

# Quarterly Investment Report

June 30, 2019

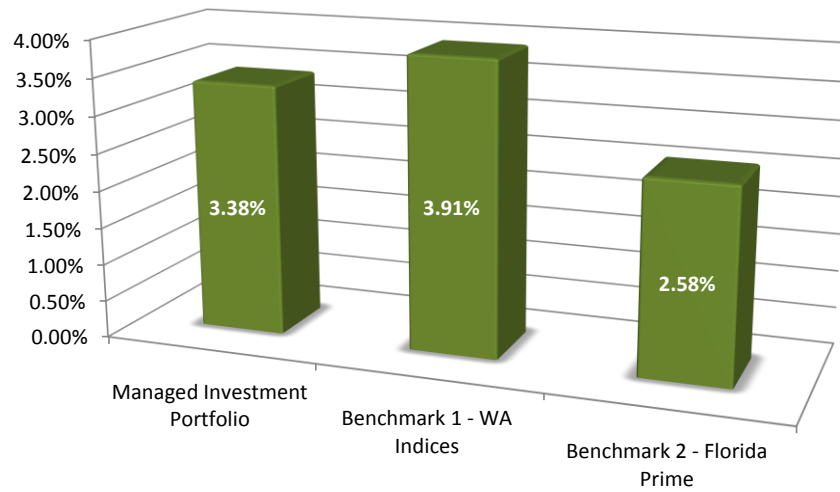


prepared by Cash Management Department

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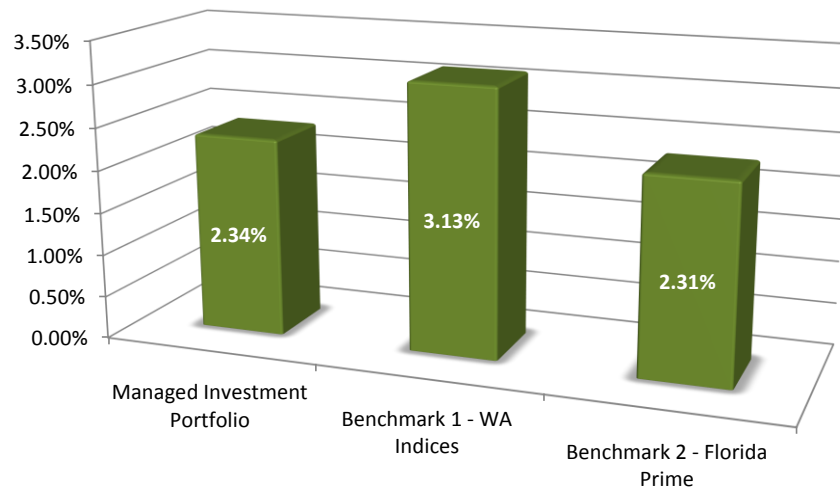
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### Yield Comparison June 30, 2019



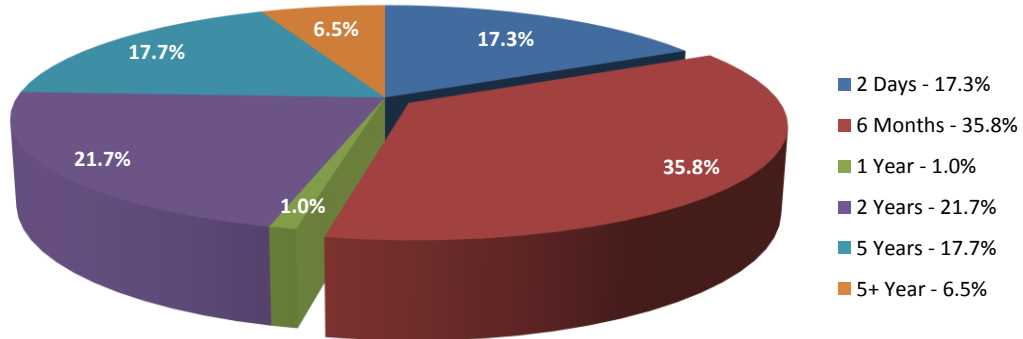
The yield on the district's managed investment program was 3.38% for the quarter ended June 30, 2019.

### Yield Comparison Year to Date through June 30, 2019



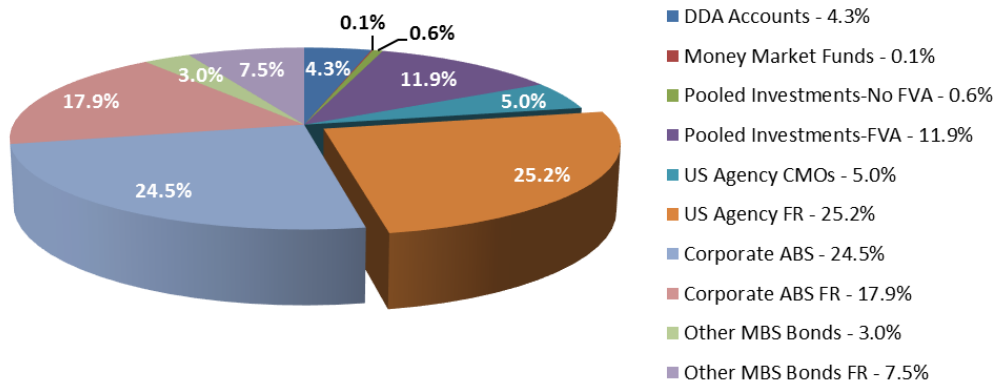
The yield on the district's managed investment program was 2.34% for the fiscal year ended June 30, 2019.

### Investments by Duration June 30, 2019



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

### Investments by Type June 30, 2019



The above chart breaks down the district’s portfolio by investment type. For example, the largest category is US Agency FR representing 25.2% of the portfolio.

<b>Portfolio Assets</b>	<b>6/30/19</b>			<b>6/30/18</b>
Investment in U.S. Treasury and Agency Securities:				
Investments (securities at market value)	\$250,850,019			\$208,878,831
Other Pooled Investments	35,901,108			35,405,452
Accrued Interest Receivable and Prepaid Interest	672,263			456,833
<b>Total U.S. Treasury and Agency Securities</b>	<b>\$287,423,389</b>			<b>\$244,741,115</b>
Cash Investments				
Money market funds	274,088			16,464,374
Pooled Cash Investments	1,944,612			0
Bank accounts (DDA & MMA)	12,906,325			1,859,682
<b>Total Cash Investments</b>	<b>\$15,125,026</b>			<b>\$18,324,056</b>
<b>Total Managed Investment Portfolio Value</b>	<b>\$302,548,415</b>			<b>\$263,065,171</b>
	<b>Quarter End</b>	<b>Y-T-D</b>		<b>Prior Year</b>
	<b>6/30/19</b>	<b>6/30/19</b>		<b>6/30/18</b>
<b>Portfolio Income</b>				
Interest Earned				
U.S. Government Securities & Other Pooled Accounts	2,367,555	7,398,820		4,802,050
Money Market Funds	214,538	1,137,908		628,060
Bank Accounts	0	0		0
<b>Total Interest Earned</b>	<b>2,582,093</b>	<b>8,536,729</b>		<b>5,430,109</b>
Net increase/(decrease) in fair value of investments - Note 2	1,014,742	246,140		<b>(3,122,155)</b>
<b>Total Managed Investment Portfolio Earnings</b>	<b>\$3,596,835</b>	<b>\$8,782,869</b>		<b>\$2,307,954</b>
	<b>Quarter End</b>	<b>Y-T-D</b>		<b>Prior Year</b>
	<b>6/30/19</b>	<b>6/30/19</b>		<b>6/30/18</b>
<b>Yield Comparison - Page 5</b>				
<i>Managed Investment Portfolio</i>				
Annualized Rate of Return	3.38%	2.34%		0.68%
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>				
Annualized Rate of Return	3.91%	3.13%		0.85%
<b>Managed Investment Portfolio Yield vs. Benchmark 1</b>	<b>-0.53%</b>	<b>-0.79%</b>		<b>-0.17%</b>
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>				
Annualized Rate of Return	2.58%	2.31%		1.36%
<b>Managed Investment Portfolio Yield vs. Benchmark 2</b>	<b>0.80%</b>	<b>0.03%</b>		<b>-0.68%</b>

Pinellas County Schools  
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June 30, 2019  
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>US Agency CMOs</b>									
GNR 2011-110 D	38376G3H1	2,868,759	2,826,321	(42,437)	8,773	\$2,835,094	Aaa	0.06	0.9%
GNR 2013-73 A	38378KPU7	3,186,631	3,177,793	(8,838)	2,680	\$3,180,472	Aaa	0.23	1.1%
GNR 2013-162 AD	38378NEY5	8,951,748	9,056,959	105,212	13,424	\$9,070,383	Aaa	0.22	3.0%
subtotal		\$15,007,137	\$15,061,073	\$53,936	\$24,876	\$15,085,950	AAA	0.19	5.0%
<b>US Agency FR</b>									
FH 2B1392	31326FRM2	3,916,801	3,916,497	(304)	28,016	\$3,944,512	Aaa	1.96	1.3%
FN AL1278	3138EHM41	10,309,134	10,246,738	(62,396)	37,169	\$10,283,906	Aaa	2.02	3.4%
FN AL8226	3138ETD86	12,338,871	12,205,760	(133,111)	45,478	\$12,251,238	Aaa	2.18	4.0%
FN AL3676	3138ELCN1	19,314,786	19,490,697	175,910	32,836	\$19,523,532	Aaa	5.47	6.5%
FH 840632	31347AVZ4	11,729,249	11,790,143	60,894	47,388	\$11,837,531	Aaa	2.28	3.9%
SBA POOL 522179	83165AUC6	2,757,802	2,720,858	(36,944)	26,320	\$2,747,178	Aaa	0.43	0.9%
SBA POOL 522500	83165A7M0	15,816,230	15,773,783	(42,447)	138,408	\$15,912,191	Aaa	0.44	5.2%
subtotal		\$76,182,872	\$76,144,474	(\$38,398)	\$355,615	\$76,500,089	AAA	2.58	25.2%
<b>Corporate ABS</b>									
AESOP 2014-2A A	05377RBV5	13,515,881	13,566,028	50,147	10,368	\$13,576,396	Aaa	0.42	4.5%
CFII 2018-2A A1	165183BN3	7,579,032	7,664,465	85,432	10,859	\$7,675,324	Aaa	1.13	2.5%
DRIVE 2017-3 C	26207KAF8	13,607,189	13,624,061	16,873	16,933	\$13,640,995	Aaa	0.32	4.5%
FCAT 17-3 A	33844KAA4	1,980,189	1,978,575	(1,614)	1,657	\$1,980,232	AAA	0.29	0.7%
FORDF 2016-5 A1	34528QFD1	14,894,754	14,974,500	79,746	13,000	\$14,987,500	Aaa	0.37	5.0%
HERTZ 2016-3A A	42806DAY5	19,565,812	19,620,149	54,337	7,426	\$19,627,575	Aaa	0.00	6.5%
VZOT 2016-1A A	92347XAA4	2,503,428	2,505,551	2,123	1,088	\$2,506,639	AAA	0.00	0.8%
subtotal		\$73,646,285	\$73,933,329	\$287,044	\$61,331	\$73,994,660	AAA	0.34	24.5%
<b>Corporate ABS FR</b>									
BCARD 2018-1A A	38406EAG4	9,038,348	9,021,979	(16,369)	9,806	\$9,031,785	Aaa	1.03	3.0%
CCCIT 2018-A2 A	17305EGL3	9,003,127	8,993,610	(9,517)	7,460	\$9,001,070	Aaa	3.42	3.0%
FORDF 2016-3 A2	34528QEV2	15,043,743	15,003,300	(40,443)	17,583	\$15,020,883	Aaa	0.00	5.0%
MOTEL 2017-MTL6	61975FAA7	2,899,368	2,906,361	6,993	4,280	\$2,910,641	AAA	1.06	1.0%
NAVSL	63939DAB1	1,247,291	1,243,957	(3,334)	590	\$1,244,547	Aaa	0.18	0.4%
	65474VAQ4	10,329,155	10,296,833	(32,321)	11,787	\$10,308,621	Aaa	2.55	3.4%
VALET 2018-2A2B	92869BAC6	6,681,869	6,682,537	668	5,192	\$6,687,729	Aaa	0.49	2.2%

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Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
subtotal		\$54,242,901	\$54,148,577	(\$94,323)	\$56,699	\$54,205,276	AAA	1.34	17.9%
<b>Other MBS Bonds</b>									
GNR 2014-70 AC	38378N4C4	2,980,120	2,995,586	15,466	4,783	\$3,000,369	Aaa	0.97	1.0%
GNR 2014-64 AC	38378NY56	1,179,774	1,196,117	16,343	2,251	\$1,198,369	Aaa	1.02	0.4%
GNR 2014-143 AC	38378XSA0	4,840,163	4,874,820	34,657	8,181	\$4,883,001	Aaa	1.17	1.6%
subtotal		\$9,000,057	\$9,066,523	\$66,466	\$15,216	\$9,081,739	AAA	1.09	3.0%
<b>Other MBS Bonds FR</b>									
SBA 510021	83164MD22	12,097,472	11,768,465	(329,007)	88,634	\$11,857,099	Aaa	0.46	3.9%
SBA 510189	83164MKA6	10,674,019	10,727,577	53,558	50,966	\$10,778,543	Aaa	0.33	3.6%
subtotal		\$22,771,491	\$22,496,042	(\$275,449)	\$139,599	\$22,635,642	AAA	0.40	7.5%
<b>Cash, MMFs, &amp; Investment Pools</b>									
Bank Accounts <sup>1</sup>	N/A	12,906,325	12,906,325	0	0	12,906,325	NR	1d	4.3%
Money Market Funds <sup>1</sup>	N/A	268,532	274,088	5,556	18,925	293,014	Aaamf	40d	0.1%
Pooled Investments-No FVA <sup>1</sup>	N/A	1,944,612	1,944,612	0	0	1,944,612	Aaamf	66d	0.6%
Pooled Investments-FVA	N/A	35,713,256	35,901,108	187,852	0	35,901,108	Aaamf	0.59	11.9%
subtotal		\$50,832,726	\$51,026,134	\$193,408	\$18,925	\$51,045,059	NR	1.87	16.9%
Managed Investment Program		\$301,683,469	\$301,876,153	\$192,683	\$672,263	\$302,548,415	AAA-	1.87	

<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:

0.06%

	Quarter End 6/30/19	Y-T-D 6/30/19	Prior Year 6/30/18
Average Invested Value of Managed Investment Portfolio	\$425,650,260	\$377,640,409	\$337,620,471
<b>Managed Investment Portfolio Yield</b>			
Total Managed Investment Portfolio Earnings	\$3,582,978	\$8,837,735	\$2,307,954
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	<b>3.38%</b>	<b>2.34%</b>	<b>0.68%</b>
<b>Benchmark 1 - Weighted Average of Comparable Indices</b>			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/19	4,152,354	4,152,354	2,867,693
Quarter Ended 3/31/19		4,755,304	
Quarter Ended 12/31/18		2,139,667	
Quarter Ended 9/30/18		772,227	
Total Pro Forma Benchmark 1 Earnings	\$4,152,354	\$11,819,551	\$2,867,693
<i>Benchmark 1 Annualized Rate Of Return</i>	<b>3.91%</b>	<b>3.13%</b>	<b>0.85%</b>
<b>Benchmark 2 - Florida Prime (SBA LGIP)</b>			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/19	2,741,444	2,741,444	4,585,917
Quarter Ended 3/31/19		3,270,826	
Quarter Ended 12/31/18		1,435,121	
Quarter Ended 9/30/18		1,282,652	
Total Pro Forma Benchmark 2 Earnings	\$2,741,444	\$8,730,042	\$4,585,917
<i>Benchmark 2 Annualized Rate Of Return</i>	<b>2.58%</b>	<b>2.31%</b>	<b>1.36%</b>
<b>Earnings Comparison</b>			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	<b>-0.53%</b>	<b>-0.79%</b>	<b>-0.17%</b>
Managed Investment Portfolio vs. Benchmark 2	<b>0.80%</b>	<b>0.03%</b>	<b>-0.68%</b>
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	<b>(\$569,896)</b>	<b>(\$2,981,816)</b>	<b>(\$559,739)</b>
Managed Investment Portfolio vs. Benchmark 2	<b>\$841,534</b>	<b>\$107,693</b>	<b>(\$2,277,963)</b>



**Note 1 – Securities Valuation**

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

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

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

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

<b>June 30, 2019</b>	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	289,802	(524,819)	(1,051,444)
MV Adjustment for Period	724,939	825,825	(2,070,711)
Net Incr/(Decr) in fair value of investments	<u>1,014,742</u>	<u>301,006</u>	<u>(3,122,155)</u>

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

For the fiscal year-to-date, the Managed Investment Portfolio’s (MIP) earnings were greater than the State Board of Administration’s (SBA) local government investment pool by \$107,693. Since August 1992, the MIP’s cumulative earnings were over the SBA by 32,455,935.

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

The district’s MIP currently has an unrealized gain of \$192,683. This figure has been netted against interest income. If the district’s bonds were priced at par (100) as of June 30, 2019, the district’s earnings over the Florida Prime Fund for the past five years would be \$1,211,253.

**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 \$128,081,906 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	\$12,906,325	NR
Money Market Fund	\$274,088	AAA
Pooled Investments-No FV/	\$1,944,612	AAA
Pooled Investments-FVA	\$35,901,108	AAA
US Agency CMOs	\$15,061,073	AAA
US Agency FR	\$76,144,474	AAA
Corporate ABS	\$73,933,329	AAA
Corporate ABS FR	\$54,148,577	AAA
Other MBS Bonds	\$9,066,523	AAA
Other MBS Bonds FR	\$22,496,042	AAA
<b>Portfolio</b>	<b>\$301,876,153</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	16.90%	\$51,026,134	Exempt
GNMA	7.99%	24,127,597	Government National Mtge Assoc
FNMA	17.80%	53,733,337	Federal National Mtge Assoc
SBAD	13.58%	40,990,683	Small Business Administration
FORDF	9.93%	29,977,800	Ford Credit Floorplan Master O
HERTZ	6.50%	19,620,149	Hertz Vehicle Financing, LLC

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

Issuer	CUSIP	Market Value	Description
CHESHA	16536JTQ0	24,850,101.60	CHESM 0% 06/19
FNMA	3138ELCN1	20,068,865.66	FN AL3676
GNMA	38380MKN3	19,612,861.46	GNR 2018-132 AH
HERTZ	42806DAY5	19,587,173.76	HERTZ 2016-3A A
SBAD	83165A7M0	16,143,791.26	SBA POOL 522500
FORDF	34528QEV2	15,017,850.00	FORDF 2016-3 A2
FORDF	34528QFD1	14,925,000.00	FORDF 2016-5 A1
HERTZ	42806DAU3	13,833,862.00	HERTZ 2016-2A
SBAD	83164MD22	13,456,021.81	SBA 510021
FNMA	3138ETD86	13,056,160.86	FN AL8226
FNMA	31347AVZ4	12,578,755.73	FH 840632
FNMA	3138EHM41	11,630,493.84	FN AL1278
SBAD	83164MKA6	10,799,266.01	SBA 510189
GNMA	38378NEY5	9,411,556.63	GNR 2013-162 AD
GNMA	38378XSA0	4,943,895.88	GNR 2014-143 AC
SBAD	83165AUC6	3,559,063.58	SBA POOL 522179
GNMA	38378N4C4	3,186,860.96	GNR 2014-70 AC
GNMA	38378KPU7	3,171,680.23	GNR 2013-73 A
GNMA	38376G3H1	2,961,700.90	GNR 2011-110 D
GNMA	38378NY56	1,523,955.50	GNR 2014-64 AC

**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 1.87 years, or 22.44months.

**Floating/Adjustable Interest Rate Risk**

The district currently has \$152,789,093 invested in securities with floating or adjustable interest rate risk. \$152,789,093 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 1.84% to 6.01%.

**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 5.47 years. The duration on the District's ABS/MBS bonds ranges from 0.06 years to 5.47 years.

**Interest Rate Risk**

<b>Investment Category</b>	<b>Market Value</b>	<b>Mod. Dur.</b>
Exempt	\$13,180,414	1.82
Pooled Investments-No FV,	\$1,944,612	66.00
Pooled Investments-FVA	\$35,901,108	1.87
US Agency CMOs	\$15,061,073	0.19
US Agency FR	\$76,144,474	2.58
Corporate ABS	\$73,933,329	0.34
Corporate ABS FR	\$54,148,577	1.34
Other MBS Bonds	\$9,066,523	1.09
Other MBS Bonds FR	\$22,496,042	0.40
<b>Portfolio</b>	<b>\$301,876,153</b>	<b>1.87</b>