Exhibit A
Investment Portfolio Review
Quarter Ending September 30, 2019

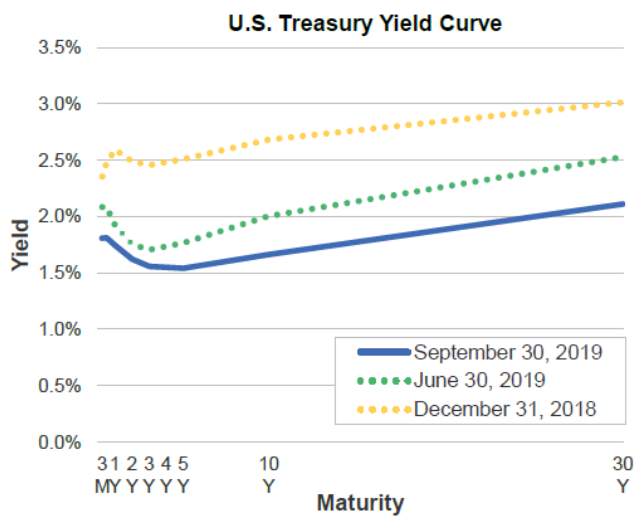
OVERVIEW July 1, 2019 – September 30, 2019

During the July – September quarter, U.S. Treasury yields continued to fall and the inversion of the yield curve worsened (a classic early warning sign of recession) with the 10-year Treasuries falling below those of the 2-year Treasuries. A deteriorating U.S. economic outlook was made worse by ongoing trade tensions prompted the Federal Reserve to cut rates by 25 basis points (0.25%) at both the July and September Federal Open Market Committee (FOMC) meetings. While a U.S. recession is not in the immediate forecast, risks are rising including escalating U.S China trade tensions and slowing growth abroad.

U.S. TREASURY YIELD CURVE

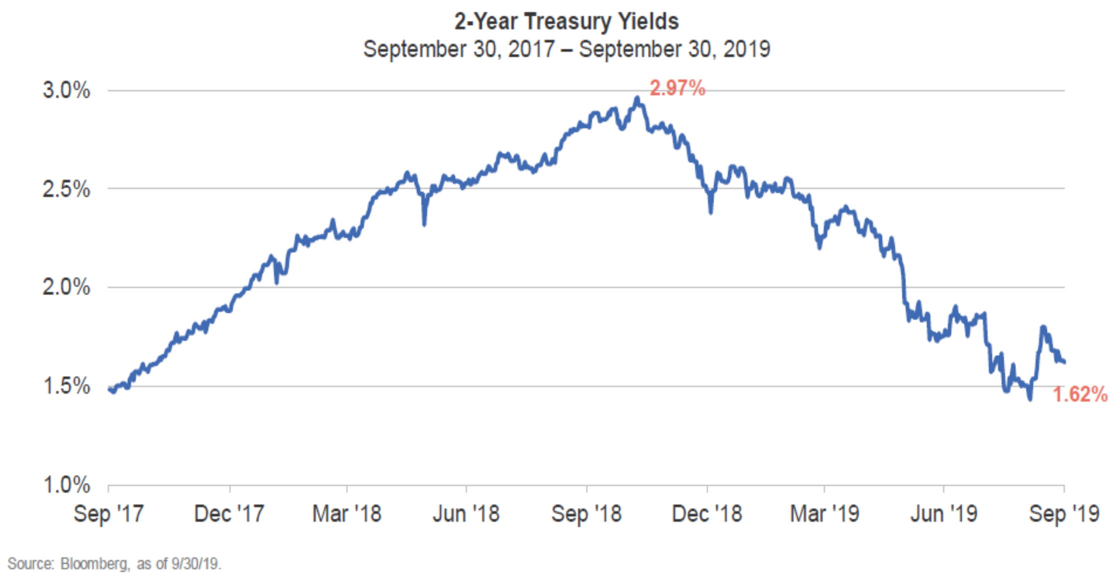
- Treasury yields fell across maturities throughout the quarter, with short-term and long-term rates declining by bigger margins. The front end of the yeld curve declined 25-30 bais points (0.25% - 0.30%) in response to the Federal Reserve's July and September rate cuts.
- The 3-month and 10-year Treasury yields continuted to stay inverted throughout the quarter.

	3Q2019 9/30/19	2Q2019 6/30/19	QoQ Change
3 month	1.81%	2.09%	-0.28%
1 year	1.74%	1.93%	-0.19%
2 year	1.62%	1.75%	-0.13%
3 year	1.56%	1.71%	-0.15%
5 year	1.54%	1.77%	-0.23%
10 year	1.66%	2.01%	-0.35%
30 year	2.11%	2.53%	-0.42%



Source: Bloomberg, as of 09/30/19.

- The 2-year Treasury decreased by 13 basis points (0.13%) to end the quarter at 1.62%.
- Yields felt the pressure of continued trade tensions, further weakening in manufacturing activity and other economic data, as well as heightened recession fears for the U.S. and global economies.



The County Treasury 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 and Corporate Notes. 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 165 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
13.9%	1.8%	18.5%	56.9%	3.5%	1.6%	3.1%	<0.1%	0.6%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 82.4% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, negotiable CDs and other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (13.9%) is rated in the higher levels of investment grade and all Federal Agency and municipal holdings are rated AA ratings. The Supranationals (3.1%) 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
3.1%	9.6%	67.1%	8.4%	1.6%	5.6%	0.6%	3.9%

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 July - September quarter. The portfolio's average weighted maturity was 350 days, and the Treasurer maintained $290M 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 $549M in securities with maturities under a year, as the older investments mature, providing additional enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	June 30, 2019	September 30. 2019
Total Assets	$1,765,188,987.34	$1,557,346,900.60
Market Value	$1,755,722,012.68	$1,550,705,225.56
Days to Maturity	337	350
Yield	2.43%	2.46%
Estimated Earnings	$10,742,479.77	$9,734,550.44

The Treasurer has 54.2% of the portfolio invested in maturities under one year, 45.1% invested in the 1-3-year maturity range and 0.70% invested in the 3-5year range. In the current interest rate environment, we continue to utilize available maturities to add high-quality securities and maintain a well-diversified portfolio. This strategy will also help to position the portfolio insuring that 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.