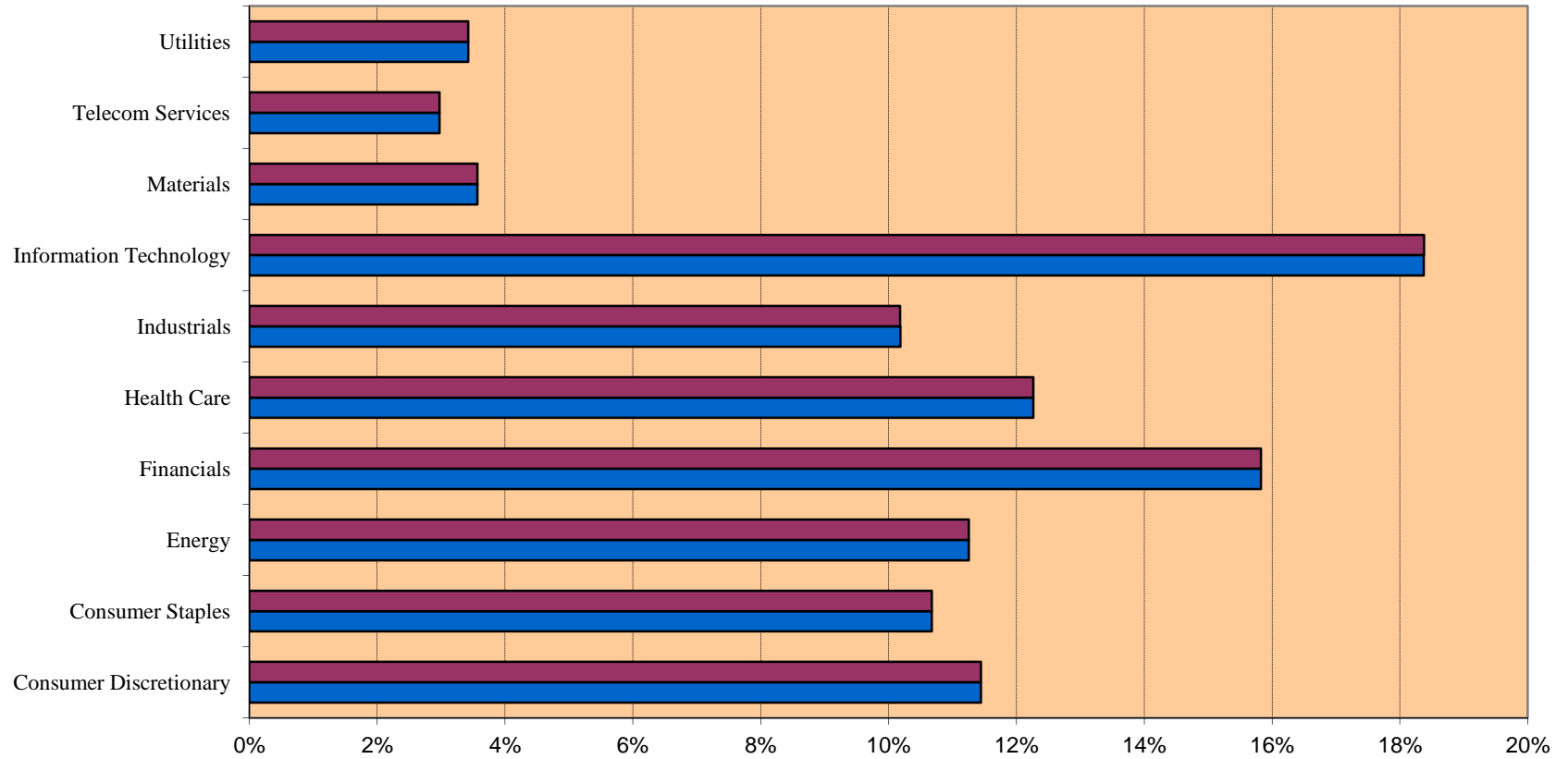


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	5.18	6.75	5.18	16.76	14.13	4.06	1.87
S&P 500	5.18	6.75	5.18	16.78	14.14	3.97	2.53
Excess	(0.00)	(0.01)	(0.00)	(0.02)	(0.02)	0.09	(0.65)



**STATE OF ARIZONA
POOL 201 (S&P 500)
As of January 31, 2013**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	11.45%	10.68%	11.26%	15.83%	12.27%	10.18%	18.38%	3.57%	2.98%	3.43%
■ STATE OF ARIZONA - POOL 201	11.45%	10.68%	11.26%	15.83%	12.27%	10.19%	18.38%	3.57%	2.98%	3.43%



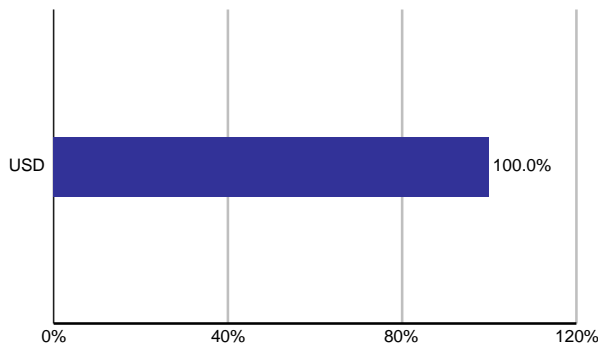
Portfolio Characteristics

		Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Total Asset Value (in Millions)	630.1		0.06	0.35	1.94	2.01
P/E Ratio	21.50	Information Ratio	1.79	(0.47)	(0.39)	(0.09)
Price to Book Ratio	2.20	Std Deviation of Port.	11.47	18.15	21.97	17.41
Dividend Yield (%)	1.43	Std Deviation of Bench.	11.51	18.28	22.67	18.33
Return on Equity (%)	15.70	Sharpe Ratio of Port.	1.62	0.95	0.32	0.37
Sales Growth (%)	6.75	Sharpe Ratio of Bench.	1.60	0.95	0.33	0.35
Market Capitalization (\$ Millions)	4,491.80	R-Squared	1.00	1.00	0.99	0.99
Earnings per Share (\$)	2.71	Jensen's Alpha	0.18	(0.04)	(0.39)	0.34
Number of Holdings	400					

Top Ten Portfolio Holdings

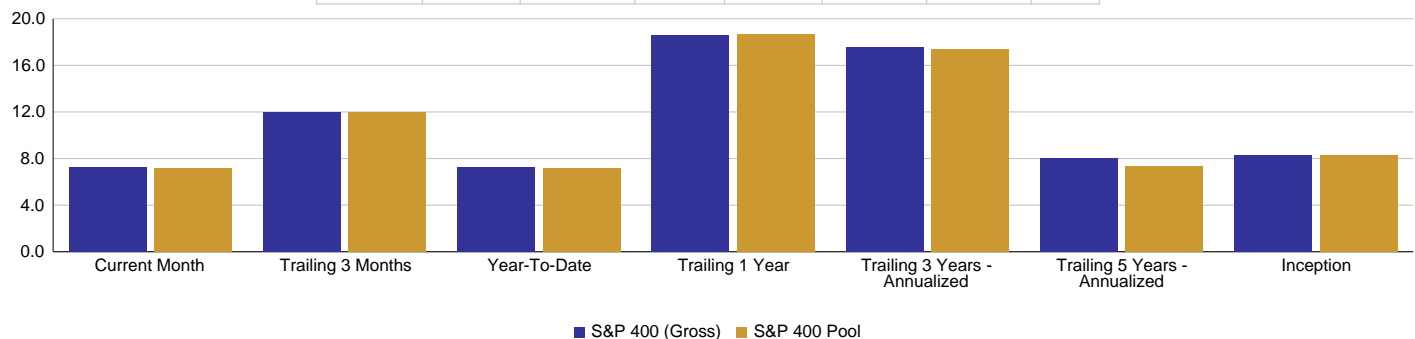
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	4.58%
75886F107	REGENERON PHARMACEUT - COM USD .001	0.98%
436106108	HOLLYFRONTIER CORP - COM USD .01	0.79%
29444U502	EQUINIX INC - COM USD.001	0.78%
485170302	KANSAS CITY SOUTHERN - COM NPV	0.77%
031100100	AMETEK INC - COM USD1	0.74%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD .01	0.73%
693656100	PVH CORP - COM USD1	0.63%
750086100	RACKSPACE HOSTING INC - COM USD .001	0.62%
554382101	MACERICH CO - COM USD.01	0.61%

Top Ten Currency Weights

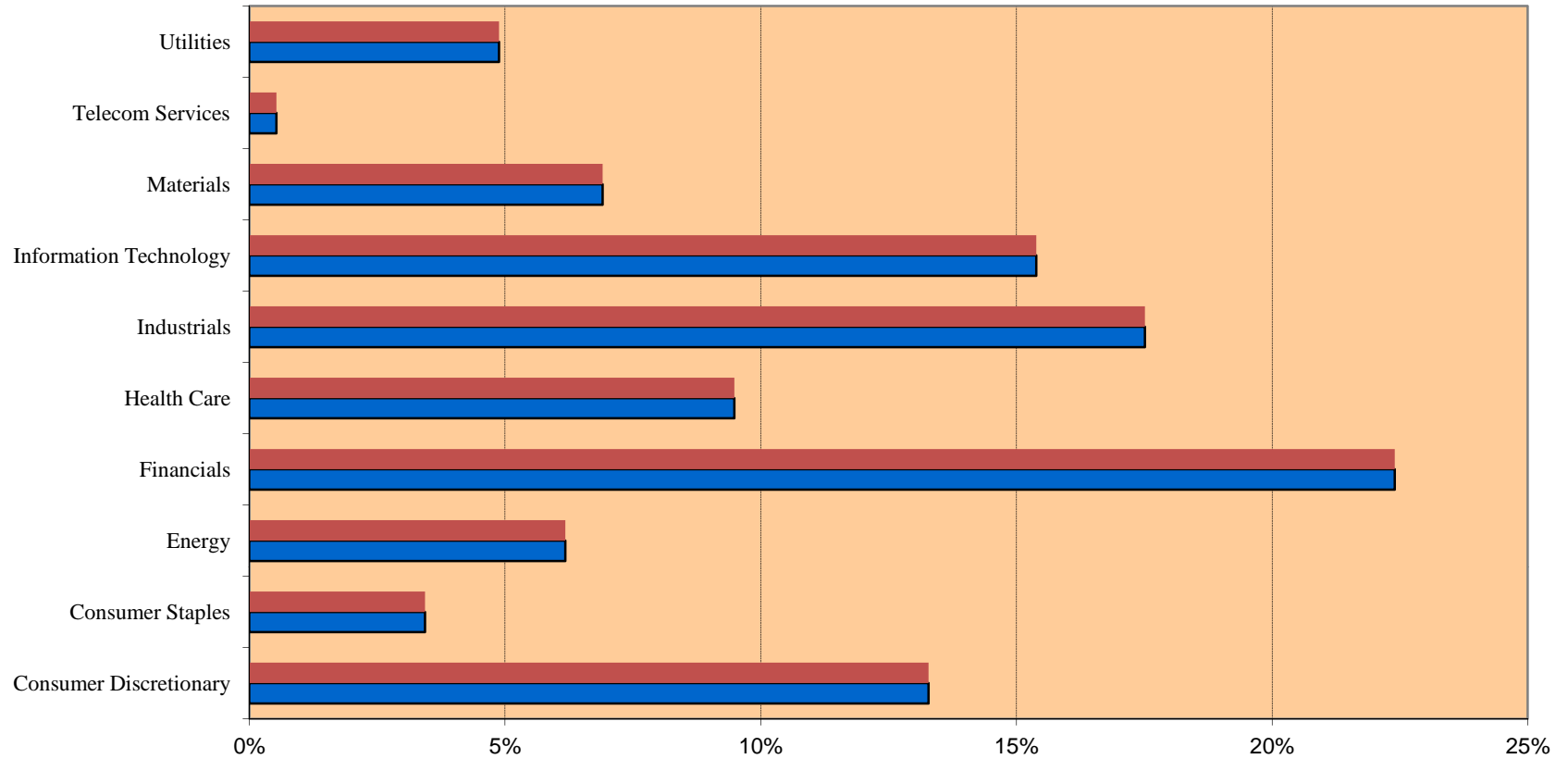


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	7.20	11.97	7.20	18.68	17.40	7.34	8.25
S&P 400 (Gross)	7.22	11.98	7.22	18.56	17.57	7.99	8.26
Excess	(0.02)	(0.01)	(0.02)	0.12	(0.17)	(0.65)	(0.01)



**STATE OF ARIZONA
POOL 203 (S&P MIDCAP 400)
As of January 31, 2013**



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.28%	3.44%	6.18%	22.40%	9.48%	17.52%	15.39%	6.91%	0.53%	4.88%
■ STATE OF ARIZONA - POOL 203	13.28%	3.44%	6.18%	22.40%	9.48%	17.52%	15.39%	6.91%	0.53%	4.88%



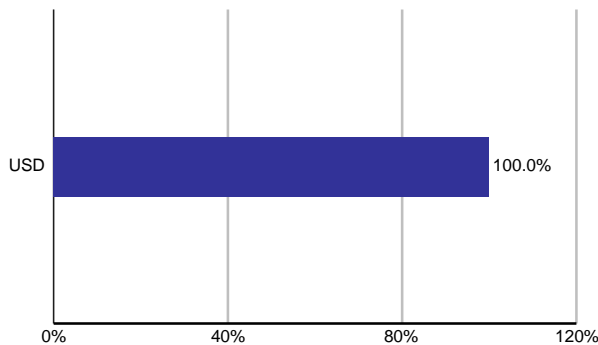
Portfolio Characteristics

		Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
Total Asset Value (in Millions)	360.1				
P/E Ratio	25.00	0.05	-	-	0.09
Price to Book Ratio	1.93	2.17	-	-	(0.34)
Dividend Yield (%)	1.23	11.51	-	-	17.87
Return on Equity (%)	15.22	11.54	-	-	17.91
Sales Growth (%)	7.09	1.34	-	-	0.52
Market Capitalization (\$ Millions)	1,420.37	1.33	-	-	0.52
Earnings per Share (\$)	1.62	1.00	-	-	1.00
Number of Holdings	599	0.16	-	-	(0.01)
		Tracking Error			
		Information Ratio			
		Std Deviation of Port.			
		Std Deviation of Bench.			
		Sharpe Ratio of Port.			
		Sharpe Ratio of Bench.			
		R-Squared			
		Jensen's Alpha			

Top Ten Portfolio Holdings

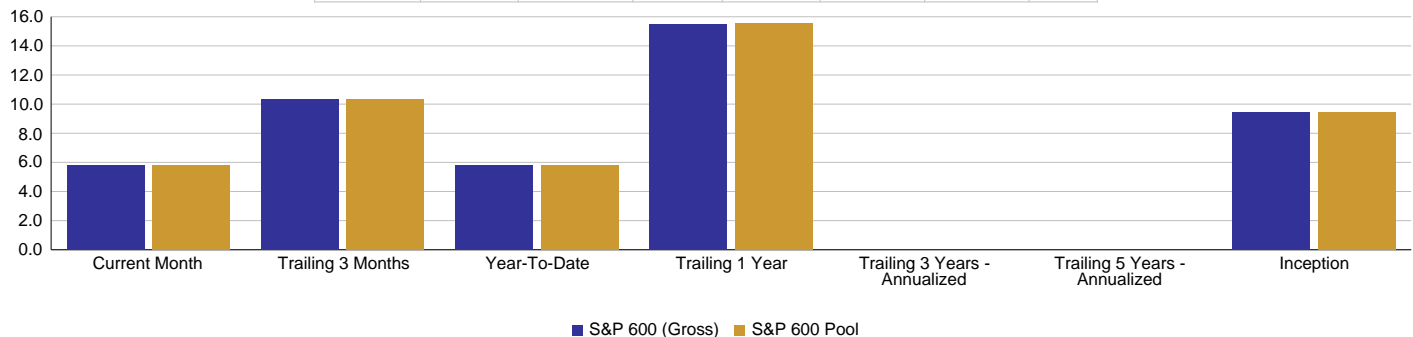
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST CORE S&P SMALL_CAP ETF	4.09%
49427F108	KILROY REALTY CORP - COM USD.01	0.66%
875465106	TANGER FACTORY OUTLET CTRS - COM USD.01	0.59%
204166102	COMMVAULT SYSTEMS INC - COM USD.01	0.57%
117043109	BRUNSWICK CORP - COM USD.75	0.57%
232572107	CYMER INC - COM USD.001	0.57%
26969P108	EAGLE MATERIALS INC - COM NPV	0.53%
88554D205	3D SYSTEMS CORP - COM NPV	0.50%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.49%
74267C106	PROASSURANCE CORP - COM NPV	0.49%

Top Ten Currency Weights

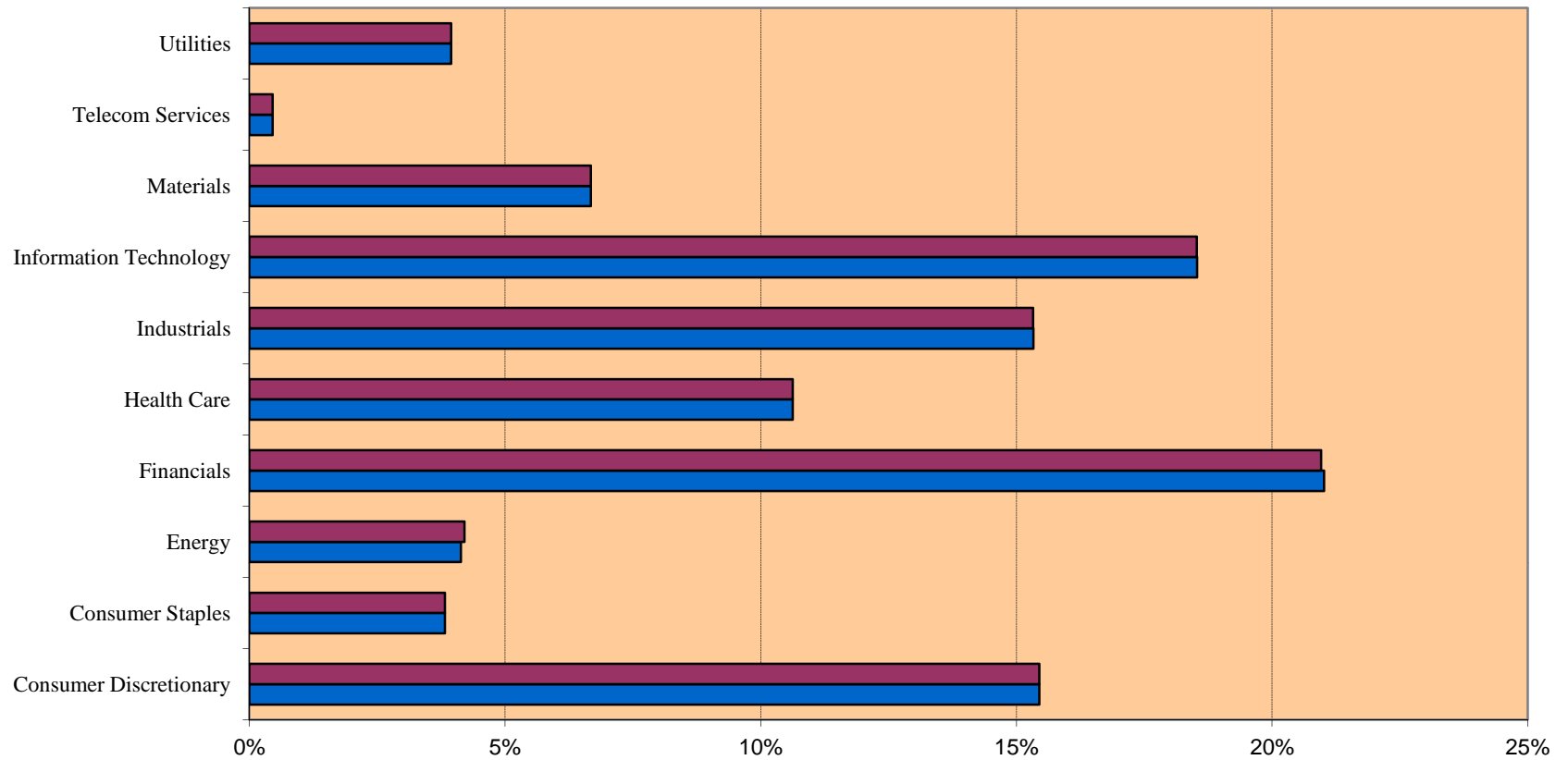


Returns Series

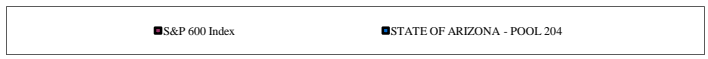
	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	5.78	10.36	5.78	15.57			9.41
S&P 600 (Gross)	5.78	10.36	5.78	15.45			9.44
Excess	(0.00)	(0.00)	(0.00)	0.12	(0.00)	(0.00)	(0.03)



**STATE OF ARIZONA
POOL 204 (S&P 600 Index)
As of January 31, 2013**

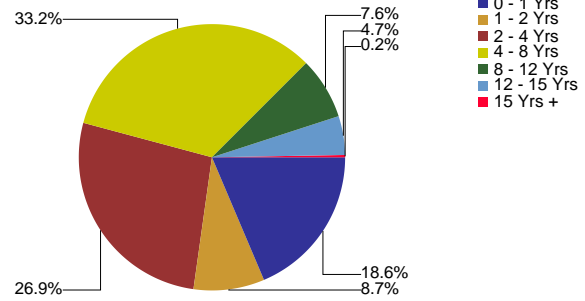


	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	15.45%	3.82%	4.21%	20.96%	10.63%	15.33%	18.53%	6.68%	0.46%	3.95%
■ STATE OF ARIZONA - POOL 204	15.45%	3.82%	4.14%	21.02%	10.63%	15.33%	18.53%	6.68%	0.46%	3.95%

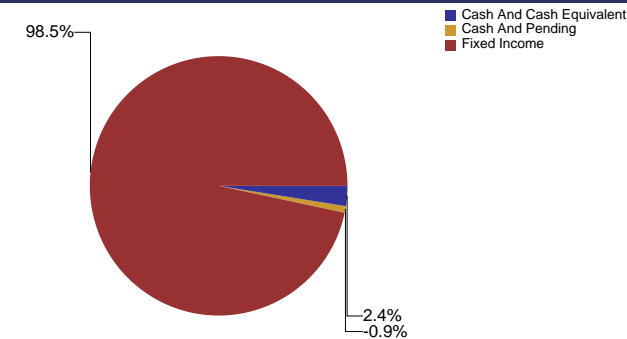


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) 1,531.4
Weighted Average Life (Years) 5.69
Weighted Avg. Effective Duration (Years) 4.23
Weighted Average Coupon (%) 4.04
Weighted Average Current Yield (%) 0.04
Weighted Average Yield to Maturity (%) 0.06
Weighted Average Rating AA
Number of Holdings 272

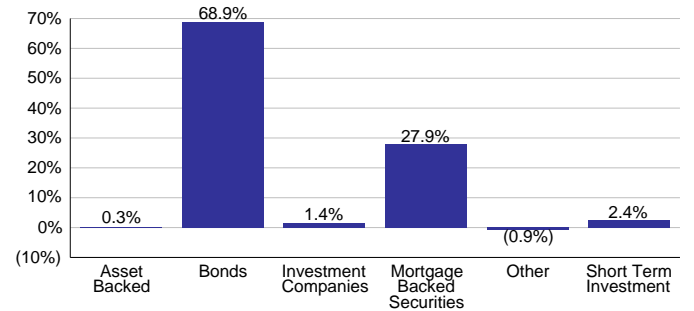
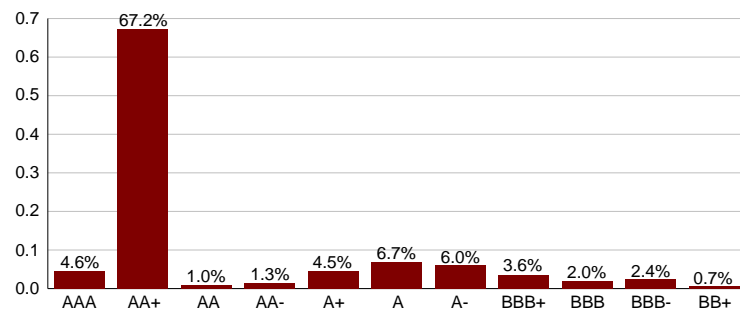


Asset Mix Top Ten Portfolio Holdings



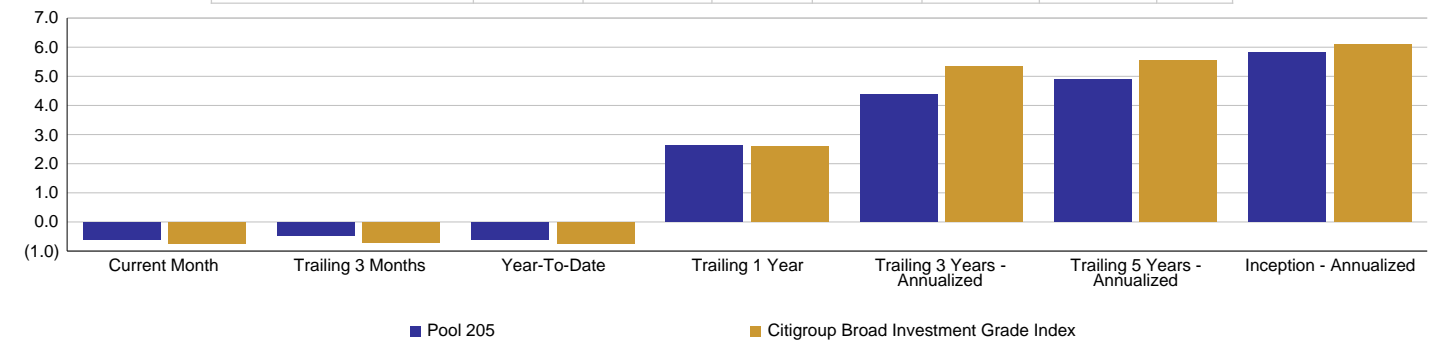
Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	2.15%	0.00	1/2/2013
539998765	LOCAL GOV INVS POOL 500	1.36%	0.00	1/2/2013
31359MQV8	FEDERAL NATIONAL MORTGAGE ASSOC 4.75% BDS	1.32%	4.75	21/2/2013
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.97%	6.38	15/8/2027
912810ED6	US 8.12500 '19	0.95%	8.12	15/8/2019
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.84%	5.90	15/5/2038
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.82%	5.62	1/10/2038
3137AF2R2	FREDDIE MAC 3920 AC 2.500% 15/SEP/2041	0.80%	2.50	15/9/2041
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.80%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.79%	5.75	1/4/2018

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



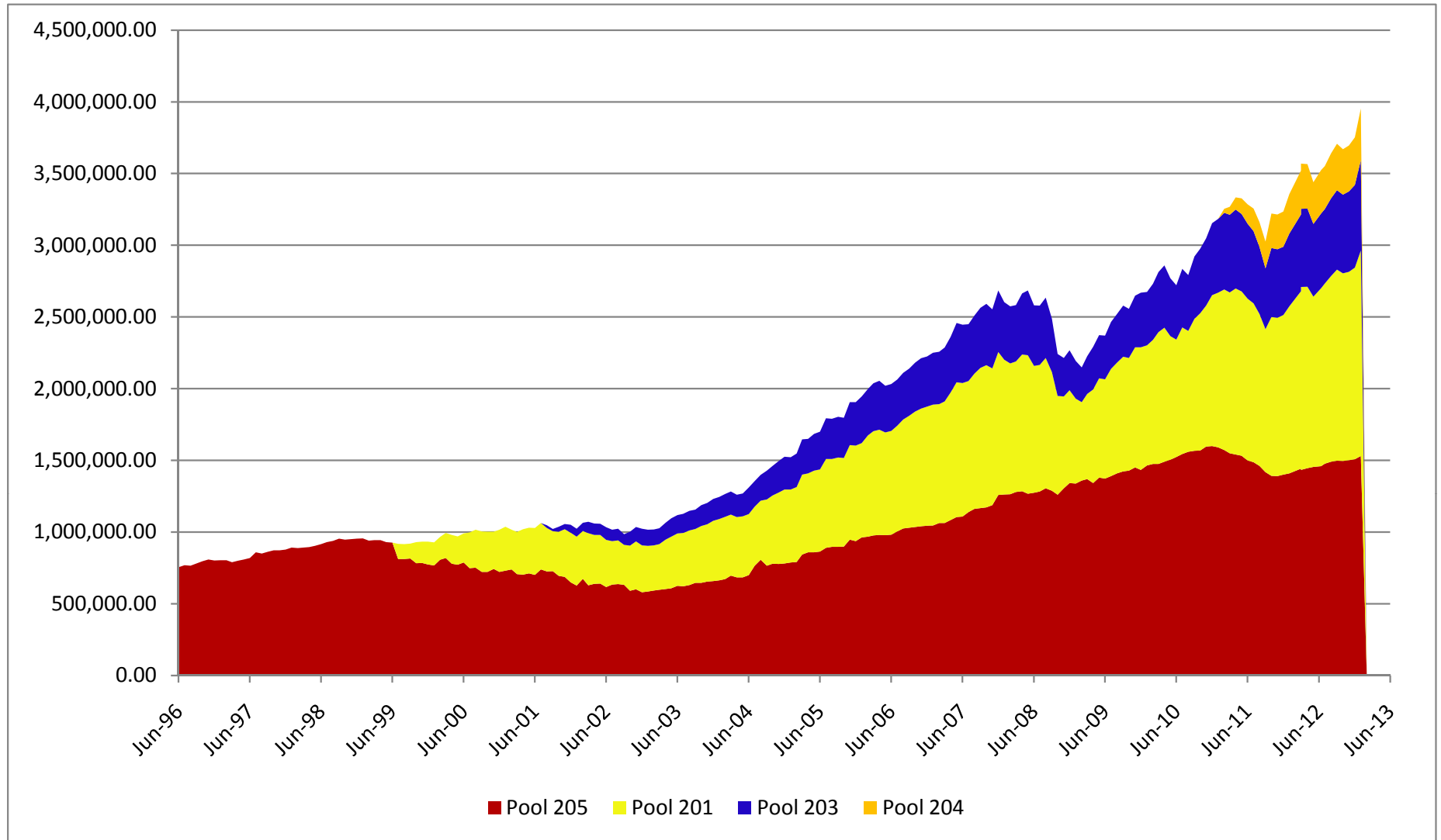
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	(0.59)	(0.48)	(0.59)	2.61	4.37	4.90	5.83
Citigroup Broad Investment Grade Index	(0.73)	(0.69)	(0.73)	2.59	5.35	5.53	6.10
Excess	0.14	0.21	0.14	0.02	(0.97)	(0.63)	(0.27)



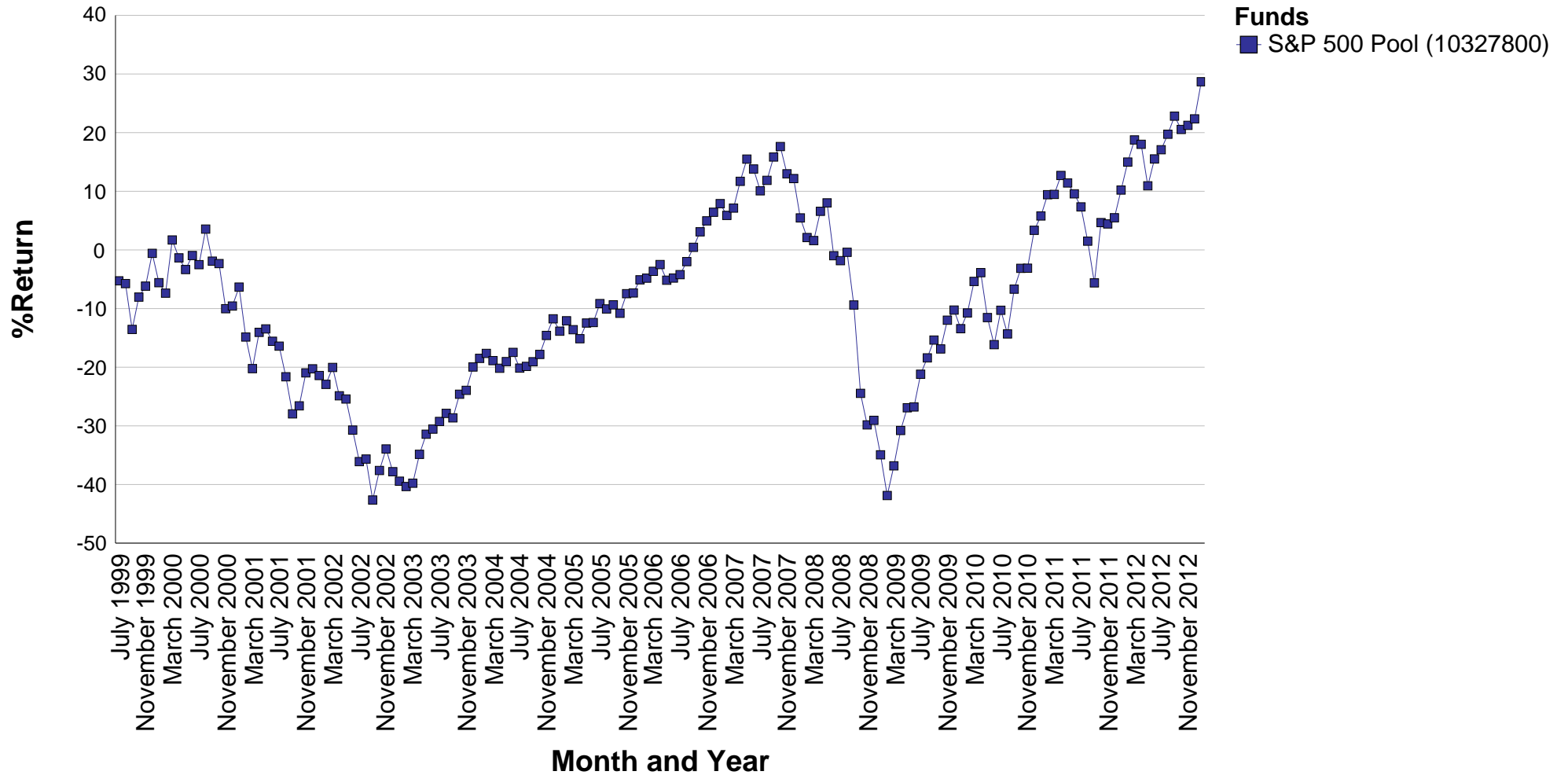
Thousands

Endowment Fund Market Value



Performance Growth by Account

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

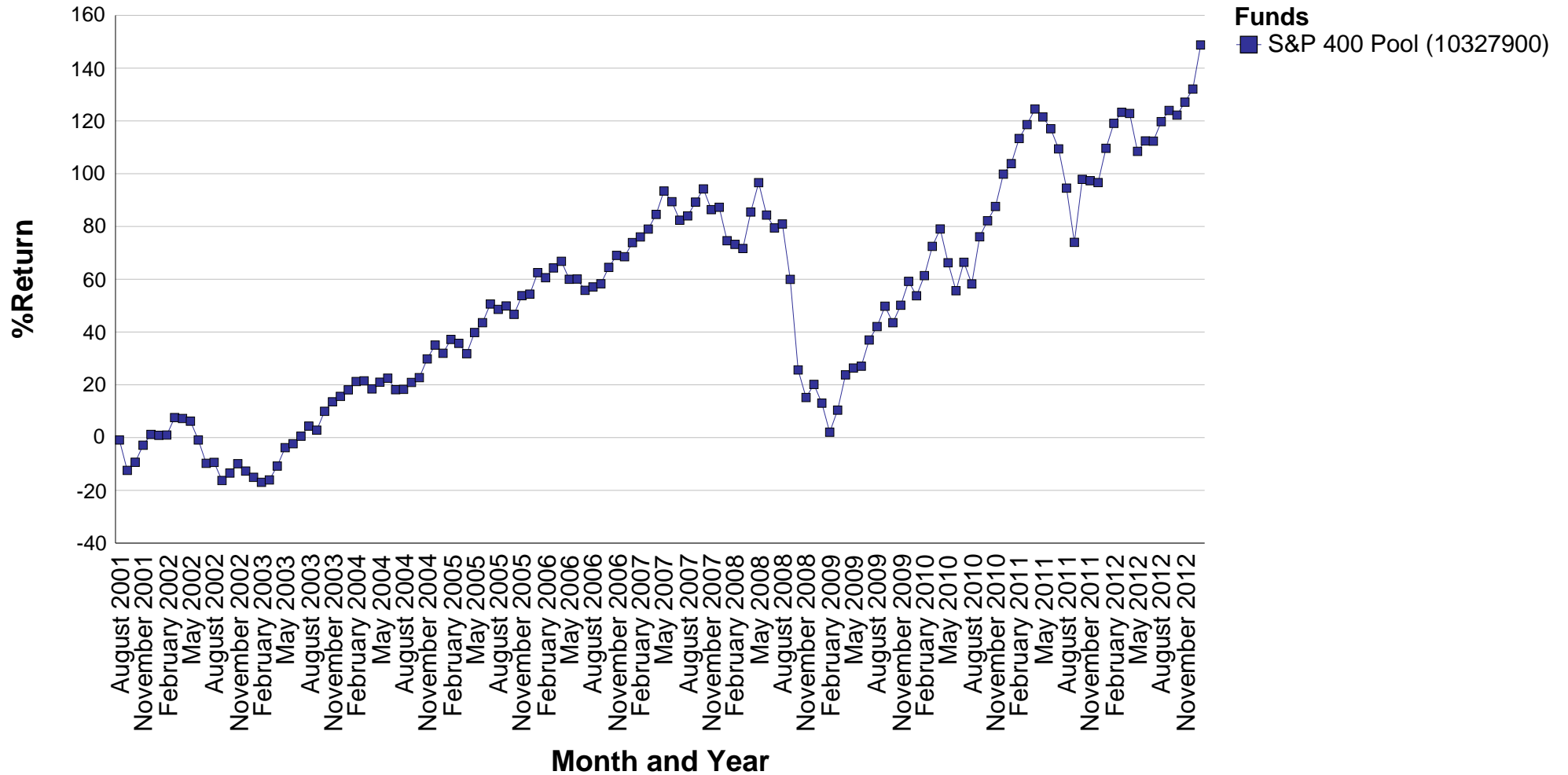


Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to January 2013

Gross of Fee

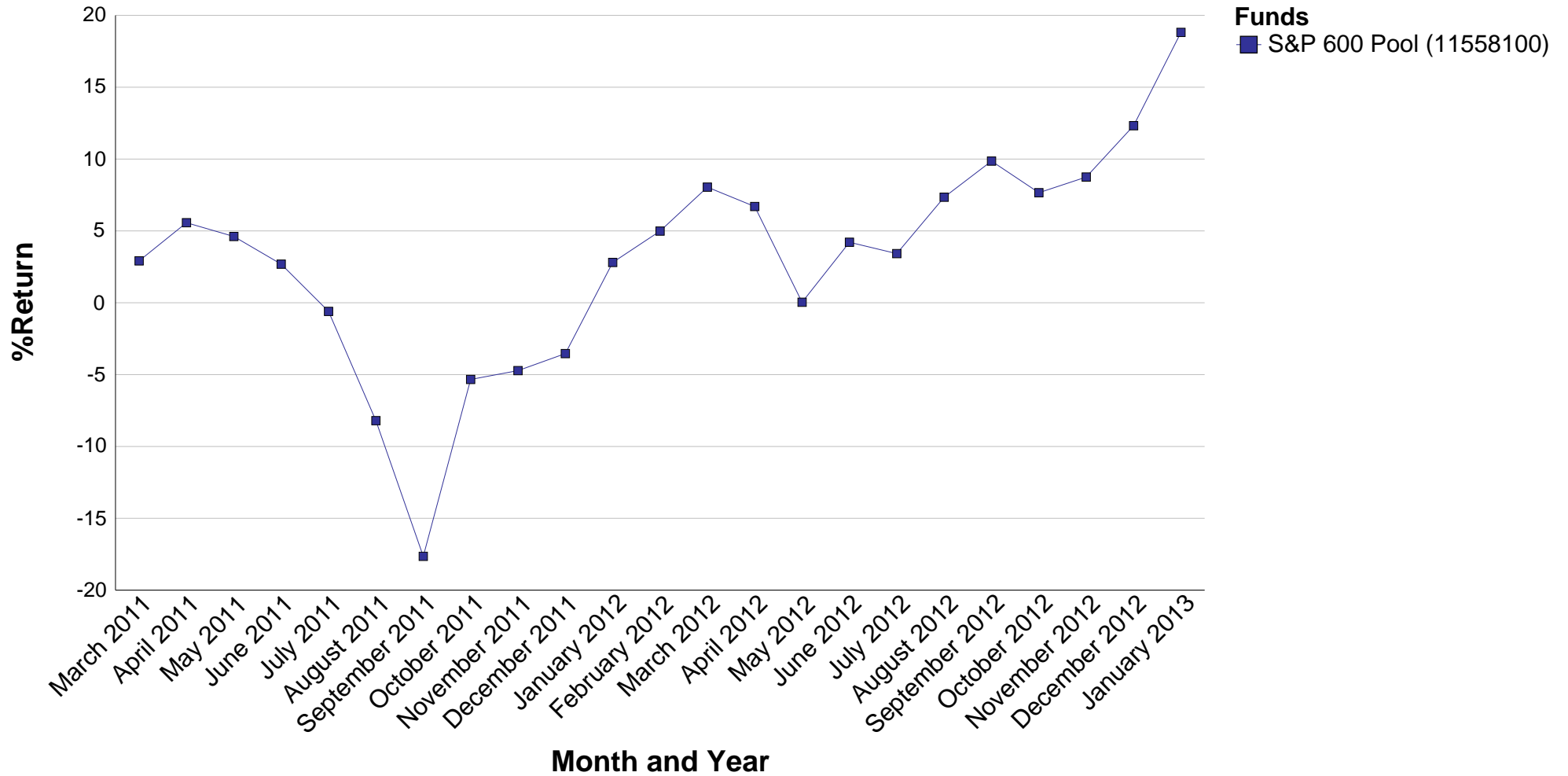


Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to January 2013

Gross of Fee



Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to January 2013

Gross of Fee

