

# County of Riverside

Treasurer-Tax Collector's Pooled  
Investment Fund

November 2020

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Chair Jerome Powell during FOMC Press Conference November 5, 2020—<https://www.youtube.com/watch?v=9TxnnNHIM94>

# Treasurer-Tax Collector's Pooled Investment Fund

## Monthly Commentary

### Economic Progress Threatened by the Resurgence in COVID-19

The election and the spread of Covid-19 dominated the news in November and the economic landscape dimmed slightly. Clouds of concern gathered on the horizon as the spread of Covid-19 intensified and the prospect of public health measures limiting economic activity increased. Fixed income markets remained bounded to near zero and slightly reacted to the changing prospects of fiscal stimulus and a vaccine. The Treasurer-Tax Collector's Pooled Investment Fund (TPIF) balances increased as property tax collections began to gather momentum.

The employment situation appeared to improve with the unemployment number dropping to 6.9% from 7.90%. However, one reason for the improvement was a drop in the participation rate. The number of adults not in the labor force neither working nor actively seeking work rose by 560,000, as the labor force participation rate dropped by 0.2 percentage points. Nonfarm Payrolls dropped slightly to 638k from the previous level of 661k.

Manufacturing received some good news on November 18, when FAA Administrator Steve Dickson signed an order that

paves the way for the Boeing 737 MAX to return to commercial service. Boeing is one of America's largest manufacturers as well as its No.1 exporter. Durable goods orders dipped a little to 1.30% from the prior month level of 1.90%, while still exceeding a market consensus of .80%.

Inflation continues to be under the Federal reserve's (FED) target of 2%. CPI Ex Food and energy YoY was 1.60%, slightly lower than the previous level of 1.70%. Speaking of the FED, the Federal Reserve Open Market Committee (FOMC) met on November 5<sup>th</sup> and left rates unchanged. The FED communicated its determination to keep rates low to help the economy recover from the Covid-19 slowdown. They acknowledged that the economy made progress from the worst of the spring, and that some key indicators pointed to economic progress trailing off as cases picked back up.

The FED's low rate policy continues to benefit the residential real estate market, a sector that has been a bright spot in the economy during this pandemic. Housing starts again bested expectations, climbing 4.9%. Single family starts accounted for all of the increase and marked the sixth consecu-

tive increase for single family starts, which are now at their highest level since April 2007.

Riverside County saw single family home prices rise 13.9% year over year in its most recent month of sales. The County is benefiting from buyers fleeing the much higher priced Los Angeles and Orange County areas, as families are able to find much larger homes here for less money.

Mid-month received an announcement from Pfizer that they had developed a new Covid-19 vaccine. Equity markets rallied on the news and bond yields rose slightly as money moved to more 'risk on' asset classes.

The short end of the Treasury market (5 years and under) where the TPIF operates, moved very little during November, with the 2-year yield starting the month at .15 and ending the month at .15. 5-year Treasuries started the month at .37 and ended the month at .38.

**Matt Jennings**  
Treasurer-Tax Collector

## Capital Markets Team

Matt Jennings  
Treasurer-Tax Collector

Giovane Pizano  
Assistant Treasurer

Steve Faeth  
Senior Investment Manager

Isela Licea  
Assistant Investment Manager

## Treasurer's Statement

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

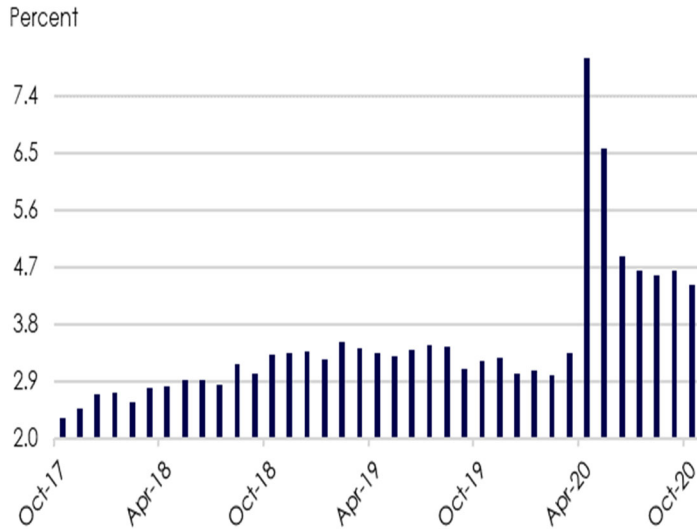
## 6-Month Pool Performance

	Month End Market Value (\$)*	Val-	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
<b>Nov-20</b>	8,067,105,046.19		8,050,899,851.53	16,205,194.66	0.20%	0.48	1.13
<b>Oct-20</b>	7,802,946,914.04		7,786,725,788.42	16,221,125.62	0.21%	0.52	1.11
<b>Sep-20</b>	8,238,993,333.67		8,218,185,162.14	20,808,171.53	0.25%	0.54	1.08
<b>Aug-20</b>	7,359,900,292.26		7,337,259,138.44	22,641,153.82	0.31%	0.62	1.14
<b>Jul-20</b>	7,518,644,766.16		7,493,729,391.77	24,915,374.39	0.33%	0.70	1.12
<b>Jun-20</b>	7,804,218,376.34		7,775,589,310.59	28,629,065.75	0.37%	0.77	1.12

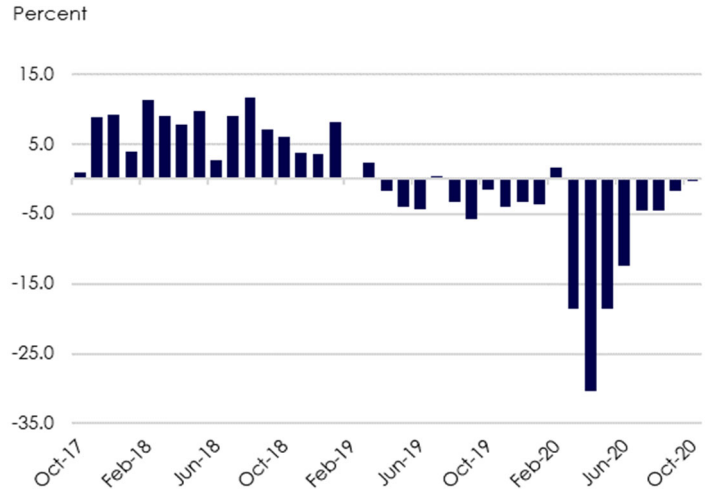
\*Market values do not include accrued interest.

# Economy

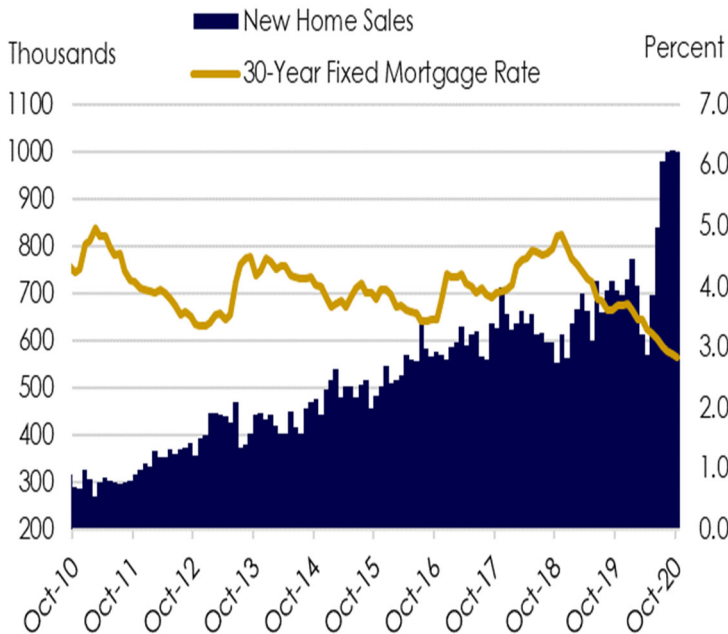
Private Sector Average Hourly Earnings Y/Y



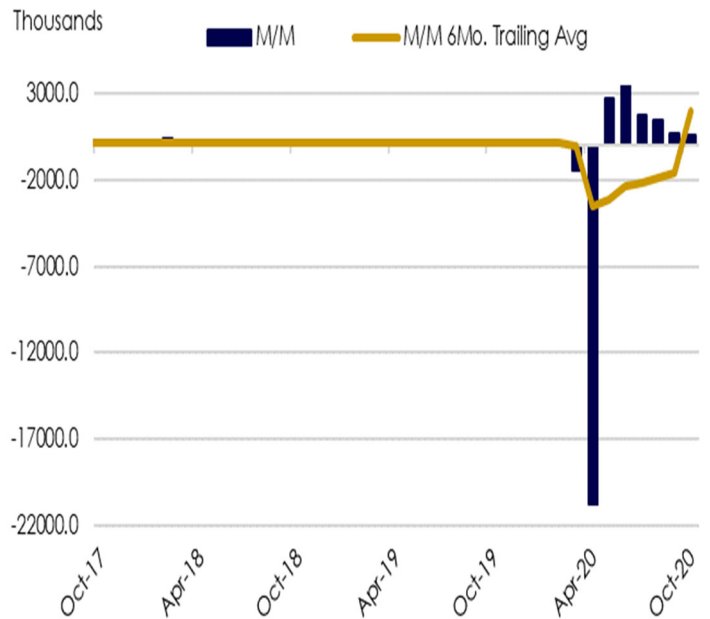
Durable Goods Percent Chg. Y/Y



New Home Sales SAAR



Nonfarm Payrolls Total M/M Change SA



## Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
11/25/2020	Real GDP - Q/Q Change	<b>33.1%</b>	33.1%	2.1%
11/06/2020	Unemployment Rate - Seasonally Adjusted	<b>6.9%</b>	7.6%	3.6%
11/06/2020	Non-Farm Payrolls - M/M Change - Thousands	<b>638</b>	580	128
11/12/2020	CPI - Y/Y Change	<b>1.2%</b>	1.3%	1.8%
11/12/2020	CPI Ex Food and Energy - Y/Y Change	<b>1.6%</b>	1.7%	2.3%
11/04/2020	ISM Non-Manufacturing Index (> 50 indicates growth)	<b>56.6</b>	57.5	54.7
11/25/2020	New Home Sales - SAAR - Thousands	<b>999</b>	975	733
11/03/2020	Factory Orders - M/M Change	<b>1.1%</b>	1.0%	-0.6%
11/03/2020	Durable Goods Orders - New Orders - M/M Change	<b>1.9%</b>	1.8%	-1.2%

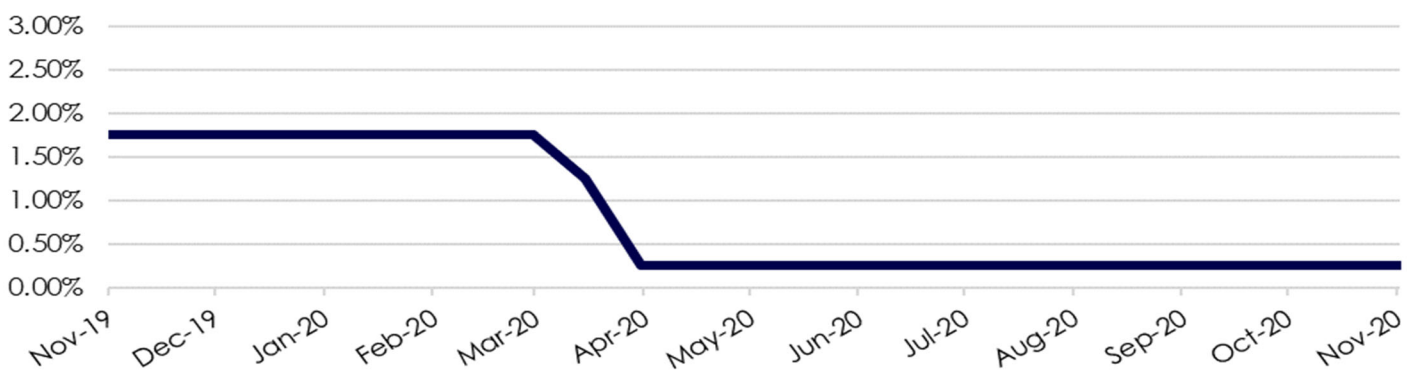
\*Note: 'Prior Year' displays final estimates of indicator or values from the equivalent period of the prior year.

# Market Data

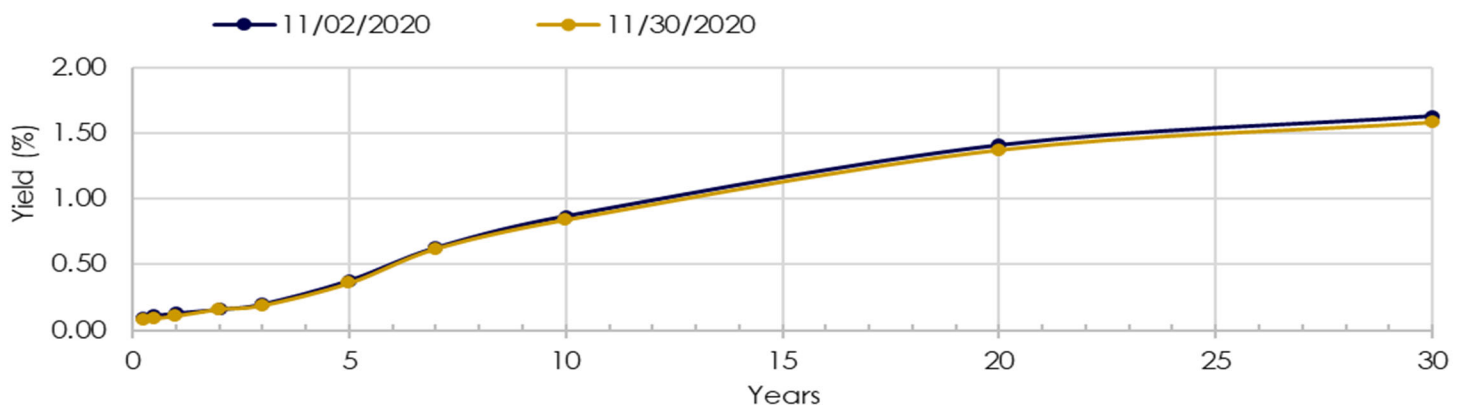
## Federal Open Market Committee Meeting 11/05/2020

- The FOMC stated that the COVID-19 pandemic is causing tremendous human and economic hardship across the U.S., and will continue to weigh on economic activity, employment, and inflation in the near term, and poses considerable risk to the economic outlook over the medium term.
- The FOMC maintained the Fed Funds Target Range of 0.0-0.25%
- The FOMC stated in their November statement that “it is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals .”

## Fed Funds Target Rate (Upper Limit)



## U.S. Treasury Curve

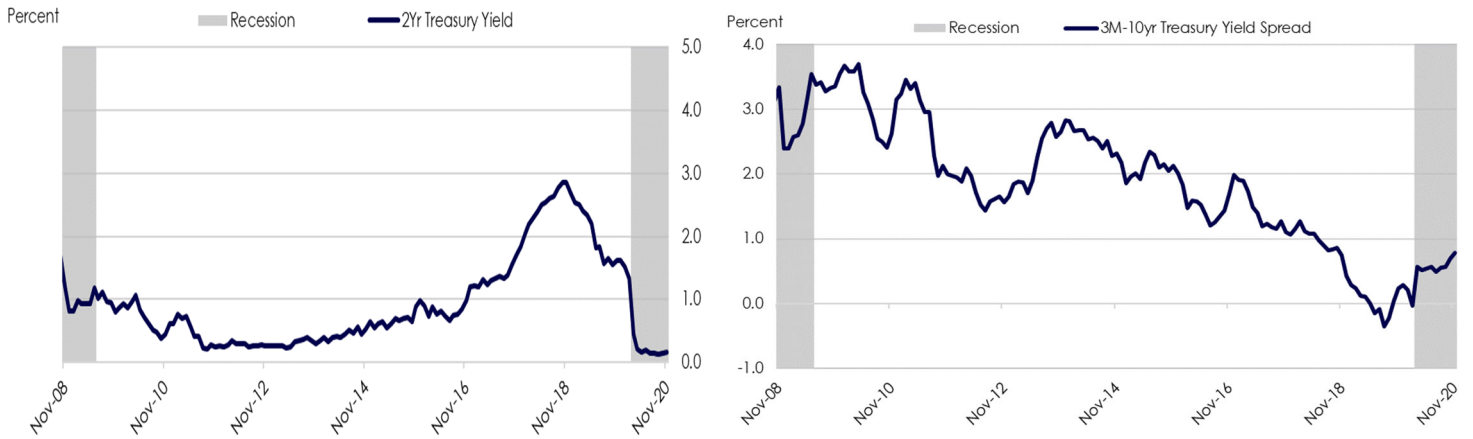


US Treasury Yield Curve	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
11/30/2020 - 11/02/2020	-0.01	-0.02	-0.02	0.00	-0.01	-0.02	-0.03	-0.05
11/30/2020	0.08	0.09	0.11	0.16	0.19	0.36	0.84	1.58
11/02/2020	0.09	0.11	0.13	0.16	0.20	0.38	0.87	1.63

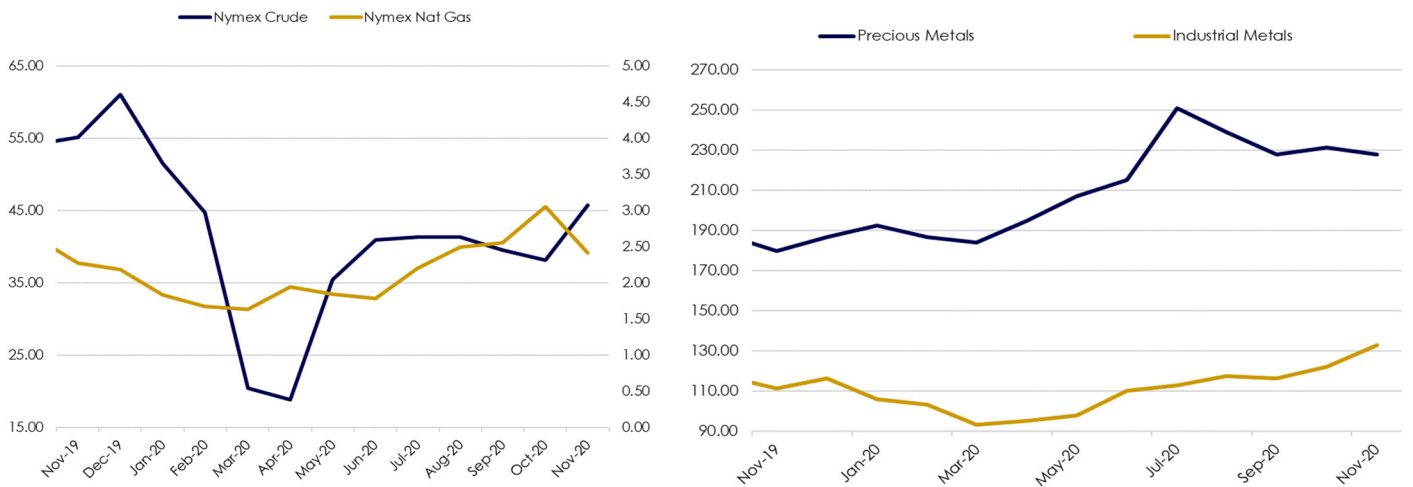
The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

# Market Data cont'd

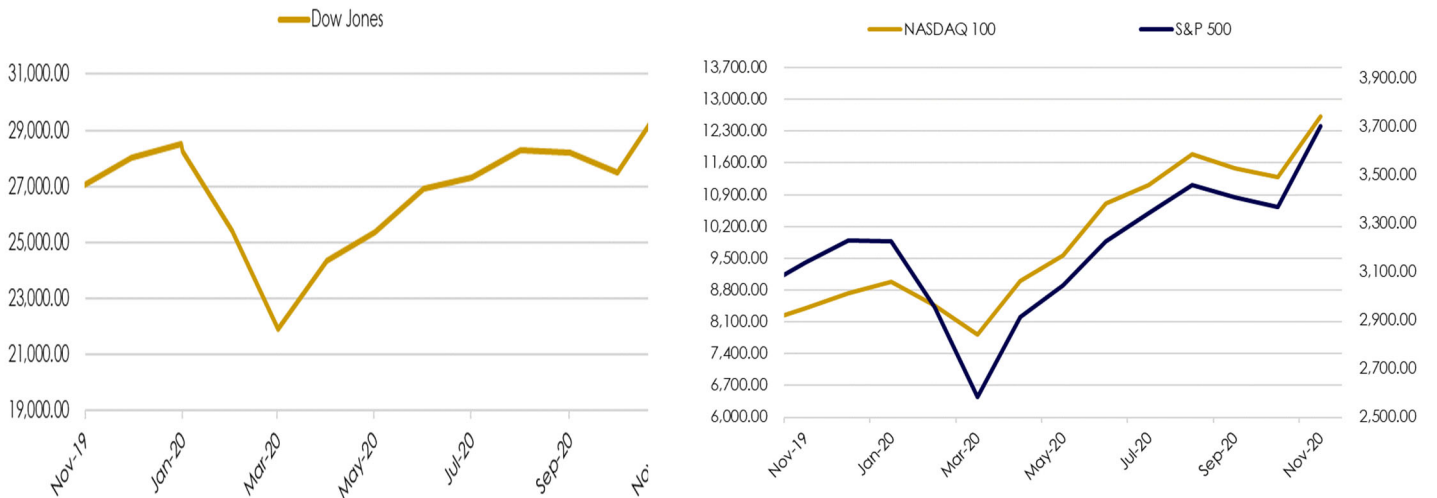
## U.S. Treasuries



## Commodities



## Stocks



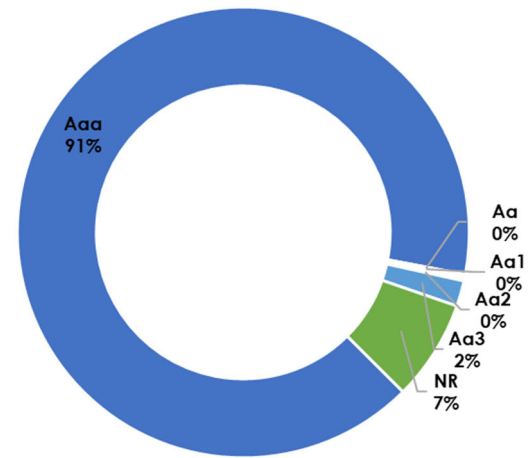
\* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

# Portfolio Data

The County of Riverside's Treasurer's Pooled Investment Fund is currently rated **AAA-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings**.

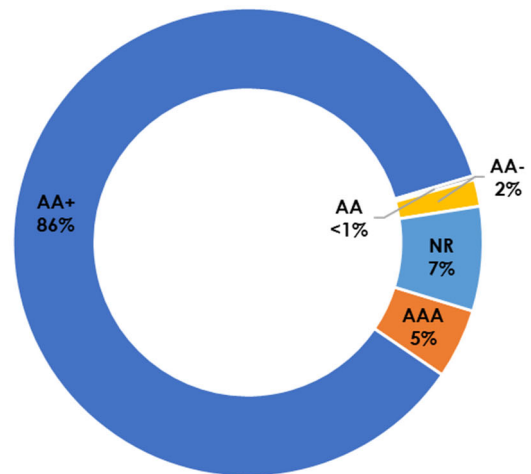
## Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
<b>Aaa</b>	7,284,432.15	100.21%	90.48%	0.46%
<b>Aa</b>	10,000.00	100.94%	0.12%	2.22%
<b>Aa1</b>	16,364.17	100.00%	0.20%	2.74%
<b>Aa2</b>	12,368.76	100.00%	0.15%	2.83%
<b>Aa3</b>	147,793.58	100.00%	1.84%	1.72%
<b>NR</b>	579,941.20	100.20%	7.20%	0.49%
<b>Totals:</b>	<b>8,050,899.85</b>	<b>100.20%</b>	<b>100.00%</b>	<b>0.48%</b>



## S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
<b>AAA</b>	388,235.62	100.29%	4.82%	0.28%
<b>AA+</b>	6,912,560.69	100.20%	85.86%	0.48%
<b>AA</b>	22,368.76	100.02%	0.28%	1.76%
<b>AA-</b>	147,793.58	100.00%	1.84%	1.72%
<b>NR</b>	579,941.20	100.20%	7.20%	0.49%
<b>Totals:</b>	<b>8,050,899.85</b>	<b>100.20%</b>	<b>100.00%</b>	<b>0.48%</b>



## 12-Month Projected Cash Flow

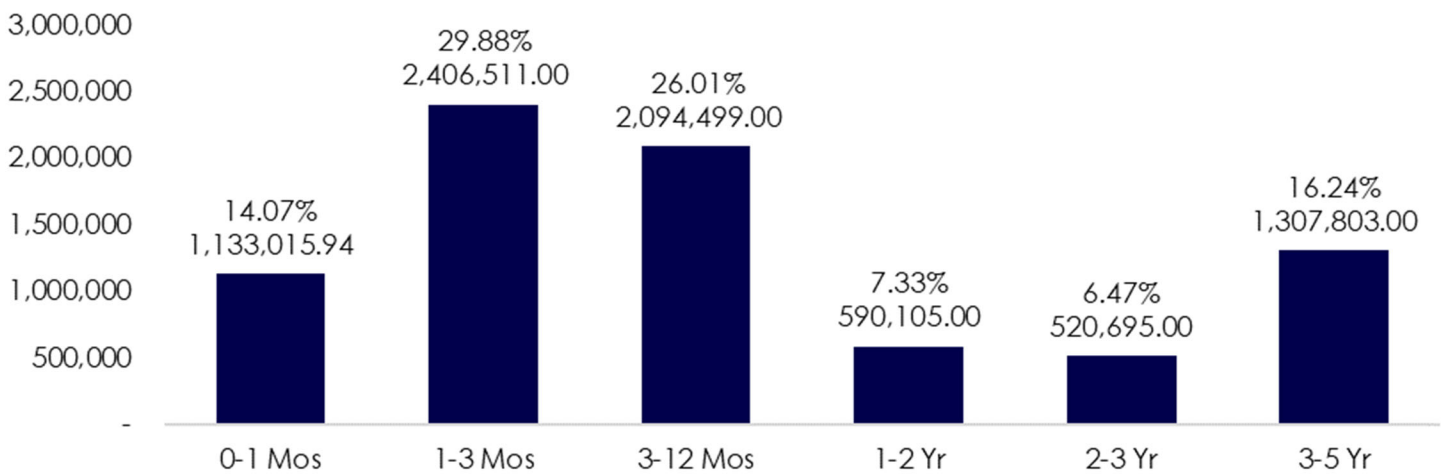
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
12/2020					46.75		
12/2020	2,348.61	1,073.38	1,275.23		1,321.98	1,133.02	
01/2021	1,078.90	1,910.81	-831.91		490.07	1,586.51	
02/2021	1,005.21	1,217.34	-212.13		277.94	820.00	
03/2021	1,497.96	1,092.59	405.37		683.31	301.76	
04/2021	2,103.36	1,289.52	813.84		1,497.15	176.17	
05/2021	1,086.87	2,100.00	-1013.13		484.02	662.65	
06/2021	1,044.31	1,802.91	-758.60	274.58	-	370.00	
07/2021	1,034.19	1,472.64	-438.45	438.45	-	185.00	
08/2021	965.41	1,004.62	-39.21	39.21	-	75.00	
09/2021	1,146.18	1,214.91	-68.73	68.73	-	248.92	
10/2021	1,249.55	1,343.18	-93.63	93.63	-	65.00	
11/2021	1,371.49	1,197.65	173.84	173.84	-	10.00	
<b>TOTALS</b>	<b>15,932.04</b>	<b>16,719.55</b>	<b>(787.51)</b>	<b>1,088.44</b>	<b>4,801.22</b>	<b>5,634.03</b>	<b>6,962.45</b>
				<b>13.52%</b>		<b>69.98%</b>	<b>86.48%</b>

\* Values listed in Cash Flow Table are in millions of USD.

Based on historic and current financial conditions within the County, the Pool is expected to maintain sufficient liquidity of funds to cover County expenses for the next twelve months.

# Portfolio Data cont'd

## Asset Maturity Distribution (Par Value, 000's)

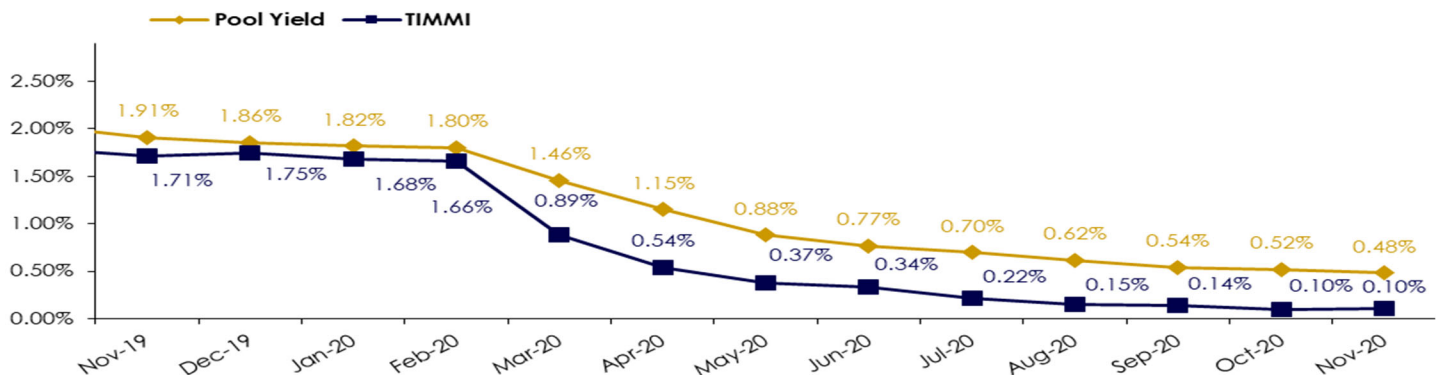


## Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	2,885,256.63	2,888,341.74	100.11%	0.30%	0.33	0.33
AGENCIES	3,866,972.75	3,878,941.73	100.31%	0.62%	0.87	2.04
MMKT	354,000.00	354,000.00	100.00%	0.03%	0.00	0.00
CASH	425,000.00	425,000.00	100.00%	0.20%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	0.54%	0.00	0.00
COMM PAPER	366,351.71	366,391.23	100.01%	0.12%	0.19	0.19
MEDIUM TERM NOTES	34,235.63	35,347.22	103.25%	2.78%	0.17	0.25
MUNI	115,059.15	115,059.15	100.00%	2.84%	0.75	0.75
<b>Totals:</b>	<b>8,050,899.85</b>	<b>8,067,105.05</b>	<b>100.20%</b>	<b>0.48%</b>	<b>0.557</b>	<b>1.12</b>

\*For details on the Pool's composition see Month End Portfolio Holdings, pages 9 to 13.

## 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.



# Compliance Report

## 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 %
	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's/Fitch	
<b>MUNICIPAL BONDS (MUNI)</b>	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	<b>1.43%</b>
<b>U.S. TREASURIES</b>	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	<b>35.84%</b>
<b>LOCAL AGENCY OBLIGATIONS (LAO)</b>	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	<b>&lt;0.00%</b>
<b>FEDERAL AGENCIES</b>	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	<b>48.03%</b>
<b>COMMERCIAL PAPER (CP)</b>	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	<b>4.55%</b>
<b>CERTIFICATE &amp; TIME DEPOSITS (NCD &amp; TCD)</b>	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	<b>0.0%</b>
<b>INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INT'L FINANCE CORPORATION</b>	NA	NA	NA	4 YEARS	20%	AA/Aa/AA	<b>0.00%</b>
<b>REPURCHASE AGREEMENTS (REPO)</b>	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	A1/P1/F1	<b>0.00%</b>
<b>REVERSE REPOS</b>	92 DAYS	20%	NA	60 DAYS	10%	NA	<b>0.00%</b>
<b>MEDIUM TERM NOTES (MTNO)</b>	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/AA	<b>0.43%</b>
<b>CALTRUST SHORT TERM FUND</b>	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	<b>0.05%</b>
<b>MONEY MARKET MUTUAL FUNDS (MMF)</b>	60 DAYS <sup>(1)</sup>	20%	AAA/Aaa <sup>(2)</sup>	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	<b>4.40%</b>
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	<b>0.00%</b>
<b>CASH/DEPOSIT ACCOUNT</b>	NA	NA	NA	NA	NA	NA	<b>5.28%</b>

<sup>1</sup> Money Market Mutual Funds maturity may be interpreted as a weighted average maturity not exceeding 60 days.

<sup>2</sup> Or must have an investment advisor with no fewer than 5 years experience and with assets under management of \$500,000,000 USD.

**THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646.**











COUNTY OF RIVERSIDE  
TREASURER-TAX COLLECTOR  
CAPITAL MARKETS

COUNTY ADMINISTRATIVE CENTER  
4080 LEMON STREET,  
4TH FLOOR,  
RIVERSIDE, CA 92502-2205

[WWW.COUNTYTREASURER.ORG](http://WWW.COUNTYTREASURER.ORG)