



2012
April

County of Riverside

Treasurer's Pooled Investment Fund

"Déjà Vu"

Déjà vu is that strange feeling of certainty that one has already witnessed or experienced a current situation or event. Well, it feels like we have been here before, as we wrote about in our April 2010 edition "Fried in Hot Greece." The financial markets news has come full circle as the turmoil in Europe continues to this day.

Art Cashin, director of floor operations at the NYSE for UBS Financial Services, recently said it best in describing Greece as being in a capsule. "Here is the outlook from Wall Street watering holes. If a coalition government is formed or looks to be formed, global markets may rally. Any coalition is unlikely to make progress on goals, since austerity is political suicide. There will likely be another election around June 10-17. A workable majority/plurality remains unlikely, so back to square one. Therefore, Greece will be unable to attain goals by the deadline (June 30). Lacking aid funds, pensions are suspended and government workers are laid off. Protestors take to the streets and government is forced to revert to drachma to avoid social chaos. Pass the peanuts, please."

Both the Greeks and the French are upset over massive cuts in public programs and pensions, which are the foundations of their economies. In response, both countries are voting themselves into the so-

cialist agenda whose latest promise is to spend themselves into recovery, which is risky since Greece is out of money and time.

Moreover, you have countries like Spain right behind them with 25% unemployment and mountains of debt. Furthermore, France cannot bail themselves and the rest of the EU out by spending. This is how they all got into this quagmire in the first place. Hopefully this Greek tragedy, which has been a nightmare for the capital markets over the last two plus years won't spread to a contagion status to the rest of the EU. If it does, talk of Euro implosion will continue to mount.

The Fed met on April 25th and left the benchmark Fed funds rate unchanged, which was no surprise. The Fed also stated that it "expects economic growth to remain moderate over coming quarters and then to pick up gradually." We hope this is the case as the situation in Europe is likely to affect us here in the U.S. as weakening Euro/stronger dollar scenario will impact corporate profits. If that happens in a big way, another flight to quality in Treasuries with lower yields for fixed income investors will be the result.

Don Kent

Treasurer-Tax Collector

Capital Markets Team

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Investment Objectives

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 achieve a return on the funds under his or her control.

**RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND IS CURRENTLY RATED:
Aaa-bf/MR1 BY MOODY'S INVESTOR'S SERVICE AND AAA/V1 BY FITCH RATINGS**

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	Yrs to Maturity	Modified Duration
April	5,926,568,258.87	5,920,236,964.13	6,331,294.74	0.11	0.44	1.10	1.08
March	5,001,811,731.51	4,997,448,808.53	4,362,922.98	0.09	0.49	1.24	1.22
February	5,213,877,914.26	5,208,745,632.12	5,132,282.14	0.10	0.49	1.24	1.23
January	5,495,948,927.61	5,489,579,174.51	6,369,753.10	0.12	0.48	1.20	1.19
December	5,448,105,732.50	5,444,673,580.47	3,432,152.03	0.06	0.53	1.30	1.28
November	5,214,574,812.90	5,211,057,889.81	3,516,923.09	0.07	0.51	1.21	1.19

The Treasurer's Pooled Investment Fund is comprised of the County, Schools, Special Districts, and other Discretionary Depositors.

Current Market Date

Economic Indicators

Released on:	Indicator	Definition	Consensus	Actual
5/4/2012	Nonfarm Payrolls - M/M change	Counts the number of paid employees working part-time or full-time in the nation's business and government establishments.	165,000	115,000
5/4/2012	Unemployment Rate	Measures the number of unemployed as a percentage of the labor force.	8.2%	8.1%
4/25/2012	Durable Goods Orders - M/M change	Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	-1.5%	-4.2%
4/27/2012	Real Gross Domestic Product - Q/Q change	The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard.	2.5%	2.2%
4/24/2012	Consumer Confidence	Measures consumer attitudes on present economic conditions and expectations of future conditions.	69.7	69.2
5/2/2012	Factory Orders - M/M change	Represents the dollar level of new orders for both durable and nondurable goods.	-1.6%	-1.5%
4/13/2012	Consumer Price Index - M/M change	The Consumer Price Index is a measure of the average price level of a fixed basket of goods and services purchased by consumers.	0.3%	0.3%

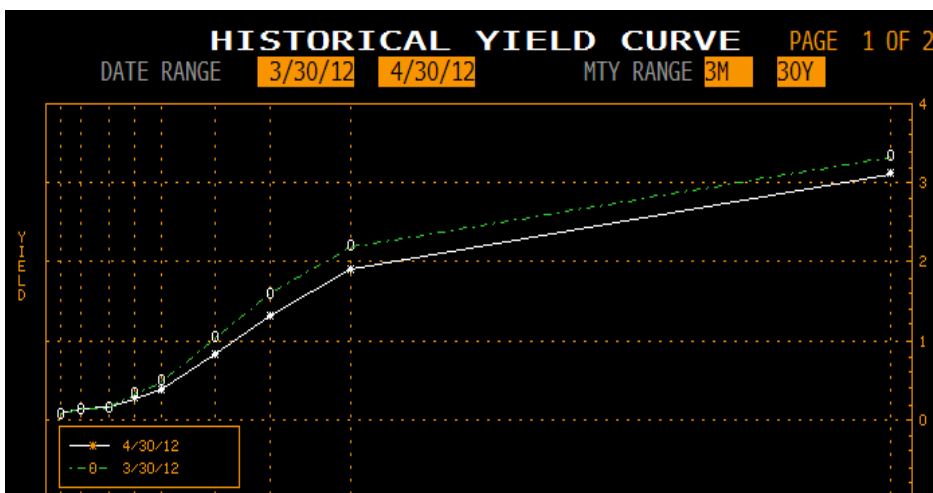
Stock Indices

	Value	Change
Dow Jones (DJIA)	13,213.63	1.59
S&P 500 Index	1,397.91	(10.56)
NASDAQ	3,046.36	(45.21)

Commodities

	Value	Change
Nymex Crude	\$ 104.87	\$ 1.85
Gold (USD/OZ)	\$ 1,664.75	\$ (3.60)

U.S. Treasuries



Fed Funds Target Rate

Current Fed Funds Rate: 0-0.25%		
	Probability for FOMC Date	Probability for FOMC Date
Fed Move	06/20/12	07/31/12
Decrease to 0.00%	40.0%	40.0%
Increase to 0.25%	60.0%	60.0%
Increase to 0.50%	0.0%	0.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

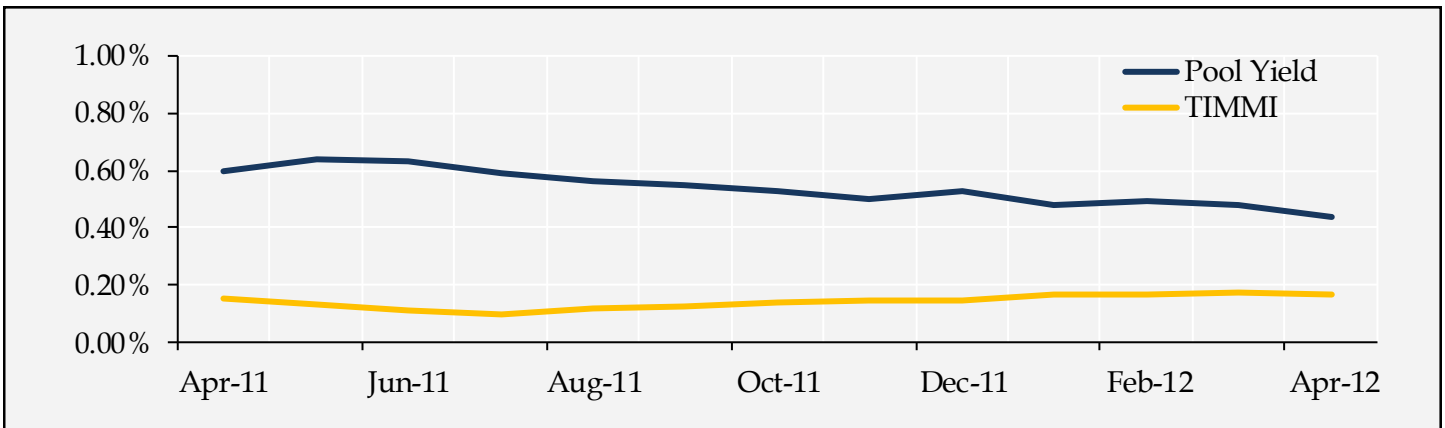
	Yield (%)	Change (%)
3-Month	0.09	0.03
6-Month	0.14	0.01
12-Month	0.17	0.01
2-Year	0.26	(0.07)
3-Year	0.37	(0.13)
5-Year	0.81	(0.23)
7-Year	1.32	(0.29)
10-Year	1.91	(0.30)
30-Year	3.11	(0.23)

TIMMI

AAA Rated Prime Institutional Money-Market Funds

Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	0.19%
Federated Prime Obligations Fund	POIXX	0.18%
Wells Fargo Advantage Heritage	WFJXX	0.09%
Morgan Stanley Institutional Prime Liquidity Fund	MPFXX	0.16%
BlackRock Prime Cash Fund	BPIXX	0.21%

The Treasurer's Institutional Money Market Index (TIMMI) is compiled and reported by the Riverside County Treasurer's Capital Markets division. It is a composite index derived from five AAA rated prime institutional money market funds. Similar to the Treasurer's Office, prime money market funds invest in a diversified portfolio of U.S. dollar denominated money market instruments including U.S. Treasuries, government agencies, commercial paper, certificates of deposits, repurchase agreements, etc. TIMMI is currently comprised of the five multi billion dollar funds listed to the left.



Cash Flows

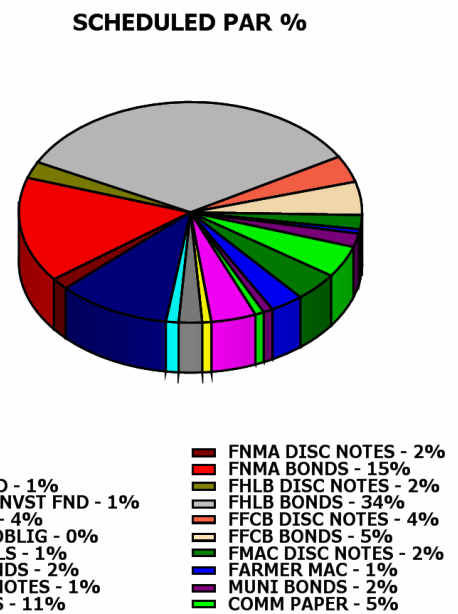
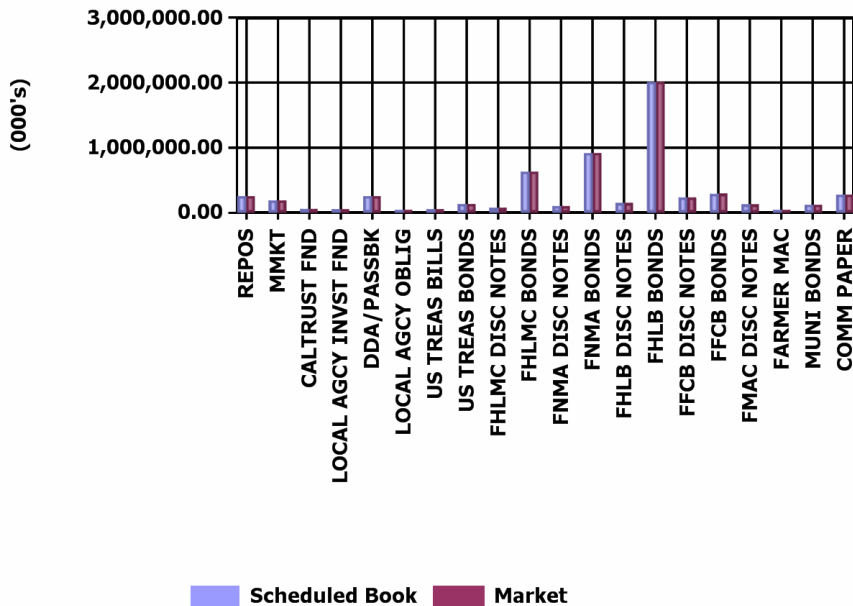
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Maturesd Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
05/2012					66.30		
05/2012	746.26	1,035.89	(289.63)	223.33	0.00	1,207.66	
06/2012	884.08	1,220.61	(336.53)	336.53	0.00	294.50	
07/2012	805.00	908.77	(103.77)	103.77	0.00	288.68	
08/2012	672.00	749.04	(77.04)	77.04	0.00	221.97	
09/2012	587.00	718.69	(131.69)	131.69	0.00	148.04	
10/2012	697.00	812.58	(115.58)	115.58	0.00	142.80	
11/2012	775.00	706.19	68.81		68.81	139.12	
12/2012	1,459.00	809.82	649.18		717.99	105.00	
01/2013	695.00	1,259.52	(564.52)		153.47	493.11	
02/2013	638.00	900.45	(262.45)	108.98	0.00	286.90	
03/2013	841.00	851.75	(10.75)	10.75	0.00	110.00	
04/2013	1,379.60	821.92	557.68		557.68	108.30	
TOTALS	10,178.94	10,795.23	(616.29)	1,107.67		3,546.08	4,812.33
				18.71%		59.90%	81.29%

* All values reported in millions (\$).

The Pooled Investment Fund cash flow requirements are based upon a 12 month historical cash flow model. Based upon projected cash receipts and maturing investments, there are sufficient funds to meet future cash flow disbursements over the next 12 months.

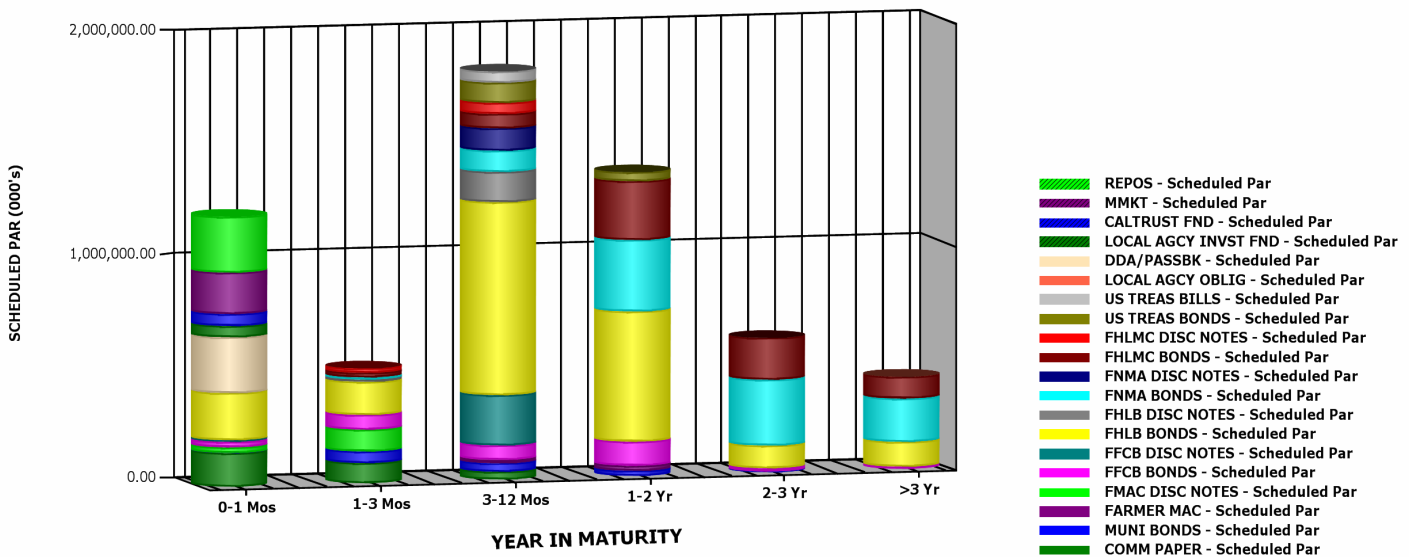
Asset Allocation

Assets (000's)	Scheduled Par	Scheduled Book	Scheduled Market	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
REPOS	250,000.00	250,000.00	250,000.00	100.00%	0.12%	.004	.004
MMKT	185,000.00	185,000.00	185,000.00	100.00%	0.05%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.45%	.003	.003
LOCAL AGCY INVST	50,000.00	50,000.00	50,000.00	100.00%	0.38%	.003	.003
DDA/PASSBK	250,000.00	250,000.00	250,000.00	100.00%	0.09%	.003	.003
LOCAL AGCY	560.00	560.00	560.00	100.00%	0.99%	8.132	8.132
US TREAS BILLS	50,000.00	49,915.47	49,940.00	100.05%	0.19%	.775	.775
US TREAS BONDS	130,000.00	130,406.45	130,363.50	99.97%	0.23%	.789	.789
FHLMC DISC NOTES	70,000.00	69,865.82	69,903.13	100.05%	0.19%	.720	.720
FHLMC BONDS	630,641.00	630,712.67	632,469.93	100.28%	0.74%	1.405	2.171
FNMA DISC NOTES	100,000.00	99,866.03	99,921.88	100.06%	0.14%	.593	.593
FNMA BONDS	913,850.00	914,695.74	916,986.37	100.25%	0.84%	.829	2.360
FHLB DISC NOTES	145,000.00	144,752.28	144,924.98	100.12%	0.17%	.453	.453
FHLB BONDS	2,016,251.43	2,017,668.75	2,018,603.49	100.05%	0.38%	.773	1.002
FFCB DISC NOTES	232,000.00	231,613.57	231,734.38	100.05%	0.19%	.769	.769
FFCB BONDS	288,705.00	288,928.57	289,479.82	100.19%	0.57%	.822	.996
FMAC DISC NOTES	123,000.00	122,751.08	123,000.00	100.20%	0.21%	.135	.135
FARMER MAC	37,500.00	37,502.38	37,575.00	100.19%	0.61%	1.011	1.011
MUNI BONDS	116,980.00	117,239.70	117,239.70	100.00%	0.44%	.534	.534
COMM PAPER	275,000.00	274,758.47	274,866.09	100.04%	0.21%	.126	.126
Totals (000's):	5,918,487.43	5,920,236.96	5,926,568.26	100.11%	0.43%	.691	1.096



Maturity Distribution

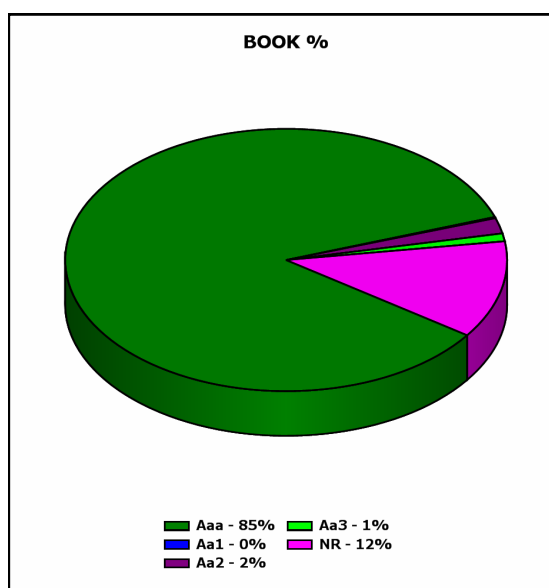
Scheduled Par (000's)	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yr	2-3 Yr	>3 Yr	Totals (000's)
REPOS	250,000.00	0	0	0	0	0	250,000.00
MMKT	185,000.00	0	0	0	0	0	185,000.00
CALTRUST FND	54,000.00	0	0	0	0	0	54,000.00
LOCAL AGCY INVST	50,000.00	0	0	0	0	0	50,000.00
DDA/PASSBK	250,000.00	0	0	0	0	0	250,000.00
LOCAL AGCY OBLIG	0.00	0	0	0	0	560	560.00
US TREAS BILLS	0	0	50,000.00	0	0	0	50,000.00
US TREAS BONDS	0	0	90,000.00	40,000.00	0	0	130,000.00
FHLMC DISC NOTES	0	20,000.00	50,000.00	0	0	0	70,000.00
FHLMC BONDS	0	20,000.00	64,121.00	263,000.00	186,500.00	97,020.00	630,641.00
FNMA DISC NOTES	0	0	100,000.00	0	0	0	100,000.00
FNMA BONDS	0	10,000.00	95,000.00	320,000.00	295,000.00	193,850.00	913,850.00
FHLB DISC NOTES	0	10,000.00	135,000.00	0	0	0	145,000.00
FHLB BONDS	210,810.00	148,040.00	863,505.00	582,085.00	100,990.00	110,821.43	2,016,251.43
FFCB DISC NOTES	7,000.00	0	225,000.00	0	0	0	232,000.00
FFCB BONDS	25,000.00	65,705.00	65,000.00	108,000.00	15,000.00	10,000.00	288,705.00
FMAC DISC NOTES	25,000.00	98,000.00	0	0	0	0	123,000.00
FARMER MAC	0	0	15,000.00	22,500.00	0	0	37,500.00
MUNI BONDS	850	51,440.00	37,605.00	23,085.00	4,000.00	0	116,980.00
COMM PAPER	150,000.00	90,000.00	35,000.00	0	0	0	275,000.00
Totals (000's):	1,207,660.00	513,185.00	1,825,231.00	1,358,670.00	601,490.00	412,251.43	5,918,487.43
%	20%	9%	31%	23%	10%	7%	
Cumulative %	20%	29%	60%	83%	93%	100%	



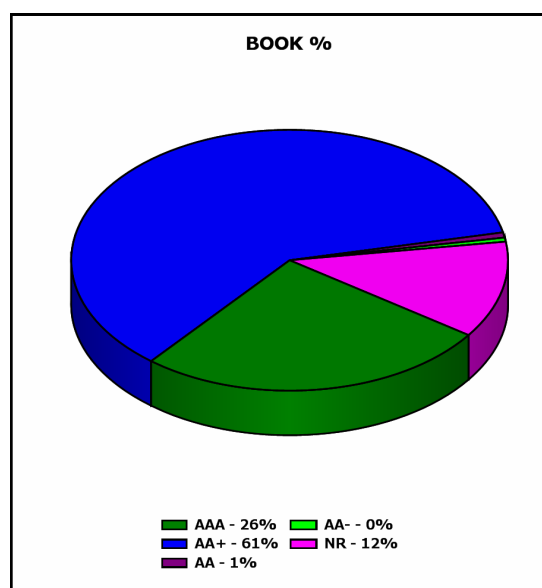
Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	5,027,722.43	5,029,634.04	5,035,507.13	100.12%	0.47%
Aa1	8,580.00	8,580.27	8,580.27	100.00%	0.93%
Aa2	113,825.00	113,694.69	113,837.20	100.13%	0.42%
Aa3	57,300.00	57,514.51	57,508.66	99.99%	0.25%
NR	711,060.00	710,813.46	711,135.00	100.05%	0.17%
Totals (000's):	5,918,487.43	5,920,236.97	5,926,568.26	100.11%	0.43%

MOODY'S



S & P



S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	1,548,676.00	1,551,580.33	1,554,257.51	100.17%	0.54%
AA+	3,591,186.43	3,590,028.00	3,593,360.57	100.09%	0.44%
AA	38,280.00	38,304.43	38,304.43	100.00%	0.57%
AA-	29,285.00	29,510.75	29,510.75	100.00%	0.28%
NR	711,060.00	710,813.46	711,135.00	100.05%	0.17%
Totals (000's):	5,918,487.43	5,920,236.97	5,926,568.26	100.11%	0.43%

Full Compliance

The Treasurer's Pooled Investment Fund was in **FULL COMPLIANCE** with the Treasurer's Statement of Investment Policy. The County's Investment Policy is more restrictive than the California Government Code. This policy is reviewed annually by the County's Investment Oversight Committee and approved by the County Board of Supervisors.



Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual Riverside Portfolio %
	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA- / Aa3/ AA-	1.98%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	3.04%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	77.00%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	4.65%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7	A1/P1/F1	4.22%
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	0.00%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.0%	NA	0.91%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/ Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS	3.13%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.84%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	4.22%

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

² Or must have an investment advisor with not less than 5 years experience and with assets under management of \$500,000,000.

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646



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