



OFFICE OF THE
Arizona State Treasurer



EILEEN I. KLEIN
TREASURER

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MEETING HIGHLIGHTS TREASURY PERFORMANCE FOR 2018

PHOENIX – At today’s State Board of Investment (BOI) meeting, Arizona Treasurer Eileen I. Klein announced stellar investment performance for fiscal year-ending June 30, 2018. Assets under Treasury management are up over 2017 as are returns and distributions for state agencies, local governments, and public schools. The BOI meets monthly to review Treasury investment activities.

For fiscal year-end 2018, The Permanent Land Endowment Trust Fund (PLETF) reported total market value of \$5.9 Billion; a 5.27% increase over 2017, earnings distributions to public schools of \$294.8 Million; a 9.36% increase over 2017, and a 9.09% total return from investment activity. The return performance beat the Treasury benchmark and the largest Pension system in America. The PLETF’s 10-year average return came in at 7.73%; beating its 10-year return through June 30, 2017 by 1.17%.

As previously reported, PLETF distributions to schools for fiscal year 2019 are expected to be \$26.5 Million more than in 2018. Increased distributions are a product of better portfolio performance and greater market value and are beyond those related to Prop 123 which increased the percentage of distributions to schools.

For fiscal year-end 2018, State Agency and Local Government Pools reported total market value of \$9.4 Billion; a 6.1% increase over 2017 and earnings distributions of \$132.4 Million; a 67.3% increase over 2017. Earnings contributed \$28 Million to the State’s General Fund; a 43.7% increase over 2017.

“Some of the results for the State Agency and Local Government Pools comes from rising interest rates, but a lot of credit goes to the smart strategies employed by our portfolio managers,” said Treasurer Klein. “And with the Endowment’s great success, we can now distribute a larger chunk of vitally important money to our public schools in FY 2019,” Klein added.

Treasurer Klein reported that the Treasury’s Operating Balance, its cash-on-hand to pay state bills, rose for 3 consecutive months ending June 30 with an average FY 2018 balance of \$1.8 Billion.

“Our strong performance for fiscal year 2018 is a product of the sound investment policy set by the State Board of Investment,” Treasurer Klein said. “With the Board’s guidance, we are positioned for similar results in our new fiscal year,” Klein added.

About the Arizona Office of the State Treasurer

The State Treasurer is responsible for the banking and investment management duties for the state, provides investment services to local governments, and manages the Land Endowment (PLETF) which primarily benefits public schools. The Treasury has more than \$14 Billion in assets under management and stewards the financial activity of Arizona's \$35 Billion state budget. Eileen I. Klein is the 35th Treasurer of Arizona.

About the State Board of Investment

By law, the State Board of Investment reviews all the investment activities of the Arizona State Treasurer and serves as trustees of the Permanent Land Endowment Trust Fund (PLETF). The Board of Investment is also responsible for the approval of the State Treasurer's Office Investment Policy Statement. Members of the Board include the State Treasurer (serves as Chair), the Director of the Department of Administration, the State Banking Superintendent, and two other individuals appointed by the Treasurer.