



Arizona Treasurer's Report

Hon. Eileen I. Klein

September 2018

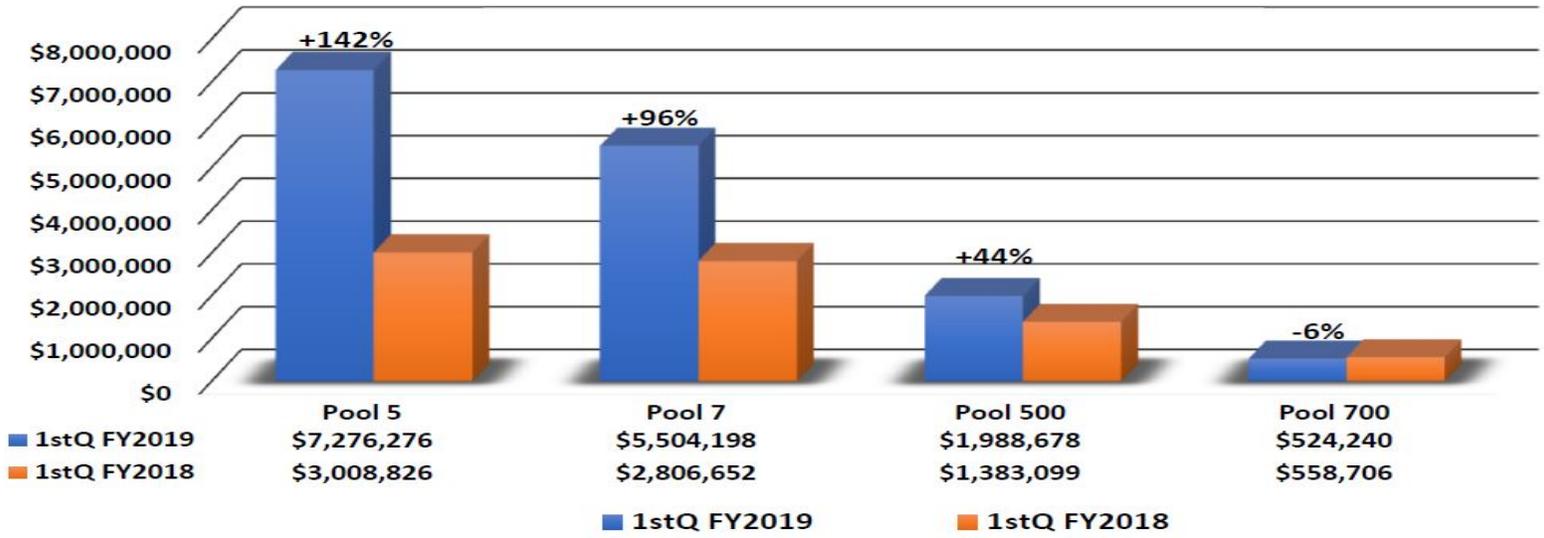
LGIP Edition



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

LGIP Earnings Distributions

1stQ FY2019 vs. 1stQ FY2018



Pool 5 YTD earnings distributions more than doubled over last year while Pools 7 and 500 also saw significant earnings increases.

“While our LGIP portfolio managers pay close attention to equity markets, the recent volatility in stocks had no impact on our LGIP short-term, fixed-income Pools as we achieved another solid month of earnings.

-Arizona Treasurer Klein

LGIP SEPTEMBER DISTRIBUTIONS

- Pool 5 \$2,277,214
- Pool 7 \$1,735,490
- Pool 500 \$651,189
- Pool 700 \$164,689

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 economies 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.

SEPTEMBER 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 September 30, 2018, Pool 5 had \$1.29 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 September 30, 2018, Pool 7 had \$1.07 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 September 30, 2018, Pool 500 had \$345.8 Million in assets and a floating Net Asset Value of \$1.0207. The weighted average rating (Moody's) of all securities is AA-3.



Pool 700 is a full faith & 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 September 30, 2018, Pool 700 had \$135.7 Million in assets with a floating Net Asset Value of \$0.9925. The weighted average rating (Moody's) for all securities is AAA.