

County of Riverside

Treasurer's Pooled Investment Fund

March 2019

Contents

2 | Treasurer's Pooled Investment Fund

3 | Economy

4 | Market Data

6 | Portfolio Data

8 | Compliance Report

9 | Month End Holdings



See the digital copy of our monthly TPIF report at countytreasurer.org to view video of the Federal Open Market Committee's March 20 press conference.

JEROME POWELL
Chairman, Federal Reserve Board

Treasurer's Pooled Investment Fund

Monthly Commentary

More Signs of Cooling in the Economy

Dampened prospects of economic growth, U.S.-China trade policy, and Brexit continue to weigh on central banks and fixed income markets globally.

In March, U.S. Federal Reserve Bank officials announced that they would likely keep interest rates on hold through 2019. Chairman Jerome Powell cited weakness in U.S. consumer spending and business investment, which suggest, "Growth is slowing somewhat more than expected."

European Central Bank (ECB) President Mario Draghi announced a third injection of bank stimulus to be launched this September as result of near-recession growth levels in most of the euro area. Manufacturing indices and negative yields in various European fixed income markets signal that economic activity may continue to be subdued. In light of recent economic developments, the ECB kept interest rates unchanged at 0-0.25% and similarly expects to keep rates at their present levels through the end of 2019.

Brexit continued to cause uncertainties, with the British Parliament rejecting Prime Minister Theresa May's Brexit deal for the third time, further deepening their crisis. May's officials aim to push her deal through for a fourth vote in Parliament in the days ahead. May has offered to resign as prime minister in

a bid to complete the deal before the April 12 deadline, when the U.K. is due to exit the European Union.

Headline-dominating trade talks between the U.S. and China continue to be constructive; however, there is still no timeline for reaching a definitive agreement.

Economic activity across the United States showed moderate to flat growth in late January and throughout February, says the FED's Beige Book. This news comes after GDP for 4Q18 was revised from 2.6% down to 2.2%. Measures of core inflation remain near the FED's two-percent target.

Overall, economic indicators came in mixed. The labor market is showing resilience with strong wage gains, low unemployment, and low initial jobless claims, yet only 20,000 jobs were added in February – versus 311,000 added in January.

Harsh winter weather and the government shutdown distorted economic activity in the first quarter of 2019.

In housing, sales of new and existing homes in February showed some resurgence by outperforming sales of recent months. On the other hand, housing price growth continues to moderate. Home prices posted 6.7% annual growth in March 2018, and have since moderated to 3.5% annual growth in

January 2019.

Leading manufacturing indicators point to a continued slowdown in growth. The ISM manufacturing index has been trending downward since reaching a multi-year high in August 2018 and new orders for durable goods have been showing mixed signals on a month-to-month basis.

The Treasury yield curve inverted in March for the first time since 2007. An inverted yield curve has preceded every recession since the 1960's by 12 to 18 months.

March saw dramatic moves in interest rates, with the 2 year treasury yield dropping from 2.55% to 2.27% and the 5 year treasury yield dropping from 2.56% to 2.23%. Stock prices were also volatile during the month, but ended up finishing unchanged with the Dow Jones Industrial Average starting at 25,900 and ending at 25,900. The surprise drop in interest rates was blamed mostly on the new market perception that the FED will be cutting the funds rate at least once over the next twelve months, instead of the previous thinking that they would keep the funds rate stable for the foreseeable future.

Jon Christensen

Treasurer-Tax Collector

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 Government Code 53646.

Capital Markets Team

Jon Christensen

Treasurer-Tax Collector

Giovane Pizano

Chief Investment Manager

Steve Faeth

Senior Investment Manager

Isela Licea

Assistant Investment Manager

Jake Nieto

Administrative Services Assistant

6-Month Pool Performance

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
Mar-19	7,525,389,587.99	7,522,791,418.69	2,598,169.30	0.35%	2.35	1.04
Feb-19	6,837,521,658.62	6,846,174,413.16	(8,652,754.54)	-0.13%	2.32	1.06
Jan-19	6,985,230,147.03	6,993,292,063.97	(8,061,916.94)	-0.12%	2.31	1.05
Dec-18	7,490,825,981.43	7,504,164,940.07	(13,338,958.64)	-0.17%	2.27	1.00
Nov-18	6,126,655,569.85	6,157,254,222.68	(30,598,652.83)	-0.50%	2.18	1.16
Oct-18	5,810,376,697.47	5,848,258,037.08	(38,077,575.20)	-0.66%	2.09	1.16

*Market values do not include accrued interest.

Economy

National Economy

Amid a historically tight labor market, wages grew 3.4% in 2018, the most since 2009. [[WaPo](#); 04/01/2019]

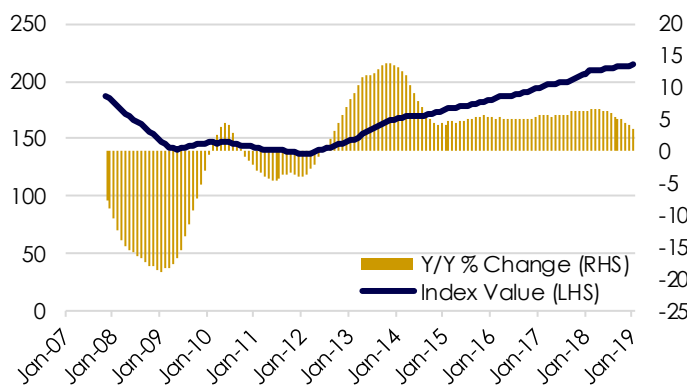
- Estimates for real GDP and consumer spending for 4Q18 were both revised downward in February. Real GDP was revised down from 2.6% to 2.2% and consumer spending was revised down from 2.8% to 2.2%. [[Econoday](#); 04/01/2019]
- New and existing home sales show some resurgence in February, but home price growth across major cities nationwide continues to slow down. [[Econoday](#); 04/01/2019]

State Economy

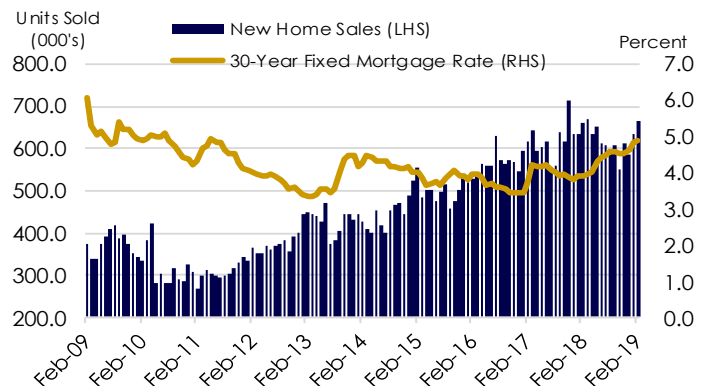
Out of 20,000 nonfarm jobs added nationwide in February, California contributed 14,600. [[LATimes](#); 04/01/2019]

- The California housing market is forecasted to continue softening through 2020. [[UCLA Anderson](#); 04/01/2019]
- Despite trade tensions, activity in the Ports of Los Angeles and Long Beach grew 5.8% in 2018 YoY. [[UCR](#); 04/01/2019]
- Inland Empire economic activity is growing at a “healthy clip”, but has slowed down from recent years. [[UCR](#); 04/01/2019]

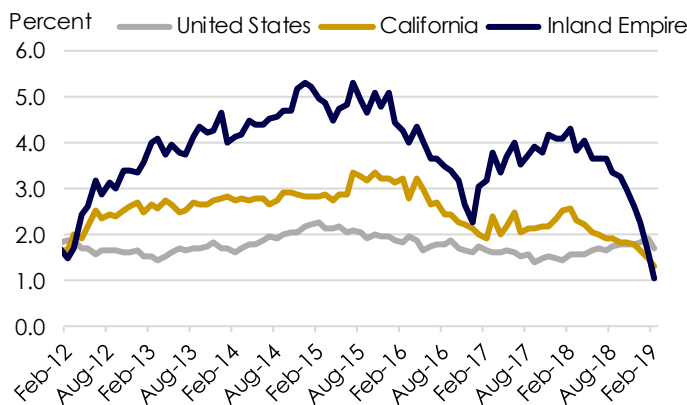
Case-Shiller 20-City Composite Home Price Index



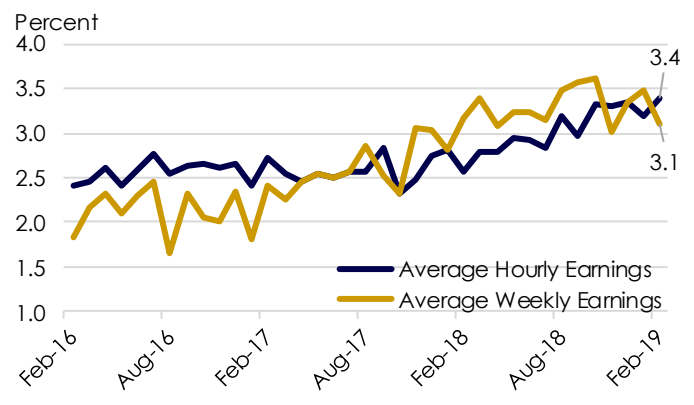
U.S. New Home Sales



Nonfarm Jobs Added - Y/Y



Wage Growth - Y/Y



Key Economic Indicators

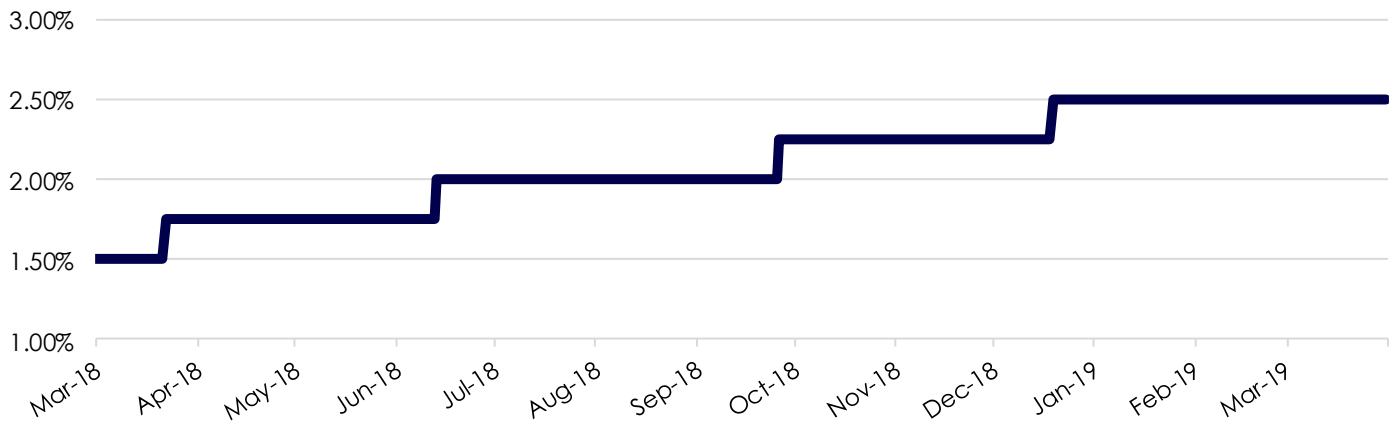
Release Date	Indicator	Actual	Consensus	Difference
03/28/2019	Real GDP - Q/Q Change - SAAR - 4Q18 (2nd estimate)	2.20%	2.20%	0.00%
03/08/2019	Unemployment Rate - Seasonally Adjusted	3.80%	3.90%	-0.10%
03/08/2019	Non-Farm Payrolls - M/M Change	20,000	175,000	-155,000
03/12/2019	CPI - Y/Y Change	1.50%	1.50%	0.00%
03/12/2019	CPI Ex Food and Energy - Y/Y Change	2.10%	2.20%	-0.10%
03/05/2019	Non-Manufacturing Index (> 50 indicates growth)	59.7	57.2	2.50
03/29/2019	New Home Sales - SAAR - Thousands of units	621.00	615.00	6.00
03/19/2019	Factory Orders - M/M Change	0.10%	0.00%	0.10%
03/13/2019	Durable Goods Orders - New Orders - M/M Change	0.40%	-0.60%	1.00%

Market Data

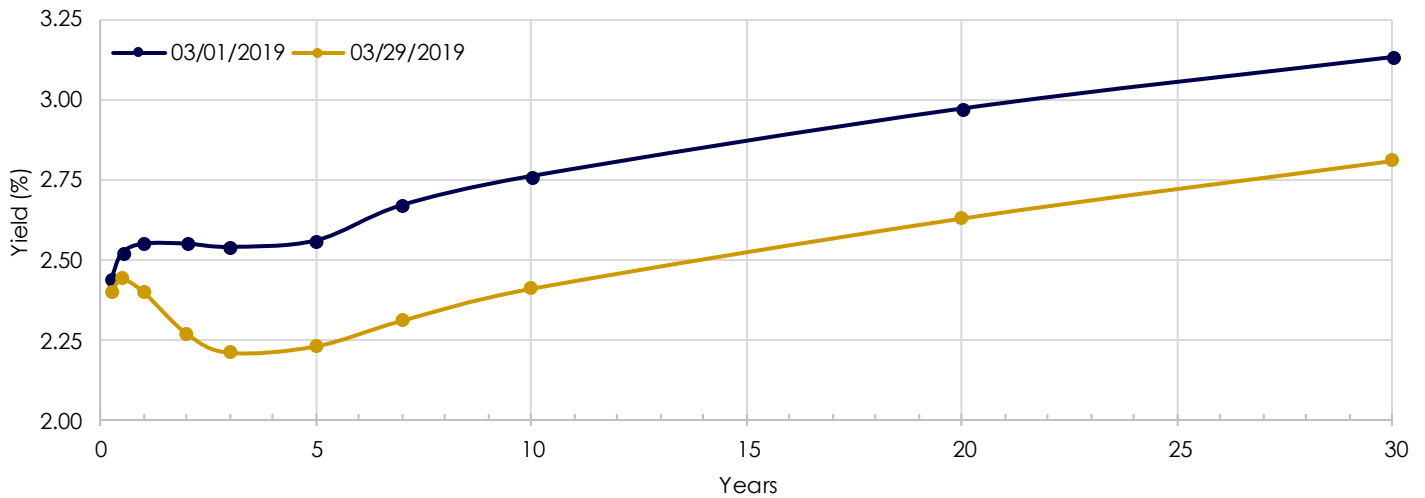
FOMC Meeting 03/20/2019

- The FOMC stated that data received since their last meeting in January “indicates that the labor market remains strong but that growth of economic activity has slowed from its solid rate in the fourth quarter [of 2018].”
- The Federal Open Market Committee maintained the Fed Funds Target Rate at 2.25–2.50%.
- “The Committee continues to view sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee’s symmetric 2 percent objective as the most likely outcomes,” stated the FOMC in their March 20 press release.

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

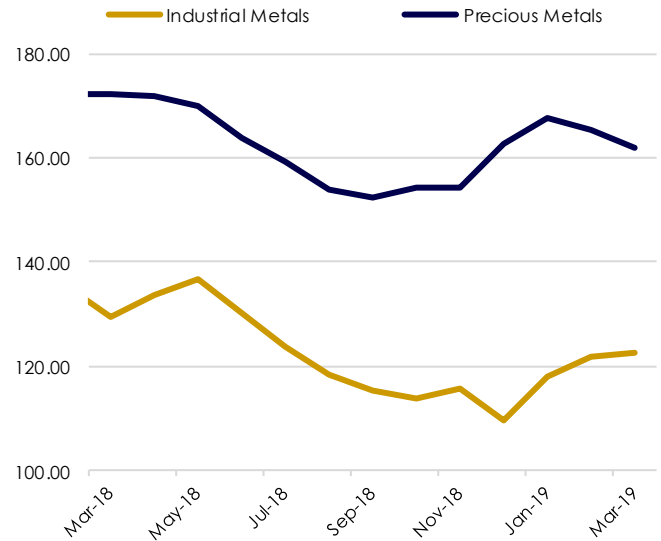
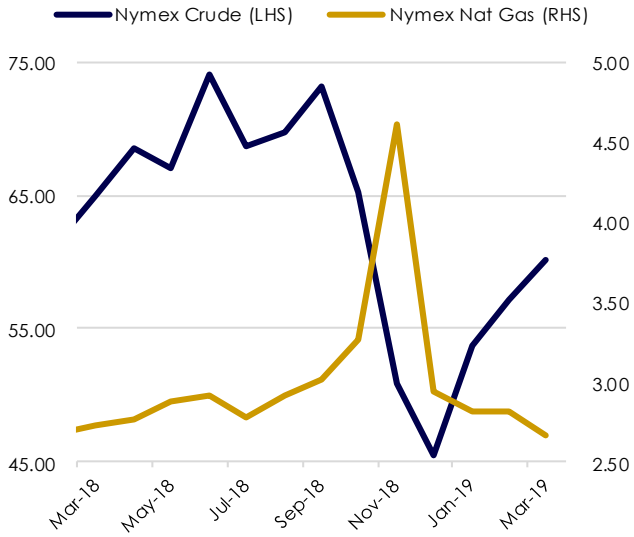


Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
03/29/2019 - 03/01/2019	-0.04	-0.08	-0.15	-0.28	-0.33	-0.33	-0.35	-0.32
03/29/2019	2.40	2.44	2.40	2.27	2.21	2.23	2.41	2.81
03/01/2019	2.44	2.52	2.55	2.55	2.54	2.56	2.76	3.13

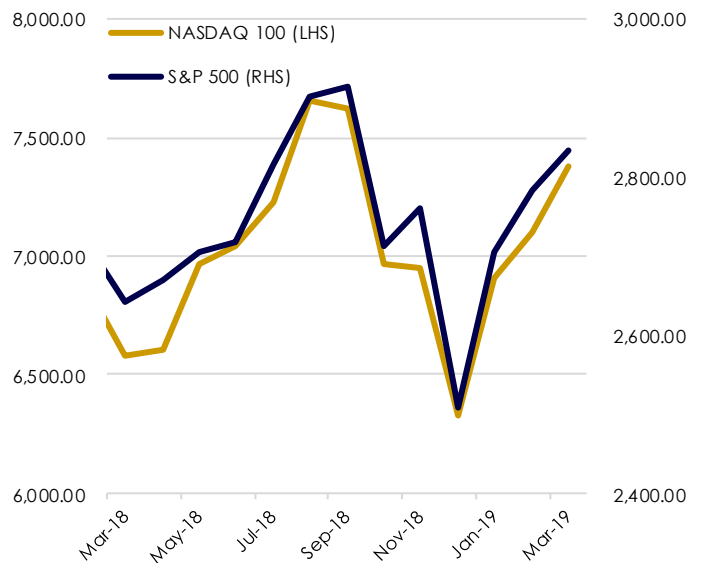
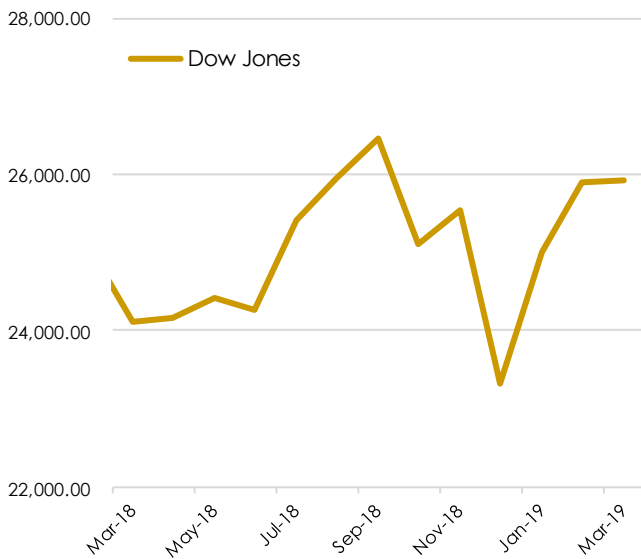
The US Treasury Curve and its forecasted values are subject to frequent change and will be updated monthly with each issued TPIF report.

Market Data cont'd

Commodities



Stocks



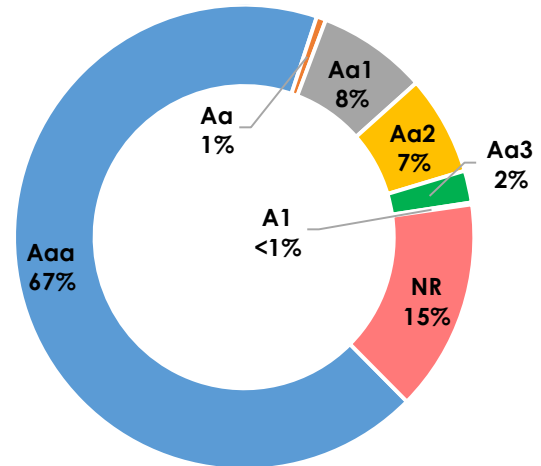
* Values listed on this page are in US dollars and are based on the final business day of each month.

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**.

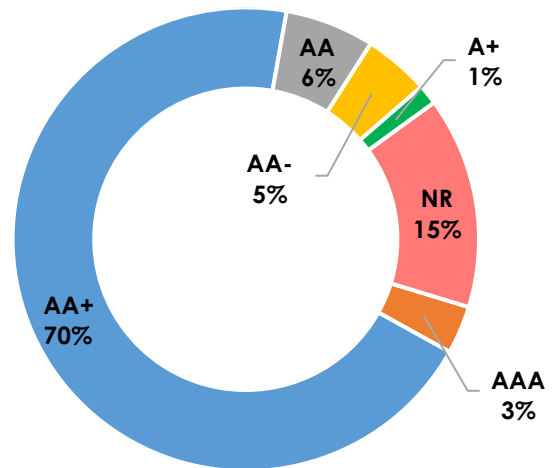
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	5,086,611.16	100.01%	67.62%	2.26%
Aa	49,696.88	100.22%	0.66%	2.44%
Aa1	576,991.85	100.10%	7.67%	2.60%
Aa2	521,983.84	100.11%	6.94%	2.53%
Aa3	167,383.19	100.36%	2.23%	2.80%
A1	10,000.00	100.00%	0.13%	2.59%
NR	1,110,124.50	100.03%	14.76%	2.51%
Totals:	7,522,791.42	100.03%	100.00%	2.35%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	252,001.83	100.69%	3.35%	2.36%
AA+	5,246,298.06	99.99%	69.74%	2.27%
AA	466,276.04	100.22%	6.20%	2.52%
AA-	343,091.00	100.05%	4.56%	2.78%
A+	105,000.00	100.00%	1.40%	2.72%
NR	1,110,124.50	100.03%	14.76%	2.51%
Totals:	7,522,791.42	100.03%	100.00%	2.35%



12-Month Projected Cash Flow

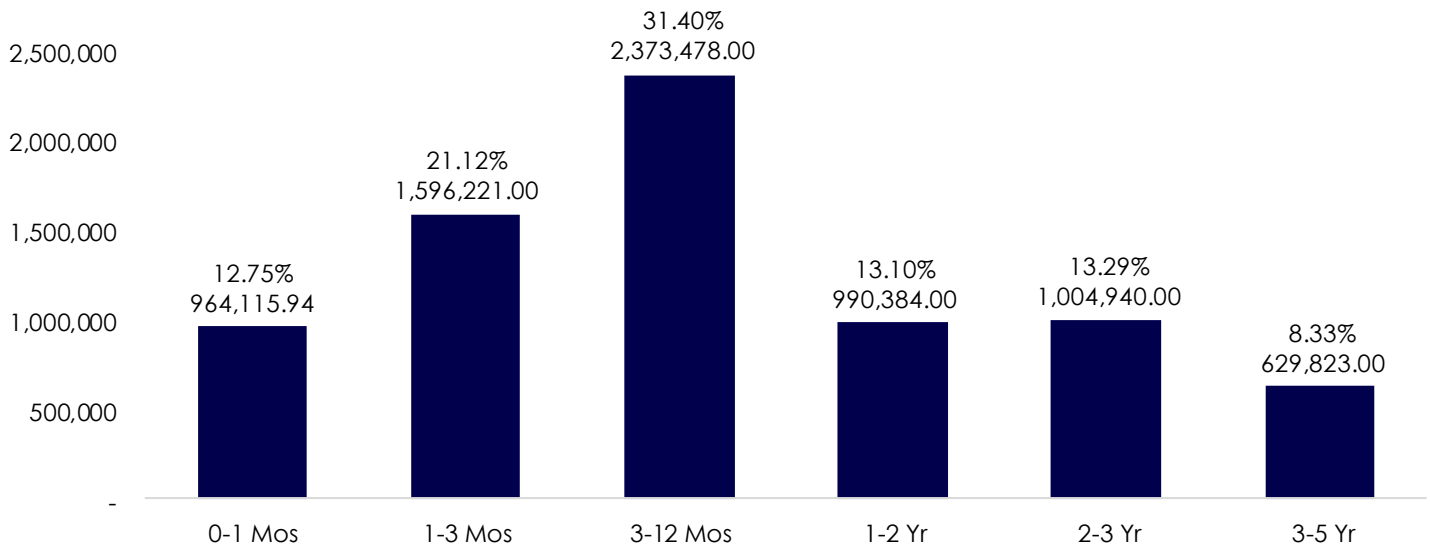
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Maturesd Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
04/2019					226.17		
04/2019	2,000.00	1,300.00	700.00		926.17	964.12	
05/2019	1,200.00	2,050.00	(850.00)		76.17	1,132.13	
06/2019	1,050.00	1,850.00	(800.00)	723.83	-	504.09	
07/2019	969.28	1,250.00	(280.72)	280.72	-	441.58	
08/2019	900.00	1,200.00	(300.00)	300.00	-	354.04	
09/2019	1,100.00	1,200.00	(100.00)	100.00	-	416.73	
10/2019	1,100.00	1,300.00	(200.00)	200.00	-	419.28	
11/2019	1,300.00	1,200.00	100.00		100.00	355.00	
12/2019	2,375.13	1,200.00	1,175.13		1,275.13	20.00	
01/2020	1,100.00	2,200.00	(1,100.00)		175.13	132.50	
02/2020	1,100.00	1,500.00	(400.00)	224.87	-	123.27	
03/2020	1,350.00	1,200.00	150.00		150.00	81.08	
TOTALS	15,544.41	17,450.00	(1,905.59)	1,829.42	2,928.77	4,943.81	5,695.97
				24.31%		65.70%	75.69%

* 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)

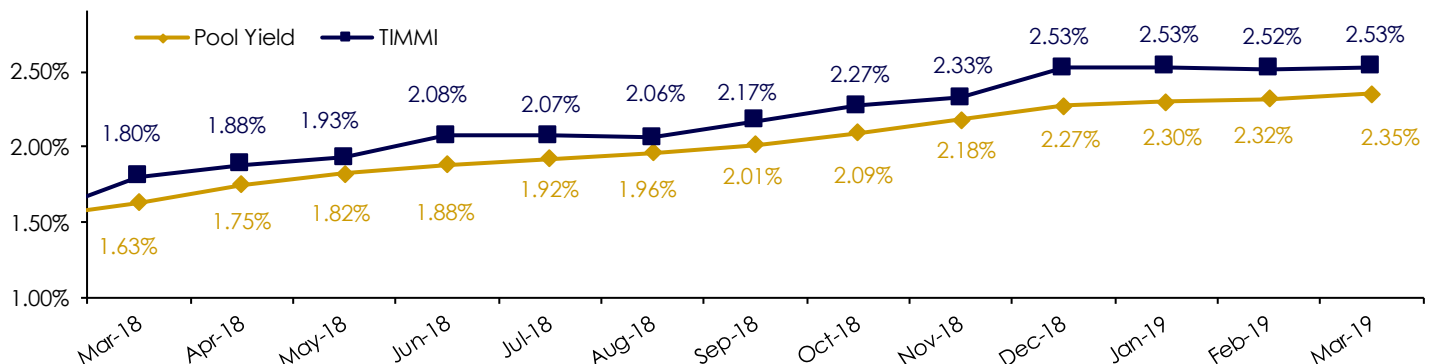


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	668,465.92	670,494.60	100.30%	2.46%	0.50	0.50
AGENCIES	3,949,986.69	3,944,735.74	99.87%	2.18%	1.32	1.67
MMKT	4,000.00	4,000.00	100.00%	2.33%	0.00	0.00
CASH	920,000.00	920,000.00	100.00%	2.55%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	2.40%	0.00	0.00
COMM PAPER	1,119,402.18	1,123,038.38	100.32%	2.54%	0.24	0.24
NCDS	330,000.00	330,000.00	100.00%	2.77%	0.20	0.20
MEDIUM TERM NOTES	278,870.61	281,054.86	100.78%	2.60%	0.84	0.85
MUNI	247,922.04	247,922.04	100.00%	2.36%	1.40	1.40
LOCAL AGCY OBLIG	120.00	120.00	100.00%	2.80%	1.21	1.21
Totals:	7,522,791.42	7,525,389.59	100.03%	2.35%	0.86	1.04

* 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 aggregate 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	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	3.30%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	8.89%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	<0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	52.51%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	14.88%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	4.39%
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INT'L FINANCE CORPORATION	NA	NA	NA	4 YEARS	20%	AA/Aa/AA	0.00%
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	3.71%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	0.05%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	0.05%
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	12.23%

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

² 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.

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.373	4,097,000.00	4,057,013.28	99.408000	4,072,745.76	15,732.48	.833	.855
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.388	8,000,000.00	7,920,160.00	99.408000	7,952,640.00	32,480.00	.833	.855
594918BN3	MICROSOFT CORP	08/08/2019	1.100	2.288	10,000,000.00	9,835,600.00	99.484000	9,948,400.00	112,800.00	.352	.356
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.414	16,000,000.00	15,832,480.00	99.408000	15,905,280.00	72,800.00	.833	.855
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.646	12,000,000.00	11,663,160.00	98.399000	11,807,880.00	144,720.00	1.867	1.921
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.469	10,000,000.00	9,887,000.00	99.408000	9,940,800.00	53,800.00	.832	.855
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.625	12,969,000.00	12,617,410.41	98.399000	12,761,366.31	143,955.90	1.867	1.921
594918BN3	MICROSOFT CORP	08/08/2019	1.100	2.481	14,772,000.00	14,527,818.84	99.484000	14,695,776.48	167,957.64	.352	.356
594918BN3	MICROSOFT CORP	08/08/2019	1.100	2.400	20,000,000.00	19,697,600.00	99.484000	19,896,800.00	199,200.00	.352	.356
594918AY0	MICROSOFT CORP	02/12/2020	1.850	2.691	16,880,000.00	16,654,820.80	99.524000	16,799,651.20	144,830.40	.848	.871
594918BN3	MICROSOFT CORP	08/08/2019	1.100	2.494	10,154,000.00	10,001,690.00	99.484000	10,101,605.36	99,915.36	.352	.356
037833CB4	APPLE	08/02/2019	1.100	2.570	12,500,000.00	12,339,000.00	99.494000	12,436,750.00	97,750.00	.335	.340
594918BN3	MICROSOFT CORP	08/08/2019	1.100	2.568	4,982,000.00	4,916,735.80	99.484000	4,956,292.88	39,557.08	.351	.356
166764BH2	CHEVRON CORP	05/16/2019	1.561	2.570	10,000,000.00	9,938,600.00	99.857000	9,985,700.00	47,100.00	.124	.126
931142DY6	WALMART	10/09/2019	1.750	2.824	25,000,000.00	24,752,750.00	99.507000	24,876,750.00	124,000.00	.511	.526
931142DY6	WALMART	10/09/2019	1.750	2.838	22,029,000.00	21,812,234.64	99.507000	21,920,397.03	108,162.39	.511	.526
037833CZ1	APPLE	09/12/2019	1.500	2.823	12,803,000.00	12,662,038.97	99.509000	12,740,137.27	78,098.30	.445	.452
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	98.399000	10,130,177.05	175,117.95	1.863	1.921
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.912	10,100,000.00	9,929,411.00	99.335000	10,032,835.00	103,424.00	1.537	1.597
			1.609	2.603	282,931,000.00	278,870,612.34	99.336892	281,054,862.34	2,184,250.00	.829	.852
4500: NCD-Mat A/360											
78012UHD0	ROYAL BANK OF CANADA NY	06/07/2019	2.660	2.660	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.181	.186
90333VYZ7	US BANK NA	06/11/2019	2.590	2.590	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	.192	.197
78012UHZ1	ROYAL BANK OF CANADA NY	06/21/2019	2.710	2.710	30,000,000.00	30,000,000.00	100.000000	30,000,000.00	0.00	.219	.225
06052TC32	BANK OF AMERICA NA	05/01/2019	2.620	2.620	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.083	.085
90333VZC7	US BANK NA	05/31/2019	2.580	2.580	30,000,000.00	30,000,000.00	100.000000	30,000,000.00	0.00	.163	.167
94989RY28	WELLS FARGO NA	05/13/2019	2.720	2.720	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.115	.118
94989RZ50	WELLS FARGO CD	06/28/2019	2.820	2.820	30,000,000.00	30,000,000.00	100.000000	30,000,000.00	0.00	.237	.244
90333VZR4	US BANK NA	06/21/2019	2.830	2.830	40,000,000.00	40,000,000.00	100.000000	40,000,000.00	0.00	.218	.225
89114MMK0	TORONTO DOMINION	08/16/2019	3.000	3.000	35,000,000.00	35,000,000.00	100.000000	35,000,000.00	0.00	.367	.378
78012UJY2	ROYAL BANK OF CANADA NY	06/28/2019	2.910	2.910	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.237	.244
89114MMT1	TORONTO DOMINION	05/31/2019	2.860	2.860	30,000,000.00	30,000,000.00	100.000000	30,000,000.00	0.00	.162	.167
			2.770	2.770	330,000,000.00	330,000,000.00	100.000000	330,000,000.00	0.00	.198	.203
Total Fund			2.177	2.355	7,558,961,944.14	7,522,791,418.69	99.555860	7,525,389,587.99	2,598,169.30	1.004	1.042
Grand Total			2.177	2.355	7,558,961,944.14	7,522,791,418.69	99.555860	7,525,389,587.99	2,598,169.30	1.004	1.042



The Mission Inn, Downtown Riverside. Digital Image. *The Mission Inn*. <http://www.missioninn.com/about-en.html>.



COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR
CAPITAL MARKETS

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