



# Arizona Treasurer's Report

## Eileen I. Klein

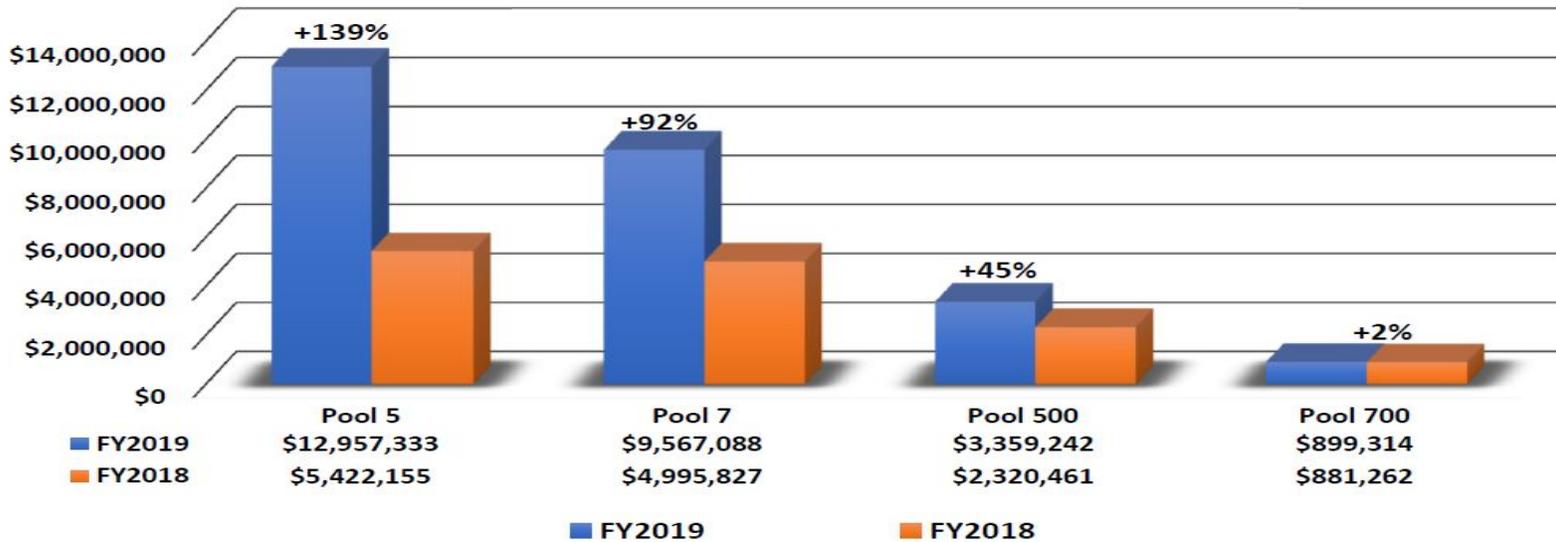
### LGIP Edition

# November 2018



We are excited to share November's investment results with our LGIP participants. The chart below compares earnings for the 5 months of FY 2019 compared to this time last year. Pool 5 more than doubled earnings, 7 & 500 saw double-digit increases; 700 a slight increase.

### LGIP Earnings Distributions FY2019 vs. FY2018 (July-Nov.)



November 2018 earnings are listed in the box below with the percentage up or down (+/-) compared to October's earnings.

**“Our LGIP portfolio managers sought & found solid yields on short-term assets in November and expect to find even better in December after the Federal Reserve hiked rates for a 4th time in 2018. It was another outstanding month of earnings.**

**-Arizona Treasurer Klein**

#### LGIP NOVEMBER EARNINGS

- Pool 5      \$2,993,906    (+11%)
- Pool 7      \$2,181,690    (+16%)
- Pool 500    \$681,487      (-1%)
- Pool 700    \$191,162      (+4%)

#### WHAT IS LGIP?

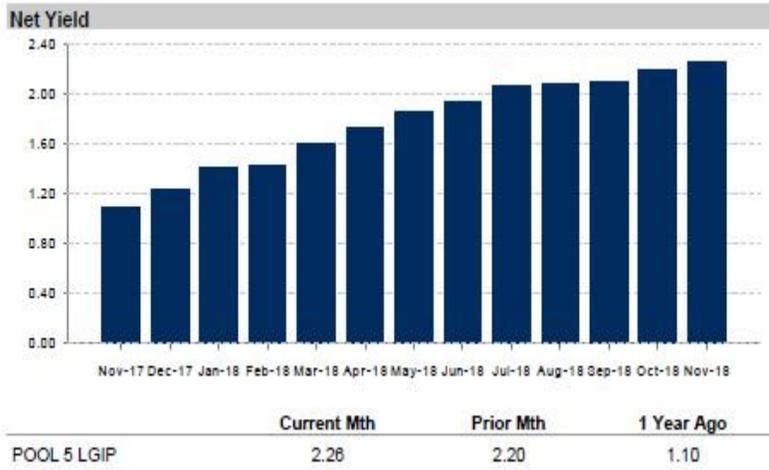
The Office of the State Treasurer Arizona operates four Local Government Investment Pools which are voluntary, fixed-income investment vehicles managed by Treasury staff. More than 150 cities, towns, counties, and other government entities have participated since the first LGIP pool began in 1980.

#### BENEFITS OF LGIP

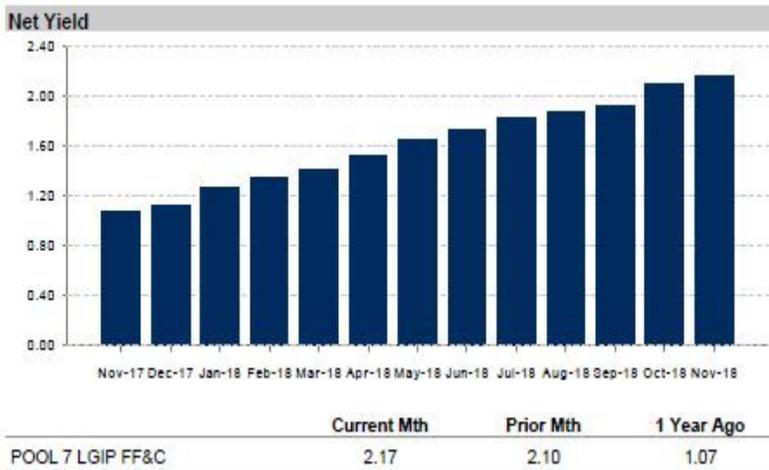
- Pooled investments with other participants creating economies of scale
- Very low costs
- Safety with competitive yields
- 100% liquidity

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](http://aztreasury.gov) for complete BOI reports.

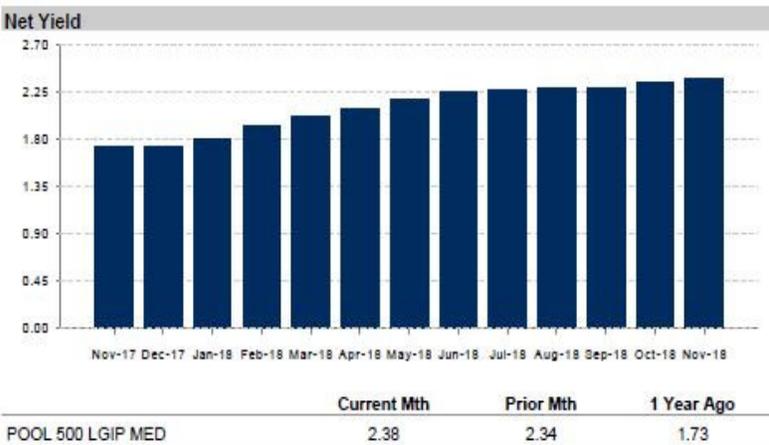
## NOVEMBER 2018 LGIP MARKET VALUE & YIELD PERFORMANCE



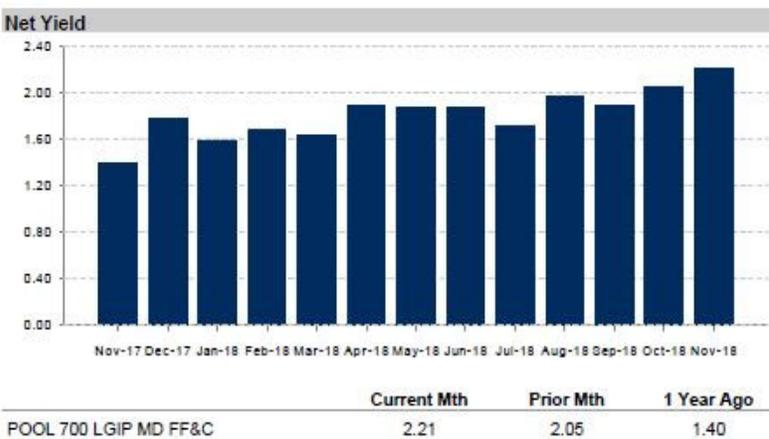
**Pool 5** is a diversified short-term fund similar to a prime money market fund. It invests in government securities, certificates of deposit, commercial paper of companies, and other highly liquid, low-risk securities. As of November 30, 2018, Pool 5 had \$1.59 Billion in assets with a Net Asset Value of \$1.00. The fund continues to maintain the highest rating from S&P (AAAf/S1+). Yield up 2.7% over previous month.



**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 November 30, 2018, Pool 7 had \$1.36 Billion in assets with a Net Asset Value of \$1.00. Yield up 3.3% over previous month.



**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 November 30, 2018, Pool 500 had \$348.7 Million in assets and a floating Net Asset Value of \$1.0194. The weighted average rating (Moody's) of all securities is AA-3. Yield up 1.7% over previous month.



**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 November 30, 2018, Pool 700 had \$135.9 Million in assets with a floating Net Asset Value of \$0.9909. The weighted average rating (Moody's) for all securities is AAA. Yield up 7.8% over previous month.