Exhibit A

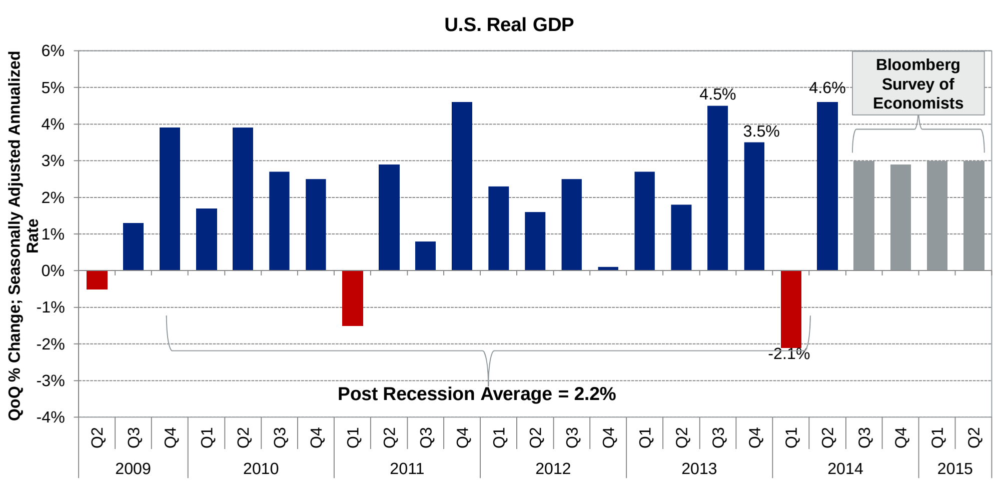
Investment Portfolio Review
Quarter Ending September 30, 2014

OVERVIEW – July 1 – September 30, 2014

During the July to September quarter, short term Treasury yields continued to move in a narrow range. Treasury yields dropped slightly in maturities of 2 years and under, and showed modest increases in the 2-5 year range. Despite minutes from the July Federal Open Market Committee meeting that suggested the Federal Reserve is in no hurry to raise interest rates, investors continue to position themselves in anticipation of the Federal Reserve raising the Fed Funds rate in the second half of 2015. In July, economic data was more positive than previous months. Second-quarter GDP expanded to a 4% annual rate (later revised to 4.6%), and July was the sixth consecutive month that reported job gains of over 200,000 per month, while jobless claims continued to fall. In August, economic activity in the U.S. continued to pick up and Consumer Confidence was reported at a seven-year high despite global economic and security concerns. September saw the positive momentum continue with Consumer Confidence continuing to climb, and employment growth at the strongest pace in 15 years.

U.S. Economy Surges in 2nd Quarter of 2014

- In the second quarter, the expected 2014 annual growth rate for U.S. GDP was revised upward to 4.6%. This increase was primarily due to increased business spending on new equipment and buildings, and increased household spending.



Source: Bureau of Economic Analysis.

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The County Treasury continued to outperform all but one of the portfolio benchmarks this quarter. Our consistent investment strategy ladders short term debt to provide liquidity and takes advantage of available higher rates by buying small amounts of longer term corporate and non callable securities, while maintaining positions in currently held callable debt structures. The following indicators reflect key aspects of the County's investment portfolio in light of the above noted conditions:

1. Market Access – The U.S. Treasury continues to issue substantial amounts of debt instruments. The continued large issuance is due to efforts to stimulate the economy by providing funding for financial institutions, social programs, and ongoing military funding requirements. Access to U.S. Treasuries and Agency debt has been plentiful, but yields have continued to remain low as investors seek safe havens from an uncertain world market. These issues have continued to keep yields low on Treasury bonds from July through September.

   During the quarter, the majority of County investment purchases continue to be in U.S. Treasury and Agency markets with a continued small position in shorter term, highly rated (AA or better) Corporate bonds, Certificates of Deposits and highly rated (A1, P1), short term Commercial Paper. In addition, the Treasurer continues to keep a high level of overnight liquid assets, reflecting the need to maintain increased levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of fixed income investments, all of which are authorized by the State of California Government Code 53601.

   The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition			
Corporate Assets	Overnight Liquid Assets	US Treasuries	Federal Agencies
5.32%	32.84%	2.11%	59.71%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 95% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. The corporate debt (5.32%) is rated in the higher levels of investment grade. All federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury.

   The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition					
AA+	AA-	A-1+ (Short Term)	Not Rated (LAIF/BlackRock)	AAAm	Amf/S1 (CalTrust)
64%	2%	1%	10%	12%	11%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County's Treasury to meet withdrawal demands on invested assets, was adequately managed during the July to September quarter. The portfolio's average weighted maturity was 486 days, and large percentages (32.84 %) of assets are held in immediately available funds.

PORTFOLIO CHARACTERISTICS

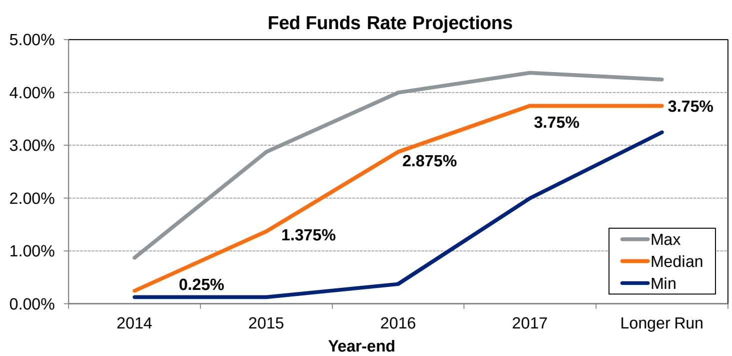
	June 30, 2014	September 30, 2014
Total Assets	$987,543,563	$939,375,345
Market Value	$986,698,521	$937,625,316
Days to Maturity	461	486
Yield	0.51%	0.49%
Estimated Earnings	$1,341,687	$1,186,386

FUTURE STRATEGY

The U.S. Treasury will continue a policy of heavy borrowing for stimulus programs, and other additional needs. The continued improvement in our economy has given the Federal Reserve an opportunity to conclude their Quantitative Easing program in October. The consistent improvement has also ensured that investors will continue to prefer the safety of U.S. debt to other investment options.

Federal Reserve Update

- The Federal Reserve Open Market Committee (FOMC) met on September 17, and confirmed in its statement that the asset purchase program will conclude in October.
- The FOMC also confirmed for the market that it will continue the reinvestment of interest payments and maturities from its portfolio even after they begin raising the federal funds target rate. They do not plan to sell assets from the portfolio.
- Most FOMC members continue to believe that the Fed will raise the federal funds target rate in 2015, and projections show that the eventual rate hikes may be more aggressive than previously expected.



Source: Federal Reserve.

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In July, the Securities and Exchange Commission adopted changes that will affect the operation of money market funds. These changes will not affect local government investment pools such as CAMP and LAIF, nor will they affect Government Money Market Funds. The new rules have a two year window for implementation and the Treasury has begun to work with our treasury consultant and partners to effect the necessary SEC rules while continuing to engage in making prudent investment choices for our pool participants.

As long as the Federal Treasury remains actively engaged in the fixed income markets, and continues to target short term rates at 0%-0.25%, the returns on the investments in the County's pool will remain historically low. If the rate environment continues its trend, the portfolio is adequately positioned to take advantage of the changing market conditions.