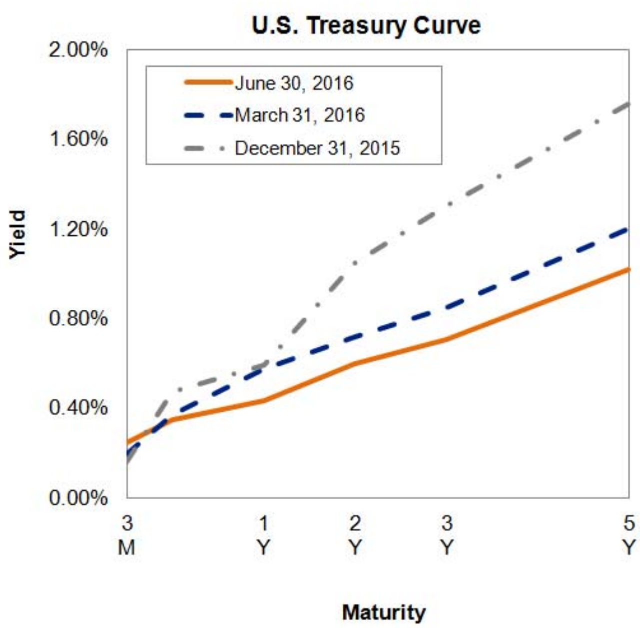
Exhibit A
Investment Portfolio Review
Quarter Ending June 30, 2016

OVERVIEW April 1, 2016 – June 30, 2016

During the April - June quarter yields on U.S. Treasuries continued to fall due to concern over slowing economic growth and the release of the May employment data which revealed the lowest level of jobs gain since 2010. Market participants correctly predicted this would discourage the Federal Reserve from raising rates at the June committee meeting. While the labor market rebounded in June, adding a net 287,000 jobs which largely exceeded the market expectation of 175,000, Britain's vote to leave the European Union caused volatility throughout the global financial market, causing sovereign yields across the world to plummet. The political and economic consequences continue to be highly uncertain as Britain has the second largest economy in the European Union.

U.S. TREASURY YIELD CURVE

- Yields across the yield curve have fallen in 2016 except in the shortest maturities causing the yield curve to flatten.
- Rates continue to end the quarter significantly lower than in the two previous quarters.
- The portfolio has 60% invested in the 2-3 year maturity range to take advantage of the higher yields offered in that part of the yield curve.



	6/30/16	3/31/16	12/31/15
3-month	0.25%	0.20%	0.16%
6-month	0.35%	0.38%	0.47%
1-year	0.44%	0.58%	0.60%
2-year	0.60%	0.72%	1.05%
3-year	0.71%	0.85%	1.31%
5-year	1.02%	1.20%	1.76%
10-year	0.25%	0.20%	0.16%

Source: Bloomberg.

The County Treasury continues to outperform all of its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on Commercial Paper, highly rated Corporate Notes and Negotiable CDs as well as maintaining Treasury Notes with attractive rates. The following indicators reflect key aspects of the County's investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, the majority of County investment purchases were in the area of U.S. highly rated Corporate Notes and Commercial Paper. The Treasurer continues to keep a high level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of 86 different 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 Notes	Negotiable CDs	Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
14%	6%	25%	20%	27%	8%

3. Credit Risk – Approximately 78% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs 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 (14%) 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 credit quality of the County's portfolio continues to be high.

   The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition									
AAA	AAAm	AA+	AA	AA-	A	A-1+ (Short-Term)	A-1 (Short-term)	Aaf/S1+ (CalTrust)	Not Rated (LAIF/ MMF)
<1%	10%	50%	2%	7%	5%	2%	9%	11%	4%

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 April to June quarter. The portfolio's average weighted maturity was 491 days. The County maintained $319.8M (25%) in overnight investments to provide immediate liquidity and $176.7M (14%) in securities with maturities under a year to provide further enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	March 31, 2016	June 30, 2016
Total Assets	$1,279,023,414.54	$1,299,086,359.71
Market Value	$1,278,591,988.68	$1,298,648,951.83
Days to Maturity	477	491
Yield	1.08%	1.03%
Estimated Earnings	$3,432,128.12	$3,429,732.19

FUTURE STRATEGY

The County portfolio has 60% invested in the 2-3 year maturity range to take advantage of the higher yields offered in that part of the yield curve and will continue to manage the portfolio to maximize safety, liquidity and the portfolio yield.

With the unemployment rate reaching 4.9% (its lowest level in eight years) and a steady rise in consumer spending, the economy is expected to grow. The Fed tightening at a slow pace along with a moderate economic growth should provide a supportive environment for investment-grade credit. The acquisition of new Corporate Notes, bank certificates of deposit (CDs) and Commercial Paper will continue to contribute positively to the County's portfolio performance.

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