



SAN MATEO COUNTY

**Transportation  
Authority**

# San Mateo County Transportation Authority

Investment Performance Review  
For the Quarter Ended June 30, 2018



# Compliance and Allocation

<b>Security Type</b>	<b>Market Value as of June 30, 2018</b>	<b>% of Portfolio</b>	<b>Permitted by Policy</b>	<b>In Compliance</b>	<b>Average Credit Rating</b>
U.S. Treasury	\$39,197,032	25.0%	100%	✓	AA+
Federal Agency/GSE	\$18,486,770	24.1%	100%	✓	AA+
Federal Agency/CMO	\$5,483,663	3.5%	20%	✓	AA+
Corporate Notes	\$39,924,733	25.5%	30%	✓	A+
Negotiable CDs	\$16,973,176	10.8%	10%	✓	A
Asset-Backed Securities	\$22,486,798	14.4%	30%	✓	A
Commercial Paper	\$13,887,147	8.9%	15%	✓	A-1
Money Market Fund	\$865,931	<1%	10%	✓	AAAm
<b>Total Investments*</b>	<b>\$157,305,250</b>	<b>100.0%</b>			

As of June 30, 2018.

\*Total market values exclude accrued interest.



# Market Themes

- **U.S. economy remained strong**
- **The Fed continued its path of raising rates**
- **Personal consumption expenditures (PCE), hit the target level of 2% for the first time in six years.**
- **Labor force market remains robust**
- **Fed likely to continue to raise rates.**

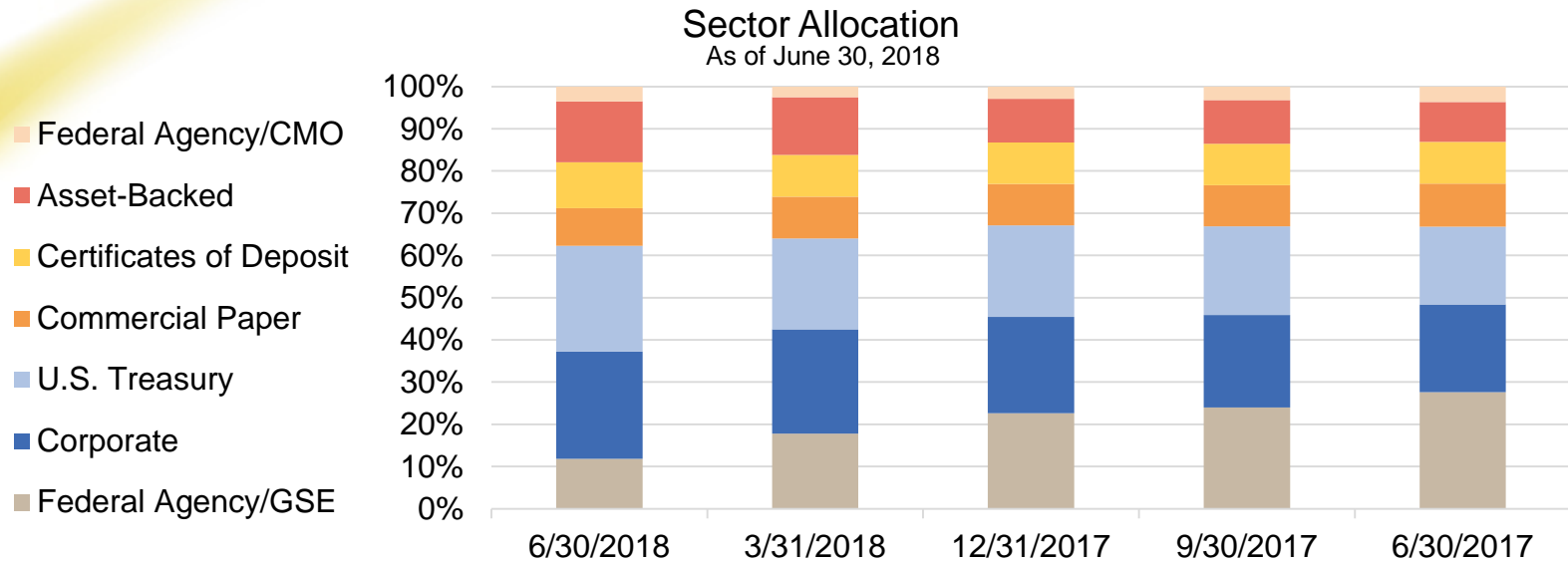


# Portfolio Recap

- **Strategically positioned the portfolio with a modest defensive duration bias**
- **Maintained diversification, investing in high quality issuers**



# A Diversified Portfolio

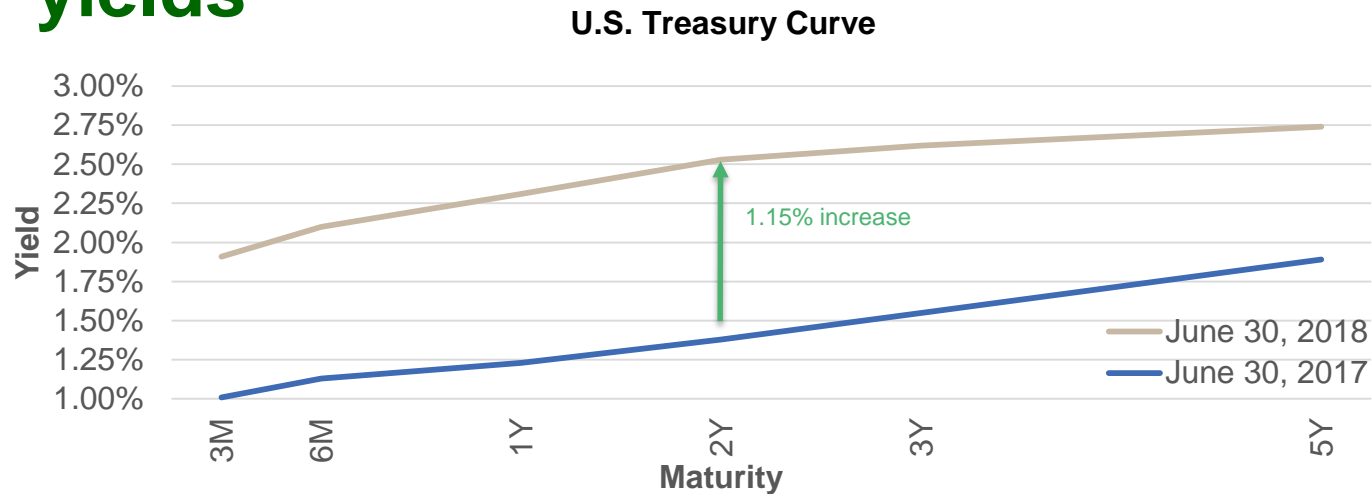


- **The diversified portfolio had total earnings of \$2,236,899 for FY18, a \$148,461 increase from the prior fiscal year**
  - **The portfolio yields have increased by ~50 bps fiscal year over fiscal year to 2.03%**



# Portfolio Performance

- Positive fiscal year returns despite rising yields



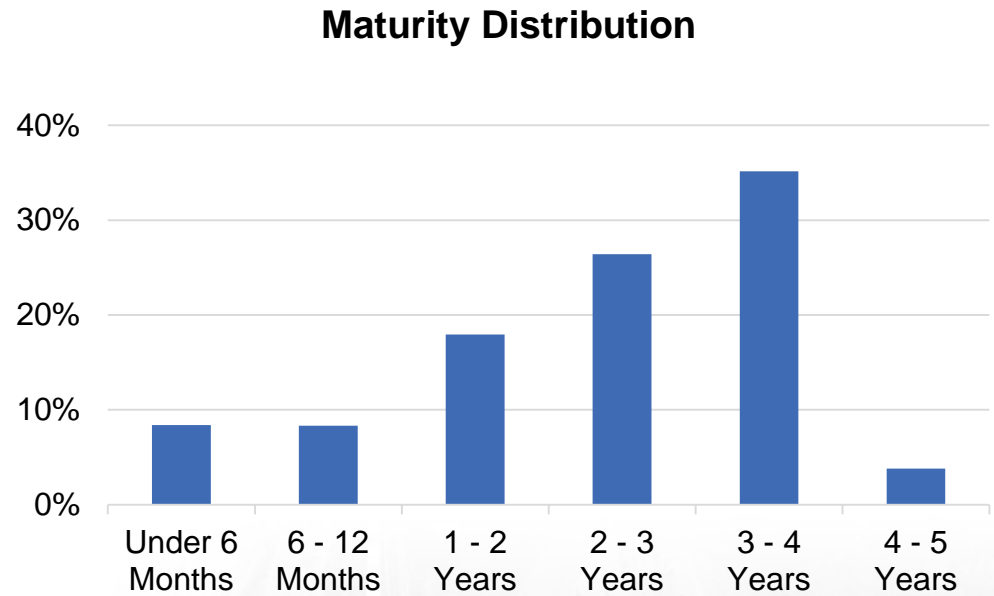
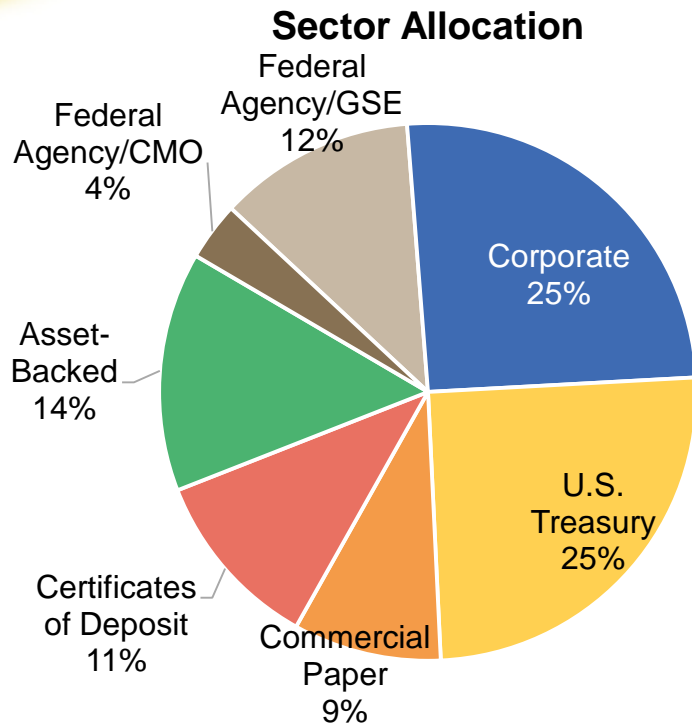
	<u>Duration</u>	<u>Total Return As of June 30, 2018</u>		
	(Years)	1Q18	1 Yr	Since Inception <sup>1</sup>
<b>SMCTA</b>	<b>2.01</b>	<b>0.36%</b>	<b>0.26%</b>	<b>0.66%</b>
<b>Performance Benchmark<sup>2</sup></b>	<b>2.10</b>	<b>0.20%</b>	<b>0.01%</b>	<b>0.58%</b>

1. Inception date is March 31, 2015.

2. Composed of the 0-5 Year U.S. Treasury Index since 6/30/2016. Before 6/30/2016, composed of 15% 0-1 Government Index, 15% 0-1 Year Federal Agency Index, 20% 1-3 Year U.S. Government Index, 20% 3-5 Year U.S. Government Index, 10% 1-10 Year U.S. Government Index, and 20% 1-5 Year Corporate Index.



# Portfolio Characteristics



\*Totals may not add due to rounding. As of June 30, 2018



# Outlook and Strategy

- **Interest rate hikes are likely to continue...**
- **Preserve broad diversification and maintain high credit quality.**
- **Modest defensive portfolio duration bias**
- **Focus on Corporate issuers with strong fundamentals**
- **Will be reevaluating maturity structure in light of cash flow data and expectations**