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Date: November 2, 2012

**AGENDA ITEM 7ci – 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:** RECOMMENDATION TO INVESTMENT COMMITTEE TO APPROVE AND RATIFY THE INVESTMENT TRANSACTIONS FROM JULY 1, 2012 TO SEPTEMBER 30, 2012.

**IV. ANALYSIS:**  
The bond transactions for the period of July 1, 2012 to September 30, 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 8ci 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.

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STEPHANIE CHAN, Treasury and  
Investments Program Manager

Attachments



## BOND TRANSACTIONS

Ninety-three transactions were consummated during the period from July 1, 2012 to September 30, 2012.

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
<b>PURCHASES:</b>							
<u><b>Taxable Municipal</b></u>							
CONNING							
07/24/12	07/27/12	10,000,000.00	VA PBA-B2 -BABS	5.500	08/01/26	2.883	Aa1 / AA+
09/20/12	10/03/12	10,215,000.00	FT LAUDERDALE-TXBL	5.143	01/01/32	5.144	A1 / AA-
	Subtotal:	20,215,000.00	2 item(s)				
Deutsche Insurance Asset Management							
07/19/12	08/09/12	2,150,000.00	MO HLTH & ED-A-TXBL	3.535	02/15/33	3.535	Aaa / AAA
08/16/12	08/23/12	3,750,000.00	ENERGY NW ELEC-TXBL	2.147	07/01/18	2.147	Aa1 / AA-
09/20/12	09/27/12	10,000,000.00	CA ST DEPT OF WTR-AO	2.937	12/01/24	2.936	Aa1 / AAA
09/20/12	09/27/12	10,000,000.00	CA ST DEPT OF WTR-AO	3.037	12/01/25	3.037	Aa1 / AAA
	Subtotal:	25,900,000.00	4 item(s)				
New England Asset Management							
07/09/12	07/12/12	4,450,000.00	DALLAS RAPID TRN SR	6.249	12/01/34	3.510	Aa2 / AA+
07/18/12	07/23/12	2,000,000.00	HOUSTON-BABS-SER B	6.319	03/01/30	3.420	AA / AA
08/16/12	08/23/12	3,750,000.00	ENERGY NW ELEC-TXBL	2.653	07/01/20	2.653	Aa1 / AA-
09/20/12	09/25/12	9,500,000.00	HOUSTON REF-TXB-A-PEN	6.290	03/01/32	3.980	Aa2 / AA
	Subtotal:	19,700,000.00	4 item(s)				
<b>Total: Txb Muni</b>		<b>65,815,000.00</b>	<b>10 item(s)</b>				

### Corporate

CONNING							
07/13/12	07/18/12	5,982,000.00	ACE INA HOLDINGS	5.800	03/15/18	1.730	A3 / A
07/16/12	07/19/12	2,050,000.00	JP MORGAN CHASE BANK NA	6.000	10/01/17	2.950	A1 / A
07/19/12	07/24/12	2,350,000.00	EBAY INC	1.350	07/15/17	1.362	A2 / A
07/19/12	07/24/12	2,175,000.00	EBAY INC	2.600	07/15/22	2.615	A2 / A
07/27/12	08/01/12	5,000,000.00	JP MORGAN CHASE BANK NA	6.000	10/01/17	2.606	A1 / A
08/07/12	08/14/12	3,700,000.00	BB&T CORPORATION	1.600	08/15/17	1.638	A2 / A-
08/09/12	08/14/12	4,000,000.00	GOLDMAN SACHS GROUP INC	6.000	06/15/20	4.324	A3 / A-
08/14/12	08/21/12	5,100,000.00	PHILIP MORRIS INTL INC	1.125	08/21/17	1.348	A2 / A
08/21/12	08/24/12	7,700,000.00	PPL ELECTRIC UTILITIES	2.500	09/01/22	2.538	A3 / A-
08/29/12	09/04/12	5,000,000.00	GOLDMAN SACHS GROUP INC	7.500	02/15/19	4.054	A3 / A-
08/31/12	09/06/12	5,000,000.00	GENERAL ELEC CAP CORP	4.375	09/16/20	2.835	A1 / AA+
08/31/12	09/06/12	4,000,000.00	EBAY INC	2.600	07/15/22	2.525	A2 / A
08/31/12	09/06/12	5,000,000.00	OCCIDENTAL PETROLEUM COR	2.700	02/15/23	2.417	A1 / A
09/05/12	09/10/12	10,000,000.00	CME GROUP INC	3.000	09/15/22	3.036	Aa3 / AA-

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
09/05/12	09/10/12	2,775,000.00	EOG RESOURCES INC	2.625	03/15/23	2.693	A3 / A-
09/06/12	09/11/12	5,450,000.00	EOG RESOURCES INC	2.625	03/15/23	2.649	A3 / A-
09/06/12	09/11/12	2,250,000.00	EOG RESOURCES INC	2.625	03/15/23	2.659	A3 / A-
09/19/12	09/24/12	6,425,000.00	FRANKLIN RESOURCES INC	2.800	09/15/22	2.829	A1 / AA-
09/19/12	09/24/12	10,000,000.00	ROYAL BANK OF CANADA	1.200	09/19/17	1.106	Aaa / AAA
09/24/12	10/01/12	6,075,000.00	CANADIAN IMPERIAL BANK	0.900	10/01/15	0.910	Aa2 / A+
09/26/12	10/01/12	5,250,000.00	ROYAL BANK OF CANADA	1.200	09/19/17	1.078	Aaa / AAA
09/27/12	10/04/12	2,630,000.00	METLIFE INC	1.564	12/15/17	1.670	A3 / A-
09/27/12	10/04/12	3,900,000.00	METLIFE INC	1.564	12/15/22	2.985	A3 / A-
Subtotal:		111,812,000.00	23 item(s)				

#### Deutsche Insurance Asset Management

07/09/12	07/12/12	2,480,000.00	MONSANTO CO	2.200	07/15/22	2.213	A+ / A+
07/11/12	07/16/12	16,395,000.00	ANHEUSER-BUSCH INBEV WOR	2.500	07/15/22	2.605	A3 / A
07/19/12	07/24/12	7,230,000.00	EBAY INC	1.350	07/15/17	1.360	A2 / A
07/19/12	07/24/12	4,840,000.00	EBAY INC	2.600	07/15/22	2.640	A2 / A
07/25/12	08/01/12	5,660,000.00	DAIMLER FINANCE NA LLC	2.250	07/31/19	2.350	A3 / A-
07/25/12	08/01/12	4,855,000.00	DAIMLER FINANCE NA LLC	1.300	07/31/15	1.362	A3 / A-
07/26/12	07/31/12	4,845,000.00	BRISTOL-MYERS SQUIBB CO	0.875	08/01/17	1.060	A2 / A+
07/26/12	07/31/12	2,735,000.00	BRISTOL-MYERS SQUIBB CO	2.000	08/01/22	2.170	A2 / A+
07/27/12	08/01/12	4,300,000.00	COLGATE-PALMOLIVE CO	1.950	02/01/23	2.106	Aa3 / AA-
08/06/12	08/13/12	3,500,000.00	NORTHERN STATES PWR-MINN	2.150	08/15/22	2.156	A1 / A
08/06/12	08/13/12	1,530,000.00	NORTHERN STATES PWR-MINN	2.150	08/15/22	2.167	A1 / A
08/07/12	08/10/12	2,310,000.00	CENTERPOINT ENER HOUSTON	2.250	08/01/22	2.280	A3 / A
08/08/12	08/13/12	3,000,000.00	PEPSICO INC	1.250	08/13/17	1.358	Aa3 / A-
08/14/12	08/20/12	10,000,000.00	AMERICAN EXPRESS CREDIT	1.750	06/12/15	0.989	A2 / A-
08/14/12	08/21/12	6,000,000.00	PHILIP MORRIS INTL INC	2.500	08/22/22	2.629	A2 / A
08/21/12	08/24/12	2,800,000.00	PPL ELECTRIC UTILITIES	2.500	09/01/22	2.536	A3 / A-
09/04/12	09/11/12	1,970,000.00	PUBLIC SERVICE COLORADO	2.250	09/15/22	2.261	A2 / A
09/05/12	09/17/12	6,290,000.00	BERKSHIRE HATHAWAY FIN	1.600	05/15/17	1.193	Aa2 / AA+
09/05/12	09/10/12	1,960,000.00	EOG RESOURCES INC	2.625	03/15/23	2.693	A3 / A-
09/10/12	09/13/12	6,925,000.00	MERCK & CO INC	1.100	01/31/18	1.140	A1 / AA
09/18/12	09/21/12	8,585,000.00	NOVARTIS CAPITAL CORP	2.400	09/21/22	2.489	Aa2 / AA-
09/19/12	09/24/12	2,375,000.00	FRANKLIN RESOURCES INC	2.800	09/15/22	2.904	A1 / AA-
09/24/12	09/27/12	6,025,000.00	UNITED PARCEL SERVICE	2.450	10/01/22	2.466	Aa3 / A+
09/24/12	09/27/12	2,000,000.00	UNITED PARCEL SERVICE	2.450	10/01/22	2.430	Aa3 / A+
09/27/12	10/02/12	3,300,000.00	UNITED PARCEL SERVICE	2.450	10/01/22	2.347	Aa3 / A+
09/27/12	10/02/12	5,000,000.00	APACHE CORP	3.250	04/15/22	2.316	A3 / A-
09/27/12	10/02/12	5,688,000.00	BRISTOL-MYERS SQUIBB CO	2.000	08/01/22	2.331	A2 / A+
Subtotal:		132,598,000.00	27 item(s)				

#### New England Asset Management

07/11/12	07/16/12	3,000,000.00	ANHEUSER-BUSCH INBEV WOR	2.500	07/15/22	2.555	A3 / A
07/19/12	07/24/12	3,000,000.00	EBAY INC	1.350	07/15/17	1.362	A2 / A
07/30/12	08/02/12	6,750,000.00	ESTEE LAUDER CO INC	2.350	08/15/22	2.360	A2 / A
Subtotal:		12,750,000.00	3 item(s)				

<b>Total: Corporate</b>	<b>257,160,000.00</b>	<b>53 item(s)</b>
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State Compensation Insurance Fund

Board of Directors – November 15, 2012

Open Agenda Item 7ci – Bond Transactions and Compliance Report (Bond Transactions)

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
<b><u>MBS Pass-Through</u></b>							
CONNING							
07/09/12	07/13/12	12,257,215.68	FN AB5507	3.500	06/01/42	1.940	Aaa / AA+
07/17/12	07/20/12	12,484,647.50	FG G08497	3.000	06/01/42	2.323	Aaa / AA+
07/27/12	07/31/12	9,000,000.00	FG G08499	3.000	07/01/42	2.072	Aaa / AA+
08/06/12	08/13/12	5,281,930.98	FG Q08956	3.000	06/01/42	2.336	Aaa / AA+
08/20/12	08/23/12	10,000,000.00	FG J20129	2.500	08/01/27	1.649	Aaa / AA+
08/28/12	09/18/12	9,962,386.50	FG G18441	2.500	08/01/27	1.500	Aaa / AA+
08/29/12	09/13/12	14,127,853.35	FG Q06065	3.500	02/01/42	2.033	Aaa / AA+
08/31/12	09/13/12	7,988,363.60	FG Q10712	3.000	09/01/42	2.338	Aaa / AA+
09/17/12	09/20/12	11,352,942.48	FG G08479	3.500	03/01/42	1.870	Aaa / AA+
09/28/12	10/11/12	10,000,000.00	FG Q11651	3.000	10/01/42	1.638	Aaa / AA+
Subtotal:		102,455,340.09	10 item(s)				

Deutsche Insurance Asset Management

08/24/12	09/13/12	8,243,019.00	FN AP4699	4.000	09/01/42	2.406	Aaa / AA+
Subtotal:		8,243,019.00	1 item(s)				

New England Asset Management

07/31/12	08/13/12	20,000,000.00	FG C09008	3.000	08/01/42	2.311	Aaa / AA+
07/31/12	08/13/12	19,999,999.98	FG G08499	3.000	07/01/42	2.311	Aaa / AA+
08/09/12	09/13/12	20,000,000.00	FN AP3055	3.000	09/01/42	2.424	Aaa / AA+
08/14/12	09/13/12	29,999,999.53	FG Q10809	3.000	08/01/42	2.521	Aaa / AA+
08/20/12	09/13/12	11,000,000.00	FG Q11163	3.500	09/01/42	2.283	Aaa / AA+
08/20/12	09/13/12	14,000,000.00	FG C09012	3.500	09/01/42	2.283	Aaa / AA+
08/20/12	09/13/12	25,000,000.00	FG Q10748	3.500	09/01/42	2.283	Aaa / AA+
08/23/12	09/13/12	3,682,432.00	FG Q11555	3.500	10/01/42	2.117	Aaa / AA+
08/23/12	09/13/12	6,317,568.00	FG Q10896	3.500	09/01/42	2.117	Aaa / AA+
09/06/12	09/18/12	22,000,000.00	FN AP7534	2.500	09/01/27	1.607	Aaa / AA+
09/06/12	09/18/12	22,000,000.44	FN AB6278	2.500	09/01/27	1.607	Aaa / AA+
09/25/12	10/16/12	8,000,000.00	FGCI 2.5 10/12	2.500	09/15/27	1.258	Aaa / AA+
09/26/12	10/16/12	16,000,000.00	FGCI 2.5 10/12	2.500	09/15/27	1.216	Aaa / AA+
Subtotal:		217,999,999.95	13 item(s)				

<b>Total: MBS Pass-Thru</b>	<b>328,698,359.04</b>	<b>24 Item(s)</b>
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**CMO**

Deutsche Insurance Asset Management

07/25/12	08/14/12	10,000,000.00	FHMS K019 A2	2.272	03/25/22	2.068	Aaa / AA+
07/25/12	08/14/12	5,000,000.00	FHMS K019 A1	1.459	09/25/21	1.153	Aaa / AA+
09/05/12	09/25/12	9,100,000.00	FHMS K020 A1	1.573	01/25/22	1.183	Aaa / AA+
09/20/12	09/28/12	6,000,000.00	FNA 2012-M13 A2	2.377	05/25/22	2.200	Aaa / AA+
Subtotal:		30,100,000.00	4 item(s)				

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
New England Asset Management							
08/20/12	08/23/12	26,100,000.00	GNR 2012-78 B	2.707	04/16/50	2.707	Aaa / AA+
08/21/12	08/24/12	23,900,000.00	GNR 2012-87 BB	2.708	01/16/51	2.632	Aaa / AA+
Subtotal:		50,000,000.00	2 item(s)				

<b>Total: CMO</b>	<b>80,100,000.00</b>	<b>6 item(s)</b>
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<b>Total Purchases:</b>		
<b>CONNING</b>	<b>234,482,340.09</b>	<b>35 item(s)</b>

<b>Total Purchases:</b>		
<b>Deutsche Insurance Asset Management</b>	<b>196,841,019.00</b>	<b>36 item(s)</b>

<b>Total Purchases:</b>		
<b>New England Asset Management</b>	<b>300,449,999.95</b>	<b>22 item(s)</b>

<b>Grand Total:</b>		
<b>PURCHASES</b>	<b>731,773,359.04</b>	<b>93 item(s)</b>



## COMPLIANCE REPORT

As of September 30, 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.
<b><u>Long-term Investments</u></b>							
<b><u>Tax. Muni Rated Below A-</u></b>							
1	Oglethorpe GA Power Corp.	15,000,000.00	01/01/35	5.534%	5.535%	Baa1/A/NA	Conning
<b>Total: Tax Muni Rated Below A-</b>		<b>15,000,000.00</b>	<b>1 item(s)</b>				
<b><u>Corporate Rated Below A-</u></b>							
1	Thermo Fisher Scientific	4,500,000.00	08/15/16	2.250%	1.613%	Baa1/A-/BBB+	NEAM
<b>Total: Corporate Rated Below A-</b>		<b>4,500,000.00</b>	<b>1 item(s)</b>				
<b><u>Bonds Not Rated</u></b>							
1, 2	Oregon State	25,000,000.00	06/01/16	5.305%	4.601%	NA/NR/WD	Conning
<b>Total: Bonds Not Rated</b>		<b>25,000,000.00</b>	<b>1 item(s)</b>				
<b>Grand Total:</b>		<b>44,500,000.00</b>	<b>3 item(s)</b>				

- (1) This bond rated below A was in compliance with our investment guidelines at the time of purchase.
- (2) 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.