

Treasury Group

To: Deborah Kafoury – Chair, Board of County Commissioners
Marissa Madrigal - Chief Operating Officer
Investment Advisory Board Members (IAB)
Eric Arellano – Chief Financial Officer
Jennifer McGuirk - County Auditor

From: Jeff DeCosta, County Treasury

Date: February 14, 2020

Re: Investment Portfolio Results for January 2020

The County Investment Pool's annualized earnings rate for January was 1.93%. This was a seventeen basis point decrease from the previous month's return of 2.10%. The year-to-date rate of return for Fiscal Year 2020 decreased four basis points to 2.20%.

The U.S. Treasury 90-day T-Bill yield at the end of January was 1.55%. No change from the previous month.

The current yield for the State's Local Government Investment Pool is 2.25%.

Nonfarm payrolls increased by 225,000 in January, well above market expectations of 165,000. Annual wage growth increased to 3.1% from 3.0% year over year, with the workweek unchanged at 34.3 hours. Benefitting from the unusually warm weather, job creation was boosted by weather sensitive industries such as construction and leisure/hospitality. Business spending has slowed down significantly despite the corporate tax rate cuts and has now contracted for three consecutive quarters. The latest jobs report gives the Fed more time to stay on the sidelines, but pressures for another rate cut around mid-year should be greater.

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

Monthly Investment Report Multnomah County

January 31, 2020

Total Aggregate Portfolio

Multnomah County | Total Aggregate Portfolio

Month End Commentary - January 2020

Interest rates reacted sharply to the coronavirus outbreak in China and weak growth and inflation data out of Europe. The yield on the two-year Treasury note declined twenty-five basis points during January while the ten-year yield dropped forty-one basis points. The move in yields inverted the curve for the second time this cycle with the three-month Treasury bill yielding three basis points more than the ten-year Treasury. Markets also moved to price in additional easing out of the Federal Reserve as the federal funds futures market is now pricing in two rate cuts over the course of the next twelve months with a rate cut priced into the July 2020 meeting.

The markets got their first look at 4th quarter GDP which indicated the economy grew at a 2.1% pace year-over-year. While the headline number was in-line with market expectations, the underlying data was less robust as personal consumption showed a less cheery holiday consumer that was offset by an unusual 8.7% decline in imports (a decline in imports acts as a boost to GDP). Market participants will be on the lookout for future reads on the health and temperament of the U.S. consumer as consumption has been the main source of growth given the ongoing trade conflict with China and slow growth overseas.

GPA still believes the Fed would like to hold fed funds at its current range of 1.50% to 1.75% for the remainder of 2020. However, the ongoing coronavirus outbreak risks weakening an already fragile global growth picture. Given commentary out of the Fed, inflation data and pricing in the market, the bias to the policy rate is lower rather than higher. GPA continues to suggest fixed income investors maintain portfolio durations neutral to their respective benchmark durations with a bias to add duration selectively. Corporate credit and agency spreads remain very tight due to light issuance and strong demand. We continue to monitor the ongoing economic data and conditions around the coronavirus outbreak to get direction on where interest rates are headed. The last time the curve inverted it took rate cuts out of the Fed to normalize conditions.

Treasury Curve Total Returns Last 12 Months

Treasuries	Total Return
3 month bill	2.22%
1 year note	2.90%
2 year note	3.76%
3 year note	4.98%
5 year note	7.28%

Treasury Benchmark Total Returns In Month

Benchmark	Period Return	YTM	Duration (Years)
ICE BAML 90 Day Bill	0.13%	1.51%	0.24
ICE BAML 0-1 Year Treasury	0.16%	1.60%	0.5
ICE BAML 0-3 Year Treasury	0.42%	1.45%	1.44
ICE BAML 0-5 Year Treasury	0.72%	1.41%	2.15

Changes In The Treasury Market (Absolute Yield Levels)

Treasuries	01/31/2019	11/30/2019	12/31/2019	01/31/2020	1 Month Change	12 Month Change
3 month bill	2.38%	1.57%	1.54%	1.54%	-0.01%	-0.85%
6 month bill	2.45%	1.60%	1.58%	1.52%	-0.05%	-0.93%
2 year note	2.46%	1.61%	1.57%	1.31%	-0.26%	-1.15%
3 year note	2.43%	1.61%	1.61%	1.29%	-0.32%	-1.14%
5 year note	2.44%	1.63%	1.69%	1.31%	-0.38%	-1.12%
10 year note	2.63%	1.78%	1.92%	1.51%	-0.41%	-1.12%

Summary Overview

Multnomah County | Total Aggregate Portfolio

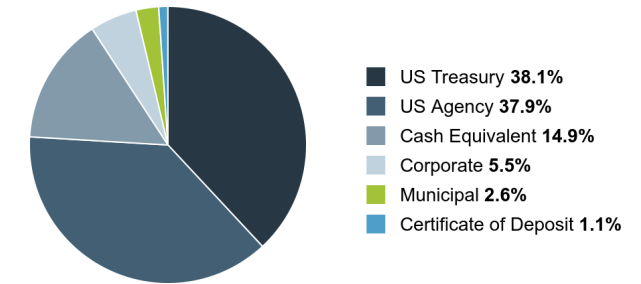


January 31, 2020

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	95,755,897.47
Investments	550,794,356.94
Book Yield	1.941
Effective Duration	0.707
Years to Maturity	0.728
Avg Credit Rating	AAA

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Book Value	Original Cost	Market Value	Net Unrealized Gain (Loss)	Accrued	Yield at Cost	Maturity in Years	Effective Duration	Benchmark
MULTCO-Investment Core	264,567,000.00	264,801,335.65	264,525,461.17	267,242,392.27	2,441,056.61	1,532,189.55	2.275	1.296	1.252	ICE BofA 0-3 Year US Treasury Index
MULTCO-Investment Cash Match	275,000,000.00	274,383,614.79	274,140,099.14	274,450,249.55	66,634.76	566,119.84	1.605	0.433	0.428	ICE BofA 0-1 Year US Treasury Notes & Bonds
MULTCO-Liquidity	95,755,897.47	95,755,897.47	95,755,897.47	95,755,897.47	0.00	0.00	1.985	0.010	0.010	ICE BofA US 1-Month Treasury Bill Index
MULTCO-Certificates of Deposit	6,960,000.00	6,960,000.00	6,960,000.00	6,960,000.00	0.00	43,405.73	1.681	0.212	0.212	ICE BofA 0-1 Year US Treasury Notes & Bonds
Total	642,282,897.47	641,900,847.91	641,381,457.78	644,408,539.29	2,507,691.37	2,141,715.12	1.941	0.726	0.705	

Portfolio Activity

Multnomah County | Total Aggregate Portfolio



January 31, 2020

Accrual Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2019)
Beginning Book Value	698,082,072.95	511,289,997.43
Maturities/Calls	(20,000,000.00)	(401,980,000.00)
Purchases	10,087,637.50	619,806,843.47
Sales	(60,018,156.67)	(100,679,725.28)
Change in Cash Equivalents	13,517,750.58	12,147,185.17
Amortization/Accretion	223,104.26	1,279,752.06
Realized Gain (Loss)	8,439.29	36,795.07
Ending Book Value	641,900,847.91	641,900,847.91

Fair Market Activity Summary

	Month to Date	Fiscal Year to Date (07/01/2019)
Beginning Market Value	700,099,667.93	513,132,828.30
Maturities/Calls	(20,000,000.00)	(401,980,000.00)
Purchases	10,087,637.50	619,806,843.47
Sales	(60,018,156.67)	(100,679,725.28)
Change in Cash Equivalents	13,517,750.58	12,147,185.17
Amortization/Accretion	223,104.26	1,279,752.06
Change in Net Unrealized Gain (Loss)	490,096.39	664,860.50
Net Realized Gain (Loss)	8,439.29	36,795.07
Ending Market Value	644,408,539.29	644,408,539.29

Maturities/Calls	Market Value
Month to Date	(20,000,000.00)
Fiscal Year to Date	(401,980,000.00)

Purchases	Market Value
Month to Date	10,087,637.50
Fiscal Year to Date	619,806,843.47

Sales	Market Value
Month to Date	(60,018,156.67)
Fiscal Year to Date	(100,679,725.28)

Return Management-Income Detail

Multnomah County | Total Aggregate Portfolio

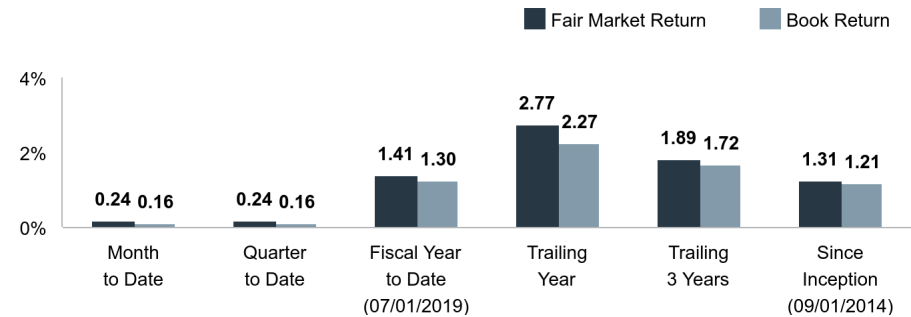


January 31, 2020

Accrued Book Return

	Month to Date	Fiscal Year to Date (07/01/2019)
Amortization/Accretion	223,104.26	1,279,752.06
Interest Earned	877,621.27	7,563,326.57
Realized Gain (Loss)	8,439.29	36,795.07
Book Income	1,109,164.82	8,879,873.70
Average Portfolio Balance	677,895,449.29	689,533,978.28
Book Yield	1.941	1.941

Return Comparisons



Fair Market Return

	Month to Date	Fiscal Year to Date (07/01/2019)
Market Value Change	490,096.39	664,860.50
Amortization/Accretion	223,104.26	1,279,752.06
Interest Earned	877,621.27	7,563,326.57
Fair Market Earned Income	1,590,821.93	9,507,939.13
Average Portfolio Balance	677,895,449.29	689,533,978.28
Fair Market Return for Period	0.24%	1.41%

Interest Income

	Month to Date	Fiscal Year to Date (07/01/2019)
Beginning Accrued Interest	2,309,720.04	1,709,405.79
Coupons Paid	861,764.28	7,793,881.57
Purchased Accrued Interest	79,474.21	1,035,500.15
Sold Accrued Interest	(263,336.12)	(372,635.82)
Ending Accrued Interest	2,141,715.12	2,141,715.12
Interest Earned	877,621.27	7,563,326.57

Security Type Distribution

Multnomah County | Total Aggregate Portfolio

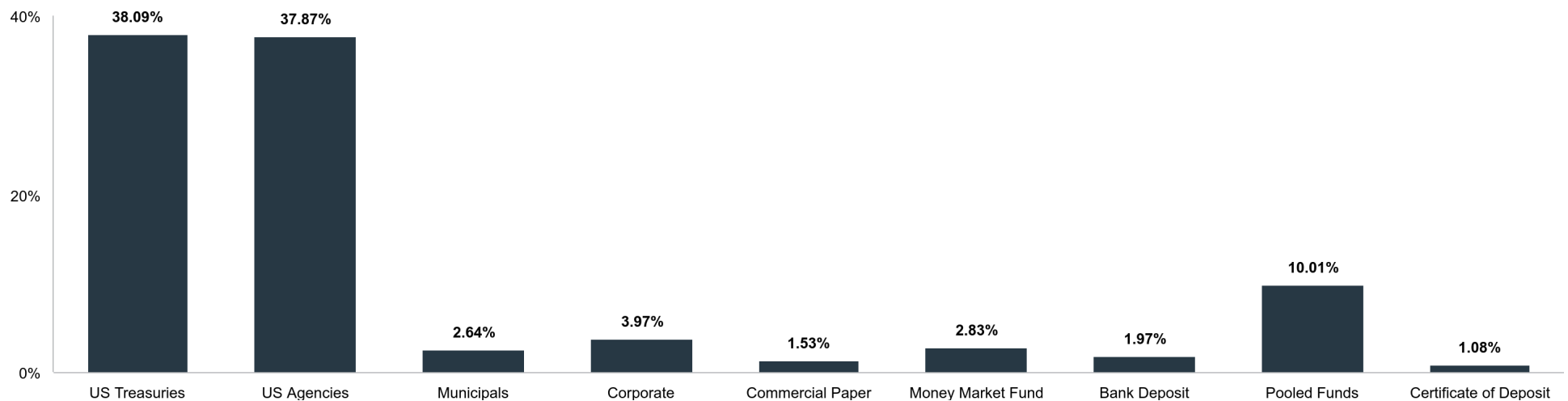


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Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value	% of Market Value
US Treasuries	245,000,000.00	1.771	246,251,332.48	38.09%
US Agencies	243,017,000.00	2.039	244,835,752.23	37.87%
Municipals	16,550,000.00	2.371	17,101,233.51	2.64%
Corporate	25,000,000.00	2.289	25,694,785.86	3.97%
Commercial Paper	10,000,000.00	1.880	9,907,847.12	1.53%
Money Market Fund	18,284,737.14	1.650	18,284,737.14	2.83%
Bank Deposit	12,733,236.21	1.122	12,733,236.21	1.97%
Pooled Funds	64,737,924.12	2.250	64,737,924.12	10.01%
Certificate of Deposit	6,960,000.00	1.683	7,003,405.73	1.08%
Total	642,282,897.47	1.941	646,550,254.41	100.00%

Security Type Distribution



Risk Management-Credit/Issuer

Multnomah County | Total Aggregate Portfolio

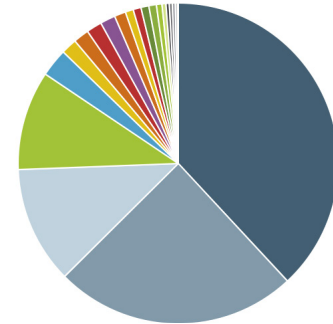


January 31, 2020

Credit Rating S&P/Moody's/Fitch

	Market Value	%
S&P		
A-1+	159,212,386.67	28.91
AA	1,009,385.00	0.18
AA+	354,188,437.65	64.31
AA-	7,197,875.50	1.31
AAA	22,182,866.38	4.03
NA	7,003,405.73	1.27
Moody's		
Aa1	12,748,301.67	2.31
Aa2	10,298,189.17	1.87
Aa3	2,016,652.00	0.37
Aaa	359,515,421.70	65.27
NA	7,003,405.73	1.27
P-1	159,212,386.67	28.91
Fitch		
AA	6,190,608.50	1.12
AA+	15,002,889.05	2.72
AA-	2,016,652.00	0.37
AAA	341,782,545.16	62.05
F1+	149,304,539.55	27.11
NA	36,497,122.68	6.63
Total	550,794,356.94	100.00

Issuer Concentration



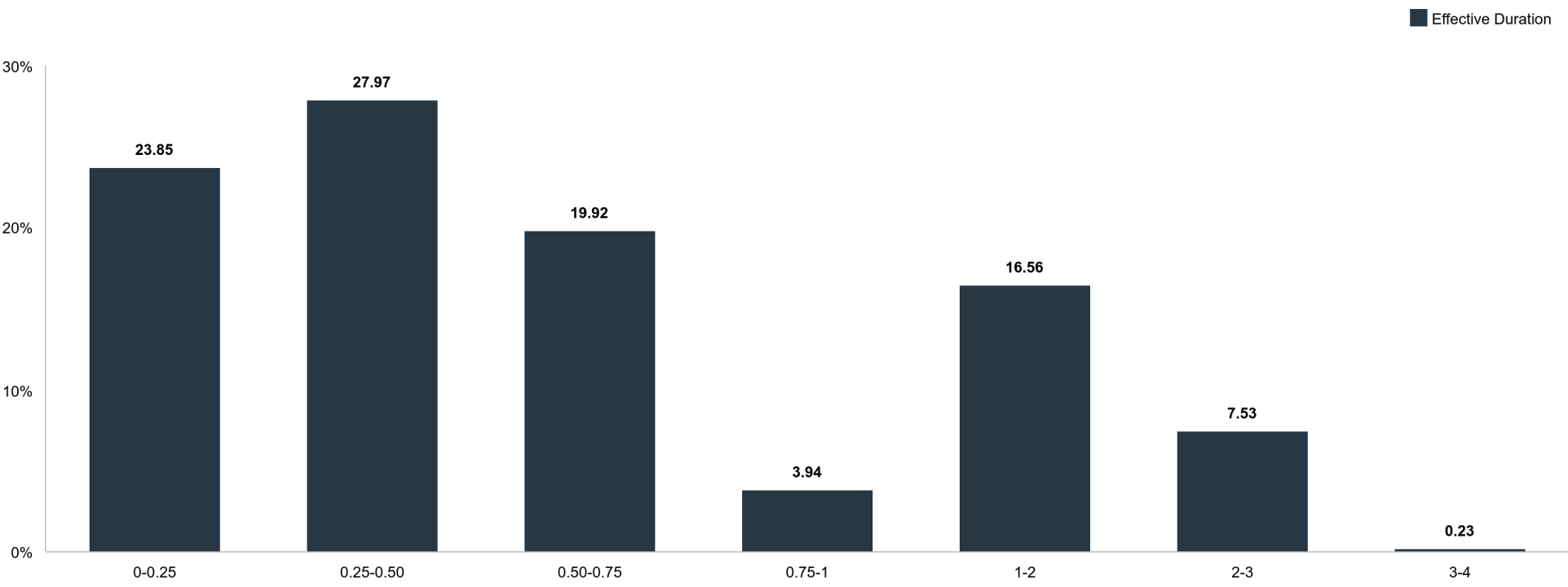
United States	38.1%
Federal Home Loan Banks	24.5%
Farm Credit System	11.8%
OREGON SHORT TERM FUND	10.0%
UMPQUA BANK MONEY FUND	2.8%
Microsoft Corporation	1.6%
Apple Inc.	1.6%
Freddie Mac	1.6%
Toyota Motor Corporation	1.5%
WASHINGTON FEDERAL DEPOSIT	1.1%
Metro Ore	0.8%
Royal Bank of Canada	0.8%
Oregon State Department of Administrative Services	0.8%
JP Morgan Chase	0.8%
BANK OF AMERICA DEPOSIT	0.6%
State of Oregon	0.4%
State Of Washington	0.3%
State of California	0.3%
Other	0.3%
WILLAMETTE COMMUNITY DEPOSIT	0.3%
Umpqua Bank	0.0%

Risk Management-Maturity/Duration

Multnomah County | Total Aggregate Portfolio

0.71 Yrs	Effective Duration	0.73 Yrs	Years to Maturity	265	Days to Maturity
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Distribution by Effective Duration



Holdings by Maturity & Ratings

Multnomah County | Total Aggregate Portfolio

Maturity Date	Cusip	Par Amount	Coupon	Security Name	Call Date	Settlement Date	Book Yield	Yield to Maturity	% of Assets	Years to Maturity	Eff Duration	S&P	Moody	Fitch
01/31/2020	MULT_BA_DEP	3,557,022.50	0.010	BANK OF AMERICA DEPOSIT			0.010		0.55	0.010	0.010	NA	NA	NA
01/31/2020	OSTF_LGIP	64,737,924.12	2.250	OREGON SHORT TERM FUND			2.250		10.01	0.010	0.010	NA	NA	NA
01/31/2020	MULT_UMP_MMF	18,284,737.14	1.650	UMPQUA BANK MONEY FUND			1.650		2.83	0.010	0.010	NA	NA	NA
01/31/2020	MULT_USB_DEP	192,043.08	0.010	US BANK DEPOSIT		06/28/2019	0.010		0.03	0.010	0.010	NA	NA	NA
01/31/2020	MULT_WAFED_DEP	7,359,438.94	1.550	WASHINGTON FEDERAL DEPOSIT			1.550		1.14	0.010	0.010	NA	NA	NA
01/31/2020	MULT_WLMT_DEP	1,624,731.69	1.750	WILLAMETTE COMMUNITY DEPOSIT			1.750		0.25	0.010	0.010	NA	NA	NA
02/16/2020	MULT-SYS7508	245,000.00	2.000	Pacific West Bank		08/16/2018	2.000	0.000	0.04	0.040	0.040	NA	NA	NA
03/11/2020	MULT-SYS7585	5,000,000.00	1.540	JP Morgan Chase		12/12/2019	1.540	1.540	0.77	0.110	0.110	NA	NA	NA
03/15/2020	MULT-SYS7506	245,000.00	1.900	Northwest Community Credit Union		08/15/2018	1.900	0.000	0.04	0.120	0.120	NA	NA	NA
03/26/2020	912796SH3	20,000,000.00	0.000	United States		12/23/2019	1.562	1.459	3.09	0.151	0.150	A-1+	P-1	F1+
04/01/2020	68607VZ32	1,550,000.00	2.448	Oregon State Department of Administrative Services		04/11/2019	2.448	1.700	0.24	0.167	0.166	AAA	Aa2	NA
04/16/2020	912796TR0	20,000,000.00	0.000	United States		12/23/2019	1.545	1.495	3.08	0.208	0.207	A-1+	P-1	F1+
05/01/2020	68608VDQ4	1,000,000.00	2.678	Oregon State Department of Administrative Services		03/21/2019	2.676	1.587	0.16	0.249	0.249	AA	Aa2	AA
05/15/2020	3133EJNW5	10,000,000.00	2.550	Farm Credit System		05/21/2018	2.647	1.531	1.56	0.287	0.288	AA+	Aaa	AAA
05/20/2020	MULT-SYS7521	245,000.00	2.800	Umpqua Bank		11/20/2018	2.800	0.000	0.04	0.300	0.300	NA	NA	NA
05/29/2020	313384XL8	65,000,000.00	0.000	Federal Home Loan Banks		12/20/2019	1.567	1.564	10.00	0.326	0.323	A-1+	P-1	F1+
06/15/2020	313384YD5	45,000,000.00	0.000	Federal Home Loan Banks		12/20/2019	1.567	1.570	6.92	0.372	0.369	A-1+	P-1	F1+
06/29/2020	3130ABPV2	10,000,000.00	1.690	Federal Home Loan Banks	03/29/2020	07/20/2017	1.707	1.565	1.55	0.411	0.245	AA+	Aaa	AAA
07/05/2020	MULT-SYS7567	245,000.00	2.250	Premier Community Bank		08/05/2019	2.250	2.250	0.04	0.420	0.420	NA	NA	NA
07/15/2020	912828J8	20,000,000.00	1.500	United States		12/19/2019	1.602	1.559	3.09	0.454	0.453	AA+	Aaa	AAA
07/24/2020	MULT-SYS7564	245,000.00	2.670	Unitus Community CU		07/24/2019	2.670	0.000	0.04	0.470	0.470	NA	NA	NA
07/30/2020	89233GGW0	10,000,000.00	0.000	Toyota Motor Corporation		12/19/2019	1.880	1.833	1.53	0.496	0.507	A-1+	P-1	NA
07/31/2020	912828XM7	20,000,000.00	1.625	United States		02/12/2019	2.494	1.594	3.09	0.498	0.496	AA+	Aaa	AAA
07/31/2020	912828VP2	20,000,000.00	2.000	United States		12/19/2019	1.603	1.606	3.10	0.498	0.496	AA+	Aaa	AAA
08/15/2020	MULT-SYS7568	245,000.00	2.000	Willamette Community Bank		08/15/2019	2.000	2.000	0.04	0.530	0.530	NA	NA	NA

Holdings by Maturity & Ratings

Multnomah County | Total Aggregate Portfolio

Maturity Date	Cusip	Par Amount	Coupon	Security Name	Call Date	Settlement Date	Book Yield	Yield to Maturity	% of Assets	Years to Maturity	Eff Duration	S&P	Moody	Fitch
08/31/2020	912828VV9	20,000,000.00	2.125	United States		12/19/2019	1.632	1.607	3.13	0.583	0.570	AA+	Aaa	AAA
09/11/2020	313370US5	8,000,000.00	2.875	Federal Home Loan Banks		12/21/2018	2.709	1.610	1.26	0.613	0.599	AA+	Aaa	AAA
09/15/2020	9128282V1	20,000,000.00	1.375	United States		12/19/2019	1.625	1.565	3.11	0.624	0.613	AA+	Aaa	AAA
09/28/2020	3130ACE26	5,000,000.00	1.375	Federal Home Loan Banks		06/29/2018	2.646	1.585	0.78	0.660	0.650	AA+	Aaa	AAA
09/29/2020	3137EAEJ4	10,000,000.00	1.625	Freddie Mac		05/24/2018	2.681	1.607	1.56	0.663	0.652	AA+	Aaa	AAA
09/30/2020	9128285B2	10,000,000.00	2.750	United States		03/27/2019	2.336	1.590	1.57	0.665	0.652	AA+	Aaa	AAA
09/30/2020	912828VZ0	25,000,000.00	2.000	United States		09/30/2019	1.814	1.583	3.90	0.665	0.654	AA+	Aaa	AAA
10/15/2020	9128282Z2	20,000,000.00	1.625	United States		12/12/2019	1.619	1.568	3.11	0.706	0.695	AA+	Aaa	AAA
11/14/2020	MULT-SYS7581	245,000.00	0.700	Summit Bank		11/15/2019	0.700	0.700	0.04	0.780	0.780	NA	NA	NA
11/30/2020	912828A42	15,000,000.00	2.000	United States		09/12/2019	1.810	1.543	2.34	0.832	0.819	AA+	Aaa	AAA
01/29/2021	3133EJAW9	10,000,000.00	2.250	Farm Credit System		02/21/2018	2.464	1.572	1.56	0.997	0.981	AA+	Aaa	AAA
02/12/2021	3133EJCE7	10,000,000.00	2.350	Farm Credit System		04/26/2018	2.722	1.528	1.58	1.033	1.006	AA+	Aaa	AAA
03/01/2021	3133EJEM7	10,000,000.00	2.500	Farm Credit System		04/16/2018	2.576	1.346	1.58	1.079	1.058	AA+	Aaa	AAA
03/18/2021	MULT-SYS7573	245,000.00	2.000	Homestreet Bank		09/18/2019	2.000	2.000	0.04	1.120	1.120	NA	NA	NA
04/01/2021	68607VZ40	2,500,000.00	2.450	Oregon State Department of Administrative Services		04/11/2019	2.450	1.663	0.39	1.164	1.139	AAA	Aa2	NA
04/15/2021	9128284G2	10,000,000.00	2.375	United States		03/27/2019	2.286	1.481	1.57	1.203	1.179	AA+	Aaa	AAA
05/06/2021	037833AR1	5,000,000.00	2.850	Apple Inc.		03/15/2018	2.852	1.531	0.79	1.260	1.234	AA+	Aa1	NA
06/01/2021	13032UUY2	2,000,000.00	1.896	State of California		11/25/2019	1.896	1.527	0.31	1.331	1.309	AA-	Aa3	AA-
06/11/2021	313373ZY1	15,000,000.00	3.625	Federal Home Loan Banks		07/31/2018	2.842	1.435	2.40	1.359	1.326	AA+	Aaa	AAA
08/31/2021	912828YC8	20,000,000.00	1.500	United States		11/15/2019	1.666	1.404	3.12	1.580	1.547	AA+	Aaa	AAA
10/19/2021	3133EJK24	10,000,000.00	3.000	Farm Credit System		10/30/2018	2.963	1.370	1.60	1.715	1.662	AA+	Aaa	AAA
10/31/2021	912828YP9	5,000,000.00	1.500	United States		01/17/2020	1.589	1.370	0.78	1.747	1.713	AA+	Aaa	AAA
11/15/2021	68607DTS4	500,000.00	1.798	State of Oregon		11/20/2019	1.798	1.412	0.08	1.789	1.751	AAA	Aa1	AA+
02/01/2022	78012KZG5	5,000,000.00	2.750	Royal Bank of Canada		01/17/2020	1.792	1.603	0.80	2.003	1.919	AA-	Aa2	AA
02/06/2022	594918BW3	10,000,000.00	2.400	Microsoft Corporation	01/06/2022	08/08/2019	1.776	1.513	1.59	2.016	1.863	AAA	Aaa	AA+
05/11/2022	037833CQ1	5,000,000.00	2.300	Apple Inc.	04/11/2022	12/05/2018	3.265	1.579	0.79	2.274	2.123	AA+	Aa1	NA
06/01/2022	59163PKE2	5,000,000.00	3.500	Metro Ore		05/15/2019	2.399	1.508	0.81	2.331	2.234	AAA	Aaa	NA
06/10/2022	313379Q69	10,000,000.00	2.125	Federal Home Loan Banks		07/25/2019	1.857	1.362	1.58	2.356	2.291	AA+	Aaa	AAA
06/14/2022	3133EKRD0	10,017,000.00	1.875	Farm Credit System		07/12/2019	1.920	1.441	1.57	2.367	2.307	AA+	Aaa	AAA
08/01/2022	93974CRA0	2,000,000.00	4.369	State Of Washington		06/21/2018	2.999	1.494	0.34	2.498	2.334	AA+	Aaa	AA+
09/06/2022	3133EKPC4	15,000,000.00	2.125	Farm Credit System		07/19/2019	1.923	1.454	2.38	2.597	2.502	AA+	Aaa	AAA

Holdings by Maturity & Ratings

Multnomah County | Total Aggregate Portfolio

Maturity Date	Cusip	Par Amount	Coupon	Security Name	Call Date	Settlement Date	Book Yield	Yield to Maturity	% of Assets	Years to Maturity	Eff Duration	S&P	Moody	Fitch
11/15/2022	68607DTT2	500,000.00	1.855	State of Oregon		11/20/2019	1.855	1.271	0.08	2.789	2.705	AAA	Aa1	AA+
11/15/2023	68607DTU9	1,500,000.00	1.946	State of Oregon		11/20/2019	1.946	1.837	0.23	3.789	3.625	AAA	Aa1	AA+
Total		642,282,897.47	1.560				1.938	1.536	100.00	0.721	0.701	AA+	Aaa	AAA