



# Department of Finance

## JULIE VALVERDE, DIRECTOR OF FINANCE

### POOLED INVESTMENT FUND

## Monthly Review — October 2012

### PORTFOLIO COMPLIANCE

Based on the Director of Finance Review Group Month-End Report, the entire portfolio was in *full compliance* with the Sacramento County Annual Investment Policy for the Pooled Investment Fund for Calendar Year 2012 and California Government Code.<sup>1</sup>

### PORTFOLIO STATISTICS

Portfolio's Month-End Balance	\$2,106,067,278
<i>Earned Income Yield for the Month</i>	<i>0.459%</i>
Weighted Average Maturity (Days)	307
Estimated Duration (Years)	0.828
Historical Book Value	\$2,095,813,761
Month-End Market Value	\$2,101,056,677
Percent of Market to Book Value	100.25%

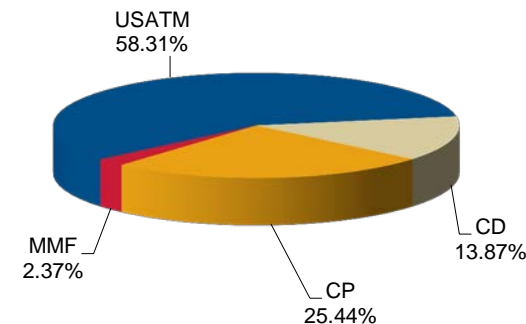
External third party Investment Manager(s) at month end:

State Treasurer's Office (LAIF)	\$50,000,000
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#### Investment Objectives

- **Safety of Principal**
- **Liquidity**
- **Public Trust**
- **Maximum Rate of Return**

**Percentage Portfolio Structure by Asset Class<sup>2</sup>**



### PORTFOLIO STRUCTURE<sup>2</sup>

Investment Description	Portfolio at Cost	Yield at Month End
<b>US Agency, Treasury &amp; Municipal Notes (USATM):</b>		
US Agency Notes	56.47%	<b>0.684%</b>
US Treasury Notes	0.00%	<b>0.000%</b>
Municipal Notes	1.84%	<b>0.440%</b>
<b>Total USATM</b>	<b>58.31%</b>	<b>0.677%</b>
<b>Commercial Paper (CP)</b>	<b>25.44%</b>	<b>0.182%</b>
<b>Certificates of Deposit (CD)</b>	<b>13.87%</b>	<b>0.192%</b>
<b>LAIF/Money Market Funds (MMF)</b>	<b>2.37%</b>	<b>0.348%</b>
<b>Repurchase Agreements (REPO)</b>	<b>0.00%</b>	<b>0.000%</b>

#### US Agency Notes Breakdown Percent of Portfolio at Cost<sup>2</sup>

FFCB Notes/Discount Notes	2.91%
FHLB Notes/Discount Notes	16.62%
FNMA Notes/Discount Notes	16.56%
FHLMC Notes/Discount Notes	20.38%
<b>Total US Agency Notes</b>	<b>56.47%</b>

<sup>1</sup> This monthly review complies with all of the elements required by California Government Code §53646(b), with the exception of a detailed listing of each investment. A complete copy of the *Quarterly Pooled Investment Fund Report*, including a detailed listing of each investment, is available on the Department of Finance, Investment Division Web page at <http://www.finance.sacounty.net/Investments/RptQuarterly.asp>.

<sup>2</sup> Percentages may not add up to totals due to rounding error

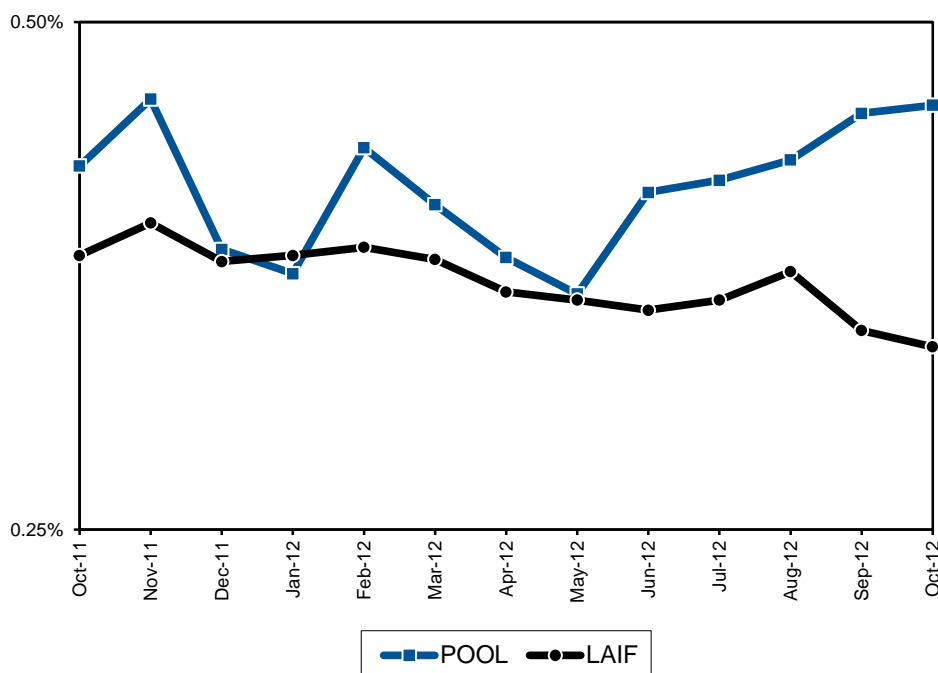
## YIELD HISTORY

The earned interest yield history represents gross yields; **costs have not been deducted**. The estimated investment management costs in the prior year were approximately 12 basis points or 0.12%. The quarterly apportionment of earnings to participating funds will be made on a **cash basis** (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

## YIELD TRENDS<sup>3</sup>

### Earned Interest Yield Over Last 12 Months

Earned Income Yield History		
MONTH	POOL	LAIF
Oct-11	0.43%	0.39%
Nov-11	0.46%	0.40%
Dec-11	0.39%	0.38%
Jan-12	0.38%	0.39%
Feb-12	0.44%	0.39%
Mar-12	0.41%	0.38%
Apr-12	0.38%	0.37%
May-12	0.37%	0.36%
Jun-12	0.42%	0.36%
Jul-12	0.42%	0.36%
Aug-12	0.43%	0.38%
Sep-12	0.46%	0.35%
Oct-12	0.46%	0.34%



## CASH FLOW PROJECTION

The Pooled Investment Fund cash requirements are based on a 14-month historical cash flow model. The model has been adjusted for expected non-reoccurring participant liquidity needs. This projection, updated on November 6, 2012, is sufficient to meet cash flow expenditures for the next six months.

Month	Beginning Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond 1 year	Funds Available to Invest for Future Cash Flow Needs <sup>4</sup>
<i>Dollar amounts represented in millions</i>						
Nov	5.0	\$1,175.4	\$557.5	\$617.9	\$35.0	\$582.9
Dec	5.0	\$1,252.4	\$573.0	\$679.4	\$35.0	\$644.4
Jan	5.0	\$845.8	\$783.9	\$61.9	\$35.0	\$26.9
Feb	5.0	\$513.9	\$500.2	\$13.7	\$35.0	(\$21.3)
Mar	5.0	\$534.8	\$526.3	\$8.5	\$35.0	(\$26.5)
Apr	5.0	\$998.5	\$584.3	\$414.2	\$30.0	\$384.2

If you have any questions about the Pooled Investment Fund, please call Chief Investment Officer Bernard Santo Domingo at (916) 874-7320 or Investment Officer Dave Matuskey at (916) 874-4251.

<sup>3</sup> The earned income yield is the total net earnings divided by the average daily portfolio balance multiplied by 365 and then divided by the actual number of days in the month. The reported yield fluctuates based upon the number of days in the month, thus resulting in the anomaly of higher yields being reported for months with fewer days. February's yield is a prime example of such an anomaly.

<sup>4</sup> Any excess net cash flow amounts in this column will be used to fund the negative cash flow positions in later months.