

OFFICE OF THE
ARIZONA STATE TREASURER



JEFF DEWIT
TREASURER



DECEMBER 2017

Presented To:

Arizona State Board of Investment

January 25th, 2018

STATE BOARD OF INVESTMENT

A G E N D A

January 25, 2018

1. Call to Order
2. Chairman Remarks
3. Approval of December 28, 2017 Minutes
4. Review of Treasurer's Monthly Reports
 - A. Earnings Distribution; Investment Pools
 - B. Operating Monies Invested Balances
 - C. State Agency Pools Investments and Performance Reports
 - D. LGIP Pools Investments and Performance Reports
 - E. Earnings Distributed Endowment Funds
 - F. Land Sales Monthly Proceeds Endowment Funds
 - G. Endowment Investments and Performance Reports
 - H. Broker Activity Report
5. Proposed Changes to the Investment Policy
 - A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
6. Review and Approval of Proposed/Pending Securities Dealers
7. General Business
 - A. Approval of Endowment Distributions for FY 2019
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

January 25, 2018

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on December 28, 2017 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer DeWit called the meeting to order at approximately 1:34 p.m.

Members Present:

Jeff DeWit, Chair, State Treasurer
Harry A. Papp, CFA & Managing Partner, L. Roy Papp & Associate
Beth Ford, Treasurer, Pima County – Via Teleconference
Craig Brown, Director, Arizona Department of Administration

Others Present:

Mark Swenson, Deputy Treasurer of Policy & Research, Arizona State Treasurer's Office
Patty Humbert, Chief Investment Officer, Arizona State Treasurer's Office
Tim White, Senior Portfolio Manager, Arizona State Treasurer's Office
Dennis Stevenson, Portfolio Manager, Arizona State Treasurer's Office
Jake Richardson, Investment Analyst, Arizona State Treasurer's Office
Eric Stivers, Collateral Analyst, Arizona State Treasurer's Office
Michael Leslein, Investment Accounting Manager, Arizona State Treasurer's Office
Ken Price, Human Resource Manager, Arizona State Treasurer's Office
Dajana Zlaticanin, Communications Director, Arizona State Treasurer's Office
Sean Dollman, Director of Operations, Donald J. Trump for President 2020
Mark Manoil, Attorney at Law, Manoil Kime, PLC

Pursuant to A.R.S. 35-311, the following reports for November, 2017 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports:

Earnings Distribution; Investment Pools
Operating Monies Invested Balances
State Agency Pools Investments and Performance Reports
LGIP Pools Investments and Performance Reports
Earnings Distributed Endowment Funds
Land Sales Monthly Proceeds Endowment Funds
Endowment Investments and Performance Reports

1. Call to Order:

Treasurer DeWit called the December 28, 2017 BOI meeting to order at approximately 1:34 p.m.

2. Treasurers Comments:

Treasurer DeWit welcomed the board members and guests and thanked all present for attending the December 28, 2017 meeting.

3. Approval of Minutes:

Mr. Papp made a motion to approve the November 30, 2017 report. Ms. Ford seconded the motion. Motion carried.

4. Review of Treasurer's Monthly Report

Earnings Distribution – Investment Pools

Ms. Humbert reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of November, 2017.

Operating Monies Average Invested Balance

Ms. Humbert reported the Operating Monies average invested balance for the month of November, 2017.

Review of Treasurer's Monthly Report – Agency Pools:

Ms. Humbert presented the monthly report for the Agency Pools portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

State Agency Pools Portfolio Yield Analysis

Ms. Humbert reported the net yields for the State Agency Pools for the month of November, 2017.

Manager Allocation of Invested Monies for the State Agency Pools

Ms. Humbert reported the total market value of all of the State Agency Pools broken up to show the percent allocated to each individual State Agency Pool as of November 30, 2017.

Investments Outstanding in State Agency Pools

Ms. Humbert reported the total net assets, asset allocation, the weighted average life, the weighted average duration and the weighted average rating for the State Agency Investment Pools as of November 30, 2017.

Review of Treasurer's Monthly Report – LGIP Investment Pools:

Mr. Stevenson presented the monthly report for the LGIP Investment Pools portion of the Arizona State Treasurer's Office to the Board of Investment as follows:

LGIP (Pool 5) & LGIP GOV (Pool 7) Portfolio Yield Analysis

Mr. Stevenson reported the net yield for the LGIP and LGIP-Gov Pools and the comparison to the benchmark for the month of November, 2017.

Pool 500 & Pool 700 Portfolio Yield Analysis

Mr. Stevenson reported the net yield for the LGIP Medium Term Pools and the comparison to the benchmark for the month of November, 2017.

Manager Allocation of Invested Monies for the LGIP Pools

Mr. Stevenson reported the total market value invested in all of the LGIP Pools as a percentage of the total that was allocated to each of the LGIP, LGIP-Gov, and LGIP Medium Term Pools as of November 30, 2017.

LGIP Pools Investments and Performance Reports

Mr. Stevenson reported the total net assets, asset allocation, the weighted average life, the weighted average duration, and the weighted average rating on the LGIP, LGIP-Gov, and LGIP Medium Term pools for the month of November, 2017.

Review of Treasurer's Monthly Report – Endowments:

Mr. White presented the endowment portion of the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of November, 2017.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, S&P 400 and S&P 600 pools for the month of November, 2017 and fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of November, 2017.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of November, 2017.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of November 30, 2017.

Performance of Investments in Endowment Funds

Mr. White reported the performance of the Endowment Funds for the current month, the year to date, trailing one year, trailing three years, trailing five years, and since inception for the Endowment Funds as of November 30, 2017.

Manager Allocation of Invested Monies for the Endowment Pools

Mr. White reported the percentage of the total market value of all of the Endowment investments allocated to each of the Endowment Pools, as of November 30, 2017.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 500 Pool as of November 30, 2017.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 400 Pool as of November 30, 2017.

Equity Holdings Investments Outstanding S&P 600

Mr. White reported the investments outstanding by portfolio characteristics and industry sector for the S&P 600 Pool as of November 30, 2017.

Fixed Income Investments and Performance Reports

Mr. White reported the total net assets, asset allocation, the weighted average life, the weighted average duration and the weighted average rating for the Fixed Income Pool for the month of November, 2017.

Endowment Investments and Performance Growth by Account Reports

Mr. White reported the performance and growth for each of the Endowment Funds from the inception date of each fund through the end of November 30, 2017.

Approval of Treasurer's Report

Mr. Brown made a motion to approve the Treasurer's Report as presented. Mr. Papp seconded the motion. Motion carried.

5. Proposed Changes to Investment Policy:

There were no Proposed Changes to the Investment Policy.

6. Review and approval of Proposed/Pending Securities Dealers

There were no Proposed/Pending Securities Dealers.

7. General Business:

Ms. Humbert presented the IRMC Endowment Equity Rebalance request for a one-time deviation from the Investment Policy to do an approximately 1% rebalance from equity large cap securities into fixed income securities prior to December month end. Discussion ensued.

Mr. Papp made a motion to approve a 2.5% total rebalance with 1% rebalanced before end of month and 1.5% rebalanced after the year end. Treasurer DeWit seconded the motion. Motion carried.

Board members discussed possible changes to the Investment Policy. Ms. Humbert, along with the IRMC, will report back to the Board with the recommended changes.

Ms. Humbert provided update information to the Board regarding BOI report, Third Party Information and Fixed Income Benchmarks. Discussion ensued.

8. Call to the Public:

Mr. Sean Dollman thanked the Board and congratulated them on a successful year.

9. Notice of Next Meeting:

Treasurer DeWit advised the Board that the next regular meeting of the Board of Investment will be Tuesday, January 30, 2018 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Adjournment:

Mr. Brown made a motion to adjourn the BOI meeting. Ms. Ford seconded the motion. Upon unanimous approval the BOI Meeting was adjourned at 2:40 p.m.

Respectfully Submitted by:

Christine Thurston
Executive Consultant II

Approved by:

Jeff DeWit, Chair

Date

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**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 DECEMBER 2017**

Recipient	Earnings Distributed			Fiscal YTD Investment Management Fees Received
	DECEMBER 2017	Fiscal YTD 17/18	Fiscal YTD 16/17	
General Fund *	\$1,739,843	\$9,648,374	\$7,998,944	
2 State Agencies - Full Faith & Credit	966,048	4,905,163	3,349,470	237,511
3 State Agencies - Diversified (Combined) **	1,192,462	7,160,521	4,829,293	377,239
4 State Agencies - Gov	1,051,715	5,017,908	2,912,818	259,339
5 LGIP	1,474,390	6,896,351	2,740,360	346,555
7 LGIP Gov	1,362,490	6,358,316	2,018,919	358,153
9A Public School Credit Enhancement ***	0	0	0	22,399
10 Restricted Operating	579,025	3,076,687	2,282,507	334,591
12 CAWCD Medium-Term	577,687	3,184,455	2,442,825	103,102
16 ECDH Medium-Term	578,919	3,343,637	2,820,539	107,711
Subtotal	\$9,522,579	\$49,591,412	\$31,395,675	\$2,146,601
NAV POOL				
500 LGIP - Med Term	516,529	2,836,991	1,772,008	92,409
700 LGIP - FF&C Med Term	225,882	1,107,144	800,785	40,406
Total	\$10,264,990	\$53,535,547	\$33,968,467	\$2,279,416
DECEMBER 2016 TOTALS	\$5,939,974			\$2,222,762

* Note: Pool 15 AHCCCS Operating Earnings are reported in General Fund

** Note: Pool 15 AHCCCS Operating Management Fees are reported in Pool 3 State Agencies Diversified (Combined)

*** Note: Pool 9A represents \$80 million invested in School Funding Obligations; earnings on this investment revert to the General Fund

OPERATING MONIES
AVERAGE INVESTED BALANCE
 Through December 31, 2017
 (in millions)

<u>Month</u>	<u>Fiscal Year</u> <u>2015/2016</u>	<u>Fiscal Year</u> <u>2016/2017</u>	<u>Fiscal Year</u> <u>2017/2018</u>
JULY	\$1,795	\$2,012	\$1,635
AUGUST	1,554	1,504	1,303
SEPTEMBER	1,874	1,694	1,455
OCTOBER	1,701	1,672	1,473
NOVEMBER	1,686	1,633	1,417
DECEMBER	1,734	1,693	1,400
JANUARY	2,140	2,255	
FEBRUARY	2,295	2,306	
MARCH	2,092	1,968	
APRIL	2,407	1,961	
MAY	2,720	2,215	
JUNE	2,590	2,147	
Y-T-D Average	\$2,049	\$1,922	\$1,447
Budget Stabilization Average Fund Balance - December 2017			<u>\$457</u>
Total Average Cash Available - December 2017			<u>\$1,857</u>

**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 DECEMBER 2017**

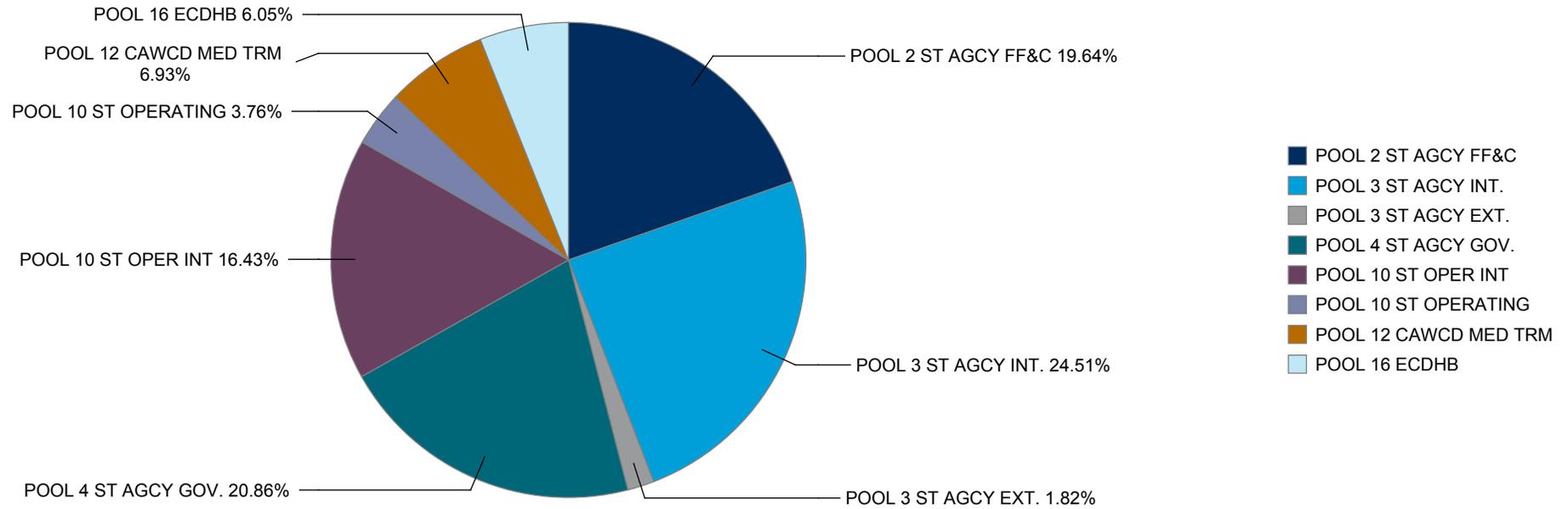
FUND	DESCRIPTION	Current Month 12/31/17	Prior Month 11/30/17	Prior Year 12/31/16	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	1,040,230	906,615	699,848	0.9768
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	1,456,646	1,403,746	1,117,792	1.0110
	EXTERNAL MANAGERS	142,297	134,627	113,748	0.9976
	FUND 3 TOTAL	1,598,943	1,538,373	1,231,540	1.0101
4	STATE AGENCIES - GOV	1,242,398	993,698	623,460	0.9967
9A	PUBLIC SCHOOL CREDIT ENHANCEMENT	106,417	97,753	N/A	0.9768
10	RESTRICTED OPERATING				
	INTERNAL MANAGERS	1,265,196	1,218,356	950,903	0.9855
	EXTERNAL MANAGERS	212,898	178,768	169,742	1.0477
	FUND 10 TOTAL	1,478,094	1,397,124	1,120,645	0.9964
12	CAWCD MEDIUM-TERM	577,687	565,036	407,901	0.9991
15	AHCCCS OPERATING	32,865	60,396	6,192	N/A
16	ECDH MEDIUM-TERM	578,919	560,580	466,036	0.9964
	TOTAL STATE AGENCIES	6,655,554	6,119,574	4,555,622	

STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 DECEMBER 2017

FUND	DESCRIPTION	Current Month 12/31/17	Prior Month 11/30/17	Prior Year 12/31/16
2	STATE AGENCIES - FULL FAITH & CREDIT	1.34%	1.25%	0.82%
	75% MERRILL 0-1 US TREAS INDEX / 25%	1.79%	1.72%	1.21%
	MERRILL US GNMA MORTGAGE BACKED INDEX			
3	STATE AGENCIES - DIVERSIFIED			
	INTERNAL MANAGERS	1.54%	1.42%	1.01%
	EXTERNAL MANAGERS	1.60%	1.57%	1.30%
	COMBINED	1.54%	1.43%	1.03%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	1.82%	1.70%	1.23%
	1-3 US BROAD MARKET INDEX			
4	STATE AGENCIES - GOV	1.41%	1.29%	0.78%
	50% MERRILL 6 MTH US T-BILL INDEX / 50%	1.69%	1.55%	0.90%
	MERRILL 1-3 UNSUB. US TREAS / AGY INDEX			
9A	PUBLIC SCHOOL CREDIT ENHANCEMENT	1.34%	1.25%	N/A
10	RESTRICTED OPERATING			
	INTERNAL MANAGERS	1.57%	1.58%	1.20%
	EXTERNAL MANAGERS	1.17%	0.96%	0.66%
	COMBINED	1.50%	1.46%	1.07%
	50% 3 MONTH LIBOR INDEX / 50% MERRILL	1.82%	1.70%	1.23%
	1-3 US BROAD MARKET INDEX			
12	CAWCD MEDIUM-TERM	1.74%	1.83%	1.38%
	75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP	1.94%	1.87%	1.47%
	INDEX			
15	AHCCCS OPERATING	0.30%	0.60%	0.19%
16	ECDH MEDIUM-TERM	1.95%	1.96%	1.57%
	75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP	1.94%	1.87%	1.47%
	INDEX			



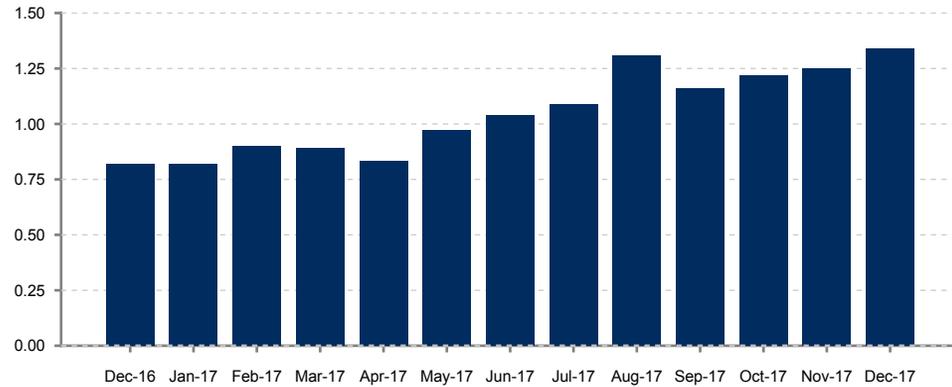
Manager Allocation



	Market Value	% of Portfolio
POOL 2 ST AGCY FF&C	1,131,365,852	19.6
POOL 3 ST AGCY INT.	1,412,000,027	24.5
POOL 3 ST AGCY EXT.	104,830,781	1.8
POOL 4 ST AGCY GOV.	1,201,658,771	20.9
POOL 10 ST OPER INT	946,462,713	16.4
POOL 10 ST OPERATING	216,326,227	3.8
POOL 12 CAWCD MED TRM	398,983,583	6.9
POOL 16 ECDHB	348,707,486	6.1
TOTAL STATE AGENCY	5,760,335,441	100.0



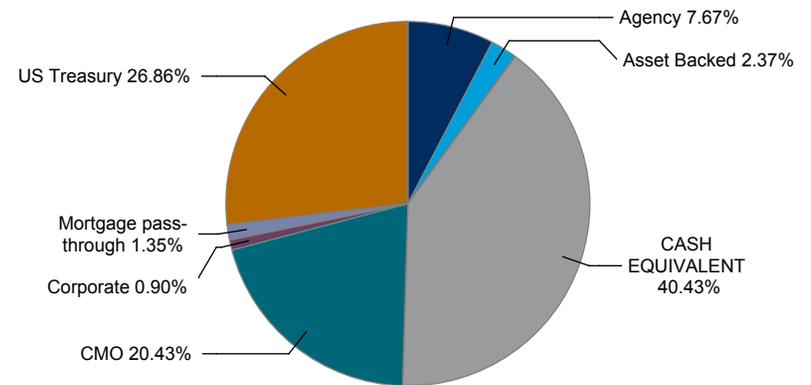
Net Yield



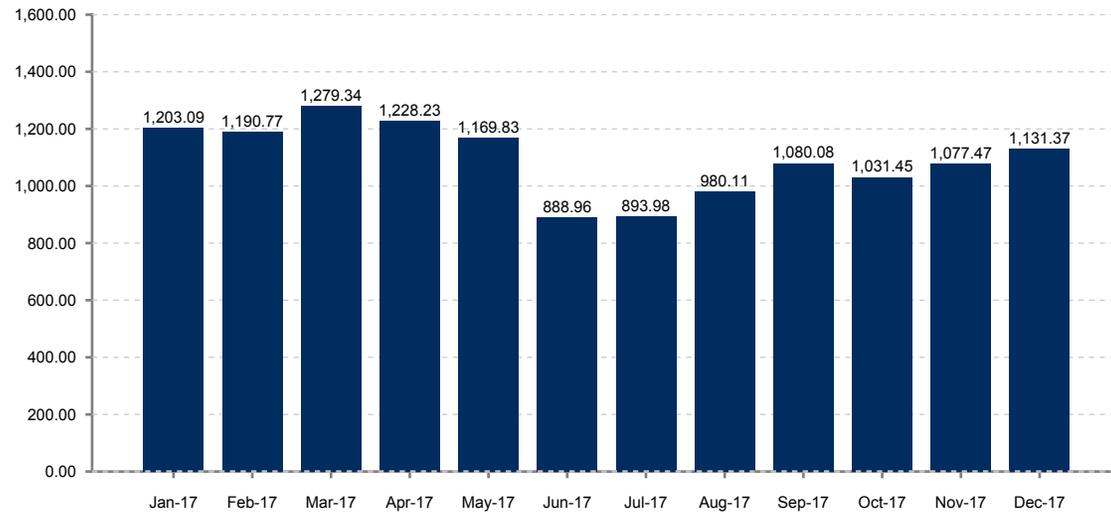
	Current Mth	Prior Mth	1 Year Ago
POOL 2 ST AGCY FF&C	1.34	1.25	0.82

Asset Allocation

	Ending Market Value
POOL 2 ST AGCY FF&C	1,131,365,852



Net Asset Values over Time (\$MM)

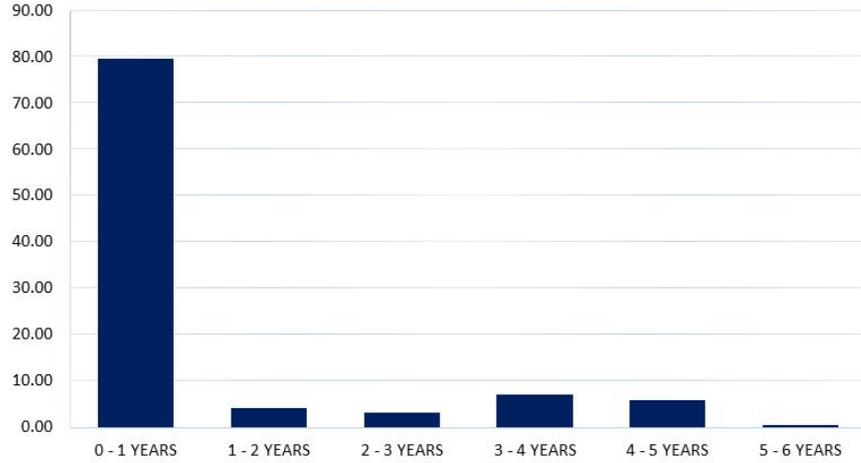


Top 10 Holdings

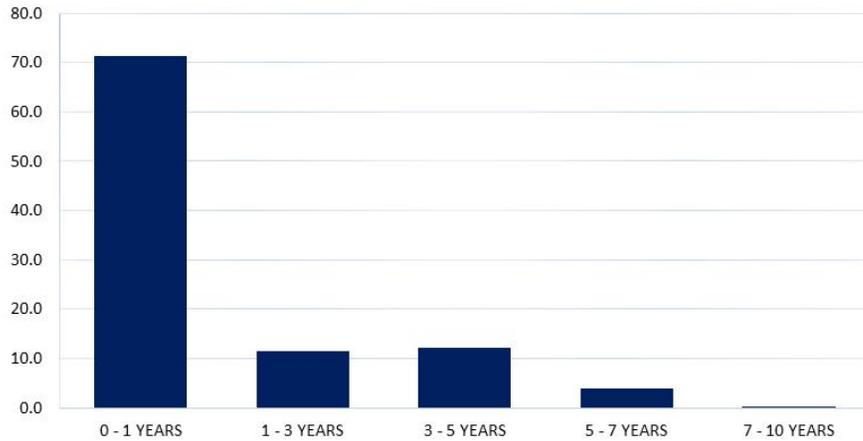
Security Name	Ending Market Value	% of Portfolio
POOL 2 ST AGCY FF&C		
DAIWA CAPITAL MARKETS	200,025,000	17.68
CREDIT AGRICOLE REPO	102,214,260	9.03
RBC CAPITAL MARKETS R	45,702,259	4.04
US TREASURY N/B	45,282,959	4.00
TREASURY BILL	39,957,840	3.53
US TREASURY N/B	30,087,087	2.66
CASH MGMT BILL	30,000,000	2.65
TREASURY BILL	29,997,358	2.65
US TREASURY N/B	20,323,187	1.80
US TREASURY N/B	20,275,000	1.79



Duration Distribution



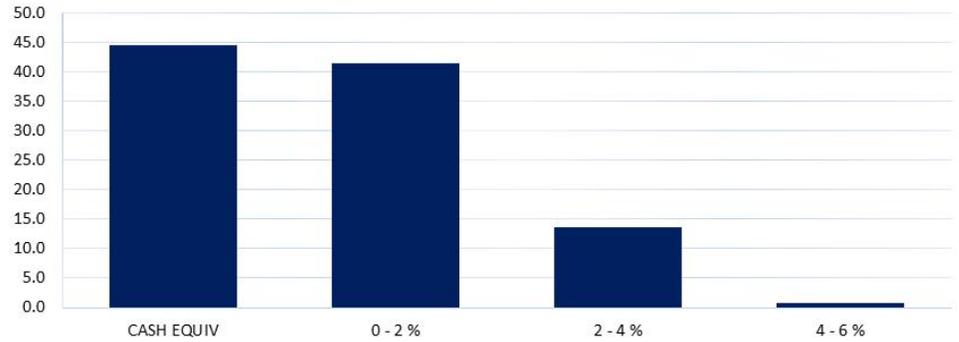
Expected Maturity Distribution



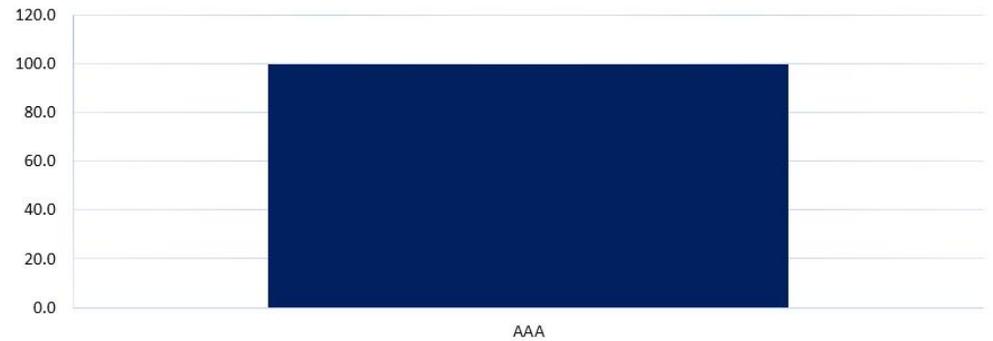
Portfolio Level Characteristics

	POOL 2 ST AGCY FF&C
Weighted Average Life	1.08
Coupon	1.23
Effective Duration	0.80
Quality Rating (Moody's)	AAA

Coupon Distribution

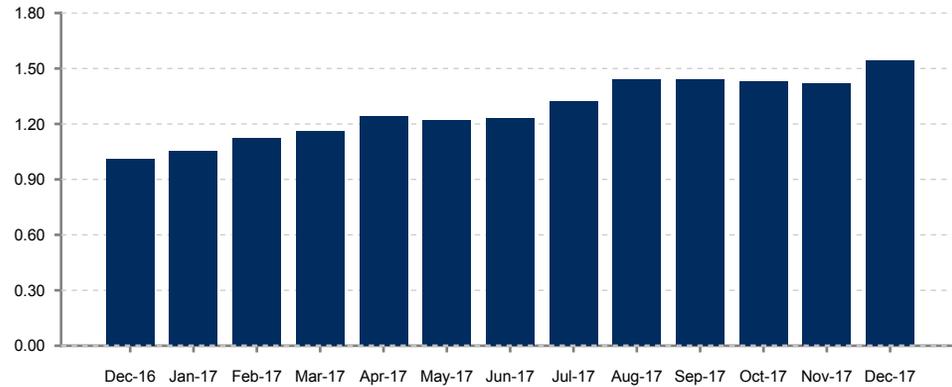


Rating Distribution





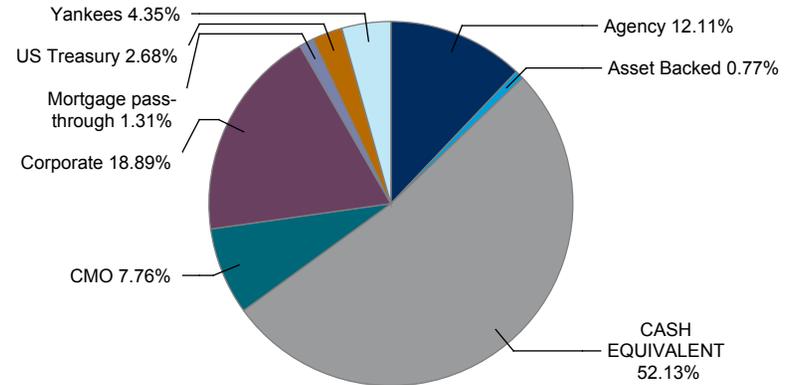
Net Yield



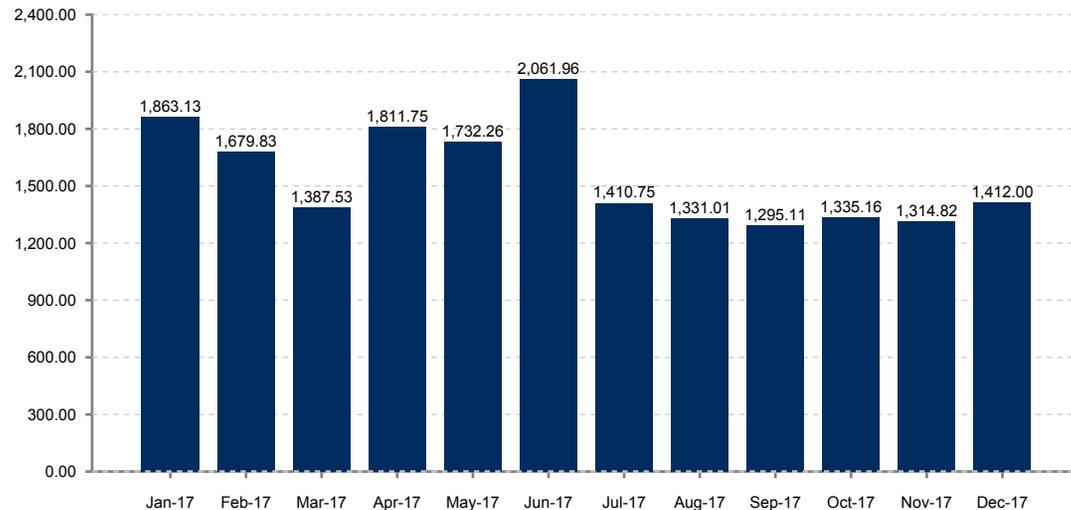
	Current Mth	Prior Mth	1 Year Ago
POOL 3 ST AGCY INT.	1.54	1.42	1.01

Asset Allocation

	Ending Market Value
POOL 3 ST AGCY INT.	1,412,000,027



Net Asset Values over Time (\$MM)

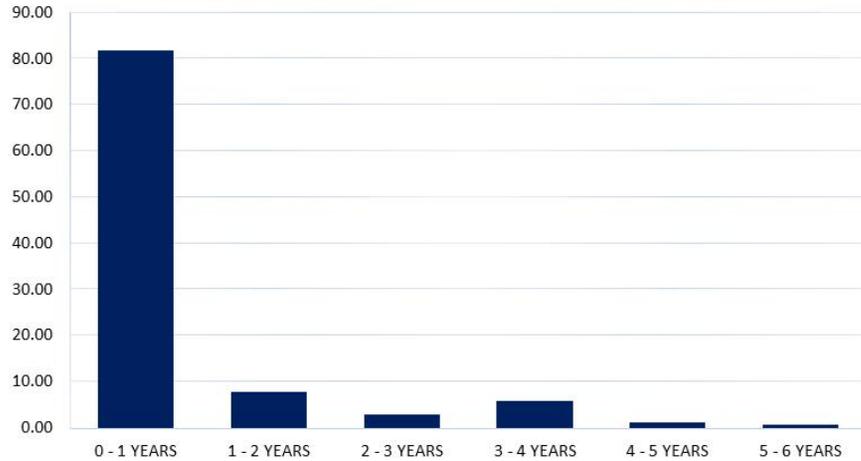


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY INT.		
SOUTH STREET REPO	320,044,000	22.67
SOUTH STREET REPO	36,512,160	2.59
IBM CORP	30,226,299	2.14
GOTHAM FDG CORP	29,998,900	2.12
VICTORY RECEIVABLES	29,998,892	2.12
HALKIN FINANCE LLC USC	29,998,875	2.12
MOUNTCLIFF	29,961,750	2.12
LEXINGTN PKR CAP CO LL	29,958,667	2.12
SHEFFIELD RECEIVABLE	29,942,667	2.12
CAN AST & CAN LTD JT	29,929,067	2.12



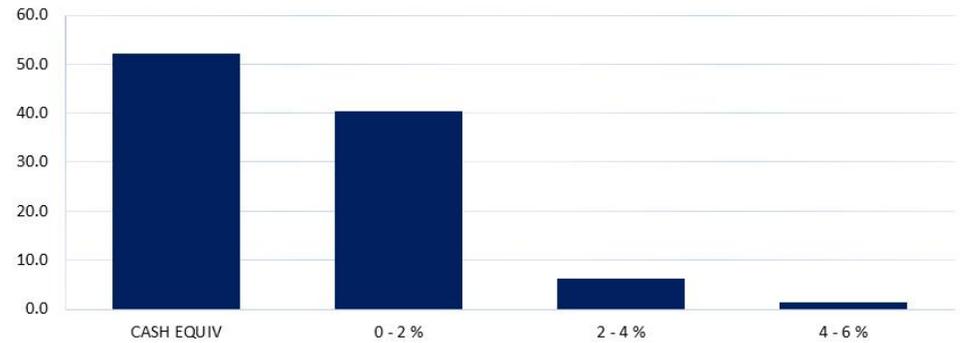
Duration Distribution



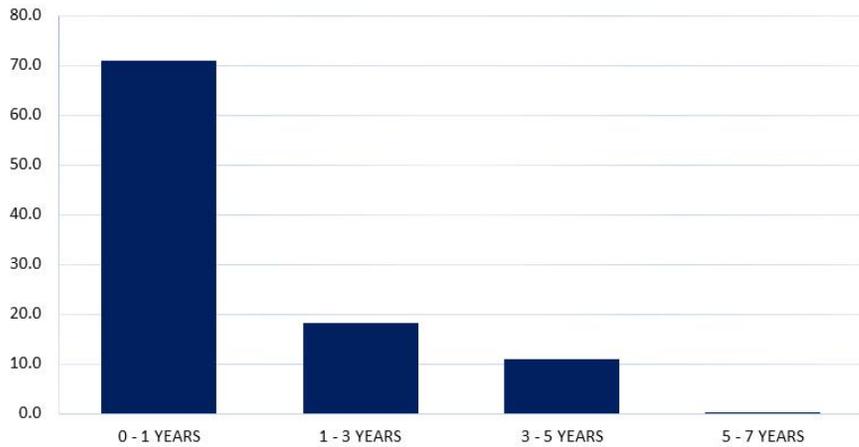
Portfolio Level Characteristics

	POOL 3 ST AGCY INT.
Weighted Average Life	0.86
Coupon	0.96
Effective Duration	0.56
Quality Rating (Moody's)	AA-1

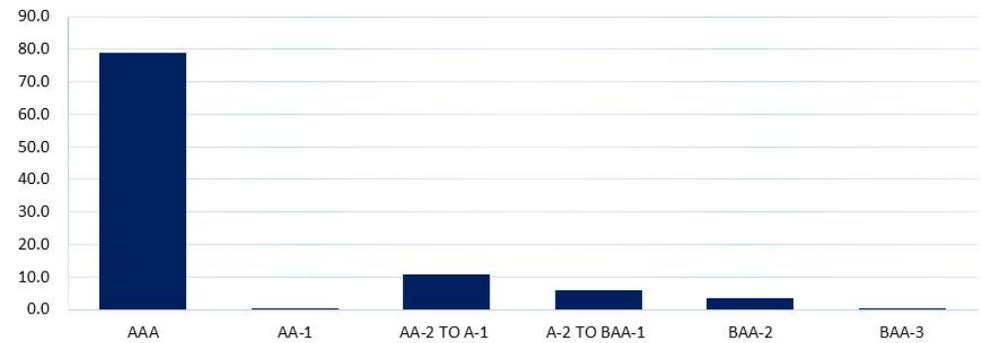
Coupon Distribution



Expected Maturity Distribution

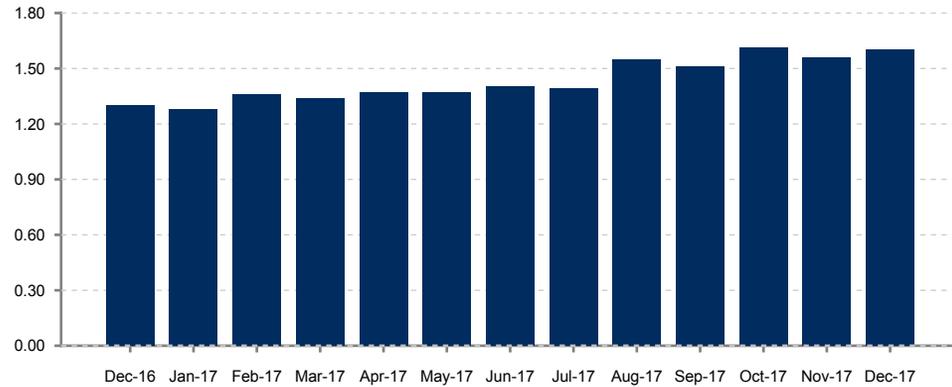


Rating Distribution





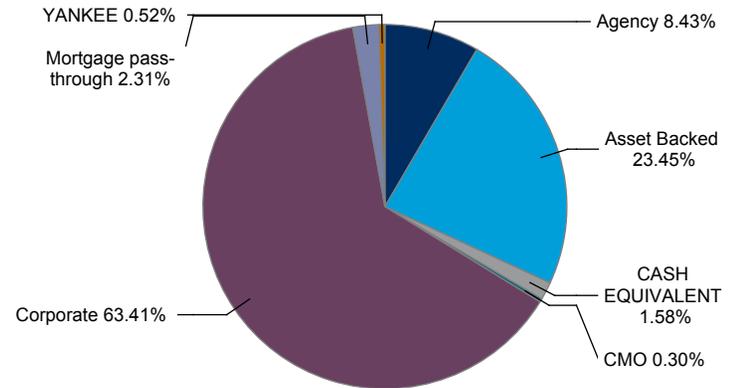
Net Yield



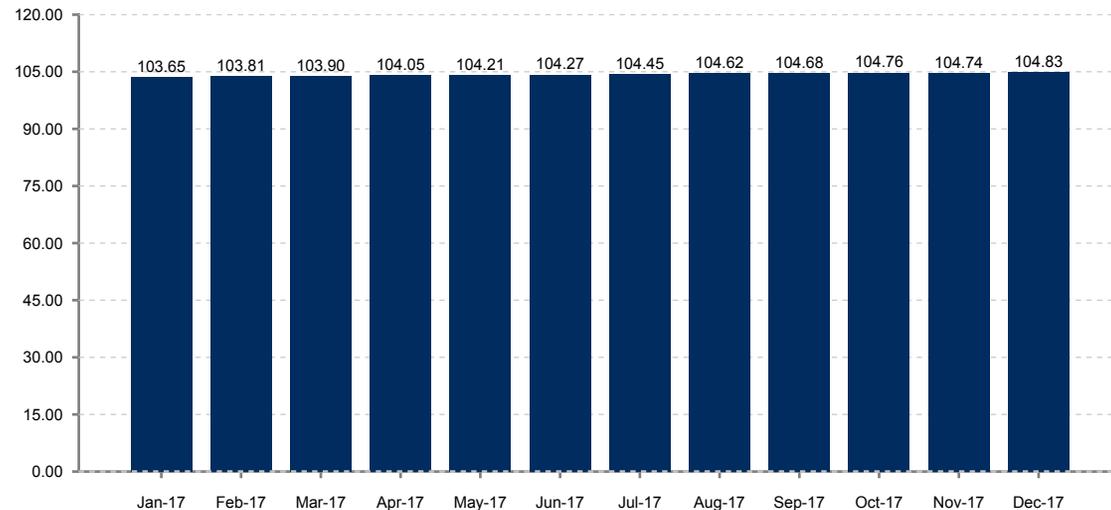
	Current Mth	Prior Mth	1 Year Ago
POOL 3 ST AGCY EXT.	1.60	1.57	1.30

Asset Allocation

	Ending Market Value
POOL 3 ST AGCY EXT.	104,830,781



Net Asset Values over Time (\$MM)

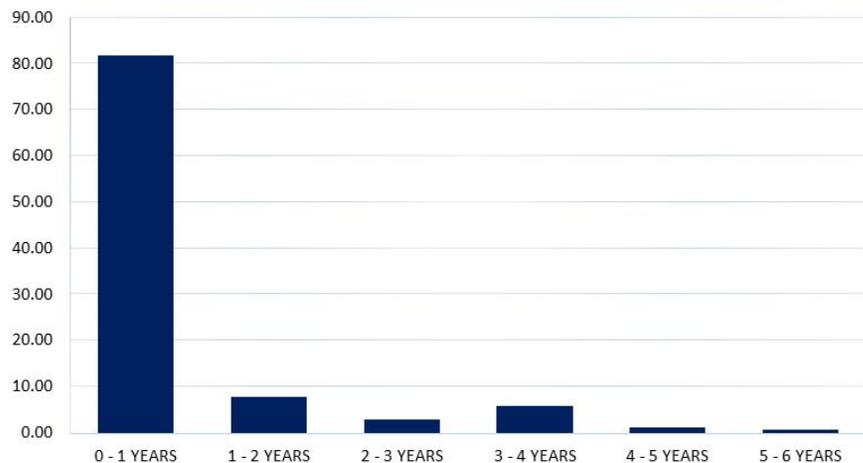


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY EXT.		
FANNIE MAE	2,976,168	2.84
FREDDIE MAC	2,788,043	2.66
DISCOVER CARD EXECUTION NOTE T	2,095,322	2.00
FANNIE MAE	1,985,327	1.89
BRANCH BANKING + TRUST	1,864,802	1.78
MANUF + TRADERS TRUST CO	1,813,177	1.73
CITIBANK NA	1,759,885	1.68
FNMA POOL MA1443	1,718,353	1.64
3M COMPANY	1,540,005	1.47
INTEL CORP	1,511,512	1.44



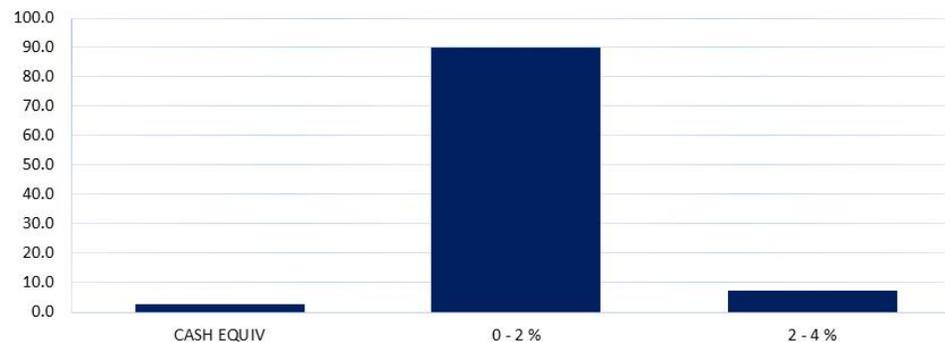
Duration Distribution



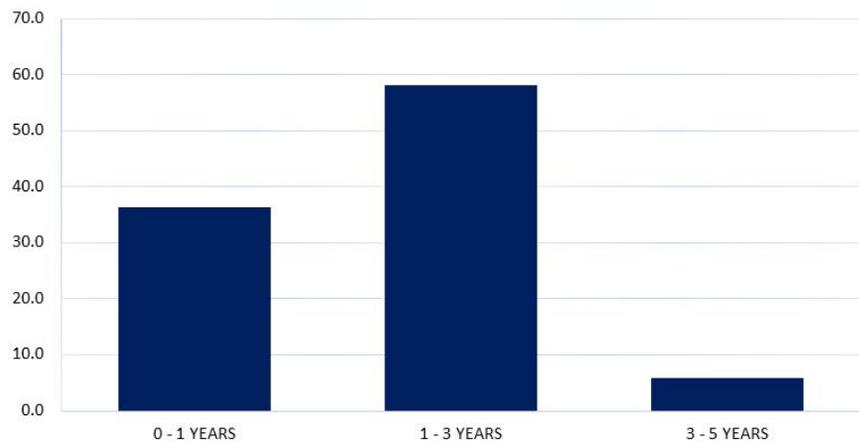
Portfolio Level Characteristics

	POOL 3 ST AGCY EXT.
Weighted Average Life	1.46
Coupon	1.42
Effective Duration	0.89
Quality Rating (Moody's)	A-1

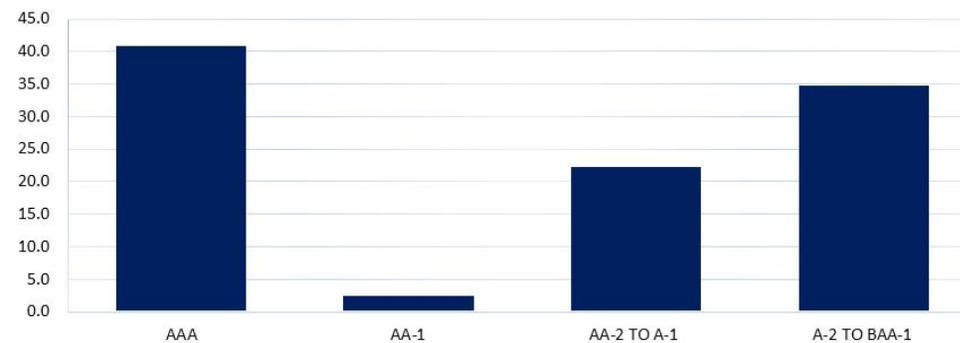
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



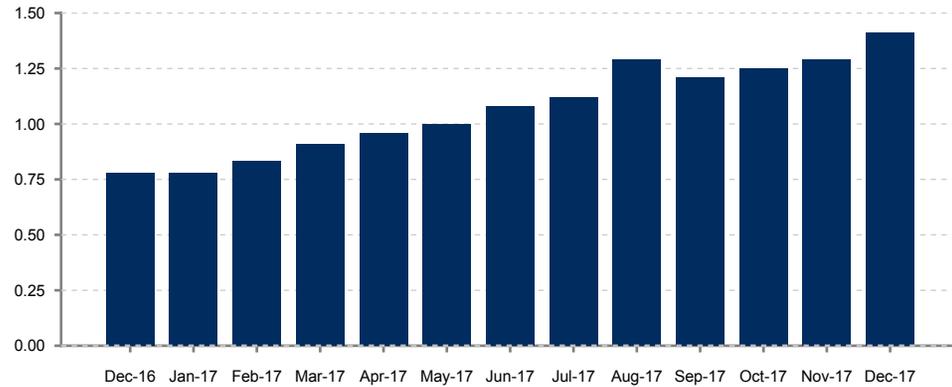
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

POOL 4 ST AGCY GOV.



Net Yield

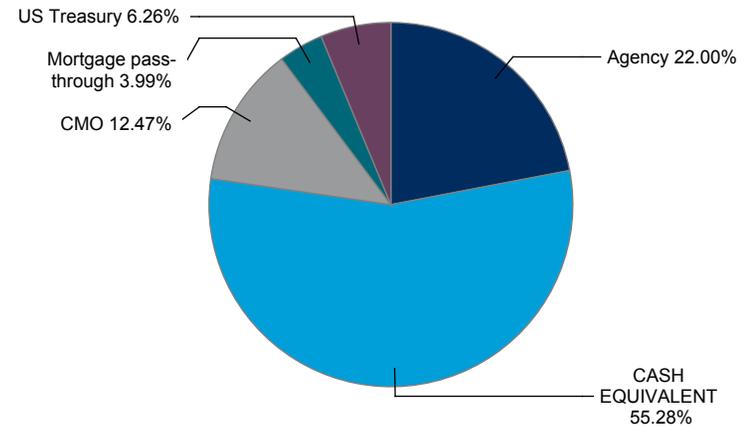


Current Mth **Prior Mth** **1 Year Ago**

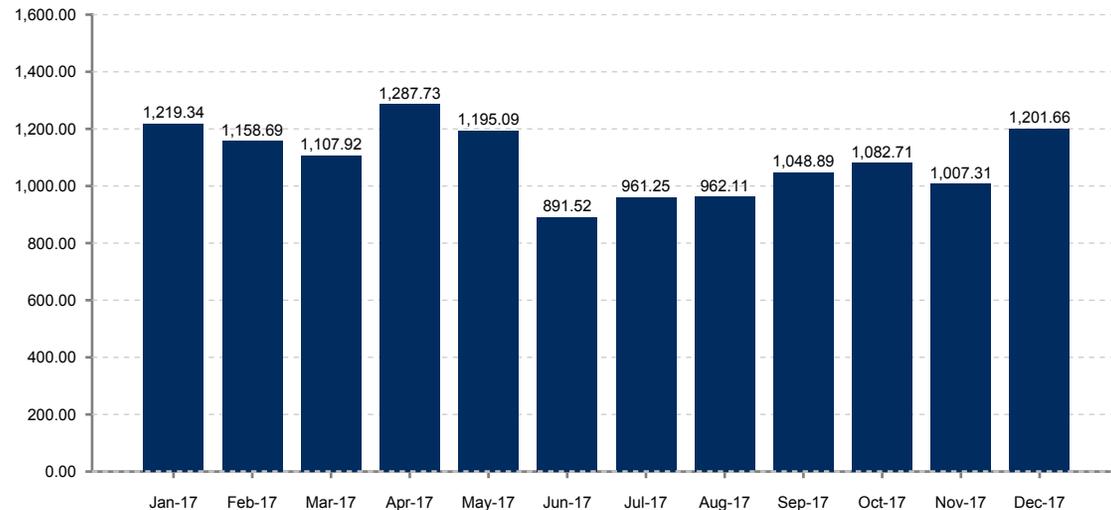
POOL 4 ST AGCY GOV.	1.41	1.29	0.78
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Asset Allocation

	Ending Market Value
POOL 4 ST AGCY GOV.	1,201,658,771



Net Asset Values over Time (\$MM)

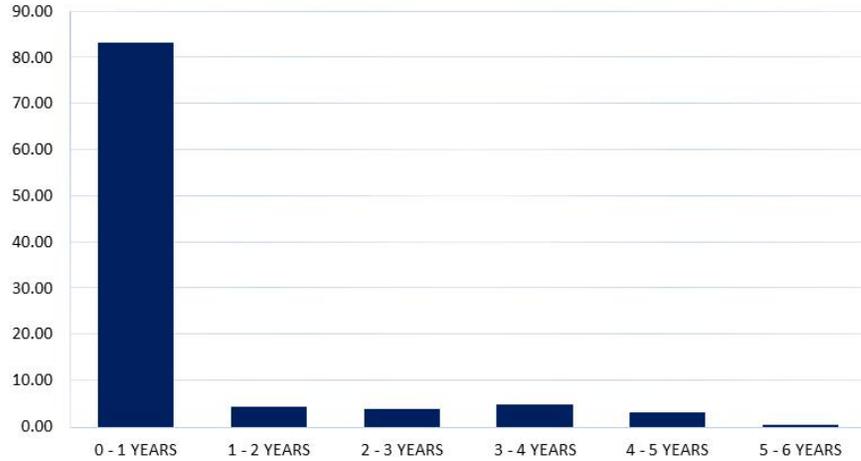


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 4 ST AGCY GOV.		
AMHERST PIERPONT	300,042,000	24.97
SOUTH STREET REPO	133,224,153	11.09
US TREASURY N/B	30,188,640	2.51
TREASURY BILL	29,967,665	2.49
FED HOME LN DISCOUNT NT	24,978,125	2.08
FARMER MAC	20,066,382	1.67
FEDERAL FARM CREDIT BANK	20,046,459	1.67
FEDERAL FARM CREDIT BANK	20,025,063	1.67
TREASURY BILL	19,998,216	1.66
FED HOME LN DISCOUNT NT	19,983,747	1.66



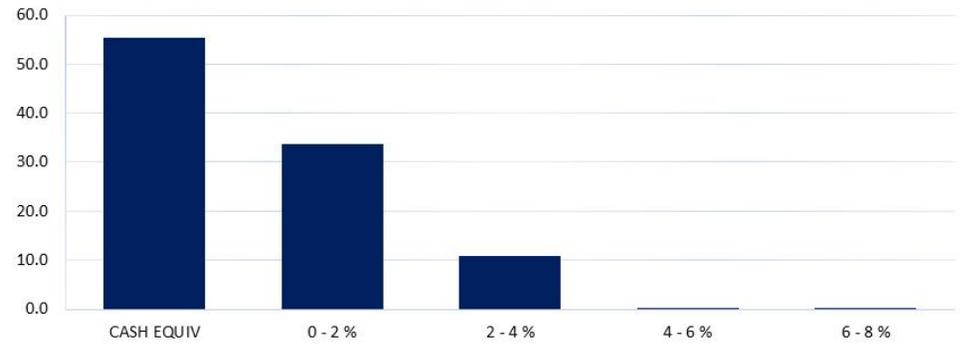
Duration Distribution



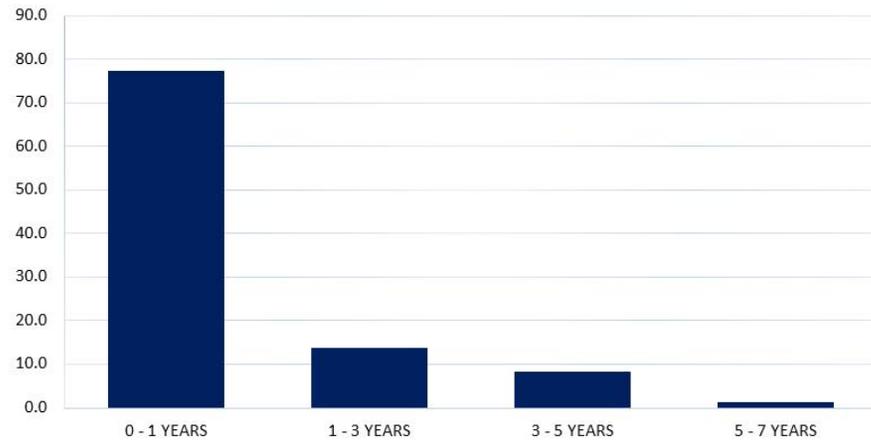
Portfolio Level Characteristics

	POOL 4 ST AGCY GOV.
Weighted Average Life	0.77
Coupon	1.06
Effective Duration	0.60
Quality Rating (Moody's)	AAA

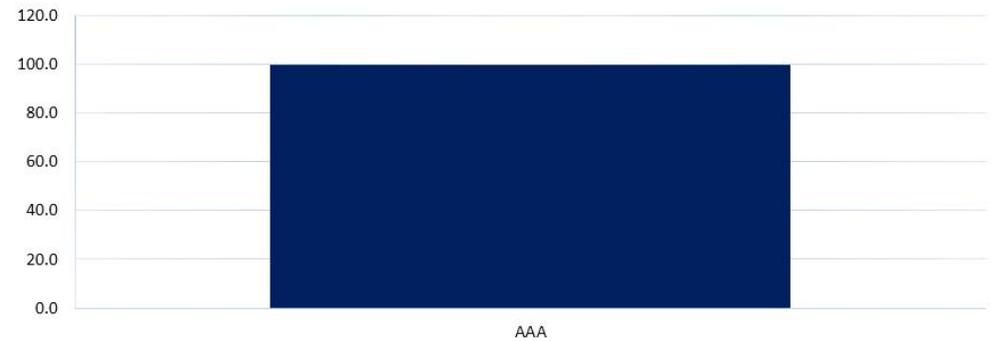
Coupon Distribution



Expected Maturity Distribution



Rating Distribution





Net Yield

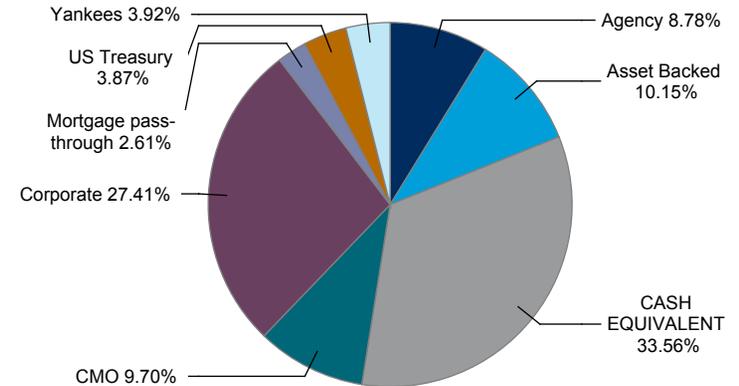


Current Mth Prior Mth 1 Year Ago

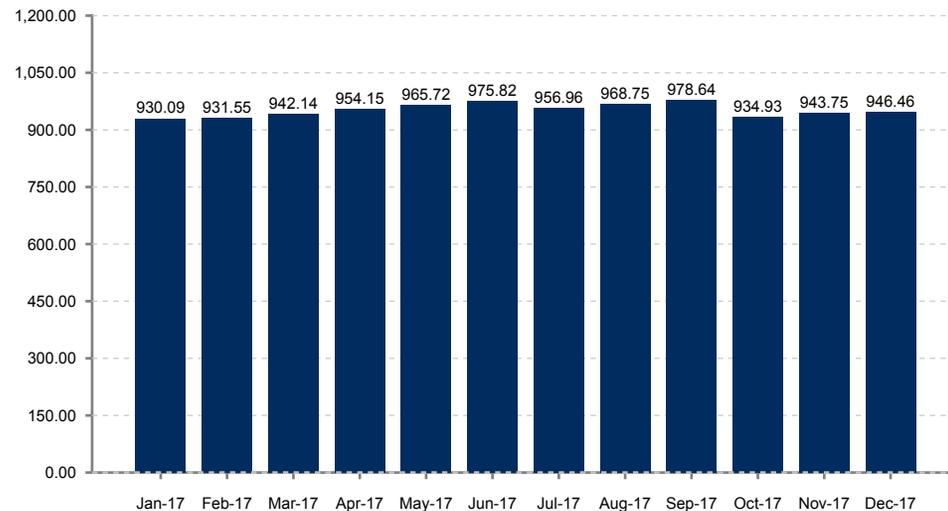
POOL 10 ST OPER INT	1.57	1.58	1.20
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Asset Allocation

POOL 10 ST OPER INT	Ending Market Value 946,462,713
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Net Asset Values over Time (\$MM)

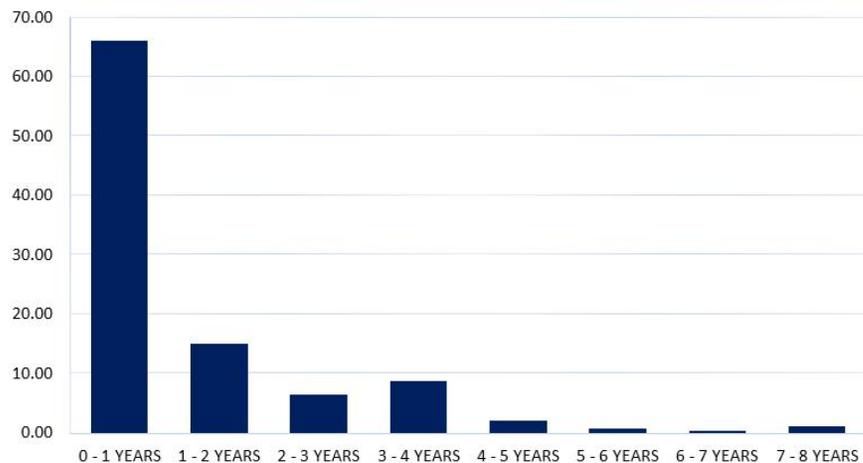


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPER INT		
STARBIRD FDG. CORP	24,999,077	2.64
VICTORY RECEIVABLES	24,999,077	2.64
LIBERTY FUNDING LLC	24,938,778	2.63
ROYAL BK OF CANADA	24,905,750	2.63
BANK OF NOVA SCOTIA	20,085,478	2.12
NIEUW AMSTERDAM RECV	19,998,500	2.11
HALKIN FINANCE LLC USC	19,998,500	2.11
INSTITUTIONAL SECURED	19,973,994	2.11
MANHATTAN ASSET FDG.	19,952,500	2.11
MOUNTCLIFF	19,938,750	2.11



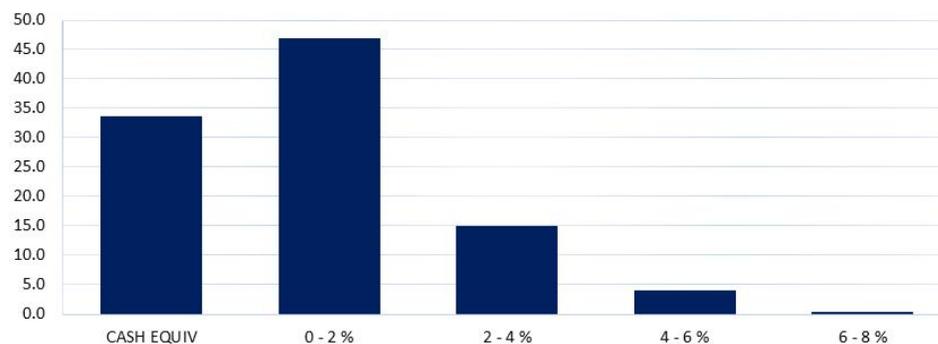
Duration Distribution



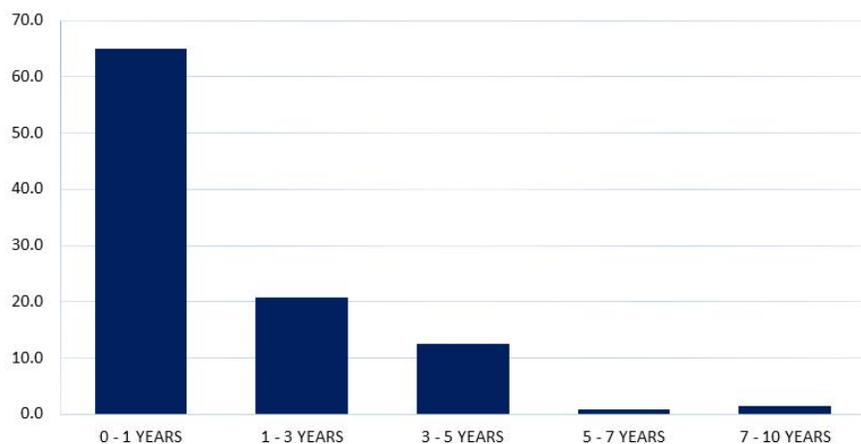
Portfolio Level Characteristics

	POOL 10 ST OPERATING INT
Weighted Average Life	1.16
Coupon	1.34
Effective Duration	1.07
Quality Rating (Moody's)	AA-2

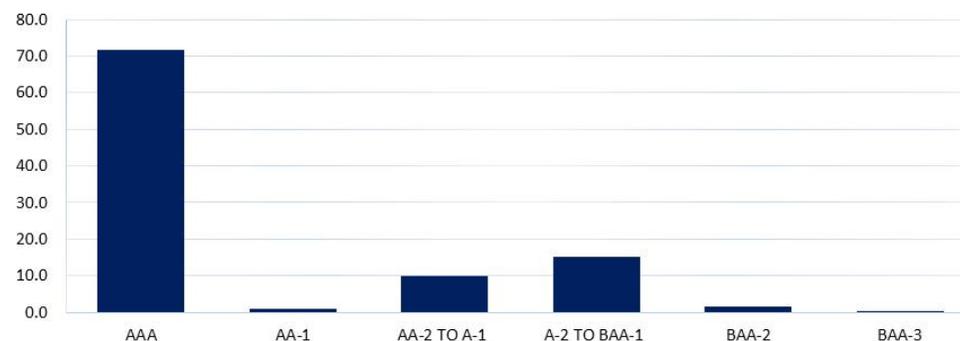
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



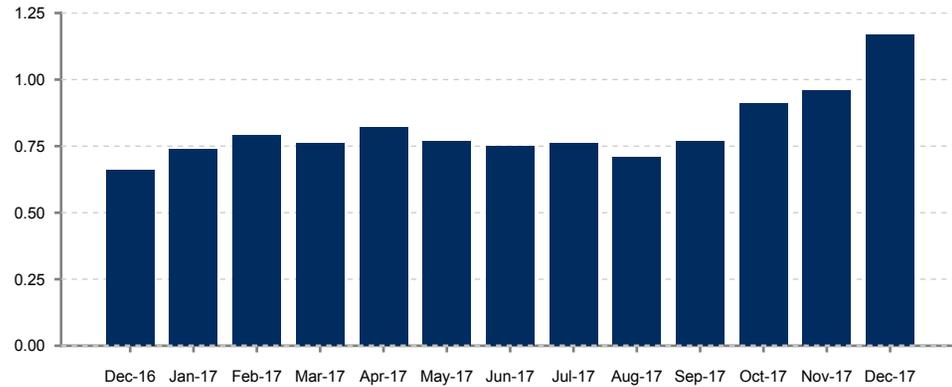
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

POOL 10 ST OPERATING Ext



Net Yield



Current Mth **Prior Mth** **1 Year Ago**

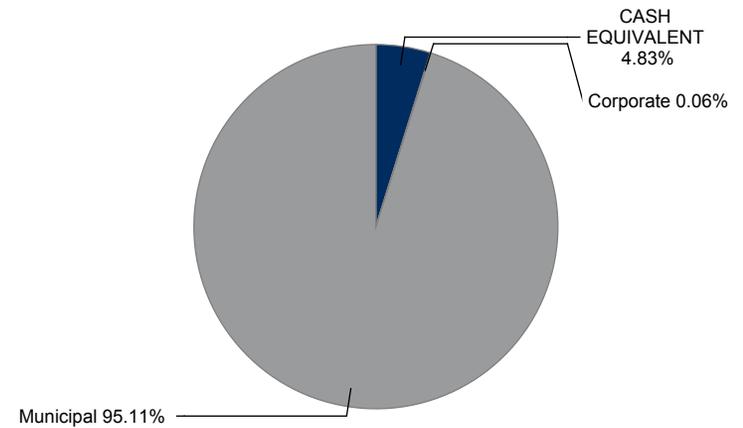
POOL 10 ST OPERATING	1.17	0.96	0.66
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Asset Allocation

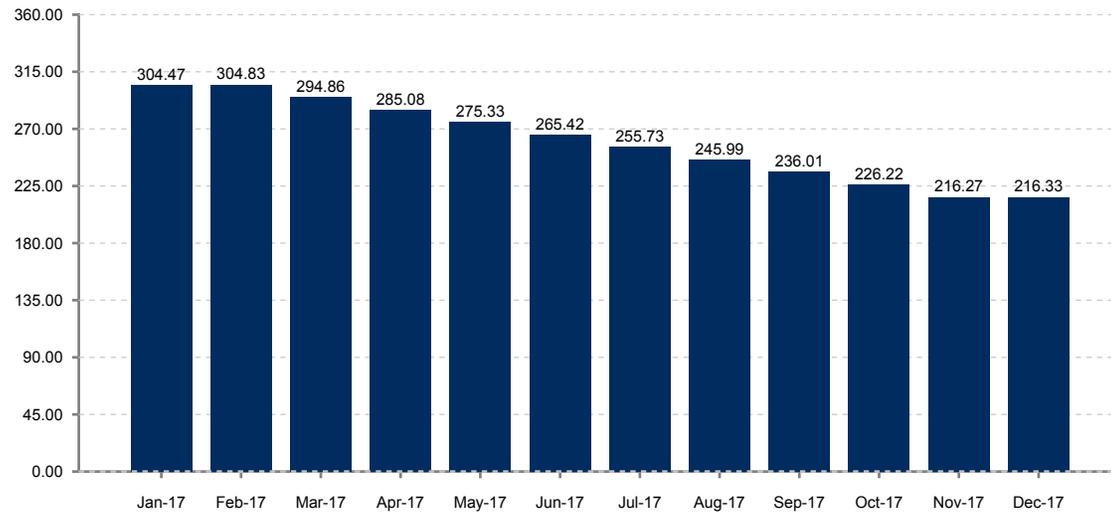
POOL 10 ST OPERATING

Ending Market Value

216,326,227



Net Asset Values over Time (\$MM)

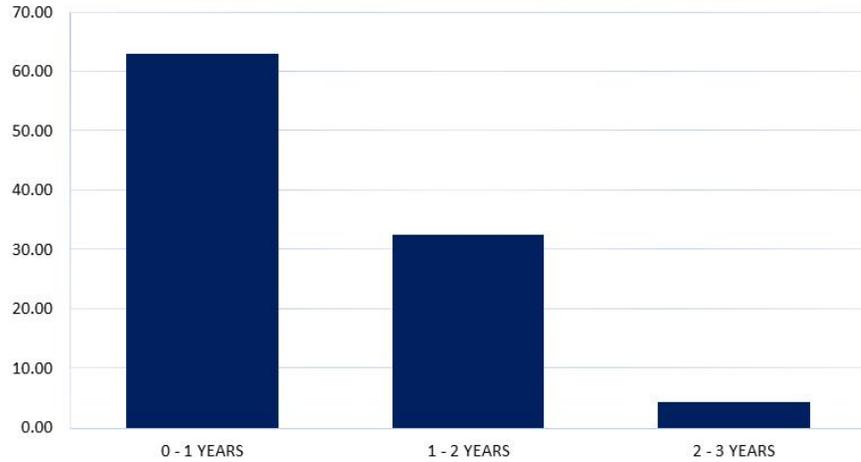


Top 10 Holdings

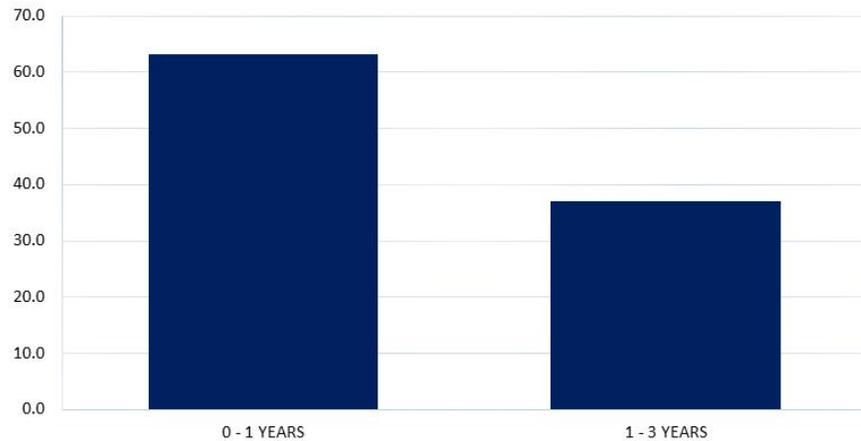
Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPERATING		
LOUISVILLE JEFFERSON	14,386,473	6.65
BALTIMORE CNTY MD	12,154,692	5.62
DREYFUS TAX EXEMPT CA	10,941,600	5.06
PRINCE GEORGES CNTY	10,517,217	4.86
ALPINE UT SCH DIST	10,479,794	4.84
PENNSYLVANIA ST INDL D	10,471,800	4.84
VIRGINIA BEACH VA	10,244,292	4.74
NORTH BROWARD FL HOS	10,008,085	4.63
SHELBY CNTY TN	10,000,855	4.62
TEXAS ST	9,268,829	4.28



Duration Distribution



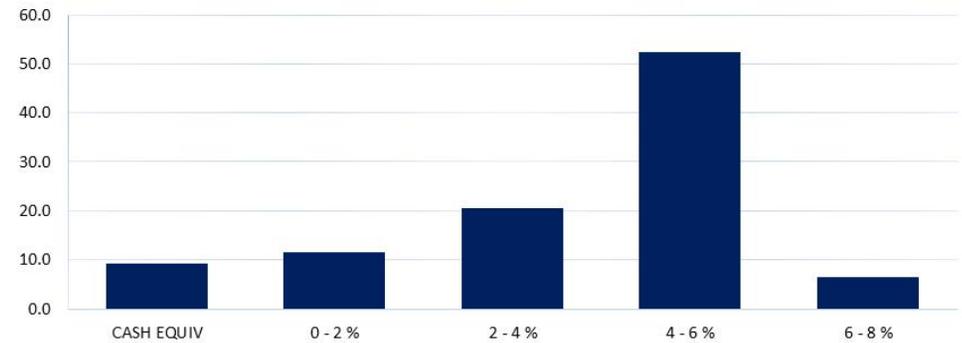
Expected Maturity Distribution



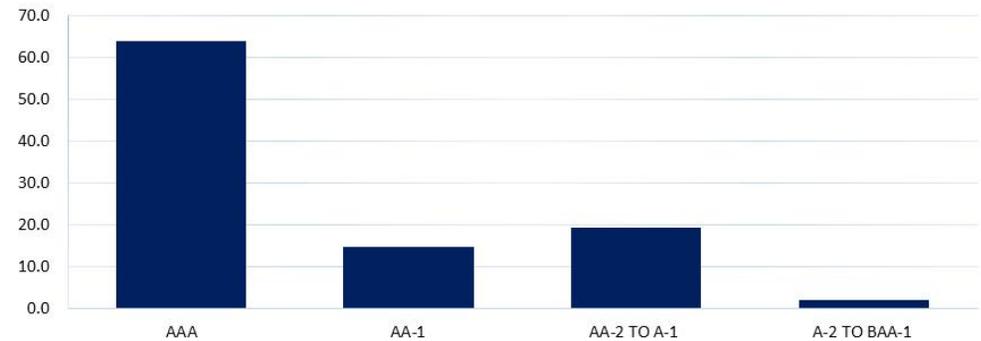
Portfolio Level Characteristics

	POOL 10 ST OPERATING
Weighted Average Life	0.75
Coupon	4.35
Effective Duration	0.72
Quality Rating (Moody's)	AA-1

Coupon Distribution



Rating Distribution



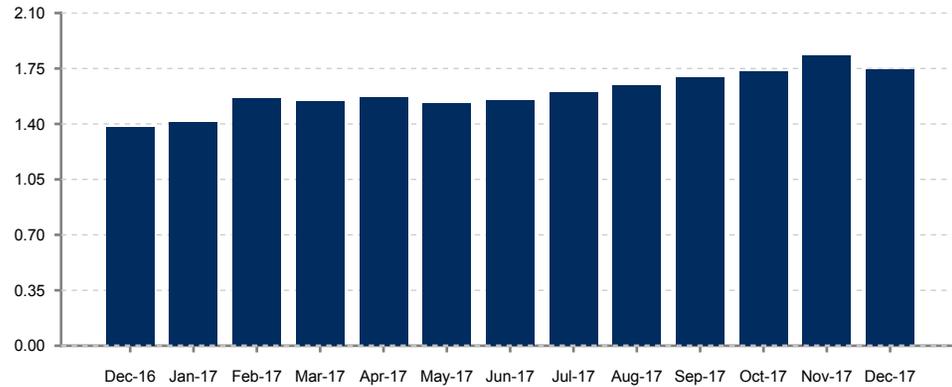
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December 31, 2017

POOL 12 CAWCD MED TRM



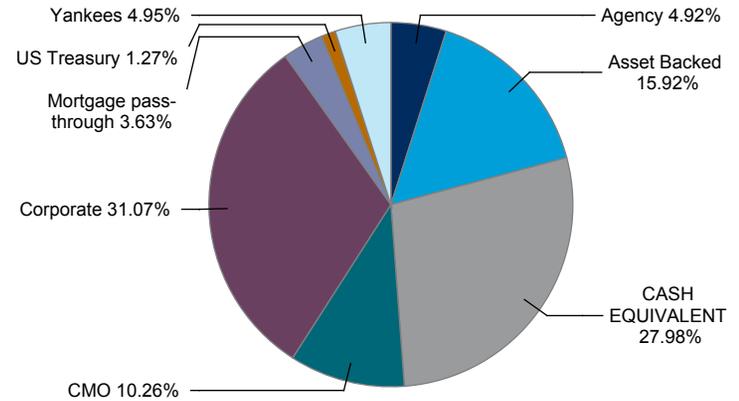
Net Yield



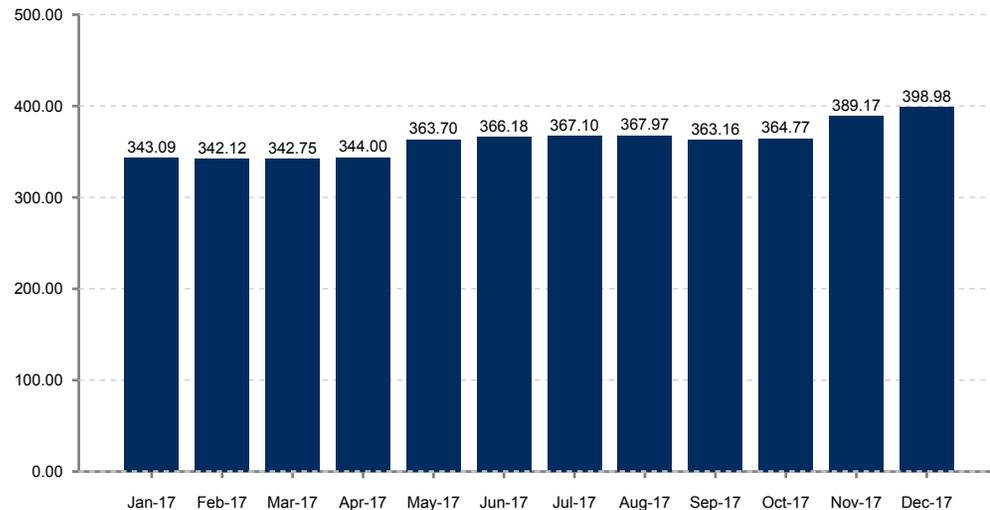
	Current Mth	Prior Mth	1 Year Ago
POOL 12 CAWCD MED TRM	1.74	1.83	1.38

Asset Allocation

	Ending Market Value
POOL 12 CAWCD MED TRM	398,983,583



Net Asset Values over Time (\$MM)

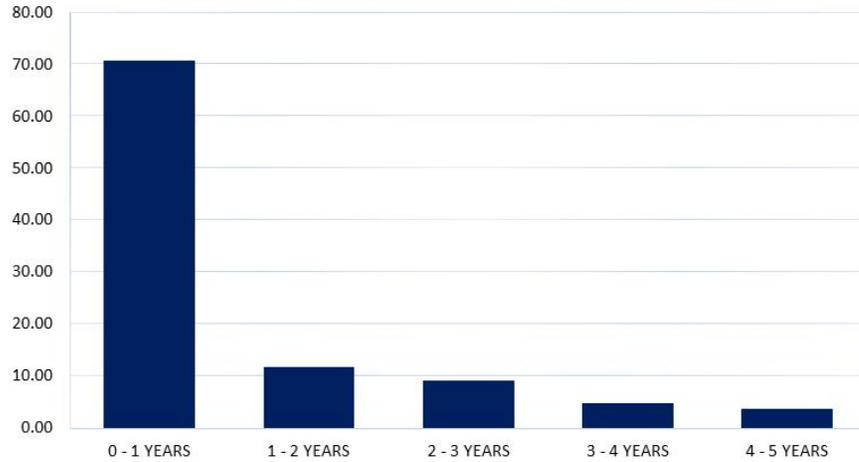


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 12 CAWCD MED TRM		
SOUTH STREET REPO	10,629,164	2.66
GM FINANCIAL AUTOMOBILE LEASIN	8,182,499	2.05
NIEUW AMSTERDAM RECV	7,421,731	1.86
FORD CREDIT AUTO OWNER TRUST	6,452,746	1.62
JPMORGAN CHASE BANK	6,061,500	1.52
FANNIE MAE	5,388,379	1.35
ROYAL BANK OF CANADA	5,042,943	1.26
AMGEN INC	5,040,245	1.26
BRANCH BANKING + TRUST	5,040,005	1.26
GOLDMAN SACHS GROUP INC	5,037,454	1.26



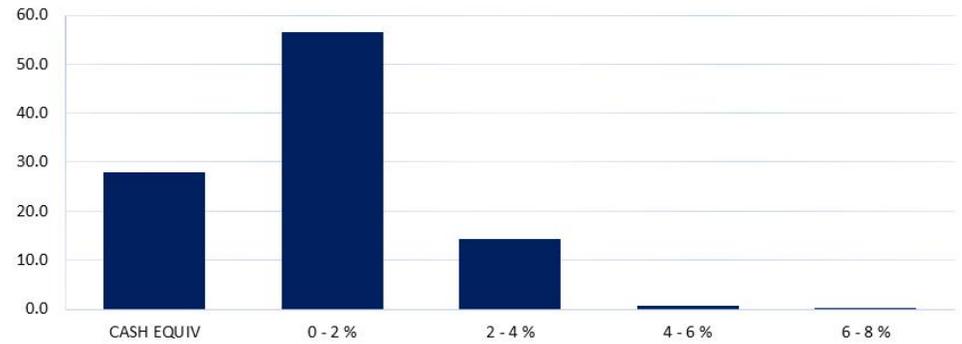
Duration Distribution



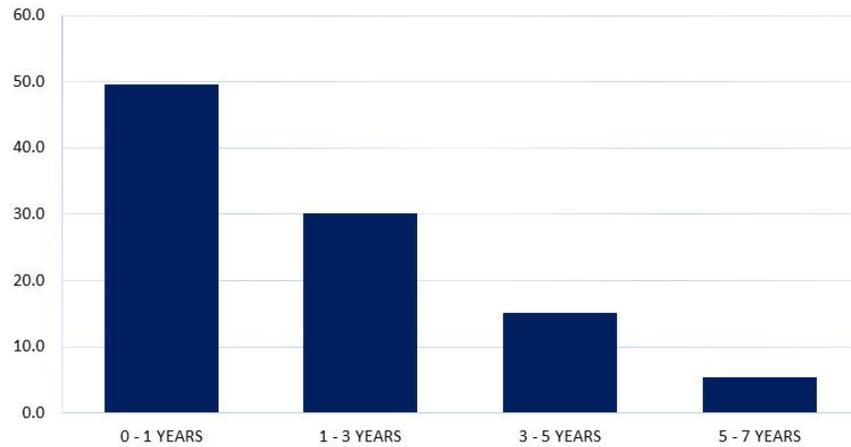
Portfolio Level Characteristics

	POOL 12 CAWCD MED TRM
Weighted Average Life	1.60
Coupon	1.26
Effective Duration	0.87
Quality Rating (Moody's)	AA-2

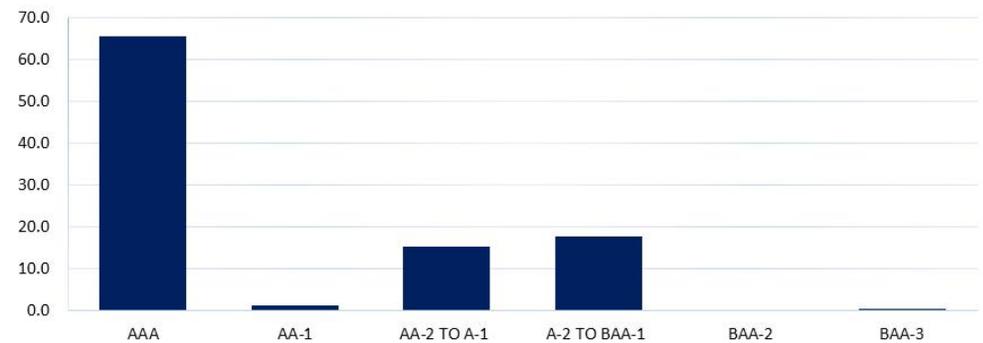
Coupon Distribution



Expected Maturity Distribution

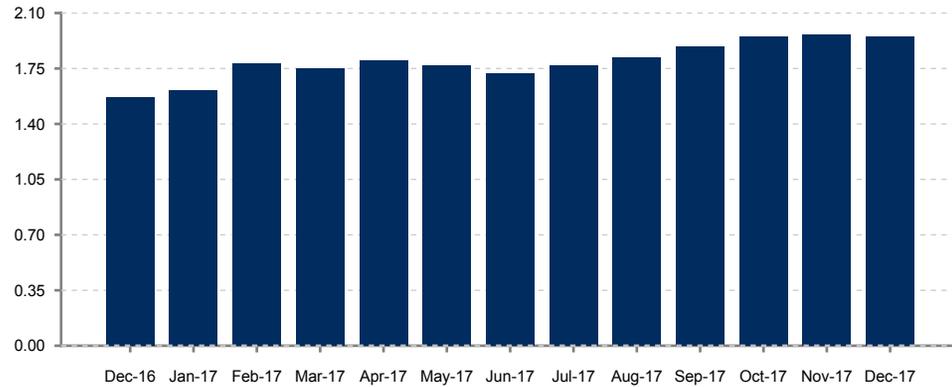


Rating Distribution





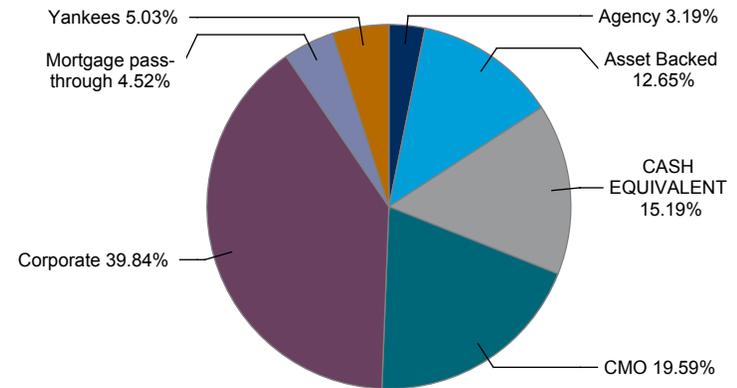
Net Yield



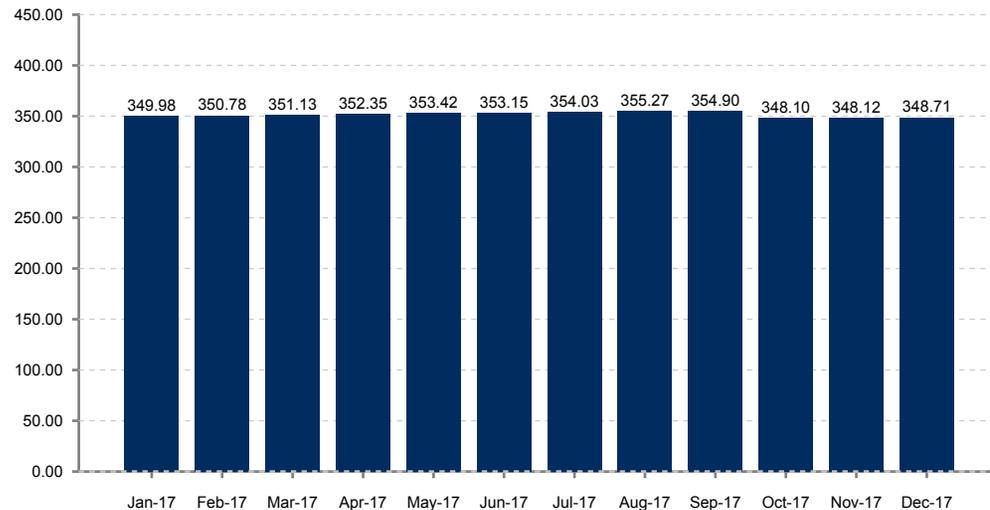
	Current Mth	Prior Mth	1 Year Ago
POOL 16 ECDHB	1.95	1.96	1.57

Asset Allocation

	Ending Market Value
POOL 16 ECDHB	348,707,486



Net Asset Values over Time (\$MM)

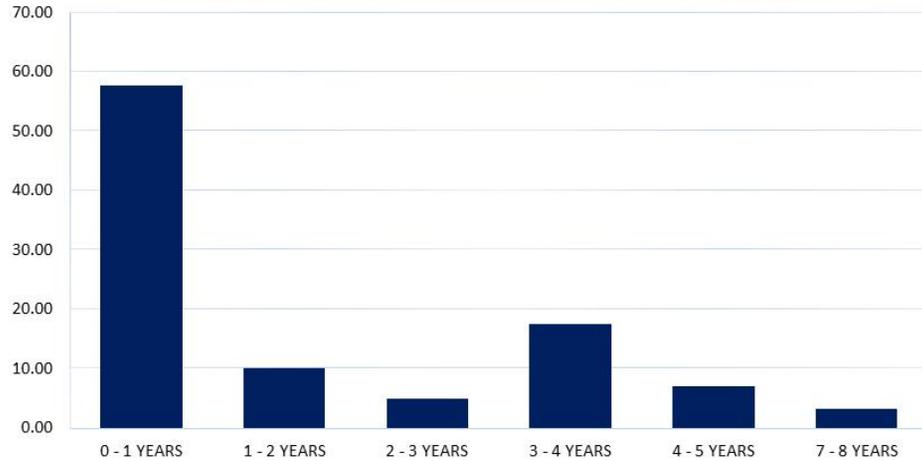


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 16 ECDHB		
SOUTH STREET REPO	13,001,517	3.73
FANNIE MAE	6,289,544	1.80
FREDDIEMAC STRIP	5,549,209	1.59
FHLMC MULTIFAMILY STRUCTURED P	5,111,671	1.47
GOVERNMENT NATIONAL MORTGAGE A	5,057,398	1.45
ROYAL BANK OF CANADA	5,042,943	1.45
BRANCH BANKING + TRUST	5,040,005	1.45
MET LIFE GLOB FUNDING I	5,035,537	1.44
NISSAN MOTOR ACCEPTANCE	5,033,018	1.44
CISCO SYSTEMS INC	5,032,790	1.44



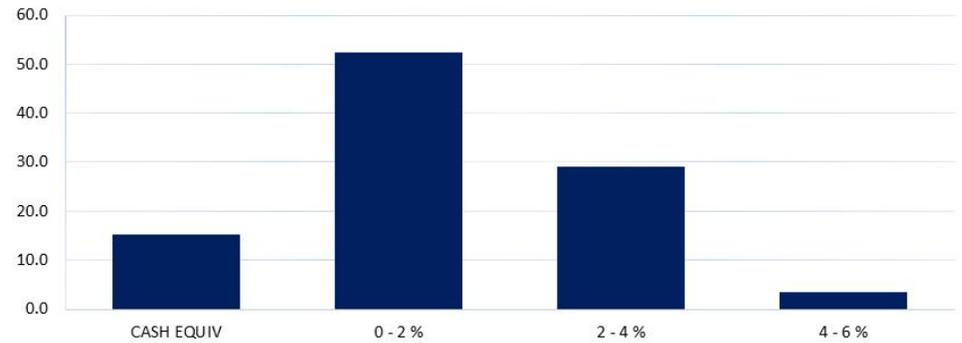
Duration Distribution



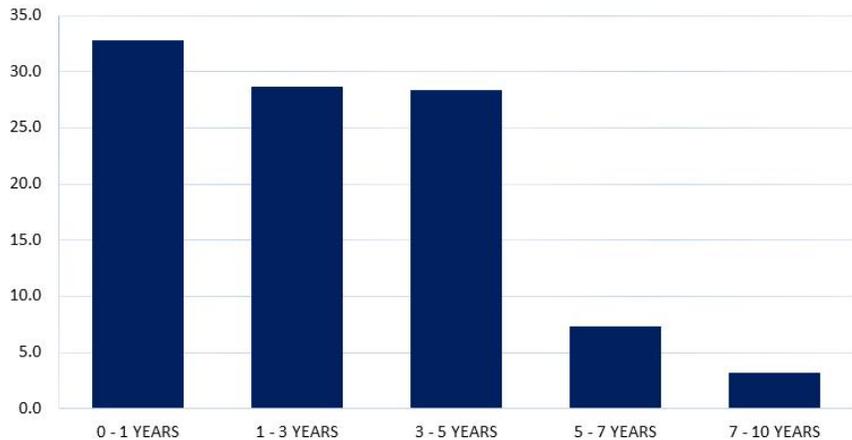
Portfolio Level Characteristics

	POOL 16 ECDHB
Weighted Average Life	2.44
Coupon	1.77
Effective Duration	1.55
Quality Rating (Moody's)	AA-3

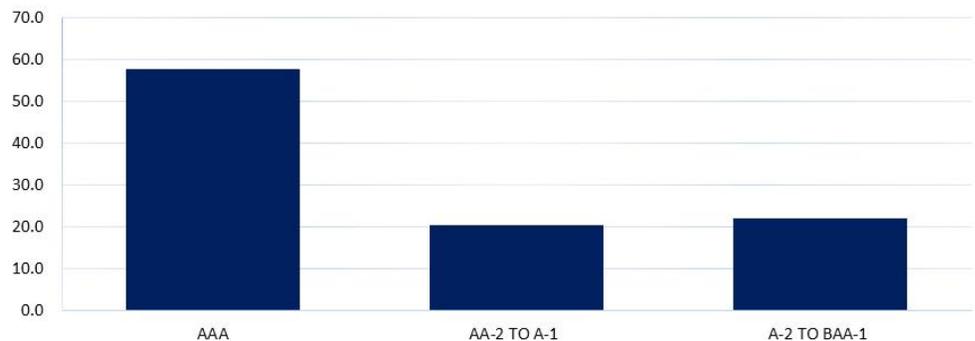
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



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**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 DECEMBER 2017**

NET EARNINGS

FUND	DESCRIPTION	Current Month 12/31/17	Prior Month 11/30/17	Prior Year 12/31/16	Net Asset Value Per Share
5	LGIP	1,484,143	1,327,151	552,772	1.0000
7	LGIP - GOV	1,382,881	1,222,473	387,668	1.0000
	TOTAL LGIP & LGIP-GOV	2,867,025	2,549,624	940,440	

YIELDS

<u>MONTHLY</u>		Current Month 12/31/17	Prior Month 11/30/17	Prior Year 12/31/16
5	LGIP (NET)	1.24%	1.10%	0.49%
	S & P LGIP INDEX	1.12%	1.07%	0.53%
7	LGIP - GOV (NET)	1.13%	1.07%	0.38%
	3 MONTH T-BILL	1.32%	1.23%	0.50%
<u>YEAR TO DATE</u>				
5	LGIP (NET)	1.10%	1.07%	0.46%
	S & P LGIP INDEX	1.03%	1.01%	0.46%
7	LGIP - GOV (NET)	0.99%	0.96%	0.37%
	3 MONTH T-BILL	1.12%	1.09%	0.35%

* Note: The LGIP-GOV Pool consists of only securities explicitly backed by the full faith & credit of the US Government.

**LGIP & LGIP- GOV MEDIUM TERM POOLS
 PORTFOLIO YIELD ANALYSIS
 DECEMBER 2017**

NET EARNINGS

FUND	DESCRIPTION	Current Month 12/31/17	Prior Month 11/30/17	Prior Year 12/31/16	Net Asset Value Per Share
500	LGIP - MED TERM POOL	516,529	467,137	308,320	1.0279
700	LGIP - FF&C MED TERM POOL	225,882	162,876	135,591	1.0033
	TOTAL LGIP MEDIUM TERM POOLS	742,411	630,013	443,911	

YIELDS

MONTHLY

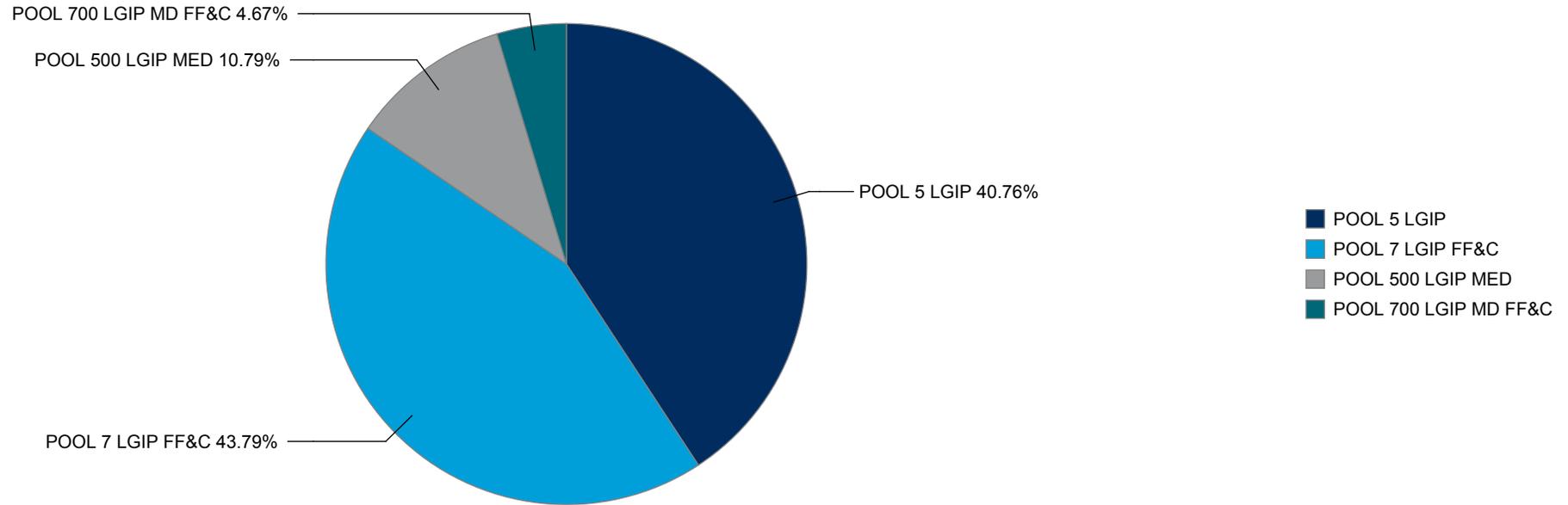
	Current Month 12/31/17	Prior Month 11/30/17	Prior Year 12/31/16
500 LGIP - MED TERM (NET)	1.74%	1.73%	1.27%
75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP INDEX	1.87%	1.87%	1.47%
700 LGIP - FF&C MED TERM (NET)	1.78%	1.40%	1.10%
75% MERRILL 1-5 US TREAS INDEX / 15% MERRILL US GNMA 15 YR INDEX / 10% MERRILL US 3 MO T-BILL INDEX	1.89%	1.89%	1.44%

YEAR TO DATE

500 LGIP - MED TERM (NET)	1.70%	1.69%	1.33%
75% MERRILL 1-5 US D M INDEX / 25% S & P LGIP INDEX	1.72%	1.70%	1.26%
700 LGIP - FF&C MED TERM (NET)	1.51%	1.46%	1.09%
75% MERRILL 1-5 US TREAS INDEX / 15% MERRILL US GNMA 15 YR INDEX / 10% MERRILL US 3 MO T-BILL INDEX	1.70%	1.66%	1.10%

LGIP

Manager Allocation



	Market Value	% of Portfolio
POOL 5 LGIP	1,326,835,164	40.8
POOL 7 LGIP FF&C	1,425,466,342	43.8
POOL 500 LGIP MED	351,149,262	10.8
POOL 700 LGIP MD FF&C	152,056,484	4.7
TOTAL LGIP	3,255,507,252	100.0



Net Yield

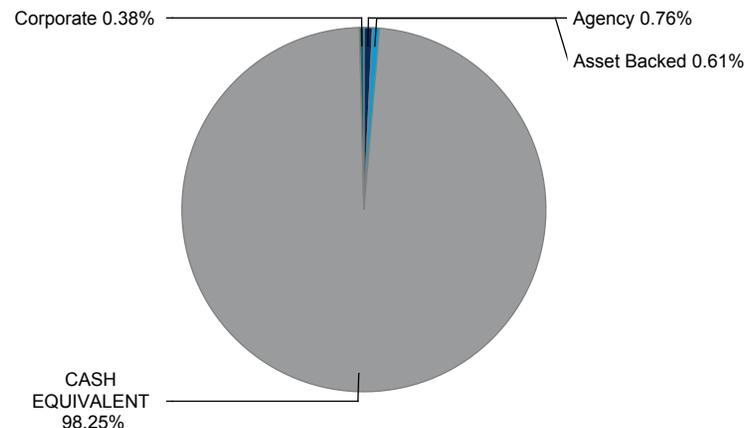


Current Mth **Prior Mth** **1 Year Ago**

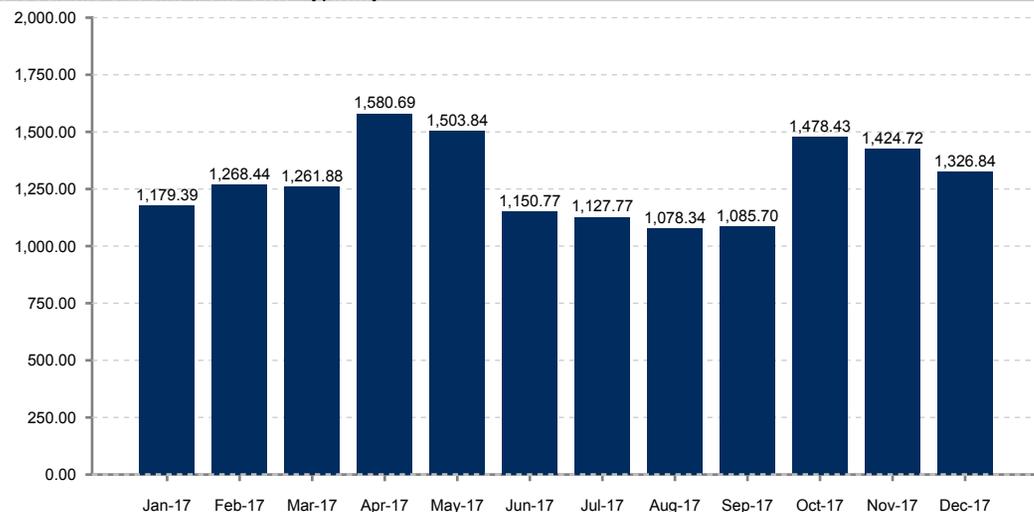
POOL 5 LGIP	1.24	1.10	0.49
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Asset Allocation

	Ending Market Value
POOL 5 LGIP	1,326,835,164



Net Asset Values over Time (\$MM)

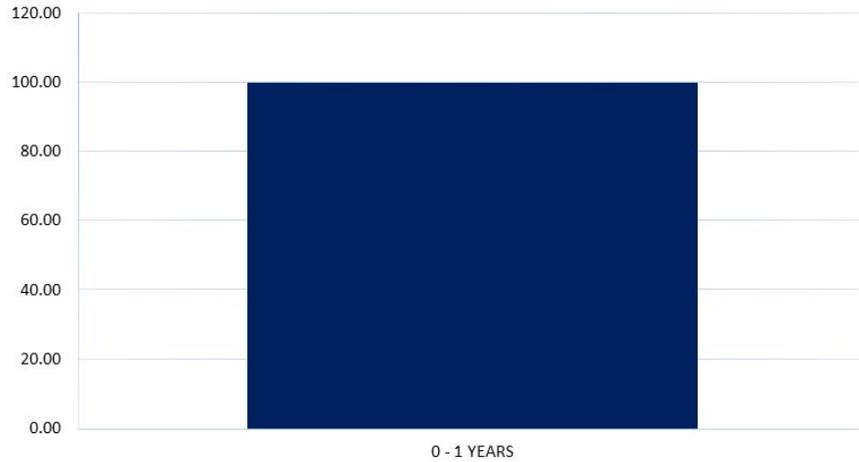


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 5 LGIP		
CREDIT AGRICOLE REPO	167,816,790	12.65
WELLS FARGO REPO	110,024,383	8.29
BANK OF AMERICA REPO	100,010,417	7.54
FIDELITY INVESTMENTS MONEY	50,745,084	3.82
TREASURY BILL	39,996,583	3.01
CROWN POINT CAP CO.	39,952,667	3.01
GOTHAM FDG CORP	29,976,375	2.26
NIKE INC BDR	24,997,375	1.88
USAA CAPITAL CORP	24,992,313	1.88
ATLANTIC ASSET SECUR	24,990,972	1.88



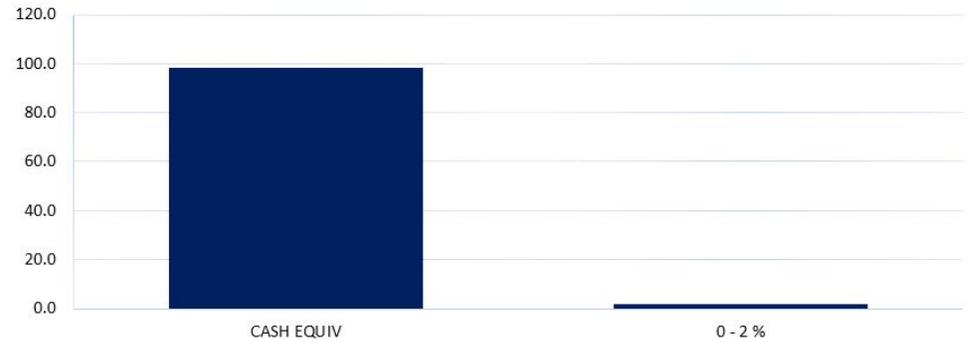
Duration Distribution



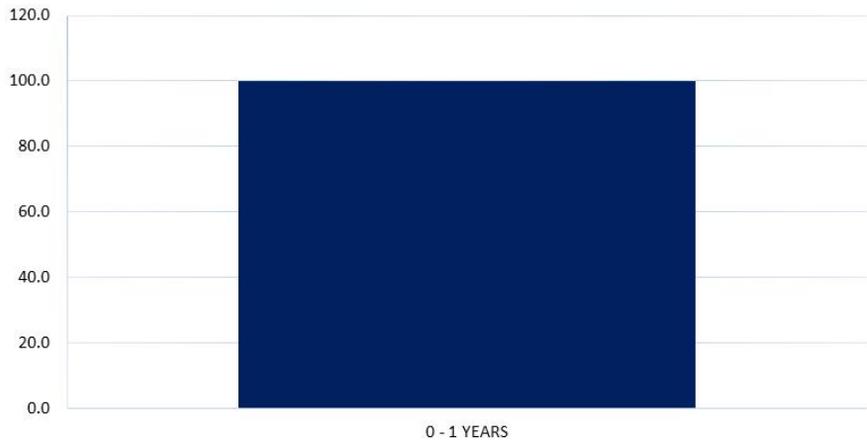
Portfolio Level Characteristics

	POOL 5 LGIP
Weighted Average Life	0.10
Coupon	0.07
Effective Duration	0.09
Quality Rating (Moody's)	AAA

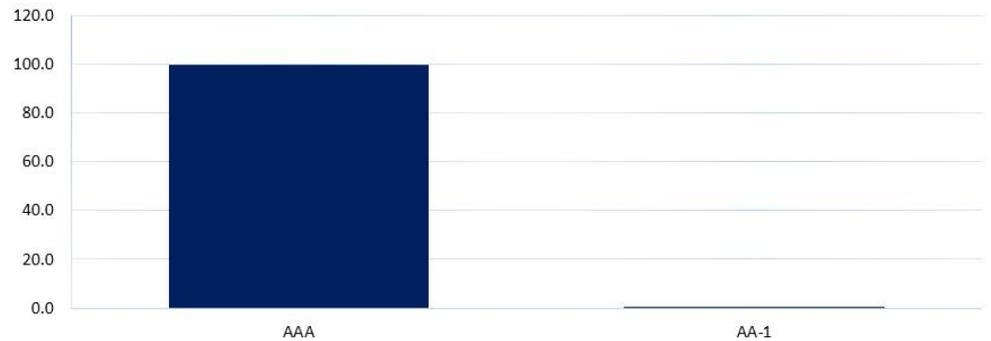
Coupon Distribution



Expected Maturity Distribution

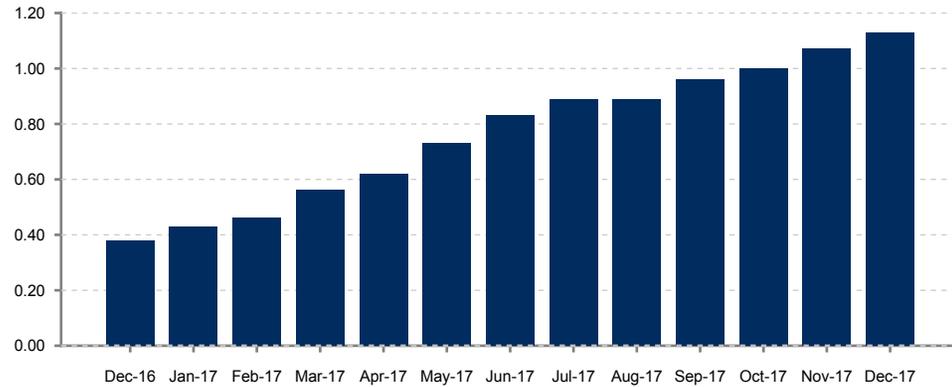


Rating Distribution





Net Yield

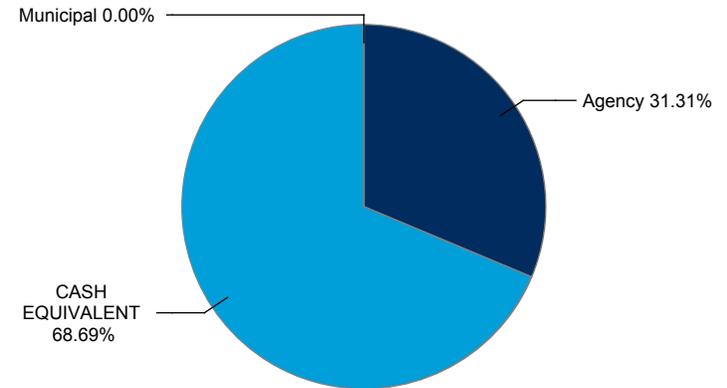


Current Mth **Prior Mth** **1 Year Ago**

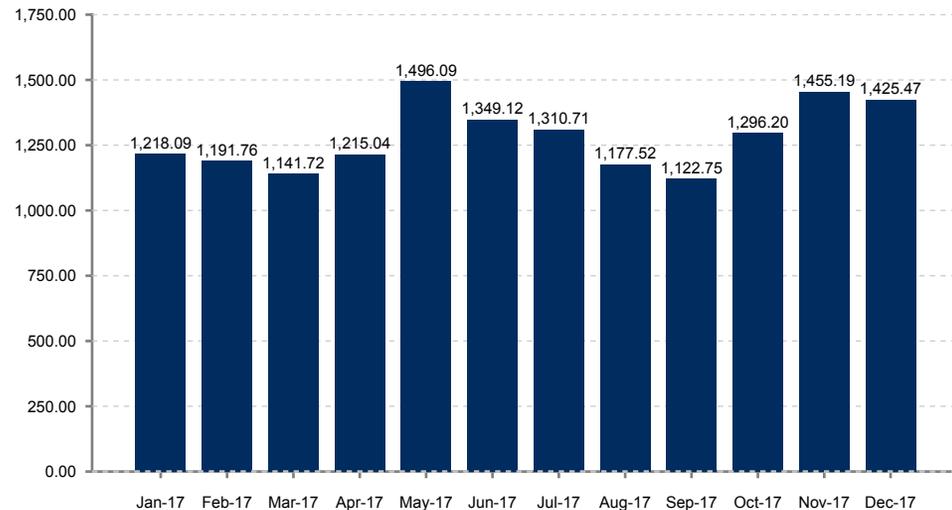
POOL 7 LGIP FF&C	1.13	1.07	0.38
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Asset Allocation

	Ending Market Value
POOL 7 LGIP FF&C	1,425,466,342



Net Asset Values over Time (\$MM)

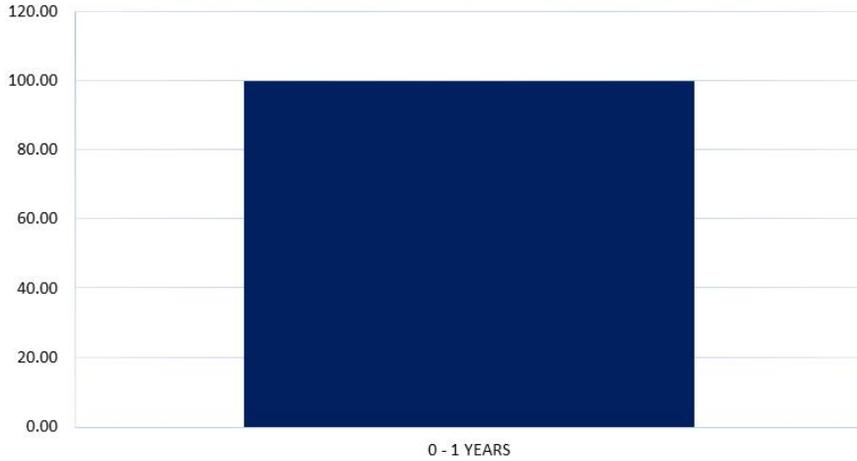


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 7 LGIP FF&C		
TREASURY BILL	159,985,961	11.22
TREASURY BILL	119,939,225	8.41
TREASURY BILL	119,883,655	8.41
WELLS FARGO REPO	110,024,383	7.72
TREASURY BILL	79,903,417	5.61
TREASURY BILL	79,754,757	5.59
TREASURY BILL	79,539,237	5.58
ALLIANCE BANK OF ARIZONA MONEY	50,035,137	3.51
TREASURY BILL	49,339,028	3.46
TREASURY BILL	39,987,767	2.81



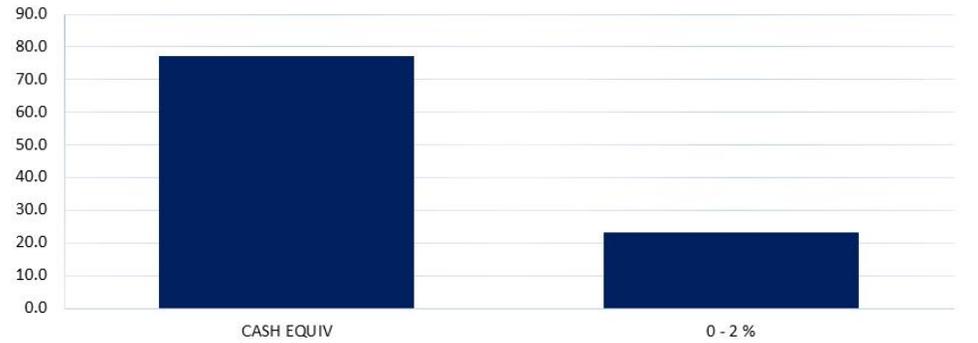
Duration Distribution



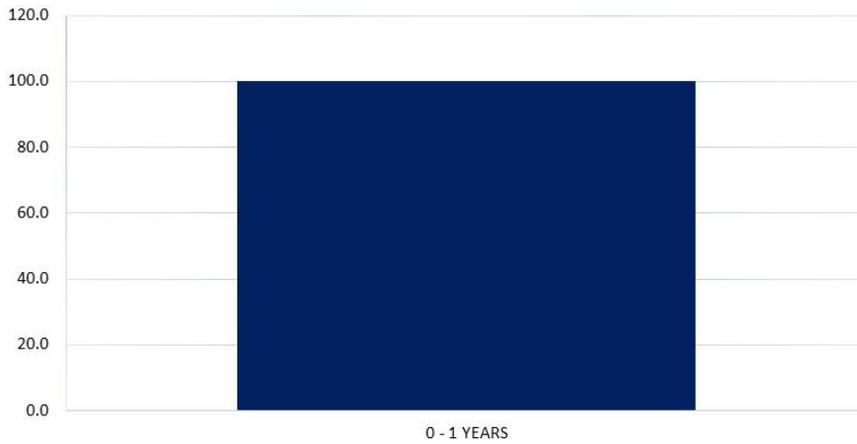
Portfolio Level Characteristics

	POOL 7 LGIP FF&C
Weighted Average Life	0.21
Coupon	0.01
Effective Duration	0.21
Quality Rating (Moody's)	AAA

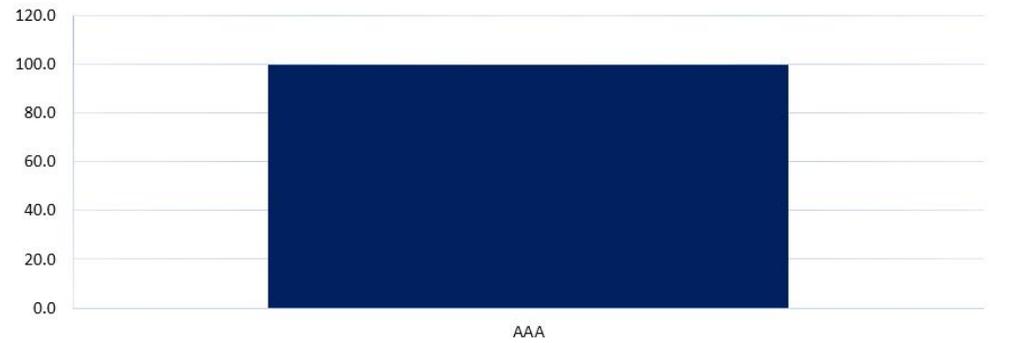
Coupon Distribution



Expected Maturity Distribution

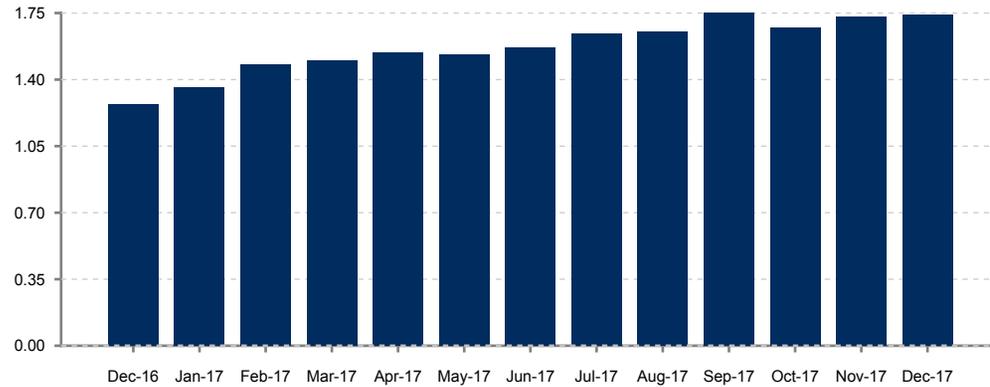


Rating Distribution





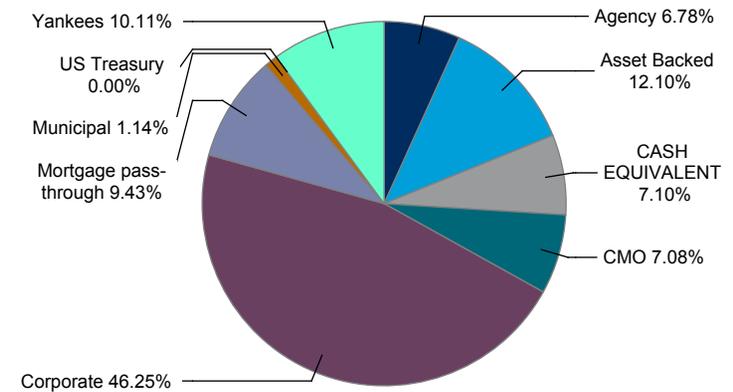
Net Yield



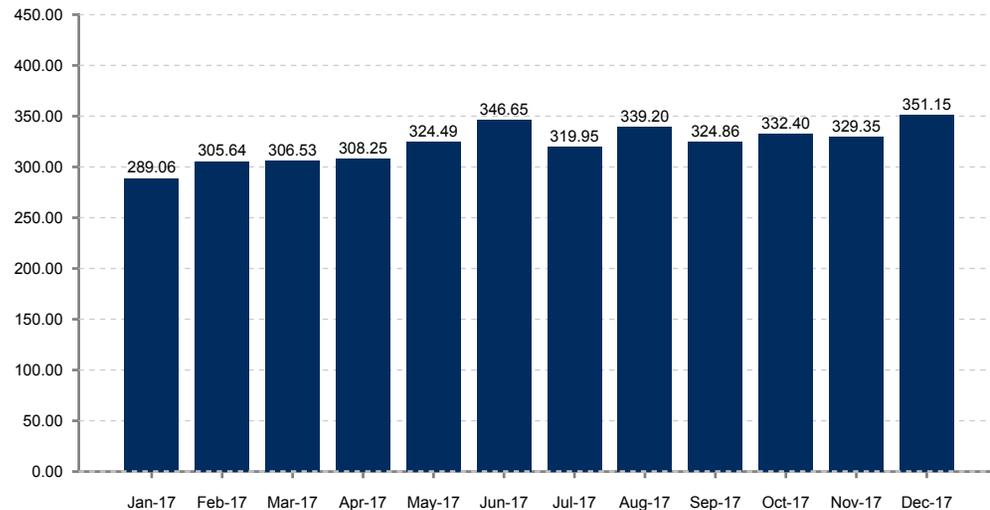
	Current Mth	Prior Mth	1 Year Ago
POOL 500 LGIP MED	1.74	1.73	1.27

Asset Allocation

	Ending Market Value
POOL 500 LGIP MED	351,149,262



Net Asset Values over Time (\$MM)

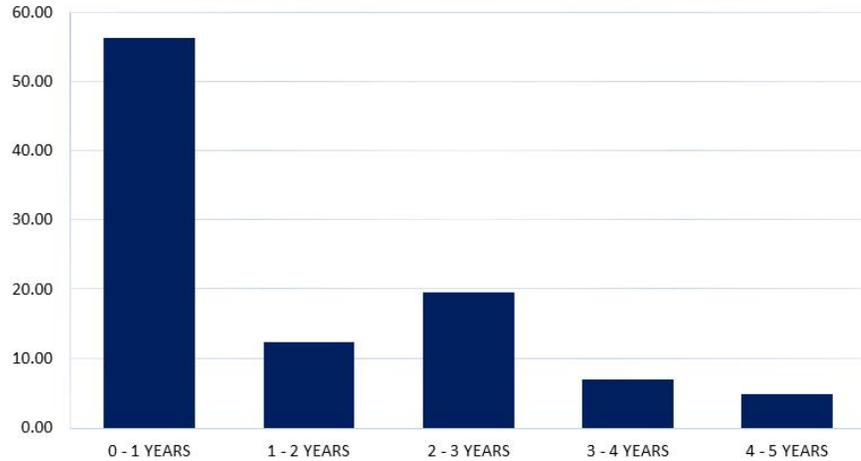


Top 10 Holdings

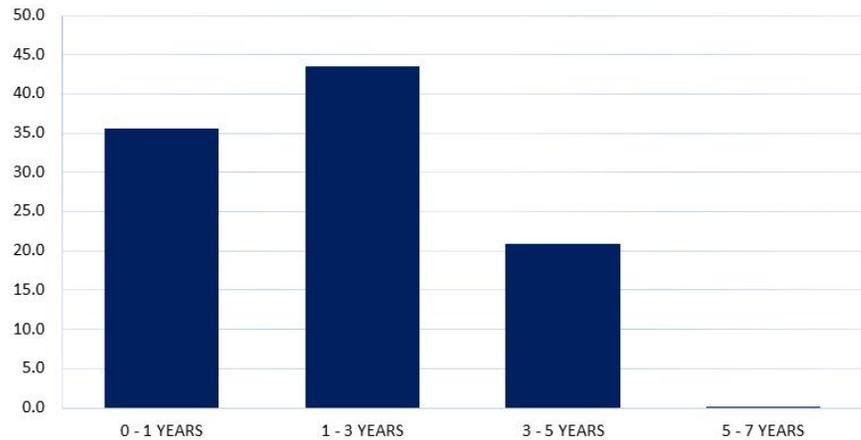
Security Name	Ending Market Value	% of Portfolio
POOL 500 LGIP MED		
SOUTH STREET REPO	20,003,356	5.70
GOLDMAN SACHS GROUP INC	8,043,391	2.29
MICROSOFT CORP	8,026,111	2.29
APPLE INC	7,062,105	2.01
FNMA POOL AB5991	6,103,945	1.74
HERSHEY COMPANY	6,025,047	1.72
MERCK + CO INC	5,548,041	1.58
FRESB MULTIFAMILY MORTGAGE PAS	5,081,555	1.45
CAPITAL ONE NA	5,034,498	1.43
APPLE INC	5,031,020	1.43



Duration Distribution



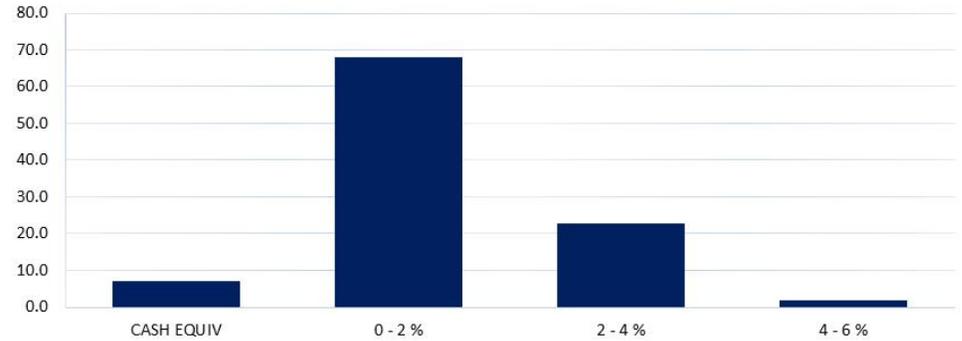
Expected Maturity Distribution



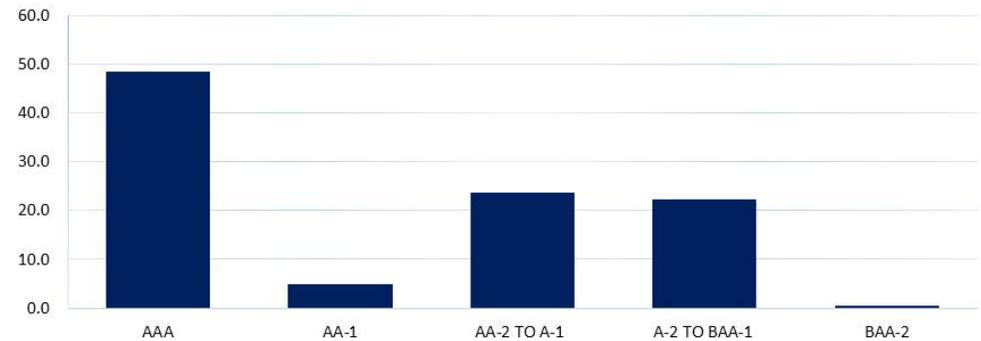
Portfolio Level Characteristics

	POOL 500 LGIP MED
Weighted Average Life	1.77
Coupon	1.66
Effective Duration	1.22
Quality Rating (Moody's)	AA-3

Coupon Distribution



Rating Distribution





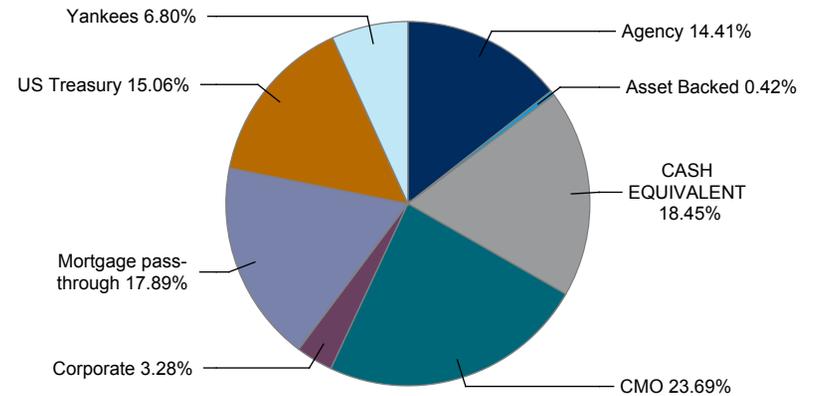
Net Yield



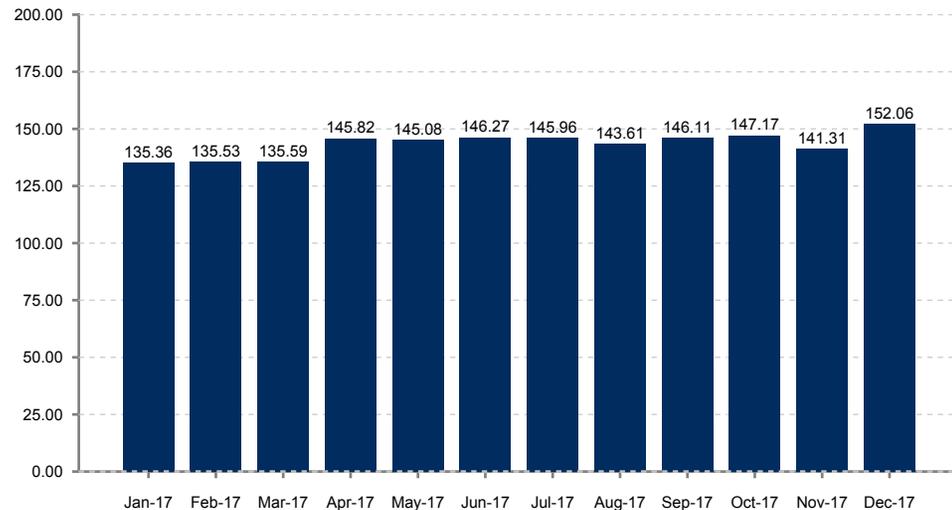
	Current Mth	Prior Mth	1 Year Ago
POOL 700 LGIP MD FF&C	1.78	1.40	1.10

Asset Allocation

	Ending Market Value
POOL 700 LGIP MD FF&C	152,056,484



Net Asset Values over Time (\$MM)

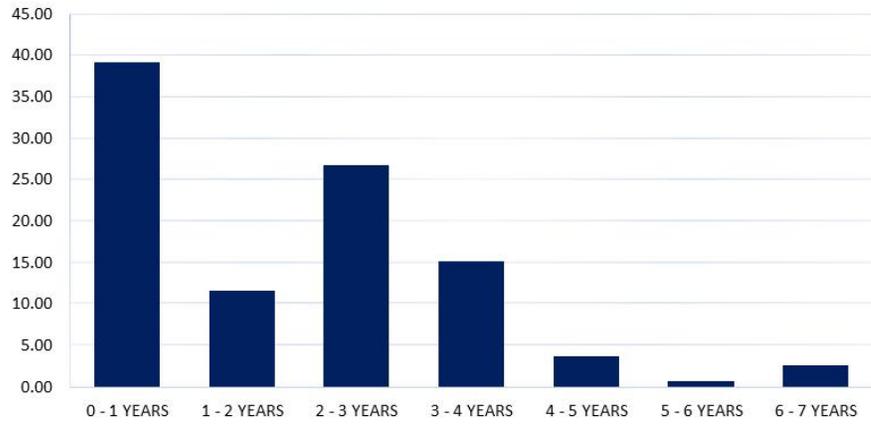


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 700 LGIP MD FF&C		
RBC CAPITAL MARKETS REPO	16,001,800	10.52
PRIVATE EXP. FUNDING	9,993,778	6.57
GOVERNMENT NATIONAL MORTGAGE A	7,290,480	4.79
AID JORDAN	6,386,333	4.20
US TREASURY N/B	4,981,080	3.28
US TREASURY N/B	4,978,470	3.27
US TREASURY N/B	4,953,992	3.26
OVERSEAS PRIVATE INV COR	4,546,516	2.99
GOVERNMENT NATIONAL MORTGAGE A	4,412,798	2.90
GNMA II POOL MA0213	4,103,029	2.70



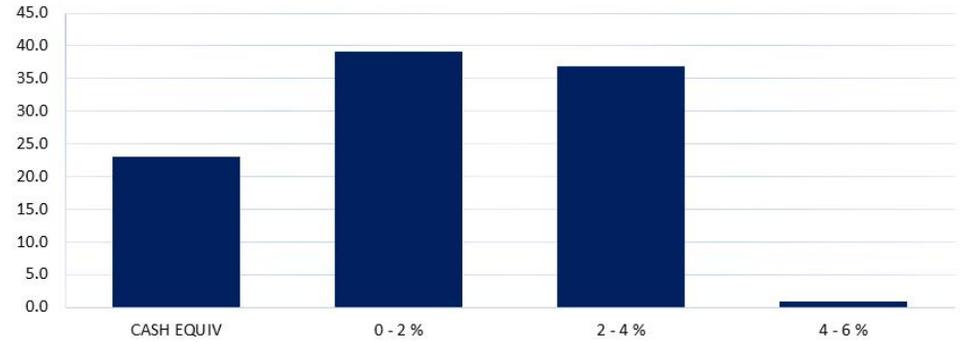
Duration Distribution



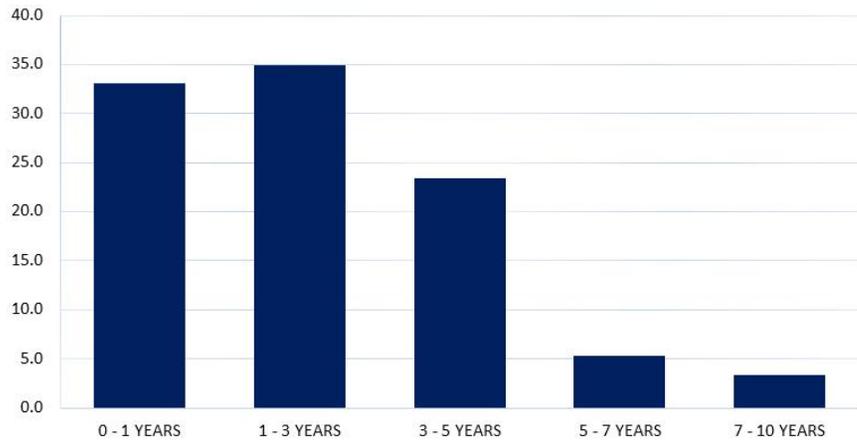
Portfolio Level Characteristics

	POOL 700 LGIP MD FF&C
Weighted Average Life	2.31
Coupon	1.69
Effective Duration	1.91
Quality Rating (Moody's)	AAA

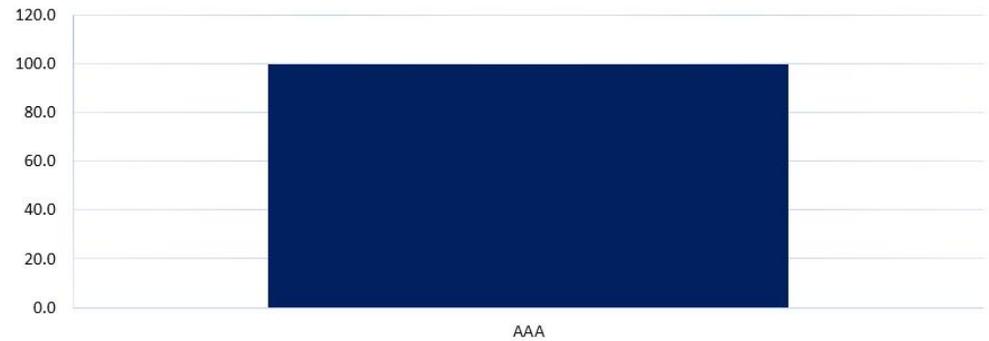
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



**EARNINGS DISTRIBUTED
 ENDOWMENT FUNDS
 DECEMBER 2017**

Distributed in Current Month

Recipient	DECEMBER 2017	Fiscal YTD 17/18	Fiscal YTD 16/17
101 A & M Colleges	\$66,488	\$398,925	\$376,170
102 State Hospital	42,992	257,952	238,152
103 Leg., Exec., & Jud.	54,897	329,382	308,478
104 Military Institute	3,642	21,851	20,736
105 Miners Hospital	143,641	861,845	761,790
107 Normal School ASU/NAU	26,115	156,689	143,130
108 Penitentiaries	95,352	572,109	513,252
109 Permanent Common School	24,660,436	147,962,619	134,779,261
110 School for Deaf & Blind	35,595	213,569	198,854
111 School of Mines	75,273	451,641	425,484
112 State Charitable-Pioneers Home	370,145	2,220,868	2,078,837
112 State Charitable-Corrections	185,072	1,110,434	1,039,419
112 State Charitable-Youth Treatment	185,072	1,110,434	1,039,419
113 University Fund	132,996	797,978	737,764
114 U of A Land - 1881	433,184	2,599,102	2,306,852
Total	\$26,510,900	\$159,065,399	\$144,967,597

Land Sales Monthly Proceeds Endowment Funds

Month	2012	2013	Year 2014	2015	2016	2017	2018
January	21,196,075	85,209,777	29,493,046	7,126,212	5,108,687	2,960,815	
February	92,150,173	24,412,865	33,969,801	2,535,244	1,083,178	1,103,303	
March	1,015,640	13,469,847	1,323,549	1,096,232	1,106,860	3,045,043	
April	1,796,774	4,599,024	2,252,527	1,968,281	28,981,969	78,134,289	
May	926,085	12,685,871	1,100,261	19,123,417	20,147,116	27,642,672	
June	22,369,423	6,493,351	4,564,719	33,179,898	31,844,678	2,451,110	
July	823,328	5,694,705	4,196,738	6,092,396	2,469,997	13,838,188	
August	33,621,311	2,304,138	24,838,430	1,038,971	13,094,287	5,746,802	
September	17,307,221	10,399,639	1,960,673	1,967,125	(12,580,728)	19,937,751	
October	1,403,700	1,240,497	3,150,170	2,366,519	10,614,885	480,710	
November	5,131,627	8,995,327	34,193,583	1,358,711	28,490,238	9,500,048	
December	28,846,813	3,574,631	1,136,538	4,264,354	6,127,407	3,869,818	
Calendar Year	226,588,170	179,079,672	142,180,034	82,117,360	136,488,573	168,710,549	-
Fiscal Year (July 1st to June 30th)	163,898,058	234,004,734	104,912,840	134,505,415	105,360,563	163,553,318	53,373,317

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	December 2017 NET GAIN(LOSS)	December 2016 NET GAIN(LOSS)
Fixed Income Pool	\$1,715,758	\$860,672
500 Large-Cap Fund	32,602,704	1,855,697
400 Mid-Cap Fund	377,593	3,351,166
600 Small-Cap Fund	1,118,578	3,634,992
Totals	\$35,814,633	\$9,702,527

Endowment Fund	2017/2018 FISCAL YEAR TO DATE GAINS(LOSSES)	2016/2017 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	(\$201,226)	(\$1,033,400)
500 Large-Cap Fund	49,619,711	10,733,891
400 Mid-Cap Fund	24,118,691	13,855,661
600 Small-Cap Fund	14,185,852	14,024,480
Totals	\$87,723,028	\$37,580,632

**ENDOWMENT FUNDS FIXED-INCOME POOLS
 PURCHASES & SALES
 DECEMBER 2017**

I. Endowment Funds Purchases

<u>POOL</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>*WAL YEARS</u>	<u>PAR VALUE</u>	<u>PURCHASE COST</u>	<u>YIELD</u>	<u>MOODY'S RATING</u>
205	CHARLES SCHWAB	3.20	01/25/2028	NA	\$10,000,000	\$9,985,000	3.22%	A2
205	FNMA MTG	3.00	04/25/2046	5.06	5,913,792	5,974,085	2.75%	Aaa
205	JP MORGAN CHASE	2.69	03/15/2023	4.33	3,049,273	3,073,334	2.48%	Aaa
205	JP MORGAN CHASE	2.69	03/15/2023	4.33	1,203,892	1,211,228	2.52%	Aaa
205	NISSAN	1.50	12/17/2018	0.27	10,000,000	10,000,000	1.50%	P-1
123	HALKIN FINANCE	0.00	01/23/2018	NA	5,000,000	4,990,132	1.45%	P-1
123	LEGACY CAPITAL	0.00	01/29/2018	NA	5,000,000	4,987,778	1.60%	P-1

TOTAL ENDOWMENT FUNDS PURCHASES

\$40,166,958 \$40,221,557

II. Endowment Funds Sales

<u>POOL</u>	<u>SECURITY DESCRIPTION</u>	<u>RATE</u>	<u>MATURITY</u>	<u>PAR VALUE</u>	<u>AMORTIZED COST/PROCEEDS</u>	<u>SALES GAINS/(LOSSES)</u>	<u>MOODY'S / S&P RATING</u>
TOTAL ENDOWMENT FUNDS SALES				\$0	\$0	\$0	

* WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

**EQUITY FUNDS
 PURCHASES & SALES
 DECEMBER 2017**

I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	157,160	\$5,389,496	\$1,117
500 Large-Cap Fund	20,636	4,542,690	155
600 Small-Cap Fund	208,784	5,290,877	1,277
TOTAL EQUITY PURCHASES	386,580	\$15,223,063	\$2,548

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	111,373	\$6,189,640	\$546
500 Large-Cap Fund	765,405	59,889,645	5,679
600 Small-Cap Fund	168,071	4,474,944	1,261
TOTAL EQUITY SALES	1,044,849	\$70,554,229	\$7,486

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
DECEMBER 31, 2017
(In Thousands)

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FUND	NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
101	A & M Colleges					
	<i>Shares in Equity Pools</i>	405	\$2,849	\$8,432	\$5,584	
	<i>Shares in Fixed Income Pools</i>	4,053	2,902	5,081	2,179	
	Total	4,458	5,750	13,513	7,763	2.350
102	State Hospital					
	<i>Shares in Equity Pools</i>	309	2,641	6,441	3,800	
	<i>Shares in Fixed Income Pools</i>	3,182	2,625	3,989	1,364	
	Total	3,491	5,266	10,430	5,164	1.981
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	328	2,481	6,840	4,360	
	<i>Shares in Fixed Income Pools</i>	3,510	2,515	4,400	1,885	
	Total	3,839	4,996	11,241	6,245	2.250
104	Military Institute					
	<i>Shares in Equity Pools</i>	22	175	464	290	
	<i>Shares in Fixed Income Pools</i>	243	171	305	134	
	Total	266	346	770	423	2.224
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	971	8,620	20,218	11,599	
	<i>Shares in Fixed Income Pools</i>	9,769	8,514	12,247	3,732	
	Total	10,740	17,134	32,465	15,331	1.895
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	185	1,592	3,854	2,262	
	<i>Shares in Fixed Income Pools</i>	1,910	1,527	2,395	867	
	Total	2,096	3,119	6,249	3,129	2.003
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	648	5,494	13,498	8,004	
	<i>Shares in Fixed Income Pools</i>	6,633	5,462	8,314	2,852	
	Total	7,281	10,956	21,812	10,856	1.991

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 DECEMBER 31, 2017
 (In Thousands)

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NAME OF FUND	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	UNREALIZED GAINS (LOSSES)	Mkt Value/ Book Value
109 Permanent Common School					
<i>Shares in Equity Pools</i>	163,736	1,331,760	3,409,437	2,077,677	
<i>Shares in Fixed Income Pools</i>	1,649,634	1,349,812	2,067,910	718,098	
Total	1,813,370	2,681,572	5,477,347	2,795,775	2.043
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	235	1,954	4,899	2,945	
<i>Shares in Fixed Income Pools</i>	2,637	2,073	3,305	1,232	
Total	2,872	4,027	8,205	4,178	2.037
111 School of Mines					
<i>Shares in Equity Pools</i>	458	3,440	9,544	6,103	
<i>Shares in Fixed Income Pools</i>	4,713	3,500	5,908	2,409	
Total	5,172	6,940	15,452	8,512	2.227
112 State Charitable					
<i>Shares in Equity Pools</i>	4,617	34,782	96,139	61,357	
<i>Shares in Fixed Income Pools</i>	44,879	35,601	56,258	20,658	
Total	49,496	70,382	152,397	82,015	2.165
113 University Fund					
<i>Shares in Equity Pools</i>	835	6,621	17,396	10,774	
<i>Shares in Fixed Income Pools</i>	8,604	6,559	10,785	4,226	
Total	9,439	13,181	28,181	15,000	2.138
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	3,149	30,666	65,574	34,908	
<i>Shares in Fixed Income Pools</i>	32,381	27,961	40,591	12,630	
Total	35,530	58,627	106,165	47,538	1.811
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	175,901	1,433,074	3,662,736	2,229,663	
<i>Shares in Fixed Income Pools</i>	1,772,149	1,449,223	2,221,489	772,266	
Grand Total	\$1,948,049	\$2,882,296	\$5,884,225	\$3,001,929	
PRIOR YEAR:					
DECEMBER 2016 BALANCES	\$1,997,558	\$2,922,821	\$5,365,500	\$2,365,812	

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
DECEMBER 31, 2017**

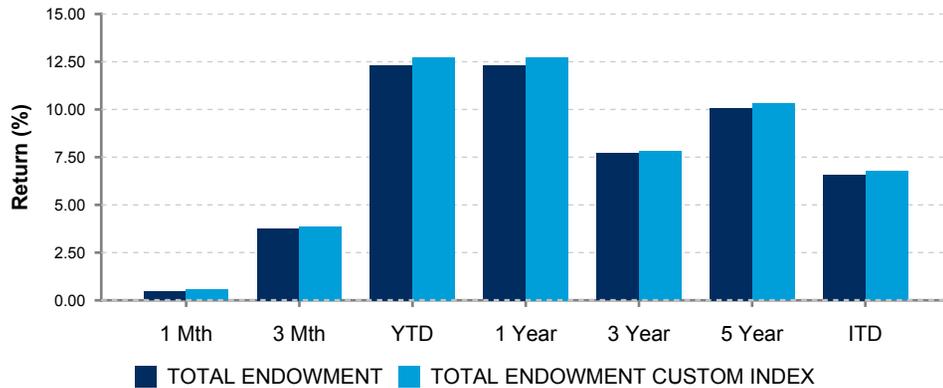
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ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	DECEMBER 2016 MARKET VALUE
<i>Shares in Equity Pools</i>	9.03%	49.72%	62.25%	62.83%
<i>Shares in Fixed Income Pools</i>	90.97%	50.28%	37.75%	37.17%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====



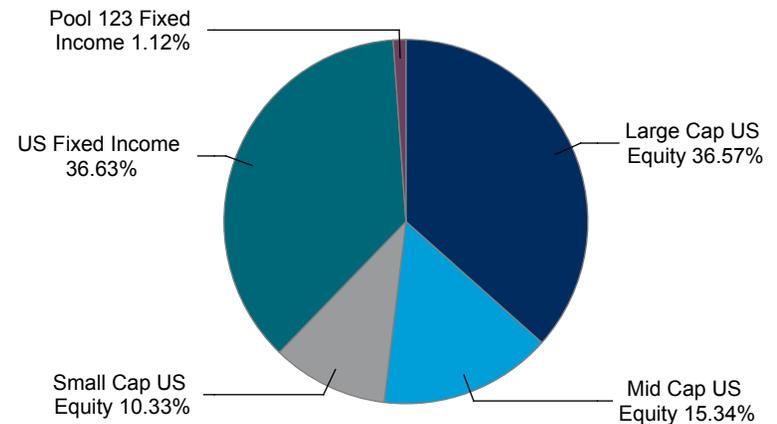
Performance



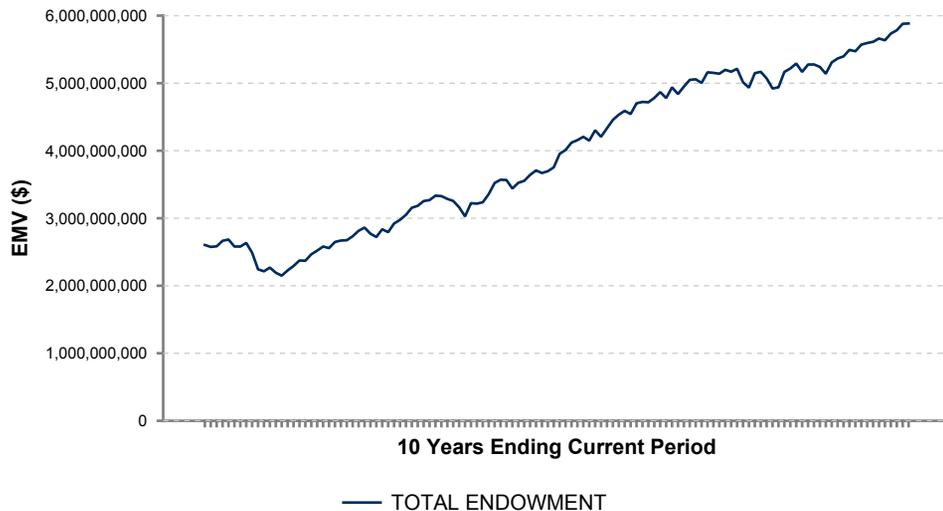
	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Incept Date
TOTAL ENDOWMENT	0.46	3.77	12.31	12.31	7.69	10.07	6.58	07/99
TOTAL ENDOWMENT CUSTOM INDEX	0.56	3.86	12.73	12.73	7.82	10.32	6.77	07/99
Excess	-0.09	-0.10	-0.42	-0.42	-0.13	-0.25	-0.19	

Asset Allocation

	Ending Market Value
TOTAL ENDOWMENT	5,884,225,243



Ending Market Value



3 Year Risk Statistics

	Return	Portfolio Std Dev	Benchmark Std Dev	Sharpe Ratio	Beta	Tracking Error	Information Ratio
TOTAL ENDOWMENT	7.69	6.18	6.24	1.18	0.99	0.35	-0.39



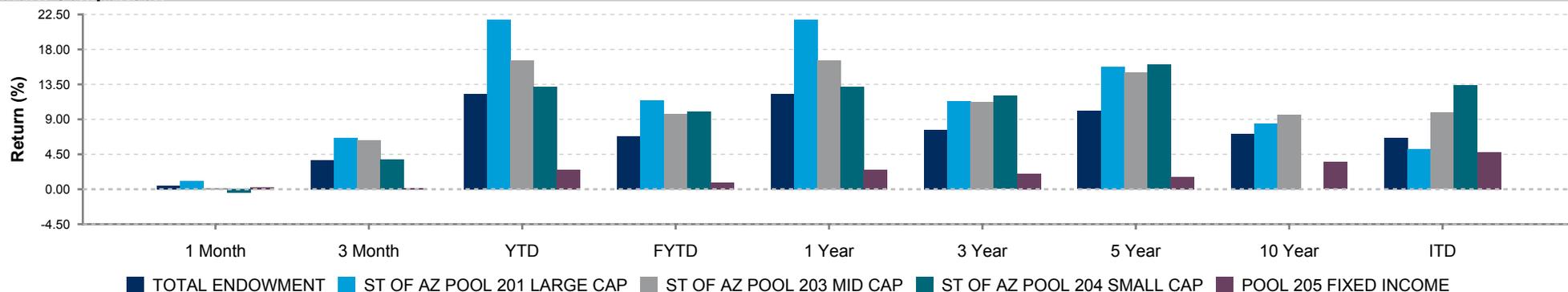
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Total Returns Net Mgr



Return Comparison



	Market Value	Actual Weight	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD	Inc Date
TOTAL ENDOWMENT	5,884,225,243	100.00	0.46	3.77	12.31	6.79	12.31	7.69	10.07	7.10	6.58	Jul-01-99
TOTAL ENDOWMENT CUSTOM INDEX			0.56	3.86	12.73	6.95	12.73	7.82	10.32	7.42	6.77	Jul-01-99
Excess			-0.09	-0.10	-0.42	-0.16	-0.42	-0.13	-0.25	-0.32	-0.19	
ST OF AZ POOL 201 LARGE CAP	2,151,903,145	36.57	1.07	6.62	21.82	11.41	21.82	11.34	15.73	8.52	5.17	Jul-01-99
S&P 500 INDEX (DAILY)			1.11	6.64	21.83	11.42	21.83	11.41	15.79	8.50	5.68	Jul-01-99
Excess			-0.05	-0.03	-0.01	-0.02	-0.01	-0.07	-0.06	0.02	-0.51	
ST OF AZ POOL 203 MID CAP	902,888,875	15.34	0.19	6.29	16.56	9.71	16.56	11.28	15.07	9.59	9.86	Aug-01-01
S&P 400 MIDCAP INDEX (DAILY)			0.22	6.25	16.24	9.68	16.24	11.14	15.01	9.97	9.85	Aug-01-01
Excess			-0.03	0.03	0.32	0.03	0.32	0.14	0.06	-0.37	0.00	
ST OF AZ POOL 204 SMALL CAP	607,944,289	10.33	-0.45	3.88	13.24	10.05	13.24	12.02	16.03		13.39	Mar-01-11
S&P SM 600 TR			-0.52	3.96	13.23	10.16	13.23	12.00	15.99		13.37	Mar-01-11
Excess			0.07	-0.08	0.01	-0.11	0.01	0.03	0.04		0.02	
POOL 205 FIXED INCOME	2,155,437,695	36.63	0.25	0.17	2.56	0.85	2.56	1.97	1.62	3.49	4.73	Jul-01-99
CITIGROUP BIG (DAILY)			0.47	0.39	3.60	1.23	3.60	2.25	2.09	4.07	5.07	Jul-01-99
Excess			-0.22	-0.22	-1.04	-0.38	-1.04	-0.28	-0.48	-0.58	-0.33	
POOL 123 FIXED INCOME	66,051,240	1.12	0.10	0.31	1.10	0.62	1.10				0.94	Jun-01-16
ASTO-POOL 5 BENCHMARK			0.10	0.29	0.94	0.55	0.94				0.76	Jun-01-16
Excess			-0.00	0.02	0.16	0.07	0.16				0.18	

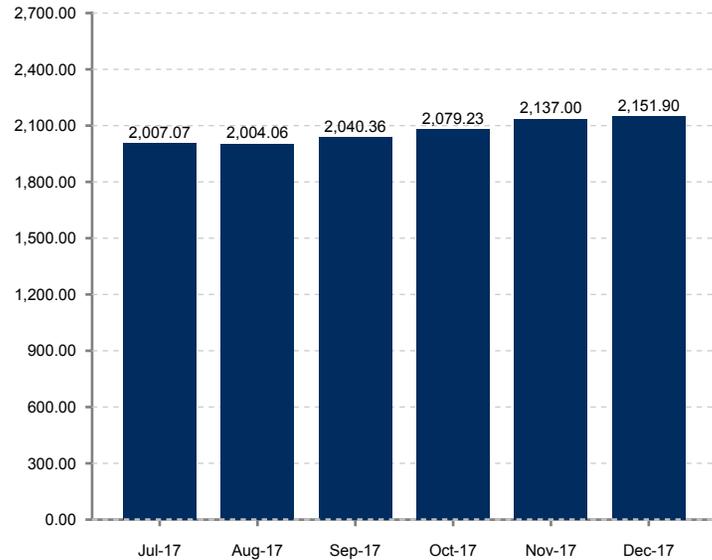
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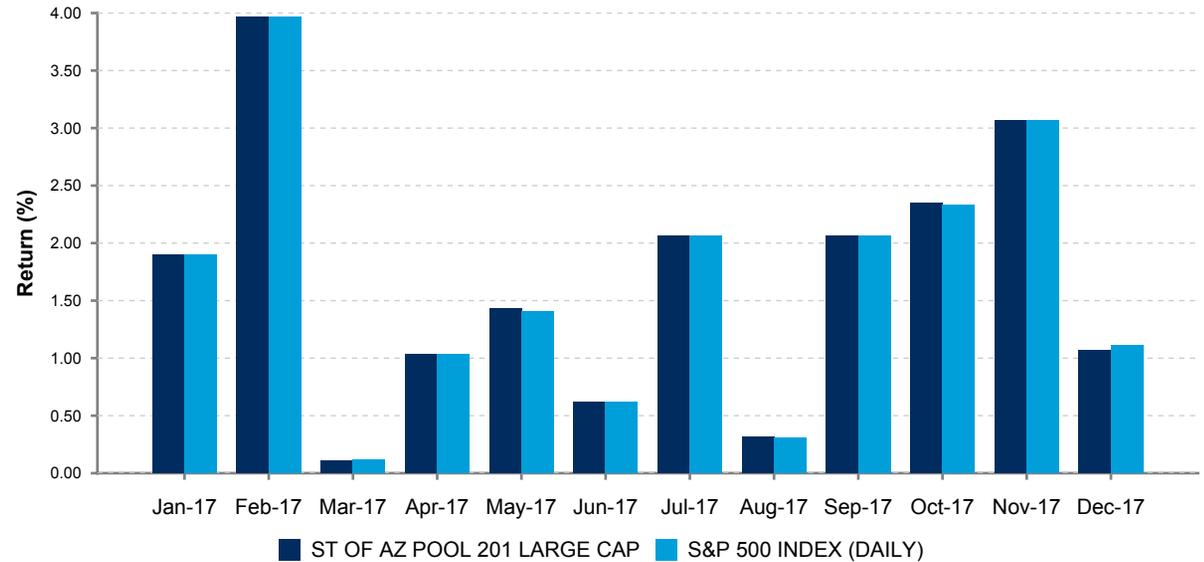
ST OF AZ POOL 201 LARGE CAP



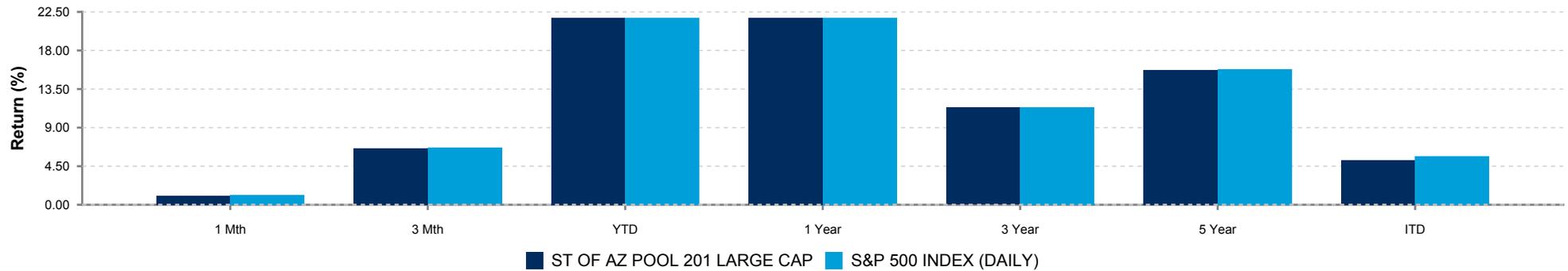
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

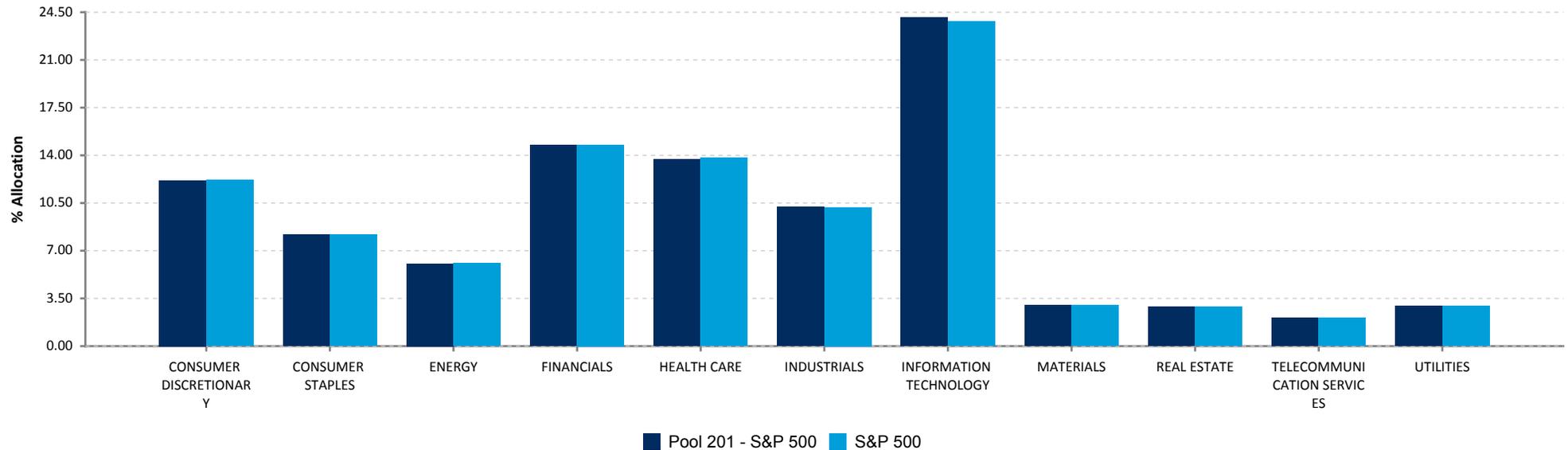


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2015	Dec 31 2016	Dec 31 2017
ST OF AZ POOL 201 LARGE CAP	1.07	6.62	21.82	21.82	11.34	15.73	5.17	1.35	11.79	21.82
S&P 500 INDEX (DAILY)	1.11	6.64	21.83	21.83	11.41	15.79	5.68	1.38	11.96	21.83
Excess	-0.05	-0.03	-0.01	-0.01	-0.07	-0.06	-0.51	-0.03	-0.17	-0.01

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December 31, 2017

ST OF AZ POOL 201 LARGE CAP
Sector Allocation vs S&P 500



	Fund Weight	Benchmark Weight	Relative Weight
ST OF AZ POOL 201 LARGE CAP	100.00	100.00	0.00
CONSUMER DISCRETIONARY	12.05	12.11	-0.07
CONSUMER STAPLES	8.07	8.11	-0.04
ENERGY	5.83	5.85	-0.01
FINANCIALS	14.68	14.75	-0.08
HEALTH CARE	13.99	14.06	-0.07
INDUSTRIALS	10.10	10.09	0.01
INFORMATION TECHNOLOGY	24.32	24.02	0.30
MATERIALS	2.95	2.96	-0.01
REAL ESTATE	2.92	2.93	-0.02
TELECOMMUNICATION SERVICES	1.95	1.96	-0.01
UTILITIES	3.14	3.15	-0.01

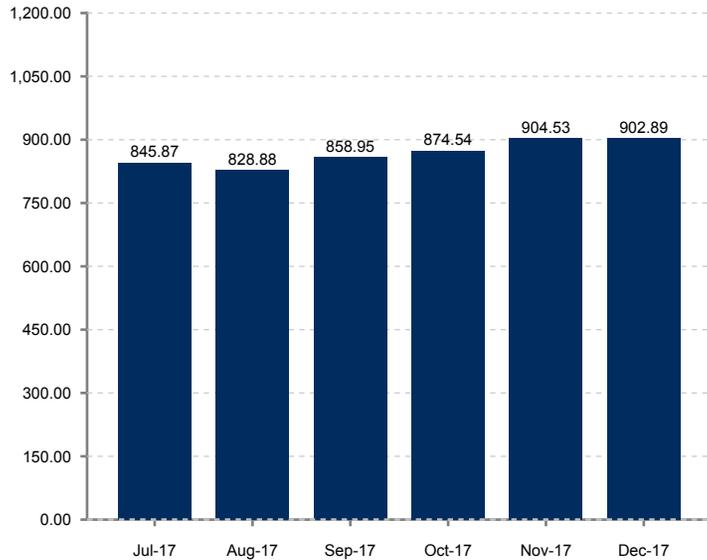
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

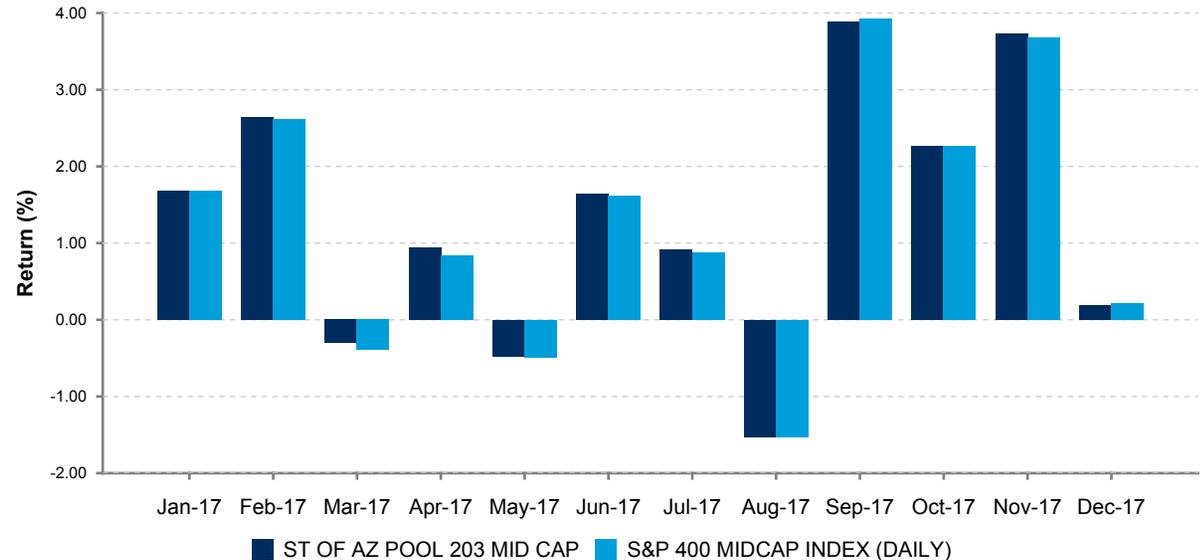
ST OF AZ POOL 203 MID CAP



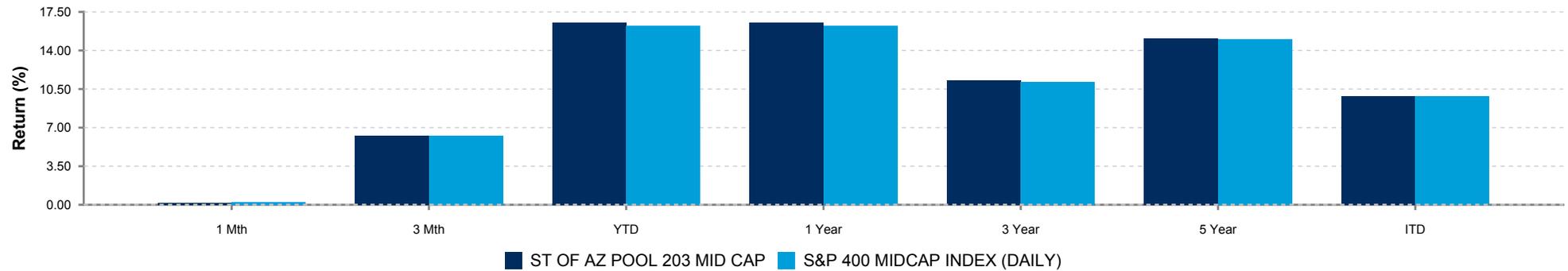
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

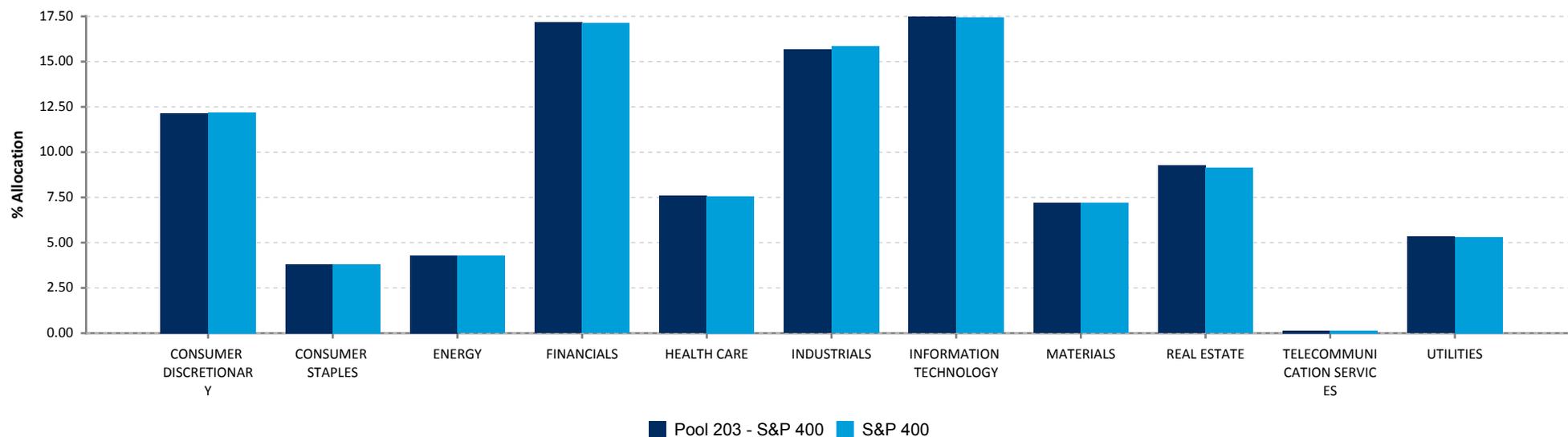


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2015	Dec 31 2016	Dec 31 2017
ST OF AZ POOL 203 MID CAP	0.19	6.29	16.56	16.56	11.28	15.07	9.86	-2.02	20.66	16.56
S&P 400 MIDCAP INDEX (DAILY)	0.22	6.25	16.24	16.24	11.14	15.01	9.85	-2.18	20.74	16.24
Excess	-0.03	0.03	0.32	0.32	0.14	0.06	0.00	0.16	-0.07	0.32

OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

ST OF AZ POOL 203 MID CAP
Sector Allocation vs S&P MID CAP 400



	Weight Fund	Weight Benchmark	Weight Relative
ST OF AZ POOL 203 MID CAP	100.00	100.00	0.00
CONSUMER DISCRETIONARY	11.93	11.88	0.05
CONSUMER STAPLES	3.77	3.76	0.02
ENERGY	4.04	4.00	0.04
FINANCIALS	17.30	17.23	0.07
HEALTH CARE	7.64	7.62	0.02
INDUSTRIALS	15.57	15.71	-0.14
INFORMATION TECHNOLOGY	17.56	17.78	-0.22
MATERIALS	7.10	7.07	0.04
REAL ESTATE	9.26	9.17	0.09
TELECOMMUNICATION SERVICES	0.18	0.18	-0.00
UTILITIES	5.63	5.60	0.03

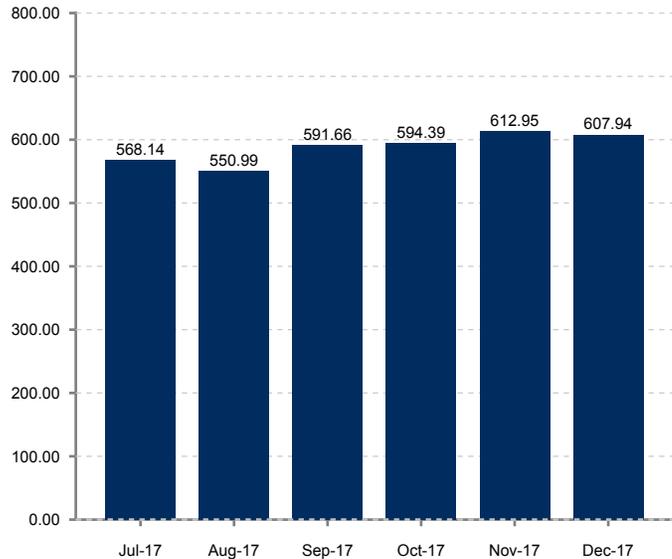
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

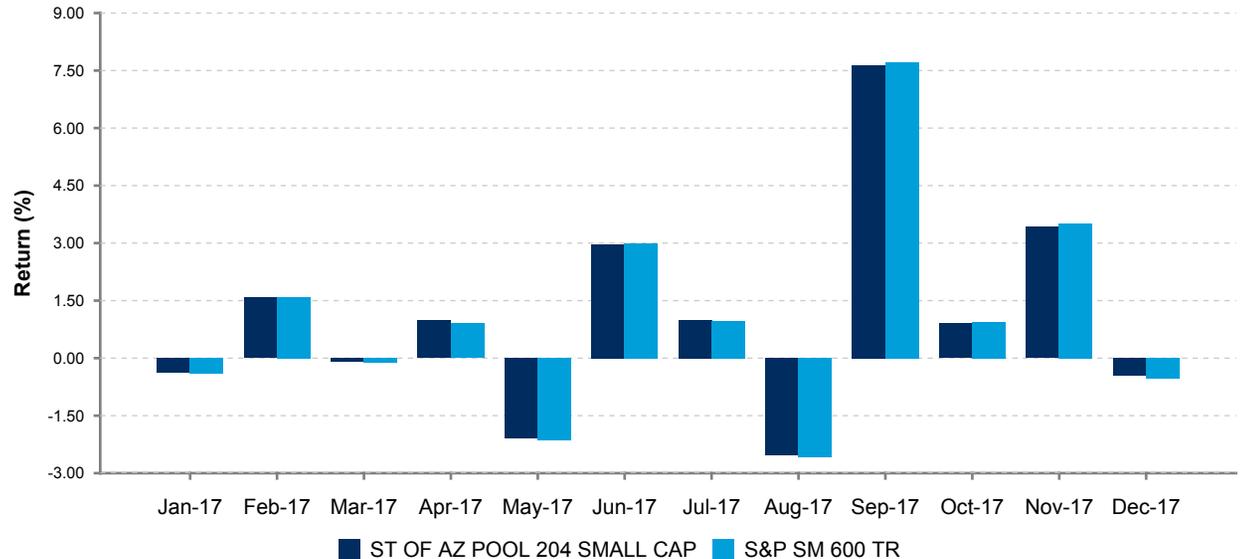
ST OF AZ POOL 204 SMALL CAP



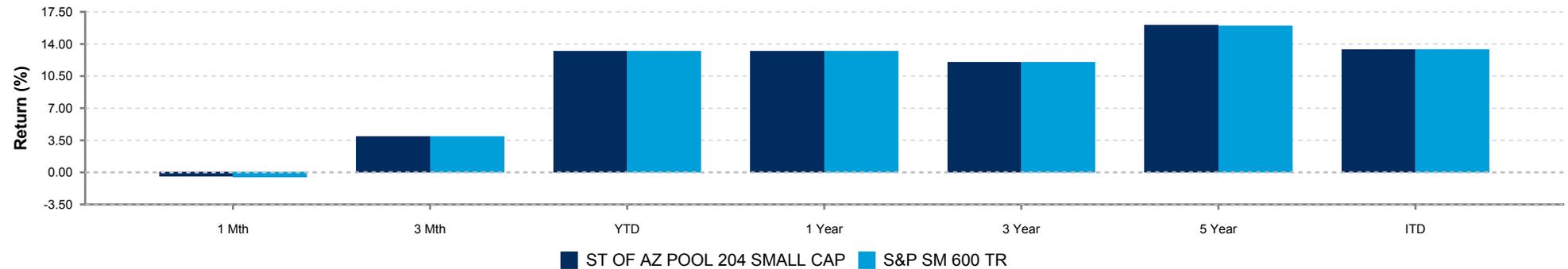
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

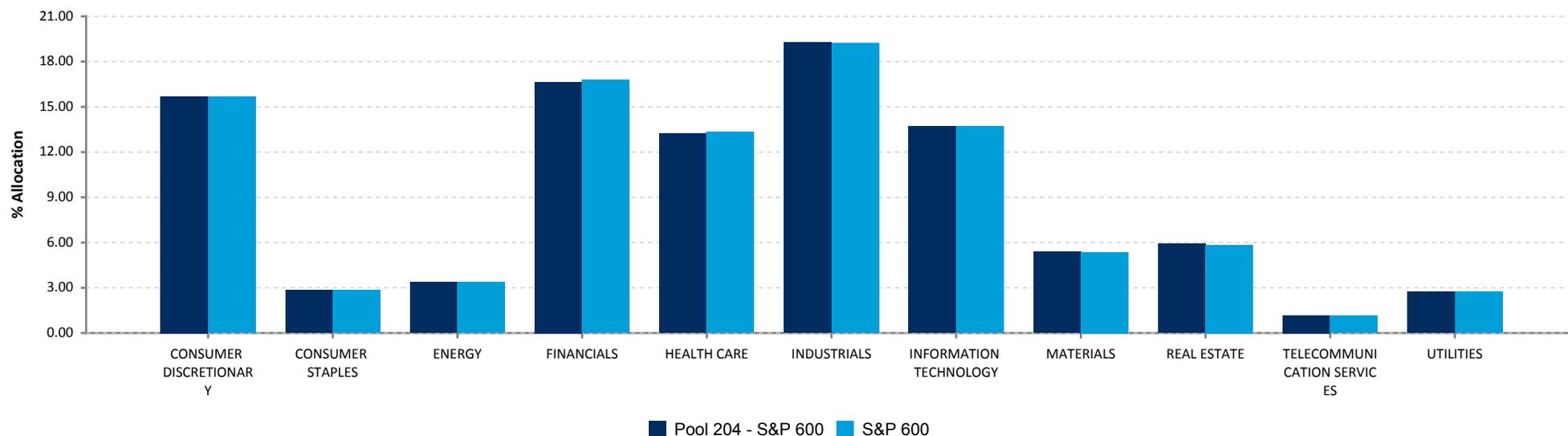


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2015	Dec 31 2016	Dec 31 2017
ST OF AZ POOL 204 SMALL CAP	-0.45	3.88	13.24	13.24	12.02	16.03	13.39	-1.62	26.18	13.24
S&P SM 600 TR	-0.52	3.96	13.23	13.23	12.00	15.99	13.37	-1.97	26.56	13.23
Excess	0.07	-0.08	0.01	0.01	0.03	0.04	0.02	0.36	-0.38	0.01

OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

ST OF AZ POOL 204 SMALL CAP
Sector Allocation vs S&P SMALLCAP 600



	Weight Fund	Weight Benchmark	Weight Relative
ST OF AZ POOL 204 SMALL CAP	100.00	100.00	0.00
CONSUMER DISCRETIONARY	15.28	15.36	-0.08
CONSUMER STAPLES	2.85	2.86	-0.01
ENERGY	3.18	3.20	-0.01
FINANCIALS	16.97	17.05	-0.08
HEALTH CARE	12.92	13.00	-0.08
INDUSTRIALS	19.21	19.30	-0.09
INFORMATION TECHNOLOGY	14.50	14.16	0.34
MATERIALS	5.32	5.34	-0.02
REAL ESTATE	5.75	5.69	0.06
TELECOMMUNICATION SERVICES	1.13	1.14	-0.00
UTILITIES	2.89	2.90	-0.01

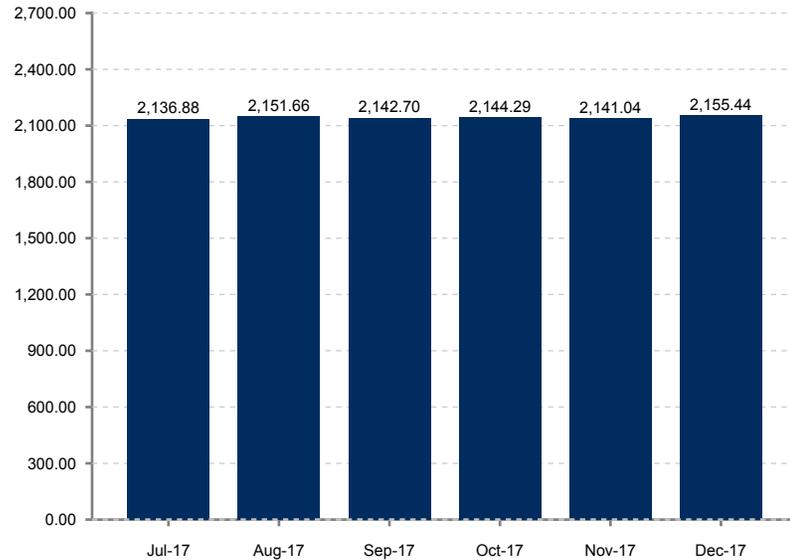
OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

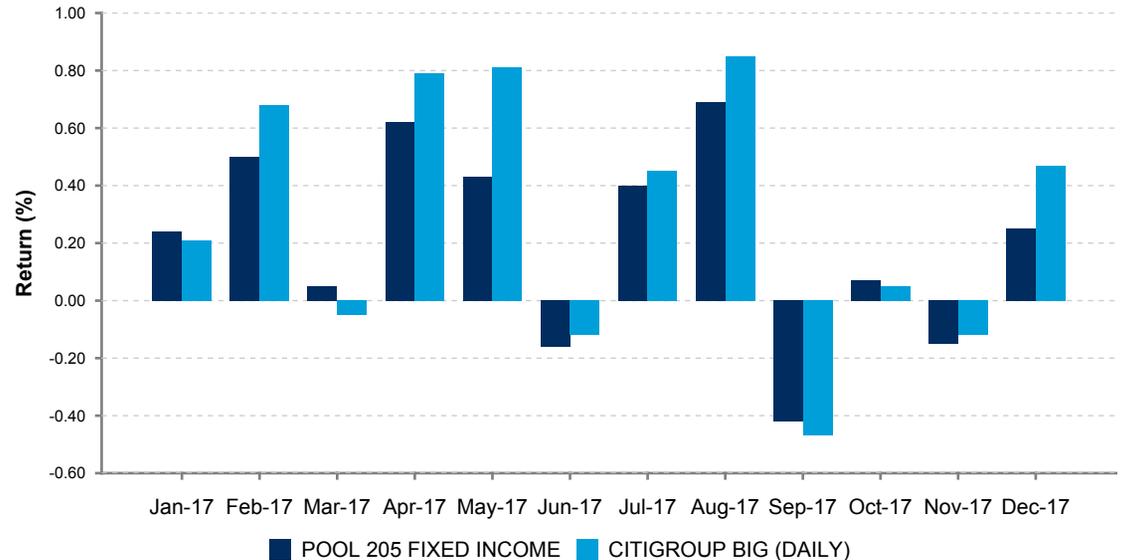
POOL 205 FIXED INCOME



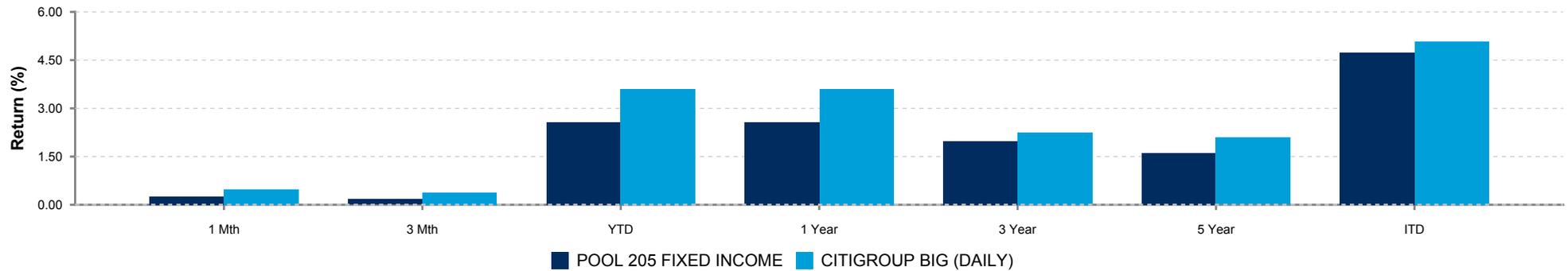
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return



	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Dec 31 2017	Dec 31 2016	Dec 31 2015
POOL 205 FIXED INCOME	0.25	0.17	2.56	2.56	1.97	1.62	4.73	2.56	2.45	0.91
CITIGROUP BIG (DAILY)	0.47	0.39	3.60	3.60	2.25	2.09	5.07	3.60	2.66	0.53
Excess	-0.22	-0.22	-1.04	-1.04	-0.28	-0.48	-0.33	-1.04	-0.21	0.38

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OFFICE OF THE ARIZONA STATE TREASURER

December 31, 2017

POOL 205 FIXED INCOME



Net Mqr Return

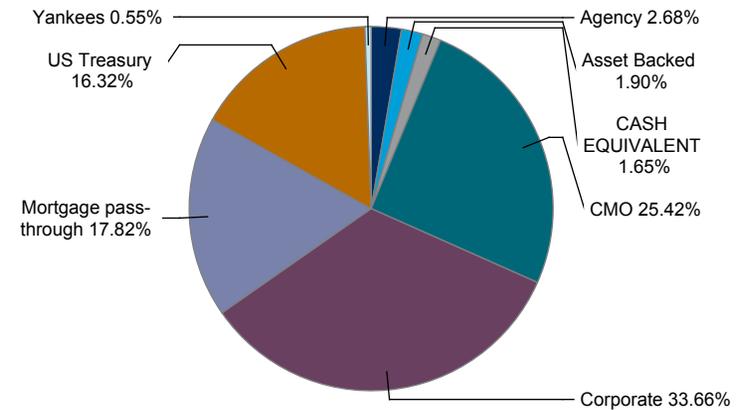


Current Mth **Prior Mth** **1 Year Ago**

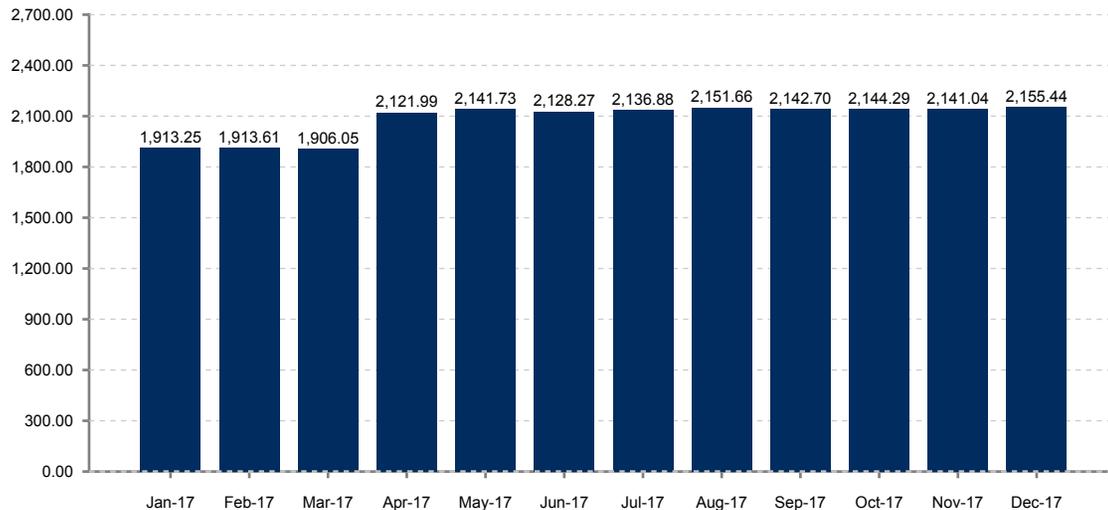
POOL 205 FIXED INCOME	0.25	-0.15	0.05
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Asset Allocation

	Ending Market Value
POOL 205 FIXED INCOME	2,155,437,695



Net Asset Values over Time (\$MM)

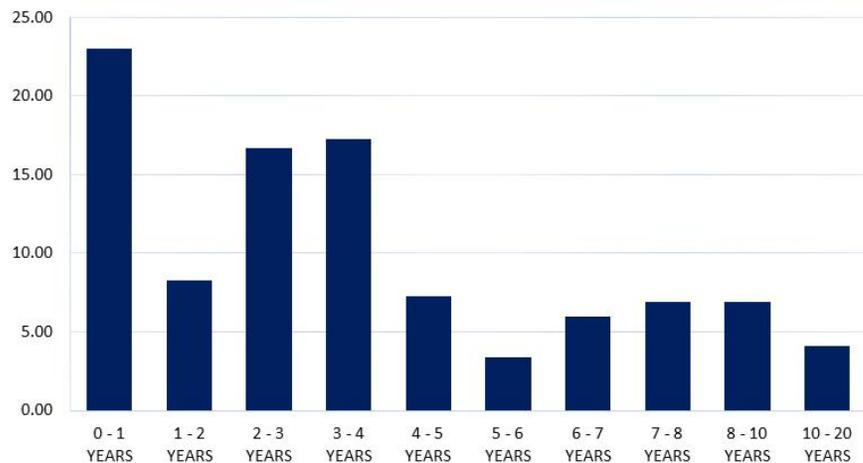


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 205 FIXED INCOME		
BLACKROCK PROV TEMP	30,347,910	1.41
US TREASURY N/B	29,421,234	1.36
US TREASURY N/B	27,906,454	1.29
US TREASURY N/B	27,339,606	1.27
US TREASURY N/B	24,745,256	1.15
US TREASURY N/B	22,318,992	1.04
US TREASURY N/B	20,491,661	0.95
PEPSICO INC	20,196,320	0.94
PNC BANK NA	20,106,927	0.93
US TREASURY N/B	20,000,135	0.93



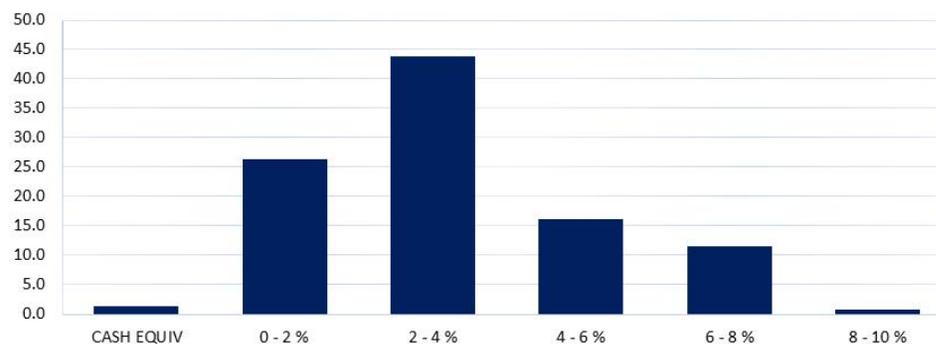
Duration Distribution



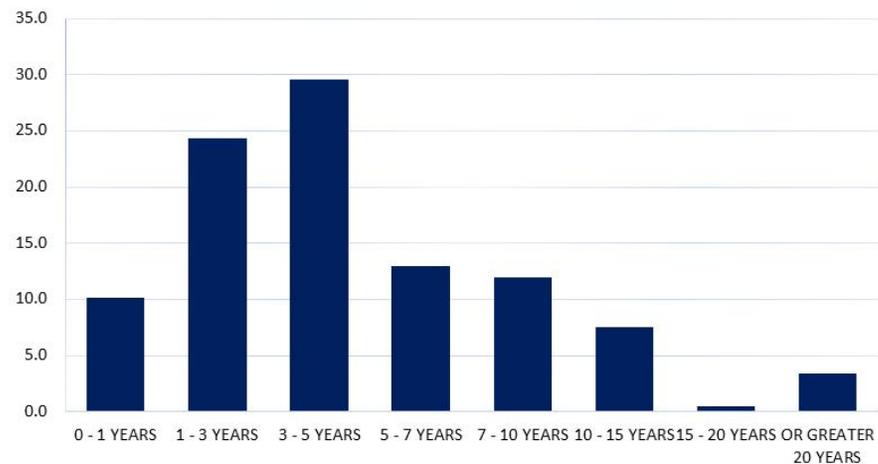
Portfolio Level Characteristics

	POOL 205 FIXED INCOME
Weighted Average Life	5.15
Coupon	3.35
Effective Duration	3.74
Quality Rating (Moody's)	AA-2

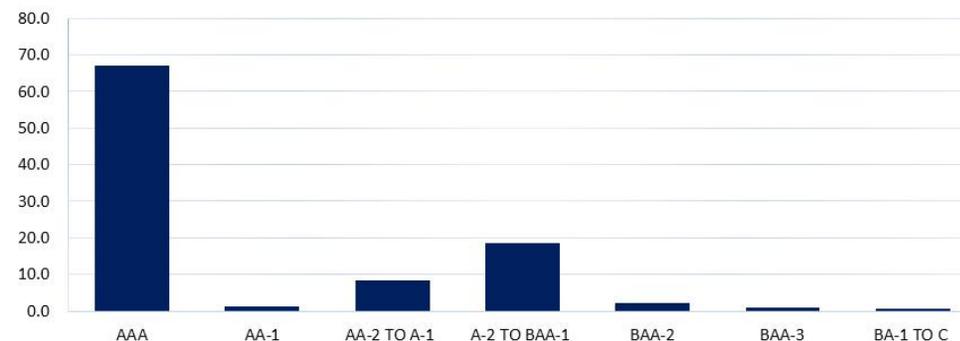
Coupon Distribution



Expected Maturity Distribution

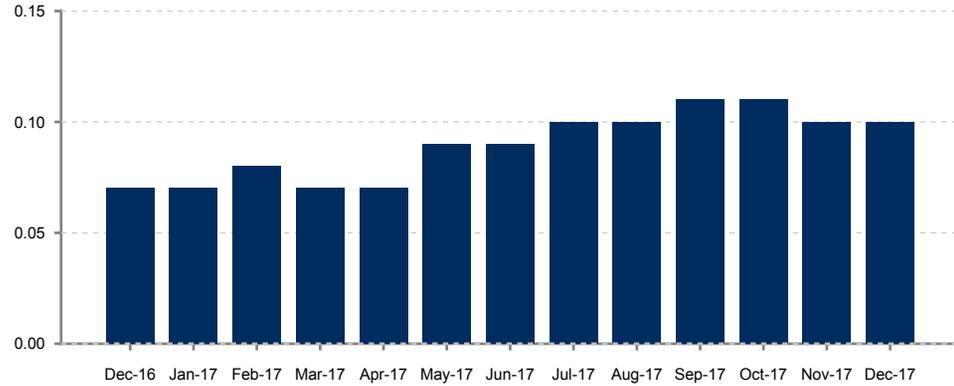


Rating Distribution





Net Yield

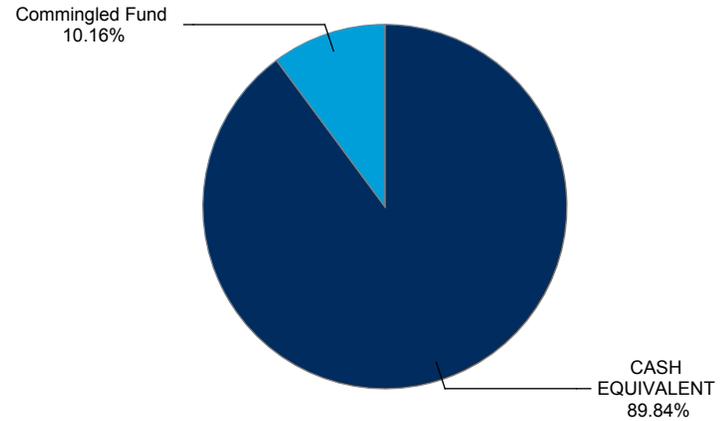


Current Mth Prior Mth 1 Year Ago

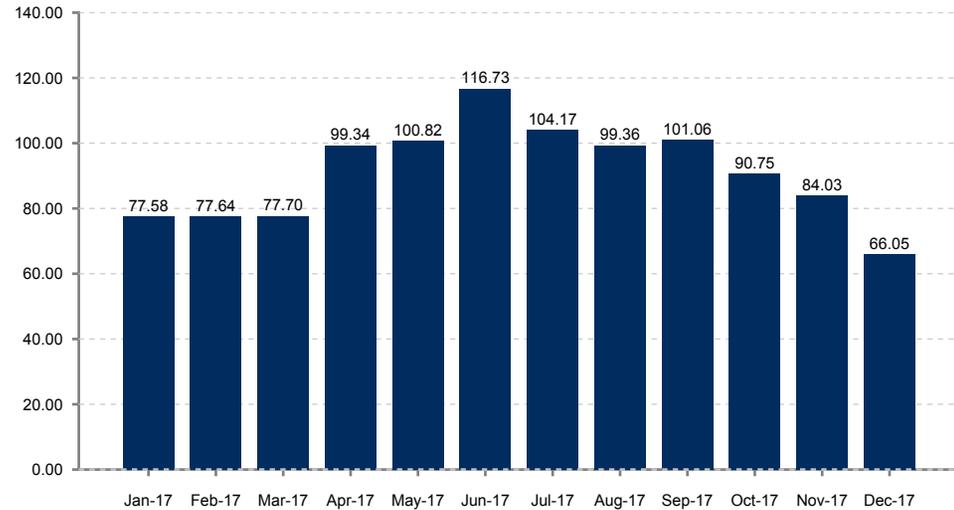
ST OF AZ POOL 123 ST FIXED INC	0.10	0.10	0.07
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Asset Allocation

	Ending Market Value
ST OF AZ POOL 123 ST FIXED INC	66,051,240



Net Asset Values over Time (\$MM)

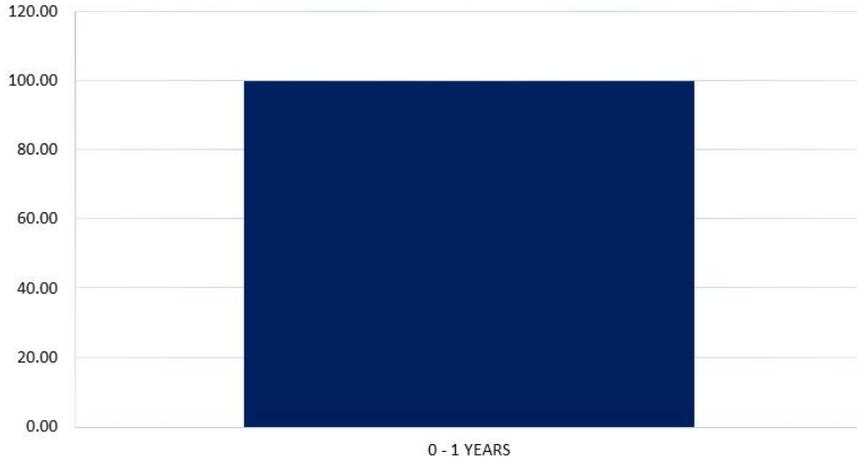


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
ST OF AZ POOL 123 ST FIXED INC		
BLACKROCK PROV TEMP BLACKROCK PROV TEMP FUND 24	23,383,544	35.40
LEXINGTN PKR CAP CO LL	17,983,610	27.23
LOCAL GOVERNMENT INVEST POOL	6,710,010	10.16
HALKIN FINANCE LLC USC	4,995,569	7.56
LEGACY CAPITAL COMPANY	4,993,778	7.56
MANHATTAN ASSET FDG.	1,999,181	3.03
SHEFFIELD RECEIVABLE	1,998,800	3.03
CONCORD MIN CPTL CO	1,998,273	3.03
CONCORD MIN CPTL CO	1,998,191	3.03



Duration Distribution



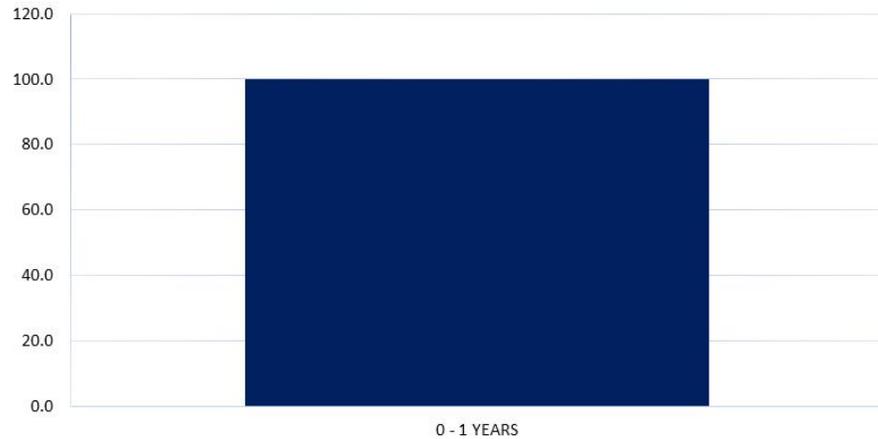
Portfolio Level Characteristics

	POOL 123 ST
Weighted Average Life	0.04
Coupon	0.00
Effective Duration	0.04
Quality Rating (Moody's)	AAA

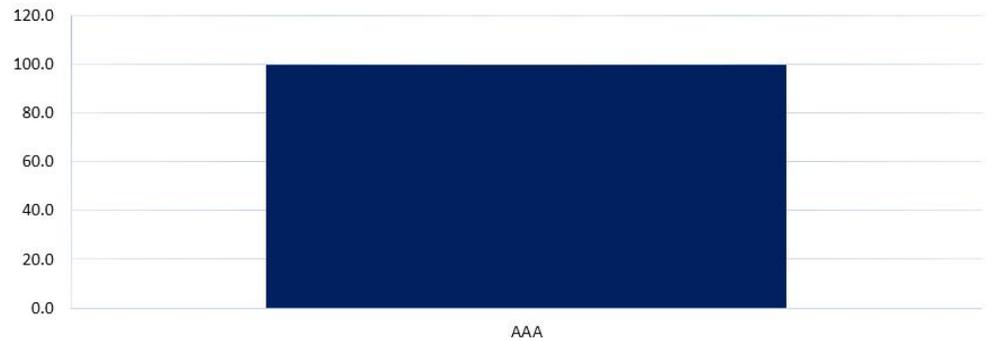
Coupon Distribution



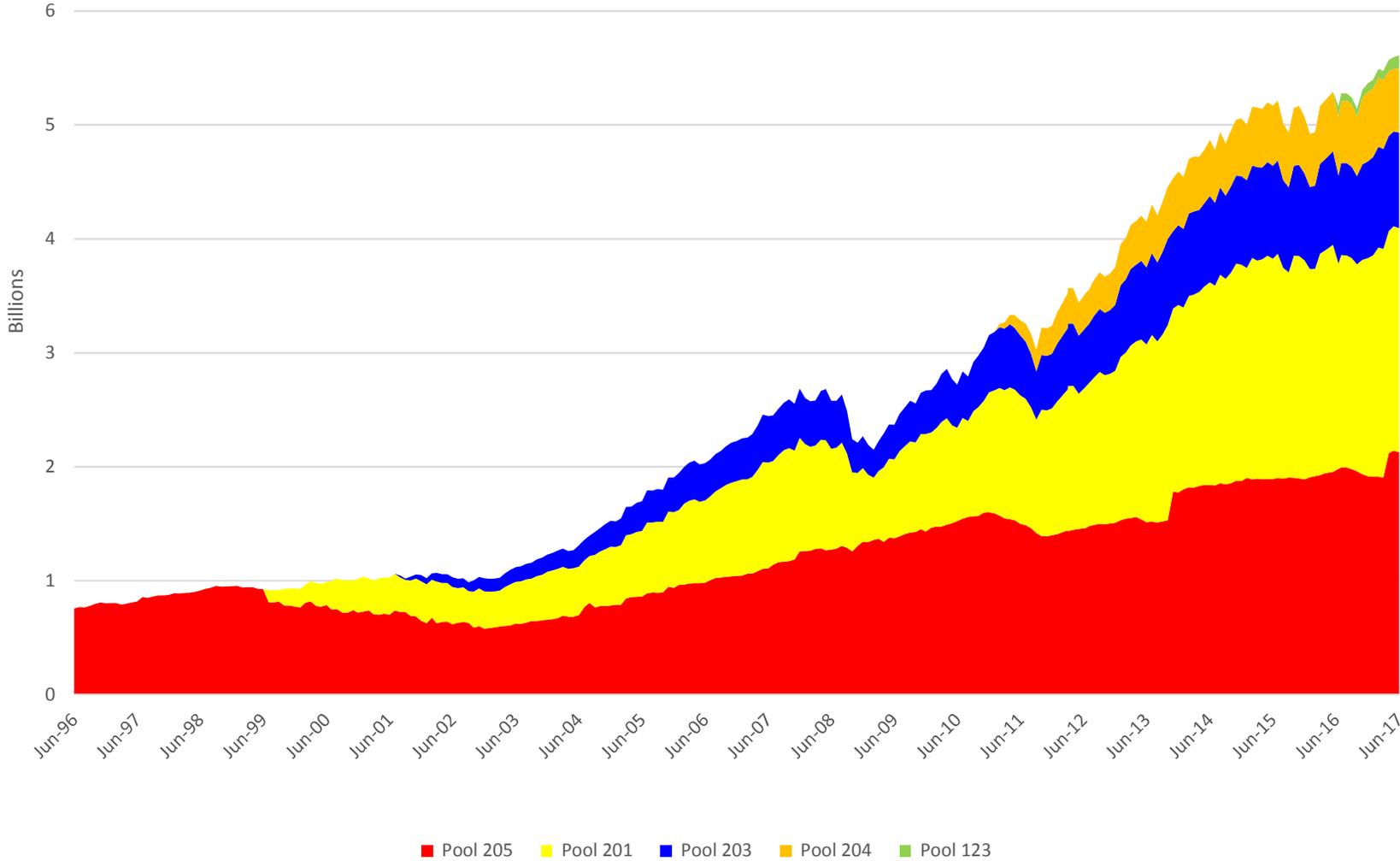
Expected Maturity Distribution



Rating Distribution



Endowment Fund Market Value



BROKER ACTIVITY REPORT
STATE AGENCY POOLS 2, 3 Int., 4, 12, 15, 16 & 10 Int.
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
AMHERST SECURITIES				
	REPO	8,466,420,740	17.57%	16.80%
B OF A SECURITIES INC.				
	COMMERCIAL PAPER	84,791,957	5.76%	0.17%
	US TREAS	19,967,804	2.94%	0.04%
BARCLAYS CAPITAL INC.				
	COMMERCIAL PAPER	174,669,524	11.86%	0.35%
	CORP ABS	26,000,000	100.00%	0.05%
	US TREAS	109,931,674	16.19%	0.22%
BMO CAPITAL MARKETS				
	REPO	1,614,313,790	3.35%	3.20%
	US TREAS	19,960,278	2.94%	0.04%
BNY MELLON				
	COMMERCIAL PAPER	24,983,472	1.70%	0.05%
CANTOR FITZGERALD				
	COMMERCIAL PAPER	149,801,708	10.17%	0.30%
	USA MBS	15,005,928	75.17%	0.03%
CITIGROUP				
	COMMERCIAL PAPER	149,714,764	10.16%	0.30%
	US TREAS	79,755,514	11.75%	0.16%
CREDIT AGRICOLE				
	REPO	2,240,055,152	4.65%	4.45%
CREDIT SUISSE SECURITIES				
	COMMERCIAL PAPER	212,637,625	14.43%	0.42%
DAIWA CAPITAL MARKETS				
	REPO	5,159,149,213	10.70%	10.24%
	US TREAS	17,424,043	2.57%	0.03%

BROKER ACTIVITY REPORT
STATE AGENCY POOLS 2, 3 Int., 4, 12, 15, 16 & 10 Int.
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
FIRST TENNESSEE				
	COMMERCIAL PAPER	64,822,300	4.40%	0.13%
	US TREAS	19,855,633	2.93%	0.04%
GOLDMAN SACHS				
	COMMERCIAL PAPER	39,975,722	2.71%	0.08%
	US TREAS	24,953,625	3.68%	0.05%
GUGGENHEIM SECURITIES				
	REPO	2,510,657,187	5.21%	4.98%
	COMMERCIAL PAPER	131,714,744	8.94%	0.26%
	US TREAS	79,946,401	11.78%	0.16%
JP MORGAN CHASE				
	COMMERCIAL PAPER	240,707,492	16.34%	0.48%
MITSUBISHI				
	COMMERCIAL PAPER	54,848,343	3.72%	0.11%
MIZUHO SECURITIES				
	REPO	1,196,699,487	2.48%	2.37%
	US TREAS	70,161,138	10.34%	0.14%
RAYMOND JAMES				
	USA MBS	4,957,768	24.83%	0.01%
RBC CAPITAL MARKETS				
	REPO	468,662,346	0.97%	0.93%
	COMMERCIAL PAPER	139,581,396	9.47%	0.28%
	US TREAS	97,042,063	14.30%	0.19%
SOUTH STREET				
	REPO	26,539,489,795	55.07%	52.66%
WELLS FARGO				
	COMMERCIAL PAPER	4,992,222	0.34%	0.01%
	US TREAS	139,807,614	20.60%	0.28%

BROKER ACTIVITY REPORT
LGIP POOLS 5, 7, 500 and 700
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
AMHERST PIERPOINT SECURITIES				
	REPO	3,738,579,256	8.46%	7.82%
	COMMERCIAL PAPER	19,942,850	1.01%	0.04%
B OF A SECURITIES INC.				
	REPO	5,900,000,000	13.36%	12.34%
	COMMERCIAL PAPER	445,241,440	22.47%	0.93%
	US TREAS	283,352,731	17.50%	0.59%
BARCLAYS CAPITAL INC.				
	COMMERCIAL PAPER	19,986,700	1.01%	0.04%
BMO CAPITAL MARKETS				
	REPO	7,270,686,210	16.46%	15.21%
	US TREAS	527,812,036	32.60%	1.10%
CANTOR FITZGERALD				
	COMMERCIAL PAPER	45,683,227	2.31%	0.10%
CASTLEOAK				
	COMMERCIAL PAPER	69,880,818	3.53%	0.15%
CITIGROUP				
	COMMERCIAL PAPER	144,818,221	7.31%	0.30%
CREDIT AGRICOLE				
	REPO	4,794,944,848	10.86%	10.03%
	COMMERCIAL PAPER	69,791,853	3.52%	0.15%
CREDIT SUISSE				
	COMMERCIAL PAPER	74,962,033	3.78%	0.16%
DAIWA CAPITAL MARKETS				
	REPO	6,640,850,787	15.03%	13.89%

BROKER ACTIVITY REPORT
LGIP POOLS 5, 7, 500 and 700
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
FIRST TENNESSEE				
	USA MBS	18,859,587	79.04%	0.04%
GUGGENHEIM SECURITIES, LLC				
	REPO	1,499,342,813	3.39%	3.14%
	COMMERCIAL PAPER	104,764,400	5.29%	0.22%
	US TREAS	279,670,712	17.28%	0.58%
JP MORGAN CHASE				
	COMMERCIAL PAPER	231,546,658	11.69%	0.48%
	US TREAS	79,335,189	4.90%	0.17%
MITSUBISHI				
	COMMERCIAL PAPER	9,988,978	0.50%	0.02%
MIZUHO SECURITIES				
	REPO	1,653,300,513	3.74%	3.46%
	COMMERCIAL PAPER	295,208,986	14.90%	0.62%
	US TREAS	209,237,152	12.93%	0.44%
RBC CAPITAL MARKETS				
	CD's	0	0.00%	0.00%
	REPO	5,531,337,654	12.52%	11.57%
	COMMERCIAL PAPER	109,856,879	5.55%	0.23%
	CORP ABS	5,000,000	100.00%	0.01%
ROBERT W. BAIRD				
	USA MBS	5,001,836	20.96%	0.01%
SOUTH STREET				
	REPO	4,062,510,205	9.20%	8.50%
WELLS FARGO				
	REPO	3,080,000,000	6.97%	6.44%
	COMMERCIAL PAPER	339,504,453	17.14%	0.71%
	CORP NOTES	7,430,379	100.00%	0.02%
	US TREAS	239,421,966	14.79%	0.50%

BROKER ACTIVITY REPORT
ENDOWMENT FIXED INCOME POOLS 205 and 123
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
BARCLAYS CAPITAL INC.				
	COMMERCIAL PAPER	16,955,796	15.73%	7.45%
	US TREAS	13,304,653	47.22%	5.85%
B OF A SECURITIES INC.				
	COMMERCIAL PAPER	22,943,942	21.29%	10.08%
	CORP NOTES	9,985,000	66.63%	4.39%
	US TREAS	4,977,175	17.67%	2.19%
BREAN CAPITAL				
	USA MBS	16,858,285	30.27%	7.41%
CANTOR FITZGERALD				
	USA MBS	15,719,863	28.23%	6.91%
CASTLEOAK				
	COMMERCIAL PAPER	16,966,623	15.74%	7.45%
CITIGROUP				
	COMMERCIAL PAPER	16,971,724	15.75%	7.46%
DEUTSCHE BANC				
	US TREAS	9,892,361	35.11%	4.35%
FIRST TENNESSEE				
	COMMERCIAL PAPER	24,958,600	23.16%	10.97%
JP MORGAN CHASE				
	COMMERCIAL PAPER	8,978,651	8.33%	3.94%

BROKER ACTIVITY REPORT
ENDOWMENT FIXED INCOME POOLS 205 and 123
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
MORGAN STANLEY CAP				
	CORP NOTES	5,000,000	33.37%	2.20%
				0
PIPER JAFFRAY				
	USA MBS	7,900,086	14.19%	3.47%
RBC CAPITAL MARKETS				
	CORP ABS	10,999,363	52.38%	4.83%
	USA MBS	10,171,042	18.27%	4.47%
ROBERT W BAIRD				
	USA MBS	5,035,069	9.04%	2.21%
WELLS FARGO				
	CORP ABS	10,000,000	47.62%	4.39%

BROKER ACTIVITY REPORT
ENDOWMENT EQUITY POOLS 201, 203, & 204
OCTOBER 1 - DECEMBER 31, 2017

<i>Broker Name</i>	<i>Asset Group</i>	<i>Sum Of Book Value</i>	<i>Pct Of Type</i>	<i>Pct Of Total</i>
BARCLAYS CAPITAL INC.				
	LARGE CAP	59,661,900	56.56%	33.92%
	MID CAP	5,159,864	16.05%	2.93%
BLOOMBERG				
	LARGE CAP	45,106,478	42.76%	25.64%
	MID CAP	26,982,519	83.95%	15.34%
	SMALL CAP	37,821,015	98.82%	21.50%
MKM HOLDINGS				
	LARGE CAP	715,430	0.68%	0.41%
	SMALL CAP	452,284	1.18%	0.26%