

Quarterly Investment Report

September 30, 2020

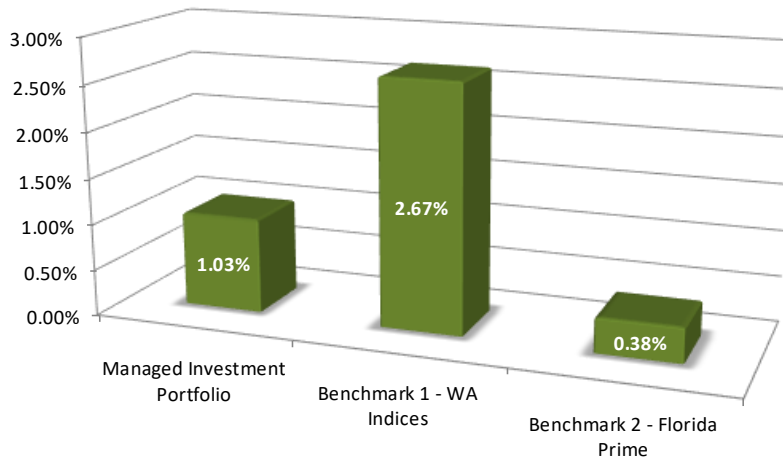


prepared by Cash Management Department

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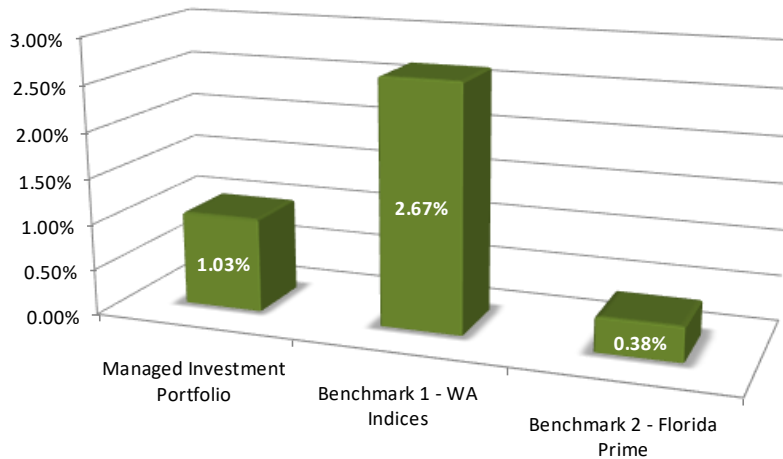
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Yield Comparison September 30, 2020



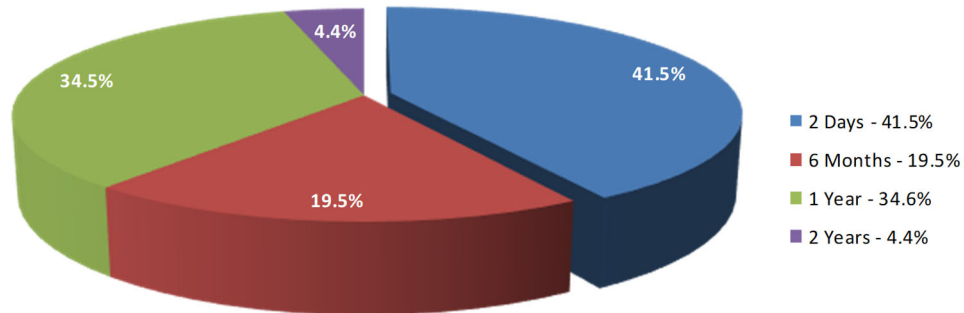
The yield on the district's managed investment program was 1.03% for the quarter ended September 30, 2020.

Yield Comparison Year to Date through September 30, 2020



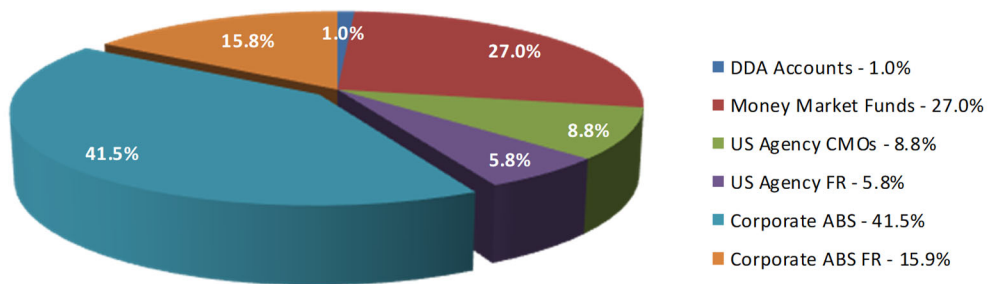
The yield on the district's managed investment program was 1.03% for the fiscal year ended September 30, 2020.

Investments by Duration September 30, 2020



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 September 30, 2020



The above chart breaks down the district’s portfolio by investment type. For example, the largest category is Corporate Asset Backed Securities (ABS) representing 41.5% of the portfolio.

Portfolio Assets	9/30/20			6/30/20
Investment in U.S. Treasury and Agency Securities:				
Investments (securities at market value)	\$111,650,081			\$219,430,319
Other Pooled Investments	0			34,299,194
Accrued Interest Receivable and Prepaid Interest	272,649			405,903
Total U.S. Treasury and Agency Securities	\$111,922,730			\$254,135,415
Cash Investments				
Money market funds	41,889,720			35,173,727
Pooled Cash Investments	0			16,326,963
Bank accounts (DDA & MMA)	1,626,723			419,263
Total Cash Investments	\$43,516,443			\$51,919,953
Total Managed Investment Portfolio Value	\$155,439,173			\$306,055,368
	Quarter End	Y-T-D		Prior Year
	9/30/20	9/30/20		6/30/20
Portfolio Income				
Interest Earned				
U.S. Government Securities & Other Pooled Accounts	1,036,979	1,036,979		5,735,732
Money Market Funds	7,916	7,916		848,698
Bank Accounts	0	0		0
Total Interest Earned	1,044,895	1,044,895		6,584,430
Net increase/(decrease) in fair value of investments - Note 2	(432,359)	(432,359)		(760,511)
Total Managed Investment Portfolio Earnings	\$612,536	\$612,536		\$5,823,919
	Quarter End	Y-T-D		Prior Year
	9/30/20	9/30/20		6/30/20
Yield Comparison - Page 5				
<i>Managed Investment Portfolio</i>				
Annualized Rate of Return	1.03%	1.03%		1.41%
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>				
Annualized Rate of Return	2.67%	2.67%		2.89%
Managed Investment Portfolio Yield vs. Benchmark 1	-1.64%	-1.64%		-1.48%
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>				
Annualized Rate of Return	0.38%	0.38%		1.28%
Managed Investment Portfolio Yield vs. Benchmark 2	0.65%	0.65%		0.13%

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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
US Agency CMOs									
FNR 2013-126 DA	3136AHQR4	8,859,780	8,858,216	(1,563)	25,283	\$8,883,499	Aaa	0.78	5.7%
FNR 2020-10 JA	3136B9BF3	4,758,063	4,747,619	(10,443)	9,828	\$4,757,447	Aaa	0.24	3.1%
GNR 2013-33 A	38378B7C7	56	57	1	0	\$57	Aaa	1.04	0.0%
subtotal		\$13,617,898	\$13,605,893	(\$12,005)	\$35,111	\$13,641,004	AAA	0.59	8.8%
US Agency FR									
FN AL8226	3138ETD86	6,928,782	6,847,879	(80,903)	16,649	\$6,864,528	Aaa	1.09	4.4%
SBA POOL 522179	83165AUC6	2,291,100	2,223,534	(67,566)	13,893	\$2,237,427	AAA	0.75	1.4%
subtotal		\$9,219,882	\$9,071,413	(\$148,468)	\$30,541	\$9,101,955	AAA	1.01	5.8%
Corporate ABS									
AESOP 2016-1A A	05377RCD4	11,436,923	11,421,207	(15,717)	10,351	\$11,431,558	Aa2	0.51	7.4%
CARMX 2017-1 A4	14314JAD2	17,278,998	17,291,160	12,162	17,353	\$17,308,513	Aaa	0.00	11.1%
COMET 2015-A8	14041NFB2	20,318,109	20,302,986	(15,123)	18,486	\$20,321,472	Aaa	0.04	13.1%
OMFIT 2018-1A	68267BAA8	11,635,426	11,767,577	132,151	17,862	\$11,785,439	Aaa	0.61	7.6%
TAOT 2017-D A3	89238KAD4	3,617,387	3,627,818	10,431	3,099	\$3,630,918	Aaa	0.00	2.3%
subtotal		\$64,286,843	\$64,410,747	\$123,904	\$67,152	\$64,477,899	AAA-	0.21	41.5%
Corporate ABS FR									
CCCIT 2018-A2 A	17305EGL3	9,002,422	9,019,710	17,288	1,216	\$9,020,926	Aaa	0.64	5.8%
MOTEL 17--MTL6A	61975FAA7	677,067	666,648	(10,419)	323	\$666,971	AAA	0.15	0.4%
NMOTR 2019-A A	65474VAQ4	10,310,413	10,298,885	(11,528)	3,248	\$10,302,134	AAA	0.61	6.6%
VMOT 2017-A A	92887MAA4	4,578,255	4,576,784	(1,471)	1,327	\$4,578,111	Aaa	0.15	2.9%
subtotal		\$24,568,157	\$24,562,028	(\$6,129)	\$6,114	\$24,568,141	AAA	0.53	15.8%
Cash, MMFs, & Investment Pools									
Bank Accounts ¹	N/A	1,626,723	1,626,723	0	0	1,626,723	BBB	1d	1.0%
Money Market Funds ¹	N/A	41,891,217	41,889,720	(1,497)	614	41,890,333	Aaamf	0.17	27.0%
Pooled Investments-No FVA ¹	N/A	0	0	0	0	0		0	0.0%
Pooled Investments-FVA	N/A	0	0	0	0	0		0	0.0%
subtotal		\$43,517,940	\$43,516,443	(\$1,497)	\$614	\$43,517,056	AAA-	0.17	28.0%

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September 30, 2020
 Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
Managed Investment Program		\$155,210,720	\$155,166,524	(\$44,196)	\$139,531	\$155,306,055	AAA-	0.33	

¹Figure shown is Weighted Average Maturity, or WAM, instead of Modified Duration

Unrealized Gain/Loss as a percent of total market value: -0.03%

	Quarter End 9/30/20	Y-T-D 9/30/20	Prior Year 6/30/20
Average Invested Value of Managed Investment Portfolio	\$236,393,039	\$236,393,039	\$411,681,729
Managed Investment Portfolio Yield			
Total Managed Investment Portfolio Earnings	\$612,536	\$612,536	\$5,823,919
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	1.03%	1.03%	1.41%
Benchmark 1 - Weighted Average of Comparable Indices			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/21			11,889,544
Quarter Ended 3/31/21			
Quarter Ended 12/31/20			
Quarter Ended 9/30/20	1,589,440	1,589,440	
Total Pro Forma Benchmark 1 Earnings	\$1,589,440	\$1,589,440	\$11,889,544
<i>Benchmark 1 Annualized Rate Of Return</i>	2.67%	2.67%	2.89%
Benchmark 2 - Florida Prime (SBA LGIP)			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/21			5,279,428
Quarter Ended 3/31/21			
Quarter Ended 12/31/20			
Quarter Ended 9/30/20	223,848	223,848	
Total Pro Forma Benchmark 2 Earnings	\$223,848	\$223,848	\$5,279,428
<i>Benchmark 2 Annualized Rate Of Return</i>	0.38%	0.38%	1.28%
Earnings Comparison			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	-1.64%	-1.64%	-1.48%
Managed Investment Portfolio vs. Benchmark 2	0.65%	0.65%	0.13%
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	(\$976,904)	(\$976,904)	(\$6,065,624)
Managed Investment Portfolio vs. Benchmark 2	\$388,688	\$388,688	\$544,492

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.

September 30, 2020	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	91,661	91,661	102,947
MV Adjustment for Period	(524,020)	(524,020)	(863,457)
Net Incr/(Decr) in fair value of investments	<u>(432,359)</u>	<u>(432,359)</u>	<u>(760,511)</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 \$388,688. For the year-to-date plus the prior four fiscal years, the MIP’s cumulative earnings were over the SBA by (1,629,873).

Note 4 – Effect of Unrealized Gains and Losses on Income

The district’s MIP currently has an unrealized loss of \$44,196. This figure has been netted against interest income. If the district’s bonds were priced at par (100) as of September 30, 2020, the district’s cumulative earnings over the SBA would be (\$1,585,677) for the current five-year period.

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 \$88,972,775 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	\$1,626,723	BBB
Money Market Fund	\$41,889,720	AAA
US Agency CMOs	\$13,605,893	AAA
US Agency FR	\$9,071,413	AAA
Corporate ABS	\$64,410,747	AAA-
Corporate ABS FR	\$24,562,028	AAA
Portfolio	\$155,166,524	AAA-

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	28.04%	43,516,443	Exempt
FNMA	13.18%	20,453,715	Federal National Mtge Assoc
AESOP	7.36%	11,421,207	Avis Budget Rental Car Funding
CARMX	11.14%	17,291,160	CarMax Auto Owners Trust
COMET	13.08%	20,302,986	Cap One Multi Asset Execution
OMFIT	7.58%	11,767,577	OneMain Financial Issuance Tru
CCCIT	5.81%	9,019,710	CITIBANK CREDIT CARD ISSUANCE
NMOTR	6.64%	10,298,885	NISSAN MASTER OWNER TRUST

Securities Where Issuer Represents More Than 5% of Portfolio

Issuer	CUSIP	Market Value	Description
COMET	14041NFB2	20,302,985.60	COMET 2015-A8
CARMX	14314JAD2	17,291,160.00	CARMX 2017-1 A4
OMFIT	68267BAA8	11,767,576.92	OMFIT 2018-1A
AESOP	05377RCD4	11,421,206.50	AESOP 2016-1A A
NMOTR	65474VAQ4	10,298,885.40	NMOTR 2019-A A
CCCIT	17305EGL3	9,019,710.00	CCCIT 2018-A2 A
FNMA	3136AHQR4	8,858,216.49	FNR 2013-126 DA
FNMA	3138ETD86	6,847,879.13	FN AL8226
FNMA	3136B9BF3	4,747,619.19	FNR 2020-10 JA

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 0.33 years, or 3.96 months.

Floating/Adjustable Interest Rate Risk

The district currently has \$33,633,441 invested in securities with floating or adjustable interest rate risk. \$33,633,441 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 0.49% 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 1.09 years. The duration on the District's ABS/MBS bonds ranges from 0.04 years to 1.09 years.

Interest Rate Risk

Investment Category	Market Value	Mod. Dur.
Exempt	\$43,516,443	0.16
US Agency CMOs	\$13,605,893	0.59
US Agency FR	\$9,071,413	1.01
Corporate ABS	\$64,410,747	0.21
Corporate ABS FR	\$24,562,028	0.53
Portfolio	\$155,166,524	0.33