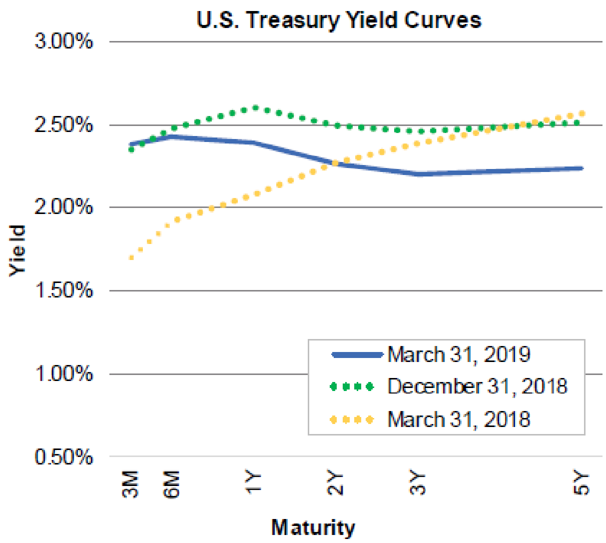
Exhibit A
Investment Portfolio Review
Quarter Ending March 31, 2019

OVERVIEW January 1, 2019 – March 31, 2019

During the January - March quarter, interest rates fluctuated between small gains and small declines during most of the period, ultimately ending with yields down across the curve following a steady decline after the Federal Reserve's March meeting. Yields fell despite a recovery in the equity markets. Longer maturity yields fell more than shorter maturities and in mid-March, the 3-month to 10-year part of the yield curve inverted for a brief period, renewing concerns about a possible recession in the near future. The Federal Reserve held short-term rates unchanged at the current target range of 2.25% to 2.50% at their January and March meetings. They also shifted to a "patient" stance on future rate actions and have implied there will be no additional Federal Reserve rate hikes in 2019. U.S. equities recovered from the sell-off last quarter and had their best quarter in at least a decade during the third quarter.

U.S. TREASURY YIELD CURVE

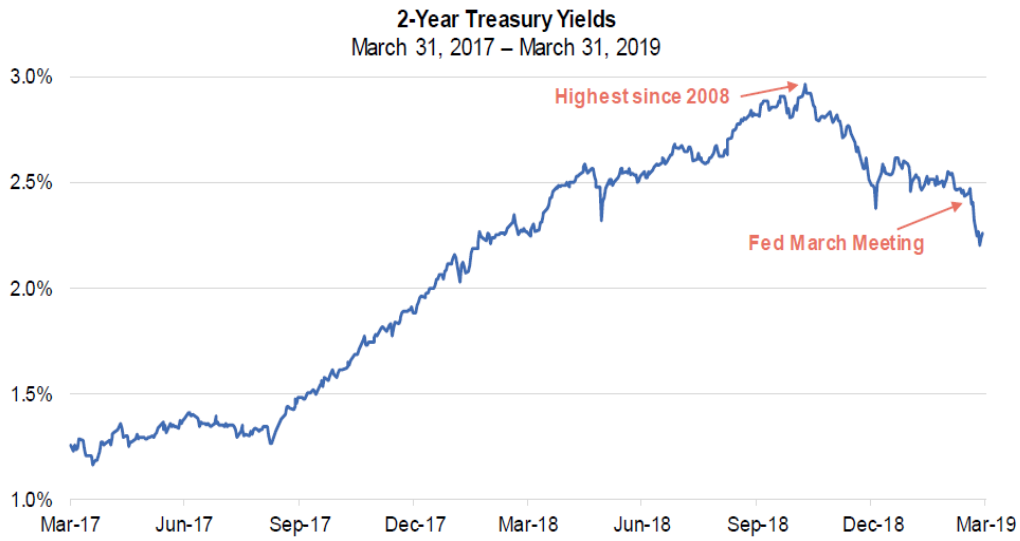
- Treasury yields fell across the curve during the quarter, with longer maturities declining by bigger margins.
- The yield curve continues to be inverted between 6-month and 5-year maturities. After inverting in mid-March, the 3-month and 10-year Treasury yields are no longer inverted, but the spread remains very narrow.



	1Q2019 03/31/19	4Q2018 12/31/18	QoQ Change
3 month	2.38%	2.35%	-0.03%
6 month	2.42%	2.48%	-0.06%
1 year	2.39%	2.60%	-0.21%
2 year	2.26%	2.49%	-0.23%
3 year	2.20%	2.46%	-0.26%
5 year	2.23%	2.51%	-0.28%
10 year	2.41%	2.68%	-0.27%

Source: Bloomberg, as of 3/31/2019.

- The 2-year Treasury decreased by 23 basis points (0.23%) to end the quarter at 2.26%.
- Yield have been on a downward trend since late 2018, driven by weaker global growth prospects and expectations for zero Federal Reserve rate hikes in 2019.



Source: Bloomberg, as of 03/31/2019.

The County Treasury continues to perform comparatively to portfolio benchmarks this quarter. Our investments continue to focus on capturing relative value while remaining cautious. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases for the portfolio included U.S. Treasuries, Federal Agencies, Corporate Notes and a Certificate of Deposit. The Treasurer continues to keep a higher 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 158 separate 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	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper	Supranationals	Municipal Bonds	Asset Backed Securities
14.5%	4.6%	23.3%	41.0%	9.3%	3.8%	2.8%	>0.1%	0.6%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 82.1% 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. All corporate debt (14.5%) is rated in the higher levels of investment grade and all Federal Agency securities have AA ratings, or are

guaranteed by the U.S. Treasury. The Supranationals (2.8%) and the Asset Backed Security (0.6%) are rated AAA. The credit quality of the Treasurer's portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition								
AAA	AAAm	AA	A	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated (LAIF/MMF)	Not Rated
4%	8%	56%	9%	7%	12%	1%	3%	1%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was managed during the January - March quarter. The portfolio's average weighted maturity was 335 days, and the Treasurer maintained $392M in overnight investments to provide immediate liquidity, be able to react quickly to opportunities in the current market, and take advantage of a higher yield on the money market rates. In addition, the Treasurer maintained $573M in securities with maturities under a year to provide enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	December 31, 2018	March 31, 2019
Total Assets	$1,528,686,820.37	$1,683,748,933.92
Market Value	$1,518,307,204.45	$1,672,221,350.10
Days to Maturity	272	335
Yield	2.08%	2.32%
Estimated Earnings	$7,409,471.25	$9,095,864.80

FUTURE STRATEGY

The Treasurer has 58% of the portfolio invested in maturities under one year and 42% invested in the 1-3-year maturity range. In the current interest rate environment characterized by a flat yield curve and stable rates, portfolio purchases will be laddered across maturities and sectors chosen based on relative value. This strategy will lock in longer-term yields while also ensuring liquidity needs are met. We will continue to manage the portfolio under the established tenets of safety and liquidity while seeking to maximize the rate of return.