

County of Riverside

Treasurer's Pooled Investment Fund

January 2020

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Federal Reserve Chair Jerome Powell during the January 29 FOMC press conference. Digital Image. *Federal Reserve Board* <https://www.youtube.com/user/FedReserveBoard>

Treasurer's Pooled Investment Fund

Monthly Commentary

New Year Brings Geopolitical Shocks

After experiencing a fairly stable fourth quarter 2019, January 2020 began with a missile strike from the United States, killing Iranian Revolutionary Guard Corp Major General Qasem Soleimani while he visited Baghdad, Iraq. Global markets were on edge for several days as the world awaited Iran's retaliation. Bond yields dropped as investors piled into U.S. Treasuries as a safe haven, in anticipation of a possible major conflict. When Iran launched a very weak response, it became clear that the situation would not escalate towards a war and markets breathed a sigh of relief. U.S. Treasuries yields declined in the month, putting downward pressure on the TPIF's yield, as monies were re-invested at the lower levels.

The FOMC left the FED funds rate unchanged at the target range of 1.50% to 1.75% at its Jan 29th meeting. During the press conference, Chairman Powell stated that the Fed was growing concerned that inflation was running below their target for too long. The bond market took this statement to mean that the

Fed's bias may be beginning to lean towards lowering rates soon, rather than the recent belief that they would be on hold until 2021.

Economic reports came in mixed, but showed that the US economy continued to grow at a moderate pace, while the rest of the major economies experienced slow growth. Construction spending was +.6% while the ISM Manufacturing Index declined by -.9%. U.S. vehicle sales fell slightly from an annual rate of 17.09 million to 16.70 million. On the 10th, the all-important monthly nonfarm payroll number came in at +145,000 which was lower than the +160,000 number expected. This slightly weak performance in the jobs picture gave the bond market confidence that the Fed would have no reason to raise rates in the near future, therefore clearing the way for increased buying, driving yields lower and stocks climbing higher.

Mid-month brought news of a deadly flu-like virus spreading in the city of Wuhan, China. Coronavirus is similar to MERS and SARS; no cure is known and

the death toll is rising. At first the virus was thought to be contained to one region of China, but then cases began to show up in Thailand, then several other countries around the world. The bond market rallied, as fears began to grow that travel and commerce would be crimped by quarantines. The second half of the month was dominated by virus news and markets continued reflecting the resulting fear.

Aside from the low global economic growth, sanctions, Brexit, Coronavirus, and geo-political events, economic indicators remained fairly healthy. However, these indicators still failed to calm markets. The Dow Jones Industrial Average fell from a high of 29,348 mid-month to close at 27,600, a drop of over 1,700 points in only two weeks. In the U.S. Treasury bond market, the 2-year yield started the month at 1.57% and ended at 1.32%, while the 5-year yield started the month at 1.69% and ended at 1.32%.

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Treasurer-Tax Collector

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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.

6-Month Pool Performance

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
Jan-20	7,653,741,469.47	7,633,961,510.96	19,779,958.51	0.26%	1.82	1.06
Dec-19	8,232,092,850.66	8,214,054,109.29	18,038,741.37	0.22%	1.86	1.01
Nov-19	6,701,954,259.60	6,686,612,679.23	15,341,580.37	0.23%	1.91	1.13
Oct-19	6,439,190,828.38	6,419,496,517.32	19,694,311.06	0.31%	2.03	1.13
Sep-19	6,351,986,977.01	6,333,085,946.48	18,901,030.53	0.30%	2.13	1.10
Aug-19	6,417,639,034.28	6,389,269,000.29	28,370,033.99	0.44%	2.23	1.13

*Market values do not include accrued interest.

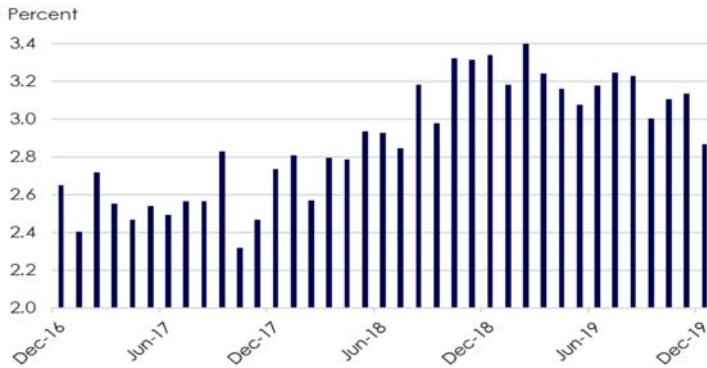
Economy

National Economy

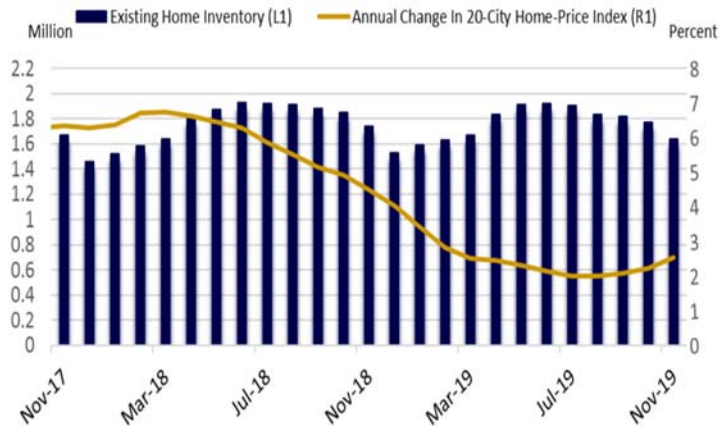
According to the advance estimate for Q4 GDP, growth continued at the same rate of Q3 at 2.1%. Increased exports, decreased imports, and accelerated federal, state, and local government spending contributed to growth, which was offset by a large decrease in private inventory investment and slowing personal consumption expenditure. [\[BEA 01/30/2020\]](#)

Due to stronger demand and slim inventory, nation wide November home prices rose at the fastest pace in nine months. Property values saw a 2.6% increase from same month last year, and a 0.5% increase from previous month, both beating forecasts. [\[Bloomberg 01/28/2020\]](#)

Private Sector Average Hourly Earnings Y/Y



U.S. Home Prices vs Existing Home Inventory



State Economy

California's job expansion continued in December for an unprecedented 118th straight month, accounting for over 15% of the nation's job gains in this time frame. [\[EDD 1/24/20\]](#)

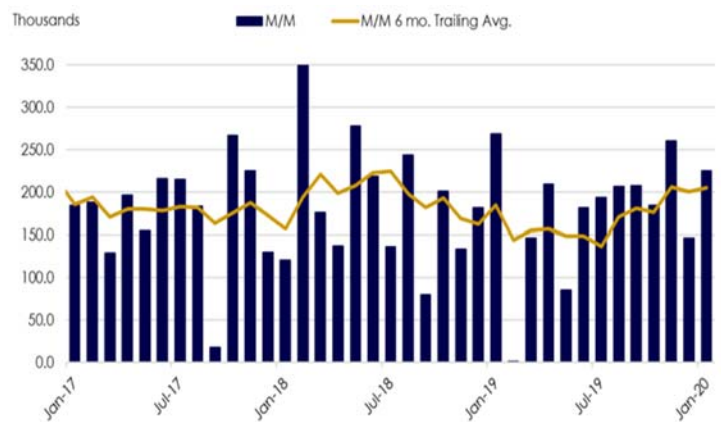
- Riverside County posted an unemployment rate of 3.7% in December, below California's 3.9%. [\[EDD1/24/20\]](#)

December saw Riverside County median home prices rise 6.9% to \$401,250 and sales jumped 17.9%. [\[LA TIMES 1/23/20\]](#)

Industrial Production Index Y/Y



Nonfarm Payrolls Total M/M Change SA



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
01/30/2020	Real GDP - Q/Q Change	2.1%	2.0%	2.6%
01/10/2020	Unemployment Rate - Seasonally Adjusted	3.5%	3.5%	3.9%
01/10/2020	Non-Farm Payrolls - M/M Change - Thousands	145	160	312
01/14/2020	CPI - Y/Y Change	2.3%	2.4%	1.9%
01/14/2020	CPI Ex Food and Energy - Y/Y Change	2.3%	2.3%	2.2%
01/07/2020	ISM Non-Manufacturing Index (> 50 indicates growth)	55.0	54.5	57.6
01/27/2020	New Home Sales - SAAR - Thousands	694	730	621
01/07/2020	Factory Orders - M/M Change	-0.7%	-0.8%	-0.6%
01/07/2020	Durable Goods Orders - New Orders - M/M Change	-2.1%	-2.0%	0.7%

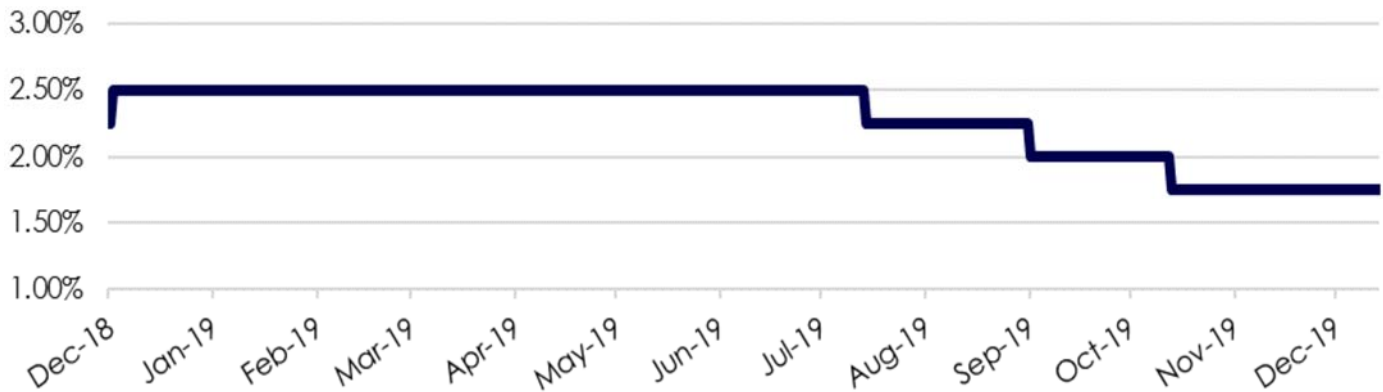
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

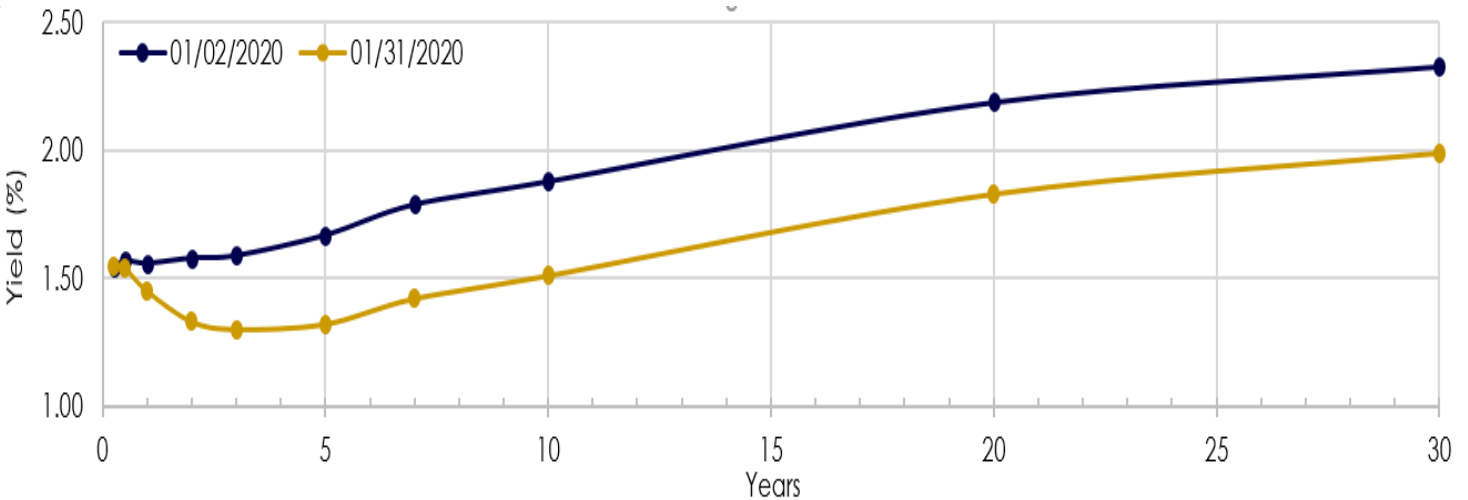
FOMC Meeting 01/29/2020

- The FOMC stated that data received since their last meeting in December “indicates that the labor market remains strong and that economic activity has been rising at a moderate rate.”
- The Federal Open Market Committee maintained the Fed Funds Target Range at 1.50—1.75%.
- The FOMC stated in their January press release that “the current stance of monetary policy is appropriate to support sustained expansion of economic activity, strong labor market conditions, and inflation returning to the Committee’s symmetric 2 percent objective.”

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

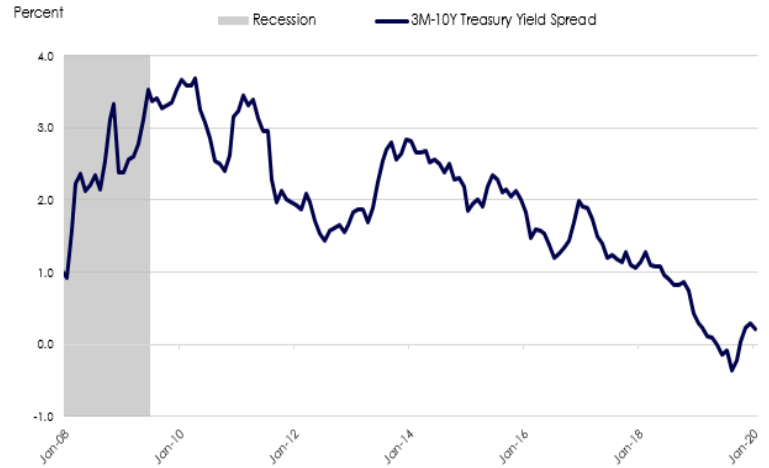
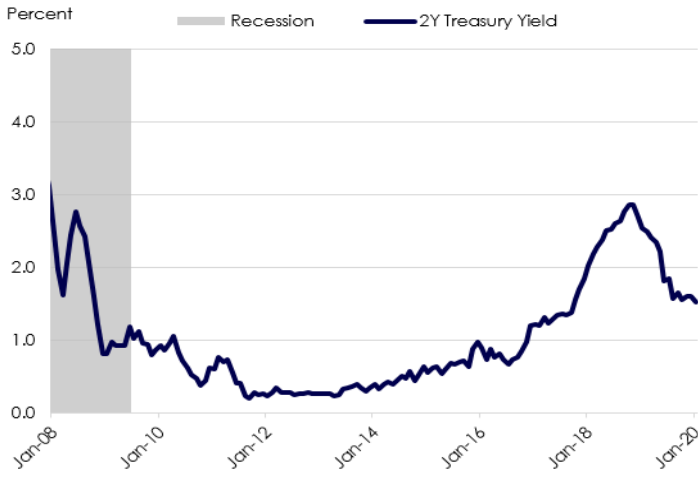


Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
01/31/2020 - 01/02/2020	0.01	-0.03	-0.11	-0.25	-0.29	-0.35	-0.37	-0.34
01/31/2020	1.55	1.54	1.45	1.33	1.30	1.32	1.51	1.99
01/02/2020	1.54	1.57	1.56	1.58	1.59	1.67	1.88	2.33

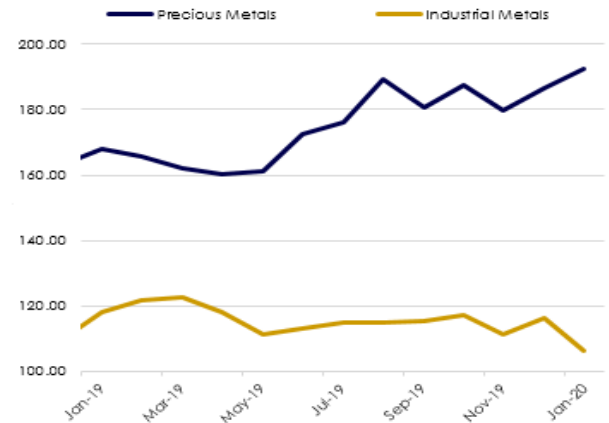
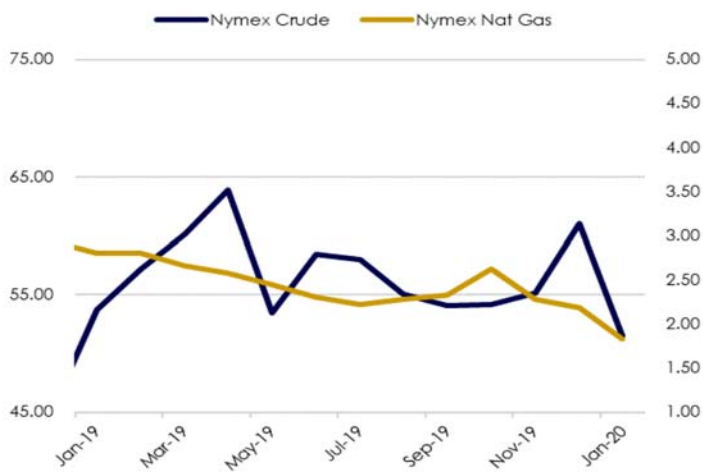
The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

Market Data cont'd

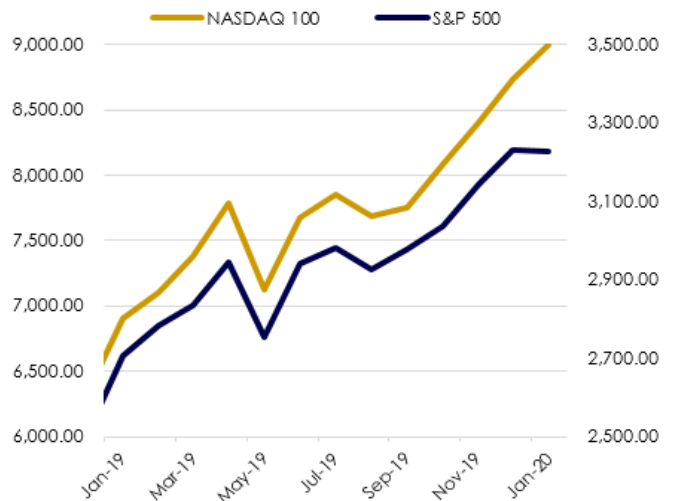
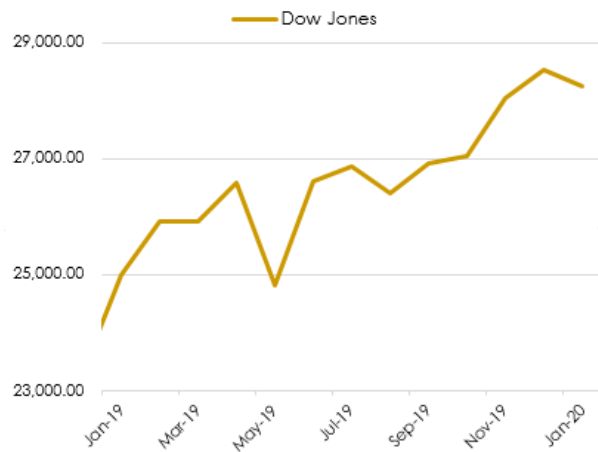
U.S. Treasuries



Commodities



Stocks



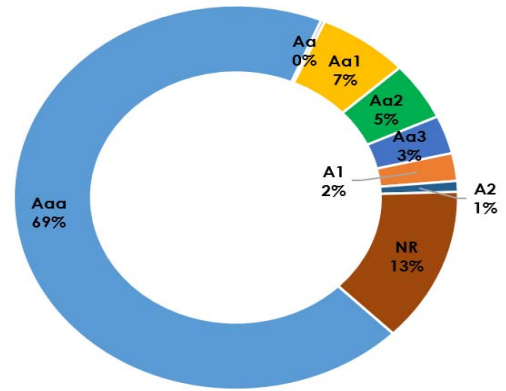
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

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**.

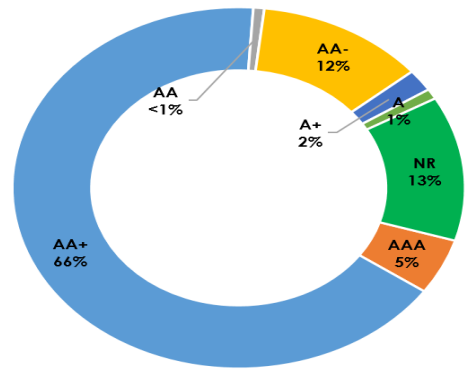
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	5,250,285.41	100.33%	68.78%	1.82%
Aa	20,000.00	100.34%	0.26%	2.06%
Aa1	507,241.48	100.11%	6.64%	1.76%
Aa2	373,154.11	100.16%	4.89%	1.73%
Aa3	245,346.40	100.13%	3.21%	2.23%
A1	177,913.38	100.02%	2.33%	1.68%
A2	69,976.04	100.02%	0.92%	1.54%
NR	990,044.70	100.07%	12.97%	1.83%
Totals:	7,633,961.51	100.26%	100.00%	1.82%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	380,986.49	100.59%	4.99%	1.91%
AA+	5,062,918.97	100.31%	66.32%	1.81%
AA	59,405.14	100.07%	0.78%	2.02%
AA-	920,716.79	100.11%	12.06%	1.86%
A+	149,913.38	100.02%	1.96%	1.74%
A	69,976.04	100.02%	0.92%	1.54%
NR	990,044.70	100.07%	12.97%	1.83%
Totals:	7,633,961.51	100.26%	100.00%	1.82%



12-Month Projected Cash Flow

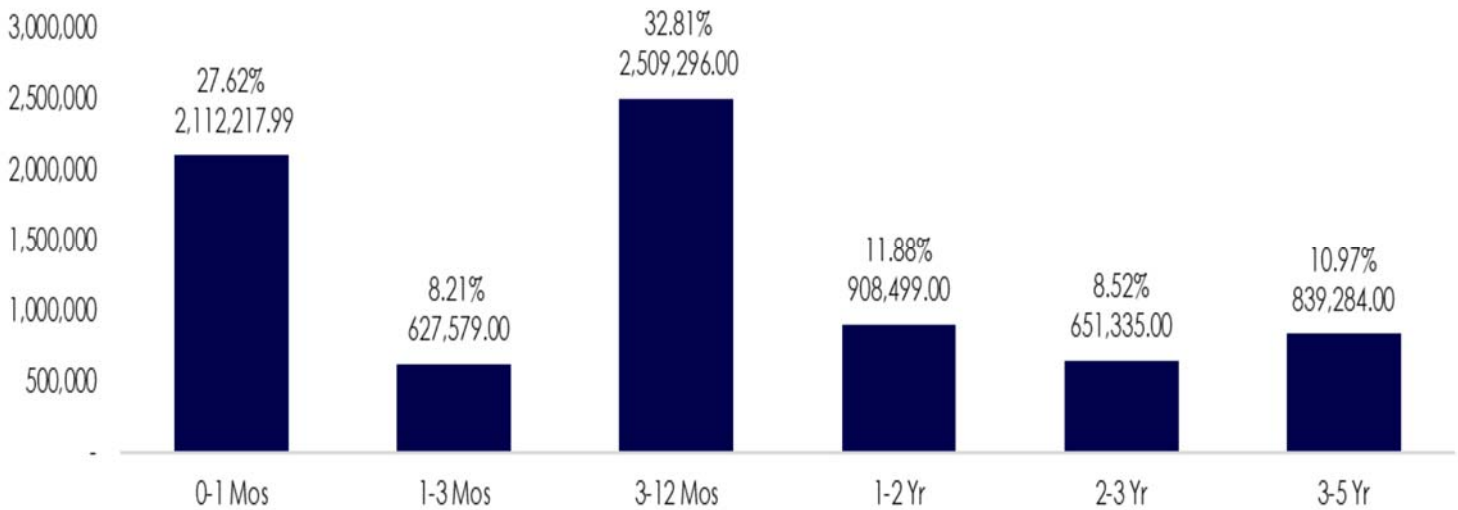
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
02/2020					137.63		
02/2020	1,100.00	1,500.00	(400.00)	262.37	-	2,112.22	
03/2020	1,350.00	1,200.00	150.00		150.00	491.93	
04/2020	1,350.00	1,200.00	150.00		300.00	135.65	
05/2020	1,700.00	1,700.00	-		300.00	1,014.66	
06/2020	1,000.00	1,736.13	(736.13)	436.13	-	250.39	
07/2020	1,177.22	1,435.00	(257.78)	257.78	-	171.83	
08/2020	1,000.00	1,300.00	(300.00)	300.00	-	208.35	
09/2020	1,030.00	1,300.00	(270.00)	270.00	-	123.98	
10/2020	1,100.00	1,300.00	(200.00)	200.00	-	112.25	
11/2020	1,200.00	1,320.00	(120.00)	120.00	-	230.10	
12/2020	2,550.00	1,300.00	1,250.00		1,250.00	30.00	
01/2021	1,288.34	2,050.00	(761.66)		488.34	367.75	
TOTALS	15,845.56	17,341.13	(1,495.57)	1,846.28	2,625.97	5,249.11	5,787.68
				24.19%		68.76%	75.81%

* 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

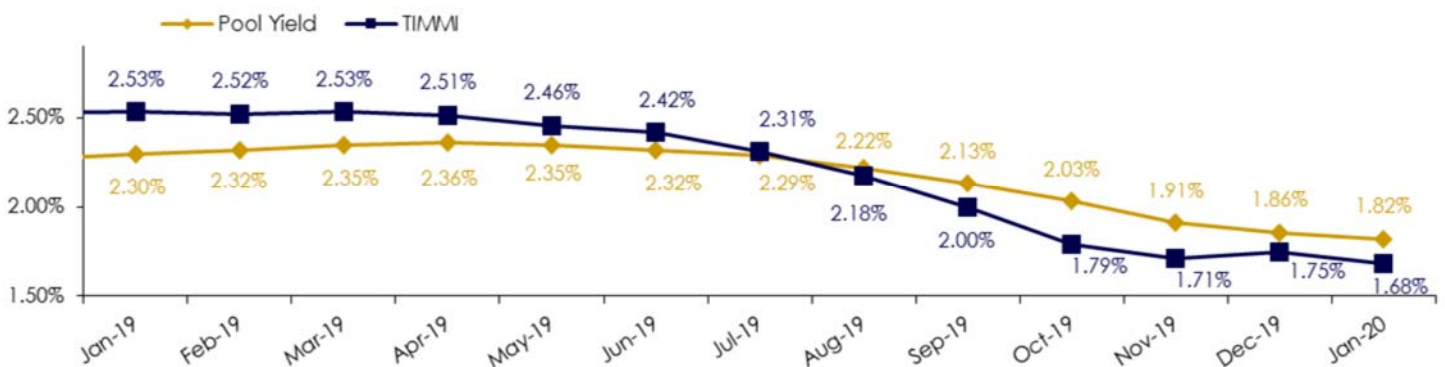
Asset Maturity Distribution (Par Value, 000's)



Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	815,383.29	816,995.45	100.20%	1.65%	1.04	1.04
AGENCIES	3,461,704.30	3,474,642.22	100.37%	1.89%	0.89	1.90
MMKT	402,000.00	402,000.00	100.00%	1.63%	0.00	0.00
CASH	815,000.00	815,000.00	100.00%	1.79%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	1.89%	0.00	0.00
COMM PAPER	1,283,600.15	1,286,598.82	100.23%	1.68%	0.18	0.18
NCDS	563,000.00	563,000.00	100.00%	1.78%	0.25	0.25
MEDIUM TERM NOTES	135,753.56	137,984.78	101.64%	2.49%	0.51	0.54
MUNI	153,456.23	153,456.23	100.00%	2.63%	1.26	1.26
LOCAL AGCY OBLIG	40.00	40.00	100.00%	2.41%	0.37	0.37
Totals:	7,633,961.51	7,653,741.47	100.26%	1.82%	0.600	1.06

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	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	2.01%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	10.68%
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	45.35%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	16.81%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	7.37%
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	1.78%
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	5.27%
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	10.68%

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
19121ABR1	COCA-COLA CO	02/25/2020	1.540	1.543	25,000,000.00	24,956,152.78	99.894000	24,973,500.00	17,347.22	.067	.068
19121ABR1	COCA-COLA CO	02/25/2020	1.540	1.543	25,000,000.00	24,957,222.22	99.894000	24,973,500.00	16,277.78	.067	.068
63763PEF2	NATL SEC CLEARING CORP	05/15/2020	1.670	1.679	30,000,000.00	29,833,000.00	99.523333	29,857,000.00	24,000.00	.283	.288
30229AEE5	EXXON MOBIL	05/14/2020	1.590	1.598	100,000,000.00	99,509,750.00	99.527917	99,527,916.67	18,166.67	.280	.285
03785DJ98	APPLE	09/09/2020	1.630	1.647	50,000,000.00	49,481,569.44	98.962528	49,481,263.89	-305.55	.598	.608
03948GB51	ARCHER DANIELS MIDLAND	02/05/2020	1.540	1.541	70,000,000.00	69,976,044.44	99.982333	69,987,633.33	11,588.89	.013	.014
16677JBB1	CHEVRON CORP	02/11/2020	1.550	1.551	25,500,000.00	25,486,825.00	99.955833	25,488,737.50	1,912.50	.030	.030
3130: CORP-Fxd-S 30/360			1.672	1.681	1,290,497,000.00	1,283,600,147.20	99.697932	1,286,598,816.08	2,998,668.88	.180	.183
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.273	6,350,000.00	6,297,739.50	99.998000	6,349,873.00	52,133.50	.016	.016
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.277	6,000,000.00	5,951,100.00	99.998000	5,999,880.00	48,780.00	.016	.016
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.543	25,000,000.00	24,649,750.00	100.253000	25,063,250.00	413,500.00	.741	.759
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.354	3,000,000.00	2,971,440.00	99.998000	2,999,940.00	28,500.00	.016	.016
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.373	4,097,000.00	4,057,013.28	99.998000	4,096,918.06	39,904.78	.016	.016
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.388	8,000,000.00	7,920,160.00	99.998000	7,999,840.00	79,680.00	.016	.016
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.414	16,000,000.00	15,832,480.00	99.998000	15,999,680.00	167,200.00	.016	.016
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.646	12,000,000.00	11,663,160.00	100.188000	12,022,560.00	359,400.00	1.057	1.082
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.469	10,000,000.00	9,887,000.00	99.998000	9,999,800.00	112,800.00	.016	.016
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.625	12,969,000.00	12,617,410.41	100.188000	12,993,381.72	375,971.31	1.057	1.082
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	100.188000	10,314,354.60	359,295.50	1.054	1.082
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.912	10,100,000.00	9,929,411.00	100.253000	10,125,553.00	196,142.00	.740	.759
053015AD5	AUTOMATIC DATA PROCESSING	09/15/2020	2.250	1.812	13,976,000.00	14,021,841.28	100.313000	14,019,744.88	-2,096.40	.611	.625
			1.878	2.495	137,787,000.00	135,753,564.57	100.143537	137,984,775.26	2,231,210.69	.528	.540
4500: NCD-Mat A/360											
06052TH52	BANK OF AMERICA	05/20/2020	1.840	1.840	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.296	.301
89114NBE4	TORONTO DOMINION	02/25/2020	1.830	1.830	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.067	.068
90333VW55	US BANK	05/22/2020	1.760	1.760	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.301	.307
89114NBH7	TORONTO DOMINION	05/22/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.301	.307
90333VX21	US BANK	06/03/2020	1.750	1.750	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.334	.340
90333VX39	US BANK NA	03/04/2020	1.730	1.730	28,000,000.00	28,000,000.00	100.000000	28,000,000.00	0.00	.089	.090
89114NCM5	TORONTO DOMINION	03/05/2020	1.840	1.840	20,000,000.00	20,000,000.00	100.000000	20,000,000.00	0.00	.091	.093
89114NDM4	TORONTO DOMINION	06/12/2020	1.850	1.850	20,000,000.00	20,000,000.00	100.000000	20,000,000.00	0.00	.358	.364
90333VX88	US BANK NA	05/14/2020	1.780	1.780	20,000,000.00	20,000,000.00	100.000000	20,000,000.00	0.00	.280	.285
06052TH78	BANK OF AMERICA	07/01/2020	1.850	1.850	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.409	.416
89114NFL4	TORONTO DOMINION	07/13/2020	1.760	1.760	45,000,000.00	45,000,000.00	100.000000	45,000,000.00	0.00	.441	.449
89114NFM2	TORONTO DOMINION	03/11/2020	1.720	1.720	45,000,000.00	45,000,000.00	100.000000	45,000,000.00	0.00	.108	.110
90333VZ52	US BANK NA	03/25/2020	1.650	1.650	35,000,000.00	35,000,000.00	100.000000	35,000,000.00	0.00	.145	.148
90333VW97	US BANK NA	03/03/2020	1.730	1.730	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.086	.088
			1.778	1.778	563,000,000.00	563,000,000.00	100.000000	563,000,000.00	0.00	.243	.247
Total Fund			1.818	1.822	7,648,210,994.62	7,633,961,510.96	100.072311	7,653,741,469.47	19,779,958.51	1.019	1.058



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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