



Executive Summary – Fourth Quarter 2019

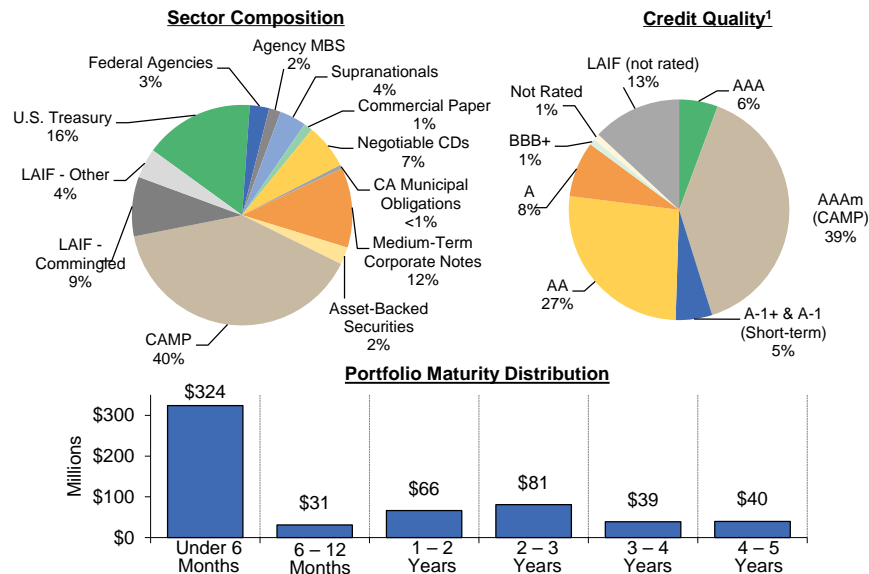
Portfolio Review

- The portfolio is in compliance with the California Government Code and the County's Investment Policy.
- The portfolio is well diversified among U.S. Treasuries, federal agencies, supranationals, municipal bonds, negotiable CDs, corporate notes, commercial paper, asset-backed securities, CAMP, and LAIF.
- The portfolio comprises securities with high credit quality and has sufficient liquidity to meet the County's cash needs.
- With the expectation that the Fed would hold rates steady, following the October rate cut, the portfolio's duration was managed in line with the duration of the portfolio's benchmark.

The Economy

- Third quarter GDP growth came in at 2.1%, with consumer spending accounting for 2%. Government spending, residential investment, and net exports offset detractor from the weakening in business investment.
- The labor market continues to be characterized by the 50-year-low unemployment rate of 3.5% and tempered job growth and wage growth.
- Core PCE, the Fed's preferred gauge of inflation, dropped to 1.5% in November and is well below the Fed's target of 2%.
- Equity markets posted their best year since 2013. The Treasury yield curve steepened over the quarter and is no longer inverted. Short-term yields fell while longer-term yields rose. Treasury yields have settled into a new, lower range, reflecting uncertainty about future global economic growth, weakness in manufacturing, and trade tensions.

Portfolio Profile as of December 31, 2019



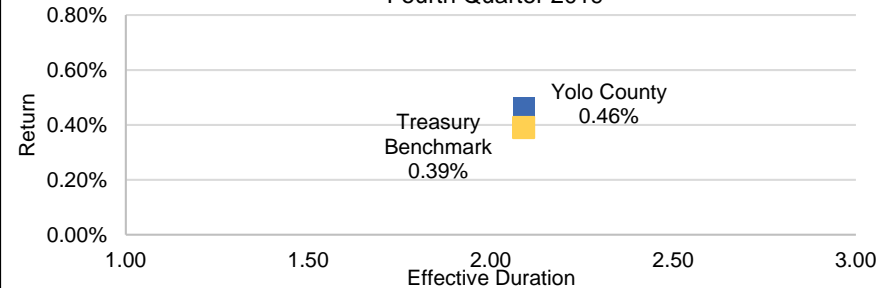
1. Ratings based on Standard & Poor's.

Securities held in the County's portfolio are in compliance with California Government Code and the County's investment policy dated December 2019.

	Quarter	Annualized Return	
		1 Year	5 Years
Yolo County ¹	0.46%	4.40%	1.78%
Treasury Benchmark	0.39%	3.85%	1.36%
Net Apportionment Rate	0.54%	-	-

Note: ¹PFM managed portfolio only.

Quarterly Return Comparison Fourth Quarter 2019



The County's benchmark is the Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index, as of September 30, 2017. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% BAML 3-month Treasury index and 70% BAML 1-3 year U.S. Treasury index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% BAML 1-3 Year U.S. Treasury index and 50% BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the BAML 1-3 Year U.S. Treasury index. Returns greater than one year are annualized.