

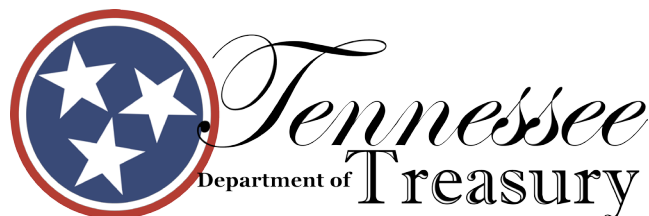
INVESTMENTS

Investment Division

Michael Brakebill, Chief Investment Officer

Derrick Dagnan, Deputy Chief Investment Officer

- TCRS Investments
- Tennessee Consolidated Retirement System Portfolio
- State Cash Management
 - Administration of Authorized State Depository Accounts
 - State Collateral Pool Program
 - State Trust
 - Local Government Investment Pool
 - State Cash Portfolio
- Baccalaureate Education System Trust Portfolio
- Chairs of Excellence Portfolio
- Tennessee Promise Scholarship Endowment Trust Fund Portfolio
- Intermediate Term Investment Fund



INVESTMENT DIVISION

MICHAEL BRAKEBILL, CHIEF INVESTMENT OFFICER

DERRICK DAGNAN, DEPUTY CHIEF INVESTMENT OFFICER

TIM McCLURE, ASSISTANT CIO/DIRECTOR OF CASH MANAGEMENT

THOMAS KIM, DIRECTOR OF FIXED INCOME

J.P. RACHMANINOFF, DIRECTOR OF REAL ESTATE

DANIEL CREWS, DIRECTOR OF PRIVATE EQUITY

MICHAEL KEELER, DIRECTOR OF EQUITIES

The Tennessee Treasury Department's Investment Division uses an in-house staff of 33 professionals with extensive education, professional training and certifications to manage its investments. This team includes members with a wealth of experience from various financial fields, including substantial institutional investor experience in both the public and private sectors. Led by Chief Investment Officer Michael Brakebill, the department achieves investment returns consistent with its peers while maintaining an investment expense that is among the lowest in the southeast.

The staff has a total of 26 professional designations, including 14 Charter Financial Analysts (CFA). The Investments staff has four Chartered Alternative Investment Analysts (CAIA), three Certified Public Accountants (CPA), three Certified Treasury Professionals (CTP), two Certified Government Finance Managers (CGFM), and one Chartered Market Technician (CMT). Our team also holds 21 graduate degrees from universities from around the country.

SELECTED FUNDS MANAGED BY THE TREASURY INVESTMENT DIVISION

- ***Tennessee Consolidated Retirement System Trust (TCRS)*** – The largest fund managed by Treasury is the Tennessee Consolidated Retirement System Trust. Investment objectives for TCRS are to obtain the highest available return on investments consistent with the preservation of the principal, while maintaining sufficient liquidity to react to the changing environment and pay beneficiaries in a timely manner. As of June 30, 2016, the market value of the TCRS fund was approximately \$43.2 billion.
- ***State Pooled Investment Fund (SPIF) and the Local Government Investment Pool (LGIP)*** – The Treasury Department manages state and local governments' short-term investments through a program known as the State Pooled Investment Fund (SPIF) and the Local Government Investment Pool (LGIP). The SPIF, with a June 30, 2016 balance of approximately \$10.7 billion, includes the state's cash, dedicated reserves and trust funds, and the balance of the LGIP of approximately \$2.0 billion. The LGIP provides short-term cash management to local governments.
- ***Tennessee Promise Endowment Trust*** – Treasury also manages the funds and produces investment income for the Tennessee Promise Endowment Trust. Established by the 108th General Assembly, Tennessee Promise provides students a last-dollar scholarship to a Tennessee Community College or Tennessee College of Applied Technology, meaning the scholarship will cover tuition and fees not covered by the Pell grant, the HOPE scholarship, or TSAA funds. As of June 30, 2016, the Tennessee Promise Endowment Trust has a market value of \$407.6 million.
- ***Chairs of Excellence Trust*** – Treasury manages the funds and produces investment income for the Chairs of Excellence Trust. The trust provides funds for state colleges and universities to contract with persons of regional or national prominence to teach in specified academic areas. The funding of the program is provided through contributions made by private donors and matching amounts by the state.

STATUTORY INVESTMENT AUTHORITY

The investment authority for the Board of Trustees of TCRS is set out in Tennessee Code Annotated, Section 8-37-104. Pursuant to this authority and the investment terms, conditions and limitations outlined therein, the Board of Trustees approves the TCRS' investment policy.

TCRS' investment objectives, set by the Board for the Treasury Investment Division staff, are to obtain the highest available return on investments consistent with the preservation of principal, while maintaining sufficient liquidity to react to the changing environment and to pay beneficiaries in a timely manner.

TCRS' policies and the strategies implemented by the Investment Division staff serve to benefit plan members in several ways. The emphasis on a conservative asset allocation and high quality securities helps to ensure the soundness of the system and the ability to provide the needed funds upon a member's retirement.

Funds in the retirement system are actively managed with a diversified portfolio of high-quality domestic and international bonds, domestic and international stocks, real estate, private equity and short-term instruments. From time to time, pursuant to Tennessee Code Annotated, Section 8-37-114, the Treasury Investment Division engages outside investment managers to manage a limited number of asset classes or subclasses. In those instances, the Investment Division endeavors to use emerging investment managers to the greatest extent feasible within the bounds of financial and fiduciary prudence, as prescribed under Tennessee Code Annotated, Section 8-37-113.

To assist in the fiduciary responsibility for managing the TCRS portfolio, Verus Investments serves as the general investment consultant for TCRS. The Townsend Group serves as the real estate investment consultant and Cambridge Associates serves as the private equity consultant to TCRS.

State Street Company was the master bank custodian for TCRS, providing safekeeping and accounting services for the investment portfolio, during fiscal year 2016.

COST OF INVESTMENT OPERATION

The cost to operate the investment program for TCRS is about 13 basis points (0.13%) of assets. The cost of 13 basis points includes the cost of personnel, operational cost, master bank custodian cost, record keeping and external manager fees. Commission cost for trades are capitalized. Recent peer comparisons of investment management fees and expenses indicate the investment program is managed very cost effectively.

PERFORMANCE MEASUREMENT

TCRS' independent external investment consultant, Verus Investments, provides performance measurement for TCRS. During the 2016 fiscal year, TCRS had a total return of 2.79%. U.S. stocks gained 0.08%, while the S&P 1500 Index gained 3.64%. Domestic bonds gained 10.58% versus the benchmark of 10.83%. International developed stocks lost 7.50% versus a loss of 9.33% for the benchmark. Real estate gained 12.62% versus 11.84% for the NCREIF index.

**INVESTMENT SUMMARY
AS OF JUNE 30, 2016**

	Domestic		International		Total	
	Fair Value	%	Fair Value	%	Fair Value	%
Fixed Income						
Government Bonds	\$4,877,682,085	11.32%		0.00%	\$4,877,682,085	11.32%
Corporate Bonds	4,098,867,059	9.51%		0.00%	4,098,867,059	9.51%
Municipal/Provincial Bonds	173,321,491	0.40%		0.00%	173,321,491	0.40%
Total Bonds	<u>9,149,870,635</u>	<u>21.23%</u>	<u>0</u>	<u>0.00%</u>	<u>9,149,870,635</u>	<u>21.23%</u>
Lehman Brothers Escrow Adjustment		0.00%		0.00%	0	0.00%
Corporate Asset Backed	505,354,340	1.17%		0.00%	505,354,340	1.17%
Commercial Mortgage Backed	330,333,713	0.77%		0.00%	330,333,713	0.77%
Government Agencies	361,746,868	0.84%		0.00%	361,746,868	0.84%
Government Mortgage Backed Securites	3,252,991,950	7.55%		0.00%	3,252,991,950	7.55%
Government Asset Backed	38,867,402	0.09%		0.00%	38,867,402	0.09%
Preferred Stock	33,970,750	0.08%	18,443,906	0.04%	52,414,656	0.12%
Total Fixed Income	<u>13,673,135,658</u>	<u>31.73%</u>	<u>18,443,906</u>	<u>0.04%</u>	<u>13,691,579,564</u>	<u>31.77%</u>
Common Stock						
Consumer Discretionary	1,774,520,065	4.12%	820,879,119	1.90%	2,595,399,184	6.02%
Consumer Staples	1,405,219,602	3.26%	668,509,951	1.55%	2,073,729,553	4.81%
Energy	1,039,056,226	2.41%	516,766,674	1.20%	1,555,822,900	3.61%
Financials	1,860,397,609	4.32%	1,320,926,190	3.06%	3,181,323,799	7.38%
Healthcare	2,095,233,811	4.86%	555,463,686	1.29%	2,650,697,497	6.15%
Industrials	1,530,968,527	3.55%	992,080,451	2.30%	2,523,048,978	5.85%
Information Technology	2,840,858,679	6.59%	423,694,878	0.98%	3,264,553,557	7.57%
Materials	480,609,557	1.11%	536,709,657	1.25%	1,017,319,214	2.36%
Private Placements	0	0.00%	1,920,370	0.00%	1,920,370	0.00%
Rights/Warrants		0.00%	252,028	0.00%	252,028	0.00%
Telecommunication Services	356,024,949	0.83%	292,461,903	0.68%	648,486,852	1.50%
Utilities	520,042,079	1.21%	130,151,313	0.30%	650,193,392	1.51%
REITS	80,759,785	0.19%	429,870,180	1.00%	510,629,966	1.18%
Total Common Stock	<u>\$13,983,690,889</u>	<u>32.45%</u>	<u>\$6,689,686,400</u>	<u>15.51%</u>	<u>\$20,673,377,289</u>	<u>47.96%</u>

(Continued)

INVESTMENT SUMMARY
AS OF JUNE 30, 2016 (CONTINUED)

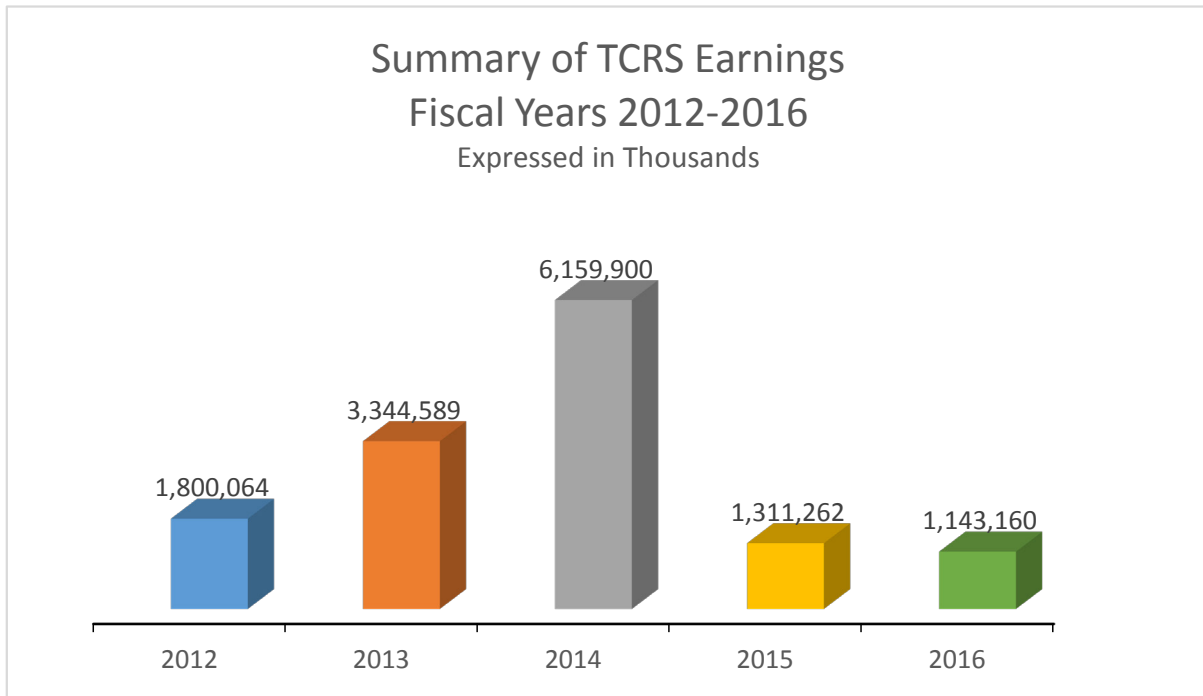
	Domestic		International		Total	
	Fair Value	%	Fair Value	%	Fair Value	%
Short-Term Investments						
Commercial Paper	\$375,532,198	0.87%	\$0	0.00%	\$375,532,198	0.87%
Pooled Funds and Mutual Funds	2,318,632,241	5.38%	0	0.00%	2,318,632,241	5.38%
Total Short term investments	<u>2,694,164,439</u>	<u>6.25%</u>	<u>0</u>	<u>0.00%</u>	<u>2,694,164,439</u>	<u>6.25%</u>
Real Estate	3,163,804,942	7.34%	0	0.00%	3,163,804,942	7.34%
Private Equities & Strategic Lending	<u>2,805,817,198</u>	<u>6.50%</u>	<u>77,591,761</u>	<u>0.18%</u>	<u>2,883,408,959</u>	<u>6.69%</u>
Total Investments	<u>36,320,613,126</u>	<u>84.27%</u>	<u>6,785,722,067</u>	<u>15.73%</u>	<u>43,106,335,194</u>	<u>100.00%</u>
					0	
Derivatives & Options	5,267,951					
Short Term Investments classified as cash equivalents	<u>(387,708,570)</u>				<u>(387,708,570)</u>	
Total investments as Shown on the Statement of Fiduciary Net Position	<u>\$35,938,172,507</u>		<u>\$6,785,722,067</u>		<u>\$42,723,894,574</u>	

This schedule classifies Canadian investments as domestic securities, convertible bonds as fixed income securities and preferred stock as fixed income securities. For investment purposes convertible bonds and preferred stock are considered equity securities. Accordingly, the asset allocation percentages in this schedule will vary from the investment consultant's asset allocation percentages.

TCRS INVESTMENTS BENCHMARK ANALYSIS

Fiscal Year	(1) Public Fund Index Median Total Return	(2) TCRS Total Return
2016	0.3%	2.8%
2015	3.2%	3.3%
2014	16.4%	16.7%
2013	12.0%	9.9%
2012	1.1%	5.6%
2011	21.6%	19.6%
2010	13.5%	10.2%
2009	-17.9%	-15.3%
2008	-4.7%	-1.2%
2007	14.1%	13.2%

- (1) This index most closely resembles the structure and objectives of TCRS
- (2) This is the time-weighted method used to calculate returns and is the most accurate way to measure performance.



LARGEST STOCK HOLDINGS*as of June 30, 2016**by Fair Value*

Shares	Security Name	Fair Value
4,458,631	APPLE INC	\$426,245,124
3,116,800	EXXON MOBIL CORP	292,168,832
4,575,014	MICROSOFT CORP	234,103,466
1,746,976	JOHNSON + JOHNSON	211,908,189
3,267,380	JPMORGAN CHASE + CO	203,034,993
4,654,244	AT+T INC	201,109,883
5,509,354	PFIZER INC	193,984,354
1,604,763	FACEBOOK INC A	183,392,316
5,806,415	GENERAL ELECTRIC CO W/D	182,785,944
244,958	AMAZON.COM INC	175,296,844

LARGEST BOND HOLDINGS*as of June 30, 2016**by Fair Value*

Par Value	Security Name	Yield	Maturity	Moody's Rating	Fair Value
\$264,235,000	United States Treasury Note	1.50%	2/15/2026	Aaa	\$267,207,644
203,503,358	United States Treasury Index Linked Note	-0.09%	1/15/2023	Aaa	206,200,795
183,328,992	United States Treasury Index Linked Note	-0.71%	4/15/2018	Aaa	186,050,328
158,590,000	United States Treasury Note	2.29%	5/15/2045	Aaa	182,285,566
157,500,000	GNMA II TBA 30 YR 3	2.31%	7/15/2043	NR	164,676,708
175,000,000	United States Treasury STRIPS	1.37%	8/15/2023	Aaa	158,646,425
152,305,000	FED HOME LN DISCOUNT NT	0.50%	10/11/2016	NR	152,149,649
130,946,000	United States Treasury Note	1.48%	11/15/2025	Aaa	139,703,014
135,889,867	United States Treasury Index Linked Note	-0.63%	4/15/2019	Aaa	138,761,627
111,300,000	United States Treasury Note	2.29%	11/15/2045	Aaa	127,977,637

A complete portfolio listing is available upon request

Key to Ratings: All ratings presented are from Moody's Investors Service with the exception of some of the government agency securities. Moody's does not rate these securities. Standard & Poor's does provide rating for the securities (AAA is Standard & Poor's highest rating.) Government Securities are not rated per se but are considered the best quality securities.

Moody's rates securities as follows:

Aaa	Best Quality
Aa	High Quality
A	Upper Medium Quality
Baa	Medium Quality
NR	Not Rated

STATE CASH MANAGEMENT

The State of Tennessee receives revenues from many sources such as taxes, licenses, fees and the federal government. As these monies are collected, they are deposited into one of the more than 80 financial institutions in Tennessee that have contracted with the state to serve as depositories. Under the state Constitution, the state may not spend more money on its programs than it has collected in revenues. Consequently, at any point in time the state has a sizable sum of money collected but not yet spent. These monies are invested by the Treasury Department until needed to pay for state expenses, payroll or benefit program disbursements.

During the 2016 fiscal year, the average balance of short term investments in the Treasurer's Cash Management program was \$9,206,333,119 per month and interest income of \$25,412,654 was earned for the fiscal year. This includes deposits in the Local Government Investment Pool administered by the Treasury Department.

The State Funding Board sets the investment policy for the state. The State Funding Board is composed of the Governor, Commissioner of Finance and Administration, Comptroller, Secretary of State and Treasurer. The foremost investment objective of the State Pooled Investment Fund is safety of principal, followed by liquidity and then yield.

The current investment policy for the State Pooled Investment Fund was established to follow GASB 79 in order to report at amortized cost. The maximum maturity of any security can not exceed 397 days, the weighted average life must be 120 days or less, and the weighted average maturity must be less than 60 days.

Funds may be invested in collateralized certificates of deposit with authorized Tennessee financial institutions; bills, notes and bonds of the U.S. Treasury; other obligations guaranteed as to principal and interest by the U.S. or any of its agencies and repurchase agreements against obligations of the U.S. or its agencies. Securities underlying repurchase agreements must be book-entry and delivered to a third party custodian in the name of the State Treasurer. Funds may also be invested in prime commercial paper and prime banker's acceptances.

At June 30, 2016, investments had an average maturity of 95 days and an average weighted yield of 0.371%. The total balance in the State Pooled Investment Fund at June 30, 2016, \$10,745,229,442 fair value, was allocated as follows: U.S. Treasury government and agency securities, 74.38%; overnight deposits, 4.92%; collateralized certificates of deposit, 13.95% and commercial paper, 6.75%.

ADMINISTRATION OF AUTHORIZED STATE DEPOSITORY ACCOUNTS

The Cash Management Division is responsible for the administration of the state's bank accounts in Tennessee financial institutions designated as authorized state depositories. Taxpayers and state agencies can deposit certain tax funds due to the state directly to any Treasurer's account at any authorized state depository.

The four most significant functions of administering the accounts are: (1) authorizing the state depository to accept state funds; (2) cash concentration; (3) collateralizing deposits and (4) monitoring collateral and deposits. Financial institutions' requests to become authorized state depositories are received in Cash Management, reviewed and forwarded to the appropriate state officials for consideration and approval.

The Cash Management Division is responsible for the cash concentration and management of all state depository accounts. Cash Management staff inquire on the balances of bank accounts and concentrate available funds into the State operating account to meet liquidity and investment needs. Account balances are drawn to the floor and concentrated by Fed wire or Automated Clearinghouse (ACH) transactions. The account floor is the minimum amount required by the financial institution for that particular account to earn interest. All of these state accounts are interest bearing.

Changes in branch banking laws and bank ownership due to mergers and acquisitions have brought about a need to quickly identify the parent bank, holding company and affiliate trustee custodians for state depositories. The ability to access and update

this information on a database enhances the ability to monitor deposits and collateral based on appropriate bank ownership.

This same database is accessed for current account information, for balance inquiry and cash concentration. It automates the link from balance inquiry to cash concentration by generating an ACH transaction. This automation improves controls over cash balances. The account balance floors are automatically compared to the balances entered to calculate ACH transaction amounts.

STATE COLLATERAL PROGRAM

Collateral is required to secure state deposits held in authorized state depository institutions. Statute sets the required collateral level at a market value of 105 percent of the value of the deposit secured, less the amount secured by the Federal Deposit Insurance Corporation. However, if the state depository is operating with a capital-to-asset ratio of less than five percent, additional collateral with a market value of \$100,000 is required. Alternatively, a financial institution may pledge collateral via the collateral pool. The types of investment instruments which are eligible to be pledged as collateral are listed in this report on page 52.

The state of the economy and the financial environment have increased the importance of monitoring collateral. Cash Management staff review collateral daily, weekly and monthly. Any collateral deficiencies at authorized state depository institutions are reported to the Funding Board monthly. Reasons for under-collateralization include market price volatility of the security pledged, unexpected high deposits to an account, interest accruals, capital-to-asset ratios falling below five percent and principal paydowns on asset backed securities that have been pledged as collateral.

Collateral is held by an authorized trustee custodian in the name of the State of Tennessee. Treasury staff must authorize the receipt, release and substitution of all collateral.

COLLATERAL POOL

treasury.tn.gov/bank

The operation of a collateral pool for banks is authorized by Tennessee Code Annotated, Section 9-4-501, et seq. The Collateral Pool operates under the jurisdiction of the Collateral Pool Board, which is comprised of four bankers and three government members representing state and local government divisions. The Collateral Pool Board has established rules and procedures that provide a low amount of risk and a high degree of efficiency for participating institutions.

While participation in the Collateral Pool is voluntary, participation is subject to application to and approval by the Collateral Pool Board. The Board has established minimum financial performance levels for applicants which must be met to ensure that program risk is minimized.

All public funds held by a pool participant are collateralized based on a collateral target calculated each month by the participant. The collateral target is based on the aggregate average balance of all public funds for the month multiplied by the pledge percentage level assigned to the participant by the Board.

The Board has established two different collateral pledge levels: 115 percent and 100 percent. The pledge level is based on financial criteria set by the Collateral Pool Board with the financially strongest institutions being eligible for the lowest pledge level. Under the Collateral Pool, should a financial institution default with insufficient collateral to cover public deposits, then the other financial institutions must make up the difference on a pro rata basis. Accordingly, public funds are not at risk in the Collateral Pool.

All collateral transactions for the pool are monitored and processed through the Treasury Department using uniform statewide procedures. In addition, Treasury Department staff monitors all pool activity through the monthly, quarterly and annual reports required to be submitted by pool participants or obtained from third party sources.

The Collateral Pool provides collateral for both state funds and local government funds for those institutions participating in the pool. The Collateral Pool serves as a significant administrative advantage for local governments. Under the Collateral Pool, the Treasurer, rather than the local government, is responsible for monitoring the pledge level; pricing collateral; reconciling collateral monthly with the trustee custodian; monitoring collateral; pledging, releasing and substituting collateral and maintaining a trustee custodian relationship.

Currently, the Collateral Pool has 103 participant institutions collateralizing public funds in excess of \$9.95 billion.

STATE TRUST

The State Trust of Tennessee, a not-for-profit corporation chartered in the State of Tennessee in 1979, continued to be utilized to obtain check clearing services through the Federal Reserve Bank with a check redemption volume of 900,000 during fiscal year 2016 at an estimated savings of \$70,000.

LOCAL GOVERNMENT INVESTMENT POOL

treasury.tn.gov/lgip

Tennessee municipalities, counties, school districts, utility districts, community service agencies, local government units, and political subdivisions can deposit monies with the Treasurer to be invested in the state cash management investment pool. Of course, these local governments can invest their monies directly in the money market if they so desire. However, by allowing their dollars to be invested by the state they eliminate the complexities of managing day-to-day investment and collateral relationships with banks and/or securities dealers. This allows cash managers who have previously been limited either by the relatively small amount of funds available for investment or the complexities of today's investment environment to take advantage of the volume and expertise of the Treasurer's cash management program.

The Local Government Investment Pool began operations in November of 1980. Participation in the LGIP program currently stands in excess of 2,880 accounts. The Department of Transportation (DOT) program has more than 800 active accounts.

Local governments which enter into agreements with the DOT often establish an LGIP account to fund the local matching portion of a highway project grant. These DOT accounts are available to provide the local match to the specific highway project in a timely manner while earning interest for the local government.

In a similar fashion, the Tennessee Board of Regents schools provide their matching portion of Capital Projects funds while earning interest for the benefit of the Board of Regents school.

An electronic banking system allows participants to access their accounts in a secure Internet application. Thus, participants are able to communicate their instructions by telephone, telefax, or the Internet.

In addition, voice mail telephone service has been provided to permit LGIP participants to give telephone transaction instructions while staff is busy on other telephone lines. Voice mail permits an increase in productivity while holding costs constant.

LGIP reports to participants are available online, including monthly statements and transaction confirmations. Monthly statements detail all debits and credits to the account during the month, the account's average daily balance, and interest credited. A transaction confirmation is available to the participant each time a deposit or withdrawal is made. Many participants rely on this documentation for daily and weekly reconciliations.

Participants earn interest on LGIP deposits based on the total portfolio return of the cash management pool, less a monthly administrative fee of four one hundredths of one percent (0.04%). During the 2016 fiscal year, the average rate participants earned on their deposits after the fee reduction was 0.23%. Other activity is shown on the following schedule by participant group.

**LOCAL GOVERNMENT INVESTMENT POOL
SCHEDULE OF ACTIVITY BY ENTITY TYPE
FISCAL YEAR ENDED JUNE 30, 2016**

	Account Balance 6/30/2015	Net Deposits/ (Withdrawals)	Gross Interest Credited	Administrative Fees	Account Balance 6/30/2016
Cities	\$ 1,108,491,878	\$ (80,048,681)	\$ 2,956,415	\$ (462,294)	\$ 1,030,937,318
Counties	296,063,890	142,786,207	1,100,954	(172,156)	439,778,895
Commitments to D.O.T.	16,824,696	(3,919,470)	36,369	(5,687)	12,935,908
Educational Institutions	802,578,241	57,565,073	2,512,370	(392,859)	862,262,825
Bond Finance	9,027,523	458,412	18,640	(2,915)	9,501,660
Other	451,671,959	158,652,952	1,441,085	(225,342)	611,540,654
	<u>\$ 2,684,658,186</u>	<u>\$ 275,494,493</u>	<u>\$ 8,065,833</u>	<u>\$ (1,261,253)</u>	<u>\$ 2,966,957,259</u>

STATE CASH MANAGEMENT COMPARATIVE RETURNS

In order to ensure that state investment returns reflect current market conditions, several market indicators are carefully monitored. Among these are rates reported daily in the Wall Street Journal, rates on U.S. Treasury securities and institutional money market funds. The following table illustrates state returns compared with three of these indicators.

Fiscal year	(1) Total Pool Funds	(2) Merrill Lynch Institutional Fund	(3) Standard & Poor's 7-Day LGIP Yield Index	(4) 90-Day Treasury (CD Equivalent Yield)
2016	0.28%	0.03%	0.22%	0.18%
2015	0.14%	0.04%	0.05%	0.02%
2014	0.14%	0.03%	0.05%	0.04%
2013	0.18%	0.08%	0.08%	0.07%
2012	0.17%	0.05%	0.09%	0.05%

(1) Investment return on total portfolio.

(2) This index most closely resembles the structures and objectives of the total cash portfolio.

(3) Index is for LGIP benchmark pools rated AAAM & AAM by S&P.

(4) This approximates the reinvestment yield for new funds for the period.

SECURITIES ACCEPTABLE AS COLLATERAL FOR STATE DEPOSITS

1. U.S. Treasury Bills
2. U.S. Treasury Notes & Bonds
3. Federal Housing Administration (FHA) debentures
4. Government National Mortgage Associations (GNMA)*
5. Farm Credit System (FCS)
 - a. Federal Land Bank Bond (FLBB)
 - b. Farm Credit Systemwide Bonds (FCSB)
 - c. Farm Credit Systemwide Discount Notes (FCDN)
 - d. Farm Credit Systemwide Floating Rate Notes (FCFR)
6. Federal Home Loan Banks
 - a. Bonds (FHLB)
 - b. Discount Notes (FHDN)
 - c. Floating Rate Notes (FHFR)
7. Federal Home Loan Mortgage Corporation (FHLMC)*
 - a. Mortgage-Backed Participation Certificates and Adjustable Rate Securities (FMPC, FMAR)
 - b. Discount Notes (FMDN)
8. Federal National Mortgage Association (FNMA)*
 - a. Bonds, Debentures, Secondary Market Debt Obligations (FNMSM)
 - b. Discount Notes (FNDN)
 - c. Floating Rate Notes (FNFR)
 - d. Mortgage-Backed Pass-Through Certificates (FNRF)
 - e. Residential Financing Securities (FNRF)
 - f. Adjustable Rate Mortgage-Backed Bonds (FNAR)
9. Student Loan Marketing Association (SLMA)
 - a. Discount Notes (SLDN)
 - b. Fixed Rate Notes (SLMN)
 - c. Floating Rate Notes (SLFR)
 - d. Bonds (SLBD)
10. Tennessee Valley Authority Bonds and Notes (TVA)
11. Collateralized Mortgage Obligations (CMOs) and Real Estate Mortgage Investment Conduits (REMICs) that are direct obligations of a U.S. agency or FNMA/FHLMC, except that the “residual” class/tranche of such securities will not be acceptable. Sufficient excess securities should be pledged to allow for the periodic reduction of principal.
12. Certain Tennessee Municipal Bonds as specified in T.C.A. Section 9-4-103.
13. Surety Bonds issued by insurance companies meeting certain requirements, including licensure under the laws of Tennessee.
14. Standby Letters of Credit from approved Federal Home Loan Banks.

* Pass through securities must reflect current paid down values and be kept up to date.

HISTORICAL ANALYSIS OF STATE CASH INVESTMENTS

Collateralized Time Deposits

Fiscal Year	Average Amount Invested	Amount Earned	Rate of Return
2016	\$ 1,143,050,000	\$ 2,425,381	0.21%
2015	886,219,333	1,535,047	0.18%
2014	418,475,250	1,094,838	0.28%
2013	421,966,000	1,234,553	0.30%
2012	500,355,667	1,411,747	0.29%

Repurchase Agreements and Overnight Deposit Accounts

Fiscal Year	Average Amount Invested	Amount Earned	Rate of Return
2016	\$ 583,326,536	\$ 1,105,303	0.20%
2015	863,604,574	1,059,781	0.19%
2014	756,419,384	1,137,756	0.19%
2013	994,965,305	1,671,077	0.21%
2012	950,980,388	1,522,199	0.29%

Commercial Paper

Fiscal Year	Average Amount Invested	Amount Earned	Rate of Return
2016	\$ 856,639,417	\$ 2,016,594	0.23%
2015	798,900,917	667,336	0.07%
2014	815,423,333	595,938	0.06%
2013	764,026,167	997,068	0.10%
2012	876,477,417	731,024	0.07%

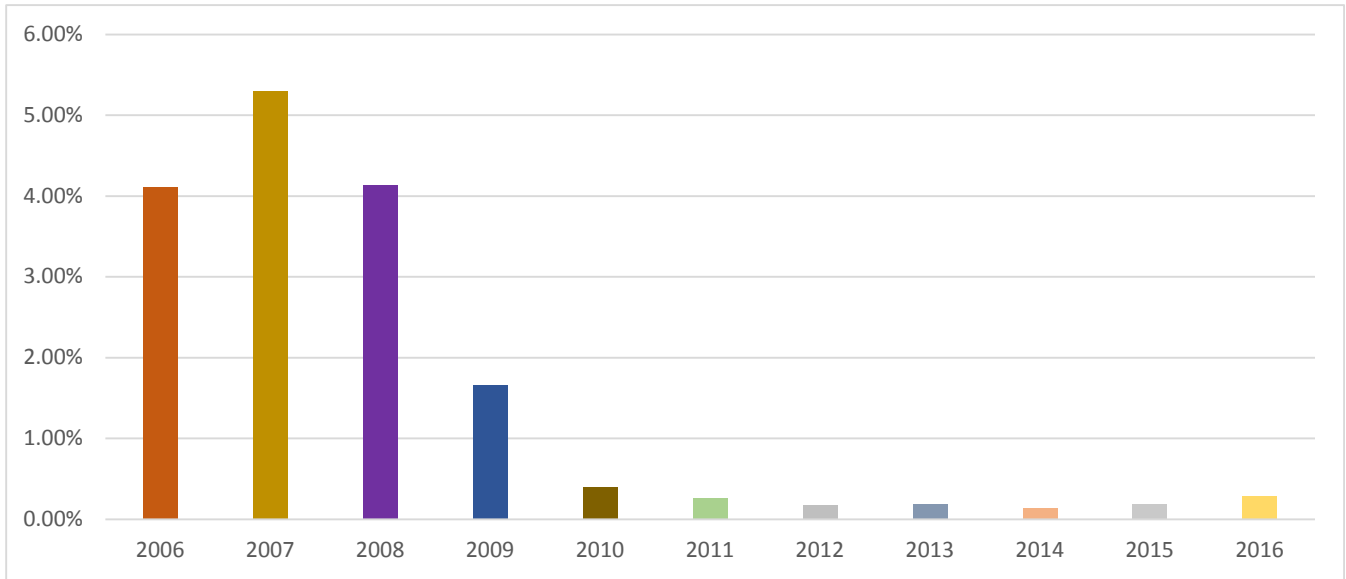
U.S. Government Securities

Fiscal Year	Average Amount Invested	Amount Earned	Rate of Return
2016	\$ 6,623,317,167	\$ 19,865,376	0.31%
2015	5,855,656,417	7,863,548	0.14%
2014	6,210,661,833	9,311,289	0.14%
2013	6,181,850,833	10,110,989	0.18%
2012	5,483,522,167	8,469,904	0.16%

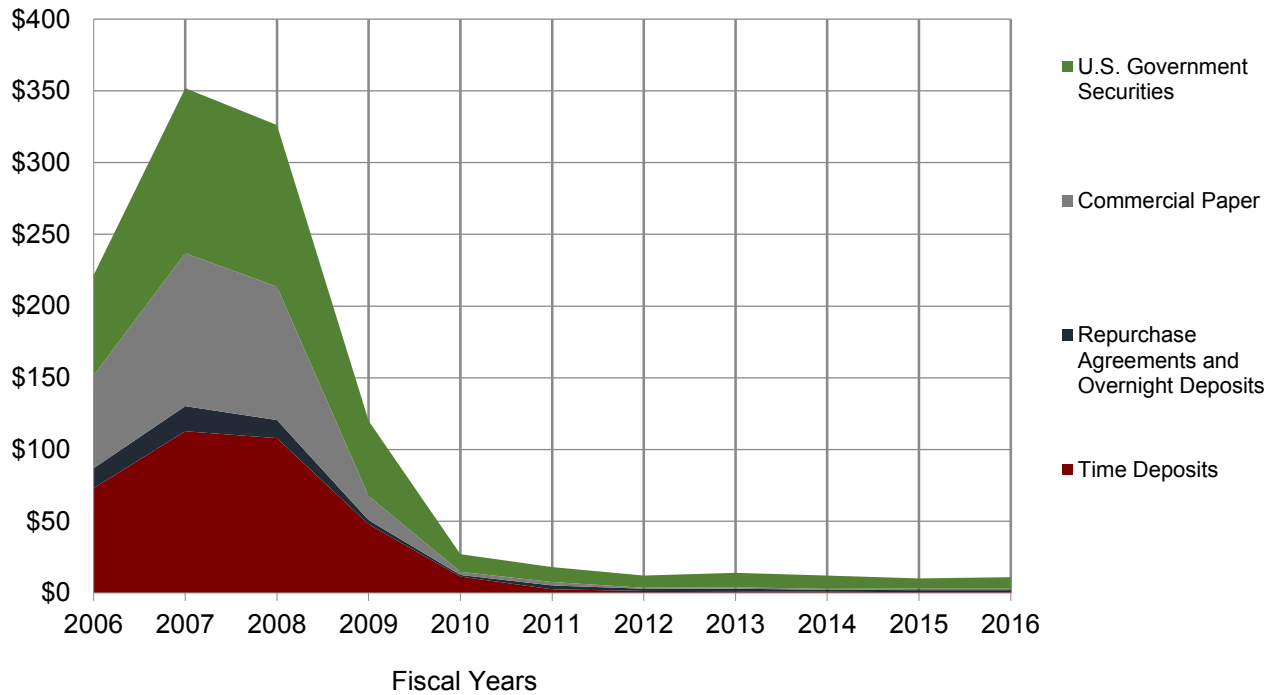
Total Funds

Fiscal Year	Average Total Funds Invested	Cash Management Investment Earnings	Composite Weighted Average Rate of Return
2016	\$ 9,206,333,119	\$ 25,412,654	0.28%
2015	8,404,381,241	11,125,712	0.18%
2014	8,200,979,800	12,139,821	0.14%
2013	8,362,808,305	14,013,687	0.18%
2012	7,811,335,639	12,134,874	0.17%

**CASH MANAGEMENT INVESTMENTS COMPOSITE WEIGHTED AVERAGE RATE OF RETURN
FISCAL YEARS 2006-2016**



**ANALYSIS OF STATE CASH EARNINGS
FISCAL YEARS 2006-2016**



CASH MANAGEMENT PORTFOLIO ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2016

Date	Current Investment Yield	Total Portfolio Yield	Avg. Days to Maturity	Portfolio Composition				
				Certificates of Deposit	Sweep	U.S. Treasury Notes	U.S. Agency	Commercial Paper
Jul-15	0.09%	0.16%	108	11.00%	5.31%	26.98%	46.19%	10.53%
Aug-15	0.11%	0.18%	104	11.42%	5.91%	28.01%	42.73%	11.94%
Sep-15	0.12%	0.20%	109	11.84%	7.61%	27.06%	50.04%	3.45%
Oct-15	0.11%	0.21%	106	12.02%	6.51%	30.20%	46.07%	5.21%
Nov-15	0.12%	0.23%	105	13.12%	5.98%	29.35%	43.89%	7.67%
Dec-15	0.21%	0.28%	105	14.64%	7.38%	31.69%	43.38%	2.92%
Jan-16	0.32%	0.32%	95	13.79%	5.81%	31.69%	43.37%	5.34%
Feb-16	0.31%	0.35%	84	13.31%	6.64%	28.24%	44.26%	7.56%
Mar-16	0.30%	0.35%	67	12.29%	6.12%	33.50%	40.15%	7.94%
Apr-16	0.31%	0.34%	65	11.01%	5.38%	26.22%	48.19%	9.20%
May-16	0.32%	0.35%	69	10.63%	5.12%	22.10%	53.37%	8.78%
Jun-16	0.32%	0.37%	88	13.95%	4.92%	24.97%	49.41%	6.75%
Avg.	0.22%	0.28%	92	12.42%	6.06%	28.33%	45.92%	7.27%

MONTH	General Fund		LGIP		Other Restricted		Total Average Invested
	Average	Percent	Average	Percent	Average	Percent	
July 2015	\$ 3,591,180,032	39.12%	\$ 2,700,714,602	29.42%	\$ 2,889,129,182	31.47%	\$ 9,181,023,816
August 2015	3,496,903,157	38.79%	2,563,485,973	28.44%	2,954,149,658	32.77%	9,014,538,788
September 2015	3,415,000,863	38.55%	2,530,966,909	28.57%	2,913,739,284	32.89%	8,859,707,056
October 2015	3,431,766,158	39.25%	2,461,775,498	28.16%	2,848,723,970	32.59%	8,742,265,626
November 2015	3,600,436,808	41.84%	2,535,311,375	29.46%	2,470,360,247	28.70%	8,606,108,430
December 2015	3,269,293,273	38.09%	2,628,435,250	30.63%	2,684,320,614	31.28%	8,582,049,137
January 2016	3,358,861,677	37.96%	2,784,167,624	31.46%	2,705,581,060	30.58%	8,848,610,361
February 2016	3,041,863,446	34.33%	2,976,005,234	33.58%	2,843,604,146	32.09%	8,861,472,826
March 2016	3,083,215,594	33.56%	3,309,643,765	36.02%	2,794,411,066	30.42%	9,187,270,425
April 2016	3,530,201,407	36.91%	3,231,959,922	33.79%	2,803,141,972	29.31%	9,565,303,301
May 2016	4,251,404,280	42.13%	3,104,455,897	30.76%	2,736,232,797	27.11%	10,092,092,974
June 2016	5,044,607,826	46.13%	3,042,183,218	27.82%	2,848,763,642	26.05%	10,935,554,686
Average	\$ 3,592,894,543	39.03%	\$ 2,822,425,439	30.66%	\$ 2,791,013,137	30.32%	\$ 9,206,333,119

U.S. TREASURY AND AGENCY OBLIGATIONS				
Description	Maturity	Yield to Maturity	Par Value	Fair Value
FAMC	5/2/2017	0.529	\$ 75,000,000	\$ 75,009,750
FAMC	12/2/2016	0.409	100,000,000	99,987,000
FAMC	3/3/2017	0.453	100,000,000	99,973,000
FAMC	6/7/2017	0.484	100,000,000	99,991,000
FAMC	6/1/2017	0.497	100,000,000	99,982,000
FAMC	5/18/2017	0.488	75,000,000	75,000,000
FAMC	5/2/2017	0.519	75,000,000	75,003,750
Federal Home Loan Bank	10/18/2016	0.45	95,510,000	95,528,147
Federal Home Loan Bank	4/25/2017	0.458	200,000,000	199,894,000
Federal Home Loan Bank	12/5/2016	0.53	50,000,000	50,095,500
Federal Home Loan Bank	2/13/2017	0.75	27,500,000	27,553,350
Federal Home Loan Bank	7/10/2017	0.505	100,000,000	99,974,000
FFCB DISCOUNT NOTES	7/22/2016	0.4	43,500,000	43,503,480
FFCB DISCOUNT NOTES	7/11/2016	0.26	75,000,000	74,996,250
FFCB DISCOUNT NOTES	8/1/2016	0.417	75,000,000	74,984,250
FFCB DISCOUNT NOTES	4/20/2017	0.503	25,000,000	25,001,750
FFCB DISCOUNT NOTES	5/25/2017	0.443	75,000,000	74,964,000
FFCB DISCOUNT NOTES	8/30/2016	0.67	22,000,000	21,990,760
FHLB DISCOUNT NOTES	7/15/2016	0.24	50,000,000	49,996,500
FHLB DISCOUNT NOTES	7/13/2016	0.24	283,000,000	282,983,020
FHLB DISCOUNT NOTES	7/25/2016	0.265	81,000,000	80,991,090
FHLB DISCOUNT NOTES	7/22/2016	0.285	160,000,000	159,984,000
FHLB DISCOUNT NOTES	7/28/2016	0.27	200,000,000	199,974,000
FHLB DISCOUNT NOTES	8/3/2016	0.31	50,000,000	49,988,500
FHLB DISCOUNT NOTES	7/15/2016	0.33	190,500,000	190,486,665
FHLB DISCOUNT NOTES	7/15/2016	0.32	173,000,000	172,987,890
FHLB DISCOUNT NOTES	7/25/2016	0.58	15,000,000	14,998,350
FHLB DISCOUNT NOTES	7/8/2016	0.29	106,000,000	105,996,820
FHLB DISCOUNT NOTES	8/15/2016	0.3	39,000,000	38,987,910
FHLB DISCOUNT NOTES	8/15/2016	0.32	120,000,000	119,962,800
FHLB DISCOUNT NOTES	7/1/2016	0.295	126,000,000	126,000,000
FHLB DISCOUNT NOTES	7/1/2016	0.295	60,000,000	60,000,000
FHLB DISCOUNT NOTES	7/1/2016	0.29	150,000,000	150,000,000
FHLB DISCOUNT NOTES	7/1/2016	0.29	118,000,000	118,000,000
FHLB DISCOUNT NOTES	7/11/2016	0.3	140,000,000	139,993,000

(Continued)

U.S. TREASURY AND AGENCY OBLIGATIONS					
Description	Maturity	Yield to Maturity	Par Value		Fair Value
FHLMC Note .6	1/6/2017	0.6	\$ 50,000,000	\$	49,890,000
FHLMC Note 5	2/16/2017	5	54,682,000		56,221,845
FNMA Discount Notes	8/5/2016	0.29	200,000,000		199,952,000
FNMA Discount Notes	8/5/2016	0.29	100,000,000		99,976,000
FNMA Discount Notes	9/1/2016	0.45	36,082,000		36,053,585
FNMA Discount Notes	2/13/2017	5	35,750,000		36,743,135
FNMA Discount Notes	2/13/2017	5	50,000,000		51,389,000
FNMA Discount Notes	7/1/2016	0.4	52,000,000		51,999,422
INTL BK FOR RECON	9/12/2016	0.625	100,000,000		100,043,000
INTL BK FOR RECON	7/14/2017	0.522	171,000,000		170,983,062
INTL BK FOR RECON	7/14/2017	0.545	100,000,000		99,995,258
INTL BK FOR RECON	7/14/2017	0.545	100,000,000		99,995,384
INTL BK FOR RECON	7/14/2017	0.545	100,000,000		99,995,091
INTL BK FOR RECON	7/14/2017	0.545	150,000,000		150,000,000
INTL BK FOR RECON	7/14/2017	0.545	200,000,000		200,000,000
INTL BK FOR RECON	9/12/2016	0.625	51,280,000		51,302,050
INTL BK FOR RECON	7/13/2016	0.24	50,000,000		49,997,000
INTL BK FOR RECON	7/7/2016	0.23	230,000,000		229,993,100
US Treasury Bills	7/7/2016	0.188	200,000,000		199,998,000
US Treasury Bills	7/14/2016	0.2	200,000,000		199,992,000
US Treasury Bills	7/21/2016	0.22	100,000,000		99,990,000
US Treasury Bills	7/21/2016	0.205	140,000,000		139,986,000
US Treasury Bills	8/11/2016	0.175	125,000,000		124,971,250
US Treasury Notes	7/15/2016	0.625	100,000,000		100,017,000
US Treasury Notes	8/15/2016	0.625	150,000,000		150,072,000
US Treasury Notes	9/15/2016	0.875	50,000,000		50,057,000
US Treasury Notes	9/15/2016	0.875	100,000,000		100,114,000
US Treasury Notes	9/15/2016	0.875	50,000,000		50,057,000
US Treasury Notes	8/15/2016	0.625	55,000,000		55,026,400
US Treasury Notes	11/15/2016	0.625	50,000,000		50,049,000
US Treasury Notes	12/15/2016	0.625	107,000,000		107,109,140
US Treasury Notes	8/15/2016	4.875	100,000,000		100,572,000
US Treasury Notes	12/15/2016	0.625	100,000,000		100,102,000
US Treasury Notes	7/15/2016	0.625	50,000,000		50,008,500
US Treasury Notes	7/15/2016	0.625	50,000,000		50,008,500

(Continued)

U.S. TREASURY AND AGENCY OBLIGATIONS				
Description	Maturity	Yield to Maturity	Par Value	Fair Value
US Treasury Notes	9/30/2016	1	\$ 48,000,000	\$ 48,077,280
US Treasury Notes	10/15/2016	0.625	100,000,000	100,078,000
US Treasury Notes	11/15/2016	0.625	50,000,000	50,049,000
US Treasury Notes	11/30/2016	0.5	50,000,000	50,027,000
US Treasury Notes	2/15/2017	0.625	55,000,000	55,059,400
US Treasury Notes	8/15/2016	0.625	50,000,000	50,024,000
US Treasury Notes	8/15/2016	0.625	50,000,000	50,024,000
US Treasury Notes	11/15/2016	7.5	91,000,000	93,410,590
US Treasury Notes	12/15/2016	0.625	50,000,000	50,051,000
US Treasury Notes	2/15/2017	0.625	55,000,000	55,059,400
US Treasury Notes	9/15/2016	0.875	100,000,000	100,114,000
US Treasury Notes	10/15/2016	0.625	50,000,000	50,039,000
US Treasury Notes	8/15/2016	0.625	100,000,000	100,048,000
US Treasury Notes	7/15/2016	0.625	100,000,000	100,017,000
TOTAL U.S. TREASURY AND AGENCY OBLIGATIONS			<u>\$ 7,981,804,000</u>	<u>\$ 7,989,498,925</u>

CERTIFICATES OF DEPOSIT				
Description	Maturity	Yield to Maturity	Par Value	Fair Value
Bank of Crockett, Bells	7/1/2016	0.3	\$ 1,500,000	\$ 1,500,000
Bank of Crockett, Bells	7/22/2016	0.3	2,000,000	2,000,000
Bank of Crockett, Bells	7/11/2016	0.3	3,000,000	3,000,000
Bank of Crockett, Bells	7/25/2016	0.3	3,000,000	3,000,000
Bank of Crockett, Bells	7/25/2016	0.3	3,300,000	3,300,000
Bank of Crockett, Bells	7/25/2016	0.3	2,000,000	2,000,000
Reliant Bank, Brentwood	7/8/2016	0.35	5,000,000	5,000,000
Reliant Bank, Brentwood	10/4/2016	0.35	5,000,000	5,000,000
Reliant Bank, Brentwood	10/4/2016	0.35	10,000,000	10,000,000
Reliant Bank, Brentwood	7/27/2016	0.35	8,000,000	8,000,000
Reliant Bank, Brentwood	8/26/2016	0.35	2,000,000	2,000,000
Reliant Bank, Brentwood	9/16/2016	0.35	10,000,000	10,000,000
First Advantage Bank, Clarksville	7/1/2016	0.5	1,000,000	1,000,000
First Advantage Bank, Clarksville	12/6/2016	0.5	2,500,000	2,500,000
Landmark Community, Collierville	7/1/2016	0.25	3,000,000	3,000,000

(Continued)

CERTIFICATES OF DEPOSIT					
Description	Maturity	Yield to Maturity	Par Value	Fair Value	
Landmark Community, Collierville	7/1/2016	0.25	\$ 10,000,000	\$ 10,000,000	
Landmark Community, Collierville	7/1/2016	0.25	5,000,000	5,000,000	
Landmark Community, Collierville	7/1/2016	0.25	5,000,000	5,000,000	
Landmark Community, Collierville	7/6/2016	0.25	10,000,000	10,000,000	
Landmark Community, Collierville	7/6/2016	0.25	25,000,000	25,000,000	
Landmark Community, Collierville	7/6/2016	0.25	5,000,000	5,000,000	
Landmark Community, Collierville	7/6/2016	0.25	5,000,000	5,000,000	
Landmark Community, Collierville	7/6/2016	0.25	4,000,000	4,000,000	
Community First Bank & Trust, Columbia	9/22/2016	0.35	4,000,000	4,000,000	
Putnam 1st Mercantile, Cookeville	7/11/2016	0.35	1,000,000	1,000,000	
Putnam 1st Mercantile, Cookeville	8/3/2016	0.35	1,000,000	1,000,000	
Community National Bank, Dayton	12/6/2016	0.5	500,000	500,000	
Security Bank, Dyersburg	7/29/2016	0.3	1,000,000	1,000,000	
Security Bank, Dyersburg	8/5/2016	0.3	1,500,000	1,500,000	
Security Bank, Dyersburg	8/26/2016	0.3	2,000,000	2,000,000	
Security Bank, Dyersburg	7/29/2016	0.3	2,500,000	2,500,000	
Security Bank, Dyersburg	8/22/2016	0.3	1,500,000	1,500,000	
Security Bank, Dyersburg	7/21/2016	0.3	2,000,000	2,000,000	
Security Bank, Dyersburg	8/15/2016	0.3	5,000,000	5,000,000	
First Citizens National Bank, Dyersburg	11/4/2016	0.5	20,000,000	20,000,000	
First Citizens National Bank, Dyersburg	11/4/2016	0.5	3,000,000	3,000,000	
Franklin Synergy Bank, Franklin	7/8/2016	0.25	10,000,000	10,000,000	
Franklin Synergy Bank, Franklin	7/22/2016	0.25	20,000,000	20,000,000	
Franklin Synergy Bank, Franklin	7/1/2016	0.25	25,000,000	25,000,000	
Franklin Synergy Bank, Franklin	7/8/2016	0.25	10,000,000	10,000,000	
Franklin Synergy Bank, Franklin	7/22/2016	0.25	40,000,000	40,000,000	
Franklin Synergy Bank, Franklin	7/15/2016	0.25	20,000,000	20,000,000	
Franklin Synergy Bank, Franklin	7/29/2016	0.25	30,000,000	30,000,000	
Franklin Synergy Bank, Franklin	7/7/2016	0.3	30,000,000	30,000,000	
Franklin Synergy Bank, Franklin	7/15/2016	0.3	20,000,000	20,000,000	
Franklin Synergy Bank, Franklin	9/15/2016	0.35	20,000,000	20,000,000	
Franklin Synergy Bank, Franklin	8/15/2016	0.35	30,000,000	30,000,000	
Franklin Synergy Bank, Franklin	8/23/2016	0.35	20,000,000	20,000,000	

(Continued)

CERTIFICATES OF DEPOSIT					
Description	Maturity	Yield to Maturity		Par Value	Fair Value
Franklin Synergy Bank, Franklin	8/26/2016	0.35	\$	20,000,000	\$ 20,000,000
Franklin Synergy Bank, Franklin	9/30/2016	0.35		25,000,000	25,000,000
Gates Banking and Trust Company	8/5/2016	0.3		1,000,000	1,000,000
Gates Banking and Trust Company	7/8/2016	0.3		1,250,000	1,250,000
Gates Banking and Trust Company	8/26/2016	0.3		750,000	750,000
Gates Banking and Trust Company	8/26/2016	0.3		425,000	425,000
Gates Banking and Trust Company	8/26/2016	0.3		250,000	250,000
Gates Banking and Trust Company	7/25/2016	0.3		250,000	250,000
Gates Banking and Trust Company	7/14/2016	0.3		1,000,000	1,000,000
Gates Banking and Trust Company	7/25/2016	0.3		600,000	600,000
Gates Banking and Trust Company	7/14/2016	0.3		750,000	750,000
Gates Banking and Trust Company	7/7/2016	0.3		750,000	750,000
Gates Banking and Trust Company	7/7/2016	0.3		250,000	250,000
Gates Banking and Trust Company	7/18/2016	0.35		250,000	250,000
Gates Banking and Trust Company	7/18/2016	0.3		250,000	250,000
Bank of Gleason	9/23/2016	0.5		350,000	350,000
Bank of Gleason	7/5/2016	0.5		300,000	300,000
Bank of Gleason	9/13/2016	0.2		750,000	750,000
Bank of Gleason	11/15/2016	0.5		2,000,000	2,000,000
Bank of Halls	8/18/2016	0.3		2,000,000	2,000,000
Bank of Halls	7/7/2016	0.3		2,450,000	2,450,000
Bank of Halls	7/21/2016	0.3		750,000	750,000
Bank of Halls	7/14/2016	0.3		735,000	735,000
Bank of Halls	7/14/2016	0.3		2,300,000	2,300,000
Citizens Bank, Hartsville	7/15/2016	0.3		4,000,000	4,000,000
Citizens Bank, Hartsville	12/20/2016	0.5		2,000,000	2,000,000
The Peoples Bank, Henderson	8/3/2016	0.35		2,000,000	2,000,000
Bank of Jackson	7/1/2016	0.3		2,000,000	2,000,000
Bank of Jackson	8/19/2016	0.3		2,000,000	2,000,000
Bank of Jackson	7/22/2016	0.3		2,000,000	2,000,000
Citizens State Bank, Jasper	12/13/2016	0.5		75,000	75,000
BB&T, Knoxville	12/6/2016	0.5		50,000,000	50,000,000
BB&T, Knoxville	12/6/2016	0.5		50,000,000	50,000,000
BB&T, Knoxville	12/6/2016	0.5		100,000,000	100,000,000
Coffee County Bank, Manchester	7/19/2016	0.5		240,000	240,000
First National Bank of McMinnville	7/1/2016	0.3		3,000,000	3,000,000

(Continued)

CERTIFICATES OF DEPOSIT					
Description	Maturity	Yield to Maturity	Par Value	Fair Value	
First National Bank of McMinnville	7/8/2016	0.3	\$ 3,000,000	\$ 3,000,000	
First Tennessee Bank National Association, Memphis	7/15/2016	0.25	100,000,000	100,000,000	
Metropolitan Bank, Memphis	10/14/2016	0.35	7,500,000	7,500,000	
Patriot Bank, Millington	8/19/2016	0.3	2,500,000	2,500,000	
Patriot Bank, Millington	7/8/2016	0.3	4,000,000	4,000,000	
Patriot Bank, Millington	7/1/2016	0.3	4,000,000	4,000,000	
Patriot Bank, Millington	7/21/2016	0.3	4,000,000	4,000,000	
Patriot Bank, Millington	7/25/2016	0.3	6,500,000	6,500,000	
Patriot Bank, Millington	8/4/2016	0.3	4,000,000	4,000,000	
Patriot Bank, Millington	7/18/2016	0.3	5,000,000	5,000,000	
Patriot Bank, Millington	7/25/2016	0.3	5,000,000	5,000,000	
Pinnacle Bank, Nashville	7/8/2016	0.25	30,000,000	30,000,000	
Pinnacle Bank, Nashville	7/22/2016	0.25	30,000,000	30,000,000	
Pinnacle Bank, Nashville	7/22/2016	0.25	40,000,000	40,000,000	
Pinnacle Bank, Nashville	7/15/2016	0.25	20,000,000	20,000,000	
Pinnacle Bank, Nashville	7/7/2016	0.25	60,000,000	60,000,000	
Pinnacle Bank, Nashville	7/29/2016	0.25	50,000,000	50,000,000	
Pinnacle Bank, Nashville	7/6/2016	0.25	40,000,000	40,000,000	
Regions Bank, Nashville	7/1/2016	0.19	100,000,000	100,000,000	
Regions Bank, Nashville	7/1/2016	0.19	200,000,000	200,000,000	
Simmons Bank, Nashville	9/8/2016	0.35	10,000,000	10,000,000	
CapStar Bank, Nashville	9/23/2016	0.35	10,000,000	10,000,000	
CapStar Bank, Nashville	10/7/2016	0.35	10,000,000	10,000,000	
CapStar Bank, Nashville	9/30/2016	0.35	10,000,000	10,000,000	
Civic Bank and Trust, Nashville	12/13/2016	0.5	1,000,000	1,000,000	
Newport Federal Bank	11/4/2016	0.5	500,000	500,000	
Newport Federal Bank	11/4/2016	0.5	500,000	500,000	
Newport Federal Bank	7/19/2016	0.5	95,000	95,000	
Newport Federal Bank	7/19/2016	0.5	300,000	300,000	
TNBank, Oak Ridge	8/18/2016	0.35	1,000,000	1,000,000	
TNBank, Oak Ridge	7/22/2016	0.35	1,000,000	1,000,000	
TNBank, Oak Ridge	9/8/2016	0.35	1,000,000	1,000,000	
TNBank, Oak Ridge	8/31/2016	0.35	1,000,000	1,000,000	
Community Trust and Banking, Ooltewah	12/6/2016	0.5	2,000,000	2,000,000	
The Hardin County Bank, Savannah	7/29/2016	0.5	3,000,000	3,000,000	

(Continued)

CERTIFICATES OF DEPOSIT				
Description	Maturity	Yield to Maturity	Par Value	Fair Value
The Hardin County Bank, Savannah	7/29/2016	0.5	2,000,000	2,000,000
Wayne County Bank, Waynesboro	11/4/2016	0.5	900,000	900,000
Wayne County Bank, Waynesboro	8/5/2016	0.5	500,000	500,000
TOTAL CERTIFICATES OF DEPOSIT			\$ 1,502,320,000	\$ 1,502,320,000

OVERNIGHT DEPOSIT ACCOUNTS				
Description	Maturity	Rate	Position Size	Market Value
First Tennessee Bank-Overnight Deposit Accounts	7/1/2015	0.150%	\$ 110,000,000	\$ 110,000,000
First Tennessee Bank-Overnight Deposit Accounts	7/1/2015	0.420%	18,648,061	118,254,958
Regions Bank-Overnight Deposit Account	7/1/2015	0.100%	300,575,387	300,575,387
TOTAL OVERNIGHT DEPOSIT ACCOUNTS			\$ 429,223,448	\$ 528,830,345

COMMERICAL PAPER				
Description	Maturity	Rating	Par Value	Fair Value
BNP	7/1/2016	A1	\$ 300,000,000	\$ 299,997,667
TOYOTA	7/8/2016	A1	125,000,000	124,991,667
GE	7/13/2016	A1	100,000,000	99,987,361
EXXON MOBIL	7/5/2016	A1	100,000,000	99,994,722
EXXON MOBIL	7/5/2016	A1	100,000,000	99,995,139
TOTAL COMMERICAL PAPER			\$ 725,000,000	\$ 724,966,556

**BACCALAUREATE EDUCATION SYSTEM TRUST
AS OF JUNE 30, 2016**

Fixed Exchange Traded Funds	Units	Fair Value
Vanguard Total Bond Market	313,390	\$ 26,418,777
TOTAL FIXED INCOME EXCHANGE TRADED FUNDS		<u>26,418,777</u>
Equity Exchange Traded Funds		
SSGA Government Money Market Fund	7,566,077	\$ 7,566,077
Ishares MSCI EAFE	101,490	5,644,157
Vanguard Index S&P 500	32,580	6,262,528
TOTAL EQUITY EXCHANGE TRADED FUNDS		<u>19,472,762</u>
TOTAL PORTFOLIO		<u><u>\$ 45,891,539</u></u>

LARGEST BOND HOLDINGS

AS OF JUNE 30, 2016

BY FAIR VALUE

Par Value	Security Name	Yield to Maturity	Maturity	Moody's Quality Rating	Fair Value
3,871,910.00	TSY INFL IX N/B	-0.54%	1/15/2020	Aaa	\$ 4,134,018.95
3,500,000.00	US TREASURY N/B	1.03%	7/31/2021	Aaa	3,708,631.50
3,026,310.00	TSY INFL IX N/B	0.02%	7/15/2025	Aaa	3,116,155.09
3,000,000.00	US TREASURY N/B	1.48%	2/15/2026	Aaa	3,033,750.00
2,500,000.00	US TREASURY N/B	0.60%	7/31/2018	Aaa	2,539,257.50
1,857,063.00	TSY INFL IX N/B	0.69%	2/15/1941	Aaa	2,449,752.08
1,903,665.00	TSY INFL IX N/B	0.06%	1/15/2025	Aaa	2,272,970.30
2,018,700.00	TSY INFL IX N/B	-0.41%	4/15/2021	Aaa	2,068,378.19
1,838,000.00	GE CAPITAL INTL FUNDING	3.53%	11/15/2035	A1	2,061,475.07
2,000,000.00	US TREASURY N/B	0.93%	11/30/2020	Aaa	2,058,594.00

A complete portfolio listing is available upon request.

Exchange Traded Funds	Units	Fair Value
VANGUARD S+P 500 ETF	718,300	\$ 138,071,626
ISHARES MSCI EAFE ETF	614,450	34,292,455
TOTAL Exchange Traded FUND		<u>\$ 172,364,081</u>

Key to Ratings: All ratings presented are from Moody's Investors Service with the exception of some of the government agency securities. Moody's does not rate these securities. Standard & Poor's does provide ratings for the securities (AAA is Standard & Poor's highest rating). Government Securities are not rated per se', but are considered the best quality securities.

Moody's rates securities as follows:	Aaa	Best Quality
	Aa	High Quality
	A	Upper Medium Quality
	Baa	Medium Quality
	NR	Not Rated

TENNESSEE PROMISE SCHOLARSHIP ENDOWMENT TRUST FUND
AS OF JUNE 30, 2016

	Units	Fair Value
EQUITY EXCHANGE TRADED FUNDS		
VANGUARD TOTAL STOCK MARKET ET	397,400	\$ 42,585,384
VANGUARD FTSE DEVELOPED MARKET	569,800	20,148,128
ISHARES MSCI CANADA ETF	188,000	4,607,880
ISHARES MSCI SOUTH KOREA CAPPE	36,900	1,921,383
ISHARES MSCI BRAZIL CAPPED ETF	51,000	1,536,630
ISHARES MSCI TAIWAN ETF	102,600	1,441,530
ISHARES MSCI SOUTH AFRICA ETF	16,700	883,263
ISHARES INDIA 50 ETF	27,000	764,100
ISHARES MSCI MEXICO CAPPED ETF	11,800	594,248
FIXED INCOME SECURITIES AND EXCHANGE TRADED FUNDS		
FIXED INCOME SECURITIES (LEGACY TRANSITION PORTFOLIO)	146,851,700	\$ 158,945,374
ISHARES MBS ETF	432,400	47,551,028
VANGUARD LONG TERM CORPORATE B	393,300	37,182,582
VANGUARD INTERMEDIATE TERM COR	406,000	36,300,460
VANGUARD SHORT TERM INFLATION	482,200	23,859,256
SPDR BARCLAYS HIGH YIELD BOND	336,700	12,020,190
REAL ESTATE EXCHANGE TRADED FUNDS		
VANGUARD REIT ETF	85,100	\$ 7,545,817
TOTAL PORTFOLIO		\$ 397,887,253

INTERMEDIATE TERM INVESTMENT FUND

treasury.tn.gov/lqip/interterminvfund

The Intermediate Term Investment Fund (ITIF) is an external investment pool sponsored by the State of Tennessee. All funds in the ITIF at June 30, 2016 consist of funds belonging to entities outside of the State of Tennessee Financial Reporting Entity, and have been included as a separate investment trust fund in the Tennessee Comprehensive Annual Financial Report.

*Financial Statements for the
Intermediate Term Investment Fund
can be found on pages 100-104.*