

OFFICE OF THE
ARIZONA STATE TREASURER



Kimberly Yee

TREASURER



FEBRUARY 2019

Presented To:

Arizona State Board of Investment

March 26, 2019

STATE BOARD OF INVESTMENT

A G E N D A

March 26, 2019

1. Call to Order; Opening RemarksThe Honorable Kimberly Yee, Chair
2. Approval of Minutes of February 26, 2019 BOI Meeting
3. Investment Outlook and Summary Review of Treasurer’s Monthly Reports
 - A. State Agency Earnings Distributions Dennis Stevenson, CIO
State Agency Operating Average Invested Balances
State Agency Investments and Performance Reports
 - B. LGIP Yield Analysis Jake Richardson, Portfolio Manager
LGIP Pools Investments and Performance Reports
 - C. Endowment Earnings Distributions Tim White, Director of Endowments
Land Sales Monthly Proceeds Endowment Funds
Endowment Investments and Performance Reports
Broker Activity Report
4. Approval of February 2019 Report
5. Legislative Report..... Fareed Bailey, Director of Legislative Affairs
6. Treasurer’s Report The Honorable Kimberly Yee, Chair
7. Market Outlook..... Harry Papp, Board Member
8. Call to the Public
9. Notice of Next Meeting
10. Adjournment

REPORT OF THE STATE TREASURER

FOR

March 26, 2019

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on February 26, 2019 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Yee called the meeting to order at 1:30 p.m.

Members Present:

The Honorable Kimberly Yee, Chair, State Treasurer
Harry A. Papp, CFA & Managing Partner, L. Roy Papp & Associate
Beth Ford, Treasurer, Pima County (Via

Designees Present:

Michael Smarik, Deputy State Comptroller, Arizona Department of Administration
Stephen Briggs, Legislative Liaison, Department of Financial Institutions

Others Present:

Mark Swenson, Deputy Treasurer of Policy & Research, Arizona State Treasurer's Office
Lorraine Jones, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Dennis Stevenson, Chief Investment Officer, Arizona State Treasurer's Office
Tim White, Director of Endowments, 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

1. Call to Order

Treasurer Yee called the February 26, 2019 BOI meeting to order at 1:30 p.m.

Treasurer's Comments

Treasurer Yee welcomed the Board members and guests and thanked everyone for attending the meeting. She welcomed especially new board member Elizabeth Thorson as the new Interim Director of ADOA.

2. Approval of Minutes

Mr. Papp moved to approve the minutes of January 29, 2019; seconded by Mr. Smarik. Motion carried unanimously.

3. Review of the Treasurer's Monthly Reports

A. State Agency Earning Distributions, Average Invested Balances, and Performance Reports

Chief Investment Officer, Dennis Stevenson, highlighted the results of the State Agencies performances for the month of January 2019. See memo.

B. LGIP Yield Analysis, Pool Investments and Performance Reports

Chief Investment Officer, Dennis Stevenson, distributed his outlook and highlighted the results for the Local Government Investment Pools performance for the month of January 2019. See memo.

C. Endowment Earnings Distributions, Land Sale Monthly Proceeds Endowment Funds, Endowment Investments and Performance Reports, Broker Activity Report

Director of Endowments, Tim White, distributed the outlook and highlighted the results for the Endowment performances for the month of January 2019. See memo.

4. Approval of January 2019 Monthly Report

Mr. Papp moved the approval of the Treasurer's January 2019 Monthly Report. Treasurer Ford seconded the motion. Motion carried unanimously.

5. Discussion and Approval of New Broker Dealers – Williams Capital Group

Chief Investment Officer, Dennis Stevenson, introduced proposal to add Williams Capital Group to the Approved Broker-Dealer List. See memo.

Mr. Smarik moved to add Williams Capital Group to the Approved Broker-Dealer List. Mr. Briggs seconded the motion. Motion carried unanimously.

6. Legislative Report - Fareed Bailey, Director of Legislative Affairs, informed the board of the five legislative bills that the office is seeking.

7. Treasurer's Report – The Honorable Kimberly Yee

Treasurer Yee gave a brief summary of the department's activities and introduced the newest team member, Shaandiin Parrish, as the Public Information Officer for the Treasury.

8. Market Outlook

Mr. Papp provided the Board with a brief Market Outlook.

9. Call to the Public

There was no public comment

10. Notice of Next Meeting

Treasurer Yee advised the Board that the next regular meeting of the Board of Investment will be Tuesday, March 26, 2019 at 1:30 p.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

11. Adjournment

Mr. Smarik moved for adjournment of the meeting. Mr. Papp seconded the motion. Motion carried unanimously.

State Treasurer's Report
March 26, 2019 Meeting
Minutes of the February 26, 2019 Meeting

The BOI Meeting was adjourned at approximately 2:10 p.m.

Respectfully Submitted by:

Deborah Gomez
Executive Assistant

Approved by:

Kimberly Yee
Chair

Date



OFFICE OF THE ARIZONA STATE TREASURER

KIMBERLY YEE
TREASURER



Investment Summary | February 2019

Overall Performance – Where We Are Now |

- State Agency Pools:
 - Total assets: \$6,509,962,273
 - February earnings distributed: \$12,291,054 (+61.1% YoY)
 - Fiscal YTD earnings distributed: \$89,145,340 (+72.2%YoY)

Outlook |

The Federal Reserve has announced that they do not expect to raise interest rates any more this year. The negative sovereign rates of European and Asian nations restrict our central banks' ability to raise rates without causing a very significant rally in the U.S. dollar vs. all other currencies. The yield curve between 1-yr U.S. treasuries (2.44%) and the 5-yr UST (2.23%) has inverted as of March 22, 2019. The change is most likely is a short-term phenomenon, but if it continues for a year or more a recession will eventually follow. The federal reserve has left their balance sheet unchanged for the third week in a row. Although the U.S. economy continues to perform very well with low unemployment and continued expansion, the slower global growth is an ongoing concern.

Strategy: Monthly Commentary |

We have already added some duration since the Federal Reserve last increased interest rates 25bps. The increase has worked out well for all our pools as the yield curve has flattened and inverted since then. We intend to continue this course of action and retain the ability to pivot to longer duration securities opportunistically. If the Federal Reserve has a radical shift in policy or a significant spike in real inflation, this could dictate a change in our investing.

Alternative Scenarios |

There are several scenarios we continue to monitor which could change our expectations:

- Failure of Congress to raise the debt ceiling
- The Chinese trade war escalates
- A massive jolt to inflation due to rising world food or crude oil costs
- Brexit causes a full-blown recession throughout Europe
- The inverted yield curve continues for an extended period

State Agency Investment Pool Balances |

	February 28, 2019	February 28, 2018	FY Change
Pool 2 FF&C	\$1,159,031,184	\$972,835,283	\$186,195,901
Pool 3 Internal	\$2,188,726,926	\$2,115,588,613	\$73,138,313
Pool 3 External	\$107,395,262	\$104,826,213	\$2,569,049
Pool 4 Gov.	\$1,231,918,219	\$1,062,538,091	\$169,380,128
Pool 10 Internal	\$1,024,964,976	\$975,396,561	\$49,568,415
Pool 10 External	\$88,775,456	\$186,905,003	-\$98,129,547
Pool 12 CAWCD	\$379,174,791	\$372,071,782	+\$7,103,006
Pool 16 ECDHB	\$329,975,456	\$347,567,320	-\$17,591,864
TOTAL STATE AGENCY	\$6,509,962,273	\$6,137,728,866	+\$372,233,407

Local Government Investment Pools (LGIP) Summary

Overall Performance – Where We Are Now |

- Local Government Investment Pools:
 - Total assets: \$3,227,085,392
 - Total earnings: \$6,313,177; +\$2.6MM over February 2018
 - Total fiscal year yields:
 - Pool 5: 2.55%; +112bps higher than February 2018
 - Pool 7: 2.40%; +105bps higher than February 2018
 - Pool 500: 2.51%; +58bps higher than February 2018
 - Pool 700: 2.31%; +62bps higher than February 2018

Strategy: Short-term Pools 5 & 7 |

The March 20th, 2019 FOMC meeting turned completely dovish, with the FOMC committee forecasting no interest rate moves in 2019 and only one in 2020. The Fed Funds Futures (the market) are signaling the next interest rate move will likely be a decrease in interest rates. Our focus moving forward will be monitoring the FOMC, looking for any signals in interest rate direction they may be foreshadowing. We will look to extend the duration for our two short-term LGIP pools with a target of 40- to 50-days. The two pools will have a daily liquidity target of 10% to 15% for all participant activity. Pool 5 will be investing in high quality diversified securities. Pool 7, our full faith and credit fund, will continue laddering U.S. Treasury bills.

Strategy: Intermediate Pools 500 & 700 |

The FOMC appears to be on hold for the remainder of 2019. In turn, we will look to extend duration in our intermediate LGIP pools while policy remains constant. Our objective is to patiently look for securities that will be beneficial to the pools as cash becomes available. Pool 500 remains with a 5% monthly liquidity target for participants. We are searching for high quality, diversified securities with a fixed coupon. Pool 700, our full faith and credit fund, will maintain a 10% to 15% monthly liquidity target. We will continue to ladder out U.S. Treasury bills and notes while adding other securities that are guaranteed by the federal government.

LGIP Investment Pool Balances |

	February 28, 2019	February 28, 2018	FY Change
Pool 5 LGIP	\$1,435,597,825	\$1,391,668,476	+\$43,929,349
Pool 7 LGIP FF&C	\$1,305,275,617	\$1,375,096,630	-\$69,821,013
Pool 500 LGIP Med.	\$348,422,358	\$355,296,895	-\$6,874,537
Pool 700 LGIP Med FF&C	\$137,789,591	\$151,746,998	-\$13,957,407
TOTAL LGIP	\$3,227,085,392	\$3,273,808,998	-\$46,723,606

Endowment Summary

Overall Performance – Where Are We Now |

- Highlights:
 - PLETF 10-year annualized total return now 10.33%
 - PLETF 1-year annualized total return beats bench by 10bps
 - Prop 123 monthly distributions highest ever

Big Picture:

- PLETF fair market value at \$5,935,848,923
- Monthly distributions continue at record levels of \$28.8MM
- FYTD2019 distribution increased from \$201.5MM to \$230.3MM MoM; up \$18.2MM vs. FYTD2018
- PLETF beating benchmark FYTD at +5bps vs. benchmark; +10bps for the trailing 12 months
- Total annualized 1-Year return was 4.31% vs. Benchmark 4.21% – better by +10bps overall
- Annualized 10-Year total return through February is 10.33% versus January at 9.62%; +71bps!
- Fair Market Value up \$102.5MM MoM; Up \$113.5MM YoY
- Unrealized Gains: \$3.15B (Up \$183.1MM or 6.18% YoY)
- February Realized Gains: \$8.76MM; FYTD +\$81.2MM
- February TRR PLETF 2.24% vs. Benchmark 2.16%; +8bps vs. benchmark MoM
- Equity pools rallied sharply causing slight dividend/cash drag on performance

Equity Strategy: Stay the Course; Long-Term Horizon |

We continue to view our equity exposure as a long-term driver of returns for the PLETF. Exposure to U.S. equities has been a tremendous value-add over time, and though markets periodically move through market correction phases, long-term equilibrium has rewarded patient investors with positive returns that outpace inflation and build trust value in real terms. The current period appears to be no exception as the PLETF has gained over \$409MM (net of distributions) since the December swoon with a very equity-friendly Federal Reserve stance on balance sheet normalization and future interest rate paths. Our equity exposure was 60.47% at month-end. SmallCaps have historically outperformed the asset classes we hold. Considering that the PLETF is invested in perpetuity, our goal is to take advantage of this historic outperformance over time. Since inception, our SmallCap exposure has returned 12.10% (+47bps MoM), still outperforming the MidCap exposure at 9.34% (+21bps MoM), our LargeCap exposure at 5.19% (+15bps MoM), and our fixed income return of 4.56% (-1bp MoM). We continue to passively invest in the individual components of the various indices per our investment policy on a market capitalization-weighted basis.

Fixed Income Strategy: Add UST/MBS Duration; Lighten Select Corporates |

The rates sell off in February benefitted our defensive, shorter duration positioning in Pool 205, causing +24bps of outperformance over the FTSE Big Index. Clearly the March 20th pivot from a "patient," data dependent stance to an even more dovish tone on any 2019 rate moves, coupled with plans to reduce System Open Market Account (SOMA) normalization later this fall has changed the picture in the near term with long rates rallying and a flight to quality in UST. Further, the slowing global growth theme and low global interest rates are keeping UST well bid and dampening near term prospects of rate increases causing the yield curve to flatten and invert, whereas 3-month T-bills presently have a higher yield than 10-year UST notes. It is a tug-of-war as to whether the US can export global growth or whether the US will import deflationary pressures (including bond yields) from the rest of the world.

While our significant 1-yr outperformance (+28bps) has come from defensive positioning against rising rates with our shorter durations, we will likely reduce our relatively short duration position versus our benchmark, buying 1-5-year UST and MBS and strategically lightening up on lesser credit quality corporates where possible. Our portfolio is extending as Prop 123 distributions are being met and could reach much higher should we need to rebalance by selling fixed income for rebalancing purposes. Credit default and corporate (OAS) spreads widened under stress as we anticipated in early December but then significantly rallied as sentiment began to improve in the last week of December. Hence, we feel our corporate exposures are on better footing. We will let bonds mature and move into short cash equivalents within Pool 123, UST and MBS in Pool 205. We now hold four months of liquidity in Pool 123 for timely school payments.

We think interest rates will continue to fall near-term but if we see a significant inflationary release, rates may still eventually rise modestly through the curve may stay relatively flat in line with wall street economists' consensus. We feel it prudent to have room for duration extension from the possible sale of shorter bonds in Pool 205 should we trigger 42.5% fixed income exposure. Our duration is currently shorter than the benchmark by 2.37 years at 3.46 years (+0.06 MoM) versus 5.83 (+0.05MOM) for the SBBIG Index; -0.01 net change in the differential MoM. Note the forward-looking Bloomberg Bond Yield Forecast compiled by averaging 56 Wall Street economists' forecasts:

Region	G7	Spread	2 Year - 10 Year									
	Rate	Market Yld	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
	United States											
1)	US 30-Year	2.97	3.07	3.17	3.24	3.29	3.33	3.36	3.37	3.33	3.26	3.32
2)	US 10-Year	2.54	2.73	2.82	2.91	2.96	2.98	3.03	3.04	3.02	2.99	3.05
3)	US 5-Year	2.34	2.54	2.68	2.78	2.85	2.88	2.88	2.90	2.85	2.77	2.80
4)	US 2-Year	2.41	2.54	2.64	2.74	2.80	2.81	2.83	2.83	2.76	2.65	2.75
5)	US 3-Month Libor	2.61	2.62	2.70	2.79	2.86	2.90	2.89	2.87	2.80	2.69	2.76
6)	Fed Funds Rate - Upper Bound	2.50	2.50	2.55	2.65	2.75	2.75	2.75	2.70	2.65	2.55	2.55
7)	Fed Funds Rate - Lower Bound	2.25	2.25	2.32	2.41	2.49	2.49	2.49	2.46	2.44	2.29	2.31
	2 Year - 10 Year Spread	0.13	0.20	0.18	0.17	0.17	0.17	0.20	0.21	0.26	0.33	0.30

*Table presented as-of 03/21/2019.

Endowment Monthly Land Sale Proceeds |

- +\$876K in February.
- -\$29.8MM vs January; +\$89.0MM FYoY

Endowment Prop 123 Distributions |

- \$28.8 MM total/\$26.8 MM for K-12 successfully distributed on time from Pool 123
- FYTD K-12 distribution \$214.2MM; up \$16.9MM YoY
- Pool 123 mechanism working well (3-4 months laddered liquidity)

Pool Performance |

Portfolio 3Yr standard deviation was 7.47 versus the benchmark at 7.58; Portfolio is less risky/volatile versus benchmark.

Equity/Fixed Income Pools:

- Pool 201 LargeCap Equity underperformed the S&P 500 by 1bps MoM at +3.20%
- Pool 203 MidCap Equity underperformed the S&P 400 by 3bps MOM at +4.21%.
- Pool 204 SmallCap Equity underperformed the S&P 600 by 8bps MOM at +4.28%.
- Pool 205 outperformed the SBBIG Index by 24bps MOM; outperforms one year by +28bps
- Pool 123 returned +0.21% for February, matching the benchmark.

Tim White, Director of Endowments

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**EARNINGS DISTRIBUTION - INVESTMENT POOLS
 FEBRUARY 2019**

Recipient	Earnings Distributed				Fiscal YTD Investment Management Fees Received
	FEBRUARY 2019	Fiscal YTD 18/19	Fiscal YTD 17/18	Change from Previous Year	
General Fund *	\$4,153,771	\$28,276,988	\$15,139,110	86.8%	
2 State Agencies - Full Faith & Credit	1,768,464	12,858,313	6,896,614	86.4%	353,005
3 State Agencies - Diversified (Combined) **	2,071,198	15,443,165	9,653,926	60.0%	636,196
4 State Agencies - Gov	2,000,301	14,228,112	6,988,202	103.6%	416,692
5 LGIP	2,983,038	22,524,525	9,982,223	125.6%	543,963
7 LGIP Gov	2,359,105	17,054,476	9,277,991	83.8%	453,813
9A Public School Credit Enhancement ***	0	0	0	0	37,240
10 Restricted Operating	817,396	6,413,363	4,231,906	51.5%	432,946
12 CAWCD Medium-Term	792,137	6,402,739	4,336,784	47.6%	146,672
16 ECDH Medium-Term	687,786	5,522,659	4,511,285	22.4%	135,541
Subtotal	\$17,633,196	\$128,724,342	\$71,018,040	81.3%	\$3,156,070
NAV POOL					
500 LGIP - Med Term	670,127	5,522,045	3,901,310	41.5%	127,639
700 LGIP - FF&C Med Term	190,245	1,525,199	1,509,853	1.0%	49,163
Total	\$18,493,569	\$135,771,585	\$76,429,203	77.6%	\$3,332,871
FEBRUARY 2018 TOTALS	\$11,652,412				\$2,709,660

* 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 February 28, 2019
 (in millions)

<u>Month</u>	<u>Fiscal Year</u> <u>2016/2017</u>	<u>Fiscal Year</u> <u>2017/2018</u>	<u>Fiscal Year</u> <u>2018/2019</u>
JULY	\$2,012	\$1,635	\$1,824
AUGUST	1,504	1,303	1,495
SEPTEMBER	1,694	1,455	1,594
OCTOBER	1,672	1,473	1,813
NOVEMBER	1,633	1,417	1,912
DECEMBER	1,693	1,400	2,007
JANUARY	2,255	2,140	2,348
FEBRUARY	2,306	2,244	2,185
MARCH	1,968	1,937	
APRIL	1,961	1,980	
MAY	2,215	2,279	
JUNE	2,147	2,407	
Y-T-D Average	\$1,846	\$1,633	\$1,897
Full Year Average	\$1,922	\$1,806	

**STATE AGENCY POOLS
 PORTFOLIO EARNINGS ANALYSIS
 FEBRUARY 2019**

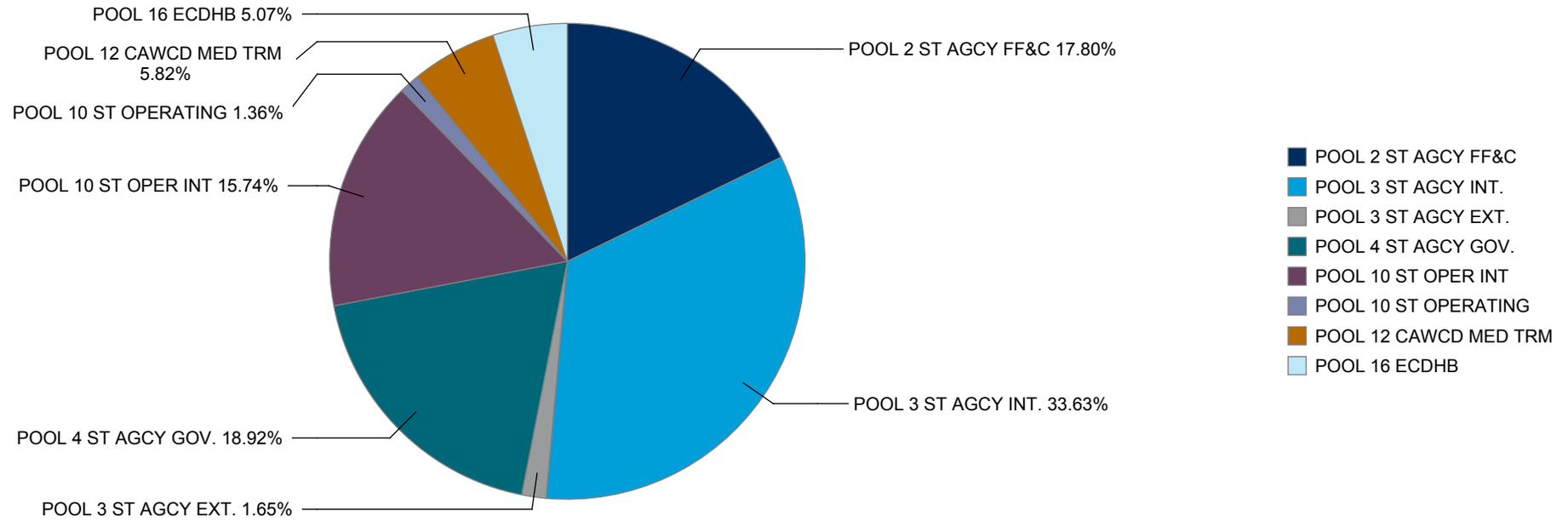
FUND	DESCRIPTION	Current Month 02/28/19	Prior Month 01/31/19	Prior Year 02/28/18	Net Asset Value Per Share
2	STATE AGENCIES - FULL FAITH & CREDIT	1,988,708	2,173,358	1,139,540	0.9940
3	STATE AGENCIES - DIVERSIFIED				
	INTERNAL MANAGERS	3,639,820	4,074,163	2,262,556	0.9976
	EXTERNAL MANAGERS	197,641	213,547	136,531	0.9985
	FUND 3 TOTAL	3,837,461	4,287,710	2,399,087	0.9977
4	STATE AGENCIES - GOV	2,441,624	2,664,704	1,347,128	0.9977
9A	PUBLIC SCHOOL CREDIT ENHANCEMENT	200,818	202,273	138,189	0.9940
10	RESTRICTED OPERATING				
	INTERNAL MANAGERS	2,061,708	2,291,385	1,246,823	0.9953
	EXTERNAL MANAGERS	97,916	97,776	145,638	1.0035
	FUND 10 TOTAL	2,159,623	2,389,161	1,392,461	0.9960
12	CAWCD MEDIUM-TERM	792,137	880,702	538,575	0.9971
15	AHCCCS OPERATING	72,235	173,220	39,473	N/A
16	ECDH MEDIUM-TERM	687,786	730,317	567,245	0.9924
	TOTAL STATE AGENCIES	12,180,392	13,501,444	7,561,696	

**STATE AGENCY POOLS
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 2019**

FUND	DESCRIPTION	Current Month 02/28/19	Prior Month 01/31/19	Prior Year 02/28/18
2	STATE AGENCIES - FULL FAITH & CREDIT 50% Trailing 3-mo T-bill / 50% Bloomberg Barclays 1-3 year UST	2.40% 2.46%	2.37% 2.47%	1.56% 1.82%
3	STATE AGENCIES - DIVERSIFIED INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% 1 month T-bill / 50% Bloomberg Barclays 1-3 year US Agg	2.57% 2.40% 2.56% 2.55%	2.54% 2.34% 2.53% 2.58%	1.71% 1.69% 1.71% 1.85%
4	STATE AGENCIES - GOV 50% Trailing 3-mo T-bill / 50% Bloomberg Barclays 1-3 year US Gov	2.52% 2.46%	2.51% 2.47%	1.54% 1.82%
9A	PUBLIC SCHOOL CREDIT ENHANCEMENT	2.40%	2.37%	1.56%
10	RESTRICTED OPERATING INTERNAL MANAGERS EXTERNAL MANAGERS COMBINED 50% Trailing 3-mo T-bill / 50% Bloomberg Barclays 1-3 year US Agg	2.49% 1.44% 2.41% 2.55%	2.45% 1.30% 2.38% 2.58%	1.67% 0.97% 1.55% 1.90%
12	CAWCD MEDIUM-TERM 25% S&P LGIP Index / 75% Bloomber Barclays 1-3 year US Agg	2.64% 2.62%	2.55% 2.68%	1.87% 2.11%
15	AHCCCS OPERATING	0.65%	1.07%	0.36%
16	ECDH MEDIUM-TERM 25% S&P LGIP Index / 75% Bloomber Barclays 1-3 year US Agg	2.70% 2.62%	2.59% 2.68%	2.11% 2.11%

NOTE - all benchmark measurements were revised in October 2018; prior period benchmarks were also changed to reflect the revised measures

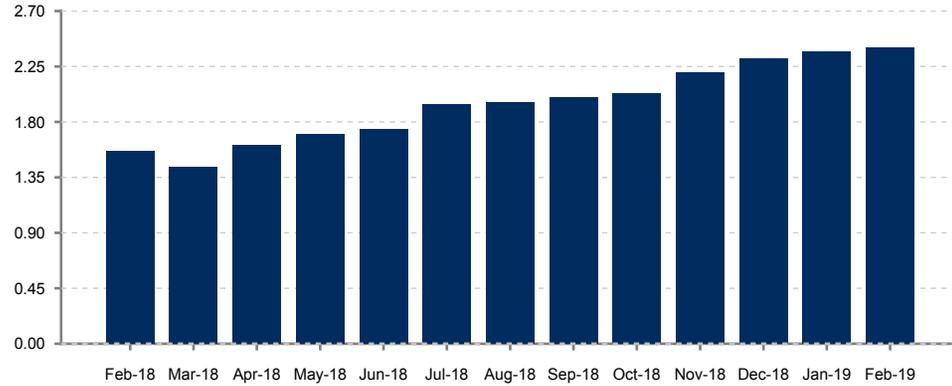
Manager Allocation



	Market Value	% of Portfolio
POOL 2 ST AGCY FF&C	1,159,031,184	17.8
POOL 3 ST AGCY INT.	2,188,726,926	33.6
POOL 3 ST AGCY EXT.	107,395,262	1.6
POOL 4 ST AGCY GOV.	1,231,918,219	18.9
POOL 10 ST OPER INT	1,024,964,976	15.7
POOL 10 ST OPERATING	88,775,456	1.4
POOL 12 CAWCD MED TRM	379,174,791	5.8
POOL 16 ECDHB	329,975,456	5.1
TOTAL STATE AGENCY	6,509,962,273	100.0



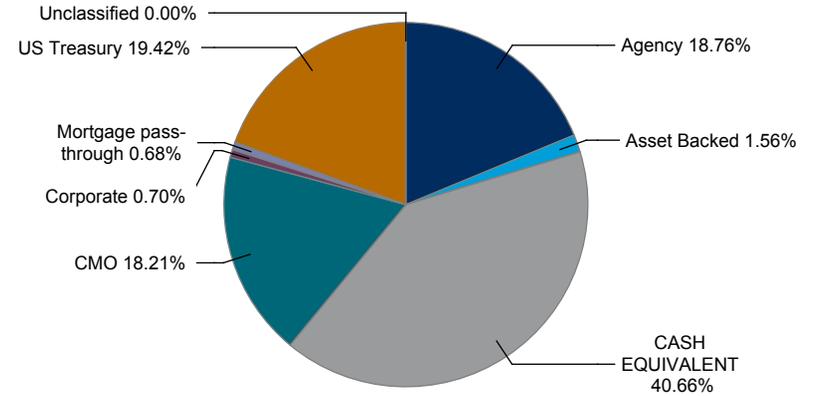
Net Yield



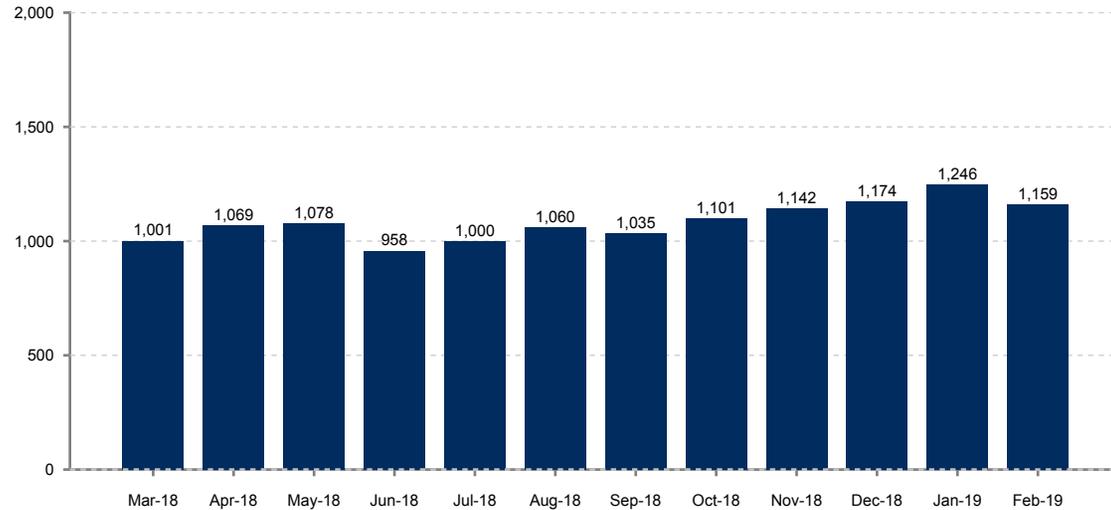
	Current Mth	Prior Mth	1 Year Ago
POOL 2 ST AGCY FF&C	2.40	2.37	1.56

Asset Allocation

	Ending Market Value
POOL 2 ST AGCY FF&C	1,159,031,184



Net Asset Values over Time (\$MM)

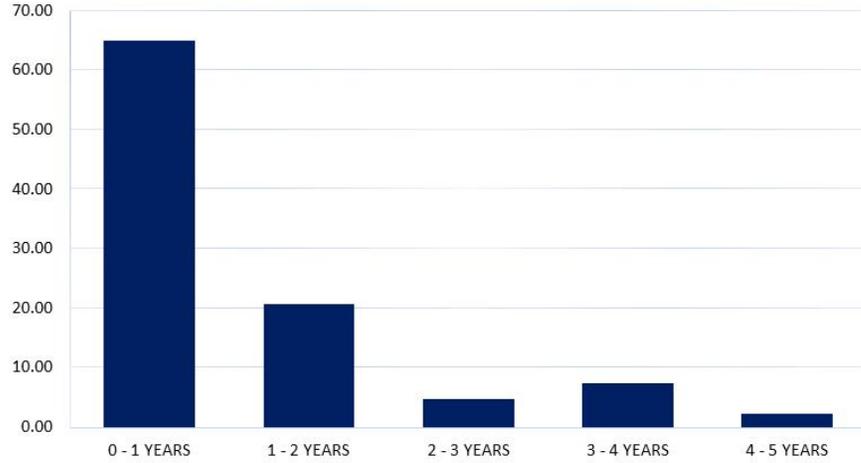


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 2 ST AGCY FF&C		
DAIWA CAPITAL MARKETS	200,013,889	17.26
US TREASURY N/B	80,090,082	6.91
RBC CAPITAL MARKETS R	77,896,780	6.72
TREASURY BILL	69,618,926	6.01
WI TREASURY SEC	63,652,752	5.49
WELLS FARGO REPO	55,010,771	4.75
TREASURY BILL	44,770,443	3.86
TREASURY BILL	39,749,668	3.43
TREASURY BILL	39,636,578	3.42
WI TREASURY SEC	29,436,730	2.54



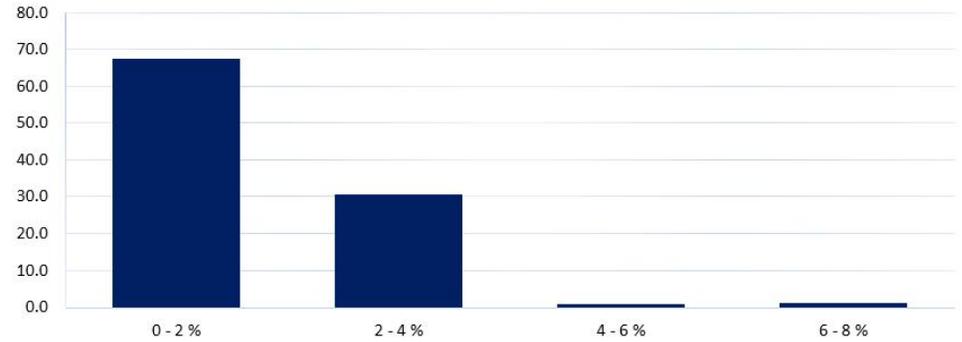
Duration Distribution



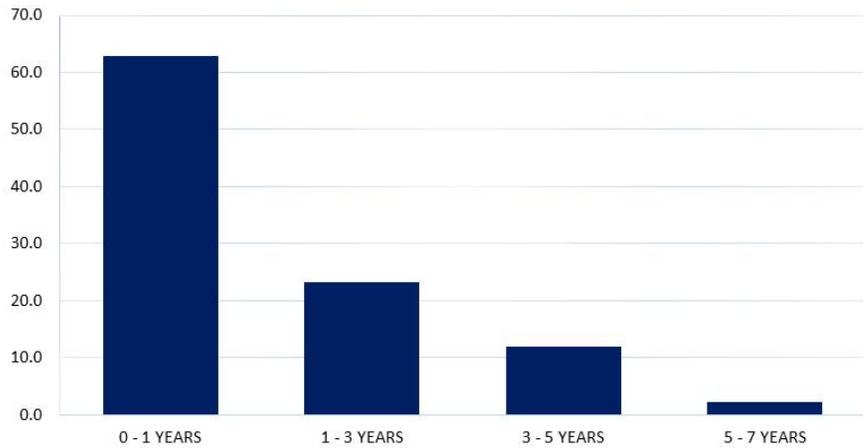
Portfolio Level Characteristics

	POOL 2 ST AGCY FF&C
Effective Maturity	1.09
Coupon	1.12
Effective Duration	0.94
Quality Rating (Moody's)	AAA

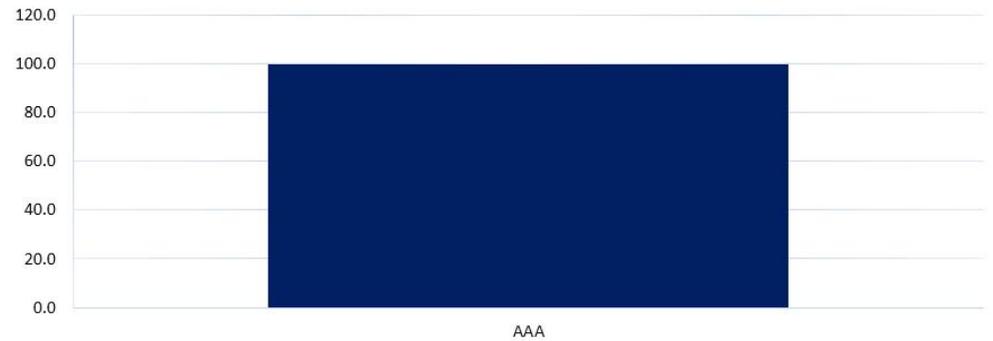
Coupon Distribution



Expected Maturity Distribution

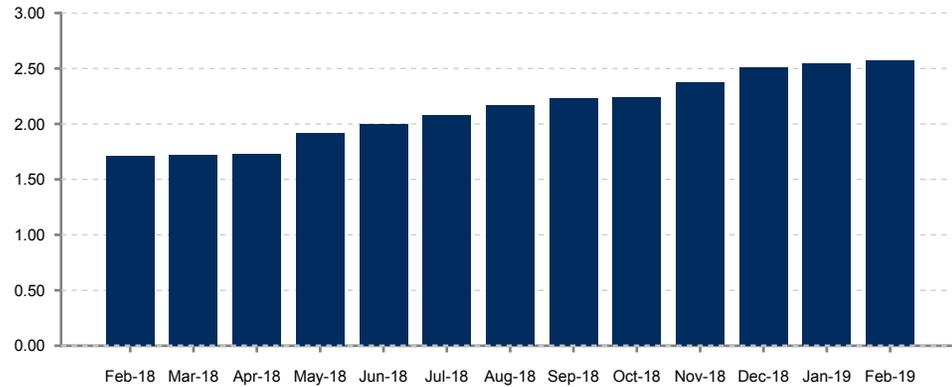


Rating Distribution





Net Yield

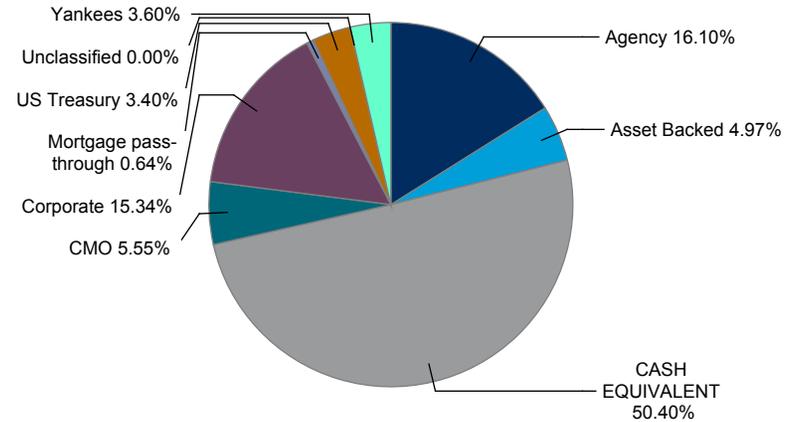


Current Mth **Prior Mth** **1 Year Ago**

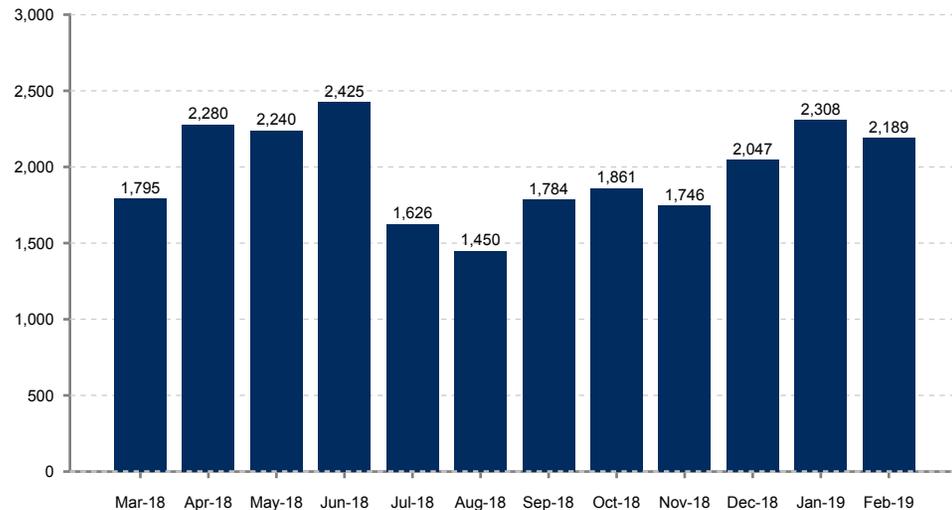
POOL 3 ST AGCY INT.	2.57	2.54	1.71
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Asset Allocation

	Ending Market Value
POOL 3 ST AGCY INT.	2,188,726,926



Net Asset Values over Time (\$MM)

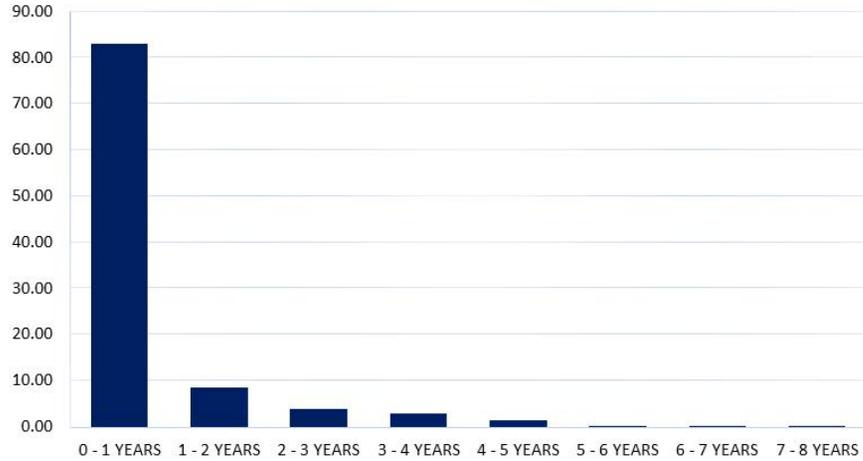


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY INT.		
SOUTH STREET REPO	400,028,889	18.28
AMHERST PIERPONT	300,021,667	13.71
TREASURY BILL	104,245,523	4.76
WI TREASURY SEC	53,860,021	2.46
AMHERST PIERPONT	47,957,128	2.19
US TREASURY N/B	40,578,091	1.85
WI TREASURY SEC.	39,694,132	1.81
IBM CORP	30,109,998	1.38
INSTITUTIONAL SECURED	24,994,688	1.14
MOUNTCLIFF	24,994,333	1.14



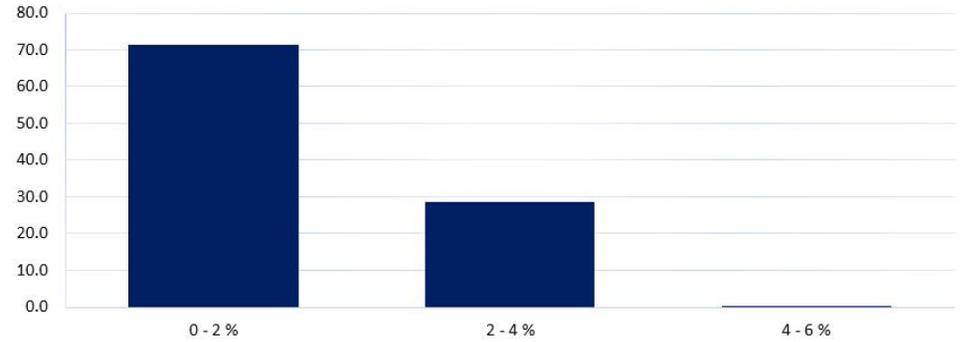
Duration Distribution



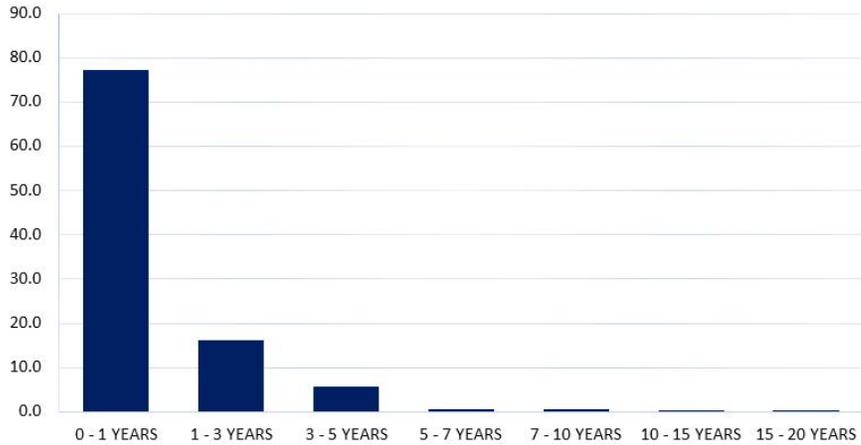
Portfolio Level Characteristics

	POOL 3 ST AGCY INT.
Effective Maturity	0.76
Coupon	1.02
Effective Duration	0.56
Quality Rating (Moody's)	AA-1

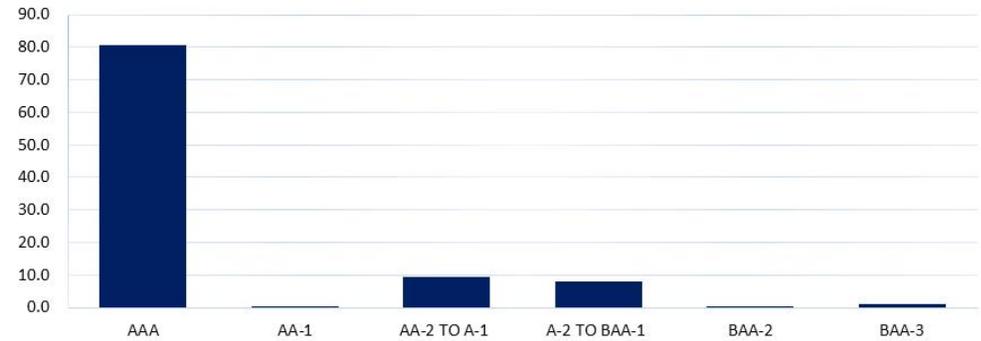
Coupon Distribution



Expected Maturity Distribution

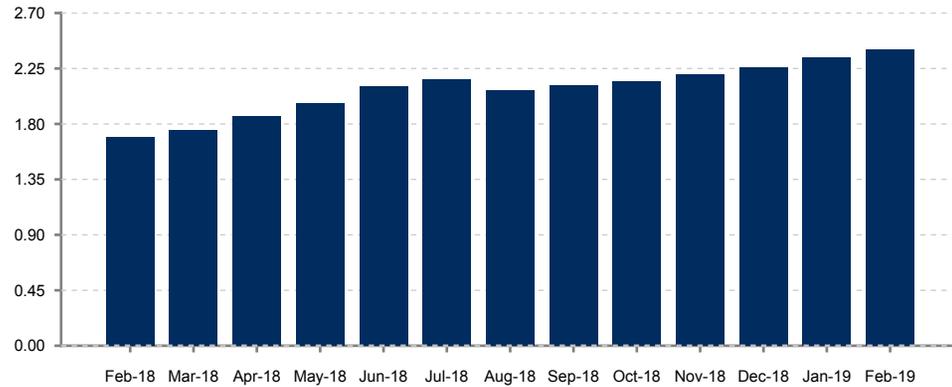


Rating Distribution





Net Yield

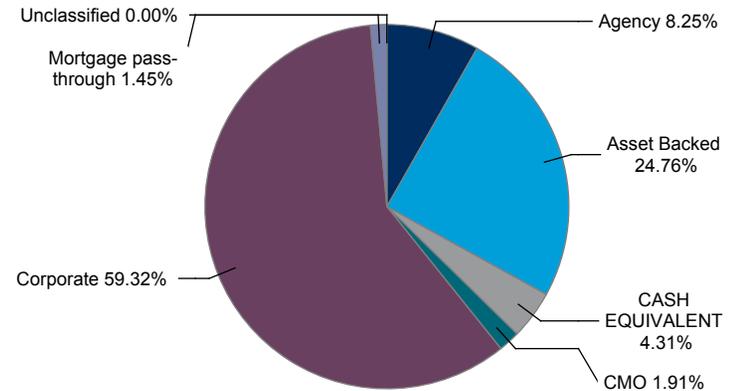


Current Mth **Prior Mth** **1 Year Ago**

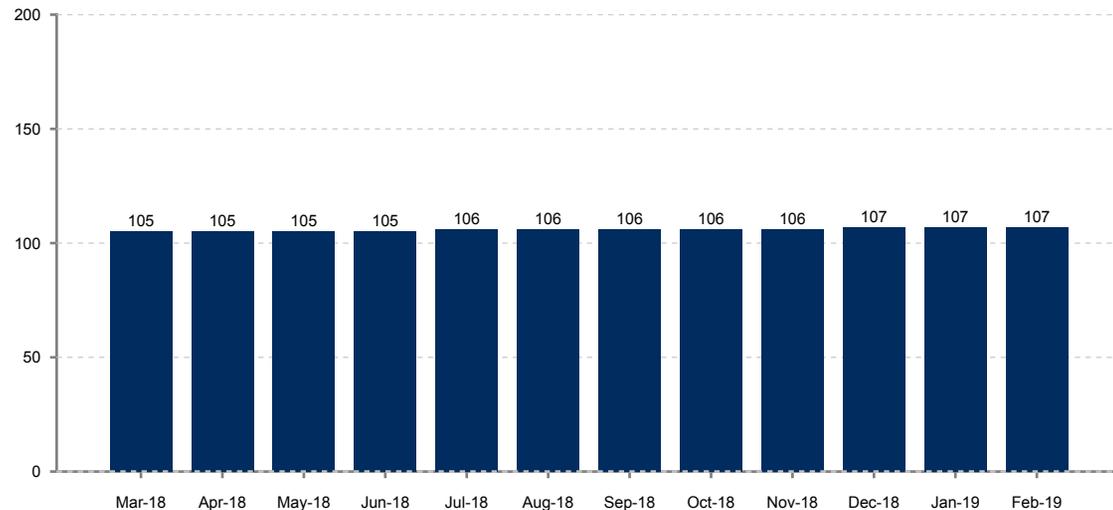
POOL 3 ST AGCY EXT.	2.40	2.34	1.69
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Asset Allocation

POOL 3 ST AGCY EXT.	Ending Market Value 107,395,262
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Net Asset Values over Time (\$MM)

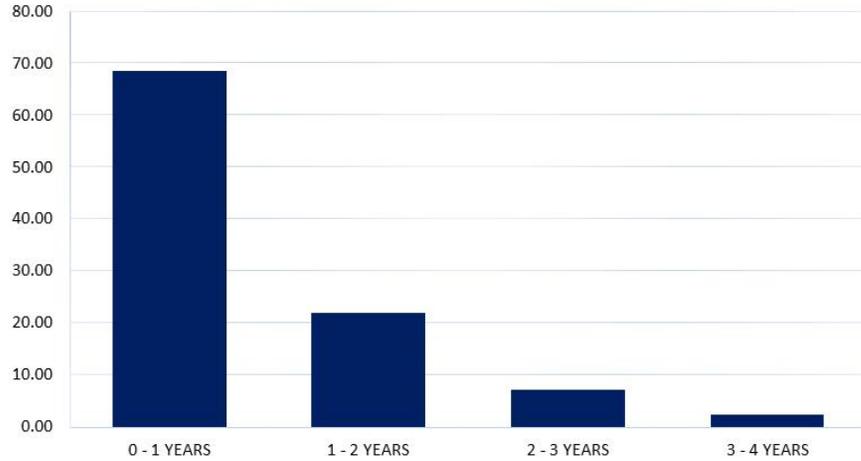


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 3 ST AGCY EXT.		
FANNIE MAE	2,983,470	2.78
FREDDIE MAC	2,763,883	2.57
DISCOVER CARD EXECUTION NOTE T	2,106,791	1.96
PACCAR FINANCIAL CORP	2,075,178	1.93
AUSTR & NEW ZEALND B	2,022,574	1.88
CISCO SYSTEMS INC	2,004,219	1.87
FANNIE MAE	1,988,388	1.85
BANK OF AMERICA CREDIT CARD TR	1,927,072	1.79
FHLMC MULTIFAMILY STRUCTURED P	1,916,663	1.78
BRANCH BANKING + TRUST	1,862,155	1.73



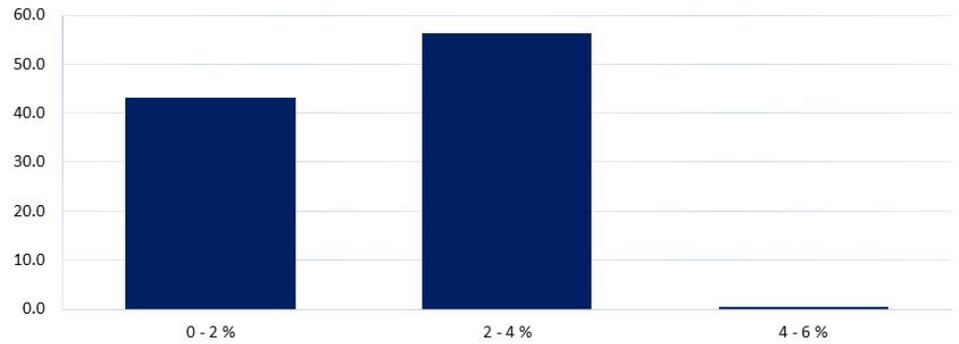
Duration Distribution



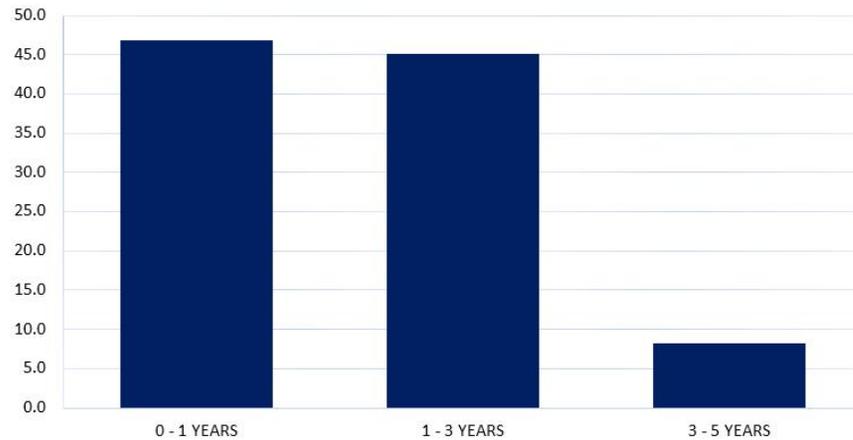
Portfolio Level Characteristics

	POOL 3 ST AGCY EXT.
Effective Maturity	1.29
Coupon	2.27
Effective Duration	0.76
Quality Rating (Moody's)	AA-3

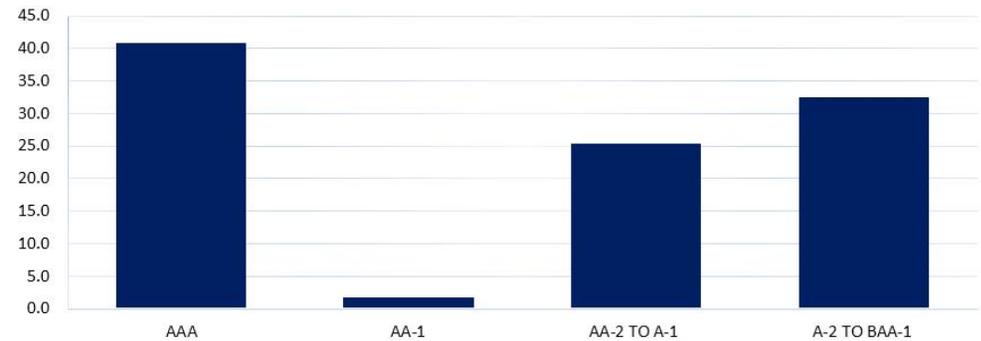
Coupon Distribution



Expected Maturity Distribution

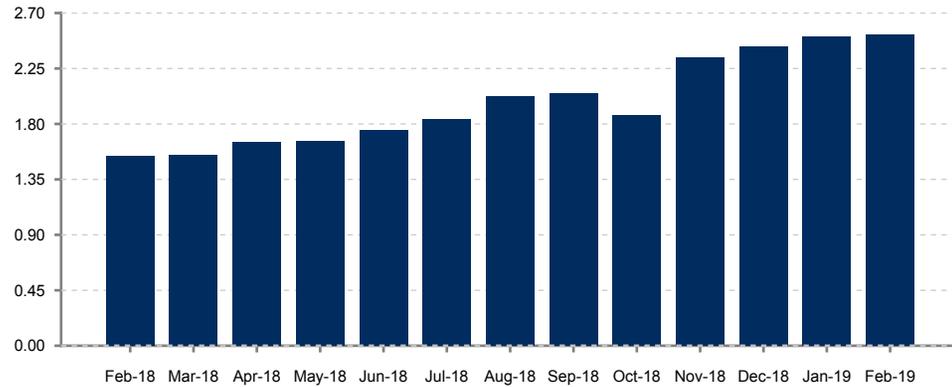


Rating Distribution





Net Yield

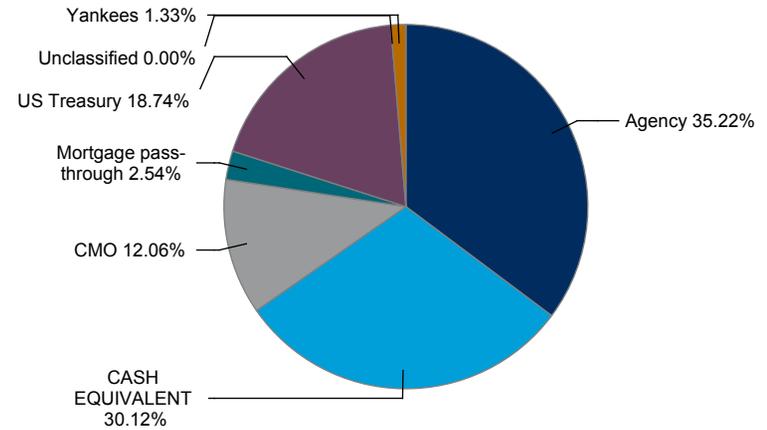


Current Mth **Prior Mth** **1 Year Ago**

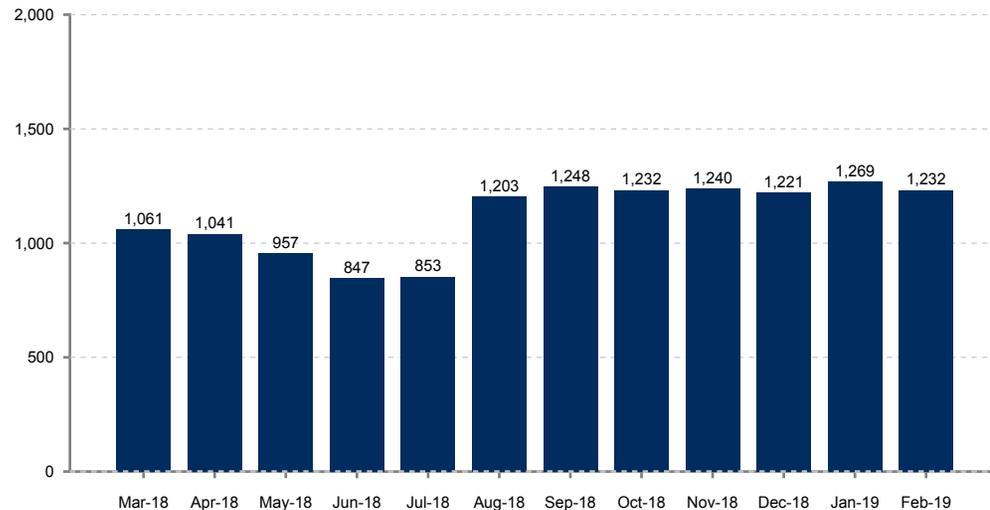
POOL 4 ST AGCY GOV.	2.52	2.51	1.54
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Asset Allocation

	Ending Market Value
POOL 4 ST AGCY GOV.	1,231,918,219



Net Asset Values over Time (\$MM)

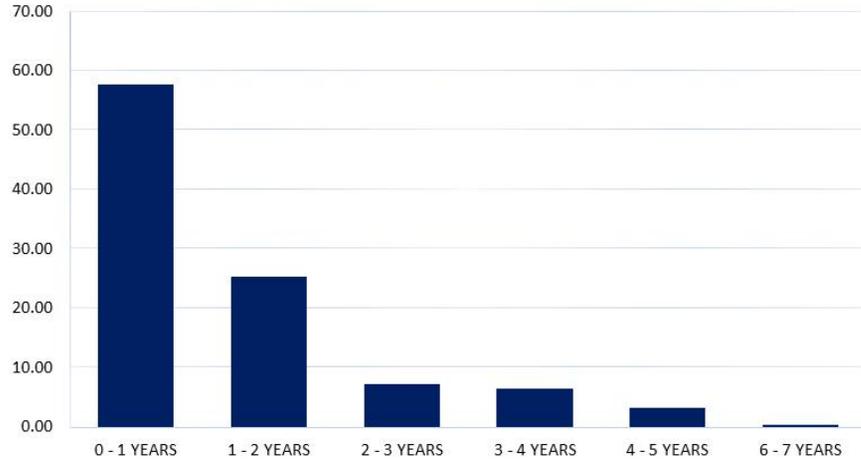


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 4 ST AGCY GOV.		
TREASURY BILL	124,087,047	10.07
SOUTH STREET REPO	100,006,806	8.12
TREASURY BILL	79,273,155	6.43
US TREASURY N/B	65,073,191	5.28
US TREASURY N/B	55,794,875	4.53
WELLS FARGO REPO	55,010,771	4.47
AMHERST PIERPONT	50,003,611	4.06
FANNIE MAE	48,264,617	3.92
TREASURY BILL	34,780,959	2.82
AMHERST PIERPONT	32,048,316	2.60



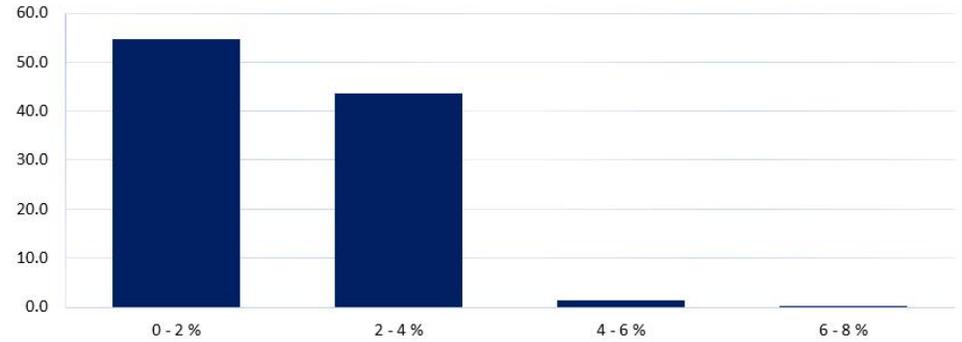
Duration Distribution



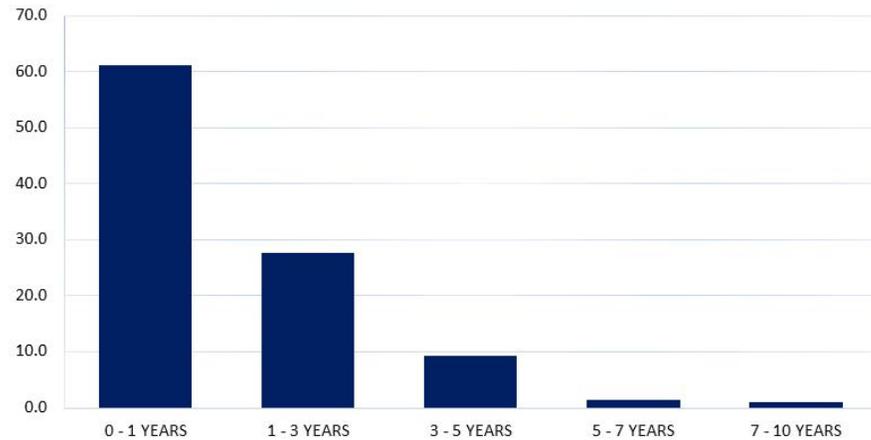
Portfolio Level Characteristics

	POOL 4 ST AGCY GOV.
Effective Maturity	1.20
Coupon	1.41
Effective Duration	1.07
Quality Rating (Moody's)	AAA

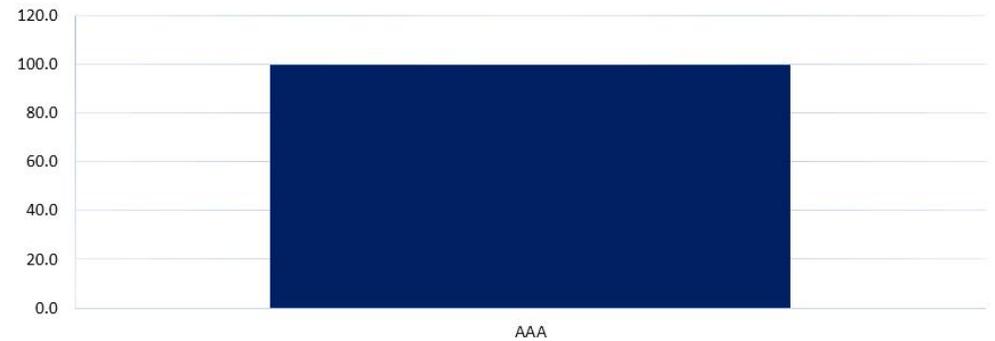
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



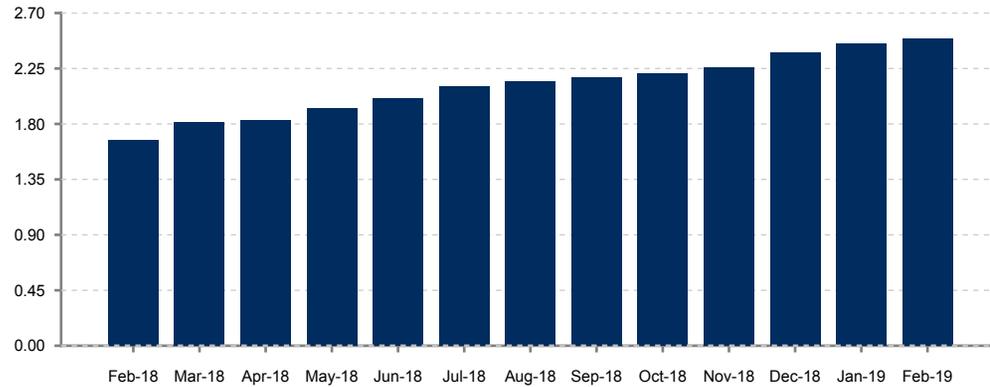
OFFICE OF THE ARIZONA STATE TREASURER

February 28, 2019

POOL 10 ST OPERATING INT



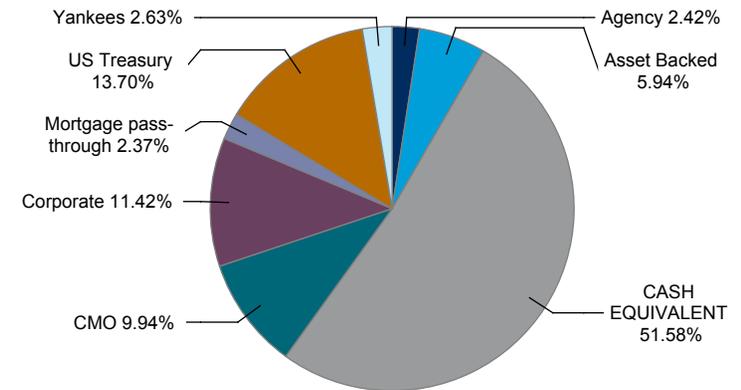
Net Yield



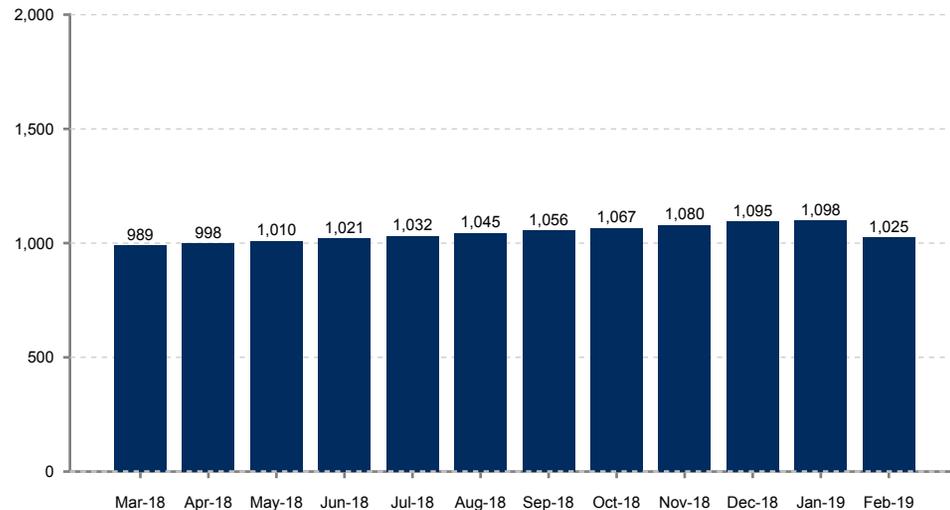
	Current Mth	Prior Mth	1 Year Ago
POOL 10 ST OPER INT	2.49	2.45	1.67

Asset Allocation

	Ending Market Value
POOL 10 ST OPER INT	1,024,964,976



Net Asset Values over Time (\$MM)

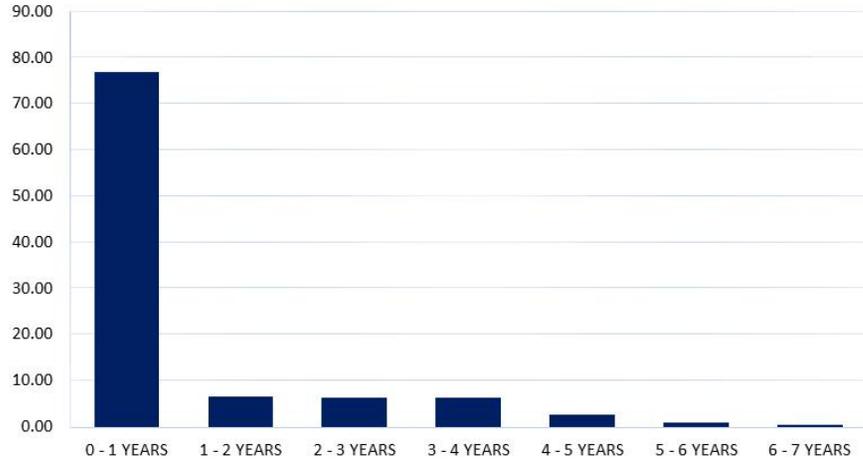


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPER INT		
US TREASURY N/B	29,864,215	2.91
US TREASURY N/B	25,032,227	2.44
GOTHAM FDG CORP	24,966,708	2.44
CRC FUNDING LLC	24,959,896	2.44
COCA-COLA COMPANY	24,776,861	2.42
CROWN POINT CAP CO.	20,089,289	1.96
CEDAR SPRING CPTL CO	19,995,833	1.95
INSTITUTIONAL SECURED	19,995,750	1.95
LIBERTY FUNDING LLC	19,981,200	1.95
ATLANTIC ASSET SECUR	19,972,900	1.95



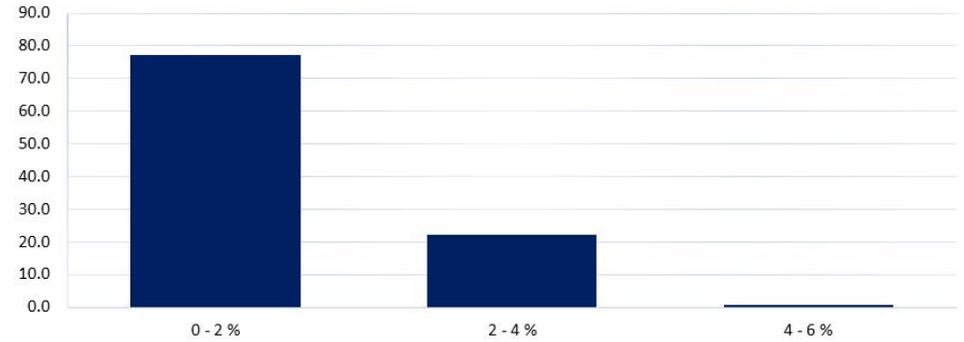
Duration Distribution



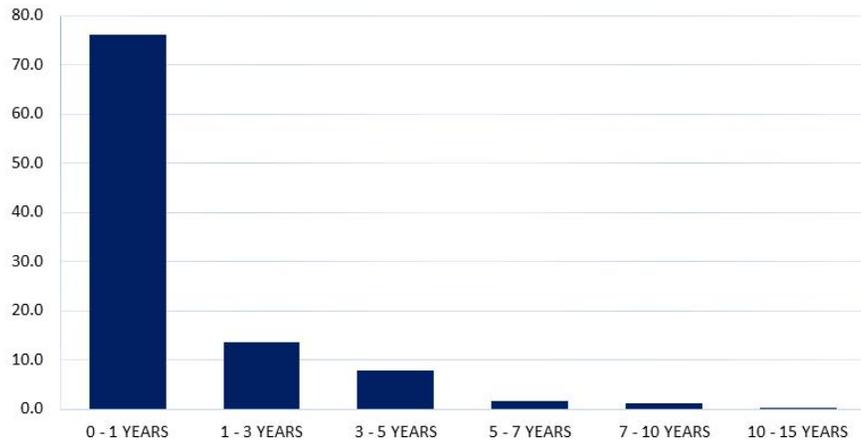
Portfolio Level Characteristics

	POOL 10 ST OPERATING INT
Effective Maturity	0.95
Coupon	1.02
Effective Duration	0.84
Quality Rating (Moody's)	AA-1

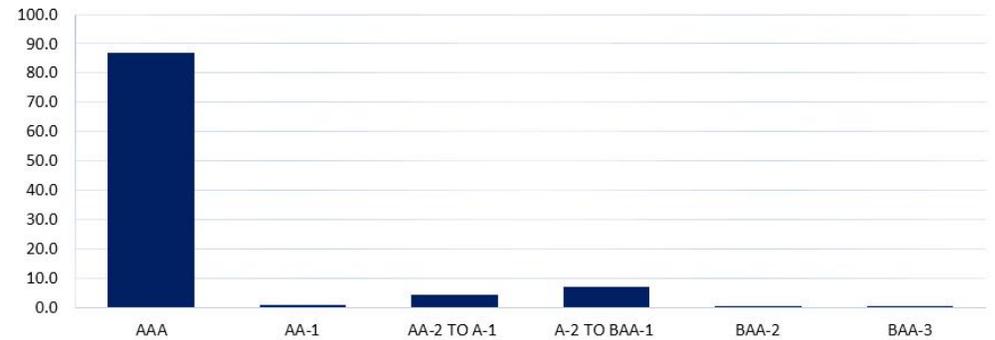
Coupon Distribution



Expected Maturity Distribution

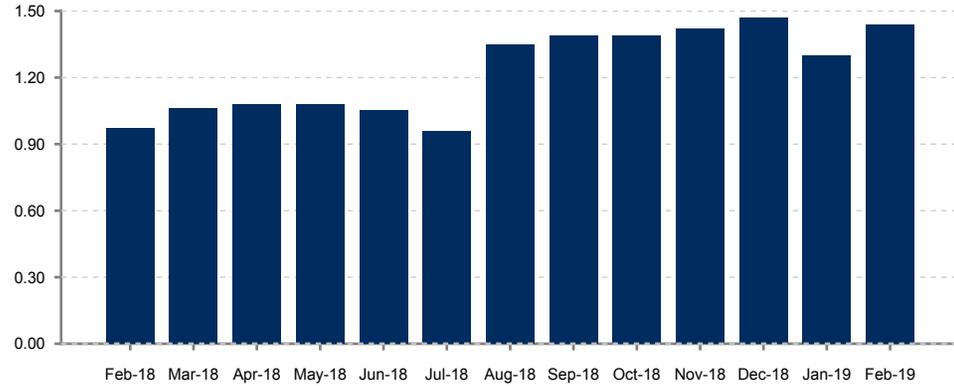


Rating Distribution





Net Yield



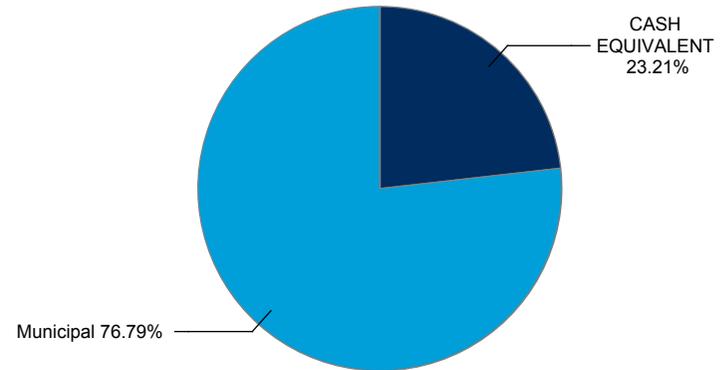
	Current Mth	Prior Mth	1 Year Ago
POOL 10 ST OPERATING	1.44	1.30	0.97

Asset Allocation

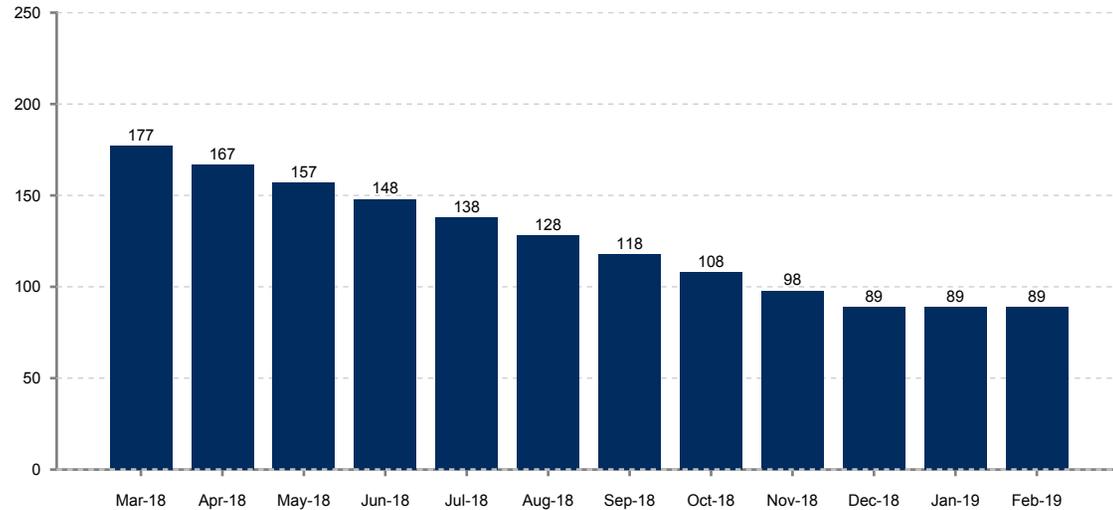
POOL 10 ST OPERATING

Ending Market Value

88,775,456



Net Asset Values over Time (\$MM)

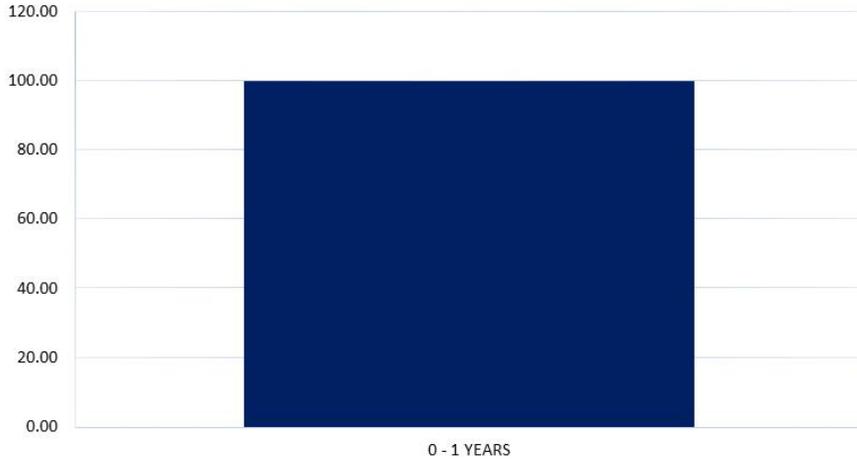


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 10 ST OPERATING		
DREYFUS TAX EXEMPT CA	20,627,159	23.24
ALPINE UT SCH DIST	10,292,268	11.59
PRINCE GEORGES CNTY	10,033,855	11.30
SHELBY CNTY TN	9,700,616	10.93
WISCONSIN ST PETROLEU	8,681,118	9.78
GEORGIA ST ROAD TOLL	8,046,250	9.06
ROUND ROCK TX INDEP S	5,301,839	5.97
MARYLAND ST	5,037,701	5.67
CONNECTICUT ST HLTH	3,703,905	4.17
CLEVELAND CUYAHOGA C	3,524,449	3.97



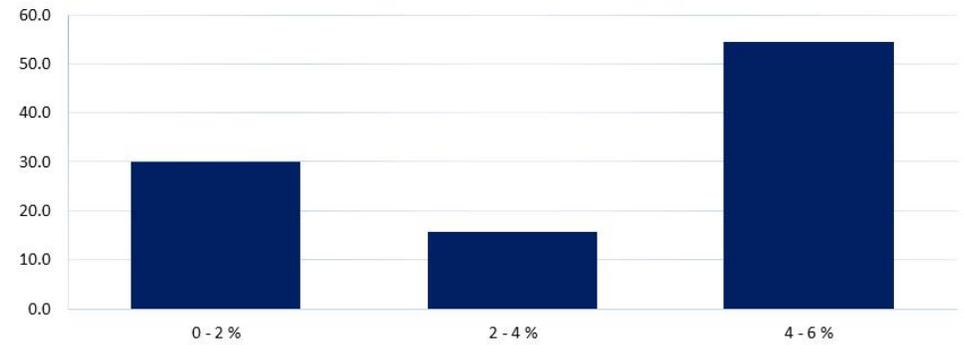
Duration Distribution



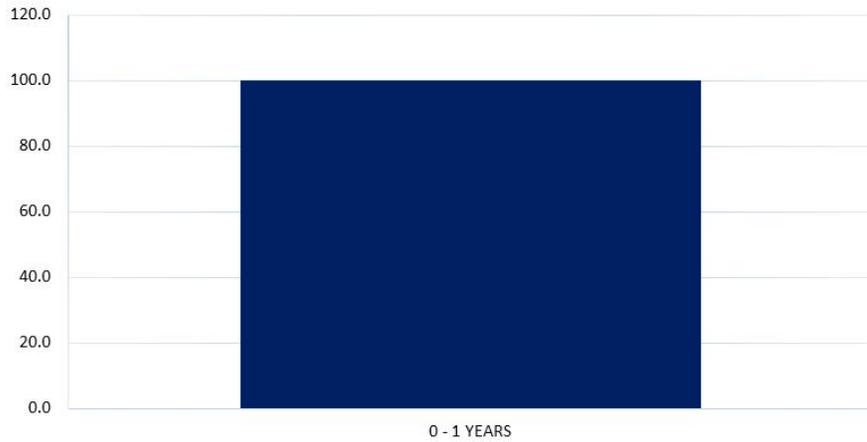
Portfolio Level Characteristics

	POOL 10 ST OPERATING
Effective Maturity	0.15
Coupon	4.47
Effective Duration	0.15
Quality Rating (Moody's)	AA-1

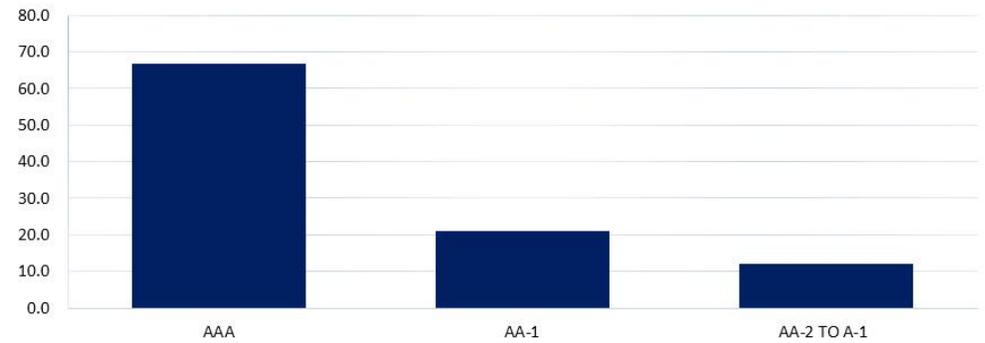
Coupon Distribution



Expected Maturity Distribution

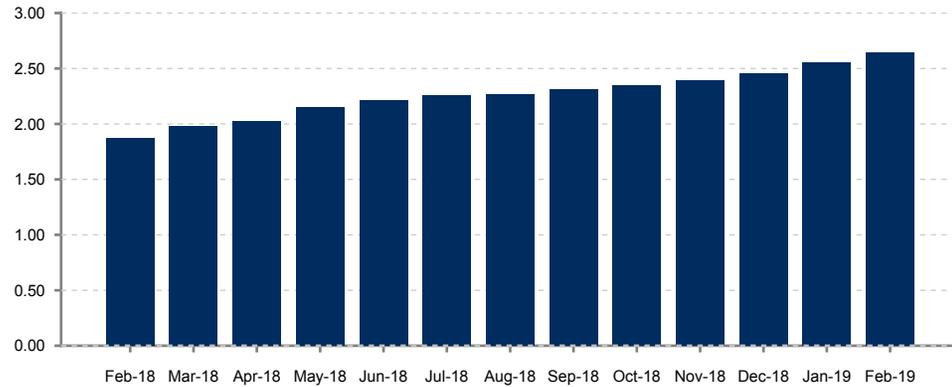


Rating Distribution





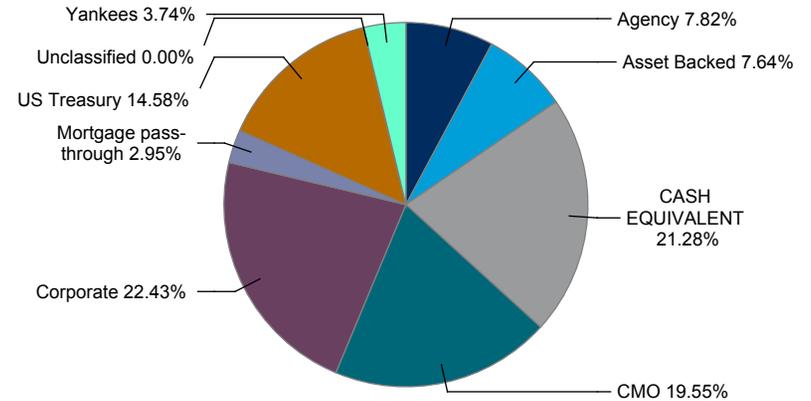
Net Yield



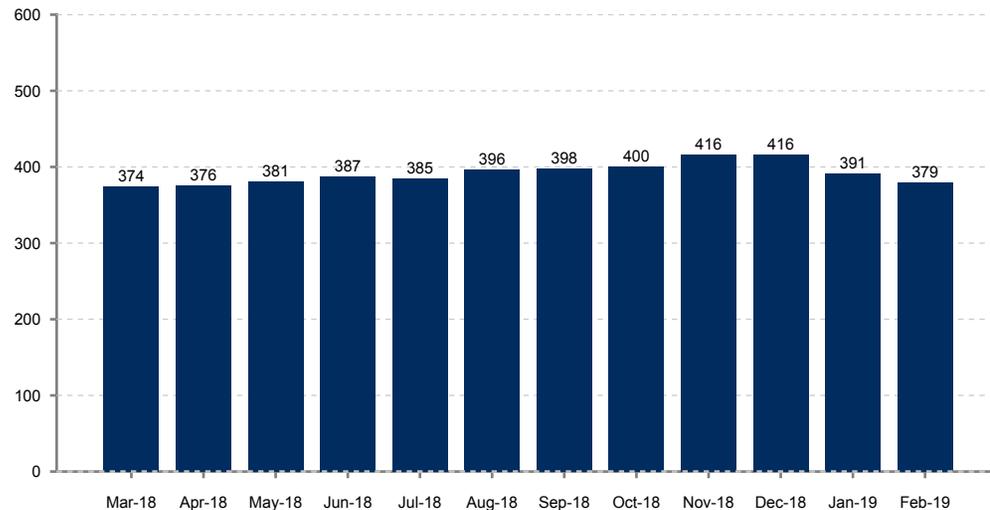
	Current Mth	Prior Mth	1 Year Ago
POOL 12 CAWCD MED TRM	2.64	2.55	1.87

Asset Allocation

	Ending Market Value
POOL 12 CAWCD MED TRM	379,174,791



Net Asset Values over Time (\$MM)

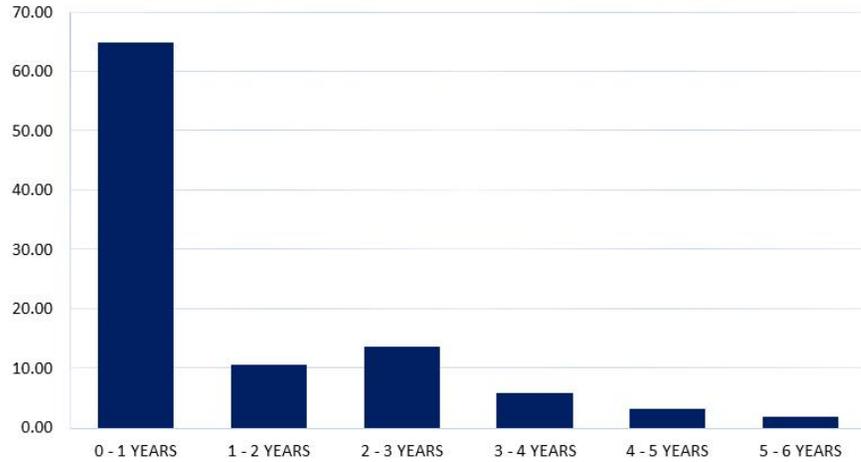


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 12 CAWCD MED TRM		
AMHERST PIERPONT	31,002,222	8.18
WI TREASURY SEC.	10,148,442	2.68
TREASURY BILL	9,964,420	2.63
TREASURY BILL	9,909,144	2.61
WI TREASURY SEC	9,792,731	2.58
GOVERNMENT NATIONAL MORTGAGE A	6,171,870	1.63
FANNIE MAE	5,238,033	1.38
FREDDIE MAC	5,200,213	1.37
FREDDIE MAC	5,094,433	1.34
US TREASURY N/B	5,077,343	1.34



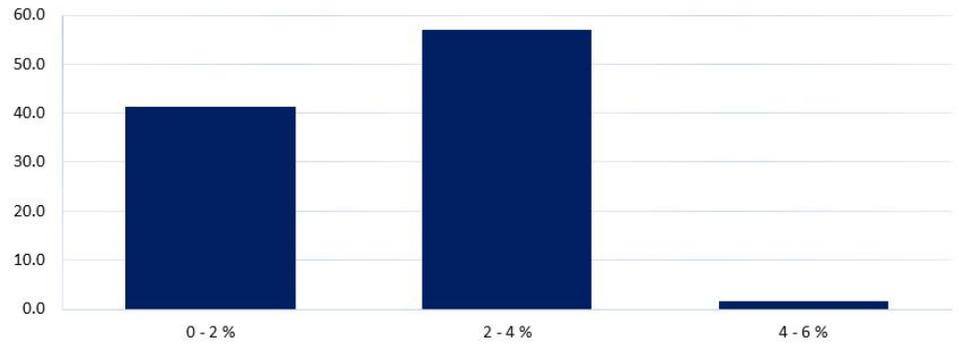
Duration Distribution



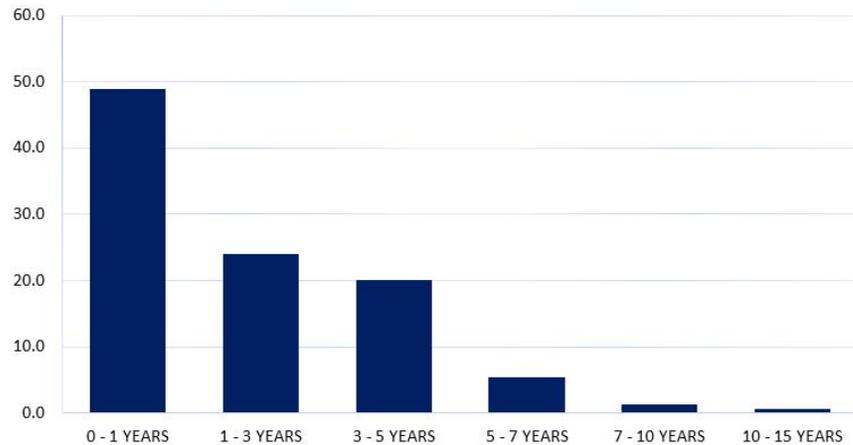
Portfolio Level Characteristics

	POOL 12 CAWCD MED TRM
Effective Maturity	1.85
Coupon	2.08
Effective Duration	1.13
Quality Rating (Moody's)	AA-1

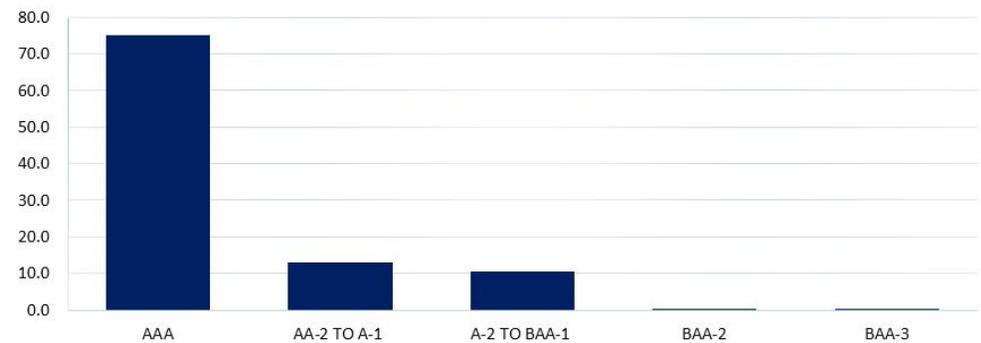
Coupon Distribution



Expected Maturity Distribution

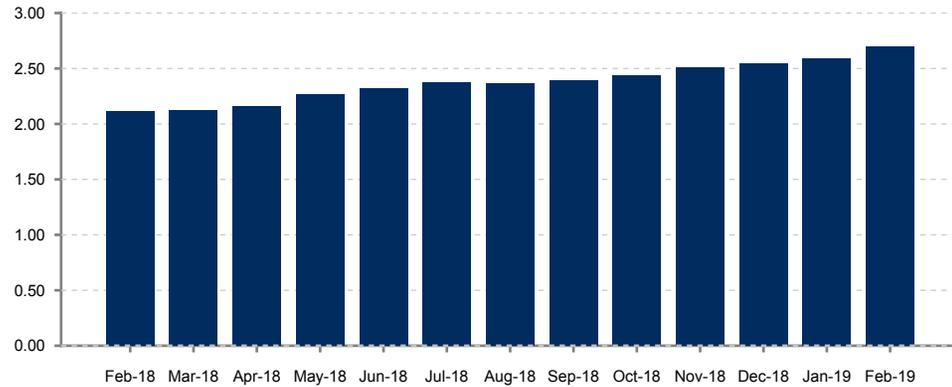


Rating Distribution





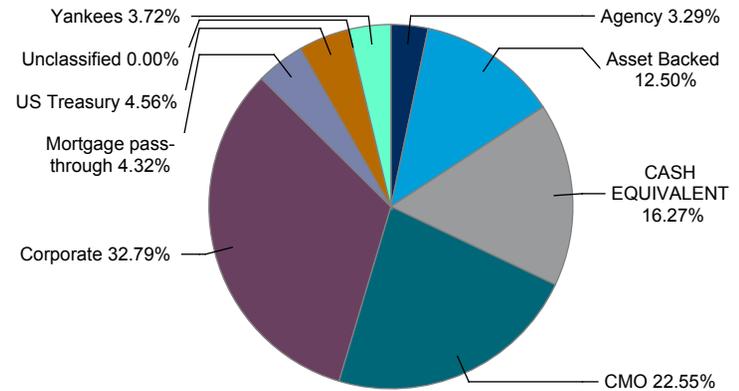
Net Yield



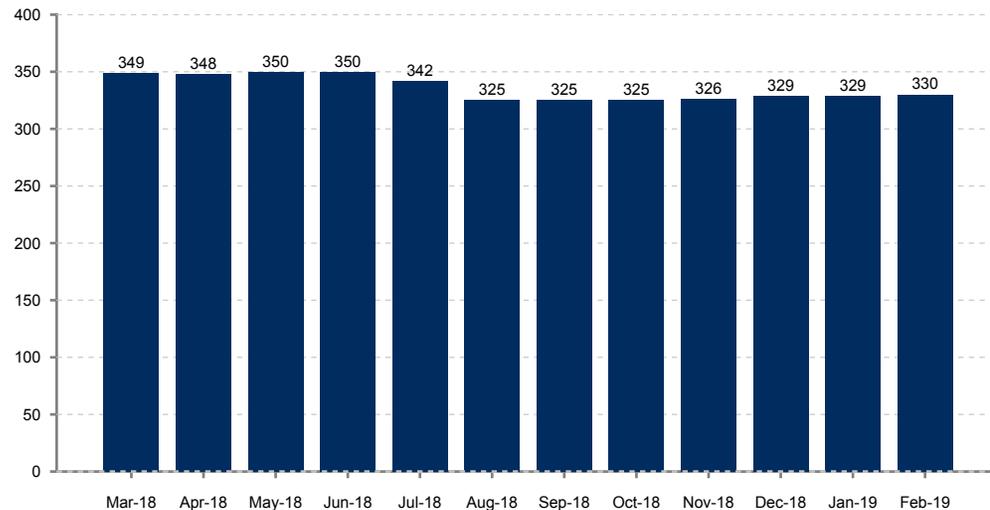
	Current Mth	Prior Mth	1 Year Ago
POOL 16 ECDHB	2.70	2.59	2.11

Asset Allocation

	Ending Market Value
POOL 16 ECDHB	329,975,456



Net Asset Values over Time (\$MM)

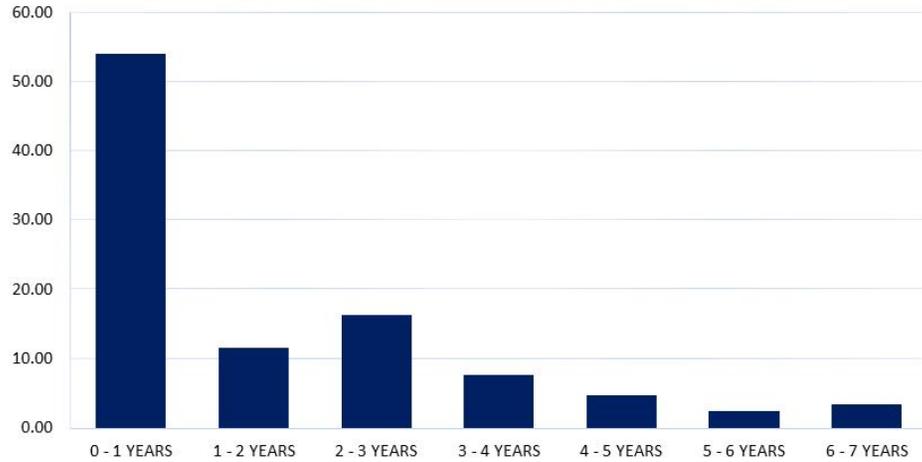


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 16 ECDHB		
AMHERST PIERPONT	17,001,218	5.15
FANNIE MAE	6,175,032	1.87
BANK OF NY MELLON CORP	5,133,316	1.56
WI TREASURY SEC.	5,074,221	1.54
AMERICAN EXPRESS CREDIT	5,049,343	1.53
AMERICAN HONDA FINANCE	5,044,240	1.53
CHEVRON CORP	5,041,206	1.53
JOHN DEERE CAPITAL CORP	5,040,617	1.53
CISCO SYSTEMS INC	5,038,399	1.53
BRANCH BANKING + TRUST	5,032,851	1.53



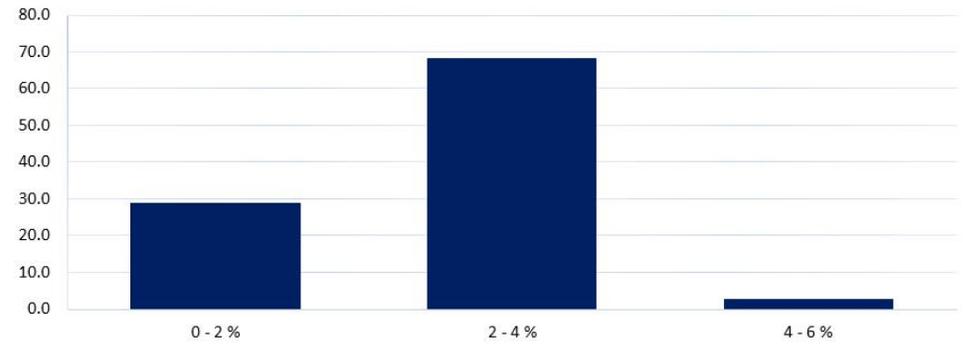
Duration Distribution



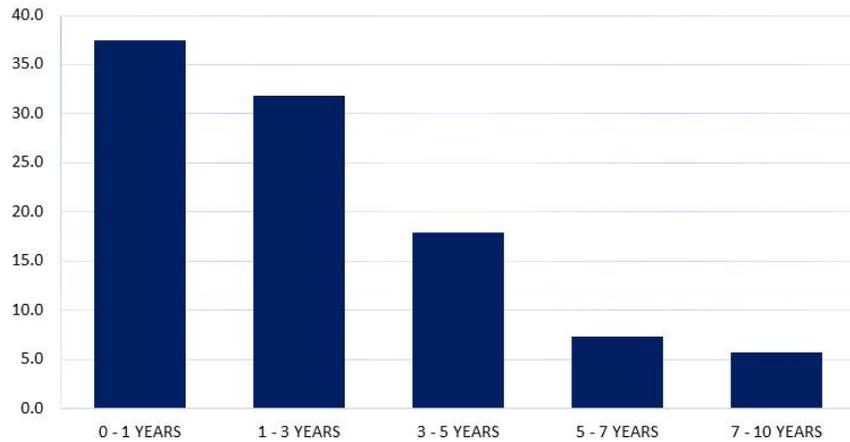
Portfolio Level Characteristics

	POOL 16 ECDHB
Effective Maturity	2.31
Coupon	2.44
Effective Duration	1.55
Quality Rating (Moody's)	AA-2

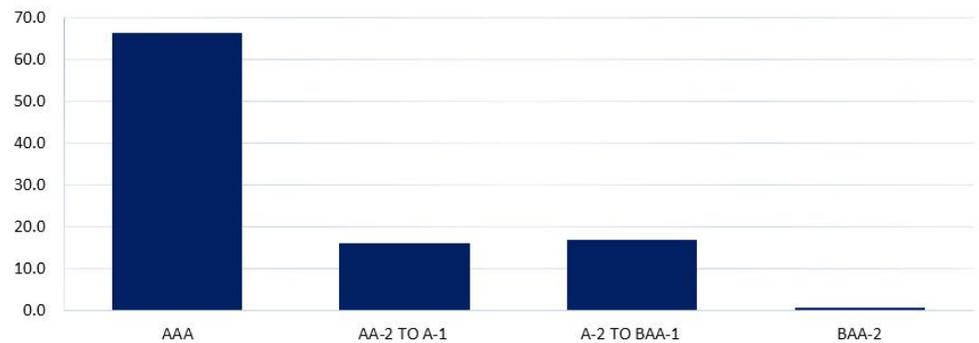
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



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**LGIP & LGIP- GOV
 PORTFOLIO YIELD ANALYSIS
 FEBRUARY 2019**

NET EARNINGS

FUND	DESCRIPTION	Current Month 02/28/19	Prior Month 01/31/19	Prior Year 02/28/18	Net Asset Value Per Share
5	LGIP	2,983,112	3,343,191	1,495,874	1.0000
7	LGIP - GOV *	2,415,716	2,645,774	1,459,767	1.0000
	TOTAL LGIP & LGIP-GOV	5,398,828	5,988,965	2,955,641	

YIELDS

<u>MONTHLY</u>		Current Month 02/28/19	Prior Month 01/31/19	Prior Year 2/28/18
5	LGIP (NET)	2.55%	2.54%	1.43%
	S&P LGIP Index	2.41%	2.36%	1.34%
7	LGIP - GOV * (NET)	2.40%	2.40%	1.35%
	Trailing 3-mo T-bill	2.40%	2.38%	1.43%

FISCAL YEAR TO DATE

5	LGIP (NET)	2.27%	2.23%	1.18%
	S&P LGIP Index	2.13%	2.10%	1.09%
7	LGIP - GOV * (NET)	2.12%	2.08%	1.07%
	Trailing 3-mo T-bill	2.19%	2.16%	1.15%

NOTE - the Pool 7 benchmark measurement was revised in October 2018; prior period benchmarks were also changed to reflect the revised measure.

* 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
 FEBRUARY 2019**

NET EARNINGS

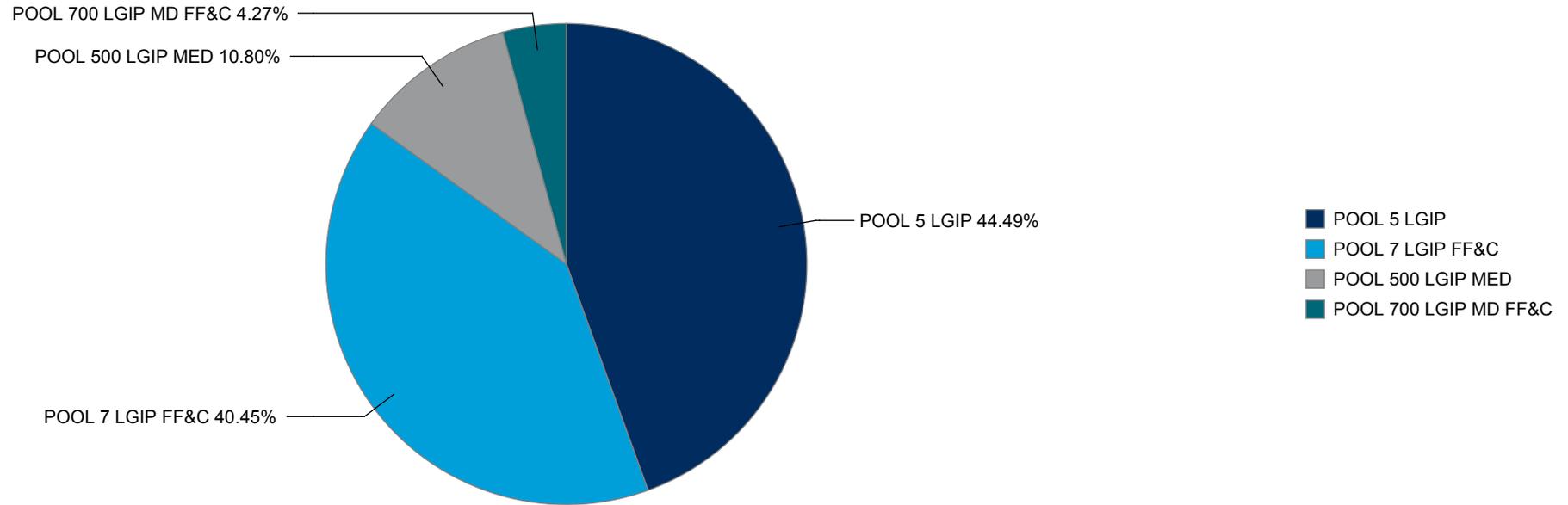
FUND	DESCRIPTION	Current Month 02/28/19	Prior Month 01/31/19	Prior Year 02/28/18	Net Asset Value Per Share
500	LGIP - MED TERM POOL	670,127	757,230	526,586	1.0249
700	LGIP - FF&C MED TERM POOL	244,222	257,650	197,322	0.9981
	TOTAL LGIP MEDIUM TERM POOLS	914,349	1,014,880	723,908	

YIELDS

<u>MONTHLY</u>		Current Month 02/28/19	Prior Month 01/31/19	Prior Year 2/28/18
500	LGIP - MED TERM (NET)	2.51%	2.51%	1.93%
	20% S&P LGIP Index /	2.63%	2.70%	2.16%
	80% Bloomberg Barclays 1-3 year US Agg			
700	LGIP - FF&C MED TERM (NET)	2.31%	2.21%	1.69%
	20% Trailing 3-mo T-bill /	2.49%	2.52%	2.05%
	80% Barclay 1-3 year UST			
<u>FISCAL YEAR TO DATE</u>				
500	LGIP - MED TERM (NET)	2.38%	2.37%	1.74%
	20% S&P LGIP Index /	2.72%	2.74%	1.70%
	80% Bloomberg Barclays 1-3 year US Agg			
700	LGIP - FF&C MED TERM (NET)	2.12%	2.09%	1.54%
	20% Trailing 3-mo T-bill /	2.58%	2.60%	1.58%
	80% Bloomberg Barclays 1-3 year UST			

NOTE - all benchmark measurements were revised in October 2018; prior period benchmarks were also changed

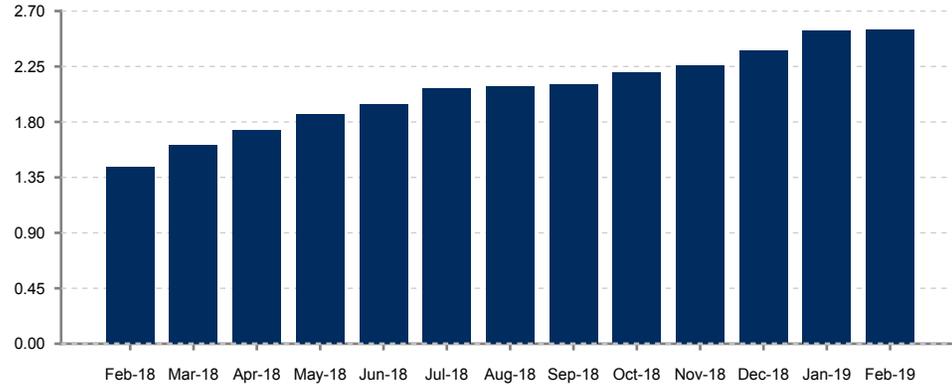
Manager Allocation



	Market Value	% of Portfolio
POOL 5 LGIP	1,435,597,825	44.5
POOL 7 LGIP FF&C	1,305,275,617	40.4
POOL 500 LGIP MED	348,422,358	10.8
POOL 700 LGIP MD FF&C	137,789,591	4.3
TOTAL LGIP	3,227,085,392	100.0



Net Yield

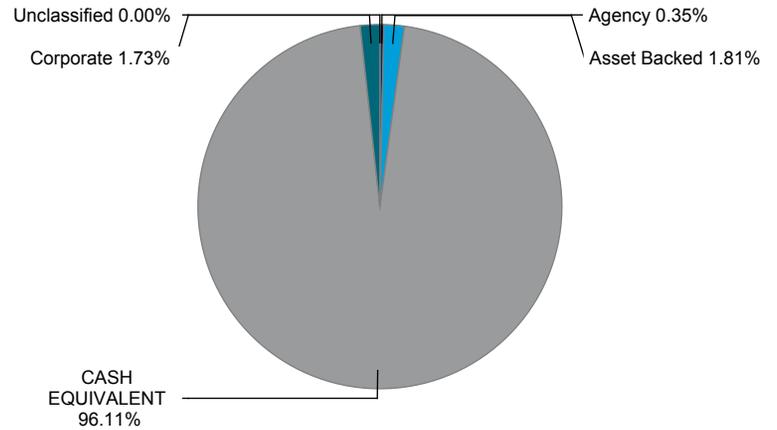


Current Mth **Prior Mth** **1 Year Ago**

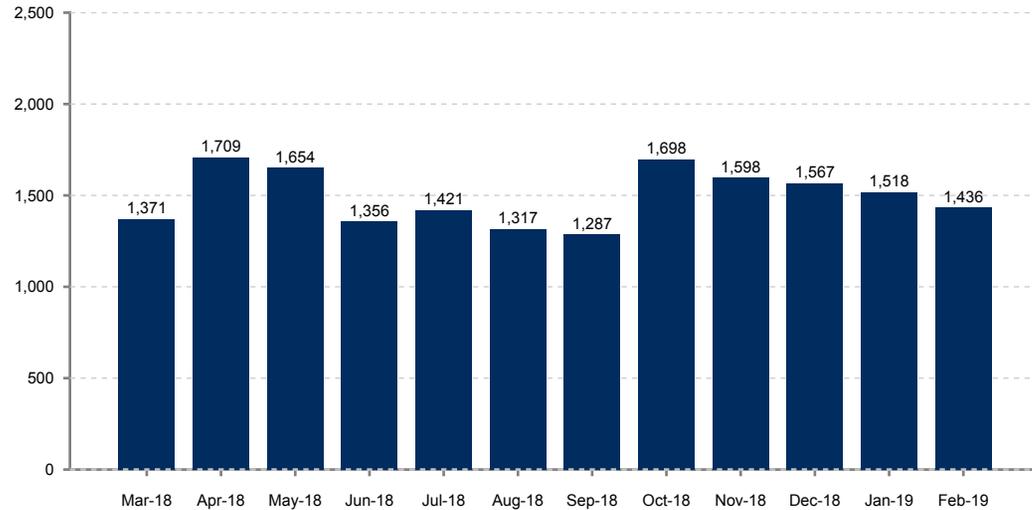
POOL 5 LGIP	2.55	2.54	1.43
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Asset Allocation

	Ending Market Value
POOL 5 LGIP	1,435,597,825



Net Asset Values over Time (\$MM)

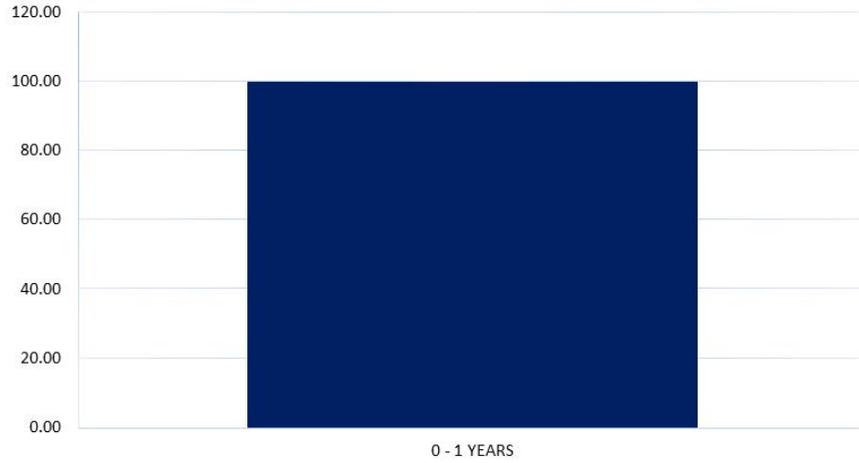


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 5 LGIP		
CREDIT AGRICOLE REPO	150,010,625	10.45
BANK OF AMERICA REPO	100,007,083	6.97
CEDAR SPRING CPTL CO	29,985,125	2.09
NORTHWESTERN UNIVERS	29,934,125	2.09
INTL BK RECON + DEVELOP	25,031,625	1.74
MASSACHUSETTS MUT LIFE INS CO	24,991,285	1.74
MASSACHUSETTS MUT LIFE INS CO	24,987,799	1.74
ATLANTIC ASSET SECUR	24,967,146	1.74
INSTITUTIONAL SECURED	24,953,958	1.74
CUMMINS INC	24,950,806	1.74



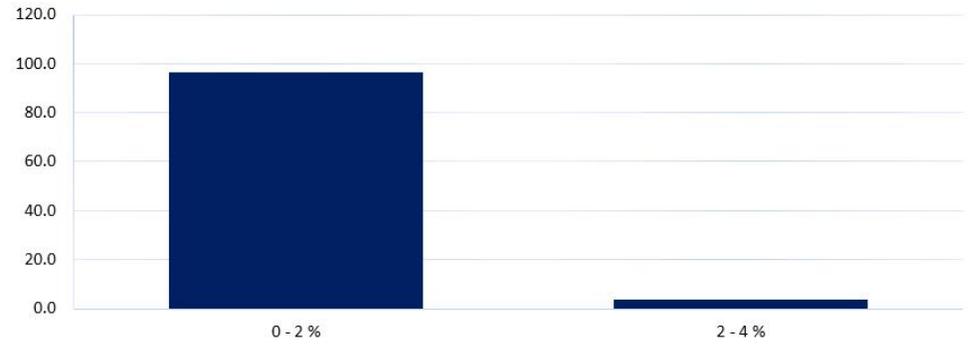
Duration Distribution



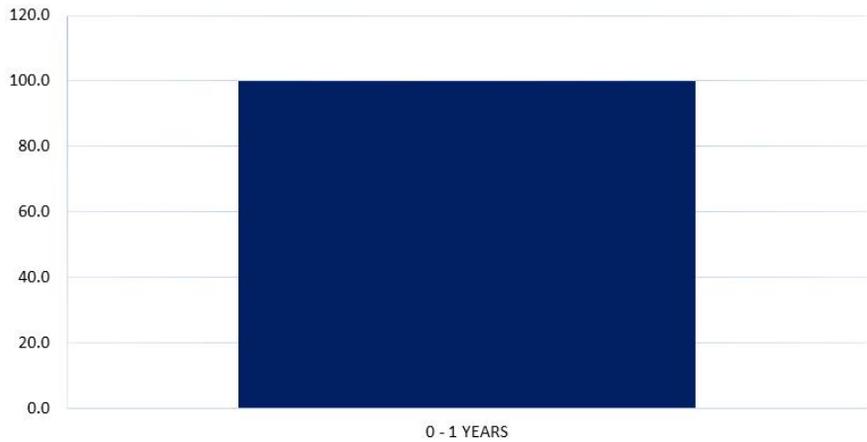
Portfolio Level Characteristics

	POOL 5 LGIP
Effective Maturity	0.10
Coupon	0.09
Effective Duration	0.10
Quality Rating (Moody's)	AAA

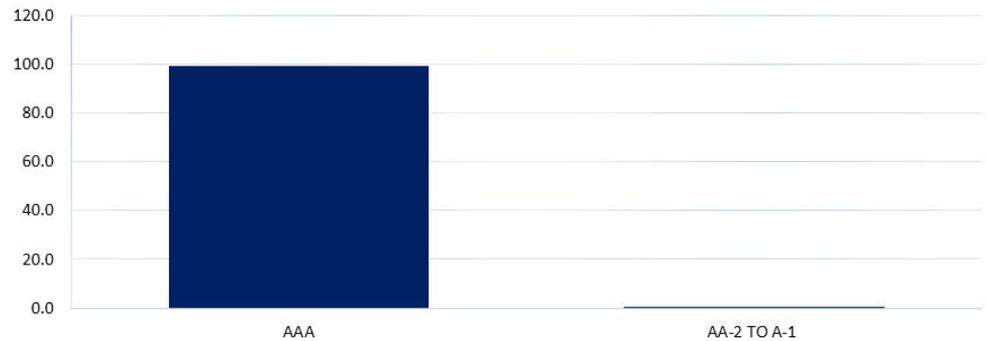
Coupon Distribution



Expected Maturity Distribution

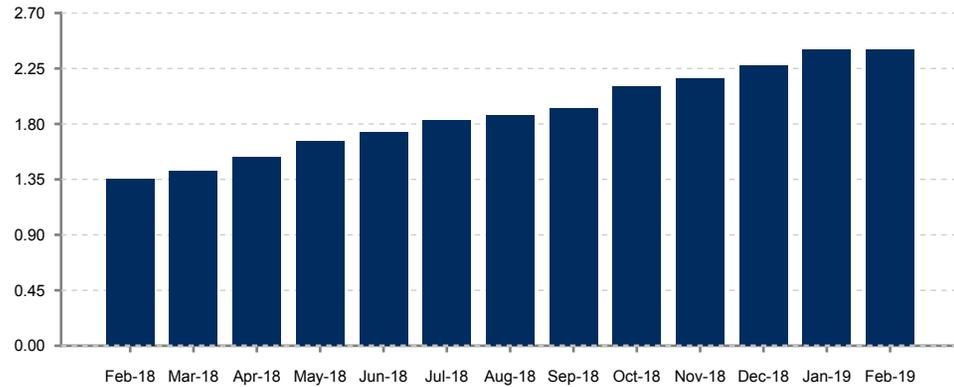


Rating Distribution





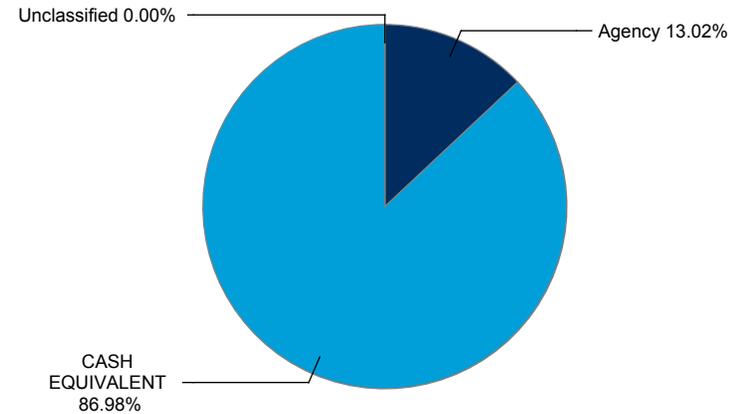
Net Yield



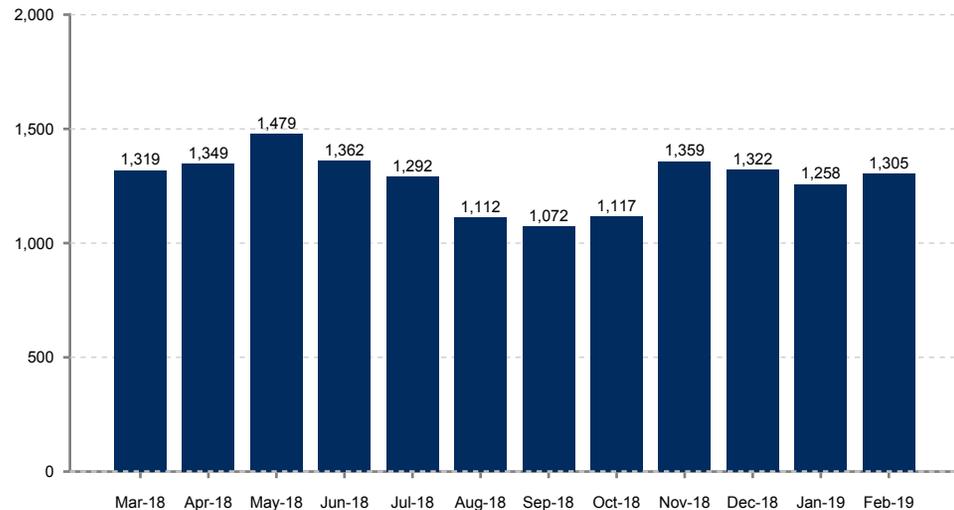
	Current Mth	Prior Mth	1 Year Ago
POOL 7 LGIP FF&C	2.40	2.40	1.35

Asset Allocation

	Ending Market Value
POOL 7 LGIP FF&C	1,305,275,617



Net Asset Values over Time (\$MM)

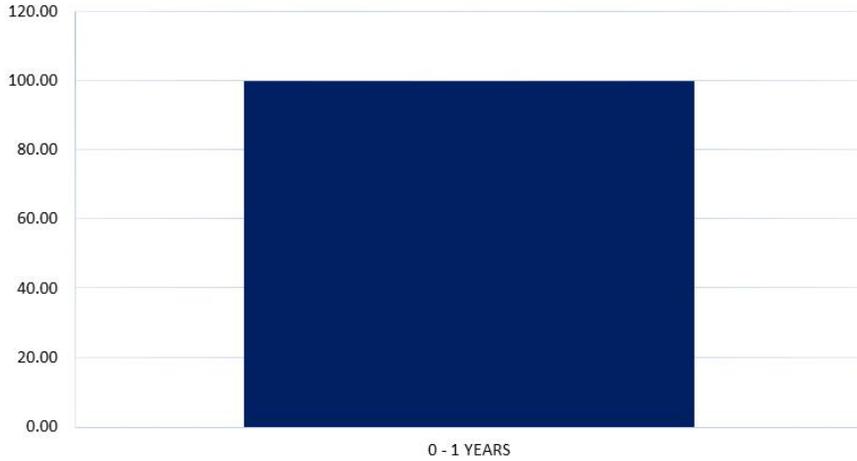


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 7 LGIP FF&C		
GUGGENHEIM SECURITIES REPO	200,014,167	15.32
WELLS FARGO REPO	110,021,542	8.43
AMHERST PIERPONT	101,427,948	7.77
SOUTH STREET REPO	100,122,000	7.67
AMHERST PIERPONT	100,048,028	7.66
AMHERST PIERPONT	85,163,956	6.52
BMO TRIPARTY MTGE CLAS/ISIT/RTRP MATU//20121224	83,469,582	6.39
TREASURY BILL	69,744,403	5.34
TREASURY BILL	69,646,811	5.34
TREASURY BILL	64,884,059	4.97



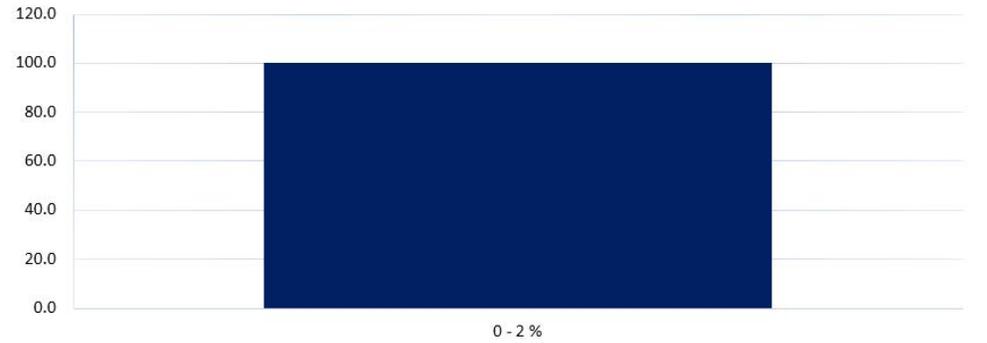
Duration Distribution



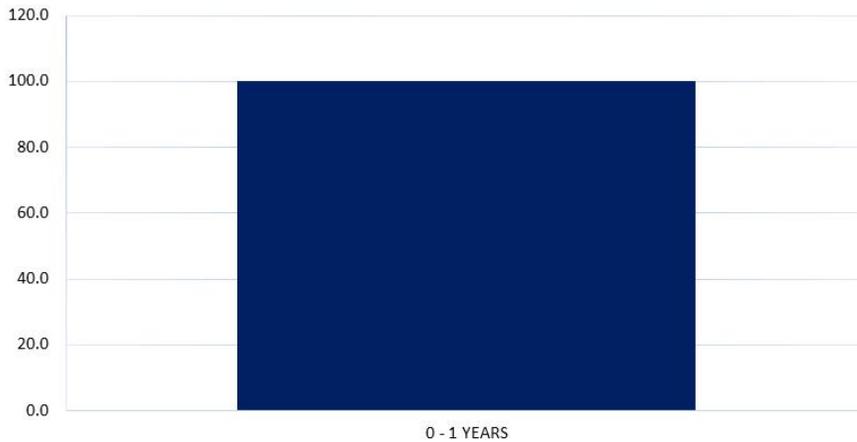
Portfolio Level Characteristics

	POOL 7 LGIP FF&C
Effective Maturity	0.08
Coupon	0.00
Effective Duration	0.09
Quality Rating (Moody's)	AAA

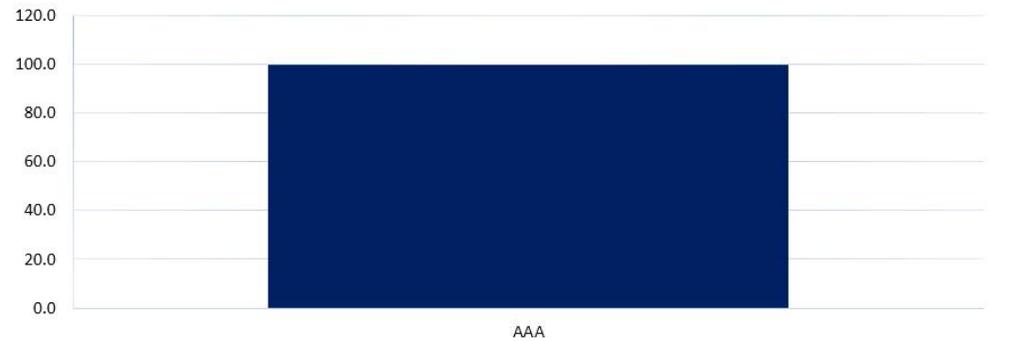
Coupon Distribution



Expected Maturity Distribution

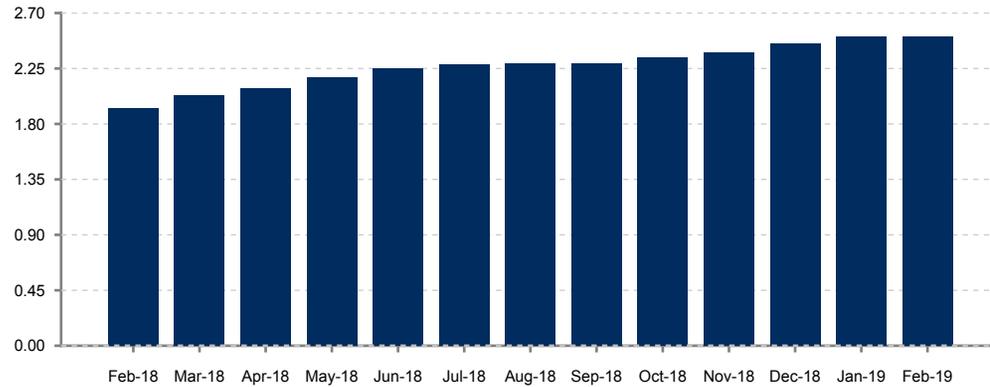


Rating Distribution





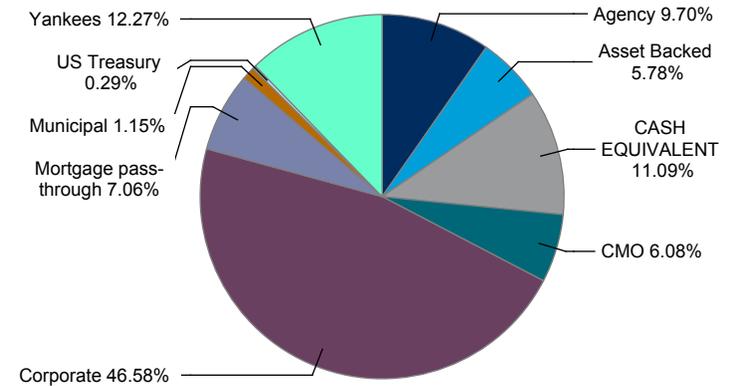
Net Yield



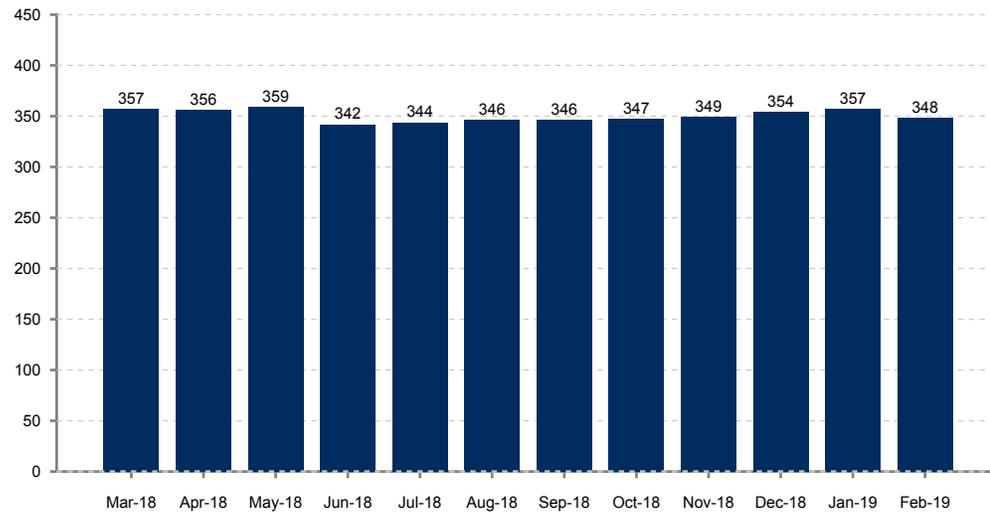
	Current Mth	Prior Mth	1 Year Ago
POOL 500 LGIP MED	2.51	2.51	1.93

Asset Allocation

	Ending Market Value
POOL 500 LGIP MED	348,422,358



Net Asset Values over Time (\$MM)

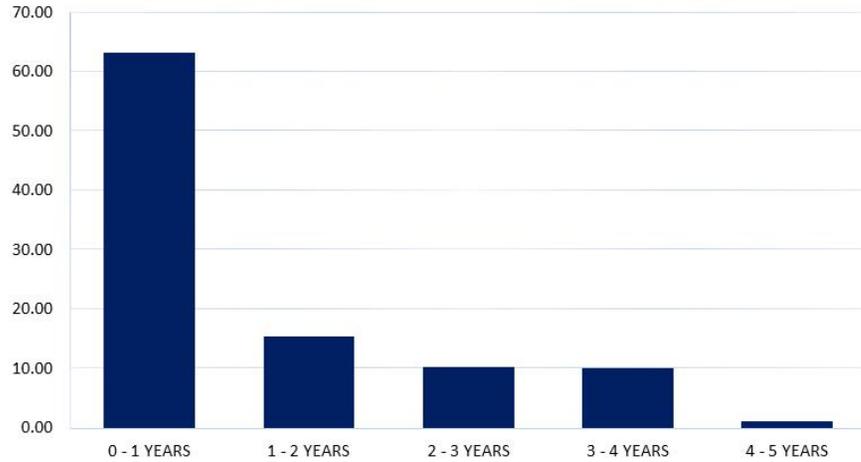


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 500 LGIP MED		
MICROSOFT CORP	7,947,003	2.28
GOLDMAN SACHS GROUP INC	7,872,592	2.26
APPLE INC	7,026,498	2.02
AMHERST PIERPONT	7,000,502	2.01
MANUF + TRADERS TRUST CO	6,988,835	2.01
BANK OF AMERICA CORP	5,837,076	1.68
MERCK + CO INC	5,526,643	1.59
ROYAL BANK OF CANADA	5,112,062	1.47
CVS HEALTH CORP	5,048,230	1.45
BANK OF MONTREAL	5,047,565	1.45



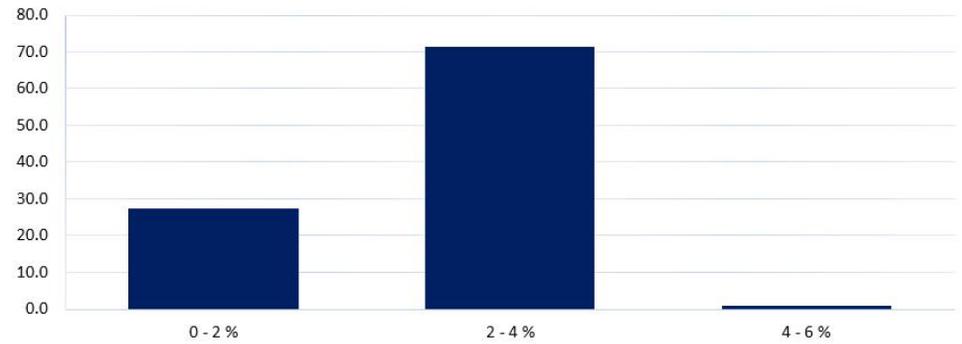
Duration Distribution



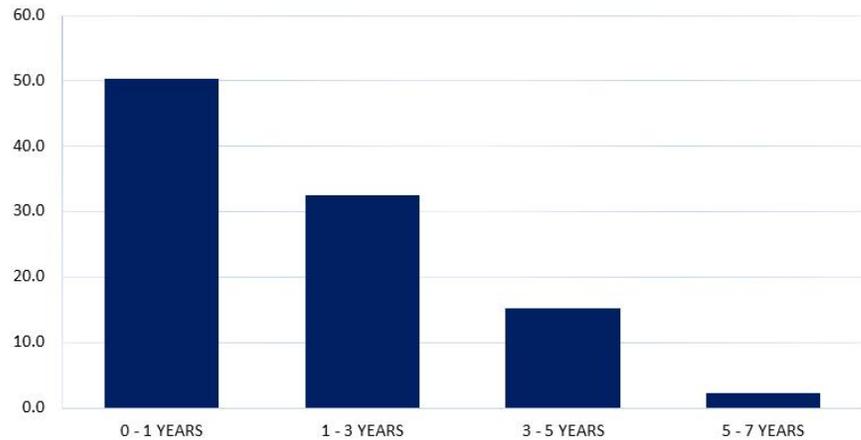
Portfolio Level Characteristics

	POOL 500 LGIP MED
Effective Maturity	1.49
Coupon	2.33
Effective Duration	1.06
Quality Rating (Moody's)	AA-2

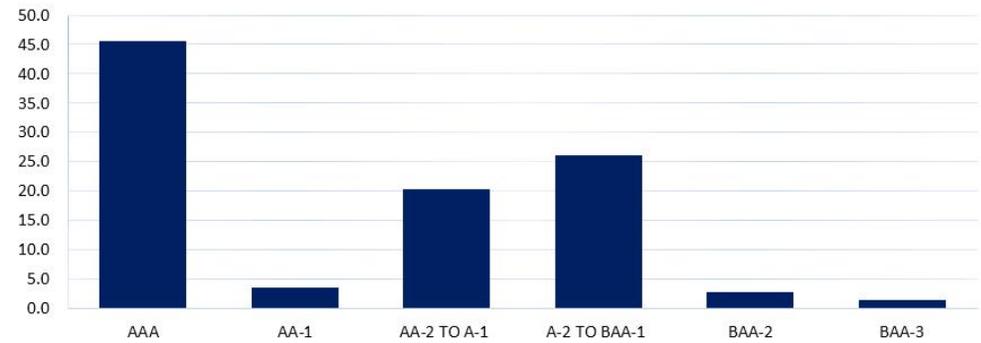
Coupon Distribution



Expected Maturity Distribution

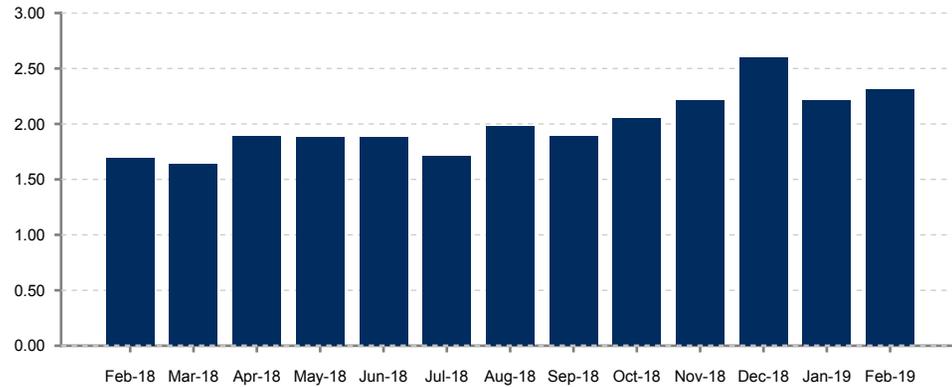


Rating Distribution





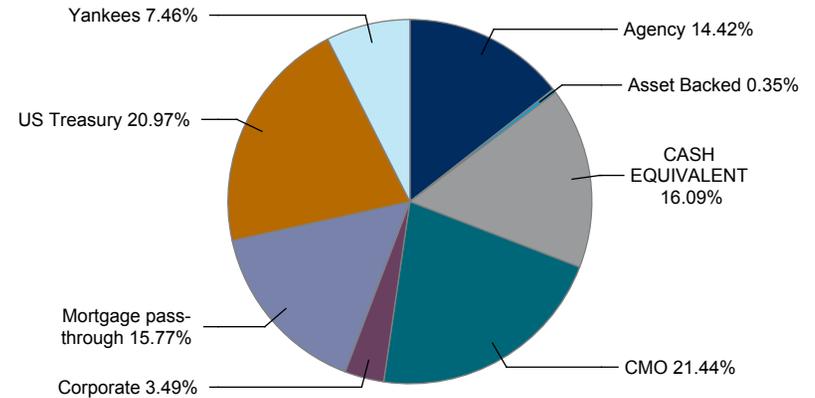
Net Yield



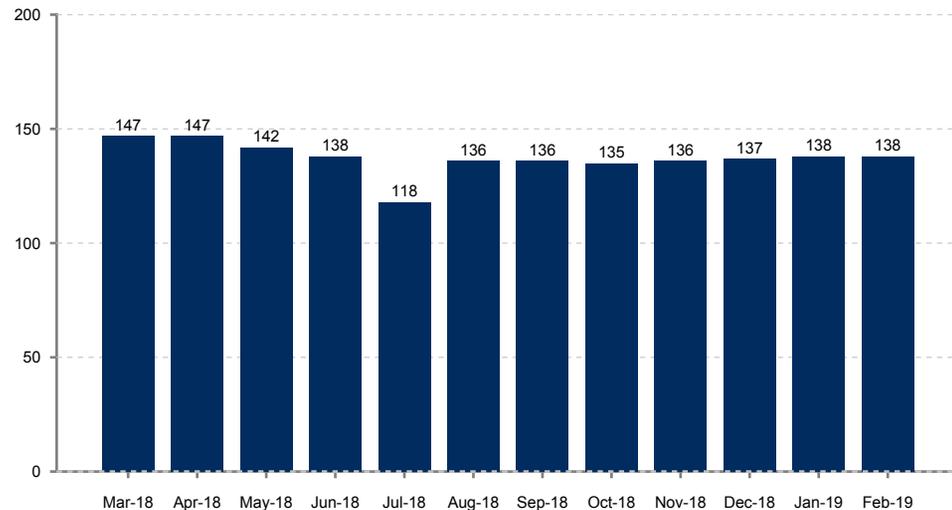
	Current Mth	Prior Mth	1 Year Ago
POOL 700 LGIP MD FF&C	2.31	2.21	1.69

Asset Allocation

	Ending Market Value
POOL 700 LGIP MD FF&C	137,789,591



Net Asset Values over Time (\$MM)

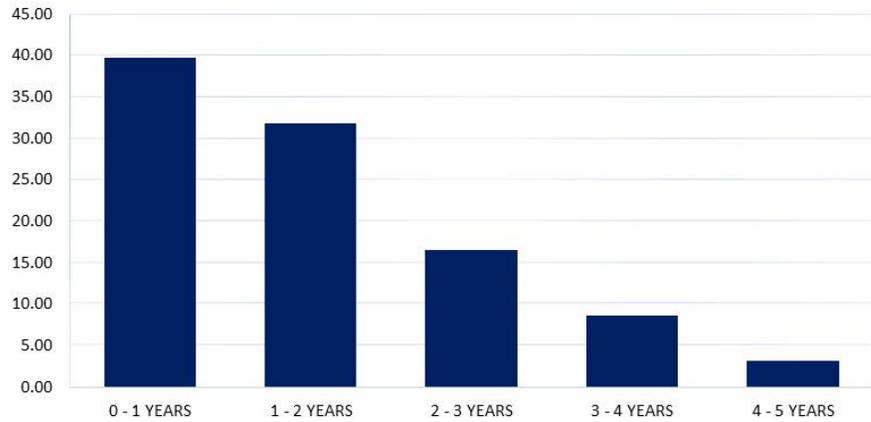


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 700 LGIP MD FF&C		
AMHERST PIERPONT	15,028,933	10.91
GOVERNMENT NATIONAL MORTGAGE A	6,888,673	5.00
AID JORDAN	6,318,351	4.59
OVERSEAS PRIVATE INV COR	5,109,857	3.71
US TREASURY N/B	4,990,499	3.62
US TREASURY N/B	4,969,042	3.61
US TREASURY N/B	4,959,411	3.60
US TREASURY N/B	4,914,249	3.57
GNMA II POOL MA0213	3,676,192	2.67
PRIVATE EXPORT FUNDING	3,463,825	2.51



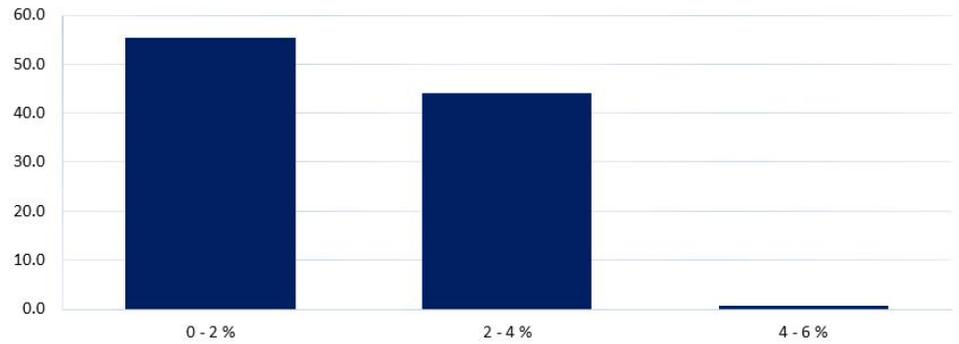
Duration Distribution



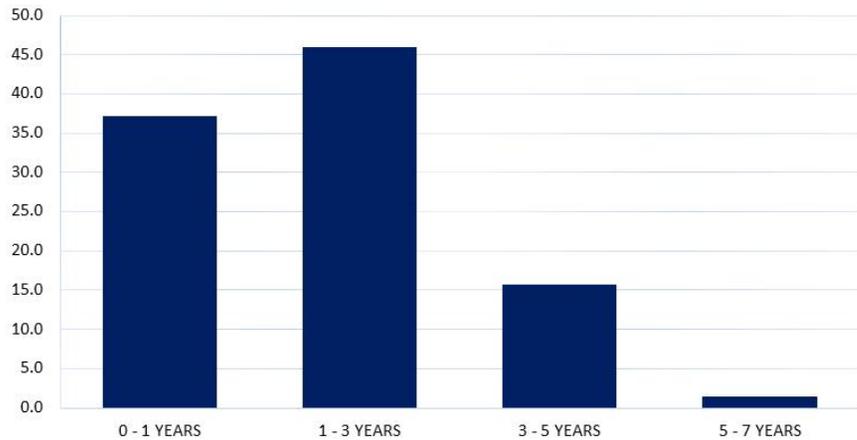
Portfolio Level Characteristics

	POOL 700 LGIP MD FF&C
Effective Maturity	1.72
Coupon	1.65
Effective Duration	1.48
Quality Rating (Moody's)	AAA

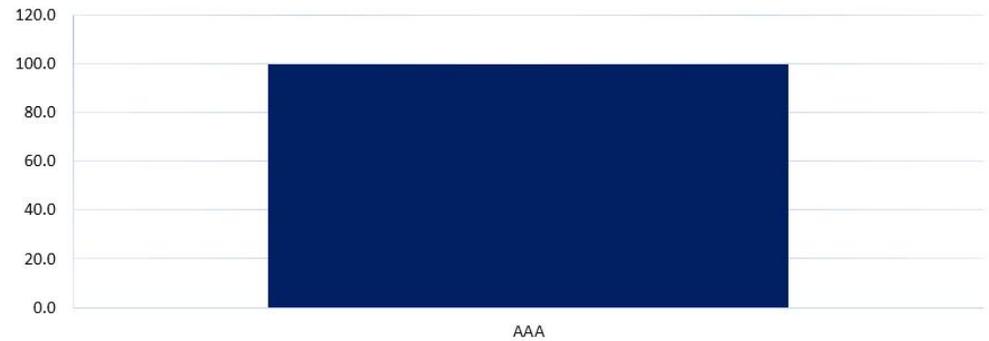
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



**EARNINGS DISTRIBUTED
 ENDOWMENT FUNDS
 FEBRUARY 2019**

Distributed in Current Month

Recipient	FEBRUARY 2019	Fiscal YTD 18/19	Fiscal YTD 17/18	Fiscal YTD Change
101 A & M Colleges	\$70,405	\$563,241	\$531,900	\$31,341
102 State Hospital	47,085	376,679	343,936	32,743
103 Leg., Exec., & Jud.	58,321	466,565	439,176	27,389
104 Military Institute	3,868	30,941	29,135	1,806
105 Miners Hospital	158,118	1,264,945	1,149,126	115,819
107 Normal School ASU/NAU	28,855	230,841	208,918	21,922
108 Penitentiaries	106,084	848,668	762,812	85,856
109 Permanent Common School	26,770,470	214,163,757	197,283,492	16,880,265
110 School for Deaf & Blind	38,606	308,849	284,759	24,090
111 School of Mines	79,866	638,926	602,188	36,739
112 State Charitable-Pioneers Home	394,116	3,152,927	2,961,158	191,769
112 State Charitable-Corrections	197,058	1,576,464	1,480,579	95,885
112 State Charitable-Youth Treatment	197,058	1,576,464	1,480,579	95,885
113 University Fund	143,386	1,147,091	1,063,970	83,121
114 U of A Land - 1881	492,037	3,936,293	3,465,469	470,824
Total	\$28,785,331	\$230,282,650	\$212,087,198	\$18,195,452

**Land Sales Monthly Proceeds
 Endowment Funds**

Month	2013	2014	2015	2016	2017	2018	2019
January	85,209,777	29,493,046	7,126,212	5,108,687	2,960,815	809,822	30,671,107
February	24,412,865	33,969,801	2,535,244	1,083,178	1,103,303	744,295	875,823
March	13,469,847	1,323,549	1,096,232	1,106,860	3,045,043	8,296,029	
April	4,599,024	2,252,527	1,968,281	28,981,969	78,134,289	22,707,772	
May	12,685,871	1,100,261	19,123,417	20,147,116	27,642,672	16,234,823	
June	6,493,351	4,564,719	33,179,898	31,844,678	2,451,110	6,799,100	
July	5,694,705	4,196,738	6,092,396	2,469,997	13,838,188	27,835,379	
August	2,304,138	24,838,430	1,038,971	13,094,287	5,746,802	6,932,754	
September	10,399,639	1,960,673	1,967,125	(12,580,728)	19,937,751	8,293,343	
October	1,240,497	3,150,170	2,366,519	10,614,885	480,710	24,823,636	
November	8,995,327	34,193,583	1,358,711	28,490,238	9,500,048	42,245,892	
December	3,574,631	1,136,538	4,264,354	6,127,407	3,869,818	2,283,305	
Calendar Year	179,079,672	142,180,034	82,117,360	136,488,573	168,710,549	168,006,150	31,546,930
Fiscal Year (July 1st to June 30th)	234,004,734	104,912,840	134,505,415	105,360,563	163,553,318	108,965,158	143,961,239

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

Endowment Fund	February 2019 NET GAIN(LOSS)	February 2018 NET GAIN(LOSS)
Fixed Income Pool	(\$251,040)	(\$516,327)
500 Large-Cap Fund	(440,611)	\$5,272,271
400 Mid-Cap Fund	6,881,111	\$812,742
600 Small-Cap Fund	2,568,630	\$3,537,477
Totals	\$8,758,090	\$9,106,163

Endowment Fund	2018/2019 FISCAL YEAR TO DATE GAINS(LOSSES)	2017/2018 FISCAL YEAR TO DATE GAINS(LOSSES)
Fixed Income Pool	(\$2,681,685)	(\$1,059,760)
500 Large-Cap Fund	29,972,958	74,155,397
400 Mid-Cap Fund	32,291,434	43,230,111
600 Small-Cap Fund	21,623,325	31,710,521
Totals	\$81,206,031	\$148,036,268

**ENDOWMENT FUNDS FIXED-INCOME POOLS
 PURCHASES & SALES
 FEBRUARY 2019**

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	INSTITUTIONAL SECURED	0.00	03/04/2019	NA	\$6,000,000	\$5,997,450	2.55%	P-1
205	INSTITUTIONAL SECURED	0.00	03/08/2019	NA	5,800,000	5,795,892	2.55%	P-1
123	APPLE	0.00	06/21/2019	NA	5,000,000	4,959,750	2.54%	P-1
123	CEDAR SPRING	0.00	02/22/2019	NA	10,000,000	9,997,917	2.50%	P-1
123	CONCORD	0.00	02/22/2019	NA	4,500,000	4,497,813	2.50%	P-1
123	INSTITUTIONAL SECURED	0.00	02/22/2019	NA	3,310,000	3,309,533	2.54%	P-1
123	TREASURY	0.00	05/23/2019	NA	1,000,000	992,874	2.43%	Aaa

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TOTAL ENDOWMENT FUNDS PURCHASES	\$35,610,000	\$35,551,227
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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 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
 FEBRUARY 2019**

I. Equity Fund Purchases

	<u>SHARES</u>	<u>PURCHASE COST</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	690,048	\$13,030,702	\$5,175
500 Large-Cap Fund	68,778	14,183,593	516
600 Small-Cap Fund	123,367	3,034,177	795
TOTAL EQUITY PURCHASES	882,193	\$30,248,472	\$6,486

II. Equity Funds Sales

	<u>SHARES</u>	<u>SALES AMOUNT</u>	<u>COMMISSIONS</u>
400 Mid-Cap Fund	122,376	\$9,467,184	\$788
500 Large-Cap Fund	102,123	8,012,007	766
600 Small-Cap Fund	54,023	4,780,645	405
TOTAL EQUITY SALES	278,522	\$22,259,836	\$1,959

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
FEBRUARY 28, 2019
(In Thousands)

State Treasurer's Report
March 26, 2019
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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>	377	\$2,654	\$7,985	\$5,331	
	<i>Shares in Fixed Income Pools</i>	3,768	2,697	5,178	2,481	
	Total	4,145	5,351	13,163	7,812	2.460
102	State Hospital					
	<i>Shares in Equity Pools</i>	300	2,600	6,342	3,742	
	<i>Shares in Fixed Income Pools</i>	3,082	2,561	4,236	1,675	
	Total	3,382	5,161	10,578	5,418	2.050
103	Leg., Exec., & Jud					
	<i>Shares in Equity Pools</i>	308	2,329	6,528	4,198	
	<i>Shares in Fixed Income Pools</i>	3,303	2,367	4,540	2,173	
	Total	3,612	4,696	11,068	6,371	2.357
104	Military Institute					
	<i>Shares in Equity Pools</i>	21	163	440	277	
	<i>Shares in Fixed Income Pools</i>	228	160	313	153	
	Total	248	323	752	429	2.330
105	Miners Hospital					
	<i>Shares in Equity Pools</i>	921	8,174	19,489	11,315	
	<i>Shares in Fixed Income Pools</i>	9,251	8,062	12,714	4,652	
	Total	10,172	16,236	32,203	15,966	1.983
107	Normal School ASU/NAU					
	<i>Shares in Equity Pools</i>	179	1,547	3,787	2,240	
	<i>Shares in Fixed Income Pools</i>	1,847	1,480	2,538	1,058	
	Total	2,026	3,027	6,325	3,298	2.090
108	Penitentiaries					
	<i>Shares in Equity Pools</i>	610	5,165	12,901	7,735	
	<i>Shares in Fixed Income Pools</i>	6,234	5,134	8,568	3,434	
	Total	6,844	10,300	21,468	11,169	2.084

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 FEBRUARY 28, 2019
 (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>	157,976	1,290,494	3,343,668	2,053,175	
<i>Shares in Fixed Income Pools</i>	1,590,493	1,303,761	2,185,891	882,130	
Total	1,748,468	2,594,255	5,529,559	2,935,304	2.131
110 School for Deaf & Blind					
<i>Shares in Equity Pools</i>	220	1,829	4,660	2,831	
<i>Shares in Fixed Income Pools</i>	2,481	1,950	3,409	1,459	
Total	2,701	3,779	8,069	4,291	2.135
111 School of Mines					
<i>Shares in Equity Pools</i>	428	3,211	9,055	5,844	
<i>Shares in Fixed Income Pools</i>	4,399	3,266	6,045	2,779	
Total	4,826	6,477	15,100	8,623	2.331
112 State Charitable					
<i>Shares in Equity Pools</i>	4,500	35,232	95,237	60,005	
<i>Shares in Fixed Income Pools</i>	43,740	35,256	60,114	24,858	
Total	48,240	70,488	155,351	84,863	2.204
113 University Fund					
<i>Shares in Equity Pools</i>	780	6,183	16,511	10,328	
<i>Shares in Fixed Income Pools</i>	8,048	6,135	11,060	4,925	
Total	8,828	12,318	27,571	15,253	2.238
114 U Of A Land - 1881					
<i>Shares in Equity Pools</i>	2,965	28,871	62,752	33,881	
<i>Shares in Fixed Income Pools</i>	30,480	26,319	41,890	15,571	
Total	33,444	55,190	104,641	49,452	1.896
TOTALS - ALL FUNDS					
<i>Shares in Equity Pools</i>	169,583	1,388,451	3,589,353	2,200,902	
<i>Shares in Fixed Income Pools</i>	1,707,352	1,399,150	2,346,496	947,346	
Grand Total	\$1,876,935	\$2,787,601	\$5,935,849	\$3,148,248	
PRIOR YEAR:					
FEBRUARY 2018 BALANCES	\$1,930,720	\$2,857,204	\$5,822,348	\$2,965,144	

**ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
FEBRUARY 28, 2019**

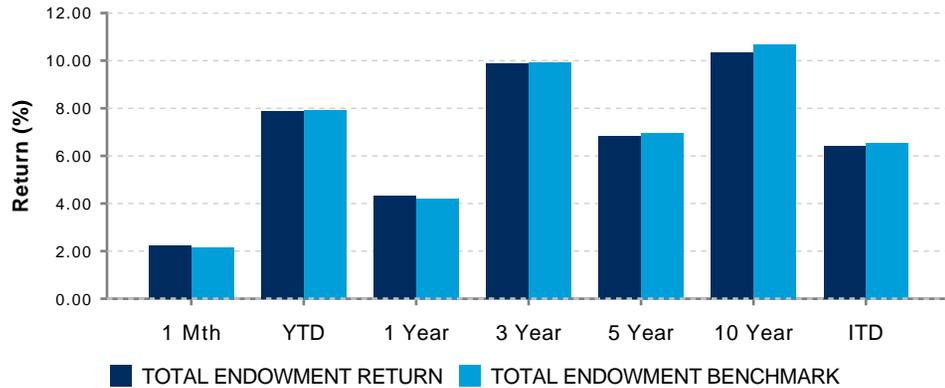
State Treasurer's Report
March 26, 2019
Page 40

ASSET ALLOCATION PERCENTAGE

	SHARES OUTSTANDING	BOOK VALUE	MARKET VALUE	FEBRUARY 2018 MARKET VALUE
<i>Shares in Equity Pools</i>	9.04%	49.81%	60.47%	60.07%
<i>Shares in Fixed Income Pools</i>	90.96%	50.19%	39.53%	39.93%
	-----	-----	-----	-----
Total	100.00%	100.00%	100.00%	100.00%
	=====	=====	=====	=====



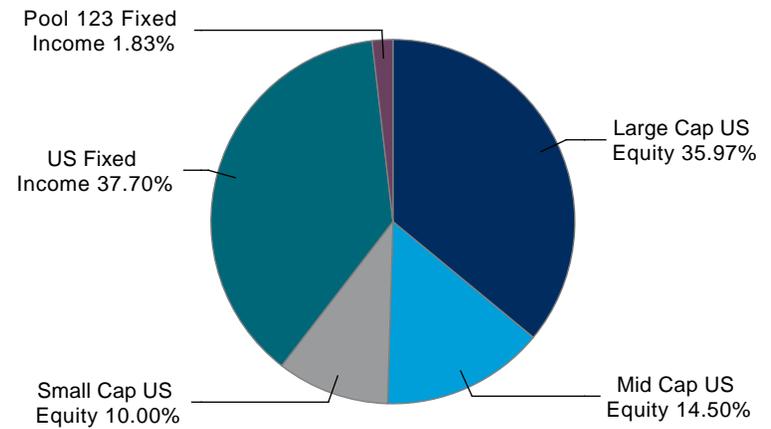
Performance



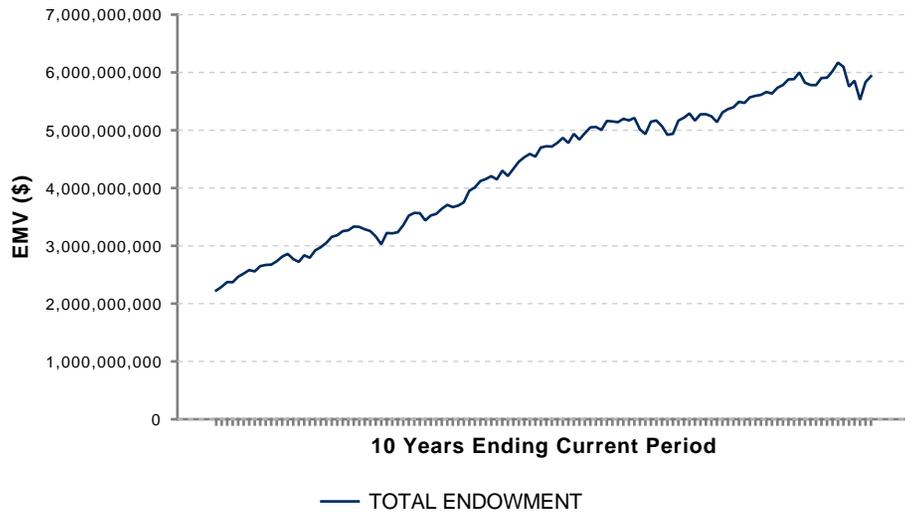
	1 Mth	YTD	1 Year	3 Year	5 Year	10 Year	ITD	Incept Date
TOTAL ENDOWMENT RETURN	2.24	7.87	4.31	9.90	6.84	10.33	6.40	07/99
TOTAL ENDOWMENT BENCHMARK	2.16	7.91	4.21	9.93	6.94	10.66	6.56	07/99
	0.08	-0.04	0.10	-0.02	-0.10	-0.33	-0.16	

Asset Allocation

	Ending Market Value
TOTAL ENDOWMENT RETURN	5,935,848,923

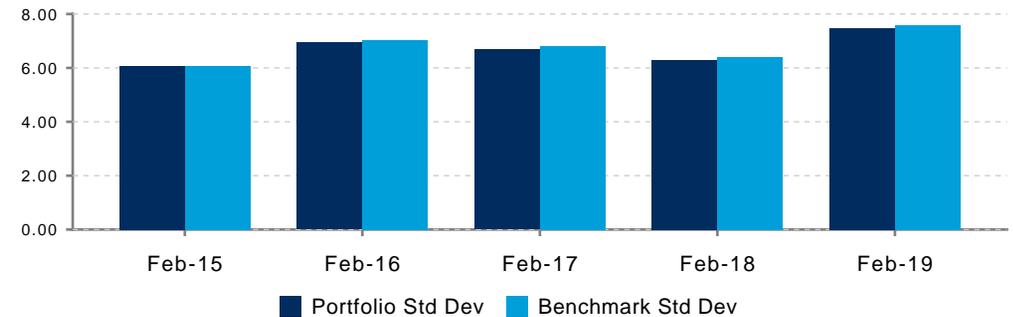


Ending Market Value



3 Year Risk Statistics

	Return	Portfolio Std Dev	Benchmark Std Dev	Sharpe Ratio	Beta	Tracking Error	Information Ratio
TOTAL ENDOWMENT RETURN	9.90	7.47	7.58	1.17	0.98	0.39	-0.06



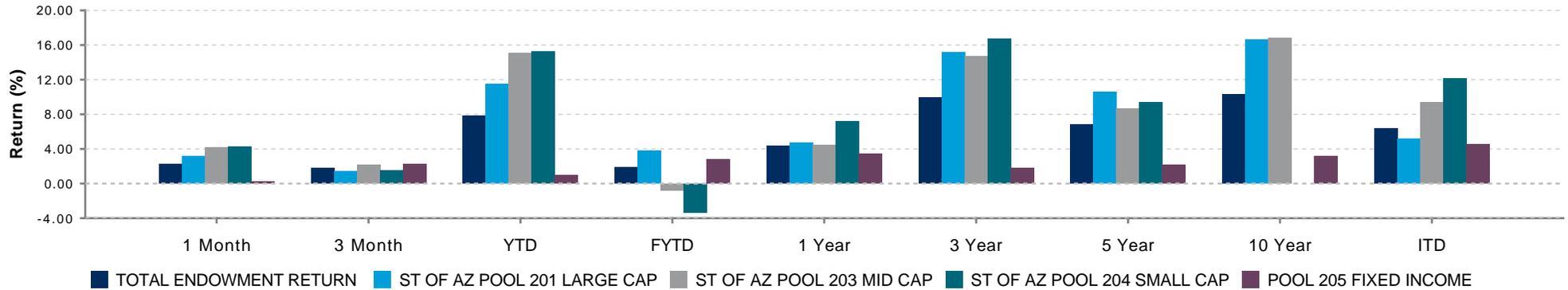
OFFICE OF THE ARIZONA STATE TREASURER

February 28, 2019

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 RETURN	5,935,848,923	100.00	2.24	1.82	7.87	1.91	4.31	9.90	6.84	10.33	6.40	Jul-01-99
TOTAL ENDOWMENT BENCHMARK			2.16	2.05	7.91	1.86	4.21	9.93	6.94	10.66	6.56	Jul-01-99
ST OF AZ POOL 201 LARGE CAP	2,135,110,266	35.97	3.20	1.44	11.45	3.80	4.67	15.17	10.60	16.62	5.19	Jul-01-99
S&P 500 INDEX (DAILY)			3.21	1.42	11.48	3.84	4.68	15.28	10.67	16.67	5.67	Jul-01-99
ST OF AZ POOL 203 MID CAP	860,487,348	14.50	4.21	2.13	15.08	-0.74	4.46	14.66	8.62	16.76	9.34	Aug-01-01
S&P 400 MIDCAP INDEX (DAILY)			4.24	2.11	15.14	-1.07	4.14	14.53	8.49	17.36	9.32	Aug-01-01
ST OF AZ POOL 204 SMALL CAP	593,755,496	10.00	4.28	1.49	15.28	-3.33	7.16	16.67	9.37		12.10	Mar-01-11
S&P SM 600 TR			4.35	1.52	15.45	-3.41	7.20	16.86	9.34		12.09	Mar-01-11
POOL 205 FIXED INCOME	2,237,801,980	37.70	0.19	2.28	0.98	2.79	3.42	1.82	2.11	3.14	4.56	Jul-01-99
FTSE BIG (DAILY)			-0.05	2.85	0.98	2.67	3.14	1.71	2.31	3.59	4.81	Jul-01-99
POOL 123 FIXED INCOME	108,693,833	1.83	0.21	0.71	0.44	1.72	2.34				1.46	Jun-01-16
ASTO-POOL 5 BENCHMARK			0.21	0.62	0.42	1.52	2.13				1.30	Jun-01-16
			-0.00	0.08	0.02	0.19	0.21				0.16	

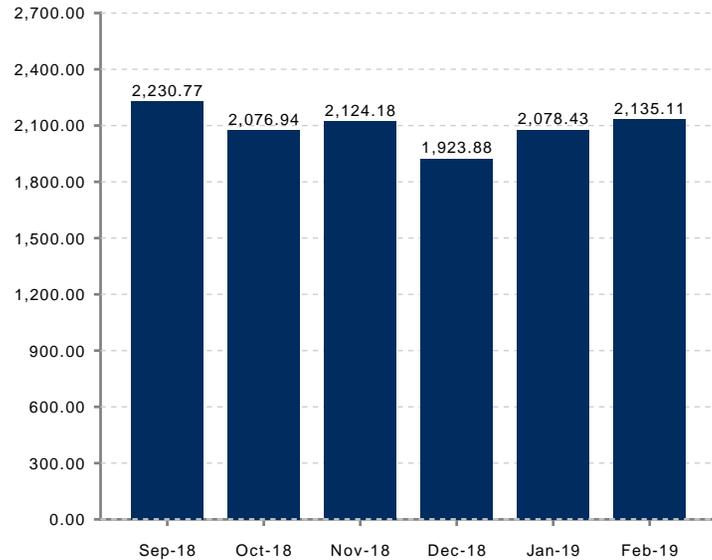
OFFICE OF THE ARIZONA STATE TREASURER

February 28, 2019

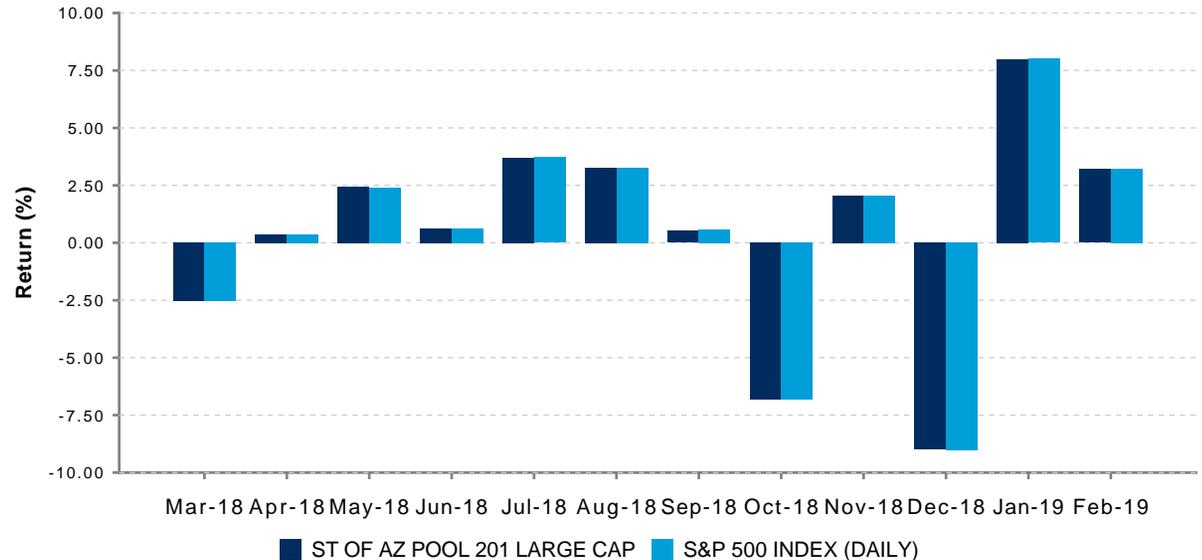
ST OF AZ POOL 201 LARGE CAP



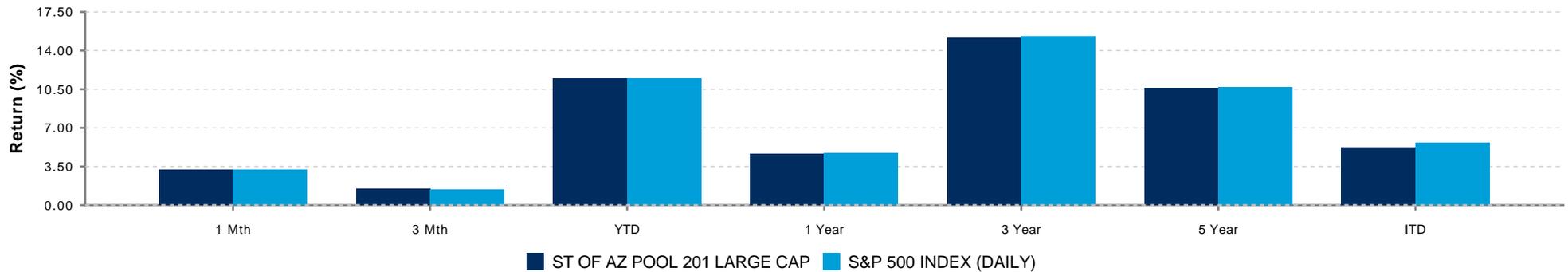
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

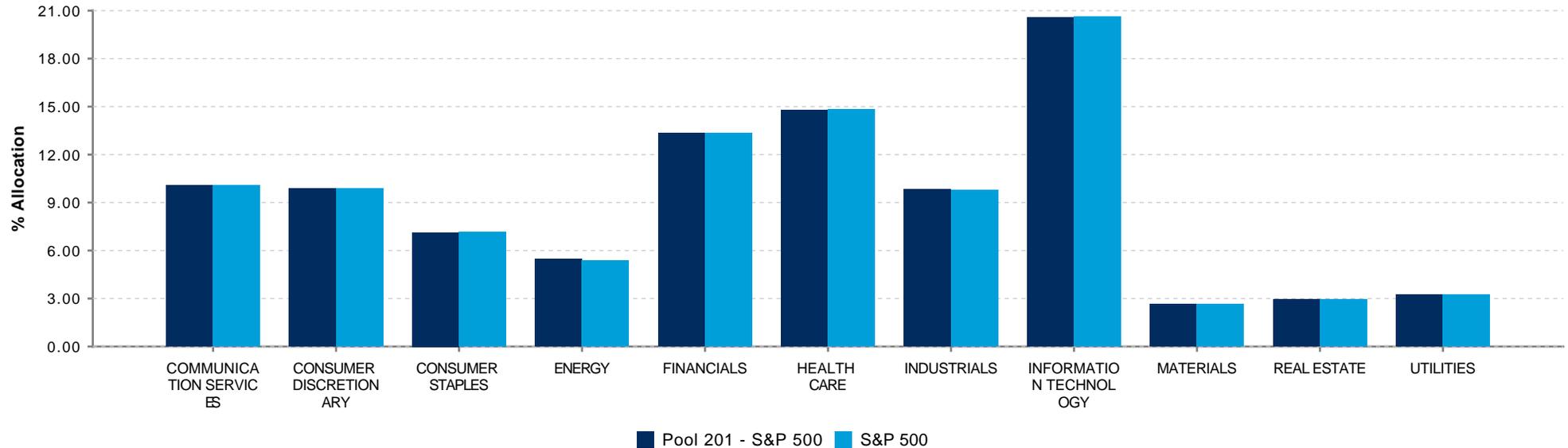


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Feb 28 2017	Feb 28 2018	Feb 28 2019
ST OF AZ POOL 201 LARGE CAP	3.20	1.44	11.45	4.67	15.17	10.60	5.19	24.75	16.99	4.67
S&P 500 INDEX (DAILY)	3.21	1.42	11.48	4.68	15.28	10.67	5.67	24.98	17.10	4.68
	-0.01	0.02	-0.03	-0.01	-0.11	-0.07	-0.49	-0.23	-0.11	-0.01

OFFICE OF THE ARIZONA STATE TREASURER

February 28, 2019

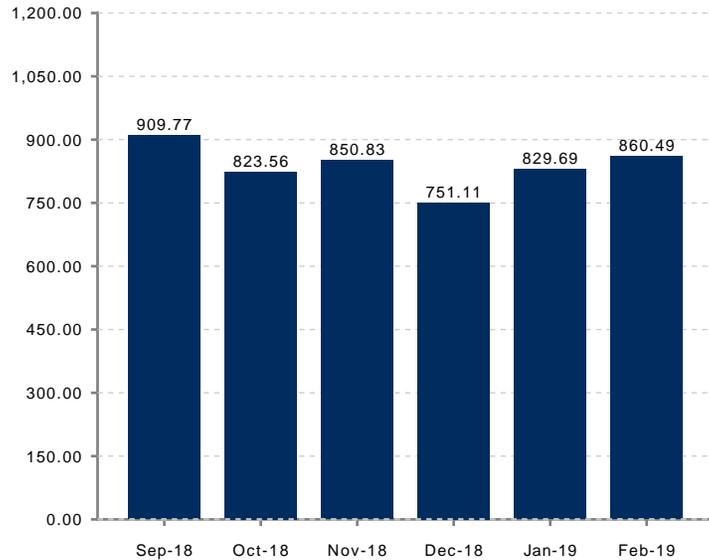
ST OF AZ POOL 201 LARGE CAP
Sector Allocation vs S&P 500



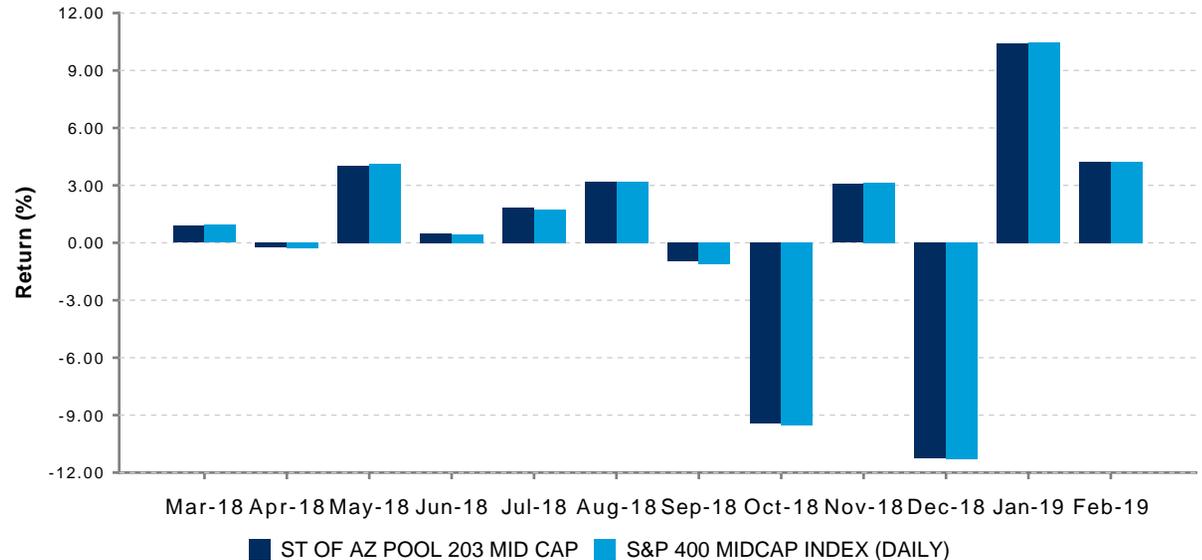
	Fund Weight	Benchmark Weight	Relative Weight
ST OF AZ POOL 201 LARGE CAP	100.00	100.00	0.00
COMMUNICATION SERVICES	10.33	10.32	0.01
CONSUMER DISCRETIONARY	10.16	10.15	0.01
CONSUMER STAPLES	7.20	7.20	0.00
ENERGY	5.52	5.47	0.06
FINANCIALS	13.45	13.45	-0.01
HEALTH CARE	15.12	15.12	-0.00
INDUSTRIALS	9.46	9.49	-0.03
INFORMATION TECHNOLOGY	19.89	19.91	-0.03
MATERIALS	2.67	2.67	-0.00
REAL ESTATE	3.03	3.04	-0.00
UTILITIES	3.18	3.18	-0.00



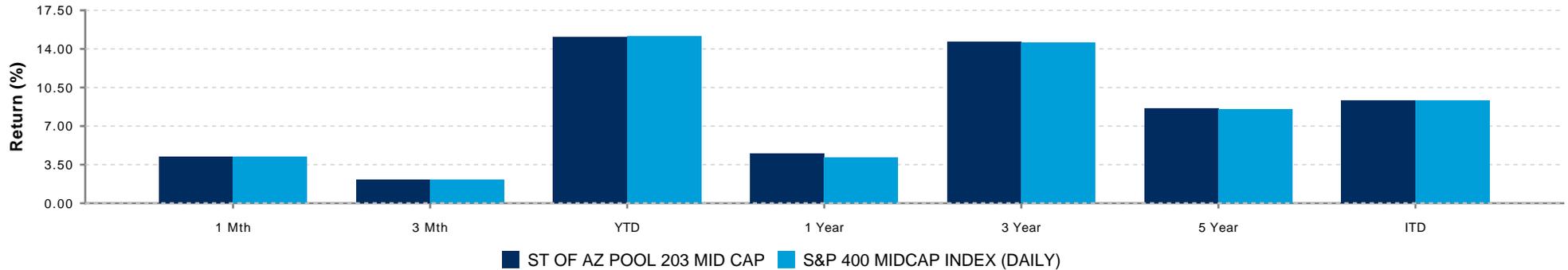
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

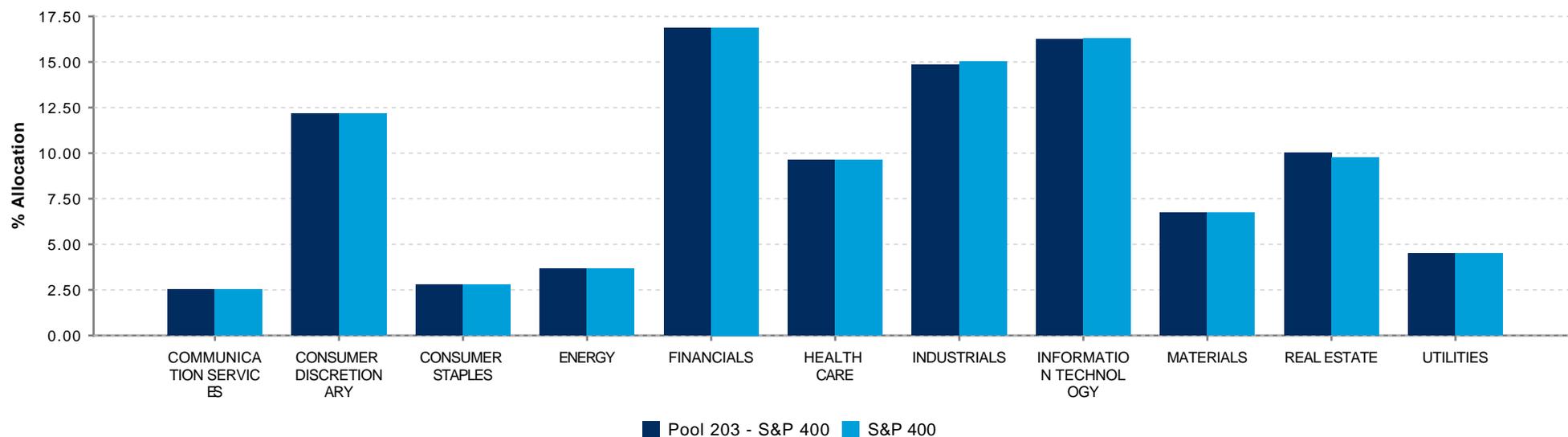


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Feb 28 2017	Feb 28 2018	Feb 28 2019
ST OF AZ POOL 203 MID CAP	4.21	2.13	15.08	4.46	14.66	8.62	9.34	31.44	9.78	4.46
S&P 400 MIDCAP INDEX (DAILY)	4.24	2.11	15.14	4.14	14.53	8.49	9.32	31.73	9.53	4.14
	-0.03	0.02	-0.07	0.32	0.12	0.13	0.02	-0.28	0.25	0.32

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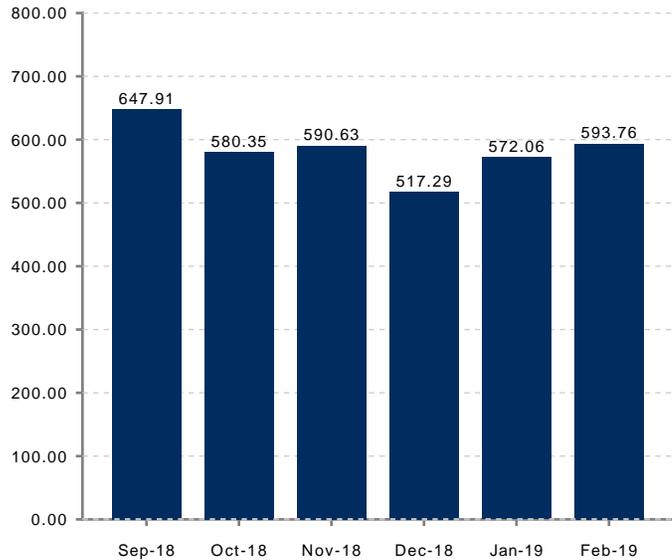
ST OF AZ POOL 203 MID CAP
Sector Allocation vs S&P MID CAP 400



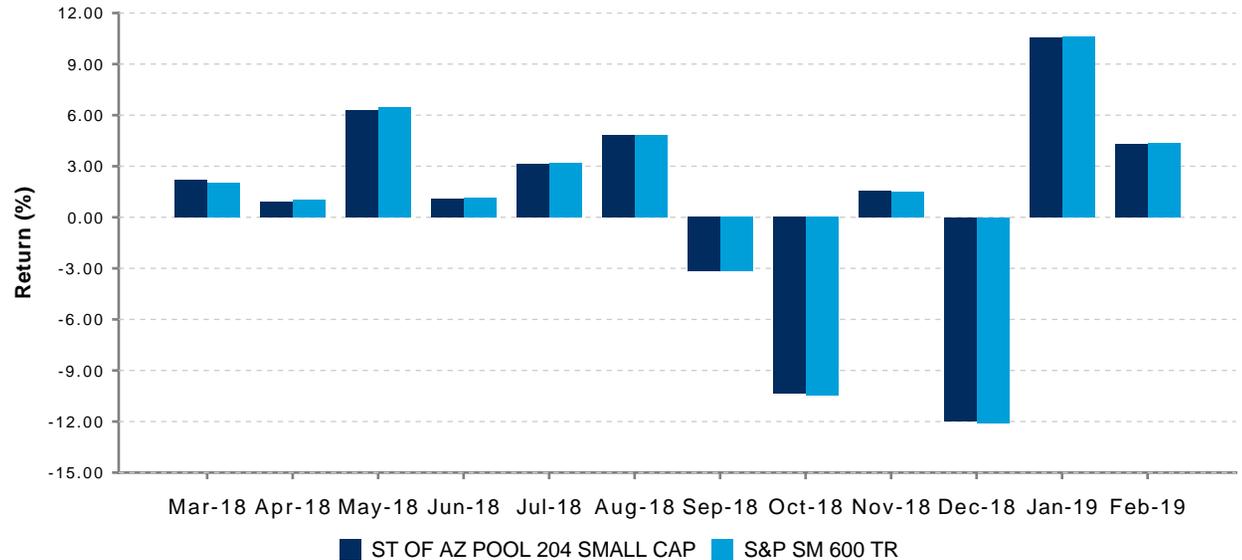
	Weight Fund	Weight Benchmark	Weight Relative
ST OF AZ POOL 203 MID CAP	100.00	100.00	0.00
COMMUNICATION SERVICES	2.52	2.53	-0.00
CONSUMER DISCRETIONARY	11.73	11.73	0.00
CONSUMER STAPLES	2.87	2.87	-0.00
ENERGY	4.00	4.00	-0.00
FINANCIALS	16.65	16.66	-0.01
HEALTH CARE	9.23	9.23	-0.00
INDUSTRIALS	15.26	15.47	-0.21
INFORMATION TECHNOLOGY	15.41	15.42	-0.01
MATERIALS	6.79	6.80	-0.00
REAL ESTATE	10.19	9.91	0.28
UTILITIES	5.34	5.39	-0.05



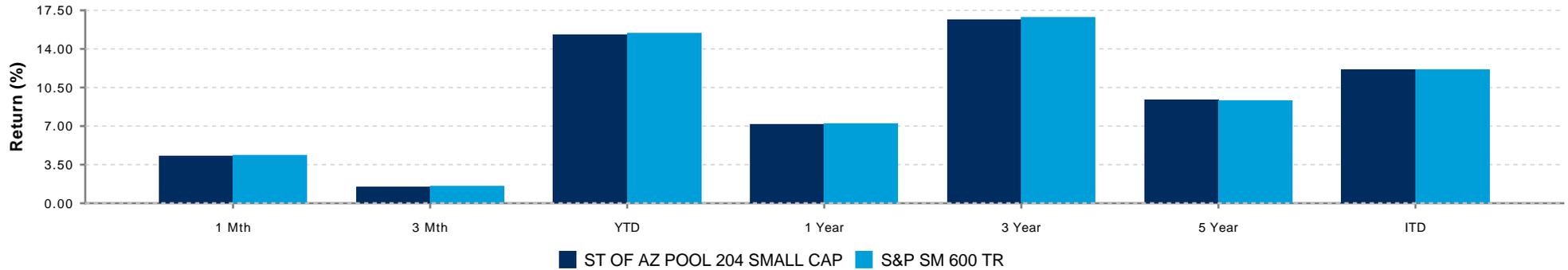
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

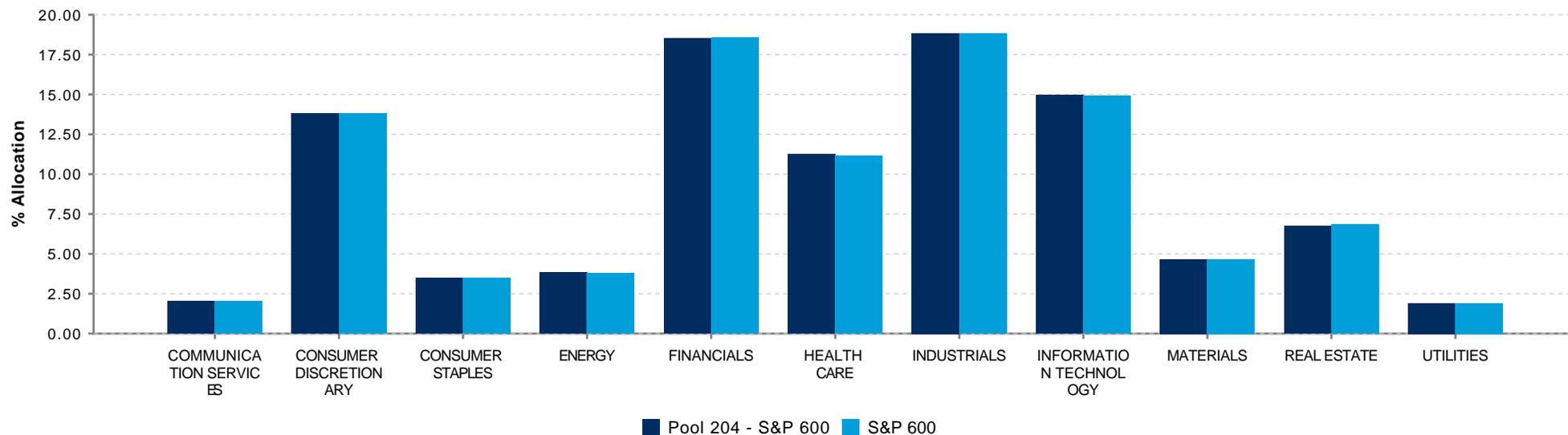


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Feb 28 2017	Feb 28 2018	Feb 28 2019
ST OF AZ POOL 204 SMALL CAP	4.28	1.49	15.28	7.16	16.67	9.37	12.10	34.40	10.26	7.16
S&P SM 600 TR	4.35	1.52	15.45	7.20	16.86	9.34	12.09	34.97	10.29	7.20
	-0.08	-0.02	-0.17	-0.04	-0.19	0.03	0.01	-0.57	-0.03	-0.04

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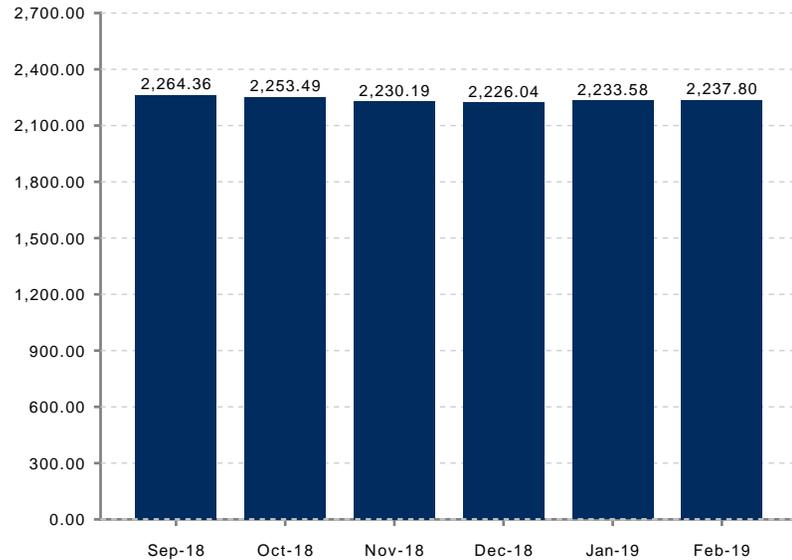
ST OF AZ POOL 204 SMALL CAP
Sector Allocation vs S&P SMALLCAP 600



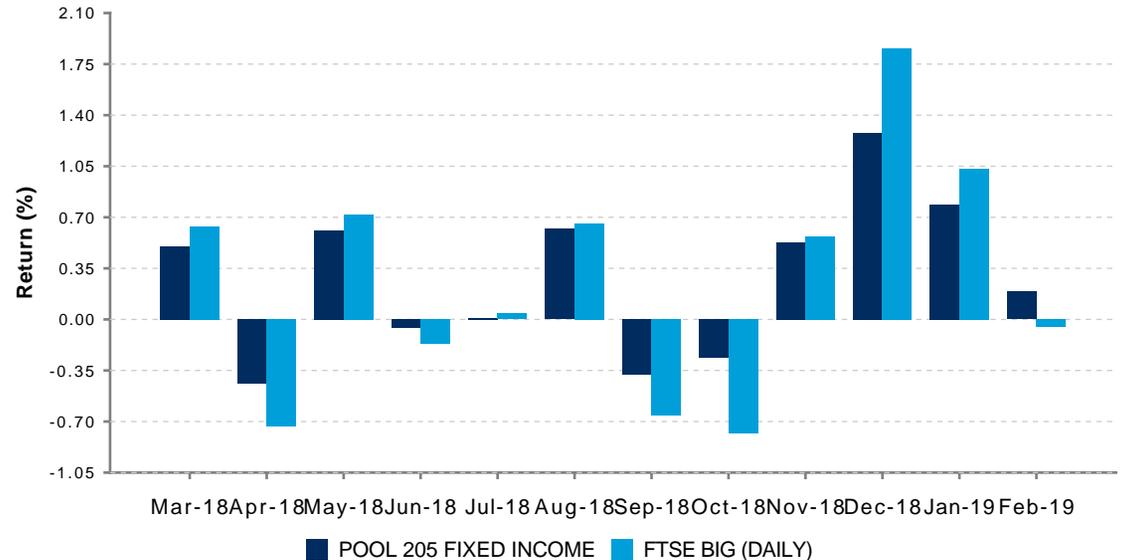
	Weight Fund	Weight Benchmark	Weight Relative
ST OF AZ POOL 204 SMALL CAP	100.00	100.00	0.00
COMMUNICATION SERVICES	2.00	2.06	-0.07
CONSUMER DISCRETIONARY	13.84	13.83	0.01
CONSUMER STAPLES	3.53	3.52	0.01
ENERGY	3.66	3.62	0.04
FINANCIALS	18.27	18.19	0.08
HEALTH CARE	11.51	11.68	-0.17
INDUSTRIALS	18.63	18.61	0.02
INFORMATION TECHNOLOGY	14.66	14.66	0.00
MATERIALS	4.48	4.47	0.01
REAL ESTATE	6.96	6.85	0.11
UTILITIES	2.46	2.50	-0.04



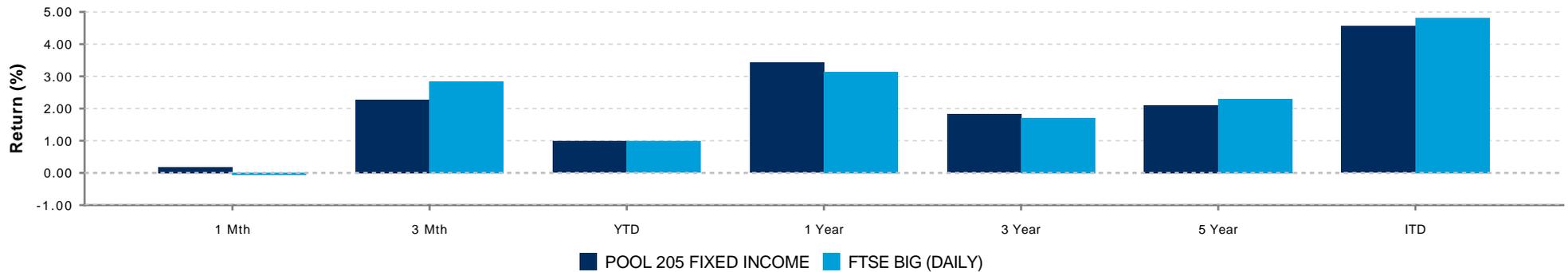
Net Asset Values over Time (\$MM)



Monthly Returns



Rates of Return

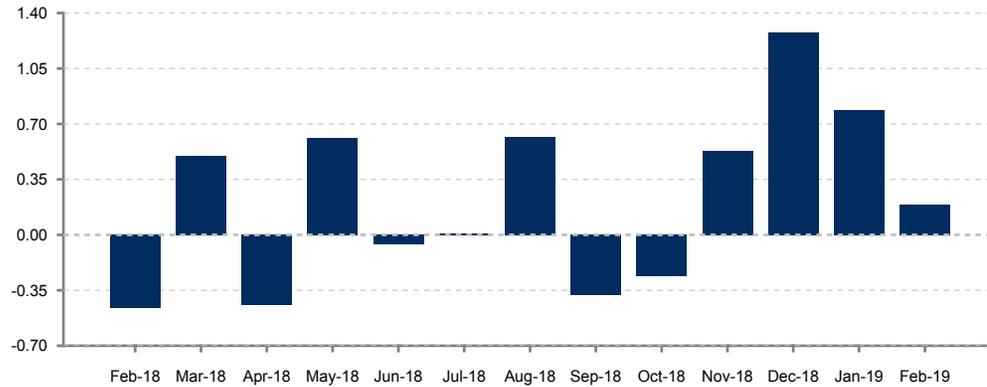


	1 Mth	3 Mth	YTD	1 Year	3 Year	5 Year	ITD	Feb 28 2019	Feb 28 2018	Feb 28 2017
POOL 205 FIXED INCOME	0.19	2.28	0.98	3.42	1.82	2.11	4.56	3.42	0.52	1.53
FTSE BIG (DAILY)	-0.05	2.85	0.98	3.14	1.71	2.31	4.81	3.14	0.52	1.49
	0.24	-0.58	0.00	0.28	0.11	-0.19	-0.25	0.28	0.01	0.05

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Net Mqr Return

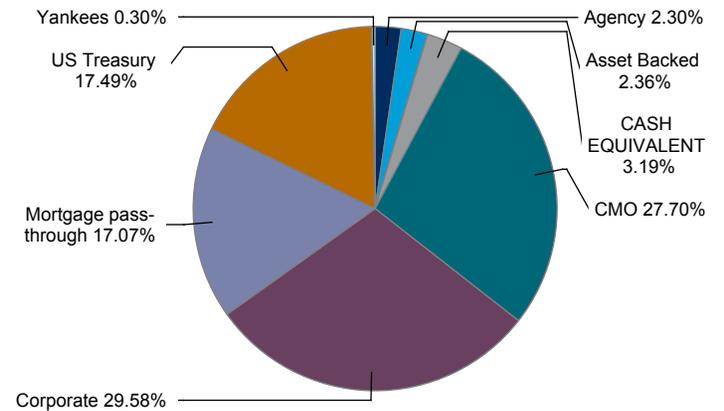


Current Mth Prior Mth 1 Year Ago

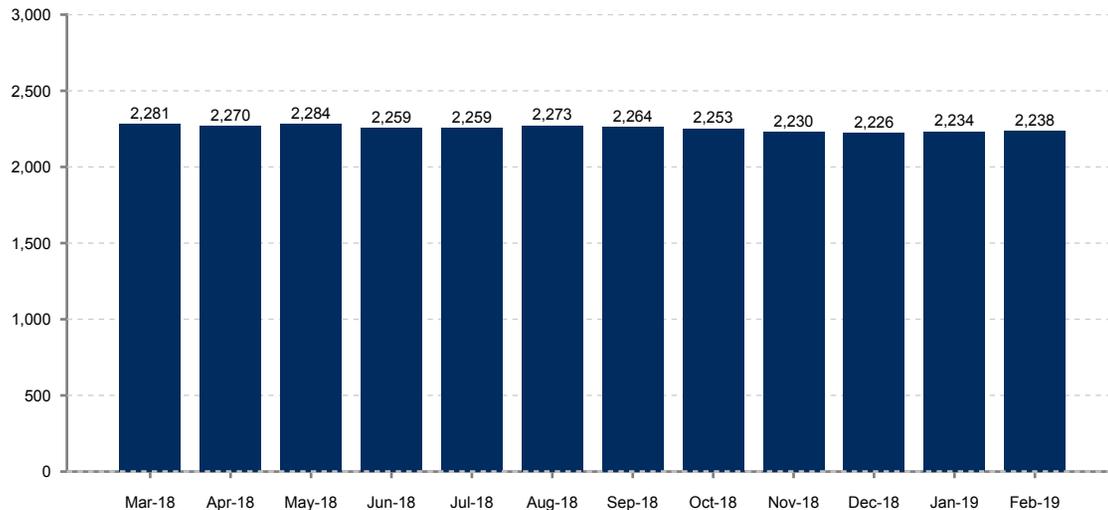
POOL 205 FIXED INCOME	0.19	0.79	-0.46
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Asset Allocation

	Ending Market Value
POOL 205 FIXED INCOME	2,237,801,980



Net Asset Values over Time (\$MM)

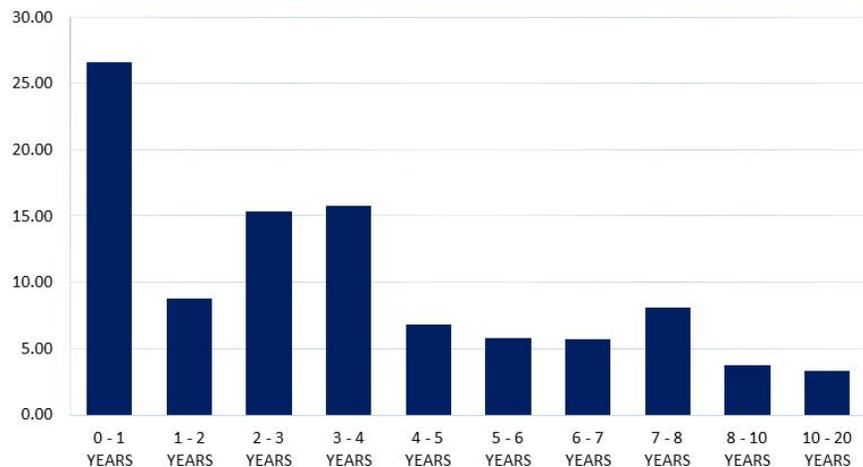


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
POOL 205 FIXED INCOME		
US TREASURY N/B	33,909,276	1.52
US TREASURY N/B	26,195,032	1.17
US TREASURY N/B	25,619,398	1.14
US TREASURY N/B	24,417,952	1.09
US TREASURY N/B	23,696,441	1.06
US TREASURY N/B	21,519,905	0.96
FORD MOTOR CREDIT CO	20,115,091	0.90
PEPSICO INC	20,057,436	0.90
PNC BANK NA	20,048,063	0.90
US TREASURY N/B	19,240,511	0.86



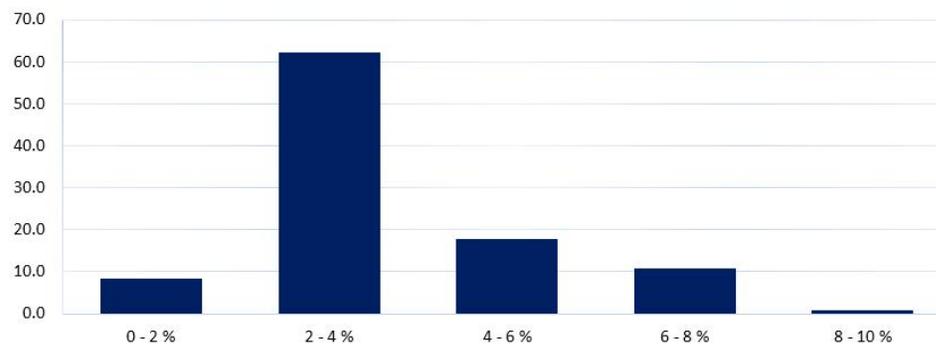
Duration Distribution



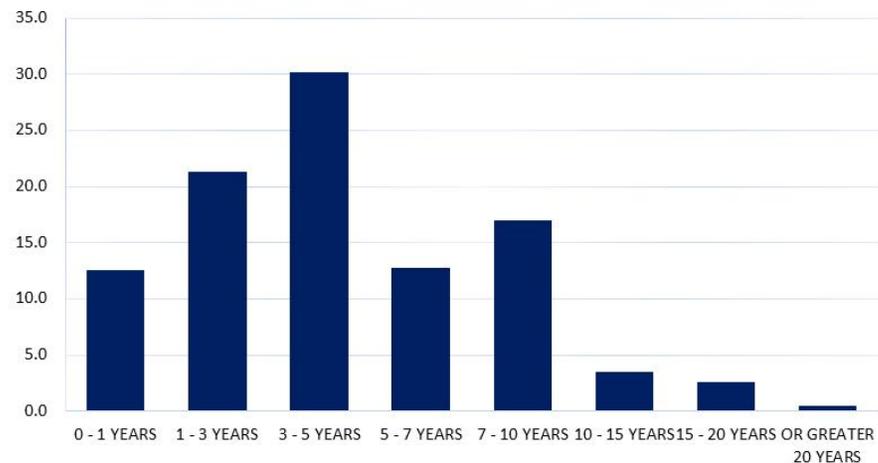
Portfolio Level Characteristics

	POOL 205 FIXED INCOME
Effective Maturity	4.87
Coupon	3.70
Effective Duration	3.46
Quality Rating (Moody's)	AA-2

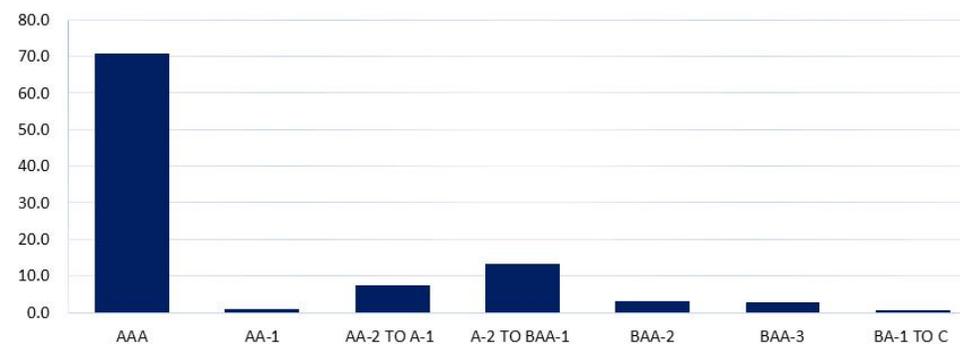
Coupon Distribution



Expected Maturity Distribution



Rating Distribution



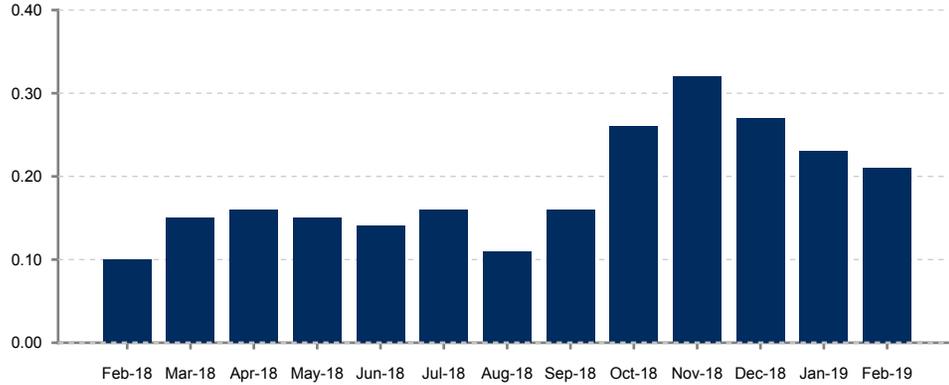
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February 28, 2019

POOL 123 ST



Net Yield

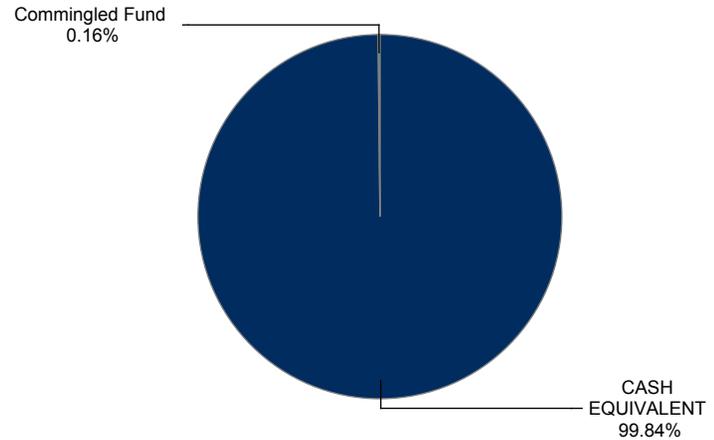


Current Mth **Prior Mth** **1 Year Ago**

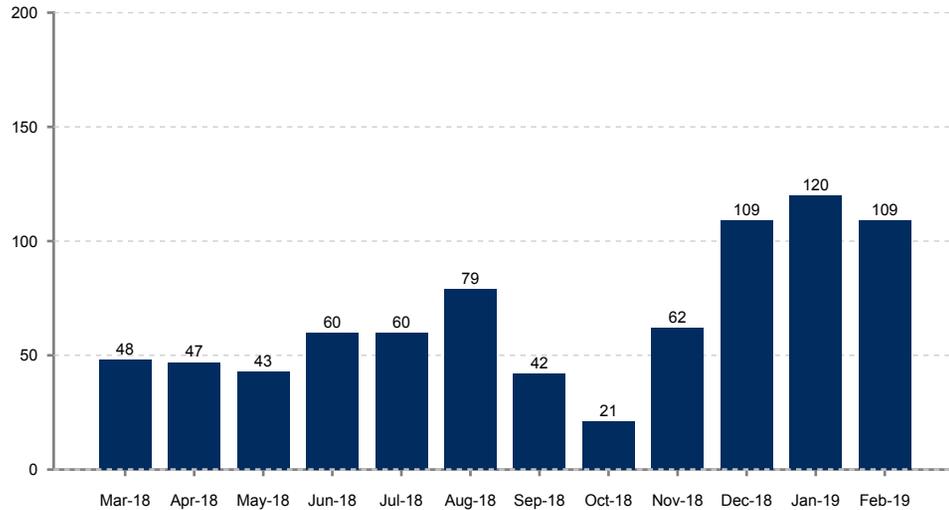
ST OF AZ POOL 123 ST FIXED INC	0.21	0.23	0.10
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Asset Allocation

	Ending Market Value
ST OF AZ POOL 123 ST FIXED INC	108,693,833



Net Asset Values over Time (\$MM)

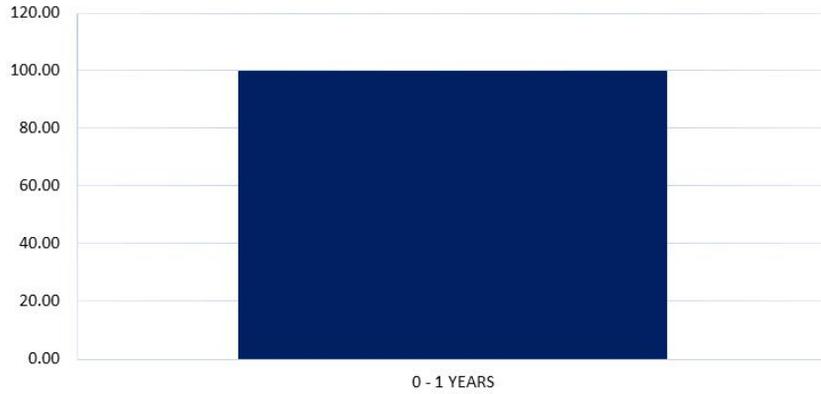


Top 10 Holdings

Security Name	Ending Market Value	% of Portfolio
ST OF AZ POOL 123 ST FIXED INC		
BLACKROCK PROV TEMP BLACKROCK PROV TEMP FUND 24	13,791,953	12.69
CROWN POINT CAP CO.	5,020,728	4.62
MOUNTCLIFF	5,013,368	4.61
CROWN POINT CAP CO.	5,011,036	4.61
SHEFFIELD RECEIVABLE	4,992,167	4.59
SHEFFIELD RECEIVABLE	4,992,139	4.59
STARBIRD FDG. CORP	4,992,139	4.59
CONCORD MIN CPTL CO	4,992,000	4.59
SUMITOMO MTSU BKG CORP	4,991,950	4.59
CAN AST & CAN LTD JT	4,987,514	4.59



Duration Distribution



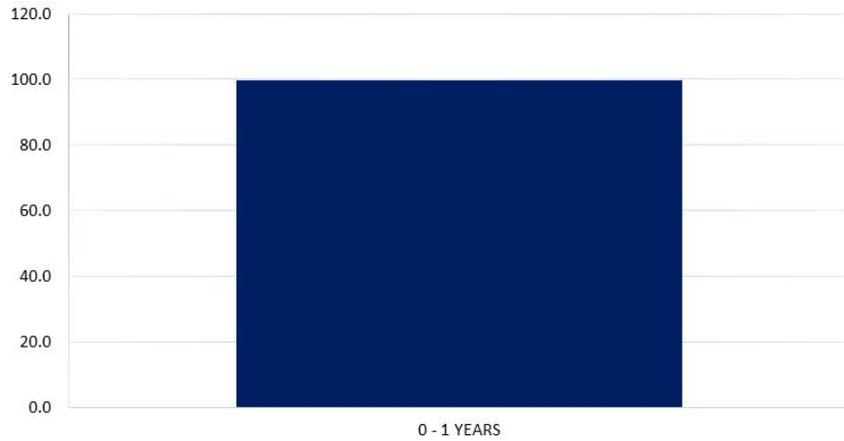
Portfolio Level Characteristics

	POOL 123 ST
Effective Maturity	0.13
Coupon	0.00
Effective Duration	0.13
Quality Rating (Moody's)	AAA

Coupon Distribution



Expected Maturity Distribution



Rating Distribution



Endowment Fund Market Value

