



## +COUNCIL AGENDA REPORT

# City of Anaheim OFFICE OF THE CITY TREASURER

**DATE:** AUGUST 21, 2012  
**FROM:** OFFICE OF THE CITY TREASURER  
**SUBJECT:** INVESTMENT PORTFOLIO REPORT – JULY 2012

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

### RECOMMENDATION:

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

### DISCUSSION:

This is the investment report for the City's general pool for the month ending July 31, 2012. The report is provided to ensure that the City Council is informed as to the investment activities and fulfills the reporting requirements of the City's adopted investment policy.

### COMPLIANCE:

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

### INVESTMENT SUMMARY:

The following table shows summary investment information for the month ending July 31, 2012:

	<b>Short-term Portfolio</b>	<b>Long-term Portfolio</b>	<b>Total Portfolio Values</b>
Portfolio Balance (Market Value) *	\$ 130,883,306	\$ 254,515,935	\$ 385,399,241
Effective Yield	0.23 %	2.14 %	1.49 %
Avg. Weighted Maturity	12 Days	2.1 Years	1.4 Years
Net Earnings	\$ 31,341	\$ 447,593	\$ 478,934
Benchmark**	0.01%	0.22%	0.19 %

\* Portfolio balance includes approximately \$68.4 million of the 2011A Electric Bond project funds (June 2012)

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

### INVESTMENT ACTIVITIES

The City Treasurer's Investment Portfolio has a current rating of "AAf" from Standard and Poor's (S&P). This rating was effective August 8, 2011, as a result of the action of S&P downgrading the debt issues of the United States Treasury and Federal Agencies from a credit rating of "AAA" to "AA+". The credit rating reflects the investment holdings of the City's Investment Portfolio (approximately 47% 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.

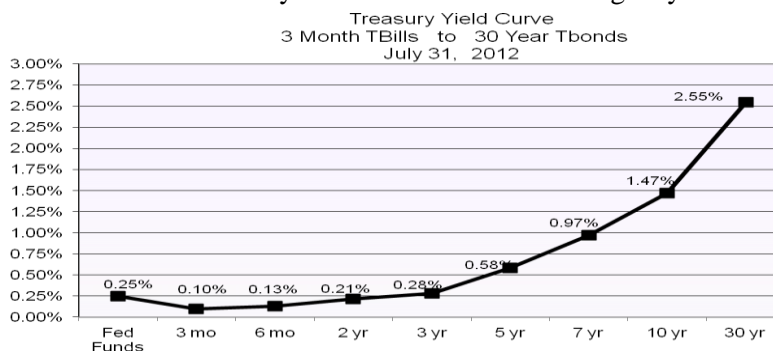
On August 11, 2008, the City of Anaheim’s Investment Policy was recognized and certified by the Association of Professional Treasurers of the United States and Canada (APT US&C) as meeting all standards and criteria established by the APT US&C.

**INVESTMENT ENVIRONMENT**

The month of July 2012 showed a decline in interest rates as the financial issues in Europe and concerns over the slowing of the global economies continued to be watched by the investment community. Spain has agreed to stringent austerity provisions by the European Monetary Fund (EMF) and Greece is struggling to adopt their austerity program. The international embargo to Iran took effect July 1, 2012, which is adding caution to world markets as regards to access to Middle East oil shipments. The U.S. Navy has maintained a strong presence in the region to ensure free access for the shipping lanes of the petroleum producers. Excluding the immediate financial crises, the entire European union appears to be entering a period of recessionary economic activity, which could impact the revenues of United States multi-national corporations, since the European market accounts for nearly 25 percent of U.S. sales and exports.

This uncertainty in the financial markets has kept interest rates at near historically record lows. The three month U.S. Treasury bill closed the month of July 2012 at 0.10%, the two year U.S. Treasury Note closed at 0.21% and the ten year U.S. Treasury Note closed the month at 1.47%. The primary reason for lower interest rates is the investment community seeking a “safe haven” for investment funds as U.S. financial securities still appear to be the international investor’s investment security of choice.

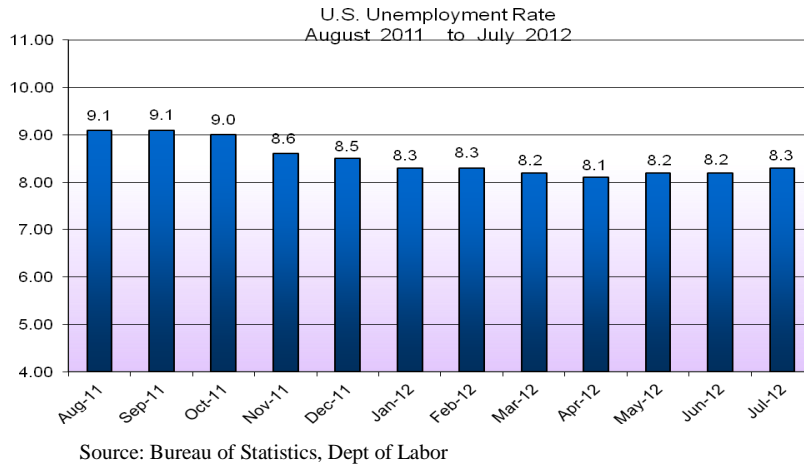
The Federal Reserve continues to maintain the benchmark “Federal Funds” rate in the established range of 0.00% to 0.25%. The Fed Funds rate has been at this rate for nearly three and a half years, since the Federal Open Market Committee (FOMC) took action at their December 2008 meeting. The FOMC meeting of June 20, 2012 continued its policy statement that the low rate action is in response to “risk to growth.” Federal Reserve Chairman Bernanke has announced he intends to keep rates at these levels through the end of calendar year 2014. The chart below shows the interest rates for U. S. Treasury issues for the month ending July 2012:



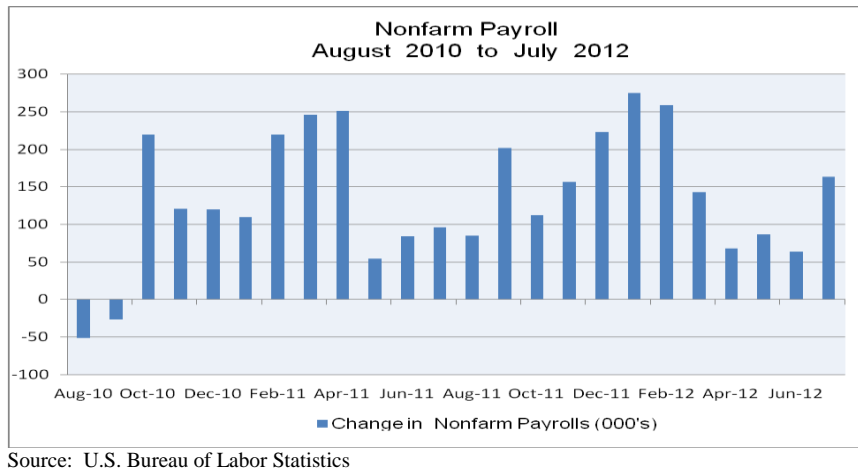
Source: Bloomberg Financial Systems

The U.S. economy continues to show slow incremental growth. One economic indicator we monitor is the national unemployment rate, which tends to show the overall health of the national economy. For the month of July 2012, the national unemployment rate was reported at 8.3%, up 0.1% from the June 2012 level of 8.2%; however, this increase is still significantly below the annual average rate of 9.0% for the past twelve months.

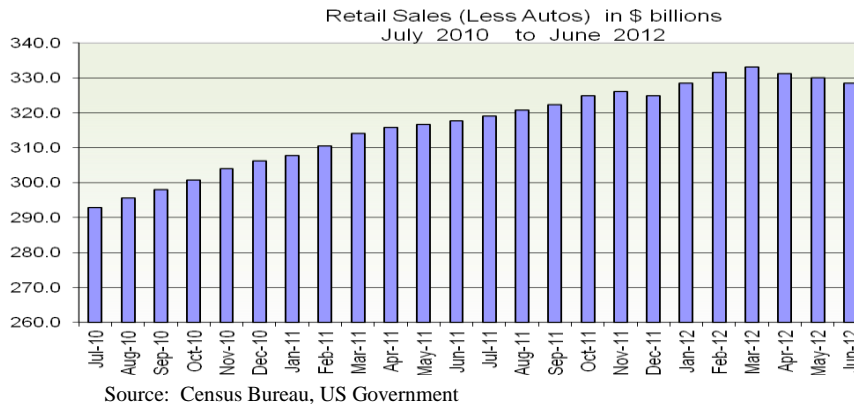
The unemployment rate is considered a “lagging” economic indicator and does not reflect immediate or current financial and economic events. The unemployment rate does indicate the level of idle workers as a percentage of the overall labor force. The chart below shows the national unemployment rate for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



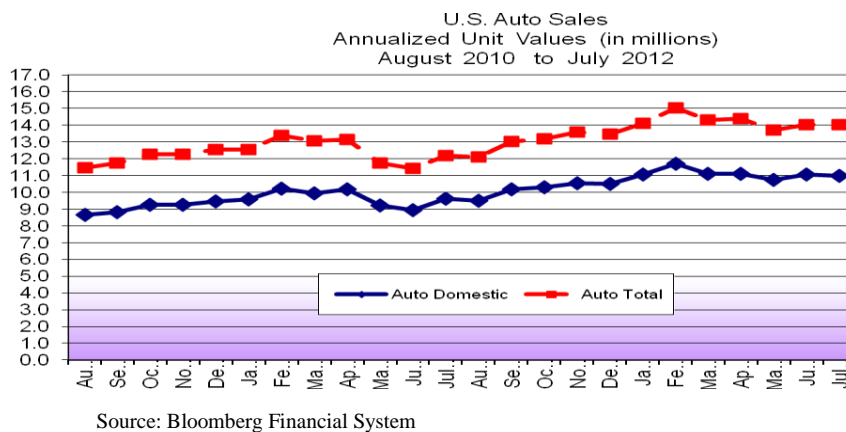
What is more troubling is the slowdown in job creation. The Bureau of Labor Statistics publishes monthly the value of US Employees on nonfarm payrolls, which is an indication of how the corporate or business sector is hiring. For the month of July 2012, the nonfarm payroll number was reported to be 163,000 new jobs created, up from the prior month value of 73,000 new jobs. It should be noted this value is subject to revision, as the June 2012 was initially reported at 84,000 and revised downward to 73,000. The uptick value is encouraging, but follows four months of lower job increases. We will have to watch the subsequent monthly values to see if the July increase is a uptrend or simply a one month aberration. Economists have cited a minimum value of 150,000 monthly nonfarm jobs is necessary to sustain our economic recovery. 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. The July 2012 retail sales data was not available at the time this report was prepared, and the chart reflects retail sales data through June 2012. For the past three months, the national retail sales number has shown a decline of 1.4% from a high of \$333.2 billion in March 2012. This trend combined with the absence of job creation is contributing to a slowdown in the economic activity as consumers are becoming more cautious of the future vitality of the economy. The chart below shows the monthly increase in consumer spending for the past twenty four months:



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



The City’s investment portfolio remains strongly diversified and invested in high credit quality issues of U.S. Treasuries, Federal Agencies, Medium Term Corporate Notes and high grade commercial paper. Investments in money market accounts are restricted to U.S. Treasury and Federal Agencies only and a review of the State of California Local Agency Investment Fund (LAIF) shows high levels of liquidity and safe investments. The City’s investment strategy continues to focus on safety and providing liquidity for the City’s operational requirements.

**INVESTMENT PERFORMANCE/**

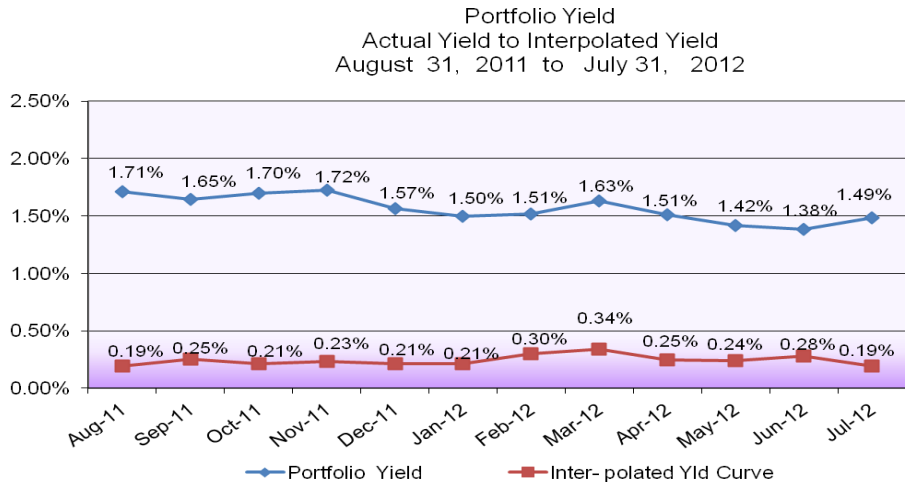
For July 31, 2012, the City Treasurer’s Investment Portfolio performance was:

	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 130,883,306	12 days	0.23 %	0.01 %	0.020	0.230
Long-Term Portfolio	\$ 254,515,935	2.1 years	2.14 %	0.22 %	0.395	2.116
Total Portfolio	\$ 385,399,241	1.4 years	1.49 %	0.19 %	0.251	1.548

The portfolio balance includes a deposit, as of June 30, 2012 of \$68,371,530 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 July 2012 is on the following pages.

**IMPACT ON BUDGET:**

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP  
 City Treasurer

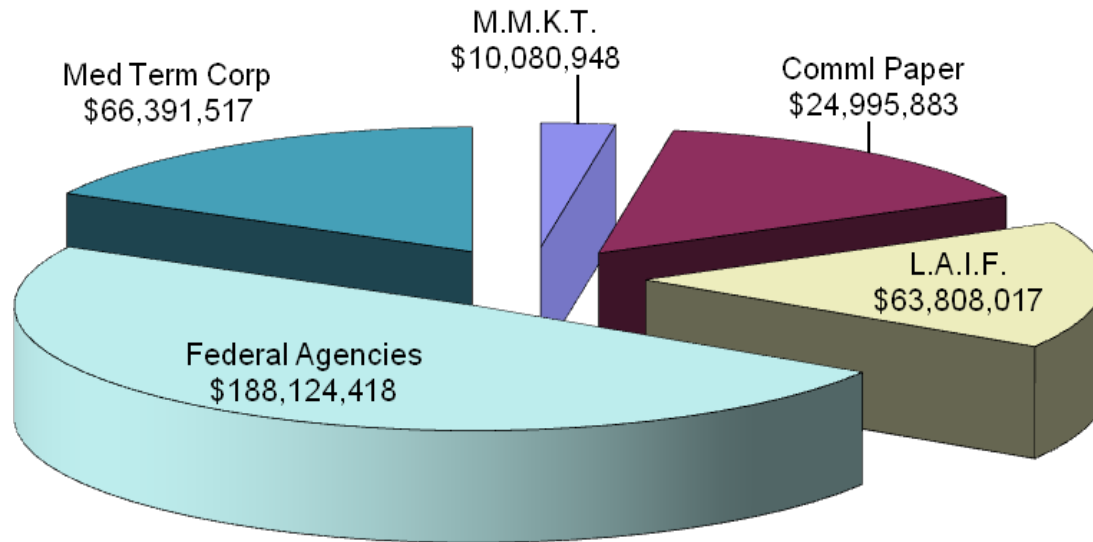
**Attachment**

1. City Treasurer’s Investment Report

**Balances, Yields and Average Maturities**  
**July 31, 2012**

<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	<u>Percent of Total Funds</u>	<u>Average Weighted Maturity</u>	
						<u>Days</u>	<u>Years</u>
<b>Short-Term Portfolio</b>							
Money Market Funds	\$10,080,948	\$10,080,948	\$10,080,948	0.01%	2.62%	1	0.00
L.A.I.F. (State of California	\$63,808,017	\$63,808,017	\$63,808,017	0.36%	16.56%	1	0.00
subtotal: Cash and Overnight Investments	\$73,888,964	\$73,888,964	\$73,888,964		19.17%	1	0.00
Commercial Paper	\$57,000,000	\$56,994,342	\$56,994,342	0.13%	14.79%	27	0.07
Medium Term Corporate Notes	\$0	\$0	\$0	0.00%	0.00%	0	0.00
U.S. Federal Agencies	\$0	\$0	\$0	0.00%	0.00%	0	0.00
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
subtotal: Pooled Investments	\$57,000,000	\$56,994,342	\$56,994,342	0.13%	14.79%	27	0.07
<b>Total Short-Term Portfolio:</b>	<b>\$130,888,964</b>	<b>\$130,883,306</b>	<b>\$130,883,306</b>	<b>0.23%</b>	<b>33.96%</b>	<b>12</b>	<b>0.03</b>
<b>Long -Term Portfolio</b>							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$64,386,000	\$64,627,531	\$66,391,517	2.96%	17.23%	783	2.15
U.S. Federal Agencies	\$184,725,000	\$184,512,159	\$188,124,418	1.86%	48.81%	752	2.06
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
<b>Total Long-Term Portfolio:</b>	<b>\$249,111,000</b>	<b>\$249,139,690</b>	<b>\$254,515,935</b>	<b>2.14%</b>	<b>66.04%</b>	<b>760</b>	<b>2.08</b>
<b>Total Cash and Pooled Investments</b>	<b>\$379,999,964</b>	<b>\$380,022,996</b>	<b>\$385,399,241</b>	<b>1.49%</b>	<b>100.00%</b>	<b>503</b>	<b>1.38</b>

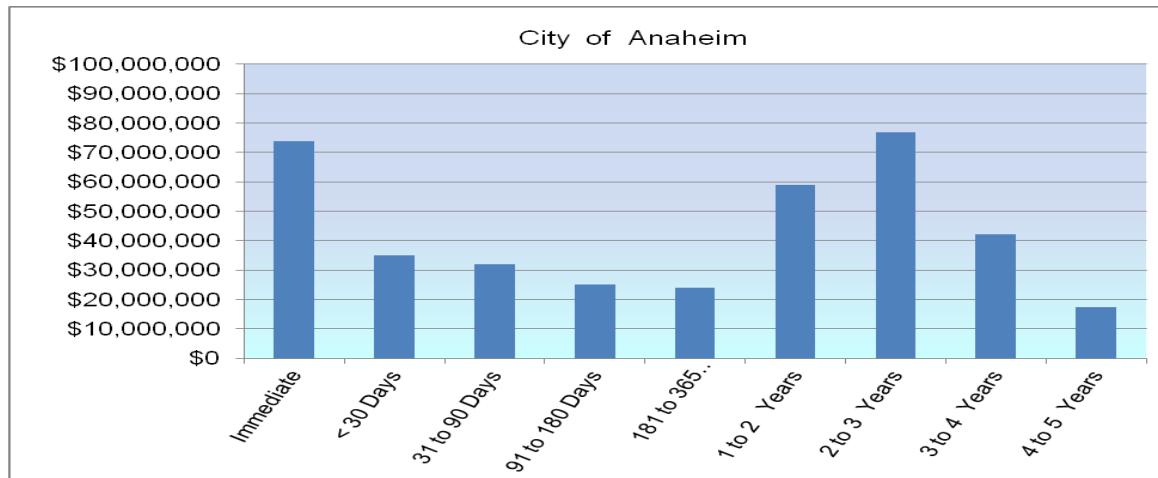
City of Anaheim  
Investment Portfolio Asset Allocation  
July 31, 2012  
\$ 385,399,241



■ M.M.K.T. ■ Comml Paper □ L.A.I.F. □ Federal Agencies ■ Med Term Corp

Liquidity Schedule  
 July 31, 2012

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$10,080,948	\$10,080,948	2.62%
L.A.I.F. (State of California)	Immediate	\$63,808,017	\$73,888,964	19.17%
Pooled Investment Maturities:	< 30 Days	\$34,998,400	\$108,887,364	28.25%
	31 to 90 Days	\$32,047,542	\$140,934,906	36.57%
	91 to 180 Days	\$25,113,378	\$166,048,284	43.08%
	181 to 365 Days	\$23,966,015	\$190,014,299	49.30%
	1 to 2 years	\$58,956,833	\$248,971,132	64.60%
	2 to 3 years	\$76,737,870	\$325,709,002	84.51%
	3 to 4 years	\$42,250,318	\$367,959,320	95.47%
	4 to 5 years	\$17,439,921	\$385,399,241	100.00%
Total Cash and Pooled Investments:		\$385,399,241		





Summary and Comparison of Yields and Balances  
July 31, 2012

<u>Description</u>	<u>Current Month</u> <u>July 31, 2012</u>	<u>Prior Month</u> <u>June 30, 2012</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.36%	0.36%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	1.86%	1.82%
Commercial Paper	0.13%	0.13%
Medium Term Corporate Notes	2.96%	3.07%
	1.49%	1.38%
Weighted Average Maturity (Days)	503	484
Weighted Average Maturity (Years)	1.38	1.33
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$10,080,948	\$25,972,260
L.A.I.F. (State of California)	\$63,808,017	\$83,747,190
U.S. Treasuries	\$0	\$0
Federal Agencies	\$188,124,418	\$198,057,455
Commercial Paper	\$56,994,342	\$51,992,072
Medium Term Corporate Notes	\$66,391,517	\$60,974,392
Total Portfolio:	\$385,399,241	\$420,743,369
Earnings:	<u>Current Month</u> <u>July 31, 2012</u>	<u>Fiscal Year to</u> <u>Date Earnings</u>
Total Interest Earnings for Month:	\$489,322.21	\$489,322.21
Total Adjustments from Premiums and Discounts	-\$10,388.19	-\$10,388.19
Total Capital Gains or Losses	\$0.00	\$0.00
Total Earnings for Month	<u>\$478,934.02</u>	<u>\$478,934.02</u>

City of Anaheim  
Investment Portfolio Summary

<u>Month / Yr</u>	<u>Core Portfolio</u>	<u>Reserve Portfolio</u>	<u>Portfolio Balance (market value)</u>	<u>Portfolio Yield</u>	<u>Avg Wgt Mat. - Days</u>	<u>Avg Wgt Mat. - Yrs</u>	<u>Inter - polated Yld Curve</u>	<u>Difference: City Yield / Interpolated</u>
Jun-09	\$92,988,732	\$316,049,180	\$409,037,911	2.26%	752	2.06	1.12%	1.14%
Jun-10	\$127,268,510	\$256,712,953	\$383,981,463	1.87%	536	1.47	0.45%	1.42%
Jun-11	\$180,459,755	\$261,836,213	\$442,295,968	1.52%	554	1.52	0.35%	1.17%
Jul-11	\$110,147,815	\$302,809,741	\$412,957,556	1.71%	676	1.85	0.33%	1.38%
Aug-11	\$112,051,416	\$303,126,356	\$415,177,772	1.71%	650	1.78	0.19%	1.52%
Sep-11	\$115,751,976	\$291,999,974	\$407,751,950	1.65%	624	1.71	0.25%	1.40%
Oct-11	\$97,174,816	\$287,167,526	\$384,342,342	1.70%	665	1.82	0.21%	1.49%
Nov-11	\$92,886,921	\$284,326,047	\$377,212,968	1.72%	654	1.79	0.23%	1.49%
Dec-11	\$129,691,517	\$272,170,290	\$401,861,807	1.57%	573	1.57	0.21%	1.35%
Jan-12	\$108,441,692	\$304,366,034	\$412,807,726	1.50%	685	1.88	0.21%	1.28%
Feb-12	\$94,579,193	\$314,333,654	\$408,912,847	1.51%	721	1.98	0.30%	1.21%
Mar-12	\$68,764,668	\$293,380,467	\$362,145,135	1.63%	716	1.96	0.34%	1.29%
Apr-12	\$120,322,637	\$268,779,964	\$389,102,601	1.51%	575	1.58	0.25%	1.26%
May-12	\$150,877,446	\$263,058,671	\$413,936,117	1.42%	521	1.43	0.24%	1.18%
Jun-12	\$161,711,522	\$259,031,847	\$420,743,369	1.38%	484	1.33	0.28%	1.11%
Jul-12	\$130,883,306	\$254,515,935	\$385,399,241	1.49%	503	1.38	0.19%	1.29%

Note: July 2012 balance reflects acquisition funds from 2011A Electric Bonds, approx \$68.4 million (June 2012)  
Portfolio balances from June 2011 through June 2012 reflect additional funds from 2011A Electric Bonds

City Treasurer's Investment Report – July 2012

Attachment 1

Page 6 of 14

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

July 31, 2012

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
SYS17430	17430	LAIF	MMKT	AA+	28,543,222.04	28,543,222.04	28,543,222.04		8/1/2012	0.36%
SYS17432	17432	LAIF	MMKT	AA+	35,264,794.65	35,264,794.65	35,264,794.65		8/1/2012	0.36%
SYS987	987	FIDELITY GOVERNMENT	MMKT	AAA	175,000.00	175,000.00	175,000.00		8/1/2012	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	9,905,947.69	9,905,947.69	9,905,947.69		8/1/2012	0.01%
14177TH31	1672	CARGILL	CP	A1/P1	5,000,000.00	4,999,969.79	4,999,969.79	07/20/2012	08/03/2012	0.11%
19121AHA2	1655	COCA COLA	CP	A1/P1	5,000,000.00	4,999,814.57	4,999,814.57	05/22/2012	08/10/2012	0.15%
71344THA3	1661	PEPSICO	CP	A1/P1	5,000,000.00	4,999,851.66	4,999,851.66	05/30/2012	08/10/2012	0.12%
47816FHD6	1656	JOHNSON & JOHNSON	CP	A1/P1	5,000,000.00	4,999,818.69	4,999,818.69	05/22/2012	08/13/2012	0.11%
71344THH8	1669	PEPSICO	CP	A1/P1	5,000,000.00	4,999,824.20	4,999,824.20	07/10/2012	08/17/2012	0.08%
89233GHQ2	1666	TOYOTA MOTOR CREDIT	CP	A1/P1	5,000,000.00	4,999,620.94	4,999,620.94	06/28/2012	08/24/2012	0.12%
36960LHT5	1671	GE COMPANY	CP	A1/P1	5,000,000.00	4,999,500.13	4,999,500.13	07/20/2012	08/27/2012	0.14%
71344TJ78	1664	PEPSICO	CP	A1/P1	5,000,000.00	4,999,346.54	4,999,346.54	06/21/2012	09/07/2012	0.13%
89233GJ72	1670	TOYOTA MOTOR CREDIT	CP	A1/P1	5,000,000.00	4,999,396.84	4,999,396.84	07/10/2012	09/07/2012	0.12%
9497F0JM5	1663	WELLS FARGO CO	CP	A1/P1	7,000,000.00	6,998,447.97	6,998,447.97	06/19/2012	09/21/2012	0.16%
89233GK13	1673	TOYOTA MOTOR CREDIT	CP	A1/P1	5,000,000.00	4,998,750.24	4,998,750.24	07/20/2012	10/01/2012	0.15%
Total Short-Term Portfolio:					<u>130,888,964.38</u>	<u>130,883,305.95</u>	<u>130,883,305.95</u>			<u>0.23%</u>

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

July 31, 2012

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
31359MPF4	1286	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,002,281.05	10,051,600.00	06/25/2008	09/15/2012	4.38%
3133XVNT4	1470	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	9,850,000.00	9,854,438.91	9,905,977.55	02/04/2010	12/14/2012	1.75%
3137EACG2	1469	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,994,268.77	5,026,650.00	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	10,180,750.00	01/28/2008	01/28/2013	4.00%
949746NY3	1333	WELLS FARGO CO	MTN	A+	8,000,000.00	7,988,753.42	8,156,320.00	12/23/2008	01/31/2013	4.38%
59018YM40	1516	BANK OF AMERICA	MTN	A-	8,206,000.00	8,279,796.16	8,389,888.25	06/23/2010	02/05/2013	5.45%
38141GDB7	1517	GOLDMAN SACHS GROUP	MTN	A-	2,224,000.00	2,250,821.71	2,282,142.03	06/23/2010	04/01/2013	5.25%
02666QB69	1237	AMERICAN HONDA	MTN	A+	5,000,000.00	4,999,584.94	5,137,665.00	04/02/2008	04/02/2013	4.63%
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,980,730.27	5,042,390.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	6,845,000.00	6,855,770.03	7,111,441.63	12/15/2008	12/13/2013	3.13%
3134G3DT4	1642	FED HOME LOAN MORT CORP	Fed Agy	AA+	6,310,000.00	6,316,916.37	6,315,735.79	01/24/2012	12/27/2013	0.55%
3133EAAG3	1643	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	10,000,000.00	9,990,642.36	10,005,030.00	01/30/2012	01/30/2014	0.33%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,996,026.24	5,078,545.00	03/23/2011	03/14/2014	1.25%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,000,000.00	8,001,642.67	8,318,440.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,500,000.00	4,492,472.45	4,679,122.50	05/01/2009	04/17/2014	2.63%

City Treasurer's Investment Report – July 2012

Attachment 1

Page 7 of 14

CITY OF ANAHEIM  
Long -Term Portfolio

July 31, 2012

CUSIP	Security #	Issuer	Security Type	S&P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,000,000.00	4,022,546.09	4,159,220.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,017,571.68	5,197,255.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	JOHNSON & JOHNSON	MTN	AAA	3,000,000.00	2,997,897.27	3,049,653.00	05/20/2011	05/15/2014	1.20%
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	8,000,000.00	7,968,024.60	8,174,880.00	03/23/2011	09/12/2014	1.38%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,027,632.78	5,153,330.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,010,675.90	8,428,296.00	04/30/2010	11/20/2014	2.63%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,946,675.54	5,091,430.00	01/24/2011	12/12/2014	1.25%
36962G5M2	1638	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	5,041,358.64	5,126,915.00	01/18/2012	01/09/2015	2.15%
46625HHP8	1637	JP MORGAN	MTN	A	6,000,000.00	6,183,387.06	6,322,578.00	01/18/2012	01/20/2015	3.70%
3134G3JX9	1647	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,998,877.08	10,042,230.00	01/30/2012	01/30/2015	0.65%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,000,830.17	2,121,890.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,987,624.24	5,167,780.00	03/24/2011	03/24/2015	1.67%
31331KKU3	1579	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,001,139.66	5,020,620.00	05/16/2011	05/13/2015	1.93%
94974BFE5	1665	WELLS FARGO CO	MTN	A+	1,000,000.00	998,101.48	1,009,701.00	06/27/2012	07/01/2015	1.50%
36962G5Z3	1668	GE CAPITAL SERVICES	MTN	AA+	5,000,000.00	4,995,864.12	5,053,470.00	07/02/2012	07/02/2015	1.63%
3134G3JY7	1636	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,024,750.00	01/30/2012	07/30/2015	0.84%
594918AG9	1591	MICROSOFT CORP	MTN	AAA	5,000,000.00	5,000,000.00	5,192,790.00	06/09/2011	09/25/2015	1.63%
3134G3FZ8	1625	FED HOME LOAN MORT CORP	Fed Agy	AA+	2,200,000.00	2,199,820.33	2,205,009.40	12/28/2011	09/28/2015	1.05%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,435.31	3,125,604.00	05/11/2011	10/15/2015	1.88%
931142CX9	1581	WALMART	MTN	AA	2,956,000.00	2,910,474.79	3,041,871.80	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,915,000.00	5,173,725.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,922,999.43	5,173,725.00	01/24/2011	12/01/2015	1.75%
3136FTXD6	1626	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	5,013,440.00	12/28/2011	12/28/2015	1.10%
38143USC6	1560	GOLDMAN SACHS GROUP	MTN	A-	5,000,000.00	4,993,455.36	5,117,315.00	02/08/2011	02/07/2016	3.63%
3134G3LJ7	1646	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,996,254.69	5,044,370.00	02/10/2012	02/10/2016	0.95%
478160AY0	1583	JOHNSON & JOHNSON	MTN	AAA	3,000,000.00	2,993,047.02	3,162,468.00	05/20/2011	05/15/2016	2.15%
36962G5H3	1617	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	4,994,988.78	5,348,740.00	10/17/2011	10/17/2016	3.35%
3136FTLJ6	1619	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	3,001,221.83	3,010,656.00	11/25/2011	11/14/2016	1.63%
313376RQ0	1635	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,020,000.00	4,018,690.60	4,018,564.86	01/24/2012	01/24/2017	1.15%
3136FTZB8	1644	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,991,949.97	5,061,960.00	01/30/2012	01/30/2017	1.25%
Total Long-Term Portfolio:					<u>249,111,000.00</u>	<u>249,139,689.77</u>	<u>254,515,934.81</u>			<u>2.14%</u>
Total Portfolio Holdings:					<u>379,999,964.38</u>	<u>380,022,995.72</u>	<u>385,399,240.76</u>			<u>1.49%</u>

**Mat Call Sale Purch  
 Purchases Report  
 Sorted by Fund - Fund  
 July 1, 2012 - July 31, 2012**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Prtnlpal Purohased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM 360	Ending Book Value
<b>SHORT- TERM PORTFOLIO</b>													
71344THH8	1669	01	ACP	PEPSIC	5,000,000.00	07/10/2012	08/17 - At Maturity	4,999,577.78		0.080	08/17/2012	0.080	4,999,824.20
89233GJ72	1670	01	ACP	TOYCC	5,000,000.00	07/10/2012	09/07 - At Maturity	4,999,016.67		0.120	09/07/2012	0.120	4,999,396.84
14177TH31	1672	01	ACP	CARGIL	5,000,000.00	07/20/2012	08/03 - At Maturity	4,999,786.10		0.110	08/03/2012	0.110	4,999,969.79
36960LHT5	1671	01	ACP	GE COM	5,000,000.00	07/20/2012	08/27 - At Maturity	4,999,261.11		0.140	08/27/2012	0.140	4,999,500.13
89233GK13	1673	01	ACP	TOYCC	5,000,000.00	07/20/2012	10/01 - At Maturity	4,998,479.17		0.150	10/01/2012	0.150	4,998,750.24
				<b>Subtotal</b>	<b>25,000,000.00</b>			<b>24,898,120.83</b>	<b>0.00</b>				<b>24,887,441.20</b>
<b>LONG-TERM PORTFOLIO</b>													
36962G5Z3	1668	02	MTN	GECS	5,000,000.00	07/02/2012	01/02 - 07/02	4,995,750.00		1.625	07/02/2015	1.631	4,995,864.12
				<b>Subtotal</b>	<b>5,000,000.00</b>			<b>4,995,750.00</b>	<b>0.00</b>				<b>4,985,884.12</b>
<b>Managed Pool Deposits</b>													
					<b>Deposit Amount</b>	<b>Deposit Date</b>		<b>Deposit Amount</b>		<b>Rate</b>			
SYS987	987	01	PA2	FIDELI	114.02	07/02/2012		114.02		0.010			
SYS987	987	01	PA2	FIDELI	34,375.00	07/09/2012		34,375.00		0.010			
SYS987	987	01	PA2	FIDELI	53,750.00	07/09/2012		53,750.00		0.010			
SYS987	987	01	PA2	FIDELI	5,000,000.00	07/09/2012		5,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	10,056,250.00	07/11/2012		10,056,250.00		0.010			
SYS987	987	01	PA2	FIDELI	5,000,000.00	07/13/2012		5,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	111,000.00	07/20/2012		111,000.00		0.010			
SYS987	987	01	PA2	FIDELI	23,115.00	07/24/2012		23,115.00		0.010			
SYS987	987	01	PA2	FIDELI	5,000,000.00	07/27/2012		5,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	175,000.00	07/31/2012		175,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	2,209,000.00	07/03/2012		2,209,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	1,238,507.00	07/05/2012		1,238,507.00		0.010			
SYS500	500	01	PA2	GOLDSA	1,500,166.00	07/06/2012		1,500,166.00		0.010			
SYS500	500	01	PA2	GOLDSA	2,052,976.00	07/12/2012		2,052,976.00		0.010			
SYS500	500	01	PA2	GOLDSA	2,030,255.00	07/17/2012		2,030,255.00		0.010			
SYS500	500	01	PA2	GOLDSA	5,210,451.00	07/18/2012		5,210,451.00		0.010			
SYS500	500	01	PA2	GOLDSA	1,892,000.00	07/23/2012		1,892,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	1,322,000.00	07/24/2012		1,322,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	5,640,000.00	07/31/2012		5,640,000.00		0.010			

Mat Call Sale Purch  
 Purchases Report  
 July 1, 2012 - July 31, 2012

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	84.84	07/31/2012		84.84		0.010			
					<b>Subtotal</b>			<b>48,648,043.88</b>					
<b>Total Purohases and Deposits</b>					<b>78,648,043.88</b>			<b>78,640,814.88</b>	<b>0.00</b>				<b>28,863,305.32</b>

**Mat Call Sale Purch  
 Maturity Report  
 Sorted by Maturity Date  
 Receipts during July 1, 2012 - July 31, 2012**

CUSIP	Investment #	Fund	Sec. Type Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
71344TG97	1659	01	ACP PEPSIC	5,000,000.00	07/09/2012	05/24/2012	0.100	5,000,000.00	0.00	5,000,000.00	0.00
2546R2GD2	1660	01	ACP DISNEY	5,000,000.00	07/13/2012	05/30/2012	0.100	5,000,000.00	0.00	5,000,000.00	0.00
19121AGT2	1652	01	ACP COCA C	5,000,000.00	07/27/2012	04/27/2012	0.150	5,000,000.00	0.00	5,000,000.00	0.00
89233GGW0	1667	01	ACP TOYCC	5,000,000.00	07/30/2012	06/28/2012	0.100	5,000,000.00	0.00	5,000,000.00	0.00
<b>Total Maturities</b>				<b>20,000,000.00</b>				<b>20,000,000.00</b>	<b>0.00</b>	<b>20,000,000.00</b>	<b>0.00</b>

**Mat Call Sale Purch  
 Sales/Call Report  
 Sorted by Maturity Date - Fund  
 July 1, 2012 - July 31, 2012**

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>07/11/2014</b>												
3135G0BT9	1606	02	FNMA FAC	07/11/2011	07/11/2012 07/11/2014	10,000,000.00	1.125	10,000,000.00	10,000,000.00	56,250.00	10,056,250.00	56,250.00
<b>Subtotal</b>						<b>10,000,000.00</b>		<b>10,000,000.00</b>	<b>10,000,000.00</b>	<b>68,250.00</b>	<b>10,068,250.00</b>	<b>68,250.00</b>
<b>Total Sales</b>						<b>10,000,000.00</b>		<b>10,000,000.00</b>	<b>10,000,000.00</b>	<b>68,250.00</b>	<b>10,068,250.00</b>	<b>68,250.00</b>

Data Updated: SET\_MCSP: 08/01/2012 10:13  
 Run Date: 08/01/2012 - 10:13

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





**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.

CITY OF ANAHEIM  
BOND FUND INVESTMENTS  
May 31, 2012

<u>Debt Issue</u>	<u>Trustee</u>	<u>Book Value</u>	<u>Total Trustee Holdings</u>
Decommissioning Trust	Union Bank of Calif.	\$ 122,764,105	
APFA Revenue Bds, 1998 Series	Union Bank of Calif.	\$ -	\$ 122,764,105
COP 1992 Convention Ctr.	US Bank	\$ 8,436,642	
1993 Land Acquisition Program Lease	US Bank	\$ 1,936,885	
Anaheim R/A Tax Allocation Bond - Escrow Fd	US Bank	\$ 31,032,088	
Anaheim CFD no. 1989-3	US Bank	\$ 1,563,871	
APFR Rev Bds. - Escrow Fd	US Bank	\$ 5,260,000	
Anaheim CFD 1989 - 1, Sycamore Canyon	US Bank	\$ 910,152	
Anaheim CFD 1989 - 2, Highlands Sp Tax Bds	US Bank	\$ 1,473,540	
CITY OF ANAHEIM CFD DIST 06-2 2007	US Bank	\$ 1,070,976	
Anaheim CFD 08-1 2010 Platinum Triangle	US Bank	\$ 29,460,119	
Anaheim RDA 2007 Tax Allocation Refunding Bds	US Bank	\$ 19,928,037	
APFA Lease Revenue Refunding Bonds Ser 2008	US Bank	\$ 4,434,636	
APFA Water System Bonds 2010-A & 2010-B	US Bank	\$ 15,524,896	
Anaheim RDA 2010 Tax Allocation Bond	US Bank	\$ 657,223	
Anaheim Deposit Account Agreement	US Bank	\$ 2,749,164	
Anaheim 11A Electric	US Bank	\$ 79,896,885	\$ 204,335,115
Anaheim Dist Sys 99	BNY Western Trust	\$ 1,050,049	
Anaheim Arena 03	BNY Western Trust	\$ -	
Anaheim 04 Electric Purchase	BNY Western Trust	\$ 10,116,270	
Anaheim Debt Service Payment Account	BNY Western Trust	\$ -	
Anaheim/Disney Lease Revenue 1997A	BNY Western Trust	\$ 62,664,567	
Anaheim Lenain Reserve	BNY Western Trust	\$ 1,276,496	
APFA 02 A	BNY Western Trust	\$ 7,369,600	
APFA 03 B	BNY Western Trust	\$ 9,948,683	
Anaheim 03 A	BNY Western Trust	\$ 5,044,740	
Anaheim 03 B	BNY Western Trust	\$ -	
Anaheim 93 A Reserve Fund	BNY Western Trust	\$ -	
Anaheim 04 Water	BNY Western Trust	\$ 1,280,665	
APFA 2007A	BNY Western Trust	\$ 18,036,105	
APFA 2007A Farecal Escrow	BNY Western Trust	\$ 1	
Anaheim Sewer Rev Bds 2007	BNY Western Trust	\$ 24,985,569	
Anaheim (Dsny) 2007 Ref Ser A	BNY Western Trust	\$ 2,342,188	
Anaheim (Dsny) 2007 Ref Ser B	BNY Western Trust	\$ 3,276,704	
Anaheim/Disney 97 Series A-2 Escrow	BNY Western Trust	\$ -	
Farecal Anaheim	BNY Western Trust	\$ -	
Anaheim 08 Water	BNY Western Trust	\$ 4,176,646	
Anaheim 09A Electric	BNY Western Trust	\$ 29	\$ 151,568,310
Total Bond Funds with external Trustees:			\$ 478,667,530
Anaheim RDA PFA 1992 Tax Alloc Rev	City Treasurer	\$ 46	
2000 RDA SubAccount	City Treasurer	\$ 23,968	
2007 RDA Bond - A	City Treasurer	\$ 0	
2007 RDA Bond - B	City Treasurer	\$ 6	
2007 RDA Bond - D	City Treasurer	\$ -	
Total Bond Funds with City Treasurer:			\$ 24,021
Total Bond Funds:			\$ 478,691,551

CITY OF ANAHEIM  
BOND FUND INVESTMENTS  
June 30, 2012

<u>Debt Issue</u>	<u>Trustee</u>	<u>Book Value</u>	<u>Total Trustee Holdings</u>
Decommissioning Trust	Union Bank of Calif.	\$ 122,764,105	
APFA Revenue Bds, 1998 Series	Union Bank of Calif.	\$ -	\$ 122,764,105
COP 1992 Convention Ctr.	US Bank	\$ 8,617,410	
1993 Land Acquisition Program Lease	US Bank	\$ 1,936,886	
Anaheim R/A Tax Allocation Bond - Escrow Fd	US Bank	\$ 31,032,088	
Anaheim CFD no. 1989-3	US Bank	\$ 1,565,663	
APFR Rev Bds. - Escrow Fd	US Bank	\$ 5,260,000	
Anaheim CFD 1989 - 1, Sycamore Canyon	US Bank	\$ 910,165	
Anaheim CFD 1989 - 2, Highlands Sp Tax Bds	US Bank	\$ 1,473,565	
CITY OF ANAHEIM CFD DIST 06-2 2007	US Bank	\$ 1,070,980	
Anaheim CFD 08-1 2010 Platinum Triangle	US Bank	\$ 25,495,744	
Anaheim RDA 2007 Tax Allocation Refunding Bds	US Bank	\$ 19,928,037	
APFA Lease Revenue Refunding Bonds Ser 2008	US Bank	\$ 4,434,697	
APFA Water System Bonds 2010-A & 2010-B	US Bank	\$ 15,526,211	
Anaheim RDA 2010 Tax Allocation Bond	US Bank	\$ 657,278	
Anaheim Deposit Account Agreement	US Bank	\$ 2,749,232	
Anaheim 11A Electric	US Bank	\$ 76,953,648	\$ 197,611,605
Anaheim Dist Sys 99	BNY Western Trust	\$ 1,050,049	
Anaheim Arena 03	BNY Western Trust	\$ -	
Anaheim 04 Electric Purchase	BNY Western Trust	\$ 10,116,270	
Anaheim Debt Service Payment Account	BNY Western Trust	\$ -	
Anaheim/Disney Lease Revenue 1997A	BNY Western Trust	\$ 62,664,567	
Anaheim Lenain Reserve	BNY Western Trust	\$ 1,276,496	
APFA 02 A	BNY Western Trust	\$ 7,369,600	
APFA 03 B	BNY Western Trust	\$ 9,948,683	
Anaheim 03 A	BNY Western Trust	\$ 5,044,740	
Anaheim 03 B	BNY Western Trust	\$ -	
Anaheim 93 A Reserve Fund	BNY Western Trust	\$ -	
Anaheim 04 Water	BNY Western Trust	\$ 1,280,665	
APFA 2007A	BNY Western Trust	\$ 18,036,105	
APFA 2007A Farecal Escrow	BNY Western Trust	\$ 1	
Anaheim Sewer Rev Bds 2007	BNY Western Trust	\$ 24,985,569	
Anaheim (Dsny) 2007 Ref Ser A	BNY Western Trust	\$ 2,342,188	
Anaheim (Dsny) 2007 Ref Ser B	BNY Western Trust	\$ 3,276,704	
Anaheim/Disney 97 Series A-2 Escrow	BNY Western Trust	\$ -	
Farecal Anaheim	BNY Western Trust	\$ -	
Anaheim 08 Water	BNY Western Trust	\$ 4,176,646	
Anaheim 09A Electric	BNY Western Trust	\$ 29	\$ 151,568,310
Total Bond Funds with external Trustees:			\$ 471,944,019
Anaheim RDA PFA 1992 Tax Alloc Rev	City Treasurer	\$ 46	
2000 RDA SubAccount	City Treasurer	\$ 23,968	
2007 RDA Bond - A	City Treasurer	\$ 0	
2007 RDA Bond - B	City Treasurer	\$ 6	
2007 RDA Bond - D	City Treasurer	\$ -	
Total Bond Funds with City Treasurer:			\$ 24,021
Total Bond Funds:			\$ 471,968,040