



## +COUNCIL AGENDA REPORT

# City of Anaheim OFFICE OF THE CITY TREASURER

**DATE: JANUARY 24, 2012**  
**FROM: OFFICE OF THE CITY TREASURER**  
**SUBJECT: INVESTMENT PORTFOLIO REPORT – DECEMBER 2011**

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

### **RECOMMENDATION:**

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

### **DISCUSSION:**

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

### **COMPLIANCE:**

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

### **INVESTMENT SUMMARY:**

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

	<b>Short-term Portfolio</b>	<b>Long-term Portfolio</b>	<b>Total Portfolio Values</b>
Portfolio Balance (Market Value) *	\$ 129,691,517	\$ 272,170,290	\$ 401,861,807
Effective Yield	0.26 %	2.20 %	1.57 %
Avg. Weighted Maturity	8Days	2.3 Years	1.6 Years
Net Earnings	\$ 24,580	\$ 511,026	\$ 535,606
Benchmark**	0.00%	0.29%	0.21 %

\* Portfolio balance includes approximately \$76.9 million of the 2011A Electric Bond project funds

\*\* 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 58% 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.

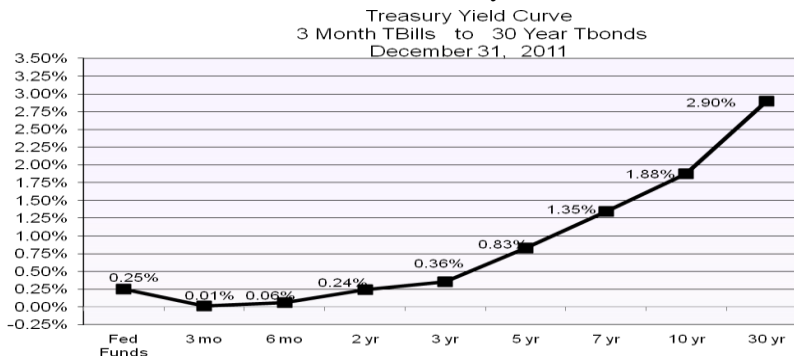
**INVESTMENT ENVIRONMENT**

The month of December 2011 closed the calendar year with interest rates at historic low levels for the entire year, the result of the international financial markets stressed over the ongoing debt crisis in Europe. The year saw an assault on the economies of Greece, Ireland, Portugal, Spain and Italy and we learned of a new term call the “PIIGS” nations. Germany and France attempted to stabilize the European markets and provide support to the ”Euro” confederation, even as French banks came under pressure in the fourth quarter of the year. As we move into 2012, the European financial issue will continue to take center stage in the international markets.

This ongoing issue of a possible collapse of the European bond market had investors seeking a safe haven for their funds. Consequently, even with the S&P downgrade of U.S Treasury debt issues to ‘AA+’ (note that Moody’s and Fitch still list U.S. Treasury debt as ‘AAA’) investors have been heavily purchasing U.S. issued debt in a “flight to quality.” There is no other market in the world that provides the efficiencies and volume of funds than the United States financial markets and U.S. Treasury issues. This “flight to quality” in investment securities has lowered yields on all U.S. Treasury debt to historic low levels.

The United States financial markets continued to make slow, incremental progress toward recovery. The Federal Reserve continued to maintain low short-term interest rates to avoid stalling the recovery. At their Federal Open Market Committee (FOMC) meeting of December 13, 2011 the key Federal Funds interest rate remained unchanged at a target range of 0.0% to 0.25% with the with the focus on “risk to growth”. The Federal Funds rate was reduced to this target range at the December 2008 FOMC meeting. The Federal Funds interest rate is the interest rate that banks charge other banks to borrow money.

Federal Reserve Chairman Bernanke has announced he intends to keep rates at these levels through mid-year 2013. The chart below shows the interest rates for U. S. Treasury issues for the month ending December 2011:

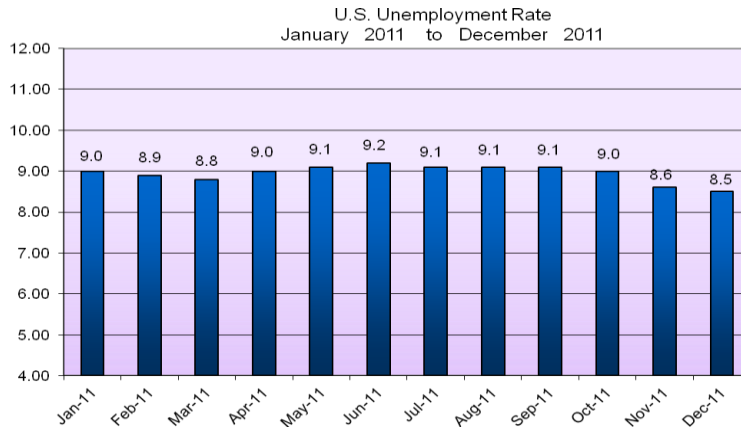


Source: Bloomberg Financial Systems

Against this backdrop, the economic data for the U.S. economy continues to show signs of a slow recovery that began in the spring of 2009. A key economic indicator we continue to monitor is the national unemployment rate, which tends to show the overall health of the national economy. For the month of December 2011, the national

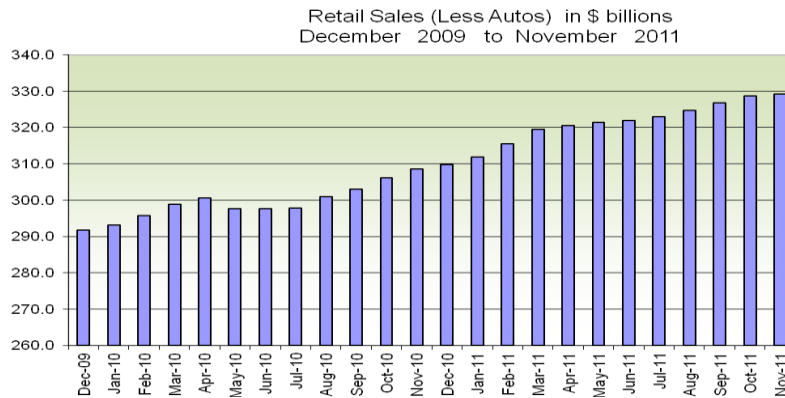
unemployment rate was reported at 8.5%, a decrease from November 2011 level of 8.6% and significantly lower than the annual average rate of 9.0% for the calendar year. It is being watched by economists to see if the trend continues or if the decrease in the fourth quarter of 2011 was the result of increased hiring of seasonal temporary help. A stronger indication would be the subsequent unemployment rates in January and February of 2012.

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

A second economic factor we review 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 monthly report, the December 2011 retail sales data had not been released, however, the November 2011 data indicates the consumer is continuing to spend and the holiday season may see a continuation of this trend. The chart below shows the monthly increase in consumer spending for the past twenty four months.



Source: Census Bureau, US Government

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**

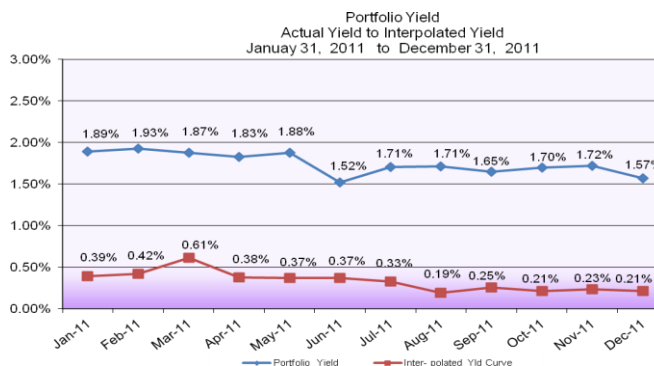
For December 2011, the City Treasurer’s Investment Portfolio performance was:

	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 129,691,517	8 days	0.26 %	0.00 %	0.023	0.358
Long-Term Portfolio	\$ 272,170,290	2.3 years	2.20 %	0.29 %	0.323	2.897
Total Portfolio	\$ 401,861,807	1.6 years	1.57 %	0.21 %	0.236	2.358

The portfolio balance includes a deposit of \$76,926,527 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 December 2011 is on the following pages.

**IMPACT ON BUDGET:**

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP  
City Treasurer

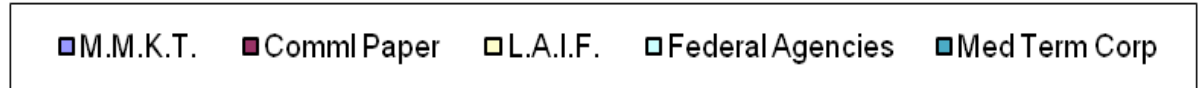
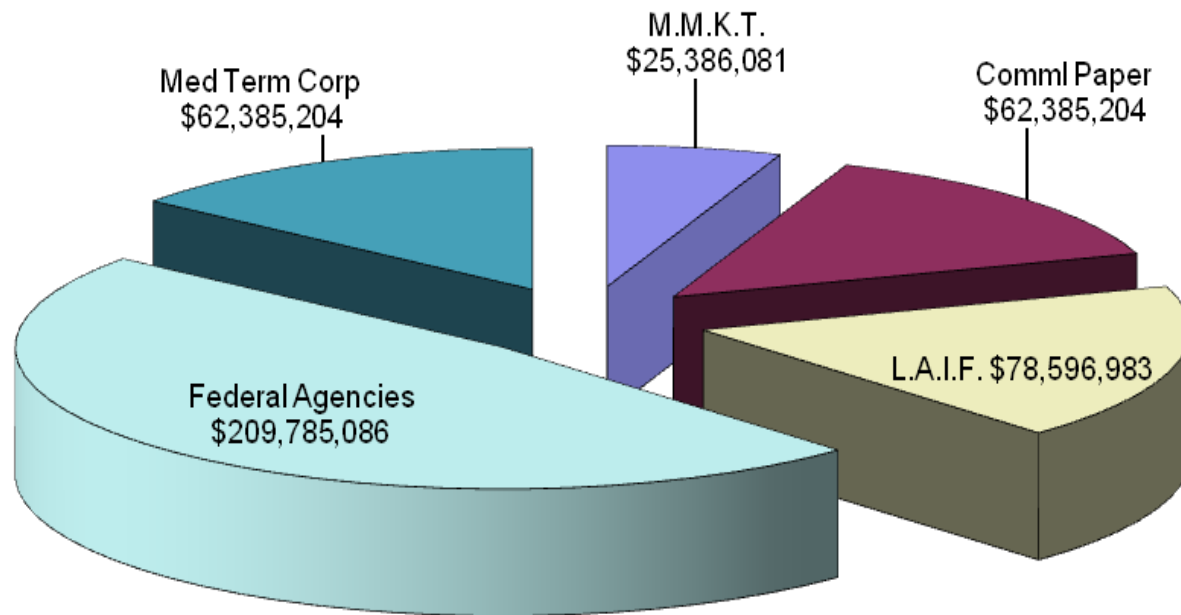
**Attachment**

1. City Treasurer’s Investment Report

**Balances, Yields and Average Maturities**  
**December 31, 2011**

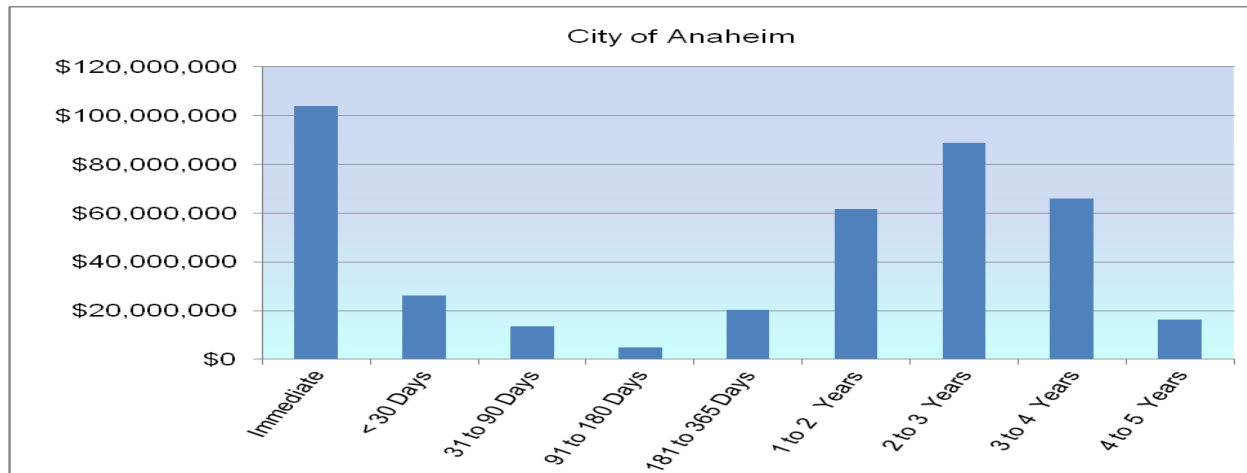
<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	<u>Percent of Total Funds</u>	<u>Average Weighted Maturity</u>	
						<u>Days</u>	<u>Years</u>
<b>Short-Term Portfolio</b>							
Money Market Funds	\$25,386,081	\$25,386,081	\$25,386,081	0.01%	6.32%	1	0.00
L.A.I.F. (State of California	\$78,596,983	\$78,596,983	\$78,596,983	0.38%	19.56%	1	0.00
subtotal: Cash and Overnight Investments	\$103,983,064	\$103,983,064	\$103,983,064		25.88%	1	0.00
Commercial Paper	\$25,710,000	\$25,708,453	\$25,708,453	0.08%	6.40%	36	0.10
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	\$25,710,000	\$25,708,453	\$25,708,453	0.08%	6.40%	36	0.10
<b>Total Short-Term Portfolio:</b>	<b>\$129,693,064</b>	<b>\$129,691,517</b>	<b>\$129,691,517</b>	<b>0.26%</b>	<b>32.27%</b>	<b>8</b>	<b>0.02</b>
<b>Long -Term Portfolio</b>							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$61,391,000	\$61,530,689	\$62,385,204	3.17%	15.52%	725	1.99
U.S. Federal Agencies	\$205,745,000	\$205,519,400	\$209,785,086	1.91%	52.20%	883	2.42
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
<b>Total Long-Term Portfolio:</b>	<b>\$267,136,000</b>	<b>\$267,050,089</b>	<b>\$272,170,290</b>	<b>2.20%</b>	<b>67.73%</b>	<b>847</b>	<b>2.32</b>
<b>Total Cash and Pooled Investments</b>	<b>\$396,829,064</b>	<b>\$396,741,606</b>	<b>\$401,861,807</b>	<b>1.57%</b>	<b>100.00%</b>	<b>573</b>	<b>1.57</b>

City of Anaheim  
Investment Portfolio Asset Allocation  
December 31, 2011  
\$ 401,861,807



Liquidity Schedule  
 December 31, 2011

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$25,386,081	\$25,386,081	6.32%
L.A.I.F. (State of California)	Immediate	\$78,596,983	\$103,983,064	25.88%
Pooled Investment Maturities:	< 30 Days	\$26,141,277	\$130,124,342	32.38%
	31 to 90 Days	\$13,614,382	\$143,738,724	35.77%
	91 to 180 Days	\$5,022,270	\$148,760,994	37.02%
	181 to 365 Days	\$20,275,056	\$169,036,050	42.06%
	1 to 2 years	\$61,642,265	\$230,678,315	57.40%
	2 to 3 years	\$88,900,528	\$319,578,843	79.52%
	3 to 4 years	\$66,101,403	\$385,680,246	95.97%
	4 to 5 years	\$16,181,561	\$401,861,807	100.00%
Total Cash and Pooled Investments:		\$401,861,807		



Summary and Comparison of Yields and Balances  
December 31, 2011

<u>Description</u>	<u>Current Month</u> <u>December 31, 2011</u>	<u>Prior Month</u> <u>November 30, 2011</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.38%	0.38%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	1.91%	1.92%
Commercial Paper	0.08%	0.08%
Medium Term Corporate Notes	3.17%	3.17%
	1.57%	1.72%
Weighted Average Maturity (Days)	573	654
Weighted Average Maturity (Years)	1.57	1.79
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$25,386,081	\$9,790,676
L.A.I.F. (State of California)	\$78,596,983	\$69,096,983
U.S. Treasuries	\$0	\$0
Federal Agencies	\$209,785,086	\$222,332,100
Commercial Paper	\$25,708,453	\$13,999,261
Medium Term Corporate Notes	\$62,385,204	\$61,993,946
Total Portfolio:	\$401,861,807	\$377,212,968
Earnings:	<u>Current Month</u> <u>December 31, 2011</u>	<u>Fiscal Year to</u> <u>Date Earnings</u>
Total Interest Earnings for Month:	\$579,022.35	\$3,613,452.70
Total Adjustments from Premiums and Discounts	-\$43,416.61	-\$246,742.42
Total Capital Gains or Losses	\$0.00	\$3,920.00
Total Earnings for Month	<u>\$535,605.84</u>	<u>\$3,370,630.28</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%
Jul-10	\$123,081,456	\$242,447,380	\$365,528,837	1.83%	530	1.45	0.41%	1.42%
Aug-10	\$117,235,549	\$242,490,054	\$359,725,603	1.86%	516	1.41	0.35%	1.51%
Sep-10	\$119,485,790	\$227,468,279	\$346,954,069	1.86%	500	1.37	0.30%	1.56%
Oct-10	\$100,978,349	\$219,241,780	\$320,220,129	1.92%	520	1.42	0.25%	1.66%
Nov-10	\$101,526,759	\$218,216,183	\$319,742,942	1.91%	499	1.37	0.34%	1.57%
Dec-10	\$105,898,549	\$210,264,073	\$316,162,622	1.90%	470	1.29	0.35%	1.54%
Jan-11	\$108,407,446	\$234,543,785	\$342,951,231	1.89%	542	1.48	0.39%	1.50%
Feb-11	\$104,729,248	\$236,419,373	\$341,148,622	1.93%	546	1.50	0.42%	1.50%
Mar-11	\$111,156,980	\$235,802,908	\$346,959,888	1.87%	572	1.57	0.61%	1.26%
Apr-11	\$116,033,678	\$227,553,117	\$343,586,795	1.83%	533	1.46	0.38%	1.45%
May-11	\$102,200,682	\$240,161,108	\$342,361,790	1.88%	613	1.68	0.37%	1.50%
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%

Note: December 2011 balance reflects acquisition funds from 2011A Electric Bonds, approx \$76.9 million

City Treasurer's Investment Report – December 2011

Attachment 1

Page 6 of 12

**CITY OF ANAHEIM**

**December 31, 2011**

**Short-Term Portfolio Listing**

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	39,432,357.89	39,432,357.89	39,432,357.89		12/1/2011	0.38%
SYS17431	17431	LAIF	MMKT	AA	39,164,625.60	39,164,625.60	39,164,625.60		12/1/2011	0.38%
SYS987	987	FIDELITY GOVERNMENT	MMKT	AAA	10,776,072.76	10,776,072.76	10,776,072.76		12/1/2011	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	14,610,008.14	14,610,008.14	14,610,008.14		12/1/2011	0.01%
19121AAC5	1618	COCA COLA	CP	A1 / P1	5,000,000.00	4,999,865.50	4,999,865.50	11/14/2011	01/12/2012	0.09%
90526MAD9	1624	Union Bank of California	CP	A1 / P1	5,000,000.00	4,999,755.51	4,999,755.51	12/22/2011	01/13/2012	0.15%
45920FAP3	1623	International Business Machine	CP	A1 / P1	2,125,000.00	2,124,911.09	2,124,911.09	12/22/2011	01/23/2012	0.07%
36959RAT2	1620	GENERAL ELECTRIC CP	CP	A1 / P1	5,000,000.00	4,999,858.70	4,999,858.70	12/08/2011	01/27/2012	0.04%
64105GC77	1621	Nestle Capital	CP	A1 / P1	5,000,000.00	4,999,546.72	4,999,546.72	12/08/2011	03/07/2012	0.05%
47816FCP4	1622	Johnson & Johnson	CP	A1 / P1	3,585,000.00	3,584,515.45	3,584,515.45	12/08/2011	03/23/2012	0.06%
Total Short-Term Portfolio:					<u>129,693,064.39</u>	<u>129,691,517.36</u>	<u>129,691,517.36</u>			<u>0.26%</u>

**CITY OF ANAHEIM**

**December 31, 2011**

**Long-Term Portfolio Listing**

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
38141GBU7	1511	Goldman Sachs Group	MTN	A-	9,005,000.00	9,017,450.22	9,016,886.60	05/28/2010	01/15/2012	6.60%
36962GXS8	1510	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	5,022,032.09	5,030,320.00	05/28/2010	02/15/2012	5.88%
3133XWDC0	1458	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,997,184.78	5,022,270.00	12/28/2009	05/25/2012	1.25%
31359MPF4	1286	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,013,167.89	10,291,480.00	06/25/2008	09/15/2012	4.38%
3133XVNT4	1470	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	9,850,000.00	9,861,447.71	9,983,575.85	02/04/2010	12/14/2012	1.75%
3137EACG2	1469	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,986,651.32	5,057,680.00	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	10,386,370.00	01/28/2008	01/28/2013	4.00%
949746NY3	1333	WELLS FARGO CO	MTN	A+	8,000,000.00	7,975,559.11	8,268,008.00	12/23/2008	01/31/2013	4.38%
59018YM40	1516	BANK OF AMERICA	MTN	A-	8,206,000.00	8,364,020.03	8,265,649.41	06/23/2010	02/05/2013	5.45%
38141GDB7	1517	Goldman Sachs Group	MTN	A-	2,224,000.00	2,274,290.70	2,268,015.18	06/23/2010	04/01/2013	5.25%
02666QB69	1237	American Honda	MTN	A+	5,000,000.00	4,999,223.28	5,176,635.00	04/02/2008	04/02/2013	4.63%
3134G2QF2	1609	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,001,270.00	07/18/2011	07/18/2013	0.65%
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,972,211.02	5,045,735.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	6,845,000.00	6,860,366.99	7,172,902.88	12/15/2008	12/13/2013	3.13%
3136FPZ26	1559	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,999,982.81	5,001,315.00	01/24/2011	01/13/2014	1.38%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,994,594.86	5,083,705.00	03/23/2011	03/14/2014	1.25%
313374D56	1602	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,000,000.00	3,999,866.67	4,000,444.00	07/11/2011	04/11/2014	1.00%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,000,000.00	8,002,202.67	8,382,800.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,500,000.00	4,489,906.24	4,715,325.00	05/01/2009	04/17/2014	2.63%
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,000,000.00	4,030,232.25	4,191,400.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,023,301.58	5,218,415.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	Johnson & Johnson	MTN	AAA	3,000,000.00	2,997,211.59	3,046,299.00	05/20/2011	05/15/2014	1.20%

City Treasurer's Investment Report – December 2011

Attachment 1

Page 7 of 12

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

**December 31, 2011**

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
3136FPV95	1548	FED NATL MORTGAGE ASSN	Fed Agy	AA+	2,350,000.00	2,349,986.80	2,350,000.00	01/07/2011	07/03/2014	1.70%
3135G0BT9	1606	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,029,740.00	07/11/2011	07/11/2014	1.13%
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	8,000,000.00	7,959,200.90	8,164,768.00	03/23/2011	09/12/2014	1.38%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,034,641.09	5,158,260.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,013,380.29	8,464,192.00	04/30/2010	11/20/2014	2.63%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,933,516.74	5,073,735.00	01/24/2011	12/12/2014	1.25%
3136FRXN8	1604	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,020,130.00	06/30/2011	12/30/2014	1.25%
3134G2MX7	1601	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,999,873.61	5,000,335.00	07/06/2011	01/06/2015	1.35%
3134G2MX7	1605	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,786.11	10,000,670.00	07/06/2011	01/06/2015	1.35%
3134G2MX7	1608	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,999,948.61	5,000,335.00	07/06/2011	01/06/2015	1.35%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,001,015.24	2,128,880.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,984,897.15	5,147,030.00	03/24/2011	03/24/2015	1.67%
31331KKU3	1579	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,003,486.03	5,055,185.00	05/16/2011	05/13/2015	1.93%
3136FRSL8	1599	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,996,291.67	5,024,420.00	06/29/2011	06/29/2015	1.50%
594918AG9	1591	Microsoft Corp	MTN	AAA	5,000,000.00	5,000,000.00	5,143,995.00	06/09/2011	09/25/2015	1.63%
3134G3FZ8	1625	FED HOME LOAN MORT CORP	Fed Agy	AA+	2,200,000.00	2,199,563.67	2,197,676.80	12/28/2011	09/28/2015	1.05%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,332.55	3,102,387.00	05/11/2011	10/15/2015	1.88%
931142CX9	1581	Walmart	MTN	AA	2,956,000.00	2,902,261.47	3,002,409.20	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,900,125.00	5,152,710.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,909,524.33	5,152,710.00	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	4,992,660.00	12/28/2011	12/28/2015	1.10%
38143USC6	1560	Goldman Sachs Group	MTN	A-	5,000,000.00	4,992,369.76	4,831,115.00	02/08/2011	02/07/2016	3.63%
478160AY0	1583	Johnson & Johnson	MTN	AAA	3,000,000.00	2,991,976.55	3,128,877.00	05/20/2011	05/15/2016	2.15%
36962G5H3	1617	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	4,994,294.61	5,206,995.00	10/17/2011	10/17/2016	3.35%
3136FTLJ6	1619	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	3,003,712.95	3,014,574.00	11/25/2011	11/14/2016	1.63%
Total Long-Term Portfolio:					<u>267,136,000.00</u>	<u>267,050,088.94</u>	<u>272,170,289.92</u>			<u>2.20%</u>
Total Portfolio:					<u>396,829,064.39</u>	<u>396,741,606.30</u>	<u>401,861,807.28</u>			<u>1.57%</u>

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

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
<b>SHORT- TERM PORTFOLIO</b>												
36959RAT2	1620	01	ACP GECP	5,000,000.00	12/08/2011	01/27 - At Maturity	4,999,722.22		0.040	01/27/2012	0.040	4,999,859.70
47816FCP4	1622	01	ACP JNJ	3,585,000.00	12/08/2011	03/23 - At Maturity	3,584,366.65		0.060	03/23/2012	0.060	3,584,515.45
64105GC77	1621	01	ACP NESTLE	5,000,000.00	12/08/2011	03/07 - At Maturity	4,999,375.00		0.050	03/07/2012	0.050	4,999,546.72
45920FAP3	1623	01	ACP IBM	2,125,000.00	12/22/2011	01/23 - At Maturity	2,124,867.78		0.070	01/23/2012	0.070	2,124,911.09
90526MAD9	1624	01	ACP UN BK	5,000,000.00	12/22/2011	01/13 - At Maturity	4,999,541.67		0.150	01/13/2012	0.150	4,999,755.51
<b>Subtotal</b>				<b>20,710,000.00</b>			<b>20,707,873.32</b>	<b>0.00</b>				<b>20,708,687.47</b>
<b>LONG-TERM PORTFOLIO</b>												
3134G3FZ8	1625	02	FAC FHLMC	2,200,000.00	12/28/2011	06/28 - 12/28	2,199,560.00		1.050	09/28/2015	1.041	2,199,563.67
3136FTXD6	1626	02	FAC FNMA	5,000,000.00	12/28/2011	06/28 - 12/28	5,000,000.00		1.100	12/28/2015	1.085	5,000,000.00
<b>Subtotal</b>				<b>7,200,000.00</b>			<b>7,199,560.00</b>	<b>0.00</b>				<b>7,199,563.67</b>
<b>Managed Pool Deposits</b>												
				<b>Deposit Amount</b>	<b>Deposit Date</b>		<b>Deposit Amount</b>		<b>Rate</b>			
SY987	987	01	PA2 FIDELI	87,500.00	12/01/2011		87,500.00		0.010			
SY987	987	01	PA2 FIDELI	5,000,000.00	12/02/2011		5,000,000.00		0.010			
SY987	987	01	PA2 FIDELI	4,224,225.00	12/09/2011		4,224,225.00		0.010			
SY987	987	01	PA2 FIDELI	31,250.00	12/12/2011		31,250.00		0.010			
SY987	987	01	PA2 FIDELI	106,953.13	12/13/2011		106,953.13		0.010			
SY987	987	01	PA2 FIDELI	86,187.50	12/14/2011		86,187.50		0.010			
SY987	987	01	PA2 FIDELI	5,028,125.00	12/15/2011		5,028,125.00		0.010			
SY987	987	01	PA2 FIDELI	4,000,000.00	12/21/2011		4,000,000.00		0.010			
SY987	987	01	PA2 FIDELI	11,400,000.00	12/28/2011		11,400,000.00		0.010			
SY987	987	01	PA2 FIDELI	122,550.00	12/28/2011		122,550.00		0.010			
SY987	987	01	PA2 FIDELI	37,500.00	12/29/2011		37,500.00		0.010			
SY987	987	01	PA2 FIDELI	62,500.00	12/30/2011		62,500.00		0.010			
SY9500	500	01	PA2 GOLDSA	11,704,000.00	12/08/2011		11,704,000.00		0.010			
SY9500	500	01	PA2 GOLDSA	2,020,000.00	12/12/2011		2,020,000.00		0.010			
SY9500	500	01	PA2 GOLDSA	4,456,000.00	12/14/2011		4,456,000.00		0.010			
SY9500	500	01	PA2 GOLDSA	4,067,000.00	12/21/2011		4,067,000.00		0.010			
SY9500	500	01	PA2 GOLDSA	9,435,000.00	12/22/2011		9,435,000.00		0.010			
SY9500	500	01	PA2 GOLDSA	1,636,452.00	12/28/2011		1,636,452.00		0.010			

Mat Call Sale Purch  
 Purchases Report  
 December 1, 2011 - December 31, 2011

CUSIP	Investment #	Fund	Sec. Type Issuer	Original Par Value	Purchase Date	Payment Periods	Prtnolpal Purohased	Accrued Interest at Purohase	Rate at Purohase	Maturity Date	YTM 380	Ending Book Value
<b>Managed Pool Deposits</b>				<b>Deposit Amount</b>	<b>Deposit Date</b>		<b>Deposit Amount</b>		<b>Rate</b>			
SYS500	500	01	PA2 GOLDSA	88.94	12/30/2011		88.94		0.010			
SYS17430	17430	01	PA1 LAIF	12,000,000.00	12/22/2011		12,000,000.00		0.448			
SYS17431	17431	01	PA1 LAIF	7,000,000.00	12/22/2011		7,000,000.00		0.448			
			<b>Subtotal</b>	<b>82,606,331.67</b>			<b>82,606,331.67</b>					
			<b>Total Purohases and Deposits</b>	<b>110,416,331.67</b>			<b>110,412,784.88</b>	<b>0.00</b>				<b>27,808,161.14</b>

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

CUSIP	Investment #	Fund	Sec. Type Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
47816GZ28	1614	01	ACP JNJ	5,000,000.00	12/02/2011	10/07/2011	0.050	5,000,000.00	0.00	5,000,000.00	0.00
3133XVQL8	1456	02	FAC FHLB	3,240,000.00	12/09/2011	12/28/2009	1.125	3,240,000.00	18,225.00	3,258,225.00	18,225.00
3137EACF4	1454	02	FAC FHLMC	5,000,000.00	12/15/2011	12/28/2009	1.125	5,000,000.00	28,125.00	5,028,125.00	28,125.00
19121BZM4	1615	01	ACP COCA C	4,000,000.00	12/21/2011	10/07/2011	0.100	4,000,000.00	0.00	4,000,000.00	0.00
<b>Total Maturities</b>				<b>17,240,000.00</b>				<b>17,240,000.00</b>	<b>46,350.00</b>	<b>17,286,350.00</b>	<b>46,350.00</b>

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

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
<b>06/28/2016</b>												
3136FRTM5	1598	02	FNMA FAC	06/28/2011	12/28/2011 06/28/2016	5,000,000.00	2.150	5,000,000.00	5,000,000.00	53,750.00	5,053,750.00	53,750.00
3136FRTM5	1607	02	FNMA FAC	06/29/2011	12/28/2011 06/28/2016	6,400,000.00	2.150	6,400,000.00	6,400,000.00	68,800.00	6,468,800.00	68,800.00
<b>Subtotal</b>						<b>11,400,000.00</b>		<b>11,400,000.00</b>	<b>11,400,000.00</b>	<b>122,660.00</b>	<b>11,622,660.00</b>	<b>122,660.00</b>
<b>Total Sales</b>						<b>11,400,000.00</b>		<b>11,400,000.00</b>	<b>11,400,000.00</b>	<b>122,660.00</b>	<b>11,622,660.00</b>	<b>122,660.00</b>



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

**About the Fund**

Fund Rating	<b>AA+ / S1</b>
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.