

# Quarterly Investment Report

March 31, 2017

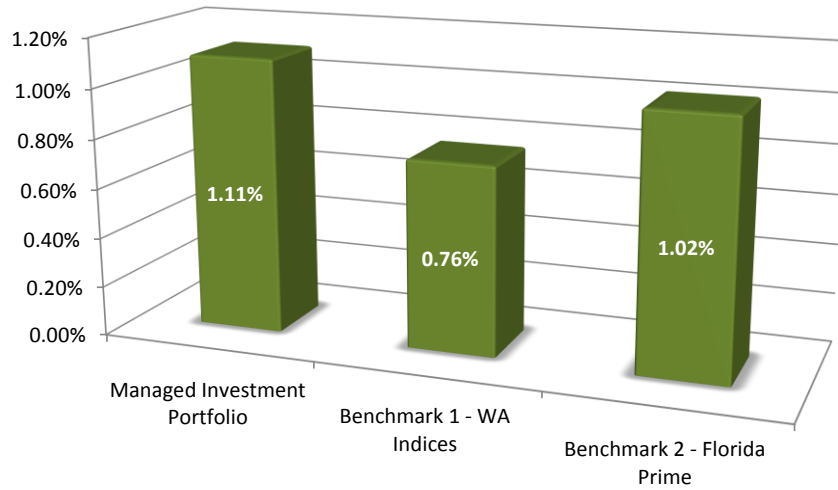


prepared by Cash Management Department

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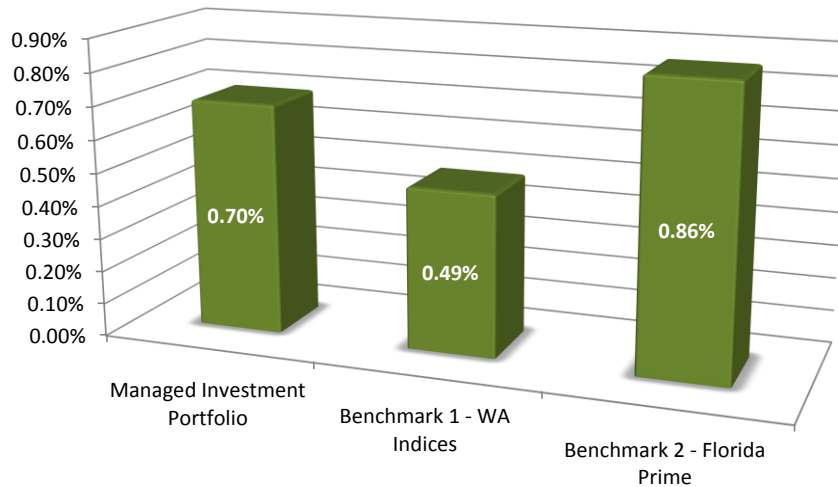
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### Yield Comparison March 31, 2017



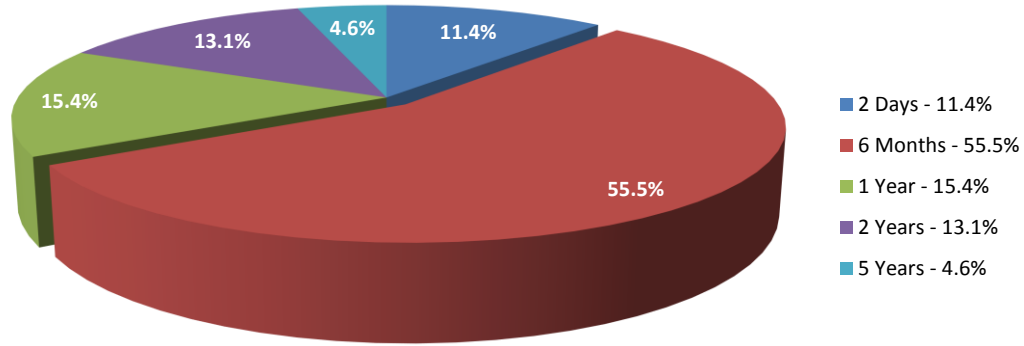
The yield on the district's managed investment program was 1.11% for the quarter ended March 31, 2017.

### Yield Comparison Year to Date through March 31, 2017



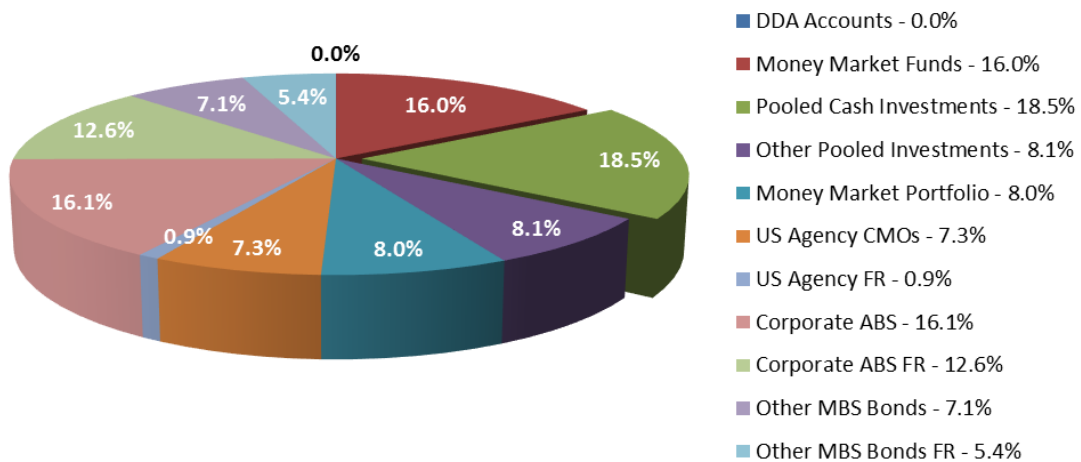
The yield on the district's managed investment program was 0.70% for the fiscal year ended March 31, 2017.

### Investments by Duration March 31, 2017



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

### Investments by Type March 31, 2017



The above chart breaks down the district’s portfolio by investment type. For example, the largest category is Pooled Cash Investments representing 18.5% of the portfolio.

<b>Portfolio Assets</b>	<b>3/31/17</b>	<b>6/30/16</b>	
Investment in U.S. Treasury and Agency Securities:			
Investments (securities at market value)	\$249,399,999	\$202,483,371	
Other Pooled Investments	35,330,950	32,114,690	
State Board of Administration Fund B	0	38,381	
Accrued Interest Receivable and Prepaid Interest	559,962	443,507	
<b>Total U.S. Treasury and Agency Securities</b>	<b>\$285,290,910</b>	<b>\$235,079,949</b>	
Cash Investments			
Money market funds	69,391,447	6,594,056	
Pooled Cash Investments	80,222,180	0	
Bank accounts (DDA & MMA)	48,346	6,726,605	
<b>Total Cash Investments</b>	<b>\$149,661,973</b>	<b>\$13,320,662</b>	
<b>Total Managed Investment Portfolio Value</b>	<b>\$434,952,883</b>	<b>\$248,400,610</b>	
	<b>Quarter End</b>	<b>Y-T-D</b>	<b>Prior Year</b>
	<b>3/31/17</b>	<b>3/31/17</b>	<b>6/30/16</b>
<b>Portfolio Income</b>			
Interest Earned			
U.S. Government Securities & Other Pooled Accounts	1,484,027	2,383,423	5,641,219
Money Market Funds	408,838	626,888	25,941
Bank Accounts	0	0	30,051
<b>Total Interest Earned</b>	<b>1,892,865</b>	<b>3,010,311</b>	<b>5,697,211</b>
Net increase/(decrease) in fair value of investments - Note 2	(630,748)	(1,302,637)	(1,761,967)
<b>Total Managed Investment Portfolio Earnings</b>	<b>\$1,262,117</b>	<b>\$1,707,673</b>	<b>\$3,935,244</b>
	<b>Quarter End</b>	<b>Y-T-D</b>	<b>Prior Year</b>
	<b>3/31/17</b>	<b>3/31/17</b>	<b>6/30/16</b>
<b>Yield Comparison - Page 5</b>			
<i>Managed Investment Portfolio</i>			
Annualized Rate of Return	1.11%	0.70%	0.95%
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>			
Annualized Rate of Return	0.76%	0.49%	0.31%
<b>Managed Investment Portfolio Yield vs. Benchmark 1</b>	<b>0.35%</b>	<b>0.21%</b>	<b>0.64%</b>
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>			
Annualized Rate of Return	1.02%	0.86%	0.18%
<b>Managed Investment Portfolio Yield vs. Benchmark 2</b>	<b>0.09%</b>	<b>-0.16%</b>	<b>0.77%</b>

Pinellas County Schools  
Quarterly Investment Report

March 31, 2017  
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
<b>Money Market Portfolio</b>									
ANGLES 0% 06/17	0347M2TP1	19,950,309	19,950,309	0	0	\$19,950,309	P-1	0.23	4.6%
BYLNNG 0% 06/17	07274LTM9	14,961,630	14,961,630	0	0	\$14,961,630	P-1	0.22	3.4%
subtotal		\$34,911,939	\$34,911,939	\$0	\$0	\$34,911,939	P-1	0.23	8.0%
<b>US Agency CMOs</b>									
FHMS K711 A2	3137AVE86	20,118,750	19,966,200	(152,550)	28,833	\$19,995,033	Aaa	2.09	4.6%
GNR 13-130 JA	38378UBS5	11,703,801	11,727,538	23,736	24,078	\$11,751,616	Aaa	1.24	2.7%
subtotal		\$31,822,551	\$31,693,738	(\$128,814)	\$52,912	\$31,746,649	AAA	1.78	7.3%
<b>US Agency FR</b>									
FNR 07-114 A6	31396X3Q5	3,966	3,973	7	47	\$4,020	Aaa	0.00	0.0%
FNR 04-79 FP	31394BFD1	3,982,697	3,978,200	(4,498)	848	\$3,979,048	Aaa	0.23	0.9%
subtotal		\$3,986,663	\$3,982,173	(\$4,491)	\$896	\$3,983,068	AAA	0.23	0.9%
<b>Corporate ABS</b>									
2014-5 A2	02005AER5	20,355,050	20,308,667	(46,383)	14,428	\$20,323,095	Aaa	0.54	4.7%
2014-4 B	03065JAE4	16,455,343	16,445,428	(9,915)	19,593	\$16,465,021	AAA	0.81	3.8%
CNH 14-A A4	12591BAD7	10,025,722	10,005,100	(20,622)	6,667	\$10,011,767	Aaa	1.07	2.3%
FORDF 12-5 A	34528QBY9	23,070,669	23,010,350	(60,319)	15,231	\$23,025,581	Aaa	0.45	5.3%
subtotal		\$69,906,783	\$69,769,545	(\$137,239)	\$55,920	\$69,825,464	AAA	0.65	16.1%
<b>Corporate ABS FR</b>									
AMOT 15-2 A1	02005AFD5	15,017,528	15,060,300	42,773	9,492	\$15,069,792	Aaa	0.21	3.5%
2014-5 A1	02005AEQ7	10,028,125	10,010,800	(17,325)	5,950	\$10,016,750	AAA	0.21	2.3%
FORDF 14-2 A	34528QDA9	10,899,679	10,946,242	46,563	7,264	\$10,953,506	Aaa	0.21	2.5%
FORDF 2014-4 A2	34528QDM3	10,514,662	10,507,770	(6,892)	5,041	\$10,512,811	AAA	0.21	2.4%
NGN 2010-R3 1A	62888WAA4	8,355,463	8,330,344	(25,118)	7,085	\$8,337,430	Aaa	0.19	1.9%
subtotal		\$54,815,456	\$54,855,456	\$40,000	\$34,832	\$54,890,288	AAA	0.21	12.6%

Pinellas County Schools  
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March 31, 2017  
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
<b>Other MBS Bonds</b>									
JPMCC 04-LN2 A2	46625YCV3	293,056	286,623	(6,433)	1,224	\$287,846	Aaa	0.16	0.1%
JPMCC 07-CB20A4	46631QAD4	16,690,273	16,498,718	(191,556)	79,042	\$16,577,760	Aaa	0.23	3.8%
LBUBS 08-C1 A2	50180LAC4	14,235,430	14,011,422	(224,008)	39,468	\$14,050,890	Aaa	0.72	3.2%
subtotal		\$31,218,759	\$30,796,762	(\$421,997)	\$119,735	\$30,916,497	AAA	0.45	7.1%
<b>Other MBS Bonds FR</b>									
SBA 522179	83165AUC6	7,170,068	7,042,810	(127,258)	48,064	\$7,090,874	Aaa	0.43	1.6%
SBA 522328	83165AYZ1	16,512,304	16,347,576	(164,728)	112,379	\$16,459,954	Aaa	0.56	3.8%
subtotal		\$23,682,372	\$23,390,386	(\$291,986)	\$160,442	\$23,550,828	AAA	0.52	5.4%
<b>Cash, MMFs, &amp; Investment Pools</b>									
Bank Accounts <sup>1</sup>	N/A	48,346	48,346	0	0	48,346	NR	1d	0.0%
Money Market Funds <sup>1</sup>	N/A	69,382,613	69,391,447	8,834	14,029	69,405,476	AAAam	32d	16.0%
FL FIT (CP Portfolio) <sup>1</sup>	140021420B	80,222,180	80,222,180	0	0	80,222,180	AA	120d	18.5%
FL FIT (1-3 Yr Portfolio)	140021420	35,415,089	35,330,950	(84,139)	0	35,330,950	AA	1.65	8.1%
subtotal		\$185,068,228	\$184,992,922	(\$75,305)	\$14,029	\$185,006,952	AA-	1.65	42.6%
Managed Investment Program		\$435,412,752	\$434,392,921	(\$1,019,831)	\$438,765	\$434,831,686	AAA-	0.82	

<sup>1</sup>Figure shown is Weighted Average Maturity, or WAM, instead of Modified Duration  
Unrealized Gain/Loss as a percent of total market value:

-0.23%

	<b>Quarter End 3/31/17</b>	<b>Y-T-D 3/31/17</b>	<b>Prior Year 6/30/16</b>
Average Invested Value of Managed Investment Portfolio	\$461,912,320	\$325,532,993	\$415,617,146
<b>Managed Investment Portfolio Yield</b>			
Total Managed Investment Portfolio Earnings	\$1,262,117	\$1,707,673	\$3,935,244
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	<b>1.11%</b>	<b>0.70%</b>	<b>0.95%</b>
<b>Benchmark 1 - Weighted Average of Comparable Indices</b>			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/17			1,295,583
Quarter Ended 3/31/17	865,230	865,230	
Quarter Ended 12/31/16		103,736	
Quarter Ended 9/30/16		230,970	
Total Pro Forma Benchmark 1 Earnings	\$865,230	\$1,199,936	\$1,295,583
<i>Benchmark 1 Annualized Rate Of Return</i>	<b>0.76%</b>	<b>0.49%</b>	<b>0.31%</b>
<b>Benchmark 2 - Florida Prime (SBA LGIP)</b>			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/17			554,804
Quarter Ended 3/31/17	1,157,361	1,157,361	
Quarter Ended 12/31/16		532,358	
Quarter Ended 9/30/16		410,737	
Total Pro Forma Benchmark 2 Earnings	\$1,157,361	\$2,100,456	\$554,804
<i>Benchmark 2 Annualized Rate Of Return</i>	<b>1.02%</b>	<b>0.86%</b>	<b>0.18%</b>
<b>Earnings Comparison</b>			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	<b>0.35%</b>	<b>0.21%</b>	<b>0.64%</b>
Managed Investment Portfolio vs. Benchmark 2	<b>0.09%</b>	<b>-0.16%</b>	<b>0.77%</b>
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	<b>\$396,887</b>	<b>\$507,738</b>	<b>\$2,639,661</b>
Managed Investment Portfolio vs. Benchmark 2	<b>\$104,756</b>	<b>(\$392,782)</b>	<b>\$3,380,440</b>



**Note 1 – Securities Valuation**

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

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

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

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

<b>March 31, 2017</b>	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	(133,410)	(22,926)	(4,736,553)
MV Adjustment for Period	(497,338)	(1,279,711)	2,974,586
Net Incr/(Decr) in fair value of investments	<u>(630,748)</u>	<u>(1,302,637)</u>	<u>(1,761,967)</u>

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

For the fiscal year-to-date, the Managed Investment Portfolio’s (MIP) earnings were less than the State Board of Administration’s (SBA) local government investment pool by (\$392,782). Since August 1992, the MIP’s cumulative earnings were over the SBA by 34,626,205.

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

The district’s MIP currently has an unrealized loss of \$1,019,831. This figure has been netted against interest income. If the district’s bonds were priced at par (100) as of March 31, 2017, the district’s cumulative earnings over the SBA would be \$35,646,036.

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

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

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

### Credit Risk

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. The district has \$124,625,001 in corporate asset-backed securities. The credit enhancements, short duration, and high ratings of these bonds demonstrate the safety and liquidity of these bonds. Securities in the Exempt category include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. The non-compliant category consists of the district's investment in SBA Fund B accounts. This investment is frozen by the SBA. Money is distributed as the investments in the fund return principal or mature.

#### Credit Risk

Investment Category	Market Value	Average Rating
Cash	\$184,992,922	AA-
Money Market Portfolio	\$34,911,939	P-1
US Agency CMOs	\$31,693,738	AAA
US Agency FR	\$3,982,173	AAA
Corporate ABS	\$69,769,545	AAA
Corporate ABS FR	\$54,855,456	AAA
Other MBS Bonds	\$30,796,762	AAA
Other MBS Bonds FR	\$23,390,386	AAA
<b>Portfolio</b>	<b>\$434,392,921</b>	<b>AAA-</b>

### Concentration of Credit Risk

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

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

### Concentration of Credit Risk

Issuer	Percent of Total	Market Value	Issuer Full Name
EX	42.59%	\$184,992,922	Exempt
ALLY	10.45%	45,379,767	ALLY Master Owner Trust
FORDF	10.24%	44,464,362	Ford Credit Floorplan Master O
SBAD	5.38%	23,390,386	Small Business Administration

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

Issuer	CUSIP	Market Value	Description
FORDF	34528QBY9	23,010,350.00	FORDF 12-5 A
ALLY	02005AER5	20,308,666.80	2014-5 A2
SBAD	83165AYZ1	16,347,575.61	SBA 522328
ALLY	02005AFD5	15,060,300.00	AMOT 15-2 A1
FORDF	34528QDA9	10,946,242.16	FORDF 14-2 A
FORDF	34528QDM3	10,507,770.00	FORDF 2014-4 A2
ALLY	02005AEQ7	10,010,800.00	2014-5 A1
SBAD	83165AUC6	7,042,810.21	SBA 522179

### Interest Rate Risk

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

### Modified Duration Risk

Modified duration expresses the amount of time in years until half of the principal is returned. This calculation takes into account the coupon rate, interest and principal payment frequency, call options, and sensitivity of price to changes in interest rates. Factors that extend the return of principal, or make it more time uncertain, increase the duration. Factors that quicken the return of principal, or make it more time certain, decrease the duration. Duration will also change as the level of interest rates in the economy rise and fall. With the current level of interest rates, the above table indicates that the district will receive 50% of invested principal in 0.82 years, or 9.84 months.

### Floating/Adjustable Interest Rate Risk

The district currently has \$82,228,015 invested in securities with floating or adjustable interest rate risk. \$82,228,015 is invested in floating rate bonds. The coupon on these bonds resets monthly, or quarterly, based on an index rate. The coupons on these bonds range from 0.41% to 4.38%.

### Call Option Risk

There are three types of call options, "one-time" calls, "discrete" calls and "continuous" calls. These are listed in order of increasing risk. A one-time call means that at one specified time before maturity, the issuer of a bond has the option to call the bond, or buy it back from investors. A discrete call means that at specific times, usually either quarterly or semi-annually, before maturity, the issuer can call the bond. A continuous call means that starting at a specified point in time, usually an interest payment date, and at any time thereafter, up to the maturity date, the issuer can call the bond. The district currently has no callable bonds.

**MBS/ABS Prepayment Risk**

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

The duration on the District's portfolio ranges from 0 years to 2.09 years. The duration on the District's ABS/MBS bonds ranges from 0.16 years to 2.09 years.

**Interest Rate Risk**

<b>Investment Category</b>	<b>Market Value</b>	<b>Mod. Dur.</b>
Exempt	\$149,661,973	0.18
Investment Pool	\$35,330,950	1.65
Money Market Portfolio	\$34,911,939	0.23
US Agency CMOs	\$31,693,738	1.78
US Agency FR	\$3,982,173	0.23
Corporate ABS	\$69,769,545	0.65
Corporate ABS FR	\$54,855,456	0.21
Other MBS Bonds	\$30,796,762	0.45
Other MBS Bonds FR	\$23,390,386	0.52
<b>Portfolio</b>	<b>\$434,392,921</b>	<b>0.82</b>