



## +COUNCIL AGENDA REPORT

# City of Anaheim OFFICE OF THE CITY TREASURER

**DATE:** SEPTEMBER 24, 2013  
**FROM:** OFFICE OF THE CITY TREASURER  
**SUBJECT:** INVESTMENT PORTFOLIO REPORT – AUGUST 2013

**ATTACHMENT (Y/N):** YES **ITEM #**

### RECOMMENDATION:

That the City Council, by Motion, approve the Investment Portfolio Report for August 2013.

### DISCUSSION:

This is the investment report for the City's general pool for the month ending August 31, 2013. 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 August 31, 2013:

	<b>Short-term Portfolio</b>	<b>Long-term Portfolio</b>	<b>Total Portfolio Values</b>
Portfolio Balance (Market Value) *	\$ 139,344,652	\$ 293,752,142	\$ 433,096,794
Effective Yield	0.16 %	1.42 %	1.02 %
Avg. Weighted Maturity	10 Days	2.5 Years	1.7 Years
Net Earnings	\$ 18,990	\$ 351,742	\$ 370,732
Benchmark**	0.01 %	0.58 %	0.32 %

\* Portfolio balance includes approximately \$36.9 million of the 2011A Electric Bond project funds (July 2013)

\*\* 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 51% 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.

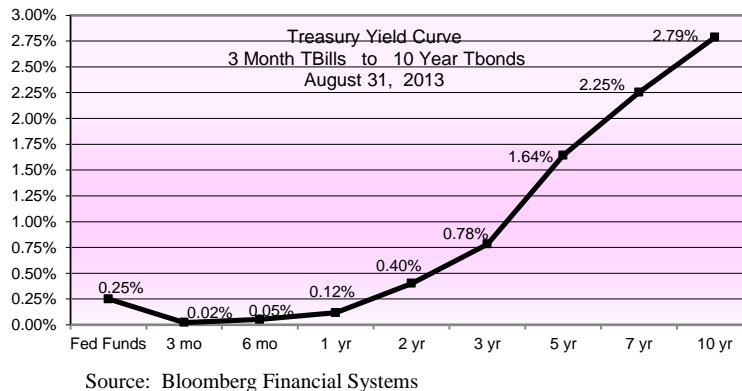
On August 11, 2008, the City of Anaheim's Investment Policy was recognized and certified by the Association of Professional Treasurers of the United States and Canada (APT US&C) as meeting all standards and criteria established by the APT US&C.

**INVESTMENT ENVIRONMENT:**

The month of August 2013 showed a continued "steepening of the yield curve", with short term interest rates moving slightly lower while intermediate (2 years to 10 year) and long term interest rates moved higher from their July levels. The lower short-term rates were due in part to move to "flight to quality" in the increasing shadow of United States military action against the nation of Syria. Concern the action might escalate causing a possible disruption in oil shipments and an increase in costs. Almost in contradictory response, longer term interest rates rose, with the financial markets concern from recent Federal Reserve comments that the Feds may be nearing the end of their program of purchasing \$80 billion a month of mortgage assets. Called "QE" one, two or three (take your pick) the Federal Reserve purchase actions to stabilize a fragile economy has been a constant factor for the past two years, however, the recent Federal Reserve statements have hinted the future may see a reduction (not a termination) in the monthly level of purchases. Keeping interest rates low has brought about a short-term recovery in the housing markets, but we have not seen significant borrowing and capital investment in the business community. On the contrary, major businesses continue to 'downsize' and press for increase productivity gains by using technology at the expense of hiring new employees to meet their revenue and profits. The secondary effect caused by lower interest rates is the lower returns that traditional fixed income investors rely on, from retired individuals to pension funds.

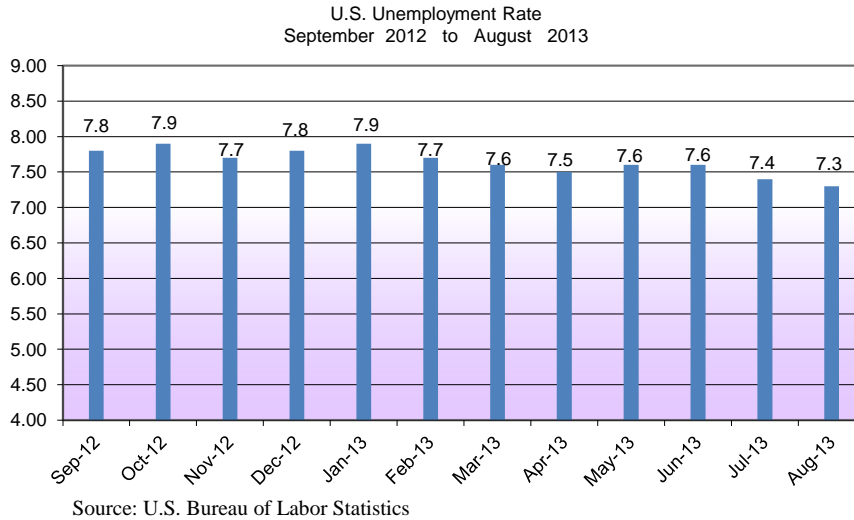
As the chart below indicates, the three month Treasury Bill closed August 2013 at 0.02%, down two basis points from the July close of 0.04%. The two year Treasury Note closed August at 0.40%, up nine basis points from the July level of 0.31%. This rise in interest rates is more pronounced in the longer maturities, with the benchmark ten year Treasury Note closing August 2013 at 2.79%, up twenty one basis points from the prior month close of 2.58%, and significantly above the April 2013 rate of 1.67. It is the apprehension for the investment community that the 'artificial' manipulation of interest rates by the Federal Reserve may be coming to an end that is causing the rise in longer term interest rates. The U.S. Treasury debt issues have historically been used as the default yield curve that all other interest rates are compared to.

The chart below shows the interest rates for U.S. Treasury issues for the month ending August 2013:

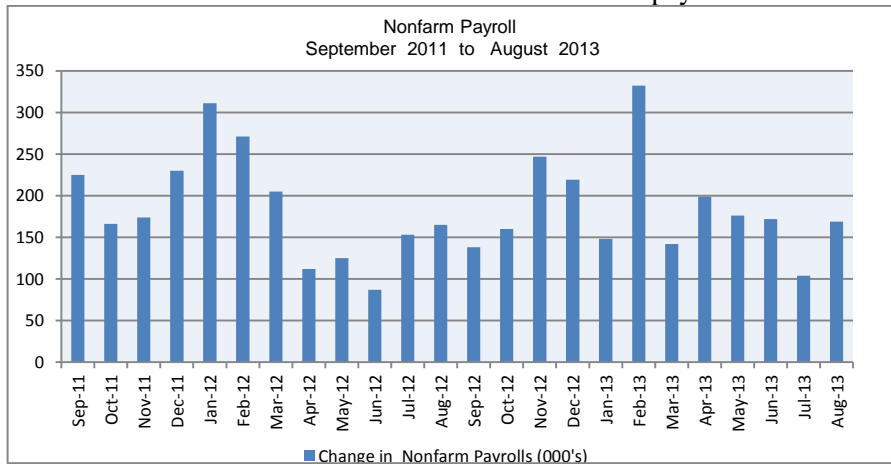


A key economic indicator watched by investors is the national unemployment rate, which tends to show the overall health of the national economy. For the month of August 2013, the national unemployment rate was reported at 7.3%, down 0.1% from July 2013. The twelve month average is at 7.7%, which is significantly lower from the December 2011 level of 8.5%, however, economists are still forecasting a rate of 7.0% or higher for calendar year 2013.

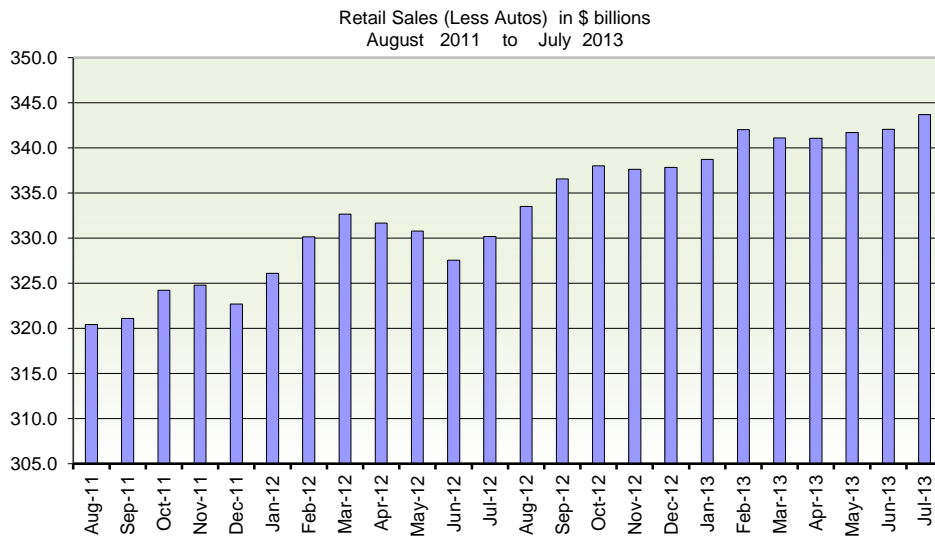
The unemployment rate is considered a “lagging” economic indicator and does not reflect immediate or current financial and economic events. The unemployment rate does indicate the level of idle workers as a percentage of the overall labor force. The chart below shows the national unemployment rate for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



A more accurate gauge of the employment sector and the improving economy is the amount of jobs being created. 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 August 2013, the nonfarm payroll number was reported to be 169,000 new jobs created. The July 2013 value was revised down from 162,000 to 104,000, as was the June 2013 value revised down from 188,000 to 172,000. The annual (twelve month average) value with the revised values shows approximately 184,000 monthly new jobs are being created, which is above the minimum value of 165,000 new monthly jobs that economists have said are needed to show sustained economic growth. It should be noted the nonfarm payroll values are subject to revisions, making an analysis of a distinct trend in this indicator difficult at times. The chart below shows the nonfarm payroll values for the past two years:



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. At the time this report was prepared, the August 2013 data were not available. The month of July 2013 value showed an annualized retail sales value of \$343.7 billion, up slightly from the June 2013 value reported of \$342.1 billion, for an overall percentage increase of 0.5%. The increase in month over month retail sales continues to show evidence that the economy is still showing slow growth with marginal buying by consumers. It is estimated that consumer spending accounts for over sixty five percent of economic activity, so a ‘flat’ value indicates slow or incremental recovery. Several factors may be contributing to the absence of strong consumer spending: the ‘sequestered’ action of Congress, since the Government is a large factor in retail sales, the additional social security withholding tax that was increased with January 2013 payrolls, and increasing consumer debt levels. For the past year (August 2012 thru July 2013) retail sales have increased at an annualized rate of 4.1%. The chart below shows the monthly increase in consumer spending for the past thirty six months:



Source: Census Bureau, US Government

**INVESTMENT PERFORMANCE:**

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.

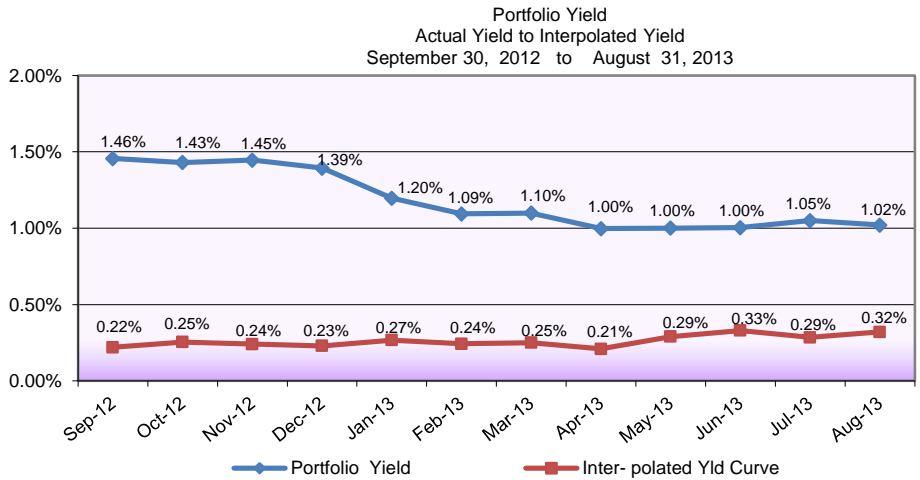
For August 31, 2013, the City Treasurer’s Investment Portfolio performance was:

	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 139,344,652	10 days	0.16 %	0.01 %	0.015	0.166
Long-Term Portfolio	\$ 293,752,142	2.5 years	1.42 %	0.58 %	-0.164	-0.071
Total Portfolio	\$ 433,096,794	1.7 years	1.02 %	0.32 %	-0.109	0.003

The portfolio balance includes a deposit for the acquisition funds of the 2011A Electric Bonds of \$36,945,530.00 as of the July 31, 2013 bond fund report balance. As a credit rated portfolio of “AA”, 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 August 2013 is on the following pages.

**IMPACT ON BUDGET:**

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP  
 City Treasurer

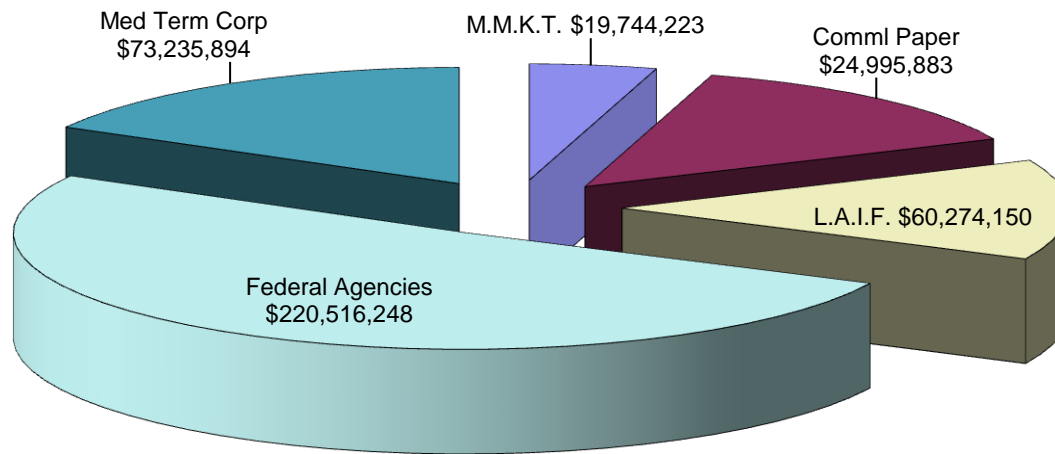
**Attachment**

1. City Treasurer’s Investment Report

**Balances, Yields and Average Maturities****August 31, 2013**

<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	Percent of <u>Total Funds</u>	<u>Average Weighted Maturity</u>	
						<u>Days</u>	<u>Years</u>
<b>Short-Term Portfolio</b>							
Money Market Funds	\$19,744,223	\$19,744,223	\$19,744,223	0.01%	4.56%	1	0.00
L.A.I.F. (State of California	\$60,274,150	\$60,274,150	\$60,274,150	0.27%	13.92%	1	0.00
subtotal: Cash and Overnight Investments	\$80,018,373	\$80,018,373	\$80,018,373		18.48%	1	0.00
Commercial Paper	\$59,330,000	\$59,326,279	\$59,326,279	0.10%	13.70%	21	0.06
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	\$59,330,000	\$59,326,279	\$59,326,279	0.10%	13.70%	32	0.09
<b>Total Short-Term Portfolio:</b>	<b>\$139,348,373</b>	<b>\$139,344,652</b>	<b>\$139,344,652</b>	<b>0.16%</b>	<b>32.17%</b>	<b>10</b>	<b>0.03</b>
<b>Long -Term Portfolio</b>							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$71,956,000	\$72,451,514	\$73,235,894	1.74%	16.91%	923	2.53
U.S. Federal Agencies	\$221,175,000	\$220,962,450	\$220,516,248	1.32%	50.92%	917	2.51
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
<b>Total Long-Term Portfolio:</b>	<b>\$293,131,000</b>	<b>\$293,413,964</b>	<b>\$293,752,142</b>	<b>1.42%</b>	<b>67.83%</b>	<b>919</b>	<b>2.52</b>
<b>Total Cash and Pooled Investments</b>	<b>\$432,479,373</b>	<b>\$432,758,615</b>	<b>\$433,096,794</b>	<b>1.02%</b>	<b>100.00%</b>	<b>626</b>	<b>1.72</b>

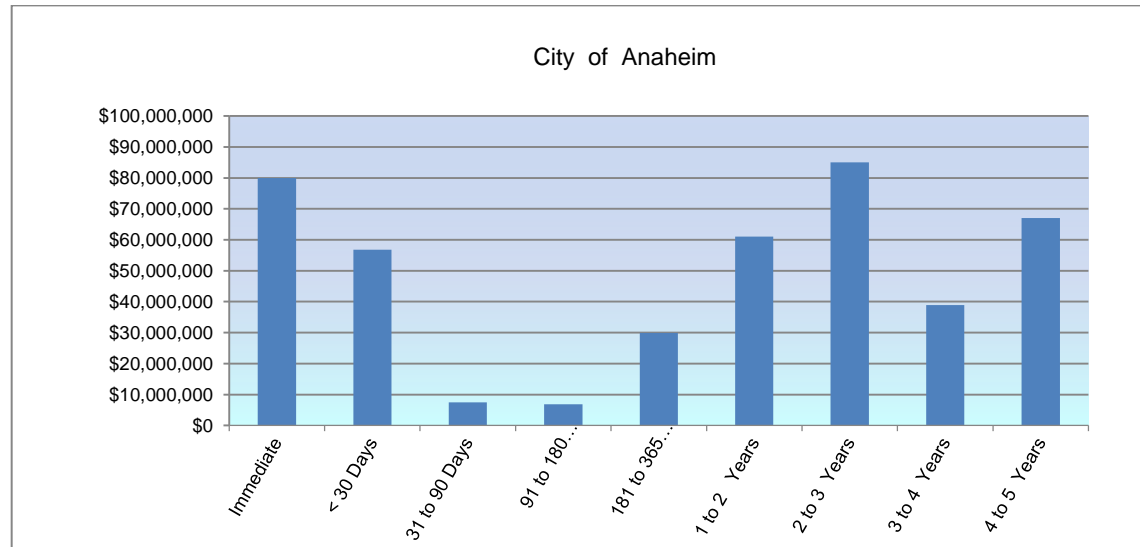
City of Anaheim  
Investment Portfolio Asset Allocation  
August 31, 2013  
\$ 433,096,794



Liquidity Schedule

August 31, 2013

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$19,744,223	\$19,744,223	4.56%
L.A.I.F. (State of California)	Immediate	\$60,274,150	\$80,018,373	18.48%
Pooled Investment Maturities:	< 30 Days	\$56,826,426	\$136,844,799	31.60%
	31 to 90 Days	\$7,509,302	\$144,354,102	33.33%
	91 to 180 Days	\$6,902,874	\$151,256,976	34.92%
	181 to 365 Days	\$29,883,739	\$181,140,715	41.82%
	1 to 2 years	\$61,060,414	\$242,201,129	55.92%
	2 to 3 years	\$85,007,775	\$327,208,904	75.55%
	3 to 4 years	\$38,865,584	\$366,074,488	84.52%
	4 to 5 years	\$67,022,306	\$433,096,794	100.00%
Total Cash and Pooled Investments:		\$433,096,794		





## Summary and Comparison of Yields and Balances

August 31, 2013

<u>Description</u>	Current Month <u>August 31, 2013</u>	Prior Month <u>July 31, 2013</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.27%	0.25%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	1.32%	1.30%
Commercial Paper	0.10%	0.12%
Medium Term Corporate Notes	1.74%	1.74%
	1.02%	1.05%
Weighted Average Maturity (Days)	626	675
Weighted Average Maturity (Years)	1.72	1.85
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$19,744,223	\$7,140,013
L.A.I.F. (State of California)	\$60,274,150	\$60,274,150
U.S. Treasuries	\$0	\$0
Federal Agencies	\$220,516,248	\$226,189,070
Commercial Paper	\$59,326,279	\$57,102,711
Medium Term Corporate Notes	\$73,235,894	\$73,410,838
Total Portfolio:	\$433,096,794	\$424,116,783
Earnings:	Current Month <u>August 31, 2013</u>	Fiscal Year to <u>Date Earnings</u>
Total Interest Earnings for Month:	\$372,876.34	\$746,672.03
Total Adjustments from Premiums and Discounts	-\$2,143.71	-\$1,779.27
Total Capital Gains or Losses	\$0.00	\$0.00
Total Earnings for Month	<u>\$370,732.63</u>	<u>\$744,892.76</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%
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%
Oct-12	\$107,137,761	\$270,989,809	\$378,127,570	1.43%	561	1.54	0.25%	1.18%
Nov-12	\$97,947,618	\$273,455,616	\$371,403,234	1.45%	575	1.58	0.24%	1.20%
Dec-12	\$97,621,426	\$285,055,252	\$382,676,678	1.39%	634	1.74	0.23%	1.16%
Jan-13	\$105,033,351	\$291,834,246	\$396,867,596	1.20%	751	2.06	0.27%	0.93%
Feb-13	\$128,239,171	\$286,885,162	\$415,124,333	1.09%	716	1.96	0.24%	0.85%
Mar-13	\$125,785,560	\$286,780,703	\$412,566,263	1.10%	695	1.90	0.25%	0.85%
Apr-13	\$145,789,032	\$279,600,648	\$425,389,680	1.00%	654	1.79	0.21%	0.79%
May-13	\$142,296,123	\$296,152,869	\$438,448,991	1.00%	680	1.86	0.29%	0.71%
Jun-13	\$141,655,794	\$299,138,984	\$440,794,778	1.00%	670	1.84	0.33%	0.67%
Jul-13	\$124,516,874	\$299,599,908	\$424,116,783	1.05%	675	1.85	0.29%	0.76%
Aug-13	\$139,344,652	\$293,752,142	\$433,096,794	1.02%	626	1.72	0.32%	0.70%

Note: August 2013 balance reflects acquisition funds from 2011A Electric Bonds, approximately 36.9 million (July 2013)  
Portfolio balances from June 2011 through June 2013 reflect additional funds from 2011A Electric Bonds

City Treasurer's Investment Report – August 2013

Attachment 1

**CITY OF ANAHEIM**

**Short-Term Portfolio Listing**

**August 31, 2013**

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+	30,083,208.12	30,083,208.12	30,083,208.12		9/1/2013	0.27%
SYS17432	17432	LAIF	MMKT	AA+	30,190,941.95	30,190,941.95	30,190,941.95		9/1/2013	0.27%
SYS987	987	FIDELITY GOVERNMENT MMKT	MMKT	AAA	3,196,158.37	3,196,158.37	3,196,158.37		9/1/2013	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	16,548,064.66	16,548,064.66	16,548,064.66		9/1/2013	0.01%
71838LW32	1764	PHILLIP MORRIS	CP	A1/P1	4,000,000.00	3,999,989.13	3,999,989.13	08/13/2013	09/03/2013	0.05%
64105GW67	1752	Nestle Capital	CP	A1/P1	5,000,000.00	4,999,952.45	4,999,952.45	05/31/2013	09/06/2013	0.07%
02665JWK2	1754	American Honda	CP	A1/P1	7,830,000.00	7,829,540.42	7,829,540.42	06/17/2013	09/19/2013	0.12%
59157TWQ2	1768	METROPOLITAN LIFE	CP	A1/P1	7,000,000.00	6,999,562.59	6,999,562.59	08/27/2013	09/24/2013	0.10%
90526MWS2	1763	Union Bank of California	CP	A1/P1	8,000,000.00	7,999,239.23	7,999,239.23	07/19/2013	09/26/2013	0.14%
22532AWT1	1766	Credit Agricole	CP	A1/P1	10,000,000.00	9,999,011.15	9,999,011.15	08/26/2013	09/27/2013	0.14%
71838LWT5	1760	PHILLIP MORRIS	CP	A1/P1	8,000,000.00	7,999,378.31	7,999,378.31	07/11/2013	09/27/2013	0.11%
90526MWT0	1769	Union Bank of California	CP	A1/P1	7,000,000.00	6,999,752.74	6,999,752.74	08/29/2013	09/27/2013	0.05%
02665JX70	1767	American Honda	CP	A1/P1	2,500,000.00	2,499,852.48	2,499,852.48	08/26/2013	10/07/2013	0.06%
Total Short-Term Portfolio:					<u>139,348,373.10</u>	<u>139,344,651.60</u>	<u>139,344,651.60</u>			<u>0.16%</u>

**CITY OF ANAHEIM**

**Long-Term Portfolio Listing**

**August 31, 2013**

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,996,551.73	5,009,450.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	6,845,000.00	6,847,232.81	6,902,874.48	12/15/2008	12/13/2013	3.13%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,998,684.50	5,030,020.00	03/23/2011	03/14/2014	1.25%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,000,000.00	8,000,602.67	8,123,312.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,500,000.00	4,497,238.27	4,569,363.00	05/01/2009	04/17/2014	2.63%
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,000,000.00	4,008,271.78	4,061,656.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,006,930.45	5,082,000.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	Johnson & Johnson	MTN	AAA	3,000,000.00	2,999,170.66	3,017,388.00	05/20/2011	05/15/2014	1.20%
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	8,000,000.00	7,984,411.47	8,096,160.00	03/23/2011	09/12/2014	1.38%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,014,617.34	5,083,915.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,005,653.46	8,233,384.00	04/30/2010	11/20/2014	2.63%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,971,113.30	5,055,575.00	01/24/2011	12/12/2014	1.25%
36962G5M2	1638	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	5,022,987.49	5,099,305.00	01/18/2012	01/09/2015	2.15%
46625HHP8	1637	JP Morgan	MTN	A	6,000,000.00	6,102,936.04	6,222,018.00	01/18/2012	01/20/2015	3.70%
3134G3JX9	1647	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,689.58	10,019,950.00	01/30/2012	01/30/2015	0.65%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,000,486.47	2,073,136.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,992,688.82	5,102,170.00	03/24/2011	03/24/2015	1.67%
94974BFE5	1665	WELLS FARGO CO	MTN	A+	1,000,000.00	998,806.64	1,011,481.00	06/27/2012	07/01/2015	1.50%

City Treasurer's Investment Report – August 2013

Attachment 1

**CITY OF ANAHEIM**

**Long-Term Portfolio Listing**

**August 31, 2013**

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
36962G5Z3	1668	GE CAPITAL SERVICES	MTN	AA+	5,000,000.00	4,997,398.84	5,063,320.00	07/02/2012	07/02/2015	1.63%
594918AG9	1591	Microsoft Corp	MTN	AAA	5,000,000.00	5,000,000.00	5,112,460.00	06/09/2011	09/25/2015	1.63%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,626.15	3,080,013.00	05/11/2011	10/15/2015	1.88%
46623EJR1	1705	JP Morgan	MTN	A	5,000,000.00	5,000,000.00	4,997,550.00	12/19/2012	10/15/2015	1.10%
931142CX9	1581	Walmart	MTN	A	2,956,000.00	2,925,728.08	3,009,060.20	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,942,625.00	5,134,640.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,948,024.61	5,134,640.00	01/24/2011	12/01/2015	1.75%
3136G17A1	1712	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,999,173.61	4,984,785.00	12/31/2012	12/30/2015	0.45%
3135G0TT0	1719	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,995,436.67	9,959,370.00	01/29/2013	01/29/2016	0.50%
3135G0TZ6	1720	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,993,833.33	9,961,760.00	01/29/2013	01/29/2016	0.45%
38143USC6	1560	Goldman Sachs Group	MTN	A-	5,000,000.00	4,995,471.48	5,237,560.00	02/08/2011	02/07/2016	3.63%
3134G3LJ7	1646	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,997,405.73	5,015,690.00	02/10/2012	02/10/2016	0.95%
478160AY0	1583	Johnson & Johnson	MTN	AAA	3,000,000.00	2,995,035.04	3,106,383.00	05/20/2011	05/15/2016	2.15%
478160AY0	1704	Johnson & Johnson	MTN	AAA	10,000,000.00	10,417,201.95	10,354,610.00	12/17/2012	05/15/2016	2.15%
89236TAL9	1743	TOYOTA MOTOR CRE	MTN	AA-	3,000,000.00	2,998,888.44	2,985,120.00	05/17/2013	05/17/2016	0.80%
166764AC4	1757	CHEVRON	MTN	AA	2,000,000.00	2,000,000.00	1,997,924.00	06/24/2013	06/24/2016	0.89%
3135G0XP3	1747	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,987,735.71	4,936,210.00	05/22/2013	07/05/2016	0.38%
36962G5H3	1617	GENERAL ELEC CAP CORP	Fed Agy	AA+	5,000,000.00	4,996,277.94	5,268,595.00	10/17/2011	10/17/2016	3.35%
3133EA5V6	1690	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,994,098.96	4,959,780.00	10/24/2012	10/24/2016	0.62%
3135G0WY5	1750	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,998,203.13	4,926,680.00	05/22/2013	11/14/2016	0.55%
3134G3Z37	1703	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,733.71	9,855,300.00	12/12/2012	12/05/2016	0.63%
313376RQ0	1635	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,020,000.00	4,019,648.70	3,970,883.64	01/24/2012	01/24/2017	1.15%
3136FTZB8	1644	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,993,889.14	4,955,910.00	01/30/2012	01/30/2017	1.25%
3136G04R9	1702	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,001,109.47	4,928,435.00	12/13/2012	02/21/2017	0.75%
3135G0PU1	1694	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,489.30	4,881,835.00	11/14/2012	10/11/2017	1.00%
3135G0QD8	1689	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,995,000.00	6,995,862.52	6,830,596.52	10/22/2012	10/16/2017	1.00%
3135G0QW6	1691	FED NATL MORTGAGE ASSN	Fed Agy	AA+	2,035,000.00	2,035,000.00	1,986,267.86	11/08/2012	11/08/2017	1.00%
3135G0QW6	1692	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,600,000.00	3,600,000.00	3,513,790.80	11/08/2012	11/08/2017	1.00%
94974BFG0	1742	WELLS FARGO CO	MTN	A+	5,000,000.00	5,003,138.76	4,869,865.00	05/15/2013	01/16/2018	1.50%
3133ECE26	1721	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,930,000.00	8,930,000.00	8,720,162.86	01/30/2013	01/30/2018	0.94%
3135G0TM5	1722	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	4,874,609.38	01/30/2013	01/30/2018	1.02%
3135G0TV5	1723	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,989,652.78	9,737,270.00	01/30/2013	01/30/2018	1.03%
3135G0TV5	1724	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,250,000.00	6,243,532.99	6,085,793.75	01/30/2013	01/30/2018	1.03%
02666QM26	1730	American Honda	MTN	A+	3,000,000.00	2,998,472.70	2,926,929.00	02/19/2013	02/16/2018	1.60%
3134G42R8	1749	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,998,945.95	4,835,800.00	05/22/2013	04/25/2018	1.05%
3135G0WJ8	1748	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,974,249.58	4,803,060.00	05/22/2013	05/21/2018	0.88%
166764AE0	1756	CHEVRON	MTN	AA	3,000,000.00	3,000,000.00	2,956,326.00	06/24/2013	06/24/2018	1.72%
Total Long-Term Portfolio:					<u>293,131,000.00</u>	<u>293,413,963.75</u>	<u>293,752,142.49</u>			<u>1.42%</u>
Total Portfolio Listing:					<u>432,479,373.10</u>	<u>432,758,615.35</u>	<u>433,096,794.09</u>			<u>1.02%</u>

**Mat Call Sale Purch  
Purchases Report  
Sorted by Fund - Fund  
August 1, 2013 - August 31, 2013**

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
<b>SHORT- TERM PORTFOLIO</b>													
71838LW32	1764	01	ACP	PH MOR	4,000,000.00	08/13/2013	09/03 - At Maturity	3,999,883.32		0.050	09/03/2013	0.050	3,999,989.13
22532AWT1	1766	01	ACP	CR AGR	10,000,000.00	08/26/2013	09/27 - At Maturity	9,999,755.56		0.140	09/27/2013	0.140	9,999,011.15
02665JK70	1767	01	ACP	HNDA	2,500,000.00	08/26/2013	10/07 - At Maturity	2,499,825.00		0.060	10/07/2013	0.060	2,499,852.48
59157TWQ2	1768	01	ACP	MET-LF	7,000,000.00	08/27/2013	09/24 - At Maturity	6,999,455.56		0.100	09/24/2013	0.100	6,999,562.59
90526MWT0	1769	01	ACP	UN BK	7,000,000.00	08/29/2013	09/27 - At Maturity	6,999,718.06		0.050	09/27/2013	0.050	6,999,752.74
<b>Subtotal</b>					<b>30,600,000.00</b>			<b>30,487,837.60</b>	<b>0.00</b>				<b>30,488,188.08</b>
<b>Managed Pool Deposits</b>													
					<b>Deposit Amount</b>	<b>Deposit Date</b>		<b>Deposit Amount</b>		<b>Rate</b>			
SYS987	987	01	PA2	FIDELI	90,625.00	08/07/2013		90,625.00		0.010			
SYS987	987	01	PA2	FIDELI	5,000,000.00	08/09/2013		5,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	5,023,750.00	08/12/2013		5,023,750.00		0.010			
SYS987	987	01	PA2	FIDELI	5,037,600.00	08/16/2013		5,037,600.00		0.010			
SYS987	987	01	PA2	FIDELI	7,000,000.00	08/20/2013		7,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	18,750.00	08/21/2013		18,750.00		0.010			
SYS987	987	01	PA2	FIDELI	7,000,000.00	08/23/2013		7,000,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	2,194,000.00	08/02/2013		2,194,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	4,005,000.00	08/09/2013		4,005,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	7,753,000.00	08/16/2013		7,753,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	7,745,000.00	08/30/2013		7,745,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	65.55	08/30/2013		65.55		0.010			
<b>Subtotal</b>					<b>60,887,790.66</b>			<b>60,887,790.66</b>					
<b>Total Purchases and Deposits</b>					<b>81,387,790.66</b>			<b>81,385,428.06</b>	<b>0.00</b>				<b>30,488,188.08</b>

**Mat Call Sale Purch  
Maturity Report  
Sorted by Maturity Date  
Receipts during August 1, 2013 - August 31, 2013**

CUSIP	Investment #	Fund	Sec. Type Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
90526MV95	1758	01	ACP UN BK	5,000,000.00	08/09/2013	06/25/2013	0.140	5,000,000.00	0.00	5,000,000.00	0.00
59157TVC4	1755	01	ACP MET-LF	5,000,000.00	08/12/2013	06/17/2013	0.140	5,000,000.00	0.00	5,000,000.00	0.00
59157TVL4	1762	01	ACP MET-LF	7,000,000.00	08/20/2013	07/19/2013	0.120	7,000,000.00	0.00	7,000,000.00	0.00
89233GVP8	1753	01	ACP TOYCC	7,000,000.00	08/23/2013	05/31/2013	0.100	7,000,000.00	0.00	7,000,000.00	0.00
59157TVV2	1761	01	ACP MET-LF	4,279,000.00	08/29/2013	07/19/2013	0.120	4,279,000.00	0.00	4,279,000.00	0.00
<b>Total Maturities</b>				<b>28,279,000.00</b>				<b>28,279,000.00</b>	<b>0.00</b>	<b>28,279,000.00</b>	<b>0.00</b>

**Mat Call Sale Purch  
 Sales/Call Report  
 Sorted by Maturity Date - Fund  
 August 1, 2013 - August 31, 2013**

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
<b>02/16/2016</b>												
3135GONM1	1678	02	FNMA FAC	08/27/2012	08/16/2013 02/16/2016	5,000,000.00	0.560	5,000,000.00	5,000,000.00	14,000.00	5,014,000.00	14,000.00
<b>Subtotal</b>						<b>5,000,000.00</b>		<b>5,000,000.00</b>	<b>5,000,000.00</b>	<b>14,000.00</b>	<b>5,014,000.00</b>	<b>14,000.00</b>
<b>Total Sales</b>						<b>5,000,000.00</b>		<b>5,000,000.00</b>	<b>5,000,000.00</b>	<b>14,000.00</b>	<b>5,014,000.00</b>	<b>14,000.00</b>

Data Updated: SET\_MCSP: 09/03/2013 10:37  
 Run Date: 09/03/2013 - 10:37

Portfolio CITY  
 AP  
 SA (PRF\_SA) 7.1.1  
 Report Ver. 7.3.1



**POOL PROFILE**

September 28, 2012

**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.

**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.

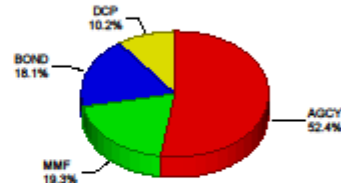
**Plus (+) or Minus (-)** The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

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 credit quality of the portfolio investments and the likelihood of counterparty defaults.

**About the Pool**

Pool Rating	<b>AAf / S1</b>
Pool Type	Variable NAV Government Investment Pool
Investment Adviser	City of Anaheim CA
Portfolio Manager	Henry Stern
Pool Rated Since	July 2008

Portfolio Composition as of September 28, 2012



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

\*As assessed by Standard & Poor's

**Pool Highlights**

- The City of Anaheim Treasurer Investment Pool holds securities that have an average maturity of two years or less.
- The pool must purchase securities with a rating of 'A' or better.

**Management**

The treasurer for the city of Anaheim, California, is responsible for overall management of the portfolio. The treasurer has prior experience managing Standard & Poor's-rated government investment pools from his tenure at the cities of Los Angeles and Long Beach. The City of Anaheim's \$300 million-plus portfolio is divided into a short-term and a long-term portfolio; \$95 million to \$120 million comprises the short-term component. The investment policy is reviewed and submitted to the city council annually—with the current 2012 policy in effect—and applies to all cash and investments controlled by the Anaheim treasurer on behalf of the city.

**Credit Quality**

Standard & Poor's rates City of Anaheim Treasurer Investment Pool 'AAf/S1'. The 'AAf' fund credit quality rating is based on Standard & Poor's analysis of the credit quality of the portfolio's eligible investments, the counterparties, and the overall management by the portfolio's investment managers. The 'AAf' rating demonstrates that the fund's portfolio holdings provide very strong protection against losses from credit defaults. The 'S1' volatility rating indicates that the pool possesses low sensitivity to changing market conditions and an aggregate level of risk that is less than or equal to that of a portfolio comprised of government securities maturing within one to three years and denominated in the base currency of the pool. As part of Standard & Poor's volatility

analysis, it 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, commercial paper, the Local Agency Investment Fund (LAIF), and U.S. Treasury and agency securities. The pool can only purchase securities with a rating of 'A' or better. The pool's primary objectives are to provide safety of principal, followed by maintenance of liquidity and return on investment. Various city departments are the pool's predominant investors. The short-term portfolio's benchmark is the 91-Day Treasury bill, which is managed with the view that cash is needed for operating purposes within a six-month period. The long-term portfolio's benchmark is the Merrill Lynch 1-3 Year U.S. Treasury Index. The pool's overall duration is currently 1.5 years, with a maximum duration of three years. Union Bank of California is the custodian for the pool.

**Standard & Poor's Analyst:** Joel Friedman - (1) 212-438-5043

[www.standardandpoors.com](http://www.standardandpoors.com)

Participants should consider the investment objectives, risks, charges and expenses of the pool before investing. The investment guidelines which can be obtained from your broker-dealer, contain this and other information about the pool and should be read carefully before investing.