

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



5069

FROM: Don Kent, Treasurer-Tax Collector

SUBMITTAL DATE:
January 7, 2015

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 December 2015.

BACKGROUND:

Summary

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".

Departmental Concurrence


Jon Christensen, Assistant
Treasurer-Tax Collector By Don
Kent, Treasurer-Tax Collector

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Policy
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS:

Budget Adjustment: No

For Fiscal Year: 2015/2016

C.E.O. RECOMMENDATION:

APPROVE

BY: Samuel Wong 1/21/16

County Executive Office Signature

Samuel Wong

MINUTES OF THE BOARD OF SUPERVISORS

Positions Added

Change Order

A-30

4/5 Vote

Prev. Agn. Ref.:

District:

Agenda Number:

2-12



County of Riverside

Treasurer's Pooled Investment Fund

December
2015

"Icebergs Ahead, Captain"

As we bid farewell to 2015 and begin to look forward to the New Year, several thoughts come to mind. First and foremost is that our hearts, thoughts and prayers go out to the victims, families and colleagues of the horrific terrorist attack that occurred in San Bernardino on December 2nd. This heinous act in our own backyard was met with an overwhelming response of law enforcement and first responders, and we should all be thankful for their service.

For most of the year, FED Chair Yellen had been telegraphing to the financial world that fall would be the time to pull the pin on the "rate grenade" of ZIRP, or, zero interest rate policy. Well guess what? She did it, and on December 16th the FED embarked on the first in over 9 years of what they claimed will be a series of rate hikes. The FOMC voted 10-0 to raise the target range for the FED Funds rate by .25% to 0.25%-0.50%, stating "considerable improvement" in the unemployment numbers.

They also expect that inflation will move back towards their 2% goal, that policy will continue to be accommodative, future action will be data dependent, and, that the pace of rate increases is likely to be gradual. Moreover, the FED can move faster or slower depending on the economic data, although the focus will be on the labor market and inflation. The initial market reaction to a higher Fed Funds rate will be increased market volatility and potentially higher short term rates in the near term, but eventually market rates could moderate as the pace of rate hikes will likely slow or cease.

The divergence between interest rate policy in the U.S. and the rest of the world, which is

cutting rates and heading towards recession, will continue to contribute to a stronger U.S. dollar, which ultimately is bad for U.S. exports. This will continue to put a dent in the stock market as Wall Street analysts realign price targets to the new reality, especially with the higher exposed multinationals. We are already seeing cracks develop in world trade indices such as the BDI (Baltic Dry Index) which tracks global trade shipments of major raw material by sea; it is at its lowest point ever since its inception in 1985.

Other concerns facing us in the coming year are the oil patch and commodities in general; the carnage continues with no signs of abatement anytime soon based on a big slowdown in China. Continued job losses and corporate failures, as well as pressure in the high yield paper market and the lending institutions that finance the drillers will be disruptive to our economy, none of which should be a surprise to anyone watching the weekly Baker Hughes rig counts.

All of the aforementioned promises to create stock market volatility and swings in interest rates; if the trajectory doesn't change in the near term the FED just may be one & done, at least for awhile. We are battening down the hatches and preparing for rough weather. We'll continue to stand watch and navigate clear of the icebergs as 2016 gets off to a bumpy start.

Don Kent

Treasurer – Tax Collector

Capital Markets Team

Don Kent

Treasurer-Tax Collector

Jon Christensen

Asst. Treasurer-Tax Collector

Giovane Pizano

Investment Manager

Isela Licea

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.

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

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	Yrs to Maturity	Modified Duration
December	7,023,488,956.44	7,028,915,490.64	(5,426,534.20)	(0.08)	0.55	1.03	1.00
November	5,931,356,029.51	5,933,521,428.90	(2,165,399.39)	(0.04)	0.50	1.03	1.01
October	5,880,386,136.39	5,878,933,080.22	1,453,056.17	0.02	0.46	0.98	0.95
September	5,735,299,236.42	5,731,768,505.08	3,530,731.34	0.06	0.43	0.93	0.90
August	5,919,900,024.76	5,919,457,634.55	442,390.21	0.01	0.50	1.17	1.14
July	6,376,089,738.27	6,374,589,823.83	1,499,914.44	0.02	0.44	1.05	1.02

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

Current Market Data

Economic Indicators

Release Date	Indicator	Consensus	Actual
12/04/2015	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.	200,000	211,000
12/04/2015	Employment Situation: Measures the number of unemployed as a percentage of the labor force.	5.0%	5.0%
12/23/2015	Durable Goods Orders - M/M change: Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	-0.6%	0.0%
12/22/2015	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.	1.9%	2.0%
12/29/2015	Consumer Confidence: Measures consumer attitudes on present economic conditions and expectations of future conditions.	93.5	96.5
12/03/2015	Factory Orders M/M change: Represents the dollar level of new orders for both durable and nondurable goods.	1.4%	1.5%
12/15/2015	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.	0.0%	0.0%
12/15/2015	CPI Ex Food and Energy - M/M change: CPI Ex Food and Energy excludes food and energy.	0.2%	0.2%

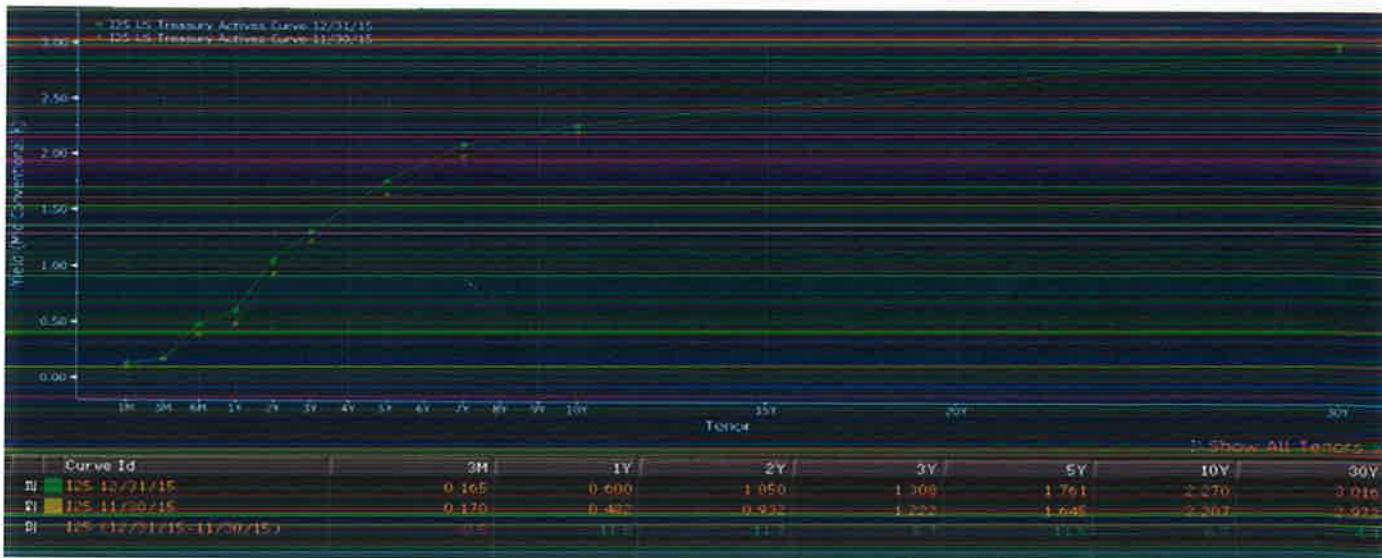
Stock Indices

	Value	Change
Dow Jones (DJIA)	\$ 17,425.03	\$ (294.89)
S&P 500 Index	\$ 2,043.94	\$ (36.47)
NASDAQ (NDX)	\$ 5,007.41	\$ (101.25)

Commodities

	Value	Change
Nymex Crude	\$ 37.04	\$ (4.61)
Gold (USD/OZ)	\$ 1,061.42	\$ (3.35)

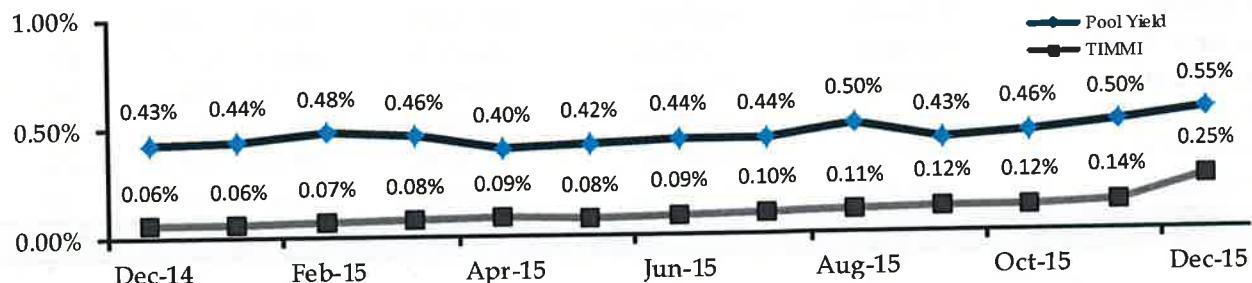
US Treasury Curve (M/M)



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 four 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.

Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	0.32%
Federated Prime Obligations Fund	POIXX	0.24%
Wells Fargo Advantage Heritage	WFJXX	0.31%
JP Morgan	CJPXX	0.21%
Fidelity Gov Fund	FRGXX	0.16%



Cash Flows

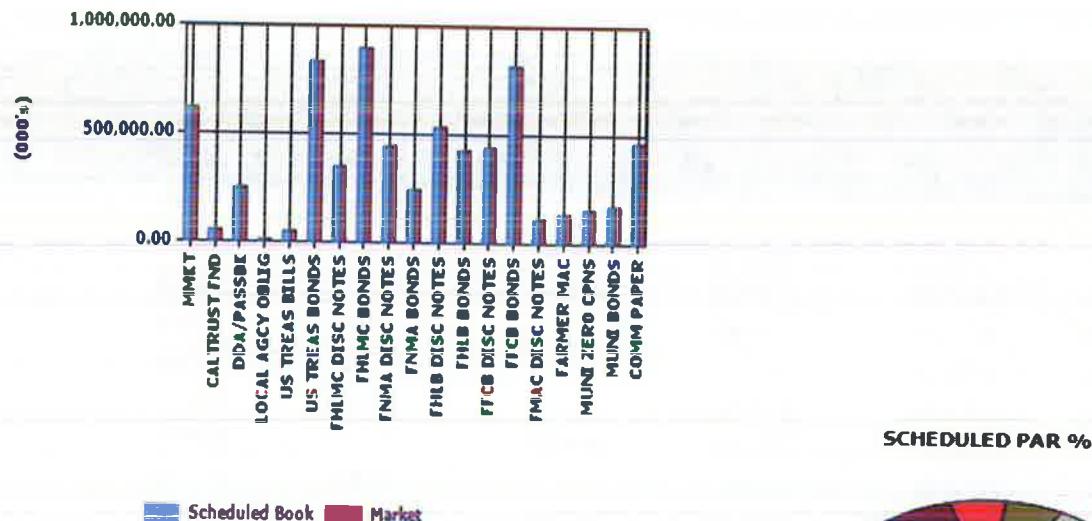
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments to Invest > Maturing	Available 1 Year
01/2016					473.20		
01/2016	901.94	1,593.66	(691.72)	218.52	-	1,550.05	
02/2016	875.00	1,000.00	(125.00)	125.00	-	552.19	
03/2016	1,100.00	970.00	130.00		130.00	70.00	
04/2016	1,611.36	970.00	641.36		771.36	35.00	
05/2016	712.44	1,350.00	(637.56)		133.80	644.73	
06/2016	1,150.00	1,550.00	(400.00)	266.20	-	549.00	
07/2016	1,100.00	1,050.00	50.00		50.00	476.30	
08/2016	720.00	950.00	(230.00)	180.00	-	373.00	
09/2016	850.00	1,050.00	(200.00)	200.00	-	365.26	
10/2016	1,040.00	1,175.00	(135.00)	135.00	-	300.00	
11/2016	1,200.00	960.00	240.00		240.00	171.34	
12/2016	2,110.00	1,030.00	1,080.00		1,320.00	52.37	
TOTALS	13,370.74	13,648.66	(277.92)	1,124.72	3,118.36	5,139.24	5,904.19
					16.00%	73.12%	84.00%

* 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.

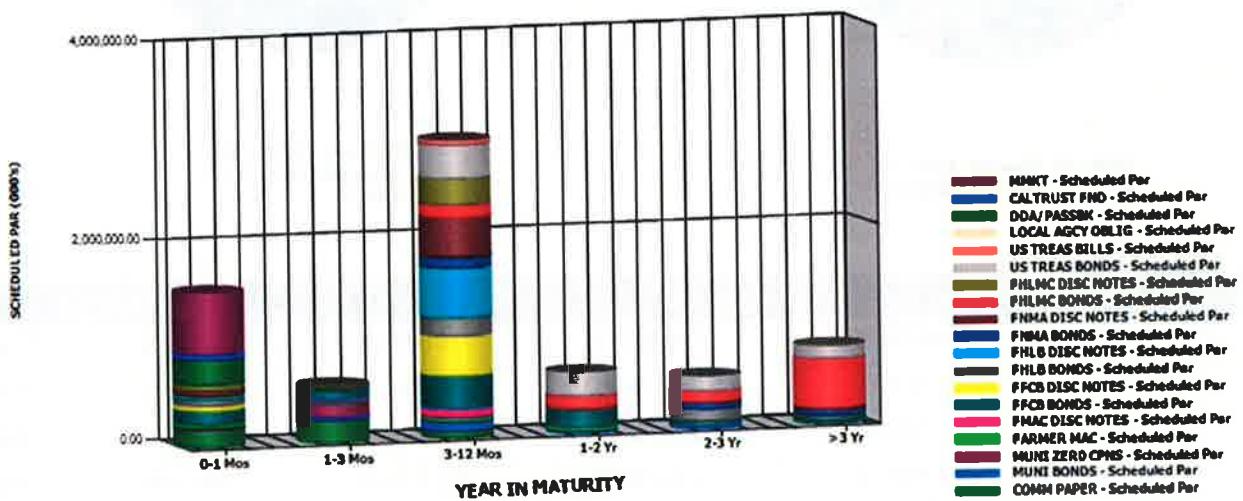
Asset Allocation

Assets (000's)	Scheduled Par	Scheduled Book	Scheduled Market	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
MMKT	620,000.00	620,000.00	620,000.00	100.00%	0.24%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.55%	.003	.003
DDA/PASSBK	250,000.00	250,000.00	250,000.00	100.00%	0.09%	.003	.003
LOCAL AGCY OBLIG	335.00	335.00	335.00	100.00%	0.98%	4.460	4.460
US TREAS BILLS	50,000.00	49,862.24	49,838.75	99.95%	0.37%	.633	.633
US TREAS BONDS	840,000.00	839,687.73	838,074.06	99.81%	0.71%	1.450	1.450
FHLMC DISC NOTES	350,000.00	348,948.43	348,897.15	99.99%	0.36%	.540	.540
FHLMC BONDS	901,006.00	901,093.67	899,185.59	99.79%	1.24%	1.033	3.088
FNMA DISC NOTES	447,217.00	445,771.86	445,746.05	99.99%	0.39%	.570	.570
FNMA BONDS	245,984.00	245,920.31	245,538.19	99.84%	0.96%	1.162	2.189
FHLB DISC NOTES	535,824.00	534,163.28	534,453.32	100.05%	0.43%	.512	.512
FHLB BONDS	430,289.72	430,262.26	429,769.61	99.89%	0.67%	.794	1.250
FFCB DISC NOTES	444,500.00	443,132.02	443,059.21	99.98%	0.35%	.556	.556
FFCB BONDS	821,516.00	821,637.84	820,169.85	99.82%	0.39%	.837	.853
FMAC DISC NOTES	115,000.00	114,521.83	114,599.25	100.07%	0.50%	.589	.589
FARMER MAC	133,850.00	133,848.00	133,803.04	99.97%	0.55%	.507	.862
MUNI ZERO CPNS	158,834.00	158,722.77	158,797.00	100.05%	0.22%	.105	.105
MUNI BONDS	171,465.00	172,437.61	172,437.61	100.00%	0.65%	1.076	1.076
COMM PAPER	465,000.00	464,570.65	464,785.27	100.05%	0.29%	.117	.117
Totals (000's):	7,034,820.72	7,028,915.49	7,023,488.96	99.92%	0.55%	.690	1.026



Maturity Distribution

Scheduled Par (000's)	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yr	2-3 Yr	>3 Yr	Totals (000's)
MMKT	620,000.00	-	-	-	-	-	620,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
DDA/PASSBK	250,000.00	-	-	-	-	-	250,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	335.00	335.00
US TREAS BILLS	-	-	50,000.00	-	-	-	50,000.00
US TREAS BONDS	-	-	335,000.00	235,000.00	145,000.00	125,000.00	840,000.00
FHLMC DISC NOTES	60,000.00	25,000.00	265,000.00	-	-	-	350,000.00
FHLMC BONDS	5,000.00	-	129,991.00	135,000.00	122,550.00	508,465.00	901,006.00
FNMA DISC NOTES	51,000.00	-	396,217.00	-	-	-	447,217.00
FNMA BONDS	-	10,000.00	109,604.00	-	65,000.00	61,380.00	245,984.00
FHLB DISC NOTES	29,600.00	11,941.00	494,283.00	-	-	-	535,824.00
FHLB BONDS	65,000.00	16,500.00	190,070.00	20,000.00	118,719.72	20,000.00	430,289.72
FFCB DISC NOTES	50,000.00	-	394,500.00	-	-	-	444,500.00
FFCB BONDS	140,070.00	80,250.00	331,296.00	169,900.00	50,000.00	50,000.00	821,516.00
FMAC DISC NOTES	-	25,000.00	90,000.00	-	-	-	115,000.00
FARMER MAC	30,000.00	20,000.00	40,000.00	33,850.00	-	10,000.00	133,850.00
MUNI ZER0 CPNS	25,384.00	133,450.00	-	-	-	-	158,834.00
MUNI BONDS	-	30,050.00	91,030.00	20,385.00	25,000.00	5,000.00	171,465.00
COMM PAPER	170,000.00	225,000.00	70,000.00	-	-	-	465,000.00
Totals (000's):	1,550,054.00	577,191.00	2,986,991.00	614,135.00	526,269.72	780,180.00	7,034,820.72
%	22.03%	8.20%	42.46%	8.73%	7.48%	11.09%	
Cumulative %	22.03%	30.24%	72.70%	81.43%	88.91%	100.00%	



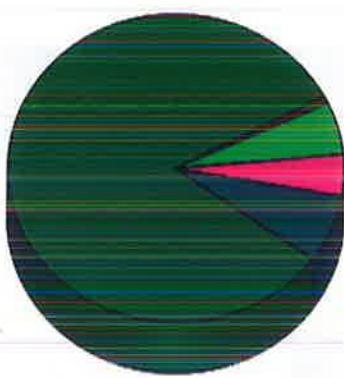
Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	5,790,771.72	5,784,916.13	5,779,164.89	99.90%	0.60%
Aa	5,000.00	4,998.50	5,001.90	100.07%	1.01%
Aa1	50,000.00	49,958.33	49,985.22	100.05%	0.25%
Aa2	385,904.00	385,625.93	385,776.80	100.04%	0.25%
Aa3	303,960.00	304,711.76	304,822.86	100.04%	0.47%
NR	499,185.00	498,704.83	498,737.29	100.01%	0.31%
Totals (000's):	7,034,820.72	7,028,915.49	7,023,488.96	99.92%	0.55%

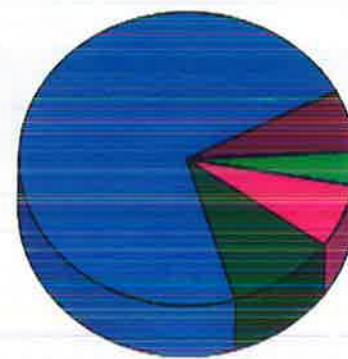
MOODY'S

S & P

BOOK %



BOOK %



S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	736,550.00	736,535.00	736,550.20	100.00%	0.29%
AA+	5,059,221.72	5,053,379.63	5,047,616.59	99.89%	0.64%
AA	483,904.00	484,502.04	484,679.79	100.04%	0.32%
AA-	255,960.00	255,793.99	255,905.09	100.04%	0.36%
NR	499,185.00	498,704.83	498,737.29	100.01%	0.31%
Totals (000's):	7,034,820.72	7,028,915.49	7,023,488.96	99.92%	0.55%

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.



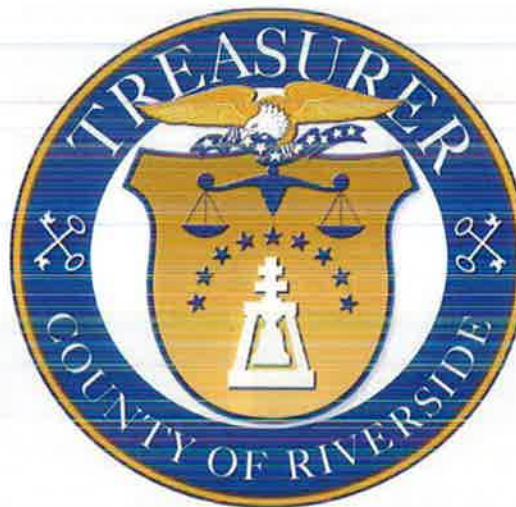
Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual %
	Maximum Maturity	Authorized % Limit	S&P/ Moody's	Maximum Maturity	Authorized % Limit	S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA-/Aa3/AA-	4.71%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	12.66%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.00%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	62.87%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	6.61%
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	0.77%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	8.82%
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	3.56%

¹ Mutual Funds maturity may be interpreted as weighted average maturity not exceeding 60 days.

² Or must have an investment advisor with not less than 5 years experience and with assets under management of \$500,000,000.



THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646



County of Riverside
Treasurer-Tax Collector
Capital Markets

4080 Lemon Street, 4th Floor
Riverside, CA 92502-2205

www.treasurer-tax.co.riverside.ca.us

(951) 955-3979