



## COUNCIL AGENDA REPORT

### City of Anaheim OFFICE OF THE CITY TREASURER

**DATE:** SEPTEMBER 23, 2014  
**FROM:** OFFICE OF THE CITY TREASURER  
**SUBJECT:** INVESTMENT PORTFOLIO REPORT – AUGUST 2014

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

#### **RECOMMENDATION:**

That the City Council, by Motion, approve the Investment Portfolio Report for August 2014.

#### **DISCUSSION:**

This is the investment report for the City's general pool for the month ending August 31, 2014. 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, 2014:

	<b>Short-term Portfolio</b>	<b>Long-term Portfolio</b>	<b>Total Portfolio Values</b>
Portfolio Balance (Market Value) *	\$ 87,206,623	\$ 314,488,367	\$ 401,694,990
Effective Yield	0.14 %	1.36 %	1.09 %
Avg. Weighted Maturity	7 Days	2.4 Years	1.9 Years
Net Earnings	\$ 10,630	\$ 352,049	\$ 362,679
Benchmark**	0.02 %	0.66 %	0.47 %

\* Portfolio balance includes approximately \$6.8 million of the 2011A Electric Bond project funds (July 2014)

\*\* Benchmark value is the Interpolated Treasury Yield to the Portfolio's Average Weighted Maturity

#### **INVESTMENT ACTIVITIES**

The City Treasurer's Investment Portfolio has a current credit 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 55% 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:**

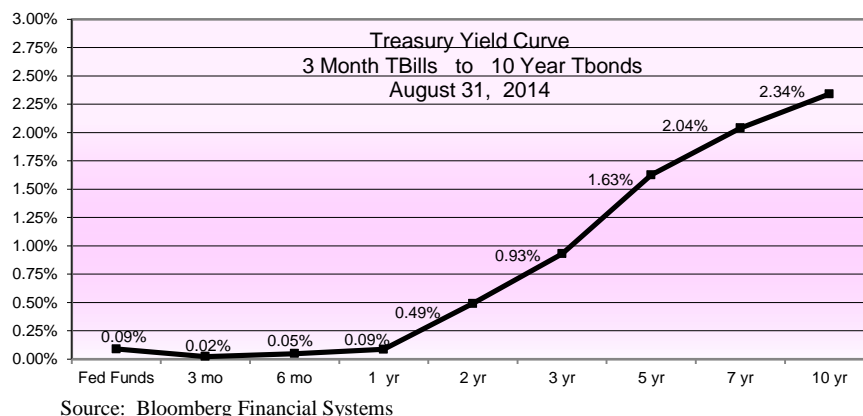
The month of August 2014 saw interest rates move to lower levels in light summer trading as the financial markets wait for the release of third quarter corporate earnings to determine if the economic recovery is continuing or slowing. We see the next two months for interest rates to trade in a narrow range until a clearer picture of national and international economic stability is present.

On the domestic front, the economic recovery is over five years in length since the “great recession” of 2008. Historically, economic recoveries tend to be two to four years in duration, so the increasing length of this economic recovery is causing some concern among investors. However, the severity of the 2008 recession has not been seen in the financial markets since the Great Depression of the 1930’s. The Federal Reserve actions continue to “taper” the monthly purchases of long term securities from an initial \$85 billion per month to the current level of \$15 billion per month. The purchase program was part of the Quantitative Easing (QE) policy to provide access to funds in preventing a liquidity issue. The Federal Reserve has indicated the total purchases of long-term securities could end by the fourth quarter of 2014.

The U.S. Treasury 3 month bill closed August at 0.02%, unchanged from its June and July close, however, the two year U.S. Treasury Note closed the month at 0.49%, down four basis points (0.04%) from its July 2014 close of 0.53%. The U.S. Treasury 5 year Note closed August at 1.63%, down twelve basis points (0.12%) from the July level of 1.75% while the benchmark 10 year U.S. Treasury Note closed at 2.34%, down twenty-two basis points (0.22%) from the previous month.

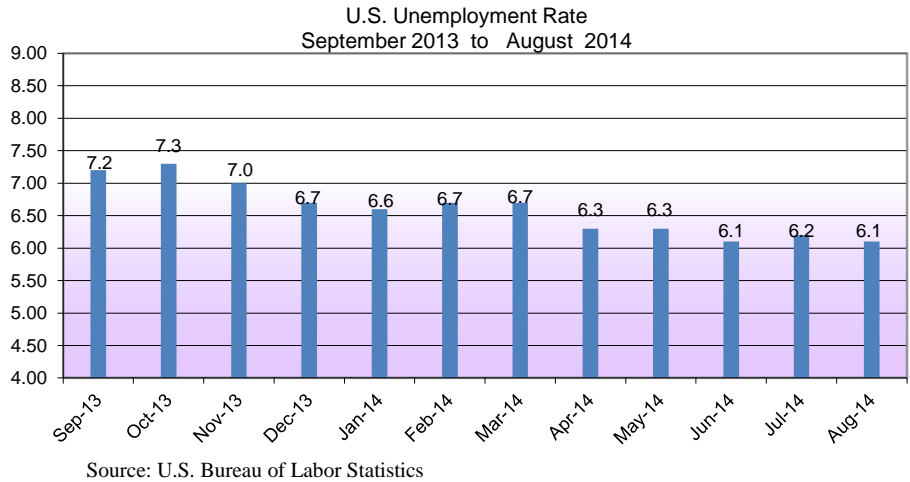
The Federal Reserve continues to monitor the economic data and at their July 30, 2014 Federal Open Market Committee (FOMC) meeting continues to keep the benchmark Federal Funds rate at 0 to 0.25%. The Federal Reserve lowered the Federal Funds rate to this historically low level at their December 2008 FOMC meeting. The Federal Funds rate is the interest rate that banks lend to each other to maintain their capital values and positions.

The chart below shows the interest rates for U.S. Treasury issues for the month ending August 2014:

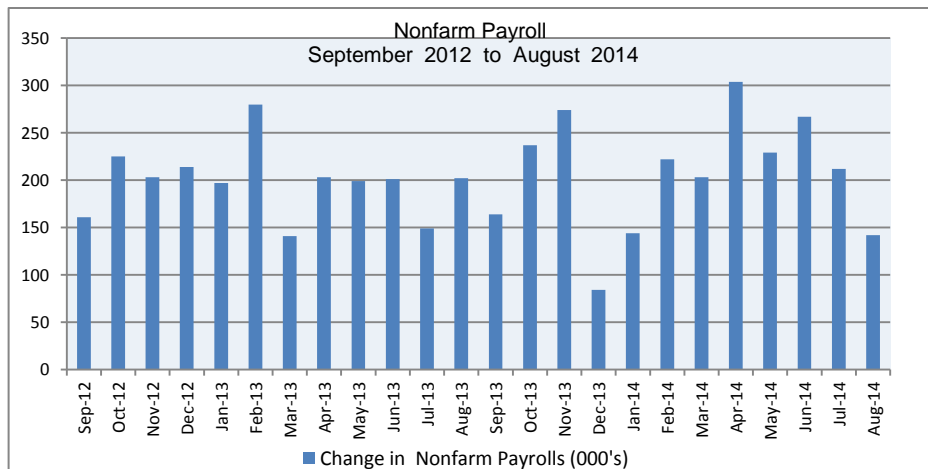


A key economic indicator watched by investors is the national unemployment rate, which tends to show the overall health of the national economy. For the month of August 2014, the national unemployment rate was reported at 6.1%, down one tenth of a percentage from the 6.2% value of July 2014. The twelve month average is at 6.7%, which is significantly lower from the December 2011 level of 8.5%, however, economists are divided as to whether the reduction in unemployment is the result of people being employed or are simply not looking any longer, which removes them from the unemployed survey.

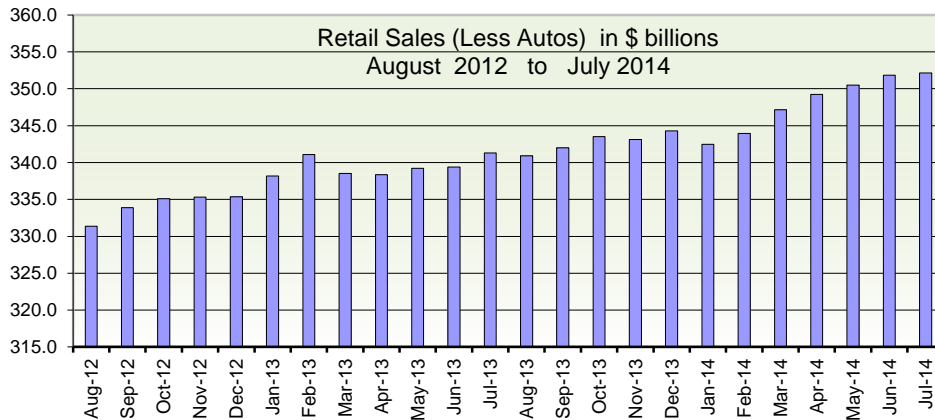
The unemployment rate is considered a “lagging” economic indicator and does not reflect immediate or current financial and economic events. The unemployment rate does indicate the level of idle workers as a percentage of the overall labor force. The chart below shows the national unemployment rate for 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 2014, the nonfarm payroll number was reported to be 142,000 new jobs created, somewhat lower than expected. For comparison, the July 2014 value was revised upward to 212,000 new jobs from the previous reported value of 209,000. The annual (twelve month average) value with the revised values shows approximately 206,000 monthly new jobs are being created, which is above the minimum value of 180,000 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 seasonal variations and 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 of this report was prepared the August 2014 retail sales was not available. The month of July 2014 value showed an annualized retail sales value of \$352.2 billion, up slightly from the revised June 2014 value of \$351.8 billion, for a month over month percentage change of 0.1%. The annualized increase, year to year, showed a percentage increase of 3.2%. The incremental increase shows an expanding economy and may be connected to the increase in employment and consumer spending. It is estimated that consumer spending accounts for nearly seventy percent of economic activity, so an increase in retail sales can indicate expanding economic activity. The chart below shows the monthly increase in consumer spending for the past twenty four 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.

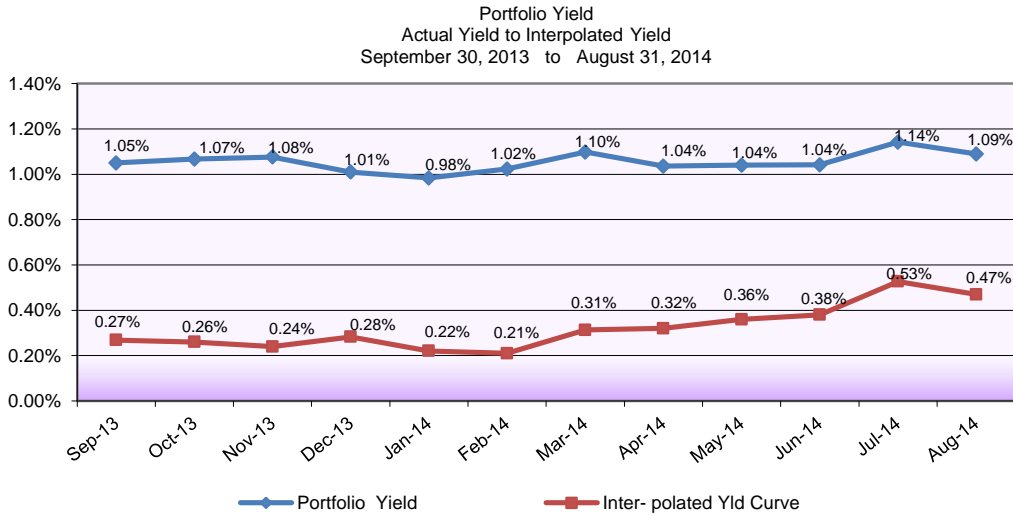
For August 31, 2014, the City Treasurer’s Investment Portfolio performance was:

	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 87,206,623	7 days	0.14 %	0.02 %	0.013	0.339
Long-Term Portfolio	\$ 314,488,367	2.4 years	1.36 %	0.66 %	0.239	1.622
Total Portfolio	\$ 401,694,990	1.9 years	1.09 %	0.47 %	0.192	1.536

The portfolio balance includes a deposit for the acquisition funds of the 2011A Electric Bonds of \$6,792,737 as of the July 31, 2014 bond fund report balance. As a credit rated investment portfolio of “AA” by Standard and Poor’s, 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

The interpolated yield curve value of 0.47% reflects the current market interest rates comparable to the City’s Investment Portfolio average weighted maturity of 1.9 years as of August 31, 2014. As shown, the City’s Investment Portfolio interest earnings were 1.09% for August, a monthly approximate dollar earnings of \$207,542 over market interest rates. Cumulative earnings for the City portfolio earnings over market interest rates for the past twelve months are approximately \$3,062,540.

A complete listing of the portfolio holdings and investment activity for the City of Anaheim’s Investment Portfolio for the month of August 2014 is on the following pages.

**IMPACT ON BUDGET:**

There is no budgetary impact. Interest income is allocated in various funds based on the performance of the Investment Portfolio.

Respectfully submitted,

Henry W. Stern, CTP  
 City Treasurer

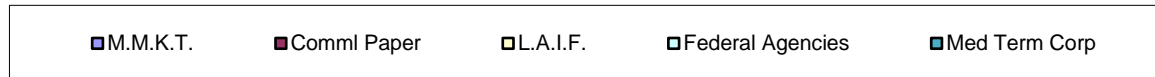
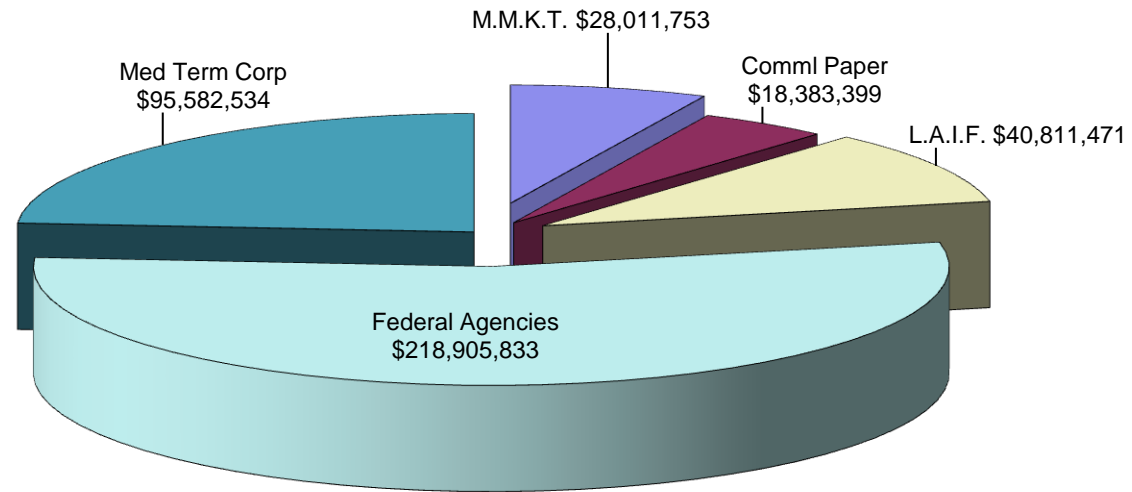
**Attachment**

1. City Treasurer’s Investment Report

**Balances, Yields and Average Maturities****August 31, 2014**

<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	\$28,011,753	\$28,011,753	\$28,011,753	0.01%	6.97%	1	0.00
L.A.I.F. (State of California	\$40,811,471	\$40,811,471	\$40,811,471	0.24%	10.16%	1	0.00
subtotal: Cash and Overnight Investments	\$68,823,224	\$68,823,224	\$68,823,224		17.13%	1	0.00
Commercial Paper	\$18,385,000	\$18,383,399	\$18,383,399	0.11%	4.58%	28	0.08
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	\$18,385,000	\$18,383,399	\$18,383,399	0.11%	4.58%	28	0.08
<b>Total Short-Term Portfolio:</b>	<b>\$87,208,224</b>	<b>\$87,206,623</b>	<b>\$87,206,623</b>	<b>0.14%</b>	<b>21.71%</b>	<b>7</b>	<b>0.02</b>
<b>Long -Term Portfolio</b>							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$94,404,000	\$94,674,795	\$95,582,534	1.55%	23.79%	640	1.75
U.S. Federal Agencies	\$219,229,000	\$219,075,610	\$218,905,833	1.27%	54.50%	977	2.68
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
<b>Total Long-Term Portfolio:</b>	<b>\$313,633,000</b>	<b>\$313,750,405</b>	<b>\$314,488,367</b>	<b>1.36%</b>	<b>78.29%</b>	<b>875</b>	<b>2.40</b>
<b>Total Cash and Pooled Investments</b>	<b>\$400,841,224</b>	<b>\$400,957,028</b>	<b>\$401,694,990</b>	<b>1.09%</b>	<b>100.00%</b>	<b>686</b>	<b>1.88</b>

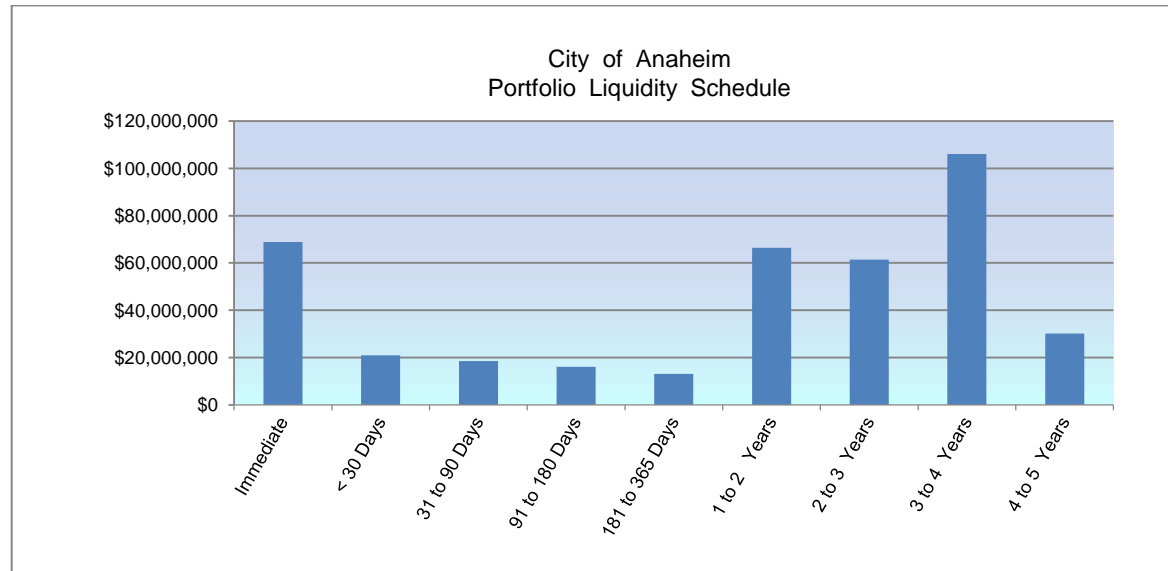
City of Anaheim  
Investment Portfolio Asset Allocation  
August 31, 2014  
\$ 401,694,990



Liquidity Schedule

August 31, 2014

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$28,011,753	\$28,011,753	6.97%
L.A.I.F. (State of California)	Immediate	\$40,811,471	\$68,823,224	17.13%
Pooled Investment Maturities:	< 30 Days	\$20,887,156	\$89,710,380	22.33%
	31 to 90 Days	\$18,558,770	\$108,269,151	26.95%
	91 to 180 Days	\$16,123,462	\$124,392,613	30.97%
	181 to 365 Days	\$13,134,824	\$137,527,437	34.24%
	1 to 2 years	\$66,410,112	\$203,937,548	50.77%
	2 to 3 years	\$61,443,942	\$265,381,490	66.07%
	3 to 4 years	\$106,149,039	\$371,530,530	92.49%
	4 to 5 years	\$30,164,460	\$401,694,990	100.00%
Total Cash and Pooled Investments:		\$401,694,990		





## Summary and Comparison of Yields and Balances

August 31, 2014

<u>Description</u>	Current Month <u>August 31, 2014</u>	Prior Month <u>July 31, 2014</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.24%	0.23%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	1.27%	1.27%
Commercial Paper	0.11%	0.11%
Medium Term Corporate Notes	1.55%	1.55%
Total Portfolio Yield	1.14%	1.14%
Weighted Average Maturity (Days)	686	745
Weighted Average Maturity (Years)	1.88	2.04
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$28,011,753	\$491,220
L.A.I.F. (State of California)	\$40,811,471	\$40,811,471
U.S. Treasuries	\$0	\$0
Federal Agencies	\$218,905,833	\$218,547,145
Commercial Paper	\$18,383,399	\$28,381,179
Medium Term Corporate Notes	\$95,582,534	\$95,550,040
Total Portfolio:	\$401,694,990	\$383,781,055
Earnings:	Current Month <u>August 31, 2014</u>	Fiscal Year to <u>Date Earnings</u>
Total Interest Earnings for Month:	\$369,740.37	\$741,503.74
Total Adjustments from Premiums and Discounts	-\$7,060.65	-\$13,036.91
Total Capital Gains or Losses	\$0.00	\$0.00
Total Earnings for Month	<u>\$362,679.72</u>	<u>\$728,466.83</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%
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%
Sep-13	\$123,651,911	\$294,704,136	\$418,356,047	1.05%	628	1.72	0.27%	0.78%
Oct-13	\$117,872,756	\$295,174,674	\$413,047,430	1.07%	616	1.69	0.26%	0.81%
Nov-13	\$113,839,617	\$290,231,135	\$404,070,752	1.08%	608	1.67	0.24%	0.84%
Dec-13	\$124,147,728	\$295,558,379	\$419,706,107	1.01%	591	1.62	0.28%	0.73%
Jan-14	\$140,354,792	\$290,840,980	\$431,195,771	0.98%	573	1.57	0.22%	0.76%
Feb-14	\$131,552,682	\$300,973,013	\$432,525,695	1.02%	596	1.63	0.21%	0.81%
Mar-14	\$100,319,655	\$322,055,363	\$422,375,018	1.10%	676	1.85	0.31%	0.79%
Apr-14	\$119,066,392	\$307,618,205	\$426,684,596	1.04%	678	1.86	0.32%	0.72%
May-14	\$110,570,206	\$314,659,648	\$425,229,854	1.04%	719	1.97	0.36%	0.68%
Jun-14	\$111,173,014	\$314,857,777	\$426,030,791	1.04%	697	1.91	0.38%	0.66%
Jul-14	\$69,683,869	\$314,097,185	\$383,781,055	1.14%	745	2.04	0.53%	0.61%
Aug-14	\$87,206,623	\$314,488,367	\$401,694,990	1.09%	686	1.88	0.47%	0.62%

Note: August 2014 balance reflects acquisition funds from 2011A Electric Bonds, approximately \$6.8 million (July 2014)  
Portfolio balances from June 2011 through June 2014 reflect additional funds from 2011A Electric Bonds

City Treasurer's Investment Report – August 2014

Attachment 1

Page 6 of 10

CITY OF ANAHEIM  
Short-Term Portfolio Listing

August 31, 2014

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+	16,146,032.37	16,146,032.37	16,146,032.37		8/1/2014	0.24%
SYS17432	17432	LAIF	MMKT	AA+	24,665,438.70	24,665,438.70	24,665,438.70		8/1/2014	0.24%
SYS987	987	FIDELITY GOVERNMENT	MMKT	AAA	5,429,612.75	5,429,612.75	5,429,612.75		8/1/2014	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	22,582,140.36	22,582,140.36	22,582,140.36		8/1/2014	0.01%
59157UJB7	1838	METROPOLITAN LIFE	CP	A1 / P1	2,885,000.00	2,884,898.09	2,884,898.09	06/27/2014	09/11/2014	0.13%
45920GJH0	1836	International Business Machine	CP	A1 / P1	5,000,000.00	4,999,782.61	4,999,782.61	06/19/2014	09/17/2014	0.10%
45920GJV9	1839	International Business Machine	CP	A1 / P1	5,000,000.00	4,999,619.59	4,999,619.59	07/09/2014	09/29/2014	0.10%
43851UKM4	1837	Honeywell Intl	CP	A1 / P1	5,500,000.00	5,499,098.36	5,499,098.36	06/27/2014	10/21/2014	0.12%
Total Short-Term Portfolio:					<u>87,208,224.18</u>	<u>87,206,622.83</u>	<u>87,206,622.83</u>			<u>0.14%</u>

CITY OF ANAHEIM  
Long-Term Portfolio Listing

August 31, 2014

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	7,999,537.81	8,002,856.00	03/23/2011	09/12/2014	1.38%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,002,603.09	5,016,200.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,001,017.37	8,043,472.00	04/30/2010	11/20/2014	2.63%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,993,671.24	5,015,840.00	01/24/2011	12/12/2014	1.25%
36962G5M2	1638	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	5,006,029.51	5,032,670.00	01/18/2012	01/09/2015	2.15%
46625HHP8	1637	JP Morgan	MTN	A	6,000,000.00	6,028,673.57	6,074,952.00	01/18/2012	01/20/2015	3.70%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,000,169.21	2,027,798.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,997,363.82	5,043,670.00	03/24/2011	03/24/2015	1.67%
94974BFE5	1665	WELLS FARGO CO	MTN	A+	1,000,000.00	999,457.56	1,009,586.00	06/27/2012	07/01/2015	1.50%
36962G5Z3	1668	GE CAPITAL SERVICES	MTN	AA+	5,000,000.00	4,998,815.51	5,053,770.00	07/02/2012	07/02/2015	1.63%
594918AG9	1591	Microsoft Corp	MTN	AAA	5,000,000.00	5,000,000.00	5,068,870.00	06/09/2011	09/25/2015	1.63%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,802.31	3,051,636.00	05/11/2011	10/15/2015	1.88%
46623EJR1	1705	JP Morgan	MTN	A	5,000,000.00	5,000,000.00	5,022,355.00	12/19/2012	10/15/2015	1.10%
931142CX9	1581	Walmart	MTN	AA	2,956,000.00	2,939,808.04	2,995,332.54	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,968,125.00	5,090,025.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,971,124.79	5,090,025.00	01/24/2011	12/01/2015	1.75%
00206RBL5	1786	ATT CORP	MTN	A-	7,000,000.00	7,000,000.00	7,023,247.00	12/16/2013	12/01/2015	0.80%
38143USC6	1560	Goldman Sachs Group	MTN	A-	5,000,000.00	4,997,332.52	5,190,925.00	02/08/2011	02/07/2016	3.63%
478160AY0	1583	Johnson & Johnson	MTN	AAA	3,000,000.00	2,996,870.14	3,083,481.00	05/20/2011	05/15/2016	2.15%
478160AY0	1704	Johnson & Johnson	MTN	AAA	10,000,000.00	10,263,000.00	10,278,270.00	12/17/2012	05/15/2016	2.15%
89236TAL9	1743	TOYOTA MOTOR CRE	MTN	AA-	3,000,000.00	2,999,298.44	3,011,160.00	05/17/2013	05/17/2016	0.80%
166764AC4	1757	CHEVRON	MTN	AA	2,000,000.00	2,000,000.00	2,011,578.00	06/24/2013	06/24/2016	0.89%
3130A0JL5	1806	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,500,000.00	4,499,250.93	4,504,122.00	01/30/2014	06/27/2016	0.53%
3135G0XP3	1747	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,992,047.37	4,989,085.00	05/22/2013	07/05/2016	0.38%

City Treasurer's Investment Report – August 2014

Attachment 1

CITY OF ANAHEIM  
Long-Term Portfolio Listing

August 31, 2014

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate	
36962G5H3	1617	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	4,997,467.94	5,258,060.00	10/17/2011	10/17/2016	3.35%	
3133EA5V6	1690	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,995,973.96	4,972,345.00	10/24/2012	10/24/2016	0.62%	
3135G0WY5	1750	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	4,982,110.00	05/22/2013	11/14/2016	0.55%	
822582AZ5	1787	Royal Dutch Shell	MTN	AA	6,228,000.00	6,238,688.11	6,242,716.76	12/24/2013	11/15/2016	0.90%	
3134G3Z37	1703	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	10,000,000.00	9,983,650.00	12/12/2012	12/05/2016	0.63%	
3136G04R9	1702	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	4,985,830.00	12/13/2012	02/21/2017	0.75%	
3137EADT3	1805	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,596.10	10,008,670.00	01/29/2014	02/22/2017	0.88%	
64952WBR3	1809	New York Life	MTN	AA+	5,000,000.00	5,015,122.95	5,010,370.00	02/13/2014	03/01/2017	1.13%	
3133782N0	1816	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	5,011,500.42	4,997,420.00	03/19/2014	03/10/2017	0.88%	
30231GAA0	1817	Exxon Mobil	MTN	AAA	5,000,000.00	5,000,000.00	5,002,770.00	03/20/2014	03/15/2017	0.92%	
3137EADL0	1808	FED HOME LOAN MORT CORP	Fed Agy	AA+	7,012,000.00	6,981,288.29	6,991,104.24	01/31/2014	09/29/2017	1.00%	
3135G0PU1	1694	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	4,952,155.00	11/14/2012	10/11/2017	1.00%	
3135G0QD8	1689	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,995,000.00	6,995,000.00	6,946,391.75	10/22/2012	10/16/2017	1.00%	
3135G0PQ0	1819	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,942,282.92	4,959,510.00	03/25/2014	10/26/2017	0.88%	
3135G0QW6	1691	FED NATL MORTGAGE ASSN	Fed Agy	AA+	2,035,000.00	2,035,000.00	2,019,798.55	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	3,573,108.00	11/08/2012	11/08/2017	1.00%	
594918AP9	1804	Microsoft Corp	MTN	AAA	2,220,000.00	2,192,994.37	2,200,967.94	01/28/2014	11/15/2017	0.88%	
94974BFG0	1742	WELLS FARGO CO	MTN	A+	5,000,000.00	5,002,421.33	4,991,275.00	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	8,898,012.74	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	4,944,195.00	01/30/2013	01/30/2018	1.02%	
3135G0TV5	1723	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	9,904,520.00	01/30/2013	01/30/2018	1.03%	
3135G0TV5	1724	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,250,000.00	6,250,000.00	6,190,325.00	01/30/2013	01/30/2018	1.03%	
02666QM26	1730	American Honda	MTN	A+	3,000,000.00	2,998,815.28	2,999,667.00	02/19/2013	02/16/2018	1.60%	
3137EADP1	1820	FED HOME LOAN MORT CORP	Fed Agy	AA+	1,600,000.00	1,578,747.80	1,574,894.40	04/14/2014	03/07/2018	0.88%	
3137EADP1	1823	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,937,715.01	4,921,545.00	05/15/2014	03/07/2018	0.88%	
313378A43	1815	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	10,000,000.00	10,040,168.11	10,023,970.00	03/19/2014	03/09/2018	1.38%	
3134G42R8	1749	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	5,000,000.00	4,962,445.00	05/22/2013	04/25/2018	1.05%	
3135G0WJ8	1748	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,979,702.61	4,905,600.00	05/22/2013	05/21/2018	0.88%	
3135G0WJ8	1818	FED NATL MORTGAGE ASSN	Fed Agy	AA+	7,307,000.00	7,138,727.02	7,169,043.84	03/25/2014	05/21/2018	0.88%	
166764AE0	1756	CHEVRON	MTN	AA	3,000,000.00	3,000,000.00	3,020,511.00	06/24/2013	06/24/2018	1.72%	
3135G0YT4	1813	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,992,601.75	10,017,810.00	02/25/2014	11/27/2018	1.63%	
3135G0ZA4	1821	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,107,353.58	10,100,730.00	04/14/2014	02/19/2019	1.88%	
313378QK0	1822	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	10,000,000.00	10,135,239.09	10,045,920.00	05/15/2014	03/08/2019	1.88%	
Long-Term Portfolio:					<u>313,633,000.00</u>	<u>313,750,404.87</u>	<u>314,488,366.76</u>				<u>1.36%</u>
Total Portfolio Holdings:					<u>400,841,224.18</u>	<u>400,957,027.70</u>	<u>401,694,989.59</u>				<u>1.09%</u>

**Mat Call Sale Purch  
 Purchases Report  
 Sorted by Fund - Fund  
 August 1, 2014 - August 31, 2014**

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 360	Ending Book Value
<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	08/07/2014		90,625.00		0.010			
SYS987	987	01	PA2 FIDELI	24,000.00	08/18/2014		24,000.00		0.010			
SYS987	987	01	PA2 FIDELI	93,750.00	08/19/2014		93,750.00		0.010			
SYS987	987	01	PA2 FIDELI	18,750.00	08/21/2014		18,750.00		0.010			
SYS987	987	01	PA2 FIDELI	51,284.72	08/22/2014		51,284.72		0.010			
SYS987	987	01	PA2 FIDELI	5,000,000.00	08/25/2014		5,000,000.00		0.010			
SYS500	500	01	PA2 GOLDSA	8,400,000.00	08/01/2014		8,400,000.00		0.010			
SYS500	500	01	PA2 GOLDSA	23,000,000.00	08/15/2014		23,000,000.00		0.010			
SYS500	500	01	PA2 GOLDSA	2,180,000.00	08/22/2014		2,180,000.00		0.010			
SYS500	500	01	PA2 GOLDSA	79.35	08/29/2014		79.35		0.010			
<b>Subtotal</b>				<b>38,868,488.07</b>			<b>38,868,488.07</b>					
<b>Total Purchases and Deposits</b>				<b>38,868,488.07</b>			<b>38,868,488.07</b>	<b>0.00</b>				<b>0.00</b>

**Mat Call Sale Purch  
 Maturity Report  
 Sorted by Maturity Date  
 Receipts during August 1, 2014 - August 31, 2014**

CUSIP	Investment #	Fund	Sec. Type Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
002820HBS	1824	01	ACP AST	5,000,000.00	08/11/2014	05/19/2014	0.100	5,000,000.00	0.00	5,000,000.00	0.00
02665KHR1	1827	01	ACP HNDA	5,000,000.00	08/25/2014	05/20/2014	0.110	5,000,000.00	0.00	5,000,000.00	0.00
<b>Total Maturities</b>				<b>10,000,000.00</b>				<b>10,000,000.00</b>	<b>0.00</b>	<b>10,000,000.00</b>	<b>0.00</b>

Data Updated: SET\_MCSP: 09/10/2014 11:54  
 Run Date: 09/10/2014 - 11:55

Portfolio CITY  
 AP  
 MA (PRF\_MA) 7.1.1  
 Report Ver. 7.3.1



**POOL PROFILE**

September 30, 2013

**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.

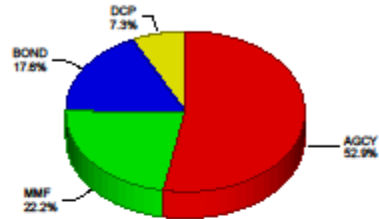
**Plus (+) or Minus (-)** The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

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 30, 2013



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 \$400 million-plus portfolio is divided into a short-term and a long-term portfolio; \$85 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.