



## +COUNCIL AGENDA REPORT

# City of Anaheim OFFICE OF THE CITY TREASURER

**DATE:** AUGUST 23, 2011  
**FROM:** OFFICE OF THE CITY TREASURER  
**SUBJECT:** INVESTMENT PORTFOLIO REPORT – JULY 2011

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

### RECOMMENDATION:

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

### DISCUSSION:

This is the investment report for the City's general pool for the month ending July 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 July 31, 2011:

	<b>Short-term Portfolio</b>	<b>Long-term Portfolio</b>	<b>Total Portfolio Values</b>
Portfolio Balance (Market Value) *	\$ 110,147,815	\$ 302,809,741	\$ 412,957,556
Effective Yield	0.23 %	2.26 %	1.71 %
Avg. Weighted Maturity	6 Days	2.5 Years	1.9 Years
Net Earnings	\$ 26,075	\$ 557,496	\$ 583,571
Benchmark**	0.01%	0.42 %	0.33 %

\* Portfolio balance includes approximately \$81.3 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 was placed on "negative credit watch" by Standard and Poor's (S&P) effective July 15, 2011. This action was the result of S&P placing the debt issues of the United States Treasury and Federal Agency's on negative credit watch. The issuance of a negative credit watch is a warning that the related issues may be downgraded in credit quality in the near future. The City's portfolio as of July 31, 2011 held approximately \$244 million or 58.9 percent of securities in Federal Agencies.

Standard and Poor's will conduct their annual site review on August 11, 2011, at which time we will have a discussion on the impact and relevance of a potential credit downgrade on federal debt issues. The credit rating has provided an independent verification of the high standard for the City's investment program and the AAf credit rating is recognized by leading bond insurer's as a highly safe investment option for future City bond issues which includes the City's portfolio as a 'permitted investment' in the bond covenants.

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

## **INVESTMENT ENVIRONMENT**

The month of July 2011 saw several challenging issues in the financial markets. The largest issue was the gridlock in Congress over the approaching deadline of the debt ceiling passage. The extreme polarization of factions in Congress presented the world arena with the ultimate game of "chicken", or in political parlance, brinksmanship, as neither side wanted to compromise from their entrenched political positions. The financial markets were held at bay to see which side would "blink" first. This inaction caused Moody's Investor Services to place the debt of the United States on "negative credit watch" on July 14, 2011. Standard and Poor's on July 15, 2011 issued a similar decree placing U.S. debt issues on "negative credit watch".

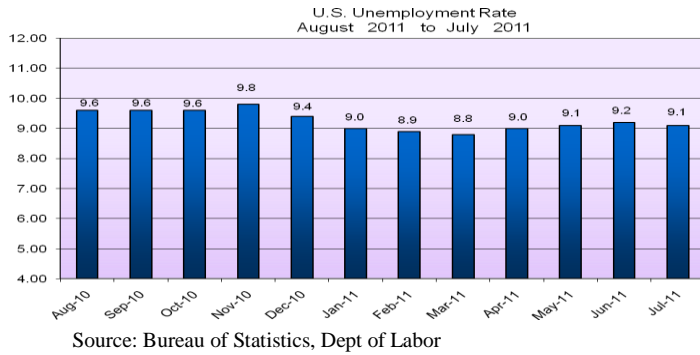
The national credit rating firms use two announcements in evaluating a decline in credit quality of issuers. The first level is called "negative outlook", which generally looks at the long term financial health of an issuer. A downgrade in a credit rating usually is deferred to a distant horizon of several months or years. This can be considered the first warning of financial weakness in an issuer. The second level is "negative credit watch" and the focus is on the short-term financial condition of the issuer. A declaration of an issuer placed on "negative credit watch" can result in a credit downgrade within a short period of time (one to six months) unless the issuer can strengthen their financial condition. The effect of a "negative credit watch" condition not only affects the U.S. Treasury debt issues, but also related Federal Agency debt issuers, such as the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB) and others.

The second issue causing concern in the financial markets is the growing financial pressures in Europe, as Italy has now become the latest sovereign nation to join the ranks of Greece, Portugal, Spain and Ireland. As the contagion spreads over the region, there is a concern for safety and stability in investments, creating a "flight to quality" in purchasing funds of U.S. backed securities.

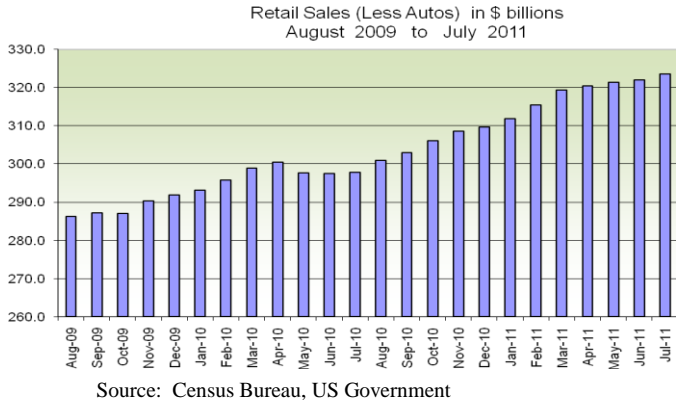
Against this backdrop, the economic data for the U.S. economy continues to show signs of a slowdown from the recovery that began in the spring of 2009. One economic indicator we have been following is the national unemployment rate, which tends to show the overall health of the national economy. For the month of July 2011, the national unemployment rate was reported at 9.1%, down 0.1% from June 2011. However, the unemployment rate appears to be stalled in a narrow range from a low of 8.8% in March 2011 to a high of 9.2% in June 2011.

The Bureau of Labor Statistics August 5, 2011 news release reported that ". . . the number of unemployed persons (13.9 million) and the unemployment rate (9.1 percent) changed little in July. Since April, the unemployment rate has shown little definitive movement. The labor force, at 153.2 million, was little changed in July. Total nonfarm payroll employment rose 117,000 in July..."

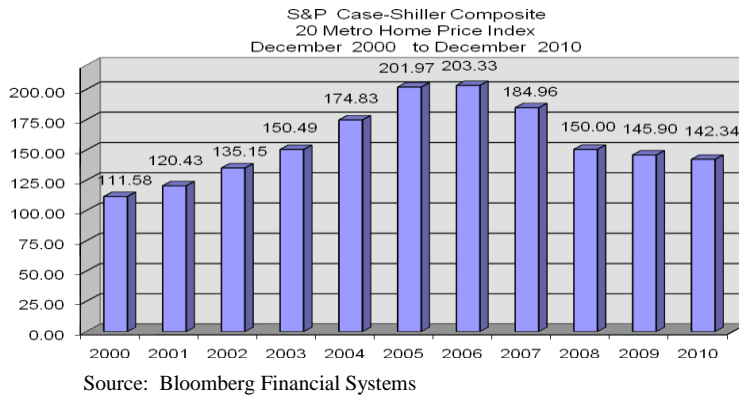
As noted, the unemployment rate is considered a "lagging" indicator for immediate financial and economic events are delayed in being reflected in the unemployment rate. The chart below shows the national unemployment rate for the past twelve months:



Another key 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. The release of July 2011 data indicates the consumer is continuing to spend but at marginally lower levels in the past four months. The chart below shows the monthly increase in consumer spending for the past twenty four months.



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



Interest rates closed the month of July 2011 lower from their June 2011 closing levels. As mentioned earlier, the financial environment in Europe, with the International Monetary Fund (IMF) working on Greece’s economic crisis, plus additional pressure from Portugal, Ireland and Italy has remained a large factor in keeping interest rates low. The apparent slowing of economic activity in the U.S. economy has prompted speculation that another round of economic stimulation may be needed.

The Federal Reserve announced at the August 9, 2011 ‘Federal Open Market Committee’ (FOMC) meeting that the ‘target’ Federal Funds rate would remain at the range of 0.0% to 0.25%, citing continued “risk to growth” to the economy. Chairman Ben Bernanke went further in stating he will continue to provide low interest rates to the financial markets until the middle of calendar 2013. This key market interest rate has remained at this level since the FOMC meeting on December 16, 2008. The Federal Funds interest rate is the interest rate that banks charge other banks to borrow money.

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



Source: Bloomberg Financial Systems

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**

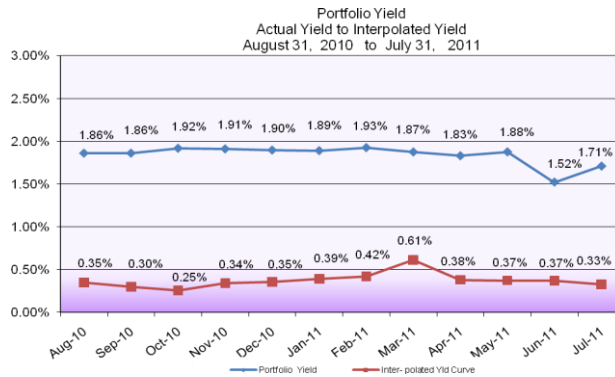
For July 2011, the City Treasurer’s Investment Portfolio performance was:

	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 110,147,815	6 days	0.23 %	0.01 %	0.018	0.303
Long-Term Portfolio	\$ 302,809,741	2.5 years	2.26 %	0.42 %	0.562	2.681
Total Portfolio	\$ 412,957,556	1.9 years	1.71 %	0.33 %	0.380	1.861

The portfolio balance reflects a deposit of \$81,306,963 for acquisition funds from the 2011A Electric Bonds. As a “AAA” credit rated portfolio, we are recognized as a permitted investment by the bond indenture of the above bonds. Although the additional funds have caused a slight decrease in the overall yield of the portfolio, the bond project funds are earning over 1.25% from current market yields on alternative investments.

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

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



Source: Treasurer’s Office, Anaheim

A complete listing of the portfolio holdings and investment activity for the City of Anaheim’s Investment Portfolio for the month of July 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

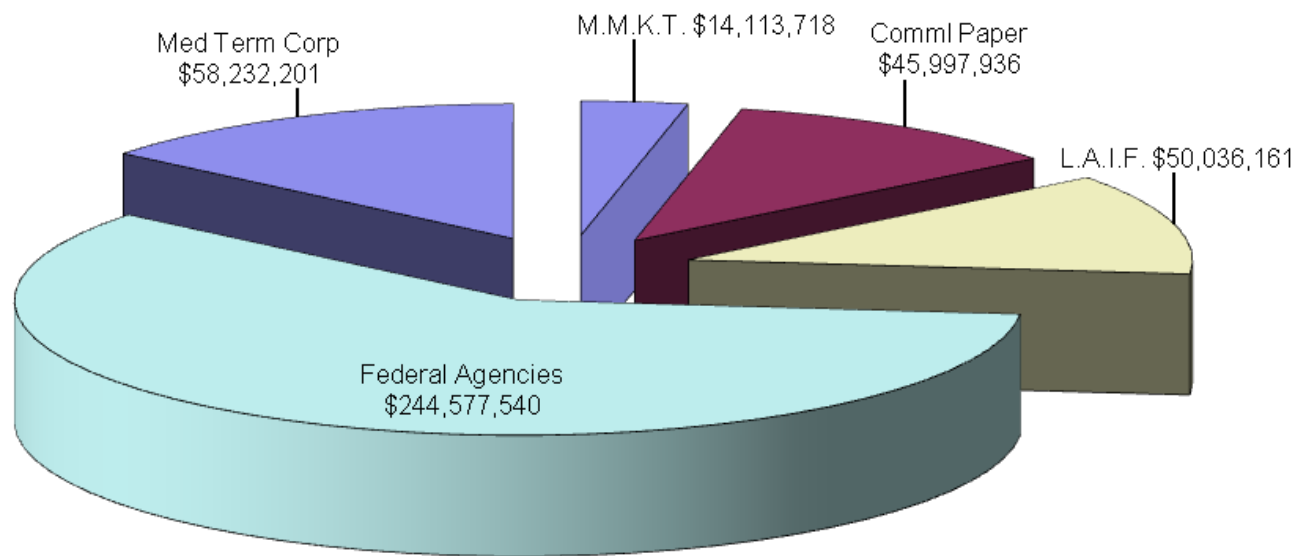
**Attachment:**

1. City Treasurer’s Investment Report – July 2011

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

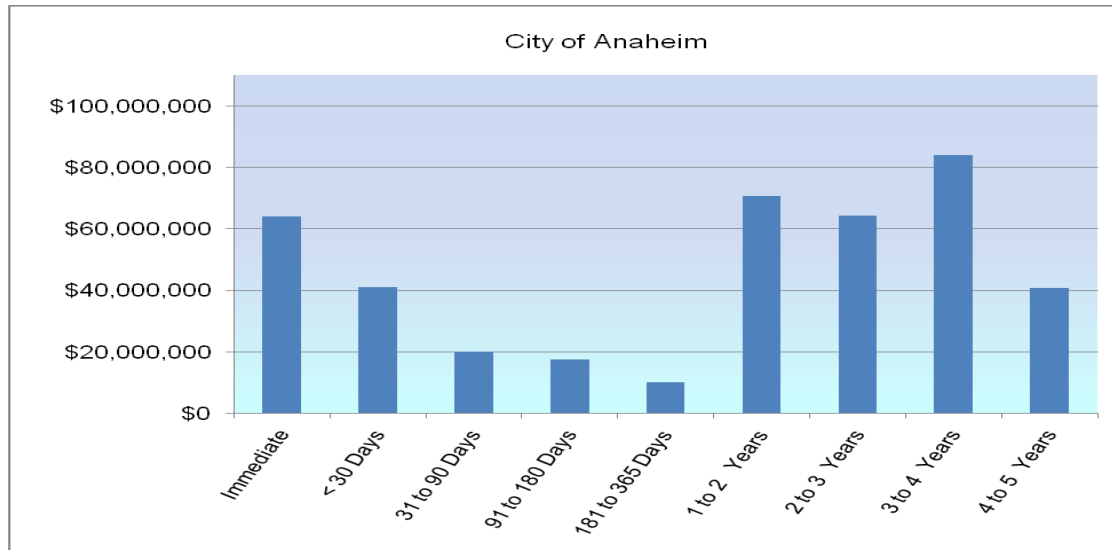
<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	Percent of <u>Total Funds</u>	Average Weighted Maturity	
						<u>Days</u>	<u>Years</u>
<b>Short-Term Portfolio</b>							
Money Market Funds	\$14,113,718	\$14,113,718	\$14,113,718	0.01%	3.42%	1	0.00
L.A.I.F. (State of California	\$50,036,161	\$50,036,161	\$50,036,161	0.38%	12.12%	1	0.00
subtotal: Cash and Overnight Investments	\$64,149,879	\$64,149,879	\$64,149,879		15.53%	1	0.00
Commercial Paper	\$46,000,000	\$45,997,936	\$45,997,936	0.12%	11.14%	14	0.04
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	\$46,000,000	\$45,997,936	\$45,997,936	0.12%	11.14%	14	0.04
<b>Total Short-Term Portfolio:</b>	<b>\$110,149,879</b>	<b>\$110,147,815</b>	<b>\$110,147,815</b>	<b>0.23%</b>	<b>26.67%</b>	<b>6</b>	<b>0.02</b>
<b>Long -Term Portfolio</b>							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$56,391,000	\$56,804,244	\$58,232,201	3.15%	14.10%	785	2.15
U.S. Federal Agencies	\$240,185,000	\$239,905,516	\$244,577,540	2.04%	59.23%	958	2.62
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
<b>Total Long-Term Portfolio:</b>	<b>\$296,576,000</b>	<b>\$296,709,759</b>	<b>\$302,809,741</b>	<b>2.26%</b>	<b>73.33%</b>	<b>925</b>	<b>2.53</b>
<b>Total Cash and Pooled Investments</b>	<b>\$406,725,879</b>	<b>\$406,857,574</b>	<b>\$412,957,556</b>	<b>1.71%</b>	<b>100.00%</b>	<b>676</b>	<b>1.85</b>

City of Anaheim  
Investment Portfolio Asset Allocation  
July 31, 2011  
\$ 412,957,556



Liquidity Schedule  
 July 31, 2011

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$14,113,718	\$14,113,718	3.42%
L.A.I.F. (State of California)	Immediate	\$50,036,161	\$64,149,879	15.53%
Pooled Investment Maturities:	< 30 Days	\$40,998,749	\$105,148,627	25.46%
	31 to 90 Days	\$20,097,233	\$125,245,860	30.33%
	91 to 180 Days	\$17,501,962	\$142,747,822	34.57%
	181 to 365 Days	\$10,182,785	\$152,930,607	37.03%
	1 to 2 years	\$70,726,295	\$223,656,902	54.16%
	2 to 3 years	\$64,337,160	\$287,994,062	69.74%
	3 to 4 years	\$84,131,993	\$372,126,055	90.11%
	4 to 5 years	\$40,831,501	\$412,957,556	100.00%
Total Cash and Pooled Investments:		\$412,957,556		





Summary and Comparison of Yields and Balances  
July 31, 2011

<u>Description</u>	<u>Current Month</u> <u>July 31, 2011</u>	<u>Prior Month</u> <u>June 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%	0.41%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	2.04%	2.23%
Commercial Paper	0.13%	0.12%
Medium Term Corporate Notes	3.15%	3.15%
	1.71%	1.52%
Weighted Average Maturity (Days)	676	554
Weighted Average Maturity (Years)	1.85	1.52
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$14,113,718	\$11,514,623
L.A.I.F. (State of California)	\$50,036,161	\$64,955,010
U.S. Treasuries	\$0	\$0
Federal Agencies	\$244,577,540	\$203,710,968
Commercial Paper	\$45,997,936	\$103,990,122
Medium Term Corporate Notes	\$58,232,201	\$58,125,245
Total Portfolio:	\$412,957,556	\$442,295,968
Earnings:	<u>Current Month</u> <u>July 31, 2011</u>	<u>Fiscal Year to</u> <u>Date Earnings</u>
Total Interest Earnings for Month:	\$614,789.39	\$614,789.39
Total Adjustments from Premiums and Discounts	-\$35,138.85	-\$35,138.85
Total Capital Gains or Losses	\$3,920.00	\$3,920.00
Total Earnings for Month	<u>\$583,570.54</u>	<u>\$583,570.54</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%

Note: July 2011 balance reflects acquisition funds from 2011A Electric Bonds, approx \$81.3 million

City Treasurer's Investment Report – July 2011

Attachment 1

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CITY OF ANAHEIM  
Short-Term Portfolio Listing

July 31, 2011

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	17,902,344.35	17,902,344.35	17,902,344.35			0.39%
SYS17431	17431	LAIF	MMKT	AA	32,133,816.66	32,133,816.66	32,133,816.66			0.39%
SYS987	987	FIDELITY GOVERNMENT MMKT	MMKT	AAA	5,972,078.17	5,972,078.17	5,972,078.17			0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	8,141,639.36	8,141,639.36	8,141,639.36			0.01%
0660P1V57	1588	BANK OF AMERICA	CP	A1, P1	6,000,000.00	5,999,900.56	5,999,900.56	06/01/2011	08/05/2011	0.15%
90526NV51	1590	Union Bank of California	CP	A1, P1	10,000,000.00	9,999,834.27	9,999,834.27	06/01/2011	08/05/2011	0.15%
19121BVC0	1589	COCA COLA	CP	A1, P1	10,000,000.00	9,999,635.39	9,999,635.39	06/01/2011	08/12/2011	0.12%
71344JVC0	1594	Pepsico	CP	A1, P1	5,000,000.00	4,999,848.08	4,999,848.08	06/17/2011	08/12/2011	0.10%
2546R3VH4	1593	Disney	CP	A1, P1	5,000,000.00	4,999,779.02	4,999,779.02	06/08/2011	08/17/2011	0.10%
19121BVK2	1596	COCA COLA	CP	A1, P1	5,000,000.00	4,999,751.41	4,999,751.41	06/17/2011	08/19/2011	0.10%
19121BWG0	1595	COCA COLA	CP	A1, P1	5,000,000.00	4,999,187.56	4,999,187.56	06/17/2011	09/16/2011	0.13%
Total Short-Term Portfolio:					<u>110,149,878.54</u>	<u>110,147,814.83</u>	<u>110,147,814.83</u>			<u>0.23%</u>

CITY OF ANAHEIM  
Long-Term Portfolio Listing

July 31, 2011

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
3133XH6G2	1039 C	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	5,000,000.00	5,000,000.00	5,041,445.00	09/29/2006	09/29/2011	5.34%
31331Y3P3	1296	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	10,000,000.00	9,999,004.15	10,056,600.00	07/15/2008	10/03/2011	3.50%
3133XVQL8	1456	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	3,240,000.00	3,240,011.83	3,250,760.04	12/28/2009	12/09/2011	1.13%
3137EACF4	1454	FED HOME LOAN MORT CORP	Fed Agy	AAA*	5,000,000.00	5,000,814.99	5,017,385.00	12/28/2009	12/15/2011	1.13%
38141GBU7	1511	Goldman Sachs Group	MTN	A	9,005,000.00	9,150,845.41	9,233,817.05	05/28/2010	01/15/2012	6.60%
36962GXS8	1510	GENERAL ELEC CAP CORP	MTN	AA	5,000,000.00	5,097,141.49	5,146,125.00	05/28/2010	02/15/2012	5.88%
3133XWDC0	1458	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	5,000,000.00	4,994,252.25	5,036,660.00	12/28/2009	05/25/2012	1.25%
31359MPF4	1286	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	10,000,000.00	10,020,944.21	10,448,300.00	06/25/2008	09/15/2012	4.38%
3133XVNT4	1470	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	9,850,000.00	9,866,453.99	10,027,979.65	02/04/2010	12/14/2012	1.75%
3137EACG2	1469	FED HOME LOAN MORT CORP	Fed Agy	AAA*	5,000,000.00	4,981,210.28	5,070,805.00	01/29/2010	01/09/2013	1.38%
31398AME9	1206	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	10,000,000.00	10,000,000.00	10,516,320.00	01/28/2008	01/28/2013	4.00%
949746NY3	1333	WELLS FARGO CO	MTN	AA	8,000,000.00	7,966,134.60	8,393,392.00	12/23/2008	01/31/2013	4.38%
59018YM40	1516	BANK OF AMERICA	MTN	A	8,206,000.00	8,424,179.94	8,636,224.17	06/23/2010	02/05/2013	5.45%
38141GDB7	1517	Goldman Sachs Group	MTN	A	2,224,000.00	2,291,054.27	2,351,063.79	06/23/2010	04/01/2013	5.25%
02666QB69	1237	American Honda	MTN	A	5,000,000.00	4,998,964.94	5,276,450.00	04/02/2008	04/02/2013	4.63%
3134G2QF2	1609	FED HOME LOAN MORT CORP	Fed Agy	AAA*	10,000,000.00	10,000,000.00	10,005,760.00	07/18/2011	07/18/2013	0.65%
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	5,000,000.00	4,966,125.84	5,029,640.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	6,845,000.00	6,863,650.53	7,248,348.47	12/15/2008	12/13/2013	3.13%
3136FPZ26	1559	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	5,000,000.00	4,999,767.91	5,017,375.00	01/24/2011	01/13/2014	1.38%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	5,000,000.00	4,993,572.46	5,067,955.00	03/23/2011	03/14/2014	1.25%

City Treasurer's Investment Report – July 2011

Attachment 1

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CITY OF ANAHEIM  
Long-Term Portfolio Listing

July 31, 2011

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
313374D56	1602	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	4,000,000.00	3,997,866.67	4,002,608.00	07/11/2011	04/11/2014	1.00%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	8,000,000.00	8,002,602.67	8,397,080.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	4,500,000.00	4,488,073.24	4,723,357.50	05/01/2009	04/17/2014	2.63%
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	4,000,000.00	4,035,722.37	4,198,540.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	5,000,000.00	5,027,394.36	5,234,970.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	Johnson & Johnson	MTN	AAA	3,000,000.00	2,996,721.82	3,037,110.00	05/20/2011	05/15/2014	1.20%
3136FPV95	1548	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	2,350,000.00	2,348,996.63	2,361,186.00	01/07/2011	07/03/2014	1.70%
3135G0BT9	1606	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	10,000,000.00	10,000,000.00	10,018,990.00	07/11/2011	07/11/2014	1.13%
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	8,000,000.00	7,952,898.25	8,132,000.00	03/23/2011	09/12/2014	1.38%
3133745Q9	1597	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	5,000,000.00	4,998,611.67	5,004,805.00	06/22/2011	09/22/2014	1.25%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	5,000,000.00	5,039,647.03	5,106,445.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	8,000,000.00	8,015,312.00	8,443,976.00	04/30/2010	11/20/2014	2.63%
3134G2HC9	1582	FED HOME LOAN MORT CORP	Fed Agy	AAA*	5,000,000.00	4,997,466.67	5,015,240.00	05/25/2011	11/25/2014	1.50%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	5,000,000.00	4,924,117.60	5,032,685.00	01/24/2011	12/12/2014	1.25%
3136FRXN8	1604	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	10,000,000.00	10,000,000.00	10,036,380.00	06/30/2011	12/30/2014	1.25%
3134G2MX7	1601	FED HOME LOAN MORT CORP	Fed Agy	AAA*	5,000,000.00	4,996,081.94	5,012,740.00	07/06/2011	01/06/2015	1.35%
3134G2MX7	1605	FED HOME LOAN MORT CORP	Fed Agy	AAA*	10,000,000.00	9,993,369.44	10,025,480.00	07/06/2011	01/06/2015	1.35%
3134G2MX7	1608	FED HOME LOAN MORT CORP	Fed Agy	AAA*	5,000,000.00	4,998,406.94	5,012,740.00	07/06/2011	01/06/2015	1.35%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AAA*	2,000,000.00	2,001,147.43	2,108,382.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	5,000,000.00	4,982,949.24	5,101,975.00	03/24/2011	03/24/2015	1.67%
31331KKU3	1579	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	5,000,000.00	5,005,162.01	5,079,725.00	05/16/2011	05/13/2015	1.93%
3136FRSL8	1599	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	5,000,000.00	4,993,166.67	5,019,420.00	06/29/2011	06/29/2015	1.50%
594918AG9	1591	Microsoft Corp	MTN	AAA	5,000,000.00	5,000,000.00	5,047,535.00	06/09/2011	09/25/2015	1.63%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	3,000,000.00	2,999,259.15	3,055,548.00	05/11/2011	10/15/2015	1.88%
931142CX9	1581	Walmart	MTN	AA	2,956,000.00	2,896,394.82	2,957,427.75	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	5,000,000.00	4,889,500.00	5,074,505.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AAA*	5,000,000.00	4,899,899.26	5,074,505.00	01/24/2011	12/01/2015	1.75%
38143USC6	1560	Goldman Sachs Group	MTN	A	5,000,000.00	4,991,594.33	5,061,715.00	02/08/2011	02/07/2016	3.63%
478160AY0	1583	Johnson & Johnson	MTN	AAA	3,000,000.00	2,991,211.92	3,091,341.00	05/20/2011	05/15/2016	2.15%
3136FRTM5	1598	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	5,000,000.00	4,996,365.83	5,030,230.00	06/28/2011	06/28/2016	2.15%
3136FRTM5	1607	FED NATL MORTGAGE ASSN	Fed Agy	AAA*	6,400,000.00	6,395,690.19	6,438,694.40	06/29/2011	06/28/2016	2.15%
Total Long-Term Portfolio:					<u>296,576,000.00</u>	<u>296,709,759.24</u>	<u>302,809,740.82</u>			<u>2.26%</u>
Total Portfolio:					<u>406,725,878.54</u>	<u>406,857,574.07</u>	<u>412,957,555.65</u>			<u>1.71%</u>

\* = Standard & Poor's have put the Federal Agencies on "negative credit watch", effective July 15, 2011.

**Mat Call Sale Purch  
 Purchases Report  
 Sorted by Fund - Fund  
 July 1, 2011 - July 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>LONG-TERM PORTFOLIO</b>													
3134G2MX7	1601	02	FAC	FHLMC	5,000,000.00	07/06/2011	01/06 - 07/06	4,995,450.00		1.350	01/06/2015	1.358	4,995,081.94
3134G2MX7	1605	02	FAC	FHLMC	10,000,000.00	07/06/2011	01/06 - 07/06	9,992,300.00		1.350	01/06/2015	1.354	9,993,369.44
3134G2MX7	1608	02	FAC	FHLMC	5,000,000.00	07/06/2011	01/06 - 07/06	4,998,150.00		1.350	01/06/2015	1.342	4,998,406.94
313374D56	1602	02	FAC	FHLB	4,000,000.00	07/11/2011	10/11 - 04/11	3,997,600.00		1.000	04/11/2014	1.008	3,997,866.67
3135G0BT9	1606	02	FAC	FNMA	10,000,000.00	07/11/2011	01/11 - 07/11	10,000,000.00		1.125	07/11/2014	1.110	10,000,000.00
3134G2QF2	1609	02	FAC	FHLMC	10,000,000.00	07/18/2011	01/18 - 07/18	10,000,000.00		0.650	07/18/2013	0.641	10,000,000.00
<b>Subtotal</b>					<b>44,000,000.00</b>			<b>43,883,600.00</b>	<b>0.00</b>				<b>43,885,724.88</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	10,000,000.00	07/01/2011		10,000,000.00		0.045			
SY987	987	01	PA2	FIDELI	19,975.00	07/05/2011		19,975.00		0.045			
SY987	987	01	PA2	FIDELI	9,965,900.00	07/06/2011		9,965,900.00		0.045			
SY987	987	01	PA2	FIDELI	3,920,000.00	07/07/2011		3,920,000.00		0.045			
SY987	987	01	PA2	FIDELI	12,740.00	07/07/2011		12,740.00		0.045			
SY987	987	01	PA2	FIDELI	10,030,225.00	07/11/2011		10,030,225.00		0.045			
SY987	987	01	PA2	FIDELI	34,375.00	07/11/2011		34,375.00		0.045			
SY987	987	01	PA2	FIDELI	34,375.00	07/13/2011		34,375.00		0.045			
SY987	987	01	PA2	FIDELI	10,000,000.00	07/15/2011		10,000,000.00		0.045			
SY987	987	01	PA2	FIDELI	5,000,000.00	07/15/2011		5,000,000.00		0.045			
SY987	987	01	PA2	FIDELI	297,165.00	07/15/2011		297,165.00		0.045			
SY987	987	01	PA2	FIDELI	8,000,000.00	07/25/2011		8,000,000.00		0.045			
SY987	987	01	PA2	FIDELI	7,489,000.00	07/28/2011		7,489,000.00		0.045			
SY950	500	01	PA2	GOLDSA	3,286,446.00	07/01/2011		3,286,446.00		0.045			
SY950	500	01	PA2	GOLDSA	1,766,659.00	07/07/2011		1,766,659.00		0.045			
SY950	500	01	PA2	GOLDSA	1,032,000.00	07/11/2011		1,032,000.00		0.045			
SY950	500	01	PA2	GOLDSA	4,643,780.00	07/13/2011		4,643,780.00		0.045			
SY950	500	01	PA2	GOLDSA	1,711,000.00	07/20/2011		1,711,000.00		0.045			
SY950	500	01	PA2	GOLDSA	2,307,000.00	07/26/2011		2,307,000.00		0.045			
SY950	500	01	PA2	GOLDSA	41.63	07/29/2011		41.63		0.045			
<b>Subtotal</b>					<b>78,660,881.83</b>			<b>78,660,881.83</b>					

Mat Call Sale Purch  
 Purchases Report  
 July 1, 2011 - July 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>Total Purohases and Deposits</b>				<b>123,660,881.83</b>			<b>123,634,181.83</b>	<b>0.00</b>				<b>43,886,724.89</b>

**Mat Call Sale Purch**  
**Maturity Report**  
 Sorted by Maturity Date  
 Receipts during July 1, 2011 - July 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
36955JU19	1585	01	ACP GECP	10,000,000.00	07/01/2011	06/01/2011	0.110	10,000,000.00	0.00	10,000,000.00	0.00
14177UUF6	1611	01	ACP CARGIL	5,000,000.00	07/15/2011	06/30/2011	0.100	5,000,000.00	0.00	5,000,000.00	0.00
89233HUF9	1586	01	ACP TOYCC	10,000,000.00	07/15/2011	06/01/2011	0.120	10,000,000.00	0.00	10,000,000.00	0.00
14177UUJ8	1610	01	ACP CARGIL	10,000,000.00	07/18/2011	06/30/2011	0.100	10,000,000.00	0.00	10,000,000.00	0.00
4662J1UR9	1603	01	ACP JPM	8,000,000.00	07/25/2011	06/24/2011	0.050	8,000,000.00	0.00	8,000,000.00	0.00
89233HUU6	1587	01	ACP TOYCC	10,000,000.00	07/28/2011	06/01/2011	0.140	10,000,000.00	0.00	10,000,000.00	0.00
90526NUV5	1592	01	ACP UN BK	5,000,000.00	07/29/2011	06/08/2011	0.120	5,000,000.00	0.00	5,000,000.00	0.00
<b>Total Maturities</b>				<b>68,000,000.00</b>				<b>68,000,000.00</b>	<b>0.00</b>	<b>68,000,000.00</b>	<b>0.00</b>

**Mat Call Sale Purch**  
**Sales/Call Report**  
 Sorted by Maturity Date - Fund  
 July 1, 2011 - July 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>01/07/2014</b>												
3134G2BK7	1570	02	FHLMC FAC	04/07/2011	07/07/2011 01/07/2014	3,920,000.00	1.300	3,916,080.00	3,920,000.00	12,740.00	3,932,740.00	16,660.00
					<b>Subtotal</b>	<b>3,920,000.00</b>		<b>3,916,080.00</b>	<b>3,920,000.00</b>	<b>12,740.00</b>	<b>3,932,740.00</b>	<b>16,660.00</b>
					<b>Total Sales</b>	<b>3,920,000.00</b>		<b>3,916,080.00</b>	<b>3,920,000.00</b>	<b>12,740.00</b>	<b>3,932,740.00</b>	<b>16,660.00</b>





**FUND PROFILE**

March 31, 2010

**City of Anaheim Treasurer Investment Pool**



**Credit Quality Ratings Definitions**

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

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

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

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

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

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

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

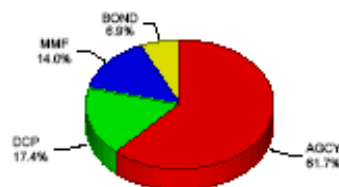
**Plus (+) or Minus (-)**  
The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

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

**About the Fund**

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

Portfolio Composition as of March 31, 2010



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

\*As assessed by Standard & Poor's

**Fund Highlights**

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

**Management**

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

**Credit Quality**

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

**Portfolio Assets**

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

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

Standard & Poor's Analyst: Guyna Johnson - (1) 312-233-7008

www.standardandpoors.com

Investors should consider the investment objectives, risks and charges and expenses of the fund before investing. The prospectus which can be obtained from your broker-dealer, contains this and other information about the fund and should be read carefully before investing.