

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



**ITEM: 2.10
(ID # 11102)**

MEETING DATE:
Tuesday, October 29, 2019

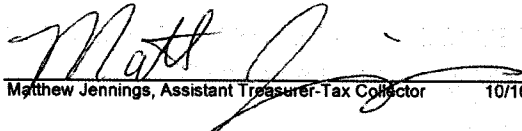
FROM : TREASURER-TAX COLLECTOR:

SUBJECT: TREASURER-TAX COLLECTOR: Receive and File the Treasurer's Monthly Disclosure Report on Investments dated August 2019.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receives and files the "Monthly Disclosure Report on Investments" dated August 2019.

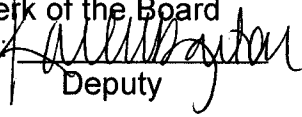
ACTION: Consent


Matthew Jennings, Assistant Treasurer-Tax Collector 10/10/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: October 29, 2019
xc: Treasurer

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: N/A	
			For Fiscal Year: 2019-2020	

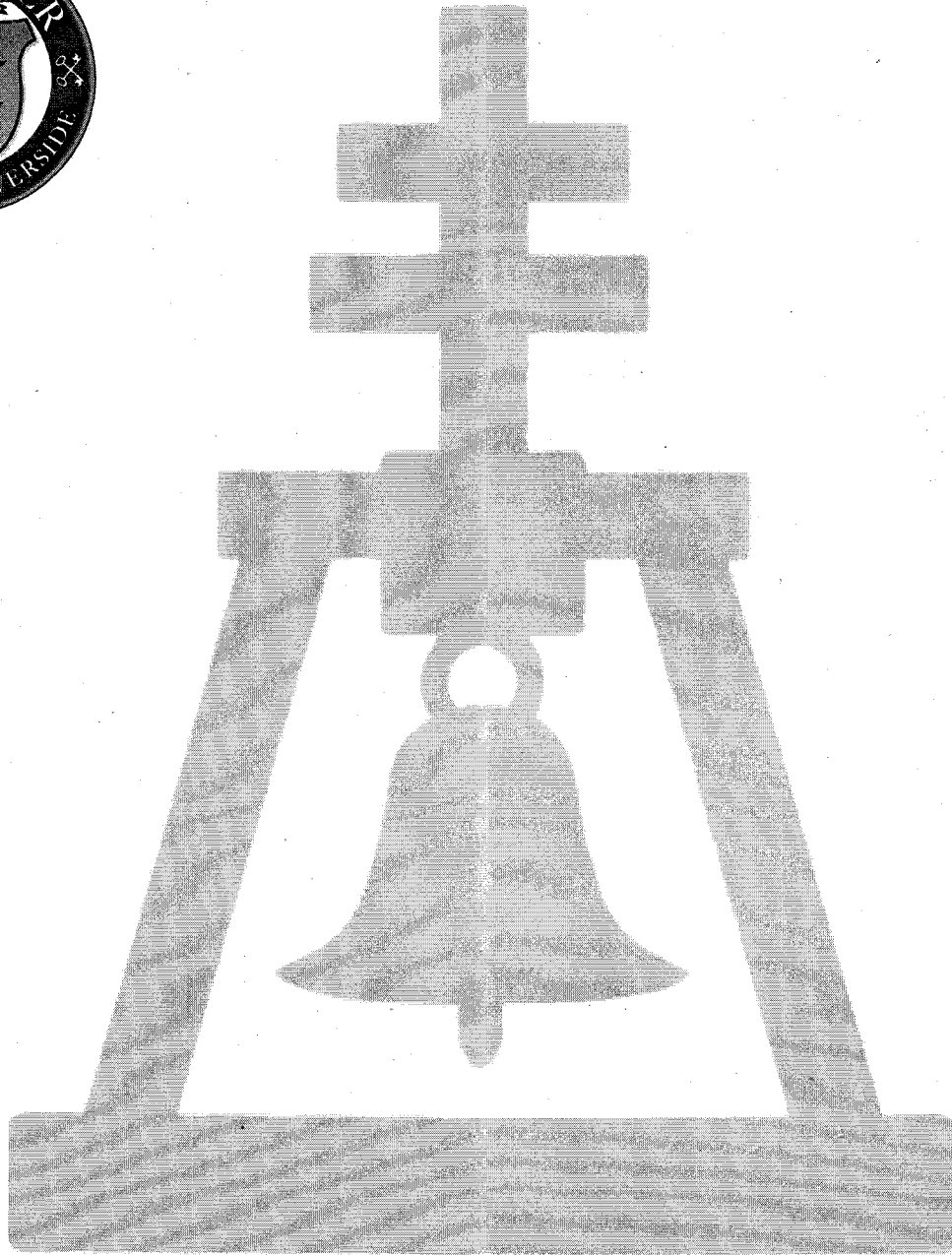
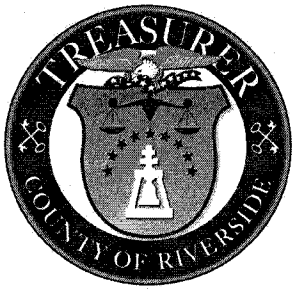
C.E.O. RECOMMENDATION: Approve

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".


 Stephanie Perez, Principal Management Analyst 10/22/2019



County of Riverside

Treasurer's Pooled Investment Fund

August 2019

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Hot air balloons over Lake Skinner in Temecula, Southwest Riverside County, CA. Digital Image. NBC San Diego. <http://www.nbcsandiego.com/news/local/temecula-valley-2014-balloon-wine-festival-north-san-diego-261142951.html>

Treasurer's Pooled Investment Fund

Monthly Commentary

Rising Risks Spur Diving Yields

Aggressive tariff threats, weak European economic numbers, and geopolitical risks contributed to a dramatic drop in yields during August. A persistently inverted yield curve and expectations of Federal Reserve (FED) rate cuts intensified discourse among economists and investors about the end of the business cycle and the start of a recession. Nonetheless, the U.S. economy continues to expand at a moderate rate and the labor market is at its strongest in over 50 years.

August added mountains of worries from geopolitical events and trade disputes. In Asia, we saw North Korea launching its fourth missile in less than two weeks and social unrest persisting in Hong Kong. On the Brexit front, a motion was set to suspend Parliament for five weeks, leaving only 2 ½ weeks to debate how and when the U.K. will leave the E.U. Some economists believe a no deal Brexit would have little impact to U.S. markets, while potentially pushing the U.K. and the E.U. into recession.

August started with an escalation in the U.S.-China trade dispute. The U.S. announced a 15 percent tariff on an additional \$300 bn worth of Chinese goods, and increased taxes on \$250bn worth of Chinese goods to 30 percent from 25 percent. In retaliation, China announced 5

and 10 percent tariffs on \$75 bn worth of U.S. products. However, by month end, both the U.S. and China agreed to hold high-level trade talks in early October.

A July report from the IMF described global growth as "subdued". Data released in August shows that little has changed. The German manufacturing sector continues to contract, Chinese GDP growth in 2Q19 was the lowest since 1992, and Eurozone GDP remains lukewarm at 1.2% Y/Y.

In the U.S., our solid job market seems to be empowering consumers to keep spending, in turn helping to keep our current economic expansion running. The estimate for U.S. Real GDP (SAAR) in 2Q19 was revised modestly downward by 0.1% to 2.0% in August. Real consumer spending (SAAR) for 2Q19 was revised upward 0.4% to 4.7%. As the unemployment rate and initial jobless claims remained near 50-year lows, consumer confidence stayed on par with the cyclical high.

Key measures of inflation remain below the FED's two-percent goal this year. Meanwhile, hourly and weekly measures of wage growth increased by approximately 3.0% in July.

Data from the industrial sector suggests growth continues to moderate in 2019. The value of orders for manufacturers of dura-

ble and non-durable goods declined on a year-over-year basis consecutively in June and July. Additionally, the FED's industrial production index has remained below its all-time peak from December 2018 throughout the year.

House price growth in Riverside County continues to outpace the rest of the Country. According to data from CoreLogic, single-family home prices grew 4.1% in May, 5.9% in June, and 3.4% in July year-on-year. The S&P/Case-Shiller 20-City Composite HPI shows that house prices grew 2.4% Y/Y nationwide in July.

The U.S. bond market experienced a dramatic drop in yields during August. The 2-year Treasury yield dropped from 1.85 to 1.51 and the 5-year Treasury yield dropped from 1.82 to 1.40! These extreme changes are occurring due to fear of an impending recession. In a recessionary environment, investors often move an outsized portion of their portfolio's holdings into government bonds as a safe haven. This increased demand for government bonds drives prices up/yields down.

Jon Christensen

Treasurer-Tax Collector

Treasurer's Statement

The Treasurer's Pooled Investment Fund is comprised of contributions from the county, schools, special districts, and other discretionary depositors throughout the County of Riverside. 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 to maximize a **return on the funds** within the given parameters.

The Treasurer-Tax Collector and the Capital Markets team are committed to maintaining the highest credit ratings. The Treasurer's Pooled Investment Fund is currently rated **Aaa-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings**, two of the nation's most trusted bond credit rating services.

Since its inception, the Treasurer's Pooled Investment Fund has been in **full compliance** with the Treasurer's Statement of Investment Policy, which is more restrictive than California Government Code 53646.

Capital Markets Team

Jon Christensen
Treasurer-Tax Collector

Giovane Pizano
Chief Investment Manager

Steve Faeth
Senior Investment Manager

Isela Licea
Assistant Investment Manager

Jake Nieto
Administrative Services Assistant

6-Month Pool Performance

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
Aug-19	6,417,639,034.28	6,389,269,000.29	28,370,033.99	0.44%	2.23	1.13
Jul-19	6,570,927,735.30	6,550,099,863.71	20,827,871.59	0.32%	2.29	1.13
Jun-19	6,838,812,308.82	6,811,213,591.28	27,598,717.54	0.41%	2.32	1.06
May-19	7,583,793,753.68	7,563,023,912.99	20,769,840.69	0.27%	2.35	1.09
Apr-19	8,177,376,431.91	8,168,198,799.92	9,177,631.99	0.11%	2.36	1.09
Mar-19	7,525,389,587.99	7,522,791,418.69	2,598,169.30	0.35%	2.35	1.04

*Market values do not include accrued interest.

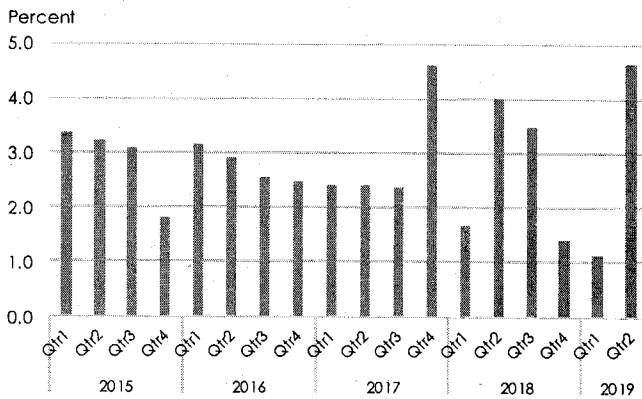
Economy

National Economy

The upward revision in August to 2Q19 consumer spending highlights the role of the consumer in keeping the current U.S. economic expansion running. [Econoday; 09/06/2019]

- The University of Michigan Consumer Sentiment survey shows that consumers are becoming more worried about the economy and trade [CNBC; 09/06/2019]
- Monthly gains to core inflation in June and July are the strongest back-to-back increase since 2005. [Econoday; 09/06/2019]
- In May and June, manufacturers' new orders posted its first back-to-back contraction Y/Y since 2016. [FRED; 09/06/2019]

U.S. Real Consumer Expenditures SAAR

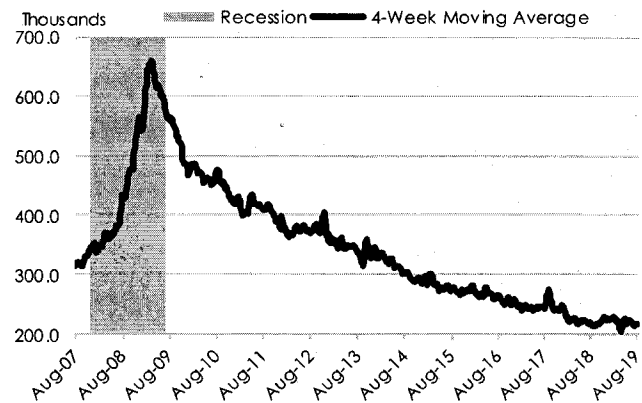


State Economy

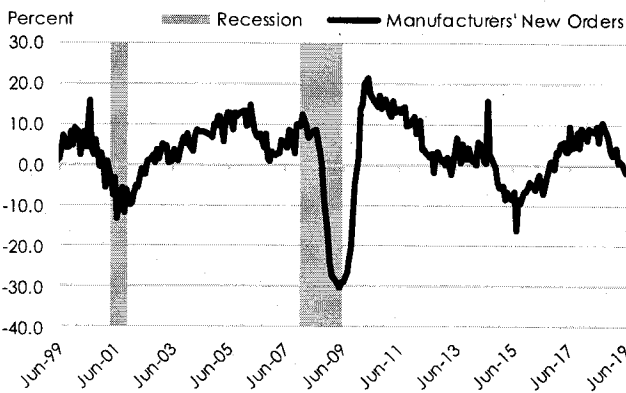
The rate of nonfarm payroll growth in California continued to outpace the national rate in July, but the state's shrinking labor force creates risks for its job market. [LA Times; 09/09/2019]

- The Inland Empire led Southern California in the rate of non-farm payrolls added in July with 2.2% Y/Y, aided by 5.9% Y/Y growth in healthcare. [Press Enterprise; 09/09/2019]
- The median home price in California grew to a record-high of \$611k in June, even as sales of single-family homes fell by 5.1% Y/Y. [Sacramento Bee; 09/09/2019]

U.S. Jobless Claims

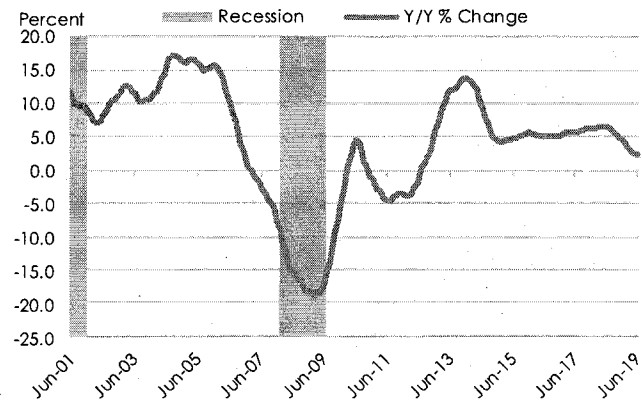


U.S. Manufacturer's New Orders - Y/Y



*Note: Shaded area indicates U.S. recession.

S&P/Case-Shiller 20-City Composite HPI



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
08/29/2019	Real GDP - Q/Q Change - SAAR - 2Q19 (2nd estimate)	2.0%	2.0%	3.5%
08/02/2019	Unemployment Rate - Seasonally Adjusted	3.7%	3.6%	3.9%
08/02/2019	Non-Farm Payrolls - M/M Change - Thousands	164	165	178
08/13/2019	CPI - Y/Y Change	1.8%	1.7%	2.9%
08/13/2019	CPI Ex Food and Energy - Y/Y Change	2.2%	2.1%	2.4%
08/05/2019	ISM Non-Manufacturing Index (> 50 indicates growth)	53.7	55.5	56.7
08/23/2019	New Home Sales - SAAR - Thousands	635	645	609
08/02/2019	Factory Orders - M/M Change	0.6%	0.8%	0.1%
08/26/2019	Durable Goods Orders - New Orders - M/M Change	2.1%	1.2%	-0.9%

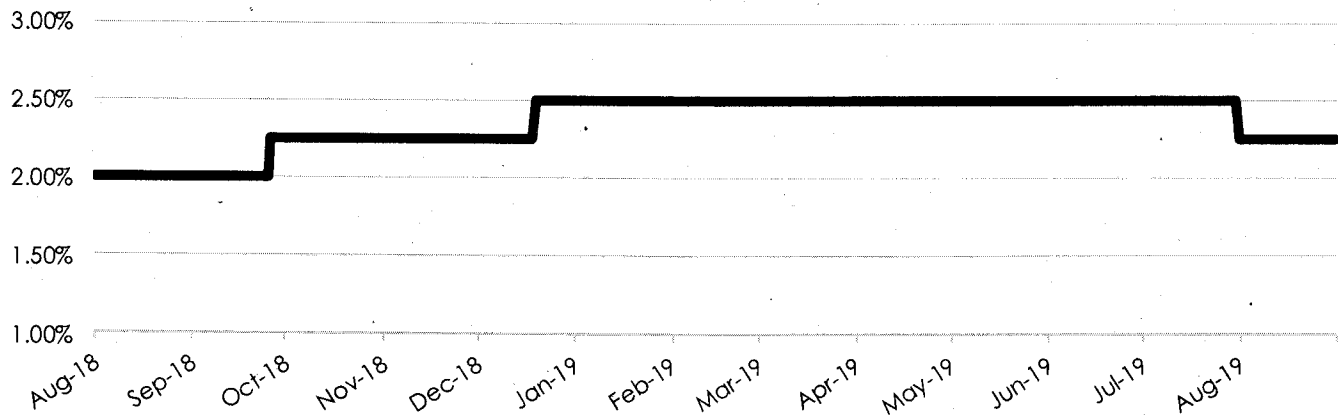
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

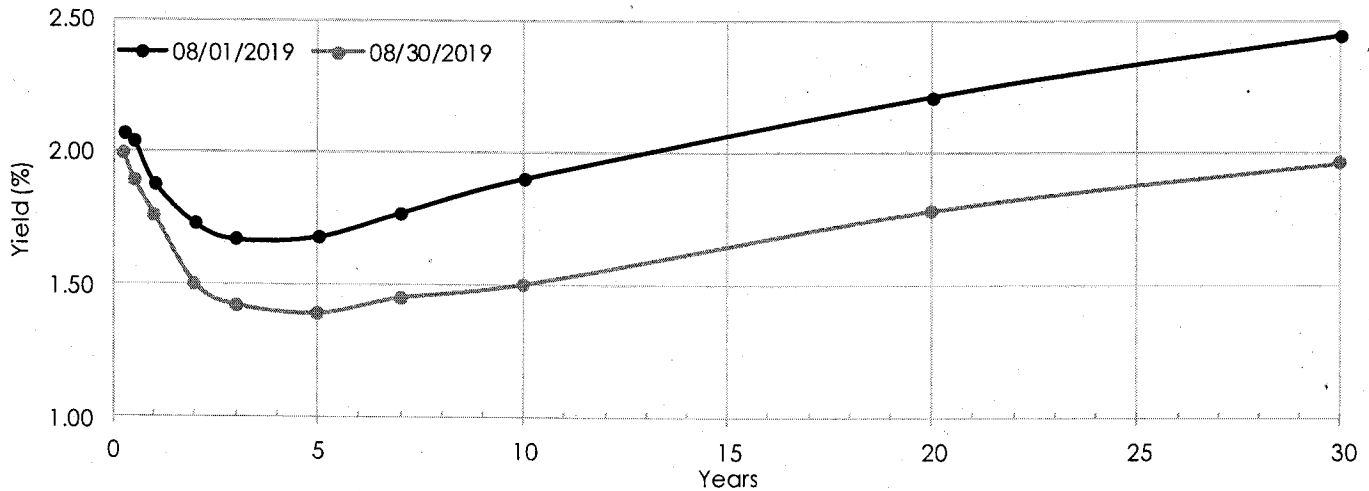
FOMC Meeting 07/31/2019

- The FOMC stated that data received since their last meeting in June "indicates that the labor market remains strong and that economic activity rose at a moderate rate."
- The Federal Open Market Committee lowered the Fed Funds Target Rate to 2.00—2.25% from 2.25—2.50%.
- The FOMC stated in their July 31 press release that "sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective as the most likely outcomes, but uncertainties about this outlook remain."

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

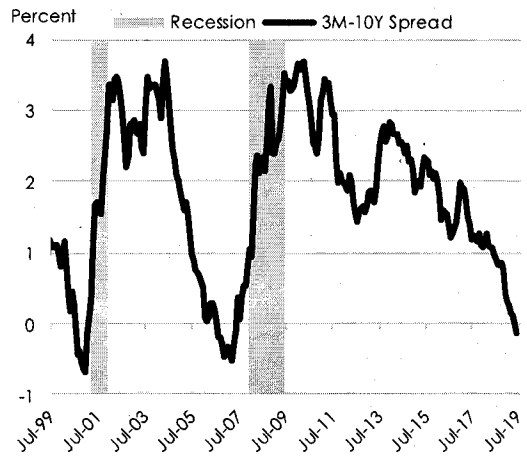
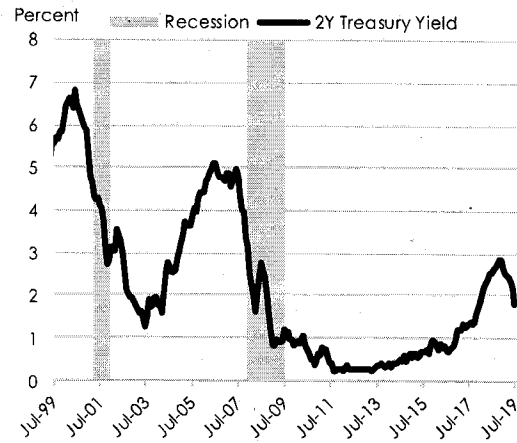


Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
08/30/2019 - 08/01/2019	-0.08	-0.15	-0.12	-0.23	-0.25	-0.29	-0.40	-0.48
08/30/2019	1.99	1.89	1.76	1.50	1.42	1.39	1.50	1.96
08/01/2019	2.07	2.04	1.88	1.73	1.67	1.68	1.90	2.44

The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

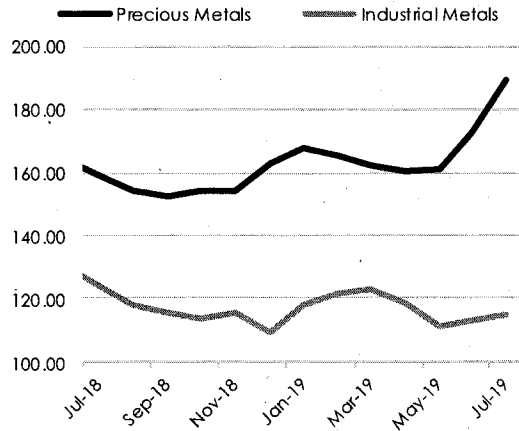
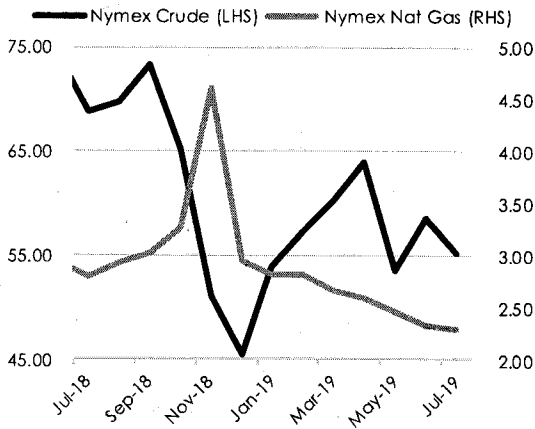
Market Data cont'd

U.S. Treasuries

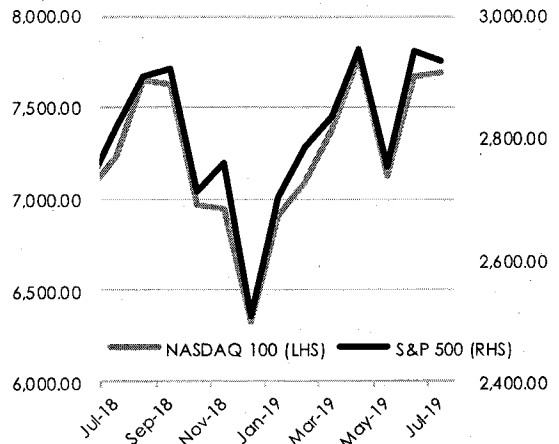
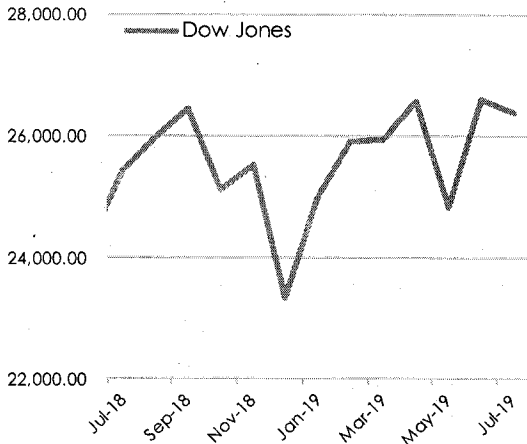


*Note: Shaded areas indicate U.S. recessions.

Commodities



Stocks



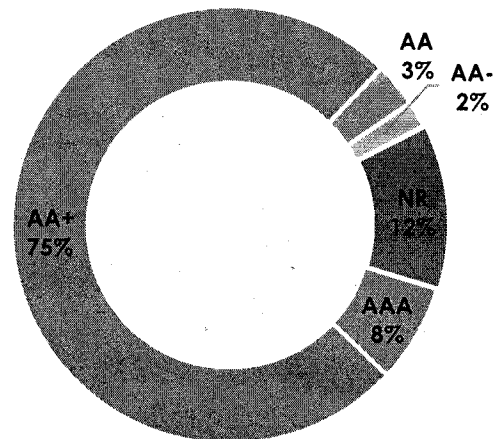
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

Portfolio Data

The County of Riverside's Treasurer's Pooled Investment Fund is currently rated **AAA-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings**.

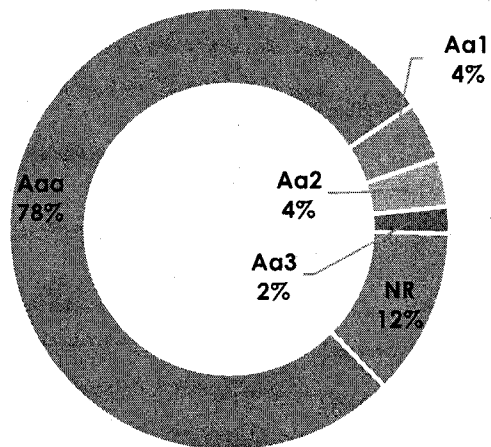
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	4,986,769.37	100.48%	78.05%	2.19%
Aa1	273,334.29	100.66%	4.28%	2.22%
Aa2	224,599.52	100.75%	3.52%	2.39%
Aa3	124,481.12	100.00%	1.95%	2.46%
NR	780,084.70	100.10%	12.21%	2.72%
Totals:	6,389,269.00	100.44%	100.00%	2.23%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	467,641.31	100.49%	7.32%	2.20%
AA+	4,807,369.72	100.49%	75.24%	2.19%
AA	209,692.15	100.81%	3.28%	2.49%
AA-	124,481.12	100.00%	1.95%	2.72%
NR	780,084.70	100.10%	12.21%	2.29%
Totals:	6,389,269.00	100.44%	100.00%	2.23%



12-Month Projected Cash Flow

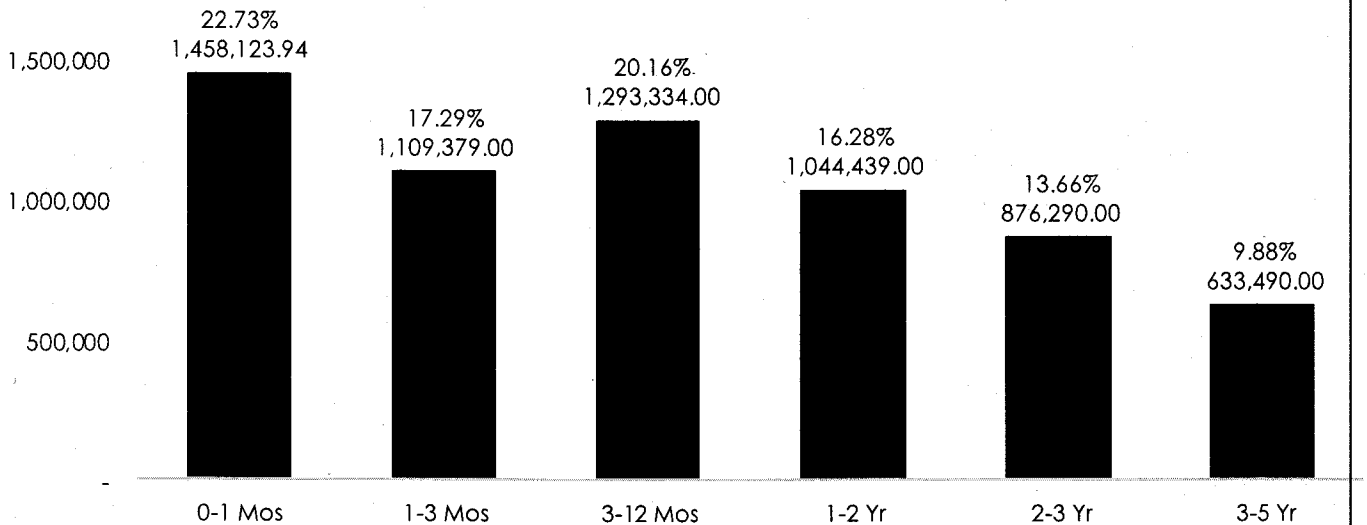
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
09/2019					67.50		
09/2019	1,100.00	1,200.00	(100.00)	32.50	-	1,670.62	
10/2019	1,100.00	1,300.00	(200.00)	200.00	-	556.88	
11/2019	1,300.00	1,200.00	100.00		100.00	380.00	
12/2019	2,375.13	1,200.00	1,175.13		1,275.13	20.00	
01/2020	1,100.00	2,200.00	(1,100.00)		175.13	417.50	
02/2020	1,100.00	1,500.00	(400.00)	224.87	-	140.33	
03/2020	1,350.00	1,200.00	150.00		150.00	123.29	
04/2020	1,350.00	1,200.00	150.00		300.00	170.65	
05/2020	1,700.00	1,700.00	-		300.00	87.66	
06/2020	1,000.00	1,736.13	(736.13)	436.13	-	80.43	
07/2020	1,177.22	1,435.00	(257.78)	257.78	-	106.83	
08/2020	1,000.00	1,300.00	(300.00)	300.00	-	106.65	
TOTALS	15,652.35	17,171.13	(1,518.78)	1,451.28	2,367.76	3,860.84	4,937.99
				22.71%		60.43%	77.29%

* Values listed in Cash Flow Table are in millions of USD.

Based on historic and current financial conditions within the County, the Pool is expected to maintain sufficient liquidity of funds to cover County expenses for the next twelve months.

Portfolio Data cont'd

Asset Maturity Distribution (Par Value, 000's)

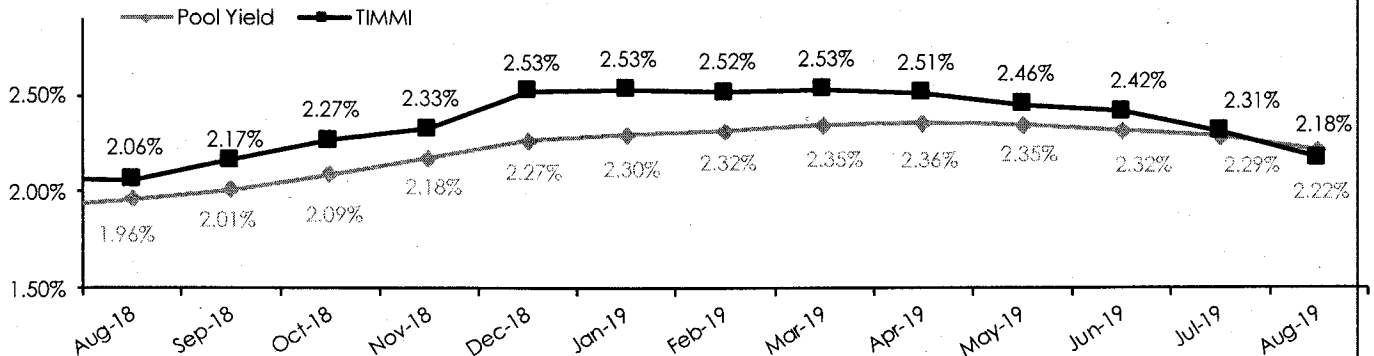


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	520,136.93	523,836.30	100.71%	2.43%	0.22	0.22
AGENCIES	3,795,197.69	3,812,866.31	100.47%	2.16%	1.09	1.73
MMKT	317,000.00	317,000.00	100.00%	2.06%	0.00	0.00
CASH	615,000.00	615,000.00	100.00%	2.28%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	2.23%	0.00	0.00
COMM PAPER	750,282.34	754,407.59	100.55%	2.26%	0.20	0.20
NCDS	-	-	0.00%	0.00%	-	-
MEDIUM TERM NOTES	197,613.57	200,490.37	101.46%	2.66%	0.63	0.65
MUNI	189,934.50	189,934.50	100.00%	2.55%	1.37	1.37
LOCAL AGCY OBLIG	80.00	80.00	100.00%	2.79%	0.79	0.79
Totals:	6,389,269.00	6,417,639.03	100.44%	2.23%	0.75	1.13

* For details on the Pool's composition see Month End Portfolio Holdings, pages 9 to 13.

TIMMI



The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds. Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

Compliance Report

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual %
	Maximum Remaining Maturity	Authorized % Limit	S&P/ Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	2.97%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	8.14%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	<0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	59.40%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	11.74%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	0.00%
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INT'L FINANCE CORPORATION	NA	NA	NA	4 YEARS	20%	AA/Aa/AA	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	3.09%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	0.06%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	4.96%
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	9.63%

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

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646.

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.273	6,350,000.00	6,297,739.50	99.93	6,345,428.00	47,688.50	.430	.436
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.277	6,000,000.00	5,951,100.00	99.93	5,995,680.00	44,580.00	.430	.436
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.543	25,000,000.00	24,649,750.00	100.23	25,056,500.00	406,750.00	1.143	1.178
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.354	3,000,000.00	2,971,440.00	99.93	2,997,840.00	26,400.00	.430	.436
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.373	4,097,000.00	4,057,013.28	99.93	4,094,050.16	37,036.88	.430	.436
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.388	8,000,000.00	7,920,160.00	99.93	7,994,240.00	74,080.00	.430	.436
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.414	16,000,000.00	15,832,480.00	99.93	15,988,480.00	156,000.00	.430	.436
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.646	12,000,000.00	11,663,160.00	99.87	11,984,040.00	320,880.00	1.459	1.501
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.469	10,000,000.00	9,887,000.00	99.93	9,992,800.00	105,800.00	.430	.436
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.625	12,969,000.00	12,617,410.41	99.87	12,951,751.23	334,340.82	1.459	1.501
594918AY0	MICROSOFT CORP	02/12/2020	1.850	2.691	16,880,000.00	16,654,820.80	99.96	16,872,404.00	217,583.20	.446	.452
931142DY6	WALMART	10/09/2019	1.750	2.824	25,000,000.00	24,752,750.00	99.96	24,991,000.00	238,250.00	.105	.107
931142DY6	WALMART	10/09/2019	1.750	2.838	22,029,000.00	21,812,234.64	99.96	22,021,069.56	208,834.92	.105	.107
037833CZ1	APPLE	09/12/2019	1.500	2.823	12,803,000.00	12,662,038.97	99.98	12,800,951.52	138,912.55	.032	.033
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	99.87	10,281,307.65	326,248.55	1.455	1.501
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.912	10,100,000.00	9,929,411.00	100.23	10,122,826.00	193,415.00	1.141	1.178
			1.795	2.659	200,523,000.00	197,613,567.70	99.98	200,490,368.12	2,876,800.42	.635	.652
	Total Fund		2.080	2.226	6,415,055,944.14	6,389,269,000.29	100.04	6,417,639,034.28	28,370,033.99	1.089	1.134
Grand Total			2.080	2.226	6,415,055,944.14	6,389,269,000.29	100.04	6,417,639,034.28	28,370,033.99	1.089	1.134



The Mission Inn, Downtown Riverside. Digital Image. *The Mission Inn*. <http://www.missioninn.com/about-en.html>.



COUNTY OF RIVERSIDE
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