



September 2017

County of Riverside Treasurer's Pooled Investment Fund

“Changing of the Guard!”

As the fiduciary of the County of Riverside's Treasurer's Pooled Investment Fund (The Pool), the Treasurer stands guard and protects the public treasury. In tumultuous economic cycles sometimes that guard needs to change and this is one of those times. My friend and former Treasurer Don Kent was called to duty and appointed County Chief Financial Officer on August 3rd, 2017 to fill the breach left by the immortal Paul McDonnell upon his retirement. I was unanimously appointed Treasurer-Tax-Collector by the Board of Supervisors on the same day.

After this “Changing of the Guard”, an introduction to our readers is in order: I joined the Riverside County Treasurer-Tax Collector's Office as a Chief Deputy in 2002, after being lured away from my position as AVP with Morgan Stanley and following a 12 year career as a financial advisor. I have served in various positions with the Treasurer-Tax Collector, including Sr. Chief Deputy Treasurer-Tax Collector, and for the last nine years as the Assistant Treasurer-Tax Collector.

For more than 15 years, I have been directly involved in the daily investment operations of my department's \$7 billion Treasurer's Pooled Investment Fund. I have overseen the fund while it grew exponentially. During my tenure, the Pool increased from \$2.4 billion in 2002 to a record \$8.1 billion in 2017. This produced millions of dollars in interest earnings for our depositors, all while maintaining its AAA ratings.

My current investment team consists of: Chief Investment Manager Giovane Pizano, Sr. Investment Manager Steve Faeth and Assistant Investment Manager Isela Licca. Throughout these challenging economic cycles, we have developed the investment management experience that is crucial in managing the Pool. We understand that safeguarding capital is

the single highest priority in investing Pool assets and taxpayer funds. As you will see, there will be no major transformations in the investment philosophy that has served us well over the years, but rather, timely updates to strategy and policy to adjust to the changing financial markets.

After months of prepping the financial markets for this news, the FED announced in September that it will finally begin unwinding its \$4.5 trillion balance sheet. This is the FED's first balance sheet reduction in modern history. When the Financial Crisis started in 2008, the FED took the unprecedented step of printing roughly \$3.5 trillion, about 25% of the size of the entire US economy at the time. Moreover, after nearly a decade of this “free money” policy, there is more money in the system than there has ever been. Therefore, the recently announced cleanup is welcome news and long past due.

The FED kept rates the same at 1.25% but it expects a rate hike in December of 2017, with more possible in 2018 and 2019. My office will continue to keep its conservative posture and adhere to our firmly rooted investment objectives. You will see a new look and format as well as a user friendly interface for phone, pad and other devices for this report in the near future...stay tuned.

Jon Christensen
Treasurer-Tax Collector

Capital Markets Team

Jon Christensen

Treasurer-Tax Collector

Giovane Pizano

Senior Chief Deputy Treasurer-

Tax Collector

Steve Faeth

Senior Chief Deputy Treasurer-

Tax Collector

Isela Licca

Asst. Investment Manager

Investment Objectives

*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 deposi-*

*tor, and achieve a **return on***

***the funds** under his or her*

control.

COUNTY OF RIVERSIDE TREASURER'S POOLED INVESTMENT FUND IS CURRENTLY RATED: Aaa-bf BY MOODY'S INVESTOR'S SERVICE AND AAA/V1 BY FITCH RATINGS

	Month End Market Value (\$)*	Month End Book Value (\$)*	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	Yrs to Maturity	Modified Duration
September	6,238,559,720.97	6,249,458,901.54	(10,899,180.57)	(0.17)	1.25	1.23	1.19
August	6,355,419,645.31	6,360,184,247.55	(4,764,602.24)	(0.07)	1.23	1.23	1.20
July	6,452,047,376.04	6,460,673,961.40	(8,626,585.36)	(0.13)	1.18	1.20	1.17
June	6,735,867,498.24	6,749,832,051.31	(13,964,553.07)	(0.21)	1.12	1.13	1.10
May	7,612,527,848.46	7,618,718,525.29	(6,190,676.83)	(0.08)	1.03	1.06	1.04
April	7,852,739,843.99	7,860,165,695.74	(7,425,851.75)	(0.09)	0.99	1.05	1.02

*Market values do not include accrued interest.

The Treasurer's Pooled Investment Fund is comprised of the County, Schools, Special Districts, and other Discretionary Depositors.

Current Market Data

Economic Indicators

Release Date	Indicator	Consensus	Actual
09/01/2017	Non-Farm Payrolls M/M change: Counts the number of paid employees working part-time or full-time in the nation's business and government establishments.	180,000	156,000
09/01/2017	Employment Situation: Measures the number of unemployed as a percentage of the labor force.	4.3%	4.3%
09/27/2017	Durable Goods Orders - M/M change: Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	1.5%	1.7%
09/28/2017	Real Gross Domestic Product - Q/Q change: The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard.	3.1%	3.1%
09/26/2017	Consumer Confidence: Measures consumer attitudes on present economic conditions and expectations of future conditions.	120.2	119.8
09/05/2017	Factory Orders M/M change: Represents the dollar level of new orders for both durable and nondurable goods.	-3.2%	-3.3%
09/14/2017	Consumer Price Index - M/M change: The Consumer Price Index is a measure of the average price level of a fixed basket of goods and services purchased by consumers.	0.3%	0.4%
09/14/2017	CPI Ex Food and Energy - M/M change: CPI Ex Food and Energy excludes food and energy.	0.2%	0.2%

Stock Indices

	Value	M/M Change
Dow Jones (DJIA)	\$ 22,405.90	\$ 457.80
S&P 500 Index	\$ 2,519.36	\$ 47.71
NASDAQ (NDX)	\$ 5,981.92	\$ (6.68)

Commodities

	Value	M/M Change
Nymex Crude	\$ 51.67	\$ 4.44
Gold (USD/OZ)	\$ 1,284.80	\$ (37.20)

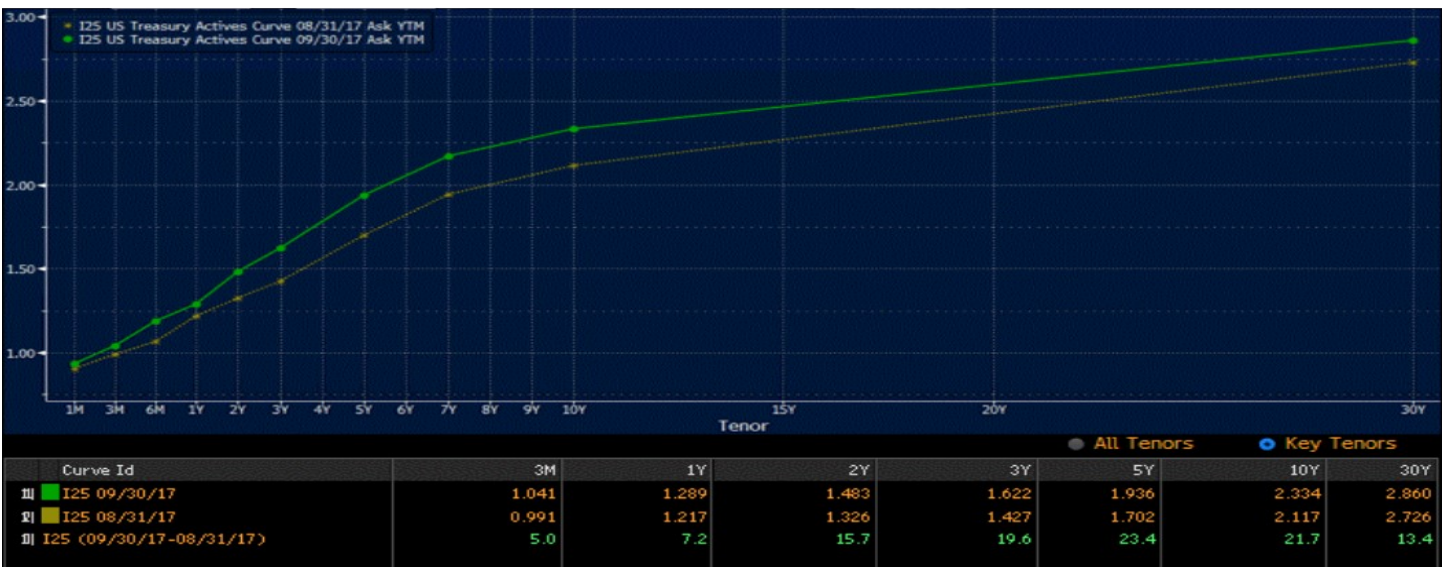
Fed Funds Target Rate

Current Fed Funds Rate: 1.00% - 1.25%		
Probability for FOMC Dates:		
Fed Move	11/01/2017	12/13/2017
Stay at 1- 1.25%	98.5%	12.0%
Increase to 1.50%	1.5%	86.7%
Increase to 1.75%	0.0%	1.3%

FOMC Meeting Schedule

Release	%	Risk Assessment
26-Jul	1 - 1.25%	Roughly balanced
20-Sep	1 - 1.25%	Roughly balanced

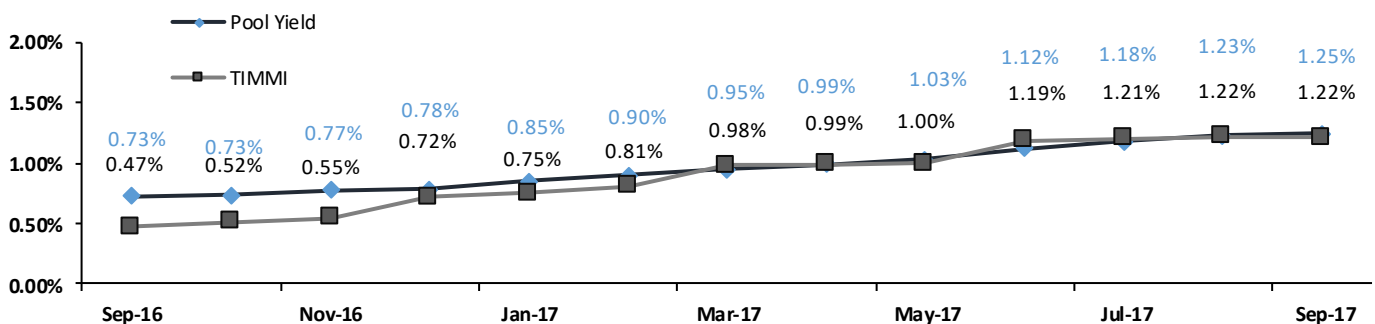
US Treasury Curve (M/M)



TIMMI

The Treasurer’s Institutional Money Market Index (TIMMI) is compiled and reported by the Riverside County Treasurer’s Capital Markets division. It is a composite index derived from four AAA rated prime institutional money market funds. Similar to the Treasurer’s Office, prime money market funds invest in a diversified portfolio of U.S. dollar denominated money market instruments including U.S. Treasuries, government agencies, commercial paper, certificates of deposits, repurchase agreements, etc. TIMMI is currently comprised of the four multi billion dollar funds listed below.

AAA Rated Prime Institutional Money-Market Funds		
Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	1.20%
Federated Prime Obligations Fund	POIXX	1.19%
Wells Fargo Advantage Heritage	WFJXX	1.24%
JP Morgan	CJPXX	1.23%



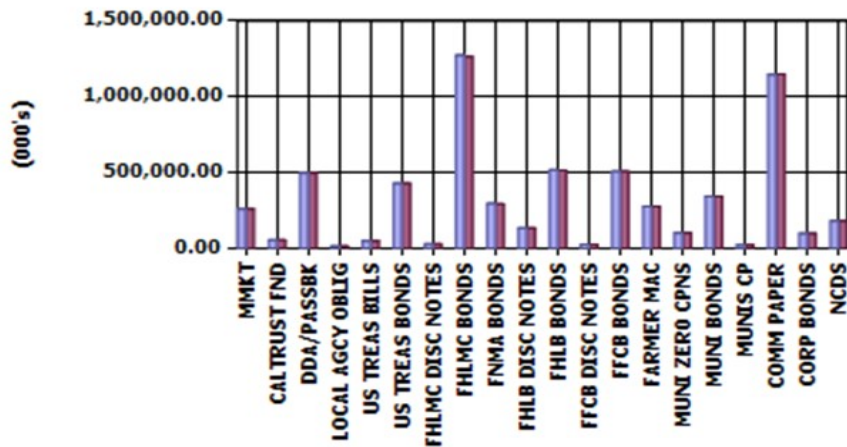
Cash Flows

Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
10/2017					93.21		
10/2017	1,127.50	1,200.00	(72.50)		20.71	1,457.59	
11/2017	1,165.00	1,050.00	115.00		135.71	559.48	
12/2017	990.00	2,250.00	(1,260.00)	1,124.29	-	220.70	
01/2018	1,050.00	1,710.00	(660.00)	660.00	-	210.00	
02/2018	860.00	1,000.00	(140.00)	140.00	-	310.59	
03/2018	1,200.00	1,000.00	200.00		200.00	245.00	
04/2018	1,946.22	1,100.00	846.22		1,046.22	241.09	
05/2018	912.13	1,500.00	(587.87)		458.35	367.11	
06/2018	1,153.32	1,900.00	(746.68)	288.33	-	157.38	
07/2018	1,006.35	1,300.00	(293.65)	293.65	-	75.75	
08/2018	740.88	635.84	105.04		105.04	105.00	
09/2018	1,100.00	1,250.00	(150.00)	44.96	-	34.87	
TOTALS	13,251.40	15,895.84	(2,644.44)	2,551.23	2,059.24	3,984.55	3,698.23
				40.82%		63.76%	59.18%

The Pooled Investment Fund cash flow requirements are based upon a 12 month historical cash flow model. Based upon projected cash receipts and maturing investments, there are sufficient funds to meet future cash flow disbursements over the next 12 months.

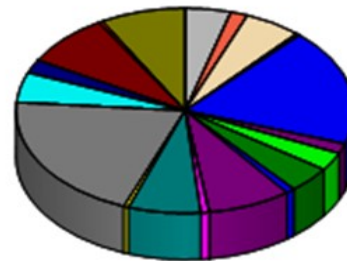
Asset Allocation

Assets (000's)	Scheduled Par	Scheduled Book	Scheduled Market	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
MMKT	259,942.53	259,990.00	259,990.00	100.00%	1.07%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,021.60	100.04%	1.19%	.003	.003
DDA/PASSBK	500,000.00	500,000.00	500,000.00	100.00%	1.23%	.003	.003
LOCAL AGCY OBLIG	230.00	230.00	230.00	100.00%	1.73%	2.710	2.710
US TREAS BILLS	50,000.00	49,710.57	49,752.57	100.08%	1.15%	.436	.436
US TREAS BONDS	430,000.00	429,512.89	429,426.65	99.98%	1.07%	.610	.610
FHLMC DISC NOTES	30,000.00	29,792.81	29,866.80	100.25%	1.13%	.400	.400
FHLMC BONDS	1,275,975.00	1,275,789.85	1,266,498.99	99.27%	1.36%	2.541	2.786
FNMA BONDS	295,000.00	294,926.15	292,045.40	99.02%	1.23%	2.478	2.478
FHLB DISC NOTES	135,700.00	134,975.18	135,484.59	100.38%	1.00%	.151	.151
FHLB BONDS	517,859.72	517,739.49	516,267.77	99.72%	1.30%	1.931	2.349
FFCB DISC NOTES	25,000.00	24,783.33	24,914.50	100.53%	1.05%	.318	.318
FFCB BONDS	508,010.00	507,957.86	507,943.27	100.00%	1.38%	1.797	1.984
FARMER MAC	275,000.00	274,995.80	275,051.55	100.02%	1.23%	.586	.704
MUNI ZERO CPNS	102,450.00	102,162.79	102,357.23	100.19%	1.15%	.081	.081
MUNI BONDS	340,930.00	343,468.11	343,468.11	100.00%	1.05%	.763	.763
MUNIS CP	23,000.00	23,000.00	23,000.00	100.00%	1.19%	.038	.038
COMM PAPER	1,153,000.00	1,147,590.82	1,149,385.35	100.16%	1.23%	.238	.238
CORP BONDS	99,057.00	98,833.25	98,855.34	100.02%	1.38%	.571	.571
NCDS	180,000.00	180,000.00	180,000.00	100.00%	1.36%	.356	.356
Totals (000's):	6,255,154.25	6,249,458.90	6,238,559.72	99.83%	1.25%	1.125	1.230



SCHEDULED PAR %

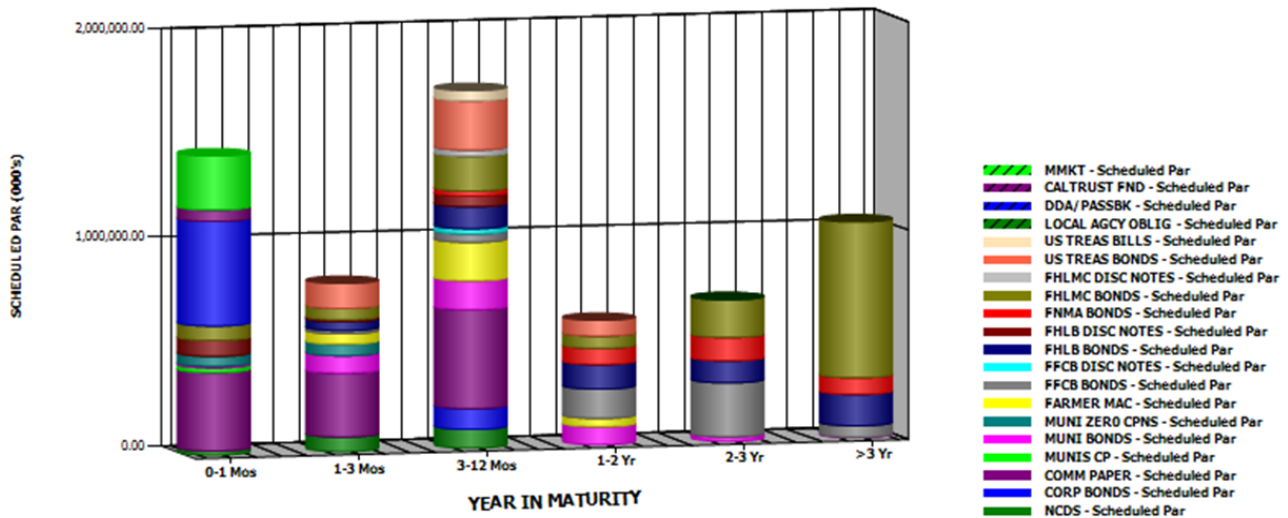
Scheduled Book Market



- MMKT - 4%
- FHLB BONDS - 8%
- CALTRUST FND - 1%
- FFCB DISC NOTES - 0%
- DDA/PASSBK - 8%
- FFCB BONDS - 8%
- LOCAL AGCY OBLIG - 0%
- FARMER MAC - 4%
- US TREAS BILLS - 1%
- MUNI ZERO CPNS - 2%
- US TREAS BONDS - 7%
- MUNI BONDS - 5%
- FHLMC DISC NOTES - 0%
- MUNIS CP - 0%
- FNMA BONDS - 5%
- COMM PAPER - 18%
- FHLB DISC NOTES - 2%
- CORP BONDS - 2%
- NCDS - 3%

Maturity Distribution

Scheduled Par (000's)	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yr	2-3 Yr	>3 Yr	Totals (000's)
MMKT	259,942.53	-	-	-	-	-	259,942.53
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
DDA/PASSBK	500,000.00	-	-	-	-	-	500,000.00
LOCAL AGCY OBLIG	-	-	-	-	230.00	-	230.00
US TREAS BILLS	-	-	50,000.00	-	-	-	50,000.00
US TREAS BONDS	-	120,000.00	235,000.00	75,000.00	-	-	430,000.00
FHLMC DISC NOTES	-	-	30,000.00	-	-	-	30,000.00
FHLMC BONDS	70,000.00	54,595.00	166,300.00	59,250.00	180,000.00	745,830.00	1,275,975.00
FNMA BONDS	-	-	25,000.00	77,500.00	112,500.00	80,000.00	295,000.00
FHLB DISC NOTES	75,700.00	10,000.00	50,000.00	-	-	-	135,700.00
FHLB BONDS	-	41,100.00	104,759.72	117,000.00	105,000.00	150,000.00	517,859.72
FFCB DISC NOTES	-	-	25,000.00	-	-	-	25,000.00
FFCB BONDS	-	15,000.00	40,000.00	140,310.00	257,700.00	55,000.00	508,010.00
FARMER MAC	-	50,000.00	185,000.00	40,000.00	-	-	275,000.00
MUNI ZERO CPNS	47,450.00	55,000.00	-	-	-	-	102,450.00
MUNI BONDS	7,500.00	84,480.00	138,795.00	86,115.00	21,790.00	2,250.00	340,930.00
MUNIS CP	23,000.00	-	-	-	-	-	23,000.00
COMM PAPER	375,000.00	305,000.00	473,000.00	-	-	-	1,153,000.00
CORP BONDS	-	-	99,057.00	-	-	-	99,057.00
NCDS	20,000.00	70,000.00	90,000.00	-	-	-	180,000.00
Totals (000's):	1,432,592.53	805,175.00	1,711,911.72	595,175.00	677,220.00	1,033,080.00	6,255,154.25
%	22.90%	12.87%	27.37%	9.51%	10.83%	16.52%	
Cumulative %	22.90%	35.77%	63.14%	72.66%	83.48%	100.00%	



Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	3,996,737.25	3,993,937.00	3,981,610.90	99.69%	1.26%
Aa1	280,980.00	280,334.44	280,615.83	100.10%	1.30%
Aa2	480,437.00	479,431.92	479,714.34	100.06%	1.26%
Aa3	686,770.00	685,911.83	686,701.14	100.12%	1.14%
NR	810,230.00	809,843.72	809,917.51	100.01%	1.24%
Totals (000's):	6,225,154.25	6,249,458.90	6,238,559.72	99.83%	1.25%

MOODY'S

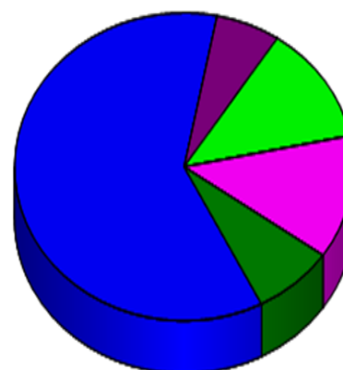
BOOK %



■ Aaa - 64% ■ Aa3 - 11%
■ Aa1 - 4% ■ NR - 13%
■ Aa2 - 8%

S & P

BOOK %



■ AAA - 8% ■ AA- - 12%
■ AA+ - 61% ■ NR - 13%
■ AA - 6%

S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	482,496.52	483,509.89	483,746.25	100.05%	1.11%
AA+	3,795,220.73	3,790,761.55	3,778,480.48	99.68%	1.28%
AA	385,437.00	384,808.77	385,453.99	100.17%	1.23%
AA-	781,770.00	780,534.98	780,961.48	100.05%	1.17%
NR	810,230.00	809,843.72	809,917.51	100.01%	1.24%
Totals (000's):	6,255,154.25	6,249,458.90	6,238,559.72	99.83%	1.25%

Full Compliance

The Treasurer’s Pooled Investment Fund was in **FULL COMPLIANCE** with the Treasurer’s Statement of Investment Policy. The County’s Investment Policy is more restrictive than the California Government Code. This policy is reviewed annually by the County’s Investment Oversight Committee and approved by the County Board of Supervisors.



Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual %
	Maximum Maturity	Authorized % Limit	S&P/ Moody's	Maximum Maturity	Authorized % Limit	S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	7.50%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	7.67%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.004%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	48.98%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	18.36%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	2.88%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	A1/P1/F1	0.00%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO)	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/AA	1.58%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.0%	NA	0.86%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	4.16%
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	8.00%

¹ Mutual Funds maturity may be interpreted as weighted average maturity not exceeding 60 days.

² Or must have an investment advisor with not less than 5 years experience and with assets under management of \$500,000,000.



THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT



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