



Arizona Treasurer's Report

State Treasurer Eileen I. Klein

August 2018 Monthly Report

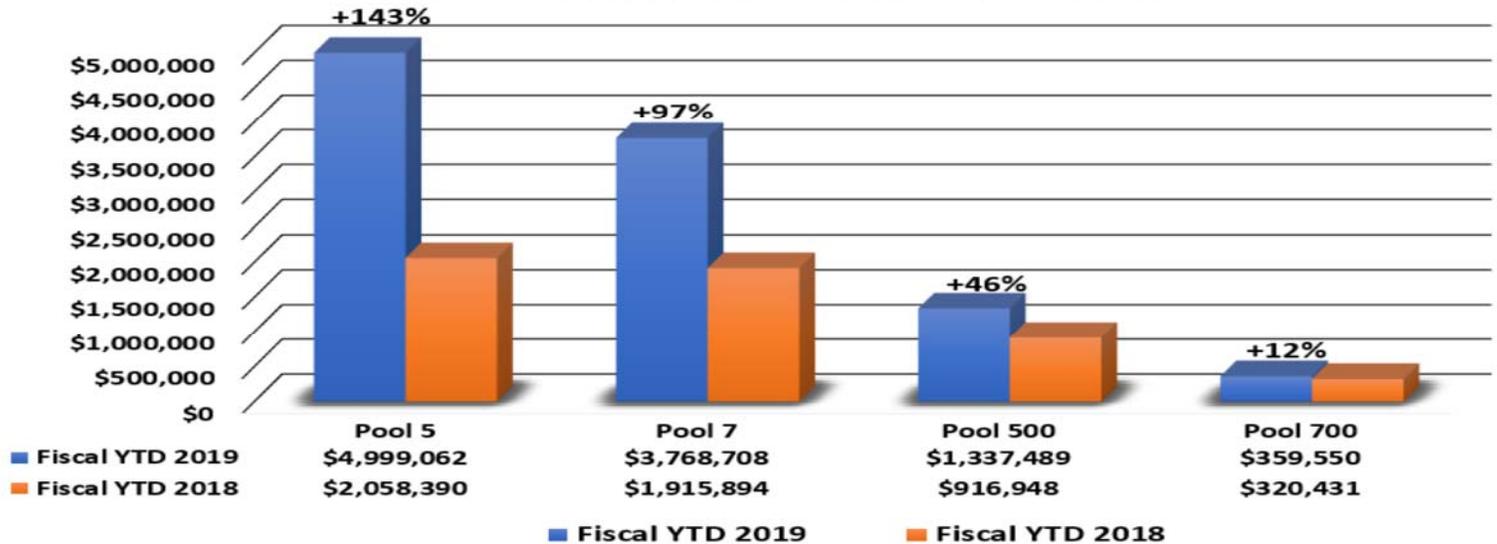
LGIP Edition



We are excited to share this month's investment results with our LGIP participants. The chart below compares earnings distributions for the first two months of FY 2019 (July and August) compared to this time last year.

LGIP Earnings Distributions

Fiscal YTD 2019 vs. Fiscal YTD 2018



All four pools saw increased earnings year-over-year with Pool 5 more than doubling YTD distributions over last year.

“Our strategy of short durations in a rising interest rates environment led to strong earnings in August. Safety and liquidity are our top priorities as we maneuver around another likely Federal Reserve rate hike this year.”

-Arizona Treasurer Klein

LGIP AUGUST DISTRIBUTIONS

- Pool 5 \$2,476,892
- Pool 7 \$1,846,488
- Pool 500 \$673,157
- Pool 700 \$185,900

WHAT IS LGIP?

The Office of the State Treasurer Arizona operates four Local Government Investment Pools which are voluntary, fixed-income investment vehicles managed by Treasury staff. More than 150 cities, towns, counties, and other government entities have participated since the first LGIP pool began in 1980.

BENEFITS OF LGIP

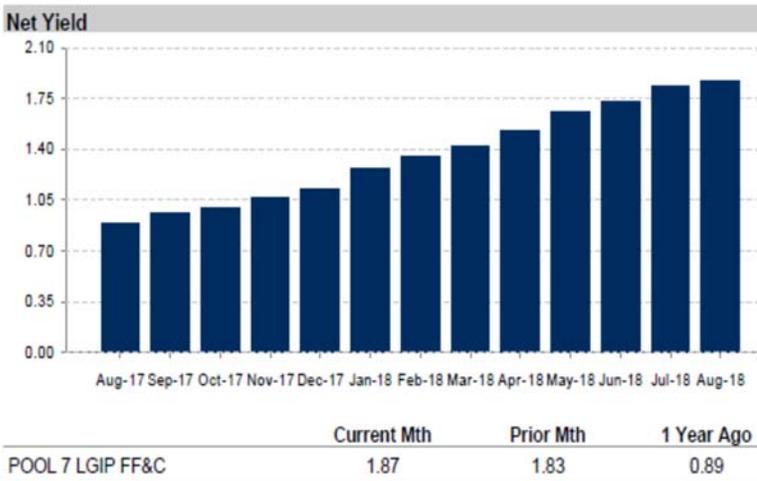
- Pooled investments with other participants creating economy of scale
- Very low costs
- Safety with competitive yields
- 100% liquidity

The Arizona Treasurer is responsible for the banking and investment management duties for the state, provides investment services to local governments, and manages the Land Endowment Trust Fund which primarily benefits public schools. Investment policy is set by the State Board of Investment (BOI) which meets monthly to review all Treasury investment activities. Visit aztreasury.gov for complete BOI reports.

AUGUST 2018 LGIP PERFORMANCE RESULTS



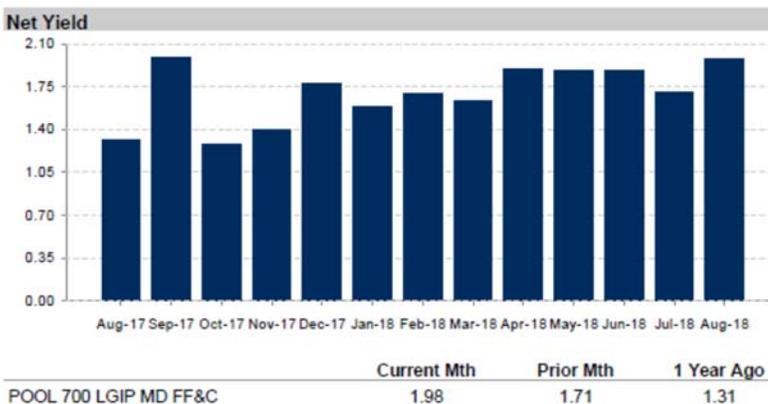
Pool 5 is a diversified short-term fund similar to a prime money market fund. It invests in government securities, certificates of deposit, commercial paper of companies, and other highly liquid, low-risk securities. As of August 31, 2018, Pool 5 had \$1.32 Billion in assets with a Net Asset Value of \$1.00. The fund continues to maintain the highest rating from S&P (AAAF/S1+).



Pool 7 is a short-term fund that invests only in securities backed by the full faith and credit of the United States Government and therefore has an AAA weighted average rating (Moody's). As of August 31, 2018, Pool 7 had \$1.11 Billion in assets with a Net Asset Value of \$1.00.



Pool 500 is a medium-term fund investing in similar securities as Pool 5 but with longer maturities and a floating NAV for those participants with a longer-term investment horizon than Pool 5. As of August 31, 2018, Pool 500 had \$345.7 Million in assets and a floating Net Asset Value of \$1.0223. The weighted average rating (Moody's) of all securities is AA-3.



Pool 700 is a full faith and credit, medium-term fund investing in similar securities as Pool 7 but with longer maturities and a floating NAV for those participants with a longer-term investment horizon than Pool 7. As of August 31, 2018, Pool 700 had \$135.8 Million in assets with a floating Net Asset Value of \$0.9951. The weighted average rating (Moody's) for all securities is AAA.