



# Arizona Treasurer's Report

Hon. Eileen I. Klein

## EDUCATION Edition

October 2018



### Permanent Land Endowment Trust Fund (PLETF) highlights and information for October 2018

- Market value of \$5.76 Billion is flat compared to October 2017
- Made 4th monthly Prop 123 distribution for FY2019 of \$26.8 Million to AZ public schools (up \$2.1 Million over October 2017)
- Teachers, want your students to learn about the Treasury? See the vault and trading room? Contact us to set up an educational tour.

Because the PLETF was created to benefit schools in perpetuity, it has a long investment horizon and is built to weather market fluctuations. However, the Treasury cannot invest in any stock or business it likes, the PLETF has very specific investment parameters. Did you know?

- All investment parameters are outlined in the Treasury Investment Policy Statement found at [aztreasury.gov](http://aztreasury.gov)
- The PLETF is 60%/40% stocks to fixed-income and rebalances its asset mix if equities hit 62.5% of market value at any month-end
- Not more than 5% can be invested in the debt of a single corporation (amounts are typically significantly less than 5%)
- Investment parameters prohibit investment in Futures, Swaps, Options, Hedge Funds, or Interest-only Securities
- All securities must be denominated in U.S. Dollars.

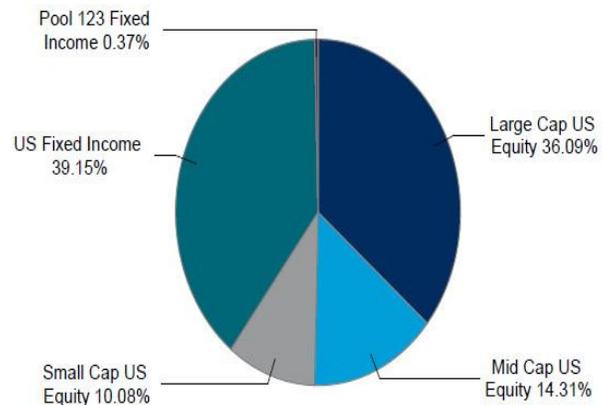
#### Performance



	1 Mth	YTD	1 Year	3 Year	5 Year	10 Year	ITD	Incept Date
TOTAL ENDOWMENT RETURN	-5.11	0.71	3.16	7.34	7.04	9.29	6.33	07/99
TOTAL ENDOWMENT BENCHMARK	-5.33	0.07	2.61	7.28	7.15	9.59	6.47	07/99
	0.22	0.64	0.55	0.05	-0.11	-0.30	-0.15	

#### Asset Allocation

	Ending Market Value
TOTAL ENDOWMENT RETURN	5,755,472,536



#### OCTOBER PERFORMANCE

- **0.71% YTD Return vs. Benchmark 0.07% (for 2018)**
- **-5.11% Monthly Return (beat benchmark of -5.33%)**
- **Realized Gains \$19.5M**
- **Market Value \$5.76 Billion**

“The Endowment invests over a long and patient investment horizon that includes market ups and downs. Our portfolio managers anticipate and plan for market volatility like we saw in October to ensure we successfully execute all required payments to schools.”

-Arizona Treasurer Klein

#### OCTOBER DISTRIBUTIONS

- **Prop 123 to Schools \$26.8M**
- **Delivered on-time from Pool 123 on October 22nd**
- **Land Proceeds Deposited in Schools Account \$23.6M**
- **Budget Appropriations to Schools \$352M on 10/01**

**What is the PLETF?** The Permanent Land Endowment Trust Fund (PLETF or Endowment) is exclusively managed by the Treasury for the primary benefit of Arizona public schools. After the PLETF receives proceeds from Trust Land sales, the Treasury invests the money and makes monthly distributions to 13 separate beneficiaries. The largest distributions, nearly 93%, go to K-12 schools. The passing of Prop 123 requires distributions be 6.9% of the PLETF's 5-year average market value through FY 2025. Investment policy is set by the State Board of Investment (BOI) which meets monthly to review all Treasury investment activities. Visit [aztreasury.gov](http://aztreasury.gov) for BOI reports and meeting dates. Separate from the PLETF, the Treasury also distributes state aid appropriated by the Legislature to schools.