Treasury Group

To: Deborah Kafoury – Chair, Board of County Commissioners
Marissa Madrigal - Chief Operating Officer
Investment Advisory Board Members (IAB)
Mark Campbell – Chief Financial Officer
Steve March - County Auditor

From: Jeff DeCosta, County Treasury

Date: April 10, 2018

Re: Investment Portfolio Results for March 2018

The County Investment Pool's annualized earnings rate for March was 1.44%. No change from the previous month's earnings rate. The year-to-date rate of return for Fiscal Year 2018 increased three basis points to 1.31%.

The U.S. Treasury 90-day T-Bill yield at the end of March was 1.73%. This was an eight basis point increase from February 28th.

The annualized earnings rate for the State's Local Government Investment Pool was 2.10%.

Nonfarm payrolls increased by 103,000 in March, much less than the consensus estimate of 185,000. The unemployment rate remained steady at 4.1% for the sixth consecutive month. The markets are currently pricing in an 80% probability the Fed will raise short-term rates in June. Fears of a trade war continue to dominant news and impact financial markets. The volatile markets are highly tuned to geopolitical developments, heightening investor anxiety.

For questions and suggestions regarding this report, please call me at (503) 988-7471 or email at: jeffrey.decosta@multco.us

GOVERNMENT PORTFOLIO ADVISORS

Executive Summary

Month-End 03/31/18

Multnomah County

Investment Program

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GOVERNMENT PORTFOLIO ADVISORS

MONTH END COMMENTARY – MARCH 2018

The Fed followed through on the highly anticipated action to raise the target range for Fed Funds by a quarter point to 1.5-1.75 on March 21st. The increase was fully priced into the market. Rates declined slightly after the announcement and the month end yields ended moderately lower than the close on February 28, 2018. Information that the FOMC received since the January meeting indicates that the labor markets have strengthened and the economic activity is rising at a moderate rate. Job gains have been strong in recent months and the unemployment rate has stayed low.

In determining the timing and size of future adjustments to the target range for the Fed Funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. It is expected that the economic conditions will evolve in a manner that will warrant further increases to the federal funds rate; and the actual path will depend on economic outlook data.

Economic Data	Date Announced	Report	Change
Non-Farm Payrolls Change	*3/9/17*	*313K*	*Increased*
Unemployment	*3/9/18*	*4.1%*	*Stable*
GDP	*Q4-2017*	*2.3%*	*Adjusted down from 2.5% estimate*
CPI Change	*Feb 2018*	*2.2%*	*Increased Slightly*
Retail Sales	*Feb 2018*	*-.01%*	*Down*

Strategy going forward: The trajectory of future rate increases should continue at a moderate rate. The current yield curve is slightly rich to the FOMC expectations of higher Fed Fund levels. As such, GPA is recommending a slightly defensive posture with portfolio durations slightly short (90-95%) of their respective benchmarks. During the last twelve months, the yields in the three year and shorter sector have increased more than the 5-year sector causing a flatness of the yield curve. During this rising interest rate environment GPA is focused on optimizing investment dollars between liquidity and core investments. We continue to add credit in the two year and under maturities while avoiding longer term credit investments. This economic cycle is very long historically and credit spreads have most likely seen their lows as economic growth eventually slows.

TREASURY YIELD CURVE TOTAL RETURNS LAST 12 MONTHS:*

3month bill	1.11
1 year note	0.75
2 year note	-0.18
3 year note	-0.49
5 year note	-0.77

TREASURY BENCHMARK TOTAL RETURNS IN MONTH*

Benchmark	Period Return	Duration
BAML 0-3 Year Treasury	0.18%	1.40
BAML 0-5 Year Treasury	0.28%	2.15
BAML 1-3 Year Treasury	0.20%	1.83
BAML 1-5 Year Treasury	0.32%	2.60

Changes in the Treasury Market (absolute yield levels): *

	3/31/17	01/31/18	02/28/18	03/31/18	Change in March	Change from Prior Year
3 month bill	.73	1.46	1.66	1.61	-.05	+.88
6 month bill	.90	1.65	1.85	1.92	+.07	+1.02
2 year note	1.25	2.14	2.25	2.27	+.02	+1.02
3 year note	1.49	2.28	2.41	2.38	-.03	+.89
5 year note	1.92	2.52	2.64	2.56	-.09	+.64
10 year note	2.38	2.71	2.86	2.74	-.12	+.35

*Source: Bloomberg

Total Funds Multnomah County

Compliance Report

Policy 2017 | 03/31/2018

	Policy Requirement	% of Total Accumulated	Portfolio Allocation	Within Limits		S&P	Moodys
Under 30 days	10%	26%	$ 171,577,427	Yes	Muni's	AA-	Aa3
Under 1 year	35%	78%	$ 508,666,786	Yes	Corp Bonds	AA-	Aa3
Under 5 years	100%	100%	$ 651,952,736	Yes	C P	A-1	P-1
				Yes	B A	A-1+	P-1
Maximum Weighted Average Maturity	2		0.55	Yes			
Maximum Callable Securities	25%	3%	$ 19,799,690	Yes			
Maximum Single Maturity	5 Years		4.81	Yes	Policy states ONE rating meets requirement		

Asset Allocation Diversification	Maximum Policy Allocation	Issuer Constraint	Percentage of Portfolio	Market Value	% Within Limits	Ratings Compliance	Issuer Compliance
US Treasury Obligations	100%		35.32%	$ 230,257,964	Yes		
US Agencies Primary	100%		46.18%	$ 301,089,635	Yes		
FHLB		25%	18.81%	$ 122,607,135	Yes		
FNMA		25%	12.95%	$ 84,451,235	Yes		
FHLMC		25%	9.11%	$ 59,375,760	Yes		
FFCB		25%	5.32%	$ 34,655,505	Yes		
US Agencies Secondary	10%	10%	0.00%	$ -			
Municipal Obligations OR, CA, ID, WA	10%	5%	0.77%	$ 4,996,550	Yes		Yes
Corporate Bonds (No Fossil Fuel)	25%	5%	4.57%	$ 29,785,860	Yes	Yes	Yes
Commercial Paper	10%	5%					Yes
Bank Deposits	50%	25%	3.79%	$ 24,733,581	Yes	N/A	N/A
Certificates of Deposit	20%	10%	0.34%	$ 2,205,000	Yes	Yes	Yes
Bankers Acceptances	10%	5%	0.00%	$ -			
Repurchase Agreements	10%	5%					
Reverse Repurchase Agreement	10%	5%	0.00%	$ -			
OST Fund Pool	ORS 294.810 ***		9.03%	$ 58,884,146	Yes*	**	**
Total			**100%**	**$ 651,952,736**			

*** Current ORS Maximum $ 48,333,000.00

* ORS allows for OST Balances to be above limit during tax receipt periods.

** Ratings & Issuer restrictions do not apply to pool funds

STRATEGY OVERVIEW

Benchmark: BofA Merrill 0-3 year Treasury

Name	Par Amount	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Eff Dur	Bench Dur
Multnomah County - Core Investment Fund	$ 230,000,000	$ 230,019,998	$ 228,014,580	$ (2,005,418)	1.29	1.18	1.40
Multnomah County CD Fund	$ 2,205,000	$ 2,205,000	$ 2,205,000	$ -	1.08	0.44	0.10
Multnomah County Liquidity	$ 422,617,727	$ 421,910,456	$ 421,733,156	$ (177,300)	1.59	0.18	0.10
TOTAL PORTFOLIO	**$ 654,822,727**	**$ 654,135,454**	**$ 651,952,736**	**$ (2,182,718)**	**1.48**	**0.53**	**0.55**

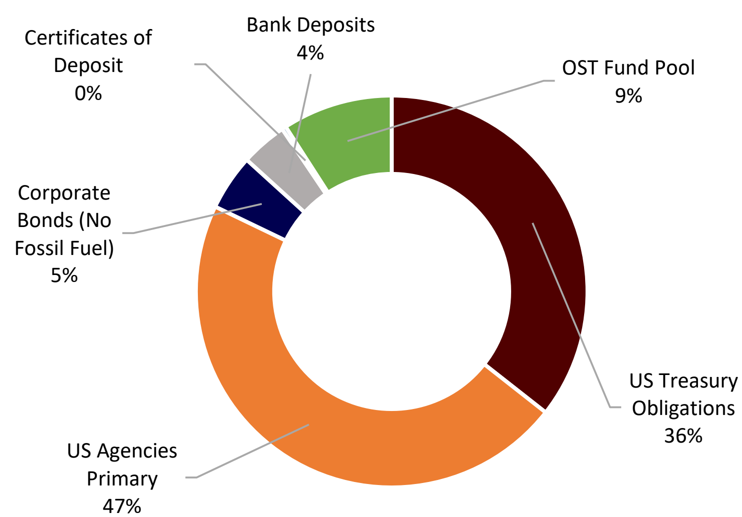
Total Funds Multnomah County

For Period March 01, 2018 - March 31, 2018

Investment Report

Policy 2017 | 03/31/2018

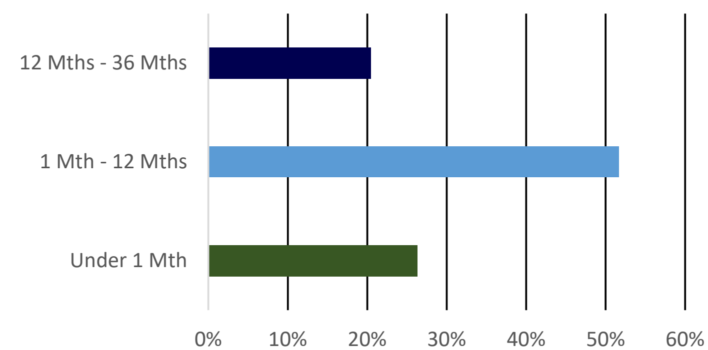
Investment Holdings at 03/31/2018		Market Value	% of Total Portfolio	Maximum Per Policy
US Treasury Obligations	$	230,257,964	35.32%	100%
US Agencies Primary	$	301,089,635	46.18%	100%
Municipal Obligations OR, CA, ID, WA	$	4,996,550	0.77%	10%
Corporate Bonds (No Fossil Fuel)	$	29,785,860	4.57%	25%
Commercial Paper	$	-		10%
Bank Deposits	$	24,733,581	3.79%	50%
Certificates of Deposit	$	2,205,000	0.34%	20%
Bankers Acceptances	$	-		10%
Repurchase Agreements	$	-		10%
Reverse Repurchase Agreement	$	-		10%
OST Fund Pool	$	58,884,146	9.03%	
Total Portfolio	$	651,952,736	100.00%	
% of Portfolio With One Issuer:				
Corporate Notes	$	14,975,820	2.30%	5%
State Obligations	$	4,996,550	0.77%	5%



MATURITY DISTRIBUTION

Maturities from 03/31/2018	Per Maturity Bucket			Cumulative	
		Market Value	% of Total Portfolio	% of Total Portfolio	Minimum Per Policy
Under 1 Mth	$	171,577,427	26%	26%	10%
1 Mth - 12 Mths	$	337,089,359	52%	78%	35%
12 Mths - 36 Mths	$	133,345,765	20%	98%	100%
36 Mths - 60 Mths	$	9,940,185	2%	100%	0%

Average Maturity on 03/31/2018	0.55 Years	**Maximum Per Policy**	
Average Maturity of portfolio	1.19 Years	5 Years	
(excluding bank / LGIP deposits)			



ACTIVITY & PERFORMANCE SUMMARY

Activity Summary		This Month		Fiscal Year-to-Date
Beginning Amortized Cost	$	744,614,486	$	409,412,858
Investment purchases	$	49,772,976	$	579,560,411
Investment maturities and sales	$	(83,245,000)	$	(336,695,000)
Amortization	$	344,758	$	1,183,578
Net cash deposit (withdrawals)	$	(57,351,766)	$	673,606
Realized Gain/Loss	$	-	$	-
Ending Amortized Costs	$	654,135,454	$	654,135,454
Market Value on 03/31/2018			$	651,952,736

Performance Summary		This Month		Fiscal Year-to-Date
Amortization	$	344,758	$	1,183,578
Interest income	$	521,195	$	4,568,795
Realized gain (loss)	$	-	$	-
Total income	$	865,953	$	5,752,374
Average portfolio balance	$	715,480,450	$	593,590,848

Total Portfolio yield at cost on 03/31/2018	1.48%
Investment Portfolio yield at cost (excluding bank / LGIP deposits)	1.29%
Local Government Investment Pool interest rate	2.10%

Portfolio Appraisal - Settled Trades

US Dollar
3/31/2018

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
US Agency (USD)								
10,000,000	3135G0WJ8	FEDERAL NATL MTG ASSN 0.875% Due 05-21-18	99.99	9,998,620.15	99.88	9,988,380.00	4.4	1.0
5,000,000	3134G9G76	FEDERAL HOME LN MTG CORP 0.800% Due 06-29-18	99.98	4,998,952.59	99.74	4,987,185.00	2.2	0.9
10,000,000	3130A8PK3	FEDERAL HOME LOAN BANKS 0.625% Due 08-07-18	99.92	9,991,942.42	99.53	9,953,400.00	4.4	0.9
10,000,000	3136G02M2	FEDERAL NATL MTG ASSN 1.180% Due 10-30-18	99.83	9,982,719.34	99.50	9,950,240.00	4.4	1.5
10,000,000	3133782M2	FEDERAL HOME LOAN BANKS 1.500% Due 03-08-19	100.50	10,049,978.73	99.40	9,940,380.00	4.4	1.0
10,000,000	3134G9AW7	FEDERAL HOME LN MTG CORP 1.150% Due 04-26-19	99.96	9,996,438.36	98.90	9,890,240.00	4.3	1.2
10,000,000	3133EF5X1	FEDERAL FARM CR BKS 1.100% Due 05-03-19	100.09	10,009,018.68	98.87	9,887,000.00	4.3	1.0
15,000,000	313379EE5	FEDERAL HOME LOAN BANKS 1.625% Due 06-14-19	100.86	15,129,650.47	99.34	14,901,225.00	6.5	0.9
15,000,000	3137EAEB1	FEDERAL HOME LN MTG CORP 0.875% Due 07-19-19	99.92	14,988,660.78	98.28	14,742,375.00	6.5	0.9
10,000,000	3136G3X67	FEDERAL NATL MTG ASSN 1.100% Due 08-23-19	100.00	10,000,000.00	98.44	9,844,170.00	4.3	1.1
15,000,000	3133EHYJ6	FEDERAL FARM CR BKS 1.375% Due 09-12-19	99.83	14,974,542.94	98.84	14,826,495.00	6.5	1.5
10,000,000	3137EAEE5	FEDERAL HOME LN MTG CORP 1.500% Due 01-17-20	99.98	9,998,033.87	98.57	9,857,360.00	4.3	1.5
10,000,000	3130ABPV2	FEDERAL HOME LOAN BANKS 1.690% Due 06-29-20	99.96	9,996,187.80	98.49	9,849,450.00	4.3	1.7
10,000,000	3135G0T60	FEDERAL NATL MTG ASSN 1.500% Due 07-30-20	99.78	9,978,226.74	98.00	9,799,530.00	4.3	1.6
10,000,000	3133EJAW9	FEDERAL FARM CR BKS 2.250% Due 01-29-21	99.42	9,941,796.50	99.42	9,942,010.00	4.4	2.5
5,000,000	3135G0T94	FEDERAL NATL MTG ASSN 2.375% Due 01-19-23	98.42	4,921,234.67	98.74	4,937,155.00	2.2	2.7
				164,956,004.05		**163,296,595.00**	**71.6**	**1.31**
Corporate (USD)								
5,000,000	478160BG8	JOHNSON & JOHNSON 1.650% Due 12-05-18	100.42	5,020,933.73	99.54	4,976,920.00	2.2	1.0
10,000,000	037833AQ3	APPLE INC 2.100% Due 05-06-19	100.58	10,058,143.77	99.73	9,972,790.00	4.4	1.6
10,000,000	594918BN3	MICROSOFT CORP 1.100% Due 08-08-19	99.95	9,994,541.19	98.33	9,833,120.00	4.3	1.1
5,000,000	037833AR1	APPLE INC 2.850% Due 05-06-21	99.99	4,999,556.67	100.06	5,003,030.00	2.2	2.9
				30,073,175.36		**29,785,860.00**	**13.1**	**1.55**

Multnomah County - Core Investment Fund

Portfolio Appraisal - Settled Trades

US Dollar
3/31/2018

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
US Treasury (USD)								
10,000,000	912828K25	UNITED STATES TREAS NTS 0.750% Due 04-15-18	99.99	9,999,062.05	99.97	9,997,020.00	4.4	1.0
10,000,000	912828VE7	UNITED STATES TREAS NTS 1.000% Due 05-31-18	100.01	10,001,468.13	99.88	9,988,430.00	4.4	0.9
15,000,000	912828S68	UNITED STATES TREAS NTS 0.750% Due 07-31-18	99.94	14,990,288.09	99.64	14,946,675.00	6.6	0.9
				34,990,818.28		**34,932,125.00**	**15.3**	**0.95**
Total Portfolio				**230,019,997.68**		**228,014,580.00**	**100.0**	**1.29**

Portfolio Appraisal - Settled Trades

US Dollar
3/31/2018

Multnomah County CD Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
Bank or Cash Deposit (USD)								
245,000	SYS7450	UNITUS COMMUNITY CU 0.880% Due 07-24-18	100.00	245,000.00	100.00	245,000.00	11.1	0.9
245,000	SYS7447	PREMIER COMMUNITY BANK CD 0.750% Due 08-01-18	100.00	245,000.00	100.00	245,000.00	11.1	0.8
245,000	SYS7410	NORTHWEST COMMUNITY CU 0.946% Due 08-09-18	100.00	245,000.00	100.00	245,000.00	11.1	0.9
245,000	SYS7453	WILLAMETTE COMMUNITY BK CD 0.950% Due 08-14-18	100.00	245,000.00	100.00	245,000.00	11.1	1.0
245,000	SYS7452	PACIFIC WEST BANK CD 1.000% Due 08-16-18	100.00	245,000.00	100.00	245,000.00	11.1	1.0
245,000	SYS7449	HOMESTREET BANK 1.000% Due 08-18-18	100.00	245,000.00	100.00	245,000.00	11.1	1.0
245,000	SYS7456	WILLAMETTE VALLEY BANK CD 1.500% Due 10-25-18	100.00	245,000.00	100.00	245,000.00	11.1	1.5
245,000	SYS7458	SUMMIT BANK CD 1.230% Due 11-15-18	100.00	245,000.00	100.00	245,000.00	11.1	1.2
245,000	SYS7459	UMPQUA BANK CD 1.500% Due 11-20-18	100.00	245,000.00	100.00	245,000.00	11.1	1.5
				2,205,000.00		**2,205,000.00**	**100.0**	**1.1**
Total Portfolio				**2,205,000.00**		**2,205,000.00**	**100.0**	**1.08**

Portfolio Appraisal - Settled Trades

US Dollar
3/31/2018

Multnomah County Liquidity

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
US Agency (USD)								
50,000,000	313385VE3	FEDL HOME LOAN BKS DISC NT 0.000% Due 04-06-18	99.98	49,990,486.11	99.98	49,991,000.00	11.9	1.4
10,000,000	313385VM5	FEDL HOME LOAN BKS DISC NT 0.000% Due 04-13-18	99.96	9,995,500.00	99.95	9,994,900.00	2.4	1.4
18,000,000	313385WE2	FEDL HOME LOAN BKS DISC NT 0.000% Due 04-30-18	99.89	17,980,135.01	99.87	17,976,780.00	4.3	1.4
20,000,000	313397ZG9	FEDERAL HOME LN MTG CORP DISC NT 0.000% Due 07-13-18	99.59	19,917,027.82	99.49	19,898,600.00	4.7	1.5
15,000,000	3135G0L68	FEDERAL NATL MTG ASSN 0.750% Due 07-27-18	99.73	14,960,075.75	99.64	14,945,460.00	3.5	1.6
25,000,000	3135G0YM9	FEDERAL NATL MTG ASSN 1.875% Due 09-18-18	100.10	25,025,045.20	99.95	24,986,300.00	5.9	1.7
				137,868,269.90		**137,793,040.00**	**32.7**	**1.46**
Municipal (USD)								
5,000,000	625517JL2	MULTNOMAH CNTY OR SCH DIST 1.500% Due 06-15-18	100.05	5,002,536.41	99.93	4,996,550.00	1.2	1.3
				5,002,536.41		**4,996,550.00**	**1.2**	**1.25**
US Treasury (USD)								
10,000,000	912796PC7	UNITED STATES TREAS BILLS 0.000% Due 05-03-18	99.85	9,985,488.89	99.86	9,986,000.00	2.4	1.7
10,000,000	912828XA3	UNITED STATES TREAS NTS 1.000% Due 05-15-18	99.95	9,995,206.21	99.92	9,991,980.00	2.4	1.4
50,000,000	912796MB2	UNITED STATES TREAS BILLS 0.000% Due 05-24-18	99.79	49,897,059.28	99.76	49,880,800.00	11.8	1.4
15,000,000	912796PL7	UNITED STATES TREAS BILLS 0.000% Due 06-14-18	99.65	14,946,920.42	99.66	14,949,570.00	3.5	1.8
15,000,000	912828XF2	UNITED STATES TREAS NTS 1.125% Due 06-15-18	99.93	14,989,820.58	99.87	14,980,215.00	3.6	1.5
20,000,000	912796MF3	UNITED STATES TREAS BILLS 0.000% Due 06-21-18	99.67	19,933,906.25	99.62	19,924,840.00	4.7	1.5
15,000,000	912796PM5	UNITED STATES TREAS BILLS 0.000% Due 06-28-18	99.58	14,936,273.33	99.59	14,939,010.00	3.5	1.8
18,000,000	912828K82	UNITED STATES TREAS NTS 1.000% Due 08-15-18	99.77	17,959,248.42	99.68	17,943,048.00	4.3	1.6
25,000,000	9128282C3	UNITED STATES TREAS NTS 0.750% Due 08-31-18	99.63	24,908,473.32	99.53	24,882,800.00	5.9	1.6
18,000,000	912796NV7	UNITED STATES TREAS BILLS 0.000% Due 09-13-18	99.28	17,869,526.25	99.15	17,847,576.00	4.2	1.6
				195,421,922.94		**195,325,839.00**	**46.3**	**1.56**

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
LGIP State Pool (USD)								
58,884,146	OSTFLGIP	OREGON SHORT TERM FUND POOL 2.100% Due 04-29-18	100.00	58,884,145.82	100.00	58,884,145.82	14.0	2.1
				58,884,145.82		**58,884,145.82**	**14.0**	**2.1**
Bank or Cash Deposit (USD)								
1,684,895	SYSBADDA1	BANK OF AMERICA 0.010% Due 04-29-18	100.00	1,684,894.76	100.00	1,684,894.76	0.4	0.0
10,225,314	SYSSSBMM1	UMPQUA BANK 1.500% Due 04-29-18	100.00	10,225,314.01	100.00	10,225,314.01	2.4	1.5
199,590	SYSUSB076	US BANK 0.010% Due 04-29-18	100.00	199,589.60	100.00	199,589.60	0.0	0.0
12,045,969	000WAFED	WASHINGTON FEDERAL 1.500% Due 04-29-18	100.00	12,045,969.37	100.00	12,045,969.37	2.9	1.5
577,813	SYSWCBMM1	WILLAMETTE COMMUNITY BANK 1.000% Due 04-29-18	100.00	577,813.04	100.00	577,813.04	0.1	1.0
				24,733,580.78		**24,733,580.78**	**5.9**	**1.38**
Total Portfolio				**421,910,455.85**		**421,733,155.60**	**100.0**	**1.59**

GOVERNMENT PORTFOLIO ADVISORS

Disclaimer

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Definition and Terms

Investment Report: Provides of summary asset allocation and maturity distribution. The activity and earnings summary provides a high level overview of the total funds.

Total Funds: This is the amount of the overall portfolio balances that are held in short term liquid investments to meet ongoing operational budgets and cash flows and investments held for longer periods. An annual assessment of the allocations to each component is evaluated through a cash flow process determining liquidity needs and District preferences, the Guideline Portfolio Strategy "GPS" is completed by Government Portfolio Advisors.

Compliance Report: Provides a comparison of the portfolio positions to the investment policy. This report includes a breakout of the specific funds and each allocation to the liquidity and investments.

Holdings Reports: Provides an overview by fund of portfolio distribution.

- ***Security Type*:** Allocates the investment to a specific issuer type.
- ***Par Value:*** The total face value of the investment at maturity.
- ***Security Name***: Lists the specific name of issuer.
- **Book Yield or Yield at Cost:** Is the earning yield on each security at the time of purchase. The total is a weighting based on investment value.
- ***Market Value***: The current market value of the security based on a third party pricing source. This price represents the value if the securities were sold on the pricing date. The market value changes with interest rates.
- ***Total Adjusted Cost:*** This may be referred to as “book value” and represents the cost basis to date after amortization of premiums or discounts since the purchase date.
- ***Unrealized gain or loss:*** This represents the difference between the market value and the adjusted cost at the time of the report.
- ***% of Portfolio:*** Represents the percent allocation dedicated to each security type in the fund.
- ***Effective Duration:*** Represents the duration based on the time between the report date and the maturity of the bond. Duration is similar to average maturity and is used to measure the price sensitivity of the portfolio given interest rate changes.