



**Department of Finance**  
**BEN LAMERA, DIRECTOR OF FINANCE**  
**POOLED INVESTMENT FUND**

**Monthly Review — September 2016**

**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 2016 and California Government Code.<sup>1</sup>

**PORTFOLIO STATISTICS**

|  |                 |
|--|-----------------|
| Portfolio's Month-End Balance                | \$2,953,548,273 |
| <b>3Earned Income Yield for the Month</b>    | <b>0.91%</b>    |
| Weighted Average Maturity (Days)             | 292             |
| Estimated Duration (Years)                   | 0.789           |
| Amortized Book Value                         | \$2,948,962,785 |
| Month-End Market Value                       | \$2,957,066,896 |
| Percent of Market to Book Value <sup>2</sup> | 100.27%         |

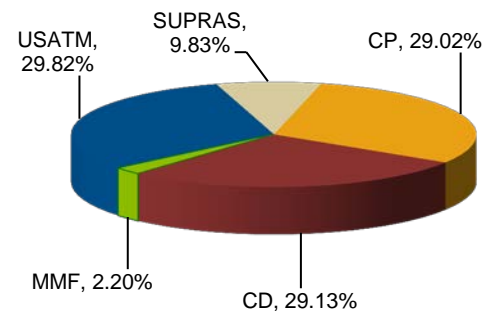
**Investment Objectives**

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

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

|                                 |              |
|---------------------------------|--------------|
| State Treasurer's Office (LAIF) | \$65,000,000 |
|---------------------------------|--------------|

**Percentage Portfolio Structure by Asset Class<sup>3</sup>**



**PORTFOLIO STRUCTURE<sup>3</sup>**

| Investment Description                                    | Portfolio at Cost | Yield at Month End |
|---|-------------------|--------------------|
| <b>US Agency, Treasury &amp; Municipal Notes (USATM):</b> |                   |                    |
| US Agency Notes   | 29.14%            | <b>1.043%</b>      |
| US Treasury Notes   | 0.00%             | <b>0.000%</b>      |
| Municipal Notes   | 0.68%             | <b>0.753%</b>      |
| <b>Total USATM</b>  | <b>29.82%</b>     | <b>1.037%</b>      |
| <b>Supranationals (SUPRAS)</b>                            | <b>9.83%</b>      | <b>1.064%</b>      |
| <b>Commercial Paper (CP)</b>                              | <b>29.02%</b>     | <b>0.771%</b>      |
| <b>Certificates of Deposit (CD)</b>                       | <b>29.13%</b>     | <b>0.894%</b>      |
| <b>LAIF/Money Market Funds (MMF)</b>                      | <b>2.20%</b>      | <b>0.614%</b>      |
| <b>Repurchase Agreements (REPO)</b>                       | <b>0.00%</b>      | <b>0.000%</b>      |

**US Agency Notes Breakdown  
Percent of Portfolio at Cost<sup>3</sup>**

|                              |               |
|------------------------------|---------------|
| FCCB Notes/Discount Notes    | 4.06%         |
| FHLB Notes/Discount Notes    | 10.21%        |
| FNMA Notes/Discount Notes    | 7.53%         |
| FHLMC Notes/Discount Notes   | 7.33%         |
| <b>Total US Agency Notes</b> | <b>29.14%</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> Percent of market to book value is calculated using amortized book value. The GASB 31 fair value reported in the CAFR is calculated using the book value at purchase.

<sup>3</sup> Percentages may not add up to totals due to rounding error

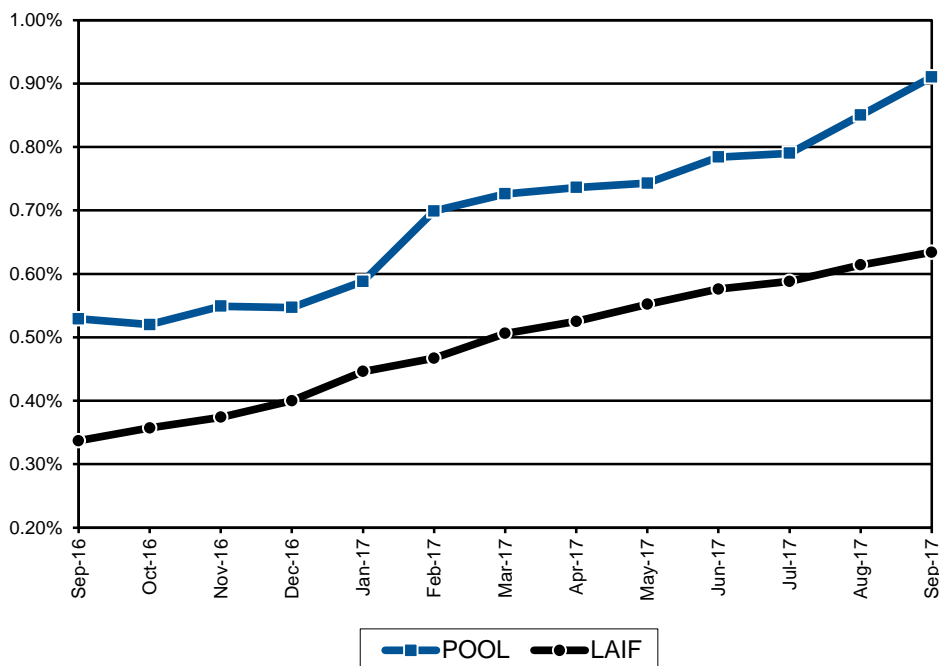
## YIELD HISTORY

The earned interest yield history represents gross yields; **costs have not been deducted**. The estimated investment management costs in the prior year were approximately 10 basis points or 0.10%. 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>4</sup>

### Earned Interest Yield Over Last 12 Months

| Earned Income Yield History |       |       |
|-----------------------------|-------|-------|
| MONTH                       | POOL  | LAIF  |
| Sep-15                      | 0.53% | 0.34% |
| Oct-15                      | 0.52% | 0.36% |
| Nov-15                      | 0.55% | 0.37% |
| Dec-15                      | 0.55% | 0.40% |
| Jan-16                      | 0.59% | 0.45% |
| Feb-16                      | 0.70% | 0.47% |
| Mar-16                      | 0.73% | 0.51% |
| Apr-16                      | 0.74% | 0.53% |
| May-16                      | 0.74% | 0.55% |
| Jun-16                      | 0.78% | 0.58% |
| Jul-16                      | 0.79% | 0.59% |
| Aug-16                      | 0.85% | 0.61% |
| Sep-16                      | 0.91% | 0.63% |



## 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 October 5, 2016, 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>5</sup> |
|---|------------------------|-----------------------|---------------|------------|--------------------------------|---|
| <i>Dollar amounts represented in millions</i> |                        |                       |               |            |                                |   |
| Oct   | 30.0                   | \$1,006.1             | \$574.9       | \$431.2    | \$45.0                         | \$386.2   |
| Nov   | 30.0                   | \$1,105.1             | \$671.6       | \$433.5    | \$45.0                         | \$388.5   |
| Dec   | 30.0                   | \$1,564.5             | \$663.0       | \$901.5    | \$45.0                         | \$856.5   |
| Jan   | 30.0                   | \$1,162.3             | \$827.7       | \$334.6    | \$45.0                         | \$289.6   |
| Feb   | 30.0                   | \$741.3               | \$545.1       | \$196.2    | \$45.0                         | \$151.2   |
| Mar   | 30.0                   | \$1,019.0             | \$616.3       | \$402.7    | \$45.0                         | \$357.7   |

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>4</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>5</sup> Any excess net cash flow amounts in this column will be used to fund the negative cash flow positions in later months.