

# Quarterly Investment Report

June 30, 2016

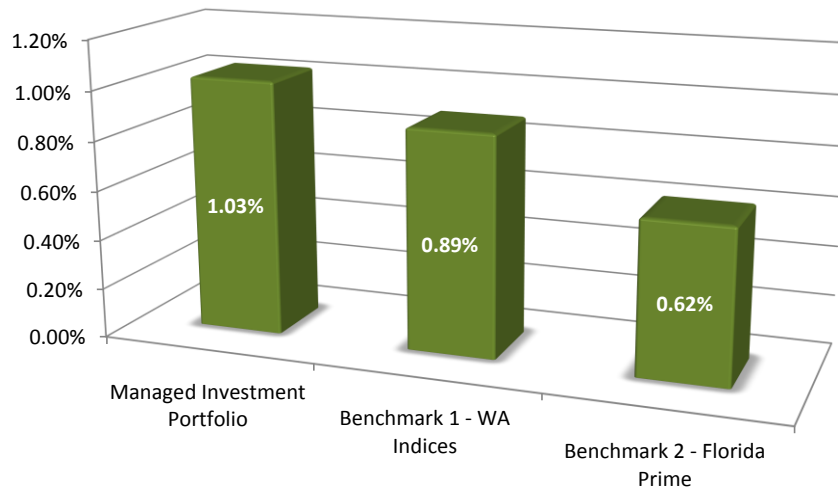


prepared by Cash Management Department

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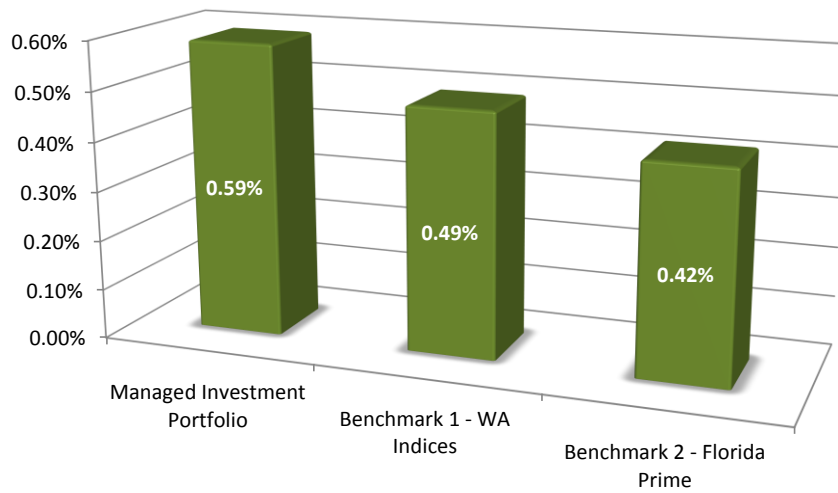
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### Yield Comparison Current Quarter



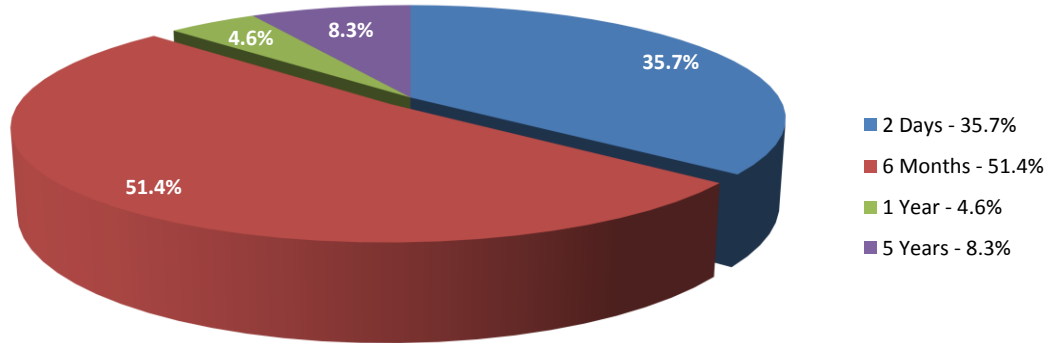
The yield on the district's managed investment program was 1.03% for the quarter ended June 30, 2016.

### Yield Comparison Year to Date



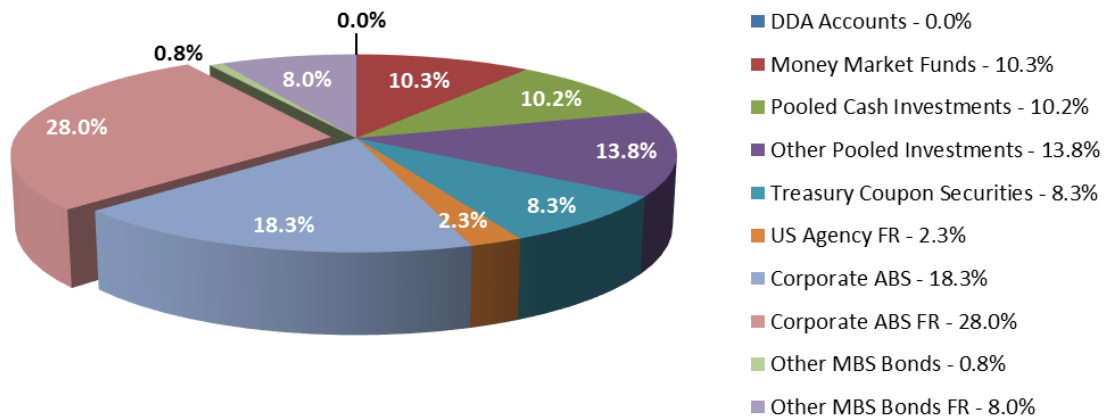
The yield on the district's managed investment program was 0.59% for the fiscal year ended June 30, 2016.

### Investments by Duration June 30, 2016



The above chart breaks down the duration of the district’s investment by time frame. The largest category, 2 days duration, represents liquid cash that can be accessed within 2 days. The other categories represent investments whose modified duration falls within that time frame.

### Investments by Type June 30, 2016



The above chart breaks down the district’s portfolio by investment type. For example, the largest category is Corporate Asset-Backed Securities representing 28% of the portfolio.

<b>Portfolio Assets</b>	<b>6/30/16</b>			<b>6/30/15</b>
Investment in U.S. Treasury and Agency Securities:				
Investments (securities at market value)	\$161,316,781			\$202,483,371
Other Pooled Investments	33,929,690			32,114,690
State Board of Administration Fund B	0			38,381
Accrued Interest Receivable and Prepaid Interest	329,586			443,507
<b>Total U.S. Treasury and Agency Securities</b>	<b>\$195,576,057</b>			<b>\$235,079,949</b>
Cash Investments				
Money market funds	25,267,953			6,594,056
Pooled Cash Investments	25,138,333			0
Bank accounts (DDA & MMA)	76,492			6,726,605
<b>Total Cash Investments</b>	<b>\$50,482,779</b>			<b>\$13,320,662</b>
<b>Total Managed Investment Portfolio Value</b>	<b>\$246,058,836</b>			<b>\$248,400,610</b>
	<b>Quarter End</b>	<b>Y-T-D</b>		<b>Prior Year</b>
	<b>6/30/16</b>	<b>6/30/16</b>		<b>6/30/15</b>
<b>Portfolio Income</b>				
Interest Earned				
U.S. Government Securities & Other Pooled Accounts	711,538	3,627,005		5,641,219
Money Market Funds	161,573	358,785		25,941
Bank Accounts	0	10,384		30,051
<b>Total Interest Earned</b>	<b>873,111</b>	<b>3,996,174</b>		<b>5,697,211</b>
Net increase/(decrease) in fair value of investments - Note 2	102,520	(1,946,874)		(1,761,967)
<b>Total Managed Investment Portfolio Earnings</b>	<b>\$975,632</b>	<b>\$2,049,300</b>		<b>\$3,935,244</b>
	<b>Quarter End</b>	<b>Y-T-D</b>		<b>Prior Year</b>
	<b>6/30/16</b>	<b>6/30/16</b>		<b>6/30/15</b>
<b>Yield Comparison - Page 5</b>				
<i>Managed Investment Portfolio</i>				
Annualized Rate of Return	1.03%	0.59%		0.95%
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>				
Annualized Rate of Return	0.89%	0.49%		0.31%
<b>Managed Investment Portfolio Yield vs. Benchmark 1</b>	<b>0.14%</b>	<b>0.10%</b>		<b>0.64%</b>
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>				
Annualized Rate of Return	0.62%	0.42%		0.18%
<b>Managed Investment Portfolio Yield vs. Benchmark 2</b>	<b>0.41%</b>	<b>0.17%</b>		<b>0.77%</b>

Pinellas County Schools  
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June 30, 2016  
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
<b>Treasury Coupon Securities</b>									
UST 1.375%	912828L65	19,985,862	20,363,200	377,338	69,126	\$20,432,326	Aaa	4.11	8.3%
subtotal		\$19,985,862	\$20,363,200	\$377,338	\$69,126	\$20,432,326	AAA	4.11	8.3%
<b>US Agency FR</b>									
FNR 07-114 A6	31396X3Q5	609,621	609,572	(49)	104	\$609,676	Aaa	0.00	0.2%
FNR 04-79 FP	31394BFD1	5,110,591	5,104,565	(6,026)	634	\$5,105,199	Aaa	0.23	2.1%
subtotal		\$5,720,212	\$5,714,137	(\$6,075)	\$738	\$5,714,874	AAA	0.21	2.3%
<b>Corporate ABS</b>									
CHAIT 13-A8 A8	161571GC2	18,602,362	18,612,462	10,100	8,349	\$18,620,811	Aaa	0.29	7.6%
COMET 13-A3 A3	14041NEM9	14,992,447	15,009,150	16,703	6,400	\$15,015,550	AAA	0.37	6.1%
HERTZ 13-1A A1	42805RBL2	2,595,186	2,592,633	(2,553)	484	\$2,593,117	Aaa	0.00	1.1%
SDART 14-4 A3	80283YAD7	4,113,114	4,115,030	1,916	1,975	\$4,117,005	Aaa	0.12	1.7%
WLAKE 2015-1AA2	96042AAB1	4,598,195	4,588,469	(9,726)	2,387	\$4,590,855	AAA	0.19	1.9%
subtotal		\$44,901,303	\$44,917,744	\$16,441	\$19,595	\$44,937,339	AAA	0.27	18.3%
<b>Corporate ABS FR</b>									
AMOT 15-2 A1	02005AFD5	15,020,995	14,989,050	(31,945)	6,747	\$14,995,797	Aaa	0.21	6.1%
CHAIT 12-A10A10	161571FT6	17,571,374	17,600,000	28,626	5,492	\$17,605,492	AAA	0.21	7.2%
FORDF 14-2 A	34528QDA9	10,901,165	10,815,429	(85,735)	4,560	\$10,819,990	Aaa	0.21	4.4%
GEDFT 14-1 A	36159LCK0	15,974,430	15,962,560	(11,870)	4,048	\$15,966,608	Aaa	0.23	6.5%
NGN 2010-R3 1A	62888WAA4	9,475,419	9,412,403	(63,017)	6,301	\$9,418,704	Aaa	0.27	3.8%
subtotal		\$68,943,383	\$68,779,442	(\$163,941)	\$27,148	\$68,806,590	AAA	0.22	28.0%
<b>Other MBS Bonds</b>									
JPMCC 04-LN2 A2	46625YCV3	524,209	514,226	(9,983)	2,189	\$516,415	Aaa	0.19	0.2%
WBCMT 06-C26 A3	92977RAD8	1,484,415	1,397,673	(86,743)	7,011	\$1,404,683	Aaa	0.10	0.6%
subtotal		\$2,008,624	\$1,911,899	(\$96,725)	\$9,200	\$1,921,099	AAA	0.12	0.8%

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June 30, 2016  
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
<b>Other MBS Bonds FR</b>									
SBA 522203	83165AU44	11,556,760	11,376,822	(179,938)	75,142	\$11,451,964	Aaa	0.55	4.6%
SBA 522179	83165AUC6	8,349,457	8,253,538	(95,918)	53,505	\$8,307,043	Aaa	0.45	3.4%
subtotal		\$19,906,217	\$19,630,360	(\$275,856)	\$128,647	\$19,759,007	AAA	0.51	8.0%
<b>Cash, MMFs, &amp; Investment Pools</b>									
Bank Accounts <sup>1</sup>	N/A	76,492	76,492	0	0	76,492	NR	1d	0.0%
Money Market Funds <sup>1</sup>	N/A	25,267,953	25,267,953	0	16,492	25,284,445	AAAm	0d	10.3%
FL FIT (CP Portfolio) <sup>1,2</sup>	140021420B	25,138,333	25,138,333	0	0	25,138,333		0d	10.2%
FL FIT (1-3 Yr Portfolio) <sup>3</sup>	140021420	34,212,162	33,929,690	(282,472)	0	33,929,690	AA	0.00	13.8%
subtotal		\$84,694,941	\$84,412,469	(\$282,472)	\$16,492	\$84,428,961	AA-	0.00	34.4%
Managed Investment Program		\$246,160,542	\$245,729,250	(\$431,292)	\$270,945	\$246,000,195	AAA-	0.63	

<sup>1</sup>Figure shown is Weighted Average Maturity, or WAM, instead of Modified Duration

<sup>2</sup>Shares of the Core Fund were transferred into the Florida Fixed Income Trust (FL FIT), 1-3 Yr Portfolio.

<sup>3</sup>The FL FIT Commercial Paper (CP) Portfolio is in the process of being rated by S&P.

Unrealized Gain/Loss as a percent of total market value:

-0.18%

	<b>Quarter End 6/30/16</b>	<b>Y-T-D 6/30/16</b>	<b>Prior Year 6/30/15</b>
Average Invested Value of Managed Investment Portfolio	\$381,714,005	\$347,019,868	\$415,617,146
<b>Managed Investment Portfolio Yield</b>			
Total Managed Investment Portfolio Earnings	\$975,379	\$2,049,300	\$3,935,244
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	<b>1.03%</b>	<b>0.59%</b>	<b>0.95%</b>
<b>Benchmark 1 - Weighted Average of Comparable Indices</b>			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/16	844,561	844,561	1,295,583
Quarter Ended 3/31/16		569,918	
Quarter Ended 12/31/15		22,224	
Quarter Ended 9/30/15		256,049	
Total Pro Forma Benchmark 1 Earnings	\$844,561	\$1,692,751	\$1,295,583
<i>Benchmark 1 Annualized Rate Of Return</i>	<b>0.89%</b>	<b>0.49%</b>	<b>0.31%</b>
<b>Benchmark 2 - Florida Prime (SBA LGIP)</b>			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/16	585,790	585,790	554,804
Quarter Ended 3/31/16		587,058	
Quarter Ended 12/31/15		177,494	
Quarter Ended 9/30/15		112,409	
Total Pro Forma Benchmark 2 Earnings	\$585,790	\$1,462,751	\$554,804
<i>Benchmark 2 Annualized Rate Of Return</i>	<b>0.62%</b>	<b>0.42%</b>	<b>0.18%</b>
<b>Earnings Comparison</b>			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	<b>0.14%</b>	<b>0.10%</b>	<b>0.64%</b>
Managed Investment Portfolio vs. Benchmark 2	<b>0.41%</b>	<b>0.17%</b>	<b>0.77%</b>
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	<b>\$130,818</b>	<b>\$356,549</b>	<b>\$2,639,661</b>
Managed Investment Portfolio vs. Benchmark 2	<b>\$389,589</b>	<b>\$586,549</b>	<b>\$3,380,440</b>

**Note 1 – Securities Valuation**

Starting June 30, 1997, Investments are valued at current market value. Prior to August 12, 1992 all cash was invested with the SBA. The Managed Investment Program (MIP) refers to assets actively managed for higher earnings than what would be achieved if all surplus district cash were held in a deposit account. Cash needed for current expenditures is held in interest bearing deposit accounts, money market funds, and pooled investment accounts. Bonds are priced by comparing the current coupon to the yield an investor would get if they purchased a similar bond in the open market as of the pricing date. An inverse relationship exists between yield and price. When yields rise, market prices fall, conversely when yields fall, market prices rise. The district uses the custodian’s market prices to value its securities at month-end. The custodian purchases its pricing from IDC, Interactive Data Corporation. IDC is a provider of global investment market data to the financial industry.

**Note 2 – Calculation of Net increase/(decrease) in fair value of investments**

The Governmental Accounting Standards Board (GASB) Statement 31 requires that all Governmental entities must adjust the book value of most investment securities to current market value. Securities with a fixed coupon and a final maturity of less than one year are exempt. Since most securities held by money market funds meet the above criteria, investments in money market funds are also exempt. The amount of the adjustment will be netted against interest earned for the reporting period. Securities exempt from GASB 31 will be recorded on the books at amortized cost.

At month end, the market prices from the district’ custodian, will be used to calculate the change in fair value from the prior month. The changes in value and interest earnings are booked to the general ledger in separate revenue functions. Since the district’s strategy is to buy and hold, over time, the net of the change in value and interest earnings should closely approximate the purchase yield of the portfolio. The following table summarizes the relationship between realized gains and losses and the adjustment to fair value per GASB 31.

<b>June 30, 2016</b>	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	(165,043)	(1,206,086)	(4,736,553)
MV Adjustment for Period	267,310	(740,788)	2,974,586
Net Incr/(Decr) in fair value of investments	<u>102,267</u>	<u>(1,946,874)</u>	<u>(1,761,967)</u>

**Note 3 – Cumulative Return Over the SBA**

For the fiscal year-to-date, the Managed Investment Portfolio’s (MIP) earnings were greater than the State Board of Administration’s (SBA) local government investment pool by \$586,549. Since August 1992, the MIP’s cumulative earnings were over the SBA by 35,018,987.

**Note 4 – Effect of Unrealized Gains and Losses on Income**

The district’s MIP currently has an unrealized loss of \$431,292. This figure has been netted against interest income. If the district’s bonds were priced at par (100) as of June 30, 2016, the district’s cumulative earnings over the SBA would be \$35,450,279.

**Note 5 – Implied Ratings on US Agency Mortgage-Backed Securities**

Mortgage-backed securities (MBS), including pools and Collateralized Mortgage Obligations (CMO), issued by US government agencies (GNMA, FNMA, and FHLMC) are not rated by the any rating agency. This is due to the implicit, in the case of FNMA and FHLMC, and explicit, in the case of GNMA, backing of

the United States government. An implied rating based on the sovereign rating of US government issued debt is used. Currently this rating is AAA.

**Credit Risk**

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. The district has \$113,697,186 in corporate asset-backed securities. The credit enhancements, short duration, and high ratings of these bonds demonstrate the safety and liquidity of these bonds. Securities in the Exempt category include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. The non-compliant category consists of the district's investment in SBA Fund B accounts. This investment is frozen by the SBA. Money is distributed as the investments in the fund return principal or mature.

**Credit Risk**

<b>Investment Category</b>	<b>Market Value</b>	<b>Average Rating</b>
Cash	\$84,412,469	AA-
Treasury Coupon Securities	\$20,363,200	AAA
US Agency FR	\$5,714,137	AAA
Corporate ABS	\$44,917,744	AAA
Corporate ABS FR	\$68,779,442	AAA
Other MBS Bonds	\$1,911,899	AAA
Other MBS Bonds FR	\$19,630,360	AAA
<b>Portfolio</b>	<b>\$245,729,250</b>	<b>AAA-</b>

**Concentration of Credit Risk**

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. For this reason, the Policy does not separately address concentration of credit risk. The Manager, Cash & Investments is allowed to invest up to 5% of the total portfolio value in bonds that are not otherwise permitted under the Funds Management Policy. The concentration risk of these investments is 5%.

Securities exempt from Concentration of Credit Risk disclosure include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. In addition, investment pools and money market fund investments are also exempt.

### Concentration of Credit Risk

Issuer	Percent of Total	Market Value	Issuer Full Name
EX	34.35%	\$84,412,469	Exempt
UST	8.29%	20,363,200	United States Treasury
CHASE	14.74%	36,212,462	Chase Issuance Trust
COMET	6.11%	15,009,150	Cap One Multi Asset Execution
ALLY	6.10%	14,989,050	ALLY Master Owner Trust
GEDFT	6.50%	15,962,560	GE Dealer Floorplan Master Tru
SBA	7.99%	19,630,360	State Board of Administration

### Securities Where Issuer Represents More Than 5% of Portfolio

Issuer	CUSIP	Market Value	Description
UST	912828L65	20,363,200.00	UST 1.375%
CHASE	161571GC2	18,612,462.00	CHAIT 13-A8 A8
CHASE	161571FT6	17,600,000.00	CHAIT 12-A10A10
GEDFT	36159LCK0	15,962,560.00	GEDFT 14-1 A
COMET	14041NEM9	15,009,150.00	COMET 13-A3 A3
ALLY	02005AFD5	14,989,050.00	AMOT 15-2 A1
SBA	83165AU44	11,376,821.70	SBA 522203
SBA	83165AUC6	8,253,538.37	SBA 522179

### Interest Rate Risk

The district's Investment Policy (6144) requires the average duration of the portfolio to be less than five years.

### Modified Duration Risk

Modified duration expresses the amount of time in years until half of the principal is returned. This calculation takes into account the coupon rate, interest and principal payment frequency, call options, and sensitivity of price to changes in interest rates. Factors that extend the return of principal, or make it more time uncertain, increase the duration. Factors that quicken the return of principal, or make it more time certain, decrease the duration. Duration will also change as the level of interest rates in the economy rise and fall. With the current level of interest rates, the above table indicates that the district will receive 50% of invested principal in 0.63 years, or 7.56months.

### Floating/Adjustable Interest Rate Risk

The district currently has \$94,123,939 invested in securities with floating or adjustable interest rate risk. \$94,123,939 is invested in floating rate bonds. The coupon on these bonds resets monthly, or quarterly, based on an index rate. The coupons on these bonds range from 0.41% to 6.11%.

### Call Option Risk

There are three types of call options, "one-time" calls, "discrete" calls and "continuous" calls. These are listed in order of increasing risk. A one-time call means that at one specified time before maturity, the issuer of a bond has the option to call the bond, or buy it back from investors. A discrete call means that at specific times, usually either quarterly or semi-annually, before maturity, the issuer can call the bond.

A continuous call means that starting at a specified point in time, usually an interest payment date, and at any time thereafter, up to the maturity date, the issuer can call the bond. The district currently has no callable bonds.

**MBS/ABS Prepayment Risk**

There are two types of Mortgage-Backed Securities (MBSs) in which the district invests. Agency pools are collections, or pools, of mortgages in which the investor receives the principal and interest payments in the same proportion as the borrowers pay them. CMO bonds are backed by mortgage pools, however, the principal payment of the bond has been altered to be either more or less time certain than the underlying mortgages. ABS bonds are securities that are collateralized by financial products other than residential mortgages. For example car loans/leases, commercial mortgages, or credit card loans. MBSs have a unique type of "call" risk, in that homeowners may opt to prepay their mortgage at any time. While there are many factors which determine whether a homeowner will prepay their mortgage, one of the most significant is the level of interest rates. When rates fall it is more advantageous to the homeowner to refinance their mortgage to a lower rate. When rates rise, this type of prepayment will decrease.

The duration on the District's portfolio ranges from 0 years to 4.11 years. The duration on the District's ABS/MBS bonds ranges from 0.1 years to 0.55 years.

**Interest Rate Risk**

<b>Investment Category</b>	<b>Market Value</b>	<b>Mod. Dur.</b>
Exempt	\$50,482,779	0.00
Investment Pool	\$33,929,690	0.00
Treasury Coupon Securities	\$20,363,200	4.11
US Agency FR	\$5,714,137	0.21
Corporate ABS	\$44,917,744	0.27
Corporate ABS FR	\$68,779,442	0.22
Other MBS Bonds	\$1,911,899	0.12
Other MBS Bonds FR	\$19,630,360	0.51
<b>Portfolio</b>	<b>\$245,729,250</b>	<b>0.63</b>