



+COUNCIL AGENDA REPORT

City of Anaheim OFFICE OF THE CITY TREASURER

DATE: JUNE 14, 2011
FROM: OFFICE OF THE CITY TREASURER
SUBJECT: INVESTMENT PORTFOLIO REPORT – MAY 2011

ATTACHMENT (Y/N): YES ITEM #

RECOMMENDATION:

That the City Council, by Motion, approve the Investment Portfolio Report for May 2011.

DISCUSSION:

This is the investment report for the City's general pool for the month ending May 31, 2011. The report is provided to ensure that the City Council is informed as to the investment activities and fulfills the reporting requirements of the City's adopted investment policy.

COMPLIANCE:

All investment transactions were executed in accordance with the California Government Code and the City's Investment Policy. There is sufficient liquidity to meet the City's anticipated expenditure requirements for the next six months.

INVESTMENT SUMMARY:

The following table shows summary investment information for the month ending May 31, 2011:

| | Short-term Portfolio | Long-term Portfolio | Total Portfolio Values |
|----------------------------------|-----------------------------|----------------------------|-------------------------------|
| Portfolio Balance (Market Value) | \$ 102,222,682 | \$ 240,161,108 | \$ 342,361,790 |
| Effective Yield | 0.37 % | 2.53 % | 1.88 % |
| Avg. Weighted Maturity | 4 Days | 2.4 Years | 1.7 Years |
| Net Earnings | \$ 36,999 | \$ 538,600 | \$ 575,599 |
| Benchmark* | 0.01% | 0.58 % | 0.37 % |

* Benchmark value is the Interpolated Treasury Yield to the Portfolio's Avg. Weighted Maturity

INVESTMENT ACTIVITIES

The City Treasurer's Investment Portfolio received a credit rating of AAf and a volatility rating of S1 from Standard and Poor's in July 2008. The portfolio is reviewed monthly by Standard and Poor's for portfolio holdings, liquidity values and the overall management of the investment staff. Standard and Poor's reaffirmed the City's AAf credit rating during their annual June 2010 due diligence review. The City of Anaheim is only the fourth City in the country at this time to receive the prestigious credit rating.

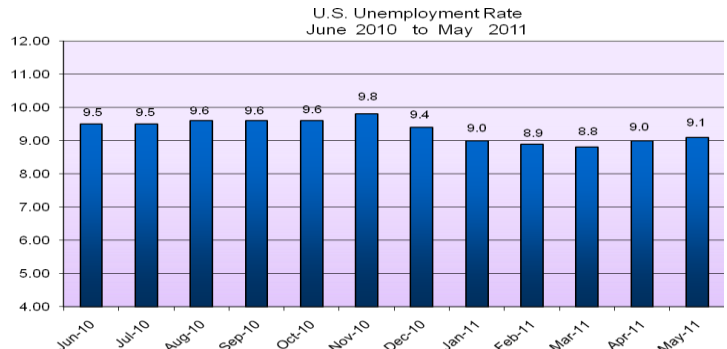
In addition to independent verification of the high standard for the City’s investment program, the AAaf credit rating is recognized by leading bond insurer's as a highly safe investment option for future City bond issues and to include the City’s portfolio as a ‘permitted investment’ in the bond covenants.

On August 11, 2008, the City of Anaheim’s Investment Policy was recognized and certified by the Association of Professional Treasurers of the United States and Canada (APT US&C) as meeting all standards and criteria established by the APT US&C.

INVESTMENT ENVIRONMENT

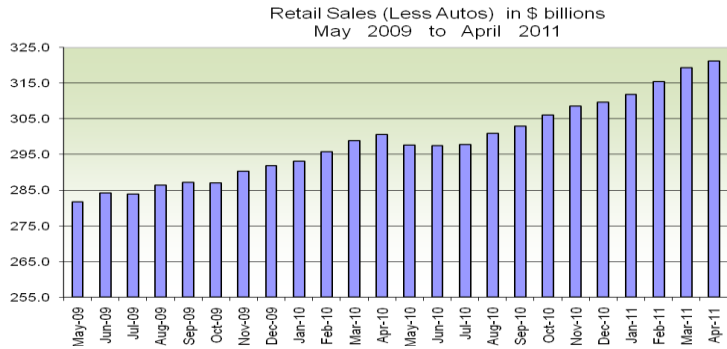
Economic indicators are showing signs of a slowdown in the economy from the recovery that began in the spring of 2009. A key economic indicator is the national unemployment rate, which tends to show the overall health of the national economy. For the month of May 2011, the national unemployment rate was reported at 9.1%, up from the April 2011 value of 9.0%.

The Bureau of Labor Statistics June 3, 2011 news release reported that “. . . the number of unemployed persons (13.9 million) and the unemployment rate (9.1 percent) were essentially unchanged in May. The labor force, at 153.7 million, was little changed over the month.” The news release added that “. . . job gains continued in professional and business services, health care, and mining . . . while employment levels in other major private-sector industries were little changed, and local government employment continued to decline.” As noted, the unemployment rate is considered a “lagging” indicator for immediate financial and economic events are delayed in being reflected in the unemployment rate. The chart below shows the national unemployment rate for the past twelve months:



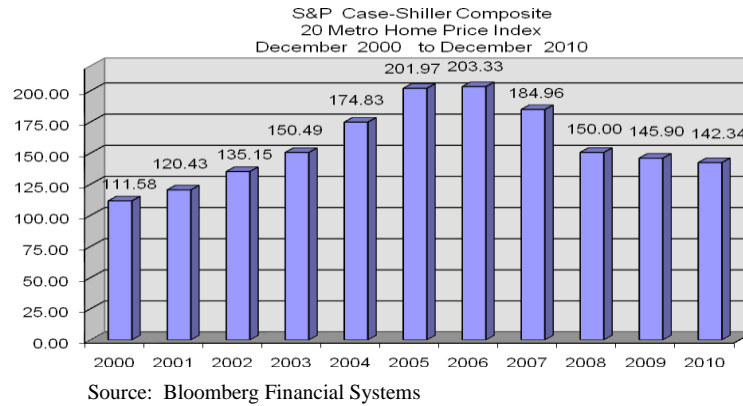
Source: Bureau of Statistics, Dept of Labor

Another key economic factor we review is the monthly Retail Sales (less Autos), which measures the spending of consumers and indicates the underlying vitality of the overall national economy. The release of May 2011 data was not released until after this report was created, however, the chart below shows the monthly increase in consumer spending for the past twenty four months:



Source: Census Bureau, US Government

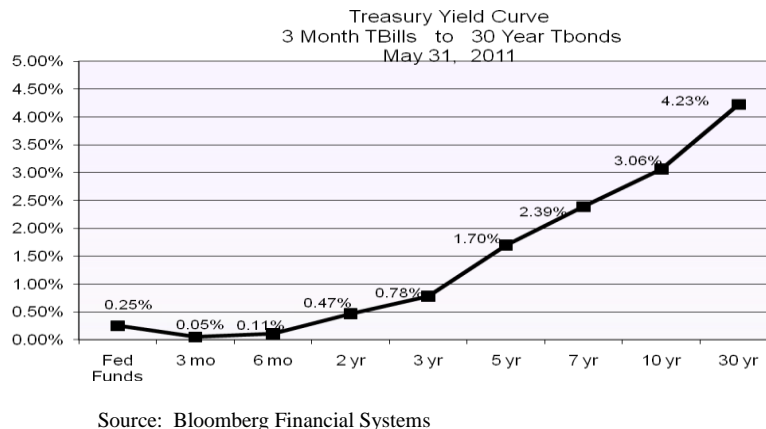
A critical sector of the economy has been the decline in the housing sector. Many consumers have used the increased home equity value as a “bank” in financing everyday purchases, which provided funds for increased retail sales prior to September 2008. The economic crisis in the fourth quarter of 2008 showed a significant decline in housing values due to over-extended consumers using variable rate mortgages. The following chart shows the national housing price trend for 20 Metro Cities, with an ending value of 142.34 as of December 2010, which is similar to the values for the years 2002 and 2003. Economists do not expect this index to show any significant improvement for several years.



Interest rates for May 2011 moved lower from their April 2011 levels. Concerns about the economy slowing and the continued uncertainty in the financial situation in Europe caused investors to push Treasury interest rates lower, with the two year Treasury Note closing at 0.47%, down from April 2011 level of 0.61%, and the ten year Treasury Note ending May 2011 at 3.06%, down from the April value of 3.29%.

The Federal Reserve announced at the April 27, 2011 ‘Federal Open Market Committee’ (FOMC) meeting that the ‘target’ Federal Funds rate would remain at the range of 0.0% to 0.25%, citing continued “risk to growth” to the economy. This key market interest rate has remained at this level since the FOMC meeting on December 16, 2008. The Federal Funds interest rate is the interest rate that banks charge other banks to borrow money.

The chart below shows the interest rates for U. S. Treasury issues for the month ending May 2011:



The City’s investment portfolio remains strongly diversified and invested in high credit quality issues of U.S. Treasuries, Federal Agencies, Medium Term Corporate Notes and high grade commercial paper. Investments in money market accounts are restricted to U.S. Treasury and Federal Agencies only and a review of the State of California Local Agency Investment Fund (LAIF) shows high levels of liquidity and safe investments. The City’s investment strategy continues to focus on safety and providing liquidity for the City’s operational requirements.

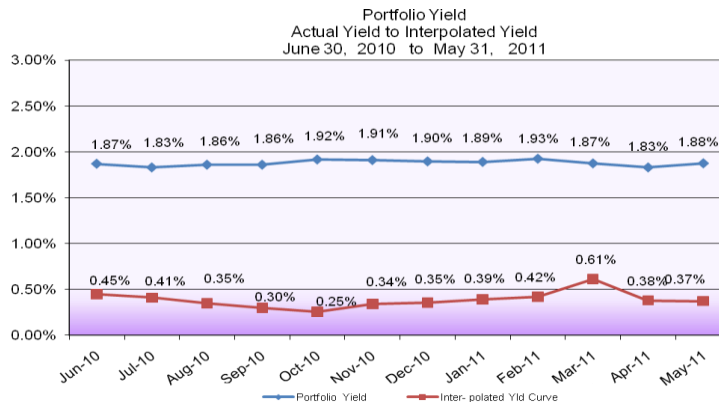
INVESTMENT PERFORMANCE

For May 2011, the City Treasurer’s Investment Portfolio performance was:

| | Amount of Funds (Market Value) | Maturity | Effective Yield | Interpolated Yield | Total Return Monthly | Total Return Annual |
|----------------------|-----------------------------------|-----------|--------------------|-----------------------|-------------------------|------------------------|
| Short-Term Portfolio | \$ 102,200,682 | 4 days | 0.37 % | 0.01 % | 0.031 | 0.392 |
| Long-Term Portfolio | \$ 240,161,108 | 2.4 years | 2.53 % | 0.58 % | 0.569 | 3.169 |
| Total Portfolio | \$ 342,361,790 | 1.7 years | 1.88 % | 0.37 % | 0.380 | 2.263 |

Please note the use of interpolated yield values and total return values are guidelines and not used in the performance evaluation of the portfolio. The investment of public funds is exposed to a large range of variable factors, such as increases or decreases in revenues and expenditures as well as seasonal timing, which can affect the cash flow of the City.

The City’s investment portfolio continues to provide an above market rate of return on funds as shown in the following graph which shows the City’s net overall performance to a market indicator for the past twelve months:



Source: Treasurer’s Office, Anaheim

A complete listing of the portfolio holdings and investment activity for the City of Anaheim’s Investment Portfolio for the month of May 2011 is on the following pages.

IMPACT ON BUDGET:

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP
 City Treasurer

Attachment:

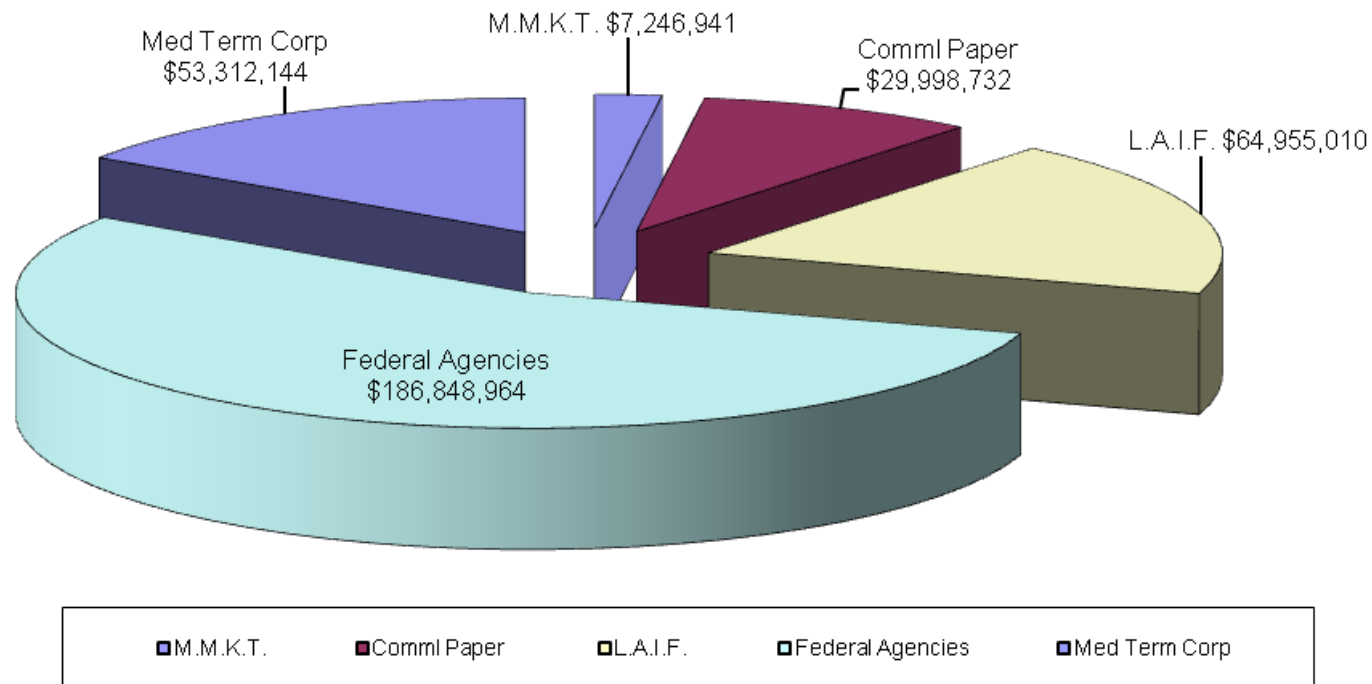
1. Investment Portfolio Report

Balances, Yields and Average Maturities

May 31, 2011

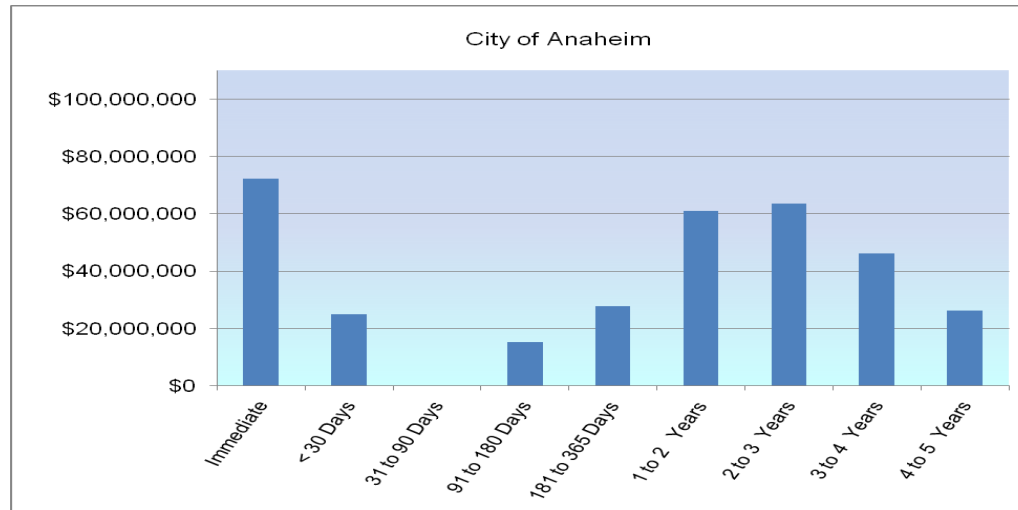
| <u>Description</u> | <u>Par Value</u> | <u>Book Value</u> | <u>Market Value</u> | <u>Yield to Maturity</u> | <u>Percent of Total Funds</u> | <u>Average Weighted Maturity</u> | |
|--|----------------------|----------------------|----------------------|--------------------------|-------------------------------|----------------------------------|--------------|
| | | | | | | <u>Days</u> | <u>Years</u> |
| Short-Term Portfolio | | | | | | | |
| Money Market Funds | \$7,246,941 | \$7,246,941 | \$7,246,941 | 0.02% | 2.12% | 1 | 0.00 |
| L.A.I.F. (State of California | \$64,955,010 | \$64,955,010 | \$64,955,010 | 0.52% | 18.97% | 1 | 0.00 |
| subtotal: Cash and Overnight Investments | \$72,201,950 | \$72,201,950 | \$72,201,950 | | 21.09% | 1 | 0.00 |
| Commercial Paper | \$30,000,000 | \$29,998,732 | \$29,998,732 | 0.12% | 8.76% | 12 | 0.03 |
| Medium Term Corporate Notes | \$0 | \$0 | \$0 | 0.00% | 0.00% | 0 | 0.00 |
| U.S. Federal Agencies | \$0 | \$0 | \$0 | 0.00% | 0.00% | 0 | 0.00 |
| U.S. Treasury | \$0 | \$0 | \$0 | 0.00% | 0.00% | 0 | 0.00 |
| subtotal: Pooled Investments | \$30,000,000 | \$29,998,732 | \$29,998,732 | 0.12% | 8.76% | 12 | 0.03 |
| Total Short-Term Portfolio: | \$102,201,950 | \$102,200,683 | \$102,200,683 | 0.37% | 29.85% | 4 | 0.01 |
| Long -Term Portfolio | | | | | | | |
| Commercial Paper | \$0 | \$0 | \$0 | | 0.00% | 0 | 0.00 |
| Medium Term Corporate Notes | \$51,391,000 | \$51,911,383 | \$53,312,144 | 3.30% | 15.57% | 775 | 2.12 |
| U.S. Federal Agencies | \$182,745,000 | \$182,479,058 | \$186,848,964 | 2.32% | 54.58% | 907 | 2.48 |
| U.S. Treasury | \$0 | \$0 | \$0 | 0.00% | 0.00% | 0 | 0.00 |
| Total Long-Term Portfolio: | \$234,136,000 | \$234,390,441 | \$240,161,108 | 2.53% | 70.15% | 878 | 2.41 |
| Total Cash and Pooled Investments | \$336,337,950 | \$336,591,123 | \$342,361,790 | 1.88% | 100.00% | 613 | 1.68 |

City of Anaheim
Investment Portfolio Asset Allocation
May 31, 2011
\$ 342,361,790



Liquidity Schedule
 May 31, 2011

| | <u>Availability</u> | <u>Market Value</u> | <u>Cumulative Balances</u> | <u>% of Total Assets</u> |
|------------------------------------|---------------------|---------------------|----------------------------|--------------------------|
| Money Market Funds | Immediate | \$7,246,941 | \$7,246,941 | 2.15% |
| L.A.I.F. (State of California) | Immediate | \$64,955,010 | \$72,201,950 | 21.40% |
| Pooled Investment Maturities: | < 30 Days | \$24,998,732 | \$97,200,683 | 28.81% |
| | 31 to 90 Days | \$0 | \$97,200,683 | 28.81% |
| | 91 to 180 Days | \$15,200,135 | \$112,400,818 | 33.32% |
| | 181 to 365 Days | \$27,857,292 | \$140,258,109 | 41.57% |
| | 1 to 2 years | \$61,065,585 | \$201,323,694 | 59.68% |
| | 2 to 3 years | \$63,490,659 | \$264,814,353 | 78.50% |
| | 3 to 4 years | \$46,186,984 | \$311,001,338 | 92.19% |
| | 4 to 5 years | \$26,360,452 | \$337,361,790 | 100.00% |
| Total Cash and Pooled Investments: | | \$337,361,790 | | |



Summary and Comparison of Yields and Balances
May 31, 2011

| <u>Description</u> | <u>Current Month</u> <u>May 31, 2011</u> | <u>Prior Month</u> <u>April 30, 2011</u> |
|---|---|---|
| Yield to Maturity (at market): | | |
| Money Market Funds (US Treasuries) | 0.02% | 0.02% |
| L.A.I.F. (State of California) | 0.52% | 0.50% |
| U.S. Treasuries | 0.00% | 0.00% |
| Federal Agency Bonds | 2.32% | 2.35% |
| Commercial Paper | 0.12% | 0.15% |
| Medium Term Corporate Notes | 3.30% | 3.60% |
| | 1.88% | 1.83% |
| Weighted Average Maturity (Days) | 613 | 533 |
| Weighted Average Maturity (Years) | 1.68 | 1.46 |
| Balances (at Market Value) | | |
| Money Market Funds (US Gov Sec) | \$7,246,941 | \$22,232,932 |
| L.A.I.F. (State of California) | \$64,955,010 | \$79,803,010 |
| U.S. Treasuries | \$0 | \$0 |
| Federal Agencies | \$186,848,964 | \$183,058,674 |
| Commercial Paper | \$29,998,732 | \$13,997,736 |
| Medium Term Corporate Notes | \$53,312,144 | \$44,494,443 |
| Total Portfolio: | \$342,361,790 | \$343,586,795 |
| Earnings: | <u>Current Month</u> <u>May 31, 2011</u> | <u>Fiscal Year to</u> <u>Date Earnings</u> |
| Total Interest Earnings for Month: | \$564,712.61 | \$6,390,441.59 |
| Total Adjustments from Premiums and Discounts | -\$44,814.38 | -\$572,201.19 |
| Total Capital Gains or Losses | \$55,700.79 | \$47,207.78 |
| Total Earnings for Month | <u>\$575,599.02</u> | <u>\$5,865,448.18</u> |

City of Anaheim
Investment Portfolio Summary

| <u>Month / Yr</u> | <u>Core Portfolio</u> | <u>Reserve Portfolio</u> | <u>Portfolio Balance (market value)</u> | <u>Portfolio Yield</u> | <u>Avg Wgt Mat. - Days</u> | <u>Avg Wgt Mat. - Yrs</u> | <u>Inter - polated Yld Curve</u> | <u>Difference: City Yield / Interpolated</u> |
|-------------------|-----------------------|--------------------------|---|----------------------------|------------------------------------|---------------------------------------|--|--|
| Jun-09 | \$92,988,732 | \$316,049,180 | \$409,037,911 | 2.26% | 752 | 2.06 | 1.12% | 1.14% |
| Jul-09 | \$69,624,981 | \$311,176,014 | \$380,800,994 | 2.35% | 771 | 2.11 | 1.20% | 1.15% |
| Aug-09 | \$78,910,669 | \$292,296,273 | \$371,206,941 | 2.31% | 740 | 2.03 | 0.88% | 1.43% |
| Sep-09 | \$119,694,331 | \$243,409,221 | \$363,103,553 | 2.03% | 628 | 1.72 | 0.77% | 1.26% |
| Oct-09 | \$109,527,089 | \$223,615,064 | \$333,142,153 | 2.08% | 621 | 1.70 | 0.67% | 1.41% |
| Nov-09 | \$119,609,833 | \$229,587,543 | \$349,197,376 | 1.97% | 593 | 1.62 | 0.45% | 1.52% |
| Dec-09 | \$124,300,074 | \$249,625,896 | \$373,925,970 | 1.89% | 584 | 1.60 | 0.91% | 0.98% |
| Jan-10 | \$130,806,608 | \$244,573,543 | \$375,380,151 | 1.82% | 558 | 1.53 | 0.51% | 1.31% |
| Feb-10 | \$114,221,905 | \$249,725,431 | \$363,947,336 | 1.88% | 582 | 1.59 | 0.57% | 1.31% |
| Mar-10 | \$111,849,550 | \$247,962,523 | \$359,812,073 | 1.90% | 571 | 1.56 | 0.75% | 1.15% |
| Apr-10 | \$109,355,043 | \$261,305,436 | \$370,660,480 | 1.94% | 593 | 1.62 | 0.76% | 1.18% |
| May-10 | \$122,993,132 | \$251,525,293 | \$374,518,425 | 1.86% | 543 | 1.49 | 0.55% | 1.31% |
| Jun-10 | \$127,268,510 | \$256,712,953 | \$383,981,463 | 1.87% | 536 | 1.47 | 0.45% | 1.42% |
| Jul-10 | \$123,081,456 | \$242,447,380 | \$365,528,837 | 1.83% | 530 | 1.45 | 0.41% | 1.42% |
| Aug-10 | \$117,235,549 | \$242,490,054 | \$359,725,603 | 1.86% | 516 | 1.41 | 0.35% | 1.51% |
| Sep-10 | \$119,485,790 | \$227,468,279 | \$346,954,069 | 1.86% | 500 | 1.37 | 0.30% | 1.56% |
| Oct-10 | \$100,978,349 | \$219,241,780 | \$320,220,129 | 1.92% | 520 | 1.42 | 0.25% | 1.66% |
| Nov-10 | \$101,526,759 | \$218,216,183 | \$319,742,942 | 1.91% | 499 | 1.37 | 0.34% | 1.57% |
| Dec-10 | \$105,898,549 | \$210,264,073 | \$316,162,622 | 1.90% | 470 | 1.29 | 0.35% | 1.54% |
| Jan-11 | \$108,407,446 | \$234,543,785 | \$342,951,231 | 1.89% | 542 | 1.48 | 0.39% | 1.50% |
| Feb-11 | \$104,729,248 | \$236,419,373 | \$341,148,622 | 1.93% | 546 | 1.50 | 0.42% | 1.50% |
| Mar-11 | \$111,156,980 | \$235,802,908 | \$346,959,888 | 1.87% | 572 | 1.57 | 0.61% | 1.26% |
| Apr-11 | \$116,033,678 | \$227,553,117 | \$343,586,795 | 1.83% | 533 | 1.46 | 0.38% | 1.45% |
| May-11 | \$102,200,682 | \$240,161,108 | \$342,361,790 | 1.88% | 613 | 1.68 | 0.37% | 1.50% |

City Treasurer's Investment Report – May 2011

Attachment 1

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CITY OF ANAHEIM

May 31, 2011

Short-Term Portfolio

| CUSIP | Security # | Issuer | Security Type | S&P Rating | Par Value | Book Value | Market Value | Purchase Date | Maturity Date | Stated Rate |
|-----------------------------|------------|--------------------------|---------------|------------|-----------------------|-----------------------|-----------------------|---------------|---------------|--------------|
| SYS17430 | 17430 | LAIF | MMKT | AA | 32,861,283.74 | 32,861,283.74 | 32,861,283.74 | | 6/1/2011 | 0.52% |
| SYS17431 | 17431 | LAIF | MMKT | AA | 32,093,725.76 | 32,093,725.76 | 32,093,725.76 | | 6/1/2011 | 0.52% |
| SYS987 | 987 | FIDELITY GOVERNMENT MMKT | MMKT | AAA | 2,734,670.92 | 2,734,670.92 | 2,734,670.92 | | 6/1/2011 | 0.01% |
| SYS500 | 500 | GOLDMAN SACHS PRIME | MMKT | AAA | 4,512,269.77 | 4,512,269.77 | 4,512,269.77 | | 6/1/2011 | 0.02% |
| 14178MT16 | 1578 | CARGILL | CP | A1 | 5,000,000.00 | 5,000,000.00 | 5,000,000.00 | 05/13/2011 | 06/01/2011 | 0.09% |
| 0660P1T35 | 1577 | BANK OF AMERICA | CP | A1 | 5,000,000.00 | 4,999,978.03 | 4,999,978.03 | 05/13/2011 | 06/03/2011 | 0.08% |
| 71344UTA7 | 1571 | Pepsico | CP | A1 | 5,000,000.00 | 4,999,789.86 | 4,999,789.86 | 03/30/2011 | 06/10/2011 | 0.17% |
| 36960MTH6 | 1576 | GE COMPANY | CP | A1 | 5,000,000.00 | 4,999,758.29 | 4,999,758.29 | 05/13/2011 | 06/17/2011 | 0.11% |
| 02665KTH0 | 1572 | American Honda | CP | A1 | 5,000,000.00 | 4,999,604.46 | 4,999,604.46 | 04/15/2011 | 06/17/2011 | 0.18% |
| 00282DTW0 | 1575 | Abbott Labs | CP | A1 | 5,000,000.00 | 4,999,601.71 | 4,999,601.71 | 05/13/2011 | 06/30/2011 | 0.10% |
| Total Short-Term Portfolio: | | | | | <u>102,201,950.19</u> | <u>102,200,682.54</u> | <u>102,200,682.54</u> | | | <u>0.37%</u> |

CITY OF ANAHEIM

May 31, 2011

Long-Term Portfolio

| CUSIP | Security # | Issuer | Security Type | S&P Rating | Par Value | Book Value | Market Value | Purchase Date | Maturity Date | Stated Rate |
|-----------|------------|--------------------------|---------------|------------|---------------|---------------|---------------|---------------|---------------|-------------|
| 3133XH6G2 | 1039 C | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 5,000,000.00 | 5,000,000.00 | 5,086,005.00 | 09/29/2006 | 09/29/2011 | 5.34% |
| 31331Y3P3 | 1296 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 10,000,000.00 | 9,998,040.41 | 10,114,130.00 | 07/15/2008 | 10/03/2011 | 3.50% |
| 3133XVQL8 | 1456 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 3,240,000.00 | 3,240,017.38 | 3,255,999.12 | 12/28/2009 | 12/09/2011 | 1.13% |
| 3137EACF4 | 1454 | FED HOME LOAN MORT CORP | Fed Agy | AAA | 5,000,000.00 | 5,001,179.92 | 5,025,160.00 | 12/28/2009 | 12/15/2011 | 1.13% |
| 38141GBU7 | 1511 | Goldman Sachs Group | MTN | A | 9,005,000.00 | 9,204,203.49 | 9,337,482.61 | 05/28/2010 | 01/15/2012 | 6.60% |
| 36962GXS8 | 1510 | GENERAL ELEC CAP CORP | MTN | AA+ | 5,000,000.00 | 5,127,185.25 | 5,190,480.00 | 05/28/2010 | 02/15/2012 | 5.88% |
| 3133XWDC0 | 1458 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 5,000,000.00 | 4,993,079.24 | 5,048,170.00 | 12/28/2009 | 05/25/2012 | 1.25% |
| 31359MPF4 | 1286 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 10,000,000.00 | 10,024,054.74 | 10,519,910.00 | 06/25/2008 | 09/15/2012 | 4.38% |
| 3133XVNT4 | 1470 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 9,850,000.00 | 9,868,456.51 | 10,048,733.60 | 02/04/2010 | 12/14/2012 | 1.75% |
| 3137EACG2 | 1469 | FED HOME LOAN MORT CORP | Fed Agy | AAA | 5,000,000.00 | 4,979,033.87 | 5,077,815.00 | 01/29/2010 | 01/09/2013 | 1.38% |
| 31398AME9 | 1206 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 10,000,000.00 | 10,000,000.00 | 10,569,920.00 | 01/28/2008 | 01/28/2013 | 4.00% |
| 949746NY3 | 1333 | WELLS FARGO CO | MTN | AA- | 8,000,000.00 | 7,962,364.79 | 8,442,144.00 | 12/23/2008 | 01/31/2013 | 4.38% |
| 59018YM40 | 1516 | BANK OF AMERICA | MTN | A | 8,206,000.00 | 8,448,243.91 | 8,735,664.48 | 06/23/2010 | 02/05/2013 | 5.45% |
| 38141GDB7 | 1517 | Goldman Sachs Group | MTN | A | 2,224,000.00 | 2,297,759.70 | 2,377,318.11 | 06/23/2010 | 04/01/2013 | 5.25% |
| 02666QB69 | 1237 | American Honda | MTN | A+ | 5,000,000.00 | 4,998,861.61 | 5,294,080.00 | 04/02/2008 | 04/02/2013 | 4.63% |

City Treasurer's Investment Report – May 2011

Attachment 1

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**CITY OF
ANAHEIM**

May 31, 2011

Long-Term Portfolio

| CUSIP | Security # | Issuer | Security Type | S&P Rating | Par Value | Book Value | Market Value | Purchase Date | Maturity Date | Stated Rate |
|----------------------------|------------|--------------------------|---------------|------------|-----------------------|-----------------------|-----------------------|---------------|---------------|--------------|
| 3133XTNY8 | 1390 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 1,685,000.00 | 1,683,943.95 | 1,685,183.67 | 06/03/2009 | 06/03/2013 | 2.38% |
| 31331J2Z5 | 1547 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 5,000,000.00 | 4,963,691.77 | 5,016,540.00 | 01/07/2011 | 11/26/2013 | 0.92% |
| 3133XSP93 | 1330 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 6,845,000.00 | 6,864,963.95 | 7,246,342.89 | 12/15/2008 | 12/13/2013 | 3.13% |
| 3134G1KD5 | 1515 | FED HOME LOAN MORT CORP | Fed Agy | AAA | 10,000,000.00 | 10,000,000.00 | 10,010,860.00 | 06/30/2010 | 12/30/2013 | 1.75% |
| 3134G2BK7 | 1570 | FED HOME LOAN MORT CORP | Fed Agy | AAA | 3,920,000.00 | 3,915,923.20 | 3,923,167.36 | 04/07/2011 | 01/07/2014 | 1.30% |
| 3136FPZ26 | 1559 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 5,000,000.00 | 4,999,681.95 | 5,025,325.00 | 01/24/2011 | 01/13/2014 | 1.38% |
| 31398A3K6 | 1567 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 5,000,000.00 | 4,993,163.49 | 5,047,355.00 | 03/23/2011 | 03/14/2014 | 1.25% |
| 31331GTJ8 | 1369 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 8,000,000.00 | 8,002,762.67 | 8,391,296.00 | 04/17/2009 | 04/17/2014 | 2.63% |
| 31331GTJ8 | 1379 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 4,500,000.00 | 4,487,340.03 | 4,720,104.00 | 05/01/2009 | 04/17/2014 | 2.63% |
| 31331GTJ8 | 1468 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 4,000,000.00 | 4,037,918.42 | 4,195,648.00 | 01/29/2010 | 04/17/2014 | 2.63% |
| 31398AXJ6 | 1496 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 5,000,000.00 | 5,029,031.48 | 5,218,955.00 | 04/30/2010 | 05/15/2014 | 2.50% |
| 478160AX2 | 1584 | Johnson & Johnson | MTN | AAA | 3,000,000.00 | 2,996,525.92 | 3,009,882.00 | 05/20/2011 | 05/15/2014 | 1.20% |
| 3136FPV95 | 1548 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 2,350,000.00 | 2,348,600.56 | 2,366,701.45 | 01/07/2011 | 07/03/2014 | 1.70% |
| 313370JS8 | 1568 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 8,000,000.00 | 7,950,377.20 | 8,086,216.00 | 03/23/2011 | 09/12/2014 | 1.38% |
| 31331KHW3 | 1580 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 5,000,000.00 | 5,041,649.41 | 5,082,520.00 | 05/16/2011 | 11/19/2014 | 1.63% |
| 31398AZV7 | 1495 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 8,000,000.00 | 8,016,084.68 | 8,405,712.00 | 04/30/2010 | 11/20/2014 | 2.63% |
| 3134G2HC9 | 1582 | FED HOME LOAN MORT CORP | Fed Agy | AAA | 5,000,000.00 | 4,996,133.33 | 5,018,065.00 | 05/25/2011 | 11/25/2014 | 1.50% |
| 313371W51 | 1557 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 5,000,000.00 | 4,920,357.94 | 4,997,020.00 | 01/24/2011 | 12/12/2014 | 1.25% |
| 3133XWX95 | 1481 | FEDERAL HOME LOAN BANKS | Fed Agy | AAA | 2,000,000.00 | 2,001,200.31 | 2,107,320.00 | 03/19/2010 | 03/13/2015 | 2.75% |
| 31331KFS4 | 1569 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 5,000,000.00 | 4,982,170.07 | 5,067,295.00 | 03/24/2011 | 03/24/2015 | 1.67% |
| 31331KKU3 | 1579 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 5,000,000.00 | 5,005,832.40 | 5,056,135.00 | 05/16/2011 | 05/13/2015 | 1.93% |
| 31398A4K5 | 1574 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 3,000,000.00 | 2,999,229.79 | 3,037,698.00 | 05/11/2011 | 10/15/2015 | 1.88% |
| 931142CX9 | 1581 | Walmart | MTN | AA | 2,956,000.00 | 2,894,048.16 | 2,899,788.70 | 05/18/2011 | 10/25/2015 | 1.50% |
| 31331J3T8 | 1549 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 5,000,000.00 | 4,885,250.00 | 5,019,010.00 | 01/07/2011 | 12/01/2015 | 1.75% |
| 31331J3T8 | 1558 | FEDERAL FARM CREDIT BANK | Fed Agy | AAA | 5,000,000.00 | 4,896,049.23 | 5,019,010.00 | 01/24/2011 | 12/01/2015 | 1.75% |
| 3136FPZ34 | 1556 | FED NATL MORTGAGE ASSN | Fed Agy | AAA | 2,355,000.00 | 2,353,839.86 | 2,359,641.71 | 01/24/2011 | 12/30/2015 | 2.50% |
| 38143USC6 | 1560 | Goldman Sachs Group | MTN | A | 5,000,000.00 | 4,991,284.16 | 5,014,075.00 | 02/08/2011 | 02/07/2016 | 3.63% |
| 478160AY0 | 1583 | Johnson & Johnson | MTN | AAA | 3,000,000.00 | 2,990,906.07 | 3,011,229.00 | 05/20/2011 | 05/15/2016 | 2.15% |
| Total Long-Term Portfolio: | | | | | <u>234,136,000.00</u> | <u>234,390,440.82</u> | <u>240,161,107.70</u> | | | <u>2.53%</u> |
| Total Portfolio: | | | | | <u>336,337,950.19</u> | <u>336,591,123.36</u> | <u>342,361,790.24</u> | | | <u>1.88%</u> |

**Mat Call Sale Purch
 Purchases Report
 Sorted by Fund - Fund
 May 1, 2011 - May 31, 2011**

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Original Par Value | Purchase Date | Payment Periods | Principal Purchased | Accrued Interest at Purchase | Rate at Purchase | Maturity Date | YTM % | Ending Book Value |
|-------------------------------------|--------------|------|-----------|-----------------|-----------------------|---------------------|---------------------|-----------------------|------------------------------|------------------|---------------|-------|----------------------|
| SHORT- TERM PORTFOLIO | | | | | | | | | | | | | |
| 00282DTW0 | 1575 | 01 | ACP | ABT | 5,000,000.00 | 05/13/2011 | 06/30 - At Maturity | 4,999,333.33 | | 0.100 | 06/30/2011 | 0.100 | 4,999,601.71 |
| 0660P1T35 | 1577 | 01 | ACP | BAC | 5,000,000.00 | 05/13/2011 | 06/03 - At Maturity | 4,999,766.67 | | 0.080 | 06/03/2011 | 0.080 | 4,999,978.03 |
| 14178MT16 | 1578 | 01 | ACP | CARGIL | 5,000,000.00 | 05/13/2011 | 06/01 - At Maturity | 4,999,762.50 | | 0.090 | 06/01/2011 | 0.090 | 5,000,000.00 |
| 36960MTH6 | 1576 | 01 | ACP | GE COM | 5,000,000.00 | 05/13/2011 | 06/17 - At Maturity | 4,999,465.28 | | 0.110 | 06/17/2011 | 0.110 | 4,999,758.29 |
| | | | | Subtotal | 20,000,000.00 | | | 18,988,327.78 | 0.00 | | | | 18,988,338.03 |
| LONG-TERM PORTFOLIO | | | | | | | | | | | | | |
| 31398A4K5 | 1574 | 02 | FAC | FNMA | 3,000,000.00 | 05/11/2011 | 10/15 - 04/15 | 2,999,220.00 | 4,062.50 | 1.875 | 10/15/2015 | 1.855 | 2,999,229.79 |
| 31331KKU3 | 1579 | 02 | FAC | FFCB | 5,000,000.00 | 05/16/2011 | 11/13 - 05/13 | 5,006,000.00 | 804.17 | 1.930 | 05/13/2015 | 1.873 | 5,005,832.40 |
| 31331KHV3 | 1580 | 02 | FAC | FFCB | 5,000,000.00 | 05/16/2011 | 05/19 - 11/19 | 5,042,150.00 | Received | 1.625 | 11/19/2014 | 1.359 | 5,041,649.41 |
| 931142CX9 | 1581 | 02 | MTN | WMT | 2,956,000.00 | 05/18/2011 | 10/25 - 04/25 | 2,893,539.72 | 2,832.83 | 1.500 | 10/25/2015 | 1.973 | 2,894,048.16 |
| 478160AY0 | 1583 | 02 | MTN | JNJ | 3,000,000.00 | 05/20/2011 | 11/15 - 05/15 | 2,990,850.00 | | 2.150 | 05/15/2016 | 2.185 | 2,990,906.07 |
| 478160AX2 | 1584 | 02 | MTN | JNJ | 3,000,000.00 | 05/20/2011 | 11/15 - 05/15 | 2,996,490.00 | | 1.200 | 05/15/2014 | 1.223 | 2,996,525.92 |
| 3134G2HC9 | 1582 | 02 | FAC | FHLMC | 5,000,000.00 | 05/25/2011 | 11/25 - 05/25 | 4,996,000.00 | | 1.500 | 11/25/2014 | 1.503 | 4,996,133.33 |
| | | | | Subtotal | 28,956,000.00 | | | 28,824,248.72 | 7,888.60 | | | | 28,824,326.08 |
| Managed Pool Deposits | | | | | | | | | | | | | |
| | | | | | Deposit Amount | Deposit Date | | Deposit Amount | | Rate | | | |
| SYS987 | 987 | 01 | PA2 | FIDELI | 5,068,750.00 | 05/06/2011 | | 5,068,750.00 | | 0.045 | | | |
| SYS987 | 987 | 01 | PA2 | FIDELI | 19,902,089.00 | 05/12/2011 | | 19,902,089.00 | | 0.045 | | | |
| SYS987 | 987 | 01 | PA2 | FIDELI | 76,202.08 | 05/16/2011 | | 76,202.08 | | 0.045 | | | |
| SYS987 | 987 | 01 | PA2 | FIDELI | 2,160,000.00 | 05/18/2011 | | 2,160,000.00 | | 0.045 | | | |
| SYS987 | 987 | 01 | PA2 | FIDELI | 6,770.83 | 05/19/2011 | | 6,770.83 | | 0.045 | | | |
| SYS500 | 500 | 01 | PA2 | GOLDSA | 9,410,000.00 | 05/02/2011 | | 9,410,000.00 | | 0.045 | | | |
| SYS500 | 500 | 01 | PA2 | GOLDSA | 1,571,000.00 | 05/03/2011 | | 1,571,000.00 | | 0.045 | | | |
| SYS500 | 500 | 01 | PA2 | GOLDSA | 1,211,000.00 | 05/04/2011 | | 1,211,000.00 | | 0.045 | | | |
| SYS500 | 500 | 01 | PA2 | GOLDSA | 1,376,000.00 | 05/05/2011 | | 1,376,000.00 | | 0.045 | | | |
| SYS500 | 500 | 01 | PA2 | GOLDSA | 74.38 | 05/31/2011 | | 74.38 | | 0.045 | | | |
| | | | | Subtotal | 40,781,888.28 | | | 40,781,888.28 | | | | | |
| Total Purchases and Deposits | | | | | 87,737,888.28 | | | 87,704,483.78 | 7,888.60 | | | | 48,823,863.11 |

Received - Accrued Interest at Purchase was received by report ending date.

**Mat Call Sale Purch
 Maturity Report
 Sorted by Maturity Date
 Receipts during May 1, 2011 - May 31, 2011**

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Par Value | Maturity Date | Purchase Date | Rate at Maturity | Book Value at Maturity | Interest | Maturity Proceeds | Net Income |
|-------------------------|--------------|------|-----------|--------|----------------------|---------------|---------------|------------------|------------------------|------------------|----------------------|------------------|
| 3133XTJ54 | 1380 | 02 | FAC | FHLB | 10,000,000.00 | 05/16/2011 | 05/01/2009 | 1.375 | 10,000,000.00 | 68,750.00 | 10,068,750.00 | 68,750.00 |
| 19416FSL9 | 1573 | 01 | ACP | COLG-C | 4,000,000.00 | 05/20/2011 | 04/15/2011 | 0.080 | 4,000,000.00 | 0.00 | 4,000,000.00 | 0.00 |
| Total Maturities | | | | | 14,000,000.00 | | | | 14,000,000.00 | 68,750.00 | 14,068,750.00 | 68,750.00 |

Mat Call Sale Purch
Sales/Call Report
 Sorted by Maturity Date - Fund
 May 1, 2011 - May 31, 2011

| CUSIP | Investment # | Fund | Issuer Sec. Type | Purchase Date | Redem. Date Matur. Date | Par Value | Rate at Redem. | Book Value at Redem. | Redemption Principal | Redemption Interest | Total Amount | Net Income |
|-------------------|--------------|------|---------------------|------------------|----------------------------|--------------|-------------------|-------------------------|-------------------------|------------------------|-----------------|------------|
| 05/06/2014 | | | | | | | | | | | | |
| 31331GVG1 | 1392 | 02 | FFCB FAC | 05/28/2009 | 05/06/2011 05/06/2014 | 5,000,000.00 | 2.750 | 4,944,299.21 | 5,000,000.00 | 68,750.00 | 5,068,750.00 | 124,450.79 |
| Subtotal | | | | | | 5,000,000.00 | | 4,944,299.21 | 5,000,000.00 | 68,750.00 | 5,068,750.00 | 124,460.79 |
| Total Sales | | | | | | 5,000,000.00 | | 4,944,299.21 | 5,000,000.00 | 68,750.00 | 5,068,750.00 | 124,460.79 |



FUND PROFILE

March 31, 2010

City of Anaheim Treasurer Investment Pool



Credit Quality Ratings Definitions

AAAF The fund's portfolio holdings provide extremely strong protection against losses from credit defaults.

AAf The fund's portfolio holdings provide very strong protection against losses from credit defaults.

Af The fund's portfolio holdings provide strong protection against losses from credit defaults.

BBBf The fund's portfolio holdings provide adequate protection against losses from credit defaults.

BBf The fund's portfolio holdings provide uncertain protection against losses from credit defaults.

Bf The fund's portfolio holdings exhibit vulnerability to losses from credit defaults.

CCCf The fund's portfolio holdings make it extremely vulnerable to losses from credit defaults.

Plus (+) or Minus (-) The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

Credit quality ratings, identified by the 'f' subscript, are assigned to bond funds and other actively managed funds that exhibit variable net asset values. These ratings are current assessments of the overall credit quality of a fund's portfolio. The ratings reflect the level of protection against losses from credit defaults and are based on an analysis of the credit quality of the portfolio investments and the likelihood of counterparty defaults.

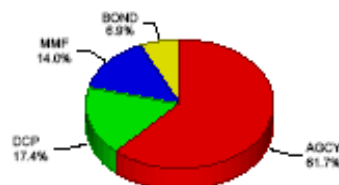
About the Fund

Fund Rating **AAAf / S1**
 Fund Type **Variable NAV Government Investment Pool**
 Investment Adviser **City of Anaheim CA**

Portfolio Manager **Henry Stern, CTP**

Fund Rated Since **July 2008**

Portfolio Composition as of March 31, 2010



AGCY - Agency Fixed Rate; DCP - Commercial Paper; MMF - Money Market Fund; BOND - Corporate Fixed Rate

*As assessed by Standard & Poor's

Fund Highlights

- Average maturity 2 years or less
- The portfolio must purchase securities with a rating of A or better

Management

The Treasurer for the city of Anaheim, CA is responsible for overall management of the portfolio. The Treasurer has prior experience managing S&P rated government investment pools during his tenure at the cities of Los Angeles and Long Beach. The city of Anaheim's \$400+ million portfolio is being divided into a shorter-term and a longer term portion, where \$100-\$125 million comprises the shorter-term component. The investment policy, which was last revised and approved in January 2009, apply to all cash and investments controlled by the Anaheim Treasurer on behalf of the City.

Credit Quality

The 'AAAf' fund credit quality rating is based on our analysis of the credit quality of the Portfolio's eligible investments, the counterparties, and overall management by the portfolio's investment managers. The 'AAAf' rating signifies that the portfolio holdings provide extremely strong protection against losses from credit defaults. The 'S1' volatility rating signifies that a fund possesses low sensitivity to changing market conditions and a level of risk that is less than or equal to that of a portfolio comprised of the highest quality fixed-income instruments with an average maturity of one to three years. As part of our volatility analysis, we assessed the management, portfolio-level risk, target durations, and comparable return strategies of the Portfolio.

Portfolio Assets

Eligible portfolio holdings are typically comprised of highly rated securities, including money-market

funds, investment-grade corporate debt, CP, the Local Agency Investment Fund (LAIF), U.S. Treasury and Agency securities. The portfolio has to purchase securities with a rating of A or better. The Anaheim Treasurer's Investment Pool's primary objective is to provide safety of principal followed by maintenance of liquidity and return on investment. The various city departments are the Investment Pool's predominant investors. The short-term portfolio's benchmark is the ninety-one day T-bill and it is managed with the view that cash is needed for operating purposes within a 6-month period. The long-term portfolio uses the ML 1-3 Year US Treasury benchmark. The Investment Pool's overall duration is currently 1.8 years with a maximum duration of 3 years. Union Bank of CA is the custodian for the pool.

Standard & Poor's Analyst: Guyna Johnson - (1) 312-233-7008 www.standardandpoors.com
Investors should consider the investment objectives, risks and charges and expenses of the fund before investing. The prospectus which can be obtained from your broker-dealer, contains this and other information about the fund and should be read carefully before investing.

CITY OF ANAHEIM
BOND FUND INVESTMENTS
April 30, 2011

| <u>Debt Issue</u> | <u>Trustee</u> | <u>Book Value</u> | <u>Total Trustee Holdings</u> |
|---|----------------------|-------------------|-------------------------------|
| Decommissioning Trust | Union Bank of Calif. | \$ 119,025,417 | |
| APFA Revenue Bds, 1998 Series | Union Bank of Calif. | \$ 1 | \$ 119,025,419 |
| COP 1992 Convention Ctr. | US Bank | \$ 8,005,796 | |
| 1993 Land Acquisition Program Lease | US Bank | \$ 1,998,679 | |
| Anaheim R/A Tax Allocation Bond - Escrow Fd | US Bank | \$ 29,857,839 | |
| Anaheim CFD no. 1989-3 | US Bank | \$ 1,602,690 | |
| APFR Rev Bds. - Escrow Fd | US Bank | \$ 5,260,000 | |
| Anaheim CFD 1989 - 1, Sycamore Canyon | US Bank | \$ 922,387 | |
| Anaheim CFD 1989 - 2, Highlands Sp Tax Bds | US Bank | \$ 1,780,437 | |
| CITY OF ANAHEIM CFD DIST 06-2 2007 | US Bank | \$ 1,080,678 | |
| Anaheim CFD 08-1 2010 Platinum Triangle | US Bank | \$ 33,286,649 | |
| Anaheim RDA 2007 Tax Allocation Refunding Bds | US Bank | \$ 19,928,037 | |
| APFA Lease Revenue Refunding Bonds Ser 2008 | US Bank | \$ 5,182,000 | |
| APFA Water System Bonds 2010-A & 2010-B | US Bank | \$ 23,205,742 | |
| Anaheim RDA 2010 Tax Allocation Bond | US Bank | \$ 670,325 | \$ 132,781,260 |
| Anaheim Dist Sys 99 | BNY Western Trust | \$ 522,608 | |
| Anaheim Arena 03 | BNY Western Trust | \$ - | |
| Anaheim 04 Electric Purchase | BNY Western Trust | \$ 10,082,450 | |
| Anaheim Debt Service Payment Account | BNY Western Trust | \$ - | |
| Anaheim/Disney Lease Revenue 1997A | BNY Western Trust | \$ 65,446,051 | |
| Anaheim Lenain Reserve | BNY Western Trust | \$ 1,217,108 | |
| APFA 02 A | BNY Western Trust | \$ 6,966,291 | |
| APFA 03 B | BNY Western Trust | \$ 9,327,299 | |
| Anaheim 03 A | BNY Western Trust | \$ 4,872,469 | |
| Anaheim 03 B | BNY Western Trust | \$ - | |
| Anaheim 93 A Reserve Fund | BNY Western Trust | \$ - | |
| Anaheim 04 Water | BNY Western Trust | \$ 1,233,932 | |
| APFA 2007A | BNY Western Trust | \$ 17,148,953 | |
| APFA 2007A Farecal Escrow | BNY Western Trust | \$ 768,501 | |
| Anaheim Sewer Rev Bds 2007 | BNY Western Trust | \$ 28,549,702 | |
| Anaheim (Dsny) 2007 Ref Ser A | BNY Western Trust | \$ 1,561,464 | |
| Anaheim (Dsny) 2007 Ref Ser B | BNY Western Trust | \$ 1,107,872 | |
| Anaheim/Disney 97 Series A-1/B Escrow | BNY Western Trust | \$ - | |
| Anaheim/Disney 97 Series A-2 Escrow | BNY Western Trust | \$ - | |
| Farecal Anaheim | BNY Western Trust | \$ - | |
| Anaheim 08 Water | BNY Western Trust | \$ 3,990,500 | |
| Anaheim 09A Electric | BNY Western Trust | \$ 2,758,144 | \$ 155,553,342 |
| Total Bond Funds with external Trustees: | | | \$ 407,360,021 |
| Anaheim RDA PFA 1992 Tax Alloc Rev | City Treasurer | \$ 46 | |
| 2000 RDA SubAccount | City Treasurer | \$ 23,968 | |
| 2007 RDA Bond - A | City Treasurer | \$ 0 | |
| 2007 RDA Bond - B | City Treasurer | \$ 372,004 | |
| 2007 RDA Bond - D | City Treasurer | \$ - | |
| Total Bond Funds with City Treasurer: | | | \$ 396,019 |
| Total Bond Funds: | | | \$ 407,756,040 |