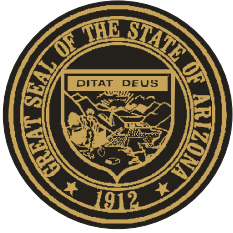


OFFICE OF THE
ARIZONA STATE TREASURER



EILEEN I. KLEIN

TREASURER



MAY 2018

Presented To:

Arizona State Board of Investment

June 28, 2018

STATE BOARD OF INVESTMENT

A G E N D A

June 28, 2018

1. Call to Order; Opening RemarksEileen I. Klein, Chair
2. Treasurer’s Report Eileen I. Klein, Chair
3. Approval of Minutes of May 31, 2018 BOI Meeting
4. Investment Outlook and Summary Review of Treasurer’s Monthly Reports
 - A. State Agency Earnings Distributions Dennis Stevenson, CIO
State Agency Operating Average Invested Balances
State Agency Investments and Performance Reports
 - B. LGIP Yield Analysis Jake Richardson, Portfolio Manager
LGIP Pools Investments and Performance Reports
 - C. Endowment Earnings DistributionsTim White, Director of Endowments
Land Sales Monthly Proceeds Endowment Funds
Endowment Investments and Performance Reports
5. Approval of May 2018 Report
6. Banking Update.....Greg Dunn, Manager, AZDFI, Bank and Trust Division
7. Market UpdateHarry Papp, Board Member
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

June 28, 2018

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on May 31, 2018 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Klein called the meeting to order at approximately 1:33 p.m.

Members Present:

Eileen I. Klein, Chair, State Treasurer
Harry A. Papp, CFA & Managing Partner, L. Roy Papp & Associate
Beth Ford, Treasurer, Pima County
Robert Charlton, Superintendent, Department of Financial Institutions, Via
Teleconference
Clark Partridge, Comptroller, Arizona Department of Administration

Others Present:

Mark Swenson, Deputy Treasurer, Arizona State Treasurer's Office
Lorraine Jones, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Dennis Stevenson, Chief Investment Officer, Arizona State Treasurer's Office
Tim White, Director of Endowments, Arizona State Treasurer's Office
Jake Richardson, Portfolio Manager, Arizona State Treasurer's Office
Eric Stivers, Investment Analyst, Arizona State Treasurer's Office
Dajana Zlaticanin, Financial Policy Administrator, Arizona State Treasurer's Office
Michael Leslein, Investment Accounting Manager, Arizona State Treasurer's Office
Patrick Quigley, Director of Financial Operations, Arizona State Treasurer's Office
Ken Price, Human Resource Manager, Arizona State Treasurer's Office
Bruce Shain, Senior Vice President, State Street Global Services
Dax Johnson, Vice President, State Street Global Services
Lauren Bouton, Member of the Public
Mark Atkins, Financial Analyst, Department of Economic Security
Mark Manoil, Attorney, Manoil Kime, PLC

1. Call to Order; Opening Remarks:

Treasurer Klein called the May 31, 2018 BOI meeting to order at approximately 1:33 p.m.

2. Treasurers Report

Treasurer Klein provided the Board with a brief Treasurer's Report regarding the planning and implementation of office enhancements for the remainder of the year. Some of the changes currently implemented are reformatting the BOI Meeting and streamlining the daily operations and communication within the office and with outside agencies.

3. Approval of Minutes:

Mr. Papp made a motion to approve the April 24, 2018 report. Ms. Ford seconded the motion. Motion carried.

4. Investment Outlook and Summary Review of Treasurer's Monthly Reports

A. State Agency Earnings Distributions, Operating Average Invested Balances, Investments and Performance Reports

Chief Investment Officer, Dennis Stevenson, distributed his outlook and highlighted the results of the State Agency performance for the month of April 2018. See memo.

B. LGIP Yield Analysis, Pools Investments and Performance Reports

Portfolio Manager, Jake Richardson, distributed his outlook and highlighted the results for the Local Government Investment Pools performance for the month of April 2018. See memo.

C. Endowment Earnings Distributions, Land Sales Monthly Proceeds, Investment and Performance Reports

Director of Endowments, Tim White, distributed his outlook and highlighted the results for the Endowment performance for the month of April 2018. See memo.

5. State Street Report on Performance and Analytic Changes:

Mr. Bruce Shain and Mr. Dax Johnson addressed the Board regarding the issue of timeliness and accuracy of the reports provided by State Street Global Services. They assured the Board the revised numbers on the January through March 2018 Reports are accurate.

6. Approval of April 2018 Report and Revised January – March 2018 Reports

Mr. Partridge made a motion to approve the Revised January-March 2018 Treasurer's Reports as presented. Mr. Papp seconded the motion. Motion carried.

Mr. Partridge made a motion to approve the April 2018 Treasurer's Report as presented. Ms. Ford seconded the motion. Motion carried.

7. Legislative Update:

Deputy Treasurer Mark Swenson provided the Board with a brief Legislative Update. See memo.

8. Market Update:

Mr. Papp provided the Board with a brief Market Update.

9. Call to the Public:

There was no Public comment.

10. Notice of Next Meeting:

Treasurer Klein advised the Board that the next regular meeting of the Board of Investment will be Thursday, June 28, 2018 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

State Treasurer's Report
June 28, 2018 Meeting
Minutes of the May 31, 2018 Meeting

11. Adjournment:

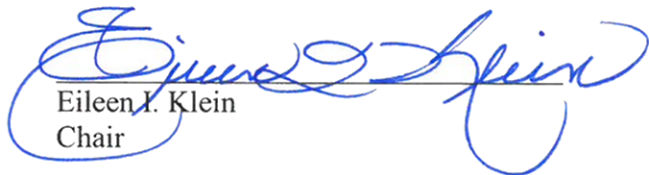
Treasurer Klein made a motion to adjourn the BOI meeting. Mr. Partridge seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 3:10 p.m.

Respectfully Submitted by:




Christine Thurston
Executive Assistant

Approved by:



Eileen J. Klein
Chair



Date



OFFICE OF THE
ARIZONA STATE TREASURER

EILEEN KLEIN
TREASURER



Investment Summary | April 2018

Outlook |

Economic data continues to show a growing economy with spending on business equipment up 5.5% and intellectual property investment up 11% in the first quarter. Gross Domestic Product for the 2nd quarter is expected to come in at 3% on top of the 2.2% in the 1st.

We expect another quarter point rate hike on June 12 and we have more than \$1.5 billion flowing out of our pools in early July to pay the K-12 rollover, bond payments for some agencies and local governments. The state is also prepaying some public safety pension obligations in July which will affect cash balances.

Strategy: Keep Duration Short |

Due to the combination of large outlays of funds in early July and the expected Federal Reserve continuing to raise rates it has been beneficial to keep duration short. We anticipate rates to rise in June, September and possibly December. And, we expect rates will increase further so we will increase duration after the July payments by 20% and after the expected September rate hike, increase duration another 40%.

Alternative Scenario: Geopolitical Uncertainty |

If the Federal Reserve changes current plans to normalize rates we will adapt accordingly. Geopolitical concerns would also cause to change course with potential European financial crisis re-emerging in Italy, Spain and Portugal. Election in Turkey and Mexico are also being watched and any unrest would cause a flight to US assets, pushing down rates. Other emerging markets to watch are Argentina, Malaysia as well as China and the Korean peninsula.

State Agency Investment Pools Balances |

	April 30, 2018	July 31, 2017	FY Change
Pool 2 FF&C	\$1,069,481,42	\$893,982,531	+175,498,894
Pool 3 Internal	2,279,742,236	1,410,749,796	+868,992,440
Pool 3 External	105,099,596	104,450,097	+649,499
Pool 4 Gov.	1,041,001,267	961,249,082	+79,752,185
Pool 10 Internal	997,509,456	956,963,338	+40,546,118
Pool 10 External	167,161,468	255,729,368	-88,567,900
Pool 12 CAWCD	376,209,030	367,096,808	+9,112,222
Pool 16 ECDHB	348,189,653	354,034,704	-5,845,051
TOTAL STATE AGENCY	\$6,384,394,133	\$5,304,255,729	+1,080,138,404

Local Government Investment Pools (LGIP) Summary

Strategy: Highly Liquid for Participant Withdraws |

The LGIP will continue its short duration strategy and take advantage of interest rate hikes throughout the pools. We anticipate the short-term rates rising in 2018. Overall participant activity has seen growth of over \$600 million in assets under management since the beginning of the fiscal year. Liquidity for our participants will be our focus through the fiscal year end.

LGIP Investment Pools Balances |

	April 2018	July 2017	FY Change
Pool 5 LGIP	\$1,709,329,296	\$1,127,769,761	+581,559,535
Pool 7 LGIP FF&C	1,348,656,018	1,310,707,855	+37,948,163
Pool 500 LGIP Med.	356,294,360	319,952,281	+36,342,079
Pool 700 LGIP Med FF&C	146,910,169	145,957,694	+952,475
TOTAL LGIP	\$3,561,189,843	\$2,904,387,591	+656,802,252

Endowment Summary

Strategy: Maintain Overweight in Small Cap |

Our strategy of being overweight in SmallCap stocks continues to add to our performance. As SmallCap stocks have historically outperformed over long periods of time, our position has taken advantage of this return. Our 10% target is approximately three times more than the SmallCap exposure of the S&P 1500 total market cap. As this fund is invested in perpetuity, our goal is take advantage of this historic outperformance over time. Since inception, our SmallCap exposure has returned 13%, outperforming the MidCap exposure at 9.58%, our LargeCap exposure at 5.05% and our fixed income return of 4.58%.

We will continue to invest in the individual components of the various indices per our investment policy.

Strategy: Keep Duration Short and Add Convexity |

Fixed Income Strategy – Strategy has been to be very defensively positioned on a duration basis such that Pool 205 performs well in a rising rate environment. Presently the portfolio is positioned to perform best in a “bear-steepener” scenario and a “bear-flattener” scenario.

As the portfolio has benefitted tremendously versus the benchmark FYTD, we will look to lock in relative performance and add more convexity and duration as global economic factors may be changing with European and emerging market weakness. The price of a positively convex security will rise more for a downward move in interest rates than its price declines for an equal upward move in rates.

To do this, we plan to incrementally add longer fixed rate bond positions to hedge against an economic downturn, or any possible credit-driven market dislocations, by adding UST duration at the margin and possibly swapping out of some corporate exposure. Due to larger Prop 123 monthly distributions, pool duration will extend naturally if our equity portfolios do not realize large appreciation and subsequent cash rebalancing back into our fixed income portfolios. Bearing this in mind, and combined with rising interest rates, we have kept our duration shorter than the benchmark by 2.26 years at 3.80 years (-0.01 MOM) versus 6.06 (unch. MOM) for the SBBIG Index – the difference will begin to shrink in coming months.

- Pool 123 mechanism working well (2-3 months laddered liquidity)

Endowment Monthly Land Sale Proceeds |

- \$22.7+ MM in April.
- \$14.4 MM vs May.
- + \$85.9 MM FYTD.

Endowment Performance Report |

➤ Total Endowment:

- Total Market Value \$5.78B; Down \$2.7 MM MOM; Up \$209 MM YOY.
- Unrealized Gains \$2.93B; \$305 MM YOY.
- MOM outperformed aggregate benchmark by +10bps.
- YTD outperformed aggregate benchmark by +34bps.
- FYTD 6.21% versus benchmark at 6.00%; +21bps.
- Portfolio standard deviation 6.29 versus benchmark at 6.41.; Portfolio is less risky/volatile versus benchmark.

➤ Equity Pools:

- Pool 201 LargeCap Equity virtual match of the index -1bp MOM.
- Pool 203 MidCap Equity outperformed S&P 400 by +4bps MOM.
- Pool 204 SmallCap Equity lagged the S&P 600 by -11bps MOM.
- Pool weightings are within policy tolerance.

➤ Fixed Income Pools:

- Pool 205 -0.44% versus SBBIG Index at -0.73% MOM.
- Pool 205 outperformed SBBIG Index by +29bps MOM; +99bps YTD.
- Pool 123 outperformed benchmark by +2bps MOM; +5bps FYTD.

Memo

To: Treasurer Eileen I. Klein
From: Mark Swenson
Date: May 31, 2018
Re: Memo on 2018 Legislative Session

Treasurer Klein,

Here is a summary of legislation passed during the second regular session of the 53rd Arizona Legislature with an impact on our office. At one point, our office tracked more than 200 bills that had a potential impact on our operations. Outside of the budget, these 11 bills below have specific impacts on operations, investments, banking and distributions.

OPERATIONS RELATED

HB2065: PUBLIC MEETINGS; DEFINITION; PENALTIES: Expands the definition of open meeting laws to include email communications by a member of a public body sent to a quorum of the members of the public body that discusses or proposes action prior to a meeting.

S1274: PUBLIC MONIES; RECOVERY; ILLEGAL PAYMENTS: Public officials and employees in charge of collecting, receiving, safekeeping, transferring or disbursing public monies may be held personally liable for an illegal payment of public monies if they knew, or should have known that an illegal payment was being made.

INVESTMENT RELATED

SB1063: PRODUCE SAFETY RULE; STATE ADMINISTRATION: Establishes Produce Safety Trust Fund, administered by the Department of Agriculture for the new Citrus, Fruit and Vegetable Division. The Fund is considered trust monies and can be invested in an endowment like manner.

S1098: INDUSTRIAL HEMP; LICENSING: The industrial hemp trust fund is established and administered by the Department of Agriculture from funds and fees collected to regulate the industrial production of hemp. The Fund is considered trust monies and can be invested in an endowment like manner

SB1493: ENVIRONMENTAL QUALITY; DREDGE, FILL PERMITS: In-lieu fees generated by this program are deposited into a department of game and fish fund for similar mitigation purposes. The game and fish in-lieu fee program can be invested in an endowment like manger.

These three bills utilize 35-314.03 which allows agency trust funds to be invested in equities per an agreement between the State Board of Investment, the Treasurer's Office and the agency. Initial discussion between Game and Fish occurred earlier this fiscal year to invest its in-lieu fee mitigation

credits in an endowment based on legislation passed a year ago. With the passage of the SB 1063, 1098 and 1493 staff will explore the creation of these trust endowments with Game and Fish and Agriculture during FY 19 based on the trust fund objectives.

H2527: TRAFFIC VIOLATIONS; ASSESSMENT; POLICE EQUIPMENT: Creates a Peace Office Training Equipment fund that can earn interest and is administered by the State Treasurer.

H2663: BUDGET; BRB; K-12 EDUCATION; 2018-19: As part of the budget reconciliation bill for K-12 education, creates a new fund that can earn interest and is administered by the Department of Education for computer science professional development.

Each year new funds are created by the Legislature for various policy reasons and some are given authority to earn interest. Funds not allowed to earn interest are also invested, but the earnings accrue to the state general fund.

BANKING AND DISTRIBUTIONS RELATED

H2313: SENTENCING; MONETARY OBLIGATIONS; FINE MITIGATION: Changes percentage of distributions to various funds by our office from criminal justice enhancement fund. Effective 01/01/2019.

H2456: STADIUM DISTRICT; EXTENSION; RIO NUEVO: Adds 10 years to the distribution of state funds to the district by our office to 2035.

S1038: STATE LAND SALES; PAYMENT METHOD: Allows State Land Commissioner to accept payment in any form. (Commissioner has agreed to coordinate with our office on payment methods.)

S1355: BORDER SECURITY TRUST FUND; REPEAL: Repeals this fund which had been administered by Treasurer's Office.

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**EARNINGS DISTRIBUTION - INVESTMENT POOLS
MAY 2018**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	MAY 2018	Fiscal YTD 17/18	Fiscal YTD 16/17	
General Fund *	\$3,565,723	\$24,227,665	\$17,413,970	
2 State Agencies - Full Faith & Credit	1,362,863	10,549,706	6,256,789	456,664
3 State Agencies - Diversified (Combined) **	1,584,680	14,000,927	9,702,775	804,128
4 State Agencies - Gov	1,145,583	10,467,737	5,901,936	505,364
5 LGIP	2,708,824	16,696,910	6,852,856	681,758
7 LGIP Gov	1,931,756	14,445,805	4,862,481	674,040
9A Public School Credit Enhancement ***	0	0	0	45,939
10 Restricted Operating	700,716	6,230,886	4,538,496	601,141
12 CAWCD Medium-Term	689,188	6,281,585	4,629,148	189,375
16 ECDH Medium-Term	680,619	6,450,656	5,352,752	196,033
Subtotal	\$14,369,952	\$109,351,879	\$65,511,202	\$4,154,442
NAV POOL				
500 LGIP - Med Term	663,805	5,791,567	3,651,127	173,340
700 LGIP - FF&C Med Term	227,303	2,169,552	1,483,825	74,106
Total	\$15,261,061	\$117,312,998	\$70,646,154	\$4,401,889
MAY 2017 TOTALS	\$8,644,023			\$4,257,735

* 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)

*** Note: Pool 9A represents \$80 million invested in School Funding Obligations; earnings on this investment revert to the General Fund

OPERATING MONIES
AVERAGE INVESTED BALANCE
 Through May 31, 2018
 (in millions)

<u>Month</u>	<u>Fiscal Year</u> <u>2015/2016</u>	<u>Fiscal Year</u> <u>2016/2017</u>	<u>Fiscal Year</u> <u>2017/2018</u>
JULY	\$1,795	\$2,012	\$1,635
AUGUST	1,554	1,504	1,303
SEPTEMBER	1,874	1,694	1,455
OCTOBER	1,701	1,672	1,473
NOVEMBER	1,686	1,633	1,417
DECEMBER	1,734	1,693	1,400
JANUARY	2,140	2,255	2,140
FEBRUARY	2,295	2,306	2,244
MARCH	2,092	1,968	1,937
APRIL	2,407	1,961	1,980
MAY	2,720	2,215	2,279
JUNE	2,590	2,147	
Y-T-D Average	\$2,049	\$1,922	\$1,751
Budget Stabilization Average Fund Balance - May 2018			<u>\$457</u>
Total Average Cash Available - May 2018			<u>\$2,736</u>

**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 MAY 2018**

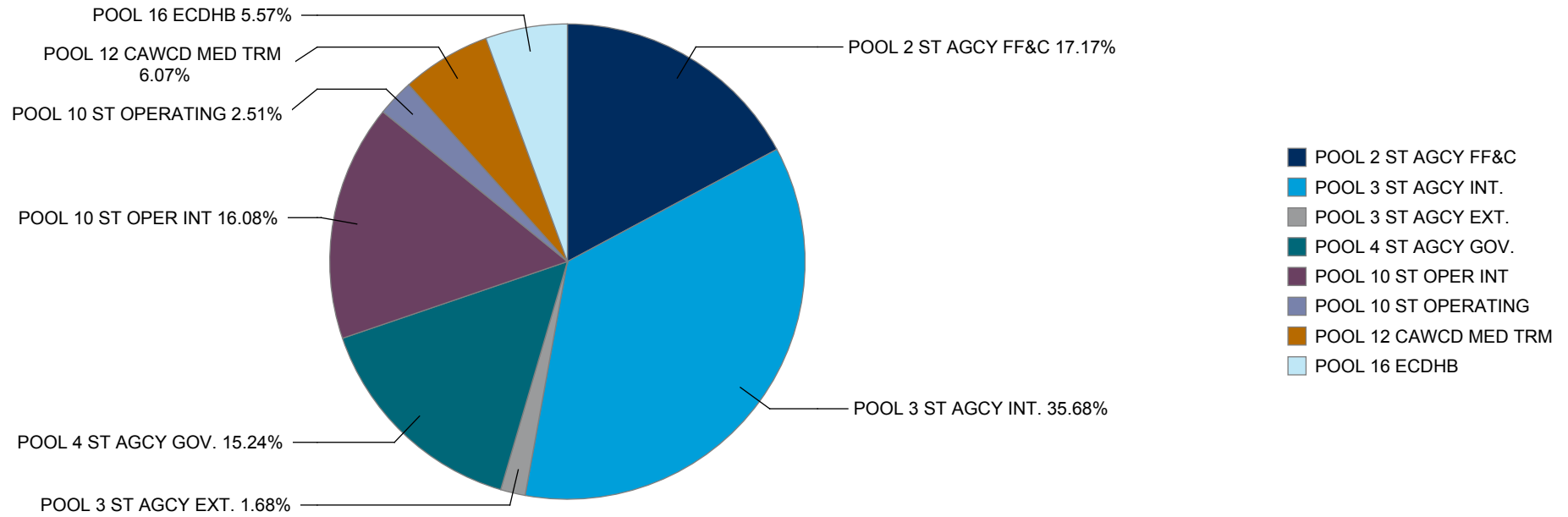
FUND	DESCRIPTION	Current Month 05/31/18	Prior Month 04/30/18	Prior Year 05/31/17	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	1,403,679	1,230,730	855,988	0.9914
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	3,269,445	2,468,812	1,647,049	0.9968
	EXTERNAL MANAGERS	176,938	161,600	120,977	0.9956
	FUND 3 TOTAL	3,446,383	2,630,411	1,768,026	0.9968
4	STATE AGENCIES - GOV	1,382,379	1,419,704	986,547	0.9936
9A	PUBLIC SCHOOL CREDIT ENHANCEMENT	152,436	134,656	77,375	0.9914
10	RESTRICTED OPERATING				
	INTERNAL MANAGERS	1,648,988	1,494,969	1,096,903	0.9927
	EXTERNAL MANAGERS	153,254	157,380	198,728	1.0004
	FUND 10 TOTAL	1,802,242	1,652,349	1,295,631	0.9937
12	CAWCD MEDIUM-TERM	689,188	625,442	460,697	0.9959
15	AHCCCS OPERATING	87,566	54,845	54,384	N/A
16	ECDH MEDIUM-TERM	680,619	626,243	528,554	0.9906
	TOTAL STATE AGENCIES	9,644,492	8,374,379	6,027,202	

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS
MAY 2018**

FUND	DESCRIPTION	Current Month 05/31/18	Prior Month 04/30/18	Prior Year 05/31/17
2	STATE AGENCIES - FULL FAITH & CREDIT	1.70%	1.61%	0.97%
	75% MERRILL 0-1 US TREAS INDEX / 25%	2.27%	2.26%	1.51%
	MERRILL US GNMA MORTGAGE BACKED INDEX			
3	STATE AGENCIES - DIVERSIFIED			
	INTERNAL MANAGERS	1.92%	1.73%	1.22%
	EXTERNAL MANAGERS	1.97%	1.86%	1.37%
	COMBINED	1.93%	1.73%	1.23%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	2.47%	2.51%	1.36%
	1-3 US BROAD MARKET INDEX			
4	STATE AGENCIES - GOV	1.66%	1.65%	1.00%
	50% MERRILL 6 MTH US T-BILL INDEX / 50%	2.21%	2.21%	1.19%
	MERRILL 1-3 UNSUB. US TREAS / AGY INDEX			
9A	PUBLIC SCHOOL CREDIT ENHANCEMENT	1.70%	1.61%	0.97%
10	RESTRICTED OPERATING			
	INTERNAL MANAGERS	1.93%	1.83%	1.38%
	EXTERNAL MANAGERS	1.08%	1.08%	0.77%
	COMBINED	1.81%	1.71%	1.23%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	2.47%	2.51%	1.36%
	1-3 US BROAD MARKET INDEX			
12	CAWCD MEDIUM-TERM	2.15%	2.02%	1.53%
	75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP	2.50%	2.51%	1.53%
	INDEX			
15	AHCCCS OPERATING	0.92%	0.58%	0.25%
16	ECDH MEDIUM-TERM	2.27%	2.16%	1.77%
	75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP	2.50%	2.51%	1.53%
	INDEX			



Manager Allocation



	Market Value	% of Portfolio
POOL 2 ST AGCY FF&C	1,078,255,323	17.2
POOL 3 ST AGCY INT.	2,240,412,030	35.7
POOL 3 ST AGCY EXT.	105,362,451	1.7
POOL 4 ST AGCY GOV.	956,947,159	15.2
POOL 10 ST OPER INT	1,009,905,912	16.1
POOL 10 ST OPERATING	157,417,640	2.5
POOL 12 CAWCD MED TRM	381,224,153	6.1
POOL 16 ECDHB	349,547,603	5.6
TOTAL STATE AGENCY	6,279,072,273	100.0

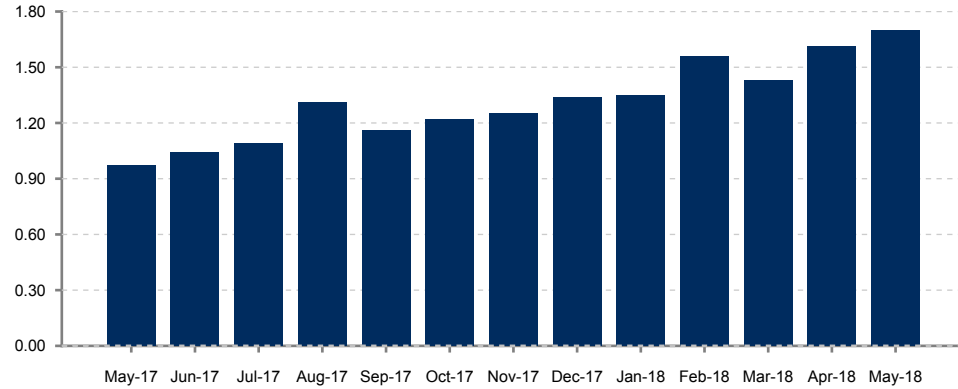
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 2 ST AGCY FF&C



Net Yield



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

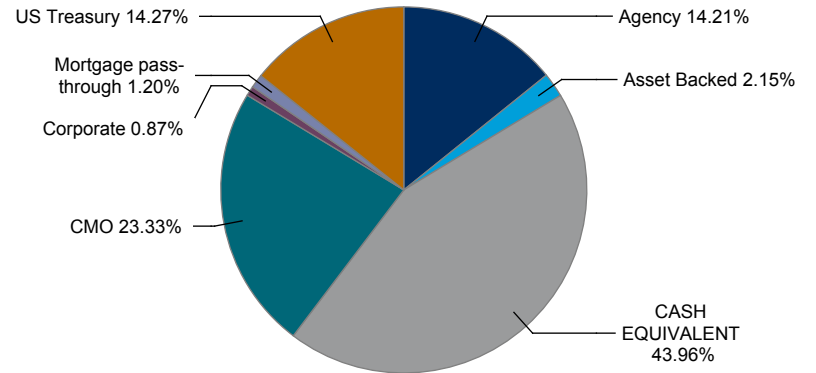
POOL 2 ST AGCY FF&C	1.70	1.61	0.97
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Asset Allocation

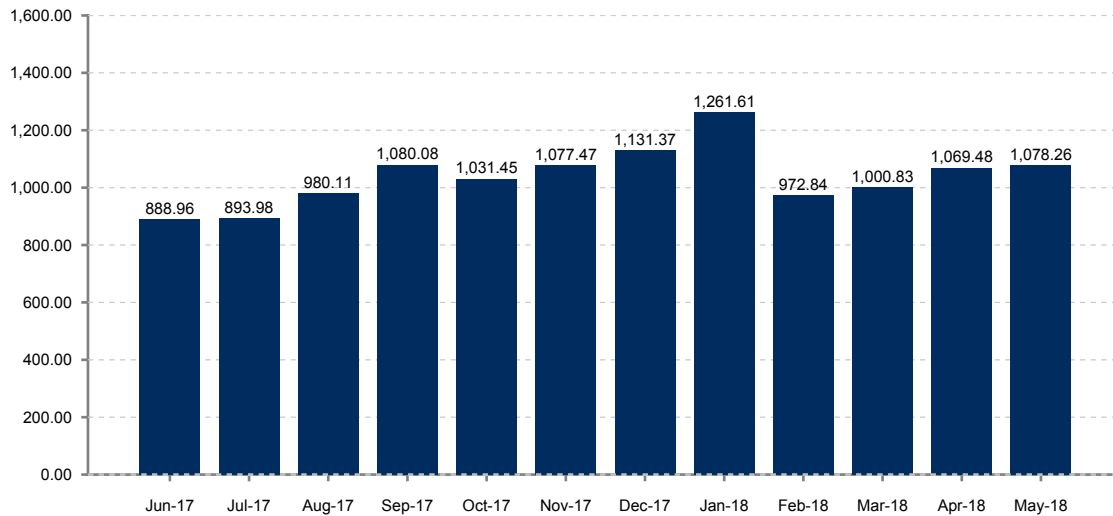
POOL 2 ST AGCY FF&C

Ending Market Value

1,078,255,323



Net Asset Values over Time (\$MM)

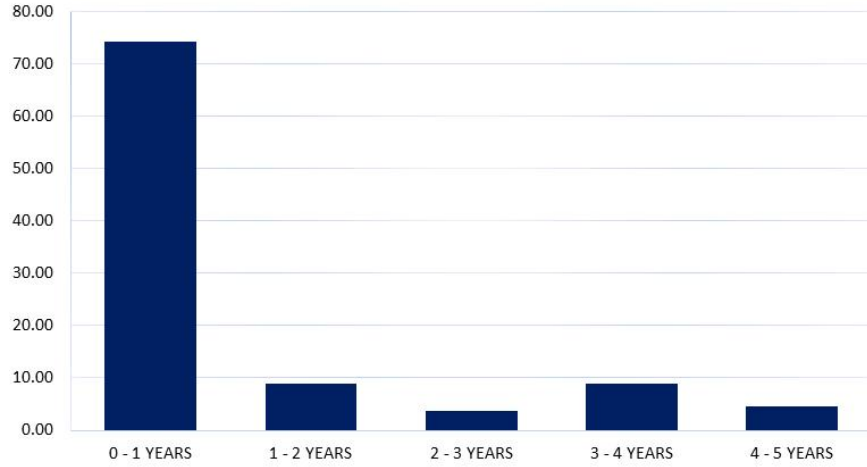


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 2 ST AGCY FF&C		
DAIWA CAPITAL MARKETS	200,009,722	18.55
BMO TRIPARTY MTGE CLA	79,901,819	7.41
TREASURY BILL	59,948,533	5.56
TREASURY BILL	49,941,320	4.63
US TREASURY N/B	45,265,201	4.20
TREASURY BILL	44,898,293	4.16
TREASURY BILL	29,915,714	2.77
US TREASURY N/B	20,216,803	1.87
US TREASURY N/B	20,041,251	1.86
TREASURY BILL	19,970,804	1.85



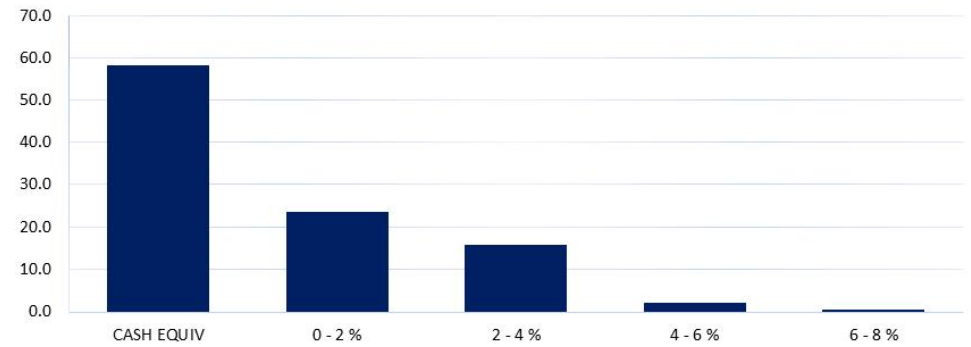
Duration Distribution



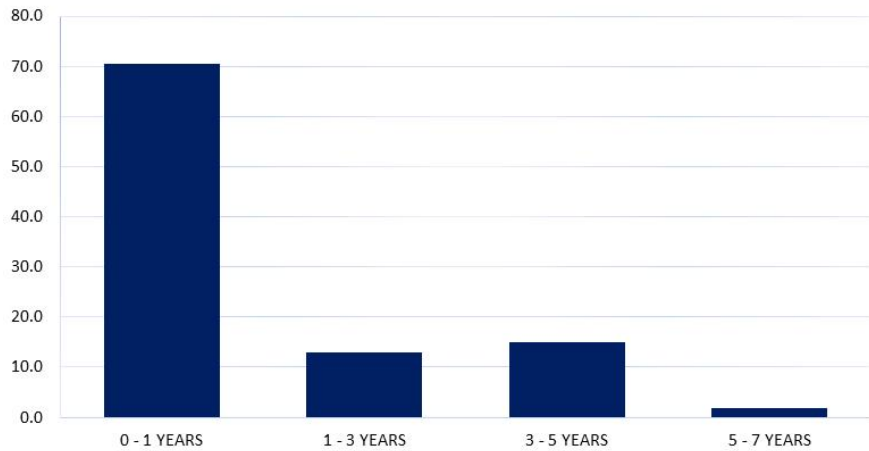
Portfolio Level Characteristics

	POOL 2 ST AGCY FF&C
Effective Maturity	1.02
Coupon	0.92
Effective Duration	0.84
Quality Rating (Moody's)	AAA

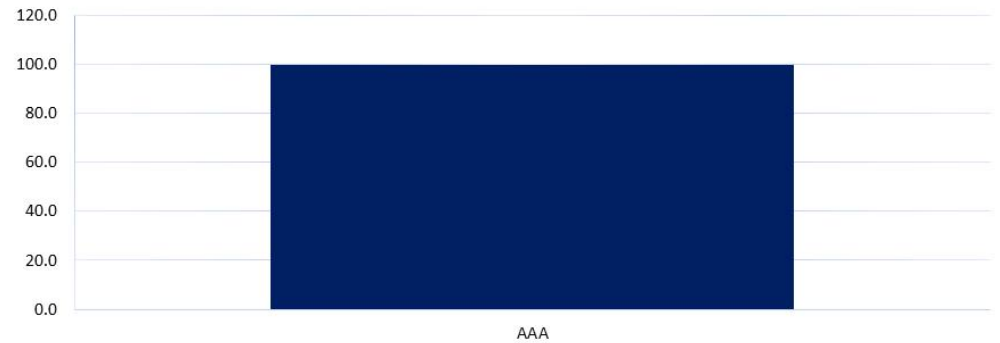
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



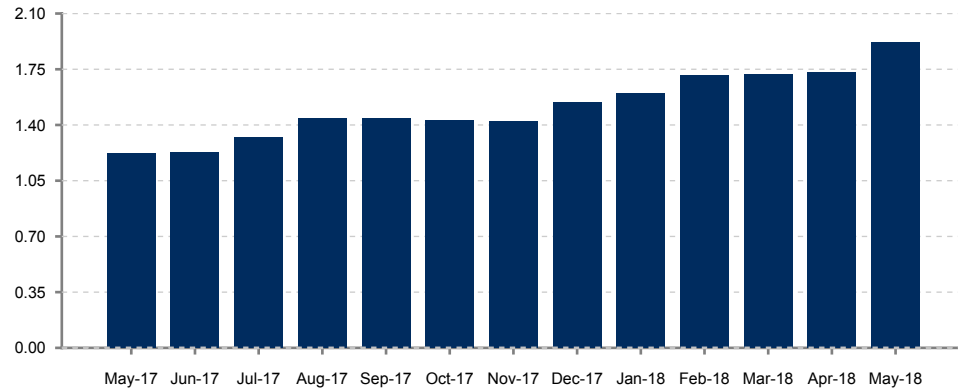
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 3 ST AGCY INT.



Net Yield

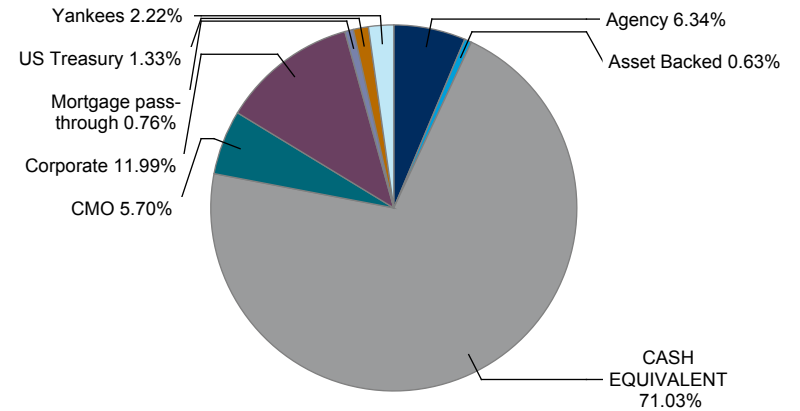


Current Mth **Prior Mth** **1 Year Ago**

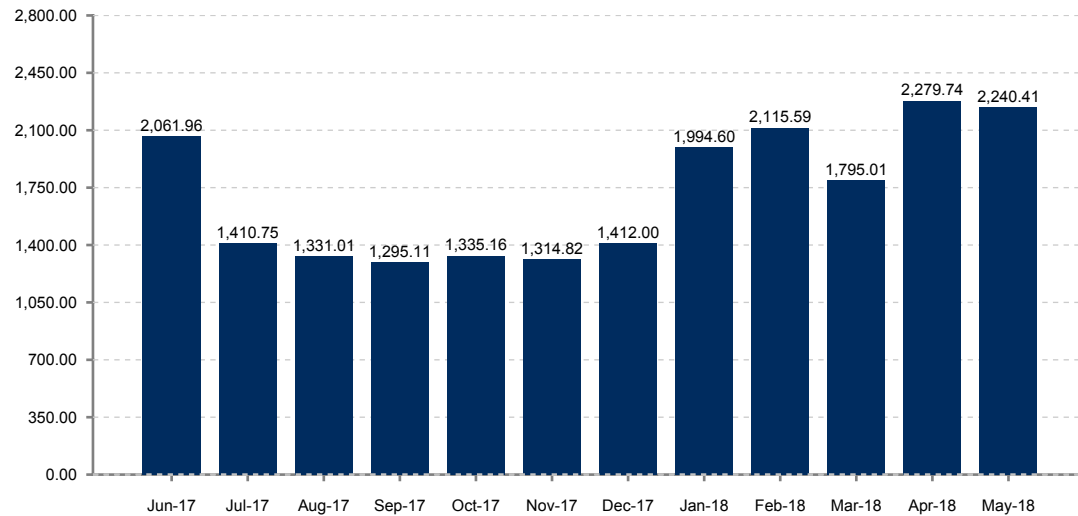
POOL 3 ST AGCY INT.	1.92	1.73	1.22
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Asset Allocation

Ending Market Value	
POOL 3 ST AGCY INT.	2,240,412,030



Net Asset Values over Time (\$MM)

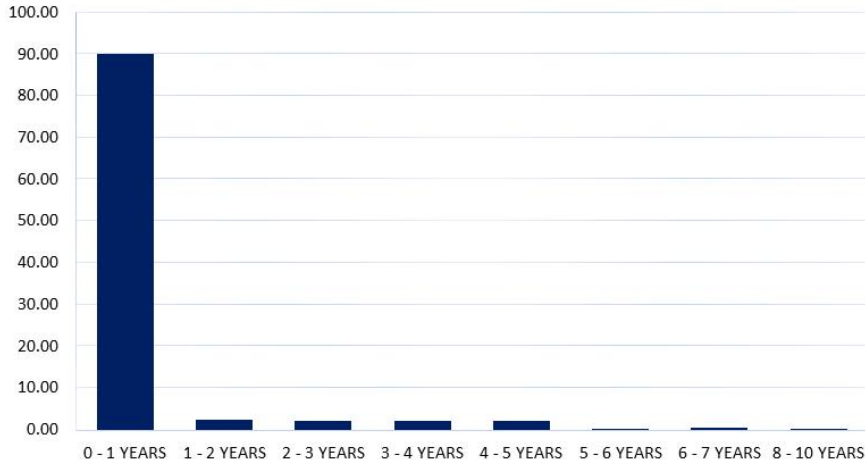


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY INT.		
SOUTH STREET REPO	443,067,918	19.78
AMHERST PIERPONT	300,015,333	13.39
ARCHER DANIELS MIDLA	37,822,031	1.69
MIZUHO BANK LTD	35,137,458	1.57
WHEELS INC	34,966,945	1.56
EXXON MOBIL CORP	32,969,310	1.47
NATIONAL SECS CLEARING	30,977,818	1.38
IBM CORP	30,188,435	1.35
MOUNTCLIFF	29,963,600	1.34
SUMITOMO MTSU BKG CORP	29,944,292	1.34



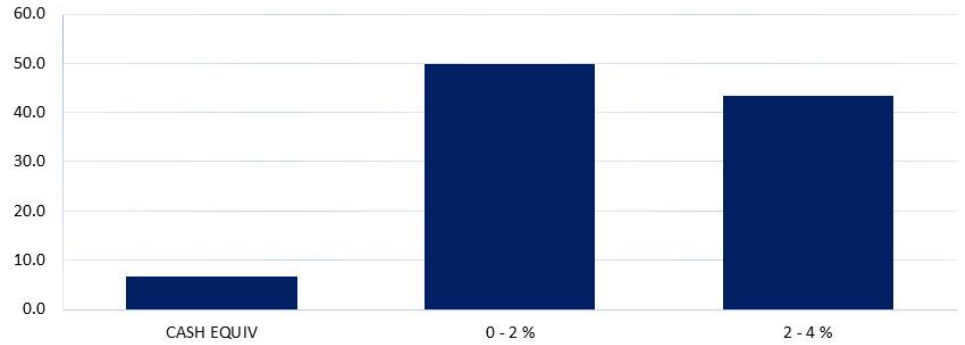
Duration Distribution



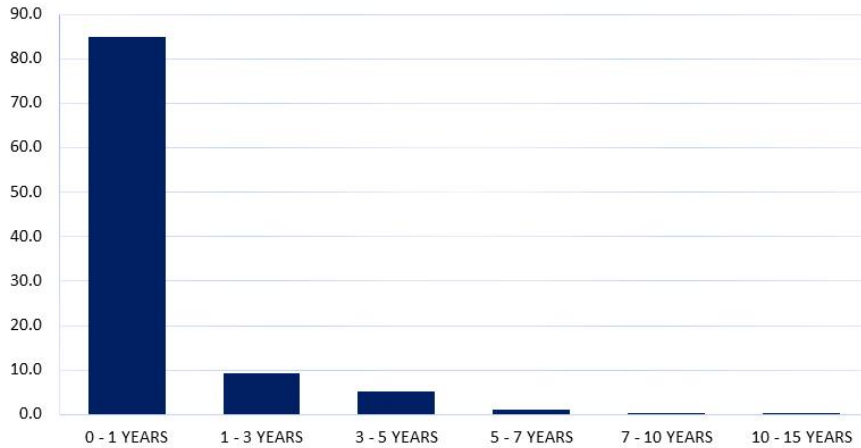
Portfolio Level Characteristics

	POOL 3 ST AGCY INT.
Effective Maturity	0.63
Coupon	0.64
Effective Duration	0.45
Quality Rating (Moody's)	AA-1

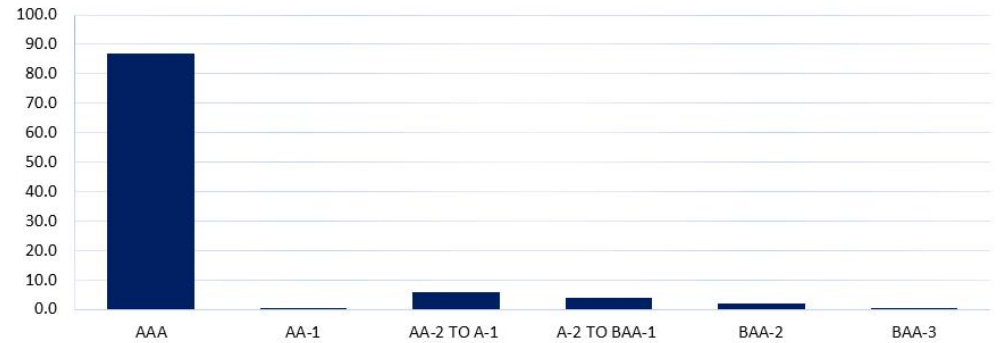
Coupon Distribution



Expected Maturity Distribution

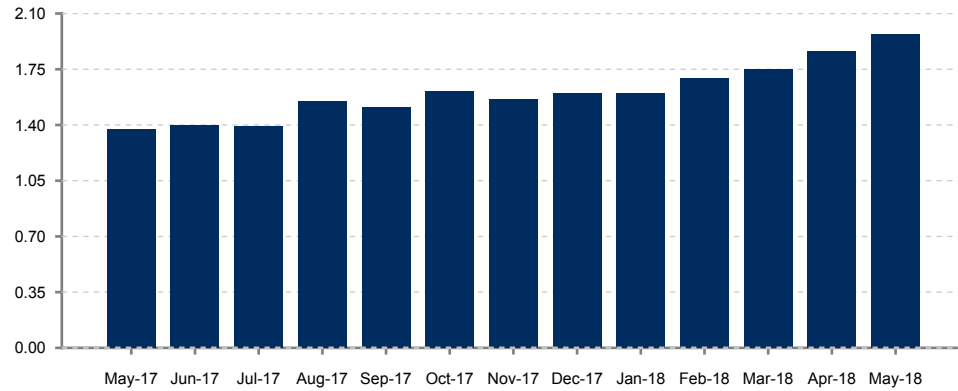


Rating Distribution





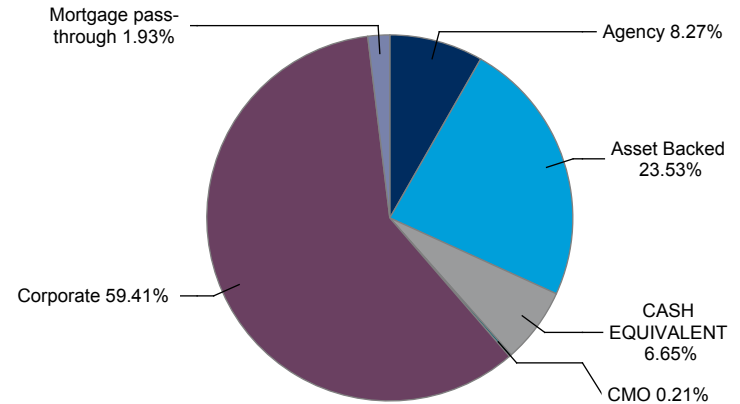
Net Yield



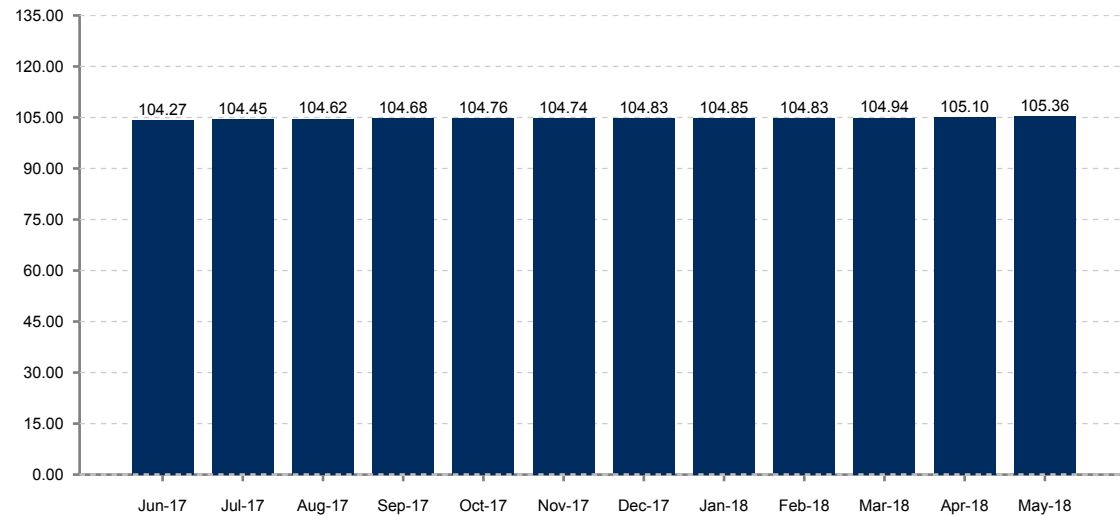
	Current Mth	Prior Mth	1 Year Ago
POOL 3 ST AGCY EXT.	1.97	1.86	1.37

Asset Allocation

	Ending Market Value
POOL 3 ST AGCY EXT.	105,362,451



Net Asset Values over Time (\$MM)

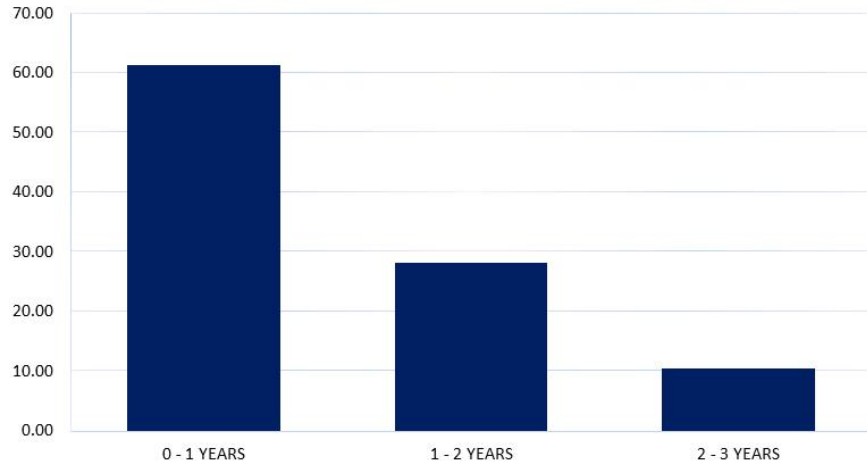


Top 10 Holdings

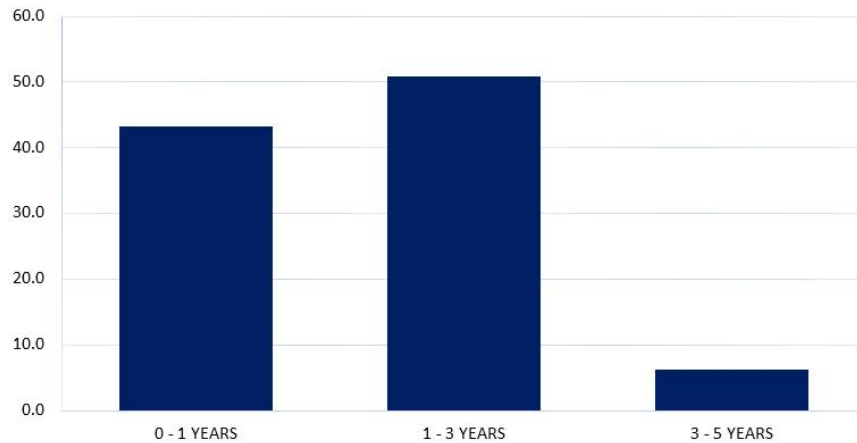
Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY EXT.		
FANNIE MAE	2,968,538	2.82
FREDDIE MAC	2,775,147	2.63
DISCOVER CARD EXECUTION NOTE T	2,085,659	1.98
CISCO SYSTEMS INC	2,014,313	1.91
FANNIE MAE	1,979,494	1.88
BRANCH BANKING + TRUST	1,866,275	1.77
MANUF + TRADERS TRUST CO	1,816,502	1.72
CITIBANK NA	1,756,219	1.67
3M COMPANY	1,541,522	1.46
ROYAL BK OF CANADA	1,513,624	1.44



Duration Distribution



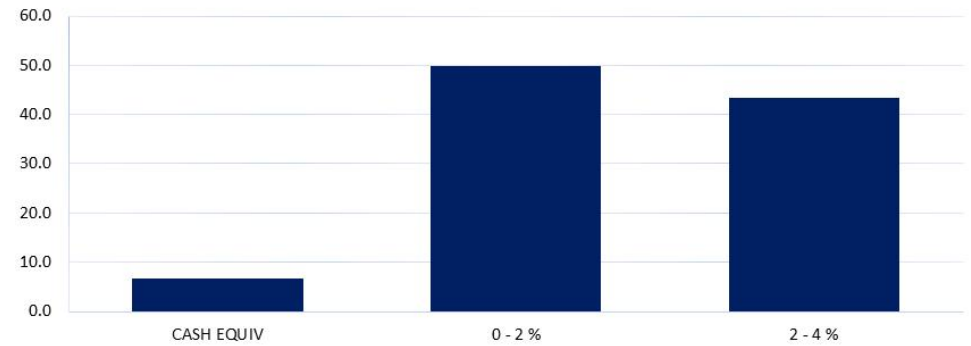
Expected Maturity Distribution



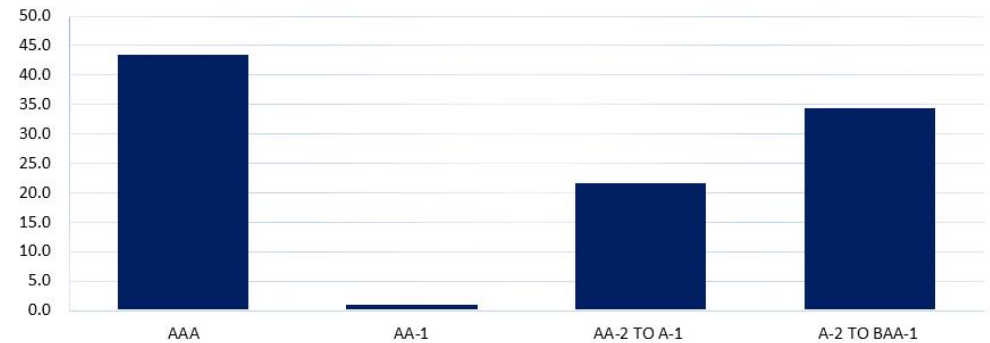
Portfolio Level Characteristics

	POOL 3 ST AGCY EXT.
Effective Maturity	1.35
Coupon	1.91
Effective Duration	0.88
Quality Rating (Moody's)	AA-3

Coupon Distribution



Rating Distribution



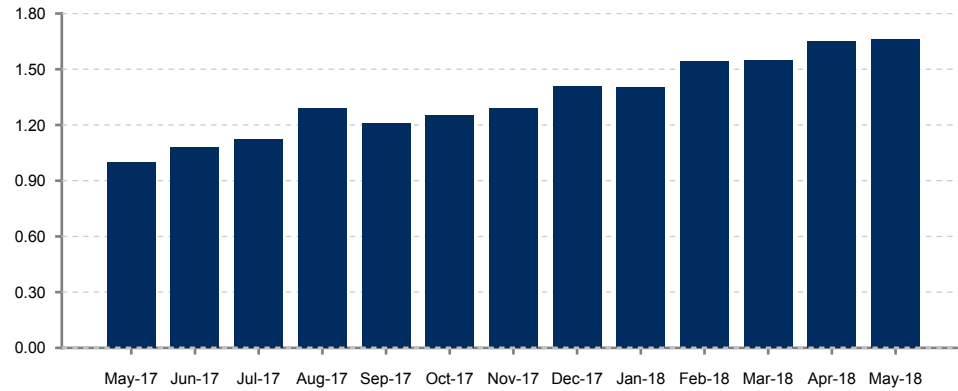
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 4 ST AGCY GOV.



Net Yield

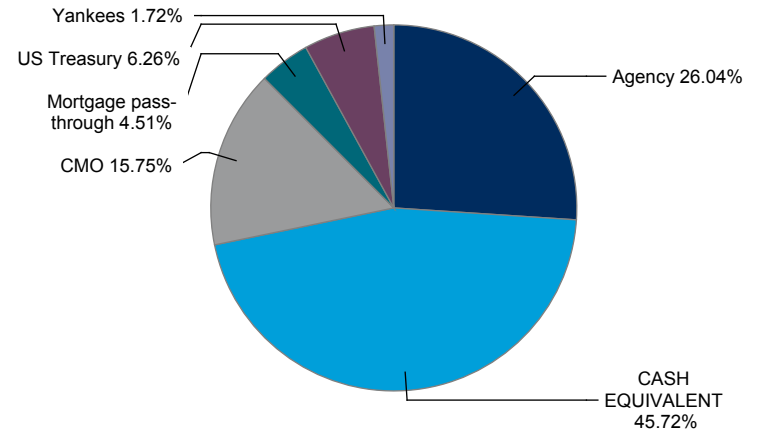


Current Mth **Prior Mth** **1 Year Ago**

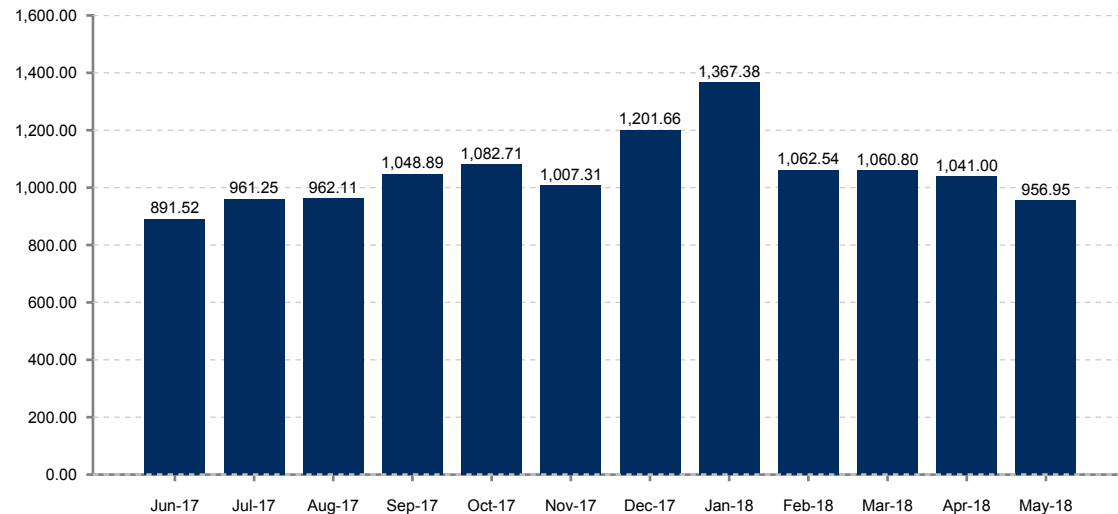
POOL 4 ST AGCY GOV.	1.66	1.65	1.00
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Asset Allocation

Ending Market Value	
POOL 4 ST AGCY GOV.	956,947,159



Net Asset Values over Time (\$MM)

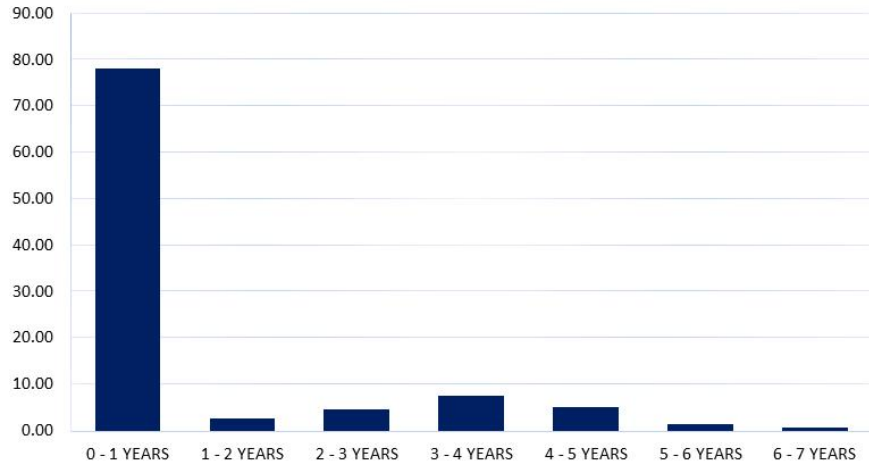


Top 10 Holdings

Security Name	Ending Market Value
POOL 4 ST AGCY GOV.	
BMO TRIPARTY MTGE CLAS/ISIT/RTRP MATU//20121224	135,108,632
TREASURY BILL	49,941,335
FED HOME LN DISCOUNT NT	39,968,333
SOUTH STREET REPO	31,957,019
US TREASURY N/B	30,178,939
FED HOME LN DISCOUNT NT	20,479,227
FARMER MAC	20,113,375
FEDERAL FARM CREDIT BANK	20,032,188
TREASURY BILL	19,983,330
FED HOME LN DISCOUNT NT	19,982,383



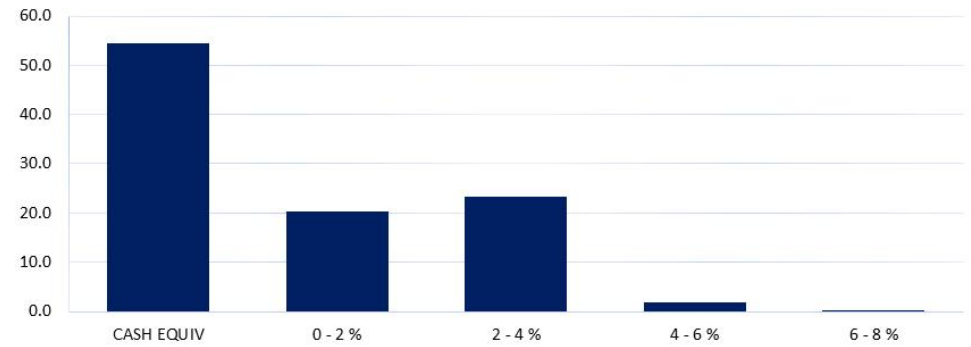
Duration Distribution



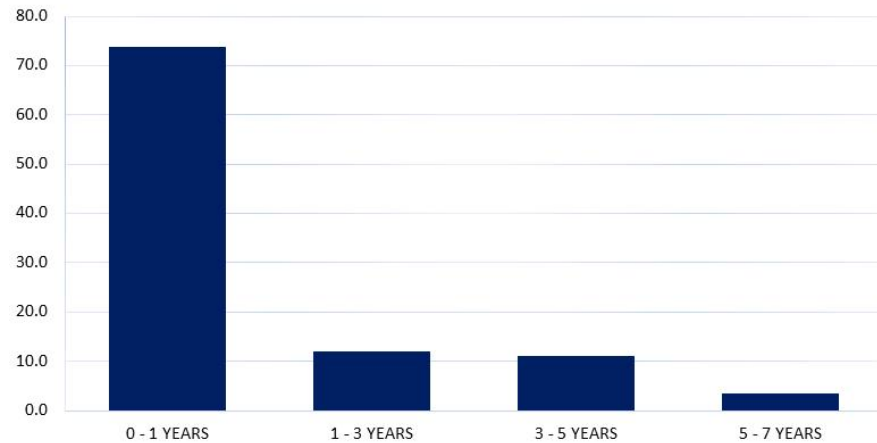
Portfolio Level Characteristics

	POOL 4 ST AGCY GOV.
Effective Maturity	0.98
Coupon	0.96
Effective Duration	0.84
Quality Rating (Moody's)	AAA

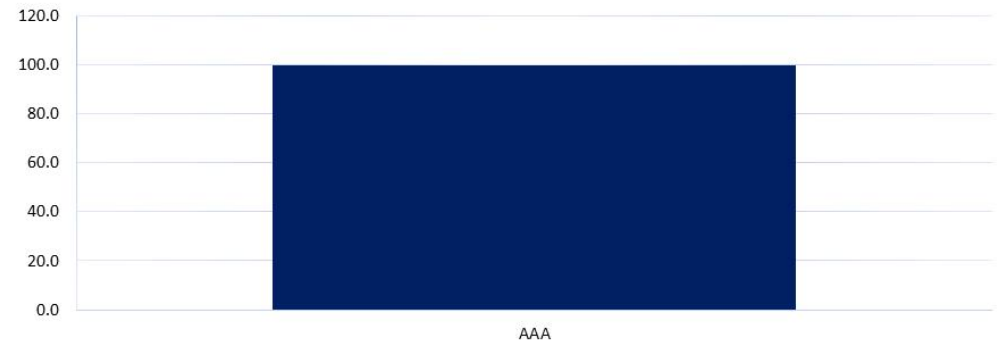
Coupon Distribution



Expected Maturity Distribution

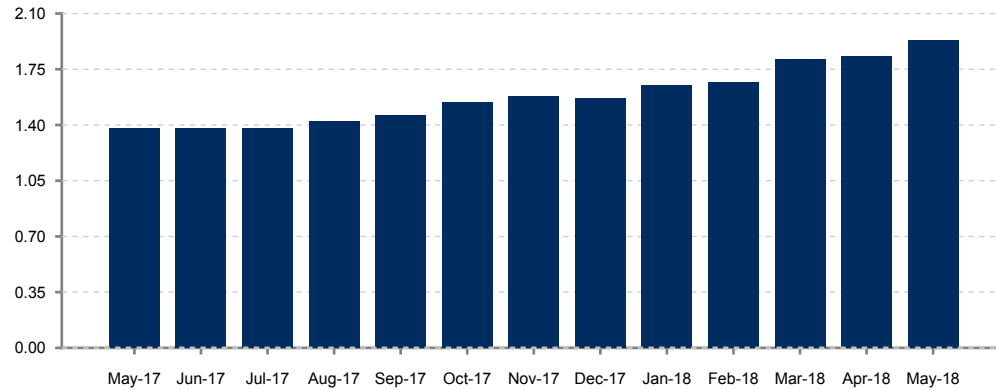


Rating Distribution





Net Yield

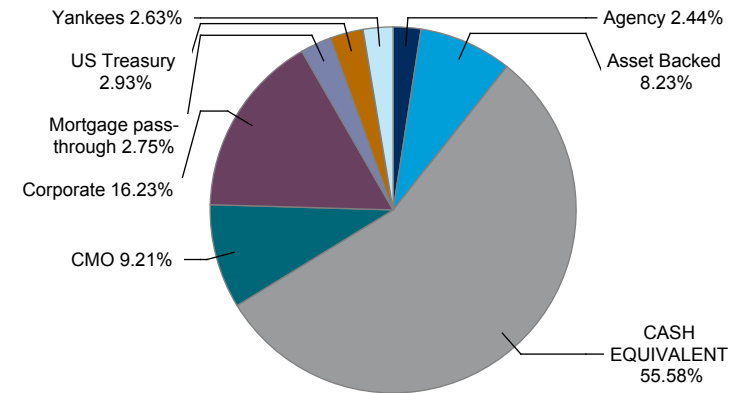


Current Mth **Prior Mth** **1 Year Ago**

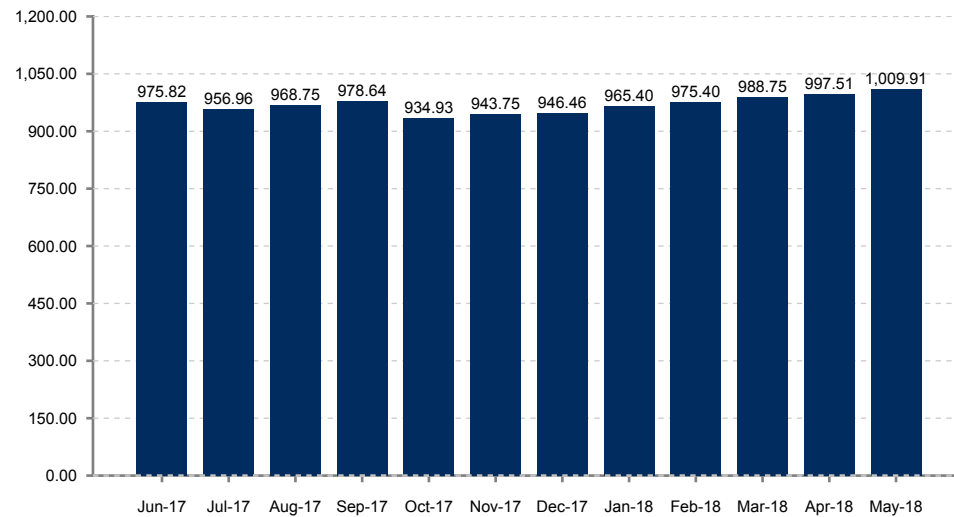
POOL 10 ST OPER INT	1.93	1.83	1.38
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Asset Allocation

Ending Market Value	
POOL 10 ST OPER INT	1,009,905,912



Net Asset Values over Time (\$MM)

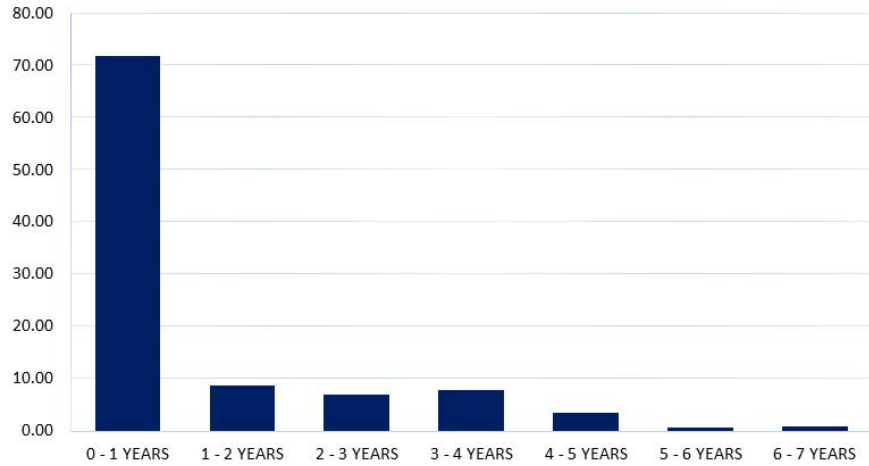


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPER INT		
GUGGENHEIM SECURITIES REPO	57,002,818	5.64
CHARIOT FNDG LLC	29,947,300	2.97
BANK OF NOVA SCOTIA	20,217,183	2.00
VICTORY RECEIVABLES	19,994,833	1.98
ATLANTIC ASSET SECUR	19,993,833	1.98
LEXINGTN PKR CAP CO LL	19,980,639	1.98
BEDFORD ROW FDG CORP	19,977,200	1.98
INSTITUTIONAL SECURED	19,976,083	1.98
BANK TOKYO MIT UFJ NY	19,967,622	1.98
GOTHAM FDG CORP	19,932,867	1.97



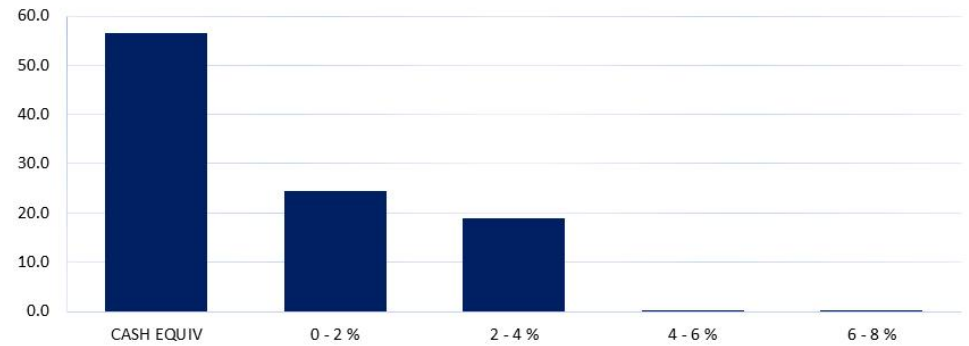
Duration Distribution



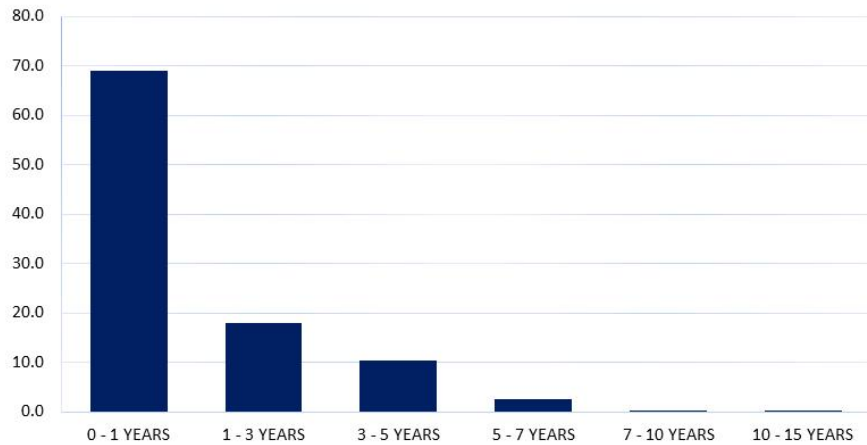
Portfolio Level Characteristics

	POOL 10 ST OPERATING INT
Effective Maturity	1.04
Coupon	0.90
Effective Duration	0.97
Quality Rating (Moody's)	AA-1

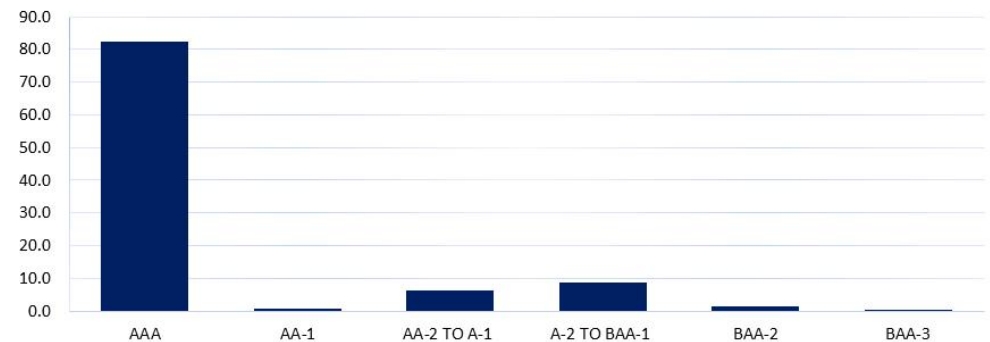
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



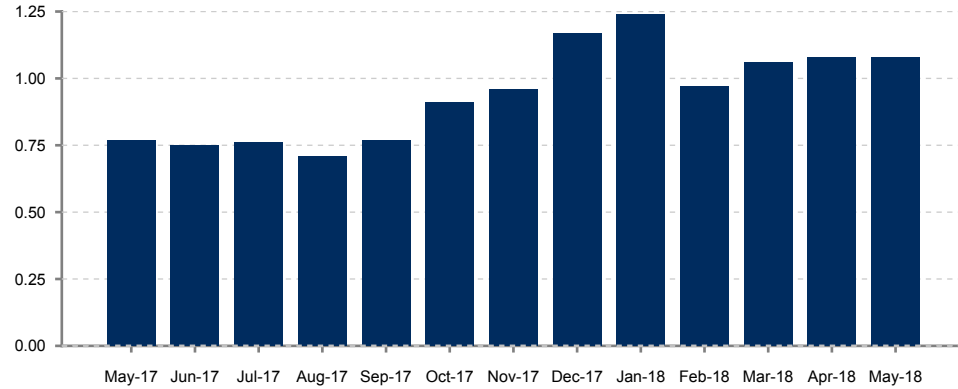
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 10 ST OPERATING Ext



Net Yield



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

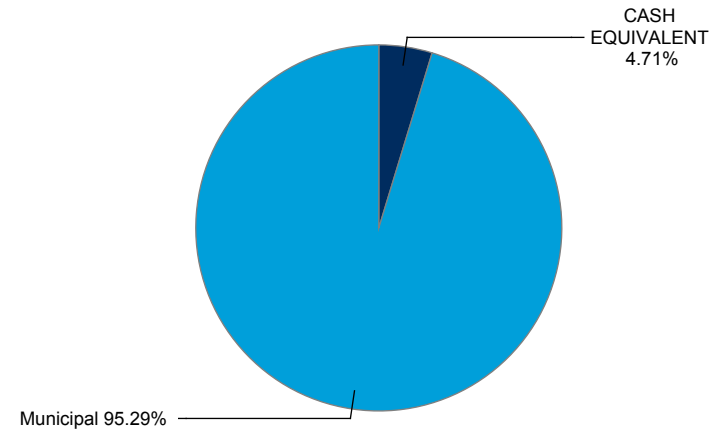
POOL 10 ST OPERATING	1.08	1.08	0.77
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Asset Allocation

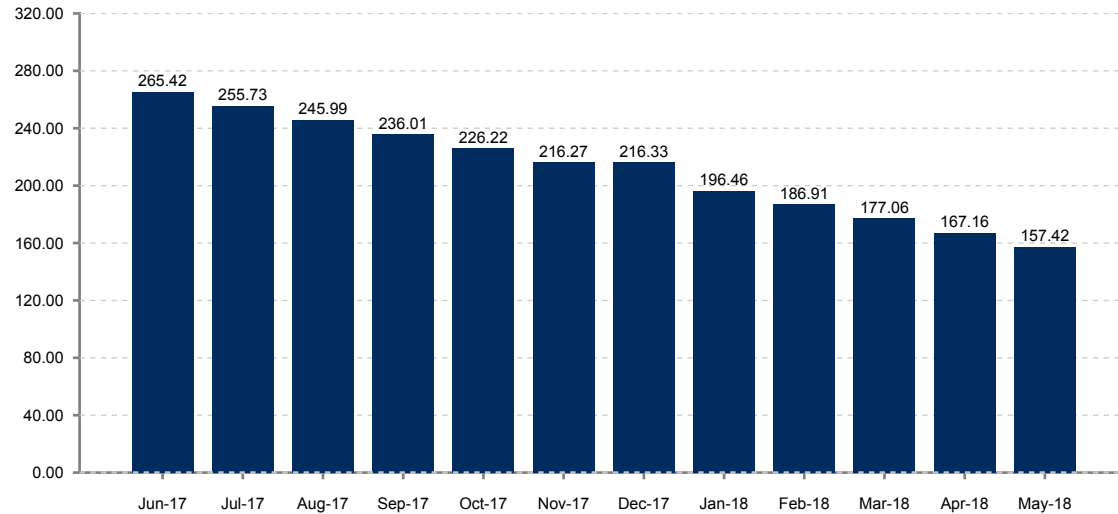
POOL 10 ST OPERATING

Ending Market Value

157,417,640



Net Asset Values over Time (\$MM)

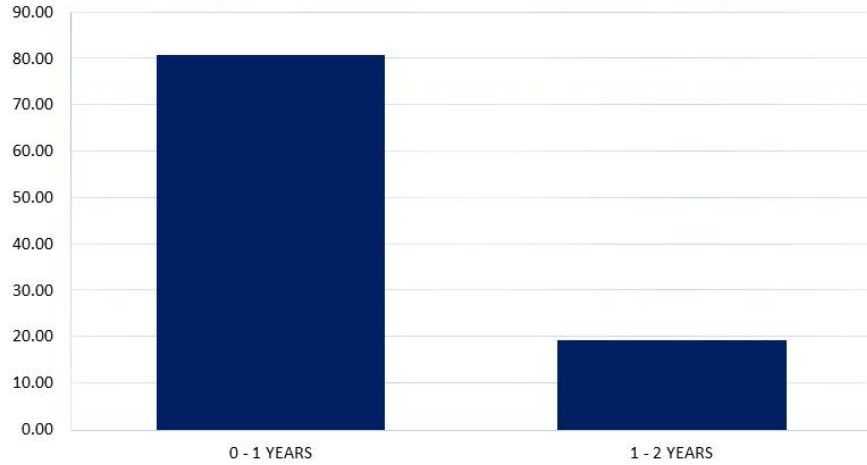


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPERATING		
ALPINE UT SCH DIST	10,419,517	6.62
PRINCE GEORGES CNTY	10,391,185	6.60
PENNSYLVANIA ST INDL D	10,259,720	6.52
SHELBY CNTY TN	9,820,364	6.24
TEXAS ST	9,327,760	5.93
WISCONSIN ST PETROLEU	8,909,720	5.66
GEORGIA ST ROAD TOLL	8,142,177	5.17
ILLINOIS ST FIN AUTH REV	7,960,837	5.06
DREYFUS TAX EXEMPT CA	7,777,741	4.94
CLARK CNTY NV SCH DIST	7,169,238	4.55



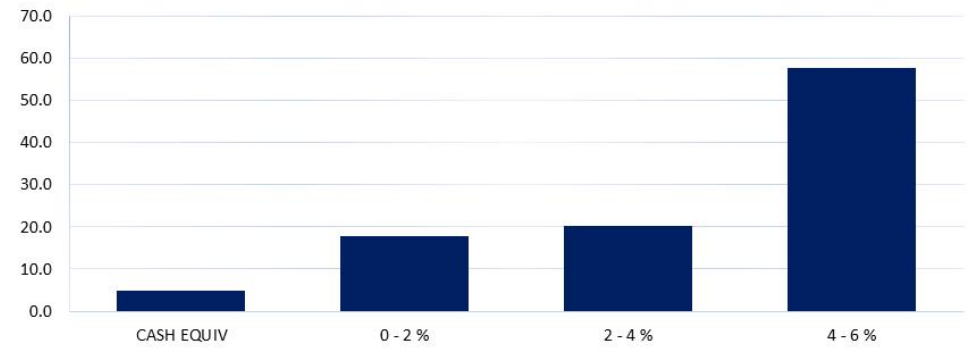
Duration Distribution



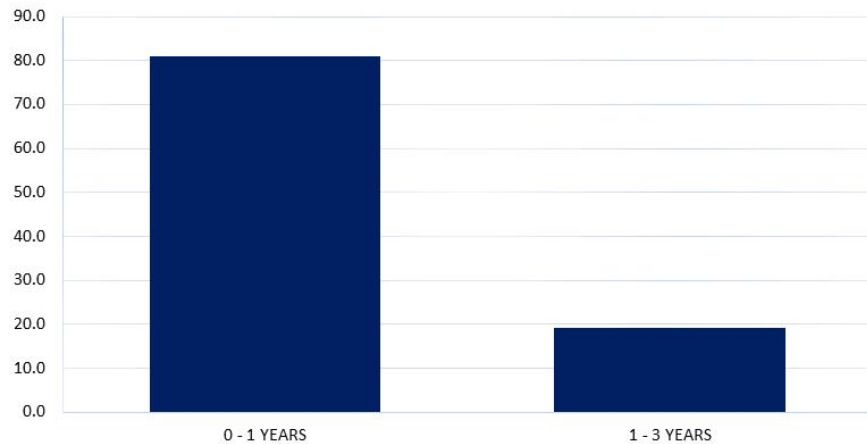
Portfolio Level Characteristics

	POOL 10 ST OPERATING
Effective Maturity	0.46
Coupon	3.94
Effective Duration	0.45
Quality Rating (Moody's)	AA-1

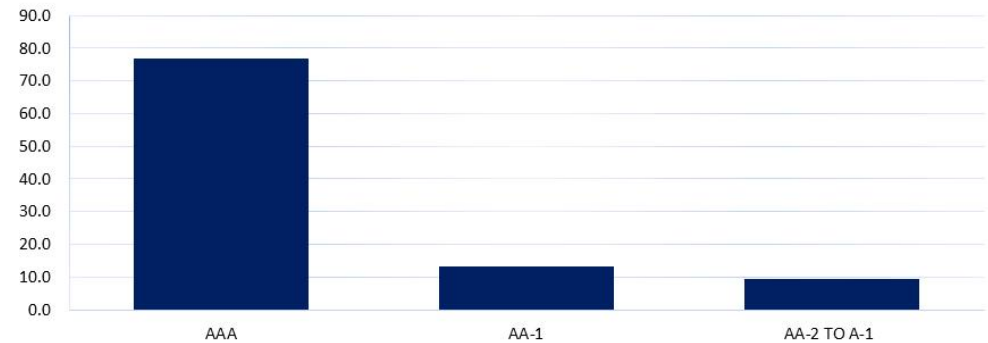
Coupon Distribution



Expected Maturity Distribution

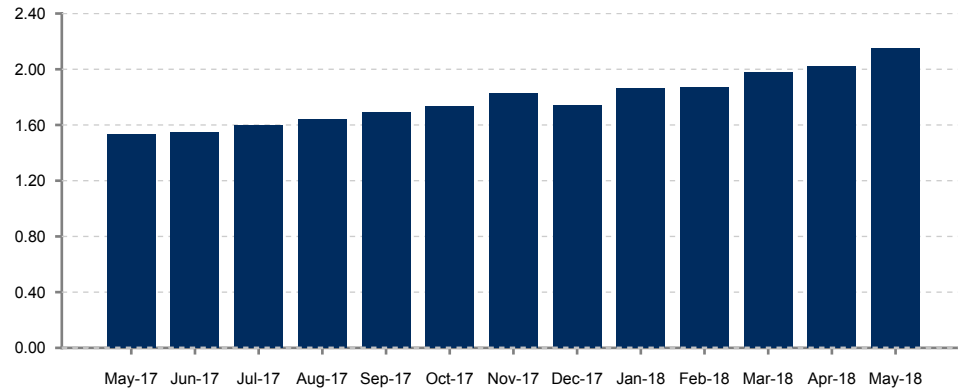


Rating Distribution





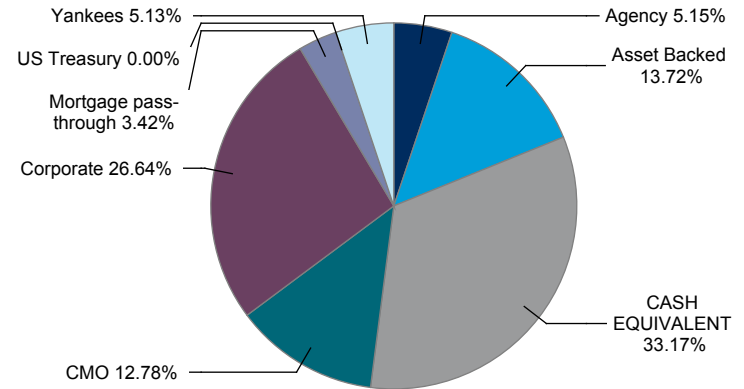
Net Yield



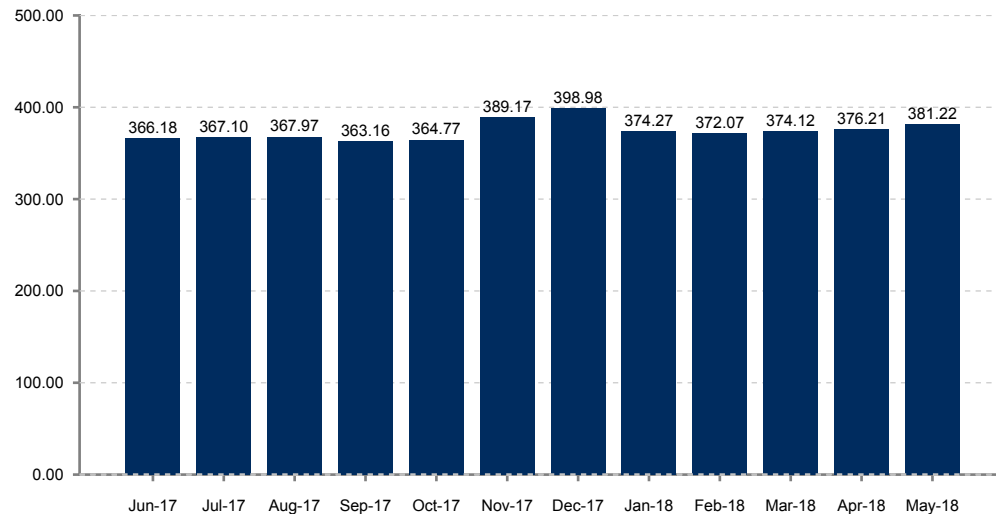
	Current Mth	Prior Mth	1 Year Ago
POOL 12 CAWCD MED TRM	2.15	2.02	1.53

Asset Allocation

	Ending Market Value
POOL 12 CAWCD MED TRM	381,224,153



Net Asset Values over Time (\$MM)

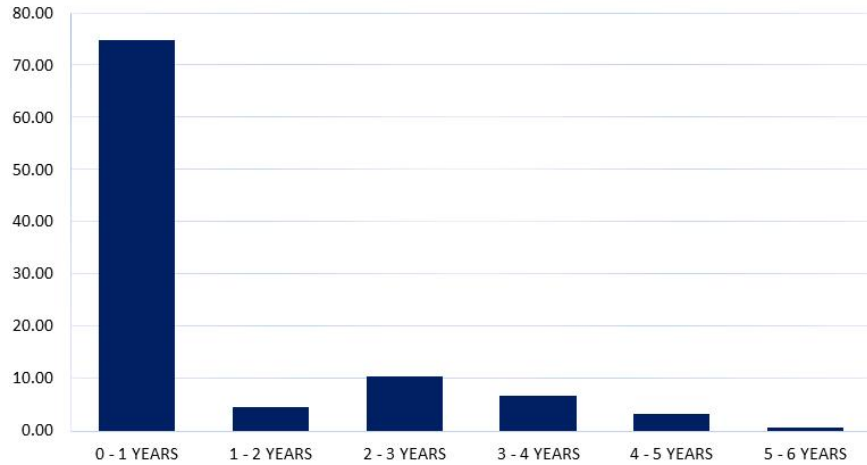


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 12 CAWCD MED TRM		
GUGGENHEIM SECURITIES REPO	20,232,434	5.31
SHEFFIELD RECEIVABLE	9,989,128	2.62
INSTITUTIONAL SECURED	9,977,517	2.62
GOTHAM FDG CORP	9,965,800	2.61
MOUNTCLIFF	9,960,167	2.61
ATLANTIC ASSET SECUR	9,960,100	2.61
VICTORY RECEIVABLES	9,959,750	2.61
FANNIE MAE	5,920,747	1.55
FREDDIE MAC	5,852,472	1.54
FANNIE MAE	5,368,453	1.41



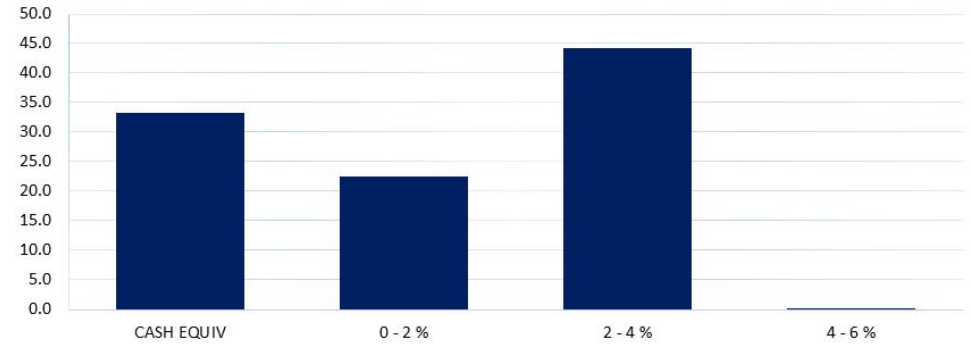
Duration Distribution



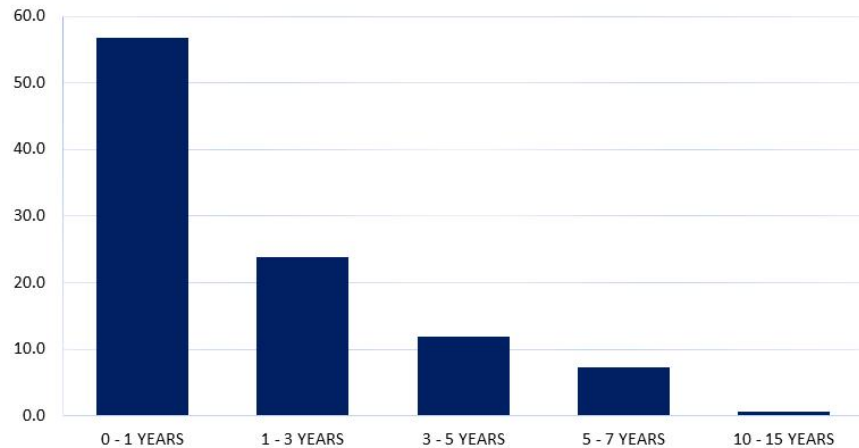
Portfolio Level Characteristics

	POOL 12 CAWCD MED TRM
Effective Maturity	1.58
Coupon	1.64
Effective Duration	0.91
Quality Rating (Moody's)	AA-1

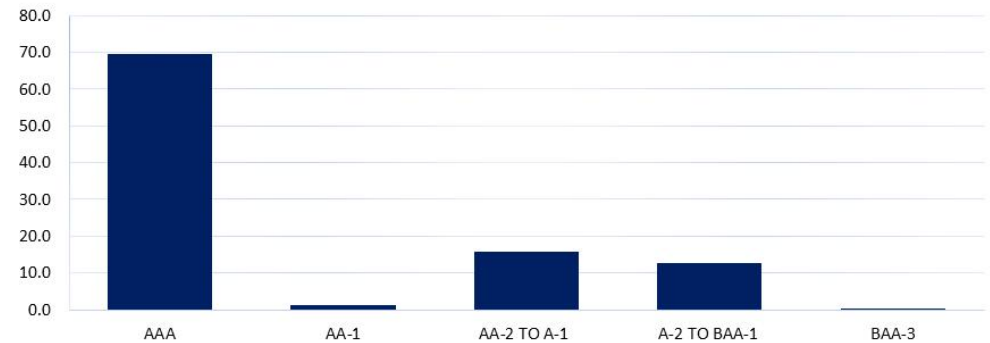
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



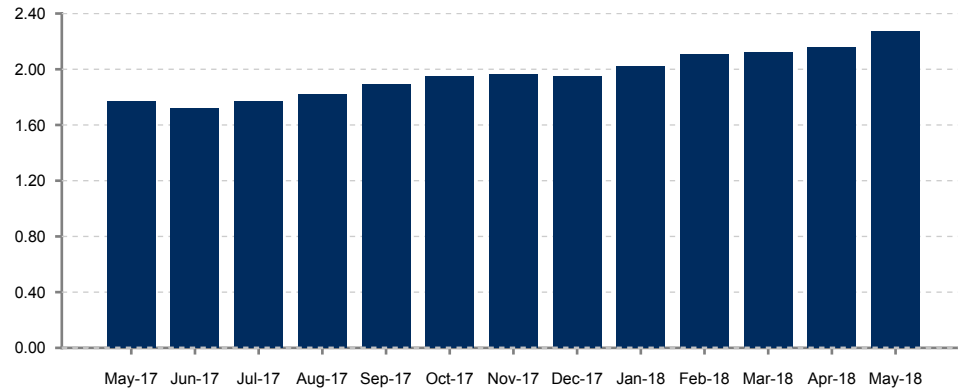
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 16 ECDHB



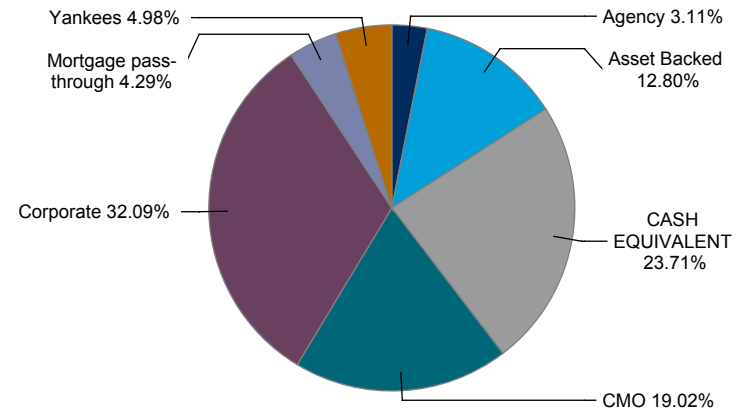
Net Yield



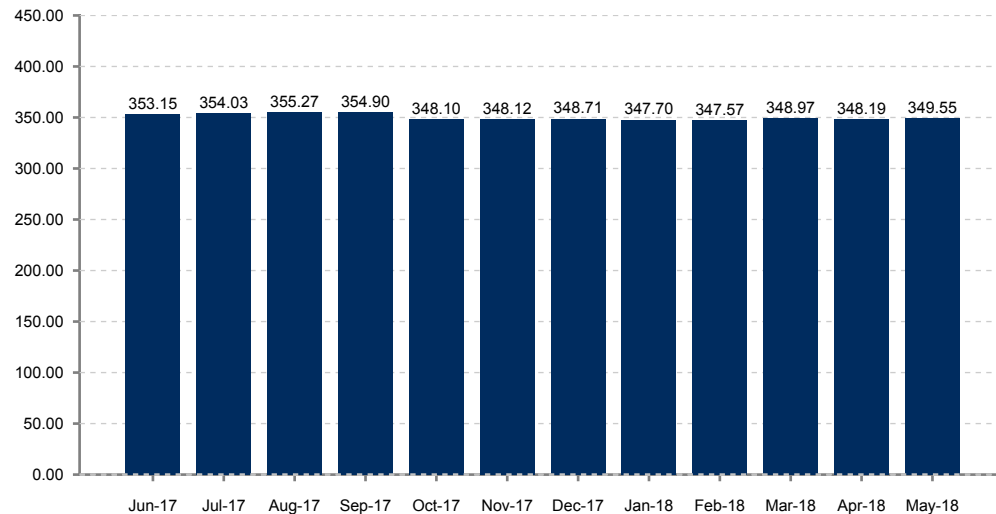
	Current Mth	Prior Mth	1 Year Ago
POOL 16 ECDHB	2.27	2.16	1.77

Asset Allocation

	Ending Market Value
POOL 16 ECDHB	349,547,603



Net Asset Values over Time (\$MM)

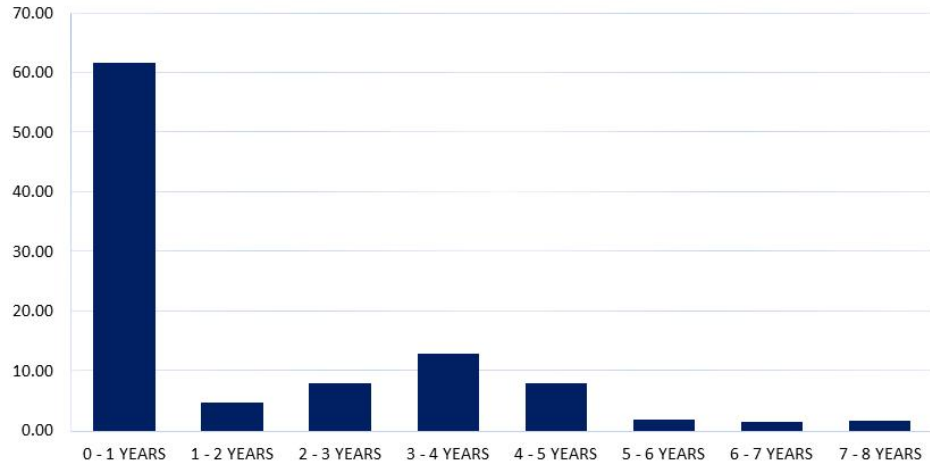


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 16 ECDHB		
GUGGENHEIM SECURITIES REPO	18,000,890	5.15
FANNIE MAE	6,184,393	1.77
FREDDIEMAC STRIP	5,066,420	1.45
BANK OF NOVA SCOTIA	5,054,296	1.45
AMERICAN EXPRESS CREDIT	5,048,175	1.44
CISCO SYSTEMS INC	5,045,295	1.44
JOHN DEERE CAPITAL CORP	5,044,351	1.44
BRANCH BANKING + TRUST	5,043,985	1.44
CHEVRON CORP	5,041,555	1.44
BANK OF NY MELLON CORP	5,034,148	1.44



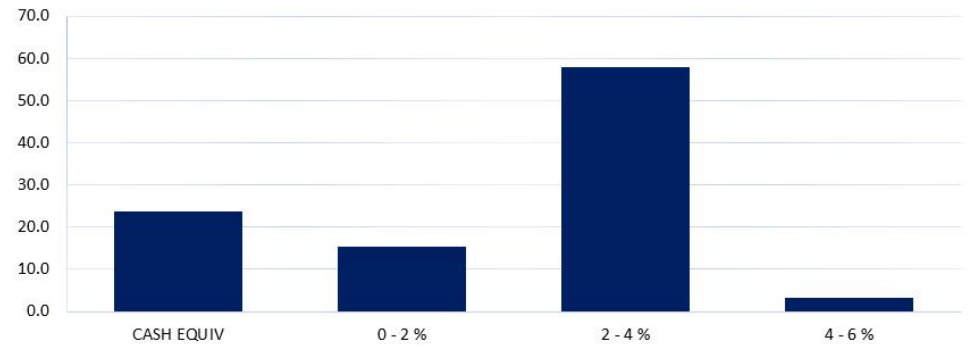
Duration Distribution



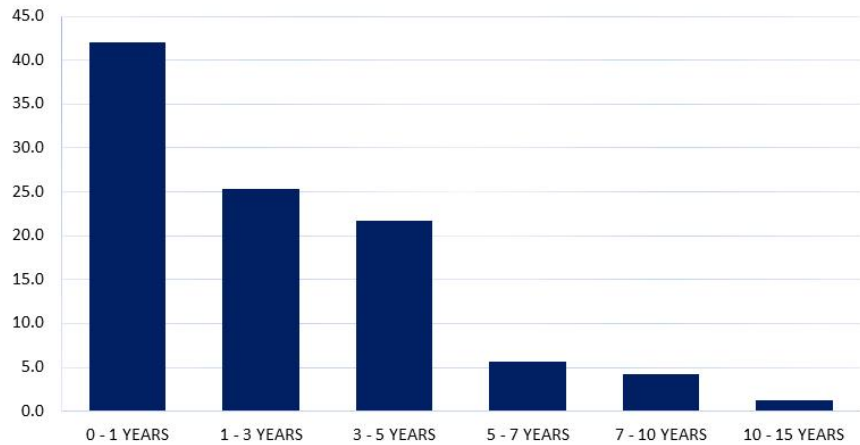
Portfolio Level Characteristics

	POOL 16 ECDHB
Effective Maturity	2.27
Coupon	2.07
Effective Duration	1.54
Quality Rating (Moody's)	AA-2

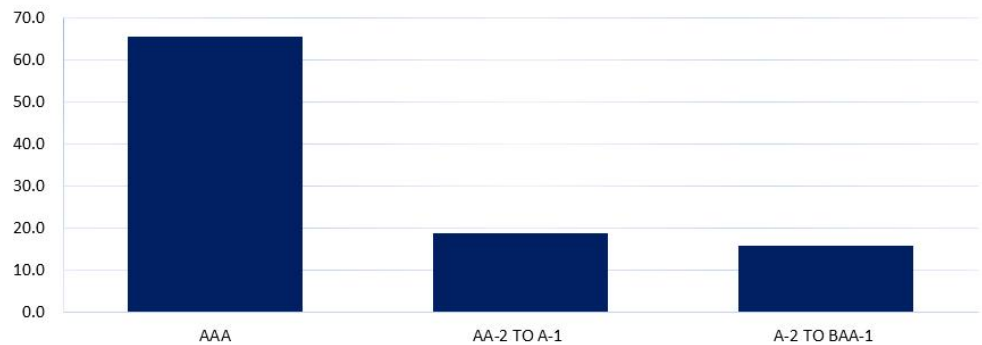
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



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**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 MAY 2018**

NET EARNINGS

FUND	DESCRIPTION	Current Month 05/31/18	Prior Month 04/30/18	Prior Year 05/31/17	Net Asset Value Per Share
5	LGIP	2,708,883	2,161,680	1,167,303	1.0000
7	LGIP - GOV	2,016,577	1,676,366	872,680	1.0000
	TOTAL LGIP & LGIP-GOV	4,725,460	3,838,046	2,039,983	

YIELDS

<u>MONTHLY</u>		Current Month 05/31/18	Prior Month 04/30/18	Prior Year 5/31/17
5	LGIP (NET)	1.86%	1.73%	0.88%
	S & P LGIP INDEX	1.74%	1.58%	0.82%
7	LGIP - GOV (NET)	1.66%	1.53%	0.73%
	3 MONTH T-BILL	1.87%	1.76%	0.89%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	1.33%	1.28%	0.59%
	S & P LGIP INDEX	1.20%	1.17%	0.55%
7	LGIP - GOV (NET)	1.20%	1.15%	0.46%
	3 MONTH T-BILL	1.34%	1.32%	0.48%

* 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
 MAY 2018**

NET EARNINGS

FUND	DESCRIPTION	Current Month 05/31/18	Prior Month 04/30/18	Prior Year 05/31/17	Net Asset Value Per Share
500	LGIP - MED TERM POOL	663,805	613,792	420,668	1.0228
700	LGIP - FF&C MED TERM POOL	227,303	227,918	156,171	0.9960
	TOTAL LGIP MEDIUM TERM POOLS	891,109	841,710	576,839	

YIELDS

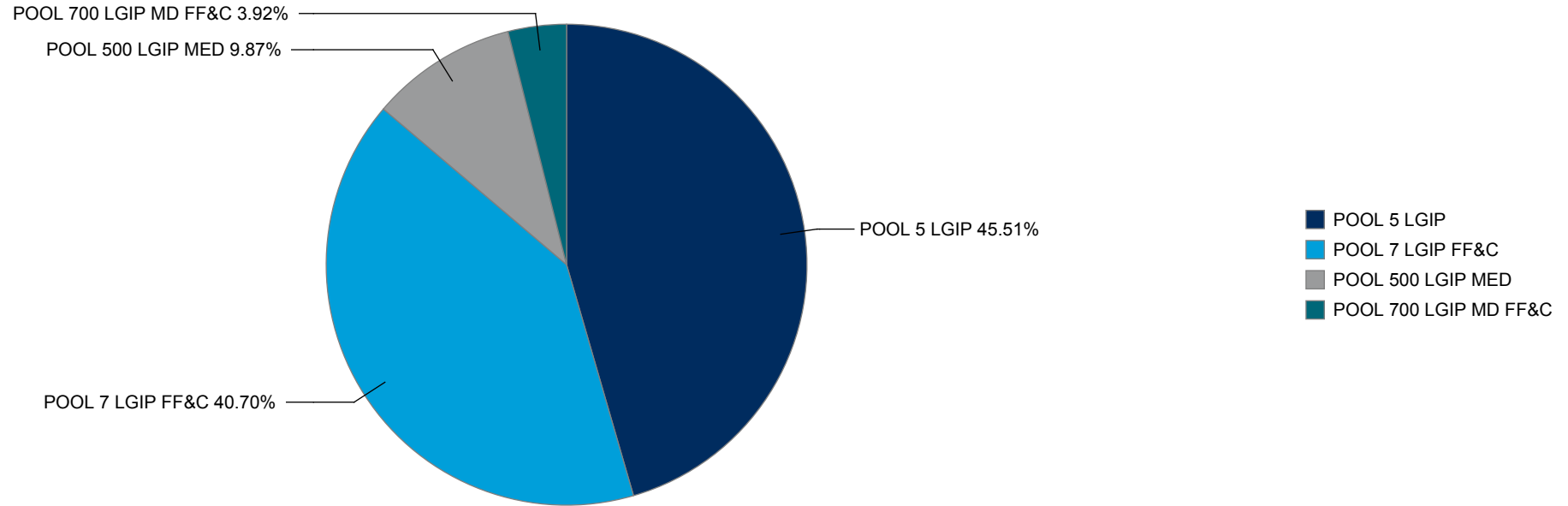
MONTHLY

	Current Month 05/31/18	Prior Month 04/30/18	Prior Year 5/31/17
500 LGIP - MED TERM (NET)	2.18%	2.09%	1.53%
75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP INDEX	2.50%	2.51%	1.53%
700 LGIP - FF&C MED TERM (NET)	1.88%	1.89%	1.27%
75% MERRILL 1-5 US TREAS INDEX / 15% MERRILL US GNMA 15 YR INDEX / 10% MERRILL US 3 MO T-BILL INDEX	2.48%	2.54%	1.47%

YEAR TO DATE

500 LGIP - MED TERM (NET)	1.84%	1.80%	1.40%
75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP INDEX	2.02%	1.97%	1.37%
700 LGIP - FF&C MED TERM (NET)	1.61%	1.59%	1.14%
75% MERRILL 1-5 US TREAS INDEX / 15% MERRILL US GNMA 15 YR INDEX / 10% MERRILL US 3 MO T-BILL INDEX	2.02%	1.97%	1.26%

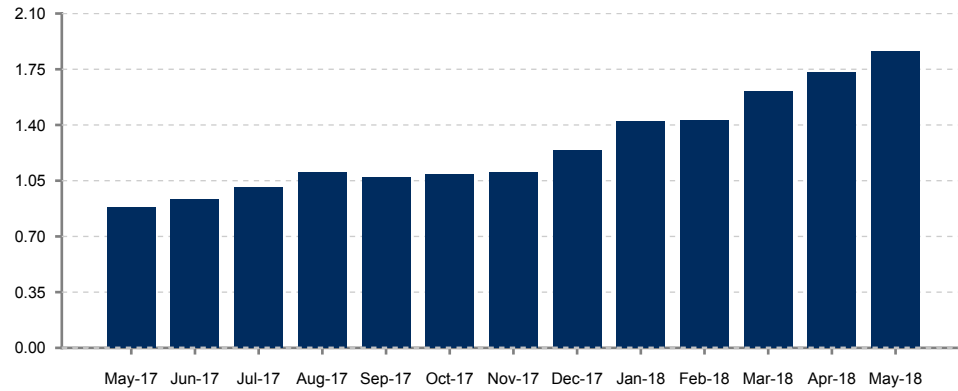
Manager Allocation



	Market Value	% of Portfolio
POOL 5 LGIP	1,653,843,422	45.5
POOL 7 LGIP FF&C	1,479,032,056	40.7
POOL 500 LGIP MED	358,592,274	9.9
POOL 700 LGIP MD FF&C	142,452,143	3.9
TOTAL LGIP	3,633,919,896	100.0



Net Yield

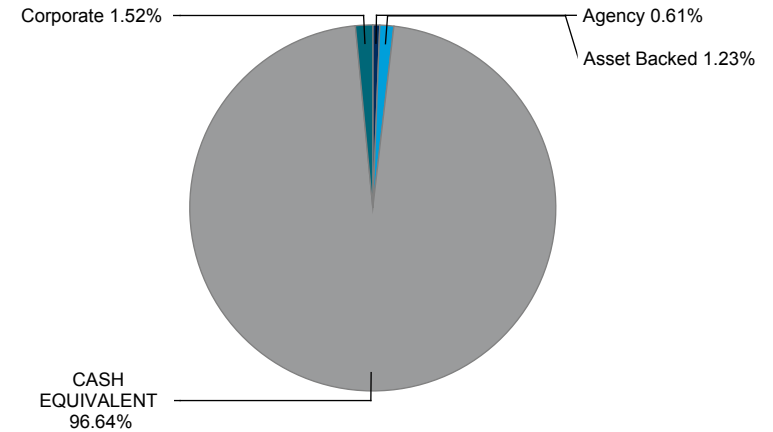


Current Mth **Prior Mth** **1 Year Ago**

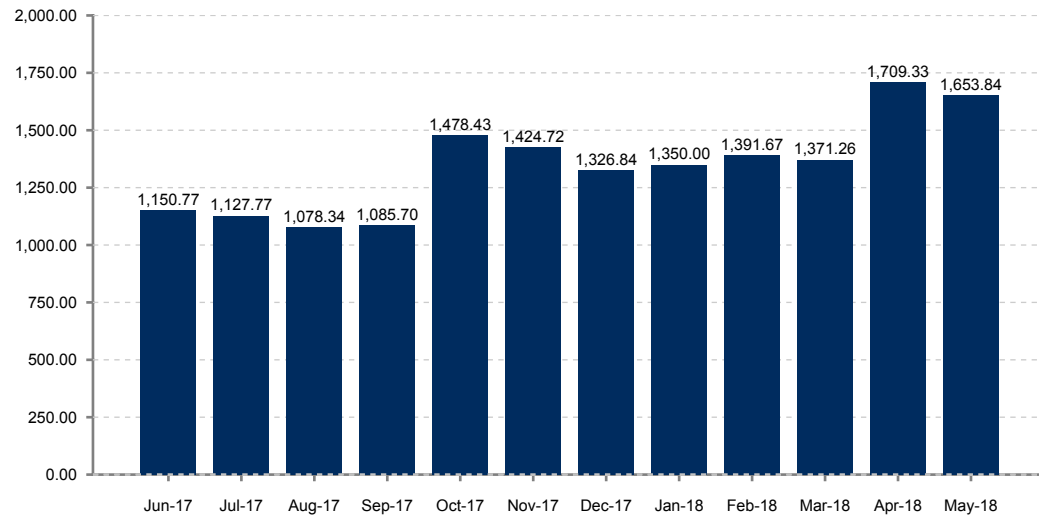
POOL 5 LGIP	1.86	1.73	0.88
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Asset Allocation

	Ending Market Value
POOL 5 LGIP	1,653,843,422



Net Asset Values over Time (\$MM)

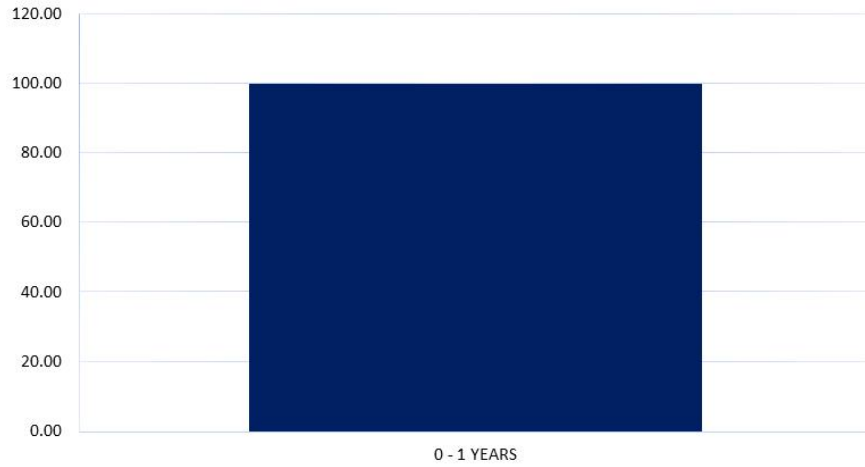


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 5 LGIP		
CREDIT AGRICOLE REPO	227,239,711	13.74
CREDIT AGRICOLE REPO	100,014,250	6.05
BANK OF AMERICA REPO	100,004,306	6.05
FIDELITY INVESTMENTS MONEY	51,098,961	3.09
EXXON MOBIL CORP	49,948,611	3.02
MOUNTCLIFF	29,981,942	1.81
NORTHWESTERN UNIVERS	29,952,167	1.81
3M CO	28,710,325	1.74
INTL BK RECON + DEVELOP	25,068,972	1.52
CHEVRON CORP	25,000,000	1.51



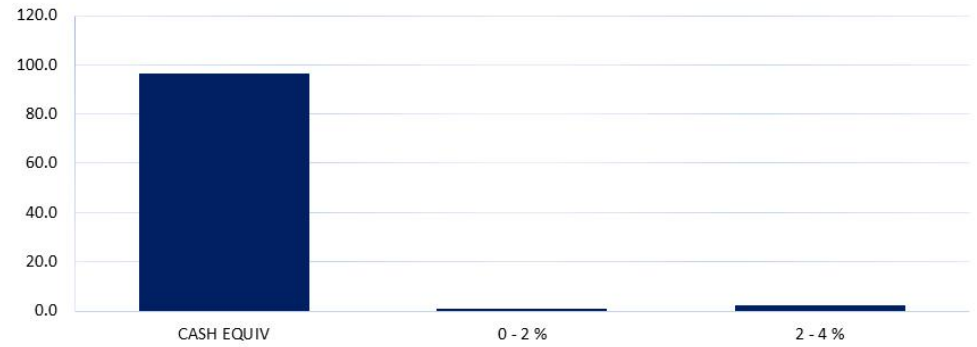
Duration Distribution



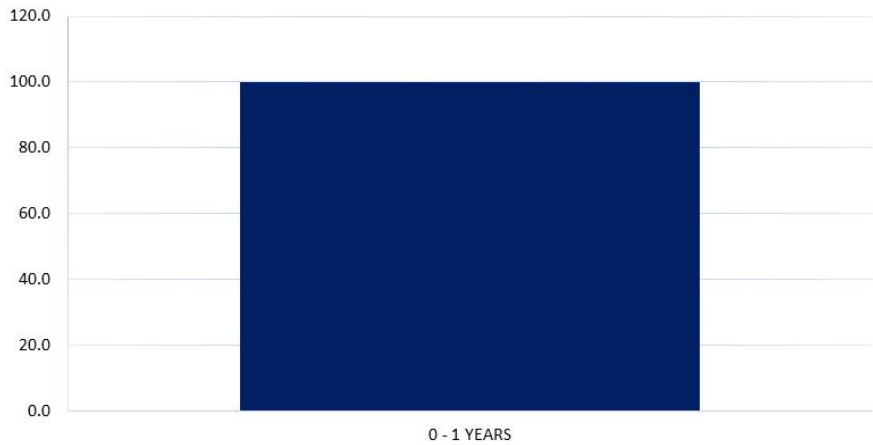
Portfolio Level Characteristics

	POOL 5 LGIP
Effective Maturity	0.07
Coupon	0.07
Effective Duration	0.06
Quality Rating (Moody's)	AAA

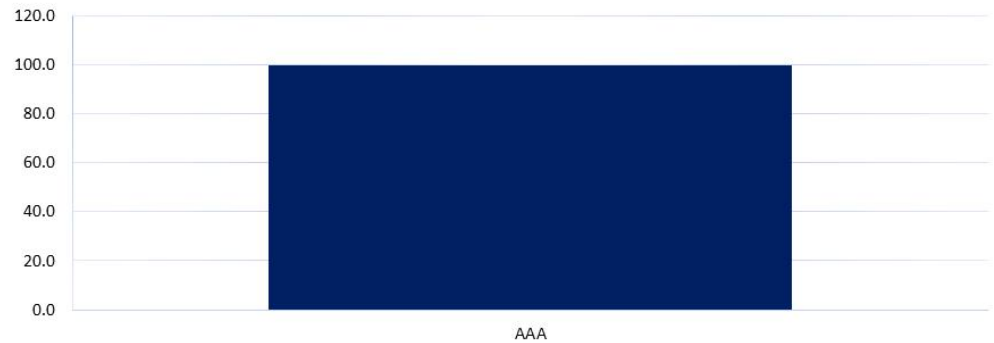
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



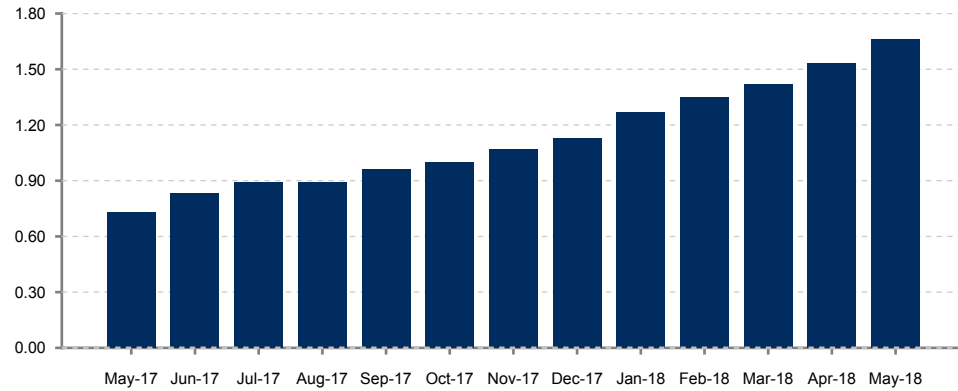
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 7 LGIP FF&C



Net Yield



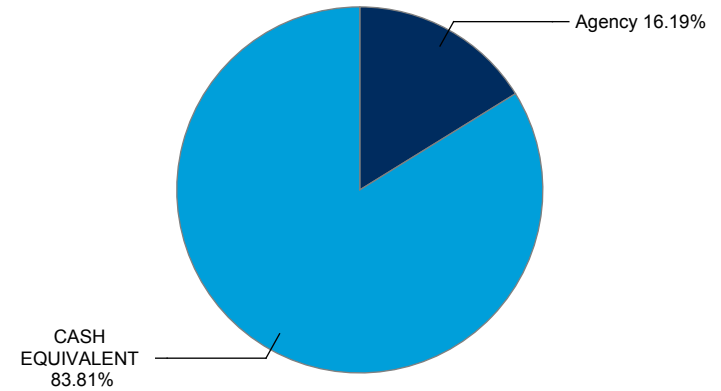
Current Mth **Prior Mth** **1 Year Ago**

POOL 7 LGIP FF&C	1.66	1.53	0.73
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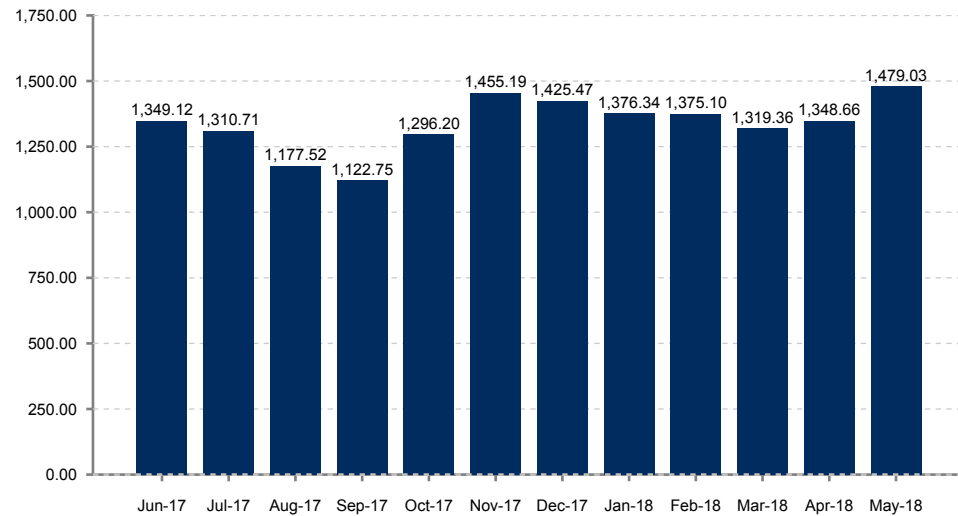
Asset Allocation

Ending Market Value

POOL 7 LGIP FF&C	1,479,032,056
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Net Asset Values over Time (\$MM)

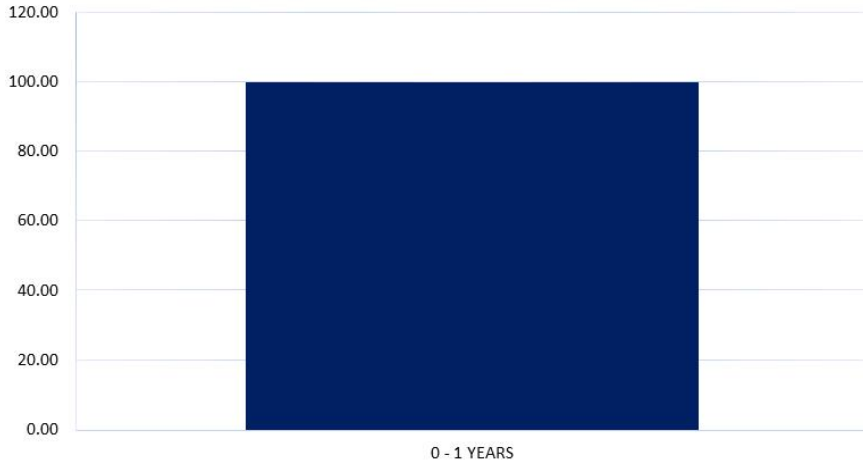


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 7 LGIP FF&C		
WELLS FARGO REPO	220,031,533	14.88
GUGGENHEIM SECURITIES REPO	161,272,098	10.90
TREASURY BILL	119,885,844	8.11
TREASURY BILL	119,803,081	8.10
RBC CAPITAL MARKETS REPO	100,004,778	6.76
TREASURY BILL	79,722,558	5.39
CREDIT AGRICOLE REPO	72,774,956	4.92
TREASURY BILL	64,870,844	4.39
ALLIANCE BANK OF ARIZONA MONEY	52,784,136	3.57
TREASURY BILL	49,651,073	3.36



Duration Distribution



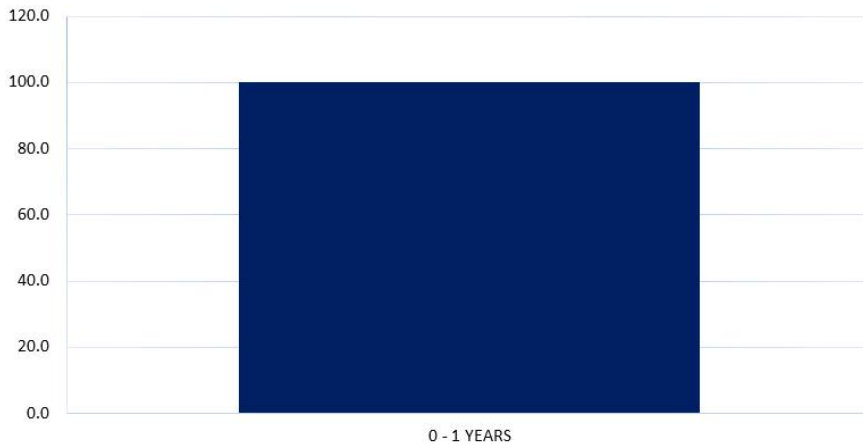
Portfolio Level Characteristics

	POOL 7 LGIP FF&C
Effective Maturity	0.11
Coupon	0.00
Effective Duration	0.11
Quality Rating (Moody's)	AAA

Coupon Distribution



Expected Maturity Distribution

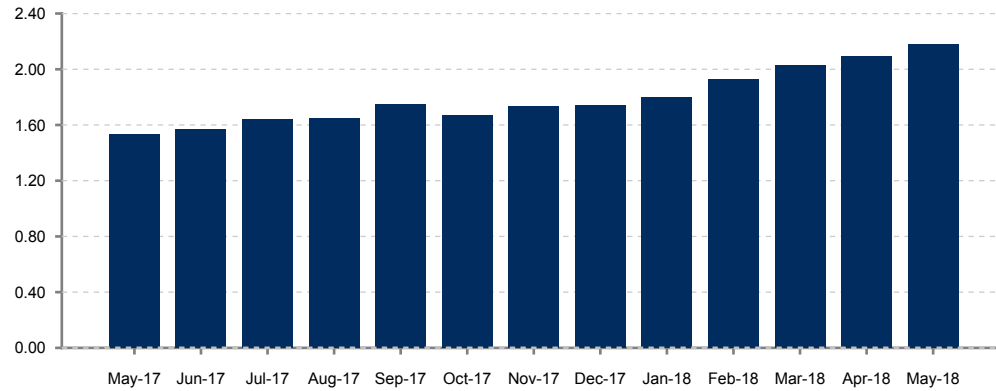


Rating Distribution





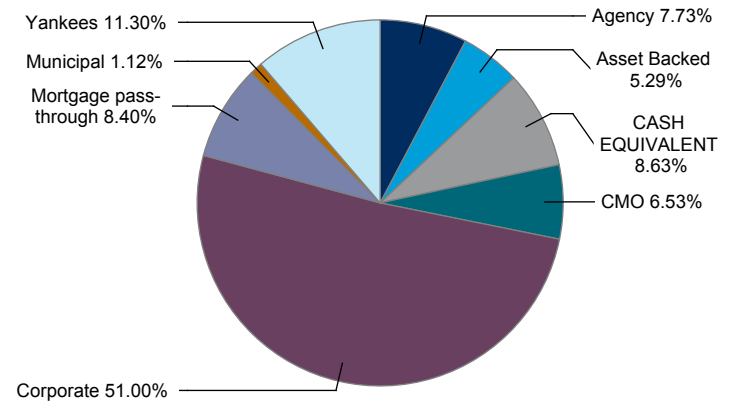
Net Yield



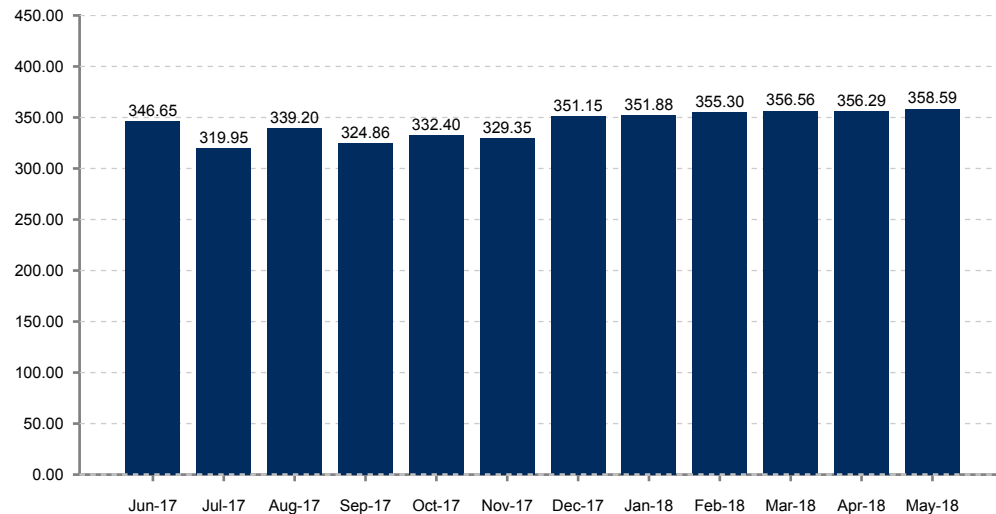
	Current Mth	Prior Mth	1 Year Ago
POOL 500 LGIP MED	2.18	2.09	1.53

Asset Allocation

	Ending Market Value
POOL 500 LGIP MED	358,592,274



Net Asset Values over Time (\$MM)

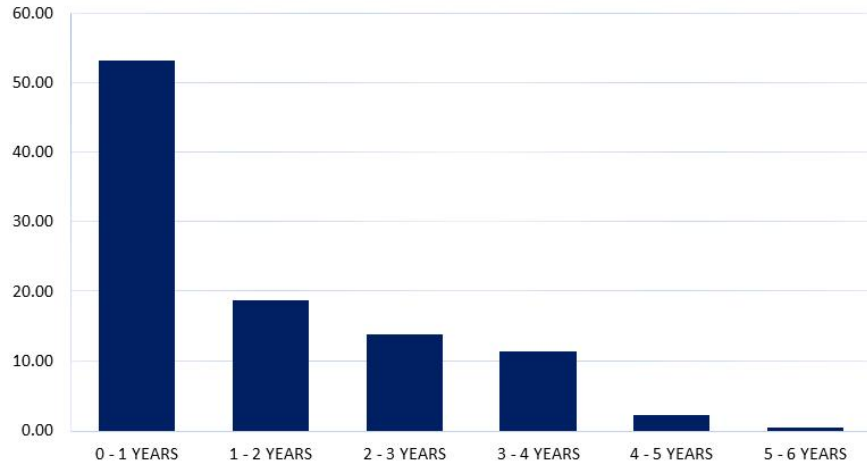


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 500 LGIP MED		
GUGGENHEIM SECURITIES REPO	31,001,533	8.65
GOLDMAN SACHS GROUP INC	8,030,234	2.24
MICROSOFT CORP	7,951,590	2.22
APPLE INC	7,071,868	1.97
MANUF + TRADERS TRUST CO	7,020,263	1.96
HERSHEY COMPANY	6,030,866	1.68
BANK OF AMERICA CORP	5,776,573	1.61
MERCK + CO INC	5,543,403	1.55
FNMA POOL AB5991	5,540,596	1.55
CVS HEALTH CORP	5,053,906	1.41



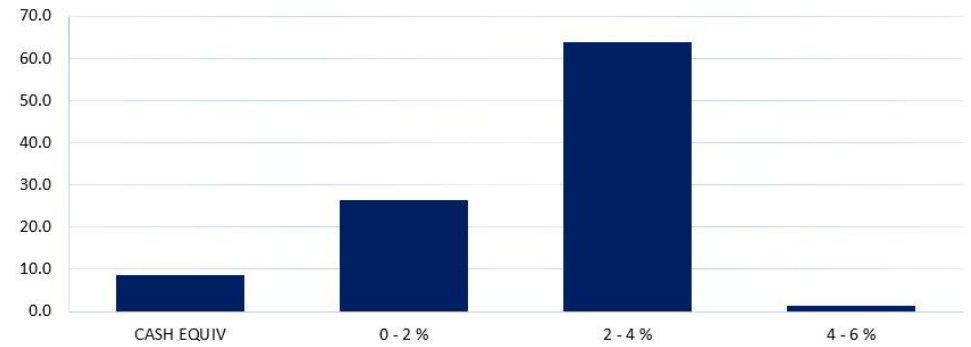
Duration Distribution



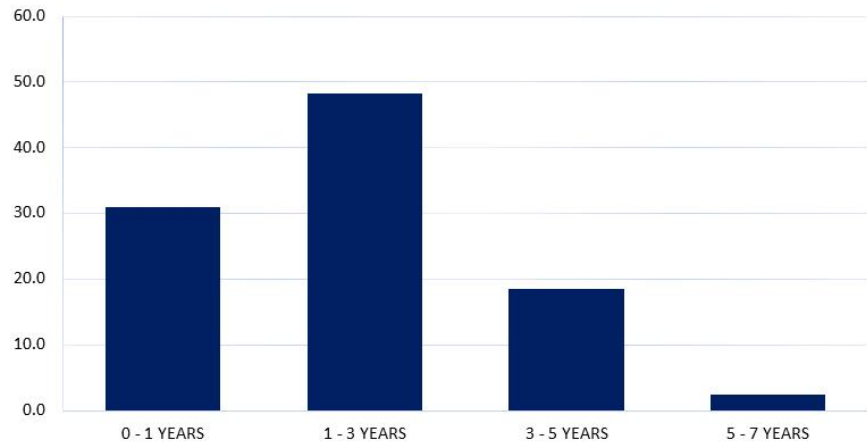
Portfolio Level Characteristics

	POOL 500 LGIP MED
Effective Maturity	1.91
Coupon	2.16
Effective Duration	1.29
Quality Rating (Moody's)	AA-3

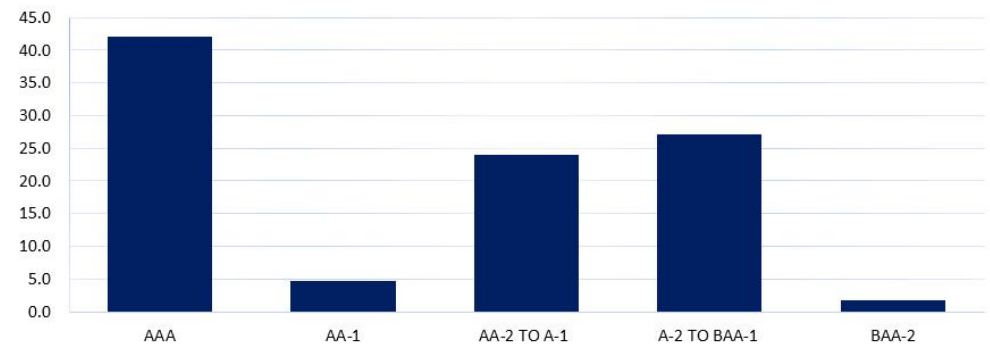
Coupon Distribution



Expected Maturity Distribution

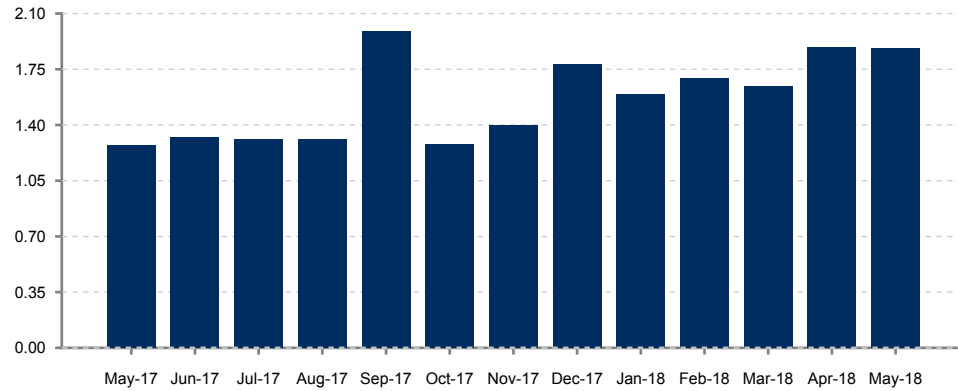


Rating Distribution





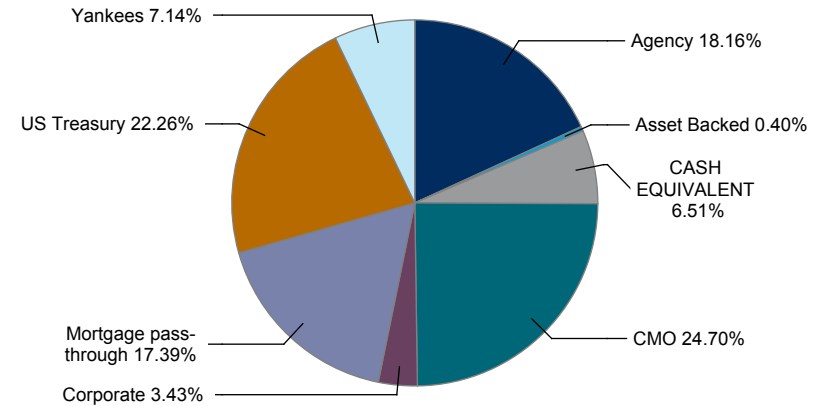
Net Yield



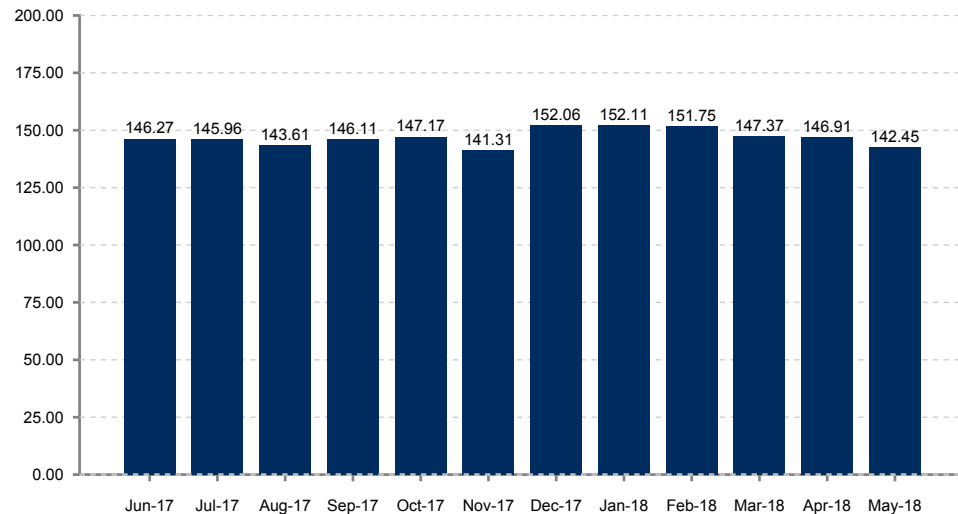
	Current Mth	Prior Mth	1 Year Ago
POOL 700 LGIP MD FF&C	1.88	1.89	1.27

Asset Allocation

	Ending Market Value
POOL 700 LGIP MD FF&C	142,452,143



Net Asset Values over Time (\$MM)

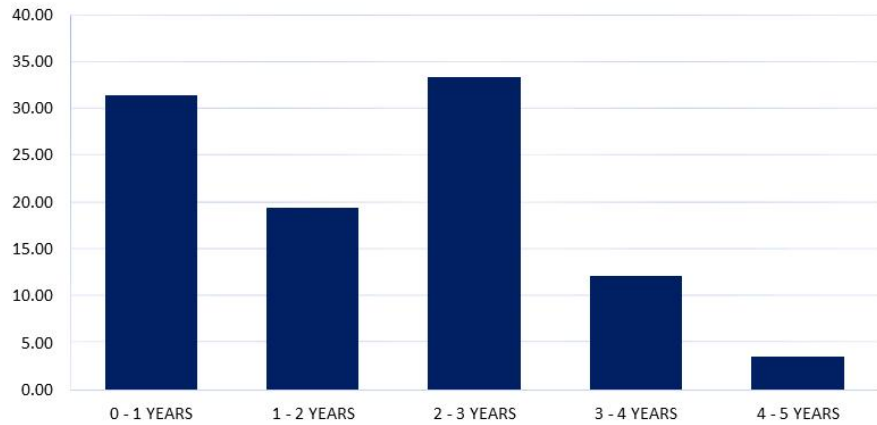


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 700 LGIP MD FF&C		
GUGGENHEIM SECURITIES REPO	9,000,445	6.32
GOVERNMENT NATIONAL MORTGAGE A	7,118,891	5.00
AID JORDAN	6,273,766	4.40
OVERSEAS PRIVATE INV COR	5,004,310	3.51
US TREASURY N/B	4,979,272	3.50
US TREASURY N/B	4,957,121	3.48
US TREASURY N/B	4,947,342	3.47
US TREASURY N/B	4,917,323	3.45
US TREASURY N/B	4,899,015	3.44
OVERSEAS PRIVATE INV COR	4,584,640	3.22



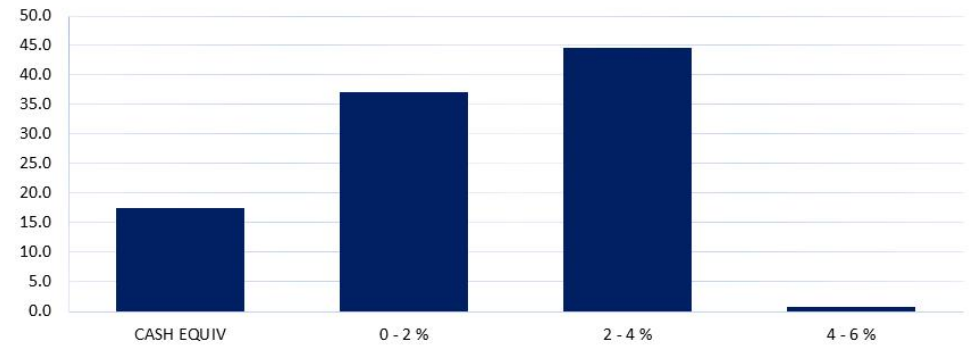
Duration Distribution



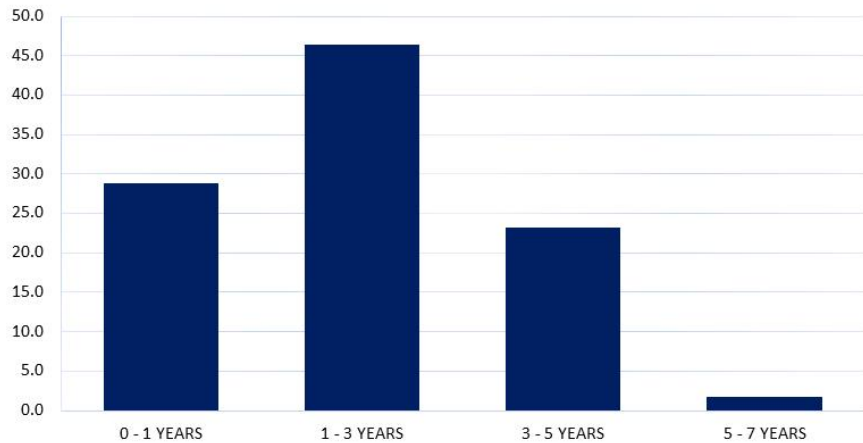
Portfolio Level Characteristics

	POOL 700 LGIP MD FF&C
Effective Maturity	2.06
Coupon	1.77
Effective Duration	1.77
Quality Rating (Moody's)	AAA

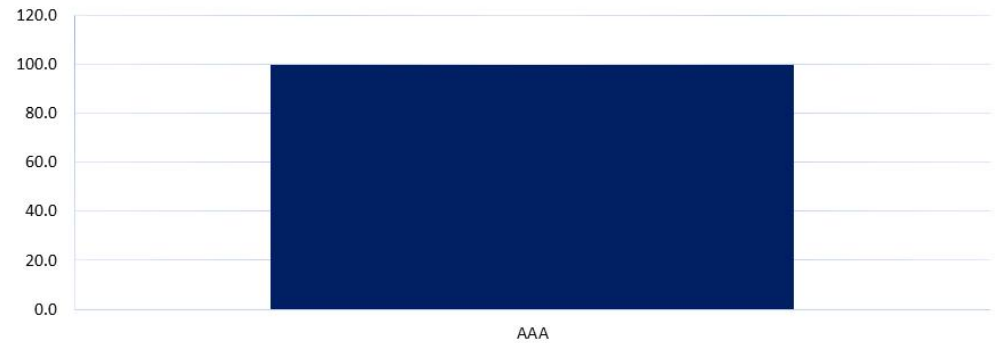
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



**EARNINGS DISTRIBUTED
 ENDOWMENT FUNDS
 MAY 2018**

Distributed in Current Month

Recipient	MAY 2018	Fiscal YTD 17/18	Fiscal YTD 16/17
101 A & M Colleges	\$66,488	\$731,363	\$689,645
102 State Hospital	42,992	472,912	436,612
103 Leg., Exec., & Jud.	54,897	603,867	565,543
104 Military Institute	3,642	40,061	38,016
105 Miners Hospital	143,641	1,580,049	1,396,615
107 Normal School ASU/NAU	26,115	287,263	262,405
108 Penitentiaries	95,352	1,048,867	940,962
109 Permanent Common School	24,660,436	271,264,801	247,095,311
110 School for Deaf & Blind	35,595	391,544	364,566
111 School of Mines	75,273	828,008	780,054
112 State Charitable-Pioneers Home	370,145	4,071,592	3,811,202
112 State Charitable-Corrections	185,072	2,035,796	1,905,601
112 State Charitable-Youth Treatment	185,072	2,035,796	1,905,601
113 University Fund	132,996	1,462,959	1,352,567
114 U of A Land - 1881	433,184	4,765,020	4,229,229
Total	\$26,510,900	\$291,619,897	\$265,773,929

Land Sales Monthly Proceeds Endowment Funds

Month	Year						
	2012	2013	2014	2015	2016	2017	2018
January	21,196,075	85,209,777	29,493,046	7,126,212	5,108,687	2,960,815	809,822
February	92,150,173	24,412,865	33,969,801	2,535,244	1,083,178	1,103,303	744,295
March	1,015,640	13,469,847	1,323,549	1,096,232	1,106,860	3,045,043	8,296,029
April	1,796,774	4,599,024	2,252,527	1,968,281	28,981,969	78,134,289	22,707,772
May	926,085	12,685,871	1,100,261	19,123,417	20,147,116	27,642,672	16,234,823
June	22,369,423	6,493,351	4,564,719	33,179,898	31,844,678	2,451,110	
July	823,328	5,694,705	4,196,738	6,092,396	2,469,997	13,838,188	
August	33,621,311	2,304,138	24,838,430	1,038,971	13,094,287	5,746,802	
September	17,307,221	10,399,639	1,960,673	1,967,125	(12,580,728)	19,937,751	
October	1,403,700	1,240,497	3,150,170	2,366,519	10,614,885	480,710	
November	5,131,627	8,995,327	34,193,583	1,358,711	28,490,238	9,500,048	
December	28,846,813	3,574,631	1,136,538	4,264,354	6,127,407	3,869,818	
Calendar Year	226,588,170	179,079,672	142,180,034	82,117,360	136,488,573	168,710,549	48,792,741
Fiscal Year (July 1st to June 30th)	163,898,058	234,004,734	104,912,840	134,505,415	105,360,563	163,553,318	102,166,058

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	May 2018 NET GAIN(LOSS)	May 2017 NET GAIN(LOSS)
Fixed Income Pool	(\$260,152)	(\$428,466)
500 Large-Cap Fund	3,491,036	(240,474)
400 Mid-Cap Fund	1,087,600	(1,393,018)
600 Small-Cap Fund	(546,622)	717,660
Totals	\$3,771,862	(\$1,344,298)

Endowment Fund	2017/2018 FISCAL YEAR TO DATE GAINS(LOSSES)	2016/2017 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	(\$1,932,778)	(\$2,480,402)
500 Large-Cap Fund	78,388,997	52,979,870
400 Mid-Cap Fund	62,421,545	52,123,374
600 Small-Cap Fund	52,649,884	42,285,864
Totals	\$191,527,649	\$144,908,705

**ENDOWMENT FUNDS FIXED-INCOME POOLS
PURCHASES & SALES
MAY 2018**

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 RATING</u>
205	FNMA MTG	4.00	01/25/2031	4.44	\$6,997,557	\$7,200,924	3.23%	Aaa
205	FORD CREDIT	2.44	01/15/2027	2.15	5,700,000	5,629,641	3.05%	Aaa
205	FORD CREDIT	2.03	12/15/2027	3.09	6,400,000	6,188,000	3.18%	Aaa
205	FREDDIE MAC	3.50	12/01/2030	2.85	10,000,000	10,121,875	3.01%	Aaa
205	FREDDIE MAC	3.50	05/15/2043	5.28	9,720,247	9,732,397	3.47%	Aaa
205	GOTHAM	0.00	07/31/2018	NA	10,000,000	9,944,022	2.30%	P-1
205	INSTITUTIONAL SECURED	0.00	07/09/2018	NA	10,000,000	9,962,725	2.14%	P-1
205	US TREASURY	5.00	05/15/2037	NA	2,500,000	3,207,324	3.03%	Aaa
205	VICTORY	0.00	08/03/2018	NA	5,000,000	4,970,931	2.31%	P-1
123	ATLANTIC ASSET	0.00	06/20/2018	NA	3,000,000	2,995,793	1.87%	P-1
123	MANHATTAN ASSET	0.00	06/21/2018	NA	3,850,000	3,844,251	1.92%	P-1
123	NATIONAL SECURITIES	0.00	07/23/2018	NA	3,000,000	2,991,270	1.95%	P-1
123	NIEUW AMSTERDAM	0.00	07/23/2018	NA	2,000,000	1,993,850	2.06%	P-1
123	OLD LINE	0.00	08/09/2018	NA	3,000,000	2,987,693	2.09%	P-1
123	VICTORY	0.00	08/15/2018	NA	5,000,000	4,976,151	2.24%	P-1
123	WAL-MART STORES	0.00	06/21/2018	NA	3,000,000	2,995,730	1.83%	P-1
123	WHEELS	0.00	07/23/2018	NA	2,000,000	1,993,964	2.06%	P-1
TOTAL ENDOWMENT FUNDS PURCHASES					\$91,167,804	\$91,736,540		

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 RATING</u>
TOTAL ENDOWMENT FUNDS SALES					\$0	\$0	\$0

* 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.

**EQUITY FUNDS
 PURCHASES & SALES
 MAY 2018**

I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	394,129	\$20,237,326	\$2,213
500 Large-Cap Fund	93,981	8,618,500	706
600 Small-Cap Fund	927,030	35,127,442	5,297
TOTAL EQUITY PURCHASES	1,415,140	\$63,983,268	\$8,216

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	444,940	\$12,174,051	\$1,681
500 Large-Cap Fund	67,784	9,378,533	278
600 Small-Cap Fund	266,770	5,225,450	1,488
TOTAL EQUITY SALES	779,494	\$26,778,034	\$3,447

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
MAY 31, 2018
(In Thousands)

State Treasurer's Report
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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>	395	\$2,781	\$8,152	\$5,371	
	<i>Shares in Fixed Income Pools</i>	3,954	2,830	5,268	2,437	
	Total	4,349	5,611	13,419	7,808	2.392
102	State Hospital					
	<i>Shares in Equity Pools</i>	309	2,684	6,378	3,695	
	<i>Shares in Fixed Income Pools</i>	3,181	2,643	4,239	1,596	
	Total	3,491	5,327	10,617	5,290	1.993
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	322	2,432	6,642	4,209	
	<i>Shares in Fixed Income Pools</i>	3,444	2,468	4,588	2,121	
	Total	3,766	4,900	11,230	6,330	2.292
104	Military Institute					
	<i>Shares in Equity Pools</i>	22	170	449	278	
	<i>Shares in Fixed Income Pools</i>	238	168	317	149	
	Total	260	338	766	428	2.266
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	956	8,488	19,718	11,230	
	<i>Shares in Fixed Income Pools</i>	9,616	8,381	12,813	4,432	
	Total	10,573	16,869	32,531	15,662	1.928
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	184	1,588	3,788	2,200	
	<i>Shares in Fixed Income Pools</i>	1,896	1,520	2,527	1,007	
	Total	2,080	3,108	6,315	3,207	2.032
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	634	5,375	13,078	7,704	
	<i>Shares in Fixed Income Pools</i>	6,488	5,343	8,644	3,301	
	Total	7,122	10,718	21,723	11,005	2.027

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
MAY 31, 2018
(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>	161,528	1,313,797	3,331,001	2,017,204	
<i>Shares in Fixed Income Pools</i>	1,626,632	1,330,991	2,167,340	836,349	
Total	1,788,159	2,644,787	5,498,340	2,853,553	2.079
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	230	1,911	4,744	2,833	
<i>Shares in Fixed Income Pools</i>	2,583	2,030	3,441	1,411	
Total	2,813	3,941	8,185	4,244	2.077
111 School of Mines					
<i>Shares in Equity Pools</i>	447	3,357	9,223	5,866	
<i>Shares in Fixed Income Pools</i>	4,599	3,415	6,128	2,713	
Total	5,046	6,772	15,351	8,579	2.267
112 State Charitable					
<i>Shares in Equity Pools</i>	4,515	34,012	93,104	59,092	
<i>Shares in Fixed Income Pools</i>	43,824	34,764	58,392	23,628	
Total	48,339	68,776	151,496	82,720	2.203
113 University Fund					
<i>Shares in Equity Pools</i>	817	6,473	16,840	10,368	
<i>Shares in Fixed Income Pools</i>	8,410	6,411	11,205	4,794	
Total	9,226	12,884	28,046	15,162	2.177
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,087	30,056	63,649	33,594	
<i>Shares in Fixed Income Pools</i>	31,735	27,403	42,285	14,881	
Total	34,822	57,459	105,934	48,475	1.844
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	173,445	1,413,123	3,576,767	2,163,643	
<i>Shares in Fixed Income Pools</i>	1,746,600	1,428,367	2,327,186	898,819	
Grand Total	\$1,920,045	\$2,841,491	\$5,903,953	\$3,062,463	
PRIOR YEAR:					
MAY 2017 BALANCES	\$1,992,687	\$2,946,427	\$5,595,182	\$2,648,755	

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
MAY 31, 2018

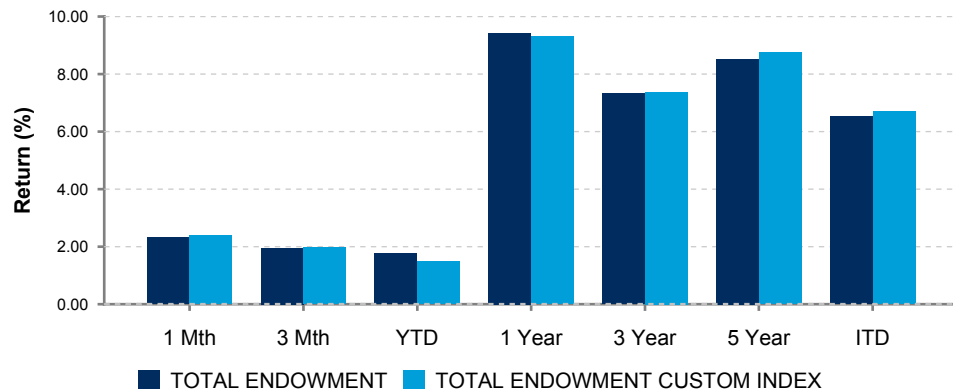
State Treasurer's Report
June 28, 2018
Page 40

ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	MAY 2017 MARKET VALUE
<i>Shares in Equity Pools</i>	9.03%	49.73%	60.58%	59.92%
<i>Shares in Fixed Income Pools</i>	90.97%	50.27%	39.42%	40.08%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====



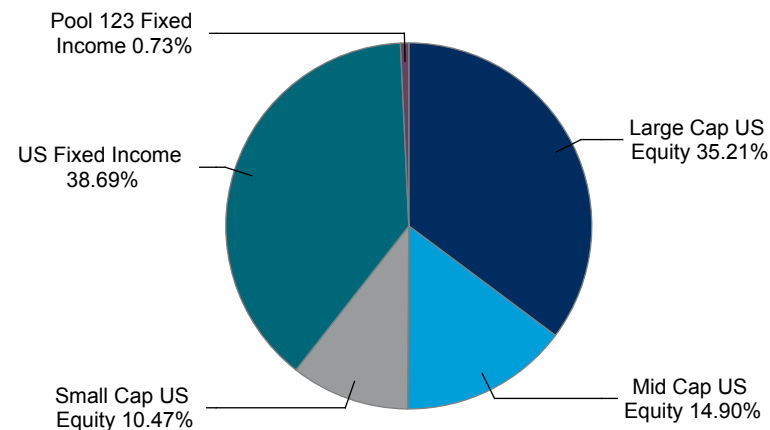
Performance



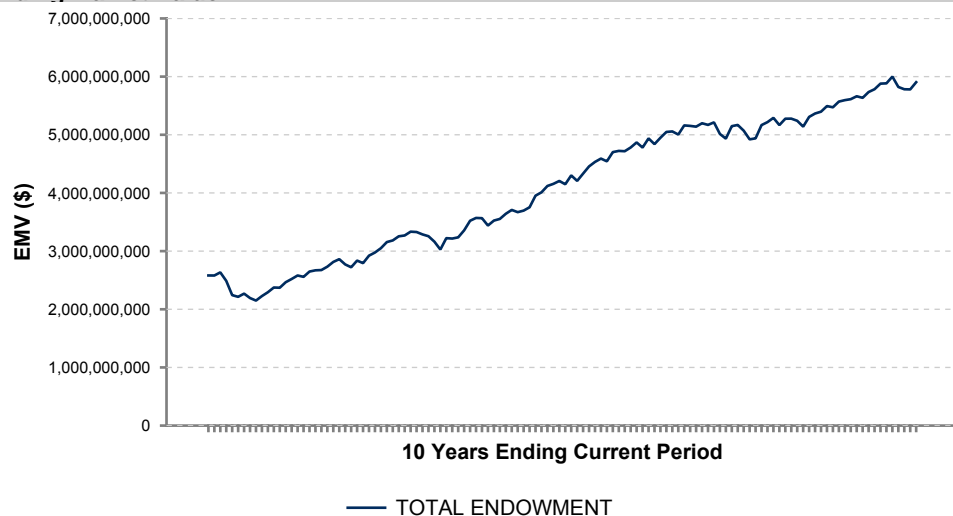
	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Incept Date
TOTAL ENDOWMENT	2.32	1.96	1.77	9.43	7.32	8.53	6.53	07/99
TOTAL ENDOWMENT CUSTOM INDEX	2.39	1.97	1.48	9.30	7.37	8.74	6.70	07/99
Excess	-0.06	-0.01	0.29	0.13	-0.05	-0.20	-0.17	

Asset Allocation

	Ending Market Value
TOTAL ENDOWMENT	5,903,953,115

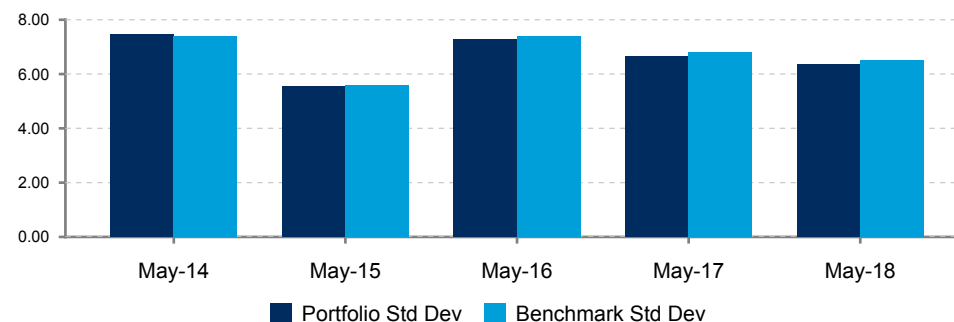


Ending Market Value



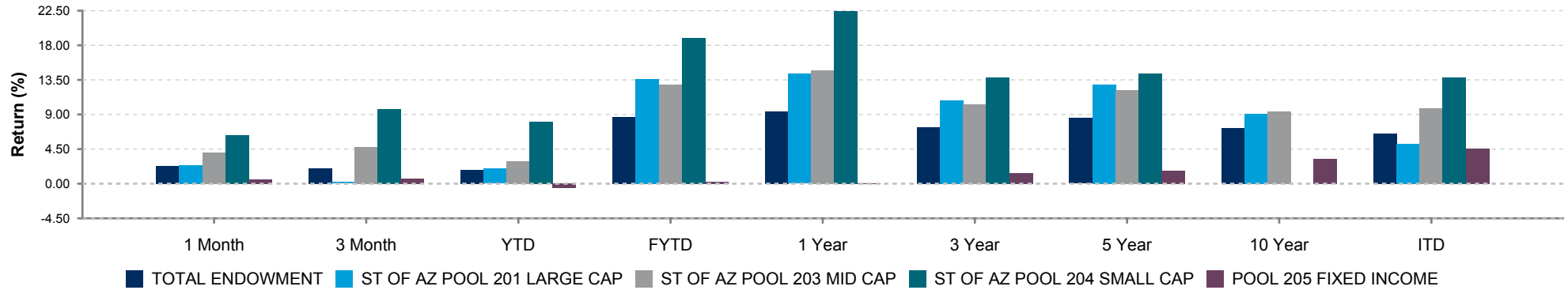
3 Year Risk Statistics

	Return	Portfolio Std Dev	Benchmark Std Dev	Sharpe Ratio	Beta	Tracking Error	Information Ratio
TOTAL ENDOWMENT	7.32	6.37	6.49	1.05	0.98	0.36	-0.14





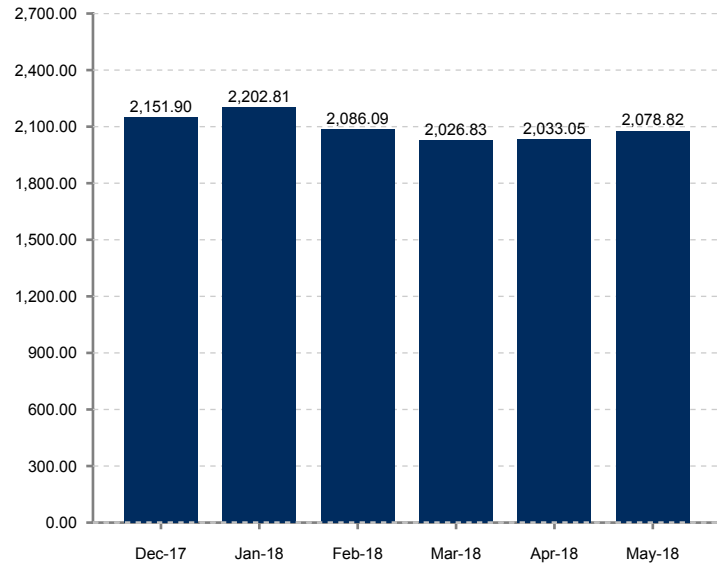
Return Comparison



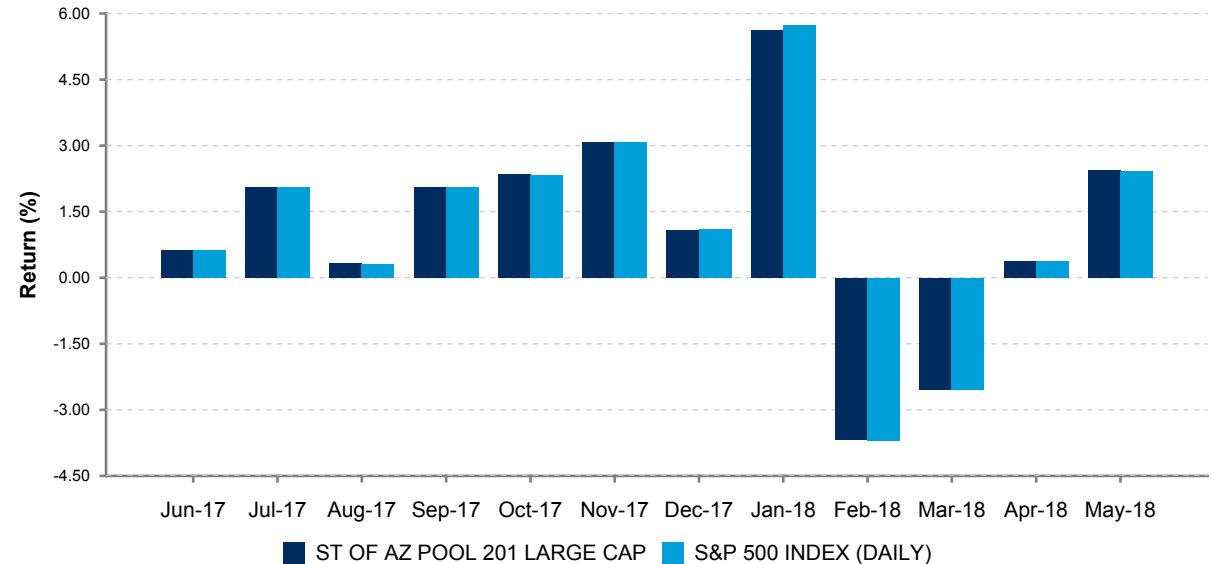
	Market Value	Actual Weight	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD	Inc Date
TOTAL ENDOWMENT	5,903,953,115	100.00	2.32	1.96	1.77	8.67	9.43	7.32	8.53	7.26	6.53	Jul-01-99
TOTAL ENDOWMENT CUSTOM INDEX			2.39	1.97	1.48	8.53	9.30	7.37	8.74	7.61	6.70	Jul-01-99
Excess			-0.06	-0.01	0.29	0.14	0.13	-0.05	-0.20	-0.35	-0.17	
ST OF AZ POOL 201 LARGE CAP	2,078,815,517	35.21	2.43	0.20	1.95	13.58	14.28	10.88	12.90	9.13	5.16	Jul-01-99
S&P 500 INDEX (DAILY)			2.41	0.19	2.02	13.67	14.38	10.97	12.98	9.14	5.66	Jul-01-99
Excess			0.02	0.01	-0.07	-0.10	-0.11	-0.10	-0.07	-0.00	-0.50	
ST OF AZ POOL 203 MID CAP	879,607,586	14.90	4.04	4.73	2.93	12.93	14.78	10.31	12.20	9.38	9.79	Aug-01-01
S&P 400 MIDCAP INDEX (DAILY)			4.13	4.82	3.05	13.03	14.86	10.25	12.17	9.93	9.80	Aug-01-01
Excess			-0.08	-0.09	-0.12	-0.10	-0.07	0.06	0.03	-0.55	-0.00	
ST OF AZ POOL 204 SMALL CAP	618,343,537	10.47	6.31	9.68	8.08	18.94	22.47	13.80	14.31		13.79	Mar-01-11
S&P SM 600 TR			6.46	9.75	8.17	19.15	22.72	13.80	14.31		13.79	Mar-01-11
Excess			-0.14	-0.06	-0.09	-0.21	-0.25	0.00	0.01		0.00	
POOL 205 FIXED INCOME	2,284,308,180	38.69	0.61	0.66	-0.60	0.25	0.09	1.38	1.65	3.26	4.59	Jul-01-99
CITIGROUP BIG (DAILY)			0.72	0.63	-1.49	-0.28	-0.40	1.40	1.99	3.78	4.87	Jul-01-99
Excess			-0.11	0.04	0.89	0.53	0.48	-0.02	-0.34	-0.52	-0.28	
POOL 123 FIXED INCOME	42,878,294	0.73	0.15	0.47	0.65	1.28	1.37				1.07	Jun-01-16
ASTO-POOL 5 BENCHMARK			0.15	0.43	0.67	1.23	1.31				0.94	Jun-01-16
Excess			-0.00	0.03	-0.02	0.05	0.06				0.13	



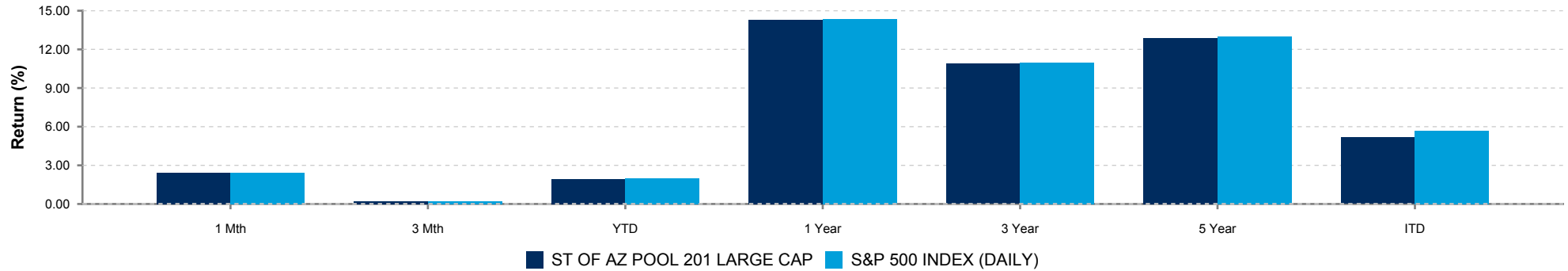
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

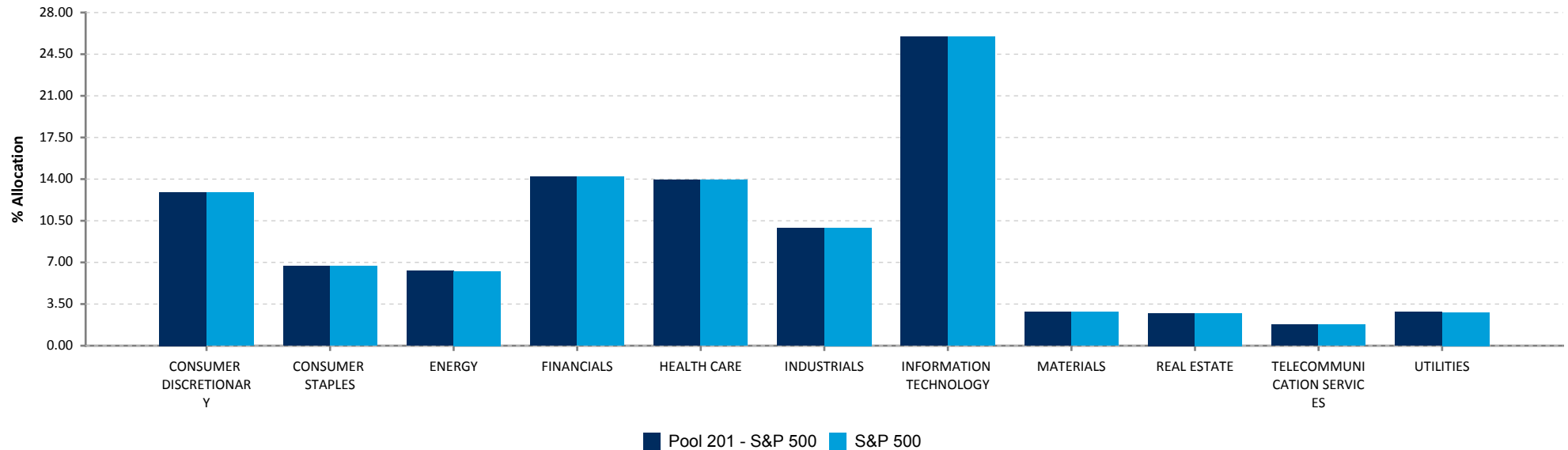


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	May 31 2016	May 31 2017	May 31 2018
ST OF AZ POOL 201 LARGE CAP	2.43	0.20	1.95	14.28	10.88	12.90	5.16	1.67	17.32	14.28
S&P 500 INDEX (DAILY)	2.41	0.19	2.02	14.38	10.97	12.98	5.66	1.72	17.47	14.38
Excess	0.02	0.01	-0.07	-0.11	-0.10	-0.07	-0.50	-0.05	-0.15	-0.11

OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

ST OF AZ POOL 201 LARGE CAP
Sector Allocation vs S&P 500



	Fund Weight	Benchmark Weight	Relative Weight
ST OF AZ POOL 201 LARGE CAP	100.00	100.00	0.00
CONSUMER DISCRETIONARY	12.91	12.95	-0.04
CONSUMER STAPLES	6.96	6.97	-0.01
ENERGY	6.22	6.24	-0.02
FINANCIALS	14.57	14.67	-0.10
HEALTH CARE	14.10	14.13	-0.03
INDUSTRIALS	9.84	9.89	-0.05
INFORMATION TECHNOLOGY	25.04	24.77	0.27
MATERIALS	2.84	2.85	-0.01
REAL ESTATE	2.74	2.75	-0.01
TELECOMMUNICATION SERVICES	1.89	1.87	0.02
UTILITIES	2.90	2.91	-0.01

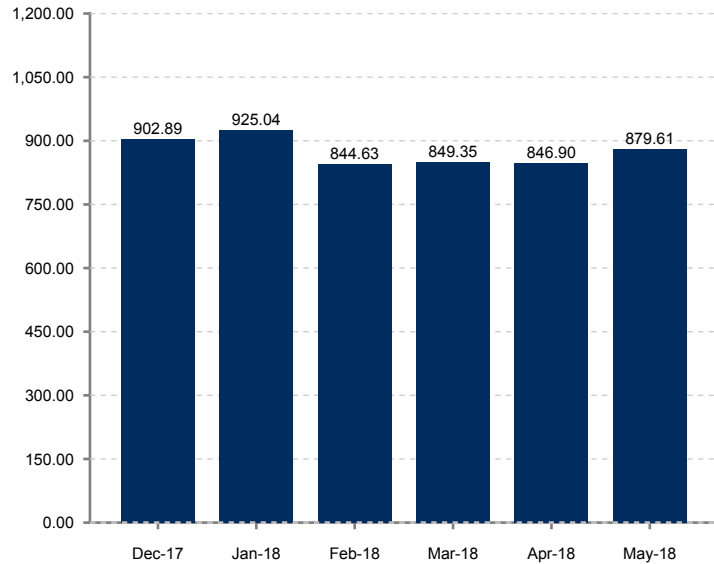
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

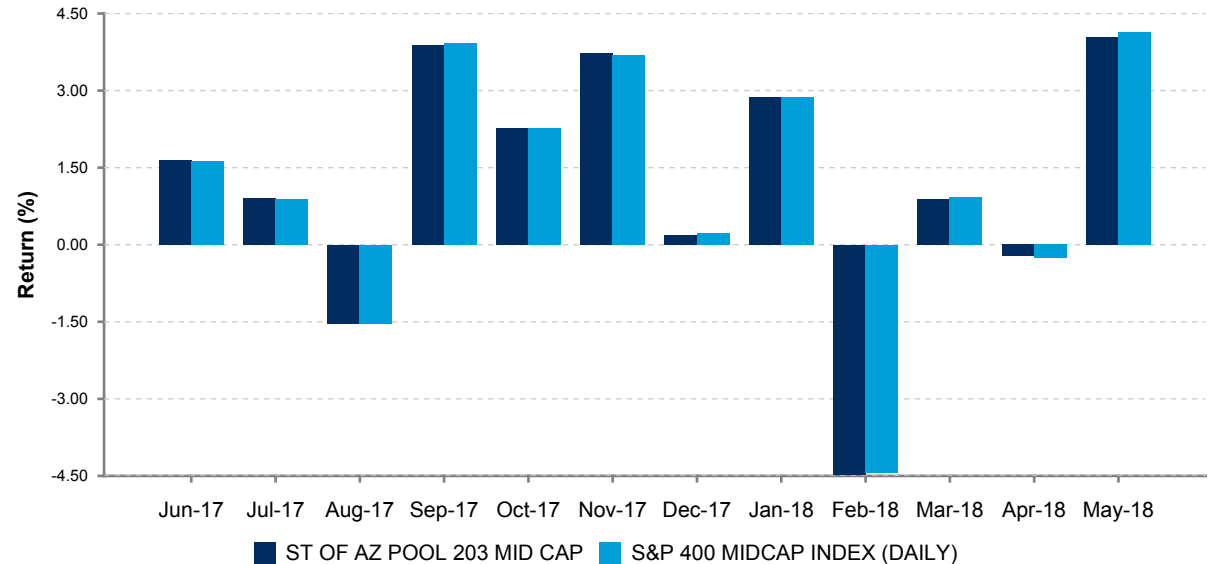
ST OF AZ POOL 203 MID CAP



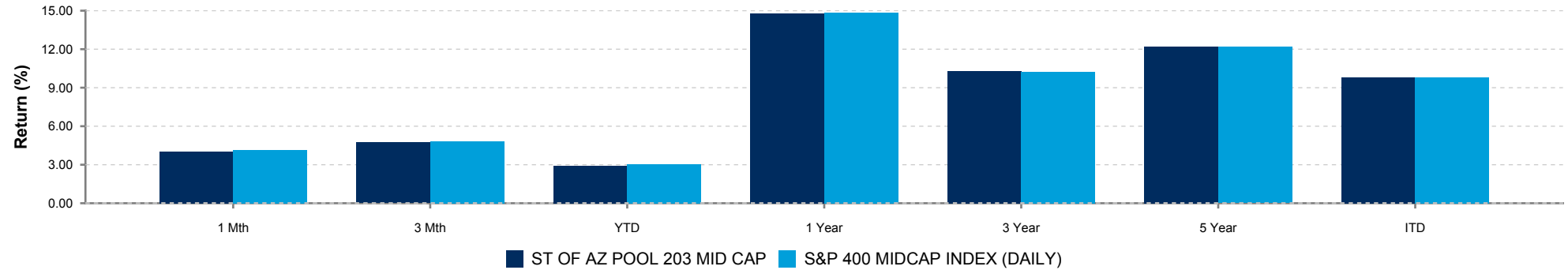
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

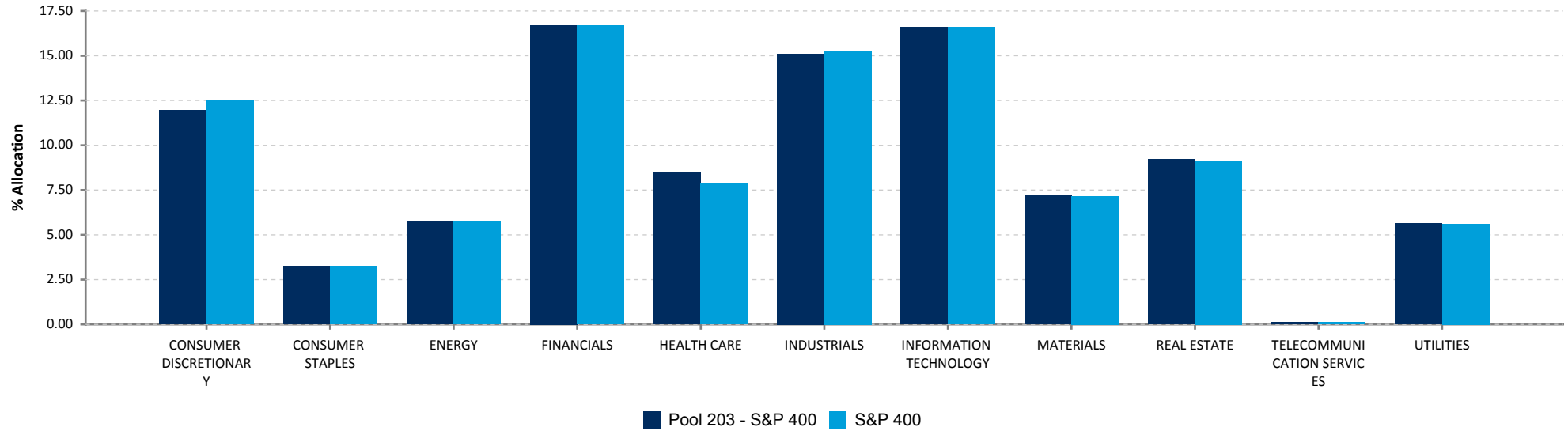


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	May 31 2016	May 31 2017	May 31 2018
ST OF AZ POOL 203 MID CAP	4.04	4.73	2.93	14.78	10.31	12.20	9.79	-0.29	17.29	14.78
S&P 400 MIDCAP INDEX (DAILY)	4.13	4.82	3.05	14.86	10.25	12.17	9.80	-0.42	17.16	14.86
Excess	-0.08	-0.09	-0.12	-0.07	0.06	0.03	-0.00	0.13	0.13	-0.07

OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

ST OF AZ POOL 203 MID CAP
Sector Allocation vs S&P MID CAP 400



	Weight Fund	Weight Benchmark	Weight Relative
ST OF AZ POOL 203 MID CAP	100.00	100.00	0.00
CONSUMER DISCRETIONARY	12.24	12.22	0.01
CONSUMER STAPLES	3.41	3.43	-0.02
ENERGY	4.89	4.89	0.00
FINANCIALS	17.18	17.03	0.15
HEALTH CARE	8.21	8.22	-0.02
INDUSTRIALS	14.84	15.03	-0.19
INFORMATION TECHNOLOGY	17.09	17.11	-0.02
MATERIALS	7.13	7.13	-0.00
REAL ESTATE	9.16	9.08	0.08
TELECOMMUNICATION SERVICES	0.15	0.15	-0.00
UTILITIES	5.70	5.70	0.00

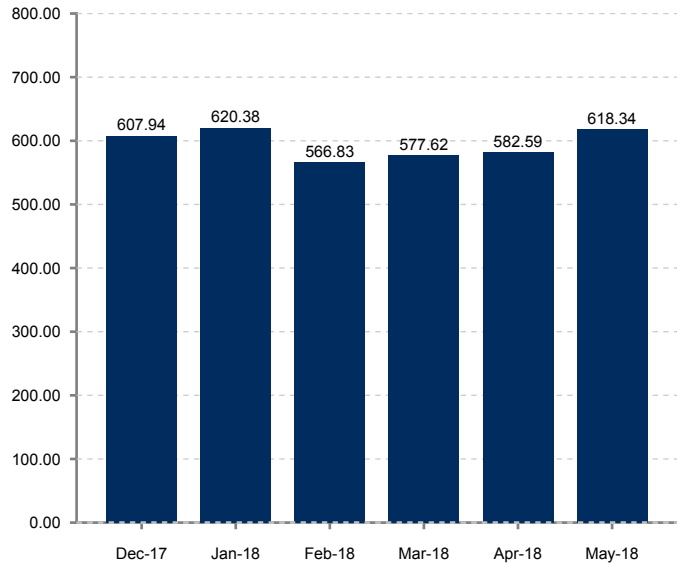
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May 31, 2018

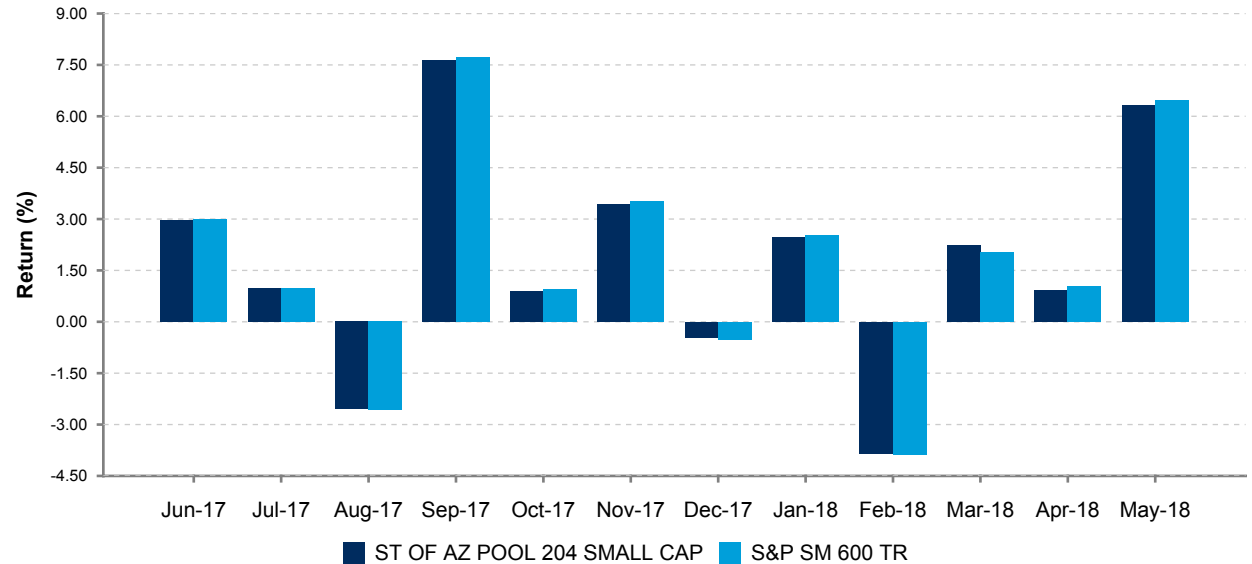
ST OF AZ POOL 204 SMALL CAP



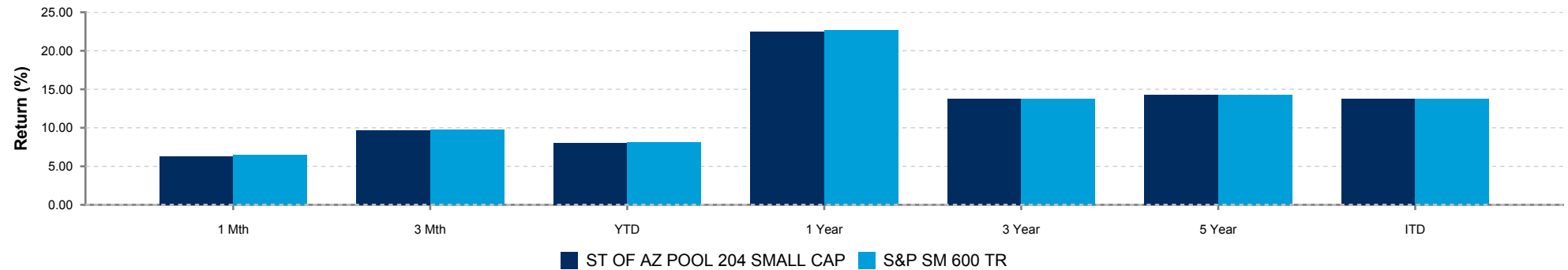
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

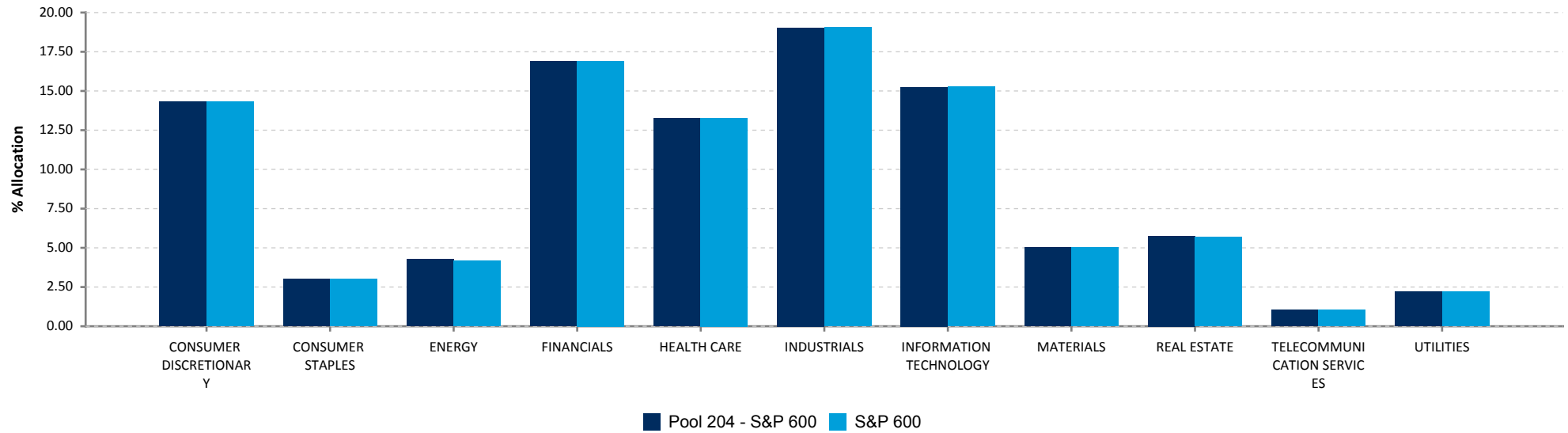


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	May 31 2016	May 31 2017	May 31 2018
ST OF AZ POOL 204 SMALL CAP	6.31	9.68	8.08	22.47	13.80	14.31	13.79	0.53	19.72	22.47
S&P SM 600 TR	6.46	9.75	8.17	22.72	13.80	14.31	13.79	0.39	19.63	22.72
Excess	-0.14	-0.06	-0.09	-0.25	0.00	0.01	0.00	0.14	0.09	-0.25

OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

ST OF AZ POOL 204 SMALL CAP
Sector Allocation vs S&P SMALLCAP 600



	Weight Fund	Weight Benchmark	Weight Relative
ST OF AZ POOL 204 SMALL CAP	100.00	100.00	0.00
CONSUMER DISCRETIONARY	14.73	14.58	0.15
CONSUMER STAPLES	2.96	2.99	-0.03
ENERGY	4.01	4.31	-0.30
FINANCIALS	17.31	17.29	0.02
HEALTH CARE	13.05	13.06	-0.01
INDUSTRIALS	19.07	19.04	0.03
INFORMATION TECHNOLOGY	14.79	14.71	0.08
MATERIALS	5.19	5.17	0.01
REAL ESTATE	5.56	5.49	0.07
TELECOMMUNICATION SERVICES	1.08	1.08	0.01
UTILITIES	2.25	2.27	-0.02

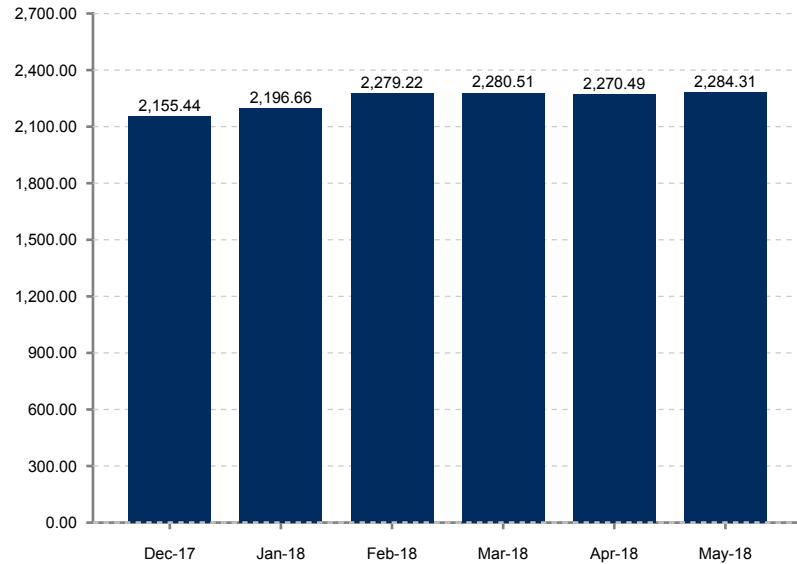
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May 31, 2018

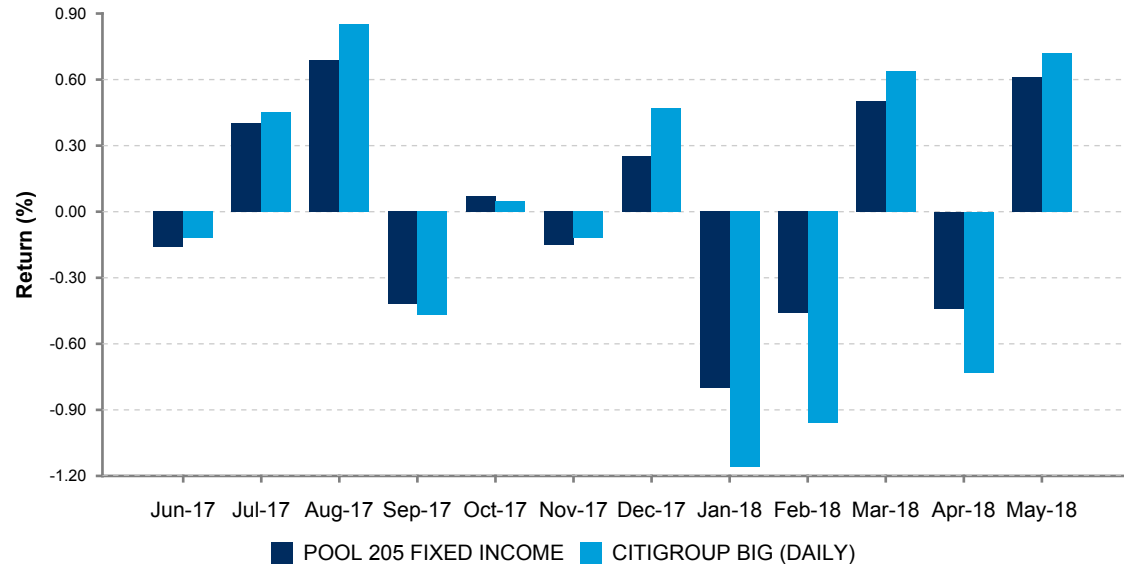
POOL 205 FIXED INCOME



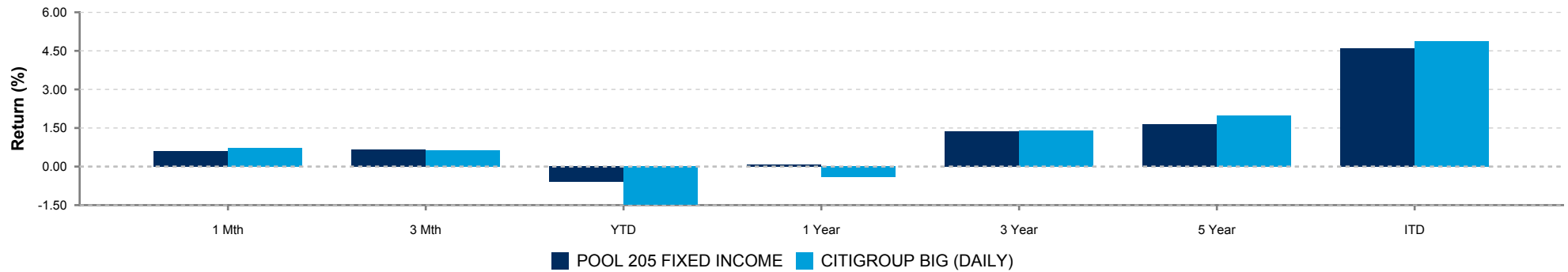
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return



	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	May 31 2018	May 31 2017	May 31 2016
POOL 205 FIXED INCOME	0.61	0.66	-0.60	0.09	1.38	1.65	4.59	0.09	1.59	2.48
CITIGROUP BIG (DAILY)	0.72	0.63	-1.49	-0.40	1.40	1.99	4.87	-0.40	1.64	2.98
Excess	-0.11	0.04	0.89	0.48	-0.02	-0.34	-0.28	0.48	-0.05	-0.50

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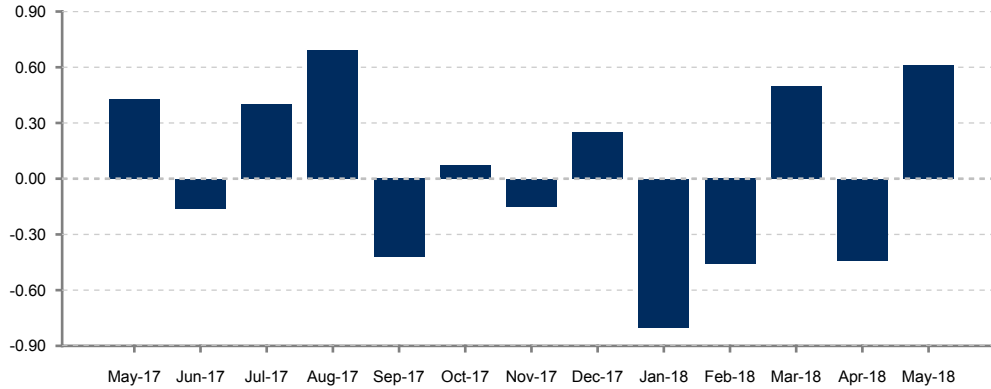
OFFICE OF THE ARIZONA STATE TREASURER

May 31, 2018

POOL 205 FIXED INCOME



Net Mqr Return



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

POOL 205 FIXED INCOME

0.61

-0.44

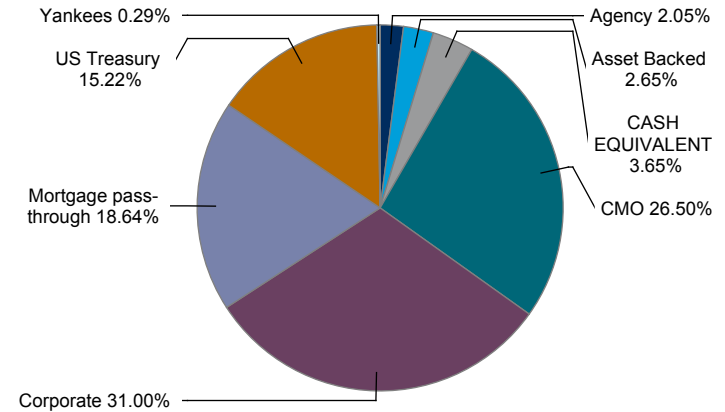
0.43

Asset Allocation

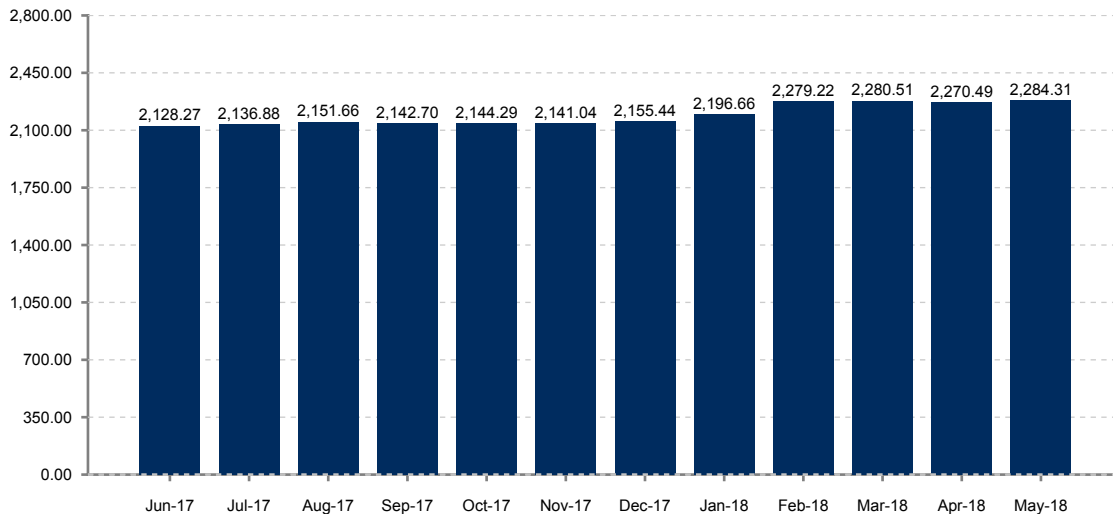
POOL 205 FIXED INCOME

Ending Market Value

2,284,308,180



Net Asset Values over Time (\$MM)

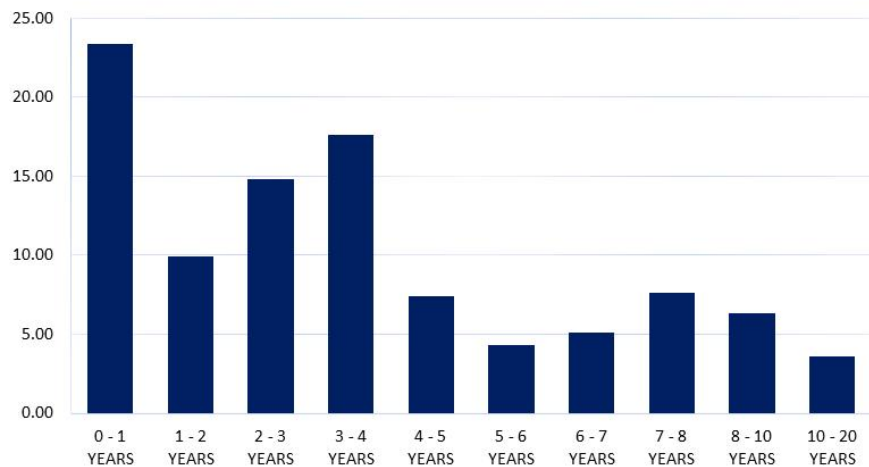


Top 10 Holdings

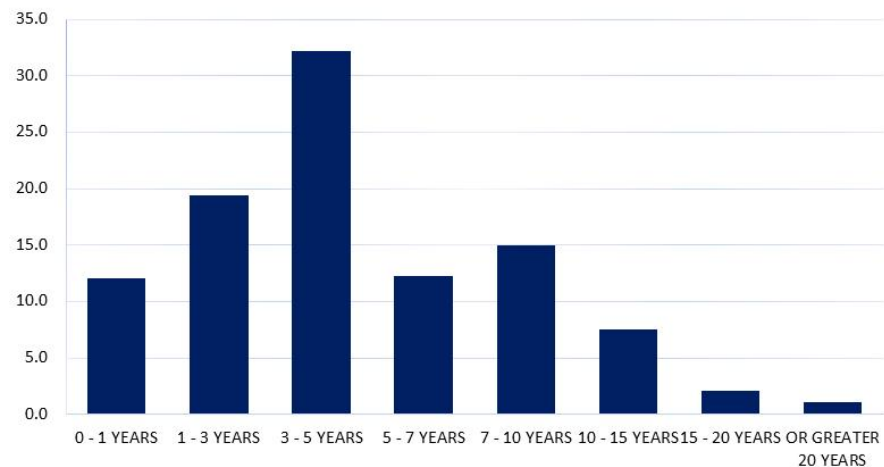
Security Name	Ending Market Value	% of Portfolio
POOL 205 FIXED INCOME		
US TREASURY N/B	34,421,500	1.51
BLACKROCK PROV TEMP	34,035,512	1.49
US TREASURY N/B	26,636,045	1.17
US TREASURY N/B	26,202,335	1.15
US TREASURY N/B	24,741,834	1.08
US TREASURY N/B	23,562,826	1.03
US TREASURY N/B	21,356,895	0.93
PEPSICO INC	20,145,954	0.88
PNC BANK NA	20,076,509	0.88
FORD MOTOR CREDIT CO	19,924,639	0.87



Duration Distribution



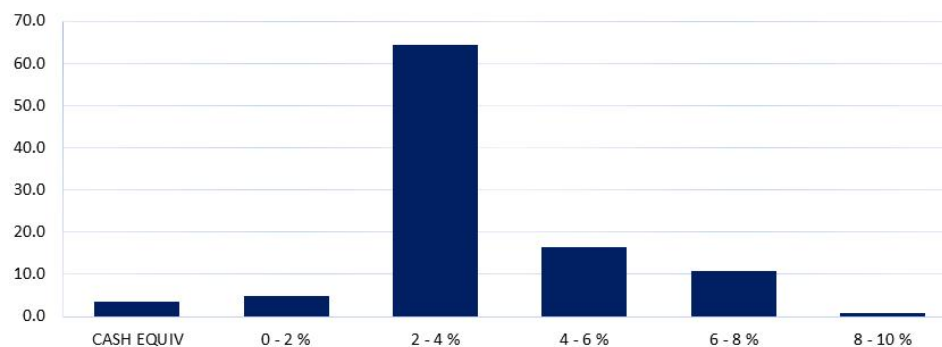
Expected Maturity Distribution



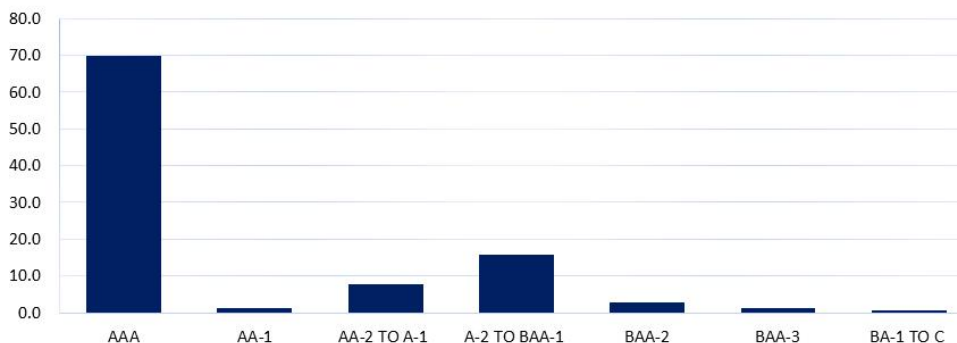
Portfolio Level Characteristics

	POOL 205 FIXED INCOME
Effective Maturity	5.16
Coupon	3.60
Effective Duration	3.65
Quality Rating (Moody's)	AA-2

Coupon Distribution

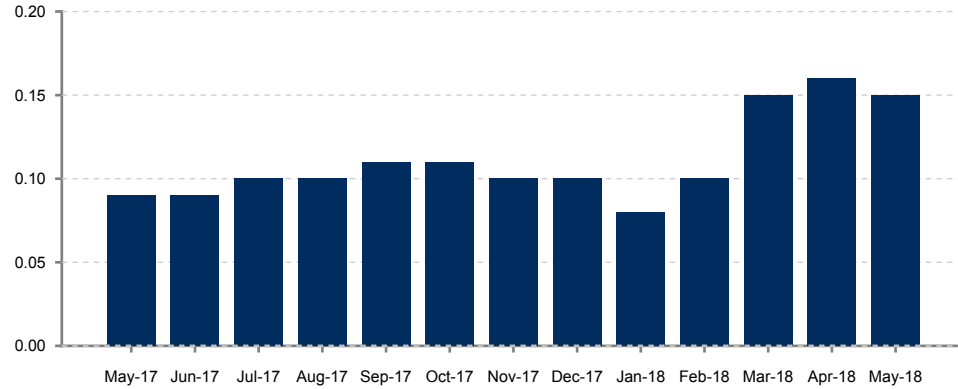


Rating Distribution





Net Yield

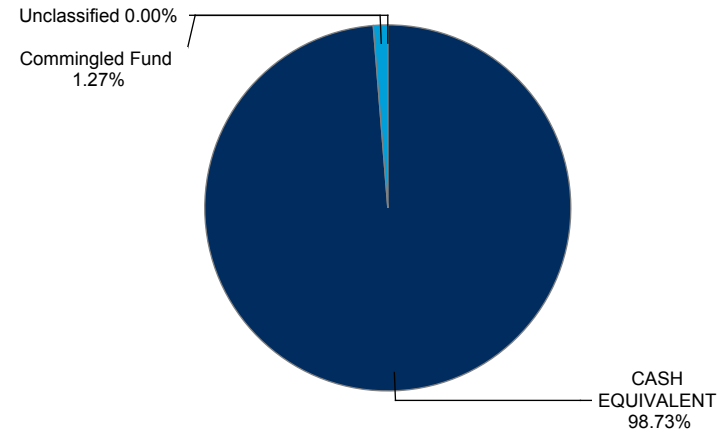


Current Mth Prior Mth 1 Year Ago

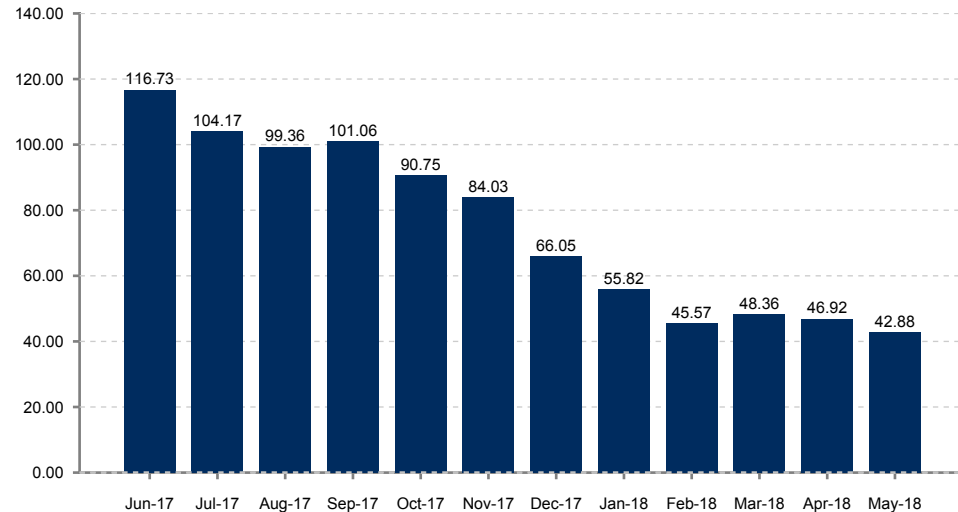
ST OF AZ POOL 123 ST FIXED INC	0.15	0.16	0.09
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Asset Allocation

	Ending Market Value
ST OF AZ POOL 123 ST FIXED INC	42,878,294



Net Asset Values over Time (\$MM)

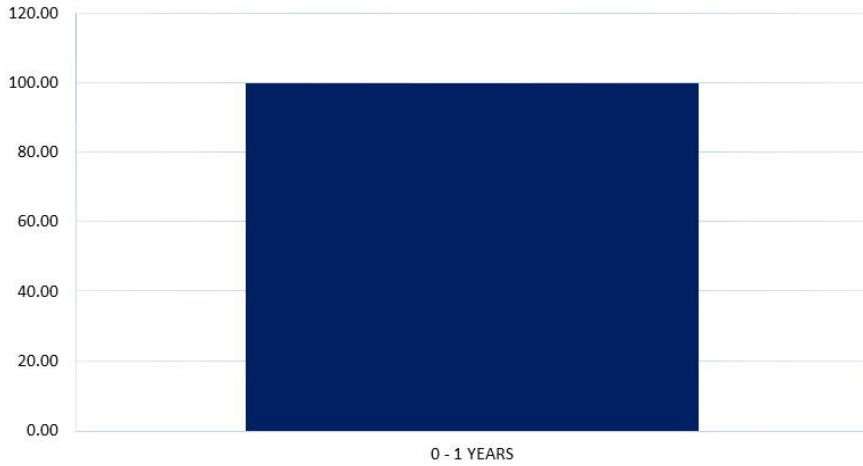


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
ST OF AZ POOL 123 ST FIXED INC		
LEXINGTN PKR CAP CO LL	4,994,306	11.65
VICTORY RECEIVABLES	4,976,771	11.61
MANHATTAN ASSET FDG.	3,845,893	8.97
ATLANTIC ASSET SECUR	2,997,039	6.99
WAL-MART STORES INC	2,996,950	6.99
CROWN POINT CAP CO.	2,996,517	6.99
MOUNTCLIFF	2,996,500	6.99
NATIONAL SECS CLEARING	2,991,593	6.98
OLD LINE FUNDING LLC	2,988,040	6.97
GOTHAM FDG CORP	2,398,152	5.59



Duration Distribution



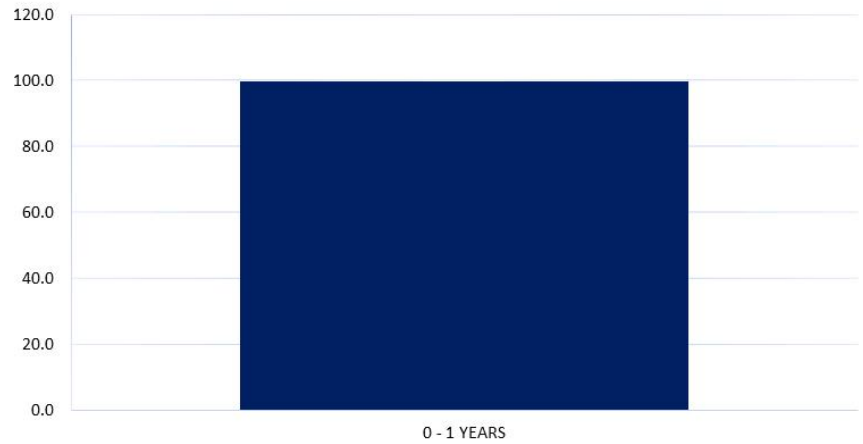
Portfolio Level Characteristics

	POOL 123 ST
Effective Maturity	0.10
Coupon	0.00
Effective Duration	0.10
Quality Rating (Moody's)	AAA

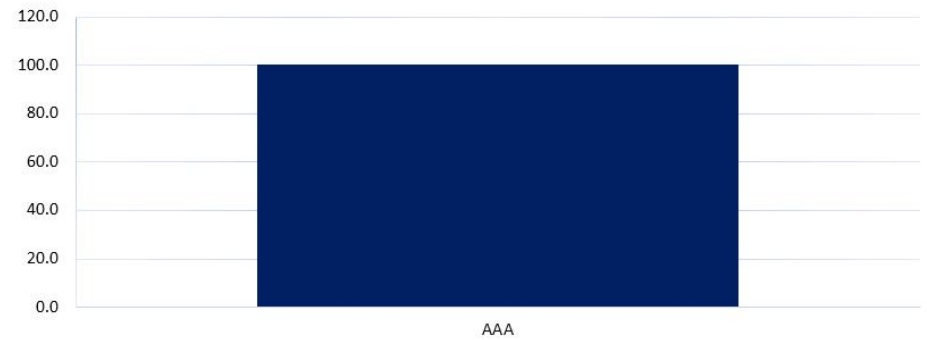
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



Endowment Fund Market Value

