

**NOTICE OF A  
REGULAR MEETING OF THE  
CALOPTIMA BOARD OF DIRECTORS'  
INVESTMENT ADVISORY COMMITTEE**

**MONDAY, JULY 24, 2017  
3:00 P.M.**

**CALOPTIMA  
505 CITY PARKWAY WEST, SUITE 109-N  
ORANGE, CALIFORNIA 92868**

**AGENDA**

This agenda contains a brief, general description of each item to be considered. The Committee may take any action on all items listed. Except as otherwise provided by law, no action shall be taken on any item not appearing in the following agenda.

Information related to this agenda may be obtained by contacting the CalOptima Clerk of the Board at 714.246.8400 or by visiting our website at [www.caloptima.org](http://www.caloptima.org). In compliance with the Americans with Disabilities Act, those requiring special accommodations for this meeting should notify the Clerk of the Board's office at 714.246.8806. Notification at least 72 hours prior to the meeting will allow time to make reasonable arrangements for accessibility to this meeting.

**I. CALL TO ORDER**

*Pledge of Allegiance*

**II. ESTABLISH QUORUM**

**III. APPROVE MINUTES**

A. Approve Minutes of the April 24, 2017 Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee

**IV. PUBLIC COMMENT**

*At this time, members of the public may address the Committee on general topics. Public Comment on posted item(s) will follow staff presentation of the item(s) to the Committee. If you wish to speak on an item contained in the agenda, please complete a Public Comment Request Form(s) identifying the item(s) and submit the form to the assistant to the IAC. When addressing the Committee, it is requested that you state your name for the record. Please address the Committee as a whole through the Chair. Comments to individual Committee members or staff are not permitted. Speakers will be limited to three (3) minutes.*

**V. MANAGEMENT REPORTS**

A. Chief Executive Officer Report  
B. Chief Financial Officer Report

**VI. REPORTS**

- A. Consider Recommending Reappointments to the Board of Directors' Investment Advisory Committee to the CalOptima Board of Directors' Finance and Audit Committee for Consideration
- B. Consider Recommending Approval of Proposed Changes to the Annual Investment Policy for Calendar Year 2017

**VII. INFORMATION ITEMS**

- A. Quarterly Investment Report Presentation by Meketa
- B. Investment Portfolio Presentation by Logan Circle Partners
- C. Investment Portfolio Presentation by Payden & Rygel
- D. Investment Portfolio Presentation by Wells Capital Management
- E. April 2017 Unaudited Financial Statements
- F. Update on Investment Advisory Committee Recruitment Process

**VIII. COMMITTEE MEMBER COMMENTS**

**IX. ADJOURNMENT**

## **MINUTES**

### **REGULAR MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' INVESTMENT ADVISORY COMMITTEE**

**April 24, 2017**

A Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee was held on Monday, April 24, 2017, at CalOptima, 505 City Parkway West, Orange, California.

#### **CALL TO ORDER**

The meeting was called to order at 3:10 p.m. Chair Patrick Moore led the Pledge of Allegiance.

#### **ROLL CALL**

Members Present: Patrick Moore, Chair; Peggy Eckroth, Caroline Harkins, Nancy Huang, Lisa Laird, Rodney Johnson

Members Absent: David Young

Others Present: Laura Wirick, Hanna Schriener, Meketa Investment Group; Asha Joshi, Thomas Elder, Darren Marco, Payden & Rygel; Scott Pavlak, Wendy Kaszak, Logan Circle Partners; Steve Scharre, Tony Mellville, Wells Capital Management; Michael Schrader, Chief Executive Officer; Gary Crockett, Chief Counsel; Faye Heidari, Senior Accountant; Joyce Mellinger, Manager, Accounting; Pamela Reichardt, Executive Assistant

#### **MINUTES**

#### **Approve Minutes of the January 23, 2017, Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee**

*Action: On motion of Chair Moore, seconded and carried, the Minutes of the January 23, 2017 Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee were approved as presented. (Motion carried 6-0-0; Member Young absent)*

#### **PUBLIC COMMENT**

There were no requests for public comment.

## **MANAGEMENT REPORTS**

### **Chief Executive Officer Report**

Michael Schrader, Chief Executive Officer, reported on the Affordable Care Act, provided updates on Medicare Expansion, the Centers for Medicare & Medicaid (CMS) MegaReg, the proposed FY 2017-18 State Budget, and the continuation of the Cal Medi Connect program.

### **Chief Financial Officer Report**

Nancy Huang, Interim Chief Financial Officer and Treasurer, provided an update on the state budget as it relates to CalOptima's capitation rates, and noted that there may be a possible decrease in the rates CalOptima receives for the Medi-Cal expansion population.

Ms. Huang spoke about the Medical Loss Ratio (MLR) reconciliation. DHCS continues to develop a draft methodology for the MLR calculation for Medi-Cal Expansion members. CalOptima understands that the state plans to perform the reconciliation in two phases. Phase I includes the first 18 months of Medi-Cal Expansion, from January 2014 to June 2015; Phase II covers the next 12 months, from July 2015 to June 2016. Staff will share more information about the reconciliation process once it is available.

## **REPORTS**

### **Recommend Reappointment to the Board of Directors' Investment Advisory Committee to the CalOptima Board of Directors' Finance and Audit Committee**

The recommendation for the Investment Advisory Committee Chair position was continued to the July 24, 2017 Investment Advisory Committee meeting.

*Action: On motion of Chair Moore, seconded and carried, the Investment Advisory Committee recommended the reappointment of Rodney Johnson to the Board of Directors' Investment Advisory Committee for a two year term beginning June 7, 2017.  
(Motion carried 6-0-0; Member Young absent)*

### **Consider Recommending Approval of Proposed Changes to the Annual Investment Policy for Calendar Year 2017**

This item was continued to the July 24, 2017 Investment Advisory Committee meeting.

## **INFORMATION ITEMS**

### **Presentation by Meketa Investment Group**

Laura Wirick, Senior Vice President, Meketa Investment Group, presented a corporate update, and provided a portfolio performance summary that showed the cash accounts and Tier One and Tier Two portfolios are outperforming their benchmarks.

Hanna Schriener, Vice President, Meketa Investment Group, discussed compliance and peer groups as of March 31, 2017. Ms. Schriener provided a summary report of the various managers' funds, and noted all funds in Tier One and Tier Two are in compliance.

**Presentation by Wells Capital Management**

Steve Scharre, Client Relations, Wells Capital Management, provided a summary of fund performance. Tony Mellville, Portfolio Manager, Wells Capital Management provided a brief portfolio update and economic forecast.

**Presentation by Payden & Rygel**

Asha Joshi, Managing Principal, Payden & Rygel provided a market and portfolio update. Darren Marco, Vice President, Payden & Rygel, presented an overview of the portfolio performance.

**Presentation by Logan Circle Partners**

Wendy Kaszak, Vice President of Client Services, Logan Circle Partners, announced the potential acquisition of Fortress Investment Group LLC. It was noted that Logan Circle Partners and the investment team would remain the same. Scott Pavlak, Senior Portfolio Manager, Logan Circle Partners, presented a market review and performance overview.

**April 2017 Financial Update**

Ms. Huang presented key highlights of the February 2017 financial summary, including Medical and Administrative Loss Ratios, the balance sheet, and cash flow summary. Ms. Huang provided the updates the Quality Assurance Fee (QAF) payout, the State MLR reconciliation status, and shared risk pool balance. Ms. Huang also outlined the Committee recruitment process, as Committee Member Lisa Laird is completing her committee service on April 24, 2017.

**COMMITTEE MEMBER COMMENTS**

Chair Patrick Moore and other committee members thanked and recognized IAC Member Lisa Laird for her service on the Committee since 2013.

**ADJOURNMENT**

Hearing no further business, Chair Moore, adjourned the meeting at 4:47 p.m.

s/s Pamela Reichardt

Pamela Reichardt  
Executive Assistant

Approved: July 24, 2017

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

### **Action To Be Taken July 24, 2017** **Special Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

#### **Report Item**

VI. A. Recommend Reappointments to the Board of Directors' Investment Advisory Committee to the CalOptima Board of Directors' Finance and Audit Committee for Consideration

#### **Contact**

Nancy Huang, Interim Chief Financial Officer, (714) 246-8400

#### **Recommended Action**

Recommend reappointments to the Board of Directors' Investment Advisory Committee (IAC) to the CalOptima Board of Directors' Finance and Audit Committee (FAC) for the following individuals for terms beginning November 1, 2017:

1. Caroline Harkins for a two-year term and
2. Peggy Eckroth for a two-year term.

#### **Background**

At a Special Meeting of the CalOptima Board of Directors held on September 10, 1996, the Board authorized the creation of the CalOptima IAC, established qualifications for committee members, and directed staff to proceed with the recruitment of the volunteer members of the Committee. IAC members do not make recommendations on individual investments. However, their role is to make recommendations to the FAC on changes to the Annual Investment Policy, and to monitor the performance of CalOptima's investments, investment advisor and investment managers.

When creating the IAC, the Board specified that the Committee would consist of five (5) members. One (1) member would automatically serve on the committee by virtue of his or her position as CalOptima's Chief Financial Officer (CFO). The remaining four (4) members would be Orange County residents who possess experience in one (1) or more of the following areas: investment banking, investment brokerage and sales, investment management, financial management and planning, commercial banking, or financial accounting.

At the September 5, 2000, meeting, the Board approved expanding the composition of the IAC from five (5) members to seven (7) members in order to have more diverse opinions and backgrounds to advise CalOptima on its investment activities.

#### **Discussion**

The following candidates recommended for reappointment have consistently provided leadership and service to CalOptima's investment strategies through their participation as members of the IAC.

Caroline Harkins has served as a member of the IAC since June 1998. Ms. Harkins is Senior Vice President and Southern California Region Director for Bridge Bank, and has over 30 years of banking experience in Orange County. Prior to joining Bridge Bank, she was Executive Vice President and Orange County Regional President for Beach Business Bank, and was Orange County Market President for Irwin Union Bank. She has also held regional manager positions at Comerica Bank, Imperial Bank and Bank of the West in Orange County, Inland Empire and San Diego. Ms. Harkins serves on the Executive Board of Directors for Junior Achievement of Orange County, and is on the Board of Directors for the Association for Corporate Growth in Orange County. Her current term expires on October 31, 2017.

Peggy Eckroth has served as a member of the IAC since November 1999. In 2008, Ms. Eckroth retired from Autumn Capital Investment Services as Executive Vice President and partner. She has over 25 years of financial services experience in marketing, investment services, banking services, real estate and commercial lending, finance and equipment leasing. Ms. Eckroth also held positions at First Interstate Bank, Wells Fargo Bank, Litton Industries, and AVCO Financial Services. In addition, she served as a member of the State of California Local Agency Investment Advisory Board, the California Association of County Treasurers and Tax Collectors, and the Women's Network for National Government Finance Officers Association. Ms. Eckroth holds a bachelor's degree from Westmar College. She is actively involved in a local investment club she helped organize 20 years ago, and is a charter member of Charter 100, a local philanthropic organization dedicated to raising funds for scholarships at Irvine Valley College. Her current term expires on October 31, 2017.

### **Fiscal Impact**

There is no fiscal impact. Individuals appointed to the IAC are responsible for assisting CalOptima in meeting the objectives of CalOptima's annual investment policy, including preservation of capital, meeting the agency's liquidity needs, and obtaining an acceptable return on investment of available funds.

### **Rationale for Recommendation**

The individuals recommended for reappoint to CalOptima's IAC have extensive experience that meets or exceeds the specified qualifications for membership on the IAC. In addition, the candidates have a long history of providing outstanding service as members of the IAC.

### **Concurrence**

Gary Crockett, Chief Counsel

### **Attachment**

None

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**Authorized Signature**

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**Date**

## **CALOPTIMA BOARD ACTION AGENDA REFERRAL**

### **Action To Be Taken July 24, 2017**

### **Regular Meeting of the CalOptima Board of Directors'** **Investment Advisory Committee**

#### **Report Item**

VI. B. Consider Recommending Proposed Changes to the Annual Investment Policy for Calendar Year 2017

#### **Contact**

Nancy Huang, Interim Chief Financial Officer (714) 246-8400

#### **Recommended Action**

Recommend that the Board of Directors' Finance and Audit Committee (FAC) recommend proposed changes to the Annual Investment Policy (AIP) for Calendar Year (CY) 2017.

#### **Background**

At the February 27, 1996, meeting, the CalOptima Board of Directors (Board) approved the original AIP covering investments made between March 1, 1996 and February 28, 1997. In September 1996, the Board authorized the creation of the Investment Advisory Committee (IAC). The IAC reviews the AIP each year, and recommends changes in said policy to the FAC and the Board for their respective approvals.

At the December 1, 2016, meeting, the Board approved the extension of the current AIP for CY 2017. Upon completion of the internal administrative policy review process, Management would present the revised AIP for CY 2017 to the IAC for review and approval.

#### **Discussion**

Payden & Rygel, Logan Circle Partners, and Wells Capital Management, CalOptima's investment managers, and Meketa Investment Group, Inc., CalOptima's investment adviser submitted proposed revisions to the AIP for CY 2017. Staff has reviewed the proposed revisions and recommends the following changes upon Board approval:

- Section III.D.1.c.: Add language that prohibits private placement (144a) securities as a permitted investment. CalOptima, as a local government agency, is not a Qualified Institutional Buyer.
- Sections III.E.3.c. and m.: Revise the maximum holding percentages for State and California Local Agency Obligations from 25% to 30% and Supranational Obligations from 15% to 30%. The increase to the holding percentages fall within the allowable limit under California Government Code section 53600 et seq.
- Management recommends all other provisions in the current AIP remain in effect in CY 2017.

On February 6, 2017, Staff completed the internal administrative policy review process. In addition to the proposed changes noted above, the attached red-lined version of the AIP for CY 2017 reflects



non-substantive edits that were noted during the review process, as well as other formatting revisions intended to align the AIP with CalOptima's policy and procedure template.

**Fiscal Impact**

There is no immediate fiscal impact.

**Rationale for Recommendation**

The proposed changes to the AIP for CY 2017 reflect the recommendations of CalOptima's investment managers, Payden & Rygel, Logan Circle Partners, and Wells Capital Management and concurrence by CalOptima's investment adviser, Meketa Investment Group, Inc. These recommended changes continue to support CalOptima's goals to maintain safety of principal, and achieve a market rate of return while maintaining necessary liquidity during periods of uncertainty. Per the review conducted by Meketa Investment Group, Inc., there were no changes in the California Government Code affecting local agencies noted for the CY 2017.

**Concurrence**

Meketa Investment Group, Inc.  
Gary Crockett, Chief Counsel

**Attachments**

2017 Annual Investment Policy with proposed changes.

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**Authorized Signature**

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**Date**

Policy #: GA.0000  
Title: **Annual Investments**  
Department: Finance  
Section: Not Applicable

CEO Approval: Michael Schrader \_\_\_\_\_

Effective Date: TBD  
Last Review Date: Not Applicable  
Last Revised Date: Not Applicable

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1 **I. PURPOSE**

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3 This policy sets forth the investment guidelines for all Operating Funds and Board-Designated Reserve  
4 Funds of CalOptima invested on or after January 10, 2006 to ensure CalOptima's funds are prudently  
5 invested according to the Board of Directors' objectives and the California Government Code to  
6 preserve capital, provide necessary liquidity, and achieve a market-average rate of return through  
7 economic cycles.  
8

9 **II. POLICY**

10 A. CalOptima investments may only be made as authorized by this Policy.

- 11  
12  
13 1. This Policy shall conform to California Government Code, Section 53600 et seq. (hereinafter,  
14 the Code) as well as customary standards of prudent investment management. Should the  
15 provisions of the Code be, or become, more restrictive than those contained herein, such  
16 provisions shall be considered immediately incorporated into this Policy and adhered to.  
17  
18 2. Safety of Principal: Safety of Principal is the primary objective of CalOptima and, as such,  
19 each investment transaction shall seek to ensure that large capital losses are avoided from  
20 securities or broker-dealer default.  
21  
22 a. CalOptima shall seek to ensure that capital losses are minimized from the erosion of market  
23 value and preserve principal by mitigating the two (2) types of risk: Credit Risk and Market  
24 Risk.  
25  
26 i. Credit Risk shall be mitigated by investing in only permitted investments and by  
27 diversifying the investment portfolio, in accordance with this Policy.  
28  
29 ii. Market Risk shall be mitigated by matching maturity dates, to the extent possible, with  
30 CalOptima's expected cash flow draws.  
31  
32 b. It is explicitly recognized herein, however, that in a diversified portfolio, occasional losses  
33 are inevitable and must be considered within the context of the overall investment return.  
34  
35 3. Liquidity: Liquidity is the second most important objective of CalOptima. It is important that  
36 each portfolio contain investments for which there is a secondary market and which offer the  
37 flexibility to be easily sold at any time with minimal risk of loss of either the principal or  
38 interest based upon then prevailing rates.  
39

4. Total Return: CalOptima's investment portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk, established by the Board of Directors' and the CalOptima Treasurer's objectives.

a. The performance benchmark for each investment portfolio shall be based upon published market indices for short-term investments of comparable risk and duration.

i. These performance benchmarks shall be reviewed monthly by CalOptima's Treasurer and the Investment Managers and shall be approved by the Board of Directors.

B. The investments purchased by an Investment Manager shall be held by the custodian bank acting as the agent of CalOptima under the terms of a custody agreement in compliance with California Government Code, Section 53608.

C. Investment Managers must certify that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with California Government Code, Section 53601.5 and this Policy.

D. The Board of Directors, or persons authorized to make investment decisions on behalf of CalOptima (e.g., Chief Officers), are trustees and fiduciaries subject to the Prudent Person Standard, as defined in the Code, which shall be applied in the context of managing an overall portfolio.

E. CalOptima's Officers, employees, Board members, and Investment Advisory Committee members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

1. CalOptima's Officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with CalOptima, and are not permitted to have any personal financial, or investment holdings, that could be materially related to the performance of CalOptima's investments.

F. On an annual basis, CalOptima's Treasurer shall provide the Board of Directors with this Policy for review and adoption by the Board, to ensure that all investments made are in compliance with this Policy.

1. This Policy shall be reviewed annually by the Board of Directors at a public meeting pursuant to California Government Code, Section 53646, Subdivision (a).

2. This policy may only be changed by the Board of Directors.

### III. PROCEDURE

#### A. Delegation of Authority

1. Authority to manage CalOptima's investment program is derived from an order of the Board of Directors.

- a. Management responsibility for the investment program shall be delegated to CalOptima's Treasurer, as appointed by the Board of Directors, for a one (1)-year period following the approval of this Policy.
  - i. The Board of Directors may renew the delegation of authority annually.
- b. No person may engage in investment transactions except as provided under the terms of this Policy and the procedures established by CalOptima's Treasurer.

#### B. CalOptima Treasurer Responsibilities

1. The Treasurer shall be responsible for:
  - a. All actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and Board approved Investment Managers;
  - b. The oversight of CalOptima's investment portfolio;
  - c. Directing CalOptima's investment program and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities; and
  - d. Providing a quarterly report to the Board of Directors in accordance with California Government Code, Section 53646, Subdivision (b).
2. The Treasurer shall also be responsible for ensuring that:
  - a. The Operating Funds and Board-Designated Reserve Funds targeted average maturities are established and reviewed monthly.
  - b. All Investment Managers are provided a copy of this Policy, which shall be appended to an Investment Manager's investment contract.
    - i. Any investments made by an Investment Manager outside this Policy may subject the Investment Manager to termination for cause.
  - c. Investment diversification and portfolio performance is reviewed monthly to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this Policy.
  - d. All Investment Managers are selected and evaluated for review by the Chief Executive Officer and the Board of Directors.

#### C. Investment Advisory Committee

1. The Investment Advisory Committee shall not make, or direct, CalOptima staff to make any particular investment, purchase any particular investment product, or conduct business with any particular investment companies, or brokers.
  - a. It shall not be the purpose of the Investment Advisory Committee to advise on particular investment decisions of CalOptima.

2. The Investment Advisory Committee shall be responsible for the following functions:

- a. Annual review of this Policy before its consideration by the Board of Directors and revision recommendations, as necessary, to the Finance and Audit Committee of the Board of Directors.
- b. Quarterly review of CalOptima's investment portfolio for conformance with this Policy's diversification and maturity guidelines, and recommendations to the Finance and Audit Committee of the Board of Directors, as appropriate.
- c. Provision of comments to CalOptima's staff regarding potential investments and potential investment strategies.
- d. Performance of such additional duties and responsibilities pertaining to CalOptima's investment program as may be required from time to time by specific action and direction of the Board of Directors.

D. Permitted Investments

1. CalOptima shall invest only in instruments as permitted by the Code, subject to the limitations of this Policy.
  - a. Permitted investments under the Operating Funds, unless otherwise specified, are subject to a maximum stated term of four hundred fifty (450) days. Note that the Code allows for up to five (5) years.
  - b. Permitted investments under the Board-Designated Reserve Funds, unless otherwise specified, are subject to a maximum stated term of five (5) years. Note that the Code allows for up to five (5) years.
  - c. As a local government agency, CalOptima is not a Qualified Institutional Buyer, and therefore private placement (144a) securities are prohibited.
  - d. The Board of Directors must grant express written authority to make an investment, or to establish an investment program, of a longer term.
2. Permitted investments shall include:
  - a. U.S. Treasuries
    - i. These investments are direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.
    - ii. U.S. Government securities include:
      - a) Treasury Bills: U.S. Government securities issued and traded at a discount;
      - b) Treasury Notes and Bonds: Interest bearing debt obligations of the U.S. Government which guarantees interest and principal payments;

- c) Treasury Separate Trading of Registered Interest and Principal Securities (STRIPS): U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system;
- d) Treasury Inflation Protected (TIPs) securities: Special U.S. Treasury notes, or bonds, that offer protection from inflation. Coupon payments and underlying principal are automatically increased to compensate for inflation, as measured by the consumer price index (CPI); and
- e) Treasury Floating Rate Notes (FRNs): U.S. Treasury bonds issued with a variable coupon.
- iii. U.S. Treasury coupon and principal STRIPS, as well as TIPs, are not considered to be derivatives for the purpose of this Policy and are, therefore, permitted investments pursuant to this Policy.
- iv. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

- b. Federal Agencies and U.S. Government Sponsored Enterprises
- i. These investments represent obligations, participations, or other instruments of, or issued by, a federal agency or a U.S. government sponsored enterprise, including those issued by, or fully guaranteed as to principal and interest by, the issuers.
- ii. These are U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (e.g., housing, agriculture). Often simply referred to as "Agencies," the following are specifically allowed:
- a) Federal Home Loan Banks (FHLB);
- b) Federal Home Loan Mortgage Corporation (FHLMC);
- c) Federal National Mortgage Association (FNMA);
- d) Federal Farm Credit Banks (FFCB);
- e) Government National Mortgage Association (GNMA);
- f) Small Business Administration (SBA);
- g) Export-Import Bank of the United States;
- h) U.S. Maritime Administration;

- i) Washington Metro Area Transit Authority (WMATA);
- j) U.S. Department of Housing & Urban Development;
- k) Tennessee Valley Authority;
- l) Federal Agricultural Mortgage Company (FAMC);
- m) Temporary Liquidity Guarantee (TLG) Program securities;
- n) Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP) securities;
- o) Federal Deposit Insurance Corporation (FDIC)-backed Structured Sale Guaranteed Notes (SSGNs); and
- p) National Credit Union Administration (NCUA) securities.

iii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

- iv. Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

c. State and California Local Agency Obligations

- i. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by Moody's, or A-1 by Standard & Poor's, or equivalent or better for short-term obligations, or A by Moody's, or A by Standard & Poor's, or better, for long-term debt. Public agency bonds issued for private purposes (e.g., industrial development bonds) are specifically excluded as permitted investments.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

d. Banker's Acceptances

- i. Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (i.e., the bank's trade finance client) as well as the bank. Once accepted, the

bank is irrevocably obligated to pay the banker's acceptance (BA) upon maturity, if the drawer does not. Eligible banker's acceptances:

- a) Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1, or better, by Fitch Ratings Service, or are rated A-1 for short-term deposits by Standard & Poor's, or P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency; and
- b) May not exceed the five percent (5%) limit of any one (1) commercial bank and may not exceed the five percent (5%) limit for any security of any bank.

ii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	180 days	180 days
Board-Designated Reserve Funds		
▪ Tier One (1)	180 days	180 days
▪ Tier Two (2)	180 days	180 days

e. Commercial Paper (CP)

- i. CP is negotiable (i.e., marketable or transferable), although it is typically held to maturity. The maximum maturity is two hundred seventy (270) days, with most CP issued for terms of less than thirty (30) days. CP must meet the following criteria:
  - a) Rated P-1 by Moody's, or A-1, or better, by Standard & Poor's;
  - b) Have an A, or higher, rating for the issuer's debt, other than CP, if any, as provided for by Moody's, or Standard & Poor's;
  - c) Issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000); and
  - d) May not represent more than ten percent (10%) of the outstanding CP of the issuing corporation.

ii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	270 days	270 days
Board-Designated Reserve Funds		
▪ Tier One (1)	270 days	270 days
▪ Tier Two (2)	270 days	270 days

f. Negotiable Certificates of Deposit

- i. Negotiable Certificates of Deposit must be issued by a ~~Nationally-nationally-~~ or state-chartered bank, or state or federal association or by a state licensed branch of a foreign bank, which have been rated F1 or better, by Fitch Ratings Service, or are rated A-1 for



short-term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.

ii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	1 year	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	1 year	5 years
▪ Tier Two (2)	1 year	5 years

g. Repurchase Agreements

- i. U.S. Treasury and U.S. Agency Repurchase Agreements collateralized by the U.S. Government may be purchased through any registered primary broker-dealer subject to the Securities Investors Protection Act, or any commercial bank insured by the Federal Deposit Insurance Corporation so long as at the time of the investment, such primary dealer (or its parent) has an uninsured, unsecured, and unguaranteed obligation rated P-1 short-term, or A-2 long-term, or better, by Moody's, and A-1 short-term, or A long-term, or better, by Standard & Poor's, provided:

- a) A broker-dealer master repurchase agreement signed by the Investment Manager (acting as "Agent") and approved by CalOptima;
- b) The securities are held free and clear of any lien by CalOptima's custodian or an independent third party acting as agent ("Agent") for the custodian, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than fifty million dollars (\$50,000,000) and the custodian receives written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for CalOptima's custodian;
- c) A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at Title 31, Code of Federal Regulations, Section 306.1 et seq., and such securities are created for the benefit of CalOptima's custodian and CalOptima; and
- d) The Agent will notify CalOptima's custodian and CalOptima if the valuation of the collateral securities falls outside of policy. . Upon direction by the CalOptima Treasurer, the Agent will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within one (1) business day of such valuation.

ii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	30 days	1 year
Board-Designated Reserve Funds		
▪ Tier One (1)	30 days	1 year
▪ Tier Two (2)	30 days	1 year

iii. Reverse repurchase agreements are not allowed.

h. Corporate Securities

i. For the purpose of this Policy, permissible corporate securities shall be rated "A" or better by Moody's, Standard & Poor's, or Fitch Ratings Service and:

- a) Be issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S. and have total assets in excess of five hundred million dollars (\$500,000,000), and
- b) May not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e., medium term notes (MTNs).
- c) Under no circumstance can the MTNs or any other corporate security of any one (1) corporate issuer represent more than five percent (5%) of the portfolio.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

i. Money Market Funds

i. Shares of beneficial interest issued by diversified management companies (i.e., money market funds):

- a) Which are rated AAA (or equivalent highest ranking) by two (2) of the three (3) largest nationally recognized rating services; and
- b) Such investment may not represent more than ten percent (10%) of the money market fund's assets.

j. Joint Powers Authority Pool

i. A joint powers authority formed pursuant to California Government Code, Section 6509.7 may issue shares of beneficial interest to participating public agencies. The joint powers authority issuing the shares shall have retained an Investment Advisor that meets all of the following criteria:

- a) Registered or exempt from registration with the Securities and Exchange Commission;
- b) No less than five (5) years of experience investing in the securities and obligations authorized in the Code; and

- c) Assets under management in excess of five hundred million dollars (\$500,000,000).
- ii. A joint powers authority pool shall be rated AAA (or equivalent highest ranking) by two (2) of the three (3) largest nationally recognized rating services.
- iii. Such investment may not represent more than ten percent (10%) of the joint powers authority pool's assets.
- iv. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	Not Applicable	Not Applicable
Board-Designated Reserve Funds		
▪ Tier One (1)	Not Applicable	Not Applicable
▪ Tier Two (2)	Not Applicable	Not Applicable

k. Mortgage or Asset-backed Securities

- i. Pass-through securities are instruments by which the cash flow from the mortgages, receivables, or other assets underlying the security, is passed-through as principal and interest payments to the investor.
- ii. Though these securities may contain a third party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of "backed" debt instruments have assets (e.g., leases or consumer receivables) pledged to support the debt service.
- iii. Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:
- a) Are rated AA- by a nationally recognized rating service; and
- b) Are issued by an issuer having an "A" (Code), or better, rating by a nationally recognized rating service for its long-term debt.

iv. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years stated final maturity	5 years
▪ Tier Two (2)	5 years stated final maturity	5 years

l. Variable and Floating Rate Securities

- i. Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk.

- a) They should have the same stability, liquidity and quality as traditional money market securities.
- b) A variable rate security provides for the automatic establishment of a new interest rate on pre-determined reset dates.
- c) For the purposes of this Policy, a variable rate security and floating rate security shall be deemed to have a maturity equal to the period remaining to that pre-determined interest rate reset date, so long as no investment shall be made in a security that at the time of the investment has a term remaining to a stated final maturity in excess of five (5) years.
- ii. Variable and floating rate securities, which are restricted to investments in permitted Federal Agencies and U.S. Government Sponsored Enterprises securities, Corporate Securities, Mortgage or Asset-backed Securities, Negotiable Certificates of Deposit, and Municipal Bonds (State and California Local Agency Obligations) must utilize a single, market-determined short-term index rate, such as U. S. Treasury bills, federal funds, CP, London Interbank Offered Rate (LIBOR), or Securities Industry and Financial Markets Association (SIFMA) that is pre-determined at the time of issuance of the security.
- a) Permitted variable and floating rate securities that have an embedded unconditional put option must have a stated final maturity of the security no greater than five (5) years from the date of purchase.
- b) Investments in floating rate securities whose reset is calculated using more than one (1) of the above indices are not permitted, i.e., dual index notes.
- c) Ratings for variable and floating rate securities shall be limited to the same minimum ratings as applied to the appropriate asset security class outlined elsewhere in this Policy.
- iii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

m. Supranational Obligations

- i. The three (3) supranational institutions that issue, or unconditionally guarantee, obligations that are eligible investments are:
- a) International Bank for Reconstruction and Development (IBRD);
- b) International Finance Corporation (IFC); and
- c) Inter-American Development Bank (IADB).

- ii. Supranational obligations shall be rated AA by two (2) of the three (3) largest nationally recognized rating services. Such investment may not represent more than thirty percent (30%) of invested funds.

- iii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

- n. Pooled Investments

- i. Pooled investments include deposits, or investments pooled with those of other local agencies consistent with the requirements of California Government Code, Section 53635 et seq. Such pools may contain a variety of investments but are limited to those permissible under the Code.

#### E. Diversification Guidelines

- Diversification guidelines ensure the portfolio is not unduly concentrated in the securities of one (1) type, industry, or entity, thereby assuring adequate portfolio liquidity should one (1) sector or company experience difficulties.
- CalOptima's Investment Managers must review the respective portfolios they manage to ensure compliance with CalOptima's diversification guidelines on a continuous basis.
- Table 1: Maximum Percentage (%) of Investment Portfolio, by Instrument Type*

INSTRUMENTS	MAXIMUM % OF PORTFOLIO AT TIME OF PURCHASE
A. U.S. Treasuries (including U.S. Treasury Coupon and principal STRIPS as well as TIPs)	100% (Code)
B. Federal Agencies and U.S. Government Sponsored Enterprises	100% (Code)
C. State and California Local Agency Obligations	<del>25</del> 30% (Code)
D. Bankers Acceptances	30% (Code 40%)
E. Commercial Paper	25% (Code)
F. Negotiable Certificates of Deposit	30% (Code)
G. Repurchase Agreements	100% (Code)
H. Corporate Securities	30% (Code)
I. Money Market Funds	20% (Code)
J. Joint Powers Authority Pool	100% (Code)
K. Mortgage or Asset-backed Securities	20% (Code)
L. Variable and Floating Rate Securities	30% (Code)
M. Supranational Obligations	<del>15</del> 30% (Code)

- 1 a) Issuer or Counterparty Diversification Guidelines: The percentages specified below shall be  
2 adhered to on the basis of the entire portfolio:

3  
4 i. Any one Federal Agency or Government Sponsored Enterprise: None

5  
6 ii. Any one repurchase agreement counterparty name:

7  
8 If maturity/term is  $\leq 7$  days: 50%

9 If maturity/term is  $> 7$  days: 25%

- 10  
11 b) Issuer or Counterparty Diversification Guidelines for all other permitted investments  
12 described in Section III.D.2.a-n. of this Policy.

13  
14 i. Any one (1) corporation, bank, local agency, or other corporate name for one (1) or  
15 more series of securities, and specifically with respect to special purpose vehicles  
16 issuers for mortgage or asset-backed securities, the maximum applies to all such  
17 securities backed by the same type of assets of the same issuer.

- 18  
19 c) Each Investment Manager shall adhere to the diversification limits discussed in this  
20 subsection.

21  
22 i. If one (1) Investment Manager exceeds the aforementioned diversification limits, the  
23 Investment Manager shall inform CalOptima's Treasurer and Investment Advisor (if  
24 any) by close of business on the day of the occurrence.

25  
26 ii. Within the parameters authorized by the Code, the Investment Advisory Committee  
27 recognizes the practicalities of portfolio management, securities maturing and changing  
28 status, and market volatility, and, as such, will consider breaches in:

29  
30 a) The context of the amount in relation to the total portfolio concentration;

31  
32 b) Market and security specific conditions contributing to a breach of this Policy; and

33  
34 c) The Investment Managers' actions to enforce the spirit of this Policy and decisions  
35 made in the best interest of the portfolio.

36  
37 F. Maximum Stated Term

- 38  
39 1. Maximum stated terms for permitted investments shall be determined based on the settlement  
40 date (not the trade date) upon purchase of the security and the stated final maturity of the  
41 security.

42  
43 G. Rating Downgrades

- 44  
45 1. CalOptima may from time to time be invested in a security whose rating is downgraded below  
46 the quality criteria permitted by this Policy.

- 47  
48 2. If the rating of any security held as an investment falls below the investment guidelines, the  
49 Investment Manager shall notify CalOptima's Treasurer, or Designee, within two (2) business  
50 days of the downgrade.

- a. A decision to retain a downgraded security shall be approved by CalOptima's Treasurer, or Designee, within five (5) business days of the downgrade.

#### H. Investment Restrictions

1. Investment securities shall not be lent to an Investment Manager, or broker-dealer.
2. The investment portfolio or investment portfolios, managed by an Investment Manager, shall not be used as collateral to obtain additional investable funds.
3. Any investment not specifically referred to herein shall be considered a prohibited investment.
4. CalOptima reserves the right to prohibit its Investment Managers from making investments in organizations which have a line of business that is visibly in conflict with the interests of public health, as defined by the Board of Directors.
5. CalOptima reserves the right to prohibit investments in organizations with which it has a business relationship through contracting, purchasing, or other arrangements.
6. Except as expressly permitted by this Policy, investments in derivative securities shall not be allowed.
7. A list of prohibited investments does not currently exist, however, the Board of Directors shall provide its Investment Managers and Investment Advisor with a list, should such a list be adopted by CalOptima in the future, of corporations that do not comply with this Policy and shall immediately notify its Investment Managers and Investment Advisor of any changes.

#### IV. ATTACHMENTS

Not Applicable

#### V. REFERENCES

- A. California Government Code, §53600 et seq.
- B. California Government Code, § 6509.7
- C. California Government Code. §53646, Subdivision (a) and Subdivision (b)
- D. California Government Code, §53635 et seq.
- E. Title 31, Code of Federal Regulations (C.F.R.), §306.1 et seq.

#### VI. REGULATORY AGENCY APPROVALS

- A. None to Date

#### VII. BOARD ACTIONS

- A. TBD: Regular Meeting of the CalOptima Board of Directors  
~~A.B.~~ 12/03/15: Regular Meeting of the CalOptima Board of Directors  
~~B.C.~~ 03/05/15: Regular Meeting of the CalOptima Board of Directors  
~~C.D.~~ 06/05/14: Regular Meeting of the CalOptima Board of Directors  
~~D.E.~~ 12/05/13: Regular Meeting of the CalOptima Board of Directors  
~~E.F.~~ 01/03/13: Regular Meeting of the CalOptima Board of Directors

Policy #: GA.0000

Title: Annual Investments

Effective Date: TBD

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~~F.G.~~ 10/04/12: Regular Meeting of the CalOptima Board of Directors  
~~G.H.~~ 01/06/11: Regular Meeting of the CalOptima Board of Directors  
~~H.I.~~ 08/05/10: Regular Meeting of the CalOptima Board of Directors  
~~I.J.~~ 12/04/08: Regular Meeting of the CalOptima Board of Directors  
~~J.K.~~ 12/07/04: Regular Meeting of the CalOptima Board of Directors  
~~K.L.~~ 01/07/03: Regular Meeting of the CalOptima Board of Directors  
~~L.M.~~ 01/11/00: Regular Meeting of the CalOptima Board of Directors  
~~M.N.~~ 03/03/98: Regular Meeting of the CalOptima Board of Directors  
~~N.O.~~ 02/04/97: Regular Meeting of the CalOptima Board of Directors  
~~O.P.~~ 02/27/96: Regular Meeting of the CalOptima Board of Directors

#### VIII. REVIEW/REVISION HISTORY

Version	Date	Policy Number	Policy Title	Line(s) of Business
Effective	TBD	GA.0000	Annual Investments	Administrative



**IX. GLOSSARY**

<b>Term</b>	<b>Definition</b>
Bankers Acceptance (BA)	<p>Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (i.e., the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the banker's acceptance (BA) upon maturity, if the drawer does not. Eligible banker's acceptances:</p> <ul style="list-style-type: none"><li>• Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1, or better, by Fitch Ratings Service, or are rated A-1 for short-term deposits by Standard &amp; Poor's, or P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency; and</li><li>• May not exceed the five percent (5%) limit of any one (1) commercial bank and may not exceed the five percent (5%) limit for any security of any bank.</li></ul>
Benchmark	<p>Benchmarks are usually constructed using unmanaged indices, exchange-traded Funds or mutual fund categories to represent each asset class. Benchmarks are often used as a tool to assess the allocation, risk and return of a portfolio.</p>

<b>Term</b>	<b>Definition</b>
Board-Designated Reserve Funds	<p>Funds established to address unexpected agency needs and not intended for use in the normal course of business. The amount of Board-Designated Reserve Funds should be offset by any working capital or net current asset deficits. The desired level for these funds is a minimum of 1.4 and maximum of 2.0 months' of capitation revenues as specified by CalOptima Policy GA.3001: Board-Designated Reserve Funds. The Board-Designated Reserve Funds shall be managed and invested as follows:</p> <ol style="list-style-type: none"> <li>1. Tier One <ol style="list-style-type: none"> <li>a. Used for the benefit and protection of CalOptima's long-term financial viability;</li> <li>b. Used to cover "Special Purposes" as defined in CalOptima Policy GA.3001: Board-Designated Reserve Funds; or</li> <li>c. May be used for operational cash flow needs in lieu of a bank line of credit in the event of disruption of monthly capitation revenue receipts from the State, subject to the Board-Designated Reserve Funds having a "floor" equal to Tier Two requirements.</li> </ol> </li> <li>2. Tier Two <ol style="list-style-type: none"> <li>a. Used to meet CalOptima's regulatory compliance requirements; or</li> <li>b. Currently defined as CalOptima's tangible net equity requirements as defined by subdivision (e) of section 1300.76 of Title 28 of the California Code of Regulations.</li> </ol> </li> </ol>
Bonds	A debt security, under which the issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay them interest (the coupon) and/or to repay the principal at a later date, termed the maturity date.
Broker-Dealer	In financial services, a broker-dealer is a natural person, a company or other organization that engages in the business of trading securities for its own account or on behalf of its customers.
CalOptima Treasurer	The person responsible for running the treasury of an organization. CalOptima Chief Financial Officer serves this role, and presides all aspects of company's financial activities.
Capital	Capital refers to financial assets or the financial value of assets, in the form of money or other assets owned by an organization.
Cash Flow Draws	Amount of cash needs to support CalOptima business operation.
Chief Officers	For the purposes of this policy, may include, but is not limited to, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and/or Chief Counsel.

<b>Term</b>	<b>Definition</b>
Collateral Securities	A security given in addition to the direct security, and subordinate to it, intended to guaranty its validity or convertibility or insure its performance ; so that, if the direct security fails, the creditor may fall back upon the collateral security.
Commercial Paper (CP)	Unsecured promissory notes issued by companies and government entities at a discount.
Consumer Price Index (CPI)	The Consumer Price Indexes (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.
Corporate Securities	Notes issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state, and operating within the U.S.
Credit Risk	The risk of loss due to failure of the issuer of a security.
Custodian Bank	A specialized financial institution responsible for safeguarding a firm's or individual's financial assets and is not engaged in "traditional" commercial or consumer/retail banking such as mortgage or personal lending, branch banking, personal accounts, automated teller machines (ATMs) and so forth.
Designee	For purposes of this policy, a person who has been designated to act on behalf of the CalOptima Treasurer.
Economic Cycles	The natural fluctuation of the economy between periods of expansion (growth) and contraction (recession).
Finance and Audit Committee (FAC)	A standing committee of the CalOptima Board of Directors with oversight responsibilities for all financial matters of CalOptima including but not limited to: budget development and approval, financial reporting, investment practices and policies, purchasing and procurement practices and policies, insurance issues, and capitation and claims. The Committee serves as the primary level of Board review for any finance-related issues or policies affecting the CalOptima program.
Inflation	Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling.
Instrument	Refers to a financial instrument or asset that can be traded. These assets can be cash, bonds, or shares in a company
Investment Advisors	Members of CalOptima Investment Advisory Committee (IAC).
Investment Advisory Committee (IAC)	A standing committee of the CalOptima Board of Directors who provide advice and recommendations regarding the organization's investments.
Investment Managers	A person or organization that makes investments in portfolios of securities on behalf of clients, in accordance with the investment objectives and parameters defined by these clients.
Investment Portfolio	A grouping of financial assets such as stocks, bonds and cash equivalents, as well as their funds counterparts, including mutual, exchange-traded and closed funds. Portfolios are held directly by investors and/or managed by financial professionals.
Joint Powers Authority Pool	Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code, Section 6509.7; each share represents an equal proportional interest in the underlying pool of securities owned by the joint powers authority.

<b>Term</b>	<b>Definition</b>
Lien	A legal right granted by the owner of property, by a law or otherwise acquired by a creditor
Liquidity	Liquidity describes the degree to which an <u>asset</u> or <u>security</u> can be quickly bought or sold in the market without affecting the asset's price.
Market Indices	Measurements of the value of a section of the stock market. It is computed from the prices of selected stocks (typically a weighted average).
Market Risk	The risk of market value fluctuations due to overall changes in the general level of interest rates.
Maturity Dates	The date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an installment loan must be paid in full.
Medium Term Notes (MTN)	A debt note that usually matures (is paid back) in 5–10 years, but the term may be less than one year or as long as 100 years. They can be issued on a fixed or floating coupon basis.
Negotiable Certificates of Deposit	A negotiable (i.e., marketable or transferable) receipt for a time deposit at a bank or other financial institution, for a fixed time and interest rate.
Operating Funds	Funds intended to serve as a money market account for CalOptima to meet daily operating requirements. Deposits to this fund are comprised of State warrants that represent CalOptima's monthly capitation revenues from its State contracts. Disbursements from this fund to CalOptima's operating cash accounts are intended to meet operating expenses, payments to providers and other payments required in day-to-day operations.
Prudent Person Standard	When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code section 53600.3)
Qualified Institutional Buyer	Refer to 144(a) qualified Institutional Buyers List.
Rate of Return	The gain or loss on an investment over a specified time period, expressed as a percentage of the investment's cost. Gains on investments are defined as income received plus any capital gains realized on the sale of the investment.
Rating Category	With respect to any long-term category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier.
Repurchase Agreements	A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date.
Risk	Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment. Description: Stating simply, it is a measure of the level of uncertainty of achieving the returns as per the expectations of the investor.

<b>Term</b>	<b>Definition</b>
State and California Local Agency Obligations	Registered state warrants, treasury notes or bonds of any U.S. state and bonds, notes, warrants, or other evidences of indebtedness of any local agency of the State of California, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency, or by a department, board, agency or authority of the State or local agency.
Supranational Institutions	International institutions formed by two (2) or more governments that transcend boundaries to pursue mutually beneficial economic or social goals.
Surplus	Assets beyond liabilities.
Underlying Pool of Securities	Those securities and obligations that are eligible for direct investment by local public agencies.
Valuation	An estimation of the worth of a financial instrument or asset. CalOptima's asset managers provide CalOptima with reporting that shows the valuation of each financial instrument that they own on behalf of CalOptima. Each asset manager uses a variety of market sources to determine individual valuations.

Policy #: GA.0000  
Title: **Annual Investments**  
Department: Finance  
Section: Not Applicable

CEO Approval: Michael Schrader \_\_\_\_\_

Effective Date: TBD  
Last Review Date: Not Applicable  
Last Revised Date: Not Applicable

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1 **I. PURPOSE**

2  
3 This policy sets forth the investment guidelines for all Operating Funds and Board-Designated Reserve  
4 Funds of CalOptima invested on or after January 10, 2006 to ensure CalOptima's funds are prudently  
5 invested according to the Board of Directors' objectives and the California Government Code to  
6 preserve capital, provide necessary liquidity, and achieve a market-average rate of return through  
7 economic cycles.  
8

9 **II. POLICY**

10 A. CalOptima investments may only be made as authorized by this Policy.

- 11  
12  
13 1. This Policy shall conform to California Government Code, Section 53600 et seq. (hereinafter,  
14 the Code) as well as customary standards of prudent investment management. Should the  
15 provisions of the Code be, or become, more restrictive than those contained herein, such  
16 provisions shall be considered immediately incorporated into this Policy and adhered to.  
17  
18 2. Safety of Principal: Safety of Principal is the primary objective of CalOptima and, as such,  
19 each investment transaction shall seek to ensure that large capital losses are avoided from  
20 securities or broker-dealer default.  
21  
22 a. CalOptima shall seek to ensure that capital losses are minimized from the erosion of market  
23 value and preserve principal by mitigating the two (2) types of risk: Credit Risk and Market  
24 Risk.  
25  
26 i. Credit Risk shall be mitigated by investing in only permitted investments and by  
27 diversifying the investment portfolio, in accordance with this Policy.  
28  
29 ii. Market Risk shall be mitigated by matching maturity dates, to the extent possible, with  
30 CalOptima's expected cash flow draws.  
31  
32 b. It is explicitly recognized herein, however, that in a diversified portfolio, occasional losses  
33 are inevitable and must be considered within the context of the overall investment return.  
34  
35 3. Liquidity: Liquidity is the second most important objective of CalOptima. It is important that  
36 each portfolio contain investments for which there is a secondary market and which offer the  
37 flexibility to be easily sold at any time with minimal risk of loss of either the principal or  
38 interest based upon then prevailing rates.  
39

4. Total Return: CalOptima's investment portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk, established by the Board of Directors' and the CalOptima Treasurer's objectives.

a. The performance benchmark for each investment portfolio shall be based upon published market indices for short-term investments of comparable risk and duration.

i. These performance benchmarks shall be reviewed monthly by CalOptima's Treasurer and the Investment Managers and shall be approved by the Board of Directors.

B. The investments purchased by an Investment Manager shall be held by the custodian bank acting as the agent of CalOptima under the terms of a custody agreement in compliance with California Government Code, Section 53608.

C. Investment Managers must certify that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with California Government Code, Section 53601.5 and this Policy.

D. The Board of Directors, or persons authorized to make investment decisions on behalf of CalOptima (e.g., Chief Officers), are trustees and fiduciaries subject to the Prudent Person Standard, as defined in the Code, which shall be applied in the context of managing an overall portfolio.

E. CalOptima's Officers, employees, Board members, and Investment Advisory Committee members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

1. CalOptima's Officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with CalOptima, and are not permitted to have any personal financial, or investment holdings, that could be materially related to the performance of CalOptima's investments.

F. On an annual basis, CalOptima's Treasurer shall provide the Board of Directors with this Policy for review and adoption by the Board, to ensure that all investments made are in compliance with this Policy.

1. This Policy shall be reviewed annually by the Board of Directors at a public meeting pursuant to California Government Code, Section 53646, Subdivision (a).

2. This policy may only be changed by the Board of Directors.

### III. PROCEDURE

#### A. Delegation of Authority

1. Authority to manage CalOptima's investment program is derived from an order of the Board of Directors.

- a. Management responsibility for the investment program shall be delegated to CalOptima's Treasurer, as appointed by the Board of Directors, for a one (1)-year period following the approval of this Policy.
  - i. The Board of Directors may renew the delegation of authority annually.
- b. No person may engage in investment transactions except as provided under the terms of this Policy and the procedures established by CalOptima's Treasurer.

#### B. CalOptima Treasurer Responsibilities

1. The Treasurer shall be responsible for:
  - a. All actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and Board approved Investment Managers;
  - b. The oversight of CalOptima's investment portfolio;
  - c. Directing CalOptima's investment program and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities; and
  - d. Providing a quarterly report to the Board of Directors in accordance with California Government Code, Section 53646, Subdivision (b).
2. The Treasurer shall also be responsible for ensuring that:
  - a. The Operating Funds and Board-Designated Reserve Funds targeted average maturities are established and reviewed monthly.
  - b. All Investment Managers are provided a copy of this Policy, which shall be appended to an Investment Manager's investment contract.
    - i. Any investments made by an Investment Manager outside this Policy may subject the Investment Manager to termination for cause.
  - c. Investment diversification and portfolio performance is reviewed monthly to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this Policy.
  - d. All Investment Managers are selected and evaluated for review by the Chief Executive Officer and the Board of Directors.

#### C. Investment Advisory Committee

1. The Investment Advisory Committee shall not make, or direct, CalOptima staff to make any particular investment, purchase any particular investment product, or conduct business with any particular investment companies, or brokers.
  - a. It shall not be the purpose of the Investment Advisory Committee to advise on particular investment decisions of CalOptima.



2. The Investment Advisory Committee shall be responsible for the following functions:

- a. Annual review of this Policy before its consideration by the Board of Directors and revision recommendations, as necessary, to the Finance and Audit Committee of the Board of Directors.
- b. Quarterly review of CalOptima's investment portfolio for conformance with this Policy's diversification and maturity guidelines, and recommendations to the Finance and Audit Committee of the Board of Directors, as appropriate.
- c. Provision of comments to CalOptima's staff regarding potential investments and potential investment strategies.
- d. Performance of such additional duties and responsibilities pertaining to CalOptima's investment program as may be required from time to time by specific action and direction of the Board of Directors.

D. Permitted Investments

1. CalOptima shall invest only in instruments as permitted by the Code, subject to the limitations of this Policy.
  - a. Permitted investments under the Operating Funds, unless otherwise specified, are subject to a maximum stated term of four hundred fifty (450) days. Note that the Code allows for up to five (5) years.
  - b. Permitted investments under the Board-Designated Reserve Funds, unless otherwise specified, are subject to a maximum stated term of five (5) years. Note that the Code allows for up to five (5) years.
  - c. As a local government agency, CalOptima is not a Qualified Institutional Buyer, and therefore private placement (144a) securities are prohibited.
  - d. The Board of Directors must grant express written authority to make an investment, or to establish an investment program, of a longer term.
2. Permitted investments shall include:
  - a. U.S. Treasuries
    - i. These investments are direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.
    - ii. U.S. Government securities include:
      - a) Treasury Bills: U.S. Government securities issued and traded at a discount;
      - b) Treasury Notes and Bonds: Interest bearing debt obligations of the U.S. Government which guarantees interest and principal payments;

- c) Treasury Separate Trading of Registered Interest and Principal Securities (STRIPS): U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system;
- d) Treasury Inflation Protected (TIPs) securities: Special U.S. Treasury notes, or bonds, that offer protection from inflation. Coupon payments and underlying principal are automatically increased to compensate for inflation, as measured by the consumer price index (CPI); and
- e) Treasury Floating Rate Notes (FRNs): U.S. Treasury bonds issued with a variable coupon.
- iii. U.S. Treasury coupon and principal STRIPS, as well as TIPs, are not considered to be derivatives for the purpose of this Policy and are, therefore, permitted investments pursuant to this Policy.
- iv. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

- b. Federal Agencies and U.S. Government Sponsored Enterprises
- i. These investments represent obligations, participations, or other instruments of, or issued by, a federal agency or a U.S. government sponsored enterprise, including those issued by, or fully guaranteed as to principal and interest by, the issuers.
- ii. These are U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (e.g., housing, agriculture). Often simply referred to as "Agencies," the following are specifically allowed:
- a) Federal Home Loan Banks (FHLB);
- b) Federal Home Loan Mortgage Corporation (FHLMC);
- c) Federal National Mortgage Association (FNMA);
- d) Federal Farm Credit Banks (FFCB);
- e) Government National Mortgage Association (GNMA);
- f) Small Business Administration (SBA);
- g) Export-Import Bank of the United States;
- h) U.S. Maritime Administration;

- i) Washington Metro Area Transit Authority (WMATA);
- j) U.S. Department of Housing & Urban Development;
- k) Tennessee Valley Authority;
- l) Federal Agricultural Mortgage Company (FAMC);
- m) Temporary Liquidity Guarantee (TLG) Program securities;
- n) Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP) securities;
- o) Federal Deposit Insurance Corporation (FDIC)-backed Structured Sale Guaranteed Notes (SSGNs); and
- p) National Credit Union Administration (NCUA) securities.

iii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

- iv. Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

c. State and California Local Agency Obligations

- i. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by Moody's, or A-1 by Standard & Poor's, or equivalent or better for short-term obligations, or A by Moody's, or A by Standard & Poor's, or better, for long-term debt. Public agency bonds issued for private purposes (e.g., industrial development bonds) are specifically excluded as permitted investments.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

d. Banker's Acceptances

- i. Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (i.e., the bank's trade finance client) as well as the bank. Once accepted, the

bank is irrevocably obligated to pay the banker's acceptance (BA) upon maturity, if the drawer does not. Eligible banker's acceptances:

- a) Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1, or better, by Fitch Ratings Service, or are rated A-1 for short-term deposits by Standard & Poor's, or P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency; and
- b) May not exceed the five percent (5%) limit of any one (1) commercial bank and may not exceed the five percent (5%) limit for any security of any bank.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	180 days	180 days
Board-Designated Reserve Funds		
▪ Tier One (1)	180 days	180 days
▪ Tier Two (2)	180 days	180 days

e. Commercial Paper (CP)

- i. CP is negotiable (i.e., marketable or transferable), although it is typically held to maturity. The maximum maturity is two hundred seventy (270) days, with most CP issued for terms of less than thirty (30) days. CP must meet the following criteria:
  - a) Rated P-1 by Moody's, or A-1, or better, by Standard & Poor's;
  - b) Have an A, or higher, rating for the issuer's debt, other than CP, if any, as provided for by Moody's, or Standard & Poor's;
  - c) Issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000); and
  - d) May not represent more than ten percent (10%) of the outstanding CP of the issuing corporation.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	270 days	270 days
Board-Designated Reserve Funds		
▪ Tier One (1)	270 days	270 days
▪ Tier Two (2)	270 days	270 days

f. Negotiable Certificates of Deposit

- i. Negotiable Certificates of Deposit must be issued by a nationally- or state-chartered bank, or state or federal association or by a state licensed branch of a foreign bank, which have been rated F1 or better, by Fitch Ratings Service, or are rated A-1 for short-

term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	1 year	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	1 year	5 years
▪ Tier Two (2)	1 year	5 years

g. Repurchase Agreements

- i. U.S. Treasury and U.S. Agency Repurchase Agreements collateralized by the U.S. Government may be purchased through any registered primary broker-dealer subject to the Securities Investors Protection Act, or any commercial bank insured by the Federal Deposit Insurance Corporation so long as at the time of the investment, such primary dealer (or its parent) has an uninsured, unsecured, and unguaranteed obligation rated P-1 short-term, or A-2 long-term, or better, by Moody's, and A-1 short-term, or A long-term, or better, by Standard & Poor's, provided:

- a) A broker-dealer master repurchase agreement signed by the Investment Manager (acting as "Agent") and approved by CalOptima;
- b) The securities are held free and clear of any lien by CalOptima's custodian or an independent third party acting as agent ("Agent") for the custodian, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than fifty million dollars (\$50,000,000) and the custodian receives written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for CalOptima's custodian;
- c) A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at Title 31, Code of Federal Regulations, Section 306.1 et seq., and such securities are created for the benefit of CalOptima's custodian and CalOptima; and
- d) The Agent will notify CalOptima's custodian and CalOptima if the valuation of the collateral securities falls outside of policy. . Upon direction by the CalOptima Treasurer, the Agent will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within one (1) business day of such valuation.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	30 days	1 year
Board-Designated Reserve Funds		
▪ Tier One (1)	30 days	1 year
▪ Tier Two (2)	30 days	1 year

iii. Reverse repurchase agreements are not allowed.

h. Corporate Securities

i. For the purpose of this Policy, permissible corporate securities shall be rated "A" or better by Moody's, Standard & Poor's, or Fitch Ratings Service and:

- a) Be issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S. and have total assets in excess of five hundred million dollars (\$500,000,000), and
- b) May not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e., medium term notes (MTNs).
- c) Under no circumstance can the MTNs or any other corporate security of any one (1) corporate issuer represent more than five percent (5%) of the portfolio.

ii. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

i. Money Market Funds

i. Shares of beneficial interest issued by diversified management companies (i.e., money market funds):

- a) Which are rated AAA (or equivalent highest ranking) by two (2) of the three (3) largest nationally recognized rating services; and
- b) Such investment may not represent more than ten percent (10%) of the money market fund's assets.

j. Joint Powers Authority Pool

i. A joint powers authority formed pursuant to California Government Code, Section 6509.7 may issue shares of beneficial interest to participating public agencies. The joint powers authority issuing the shares shall have retained an Investment Advisor that meets all of the following criteria:

- a) Registered or exempt from registration with the Securities and Exchange Commission;
- b) No less than five (5) years of experience investing in the securities and obligations authorized in the Code; and

c) Assets under management in excess of five hundred million dollars (\$500,000,000).

ii. A joint powers authority pool shall be rated AAA (or equivalent highest ranking) by two (2) of the three (3) largest nationally recognized rating services.

iii. Such investment may not represent more than ten percent (10%) of the joint powers authority pool's assets.

iv. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	Not Applicable	Not Applicable
Board-Designated Reserve Funds		
▪ Tier One (1)	Not Applicable	Not Applicable
▪ Tier Two (2)	Not Applicable	Not Applicable

k. Mortgage or Asset-backed Securities

i. Pass-through securities are instruments by which the cash flow from the mortgages, receivables, or other assets underlying the security, is passed-through as principal and interest payments to the investor.

ii. Though these securities may contain a third party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of "backed" debt instruments have assets (e.g., leases or consumer receivables) pledged to support the debt service.

iii. Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

a) Are rated AA- by a nationally recognized rating service; and

b) Are issued by an issuer having an "A" (Code), or better, rating by a nationally recognized rating service for its long-term debt.

iv. Maximum Term:

<b>Fund Type</b>	<b>Term Assigned</b>	<b>Term Allowed by the Code</b>
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years stated final maturity	5 years
▪ Tier Two (2)	5 years stated final maturity	5 years

l. Variable and Floating Rate Securities

i. Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk.

- a) They should have the same stability, liquidity and quality as traditional money market securities.
- b) A variable rate security provides for the automatic establishment of a new interest rate on pre-determined reset dates.
- c) For the purposes of this Policy, a variable rate security and floating rate security shall be deemed to have a maturity equal to the period remaining to that pre-determined interest rate reset date, so long as no investment shall be made in a security that at the time of the investment has a term remaining to a stated final maturity in excess of five (5) years.
- ii. Variable and floating rate securities, which are restricted to investments in permitted Federal Agencies and U.S. Government Sponsored Enterprises securities, Corporate Securities, Mortgage or Asset-backed Securities, Negotiable Certificates of Deposit, and Municipal Bonds (State and California Local Agency Obligations) must utilize a single, market-determined short-term index rate, such as U. S. Treasury bills, federal funds, CP, London Interbank Offered Rate (LIBOR), or Securities Industry and Financial Markets Association (SIFMA) that is pre-determined at the time of issuance of the security.
- a) Permitted variable and floating rate securities that have an embedded unconditional put option must have a stated final maturity of the security no greater than five (5) years from the date of purchase.
- b) Investments in floating rate securities whose reset is calculated using more than one (1) of the above indices are not permitted, i.e., dual index notes.
- c) Ratings for variable and floating rate securities shall be limited to the same minimum ratings as applied to the appropriate asset security class outlined elsewhere in this Policy.
- iii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

m. Supranational Obligations

- i. The three (3) supranational institutions that issue, or unconditionally guarantee, obligations that are eligible investments are:
- a) International Bank for Reconstruction and Development (IBRD);
- b) International Finance Corporation (IFC); and
- c) Inter-American Development Bank (IADB).



- ii. Supranational obligations shall be rated AA by two (2) of the three (3) largest nationally recognized rating services. Such investment may not represent more than thirty percent (30%) of invested funds.

- iii. Maximum Term:

Fund Type	Term Assigned	Term Allowed by the Code
Operating Funds	450 days	5 years
Board-Designated Reserve Funds		
▪ Tier One (1)	5 years	5 years
▪ Tier Two (2)	5 years	5 years

- n. Pooled Investments

- i. Pooled investments include deposits, or investments pooled with those of other local agencies consistent with the requirements of California Government Code, Section 53635 et seq. Such pools may contain a variety of investments but are limited to those permissible under the Code.

#### E. Diversification Guidelines

- Diversification guidelines ensure the portfolio is not unduly concentrated in the securities of one (1) type, industry, or entity, thereby assuring adequate portfolio liquidity should one (1) sector or company experience difficulties.
- CalOptima's Investment Managers must review the respective portfolios they manage to ensure compliance with CalOptima's diversification guidelines on a continuous basis.
- Table 1: Maximum Percentage (%) of Investment Portfolio, by Instrument Type*

INSTRUMENTS	MAXIMUM % OF PORTFOLIO AT TIME OF PURCHASE
A. U.S. Treasuries (including U.S. Treasury Coupon and principal STRIPS as well as TIPs)	100% (Code)
B. Federal Agencies and U.S. Government Sponsored Enterprises	100% (Code)
C. State and California Local Agency Obligations	30% (Code)
D. Bankers Acceptances	30% (Code 40%)
E. Commercial Paper	25% (Code)
F. Negotiable Certificates of Deposit	30% (Code)
G. Repurchase Agreements	100% (Code)
H. Corporate Securities	30% (Code)
I. Money Market Funds	20% (Code)
J. Joint Powers Authority Pool	100% (Code)
K. Mortgage or Asset-backed Securities	20% (Code)
L. Variable and Floating Rate Securities	30% (Code)
M. Supranational Obligations	30% (Code)

- 1 a) Issuer or Counterparty Diversification Guidelines: The percentages specified below shall be  
2 adhered to on the basis of the entire portfolio:

3  
4 i. Any one Federal Agency or Government Sponsored Enterprise: None

5  
6 ii. Any one repurchase agreement counterparty name:

7  
8 If maturity/term is  $\leq 7$  days: 50%

9 If maturity/term is  $> 7$  days: 25%

- 10  
11 b) Issuer or Counterparty Diversification Guidelines for all other permitted investments  
12 described in Section III.D.2.a-n. of this Policy.

13  
14 i. Any one (1) corporation, bank, local agency, or other corporate name for one (1) or  
15 more series of securities, and specifically with respect to special purpose vehicles  
16 issuers for mortgage or asset-backed securities, the maximum applies to all such  
17 securities backed by the same type of assets of the same issuer.

- 18  
19 c) Each Investment Manager shall adhere to the diversification limits discussed in this  
20 subsection.

21  
22 i. If one (1) Investment Manager exceeds the aforementioned diversification limits, the  
23 Investment Manager shall inform CalOptima's Treasurer and Investment Advisor (if  
24 any) by close of business on the day of the occurrence.

25  
26 ii. Within the parameters authorized by the Code, the Investment Advisory Committee  
27 recognizes the practicalities of portfolio management, securities maturing and changing  
28 status, and market volatility, and, as such, will consider breaches in:

29  
30 a) The context of the amount in relation to the total portfolio concentration;

31  
32 b) Market and security specific conditions contributing to a breach of this Policy; and

33  
34 c) The Investment Managers' actions to enforce the spirit of this Policy and decisions  
35 made in the best interest of the portfolio.

36  
37 F. Maximum Stated Term

- 38  
39 1. Maximum stated terms for permitted investments shall be determined based on the settlement  
40 date (not the trade date) upon purchase of the security and the stated final maturity of the  
41 security.

42  
43 G. Rating Downgrades

- 44  
45 1. CalOptima may from time to time be invested in a security whose rating is downgraded below  
46 the quality criteria permitted by this Policy.

- 47  
48 2. If the rating of any security held as an investment falls below the investment guidelines, the  
49 Investment Manager shall notify CalOptima's Treasurer, or Designee, within two (2) business  
50 days of the downgrade.

- 1                   a. A decision to retain a downgraded security shall be approved by CalOptima's Treasurer, or  
2                   Designee, within five (5) business days of the downgrade.

3  
4       **H. Investment Restrictions**

- 5  
6           1. Investment securities shall not be lent to an Investment Manager, or broker-dealer.  
7  
8           2. The investment portfolio or investment portfolios, managed by an Investment Manager, shall  
9           not be used as collateral to obtain additional investable funds.  
10  
11          3. Any investment not specifically referred to herein shall be considered a prohibited investment.  
12  
13          4. CalOptima reserves the right to prohibit its Investment Managers from making investments in  
14          organizations which have a line of business that is visibly in conflict with the interests of public  
15          health, as defined by the Board of Directors.  
16  
17          5. CalOptima reserves the right to prohibit investments in organizations with which it has a  
18          business relationship through contracting, purchasing, or other arrangements.  
19  
20          6. Except as expressly permitted by this Policy, investments in derivative securities shall not be  
21          allowed.  
22  
23          7. A list of prohibited investments does not currently exist, however, the Board of Directors shall  
24          provide its Investment Managers and Investment Advisor with a list, should such a list be  
25          adopted by CalOptima in the future, of corporations that do not comply with this Policy and  
26          shall immediately notify its Investment Managers and Investment Advisor of any changes.  
27

28       **IV. ATTACHMENTS**

29  
30       Not Applicable  
31

32       **V. REFERENCES**

- 33  
34       A. California Government Code, §53600 et seq.  
35       B. California Government Code, § 6509.7  
36       C. California Government Code. §53646, Subdivision (a) and Subdivision (b)  
37       D. California Government Code, §53635 et seq.  
38       E. Title 31, Code of Federal Regulations (C.F.R.), §306.1 et seq.  
39

40       **VI. REGULATORY AGENCY APPROVALS**

- 41  
42       A. None to Date  
43

44       **VII. BOARD ACTIONS**

- 45  
46       A. TBD: Regular Meeting of the CalOptima Board of Directors  
47       B. 12/03/15: Regular Meeting of the CalOptima Board of Directors  
48       C. 03/05/15: Regular Meeting of the CalOptima Board of Directors  
49       D. 06/05/14: Regular Meeting of the CalOptima Board of Directors  
50       E. 12/05/13: Regular Meeting of the CalOptima Board of Directors  
51       F. 01/03/13: Regular Meeting of the CalOptima Board of Directors

Policy #: GA.0000

Title: Annual Investments

Effective Date: TBD

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- G. 10/04/12: Regular Meeting of the CalOptima Board of Directors
- H. 01/06/11: Regular Meeting of the CalOptima Board of Directors
- I. 08/05/10: Regular Meeting of the CalOptima Board of Directors
- J. 12/04/08: Regular Meeting of the CalOptima Board of Directors
- K. 12/07/04: Regular Meeting of the CalOptima Board of Directors
- L. 01/07/03: Regular Meeting of the CalOptima Board of Directors
- M. 01/11/00: Regular Meeting of the CalOptima Board of Directors
- N. 03/03/98: Regular Meeting of the CalOptima Board of Directors
- O. 02/04/97: Regular Meeting of the CalOptima Board of Directors
- P. 02/27/96: Regular Meeting of the CalOptima Board of Directors

#### **VIII. REVIEW/REVISION HISTORY**

<b>Version</b>	<b>Date</b>	<b>Policy Number</b>	<b>Policy Title</b>	<b>Line(s) of Business</b>
Effective	TBD	GA.0000	Annual Investments	Administrative

**IX. GLOSSARY**

<b>Term</b>	<b>Definition</b>
Bankers Acceptance (BA)	<p>Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (i.e., the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the banker's acceptance (BA) upon maturity, if the drawer does not. Eligible banker's acceptances:</p> <ul style="list-style-type: none"><li>• Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1, or better, by Fitch Ratings Service, or are rated A-1 for short-term deposits by Standard &amp; Poor's, or P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency; and</li><li>• May not exceed the five percent (5%) limit of any one (1) commercial bank and may not exceed the five percent (5%) limit for any security of any bank.</li></ul>
Benchmark	<p>Benchmarks are usually constructed using unmanaged indices, exchange-traded Funds or mutual fund categories to represent each asset class. Benchmarks are often used as a tool to assess the allocation, risk and return of a portfolio.</p>

<b>Term</b>	<b>Definition</b>
Board-Designated Reserve Funds	<p>Funds established to address unexpected agency needs and not intended for use in the normal course of business. The amount of Board-Designated Reserve Funds should be offset by any working capital or net current asset deficits. The desired level for these funds is a minimum of 1.4 and maximum of 2.0 months' of capitation revenues as specified by CalOptima Policy GA.3001: Board-Designated Reserve Funds. The Board-Designated Reserve Funds shall be managed and invested as follows:</p> <ol style="list-style-type: none"> <li>1. Tier One <ol style="list-style-type: none"> <li>a. Used for the benefit and protection of CalOptima's long-term financial viability;</li> <li>b. Used to cover "Special Purposes" as defined in CalOptima Policy GA.3001: Board-Designated Reserve Funds; or</li> <li>c. May be used for operational cash flow needs in lieu of a bank line of credit in the event of disruption of monthly capitation revenue receipts from the State, subject to the Board-Designated Reserve Funds having a "floor" equal to Tier Two requirements.</li> </ol> </li> <li>2. Tier Two <ol style="list-style-type: none"> <li>a. Used to meet CalOptima's regulatory compliance requirements; or</li> <li>b. Currently defined as CalOptima's tangible net equity requirements as defined by subdivision (e) of section 1300.76 of Title 28 of the California Code of Regulations.</li> </ol> </li> </ol>
Bonds	A debt security, under which the issuer owes the holders a debt and, depending on the terms of the bond, is obliged to pay them interest (the coupon) and/or to repay the principal at a later date, termed the maturity date.
Broker-Dealer	In financial services, a broker-dealer is a natural person, a company or other organization that engages in the business of trading securities for its own account or on behalf of its customers.
CalOptima Treasurer	The person responsible for running the treasury of an organization. CalOptima Chief Financial Officer serves this role, and presides all aspects of company's financial activities.
Capital	Capital refers to financial assets or the financial value of assets, in the form of money or other assets owned by an organization.
Cash Flow Draws	Amount of cash needs to support CalOptima business operation.
Chief Officers	For the purposes of this policy, may include, but is not limited to, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and/or Chief Counsel.

<b>Term</b>	<b>Definition</b>
Collateral Securities	A security given in addition to the direct security, and subordinate to it, intended to guaranty its validity or convertibility or insure its performance ; so that, if the direct security fails, the creditor may fall back upon the collateral security.
Commercial Paper (CP)	Unsecured promissory notes issued by companies and government entities at a discount.
Consumer Price Index (CPI)	The Consumer Price Indexes (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.
Corporate Securities	Notes issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state, and operating within the U.S.
Credit Risk	The risk of loss due to failure of the issuer of a security.
Custodian Bank	A specialized financial institution responsible for safeguarding a firm's or individual's financial assets and is not engaged in "traditional" commercial or consumer/retail banking such as mortgage or personal lending, branch banking, personal accounts, automated teller machines (ATMs) and so forth.
Designee	For purposes of this policy, a person who has been designated to act on behalf of the CalOptima Treasurer.
Economic Cycles	The natural fluctuation of the economy between periods of expansion (growth) and contraction (recession).
Finance and Audit Committee (FAC)	A standing committee of the CalOptima Board of Directors with oversight responsibilities for all financial matters of CalOptima including but not limited to: budget development and approval, financial reporting, investment practices and policies, purchasing and procurement practices and policies, insurance issues, and capitation and claims. The Committee serves as the primary level of Board review for any finance-related issues or policies affecting the CalOptima program.
Inflation	Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling.
Instrument	Refers to a financial instrument or asset that can be traded. These assets can be cash, bonds, or shares in a company
Investment Advisors	Members of CalOptima Investment Advisory Committee (IAC).
Investment Advisory Committee (IAC)	A standing committee of the CalOptima Board of Directors who provide advice and recommendations regarding the organization's investments.
Investment Managers	A person or organization that makes investments in portfolios of securities on behalf of clients, in accordance with the investment objectives and parameters defined by these clients.
Investment Portfolio	A grouping of financial assets such as stocks, bonds and cash equivalents, as well as their funds counterparts, including mutual, exchange-traded and closed funds. Portfolios are held directly by investors and/or managed by financial professionals.
Joint Powers Authority Pool	Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code, Section 6509.7; each share represents an equal proportional interest in the underlying pool of securities owned by the joint powers authority.

<b>Term</b>	<b>Definition</b>
Lien	A legal right granted by the owner of property, by a law or otherwise acquired by a creditor
Liquidity	Liquidity describes the degree to which an <u>asset</u> or <u>security</u> can be quickly bought or sold in the market without affecting the asset's price.
Market Indices	Measurements of the value of a section of the stock market. It is computed from the prices of selected stocks (typically a weighted average).
Market Risk	The risk of market value fluctuations due to overall changes in the general level of interest rates.
Maturity Dates	The date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an installment loan must be paid in full.
Medium Term Notes (MTN)	A debt note that usually matures (is paid back) in 5–10 years, but the term may be less than one year or as long as 100 years. They can be issued on a fixed or floating coupon basis.
Negotiable Certificates of Deposit	A negotiable (i.e., marketable or transferable) receipt for a time deposit at a bank or other financial institution, for a fixed time and interest rate.
Operating Funds	Funds intended to serve as a money market account for CalOptima to meet daily operating requirements. Deposits to this fund are comprised of State warrants that represent CalOptima's monthly capitation revenues from its State contracts. Disbursements from this fund to CalOptima's operating cash accounts are intended to meet operating expenses, payments to providers and other payments required in day-to-day operations.
Prudent Person Standard	When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code section 53600.3)
Qualified Institutional Buyer	Refer to 144(a) qualified Institutional Buyers List.
Rate of Return	The gain or loss on an investment over a specified time period, expressed as a percentage of the investment's cost. Gains on investments are defined as income received plus any capital gains realized on the sale of the investment.
Rating Category	With respect to any long-term category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier.
Repurchase Agreements	A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date.
Risk	Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment. Description: Stating simply, it is a measure of the level of uncertainty of achieving the returns as per the expectations of the investor.



<b>Term</b>	<b>Definition</b>
State and California Local Agency Obligations	Registered state warrants, treasury notes or bonds of any U.S. state and bonds, notes, warrants, or other evidences of indebtedness of any local agency of the State of California, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency, or by a department, board, agency or authority of the State or local agency.
Supranational Institutions	International institutions formed by two (2) or more governments that transcend boundaries to pursue mutually beneficial economic or social goals.
Surplus	Assets beyond liabilities.
Underlying Pool of Securities	Those securities and obligations that are eligible for direct investment by local public agencies.
Valuation	An estimation of the worth of a financial instrument or asset. CalOptima's asset managers provide CalOptima with reporting that shows the valuation of each financial instrument that they own on behalf of CalOptima. Each asset manager uses a variety of market sources to determine individual valuations.

**CalOptima**

**(The Orange County Health Authority, a Public Agency)**

***2017***

**Annual Investment Policy**

**Adopted**

**By the**

**Board of Directors**

**On**

**December 1, 2016**

## **CalOptima Annual Investment Policy**

### **I. PURPOSE**

This Annual Investment Policy sets forth the investment guidelines for all Operating Funds and Board-Designated Reserve Funds of CalOptima invested on and after January 10, 2006. The objective of this Annual Investment Policy is to ensure CalOptima's funds are prudently invested according to the Board of Director's objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Annual Investment Policy. The CalOptima Annual Investment Policy conforms to California Government Code section 53600 et seq. (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Annual Investment Policy and adhered to.

- A. Safety of Principal -- Safety of principal is the foremost objective of CalOptima. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities.
- B. Liquidity -- Liquidity is the second most important objective of CalOptima. It is important that each portfolio contain investments for which there is a secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
- C. Total Return -- CalOptima's portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk.

### **II. OBJECTIVES**

Safety of principal is the primary objective of CalOptima. Each investment transaction shall seek to ensure that large capital losses are avoided from securities or broker-dealer default. CalOptima shall seek to ensure that capital losses are minimized from the erosion of market value. CalOptima shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit risk, the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only permitted investments and by diversifying the investment portfolio according to this Annual Investment Policy.

Market risk, the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by matching maturity dates, to the extent possible, with CalOptima's expected cash flow draws. It is explicitly recognized herein, however that, in a diversified portfolio, occasional losses are inevitable and must be considered within the context of the overall investment return.

### **III. PRUDENCE**

CalOptima's Board of Directors or persons authorized to make investment decisions on behalf of CalOptima, are trustees and fiduciaries subject to the prudent person standard as defined in the Code and shall be applied in the context of managing an overall portfolio.

Investment managers acting in accordance with written procedures and the Annual Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price fluctuations, provided deviations from expectations are reported as soon as possible and appropriate action is taken to control risk.

**THE PRUDENT PERSON STANDARD:** When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency (California Government Code section 53600.3)

### **IV. ETHICS AND CONFLICTS OF INTEREST**

CalOptima's officers, employees and Board members and Investment Advisory members involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. CalOptima's officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with CalOptima, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of CalOptima's investments.

### **V. DELEGATION OF AUTHORITY**

Authority to manage CalOptima's investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to CalOptima's Treasurer as appointed by the Board of Directors, for a one-year period following the approval of the Annual Investment Policy. The Board of Directors may renew the delegation of authority annually. No person may engage in investment transactions except as provided under the terms of this Annual Investment Policy and the procedures established by the Treasurer.

The Treasurer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and Board approved investment managers.

A. Financial Benchmarks

CalOptima's investment portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. The performance benchmark for each investment portfolio will be based upon published market indices for short-term investments of comparable risk and duration. These performance benchmarks will be reviewed periodically by CalOptima's Treasurer and the Investment Managers and will be approved by the Board of Directors.

B. Safekeeping

The investments purchased by an Investment Manager shall be held by the custodian bank acting as the agent of CalOptima under the terms of a custody agreement in compliance with California Government Code section 53608.

C. Periodic Review of the Annual Investment Policy

The Treasurer is responsible for providing the Board of Directors with an Annual Investment Policy for review and adoption by the Board and to ensure that all investments made are in compliance with this Annual Investment Policy. This Annual Investment Policy shall be reviewed annually by the Board of Directors at a public meeting pursuant to California Government Code section 53646, subdivision (a).

The Treasurer is responsible for directing CalOptima's investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The Treasurer shall make a quarterly report to the Board of Directors in accordance with California Government Code section 53646, subdivision (b).

D. Treasurer's Procedures

The following procedures will be performed by the Treasurer:

1. The Operating Funds and Board-Designated Reserve Funds targeted average maturities will be established and reviewed periodically.
2. All Investment Managers will be provided a copy of the Annual Investment Policy, which will be appended to an Investment Manager's investment contract. Any investments made by an Investment Manager outside the Annual Investment Policy may subject the Investment Manager to termination for cause.
3. Investment diversification and portfolio performance will be reviewed monthly by the Treasurer to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this policy.
4. The Treasurer will evaluate and select all Investment Managers for review and approval by the Chief Executive Officer and the Board of Directors.

E. Duties and Responsibilities of the Investment Advisory Committee:

The Treasurer and staff are responsible for the oversight of CalOptima's investment portfolio. The Board of Directors is responsible for CalOptima's Annual Investment Policy. The Investment Advisory Committee shall not make or direct CalOptima staff to make any particular investment, purchase any particular investment product, or do business with any particular investment companies or brokers. It shall not be the purpose of the Investment Advisory Committee to advise on particular investment decisions of CalOptima.

The duties and responsibilities of the Investment Advisory Committee shall consist of the following:

1. Annually review CalOptima's Annual Investment Policy before its consideration by the Board of Directors and recommend revisions, as necessary, to the Finance and Audit Committee of the Board of Directors.
2. Quarterly review CalOptima's investment portfolio for conformance with CalOptima's Annual Investment Policy diversification and maturity guidelines, and make recommendations to the Finance and Audit Committee of the Board of Directors as appropriate.
3. Provide comments to CalOptima's staff regarding potential investments and potential investment strategies.
4. Perform such additional duties and responsibilities pertaining to CalOptima's investment program as may be required from time to time by specific action and direction of the Board of Directors.

## **VI. DEFINITIONS**

- A. Operating Funds are intended to serve as a money market account for CalOptima to meet daily operating requirements. Deposits to this fund are comprised of State warrants that represent CalOptima's monthly capitation revenues from its State contracts. Disbursements from this fund to CalOptima's operating cash accounts are intended to meet operating expenses, payments to providers and other payments required in day-to-day operations.
- B. Board-Designated Reserve Funds are established to fund unexpected agency needs and not intended for use in the normal course of business. The amount of Board-Designated Reserve Funds should be offset by any working capital or net current asset deficits. The desired level for these funds is a minimum of 1.4 and maximum of 2.0 months' of capitation revenues as specified by CalOptima Policy GA.3001: Board-Designated Reserve Funds. The Board-Designated Reserve Funds shall be managed and invested as follows:
  1. Tier One
    - a. Used for the benefit and protection of CalOptima's long-term financial viability;
    - b. Used to cover "Special Purposes" as defined in CalOptima Policy GA.3001: Board-Designated Reserve Funds; or

- c. May be used for operational cash flow needs in lieu of a bank line of credit in the event of disruption of monthly capitation revenue receipts from the State, subject to the Board-Designated Reserve Funds having a “floor” equal to Tier Two requirements.
- 2. Tier Two
  - a. Used to meet CalOptima’s regulatory compliance requirements; or
  - b. Currently defined as CalOptima’s tangible net equity requirements as defined by subdivision (e) of section 1300.76 of Title 28 of the California Code of Regulations.

## VII. **PERMITTED INVESTMENTS**

CalOptima shall invest only in instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy. Permitted investments under the Operating Funds, unless otherwise specified, are subject to a maximum stated term of four hundred fifty (450) days (Code is five years). Permitted investments under the Board-Designated Reserve Funds, unless otherwise specified, are subject to a maximum stated term of five (5) years (Code is five years). As a local government agency, CalOptima is not a Qualified Institutional Buyer, and therefore private placement (144a) securities are prohibited. The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Maturity shall mean the stated final maturity of the security. Term or tenure shall mean the remaining time to maturity when purchased.

Permitted investments shall include:

### A. U.S. Treasuries

These investments are direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Government securities include:

- 1. Treasury Bills: U.S. government Securities issued and traded at a discount;
- 2. Treasury Notes and Bonds: Interest bearing debt obligations of the U.S. government which guarantees interest and principal payments;
- 3. Treasury Separate Trading of Registered Interest and Principal Securities (STRIPS): U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system;
- 4. Treasury Inflation Protected (TIPs) securities: Special Treasury notes or bonds that offer protection from inflation. Coupon payments and underlying principal

are automatically increased to compensate for inflation as measured by the consumer price index (CPI); and

5. Treasury Floating Rate Notes (FRNs): U.S. Treasury bonds issued with a variable coupon.

U.S. Treasury coupon and principal STRIPS, as well as TIPs are not considered to be derivatives for the purpose of this Annual Investment Policy and are, therefore, permitted investments pursuant to the Annual Investment Policy.

Maximum Term: Operating Funds – 450 days (Code 5 years)  
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)

Tier Two – five years (Code 5 years)

B. Federal Agencies and U.S. Government Sponsored Enterprises

These investments represent obligations, participations, or other instruments of, or issued by, a federal agency or a U.S. government sponsored enterprise, including those issued by, or fully guaranteed as to principal and interest by, the issuers. These are U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (e.g., housing, agriculture). Often simply referred to as "Agencies", the following are specifically allowed:

1. Federal Home Loan Banks (FHLB);
2. Federal Home Loan Mortgage Corporation (FHLMC);
3. Federal National Mortgage Association (FNMA);
4. Federal Farm Credit Banks (FFCB);
5. Government National Mortgage Association (GNMA);
6. Small Business Administration (SBA);
7. Export-Import Bank of the United States;
8. U.S. Maritime Administration;
9. Washington Metro Area Transit;
10. U.S. Department of Housing & Urban Development;
11. Tennessee Valley Authority;
12. Federal Agricultural Mortgage Company (FAMC);
13. Temporary Liquidity Guarantee (TLG) Program securities;



14. Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP) securities;
15. Federal Deposit Insurance Corporation (FDIC)-backed Structured Sale Guaranteed Notes (SSGNs); and
16. National Credit Union Administration (NCUA) securities.

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

Maximum Term: Operating Funds – 450 days (Code 5 years)  
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)  
Tier Two – five years (Code 5 years)

C. State and California Local Agency Obligations

Registered state warrants, treasury notes or bonds of any U.S. state and bonds, notes, warrants or other evidences of indebtedness of any local agency of the State of California, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by Moody's or A-1 by Standard & Poor's or equivalent or better for short-term obligations, or A by Moody's or A by Standard & Poor's or better for long-term debt. Public agency bonds issued for private purposes (e.g., industrial development bonds) are specifically excluded as allowable investments.

Maximum Term: Operating Funds –450 days (Code 5 years)  
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)  
Tier Two – five years (Code 5 years)

D. Bankers Acceptances

Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (i.e., the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the bankers acceptance (BA) upon maturity, if the drawer does not. Eligible banker's acceptances:

1. Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1 or better by Fitch Ratings or are rated A-1 for short-term deposits by Standard & Poor's or P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency; and
2. May not exceed the five percent (5%) limit of any one commercial bank and may not exceed the five percent (5%) limit for any security of any bank.

Maximum Term: Operating Funds – 180 days (Code)  
Board Designated Reserve Funds –

Tier One – 180 days (Code)  
Tier Two – 180 days (Code)

E. Commercial Paper

Commercial paper (CP) is unsecured promissory notes issued by companies and government entities at a discount. CP is negotiable (i.e., marketable or transferable), although it is typically held to maturity. The maximum maturity is two hundred seventy (270) days, with most CP issued for terms of less than thirty (30) days. CP must meet the following criteria:

1. Rated P-1 by Moody's or A-1 or better by Standard & Poor's;
2. Have an A or higher rating for the issuer's debt, other than CP, if any, as provided for by Moody's or Standard & Poor's;
3. Issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000); and
4. May not represent more than ten percent (10%) of the outstanding CP of the issuing corporation.

Maximum Term: Operating Funds – 270 days (Code)  
Board Designated Reserve Funds

Tier One – 270 days (Code)  
Tier Two – 270 days (Code)

F. Negotiable Certificates of Deposit

A negotiable (i.e., marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate. Negotiable Certificates of Deposit must be issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated F1 or better by Fitch Ratings, or are rated A-1 for short-term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.

Maximum Term: Operating Funds – one year (Code)  
Board Designated Reserve Funds –

Tier One – one year (Code 5 years)  
Tier Two – one year (Code 5 years)

G. Repurchase Agreements

A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date.

U.S. Treasury and U.S. Agency Repurchase Agreements collateralized by the U.S. Government may be purchased through any registered primary broker-dealer subject to the Securities Investors Protection Act or any commercial bank insured by the Federal Deposit Insurance Corporation so long as at the time of the investment, such primary dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A-2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

1. A broker-dealer master repurchase agreement signed by the investment manager (acting as "Agent") and approved by CalOptima;
2. The securities are held free and clear of any lien by CalOptima's custodian or an independent third party acting as agent ("Agent") for the custodian, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than fifty million dollars (\$50,000,000) and the custodian shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for CalOptima's custodian;
3. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. § 306.1 et seq. or 31 C.F.R. § 350.0 et seq. in such securities is created for the benefit of CalOptima's custodian and CalOptima; and
4. The Agent provides CalOptima's custodian and CalOptima with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within one (1) business day of such valuation.

Maximum Term:    Operating Funds – 30 days (Code 1 year)  
                             Board Designated Reserve Funds –

Tier One – 30 days (Code 1 year)  
Tier Two – 30 days (Code 1 year)

Reverse repurchase agreements are not allowed.

#### H. Corporate Securities

Notes issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state, and operating within the U.S.

1. For the purpose of this Annual Investment Policy, corporate securities that are rated "A" or better by Moody's, Standard & Poor's, or Fitch Ratings Service.

2. Are issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S. and have total assets in excess of five hundred million dollars (\$500,000,000), and
3. May not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e., medium term notes ("MTNs"). Under no circumstance can the MTNs or any other corporate security of any one corporate issuer represent more than five percent (5%) of the portfolio.

Maximum Term: Operating Funds – 450 days (Code 5 years)  
Board Designated Reserve Funds –

Tier One – five years (Code 5 years)  
Tier Two – five years (Code 5 years)

#### I. Money Market Funds

Shares of beneficial interest issued by diversified management companies (i.e., money market funds):

1. Which are rated AAA (or equivalent highest ranking) by two of the three largest nationally recognized rating services; and
2. Such investment may not represent more than ten percent (10%) of the money market fund's assets.

#### J. Joint Powers Authority Pool

Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code section 6509.7. A joint powers authority formed pursuant to California Government Code section 6509.7 may issue shares of beneficial interest to participating public agencies. Each share represents an equal proportional interest in the underlying pool of securities owned by the joint powers authority. The underlying pool of securities are those securities and obligations that are eligible for direct investment by local public agencies. The joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

1. Registered or exempt from registration with the Securities and Exchange Commission;
2. No less than five (5) years of experience investing in the securities and obligations authorized in the Code; and
3. Assets under management in excess of five hundred million dollars (\$500,000,000).

A joint powers authority pool shall be rated AAA (or equivalent highest ranking) by two of the three largest nationally recognized rating services.

Such investment may not represent more than ten percent (10%) of the joint powers authority pool's assets.

Term: N/A

K. Mortgage or Asset-backed Securities

Pass-through securities are instruments by which the cash flow from the mortgages, receivables or other assets underlying the security is passed-through as principal and interest payments to the investor.

Though these securities may contain a third party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of "backed" debt instruments have assets (e.g., leases or consumer receivables) pledged to support the debt service.

Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which:

1. Are rated AA- by a nationally recognized rating service; and
2. Are issued by an issuer having an A (Code) or better rating by a nationally recognized rating service for its long-term debt.

Maximum Term: Operating Funds – 450 days (Code 5 years)  
Board Designated Reserve Funds –

Tier One – five years stated final maturity (Code 5 years)

Tier Two – five years stated final maturity (Code 5 years)

L. Variable and Floating Rate Securities

Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities. A variable rate security provides for the automatic establishment of a new interest rate on pre-determined reset dates. For the purposes of this Annual Investment Policy, a variable rate security and floating rate security shall be deemed to have a maturity equal to the period remaining to that pre-determined interest rate reset date, so long as no investment shall be made in a security that at the time of the investment has a term remaining to a stated final maturity in excess of five (5) years.

Variable and floating rate securities, which are restricted to investments in permitted Federal Agencies and U.S. Government Sponsored Enterprises securities, Corporate Securities, Mortgage or Asset-backed Securities, Negotiable Certificates of Deposit, and Municipal Bonds (State and Local Agency Obligations) must utilize a single, market-determined short-term index rate, such as U. S. Treasury bills, Federal Funds, commercial paper, London Interbank Offered Rate (LIBOR), or Securities Industry and Financial Markets Association (SIFMA) that is pre-determined at the time of issuance of the security. In addition, permitted variable and floating rate securities that have an

embedded unconditional put option must have a stated final maturity of the security no greater than five (5) years from the date of purchase. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e., dual index notes. Ratings for variable and floating rate securities shall be limited to the same minimum ratings as applied to the appropriate asset security class outlined elsewhere in this policy.

Maximum Term:    Operating Funds – 450 days (Code 5 years)  
                            Board Designated Reserve Funds –  
                                    Tier One – five years (Code 5 years)  
                                    Tier Two – five years (Code 5 years)

**M.      Supranational Obligations**

Supranational institutions are international institutions formed by two (2) or more governments that transcend boundaries to pursue mutually beneficial economic or social goals. The three (3) supranational institutions that issue or unconditionally guarantee obligations that are eligible investments are:

1.      International Bank for Reconstruction and Development (IBRD);
2.      International Finance Corporation (IFC); and
3.      Inter-American Development Bank (IADB).

Supranational obligations shall be rated AA by two of the three largest nationally recognized rating services. Such investment may not represent more than thirty percent (30%) of invested funds.

Maximum Term:    Operating Funds – 450 days (Code 5 years)  
                            Board Designated Reserve Funds –  
                                    Tier One – five years (Code 5 years)  
                                    Tier Two – five years (Code 5 years)

**N.      Pooled Investments**

Pooled investments include deposits or investments pooled with those of other local agencies consistent with the requirements of Government Code section 53635 *et seq.* Such pools may contain a variety of investments but are limited to those permissible under the Code.

**VIII.   POLICIES**

**A.      Securities Lending**

Investment securities shall not be lent to an Investment Manager or broker-dealer.

**B.      Leverage**

The investment portfolio, or investment portfolios managed by an Investment Manager, cannot be used as collateral to obtain additional investable funds.

C. Other Investments

Any investment not specifically referred to herein will be considered a prohibited investment.

D. Underlying Nature of Investments

CalOptima reserves the right to prohibit its Investment Managers from making investments in organizations which have a line of business that is visibly in conflict with the interests of public health, as defined by the CalOptima Board of Directors. Furthermore, CalOptima reserves the right to prohibit investments in organizations with which it has a business relationship through contracting, purchasing or other arrangements.

A list of prohibited investments does not currently exist. However, CalOptima's Board of Directors will provide its Investment Managers, and investment advisors with a list, should such a list be adopted by CalOptima in the future, of corporations that do not comply with this Annual Investment Policy and shall immediately notify its Investment Managers and investment advisors of any changes.

E. Investment Managers

Investment Managers must certify that they will purchase securities from broker-dealers (other than themselves) or financial institutions in compliance with California Government Code section 53601.5 and this Annual Investment Policy.

F. Derivatives

Except as expressly permitted by this policy, investments in derivative securities are not allowed.

G. Rating Category

Rating category shall mean with respect to any long-term category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier.

H. Rating Downgrades

CalOptima may from time to time be invested in a security whose rating is downgraded below the quality criteria permitted by this Annual Investment Policy.

If the rating of any security held as an investment falls below the investment guidelines, the Investment Manager shall notify the Treasurer or designee within two (2) business days of the downgrade. A decision to retain a downgraded security shall be approved by the Treasurer or designee within five (5) business days of the downgrade.

I. Maximum Stated Term

Maximum stated term for permitted investments shall be determined based on the settlement date (not the trade date) upon purchase of the security and the stated final maturity of the security.

J. Diversification Guidelines

Diversification guidelines ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

CalOptima's Investment Managers must review the respective portfolios they manage to ensure compliance with CalOptima's diversification guidelines on a continuous basis.

INSTRUMENTS	MAXIMUM % OF PORTFOLIO AT TIME OF PURCHASE
A. U.S. Treasuries (including U.S. Treasury Coupon and principal STRIPS as well as TIPs)	100% (Code)
B. Federal Agencies and U.S. Government Sponsored Enterprises	100% (Code)
C. State and California Local Agency Obligations	100% (Code)
D. Bankers Acceptances	30% (Code 40%)
E. Commercial Paper	25% (Code)
F. Negotiable Certificates of Deposit	30% (Code)
G. Repurchase Agreements	100% (Code)
H. Corporate Securities	30% (Code)
I. Money Market Funds	20% (Code)
J. Joint Powers Authority Pool	100% (Code)
K. Mortgage and Asset-backed Securities	20% (Code)
L. Variable and Floating Rate Securities	30% (Code)
M. Supranational Obligations	30% (Code)

1. Issuer or Counterparty Diversification Guidelines – The percentages specified below shall be adhered to on the basis of the entire portfolio:
  - a. Any one Federal Agency or Government Sponsored Enterprise      None
  - b. Any one repurchase agreement counterparty name
 

If maturity/term is $\leq$ 7 days	50%
If maturity/term is $>$ 7 days	25%



2. Issuer/Counterparty Diversification Guidelines for All Other Securities described in Section VII, subsections A-L: Permitted Investments of this Annual Investment Policy.

Any one corporation, bank, local agency, or other corporate name for one or more series of securities, and specifically with respect to special purpose vehicles issuers for mortgage and asset-backed securities, the maximum applies to all such securities backed by the same type of assets of the same issuer.

3. Each Investment Manager shall adhere to the diversification limits discussed in this section. If one Investment Manager exceeds the aforementioned diversification limits, the Investment Manager shall inform the CalOptima Treasurer and Investment Advisor (if any) by close of business on the day of the occurrence. Within the parameters authorized by the Code, the Investment Advisory Committee recognizes the practicalities of portfolio management, securities maturing, and changing status, and market volatility, and, as such, will consider breaches in:

- a. The context of the amount in relation to the total portfolio concentration;
- b. Market and security specific conditions contributing to a breach in policy; and
- c. The Investment Managers' actions to enforce the spirit of the policy and decisions made in the best interest of the portfolio.

# FUND EVALUATION REPORT

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**CalOptima**

Quarterly Review  
June 30, 2017



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M E K E T A   I N V E S T M E N T   G R O U P

BOSTON  
MASSACHUSETTS

CHICAGO  
ILLINOIS

MIAMI  
FLORIDA

PORTLAND  
OREGON

SAN DIEGO  
CALIFORNIA

LONDON  
UNITED KINGDOM

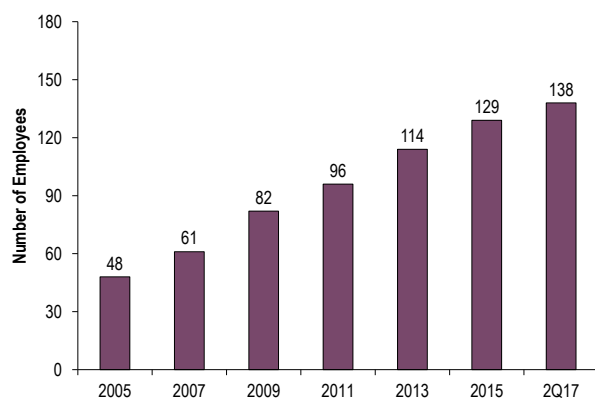
[www.meketagroup.com](http://www.meketagroup.com)

- 1. Corporate Update**
- 2. 2Q17 Review**
- 3. Quarterly Investment Report Supplement**
- 4. Custom Peer Group**
- 5. Performance Attribution**
- 6. Holdings**
- 7. Disclaimer, Glossary, and Notes**

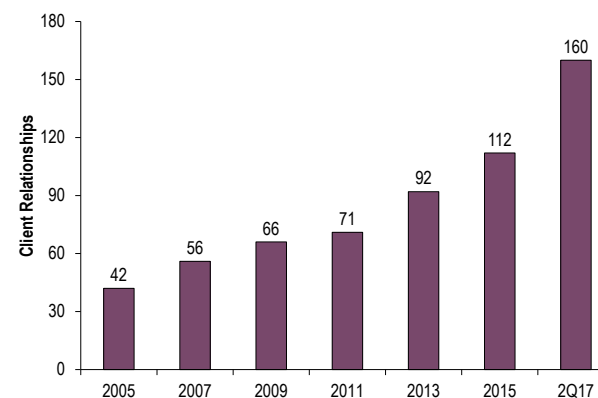
## **Meketa Investment Group Corporate Update**

- Staff of 138, including 91 investment professionals and 28 CFA Charterholders
- 160 clients, with over 270 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Chicago, Miami, Portland (OR), San Diego, and London
- We advise on over \$500 billion in client assets
  - Over \$70 billion in assets committed to alternative investments
    - Private Equity      ▪ Infrastructure      ▪ Natural Resources
    - Real Estate      ▪ Hedge Funds      ▪ Commodities

### Employee Growth



### Client Growth



**Meketa Investment Group is proud to work for over 5 million American families everyday.**

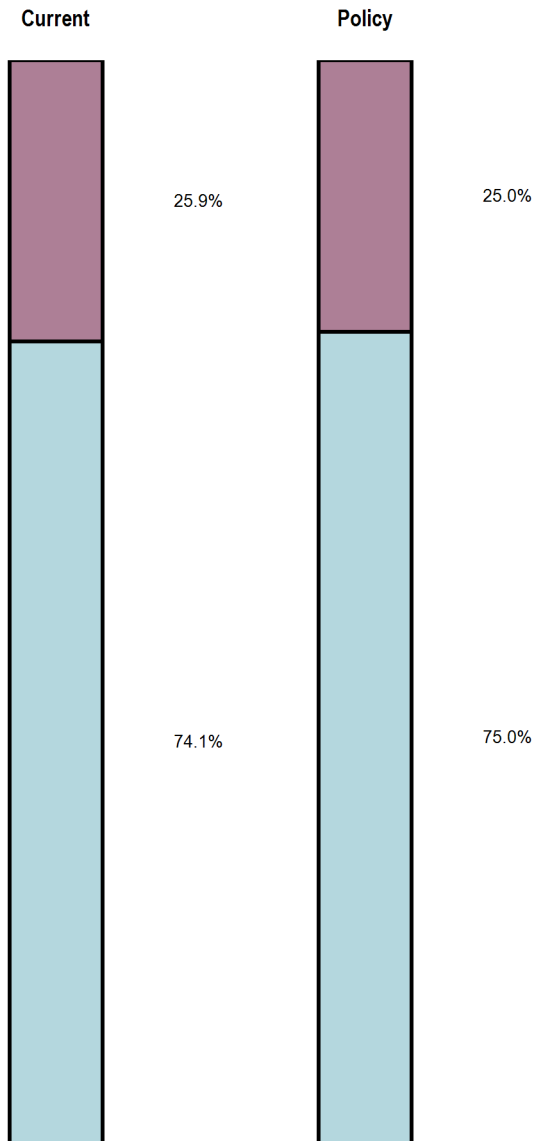


## Asset Classes Followed Intensively by Meketa Investment Group

Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> <li>- Passive</li> <li>- Enhanced Index</li> <li>- Large Cap</li> <li>- Midcap</li> <li>- Small Cap</li> <li>- Microcap</li> <li>- 130/30</li> </ul>	<ul style="list-style-type: none"> <li>- Large Cap Developed</li> <li>- Small Cap Developed</li> <li>- Emerging Markets</li> <li>- Frontier Markets</li> </ul>	<ul style="list-style-type: none"> <li>- Buyouts</li> <li>- Venture Capital</li> <li>- Private Debt</li> <li>- Special Situations</li> <li>- Secondaries</li> <li>- Fund of Funds</li> </ul>	<ul style="list-style-type: none"> <li>- Public REITs</li> <li>- Core Real Estate</li> <li>- Value Added Real Estate</li> <li>- Opportunistic Real Estate</li> <li>- Infrastructure</li> <li>- Timber</li> <li>- Natural Resources</li> <li>- Commodities</li> </ul>	<ul style="list-style-type: none"> <li>- Short-Term</li> <li>- Core</li> <li>- Core Plus</li> <li>- TIPS</li> <li>- High Yield</li> <li>- Bank Loans</li> <li>- Distressed</li> <li>- Global</li> <li>- Emerging Markets</li> </ul>	<ul style="list-style-type: none"> <li>- Long/Short Equity</li> <li>- Event Driven</li> <li>- Relative Value</li> <li>- Fixed Income Arbitrage</li> <li>- Multi Strategy</li> <li>- Market Neutral</li> <li>- Global Macro</li> <li>- Fund of Funds</li> <li>- Portable Alpha</li> </ul>

## 2Q17 Review

As of June 30, 2017



## Allocation vs. Targets and Policy

	Current Balance	Current Allocation
Fixed Income	\$535,138,374	26%
Cash	\$1,529,968,725	74%
<b>Total</b>	<b>\$2,065,107,099</b>	<b>100%</b>



Asset Allocation History  
5 Years Ending June 30, 2017

As of June 30, 2017

## Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund(Gross)</b>	<b>2,065,107,099</b>	<b>100.000</b>	<b>0.288</b>	<b>0.754</b>	--	--	--	<b>0.715</b>	<b>Oct-14</b>
<b>Total Fund(Net)</b>			<b>0.272</b>	<b>0.666</b>	--	--	--	<b>0.628</b>	
<b>Fixed Income(Gross)</b>	<b>535,138,374</b>	<b>25.913</b>	<b>0.392</b>	<b>0.427</b>	--	--	--	<b>1.131</b>	<b>Oct-14</b>
<b>Fixed Income(Net)</b>			<b>0.371</b>	<b>0.336</b>	--	--	--	<b>1.096</b>	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>			<i>0.174</i>	<i>-0.108</i>	<i>0.690</i>	<i>0.632</i>	<i>1.945</i>	<i>0.741</i>	<i>Oct-14</i>
<b>Cash(Gross)</b>	<b>1,529,968,725</b>	<b>74.087</b>	<b>0.258</b>	<b>0.858</b>	<b>0.511</b>	<b>0.355</b>	<b>0.657</b>	<b>1.968</b>	<b>Jul-99</b>
<b>Cash(Net)</b>			<b>0.243</b>	<b>0.758</b>	<b>0.420</b>	<b>0.251</b>	--	--	
<i>Citi 3mth Treasury Bill</i>			<i>0.182</i>	<i>0.455</i>	<i>0.204</i>	<i>0.146</i>	<i>0.509</i>	<i>1.757</i>	<i>Jul-99</i>

As of June 30, 2017

## Trailing Period Performance

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund(Gross)</b>	<b>2,065,107,099</b>	<b>100.000</b>	<b>--</b>	<b>0.288</b>	<b>0.754</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.715</b>	<b>Oct-14</b>
<b>Fixed Income(Gross)</b>	<b>535,138,374</b>	<b>25.913</b>	<b>25.913</b>	<b>0.392</b>	<b>0.427</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.131</b>	<b>Oct-14</b>
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				<i>0.174</i>	<i>-0.108</i>	<i>0.690</i>	<i>0.632</i>	<i>1.945</i>	<i>0.741</i>	<i>Oct-14</i>
Tier One: Payden Low Duration(Gross)	146,225,298	7.081	27.325	0.352	0.583	0.978	0.903	2.255	3.073	Jul-99
Tier One: Payden Low Duration(Net)				0.334	0.508	0.892	0.802	--	--	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				<i>0.174</i>	<i>-0.108</i>	<i>0.690</i>	<i>0.632</i>	<i>1.945</i>	<i>2.976</i>	<i>Jul-99</i>
<i>BofA Merrill Lynch US Corp &amp; Gov 1-3 Yrs</i>				<i>0.303</i>	<i>0.336</i>	<i>0.938</i>	<i>0.984</i>	<i>2.303</i>	<i>3.311</i>	<i>Jul-99</i>
Tier One: Logan Circle STAMP 1-3 Year(Gross)	145,997,548	7.070	27.282	0.375	0.478	--	--	--	0.906	Jun-16
Tier One: Logan Circle STAMP 1-3 Year(Net)				0.355	0.395	--	--	--	0.822	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				<i>0.174</i>	<i>-0.108</i>	<i>0.690</i>	<i>0.632</i>	<i>1.945</i>	<i>0.452</i>	<i>Jun-16</i>
<i>BofA Merrill Lynch US Corp &amp; Gov 1-3 Yrs</i>				<i>0.303</i>	<i>0.336</i>	<i>0.938</i>	<i>0.984</i>	<i>2.303</i>	<i>0.859</i>	<i>Jun-16</i>
Tier One: Wells Capital Reserve Account(Gross)	145,964,635	7.068	27.276	0.344	0.403	--	--	--	0.883	Jun-16
Tier One: Wells Capital Reserve Account(Net)				0.326	0.330	--	--	--	0.810	
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>				<i>0.174</i>	<i>-0.108</i>	<i>0.690</i>	<i>0.632</i>	<i>1.945</i>	<i>0.452</i>	<i>Jun-16</i>
<i>BofA Merrill Lynch US Corp &amp; Gov 1-3 Yrs</i>				<i>0.303</i>	<i>0.336</i>	<i>0.938</i>	<i>0.984</i>	<i>2.303</i>	<i>0.859</i>	<i>Jun-16</i>
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	96,950,892	4.695	18.117	0.548	0.140	1.545	--	--	1.322	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)				0.516	0.016	1.419	--	--	1.196	
<i>BofA Merrill Lynch US Treasuries 1-5 Yrs</i>				<i>0.378</i>	<i>-0.532</i>	<i>1.083</i>	<i>0.875</i>	<i>2.647</i>	<i>0.872</i>	<i>Apr-13</i>
<i>BofA Merrill Lynch US Corp &amp; Gov 1-5 Yrs</i>				<i>0.552</i>	<i>0.134</i>	<i>1.371</i>	<i>1.365</i>	<i>2.998</i>	<i>1.247</i>	<i>Apr-13</i>

As of June 30, 2017

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Cash(Gross)</b>	<b>1,529,968,725</b>	<b>74.087</b>	<b>74.087</b>	<b>0.258</b>	<b>0.858</b>	<b>0.511</b>	<b>0.355</b>	<b>0.657</b>	<b>1.968</b>	<b>Jul-99</b>
<i>Citi 3mth Treasury Bill</i>				0.182	0.455	0.204	0.146	0.509	1.757	Jul-99
Operating: Payden Enhanced Cash(Gross)	361,535,811	17.507	23.630	0.269	0.887	0.542	0.373	0.667	1.973	Jul-99
Operating: Payden Enhanced Cash(Net)				0.253	0.812	0.458	0.273	--	--	
<i>Citi 3mth Treasury Bill</i>				0.182	0.455	0.204	0.146	0.509	1.757	Jul-99
Operating: Logan Circle Enhanced Cash(Gross)	583,988,827	28.279	38.170	0.258	0.898	--	--	--	0.893	Jun-16
Operating: Logan Circle Enhanced Cash(Net)				0.237	0.814	--	--	--	0.809	
<i>Citi 3mth Treasury Bill</i>				0.182	0.455	0.204	0.146	0.509	0.439	Jun-16
Operating: Wells Capital Enhanced Cash(Gross)	584,444,088	28.301	38.200	0.254	0.721	--	--	--	0.749	Jun-16
Operating: Wells Capital Enhanced Cash(Net)				0.236	0.649	--	--	--	0.677	
<i>Citi 3mth Treasury Bill</i>				0.182	0.455	0.204	0.146	0.509	0.439	Jun-16

As of June 30, 2017

## Asset Class Performance Summary

	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)	Fiscal 2010 (%)
<b>Total Fund(Gross)</b>	<b>0.754</b>	<b>0.842</b>	--	--	--	--	--	--
<b>Total Fund(Net)</b>	<b>0.666</b>	<b>0.778</b>	--	--	--	--	--	--
<b>Fixed Income(Gross)</b>	<b>0.427</b>	<b>1.775</b>	--	--	--	--	--	--
<b>Fixed Income(Net)</b>	<b>0.336</b>	<b>1.699</b>	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	<i>-0.108</i>	<i>1.307</i>	<i>0.876</i>	<i>0.765</i>	<i>0.328</i>	<i>0.776</i>	<i>1.331</i>	<i>2.692</i>
<b>Cash(Gross)</b>	<b>0.858</b>	<b>0.509</b>	<b>0.166</b>	<b>0.131</b>	<b>0.112</b>	<b>0.185</b>	<b>0.137</b>	<b>0.138</b>
<b>Cash(Net)</b>	<b>0.758</b>	<b>0.446</b>	<b>0.058</b>	<b>0.018</b>	<b>-0.023</b>	<b>0.044</b>	<b>-0.008</b>	<b>-0.003</b>
<i>Citi 3mth Treasury Bill</i>	<i>0.455</i>	<i>0.138</i>	<i>0.021</i>	<i>0.038</i>	<i>0.079</i>	<i>0.044</i>	<i>0.138</i>	<i>0.123</i>

As of June 30, 2017

## Trailing Period Performance

	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)	Fiscal 2010 (%)
<b>Total Fund(Gross)</b>	<b>0.754</b>	<b>0.842</b>	--	--	--	--	--	--
<b>Fixed Income(Gross)</b>	<b>0.427</b>	<b>1.775</b>	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	-0.108	1.307	0.876	0.765	0.328	0.776	1.331	2.692
Tier One: Payden Low Duration(Gross)	0.583	1.461	0.893	1.048	0.534	1.248	1.478	2.946
Tier One: Payden Low Duration(Net)	0.508	1.388	0.783	0.933	0.399	1.105	1.331	2.801
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	-0.108	1.307	0.876	0.765	0.328	0.776	1.331	2.692
<i>BofA Merrill Lynch US Corp &amp; Gov 1-3 Yrs</i>	0.336	1.581	0.901	1.246	0.861	1.169	1.947	3.796
Tier One: Logan Circle STAMP 1-3 Year(Gross)	0.478	--	--	--	--	--	--	--
Tier One: Logan Circle STAMP 1-3 Year(Net)	0.395	--	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	-0.108	1.307	0.876	0.765	0.328	0.776	1.331	2.692
<i>BofA Merrill Lynch US Corp &amp; Gov 1-3 Yrs</i>	0.336	1.581	0.901	1.246	0.861	1.169	1.947	3.796
Tier One: Wells Capital Reserve Account(Gross)	0.403	--	--	--	--	--	--	--
Tier One: Wells Capital Reserve Account(Net)	0.330	--	--	--	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-3 Yrs</i>	-0.108	1.307	0.876	0.765	0.328	0.776	1.331	2.692
<i>BofA Merrill Lynch US Corp &amp; Gov 1-3 Yrs</i>	0.336	1.581	0.901	1.246	0.861	1.169	1.947	3.796
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	0.140	3.021	1.494	2.095	--	--	--	--
Tier Two: Logan Circle STAMP 1-5 Year(Net)	0.016	2.894	1.367	1.969	--	--	--	--
<i>BofA Merrill Lynch US Treasuries 1-5 Yrs</i>	-0.532	2.426	1.376	1.157	-0.027	2.198	2.154	4.114
<i>BofA Merrill Lynch US Corp &amp; Gov 1-5 Yrs</i>	0.134	2.649	1.344	2.000	0.718	2.524	2.957	5.717

As of June 30, 2017

	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)	Fiscal 2010 (%)
<b>Cash(Gross)</b>	<b>0.858</b>	<b>0.509</b>	<b>0.166</b>	<b>0.131</b>	<b>0.112</b>	<b>0.185</b>	<b>0.137</b>	<b>0.138</b>
<i>Citi 3mth Treasury Bill</i>	<i>0.455</i>	<i>0.138</i>	<i>0.021</i>	<i>0.038</i>	<i>0.079</i>	<i>0.044</i>	<i>0.138</i>	<i>0.123</i>
Operating: Payden Enhanced Cash(Gross)	0.887	0.573	0.166	0.131	0.112	0.185	0.137	0.138
Operating: Payden Enhanced Cash(Net)	0.812	0.505	0.058	0.018	-0.023	0.044	-0.008	-0.003
<i>Citi 3mth Treasury Bill</i>	<i>0.455</i>	<i>0.138</i>	<i>0.021</i>	<i>0.038</i>	<i>0.079</i>	<i>0.044</i>	<i>0.138</i>	<i>0.123</i>
Operating: Logan Circle Enhanced Cash(Gross)	0.898	--	--	--	--	--	--	--
Operating: Logan Circle Enhanced Cash(Net)	0.814	--	--	--	--	--	--	--
<i>Citi 3mth Treasury Bill</i>	<i>0.455</i>	<i>0.138</i>	<i>0.021</i>	<i>0.038</i>	<i>0.079</i>	<i>0.044</i>	<i>0.138</i>	<i>0.123</i>
Operating: Wells Capital Enhanced Cash(Gross)	0.721	--	--	--	--	--	--	--
Operating: Wells Capital Enhanced Cash(Net)	0.649	--	--	--	--	--	--	--
<i>Citi 3mth Treasury Bill</i>	<i>0.455</i>	<i>0.138</i>	<i>0.021</i>	<i>0.038</i>	<i>0.079</i>	<i>0.044</i>	<i>0.138</i>	<i>0.123</i>

As of June 30, 2017

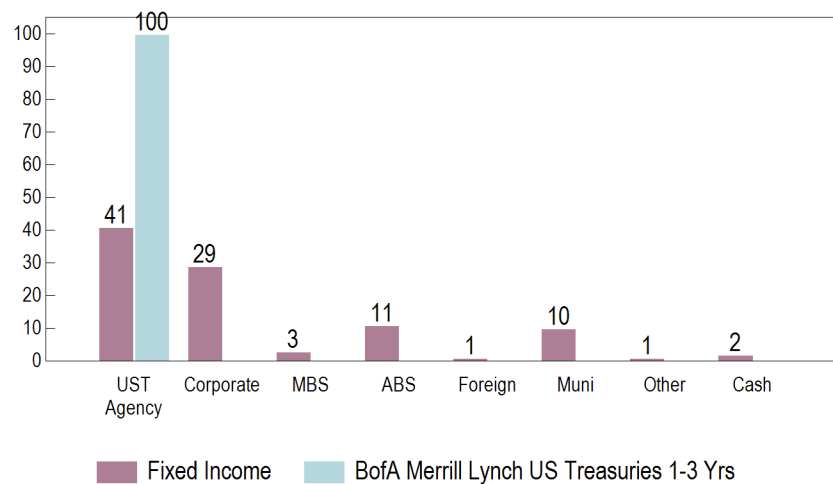
## Asset Allocation on June 30, 2017

	Actual	Actual
Tier One: Payden Low Duration	\$146,225,298	27.3%
Tier One: Logan Circle STAMP 1-3 Year	\$145,997,548	27.3%
Tier One: Wells Capital Reserve Account	\$145,964,635	27.3%
Tier Two: Logan Circle STAMP 1-5 Year	\$96,950,892	18.1%
<b>Total</b>	<b>\$535,138,374</b>	<b>100.0%</b>

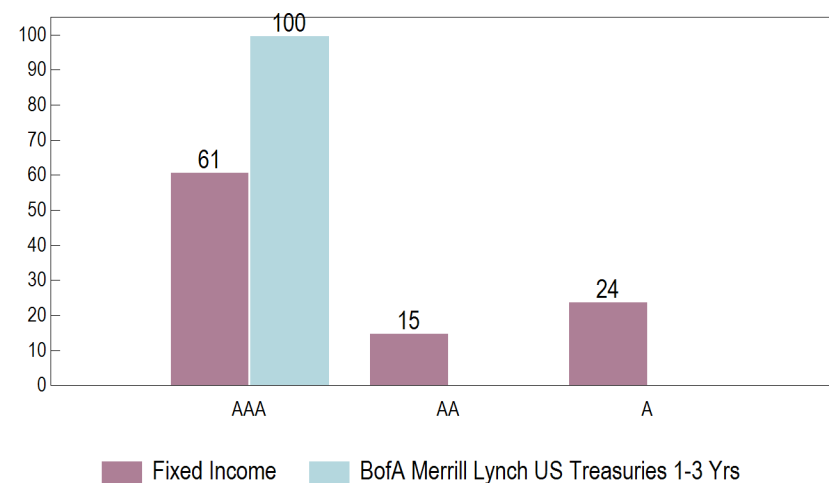
Fixed Income Characteristics  
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.6	1.4	1.5
Average Duration	1.6	1.9	1.7
Average Quality	AA	AAA	AA

## Sector Allocation



## Credit Quality Allocation





## Tier One: Payden Low Duration

As of June 30, 2017

## Account Information

Account Name	Tier One: Payden Low Duration
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	US Fixed Income Short Term
Benchmark	BofA Merrill Lynch US Treasuries 1-3 Yrs
Universe	eA US Short Duration Fixed Inc Net

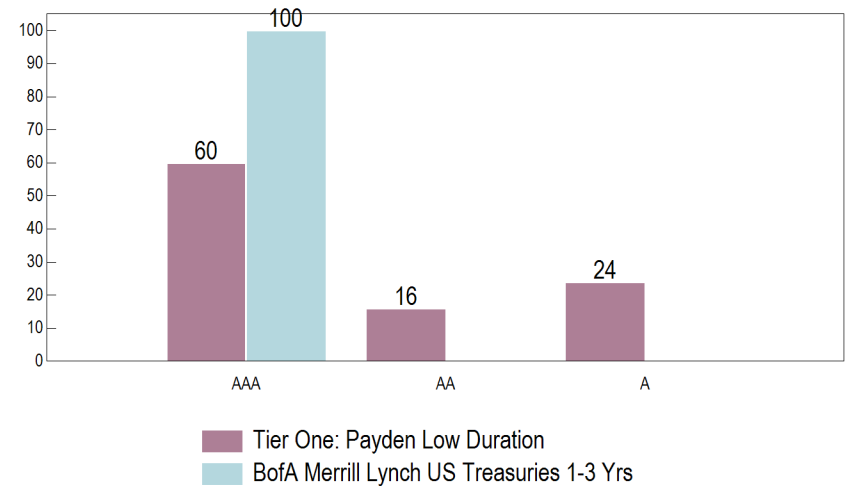
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier One: Payden Low Duration(Gross)	0.352	0.741	0.583	0.978	0.903	2.255	3.073	Jul-99
Tier One: Payden Low Duration(Net)	0.334	0.704	0.508	0.892	0.802	--	--	
BofA Merrill Lynch US Treasuries 1-3 Yrs	0.174	0.435	-0.108	0.690	0.632	1.945	2.976	Jul-99
BofA Merrill Lynch US Corp & Gov 1-3 Yrs	0.303	0.696	0.336	0.938	0.984	2.303	3.311	Jul-99

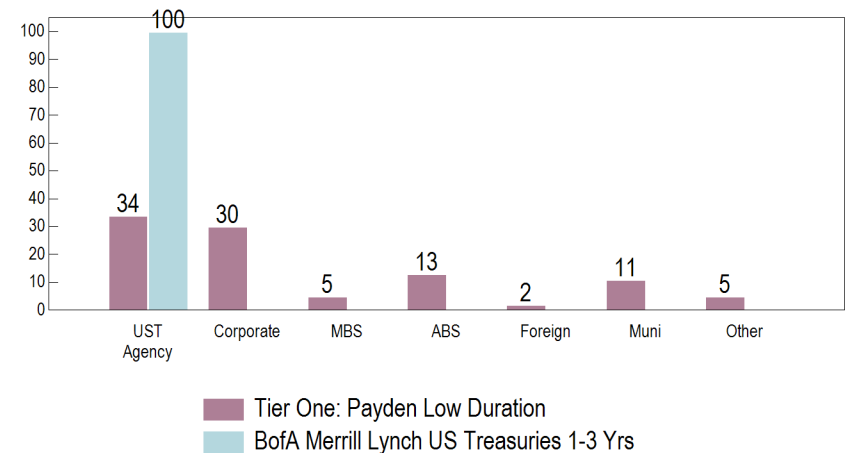
Tier One: Payden Low Duration Fixed Income Characteristics  
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.61	1.40	1.50
Average Duration	1.60	1.89	1.61
Average Quality	AA	AAA	AA

## Credit Quality Allocation



## US Sector Allocation



## Tier One: Wells Capital Reserve Account

As of June 30, 2017

## Account Information

Account Name	Tier One: Wells Capital Reserve Account
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	US Fixed Income
Benchmark	BofA Merrill Lynch US Treasuries 1-3 Yrs
Universe	eA US Short Duration Fixed Inc Net

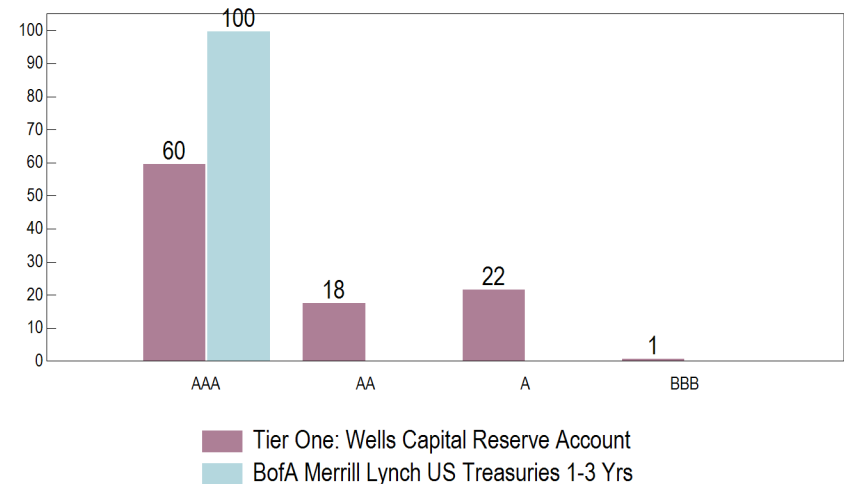
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier One: Wells Capital Reserve Account(Gross)	0.344	0.699	0.403	--	--	--	0.883	Jun-16
Tier One: Wells Capital Reserve Account(Net)	0.326	0.663	0.330	--	--	--	0.810	
BofA Merrill Lynch US Treasuries 1-3 Yrs	0.174	0.435	-0.108	0.690	0.632	1.945	0.452	Jun-16
BofA Merrill Lynch US Corp & Gov 1-3 Yrs	0.303	0.696	0.336	0.938	0.984	2.303	0.859	Jun-16

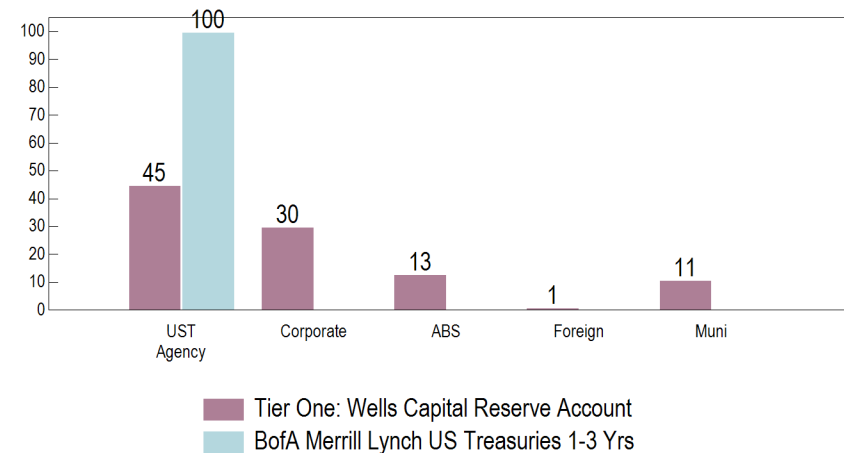
Tier One: Wells Capital Reserve Account Fixed Income Characteristics  
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.62	1.40	1.49
Average Duration	1.81	1.89	1.63
Average Quality	AA	AAA	AA

## Credit Quality Allocation



## US Sector Allocation



## Tier One: Logan Circle STAMP 1-3 Year

As of June 30, 2017

## Account Information

Account Name	Tier One: Logan Circle STAMP 1-3 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	US Fixed Income
Benchmark	BofA Merrill Lynch US Treasuries 1-3 Yrs
Universe	eA US Short Duration Fixed Inc Net

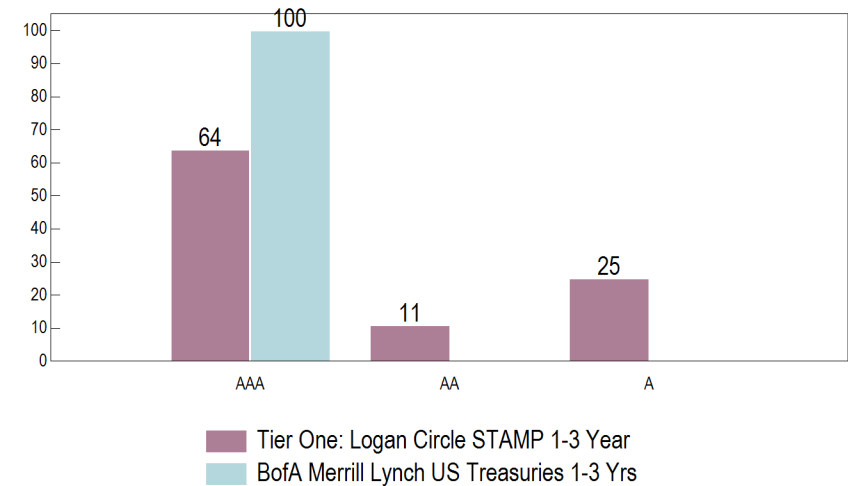
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier One: Logan Circle STAMP 1-3 Year(Gross)	0.375	0.791	0.478	--	--	--	0.906	Jun-16
Tier One: Logan Circle STAMP 1-3 Year(Net)	0.355	0.751	0.395	--	--	--	0.822	
BofA Merrill Lynch US Treasuries 1-3 Yrs	0.174	0.435	-0.108	0.690	0.632	1.945	0.452	Jun-16
BofA Merrill Lynch US Corp & Gov 1-3 Yrs	0.303	0.696	0.336	0.938	0.984	2.303	0.859	Jun-16

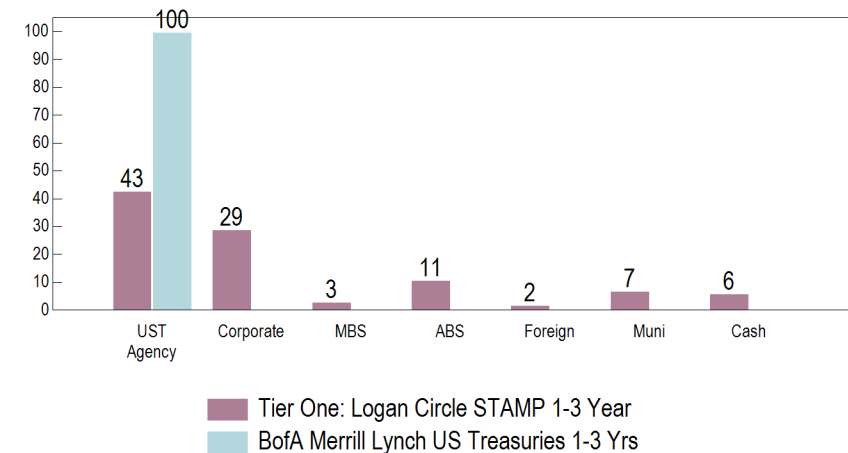
Tier One: Logan Circle STAMP 1-3 Year Fixed Income Characteristics  
vs. BofA Merrill Lynch US Treasuries 1-3 Yrs

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.47	1.40	1.43
Average Duration	1.16	1.89	1.52
Average Quality	AA	AAA	AA

## Credit Quality Allocation



## US Sector Allocation



## Tier Two: Logan Circle STAMP 1-5 Year

As of June 30, 2017

## Account Information

Account Name	Tier Two: Logan Circle STAMP 1-5 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	4/01/13
Account Type	US Fixed Income Short Term
Benchmark	BofA Merrill Lynch US Treasuries 1-5 Yrs
Universe	eA US Short Duration Fixed Inc Net

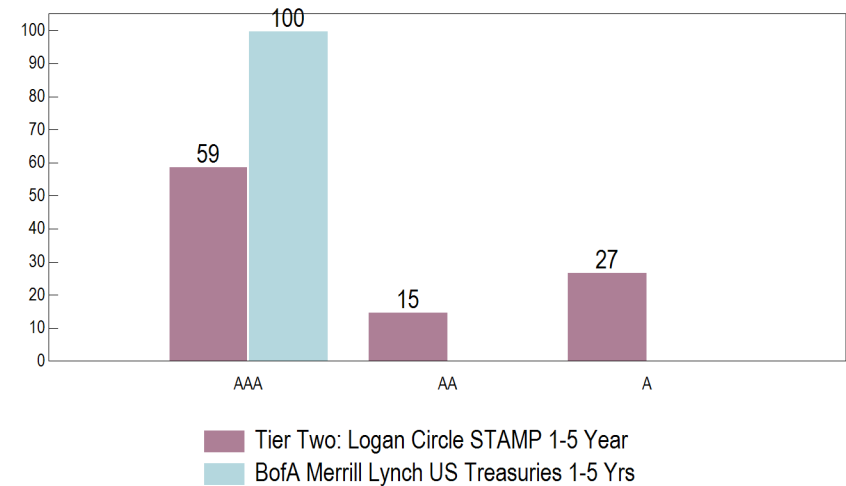
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	0.548	1.112	0.140	1.545	--	--	1.322	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)	0.516	1.049	0.016	1.419	--	--	1.196	
BofA Merrill Lynch US Treasuries 1-5 Yrs	0.378	0.752	-0.532	1.083	0.875	2.647	0.872	Apr-13
BofA Merrill Lynch US Corp & Gov 1-5 Yrs	0.552	1.113	0.134	1.371	1.365	2.998	1.247	Apr-13

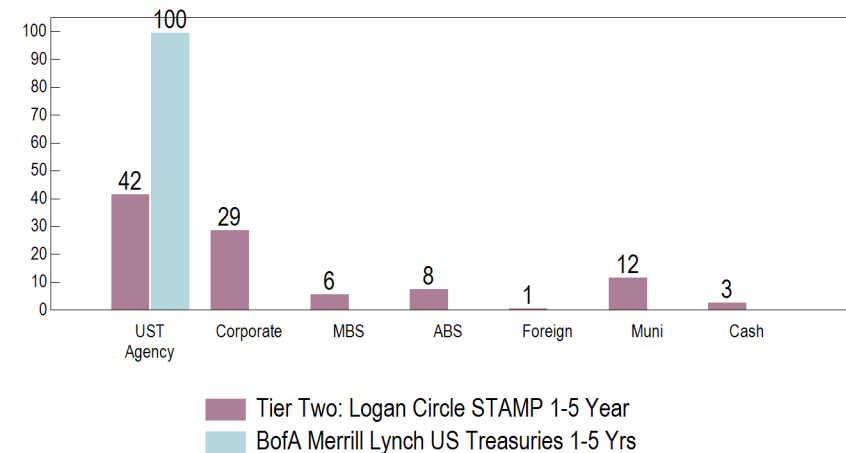
Tier Two: Logan Circle STAMP 1-5 Year Fixed Income Characteristics  
vs. BofA Merrill Lynch US Treasuries 1-5 Yrs

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.71	1.54	1.71
Average Duration	2.16	2.68	2.38
Average Quality	AA	AAA	AA

## Credit Quality Allocation



## US Sector Allocation



As of June 30, 2017

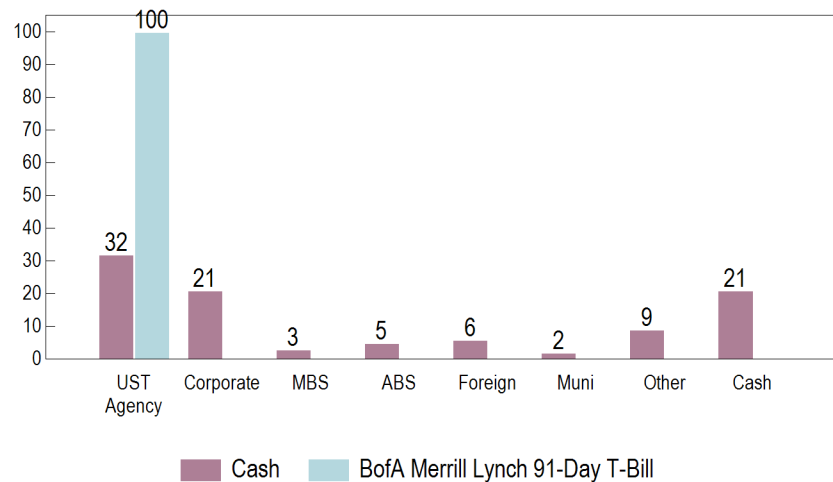
## Asset Allocation on June 30, 2017

	Actual	Actual
Operating: Logan Circle Enhanced Cash	\$583,988,827	38.2%
Operating: Payden Enhanced Cash	\$361,535,811	23.6%
Operating: Wells Capital Enhanced Cash	\$584,444,088	38.2%
<b>Total</b>	<b>\$1,529,968,725</b>	<b>100.0%</b>

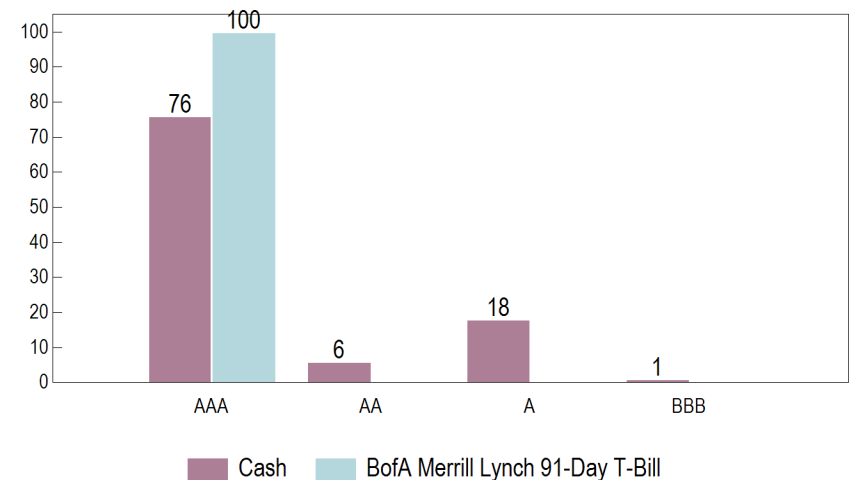
Cash Characteristics  
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
<b>Fixed Income Characteristics</b>			
Yield to Maturity	1.2	1.0	1.1
Average Duration	0.2	0.2	0.3
Average Quality	AA	AAA	AA

## Sector Allocation



## Credit Quality Allocation



## Operating: Payden Enhanced Cash

As of June 30, 2017

## Account Information

Account Name	Operating: Payden Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	Cash Alternatives
Benchmark	Citi 3mth Treasury Bill
Universe	eA US Enh Cash Management Net

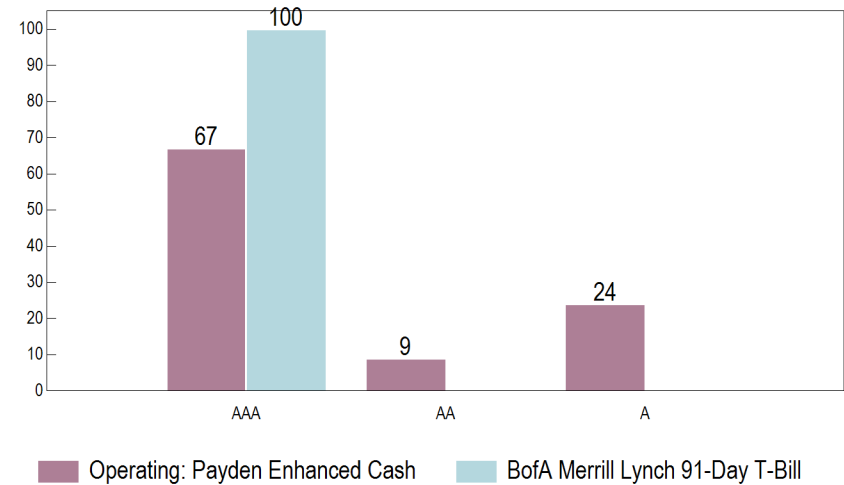
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Operating: Payden Enhanced Cash(Gross)	0.269	0.509	0.887	0.542	0.373	0.667	1.973	Jul-99
Operating: Payden Enhanced Cash(Net)	0.253	0.473	0.812	0.458	0.273	--	--	
Citi 3mth Treasury Bill	0.182	0.303	0.455	0.204	0.146	0.509	1.757	Jul-99

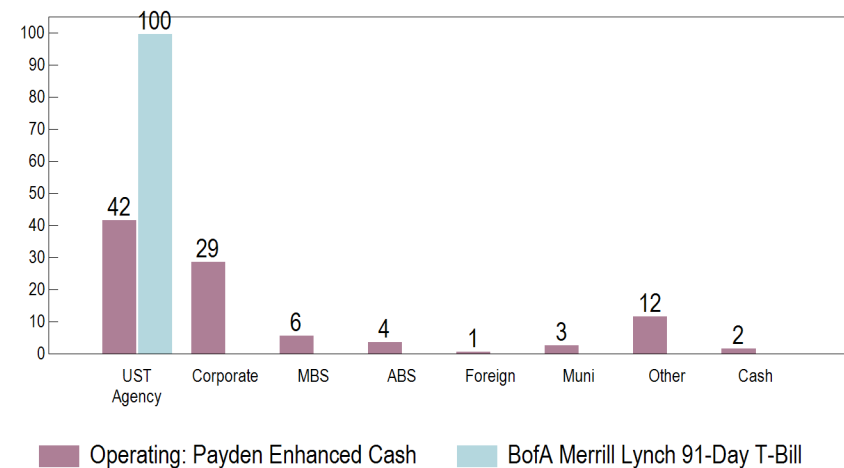
Operating: Payden Enhanced Cash Fixed Income Characteristics  
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.34	1.02	1.04
Average Duration	0.37	0.24	0.35
Average Quality	AA	AAA	AA

## Credit Quality Allocation



## US Sector Allocation



## Operating: Logan Circle Enhanced Cash

As of June 30, 2017

## Account Information

Account Name	Operating: Logan Circle Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	Cash
Benchmark	Citi 3mth Treasury Bill
Universe	eA US Enh Cash Management Net

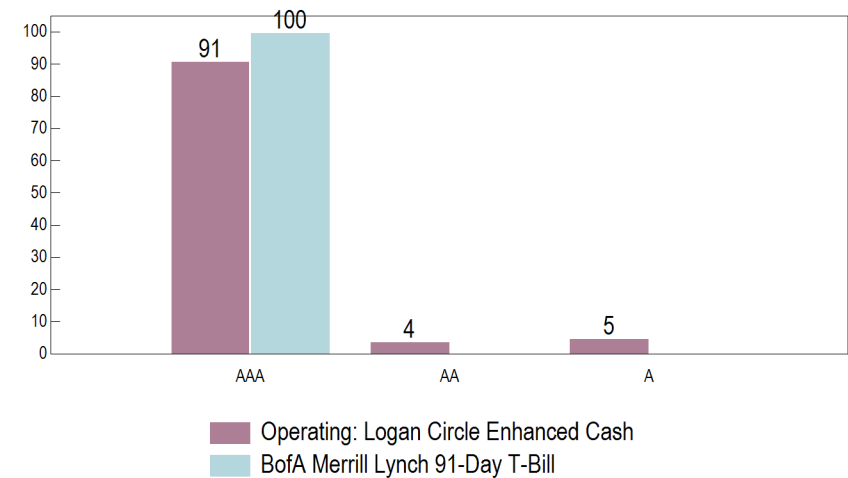
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Operating: Logan Circle Enhanced Cash(Gross)	0.258	0.503	0.898	--	--	--	0.893	Jun-16
Operating: Logan Circle Enhanced Cash(Net)	0.237	0.461	0.814	--	--	--	0.809	
Citi 3mth Treasury Bill	0.182	0.303	0.455	0.204	0.146	0.509	0.439	Jun-16

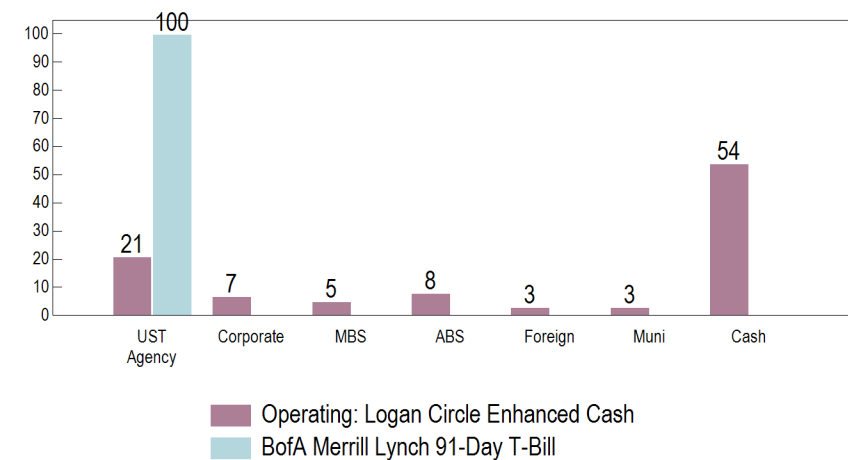
Operating: Logan Circle Enhanced Cash Fixed Income Characteristics  
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.11	1.02	1.06
Average Duration	0.07	0.24	0.12
Average Quality	AA	AAA	A

## Credit Quality Allocation



## US Sector Allocation



## Operating: Wells Capital Enhanced Cash

As of June 30, 2017

## Account Information

Account Name	Operating: Wells Capital Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	Cash
Benchmark	Citi 3mth Treasury Bill
Universe	eA US Enh Cash Management Net

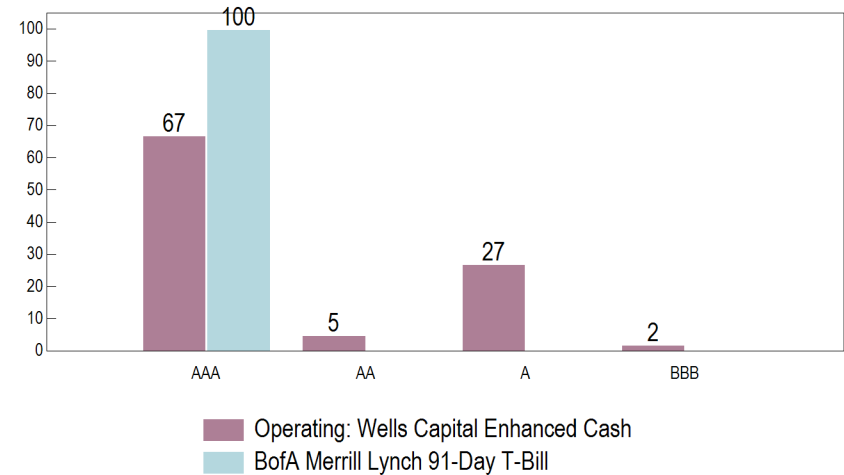
## Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Operating: Wells Capital Enhanced Cash(Gross)	0.254	0.431	0.721	--	--	--	0.749	Jun-16
Operating: Wells Capital Enhanced Cash(Net)	0.236	0.395	0.649	--	--	--	0.677	
Citi 3mth Treasury Bill	0.182	0.303	0.455	0.204	0.146	0.509	0.439	Jun-16

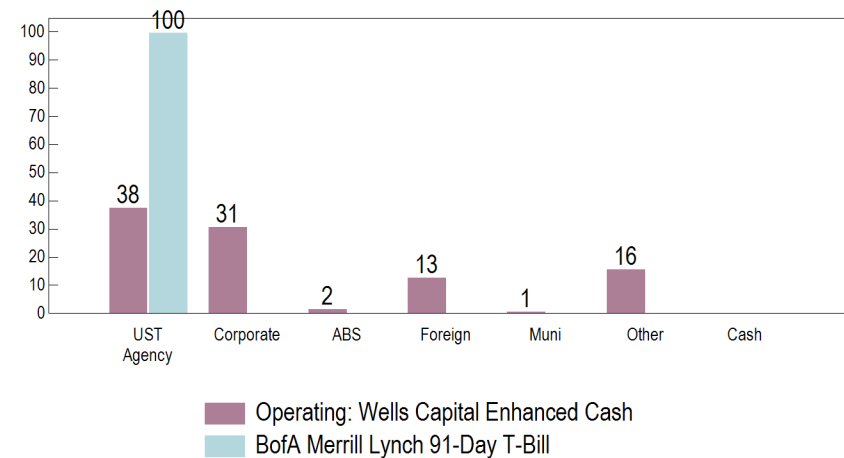
Operating: Wells Capital Enhanced Cash Fixed Income Characteristics  
vs. BofA Merrill Lynch 91-Day T-Bill

	Portfolio Q2-17	Index Q2-17	Portfolio Q1-17
Fixed Income Characteristics			
Yield to Maturity	1.30	1.02	1.15
Average Duration	0.34	0.24	0.45
Average Quality	AA	AAA	AA

## Credit Quality Allocation



## US Sector Allocation





As of June 30, 2017

**Annual Investment Expense Analysis**  
As Of June 30, 2017

Name	Fee Schedule	Market Value
<b>Fixed Income</b>		<b>\$535,138,374</b>
Tier One: Payden Low Duration	0.10% of First \$100.0 Mil, 0.08% of Next \$250.0 Mil, 0.07% Thereafter	\$146,225,298
Tier One: Logan Circle STAMP 1-3 Year	0.10% of First \$50.0 Mil, 0.09% of Next \$250.0 Mil, 0.07% Thereafter	\$145,997,548
Tier One: Wells Capital Reserve Account	0.09% of First \$100.0 Mil, 0.07% of Next \$200.0 Mil, 0.06% Thereafter	\$145,964,635
Tier Two: Logan Circle STAMP 1-5 Year	0.15% of First \$50.0 Mil, 0.10% of Next \$250.0 Mil, 0.07% Thereafter	\$96,950,892
<b>Cash</b>		<b>\$1,529,968,725</b>
Operating: Payden Enhanced Cash	0.10% of First \$100.0 Mil, 0.08% of Next \$250.0 Mil, 0.07% Thereafter	\$361,535,811
Operating: Logan Circle Enhanced Cash	0.10% of First \$50.0 Mil, 0.09% of Next \$250.0 Mil, 0.07% Thereafter	\$583,988,827
Operating: Wells Capital Enhanced Cash	0.09% of First \$100.0 Mil, 0.07% of Next \$200.0 Mil, 0.06% Thereafter	\$584,444,088
<b>Total</b>		<b>\$2,065,107,099</b>

Please note that Logan Circle, Payden, and Wells Capital charge their investment management fees on an aggregate basis across Operating Cash, Tier One and Tier Two portfolios.



## Quarterly Investment Report Supplement

### Annual Investment Policy (2016) Maturity and Quality Requirements

Maximum Permitted Maturity				Actual Maximum Maturity								Compliance
Allowable Instruments	Operating Funds	Tier One	Tier Two	Operating Funds			Tier One			Tier Two		
				LC	P&R	WF	LC	P&R	WF	LC		
U.S. Treasuries	450 days	5 years	5 years	62 days	396 days	442 days	3.17 years	2.96 years	1.92 years	4.67 years	Yes	
U.S. Agencies	450 days	5 years	5 years	80 days	126 days	335 days	1.30 years	2.66 years	2.95 years	1.74 years	Yes	
State & Local Obligations <sup>1</sup>	450 days	5 years	5 years	32 days	428 days	N/A	4.09 years	3.34 years	2.92 years	4.09 years	Yes	
Supranationals	450 days	5 years	5 years	18 days	N/A	258 days	1.18 years	1.87 years	N/A	1.71 years	Yes	
Negotiable Cert of Deposit	1 year	1 year	1 year	56 days	94 days	N/A	21 days	0.21 years	N/A	5 days	Yes	
Commercial Paper	270 days	270 days	270 days	17 days	N/A	143 days	N/A	N/A	N/A	N/A	Yes	
Repurchase Agreements	30 days	30 days	30 days	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	
Medium Term Notes	450 days	5 years	5 years	78 days	335 days	336 days	3.92 years	3.36 years	3.08 years	4.76 years	Yes	
Mortgage/ Asset-Backed	450 days	5 years	5 years	290 days	158 days	1111 days	3.96 years	2.77 years	4.39 years	3.92 years	No <sup>2</sup>	
Variable & Floating Rate	450 days	5 years	5 years	80 days	89 days <sup>3</sup>	396 days	3.92 days	0.20 years	2.00 years	3.92 years	Yes	

- Investment Managers have independently verified that they have maintained compliance with CalOptima's Investment Policy Statement-designated security credit rating requirements during the review quarter.

<sup>1</sup> Includes CA and any other state in the U.S.

<sup>2</sup> Wells Fargo had previously used average life in error for the Operating Fund, rather than final maturity date for ABS Securities. This has been corrected and the Operating Fund is back in compliance with the Investment Policy.

<sup>3</sup> Effective Maturity.



### Annual Investment Policy (2016) Diversification Compliance<sup>1</sup>

Allowable Instruments	Maximum (%)	Logan Circle (%)	Logan Circle (\$ mm)	Payden (%)	Payden (\$ mm)	Wells Capital (%)	Wells Capital (\$ mm)	Total (%)	Total (\$ mm)
U.S. Treasuries	100	23.6	195.1	27.5	139.5	29.5	215.3	26.6	549.8
U.S. Agencies	100	2.3	19.1	9.5	48.2	10.2	74.4	6.9	141.7
State & Local Obligations <sup>2</sup>	25	4.8	39.4	5.6	28.2	2.9	21.2	4.3	88.7
Supranationals	15	2.3	18.7	0.5	2.6	4.3	31.5	2.6	52.8
Negotiable Certificate of Deposit	30	15.8	130.9	8.0	40.6	0.0	0.0	8.3	171.6
Commercial Paper	25	7.9	65.2	0.0	0.0	12.6	92.3	7.6	157.4
Repurchase Agreements	100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medium Term Notes	30	8.4	69.1	9.9	50.2	24.5	178.9	14.4	298.1
Money Market Funds	20	15.7	129.5	1.8	8.9	-0.4	-3.1	6.5	135.2
Mortgage/Asset-Backed	20	4.9	40.8	8.8	44.6	3.9	28.6	5.5	114.1
Variable & Floating Rate	30	14.4	119.3	28.5	144.9	12.5	91.5	17.2	355.7
<b>Total</b>		<b>100.0</b>	<b>826.9</b>	<b>100.0</b>	<b>507.8</b>	<b>100.0</b>	<b>730.4</b>	<b>100.0</b>	<b>2065.1</b>

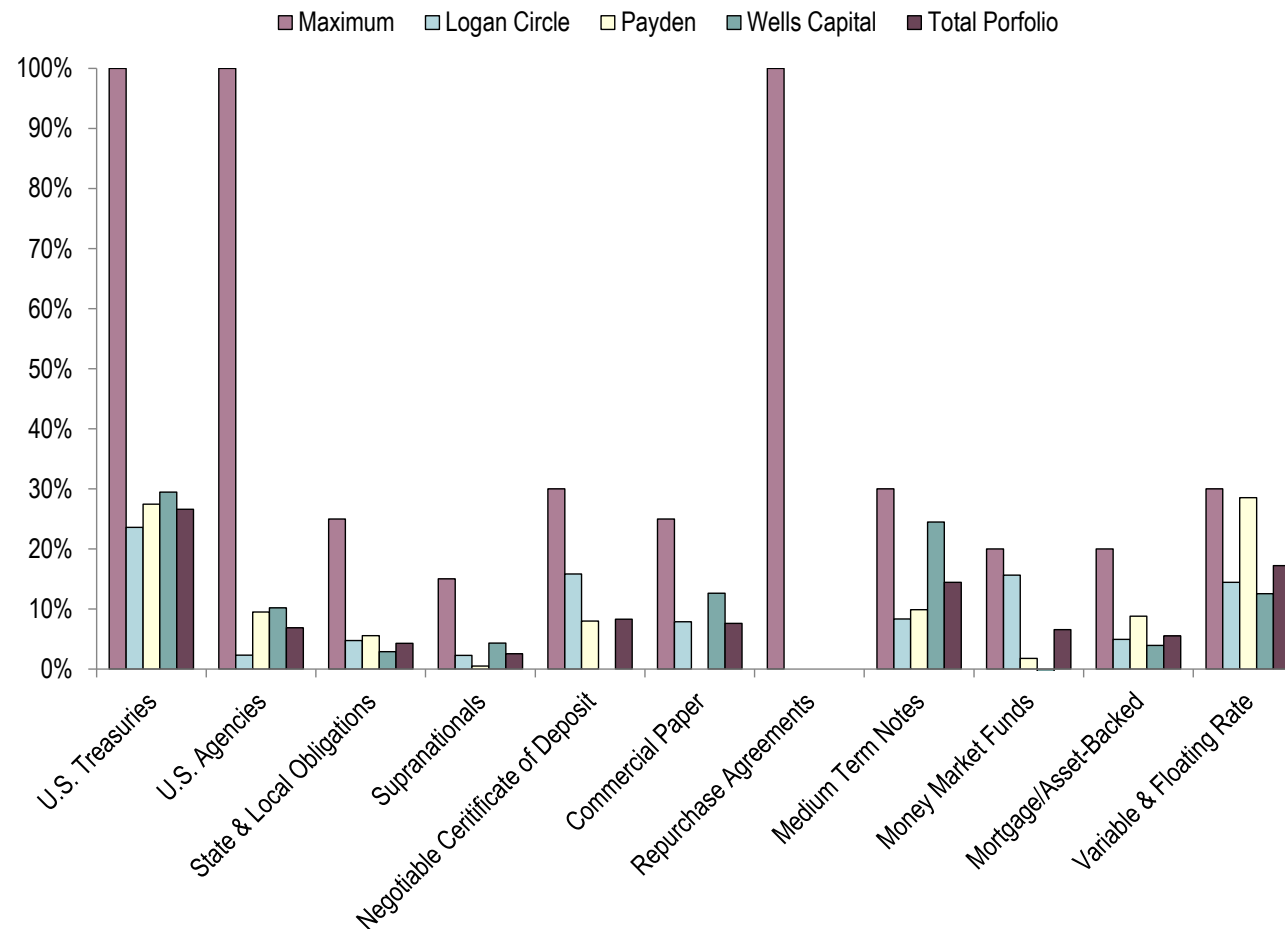
- Investment composition of each portfolio and the total portfolio are in compliance with the CalOptima Annual Investment Policy 2016.

<sup>1</sup> Blended allocations for Payden & Rygel, Logan Circle, and Wells Capital accounts.

<sup>2</sup> Includes CA and any other state in the U.S.

## Annual Investment Policy (2016) Actual vs. Diversity Requirements

As of June 30, 2017



## Custom Peer Group

### Custom Peer Group

- Given CalOptima's unique investment guidelines, traditional fixed income peer groups are not the best comparison tool for the Tier One and Tier Two pools.
- Meketa Investment Group surveyed the eVestment Alliance U.S. Short Duration Fixed Income universe and Morningstar's Short Duration Fixed Income universe to create custom peer universes for each of the Tier One and Tier Two pools in order to provide a more accurate performance comparison<sup>1</sup>.
  - For the analysis, the combined eVestment and Morningstar universe was pared down through the elimination of funds with exposure to securities with below-"A"-rated credit.
  - Two unique buckets were established based on each portfolio's historical average effective duration relative to the Merrill Lynch 1-3 Year Treasury index (Tier One peer group) and the Merrill Lynch 1-5 year Treasury index (Tier Two peer group).
  - The Tier One peer group consists of thirteen strategies with a median effective duration of 1.89 years, while the Tier Two peer group consists of eight strategies with a median effective duration of 2.43 years as of March 31, 2017.
- Please note that the analysis is as of March 31, 2017, as the universe of investment managers that had reported data as of June 30, 2017 was very small at the date that these materials were submitted.
- This analysis is based on a small peer universe that may change significantly over time, potentially resulting in large changes in peer rankings quarter-to-quarter.

<sup>1</sup> Though this comparison is more accurate than ranking the managers relative to the broad short duration peer group, these peer managers are not subject to the restrictions of the California Government Code. They are likely to have more degrees of freedom to invest across fixed income securities and sectors.

### Custom Peer Group: Logan Circle Tier One

Gross of Fees Returns as of 3/31/2017 <sup>1</sup>	1Q 2017 (%)	Since Inception <sup>2</sup> (%)
Tier One: Logan Circle STAMP 1-3 Year	0.41	0.60
Peer Group Median Return	0.45	0.60
Peer Group Rank (percentile)	57	49

- The Logan Circle Tier One portfolio underperformed the peer group in the first quarter of 2017, ranking in the 57th percentile. The strategy has narrowly outperformed the peer group since inception.

<sup>1</sup> Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

<sup>2</sup> Formal inception date is June 2016.



### Custom Peer Group: Payden Tier One

<b>Gross of Fees Returns as of 3/31/2017<sup>1</sup></b>	<b>1Q 2017 (%)</b>	<b>1 Year (%)</b>	<b>3 Years (%)</b>	<b>5 Years (%)</b>	<b>10 Years (%)</b>
Tier One: Payden Low Duration	0.39	0.80	0.97	0.88	2.27
Peer Group Median Return	0.45	0.70	1.02	1.02	2.40
Peer Group Rank (percentile)	64	36	70	75	59

<b>Standard Deviation as of 3/31/2017<sup>2</sup></b>	<b>3 Years (%)</b>	<b>5 Years (%)</b>	<b>10 Years (%)</b>
Tier One: Payden Low Duration	0.58	0.53	1.25
Median Standard Deviation	0.74	0.73	1.17
Peer Group Rank (percentile)	87	87	43

- The Payden Tier One portfolio's trailing returns rank in the third quartile of the peer group over the one-, three-, five-, and ten-year trailing periods.
- Standard deviation has ranked favorably versus peers over three- and five-year trailing periods, though ten-year trailing standard deviation is slightly above the peer group median. The ten-year peer group rank is influenced by the tight concentration of peer manager standard deviation between 1.10 and 1.25.

<sup>1</sup> Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

<sup>2</sup> For peer group standard deviation rankings, a percentile rank of 99 would indicate that the strategy exhibited the lowest standard deviation relative to the peer group, and a percentile rank of 1 would indicate that the strategy exhibited the highest standard deviation relative to the peer group.

### Custom Peer Group: Wells Capital Tier One

Gross of Fees Returns as of 3/31/2017 <sup>1</sup>	1Q 2017 (%)	Since Inception <sup>2</sup> (%)
Tier One: Wells Capital Reserve Account	0.35	0.61
Peer Group Median Return	0.45	0.60
Peer Group Rank (percentile)	69	48

- The Wells Capital Tier One portfolio underperformed the short duration peer group in the first quarter of 2017, ranking in the 69th percentile of the peer group. Since inception, the strategy has outperformed the peer group median slightly, ranking in the 48th percentile.

<sup>1</sup> Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

<sup>2</sup> Formal inception date is June 2016.

**Custom Peer Group: Logan Circle Tier Two**

<b>Gross of Fees Returns as of 3/31/2017<sup>1</sup></b>	<b>1Q 2017 (%)</b>	<b>1 Year (%)</b>	<b>3 Years (%)</b>
Tier Two: Logan Circle STAMP 1-5 Year	0.56	0.50	1.59
Peer Group Median Return	0.50	0.47	1.61
Peer Group Rank (percentile)	24	46	52

<b>Standard Deviation as of 3/31/2017<sup>2</sup></b>	<b>3 Years (%)</b>
Tier Two: Logan Circle STAMP 1-5 Year	1.28
Median Standard Deviation	1.15
Peer Group Rank (percentile)	40

- Logan Circle's Tier Two portfolio performed reasonably well over the one-year trailing period ended March 31, 2017, ranking in the 46th percentile of the peer group, though three-year trailing performance ranks slightly below the peer group median.
- Standard deviation for the strategy over the trailing three year period exceeds the peer group median, ranking in the 40th percentile of the peer group.

<sup>1</sup> Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

<sup>2</sup> For peer group standard deviation rankings, a percentile rank of 1 would indicate that the strategy exhibited the lowest standard deviation relative to the peer group, and a percentile rank of 99 would indicate that the strategy exhibited the highest standard deviation relative to the peer group.

## Performance Attribution

## Performance Attribution

- The following pages present attribution data for the Logan Circle Tier One and Tier Two portfolios, the Payden & Rygel Tier One portfolio, and the Wells Capital Tier One portfolio.
- Attribution represents outperformance or underperformance, based on active investment decisions across fixed income sub-sectors, relative to a manager's benchmark index. Attribution data demonstrates where managers are able to most effectively add incremental value versus the benchmark.
- Attribution data is provided by the investment managers and is presented gross of investment management fees as of June 30, 2017. Attribution data fields will vary slightly across investment managers.

**Logan Circle Tier One Performance Attribution**

Gross of Fees as of 6/30/2017

<b>Benchmark Relative Attribution (basis points)</b>	<b>2Q 2017</b>	<b>YTD</b>
<b>Duration</b>	<b>1</b>	<b>6</b>
<b>Yield Curve</b>	<b>-4</b>	<b>-6</b>
<b>Sector Selection</b>	<b>23</b>	<b>35</b>
Treasury	20	18
Agency	-2	-2
Corporate	4	14
Financial	3	11
Industrial	1	1
Utilities	0	2
MBS	0	0
CMBS	0	0
ABS	0	1
Municipal	1	4
<b>Total Excess Return</b>	<b>20</b>	<b>36</b>
<b>Logan Circle Tier One Return</b>	<b>38</b>	<b>79</b>
<b>Merrill Lynch 1-3 Year Treasury Return</b>	<b>17</b>	<b>44</b>

**Payden & Rygel Tier One Performance Attribution**  
Gross of Fees as of 6/30/2017

<b>Benchmark Relative Attribution (basis points)</b>	<b>2Q 2017</b>	<b>6 Month</b>	<b>1 Year</b>
<b>Duration</b>	<b>4</b>	<b>6</b>	<b>24</b>
<b>Yield Curve</b>	<b>-3</b>	<b>-8</b>	<b>-9</b>
<b>Sector Selection</b>	<b>0</b>	<b>0</b>	<b>0</b>
Treasury <sup>1</sup>	NA	NA	NA
Agency	3	6	11
Corporate	11	21	30
Financial	6	12	17
Industrial	4	7	9
Utilities	1	2	4
MBS	0	0	0
CMBS	1	2	2
ABS	3	6	11
Municipal	0	0	0
<b>Total Excess Return</b>	<b>18</b>	<b>30</b>	<b>69</b>
<b>Payden &amp; Rygel Tier One Return</b>	<b>35</b>	<b>74</b>	<b>58</b>
<b>Merrill Lynch 1-3 Year U.S. Treasury Return</b>	<b>17</b>	<b>44</b>	<b>-11</b>

<sup>1</sup> Treasury sector selection attribution is included in Duration and Yield Curve attribution figures.

**Wells Capital Tier One Performance Attribution**  
Gross of Fees as of 6/30/2017

<b>Benchmark Relative Attribution (basis points)</b>	<b>2Q 2017</b>	<b>YTD</b>
<b>Duration</b>	<b>1</b>	<b>-1</b>
<b>Sector Selection</b>	<b>NA</b>	<b>NA</b>
Treasury <sup>1</sup>	NA	NA
Agency	2	2
Corporate	11	19
Financial	7	13
Industrial	3	5
Utilities	1	1
MBS	NA	NA
CMBS	NA	NA
ABS	3	5
Municipal	1	1
Error Factor	0	0
<b>Total Excess Return</b>	<b>18</b>	<b>26</b>
<b>Wells Capital Tier One Return (%)</b>	<b>35</b>	<b>70</b>
<b>Merrill Lynch 1-3 Year U.S. Treasury Return (%)</b>	<b>17</b>	<b>44</b>

<sup>1</sup> Treasury sector selection attribution is included in Duration figure.





**Logan Circle Tier Two Performance Attribution**  
Gross of Fees as of 6/30/2017

<b>Benchmark Relative Attribution (basis points)</b>	<b>2Q 2017</b>	<b>1 Year</b>
<b>Duration</b>	<b>-2</b>	<b>15</b>
<b>Yield Curve</b>	<b>-1</b>	<b>-14</b>
<b>Sector Selection</b>	<b>21</b>	<b>67</b>
Treasury	15	5
Agency	0	0
Corporate	6	36
Financial	4	27
Industrial	1	5
Utilities	1	4
MBS	0	2
CMBS	0	6
ABS	0	3
Municipal	-1	15
<b>Total Excess Return</b>	<b>17</b>	<b>68</b>
<b>Logan Circle Tier Two Return</b>	<b>55</b>	<b>14</b>
<b>Merrill Lynch 1-5 Year U.S. Treasury Return</b>	<b>38</b>	<b>-53</b>

## Holdings

**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased	Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Cash</b>								
	CASH OR STIF	USD	388,390.42		388,390.42	0.00	1.000	0.27%
<b>Total for Cash</b>			<b>388,390.42</b>		<b>388,390.42</b>	<b>0.00</b>		<b>0.27%</b>
<b>Money Markets</b>								
1,350,000.000	BANK OF TOKYO-MITSUBISHI NY YCD	06538M7L7	1,350,000.00		1,350,509.06	509.06	100.038	0.94%
	Mat: 8/30/17	Cpn: 1.53%		0.00	17,499.38			
	Moody's: P-1	S&P: A-1						
	Tr Date: 8/29/16	St Date: 8/30/16						
1,350,000.000	BANK OF NOVA SCOTIA HOUSTON YCD 3ML FRN	06417GPD4	1,350,000.00		1,350,810.00	810.00	100.060	0.92%
	Mat: 9/7/17	Cpn: 1.72%		0.00	1,547.60			
	Moody's: P-1	S&P: A-1						
	Tr Date: 9/1/16	St Date: 9/7/16						
1,180,000.000	RABOBANK NEDERLAND NY YCD 3ML FRN	21684BR89	1,180,000.00		1,180,826.00	826.00	100.070	0.81%
	Mat: 9/8/17	Cpn: 1.69%		0.00	1,273.32			
	Moody's: P-1	S&P: A-1						
	Tr Date: 9/2/16	St Date: 9/8/16						
1,350,000.000	NORDEA BANK FINLAND YCD	65558LSW3	1,350,000.00		1,350,111.51	111.51	100.008	0.93%
	Mat: 9/8/17	Cpn: 1.35%		0.00	14,782.50			
	Moody's: P-1	S&P: A-1+						
	Tr Date: 9/8/16	St Date: 9/12/16						
1,350,000.000	BNP PARIBAS NY YCD	05582WDW1	1,350,000.00		1,350,586.94	586.94	100.044	0.93%
	Mat: 9/13/17	Cpn: 1.52%		0.00	16,473.00			
	Moody's: P-1	S&P: A-1						
	Tr Date: 9/13/16	St Date: 9/15/16						
<b>Total for Money Markets</b>			<b>6,580,000.00</b>	<b>0.00</b>	<b>6,582,843.51</b>	<b>2,843.51</b>		<b>4.54%</b>
<b>Treasuries</b>								
2,000,000.000	U.S. TREASURY NOTE	912828U40	1,991,732.72		1,990,639.96	(1,092.76)	99.532	1.36%
	Mat: 11/30/18	Cpn: 1.00%		1,043.96	1,693.99			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 12/14/16	St Date: 12/19/16						
5,040,000.000	U.S. TREASURY NOTE	912828V56	5,026,773.15		5,022,107.85	(4,665.30)	99.645	3.45%
	Mat: 1/31/19	Cpn: 1.13%		2,414.71	23,651.11			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 1/25/17	St Date: 1/31/17						



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,700,000.000	U.S. TREASURY NOTE Mat: 2/28/19 Cpn: 1.13% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/28/17 St Date: 3/6/17	912828W30	1,695,342.00 311.82	1,693,709.95 6,392.32	(1,632.05)	99.630	1.16%
1,815,000.000	U.S. TREASURY NOTE Mat: 3/15/19 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/7/16 St Date: 10/11/16	912828P95	1,817,410.55 1,303.59	1,804,091.89 5,326.63	(13,318.66)	99.399	1.24%
5,865,000.000	U.S. TREASURY NOTE Mat: 4/30/19 Cpn: 1.25% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/25/17 St Date: 5/1/17	912828ST8	5,860,283.55 2,041.10	5,851,393.08 12,351.56	(8,890.47)	99.768	4.01%
6,635,000.000	U.S. TREASURY NOTE Mat: 6/15/19 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/24/16 St Date: 6/29/16	912828R85	6,614,843.76 21,121.44	6,571,171.43 2,537.98	(43,672.33)	99.038	4.50%
5,495,000.000	U.S. TREASURY NOTE Mat: 7/15/19 Cpn: 0.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 9/1/16 St Date: 9/6/16	912828S43	5,472,032.62 5,935.50	5,424,993.59 19,012.40	(47,039.03)	98.726	3.72%
840,000.000	U.S. TREASURY NOTE Mat: 2/15/20 Cpn: 1.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/1/17 St Date: 2/15/17	912828W22	835,707.19 0.00	837,446.39 4,339.23	1,739.20	99.696	0.58%
400,000.000	U.S. TREASURY NOTE Mat: 3/15/20 Cpn: 1.63% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/8/17 St Date: 3/15/17	912828W63	399,391.97 0.00	401,295.99 1,907.61	1,904.02	100.324	0.28%
6,000,000.000	U.S. TREASURY NOTE Mat: 6/15/20 Cpn: 1.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/15/17 St Date: 6/20/17	912828XU9	6,000,807.42 1,229.51	5,992,380.06 3,934.43	(8,427.36)	99.873	4.10%
<b>Total for Treasuries</b>			<b>35,714,324.92</b> <b>35,401.63</b>	<b>35,589,230.19</b> <b>81,147.25</b>	<b>(125,094.73)</b>		<b>24.39%</b>

**Government Related**

1,080,000.000	INTL BANK RECON & DEVELOP Mat: 7/19/18 Cpn: 0.88% Moody's: Aaa S&P: AAA Fitch: AAAu Tr Date: 4/12/16 St Date: 4/19/16	459058FE8	1,078,088.40 0.00	1,074,502.80 4,252.50	(3,585.60)	99.491	0.74%
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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,300,000.000	HOUSING URBAN DEVELOPMENT Mat: 8/1/18 Cpn: 1.33% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/19/15 St Date: 5/28/15	911759LZ9	1,300,000.00 0.00	1,301,365.00 7,204.17	1,365.00	100.105	0.89%
1,500,000.000	INTER-AMERICAN DEVELOPMENT BANK Mat: 5/13/19 Cpn: 1.00% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 4/5/16 St Date: 4/12/16	458182DX7	1,495,500.00 0.00	1,486,170.00 2,000.00	(9,330.00)	99.078	1.02%
<b>Total for Government Related</b>			<b>3,873,588.40 0.00</b>	<b>3,862,037.80 13,456.67</b>	<b>(11,550.60)</b>		<b>2.65%</b>

**Agencies**

3,830,000.000	FNMA Mat: 2/26/19 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/19/16 St Date: 2/23/16	3135G0J53	3,820,961.20 0.00	3,804,492.20 13,298.61	(16,469.00)	99.334	2.61%
1,490,000.000	FHLB Mat: 3/18/19 Cpn: 1.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/9/17 St Date: 3/10/17	3130AAXX1	1,486,543.20 0.00	1,489,567.90 6,316.98	3,024.70	99.971	1.02%
2,090,000.000	FHLB Mat: 5/28/19 Cpn: 1.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/11/17 St Date: 5/12/17	3130ABF92	2,086,049.90 0.00	2,088,035.40 3,911.49	1,985.50	99.906	1.43%
1,320,000.000	FNMA C 09/13/17 Q Mat: 6/13/19 Cpn: 1.25% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/13/16 St Date: 6/15/16	3135G0K77	1,320,000.00 91.67	1,315,393.20 825.00	(4,606.80)	99.651	0.90%
935,000.000	FHLMC Mat: 7/19/19 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/19/16 St Date: 7/20/16	3137EAEB1	932,737.30 0.00	924,275.55 3,681.56	(8,461.75)	98.853	0.63%
1,420,000.000	FNMA Mat: 8/2/19 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/29/16 St Date: 8/2/16	3135G0N33	1,417,614.40 0.00	1,403,173.00 5,142.57	(14,441.40)	98.815	0.96%
1,350,000.000	FNMA Mat: 8/28/19 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/31/16 St Date: 9/2/16	3135G0P49	1,347,894.00 0.00	1,336,635.00 4,537.50	(11,259.00)	99.010	0.92%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
870,000.000	FNMA Mat: 2/28/20 Cpn: 1.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/24/17 St Date: 2/28/17	3135G0T29	869,443.20 0.00	868,103.40 4,458.75	(1,339.80)	99.782	0.60%
<b>Total for Agencies</b>			<b>13,281,243.20 91.67</b>	<b>13,229,675.65 42,172.47</b>	<b>(51,567.55)</b>		<b>9.08%</b>
<b>Taxable Muni</b>							
1,600,000.000	CA SACRAMENTO CITY USD GO/ULT TAXABLE Mat: 8/1/17 Cpn: 1.25% Moody's: S&P: AA Fitch: Tr Date: 5/15/15 St Date: 6/4/15	785870WA0	1,600,000.00 0.00	1,599,840.00 8,320.00	(160.00)	99.990	1.10%
200,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/17 Cpn: 1.51% Moody's: Aa2 S&P: AA Fitch: AA- Tr Date: 8/13/15 St Date: 9/2/15	54473ERP1	200,000.00 0.00	200,020.00 251.17	20.00	100.010	0.14%
610,000.000	WI STATE TAXABLE Mat: 5/1/18 Cpn: 1.64% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 10/27/15 St Date: 10/30/15	977100CQ7	617,411.50 4,986.34	611,329.80 1,671.40	(6,081.70)	100.218	0.42%
670,000.000	CA UNIV OF CALIFORNIA TXB Mat: 5/15/18 Cpn: 1.30% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 9/27/16 St Date: 9/29/16	91412GPZ2	672,860.90 3,232.08	669,289.80 1,109.52	(3,571.10)	99.894	0.46%
375,000.000	CA MORGAN HILL UNIF SCH DIST GO/ULT TXB Mat: 8/1/18 Cpn: 1.64% Moody's: Aa1 S&P: Fitch: Tr Date: 11/18/15 St Date: 12/17/15	617403EJ5	375,000.00 0.00	375,528.75 2,564.06	528.75	100.141	0.26%
1,500,000.000	MS STATE ULT/OG TAXABLE Mat: 10/1/18 Cpn: 1.47% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 2/4/15 St Date: 2/18/15	605581FY8	1,500,000.00 0.00	1,501,305.00 5,520.00	1,305.00	100.087	1.03%
1,400,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/18 Cpn: 2.34% Moody's: S&P: AA- Fitch: A+ Tr Date: 11/4/15 St Date: 11/19/15	544587B98	1,400,000.00 0.00	1,412,376.00 5,469.33	12,376.00	100.884	0.97%
750,000.000	CA PASADENA UNIF SCH DIST GO/ULT TXB Mat: 11/1/18 Cpn: 1.86% Moody's: Aa2 S&P: A+ Fitch: Tr Date: 7/23/15 St Date: 7/28/15	702282ND2	755,820.00 3,373.06	753,877.50 2,326.25	(1,942.50)	100.517	0.52%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
450,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/18 Cpn: 2.04% Moody's: Aa2 S&P: AA Fitch: AA- Tr Date: 8/13/15 St Date: 9/2/15	54473ERQ9	450,000.00 0.00	451,426.50 763.50	1,426.50	100.317	0.31%
750,000.000	CA STATE GO/ULT TXB Mat: 4/1/19 Cpn: 1.59% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 4/21/17 St Date: 4/27/17	13063DAB4	750,000.00 0.00	749,400.00 2,124.00	(600.00)	99.920	0.51%
270,000.000	CA LOS ANGELES DEPT AIRPORTS-LAX TXBL Mat: 5/15/19 Cpn: 1.75% Moody's: Aa3 S&P: AA Fitch: AA Tr Date: 11/16/16 St Date: 12/6/16	544445AY5	270,000.00 0.00	269,460.00 603.75	(540.00)	99.800	0.18%
75,000.000	CA UNIV OF CALIFORNIA TXB Mat: 5/15/19 Cpn: 1.61% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 5/5/17 St Date: 5/18/17	91412GS71	75,000.00 0.00	74,917.50 144.23	(82.50)	99.890	0.05%
2,500,000.000	CA EARTHQUAKE AUTH TAXABLE Mat: 7/1/19 Cpn: 2.81% Moody's: A3 S&P: Fitch: A Tr Date: 2/6/15 St Date: 2/11/15	13017HAE6	2,529,925.00 7,791.67	2,514,425.00 35,062.50	(15,500.00)	100.577	1.74%
2,655,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 7/1/19 Cpn: 1.80% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 3/2/15 St Date: 3/5/15	91412GSB2	2,676,120.60 8,074.01	2,660,947.20 23,841.90	(15,173.40)	100.224	1.84%
335,000.000	CA SAN FRANCISCO REDEV AGY TXB Mat: 8/1/19 Cpn: 2.19% Moody's: S&P: A Fitch: Tr Date: 3/10/17 St Date: 3/29/17	79770GFZ4	335,000.00 0.00	335,793.95 1,877.45	793.95	100.237	0.23%
500,000.000	NY ST GO/ULT-TXBL Mat: 9/1/19 Cpn: 3.60% Moody's: Aa1 S&P: AA+ Fitch: AA+ Tr Date: 6/1/17 St Date: 6/6/17	649791EJ5	521,530.00 4,750.00	519,565.00 6,000.00	(1,965.00)	103.913	0.36%
370,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/19 Cpn: 2.85% Moody's: S&P: AA- Fitch: A+ Tr Date: 2/25/16 St Date: 3/1/16	544587C22	381,536.60 2,983.56	377,670.10 1,755.03	(3,866.50)	102.073	0.26%
690,000.000	CA ST HSG FIN AGY REV-TXBL Mat: 8/1/20 Cpn: 2.30% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/21/17 St Date: 6/29/17	13034PZF7	690,000.00 0.00	690,096.60 88.17	96.60	100.014	0.47%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
350,000.000	CA LOS ANGELES MUNI IMPT CORP LEASE TXB Mat: 11/1/20 Cpn: 3.15% Moody's: S&P: AA- Fitch: A+ Tr Date: 4/26/17 St Date: 5/1/17	544587C30	360,734.50 0.00	359,782.50 1,835.17	(952.00)	102.795	0.25%
<b>Total for Taxable Muni</b>			<b>16,160,939.10 35,190.72</b>	<b>16,127,051.20 101,327.43</b>	<b>(33,887.90)</b>		<b>11.10%</b>
<b>Credit</b>							
250,000.000	METLIFE Mat: 12/15/17 Cpn: 1.90% Moody's: A3 S&P: A- Fitch: A- Tr Date: 9/30/14 St Date: 10/7/14	59156RBK3	250,763.25 376.29	250,437.75 211.44	(325.50)	100.175	0.17%
1,200,000.000	CITIGROUP Mat: 2/5/18 Cpn: 1.80% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 1/29/15 St Date: 2/5/15	172967JH5	1,199,088.00 0.00	1,201,082.40 8,760.00	1,994.40	100.090	0.83%
1,275,000.000	BANK OF AMERICA Mat: 3/26/18 Cpn: 1.65% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 3/20/15 St Date: 3/26/15	06050TLY6	1,274,590.25 1,989.17	1,275,980.48 5,551.56	1,390.23	100.077	0.88%
1,220,000.000	ABBVIE Mat: 5/14/18 Cpn: 1.80% Moody's: Baa2 S&P: A- Fitch: Tr Date: 5/5/15 St Date: 5/14/15	00287YAN9	1,218,755.60 0.00	1,221,798.28 2,867.00	3,042.68	100.147	0.84%
415,000.000	CISCO SYSTEMS Mat: 6/15/18 Cpn: 1.65% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/10/15 St Date: 6/17/15	17275RAU6	414,929.45 0.00	415,881.88 304.33	952.43	100.213	0.28%
280,000.000	JOHN DEERE CAPITAL Mat: 7/13/18 Cpn: 1.60% Moody's: A2 S&P: A Fitch: A Tr Date: 7/9/15 St Date: 7/14/15	24422ESX8	279,893.60 0.00	280,209.99 2,090.67	316.39	100.075	0.19%
590,000.000	UNITEDHEALTH GROUP Mat: 7/16/18 Cpn: 1.90% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 7/20/15 St Date: 7/23/15	91324PCL4	589,250.70 0.00	591,893.85 5,137.92	2,643.15	100.321	0.41%
60,000.000	BERKSHIRE HATHAWAY Mat: 8/15/18 Cpn: 1.15% Moody's: Aa2 S&P: AA Fitch: A+u Tr Date: 8/8/16 St Date: 8/15/16	084670BX5	59,992.80 0.00	59,743.20 260.67	(249.60)	99.572	0.04%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
700,000.000	FIFTH THIRD BANK Mat: 8/20/18 Cpn: 2.15% Moody's: A3 S&P: A- Fitch: A Tr Date: 8/17/15 St Date: 8/20/15	31677QBD0	699,881.00 0.00	703,037.93 5,476.53	3,156.93	100.434	0.48%
100,000.000	NEXTERA ENERGY Mat: 9/1/18 Cpn: 1.65% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 8/25/16 St Date: 9/1/16	65339KAJ9	100,250.00 0.00	99,726.10 549.67	(523.90)	99.726	0.07%
395,000.000	JP MORGAN CHASE Mat: 9/21/18 Cpn: 1.45% Moody's: Aa3 S&P: A+ Fitch: AA- Tr Date: 9/20/16 St Date: 9/23/16	48125LRF1	394,814.35 0.00	393,791.30 1,559.15	(1,023.05)	99.694	0.27%
1,000,000.000	MICROSOFT Mat: 11/3/18 Cpn: 1.30% Moody's: Aaa S&P: AAA Fitch: AA+u Tr Date: 10/29/15 St Date: 11/3/15	594918BF0	999,000.00 0.00	997,979.97 2,094.44	(1,020.03)	99.798	0.68%
515,000.000	WELLS FARGO Mat: 11/28/18 Cpn: 1.80% Moody's: Aa2 S&P: AA- Fitch: AA Tr Date: 12/1/16 St Date: 12/8/16	94988J5F0	514,572.55 0.00	516,150.00 849.75	1,577.45	100.223	0.35%
570,000.000	CITIZENS BANK Mat: 12/3/18 Cpn: 2.30% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 5/16/17 St Date: 5/19/17	17401QAC5	572,490.90 6,045.17	571,527.59 1,019.67	(963.31)	100.268	0.39%
1,320,000.000	WISCONSIN ELECTRIC POWER Mat: 12/4/18 Cpn: 1.65% Moody's: A1 S&P: A- Fitch: A+ Tr Date: 12/1/15 St Date: 12/4/15	976843BK7	1,318,772.40 0.00	1,317,585.72 1,633.50	(1,186.68)	99.817	0.90%
470,000.000	MORGAN STANLEY Mat: 2/1/19 Cpn: 2.45% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 1/22/16 St Date: 1/27/16	61746BDX1	469,685.10 0.00	473,322.94 4,797.92	3,637.84	100.707	0.33%
320,000.000	APPLE Mat: 2/22/19 Cpn: 1.70% Moody's: Aa1 S&P: AA+ Fitch: Tr Date: 2/16/16 St Date: 2/23/16	037833BQ2	319,945.60 0.00	320,841.60 1,934.22	896.00	100.263	0.22%
1,085,000.000	BRISTOL-MYERS SQUIBB Mat: 2/27/19 Cpn: 1.60% Moody's: A2 S&P: A+ Fitch: A-u Tr Date: 2/22/17 St Date: 2/27/17	110122BA5	1,083,516.05 2,088.44	1,083,253.12 5,979.56	(262.93)	99.839	0.74%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
200,000.000	CHEVRON Mat: 2/28/19 Cpn: 1.69% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 2/28/17 St Date: 3/3/17	166764BS8	200,000.00 0.00	200,047.99 1,105.27	47.99	100.024	0.14%
550,000.000	CISCO SYSTEMS Mat: 2/28/19 Cpn: 1.60% Moody's: A1 S&P: AA- Fitch: Tr Date: 2/22/16 St Date: 2/29/16	17275RBB7	549,840.50 0.00	549,818.52 3,006.67	(21.98)	99.967	0.38%
450,000.000	EXXON MOBIL Mat: 3/1/19 Cpn: 1.71% Moody's: Aaa S&P: AA+ Fitch: Tr Date: 2/29/16 St Date: 3/3/16	30231GAP7	450,000.00 0.00	451,079.96 2,562.00	1,079.96	100.240	0.31%
420,000.000	STRYKER Mat: 3/8/19 Cpn: 2.00% Moody's: Baa1 S&P: A Fitch: Tr Date: 3/3/16 St Date: 3/10/16	863667AK7	419,512.80 0.00	420,613.25 2,636.67	1,100.45	100.146	0.29%
650,000.000	AT&T Mat: 3/11/19 Cpn: 2.30% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 5/3/16 St Date: 5/12/16	00206RCC4	661,810.50 2,533.19	653,789.55 4,568.06	(8,020.95)	100.583	0.45%
790,000.000	BERKSHIRE HATHAWAY Mat: 3/15/19 Cpn: 1.70% Moody's: Aa2 S&P: AA Fitch: A+u Tr Date: 3/8/16 St Date: 3/15/16	084664CG4	789,399.60 0.00	791,603.72 3,954.39	2,204.12	100.203	0.54%
225,000.000	EXXON MOBIL Mat: 3/15/19 Cpn: 1.82% Moody's: Aaa S&P: AA+ Fitch: Tr Date: 5/8/17 St Date: 5/11/17	30231GAD4	225,866.25 636.65	225,823.49 1,205.09	(42.76)	100.366	0.16%
520,000.000	FIFTH THIRD BANK Mat: 3/15/19 Cpn: 2.30% Moody's: A3 S&P: A- Fitch: A Tr Date: 3/10/16 St Date: 3/15/16	31677QBF5	519,880.40 0.00	522,781.98 3,521.56	2,901.58	100.535	0.36%
350,000.000	OGLETHORPE POWER Mat: 3/15/19 Cpn: 6.10% Moody's: Baa1 S&P: A Fitch: A Tr Date: 3/29/17 St Date: 4/3/17	677050AE6	377,244.00 1,067.50	372,508.85 6,286.39	(4,735.15)	106.431	0.26%
325,000.000	CITIBANK Mat: 3/20/19 Cpn: 2.00% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 3/13/17 St Date: 3/20/17	17325FAA6	324,733.50 0.00	326,147.26 1,823.61	1,413.76	100.353	0.22%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
330,000.000	CATERPILLAR FINANCIAL Mat: 3/22/19 Cpn: 1.90% Moody's: A3 S&P: A Fitch: A Tr Date: 3/20/17 St Date: 3/23/17	14912L6W6	329,802.00 0.00	330,828.27 1,706.83	1,026.27	100.251	0.23%
120,000.000	JPMORGAN CHASE Mat: 4/23/19 Cpn: 6.30% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 7/15/16 St Date: 7/20/16	46625HHL7	134,949.24 1,870.75	129,145.20 1,428.00	(5,804.04)	107.621	0.09%
1,210,000.000	US BANK OHIO Mat: 4/26/19 Cpn: 1.40% Moody's: A1 S&P: AA- Fitch: AA Tr Date: 5/5/17 St Date: 5/10/17	90331HMY6	1,202,413.45 632.53	1,202,861.00 3,058.61	447.55	99.410	0.82%
875,000.000	PEPSICO Mat: 5/2/19 Cpn: 1.55% Moody's: A1 S&P: A+ Fitch: Au Tr Date: 4/27/17 St Date: 5/2/17	713448DR6	874,343.75 0.00	874,940.50 2,222.74	596.75	99.993	0.60%
195,000.000	AMERICAN EXPRESS Mat: 5/3/19 Cpn: 1.88% Moody's: A2 S&P: A- Fitch: A Tr Date: 4/27/17 St Date: 5/3/17	0258M0EK1	194,920.05 0.00	195,036.66 589.06	116.61	100.019	0.13%
515,000.000	AMGEN Mat: 5/10/19 Cpn: 1.90% Moody's: Baa1 S&P: A Fitch: BBBu Tr Date: 5/8/17 St Date: 5/11/17	031162CK4	514,737.35 0.00	515,370.83 1,359.03	633.48	100.072	0.35%
640,000.000	BRANCH BANKING & TRUST Mat: 5/10/19 Cpn: 1.45% Moody's: A1 S&P: A Fitch: A+ Tr Date: 5/5/16 St Date: 5/10/16	07330NAL9	637,027.10 126.88	635,200.64 1,314.67	(1,826.46)	99.250	0.44%
1,085,000.000	PFIZER Mat: 5/15/19 Cpn: 2.10% Moody's: A1 S&P: AA Fitch: A+u Tr Date: 5/8/17 St Date: 5/11/17	717081DL4	1,093,904.95 11,160.33	1,094,656.58 2,911.42	751.63	100.890	0.75%
240,000.000	QUALCOMM Mat: 5/20/19 Cpn: 1.85% Moody's: A1 S&P: A Fitch: Tr Date: 5/19/17 St Date: 5/26/17	747525AM5	239,889.60 0.00	240,535.22 431.67	645.62	100.223	0.16%
670,000.000	COCA-COLA Mat: 5/30/19 Cpn: 1.38% Moody's: Aa3 S&P: AA- Fitch: A+ Tr Date: 5/25/16 St Date: 5/31/16	191216BV1	669,531.00 0.00	667,179.31 793.30	(2,351.69)	99.579	0.46%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
140,000.000	CITIGROUP Mat: 6/7/19 Cpn: 2.05% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 6/2/16 St Date: 6/9/16	172967KS9	139,927.20 0.00	140,070.02 191.33	142.82	100.050	0.10%
285,000.000	CARDINAL HEALTH Mat: 6/14/19 Cpn: 1.95% Moody's: Baa2 S&P: A- Fitch: BBB+ Tr Date: 6/1/17 St Date: 6/12/17	14149YBL1	285,000.00 0.00	285,826.50 293.01	826.50	100.290	0.20%
560,000.000	WALT DISNEY COMPANY Mat: 7/12/19 Cpn: 0.88% Moody's: A2 S&P: A+ Fitch: A Tr Date: 7/7/16 St Date: 7/12/16	25468PDL7	558,118.40 0.00	551,842.48 2,300.28	(6,275.92)	98.543	0.38%
295,000.000	CISCO SYSTEMS Mat: 9/20/19 Cpn: 1.40% Moody's: A1 S&P: AA- Fitch: Tr Date: 9/13/16 St Date: 9/20/16	17275RBG6	294,672.55 0.00	292,757.99 1,158.69	(1,914.56)	99.240	0.20%
285,000.000	FIFTH THIRD BANK Mat: 9/27/19 Cpn: 1.63% Moody's: A3 S&P: A- Fitch: A Tr Date: 9/22/16 St Date: 9/27/16	31677QBH1	284,526.90 0.00	282,135.76 1,209.27	(2,391.14)	98.995	0.19%
145,000.000	PEPSICO Mat: 10/4/19 Cpn: 1.35% Moody's: A1 S&P: A+ Fitch: Au Tr Date: 10/3/16 St Date: 10/6/16	713448DJ4	144,978.25 0.00	143,767.07 473.06	(1,211.19)	99.150	0.10%
595,000.000	JOHN DEERE CAPITAL CORP Mat: 10/9/19 Cpn: 1.25% Moody's: A2 S&P: A Fitch: A Tr Date: 9/6/16 St Date: 9/9/16	24422ETJ8	593,798.10 0.00	587,532.77 1,694.10	(6,265.33)	98.745	0.40%
475,000.000	HONEYWELL INTL Mat: 10/30/19 Cpn: 1.40% Moody's: A2 S&P: A Fitch: A Tr Date: 10/24/16 St Date: 10/31/16	438516BJ4	474,624.75 0.00	471,100.25 1,126.81	(3,524.50)	99.179	0.32%
270,000.000	UNITED TECHNOLOGIES Mat: 11/1/19 Cpn: 1.50% Moody's: A3 S&P: A- Fitch: A-u Tr Date: 10/27/16 St Date: 11/1/16	913017CF4	269,724.60 0.00	268,385.40 675.00	(1,339.20)	99.402	0.18%
355,000.000	CHEVRON Mat: 11/15/19 Cpn: 2.19% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 5/8/17 St Date: 5/11/17	166764AN0	357,879.05 3,806.07	357,921.64 994.77	42.59	100.823	0.25%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
170,000.000	CATERPILLAR FINANCIAL Mat: 1/10/20 Cpn: 2.10% Moody's: A3 S&P: A Fitch: A Tr Date: 1/5/17 St Date: 1/12/17	14912L6Y2	169,813.00 0.00	170,481.11 1,675.92	668.11	100.283	0.12%
510,000.000	CITIGROUP Mat: 1/10/20 Cpn: 2.45% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 1/4/17 St Date: 1/10/17	172967LF6	509,796.00 0.00	512,978.36 5,935.13	3,182.36	100.584	0.35%
510,000.000	BRANCH BANKING & TRUST Mat: 1/15/20 Cpn: 2.10% Moody's: A1 S&P: A Fitch: A+ Tr Date: 1/23/17 St Date: 1/26/17	07330NAN5	509,959.20 0.00	511,784.99 4,611.25	1,825.79	100.350	0.35%
545,000.000	US BANK CINCINNATI Mat: 1/24/20 Cpn: 2.00% Moody's: A1 S&P: AA- Fitch: AA Tr Date: 1/19/17 St Date: 1/24/17	90331HNB5	543,850.05 0.00	547,544.06 4,753.61	3,694.01	100.467	0.38%
520,000.000	IBM Mat: 1/27/20 Cpn: 1.90% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 1/24/17 St Date: 1/27/17	459200JN2	519,500.80 0.00	520,254.82 4,226.44	754.02	100.049	0.36%
530,000.000	CAPITAL ONE Mat: 1/31/20 Cpn: 2.35% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 1/26/17 St Date: 1/31/17	14042RFH9	529,682.00 0.00	530,490.78 5,224.18	808.78	100.093	0.37%
495,000.000	SUNTRUST BANK Mat: 1/31/20 Cpn: 2.25% Moody's: Baa1 S&P: A- Fitch: A- Tr Date: 1/25/17 St Date: 2/1/17	86787EAR8	494,811.90 0.00	496,618.66 4,640.63	1,806.76	100.327	0.34%
505,000.000	MICROSOFT Mat: 2/6/20 Cpn: 1.85% Moody's: Aaa S&P: AAA Fitch: AA+u Tr Date: 1/30/17 St Date: 2/6/17	594918BV5	504,661.65 0.00	506,262.54 3,762.95	1,600.89	100.250	0.35%
535,000.000	ESTEE LAUDER CO Mat: 2/7/20 Cpn: 1.80% Moody's: A2 S&P: A+ Fitch: Tr Date: 2/6/17 St Date: 2/9/17	29736RAL4	534,925.10 0.00	535,000.00 3,798.50	74.90	100.000	0.37%
225,000.000	PACCAR FINANCIAL Mat: 2/27/20 Cpn: 1.95% Moody's: A1 S&P: A+ Fitch: Tr Date: 2/22/17 St Date: 2/27/17	69371RN69	224,595.00 0.00	224,995.50 1,511.25	400.50	99.998	0.15%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
690,000.000	KIMBERLY-CLARK Mat: 3/1/20 Cpn: 1.85% Moody's: A2 S&P: A Fitch: A Tr Date: 5/5/17 St Date: 5/10/17	494368BP7	689,710.20 2,446.63	689,644.65 4,255.00	(65.55)	99.949	0.47%
250,000.000	CITIZENS BANK Mat: 3/2/20 Cpn: 2.25% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 2/27/17 St Date: 3/2/17	17401QAG6	249,762.50 0.00	249,926.00 1,859.38	163.50	99.970	0.17%
375,000.000	AMERICAN EXPRESS Mat: 3/3/20 Cpn: 2.20% Moody's: A2 S&P: A- Fitch: A Tr Date: 2/28/17 St Date: 3/3/17	0258M0EE5	374,610.00 0.00	377,051.21 2,704.17	2,441.21	100.547	0.26%
465,000.000	WALT DISNEY COMPANY Mat: 3/4/20 Cpn: 1.95% Moody's: A2 S&P: A+ Fitch: A Tr Date: 3/1/17 St Date: 3/6/17	25468PDP8	464,879.10 0.00	466,204.36 2,896.56	1,325.26	100.259	0.32%
250,000.000	HUNTINGTON NATL BANK Mat: 3/10/20 Cpn: 2.38% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 3/7/17 St Date: 3/10/17	446438RU9	249,985.00 0.00	251,124.97 1,830.73	1,139.97	100.450	0.17%
400,000.000	JOHN DEERE CAPITAL Mat: 3/13/20 Cpn: 2.20% Moody's: A2 S&P: A Fitch: A Tr Date: 3/10/17 St Date: 3/15/17	24422ETQ2	399,688.00 0.00	403,000.03 2,591.11	3,312.03	100.750	0.28%
605,000.000	CONSOLIDATED EDISON Mat: 3/15/20 Cpn: 2.00% Moody's: A3 S&P: BBB+ Fitch: BBB+ Tr Date: 2/27/17 St Date: 3/2/17	209115AD6	604,800.35 0.00	605,021.18 3,999.72	220.83	100.004	0.42%
730,000.000	UNITED TECHNOLOGIES Mat: 5/4/20 Cpn: 1.90% Moody's: A3 S&P: A- Fitch: A-u Tr Date: 5/1/17 St Date: 5/4/17	913017CM9	729,642.30 0.00	731,168.03 2,196.08	1,525.73	100.160	0.50%
290,000.000	AMGEN FRN Mat: 5/11/20 Cpn: 1.63% Moody's: Baa1 S&P: A Fitch: BBBu Tr Date: 5/8/17 St Date: 5/11/17	031162CN8	290,000.00 0.00	291,128.10 670.48	1,128.10	100.389	0.20%
665,000.000	APPLE Mat: 5/11/20 Cpn: 1.80% Moody's: Aa1 S&P: AA+ Fitch: Tr Date: 5/4/17 St Date: 5/11/17	037833CS7	664,321.70 0.00	664,888.28 1,662.50	566.58	99.983	0.46%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
725,000.000	INTEL Mat: 5/11/20 Cpn: 1.85% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 5/8/17 St Date: 5/11/17	458140AZ3	724,724.50 0.00	725,188.51 1,862.85	464.01	100.026	0.50%
720,000.000	PNC BANK Mat: 5/19/20 Cpn: 2.00% Moody's: A2 S&P: A Fitch: A+ Tr Date: 5/16/17 St Date: 5/19/17	69353RFC7	719,186.40 0.00	718,596.00 1,680.00	(590.40)	99.805	0.49%
730,000.000	VERIZON COMMUNICATIONS FRN Mat: 5/22/20 Cpn: 1.72% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 5/11/17 St Date: 5/22/17	92343VDZ4	730,000.00 0.00	730,854.10 1,396.51	854.10	100.117	0.50%
250,000.000	CITIZENS BANK Mat: 5/26/20 Cpn: 2.20% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 5/22/17 St Date: 5/26/17	17401QAJ0	249,770.00 0.00	249,542.50 534.72	(227.50)	99.817	0.17%
740,000.000	WALT DISNEY COMPANY Mat: 6/5/20 Cpn: 1.80% Moody's: A2 S&P: A+ Fitch: A Tr Date: 6/1/17 St Date: 6/6/17	25468PDU7	739,141.60 0.00	738,718.32 925.00	(423.28)	99.827	0.51%
455,000.000	HOME DEPOT FRN Mat: 6/5/20 Cpn: 1.37% Moody's: A2e S&P: A Fitch: Au Tr Date: 5/24/17 St Date: 6/5/17	437076BR2	455,000.00 0.00	455,552.37 449.56	552.37	100.121	0.31%
515,000.000	CITIBANK Mat: 6/12/20 Cpn: 2.10% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 6/6/17 St Date: 6/12/17	17325FAE8	514,778.55 0.00	515,401.67 570.79	623.12	100.078	0.35%
360,000.000	JOHN DEERE CAPITAL CORP Mat: 6/22/20 Cpn: 1.95% Moody's: A2 S&P: A Fitch: A Tr Date: 6/19/17 St Date: 6/22/17	24422ETS8	359,780.40 0.00	360,147.57 175.50	367.17	100.041	0.25%
100,000.000	BANK OF AMERICA Mat: 11/9/20 Cpn: 2.15% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 11/4/16 St Date: 11/9/16	06051GGB9	100,000.00 0.00	99,557.00 310.70	(443.00)	99.557	0.07%
505,000.000	GOLDMAN SACHS Mat: 12/27/20 Cpn: 2.60% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/22/17 St Date: 3/27/17	38141GWG5	504,651.55 0.00	508,454.19 145.89	3,802.64	100.684	0.35%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
620,000.000	JPMORGAN CHASE FRN Mat: 6/1/21 Cpn: 1.88% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 5/23/17 St Date: 6/1/17	46647PAG1	620,000.00 0.00	621,200.94 972.25	1,200.94	100.194	0.43%
500,000.000	MORGAN STANLEY FRN Mat: 1/20/22 Cpn: 2.34% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/3/17 St Date: 3/8/17	61746BEE2	505,560.00 1,442.71	505,259.50 2,336.22	(300.50)	101.052	0.35%
390,000.000	WELLS FARGO FRN Mat: 2/11/22 Cpn: 2.11% Moody's: A2 S&P: A Fitch: AA- Tr Date: 2/6/17 St Date: 2/13/17	949746SP7	390,000.00 0.00	393,502.98 1,166.88	3,502.98	100.898	0.27%
510,000.000	CAPITAL ONE FINL FRN Mat: 3/9/22 Cpn: 2.17% Moody's: Baa1 S&P: BBB Fitch: A- Tr Date: 3/6/17 St Date: 3/9/17	14040HBM6	510,000.00 0.00	509,325.27 676.63	(674.73)	99.868	0.35%
510,000.000	CITIGROUP FRN Mat: 4/25/22 Cpn: 2.12% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 4/18/17 St Date: 4/25/17	172967LH2	510,000.00 0.00	513,193.11 2,008.65	3,193.11	100.626	0.35%
405,000.000	UNITED PARCEL SERVICE FRN Mat: 5/16/22 Cpn: 1.56% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/11/17 St Date: 5/16/17	911312BB1	405,000.00 0.00	406,661.31 807.07	1,661.31	100.410	0.28%
535,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 5/18/22 Cpn: 1.79% Moody's: A3 S&P: A Fitch: A Tr Date: 5/15/17 St Date: 5/18/17	55279HAM2	535,000.00 0.00	535,150.34 1,171.23	150.34	100.028	0.37%

**Total for Credit**
**43,404,834.29**  
**36,222.31**
**43,427,426.06**  
**189,675.36**
**22,591.77**
**29.83%**
**Mortgage-Backed**

110,538.446	FNA 2012-M9 ASQ2 CMBS Mat: 12/25/17 Cpn: 1.51% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/26/13 St Date: 5/1/13	3136A7L26	112,982.38 0.00	110,469.80 139.37	(2,512.58)	99.938	0.08%
1,859,684.020	FNA 2015-M7 ASQ2 CMBS Mat: 4/25/18 Cpn: 1.55% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/15/15 St Date: 4/30/15	3136ANJY4	1,878,274.17 2,322.02	1,857,963.81 2,402.09	(20,310.35)	99.908	1.27%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
235,099.687	FNA 2014-M8 FA 1MOFRN CMBS Mat: 5/25/18 Cpn: 1.29% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/11/14 St Date: 7/31/14	3136AKQJ5	235,036.68 78.76	235,137.30 251.93	100.62	100.016	0.16%
975,374.070	FHMS K704 A2 CMBS Mat: 8/25/18 Cpn: 2.41% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/2/14 St Date: 10/7/14	3137AH6Q6	999,377.42 392.10	982,445.53 1,960.50	(16,931.89)	100.725	0.67%
774,927.638	FNA 14-M1 ASQ2 CMBS Mat: 11/25/18 Cpn: 2.32% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/17/14 St Date: 1/30/14	3136AHUV0	787,694.22 1,414.76	781,505.22 1,500.13	(6,189.00)	100.849	0.54%
1,375,897.870	FHMS KP03 A2 CMBS Mat: 7/25/19 Cpn: 1.78% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/7/17 St Date: 6/12/17	3137BNN26	1,379,337.61 748.34	1,377,132.05 2,040.92	(2,205.56)	100.090	0.94%
198,563.450	FNMA #890170 10YR Mat: 9/1/19 Cpn: 4.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/3/14 St Date: 10/20/14	31410K6F6	210,601.36 471.59	203,429.45 744.61	(7,171.91)	102.451	0.14%
1,703,809.781	FNA 2015-M13 ASQ2 CMBS Mat: 9/25/19 Cpn: 1.65% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/7/15 St Date: 10/30/15	3136AQDQ0	1,720,871.56 2,259.15	1,703,951.20 2,337.06	(16,920.36)	100.008	1.17%
<b>Total for Mortgage-Backed</b>			<b>7,324,175.40 7,686.72</b>	<b>7,252,034.37 11,376.62</b>	<b>(72,141.03)</b>		<b>4.97%</b>

**Asset-Backed**

2,016,069.897	JOHN DEERE 2015-B A3 EQP Mat: 10/15/19 Cpn: 1.44% Moody's: Aaa S&P: Fitch: AAA Tr Date: 9/1/15 St Date: 9/9/15	47787WAC3	2,015,685.43 0.00	2,015,569.91 1,290.28	(115.52)	99.975	1.38%
1,850,000.000	JOHN DEERE 2016-A A3 EQP Mat: 4/15/20 Cpn: 1.36% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/23/16 St Date: 3/2/16	47788MAC4	1,849,708.81 0.00	1,846,159.40 1,118.22	(3,549.41)	99.792	1.26%
1,060,000.000	MERCEDES 2017-A A3 LEASE Mat: 4/15/20 Cpn: 1.79% Moody's: Aaa S&P: AAA Fitch: AAA Tr Date: 4/19/17 St Date: 4/26/17	58769DAD2	1,059,975.83 0.00	1,061,437.36 843.29	1,461.53	100.136	0.73%



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**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,150,000.000	BMW 2017-1 A3 LEASE Mat: 5/20/20 Cpn: 1.98% Moody's: Aaa S&P: Fitch: AAA Tr Date: 3/15/17 St Date: 3/22/17	055657AC4	1,149,867.87 0.00	1,153,594.75 695.75	3,726.88	100.313	0.79%
900,000.000	USAA 2016-1 A3 CAR Mat: 6/15/20 Cpn: 1.20% Moody's: Aaa S&P: AAA Fitch: Tr Date: 9/12/16 St Date: 9/21/16	90327CAC4	899,851.95 0.00	896,062.18 480.00	(3,789.77)	99.563	0.61%
1,155,000.000	BMW 2016-A A3 CAR Mat: 11/25/20 Cpn: 1.16% Moody's: Aaa S&P: Fitch: AAA Tr Date: 7/12/16 St Date: 7/20/16	05582QAD9	1,154,994.80 0.00	1,146,938.80 223.30	(8,056.00)	99.302	0.78%
1,360,000.000	CITI 2017-A2 A2 CDT Mat: 1/19/21 Cpn: 1.74% Moody's: Aaa S&P: AAA Fitch: Tr Date: 1/19/17 St Date: 1/26/17	17305EGA7	1,359,739.56 0.00	1,361,807.88 10,254.40	2,068.32	100.133	0.94%
1,069,000.000	TOYOTA 2017-A A3 CAR Mat: 2/16/21 Cpn: 1.73% Moody's: Aaa S&P: AAA Fitch: Tr Date: 3/7/17 St Date: 3/15/17	89238MAD0	1,068,874.18 0.00	1,069,065.26 821.94	191.08	100.006	0.73%
870,000.000	JOHN DEERE 2017-A A3 EQP Mat: 4/15/21 Cpn: 1.78% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/22/17 St Date: 3/2/17	47787XAC1	869,876.11 0.00	871,294.56 688.27	1,418.45	100.149	0.60%
1,080,000.000	SDART 2017-1 B CAR Mat: 6/15/21 Cpn: 2.10% Moody's: Aa1 S&P: AA Fitch: Tr Date: 2/23/17 St Date: 2/28/17	80284TAH8	1,079,917.16 0.00	1,078,371.24 1,008.00	(1,545.92)	99.849	0.74%
1,500,000.000	TOYOTA 2017-B A3 CAR Mat: 7/15/21 Cpn: 1.76% Moody's: Aaa S&P: AAA Fitch: Tr Date: 5/9/17 St Date: 5/17/17	89190BAD0	1,499,884.95 0.00	1,500,722.30 1,173.33	837.35	100.048	1.03%
1,240,000.000	HONDA 2017-1 A3 CAR Mat: 7/21/21 Cpn: 1.72% Moody's: Aaa S&P: Fitch: AAA Tr Date: 3/21/17 St Date: 3/28/17	43814TAC6	1,239,926.22 0.00	1,240,338.66 592.44	412.44	100.027	0.85%
1,200,000.000	AMEX 2017-4 A CDT Mat: 12/15/21 Cpn: 1.64% Moody's: S&P: AAA Fitch: AAA Tr Date: 5/22/17 St Date: 5/30/17	02582JHG8	1,199,807.76 0.00	1,199,408.40 874.67	(399.36)	99.951	0.82%



**CALOPTIMA - RESERVE ACCOUNT TIER ONE**

Portfolio 2481

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,340,000.000	CHASE 2017-A1 A CDT 1MOFRN Mat: 1/18/22 Cpn: 1.46% Moody's: S&P: AAA Fitch: AAA Tr Date: 1/30/17 St Date: 2/6/17	161571HJ6	1,340,000.00 0.00	1,346,098.34 868.85	6,098.34	100.455	0.92%
1,460,000.000	CITI 2017-A3 A3 CDT Mat: 4/7/22 Cpn: 1.92% Moody's: S&P: AAA Fitch: AAA Tr Date: 4/4/17 St Date: 4/11/17	17305EGB5	1,459,579.37 0.00	1,461,846.11 6,229.33	2,266.74	100.126	1.00%
<b>Total for Asset-Backed</b>			<b>19,247,690.00 0.00</b>	<b>19,248,715.14 27,162.08</b>	<b>1,025.14</b>		<b>13.18%</b>
<b>Grand Total</b>			<b>145,975,185.74 114,593.05</b>	<b>145,707,404.34 517,893.66</b>	<b>(267,781.40)</b>		<b>100.00%</b>



## CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>CASH &amp; CASH EQUIVALENTS</b>												
<b>CASH</b>												
06538NN78	BANK TOKYO-MITSUBIS	1.040	7/5/2017	7/5/2017	F1	2,600,000	2,600,000.000	.014	.014	1.038	1.78%	2,600,000.00
63873NDL2	NATIXIS NY INSTL C/	1.130	7/5/2017	7/5/2017	A-1	2,600,000	2,600,000.000	.014	.014	1.127	1.78%	2,600,000.00
89113WY26	TORONTO DOMINION BA	1.060	7/21/2017	7/21/2017	A-1+	2,000,000	1,999,843.180	.058	.057	1.193	1.37%	1,999,843.18
NA9123459	US DOLLARS	1.224	7/3/2017		Agency	4,155,356	4,155,355.710	0.000	-	1.224	2.85%	4,155,355.71
USD120030	USD INTEREST RECEIVABLE	-				504,612	0.000	-	-	-	.35%	504,612.14
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(3,313,351)	(3,313,351.410)	-	-	-	(2.27%)	(3,313,351.41)
<b>CASH TOTALS</b>							<b>8,041,847.480</b>					<b>8,546,459.62</b>
<b>CASH &amp; CASH EQUIVALENTS TOTALS</b>							<b>8,041,847.480</b>					<b>8,546,459.62</b>
<b>FIXED INCOME</b>												
<b>AGENCIES</b>												
3130A6LZ8	FEDERAL HOME LOAN BANKS	.625	10/26/2017	10/26/2017	Agency	2,875,000	2,873,630.960	.322	.321	1.093	1.97%	2,870,667.38
3130A62S5	FEDERAL HOME LOAN BANKS	.750	8/28/2017	8/28/2017	Agency	3,900,000	3,898,969.560	.161	.161	1.089	2.67%	3,897,858.90
3130A7CX1	FEDERAL HOME LOAN BANKS	.875	3/19/2018	3/19/2018	Agency	1,980,000	1,979,771.860	.719	.711	1.231	1.35%	1,974,958.92
3134G8L98	FEDERAL HOME LOAN MORTGAGE CORP	1.050	2/26/2018	2/26/2018	Agency	915,000	915,000.000	.656	.642	1.341	.63%	913,293.53
3137EADX4	FEDERAL HOME LOAN MORTGAGE CORP	1.000	12/15/2017	12/15/2017	Agency	3,110,000	3,109,121.690	.458	.457	1.167	2.13%	3,107,623.96
3137EADV8	FEDERAL HOME LOAN MORTGAGE CORP	.750	7/14/2017	7/14/2017	Agency	2,850,000	2,849,930.280	.039	.038	.994	1.95%	2,849,726.40
3135G0E58	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.125	10/19/2018	10/19/2018	Agency	2,000,000	1,998,300.130	1.303	1.286	1.366	1.37%	1,993,780.00
<b>AGENCIES TOTALS</b>							<b>17,624,724.480</b>					<b>17,607,909.09</b>
<b>ASSET BACKED</b>												
055657AC4	BMW VEHICLE LEASE TRUST	1.980	5/20/2020	9/20/2019	Aaa	670,000	672,991.390	1.904	1.855	1.806	.46%	672,260.85
05581RAD8	BMW VEHICLE LEASE TRUST 2016-1	1.340	1/22/2019	7/20/2018	Aaa	500,000	499,971.250	.658	.651	1.430	.34%	499,720.65
05582XAD4	BMW VEHICLE LEASE TRUST 2016-2	1.430	9/20/2019	3/20/2019	AAA	995,000	994,900.060	1.409	1.386	1.633	.68%	992,259.47
161571FT6	CHASE ISSUANCE TRUST	1.419	12/16/2019	12/15/2017	AAA	2,170,000	2,171,448.770	.464	.047	1.257	1.49%	2,172,334.70
161571GQ1	CHASE ISSUANCE TRUST	1.380	11/15/2019	11/15/2017	AAA	1,500,000	1,503,519.380	.375	.375	1.362	1.03%	1,500,122.25
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.712	1/21/2020	1/22/2018	Aaa	600,000	599,680.810	.556	.055	1.455	.41%	601,074.96
43814KAC5	HONDA AUTO RECEIVABLES 2015-1 OWNER TRUST	1.050	10/15/2018	2/15/2018	Aaa	1,418,697	1,418,697.200	.301	.300	1.354	.97%	1,417,419.38
477877AD6	JOHN DEERE OWNER TRUST 2014-B	1.070	11/15/2018	12/15/2017	Aaa	163,352	163,341.090	.233	.232	1.494	.11%	163,193.18
47787UAD5	JOHN DEERE OWNER TRUST 2015	1.320	6/17/2019	7/15/2018	Aaa	310,376	310,723.800	.451	.447	1.404	.21%	310,265.17
47787WAC3	JOHN DEERE OWNER TRUST 2015-B	1.440	10/15/2019	11/15/2018	Aaa	679,838	679,912.630	.608	.601	1.501	.47%	679,604.88
47787XAC1	JOHN DEERE OWNER TRUST 2017	1.780	4/15/2021	6/15/2020	Aaa	450,000	449,945.430	2.094	2.038	1.730	.31%	450,515.66
58769AAD8	MERCEDES BENZ AUTO LEASE TRUST 2015-B	1.340	7/16/2018	12/15/2017	AAA	340,866	341,262.800	.247	.246	1.423	.23%	340,800.17
58769DAD2	MERCEDES-BENZ AUTO LEASE TRUST 2017-A	1.790	4/15/2020	6/15/2019	AAA	1,405,000	1,404,969.750	1.686	1.649	1.732	.96%	1,406,488.32
58772PAD0	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2015-1	1.340	12/16/2019	11/15/2018	AAA	1,478,858	1,480,433.240	.621	.615	1.503	1.01%	1,477,414.21
65478QAD0	NISSAN AUTO LEASE TRUST 2016-A	1.490	3/15/2019	9/15/2018	Aaa	585,000	584,985.480	.968	.955	1.553	.40%	584,675.33
65479AAB8	NISSAN AUTO LEASE TRUST 2017-A	1.640	9/16/2019	5/15/2019	Aaa	1,800,000	1,799,907.090	1.428	1.402	1.679	1.23%	1,799,171.10
65474VAL5	NISSAN MASTER OWNER TRUST RECEIVABLES	1.540	6/15/2021	6/17/2019	Aaa	400,000	399,961.840	1.964	1.919	1.858	.27%	397,773.00
92867VAD2	VOLKSWAGEN AUTO LEASE TRUST	1.250	12/20/2017	7/20/2017	Aaa	98,336	98,333.300	.056	.054	1.376	.07%	98,329.15
<b>ASSET BACKED TOTALS</b>							<b>15,574,985.310</b>					<b>15,563,422.43</b>

## CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>CMBS</b>												
3136AK2A0	FANNIE MAE-ACES	2.171	9/25/2019	9/25/2019	Agency	200,000	203,062.760	2.173	2.109	1.728	.14%	201,628.18
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	472,616	473,363.360	.552	.550	1.405	.32%	472,289.40
3136A7L26	FANNIE MAE-ACES	1.513	12/25/2017	7/25/2017	Agency	127,056	127,225.110	.069	.068	1.108	.09%	126,963.23
3137AME52	FHLMC MULTICLASS	1.891	12/25/2020	11/25/2019	Agency	368,765	371,505.220	1.227	1.201	1.617	.25%	369,549.30
3137AH6Q6	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	829,068	838,655.640	.992	.973	1.541	.57%	834,874.75
<b>CMBS TOTALS</b>							<b>2,013,812.090</b>					<b>2,005,304.86</b>
<b>CMOS</b>												
31394GB77	FREDDIE MAC REMICS	4.500	7/15/2018	6/15/2018	Agency	206,211	209,004.620	.417	.412	2.040	.14%	207,956.21
31393WN47	FREDDIE MAC REMICS	4.500	7/15/2018	7/15/2018	Agency	225,463	228,537.010	.426	.423	(1.226)	.16%	230,598.66
31393WV82	FREDDIE MAC REMICS	4.500	7/15/2018	7/15/2018	Agency	567,197	575,179.630	.449	.445	(.945)	.40%	580,112.80
<b>CMOS TOTALS</b>							<b>1,012,721.260</b>					<b>1,018,667.67</b>
<b>CORPORATES</b>												
0258M0EF2	AMERICAN EXPRESS CREDIT CORP	1.648	3/3/2020	3/3/2020	A2	835,000	835,000.000	2.681	.187	1.663	.57%	836,865.39
0258M0EJ4	AMERICAN EXPRESS CREDIT CORP	1.502	5/3/2019	5/3/2019	A2	325,000	325,000.000	1.756	.117	1.463	.22%	325,923.98
0258M0DZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	1,867,000	1,879,325.740	1.347	1.306	1.757	1.28%	1,869,906.92
031162CN8	AMGEN INC	1.632	5/11/2020	5/11/2020	Baa1	565,000	565,000.000	2.867	.122	1.647	.39%	566,961.68
037833BR0	APPLE INC	2.006	2/22/2019	2/22/2019	Aa1	425,000	428,388.120	1.653	.157	1.363	.29%	430,361.38
06050TLY6	BANK OF AMERICA NA	1.650	3/26/2018	3/26/2018	A+	1,800,000	1,801,367.670	.739	.728	1.559	1.23%	1,801,189.80
05531FAQ6	BB&T CORP	2.250	2/1/2019	2/1/2019	A2	580,000	588,170.320	1.506	1.503	1.853	.40%	583,402.86
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	1,420,000	1,441,956.230	2.503	2.453	2.042	.98%	1,432,352.58
084664CP4	BERKSHIRE HATHAWAY FINANCE CORP	1.408	1/11/2019	1/11/2019	Aa2	500,000	500,577.330	1.531	.032	1.404	.34%	501,281.50
09062XAB9	BIOGEN IDEC INC SR	6.875	3/1/2018	3/1/2018	Baa1	805,000	832,965.520	.669	.648	1.768	.57%	832,211.42
07330NAP0	BRANCH BANKING & TRUST CO	1.608	1/15/2020	1/15/2020	A1	790,000	790,000.000	2.542	.052	1.661	.54%	792,261.77
14040HBQ7	CAPITAL ONE FINANCIAL CORP	1.941	5/12/2020	5/12/2020	Baa1	620,000	620,000.000	2.783	.164	1.878	.43%	623,028.08
14912L6M8	CATERPILLAR FINANCIAL SERVICES CORP	1.800	11/13/2018	11/13/2018	A	810,000	812,323.900	1.369	1.349	1.645	.56%	811,684.80
17325FAD0	CITIBANK NA	1.728	6/12/2020	6/12/2020	A+	400,000	400,000.000	2.956	.208	1.733	.27%	401,018.80
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	BBB+	2,055,000	2,056,054.530	.597	.594	1.671	1.41%	2,056,557.69
17401QAC5	CITIZENS BANK NA/PROVIDENCE RI	2.300	12/3/2018	12/3/2018	BBB+	1,100,000	1,106,740.420	1.339	1.355	2.030	.76%	1,103,962.20
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A2	470,000	497,876.040	2.831	2.674	2.094	.34%	494,553.74
207597ED3	CONNECTICUT LIGHT & POWER CO/THE	5.650	5/1/2018	5/1/2018	A+	890,000	920,039.780	.836	.816	1.652	.63%	919,402.04
209111ET6	CONSOLIDATED EDISON CO OF NEW YORK INC	5.850	4/1/2018	4/2/2018	A-	1,100,000	1,135,341.160	.753	.737	1.624	.78%	1,134,609.30
254010AC5	DIGNITY HEALTH	2.637	11/1/2019	11/1/2019	A	620,000	627,542.260	2.336	2.257	2.124	.43%	627,198.82
26442CAD6	DUKE ENERGY CAROLINAS LLC	5.100	4/15/2018	4/16/2018	A	1,050,000	1,083,315.630	.792	.777	1.655	.74%	1,078,310.10
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	1,050,000	1,050,481.080	.661	.651	1.659	.72%	1,048,553.10
31677QBD0	FIFTH THIRD BANK/CINCINNATI OH	2.150	8/20/2018	8/20/2018	A-	250,000	249,976.960	1.056	1.061	1.746	.17%	251,050.50
38147MAA3	GOLDMAN SACHS GROUP INC/THE	2.900	7/19/2018	7/19/2018	A3	1,750,000	1,771,175.250	1.053	1.024	1.805	1.21%	1,769,876.50
38145GAK6	GOLDMAN SACHS GROUP INC/THE	2.036	12/13/2019	12/13/2019	A3	500,000	500,000.000	2.458	.214	1.878	.34%	502,952.00
446438RR6	HUNTINGTON NATIONAL BANK/THE	2.200	11/6/2018	11/6/2018	A3	1,310,000	1,318,643.270	1.264	1.289	1.981	.90%	1,313,622.15
24422ESF7	JOHN DEERE CAPITAL CORP	1.950	12/13/2018	12/13/2018	A	980,000	985,219.000	1.453	1.430	1.600	.67%	984,900.00
46647PAG1	JPMORGAN CHASE & CO	1.882	6/1/2021	6/1/2021	A-	1,340,000	1,340,039.400	3.844	.180	1.966	.92%	1,341,854.56
46623EKD0	JPMORGAN CHASE & CO	1.700	3/1/2018	3/1/2018	A-	700,000	701,131.270	.586	.613	1.640	.48%	700,241.50
49327M2A1	KEYBANK NA/CLEVELAND OH	1.650	2/1/2018	2/1/2018	A-	1,450,000	1,451,971.440	.586	.584	1.538	.99%	1,450,941.05
49327M2P8	KEYBANK NA/CLEVELAND OH	1.600	8/22/2019	8/22/2019	A-	600,000	594,450.120	2.144	2.089	1.954	.41%	595,554.00

## CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>CORPORATES (Continued)</b>												
55279HAA8	MANUFACTURERS & TRADERS TRUST CO	1.450	3/7/2018	3/7/2018	A	800,000	800,785.840	.686	.677	1.493	.55%	799,761.60
59156RAR9	METLIFE INC	6.817	8/15/2018	8/15/2018	A-	435,000	458,643.420	1.125	1.071	1.778	.31%	459,293.88
617446V71	MORGAN STANLEY	6.250	8/28/2017	8/28/2017	A3	275,000	279,247.660	.161	.161	1.878	.19%	276,913.73
61746BDY9	MORGAN STANLEY	2.545	2/1/2019	2/1/2019	A3	770,000	777,393.630	1.589	.101	1.744	.54%	781,659.34
61746BEH5	MORGAN STANLEY	1.982	2/14/2020	2/14/2020	A3	690,000	690,000.000	1.625	.128	1.870	.47%	692,829.00
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	1,080,000	1,103,914.370	2.958	2.850	2.120	.74%	1,087,093.44
65339KAJ9	NEXTERA ENERGY CAPITAL HOLDINGS INC	1.649	9/1/2018	9/4/2018	BBB+	825,000	824,212.520	1.169	1.160	1.911	.56%	822,506.85
69353RER5	PNC BANK NA	1.850	7/20/2018	7/20/2018	A	950,000	951,197.810	.967	.997	1.739	.65%	951,083.95
69353RFD5	PNC BANK NA	1.538	5/19/2020	5/19/2020	A	545,000	545,000.000	2.889	.142	1.591	.37%	546,350.51
842434CN0	SOUTHERN CALIFORNIA GAS CO	1.550	6/15/2018	6/15/2018	AA-	410,000	409,872.680	.958	.948	1.555	.28%	409,981.55
86787EAS6	SUNTRUST BANK/ATLANTA GA	1.702	1/31/2020	1/31/2020	A-	1,000,000	1,000,000.000	2.506	.094	1.592	.69%	1,006,386.00
867914BF9	SUNTRUST BANKS INC	2.350	11/1/2018	11/1/2018	BBB+	200,000	201,402.270	1.253	1.257	1.865	.14%	201,194.20
90331HMU4	US BANK NA/CINCINNATI OH	1.450	1/29/2018	1/29/2018	AA-	1,505,000	1,505,970.070	.494	.542	1.385	1.03%	1,505,534.28
90331HMQ3	US BANK NA/CINCINNATI OH	1.350	1/26/2018	1/26/2018	AA-	650,000	649,678.090	.572	.553	1.438	.44%	649,673.05
927804FM1	VIRGINIA ELECTRIC & POWER CO	1.200	1/15/2018	1/16/2018	A2	725,000	723,543.320	.542	.540	1.551	.50%	723,631.20
94974BFV7	WELLS FARGO & CO	1.613	4/22/2019	4/22/2019	A	1,000,000	998,152.160	1.811	.065	1.528	.69%	1,004,509.00
94988J5E3	WELLS FARGO BANK NA	1.792	5/24/2019	5/24/2019	Aa2	415,000	415,809.530	1.903	.158	1.469	.29%	418,466.50
971807AD4	WILMINGTON TRUST CORP	8.500	4/2/2018	4/2/2018	A3	415,000	434,264.930	.756	.731	2.213	.30%	434,416.61
<b>CORPORATES TOTALS</b>							<b>41,979,160.740</b>					<b>41,953,874.90</b>
<b>MORTGAGES</b>												
31374CNE2	FANNIE MAE POOL	5.000	5/1/2019	4/25/2018	Agency	206,981	210,623.270	.418	.415	(1.512)	.15%	211,956.85
31402DPU8	FANNIE MAE POOL	5.000	11/1/2019	7/25/2019	Agency	185,114	188,566.720	.946	.923	1.300	.13%	190,923.91
31403CYQ8	FANNIE MAE POOL	5.500	12/1/2019	5/25/2019	Agency	86,702	89,627.420	.880	.858	1.842	.06%	89,148.14
3128M1B99	FREDDIE MAC GOLD POOL	5.000	4/1/2021	7/15/2020	Agency	98,015	101,039.860	1.322	1.273	1.820	.07%	101,879.32
<b>MORTGAGES TOTALS</b>							<b>589,857.270</b>					<b>593,908.22</b>
<b>MUNICIPALS</b>												
032556BZ4	ANAHEIM HOUSING & PUBLIC IMPROVEMENTS AUTHORITY	1.304	10/1/2019	10/1/2019	AA-	1,410,000	1,410,000.000	2.253	2.204	1.859	.95%	1,392,812.10
13034PZF7	CALIFORNIA HOUSING FINANCE AGENCY	2.300	8/1/2020	8/3/2020	A1	1,000,000	1,000,000.000	3.086	2.979	2.344	.68%	998,670.00
13034PYC5	CALIFORNIA HOUSING FINANCE AGENCY	1.594	2/1/2018	2/1/2018	A1	1,000,000	1,000,000.000	.586	.584	1.511	.69%	1,000,480.00
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	695,000	708,948.100	3.336	3.196	1.869	.48%	705,355.50
544445AY5	CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS	1.750	5/15/2019	5/15/2019	AA	600,000	600,000.000	1.875	1.834	1.908	.41%	598,254.00
769036AY0	CITY OF RIVERSIDE CA	1.625	6/1/2019	6/3/2019	AA-	1,450,000	1,441,954.490	1.919	1.887	1.994	.99%	1,439,966.00
190335HF9	COAST COMMUNITY COLLEGE DISTRICT	1.556	8/1/2021	8/2/2021	Aa1	585,000	585,000.000	4.086	3.915	2.088	.39%	572,872.95
544587B80	MUNICIPAL IMPROVEMENT CORP OF LOS ANGELES	1.924	11/1/2017	11/1/2017	A+	1,100,000	1,103,378.790	.336	.337	1.429	.75%	1,101,804.00
842477TV3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	2.029	7/1/2020	7/1/2020	AA-	600,000	611,830.520	3.003	2.876	1.910	.41%	602,082.00
13066YTY5	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES POWER SUPPLY REVENUE	1.713	5/1/2021	5/3/2021	Aa1	1,166,577	1,166,577.400	3.530	3.399	1.791	.80%	1,163,485.97

## CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>MUNICIPALS (Continued)</b>												
93265PBQ1	WALNUT ENERGY CENTER AUTHORITY	4.650	1/1/2018	1/2/2018	A+	1,000,000	1,017,348.620	.503	.495	1.703	.70%	1,014,690.00
<b>MUNICIPALS TOTALS</b>							<b>10,645,037.920</b>					<b>10,590,472.52</b>
<b>SOVEREIGN DEBT</b>												
45950KCA6	INTERNATIONAL FINANCE CORP	1.750	9/4/2018	9/4/2018	Aaa	2,500,000	2,522,515.080	1.178	1.159	1.433	1.72%	2,509,195.00
<b>SOVEREIGN DEBT TOTALS</b>							<b>2,522,515.080</b>					<b>2,509,195.00</b>
<b>US TREASURIES</b>												
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	3,654,245	3,699,130.950	2.792	2.765	1.584	2.51%	3,659,868.88
912828WT3	UNITED STATES TREASURY NOTE/BOND	.875	7/15/2017	7/17/2017	Govt	3,300,000	3,299,871.100	.041	.046	.872	2.26%	3,300,000.00
912828H37	UNITED STATES TREASURY NOTE/BOND	.875	1/15/2018	1/16/2018	Govt	3,750,000	3,744,835.290	.541	.542	1.165	2.56%	3,744,135.00
912828L40	UNITED STATES TREASURY NOTE/BOND	1.000	9/15/2018	9/17/2018	Govt	4,563,000	4,575,604.150	1.209	1.200	1.313	3.11%	4,545,888.75
912828VA5	UNITED STATES TREASURY NOTE/BOND	1.125	4/30/2020	4/30/2020	Govt	4,435,000	4,399,684.000	2.834	2.769	1.523	3.00%	4,386,144.04
912828VK3	UNITED STATES TREASURY NOTE/BOND	1.375	6/30/2018	7/2/2018	Govt	2,750,000	2,758,708.680	1.000	.995	1.288	1.89%	2,752,362.25
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	6,100,000	6,270,035.690	3.168	3.037	1.602	4.25%	6,198,173.40
912828QQ6	UNITED STATES TREASURY NOTE/BOND	2.375	5/31/2018	5/31/2018	Govt	1,425,000	1,440,671.580	.918	.906	1.318	.99%	1,438,692.83
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	13,300,000	13,315,117.780	2.500	2.456	1.462	9.03%	13,190,381.40
912828UR9	UNITED STATES TREASURY NOTE/BOND	.750	2/28/2018	2/28/2018	Govt	2,400,000	2,400,000.000	.668	.659	1.209	1.64%	2,392,687.20
<b>US TREASURIES TOTALS</b>							<b>45,903,659.220</b>					<b>45,608,333.75</b>
<b>FIXED INCOME TOTALS</b>							<b>137,866,473.370</b>					<b>137,451,088.44</b>
<b>PORTFOLIO TOTALS</b>							<b>145,908,320.850</b>					<b>145,997,548.06</b>

WELLS CAPITAL - TIER 1  
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HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
AMERICAN EXPRESS CREDIT CORP	AXP	0258M0EK1	US0258M0EK14	0258M0EK1	0.69%	\$1,002,940.83
AMERICAN HONDA FINANCE CORP	HNDA	02665WAC5	US02665WAC55	02665WAC5	1.19%	\$1,739,278.19
APPLE INC	AAPL	037833CK4	US037833CK41	037833CK4	0.95%	\$1,388,758.86
BANK OF AMERICA NA	BAC	06050TME9	US06050TME90	06050TME9	1.52%	\$2,213,203.67
BANK OF NEW YORK MELLON CORP	BK	06406HCU1	US06406HCU14	06406HCU1	0.73%	\$1,061,675.07
BERKSHIRE HATHAWAY FINANCE CORP	BRK	084664CK5	US084664CK54	084664CK5	1.03%	\$1,496,476.67
BMWLT 171 A3	BMWLT	055657AC4	US055657AC48	055657AC4	0.41%	\$602,387.64
BMWOT 16A A3	BMWOT	05582QAD9	US05582QAD97	05582QAD9	0.74%	\$1,083,001.15
BRANCH BANKING AND TRUST CO	BBT	07330NAL9	US07330NAL91	07330NAL9	1.50%	\$2,187,429.57
CALIFORNIA ST	CA	13063DAB4	US13063DAB47	13063DAB4	1.37%	\$2,003,824.00
CAPITAL ONE NA	COF	14042RBS9	US14042RBS94	14042RBS9	0.96%	\$1,395,931.60
Cash	---	CCYUSD	---	CCYUSD	0.01%	\$15,000.15
CCCIT 16A1 A1	CCCIT	17305EFW0	US17305EFW03	17305EFW0	1.30%	\$1,902,187.03
CHEVRON CORP	CVX	166764BH2	US166764BH21	166764BH2	1.30%	\$1,898,172.68
CISCO SYSTEMS INC	CSCO	17275RAU6	US17275RAU68	17275RAU6	0.21%	\$300,815.50
CITIBANK NA	C	17325FAE8	US17325FAE88	17325FAE8	0.58%	\$851,216.63
CITIGROUP INC	C	172967HN4	US172967HN46	172967HN4	0.08%	\$113,735.09
COAST CMNTY COLLEGE DIST CALIF	CA	190335JD2	US190335JD27	190335JD2	1.00%	\$1,458,825.51
COCA-COLA CO	KO	191216BV1	US191216BV17	191216BV1	1.09%	\$1,595,590.44
CREDIT SUISSE AG (NEW YORK BRANCH)	CS	22546QAV9	US22546QAV95	22546QAV9	0.86%	\$1,253,692.78
E I DU PONT DE NEMOURS AND CO	DD	263534CL1	US263534CL10	263534CL1	0.35%	\$504,516.28
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EGJ48	US3133EGJ480	3133EGJ48	1.02%	\$1,491,159.75
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EGW92	US3133EGW921	3133EGW92	1.03%	\$1,499,116.50
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EHEZ2	US3133EHEZ20	3133EHEZ2	2.06%	\$3,008,759.33
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EHFL2	US3133EHFL25	3133EHFL2	0.69%	\$1,000,990.33
FEDERAL HOME LOAN BANKS	FHLB	313376BR5	US313376BR50	313376BR5	2.41%	\$3,521,750.36
FEDERAL HOME LOAN BANKS	FHLB	313379EE5	US313379EE59	313379EE5	1.34%	\$1,958,124.40
FEDERAL HOME LOAN BANKS	FHLB	3130A0JR2	US3130A0JR23	3130A0JR2	3.15%	\$4,600,055.25
FEDERAL HOME LOAN BANKS	FHLB	313383HU8	US313383HU84	313383HU8	1.17%	\$1,707,345.04
FEDERAL HOME LOAN BANKS	FHLB	3130A8BD4	US3130A8BD45	3130A8BD4	1.36%	\$1,991,737.22
FEDERAL HOME LOAN BANKS	FHLB	3130A9EP2	US3130A9EP21	3130A9EP2	1.02%	\$1,488,721.33
FEDERAL HOME LOAN BANKS	FHLB	3130ABF92	US3130ABF921	3130ABF92	2.06%	\$3,002,404.58
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G9Q75	US3134G9Q755	3134G9Q75	0.34%	\$499,725.97
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0E58	US3135G0E585	3135G0E58	1.37%	\$1,998,280.00
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0P49	US3135G0P490	3135G0P49	0.68%	\$993,646.67
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0R39	US3135G0R397	3135G0R39	2.38%	\$3,467,737.39
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0T29	US3135G0T294	3135G0T29	0.57%	\$827,065.80
FIDELITY INST : GOV PT CL I MMF	FIGXX	316175108	US3161751082	316175108	0.07%	\$95,475.33
FIFTH THIRD BANK	FITB	31677QBD0	US31677QBD07	31677QBD0	0.17%	\$253,006.40
FIFTH THIRD BANK (OHIO)	FITB	31677QBH1	US31677QBH11	31677QBH1	0.34%	\$497,243.53
FREDDIE MAC	FHLMC	3137EAE5	US3137EAE51	3137EAE5	1.03%	\$1,508,990.00
GEORGIA POWER CO	SO	373334KG5	US373334KG57	373334KG5	1.31%	\$1,906,616.86
GOLDMAN SACHS GROUP INC	GS	38145XAA1	US38145XAA19	38145XAA1	0.98%	\$1,429,565.78
HAROT 163 A3	HAROT	438124AC3	US438124AC33	438124AC3	1.23%	\$1,790,665.36
HAWAII ST	HI	419792SM9	US419792SM99	419792SM9	1.69%	\$2,464,160.56
HDMOT 16A A3	HDMOT	41284DAC6	US41284DAC65	41284DAC6	1.36%	\$1,991,361.71
HSBC USA INC (NEW)	HSBC	40428HPJ5	US40428HPJ58	40428HPJ5	1.53%	\$2,236,684.82
INTEL CORP	INTC	458140AQ3	US458140AQ35	458140AQ3	1.06%	\$1,540,848.67
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0CX4	US4581X0CX43	4581X0CX4	1.03%	\$1,501,439.96
INTERCONTINENTALEXCHANGE INC	ICE	45866FAB0	US45866FAB04	45866FAB0	0.35%	\$507,288.89



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JDOT 16B A3	JDOT	47788NAC2	US47788NAC20	47788NAC2	0.68%	\$996,107.56
JOHN DEERE CAPITAL CORP	DE	24422ETJ8	US24422ETJ81	24422ETJ8	0.68%	\$990,150.22
JPMORGAN CHASE & CO	JPM	46625HQU7	US46625HQU76	46625HQU7	1.44%	\$2,108,474.55
LOS ANGELES CALIF WASTEWATER SYS REV	CA	53945CGW4	US53945CGW47	53945CGW4	0.80%	\$1,163,298.49
MANUFACTURERS AND TRADERS TRUST CO	MTB	55279HAG5	US55279HAG56	55279HAG5	0.97%	\$1,423,121.00
MARIN CALIF CMNTY COLLEGE DIST	CA	56781RGL5	US56781RGL50	56781RGL5	0.34%	\$503,435.42
MBART 161 A3	MBART	58769BAD6	US58769BAD64	58769BAD6	1.36%	\$1,991,433.60
MICROSOFT CORP	MSFT	594918BF0	US594918BF05	594918BF0	0.24%	\$355,179.43
MORGAN STANLEY	MS	61746BDX1	US61746BDX10	61746BDX1	0.77%	\$1,118,576.07
MUFG UNION BANK NA	UNBC	90521APJ1	US90521APJ15	90521APJ1	1.25%	\$1,820,029.19
NALT 17A A3	NALT	65479AAD4	US65479AAD46	65479AAD4	0.51%	\$749,095.70
NAROT 16C A3	NAROT	65478WAD7	US65478WAD74	65478WAD7	0.85%	\$1,241,644.56
OREGON ST DEPT ADMINISTRATIVE SVCS LOTTERY REV	OR	68607VS71	US68607VS710	68607VS71	0.69%	\$1,004,167.00
PNC BANK NA	PNC	69353RFC7	US69353RFC79	69353RFC7	1.37%	\$2,001,574.67
QUALCOMM INC	QCOM	747525AP8	US747525AP86	747525AP8	0.16%	\$226,487.85
Receivable	---	CCYUSD	---	CCYUSD	0.00%	\$101.60
SAN DIEGO CNTY CALIF PENSION OBLIG	CA	797398DH4	US797398DH41	797398DH4	1.13%	\$1,648,828.33
SAN FRANCISCO CALIF CITY & CNTY REDEV AGY SUCCESSO	CA	79770GFF8	US79770GFF81	79770GFF8	0.17%	\$250,996.39
SAN FRANCISCO CALIF CITY & CNTY REDEV AGY SUCCESSO	CA	79770GFG6	US79770GFG64	79770GFG6	0.41%	\$603,132.07
SMAT 162US A3A	SMAT	83191GAD1	US83191GAD16	83191GAD1	1.42%	\$2,076,004.35
SOUTHERN CALIF PUB PWR AUTH REV	CA	84247PHT1	US84247PHT12	84247PHT1	1.74%	\$2,538,814.80
TAOT 16B A3	TAOT	89231UAD9	US89231UAD90	89231UAD9	0.48%	\$698,443.95
TAOT 16C A3	TAOT	89237WAD9	US89237WAD92	89237WAD9	0.82%	\$1,193,891.00
TAOT 16D A3	TAOT	89231LAD9	US89231LAD91	89231LAD9	0.20%	\$298,238.09
TOYOTA MOTOR CREDIT CORP	TOYOTA	89236TDE2	US89236TDE29	89236TDE2	1.30%	\$1,891,536.34
UNITED STATES TREASURY	UST	912828RH5	US912828RH57	912828RH5	1.38%	\$2,007,694.57
UNITED STATES TREASURY	UST	912828ST8	US912828ST86	912828ST8	1.51%	\$2,199,218.95
UNITED STATES TREASURY	UST	912828A75	US912828A750	912828A75	1.37%	\$2,004,457.52
UNITED STATES TREASURY	UST	912828XK1	US912828XK13	912828XK1	3.37%	\$4,923,333.39
UNITED STATES TREASURY	UST	912828L40	US912828L401	912828L40	3.12%	\$4,558,280.98
UNITED STATES TREASURY	UST	912828Q52	US912828Q525	912828Q52	3.40%	\$4,965,454.24
UNITED STATES TREASURY	UST	912828R44	US912828R440	912828R44	4.21%	\$6,149,529.07
UNITED STATES TREASURY	UST	912828T83	US912828T834	912828T83	2.72%	\$3,974,118.35
UNITED STATES TREASURY	UST	912828XS4	US912828XS49	912828XS4	0.68%	\$998,636.74
UNITED TECHNOLOGIES CORP	UTX	913017CM9	US913017CM98	913017CM9	1.03%	\$1,507,085.00
UNIVERSITY CALIF REVS	CA	91412GSB2	US91412GSB22	91412GSB2	1.04%	\$1,518,945.00
US BANK NA	USB	90331HML4	US90331HML41	90331HML4	1.39%	\$2,022,313.50
USAOT 161 A3	USAOT	90327CAC4	US90327CAC47	90327CAC4	1.20%	\$1,744,681.81
WALT DISNEY CO	DIS	25468PDL7	US25468PDL76	25468PDL7	0.44%	\$643,010.32
YUBA CALIF LEVEE FING AUTH REV	CA	988211BL1	US988211BL13	988211BL1	0.69%	\$1,006,486.67

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>CASH &amp; CASH EQUIVALENTS</b>												
<b>CASH</b>												
06538NN78	BANK TOKYO-MITSUBIS	1.040	7/5/2017	7/5/2017	F1	600,000	600,000.000	.014	.014	1.038	.62%	600,000.00
63873NDL2	NATIXIS NY INSTL C/	1.130	7/5/2017	7/5/2017	A-1	1,500,000	1,500,000.000	.014	.014	1.127	1.55%	1,500,000.00
NA9123459	US DOLLARS	1.224	7/3/2017		Agency	1,653,578	1,653,578.240	0.000	-	1.224	1.71%	1,653,578.24
USD120030	USD INTEREST RECEIVABLE	-				456,117	0.000	-	-	-	.47%	456,116.51
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(1,204,855)	(1,204,855.060)	-	-	-	(1.24%)	(1,204,855.06)
<b>CASH TOTALS</b>							<b>2,548,723.180</b>					<b>3,004,839.69</b>
<b>CASH &amp; CASH EQUIVALENTS TOTALS</b>							<b>2,548,723.180</b>					<b>3,004,839.69</b>
<b>FIXED INCOME</b>												
<b>AGENCIES</b>												
3137EAC5	FEDERAL HOME LOAN MORTGAGE CORP	3.750	3/27/2019	3/27/2019	Agency	1,425,000	1,471,147.130	1.742	1.674	1.397	1.53%	1,482,484.50
<b>AGENCIES TOTALS</b>							<b>1,471,147.130</b>					<b>1,482,484.50</b>
<b>ASSET BACKED</b>												
05522RCT3	BA CREDIT CARD TRUST	1.489	6/15/2020	1/16/2018	AAA	1,250,000	1,248,986.180	.547	.047	1.283	1.29%	1,251,993.00
05582XAD4	BMW VEHICLE LEASE TRUST 2016-2	1.430	9/20/2019	3/20/2019	AAA	710,000	709,929.910	1.409	1.386	1.633	.73%	708,044.45
17305EFF7	CITIBANK CREDIT CARD ISSUANCE TRUST	1.547	9/10/2020	9/10/2018	Aaa	1,040,000	1,040,308.710	1.194	.029	1.366	1.08%	1,043,890.74
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.712	1/21/2020	1/22/2018	Aaa	430,000	429,741.120	.556	.055	1.455	.44%	430,770.39
47787XAC1	JOHN DEERE OWNER TRUST 2017	1.780	4/15/2021	6/15/2020	Aaa	300,000	299,963.610	2.094	2.038	1.730	.31%	300,343.77
58769AAD8	MERCEDES BENZ AUTO LEASE TRUST 2015-B	1.340	7/16/2018	12/15/2017	AAA	891,801	892,009.250	.247	.246	1.423	.92%	891,628.36
58769DAD2	MERCEDES-BENZ AUTO LEASE TRUST 2017-A	1.790	4/15/2020	6/15/2019	AAA	935,000	934,980.000	1.686	1.649	1.732	.97%	935,990.45
65479AAB8	NISSAN AUTO LEASE TRUST 2017-A	1.640	9/16/2019	5/15/2019	Aaa	1,200,000	1,199,938.200	1.428	1.402	1.679	1.24%	1,199,447.40
65475WAD0	NISSAN AUTO RECEIVABLES 2015-B OWNER TRUST	1.340	3/16/2020	2/15/2019	Aaa	815,000	814,307.070	.705	.697	1.542	.84%	813,877.58
<b>ASSET BACKED TOTALS</b>							<b>7,570,164.050</b>					<b>7,575,986.14</b>
<b>CMBS</b>												
3136A7L26	FANNIE MAE-ACES	1.513	12/25/2017	7/25/2017	Agency	330,345	330,179.310	.069	.068	1.108	.34%	330,104.42
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	671,329	669,728.060	.552	.550	1.405	.69%	670,865.57
3137AH6Q6	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	585,224	589,906.010	.992	.973	1.541	.61%	589,323.34
<b>CMBS TOTALS</b>							<b>1,589,813.380</b>					<b>1,590,293.33</b>
<b>CMOS</b>												
31393BF91	FANNIE MAE REMICS	5.000	5/25/2018	4/25/2018	Agency	21,234	21,067.060	.364	.362	(.906)	.02%	21,621.35
31392GPN9	FANNIE MAE REMICS	5.000	1/25/2018	12/25/2017	Agency	18,442	18,202.790	.242	.241	2.236	.02%	18,503.79
31396YXB3	FANNIE MAE REMICS	4.000	12/25/2018	5/25/2018	Agency	41,770	41,447.310	.455	.450	1.751	.04%	42,085.12
31398GZS1	FANNIE MAE REMICS	2.500	12/25/2018	7/25/2018	Agency	31,447	31,317.620	.433	.429	1.889	.03%	31,478.43
31398M5L6	FANNIE MAE REMICS	3.750	8/25/2018	7/25/2018	Agency	55,220	55,206.950	.501	.495	1.542	.06%	55,690.18
3137A1LC5	FREDDIE MAC REMICS	2.000	8/15/2020	12/15/2019	Agency	118,986	119,062.890	1.141	1.119	1.729	.12%	119,264.7
31398VUA2	FREDDIE MAC REMICS	2.000	3/15/2019	1/15/2019	Agency	244,874	244,333.660	.582	.574	1.858	.25%	8
31398WLZ5	FREDDIE MAC REMICS	2.000	11/15/2018	10/15/2018	Agency	22,961	22,882.680	.364	.361	1.913	.02%	244,894.9
31393GWV2	FREDDIE MAC REMICS	5.000	12/15/2017	12/15/2017	Agency	18,067	18,111.220	.225	.224	2.033	.02%	9
31393NDD8	FREDDIE MAC REMICS	5.000	3/15/2018	3/15/2018	Agency	17,089	16,942.170	.309	.307	(.381)	.02%	22,950.55
												18,152.68
												17,339.60

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>CMOS (Continued)</b>												
62888WAA4	NON GUARANTEED NOT V	1.552	12/8/2020	11/5/2020	Aaa	465,698	467,033.140	2.315	.097	1.574	.48%	468,237.60
<b>CMOS TOTALS</b>							<b>1,055,607.490</b>					<b>1,060,219.07</b>
<b>CORPORATES</b>												
0258M0DZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	440,000	439,984.560	1.347	1.306	1.757	.45%	440,685.08
0258M0EF2	AMERICAN EXPRESS CREDIT CORP	1.648	3/3/2020	3/3/2020	A2	555,000	555,000.000	2.681	.187	1.663	.57%	556,239.87
0258M0DP1	AMERICAN EXPRESS CREDIT CORP	2.250	8/15/2019	8/15/2019	A2	650,000	649,486.080	2.125	2.055	1.834	.68%	655,599.10
0258M0EJ4	AMERICAN EXPRESS CREDIT CORP	1.502	5/3/2019	5/3/2019	A2	215,000	215,000.000	1.756	.117	1.463	.22%	215,611.25
03076CAE6	AMERIPRISE FINANCIAL INC	5.300	3/15/2020	3/16/2020	A3	605,000	649,892.260	2.708	2.512	2.190	.67%	654,199.21
031162CN8	AMGEN INC	1.632	5/11/2020	5/11/2020	Baa1	375,000	375,000.000	2.867	.122	1.647	.39%	376,302.00
037833BR0	APPLE INC	2.006	2/22/2019	2/22/2019	Aa1	385,000	385,000.000	1.653	.157	1.363	.40%	389,856.78
060505DP6	BANK OF AMERICA CORP	5.750	12/1/2017	12/1/2017	BBB+	1,200,000	1,218,888.360	.419	.419	1.679	1.26%	1,220,307.60
05531FAU7	BB&T CORP	2.625	6/29/2020	6/29/2020	A2	850,000	858,516.770	2.911	2.835	2.024	.89%	864,432.15
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	750,000	759,547.660	2.503	2.453	2.042	.78%	756,524.25
084664CD1	BERKSHIRE HATHAWAY FINANCE CORP	1.456	1/12/2018	1/12/2018	Aa2	445,000	444,901.850	.544	.038	1.333	.46%	445,617.66
09062XAB9	BIOGEN IDEC INC SR	6.875	3/1/2018	3/1/2018	Baa1	505,000	521,874.380	.669	.648	1.768	.54%	522,070.52
07330NAP0	BRANCH BANKING & TRUST CO	1.608	1/15/2020	1/15/2020	A1	525,000	525,000.000	2.542	.052	1.661	.54%	526,503.08
14040HBQ7	CAPITAL ONE FINANCIAL CORP	1.941	5/12/2020	5/12/2020	Baa1	410,000	410,000.000	2.783	.164	1.878	.42%	412,002.44
14912L6M8	CATERPILLAR FINANCIAL SERVICES CORP	1.800	11/13/2018	11/13/2018	A	650,000	652,005.000	1.369	1.349	1.645	.67%	651,352.00
17325FAD0	CITIBANK NA	1.728	6/12/2020	6/12/2020	A+	300,000	300,000.000	2.956	.208	1.733	.31%	300,764.10
172967JH5	CITIGROUP INC	1.800	2/5/2018	2/5/2018	BBB+	635,000	634,962.170	.597	.594	1.671	.66%	635,481.33
172967HM6	CITIGROUP INC	2.550	4/8/2019	4/8/2019	BBB+	880,000	885,209.690	1.772	1.722	2.006	.92%	888,279.04
17401QAC5	CITIZENS BANK NA/PROVIDENCE RI	2.300	12/3/2018	12/3/2018	BBB+	950,000	952,039.710	1.339	1.355	2.030	.98%	953,421.90
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A2	480,000	508,124.310	2.831	2.674	2.094	.52%	505,076.16
209111ET6	CONSOLIDATED EDISON CO OF NEW YORK INC	5.850	4/1/2018	4/2/2018	A-	250,000	257,142.550	.753	.737	1.624	.27%	257,865.75
254010AC5	DIGNITY HEALTH	2.637	11/1/2019	11/1/2019	A	410,000	415,065.750	2.336	2.257	2.124	.43%	414,760.51
31677QAV1	FIFTH THIRD BANK/CINCINNATI OH	1.450	2/28/2018	2/28/2018	A-	500,000	499,045.880	.661	.651	1.659	.52%	499,311.00
31677QBG3	FIFTH THIRD BANK/CINCINNATI OH	2.250	6/14/2021	6/14/2021	A-	715,000	724,795.640	3.956	3.743	2.328	.74%	712,910.77
38145GAK6	GOLDMAN SACHS GROUP INC/THE	2.036	12/13/2019	12/13/2019	A3	575,000	578,340.990	2.458	.214	1.878	.60%	578,394.80
38141GGQ1	GOLDMAN SACHS GROUP INC/THE	5.250	7/27/2021	7/27/2021	A3	450,000	498,528.080	4.075	3.631	2.742	.51%	493,222.50
446438RV7	HUNTINGTON NATIONAL BANK/THE	1.738	3/10/2020	3/10/2020	A3	450,000	450,000.000	2.703	.207	1.721	.47%	451,269.45
446438RR6	HUNTINGTON NATIONAL BANK/THE	2.200	11/6/2018	11/6/2018	A3	460,000	463,387.330	1.264	1.289	1.981	.48%	461,271.90
46647PAG1	JPMORGAN CHASE & CO	1.882	6/1/2021	6/1/2021	A-	795,000	795,000.000	3.844	.180	1.966	.82%	796,100.28
46623EKD0	JPMORGAN CHASE & CO	1.700	3/1/2018	3/1/2018	A-	650,000	650,602.600	.586	.613	1.640	.67%	650,224.25
49327M2F0	KEYBANK NA/CLEVELAND OH	2.500	12/15/2019	12/16/2019	A-	900,000	913,398.730	2.458	2.382	2.082	.94%	908,974.80
55279HAA8	MANUFACTURERS & TRADERS TRUST CO	1.450	3/7/2018	3/7/2018	A	500,000	499,407.560	.686	.677	1.493	.52%	499,851.00
59156RAR9	METLIFE INC	6.817	8/15/2018	8/15/2018	A-	285,000	300,372.820	1.125	1.071	1.778	.31%	300,916.68
61746BDY9	MORGAN STANLEY	2.545	2/1/2019	2/1/2019	A3	800,000	800,000.000	1.589	.101	1.744	.84%	812,113.60
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	810,000	827,394.860	2.958	2.850	2.120	.84%	815,320.08
69353RDD7	PNC BANK NA	2.250	7/2/2019	7/2/2019	A	620,000	622,364.500	1.922	1.892	1.861	.64%	624,532.82
86787EAS6	SUNTRUST BANK/ATLANTA GA	1.702	1/31/2020	1/31/2020	A-	660,000	660,000.000	2.506	.094	1.592	.69%	664,214.76
87236YAE8	TD AMERITRADE HOLDING CORP	2.950	4/1/2022	4/1/2022	A-	880,000	901,772.100	4.586	4.326	2.410	.93%	900,499.60
91324PBJ0	UNITEDHEALTH GROUP INC	6.000	2/15/2018	2/15/2018	A-	725,000	744,382.480	.625	.612	1.687	.77%	744,344.45
91159HHE3	US BANCORP	1.950	11/15/2018	11/15/2018	A+	366,000	367,200.280	1.292	1.303	1.546	.38%	367,882.34
90331H MV2	US BANK NA/CINCINNATI OH	1.752	1/29/2018	1/29/2018	AA-	500,000	500,000.000	.497	.080	1.376	.52%	501,269.00

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>CORPORATES (Continued)</b>												
92343VDG6	VERIZON COMMUNICATIONS INC	1.750	8/15/2021	8/16/2021	BBB+	800,000	794,481.340	4.125	3.923	2.592	.80%	773,799.20
927804FM1	VIRGINIA ELECTRIC & POWER CO	1.200	1/15/2018	1/16/2018	A2	480,000	479,034.540	.542	.540	1.551	.49%	479,093.76
949748GR5	WELLS FARGO & CO	2.550	12/7/2020	12/7/2020	A	950,000	973,663.100	3.436	3.280	2.201	.99%	960,894.60
971807AD4	WILMINGTON TRUST CORP	8.500	4/2/2018	4/2/2018	A3	275,000	289,857.440	.756	.731	2.213	.30%	287,866.43
98389BAS9	XCEL ENERGY INC	2.400	3/15/2021	3/15/2021	BBB+	750,000	768,377.890	3.625	3.482	2.349	.77%	751,315.50
<b>CORPORATES TOTALS</b>							<b>27,714,049.260</b>					<b>27,678,545.35</b>
<b>MORTGAGES</b>												
31381Q6B7	FANNIE MAE POOL	4.295	6/1/2021	6/25/2021	Agency	1,179,166	1,281,632.060	3.820	3.504	2.261	1.31%	1,266,572.24
3138EJRP5	FANNIE MAE POOL	4.380	6/1/2021	5/25/2021	Agency	907,935	988,994.560	3.752	3.441	2.259	1.01%	976,823.31
31374CNE2	FANNIE MAE POOL	5.000	5/1/2019	4/25/2018	Agency	296,170	301,270.750	.418	.415	(1.512)	.31%	303,289.36
31385XBG1	FANNIE MAE POOL	6.000	3/1/2018	9/25/2017	Agency	297	292.650	.150	.150	2.627	0%	297.43
31371KT68	FANNIE MAE POOL	5.500	10/1/2017	9/25/2017	Agency	3,155	3,154.020	.150	.150	2.017	0%	3,159.80
31371KVC2	FANNIE MAE POOL	5.500	11/1/2017	10/25/2017	Agency	4,983	4,923.120	.190	.189	1.699	.01%	5,000.94
31391WS93	FANNIE MAE POOL	5.500	11/1/2017	10/25/2017	Agency	2,309	2,274.390	.190	.189	2.338	0%	2,314.50
31294KUP8	FREDDIE MAC GOLD POOL	5.000	11/1/2018	9/15/2018	Agency	28,323	28,181.330	.571	.563	.193	.03%	29,044.50
36200MPV9	GINNIE MAE I POOL	4.500	7/15/2018	5/15/2018	Govt	6,038	6,015.130	.451	.445	1.705	.01%	6,103.70
36200MMZ3	GINNIE MAE I POOL	4.500	6/15/2018	4/15/2018	Govt	11,106	11,044.400	.411	.406	1.566	.01%	11,220.18
<b>MORTGAGES TOTALS</b>							<b>2,627,782.410</b>					<b>2,603,825.96</b>
<b>MUNICIPALS</b>												
032556BZ4	ANAHEIM HOUSING & PUBLIC IMPROVEMENTS AUTHORITY	1.304	10/1/2019	10/1/2019	AA-	1,010,000	1,010,000.000	2.253	2.204	1.859	1.03%	997,688.10
03667PEB4	ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT	1.954	8/1/2018	8/1/2018	Aa2	345,000	345,000.000	1.086	1.066	1.651	.36%	346,117.80
072031AF4	BAY AREA WATER SUPPLY & CONSERVATION AGENCY	1.914	10/1/2019	10/1/2019	Aa3	150,000	150,236.520	2.253	2.190	1.764	.16%	150,493.50
13034PUF2	CALIFORNIA HOUSING FINANCE AGENCY	2.379	8/1/2020	8/3/2020	A1	450,000	448,158.240	3.086	2.947	2.373	.46%	450,076.50
13034PZH3	CALIFORNIA HOUSING FINANCE AGENCY	2.512	8/1/2021	8/2/2021	A1	675,000	675,000.000	4.086	3.877	2.589	.69%	672,981.75
13077CT38	CALIFORNIA STATE UNIVERSITY	1.982	11/1/2019	11/1/2019	AA-	245,000	245,000.000	2.336	2.272	1.639	.25%	246,913.45
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	495,000	504,809.690	3.336	3.196	1.869	.52%	502,375.50
156792GT4	CERRITOS COMMUNITY COLLEGE DISTRICT	2.165	8/1/2019	8/1/2019	Aa2	175,000	175,000.000	2.086	2.019	1.838	.18%	176,165.50
156792GR8	CERRITOS COMMUNITY COLLEGE DISTRICT	1.312	8/1/2017	8/1/2017	Aa2	500,000	500,000.000	.086	.087	1.247	.52%	500,025.00
45656RCK6	CITY OF INDUSTRY CA	2.500	1/1/2020	1/2/2020	A1	230,000	229,795.520	2.503	2.398	2.376	.24%	230,690.00
544445AZ2	CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS	2.092	5/15/2020	5/15/2020	AA	715,000	715,000.000	2.875	2.775	2.257	.73%	711,732.45
190335HF9	COAST COMMUNITY COLLEGE DISTRICT	1.556	8/1/2021	8/2/2021	Aa1	415,000	415,000.000	4.086	3.915	2.088	.42%	406,397.05
70914PPE6	COMMONWEALTH OF PENNSYLVANIA	4.250	7/15/2020	7/15/2020	Aa3	500,000	530,432.370	3.042	2.816	1.978	.55%	533,375.00
45265QJD7	IMPERIAL IRRIGATION DISTRICT ELECTRIC SYSTEM REVENUE	1.320	11/1/2019	11/1/2019	AA-	655,000	653,505.980	2.336	2.288	2.022	.66%	644,552.75
54473ERR7	LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY	2.560	12/1/2019	12/2/2019	Aa2	305,000	305,565.140	2.419	2.343	2.154	.32%	307,903.60
621196XM1	MOUNT DIABLO UNIFIED SCHOOL DISTRICT/CA	3.887	8/1/2017	8/1/2017	Aa2	400,000	400,821.390	.086	.087	1.959	.41%	400,652.00
630360EJ0	NAPA VLY CA CMNTY C	1.776	8/1/2018	8/1/2018	AA-	600,000	600,000.000	1.086	1.067	1.521	.62%	601,638.00
661334DS8	NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT/CA	1.540	8/1/2018	8/1/2018	Aa1	165,000	164,727.130	1.086	1.068	1.547	.17%	164,986.80

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>MUNICIPALS (Continued)</b>												
683042AC9	ONTARIO INTERNATIONAL AIRPORT AUTHORITY	1.818	5/15/2019	5/15/2019	A-	490,000	490,000.000	1.875	1.833	2.266	.50%	485,986.90
76886PFB4	RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION	2.848	8/1/2020	8/3/2020	Aa2	355,000	361,858.900	3.086	2.927	2.008	.38%	363,878.55
786005NA2	SACRAMENTO MUNICIPAL UTILITY DISTRICT	5.000	8/15/2017	8/15/2017	AA-	160,000	160,728.970	.125	.125	1.360	.17%	160,721.60
83412PDW9	SOLANO COUNTY COMMUNITY COLLEGE DISTRICT	1.840	8/1/2018	8/1/2018	Aa3	600,000	600,000.000	1.086	1.066	1.581	.62%	601,662.00
842477TV3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	2.029	7/1/2020	7/1/2020	AA-	780,000	795,232.580	3.003	2.876	1.910	.81%	782,706.60
13066YTY5	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES POWER SUPPLY REVENUE	1.713	5/1/2021	5/3/2021	Aa1	831,863	831,863.210	3.530	3.399	1.791	.86%	829,658.77
649791CJ7	STATE OF NEW YORK	4.290	3/1/2019	3/1/2019	AA+	225,000	233,256.050	1.669	1.596	1.621	.24%	234,848.25
932889VJ4	WALNUT VALLEY UNIFIED SCHOOL DISTRICT	2.000	8/1/2018	8/1/2018	Aa2	285,000	285,740.870	1.086	1.065	1.456	.30%	286,664.40
<b>MUNICIPALS TOTALS</b>							<b>11,826,732.560</b>					<b>11,790,891.82</b>
<b>SOVEREIGN DEBT</b>												
459058DL4	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	1.875	3/15/2019	3/15/2019	AAA	725,000	730,263.350	1.708	1.666	1.527	.75%	729,233.28
<b>SOVEREIGN DEBT TOTALS</b>							<b>730,263.350</b>					<b>729,233.28</b>
<b>US TREASURIES</b>												
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	955,324	965,309.410	2.792	2.765	1.584	.99%	956,794.29
912828SA9	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	1/15/2022	1/18/2022	Govt	1,458,351	1,465,106.160	4.541	4.496	1.846	1.50%	1,456,169.31
912828S76	UNITED STATES TREASURY NOTE/BOND	1.125	7/31/2021	8/2/2021	Govt	4,900,000	4,771,785.920	4.086	3.952	1.770	4.93%	4,775,971.20
912828VA5	UNITED STATES TREASURY NOTE/BOND	1.125	4/30/2020	4/30/2020	Govt	1,280,000	1,264,813.700	2.834	2.769	1.523	1.31%	1,265,899.52
912828L99	UNITED STATES TREASURY NOTE/BOND	1.375	10/31/2020	11/2/2020	Govt	5,000,000	4,957,714.280	3.334	3.242	1.629	5.11%	4,958,985.00
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	6,520,000	6,688,208.920	3.586	3.418	1.681	6.83%	6,620,349.32
912828J43	UNITED STATES TREASURY NOTE/BOND	1.750	2/28/2022	2/28/2022	Govt	4,555,000	4,478,199.130	4.668	4.432	1.845	4.68%	4,535,604.81
912828WT3	UNITED STATES TREASURY NOTE/BOND	.875	7/15/2017	7/17/2017	Govt	1,200,000	1,199,953.130	.041	.046	.872	1.24%	1,200,000.00
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	4,975,000	4,982,960.410	2.500	2.456	1.462	5.09%	4,933,996.05
912828VK3	UNITED STATES TREASURY NOTE/BOND	1.375	6/30/2018	7/2/2018	Govt	2,500,000	2,507,227.380	1.000	.995	1.288	2.58%	2,502,147.50
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	6,130,000	6,238,982.380	3.168	3.037	1.602	6.42%	6,228,656.22
<b>US TREASURIES TOTALS</b>							<b>39,520,260.820</b>					<b>39,434,573.22</b>
<b>FIXED INCOME TOTALS</b>							<b>94,105,820.450</b>					<b>93,946,052.67</b>
<b>PORTFOLIO TOTALS</b>							<b>96,654,543.630</b>					<b>96,950,892.36</b>

**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Cash</b>							
	CASH OR STIF	USD	8,562,161.20	8,562,161.20	0.00	1.000	2.37%
<b>Total for Cash</b>			<b>8,562,161.20</b>	<b>8,562,161.20</b>	<b>0.00</b>		<b>2.37%</b>
<b>Money Markets</b>							
5,700,000.000	SUMITOMO MITSUI NY YCD	86563YTM5	5,700,000.00	5,699,894.49	(105.51)	99.998	1.58%
	Mat: 7/5/17 Cpn: 1.10%		0.00	15,152.50			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 4/4/17 St Date: 4/5/17						
5,000,000.000	FHLB DISCOUNT NOTE	313385HY5	4,998,450.00	4,998,380.56	(69.44)	99.973	1.38%
	Mat: 7/10/17 Cpn: 0.00%		0.00	387.50			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/27/17 St Date: 6/28/17						
7,000,000.000	FHLB DISCOUNT NOTE	313385JB3	6,997,497.50	6,997,522.78	25.28	99.965	1.94%
	Mat: 7/13/17 Cpn: 0.00%		0.00	192.50			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/29/17 St Date: 6/30/17						
2,675,000.000	FHLB DISCOUNT NOTE	313385JK3	2,673,198.83	2,673,239.40	40.57	99.943	0.74%
	Mat: 7/21/17 Cpn: 0.00%		0.00	300.19			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/26/17 St Date: 6/27/17						
3,000,000.000	FHLB DISCOUNT NOTE	313385JN7	2,997,750.00	2,997,778.00	28.00	99.934	0.83%
	Mat: 7/24/17 Cpn: 0.00%		0.00	333.33			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 6/26/17 St Date: 6/27/17						
3,800,000.000	SWEDBANK NY YCD	87019UQ51	3,800,000.00	3,800,000.00	0.00	100.000	1.05%
	Mat: 7/28/17 Cpn: 1.16%		0.00	244.89			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 6/28/17 St Date: 6/29/17						
3,800,000.000	TORONTO DOMINION NY YCD	89113WWA0	3,800,000.00	3,799,677.04	(322.96)	99.992	1.06%
	Mat: 8/3/17 Cpn: 1.18%		0.00	18,434.22			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 2/2/17 St Date: 2/3/17						
6,000,000.000	FHLB DISCOUNT NOTE	313385KE5	5,981,740.00	5,979,496.00	(2,244.00)	99.889	1.66%
	Mat: 8/9/17 Cpn: 0.00%		0.00	13,970.00			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 2/23/17 St Date: 2/24/17						



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,800,000.000	BANK OF TOKYO-MITSUBISHI NY YCD Mat: 8/30/17 Cpn: 1.53% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 8/29/16 St Date: 8/30/16	06538M7L7	3,800,000.00 0.00	3,801,432.90 49,257.50	1,432.90	100.038	1.07%
2,020,000.000	MIZUHO BANK LTD YCD Mat: 9/6/17 Cpn: 1.30% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 3/6/17 St Date: 3/7/17	60689D5J8	2,020,000.00 0.00	2,020,007.72 8,461.56	7.72	100.000	0.56%
3,800,000.000	BANK OF NOVA SCOTIA HOUSTON YCD 3ML FRN Mat: 9/7/17 Cpn: 1.72% Moody's: P-1 S&P: A-1 Fitch: F1+ Tr Date: 9/1/16 St Date: 9/7/16	06417GPD4	3,802,532.00 3,427.08	3,802,280.00 4,356.22	(252.00)	100.060	1.05%
3,310,000.000	RABOBANK NEDERLAND NY YCD 3ML FRN Mat: 9/8/17 Cpn: 1.69% Moody's: P-1 S&P: A-1 Fitch: F1+ Tr Date: 9/2/16 St Date: 9/8/16	21684BR89	3,310,000.00 0.00	3,312,317.00 3,571.77	2,317.00	100.070	0.92%
3,800,000.000	NORDEA BANK FINLAND YCD Mat: 9/8/17 Cpn: 1.35% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 9/8/16 St Date: 9/12/16	65558LSW3	3,800,000.00 0.00	3,800,313.88 41,610.00	313.88	100.008	1.06%
3,800,000.000	BNP PARIBAS NY YCD Mat: 9/13/17 Cpn: 1.52% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 9/13/16 St Date: 9/15/16	05582WDW1	3,800,000.00 0.00	3,801,652.13 46,368.44	1,652.13	100.044	1.06%
5,800,000.000	DNB NOR BANK YCD Mat: 9/28/17 Cpn: 1.20% Moody's: P-1 S&P: A-1 Fitch: Tr Date: 6/27/17 St Date: 6/28/17	23340QS79	5,800,000.00 0.00	5,800,000.00 580.00	0.00	100.000	1.60%
3,800,000.000	WESTPAC BANKING NY YCD Mat: 10/3/17 Cpn: 1.36% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 9/29/16 St Date: 10/3/16	96121TX52	3,800,000.00 0.00	3,800,433.77 38,903.56	433.77	100.011	1.06%
10,000,000.000	FAMC DISCOUNT NOTE Mat: 11/3/17 Cpn: 0.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/10/17 St Date: 5/11/17	31315LNU8	9,949,644.44 0.00	9,947,999.44 14,591.67	(1,645.00)	99.623	2.76%
12,040,000.000	U.S. TREASURY BILL Mat: 2/1/18 Cpn: 0.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/31/17 St Date: 2/2/17	912796LJ6	11,941,392.40 0.00	11,922,176.56 40,364.10	(19,215.84)	99.354	3.31%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
<b>Total for Money Markets</b>			<b>88,972,205.17 3,427.08</b>	<b>88,954,601.67 297,079.95</b>	<b>(17,603.50)</b>		<b>24.69%</b>
<b>Treasuries</b>							
10,000,000.000	U.S. TREASURY NOTE Mat: 2/28/18 Cpn: 0.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 2/21/17 St Date: 2/22/17	912828UR9	9,982,812.50 36,256.91	9,969,899.70 25,067.93	(12,912.80)	99.699	2.76%
10,000,000.000	U.S. TREASURY NOTE Mat: 5/15/18 Cpn: 1.00% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/10/17 St Date: 5/11/17	912828XA3	9,980,859.38 48,895.03	9,976,999.70 12,771.74	(3,859.68)	99.770	2.76%
27,000,000.000	U.S. TREASURY NOTE Mat: 5/31/18 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 3/9/17 St Date: 3/10/17	912828R51	26,896,171.88 66,057.69	26,903,339.46 20,010.25	7,167.58	99.642	7.45%
15,000,000.000	U.S. TREASURY NOTE Mat: 7/15/18 Cpn: 0.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/2/17 St Date: 5/3/17	912828XK1	14,950,195.31 39,157.46	14,936,550.45 60,549.03	(13,644.86)	99.577	4.15%
30,000,000.000	U.S. TREASURY NOTE Mat: 7/31/18 Cpn: 0.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/9/17 St Date: 5/10/17	912828S68	29,823,046.88 61,533.15	29,827,800.90 93,853.59	4,754.02	99.426	8.28%
<b>Total for Treasuries</b>			<b>91,633,085.95 251,900.24</b>	<b>91,614,590.21 212,252.54</b>	<b>(18,495.74)</b>		<b>25.40%</b>
<b>Government Related</b>							
3,820,000.000	INTL FINANCE CORP FRN Mat: 3/6/18 Cpn: 1.14% Moody's: Aaa S&P: AAA Fitch: Tr Date: 2/27/17 St Date: 3/6/17	45950VKP0	3,820,000.00 0.00	3,820,668.50 3,014.01	668.50	100.018	1.06%
<b>Total for Government Related</b>			<b>3,820,000.00 0.00</b>	<b>3,820,668.50 3,014.01</b>	<b>668.50</b>		<b>1.06%</b>
<b>Agencies</b>							
4,200,000.000	FFCB 1ML+14.0 FRN Mat: 8/1/18 Cpn: 1.19% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/13/16 St Date: 10/14/16	3133EGPA7	4,206,548.14 1,011.95	4,212,663.00 4,166.75	6,114.86	100.302	1.17%





**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
10,000,000.000	FNMA 1ML+0.0 FRN Mat: 2/28/19 Cpn: 1.22% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/12/16 St Date: 10/13/16	3135G0HZ9	9,965,700.00 6,695.50	10,021,200.00 10,006.69	55,500.00	100.212	2.77%
<b>Total for Agencies</b>			<b>14,172,248.14 7,707.45</b>	<b>14,233,863.00 14,173.44</b>	<b>61,614.86</b>		<b>3.94%</b>
<b>Tax-Exempt</b>							
4,100,000.000	CA STATE GO/ULT Mat: 8/1/17 Cpn: 4.00% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 10/19/16 St Date: 11/3/16	13063C4D9	4,199,589.00 0.00	4,109,184.00 68,333.33	(90,405.00)	100.224	1.16%
<b>Total for Tax-Exempt</b>			<b>4,199,589.00 0.00</b>	<b>4,109,184.00 68,333.33</b>	<b>(90,405.00)</b>		<b>1.16%</b>
<b>Taxable Muni</b>							
3,000,000.000	CA LOS ANGELES REDEV AGY TAX TXB Mat: 9/1/17 Cpn: 0.89% Moody's: Aa3 S&P: AA Fitch: Tr Date: 8/5/16 St Date: 8/25/16	54465AGH9	3,000,000.00 0.00	2,997,690.00 8,930.00	(2,310.00)	99.923	0.83%
2,680,000.000	CA OAKLAND-ALAMEDA LEASE TXB Mat: 2/1/18 Cpn: 1.69% Moody's: Aa3 S&P: Fitch: AA Tr Date: 5/12/17 St Date: 5/17/17	672211BE8	2,681,611.35 13,419.61	2,678,686.80 18,905.17	(2,924.55)	99.951	0.75%
1,050,000.000	CA STATE GO/ULT TXB Mat: 4/1/18 Cpn: 1.25% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 4/21/17 St Date: 4/27/17	13063DAA6	1,050,000.00 0.00	1,047,963.00 2,329.60	(2,037.00)	99.806	0.29%
1,025,000.000	CA LOS ANGELES CNTY REDEV AGY TAB-TXBL Mat: 9/1/18 Cpn: 1.00% Moody's: Aa3 S&P: AA Fitch: Tr Date: 6/16/17 St Date: 6/21/17	54465AGJ5	1,018,337.50 3,131.94	1,019,526.50 3,416.67	1,189.00	99.466	0.28%
<b>Total for Taxable Muni</b>			<b>7,749,948.85 16,551.55</b>	<b>7,743,866.30 33,581.43</b>	<b>(6,082.55)</b>		<b>2.15%</b>
<b>Credit</b>							
3,604,000.000	IBM Mat: 9/14/17 Cpn: 5.70% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 7/11/16 St Date: 7/14/16	459200GJ4	3,804,042.62 68,476.00	3,635,127.75 61,057.77	(168,914.87)	100.864	1.02%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
730,000.000	AMERICAN EXPRESS FRN Mat: 9/22/17 Cpn: 1.59% Moody's: A2 S&P: A- Fitch: A Tr Date: 9/18/14 St Date: 9/23/14	0258M0DS5	730,000.00 0.00	730,332.88 289.67	332.88	100.046	0.20%
2,960,000.000	GENERAL MILLS Mat: 10/20/17 Cpn: 1.40% Moody's: A3 S&P: BBB+ Fitch: BBB+ Tr Date: 10/27/16 St Date: 11/1/16	370334BU7	2,969,116.80 1,151.11	2,958,158.88 8,057.78	(10,957.92)	99.938	0.82%
493,000.000	BERKSHIRE HATHAWAY FRN Mat: 1/12/18 Cpn: 1.46% Moody's: Aa2 S&P: AA Fitch: A+u Tr Date: 10/13/15 St Date: 10/16/15	084664CD1	491,895.68 25.50	493,722.25 1,594.77	1,826.57	100.147	0.14%
1,800,000.000	WELLS FARGO FRN Mat: 1/22/18 Cpn: 1.89% Moody's: Aa2 S&P: AA- Fitch: AA Tr Date: 1/22/16 St Date: 1/29/16	94988J5B9	1,800,000.00 0.00	1,806,661.80 6,436.78	6,661.80	100.370	0.50%
5,000,000.000	JPMORGAN CHASE FRN Mat: 1/25/18 Cpn: 2.06% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 4/15/15 St Date: 4/20/15	46625HJF8	5,050,815.70 13,624.35	5,026,450.00 19,134.27	(24,365.70)	100.529	1.40%
1,780,000.000	CATERPILLAR Mat: 2/23/18 Cpn: 1.50% Moody's: A3 S&P: A Fitch: A Tr Date: 12/15/16 St Date: 12/20/16	14912L6P1	1,777,828.40 8,677.50	1,778,143.46 9,493.33	315.06	99.896	0.49%
955,000.000	PNC BANK Mat: 2/23/18 Cpn: 1.50% Moody's: A2 S&P: A Fitch: A+ Tr Date: 6/21/17 St Date: 6/26/17	69353REJ3	954,937.25 4,894.38	955,118.42 5,093.33	181.17	100.012	0.27%
2,000,000.000	WELLS FARGO FRN Mat: 4/23/18 Cpn: 1.78% Moody's: A2 S&P: A Fitch: AA- Tr Date: 1/29/15 St Date: 2/3/15	94974BFBK1	2,003,940.00 542.12	2,008,940.00 6,736.42	5,000.00	100.447	0.56%
3,000,000.000	GOLDMAN SACHS FRN Mat: 4/30/18 Cpn: 2.37% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	38141GVK7	3,050,390.00 6,625.48	3,023,229.00 12,649.49	(27,161.00)	100.774	0.84%
5,000,000.000	QUALCOMM FRN Mat: 5/18/18 Cpn: 1.44% Moody's: A1 S&P: A Fitch: Tr Date: 5/13/15 St Date: 5/20/15	747525AH6	5,000,000.00 0.00	5,004,965.00 8,009.56	4,965.00	100.099	1.39%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,825,000.000	AMERICAN EXPRESS FRN Mat: 5/22/18 Cpn: 1.76% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 4/14/15 St Date: 4/17/15	025816BH1	1,828,522.25 2,330.98	1,832,334.68 3,572.38	3,812.43	100.402	0.51%
3,200,000.000	KEYBANK FRN Mat: 6/1/18 Cpn: 1.72% Moody's: A3 S&P: A- Fitch: A- Tr Date: 5/27/15 St Date: 6/1/15	49327M2L7	3,200,000.00 0.00	3,212,547.20 4,591.41	12,547.20	100.392	0.89%
2,145,000.000	PNC BANK Mat: 6/1/18 Cpn: 1.60% Moody's: A2 S&P: A Fitch: A+ Tr Date: 6/21/17 St Date: 6/26/17	69353REM6	2,147,317.20 2,383.33	2,147,117.12 2,860.00	(200.09)	100.099	0.59%
3,000,000.000	FIFTH THIRD BANK FRN Mat: 8/20/18 Cpn: 2.08% Moody's: A3 S&P: A- Fitch: A Tr Date: 10/13/15 St Date: 10/16/15	31677QBE8	3,005,250.00 5,903.54	3,014,931.00 6,765.59	9,681.00	100.498	0.84%
680,000.000	LOWES COMPANIES FRN Mat: 9/14/18 Cpn: 1.84% Moody's: A3 S&P: A- Fitch: Tr Date: 9/9/15 St Date: 9/16/15	548661DF1	680,403.20 93.55	684,734.16 591.38	4,330.96	100.696	0.19%
3,000,000.000	VERIZON COMMUNICATIONS FRN Mat: 9/14/18 Cpn: 2.99% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 4/15/15 St Date: 4/20/15	92343VBM5	3,123,600.00 6,230.18	3,054,822.00 4,238.20	(68,778.00)	101.827	0.85%
1,000,000.000	WELLS FARGO FRN Mat: 9/14/18 Cpn: 1.64% Moody's: A2 S&P: A Fitch: AA- Tr Date: 9/16/14 St Date: 9/23/14	94974BGD6	1,000,000.00 0.00	1,002,560.00 775.23	2,560.00	100.256	0.28%
2,632,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 10/15/18 Cpn: 1.43% Moody's: A2 S&P: A Fitch: A Tr Date: 1/3/17 St Date: 1/6/17	24422ETN9	2,636,126.86 2,972.35	2,638,424.71 7,728.18	2,297.85	100.244	0.73%
1,330,000.000	CITIBANK FRN Mat: 11/9/18 Cpn: 1.41% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 5/3/17 St Date: 5/9/17	17325FAC2	1,330,000.00 0.00	1,330,889.77 2,761.62	889.77	100.067	0.37%
3,000,000.000	US BANCORP FRN Mat: 11/15/18 Cpn: 1.67% Moody's: A1 S&P: A+ Fitch: AA Tr Date: 10/21/15 St Date: 10/26/15	91159HHF0	3,000,630.00 4,727.92	3,016,380.00 6,547.81	15,750.00	100.546	0.84%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
5,050,000.000	CHEVRON FRN Mat: 11/16/18 Cpn: 1.69% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 11/9/15 St Date: 11/17/15	166764BB5	5,050,000.00 0.00	5,078,850.65 10,902.36	28,850.65	100.571	1.41%
1,000,000.000	AT&T FRN Mat: 11/27/18 Cpn: 1.96% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 7/30/14 St Date: 8/4/14	00206RCB6	1,019,860.00 2,179.54	1,009,065.00 1,798.80	(10,795.00)	100.907	0.28%
890,000.000	CITIGROUP FRN Mat: 12/7/18 Cpn: 2.08% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 12/1/15 St Date: 12/7/15	172967KF7	890,000.00 0.00	896,743.53 1,233.87	6,743.53	100.758	0.25%
1,100,000.000	MORGAN STANLEY FRN Mat: 1/24/19 Cpn: 2.00% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 4/15/15 St Date: 4/20/15	61746BDN3	1,104,125.00 2,838.99	1,108,131.20 4,162.14	4,006.20	100.739	0.31%
1,430,000.000	CITIBANK FRN Mat: 3/20/19 Cpn: 1.61% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 3/13/17 St Date: 3/20/17	17325FAB4	1,430,000.00 0.00	1,432,431.00 705.04	2,431.00	100.170	0.40%
1,075,000.000	CATERPILLAR FINANCIAL FRN Mat: 3/22/19 Cpn: 1.57% Moody's: A3 S&P: A Fitch: A Tr Date: 3/20/17 St Date: 3/23/17	14912L6X4	1,075,000.00 0.00	1,077,219.88 421.19	2,219.88	100.207	0.30%
1,280,000.000	BRANCH BANKING & TRUST FRN Mat: 5/1/19 Cpn: 1.56% Moody's: A1 S&P: A Fitch: A+ Tr Date: 5/5/16 St Date: 5/10/16	07330NAM7	1,280,000.00 0.00	1,285,689.60 3,392.14	5,689.60	100.445	0.36%
1,825,000.000	AMERICAN EXPRESS FRN Mat: 5/3/19 Cpn: 1.50% Moody's: A2 S&P: A- Fitch: A Tr Date: 4/27/17 St Date: 5/3/17	0258M0EJ4	1,825,000.00 0.00	1,830,659.33 4,493.43	5,659.33	100.310	0.51%
1,315,000.000	QUALCOMM FRN Mat: 5/20/19 Cpn: 1.54% Moody's: A1 S&P: A Fitch: Tr Date: 5/19/17 St Date: 5/26/17	747525AN3	1,315,000.00 0.00	1,319,473.63 2,025.02	4,473.63	100.340	0.37%
1,905,000.000	US BANK CINCINNATI FRN Mat: 5/24/19 Cpn: 1.35% Moody's: A1 S&P: AA- Fitch: Tr Date: 5/25/17 St Date: 5/31/17	90331HNE9	1,905,000.00 0.00	1,906,335.41 2,217.48	1,335.41	100.070	0.53%



**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
700,000.000	MORGAN STANLEY FRN Mat: 7/23/19 Cpn: 1.89% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/29/14 St Date: 8/1/14	61746BDS2	700,350.00 170.30	705,147.80 2,503.19	4,797.80	100.735	0.20%
720,000.000	BERKSHIRE HATHAWAY FRN Mat: 8/15/19 Cpn: 1.44% Moody's: Aa2 S&P: AA Fitch: A+u Tr Date: 8/8/16 St Date: 8/15/16	084664CL3	720,000.00 0.00	722,709.36 1,355.27	2,709.36	100.376	0.20%
1,775,000.000	FIFTH THIRD BANK FRN Mat: 9/27/19 Cpn: 1.88% Moody's: A3 S&P: A- Fitch: A Tr Date: 9/22/16 St Date: 9/27/16	31677QBJ7	1,775,000.00 0.00	1,785,996.13 371.42	10,996.13	100.620	0.49%
1,915,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 10/9/19 Cpn: 1.44% Moody's: A2 S&P: A Fitch: A Tr Date: 9/6/16 St Date: 9/9/16	24422ETK5	1,915,000.00 0.00	1,920,586.06 6,282.90	5,586.06	100.292	0.53%
1,390,000.000	CATERPILLAR FINANCIAL FRN Mat: 1/10/20 Cpn: 1.67% Moody's: A3 S&P: A Fitch: A Tr Date: 1/5/17 St Date: 1/12/17	14912L6Z9	1,390,000.00 0.00	1,398,857.08 5,272.81	8,857.08	100.637	0.39%
1,330,000.000	CITIGROUP FRN Mat: 1/10/20 Cpn: 1.95% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 1/4/17 St Date: 1/10/17	172967LE9	1,330,000.00 0.00	1,340,086.72 5,893.45	10,086.72	100.758	0.37%
1,385,000.000	BRANCH BANKING & TRUST FRN Mat: 1/15/20 Cpn: 1.61% Moody's: A1 S&P: A Fitch: A+ Tr Date: 1/23/17 St Date: 1/26/17	07330NAP0	1,385,000.00 0.00	1,389,463.86 4,579.14	4,463.86	100.322	0.39%
1,150,000.000	SUNTRUST BANK FRN Mat: 1/31/20 Cpn: 1.70% Moody's: Baa1 S&P: A- Fitch: A- Tr Date: 1/25/17 St Date: 2/1/17	86787EAS6	1,150,000.00 0.00	1,157,778.60 3,366.07	7,778.60	100.676	0.32%
1,900,000.000	MORGAN STANLEY FRN Mat: 2/14/20 Cpn: 1.98% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 2/14/17 St Date: 2/17/17	61746BEH5	1,900,000.00 0.00	1,908,242.20 4,915.92	8,242.20	100.434	0.53%
865,000.000	CITIZENS BANK FRN Mat: 3/2/20 Cpn: 1.75% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 2/27/17 St Date: 3/2/17	17401QAH4	865,000.00 0.00	866,031.95 1,219.41	1,031.95	100.119	0.24%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
930,000.000	AMERICAN EXPRESS FRN Mat: 3/3/20 Cpn: 1.65% Moody's: A2 S&P: A- Fitch: A Tr Date: 2/28/17 St Date: 3/3/17	0258M0EF2	930,000.00 0.00	932,431.02 1,106.95	2,431.02	100.261	0.26%
845,000.000	HUNTINGTON NATL BANK FRN Mat: 3/10/20 Cpn: 1.74% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 3/7/17 St Date: 3/10/17	446438RV7	845,000.00 0.00	847,716.68 775.15	2,716.68	100.322	0.23%
755,000.000	AMGEN FRN Mat: 5/11/20 Cpn: 1.63% Moody's: Baa1 S&P: A Fitch: BBBu Tr Date: 5/8/17 St Date: 5/11/17	031162CN8	755,000.00 0.00	757,936.95 1,745.56	2,936.95	100.389	0.21%
1,930,000.000	PNC BANK FRN Mat: 5/19/20 Cpn: 1.54% Moody's: A2 S&P: A Fitch: A+ Tr Date: 5/16/17 St Date: 5/19/17	69353RFD5	1,930,000.00 0.00	1,935,595.07 3,546.42	5,595.07	100.290	0.54%
2,380,000.000	VERIZON COMMUNICATIONS FRN Mat: 5/22/20 Cpn: 1.72% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 5/11/17 St Date: 5/22/17	92343VDZ4	2,380,000.00 0.00	2,382,784.60 4,552.99	2,784.60	100.117	0.66%
405,000.000	CITIZENS BANK FRN Mat: 5/26/20 Cpn: 1.77% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 5/22/17 St Date: 5/26/17	17401QAK7	405,000.00 0.00	405,527.31 715.88	527.31	100.130	0.11%
1,980,000.000	WALT DISNEY CO FRN Mat: 6/5/20 Cpn: 1.41% Moody's: A2 S&P: A+ Fitch: A Tr Date: 6/1/17 St Date: 6/6/17	25468PDT0	1,980,000.00 0.00	1,981,665.18 1,942.19	1,665.18	100.084	0.55%
1,185,000.000	HOME DEPOT FRN Mat: 6/5/20 Cpn: 1.37% Moody's: A2e S&P: A Fitch: Au Tr Date: 5/24/17 St Date: 6/5/17	437076BR2	1,185,000.00 0.00	1,186,438.59 1,170.83	1,438.59	100.121	0.33%
1,115,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 6/22/20 Cpn: 1.58% Moody's: A2 S&P: A Fitch: A Tr Date: 6/19/17 St Date: 6/22/17	24422ETR0	1,115,000.00 0.00	1,116,844.21 439.65	1,844.21	100.165	0.31%
1,325,000.000	GOLDMAN SACHS FRN Mat: 12/27/20 Cpn: 2.02% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/22/17 St Date: 3/27/17	38141GWF7	1,325,000.00 0.00	1,327,746.73 297.87	2,746.73	100.207	0.37%



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**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,330,000.000	JPMORGAN CHASE FRN Mat: 3/9/21 Cpn: 1.77% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 3/2/17 St Date: 3/9/17	46647PAC0	1,330,000.00 0.00	1,330,478.80 1,439.43	478.80	100.036	0.37%
1,485,000.000	MORGAN STANLEY FRN Mat: 1/20/22 Cpn: 2.34% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 1/17/17 St Date: 1/20/17	61746BEE2	1,485,000.00 0.00	1,500,620.72 6,938.57	15,620.72	101.052	0.42%
880,000.000	WELLS FARGO FRN Mat: 2/11/22 Cpn: 2.11% Moody's: A2 S&P: A Fitch: AA- Tr Date: 2/6/17 St Date: 2/13/17	949746SP7	880,000.00 0.00	887,904.16 2,632.96	7,904.16	100.898	0.25%
1,360,000.000	WALT DISNEY CO FRN Mat: 3/4/22 Cpn: 1.61% Moody's: A2 S&P: A+ Fitch: A Tr Date: 3/1/17 St Date: 3/6/17	25468PDS2	1,360,000.00 0.00	1,367,715.28 1,579.47	7,715.28	100.567	0.38%
1,330,000.000	CAPITAL ONE FINL FRN Mat: 3/9/22 Cpn: 2.17% Moody's: Baa1 S&P: BBB Fitch: A- Tr Date: 3/6/17 St Date: 3/9/17	14040HBM6	1,330,000.00 0.00	1,328,240.41 1,764.54	(1,759.59)	99.868	0.37%
1,325,000.000	CITIGROUP FRN Mat: 4/25/22 Cpn: 2.12% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 4/18/17 St Date: 4/25/17	172967LH2	1,325,000.00 0.00	1,333,295.83 5,218.54	8,295.83	100.626	0.37%
2,825,000.000	APPLE FRN Mat: 5/11/22 Cpn: 1.53% Moody's: Aa1 S&P: AA+ Fitch: Tr Date: 5/4/17 St Date: 5/11/17	037833CP3	2,825,000.00 0.00	2,834,449.63 6,131.19	9,449.63	100.335	0.79%
1,385,000.000	INTEL FRN Mat: 5/11/22 Cpn: 1.53% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 5/8/17 St Date: 5/11/17	458140BC3	1,385,000.00 0.00	1,386,941.77 3,005.91	1,941.77	100.140	0.38%
1,390,000.000	MANUFACTURERS & TRADERS TRUST FRN Mat: 5/18/22 Cpn: 1.79% Moody's: A3 S&P: A Fitch: A Tr Date: 5/15/17 St Date: 5/18/17	55279HAM2	1,390,000.00 0.00	1,390,390.59 3,043.00	390.59	100.028	0.39%
<b>Total for Credit</b>			<b>105,769,150.96 133,847.12</b>	<b>105,729,812.53 294,143.13</b>	<b>(39,338.44)</b>		<b>29.33%</b>

**Mortgage-Backed**


**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
820,537.800	FHMS K502 A2 CMBS Mat: 8/25/17 Cpn: 1.43% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/1/16 St Date: 8/4/16	3137B03W2	822,140.41 97.51	819,879.73 975.07	(2,260.69)	99.920	0.23%
523,997.834	NGN 2010-R2 1A 1MOFRN NCUA GNTD Mat: 11/6/17 Cpn: 1.45% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 8/17/16 St Date: 8/22/16	62888UAA8	524,161.58 220.75	524,257.21 508.01	95.63	100.050	0.15%
1,698,838.747	FHMS K701 A2 CMBS Mat: 11/25/17 Cpn: 3.88% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/16/16 St Date: 11/21/16	3137A7JU5	1,730,691.97 3,663.83	1,703,770.48 5,495.74	(26,921.50)	100.290	0.47%
3,176,392.125	FNA 2012-M9 ASQ2 CMBS Mat: 12/25/17 Cpn: 1.51% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/20/16 St Date: 10/25/16	3136A7L26	3,187,310.97 3,203.92	3,174,419.59 4,004.90	(12,891.39)	99.938	0.88%
3,030,000.000	FMPRE 2017-TK01A 1MOFRN CMBS Mat: 2/25/20 Cpn: 1.35% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/31/17 St Date: 2/16/17	30258EAA3	3,030,000.00 0.00	3,039,953.55 681.44	9,953.55	100.329	0.84%
647,393.016	NGN 2011-R4 1A 1MOFRN NCUA GNTD Mat: 3/6/20 Cpn: 1.46% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 12/20/16 St Date: 12/23/16	62889FAA0	647,645.90 262.41	647,505.02 631.95	(140.89)	100.017	0.18%
3,636,489.330	NGN 2011-R3 1A 1MO FRN NCUA GNTD Mat: 3/11/20 Cpn: 1.52% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/18/15 St Date: 5/21/15	62889EAA3	3,652,466.07 555.86	3,636,558.42 2,911.73	(15,907.64)	100.002	1.01%
468,639.300	FHMS KF02 A1 1MOFRN CMBS Mat: 7/25/20 Cpn: 1.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/19/15 St Date: 11/24/15	3137B5J79	468,639.30 225.32	469,221.35 107.40	582.05	100.124	0.13%
6,085,952.659	NGN 2010-R3 2A 1MOFRN NCUA GNTD Mat: 12/8/20 Cpn: 1.64% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/17/16 St Date: 10/20/16	62888WAB2	6,107,824.04 2,573.19	6,121,652.86 6,671.10	13,828.81	100.587	1.70%
<b>Total for Mortgage-Backed</b>			<b>20,170,880.25 10,802.79</b>	<b>20,137,218.20 21,987.33</b>	<b>(33,662.05)</b>		<b>5.58%</b>

**Asset-Backed**




**CALOPTIMA - OPERATING FUND**

Portfolio 2480

**Portfolio Positions**

as of June 30, 2017

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,413,032.724	HONDA 2017-1 A1 CAR Mat: 12/21/17 Cpn: 1.05% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 3/21/17 St Date: 3/28/17	43814TAA0	1,413,032.72 0.00	1,413,116.09 412.13	83.37	100.006	0.39%
2,250,003.610	JOHN DEERE 2017-A A1 EQP Mat: 3/15/18 Cpn: 0.88% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 2/22/17 St Date: 3/2/17	47787XAA5	2,250,003.61 0.00	2,248,208.11 880.00	(1,795.50)	99.920	0.62%
812,077.686	SDART 2017-1 A1 CAR Mat: 3/15/18 Cpn: 0.95% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 2/23/17 St Date: 2/28/17	80284TAB1	812,077.69 0.00	811,923.39 342.88	(154.29)	99.981	0.22%
1,373,110.498	BMW 2017-1 A1 LEASE Mat: 3/20/18 Cpn: 1.00% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 3/15/17 St Date: 3/22/17	055657AA8	1,373,110.50 0.00	1,373,135.21 419.56	24.72	100.002	0.38%
4,405,031.590	MERCEDES 2017-A A1 LEASE Mat: 4/16/18 Cpn: 1.15% Moody's: P-1e S&P: A-1+ Fitch: F1+ Tr Date: 4/19/17 St Date: 4/26/17	58769DAA8	4,405,031.59 0.00	4,405,137.31 2,251.46	105.72	100.002	1.22%
1,808,154.423	NISSAN 2017-A A1 CAR Mat: 4/16/18 Cpn: 1.00% Moody's: P-1 S&P: Fitch: F1+ Tr Date: 3/21/17 St Date: 3/28/17	654747AA2	1,808,154.42 0.00	1,808,185.16 803.62	30.74	100.002	0.50%
3,620,000.000	DRIVE 2017-1 A1 CAR Mat: 7/16/18 Cpn: 1.35% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 6/21/17 St Date: 6/28/17	26208EAA2	3,620,000.00 0.00	3,620,057.92 407.25	57.92	100.002	1.00%
<b>Total for Asset-Backed</b>			<b>15,681,410.53 0.00</b>	<b>15,679,763.20 5,516.91</b>	<b>(1,647.33)</b>		<b>4.34%</b>
<b>Grand Total</b>			<b>360,730,680.05 424,236.22</b>	<b>360,585,728.80 950,082.08</b>	<b>(144,951.25)</b>		<b>100.00%</b>



# CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>CASH &amp; CASH EQUIVALENTS</b>												
<b>ASSET BACKED</b>												
055657AA8	BMW VEHICLE LEASE TRUST	1.000	3/20/2018	11/20/2017		2,191,134	2,191,133.730	.225	.225	1.022	.38%	2,191,142.28
43814TAA0	HONDA AUTO RECEIVABLES 2017-1 OWNER TRUST	1.050	12/21/2017	9/21/2017		2,062,821	2,062,821.450	.100	.100	1.067	.35%	2,062,821.45
<b>ASSET BACKED TOTALS</b>							<b>4,253,955.180</b>					<b>4,253,963.73</b>
<b>CASH</b>												
06427KGR2	BANK OF MONTREAL CH	1.190	8/16/2017	8/16/2017	A-1	5,820,000	5,820,095.170	.131	.128	1.169	1.00%	5,820,095.17
06538NN78	BANK TOKYO-MITSUBIS	1.040	7/5/2017	7/5/2017	F1	10,000,000	10,000,000.000	.014	.014	1.038	1.71%	10,000,000.00
17305TKM3	CITIBANK NA NY INST	1.250	7/21/2017	7/21/2017	A-1	7,000,000	7,000,175.990	.058	.057	1.202	1.20%	7,000,175.99
22534HA92	CREDIT AGRICOLE COR	1.150	7/27/2017	7/27/2017	F1	9,400,000	9,400,193.790	.075	.073	1.120	1.61%	9,400,193.79
22549VMV2	CREDIT SUISSE NY IN	1.680	8/25/2017	8/25/2017	F1	9,000,000	9,006,313.700	.156	.152	1.211	1.54%	9,006,313.70
31315LHR2	FEDERAL AGRICULTURAL MORTGAGE CORP DISCOUNT NOTES	0.000	7/3/2017	7/3/2017	Agency	8,900,000	8,899,629.170	.008	.008	.500	1.52%	8,899,629.17
313313HR2	FEDERAL FARM CREDIT DISCOUNT NOTES	0.000	7/3/2017	7/3/2017	A-1+	5,000,000	4,999,791.670	.008	.008	.500	.86%	4,999,791.67
313385HR0	FEDERAL HOME LOAN BANK DISCOUNT NOTES	0.000	7/3/2017	7/3/2017	Agency	15,000,000	14,999,583.300	.008	.008	.334	2.57%	14,999,583.30
313385HT6	FEDERAL HOME LOAN BANK DISCOUNT NOTES	0.000	7/5/2017	7/5/2017	Agency	6,000,000	5,999,340.000	.014	.014	.725	1.03%	5,999,340.00
313385JC1	FEDERAL HOME LOAN BANK DISCOUNT NOTES	0.000	7/14/2017	7/14/2017	Agency	20,000,000	19,993,561.150	.039	.038	.830	3.42%	19,993,561.15
459053HY3	IBRD DISCOUNT NOTES	0.000	7/10/2017	7/10/2017	A-1+	11,000,000	10,997,305.010	.028	.027	.699	1.88%	10,997,866.00
46640PUH4	J P MORGAN SEC DIS D	0.000	7/17/2017	7/17/2017	P-1	10,000,000	9,994,666.580	.047	.046	1.130	1.71%	9,994,666.58
46640PU50	J P MORGAN SEC DIS D	0.000	7/5/2017	7/5/2017	P-1	7,000,000	6,999,222.120	.014	.014	.925	1.20%	6,999,222.12
50066BLU3	KOREA DEV BANK NY I	1.130	7/11/2017	7/11/2017	P-1	10,000,000	10,000,000.000	.031	.030	1.127	1.71%	10,000,000.00
60682A6W1	MITSUBISHI TR & BLG	1.030	7/10/2017	7/10/2017	F1	15,000,000	15,000,000.000	.028	.027	1.029	2.57%	15,000,000.00
60689DZC0	MIZUHO BANK LTD INS	1.300	7/13/2017	7/13/2017	F1	6,100,000	6,100,585.430	.036	.035	1.027	1.04%	6,100,585.43
63743CUC5	NATIONAL RURAL DIS D	0.000	7/12/2017	7/12/2017	F1	10,000,000	9,996,638.920	.033	.033	1.009	1.71%	9,996,638.92
63743CUH4	NATIONAL RURAL UTILS COOP FIN CORP	0.000	7/17/2017	7/17/2017	F1	10,000,000	9,994,977.800	.047	.046	1.064	1.71%	9,994,977.80
63873NDL2	NATIXIS NY INSTL C/	1.130	7/5/2017	7/5/2017	A-1	10,000,000	10,000,000.000	.014	.014	1.127	1.71%	10,000,000.00
65590AHB5	NORDEA BANK AB C/D	1.100	7/10/2017	7/10/2017	A-1+	15,000,000	15,000,000.000	.028	.027	1.099	2.57%	15,000,000.00
65602URQ3	NORINCHUKIN BK C/D	1.180	8/14/2017	8/14/2017	A-1	10,000,000	10,000,356.500	.125	.122	1.149	1.71%	10,000,356.50
69372AUD2	PACCAR FINL CORP D D	0.000	7/13/2017	7/13/2017	A-1	8,000,000	7,997,013.320	.036	.035	1.034	1.37%	7,997,013.32
74433GUD6	PRUDENTIAL FDG DIS D	0.000	7/13/2017	7/13/2017	P-1	20,000,000	19,992,666.650	.036	.035	1.016	3.42%	19,992,666.65
86563Q6R6	SUMITOMO MITSUI BKG	1.450	7/19/2017	7/19/2017	F1	8,425,000	8,426,370.070	.053	.052	1.055	1.44%	8,426,370.07
89113WY26	TORONTO DOMINION BA	1.060	7/21/2017	7/21/2017	A-1+	11,000,000	10,999,137.490	.058	.057	1.193	1.88%	10,999,137.49
89113WEE2	TORONTO DOMINION BA	1.200	7/13/2017	7/13/2017	A-1+	3,800,000	3,800,239.390	.036	.035	1.014	.65%	3,800,239.39
912796KB4	UNITED STATES TREASURY BILL	0.000	7/20/2017	7/20/2017	Govt	20,000,000	19,991,502.620	.056	.054	.776	3.42%	19,991,502.62
NA9123459	US DOLLARS	1.224	7/3/2017		Agency	31,049,337	31,049,336.570	0.000	-	1.224	5.32%	31,049,336.57
USD120030	USD INTEREST RECEIVABLE	-				1,579,792	0.000	-	-	-	.27%	1,579,792.15
<b>CASH TOTALS</b>							<b>312,458,702.410</b>					<b>314,039,055.55</b>
<b>MUNICIPALS</b>												
190335HB8	COAST COMMUNITY COLLEGE DISTRICT	.795	8/1/2017	8/1/2017	Aa1	4,865,000	4,865,000.000	.086	.087	1.082	.83%	4,863,783.75
<b>MUNICIPALS TOTALS</b>							<b>4,865,000.000</b>					<b>4,863,783.75</b>
<b>CASH &amp; CASH EQUIVALENTS TOTALS</b>							<b>321,577,657.590</b>					<b>323,156,803.03</b>

# CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME</b>												
<b>AGENCIES</b>												
3133EFC7	FEDERAL FARM CREDIT BANKS	1.237	9/18/2018	9/18/2018	Agency	5,000,000	4,998,718.620	1.222	.218	1.142	.86%	5,008,345.00
<b>AGENCIES TOTALS</b>							<b>4,998,718.620</b>					<b>5,008,345.00</b>
<b>ASSET BACKED</b>												
02582JGN4	AMERICAN EXPRESS CREDIT ACCOUNT MASTER TRUST	1.529	12/15/2021	5/15/2019	AAA	7,014,000	7,026,927.780	1.881	.050	1.381	1.21%	7,044,120.22
02582JGY0	AMERICAN EXPRESS CREDIT ACCOUNT MASTER TRUST 2014-3	1.449	5/15/2020	10/16/2017	AAA	6,000,000	6,007,465.120	.297	.046	1.301	1.03%	6,003,910.80
02587TAA1	AMERICAN EXPRESS ISSUANCE TRUST II	1.439	2/15/2019	3/15/2018	AAA	10,000,000	10,010,865.910	.714	.047	1.267	1.72%	10,017,189.00
05581RAB2	BMW VEHICLE LEASE TRUST 2016-1	1.170	1/22/2018	8/20/2017	Aaa	270,841	270,853.270	.090	.089	1.319	.05%	270,805.46
05581RAC0	BMW VEHICLE LEASE TRUST 2016-1	1.712	1/22/2018	8/21/2017	Aaa	1,024,117	1,024,592.780	.090	.054	1.328	.18%	1,024,518.70
161571FT6	CHASE ISSUANCE TRUST	1.419	12/16/2019	12/15/2017	AAA	7,830,000	7,835,226.550	.464	.047	1.257	1.34%	7,838,424.30
36159LCN4	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.662	10/20/2019	10/20/2017	Aaa	3,610,000	3,607,549.520	.306	.055	1.432	.62%	3,613,021.57
36159LCR5	GE DEALER FLOORPLAN MASTER NOTE TRUST	1.712	1/21/2020	1/22/2018	Aaa	2,160,000	2,158,850.720	.556	.055	1.455	.37%	2,163,869.86
47787XAA5	JOHN DEERE OWNER TRUST 2017	.880	3/15/2018	12/15/2017		1,819,410	1,819,409.920	.243	.238	1.223	.31%	1,817,926.74
65478TAD4	NISSAN AUTO LEASE TRUST 2015-B	1.540	4/16/2018	11/15/2017	Aaa	1,236,083	1,236,597.950	.186	.186	1.410	.21%	1,236,391.18
<b>ASSET BACKED TOTALS</b>							<b>40,998,339.520</b>					<b>41,030,177.83</b>
<b>CMBS</b>												
3136AP3Z3	FANNIE MAE MULTIFAMILY REMIC TRUST 2015-M12	1.379	4/25/2020	12/25/2019	Agency	4,104,594	4,107,111.240	1.832	.071	1.408	.70%	4,112,132.03
3136ANMF1	FANNIE MAE-ACES	1.203	11/25/2018	11/25/2018	Agency	6,577,953	6,575,638.050	1.150	.069	1.259	1.13%	6,582,165.14
3136AC3C3	FANNIE MAE-ACES	1.451	2/25/2018	2/25/2018	Agency	2,089,176	2,090,247.660	.552	.550	1.405	.36%	2,087,733.83
3136A8G38	FANNIE MAE-ACES	1.246	8/25/2017	8/25/2017	Agency	66,444	66,443.040	.082	.081	1.442	.01%	66,378.16
3136AGGF3	FANNIE MAE-ACES	1.532	10/25/2017	8/25/2017	Agency	59,020	59,050.950	.124	.124	1.360	.01%	58,972.36
3136ALYC9	FANNIE MAE-ACES	1.637	11/25/2017	11/25/2017	Agency	28,283	28,284.620	.295	.294	1.501	0%	28,263.49
3136ANA98	FANNIE MAE-ACES	1.286	3/25/2019	3/25/2019	Agency	8,616,299	8,618,875.000	1.428	.069	1.411	1.48%	8,618,691.22
3137ABFV8	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	3.154	2/25/2018	2/25/2018	Agency	4,317,578	4,355,348.420	.593	.587	1.606	.74%	4,348,042.12
3137B03W2	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	1.426	8/25/2017	7/25/2017	AAA	413,381	413,487.910	.069	.068	1.237	.07%	413,042.52
<b>CMBS TOTALS</b>							<b>26,314,486.890</b>					<b>26,315,420.87</b>
<b>CMOS</b>												
62888YAA0	NCUA GUARANTEED NOTES TRUST 2011-R1	1.442	1/8/2020		Aaa	3,975,696	3,993,108.310	2.050	.082	.610	.68%	3,980,061.38
62889FAA0	NCUA GUARANTEED NOTES TRUST 2011-R4	1.372	3/6/2020		Agency	163,011	163,045.750	0.000	.082	0.000	.03%	163,037.92
<b>CMOS TOTALS</b>							<b>4,156,154.060</b>					<b>4,143,099.30</b>
<b>CORPORATES</b>												
025816BH1	AMERICAN EXPRESS CO	1.762	5/22/2018	5/22/2018	A3	1,000,000	1,000,829.610	.897	.146	1.451	.17%	1,003,888.00
037833AG5	APPLE INC	1.422	5/3/2018	5/3/2018	Aa1	1,500,000	1,500,505.570	.844	.095	1.233	.26%	1,503,163.50
06051GFJ3	BANK OF AMERICA CORP	1.700	8/25/2017	8/25/2017	BBB+	4,268,000	4,270,058.210	.153	.152	1.408	.73%	4,269,843.78
084664CH2	BERKSHIRE HATHAWAY FINANCE CORP	1.936	3/15/2019	3/15/2019	Aa2	1,600,000	1,600,000.000	1.714	.217	1.426	.28%	1,615,633.60
14912L6Q9	CATERPILLAR FINANCIAL SERVICES CORP	1.886	2/23/2018	2/23/2018	A	1,215,000	1,215,000.000	.650	.148	1.375	.21%	1,219,976.64
166764AX8	CHEVRON CORP	1.540	11/9/2017	11/9/2017	AA-	1,250,000	1,250,000.000	.361	.109	1.334	.21%	1,251,421.25
172967JQ5	CITIGROUP INC	1.860	4/27/2018	4/27/2018	BBB+	2,340,000	2,337,943.310	.825	.076	1.573	.40%	2,348,302.32
30231GAS1	EXXON MOBIL CORP	1.800	2/28/2018	2/28/2018	AA+	2,355,000	2,355,000.000	.672	.170	1.316	.40%	2,363,932.52

# CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2017

## Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
<b>FIXED INCOME (Continued)</b>												
<b>CORPORATES (Continued)</b>												
38141EC49	GOLDMAN SACHS GROUP INC/THE	2.046	12/15/2017	12/15/2017	A3	4,900,000	4,900,255.290	.464	.210	1.541	.84%	4,912,397.00
437076BJ0	HOME DEPOT INC/THE	1.616	9/15/2017	9/15/2017	A	503,000	503,226.540	.214	.210	1.311	.09%	503,325.44
24422ESU4	JOHN DEERE CAPITAL CORP	1.448	1/16/2018	1/16/2018	A	1,309,000	1,307,621.370	.544	.047	1.352	.22%	1,310,840.45
48121CVZ6	JPMORGAN CHASE BANK NA	6.000	7/5/2017	7/5/2017	A	6,047,000	6,050,076.730	.014	.014	5.830	1.04%	6,047,000.00
617446V71	MORGAN STANLEY	6.250	8/28/2017	8/28/2017	A3	7,000,000	7,053,549.380	.161	.161	1.878	1.21%	7,048,713.00
68389XAT2	ORACLE CORP	1.350	7/7/2017	7/7/2017	A+	3,000,000	3,000,064.480	.019	.019	1.315	.51%	3,000,018.00
717081DF7	PFIZER INC	1.546	6/15/2018	6/15/2018	A+	500,000	500,612.040	.969	.215	1.319	.09%	501,317.50
94974BFK1	WELLS FARGO & CO	1.783	4/23/2018	4/23/2018	A	1,052,000	1,052,899.500	.814	.067	1.407	.18%	1,056,577.25
<b>CORPORATES TOTALS</b>							<b>39,897,642.030</b>					<b>39,956,350.25</b>
<b>MORTGAGES</b>												
31381NUY7	FANNIE MAE POOL	2.623	9/1/2017	9/25/2017	Agency	456,187	457,045.440	.236	.236	2.380	.08%	455,727.10
<b>MORTGAGES TOTALS</b>							<b>457,045.440</b>					<b>455,727.10</b>
<b>MUNICIPALS</b>												
542411KT9	LONG BEACH COMMUNITY COLLEGE DISTRICT	.930	8/1/2017	8/1/2017	AA-	1,755,000	1,755,000.000	.086	.087	1.332	.30%	1,754,385.75
546415Z29	STATE OF LOUISIANA	1.087	8/1/2017	8/1/2017	AA-	635,000	635,118.000	.086	.087	1.198	.11%	634,936.50
93974DYT9	STATE OF WASHINGTON	.500	8/1/2017	8/1/2017	AA+	9,745,000	9,743,166.200	.086	.087	1.033	1.67%	9,740,517.30
<b>MUNICIPALS TOTALS</b>							<b>12,133,284.200</b>					<b>12,129,839.55</b>
<b>SOVEREIGN DEBT</b>												
4581XOCG1	INTER-AMERICAN DEVELOPMENT BANK	1.000	7/14/2017	7/14/2017	AAA	6,982,000	6,982,463.160	.039	.038	1.159	1.20%	6,981,553.15
459058DC4	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	1.125	7/18/2017	7/18/2017	AAA	8,500,000	8,501,344.390	.050	.049	1.269	1.46%	8,499,362.50
<b>SOVEREIGN DEBT TOTALS</b>							<b>15,483,807.550</b>					<b>15,480,915.65</b>
<b>US TREASURIES</b>												
912828M23	UNITED STATES TREASURY FLOATING RATE NOTE	1.171	10/31/2017	10/31/2017	Govt	6,300,000	6,301,330.080	.336	.014	1.026	1.08%	6,303,868.20
912828TG5	UNITED STATES TREASURY NOTE/BOND	.500	7/31/2017	7/31/2017	Govt	20,000,000	19,994,591.460	.086	.084	.843	3.42%	19,994,100.00
912828TM2	UNITED STATES TREASURY NOTE/BOND	.625	8/31/2017	8/31/2017	Govt	20,000,000	19,991,064.160	.168	.169	.995	3.42%	19,987,500.00
912828WT3	UNITED STATES TREASURY NOTE/BOND	.875	7/15/2017	7/17/2017	Govt	30,000,000	30,000,825.420	.041	.046	.872	5.14%	30,000,000.00
912828D49	UNITED STATES TREASURY NOTE/BOND	.875	8/15/2017	8/15/2017	Govt	20,000,000	19,999,227.320	.127	.125	.955	3.42%	19,997,900.00
912828NW6	UNITED STATES TREASURY NOTE/BOND	1.875	8/31/2017	8/31/2017	Govt	20,000,000	20,033,284.050	.168	.169	1.013	3.43%	20,028,780.00
<b>US TREASURIES TOTALS</b>							<b>116,320,322.490</b>					<b>116,312,148.20</b>
<b>FIXED INCOME TOTALS</b>							<b>260,759,800.800</b>					<b>260,832,023.75</b>
<b>PORTFOLIO TOTALS</b>							<b>582,337,458.390</b>					<b>583,988,826.78</b>

## WELLS CAPITAL - OPERATING FUNDS

JUNE 2017

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
AMERICAN EXPRESS CREDIT CORP	AXP	0258M0DW6	US0258M0DW60	0258M0DW6	0.26%	\$1,511,430.91
AMERICAN HONDA FINANCE CORP	HNDA	02665WAQ4	US02665WAQ42	02665WAQ4	1.71%	\$10,013,801.11
APPLE INC	AAPL	037833AG5	US037833AG56	037833AG5	0.86%	\$5,022,200.20
Apple Inc.	AAPL	03785DW51	US03785DW514	03785DW51	0.85%	\$4,989,605.70
BANK OF AMERICA NA	BAC	06050TLY6	US06050TLY63	06050TLY6	1.20%	\$7,035,106.17
BANK OF NEW YORK MELLON CORP	BK	06406HCJ6	US06406HCJ68	06406HCJ6	0.39%	\$2,307,460.05
BANK OF NEW YORK MELLON CORP	BK	06406HDC0	US06406HDC07	06406HDC0	0.93%	\$5,427,108.72
BB&T CORP	BBT	05531FAM5	US05531FAM59	05531FAM5	1.38%	\$8,050,343.56
BB&T CORP	BBT	05531FAP8	US05531FAP80	05531FAP8	0.26%	\$1,500,517.52
CALIFORNIA ST	CA	13063DAA6	US13063DAA63	13063DAA6	0.86%	\$5,005,943.33
CAPITAL ONE NA	COF	14042E3Z1	US14042E3Z13	14042E3Z1	0.64%	\$3,718,212.63
Cash	---	CCYUSD	---	CCYUSD	-0.77%	-\$4,503,736.49
CHAIT 155 A	CHAIT	161571GY4	US161571GY45	161571GY4	1.37%	\$7,997,953.96
CHARLES SCHWAB CORP	SCHW	808513AK1	US808513AK10	808513AK1	0.07%	\$401,961.20
CHEVRON CORP	CVX	166764BC3	US166764BC34	166764BC3	0.51%	\$3,005,299.00
Chevron Corporation	CVX	16677JV45	US16677JV459	16677JV45	2.56%	\$14,984,002.05
CISCO SYSTEMS INC	CSCO	17275RAY8	US17275RAY80	17275RAY8	0.52%	\$3,010,708.08
CITIGROUP INC	C	172967HY0	US172967HY01	172967HY0	0.98%	\$5,712,941.17
COMCAST CORP	CMCSA	20030NAU5	US20030NAU54	20030NAU5	0.54%	\$3,168,109.02
COMCAST CORP	CMCSA	20030NAR2	US20030NAR26	20030NAR2	0.36%	\$2,096,926.89
COMCAST CORP	CMCSA	20030NAW1	US20030NAW11	20030NAW1	0.54%	\$3,129,402.00
COMET 145A A	COMET	14041NET4	US14041NET46	14041NET4	0.26%	\$1,536,436.42
CRC Funding, LLC	C	12619TWT7	US12619TWT77	12619TWT7	1.19%	\$6,977,693.17
CREDIT SUISSE AG (NEW YORK BRANCH)	CS	22546QAV9	US22546QAV95	22546QAV9	0.26%	\$1,504,431.33
CREDIT SUISSE AG (NEW YORK BRANCH)	CS	22546QAW7	US22546QAW78	22546QAW7	1.21%	\$7,050,371.87
EXXON MOBIL CORP	XOM	30231GAM4	US30231GAM42	30231GAM4	0.22%	\$1,267,463.69
EXXON MOBIL CORP	XOM	30231GAS1	US30231GAS12	30231GAS1	0.86%	\$5,026,966.73
FEDERAL FARM CREDIT BANKS	FFCB	313313XK9	US313313XK99	313313XK9	0.85%	\$4,944,085.00
FEDERAL FARM CREDIT BANKS	FFCB	313313JH2	US313313JH27	313313JH2	1.62%	\$9,495,782.00
FEDERAL HOME LOAN BANKS	FHLB	3130AAQ43	US3130AAQ433	3130AAQ43	1.71%	\$10,008,400.00
FEDERAL HOME LOAN BANKS	FHLB	313385NS1	US313385NS13	313385NS1	1.70%	\$9,964,040.00
FEDERAL HOME LOAN BANKS	FHLB	313385XL5	US313385XL59	313385XL5	0.68%	\$3,955,132.00
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0PQ0	US3135G0PQ06	3135G0PQ0	0.26%	\$1,501,310.79
FIDELITY INST : GOV PT CL I MMF	FIGXX	316175108	US3161751082	316175108	1.70%	\$9,919,913.92
FIFTH THIRD BANK	FITB	31677QAV1	US31677QAV14	31677QAV1	0.86%	\$5,017,880.83
FRANKLIN RESOURCES INC	BEN	354613AH4	US354613AH43	354613AH4	0.52%	\$3,011,737.83
GENERAL ELECTRIC COMPANY	GE	369604BC6	US369604BC61	369604BC6	1.75%	\$10,200,668.33
GOLDMAN SACHS GROUP INC	GS	38141GFM1	US38141GFM15	38141GFM1	0.18%	\$1,047,465.00
GOLDMAN SACHS GROUP INC	GS	38141EC49	US38141EC493	38141EC49	0.73%	\$4,268,630.09
HSBC USA INC (NEW)	HSBC	40428HPH9	US40428HPH92	40428HPH9	0.47%	\$2,771,405.77
INTEL CORP	INTC	458140AL4	US458140AL48	458140AL4	1.31%	\$7,680,725.69
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0BQ0	US4581X0BQ01	4581X0BQ0CORP	1.50%	\$8,795,186.20
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0BZ0	US4581X0BZ00	4581X0BZ0	1.20%	\$6,994,465.72
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0CL0	US4581X0CL05	4581X0CL0	1.72%	\$10,025,889.44
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0CG1	US4581X0CG10	4581X0CG1	1.74%	\$10,169,311.60
INTER-AMERICAN DEVELOPMENT BANK	IADB	45818WAY2	US45818WAY21	45818WAY2	3.82%	\$22,309,332.70
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	IBRD	45905UTJ3	US45905UTJ33	45905UTJ3	2.60%	\$15,201,732.96
INTERNATIONAL FINANCE CORP	IFC	45950KBV1	US45950KBV17	45950KBV1	0.47%	\$2,766,998.60
INTERNATIONAL FINANCE CORP	IFC	45950VKP0	US45950VKP03	45950VKP0	0.38%	\$2,211,743.71
INTERNATIONAL FINANCE CORP	IFC	45950VFH4	US45950VFH42	45950VFH4	1.37%	\$8,003,343.13

WELLS CAPITAL - OPERATING FUNDS  
JUNE 2017

JPMORGAN CHASE BANK NA	JPM	48121CYK6	US48121CYK60	48121CYK6	1.81%	\$10,560,075.00
Koch Resources, LLC	GP	50000AUT7	US50000AUT77	50000AUT7	1.71%	\$9,991,405.00
Koch Resources, LLC	GP	50000AUH3	US50000AUH30	50000AUH3	0.34%	\$1,998,929.94
MBART 151 A3	MBART	58772PAD0	US58772PAD06	58772PAD0	0.12%	\$706,051.32
MORGAN STANLEY	MS	617446V71	US617446V714	617446V71	0.88%	\$5,141,565.83
MORGAN STANLEY	MS	61744YAD0	US61744YAD04	61744YAD0	0.40%	\$2,322,549.40
NYSE EURONEXT	ICE	629491AB7	US629491AB74	629491AB7	0.69%	\$4,025,111.11
Old Line Funding, LLC	OLDLLC	67983TUH7	US67983TUH75	67983TUH7	1.71%	\$9,994,309.70
Old Line Funding, LLC	OLDLLC	67983TUA2	US67983TUA23	67983TUA2	0.34%	\$1,999,336.66
ORACLE CORP	ORCL	68389XAT2	US68389XAT28	68389XAT2	0.51%	\$3,009,583.26
Payable	---	CCYUSD	---	CCYUSD	-1.48%	-\$8,635,669.99
PEPSICO INC	PEP	713448CU0	US713448CU00	713448CU0	0.71%	\$4,164,427.00
Pfizer Inc.	PFE	71708EYF6	US71708EYF68	71708EYF6	1.19%	\$6,967,370.69
Pfizer Inc.	PFE	71708EYL3	US71708EYL37	71708EYL3	0.51%	\$2,985,390.18
PNC BANK NA	PNC	69353REJ3	US69353REJ32	69353REJ3	0.33%	\$1,900,159.38
PNC BANK NA	PNC	69353REM6	US69353REM60	69353REM6	0.47%	\$2,761,234.63
PNC BANK NA	PNC	69353REN4	US69353REN44	69353REN4	0.21%	\$1,238,149.51
PRECISION CASTPARTS CORP	PCP	740189AK1	US740189AK18	740189AK1	1.61%	\$9,396,978.03
QUALCOMM INC	QCOM	747525AH6	US747525AH60	747525AH6	0.20%	\$1,152,835.80
Receivable	---	CCYUSD	---	CCYUSD	0.00%	\$6,657.32
The Coca-Cola Company	KO	19121AWT4	US19121AWT41	19121AWT4	0.84%	\$4,886,202.29
Thunder Bay Funding, LLC	TBLLC	88602TUA9	US88602TUA95	88602TUA9	0.51%	\$2,999,004.99
Thunder Bay Funding, LLC	TBLLC	88602TVM2	US88602TVM25	88602TVM2	1.45%	\$8,484,591.37
Thunder Bay Funding, LLC	TBLLC	88602TVN0	US88602TVN08	88602TVN0	0.34%	\$1,996,304.72
Toyota Motor Credit Corporation	TOYOTA	89233GW77	US89233GW770	89233GW77	1.02%	\$5,986,970.52
Toyota Motor Credit Corporation	TOYOTA	89233GWK8	US89233GWK83	89233GWK8	1.19%	\$6,982,092.25
UNITED STATES TREASURY	UST	912828PA2	US912828PA23	912828PA2	3.44%	\$20,132,582.30
UNITED STATES TREASURY	UST	912828TM2	US912828TM25	912828TM2	4.11%	\$24,035,135.87
UNITED STATES TREASURY	UST	912828UA6	US912828UA67	912828UA6	3.42%	\$19,969,327.43
UNITED STATES TREASURY	UST	912828UE8	US912828UE89	912828UE8	1.71%	\$9,980,153.80
UNITED STATES TREASURY	UST	912828UJ7	US912828UJ76	912828UJ7	3.43%	\$20,037,977.24
UNITED STATES TREASURY	UST	912828UR9	US912828UR92	912828UR9	3.42%	\$19,989,195.87
UNITED STATES TREASURY	UST	912828UZ1	US912828UZ19	912828UZ1	0.17%	\$995,740.99
UNITED STATES TREASURY	UST	912828G79	US912828G799	912828G79	1.11%	\$6,498,454.03
UNITED STATES TREASURY	UST	912828XP0	US912828XP00	912828XP0	4.17%	\$24,358,515.47
UNITED STATES TREASURY	UST	912828L40	US912828L401	912828L40	0.43%	\$2,497,961.96
UNITED STATES TREASURY	UST	912828M72	US912828M722	912828M72	1.71%	\$9,996,971.20
UNITED STATES TREASURY	UST	912828N55	US912828N555	912828N55	4.27%	\$24,981,104.35
US BANK NA	USB	90331HMU4	US90331HMU40	90331HMU4	0.34%	\$2,012,954.44
VISA INC	V	92826CAA0	US92826CAA09	92826CAA0	1.49%	\$8,722,555.30

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In general, the valuation numbers presented in this report are prepared by the custodian bank for listed securities, and by the fund manager or appropriate General Partner in the case of unlisted securities. The data used in the market comparison sections of this report are sourced from various databases. These data are continuously updated and are subject to change.

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**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. Portfolio Return-  $[\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.  
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991.

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



## Short Term Actively Managed Program ("STAMP") Client Review for:

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Portfolio Review



*July 24<sup>th</sup>, 2017*

Scott Pavlak, CFA – Portfolio Management  
Wendy Kaszak – Client Services

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## SECTION I

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### **Firm Overview**

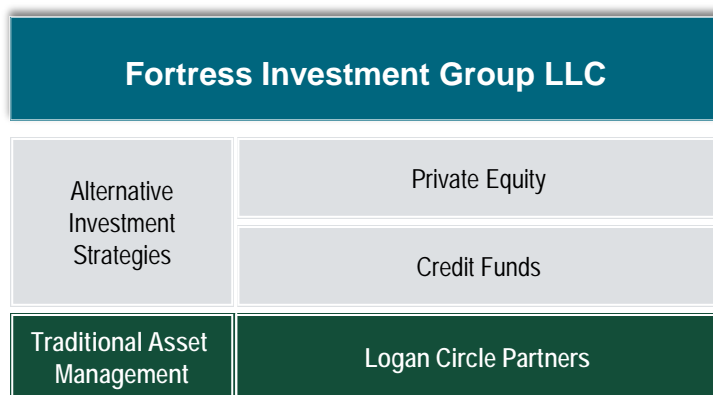
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# ORGANIZATIONAL OVERVIEW

## Firm Overview

- Logan Circle Partners, L.P. (“Logan Circle” or “LCP”) is a Fortress Investment Group LLC (“Fortress”) company.
- Fortress is a diversified asset manager with assets under management of \$70 billion<sup>1</sup>.
- We are dedicated solely to the institutional marketplace and have \$33.7 billion<sup>1</sup> in total assets under management.
- The senior members of our Investment team have worked together on fixed income portfolios for 17 years.
- Suite of fixed income investment strategies includes broad coverage of both the risk spectrum (Enhanced Cash to High Yield) and the term structure (Short-Term to Long Duration).

## Ownership Structure



## Assets & Personnel

Assets by Client Type <i>(\$ millions as of March 31, 2017)</i>		80 Employees <i>(as of March 31, 2017)</i>	
Corporate	\$13,420	Portfolio Management	10
Sub-Advisory	\$12,421	Research	20
Public	\$3,000	Trading	14
Insurance	\$1,541	Risk Management / Portfolio Analytics	4
Healthcare	\$871	Client Services	14
Non-Profit	\$539	Legal / Compliance	4
Taft-Hartley	\$423	Administration / Operations	14
Other	\$1,504		
TOTAL	\$33,719	TOTAL	80

<sup>1</sup> Based on unaudited estimates and are subject to change. Fee paying assets under management as of 3/31/17.



**FIXED INCOME TEAM** – 45 Investment Professionals

**We utilize a team approach to investment management.**

RESEARCH		PORTFOLIO MANAGEMENT		TRADING	
<u>Credit</u> Brian Funk, CFA, Director Zach Bauer, CFA Kevin Bowles Ian Bowman Rick Corbit Joseph Di Carlo, CFA Stephen Driscoll Michael Frey Brent Garrels Matt Higgins, CFA Kevin Kloeblen, CFA Richard Lee Christopher Meyer Michael Recchiuti	<u>Short Term Credit</u> David Wheeler, CFA  <u>Municipal *</u> William Schramm, CFA Kimberley Slough  <u>Structured Products *</u> Kevin Hendrickson, CFA Christopher Matinho John Palphreyman, CFA Joseph Watkins  <u>Sovereign</u> Neev Wanvari	Jude Driscoll, CIO  Todd Howard, CFA Andy Kronschnabel, CFA Al Leone, CFA Josh Lofgren, CFA Peter Mahoney Scott Moses, CFA Stephen Mullin, CFA Scott Pavlak, CFA Tim Rabe, CFA  RISK MANAGEMENT / PORTFOLIO ANALYTICS  Brian Funk, CFA Ryan Dougherty James Grace Jordan Marron	<u>High Grade</u> Dana Cottrell Anthony DeMaria Ryan Dougherty Steve Kelly, CFA Lou Petriello, CFA  <u>High Yield</u> Tom McClintic Spencer Tullo Robb Barrett  <u>Sovereign</u> Chris Magnus Carrie Biemer	<u>Structured Products *</u> Kevin Hendrickson, CFA Christopher Matinho John Palphreyman, CFA Joseph Watkins  <u>Money Markets / Rates</u> Phillip Tran  <u>Municipal *</u> Kimberley Slough William Schramm, CFA	

*\* Our structured products and municipals analysts have both research and trading responsibilities.*

## **SECTION II**

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### **Market Review**

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# CURRENT THEMES

- **GDP**

Second-half growth picks up as early year weakness in personal consumption reverses over the balance of 2017, aided by solid wage growth, pushing full-year growth into the low 2% range. Sustained strength in consumer spending rests partially upon confidence indicators which have outpaced the “hard” economic data. Recent U.S. dollar weakness tempers impact of potential trade battles. Second-half will see continued strength in business fixed investment along with positive contributions from inventories and trade, the latter benefiting from the year-to-date decline in the dollar. At this point, any impact from progress on fiscal agenda reforms which, if implemented by year end, will not be felt until 2018.

- **Consumer**

Most measures of consumer confidence remain elevated due to financial market strength and continued labor market stability. Healthcare costs continue to represent an increasing share of consumer spending and disposable income, a trend that could be exacerbated absent meaningful healthcare reform. Auto sales have slowed and are rolling over marking the cycle's peak, with prospective tidal wave of vehicles coming off lease over the next several years weighing on new and used prices. Changing consumer behavior has wide-ranging, long-term implications for the economy.

- **Business**

Prospect of corporate tax and regulatory reform has lifted confidence but policy enactment needed to move business fixed investment higher and extend the business cycle. Recent improvement in revenue trends and profitability have reversed recent signs of late-cycle stress in credit metrics. Small business confidence remains near post-recession highs, with the prospect of a less stringent regulatory environment, improving business profitability. Relaxation of Dodd-Frank provisions will free up capital to benefit banks, who will be able to increase lending to support economic growth.

- **Employment**

Low unemployment rate will exert pressure on wages. Average hourly earnings in the service sector continue to rise with the biggest gainers at the lower end of the earnings spectrum. Improvement in the participation rate could result in an uptick in the unemployment rate as more workers re-enter the labor force or part-time jobs convert to full-time with the relaxation of ACA regulations.

- **Residential / Commercial Real Estate**

Shortage of inventory in lesser priced homes supports mid-single digit price appreciation with large divergences geographically. Affordability for first-time homebuyers is at post-crisis lows. Federal Reserve's forthcoming balance sheet reduction program shifts demand to a more selective RMBS buyer base. Reduced levels of foreign investment, weakness in the retail sector and new construction supply in the hotel and multi-family sectors combine to weigh on commercial property prices. Weaker underwriting in new issue conduit deals manifests itself in deteriorating credit metrics for secondary and tertiary properties.

- **Inflation**

Federal Reserve views recent decline in core PCE as transitory, which has some validity, sighting temporary weakness in healthcare costs, rents, gas prices, and wireless data plan pricing. Renewed upward pressure on wages should become evident in the second half as sustained job gains keep the unemployment rate low and the number of job openings continues to grow. Given the fall in the U.S. dollar, import price inflation will increase, particularly if oil prices rebound from current levels. Declines in service inflation (less energy) should reverse due to more favorable base effects.

- **Central Banks / International**

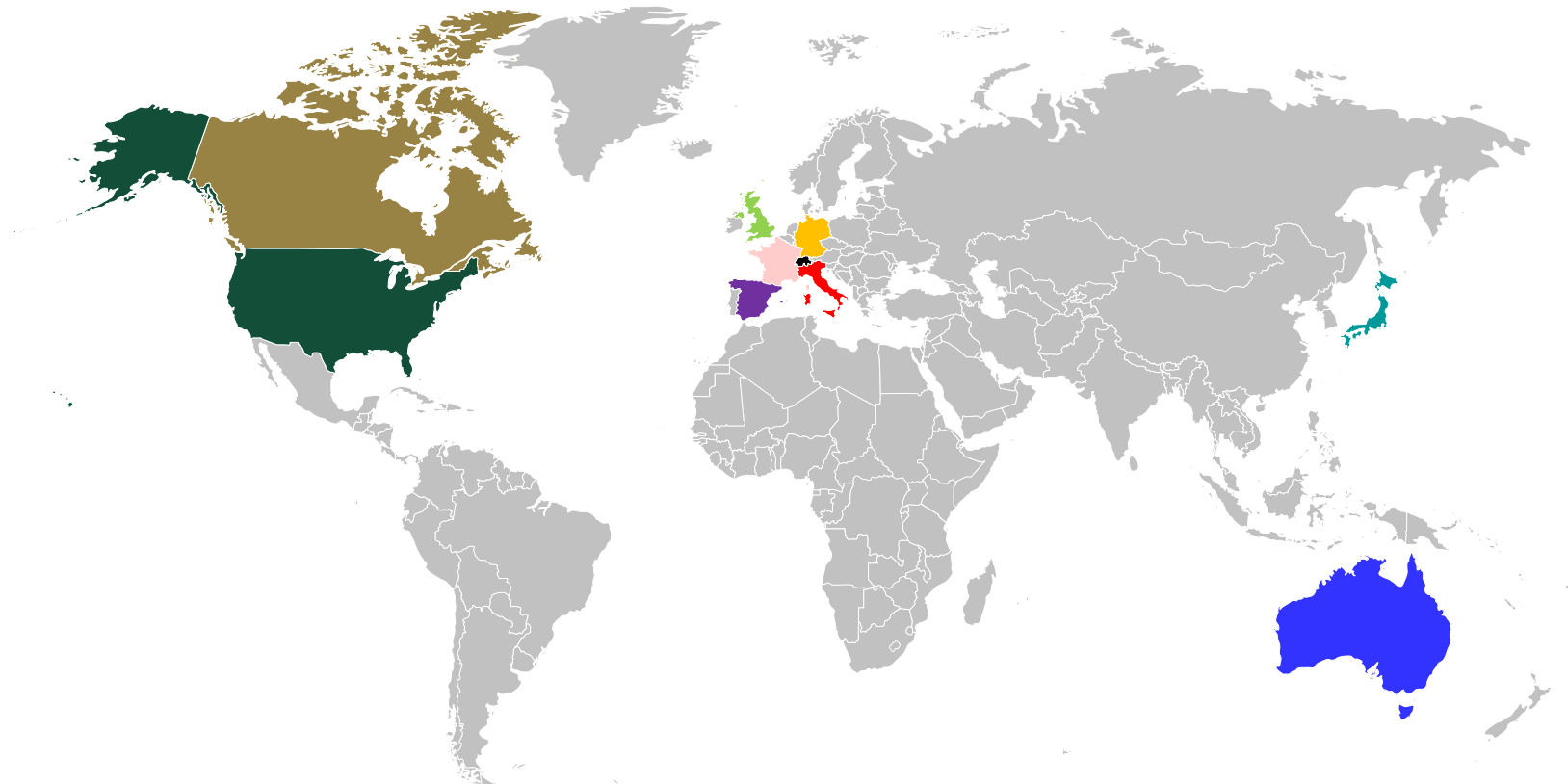
Central bank policies diverge as the Fed continues to normalize monetary policy, the ECB shows further signs of reducing its level of accommodation, and the BOJ maintains its historic level of stimulus. Chinese government support to ensure its economic growth target is met and efforts to withdraw liquidity in a measured fashion while maintaining market stability will prevail through this fall's 19th National Congress. Shifts in European political landscape expected to reshape relationships within the EU, U.S. and other developed economies.

- **U.S. Monetary Policy**

Market and Federal Reserve expectations have once again diverged as the Fed's dot plot projections call for a steeper path of federal-funds rate increase. Reduction in the size of the Federal Reserve's \$4.5 trillion balance sheet, expected to begin before year end, will lead to increased market volatility. The approaching end of Yellen's tenure and administration's efforts to fill Fed vacancies expected to increase uncertainty over Fed's future policy direction and independence. As the third quarter progresses, focus on the debt ceiling, potential government shutdown (projected by the CBO to come to a head in early to mid-October) set to grow with implications for the front end of the maturity spectrum.

*The views presented above are Logan Circle's only and are subject to change over time. There can be no assurance that the views expressed above will prove accurate and should not be relied upon as a reliable indicator of future events.*

## WORLD INTEREST RATES – as of June 30, 2017\*

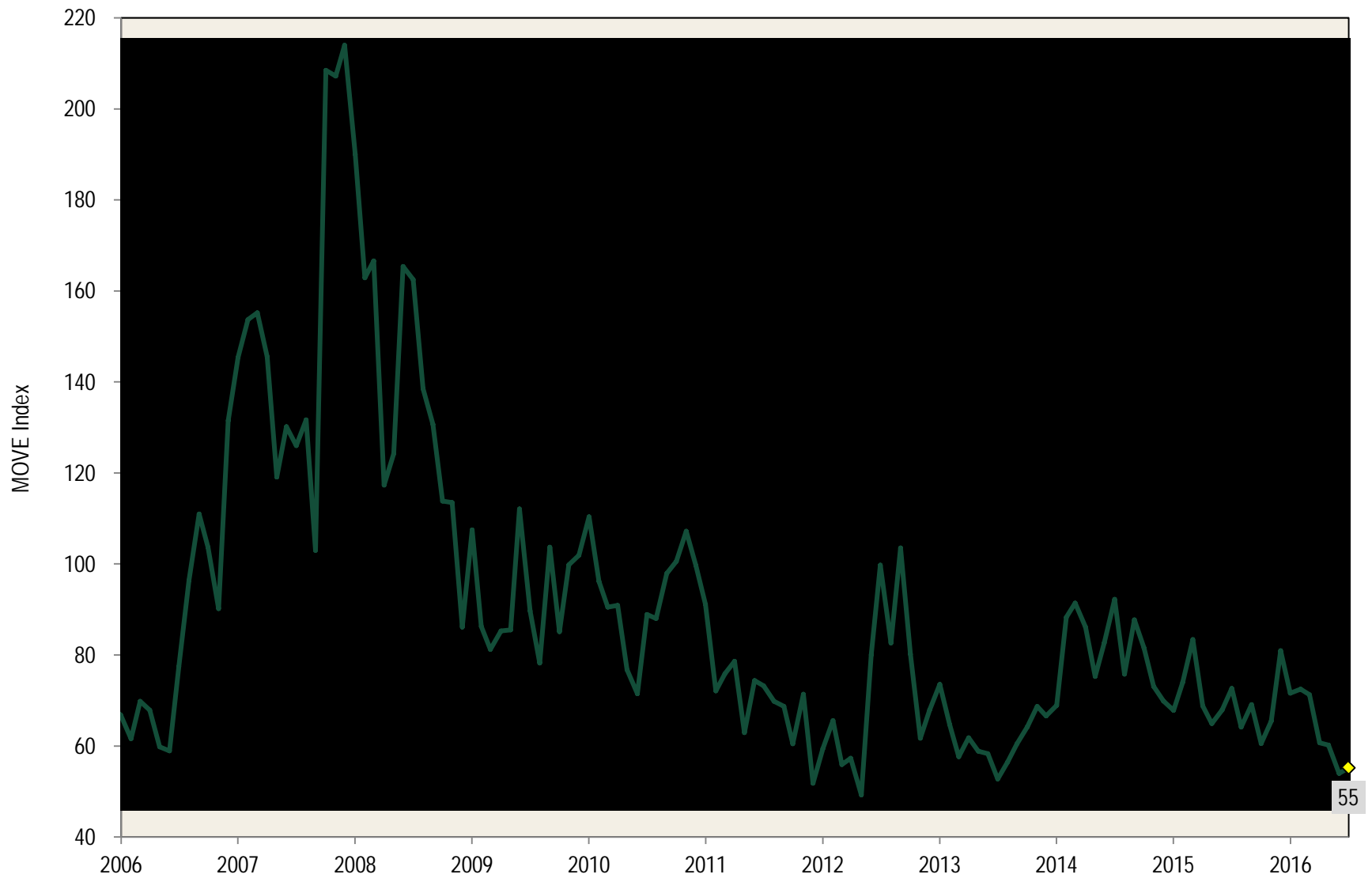


Country	United States	Canada	United Kingdom	Italy	Spain	France	Germany	Switzerland	Japan	Australia
2-Year	1.38%	1.10%	0.34%	(0.13%)	(0.28%)	(0.39%)	(0.58%)	(0.84%)	(0.13%)	1.73%
	+0.19	+0.36	+0.30	+0.06	+0.03	+0.30	+0.22	+0.22	+0.06	(0.10)
5-Year	1.89%	1.39%	0.69%	0.86%	0.31%	(0.05%)	(0.23%)	(0.51%)	(0.07%)	2.18%
	(0.04)	+0.28	+0.22	+0.26	+0.05	+0.08	+0.31	+0.21	+0.04	(0.14)
10-Year	2.31%	1.76%	1.26%	2.15%	1.52%	0.81%	0.47%	(0.05%)	0.08%	2.60%
	(0.14)	+0.04	+0.02	+0.34	+0.14	+0.13	+0.26	+0.18	+0.04	(0.17)
30-Year	2.84%	2.15%	1.87%	3.29%	2.83%	1.74%	1.24%	0.39%	0.85%	-
	(0.23)	(0.17)	0.00	+0.37	+0.22	+0.13	+0.30	+0.04	+0.13	-

\* Shaded rows indicate change from December 31, 2016.

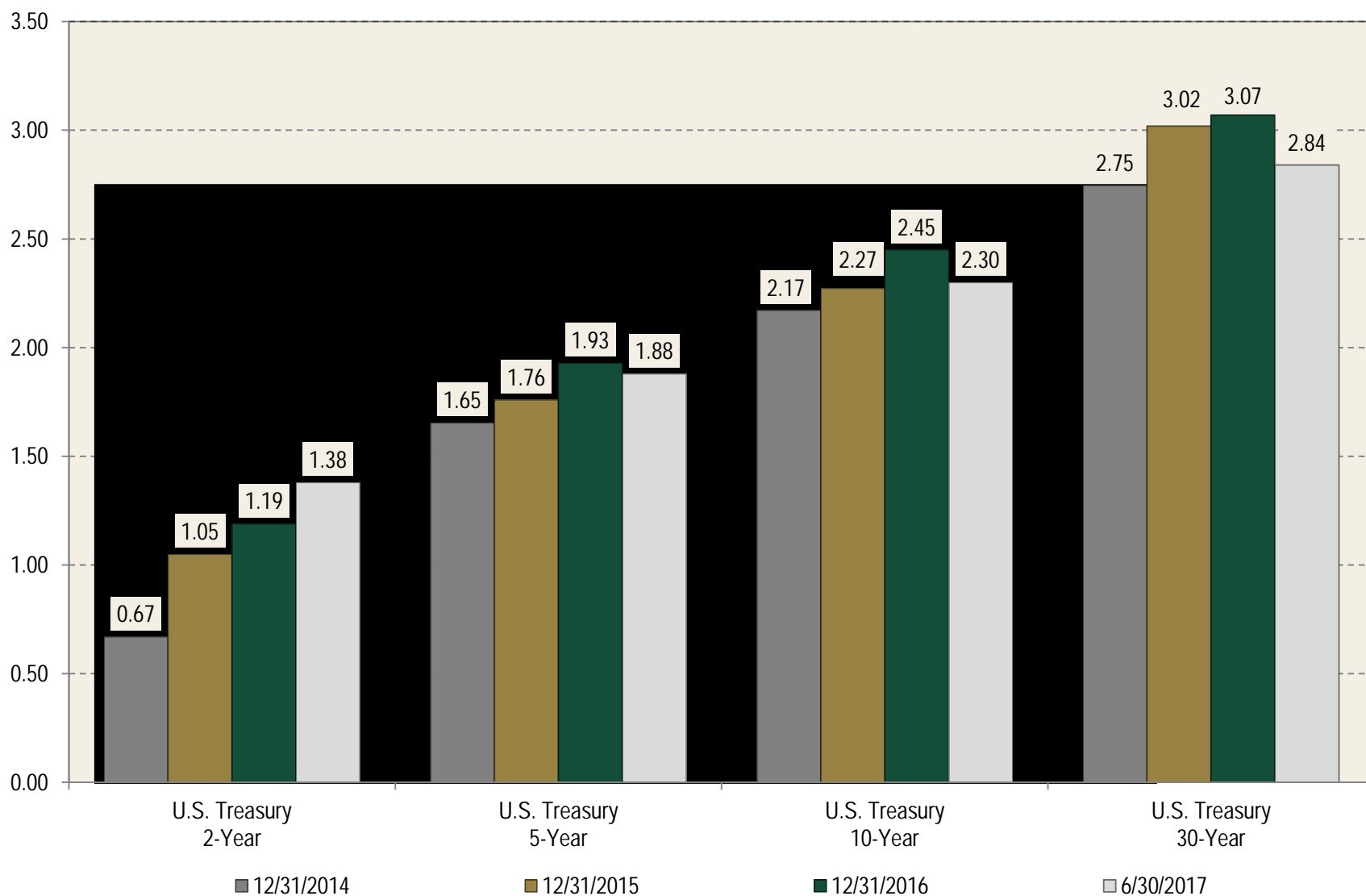
Source: Bloomberg

## INTEREST RATE VOLATILITY – as of June 30, 2017



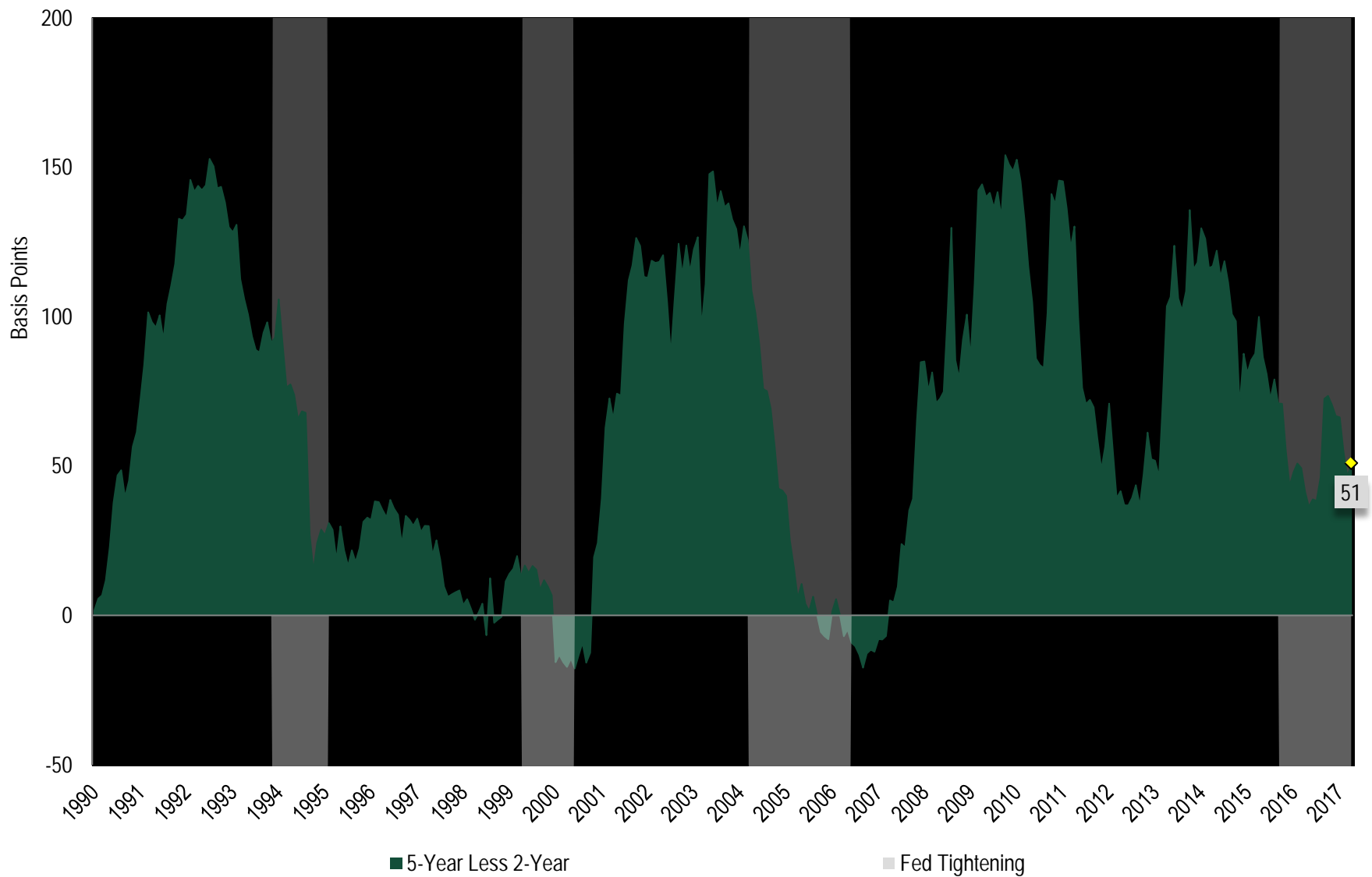
Source: Bloomberg

## U.S. TREASURY YIELDS – as of June 30, 2017



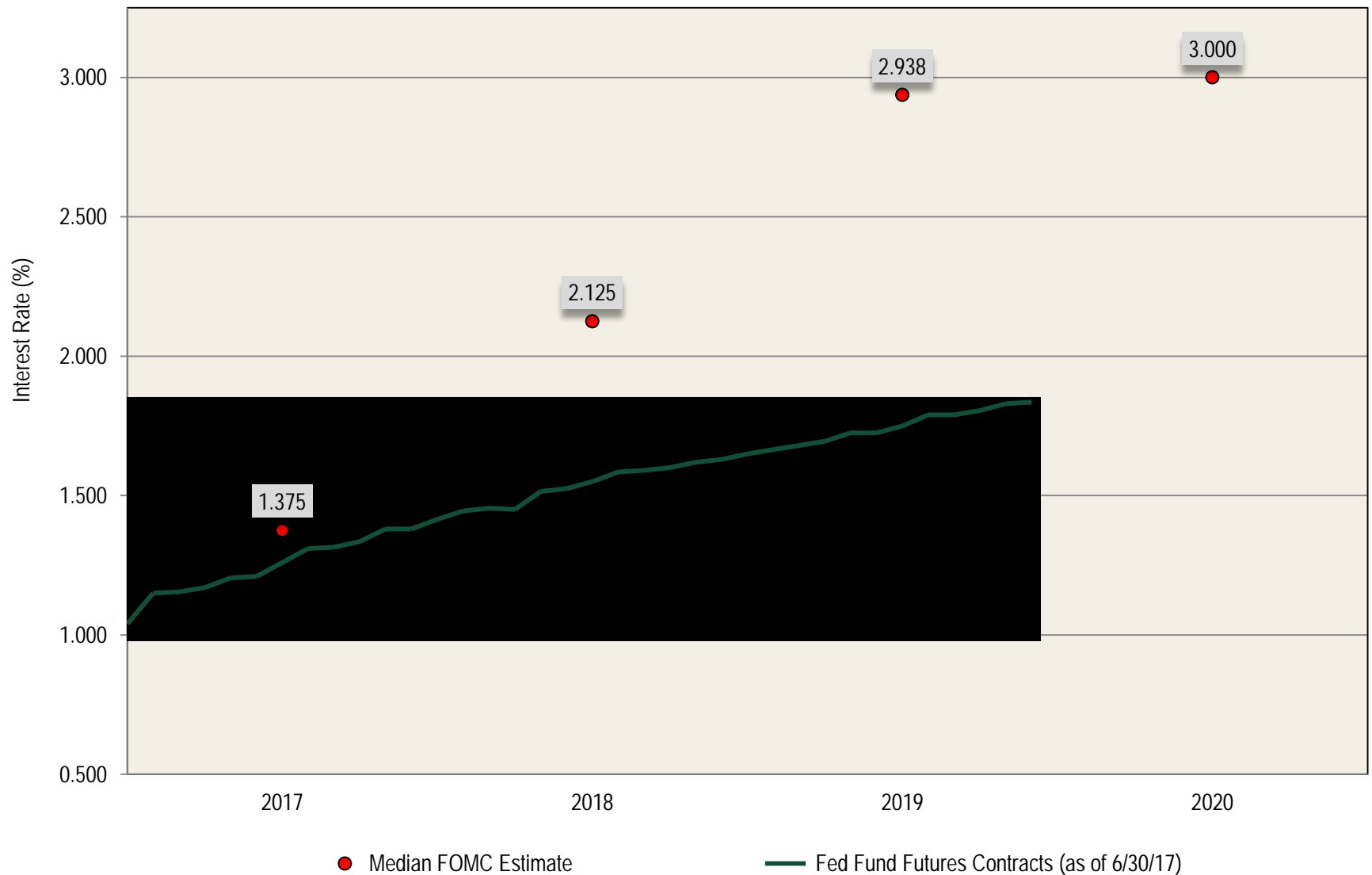
Source: Bloomberg

## YIELD CURVE POSITIONING – as of June 30, 2017



Source: Bloomberg

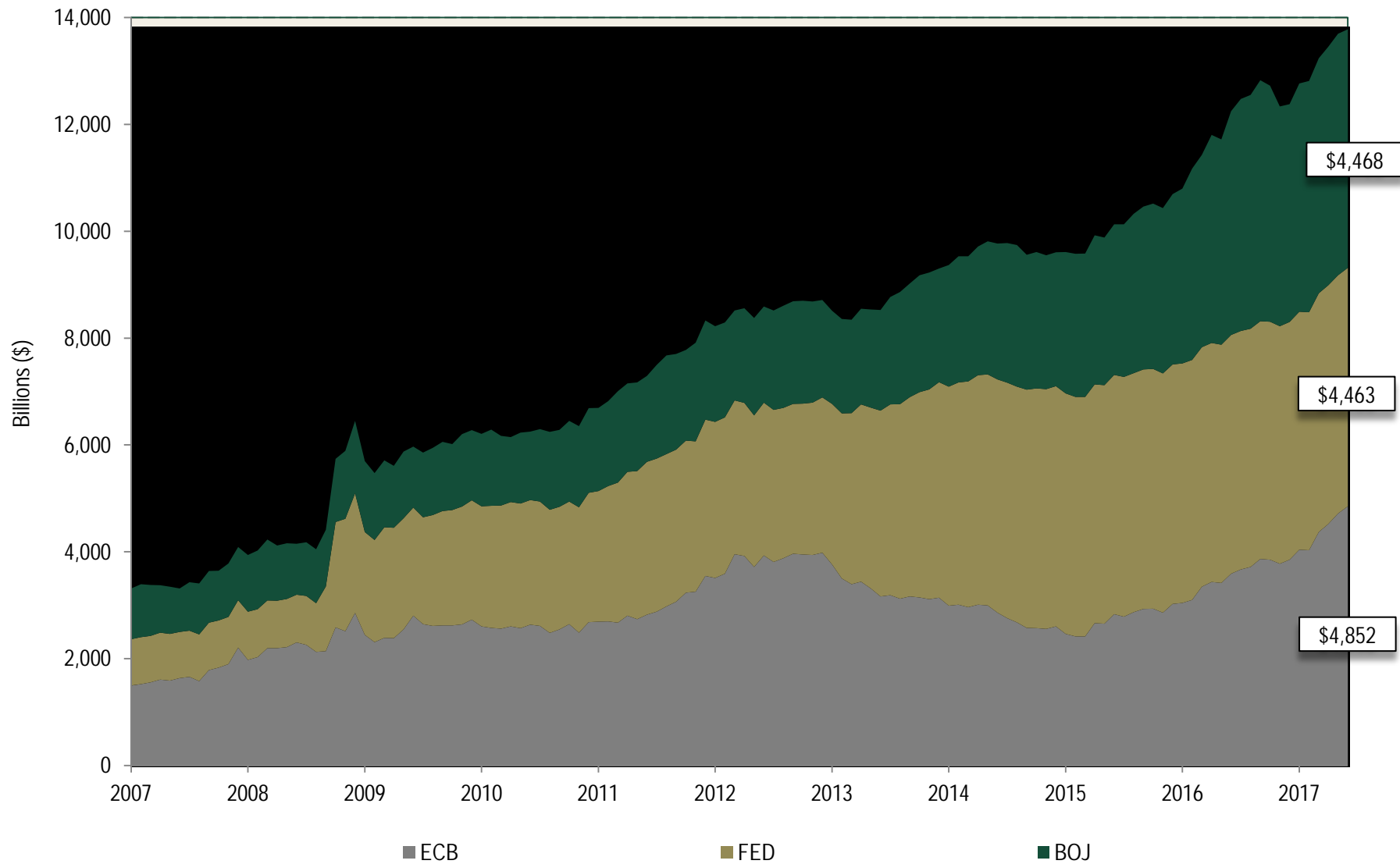
## FED EXPECTATIONS VS. FED FUNDS FUTURES RATE – as of June 30, 2017



Source: Bloomberg, Federal Reserve



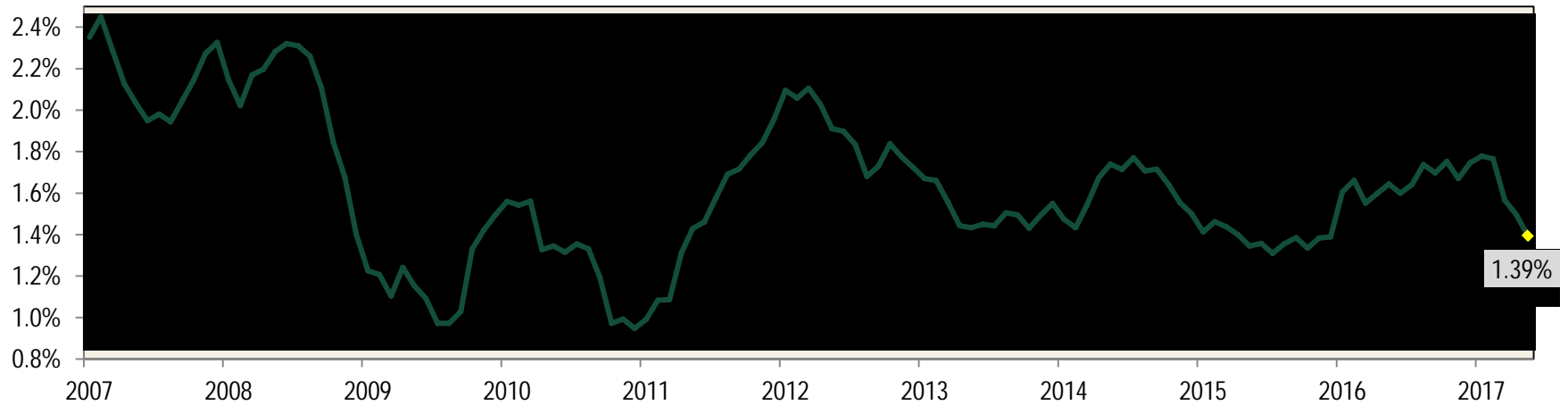
## CENTRAL BANK ASSETS – as of June 30, 2017



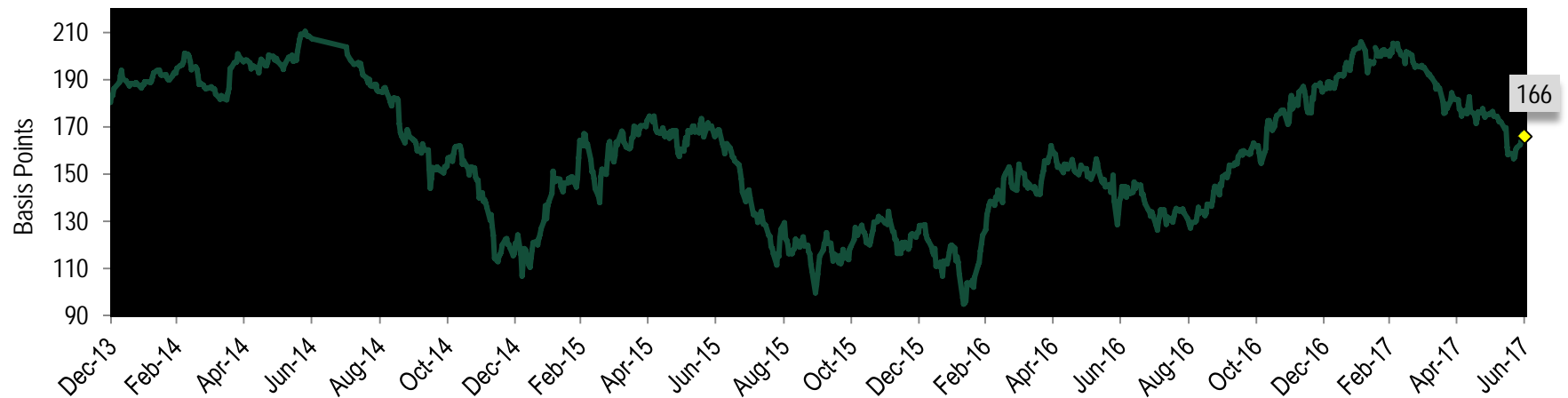
Source: Bloomberg, Federal Reserve, Bank of Japan, European Central Bank

## U.S. INFLATION – as of June 30, 2017

### PCE Core YOY

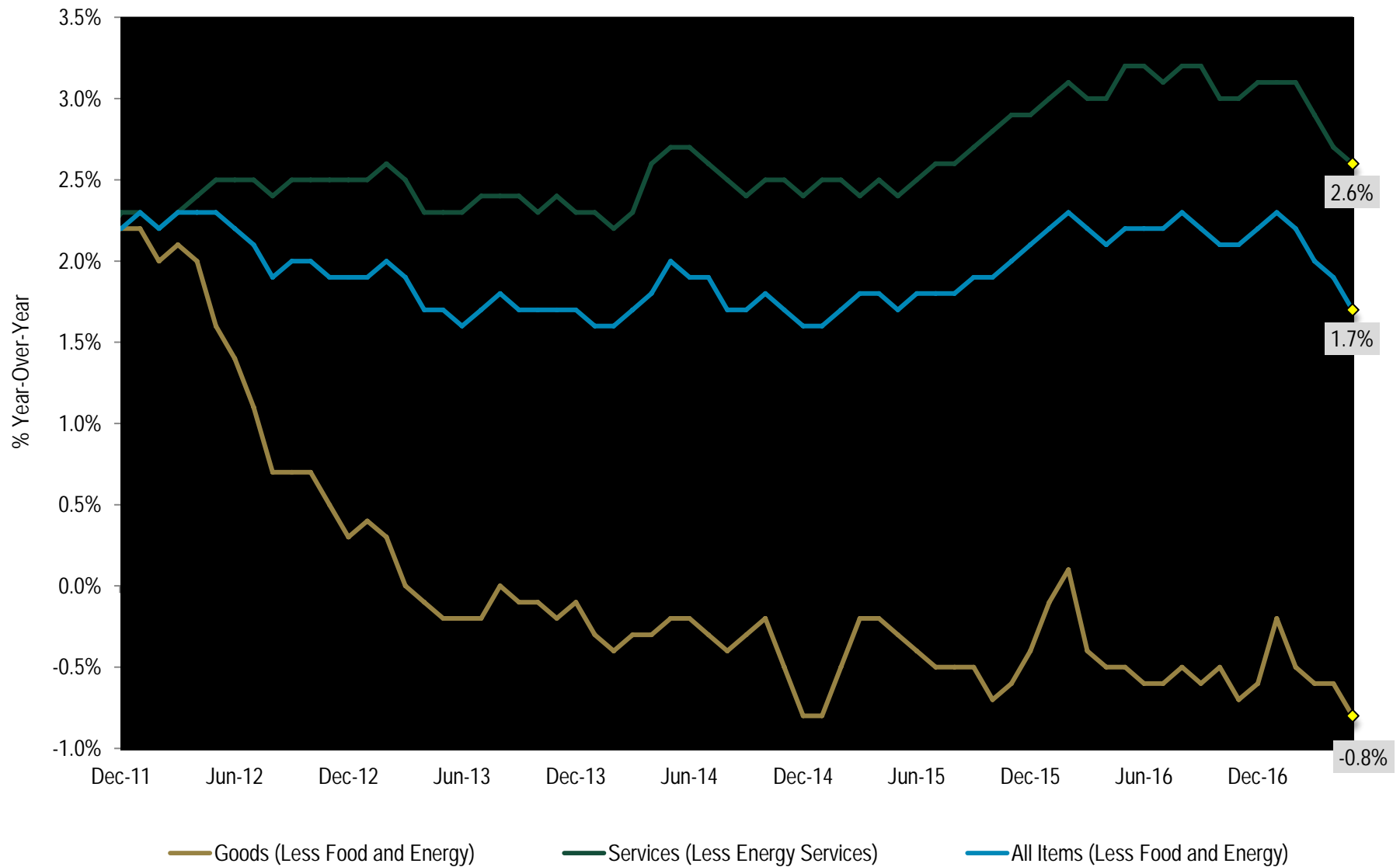


### 5-Year TIPS Breakeven Rate



Source: Bloomberg

## CORE CPI BREAKDOWN – as of June 30, 2017



Source: Bureau of Labor Statistics

## U.S. GDP GROWTH

Year	Quarter	Real GDP QoQ (%)	Consumer Spending	Fixed Investment	Government Spending	Net Exports	Inventories
2008	1Q	-2.70	-0.56	-1.31	0.32	-0.11	-1.05
	2Q	2.00	0.48	-0.98	0.62	2.11	-0.24
	3Q	-1.90	-1.94	-2.12	1.13	0.77	0.26
	4Q	-8.20	-3.16	-4.29	0.56	0.15	-1.45
2009	1Q	-5.40	-0.86	-4.75	0.15	2.30	-2.26
	2Q	-0.50	-1.19	-2.13	1.56	2.34	-1.12
	3Q	1.30	1.68	-0.02	0.48	-0.45	-0.38
	4Q	3.90	-0.01	-0.36	-0.17	0.06	4.40
2010	1Q	1.70	1.46	0.11	-0.63	-0.85	1.66
	2Q	3.90	2.23	1.76	0.61	-1.77	1.09
	3Q	2.70	1.77	-0.04	-0.07	-0.83	1.90
	4Q	2.50	2.79	1.13	-0.87	1.12	-1.63
2011	1Q	-1.50	1.38	-0.11	-1.60	-0.24	-0.96
	2Q	2.90	0.57	1.10	-0.08	0.31	1.04
	3Q	0.80	1.20	2.25	-0.52	0.01	-2.10
	4Q	4.60	0.94	1.36	-0.31	-0.21	2.80
2012	1Q	2.30	1.87	1.24	-0.56	-0.11	-0.20
	2Q	1.60	0.86	0.61	-0.08	-0.04	0.27
	3Q	2.50	1.32	0.45	0.52	0.39	-0.19
	4Q	0.10	1.32	0.96	-1.20	0.79	-1.80
2013	1Q	1.90	1.74	0.77	-0.88	-0.01	0.28
	2Q	1.10	0.96	0.40	-0.38	-0.24	0.38
	3Q	3.00	1.17	0.59	-0.42	0.16	1.48
	4Q	3.80	2.36	0.79	-0.51	1.26	-0.08
2014	1Q	-1.20	1.26	0.79	-0.19	-1.16	-1.89
	2Q	4.00	2.56	1.12	0.02	-0.41	0.67
	3Q	5.00	2.52	1.16	0.46	0.50	0.32
	4Q	2.30	3.07	0.22	-0.07	-1.14	0.23
2015	1Q	2.00	1.63	0.61	0.45	-1.65	1.01
	2Q	2.60	1.94	0.70	0.57	-0.08	-0.52
	3Q	2.00	1.81	0.92	0.34	-0.52	-0.57
	4Q	0.90	1.53	-0.03	0.18	-0.45	-0.36
2016	1Q	0.80	1.11	-0.15	0.28	0.01	-0.41
	2Q	1.40	2.88	-0.18	-0.30	0.18	-1.16
	3Q	3.50	2.03	0.02	0.14	0.85	0.49
	4Q	2.10	2.40	0.46	0.03	-1.82	1.01
2017	1Q	1.40	0.75	1.71	-0.16	0.23	-1.11

## U.S. EMPLOYMENT – as of June 30, 2017

	Labor Force Participation Rate	Unemployment Rate	Non-Farm Payroll
Average (1982 – 2014)	65.7%	6.4%	124,942
Current	62.8%	4.4%	222,000
Average (2015 – 2017)	62.8%	4.9%	201,067

### U.S. Average Hourly Earnings



Source: Bureau of Labor Statistics, Bloomberg

## U.S. EMPLOYMENT: EARNINGS DIFFERENTIAL – as of June 30, 2017

	Today <sup>1</sup> (thousands)	Change Since 2007 (thousands)	Weekly Earnings <sup>2</sup> June - 2017	Average Hourly Earnings <sup>3</sup> % Change (Year over Year)
<b>Total</b>	<b>146,404</b>	<b>7,971</b>	<b>\$906</b>	<b>2.46%</b>
<b>Goods</b>	<b>20,007</b>	<b>(1,969)</b>	<b>\$1,112</b>	<b>2.27%</b>
Manufacturing	12,396	(1,376)	\$1,082	2.08%
Construction	6,896	(569)	\$1,130	2.45%
Mining and logging	715	(24)	\$1,456	1.09%
<b>Service</b>	<b>104,044</b>	<b>9,920</b>	<b>\$864</b>	<b>2.53%</b>
Professional and Business Services	20,705	2,574	\$1,138	2.27%
Leisure and Hospitality	15,924	2,289	\$403	3.98%
Retail Trade	15,845	357	\$562	1.23%
Health Care	15,737	2,634	\$969	2.28%
Financial Activities	8,449	197	\$1,245	3.08%
Wholesale Trade	5,921	(152)	\$1,173	1.93%
Other Services	5,761	254	\$751	2.53%
Transportation and Warehousing	5,068	528	\$931	2.36%
Social Assistance	3,747	903	\$488	2.83%
Education Services	3,613	637	\$782	0.14%
Information	2,719	(299)	\$1,386	4.76%
Utilities	555	(2)	\$1,652	1.51%
<b>Government</b>	<b>22,353</b>	<b>20</b>		
Local	14,455	10		
State	5,080	(73)		
Federal	2,818	83		

<sup>1</sup> Preliminary Data

<sup>2</sup> Health Care, Social Assistance, and Education Services weekly earnings are one month in arrears.

<sup>3</sup> Health Care, Social Assistance, and Education Services average hourly earnings are one month in arrears.

Source: Bureau of Labor Statistics

## HISTORICAL CORPORATE BOND OAS – as of June 30, 2017

OAS (bps)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Corporate (1–5)	174	70	61	65	62	196	639	166	136	227	110	89	99	121	96	75
Financial (1–5)	165	51	50	57	56	212	663	204	158	308	126	93	96	104	100	75
Industrial (1–5)	176	86	73	75	69	181	624	135	116	164	96	85	103	134	92	74
Utility (1–5)	236	79	63	73	71	175	576	155	131	169	110	99	89	120	101	83
Corporate (All)	188	94	83	92	91	200	573	180	161	252	152	128	144	173	130	115
High Yield (All)	890	418	309	371	289	591	1803	622	531	709	526	400	504	695	422	377

### Corporate Allocation

	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17
BofA ML 1-5 Year Corporate OAS (bps)	89	78	68	78	99	89	101	126	121	121	112	95	96	84	75
CalOptima Tier Two	30%	23%	24%	20%	25%	29%	29%	23%	24%	26%	21%	23%	28%	26%	29%
CalOptima Tier One	-	-	-	-	-	-	-	-	-	-	22%	24%	26%	26%	29%
CalOptima Operating Fund	-	-	-	-	-	-	-	-	-	-	25%	25%	17%	26%	7%

Source: Bank of America Merrill Lynch

Past performance is not indicative of future results.

## **SECTION III**

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### **Portfolio Review**

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## PERFORMANCE – as of June 30, 2017

	2Q 2017	YTD	1-Year	3-Year	Since Inception <sup>1</sup> (4/1/13)
Tier Two (Gross of fees)	0.55%	1.11%	0.14%	1.55%	1.32%
Tier Two (Net of fees)	0.52%	1.05%	0.02%	1.42%	1.20%
Bank of America Merrill Lynch 1-5 Years U.S. Treasury <sup>2</sup>	0.38%	0.75%	-0.53%	1.08%	0.87%

	2Q 2017	YTD	1-Year	3-Year	Since Inception <sup>1</sup> (5/2/16)
Tier One (Gross of fees)	0.38%	0.79%	0.48%	--	0.91%
Tier One (Net of fees)	0.36%	0.75%	0.40%	--	0.83%
Bank of America Merrill Lynch 1-3 Years U.S. Treasury <sup>2</sup>	0.17%	0.43%	-0.11%	--	0.45%

	2Q 2017	YTD	1-Year	3-Year	Since Inception <sup>1</sup> (5/2/16)
Operating Fund (Gross of fees)	0.26%	0.50%	0.89%	--	0.89%
Operating Fund (Net of fees)	0.24%	0.46%	0.81%	--	0.80%
Citigroup 3-Month Treasury Bill <sup>2</sup>	0.18%	0.30%	0.46%	--	0.44%

Past performance is not indicative of future results. <sup>1</sup>Performance for periods greater than one year are annualized. Performance returns as of 6/30/17 are preliminary and subject to change.

<sup>2</sup>The performance benchmark for the CalOptima Tier Two portfolio is the Bank of America Merrill Lynch U.S. Treasury 1-5 Year Index, which is a broad-based index consisting of U.S. Treasury securities with an outstanding par greater than or equal to \$1 billion and a maturity range from one to five years, inclusive, reflecting total return. The performance benchmark for the CalOptima Tier One portfolio is the Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index, which is a broad-based index consisting of U.S. Treasury securities with an outstanding par greater than or equal to \$1 billion and a maturity range from one to three years, reflecting total return. The performance benchmark shown for the CalOptima Operating Fund is the Citigroup 3-Month Treasury Bill, which tracks the return of one three-month Treasury bill until maturity.

## QUARTERLY CHANGES IN NET ASSETS – as of June 30, 2017

TIER TWO	April to June 2017
Beginning Market Value	\$96,422,381
<i>Net Investment Income</i>	\$384,400
<i>Realized and Unrealized Gains and Losses</i>	\$144,112
Ending Market Value	\$96,950,893
Net Change in Market Value	+\$528,512

TIER ONE	April to June 2017
Beginning Market Value	\$145,451,948
<i>Net Investment Income</i>	\$446,048
<i>Realized and Unrealized Gains and Losses</i>	\$99,552
Ending Market Value	\$145,997,548
Net Change in Market Value	+\$545,600

OPERATING FUND	April to June 2017
Beginning Market Value	\$582,485,031
<i>Net Investment Income</i>	\$1,533,727
<i>Realized and Unrealized Gains and Losses</i>	-\$29,931
Ending Market Value	\$583,988,827
Net Change in Market Value	+\$1,503,796

Past performance is not indicative of future results.

## PERFORMANCE ATTRIBUTION (in basis points) – as of June 30, 2017

Tier Two	Duration	Yield Curve	Treasury	Agency	Corporate	RMBS	CBMS	Asset Backed	Municipal	Excess Return
2Q 2017	-2	-1	15	0	6	0	0	0	-1	17
1Q 2017	3	0	-4	0	13	0	0	0	7	19
2017	1	-1	11	0	19	0	0	0	6	36

Tier One	Duration	Yield Curve	Treasury	Agency	Corporate	RMBS	CBMS	Asset Backed	Municipal	Excess Return
2Q 2017	1	-4	20	-2	4	0	0	0	1	20
1Q 2017	5	-1	-2	0	9	0	0	1	4	15
2017	6	-6	18	-2	13	0	0	1	5	36

Operating Fund	Duration	Yield Curve	Treasury	Agency	Corporate	RMBS	CBMS	Asset Backed	Municipal	Excess Return
2Q 2017	1	2	5	0	1	0	0	0	0	9
1Q 2017	2	-1	8	0	1	0	0	1	0	12
2017	3	1	14	0	2	0	0	1	0	20

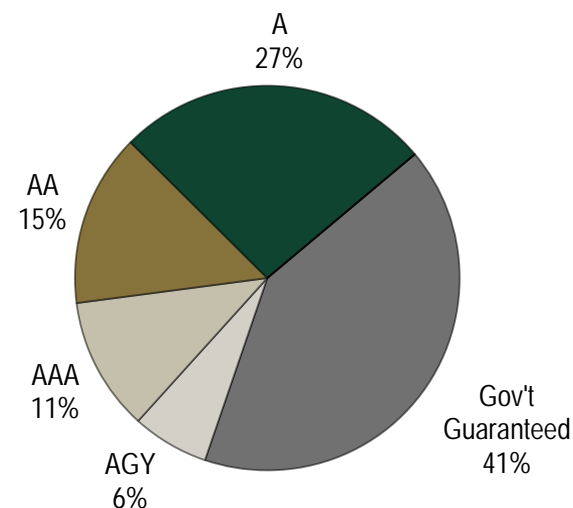
Past performance is not indicative of future results. <sup>1</sup>Performance for periods greater than one year are annualized.

<sup>2</sup>The performance benchmark for the CalOptima Tier Two portfolio is the Bank of America Merrill Lynch U.S. Treasury 1-5 Year Index, which is a broad-based index consisting of U.S. Treasury securities with an outstanding par greater than or equal to \$1 billion and a maturity range from one to five years, inclusive, reflecting total return. The performance benchmark for the CalOptima Tier One portfolio is the Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index, which is a broad-based index consisting of U.S. Treasury securities with an outstanding par greater than or equal to \$1 billion and a maturity range from one to three years, reflecting total return. The performance benchmark shown for the CalOptima Operating Fund is the Citigroup 3-Month Treasury Bill, which tracks the return of one three-month Treasury bill until maturity.

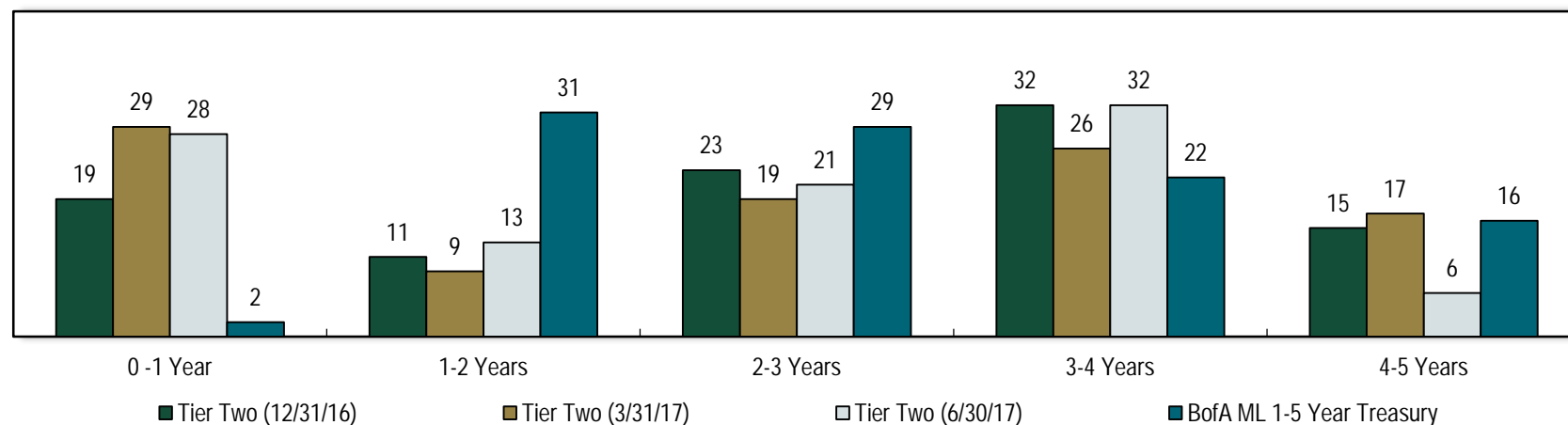
## TIER TWO PORTFOLIO – as of June 30, 2017

	Tier Two	BofA ML U.S. Treasury 1-5 Year <sup>1</sup>
Yield to Maturity	1.71%	1.54%
Duration	2.16 Years	2.69 Years
Spread Duration	1.10 Years	NA
Average Quality ( <i>Moody's</i> )	Aa2	TSY
Fixed / Floating	89% / 11%	NA
Market Value	\$96,950,892	NA

### Quality Ratings Distribution



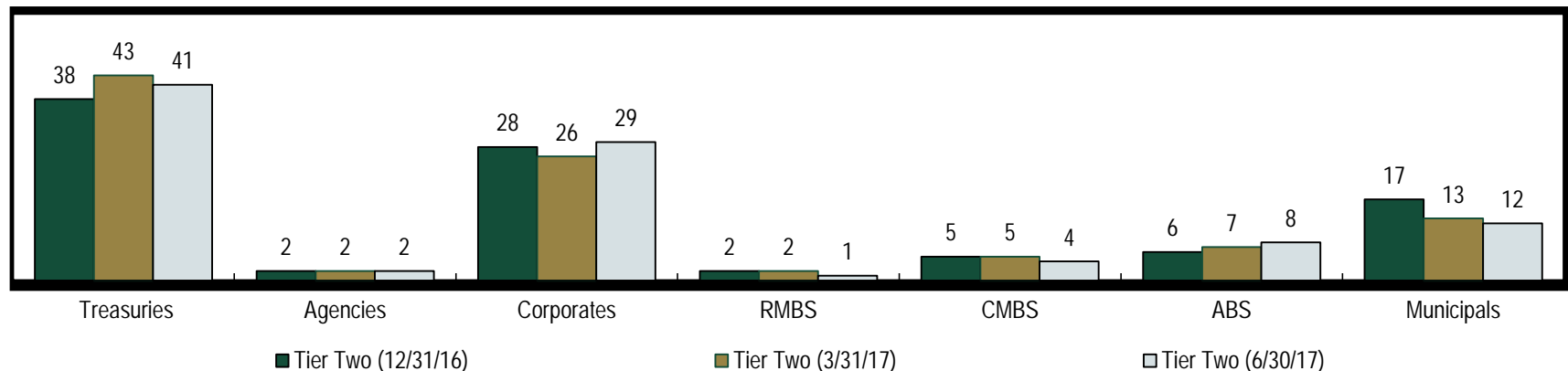
### Duration Distribution (% Market Value)



Past performance is not indicative of future results. <sup>1</sup> The performance benchmark for the CalOptima Tier Two portfolio is the Bank of America Merrill Lynch U.S. Treasury 1-5 Year Index, which is a broad-based index consisting of U.S. Treasury securities with an outstanding par greater than or equal to \$1 billion and a maturity range from one to five years, inclusive, reflecting total return.

## TIER TWO PORTFOLIO – as of June 30, 2017

### Sector Distribution (% Market Value)



#### Treasuries/Agencies

- Sold longer three to five-year Treasuries as the yield curve flattened in the first part of the second quarter
- Bought a March 2019 Washington, DC based supranational - International Bank for Reconstruction and Development (IBRD)
- Swapped our shorter TIPS position maturing in April 2020 to purchase slightly longer April 2022 TIPS

#### Structured Products

- Bought a 1.4-year Nissan and a 1.7-year Mercedes Benz auto ABS
- Paydowns on agency RMBS and CMBS positions reduced exposure

#### Corporates

- Purchased floating-rate corporates including American Express Credit 2-year, Amgen 3-year, Capital One Financial 3-year, Citibank NA 3-year, and JPMorgan Chase 4-year, and fixed-rate corporates Caterpillar Financial 1-year, Dignity Health 2-year, JPMorgan Chase 1-year, TD Ameritrade 5-year, and Virginia Electric & Power 1-year

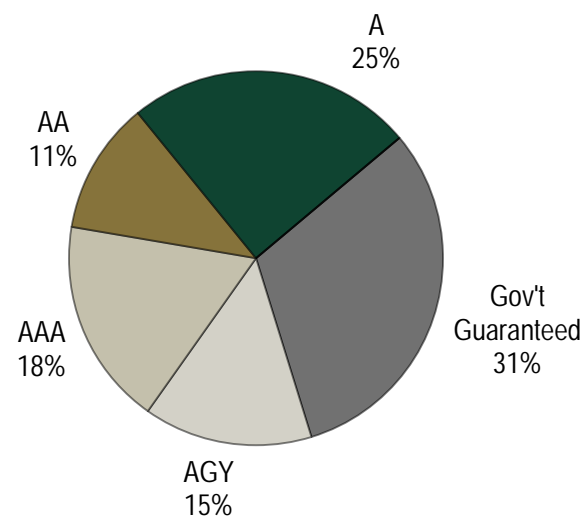
#### Municipals

- Purchased 4-year California Housing Authority Bonds

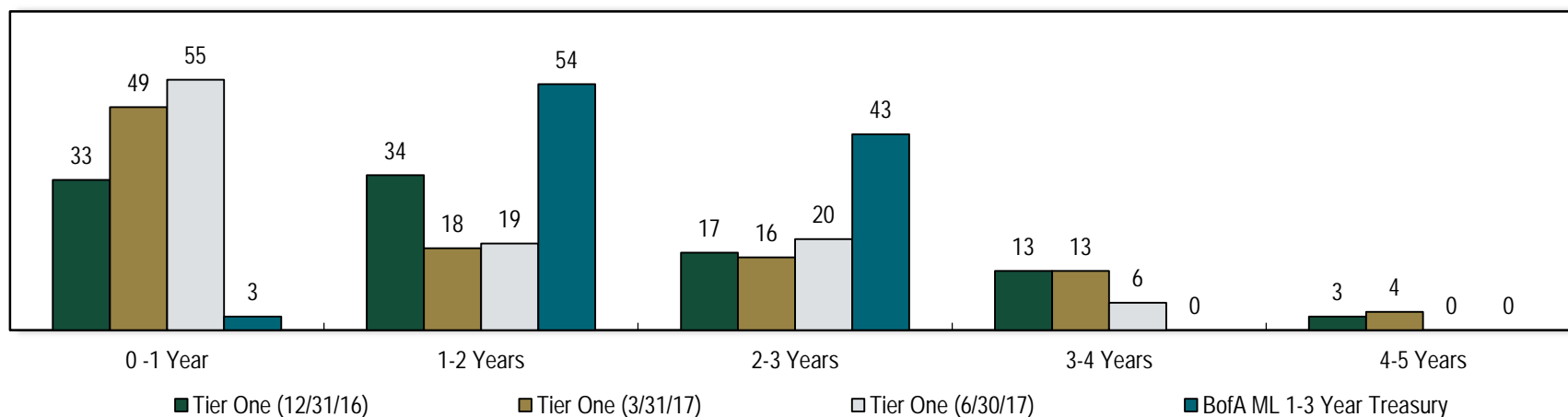
## TIER ONE PORTFOLIO – as of June 30, 2017

	Tier One	BofA ML U.S. Treasury 1-3 Year <sup>1</sup>
Yield to Maturity	1.47%	1.40%
Duration	1.16 Years	1.89 Years
Spread Duration	0.76 Years	NA
Average Quality (Moody's)	Aa2	TSY
Fixed / Floating	91% / 9%	NA
Market Value	\$145,997,548	NA

### Quality Ratings Distribution

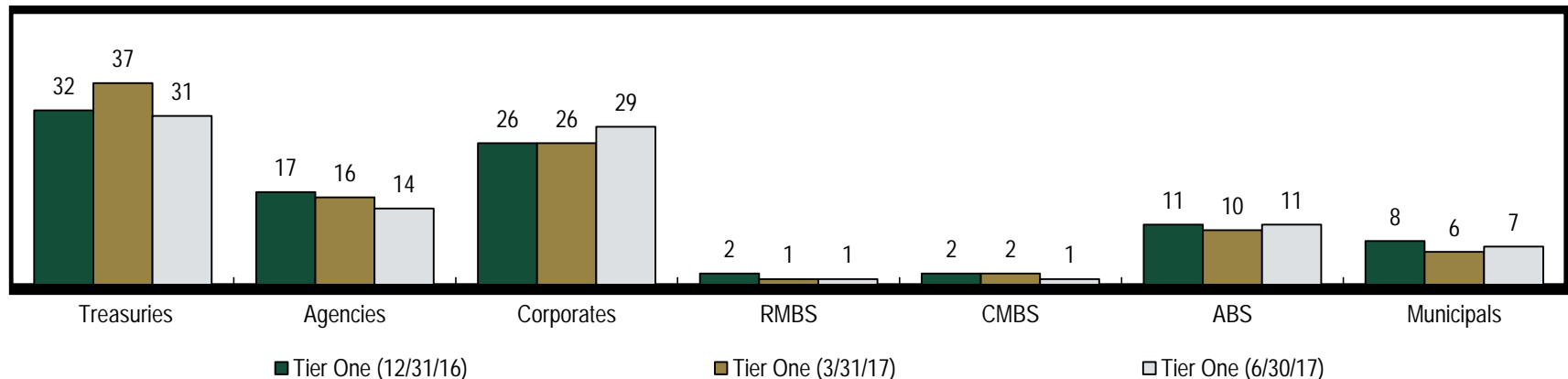


### Duration Distribution (% Market Value)



Past performance is not indicative of future results. <sup>1</sup> The performance benchmark for the CalOptima Tier One portfolio is the Bank of America Merrill Lynch U.S. Treasury 1-3 Year Index, which is a broad-based index consisting of U.S. Treasury securities with an outstanding par greater than or equal to \$1 billion and a maturity range from one to three years, inclusive, reflecting total return.

## Sector Distribution (% Market Value)



### Treasuries/Agencies

- Added short one-year and less Treasuries and sold longer three to five-year area Treasuries as the yield curve flattened
- Used proceeds from agency maturities to fund higher yielding corporates and sold short one-month U.S. Agency bullet to raise cash for municipal buy

### Structured Products

- Bought a 1.4-year Nissan, a 1.9-year BMW, and a 1.7-year Mercedes Benz auto ABS
- Paydowns on agency CMBS positions reduced exposure

### Corporates

- Purchased floating-rate corporates including American Express Credit 2-year, Amgen 3-year, Capital One Financial 3-year, Citibank NA 3-year, JPMorgan Chase 4-year, and PNC Bank NA 3-year and fixed-rate corporates Caterpillar Financial 1-year, Connecticut Light & Power 1-year, Dignity Health 2-year, John Deere Capital 1-year, SunTrust Banks 1-year, and Virginia Electric & Power 1-year

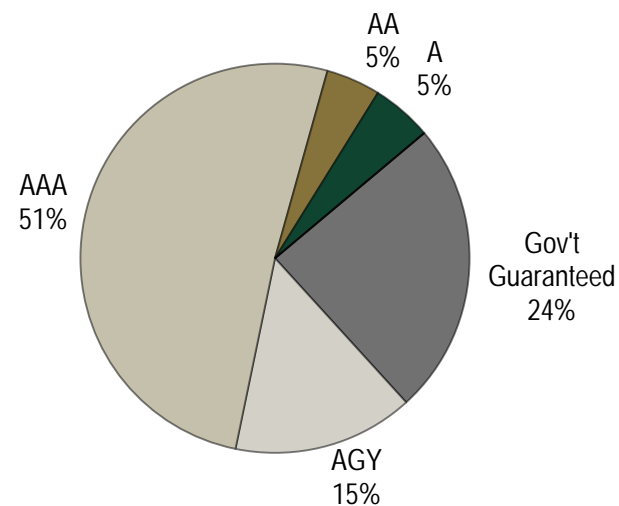
### Municipals

- Purchased 3-year California Housing Authority Bonds
- Increased Local Government exposure by adding 2-year City of Riverside, CA

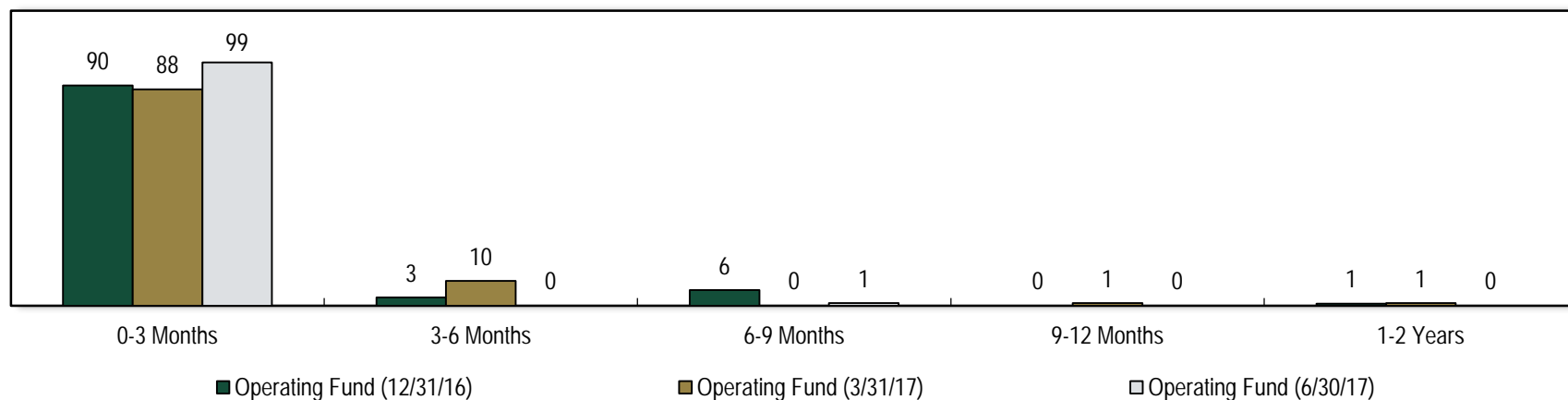
## OPERATING FUND PORTFOLIO – as of June 30, 2017

	Operating Fund	Citigroup 3-Month Treasury Bill <sup>1</sup>
Yield to Maturity	1.11%	1.01%
Duration	0.07 Years	0.24 Years
Spread Duration	0.16 Years	NA
Average Quality ( <i>Moody's</i> )	Aa2	TSY
Fixed / Floating	84% / 16%	NA
Market Value	\$583,988,723	NA

### Quality Ratings Distribution



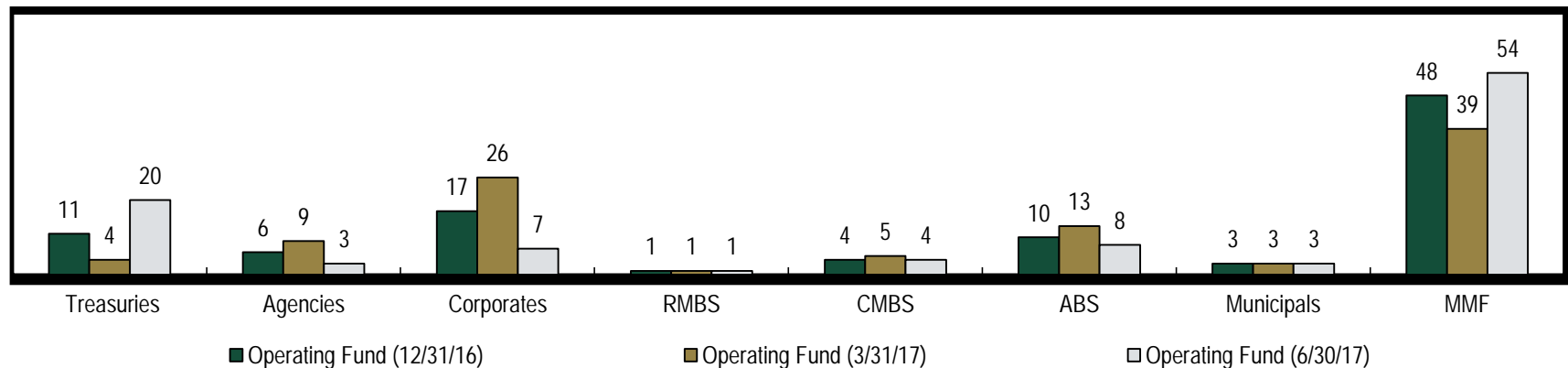
### Duration Distribution (% Market Value)



Past performance is not indicative of future results. <sup>1</sup> The performance benchmark shown for the CalOptima Operating Fund is the Citigroup 3-Month Treasury Bill, which tracks the return of one three-month Treasury bill until maturity.



## Sector Distribution (% Market Value)



### Treasuries/Agencies

- Purchased short Treasuries maturing in 2017 to help match expected cash flows
- Invested in higher yielding money market instruments (commercial paper and certificates of deposit)

### Corporates

- Purchased short-dated fixed maturity Morgan Stanley bond maturing in August 2017

### Structured Products

- Bought a 0.2-year Nissan auto ABS
- Paydowns and maturities of auto, credit card, and equipment ABS tranches reduced exposure
- Paydowns on agency CMBS positions reduced exposure

## TIER TWO PORTFOLIO COMPLIANCE – as of June 30, 2017

Permitted Investments	Max % of Portfolio	Actual %	Max Stated Term Per Security	Actual Max Maturity	Min Quality Per Security	Actual Min Credit
U.S. Treasuries	100 (Code)	41	5 Years	4.67 Years	TSY	TSY
Agencies	100 (Code)	2	5 Years	1.74 Years	AGY	AGY
Corporate	30 (Code)	29	5 Years	4.76 Years	A-	A-
Mortgages & Asset-Backed (combined)	20 (Code)	13	5 Years	3.92 Years	AA-	AAA
Municipals	25 (Code 100)	12	5 Years	4.09 Years	A-	A-
Commercial Paper	25 (Code)	NA	270 Days	NA	A1/P1	NA
Bankers Acceptances	30 (Code 40)	NA	180 Days	NA	A1/P1	NA
Certificates of Deposit	30 (Code)	2	1 Year	5 Days	A1/P1	A1/P1
Variable & Floating Rate Securities*	30 (Code)	11	5 Years	3.92 Years	A-	A-

\*May include securities from other sectors such as US Governments, Agencies, Corporates and Structured.

## TIER ONE PORTFOLIO COMPLIANCE – as of June 30, 2017

Permitted Investments	Max % of Portfolio	Actual %	Max Stated Term Per Security	Actual Max Maturity	Min Quality Per Security	Actual Min Credit
U.S. Treasuries	100 (Code)	31	5 Years	3.17 Years	TSY	TSY
Agencies	100 (Code)	14	5 Years	1.30 Years	AGY	AGY
Corporate	30 (Code)	29	5 Years	3.92 Years	A-	A-
Mortgages & Asset-Backed (combined)	20 (Code)	13	5 Years	3.96 Years	AA-	AAA
Municipals	25 (Code 100)	7	5 Years	4.09 Years	A-	A+
Commercial Paper	25 (Code)	NA	270 Days	NA	A1/P1	NA
Bankers Acceptances	30 (Code 40)	NA	180 Days	NA	A1/P1	NA
Certificates of Deposit	30 (Code)	5	1 Year	21 Days	A1/P1	A1/P1
Variable & Floating Rate Securities*	30 (Code)	9	5 Years	3.92 Years	A-	A-

\*May include securities from other sectors such as US Governments, Agencies, Corporates and Structured.

## OPERATING FUND PORTFOLIO COMPLIANCE – as of June 30, 2017

Permitted Investments	Max % of Portfolio	Actual %	Max Stated Term Per Security	Actual Max Maturity	Min Quality Per Security	Actual Min Credit
U.S. Treasuries	100 (Code)	20	450 Days	62 Days	TSY	TSY
Agencies	100 (Code)	3	450 Days	80 Days	AGY	AGY
Corporate	30 (Code)	7	450 Days	78 Days	A-	A
Mortgages & Asset-Backed (combined)	20 (Code)	13	450 Days	290 Days	AA-	AAA
Municipals	25 (Code 100)	3	450 Days	32 Days	A-	AA-
Commercial Paper	25 (Code)	13	270 Days	17 Days	A1/P1	A1/P1
Bankers Acceptances	30 (Code 40)	NA	180 Days	NA	A1/P1	NA
Certificates of Deposit	30 (Code)	22	1 Year	56 Days	A1/P1	A1/P1
Variable & Floating Rate Securities*	30 (Code)	16	450 Days	80 Days	A-	A

\*May include securities from various asset Classes such as Corporates, Structured and US Governments. Contains Treasuries, Agencies, Corporate, Mortgages, and Asset-Backed securities which fall within the sector guidelines and reset in less than 450 days. .



LOS ANGELES | BOSTON | LONDON | PARIS

## CalOptima Investment Advisory Committee Meeting

---

*July 24, 2017*

**Asha B. Joshi, CFA**  
*Managing Principal*

(213) 830-4247  
ajoshi@payden.com

**Darren T. Marco**  
*Vice President*

(213) 830-4643  
dmarco@payden.com



## Overview

Assets under management: \$114.3 billion as of 6/30/2017.

## Independence

- Payden & Rygel remains 100% owned by 21 employees active in the day-to-day management of the firm. There have been no changes in the Investment Policy Committee or the Board of Directors.
- Average tenure of the Shareholders is about 17 years. Average industry experience is 25+ years.

## Resources

- No outsourcing of any business function (portfolio management, settlements, reporting, I.T.)
- Significant spending on I.T. upgrades to software and hardware.

## Personnel

180 Employees worldwide.

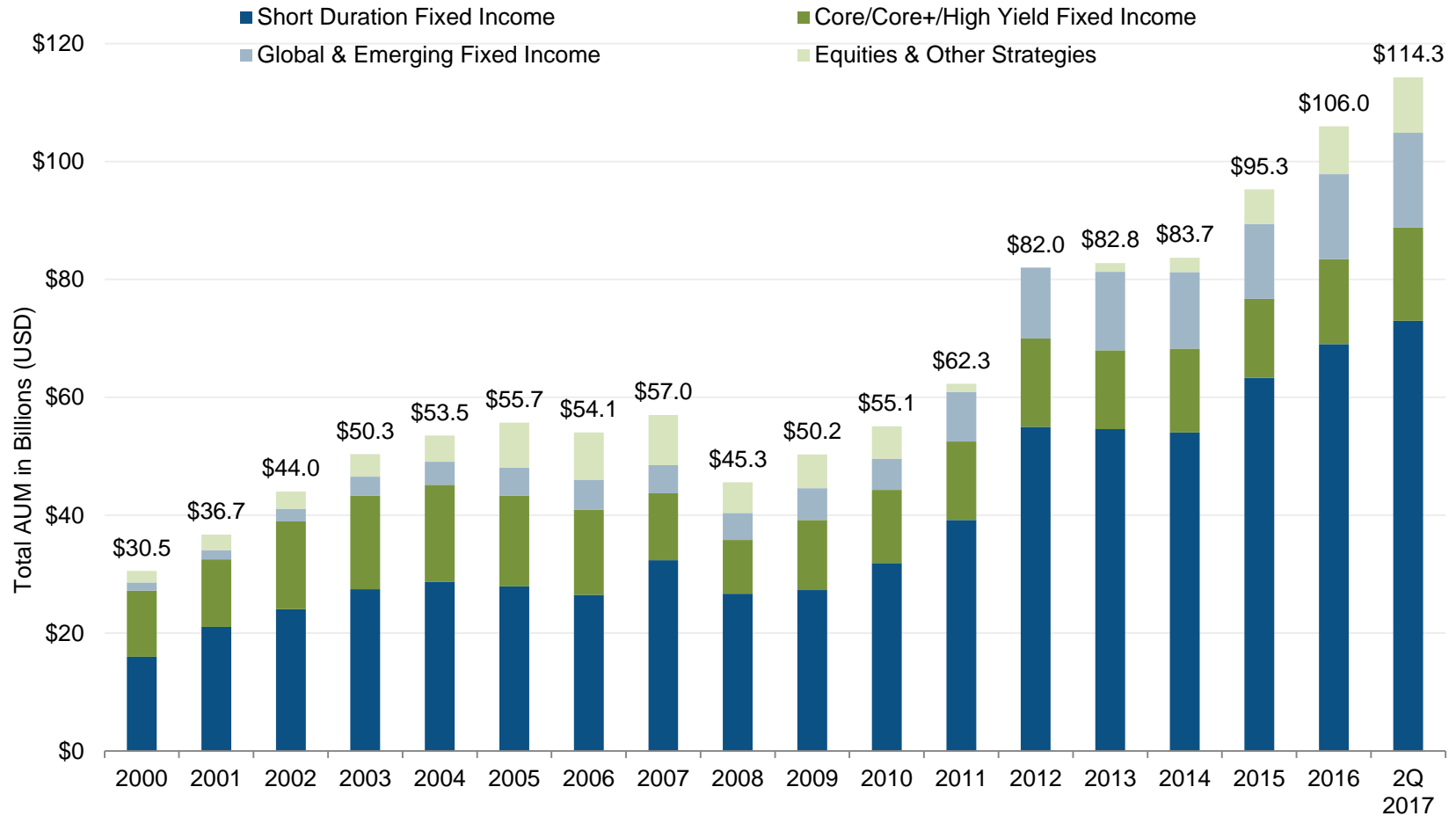
## Locations

- Los Angeles – Headquarters: 152 people
- Boston – Client Portfolio Management: 8 people
- London – Client Portfolio Management, research and trading: 20 people

## Financial Stability

- Solid asset growth.
- Increasing revenue base coming from East Coast and outside the US.

# Payden & Rygel Assets Under Management Trends



Source: Payden & Rygel as of 6/30/2017.



# Contents

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I

Market Update and Portfolio Review

II

Biographies





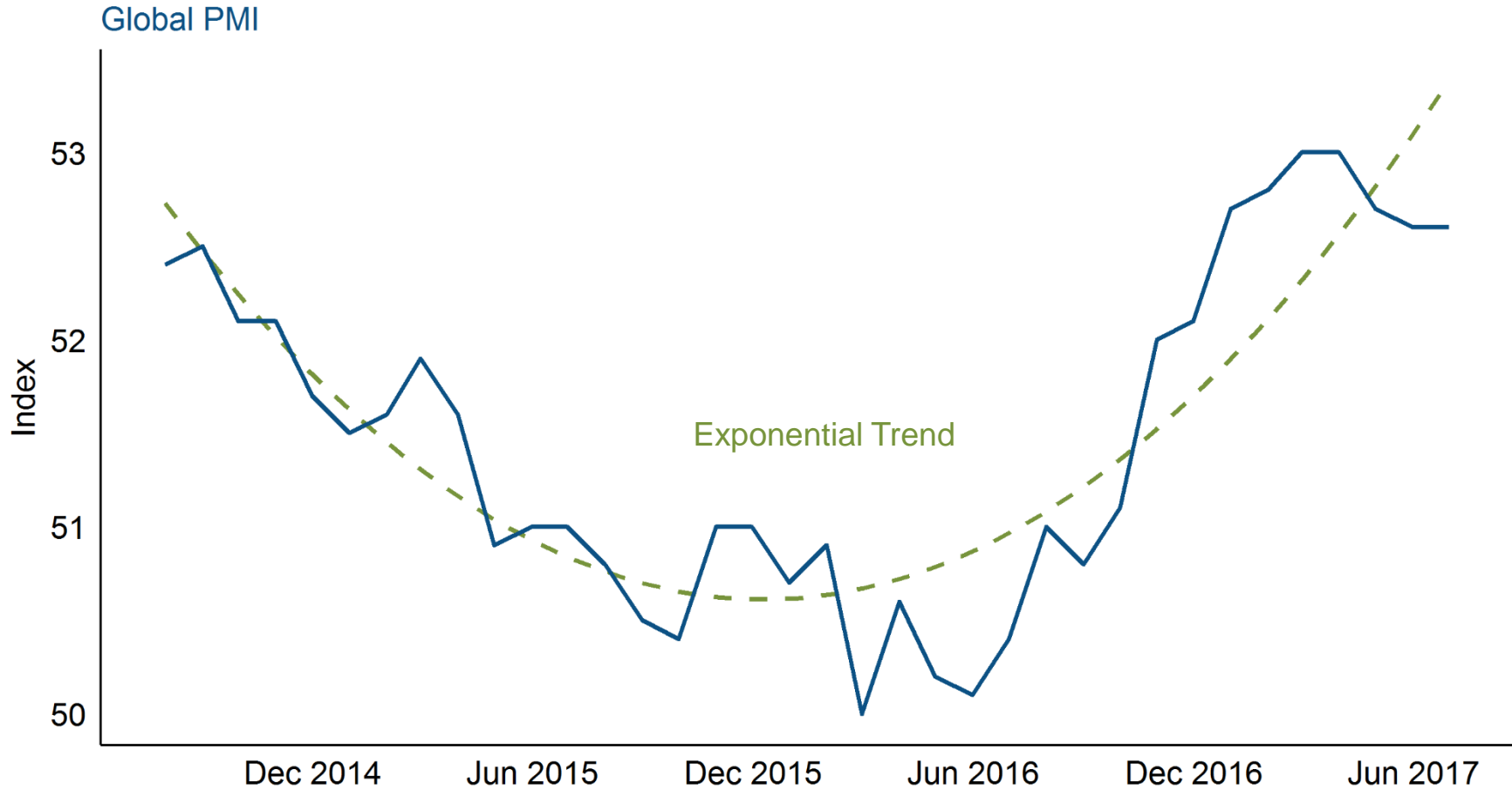
I

## Market Update and Portfolio Review

## Global Purchasing Managers' Optimism Has Rebounded After a Slowdown From 2014 - 2016



The global economy slowed from mid-2014 to mid-2016 due to a stronger US dollar and the plunge in oil prices. For much of the past two years, fears about a slowdown in China, strength in the US dollar, and continued commodity price plunges plagued investors' thinking. However, a global survey of purchasing managers suggests that global economic activity will pick up in 2017. Our byline for the global economy in 2017 is (still) "the lifting of the clouds."

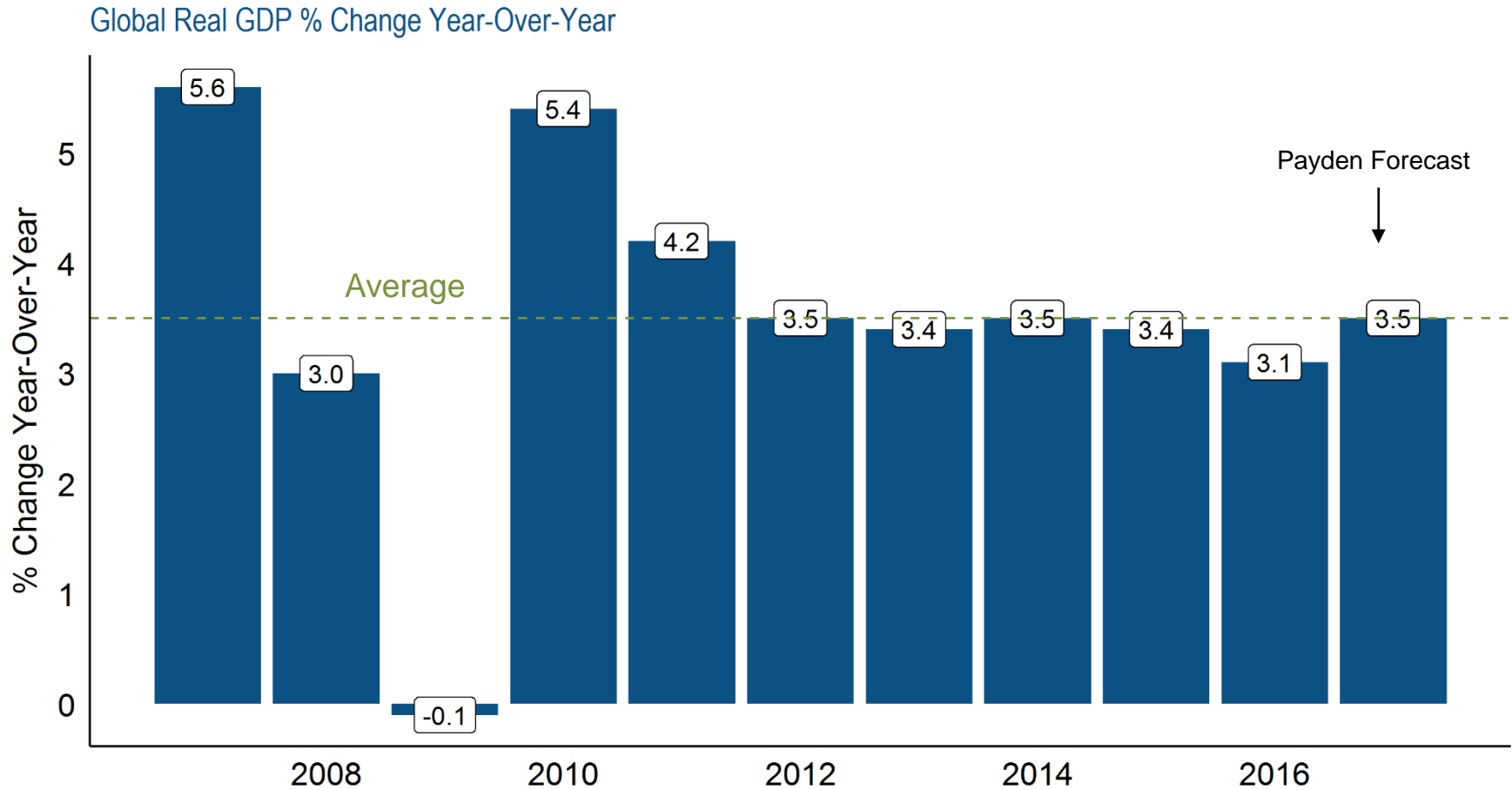


Source: JP Morgan

## With Global PMIs and Global Trade Rising, We Think Global GDP Will Also Improve



Our view is that global economy growth will exceed 3% in 2017—not too far from the average of the last decade. When thinking about the historical average, it is important to note that measure is somewhat skewed by the high-flying performance of 2008 (just as the US tumbled into a recession) and the V-shaped bounce back in 2010.



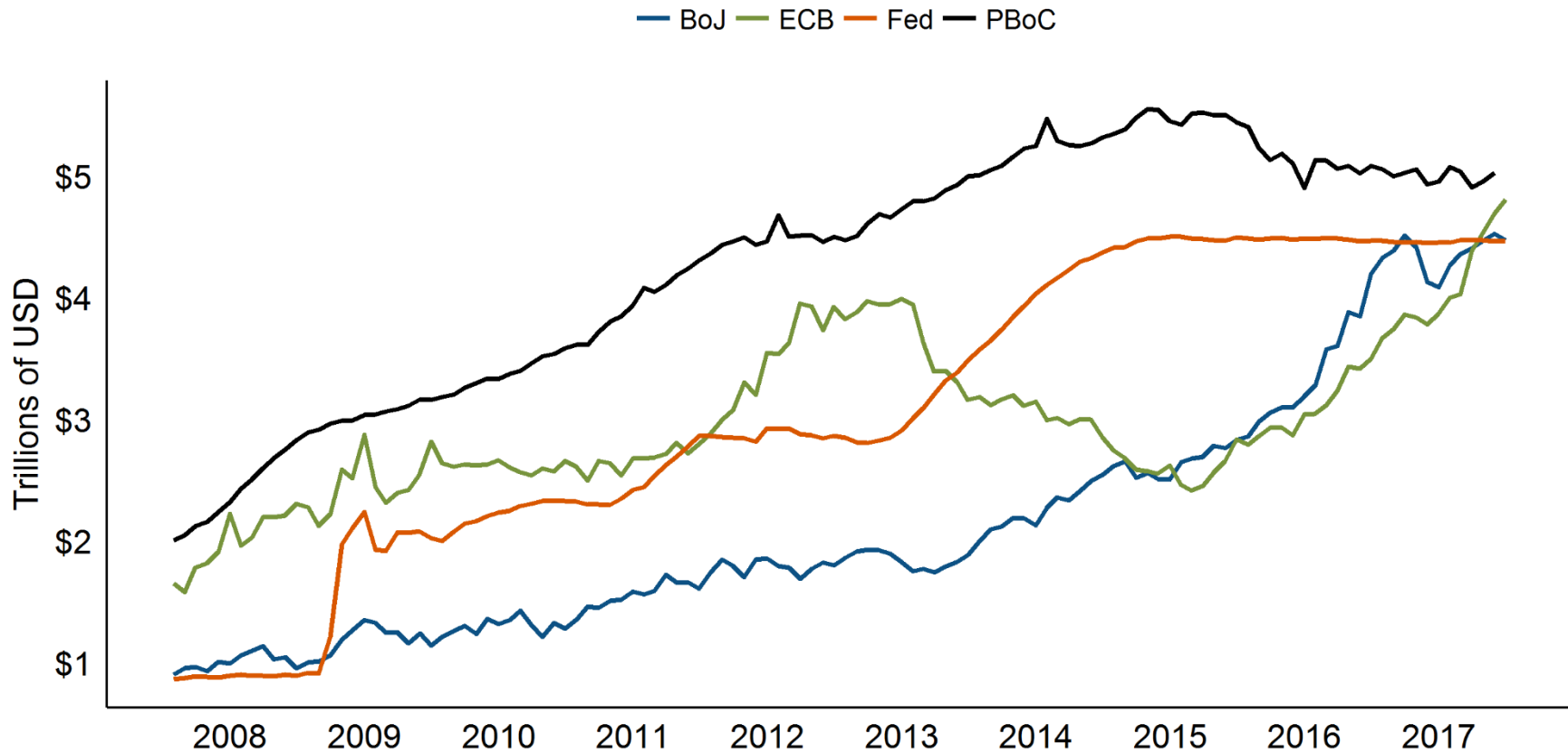
Source: International Monetary Fund

## But Despite the Progress, Don't Expect Central Bank Balance Sheets to Shrink. Expect Stabilization.



The global macro story of the last five years may be told through just the chart below. The PBoC's balance sheet has shrunk, as capital outflows forced the central bank to run down its holding of US dollars. The ECB and the BoJ engaged in aggressive "QE" programs, such that their balance sheets rival the Fed's. And as for the Fed? They've been holding the balance sheet stable for three years. We expect the Fed to announce the start of an unwind in the fall, but the balance sheet will still be large in USD terms long after.

Central Bank Balance Sheet Assets USD Trillions



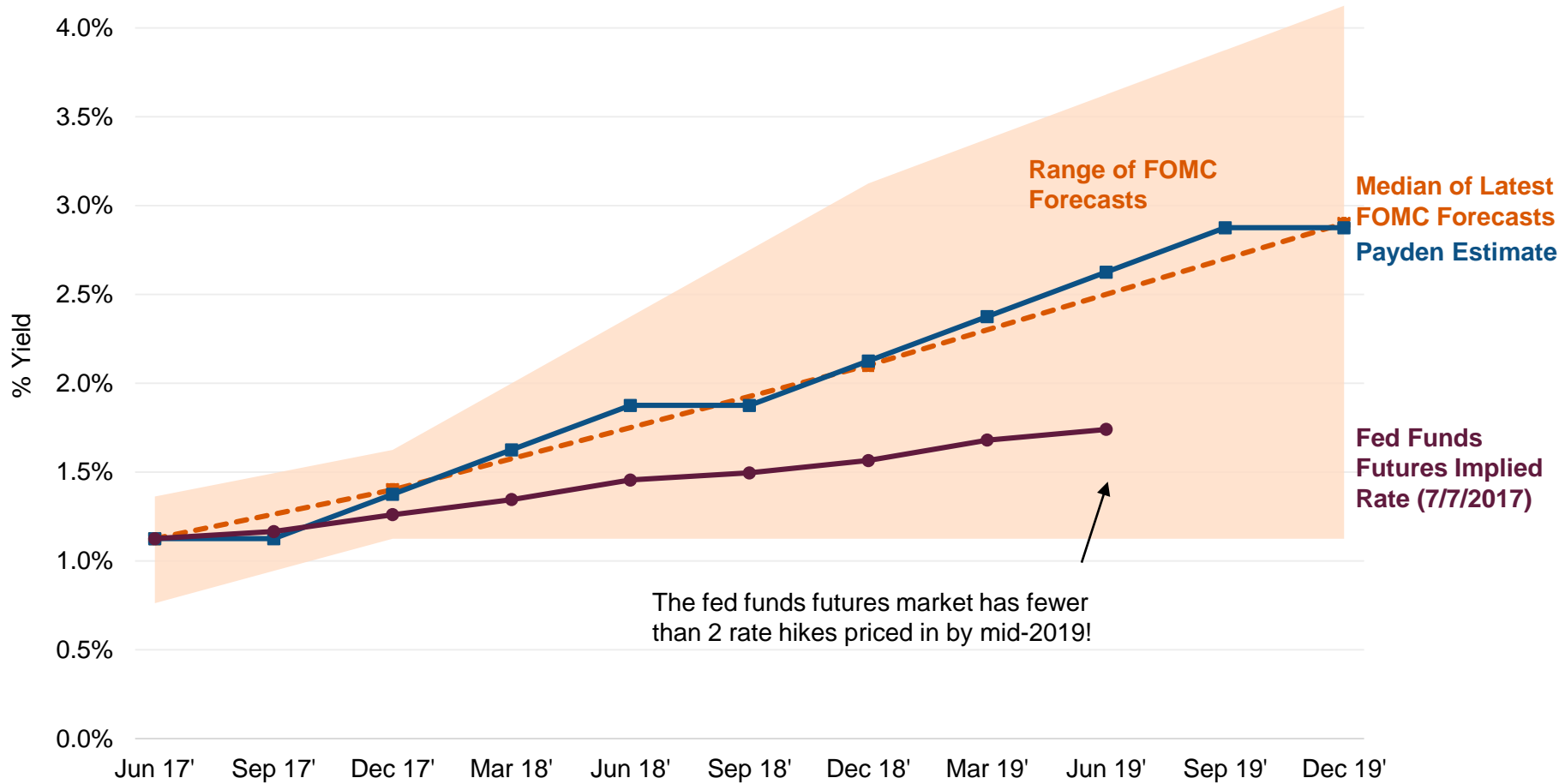
Source: Federal Reserve, European Central Bank, Bank of Japan, People's Bank of China

# Short-Term Interest Rates: The FOMC “Dots” Point to 3 Rate Hikes in 2017. We See 3-4 Hikes During the Year.



One of the questions we hear most is “how many times will the Fed hike rates in 2017?” Our best answer: not even the Fed knows the answer to that question. It depends. The infamous “dot plot,” from which we created the chart below, indicates that the median FOMC member sees 3 rate hikes in 2017. As of late, the Fed has changed their rhetoric and seems more comfortable with hiking. Thus, even though the data haven’t changed much, we foresee 3-4 rate hikes this year.

Path of the Federal Funds Rate Under Various Scenarios



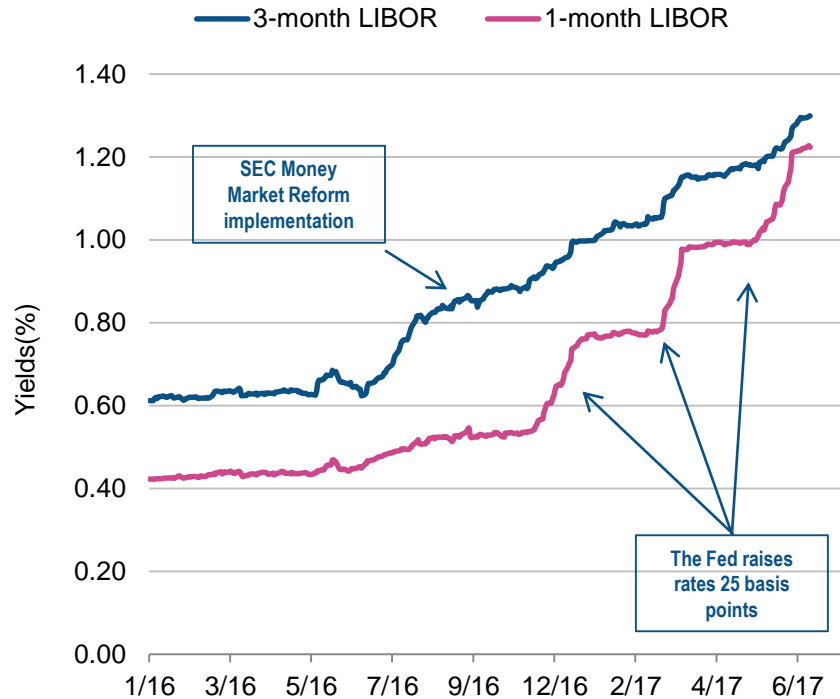
The fed funds futures market has fewer than 2 rate hikes priced in by mid-2019!

Source: FOMC, Bloomberg, Payden Estimates

# Short-term Rates Continue to Rise while Credit Spreads Remain Stable

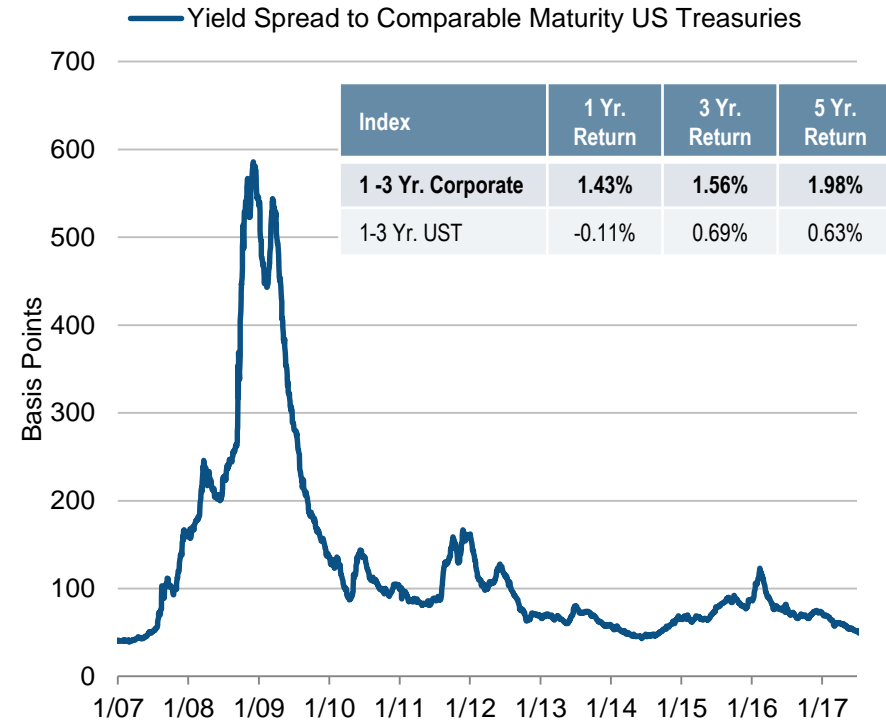


## LIBOR Continues to Drift Higher



Source: Bloomberg.

## Credit Spreads Stable and Still Offer Value vs. Pre-Crisis Levels

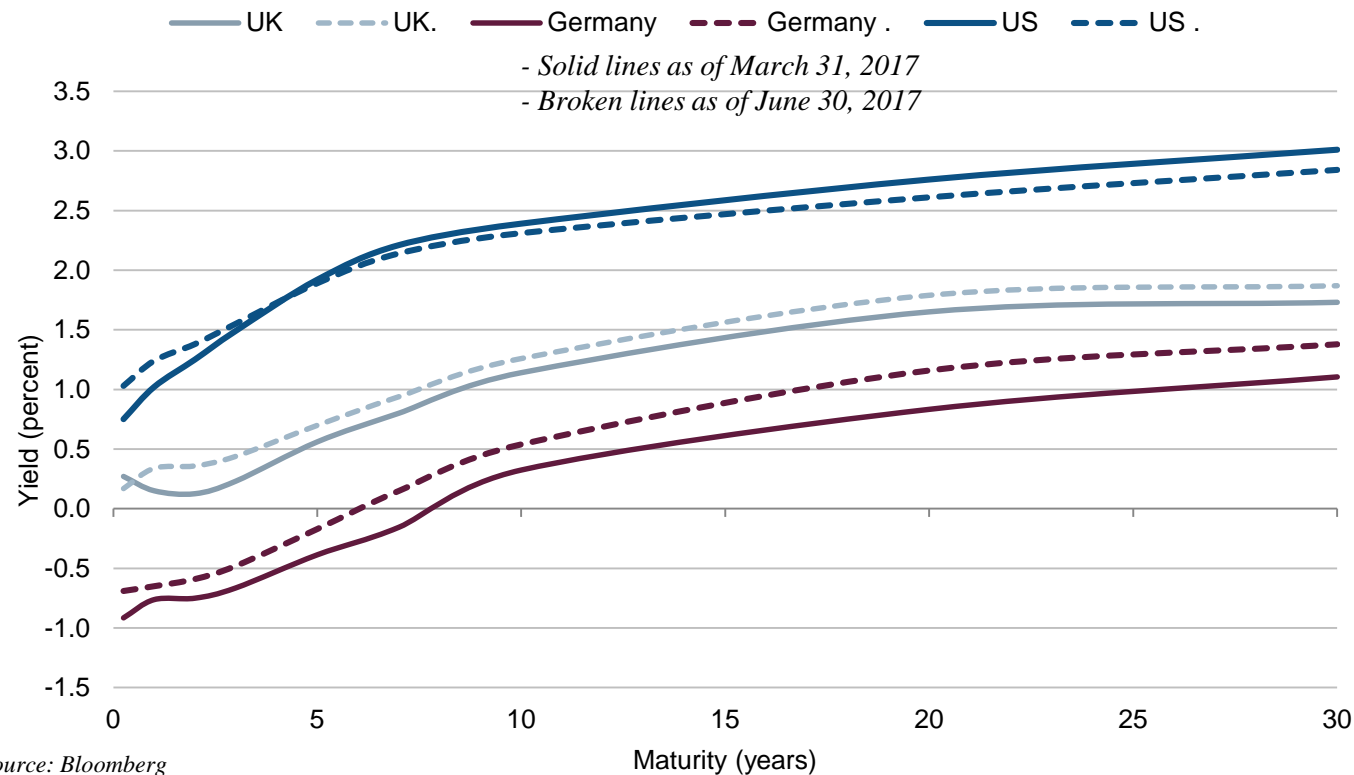


Source: Bloomberg Barclays 1-3 Credit OAS Spreads (LD01OAS Index). Returns based off Merrill Lynch Indices ending 6/30/2017; returns over 1 year annualized.

# Yields Around the World Begin to Move Higher



## Hawkish Central Bank Rhetoric Moves Rates Higher at the end of June

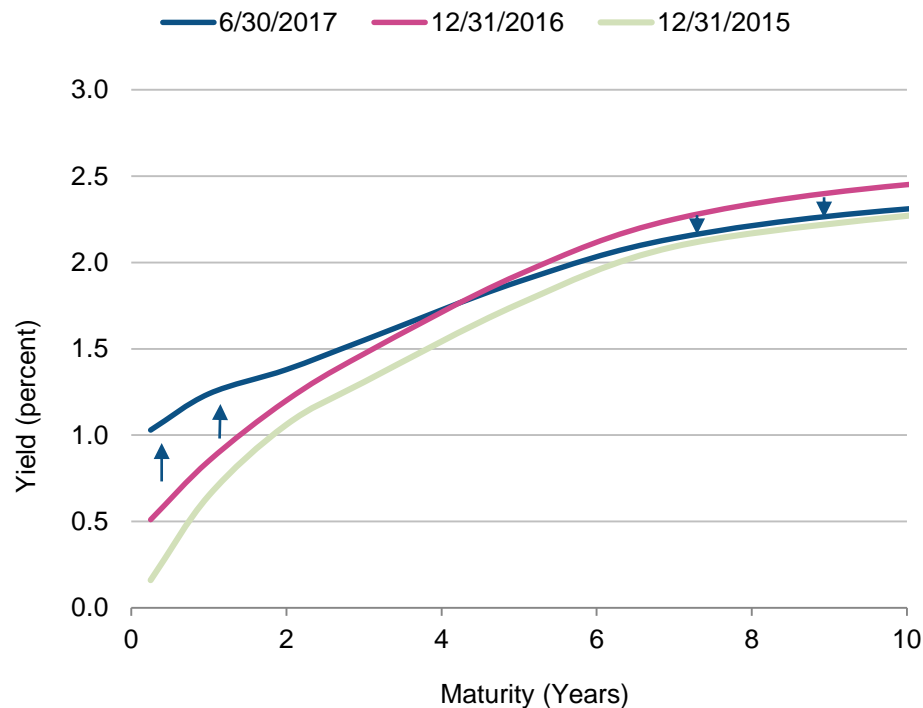


- Major developed market yields rose on average by 18 basis points the last week of June as the ECB and BOE Presidents spoke of prudence in withdrawing stimulus
- US interest rate curve continues to remain flat despite the quarter-end selloff

# US Interest Rates Driven by Monetary Policy Normalization



## US Interest Rates: Flatter Curve Continuation



## Quarterly Change in US Interest Rates Across the Curve

Maturity (Years)	Yields (%) 6/30/2017	Yields (%) 3/31/2016	Change (%)
0.25	1.03	0.76	0.27
1	1.24	1.03	0.21
2	1.38	1.27	0.11
3	1.55	1.50	0.05
5	1.89	1.93	-0.04
7	2.14	2.22	-0.08
10	2.31	2.40	-0.09
20	2.61	2.76	-0.15
30	2.84	3.02	-0.18

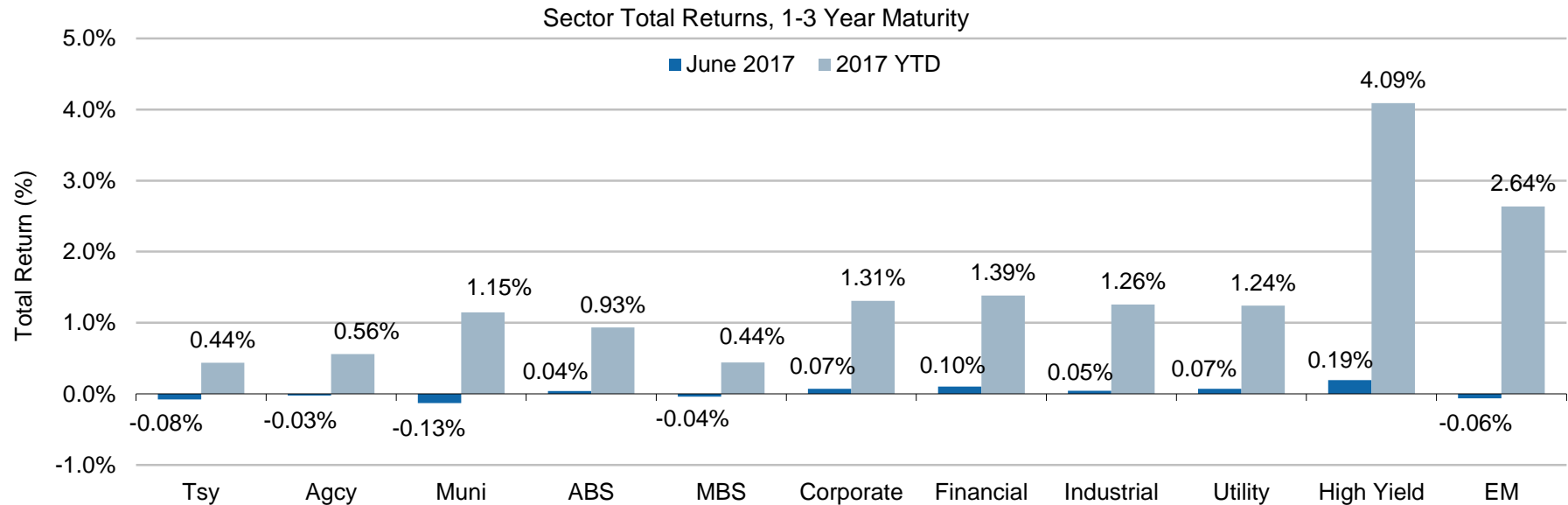
- We expect one more FOMC interest rate hike in 2017, thus continuing to bias front-end rates higher
- Long-term rates are vulnerable to global economic growth continuing at a steady pace and inflation reappearing



# Fixed-Income Sector Performance as of June 30, 2017



## Risk on Environment Endures, Sectors Correlated to Interest Rates Underperform



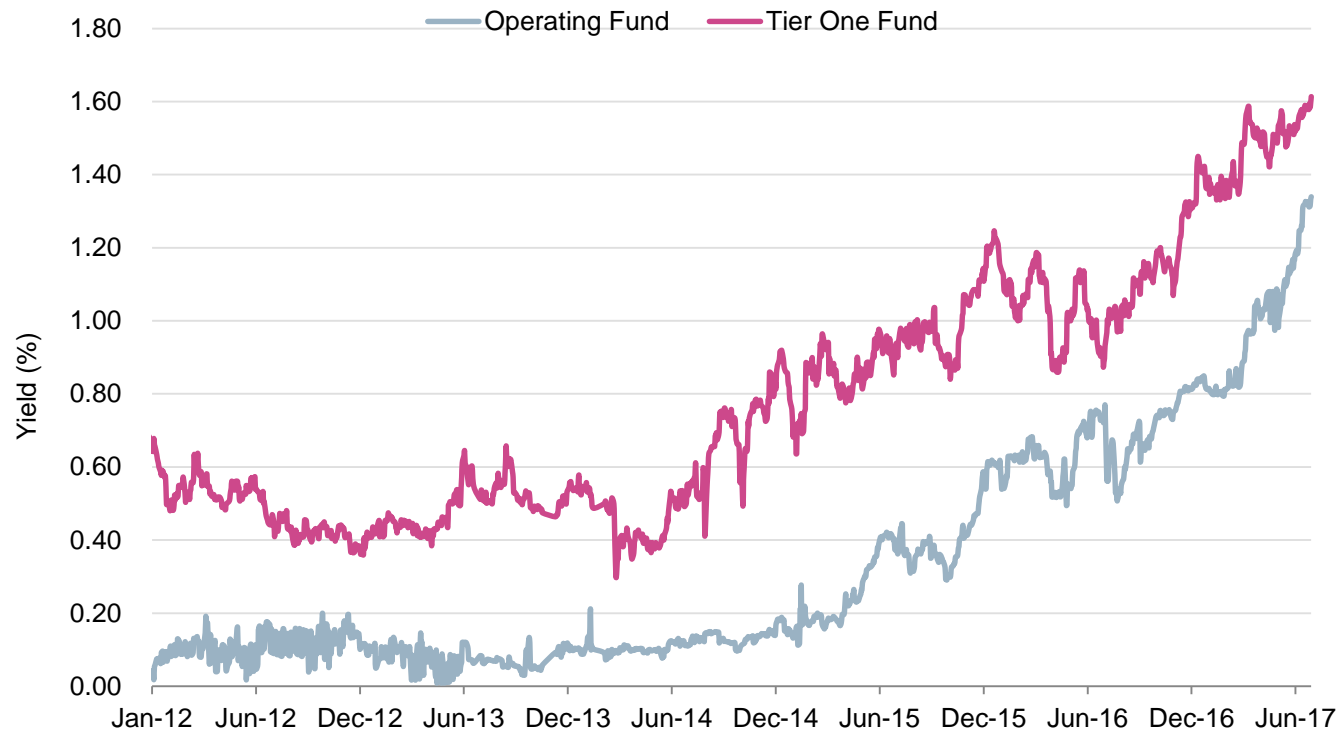
Source: BofA Merrill Lynch Indices and JP Morgan Indices (EM Only)

- Despite some negative returns for the quarter for the more interest rate sensitive sectors, year-to-date returns across front-end fixed income sectors remained positive
- ABS and Corporate credit spreads moved tighter as the additional risk premium demanded by investors to hold these assets continued to shrink
- In the investment grade space, lower rated credits tightened more than those with higher ratings

# CalOptima Portfolio Yields Continue to Rise



## A Steady Climb Higher in Your Portfolios' Yields



We know you've seen this graph before but we feel it is important to reiterate that your portfolio continues to benefit from yields moving higher. The yield on the Operating Portfolio increased by approximately 30 basis points in the 2Q 2017, while the yield on the Tier One Fund was up 13 basis points during this time. More importantly, higher rates did not cause negative returns as the upward movement in rates on the front-end of the curve was gradual and awarded opportunities for increased income generation in the portfolio given higher yields.

# Operating Fund Portfolio as of June 30, 2017

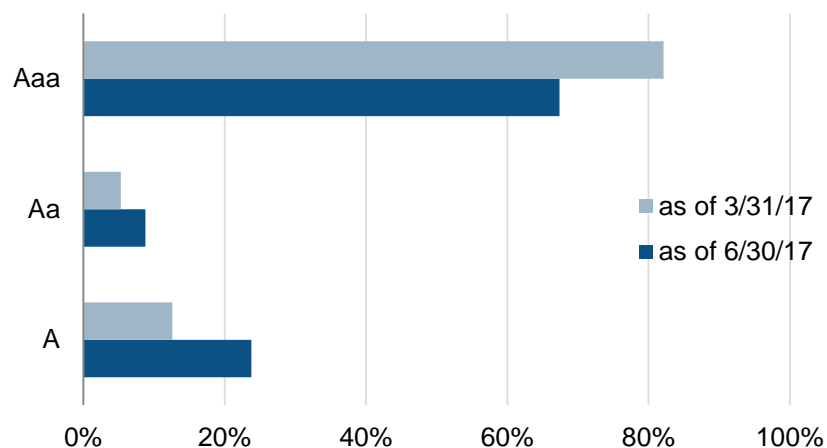


## Summary Data

As of 6/30/2017	Operating Fund	Benchmark
Market Value	\$361,558,732	-
Yield to Maturity (%)	1.34	0.92
Effective Duration	0.37	0.15
Average Rating	AA+	Aaa/AA+u

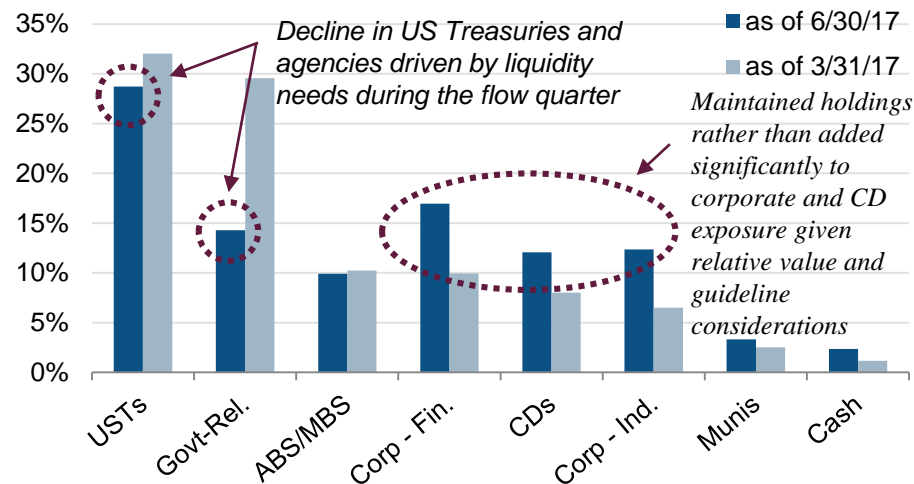
*Incremental yield provided additional carry that outpaced longer portfolio duration*

## Credit Quality Breakdown - Percentage of Portfolio

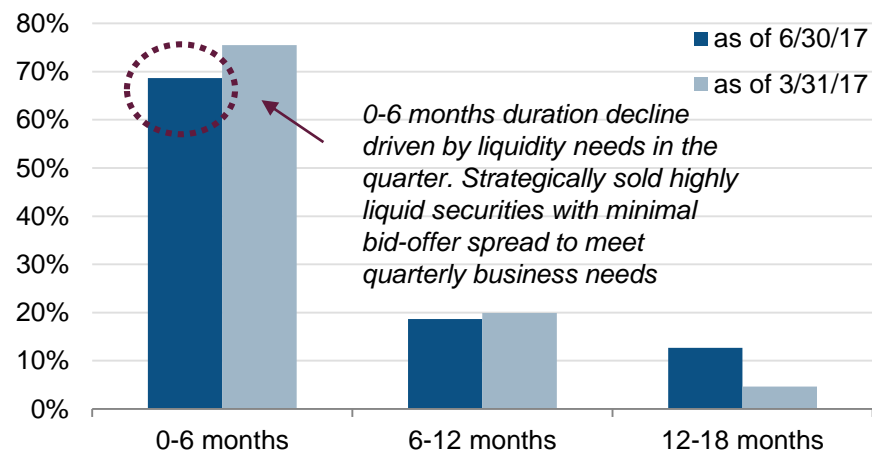


Source: Payden & Rygel Calculations

## Portfolio Sector Allocation



## Duration Distribution



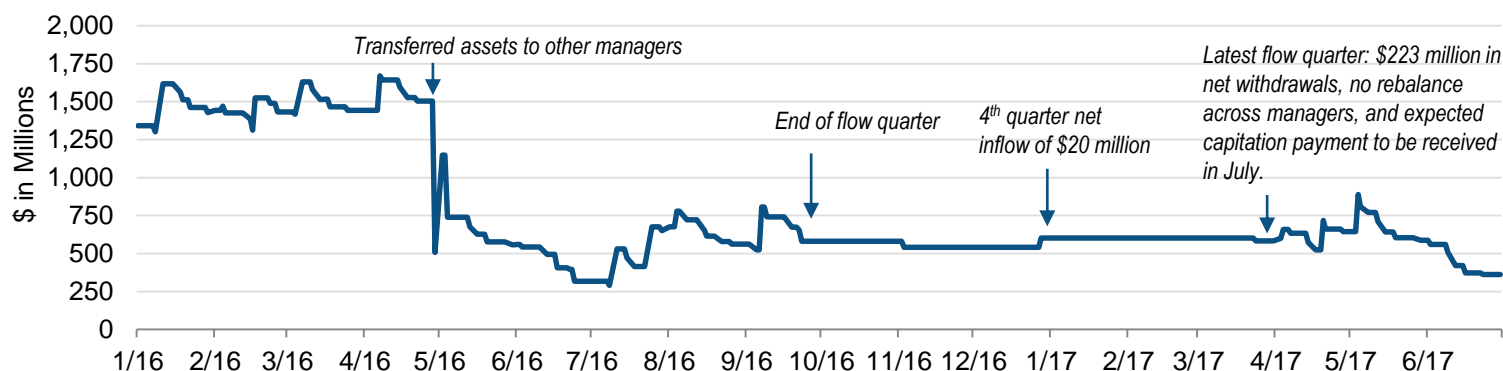
# Operating Fund Performance: Returns & Strategy



## PORTFOLIO RETURNS (As of 06/30/17)

	2Q 2017	YTD	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years
Operating Fund (gross)	0.27%	0.50%	0.88%	0.54%	0.37%
Operating Fund (net)	0.25%	0.47%	0.80%	0.45%	0.27%
Citigroup 3 Month Treasury Bill Index	0.18%	0.30%	0.46 %	0.20%	0.15%
Alpha (net)	0.07%	0.17%	0.34%	0.25%	0.12%

## Operating Fund Market Value History

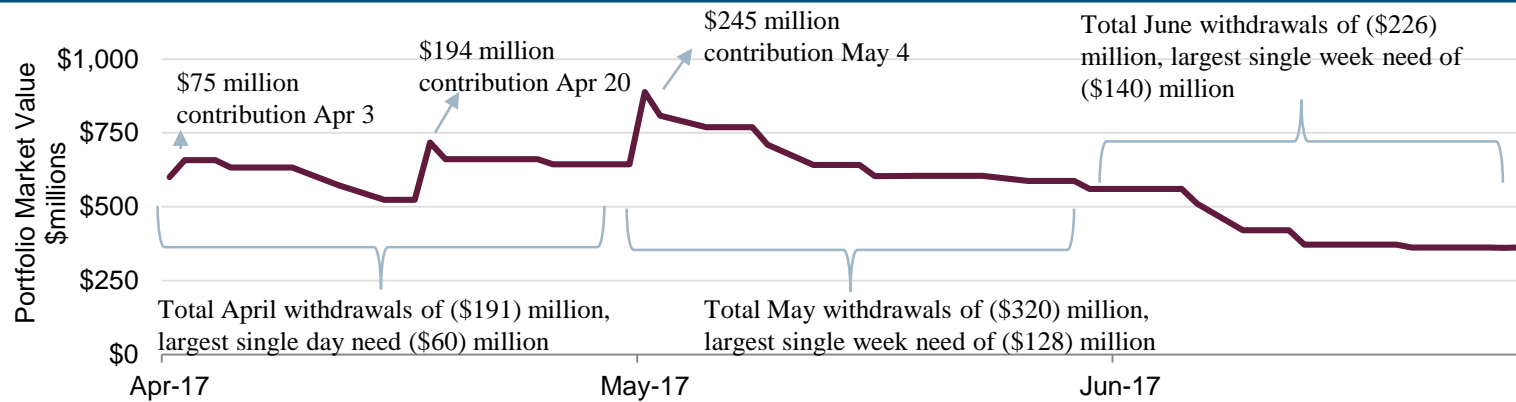


- Investment activity for the quarter primarily driven by flow considerations in which the Operating Fund saw a net withdrawal of \$223 million
- Contributions primarily invested in short securities, US T-bills and agency discount notes, which provided minimal sensitivity to interest rate price fluctuations and readily available liquidity
- Continued to selectively add high quality corporate FRNs including such issuers as Home Depot, Qualcomm, Amgen, Apple and Intel

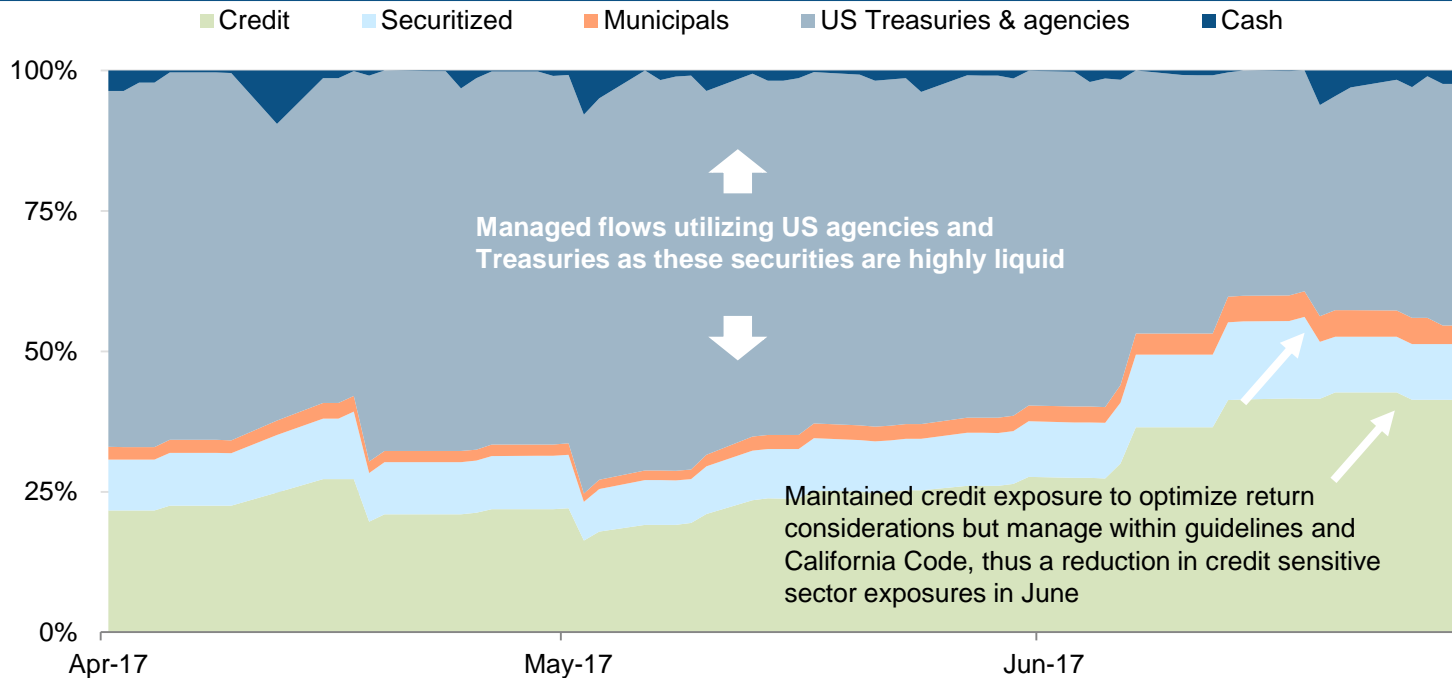
# How We Managed the Flow Quarter in the Operating Fund



## Operating Fund Market Value Fluctuations



## Operating Fund Sector Changes



# Tier One Fund Portfolio as of June 30, 2017

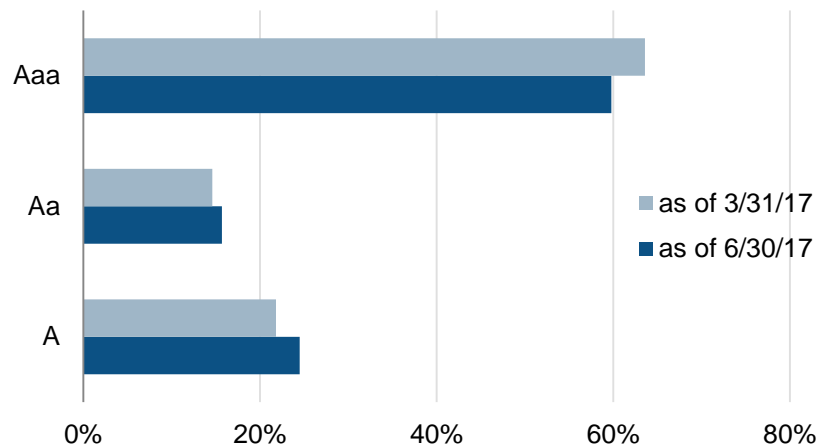


## Summary Data

As of 6/30/2017	Tier One Fund	Benchmark
Market Value	\$146,237,945	-
Yield to Maturity (%)	1.61	1.38
Effective Duration	1.60	1.82
Average Rating	AA	Aaa/AA+u

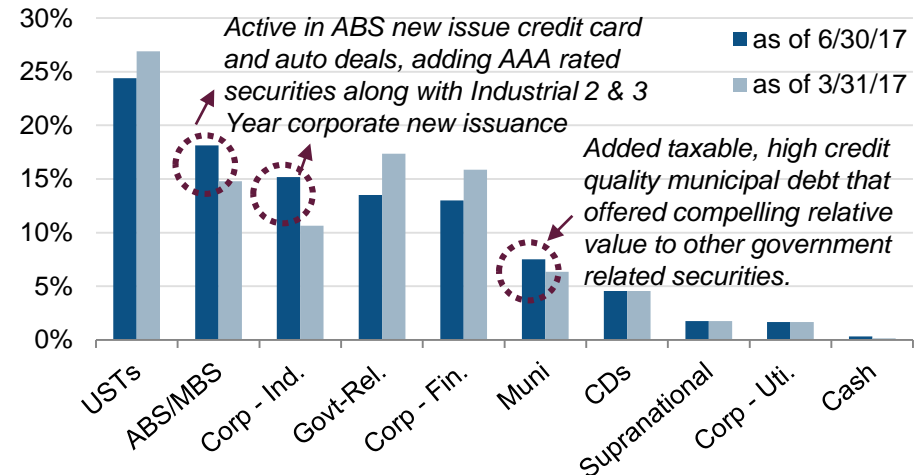
*Defensive duration positioning additive to performance as front-end yields rose*

## Credit Quality Breakdown - Percentage of Portfolio

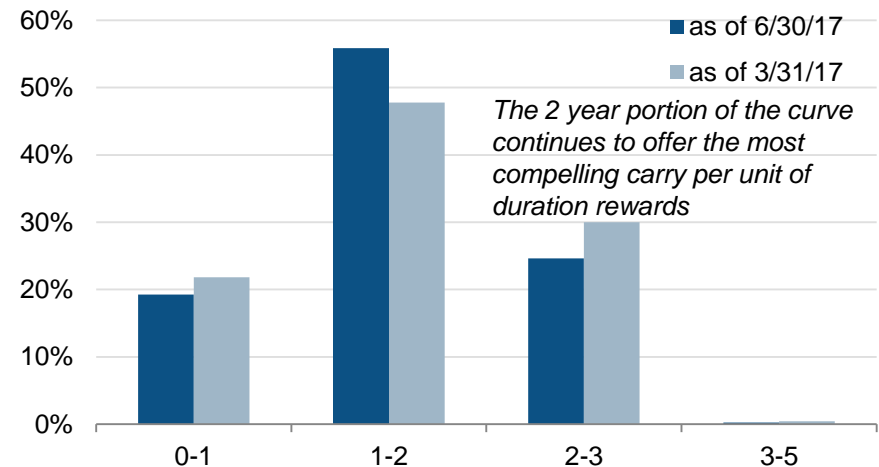


Source: Payden.

## Portfolio Sector Allocation



## Duration Distribution



# Tier One Fund Performance: Returns & Strategy



## PORTFOLIO RETURNS (As of 06/30/17)

	2Q 2017	YTD	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years
Tier One Fund (gross)	0.35%	0.74%	0.58%	0.98%	0.90%
Tier One Fund (net)	0.33%	0.70%	0.51%	0.89%	0.80%
Merrill Lynch 1-3 Year Treasury*	0.18%	0.44%	-0.11 %	0.69%	0.63%
Alpha (net)	0.15%	0.26%	0.62%	0.20%	0.17%

\*1/04 Merrill Lynch 1-3 Year Treasury Index; 5/00 Citigroup 1-Year Treasury Index; 7/99-5/00 Citigroup 3-month T-bill Index.

## Tier One Fund Attribution

Attribution (basis points)	2Q 2017	1H 2017
<b>Interest Rates</b>	<b>+1</b>	<b>-2</b>
<b>Sector Selection</b>	<b>+18</b>	<b>35</b>
Agency	+3	6
Corporate	+11	21
Financial	+6	12
Industrial	+4	7
Utilities	+1	2
ABS/MBS	+4	8
<b>Residual</b>	<b>-1</b>	<b>-3</b>
<b>Total</b>	<b>+18</b>	<b>30</b>

Figures rounded to the nearest basis point

# CalOptima – Compliance Report – As of June 30, 2017



Allowable Instruments	CalOPTIMA-Combined		Maximum Stated Term Per Security		Actual Maximum Maturity				Minimum Quality Per Security	Actual Minimum Credit
	Maximum % of Portfolio	Actual %	Operating Funds	Reserve Tier 1	Operating Funds		Reserve Tier 1			
U.S. Treasuries	100	27.47%	450 Days	5 Years	396	Days	2.96	Years	TSY	TSY
Federal Agencies	100	9.49%	450 Days	5 Years	126	Days	2.66	Years	AGY	AGY
State of CA & Other Municipal Obligations	25	5.55%	450 Days	5 Years	428	Days	3.34	Years	A2/A	A
Supranationals	15	0.51%	450 Days	5 Years			1.87	Years	Aa2/AA	AAA
Bankers Acceptances	30	0.00%	180 Days	180 Days					A1/P1	n/a
Commercial Paper	25	0.00%	270 Days	270 Days					A1/P1	n/a
Negotiable Certificates of Deposit	30	8.00%	1 Year	1 Year	94	Days	0.21	Years	A1/P1	A1/P1
Repurchase Agreements	100	0.00%	30 Days	30 Days					TSY	n/a
Medium Term Notes & Depository Notes	30	9.89%	450 Days	5 Years	335	Days	3.36	Years	A3/A-	A-
Money Market & other Mutual Funds (combined)	20	1.76%	N/A	N/A	1	Days	0.00	Years	Aaa/AAA	AAA
Mortgage & Asset-Backed Securities (combined)	20	8.79%	450 Days	5 Years	158	Days	2.77	Years	Aa3/AA-	AA+
Variable & Floating Rate Securities	30	28.54%	450 Days	5 Years	89	Days	0.20	Years	A3/A-	A-

100.00%

## Diversification Guidelines

<b>Maximum per Corporate Issuer</b>	5%	1.48%
<b>Repurchase Agreements (Maturity &gt; 7 days)</b>	25%	0.00%
<b>Repurchase Agreements (Maturity &lt; = 7 days)</b>	50%	0.00%





II

## Biographies

# Biographies



**Joan A. Payden, CFA®**

*President and CEO*

*1983 – Established Payden & Rygel*

Joan Payden, CFA®, is the President and Chief Executive Officer of Payden & Rygel, the global investment management firm that she founded in 1983. Payden has overseen the firm's international expansion and its growth to more than \$113 billion in assets under management. In 1992 the firm launched Payden & Rygel Investment Group, a family of mutual funds, of which she is chairman and chief executive officer. Subsequently many of these strategies were duplicated in UCITS funds domiciled in Ireland. In 1998 Payden & Rygel Global Ltd. was founded in London. At the same time, the firm established Metzler/Payden LLC, its joint venture with Metzler Bank, Germany's oldest private bank. Joan serves on the UCLA Anderson School board of advisors, and is a trustee of the University of Southern California and Loyola Marymount University. She is also a member of the board of the Town Hall of Los Angeles, the Los Angeles Sports Council, the California Chamber of Commerce, and the Natural History Museum of Los Angeles. She is past chairman of the Investment Counsel Association of America.

Joan Payden holds the Chartered Financial Analyst® designation. She is a graduate of the Advanced Management Program at Harvard Business School and earned a BA from Trinity Washington University in Mathematics and Physics.



**James P. Sarni, CFA®**

*Managing Principal*

*1991 – Joined Payden & Rygel*

James Sarni, CFA®, is a Managing Principal at Payden & Rygel and a member of the Executive Committee of the board of directors. Sarni is a member of the firm's Investment Policy Committee and serves as a Senior Portfolio Manager advising pension funds, insurance companies, corporations, health care organizations, Taft-Hartley plans, universities and endowments. Sarni is a director of Payden & Rygel Global Ltd. and Payden Global Funds plc. He is also a frequent speaker with financial media and is regularly quoted on topics related to investing and the economy.

Prior to joining Payden & Rygel, Sarni was a Vice President and senior portfolio manager at First Interstate Bank where he managed the trust department's commingled bond funds as well as institutional client portfolios.

James Sarni is a member of the University of Southern California's (USC) Marshall School of Business Board of Leaders and also the Board of Directors of USC's Center for Investment Studies, the Pasadena City College Foundation, Descanso Gardens and Mayfield Junior School. He is also a member of the CFA® Institute. He is past president of the Washington, DC-based Investment Adviser Association, CFA® Society of Los Angeles and St. Philip the Apostle School board of trustees.

Sarni holds the Chartered Financial Analyst® designation. He earned an MBA with an emphasis in finance and a BS from the University of Southern California.



**Brian W. Matthews, CFA®**

*Managing Principal and CFO*

*1986 – Joined Payden & Rygel*

Brian Matthews, CFA®, is a Managing Principal and the Chief Financial Officer at Payden & Rygel, and is a member of the Executive Committee of the board of directors. Matthews is a member of the firm's Investment Policy Committee and serves as a Senior Portfolio Manager advising institutional clients, including corporations, pension funds, insurance companies and foundations and endowments. He is a director of Metzler/Payden LLC, the firm's joint venture with Metzler Bank of Frankfurt, Germany. Matthews is also co-chairman of Payden/Kravitz LLC, a joint venture specializing in cash balance retirement plans.

Prior to joining Payden & Rygel, Matthews was an investment officer at Brown Brothers Harriman & Company in New York, where he was responsible for managing fixed-income portfolios and asset/liability management.

Matthews is a member of the CFA® Society of Los Angeles, the CFA® Institute and the Investment Counsel Association of America, Inc. He is past chairman of the board of directors for the Boy Scouts of America Los Angeles Area Council and serves on the board of directors for Oaks Christian School, St. Anne's, Kids in Sports, and the board of visitors for Pepperdine University and is a board member of the Patron of the Arts in the Vatican Museums.

Brian Matthews holds the Chartered Financial Analyst® designation. He earned a BS in Economics at the University of Notre Dame.



**Mary Beth Syal, CFA®**

*Managing Principal*

*1991 – Joined Payden & Rygel*

Mary Beth Syal, CFA®, is a Managing Principal at Payden & Rygel and a member of the Executive Committee of the board of directors. Syal is a member of the firm's Investment Policy Committee. She directs the firm's low duration strategies and also serves as a Senior Portfolio Manager advising corporations, insurance companies and family offices. She is a trustee of The Payden & Rygel Investment Group, the sponsor of the Paydenfunds, for which Payden & Rygel is the investment adviser.

Prior to joining Payden & Rygel, Syal was a Portfolio Manager and strategist at Amervest Company, Inc., where she was the co-chair of the Investment Strategy Committee.

Mary Beth Syal is a member of the CFA® Society of Los Angeles and the CFA® Institute. In addition, she serves on the Investment Committee of the Western Province of the Religious of the Sacred Heart of Mary.

Syal holds the Chartered Financial Analyst® designation. She earned a BA degree in Government from Smith College in Northampton, Massachusetts.

# Biographies



**Scott J. Weiner, PhD**  
*Managing Principal*

*1993 – Joined Payden & Rygel*

Scott Weiner, PhD, is a Managing Principal at Payden & Rygel and a member of the Executive Committee that manages the firm. Weiner is also a member of the firm's Investment Policy Committee which directs investment strategy and monitors the risk controls for the firm and its clients. As a frequent speaker at industry forums, he specializes in topics relating to asset allocation, risk management and international investing.

Prior to joining Payden & Rygel, Weiner was a senior strategy member of the investment arm of First Interstate. More previously, he was with Goldman Sachs in New York as one of the strategists in the 1980s developing expertise in the mortgage market.

Scott Weiner earned a PhD in Pharmaceutical Chemistry from the University of California, San Francisco focusing on theoretical macromolecular biophysical chemistry. He received an AB degree in Mathematics from Occidental College in Los Angeles.



**Edward S. Garlock, Esq.**  
*Managing Principal and General Counsel*

*1997 – Joined Payden & Rygel*

Edward S. Garlock, Esq., is a Managing Principal at Payden & Rygel, a member of the firm's board of directors, and a member of the Executive Committee of the board of directors. He is responsible for legal, regulatory and compliance issues for the firm and its global subsidiaries in London and Dublin. He oversees similar issues for Metzler/Payden LLC, the firm's joint venture with Metzler Bank of Frankfurt, Germany, and Payden/Kravitz Investment Advisers LLC, the firm's joint venture with Kravitz Investment Services, Inc.

Prior to joining Payden & Rygel, Garlock was a Senior Vice President, group general counsel and corporate secretary at First Interstate Bancorp.

Edward Garlock is a member of the American Bar Association and the American Corporate Counsel Association. He serves on the board of directors of the Rose Bowl Operating Company, which operates the Rose Bowl Stadium in Pasadena, California.

Garlock earned a JD degree from Northwestern University School of Law and an AB degree in History from Stanford University.



**Asha B. Joshi, CFA®**  
*Managing Principal*

*1994 – Joined Payden & Rygel*

Asha Joshi, CFA®, is a Managing Principal at Payden & Rygel. Joshi is a member of the firm's Investment Policy committee and board of directors. She is a Senior Portfolio Manager serving institutional clients including public plans, corporations, universities and endowments. She chairs the firm's Best Execution Committee and also serves on the board of Payden & Rygel Global Ltd.

Prior to joining Payden & Rygel, Joshi was vice president, Global Capital Markets at CIBC/Wood Gundy and previously, vice president at First Interstate Bank, Ltd where she was responsible for risk management of the Bank's derivatives portfolio.

Joshi is a past president of the CFA® Society of Los Angeles and a member of the CFA® Institute. She currently serves on the board of the California Council on Economic Education where she chairs the Program Committee.

Asha Joshi holds the Chartered Financial Analyst designation. She earned an MBA, with an emphasis in finance, and an MA degree from UCLA the year that she was a Rotary Foundation Ambassadorial Fellow. Joshi received an undergraduate degree with the highest honors from Bangalore University in India.



**Michael E. Salvay, CFA®**  
*Managing Principal*

*1997 – Joined Payden & Rygel*

Michael Salvay, CFA®, is a Managing Principal at Payden & Rygel. He is a member of the firm's Investment Policy Committee and serves as Senior Portfolio Manager advising public pension plans, endowments and universities and corporations. He directs the core bond architecture group and has extensive experience in developing customized mandates for active and passive index replication portfolios as well as hedging programs. Salvay is also a trustee of The Payden & Rygel Investment Group, the sponsor of the Paydenfunds, for which Payden & Rygel is the investment advisor.

Prior to joining Payden & Rygel, Salvay was a Senior Portfolio Manager at Dewey Square Investors in Boston, where he specialized in mortgage-backed securities and duration immunization strategies.

Michael Salvay holds the Chartered Financial Analyst® designation and is a member of the CFA® Institute. He earned an MBA from the Amos Tuck School at Dartmouth College and a BA in Economics from the University of California, San Diego.

# Biographies



## **Robin B.B. Creswell, FCSI**

*Managing Principal-London*

*1998 – Joined Payden & Rygel*

Robin Creswell is a Managing Principal at Payden & Rygel and is a member of the firm's board of directors. He is responsible for the firm's London office; Payden & Rygel Global Ltd.

Creswell's 38-year career in the financial industry began in banking. He was then a leading figure in the development of the global hedge fund and derivatives industry in the 1990s. He was responsible for launching the first publicly offered hedge funds in a number of jurisdictions, including Japan, Australia and Hong Kong.

Prior to joining Payden & Rygel, Creswell was responsible for global distribution at ED&F Man. Subsequently he established the fund management company, Greystone International Ltd., for Chicago-based futures broker Gelderman, Inc. later acquired by the Man Group.

Robin Creswell is a Trustee of the Charities Aid Foundation where he Chairs the Investment Advisory Committee and Trustee of a number of other non-profit organisations. He is a Fellow of the Securities & Investment Institute and a member of the CFA® Society of the UK.



## **Gregory T. Morrison, CPA, CFA®**

*Managing Principal*

*1998 – Joined Payden & Rygel*

Gregory T. Morrison, CPA, CFA®, is a Managing Principal at Payden & Rygel and a member of the Executive Committee of the board of directors. He is responsible for the firm's technology initiatives and proprietary development, including trading, risk management, analytics, and investment performance and accounting systems. He also oversees the firm's SOC 1 reporting process.

Prior to joining Payden & Rygel, Morrison was a member of the assurance and advisory services practice of Deloitte & Touche, where he specialized in audits of global investment managers and securities brokers and dealers. He is a member of the CFA® Institute, the CFA® Society of Los Angeles and the American Institute of Certified Public Accountants.

Greg Morrison is a Certified Public Accountant and holds the Chartered Financial Analyst designation. He earned a BS in Accounting and Management from Washington University in St. Louis, Missouri.



## **Kristin Johnson Ceva, PhD, CFA®**

*Managing Principal*

*1998 – Joined Payden & Rygel*

Kristin Ceva, PhD, CFA®, is a Managing Principal at Payden & Rygel. Ceva is a member of the firm's Investment Policy Committee and is a Senior Portfolio Manager directing the firm's emerging market debt strategies. She also is a frequent speaker at industry forums, focusing on topics related to international investing and emerging markets.

Prior to joining Payden & Rygel, Ceva worked as a consultant for Deloitte & Touche, and with a number of international policy institutes including: the Pacific Council on International Policy, the Center for U.S.-Mexican Studies and the North America Forum at Stanford University.

Ceva serves as board member for EMpower, a non-profit organization founded by emerging markets financial professionals to support at-risk youth, and is on the California Committee of Human Rights Watch.

Kristin Ceva holds the Chartered Financial Analyst® designation. She earned a PhD from Stanford University in Political Science with an emphasis on international political economy. She was a Fulbright Scholar based in Mexico City. Ceva has completed extensive economic and political research on emerging markets and is fluent in Spanish. She received a BBA in Finance from Texas A&M University.



## **Justin G. Bullion, CFA®**

*Managing Principal*

*2010 – Joined Payden & Rygel*

Justin G. Bullion, CFA®, is a Managing Principal at Payden & Rygel. He is responsible for the firm's US east coast office in Boston. Bullion serves as a Senior Client Portfolio Manager for US and global institutional clients, regularly coordinating with the firm's Los Angeles headquarters and non-US efforts.

Prior to joining Payden & Rygel, Bullion was a fixed income professional at Wellington Management Company, LLP, where he held roles in portfolio management, product management, and business management. He also previously spent time in various fixed income roles with Miller Anderson & Sherrerd LLP (now Morgan Stanley Investment Management) and Blackstone (now BlackRock) Financial Management.

Bullion is a member of the Boston Security Analysts Society. He serves on the advisory boards of The Trust for Public Land (Massachusetts), UNCF New England, University of Pennsylvania Volleyball, and ARZU Studio Hope.

Justin Bullion holds the Chartered Financial Analyst® designation. He earned a BA in Sociology from the University of Pennsylvania.

# Biographies



**James T. Wong, CFA®**  
*Managing Principal*

*1995 – Joined Payden & Rygel*

James Wong, CFA®, is a Managing Principal and Co-Manager of both the domestic large-cap and global equity strategies at Payden & Rygel. He has worked with the firm's equity products since their inception. Wong has more than 20 years of equity portfolio management experience, during which he has managed the breadth of equity styles and market capitalizations. He has extensive experience managing long/short portfolios, creating hedging strategies using derivatives and developing customized investment solutions for client specific needs. Wong is also a member of the Investment Policy Committee.

Before joining Payden & Rygel, Wong was a trader at the Union Bank of Switzerland where he focused on mortgage-backed securities. Previously, he was in the corporate finance group at Salomon Brothers Inc.

Wong holds the Chartered Financial Analyst® designation and the FINRA series 7, 3 and 63 licenses. He earned an MBA degree from The Anderson School at the University of California, Los Angeles with an emphasis in finance. Wong received a BS degree in Economics from The Wharton School, University of Pennsylvania with a concentration in finance.



**David P. Ballantine, CFA®, CFP**  
*Principal*

*1991 – Joined Payden & Rygel*

David Ballantine, CFA®, CFP, is a Principal and Senior Fixed-Income Portfolio Strategist at Payden & Rygel. He oversees the firm's trading operations and is a key member of the portfolio management team responsible for developing strategies for short- and intermediate-term fixed-income portfolios.

Prior to joining Payden & Rygel, Ballantine traded corporate, asset-backed and mortgage securities at The Capital Group and worked in the fixed-income department at Fidelity Investments.

David Ballantine is a member of the CFA® Institute, Investment Counsel Association of America, Inc. and the Financial Planning Association. He is also a member of the Leadership of Southern California and the L.A. Works Organization.

Ballantine holds the Chartered Financial Analyst® designation and is a certified financial planner. He earned a BS in Business Administration from the University of New Hampshire.



**Nigel Jenkins, ASIP**  
*Managing Principal-London*

*2006 – Joined Payden & Rygel*

Nigel Jenkins is a Managing Principal at Payden & Rygel Global Ltd. He is a member of the firm's Investment Policy Committee and directs the Global Fixed Income strategy team, which manages all global, European and UK benchmarked fixed-income portfolios. He also oversees the Interest Rate and Currency strategy teams.

Prior to joining Payden & Rygel, Jenkins was a founding partner of Centric Capital LLP, a fixed income and currency hedge fund. Previously he was head of global fixed-income at WestLB, and a director of the fixed income & currency group at Rothschild Asset Management, both in London.

Nigel Jenkins holds the ASIP designation of the UK Society of Investment Professionals, a member society of the CFA® Institute. He earned an MA degree in Economics from the University of Cambridge.



**Yot Chattrabhuti**  
*Principal*

*1997 – Joined Payden & Rygel*

Yot Chattrabhuti is a Principal and Director of Operations at Payden & Rygel. He is responsible for the planning, development and implementation of the firm's operational policies, procedures, guidelines and strategies.

Prior to joining Payden & Rygel, Chattrabhuti was a vice president at the Bank of America where he served in various managerial capacities including domestic custody, securities processing and employee benefit trust.

Chattrabhuti is a member of the Investment Company Institute Operations Committee, a national association of the American investment company industry.

Yot Chattrabhuti holds the FINRA series 6, 63 and 26 licenses. He earned a BS in Political Science, with an emphasis on international relations, from Chulalongkorn University in Bangkok.



# Biographies



**Erinn R. King, CFA®**

*Principal*

*2010 – Joined Payden & Rygel*

Erinn King, CFA®, is a Principal at Payden & Rygel. Based in the firm's Boston office, King is responsible for client relations and business development for East Coast and global clients. She also serves as a liaison to the firm's London office and the Metzler/Payden joint-venture.

Prior to joining Payden & Rygel, King was a Vice President at Wellington Management Company, LLP, where she held roles in fixed-income portfolio communications and insurance relationship management. King also worked for Concordia Capital LLC prior to joining Wellington.

King is a director on the board for the Boston Security Analysts Society, as well as chair of programs and education. She is also a trustee for Jose Mateo Ballet Theatre.

Erinn King holds the Chartered Financial Analyst® designation. She earned an MBA in Finance at Boston University and also holds an MFA in Dance from the University of Oklahoma.



**Jeffrey C. Cleveland**

*Principal – Chief Economist*

*2006 – Joined Payden & Rygel*

Jeffrey Cleveland is a Principal and The Chief Economist at Payden & Rygel. He is responsible for developing views on the US and global economy. His research areas include macroeconomics, central banks and the money markets, money supply, and credit cycles. Cleveland is a frequent speaker at industry forums and is often quoted in the financial media on topics related to the economy and investing. He has appeared on CNBC, Bloomberg Television and Fox Business News.

Prior to joining Payden & Rygel, Cleveland was a Senior Associate at David Taussig & Associates in Newport Beach, California, where he managed the firm's fiscal and economic impact studies and consulting services.

Jeffrey Cleveland is a member of the National Association for Business Economics (NABE). He received NABE's Time Series Analysis and Economic Forecasting Certificate. Cleveland earned a MA in International Political Economy with an emphasis in international money and finance from Claremont Graduate University, and a BA in Economics/Global Political Economy from Whittier College through the Whittier Scholars Program.

An avid open-water swimmer, Cleveland swam across the English Channel in September 2008, across the Catalina Channel in 2009 and around Manhattan in 2010. He was the 34th person in history to complete this "triple crown" of open water swimming.



**Mark J. Morris, CFA®**

*Principal-London*

*2002 – Joined Payden & Rygel*

Mark Morris is a Principal with Payden & Rygel Global Ltd. responsible for global client relationships and portfolio management in the United Kingdom and in continental Europe.

Prior to joining Payden & Rygel, Morris was a Managing Director at Credit Suisse Asset Management Ltd where he oversaw a variety of global fixed-income mandates and was a senior member of the Fixed-Income Asset Allocation Committee. Previously he worked in the project finance divisions of Barclays National Industrial Bank in Johannesburg, South Africa, and subsequently at Bank of America in London.

Mark is a member of the CFA® Institute and the CFA® Society of the UK.

Mark Morris holds the Chartered Financial Analyst designation®. He received a BSc in Electrical Engineering and an MBA from the University of Cape Town.



**Arthur Hovsepian, CFA®**

*Principal*

*2004 – Joined Payden & Rygel*

Arthur Hovsepian, CFA®, is a Principal and Emerging Market Debt Strategist at Payden & Rygel. He heads up Asia sovereign research and is also the lead local market strategist with a focus on Asia and Africa.

Prior to joining Payden & Rygel, Hovsepian was a portfolio associate with Pacific Investment Management Company in the global fixed income group, where he was responsible for the currency risk management process for global portfolios.

Arthur Hovsepian holds the Chartered Financial Analyst® designation and is a member of the CFA® Institute and the CFA® Society of Los Angeles. He received an MBA from The UCLA Anderson School of Management and a BS in Economics and Statistics from University College London.

# Biographies



## Bradley Hersh

*Principal – Treasurer*

*1998 – Joined Payden & Rygel*

Bradley Hersh is Principal and Treasurer of Payden & Rygel. As a Senior Financial Officer, he is responsible for accounting, budgeting and financial reporting. He also manages mutual fund accounting, regulatory issues and management reporting for Paydenfunds, the firm's family of no-load, low-expense mutual funds.

Prior to joining Payden & Rygel, Hersh was the assistant controller responsible for accounting and financial functions at Sierra Capital Management. He was the assistant treasurer for the Sierra Trust Funds where he managed mutual fund accounting, regulatory issues and management reporting.

Bradley Hersh earned an MBA with an emphasis in finance from the University of Southern California. He received a BBA with an emphasis in accounting from Baylor University.



## Darren Marco

*Vice President*

*2016 – Joined Payden & Rygel*

Darren Marco is Vice President at Payden & Rygel. He is responsible for the implementation and monitoring of investment policies and strategies for a variety of institutional clients, including corporations, endowments, foundations, insurance companies, pension funds and private clients.

Prior to joining Payden & Rygel, Darren was at Toyota Financial Services, where he was a treasury manager responsible for short-term debt issuance and oversight of the company's internally and externally-managed investments. Previously, Darren held various fixed income sales and analyst roles with a focus on mortgage-backed securities at large US banks and primary Wall Street dealers.

Darren earned an MBA from the University of Texas at Austin and received his BA in political science from Princeton University. He holds the Financial Regulatory Authority series 7, 63, and 24 licenses.

Wells Capital Management | June 2017

# Portfolio review

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## CalOptima

Presented by:  
Tony Melville, CFA, Senior Portfolio Manager  
Stephen Scharre, CFA, Client Relations Director





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- IV. CalOptima
- V. CalOptima – Tier 1

# Wells Capital Management

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# Wells Capital Management

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**Wells Capital Management (WellsCap) is a leading institutional investment management firm and part of Wells Fargo Asset Management.**

- We are strongly committed to three beliefs that lead to long-term, successful partnerships with our clients:

## **Independent investment thinking**

Our strong investment culture thrives on independent investment thinking.

## **Rigorous investment risk management**

Rigorous, independent investment risk management is imperative to the consistent generation of risk-adjusted alpha.

## **Client-centric relationships**

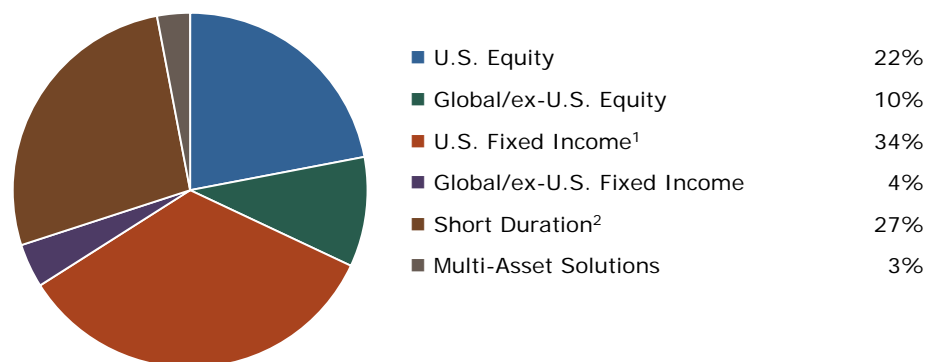
Enduring client relationships are cultivated by being client-centric, not product-centric.

# Wells Capital Management

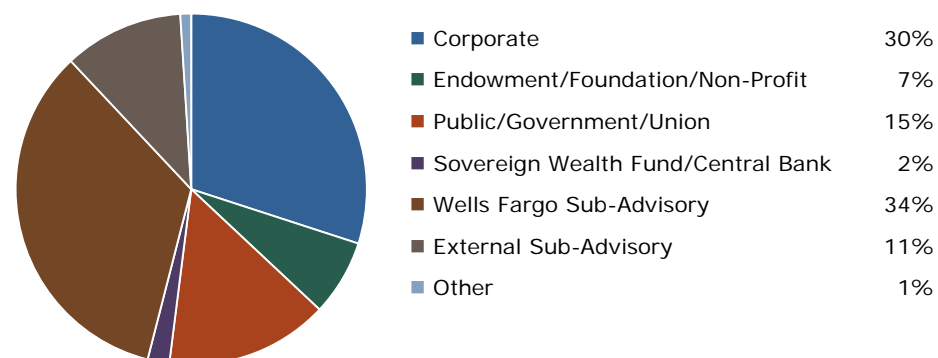
## WellsCap profile

- Established in 1996
- AUM in excess of \$347 billion
- 26 independent investment teams
- Over 1,000 clients in more than 30 countries worldwide
- 410 investment professionals with an average firm tenure of 11 years
- Signatory to the Principles for Responsible Investment

## Assets under management



## Assets by clients



As of March 31, 2017. Total firm assets under management are \$347B. The charts above excludes \$99B in Money Market Mutual Funds and other Wells Fargo Affiliated Money Market Accounts. Assets under management, excluding Money Market Mutual Funds and other Wells Fargo Affiliated Money Market accounts total \$248B. Total firm assets under management includes \$7B in Non-Discretionary AUM and Notional AUM.

<sup>1</sup> Includes accounts with durations over 1-5 year benchmarks.

<sup>2</sup> Includes accounts with durations up to 1-5 year benchmarks, excluding Money Market Funds.

# **Short Duration Fixed Income overview**

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# Short Duration Fixed Income overview

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Providing highly customized short duration fixed income solutions has been a core competency of WellsCap since 1988.

- \$58.9 B<sup>1</sup> in assets under management as of March 31, 2017
- Taxable, municipal and crossover strategies for **offshore and domestic** institutional portfolios
- **Competitive risk-adjusted returns** with primary objectives of **principal preservation and liquidity**
- **Tenured team** of investment professionals
- **Depth of credit research** capabilities across corporate, municipal and structured asset classes
- **Emphasis on risk management** in the construction, management and oversight of client portfolios
- Singular focus on **consultative client partnerships**

The financial strength of our parent company, Wells Fargo Bank, N.A., affords us the resources, capital and stability essential to our ongoing commitment to this core business.

<sup>1</sup> Short Duration AUM managed by Short Duration, Municipal, and Customized Fixed Income teams.

# Short Duration Fixed Income investment team

## Investment team



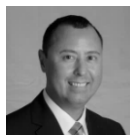
**Jeffrey L. Weaver, CFA**  
Senior Portfolio Manager  
Head of Money Funds & Short Duration  
Entered industry in 1991, WellsCap 1994



**Andrew Greenberg, CFA**  
Senior Portfolio Manager  
*Short Duration Team Lead*  
Entered industry in 1986, WellsCap 2002



**Anthony J. Melville, CFA**  
Senior Portfolio Manager  
*Corporates*  
Entered industry in 1993, WellsCap 1994



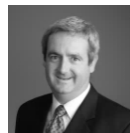
**Dean Meddaugh, CFA**  
Senior Portfolio Manager  
*ABS, MBS & CMBS*  
Entered industry in 1994, WellsCap 2004



**Raymond M. Wong**  
Senior Portfolio Manager  
*Municipals*  
Entered industry in 1980, WellsCap 2002



**James Rutzen, CFA, FRM**  
Senior Portfolio Manager  
*Municipals/Crossover*  
Entered industry in 1986, WellsCap 1996



**Travis Dugan, CFA**  
Senior Portfolio Manager  
*Governments & Corporates*  
Entered industry in 1997, WellsCap 2011



**Janat Ibraev, CFA**  
Portfolio Manager  
*Corporates*  
Entered industry in 1994, WellsCap 2015



**Jonathan Buenaventura**  
Portfolio Manager  
*Money Market Securities*  
Entered industry in 2004, WellsCap 2011



**Henri Proutt**  
Associate Portfolio Manager  
*Corporates*  
Entered industry in 2008, WellsCap 2011



**Samuel Arocha**  
Repo Trader  
Entered industry in 1989, WellsCap 1989



**George Hoch**  
*Portfolio Analyst*  
Entered industry in 2011, WellsCap 2015

## Firm-Wide Credit Research

### Money Market Research



**Matthew Grimes, CFA**  
Head of Money Markets  
Credit Research  
Team of 10 Analysts

### Global Credit Research Platform Resources



**Jamie Newton, CFA**  
Co-Head of Global Credit  
Research  
Team of 9 Analysts



**Duncan Warwick-Champion**  
Co-Head of Global Credit  
Research  
Team of 8 Analysts

### Municipal Credit Research



**Thomas Stoeckmann**  
Head of Municipal  
Credit Research  
Team of 11 Analysts

## Additional firm-wide fixed income resources

Global Investment Grade &  
High Yield Credit Research

Money Market Research

Municipal Credit Research

Structured Products Research

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# WellsCap Fixed Income research resources

## Global Credit Research – 66 Investment professionals

### Corporate Research Analysts – 40 Total

<b>Ambreesh Bansal, CFA</b> Construction, Manufacturing, Transportation	<b>Brian Barry, CFA</b> Lodging, Retail	<b>Alex Basman, CFA</b> Chemicals, Healthcare	<b>Marianne Beyer, CFA</b> Industrials, Paper & Packaging	<b>James Brown, CFA</b> Cable, Telecom, Technology	<b>Matthew Cox, CFA</b> Healthcare, Insurance, Pharmaceuticals
<b>Henry Craik-White</b> Industrials	<b>Paul Davey, CFA</b> Energy, Infrastructure, Transportation, Utilities	<b>Scott Dreier, CFA</b> Environmental, Utilities	<b>James Fitzpatrick, CFA</b> Media, Telecom, Technology	<b>Stephane Fievue</b> Industrials	<b>Matthew Grimes, CFA</b> Head of MM Credit Research
<b>Donald Henken, CFA</b> Banking, Financials	<b>Heidi Hermann, CFA</b> Energy, Metals & Mining	<b>Kelly Hunter, CFA</b> Banks, Sovereign	<b>Brian Keller, CFA</b> Energy, Homebuilders	<b>Kevin Maas, CFA</b> Financials, Healthcare	<b>Michael Mallardi</b> Energy
<b>Jodi McGlynn</b> Lodging, REITs, Retailers	<b>Cristiano Mela</b> Construction, Metals & Mining	<b>Robert Montague</b> Financials	<b>David Moon, CFA</b> Autos, Food	<b>Henry Naah</b> Cable, Telecom, Technology	<b>Jamie Newton, CFA</b> Co-Head of Credit Research
<b>Cheryl Ngo</b> Autos, Industrials, Metals & Mining, Services	<b>Oscar Olivas, CFA</b> Energy	<b>Steve Pfeiffer</b> Entertainment, Lodging, Media, Utilities	<b>Bridget Powers</b> Banks, Brokers, Energy, Utilities	<b>Satish Pulle</b> Financials	<b>Andrew Reed, CFA</b> Chemicals, Consumer Products, Restaurants
<b>Maya Sarda</b> Consumer Products, Retail	<b>Mike Shinnars, CFA</b> Banks, Sovereigns	<b>Anna Tabor</b> Sovereigns	<b>Kirstin Thomas</b> Banks, Sovereigns	<b>Lauren Van Biljon, CFA</b> Sovereigns	<b>Duncan Warwick-Champion</b> Co-Head of Credit Research
<b>Beatrice Woo</b> Financials	<b>Michie Yana, CFA</b> Chemicals, Pharmaceuticals	<b>Daniel Zaczekiewicz, CFA</b> Banks, Sovereigns	<b>Marcus Zahn</b> Banks, Insurance		

### Municipal Research Analysts – 13 Total

<b>Elizabeth Alm, CFA</b> Education, Special Tax	<b>Jed Bruss, CFA</b> Education, GOs	<b>Ed Clayton</b> Money Markets	<b>Dennis Derby</b> GOs, High Yield, Resource Recovery	<b>Luke Hammer</b> GOs, Transportation, Water	<b>Kerry Laurin, CFA</b> Electric, GOs, IDR, PCR
<b>Kim Nakahara</b> Education, GOs, Water	<b>Brandon Pae</b> GOs, Leasing, Water	<b>Michi Rives</b> GOs, Leasing, Water	<b>Todd Sisson</b> GOs, Healthcare	<b>Gilbert Southwell</b> Housing, Special Tax, Structured	<b>David Statham</b> Money Markets
<b>Thomas Stoeckmann</b> Charter Schools, Transportation					

### Structured Products – 13 Total

<b>Sasha Bessonova, CFA, FRM</b> Structured Products	<b>Joseph Christensen, CFA</b> Structured Products	<b>Andy Greenberg, CFA</b> Short Duration MBS	<b>Mark Hsu, CFA</b> ABS, CLO, CMBS	<b>Jin Im</b> Structured Products	<b>Chris Kauffman, CFA</b> Agency MBS, ARMs
<b>Brian Krum</b> ABS, Asset-Backed CP	<b>Dean Meddaugh, CFA</b> Short Duration ABS, CMBS	<b>Mira Park, CFA</b> Structured Products	<b>Brian Prucyk, Ph.D.</b> Structured Products	<b>Anant Ramgarhia</b> ABS, CMBS	<b>Maddi Rowlett</b> ABS
<b>Grace Wu</b> CMBS					

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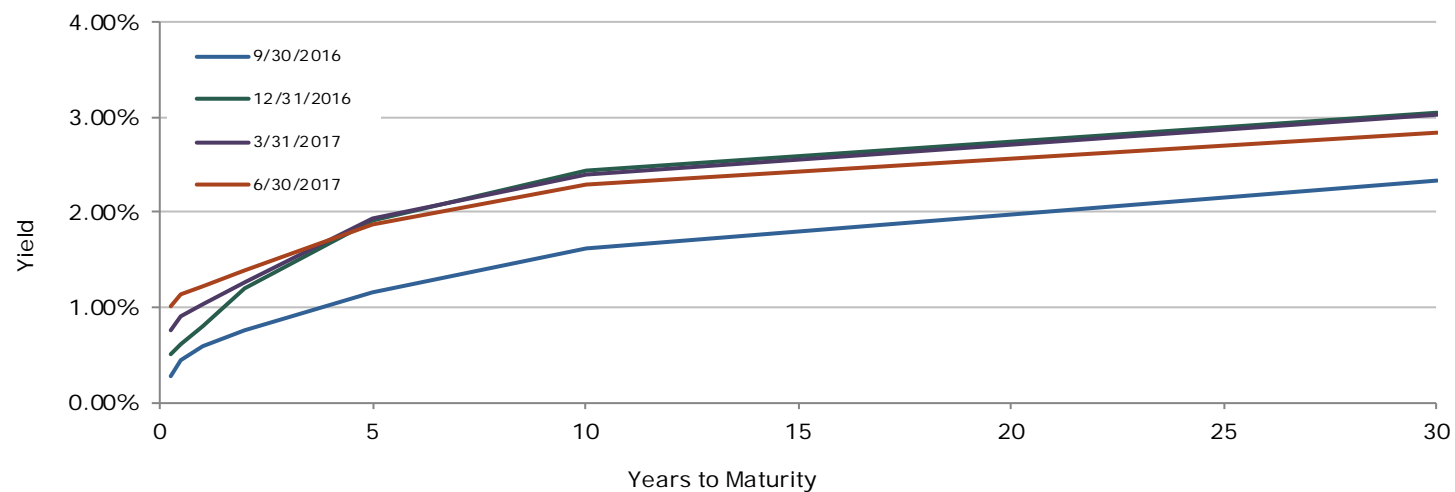
# Market overview

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# Short duration review

June 30, 2017

Treasury Yield Curve



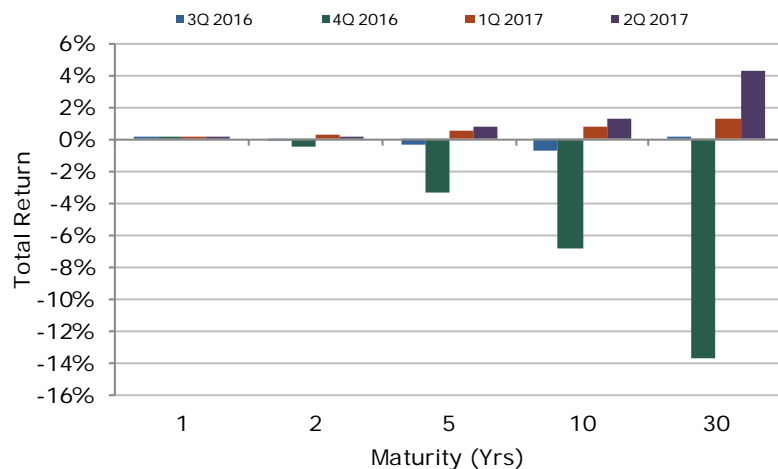
Treasury Yield Curve	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017
3 Month	0.26%	0.28%	0.50%	0.76%	1.02%
6 Month	0.37%	0.45%	0.62%	0.90%	1.14%
1 Year	0.46%	0.60%	0.81%	1.03%	1.23%
2 Year	0.59%	0.77%	1.20%	1.26%	1.38%
5 Year	1.01%	1.15%	1.92%	1.93%	1.88%
10 Year	1.49%	1.61%	2.43%	2.39%	2.30%
30 Year	2.31%	2.33%	3.05%	3.02%	2.84%

Source: Barclays

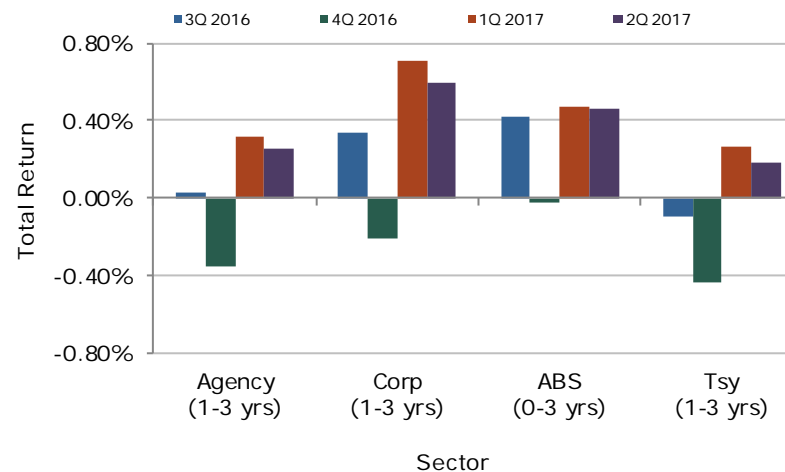
# Short duration review

June 30, 2017

## Total Return by Maturity



## Total Return by Sector



Total Return by Maturity	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
1	0.29%	0.06%	0.05%	0.16%	0.14%
2	0.50%	-0.11%	-0.54%	0.23%	0.12%
5	1.38%	-0.34%	-3.33%	0.46%	0.72%
10	3.02%	-0.75%	-6.81%	0.78%	1.29%
30	7.33%	0.02%	-13.74%	1.27%	4.21%

Total Return by Sector	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Agency (1-3 yrs)	0.41%	0.03%	-0.35%	0.31%	0.26%
Corporate (1-3 yrs)	1.04%	0.34%	-0.21%	0.70%	0.60%
Asset Backed (0-3 yrs)	0.72%	0.42%	-0.02%	0.47%	0.46%
Treasury (1-3 yrs)	0.52%	-0.10%	-0.43%	0.26%	0.18%

Source: Barclays, BofAML

# Economic summary: Big Six Summary

---

- **Growth:** still stuck at 2% or less, awaiting policy shift
- **Employment:** job growth persists; slack diminishing
- **Inflation:** core inflation low and fairly stable
- **Monetary:** quicker pace of tightening: 1-2 more rate hikes in 2017
- **Fiscal:** pro growth initiatives delayed
- **International:** anti-globalization/populist sentiment waning?

# Market summary & outlook – Enhanced cash

As of June 30, 2017

## Market summary & outlook

Sector	Target Allocation*	Comments:
Duration and Yield Curve		Portfolios are positioned neutral to slightly long their benchmarks due to the steepness of the very front-end of the yield curve. We expect one additional rate hike in 2017.
Government related		Sovereign, Supranational and Foreign Agencies (SSAs) have richened and offer less relative value for all but high quality or very constrained accounts. Agencies are fair, but bid/ask spreads remain wide. Limit investments to large, benchmark issues.
Corporate		The credit curve is flat or inverted from 0–3 years due to strong demand for 3 year and longer credit. Enhanced cash accounts can benefit from corporate bonds maturing in 18-24 months which currently trade at attractive yields.
Commercial Paper		Tier-1 commercial paper is yielding 1.00% to 1.20% in 3-month maturities and 1.15% to 1.30% in 6-month maturities. Yields are attractive, particularly ABCP shorter than 6 months.
ABS		ABS remains an attractive, high-quality, low-risk asset class with excellent liquidity. For portfolios with a lower risk tolerance, stay in the more liquid sectors and stay up in the credit structure. For those portfolios with a higher risk tolerance, consider subordinate tranches of prime auto deals, foreign credit card bank deals and select benchmark subprime issuers. The primary market offers better relative value versus the secondary market with positive new issue concessions.
Municipals**		The SIFMA (floating-rate) index is expected to retreat post-tightening high of 0.91% due to strong upcoming July maturity and coupon re-investment cash flows. A very flat curve has investors buying shorter maturities and keeping the SIFMA rate lower. Muni/Treasury ratios around 70% in 1-2 year tenors are attractive for only the highest tax-bracket individuals.


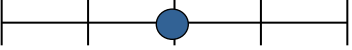
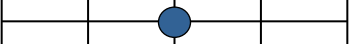
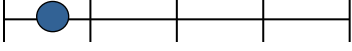

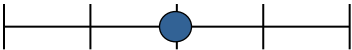

\*Target allocations applicable to an account with 3.25 year maximum maturity, 1 year maximum duration and limited credit rating constraints.

\*\*Allocation applies to tax-advantaged crossover accounts in lieu of taxable alternatives.

# Market summary & outlook – Limited duration

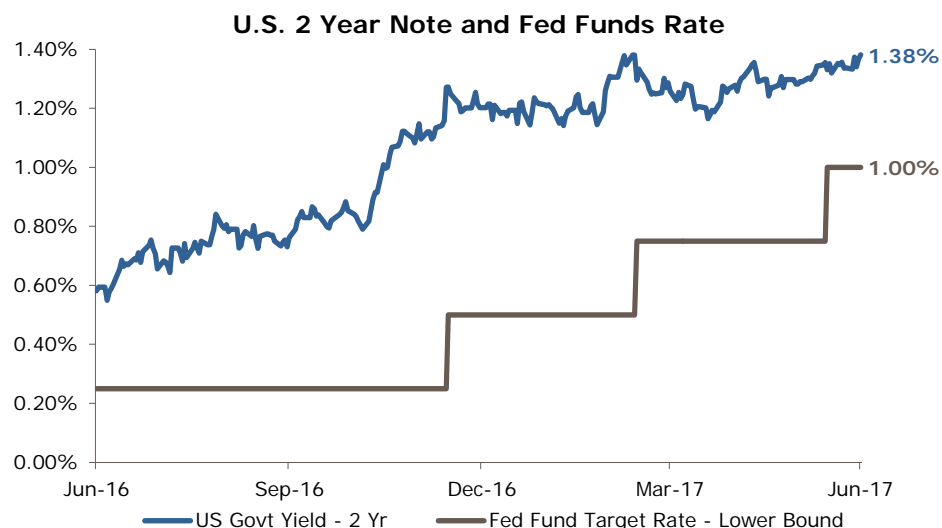
As of June 30, 2017

## Market summary & outlook

Sector	Underweight	Neutral	Overweight	Comments:
Duration and Yield Curve				Portfolios are 0.10 to 0.15 short versus benchmark durations. We removed our curve flattening trade as we believe the curve will steepen in the intermediate-term. Taking a longer-term view, the curve will remain flat as the Fed tightens monetary policy.
Government related				Sovereign, Supranational and Foreign Agencies (SSAs) have richened and offer less relative value for all but high quality or very constrained accounts. Agencies are fair, but bid/ask spreads remain wide. Limit investments to large, benchmark issues.
Corporate				Corporate spreads have stabilized at lower levels and volatility has been subdued. We are overweight financials due to positive effects of regulation, improving capital and liquidity. Non-financial corporate leverage is elevated but fundamental outlook has been modestly improving. Valuations provide adequate compensation for the rising macroeconomic and political uncertainties.
Agency CMO/MBS				The Federal Reserve's mortgage reinvestment program should begin to taper around December 2017.
ABS				ABS remains an attractive, high-quality, low-risk asset class with excellent liquidity. For portfolios with a lower risk tolerance, stay in the more liquid sectors and stay up in the credit structure. For those portfolios with a higher risk tolerance, consider subordinate tranches of prime auto deals, foreign credit card bank deals and select benchmark subprime issuers. The primary market offers better relative value versus the secondary market with positive new issue concessions.
CMBS				We recommend staying higher up in the capital structure particularly when purchasing CMBS 2.0 and 3.0 deals to mitigate any credit and liquidity concerns. Supply in the front end will continue to be very limited from a new issue perspective as well as the wall of maturities that will end in August 2017.
Municipals				Highly supportive net supply and bond fund inflows have supported current market valuations, which are rich by historical standards. Tax-exempt bonds will continue to perform due to increased seasonal demand, which is typical during summer months. With municipal/Treasury ratios near 5-year lows, reinvesting in tax-exempt assets is attractive for only the highest tax-bracket individuals.

# Treasury and duration

As of June 30, 2017



Source: Factset, Wells Capital Management

## Review & Commentary

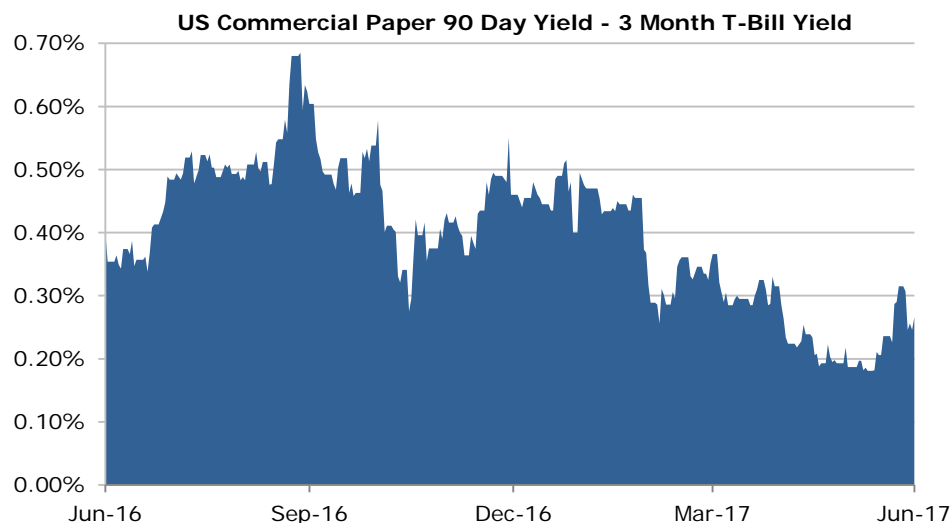
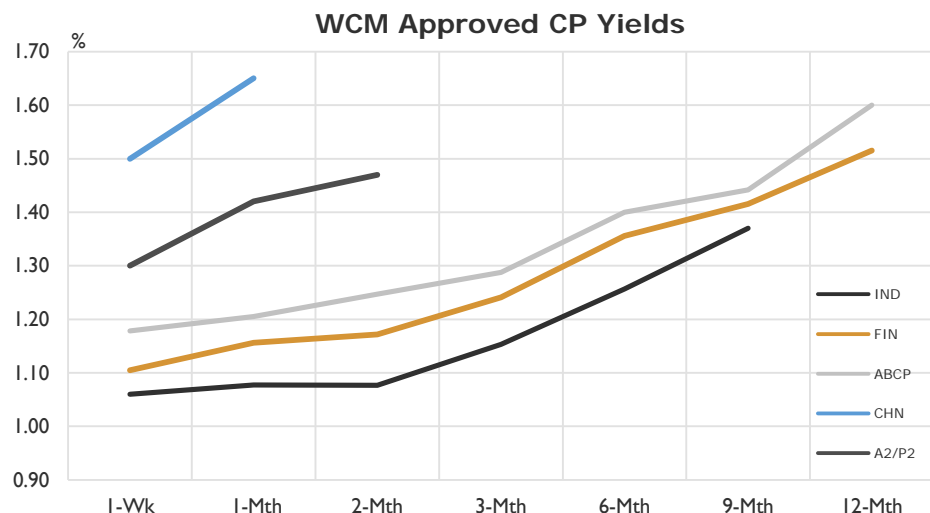
- 2 year Treasury rates have been range-bound YTD between 1.15% to 1.40%. The 2s/5s curve remains flat at +44 and has flattened 40 bps YTD.
- While 2 year Treasury rates ended the quarter at 1.37%, it has failed to break out higher, despite the underlying trend of higher rates.
- Market expectations for one additional rate hike in 2017 are currently 47%. Expectations for the September meeting are only 16%. Despite market probabilities we believe that September is the most likely timing of a rate hike. In addition to a September rate hike, the FOMC has indicated that balance sheet reduction will begin before year end.

## Strategy

- Portfolios benchmarked to 1-3 year and 1-5 year indices remain 0.10 to 0.15 short versus benchmark durations. Despite yields at slightly higher levels, the market should begin to price in a September rate hike which will continue to pressure yields.
- In the intermediate-term we expect the curve to steepen. Taking a longer-term view, the curve will remain flat.
- Enhanced cash strategies are positioned closer to neutral given the recent rally in rates. The very front-end of the yield curve remains steep in 12-18 month maturities.

# Money market instruments

As of June 30, 2017



Source: Bloomberg, Wells Capital Management

## Review & Commentary

- Tier 1 CP is yielding 1.00% to 1.20% in 3 month maturities and 1.15% to 1.30% in 6 month maturities. 3 month LIBOR was higher by 10 bps in May and 15bps in Q2.
- Spreads on money market eligible FRNs have stabilized; current levels are 6m FRNs at 1mL +15bps, 9m FRNs at 1mL+16bps, and 1y FRNs at 1mL+19bps.
- CP/CD trading was active after the FOMC meeting as investors came back to the market in search of higher yields after the rate hike. Many investors are pricing in one additional FOMC rate hike this year, while many issuers are offering uncompetitive yields, consistent with no additional rate hikes.
- The Alternative Reference Rate Committee (ARCC) selected the Broad Treasury Financing Rate (BTFR) to replace Fed Funds as the risk-free rate for the US derivatives market. The BTRR is comprised of tri-party repo, GCF repo, and bilateral repo settled by the Fixed Income Clearing Corporation (FICC).

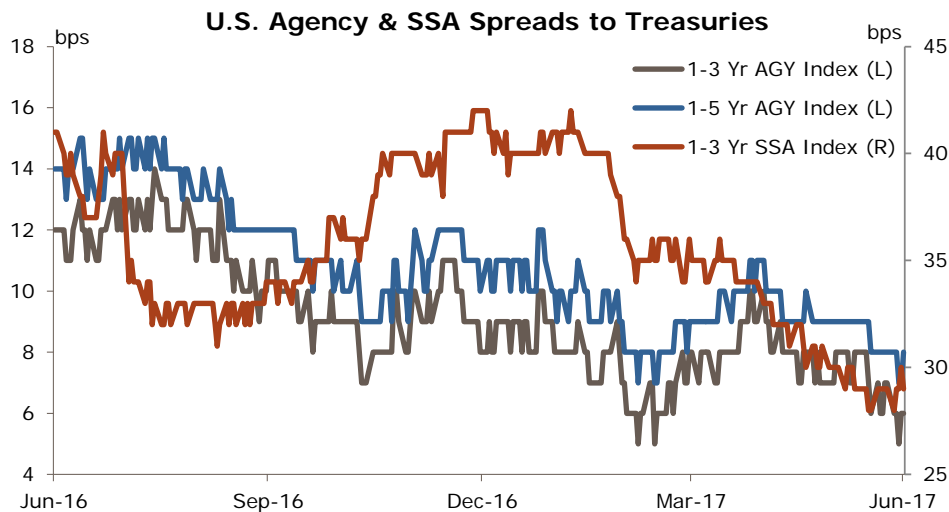
## Strategy

- Continue to take advantage of attractive yield levels, particularly ABCP shorter than 6 months.
- Short corporate bonds are more attractive relative to Yankee bank CP in maturities beyond 6 months due to increased liquidity.
- We are selectively investing in A-2/P-2 rated issuers with stable short-term credit outlooks and in tenors that offer a sufficient increase in yield over A-1/P-1 rated issuers. A-2/P-2 issuers are skewed toward industrial issuers.



# U.S. agencies and sovereign, supranational, and foreign agencies (SSAs)

As of June 30, 2017



## Recent Sovereign, Supranational and Foreign Agency Trades

Description	Rating	Guarantee	Spread vs. TSY
ONT 1.2 2/14/18	Aa2/A+	CAD Provincial	+24
MP 1.125 6/01/18	Aa2/AA-	CAD Provincial	+24
KFW 1.125 8/06/18	Aaa/AAA	Explicit - Germany	+17
KOMINS 1.125 10/09/18	Aaa/AAA	Explicit - Sweden	+21
BNG 1.5 2/15/19	Aaa/AAA	Implicit - Netherlands	+29
RENTEN 1.75 4/15/19	Aaa/AAA	Explicit - Germany	+15

## Recent U.S. Agency Trades

Description	Rating	Spread vs. TSY
FHLMC 0.875 10/12/18	Aaa/AA+	+7

\*new issue purchases

\*\*secondary callable purchase

Source: Factset, BofA Merrill Lynch, Wells Capital Management

## Review & Commentary

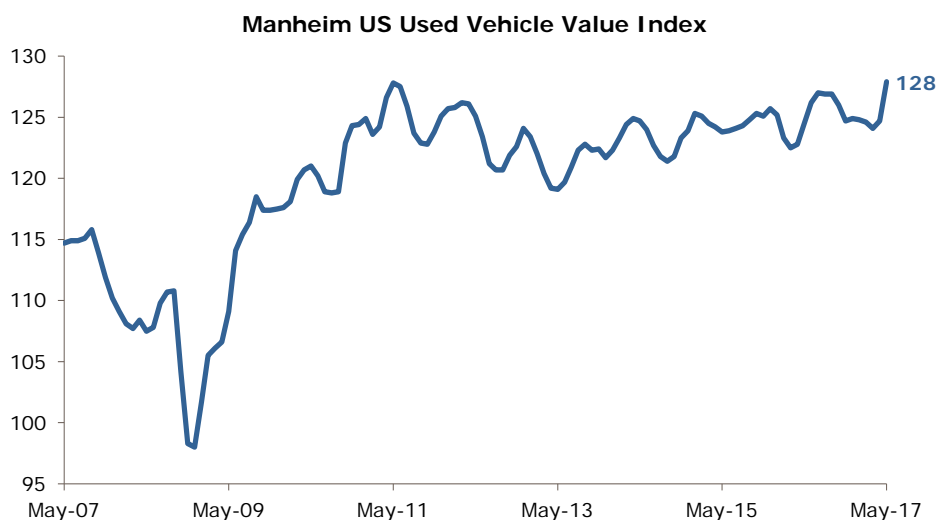
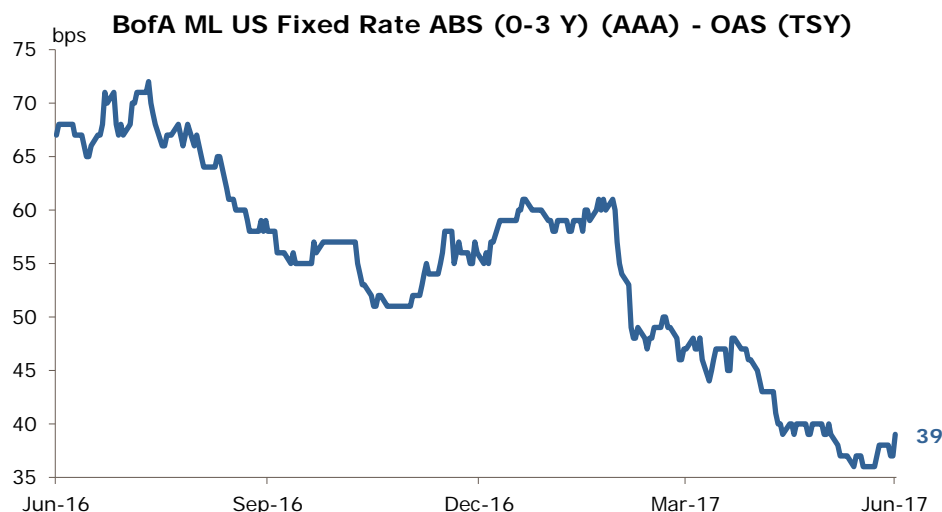
- SSA spreads over U.S. Treasuries, Agencies and some corporate bonds from domestic industrial issuers are fair. Due to higher benchmark swap rates, SSA spreads over Treasuries can be 15-30 bps.
- U.S. Agency excess returns in June were +2 and +4 bps for 1-3 year and 1-5 year maturity indices, respectively. YTD excess returns are +16bps and +21bps.
- Agency yield spreads versus Treasuries were tighter on the month; bid/ask spreads remain wide.

## Strategy

- U.S. Agency valuations are fair to rich and have wider bid/ask spreads of 2 bps for on-the-run issues, and 6 bps for off-the-run issues.
- U.S. Agency sub-debt is attractive at spreads over Treasuries of 40 bps.
- SSAs are less attractive than prior months but still represent some value for high quality and/or constrained accounts.
- SSAs shorter than 3 years do not benefit from roll-down in spreads to Treasuries, making the 1 year and shorter secondary offerings more attractive.

# Asset-backed securities

As of June 30, 2017



Source: Factset, BofA Merrill Lynch

## Review & commentary

- 2017 YTD US ABS issuance stands at \$120bn vs \$94bn last year. Credit Card issuance is +\$15bn versus last year explaining most of the YoY rise. New issue concessions remain and participating in the new issue calendar is the preferred method of purchasing ABS.
- Swap yields have been stable over the quarter at levels higher than Treasury yields. ABS trading at a spread over swap yields makes the asset class an attractive alternative versus other high quality, highly-rated alternatives.
- Secondary markets remain active and liquidity is excellent. Fundamentals are still constructive despite some recent deterioration from record levels and concerns about auto lease residual values.

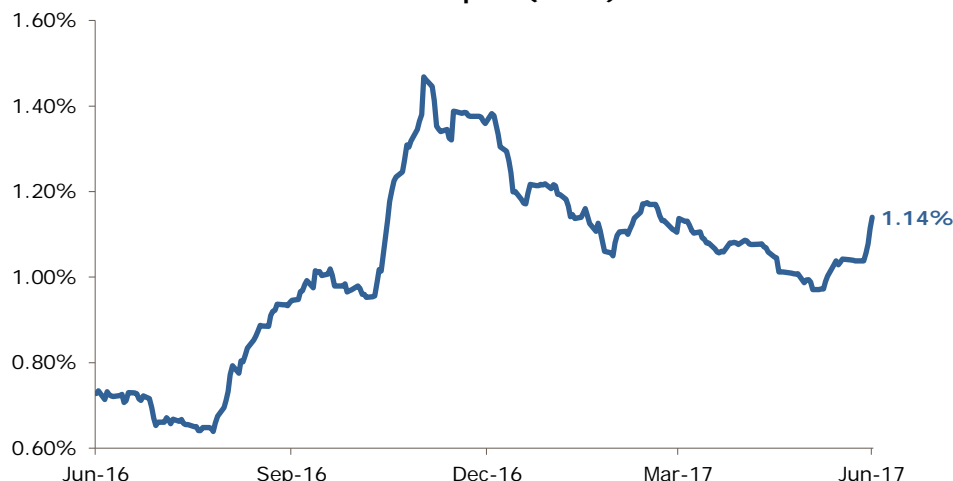
## Strategy

- Prime auto lease deals are the most attractive sub-sector in consumer ABS picking 10-12 bps to prime auto loan deals. Canadian, UK and US bank credit card issuers offer good value versus on-the-run prime auto loan issuers. Select benchmark subprime issuers provide incremental yield pickup with plenty of credit support and structural enhancements for protection against losses. In subprime autos avoid small lenders without funding diversification and deep subprime issuers that have private equity investors.
- The primary market offers better relative value based on wider spreads compared to the secondary markets.
- An up-in-quality bias has us favoring the ABS sector especially when considering relative value, fundamentals and liquidity.

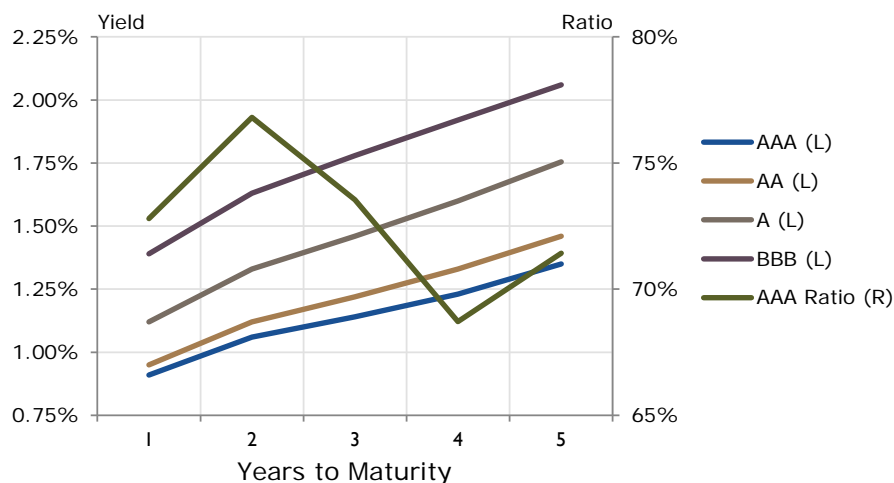
# Municipals

As of June 30, 2017

BofA ML Municipals (1-3 Y) - YTW



Municipal/Treasury Ratios



Source: Factset, BofA Merrill Lynch, MMD, Wells Capital Management

## Review & commentary

- Municipals remain rich with spreads tightening, the curve flattening and outperforming Treasuries across all tenors. The rally has primarily been driven by strong demand negative net supply. Absent a demonstrative change in yields, this will continue through the summer months.
- A new fiscal year begins in July and at least 15 states are struggling with financial and political obstacles that are impacting budget decisions for the upcoming year. These budget delays or severe cuts in state aid can lead to credit pressures. Rising pension and post-employment (OPEB) liabilities remain the primary causes of financial strains.
- The State of Illinois (Baa3/BBB-/BBB) is at imminent risk of becoming the first U.S. state to have its bond rating cut to junk if lawmakers fail to reach a budget agreement for the third straight year. A downgrade to junk would not result in immediate broad market contagion.

## Strategy

- We see the most value in defensive sectors (water & sewer utilities, public power and dedicated taxes) and general obligation credits with explicit statutory protection.
- Bonds subject to the AMT are attractive at current spreads and could tighten substantially if it is modified or eliminated.
- Based on current credit spreads, high-grade issuers and pre-refunded bonds are attractive when compared to lower rated issuers.
- For cross-over buyers, taxable securities are more attractive when compared to municipals.

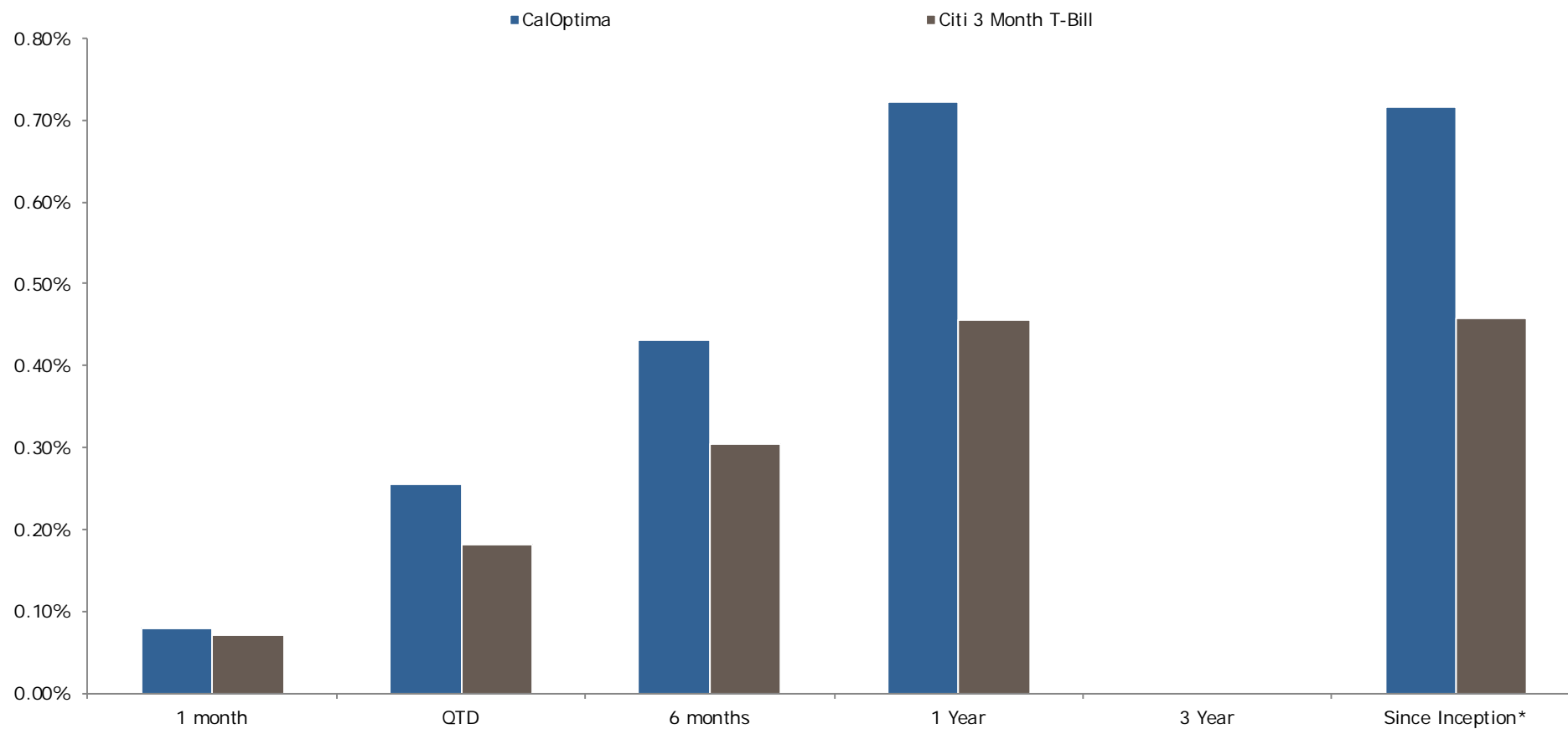
# CalOptima

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# Performance summary

	1 month	QTD	6 months	1 Year	3 Year	Since Inception*
CalOptima	0.08%	0.25%	0.43%	0.72%	-	0.72%
Citi 3 Month T-Bill	0.07%	0.18%	0.30%	0.46%	-	0.46%

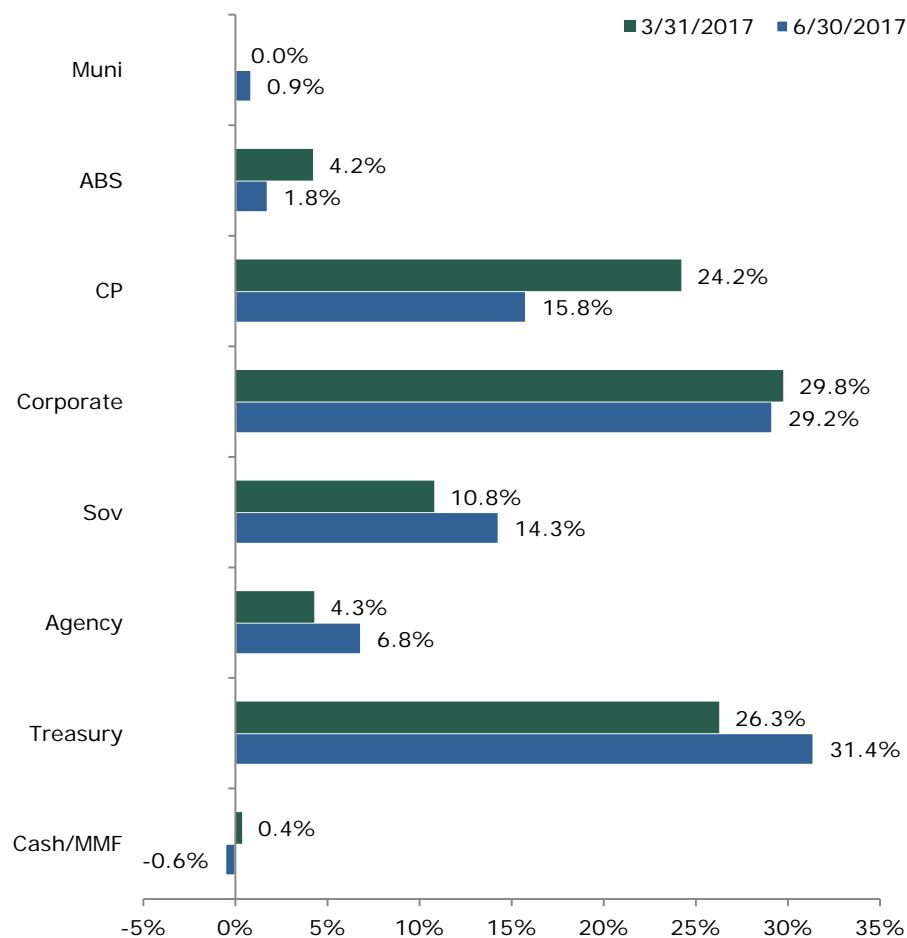
Returns are presented gross of management fees. Returns for periods greater than one year are annualized.



\*Inception Date is May 3, 2016

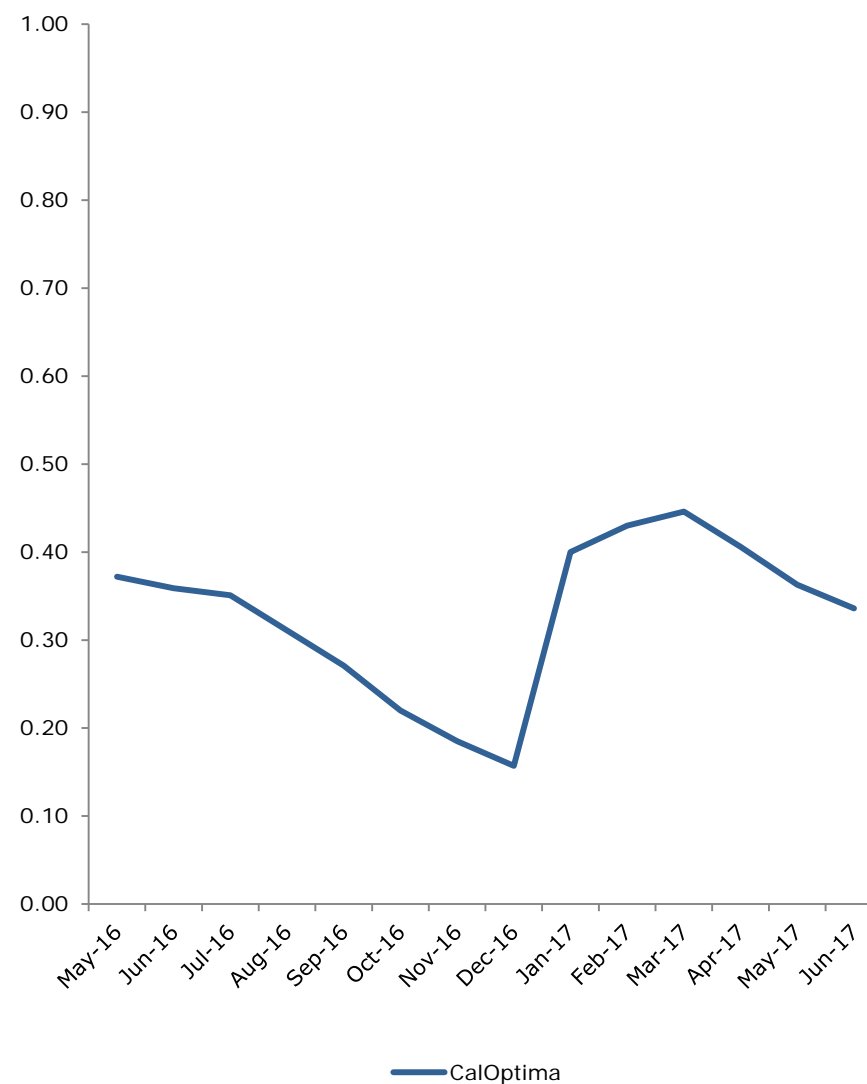
# Portfolio changes

## Allocation over time



	6/30/2017	3/31/2017	Change
Market Value	\$584,444,088	\$582,961,652	\$1,482,435

## Duration



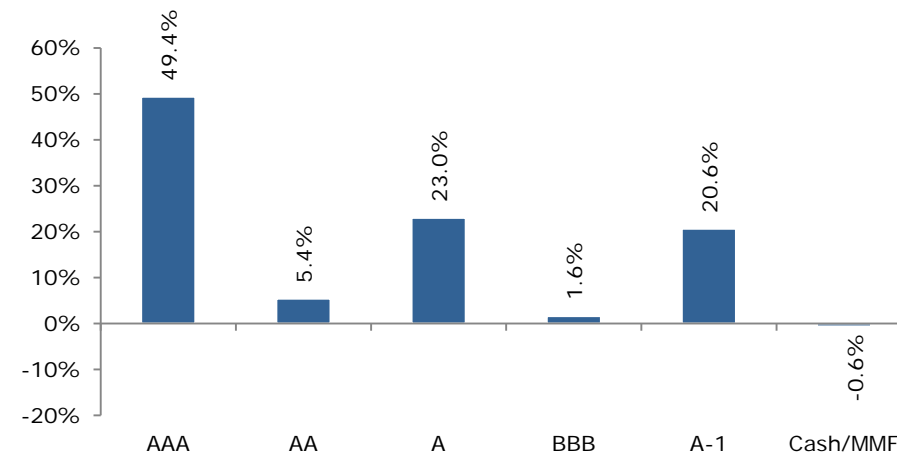
# Portfolio summary

As of June 30, 2017

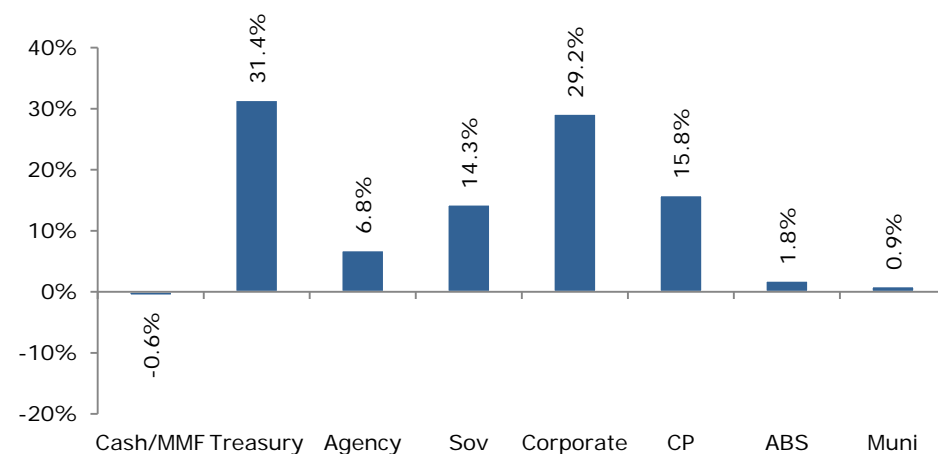
## Characteristics

Name	CalOptima
Market Value (\$)	584,444,088
Average Effective Maturity (yrs)	0.41
Duration	0.34
Purchase Yield (%)	1.13
Current Market Yield (%)	1.30
Average Quality	AA+

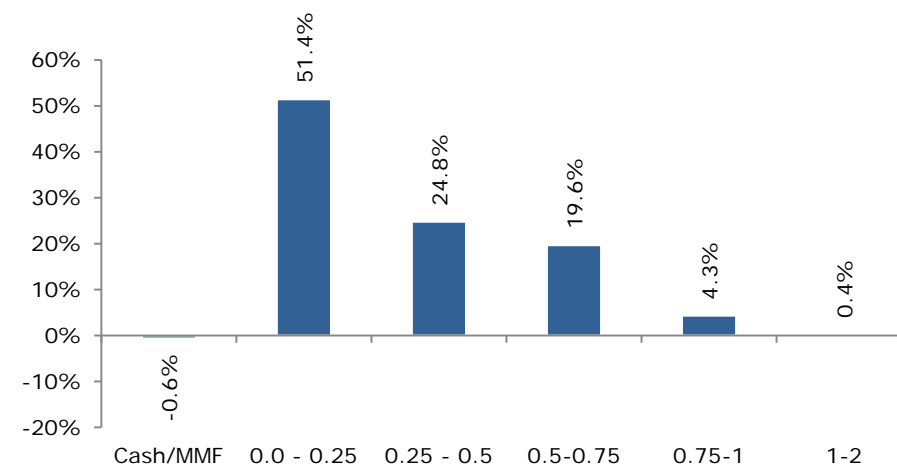
## Credit quality



## Security type



## Duration



## CalOptima – Tier 1

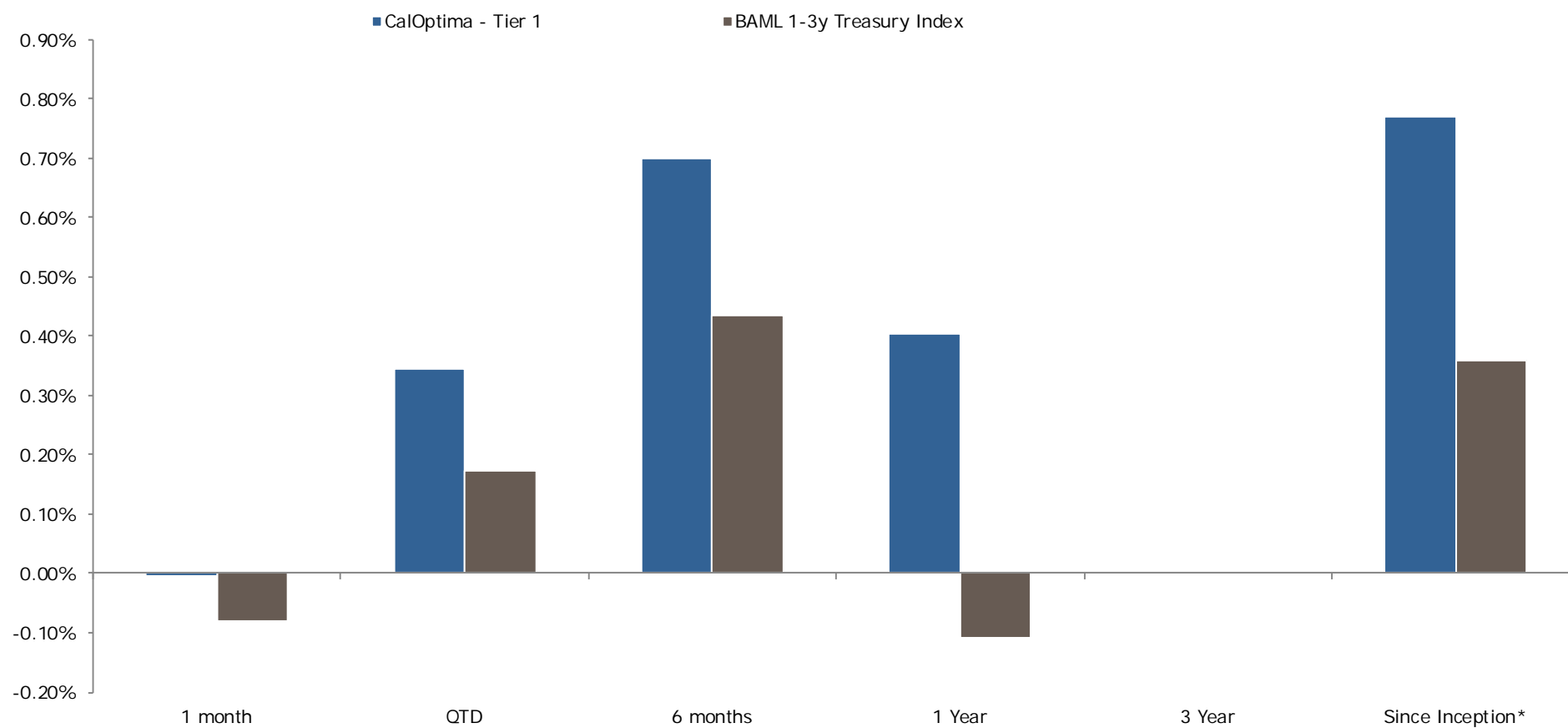
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# Performance summary

	1 month	QTD	6 months	1 Year	3 Year	Since Inception*
CalOptima - Tier 1	-0.01%	0.35%	0.70%	0.40%	-	0.77%
BAML 1-3y Treasury Index	-0.08%	0.17%	0.44%	-0.11%	-	0.36%

Returns are presented gross of management fees. Returns for periods greater than one year are annualized.



\*Inception Date is May 3, 2016

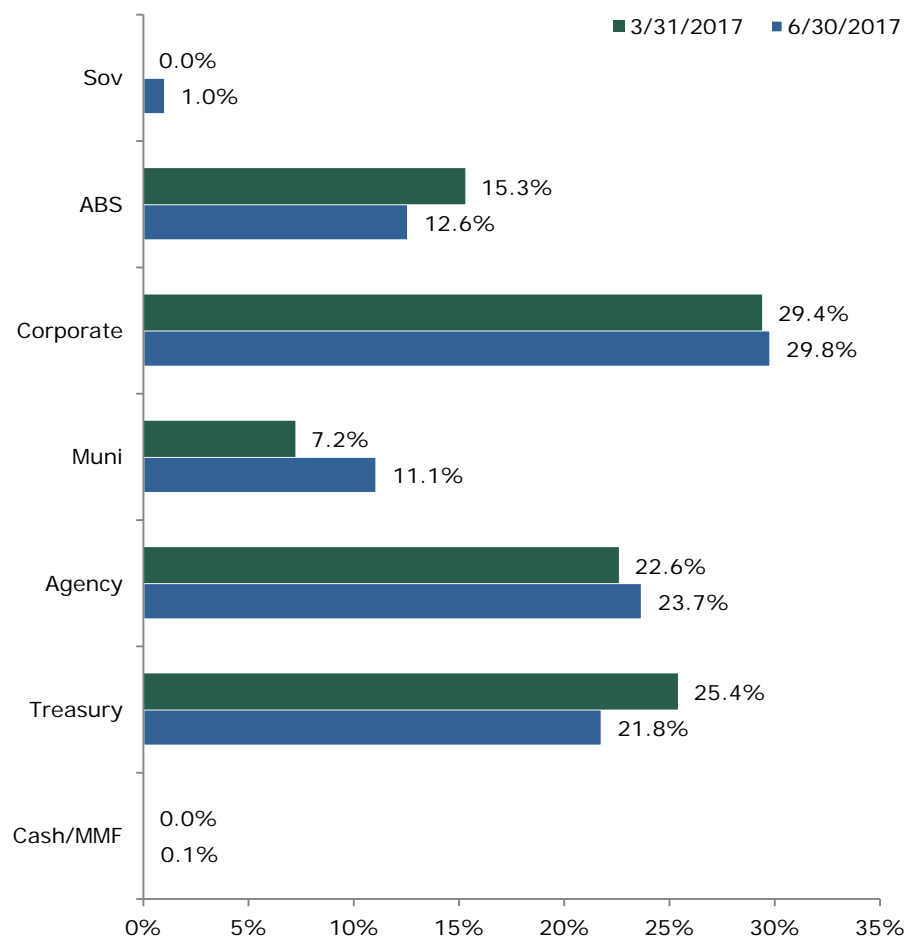
# Performance attribution

(In basis points)	2Q 2017	YTD	1 Year	Since Inception*
Duration	1	-1	3	0
Curve				
Sector Selection				
Agency	2	2	5	5
Corporate				
Financial	7	13	15	14
Industrial	3	5	11	12
Utilities	1	1	1	1
MBS				
CMBS				
ABS	3	5	9	9
Municipal	1	1	2	4
Error factor	0	0	5	2
<b>Total Contribution</b>	18	26	51	47
<b>((Strategy)) Return</b>	35	70	40	96
<b>((Benchmark)) Return</b>	17	44	-11	49

\* from 6/1/2016

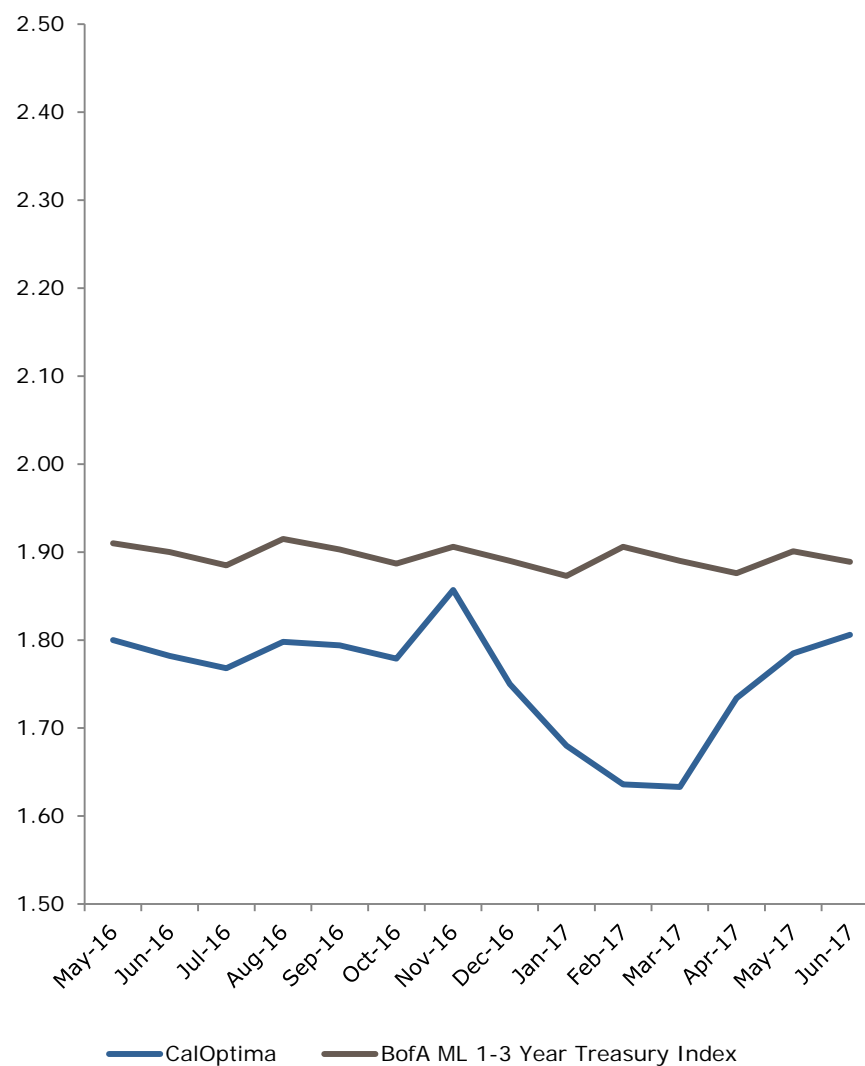
# Portfolio changes

## Allocation over time



	6/30/2017	3/31/2017	Change
Market Value	\$145,964,635	\$145,463,504	\$501,131

## Duration



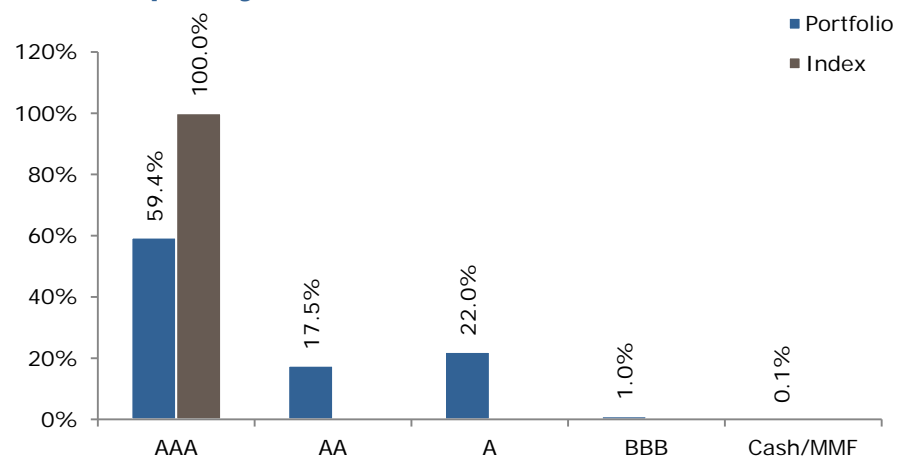
# Index comparison

June 30, 2017

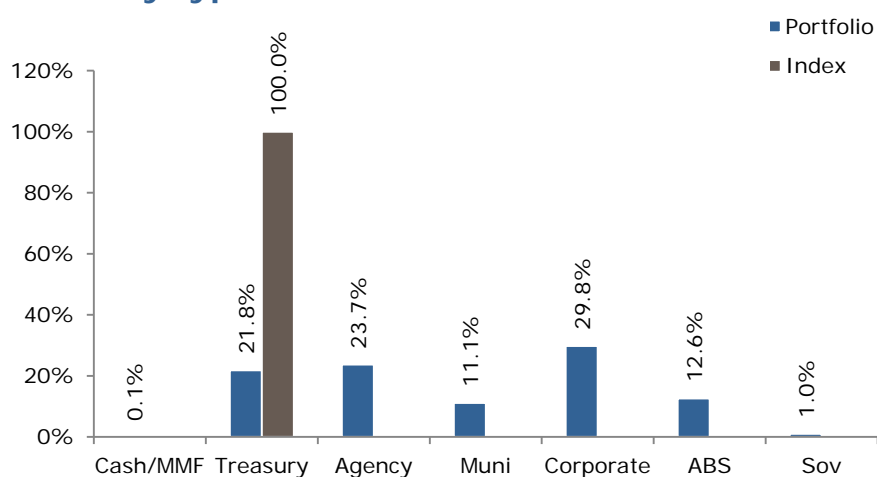
## Characteristics

Name	CalOptima – Tier 1	Index*
Market Value (\$)	145,964,635	---
Average Effective Maturity (yrs)	1.85	1.94
Duration	1.81	1.89
Purchase Yield (%)	1.40	---
Current Market Yield (%)	1.62	1.40
Average Quality	AA	AAA
*BofA ML 1-3 Year Treasury Index		

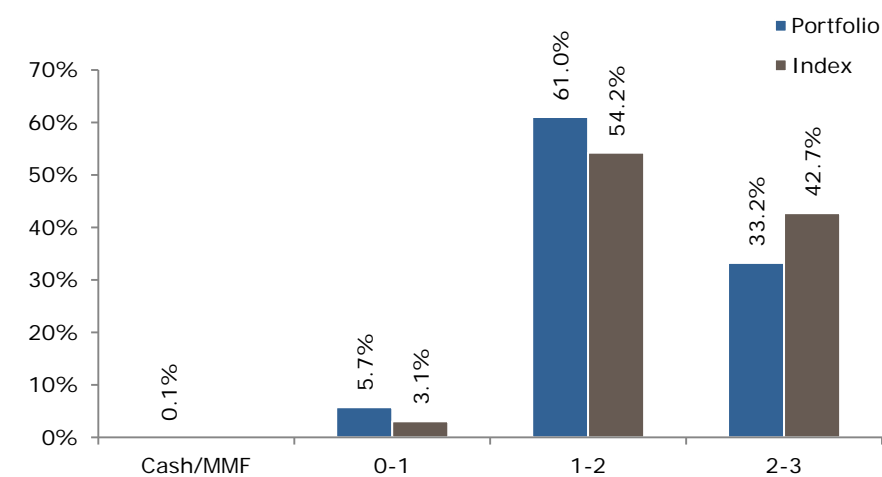
## Credit quality



## Security type



## Duration





**CalOptima**  
Better. Together.

# **Financial Summary**

## **April 2017**

**Nancy Huang**  
**Interim Chief Financial Officer**

# FY 2016-17: Consolidated Enrollment

---

- April 2017 MTD:
  - Overall enrollment was 792,511 member months
    - Actual lower than budget by 15,940 or 2.0%
      - Medi-Cal: unfavorable variance 10,487 members
        - Medi-Cal Expansion (MCE) favorable to budget by 12,382 members
        - SPD enrollment is favorable to budget by 5,523
        - TANF unfavorable variance 28,985 members
      - OneCare Connect: unfavorable variance of 5,589 members
    - 0.1% or 931 decrease from prior month
      - Medi-Cal: decrease of 835 from March
      - OneCare Connect: decrease of 111 from March
      - OneCare: increase of 11 from March
      - PACE: increase of 4 from March

# FY 2016-17: Consolidated Enrollment

---

- April 2017 YTD:

- Overall enrollment was 7,964,637 member months
  - Actual lower than budget by 70,268 or 0.9%
    - Medi-Cal: unfavorable variance of 22,442 members
      - Medi-Cal Expansion (MCE) growth higher than budget by 100,532
      - SPD enrollment higher than budget by 45,204 due to less than anticipated dual eligible members transferring to OneCare Connect
      - Offset by lower than budget TANF enrollment of 173,804
    - OneCare Connect: unfavorable variance of 48,237 members or 22.0%
    - PACE: unfavorable variance of 18 members or 1.0%
    - OneCare: favorable variance of 429 members or 3.6%

# FY 2016-17: Consolidated Revenues

---

- April 2017 MTD:

- Actual higher than budget by \$58.6 million or 20.7%
  - Medi-Cal: favorable to budget by \$75.9 million or 32.1%
    - Price related favorable variance of \$79.1 million due to:
      - \$57.6 million of FY16 revenue for Coordinated Care Initiative
      - \$8.3 million of LTC revenue for non-LTC members
      - \$4.2 million April 2017 IHSS revenue
      - Remaining from member mix difference versus budget
    - Volume related unfavorable variance of \$3.2 million
  - OneCare Connect: unfavorable variance of \$17.5 million or 40.4%
    - Unfavorable volume variance of \$11.2 million
    - Unfavorable price variance of \$6.3 million
      - For cohort mix and rate change and prior year revenue adjustments
      - CMC Medicare Part A and B rate decrease due to base rate and RAF score change



# FY 2016-17: Consolidated Revenues (con't.)

---

- April 2017 YTD:
  - Actual higher than budget by \$49.5 million or 1.8%
    - Medi-Cal: favorable to budget by \$206.4 million or 8.8%
      - IHSS favorable revenue of \$175.7 million
      - LTC favorable revenue of \$57.5 million
    - OneCare Connect: unfavorable variance of \$158.3 million or 35.4%
      - Medicare revenue unfavorable \$106.2 million
      - Medi-Cal revenue unfavorable \$52.1 million
    - OneCare: favorable \$0.5 million or 3.7%
    - PACE: favorable \$0.9 million or 7.3%

# FY 2016-17: Consolidated Medical Expenses

- April 2017 MTD:
  - Actual higher than budget by \$40.2 million or 14.9%
    - Medi-Cal: unfavorable variance of \$55.5 million
      - MLTSS unfavorable variance \$56.0 million
        - LTC unfavorable variance \$6.6 million
        - IHSS related unfavorable variance approximately \$49.4 million for true-up to county IHSS expense data for FY16
      - Provider Capitation unfavorable variance of \$13.3 million
        - \$12.7 million due to one shared risk group move to HMO model in February
      - Facilities expenses favorable variance of \$11.2 million
        - Shared risk group move to HMO model in February
    - OneCare Connect: favorable variance of \$15.9 million
      - Favorable volume variance of \$10.7 million
      - Favorable price variance of \$5.2 million
        - Lower than budget prescription drugs and facility costs

# FY 2016-17: Consolidated Medical Expenses (Cont.)

- April 2017 YTD:
  - Actual higher than budget by \$63.3 million or 2.3%
    - Medi-Cal: unfavorable variance of \$202.9 million
      - Unfavorable price variance of \$209.3 million
        - IHSS estimated expense \$100.8 million higher than budget
        - Long Term Care expense \$56.6 million higher than budget
        - Provider capitation unfavorable variance of \$39.6 million for unbudgeted conversion of ASO contract to capitation
      - Favorable volume variance of \$6.5 million
    - OneCare Connect: favorable variance of \$139.0 million
      - Favorable volume variance of \$92.8 million
      - Favorable price variance of \$46.2 million
- Medical Loss Ratio (MLR):
  - April 2017 MTD:      Actual: 91.0%      Budget: 95.6%
  - April 2017 YTD:      Actual: 96.1%      Budget: 95.6%

# FY 2016-17: Consolidated Administrative Expenses

- April 2017 MTD:
  - Actual higher than budget by \$3.4 million or 30.3%
    - Salaries and Benefits: unfavorable variance of \$3.9 million due to GASB 68 annual requirement for CalPERS actuarial report of \$5.5 million
    - Other categories: favorable variance of \$0.4 million
- April 2017 YTD:
  - Actual lower than budget by \$18.3 million or 15.8%
    - Salaries and Benefits: favorable variance of \$10.7 million driven by lower than budgeted FTE
    - Other categories: favorable variance of \$7.6 million
- Administrative Loss Ratio (ALR):
  - April 2017 MTD:            Actual: 4.3%            Budget: 4.0%
  - April 2017 YTD:            Actual: 3.4%            Budget: 4.1%

# FY 2016-17: Change in Net Assets

---

- April 2017 MTD:

- \$18.6 million surplus
- \$17.5 million favorable to budget
  - Higher than budgeted revenue of \$58.6 million
  - Higher than budgeted medical expenses of \$40.2 million
  - Higher than budgeted administrative expenses of \$3.4 million
  - Higher than budgeted investment and other income of \$2.5 million

- April 2017 YTD:

- \$24.8 million surplus
- \$14.6 million favorable to budget
  - Higher than budgeted revenue of \$49.5 million
  - Higher than budgeted medical expenses of \$63.3 million
  - Lower than budgeted administrative expenses of \$18.3 million
  - Higher than budgeted investment and other income of \$10.0 million

# Enrollment Summary:

## April 2017

### Month-to-Date

### Year-to-Date

Actual	Budget	Variance	%	Enrollment (By Aid Category)	Actual	Budget	Variance	%
60,525	56,180	4,345	7.7%	Aged	588,704	554,720	33,984	6.1%
622	680	(58)	(8.5%)	BCCTP	6,214	6,774	(560)	(8.3%)
48,504	47,268	1,236	2.6%	Disabled	485,802	474,022	11,780	2.5%
326,989	344,780	(17,791)	(5.2%)	TANF Child	3,322,519	3,413,444	(90,925)	(2.7%)
97,358	108,552	(11,194)	(10.3%)	TANF Adult	1,009,811	1,092,690	(82,879)	(7.6%)
3,336	2,743	593	21.6%	LTC	32,686	27,059	5,627	20.8%
237,712	225,330	12,382	5.5%	MCE	2,333,910	2,233,378	100,532	4.5%
<b>775,046</b>	<b>785,533</b>	<b>(10,487)</b>	<b>(1.3%)</b>	<b>Medi-Cal</b>	<b>7,779,646</b>	<b>7,802,088</b>	<b>(22,442)</b>	<b>(0.3%)</b>
<b>15,975</b>	<b>21,564</b>	<b>(5,589)</b>	<b>(25.9%)</b>	<b>OneCare Connect</b>	<b>170,732</b>	<b>218,969</b>	<b>(48,237)</b>	<b>(22.0%)</b>
<b>201</b>	<b>210</b>	<b>(9)</b>	<b>(4.3%)</b>	<b>PACE</b>	<b>1,857</b>	<b>1,875</b>	<b>(18)</b>	<b>(1.0%)</b>
<b>1,289</b>	<b>1,144</b>	<b>145</b>	<b>12.7%</b>	<b>OneCare</b>	<b>12,402</b>	<b>11,973</b>	<b>429</b>	<b>3.6%</b>
<b>792,511</b>	<b>808,451</b>	<b>(15,940)</b>	<b>(2.0%)</b>	<b>CalOptima Total</b>	<b>7,964,637</b>	<b>8,034,905</b>	<b>(70,268)</b>	<b>(0.9%)</b>

# Financial Highlights:

## April 2017

### Month-to-Date

Actual	Budget	\$ Variance	% Variance
792,511	808,451	(15,940)	(2.0%)
341,053,457	282,479,926	58,573,531	20.7%
310,297,534	270,136,155	(40,161,378)	(14.9%)
14,812,940	11,368,826	(3,444,114)	(30.3%)
<b>15,942,983</b>	<b>974,945</b>	<b>14,968,038</b>	<b>1535.3%</b>
2,618,978	134,754	2,484,223	1843.5%
<b>18,561,961</b>	<b>1,109,699</b>	<b>17,452,262</b>	<b>1572.7%</b>

91.0%	95.6%	4.6%
4.3%	4.0%	(0.3%)
<u>4.7%</u>	<u>0.3%</u>	4.3%
100.0%	100.0%	

Member Months	
Revenues	
Medical Expenses	
Administrative Expenses	
<b>Operating Margin</b>	
Non Operating Income (Loss)	
<b>Change in Net Assets</b>	

Medical Loss Ratio	
Administrative Loss Ratio	
Operating Margin Ratio	
Total Operating	

### Year-to-Date

Actual	Budget	\$ Variance	% Variance
7,964,637	8,034,905	(70,268)	(0.9%)
2,868,459,698	2,818,947,607	49,512,091	1.8%
2,757,344,926	2,694,081,413	(63,263,513)	(2.3%)
97,742,788	116,034,506	18,291,718	15.8%
<b>13,371,985</b>	<b>8,831,689</b>	<b>4,540,296</b>	<b>51.4%</b>
11,415,527	1,394,242	10,021,285	718.8%
<b>24,787,512</b>	<b>10,225,931</b>	<b>14,561,581</b>	<b>142.4%</b>

96.1%	95.6%	(0.6%)
3.4%	4.1%	0.7%
<u>0.5%</u>	<u>0.3%</u>	0.2%
100.0%	100.0%	

# Consolidated Performance Actual vs. Budget: April (in millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
17.7	1.3	16.4	Medi-Cal	24.2	8.7	15.6
(0.3)	0.0	(0.3)	OneCare	0.2	0.2	(0.1)
(1.2)	(0.2)	(1.0)	OCC	(11.2)	2.1	(13.3)
<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.2)</u>	PACE	<u>0.1</u>	<u>(2.1)</u>	<u>2.2</u>
<b>15.9</b>	<b>1.0</b>	<b>15.0</b>	<b>Operating</b>	<b>13.3</b>	<b>8.8</b>	<b>4.4</b>
<u>2.6</u>	<u>0.1</u>	<u>2.5</u>	Inv./Rental Inc, MCO tax	<u>11.5</u>	<u>1.4</u>	<u>10.1</u>
<b>2.6</b>	<b>0.1</b>	<b>2.5</b>	<b>Non-Operating</b>	<b>11.5</b>	<b>1.4</b>	<b>10.1</b>
<b>18.6</b>	<b>1.1</b>	<b>17.5</b>	<b>TOTAL</b>	<b>24.8</b>	<b>10.2</b>	<b>14.6</b>



# Consolidated Revenue & Expense:

## April 2017 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
<b>Member Months</b>	537,334	237,712	775,046	1,289	15,975	201	792,511
<b>REVENUES</b>							
Capitation Revenue	\$ 194,173,102	\$ 118,293,508	\$ 312,466,610	\$ 1,442,147	\$ 25,811,365	\$ 1,333,336	\$ 341,053,457
Other Income	-	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>194,173,102</u>	<u>118,293,508</u>	<u>312,466,610</u>	<u>1,442,147</u>	<u>25,811,365</u>	<u>1,333,336</u>	<u>341,053,457</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	39,573,545	49,402,598	88,976,143	405,269	8,579,067	-	97,960,479
Facilities	24,015,581	21,649,188	45,664,769	719,839	2,515,576	574,710	49,474,895
Ancillary	-	-	-	24,483	997,618	-	1,022,101
Skilled Nursing	-	-	-	(15,391)	-	-	(15,391)
Professional Claims	8,732,685	8,403,227	17,135,912	-	-	293,775	17,429,687
Prescription Drugs	17,405,187	16,548,301	33,953,488	421,340	3,879,134	121,346	38,375,307
Long-term Care Facility Payments	80,657,545	12,246,754	92,904,299	-	8,342,926	1,133	101,248,358
Medical Management	2,688,600	-	2,688,600	26,386	876,175	386,177	3,977,337
Reinsurance & Other	(489,599)	988,556	498,957	4,331	163,020	158,452	824,760
<b>Total Medical Expenses</b>	<u>172,583,543</u>	<u>109,238,626</u>	<u>281,822,168</u>	<u>1,586,257</u>	<u>25,353,515</u>	<u>1,535,593</u>	<u>310,297,534</u>
<b>Medical Loss Ratio</b>	<b>88.9%</b>	<b>92.3%</b>	<b>90.2%</b>	<b>110.0%</b>	<b>98.2%</b>	<b>115.2%</b>	<b>91.0%</b>
<b>GROSS MARGIN</b>	<b>21,589,560</b>	<b>9,054,882</b>	<b>30,644,442</b>	<b>(144,110)</b>	<b>457,849</b>	<b>(202,257)</b>	<b>30,755,924</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			10,557,511	31,406	723,528	79,501	11,391,947
Professional fees			169,934	20,230	-	3,001	193,165
Purchased services			682,914	30,474	113,157	1,161	827,706
Printing and Postage			202,870	15,863	41,958	6,224	266,916
Depreciation and Amortization			350,328	-	-	2,069	352,398
Other expenses			1,351,239	280	40,334	8,919	1,400,771
Indirect cost allocation, Occupancy expense			(376,713)	25,447	728,917	2,388	380,038
<b>Total Administrative Expenses</b>			<u>12,938,083</u>	<u>123,701</u>	<u>1,647,895</u>	<u>103,263</u>	<u>14,812,940</u>
<b>Admin Loss Ratio</b>			<b>4.1%</b>	<b>8.6%</b>	<b>6.4%</b>	<b>7.7%</b>	<b>4.3%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			<b>17,706,359</b>	<b>(267,811)</b>	<b>(1,190,045)</b>	<b>(305,520)</b>	<b>15,942,983</b>
<b>INVESTMENT INCOME</b>			-	-	-	-	2,608,722
<b>NET RENTAL INCOME</b>			-	-	-	-	3,386
<b>NET GRANT INCOME</b>			6,810	-	-	-	6,810
<b>OTHER INCOME</b>			60	-	-	-	60
<b>CHANGE IN NET ASSETS</b>			<u>\$ 17,713,229</u>	<u>\$ (267,811)</u>	<u>\$ (1,190,045)</u>	<u>\$ (305,520)</u>	<u>\$ 18,561,961</u>
<b>BUDGETED CHANGE IN ASSETS</b>			1,317,895	27,611	(223,864)	(146,697)	1,109,699
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>16,395,334</u>	<u>(295,422)</u>	<u>(966,181)</u>	<u>(158,823)</u>	<u>17,452,262</u>

# Consolidated Revenue & Expense:

## April 2017 YTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare	OneCare Connect	PACE	Consolidated
Member Months	5,445,736	2,333,910	7,779,646	12,402	170,732	1,857	7,964,637
<b>REVENUES</b>							
Capitation Revenue	\$ 1,488,222,589	\$ 1,064,713,090	\$ 2,552,935,679	\$ 14,324,813	\$ 288,524,951	\$ 12,674,255	\$ 2,868,459,698
Other Income	-	-	-	-	0	-	-
<b>Total Operating Revenues</b>	<u>1,488,222,589</u>	<u>1,064,713,090</u>	<u>2,552,935,679</u>	<u>14,324,813</u>	<u>288,524,951</u>	<u>12,674,255</u>	<u>2,868,459,698</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	352,387,600	436,930,152	789,317,752	4,006,437	75,683,513	-	869,007,702
Facilities	282,747,509	287,007,452	569,754,961	3,574,520	83,383,437	2,940,791	659,653,709
Ancillary	-	-	-	414,527	8,078,826	-	8,493,353
Skilled Nursing	-	-	-	497,355	-	-	497,355
Professional Claims	88,376,460	89,818,427	178,194,887	-	-	2,320,866	180,515,753
Prescription Drugs	181,425,307	167,252,771	348,678,078	4,447,710	49,763,345	948,816	403,837,949
Long-term Care Facility Payments	498,988,350	30,943,990	529,932,340	-	54,540,373	59,284	584,531,998
Medical Management	28,939,186	-	28,939,186	225,216	9,929,934	3,985,649	43,079,986
Reinsurance & Other	(4,771,999)	10,273,541	5,501,542	47,136	986,130	1,192,314	7,727,121
<b>Total Medical Expenses</b>	<u>1,428,092,414</u>	<u>1,022,226,333</u>	<u>2,450,318,746</u>	<u>13,212,900</u>	<u>282,365,559</u>	<u>11,447,720</u>	<u>2,757,344,926</u>
<b>Medical Loss Ratio</b>	<b>96.0%</b>	<b>96.0%</b>	<b>96.0%</b>	<b>92.2%</b>	<b>97.9%</b>	<b>90.3%</b>	<b>96.1%</b>
<b>GROSS MARGIN</b>	<b>60,130,176</b>	<b>42,486,757</b>	<b>102,616,933</b>	<b>1,111,913</b>	<b>6,159,392</b>	<b>1,226,536</b>	<b>111,114,773</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			58,021,188	210,942	7,877,959	926,285	67,036,375
Professional Fees			1,365,293	164,844	318,115	46,934	1,895,186
Purchased services			6,936,990	244,637	1,315,212	39,103	8,535,941
Printing and Postage			1,988,439	86,878	552,610	8,842	2,636,769
Depreciation and Amortization			3,309,031	-	-	20,534	3,329,565
Other expenses			10,301,826	2,351	379,719	87,994	10,771,890
Indirect cost allocation, Occupancy expense			(3,655,010)	241,818	6,926,765	23,489	3,537,062
<b>Total Administrative Expenses</b>			<u>78,267,758</u>	<u>951,470</u>	<u>17,370,380</u>	<u>1,153,181</u>	<u>97,742,788</u>
<b>Admin Loss Ratio</b>			<b>3.1%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>9.1%</b>	<b>3.4%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			24,349,175	160,443	(11,210,988)	73,355	13,371,985
<b>INVESTMENT INCOME</b>			-	-	-	-	11,469,653
<b>NET RENTAL INCOME</b>			-	-	-	-	50,456
<b>NET GRANT INCOME</b>			(105,854)	-	-	-	(105,854)
<b>OTHER INCOME</b>			1,273	-	-	-	1,273
<b>CHANGE IN NET ASSETS</b>			<u>\$ 24,244,593</u>	<u>\$ 160,443</u>	<u>\$ (11,210,988)</u>	<u>\$ 73,355</u>	<u>\$ 24,787,512</u>
<b>BUDGETED CHANGE IN ASSETS</b>			8,657,564	230,470	2,067,698	(2,124,043)	10,225,931
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>15,587,029</u>	<u>(70,027)</u>	<u>(13,278,686)</u>	<u>2,197,398</u>	<u>14,561,581</u>



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# Balance Sheet:

## As of April 2017

### ASSETS

#### Current Assets

Operating Cash	\$547,444,222
Catastrophic Reserves	11,017,632
Investments	1,314,931,506
Capitation receivable	342,198,083
Receivables - Other	19,379,894
Prepaid Expenses	7,095,242

**Total Current Assets** 2,242,066,578

#### Capital Assets

Furniture and equipment	35,790,228
Leasehold improvements	6,666,887
505 City Parkway West	49,271,389
	<u>91,728,503</u>
Less: accumulated depreciation	<u>(37,199,361)</u>
Capital assets, net	<u>54,529,142</u>

#### Other Assets

Restricted deposit & Other	300,000
Board-designated assets	
Cash and cash equivalents	17,955,981
Long term investments	516,239,691
Total Board-designated Assets	<u>534,195,671</u>
Total Other Assets	<u>534,495,671</u>

Deferred outflows of Resources - Pension Contributions	9,133,218
Deferred outflows of Resources - Difference in Experience	1,215,473

**TOTAL ASSETS & OUTFLOWS** 2,841,440,083

### LIABILITIES & FUND BALANCES

#### Current Liabilities

Accounts payable	\$17,463,408
Medical claims liability	686,407,295
Accrued payroll liabilities	10,193,845
Deferred revenue	860,105,383
Deferred lease obligations	209,840
Capitation and withholds	531,371,369
<b>Total Current Liabilities</b>	<u>2,105,751,141</u>

Other employment benefits liability	30,021,563
Net Pension Liabilities	15,430,763
Long Term Liabilities	100,000

**TOTAL LIABILITIES** 2,151,303,467

Deferred inflows of Resources - Excess Earnings	4,130,286
Deferred inflows of Resources - changes in Assumptions	1,651,640

Tangible net equity (TNE)	96,640,187
Funds in excess of TNE	587,714,503

**Net Assets** 684,354,690

**TOTAL LIABILITIES, INFLOWS & FUND BALANCES** 2,841,440,083

# Board Designated Reserve and TNE Analysis

## As of April 2017

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	145,963,515				
	Tier 1 - Logan Circle	145,759,457				
	Tier 1 - Wells Capital	145,693,263				
<b>Board-designated Reserve</b>						
		437,416,235	311,979,635	487,102,416	125,436,600	(49,686,181)
TNE Requirement	Tier 2 - Logan Circle	96,779,437	96,640,187	96,640,187	139,250	139,250
	<b>Consolidated:</b>	<b>534,195,672</b>	<b>408,619,822</b>	<b>583,742,603</b>	<b>125,575,850</b>	<b>(49,546,931)</b>
	<i>Current reserve level</i>	<i>1.83</i>	<i>1.40</i>	<i>2.00</i>		



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Medi-Cal

## CalOptima

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OneCare (HMO SNP)

## CalOptima

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OneCare Connect

## CalOptima

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PACE

## CalOptima

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## UNAUDITED FINANCIAL STATEMENTS

April 2017

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**CalOptima - Consolidated**  
**Financial Highlights**  
**For the Ten Months Ended April 30, 2017**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
792,511	808,451	(15,940)	(2.0%)	Member Months	7,964,637	8,034,905	(70,268)	(0.9%)
341,053,457	282,479,926	58,573,531	20.7%	Revenues	2,868,459,698	2,818,947,607	49,512,091	1.8%
310,297,534	270,136,155	(40,161,378)	(14.9%)	Medical Expenses	2,757,344,926	2,694,081,413	(63,263,513)	(2.3%)
14,812,940	11,368,826	(3,444,114)	(30.3%)	Administrative Expenses	97,742,788	116,034,506	18,291,718	15.8%
<b>15,942,983</b>	<b>974,945</b>	<b>14,968,038</b>	<b>1535.3%</b>	<b>Operating Margin</b>	<b>13,371,985</b>	<b>8,831,689</b>	<b>4,540,296</b>	<b>51.4%</b>
2,618,978	134,754	2,484,223	1843.5%	Non Operating Income (Loss)	11,415,527	1,394,242	10,021,285	718.8%
<b>18,561,961</b>	<b>1,109,699</b>	<b>17,452,262</b>	<b>1572.7%</b>	<b>Change in Net Assets</b>	<b>24,787,512</b>	<b>10,225,931</b>	<b>14,561,581</b>	<b>142.4%</b>
91.0%	95.6%	4.6%		Medical Loss Ratio	96.1%	95.6%	(0.6%)	
4.3%	4.0%	(0.3%)		Administrative Loss Ratio	3.4%	4.1%	0.7%	
<u>4.7%</u>	<u>0.3%</u>	4.3%		Operating Margin Ratio	<u>0.5%</u>	<u>0.3%</u>	0.2%	
100.0%	100.0%			Total Operating	100.0%	100.0%		



**CalOptima**  
**Financial Dashboard**  
For the Ten Months Ended April 30, 2017

**MONTH - TO - DATE**

Enrollment	Actual	Budget	Fav / (Unfav)	
Medi-Cal	775,046	785,533	↓	(10,487) (1.3%)
OneCare	1,289	1,144	↑	145 12.7%
OneCare Connect	15,975	21,564	↓	(5,589) (25.9%)
PACE	201	210	↓	(9) (4.3%)
Total	792,511	808,451	↓	(15,940) (2.0%)

Change in Net Assets (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 17,713	\$ 1,318	↑	\$ 16,395 1244.1%
OneCare	(268)	28	↓	(295) (1069.9%)
OneCare Connect	(1,190)	(224)	↓	(966) (431.6%)
PACE	(306)	(147)	↓	(159) (108.3%)
505 Bldg.	3	(74)	↑	77 104.6%
Investment Income & Other	2,609	208	↑	2,400 1152.2%
Total	\$ 18,562	\$ 1,110	↑	\$ 17,452 1572.7%

MLR	Actual	Budget	% Point Var	
Medi-Cal	90.2%	95.7%	↑	5.5
OneCare	110.0%	90.3%	↓	(19.7)
OneCare Connect	98.2%	95.2%	↓	(3.0)

Administrative Cost (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 12,938	\$ 8,863	↓	\$ (4,075) (46.0%)
OneCare	124	101	↓	(23) (22.3%)
OneCare Connect	1,648	2,283	↑	635 27.8%
PACE	103	122	↑	19 15.7%
Total	\$ 14,813	\$ 11,369	↓	\$ (3,444) (30.3%)

Total FTE's Month	Actual	Budget	Fav / (Unfav)	
Medi-Cal	859	886		27
OneCare	4	3		(1)
OneCare Connect	231	239		7
PACE	46	59		12
Total	1,140	1,186		46

MM per FTE	Actual	Budget	Fav / (Unfav)	
Medi-Cal	902	887		16
OneCare	322	381		(59)
OneCare Connect	69	90		(21)
PACE	4	4		1
Total	1,298	1,362		(64)

**YEAR - TO - DATE**

Year To Date Enrollment	Actual	Budget	Fav / (Unfav)	
Medi-Cal	7,779,646	7,802,088	↓	(22,442) (0.3%)
OneCare	12,402	11,973	↑	429 3.6%
OneCare Connect	170,732	218,969	↓	(48,237) (22.0%)
PACE	1,857	1,875	↓	(18) (1.0%)
Total	7,964,637	8,034,905	↓	(70,268) (0.9%)

Change in Net Assets (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 24,245	\$ 8,658	↑	\$ 15,587 180.0%
OneCare	160	230	↓	(70) (30.4%)
OneCare Connect	(11,211)	2,068	↓	(13,279) (642.2%)
PACE	73	(2,124)	↑	2,197 103.5%
505 Bldg.	50	(689)	↑	740 107.3%
Investment Income & Other	11,470	2,083	↑	9,386 450.5%
Total	\$ 24,788	\$ 10,226	↑	\$ 14,562 142.4%

MLR	Actual	Budget	% Point Var	
Medi-Cal	96.0%	95.8%	↓	(0.2)
OneCare	92.2%	90.7%	↓	(1.5)
OneCare Connect	97.9%	94.3%	↓	(3.6)

Administrative Cost (\$000)	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 78,268	\$ 90,401	↑	\$ 12,133 13.4%
OneCare	951	1,050	↑	98 9.4%
OneCare Connect	17,370	23,384	↑	6,014 25.7%
PACE	1,153	1,199	↑	46 3.9%
Total	\$ 97,743	\$ 116,035	↑	\$ 18,292 15.8%

Total FTE's YTD	Actual	Budget	Fav / (Unfav)	
Medi-Cal	8,448	8,859		411
OneCare	37	30		(7)
OneCare Connect	2,269	2,386		117
PACE	424	573		149
Total	11,056	11,848		792

MM per FTE	Actual	Budget	Fav / (Unfav)	
Medi-Cal	921	881		40
OneCare	332	399		(67)
OneCare Connect	75	92		(17)
PACE	4	3		1
Total	1,332	1,375		(42)

**CalOptima - Consolidated  
Statement of Revenue and Expenses  
For the One Month Ended April 30, 2017**

	<b>Actual</b>		<b>Month Budget</b>		<b>Variance</b>	
	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM*</b>	<b>\$</b>	<b>PMPM</b>
<b>Member Months**</b>	792,511		808,451		(15,940)	
<b>Revenues</b>						
Medi-Cal	\$ 312,466,610	\$ 403.16	\$ 236,517,116	\$ 301.09	\$ 75,949,494	\$ 102.07
OneCare	1,442,147	1,118.81	1,331,452	1,163.86	110,695	(45.05)
OneCare Connect	25,811,365	1,615.73	43,315,304	2,008.69	(17,503,939)	(392.95)
PACE	1,333,336	6,633.51	1,316,054	6,266.92	17,282	366.59
<b>Total Operating Revenue</b>	<b>341,053,457</b>	<b>430.35</b>	<b>282,479,926</b>	<b>349.41</b>	<b>58,573,531</b>	<b>80.94</b>
<b>Medical Expenses</b>						
Medi-Cal	281,822,168	363.62	226,336,604	288.13	(55,485,564)	(75.49)
OneCare	1,586,257	1,230.61	1,202,661	1,051.28	(383,596)	(179.33)
OneCare Connect	25,353,515	1,587.07	41,256,568	1,913.21	15,903,052	326.14
PACE	1,535,593	7,639.77	1,340,322	6,382.49	(195,271)	(1,257.28)
<b>Total Medical Expenses</b>	<b>310,297,534</b>	<b>391.54</b>	<b>270,136,155</b>	<b>334.14</b>	<b>(40,161,378)</b>	<b>(57.40)</b>
<b>Gross Margin</b>	<b>30,755,924</b>	<b>38.81</b>	<b>12,343,771</b>	<b>15.27</b>	<b>18,412,153</b>	<b>23.54</b>
<b>Administrative Expenses</b>						
Salaries and Benefits	11,391,947	14.37	7,502,146	9.28	(3,889,801)	(5.09)
Professional fees	193,165	0.24	445,419	0.55	252,254	0.31
Purchased services	827,706	1.04	1,031,208	1.28	203,502	0.23
Printing and Postage	266,916	0.34	475,347	0.59	208,431	0.25
Depreciation and Amortization	352,398	0.44	385,117	0.48	32,720	0.03
Other	1,400,771	1.77	1,102,284	1.36	(298,487)	(0.40)
Indirect cost allocation, Occupancy expense	380,038	0.48	427,305	0.53	47,267	0.05
<b>Total Administrative Expenses</b>	<b>14,812,940</b>	<b>18.69</b>	<b>11,368,826</b>	<b>14.06</b>	<b>(3,444,114)</b>	<b>(4.63)</b>
<b>Income (Loss) From Operations</b>	<b>15,942,983</b>	<b>20.12</b>	<b>974,945</b>	<b>1.21</b>	<b>14,968,038</b>	<b>18.91</b>
<b>Investment income</b>						
Interest income	2,033,635	2.57	208,333	0.26	1,825,302	2.31
Realized gain/(loss) on investments	(162,339)	(0.20)	-	-	(162,339)	(0.20)
Unrealized gain/(loss) on investments	737,426	0.93	-	-	737,426	0.93
<b>Total Investment Income</b>	<b>2,608,722</b>	<b>3.29</b>	<b>208,333</b>	<b>0.26</b>	<b>2,400,388</b>	<b>3.03</b>
<b>Net Rental Income</b>	<b>3,386</b>	<b>0.00</b>	<b>(73,579)</b>	<b>(0.09)</b>	<b>76,965</b>	<b>0.10</b>
<b>Total Net Grant Income</b>	<b>6,810</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>6,810</b>	<b>0.01</b>
<b>Other Income</b>	<b>60</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>0.00</b>
<b>Change In Net Assets</b>	<b>18,561,961</b>	<b>23.42</b>	<b>1,109,699</b>	<b>1.37</b>	<b>17,452,262</b>	<b>22.05</b>
<b>Medical Loss Ratio</b>	<b>91.0%</b>		<b>95.6%</b>		<b>4.6%</b>	
<b>Administrative Loss Ratio</b>	<b>4.3%</b>		<b>4.0%</b>		<b>(0.3%)</b>	

\* PMPMs for Revenues and Medical Expenses are calculated using line of business enrollment

\*\* Includes MSSP

**CalOptima - Consolidated - Year to Date  
Statement of Revenue and Expenses  
For the Ten Months Ended April 30, 2017**

	Actual		Year to Date Budget		Variance	
	\$	PMPM*	\$	PMPM*	\$	PMPM
<b>Member Months**</b>	7,964,637		8,034,905		(70,268)	
<b>Revenues</b>						
Medi-Cal	\$ 2,552,935,679	\$ 328.16	\$ 2,346,493,401	\$ 300.75	\$ 206,442,279	\$ 27.40
OneCare	14,324,813	1,155.04	13,814,179	1,153.78	510,634	1.26
OneCare Connect	288,524,951	1,689.93	446,823,461	2,040.58	(158,298,510)	(350.65)
PACE	12,674,255	6,825.12	11,816,567	6,302.17	857,689	522.96
<b>Total Operating Revenue</b>	<u>2,868,459,698</u>	<u>360.15</u>	<u>2,818,947,607</u>	<u>350.84</u>	<u>49,512,091</u>	<u>9.31</u>
<b>Medical Expenses</b>						
Medi-Cal	2,450,318,746	314.97	2,247,435,125	288.06	(202,883,621)	(26.91)
OneCare	13,212,900	1,065.38	12,533,814	1,046.84	(679,086)	(18.54)
OneCare Connect	282,365,559	1,653.85	421,371,292	1,924.34	139,005,733	270.49
PACE	11,447,720	6,164.63	12,741,182	6,795.30	1,293,462	630.67
<b>Total Medical Expenses</b>	<u>2,757,344,926</u>	<u>346.20</u>	<u>2,694,081,413</u>	<u>335.30</u>	<u>(63,263,513)</u>	<u>(10.90)</u>
<b>Gross Margin</b>	111,114,773	13.95	124,866,195	15.54	(13,751,422)	(1.59)
<b>Administrative Expenses</b>						
Salaries and Benefits	67,036,375	8.42	77,722,275	9.67	10,685,900	1.26
Professional fees	1,895,186	0.24	4,189,686	0.52	2,294,500	0.28
Purchased services	8,535,941	1.07	9,737,096	1.21	1,201,155	0.14
Printing and Postage	2,636,769	0.33	4,672,662	0.58	2,035,893	0.25
Depreciation and Amortization	3,329,565	0.42	3,851,172	0.48	521,608	0.06
Other	10,771,890	1.35	11,583,717	1.44	811,827	0.09
Indirect cost allocation, Occupancy expense	3,537,062	0.44	4,277,898	0.53	740,836	0.09
<b>Total Administrative Expenses</b>	<u>97,742,788</u>	<u>12.27</u>	<u>116,034,506</u>	<u>14.44</u>	<u>18,291,718</u>	<u>2.17</u>
<b>Income (Loss) From Operations</b>	13,371,985	1.68	8,831,689	1.10	4,540,296	0.58
<b>Investment income</b>						
Interest income	15,687,298	1.97	2,083,334	0.26	13,603,964	1.71
Realized gain/(loss) on investments	(188,262)	(0.02)	-	-	(188,262)	(0.02)
Unrealized gain/(loss) on investments	(4,029,382)	(0.51)	-	-	(4,029,382)	(0.51)
<b>Total Investment Income</b>	<u>11,469,653</u>	<u>1.44</u>	<u>2,083,334</u>	<u>0.26</u>	<u>9,386,319</u>	<u>1.18</u>
<b>Net Rental Income</b>	50,456	0.01	(689,092)	(0.09)	739,548	0.09
<b>Total Net Grant Income</b>	(105,854)	(0)	-	-	(105,854)	(0)
<b>Other Income</b>	1,273	0.00	-	-	1,273	0.00
<b>Change In Net Assets</b>	<u>24,787,512</u>	<u>3.11</u>	<u>10,225,931</u>	<u>1.27</u>	<u>14,561,581</u>	<u>1.84</u>
<b>Medical Loss Ratio</b>	<b>96.1%</b>		<b>95.6%</b>		<b>(0.6%)</b>	
<b>Administrative Loss Ratio</b>	<b>3.4%</b>		<b>4.1%</b>		<b>0.7%</b>	

\* PMPMs for Revenues and Medical Expenses are calculated using line of business enrollment

\*\* Includes MSSP

**CalOptima - Consolidated - Month to Date**  
**Statement of Revenues and Expenses by LOB**  
**For the One Month Ended April 30, 2017**

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare</u>	<u>OneCare Connect</u>	<u>PACE</u>	<u>Consolidated</u>
<b>Member Months</b>	537,334	237,712	775,046	1,289	15,975	201	792,511
<b>REVENUES</b>							
Capitation Revenue	\$ 194,173,102	\$ 118,293,508	\$ 312,466,610	\$ 1,442,147	\$ 25,811,365	\$ 1,333,336	\$ 341,053,457
Other Income	-	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>194,173,102</u>	<u>118,293,508</u>	<u>312,466,610</u>	<u>1,442,147</u>	<u>25,811,365</u>	<u>1,333,336</u>	<u>341,053,457</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	39,573,545	49,402,598	88,976,143	405,269	8,579,067	-	97,960,479
Facilities	24,015,581	21,649,188	45,664,769	719,839	2,515,576	574,710	49,474,895
Ancillary	-	-	-	24,483	997,618	-	1,022,101
Skilled Nursing	-	-	-	(15,391)	-	-	(15,391)
Professional Claims	8,732,685	8,403,227	17,135,912	-	-	293,775	17,429,687
Prescription Drugs	17,405,187	16,548,301	33,953,488	421,340	3,879,134	121,346	38,375,307
Long-term Care Facility Payments	80,657,545	12,246,754	92,904,299	-	8,342,926	1,133	101,248,358
Medical Management	2,688,600	-	2,688,600	26,386	876,175	386,177	3,977,337
Reinsurance & Other	(489,599)	988,556	498,957	4,331	163,020	158,452	824,760
<b>Total Medical Expenses</b>	<u>172,583,543</u>	<u>109,238,626</u>	<u>281,822,168</u>	<u>1,586,257</u>	<u>25,353,515</u>	<u>1,535,593</u>	<u>310,297,534</u>
<b>Medical Loss Ratio</b>	<b>88.9%</b>	<b>92.3%</b>	<b>90.2%</b>	<b>110.0%</b>	<b>98.2%</b>	<b>115.2%</b>	<b>91.0%</b>
<b>GROSS MARGIN</b>	<b>21,589,560</b>	<b>9,054,882</b>	<b>30,644,442</b>	<b>(144,110)</b>	<b>457,849</b>	<b>(202,257)</b>	<b>30,755,924</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			10,557,511	31,406	723,528	79,501	11,391,947
Professional fees			169,934	20,230	-	3,001	193,165
Purchased services			682,914	30,474	113,157	1,161	827,706
Printing and Postage			202,870	15,863	41,958	6,224	266,916
Depreciation and Amortization			350,328	-	-	2,069	352,398
Other expenses			1,351,239	280	40,334	8,919	1,400,771
Indirect cost allocation, Occupancy expense			(376,713)	25,447	728,917	2,388	380,038
<b>Total Administrative Expenses</b>			<u>12,938,083</u>	<u>123,701</u>	<u>1,647,895</u>	<u>103,263</u>	<u>14,812,940</u>
<b>Admin Loss Ratio</b>			<b>4.1%</b>	<b>8.6%</b>	<b>6.4%</b>	<b>7.7%</b>	<b>4.3%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			17,706,359	(267,811)	(1,190,045)	(305,520)	15,942,983
<b>INVESTMENT INCOME</b>			-	-	-	-	2,608,722
<b>NET RENTAL INCOME</b>			-	-	-	-	3,386
<b>NET GRANT INCOME</b>			6,810	-	-	-	6,810
<b>OTHER INCOME</b>			60	-	-	-	60
<b>CHANGE IN NET ASSETS</b>			<u>\$ 17,713,229</u>	<u>\$ (267,811)</u>	<u>\$ (1,190,045)</u>	<u>\$ (305,520)</u>	<u>\$ 18,561,961</u>
<b>BUDGETED CHANGE IN ASSETS</b>			1,317,895	27,611	(223,864)	(146,697)	1,109,699
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>16,395,334</u>	<u>(295,422)</u>	<u>(966,181)</u>	<u>(158,823)</u>	<u>17,452,262</u>

**CalOptima - Consolidated - Year to Date**  
**Statement of Revenues and Expenses by LOB**  
**For the Ten Months Ended April 30, 2017**

	<b>Medi-Cal Classic</b>	<b>Medi-Cal Expansion</b>	<b>Total Medi-Cal</b>	<b>OneCare</b>	<b>OneCare Connect</b>	<b>PACE</b>	<b>Consolidated</b>
<b>Member Months</b>	5,445,736	2,333,910	7,779,646	12,402	170,732	1,857	7,964,637
<b>REVENUES</b>							
Capitation Revenue	\$ 1,488,222,589	\$ 1,064,713,090	\$ 2,552,935,679	\$ 14,324,813	\$ 288,524,951	\$ 12,674,255	\$ 2,868,459,698
Other Income	-	-	-	-	0	-	-
<b>Total Operating Revenues</b>	<u>1,488,222,589</u>	<u>1,064,713,090</u>	<u>2,552,935,679</u>	<u>14,324,813</u>	<u>288,524,951</u>	<u>12,674,255</u>	<u>2,868,459,698</u>
<b>MEDICAL EXPENSES</b>							
Provider Capitation	352,387,600	436,930,152	789,317,752	4,006,437	75,683,513	-	869,007,702
Facilities	282,747,509	287,007,452	569,754,961	3,574,520	83,383,437	2,940,791	659,653,709
Ancillary	-	-	-	414,527	8,078,826	-	8,493,353
Skilled Nursing	-	-	-	497,355	-	-	497,355
Professional Claims	88,376,460	89,818,427	178,194,887	-	-	2,320,866	180,515,753
Prescription Drugs	181,425,307	167,252,771	348,678,078	4,447,710	49,763,345	948,816	403,837,949
Long-term Care Facility Payments	498,988,350	30,943,990	529,932,340	-	54,540,373	59,284	584,531,998
Medical Management	28,939,186	-	28,939,186	225,216	9,929,934	3,985,649	43,079,986
Reinsurance & Other	(4,771,999)	10,273,541	5,501,542	47,136	986,130	1,192,314	7,727,121
<b>Total Medical Expenses</b>	<u>1,428,092,414</u>	<u>1,022,226,333</u>	<u>2,450,318,746</u>	<u>13,212,900</u>	<u>282,365,559</u>	<u>11,447,720</u>	<u>2,757,344,926</u>
<b>Medical Loss Ratio</b>	<b>96.0%</b>	<b>96.0%</b>	<b>96.0%</b>	<b>92.2%</b>	<b>97.9%</b>	<b>90.3%</b>	<b>96.1%</b>
<b>GROSS MARGIN</b>	<b>60,130,176</b>	<b>42,486,757</b>	<b>102,616,933</b>	<b>1,111,913</b>	<b>6,159,392</b>	<b>1,226,536</b>	<b>111,114,773</b>
<b>ADMINISTRATIVE EXPENSES</b>							
Salaries, Wages & Benefits			58,021,188	210,942	7,877,959	926,285	67,036,375
Professional Fees			1,365,293	164,844	318,115	46,934	1,895,186
Purchased services			6,936,990	244,637	1,315,212	39,103	8,535,941
Printing and Postage			1,988,439	86,878	552,610	8,842	2,636,769
Depreciation and Amortization			3,309,031			20,534	3,329,565
Other expenses			10,301,826	2,351	379,719	87,994	10,771,890
Indirect cost allocation, Occupancy expense			(3,655,010)	241,818	6,926,765	23,489	3,537,062
<b>Total Administrative Expenses</b>			<u>78,267,758</u>	<u>951,470</u>	<u>17,370,380</u>	<u>1,153,181</u>	<u>97,742,788</u>
<b>Admin Loss Ratio</b>			<b>3.1%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>9.1%</b>	<b>3.4%</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>			24,349,175	160,443	(11,210,988)	73,355	13,371,985
<b>INVESTMENT INCOME</b>			-	-	-	-	11,469,653
<b>NET RENTAL INCOME</b>			-	-	-	-	50,456
<b>NET GRANT INCOME</b>			(105,854)	-	-	-	(105,854)
<b>OTHER INCOME</b>			1,273	-	-	-	1,273
<b>CHANGE IN NET ASSETS</b>			<u>\$ 24,244,593</u>	<u>\$ 160,443</u>	<u>\$ (11,210,988)</u>	<u>\$ 73,355</u>	<u>\$ 24,787,512</u>
<b>BUDGETED CHANGE IN ASSETS</b>			8,657,564	230,470	2,067,698	(2,124,043)	10,225,931
<b>VARIANCE TO BUDGET - FAV (UNFAV)</b>			<u>15,587,029</u>	<u>(70,027)</u>	<u>(13,278,686)</u>	<u>2,197,398</u>	<u>14,561,581</u>

## April 30, 2017 Unaudited Financial Statements

### SUMMARY

#### MONTHLY RESULTS:

- Change in Net Assets is \$18.6 million, \$17.5 million favorable to budget
- Operating surplus is \$15.9 million with a surplus in non-operating of \$2.6 million

#### YEARLY RESULTS:

- Change in Net Assets is \$24.8 million, \$14.6 million favorable to budget
- Operating surplus is \$13.4 million with a surplus in non-operating of \$11.4 million

#### Change in Net Assets by LOB (\$millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
17.7	1.3	16.4	Medi-Cal	24.2	8.7	15.6
(0.3)	0.0	(0.3)	OneCare	0.2	0.2	(0.1)
(1.2)	(0.2)	(1.0)	OCC	(11.2)	2.1	(13.3)
<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.2)</u>	PACE	<u>0.1</u>	<u>(2.1)</u>	<u>2.2</u>
<b>15.9</b>	<b>1.0</b>	<b>15.0</b>	<b>Operating</b>	<b>13.4</b>	<b>8.8</b>	<b>4.4</b>
<u>2.6</u>	<u>0.1</u>	<u>2.5</u>	Inv./Rental Inc, MCO tax	<u>11.4</u>	<u>1.4</u>	<u>10.1</u>
<b>2.6</b>	<b>0.1</b>	<b>2.5</b>	<b>Non-Operating</b>	<b>11.4</b>	<b>1.4</b>	<b>10.1</b>
<b>18.6</b>	<b>1.1</b>	<b>17.5</b>	<b>TOTAL</b>	<b>24.8</b>	<b>10.2</b>	<b>14.6</b>

**CalOptima**  
**Enrollment Summary**  
**For the Ten Months Ended April 30, 2017**

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
60,525	56,180	4,345	7.7%	Aged	588,704	554,720	33,984	6.1%
622	680	(58)	(8.5%)	BCCTP	6,214	6,774	(560)	(8.3%)
48,504	47,268	1,236	2.6%	Disabled	485,802	474,022	11,780	2.5%
326,989	344,780	(17,791)	(5.2%)	TANF Child	3,322,519	3,413,444	(90,925)	(2.7%)
97,358	108,552	(11,194)	(10.3%)	TANF Adult	1,009,811	1,092,690	(82,879)	(7.6%)
3,336	2,743	593	21.6%	LTC	32,686	27,059	5,627	20.8%
237,712	225,330	12,382	5.5%	MCE	2,333,910	2,233,378	100,532	4.5%
<b>775,046</b>	<b>785,533</b>	<b>(10,487)</b>	<b>(1.3%)</b>	<b>Medi-Cal</b>	<b>7,779,646</b>	<b>7,802,088</b>	<b>(22,442)</b>	<b>(0.3%)</b>
<b>15,975</b>	<b>21,564</b>	<b>(5,589)</b>	<b>(25.9%)</b>	<b>OneCare Connect</b>	<b>170,732</b>	<b>218,969</b>	<b>(48,237)</b>	<b>(22.0%)</b>
<b>201</b>	<b>210</b>	<b>(9)</b>	<b>(4.3%)</b>	<b>PACE</b>	<b>1,857</b>	<b>1,875</b>	<b>(18)</b>	<b>(1.0%)</b>
<b>1,289</b>	<b>1,144</b>	<b>145</b>	<b>12.7%</b>	<b>OneCare</b>	<b>12,402</b>	<b>11,973</b>	<b>429</b>	<b>3.6%</b>
<b>792,511</b>	<b>808,451</b>	<b>(15,940)</b>	<b>(2.0%)</b>	<b>CalOptima Total</b>	<b>7,964,637</b>	<b>8,034,905</b>	<b>(70,268)</b>	<b>(0.9%)</b>

Enrollment (By Network)								
136,339	50,042	86,297	172.4%	HMO	751,131	483,449	267,682	55.4%
221,705	236,830	(15,125)	(6.4%)	PHC	2,279,472	2,351,857	(72,385)	(3.1%)
238,775	340,064	(101,289)	(29.8%)	Shared Risk Group	3,106,526	3,404,618	(298,092)	(8.8%)
178,227	158,597	19,630	12.4%	Fee for Service	1,642,517	1,562,172	80,345	5.1%
<b>775,046</b>	<b>785,533</b>	<b>(10,487)</b>	<b>(1.3%)</b>	<b>Medi-Cal</b>	<b>7,779,646</b>	<b>7,802,088</b>	<b>(22,442)</b>	<b>(0.3%)</b>
<b>15,975</b>	<b>21,564</b>	<b>(5,589)</b>	<b>(25.9%)</b>	<b>OneCare Connect</b>	<b>170,732</b>	<b>218,969</b>	<b>(48,237)</b>	<b>(22.0%)</b>
<b>201</b>	<b>210</b>	<b>(9)</b>	<b>(4.3%)</b>	<b>PACE</b>	<b>1,857</b>	<b>1,875</b>	<b>(18)</b>	<b>(1.0%)</b>
<b>1,289</b>	<b>1,144</b>	<b>145</b>	<b>12.7%</b>	<b>OneCare</b>	<b>12,402</b>	<b>11,973</b>	<b>429</b>	<b>3.6%</b>
<b>792,511</b>	<b>808,451</b>	<b>(15,940)</b>	<b>(2.0%)</b>	<b>CalOptima Total</b>	<b>7,964,637</b>	<b>8,034,905</b>	<b>(70,268)</b>	<b>(0.9%)</b>

CalOptima  
Enrollment Trend by Network Type  
Fiscal Year 2017

Network Type	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	MMs
<b>HMO</b>													
Aged	351	350	355	368	363	381	379	3,103	3,062	3,050	-	-	11,762
BCCTP	1	1	1	(8)	2	1	1	1	1	1	-	-	2
Disabled	1,799	1,797	1,813	1,866	1,853	1,858	1,875	5,780	5,752	5,697	-	-	30,090
TANF Child	24,211	24,455	24,733	24,928	24,987	25,083	24,928	53,811	53,432	52,933	-	-	333,501
TANF Adult	7,929	7,872	7,914	7,850	8,029	7,967	7,871	25,446	25,155	24,830	-	-	130,863
LTC	-	-	-	-	-	-	-	3	4	3	-	-	10
MCE	12,989	13,224	13,464	14,034	13,897	14,116	14,200	49,527	49,627	49,825	-	-	244,903
	47,280	47,699	48,280	49,038	49,131	49,406	49,254	137,671	137,033	136,339	-	-	751,131
<b>PHC</b>													
Aged	1,495	1,464	1,488	1,458	1,427	1,419	1,408	1,439	1,420	1,416	-	-	14,434
BCCTP	-	-	-	1	-	-	-	-	-	-	-	-	1
Disabled	7,903	7,872	7,862	7,865	7,804	7,779	7,783	7,751	7,741	7,647	-	-	78,007
TANF Child	169,358	168,529	169,733	169,714	168,615	168,294	165,979	164,330	163,343	162,600	-	-	1,670,495
TANF Adult	15,260	14,945	14,649	14,593	14,161	13,880	13,457	13,195	13,019	12,782	-	-	139,941
LTC	-	-	-	4	-	-	-	-	-	-	-	-	4
MCE	38,002	38,200	37,601	38,070	37,874	37,886	37,361	37,214	37,122	37,260	-	-	376,590
	232,018	231,010	231,333	231,705	229,881	229,258	225,988	223,929	222,645	221,705	-	-	2,279,472
<b>Shared Risk Group</b>													
Aged	7,658	7,627	7,635	7,726	7,528	7,546	7,501	4,834	4,813	4,800	-	-	67,668
BCCTP	-	-	-	8	1	-	-	-	-	-	-	-	9
Disabled	14,428	14,307	14,189	14,253	14,073	14,084	14,005	10,083	10,022	9,861	-	-	129,305
TANF Child	118,748	118,149	118,421	117,922	116,971	116,744	114,746	84,105	83,246	82,334	-	-	1,071,386
TANF Adult	63,849	62,814	62,579	62,266	61,355	60,893	59,355	40,848	40,247	39,602	-	-	553,808
LTC	-	-	-	3	3	3	5	3	5	5	-	-	27
MCE	140,640	140,811	137,172	139,776	139,565	140,094	138,165	103,233	102,694	102,173	-	-	1,284,323
	345,323	343,708	339,996	341,954	339,496	339,364	333,777	243,106	241,027	238,775	-	-	3,106,526
<b>Fee for Service (Dual)</b>													
Aged	43,684	45,173	45,173	45,522	46,007	46,233	46,592	46,682	46,856	47,201	-	-	459,123
BCCTP	27	26	24	23	23	23	25	27	27	28	-	-	253
Disabled	19,790	20,086	20,071	20,264	20,375	20,497	20,471	20,510	20,662	20,528	-	-	203,254
TANF Child	3	2	2	3	4	3	3	2	2	3	-	-	27
TANF Adult	1,179	1,162	1,184	1,197	1,181	1,216	1,220	1,200	1,211	1,217	-	-	11,967
LTC	2,868	2,910	2,941	2,906	2,940	2,914	2,914	2,913	2,887	2,963	-	-	29,156
MCE	2,960	2,975	2,721	2,750	2,822	2,893	2,818	2,842	2,852	2,789	-	-	28,422
	70,511	72,334	72,116	72,665	73,352	73,779	74,043	74,176	74,497	74,729	-	-	732,202
<b>Fee for Service (Non-Dual)</b>													
Aged	3,746	2,850	3,183	3,608	3,450	3,667	3,600	3,761	3,794	4,058	-	-	35,717
BCCTP	606	608	598	589	594	595	587	590	589	593	-	-	5,949
Disabled	4,533	4,269	4,390	4,368	4,488	4,548	4,567	4,569	4,643	4,771	-	-	45,146
TANF Child	22,710	23,011	22,504	23,069	23,658	23,949	25,193	25,695	28,202	29,119	-	-	247,110
TANF Adult	15,792	16,253	16,501	17,109	17,090	17,340	17,949	17,668	18,603	18,927	-	-	173,232
LTC	368	370	362	314	334	328	357	338	353	365	-	-	3,489
MCE	35,946	36,543	37,812	36,999	38,607	39,499	42,203	41,903	44,495	45,665	-	-	399,672
	83,701	83,904	85,350	86,056	88,221	89,926	94,456	94,524	100,679	103,498	-	-	910,315
<b>MEDI-CAL TOTAL</b>													
Aged	56,934	57,464	57,834	58,682	58,775	59,246	59,480	59,819	59,945	60,525	-	-	588,704
BCCTP	634	635	623	613	620	619	613	618	617	622	-	-	6,214
Disabled	48,453	48,331	48,325	48,616	48,593	48,766	48,701	48,693	48,820	48,504	-	-	485,802
TANF Child	335,030	334,146	335,393	335,636	334,235	334,073	330,849	327,943	328,225	326,989	-	-	3,322,519
TANF Adult	104,009	103,046	102,827	103,015	101,816	101,296	99,852	98,357	98,235	97,358	-	-	1,009,811
LTC	3,236	3,280	3,303	3,227	3,277	3,245	3,276	3,257	3,249	3,336	-	-	32,686
MCE	230,537	231,753	228,770	231,629	232,765	234,488	234,747	234,719	236,790	237,712	-	-	2,333,910
	778,833	778,655	777,075	781,418	780,081	781,733	777,518	773,406	775,881	775,046	-	-	7,779,646
<b>PACE</b>													
	177	179	179	180	183	183	184	194	197	201	-	-	1,857
<b>OneCare</b>													
	1,171	1,164	1,192	1,220	1,228	1,275	1,304	1,281	1,278	1,289	-	-	12,402
<b>OneCare Connect</b>													
	18,902	18,245	17,727	17,352	17,067	16,810	16,346	16,222	16,086	15,975	-	-	170,732
<b>TOTAL</b>	<b>799,083</b>	<b>798,243</b>	<b>796,173</b>	<b>800,170</b>	<b>798,559</b>	<b>800,001</b>	<b>795,352</b>	<b>791,103</b>	<b>793,442</b>	<b>792,511</b>	<b>-</b>	<b>-</b>	<b>7,964,637</b>



## **ENROLLMENT:**

**Overall MTD** enrollment was 792,511

- Unfavorable to budget by 15,940
- Decreased 931 or 0.1% from prior month
- Increased 3,358 or 0.4% from prior year (April 2016)

**Medi-Cal** enrollment was 775,046

- Unfavorable to budget by 10,487
  - Expansion favorable by 12,382
  - SPD favorable by 5,523
  - LTC favorable by 593
  - TANF unfavorable by 28,985
- Decreased 835 from prior month

**OneCare Connect** enrollment was 15,975

- Unfavorable to budget by 5,589
- Decreased 111 from prior month

**OneCare** enrollment was 1,289

- Favorable to budget by 145
- Increased 11 from prior month

**PACE** enrollment at 201

- Unfavorable to budget by 9
- Increased 4 from prior month

**CalOptima - Medi-Cal Total  
Statement of Revenues and Expenses  
For the Ten Months Ended April 30, 2017**

Actual	Month Budget	\$ Variance	% Variance
775,046	785,533	(10,487)	(1.3%)
312,466,610	236,517,116	75,949,494	32.1%
312,466,610	236,517,116	75,949,494	32.1%
88,976,143	75,677,350	(13,298,793)	(17.6%)
45,664,769	56,892,976	11,228,207	19.7%
17,135,912	18,000,004	864,091	4.8%
33,953,488	34,315,254	361,766	1.1%
92,904,299	36,943,039	(55,961,260)	(151.5%)
2,688,600	4,491,316	1,802,716	40.1%
498,957	16,667	(482,290)	(2,893.7%)
281,822,168	226,336,604	(55,485,564)	(24.5%)
30,644,442	10,180,512	20,463,930	201.0%
10,557,511	6,464,988	(4,092,523)	(63.3%)
169,934	329,612	159,678	48.4%
682,914	829,632	146,718	17.7%
202,870	311,516	108,646	34.9%
350,328	383,061	32,733	8.5%
1,351,239	1,084,510	(266,728)	(24.6%)
(376,713)	(540,702)	(163,989)	(30.3%)
12,938,083	8,862,617	(4,075,466)	(46.0%)
13,679,400	8,896,807	(4,782,593)	(53.8%)
10,191,105	0	(10,191,105)	0.0%
3,488,295	8,896,807	5,408,513	60.8%
0	0	0	0.0%
96,463	287,500	(191,038)	(66.4%)
63,750	250,000	186,250	74.5%
25,903	37,500	11,597	30.9%
6,810	0	6,810	0.0%
60	0	60	0.0%
17,713,229	1,317,895	16,395,334	1,244.1%
90.2%	95.7%	5.5%	5.8%
4.1%	3.7%	(0.4%)	(10.5%)

	Year - To - Date			
	Actual	Budget	\$ Variance	% Variance
Member Months	7,779,646	7,802,088	(22,442)	(0.3%)
Revenues				
Capitation revenue	2,552,935,679	2,346,493,401	206,442,279	8.8%
Total Operating Revenues	2,552,935,679	2,346,493,401	206,442,279	8.8%
Medical Expenses				
Provider capitation	789,317,752	751,841,497	(37,476,255)	(5.0%)
Facilities	569,754,961	564,784,650	(4,970,311)	(0.9%)
Professional Claims	178,194,887	173,362,302	(4,832,585)	(2.8%)
Prescription drugs	348,678,078	342,396,464	(6,281,615)	(1.8%)
MLTSS	529,932,340	370,118,453	(159,813,888)	(43.2%)
Medical Management	28,939,186	44,765,094	15,825,907	35.4%
Reinsurance & other	5,501,542	166,667	(5,334,875)	(3,200.9%)
Total Medical Expenses	2,450,318,746	2,247,435,125	(202,883,621)	(9.0%)
Gross Margin	102,616,933	99,058,275	3,558,657	3.6%
Administrative Expenses				
Salaries, wages & employee benefits	58,021,188	67,082,195	9,061,007	13.5%
Professional fees	1,365,293	3,157,653	1,792,360	56.8%
Purchased services	6,936,990	7,676,108	739,117	9.6%
Printing and postage	1,988,439	3,123,010	1,134,571	36.3%
Depreciation & amortization	3,309,031	3,830,611	521,580	13.6%
Other operating expenses	10,301,826	10,933,306	631,480	5.8%
Indirect cost allocation	(3,655,010)	(5,402,172)	(1,747,162)	(32.3%)
Total Administrative Expenses	78,267,758	90,400,711	12,132,954	13.4%
Operating Tax				
Tax Revenue	117,860,327	88,432,728	(29,427,599)	(33.3%)
Premium tax expense	102,290,273	0	(102,290,273)	0.0%
Sales tax expense	15,570,054	88,432,728	72,862,674	82.4%
Total Net Operating Tax	0	0	0	0.0%
Grant Income				
Grant Revenue	550,213	2,875,000	(2,324,788)	(80.9%)
Grant expense - Service Partner	449,438	2,500,000	2,050,563	82.0%
Grant expense - Administrative	206,629	375,000	168,371	44.9%
Total Net Grant Income	(105,854)	0	(105,854)	0.0%
Other income	1,273	0	1,273	0.0%
Change in Net Assets	24,244,594	8,657,564	15,587,030	180.0%
Medical Loss Ratio	96.0%	95.8%	(0.2%)	(0.2%)
Admin Loss Ratio	3.1%	3.9%	0.8%	20.4%

## **MEDI-CAL INCOME STATEMENT – APRIL MONTH:**

**REVENUES** of \$312.5 million are favorable to budget by \$75.9 million, driven by:

- Price related favorable variance of \$79.1 million due to:
  - \$23.1 million of fiscal year 2016 Coordinated Care Initiative (CCI) revenue for non-IHSS members
  - \$34.5 million of fiscal year 2016 CCI revenue for IHSS members
  - \$8.3 million of LTC revenue for non-LTC members
  - \$4.2 million for April 2017 IHSS revenue
  - Remaining from member mix
- Volume related unfavorable variance of: \$3.2 million

**MEDICAL EXPENSES:** Overall \$281.8 million, unfavorable to budget by \$55.5 million due to:

- **Long term care claim payments (MLTSS)** are unfavorable to budget \$56.0 million due to:
  - LTC unfavorable variance of \$6.6 million driven by higher LTC claim expense due to less than anticipated members enrolling in OneCare Connect
  - IHSS related unfavorable variance of approximately \$49.4 million due to true-up to county IHSS expense data for fiscal year 2016 corresponding to the favorable revenue variance above
- **Provider Capitation** is unfavorable to budget \$13.3 million due to approximately \$12.7 million unfavorable variance due to shared risk group move to HMO model beginning February for overall monthly increase of capitation of \$12.7 million
- **Facilities** expenses are favorable to budget \$11.2 million due to:
  - Favorable variance due to shared risk group move to HMO model beginning February
  - Favorable variance of \$2.7 million for current month claim estimate adjustment relating to prior periods for the HMO move

**ADMINISTRATIVE EXPENSES** are \$12.9 million, unfavorable to budget \$4.1 million, driven by:

- Salary & Benefits: \$4.1 million unfavorable to budget due to annual GASB 68 requirement and adjustments for this year's CalPERS actuarial report (\$5.5 million), offset by open positions
- Non-Salary: In line with budget

**CHANGE IN NET ASSETS** is \$17.7 million for the month, favorable to budget by \$16.4 million

**CalOptima - OneCare Connect  
Statement of Revenues and Expenses  
For the Ten Months Ended April 30, 2017**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
15,975	21,564	(5,589)	(25.9%)	Member Months	170,732	218,969	(48,237)	(22.0%)
				Revenues				
7,097,633	11,431,588	(4,333,955)	(37.9%)	Medi-Cal Capitation revenue	66,205,853	118,302,214	(52,096,361)	(44.0%)
18,713,732	31,883,716	(13,169,984)	(41.3%)	Medicare Capitation revenue	222,319,098	328,521,247	(106,202,149)	(32.3%)
25,811,365	43,315,304	(17,503,939)	(40.4%)	Total Operating Revenue	288,524,951	446,823,461	(158,298,510)	(35.4%)
				Medical Expenses				
8,579,067	9,539,390	960,323	10.1%	Provider capitation	75,683,513	98,394,926	22,711,413	23.1%
2,515,576	11,096,154	8,580,578	77.3%	Facilities	83,383,437	113,609,664	30,226,227	26.6%
997,618	674,741	(322,877)	(47.9%)	Ancillary	8,078,826	6,851,488	(1,227,338)	(17.9%)
8,342,926	10,185,931	1,843,006	18.1%	Long Term Care	54,540,373	103,430,445	48,890,072	47.3%
3,879,134	7,907,925	4,028,791	50.9%	Prescription drugs	49,763,345	80,331,544	30,568,199	38.1%
876,175	1,231,400	355,224	28.8%	Medical management	9,929,934	12,447,164	2,517,230	20.2%
163,020	621,027	458,007	73.7%	Other medical expenses	986,130	6,306,060	5,319,930	84.4%
25,353,515	41,256,568	15,903,052	38.5%	Total Medical Expenses	282,365,559	421,371,292	139,005,733	33.0%
457,849	2,058,736	(1,600,887)	(77.8%)	Gross Margin	6,159,392	25,452,169	(19,292,778)	(75.8%)
				Administrative Expenses				
723,528	926,049	202,520	21.9%	Salaries, wages & employee benefits	7,877,959	9,496,716	1,618,757	17.0%
0	86,521	86,521	100.0%	Professional fees	318,115	785,604	467,489	59.5%
113,157	181,216	68,059	37.6%	Purchased services	1,315,212	1,797,130	481,918	26.8%
41,958	148,414	106,455	71.7%	Printing and postage	552,610	1,401,544	848,934	60.6%
40,334	2,910	(37,424)	(1,286.1%)	Other operating expenses	379,719	528,570	148,851	28.2%
728,917	937,491	208,574	22.2%	Indirect cost allocation, Occupancy Expense	6,926,765	9,374,907	2,448,142	26.1%
1,647,895	2,282,600	634,705	27.8%	Total Administrative Expenses	17,370,380	23,384,471	6,014,092	25.7%
(101)	0	(101)	0.0%	Operating Tax				
(101)	0	101	0.0%	Tax Revenue	(466,018)	0	(466,018)	0.0%
0	0	0	0.0%	Sales tax expense	(466,018)	0	466,018	0.0%
				Total Net Operating Tax	0	0	0	0.0%
(1,190,045)	(223,864)	(966,181)	(431.6%)	Change in Net Assets	(11,210,988)	2,067,698	(13,278,686)	(642.2%)
98.2%	95.2%	(3.0%)	(3.1%)	Medical Loss Ratio	97.9%	94.3%	(3.6%)	(3.8%)
6.4%	5.3%	(1.1%)	(21.2%)	Admin Loss Ratio	6.0%	5.2%	(0.8%)	(15.0%)

**ONECARE CONNECT INCOME STATEMENT – APRIL MONTH:**

**REVENUES** of \$25.8 million are unfavorable to budget by \$17.5 million driven by:

- Volume related unfavorable variance of \$11.2 million due to lower enrollment
- Price related unfavorable variance of \$6.3 million due:
  - Fiscal year 2016 unfavorable variance of \$11.7 million for cohort mix and rate change
  - CMC Medicare Part A and B rate decreases due to base rate and RAF score changes

**MEDICAL EXPENSES** are favorable to budget \$15.9 million due to:

- Volume related favorable variance of \$10.7 million across all categories related to the provider group moving to HMO model in February as well as lower long term care expenses
- Price related favorable variance of \$5.2 million

**ADMINISTRATIVE EXPENSES** are favorable to budget by \$0.6 million

**CHANGE IN NET ASSETS** is (\$1.2) million, \$1.0 million unfavorable to budget

**CalOptima - OneCare  
Statement of Revenues and Expenses  
For the Ten Months Ended April 30, 2017**

Month					Year - To - Date			
		\$	%				\$	%
Actual	Budget	Variance	Variance		Actual	Budget	Variance	Variance
1,289	1,144	145	12.7%	Member Months	12,402	11,973	429	3.6%
				Revenues				
1,442,147	1,331,452	110,695	8.3%	Capitation revenue	14,324,813	13,814,179	510,634	3.7%
1,442,147	1,331,452	110,695	8.3%	Total Operating Revenue	14,324,813	13,814,179	510,634	3.7%
				Medical Expenses				
405,269	363,672	(41,597)	(11.4%)	Provider capitation	4,006,437	3,759,530	(246,907)	(6.6%)
719,839	294,862	(424,977)	(144.1%)	Inpatient	3,574,520	3,070,822	(503,698)	(16.4%)
24,483	44,381	19,898	44.8%	Ancillary	414,527	470,235	55,708	11.8%
(15,391)	21,056	36,447	173.1%	Skilled nursing facilities	497,355	223,395	(273,960)	(122.6%)
421,340	437,091	15,751	3.6%	Prescription drugs	4,447,710	4,575,043	127,333	2.8%
26,386	50,848	24,463	48.1%	Medical management	225,216	362,549	137,332	37.9%
4,331	(9,249)	(13,580)	(146.8%)	Other medical expenses	47,136	72,240	25,104	34.8%
1,586,257	1,202,661	(383,596)	(31.9%)	Total Medical Expenses	13,212,900	12,533,814	(679,086)	(5.4%)
(144,110)	128,791	(272,901)	(211.9%)	Gross Margin	1,111,913	1,280,365	(168,452)	(13.2%)
				Administrative Expenses				
31,406	20,896	(10,510)	(50.3%)	Salaries, wages & employee benefits	210,942	214,687	3,745	1.7%
20,230	17,619	(2,611)	(14.8%)	Professional fees	164,844	154,762	(10,082)	(6.5%)
30,474	19,373	(11,102)	(57.3%)	Purchased services	244,637	253,834	9,198	3.6%
15,863	13,710	(2,152)	(15.7%)	Printing and postage	86,878	130,790	43,912	33.6%
280	89	(192)	(216.5%)	Other operating expenses	2,351	886	(1,465)	(165.4%)
25,447	29,494	4,047	13.7%	Indirect cost allocation, Occupancy Expense	241,818	294,936	53,118	18.0%
123,701	101,180	(22,520)	(22.3%)	Total Administrative Expenses	951,470	1,049,895	98,426	9.4%
(267,811)	27,611	(295,422)	(1,069.9%)	Change in Net Assets	160,443	230,470	(70,027)	(30.4%)
=====	=====	=====	=====		=====	=====	=====	=====
110.0%	90.3%	(19.7%)	(21.8%)	Medical Loss Ratio	92.2%	90.7%	(1.5%)	(1.7%)
8.6%	7.6%	(1.0%)	(12.9%)	Admin Loss Ratio	6.6%	7.6%	1.0%	12.6%

**CalOptima - PACE**  
**Statement of Revenues and Expenses**  
**For the Ten Months Ended April 30, 2017**

Month					Year - To - Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
201	210	(9)	(4.3%)	Member Months	1,857	1,875	(18)	(1.0%)
				Revenues				
1,006,698	940,634	66,064	7.0%	Medi-Cal capitation revenue	9,625,490	8,392,448	1,233,043	14.7%
326,638	375,421	(48,783)	(13.0%)	Medicare capitation revenue	3,048,765	3,424,119	(375,354)	(11.0%)
1,333,336	1,316,054	17,282	1.3%	Total Operating Revenues	12,674,255	11,816,567	857,689	7.3%
				Medical Expenses				
295,964	395,354	99,390	25.1%	Clinical salaries & benefits	2,969,912	4,009,695	1,039,783	25.9%
0	0	0	0.0%	Pace Center Support salaries & benefits	0	0	0	0.0%
574,710	264,572	(310,138)	(117.2%)	Claims payments to hospitals	2,940,791	2,391,855	(548,936)	(23.0%)
293,775	284,570	(9,205)	(3.2%)	Professional Claims	2,320,866	2,543,719	222,853	8.8%
121,346	136,582	15,236	11.2%	Prescription drugs	948,816	1,310,460	361,644	27.6%
1,133	27,097	25,964	95.8%	Long-term care facility payments	59,284	244,968	185,684	75.8%
110,665	84,112	(26,552)	(31.6%)	Patient Transportation	830,463	760,417	(70,046)	(9.2%)
49,663	49,349	(314)	(0.6%)	Depreciation & amortization	492,816	493,490	674	0.1%
37,655	37,214	(441)	(1.2%)	Occupancy expenses	377,699	372,140	(5,559)	(1.5%)
2,820	13,833	11,013	79.6%	Utilities & Facilities Expense	143,958	138,330	(5,628)	(4.1%)
75	308	233	75.6%	Purchased Services	1,264	2,786	1,522	54.6%
19,650	24,547	4,897	19.9%	Indirect Allocation	186,070	245,470	59,400	24.2%
0	0	0	0.0%	Reinsurance	0	0	0	0.0%
28,137	22,785	(5,352)	(23.5%)	Other Expenses	175,781	227,851	52,070	22.9%
1,535,593	1,340,322	(195,271)	(14.6%)	Total Medical Expenses	11,447,720	12,741,182	1,293,462	10.2%
(202,257)	(24,268)	(177,989)	(733.4%)	Gross Margin	1,226,536	(924,615)	2,151,150	232.7%
				Administrative Expenses				
79,501	90,213	10,712	11.9%	Salaries, wages & employee benefits	926,285	928,676	2,391	0.3%
3,001	11,667	8,666	74.3%	Professional fees	46,934	91,667	44,733	48.8%
1,161	988	(173)	(17.5%)	Purchased services	39,103	10,024	(29,079)	(290.1%)
6,224	1,707	(4,518)	(264.7%)	Printing and postage	8,842	17,317	8,476	48.9%
2,069	2,056	(13)	(0.6%)	Depreciation & amortization	20,534	20,562	28	0.1%
8,919	14,775	5,857	39.6%	Other operating expenses	87,994	120,955	32,961	27.3%
2,388	1,023	(1,365)	(133.5%)	Indirect cost allocation, Occupancy Expense	23,489	10,227	(13,262)	(129.7%)
103,263	122,429	19,166	15.7%	Total Administrative Expenses	1,153,181	1,199,428	46,247	3.9%
				Operating Tax				
0	0	0	0.0%	Tax Revenue	14,215	0	14,215	0.0%
0	0	0	0.0%	Premium tax expense	14,215	0	(14,215)	0.0%
0	0	0	0.0%	Total Net Operating Tax	0	0	0	0.0%
(305,520)	(146,697)	(158,823)	(108.3%)	Change in Net Assets	73,355	(2,124,043)	2,197,398	103.5%
=====	=====	=====	=====		=====	=====	=====	=====
115.2%	101.8%	(13.3%)	(13.1%)	Medical Loss Ratio	90.3%	107.8%	17.5%	16.2%
7.7%	9.3%	1.6%	16.7%	Admin Loss Ratio	9.1%	10.2%	1.1%	10.4%

**CalOptima - Building 505 City Parkway  
Statement of Revenues and Expenses  
For the Ten Months Ended April 30, 2017**

Actual	Month		
	Budget	\$ Variance	% Variance
24,056	21,285	2,772	13.0%
24,056	21,285	2,772	13.0%
1,525	2,085	560	26.8%
29,507	22,405	(7,103)	(31.7%)
158,802	210,141	51,338	24.4%
14,913	14,300	(613)	(4.3%)
138,322	198,033	59,711	30.2%
33,350	0	(33,350)	0.0%
(355,750)	(352,100)	3,650	1.0%
20,671	94,864	74,194	78.2%
3,386	(73,579)	76,965	104.6%
=====	=====	=====	=====

Revenues

Rental income

Total Operating Revenue

Administrative Expenses

Professional fees

Purchase services

Depreciation & amortization

Insurance expense

Repair and maintenance

Other Operating Expense

Indirect allocation, Occupancy Expense

Total Administrative Expenses

Change in Net Assets

Actual	Year - To - Date		
	Budget	\$ Variance	% Variance
241,463	212,849	28,614	13.4%
241,463	212,849	28,614	13.4%
14,673	20,850	6,177	29.6%
298,567	224,048	(74,520)	(33.3%)
1,573,474	2,101,408	527,934	25.1%
158,918	143,003	(15,915)	(11.1%)
1,023,613	1,933,632	910,019	47.1%
409,086	0	(409,086)	0.0%
(3,287,323)	(3,520,998)	(233,676)	(6.6%)
191,007	901,941	710,934	78.8%
50,456	(689,092)	739,548	107.3%
=====	=====	=====	=====



**OTHER STATEMENTS – APRIL MONTH:**

**ONECARE INCOME STATEMENT**

**REVENUES** of \$1.4 million; \$0.1 million are favorable to budget

**MEDICAL EXPENSES** are \$1.6 million, \$0.4 million unfavorable to budget

**CHANGE IN NET ASSETS** is (\$0.3 million); \$0.3 million unfavorable to budget

**PACE INCOME STATEMENT**

**CHANGE IN NET ASSETS** for the month is (\$0.3) million; \$0.2 million unfavorable to budget

**505 CITY PARKWAY BUILDING INCOME STATEMENT**

**CHANGE IN NET ASSETS** for the month is \$3.4 thousand; \$77.0 thousand favorable to budget

**CalOptima**  
**BALANCE SHEET**  
**April 30, 2017**

**ASSETS**

Current Assets

Operating Cash	\$547,444,222
Catastrophic Reserves	11,017,632
Investments	1,314,931,506
Capitation receivable	342,198,083
Receivables - Other	19,379,894
Prepaid Expenses	7,095,242

**Total Current Assets**

**2,242,066,578**

Capital Assets Furniture and equipment

35,790,228

Leasehold improvements

6,666,887

505 City Parkway West

49,271,389

91,728,503

Less: accumulated depreciation

(37,199,361)

Capital assets, net

**54,529,142**

Other Assets Restricted deposit & Other

300,000

Board-designated assets

Cash and cash equivalents

17,955,981

Long term investments

516,239,691

Total Board-designated Assets

534,195,671

Total Other Assets

**534,495,671**

Deferred outflows of Resources - Pension Contributions

9,133,218

Deferred outflows of Resources - Difference in Experience

1,215,473

**TOTAL ASSETS & OUTFLOWS**

**2,841,440,083**

**LIABILITIES & FUND BALANCES**

Current Liabilities

Accounts payable	\$17,463,408
Medical claims liability	686,407,295
Accrued payroll liabilities	10,193,845
Deferred revenue	860,105,383
Deferred lease obligations	209,840
Capitation and withholds	531,371,369

**Total Current Liabilities**

**2,105,751,141**

Other employment benefits liability

30,021,563

Net Pension Liabilities

15,430,763

Long Term Liabilities

100,000

**TOTAL LIABILITIES**

**2,151,303,467**

Deferred inflows of Resources - Excess Earnings

4,130,286

Deferred inflows of Resources - changes in Assumptions

1,651,640

Tangible net equity (TNE)

96,640,187

Funds in excess of TNE

587,714,503

**Net Assets**

**684,354,690**

**TOTAL LIABILITIES, INFLOWS & FUND BALANCES**

**2,841,440,083**

**CalOptima**  
**Board Designated Reserve and TNE Analysis**  
**as of April 30, 2017**

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
Board-designated Reserve	Tier 1 - Payden & Rygel	145,963,515				
	Tier 1 - Logan Circle	145,759,457				
	Tier 1 - Wells Capital	145,693,263				
		437,416,235	311,979,635	487,102,416	125,436,600	(49,686,181)
TNE Requirement	Tier 2 - Logan Circle	96,779,437	96,640,187	96,640,187	139,250	139,250
<b>Consolidated:</b>		<b>534,195,672</b>	<b>408,619,822</b>	<b>583,742,603</b>	<b>125,575,850</b>	<b>(49,546,931)</b>
<i>Current reserve level</i>		<i>1.83</i>	<i>1.40</i>	<i>2.00</i>		

**CalOptima**  
**Statement of Cash Flows**  
**April 30, 2017**

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	18,561,961	24,787,512
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	511,200	4,903,038
Changes in assets and liabilities:		
Prepaid expenses and other	5,326,721	(310,995)
Catastrophic reserves		
Capitation receivable	(46,114,831)	125,173,031
Medical claims liability	5,495,093	87,712,438
Deferred revenue	(47,216,388)	269,402,742
Payable to providers	13,537,377	129,545,067
Accounts payable	(21,849,744)	10,410,183
Other accrued liabilities	3,069,420	11,069,530
Net cash provided by/(used in) operating activities	<u>(68,679,192)</u>	<u>662,692,545</u>
GASB 68 CalPERS Adjustments	(1,718,288)	(1,718,288)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	119,410,237	(295,666,874)
Purchase of property and equipment	(197,991)	(4,436,616)
Change in Board designated reserves	(1,146,650)	(58,360,306)
Net cash provided by/(used in) investing activities	<u>118,065,597</u>	<u>(358,463,796)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	47,668,117	302,510,460
CASH AND CASH EQUIVALENTS, beginning of period	<u>\$510,793,737</u>	<u>255,951,393</u>
CASH AND CASH EQUIVALENTS, end of period	<u><b>\$ 558,461,854</b></u>	<u><b>\$ 558,461,854</b></u>

## **BALANCE SHEET:**

**ASSETS** decreased \$24.8 million from March

- **Cash and Cash Equivalents** increased by \$47.7 million due to the timing of state checks received, month-end cut-off
- **Short-term Investments** decreased \$119.4 million due to payment receipt timing and cash funding requirements
- **Net Capitation Receivables** increased \$45.3 million based upon payment receipt timing and receivables

**LIABILITIES** decreased \$47.0 million from March

- **Deferred Revenue** decreased \$47.2 million driven by DHS payments as compared to rates
- **Capitation Payable** increased \$13.5 million driven by IBNR margins
- **Accrued Expenses** decreased \$21.4 million based on the timing of sales tax payments
- **Medical Claims Liability** by line of business increased \$5.5 million

**NET ASSETS** are \$684.4 million

**CalOptima Foundation**  
**Statement of Revenues and Expenses**  
**For the Ten Months Ended April 30, 2017**  
**Consolidated**

Month				Year - To - Date			
Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance
				<b>Revenues</b>			
0	2,264	(2,264)	(100.0%)	Income - Grant	27,164	22,644	4,520 20.0%
2,084	0	2,084	0.0%	In Kind Revenue - HITEC Grant	74,497	0	74,497 0.0%
2,084	2,264	(180)	(8.0%)	Total Operating Revenue	101,661	22,644	79,017 349.0%
				<b>Operating Expenditures</b>			
0	6,184	6,184	100.0%	Personnel	27,195	61,842	34,647 56.0%
0	2,985	2,985	100.0%	Taxes and Benefits	26,240	29,848	3,608 12.1%
0	0	0	0.0%	Travel	(3)	0	3 0.0%
0	0	0	0.0%	Supplies	7,009	10,000	2,991 29.9%
0	0	0	0.0%	Contractual	20,388	17,174	(3,214) (18.7%)
2,084	232,065	229,981	99.1%	Other	22,538	2,320,652	2,298,114 99.0%
2,084	241,234	239,150	99.1%	Total Operating Expenditures	103,368	2,439,516	2,336,148 95.8%
0	0	0	0.0%	Investment Income	0	0	0 0.0%
0 (238,970)	(238,970)	(100.0%)		Program Income	(1,706)	(2,416,872)	(2,415,166) (99.9%)
=====	=====	=====	=====		=====	=====	=====

**CalOptima Foundation  
Balance Sheet  
April 30, 2017**

<b><u>ASSETS</u></b>		<b><u>LIABILITIES &amp; NET ASSETS</u></b>	
Operating cash	2,893,139	Accounts payable-Current	0
Grants receivable	0	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	0
<b>Total Current Assets</b>	<b><u>2,893,139</u></b>	Grants-Foundation	0
		<b>Total Current Liabilities</b>	<b><u>0</u></b>
		<b>Total Liabilities</b>	<b><u>0</u></b>
		<b>Net Assets</b>	<b><u>2,893,139</u></b>
<b>TOTAL ASSETS</b>	<b><u>2,893,139</u></b>	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>2,893,139</u></b>

## **CALOPTIMA FOUNDATION – APRIL MONTH**

### **INCOME STATEMENT:**

#### **Revenues**

- Revenues from Health Information Technology for Economic and Clinical Health Act (HITECH) and in-kind contributions from CalOptima
- The Foundation recognized \$101,661 FY17 YTD in total operating revenues
  - HITECH Grant revenue totaled \$27,164 YTD which leaves \$0 remaining in HITECH Grant funding as of April 2017
  - CalOptima in-kind contribution totaled \$74,497 YTD
- Revenue budget variances attributed to:
  - YTD CalOptima grant budget is \$0, as the ONC grant funding was to have ended in the previous fiscal year. The grant was extended through September 26, 2016
  - CalOptima in-kind revenue was not included in FY17 budget

#### **Expenses**

- Operating expenses were \$103,368 for grant related activities incurred YTD FY17
- Expense categories include staff services, travel and miscellaneous supplies
  - \$2.3 million favorable variance YTD
  - FY17 budget was based on remaining fund balance in Foundation total assets
  - Actual expenses were much lower than anticipated for CalOptima support activities

### **BALANCE SHEET:**

#### **Assets**

- Cash of \$2.9 million remains from the FY14 transfer of \$3.0 million from CalOptima for grants and programs in support of providers and the community

#### **Liabilities**

- \$0



**Budget Allocation Changes  
Reporting Changes for April 2017**

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
July	OneCare Connect	Office of Compliance - Professional Fees (Consultant for Annual CPE Audit & CMS Mock Audit)	Office of Compliance - Professional Fees - Consultant for DMHC Mock Audit	\$69,000	Re-purpose \$53,631 from Professional Fees (Consultant for Annual CPE Audit) and \$15,369 from Professional Fees (Consultant for CMS Mock Audit) to pay for consultant for DMHC Mock Audit	2017
July	COREC	REC - Other	REC - Comp Supply/Minor Equip	\$10,000	Re-allocate funds to cover costs for computer equipment upgrade which is approved ONC grant managers	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$63,810	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Ceridian Software Maintenance	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$15,010	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for FY17 Talentova Learning Management System	2017
July	Medi-Cal	IS-Application Development - Software Maintenance - Corporate Software Maintenance	IS-Application Development - Software Maintenance - Human Resources Corporate Application Software Maintenance	\$23,900	Re-purpose funds within Software Maintenance (from Corporate Software Maintenance to Human Resources Corporate Application Software Maintenance) to pay for Silk Road	2017
July	Medi-Cal	Claims Administration - Purchased Services - Integration of Claim Editing Software	Claims Administration - Purchased Services - LTC Rate Adjustments	\$98,000	Re-purpose funds from within Purchased Services (Integration of Claim Editing Software) to pay for LTC Adjustments (TriZetto Robot Process)	2017
July	Medi-Cal	Human Resources - Advertising, Travel, Comp Supply/Minor Equip, Subscriptions, Courier/Delivery	Human Resources - Professional Fees (Salary & Compensation Research), Public Activities, Office Supplies, Food Service Supplies, Professional Dues, Training & Seminars, Cert./Cont. Education	\$84,491	Re-allocate HR FY17 Budget based on HR dept's past spending trends to better meet department's need	2017
July	Medi-Cal	IS-Infrastructure - Telephone - General Telecommunication and Network Connectivity	IS-Infrastructure - Purchased Services - Disaster Recovery Services	\$35,575	Re-allocate funds from Telephone (General Telecommunication and Network Connectivity) to Purchased Services to pay for Disaster Recovery Services	2017
August	Medi-Cal	Other Pay	Quality Analytics - Purchased Services	\$67,000	Re-allocate funds to Quality Analytics Purchased Services for additional funds that is needed for CG-CAHPS survey	2017
August	Medi-Cal	Other Pay	Community Relations - Professional Fees & Printing	\$43,640	Re-allocate funds to Community Relations Professional Fees and Printing budgets for contracts with Tony Lam and Communications Lab and printing costs of Community Option Fair	2017
August	Medi-Cal	IS-Application Management - Purchased Services - Healthcare Productivity Automation	IS-Application Management - Purchased Services - Direct Hire Fees	\$10,957	Re-purpose funds from Purchased Services (Healthcare Productivity Automation) to pay for Direct Hire fees	2017
August	Medi-Cal	Other Pay	IS-Application Development - Comp Supplies/Minor Equipments	\$20,400	Re-allocate funds to cover costs of DocuSign, Box, and Primal Script 2016	2017
August	Medi-Cal	Claims Administration - Purchased Services	Claims Administration - Office Supplies, Training & Seminars, Printing	\$15,000	Re-allocate funds from Purchased Services (Integration of Claim Editing Software & Inventory Management Forecasting) to Office Supplies, Training & Seminars, and Printing to better meet department's needs	2017
September	Medi-Cal	Health Education & Disease Management - Professional Fees	Health Education & Disease Management - Other Operating Expenses	\$30,000	Re-allocate funds from Professional Fees (Childhood Obesity Program Design & Evaluation) to Member & Provider Incentives to support incentives for the Group Needs Assessment (GNA) and other Health Education / Disease Management activities.	2017
October	Capital	Facilities - Relocate Trash Enclosure	Facilities - 505 Sound Recording System	\$50,555	Re-allocate from Relocate Trash Enclosure project for additional funds that are needed for the 505 Sound Recording System project.	2017
October	Medi-Cal	IS-Infrastructure - Professional Fees - Enterprise Identity Access Management	IS-Infrastructure - HW/SW Maintenance - Information Security Data Loss Prevention Solution	\$21,041	Re-allocate from Professional Services for an Enterprise Identity Access Management to HW/SW Maintenance for Information Security Data Loss Prevention Solution Annual Maintenance on additional funds that are needed.	2017
October	Medi-Cal	Facilities - Computer Supply/Minor Equipment - Office Furniture & Equipment	Facilities - Computer Supply/Minor Equipment - Other Articles of Minor Equipment	\$27,000	Repurpose funds in Comp supply/minor equipment for re-upholstering chairs in the member service lobby and other minor equipment expenses to better meet the Department's need.	2017
December	Medi-Cal	Human Resources - Professional Fees - Executive Coaching	Human Resources - Professional Fees - Consultant Fees	\$20,000	Repurpose from Executive Coaching for interim director of HR consultant fees	2017
December	Medi-Cal	Health Education & Disease Management - Medical Management Activities	Health Education & Disease Management - Medical Management Activities	\$75,000	Repurpose funds for the department printing and postage needs	2017
January	Medi-Cal	IS-Application Development - Finance Reporting Tool to Great Plains	IS-Application Development - Great Plains Software Upgrade	\$20,000	Re-allocate funds from Finance Reporting Software for Great Plains budget to Great Plains Software Upgrade budget for additional funds are needed to complete the project.	2017
February	Medi-Cal	IS-Application Management - Purchased Services	IS-Application Development - Purchased Services	\$19,320	Re-allocate funds from IS Application Management Purchased Services budget for direct placement fee needed in the Department.	2017
February	Medi-Cal	IS-Application Management - Comp supply/Minor Equip	IS-Infrastructure - Subscriptions	\$30,000	Re-allocate funds from Computer Supply/Minor Equipment for Gartner Subscription needed in the Department.	2017
February	Medi-Cal	IS-Infrastructure - Training & Seminars	IS-Infrastructure - Subscriptions	\$30,000	Re-allocate funds from Training & Seminars for Gartner Subscription needed in the Department.	2017
February	Medi-Cal	IS-Application Management - Training & Seminars	IS-Infrastructure - Subscriptions	\$10,741	Re-allocate funds from Training & Seminars for Gartner Subscription needed in the Department.	2017
February	Medi-Cal	Accounting - Professional Fees	Facilities - Professional Fees	\$17,000	Re-allocate funds from Accounting Financial Audit budget to Facilities Professional Fees budget for consulting services related to restacking and other Facilities projects.	2017
February	Capital	IS-Application Development - Data Warehouse Enterprise Infrastructure Expansion	IS-Application Development - K2 Business Application Workflow Upgrade	\$47,300	Re-allocate funds from Data Warehouse Enterprise Infrastructure Expansion to K2 Business Application Workflow Upgrade for additional funds needed to complete the project.	2017
March	Medi-Cal	IS - Infrastructure - Telephone	IS-Application Management - Maintenance HW/SW	\$29,000	Re-allocate funds from Telephone Budget to HW/SW Maintenance budget for funds needed on Claim Editor Annual Renewal	2017
March	Medi-Cal	IS - Infrastructure - Professional Fees	IS - Infrastructure - Professional Fees	\$14,000	Repurpose funds from miscellaneous consulting/professional services at the Cal Optima Data Center to support upcoming Microsoft 2016 upgrade.	2017
April	Medi-Cal	IS - Application Management - Purchased Services	Cultural & Linguistic Services - Purchased Services	\$85,000	Re-allocate funds from Purchased Services in IS Application Management to Purchased Services in Cultural & Linguistic Services for funds needed in translation/interpreting services.	2017
April	Medi-Cal	Quality Improvement (Medical Management)- Public Activities, Telephone, Minor Equipment/Computer Supplies	Quality Improvement (Medical Management) - Subscriptions	\$11,410	Re-allocate funds to Quality Improvement Subscriptions budget for additional funds needed for AMA subscriptions.	2017

This report summarizes budget transfers between general ledger classes that are greater than \$10,000 and less than \$100,000.  
This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.