



333 Bush Street, Suite 800  
San Francisco, CA 94104  
(415) 263-5400  
www.statefundca.com

Date: November 7, 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 AUGUST 1, 2011 TO SEPTEMBER 30, 2011.**

**IV. ANALYSIS:**

The bond transactions for the period of August 1, 2011 to September 30, 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 9ci 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

Eighty-four transactions were consummated during the period from August 1, 2011 to September 30, 2011.

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
<b>PURCHASES:</b>							
<u>Agency</u>							
New England Asset Management							
08/23/11	08/24/11	8,250,000.00	FEDERAL HOME LOAN BANK	5.250	12/11/20	2.602	Aaa / AA+
08/25/11	08/26/11	10,500,000.00	FANNIE MAE	5.000	02/13/17	1.478	Aaa / AA+
08/25/11	08/26/11	14,600,000.00	FANNIE MAE	1.250	02/27/14	0.469	Aaa / AA+
08/25/11	08/26/11	15,000,000.00	FANNIE MAE	0.500	08/09/13	0.380	Aaa / AA+
08/25/11	08/26/11	12,500,000.00	FANNIE MAE	0.875	08/28/14	0.569	Aaa / AA+
08/25/11	08/26/11	11,650,000.00	FANNIE MAE	2.375	07/28/15	0.836	Aaa / AA+
08/25/11	08/26/11	10,600,000.00	TENN VALLEY AUTHORITY	4.500	04/01/18	1.910	Aaa / AA+
Subtotal:		83,100,000.00	7 item(s)				

<b>Total: Agency</b>	<b>83,100,000.00</b>	<b>7 item(s)</b>
----------------------	----------------------	------------------

<u>Taxable Municipal</u>							
New England Asset Management							
08/11/11	08/16/11	2,000,000.00	NEW YORK NY	5.399	12/01/24	4.524	Aa2 / AA
08/19/11	09/08/11	6,000,000.00	UNIV OF CALIFORNIA CA REV	5.000	05/15/41	5.000	Aa1 / AA
08/19/11	09/08/11	4,000,000.00	UNIV OF CALIFORNIA CA REV	4.797	05/15/31	4.790	Aa1 / AA
08/24/11	08/29/11	3,750,000.00	CONNECTICUT ST SPL TAX	5.740	12/01/29	4.857	Aa3 / AA
08/24/11	08/29/11	1,000,000.00	KANSAS ST DEV FIN AUTH	5.501	05/01/34	5.135	Aa2 / AA+
08/24/11	08/29/11	3,570,000.00	NEW YORK NY	5.206	10/01/31	4.795	Aa2 / AA
Subtotal:		20,320,000.00	6 item(s)				

<b>Total: Txb Muni</b>	<b>20,320,000.00</b>	<b>6 item(s)</b>
------------------------	----------------------	------------------

<u>Corporate</u>							
CONNING							
08/10/11	08/17/11	10,525,000.00	BAKER HUGHES INC	3.200	08/15/21	3.224	A2 / A
08/10/11	08/15/11	21,200,000.00	BERKSHIRE HATHAWAY INC	3.750	08/15/21	3.751	Aa2 / AA+
08/11/11	08/17/11	5,525,000.00	BAKER HUGHES INC	3.200	08/15/21	3.243	A2 / A
08/11/11	08/16/11	13,800,000.00	BERKSHIRE HATHAWAY INC	3.750	08/15/21	3.806	Aa2 / AA+
08/15/11	08/18/11	4,000,000.00	AT&T INC	2.400	08/15/16	2.470	A2 / A-
08/15/11	08/18/11	2,400,000.00	AT&T INC	3.875	08/15/21	3.911	A2 / A-
08/15/11	08/18/11	5,000,000.00	FLORIDA POWER CORP	3.100	08/15/21	3.124	A2 / A
08/15/11	08/18/11	3,900,000.00	OCCIDENTAL PETROLEUM	1.750	02/15/17	1.934	A2 / A
08/17/11	08/22/11	2,275,000.00	NORTHERN TRUST CORP	3.375	08/23/21	3.427	A1 / AA-
08/17/11	08/22/11	3,600,000.00	PROGRESSIVE CORP	3.750	08/23/21	3.763	A1 / A+
08/22/11	08/29/11	6,200,000.00	PEPSICO INC	3.000	08/25/21	3.071	Aa3 / A-

08/24/11	08/31/11	2,925,000.00	ILLINOIS TOOL WORKS INC	3.375	09/15/21	3.428	A1	/ A+
08/29/11	09/01/11	2,965,000.00	NORTHERN TRUST CORP	3.375	08/23/21	3.438	A1	/ AA-
09/08/11	09/15/11	18,525,000.00	TOYOTA MOTOR CREDIT CORP	3.400	09/15/21	3.430	Aa3	/ AA-
09/13/11	09/20/11	25,000,000.00	AMERICAN HONDA FINANCE	3.800	09/20/21	3.832	A1	/ A+
09/13/11	09/19/11	12,500,000.00	HEWLETT-PACKARD CO	3.000	09/15/16	3.047	A2	/ A
09/13/11	09/19/11	12,500,000.00	HEWLETT-PACKARD CO	4.375	09/15/21	4.398	A2	/ A
09/13/11	09/16/11	6,350,000.00	STRYKER CORP	2.000	09/30/16	2.036	A3	/ A+
09/14/11	09/19/11	5,100,000.00	PNC FUNDING CORP	2.700	09/19/16	2.726	A3	/ A
09/15/11	09/20/11	3,650,000.00	STRYKER CORP	2.000	09/30/16	2.019	A3	/ A+
09/16/11	09/23/11	13,050,000.00	BANK OF NEW YORK MELLON	3.550	09/23/21	3.558	Aa2	/ AA-
Subtotal:		180,990,000.00	21 item(s)					

New England Asset Management

08/03/11	08/10/11	8,000,000.00	COCA-COLA CO/THE	3.300	09/01/21	3.310	Aa3	/ A+
08/10/11	08/17/11	17,000,000.00	BAKER HUGHES INC	3.200	08/15/21	3.224	A2	/ A
08/15/11	08/18/11	7,000,000.00	OCCIDENTAL PETROLEUM	3.125	02/15/22	3.342	A2	/ A
08/16/11	08/19/11	3,000,000.00	OCCIDENTAL PETROLEUM	3.125	02/15/22	3.228	A2	/ A
08/17/11	08/24/11	5,000,000.00	BOSTON UNIVERSITY	5.200	10/01/45	5.230	A2	/ A
08/25/11	08/30/11	2,250,000.00	FLORIDA POWER CORP	4.550	04/01/20	3.076	A2	/ A
08/29/11	09/01/11	2,250,000.00	WALT DISNEY COMPANY/THE	2.750	08/16/21	3.053	A2	/ A
08/29/11	09/01/11	7,000,000.00	WAL-MART STORES INC	3.250	10/25/20	3.068	Aa2	/ AA
09/06/11	09/09/11	5,250,000.00	MERCK & CO INC	3.875	01/15/21	2.780	A1	/ AA
09/07/11	09/13/11	2,000,000.00	WISCONSIN ELEC POWER	2.950	09/15/21	3.070	A2	/ A+
09/08/11	09/13/11	19,750,000.00	COCA-COLA CO/THE	3.300	09/01/21	2.718	Aa3	/ A+
09/08/11	09/13/11	8,250,000.00	WALT DISNEY COMPANY/THE	3.750	06/01/21	2.780	A2	/ A
09/09/11	09/14/11	3,120,000.00	MERCK & CO INC	3.875	01/15/21	2.754	A1	/ AA
09/09/11	09/14/11	9,000,000.00	WISCONSIN ELEC POWER	2.950	09/15/21	2.951	A2	/ A+
09/12/11	09/15/11	11,500,000.00	PROGRESS ENERGY CAROLINA	3.000	09/15/21	3.020	A1	/ A+
09/15/11	09/20/11	2,000,000.00	ILLINOIS TOOL WORKS INC	3.375	09/15/21	3.048	A1	/ A+
09/15/11	09/20/11	3,750,000.00	ILLINOIS TOOL WORKS INC	3.375	09/15/21	3.039	A1	/ A+
09/16/11	09/23/11	20,000,000.00	BANK OF NEW YORK MELLON	3.550	09/23/21	3.558	Aa2	/ AA-
09/23/11	09/28/11	2,250,000.00	DOVER CORP	4.300	03/01/21	2.785	A2	/ A
09/26/11	09/29/11	2,500,000.00	EMERSON ELECTRIC CO	4.250	11/15/20	2.830	A2	/ A
09/27/11	09/30/11	10,000,000.00	MCDONALDS CORP	2.625	01/15/22	2.784	A2	/ A
09/28/11	10/03/11	5,000,000.00	BAKER HUGHES INC	3.200	08/15/21	3.107	A2	/ A
09/28/11	10/03/11	8,000,000.00	WALT DISNEY COMPANY/THE	2.750	08/16/21	2.946	A2	/ A
09/28/11	10/03/11	9,000,000.00	HONEYWELL INTERNATIONAL	4.250	03/01/21	2.953	A2	/ A
09/28/11	10/03/11	8,250,000.00	OCCIDENTAL PETROLEUM	4.100	02/01/21	3.074	A2	/ A
Subtotal:		181,120,000.00	25 item(s)					

<b>Total: Corporate</b>	<b>362,110,000.00</b>	<b>46 item(s)</b>
-------------------------	-----------------------	-------------------

Trade	Settle	Par/Shares	Description	Cpn	Maturity	Bk Yld	Ratings
<b><u>MBS Pass-Through</u></b>							
CONNING							
08/08/11	08/11/11	21,308,069.21	FG A95147	4.000	11/01/40	3.439	Aaa / AA+
08/10/11	08/15/11	15,500,000.00	FG Q02722	4.000	08/01/41	3.208	Aaa / AA+
08/22/11	08/25/11	10,000,000.00	FN AI8184	4.000	08/01/41	2.664	Aaa / AA+
08/23/11	08/31/11	9,716,378.18	FG A97493	4.500	03/01/41	2.918	Aaa / AA+
08/29/11	09/13/11	9,986,594.00	FG Q02811	4.000	08/01/41	3.044	Aaa / AA+
09/08/11	09/13/11	12,484,609.00	FG Q03047	4.000	09/01/41	2.965	Aaa / AA+
09/09/11	09/19/11	18,644,566.00	FN MC0521	4.000	09/01/41	2.975	Aaa / AA+
09/22/11	09/30/11	17,100,455.21	FG G06015	4.000	09/01/40	2.126	Aaa / AA+
Subtotal:		114,740,671.60	8 item(s)				

New England Asset Management

08/09/11	09/13/11	50,000,000.00	FG G08459	4.000	09/01/41	3.249	Aaa / AA+
08/22/11	09/13/11	17,000,000.97	FG C03605	3.500	02/01/41	3.291	Aaa / AA+
08/22/11	09/19/11	15,000,000.00	FG E02965	3.000	09/01/26	2.422	Aaa / AA+
08/22/11	09/13/11	18,000,000.33	FN AE2611	3.500	09/01/40	3.251	Aaa / AA+
09/14/11	10/13/11	35,000,000.00	FGLMC 4 10/11	4.000	03/15/41	3.043	Aaa / AA+
09/15/11	10/13/11	35,000,000.00	FNCL 4 10/11	4.000	02/25/41	3.132	Aaa / AA+
09/22/11	10/13/11	18,500,000.00	FGLMC 4 10/11	4.000	03/15/41	2.699	Aaa / AA+
Subtotal:		188,500,001.30	7 item(s)				

<b>Total: MBS Pass-Thru</b>	<b>303,240,672.90</b>	<b>15 item(s)</b>
-----------------------------	-----------------------	-------------------

**CMBS (Agency Project Loans)**

New England Asset Management

08/16/11	09/30/11	10,000,000.00	GNR 2011-120 C	3.943	03/01/52	3.709	Aaa / AA+
Subtotal:		10,000,000.00	1 item(s)				

<b>Total: CMBS</b>	<b>10,000,000.00</b>	<b>1 item(s)</b>
--------------------	----------------------	------------------

<b>Total Purchases:</b>		
<b>CONNING</b>	<b>295,730,671.60</b>	<b>29 item(s)</b>

<b>Total Purchases:</b>		
<b>NEAM</b>	<b>483,040,001.30</b>	<b>46 item(s)</b>

<b>Grand Total:</b>	<b>778,770,672.90</b>	<b>75 item(s)</b>
---------------------	-----------------------	-------------------

**SALES:**

**Local Agency**

New England Asset Management

09/13/11	09/14/11	10,500,000.00	FANNIE MAE	5.000	02/13/17	1.348	Aaa / AA+
09/13/11	09/14/11	14,600,000.00	FANNIE MAE	1.250	02/27/14	0.457	Aaa / AA+
09/13/11	09/14/11	15,000,000.00	FANNIE MAE	0.500	08/09/13	0.359	Aaa / AA+
09/13/11	09/14/11	12,500,000.00	FANNIE MAE	0.875	08/28/14	0.562	Aaa / AA+
09/13/11	09/14/11	25,000,000.00	FREDDIE MAC	1.625	04/15/13	0.298	Aaa / AA+
09/13/11	09/14/11	11,650,000.00	FANNIE MAE	2.375	07/28/15	0.807	Aaa / AA+
Subtotal:		89,250,000.00	6 item(s)				

<b>Total: Agency</b>	<b>89,250,000.00</b>	<b>6 item(s)</b>
----------------------	----------------------	------------------

**Taxable Municipal**

CONNING

09/26/11	09/29/11	5,000,000.00	RANCHO CUCAMONGA CA	5.529	09/01/17	4.793	Baa1 / A+
09/28/11	09/30/11	6,275,000.00	RANCHO CUCAMONGA CA	5.529	09/01/17	4.928	Baa1 / A+
Subtotal:		11,275,000.00	2 item(s)				

<b>Total: Txb Muni</b>	<b>11,275,000.00</b>	<b>2 item(s)</b>
------------------------	----------------------	------------------

**Corporate**

New England Asset Management

08/03/11	08/08/11	10,000,000.00	NATIONAL CITY BANK	6.200	12/15/11	0.508	A3 / A
Subtotal:		10,000,000.00	1 item(s)				

<b>Total: Corporate</b>	<b>10,000,000.00</b>	<b>1 item(s)</b>
-------------------------	----------------------	------------------

<b>Total Sales:</b>		
<b>CONNING</b>	<b>11,275,000.00</b>	<b>2 item(s)</b>

<b>Total Sales:</b>		
<b>NEAM</b>	<b>99,250,000.00</b>	<b>7 item(s)</b>

<b>Grand Total:</b>	<b>110,525,000.00</b>	<b>9 item(s)</b>
---------------------	-----------------------	------------------

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