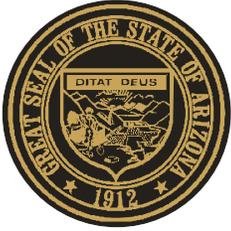


OFFICE OF THE
ARIZONA STATE TREASURER



Doug Ducey
TREASURER



AUGUST 2013

Presented To:

Arizona State Board of Investment

SEPTEMBER 24, 2013

STATE BOARD OF INVESTMENT

A G E N D A

September 24, 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

September 24, 2013

TABLE OF CONTENTS

	<u>Page</u>
Minutes of Board of Investment Meeting	ii-viii
Review of Treasurer’s Monthly Reports:	
A. Earnings Distribution; Investment Pools	1
B. LGIP Pools Investments and Performance Reports	2-8
C. State Agency Pools Investments and Performance Reports	9-20
D. Operating Monies Invested Balances	21
E. Earnings Distributed Endowment Funds	22
F. Endowment Investments and Performance Reports	23-43

**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on August 27, 2013 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Ducey called the meeting to order at approximately 1:30 p.m.

Members Present:

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

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office
Carlton Woodruff, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Patty Humbert, Senior Portfolio Manager, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Martin Kelly, Investment Analyst, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Sheila Asher, VP, Relationship Manager, JP Morgan

Pursuant to A.R.S. 35-311, the following reports for July, 2013 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

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

1. Call to Order:

Treasurer Ducey called the August 27, 2013 BOI meeting to order at approximately 1:30 pm.

2. Treasurers Comments:

Treasurer Ducey welcomed the board members and guests and thanked all present for attending the August 27, 2013 meeting.

3. Approval of Minutes:

Mr. Kingry made a motion to approve the July 23, 2013 minutes. Mr. Papp 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 July, 2013.

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

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

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

Mr. Petkiewicz reported the net yields for the LGIP and LGIP-Gov Pools, as well as the comparisons to their relative benchmarks for the month of July, 2013.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Petkiewicz reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of July, 2013.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Petkiewicz reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of July 31, 2013.

LGIP Pools Investments and Performance Reports

Mr. Petkiewicz reported the total net assets, the weighted average life, the weighted average rating, and the total number of holdings on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of July, 2013.

Treasurer Ducey referenced Pool 7, on page 6 of the Treasurer's Report, inquiring about the balance dropping \$200 Million from the previous month. Mr. Petkiewicz stated that he was not certain and does not follow the participant side that closely with regard to withdrawals and deposits, offering to provide Mr. Ducey with more specific explanation following the BOI meeting. Ms. Humbert added that the difference was most likely due to year-end Bond payments for the large municipalities that have bonds issued.

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 July, 2013.

Manager Allocation of Invested Monies for the State Agency Pools

Ms. Humbert reported the total market value of all of the State Agency Pools broken up to show the percent allocated to each individual State Agency Pool as of July 31, 2013.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, the weighted average life, the weighted average duration, the weighted average rating, and the total number of holdings for the State Agency Investment Pools as of July 31, 2013.

Mr. Kingry inquired if it were possible to compare the Quality Rating Weightings to the beginning of the Fiscal Year. Ms. Humbert stated that the past reports can be accessed on the Treasurer's website for comparison, noting that the reports only provide a snapshot on the day of month end and it would not provide the tracking of any overall shift of weighting. Ms. Humbert added that there are no tools available that would track the shift of weighting however, creative reporting could provide that specific data and can be made available.

Operating Monies Average Invested Balance

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

Review of Treasurer's Monthly Report – Endowments:

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

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of July, 2013.

Endowment Funds Yield Analysis

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

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, S&P 400 and S&P 600 pools for the month of July 2013 and fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of July, 2013.

Equity Funds Purchases & Sales

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

Investments Outstanding in Endowment Funds

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

Performance of Investments in Endowment Funds

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of July 31, 2013.

Manager Allocation of Invested Monies for the Endowment Pools

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of July 31, 2013.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of July 31, 2013.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of July 31, 2013.

Equity Holdings Investments Outstanding S&P 600

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 600 Pool as of July 31, 2013.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, the weighted average life, the weighted average duration, the weighted average yield to maturity, the weighted average rating, and the total number of holdings for the Fixed Income Pool for the month of July, 2013.

Endowment Investments and Performance Growth by Account Reports

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of July, 2013.

Treasurer Ducey expressed his appreciation for the responsible management in these difficult market conditions and suggested meeting offline to discuss some of the challenges and funds around making management fees and perhaps gain some outlook on what the rates may look like moving forward.

Approval of Treasurer's Report

Mr. Kingry made a motion to approve the Treasurer's Report. Ms. Ford seconded the motion. Motion carried.

5. Proposed Changes to Investment Policy:

No proposed changes.

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

There were no Securities Dealers to be approved.

7. General Business:

There was no general business.

8. Call to the Public

There was no public comment.

9. Notice of Next Meeting:

Treasurer Ducey advised the Board that the next regular meeting of the Board of Investment will be Tuesday, September 24, 2013 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

Treasurer Ducey requested any updates on the market outlook and the rising interest rates. Mr. Papp provided a brief overview on the current market and the US Economy. Stating that the market is reacting to the increase in gas and oil prices, suggesting that this increase would be disruptive to the US economy. Mr. Papp added that in addition to the oil and gas increases, the market was also reacting to the higher interest rates.

State Treasurer's Report
September 24, 2013 Meeting
Minutes of the August 27, 2013 Meeting

In summary, Mr. Papp suggested that this is a time where a more traditional, largely domestic portfolio seems to be doing better, especially in times of risks in general. Adding that if the interest rates come down enough, it might be a great opportunity to take a little duration out of the portfolio.

10. Adjournment:

Mr. Papp made a motion to adjourn the BOI meeting. Mr. Kingry seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:08 p.m.

Respectfully Submitted by:

Barbara Conley
Executive Consultant II

Approved by:

Doug Ducey, Chair

Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS
AUGUST 2013**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	AUGUST 2013	Fiscal YTD 13/14	Fiscal YTD 12/13	
General Fund	\$1,185,775	\$2,539,968	\$2,498,734	
2 State Agencies - Full Faith & Credit	520,275	1,111,006	1,111,053	\$104,586
3 State Agencies - Diversified (<i>Combined</i>)	1,236,544	2,435,529	2,165,124	223,773
4 State Agencies - Gov	471,931	934,340	811,152	95,900
5 LGIP	153,246	301,349	432,502	125,865
7 LGIP Gov	22,902	49,976	260,668	97,041
10 Tax-exempt Non-AMT Municipal Bonds	0	0	0	28,962
12 CAWCD Medium-Term	463,905	933,119	1,031,746	27,745
15 GADA Long-Term	14,523	43,845	35,424	1,184
16 ECDH Medium-Term	491,029	953,004	920,588	35,854
Subtotal	\$4,560,131	\$9,302,136	\$9,266,990	\$740,910
NAV POOL				
500 LGIP - Med Term	269,159	511,864	616,784	27,627
700 LGIP - FF&C Med Term	160,630	310,765	414,397	22,581
Total	\$4,989,919	\$10,124,765	\$10,298,171	\$791,119
AUGUST 2012 TOTALS	\$5,646,968			\$808,860

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

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

NET EARNINGS

FUND	DESCRIPTION	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12	Net Asset Value Per Share
5	LGIP	155,672	149,563	221,410	1.0000
7	LGIP - GOV	23,422	27,686	124,815	1.0000
	TOTAL LGIP & LGIP-GOV	179,095	177,248	346,225	

YIELDS

<u>MONTHLY</u>		Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12
5	LGIP (NET)	0.14%	0.13%	0.23%
	S & P LGIP INDEX	0.05%	0.05%	0.10%
7	LGIP - GOV (NET)	0.03%	0.03%	0.11%
	3 MONTH T-BILL	0.04%	0.03%	0.09%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.14%	0.13%	0.23%
	S & P LGIP INDEX	0.05%	0.05%	0.10%
7	LGIP - GOV (NET)	0.03%	0.03%	0.11%
	3 MONTH T-BILL	0.03%	0.03%	0.09%

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

**LGIP & LGIP- GOV MEDIUM TERM POOLS
PORTFOLIO YIELD ANALYSIS
AUGUST 31, 2013**

NET EARNINGS

FUND	DESCRIPTION	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12	Net Asset Value Per Share
500	LGIP - MED TERM POOL	290,296	261,388	416,146	1.0263
700	LGIP - FF&C MED TERM POOL	160,630	150,136	260,647	0.9985
	TOTAL LGIP MEDIUM TERM POOLS	450,926	411,523	676,793	

YIELDS

MONTHLY

	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12
500 LGIP - MED TERM (NET)	1.23%	1.09%	1.83%
MERRILL 1-5 US D M INDEX	1.37%	1.30%	0.99%
700 LGIP - FF&C MED TERM (NET)	0.83%	0.78%	1.53%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	1.38%	1.25%	0.62%

YEAR TO DATE

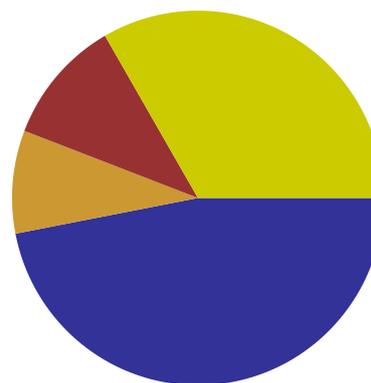
	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12
500 LGIP - MED TERM (NET)	1.16%	1.09%	1.59%
MERRILL 1-5 US D M INDEX	1.33%	1.30%	0.98%
700 LGIP - FF&C MED TERM (NET)	0.81%	0.78%	1.47%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	1.31%	1.25%	0.59%

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

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

LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,223.53	46.9%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	283.20	10.8%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	872.29	33.4%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	231.18	8.9%
TOTAL	2,610.19	100.0%

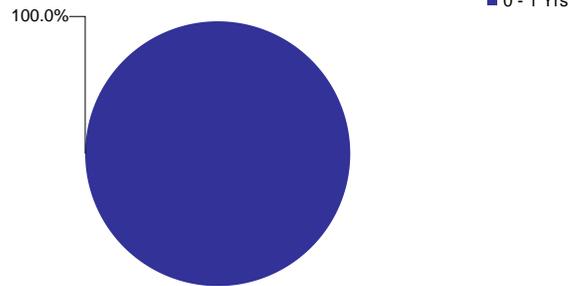
- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)



Portfolio Characteristics

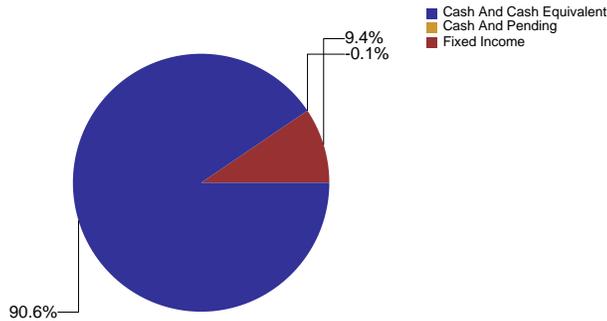
Duration Mix

Total Net Assets (Millions) **1,223.5**
 Weighted Average Life (Years) **0.11**
 Weighted Avg. Effective Duration (Years) **0.12**
 Weighted Average Maturity (Years) **0.12**
 Weighted Average Rating **AA+**
 Number of Holdings **73**



Asset Mix

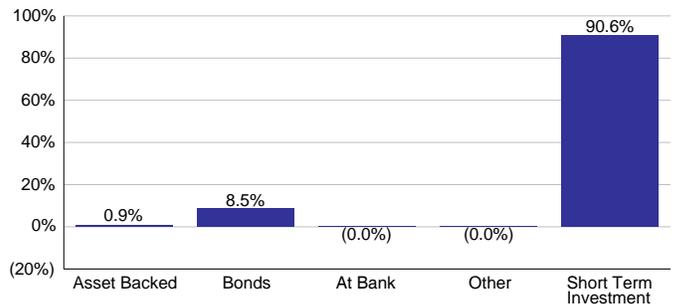
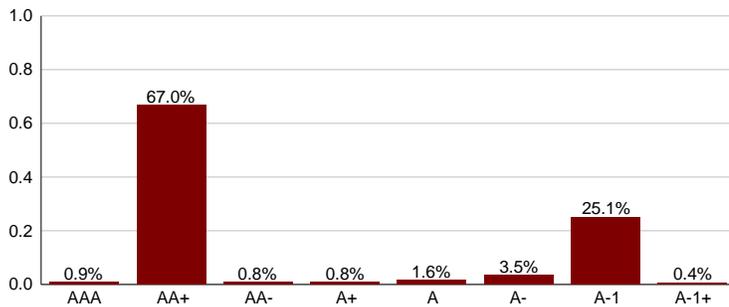
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.25% 3/SEP/2013	20.64%	0.25	3/9/2013
46999W022	JP MORGAN REPURCHASE AGREEMENT FIXED 0.20%	8.20%	0.20	3/9/2013
38199EU16	TRI-PARTY REPO GOLDMAN SACHS 0.05% 29/NOV/2013	8.17%	0.05	29/11/2013
85299S760	TRI-PARTY REPO SOUTH STREET .08% 18/SEP/2013	8.17%	0.08	18/9/2013
85299S828	TRI-PARTY REPO SOUTH STREET 0.10 05/DEC/2013	6.13%	0.10	5/12/2013
94999AA45	TRIPARTY REPO WELLS FARGO 0.05% DTD 3/SEP/2013	5.22%	0.05	3/9/2013
3169934U5	FIDELITY INVESTMENTS - PRIME MONEY MARKET	4.09%	0.00	3/9/2013
53127TWG4	LIBERTY FUNDING LLC CORPORATE COMMERCIAL PAPER	1.63%	0.00	16/9/2013
38143USB8	GOLDMAN SACHS GRP FRN 07/FEB/2014 USD2000	1.23%	1.27	7/2/2014
693476BA0	PNC FUNDING CORPORATION SR FLTG RATE NTS	1.23%	0.47	31/1/2014

Quality/Rating Weightings

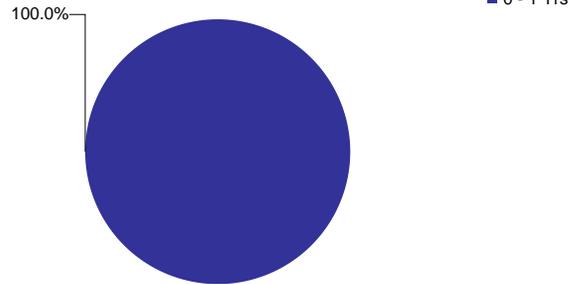
Sector Weightings (as % of Market Value)



Portfolio Characteristics

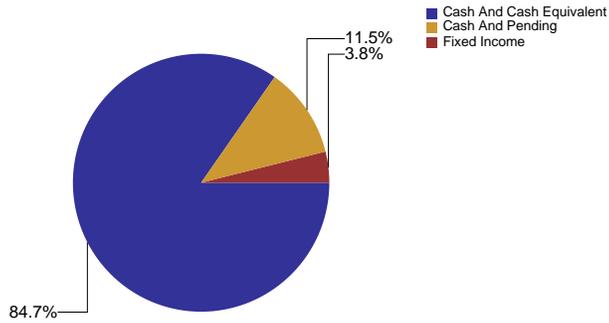
Duration Mix

Total Net Assets (Millions) **872.3**
 Weighted Average Life (Years) **0.12**
 Weighted Avg. Effective Duration (Years) **0.13**
 Weighted Average Maturity (Years) **0.15**
 Weighted Average Rating **AA+**
 Number of Holdings **15**



Asset Mix

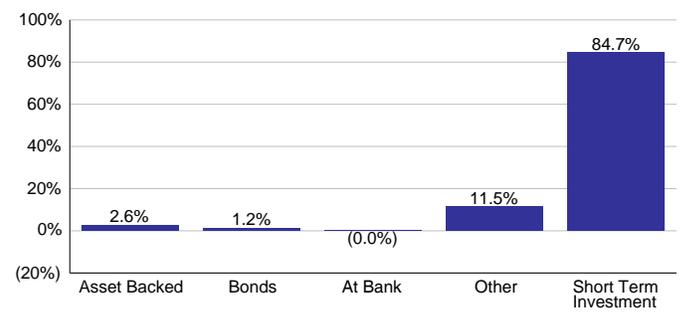
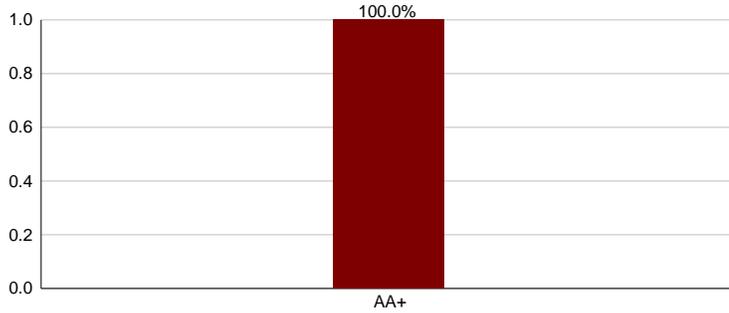
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
60699C731	TRI-PARTY REPO MIZUHO SECURITIES 0.06 18/SEP/2013	32.37%	0.06	18/9/2013
587504W	TRI - PARTY REPO NOMURA 0.07% 3/SEP/2014	25.90%	0.07	3/9/2013
655990K65	TRI-PARTY REPO NOMURA 0.04% 30/SEP/2013	12.95%	0.04	30/9/2013
912796BC2	UNITED STATES OF AMERICA BILL ZERO CPN 26/SEP/2013	6.47%	0.00	26/9/2013
912796BT5	UNITED STATES OF AMERICA BILL ZERO CPN 24/JUL/2014	6.47%	0.00	24/7/2014
94999AA45	TRIPARTY REPO WELLS FARGO 0.05% DTD 3/SEP/2013	4.30%	0.05	3/9/2013
01899A018	ALLIANCE BANK OF ARIZONA MONEYMARKET 0.26%	3.90%	0.26	1/10/2013
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	2.94%	0.00	25/10/2013
912828CJ7	UNITED STATES TREAS NTS 4.75%15/MAY/2014	1.35%	4.75	15/5/2014
302990M45	FDIC ALLIANCE BANK OF ARIZONA CDARS CD 0.52%	1.30%	0.52	19/9/2013

Quality/Rating Weightings

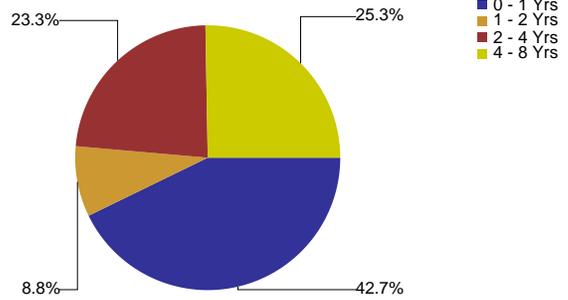
Sector Weightings (as % of Market Value)



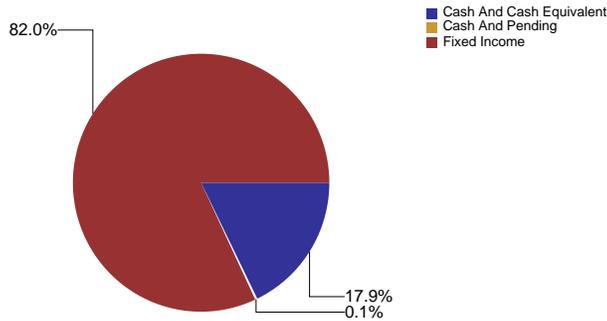
Portfolio Characteristics

Total Net Assets (Millions) **283.2**
 Weighted Average Life (Years) **2.49**
 Weighted Avg. Effective Duration (Years) **2.11**
 Weighted Average Rating **AA**
 Number of Holdings **205**

Duration Mix



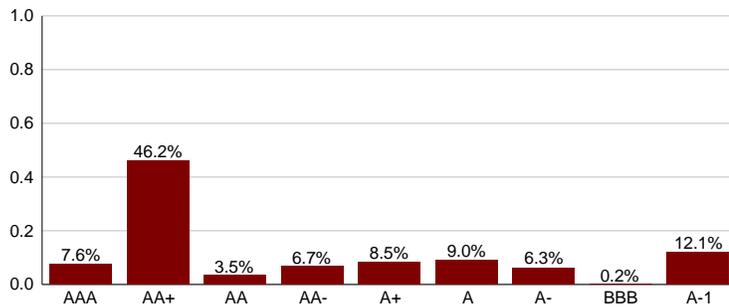
Asset Mix



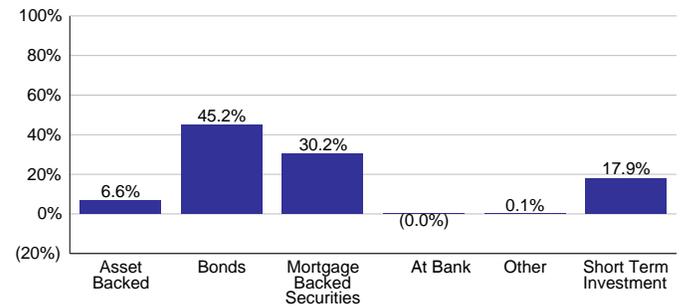
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31417CUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	4.32%	2.50	1/8/2027
85399R92	TRI- PARTY REPO SOUTH STREET 0.07 12/SEP/2013	3.53%	0.07	12/9/2013
31419JM47	FNMA MORTPASS 4.5% 01/NOV/2040 CL PN# AE7578	3.12%	4.50	1/11/2040
85299S828	TRI-PARTY REPO SOUTH STREET 0.10 05/DEC/2013	1.77%	0.10	5/12/2013
62455AW52	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.77%	0.00	5/9/2013
67983UAM5	OLD LINE FUNDING LLC CORPORATE COMMERCIAL PAPER	1.77%	0.00	21/1/2014
3128MMQT3	FHLMCGLD MORTPASS 2.5% 01/MAY/2028 G1 PN# G18465	1.72%	2.50	1/5/2028
3137ARRT5	FREDDIE MAC 4080 DA 2.000% 15/MAR/2041	1.61%	2.00	15/3/2041
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 Q0 PN# Q09530	1.55%	3.50	1/7/2042
79604YAB5	SAMSUNG ELECTRONICS CO 1.75% BDS 10/APR/2017	1.41%	1.75	10/4/2017

Quality/Rating Weightings



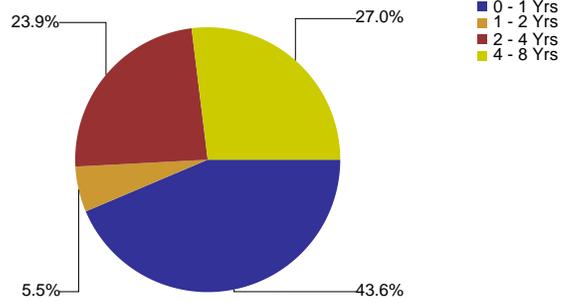
Sector Weightings (as % of Market Value)



Portfolio Characteristics

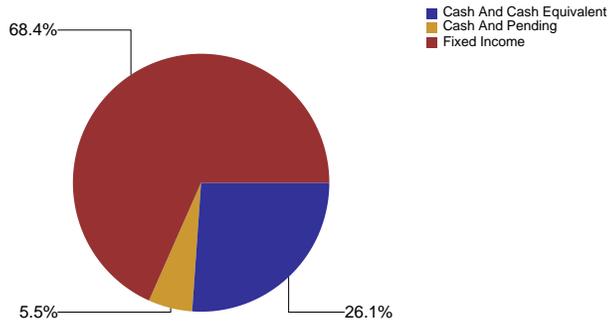
Duration Mix

Total Net Assets (Millions) **231.2**
 Weighted Average Life (Years) **2.76**
 Weighted Avg. Effective Duration (Years) **2.17**
 Weighted Average Rating **AA+**
 Number of Holdings **71**



Asset Mix

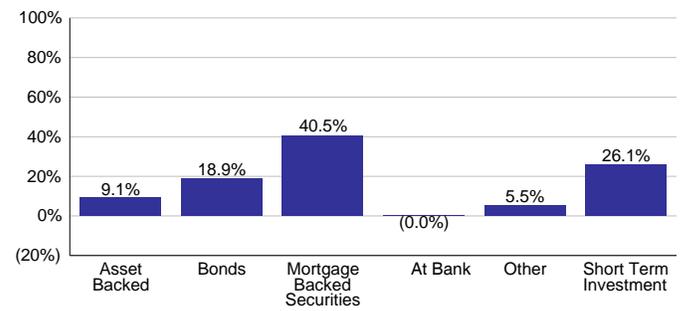
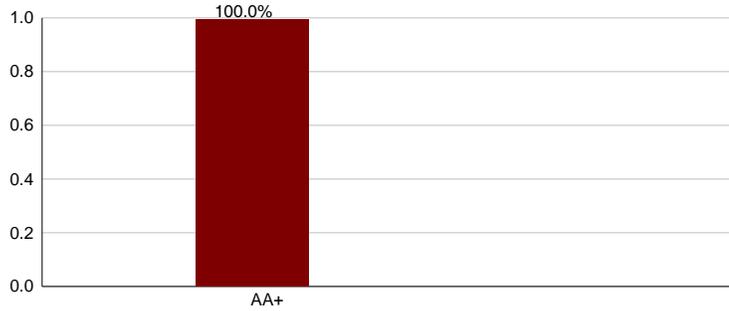
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
94999AA45	TRI-PARTY REPO WELLS FARGO 0.05% DTD 3/SEP/2013	19.68%	0.05	3/9/2013
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	9.58%	0.00	25/10/2013
39675DN	FDIC US BANK CDARS ACCOUNT 0.3% 01/AUG/2013	6.91%	0.30	3/9/2013
36202FL61	GNMA II MORTPASS 4% 20/NOV/2040 JM PN# 004849	3.58%	4.00	20/11/2040
36179MGW4	GNMA II MORTPASS 3% 20/JUL/2042 JM PN# MA0213	3.19%	3.00	20/7/2042
38378H4K9	GINNIE MAE 2012-124 KB 2.000% 20/JUL/2042	3.10%	2.00	20/7/2042
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	2.45%	3.50	20/4/2027
912828LL2	US TREAS NTS 3.00% 31/AUG/2016	2.44%	3.00	31/8/2016
36225E3Y6	GNMA II MORTPASS 03% 20/SEP/2040 AT PN# 082614	2.38%	3.00	20/9/2040
912828TW0	US TREAS NTS 0.75% 31/OCT/2017	2.24%	0.75	31/10/2017

Quality/Rating Weightings

Sector Weightings (as % of Market Value)



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

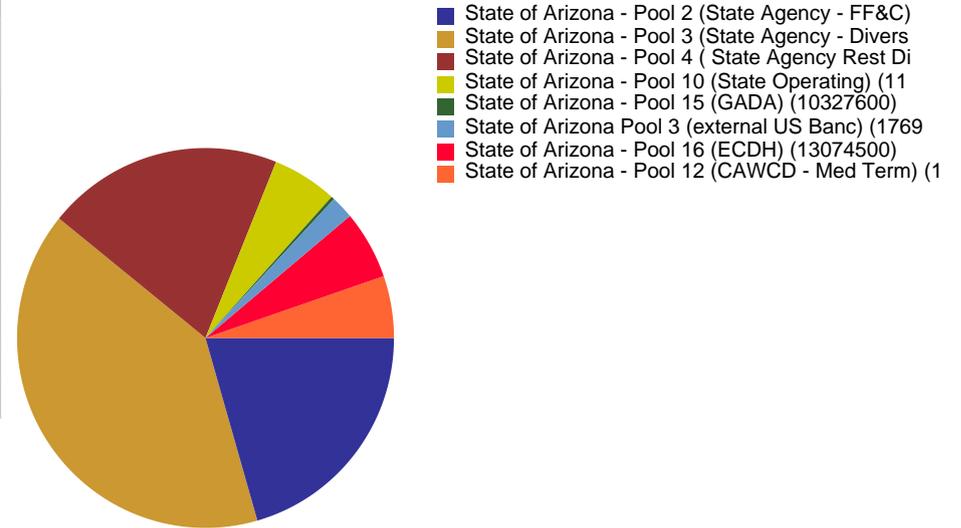
FUND	DESCRIPTION	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	730,828	867,461	908,242	0.9947
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,730,283	1,842,459	1,882,866	0.9895
	EXTERNAL MANAGERS	47,304	56,147	46,389	0.9978
	FUND 3 TOTAL	1,777,588	1,898,606	1,929,255	0.9899
4	STATE AGENCIES - GOV	755,499	769,745	708,821	0.9850
10	TAX-EXEMPT NON-AMT MUNICIPAL BONDS	126,526	49,751	N/A	0.9978
12	CAWCD MEDIUM-TERM	463,905	469,214	595,736	1.0056
15	GADA LONG-TERM	14,523	29,322	16,989	0.9857
16	ECDH MEDIUM-TERM	491,029	461,975	464,907	0.9766
	TOTAL STATE AGENCIES	4,359,899	4,546,074	4,623,950	

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

FUND	DESCRIPTION	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.82% 0.89%	0.93% 0.86%	1.02% 0.49%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	0.95% 0.55% 0.94% 0.51%	0.99% 0.66% 0.97% 0.47%	1.11% 0.55% 1.08% 0.63%
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.92% 0.24%	0.92% 0.21%	0.80% 0.19%
10	TAX-EXEMPT NON-AMT MUNICIPAL BONDS SIFMA MUNICIPAL SWAP INDEX	0.50% 0.06%	0.20% 0.05%	N/A N/A
12	CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.92% 2.48%	1.95% 2.34%	2.49% 1.74%
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	1.41% 1.88%	2.85% 1.80%	1.65% 1.15%
16	ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.77% 2.48%	1.67% 2.34%	1.67% 1.74%

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

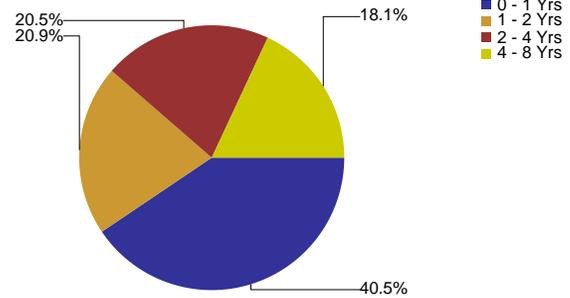
Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 10 (State Operating External) (11741000)	299.78	5.5%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	286.44	5.3%
State of Arizona - Pool 15 (GADA) (10327600)	11.94	0.2%
State of Arizona - Pool 16 (ECDH) (13074500)	324.37	5.9%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,113.88	20.4%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,205.89	40.4%
State of Arizona - Pool 4 (State Agency Rest Div) (10327200)	1,112.27	20.4%
State of Arizona Pool 3 (external US Banc) (17699900)	100.43	1.8%
TOTAL	5,455.00	100.0%



Portfolio Characteristics

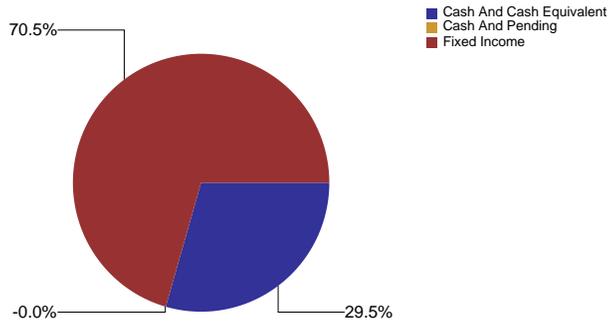
Duration Mix

Total Net Assets (Millions) **1,113.9**
 Weighted Average Life (Years) **2.51**
 Weighted Avg. Effective Duration (Years) **2.00**
 Weighted Average Rating **AA+**
 Number of Holdings **106**



Asset Mix

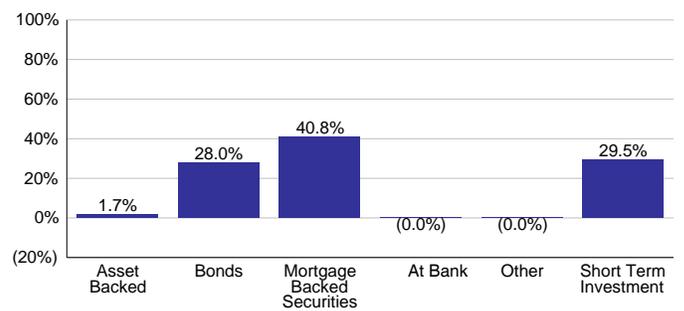
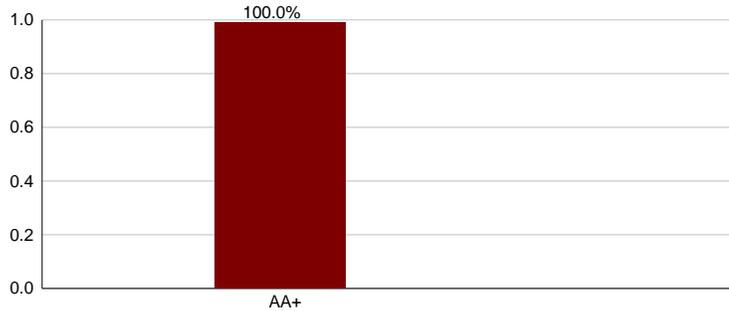
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990Q28	TRI-PARTY REPO SOUTH STREET .02% 3/SEP/2013	8.97%	0.02	3/9/2013
94999AA45	TRI-PARTY REPO WELLS FARGO 0.05% DTD 3/SEP/2013	8.86%	0.05	3/9/2013
912828DM9	UNITED STATES TREAS 4.00% 15/FEB/2015	4.74%	4.00	15/2/2015
912828RZ5	UNITED STATES TREAS 0.25% 15/JAN/2015	4.49%	0.25	15/1/2015
38375GHL8	GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042	3.33%	2.00	16/5/2042
912796BT5	UNITED STATES OF AMERICA BILL ZERO CPN 24/JUL/2014	2.69%	0.00	24/7/2014
912796AZ2	UNITED STATES TREAS BILLS DT	2.24%	0.00	5/9/2013
912796BC2	UNITED STATES OF AMERICA BILL ZERO CPN 26/SEP/2013	2.24%	0.00	26/9/2013
912796BE8	UNITED STATES TREAS BILLS DT	2.24%	0.00	1/5/2014
38377XSL2	GINNIE MAE 2012-137 FA VARIABLE 20/NOV/2042	2.19%	0.48	20/11/2042

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

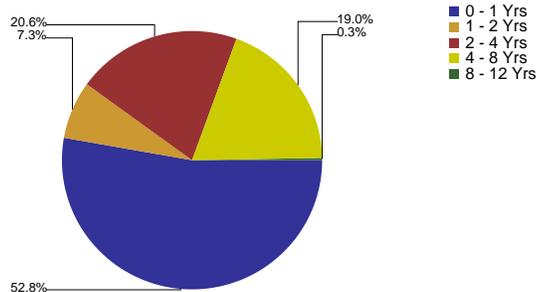


Portfolio Characteristics

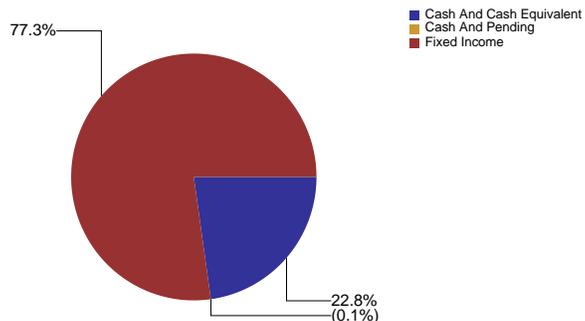
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration (Years)
Weighted Average Rating
Number of Holdings

2,306.3
2.40
1.85
AA
335

Duration Mix



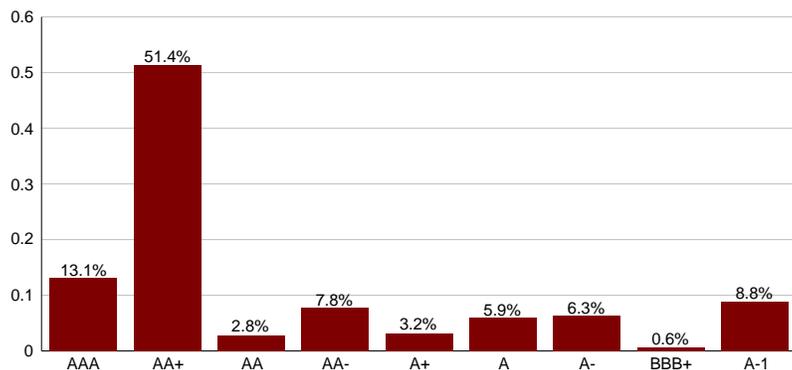
Asset Mix



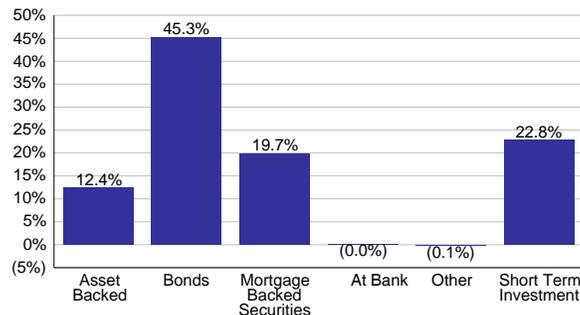
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990R92	TRI- PARTY-REPO SOUTH STREET 0.07 3/SEP/2013	5.49%	0.07	3/9/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.74%	0.73	23/1/2014
06538BWD1	BANK OF TOKYO-MITSUBISI CORPORATE COMMERCIAL PAPER	1.73%	0.00	13/9/2013
98137RWA4	WORKING CAP. MAN. CO CORPORATE COMMERCIAL PAPER	1.73%	0.00	10/9/2013
0556N0WT8	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.73%	0.00	27/9/2013
3135G0XD0	FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS 21/MAY/2018	1.66%	1.00	21/5/2018
3136G1HU6	FEDERAL NATL MTG ASSN CALL 1.2%04/APR/2018	1.64%	1.20	4/4/2018
94999AA45	TRIPARTY REPO WELLS FARGO 0.05% DTD 3/SEP/2013	1.56%	0.05	3/9/2013
G349937R3	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	1.09%	0.00	3/9/2013
3135G0TM5	FEDERAL NATIONAL MORTGAGE ASSOC 1.02% BDS	1.06%	1.02	30/1/2018

Quality/Rating Weightings



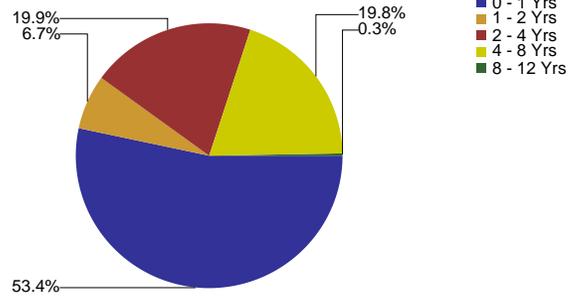
Sector Weightings (as % of Market Value)



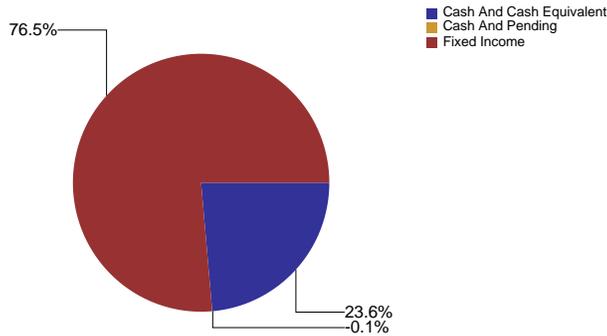
Portfolio Characteristics

Total Net Assets (Millions) **2,205.9**
 Weighted Average Life (Years) **2.46**
 Weighted Avg. Effective Duration (Years) **1.86**
 Weighted Average Rating **AA**
 Number of Holdings **191**

Duration Mix



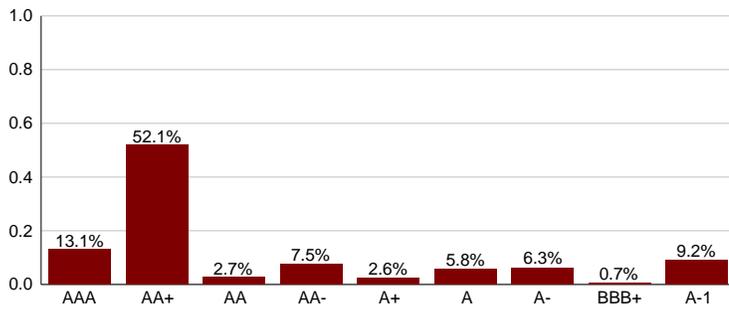
Asset Mix



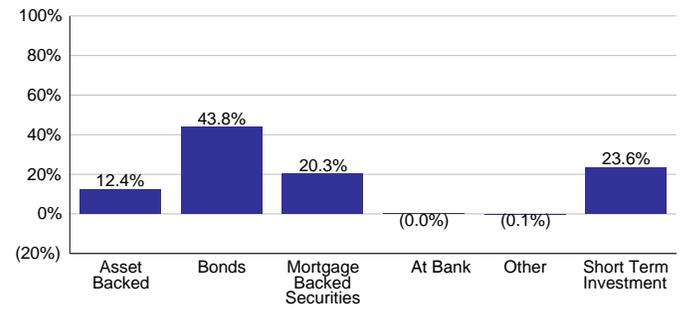
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990R92	TRI- PARTY REPO SOUTH STREET 0.07 3/SEP/2013	5.75%	0.07	3/9/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.82%	0.73	23/1/2014
06538BWD1	BANK OF TOKYO-MITSUBIS CORPORATE COMMERCIAL PAPER	1.81%	0.00	13/9/2013
98137RWA4	WORKING CAP. MAN. CO CORPORATE COMMERCIAL PAPER	1.81%	0.00	10/9/2013
0556N0WT8	BNP PARIBAS FIN INC CORPORATE COMMERCIAL PAPER	1.81%	0.00	27/9/2013
3135G0XD0	FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS 21/MAY/2018	1.74%	1.00	21/5/2018
3136G1HU6	FEDERAL NATL MTG ASSN CALL 1.2%04/APR/2018	1.72%	1.20	4/4/2018
94998AA45	TRIPARTY REPO WELLS FARGO 0.05% DTD 3/SEP/2013	1.63%	0.05	3/9/2013
G349937R3	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	1.14%	0.00	3/9/2013
3135G0TM5	FEDERAL NATIONAL MORTGAGE ASSOC 1.02% BDS	1.11%	1.02	30/1/2018

Quality/Rating Weightings



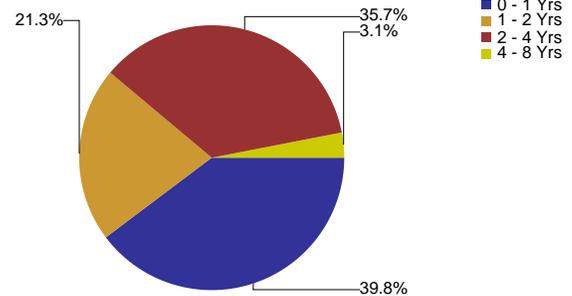
Sector Weightings (as % of Market Value)



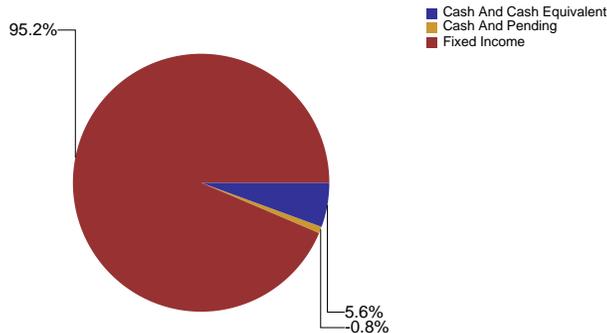
Portfolio Characteristics

Total Net Assets (Millions) **100.4**
 Weighted Average Life (Years) **1.23**
 Weighted Avg. Effective Duration (Years) **1.52**
 Weighted Average Rating **AA**
 Number of Holdings **144**

Duration Mix



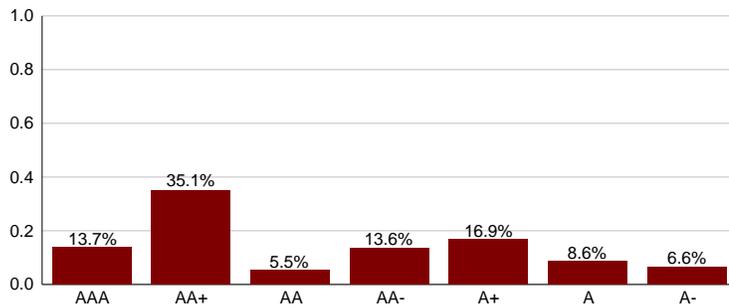
Asset Mix



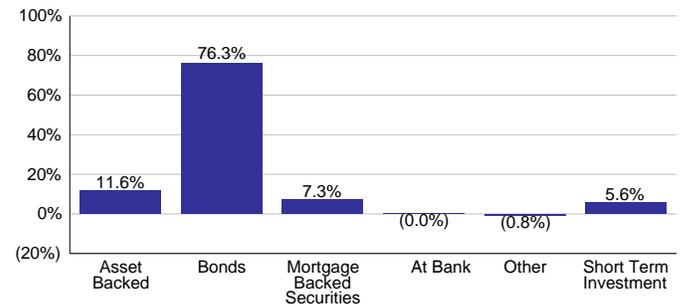
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3133EAZU5	FEDERAL FARM CREDIT BANKS 0.45% BDS 24/APR/2015	2.47%	0.45	24/4/2015
94985H5G5	WELLS FARGO BANK N A SR FLT NT 15 20/JUL/2015	2.28%	0.00	20/7/2015
64952WBG7	NEW YORK LIFE GLOBAL FUNDING VAR BDS 18/JUN/2014	1.98%	0.00	18/6/2014
3135G0XU2	FEDERAL NATIONAL MORTGAGE ASSOC 0.52% NTS	1.96%	0.52	27/5/2016
12623MAC7	CNH EQUIPMENT TST 0.94% BDS 15/MAY/2017 USD1000	1.84%	0.94	15/5/2017
928989466	JP MORGAN PRIME MMF AGENCY SHARES	1.81%	0.00	31/12/2049
59157BAF9	METLIFE INSTITUTIONAL FUNDING II 1.207% BDS	1.79%	1.17	4/4/2014
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.74%	0.96	30/10/2014
38377XPJ5	GINNIE MAE 2011-115 PD 2.000% 20/OCT/2038	1.60%	2.00	20/10/2038
69371RL38	PACCAR FINANCIAL CORP FRN 08/FEB/2016 USD1000	1.59%	0.00	2/8/2016

Quality/Rating Weightings



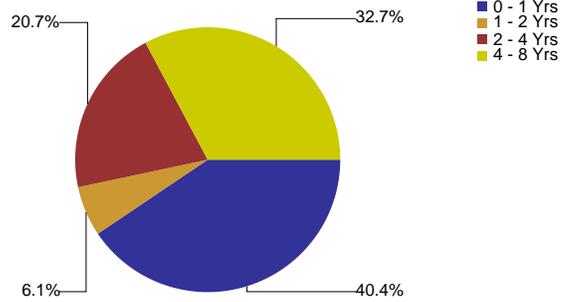
Sector Weightings (as % of Market Value)



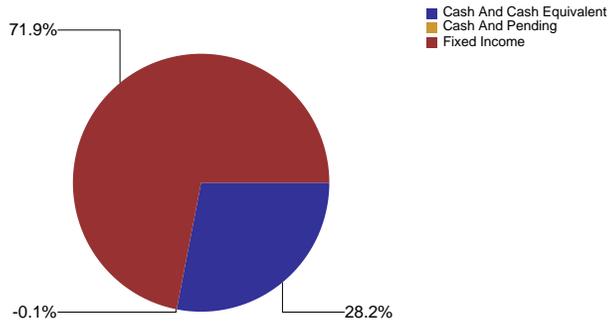
Portfolio Characteristics

Total Net Assets (Millions) 1,112.3
 Weighted Average Life (Years) 2.70
 Weighted Avg. Effective Duration (Years) 2.45
 Weighted Average Rating AA+
 Number of Holdings 90

Duration Mix



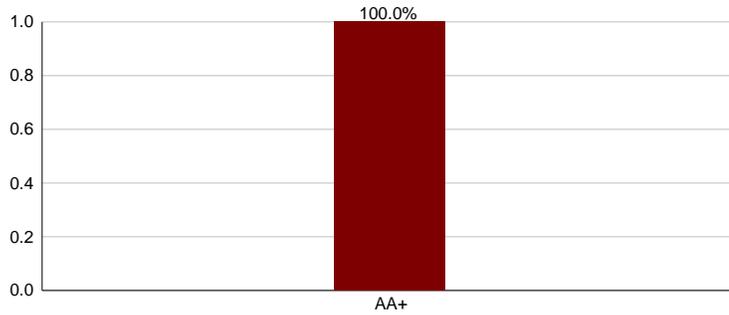
Asset Mix



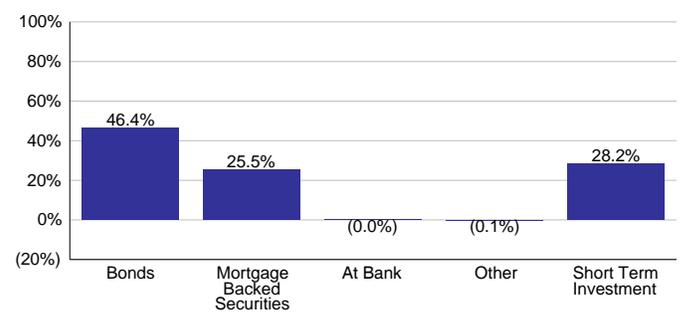
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990R92	TRI-PARTY REPO SOUTH STREET 0.07 12/SEP/2013	14.15%	0.07	12/9/2013
60699C780	TRI-PARTY REPO MIZUHO .03% 3/SEP/2013	7.19%	0.03	3/9/2013
46999W014	TRI-PARTY REPO JP MORGAN 0.25% 3/SEP/2013	4.99%	0.25	3/9/2013
3135G0WB5	FEDERAL NATIONAL MORTGAGE ASSOC 1.2% BDS	4.45%	1.20	18/4/2018
3133813R4	FEDERAL HOME LOAN BANKS 1% BDS 09/NOV/2017	2.85%	1.00	9/11/2017
3133EAJF6	FEDERAL FARM CR BKS CONS BD FLT 15 22/SEP/2015	2.70%	0.21	22/9/2015
3137AUBR9	FREDDIE MAC 4111 AG 1.750% 15/AUG/2039	2.41%	1.75	15/8/2039
3132GSC7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 QO PN# Q06969	1.98%	3.50	1/3/2042
3137ARV78	FREDDIE MAC 4079 AH 2.000% 15/JUL/2027	1.82%	2.00	15/7/2027
3133ECAW4	FEDERAL FARM CREDIT BANKS VAR BDS 24/FEB/2016	1.80%	0.23	24/2/2016

Quality/Rating Weightings



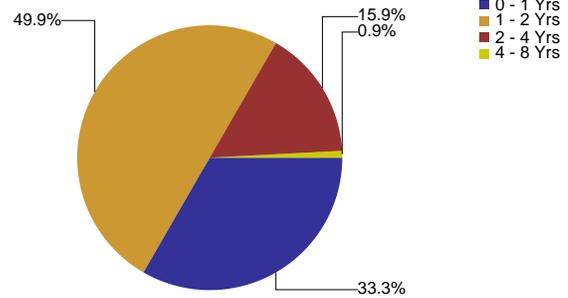
Sector Weightings (as % of Market Value)



Portfolio Characteristics

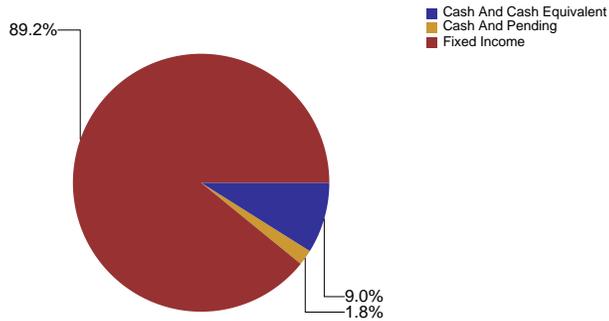
Duration Mix

Total Net Assets (Millions) **299.8**
 Weighted Average Life (Years) **1.36**
 Weighted Avg. Effective Duration (Years) **1.42**
 Weighted Average Rating **AA+**
 Number of Holdings **68**



Asset Mix

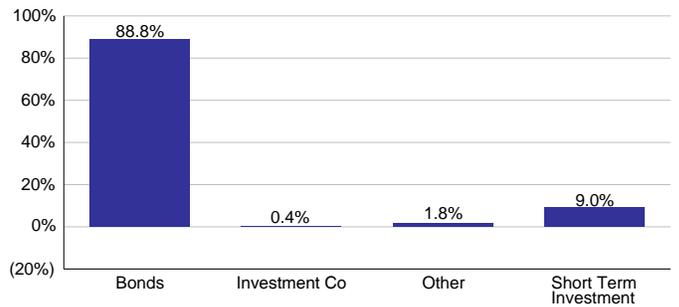
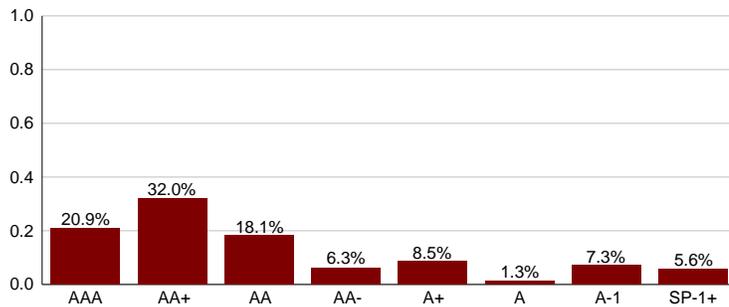
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
576000BF9	MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	12.96%	5.00	15/8/2023
04048RAA4	ARIZONA BRD REGENTS ARIZ ST UNIV SYS REV RFDG-SER	4.92%	0.00	1/7/2034
520121JA3	LAWRENCE KANS TEMP NTS-SER II 01/OCT/2014 01.500	3.88%	1.50	1/10/2014
04057PAQ1	ARIZONA SCH FACS BRD CTFS PARTN SER A 01/SEP/2013	3.81%	5.00	1/9/2013
576000NS8	MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	3.70%	5.00	15/8/2030
677520Q68	OHIO ST FOR ISSUES DTD PRIOR TO 3/25/05 SEE 677519	3.65%	5.00	1/8/2016
64966KEE9	NEW YORK NY 4% BDS 01/AUG/2014 USD1000	3.53%	4.00	1/8/2014
040654PW9	ARIZONA ST TRANS BRD HWY REV 01/JUL/2024 05.000	3.42%	5.00	1/7/2024
91412GRL1	UNIVERSITY CALIF REVS RFDG GEN-SER AF 15/MAY/2015	2.99%	5.00	15/5/2015
677521E77	OHIO STATE RFDG-COMMON SCHS-SER A 15/SEP/2016	2.83%	5.00	15/9/2016

Quality/Rating Weightings

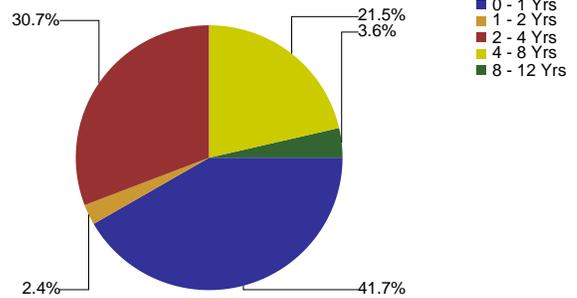
Sector Weightings (as % of Market Value)



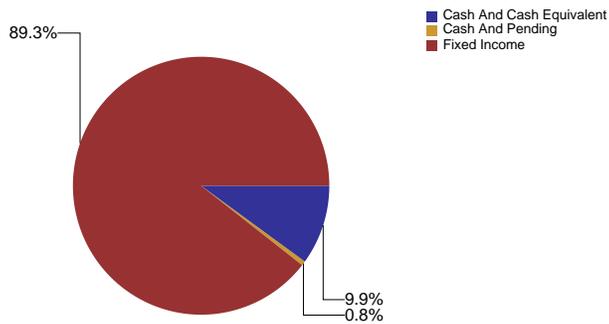
Portfolio Characteristics

Total Net Assets (Millions) **286.4**
 Weighted Average Life (Years) **3.07**
 Weighted Avg. Effective Duration (Years) **2.41**
 Weighted Average Rating **AA**
 Number of Holdings **109**

Duration Mix



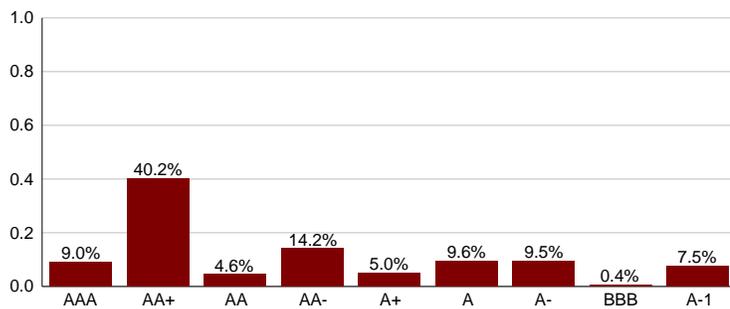
Asset Mix



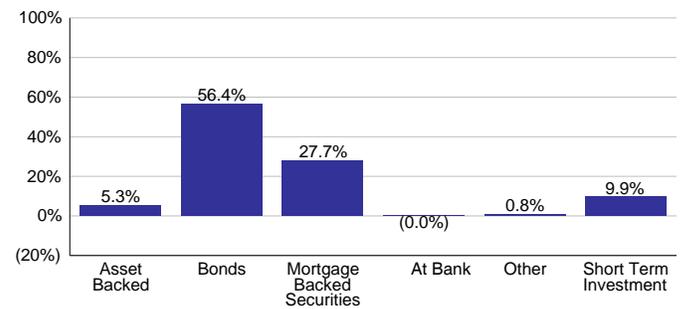
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3136AEFZ5	FANNIE MAE 2013-53 JL 3.000% 25/JUN/2043	2.97%	3.00	25/6/2043
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.82%	0.75	15/11/2013
45779PWD6	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	2.29%	0.00	13/9/2013
3136A9LG1	FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040	2.27%	1.75	25/3/2040
92343VAY0	VERIZON COMMUNICATIONS INC 3% BDS 01/APR/2016	1.85%	3.00	1/4/2016
3136FTR68	FEDERAL NATL MTG ASSN CALL 1.65%28/FEB/2019	1.82%	1.65	28/2/2019
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.77%	0.96	30/10/2014
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.77%	1.02	10/1/2014
3024A6W40	FCAR OWNER TRUST CORPORATE COMMERCIAL PAPER	1.76%	0.00	4/9/2013
38102JXM2	GOLDEN FUNDING CORP	1.76%	0.00	21/10/2013

Quality/Rating Weightings



Sector Weightings (as % of Market Value)

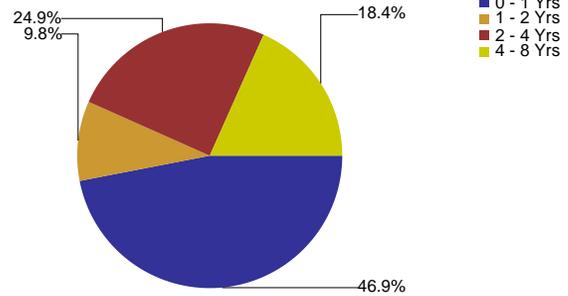


Portfolio Characteristics

Duration Mix

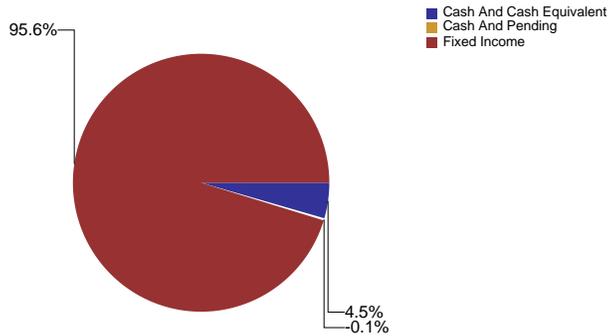
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration(Years)
Weighted Average Rating
Number of Holdings

11.9
3.06
2.01
AA+
21



Asset Mix

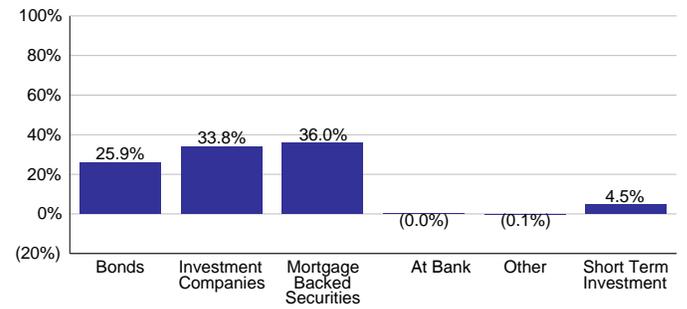
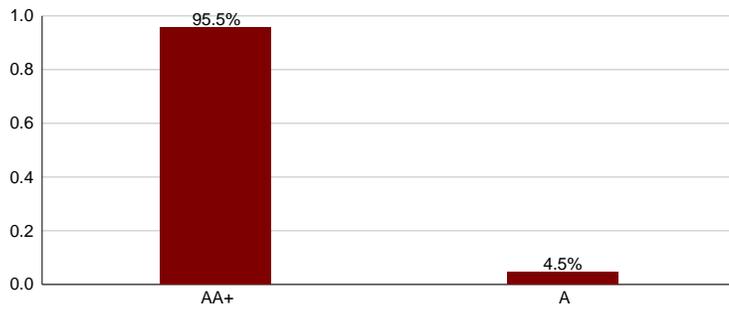
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539998153	LOCAL GOV INVS POOL 4	20.95%	0.00	3/9/2013
3136AD2H1	FANNIE MAE 2013-43 XP 1.500% 25/AUG/2041	15.20%	1.50	25/8/2041
A41995373	LOCAL GOV INVS POOL 700	12.76%	0.00	3/9/2013
3133EAX29	FEDERAL FARM CR BKS CONS BD 0.98% 18/SEP/2017	8.26%	0.98	18/9/2017
3136FTN70	FEDERAL NATL MTG ASSN CALL 3%28/NOV/2025	5.76%	3.00	28/11/2025
10138MAH8	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.46%	6.95	15/3/2014
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.35%	3.50	15/2/2026
3134G24S8	FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018	4.22%	2.25	14/11/2018
G349937R3	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	4.20%	0.00	3/9/2013
3138ASYU0	FNMA MORTPASS 3% 01/OCT/2026 CI PN# AJ1622	3.52%	3.00	1/10/2026

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

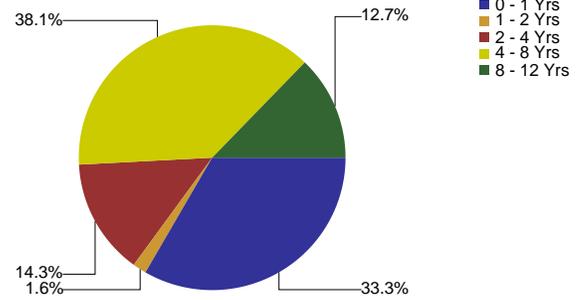


Portfolio Characteristics

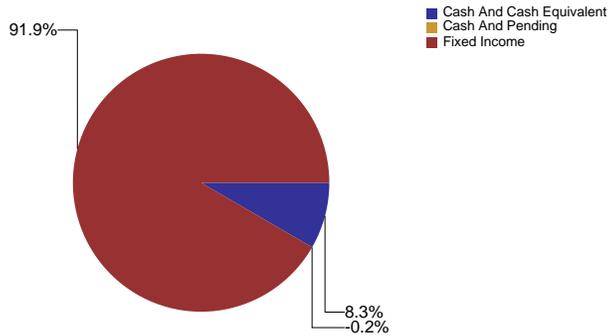
Total Net Assets (Millions)
Weighted Average Life (Years)
Weighted Avg. Effective Duration(Years)
Weighted Average Rating
Number of Holdings

324.4
4.79
3.94
AA
94

Duration Mix



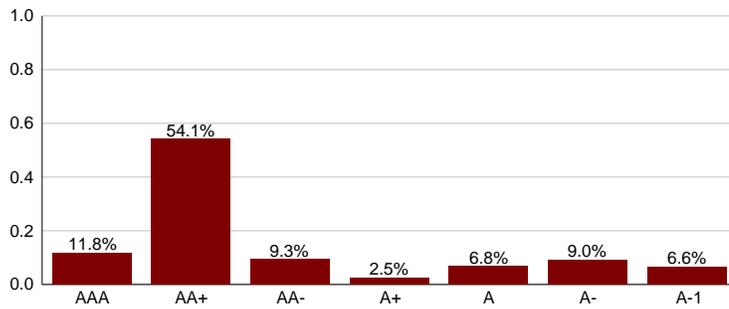
Asset Mix



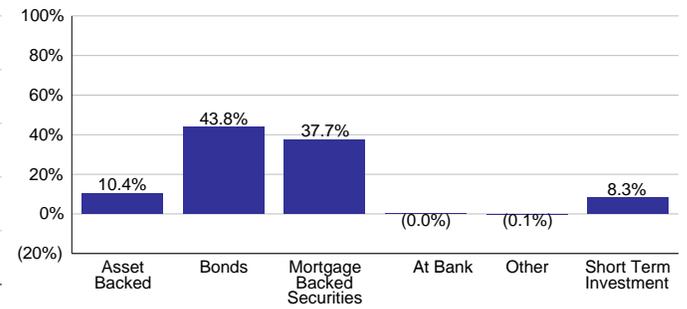
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3137ATR20	FREDDIE MAC 4097 VH 1.500% 15/OCT/2041	3.72%	1.50	15/10/2041
3128HXW76	FHLMC GOLD MORTPASS 3.00% 15/AUG/2042 POOL#S06070	2.93%	3.00	15/8/2042
3134G3SR7	FEDERAL HOME LOAN MORTGAGE CORP 2.25% NTS	2.36%	2.25	13/3/2020
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.12%	0.64	7/6/2017
45779PWD6	INSTITUTIONAL SECURED CORPORATE COMMERCIAL PAPER	2.00%	0.00	13/9/2013
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	1.93%	4.00	25/7/2040
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.63%	4.00	25/6/2030
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.63%	3.50	15/1/2032
46625YXT5	JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES	1.60%	5.41	15/12/2044
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	1.59%	3.50	16/4/2035

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



OPERATING MONIES
AVERAGE INVESTED BALANCE

Through August 31, 2013

(in millions of dollars)

<u>Month</u>	<u>Fiscal Year</u> <u>2011/2012</u>	<u>Fiscal Year</u> <u>2012/2013</u>	<u>Fiscal Year</u> <u>2013/2014</u>
JULY	1,209	1,817	1,942
AUGUST	818	1,475	1,709
SEPTEMBER	744	1,420	
OCTOBER	668	1,205	
NOVEMBER	858	1,316	
DECEMBER	979	1,464	
JANUARY	1,511	1,885	
FEBRUARY	1,501	1,899	
MARCH	1,373	1,815	
APRIL	1,725	2,109	
MAY	2,036	2,428	
JUNE	2,331	2,679	
Y-T-D			
Average	\$1,313	\$1,793	\$1,826
Budget Stabilization Average Fund Balance - August 2013			<u>\$454</u>
Total Average Cash Available - August 2013			\$2,164

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
AUGUST 2013**

Distributed in Current Month

Recipient	AUGUST 2013	Fiscal YTD 13/14	Fiscal YTD 12/13
101 A & M Colleges	\$17,813	\$35,626	\$27,847
102 State Hospital	\$10,553	\$21,107	\$16,214
103 Leg., Exec., & Jud.	\$14,367	\$28,733	\$23,683
104 Military Institute	\$1,003	\$2,007	\$1,720
105 Miners Hospital	\$27,751	\$55,502	\$41,471
107 Normal School ASU/NAU	\$6,218	\$12,436	\$10,135
108 Penitentiaries	\$20,501	\$41,002	\$45,733
109 Permanent Common School	\$5,648,484	\$11,296,968	\$8,912,575
110 School for Deaf & Blind	\$8,889	\$17,778	\$14,755
111 School of Mines	\$20,138	\$40,276	\$32,424
112 State Charitable-Pioneers Home	\$98,076	\$196,153	\$143,730
112 State Charitable-Corrections	\$49,038	\$98,076	\$71,865
112 State Charitable-Youth Treatment	\$49,038	\$98,076	\$71,865
113 University Fund	\$33,169	\$66,339	\$52,881
114 U of A Land - 1881	\$81,012	\$162,025	\$116,106
Total	\$6,086,052	\$12,172,104	\$9,583,004

Posted in USAS in current month

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

NET EARNINGS

FUND	DESCRIPTION	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12
205	ENDOWMENTS - FIXED INCOME	\$3,066,434	\$3,149,061	\$3,788,369

YIELDS

<u>MONTHLY</u>	Current Month 08/31/13	Prior Month 07/31/13	Prior Year 8/31/12	
205	ENDOWMENTS - FIXED INCOME	2.43%	2.49%	3.05%

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

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	Aug-13 NET GAIN(LOSS)	Aug-12 NET GAIN(LOSS)
----- Fixed Income Pool	(295,033)	(306,752)
Equity Pool (500)	228,099	(184,148)
Equity Pool (400)	(204,130)	1,732,219
Equity Pool (600)	65,631	182,179
Totals	(205,433)	1,423,498
	=====	=====

Endowment Fund	2013/2014 FISCAL YEAR TO DATE GAINS(LOSSES)	2012/ 2013 FISCAL YEAR TO DATE GAINS(LOSSES)
----- Fixed Income Pool	(581,723)	(613,254)
Equity Pool (500)	(3,240,396)	748,440
Equity Pool (400)	408,068	1,859,646
Equity Pool (600)	1,599,260	86,231
Totals	(1,814,791)	2,081,063
	=====	=====

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

State Treasurer's Report
 September 24, 2013
 Page 25

I. Endowment Funds Purchases

<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S / S&P RATING</u>
US TREAS	2.38	3/31/2016	N/A	\$5,000,000	\$5,275,164	0.61%	Aaa/AA+

TOTAL ENDOWMENT FUNDS PURCHASES	\$5,000,000	\$5,275,164
--	--------------------	--------------------

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 August 2013

State Treasurer's Report
 September 24, 2013
 Page 26

I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	102,415	\$1,902,002	\$768
S&P 500 Large-Cap Fund	17,656	\$2,140,016	\$132
S&P 600 Small-Cap Fund	96,554	\$1,886,074	\$724
TOTAL EQUITY PURCHASES	216,625	\$5,928,092	\$1,625

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	20,800	\$2,385,944	\$156
S&P 500 Large-Cap Fund	13,485	\$1,011,603	\$101
S&P 600 Small-Cap Fund	26,937	\$167,527	\$202
TOTAL EQUITY SALES	61,222	\$3,565,074	\$459

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

State Treasurer's Report
September 24, 2013
Page 27

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>	545	3,767	6,832	3,065	
	<i>Shares in Fixed Income Pools</i>	3,915	2,456	3,887	1,431	
	Total	4,460	6,224	10,719	4,495	1.722
102	State Hospital					
	<i>Shares in Equity Pools</i>	351	2,441	4,396	1,955	
	<i>Shares in Fixed Income Pools</i>	2,396	1,595	2,379	784	
	Total	2,747	4,035	6,775	2,739	1.679
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	442	3,302	5,546	2,243	
	<i>Shares in Fixed Income Pools</i>	3,403	2,164	3,379	1,215	
	Total	3,846	5,466	8,925	3,458	1.633
104	Military Institute					
	<i>Shares in Equity Pools</i>	29	212	366	153	
	<i>Shares in Fixed Income Pools</i>	230	138	229	91	
	Total	259	350	594	244	1.696
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,105	8,936	13,861	4,926	
	<i>Shares in Fixed Income Pools</i>	7,632	5,923	7,578	1,654	
	Total	8,738	14,859	21,439	6,580	1.443
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	209	1,554	2,617	1,063	
	<i>Shares in Fixed Income Pools</i>	1,513	1,019	1,502	484	
	Total	1,722	2,573	4,119	1,546	1.601
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	809	6,490	10,148	3,658	
	<i>Shares in Fixed Income Pools</i>	5,828	4,308	5,786	1,478	
	Total	6,638	10,798	15,935	5,136	1.476

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

State Treasurer's Report
September 24, 2013
Page 28

NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	200,214	1,553,203	2,510,890	957,687	
<i>Shares in Fixed Income Pools</i>	1,418,167	1,039,562	1,407,955	368,392	
Total	1,618,381	2,592,765	3,918,845	1,326,080	1.511
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	283	2,058	3,554	1,495	
<i>Shares in Fixed Income Pools</i>	2,112	1,351	2,097	746	
Total	2,396	3,409	5,651	2,241	1.657
111 School of Mines					
<i>Shares in Equity Pools</i>	611	4,526	7,668	3,142	
<i>Shares in Fixed Income Pools</i>	4,520	2,992	4,488	1,496	
Total	5,132	7,517	12,155	4,638	1.617
112 State Charitable					
<i>Shares in Equity Pools</i>	6,122	45,475	76,773	31,298	
<i>Shares in Fixed Income Pools</i>	42,498	30,468	42,192	11,723	
Total	48,619	75,943	118,965	43,022	1.567
113 University Fund					
<i>Shares in Equity Pools</i>	1,053	7,909	13,201	5,292	
<i>Shares in Fixed Income Pools</i>	7,785	5,209	7,729	2,520	
Total	8,837	13,117	20,930	7,812	1.596
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,135	25,016	39,318	14,302	
<i>Shares in Fixed Income Pools</i>	22,754	16,697	22,590	5,894	
Total	25,890	41,713	61,909	20,196	1.484
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	214,908	1,664,890	2,695,170	1,030,280	
<i>Shares in Fixed Income Pools</i>	1,522,755	1,113,881	1,511,790	397,908	
Grand Total	1,737,663	2,778,771	4,206,959	1,428,188	
PRIOR YEAR:					
AUGUST 2012 BALANCES	1,678,614	2,640,038	3,641,765	1,001,727	

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

State Treasurer's Report
September 24, 2013
Page 29

ASSET ALLOCATION PERCENTAGE

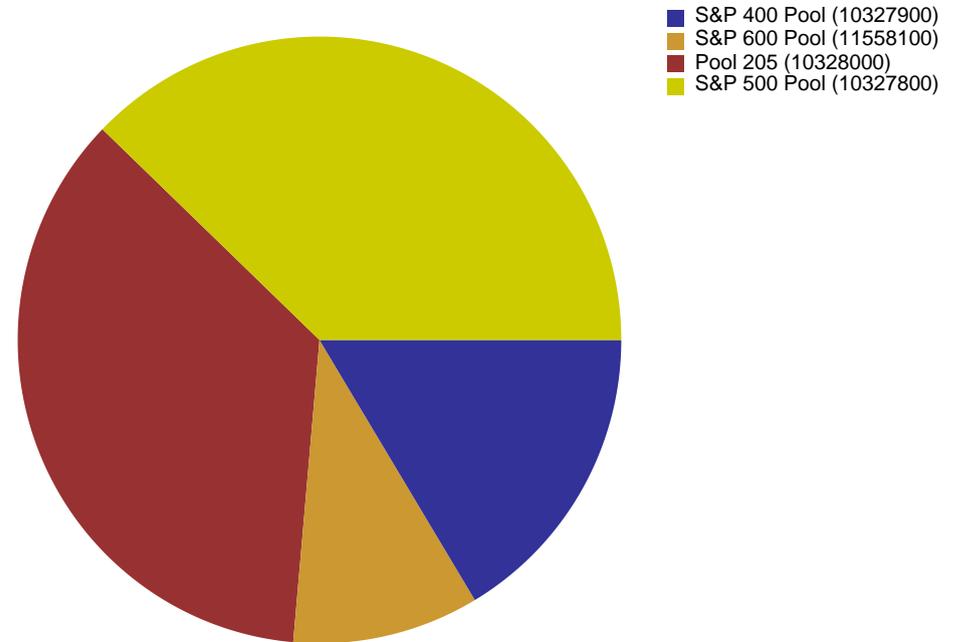
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	AUGUST 2012 MARKET VALUE
<i>Shares in Equity Pools</i>	12.37%	59.91%	64.06%	59.07%
<i>Shares in Fixed Income Pools</i>	87.63%	40.09%	35.94%	40.93%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====

Performance Worksheet
Arizona State Treasury (05509)
As of August 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	1,637,513,186.59	1,588,863,773.28	-1,308,553	(2.89)	0.68	16.13	2.06	18.67	18.37	7.36	2.51	07/01/1999
10327900	S&P 400 Pool	719,008,167.37	691,540,314.45	-560,809	(3.74)	0.31	17.14	2.24	23.72	19.77	8.48	8.63	08/01/2001
10328000	Pool 205	1,519,907,759.94	1,511,789,561.87	-1,495,489	(0.44)	(1.62)	(2.35)	(0.18)	(1.95)	2.11	4.33	5.45	07/01/1999
11558100	S&P 600 Pool	425,432,405.81	414,765,486.16	-373,872	(2.42)	4.11	21.21	4.25	26.83			13.14	03/01/2011
00550902	Total Endowment Fund Composite	4,301,861,519.71	4,206,959,135.76	-3,738,723	(2.12)	0.11	9.30	1.48	11.70	11.11	6.81	5.72	07/01/1999

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

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,511.79	35.9%
S&P 400 Pool (10327900)	691.54	16.4%
S&P 500 Pool (10327800)	1,588.86	37.8%
S&P 600 Pool (11558100)	414.77	9.9%
TOTAL	4,206.96	100.0%



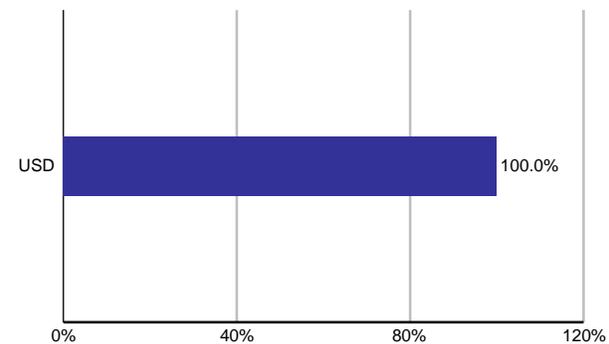
Portfolio Characteristics

Total Asset Value (in Millions)	1,588.9	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	18.0	Information Ratio	0.02	0.04	0.14	1.61
Price to Book Ratio	2.18	Std Deviation of Port.	(1.20)	(0.83)	0.22	(0.37)
Dividend Yield (%)	2.08	Std Deviation of Bench.	8.94	13.10	18.51	15.79
Return on Equity (%)	17.26	Sharpe Ratio of Port.	8.95	13.12	18.58	15.67
Sales Growth (%)	6.98	Sharpe Ratio of Bench.	1.96	1.35	0.47	0.09
Market Capitalization (\$ Millions)	103,698.61	R-Squared	1.96	1.35	0.46	0.13
Earnings per Share (\$)	5.31	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	501		(0.02)	(0.01)	0.07	(0.63)

Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets
78462F103	SPDR S&P 500 ETF TRUST	4.56%
037833100	APPLE INC - COM NPV	3.00%
30231G102	EXXON MOBIL CORP - COM NPV	2.56%
594918104	MICROSOFT CORP - COM USD.00000625	1.66%
478160104	JOHNSON & JOHNSON - COM USD1	1.60%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.57%
166764100	CHEVRON CORP - COM USD3	1.54%
38259P508	GOOGLE INC - CL A COM USD.001	1.49%
742718109	PROCTER & GAMBLE CO - COM NPV	1.40%
949746101	WELLS FARGO & CO - COM USD1.67	1.34%

Top Ten Currency Weights

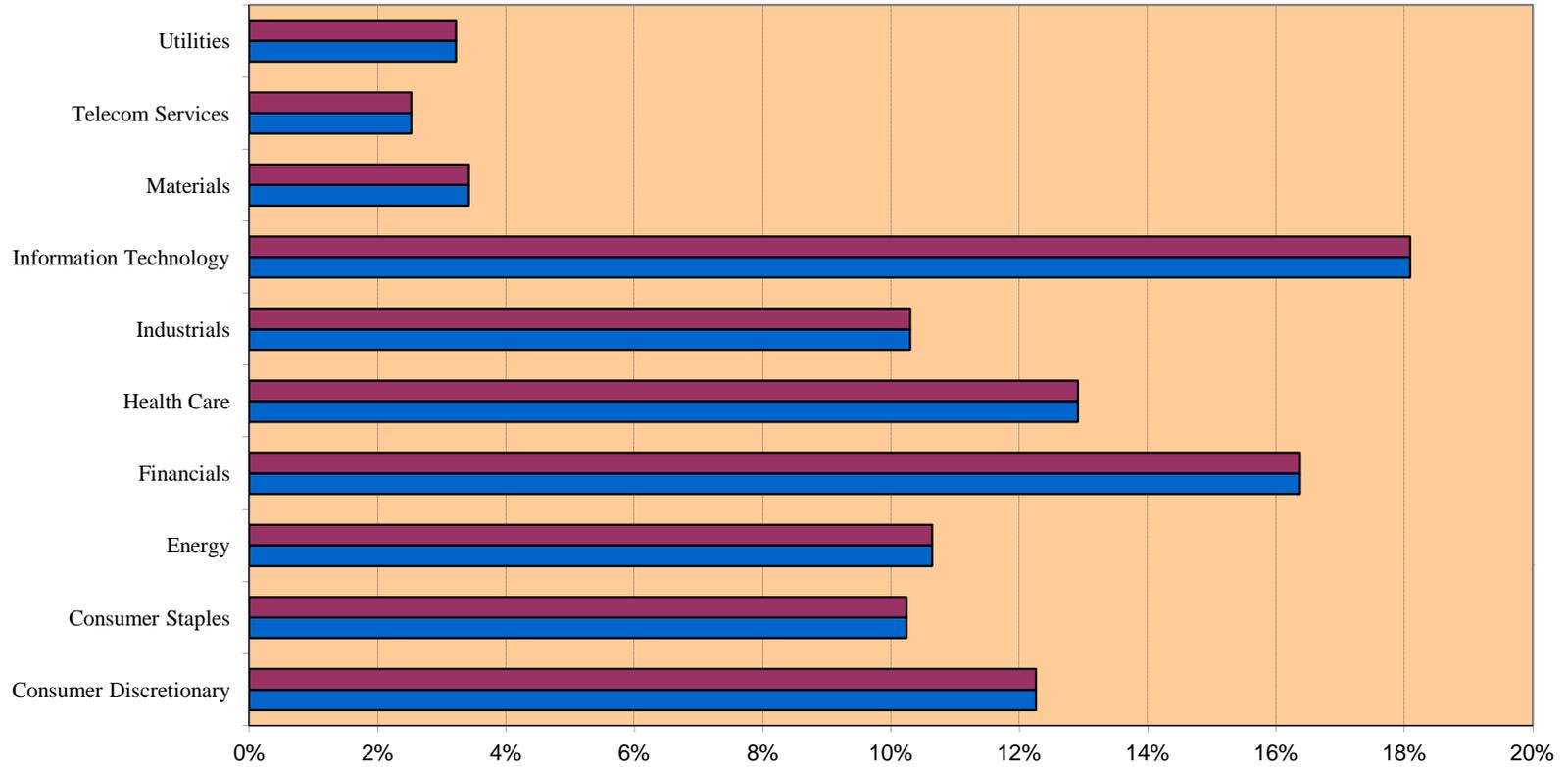


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	(2.89)	0.68	16.13	18.67	18.37	7.36	2.51
S&P 500	(2.90)	0.67	16.15	18.70	18.40	7.32	3.14
Excess	0.01	0.01	(0.02)	(0.03)	(0.04)	0.05	(0.63)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	12.26%	10.24%	10.64%	16.38%	12.91%	10.30%	18.09%	3.43%	2.53%	3.22%
■ STATE OF ARIZONA - POOL 201	12.26%	10.24%	10.64%	16.38%	12.91%	10.30%	18.09%	3.43%	2.53%	3.22%



Portfolio Characteristics

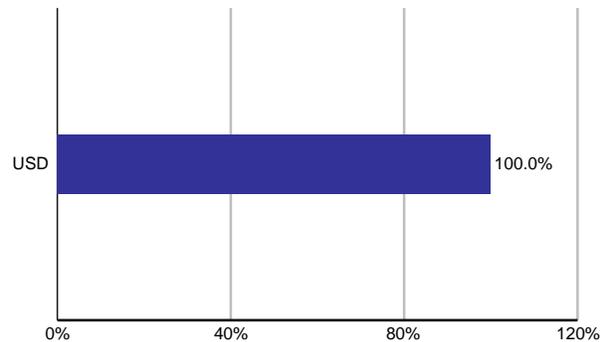
Risk Measures

Total Asset Value (in Millions)	691.5	Trailing 1 Year	0.06	Trailing 3 Years	0.06	Trailing 5 Years	1.72	Since Inception	1.96
P/E Ratio	23.00	Information Ratio	0.14	Std Deviation of Port.	11.02	Std Deviation of Port.	21.63	Std Deviation of Port.	17.17
Price to Book Ratio	2.19	Std Deviation of Bench.	11.00	Sharpe Ratio of Port.	1.99	Sharpe Ratio of Port.	1.18	Sharpe Ratio of Bench.	0.48
Dividend Yield (%)	1.40	Sharpe Ratio of Bench.	1.99	R-Squared	1.00	Jensen's Alpha	(0.02)		
Return on Equity (%)	12.51								
Sales Growth (%)	6.87								
Market Capitalization (\$ Millions)	4,432.12								
Earnings per Share (\$)	2.42								
Number of Holdings	401								

Top Ten Portfolio Holdings

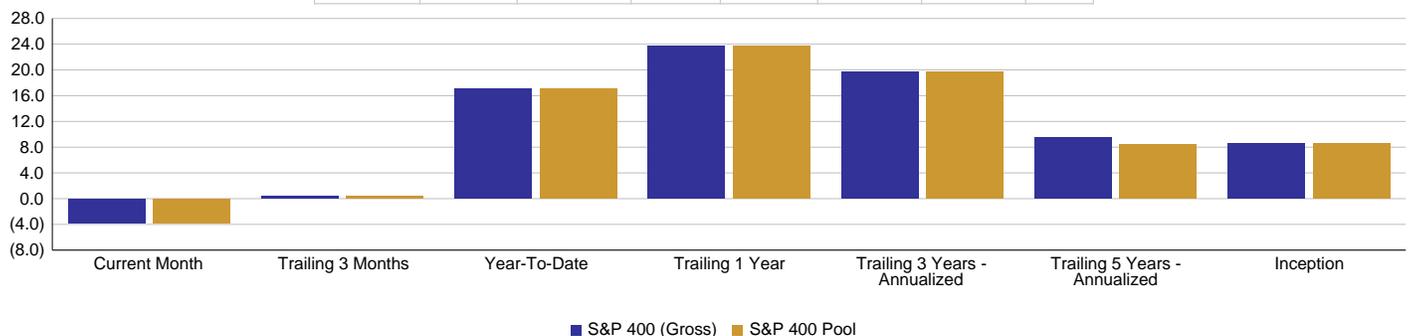
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	5.54%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	1.19%
393122106	GREEN MTN COFFEE ROASTERS - COM USD.1	0.74%
031100100	AMETEK INC - COM USD1	0.72%
018581108	ALLIANCE DATA SYSTEMS CORP - COM USD.01	0.67%
008252108	AFFILIATED MANAGERS GRP INC - COM USD.01	0.64%
436106108	HOLLYFRONTIER CORP - COM USD.01	0.63%
806407102	SCHEIN (HENRY) INC - COM USD.01	0.61%
501889208	LKQ CORP - COM	0.60%
29444U502	EQUINIX INC - COM USD.001	0.59%

Top Ten Currency Weights

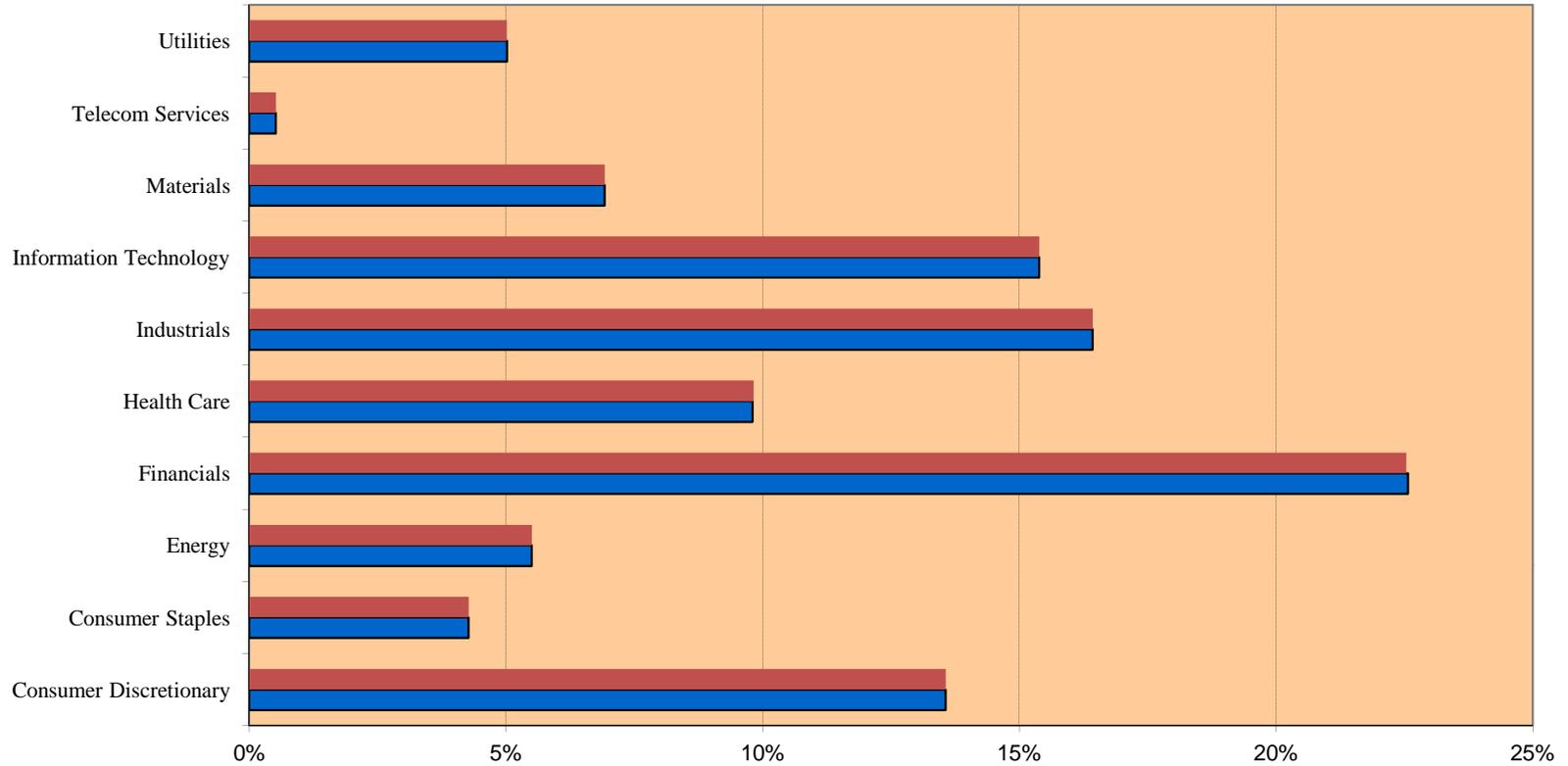


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	(3.74)	0.31	17.14	23.72	19.77	8.48	8.63
S&P 400 (Gross)	(3.75)	0.33	17.13	23.71	19.68	9.43	8.64
Excess	0.01	(0.02)	0.01	0.01	0.09	(0.95)	(0.01)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.57%	4.28%	5.50%	22.54%	9.83%	16.43%	15.39%	6.93%	0.52%	5.02%
■ STATE OF ARIZONA - POOL 203	13.57%	4.27%	5.50%	22.57%	9.81%	16.43%	15.39%	6.92%	0.52%	5.02%



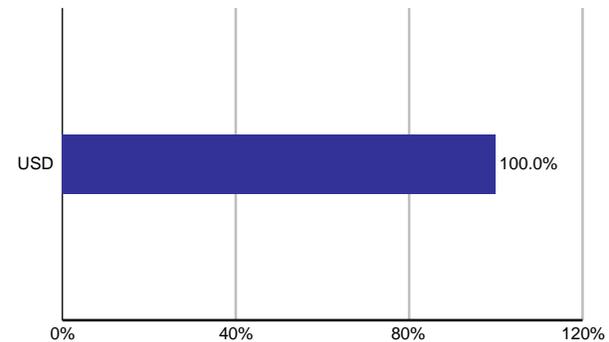
Portfolio Characteristics

Portfolio Characteristics		Risk Measures			
Total Asset Value (in Millions)	414.8	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	26.30	0.06	-	-	0.09
Price to Book Ratio	2.01	1.74	-	-	0.05
Dividend Yield (%)	1.14	10.27	-	-	16.48
Return on Equity (%)	11.30	10.29	-	-	16.51
Sales Growth (%)	7.74	2.37	-	-	0.83
Market Capitalization (\$ Millions)	1,496.92	2.36	-	-	0.82
Earnings per Share (\$)	1.48	1.00	-	-	1.00
Number of Holdings	603	0.19	-	-	0.04
		Tracking Error			
		Information Ratio			
		Std Deviation of Port.			
		Std Deviation of Bench.			
		Sharpe Ratio of Port.			
		Sharpe Ratio of Bench.			
		R-Squared			
		Jensen's Alpha			

Top Ten Portfolio Holdings

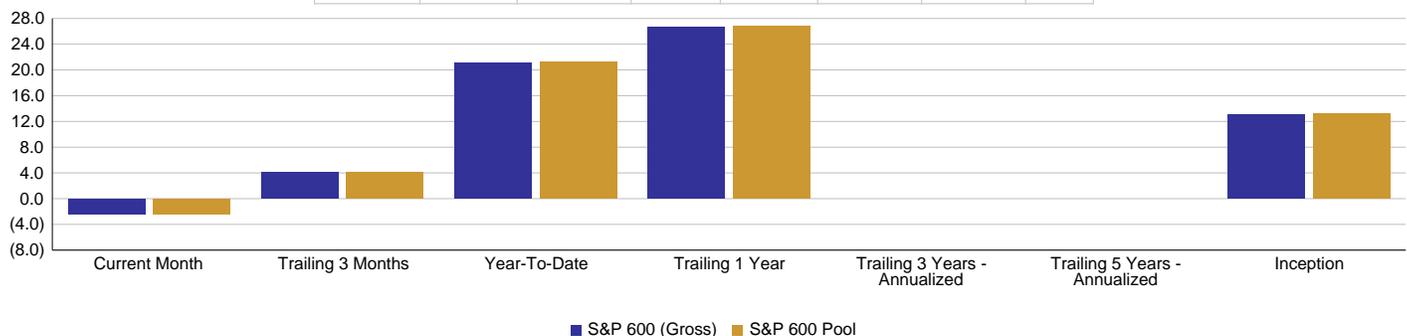
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST CORE S&P SMALL-CAP ETF	6.68%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.63%
402635304	GULFPORT ENERGY CORP - COM USD.01	0.62%
74835Y101	QUESTCOR PHARMACEUTICALS INC - COM NPV	0.60%
405217100	HAIN CELESTIAL GROUP INC - COM USD.01	0.59%
117043109	BRUNSWICK CORP - COM USD.75	0.50%
831865209	SMITH (A O) CORP - COM USD1	0.50%
30241L109	FEI CO - COM NPV	0.50%
016255101	ALIGN TECHNOLOGY INC - COM USD.001	0.48%
15135B101	CENTENE CORP - COM USD.003	0.48%

Top Ten Currency Weights

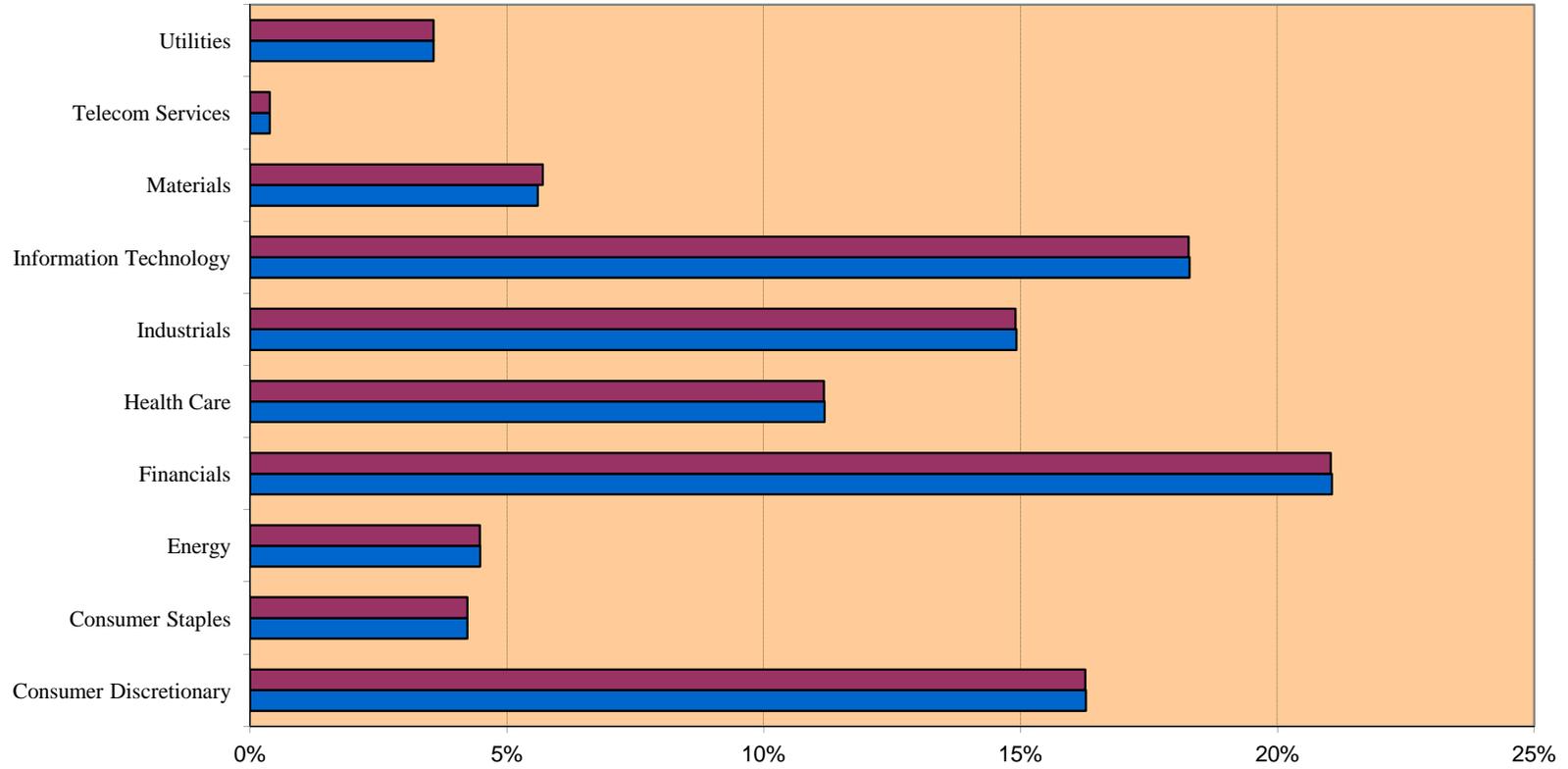


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	(2.42)	4.11	21.21	26.83			13.14
S&P 600 (Gross)	(2.44)	4.09	21.12	26.69			13.12
Excess	0.02	0.02	0.09	0.13	(0.00)	(0.00)	0.01



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



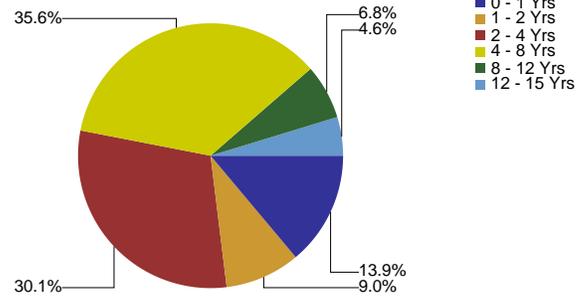
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	16.26%	4.23%	4.48%	21.04%	11.17%	14.90%	18.27%	5.70%	0.39%	3.57%
■ STATE OF ARIZONA - POOL 204	16.27%	4.23%	4.48%	21.06%	11.18%	14.92%	18.29%	5.60%	0.39%	3.58%



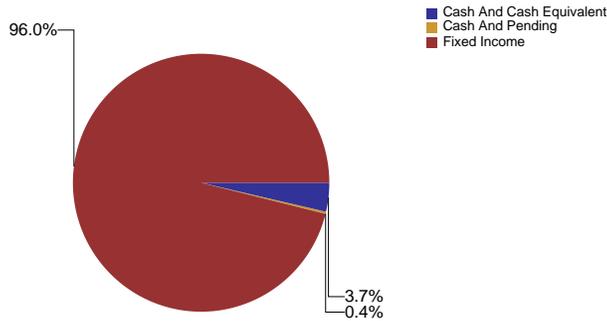
Portfolio Characteristics

Total Net Assets (Millions)	1,511.8
Weighted Average Life (Years)	5.64
Weighted Avg. Effective Duration (Years)	4.28
Weighted Average Coupon (%)	3.63
Weighted Average Current Yield (%)	1.65
Weighted Average Yield to Maturity (%)	1.65
Weighted Average Rating	AA
Number of Holdings	280

Duration Mix



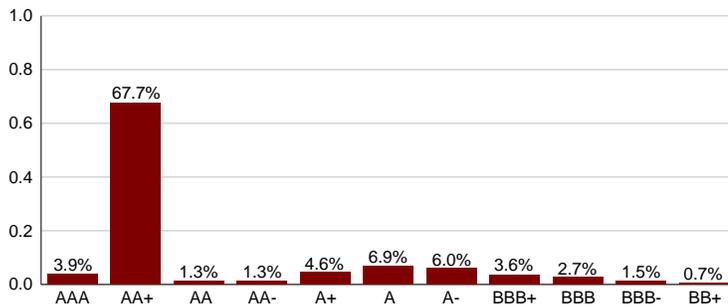
Asset Mix



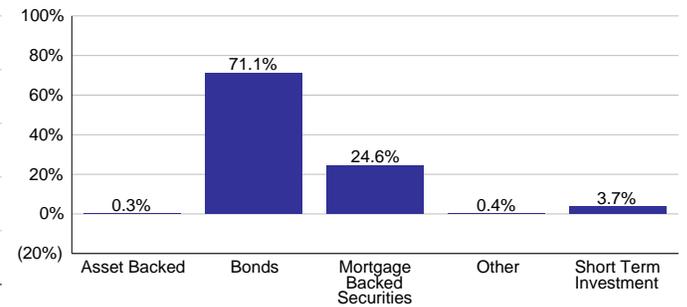
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	3.48%	0.00	31/12/2049
912828PE4	US TREASURY 1.25% 31/OCT/2015	1.19%	1.25	31/10/2015
31677QAV1	FIFTH THIRD BANCORP 1.45% BDS 28/FEB/2018 USD1000	0.96%	1.45	28/2/2018
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.91%	6.38	15/8/2027
912810ED6	USA TREASURY BDS 8.125% 15/AUG/2019	0.90%	8.12	15/8/2019
912810DZ8	USA TREASURY BDS 8.875% 15/AUG/2017 USD1000	0.86%	8.88	15/8/2017
20825CAP9	CONOCOPHILLIPS 5.9% BDS 15/MAY/2038 USD1000	0.79%	5.90	15/5/2038
92343VAM6	VERIZON COMMUN 6.1% NTS 15/APR/2018 USD1000	0.78%	6.10	15/4/2018
59562VAT4	MIDAMERICAN ENERGY HLDGS 5.75% SNR NTS 01/APR/2018	0.78%	5.75	1/4/2018
740816AD5	PRESIDENT & FELLOWS HARVARD COLLEGE 5.625% BDS	0.76%	5.62	1/10/2038

Quality/Rating Weightings

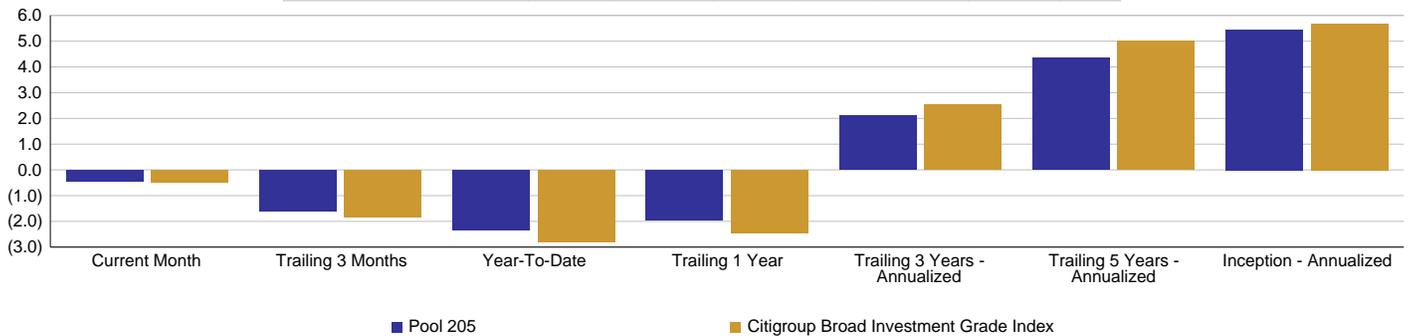


Sector Weightings (as % of Market Value)



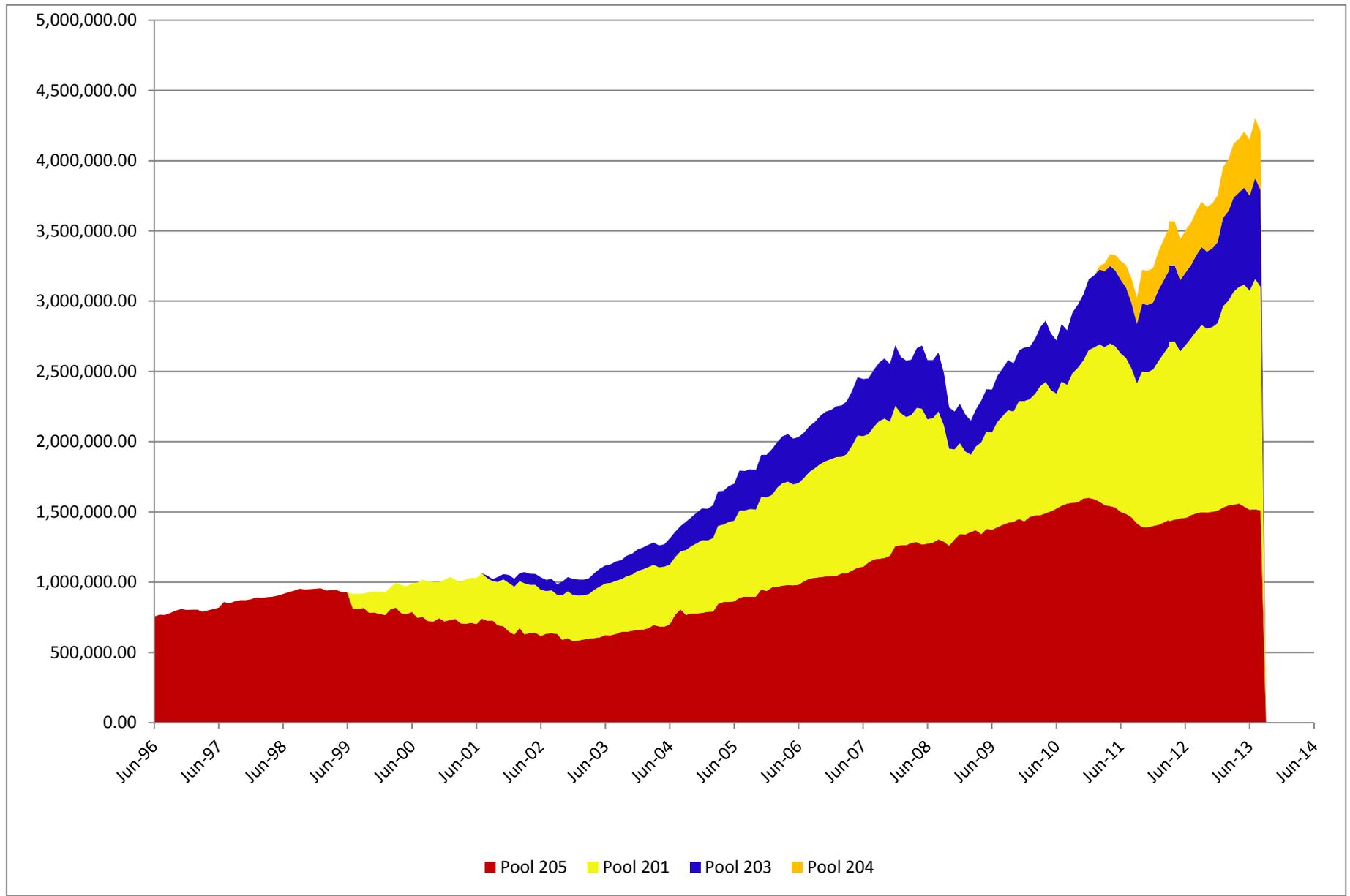
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	(0.44)	(1.62)	(2.35)	(1.95)	2.11	4.33	5.45
Citigroup Broad Investment Grade Index	(0.50)	(1.84)	(2.82)	(2.47)	2.52	4.99	5.68
Excess	0.06	0.22	0.47	0.51	(0.42)	(0.66)	(0.23)



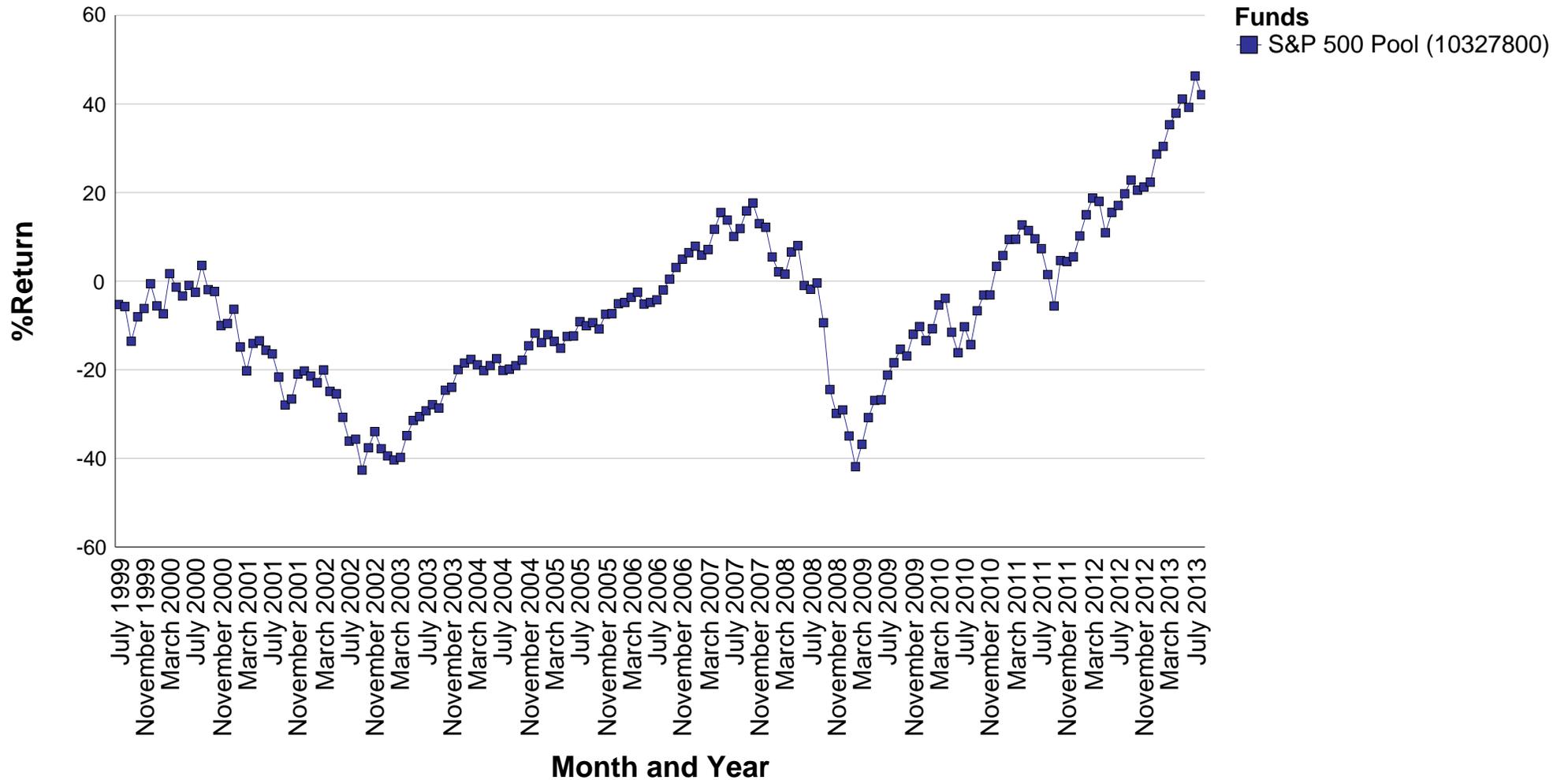
Thousands

Endowment Fund Market Value



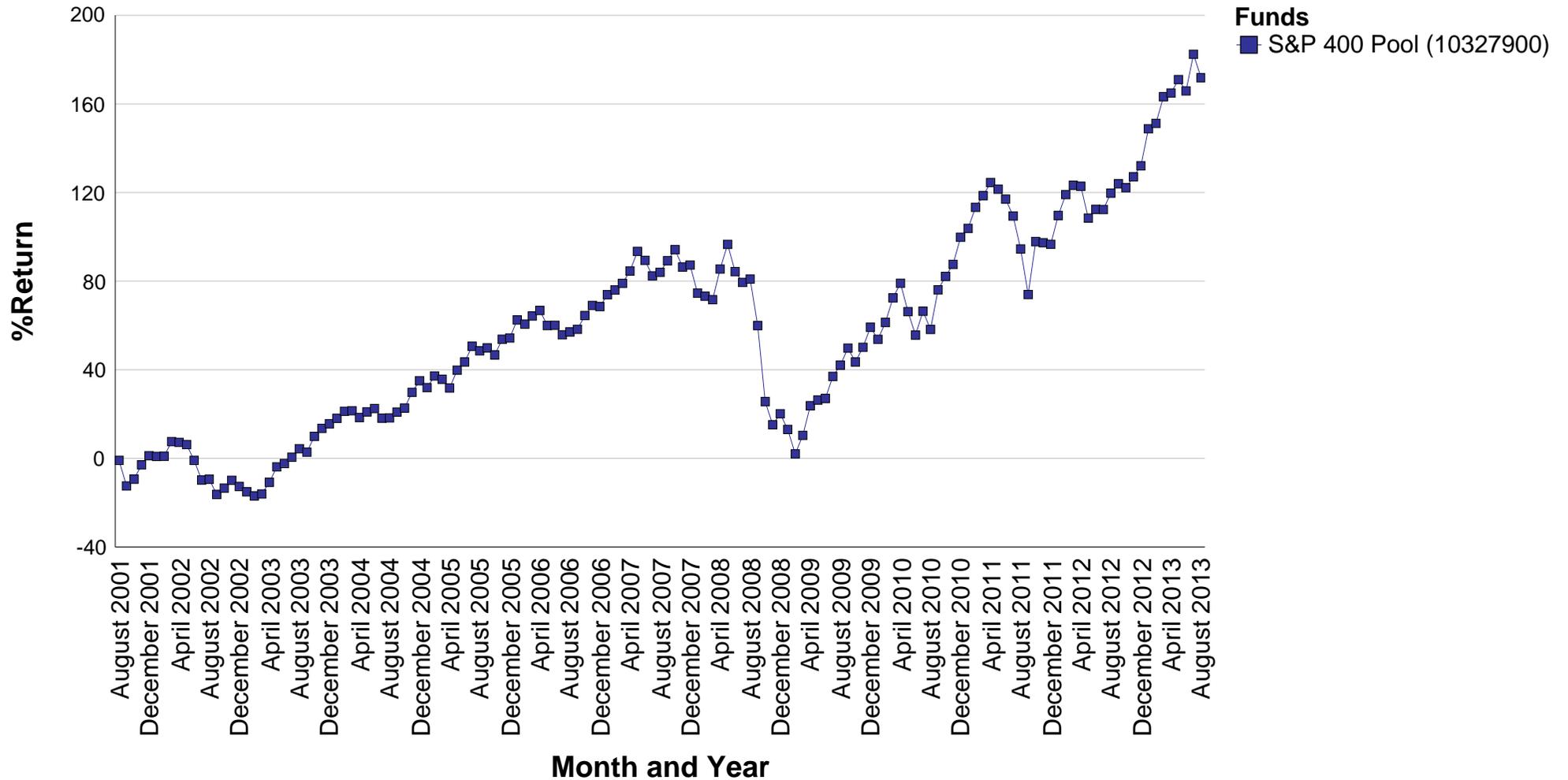
Performance Growth by Account

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



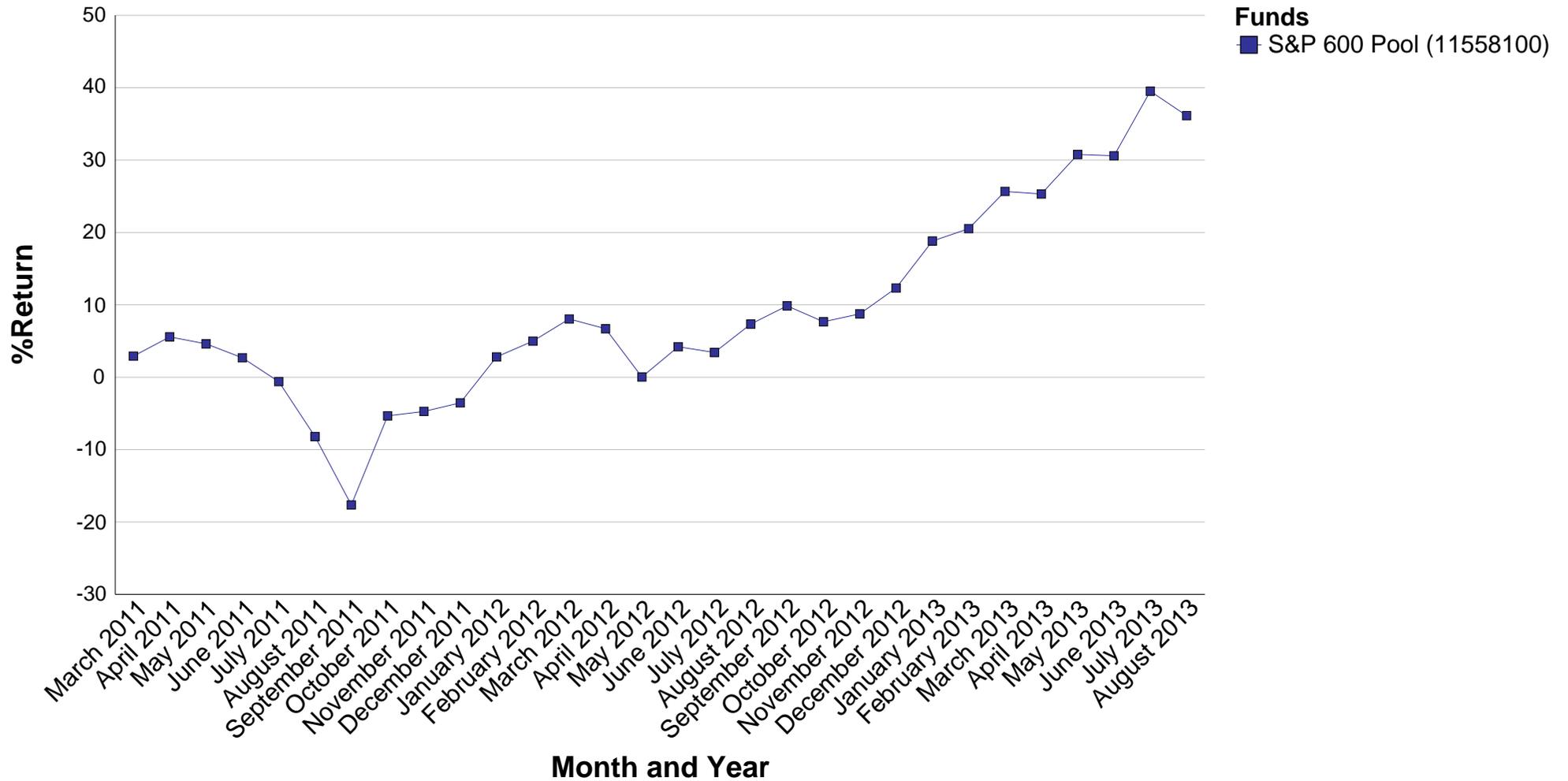
Performance Growth by Account

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



Performance Growth by Account

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



Performance Growth by Account

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

