



Arizona Treasurer's Report

State Treasurer Eileen I. Klein



July 2018 Monthly Report Education Edition

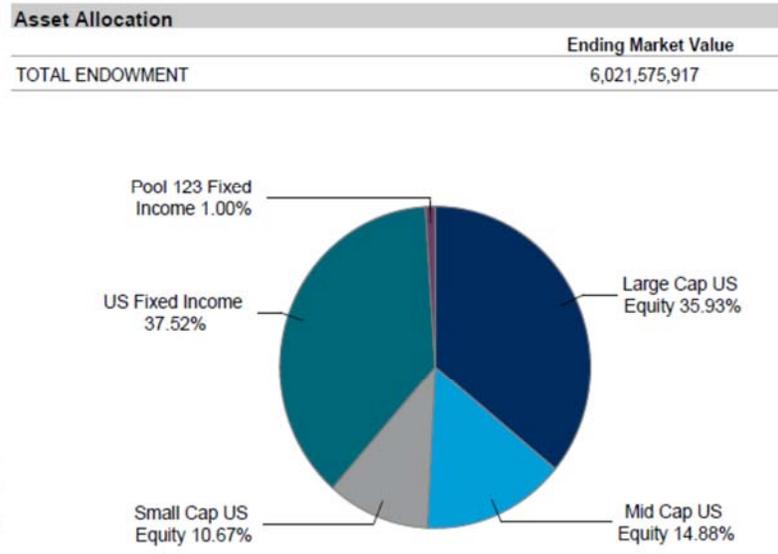
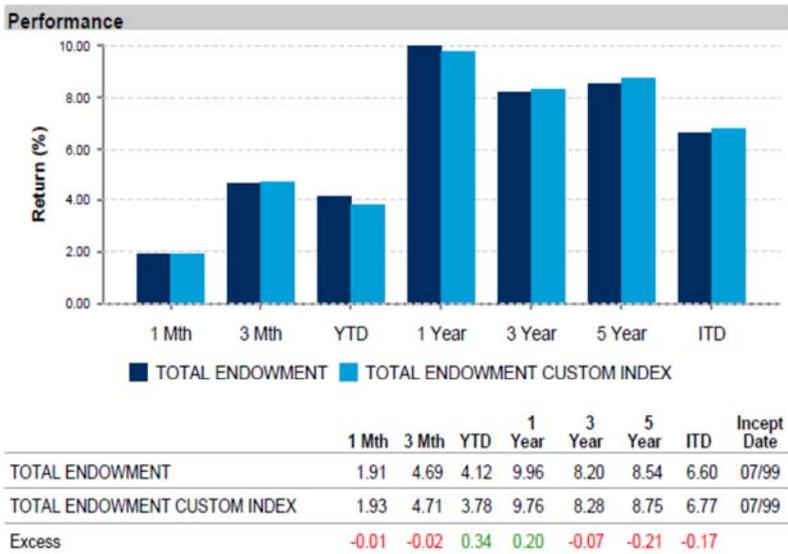


What is the PLETF? The Permanent Land Endowment Trust Fund (PLETF or Endowment) primarily benefits Arizona public schools. After receiving proceeds from Trust Land sales, the Arizona Treasurer handles all investment management for the PLETF without the added cost of outside portfolio managers. The Treasury is required by law to make monthly distributions to 13 separate beneficiaries based on a 5-year market value formula. The passing of Prop 123 requires the Treasury to distribute 6.9% of the PLETF's market value monthly through FY 2025. The largest distributions, nearly 93%, go to 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 BOI reports and meeting dates. Separate from the PLETF, the Treasury also distributes state aid appropriated by the Legislature to schools.

PLETF highlights from July 2018

- Hit its highest month-end Market Value in 106-year history at \$6.022 Billion - up 6.3% from the same date last year
- Made its first monthly Prop 123 distribution for FY 2019 of \$26.8 Million to Arizona public schools
- July's distribution was \$2.2 Million more than July 2017 (up 8.97% annualized year-over-year due to investment performance)

Acres to Dollars: Ever wonder how an acre of trust land becomes dollars in the PLETF? The Arizona Land Department holds a public auction for a parcel of Trust Land with a minimum bid. Each parcel has only one, exclusive beneficiary (public schools is the beneficiary for nearly 93% of Trust Land). The successful bid amount from the sale is deposited into that beneficiary's PLETF account at the Treasury. Treasury staff invests that account for the beneficiary with an asset allocation mix of 60% U.S. stocks and 40% U.S. fixed-income. The Treasury makes distributions monthly from the account to the beneficiary based on a constitutional formula currently at 6.9% of the account's previous 5-year average market value.



JULY PERFORMANCE

- **Market Value up \$113M over June 2018**
- **1.91% Return vs. Benchmark 1.93%**
- **4.12% YTD Return (for 2018)**
- **Realized Gains \$1.97M**

“I’m extremely proud to see the Endowment reach an historic market value milestone that will benefit public schools now and for years to come.”

-Arizona Treasurer Klein

JULY DISTRIBUTIONS

- **Prop 123 to Schools \$26.8M**
- **Delivered on-time from Pool 123 on July 23**
- **Land Proceeds Deposited in Schools Account \$27.4M**
- **Budget Appropriations to Schools \$931M**