

OFFICE OF THE  
**ARIZONA STATE TREASURER**



**Doug Ducey**  
TREASURER



**JULY 2013**

**Presented To:**

**Arizona State Board of Investment**

**AUGUST 27, 2013**

STATE BOARD OF INVESTMENT

**A G E N D A**

**August 27, 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**

**August 27, 2013**

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**Minutes of  
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on July 23, 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

**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  
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office  
Sheila Asher, VP, Relationship Manager, JP Morgan  
Robert McCoach, Intern, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for June, 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  
Broker Activity Report

**1. Call to Order:**

Treasurer Ducey called the July 23, 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 July 23, 2013 meeting.

**3. Approval of Minutes:**

Mr. Papp made a motion to approve the June 25, 2013 minutes. Mr. Kingry

seconded the motion. Motion carried.

#### **4. Review of Treasurer's Monthly Report**

##### **Earnings Distribution – Investment Pools**

Mr. Petkiewicz reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of June, 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 June, 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 June, 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 June 30, 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 June, 2013.

*Mr. Kingry asked for clarification with reference to Page 6, Pool 7, Alliance Bank of Arizona Money Market. Mr. Petkiewicz stated that the investment in question was a repo sweep and is Full Faith and Credit as well as Treasury backed.*

##### **Review of Treasurer's Monthly Report – Agency Pools:**

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

### **State Agency Pools Portfolio Yield Analysis**

Ms. Humbert reported the net yields for the State Agency Pools for the month of June, 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 June 30, 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 June 30, 2013.

*Mr. Kingry inquired about the short term strategy with reference to Pool 12, suggesting an alternate index for CAWCD Med Term. Ms. Humbert stated that there has been some ongoing conversation and feels that this is a good index for this fund. Ms. Humbert added that this fund is currently at a 5 year duration which is intentionally short due to interest rates going up. Ms. Humbert also stated that there may come a time where we are in a higher rate environment and a 5 year duration may make sense for this fund adding that at any time if CAWCD feels that 5 years is too long, we would certainly entertain shorter benchmarks.*

### **Operating Monies Average Invested Balance**

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

### **Endowment Funds Yield Analysis**

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

### **Equity Funds Purchases & Sales**

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

### **Investments Outstanding in Endowment Funds**

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June, 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 June, 2013.

## **Approval of Treasurer's Report**

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

### **5. Proposed Changes to Investment Policy:**

No proposed changes.

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

There were no Securities Dealers to be approved.

### **7. General Business:**

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, August 27, 2013 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

*Treasurer Ducey commented briefly on the market levels and asked Mr. Papp for his opinion on what we can expect. Mr. Papp stated that the economy was doing "ok" and that corporations are doing well. He feels that we are well positioned. Mr. Papp also stated that there will not be a dramatic improvement in job creation and growth for at least 6 – 12 months. Mr. Papp shared that companies are concerned about health care reform which will weigh on their plans for the next 6-12 months.*

### **10. Adjournment:**

Mr. Kingry made a motion to adjourn the BOI meeting. Mr. Papp seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:09 p.m.

Respectfully Submitted by:

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Barbara Conley  
Executive Consultant II

State Treasurer's Report  
August 27, 2013 Meeting  
Minutes of the July 23, 2013 Meeting

Approved by:

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Doug Ducey, Chair

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Date

**EARNINGS DISTRIBUTION - INVESTMENT POOLS  
 JULY 2013**

<b>Recipient</b>	<b>Earnings Distributed</b>			<b>Fiscal YTD Investment Management Fees Received</b>
	<b>JULY 2013</b>	<b>Fiscal YTD 13/14</b>	<b>Fiscal YTD 12/13</b>	
General Fund	\$1,354,194	\$1,354,194	\$1,268,798	
2 State Agencies - Full Faith & Credit	590,730	590,730	568,564	\$55,828
3 State Agencies - Diversified ( <i>Combined</i> )	1,198,986	1,198,986	771,495	118,034
4 State Agencies - Gov	462,409	462,409	364,518	50,208
5 LGIP	148,103	148,103	216,210	66,566
7 LGIP Gov	27,074	27,074	138,092	52,247
10 Tax-exempt Non-AMT Municipal Bonds	0	0	0	14,929
12 CAWCD Medium-Term	469,214	469,214	436,010	14,453
15 GADA Long-Term	29,322	29,322	18,435	617
16 ECDH Medium-Term	461,975	461,975	455,680	18,618
<b>Subtotal</b>	<b>\$4,742,006</b>	<b>\$4,742,006</b>	<b>\$4,237,802</b>	<b>\$391,500</b>
<b>NAV POOL</b>				
500 LGIP - Med Term	242,704	242,704	232,868	14,717
700 LGIP - FF&C Med Term	150,136	150,136	180,533	11,760
<b>Total</b>	<b>\$5,134,846</b>	<b>\$5,134,846</b>	<b>\$4,651,203</b>	<b>\$417,978</b>
<b>JULY 2012 TOTALS</b>	<b>\$4,651,203</b>			<b>\$412,283</b>

\* 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  
 JULY 31, 2013**

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/13</b>	<b>Prior Month 06/30/13</b>	<b>Prior Year 7/31/12</b>	<b>Net Asset Value Per Share</b>
5	LGIP	149,563	161,191	227,440	1.0000
7	LGIP - GOV	27,686	42,956	142,072	1.0000
<b>TOTAL LGIP &amp; LGIP-GOV</b>		<b>177,248</b>	<b>204,147</b>	<b>369,512</b>	

**YIELDS**

<b><u>MONTHLY</u></b>		<b>Current Month 07/31/13</b>	<b>Prior Month 06/30/13</b>	<b>Prior Year 7/31/12</b>
5	LGIP (NET)	0.13%	0.14%	0.22%
	S & P LGIP INDEX	0.05%	0.06%	0.10%
7	LGIP - GOV (NET)	0.03%	0.04%	0.11%
	3 MONTH T-BILL	0.03%	0.04%	0.09%
<b><u>YEAR TO DATE</u></b>				
5	LGIP (NET)	0.13%	0.20%	0.22%
	S & P LGIP INDEX	0.05%	0.08%	0.10%
7	LGIP - GOV (NET)	0.03%	0.11%	0.11%
	3 MONTH T-BILL	0.03%	0.07%	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  
JULY 31, 2013**

**NET EARNINGS**

FUND	DESCRIPTION	Current Month 07/31/13	Prior Month 06/30/13	Prior Year 7/31/12	Net Asset Value Per Share
500	LGIP - MED TERM POOL	261,388	269,366	256,165	1.0279
700	LGIP - FF&C MED TERM POOL	150,136	148,112	204,695	0.9995
	<b>TOTAL LGIP MEDIUM TERM POOLS</b>	<b>411,523</b>	<b>417,478</b>	<b>460,860</b>	

**YIELDS**

**MONTHLY**

	Current Month 07/31/13	Prior Month 06/30/13	Prior Year 7/31/12
500 LGIP - MED TERM (NET)	1.09%	1.12%	1.35%
MERRILL 1-5 US D M INDEX	1.30%	1.33%	0.98%
700 LGIP - FF&C MED TERM (NET)	0.78%	0.77%	1.41%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	1.25%	1.26%	0.57%

**YEAR TO DATE**

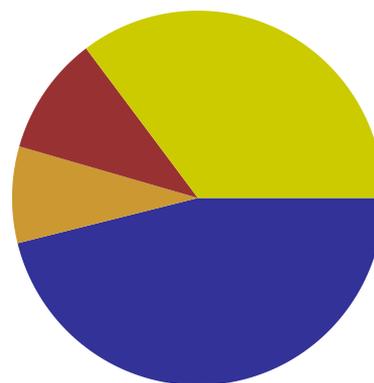
500 LGIP - MED TERM (NET)	1.09%	1.37%	1.35%
MERRILL 1-5 US D M INDEX	1.30%	1.06%	0.98%
700 LGIP - FF&C MED TERM (NET)	0.78%	1.04%	1.41%
75% MERRILL 1-5 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	1.25%	0.76%	0.57%

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 July 31, 2013

LGIP composite (00550903)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 5 (LGIP) (10327300)	1,289.10	46.1%
State of Arizona - Pool 500 (LGIP - Med Term) (10327700)	288.96	10.3%
State of Arizona - Pool 7 (LGIP - FF&C) (10327400)	986.44	35.3%
State of Arizona - Pool 700 (LGIP-FF&C Med Term) (10563200)	230.82	8.3%
<b>TOTAL</b>	<b>2,795.32</b>	<b>100.0%</b>

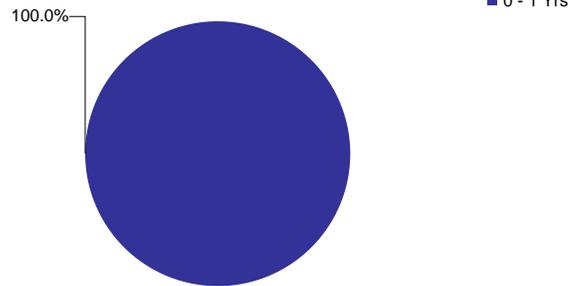
- State of Arizona - Pool 5 (LGIP) (10327300)
- State of Arizona - Pool 700 (LGIP-FF&C Med Term)
- State of Arizona - Pool 500 (LGIP - Med Term) (10327700)
- State of Arizona - Pool 7 (LGIP - FF&C) (10327400)



Portfolio Characteristics

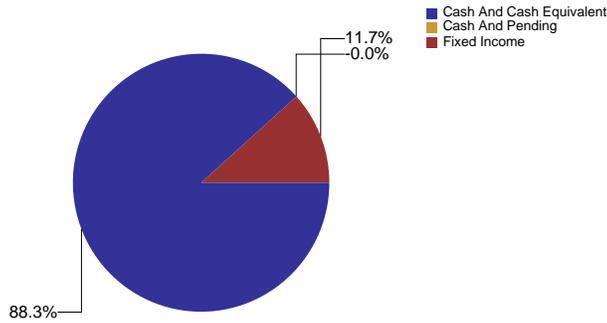
Duration Mix

Total Net Assets (Millions) **1,289.1**  
 Weighted Average Life (Years) **0.11**  
 Weighted Avg. Effective Duration (Years) **0.12**  
 Weighted Average Maturity (Years) **0.11**  
 Weighted Average Rating **AA+**  
 Number of Holdings **76**



Asset Mix

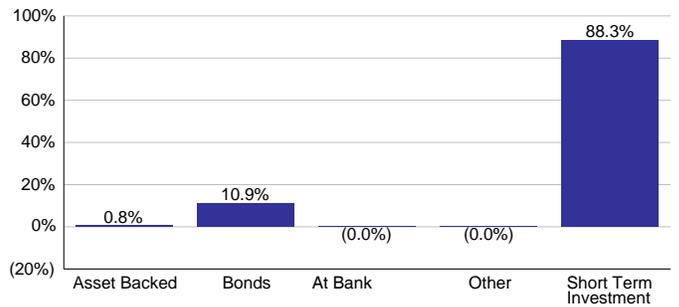
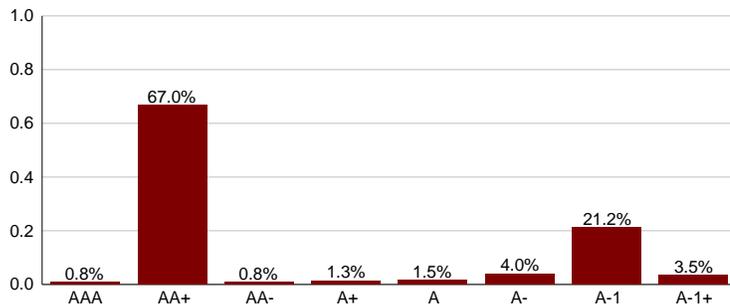
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/AUG/2013	19.59%	0.30	1/8/2013
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 1/AUG/2013	12.61%	0.09	1/8/2013
46999W022	TRI-PARTY REPO JP MORGAN REPO SWEEP 0.20%	7.79%	0.20	1/8/2013
853990Q85	TRI-PARTY REPO SOUTH STREET 0.10% 14/AUG/2013	7.76%	0.10	14/8/2013
38199EU16	TRI-PARTY REPO GOLDMAN SACHS 0.05% 29/NOV/2013	7.76%	0.05	29/11/2013
3169934U5	FIDELITY INVESTMENTS - PRIME MONEY MARKET	3.88%	0.00	1/8/2013
3133EASW9	FEDERAL FARM CR BKS CONS BD FLT 13 06/AUG/2013	1.55%	0.21	6/8/2013
53127TWG4	LIBERTY FUNDING LLC CORPORATE COMMERCIAL PAPER	1.55%	0.00	16/9/2013
38143USB8	GOLDMAN SACHS GRP FRN 07/FEB/2014 USD2000	1.17%	1.27	7/2/2014
693476BA0	PNC FUNDING CORPORATION SR FLTG RATE NTS	1.16%	0.00	31/1/2014

Quality/Rating Weightings

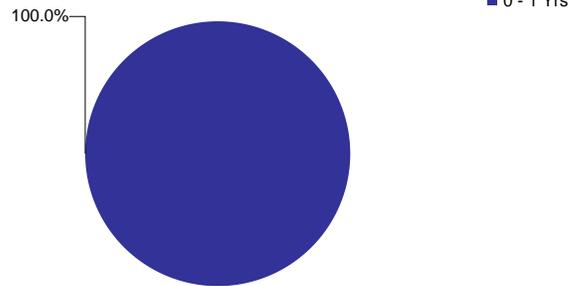
Sector Weightings (as % of Market Value)



Portfolio Characteristics

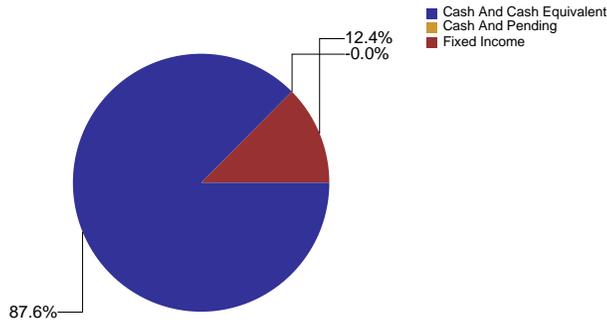
Duration Mix

Total Net Assets (Millions) **986.4**  
 Weighted Average Life (Years) **0.07**  
 Weighted Avg. Effective Duration (Years) **0.08**  
 Weighted Average Maturity (Years) **0.07**  
 Weighted Average Rating **AA+**  
 Number of Holdings **14**



Asset Mix

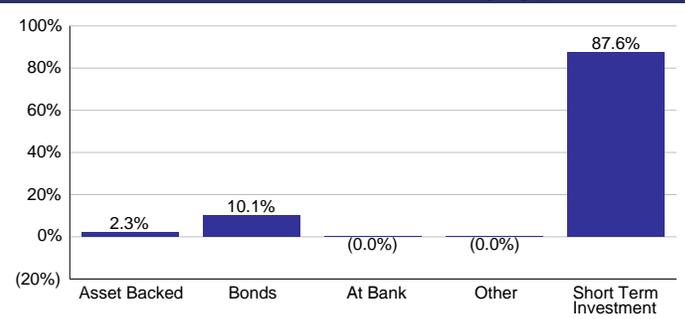
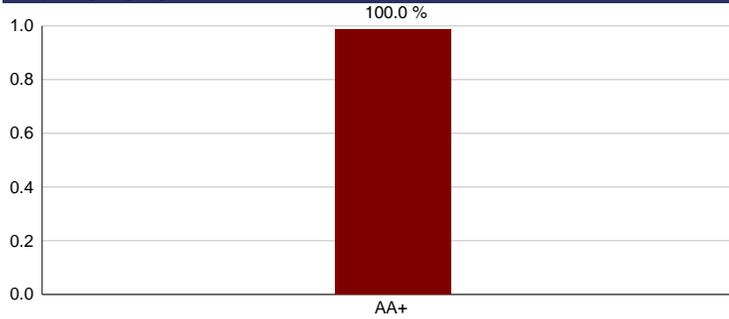
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
587502W	TRI-PARTY REPO MIZUHO 0.07% 1/AUG/2013	26.14%	0.07	1/8/2013
655990K24	TRI-PARTY REPO NOMURA 0.04% 14/AUG/2013	25.34%	0.04	14/8/2013
94999A020	TRI-PARTY REPO WELLS FARGO 0.04% 14/AUG/2013	15.21%	0.04	14/8/2013
912828RD4	UNITED STATES TREAS NTS 0.125% 31/AUG/2013	10.14%	0.13	31/8/2013
655990K65	TRI-PARTY REPO NOMURA 0.04% 30/SEP/2013	10.14%	0.04	30/9/2013
912796AV1	UNITED STATES TREAS BILLS DT	5.07%	0.00	8/8/2013
01899A018	ALLIANCE BANK OF ARIZONA MONEYMARKET 0.26%	3.05%	0.26	3/9/2013
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	2.30%	0.00	25/10/2013
302990M45	FDIC ALLIANCE BANK OF ARIZONA CDARS CD 0.52%	1.02%	0.52	19/9/2013
302992D09	FDIC ALLIANCE BANK OF ARIZONA CDARS CD 0.33%	0.82%	0.33	16/1/2014

Quality/Rating Weightings

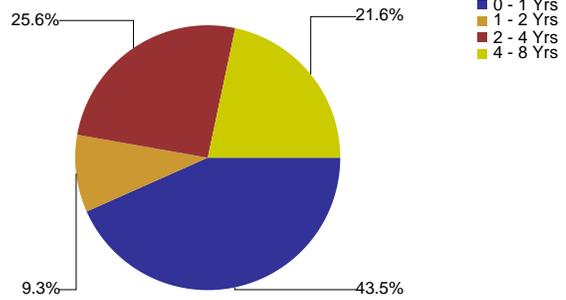
Sector Weightings (as % of Market Value)



Portfolio Characteristics

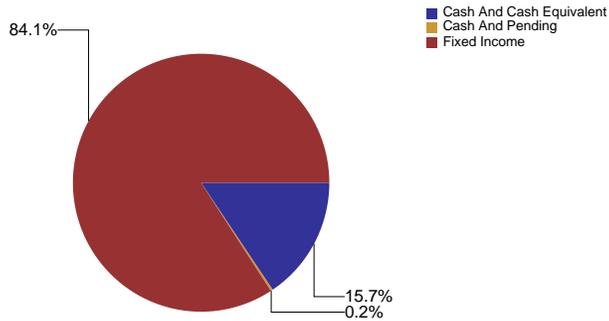
Duration Mix

Total Net Assets (Millions) 289.0  
 Weighted Average Life (Years) 2.32  
 Weighted Avg. Effective Duration (Years) 2.06  
 Weighted Average Rating AA  
 Number of Holdings 211



Asset Mix

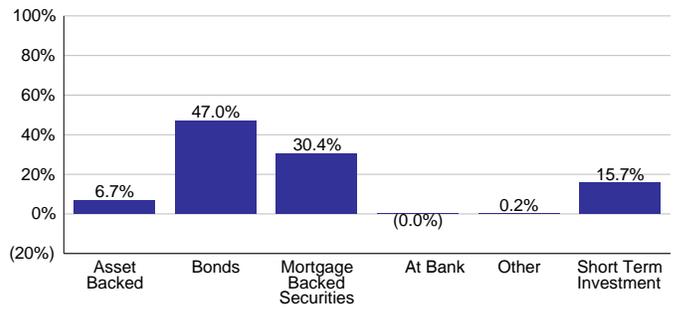
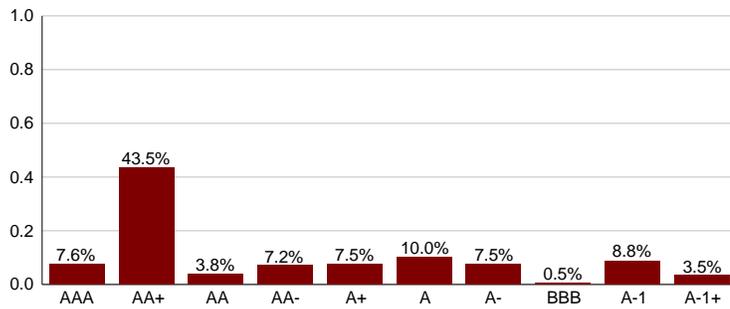
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
31417CUR4	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# AB5991	4.33%	2.50	1/8/2027
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 15/AUG/2013	3.47%	0.09	15/8/2013
31419JM47	FNMA MORTPASS 4.5% 01/NOV/2040 CL PN# AE7578	3.16%	4.50	1/11/2040
2284K0VP7	CROWN POINT CAP CO. CORPORATE COMMERCIAL PAPER	1.73%	0.00	23/8/2013
67983UAM5	OLD LINE FUNDING LLC CORPORATE COMMERCIAL PAPER	1.73%	0.00	21/1/2014
3128MMQT3	FHLMCGLD MORTPASS 2.5% 01/MAY/2028 G1 PN# G18465	1.71%	2.50	1/5/2028
3137ARRT5	FREDDIE MAC 4080 DA 2.000% 15/MAR/2041	1.60%	2.00	15/3/2041
3132GU4P6	FHLMCGLD MORTPASS 3.5% 01/JUL/2042 Q0 PN# Q09530	1.55%	3.50	1/7/2042
31416XE97	FNMA MORTPASS 4% 01/DEC/2040 CL PN# AB1959	1.41%	4.00	1/12/2040
31418AHW1	FNMA MORTPASS 2.5% 01/AUG/2027 CI PN# MA1144	1.40%	2.50	1/8/2027

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

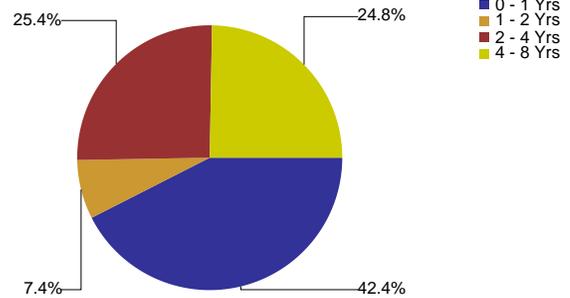


Portfolio Characteristics

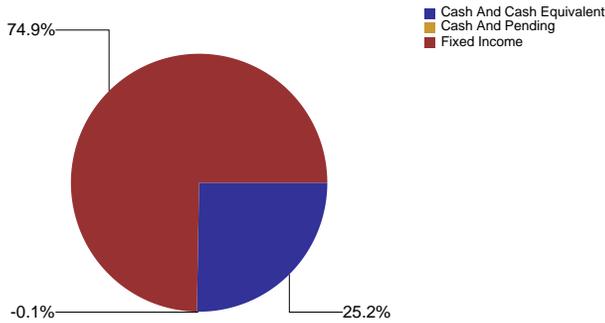
Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Rating  
Number of Holdings

230.8  
2.74  
2.17  
AA+  
74

Duration Mix



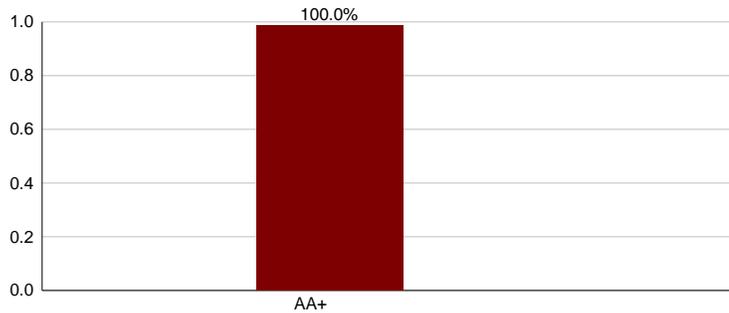
Asset Mix



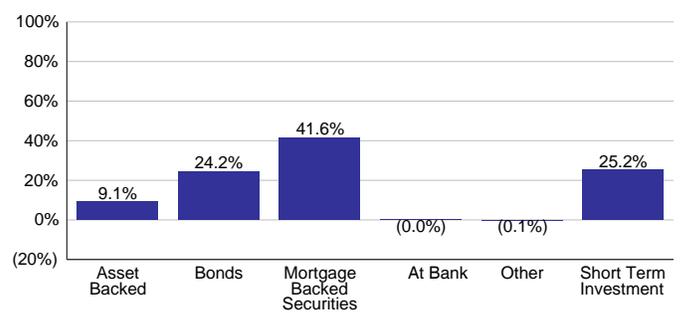
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
587502W	TRI-PARTY REPO MIZUHO 0.07% 1/AUG/2013	17.32%	0.07	1/8/2013
22087WAC3	CORUS CONSTRUCTION VENTURE LLC 0% NTS 25/OCT/2013	9.06%	0.00	25/10/2013
39675DN	FDIC US BANK CDARS ACCOUNT 0.3% 01/AUG/2013	6.53%	0.30	3/9/2013
912828RD4	UNITED STATES TREAS NTS 0.125% 31/AUG/2013	4.33%	0.13	31/8/2013
36202FL61	GNMA II MORTPASS 4% 20/NOV/2040 JM PN# 004849	3.46%	4.00	20/11/2040
36179MGW4	GNMA II MORTPASS 3% 20/JUL/2042 JM PN# MA0213	3.02%	3.00	20/7/2042
38378H4K9	GINNIE MAE 2012-124 KB 2.000% 20/JUL/2042	2.98%	2.00	20/7/2042
36225E3Y6	GNMA II MORTPASS 03% 20/SEP/2040 AT PN# 082614	2.40%	3.00	20/9/2040
36179MAH3	GNMA II MORTPASS 3.5% 20/APR/2027 SF PN# MA0008	2.38%	3.50	20/4/2027
912828LL2	UNITED STATES TREAS NTS 3.00% 31/AUG/2016	2.35%	3.00	31/8/2016

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



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

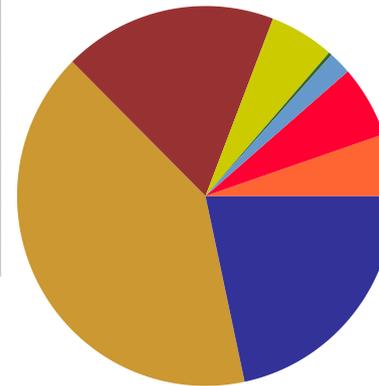
<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/13</b>	<b>Prior Month 06/30/13</b>	<b>Prior Year 7/31/12</b>	<b>Net Asset Value Per Share</b>
2	STATE AGENCIES - FULL FAITH & CREDIT	867,461	832,807	1,046,842	0.9974
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,842,459	1,847,271	1,157,002	0.9926
	EXTERNAL MANAGERS	56,147	37,849	37,207	0.9986
	<b>FUND 3 TOTAL</b>	<b>1,898,606</b>	<b>1,885,120</b>	<b>1,194,209</b>	<b>0.9929</b>
4	STATE AGENCIES - GOV	769,745	751,968	669,656	0.9863
10	TAX-EXEMPT NON-AMT MUNICIPAL BONDS	49,751	43,458	N/A	0.9979
12	CAWCD MEDIUM-TERM	469,214	437,271	436,010	1.0097
15	GADA LONG-TERM	29,322	19,706	18,435	0.9933
16	ECDH MEDIUM-TERM	461,975	503,886	455,680	0.9812
	<b>TOTAL STATE AGENCIES</b>	<b>4,546,074</b>	<b>4,474,215</b>	<b>3,820,832</b>	

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

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/13</b>	<b>Prior Month 06/30/13</b>	<b>Prior Year 7/31/12</b>
2	STATE AGENCIES - FULL FAITH & CREDIT 75% MERRILL 0-1 US TREAS INDEX / 25% MERRILL GNMA MORTGAGE MASTER INDEX	0.93% 0.86%	0.79% 0.86%	<b>1.11%</b> <b>0.45%</b>
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 3 MONTH LIBOR INDEX / 50% MERRILL 1-3 US BROAD MARKET INDEX	0.99% 0.66% 0.97% 0.47%	0.89% 0.46% 0.88% 0.52%	<b>0.69%</b> <b>0.44%</b> <b>0.68%</b> <b>0.66%</b>
4	STATE AGENCIES - GOV 50% MERRILL 6 MTH US T-BILL INDEX / 50% MERRILL 1-3 UNSUB. US TREAS / AGY INDEX	0.92% 0.21%	0.73% 0.24%	<b>0.69%</b> <b>0.19%</b>
10	TAX-EXEMPT NON-AMT MUNICIPAL BONDS SIFMA MUNICIPAL SWAP INDEX	0.20% 0.05%	0.19% 0.07%	<b>N/A</b> <b>N/A</b>
12	CAWCD MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.95% 2.34%	1.89% 2.35%	<b>1.83%</b> <b>1.72%</b>
15	GADA LONG-TERM MERRILL 3-5 US BROAD MARKET EX CORP	2.85% 1.80%	1.98% 1.76%	<b>1.79%</b> <b>1.08%</b>
16	ECDH MEDIUM-TERM BARCLAYS CAPITAL US AGG. BOND INDEX	1.67% 2.34%	1.85% 2.35%	<b>1.64%</b> <b>1.72%</b>

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

Pool Composite (00550904)		
Account Name	Market Value(MIL)	Percent of Portfolio
State of Arizona - Pool 10 (State Operating) (11741000)	299.73	5.6%
State of Arizona - Pool 12 (CAWCD - Med Term) (10327500)	286.91	5.3%
State of Arizona - Pool 15 (GADA) (10327600)	12.03	0.2%
State of Arizona - Pool 16 (ECDH) (13074500)	325.92	6.1%
State of Arizona - Pool 2 (State Agency - FF&C) (10327000)	1,161.74	21.6%
State of Arizona - Pool 3 (State Agency - Diversified) (10327100)	2,205.37	41.0%
State of Arizona - Pool 4 ( State Agency Rest Div ) (10327200)	987.41	18.4%
State of Arizona - Pool 3 (external US Banc) (17699900)	100.46	1.9%
<b>TOTAL</b>	<b>5,379.57</b>	<b>100.0%</b>

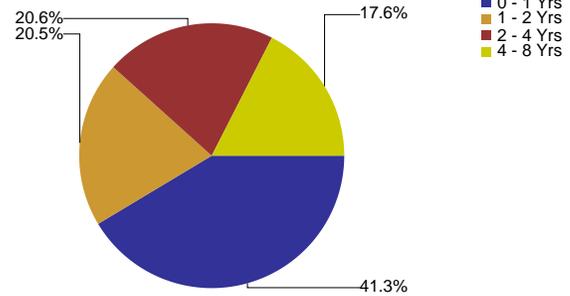


- State of Arizona - Pool 2 (State Agency - FF&C)
- State of Arizona - Pool 3 (State Agency - Divers
- State of Arizona - Pool 4 ( State Agency Rest Di
- State of Arizona - Pool 10 (State Operating) (11
- State of Arizona - Pool 15 (GADA) (10327600)
- State of Arizona Pool 3 (external US Banc) (1769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

Portfolio Characteristics

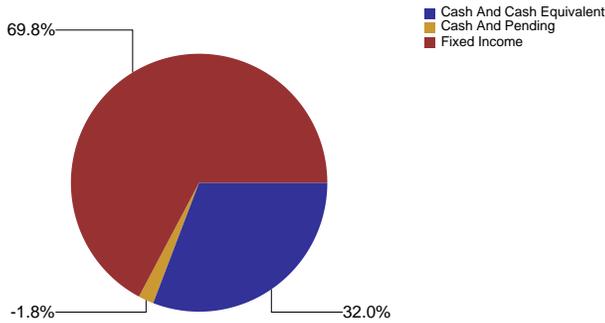
Duration Mix

Total Net Assets (Millions) **1,161.7**  
 Weighted Average Life (Years) **2.37**  
 Weighted Avg. Effective Duration (Years) **1.94**  
 Weighted Average Rating **AA+**  
 Number of Holdings **105**



Asset Mix

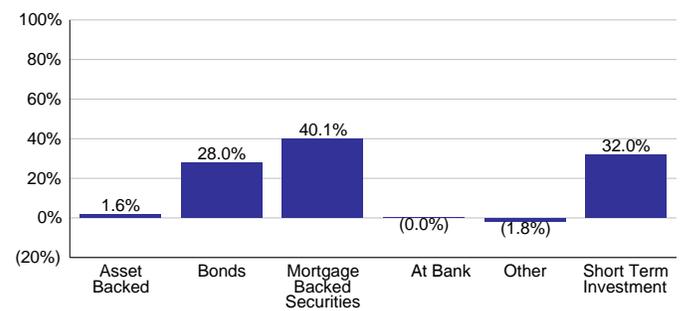
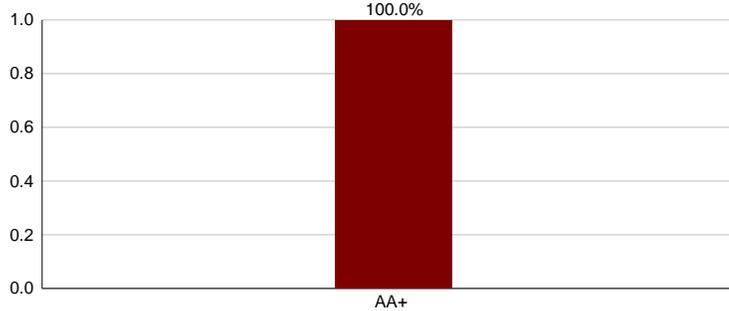
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
587504W	TRI-PARTY REPO NOMURA 0.06% 1/AUG/2013	16.91%	0.06	1/8/2013
587502W	TRI-PARTY REPO MIZUHO 0.07% 1/AUG/2013	8.64%	0.07	1/8/2013
912828DM9	UNITED STATES TREAS 4.00% 15/FEB/2015	4.55%	4.00	15/2/2015
912828RZ5	UNITED STATES TREAS 0.25% 15/JAN/2015	4.23%	0.25	15/1/2015
38375GHL8	GINNIE MAE 2012-84 LB 2.000% 16/MAY/2042	3.20%	2.00	16/5/2042
912796BE8	UNITED STATES TREAS BILLS DT	2.11%	0.00	5/1/2014
38377X5L2	GINNIE MAE 2012-137 FA VARIABLE 20/NOV/2042	2.06%	0.00	20/11/2042
38378EGJ6	GINNIE MAE 2012-51 EA 1.500% 20/SEP/2040	1.92%	1.50	20/9/2040
912828KV1	UNITED STATES TREAS NTS 02.250% 31/MAY/2014	1.73%	2.25	31/5/2014
912828SL5	UNITED STATES TREAS NTS 0.25%31/MAR/2014	1.69%	0.25	31/3/2014

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

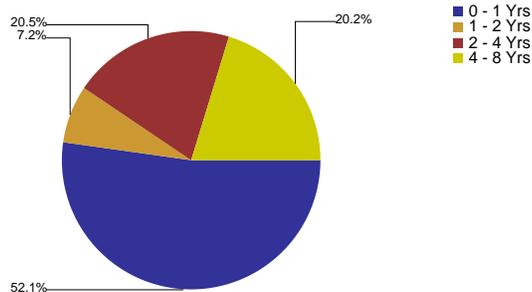


Portfolio Characteristics

Duration Mix

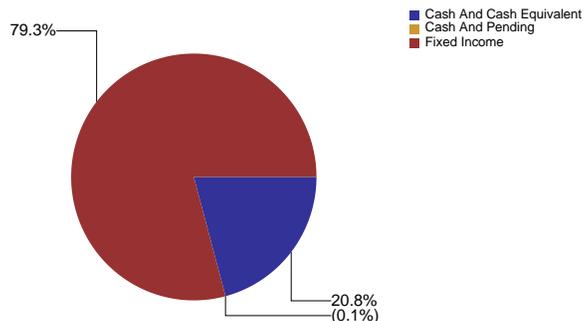
Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Rating  
Number of Holdings

2,305.8  
2.65  
1.85  
AA  
335



Asset Mix

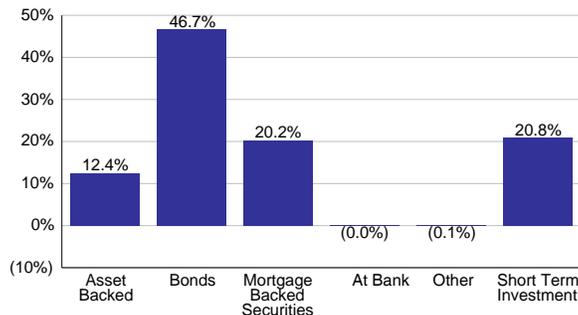
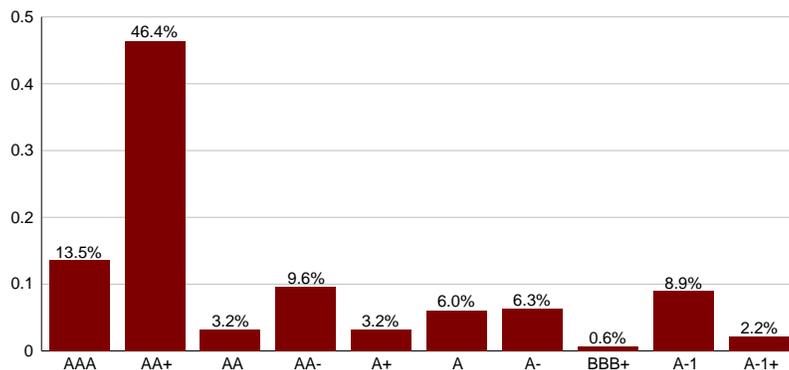
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990P60	TRI-PARTY REPO SOUTH STREET 0.03% 1/AUG/2013	5.42%	0.03	1/8/2013
25155BKO7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.74%	0.73	23/1/2014
82124LV25	SHEFFIELD RECEIVABLE CORPORATE COMMERCIAL PAPER	1.73%	0.00	2/8/2013
05253AV80	AUST & NEW ZEA CORPORATE COMMERCIAL PAPER DISCOUNT	1.73%	0.00	8/8/2013
65409RV72	NIEUW AMSTERDAM RECV CORPORATE COMMERCIAL PAPER	1.73%	0.00	7/8/2013
62455AV53	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISCOUNT DTD	1.73%	0.00	5/8/2013
3135G0XD0	FEDERAL NATIONAL MORTGAGE ASSOC 1% BDS 21/MAY/2018	1.69%	1.00	21/5/2018
3136G1HU6	FEDERAL NATL MTG ASSN CALL 1.2%04/APR/2018	1.65%	1.20	4/4/2018
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 1/AUG/2013	1.38%	0.09	1/8/2013
79540AV21	SALISBURY REC CO LLC CORPORATE COMMERCIAL PAPER	1.13%	0.00	2/8/2013

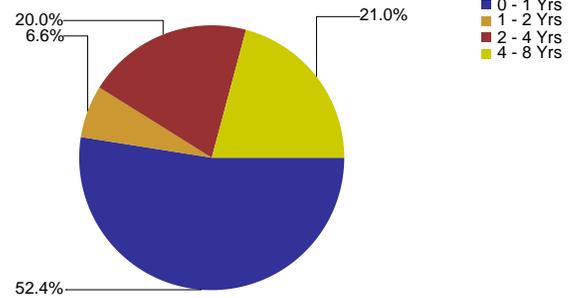
Quality/Rating Weightings

Sector Weightings (as % of Market Value)

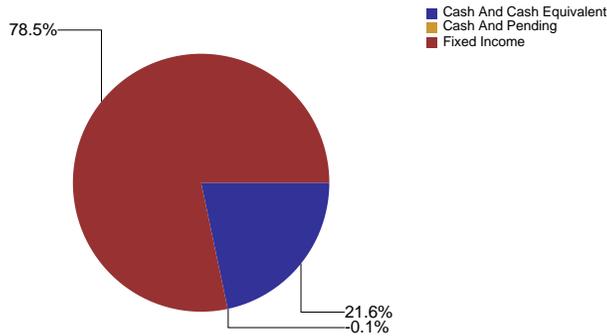


Portfolio Characteristics Duration Mix

Total Net Assets (Millions) **2,205.4**  
 Weighted Average Life (Years) **2.45**  
 Weighted Avg. Effective Duration (Years) **1.86**  
 Weighted Average Rating **AA**  
 Number of Holdings **189**

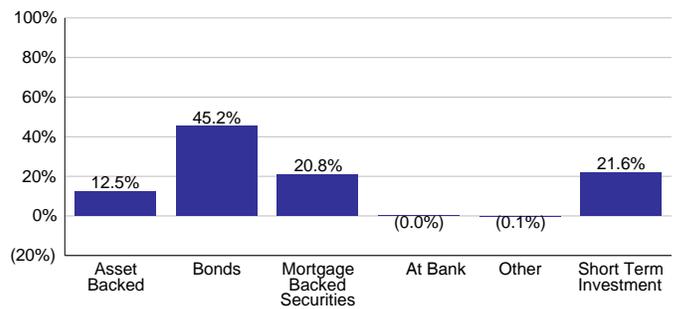
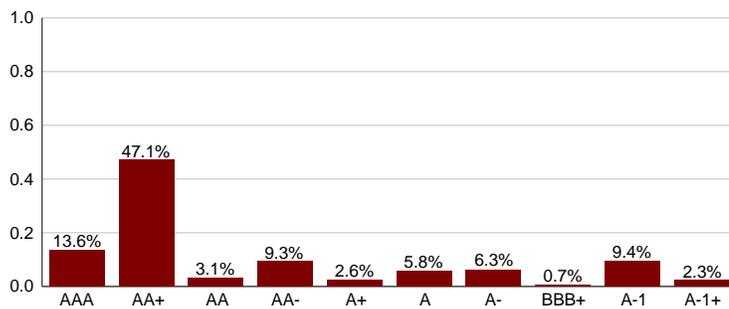


Asset Mix Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990P60	TRI-PARTY REPO SOUTH STREET 0.03% 1/AUG/2013	5.66%	0.03	1/8/2013
25155BKQ7	DEUTSCHE BANK AG NY CERTIFICATE OF DEPOSIT FIXED	1.82%	0.73	23/1/2014
82124LV25	SHEFFIELD RECEIVABLE CORPORATE COMM PAPER	1.81%	0.00	2/8/2013
05253AV80	AUST & NEW ZEA CORPORATE COMMERCIAL PAPER DISC	1.81%	0.00	8/8/2013
65409RV72	NIEUW AMSTERDAM RECV CORPORATE COMM PAPER	1.81%	0.00	7/8/2013
62455AV53	MOUNTCLIFF CORPORATE COMMERCIAL PAPER DISC	1.81%	0.00	5/8/2013
3135G0XD0	FEDERAL NATIONAL MORT ASSOC 1% BDS 21/MAY/2018	1.77%	1.00	21/5/2018
3136G1HU6	FEDERAL NATL MTG ASSN CALL 1.2%04/APR/2018	1.73%	1.20	4/4/2018
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 1/AUG/2013	1.45%	0.09	1/8/2013
79540AV21	SALISBURY REC CO LLC CORPORATE COMM PAPER	1.18%	0.00	2/8/2013

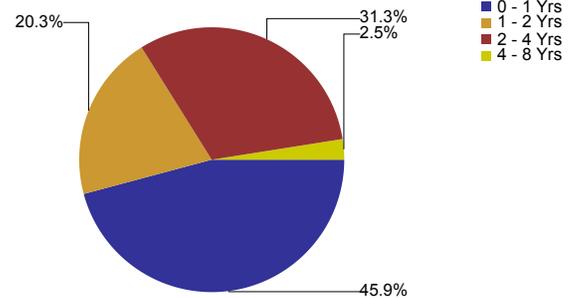
Quality/Rating Weightings Sector Weightings (as % of Market Value)



Portfolio Characteristics

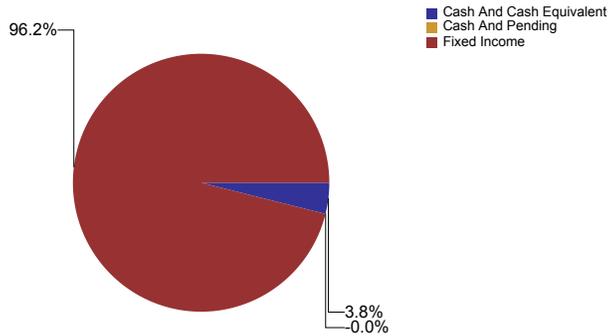
Duration Mix

Total Net Assets (Millions) **100.5**  
 Weighted Average Life (Years) **1.49**  
 Weighted Avg. Effective Duration (Years) **1.43**  
 Weighted Average Rating **AA**  
 Number of Holdings **146**



Asset Mix

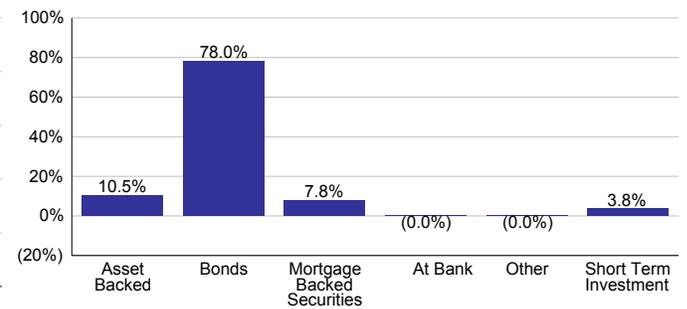
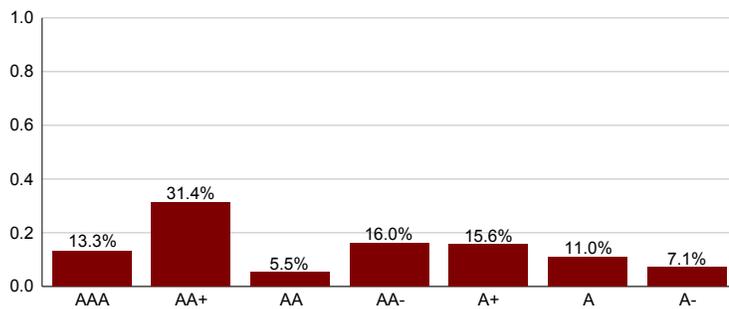
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
313379P60	FEDERAL HOME LOAN BANKS CONS BD FLT 13 25/NOV/2013	2.99%	0.00	25/11/2013
3133EAZU5	FEDERAL FARM CREDIT BANKS 0.45% BDS 24/APR/2015	2.49%	0.45	24/4/2015
94985H5G5	WELLS FARGO BANK N A SR FLT NT 15 20/JUL/2015	2.29%	0.00	20/7/2015
64952WBG7	NEW YORK LIFE GLOBAL FUNDING VAR BDS 18/JUN/2014	1.99%	0.00	18/6/2014
12623MAC7	CNH EQUIPMENT TST 0.94% BDS 15/MAY/2017 USD1000	1.92%	0.94	15/5/2017
59157BAF9	METLIFE INSTITUTIONAL FUNDING II 1.207% BDS	1.80%	0.00	4/4/2014
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.75%	0.00	30/10/2014
38377XPJ5	GINNIE MAE 2011-115 PD 2.000% 20/OCT/2038	1.68%	2.00	20/10/2038
69371RL38	PACCAR FINANCIAL CORP FRN 08/FEB/2016 USD1000	1.60%	0.55	8/2/2016
254683BA2	DISCOVER CARD MASTER TRUST 1 0.69% MTG BDS	1.56%	0.69	15/8/2018

Quality/Rating Weightings

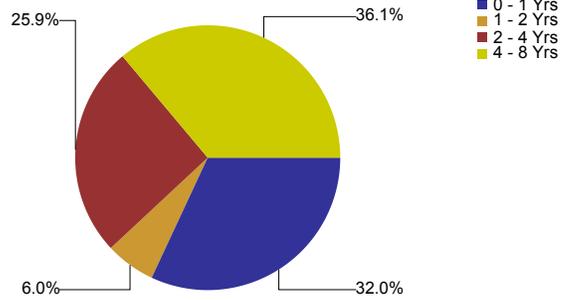
Sector Weightings (as % of Market Value)



Portfolio Characteristics

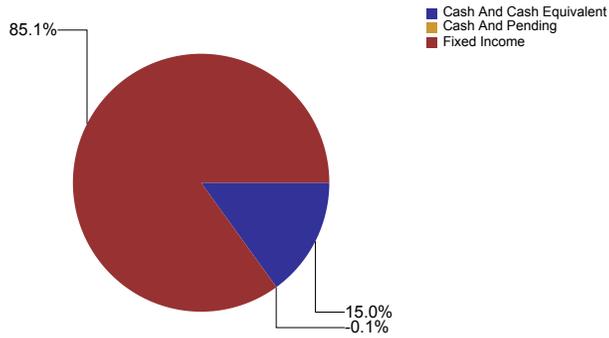
Duration Mix

Total Net Assets (Millions) **987.4**  
 Weighted Average Life (Years) **3.01**  
 Weighted Avg. Effective Duration (Years) **2.77**  
 Weighted Average Rating **AA+**  
 Number of Holdings **93**



Asset Mix

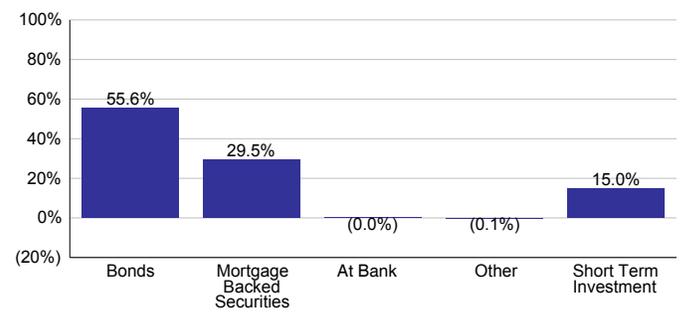
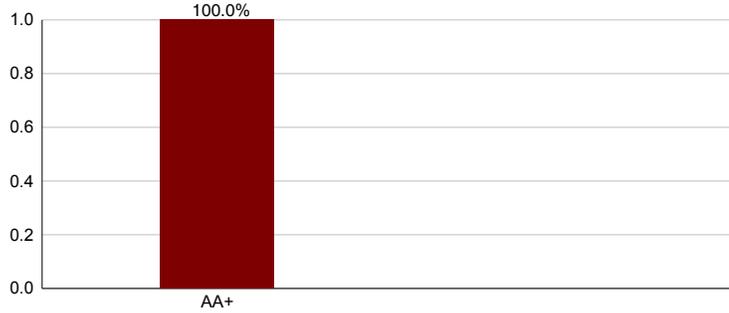
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 15/AUG/2013	7.36%	0.09	15/8/2013
46999W014	TRI-PARTY REPO JP MORGAN 0.30% 1/AUG/2013	5.62%	0.00	1/8/2013
3135G0WB5	FEDERAL NATIONAL MORTGAGE ASSOC 1.2% BDS	5.03%	1.20	18/4/2018
3133813R4	FEDERAL HOME LOAN BANKS 1% BDS 09/NOV/2017	3.20%	1.00	9/11/2017
3133EAFJ6	FEDERAL FARM CR BKS CONS BD FLT 15 22/SEP/2015	3.04%	0.00	22/9/2015
3137AUBR9	FREDDIE MAC 4111 AG 1.750% 15/AUG/2039	2.81%	1.75	15/8/2039
3132GSCE7	FHLMCGLD MORTPASS 3.5% 01/MAR/2042 Q0 PN# Q06969	2.27%	3.50	1/3/2042
3137ARV78	FREDDIE MAC 4079 AH 2.000% 15/JUL/2027	2.10%	2.00	15/7/2027
3133ECAW4	FEDERAL FARM CREDIT BANKS VAR BDS 24/FEB/2016	2.03%	0.00	24/2/2016
3133EA5D6	FEDERAL FARM CREDIT BANKS VAR MTG BDS 23/APR/2015	2.03%	0.00	23/4/2015

Quality/Rating Weightings

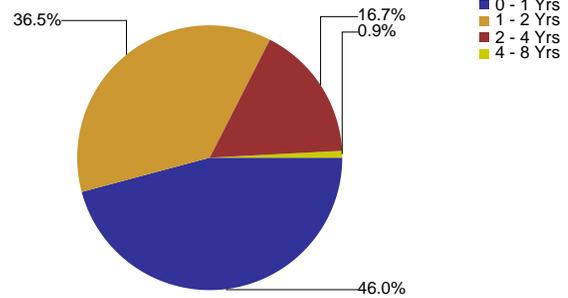
Sector Weightings (as % of Market Value)



Portfolio Characteristics

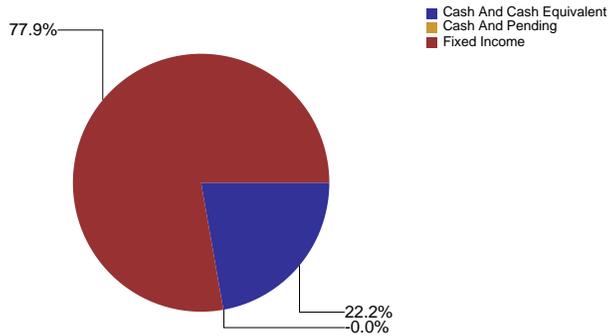
Duration Mix

Total Net Assets (Millions) **299.7**  
 Weighted Average Life (Years) **1.26**  
 Weighted Avg. Effective Duration (Years) **1.28**  
 Weighted Average Rating **AA+**  
 Number of Holdings **63**



Asset Mix

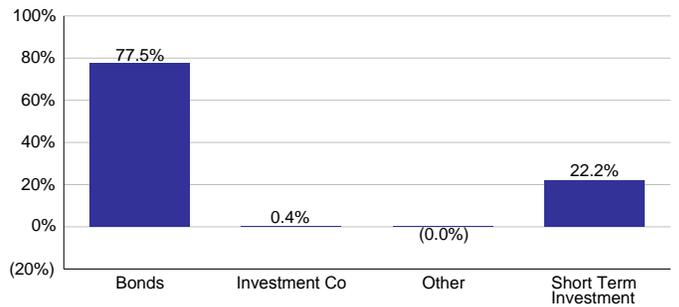
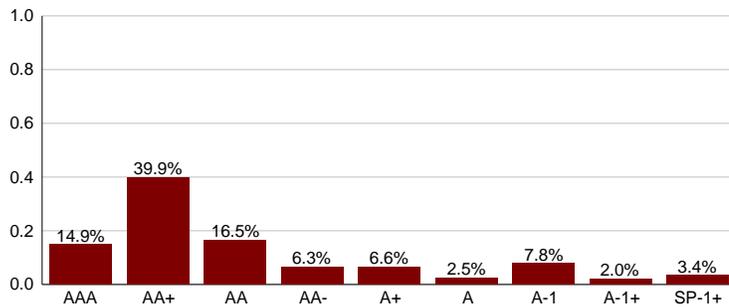
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
576000BF9	MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	13.01%	5.00	15/8/2023
001996859	INVESCO TAX FREE CASH RESERVE PORTFOLIO INST.	12.32%	0.00	31/12/2099
04048RAA4	ARIZONA BRD REGENTS ARIZ ST UNIV SYS REV RFDG-SER	4.83%	0.04	1/7/2034
04057PAQ1	ARIZONA SCH FACS BRD CTFS PARTN SER A 01/SEP/2013	3.74%	5.00	1/9/2013
576000NS8	MASSACHUSETTS ST SCH BLDG AUTH DEDICATED SALES TAX	3.72%	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 TRANSN BRD HWY REV 01/JUL/2024 05.000	3.36%	5.00	1/7/2024
23541RBH0	DALLAS TEX WTRWKS & SWR SYS REV IAM COML PAPER NTS	2.99%	0.16	5/8/2013
91412GRL1	UNIVERSITY CALIF REVS RFDG GEN-SER AF 15/MAY/2015	2.94%	5.00	15/5/2015

Quality/Rating Weightings

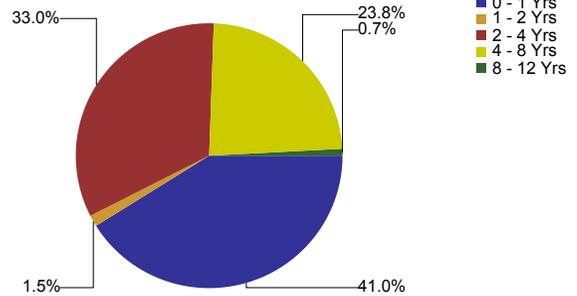
Sector Weightings (as % of Market Value)



Portfolio Characteristics

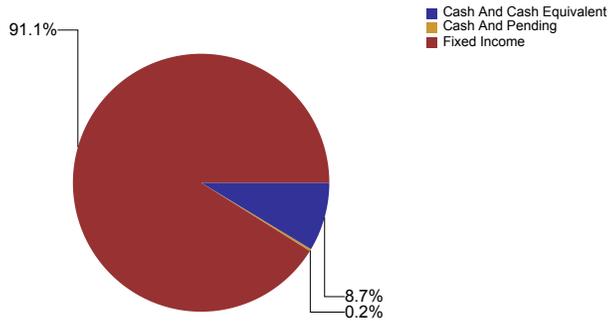
Duration Mix

Total Net Assets (Millions) **286.9**  
 Weighted Average Life (Years) **3.07**  
 Weighted Avg. Effective Duration (Years) **2.43**  
 Weighted Average Rating **AA**  
 Number of Holdings **108**



Asset Mix

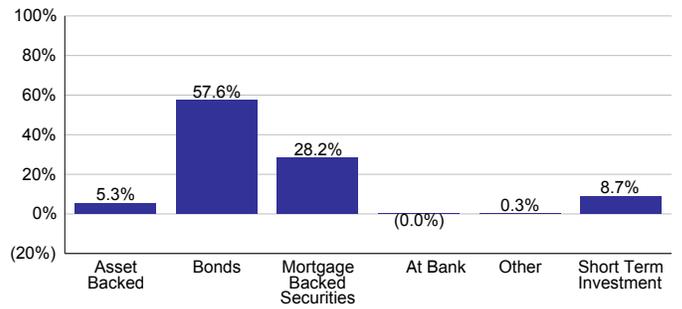
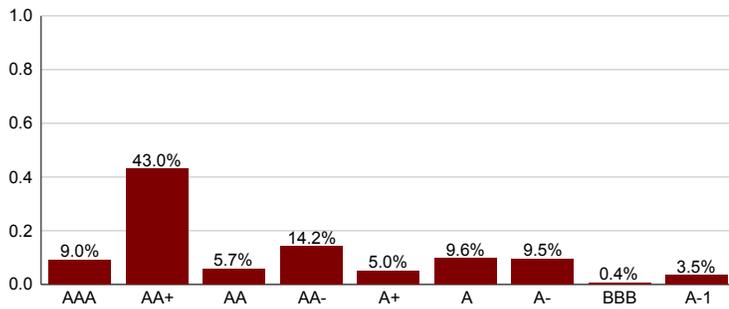
Top Ten Portfolio Holdings



Security ID	Security Name	% of Asset	Coupon Ra	Maturity Da
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 1/AUG/2013	3.74%	0.09	1/8/2013
3136AEFZ5	FANNIE MAE 2013-53 JL 3.000% 25/JUN/2043	3.05%	3.00	25/6/2043
191216AN0	COCA-COLA CO 0.75% SNR NTS 15/NOV/2013 USD1000	2.80%	0.75	15/11/2013
3136A9LG1	FANNIE MAE 2012-114 GB 1.750% 25/MAR/2040	2.29%	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	1.84%	1.65	28/2/2019
78008TXB5	ROYAL BANK OF CANADA FRN 30/OCT/2014 USD1000	1.76%	0.00	30/10/2014
59217GAF6	METROPOLITAN LIFE GLOBAL FUNDING I FRN 10/JAN/2014	1.75%	0.00	10/1/2014
94974BFK1	WELLS FARGO & CO. MEDIUM TERM NOTE VARIABLE DTD	1.75%	0.00	23/4/2018
38141GVK7	GOLDMAN SACHS GROUP INC SR FLT NT 18 30/APR/2018	1.75%	0.00	30/4/2018

Quality/Rating Weightings

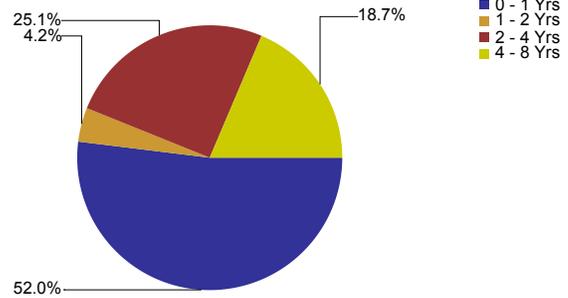
Sector Weightings (as % of Market Value)



Portfolio Characteristics

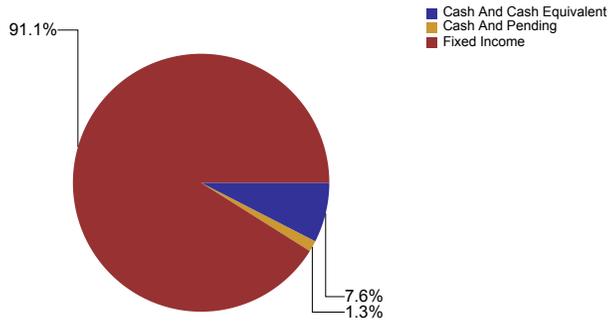
Duration Mix

Total Net Assets (Millions) **12.0**  
 Weighted Average Life (Years) **3.12**  
 Weighted Avg. Effective Duration (Years) **1.90**  
 Weighted Average Rating **AA+**  
 Number of Holdings **22**



Asset Mix

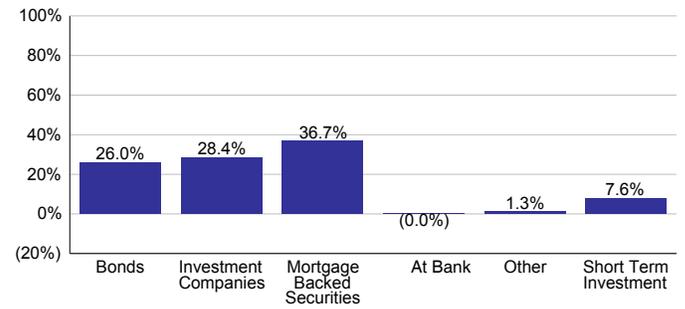
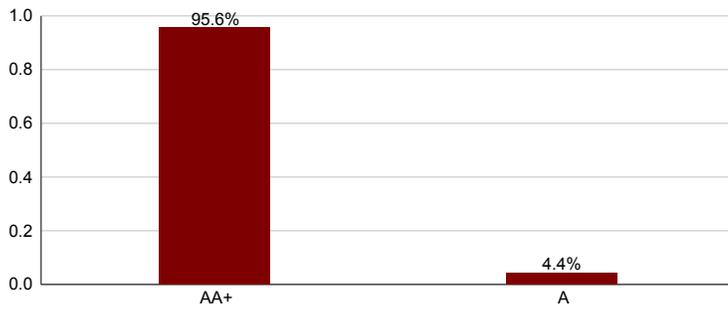
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539998153	LOCAL GOV INVS POOL 4	15.87%	0.00	1/8/2013
3136AD2H1	FANNIE MAE 2013-43 XP 1.500% 25/AUG/2041	15.73%	1.50	25/8/2041
A41995373	LOCAL GOV INVS POOL 700	12.93%	0.00	1/8/2013
3133EAX29	FEDERAL FARM CR BKS CONS BD 0.98% 18/SEP/2017	8.32%	0.98	18/9/2017
3136FTN70	FEDERAL NATL MTG ASSN CALL 3%28/NOV/2025	6.03%	3.00	28/11/2025
10138MAH6	BOTTLING GROUP 6.95% SNR NTS 15/MAR/2014 USD1000	4.49%	6.95	15/3/2014
3137A7HC7	FREDDIE MAC 3800 KE 3.500% 15/FEB/2026	4.41%	3.50	15/2/2026
3134G24S8	FEDERAL HOME LN MTG CORP CALL 2.25%14/NOV/2018	4.25%	2.25	14/11/2018
G349937R3	FIDELITY INVESTMENTS - MONEY MARKET PORTFOLIO	4.23%	0.00	3/9/2013
3138ASYU0	FNMA MORTPASS 3% 01/OCT/2026 CI PN# AJ1622	3.60%	3.00	1/10/2026

Quality/Rating Weightings

Sector Weightings (as % of Market Value)

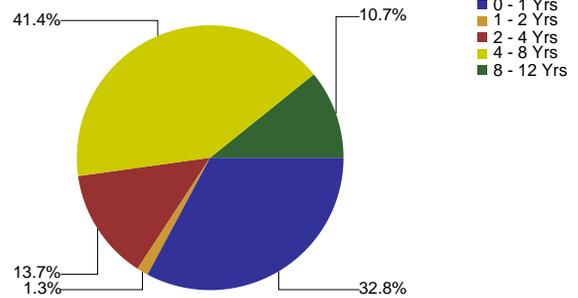


Portfolio Characteristics

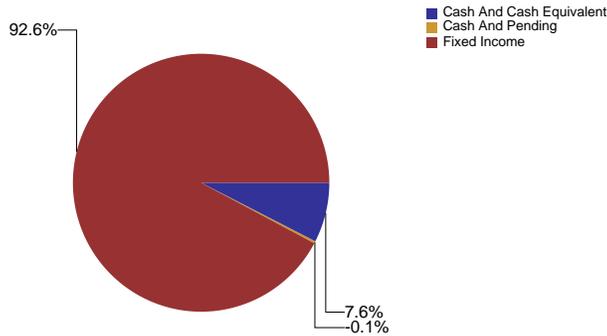
Total Net Assets (Millions)  
Weighted Average Life (Years)  
Weighted Avg. Effective Duration (Years)  
Weighted Average Rating  
Number of Holdings

325.9  
2.85  
3.94  
AA  
92

Duration Mix



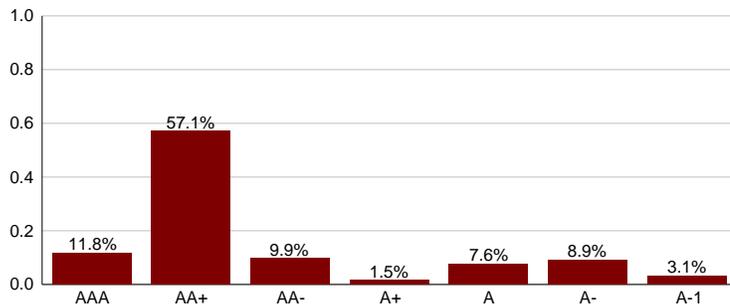
Asset Mix



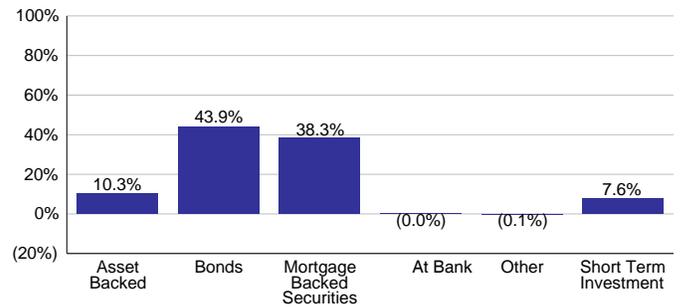
Top Ten Portfolio Holdings

Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
3137ATR20	FREDDIE MAC 4097 VH 1.500% 15/OCT/2041	3.80%	1.50	15/10/2041
853990R68	TRI-PARTY REPO SOUTH STREET 0.09% 1/AUG/2013	3.68%	0.09	1/8/2013
3128HXW76	FHLMC GOLD MORTPASS 3.00% 15/AUG/2042 POOL#S06070	2.96%	3.00	15/8/2042
3134G35R7	FEDERAL HOME LOAN MORTGAGE CORP 2.25% NTS	2.37%	2.25	13/3/2020
63534PAH0	NATIONAL CITY BANK(CLEVELAND) FLTG RATE NTS	2.10%	0.00	7/6/2017
31398NY24	FANNIE MAE 2010-123B PM 4.000% 25/JUL/2040	1.95%	4.00	25/7/2040
3137AL2X6	FREDDIE MAC 3990 BH 3.500% 15/JAN/2032	1.65%	3.50	15/1/2032
31398T7A3	FANNIE MAE 2010-113 LV 4.000% 25/JUN/2030	1.65%	4.00	25/6/2030
46625YXT5	JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES	1.60%	0.00	15/12/2044
38377XC75	GINNIE MAE 2011-133 MN 3.500% 16/APR/2035	1.60%	3.50	16/4/2035

Quality/Rating Weightings



Sector Weightings (as % of Market Value)



**OPERATING MONIES**  
**AVERAGE INVESTED BALANCE**

Through July 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	
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	
<b>Y-T-D</b>			
<b>Average</b>	<b>\$1,313</b>	<b>\$1,793</b>	<b>\$1,942</b>
<b>Budget Stabilization Average Fund Balance - July 2013</b>			<b><u>\$454</u></b>
<b>Total Average Cash Available - July 2013</b>			<b>\$2,396</b>

**EARNINGS DISTRIBUTED  
ENDOWMENT FUNDS  
JULY 2013**

-----  
**Distributed in Current Month**  
-----

<b>Recipient</b>	<b>JULY 2013</b>	<b>Fiscal YTD 13/14</b>	<b>Fiscal YTD 12/13</b>
-----	-----	-----	-----
101 A & M Colleges	\$17,813	\$17,813	\$13,923
102 State Hospital	\$10,553	\$10,553	\$8,107
103 Leg., Exec., & Jud.	\$14,367	\$14,367	\$11,841
104 Military Institute	\$1,003	\$1,003	\$860
105 Miners Hospital	\$27,751	\$27,751	\$20,736
107 Normal School ASU/NAU	\$6,218	\$6,218	\$5,067
108 Penitentiaries	\$20,501	\$20,501	\$22,867
109 Permanent Common School	\$5,648,484	\$5,648,484	\$4,456,288
110 School for Deaf & Blind	\$8,889	\$8,889	\$7,377
111 School of Mines	\$20,138	\$20,138	\$16,212
112 State Charitable-Pioneers Home	\$98,076	\$98,076	\$71,865
112 State Charitable-Corrections	\$49,038	\$49,038	\$35,933
112 State Charitable-Youth Treatment	\$49,038	\$49,038	\$35,933
113 University Fund	\$33,169	\$33,169	\$26,441
114 U of A Land - 1881	\$81,012	\$81,012	\$58,053
	-----	-----	-----
<b>Total</b>	<b>\$6,086,052</b>	<b>\$6,086,052</b>	<b>\$4,791,502</b>
	=====	=====	=====

Posted in USAS in current month

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

**NET EARNINGS**

<b>FUND</b>	<b>DESCRIPTION</b>	<b>Current Month 07/31/13</b>	<b>Prior Month 06/30/13</b>	<b>Prior Year 7/31/12</b>
205	ENDOWMENTS - FIXED INCOME	\$3,149,061	\$3,121,252	\$4,060,507

**YIELDS**

<b><u>MONTHLY</u></b>	<b>Current Month 07/31/13</b>	<b>Prior Month 06/30/13</b>	<b>Prior Year 7/31/12</b>	
205	ENDOWMENTS - FIXED INCOME	2.49%	2.47%	3.30%

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**

<b>Endowment Fund</b>	<b>Jul-13 NET GAIN(LOSS)</b>	<b>Jul-12 NET GAIN(LOSS)</b>
Fixed Income Pool	(286,690)	(306,502)
Equity Pool (500)	(3,468,495)	932,588
Equity Pool (400)	612,198	127,427
Equity Pool (600)	1,533,629	(95,948)
<b>Totals</b>	<b>(1,609,358)</b>	<b>657,565</b>

<b>Endowment Fund</b>	<b>2013/2014 FISCAL YEAR TO DATE GAINS(LOSSES)</b>	<b>2012/ 2013 FISCAL YEAR TO DATE GAINS(LOSSES)</b>
Fixed Income Pool	(286,690)	(306,502)
Equity Pool (500)	(3,468,495)	932,588
Equity Pool (400)	612,198	127,427
Equity Pool (600)	1,533,629	(95,948)
<b>Totals</b>	<b>(1,609,358)</b>	<b>657,565</b>

**ENDOWMENT FUNDS FIXED-INCOME POOL**  
**PURCHASES & SALES**  
 Month of July 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&amp;P RATING</u>
PRIVATE EXPORT	1.88	7/15/2018	N/A	\$3,000,000	\$2,998,890	1.88%	Aaa/AA+

<b>TOTAL ENDOWMENT FUNDS PURCHASES</b>	<b>\$3,000,000</b>	<b>\$2,998,890</b>
--	--------------------	--------------------

**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&amp;P RATING</u>
-----------------------------	-------------	-----------------	----------------------	------------------------------------	---------------------------------	-------------------------------------

<b>TOTAL ENDOWMENT FUNDS SALES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
------------------------------------	------------	------------	------------

\*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 July 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	90,812	\$4,238,579	\$589
S&P 500 Large-Cap Fund	62,798	\$6,241,225	\$425
S&P 600 Small-Cap Fund	115,524	\$5,701,928	\$866
<b>TOTAL EQUITY PURCHASES</b>	<b>269,134</b>	<b>\$16,181,732</b>	<b>\$1,880</b>

**II. Equity Funds Sales**

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
S&P 400 Mid-Cap Fund	20,321	\$678,677	\$106
S&P 500 Large-Cap Fund	146,761	\$1,872,321	\$1,009
S&P 600 Small-Cap Fund	40,797	\$2,506,793	\$306
<b>TOTAL EQUITY SALES</b>	<b>207,878</b>	<b>\$5,057,791</b>	<b>\$1,421</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 JULY 31, 2013  
 (In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	<b>Mkt Value/ Book Value</b>
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	546	3,773	7,057	3,284	
	<i>Shares in Fixed Income Pools</i>	3,922	2,461	3,911	1,450	
	Total	4,468	6,234	10,968	4,734	<b>1.759</b>
102	State Hospital					
	<i>Shares in Equity Pools</i>	351	2,444	4,540	2,096	
	<i>Shares in Fixed Income Pools</i>	2,401	1,597	2,394	796	
	Total	2,752	4,042	6,934	2,892	<b>1.716</b>
103	Leg., Exec. & Jud					
	<i>Shares in Equity Pools</i>	443	3,308	5,728	2,421	
	<i>Shares in Fixed Income Pools</i>	3,409	2,167	3,399	1,232	
	Total	3,852	5,475	9,128	3,653	<b>1.667</b>
104	Military Institute					
	<i>Shares in Equity Pools</i>	29	213	378	165	
	<i>Shares in Fixed Income Pools</i>	231	138	230	92	
	Total	260	351	608	257	<b>1.731</b>
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,106	8,943	14,307	5,364	
	<i>Shares in Fixed Income Pools</i>	7,640	5,929	7,618	1,689	
	Total	8,746	14,872	21,925	7,053	<b>1.474</b>
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	209	1,556	2,702	1,146	
	<i>Shares in Fixed Income Pools</i>	1,516	1,020	1,511	491	
	Total	1,725	2,577	4,214	1,637	<b>1.635</b>
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	803	6,417	10,391	3,974	
	<i>Shares in Fixed Income Pools</i>	5,779	4,260	5,763	1,503	
	Total	6,583	10,677	16,154	5,477	<b>1.513</b>

**ENDOWMENT FUNDS**  
**INVESTMENTS OUTSTANDING**  
 JULY 31, 2013  
 (In Thousands)

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NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	<b>Mkt Value/ Book Value</b>
109 Permanent Common School					
<i>Shares in Equity Pools</i>	200,380	1,554,487	2,591,724	1,037,237	
<i>Shares in Fixed Income Pools</i>	1,419,560	1,040,584	1,415,505	374,921	
Total	1,619,940	2,595,070	4,007,228	1,412,158	<b>1.544</b>
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	284	2,061	3,670	1,609	
<i>Shares in Fixed Income Pools</i>	2,116	1,353	2,110	757	
Total	2,400	3,415	5,780	2,366	<b>1.693</b>
111 School of Mines					
<i>Shares in Equity Pools</i>	612	4,533	7,921	3,388	
<i>Shares in Fixed Income Pools</i>	4,528	2,997	4,515	1,518	
Total	5,141	7,530	12,436	4,906	<b>1.652</b>
112 State Charitable					
<i>Shares in Equity Pools</i>	6,131	45,544	79,299	33,756	
<i>Shares in Fixed Income Pools</i>	42,576	30,524	42,454	11,930	
Total	48,707	76,068	121,754	45,686	<b>1.601</b>
113 University Fund					
<i>Shares in Equity Pools</i>	1,054	7,920	13,635	5,715	
<i>Shares in Fixed Income Pools</i>	7,798	5,218	7,776	2,558	
Total	8,852	13,138	21,411	8,273	<b>1.630</b>
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,139	25,047	40,600	15,553	
<i>Shares in Fixed Income Pools</i>	22,787	16,721	22,722	6,001	
Total	25,926	41,768	63,322	21,555	<b>1.516</b>
<b>TOTALS - ALL FUNDS</b>					
<i>Shares in Equity Pools</i>	215,087	1,666,246	2,781,954	1,115,707	
<i>Shares in Fixed Income Pools</i>	1,524,263	1,114,969	1,519,908	404,939	
<b>Grand Total</b>	<b>1,739,350</b>	<b>2,781,216</b>	<b>4,301,862</b>	<b>1,520,646</b>	
<b>PRIOR YEAR:</b>					
<b>JULY 2012 BALANCES</b>	<b>1,665,564</b>	<b>2,611,112</b>	<b>3,553,145</b>	<b>942,034</b>	

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

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**ASSET ALLOCATION PERCENTAGE**

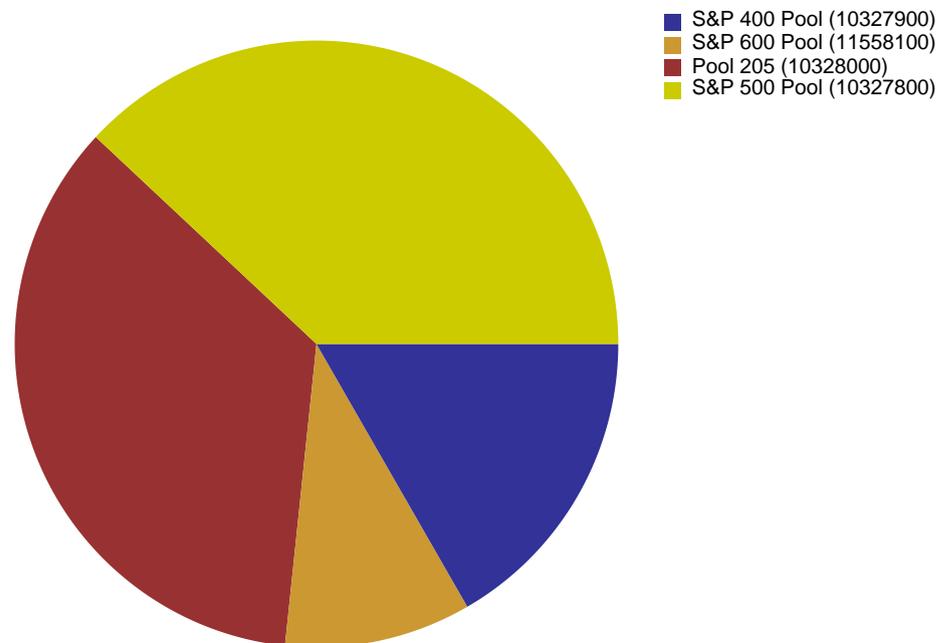
	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	<b>JULY 2012 MARKET VALUE</b>
<i>Shares in Equity Pools</i>	12.37%	59.91%	64.67%	<b>58.43%</b>
<i>Shares in Fixed Income Pools</i>	87.63%	40.09%	35.33%	<b>41.57%</b>
	-----	-----	-----	-----
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
	=====	=====	=====	=====

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

<b>Total Endowment Fund Composite (00550902)</b>													
<b>ID</b>	<b>Name</b>	<b>Beginning Market Value</b>	<b>Ending Market Value</b>	<b>Cashflow</b>	<b>Current Month</b>	<b>Trailing Three Months</b>	<b>Year to Date</b>	<b>Fiscal Year To Date</b>	<b>Trailing One Year</b>	<b>Trailing Three Years</b>	<b>Trailing Five Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
10327800	S&P 500 Pool	1,558,074,451.86	1,637,513,186.59	36,610	5.10	6.09	19.59	5.10	24.97	17.71	8.31	2.74	07/01/1999
10327900	S&P 400 Pool	676,928,504.77	719,008,167.37	15,690	6.21	6.60	21.69	6.21	33.00	19.27	9.49	9.04	08/01/2001
10328000	Pool 205	1,516,142,764.56	1,519,907,759.94	-69,903	0.25	(2.70)	(1.93)	0.25	(1.40)	2.56	4.59	5.52	07/01/1999
11558100	S&P 600 Pool	398,208,062.01	425,432,405.81	10,460	6.83	11.33	24.21	6.83	34.90			14.77	03/01/2011
<b>00550902</b>	<b>Total Endowment Fund Composite</b>	<b>4,149,353,783.20</b>	<b>4,301,861,519.71</b>	<b>-7,144</b>	<b>3.68</b>	<b>3.35</b>	<b>11.67</b>	<b>3.68</b>	<b>16.03</b>	<b>11.31</b>	<b>7.49</b>	<b>5.92</b>	<b>07/01/1999</b>

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

Total Endowment Fund Composite (00550902)		
Account Name	Market Value(MIL)	Percent of Portfolio
Pool 205 (10328000)	1,519.91	35.3%
S&P 400 Pool (10327900)	719.01	16.7%
S&P 500 Pool (10327800)	1,637.51	38.1%
S&P 600 Pool (11558100)	425.43	9.9%
<b>TOTAL</b>	<b>4,301.86</b>	<b>100.0%</b>



Portfolio Characteristics

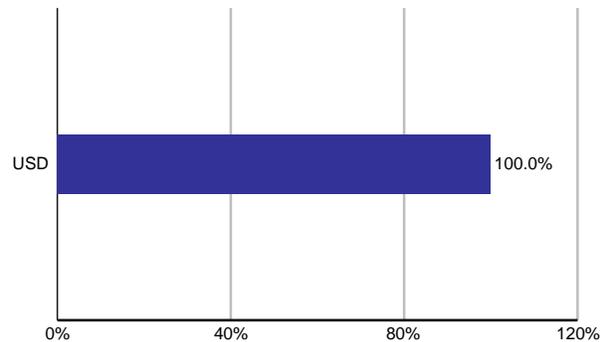
Risk Measures

Total Asset Value (in Millions)	1,637.5	Tracking Error	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception
P/E Ratio	18.90	Information Ratio	0.02	0.04	0.14	1.61
Price to Book Ratio	2.24	Std Deviation of Port.	(1.24)	(0.72)	0.21	(0.37)
Dividend Yield (%)	2.00	Std Deviation of Bench.	7.58	13.32	18.44	15.82
Return on Equity (%)	33.15	Sharpe Ratio of Port.	7.58	13.34	18.51	15.70
Sales Growth (%)	6.97	Sharpe Ratio of Bench.	2.99	1.29	0.51	0.11
Market Capitalization (\$ Millions)	106,371.70	R-Squared	2.99	1.29	0.51	0.14
Earnings per Share (\$)	5.20	Jensen's Alpha	1.00	1.00	1.00	0.99
Number of Holdings	501		(0.04)	(0.00)	0.07	(0.64)

Top Ten Portfolio Holdings

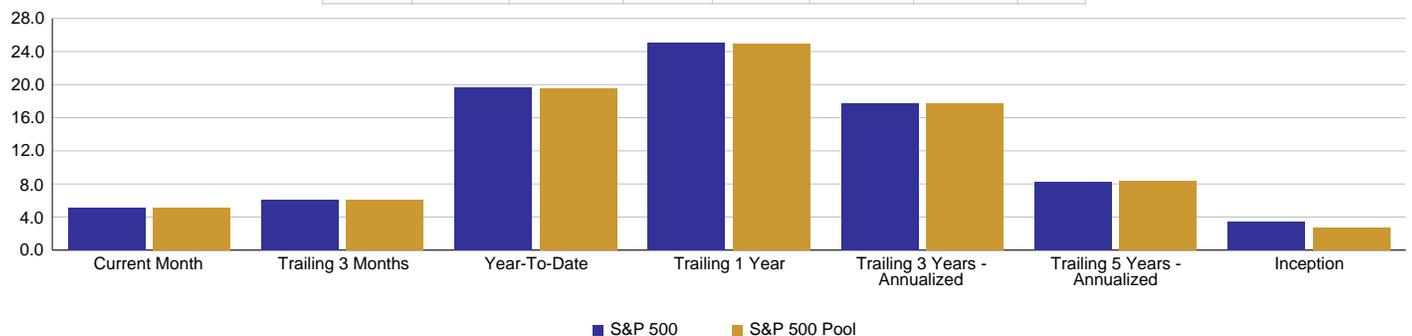
Security ID	Security Name	% of Assets
78462F103	SPDR S&P 500 ETF TRUST	4.47%
037833100	APPLE INC - COM NPV	2.70%
30231G102	EXXON MOBIL CORP - COM NPV	2.65%
478160104	JOHNSON & JOHNSON - COM USD1	1.67%
369604103	GENERAL ELECTRIC CO - COM USD.63	1.60%
166764100	CHEVRON CORP - COM USD3	1.55%
594918104	MICROSOFT CORP - COM USD.00000625	1.52%
38259P508	GOOGLE INC - CL A COM USD.001	1.52%
742718109	PROCTER & GAMBLE CO - COM NPV	1.41%
949746101	WELLS FARGO & CO - COM USD1.67	1.36%

Top Ten Currency Weights

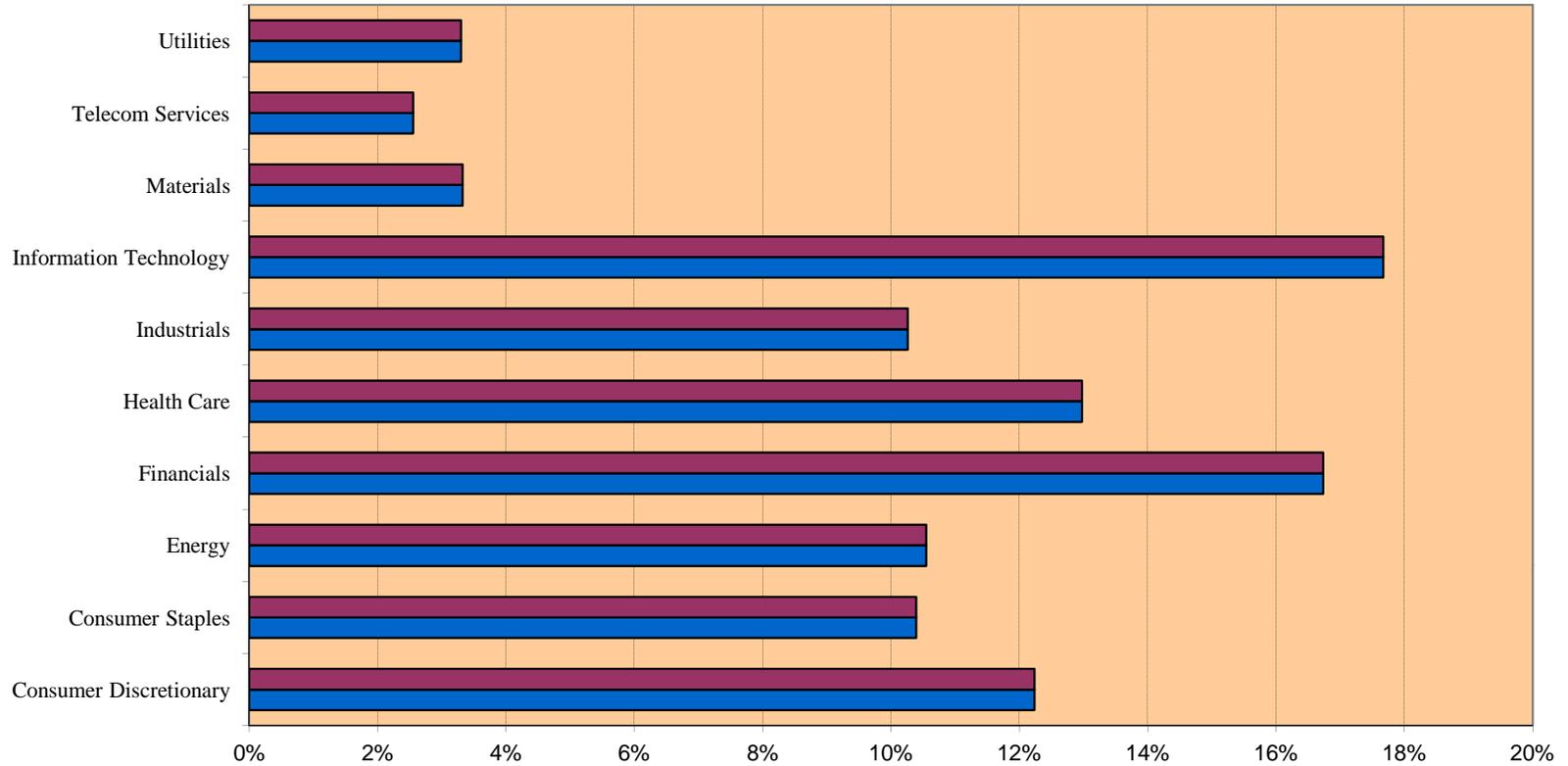


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 500 Pool	5.10	6.09	19.59	24.97	17.71	8.31	2.74
S&P 500	5.09	6.10	19.62	25.00	17.74	8.26	3.38
Excess	0.01	(0.01)	(0.03)	(0.03)	(0.03)	0.05	(0.64)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 500 Index	12.24%	10.39%	10.55%	16.73%	12.98%	10.26%	17.67%	3.32%	2.55%	3.30%
■ STATE OF ARIZONA - POOL 201	12.24%	10.39%	10.55%	16.73%	12.98%	10.26%	17.67%	3.32%	2.55%	3.30%



Portfolio Characteristics

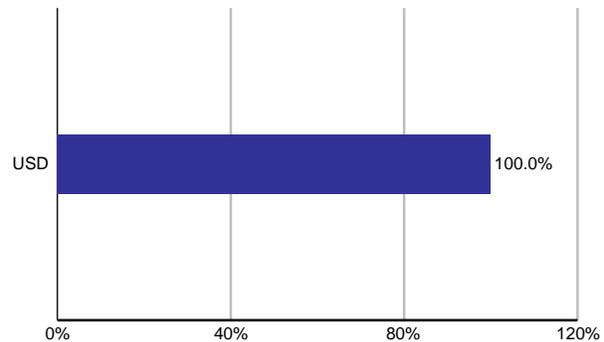
Risk Measures

Total Asset Value (in Millions)	719.0	Trailing 1 Year	0.06	Trailing 3 Years	0.06	Trailing 5 Years	1.76	Since Inception	1.96
P/E Ratio	24.23	Information Ratio	0.08	Std Deviation of Port.	9.25	16.51	21.53	17.18	
Price to Book Ratio	2.28	Std Deviation of Bench.	9.23	Sharpe Ratio of Port.	3.15	1.15	0.52	0.49	
Dividend Yield (%)	1.32	Sharpe Ratio of Bench.	3.15	R-Squared	1.00	1.00	0.99	0.99	
Return on Equity (%)	13.81	Jensen's Alpha	(0.06)				(0.80)	0.38	
Sales Growth (%)	6.72								
Market Capitalization (\$ Millions)	4,564.07								
Earnings per Share (\$)	2.34								
Number of Holdings	401								

Top Ten Portfolio Holdings

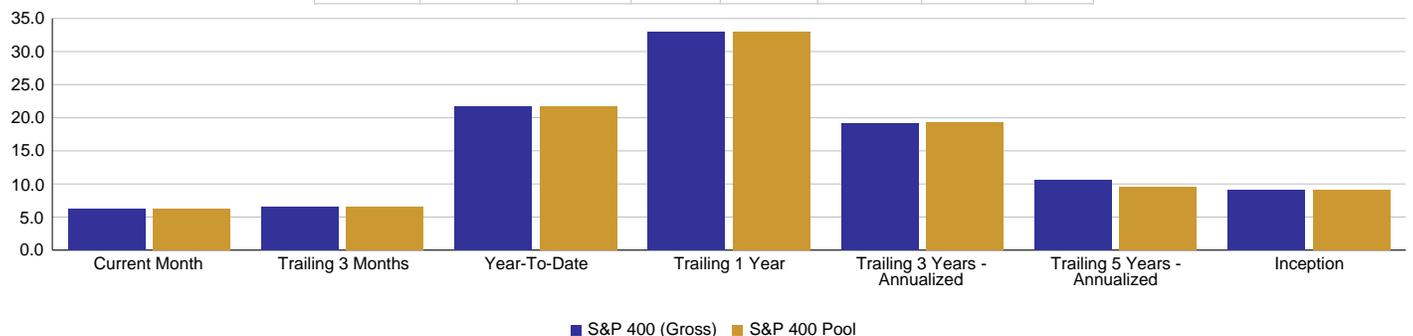
Security ID	Security Name	% of Assets
78467Y107	SPDR S&P MIDCAP 400 ETF TRUST	5.76%
92532F100	VERTEX PHARMACEUTICALS INC - COM USD.01	1.18%
031100100	AMETEK INC - COM USD1	0.75%
018581108	ALLIANCE DATA SYSTEMS CORP - COM USD.01	0.65%
393122106	GREEN MTN COFFEE ROASTERS - COM USD.1	0.64%
008252108	AFFILIATED MANAGERS GRP INC - COM USD.01	0.63%
436106108	HOLLYFRONTIER CORP - COM USD.01	0.62%
806407102	SCHEIN (HENRY) INC - COM USD.01	0.60%
29444U502	EQUINIX INC - COM USD.001	0.59%
171340102	CHURCH & DWIGHT INC - COM NPV	0.59%

Top Ten Currency Weights

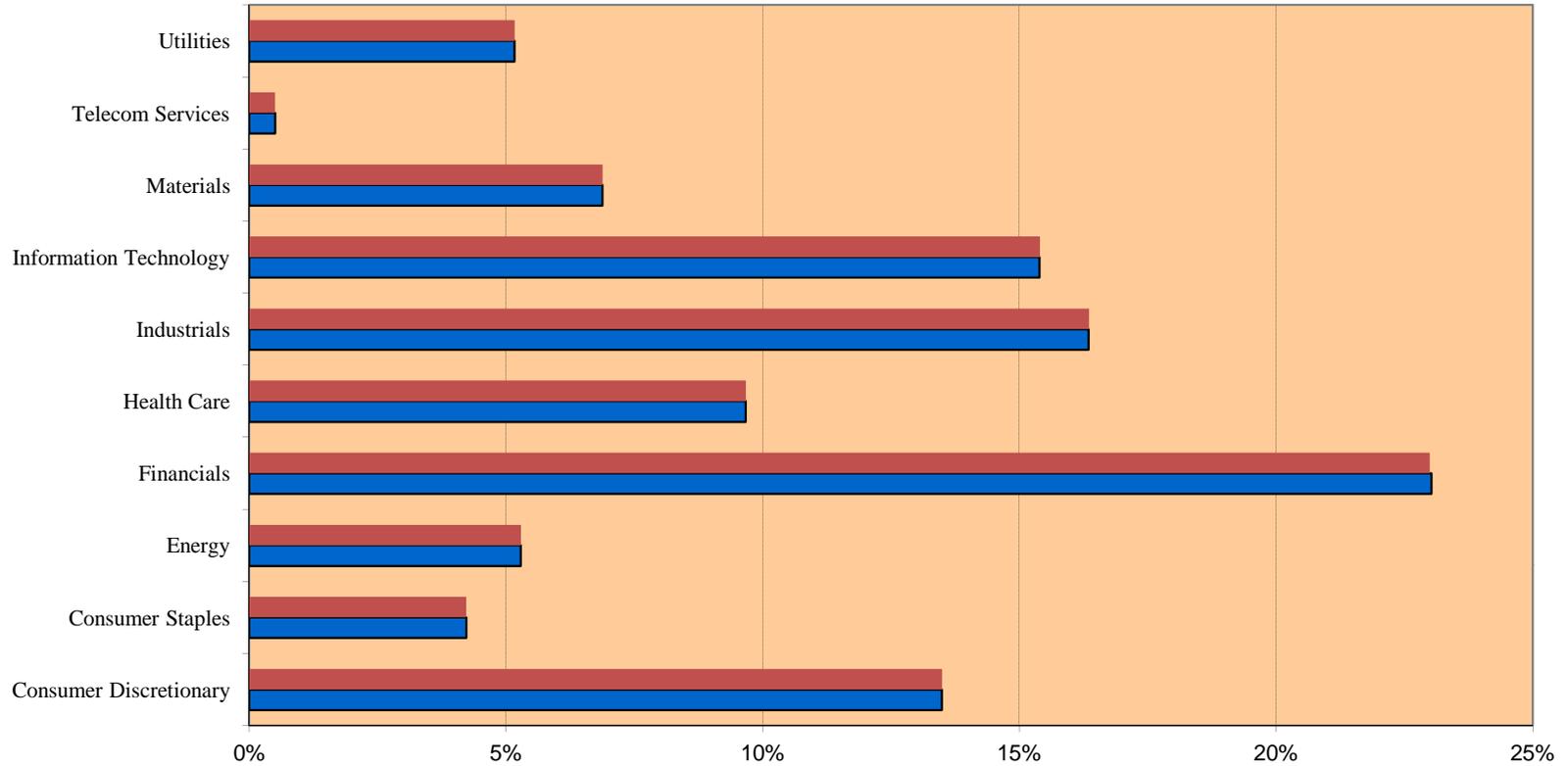


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 400 Pool	6.21	6.60	21.69	33.00	19.27	9.49	9.04
S&P 400 (Gross)	6.20	6.59	21.69	33.00	19.18	10.64	9.05
Excess	0.02	0.01	0.00	0.00	0.09	(1.15)	(0.01)



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



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P MIDCAP 400	13.50%	4.23%	5.29%	23.00%	9.67%	16.36%	15.40%	6.88%	0.51%	5.17%
■ STATE OF ARIZONA - POOL 203	13.49%	4.23%	5.29%	23.03%	9.67%	16.35%	15.39%	6.88%	0.51%	5.17%



Portfolio Characteristics

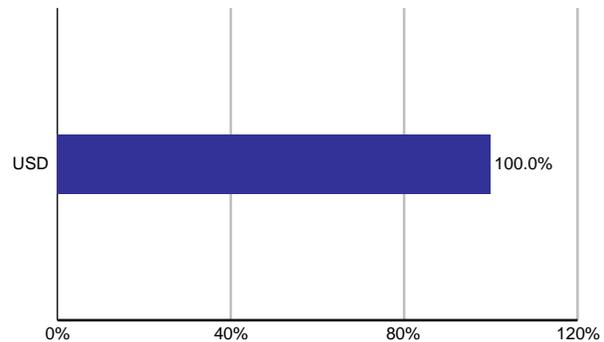
Risk Measures

Total Asset Value (in Millions)	425.4	Trailing 1 Year	0.06	Trailing 3 Years	-	Trailing 5 Years	-	Since Inception	0.09
P/E Ratio	27.78	Tracking Error	1.56		-		-		(0.03)
Price to Book Ratio	2.09	Information Ratio	9.14		-		-		16.60
Dividend Yield (%)	1.18	Std Deviation of Port.	9.16		-		-		16.63
Return on Equity (%)	16.76	Std Deviation of Bench.	3.34		-		-		0.91
Sales Growth (%)	7.51	Sharpe Ratio of Port.	3.33		-		-		0.91
Market Capitalization (\$ Millions)	1,513.86	Sharpe Ratio of Bench.	1.00		-		-		1.00
Earnings per Share (\$)	1.40	R-Squared	0.20		-		-		0.03
Number of Holdings	601	Jensen's Alpha			-		-		

Top Ten Portfolio Holdings

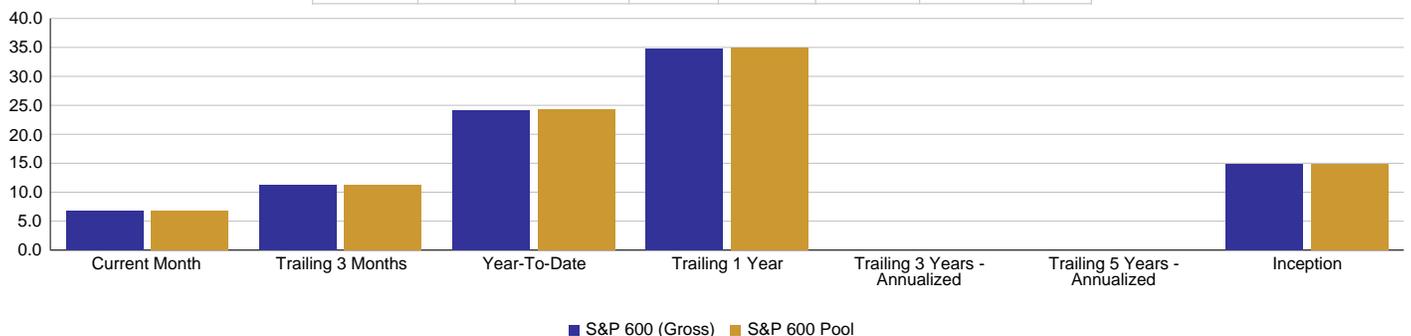
Security ID	Security Name	% of Assets
464287804	ISHARES TRUST CORE S&P SMALL-CAP ETF	6.70%
229678107	CUBIST PHARMACEUTICALS INC - COM USD.001	0.61%
74835Y101	QUESTCOR PHARMACEUTICALS INC - COM NPV	0.59%
402635304	GULFPORT ENERGY CORP - COM USD.01	0.55%
405217100	HAIN CELESTIAL GROUP INC - COM USD.01	0.52%
117043109	BRUNSWICK CORP - COM USD.75	0.51%
74267C106	PROASSURANCE CORP - COM NPV	0.50%
831865209	SMITH (A O) CORP - COM USD1	0.48%
016255101	ALIGN TECHNOLOGY INC - COM USD.001	0.46%
679580100	OLD DOMINION FREIGHT - COM USD.1	0.46%

Top Ten Currency Weights

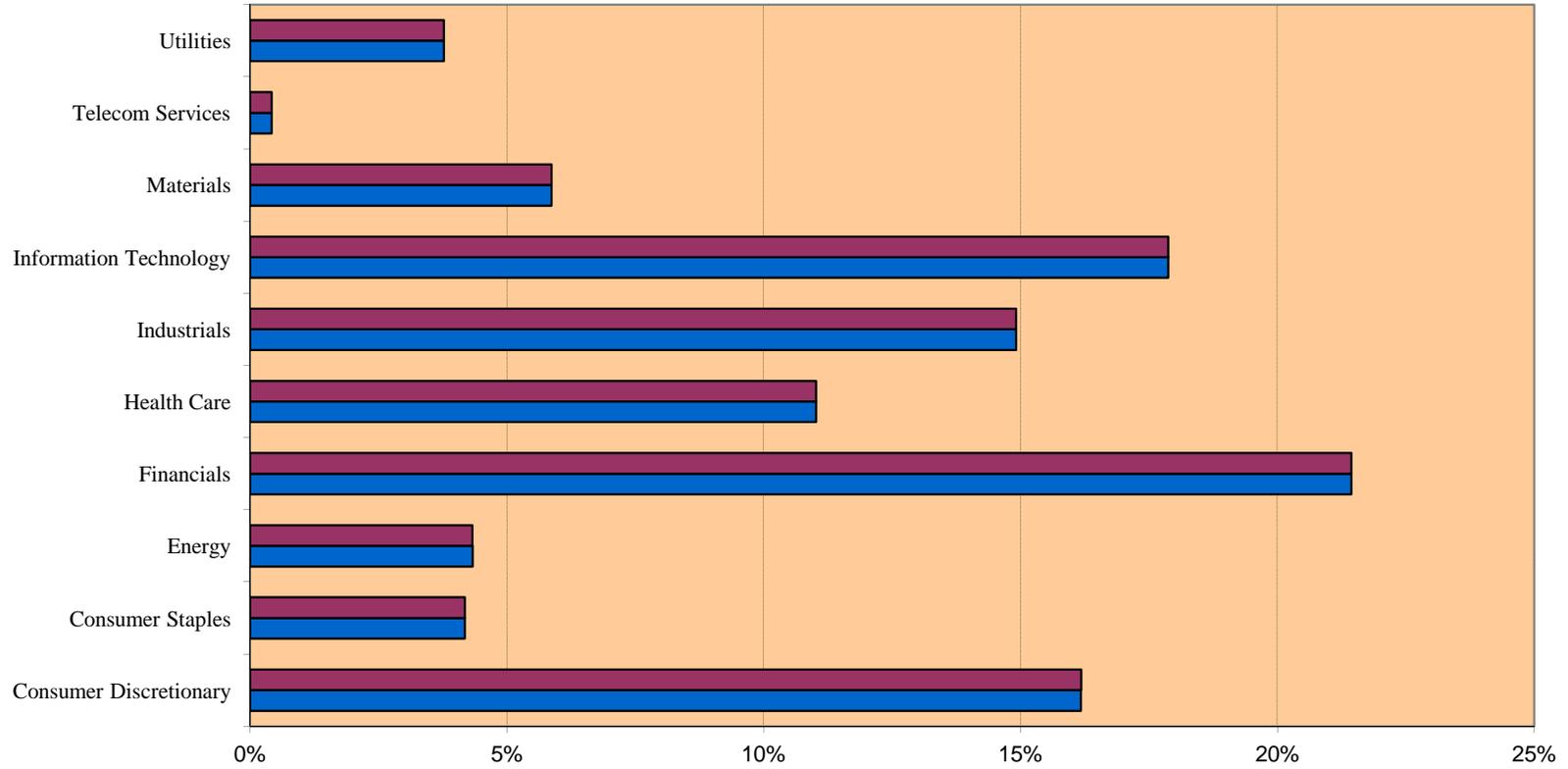


Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
S&P 600 Pool	6.83	11.33	24.21	34.90			14.77
S&P 600 (Gross)	6.84	11.33	24.15	34.78			14.77
Excess	(0.01)	0.00	0.07	0.12	(0.00)	(0.00)	0.00



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



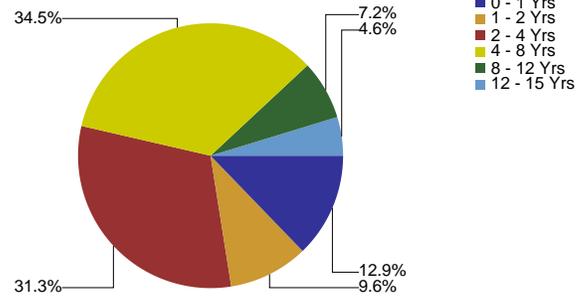
	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities
■ S&P 600 Index	16.18%	4.18%	4.33%	21.44%	11.02%	14.91%	17.87%	5.87%	0.43%	3.78%
■ STATE OF ARIZONA - POOL 204	16.18%	4.18%	4.33%	21.44%	11.02%	14.91%	17.87%	5.87%	0.43%	3.78%



Portfolio Characteristics

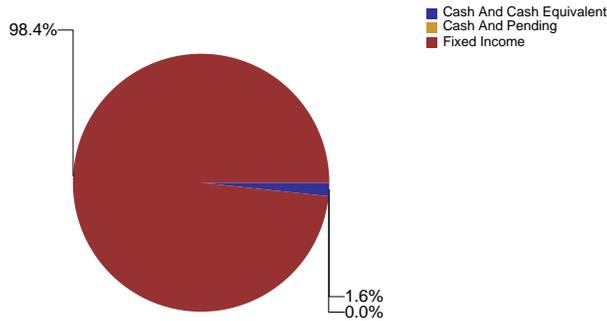
Duration Mix

Total Net Assets (Millions)	1,519.9
Weighted Average Life (Years)	5.70
Weighted Avg. Effective Duration (Years)	4.36
Weighted Average Coupon (%)	3.74
Weighted Average Current Yield (%)	0.72
Weighted Average Yield to Maturity (%)	0.72
Weighted Average Rating	AA
Number of Holdings	283



Asset Mix

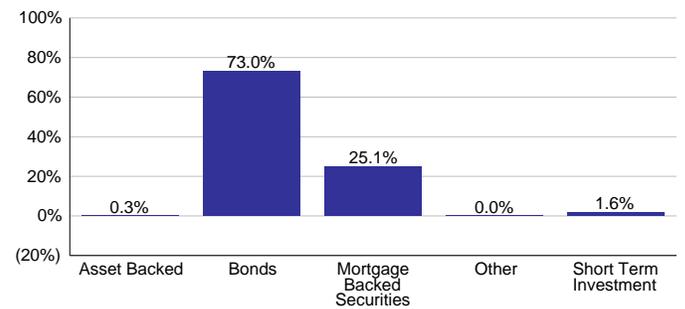
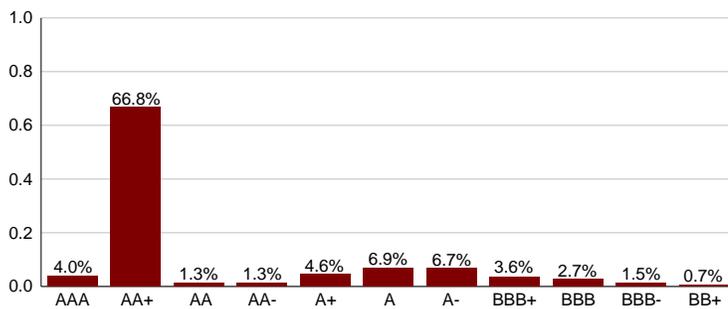
Top Ten Portfolio Holdings



Security ID	Security Name	% of Assets	Coupon Rate	Maturity Date
539992AA5	LOCAL GOVERNMENT INVESTMENT POOL	1.51%	0.00	31/12/2049
912828PE4	US TREASURY 1.25% 31/OCT/2015	1.18%	1.25	31/10/2015
31677QAV1	FIFTH THIRD BANCORP 1.45% BDS 28/FEB/2018 USD1000	0.96%	1.45	28/2/2018
912810ED6	US 8.12500 '19	0.93%	8.12	15/8/2019
912810FA1	USA TREASURY BDS6.375% BDS 15/AUG/2027 USD1000	0.93%	6.38	15/8/2027
912810DZ8	USA TREASURY BDS 8.875% 15/AUG/2017 USD1000	0.89%	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	0.77%	5.62	1/10/2038

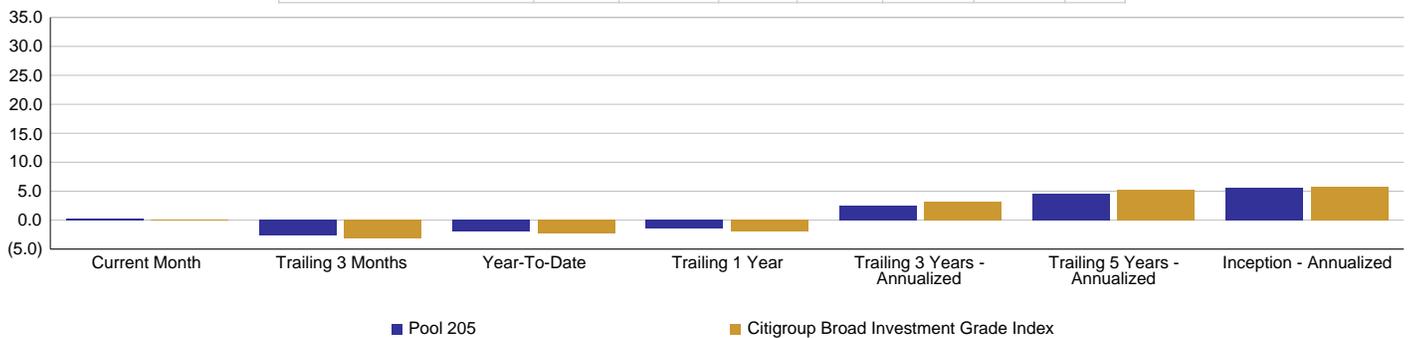
Quality/Rating Weightings

Sector Weightings (as % of Market Value)



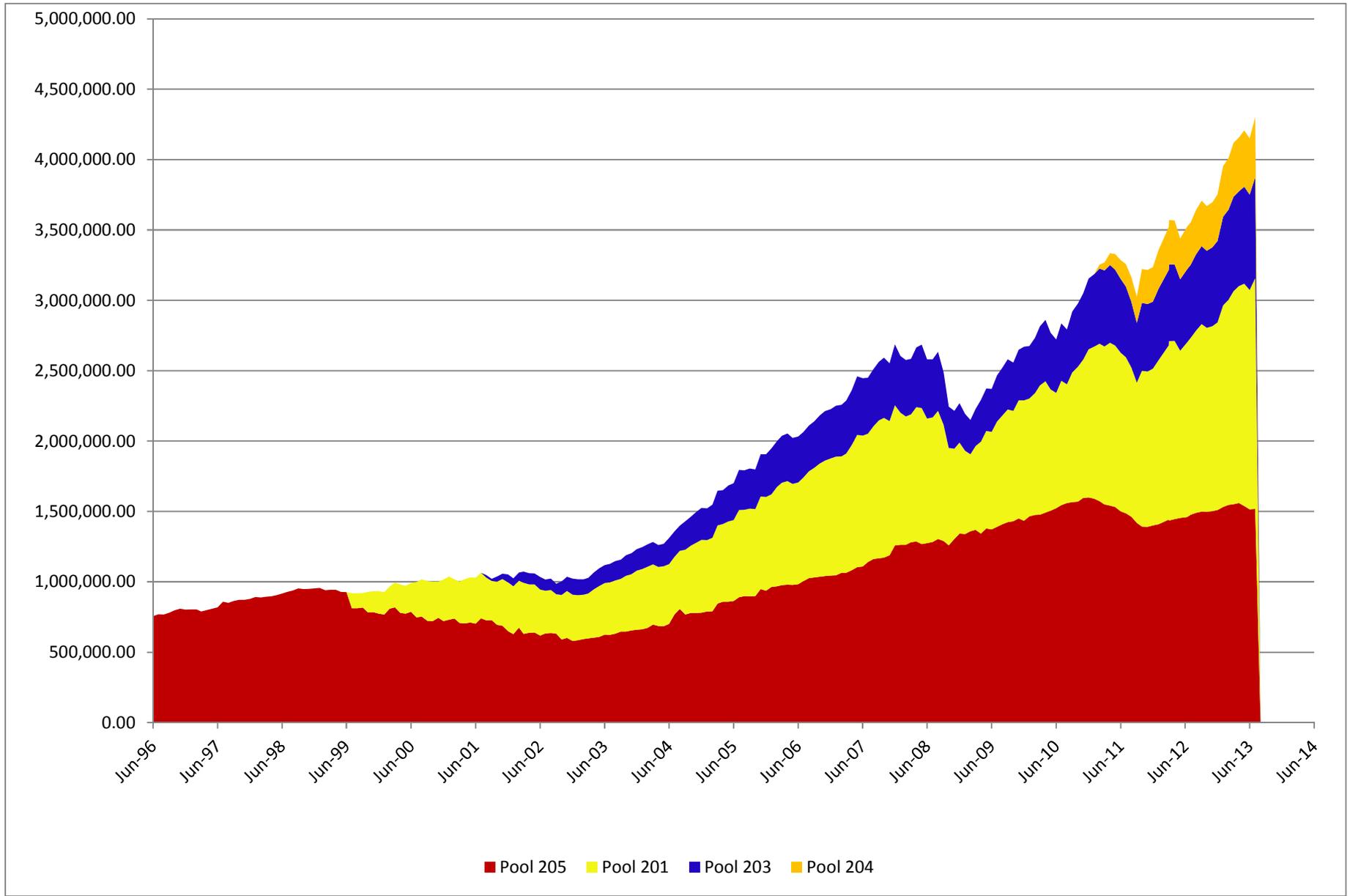
Returns Series

	Current Month	Trailing 3 Months	Year-To-Date	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Inception
Pool 205	0.25	(2.70)	(1.93)	(1.40)	2.56	4.59	5.52
Citigroup Broad Investment Grade Index	0.13	(3.13)	(2.33)	(1.90)	3.15	5.31	5.75
Excess	0.12	0.43	0.40	0.50	(0.59)	(0.72)	(0.24)



Thousands

# Endowment Fund Market Value

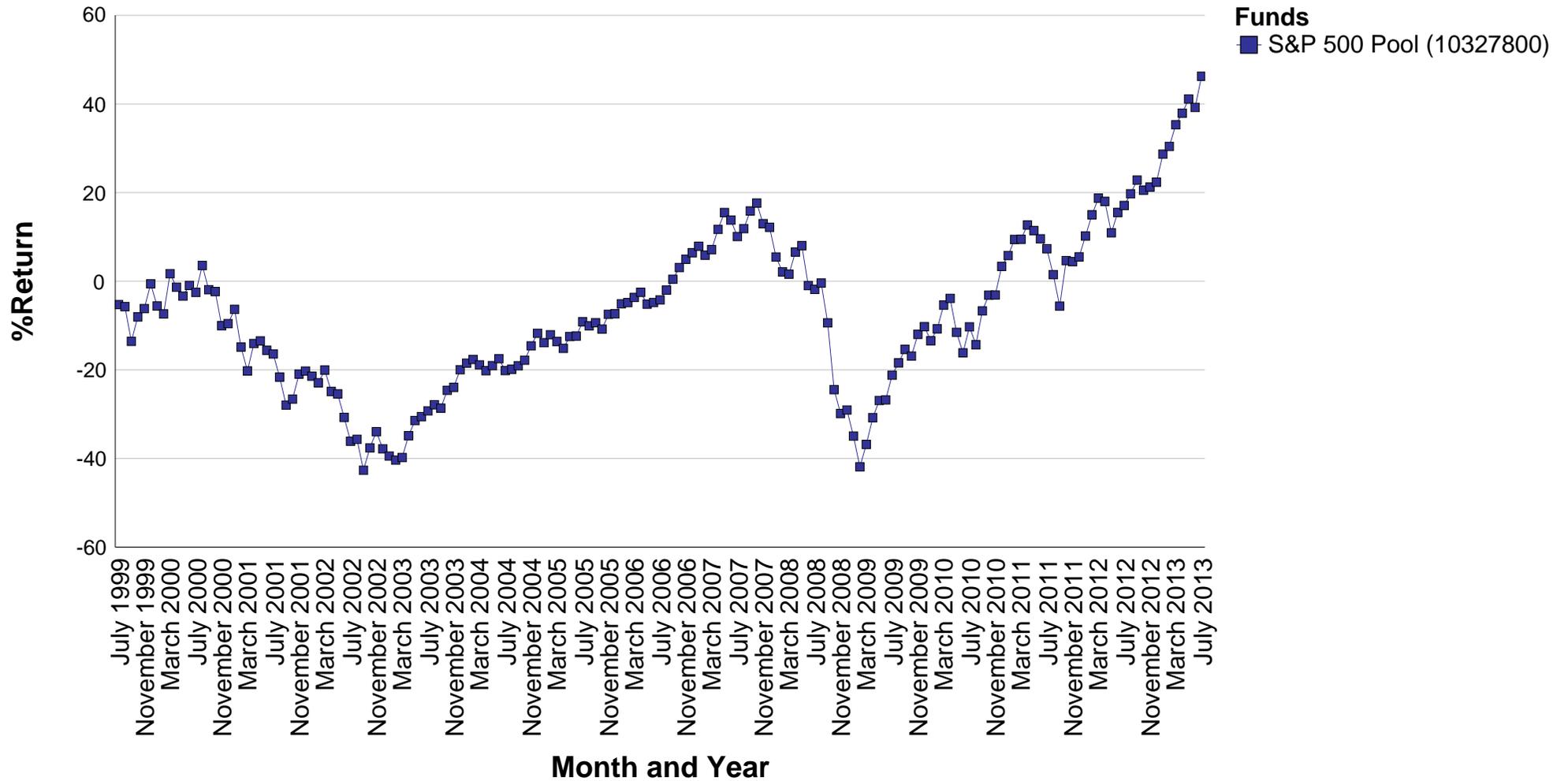


## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to July 2013

Gross of Fee

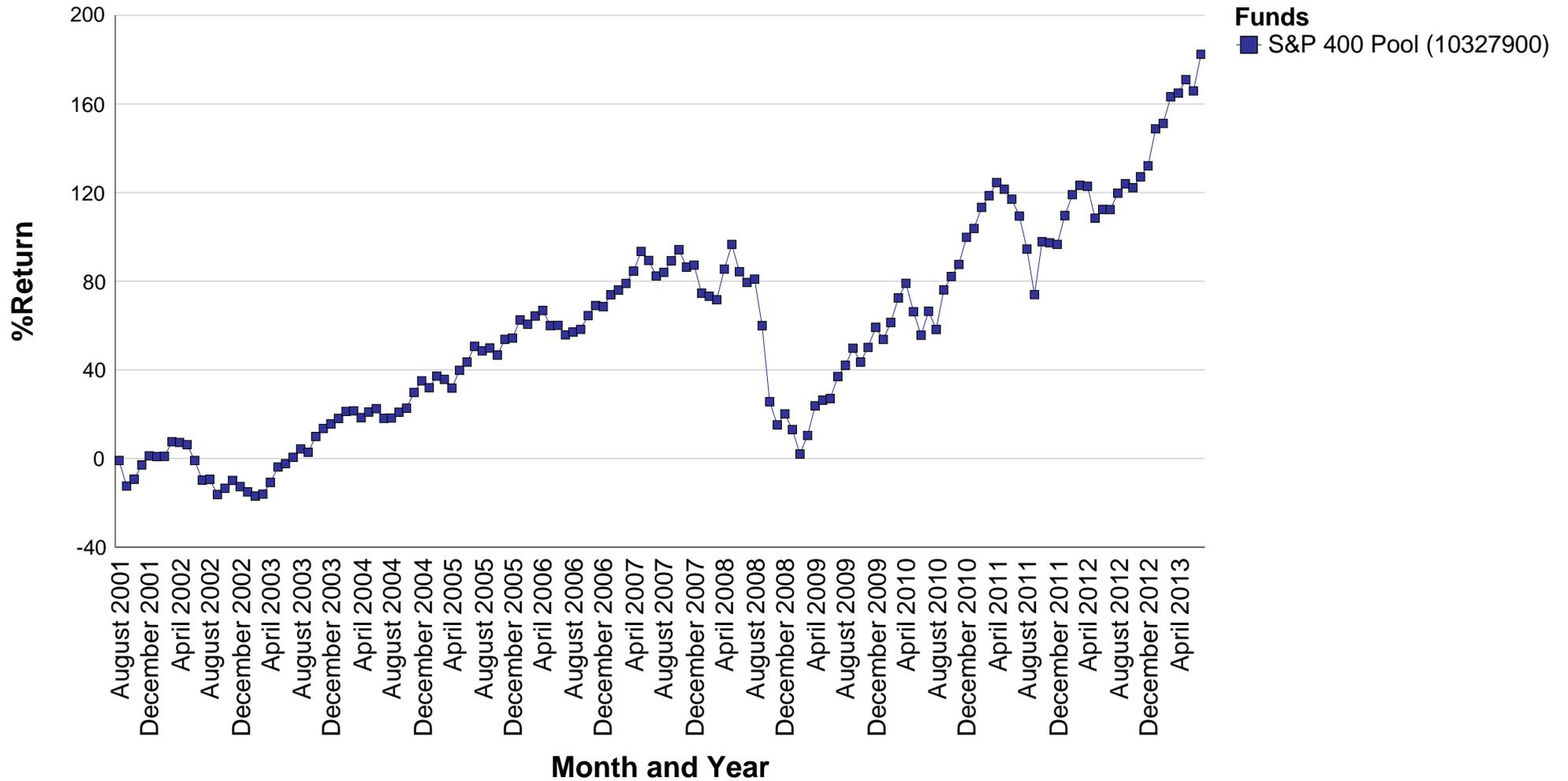


## Performance Growth by Account

Arizona State Treasury (05509)

From August 2001 to July 2013

Gross of Fee

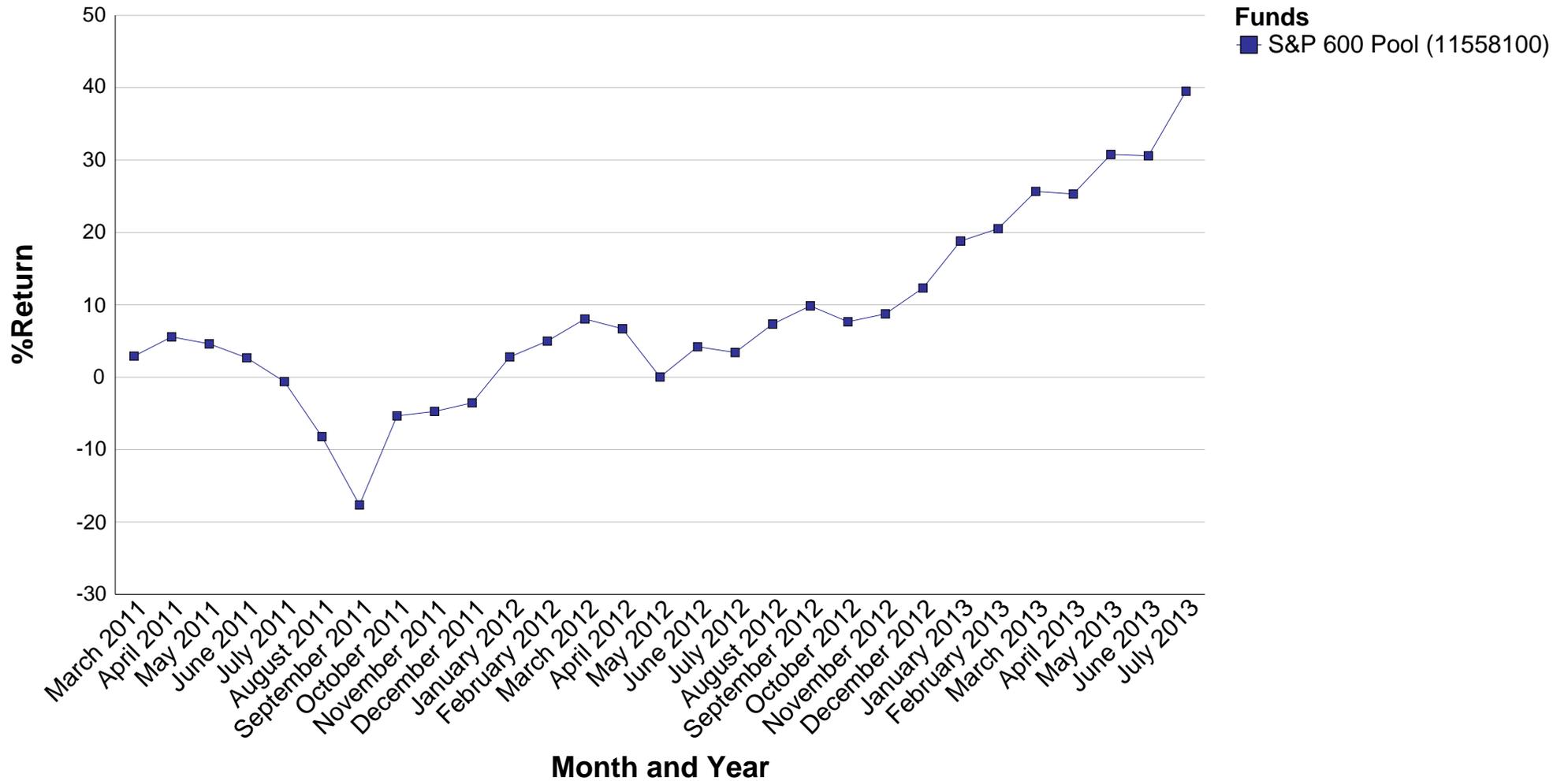


## Performance Growth by Account

Arizona State Treasury (05509)

From March 2011 to July 2013

Gross of Fee



## Performance Growth by Account

Arizona State Treasury (05509)

From July 1999 to July 2013

Gross of Fee

