

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

577



FROM: Don Kent, Treasurer-Tax Collector

SUBMITTAL DATE:
February 14, 2013

SUBJECT: Treasurer's Monthly Disclosure Report on Investments

RECOMMENDED MOTION: That the Board of Supervisors receives and files the Treasurer's "Monthly Disclosure Report on Investments" dated January 2013.

BACKGROUND: The County Treasurer and Tax Collector is submitting the above noted report to the County Board of Supervisors in keeping with Section 53607 of the California Government Code, which requires a quarterly report on the status of investments. The practice has been to provide the Board with a monthly report. The report gives the various statistics on the portfolio as to overall composition, liquidity structure, credit quality on the various securities, and provides several trends on earning performance, average weighted maturity, and the portfolio's "paper loss or gain".



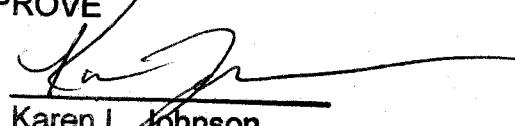
Don Kent, Treasurer-Tax Collector

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012-2013

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Karen L. Johnson

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** ALL | **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

2-20

Departmental Concurrence



2013
January

County of Riverside

Treasurer's Pooled Investment Fund

"Year of the Snake"

According to the Chinese zodiac, 2013 is the year of the black snake, which suggests it will bring unexpected changes, instability, and changeability. Of particular importance this year is to plan beforehand and evaluate adequately before taking any actions and being more careful and cautious than ever. The New Year has definitely started with unexpected changes in the equities markets, exploding in gains with both the Dow and the S&P 500 up over 5% for the month. This is definitely good news for investors as the January effect theory states that the stock market's performance in the first month of the year sets the direction for the following 11 months.

According to the Stock Trader's Almanac, the first five trading days of January overwhelmingly indicate whether the New Year will be a bullish or bearish one. Devised in 1972 by Yale Hirsch, this theory has successfully called the S&P 500's direction 33 out of 39 years. The last time the barometer was wrong was in 2001, when a 3.5% gain in the year's first month ended up in a 13% market slump by the end of the year; September 11th and its aftermath was obviously the primary driver of that.

This New Year will definitely prove to be an interesting one and promises to bring "unexpected changes, instability and changeability." As we covered in last month's commentary, sequestration, which are the harsh cuts to the federal budget scheduled to go into effect on March 1st will

be hotly debated in the coming weeks and hopefully resolved without too much pain. In addition, the geopolitical stakes have never been higher as turmoil continues in the Middle East only to be outdone by North Korea threatening another live test of a nuclear bomb. Furthermore, Japan, China and Russia are grousing about oil and gas rich islands off the coast of Japan. All of these issues have the potential to bring the U.S. into a conflict in which we can ill afford and could further drive the price of crude oil even higher. As it has been said before, there has never been an economic recovery with oil above \$100 a barrel.

As suspected, there were no big surprises at the January 30th FOMC meeting in which they stated, "with appropriate policy accommodation, economic growth will proceed at a moderate pace and the unemployment rate will gradually decline toward levels the Committee judges consistent with its dual mandate. Although strains in global financial markets have eased somewhat, the Committee continues to see downside risks to the economic outlook." In other words, until the unemployment rate drops substantially, the FED will continue to remain accommodative to prop up our economy. We will continue to monitor these world-changing events and plan beforehand and adequately evaluate before taking actions.

Don Kent
Treasurer-Tax Collector

Capital Markets Team

Don Kent

Treasurer-Tax Collector

Jon Christensen

Asst. Treasurer-Tax Collector

Giovane Pizano

Investment Manager

Angela Green

Asst. Investment Manager

Investment Objectives

The primary objective of the treasurer shall be to safeguard the principal of the funds under the treasurer's control, meet the liquidity needs of the depositor, and achieve a return on the funds under his or her control.

**RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND IS CURRENTLY RATED:
Aaa-bf BY MOODY'S INVESTOR'S SERVICE AND AAA/V1 BY FITCH RATINGS**

Month	Assets	Liabilities	Net Assets	Yield	Expense Ratio	Turnover	Rating
January	5,090,799,909.66	5,086,685,931.93	4,113,977.73	0.08	0.37	1.24	1.23
December	5,999,501,448.83	5,993,822,631.12	5,678,817.71	0.09	0.32	1.01	1.00
November	5,060,842,259.48	5,054,763,131.75	6,079,127.73	0.12	0.39	1.11	1.09
October	4,739,722,977.79	4,734,136,679.88	5,586,297.91	0.12	0.42	1.17	1.15
September	5,020,304,807.84	5,013,573,226.55	6,731,581.29	0.13	0.42	1.13	1.11
August	5,187,622,985.61	5,179,796,928.68	7,826,056.93	0.15	0.42	1.13	1.12

The Treasurer's Pooled Investment Fund is comprised of the County, Schools, Special Districts, and other Discretionary Depositors.



Current Market Data

Economic Indicators

Report Date	Indicator	Current Value	Previous Value
2/1/2013	Non-Farm Payrolls M/M change: Counts the number of paid employees working part-time or full-time in the nation's business and government establishments.	175,000	157,000
2/1/2013	Employment Situation: Measures the number of unemployed as a percentage of the labor force.	7.7%	7.9%
1/28/2013	Durable Goods Orders - M/M change: Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	1.6%	4.6%
1/30/2013	Real Gross Domestic Product - Q/Q change: The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard.	1.0%	-0.1%
1/29/2013	Consumer Confidence: Measures consumer attitudes on present economic conditions and expectations of future conditions.	65.1	58.6
2/4/2013	Factory Orders M/M change: Represents the dollar level of new orders for both durable and nondurable goods.	2.4%	1.8%
1/16/2013	Consumer Price Index - M/M change: The Consumer Price Index is a measure of the average price level of a fixed basket of goods and services purchased by consumers.	0.1%	0.1%

Stock Indices

Dow Jones (DJIA)	13,860.58	756.44
S&P 500 Index	1,498.11	71.92
NASDAQ	2,731.53	70.60

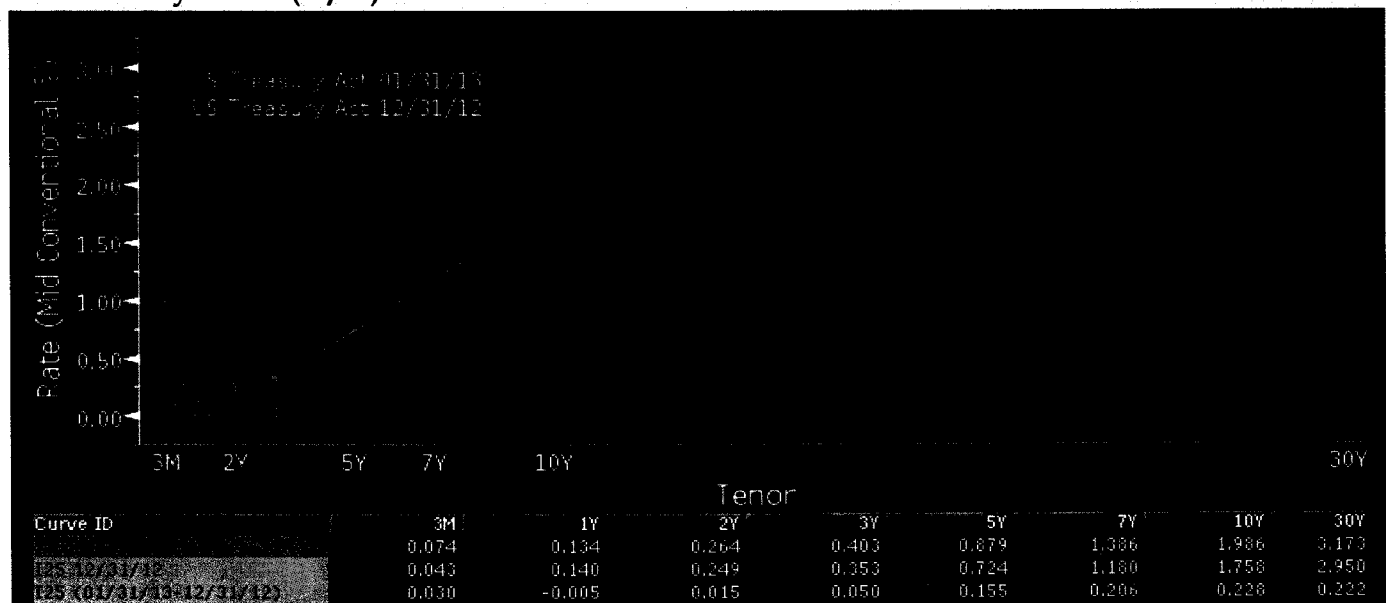
Commodities

Nymex Crude	\$ 97.49	\$ 7.98
Gold (USD/OZ)	\$ 1,663.65	\$ (11.70)

Fed Funds Target Rate

Decrease to 0.00%	44.0%	44.6%
Increase to 0.25%	56.0%	55.4%
Increase to 0.50%	0.0%	0.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

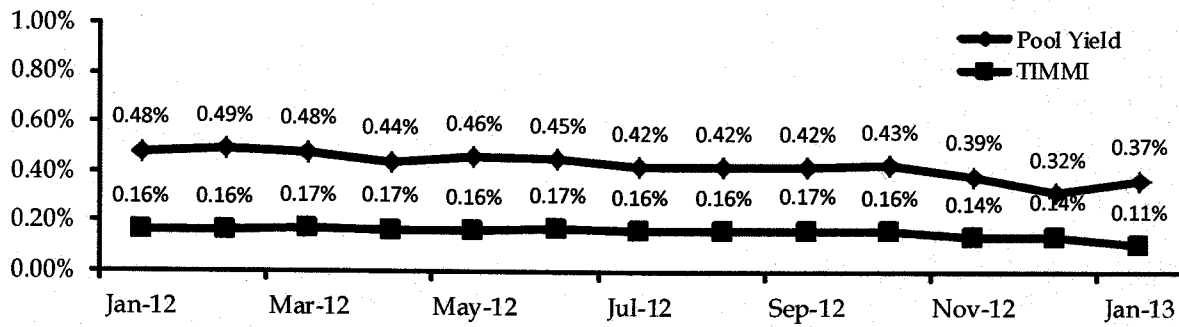
US Treasury Curve (M/M)



TIMMI

The Treasurer's Institutional Money Market Index (TIMMI) is compiled and reported by the Riverside County Treasurer's Capital Markets division. It is a composite index derived from five AAA rated prime institutional money market funds. Similar to the Treasurer's Office, prime money market funds invest in a diversified portfolio of U.S. dollar denominated money market instruments including U.S. Treasuries, government agencies, commercial paper, certificates of deposits, repurchase agreements, etc. TIMMI is currently comprised of the five multi billion dollar funds listed below.

Fidelity Prime Institutional MMF	FIPXX	0.10%
Federated Prime Obligations Fund	POIXX	0.08%
Wells Fargo Advantage Heritage	WFJXX	0.12%
Morgan Stanley Institutional Prime Liquidity Fund	MPFXX	0.10%
BlackRock Prime Cash Fund	BPIXX	0.15%



Cash Flows

Month	Monthly Receipts	Monthly Disbursements	Difference	Monthly Investments	Month Ending Balance	Year to Date Investments	Year to Date Balance
02/2013					201.65		
02/2013	638.00	900.45	(262.45)		-	653.40	
03/2013	841.00	851.75	(10.75)	10.75	-	201.00	
04/2013	1,379.60	821.92	557.68		557.68	108.30	
05/2013	663.29	1,199.59	(536.30)		21.38	507.99	
06/2013	589.54	1,114.19	(524.65)	503.27	-	334.63	
07/2013	868.06	913.40	(45.34)	45.34	-	175.09	
08/2013	668.62	717.29	(48.67)	48.67	-	127.50	
09/2013	675.66	752.21	(76.55)	76.55	-	215.00	
10/2013	665.00	801.26	(136.26)	136.26	-	240.00	
11/2013	862.54	710.00	152.54		152.54	104.60	
12/2013	1,539.11	813.41	725.70		878.24	165.10	
01/2014	676.58	1,293.98	(617.40)		260.84	302.00	
TOTALS	10,067.00	10,889.45	(822.45)	820.84		3,134.61	4,265.86
				16.14%		61.62%	83.86%

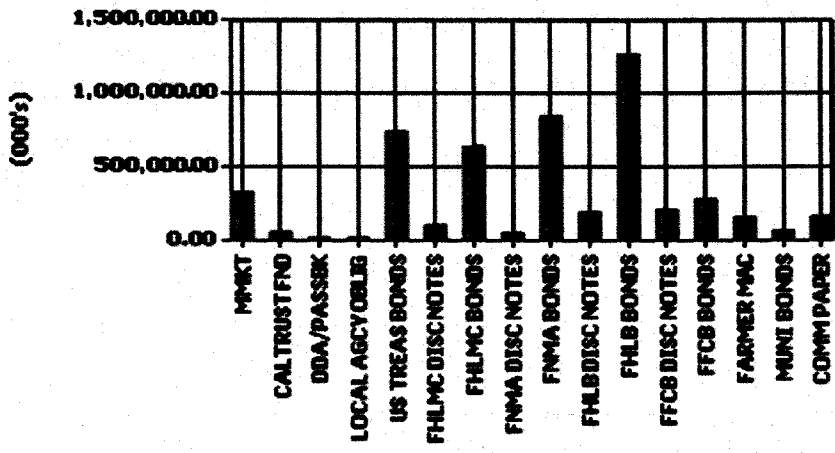
* All values reported in millions (\$).

The Pooled Investment Fund cash flow requirements are based upon a 12 month historical cash flow model. Based upon projected cash receipts and maturing investments, there are sufficient funds to meet future cash flow disbursements over the next 12 months.

Asset Allocation

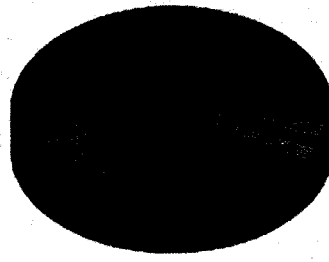
Asset Class	Original	Current	Market	% of Original	% of Market	Delta	Delta %
MMKT	325,000.00	325,000.00	325,000.00	100.00%	0.15%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.30%	.003	.003
DDA/PASSBK	10,000.00	10,000.00	10,000.00	100.00%	0.08%	.003	.003
LOCAL AGCY OBLIG	510.00	510.00	510.00	100.00%	0.82%	7.375	7.375
US TREAS BONDS	740,000.00	740,308.78	740,404.20	100.01%	0.21%	.932	.932
FHLMC DISC NOTES	100,000.00	99,828.54	99,986.50	100.16%	0.19%	.244	.244
FHLMC BONDS	634,848.00	634,722.77	636,014.25	100.20%	0.53%	1.610	2.041
FNMA DISC NOTES	50,000.00	49,921.13	49,982.50	100.12%	0.18%	.436	.436
FNMA BONDS	841,132.00	841,422.67	841,872.03	100.05%	0.65%	1.153	3.019
FHLB DISC NOTES	190,000.00	189,612.20	189,946.09	100.18%	0.20%	.426	.426
FHLB BONDS	1,268,535.00	1,268,810.06	1,269,876.12	100.08%	0.34%	.598	.663
FFCB DISC NOTES	210,000.00	209,656.19	209,991.80	100.16%	0.19%	.092	.092
FFCB BONDS	280,995.00	281,021.88	281,282.53	100.09%	0.43%	1.474	1.491
FARMER MAC	157,218.00	157,203.39	157,250.38	100.03%	0.45%	.796	1.927
MUNI BONDS	63,620.00	63,740.78	63,740.78	100.00%	0.42%	.672	.672
COMM PAPER	161,000.00	160,927.53	160,942.73	100.01%	0.16%	.141	.141

Original (000's) 5,205,535.00 Market 5,206,485.21



SCHEDULED PAR %

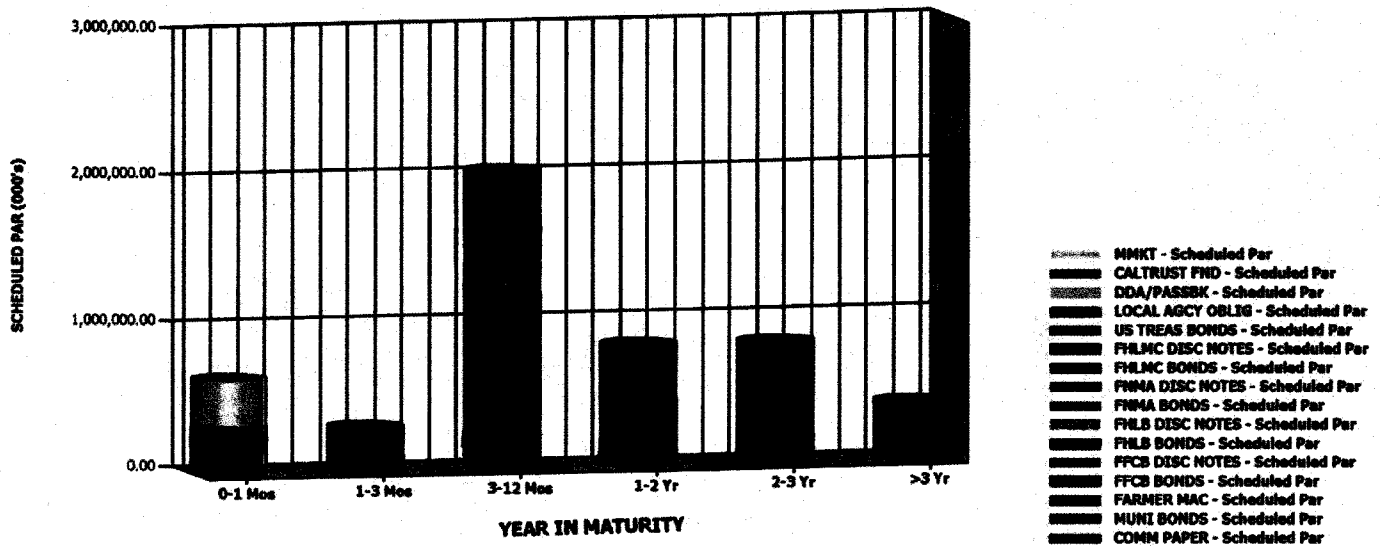
■ Scheduled Book ■ Market



- MMKT - 6%
- FNMA BONDS - 17%
- CALTRUST FND - 1%
- FHLB DISC NOTES - 4%
- DDA/PASSBK - 0%
- FHLB BONDS - 23%
- LOCAL AGCY OBLIG - 0%
- FFCB DISC NOTES - 4%
- US TREAS BONDS - 15%
- FFCB BONDS - 6%
- FHLMC DISC NOTES - 2%
- FARMER MAC - 3%
- FHLMC BONDS - 12%
- MUNI BONDS - 1%
- FNMA DISC NOTES - 1%
- COMM PAPER - 3%

Maturity Distribution

MMKT	325,000.00	-	-	-	-	-	325,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
DDA/PASSBK	10,000.00	-	-	-	-	-	10,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	510.00	510.00
US TREAS BONDS	10,000.00	-	340,000.00	390,000.00	-	-	740,000.00
FHLMC DISC NOTES	-	50,000.00	50,000.00	-	-	-	100,000.00
FHLMC BONDS	-	-	111,100.00	177,000.00	307,123.00	39,625.00	634,848.00
FNMA DISC NOTES	-	-	50,000.00	-	-	-	50,000.00
FNMA BONDS	-	-	110,000.00	75,000.00	341,850.00	314,282.00	841,132.00
FHLB DISC NOTES	-	-	190,000.00	-	-	-	190,000.00
FHLB BONDS	109,400.00	50,000.00	936,085.00	75,000.00	88,050.00	10,000.00	1,268,535.00
FFCB DISC NOTES	100,000.00	100,000.00	10,000.00	-	-	-	210,000.00
FFCB BONDS	-	10,000.00	116,000.00	79,995.00	65,000.00	10,000.00	280,995.00
FARMER MAC	-	15,000.00	57,500.00	20,000.00	33,718.00	31,000.00	157,218.00
MUNI BONDS	-	8,300.00	31,215.00	22,105.00	2,000.00	-	63,620.00
COMM PAPER	45,000.00	76,000.00	40,000.00	-	-	-	161,000.00

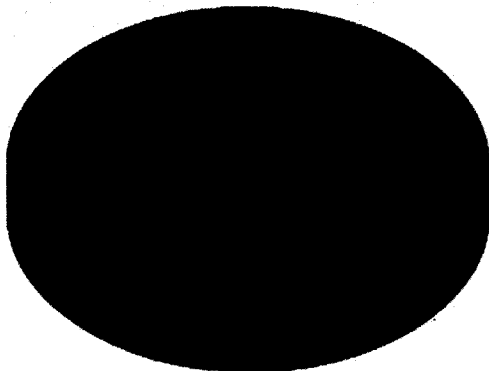


Credit Quality

Aaa	4,754,925.00	4,754,719.88	4,758,737.04	100.08%	0.38%
Aa	5,000.00	4,999.35	5,001.15	100.04%	0.23%
Aa1	7,140.00	7,140.00	7,140.00	100.00%	0.87%
Aa2	15,915.00	16,038.52	16,038.52	100.00%	0.40%
Aa3	173,300.00	173,224.79	173,239.99	100.01%	0.18%
NR	130,578.00	130,563.39	130,643.21	100.06%	0.39%

MOODY'S

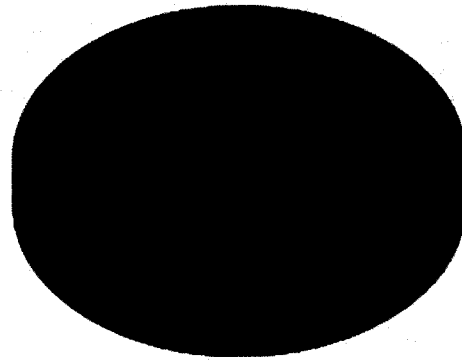
BOOK %



Aaa - 93%
 Aa1 - 0%
 Aa3 - 3%
 Aa - 0%
 Aa2 - 0%
 NR - 3%

S & P

BOOK %



AAA - 15%
 AA+ - 82%
 AA - 0%
 AA- - 0%
 NR - 3%

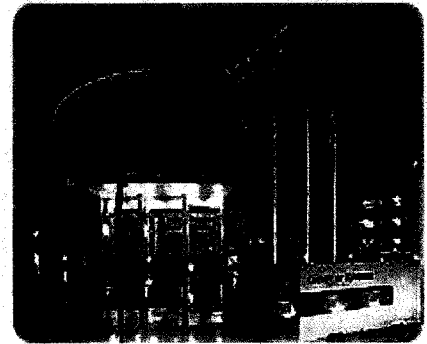
AAA	747,500.00	748,505.38	749,702.50	100.16%	0.51%
AA+	4,180,565.00	4,179,281.38	4,182,118.42	100.07%	0.35%
AA	23,930.00	24,050.79	24,050.78	100.00%	0.38%
AA-	4,285.00	4,285.00	4,285.00	100.00%	0.45%
NR	130,578.00	130,563.39	130,643.21	100.06%	0.39%

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Maturity To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
20772JEC2	CONNECTICUT ST	04/15/2013	.250	.284	8,300,000.00	8,297,261.00	99.967000	8,297,261.00	0.00	.202	.203
56052AXC5	MAIN ST GO	06/01/2013	2.000	.370	3,500,000.00	3,556,980.00	101.628000	3,556,980.00	0.00	.331	.332
56052AXE1	MAIN ST GO	06/01/2013	1.000	.390	6,630,000.00	6,669,647.40	100.598000	6,669,647.40	0.00	.331	.332
8827226W6	TEXAS ST GO	04/01/2014	.300	.300	18,105,000.00	18,105,000.00	100.000000	18,105,000.00	0.00	1.163	1.164
COMM PAPER											
36959HPD3	GE CAPITAL CORP	02/13/2013	.170	.170	45,000,000.00	44,980,875.00	99.993667	44,997,150.00	16,275.00	.036	.036
36959HQ59	GE CAPITAL CORP	03/05/2013	.160	.160	50,000,000.00	49,980,000.00	99.983111	49,991,555.56	11,555.56	.090	.090
36959HQB6	GE CAPITAL CORP	03/19/2013	.120	.120	26,000,000.00	25,992,200.00	99.975722	25,993,687.78	1,487.78	.129	.129
36959HSX6	GE CAPITAL CORP	05/31/2013	.190	.190	40,000,000.00	39,974,455.56	99.900833	39,960,333.33	-14,122.23	.328	.329

Full Compliance

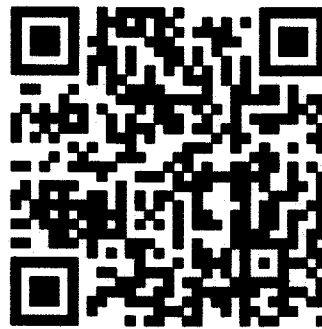
The Treasurer's Pooled Investment Fund was in FULL COMPLIANCE with the Treasurer's Statement of Investment Policy. The County's Investment Policy is more restrictive than the California Government Code. This policy is reviewed annually by the County's Investment Oversight Committee and approved by the County Board of Supervisors.



MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA-/Aa3/AA-	1.25%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	14.55%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	73.37%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	3.16%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	0.00%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	A1/P1/F1	0.00%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO)	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/AA	0.00%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.0%	NA	1.06%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	6.39%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.00%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	0.20%



THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646



County of Riverside
Treasurer-Tax Collector
Capital Markets

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