

COUNTY OF RIVERSIDE TREASURER-TAX COLLECTOR'S

MANAGED BY

Matt Jennings
Treasurer-Tax Collector

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Assistant Treasurer

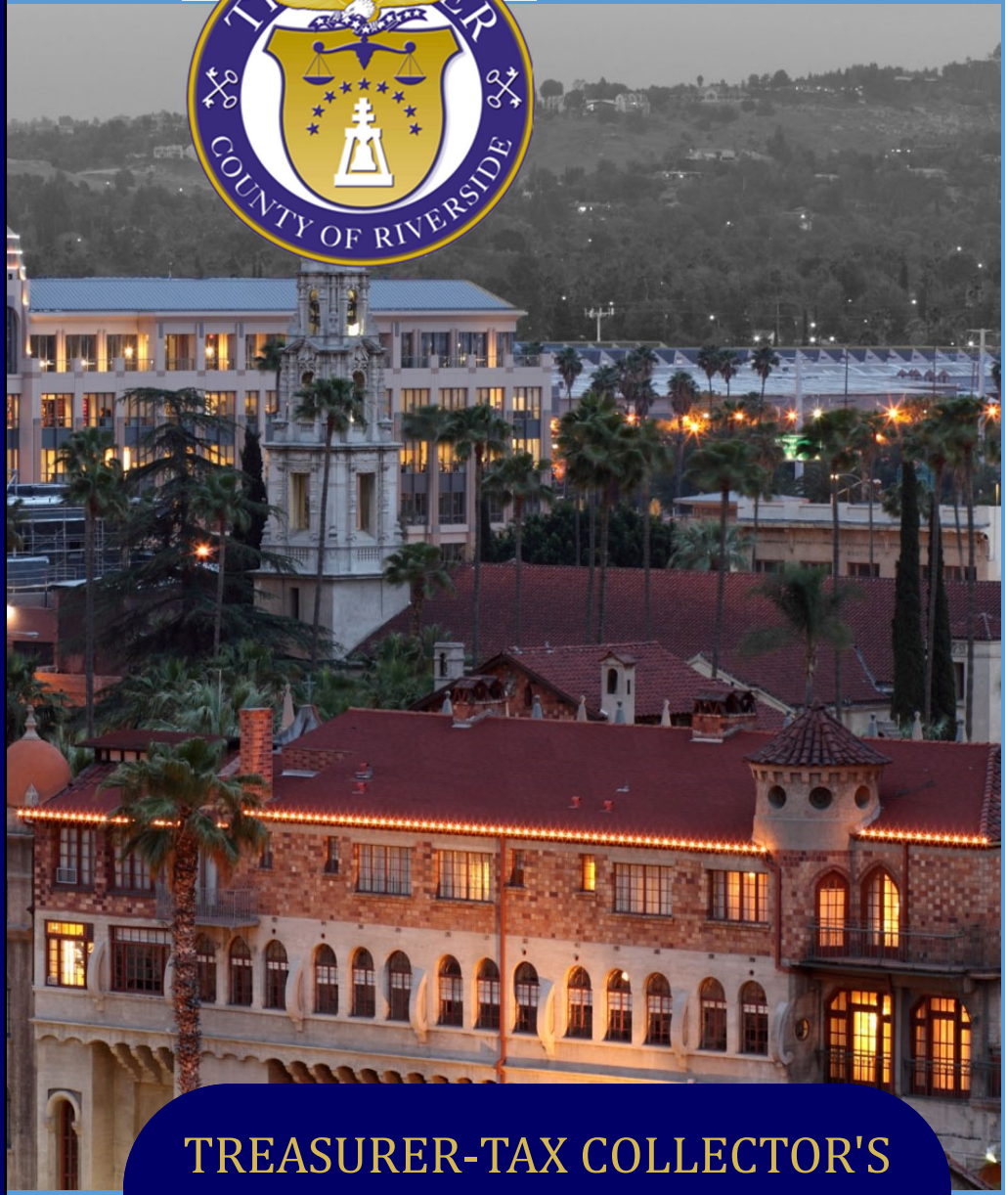
John Byerly
Chief Investment Officer

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**TREASURER-TAX COLLECTOR'S
POOLED INVESTMENT FUND**

DECEMBER 2023 REPORT

2023 Ended with Growth and Inflation Slowing

In March 2020, the Federal Open Market Committee (FOMC) implemented its Zero Interest Rate Policy to support markets and bolster the availability of credit to households and businesses in the Covid era. Investment returns for conservative investors like the Riverside County Treasurer’s Pooled Investment Fund, were constrained from such historically low interest rates.

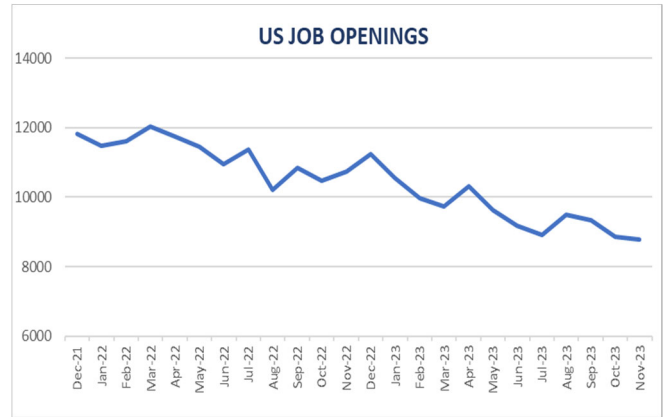
The FOMC finally relinquished their zero percent interest floor two years later on March 16, 2022, and by July 2023 and 11 hikes later, the Fed Funds Rate had climbed to a range of 5.25-5.50%. For a third consecutive time, the FOMC left this rate unchanged at its December meeting. While these normalized rates are producing income for bond investors, these money managers now speculate how much longer they can continue to benefit from today’s more attractive interest rate environment. Fed Funds Futures trading now suggests that there may be a 25-basis point cut as early as March 20, followed by continued cuts, implying a Fed Funds target of 3.75% by December of 2024.

While the FOMC balances its fight against inflation with the promotion of full employment, market participants see the scales tipping toward an easing cycle. Some interest rates are already moving lower. December month-end mortgage rates, for instance, slipped to just under 7% from a recent high of 8.09% in October, giving a boost to the housing market. Existing home sales ended a five-month streak of declines and rose 0.8%. Home builders are giving mortgage rate buy-downs as they expect lower rates soon making new home sales more attractive. Another sign of new life in the housing market is here in Riverside County where a new home’s median price rose 1.6% to \$550,000 and sales volume increased 1.9% to 2,499 transactions.

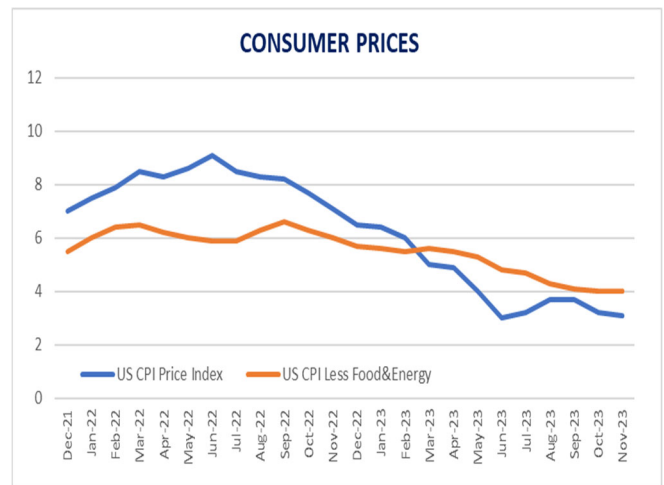
A key United States employment indicator showed stability in the labor market. Non-farm payrolls continued at roughly 200k monthly job growth pace, about where it had been for all of 2023.

Another measure however, Job Openings and Labor Turnover Survey (JOLTS) reported total job openings tumbled to 8.7 million, the lowest level since March 2021. As demand for new workers falls, businesses have an easier time holding onto their existing workers. The normalization in labor supply and demand has taken some heat out of wage growth. On a year-ago basis, the Average Hourly Earnings Index showed

growth held steady at 4.0%, the lowest since June 2021.



The Consumer Price Index showed inflation rose just 0.1% month over month and 3.1% on an annual basis. Declining gasoline prices and moderating food costs have been the main drivers of slowing inflation of late. Inflation, while still higher than the FOMC’s target, seems to be approaching a more reasonable pace and is significantly improved from a recent high of 9.1% in June 2022.



In Treasury market trading, the 2-year note began the month at a yield of 4.54% and ended at 4.25%. 5-year notes began the month at a yield of 4.12% and ended at 3.85%. Stocks rose sharply in December with the Dow Jones Industrial Average starting the month at 36,150 and ending at 37,690.

Matt Jennings

Treasurer-Tax Collector

Treasurer Tax-Collector Statement



PORTFOLIO SUMMARY

Month End Values \$ are

Expressed in 000,000	Dec-23	Jun-23	Dec-22
Principal Value	15,693.43	14,029.81	13,980.27
Market Value*	15,589.97	13,787.80	13,694.33
Book Value*	15,752.75	14,085.78	14,008.04
Unrealized Gain/Loss*	-162.78	-297.98	-313.71
Paper Gain or Loss %	-1.033%	-2.115%	-2.239%
Yield	4.33	3.86	2.92
WAM (Yrs)	1.23	1.30	1.22

* Market values do not include accrued interest.

* Book Value is amount paid changed by amortization. Accretion, adjustments, write downs

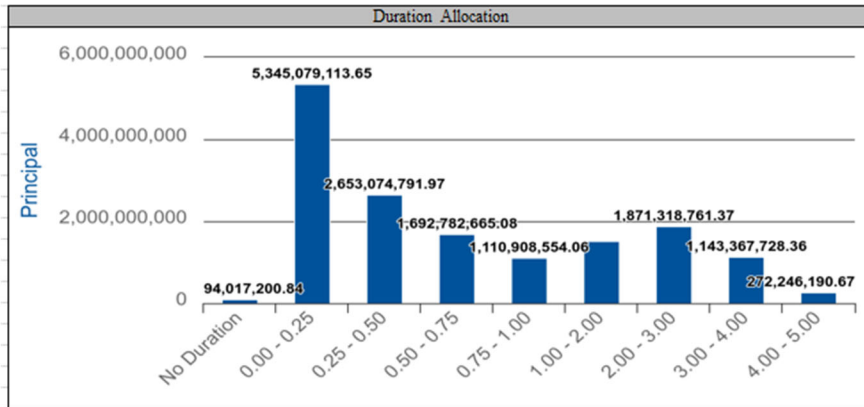
* Unrealized Gain/Loss is Market Value - Book Value

The Treasurer's Pooled Investment Fund is comprised of contributions from the county, schools, special districts, and other discretionary depositors throughout the County of Riverside. The primary objective of the Treasurer shall be to **safeguard the principal** of the funds under the Treasurer's control, meet the **liquidity needs** of the depositor, and to maximize a **return on the funds** within the given parameters.

The Treasurer-Tax Collector and the Capital Markets team are committed to maintaining the highest credit ratings. The Treasurer's Pooled Investment Fund is currently rated **Aaa-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings**, two of the nation's most trusted bond credit rating services.

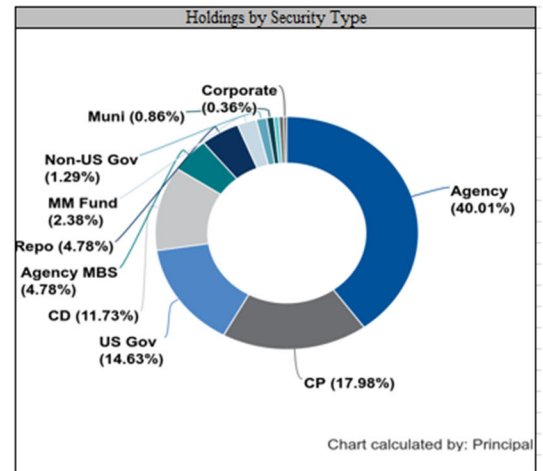
Since its inception, the Treasurer's Pooled Investment Fund has been in **full compliance** with the Treasurer's Statement of Investment Policy, which is more restrictive than California Government Code 53646.

TPIF STATS



Rating	Moody's Rating	Market Value	S&P Rating
AAA	Aaa	928,096,770.64	AAA
AA+	Aaa	7,092,491,822.55	AA+
AA	Aa2	49,702,805.05	AA+
AA-	Aa2	13,481,534.51	AA-
NA	NA	916,789,350.84	NA
A-1+	P-1	5,206,427,684.66	AAA
A-1	P-1	1,383,082,725.39	A-1

Security Type Category	Days to Final Maturity	Par Value	Market Price	Yield	Principal
Corporate	479	58,314,000.00	98.7325	4.785	57,134,967.52
Mutual Fund	---	93,213,169.12	1.0086	4.880	94,017,200.84
Agency CMO	472	98,743,801.84	97.9529	5.053	96,282,906.42
Muni	559	134,420,000.00	97.5794	2.056	135,354,965.00
Non-US Gov	364	203,895,000.00	97.4243	2.260	202,169,263.14
MM Fund	0	373,000,000.00	1.0000	5.294	373,000,000.00
Repo	2	750,000,000.00	100.0000	5.330	750,000,000.00
Agency MBS	1329	765,317,845.66	98.0640	4.481	750,374,695.64
CD	197	1,840,000,000.00	100.0007	5.596	1,840,013,791.91
US Gov	396	2,320,000,000.00	97.8183	3.757	2,295,503,340.90
CP	76	2,872,800,000.00	99.0035	5.513	2,820,988,166.68
Agency	683	6,323,554,916.67	97.8054	3.551	6,278,598,757.77
Total	449	15,833,258,733.29	95.5434	4.338	15,693,438,055.82



PORTFOLIO CASHFLOWS

Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
01/2024					279.33		
01/2024	1,800.00	2,800.00	(1,000.00)	720.67	0.00	1,732.17	
02/2024	1,600.00	2,200.00	(600.00)	600.00	0.00	1,691.38	
03/2024	2,600.00	1,900.00	700.00		700.00	619.29	
04/2024	3,131.00	2,100.00	1,031.00		1,731.00	249.13	
05/2024	2,300.00	3,075.25	(775.25)		955.75	1,700.83	
06/2024	2,100.00	2,300.00	(200.00)		755.75	992.35	
07/2024	1,200.00	2,300.00	(1,100.00)	344.25	0.00	482.07	
08/2024	1,700.00	2,000.00	(300.00)	300	0.00	495.06	
09/2024	2,300.00	1,900.00	400.00		400.00	856.26	
10/2024	2,691.73	3,100.00	(408.27)	8.27	0.00	537.52	
11/2024	2,200.00	2,050.00	150.00		150.00	413.81	
12/2024	3,082.00	1,933.00	1,149.00		1,299.00	295.37	
TOTALS	26,704.73	27,658.25	(953.52)	1,973.19	6,270.83	10,065.24	13,860.06
				12.46%		63.57%	87.54%

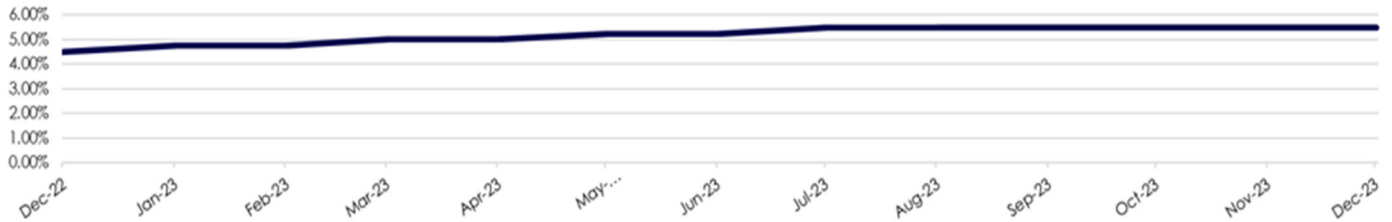
*Values listed in Cash Flow table are in millions

FIXED INCOME MARKETS

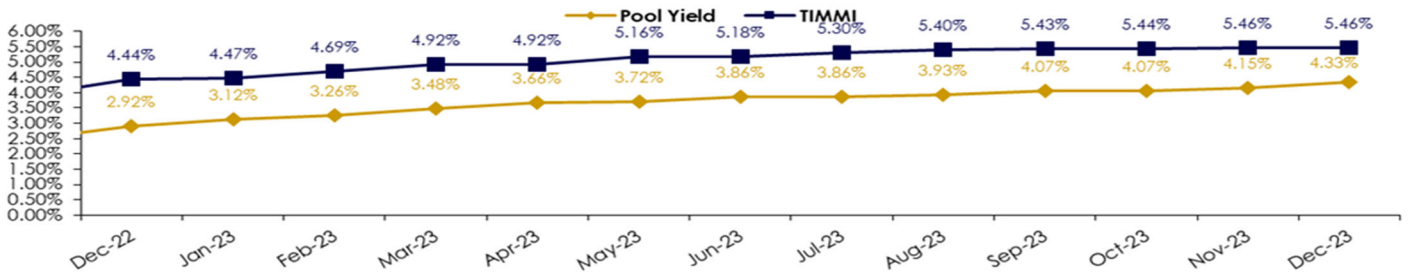
FED FUNDS UPPER LIMIT RATE

Fed Fund Rate: 5.25% to 5.50%

Next FOMC Scheduled Meeting: 01/31/2024



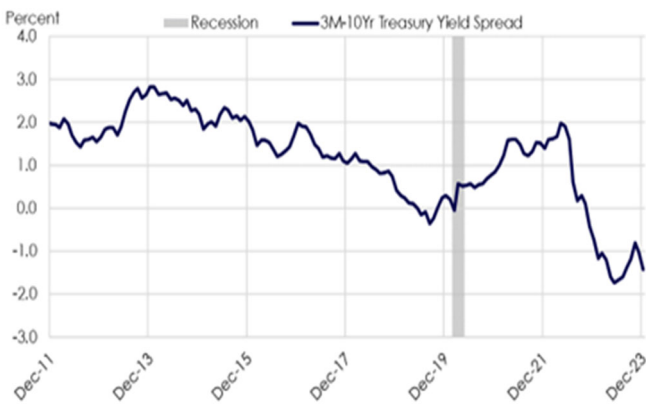
TIMMI



The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds.

Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

US Treasury Market



US Treasury Yield Curve	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
12/29/2023 - 12/01/2023	-0.03	-0.07	-0.26	-0.33	-0.30	-0.30	-0.34	-0.37
12/29/2023	5.40	5.26	4.79	4.23	4.01	3.84	3.88	4.03
12/01/2023	5.43	5.33	5.05	4.56	4.31	4.14	4.22	4.40

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual % of Boon Value
	Maximum Maturity	Authorized % Limit	S&P/ Moody's	Maximum Maturity	Authorized % Limit	S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	5 YEARS	15%	AA-/Aa3/AA-	0.86%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	14.64%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	0.00%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	45.40%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	18.06%
NEGOTIABLE CERTIFICATE OF DEPOSITS & COLLATERALIZED TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	2 YEAR	20%	A1/P1/F1	11.68%
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT, INT'L FINANCE CORPORATION, AND INTER-AMERICAN DEVELOPMENT BANK	NA	NA	NA	5 YEARS	20%	AA/Aa/AA	1.29%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	NA	0.0%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO) CORPORATE NOTES	5 YEARS	30%	A	4 YEARS	20%	A/A2/A	0.36%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	0.59%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	2.36%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.00%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	0.00%



COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR
CAPITAL MARKETS

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