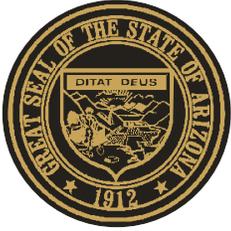


OFFICE OF THE
ARIZONA STATE TREASURER



JEFF DEWIT
TREASURER



DECEMBER 2016

Presented To:

Arizona State Board of Investment

January 24, 2017

STATE BOARD OF INVESTMENT

A G E N D A

January 24, 2017

1. Call to Order
2. Chairman Remarks
3. Approval of December 22, 2016 Minutes
4. Review of Treasurer's Monthly Reports
 - A. Earnings Distribution; Investment Pools
 - B. Operating Monies Invested Balances
 - C. State Agency Pools Investments and Performance Reports
 - D. LGIP Pools Investments and Performance Reports
 - E. Earnings Distributed Endowment Funds
 - F. Land Sales Monthly Proceeds Endowment Funds
 - G. Endowment Investments and Performance Reports
 - H. Broker Activity Report
5. Proposed Changes to the Investment Policy
 - A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
6. Review and Approval of Proposed/Pending Securities Dealers
7. General Business
 - A. Approval of Endowment Distributions for FY 2018
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

January 24, 2017

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on December 22, 2016 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer DeWit called the meeting to order at approximately 2:05 p.m.

Members Present:

Jeff DeWit, Chair, State Treasurer
Harry A. Papp, CFA and Managing Partner, L. Roy Papp & Associate
Beth Ford, Treasurer, Pima County, Via-Teleconference
Michael Smarik, Deputy State Comptroller, Arizona Department of Administration

Others Present:

Mark Swenson, Deputy Treasurer of Policy & Research, Arizona State Treasurer's Office
Lorraine Jones, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Sean Dollman, Deputy Treasurer of Administration, Arizona State Treasurer's Office
Patty Humbert, Chief Investment Officer, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Dennis Stevenson, Portfolio Manager, Arizona State Treasurer's Office
Eric Stivers, Collateral Analyst, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Ken Price, Human Resource Manager, Arizona State Treasurer's Office

Pursuant to A.R.S. 35-311, the following reports for November, 2016 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

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

1. Call to Order:

Treasurer DeWit called the December 22, 2016 BOI meeting to order at approximately 2:05 p.m.

2. Treasurers Comments:

Treasurer DeWit welcomed the board members and guests and thanked all present for attending the December 22, 2016 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the November 29, 2016 minutes. Mr. Smarik seconded the motion. Motion carried.

4. Review of Treasurer's Monthly Report

Earnings Distribution – Investment Pools

Ms. Humbert reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of November, 2016.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of November, 2016.

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 November, 2016.

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 November 30, 2016.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, asset allocation, the weighted average life, the weighted average duration and the weighted average rating for the State Agency Investment Pools as of November 30, 2016.

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

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

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

Mr. Stevenson reported the net yield for the LGIP and LGIP-Gov Pools and the comparison to the benchmark for the month of November, 2016.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Stevenson reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of November, 2016.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Stevenson reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of November 30, 2016.

LGIP Pools Investments and Performance Reports

Mr. Stevenson reported the total net assets, asset allocation, the weighted average life, the weighted average duration, and the weighted average rating on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of November, 2016.

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 November, 2016.

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 November, 2016 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 November, 2016.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of November, 2016.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of November 30, 2016.

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 November 30, 2016.

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 November 30, 2016.

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 November 30, 2016.

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 November 30, 2016.

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 November 30, 2016.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, asset allocation, the weighted average life, the weighted average duration and the weighted average rating for the Fixed Income Pool for the month of November, 2016.

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 November 30, 2016.

Approval of Treasurer's Report

Mr. Smarik 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 to Investment Policy.

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

There were no Securities Dealers to approve.

7. General Business:

There was no General Business.

8. Call to the Public:

There was no Public comment.

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

9. Notice of Next Meeting:

Treasurer DeWit advised the Board that the next regular meeting of the Board of Investment will be Tuesday, January 24, 2017 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

Mr. Smarik made a motion to adjourn the BOI meeting. Mr. Papp seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:47 p.m.

Respectfully Submitted by:

Christine Thurston
Executive Consultant II

Approved by:

Jeff DeWit, Chair

Date

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**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 DECEMBER 2016**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	DECEMBER 2016	Fiscal YTD 16/17	Fiscal YTD 15/16	
General Fund	\$1,368,997	\$7,998,944	\$5,893,103	
2 State Agencies - Full Faith & Credit	582,348	3,349,470	2,033,176	265,815
3 State Agencies - Diversified (Combined)	839,351	4,829,293	3,522,791	395,980
4 State Agencies - Gov	492,079	2,912,818	2,223,854	256,578
5 LGIP	548,147	2,740,360	953,722	334,552
7 LGIP Gov	380,893	2,018,919	595,562	304,935
10 Restricted Operating	410,313	2,282,507	1,728,418	349,336
12 CAWCD Medium-Term	407,901	2,442,825	1,883,730	94,651
16 ECDH Medium-Term	466,036	2,820,539	2,410,633	107,010
Subtotal	\$5,496,063	\$31,395,675	\$21,244,989	\$2,108,857
NAV POOL				
500 LGIP - Med Term	308,320	1,772,008	1,448,400	73,479
700 LGIP - FF&C Med Term	135,591	800,785	676,326	40,426
Total	\$5,939,974	\$33,968,467	\$23,369,715	\$2,222,762
DECEMBER 2015 TOTALS	\$4,053,733			\$2,138,308

*Note: Pool 15 AHCCCS Operating Earnings are reported in General Fund

**Note: Pool 15 AHCCCS Operating Management Fees are reported in Pool 3 State Agencies Diversified (Combined)

OPERATING MONIES
AVERAGE INVESTED BALANCE
 Through December 31, 2016
 (in millions)

<u>Month</u>	Fiscal Year <u>2014/2015</u>	Fiscal Year <u>2015/2016</u>	Fiscal Year <u>2016/2017</u>
JULY	\$1,876	\$1,795	\$2,012
AUGUST	1,369	1,554	1,504
SEPTEMBER	1,638	1,874	1,694
OCTOBER	1,521	1,701	1,672
NOVEMBER	1,535	1,686	1,633
DECEMBER	1,478	1,734	1,693
JANUARY	1,754	2,140	
FEBRUARY	1,959	2,295	
MARCH	1,686	2,092	
APRIL	1,879	2,407	
MAY	2,163	2,720	
JUNE	2,307	2,590	
Y-T-D Average	\$1,764	\$2,049	\$1,701
Budget Stabilization Average Fund Balance - December 2016			<u>\$453</u>
Total Average Cash Available - December 2016			\$2,146

**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 DECEMBER 2016**

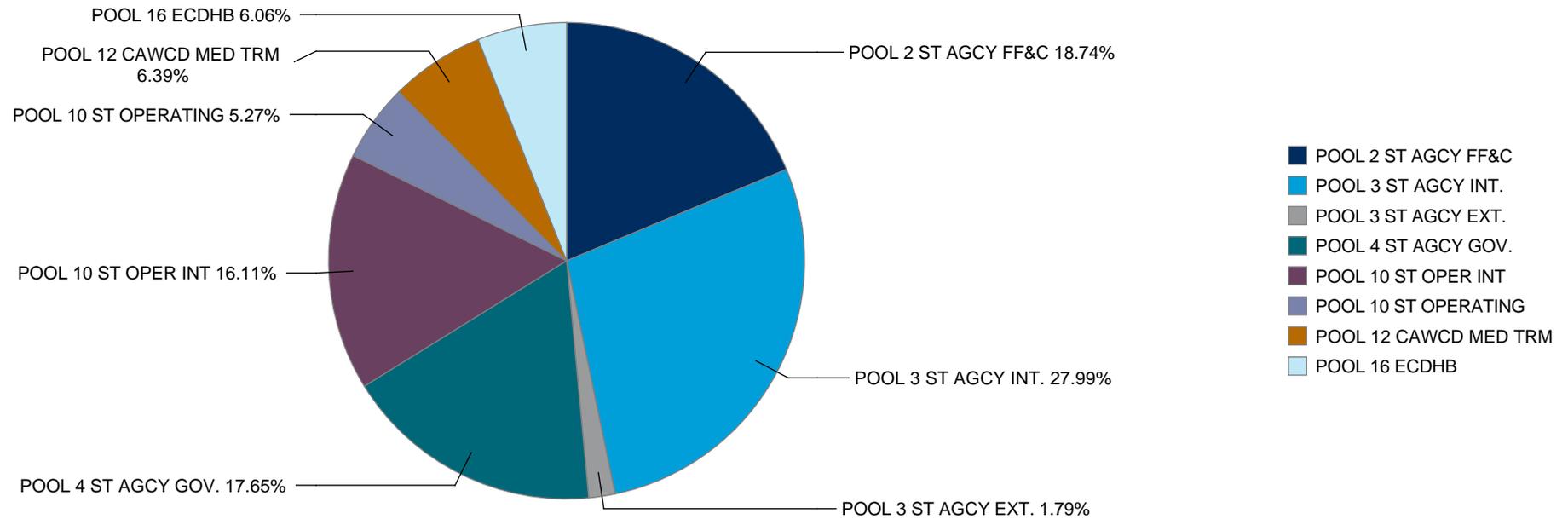
FUND	DESCRIPTION	Current Month 12/31/16	Prior Month 11/30/16	Prior Year 12/31/15	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	699,848	681,598	462,651	0.9954
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,117,792	1,055,465	733,356	0.9974
	EXTERNAL MANAGERS	113,748	107,197	83,651	0.9988
	FUND 3 TOTAL	1,231,540	1,162,662	817,007	0.9975
4	STATE AGENCIES - GOV	623,460	587,007	498,947	0.9970
10	RESTRICTED OPERATING				
	INTERNAL MANAGERS	950,903	905,677	758,700	0.9967
	EXTERNAL MANAGERS	169,742	150,578	87,086	0.9984
	FUND 10 TOTAL	1,120,645	1,056,255	845,786	0.9971
12	CAWCD MEDIUM-TERM	407,901	412,203	280,874	1.0008
15	AHCCCS OPERATING	6,192	17,145	N/A	N/A
16	ECDH MEDIUM-TERM	466,036	455,345	412,633	0.9962
	TOTAL STATE AGENCIES	4,555,622	4,372,215	3,317,898	

**STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 DECEMBER 2016**

FUND	DESCRIPTION	Current Month 12/31/16	Prior Month 11/30/16	Prior Year 12/31/15
2	STATE AGENCIES - FULL FAITH & CREDIT	0.82%	0.81%	0.55%
	75% MERRILL 0-1 US TREAS INDEX / 25%	1.21%	1.17%	1.10%
	MERRILL US GNMA MORTGAGE BACKED INDEX			
3	STATE AGENCIES - DIVERSIFIED			
	INTERNAL MANAGERS	1.01%	1.01%	0.70%
	EXTERNAL MANAGERS	1.30%	1.26%	0.96%
	COMBINED	1.03%	1.03%	0.72%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	1.23%	1.17%	0.98%
	1-3 US BROAD MARKET INDEX			
4	STATE AGENCIES - GOV	0.78%	0.76%	0.58%
	50% MERRILL 6 MTH US T-BILL INDEX / 50%	0.90%	0.87%	0.78%
	MERRILL 1-3 UNSUB. US TREAS / AGY INDEX			
10	RESTRICTED OPERATING			
	INTERNAL MANAGERS	1.20%	1.19%	0.89%
	EXTERNAL MANAGERS	0.66%	0.60%	0.34%
	COMBINED	1.07%	1.04%	0.77%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	1.23%	1.17%	0.98%
	1-3 US BROAD MARKET INDEX			
12	CAWCD MEDIUM-TERM	1.38%	1.46%	1.04%
	75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP	1.47%	1.44%	1.35%
	INDEX			
15	AHCCCS OPERATING	0.19%	0.39%	N/A
16	ECDH MEDIUM-TERM	1.57%	1.59%	1.41%
	75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP	1.47%	1.44%	1.35%
	INDEX			



Manager Allocation



	Market Value	% of Portfolio
POOL 2 ST AGCY FF&C	1,080,712,323	18.7
POOL 3 ST AGCY INT.	1,614,732,868	28.0
POOL 3 ST AGCY EXT.	103,481,497	1.8
POOL 4 ST AGCY GOV.	1,018,102,090	17.7
POOL 10 ST OPER INT	929,031,994	16.1
POOL 10 ST OPERATING	303,916,793	5.3
POOL 12 CAWCD MED TRM	368,766,645	6.4
POOL 16 ECDHB	349,412,110	6.1
TOTAL STATE AGENCY	5,768,156,327	100.0

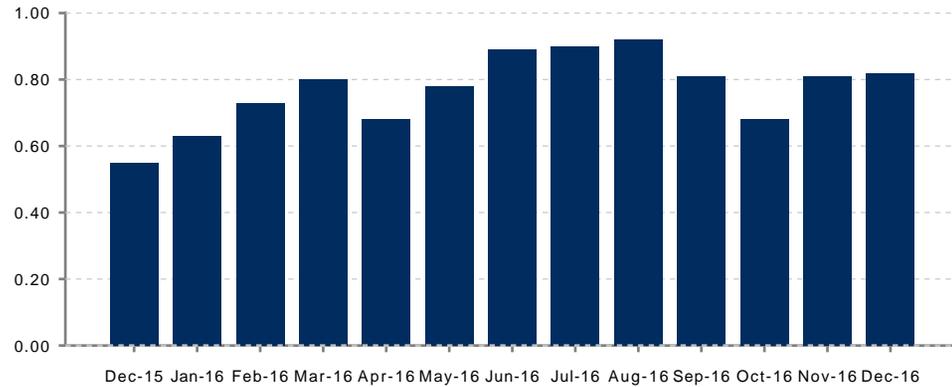
December 31, 2016

POOL 2 ST AGCY FF&C



STATE STREET

Net Yield

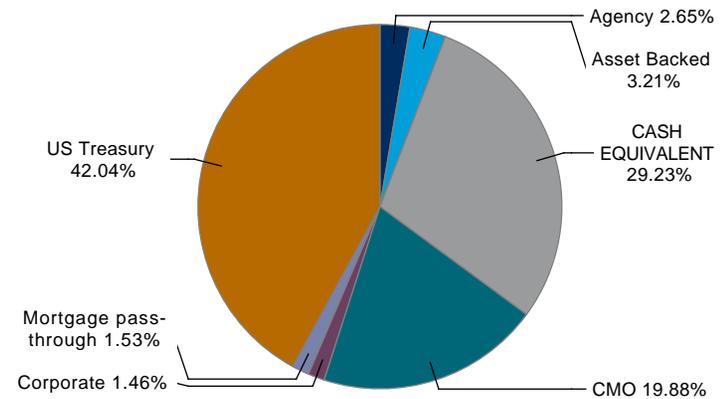


Current Mth Prior Mth 1 Year Ago

POOL 2 ST AGCY FF&C	0.82	0.81	0.55
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Asset Allocation

POOL 2 ST AGCY FF&C Ending Market Value
1,080,712,323



Net Asset Values over Time (\$MM)

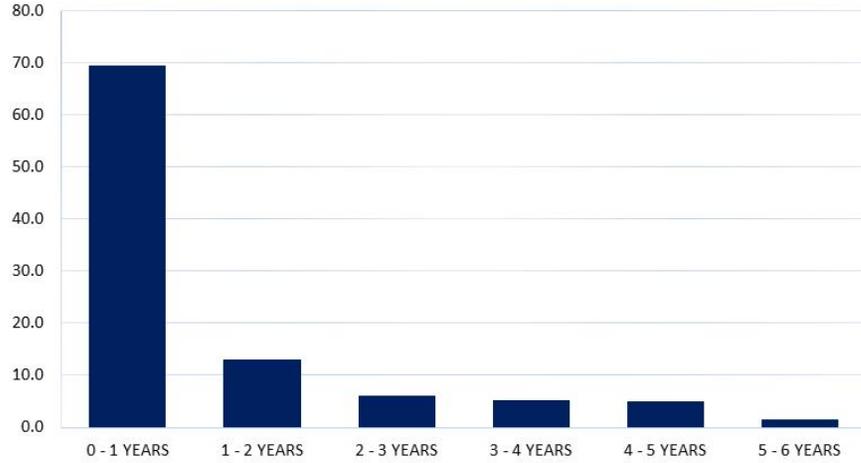


Top 10 Holdings

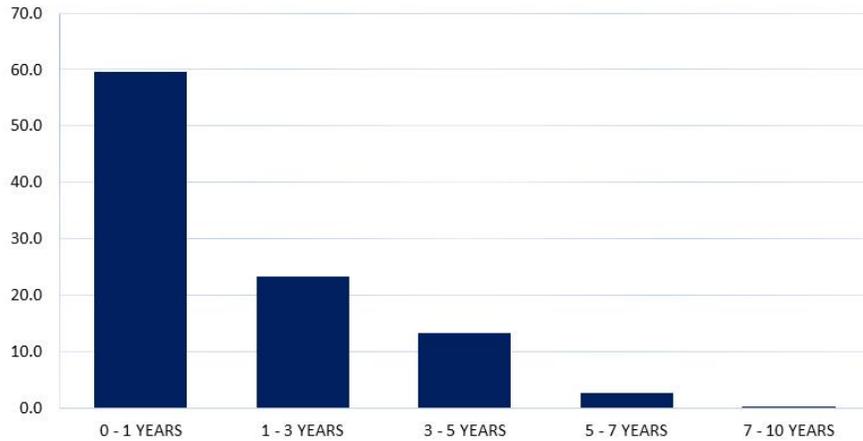
Security Name	Ending Market Value	% of Portfolio
POOL 2 ST AGCY FF&C		
SOUTH STREET REPO	146,151,717	13.52
US TREASURY N/B	61,189,592	5.66
TREASURY BILL	59,978,093	5.55
TREASURY BILL	59,947,750	5.55
US TREASURY N/B	40,171,149	3.72
US TREASURY FRN	40,051,513	3.71
US TREASURY N/B	30,108,140	2.79
GOVERNMENT NATIONAL MORTGAGE A	21,931,835	2.03
US TREASURY N/B	20,307,122	1.88
US TREASURY N/B	20,301,531	1.88



Duration Distribution



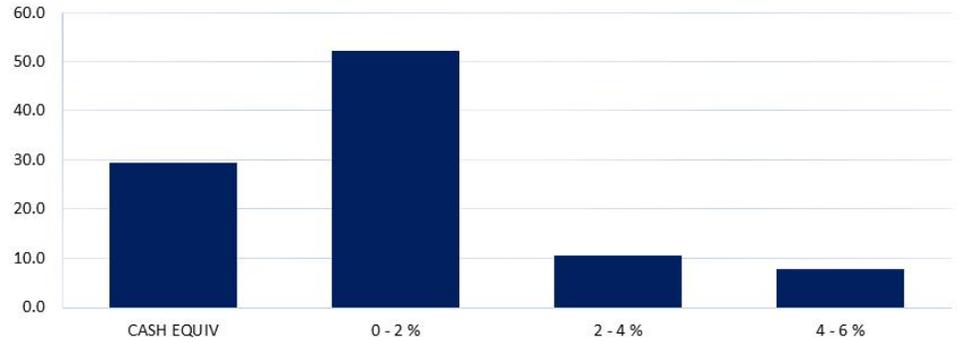
Expected Maturity Distribution



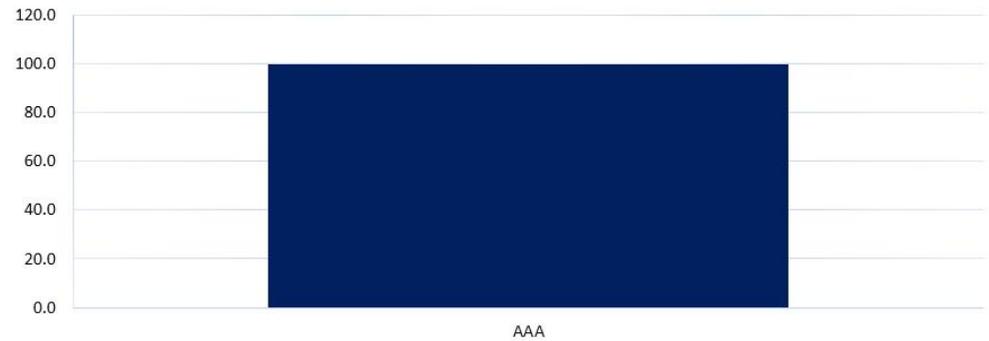
Portfolio Level Characteristics

	POOL 2 ST AGCY FF&C
Weighted Average Life	1.27
Coupon	1.43
Effective Duration	0.90
Quality Rating (Moody's)	AAA

Coupon Distribution

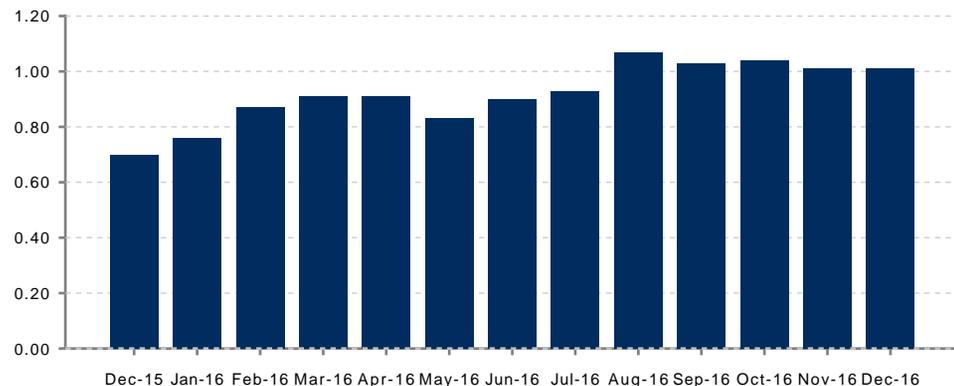


Rating Distribution





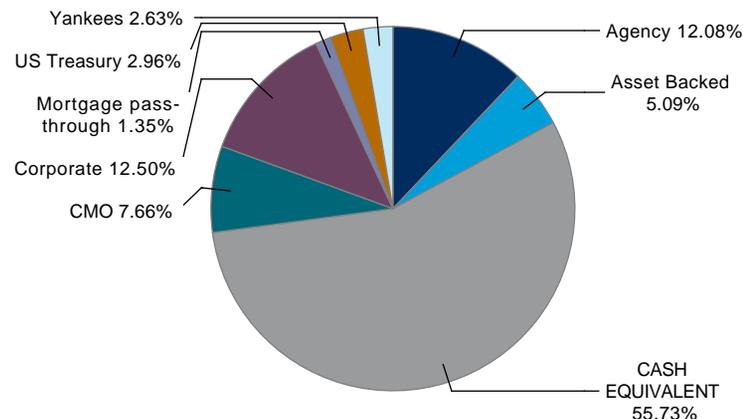
Net Yield



	Current Mth	Prior Mth	1 Year Ago
POOL 3 ST AGCY INT.	1.01	1.01	0.70

Asset Allocation

	Ending Market Value
POOL 3 ST AGCY INT.	1,614,732,868



Net Asset Values over Time (\$MM)

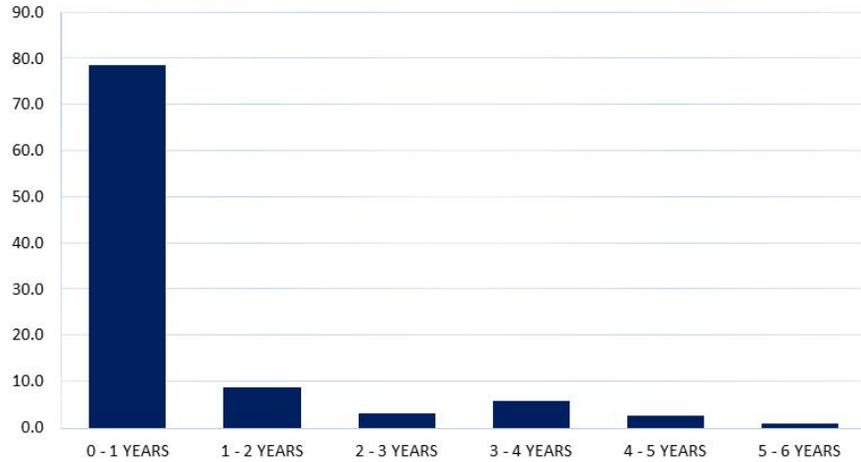


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY INT.		
SOUTH STREET REPO	303,521,343	18.80
DCAT, LLC	32,978,229	2.04
FREDDIE MAC	30,067,002	1.86
CANADIAN IMPERIAL BK	30,049,604	1.86
INSTITUTIONAL SECURED	29,998,583	1.86
LEXINGTN PKR CAP CO LL	29,989,333	1.86
LEGACY CAPITAL COMPANY	25,612,556	1.59
CEDAR SPRING CPTL CO	24,994,583	1.55
WORKING CAP. MAN. CO	24,991,667	1.55
AUST & NEW ZEA	24,936,438	1.54



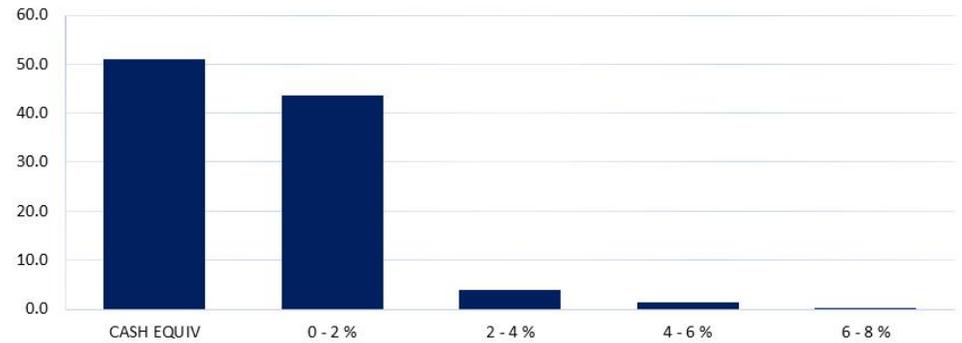
Duration Distribution



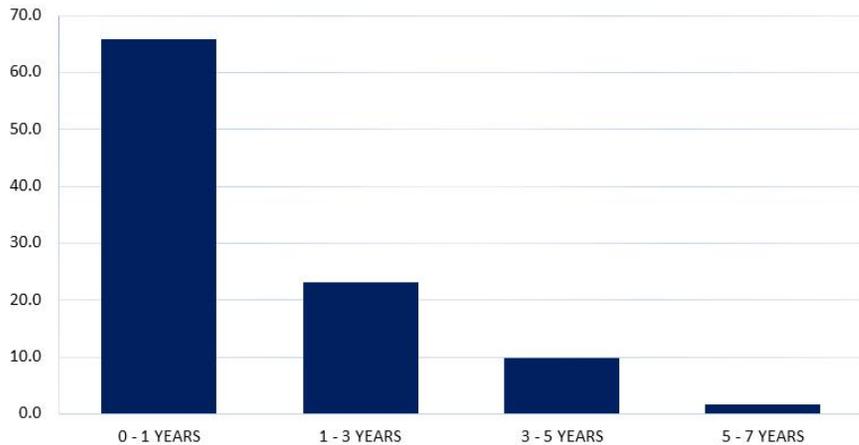
Portfolio Level Characteristics

	POOL 3 ST AGCY INT.
Weighted Average Life	0.86
Coupon	0.84
Effective Duration	0.63
Quality Rating (Moody's)	AA-1

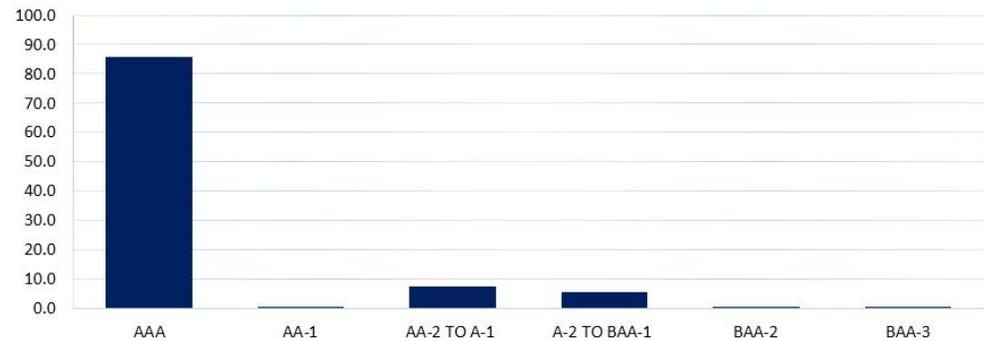
Coupon Distribution



Expected Maturity Distribution

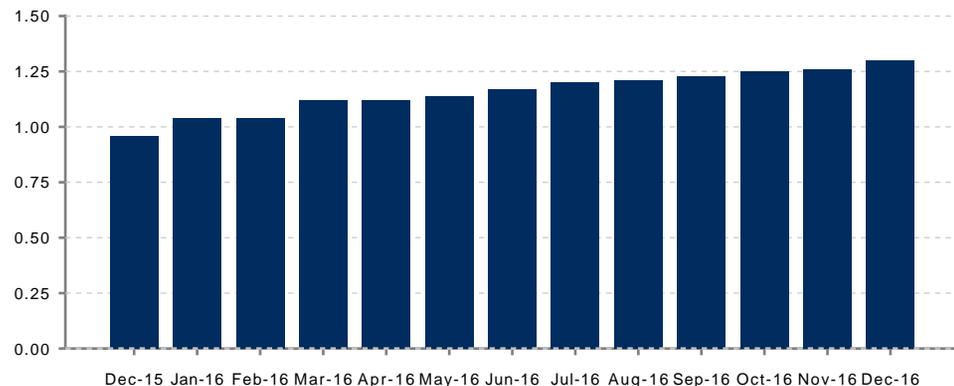


Rating Distribution





Net Yield



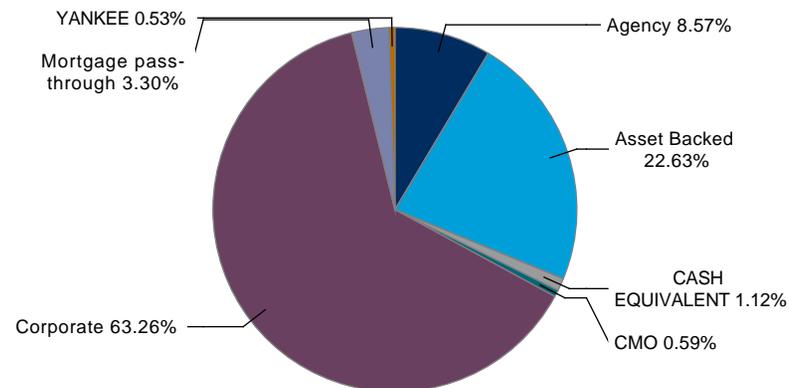
	Current Mth	Prior Mth	1 Year Ago
POOL 3 ST AGCY EXT.	1.30	1.26	0.96

Asset Allocation

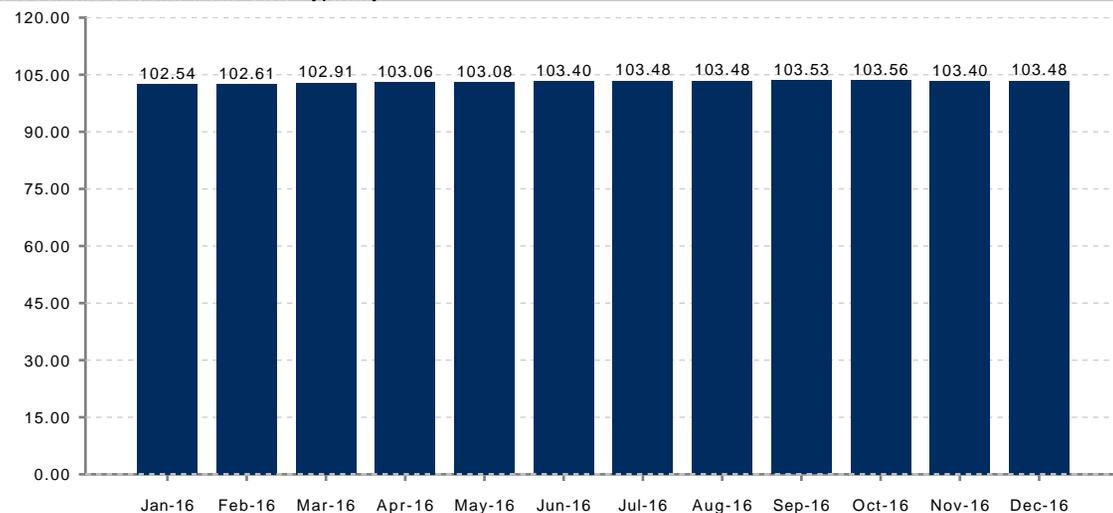
POOL 3 ST AGCY EXT.

Ending Market Value

103,481,497



Net Asset Values over Time (\$MM)

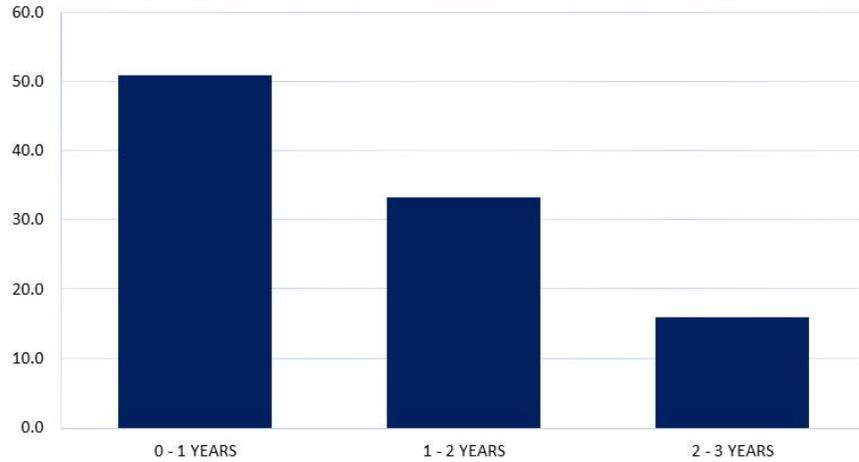


Top 10 Holdings

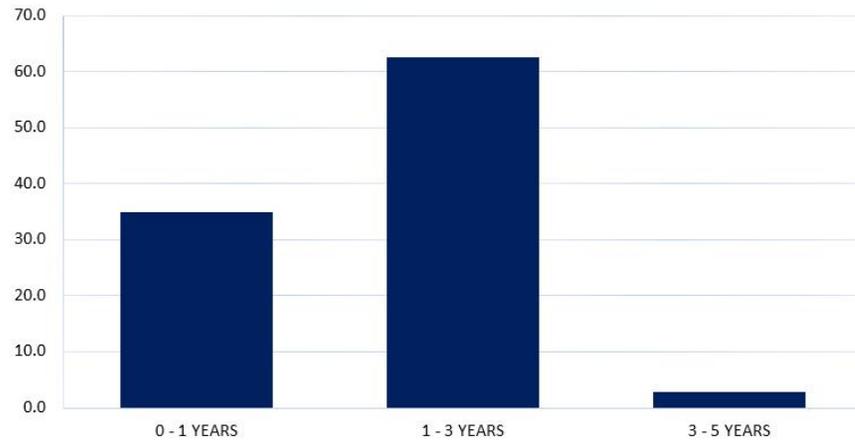
Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY EXT.		
FANNIE MAE	2,976,510	2.88
FREDDIE MAC	2,797,356	2.70
FNMA POOL MA1443	2,393,692	2.31
DISCOVER CARD EXECUTION NOTE T	2,097,148	2.03
FANNIE MAE	1,993,089	1.93
CITIBANK CREDIT CARD ISSUANCE	1,736,263	1.68
3M COMPANY	1,542,908	1.49
PEPSICO INC	1,507,378	1.46
HONEYWELL INTERNATIONAL	1,489,706	1.44
CISCO SYSTEMS INC	1,403,909	1.36



Duration Distribution



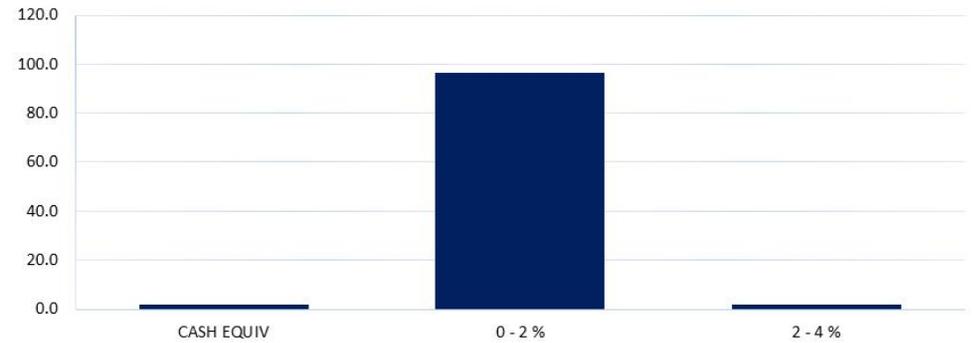
Expected Maturity Distribution



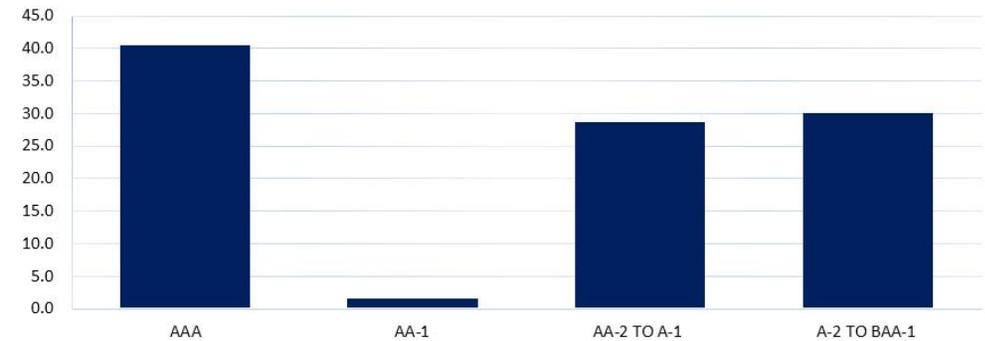
Portfolio Level Characteristics

	POOL 3 ST AGCY EXT.
Weighted Average Life	1.50
Coupon	1.31
Effective Duration	1.07
Quality Rating (Moody's)	AA-3

Coupon Distribution

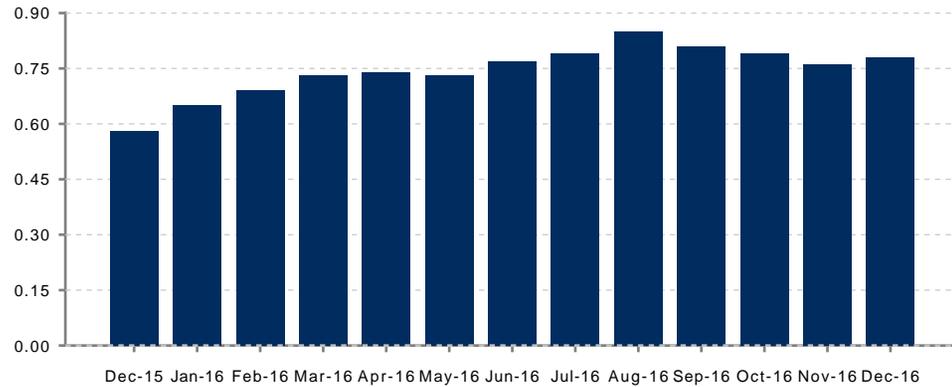


Rating Distribution





Net Yield

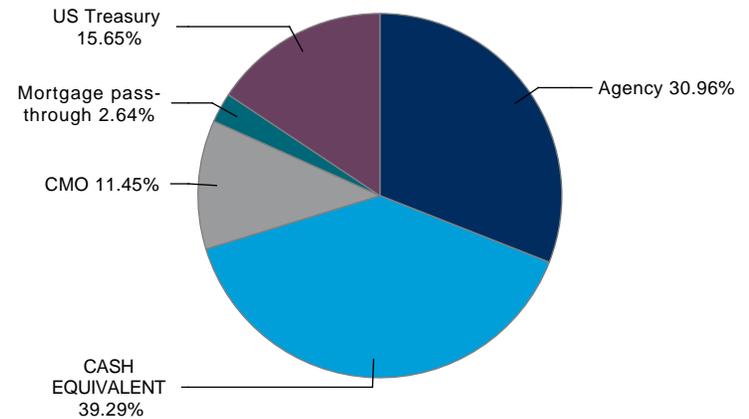


Current Mth **Prior Mth** **1 Year Ago**

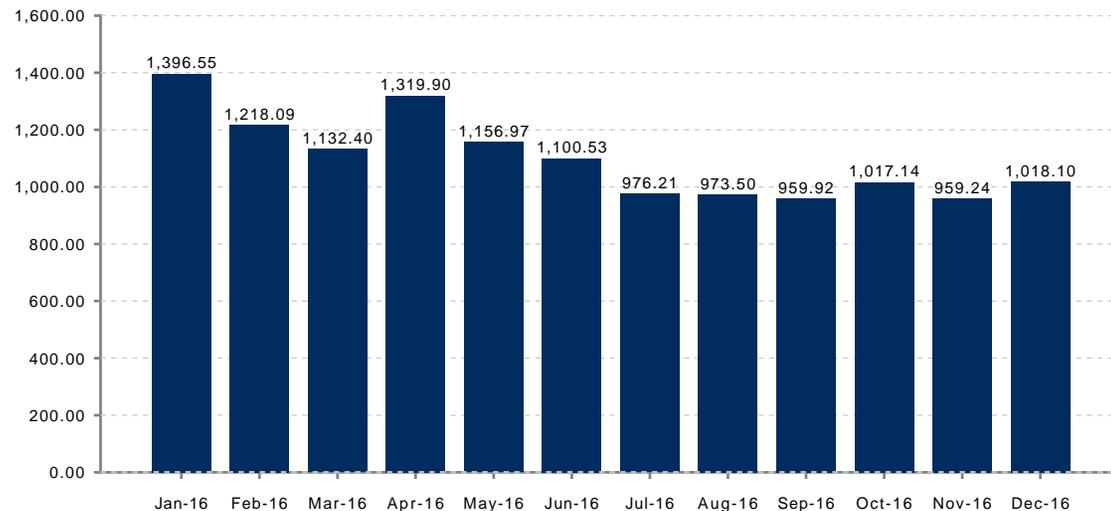
POOL 4 ST AGCY GOV.	0.78	0.76	0.58
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Asset Allocation

	Ending Market Value
POOL 4 ST AGCY GOV.	1,018,102,090



Net Asset Values over Time (\$MM)

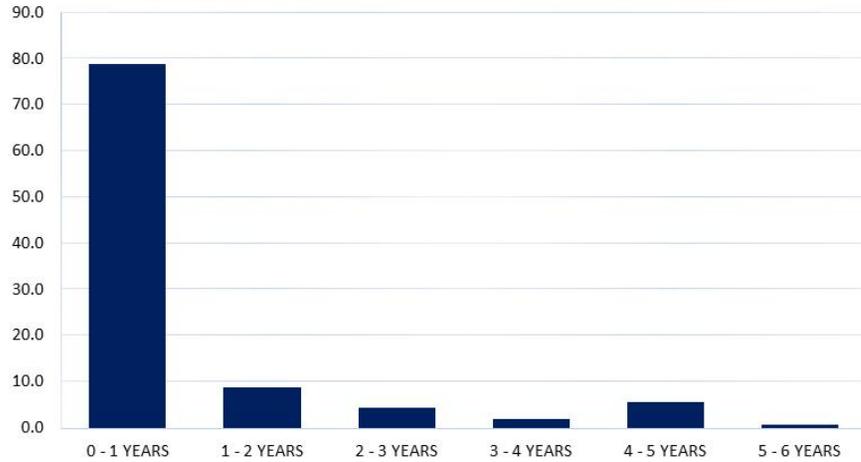


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 4 ST AGCY GOV.		
SOUTH STREET REPO	46,485,463	4.57
SOUTH STREET REPO	43,852,506	4.31
FED HOME LN DISCOUNT NT	39,989,200	3.93
US TREASURY N/B	30,128,362	2.96
FED HOME LN DISCOUNT NT	29,996,750	2.95
FED HOME LN DISCOUNT NT	29,993,908	2.95
FED HOME LN DISCOUNT NT	29,989,773	2.95
FED HOME LN DISCOUNT NT	29,988,375	2.95
DAIWA CAPITAL MARKETS REPO	24,317,954	2.39
FANNIEMAE ACES	21,646,091	2.13



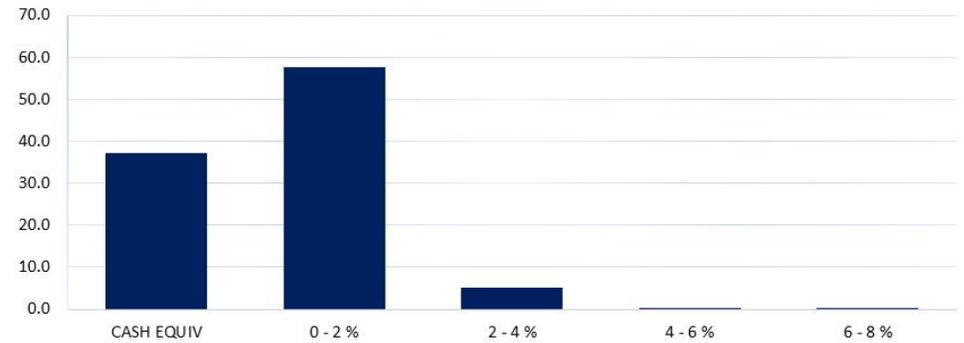
Duration Distribution



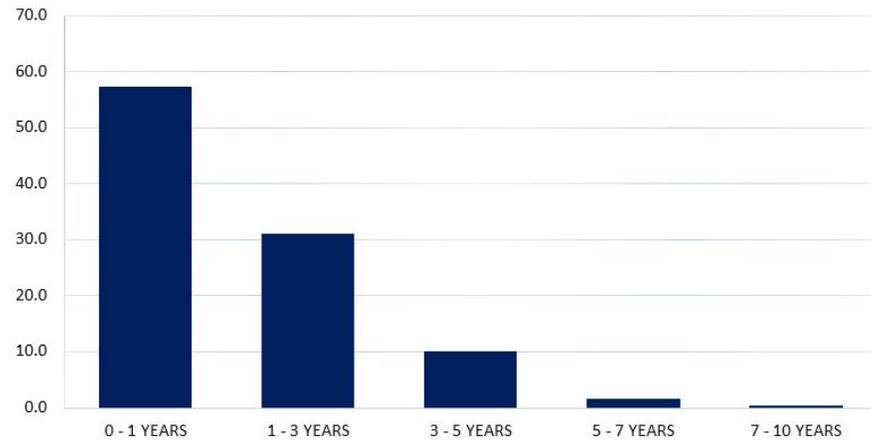
Portfolio Level Characteristics

	POOL 4 ST AGCY GOV.
Weighted Average Life	1.11
Coupon	0.78
Effective Duration	0.74
Quality Rating (Moody's)	AAA

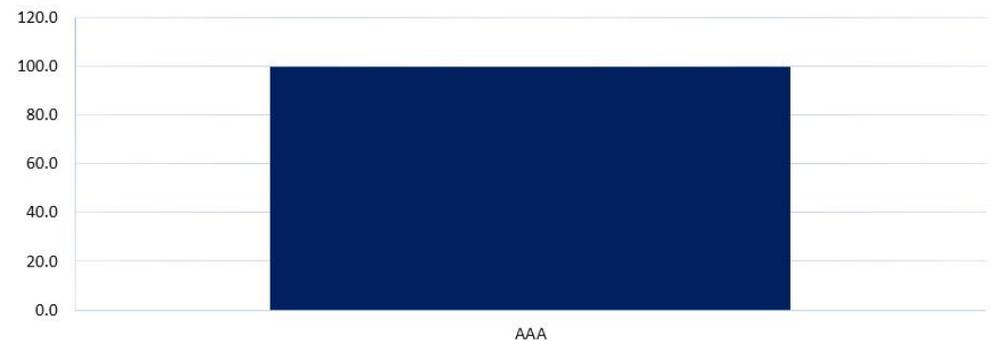
Coupon Distribution



Expected Maturity Distribution

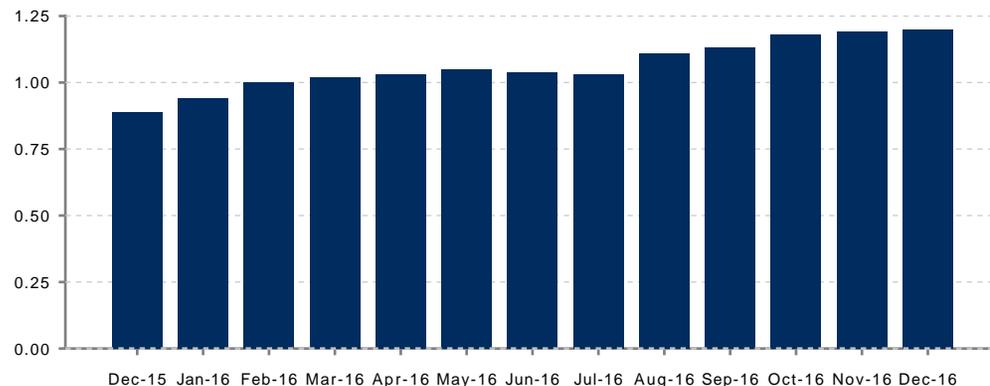


Rating Distribution





Net Yield



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

POOL 10 ST OPER INT

1.20

1.19

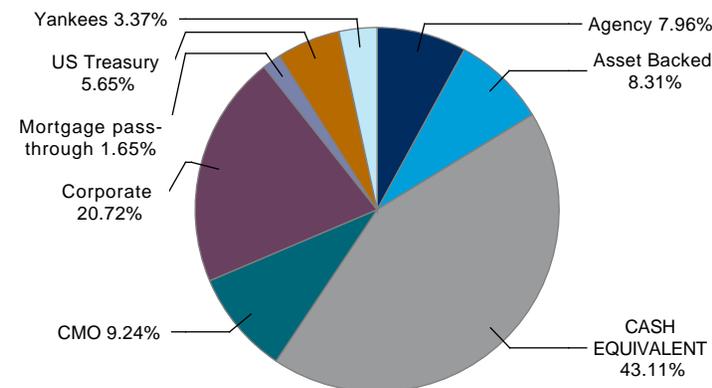
0.89

Asset Allocation

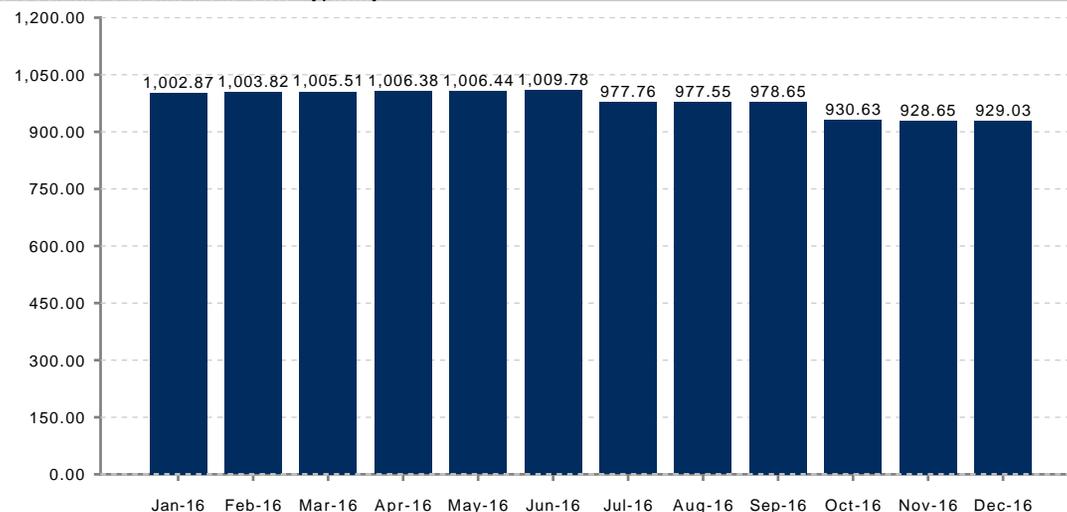
POOL 10 ST OPER INT

Ending Market Value

929,031,994



Net Asset Values over Time (\$MM)

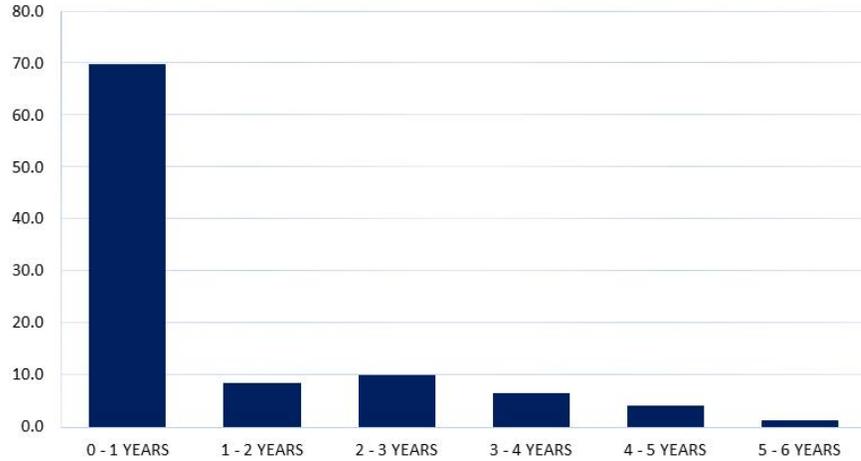


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPER INT		
NATIONAL SECS CLEARING	29,997,583	3.23
ANGLESEA FDG PLC & ANG	24,998,958	2.69
CONCORD MIN CPTL CO	24,995,000	2.69
LEGACY CAPITAL COMPANY	24,994,688	2.69
ING (US) FUNDING LLC	24,966,556	2.69
WESTPAC BANKING CORP.	24,917,789	2.68
US TREASURY N/B	20,118,554	2.17
BNK OF TKYO MTBSHI L	20,098,302	2.16
BANK OF MONTREAL	20,005,757	2.15
LIBERTY FUNDING LLC	19,996,044	2.15



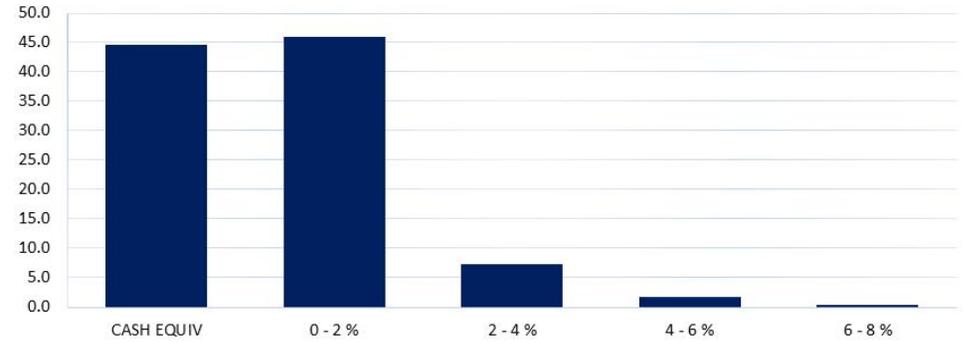
Duration Distribution



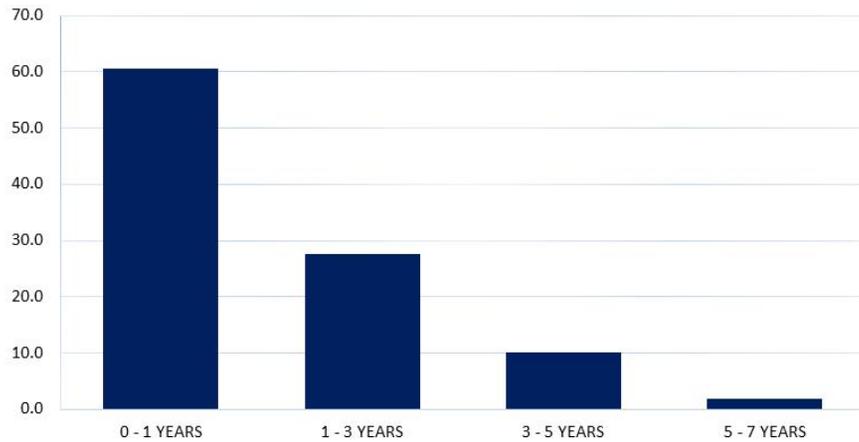
Portfolio Level Characteristics

	POOL 10 ST OPERATING INT
Weighted Average Life	1.11
Coupon	1.01
Effective Duration	1.00
Quality Rating (Moody's)	AA-1

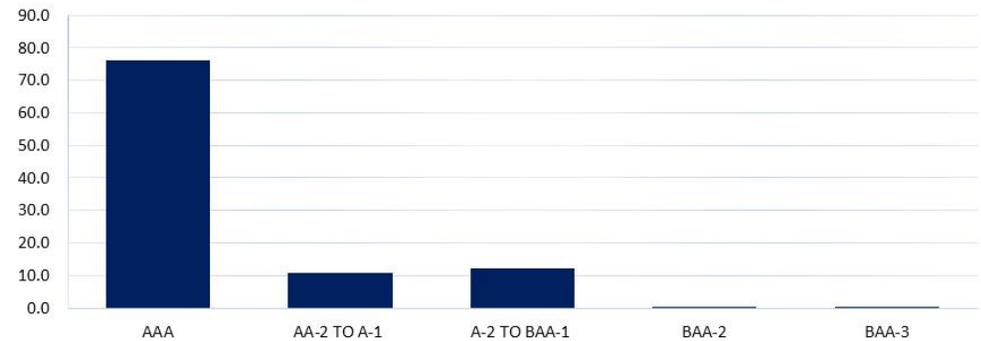
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



OFFICE OF THE ARIZONA STATE TREASURER

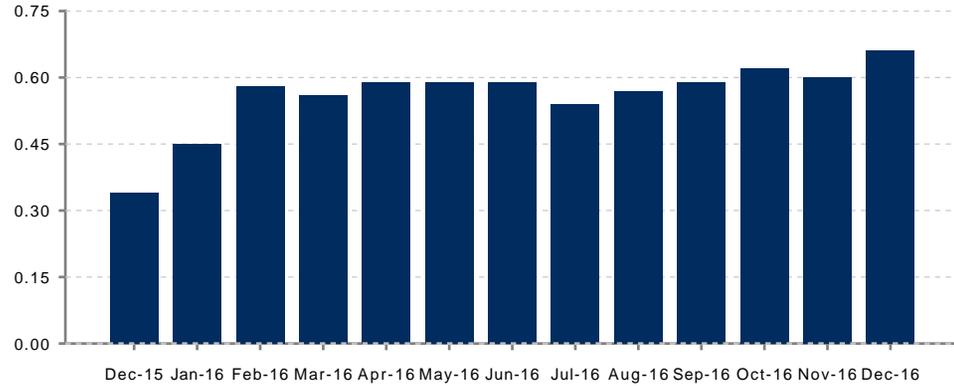
December 31, 2016

POOL 10 ST OPERATING Ext



STATE STREET

Net Yield



Current Mth Prior Mth 1 Year Ago

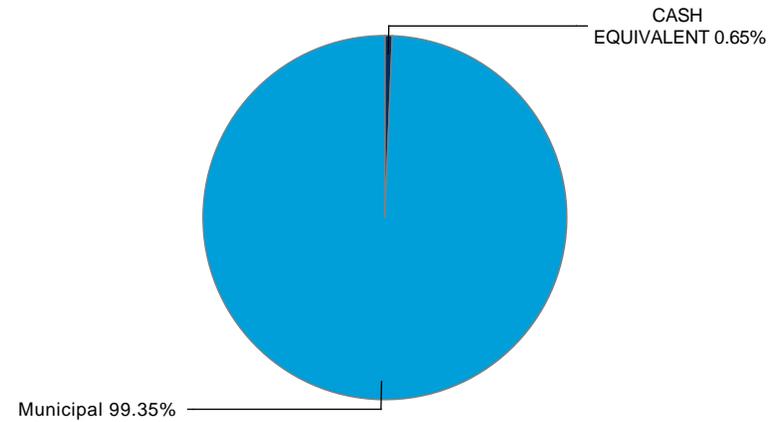
POOL 10 ST OPERATING	0.66	0.60	0.34
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Asset Allocation

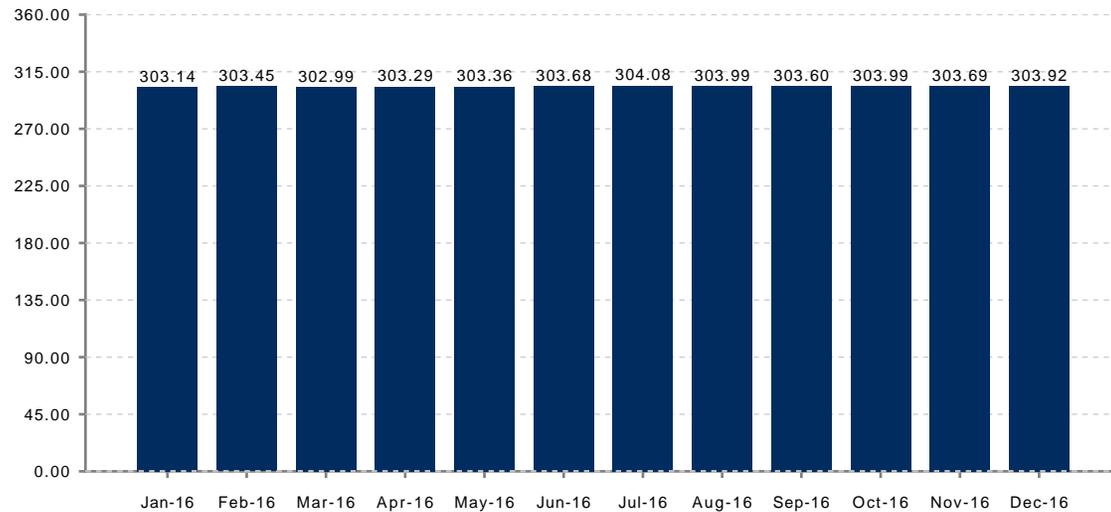
POOL 10 ST OPERATING

Ending Market Value

303,916,793



Net Asset Values over Time (\$MM)

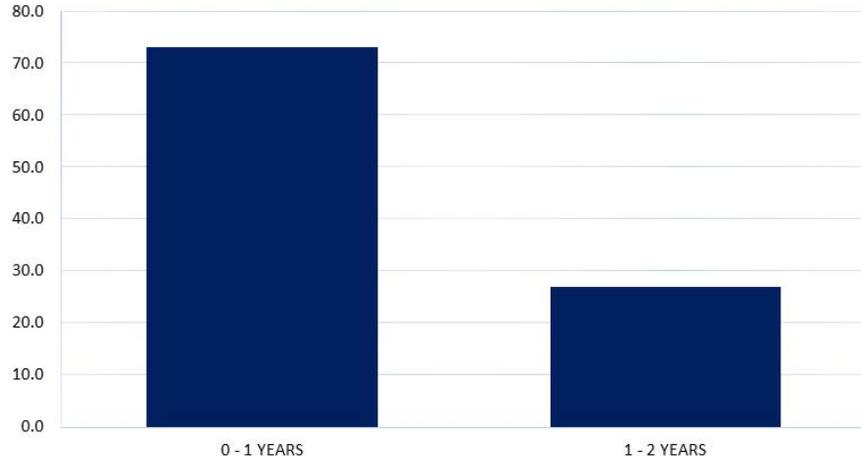


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPERATING		
LOUISVILLE JEFFERSON	15,094,386	4.97
PORTLAND OR CMNTY CL	11,993,168	3.95
HOUSTON TX INDEP SCH	11,625,298	3.83
PORTLAND OR SWR SYS	11,229,771	3.70
PENNSYLVANIA ST INDL D	10,907,600	3.59
VIRGINIA BEACH VA	10,627,880	3.50
LEAWOOD KS	10,485,955	3.45
MADISON WI	10,258,508	3.38
NORTH SLOPE BORO AK	10,246,448	3.37
MULTNOMAH CNTY OR SC	10,204,752	3.36



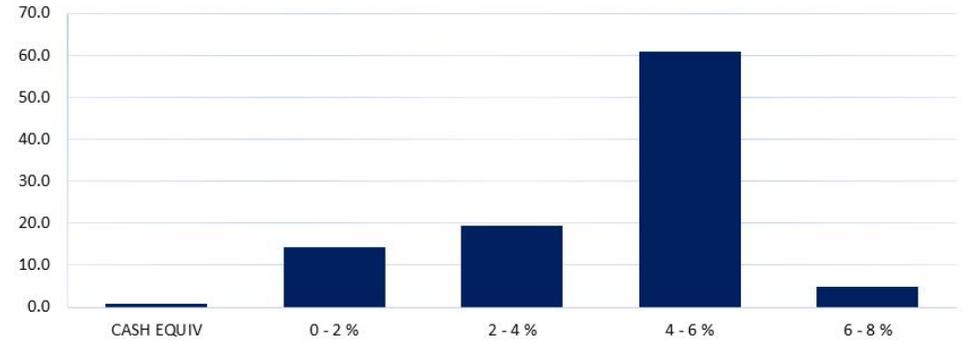
Duration Distribution



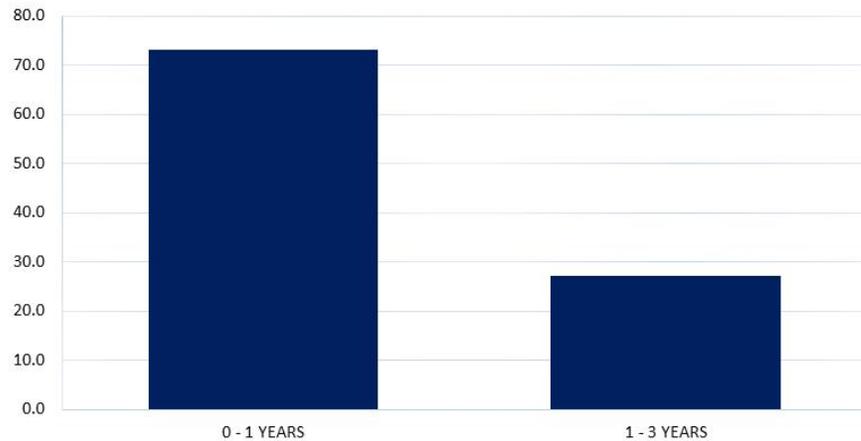
Portfolio Level Characteristics

	POOL 10 ST OPERATING
Weighted Average Life	0.69
Coupon	4.35
Effective Duration	0.67
Quality Rating (Moody's)	AA-1

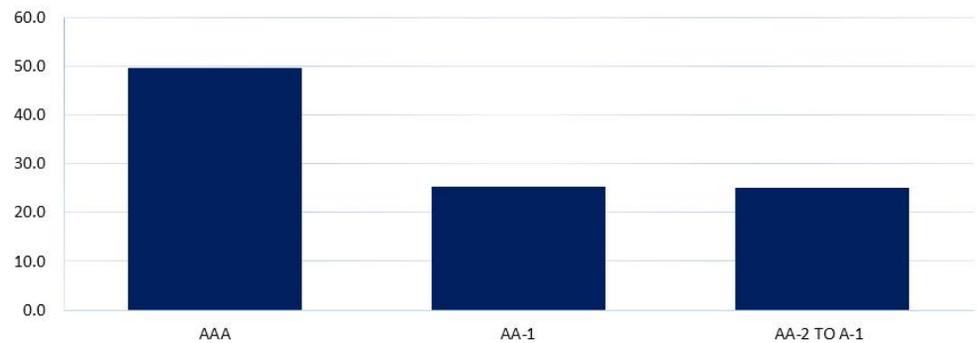
Coupon Distribution



Expected Maturity Distribution

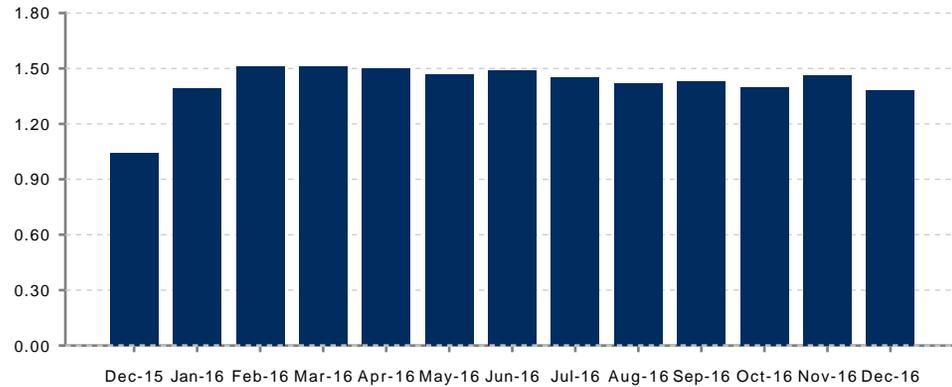


Rating Distribution





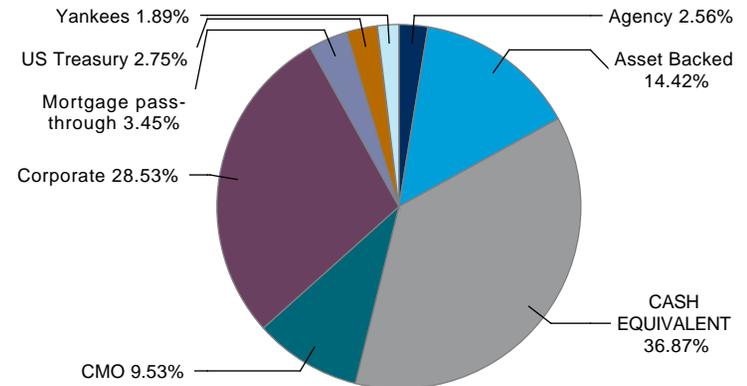
Net Yield



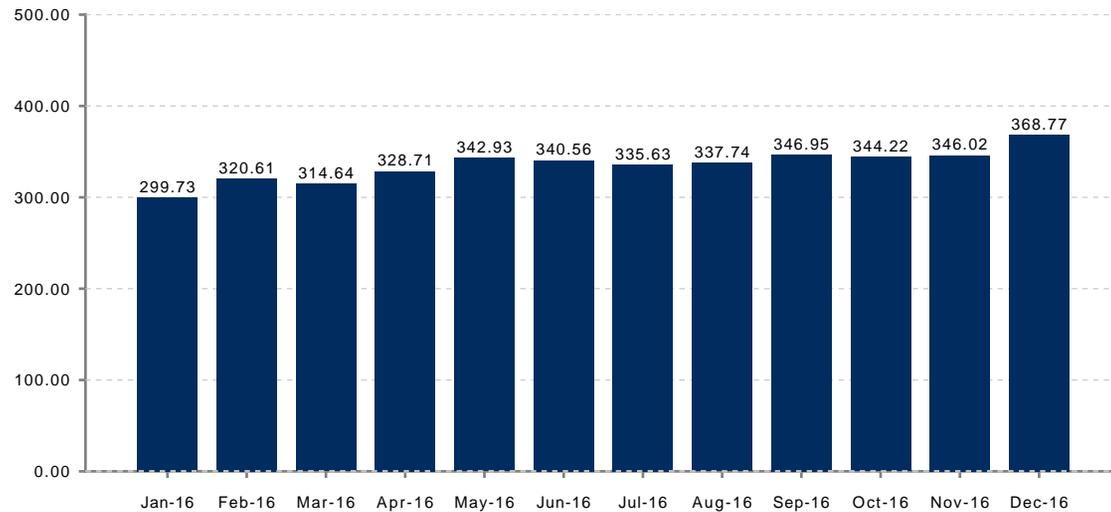
	Current Mth	Prior Mth	1 Year Ago
POOL 12 CAWCD MED TRM	1.38	1.46	1.04

Asset Allocation

	Ending Market Value
POOL 12 CAWCD MED TRM	368,766,645



Net Asset Values over Time (\$MM)

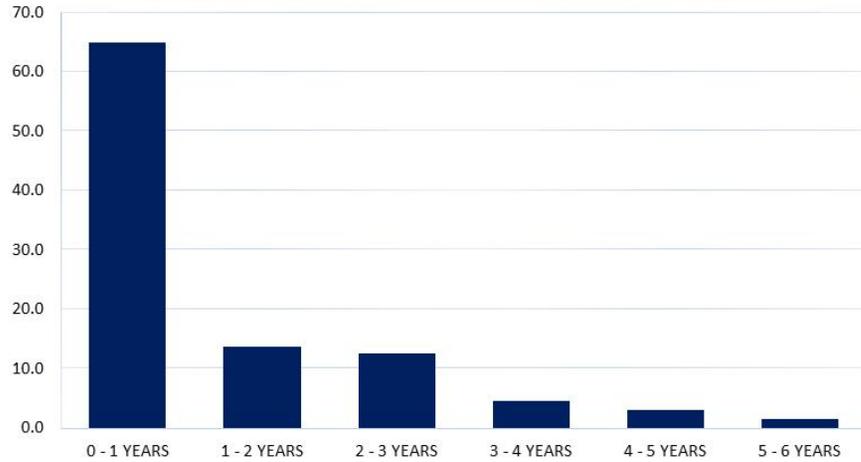


Top 10 Holdings

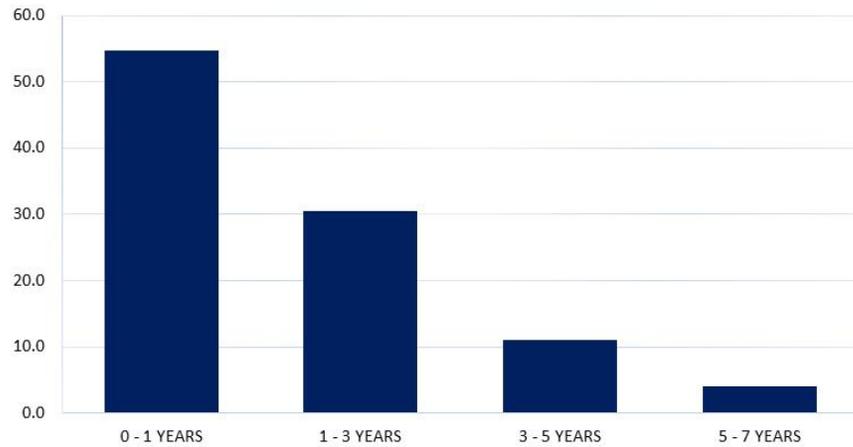
Security Name	Ending Market Value	% of Portfolio
POOL 12 CAWCD MED TRM		
WELLS FARGO REPO	40,371,365	10.95
GM FINANCIAL AUTOMOBILE LEASIN	10,014,885	2.72
HONDA AUTO RECEIVABLES OWNER T	5,988,923	1.62
FNMA POOL AV9175	5,490,984	1.49
FANNIE MAE	5,437,836	1.47
US TREASURY N/B	5,075,270	1.38
GOLDMAN SACHS GROUP INC	5,061,524	1.37
APPLE INC	5,039,728	1.37
WELLS FARGO + COMPANY	5,033,463	1.36
BNK OF TKYO MTBSHI L	5,031,857	1.36



Duration Distribution



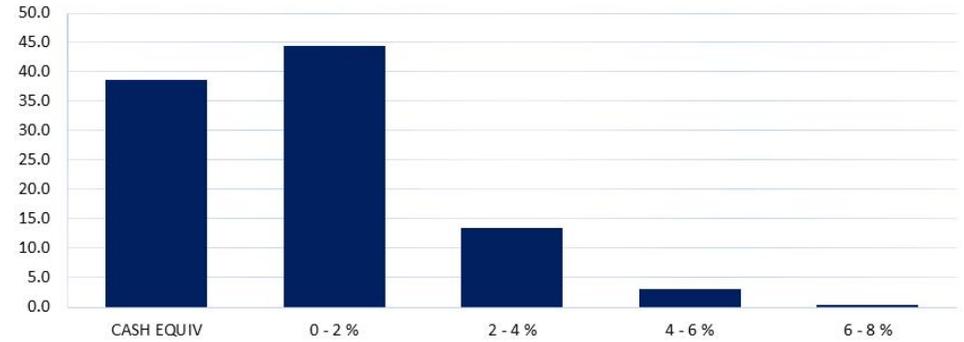
Expected Maturity Distribution



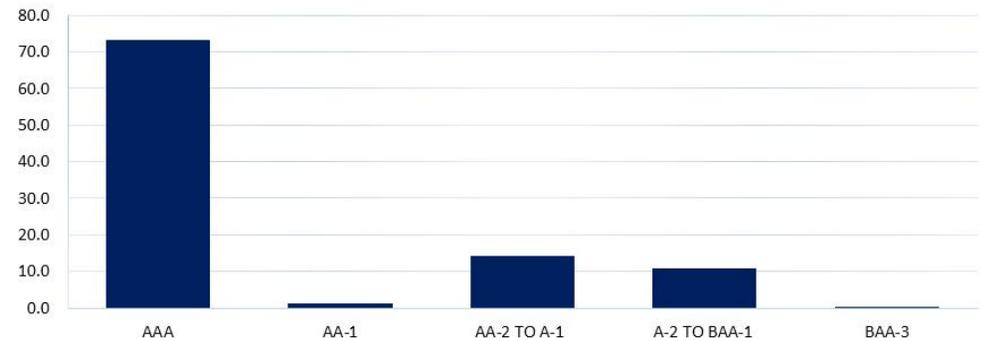
Portfolio Level Characteristics

	POOL 12 CAWCD MED TRM
Weighted Average Life	1.28
Coupon	1.41
Effective Duration	0.92
Quality Rating (Moody's)	AA-2

Coupon Distribution

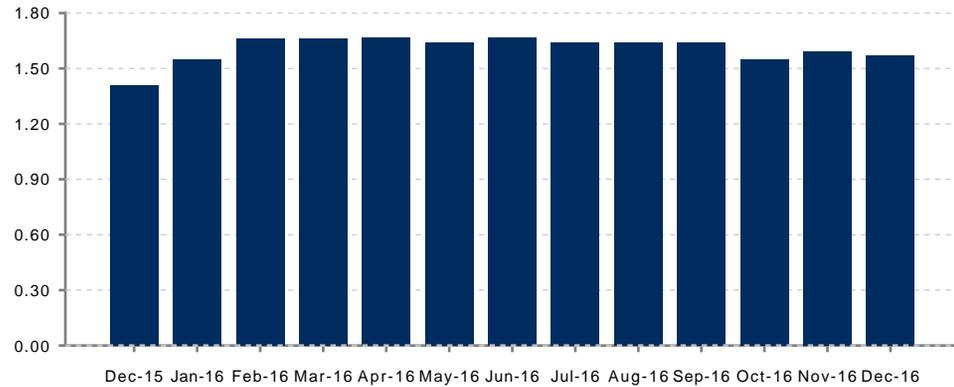


Rating Distribution





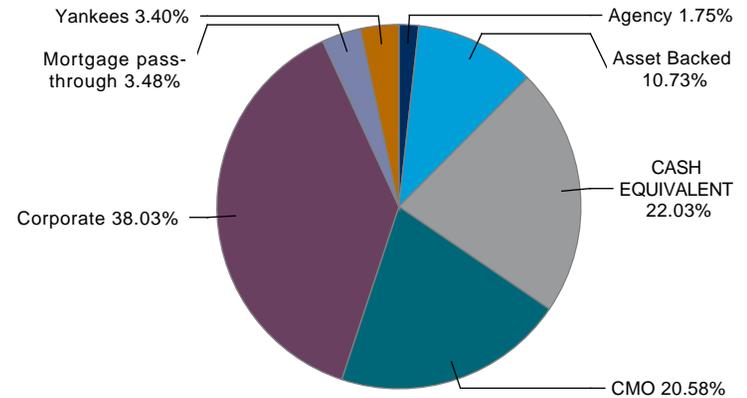
Net Yield



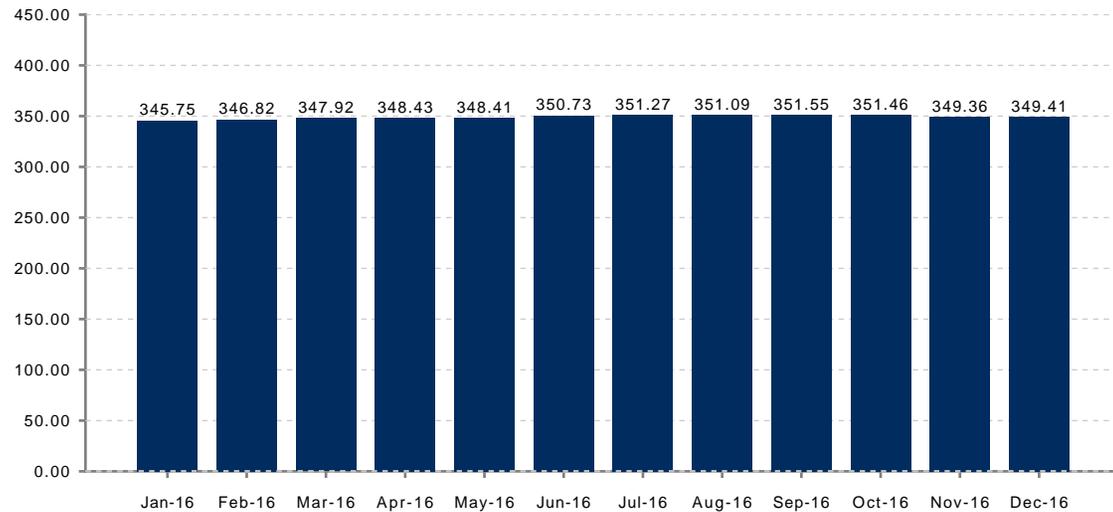
	Current Mth	Prior Mth	1 Year Ago
POOL 16 ECDHB	1.57	1.59	1.41

Asset Allocation

	Ending Market Value
POOL 16 ECDHB	349,412,110



Net Asset Values over Time (\$MM)

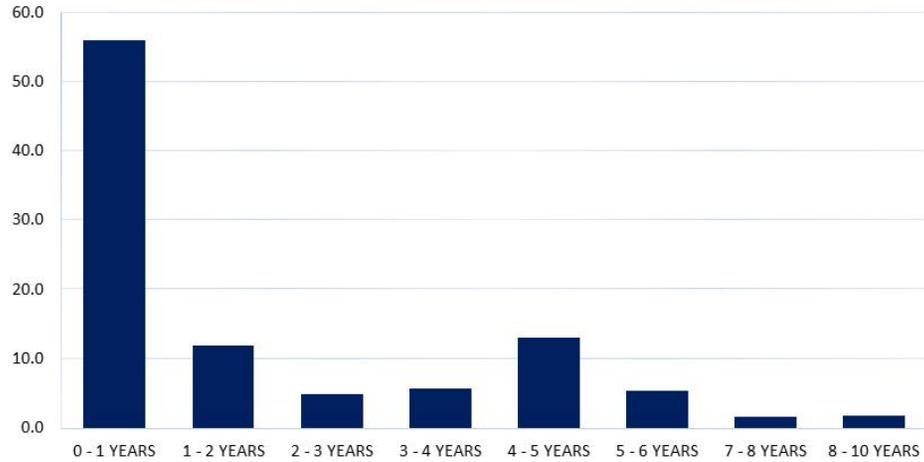


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 16 ECDHB		
NATIONAL CITY BANK	7,009,270	2.01
FREDDIEMAC STRIP	6,621,115	1.89
FANNIE MAE	6,368,005	1.82
FREDDIE MAC	5,188,139	1.48
FHLMC MULTIFAMILY STRUCTURED P	5,163,912	1.48
GOVERNMENT NATIONAL MORTGAGE A	5,163,574	1.48
MET LIFE GLOB FUNDING I	5,036,486	1.44
WELLS FARGO + COMPANY	5,033,463	1.44
BNK OF TKYO MTBSHI L	5,031,857	1.44
PHILIP MORRIS INTL INC	5,027,632	1.44



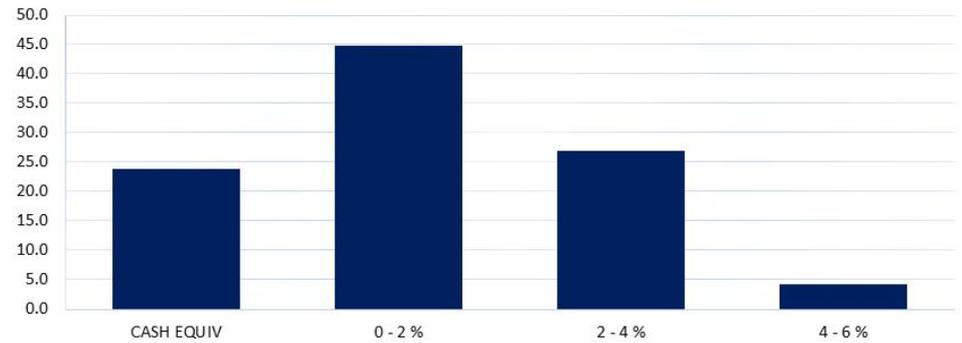
Duration Distribution



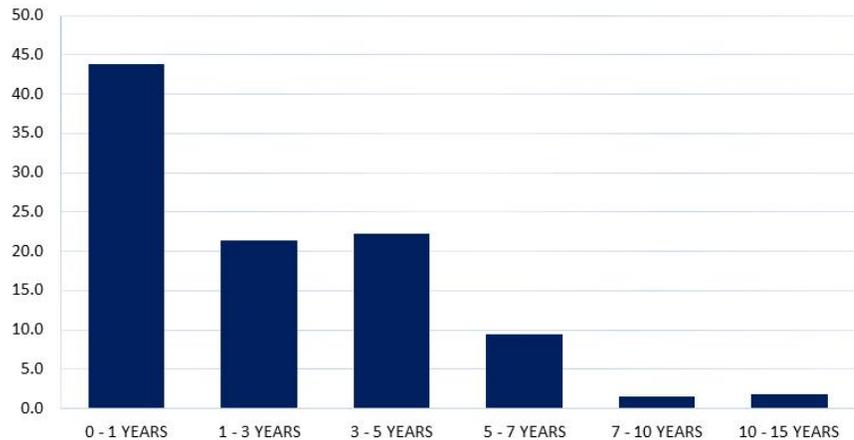
Portfolio Level Characteristics

	POOL 16 ECDHB
Weighted Average Life	2.27
Coupon	1.73
Effective Duration	1.71
Quality Rating (Moody's)	AA-2

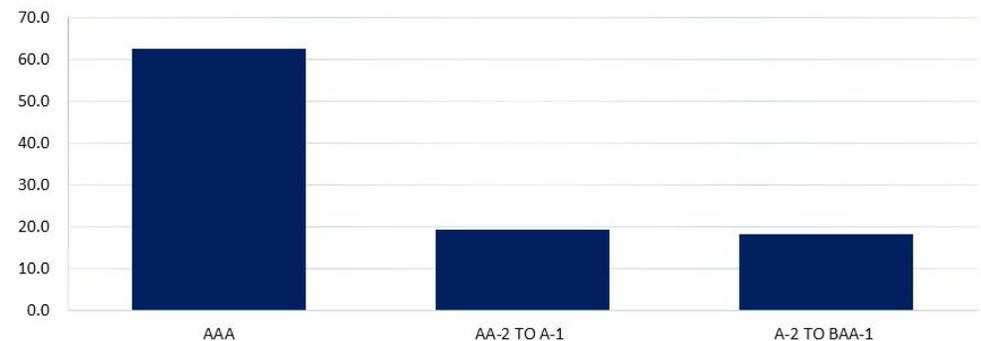
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



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**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 DECEMBER 2016**

NET EARNINGS

FUND	DESCRIPTION	Current Month 12/31/16	Prior Month 11/30/16	Prior Year 12/31/15	Net Asset Value Per Share
5	LGIP	552,772	509,531	211,409	1.0000
7	LGIP - GOV	387,668	331,709	178,412	1.0000
	TOTAL LGIP & LGIP-GOV	940,440	841,240	389,821	

YIELDS

<u>MONTHLY</u>		Current Month 12/31/16	Prior Month 11/30/16	Prior Year 12/31/15
5	LGIP (NET)	0.49%	0.45%	0.22%
	S & P LGIP INDEX	0.53%	0.50%	0.13%
7	LGIP - GOV (NET)	0.38%	0.35%	0.21%
	3 MONTH T-BILL	0.50%	0.44%	0.21%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	0.46%	0.45%	0.17%
	S & P LGIP INDEX	0.46%	0.44%	0.09%
7	LGIP - GOV (NET)	0.37%	0.37%	0.13%
	3 MONTH T-BILL	0.35%	0.32%	0.07%

* 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
 DECEMBER 2016**

NET EARNINGS

FUND	DESCRIPTION	Current Month 12/31/16	Prior Month 11/30/16	Prior Year 12/31/15	Net Asset Value Per Share
500	LGIP - MED TERM POOL	308,320	293,092	230,642	1.0289
700	LGIP - FF&C MED TERM POOL	135,591	126,476	115,372	1.0062
	TOTAL LGIP MEDIUM TERM POOLS	443,911	419,568	346,014	

YIELDS

MONTHLY

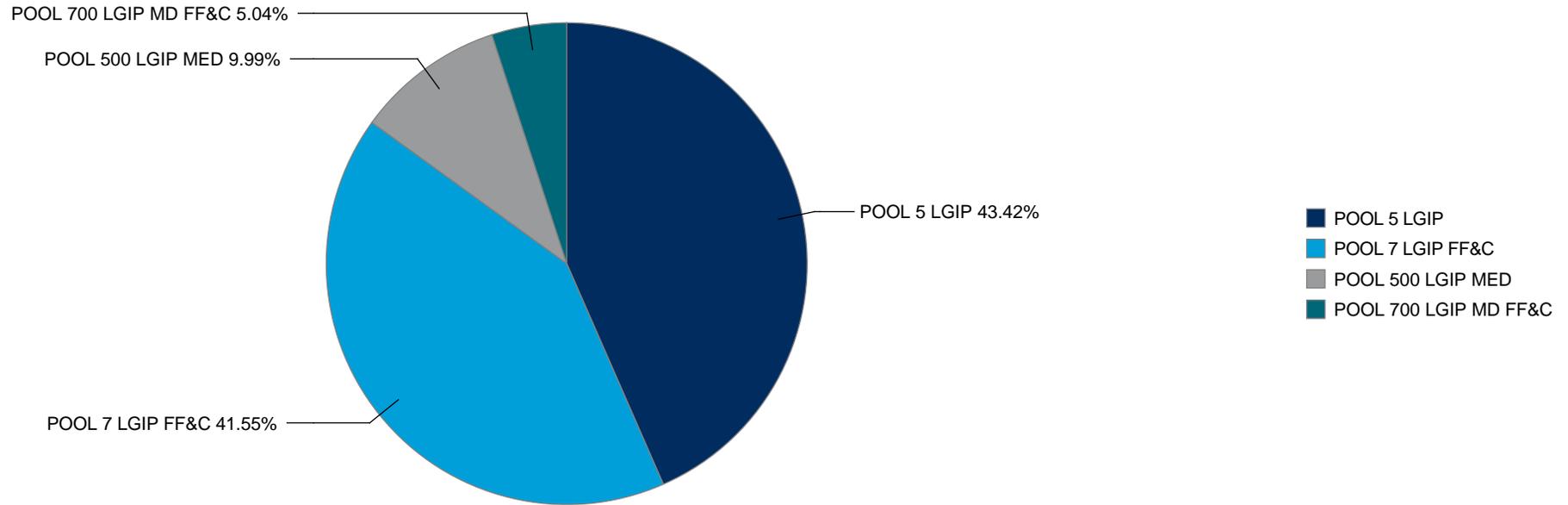
	Current Month 12/31/16	Prior Month 11/30/16	Prior Year 12/31/15
500 LGIP - MED TERM (NET)	1.27%	1.36%	1.13%
75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP INDEX	1.47%	1.44%	1.35%
700 LGIP - FF&C MED TERM (NET)	1.10%	1.06%	0.92%
75% MERRILL 1-5 US TREAS INDEX / 15% MERRILL US GNMA 15 YR INDEX / 10% MERRILL US 3 MO T-BILL INDEX	1.44%	1.39%	1.30%

YEAR TO DATE

500 LGIP - MED TERM (NET)	1.33%	1.34%	1.19%
75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP INDEX	1.26%	1.21%	1.19%
700 LGIP - FF&C MED TERM (NET)	1.09%	1.09%	0.92%
75% MERRILL 1-5 US TREAS INDEX / 15% MERRILL US GNMA 15 YR INDEX / 10% MERRILL US 3 MO T-BILL INDEX	1.10%	1.03%	1.08%



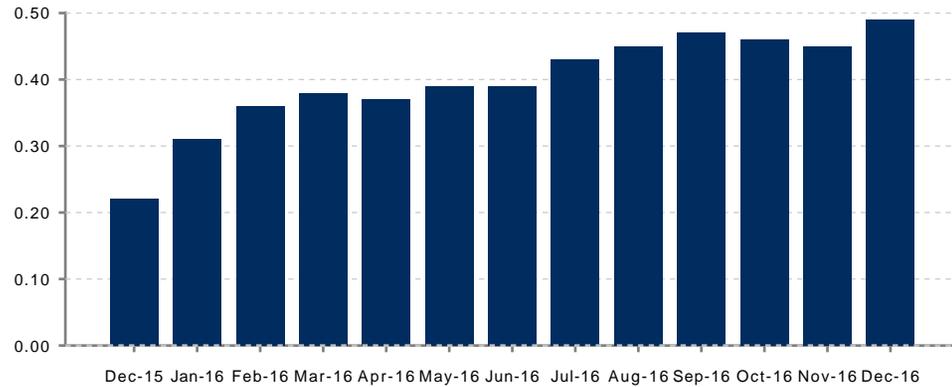
Manager Allocation



	Market Value	% of Portfolio
POOL 5 LGIP	1,250,941,059	43.4
POOL 7 LGIP FF&C	1,197,225,961	41.6
POOL 500 LGIP MED	287,807,006	10.0
POOL 700 LGIP MD FF&C	145,271,497	5.0
TOTAL LGIP	2,881,245,524	100.0



Net Yield



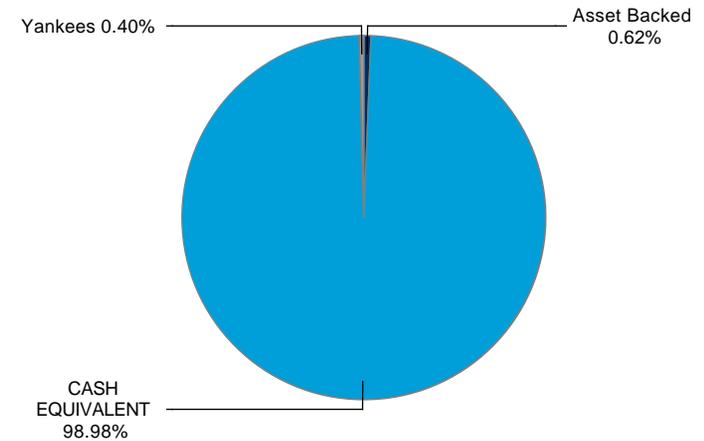
Current Mth **Prior Mth** **1 Year Ago**

POOL 5 LGIP	0.49	0.45	0.22
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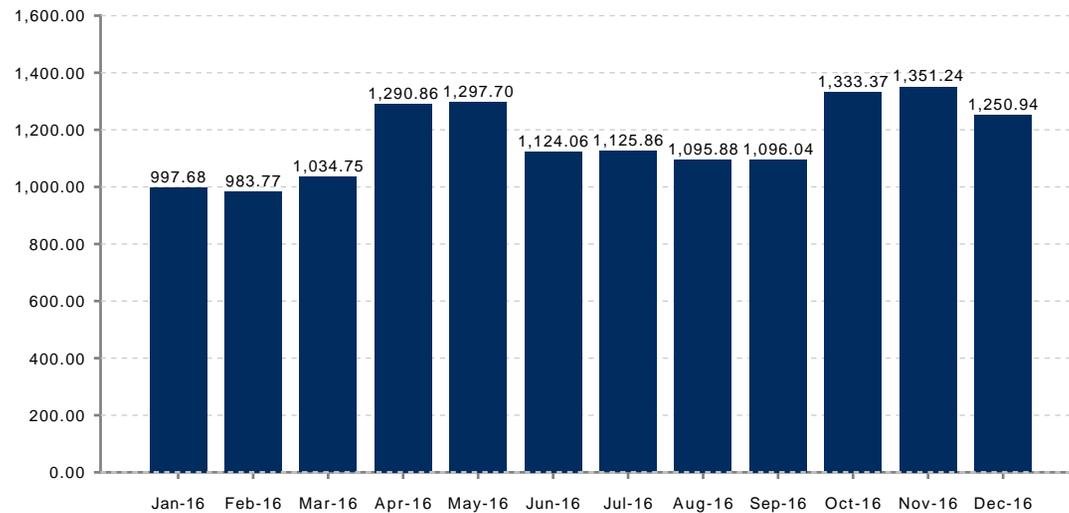
Asset Allocation

Ending Market Value

POOL 5 LGIP	1,250,941,059
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Net Asset Values over Time (\$MM)

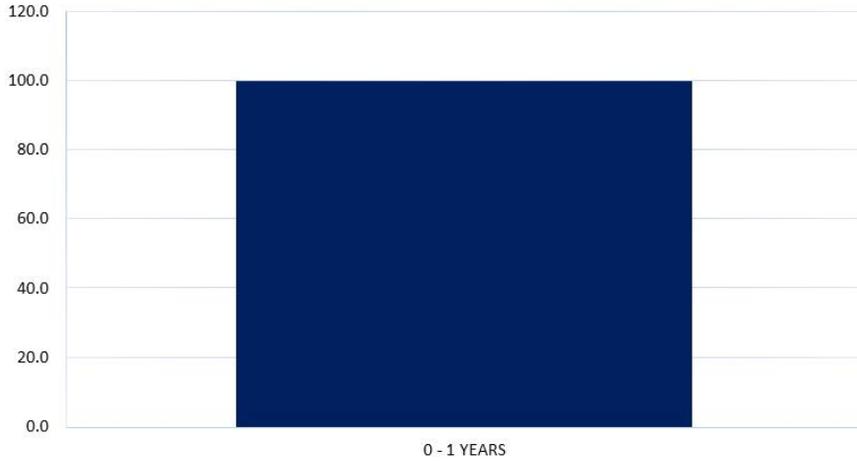


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 5 LGIP		
TREASURY BILL	124,974,598	9.99
BANK OF AMERICA REPO	100,002,500	7.99
WELLS FARGO REPO	61,835,464	4.94
FIDELITY INVESTMENTS MONEY	50,165,863	4.01
UNITED STATES TREAS BILLS	48,998,583	3.92
WI TREASURY SEC.	44,995,600	3.60
TREASURY BILL	39,987,778	3.20
JOHNSON & JOHNSON	29,992,133	2.40
LEXINGTN PKR CAP CO LL	29,990,133	2.40
APPLE INC	29,989,842	2.40



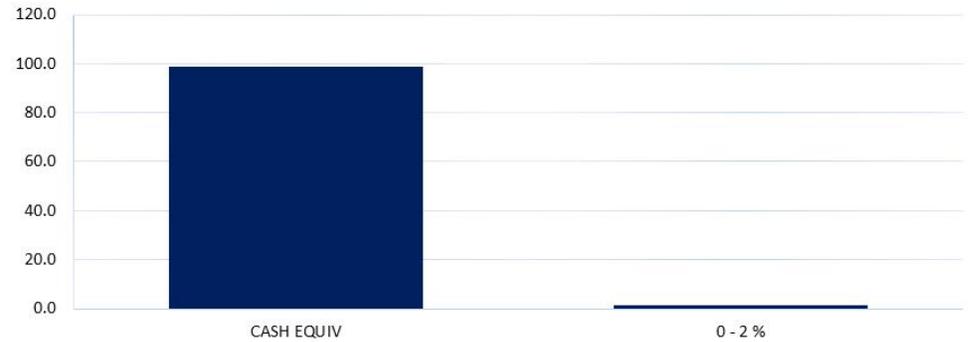
Duration Distribution



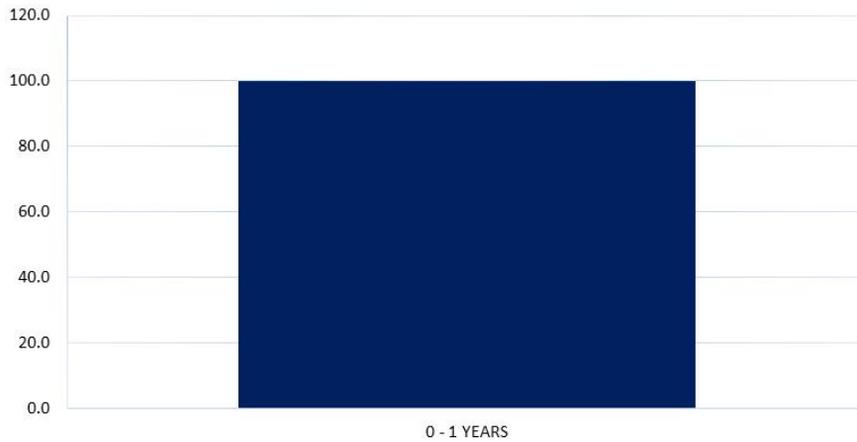
Portfolio Level Characteristics

	POOL 5 LGIP
Weighted Average Life	0.06
Coupon	0.03
Effective Duration	0.06
Quality Rating (Moody's)	AAA

Coupon Distribution



Expected Maturity Distribution

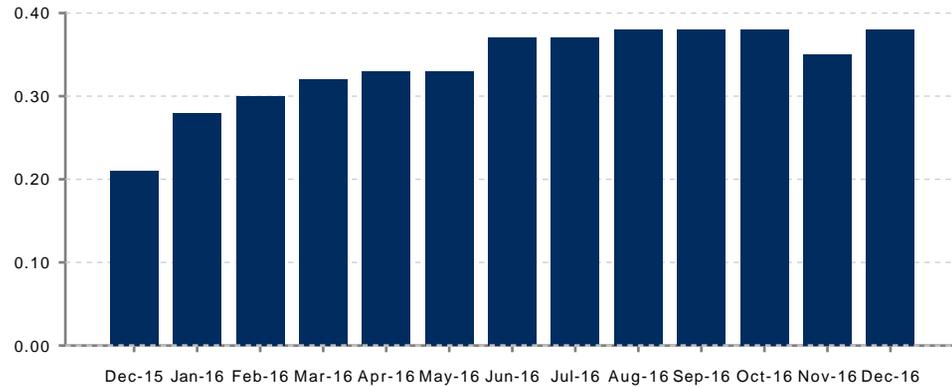


Rating Distribution





Net Yield



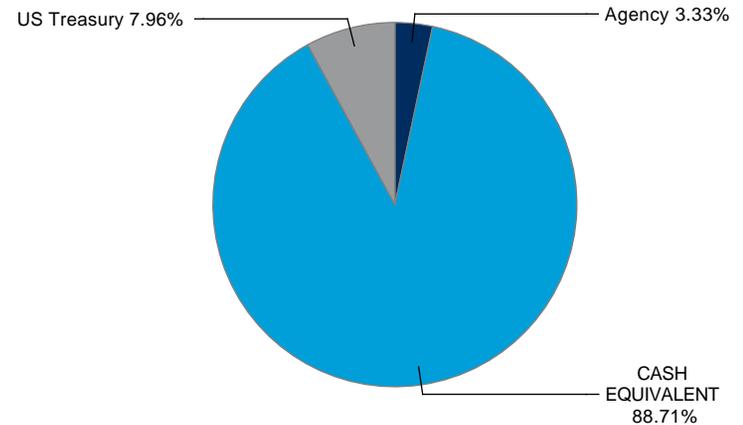
Current Mth **Prior Mth** **1 Year Ago**

POOL 7 LGIP FF&C	0.38	0.35	0.21
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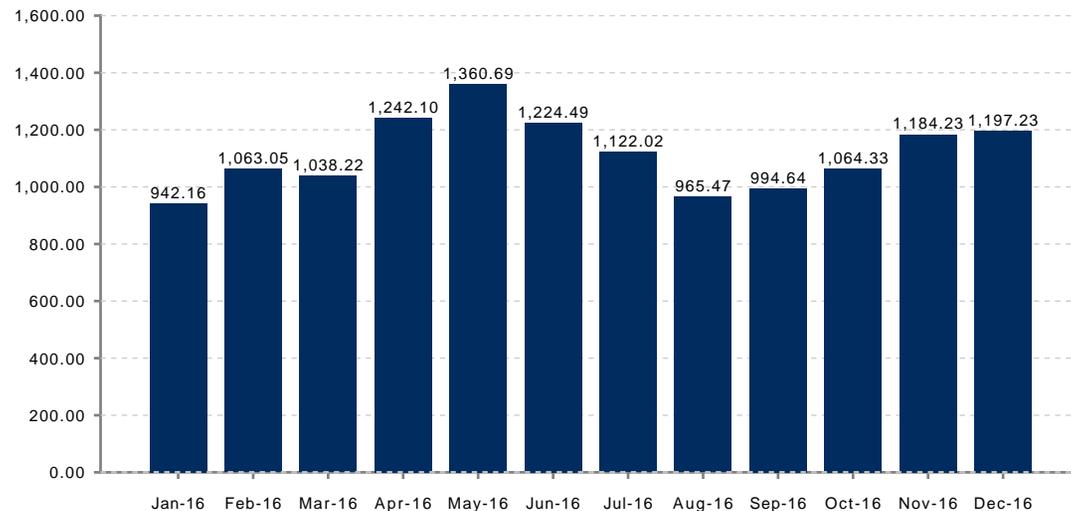
Asset Allocation

Ending Market Value

POOL 7 LGIP FF&C	1,197,225,961
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Net Asset Values over Time (\$MM)

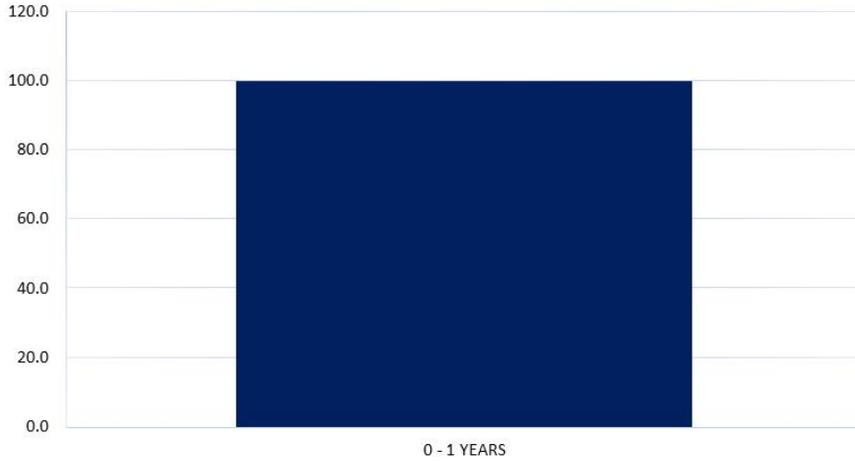


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 7 LGIP FF&C		
DAIWA CAPITAL MARKETS REPO	175,685,935	14.67
WI TREASURY SEC.	169,981,514	14.20
TREASURY BILL	89,842,140	7.50
TREASURY BILL	79,985,900	6.68
ALLIANCE BANK OF ARIZONA MONEY	79,417,783	6.63
TREASURY BILL	74,904,789	6.26
UNITED STATES TREAS BILLS	54,998,354	4.59
FIDELITY INVESTMENTS MONEY	40,067,358	3.35
TREASURY BILL	39,981,800	3.34
TREASURY BILL	39,980,800	3.34



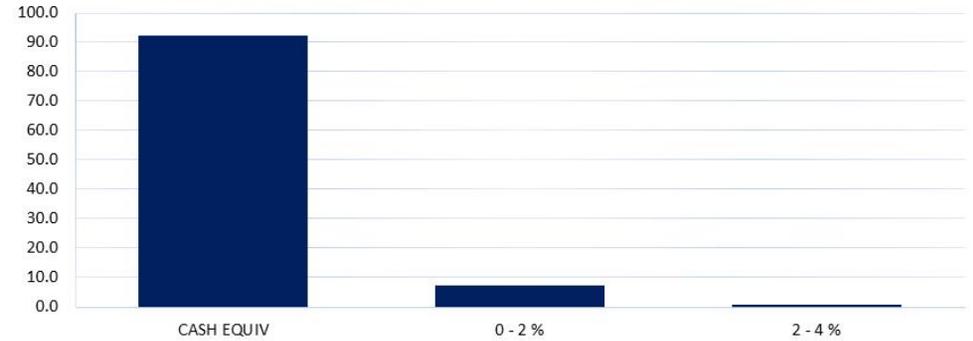
Duration Distribution



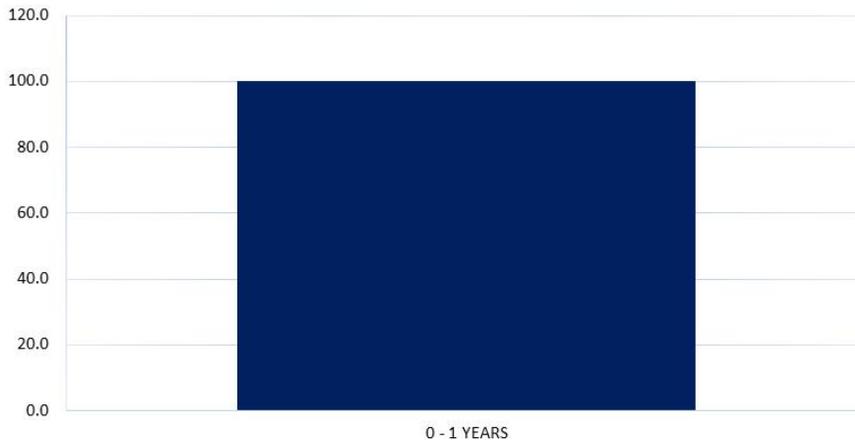
Portfolio Level Characteristics

	POOL 7 LGIP FF&C
Weighted Average Life	0.13
Coupon	0.11
Effective Duration	0.13
Quality Rating (Moody's)	AAA

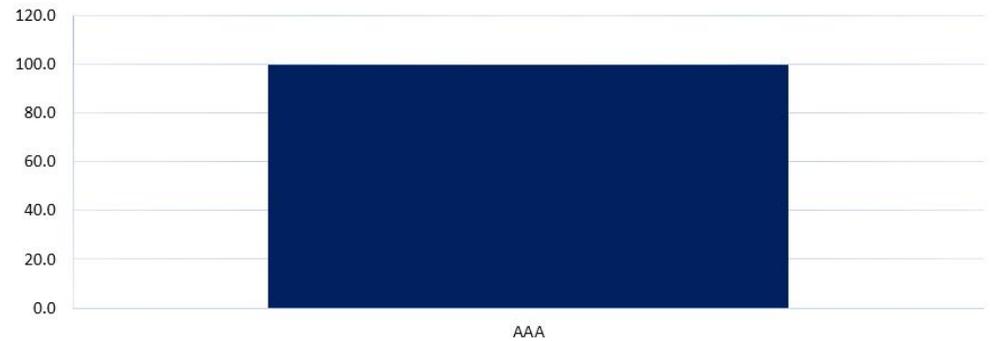
Coupon Distribution



Expected Maturity Distribution

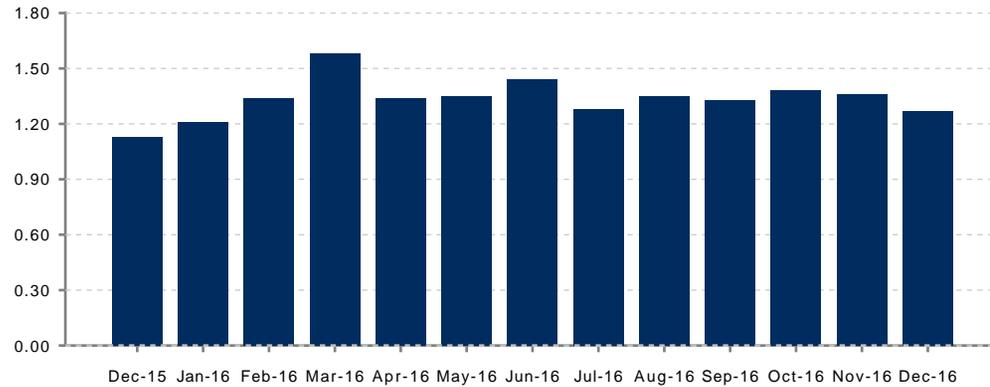


Rating Distribution





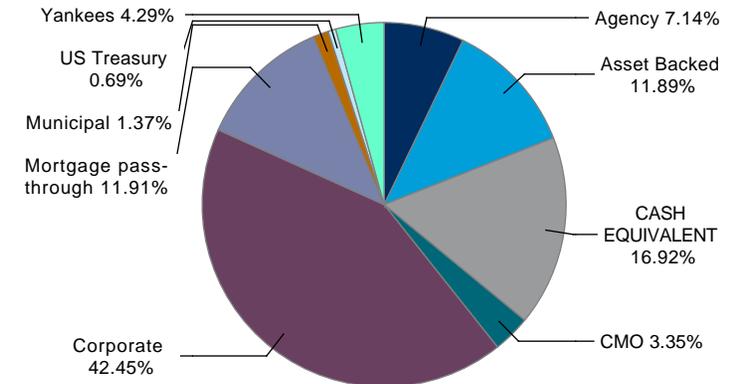
Net Yield



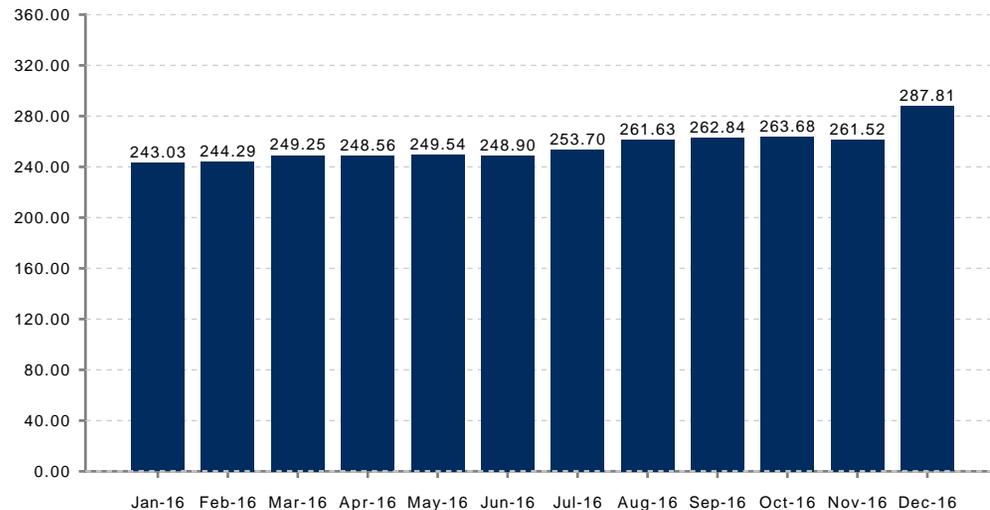
	Current Mth	Prior Mth	1 Year Ago
POOL 500 LGIP MED	1.27	1.36	1.13

Asset Allocation

	Ending Market Value
POOL 500 LGIP MED	287,807,006



Net Asset Values over Time (\$MM)

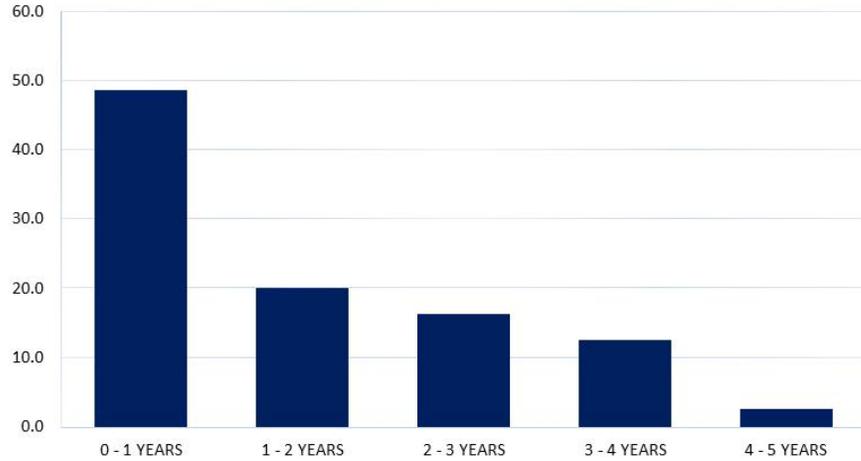


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 500 LGIP MED		
WELLS FARGO REPO	30,000,750	10.42
FEDERAL HOME LOAN BANK	10,001,131	3.47
VISA INC	9,986,458	3.47
MICROSOFT CORP	8,052,005	2.80
FNMA POOL AB5991	7,292,450	2.53
HERSHEY COMPANY	6,062,555	2.11
MERCK + CO INC	5,538,605	1.92
ELI LILLY + CO	5,022,244	1.75
CHEVRON CORP	5,017,903	1.74
NISSAN MOTOR ACCEPTANCE	5,011,319	1.74



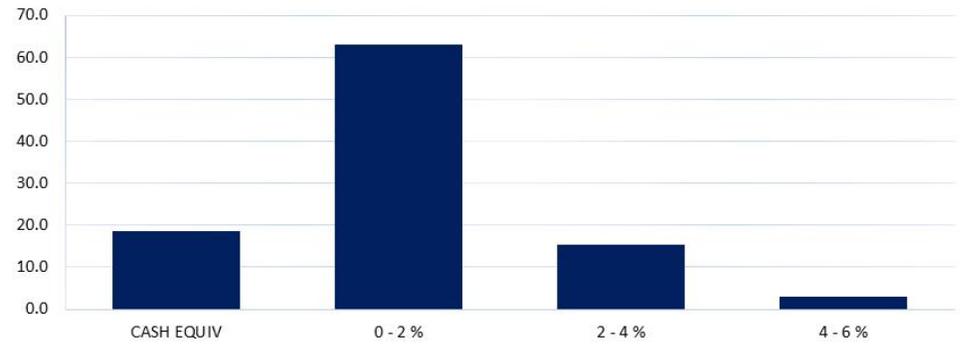
Duration Distribution



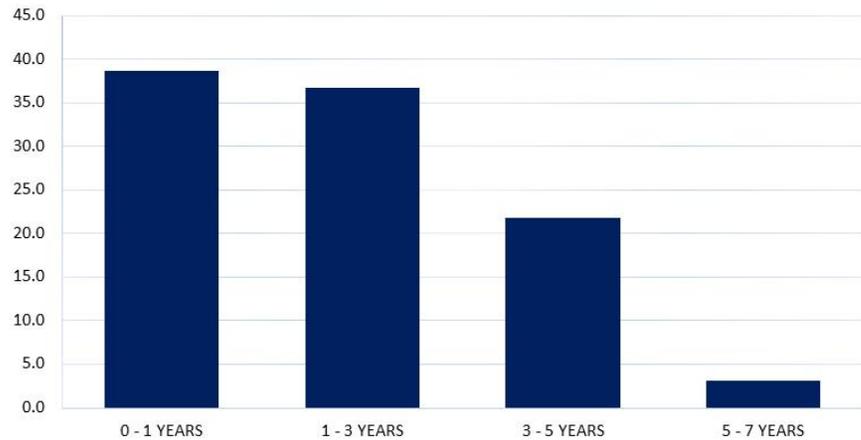
Portfolio Level Characteristics

	POOL 500 LGIP MED
Weighted Average Life	1.73
Coupon	1.61
Effective Duration	1.34
Quality Rating (Moody's)	AA-2

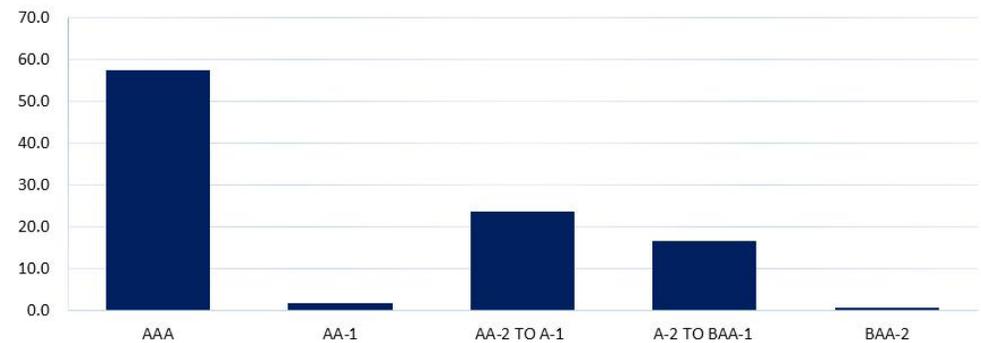
Coupon Distribution



Expected Maturity Distribution

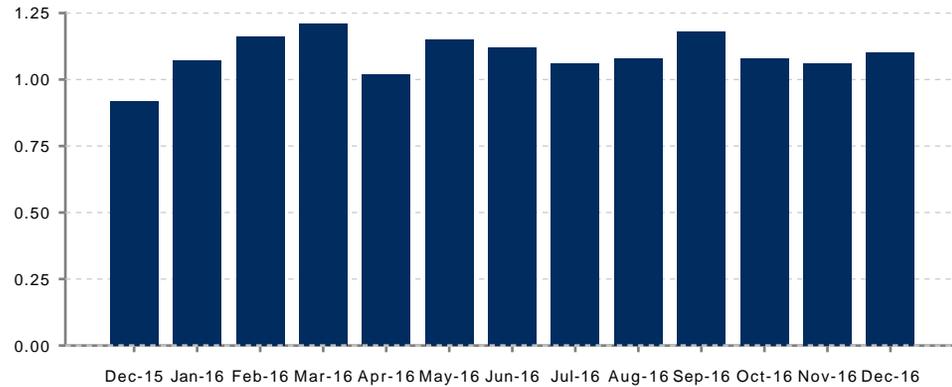


Rating Distribution





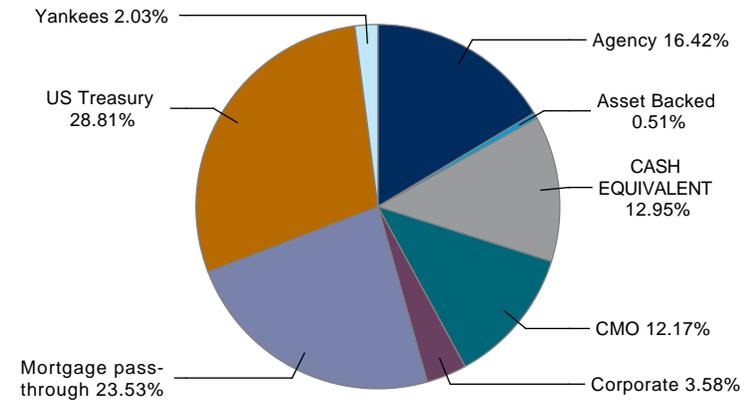
Net Yield



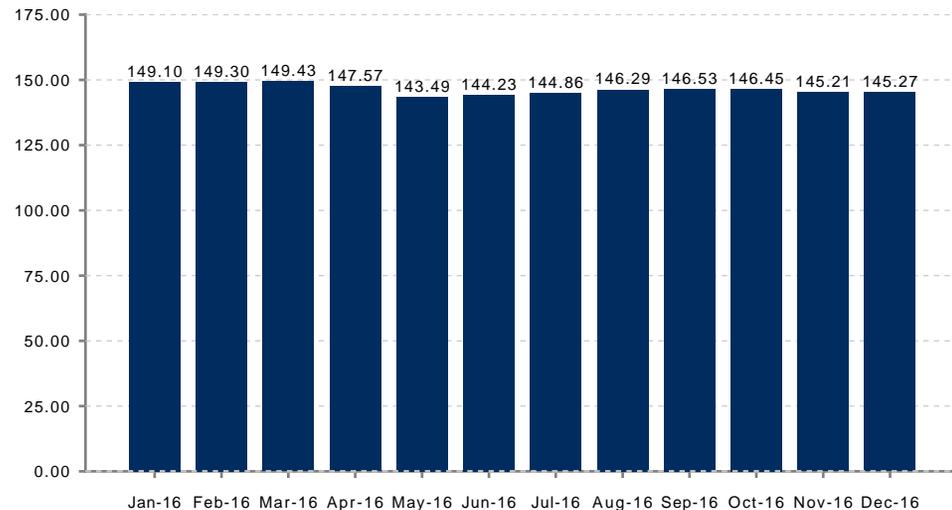
	Current Mth	Prior Mth	1 Year Ago
POOL 700 LGIP MD FF&C	1.10	1.06	0.92

Asset Allocation

	Ending Market Value
POOL 700 LGIP MD FF&C	145,271,497



Net Asset Values over Time (\$MM)

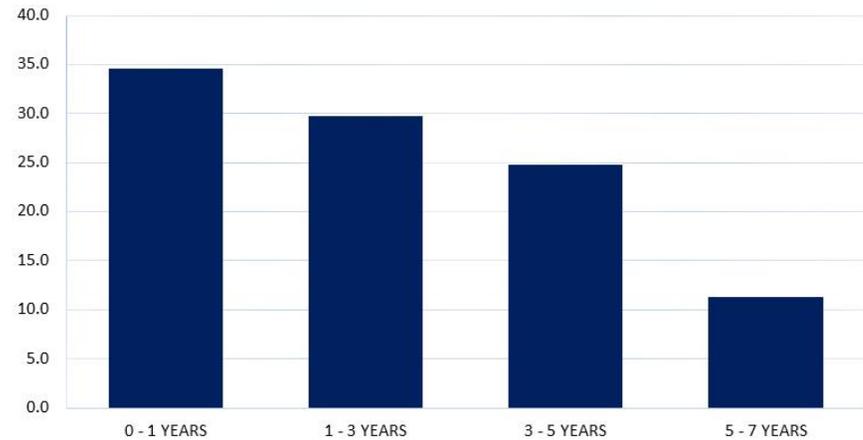
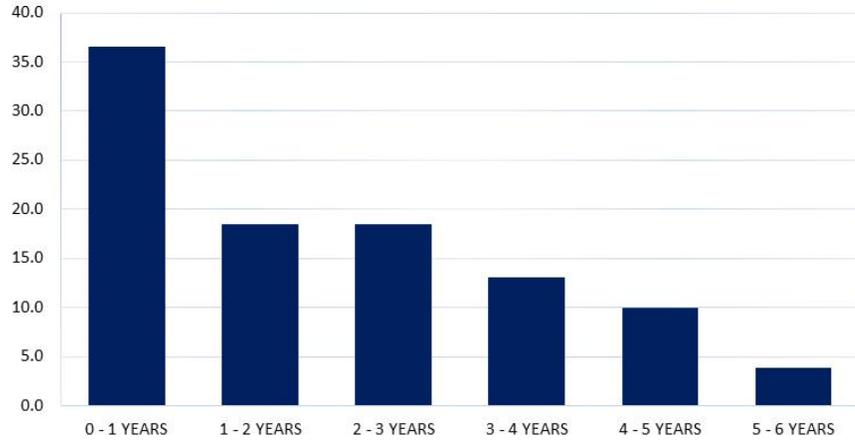


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 700 LGIP MD FF&C		
WELLS FARGO REPO	16,000,400	11.01
US TREASURY N/B	5,012,720	3.45
US TREASURY N/B	5,003,952	3.44
US TREASURY N/B	5,001,933	3.44
US TREASURY N/B	4,991,296	3.44
OVERSEAS PRIVATE INV COR	4,495,050	3.09
GNMA II POOL MA0213	4,450,326	3.06
PRIVATE EXPORT FUNDING	3,517,007	2.42
US TREASURY N/B	2,993,360	2.06
OVERSEAS PRIVATE INV COR	2,991,900	2.06



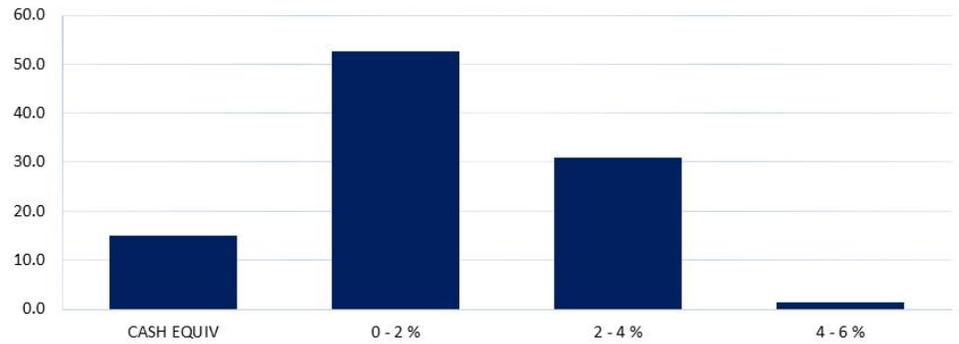
Duration Distribution



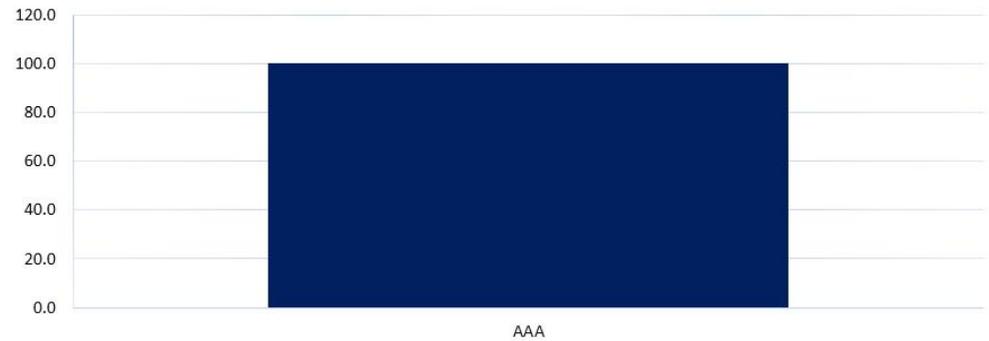
Portfolio Level Characteristics

	POOL 700 LGIP MD FF&C
Weighted Average Life	2.32
Coupon	1.68
Effective Duration	1.98
Quality Rating (Moody's)	AAA

Coupon Distribution



Rating Distribution



**EARNINGS DISTRIBUTED
 ENDOWMENT FUNDS
 DECEMBER 2016**

Distributed in Current Month

Recipient	DECEMBER 2016	Fiscal YTD 16/17	Fiscal YTD 15/16
101 A & M Colleges	\$62,695	\$376,170	\$125,946
102 State Hospital	39,692	238,152	78,092
103 Leg., Exec., & Jud.	51,413	308,478	102,697
104 Military Institute	3,456	20,736	6,994
105 Miners Hospital	126,965	761,790	235,863
107 Normal School ASU/NAU	23,855	143,130	46,493
108 Penitentiaries	85,542	513,252	164,193
109 Permanent Common School	22,463,210	134,779,261	43,592,607
110 School for Deaf & Blind	33,142	198,854	65,572
111 School of Mines	70,914	425,484	142,384
112 State Charitable-Pioneers Home	346,473	2,078,837	690,966
112 State Charitable-Corrections	173,236	1,039,419	345,483
112 State Charitable-Youth Treatment	173,236	1,039,419	345,483
113 University Fund	122,961	737,764	241,841
114 U of A Land - 1881	384,475	2,306,852	700,768
Total	\$24,161,266	\$144,967,597	\$46,885,381

**Land Sales Monthly Proceeds
 Endowment Funds**

Month	Year						
	2011	2012	2013	2014	2015	2016	2017
January	3,622,869	21,196,075	85,209,777	29,493,046	7,126,212	5,108,687	
February	8,915,155	92,150,173	24,412,865	33,969,801	2,535,244	1,083,178	
March	1,244,602	1,015,640	13,469,847	1,323,549	1,096,232	1,106,860	
April	2,413,502	1,796,774	4,599,024	2,252,527	1,968,281	28,981,969	
May	1,889,780	926,085	12,685,871	1,100,261	19,123,417	20,147,116	
June	3,446,620	22,369,423	6,493,351	4,564,719	33,179,898	31,844,678	
July	2,803,278	823,328	5,694,705	4,196,738	6,092,396	2,469,997	
August	3,470,996	33,621,311	2,304,138	24,838,430	1,038,971	13,094,287	
September	5,202,040	17,307,221	10,399,639	1,960,673	1,967,125	(12,580,728)	
October	5,799,335	1,403,700	1,240,497	3,150,170	2,366,519	10,614,885	
November	2,045,107	5,131,627	8,995,327	34,193,583	1,358,711	28,490,238	
December	5,123,133	28,846,813	3,574,631	1,136,538	4,264,354	6,127,407	
Calendar Year	45,976,416	226,588,170	179,079,672	142,180,034	82,117,360	136,488,573	-
Fiscal Year (July 1st to June 30th)	139,820,630	163,898,058	234,004,734	104,912,840	134,505,415	105,360,563	48,216,086

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	December 2016 NET GAIN(LOSS)	December 2015 NET GAIN(LOSS)
Fixed Income Pool	\$860,672	(\$325,008)
500 Large-Cap Fund	1,855,697	2,287,087
400 Mid-Cap Fund	3,351,166	5,832,269
600 Small-Cap Fund	3,634,992	3,219,584
Totals	\$9,702,527	\$11,013,932

Endowment Fund	2016/2017 FISCAL YEAR TO DATE GAINS(LOSSES)	2015/2016 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	(\$1,033,400)	(\$1,191,032)
500 Large-Cap Fund	10,733,891	12,461,706
400 Mid-Cap Fund	13,855,661	19,233,339
600 Small-Cap Fund	14,024,480	20,208,706
Totals	\$37,580,632	\$50,712,720

**ENDOWMENT FUNDS FIXED-INCOME POOLS
PURCHASES & SALES
DECEMBER 2016**

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I. Endowment Funds Purchases

<u>POOL</u>	<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>
205	FREDDIE MAC MTG	3.64	08/25/2048	8.54	\$10,090,000	\$9,701,225	4.25%	BBB **
205	FREDDIE MAC MTG	2.50	10/15/2026	3.50	1,160,313	1,174,898	2.16%	AAA/AA+
205	FNMA MTG	3.00	09/01/2028	4.42	6,863,658	7,048,906	2.35%	AAA/AA+
205	GNMA MTG	2.04	12/20/2066	7.41	10,000,000	10,133,010	1.91%	AAA/AA+
205	US TREASURY	6.75	08/15/2026	NA	10,000,000	13,943,699	2.41%	AAA/AA+
205	US TREASURY	6.13	11/15/2027	NA	5,000,000	6,727,914	2.55%	AAA/AA+
123	INSTIT SECURED CP	0.93	01/05/2017	NA	15,000,000	14,987,988	0.93%	P1/A1

TOTAL ENDOWMENT FUNDS PURCHASES

\$58,113,971

\$63,717,640

II. Endowment Funds Sales

<u>POOL</u>	<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>
205	US TREASURY	7.88	02/15/2021	\$7,500,000	\$9,515,778	\$753,343	AAA/AA+
205	US TREASURY	3.63	02/15/2020	5,000,000	5,388,995	59,326	AAA/AA+
205	US TREASURY	2.63	08/15/2020	5,000,000	5,211,557	142,524	AAA/AA+
205	US TREASURY	2.63	11/15/2020	5,000,000	5,162,830	170,434	AAA/AA+
205	US TREASURY	1.75	05/15/2022	5,000,000	4,928,846	(105,926)	AAA/AA+

TOTAL ENDOWMENT FUNDS SALES

\$27,500,000

\$30,208,006

\$1,019,701

*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.

**rated BBB by Fitch Ratings

**EQUITY FUNDS
PURCHASES & SALES
DECEMBER 2016**

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I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	362,188	\$13,730,710	\$2,452
500 Large-Cap Fund	124,732	9,304,651	852
600 Small-Cap Fund	274,501	6,155,377	2,059
TOTAL EQUITY PURCHASES	761,421	\$29,190,738	\$5,363

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	101,834	\$7,239,423	\$680
500 Large-Cap Fund	124,349	6,945,290	933
600 Small-Cap Fund	92,144	6,280,129	428
TOTAL EQUITY SALES	318,327	\$20,464,842	\$2,041

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
DECEMBER 31, 2016
(In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	429	\$3,015	\$8,030	\$5,015	
	<i>Shares in Fixed Income Pools</i>	4,307	3,084	4,727	1,461	
	Total	4,736	6,099	12,757	6,476	2.092
102	State Hospital					
	<i>Shares in Equity Pools</i>	291	2,131	5,444	3,313	
	<i>Shares in Fixed Income Pools</i>	2,996	2,329	3,288	832	
	Total	3,287	4,461	8,732	4,145	1.958
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	348	2,629	6,521	3,893	
	<i>Shares in Fixed Income Pools</i>	3,720	2,666	4,083	1,259	
	Total	4,068	5,295	10,604	5,152	2.003
104	Military Institute					
	<i>Shares in Equity Pools</i>	22	163	419	256	
	<i>Shares in Fixed Income Pools</i>	245	167	269	92	
	Total	267	330	688	348	2.088
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	1,003	8,887	18,795	9,908	
	<i>Shares in Fixed Income Pools</i>	10,122	8,814	11,108	1,866	
	Total	11,126	17,701	29,903	11,773	1.689
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	180	1,442	3,372	1,930	
	<i>Shares in Fixed Income Pools</i>	1,858	1,442	2,039	518	
	Total	2,038	2,883	5,410	2,448	1.876
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	679	5,753	12,716	6,964	
	<i>Shares in Fixed Income Pools</i>	6,961	5,733	7,639	1,612	
	Total	7,640	11,486	20,355	8,575	1.772

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
DECEMBER 31, 2016
(In Thousands)

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NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	167,237	1,339,780	3,132,875	1,793,095	
<i>Shares in Fixed Income Pools</i>	1,689,192	1,374,109	1,853,736	408,122	
Total	1,856,429	2,713,889	4,986,611	2,201,217	1.837
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	228	1,720	4,277	2,557	
<i>Shares in Fixed Income Pools</i>	2,573	1,946	2,823	768	
Total	2,801	3,666	7,100	3,325	1.937
111 School of Mines					
<i>Shares in Equity Pools</i>	482	3,610	9,022	5,412	
<i>Shares in Fixed Income Pools</i>	4,963	3,683	5,446	1,554	
Total	5,444	7,292	14,468	6,966	1.984
112 State Charitable					
<i>Shares in Equity Pools</i>	4,873	36,710	91,287	54,577	
<i>Shares in Fixed Income Pools</i>	47,621	37,776	52,261	12,468	
Total	52,494	74,486	143,548	67,045	1.927
113 University Fund					
<i>Shares in Equity Pools</i>	878	6,958	16,454	9,496	
<i>Shares in Fixed Income Pools</i>	9,065	6,910	9,948	2,655	
Total	9,944	13,868	26,403	12,151	1.904
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,293	32,070	61,694	29,624	
<i>Shares in Fixed Income Pools</i>	33,991	29,296	37,226	6,567	
Total	37,285	61,366	98,919	36,191	1.612
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	179,944	1,444,868	3,370,907	1,926,038	
<i>Shares in Fixed Income Pools</i>	1,817,614	1,477,953	1,994,593	439,774	
Grand Total	1,997,558	\$2,922,821	\$5,365,500	\$2,365,812	
PRIOR YEAR:					
DECEMBER 2015 BALANCES	1,963,774	\$2,977,024	\$5,070,937	\$2,093,913	

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
DECEMBER 31, 2016**

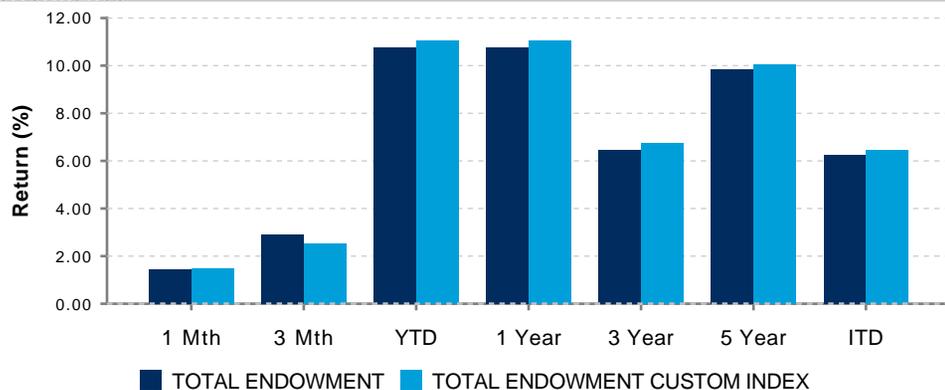
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ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	DECEMBER 2015 MARKET VALUE
<i>Shares in Equity Pools</i>	9.01%	49.43%	62.83%	62.72%
<i>Shares in Fixed Income Pools</i>	90.99%	50.57%	37.17%	37.28%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====



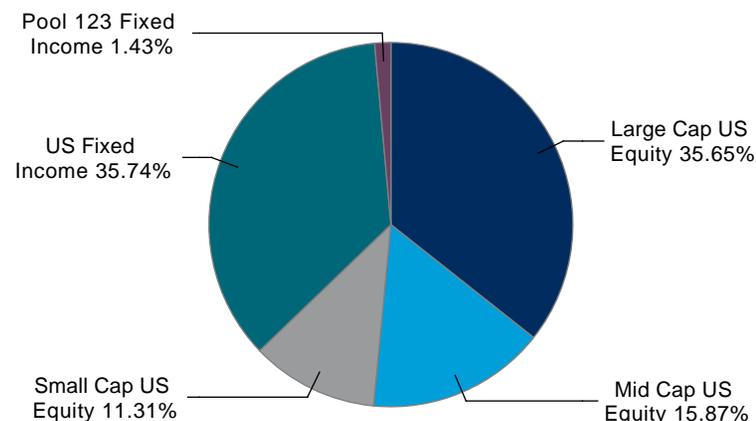
Performance



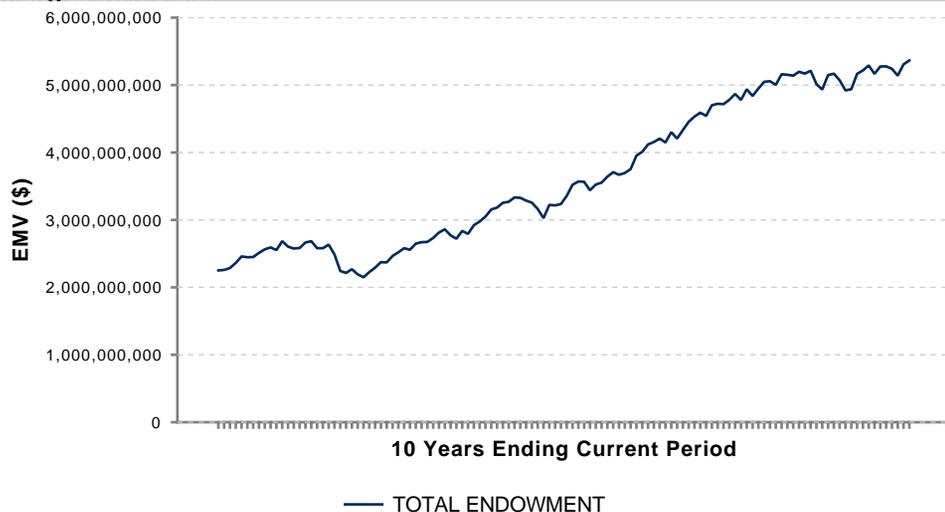
	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Incept Date
TOTAL ENDOWMENT	1.43	2.91	10.78	10.78	6.45	9.84	6.26	07/99
TOTAL ENDOWMENT CUSTOM INDEX	1.48	2.52	11.07	11.07	6.74	10.04	6.45	07/99
Excess	-0.05	0.39	-0.30	-0.30	-0.30	-0.21	-0.18	

Asset Allocation

	Ending Market Value
TOTAL ENDOWMENT	5,365,500,099



Ending Market Value



3 Year Risk Statistics

	Return	Portfolio Std Dev	Benchmark Std Dev	Sharpe Ratio	Beta	Tracking Error	Information Ratio
TOTAL ENDOWMENT	6.45	6.86	6.98	0.92	0.98	0.38	-0.78



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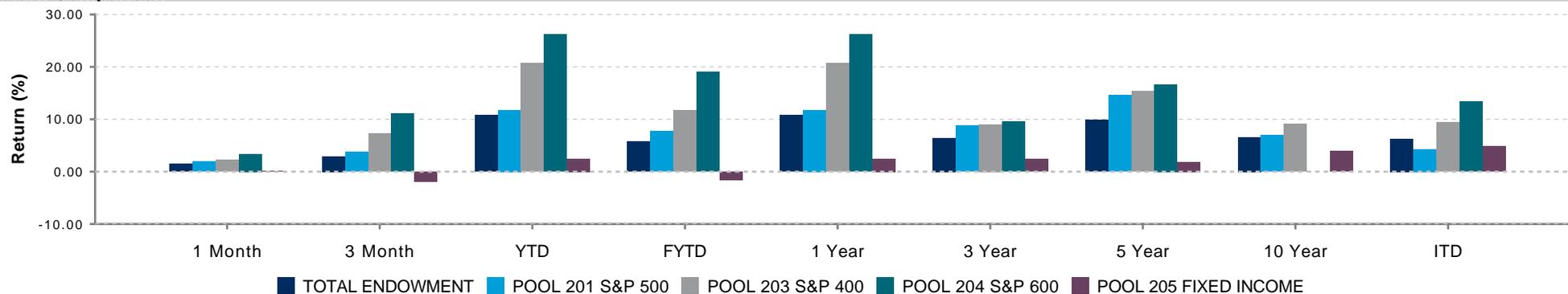
December 31, 2016

Total Returns Net Mgr



STATE STREET

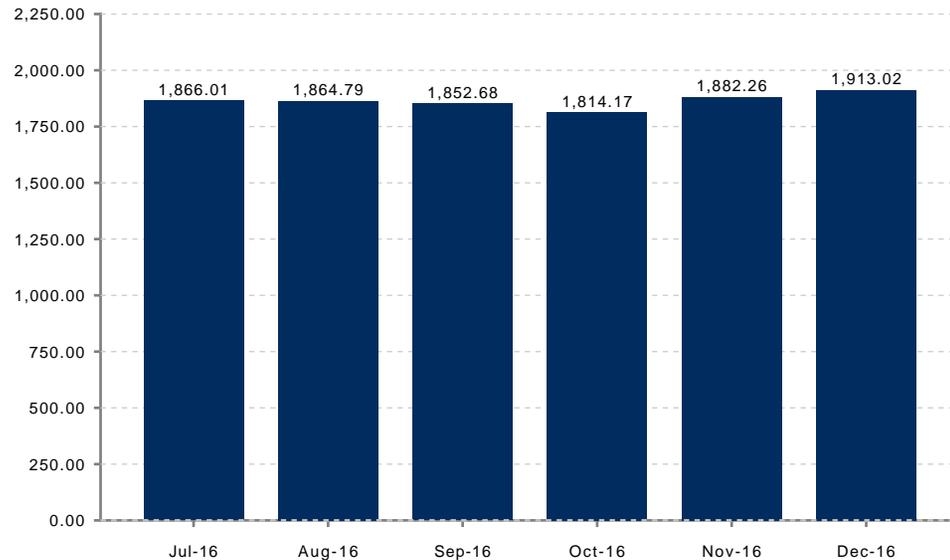
Return Comparison



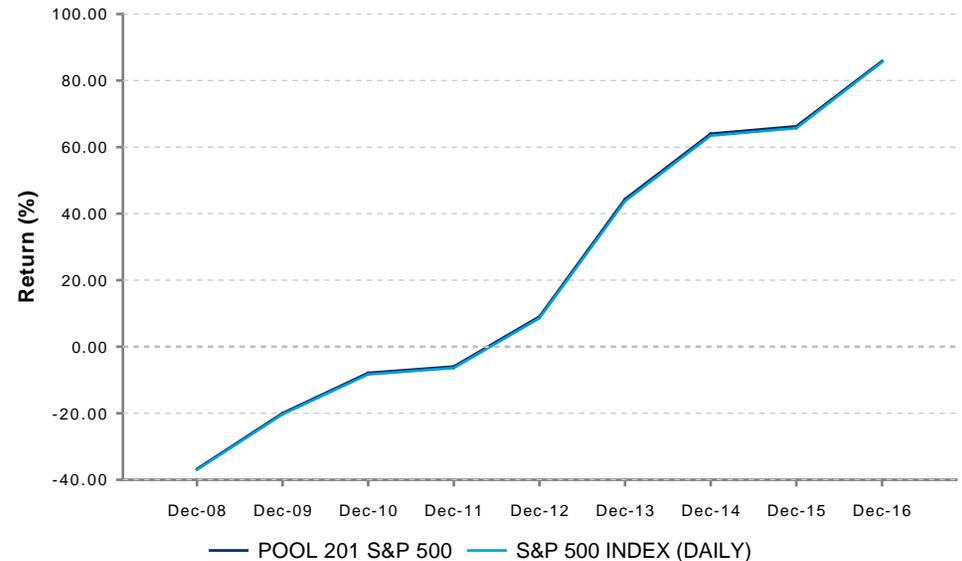
	Market Value	Actual Weight	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD	Inc Date
TOTAL ENDOWMENT	5,365,500,099	100.00	1.43	2.91	10.78	5.77	10.78	6.45	9.84	6.59	6.26	Jul-01-99
TOTAL ENDOWMENT CUSTOM INDEX			1.48	2.52	11.07	5.52	11.07	6.74	10.04	6.85	6.45	Jul-01-99
Excess			-0.05	0.39	-0.30	0.25	-0.30	-0.30	-0.21	-0.26	-0.18	
POOL 201 S&P 500	1,913,017,093	35.65	1.97	3.78	11.79	7.78	11.79	8.78	14.60	6.95	4.29	Jul-01-99
S&P 500 INDEX (DAILY)			1.98	3.82	11.96	7.82	11.96	8.87	14.66	6.95	4.82	Jul-01-99
Excess			-0.01	-0.04	-0.17	-0.05	-0.17	-0.09	-0.06	0.01	-0.53	
POOL 203 S&P 400	851,275,769	15.87	2.18	7.28	20.66	11.72	20.66	9.04	15.35	9.07	9.44	Aug-01-01
S&P 400 MIDCAP INDEX (DAILY)			2.19	7.42	20.74	11.87	20.74	9.04	15.33	9.16	9.45	Aug-01-01
Excess			-0.01	-0.14	-0.07	-0.15	-0.07	-0.00	0.02	-0.09	-0.02	
POOL 204 S&P 600	606,614,007	11.31	3.36	11.07	26.18	19.03	26.18	9.53	16.67		13.42	Mar-01-11
S&P SM 600 TR			3.37	11.13	26.56	19.14	26.56	9.47	16.62		13.40	Mar-01-11
Excess			-0.01	-0.06	-0.38	-0.11	-0.38	0.05	0.06		0.02	
POOL 205 FIXED INCOME	1,917,726,594	35.74	0.05	-1.86	2.45	-1.59	2.45	2.43	1.87	3.89	4.86	Jul-01-99
CITIGROUP BIG (DAILY)			0.12	-3.03	2.66	-2.56	2.66	3.01	2.22	4.43	5.15	Jul-01-99
Excess			-0.07	1.18	-0.21	0.97	-0.21	-0.58	-0.34	-0.53	-0.29	
POOL 123 FIXED INCOME	76,866,636	1.43	0.07	0.20		0.37					0.39	Jun-01-16
ASTO - POOL 5 BENCHMARK			0.04	0.12		0.23					0.26	Jun-01-16
Excess			0.03	0.08		0.14					0.13	



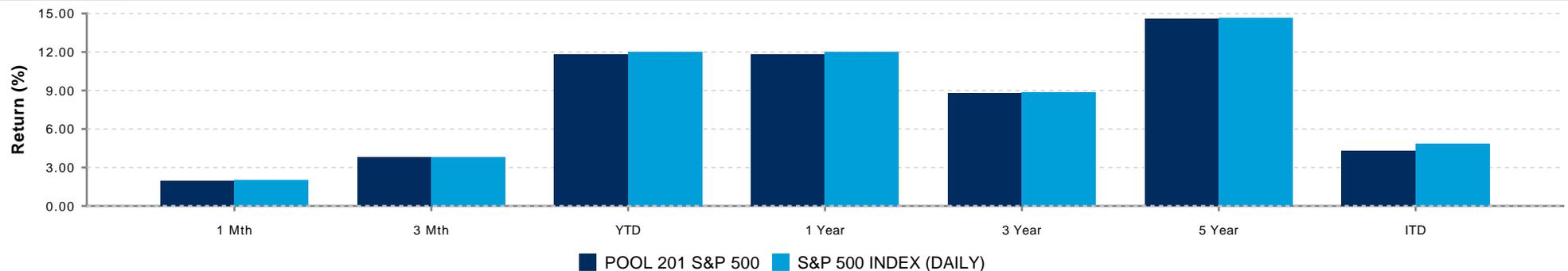
Net Asset Values over Time (\$MM)



Cumulative Return (%)



Rates of Return



	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2016	Dec 31 2015	Dec 31 2014
POOL 201 S&P 500	1.97	3.78	11.79	11.79	8.78	14.60	4.29	11.79	1.35	13.60
S&P 500 INDEX (DAILY)	1.98	3.82	11.96	11.96	8.87	14.66	4.82	11.96	1.38	13.69
Excess	-0.01	-0.04	-0.17	-0.17	-0.09	-0.06	-0.53	-0.17	-0.03	-0.08

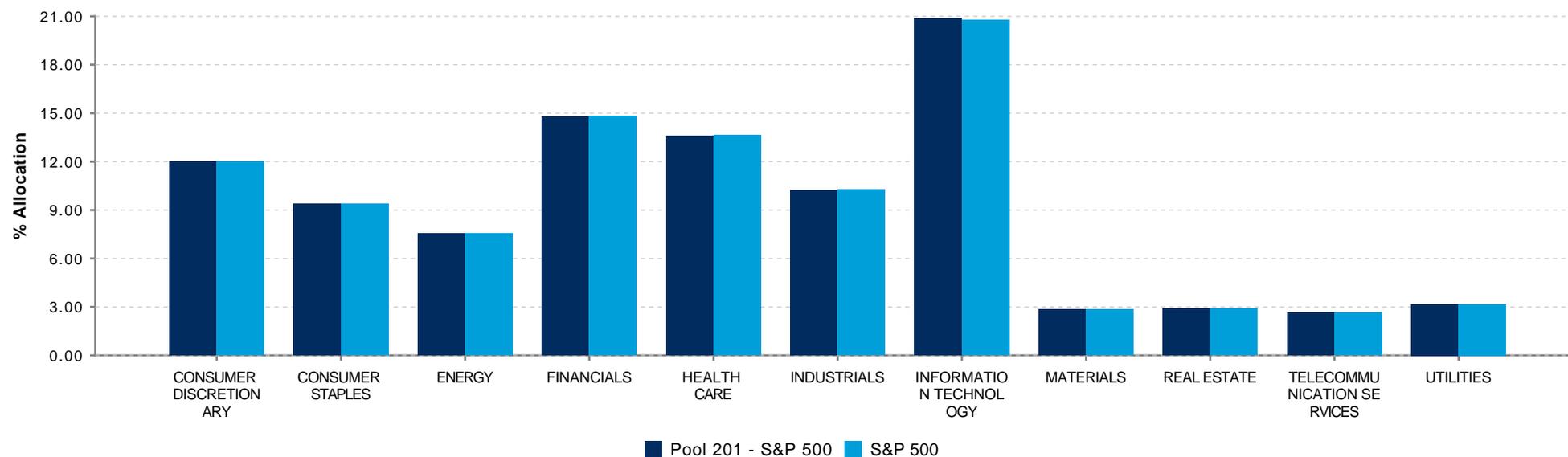
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POOL 201 S&P 500
Sector Allocation vs S&P 500



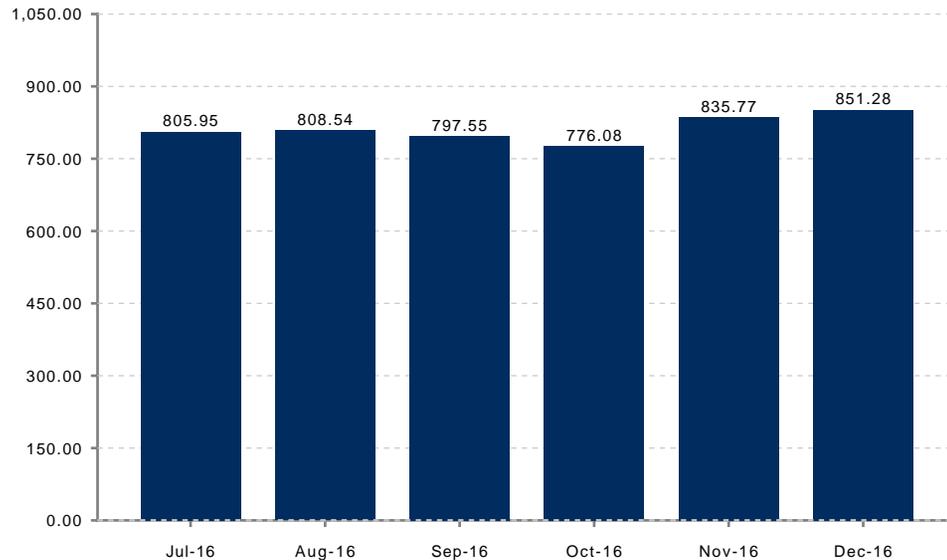
STATE STREET.



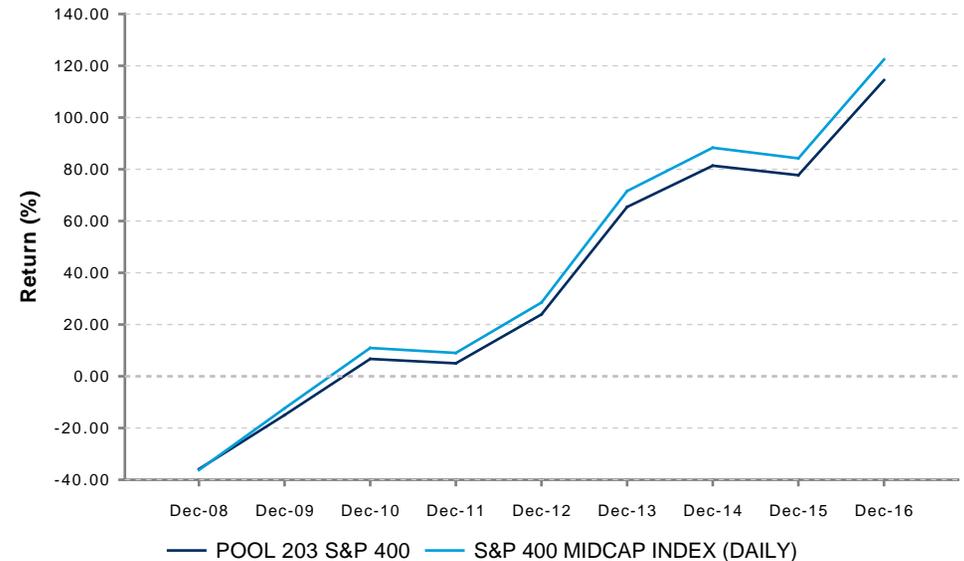
	Fund Weight	Benchmark Weight	Relative Weight
POOL 201 S&P 500	100.00	100.00	0.00
CONSUMER DISCRETIONARY	12.32	12.32	-0.00
CONSUMER STAPLES	9.27	9.26	0.00
ENERGY	7.54	7.52	0.02
FINANCIALS	14.54	14.65	-0.10
HEALTH CARE	13.74	13.74	0.00
INDUSTRIALS	10.43	10.46	-0.03
INFORMATION TECHNOLOGY	20.91	20.81	0.11
MATERIALS	2.91	2.91	-0.00
REAL ESTATE	2.76	2.77	-0.00
TELECOMMUNICATION SERVICES	2.49	2.50	-0.00
UTILITIES	3.09	3.07	0.01



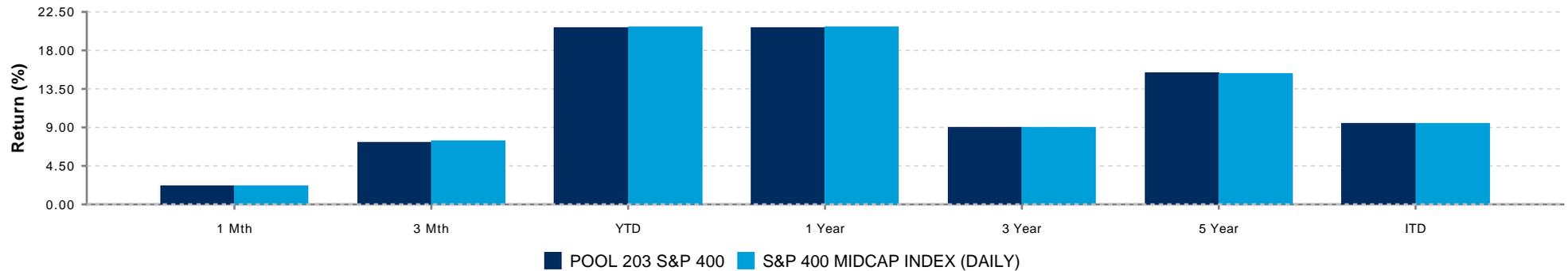
Net Asset Values over Time (\$MM)



Cumulative Return (%)



Rates of Return



	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2016	Dec 31 2015	Dec 31 2014
POOL 203 S&P 400	2.18	7.28	20.66	20.66	9.04	15.35	9.44	20.66	-2.02	9.64
S&P 400 MIDCAP INDEX (DAILY)	2.19	7.42	20.74	20.74	9.04	15.33	9.45	20.74	-2.18	9.77
Excess	-0.01	-0.14	-0.07	-0.07	-0.00	0.02	-0.02	-0.07	0.16	-0.12

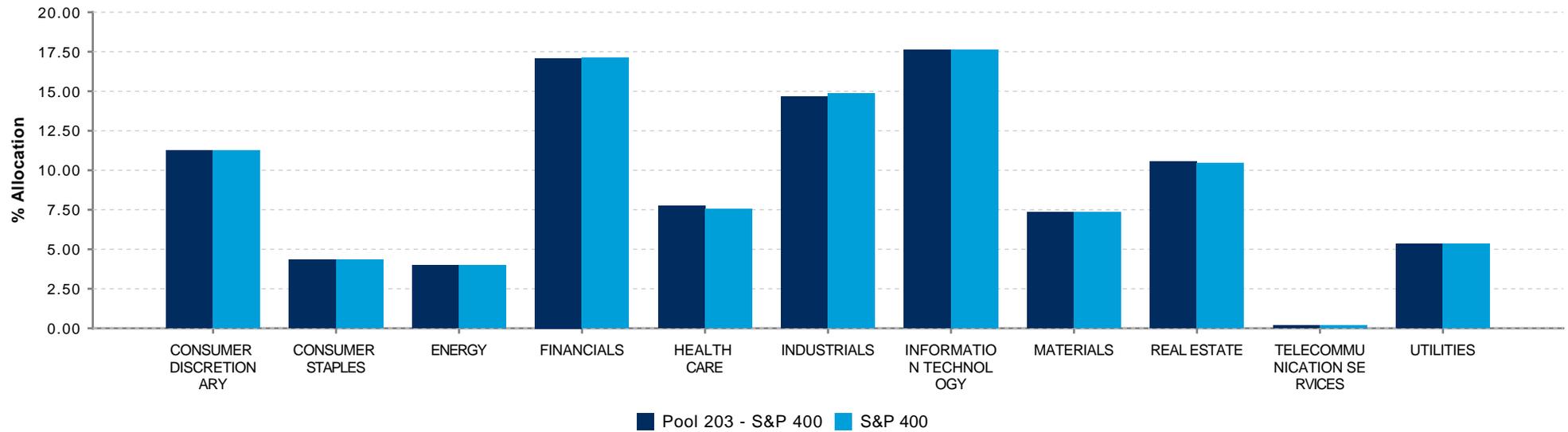
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2016

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



STATE STREET.



	Weight Fund	Weight Benchmark	Weight Relative
POOL 203 S&P 400	100.00	100.00	0.00
CONSUMER DISCRETIONARY	11.49	11.45	0.04
CONSUMER STAPLES	4.15	4.26	-0.11
ENERGY	4.05	4.03	0.01
FINANCIALS	16.38	16.32	0.05
HEALTH CARE	7.54	7.52	0.02
INDUSTRIALS	14.75	14.92	-0.17
INFORMATION TECHNOLOGY	17.88	17.83	0.05
MATERIALS	7.39	7.36	0.04
REAL ESTATE	10.90	10.85	0.05
TELECOMMUNICATION SERVICES	0.16	0.16	0.00
UTILITIES	5.32	5.29	0.03

OFFICE OF THE ARIZONA STATE TREASURER

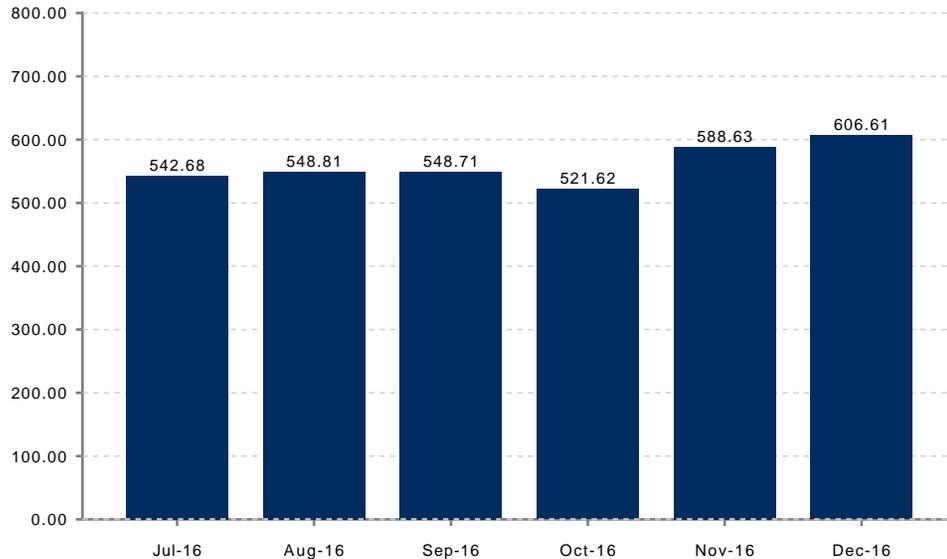
December 31, 2016

POOL 204 S&P 600

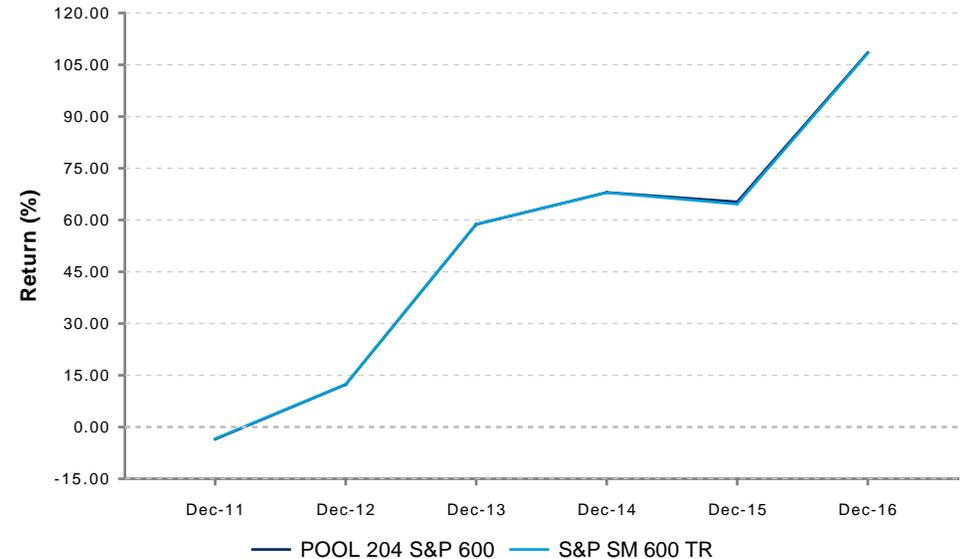


STATE STREET

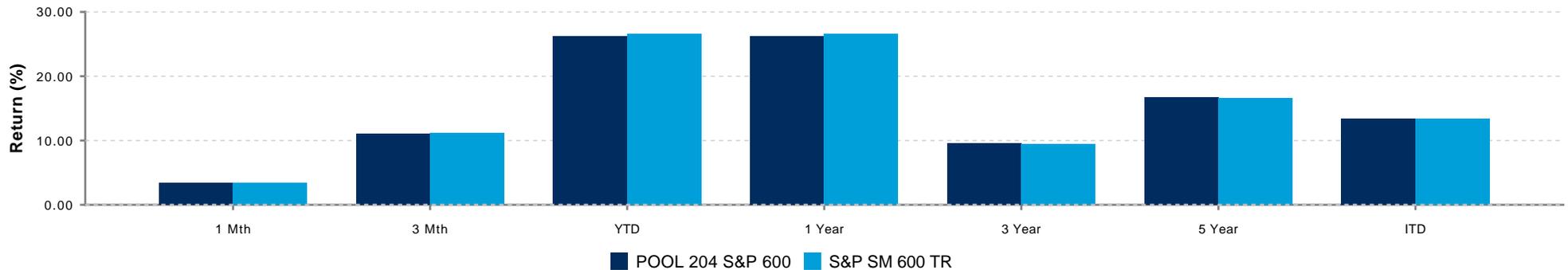
Net Asset Values over Time (\$MM)



Cumulative Return (%)



Rates of Return



	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2016	Dec 31 2015	Dec 31 2014
POOL 204 S&P 600	3.36	11.07	26.18	26.18	9.53	16.67	13.42	26.18	-1.62	5.84
S&P SM 600 TR	3.37	11.13	26.56	26.56	9.47	16.62	13.40	26.56	-1.97	5.76
Excess	-0.01	-0.06	-0.38	-0.38	0.05	0.06	0.02	-0.38	0.36	0.09

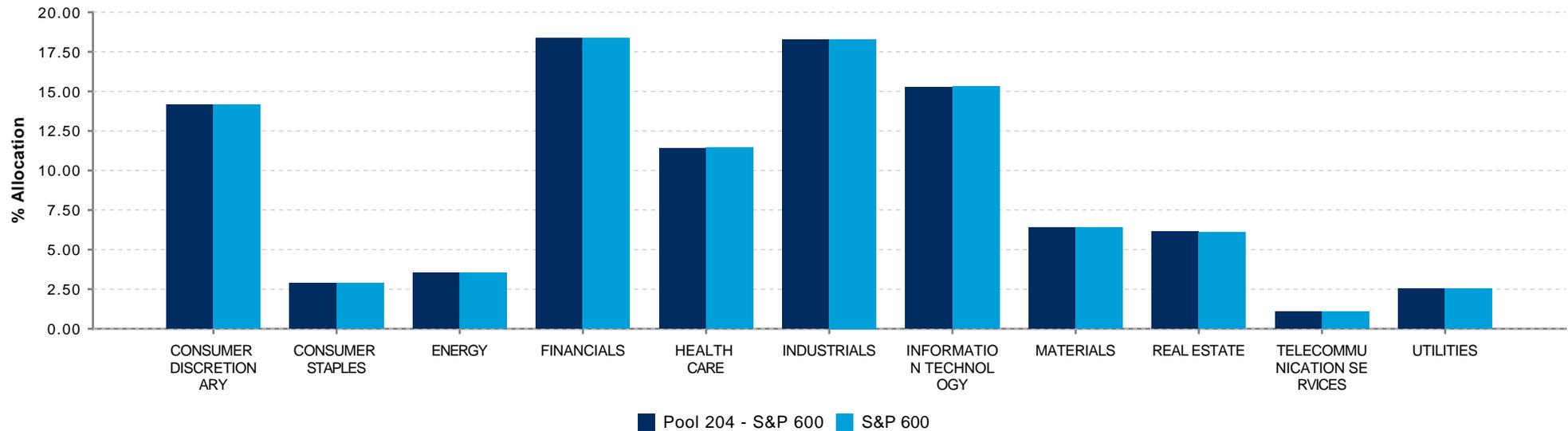
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2016

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



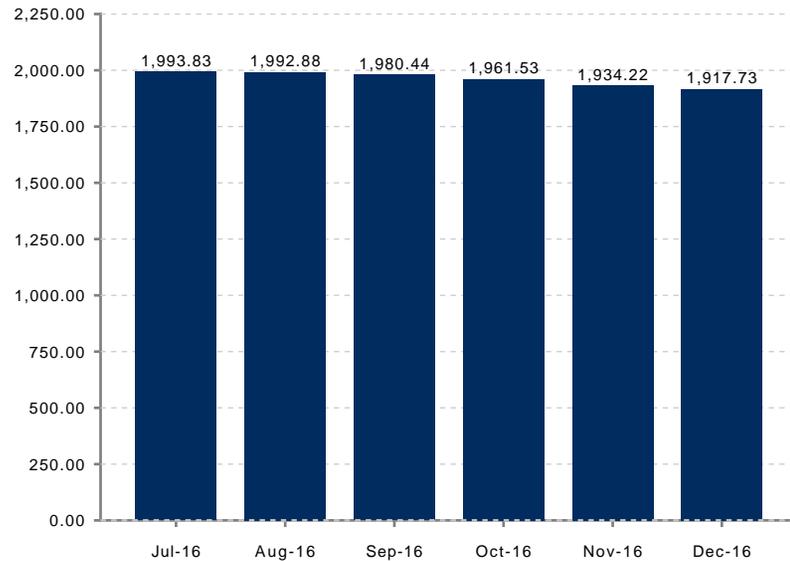
STATE STREET.



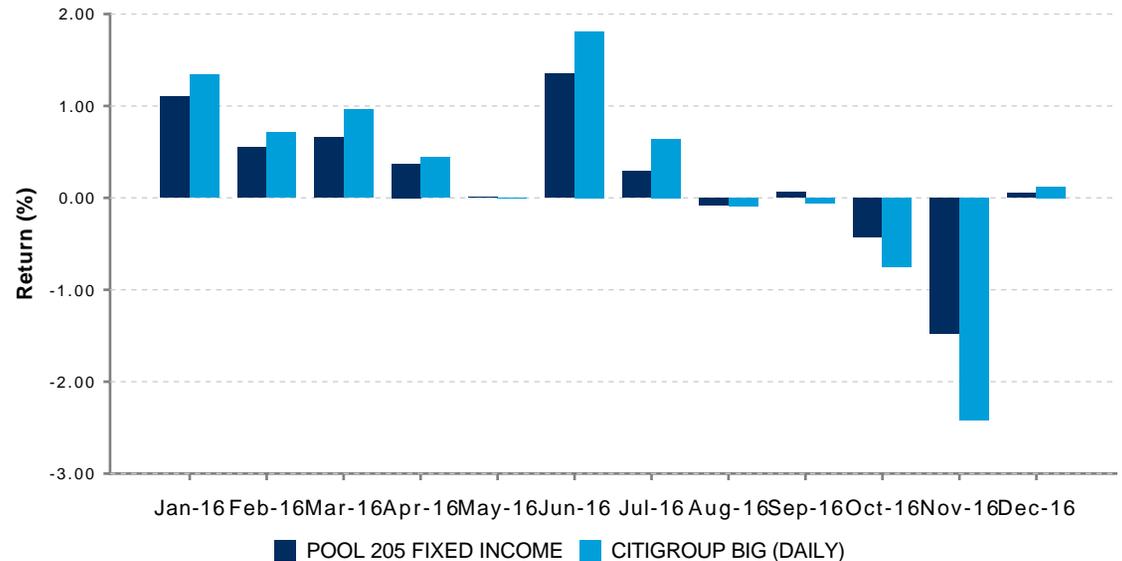
	Weight Fund	Weight Benchmark	Weight Relative
POOL 204 S&P 600	100.00	100.00	0.00
CONSUMER DISCRETIONARY	14.34	14.36	-0.02
CONSUMER STAPLES	2.75	2.75	0.00
ENERGY	3.47	3.47	-0.01
FINANCIALS	17.85	17.89	-0.04
HEALTH CARE	11.52	11.52	-0.00
INDUSTRIALS	18.58	18.60	-0.02
INFORMATION TECHNOLOGY	15.53	15.51	0.02
MATERIALS	6.44	6.44	0.00
REAL ESTATE	5.95	5.89	0.05
TELECOMMUNICATION SERVICES	1.04	1.03	0.00
UTILITIES	2.53	2.53	0.01



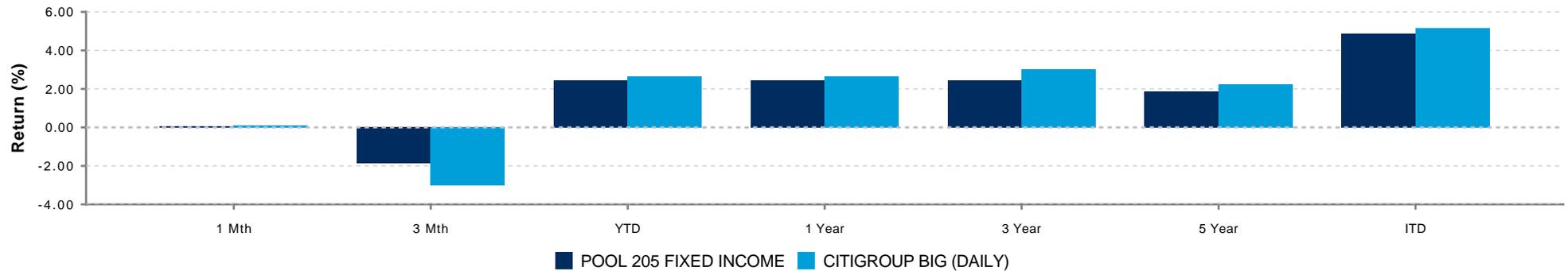
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

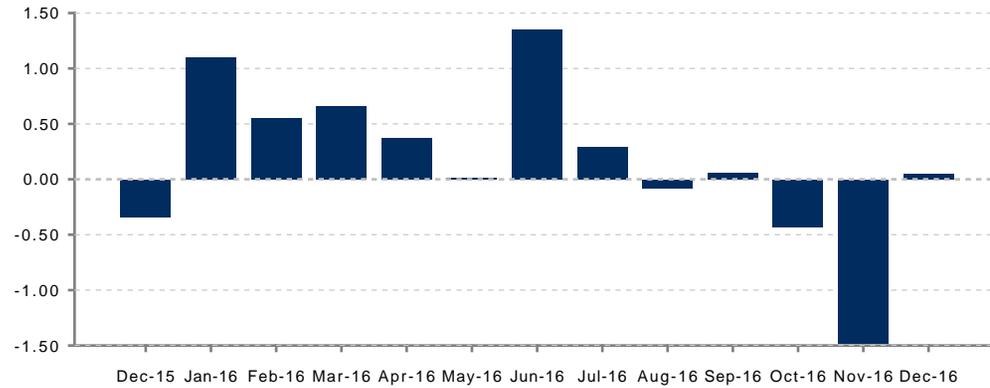


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2016	Dec 31 2015	Dec 31 2014
POOL 205 FIXED INCOME	0.05	-1.86	2.45	2.45	2.43	1.87	4.86	2.45	0.91	3.95
CITIGROUP BIG (DAILY)	0.12	-3.03	2.66	2.66	3.01	2.22	5.15	2.66	0.53	5.91
Excess	-0.07	1.18	-0.21	-0.21	-0.58	-0.34	-0.29	-0.21	0.38	-1.96

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Net Mqr Return

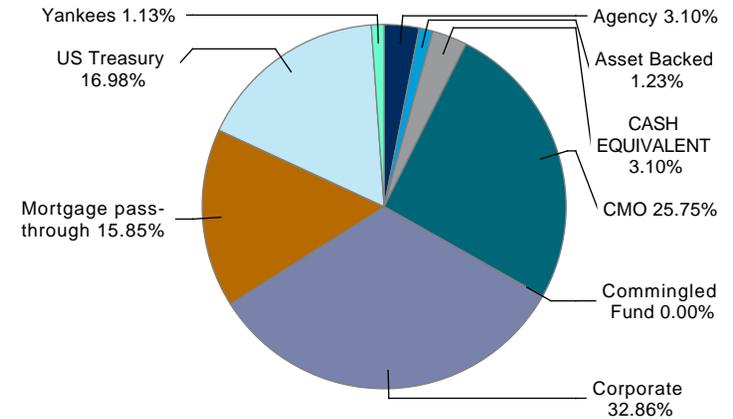


Current Mth **Prior Mth** **1 Year Ago**

POOL 205 FIXED INCOME	0.05	-1.48	-0.34
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Asset Allocation

	Ending Market Value
POOL 205 FIXED INCOME	1,917,726,594



Net Asset Values over Time (\$MM)

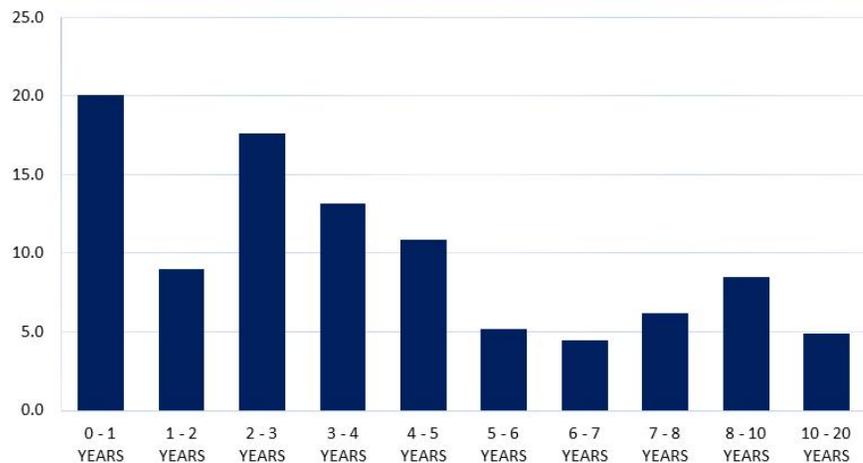


Top 10 Holdings

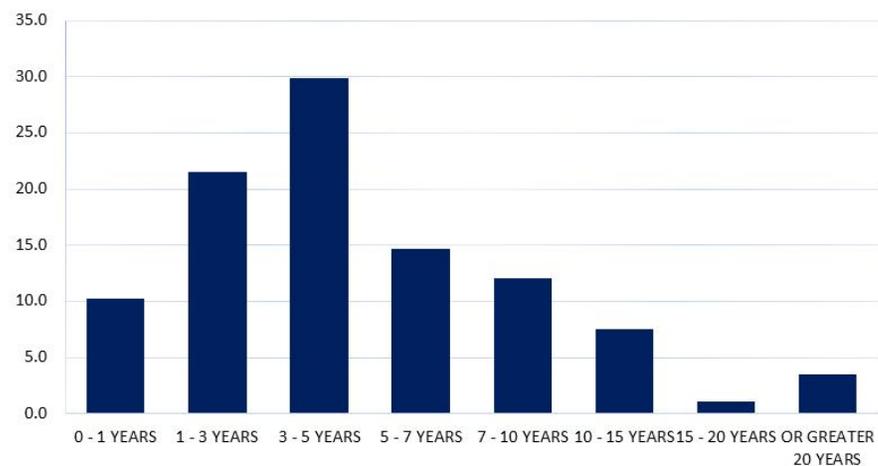
Security Name	Ending Market Value	% of Portfolio
POOL 205 FIXED INCOME		
US TREASURY N/B	27,898,198	1.45
BLACKROCK PROV TEMP	24,671,619	1.29
GOVERNMENT NATIONAL	20,267,154	1.06
US TREASURY N/B	20,249,735	1.06
US TREASURY N/B	17,236,713	0.90
US TREASURY N/B	17,033,715	0.89
US TREASURY N/B	16,446,863	0.86
WELLS FARGO + COMPAN	15,347,437	0.80
FIFTH THIRD BANK	15,040,143	0.78
MOUNTCLIFF	14,974,383	0.78



Duration Distribution



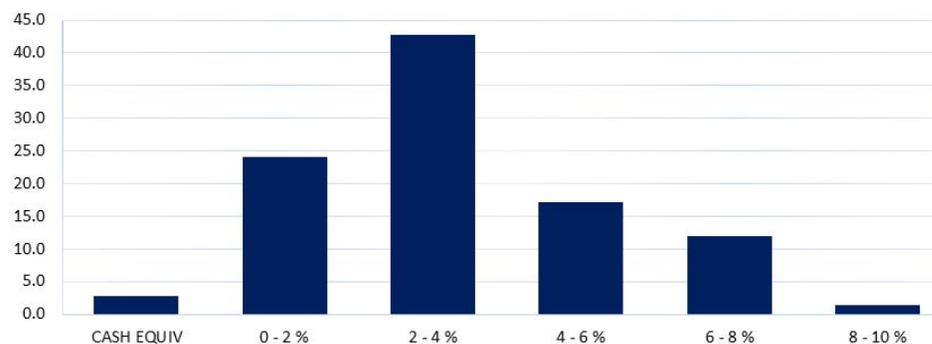
Expected Maturity Distribution



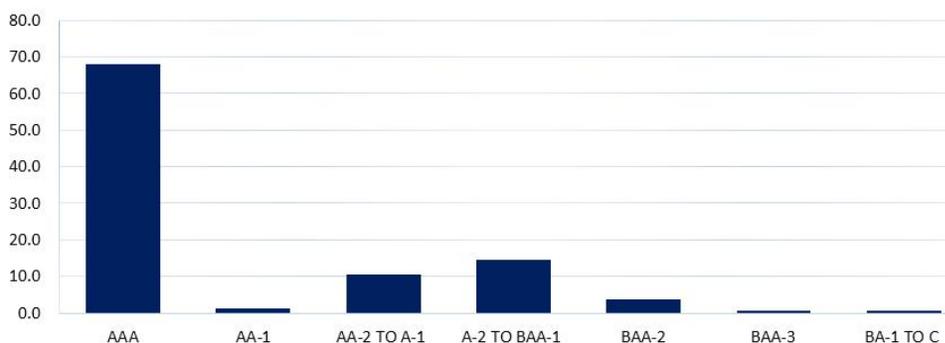
Portfolio Level Characteristics

	POOL 205 FIXED INCOME
Weighted Average Life	5.22
Coupon	3.42
Effective Duration	3.91
Quality Rating (Moody's)	AA-2

Coupon Distribution



Rating Distribution



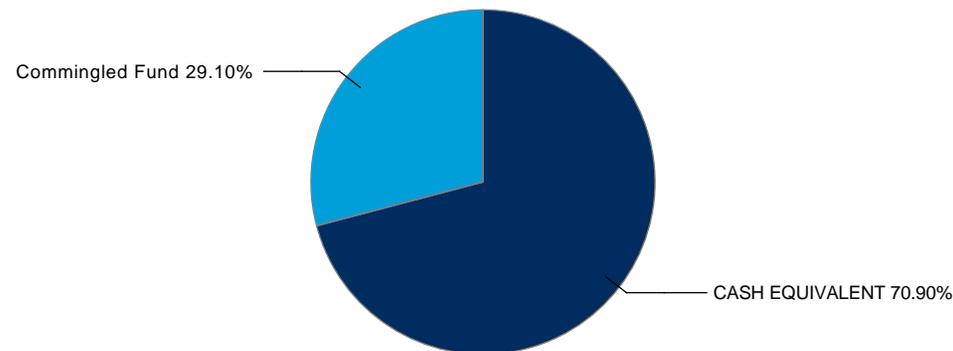


Asset Allocation

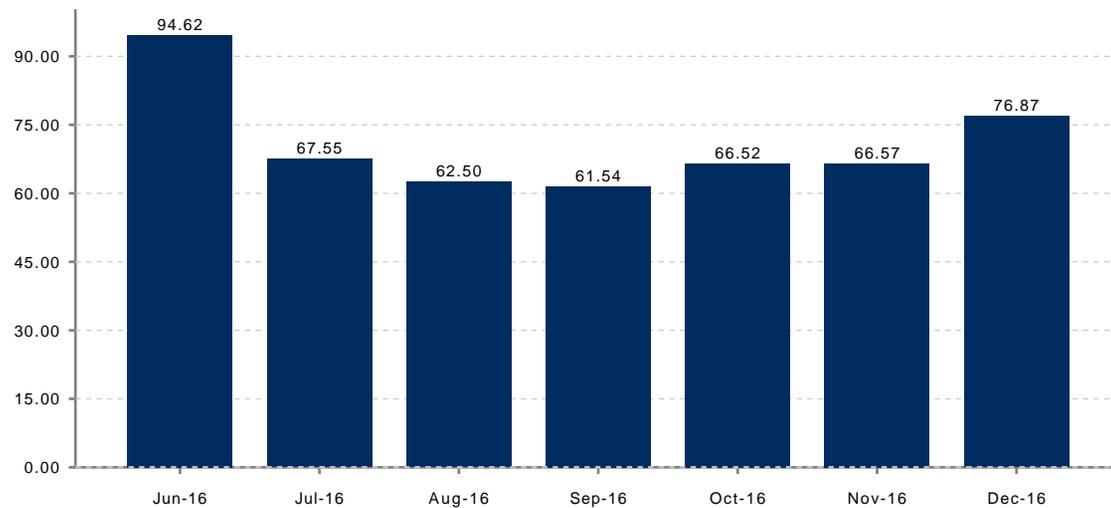
Ending Market Value

POOL 123 ST

76,866,636



Net Asset Values over Time (\$MM)

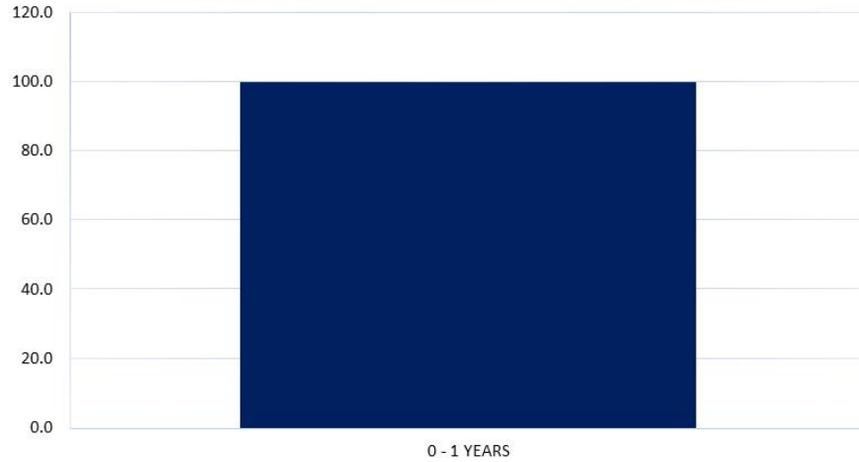


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 123 ST		
LOCAL GOVERNMENT INV	22,560,647	29.35
INSTITUTIONAL SECURED	14,998,450	19.51
MOUNTCLIFF	14,974,383	19.48
SHEFFIELD RECEIVABLE	14,962,375	19.47
CROWN POINT CAP CO.	9,960,350	12.96



Duration Distribution



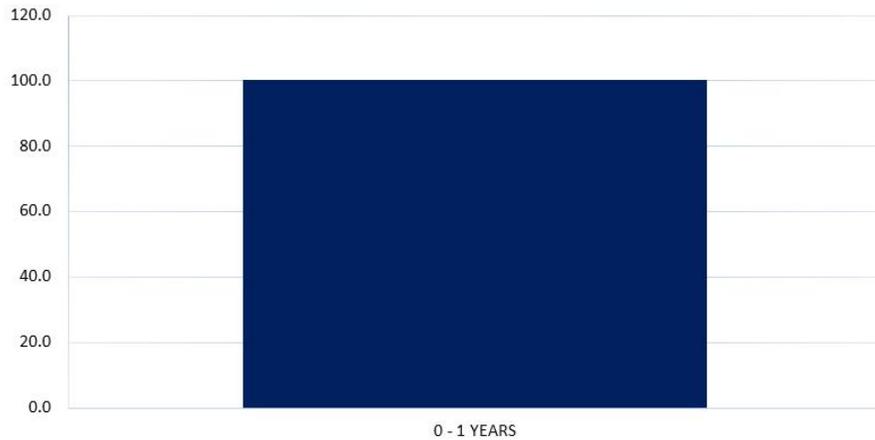
Portfolio Level Characteristics

	POOL 123 ST
Weighted Average Life	0.12
Coupon	0.00
Effective Duration	0.12
Quality Rating (Moody's)	AAA

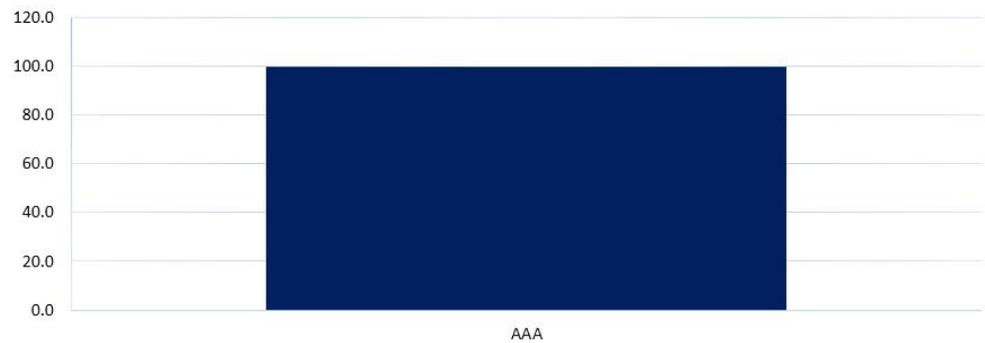
Coupon Distribution



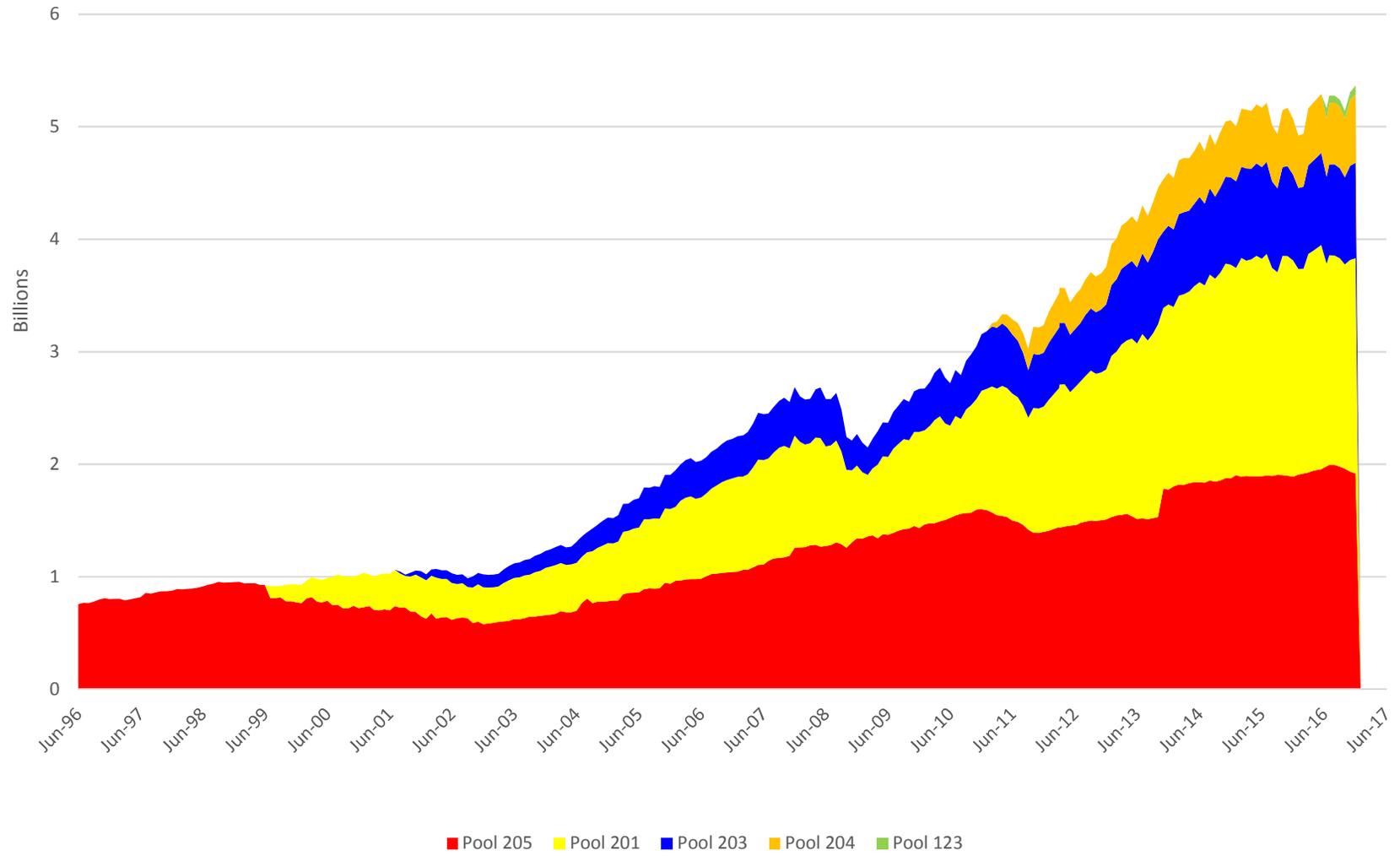
Expected Maturity Distribution



Rating Distribution



Endowment Fund Market Value



BROKER ACTIVITY REPORT
STATE AGENCY POOLS 2, 3 Int., 4, 12, 15, 16 & 10 Int.
OCTOBER 1 - DECEMBER 31, 2016

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
AMHERST SECURITIES				
	REPO	4,971,896,269	13.80%	13.21%
BA SECURITIES INC.				
	REPO	104,684,307	0.29%	0.28%
	COMMERCIAL PAPER	124,973,792	12.62%	0.33%
	US AGENCY	29,987,625	10.91%	0.08%
	US TREAS	60,080,755	19.04%	0.16%
BARCLAYS CAPITAL INC.				
	COMMERCIAL PAPER	223,435,752	22.56%	0.59%
	US AGENCY	79,975,136	29.11%	0.21%
	US TREAS	20,296,365	6.43%	0.05%
CANTOR FITZGERALD				
	COMMERCIAL PAPER	29,997,167	3.03%	0.08%
	USA MBS	4,120,625	100.00%	0.01%
CITIGROUP				
	COMMERCIAL PAPER	44,971,028	4.54%	0.12%
CREDIT SUISSE SECURITIES				
	COMMERCIAL PAPER	88,228,292	8.91%	0.23%
DAIWA CAPITAL MARKETS				
	REPO	398,596,836	1.11%	1.06%
	US AGENCY	24,988,260	9.09%	0.07%
DEUTSCHE BANC				
	REPO	227,504,318	0.63%	0.60%
FIRST TENNESSEE				
	US AGENCY	19,952,250	7.26%	0.05%

BROKER ACTIVITY REPORT
STATE AGENCY POOLS 2, 3 Int., 4, 12, 15, 16 & 10 Int.
OCTOBER 1 - DECEMBER 31, 2016

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
GOLDMAN SACHS				
	US AGENCY	19,982,447	7.27%	0.05%
GUGGENHEIM SECURITIES				
	CD's	29,999,997	100.00%	0.08%
	REPO	2,520,308,072	7.00%	6.69%
	US AGENCY	49,981,644	18.19%	0.13%
	US TREAS	29,988,242	9.50%	0.08%
JP MORGAN CHASE				
	COMMERCIAL PAPER	257,433,603	25.99%	0.68%
MIZUHO SECURITIES				
	REPO	362,563,903	1.01%	0.96%
	COMMERCIAL PAPER	14,995,104	1.51%	0.04%
	US AGENCY	29,972,222	10.91%	0.08%
	US TREAS	59,970,374	19.01%	0.16%
RBC CAPITAL MARKETS				
	REPO	28,000,000	0.08%	0.07%
	COMMERCIAL PAPER	206,483,384	20.85%	0.55%
	US AGENCY	19,926,978	7.25%	0.05%
	US TREAS	54,883,939	17.40%	0.15%
SOUTH STREET				
	REPO	26,967,885,104	74.86%	71.63%
WELLS FARGO				
	REPO	443,399,539	1.23%	1.18%
	CORP NOTES	9,986,200	100.00%	0.03%
	US TREAS	90,295,720	28.62%	0.24%

BROKER ACTIVITY REPORT
LGIP POOLS 5, 7, 500 and 700
OCTOBER 1 - DECEMBER 31, 2016

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
AMHERST SECURITIES				
	REPO	1,658,103,731	4.27%	3.99%
BA SECURITIES INC.				
	REPO	5,895,315,693	15.17%	14.18%
	COMMERCIAL PAPER	354,172,794	22.04%	0.85%
	US TREAS	54,980,013	5.51%	0.13%
BARCLAYS CAPITAL INC.				
	COMMERCIAL PAPER	44,946,708	2.80%	0.11%
CANTOR FITZGERALD				
	COMMERCIAL PAPER	19,997,783	1.24%	0.05%
	US AGENCY	2,979,055	12.55%	0.01%
CITIGROUP				
	COMMERCIAL PAPER	9,996,058	0.62%	0.02%
CREDIT SUISSE SECURITIES				
	COMMERCIAL PAPER	29,996,925	1.87%	0.07%
DAIWA CAPITAL MARKETS				
	REPO	11,901,403,164	30.63%	28.63%
	US TREAS	39,985,160	4.00%	0.10%
DEUTSCHE BANC				
	REPO	117,495,682	0.30%	0.28%
GREAT PACIFIC				
	COMMERCIAL PAPER	295,520,840	18.39%	0.71%
GUGGENHEIM SECURITIES, LLC				
	CD's	20,000,000	26.63%	0.05%
	REPO	3,399,691,928	8.75%	8.18%
	COMMERCIAL PAPER	64,989,347	4.04%	0.16%
	US TREAS	348,827,790	34.93%	0.84%

BROKER ACTIVITY REPORT
LGIP POOLS 5, 7, 500 and 700
OCTOBER 1 - DECEMBER 31, 2016

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
JP MORGAN CHASE				
	COMMERCIAL PAPER	49,977,125	3.11%	0.12%
MITSUBISHI				
	COMMERCIAL PAPER	65,491,934	4.07%	0.16%
MIZUHO SECURITIES				
	CD's	35,000,000	46.61%	0.08%
	REPO	2,447,436,097	6.30%	5.89%
	COMMERCIAL PAPER	362,843,258	22.58%	0.87%
	US TREAS	214,877,915	21.52%	0.52%
RBC CAPITAL MARKETS				
	REPO	72,000,000	0.19%	0.17%
	COMMERCIAL PAPER	52,390,633	3.26%	0.13%
ROBERT W. BAIRD				
	US AGENCY	2,955,091	12.45%	0.01%
SOUTH STREET				
	REPO	3,282,114,896	8.45%	7.89%
WELLS FARGO				
	CD's	20,098,807	26.76%	0.05%
	REPO	10,086,600,461	25.96%	24.26%
	COMMERCIAL PAPER	256,883,913	15.98%	0.62%
	CORP NOTES	8,497,405	100.00%	0.02%
	US AGENCY	17,808,768	75.01%	0.04%
	US TREAS	339,932,687	34.04%	0.82%

BROKER ACTIVITY REPORT
ENDOWMENT FIXED INCOME POOLS 205 and 123
OCTOBER 1 - DECEMBER 31, 2016

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
BA SECURITIES INC.				
	COMMERCIAL PAPER	13,982,088	14.17%	5.79%
	CORP NOTES	4,995,450	100.00%	2.07%
	US TREAS	29,543,227	50.13%	12.23%
BARCLAYS CAPITAL INC.				
	COMMERCIAL PAPER	14,948,375	15.14%	6.19%
	US TREAS	14,444,624	24.51%	5.98%
BREAN CAPITAL				
	USA MBS	40,023,197	50.66%	16.56%
CANTOR FITZGERALD				
	COMMERCIAL PAPER	14,987,988	15.19%	6.20%
	USA MBS	15,010,359	19.00%	6.21%
	US TREAS	3,011,472	5.11%	1.25%
JP MORGAN CHASE				
	COMMERCIAL PAPER	54,783,628	55.50%	22.67%
ROBERT W BAIRD				
	USA MBS	7,036,322	8.91%	2.91%
RBC CAPITAL MARKETS				
	USA MBS	6,914,113	8.75%	2.86%
SUNTRUST ROBINSON				
	USA MBS	10,014,231	12.68%	4.14%
WELLS FARGO				
	US TREAS	11,939,471	20.26%	4.94%

BROKER ACTIVITY REPORT
ENDOWMENT EQUITY POOLS 201, 203, & 204
OCTOBER 1 - DECEMBER 31, 2016

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
BLOOMBERG				
	LARGE CAP	10,217,250	40.15%	15.03%
	MID CAP	12,346,033	52.48%	18.17%
	SMALL CAP	10,897,187	57.39%	16.03%
GOLDMAN SACHS				
	LARGE CAP	129,596	0.51%	0.19%
	SMALL CAP	1,027,378	5.41%	1.51%
MKM HOLDINGS				
	LARGE CAP	14,329,412	56.31%	21.08%
	MID CAP	11,177,267	47.52%	16.45%
	SMALL CAP	6,941,492	36.56%	10.21%
SG AMERICAS SECURITIES LLC				
	LARGE CAP	772,935	3.04%	1.14%
	SMALL CAP	122,920	0.65%	0.18%