



333 Bush Street
San Francisco, CA 94104
(415) 263-5400
www.statefundca.com

Date: February 1, 2013

AGENDA ITEM 10ci - INFORMATIONAL ONLY FOR BOARD OF DIRECTORS

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Approval of Investment Transactions
- II. PROGRAM:** Treasury and Investments
- III. RECOMMENDATION:** To approve and ratify the Investment Transactions from October 1, 2012 to December 31, 2012.
- IV. ANALYSIS:**
The bond transactions for the period of October 1, 2012 to December 31, 2012 are attached as Item 4a. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 4b. We request the Investment Committee's approval and ratification of these investment transactions. These reports are also attached as Item 10ci on the agenda of the Full Board meeting.
- V. RESULTS/COSTS:**
Reporting on the Investment Transactions fulfills a responsibility of the Treasury and Investments Department.

STEPHANIE CHAN, Treasury and
Investments Program Manager

Attachments



BOND TRANSACTIONS

Ninety-one transactions were consummated during the period from October 1, 2012 to December 31, 2012.

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
PURCHASES:							
<u>Agency</u>							
CONNING							
10/12/12	10/25/12	7,500,000.00	FANNIE MAE	2.200	10/25/22	2.200	Aaa / AA+
10/12/12	10/29/12	7,500,000.00	FANNIE MAE	1.550	10/29/19	1.550	Aaa / AA+
	Subtotal:	15,000,000.00	2 item(s)				

Total: Agency	15,000,000.00	2 item(s)
----------------------	----------------------	------------------

Taxable Municipal

CONNING							
11/06/12	11/29/12	10,000,000.00	WISCONSIN ST GEN FUND	3.769	05/01/28	3.769	Aa3 / AA-
	Subtotal:	10,000,000.00	1 item(s)				

Deutsche Insurance Asset Management

10/26/12	11/20/12	600,000.00	HI HONOLULU-G-TXBL	2.512	11/01/22	2.512	Aa1 / AA+
10/26/12	11/20/12	3,500,000.00	HI HONOLULU-G-TXBL	2.812	11/01/23	2.812	Aa1 / AA+
	Subtotal:	4,100,000.00	2 item(s)				

New England Asset Management

10/11/12	10/17/12	3,250,000.00	DENVER-C-TXB-ARPT REV	3.592	11/15/26	3.592	A1 / A+
10/19/12	10/24/12	12,050,000.00	OREGON ST SCH BRDS ASSN	0.000	06/30/23	3.910	Aa2 / A+
11/02/12	11/16/12	2,000,000.00	CONNECTICUT ST-B-TXBL	2.201	10/15/20	2.201	Aa3 / AA
11/15/12	11/20/12	9,575,000.00	ENERGY NW ELEC-TXBL	2.803	07/01/21	2.426	Aa1 / AA-
	Subtotal:	26,875,000.00	4 item(s)				

Total: Txb Muni	40,975,000.00	7 item(s)
------------------------	----------------------	------------------

Corporate

CONNING							
10/01/12	10/05/12	7,350,000.00	NYSE EURONEXT	2.000	10/05/17	2.070	A3 / A+
10/03/12	10/09/12	6,500,000.00	BANK OF NOVA SCOTIA	0.750	10/09/15	0.751	Aa1 / AA-
10/09/12	10/12/12	4,300,000.00	JOHN DEERE CAPITAL CORP	1.700	01/15/20	1.750	A2 / A
10/09/12	10/15/12	4,650,000.00	NSTAR ELECTRIC CO	2.375	10/15/22	2.406	A2 / A-
10/09/12	10/16/12	3,050,000.00	ALABAMA POWER CO	0.550	10/15/15	0.591	A2 / A+
10/10/12	10/17/12	13,625,000.00	MASSMUTUAL GLOBAL FUNDING	2.500	10/17/22	2.585	Aa2 / AA+
10/17/12	10/22/12	2,425,000.00	PNC BANK NA	2.700	11/01/22	2.701	A3 / A-
10/22/12	10/29/12	8,000,000.00	NEW YORK LIFE GLOBAL FDG	1.300	10/30/17	1.338	Aaa / AA+
10/25/12	10/30/12	2,700,000.00	CR BARD INC	1.375	01/15/18	1.400	A3 / A
10/25/12	10/31/12	2,050,000.00	CATHOLIC HEALTH INITIATIVES	1.600	11/01/17	1.606	Aa3 / AA-
10/25/12	10/31/12	3,450,000.00	CATHOLIC HEALTH INITIATIVES	2.950	11/01/22	2.981	Aa3 / AA-
11/01/12	11/06/12	9,225,000.00	BANK OF MONTREAL	2.550	11/06/22	2.564	Aa2 / AA-
11/01/12	11/06/12	5,600,000.00	BANK OF MONTREAL	0.800	11/06/15	0.833	Aa2 / A+
11/02/12	11/07/12	10,100,000.00	NATIONAL BANK OF CANADA	1.450	11/07/17	1.473	Aa2 / A-

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
11/02/12	11/07/12	3,850,000.00	VERIZON COMMUNICATIONS	1.100	11/01/17	1.144	A3 / A-
11/02/12	11/07/12	5,925,000.00	VERIZON COMMUNICATIONS	2.450	11/01/22	2.462	A3 / A
11/08/12	11/16/12	3,250,000.00	PACCAR FINANCIAL CORP	0.700	11/16/15	0.718	A1 / A+
11/14/12	11/21/12	22,085,000.00	BB&T CORPORATION	1.450	01/12/18	1.475	A2 / A-
11/15/12	11/20/12	11,845,000.00	NATIONAL OILWELL VARCO I	2.600	12/01/22	2.641	A2 / A-
11/15/12	11/20/12	2,485,000.00	NATIONAL OILWELL VARCO I	1.350	12/01/17	1.370	A2 / A-
11/16/12	11/21/12	3,500,000.00	NATIONAL OILWELL VARCO I	2.600	12/01/22	2.484	A2 / A-
11/19/12	11/23/12	7,500,000.00	CATHOLIC HEALTH INITIATIVES	2.950	11/01/22	2.688	Aa3 / AA-
11/21/12	11/27/12	6,000,000.00	GOLDMAN SACHS GROUP INC	6.150	04/01/18	2.769	A3 / A-
11/27/12	11/30/12	2,905,000.00	WALT DISNEY COMPANY/THE	1.100	12/01/17	1.247	A2 / A
11/27/12	12/04/12	21,000,000.00	RAYTHEON COMPANY	2.500	12/15/22	2.535	A3 / A-
11/28/12	12/07/12	12,965,000.00	COSTCO WHOLESALE CORP	1.700	12/15/19	1.734	A1 / A+
Subtotal:		186,335,000.00	26 item(s)				

Deutsche Insurance Asset Management

10/09/12	10/15/12	8,110,000.00	NSTAR ELECTRIC CO	2.375	10/15/22	2.406	A2 / A+
10/10/12	10/17/12	8,890,000.00	MASSMUTUAL GLOBAL FUNDING	2.500	10/17/22	2.585	Aa2 / AA+
10/18/12	10/25/12	5,000,000.00	ORACLE CORP	2.500	10/15/22	2.514	A1 / A+
10/24/12	10/29/12	6,365,000.00	CARGILL INC	4.100	11/01/42	4.111	A2 / A
10/25/12	10/31/12	6,055,000.00	CATHOLIC HEALTH INITIATIVES	2.950	11/01/22	2.981	Aa3 / AA-
10/25/12	10/30/12	3,105,000.00	CR BARD INC	1.375	01/15/18	1.426	A3 / A
11/02/12	11/07/12	7,690,000.00	MICROSOFT CORP	2.125	11/15/22	2.189	Aaa / AAA
11/02/12	11/07/12	8,820,000.00	VERIZON COMMUNICATIONS	2.450	11/01/22	2.462	A3 / A-
11/08/12	11/20/12	2,750,000.00	CANADIAN NATL RAILWAY	2.250	11/15/22	2.265	A3 / A-
11/20/12	11/28/12	7,000,000.00	NIAGARA MOHAWK POWER	2.721	11/28/22	2.721	A3 / A-
11/20/12	11/28/12	7,000,000.00	NIAGARA MOHAWK POWER	4.119	11/28/42	4.119	A3 / A-
11/26/12	12/03/12	8,330,000.00	WISCONSIN PUBLIC SERVICE	3.671	12/01/42	3.671	Aa3 / A
11/27/12	12/05/12	5,000,000.00	ALABAMA POWER CO	3.850	12/01/42	3.892	A2 / A+
11/27/12	12/04/12	20,000,000.00	RAYTHEON COMPANY	2.500	12/15/22	2.585	A3 / A-
11/27/12	11/30/12	5,000,000.00	WALT DISNEY COMPANY/THE	3.700	12/01/42	3.790	A2 / A
11/27/12	11/30/12	1,050,000.00	WALT DISNEY COMPANY/THE	1.100	12/01/17	1.247	A2 / A
11/27/12	11/30/12	10,000,000.00	WALT DISNEY COMPANY/THE	2.350	12/01/22	2.437	A2 / A
11/28/12	12/05/12	4,735,000.00	CHEVRON CORP	2.355	12/05/22	2.375	Aa1 / AA
Subtotal:		124,900,000.00	18 item(s)				

New England Asset Management

10/11/12	10/16/12	5,000,000.00	PARTNERS HEALTHCARE SYSTEM	3.443	07/01/21	2.750	Aa2 / AA
10/25/12	10/31/12	9,650,000.00	CATHOLIC HEALTH INITIATIVES	2.950	11/01/22	2.950	Aa3 / AA-
11/20/12	11/26/12	12,000,000.00	WELLS FARGO & COMPANY	3.500	03/08/22	2.563	A2 / A+
11/21/12	11/27/12	3,050,000.00	CATHOLIC HEALTH INITIATIVES	2.950	11/01/22	2.750	Aa3 / AA-
11/27/12	11/30/12	2,000,000.00	WALT DISNEY COMPANY/THE	1.100	12/01/17	1.247	A2 / A
11/28/12	12/05/12	2,750,000.00	CHEVRON CORP	1.104	12/05/17	1.104	Aa1 / AA
11/29/12	12/07/12	4,000,000.00	COSTCO WHOLESALE CORP	1.700	12/15/19	1.734	A1 / A+
12/10/12	12/12/12	8,000,000.00	BROWN-FORMAN CORP	1.000	01/15/18	1.067	A1 / A-
Subtotal:		46,450,000.00	8 item(s)				

Total: Corporate	357,685,000.00	52 item(s)
-------------------------	-----------------------	-------------------

MBS Pass-Through

CONNING

10/04/12	10/12/12	12,298,443.35	FN AB6354	3.000	09/01/42	1.628	Aaa / AA+
Subtotal:		12,298,443.35	1 item(s)				

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
Deutsche Insurance Asset Management							
11/02/12	11/14/12	15,056,989.00	FN AQ0509	3.500	11/01/42	1.930	Aaa / AA+
		Subtotal:	15,056,989.00	1 item(s)			
New England Asset Management							
10/09/12	10/16/12	25,000,000.00	FG G18446	2.500	10/01/27	1.251	Aaa / AA+
10/31/12	11/19/12	15,000,000.00	FG G18449	2.500	11/01/27	1.335	Aaa / AA+
11/02/12	11/15/12	25,141,820.03	FN AB6797	3.000	10/01/42	1.939	Aaa / AA+
11/19/12	12/12/12	24,956,516.50	FG C04247	3.000	11/01/42	1.971	Aaa / AA+
11/19/12	12/12/12	24,928,132.50	FG C04305	3.000	11/01/42	1.983	Aaa / AA+
11/19/12	12/12/12	24,908,826.50	FG C04306	3.000	11/01/42	1.989	Aaa / AA+
11/19/12	12/12/12	23,672,859.41	FN AQ0768	3.500	11/01/42	2.000	Aaa / AA+
11/20/12	12/12/12	26,149,832.36	FN AB6770	3.000	10/01/42	2.019	Aaa / AA+
11/20/12	12/12/12	15,956,581.88	FN AQ3271	3.000	11/01/42	1.894	Aaa / AA+
11/21/12	12/12/12	9,003,406.35	FN AP6280	3.000	11/01/42	1.981	Aaa / AA+
11/28/12	12/12/12	34,932,085.65	FN AB7277	3.000	12/01/42	1.892	Aaa / AA+
		Subtotal:	249,650,061.18	11 item(s)			

Total: MBS Pass-Thru	277,005,493.53	13 Item(s)
-----------------------------	-----------------------	-------------------

Agency CMBS

CONNING							
10/15/12	10/18/12	15,000,000.00	GNR 2012-70 B	2.774	04/16/45	2.114	Aaa / AA+
		Subtotal:	15,000,000.00	1 item(s)			

Total: Agency CMBS	15,000,000.00	1 Item(s)
---------------------------	----------------------	------------------

CMO

Deutsche Insurance Asset Management							
10/11/12	10/30/12	5,430,000.00	FNA 2012-M14 A2	2.301	09/25/22	2.180	Aaa / AA+
10/16/12	10/30/12	5,000,000.00	FNA 2012-M16 B	2.202	09/25/22	2.180	Aaa / AA+
10/17/12	11/08/12	10,000,000.00	FHMS K021 A2	2.396	06/25/22	2.150	Aaa / AA+
10/17/12	10/22/12	5,000,000.00	FNR 2012-117 DC	3.000	01/25/38	1.390	Aaa / AA+
11/08/12	11/20/12	4,640,000.00	FHMS K711 A2	1.730	07/25/19	1.390	Aaa / AA+
		Subtotal:	30,070,000.00	5 item(s)			

Total: CMO	30,070,000.00	5 item(s)
-------------------	----------------------	------------------

Total Purchases:	238,633,443.35	31 item(s)
CONNING		

Total Purchases:	174,126,989.00	26 item(s)
Deutsche Insurance Asset Management		

Total Purchases:		
New England Asset Management	322,975,061.19	23 item(s)

Grand Total:	735,735,493.54	80 item(s)
PURCHASES		

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
-------	--------	------------	-------------	-----	----------	--------	---------

SALES:

Corporate

New England Asset Management							
10/25/12	10/30/12	9,750,000.00	COCA-COLA CO/THE	3.300	09/01/21	2.031	Aa3 / AA-
10/26/12	10/31/12	2,500,000.00	MCDONALD'S CORP	2.625	01/15/22	2.056	A2 / A
Subtotal:		12,250,000.00	2 item(s)				

Total: Corporate	12,250,000.00	2 item(s)
-------------------------	----------------------	------------------

MBS Pass-Through

New England Asset Management							
11/07/12	11/14/12	21,753,579.98	FG C03743	3.500	02/01/42	0.609	Aaa / AA+
11/07/12	11/14/12	24,118,302.26	FG C03750	3.500	02/01/42	0.609	Aaa / AA+
11/07/12	11/14/12	11,011,352.60	FG G08458	4.000	08/01/41	0.623	Aaa / AA+
11/07/12	11/14/12	7,746,657.42	FN AJ2166	4.000	10/01/41	0.730	Aaa / AA+
11/07/12	11/14/12	13,821,051.04	FN MC0487	4.500	06/01/41	0.795	Aaa / AA+
11/09/12	11/20/12	16,069,234.00	G2 4113	5.000	04/20/38	0.395	Aaa / AA+
11/09/12	11/20/12	1,802,743.73	G2 4113	5.000	04/20/38	0.395	Aaa / AA+
11/09/12	11/20/12	12,865,730.59	GN 675176	4.500	03/15/38	0.573	Aaa / AA+
11/09/12	11/20/12	21,352,981.88	GN 719231	4.500	07/15/40	0.573	Aaa / AA+
Subtotal:		130,541,633.50	9 item(s)				

Total: MBS Pass-Thru	130,541,633.50	9 item(s)
-----------------------------	-----------------------	------------------

Total Sales:		
New England Asset Management	142,791,633.50	11 item(s)

Grand Total:	142,791,633.50	11 item(s)
SALES		



COMPLIANCE REPORT

As of December 31, 2012

The following is a list of securities currently not in compliance with State Fund's Investment Policy. State Fund's Investment Policy is reviewed annually by the Investment Committee and approved by the Board of Directors.

Footnotes	Description	Current Face	Maturity Date	Coupon Rate	Book Yield	Rating	Port. Mngr.
<u>Long-term Investments</u>							
<u>Tax. Muni Rated Below A-</u>							
1	Oglethorpe GA Power Corp.	15,000,000	01/01/35	5.53%	5.53%	Baa1/A/NA	Deutsche
Total: Tax Muni Rated Below A-		15,000,000	1 item(s)				
<u>Corporates Rated Below A-</u>							
1	Eaton Corp. PLC	15,000,000	03/15/17	5.30%	5.34%	Baa1/A-/BBB+	Deutsche
1	Hewlett-Packard	62,500,000	Various	Various	Various	Baa1/BBB+/A-	Deutsche /NEAM
1	Thermo Fisher Scientific	4,500,000	08/15/16	2.25%	1.61%	Baa1/A-/BBB+	NEAM
Total: Corporates Rated Below A-		82,000,000	3 item(s)				
<u>Canadian Issuer Rated Below AA-</u>							
2	Province of New Brunswick	85,000,000	02/21/17	5.20%	4.59%	Aa2/A+/NA	Deutsche /NEAM
Total: Canadian Rated Below AA-		85,000,000	1 item(s)				
<u>Bonds Not Rated</u>							
1, 3	Oregon State	25,000,000	06/01/16	5.31%	4.60%	NA/NR/WD	Deutsche
Total: Bonds Not Rated		25,000,000	1 item(s)				
Grand Total:		207,000,000	6 item(s)				

- (1) This bond rated below A was in compliance with our investment guidelines at the time of purchase.
- (2) This bond rated below AA- was in compliance with our investment guidelines at the time of purchase.
- (3) Oregon State bond was initially rated AAA based on the financial strength of insurance enhancement, but subsequently the ratings were withdrawn. We own other Oregon State bonds in the portfolio and the underlying ratings for all the State of Oregon bonds are Aa1/AA+. State Fund filed and received an NAIC 1 designation from SVO for this bond on 11/15/2011.

MOTION: To approve and ratify the transactions described on this list.