



## +COUNCIL AGENDA REPORT

# City of Anaheim OFFICE OF THE CITY TREASURER

**DATE:** APRIL 30, 2013  
**FROM:** OFFICE OF THE CITY TREASURER  
**SUBJECT:** INVESTMENT PORTFOLIO REPORT – MARCH 2013

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

### RECOMMENDATION:

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

### DISCUSSION:

This is the investment report for the City's general pool for the month ending March 31, 2013. The report is provided to ensure that the City Council is informed as to the investment activities and fulfills the reporting requirements of the City's adopted investment policy.

### COMPLIANCE:

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

### INVESTMENT SUMMARY:

The following table shows summary investment information for the month ending March 31, 2013:

	<b>Short-term Portfolio</b>	<b>Long-term Portfolio</b>	<b>Total Portfolio Values</b>
Portfolio Balance (Market Value) *	\$ 125,785,560	\$ 286,780,703	\$ 412,566,263
Effective Yield	0.18 %	1.51 %	1.10 %
Avg. Weighted Maturity	17 Days	2.7 Years	1.9 Years
Net Earnings	\$ 17,355	\$ 375,593	\$ 392,948
Benchmark**	0.06 %	0.33%	0.25 %

\* Portfolio balance includes approximately \$46.5 million of the 2011A Electric Bond project funds (March 2013)

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

### INVESTMENT ACTIVITIES

The City Treasurer's Investment Portfolio has a current rating of "AAf" from Standard and Poor's (S&P). This rating was effective August 8, 2011, as a result of the action of S&P downgrading the debt issues of the United States Treasury and Federal Agencies from a credit rating of "AAA" to "AA+". The credit rating reflects the investment holdings of the City's Investment Portfolio (approximately 54% 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).

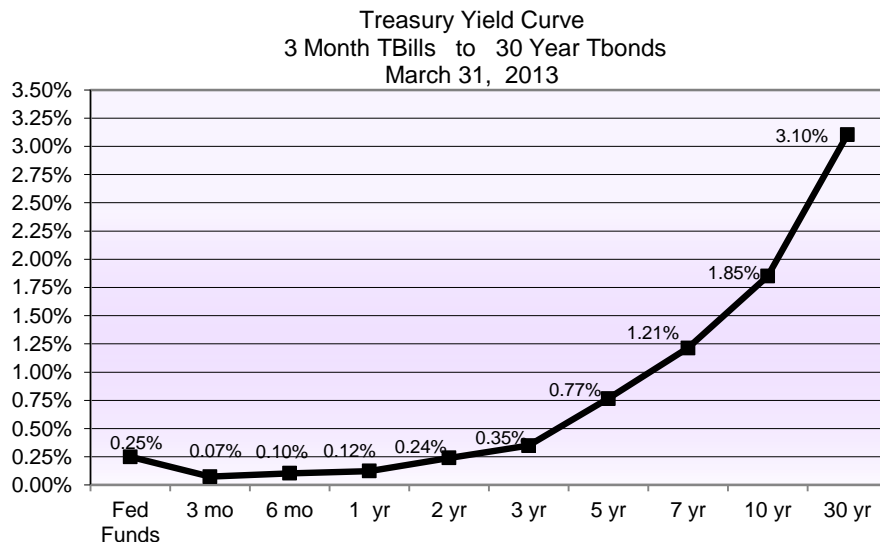
This credit rating is for the City’s investment portfolio and does NOT reflect the credit rating of the City’s bond issues.

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 March 2013 saw interest rates unchanged from the previous month of February. The financial markets have returned to some form of stability and the immediate budget issues of “sequestered” across the board cuts have not materialized, as the size and speed of the bureaucracy has caught up with reality and that the cuts will take months before becoming an actuality. The economy continues to limp along showing no robust recovery but also not showing any evidence of ‘double-dipping’ back into recession. Complacency is now the mode of operation as day to day events occur. The approaching debt limitation ceiling could be another “high noon” event in Washington though the rest of the world’s financial markets view that event as a boring rerun.

The three month U.S. Treasury bill closed March 2013 at 0.07%, down 0.03% from the February 2013 close of 0.10%. The one year U.S. Treasury bill moved slightly lower to close the month at 0.12%, down from the February close of 0.15%, while the two year U.S. Treasury note was unchanged at 0.24% and the benchmark ten year U.S. Treasury note closed at 1.85%, down from the prior months close of 1.88%. It should be noted the two year U.S. Treasury note has average 0.25% for the past twelve months and the immediate future looks for a continuation in keeping interest rates at historical levels. The chart below shows the interest rates for U.S. Treasury issues for the month ending March 2013:



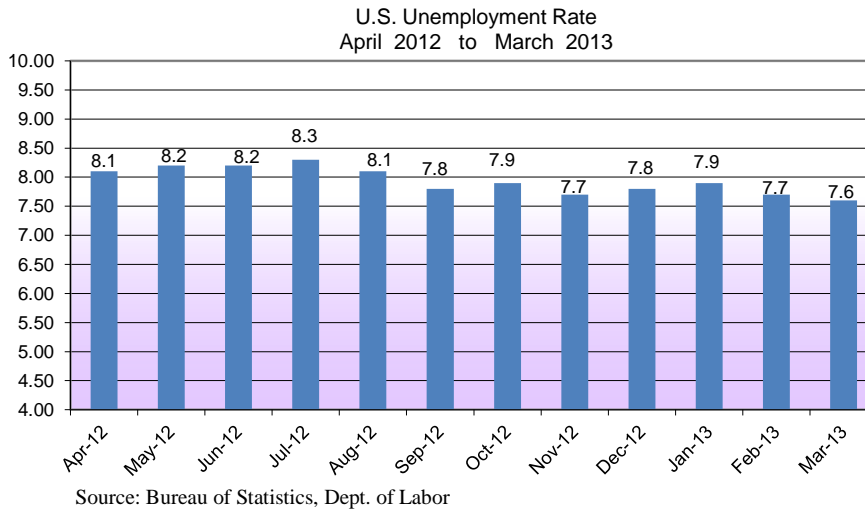
Source: Bloomberg Financial Systems

The Federal Reserve continues to maintain the benchmark “Federal Funds” rate in the established range of 0.00% to 0.25% with the explanation of “risk to growth”. The Fed Funds rate has been at this rate for over four years, since the Federal Open Market Committee (FOMC) took action at their December 2008 meeting. The FOMC meeting of January 30, 2013 continued its low rate policy action. There is no indication that at the next FOMC meeting scheduled for March 30, 2013 that there will be a change in policy. Federal Reserve Chairman Bernanke has voiced his concern for the slow growth of new job creation in the economy and has indicated he is prepared to advance

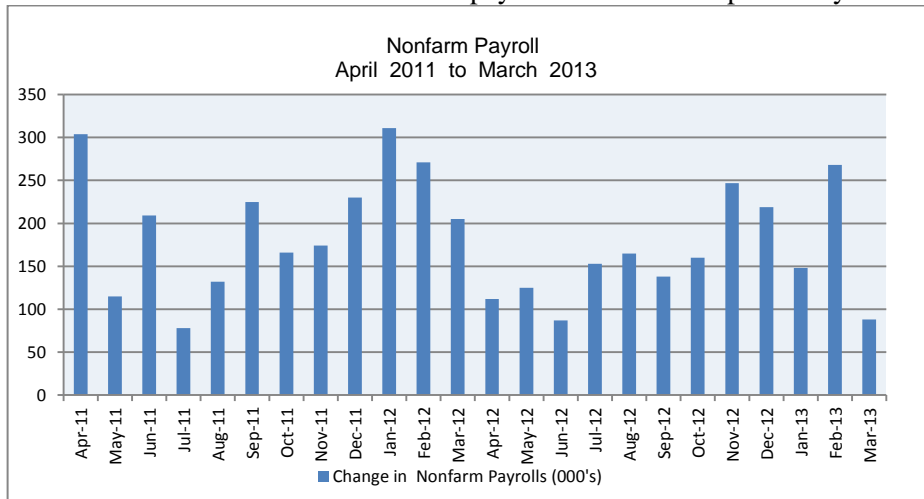
additional stimulus, which the financial markets are calling “qualitative easing” or QE 3. Mr. Bernanke has also stated he intends to keep rates at these levels through the end of calendar year 2014 and even into 2015.

The U.S. economy continues to show slow incremental growth. A key economic indicator watched by a large group of investors is the national unemployment rate, which tends to show the overall health of the national economy. For the month of March 2013, the national unemployment rate was reported at 7.6%, down 1/10’s of a percent from the February 2013 value of 7.7% and below the twelve month average of 7.9%. The level has declined significantly from the December 2011 level of 8.5%, however, economists are still forecasting the rate at 7.0% or higher for calendar year 2013.

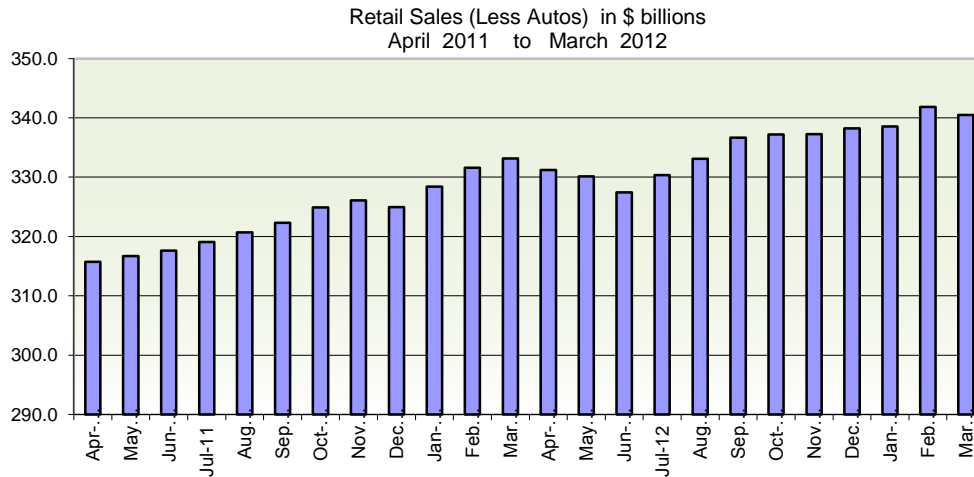
The unemployment rate is considered a “lagging” economic indicator and does not reflect immediate or current financial and economic events. The unemployment rate does indicate the level of idle workers as a percentage of the overall labor force. The chart below shows the national unemployment rate for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



A more accurate gauge of the employment sector and the improving economy is the amount of jobs being created. The Bureau of Labor Statistics publishes monthly the value of US Employees on nonfarm payrolls, which is an indication of how the corporate or business sector is hiring. For the month of March 2013, the nonfarm payroll number was reported to be 88,000 new jobs created, down substantially from the revised value for February 2013 of 268,000 (revised upward from a previously reported value of 236,000). The annual (twelve month average) value with the revised values shows approximately 159,000 monthly new jobs are being created, which is slightly below the minimum value of 160,000 new monthly jobs that economists have said are needed to show significant economic growth. 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 March 2013 value shows an annualized retail sales value of \$340.5 billion, down slightly from the February 2013 reported level of \$341.8 billion. The small decline shows evidence that the economy is still limping along with marginal buying but not the higher level of purchases in past months. One factor in the decline may be the effect the ‘sequestered’ action of Congress, since the Government is a large factor in retail sales. Another factor may be the additional social security withholding tax that was increased with January 2013 payrolls, causing consumers to defer some purchases. For the past year (April 2012 thru March 2012) retail sales have increased at an annualized rate of 2.2%. The chart below shows the monthly increase in consumer spending for the past twenty four months:



Source: Census Bureau, US Government

**INVESTMENT PERFORMANCE/**

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

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

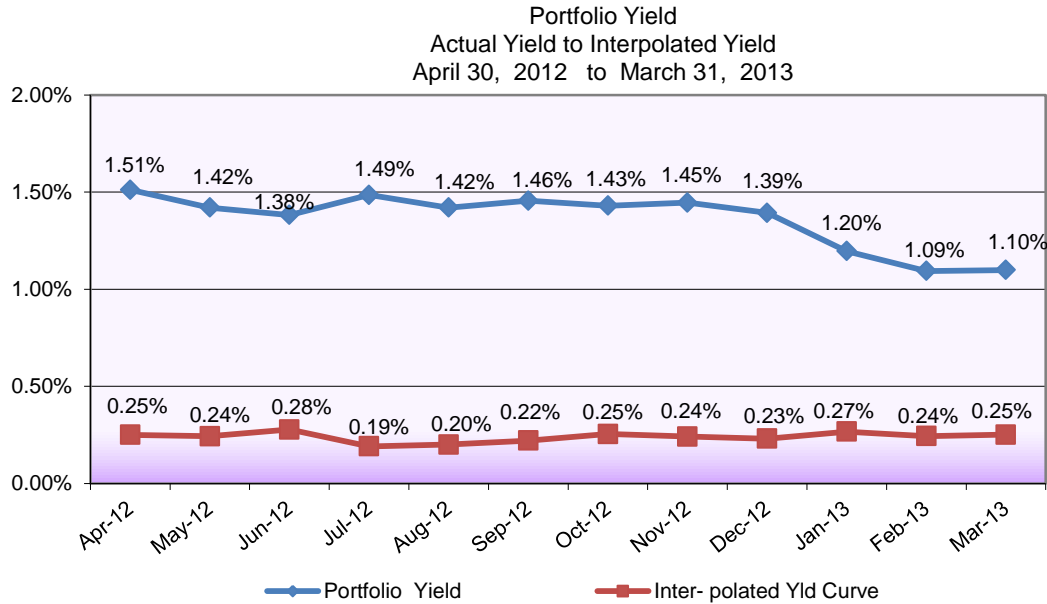
	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 125,785,560	17 days	0.18 %	0.06 %	0.013	0.248
Long-Term Portfolio	\$ 286,780,703	2.7 years	1.51 %	0.33 %	0.108	1.658
Total Portfolio	\$ 412,566,263	1.9 years	1.10 %	0.25 %	0.078	1.278

The portfolio balance includes a deposit for the acquisition funds of the 2011A Electric Bonds of \$46,530,619 as of the March 31, 2013 bond fund report balance. 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 March 2013 is on the following pages.

**IMPACT ON BUDGET:**

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP  
City Treasurer

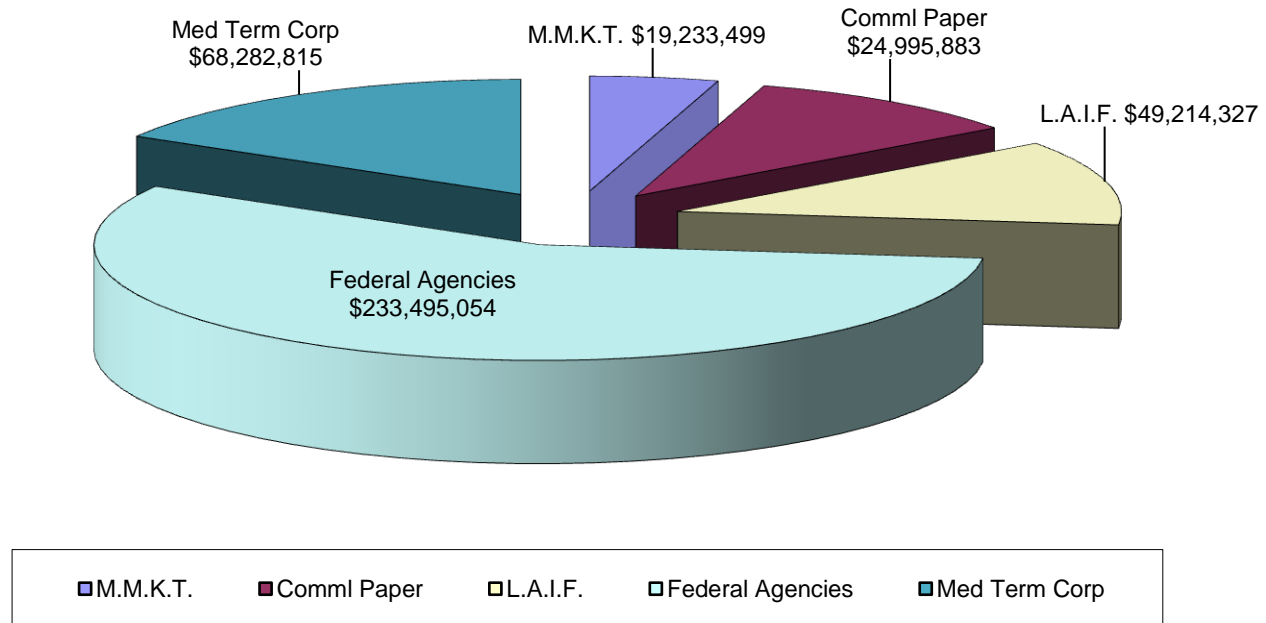
**Attachment**

1. City Treasurer's Investment Report

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

<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	\$19,233,499	\$19,233,499	\$19,233,499	0.01%	4.66%	1	0.00
L.A.I.F. (State of California	\$49,214,327	\$49,214,327	\$49,214,327	0.28%	11.93%	1	0.00
subtotal: Cash and Overnight Investments	\$68,447,826	\$68,447,826	\$68,447,826		16.59%	1	0.00
Commercial Paper	\$42,344,000	\$42,340,569	\$42,340,569	0.15%	10.26%	25	0.07
Medium Term Corporate Notes	\$0	\$0	\$0	0.00%	0.00%	0	0.00
U.S. Federal Agencies	\$15,000,000	\$14,998,548	\$14,997,165	0.08%	3.64%	60	0.16
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
subtotal: Pooled Investments	\$57,344,000	\$57,339,117	\$57,337,734	0.15%	13.90%	46	0.13
<b>Total Short-Term Portfolio:</b>	<b>\$125,791,826</b>	<b>\$125,786,943</b>	<b>\$125,785,560</b>	<b>0.18%</b>	<b>30.49%</b>	<b>17</b>	<b>0.05</b>
<b>Long -Term Portfolio</b>							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$66,180,000	\$66,766,348	\$68,282,815	2.10%	16.55%	865	2.37
U.S. Federal Agencies	\$216,175,000	\$215,929,124	\$218,497,889	1.33%	52.96%	1037	2.84
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
<b>Total Long-Term Portfolio:</b>	<b>\$282,355,000</b>	<b>\$282,695,472</b>	<b>\$286,780,703</b>	<b>1.51%</b>	<b>69.51%</b>	<b>996</b>	<b>2.73</b>
<b>Total Cash and Pooled Investments</b>	<b>\$408,146,826</b>	<b>\$408,482,415</b>	<b>\$412,566,263</b>	<b>1.10%</b>	<b>100.00%</b>	<b>695</b>	<b>1.90</b>

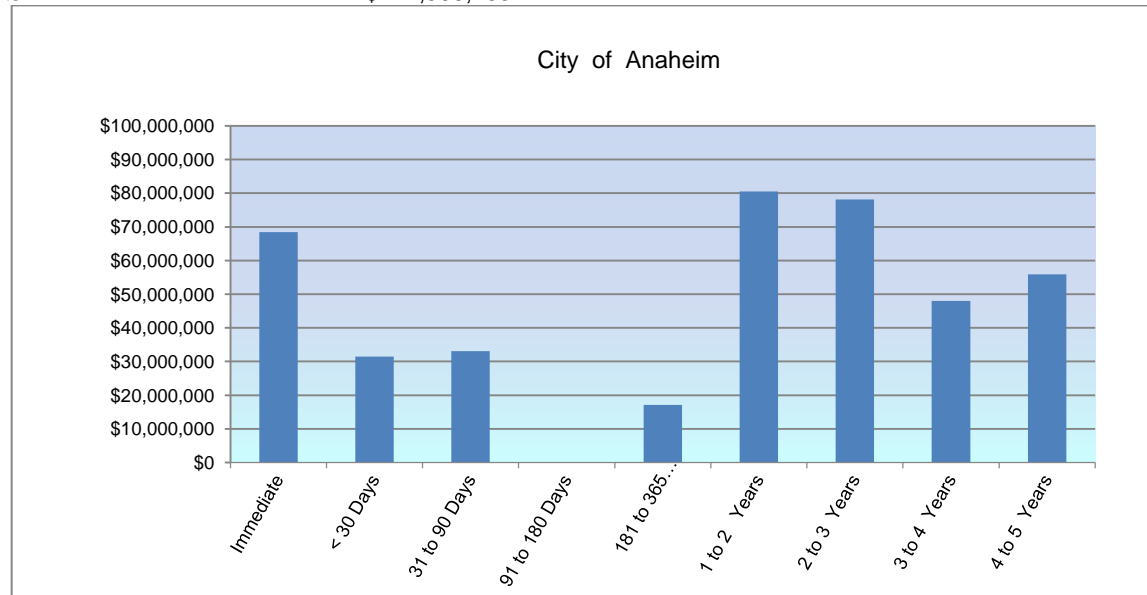
City of Anaheim  
Investment Portfolio Asset Allocation  
March 31, 2013  
\$ 412,566,263



Liquidity Schedule

March 31, 2013

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$19,233,499	\$19,233,499	4.66%
L.A.I.F. (State of California)	Immediate	\$49,214,327	\$68,447,826	16.59%
Pooled Investment Maturities:	< 30 Days	\$31,466,867	\$99,914,693	24.22%
	31 to 90 Days	\$33,094,867	\$133,009,560	32.24%
	91 to 180 Days	\$0	\$133,009,560	32.24%
	181 to 365 Days	\$17,080,940	\$150,090,500	36.38%
	1 to 2 years	\$80,466,770	\$230,557,270	55.88%
	2 to 3 years	\$78,096,146	\$308,653,416	74.81%
	3 to 4 years	\$48,033,315	\$356,686,731	86.46%
	4 to 5 years	\$55,879,533	\$412,566,263	100.00%
Total Cash and Pooled Investments:		\$412,566,263		





Summary and Comparison of Yields and Balances  
March 31, 2013

<u>Description</u>	<u>Current Month</u> <u>March 31, 2013</u>	<u>Prior Month</u> <u>February 28, 2013</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.28%	0.29%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	1.30%	1.30%
Commercial Paper	0.15%	0.15%
Medium Term Corporate Notes	2.10%	2.10%
	1.10%	1.09%
Weighted Average Maturity (Days)	695	716
Weighted Average Maturity (Years)	1.90	1.96
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$19,233,499	\$7,792,835
L.A.I.F. (State of California)	\$49,214,327	\$39,214,327
U.S. Treasuries	\$0	\$0
Federal Agencies	\$233,495,054	\$233,490,034
Commercial Paper	\$42,340,569	\$66,234,843
Medium Term Corporate Notes	\$68,282,815	\$68,392,293
Total Portfolio:	\$412,566,263	\$415,124,333
Earnings:	<u>Current Month</u> <u>March 31, 2013</u>	<u>Fiscal Year to</u> <u>Date Earnings</u>
Total Interest Earnings for Month:	\$380,278.25	\$4,010,902.21
Total Adjustments from Premiums and Discounts	\$12,669.77	-\$60,965.07
Total Capital Gains or Losses	\$0.00	\$6,250.00
Total Earnings for Month	<u>\$392,948.02</u>	<u>\$3,956,187.14</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%
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%
Aug-12	\$128,310,646	\$269,502,499	\$397,813,145	1.47%	521	1.43	0.20%	1.27%
Sep-12	\$108,805,936	\$259,373,508	\$368,179,443	1.46%	542	1.48	0.22%	1.24%
Oct-12	\$107,137,761	\$270,989,809	\$378,127,570	1.43%	561	1.54	0.25%	1.18%
Nov-12	\$97,947,618	\$273,455,616	\$371,403,234	1.45%	575	1.58	0.24%	1.20%
Dec-12	\$97,621,426	\$285,055,252	\$382,676,678	1.39%	634	1.74	0.23%	1.16%
Jan-13	\$105,033,351	\$291,834,246	\$396,867,596	1.20%	751	2.06	0.27%	0.93%
Feb-13	\$128,239,171	\$286,885,162	\$415,124,333	1.09%	716	1.96	0.24%	0.85%
Mar-13	\$125,785,560	\$286,780,703	\$412,566,263	1.10%	695	1.90	0.25%	0.85%

Note: February 2013 balance reflects acquisition funds from 2011A Electric Bonds, *approx \$53.4 million* (December 2012)  
Portfolio balances from June 2011 through November 2012 reflect additional funds from 2011A Electric Bonds

**CITY OF ANAHEIM  
Short-Term  
Portfolio**

**March 31, 2013**

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
SYS17430	17430	LAIF	MMKT	AA+	24,053,772.83	24,053,772.83	24,053,772.83		4/1/2013	0.29%
SYS17432	17432	LAIF	MMKT	AA+	25,160,554.60	25,160,554.60	25,160,554.60		4/1/2013	0.29%
SYS987	987	FIDELITY GOVERNMENT MMKT	MMKT	AAA	7,485,872.65	7,485,872.65	7,485,872.65		4/2/2013	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AAA	11,747,626.30	11,747,626.30	11,747,626.30		4/2/2013	0.01%
22532AR59	1718	CREDIT AGRICOLE	CP	A1/P1	8,000,000.00	7,999,762.68	7,999,762.68	01/28/2013	04/05/2013	0.27%
90526MRF6	1727	UNION BANK OF CALIFORNIA	CP	A1/P1	8,000,000.00	7,999,630.80	7,999,630.80	02/04/2013	04/15/2013	0.12%
19121ARK9	1716	COCA COLA	CP	A1/P1	4,478,000.00	4,477,712.13	4,477,712.13	01/15/2013	04/19/2013	0.13%
00282CRN4	1729	ABBOTT LABS	CP	A1/P1	3,766,000.00	3,765,761.02	3,765,761.02	02/05/2013	04/22/2013	0.11%
90526MS32	1732	UNION BANK OF CALIFORNIA	CP	A1/P1	5,000,000.00	4,999,558.05	4,999,558.05	02/20/2013	05/03/2013	0.10%
SYS1733	1733	CARGILL	CP	A1/P1	3,100,000.00	3,099,632.70	3,099,632.70	03/28/2013	05/10/2013	0.11%
9497F0SL7	1731	WELLS FARGO CO	CP	A1/P1	10,000,000.00	9,998,511.17	9,998,511.17	02/20/2013	05/20/2013	0.11%
313397GG0	1725	FED HOME LOAN MORT CORP	Fed Agy	AAA	10,000,000.00	9,998,663.01	9,997,470.00	02/04/2013	05/31/2013	0.08%
313381M28	1711	FEDERAL HOME LOAN BANKS	Fed Agy	AAA	5,000,000.00	4,999,885.06	4,999,695.00	12/27/2012	06/21/2013	0.13%
Total Short-Term Portfolio:					<u>125,791,826.38</u>	<u>125,786,943.00</u>	<u>125,785,559.93</u>			<u>0.18%</u>

**CITY OF ANAHEIM  
Long-Term  
Portfolio**

**March 31, 2013**

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
38141GDB7	1517	GOLDMAN SACHS GROUP	MTN	A-	2,224,000.00	2,224,000.00	2,224,000.00	06/23/2010	04/01/2013	5.25%
02666QB69	1237	AMERICAN HONDA	MTN	A+	5,000,000.00	4,999,998.28	5,000,000.00	04/02/2008	04/02/2013	4.63%
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,990,466.55	5,025,725.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	6,845,000.00	6,850,516.35	7,001,620.45	12/15/2008	12/13/2013	3.13%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,997,662.09	5,053,595.00	03/23/2011	03/14/2014	1.25%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,000,000.00	8,001,002.67	8,217,224.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,500,000.00	4,495,405.26	4,622,188.50	05/01/2009	04/17/2014	2.63%
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,000,000.00	4,013,761.90	4,108,612.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,011,023.23	5,136,510.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	JOHNSON & JOHNSON	MTN	AAA	3,000,000.00	2,998,680.89	3,030,210.00	05/20/2011	05/15/2014	1.20%
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	8,000,000.00	7,978,108.82	8,136,688.00	03/23/2011	09/12/2014	1.38%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,019,623.28	5,116,725.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,007,585.17	8,326,200.00	04/30/2010	11/20/2014	2.63%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,961,714.16	5,075,715.00	01/24/2011	12/12/2014	1.25%
36962G5M2	1638	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	5,030,053.31	5,127,405.00	01/18/2012	01/09/2015	2.15%
46625HHP8	1637	JP MORGAN	MTN	A+	6,000,000.00	6,133,878.74	6,299,220.00	01/18/2012	01/20/2015	3.70%
3134G3JX9	1647	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,377.08	10,034,740.00	01/30/2012	01/30/2015	0.65%

**CITY OF ANAHEIM**

**March 31, 2013**

**Long-Term Portfolio**

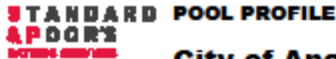
CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Rated Rate
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,000,618.66	2,097,802.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,990,740.90	5,137,530.00	03/24/2011	03/24/2015	1.67%
94974BFE5	1665	WELLS FARGO CO	MTN	A+	1,000,000.00	998,535.42	1,016,523.00	06/27/2012	07/01/2015	1.50%
36962G5Z3	1668	GE CAPITAL SERVICES	MTN	AA+	5,000,000.00	4,996,808.56	5,085,375.00	07/02/2012	07/02/2015	1.63%
594918AG9	1591	MICROSOFT CORP	MTN	AAA	5,000,000.00	5,000,000.00	5,138,840.00	06/09/2011	09/25/2015	1.63%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,552.75	3,106,521.00	05/11/2011	10/15/2015	1.88%
46623EJR1	1705	JP MORGAN	MTN	A+	5,000,000.00	5,000,000.00	5,007,100.00	12/19/2012	10/15/2015	1.10%
931142CX9	1581	WALMART	MTN	AA	2,956,000.00	2,919,861.43	3,032,196.81	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,932,000.00	5,180,180.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,938,399.54	5,180,180.00	01/24/2011	12/01/2015	1.75%
3136G17A1	1712	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,998,131.94	5,000,570.00	12/31/2012	12/30/2015	0.45%
3135G0TT0	1719	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,990,811.67	9,997,120.00	01/29/2013	01/29/2016	0.50%
3135G0TZ6	1720	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,987,583.33	10,001,280.00	01/29/2013	01/29/2016	0.45%
38143USC6	1560	GOLDMAN SACHS GROUP	MTN	A-	5,000,000.00	4,994,696.05	5,309,965.00	02/08/2011	02/07/2016	3.63%
3134G3LJ7	1646	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,996,963.02	5,031,075.00	02/10/2012	02/10/2016	0.95%
3135G0NM1	1678	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,999,806.59	5,006,275.00	08/27/2012	02/16/2016	0.56%
3135G0NJ8	1679	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,000,000.00	5,002,945.00	08/27/2012	02/22/2016	0.60%
478160AY0	1583	JOHNSON & JOHNSON	MTN	AAA	3,000,000.00	2,994,270.42	3,140,127.00	05/20/2011	05/15/2016	2.15%
478160AY0	1704	JOHNSON & JOHNSON	MTN	AAA	10,000,000.00	10,481,452.77	10,467,090.00	12/17/2012	05/15/2016	2.15%
36962G5H3	1617	GENERAL ELEC CAP CORP	MTN	AA+	5,000,000.00	4,995,782.11	5,368,835.00	10/17/2011	10/17/2016	3.35%
3133EA5V6	1690	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,993,317.71	5,006,865.00	10/24/2012	10/24/2016	0.62%
3134G3Z37	1703	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,999,308.78	9,987,280.00	12/12/2012	12/05/2016	0.63%
313376RQ0	1635	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,020,000.00	4,019,280.20	4,027,453.08	01/24/2012	01/24/2017	1.15%
3136FTZB8	1644	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,993,143.31	5,025,800.00	01/30/2012	01/30/2017	1.25%
3136G04R9	1702	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,003,189.72	5,009,865.00	12/13/2012	02/21/2017	0.75%
3134G3C81	1677	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	5,000,000.00	5,006,940.00	08/27/2012	08/22/2017	1.01%
3135G0PU1	1694	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,002,324.16	5,015,720.00	11/14/2012	10/11/2017	1.00%
3135G0QD8	1689	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,995,000.00	6,998,737.58	7,003,477.94	10/22/2012	10/16/2017	1.00%
3135G0QW6	1691	FED NATL MORTGAGE ASSN	Fed Agy	AA+	2,035,000.00	2,034,832.68	2,036,575.09	11/08/2012	11/08/2017	1.00%
3135G0QW6	1692	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,600,000.00	3,599,704.00	3,602,786.40	11/08/2012	11/08/2017	1.00%
3133ECE26	1721	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,930,000.00	8,915,411.36	8,924,365.17	01/30/2013	01/30/2018	0.94%
3135G0TM5	1722	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,992,760.83	5,003,480.00	01/30/2013	01/30/2018	1.02%
3135G0TV5	1723	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	9,979,236.11	10,000,160.00	01/30/2013	01/30/2018	1.03%
3135G0TV5	1724	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,250,000.00	6,237,022.57	6,250,100.00	01/30/2013	01/30/2018	1.03%
02666QM26	1730	AMERICAN HONDA	MTN	A+	3,000,000.00	2,998,329.97	3,035,928.00	02/19/2013	02/16/2018	1.60%
Total Long-Term Portfolio:					<u>282,355,000.00</u>	<u>282,695,471.92</u>	<u>286,780,703.44</u>			<u>1.51%</u>
Total Portfolio:					<u>408,146,826.38</u>	<u>408,482,414.92</u>	<u>412,566,263.37</u>			<u>1.10%</u>

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

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM %	Ending Book Value
<b>SHORT- TERM PORTFOLIO</b>													
SYS1733	1733	01	ACP	CARGIL	3,100,000.00	03/28/2013	05/10 - At Maturity	3,099,592.69		0.110	05/10/2013	0.110	3,099,632.70
				<b>Subtotal</b>	<b>3,100,000.00</b>			<b>3,099,592.69</b>	<b>0.00</b>				<b>3,099,632.70</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	4,000,000.00	03/06/2013		4,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	8,000,000.00	03/07/2013		8,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	5,000,000.00	03/08/2013		5,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	55,000.00	03/12/2013		55,000.00		0.010			
SYS987	987	01	PA2	FIDELI	27,500.00	03/13/2013		27,500.00		0.010			
SYS987	987	01	PA2	FIDELI	31,250.00	03/14/2013		31,250.00		0.010			
SYS987	987	01	PA2	FIDELI	5,000,000.00	03/22/2013		5,000,000.00		0.010			
SYS987	987	01	PA2	FIDELI	5,082,375.00	03/25/2013		5,082,375.00		0.010			
SYS500	500	01	PA2	GOLDSA	3,388,000.00	03/01/2013		3,388,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	1,751,000.00	03/04/2013		1,751,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	3,898,000.00	03/06/2013		3,898,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	9,111,000.00	03/13/2013		9,111,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	3,785,000.00	03/14/2013		3,785,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	2,486,000.00	03/15/2013		2,486,000.00		0.010			
SYS500	500	01	PA2	GOLDSA	63.60	03/29/2013		63.60		0.010			
SYS17430	17430	01	PA1	LAIF	5,000,000.00	03/29/2013		5,000,000.00		0.358			
SYS17432	17432	01	PA1	LAIF	5,000,000.00	03/29/2013		5,000,000.00		0.358			
				<b>Subtotal</b>	<b>81,826,188.80</b>			<b>81,826,188.80</b>					
<b>Total Purchases and Deposits</b>					<b>84,726,188.80</b>			<b>84,724,781.28</b>	<b>0.00</b>				<b>3,099,632.70</b>

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

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
00282CQ62	1728	01	ACP	ABT	4,000,000.00	03/06/2013	02/05/2013	0.090	4,000,000.00	0.00	4,000,000.00	0.00
03948GQ71	1726	01	ACP	ADMPP	8,000,000.00	03/07/2013	02/04/2013	0.200	8,000,000.00	0.00	8,000,000.00	0.00
2546R2Q82	1699	01	ACP	DISNEY	5,000,000.00	03/08/2013	12/11/2012	0.150	5,000,000.00	0.00	5,000,000.00	0.00
19121AQN4	1717	01	ACP	COCA C	5,000,000.00	03/22/2013	01/15/2013	0.090	5,000,000.00	0.00	5,000,000.00	0.00
02665JQR4	1706	01	ACP	HNDA	5,000,000.00	03/25/2013	12/21/2012	0.150	5,000,000.00	0.00	5,000,000.00	0.00
<b>Total Maturities</b>					<b>27,000,000.00</b>				<b>27,000,000.00</b>	<b>0.00</b>	<b>27,000,000.00</b>	<b>0.00</b>



September 28, 2012

## City of Anaheim Treasurer Investment Pool

### Fund Credit Quality Ratings Definitions

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

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

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

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

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

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

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

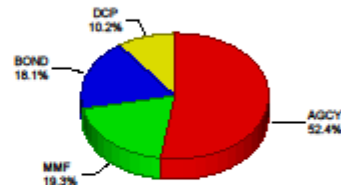
**Plus (+) or Minus (-)** The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

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

### About the Pool

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

Portfolio Composition as of September 28, 2012



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

\*As assessed by Standard & Poor's

### Pool Highlights

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

### Management

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

### Credit Quality

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

analysis, it assessed the management, portfolio-level risk, target durations, and comparable return strategies of the portfolio.

### Portfolio Assets

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

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

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

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