



+COUNCIL AGENDA REPORT

**City of Anaheim
OFFICE OF THE CITY TREASURER**

DATE: OCTOBER 23, 2012
FROM: OFFICE OF THE CITY TREASURER
SUBJECT: INVESTMENT PORTFOLIO REPORT – SEPTEMBER 2012

ATTACHMENT (Y/N): YES ITEM #

RECOMMENDATION:

That the City Council, by Motion, approve the Investment Portfolio Report for September 2012.

DISCUSSION:

This is the investment report for the City’s general pool for the month ending September 30, 2012. 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 September 30, 2012:

	Short-term Portfolio	Long-term Portfolio	Total Portfolio Values
Portfolio Balance (Market Value) *	\$ 108,805,935	\$ 259,373,508	\$ 368,179,443
Effective Yield	0.23 %	1.98 %	1.46 %
Avg. Weighted Maturity	10 Days	2.1 Years	1.5 Years
Net Earnings	\$ 24,969	\$ 435,553	\$ 460,522
Benchmark**	0.04%	0.26%	0.22 %

* Portfolio balance includes approximately \$60.9 million of the 2011A Electric Bond project funds (September 2012)
** Benchmark value is the Interpolated Treasury Yield to the Portfolio’s Avg. Weighted Maturity

INVESTMENT ACTIVITIES

The City Treasurer’s Investment Portfolio has a current rating of “AAf” from Standard and Poor’s (S&P). This rating was effective August 8, 2011, as a result of the action of S&P downgrading the debt issues of the United States Treasury and Federal Agencies from a credit rating of “AAA” to “AA+”. The credit rating reflects the investment holdings of the City’s Investment Portfolio (approximately 52% of funds in Federal Agency issues) and not the management of the investment fund.

It should be pointed out the downgrade in credit rating is the sole action of Standard and Poor’s, since the other two major national credit firms of Moody’s Investor Services and Fitch Ratings have maintained the “AAA” credit rating on all U.S. Treasury and Federal Agency debt issues. Even with the credit downgrade to the investment portfolio, the investment portfolio is still eligible and qualifies as a ‘permitted investment’ for City bond funds (i.e., project or acquisition funds).

This credit rating is for the City’s investment portfolio and does NOT reflect the credit rating of the City’s bond issues.

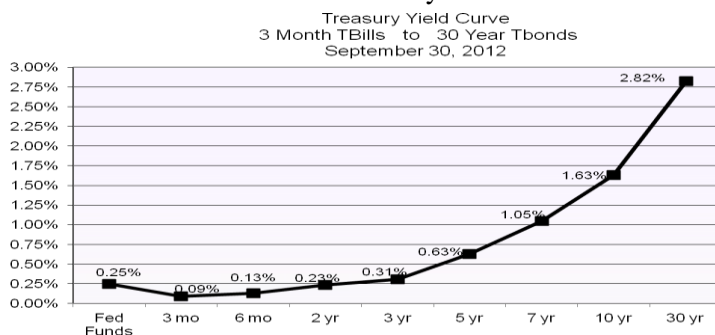
On August 11, 2008, the City of Anaheim’s Investment Policy was recognized and certified by the Association of Professional Treasurers of the United States and Canada (APT US&C) as meeting all standards and criteria established by the APT US&C.

INVESTMENT ENVIRONMENT

The month of September 2012 saw no material change in interest rates from the previous month of August 2012, with only a slight increase in the longer ten and thirty year maturities. The financial issues in Europe are still a focus point for the financial markets, with the European Monetary Fund (EMF) continuing to structure a permanent solution to the capital markets. The financial situation precludes the fact that the entire European union appears to be entering a period of recessionary economic activity, which could impact the revenues of United States multi-national corporations, since the European market accounts for nearly 25 percent of U.S. sales and exports.

This uncertainty in the world financial markets has kept interest rates at near historically record lows. The three month U.S. Treasury bill closed the month of September 2012 at 0.04%, and showed a negative yield of 0.04% on September 26, 2012 as corporate and government investors finished their portfolio holdings for the month and quarter end reporting periods. The two year U.S. Treasury Note closed at 0.23% and the ten year U.S. Treasury Note closed the month at 1.63%. Keeping interest rates at historic low levels is the concern for European issues and the continued “slow” growth of the U.S. economy.

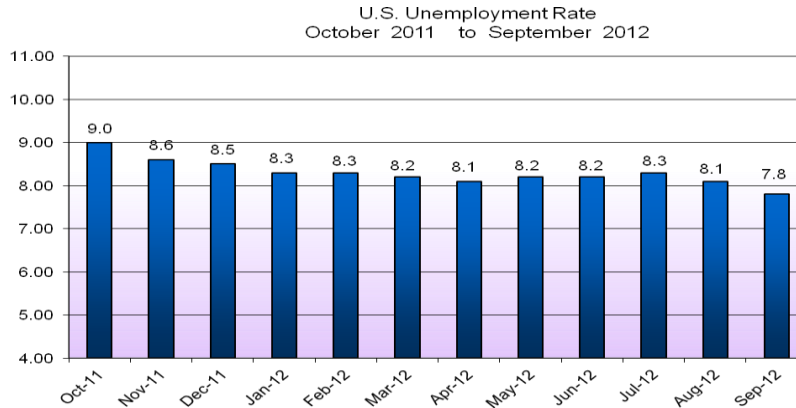
The Federal Reserve continues to maintain the benchmark “Federal Funds” rate in the established range of 0.00% to 0.25%. The Fed Funds rate has been at this rate for nearly three and a half years, since the Federal Open Market Committee (FOMC) took action at their December 2008 meeting. The FOMC meeting of September 13, 2012 continued its policy statement that the low rate action is in response to “risk to growth.” Federal Reserve Chairman Bernanke has voiced his concern for the lack of new job creation in the economy and has indicated he is prepared to advance additional stimulus, which the financial markets are calling “qualitative easing” or QE 3. Mr. Bernanke has also stated he intends to keep rates at these levels through the end of calendar year 2014 and even into 2015. The chart below shows the interest rates for U. S. Treasury issues for the month ending September 2012:



Source: Bloomberg Financial Systems

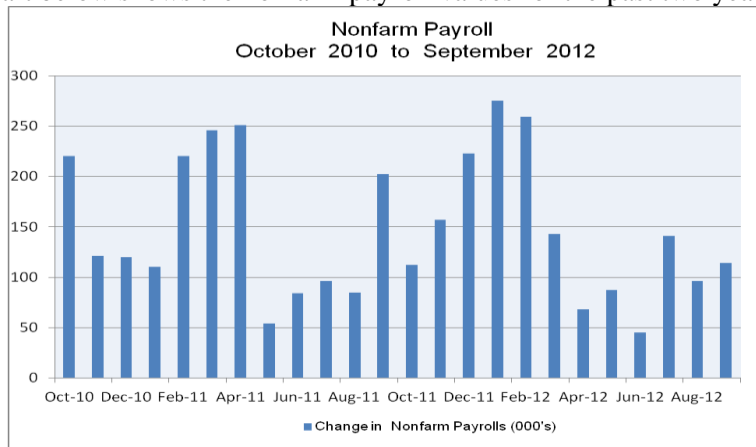
The U.S. economy continues to show slow incremental growth. One economic indicator watched by a large group of investors is the national unemployment rate, which tends to show the overall health of the national economy. For the month of September 2012, the national unemployment rate was reported at 7.8%, down significantly from the August 2012 value of 8.1% and below the annual average rate of 8.3%.

The unemployment rate is considered a “lagging” economic indicator and does not reflect immediate or current financial and economic events. The unemployment rate does indicate the level of idle workers as a percentage of the overall labor force. The chart below shows the national unemployment rate for the past twelve months:



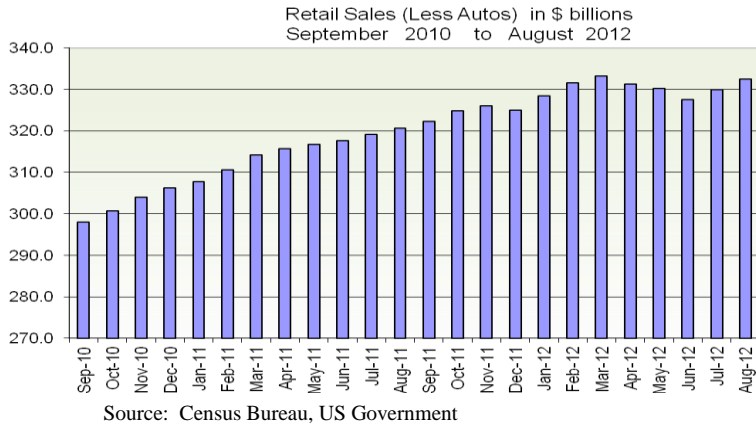
Source: Bureau of Statistics, Dept of Labor

What is more troubling is the slowdown in job creation. The Bureau of Labor Statistics publishes monthly the value of US Employees on nonfarm payrolls, which is an indication of how the corporate or business sector is hiring. For the month of September 2012, the nonfarm payroll number was reported to be 114,000 new jobs created, down from the prior month revised value of 142,000 new jobs (initial report was 96,000 new jobs). It should be noted the July 2012 value was also revised upward from 141,000 new jobs to 181,000 new jobs. The annual (twelve month average) value shows approximately 150,000 monthly new jobs are being created, which is slightly below the minimum value of 160,000 new monthly jobs that economists have said are needed to show significant economic growth. The chart below shows the nonfarm payroll values for the past two years:

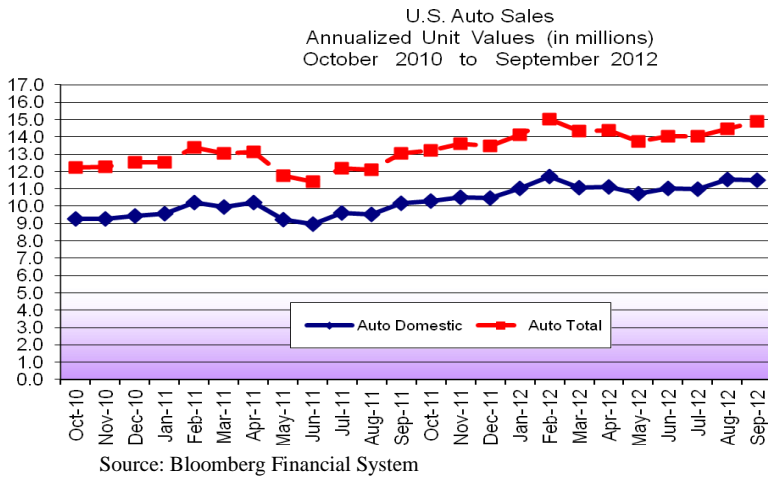


Source: U.S. Bureau of Labor Statistics

Another economic factor we watch is the monthly Retail Sales (less Autos), which measures the level of consumer spending and provides an indication of the underlying vitality of the overall national economy. The September 2012 retail sales data was not available at the time this report was prepared, and the chart reflects retail sales data through August 2012. For the first eight months of 2012, the national retail sales number has stalled around \$329 billion with no substantial growth. This trend combined with reduced job creation is contributing to a slowdown in the economic activity as consumers are becoming more cautious of the future vitality of the economy. The chart below shows the monthly increase in consumer spending for the past twenty four months:



Supporting the slow trend in retail sales, we see the annualized rate of auto sales showing an annualized value at approximately 14 million units. This economic statistic is cyclical and driven by a combination of consumer confidence, the price of gasoline and the overall health of the economy. The chart below shows the monthly annualized auto sales for the past twenty four months:



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 September 30, 2012, the City Treasurer’s Investment Portfolio performance was:

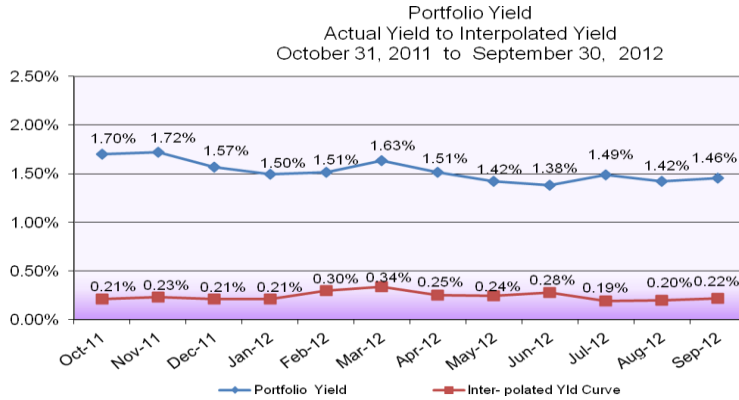
	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 108,805,935	10 days	0.23 %	0.04 %	0.019	0.227
Long-Term Portfolio	\$ 259,373,508	2.1 years	2.14 %	0.26 %	0.201	1.960
Total Portfolio	\$ 368,179,443	1.4 years	1.47 %	0.22 %	0.138	1.428

The portfolio balance includes a deposit, as of September 30, 2012 of \$60,914,451 for acquisition funds from the 2011A Electric Bonds. As a “AA” credit rated portfolio, we are recognized as a permitted investment by the bond

indenture of the above bonds. These funds enjoy the advantage of superior market rates of return in a historically low interest rate environment.

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 above market rates of return on funds invested 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 September 2012 is on the following pages.

IMPACT ON BUDGET:

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP
City Treasurer

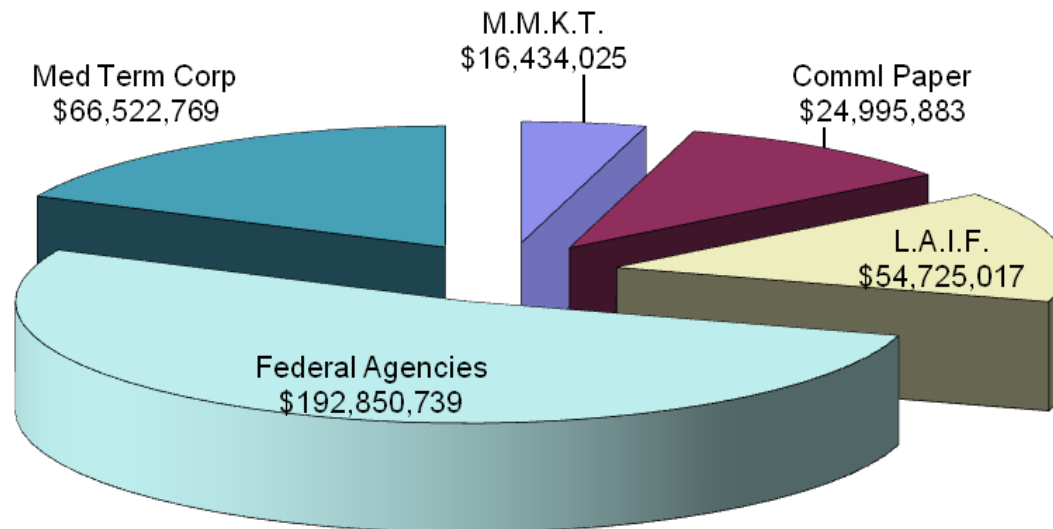
Attachment

1. City Treasurer's Investment Report

Balances, Yields and Average Maturities
September 30, 2012

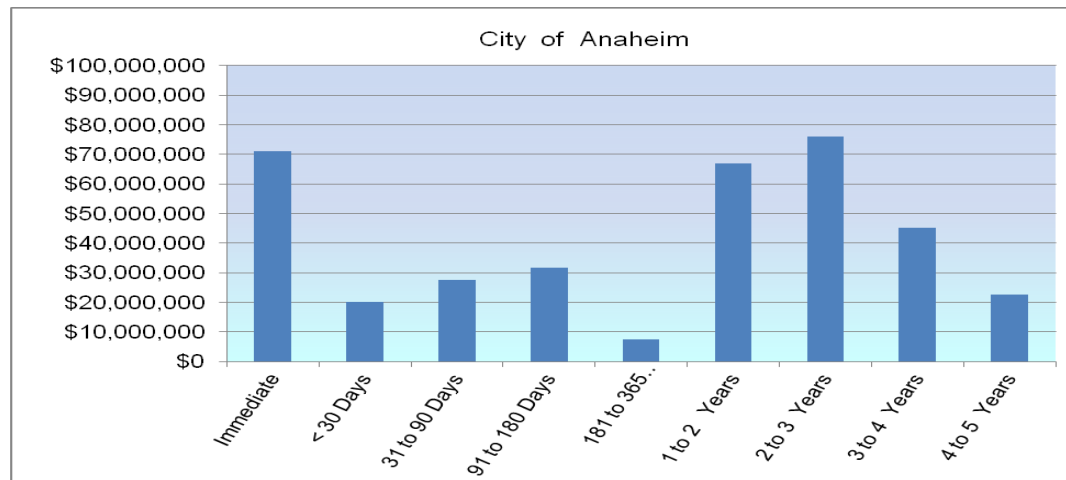
<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	<u>Percent of Total Funds</u>	<u>Average Weighted Maturity</u>	
						<u>Days</u>	<u>Years</u>
Short-Term Portfolio							
Money Market Funds	\$16,434,025	\$16,434,025	\$16,434,025	0.01%	4.46%	1	0.00
L.A.I.F. (State of California	\$54,725,017	\$54,725,017	\$54,725,017	0.35%	14.86%	1	0.00
subtotal: Cash and Overnight Investments	\$71,159,041	\$71,159,041	\$71,159,041		19.33%	1	0.00
Commercial Paper	\$37,650,000	\$37,646,895	\$37,646,895	0.13%	10.23%	26	0.07
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	\$37,650,000	\$37,646,895	\$37,646,895	0.13%	10.23%	26	0.07
Total Short-Term Portfolio:	\$108,809,041	\$108,805,936	\$108,805,936	0.23%	29.55%	10	0.03
Long -Term Portfolio							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$64,386,000	\$64,589,133	\$66,522,769	2.96%	18.07%	722	1.98
U.S. Federal Agencies	\$189,725,000	\$189,516,057	\$192,850,739	1.65%	52.38%	786	2.15
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
Total Long-Term Portfolio:	\$254,111,000	\$254,105,190	\$259,373,508	1.98%	70.45%	770	2.11
Total Cash and Pooled Investments	\$362,920,041	\$362,911,125	\$368,179,443	1.46%	100.00%	542	1.48

City of Anaheim
Investment Portfolio Asset Allocation
September 30, 2012
\$ 368,179,443



Liquidity Schedule
September 30, 2012

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$16,434,025	\$16,434,025	4.46%
L.A.I.F. (State of California)	Immediate	\$54,725,017	\$71,159,041	19.33%
Pooled Investment Maturities:	< 30 Days	\$20,000,000	\$91,159,041	24.76%
	31 to 90 Days	\$27,527,213	\$118,686,254	32.24%
	91 to 180 Days	\$31,574,633	\$150,260,887	40.81%
	181 to 365 Days	\$7,380,346	\$157,641,233	42.82%
	1 to 2 years	\$67,003,454	\$224,644,687	61.01%
	2 to 3 years	\$75,982,640	\$300,627,327	81.65%
	3 to 4 years	\$45,075,920	\$345,703,247	93.90%
	4 to 5 years	\$22,476,197	\$368,179,443	100.00%
Total Cash and Pooled Investments:		\$368,179,443		



Summary and Comparison of Yields and Balances
September 30, 2012

<u>Description</u>	<u>Current Month</u> <u>September 30, 2012</u>	<u>Prior Month</u> <u>August 31, 2012</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.35%	0.36%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	1.65%	1.77%
Commercial Paper	0.13%	0.14%
Medium Term Corporate Notes	2.96%	2.96%
	1.46%	1.47%
Weighted Average Maturity (Days)	542	521
Weighted Average Maturity (Years)	1.48	1.43
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$16,434,025	\$15,736,062
L.A.I.F. (State of California)	\$54,725,017	\$70,578,017
U.S. Treasuries	\$0	\$0
Federal Agencies	\$192,850,739	\$202,998,948
Commercial Paper	\$37,646,895	\$41,996,567
Medium Term Corporate Notes	\$66,522,769	\$66,503,551
Total Portfolio:	\$368,179,443	\$397,813,145
Earnings:	<u>Current Month</u> <u>September 30, 2012</u>	<u>Fiscal Year to</u> <u>Date Earnings</u>
Total Interest Earnings for Month:	\$471,257.28	\$1,444,527.56
Total Adjustments from Premiums and Discounts	-\$10,735.02	-\$32,692.86
Total Capital Gains or Losses	\$0.00	\$0.00
Total Earnings for Month	<u>\$460,522.26</u>	<u>\$1,411,834.70</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%
Jun-10	\$127,268,510	\$256,712,953	\$383,981,463	1.87%	536	1.47	0.45%	1.42%
Jun-11	\$180,459,755	\$261,836,213	\$442,295,968	1.52%	554	1.52	0.35%	1.17%
Jul-11	\$110,147,815	\$302,809,741	\$412,957,556	1.71%	676	1.85	0.33%	1.38%
Aug-11	\$112,051,416	\$303,126,356	\$415,177,772	1.71%	650	1.78	0.19%	1.52%
Sep-11	\$115,751,976	\$291,999,974	\$407,751,950	1.65%	624	1.71	0.25%	1.40%
Oct-11	\$97,174,816	\$287,167,526	\$384,342,342	1.70%	665	1.82	0.21%	1.49%
Nov-11	\$92,886,921	\$284,326,047	\$377,212,968	1.72%	654	1.79	0.23%	1.49%
Dec-11	\$129,691,517	\$272,170,290	\$401,861,807	1.57%	573	1.57	0.21%	1.35%
Jan-12	\$108,441,692	\$304,366,034	\$412,807,726	1.50%	685	1.88	0.21%	1.28%
Feb-12	\$94,579,193	\$314,333,654	\$408,912,847	1.51%	721	1.98	0.30%	1.21%
Mar-12	\$68,764,668	\$293,380,467	\$362,145,135	1.63%	716	1.96	0.34%	1.29%
Apr-12	\$120,322,637	\$268,779,964	\$389,102,601	1.51%	575	1.58	0.25%	1.26%
May-12	\$150,877,446	\$263,058,671	\$413,936,117	1.42%	521	1.43	0.24%	1.18%
Jun-12	\$161,711,522	\$259,031,847	\$420,743,369	1.38%	484	1.33	0.28%	1.11%
Jul-12	\$130,883,306	\$254,515,935	\$385,399,241	1.49%	503	1.38	0.19%	1.29%
Aug-12	\$128,310,646	\$269,502,499	\$397,813,145	1.47%	521	1.43	0.20%	1.27%
Sep-12	\$108,805,936	\$259,373,508	\$368,179,443	1.46%	542	1.48	0.22%	1.24%

Note: September 2012 balance reflects acquisition funds from 2011A Electric Bonds, approx \$60.9 million (September 2012)
Portfolio balances from June 2011 through September 2012 reflect additional funds from 2011A Electric Bonds

City Treasurer's Investment Report – September 2012

Attachment 1

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**CITY OF ANAHEIM
Short-Term Portfolio Listing**

September 30, 2012

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+	32,413,222.04	32,413,222.04	32,413,222.04		10/01/2012	0.35%
SYS17432	17432	LAIF	MMKT	AA+	22,311,794.65	22,311,794.65	22,311,794.65		10/01/2012	0.35%
SYS987	987	FIDELITY GOVERNMENT MMKT	MMKT	AAA	858,878.50	858,878.50	858,878.50		10/01/2012	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	15,575,146.03	15,575,146.03	15,575,146.03		10/01/2012	0.01%
89233GK13	1673	TOYOTA MOTOR CREDIT	CP	A1/P1	5,000,000.00	5,000,000.00	5,000,000.00	07/20/2012	10/01/2012	0.15%
89233GK13	1675	TOYOTA MOTOR CREDIT	CP	A1/P1	5,000,000.00	5,000,000.00	5,000,000.00	08/24/2012	10/01/2012	0.13%
90526MK14	1676	UNION BANK OF CALIFORNIA	CP	A1/P1	10,000,000.00	10,000,000.00	10,000,000.00	08/24/2012	10/01/2012	0.14%
59087ALD9	1682	METROPOLITAN LIFE	CP	A1/P1	5,000,000.00	4,999,123.82	4,999,123.82	09/12/2012	11/13/2012	0.15%
2546R2LG9	1683	DISNEY	CP	A1/P1	2,650,000.00	2,649,602.57	2,649,602.57	09/20/2012	11/16/2012	0.12%
64105GM35	1680	NESTLE CAPITAL	CP	A1/P1	5,000,000.00	4,998,967.35	4,998,967.35	09/12/2012	12/03/2012	0.12%
47816FM57	1681	JOHNSON & JOHNSON	CP	A1/P1	5,000,000.00	4,999,200.90	4,999,200.90	09/12/2012	12/05/2012	0.09%
Total Short-Term Portfolio:					<u>108,809,041.22</u>	<u>108,805,935.86</u>	<u>108,805,935.86</u>			<u>0.23%</u>

**CITY OF ANAHEIM
Long-Term Portfolio Listing**

September 30, 2012

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
3133XVNT4	1470	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	9,850,000.00	9,852,436.39	9,880,318.30	02/04/2010	12/14/2012	1.75%
3137EACG2	1469	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,996,445.19	5,016,525.00	01/29/2010	01/09/2013	1.38%
31398AME9	1206	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,120,400.00	01/28/2008	01/28/2013	4.00%
949746NY3	1333	WELLS FARGO CO	MTN	A+	8,000,000.00	7,992,523.22	8,106,320.00	12/23/2008	01/31/2013	4.38%
59018YM40	1516	BANK OF AMERICA	MTN	A-	8,206,000.00	8,255,732.19	8,331,387.68	06/23/2010	02/05/2013	5.45%
38141GDB7	1517	GOLDMAN SACHS GROUP	MTN	A-	2,224,000.00	2,244,116.28	2,274,251.28	06/23/2010	04/01/2013	5.25%
02666QB69	1237	AMERICAN HONDA	MTN	A+	5,000,000.00	4,999,688.28	5,106,095.00	04/02/2008	04/02/2013	4.63%
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,983,164.34	5,038,185.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	6,845,000.00	6,854,456.61	7,082,603.64	12/15/2008	12/13/2013	3.13%
3134G3DT4	1642	FED HOME LOAN MORT CORP	Fed Agy	AA+	6,310,000.00	6,314,074.02	6,314,088.88	01/24/2012	12/27/2013	0.55%
3133EAAG3	1643	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	10,000,000.00	9,991,684.03	10,004,340.00	01/30/2012	01/30/2014	0.33%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,996,435.20	5,072,045.00	03/23/2011	03/14/2014	1.25%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,000,000.00	8,001,482.67	8,289,664.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,500,000.00	4,493,205.66	4,662,936.00	05/01/2009	04/17/2014	2.63%
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,000,000.00	4,020,350.04	4,144,832.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,015,934.57	5,180,345.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	JOHNSON & JOHNSON	MTN	AAA	3,000,000.00	2,998,093.17	3,043,998.00	05/20/2011	05/15/2014	1.20%

City Treasurer's Investment Report – September 2012

Attachment 1

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**CITY OF
ANAHEIM
Long-Term Portfolio Listing**

September 30, 2012

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	8,000,000.00	7,970,545.65	8,170,416.00	03/23/2011	09/12/2014	1.38%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,025,630.40	5,140,025.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,009,903.22	8,399,224.00	04/30/2010	11/20/2014	2.63%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,950,435.19	5,091,925.00	01/24/2011	12/12/2014	1.25%
36962G5M2	1638	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	5,038,532.31	5,145,815.00	01/18/2012	01/09/2015	2.15%
46625HHP8	1637	JP MORGAN	MTN	A	6,000,000.00	6,171,009.98	6,354,534.00	01/18/2012	01/20/2015	3.70%
3134G3JX9	1647	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,002.08	10,049,440.00	01/30/2012	01/30/2015	0.65%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,000,777.29	2,117,324.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,988,403.40	5,160,600.00	03/24/2011	03/24/2015	1.67%
31331KKU3	1579	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,000,469.27	5,008,770.00	05/16/2011	05/13/2015	1.93%
94974BFE5	1665	WELLS FARGO CO	MTN	A+	1,000,000.00	998,209.96	1,016,825.00	06/27/2012	07/01/2015	1.50%
36962G5Z3	1668	GE CAPITAL SERVICES	MTN	AA+	5,000,000.00	4,996,100.23	5,087,455.00	07/02/2012	07/02/2015	1.63%
3134G3JY7	1636	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,019,810.00	01/30/2012	07/30/2015	0.84%
594918AG9	1591	MICROSOFT CORP	MTN	AAA	5,000,000.00	5,000,000.00	5,187,470.00	06/09/2011	09/25/2015	1.63%
3134G3FZ8	1625	FED HOME LOAN MORT CORP	Fed Agy	AA+	2,200,000.00	2,199,893.67	2,203,423.20	12/28/2011	09/28/2015	1.05%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,464.67	3,122,502.00	05/11/2011	10/15/2015	1.88%
931142CX9	1581	WALMART	MTN	AA	2,956,000.00	2,912,821.45	3,049,518.97	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,919,250.00	5,203,885.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,926,849.46	5,203,885.00	01/24/2011	12/01/2015	1.75%
3136FTXD6	1626	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	5,008,345.00	12/28/2011	12/28/2015	1.10%
38143USC6	1560	GOLDMAN SACHS GROUP	MTN	A-	5,000,000.00	4,993,765.54	5,274,450.00	02/08/2011	02/07/2016	3.63%
3134G3LJ7	1646	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,996,431.77	5,041,380.00	02/10/2012	02/10/2016	0.95%
3135G0NM1	1678	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,999,548.71	5,007,540.00	08/27/2012	02/16/2016	0.56%
3135G0NJ8	1679	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,999,395.71	5,002,945.00	08/27/2012	02/22/2016	0.60%
478160AY0	1583	JOHNSON & JOHNSON	MTN	AAA	3,000,000.00	2,993,352.87	3,161,469.00	05/20/2011	05/15/2016	2.15%
36962G5H3	1617	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	4,995,187.11	5,383,180.00	10/17/2011	10/17/2016	3.35%
3136FTLJ6	1619	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	3,000,510.09	3,004,875.00	11/25/2011	11/14/2016	1.63%
313376RQ0	1635	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,020,000.00	4,018,838.00	4,015,891.56	01/24/2012	01/24/2017	1.15%
3136FTZB8	1644	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,992,248.31	5,064,670.00	01/30/2012	01/30/2017	1.25%
3134G3C81	1677	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,998,791.43	5,007,580.00	08/27/2012	08/22/2017	1.01%
Total Long-Term Portfolio:					<u>254,111,000.00</u>	<u>254,105,189.63</u>	<u>259,373,507.51</u>			<u>1.98%</u>
Total Portfolio:					<u>362,920,041.22</u>	<u>362,911,125.49</u>	<u>368,179,443.37</u>			<u>1.46%</u>

**Mat Call Sale Purch
 Purchases Report
 Sorted by Fund - Fund
 September 1, 2012 - September 30, 2012**

CUSIP	Investment #	Fund	Sec. Type Issuer	Original Par Value	Purchase Date	Payment Periods	Prtnlpal Purohased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM %	Ending Book Value
SHORT- TERM PORTFOLIO												
47816FM57	1681	01	ACP JUNJ	5,000,000.00	09/12/2012	12/05 - At Maturity	4,998,950.00		0.090	12/05/2012	0.090	4,999,200.90
59087ALD9	1682	01	ACP MET-LF	5,000,000.00	09/12/2012	11/13 - At Maturity	4,998,708.33		0.150	11/13/2012	0.150	4,999,123.82
64105GM35	1680	01	ACP NESTLE	5,000,000.00	09/12/2012	12/03 - At Maturity	4,998,633.33		0.120	12/03/2012	0.120	4,998,967.35
2546R2LG9	1683	01	ACP DISNEY	2,650,000.00	09/20/2012	11/16 - At Maturity	2,649,496.50		0.120	11/16/2012	0.120	2,649,602.57
			Subtotal	17,650,000.00			17,846,788.18	0.00				17,848,894.84
Managed Pool Deposits												
				Deposit Amount	Deposit Date		Deposit Amount		Rate			
SY987	987	01	PA2 FIDELI	10,000,000.00	09/07/2012		10,000,000.00		0.010			
SY987	987	01	PA2 FIDELI	27,500.00	09/13/2012		27,500.00		0.010			
SY987	987	01	PA2 FIDELI	31,250.00	09/14/2012		31,250.00		0.010			
SY987	987	01	PA2 FIDELI	10,000,000.00	09/17/2012		10,000,000.00		0.010			
SY987	987	01	PA2 FIDELI	218,750.00	09/17/2012		218,750.00		0.010			
SY987	987	01	PA2 FIDELI	3,148,500.00	09/18/2012		3,148,500.00		0.010			
SY987	987	01	PA2 FIDELI	12,000,000.00	09/21/2012		12,000,000.00		0.010			
SY987	987	01	PA2 FIDELI	41,750.00	09/24/2012		41,750.00		0.010			
SY987	987	01	PA2 FIDELI	40,625.00	09/25/2012		40,625.00		0.010			
SY950	500	01	PA2 GOLDSA	6,800,000.00	09/04/2012		6,800,000.00		0.010			
SY950	500	01	PA2 GOLDSA	1,634,000.00	09/05/2012		1,634,000.00		0.010			
SY950	500	01	PA2 GOLDSA	1,971,000.00	09/06/2012		1,971,000.00		0.010			
SY950	500	01	PA2 GOLDSA	2,053,000.00	09/11/2012		2,053,000.00		0.010			
SY950	500	01	PA2 GOLDSA	2,747,000.00	09/13/2012		2,747,000.00		0.010			
SY950	500	01	PA2 GOLDSA	5,317,000.00	09/24/2012		5,317,000.00		0.010			
SY950	500	01	PA2 GOLDSA	2,667,000.00	09/28/2012		2,667,000.00		0.010			
SY950	500	01	PA2 GOLDSA	83.62	09/28/2012		83.62		0.010			
			Subtotal	68,897,468.82			68,897,468.82					
			Total Purchases and Deposits	78,347,468.82			78,343,248.78	0.00				17,848,894.84

**Mat Call Sale Purch
 Maturity Report
 Sorted by Maturity Date
 Receipts during September 1, 2012 - September 30, 2012**

CUSIP	Investment #	Fund	Sec. Type Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
71344TJ78	1664	01	ACP PEPsic	5,000,000.00	09/07/2012	06/21/2012	0.130	5,000,000.00	0.00	5,000,000.00	0.00
89233GJ72	1670	01	ACP TOYCC	5,000,000.00	09/07/2012	07/10/2012	0.120	5,000,000.00	0.00	5,000,000.00	0.00
31359MPP4	1286	02	FAC FNMA	10,000,000.00	09/15/2012	06/25/2008	4.375	10,000,000.00	218,750.00	10,218,750.00	218,750.00
03948GJM6	1674	01	ACP ADMPP	5,000,000.00	09/21/2012	08/21/2012	0.120	5,000,000.00	0.00	5,000,000.00	0.00
9497F0JMS	1663	01	ACP WFCNEW	7,000,000.00	09/21/2012	06/19/2012	0.160	7,000,000.00	0.00	7,000,000.00	0.00
Total Maturities				32,000,000.00				32,000,000.00	218,750.00	32,218,750.00	218,750.00



FUND PROFILE

July 29, 2011



City of Anaheim Treasurer Investment Pool

Fund 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.

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

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

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

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

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

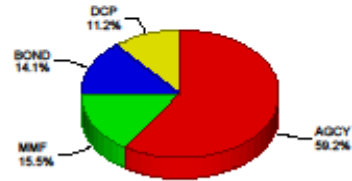
Plus (+) or Minus (-) The ratings from 'AA+' to 'CCC+' may be modified to show relative standing within the major rating categories.

Fund 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 portfolio investments and the likelihood of counterparty defaults.

About the Fund

Fund Rating	AA+ / S1
Fund Type	Variable NAV Government Investment Pool
Investment Adviser	City of Anaheim CA
Portfolio Manager	Henry Stern
Fund Rated Since	July 2008

Portfolio Composition as of July 29, 2011



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

*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 \$300+ million portfolio is divided into a short term and a long term portfolios, where \$95-\$120 million comprises the shorter-term component. The investment policy is reviewed and submitted to the City Council annually, with the current 2011 policy in effect, applies to all cash and investments controlled by the Anaheim Treasurer on behalf of the City.

Credit Quality

The 'AA+' 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 'AA+' rating signifies that the portfolio holdings provide very 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 1.5 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.