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Date: September 2, 2011

AGENDA ITEM 3 a, b

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 JUNE 1, 2011 TO JULY 31, 2011.**

IV. ANALYSIS:
The bond transactions for the period of June 1, 2011 to July 31, 2011 are attached as Item 3a. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 3b. We request the Investment Committee's approval and ratification of these investment transactions. These reports are also attached as Item 19.c.i. 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

Forty-six transactions were consummated during the period from June 1, 2011 to July 31, 2011.

| Trade | Settle | Par/Shares | Description | Cpn | Maturity | Bk Yld | Ratings |
|------------------------------|-----------|----------------------|---------------------------|-------|----------|--------|-----------|
| PURCHASES: | | | | | | | |
| <u>Agency</u> | | | | | | | |
| New England Asset Management | | | | | | | |
| 07/13/11 | 07/14/11 | 1,700,000.00 | FEDERAL HOME LOAN BANK | 3.625 | 03/12/21 | 3.333 | Aaa / AAA |
| 07/13/11 | 07/14/11 | 3,300,000.00 | FEDERAL HOME LOAN BANK | 3.625 | 03/12/21 | 3.376 | Aaa / AAA |
| 07/27/11 | 07/28/11 | 5,000,000.00 | FEDERAL HOME LOAN BANK | 3.625 | 06/11/21 | 3.510 | Aaa / AAA |
| | Subtotal: | 10,000,000.00 | 3 item(s) | | | | |
| Total: Agency | | 10,000,000.00 | 3 item(s) | | | | |
| <u>Taxable Municipal</u> | | | | | | | |
| CONNING | | | | | | | |
| 07/18/11 | 07/21/11 | 10,000,000.00 | NEW YORK NY | 3.850 | 06/01/21 | 3.922 | Aa2 / AA |
| 07/26/11 | 08/10/11 | 2,500,000.00 | TEXAS ST | 5.016 | 10/01/30 | 5.015 | Aaa / AA+ |
| | Subtotal: | 12,500,000.00 | 2 item(s) | | | | |
| New England Asset Management | | | | | | | |
| 07/12/11 | 07/15/11 | 3,250,000.00 | UNIVERSITY WASH UNIV REV | 4.897 | 10/01/33 | 4.990 | Aaa / AA+ |
| 07/13/11 | 07/18/11 | 2,250,000.00 | MISSISSIPPI ST | 5.245 | 11/01/34 | 5.004 | Aa2 / AA |
| 07/13/11 | 07/18/11 | 6,395,000.00 | NEW YORK CITY NY FIN AUTH | 5.767 | 08/01/36 | 5.080 | Aa1 / AAA |
| 07/18/11 | 07/21/11 | 4,000,000.00 | KANSAS ST DEV FIN AUTH | 5.501 | 05/01/34 | 5.420 | Aa2 / AA+ |
| 07/26/11 | 08/10/11 | 7,745,000.00 | TEXAS ST | 4.946 | 10/01/29 | 4.946 | Aaa / AA+ |
| | Subtotal: | 23,640,000.00 | 5 item(s) | | | | |
| Total: Txb Muni | | 36,140,000.00 | 7 item(s) | | | | |
| <u>Corporate</u> | | | | | | | |
| CONNING | | | | | | | |
| 06/02/11 | 06/07/11 | 10,000,000.00 | US BANCORP | 4.125 | 05/24/21 | 4.030 | Aa3 / A+ |
| 06/03/11 | 06/08/11 | 5,000,000.00 | US BANCORP | 4.125 | 05/24/21 | 4.014 | Aa3 / A+ |
| 06/07/11 | 06/14/11 | 16,000,000.00 | MET LIFE GLOB FUNDING I | 3.650 | 06/14/18 | 3.670 | Aa3 / AA- |
| 06/28/11 | 07/05/11 | 8,600,000.00 | UBS AG STAMFORD CT | 4.875 | 08/04/20 | 4.653 | Aa3 / A+ |
| 07/06/11 | 07/12/11 | 5,000,000.00 | US BANCORP | 4.125 | 05/24/21 | 4.029 | Aa3 / A+ |
| 07/18/11 | 07/21/11 | 5,000,000.00 | GENERAL ELEC CAP CORP | 4.375 | 09/16/20 | 4.361 | Aa2 / AA+ |
| 07/21/11 | 07/26/11 | 9,550,000.00 | GENERAL ELEC CAP CORP | 5.625 | 05/01/18 | 3.868 | Aa2 / AA+ |
| 07/21/11 | 07/28/11 | 10,000,000.00 | MORGAN STANLEY | 5.500 | 07/28/21 | 5.378 | A2 / A |
| 07/21/11 | 07/28/11 | 2,425,000.00 | MORGAN STANLEY | 5.500 | 07/28/21 | 5.504 | A2 / A |
| 07/22/11 | 07/27/11 | 4,000,000.00 | GOLDMAN SACHS GROUP INC | 5.250 | 07/27/21 | 5.257 | A1 / A |
| 07/25/11 | 07/28/11 | 2,000,000.00 | GOLDMAN SACHS GROUP INC | 5.250 | 07/27/21 | 5.192 | A1 / A |
| | Subtotal: | 77,575,000.00 | 11 item(s) | | | | |

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| Trade | Settle | Par/Shares | Description | Cpn | Maturity | Bk Yld | Ratings |
|------------------------------|----------|---------------|---------------|-------|----------|--------|----------|
| New England Asset Management | | | | | | | |
| 07/12/11 | 07/15/11 | 5,000,000.00 | DOVER CORP | 4.300 | 03/01/21 | 3.570 | A2 / A |
| 07/13/11 | 07/18/11 | 5,000,000.00 | MEDTRONIC INC | 4.450 | 03/15/20 | 3.542 | A1 / AA- |
| Subtotal: | | 10,000,000.00 | 2 item(s) | | | | |

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|-------------------------|----------------------|-------------------|
| Total: Corporate | 87,575,000.00 | 13 item(s) |
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MBS Pass-Through

| | | | | | | | |
|-----------|----------|----------------|-----------|-------|----------|-------|-----------|
| CONNING | | | | | | | |
| 06/29/11 | 07/14/11 | 30,736,968.49 | FG Q01491 | 4.500 | 06/01/41 | 3.798 | Aaa / AAA |
| 07/01/11 | 07/14/11 | 18,710,509.14 | FG Q00252 | 4.500 | 04/01/41 | 3.879 | Aaa / AAA |
| 07/01/11 | 07/14/11 | 24,539,377.25 | FN AB2267 | 4.000 | 02/01/41 | 4.000 | Aaa / AAA |
| 07/05/11 | 07/14/11 | 24,389,032.75 | FG A95230 | 4.000 | 12/01/40 | 3.953 | Aaa / AAA |
| 07/18/11 | 07/21/11 | 19,800,806.60 | FN AL0239 | 4.000 | 04/01/41 | 3.798 | Aaa / AAA |
| 07/21/11 | 07/26/11 | 11,407,962.46 | FN AL0239 | 4.000 | 04/01/41 | 3.844 | Aaa / AAA |
| Subtotal: | | 129,584,656.69 | 6 item(s) | | | | |

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|------------------------------|----------|---------------|--------------|-------|----------|-------|-----------|
| New England Asset Management | | | | | | | |
| 06/08/11 | 06/16/11 | 19,755,466.00 | FN MC0487 | 4.500 | 06/01/41 | 3.455 | Aaa / AAA |
| 07/18/11 | 08/11/11 | 20,000,000.00 | FNCL 4 8/11 | 4.000 | 08/25/41 | 3.855 | Aaa / AAA |
| 07/18/11 | 08/11/11 | 20,000,000.00 | FGLMC 4 8/11 | 4.000 | 08/15/41 | 3.894 | Aaa / AAA |
| 07/22/11 | 08/11/11 | 15,000,000.00 | FGLMC 4 8/11 | 4.000 | 08/15/41 | 3.885 | Aaa / AAA |
| Subtotal: | | 74,755,466.00 | 4 item(s) | | | | |

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|-----------------------------|-----------------------|-------------------|
| Total: MBS Pass-Thru | 204,340,122.69 | 10 item(s) |
|-----------------------------|-----------------------|-------------------|

CMBS (Agency Project Loans)

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|-----------|----------|--------------|---------------|-------|----------|-------|-----------|
| CONNING | | | | | | | |
| 07/19/11 | 07/22/11 | 5,000,000.00 | GNR 2011-64 B | 4.000 | 10/16/44 | 3.499 | Aaa / AAA |
| Subtotal: | | 5,000,000.00 | 1 item(s) | | | | |

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|------------------------------|----------|---------------|----------------|-------|----------|-------|-----------|
| New England Asset Management | | | | | | | |
| 07/14/11 | 08/30/11 | 25,000,000.00 | GNR 2011-109 C | 4.079 | 12/01/24 | 4.407 | Aaa / AAA |
| Subtotal: | | 25,000,000.00 | 1 item(s) | | | | |

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|---|----------------------|------------------|
| Total: CMBS (Agy Proj Loans) | 30,000,000.00 | 2 item(s) |
|---|----------------------|------------------|

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| Total Purchases: | | |
| CONNING | 224,659,656.69 | 20 item(s) |

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| Total Purchases: | | |
| New England Asset Management | 143,395,466.00 | 15 item(s) |

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|---------------------|-----------------------|-------------------|
| Grand Total: | | |
| PURCHASES | 368,055,122.69 | 35 item(s) |

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| Trade | Settle | Par/Shares | Description | Cpn | Maturity | Bk Yld | Ratings |
|-------------------------------------|-----------|-----------------------|--------------------|-------|----------|--------|-----------|
| SALES: | | | | | | | |
| <u>Treasury</u> | | | | | | | |
| CONNING | | | | | | | |
| 07/07/11 | 07/11/11 | 30,000,000.00 | US TREASURY N/B | 1.000 | 09/30/11 | 0.047 | Aaa / AAA |
| | Subtotal: | 30,000,000.00 | 1 item(s) | | | | |
| Total: Treasury | | 30,000,000.00 | 1 item(s) | | | | |
| <u>Local Agency</u> | | | | | | | |
| CONNING | | | | | | | |
| 07/07/11 | 07/11/11 | 30,000,000.00 | FANNIE MAE | 1.250 | 08/20/13 | 0.621 | Aaa / AAA |
| 07/07/11 | 07/11/11 | 20,000,000.00 | FANNIE MAE | 1.875 | 04/20/12 | 0.198 | Aaa / AAA |
| 07/08/11 | 07/11/11 | 19,200,000.00 | FREDDIE MAC | 1.125 | 12/15/11 | 0.094 | Aaa / AAA |
| | Subtotal: | 69,200,000.00 | 3 item(s) | | | | |
| New England Asset Management | | | | | | | |
| 06/15/11 | 06/16/11 | 25,000,000.00 | FREDDIE MAC | 6.750 | 09/15/29 | 4.289 | Aaa / AAA |
| 07/06/11 | 07/07/11 | 30,000,000.00 | FREDDIE MAC | 2.125 | 03/23/12 | 0.177 | Aaa / AAA |
| 07/06/11 | 07/07/11 | 50,000,000.00 | FREDDIE MAC | 2.125 | 03/23/12 | 0.177 | Aaa / AAA |
| | Subtotal: | 105,000,000.00 | 3 item(s) | | | | |
| Total: Agency | | 174,200,000.00 | 6 item(s) | | | | |
| <u>Corporate</u> | | | | | | | |
| CONNING | | | | | | | |
| 06/02/11 | 06/07/11 | 10,000,000.00 | US BANK NA | 6.375 | 08/01/11 | 0.312 | Aa3 / A+ |
| 06/03/11 | 06/08/11 | 5,000,000.00 | US BANK NA | 6.375 | 08/01/11 | 0.313 | Aa3 / A+ |
| 06/28/11 | 06/29/11 | 8,775,000.00 | UBS AG STAMFORD CT | 2.250 | 01/28/14 | 1.887 | Aa3 / A+ |
| 07/06/11 | 07/07/11 | 5,000,000.00 | US BANK NA | 6.375 | 08/01/11 | 0.157 | Aa3 / A+ |
| | Subtotal: | 28,775,000.00 | 4 item(s) | | | | |
| Total: Corporate | | 28,775,000.00 | 4 item(s) | | | | |
| Total Sales: | | | | | | | |
| CONNING | | 127,975,000.00 | 8 item(s) | | | | |
| Total Sales: | | | | | | | |
| New England Asset Management | | 105,000,000.00 | 3 item(s) | | | | |
| Grand Total: SALES | | 232,975,000.00 | 11 item(s) | | | | |

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