



Arizona Treasurer's Report

State Treasurer Eileen I. Klein



August 2018 Monthly Report Education Edition



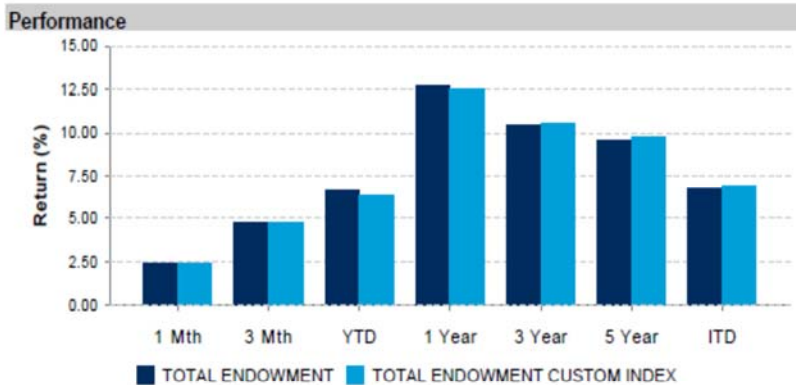
PLETF highlights from August 2018

- Hit its highest month-end market value in 106-year history at \$6.17 Billion - up 9.5% from the same date last year
- Made its second monthly Prop 123 distribution for FY 2019 of \$26.8 Million to Arizona public schools
- August's distribution was \$2.1 Million more than August 2017 (up 8.97% year-over-year due to investment performance)

Did you know?

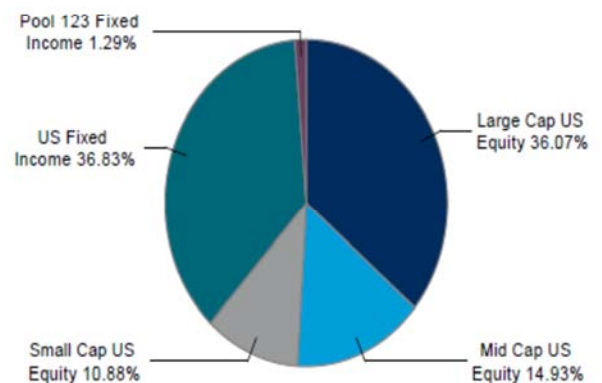
- Tim White, Director of the Endowment Investment portfolio, has worked at the Arizona Treasury for a quarter century
- Tim has managed the PLETF since equities were introduced to the portfolio in 1999 and has made every stock trade in PLETF history
- The PLETF has more than **\$3.3 Billion** in unrealized gains (gains that would be realized if the underlying stocks were sold). This underscores the PLETF's successful 'indexing' investment strategy for a fund held in perpetuity
- When Prop 123 became law in 2016 it required the Treasury to distribute 6.9% of the PLETF's value each month to K-12 schools
- PLETF hit it's highest month-end market value in Arizona history for the second consecutive month!

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 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 for BOI reports and meeting dates. Separate from the PLETF, the Treasury also distributes state aid appropriated by the Legislature to schools.



Asset Allocation

	Ending Market Value
TOTAL ENDOWMENT	6,171,478,683



AUGUST PERFORMANCE

- **Market Value up \$150M over July 2018**
- **2.38% Investment Return**
- **6.60% YTD Return vs. Benchmark 6.28% (for 2018)**
- **Realized Gains \$4.7M**

“The Endowment hit another record high in market value that will drive performance for our public schools well into the future.”

-Arizona Treasurer Klein

AUGUST DISTRIBUTIONS

- **Prop 123 to Schools \$26.8M**
- **Delivered on-time from Pool 123 on August 21**
- **Land Proceeds Deposited in Schools Account \$3.3M**
- **Budget Appropriations to Schools \$309M**