

Office of the Treasurer & Tax Collector
City and County of San Francisco

Tajel Shah, Chief Assistant Treasurer
Robert L. Shaw, CFA, Chief Investment Officer



José Cisneros, Treasurer

Treasury Oversight Committee

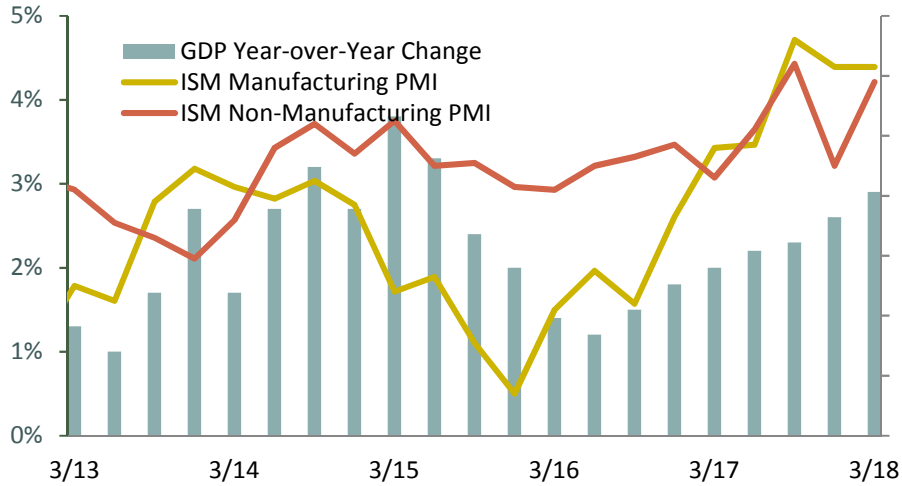
May 25, 2018

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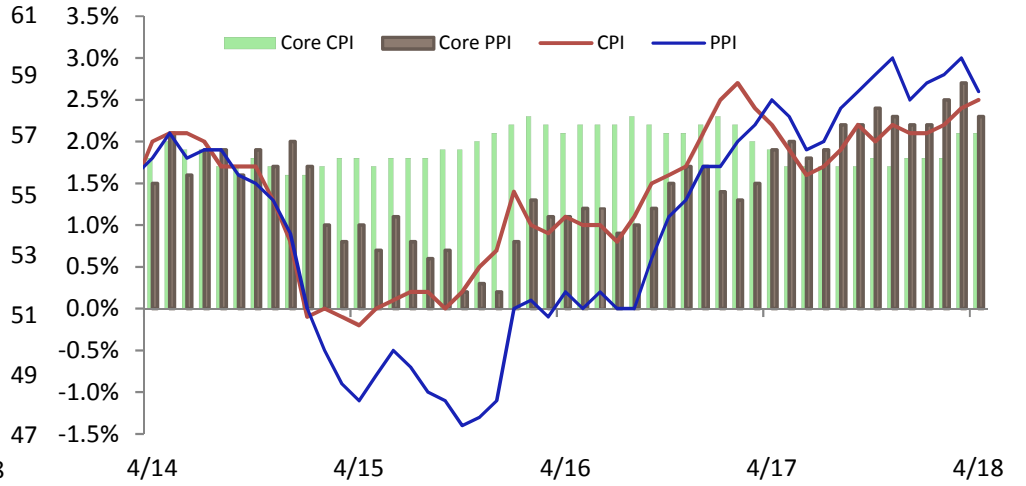
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April Monthly Report 2018	Separate handout

Key Economic Data

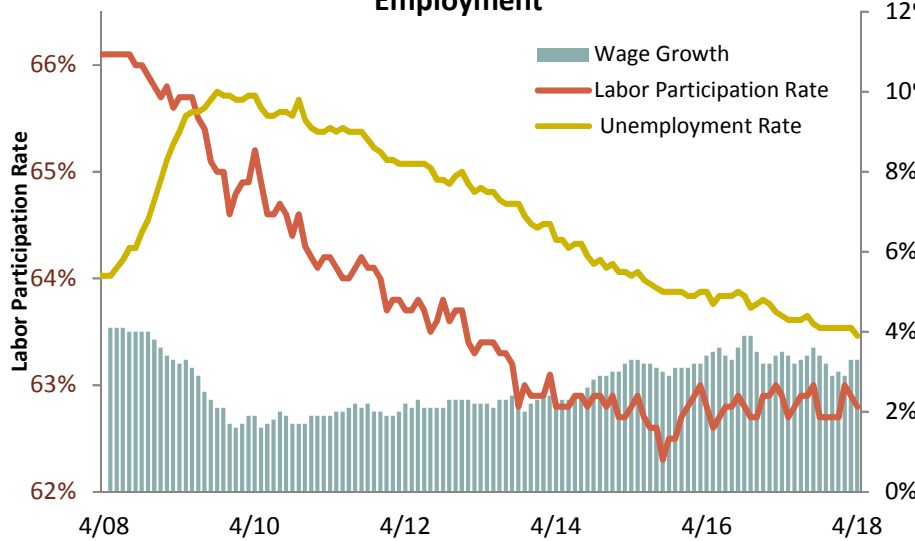
Gross Domestic Product



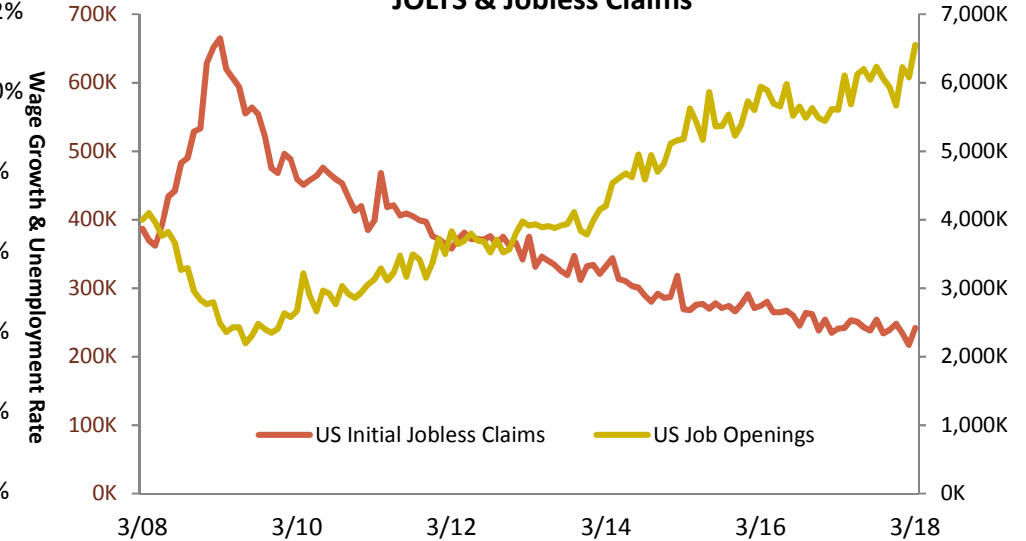
Producer Price Index vs Consumer Price Index



Employment

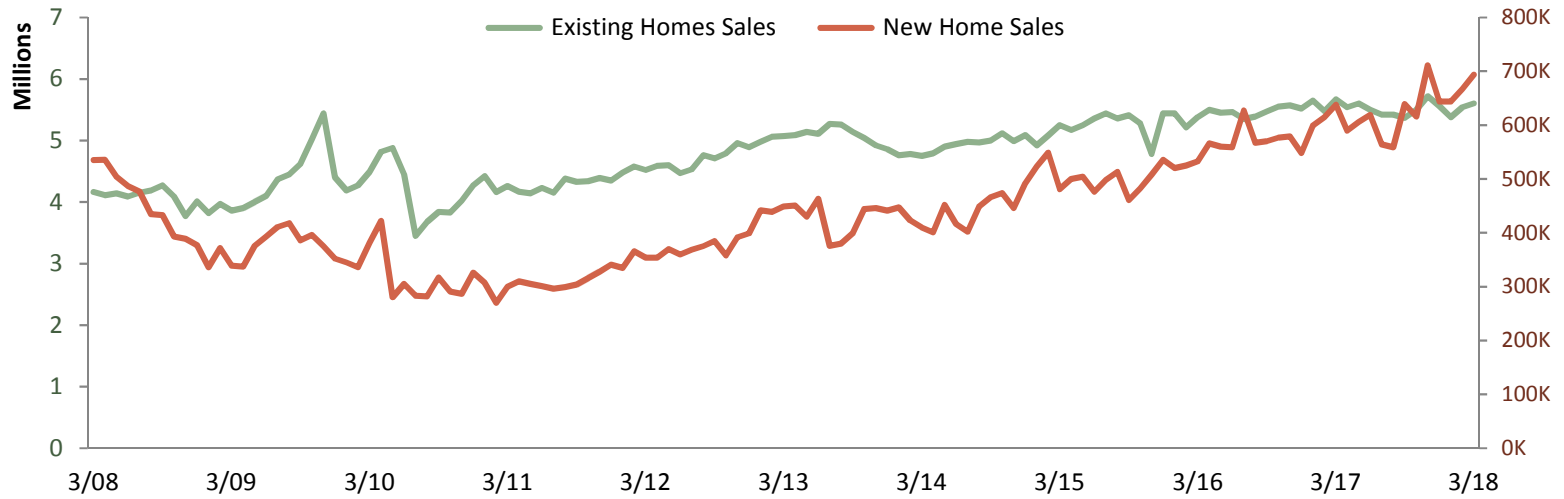


JOLTS & Jobless Claims

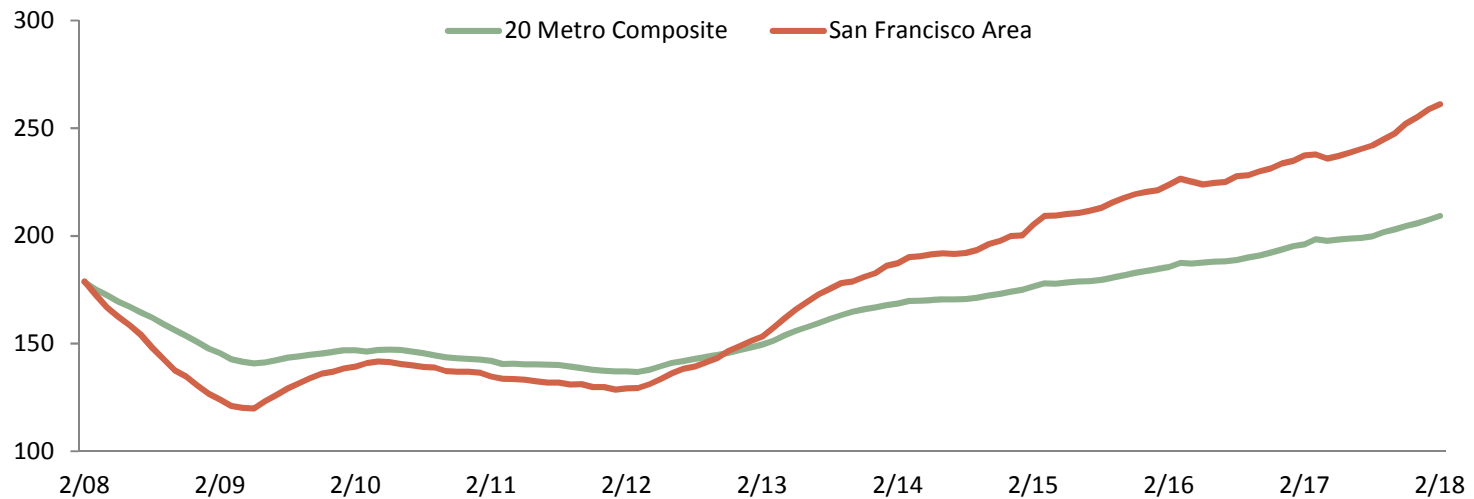


Key Economic Data

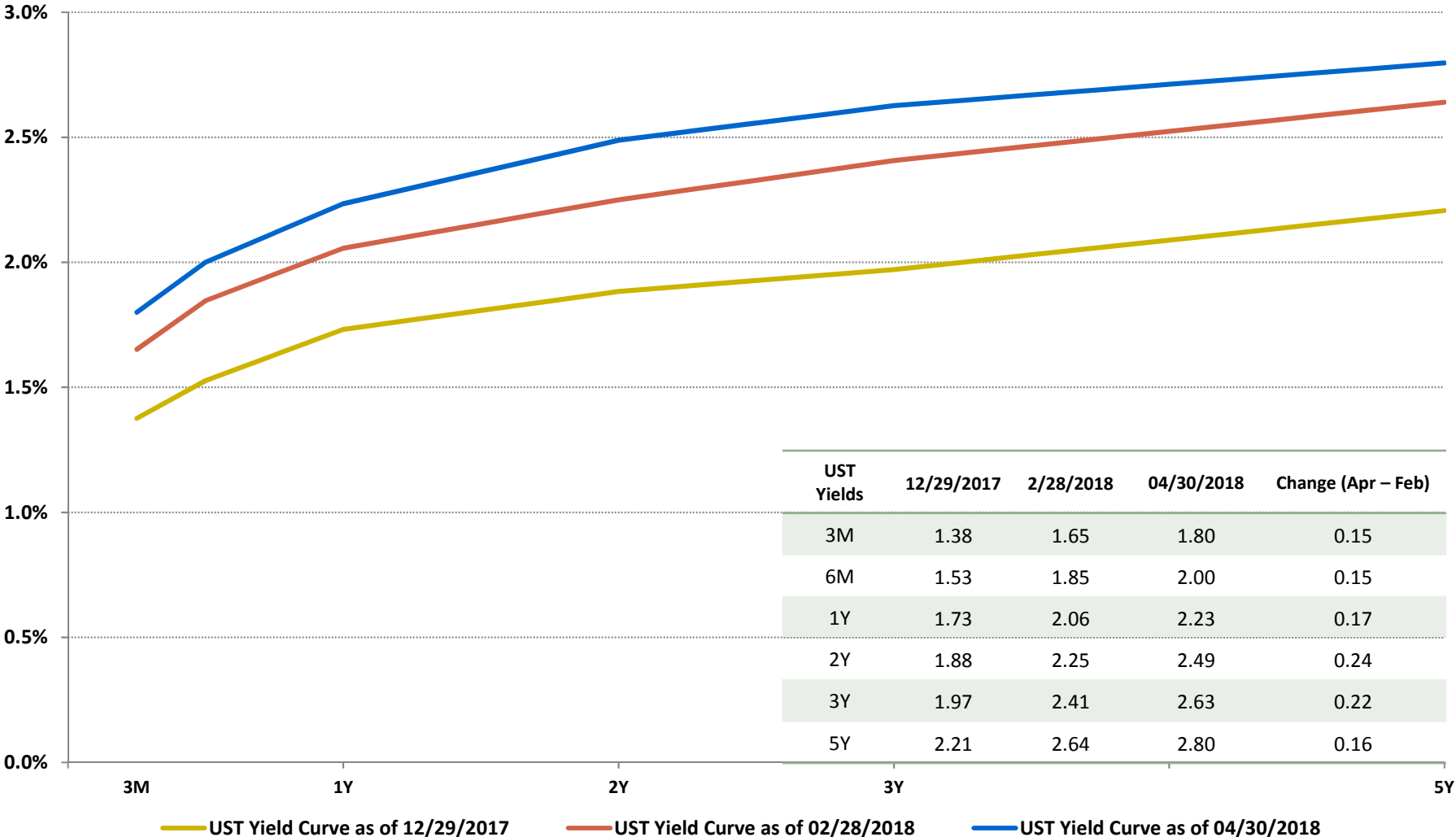
Housing



S&P/Case-Shiller Home Price Indices



Yield Curve Changes



Source: Bloomberg

Strategic Considerations

Policy Issues:

- Monetary:
 - Slow & Steady appears to be the Strategy;
 - Fed. Funds – 1.50%-1.75% after March Increase;
 - Future Rate Increases – Two more in 2018:
 - June 2018: +0.25% is “Baked-In;” and
 - Rest of 2018: +0.25% is expected by December.
- Fiscal:
 - Tax Reform:
 - Corporate. Tax savings going mostly to Buybacks with between 6%-15% to increased pay;
 - Individual. Mixed Bag; and
 - Overall impact on GDP growth – muted.

Strategic Considerations

Interest Rate Increases:

Current Target Range is 1.50 – 1.75%;

2018: Two more increases expected;

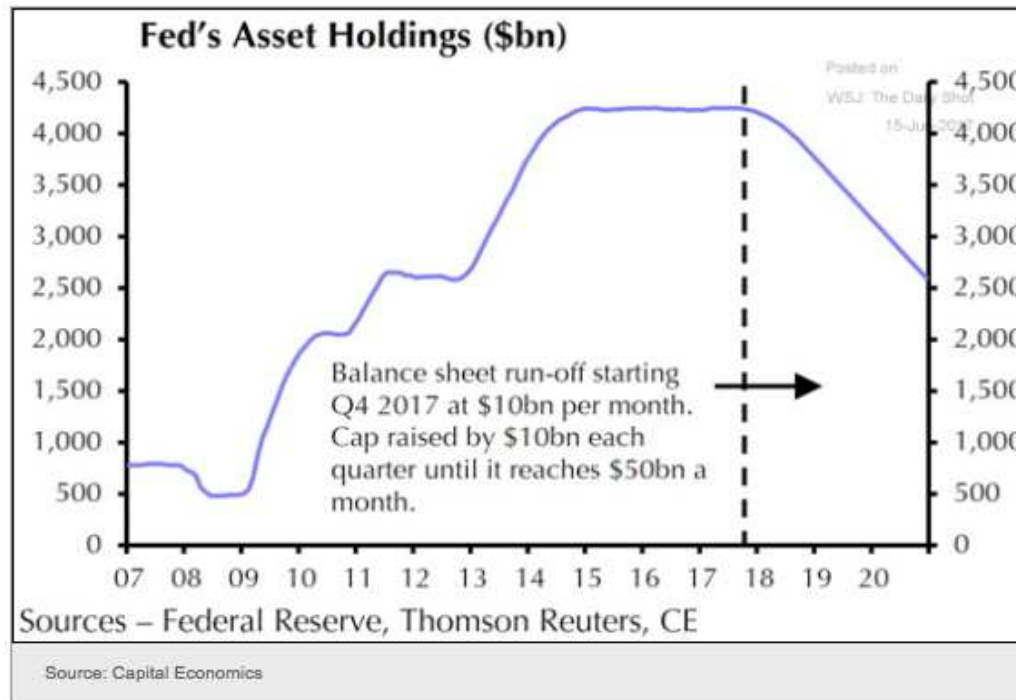
2019: Likely 3 – 4 increases; and

Expected Level (2020): 2.75% - 3.00%.

Strategic Considerations

Government Policy Issues:

- Federal Reserve's Balance Sheet - \$4.5 Trillion (Fall 2017):



- \$4.4 Trillion (Spring 2018); and
- Decline is in-line with scheduled run-off.

Strategic Considerations

Portfolio Issues:

- Pool Liquidity Requirements:
 - Public Finance issued \$385 Million in GO bonds in May;
- Use Money Market Sector to Satisfy Liquidity Needs
- Extending Portfolio Duration: 1.05
 - 0.95 in December 2017;
 - 0.88 in August 2017 and
 - 0.68 in December 2016.

Strategic Considerations

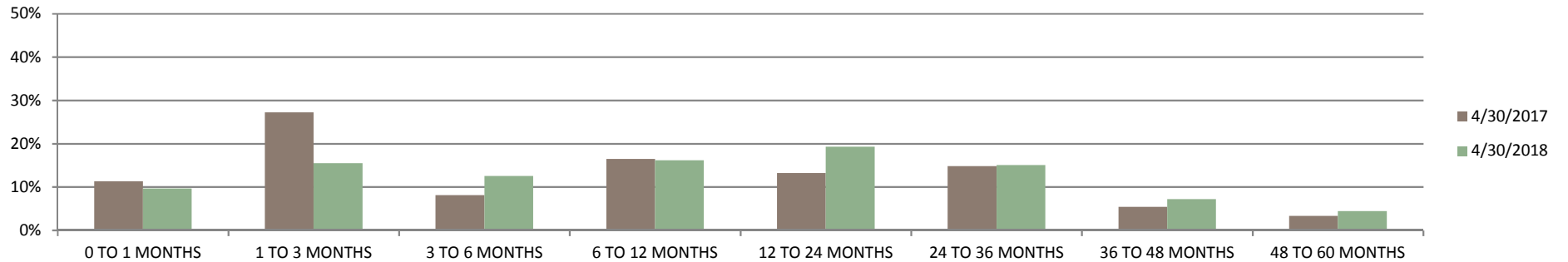
Investment Environment (Credit Quality vs. Duration)

Maturity	Treasury	Federal Agency	Supranational	AA Corporate	A Corporate
3-Month	1.72%	1.72%	1.81%	2.21%	2.32%
6-Month	1.90%	1.92%	1.95%	2.35%	2.43%
1-Year	2.12%	2.14%	2.25%	2.42%	2.67%
2-Year	2.31%	2.34%	2.50%	2.65%	2.92%
3-Year	2.43%	2.44%	2.70%	2.81%	3.08%
5-Year	2.61%	2.69%	2.85%	3.08%	3.32%

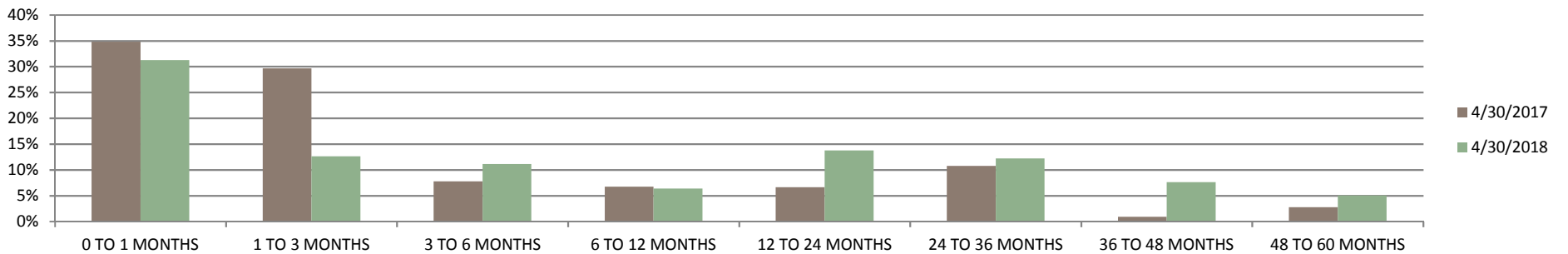
Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3- and 6-month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.

Historical Maturity Distribution Comparison

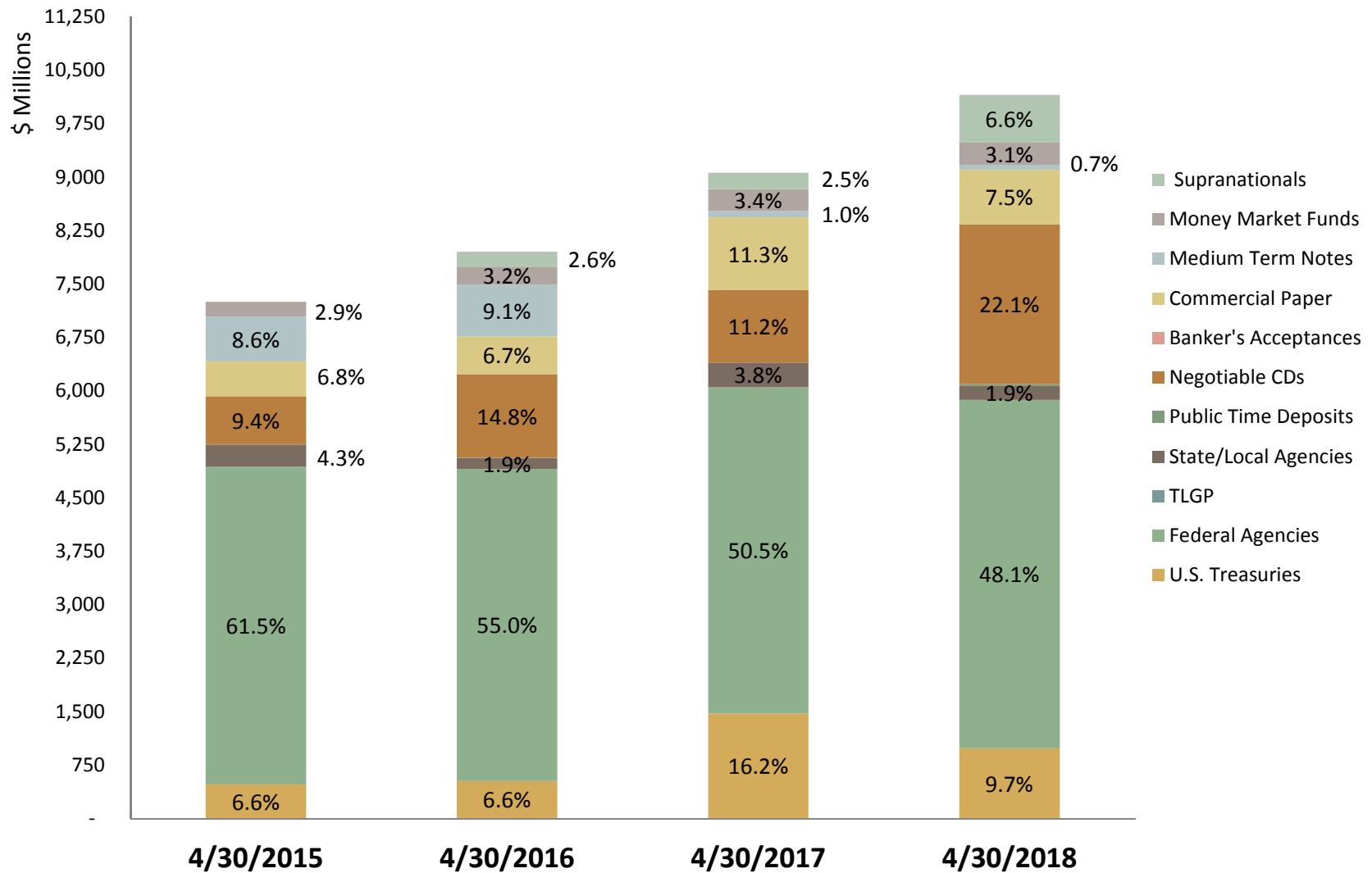
Maturity Distribution



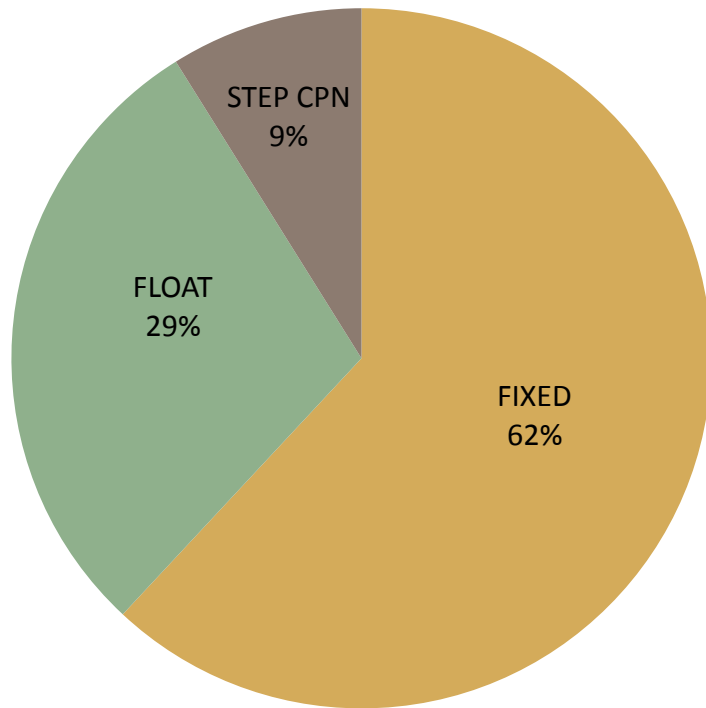
Effective Maturity Distribution



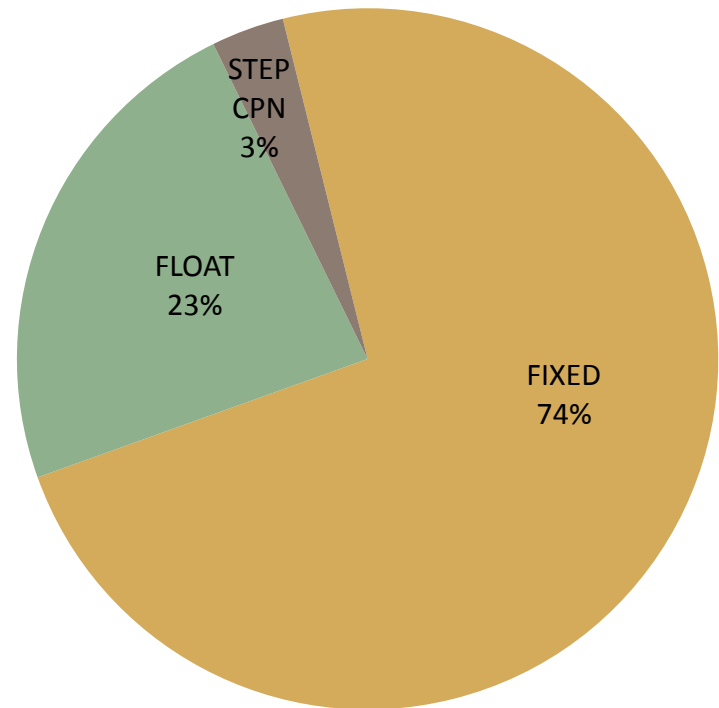
Portfolio Comparison



Portfolio Comparison

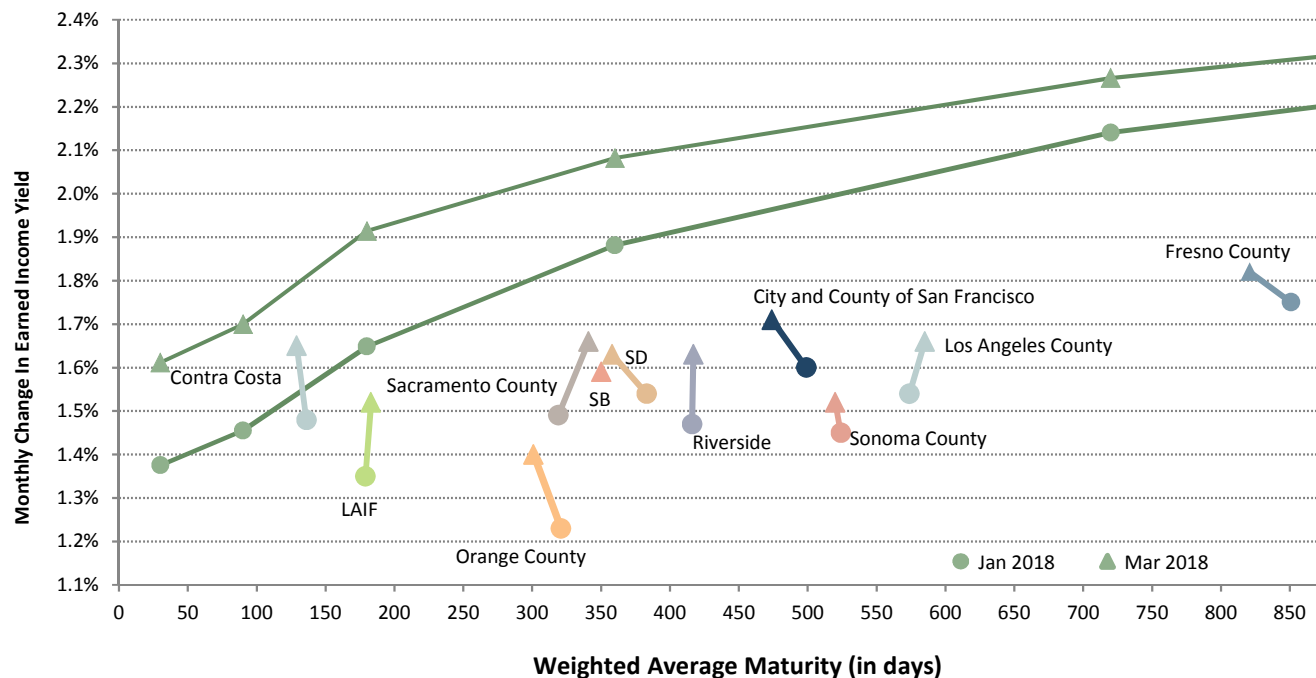


April 30, 2017



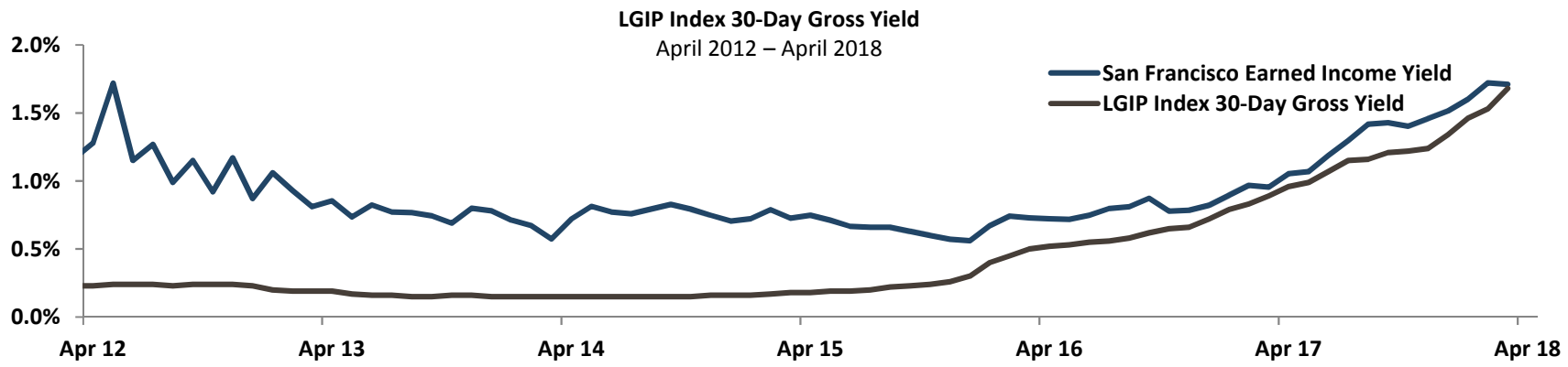
April 30, 2018

County Pooled Fund Statistics



Name of Fund	Portfolio Size* (\$ mns)
Los Angeles County	\$30,181.0
LAIF	21,784.7
San Diego County	9,934.1
City and County of San Francisco	9,434.3
San Bernardino County	6,730.1
Riverside County	6,448.2
Orange County (ex. Schools)	4,521.2
Sacramento County	3,556.9
Fresno County	3,352.6
Contra Costa County	2,740.5
Sonoma County	2,233.1

* as of May 2018



Sources: Bloomberg, Sacramento County as of 05/16/2018

Pool Participants Breakdown

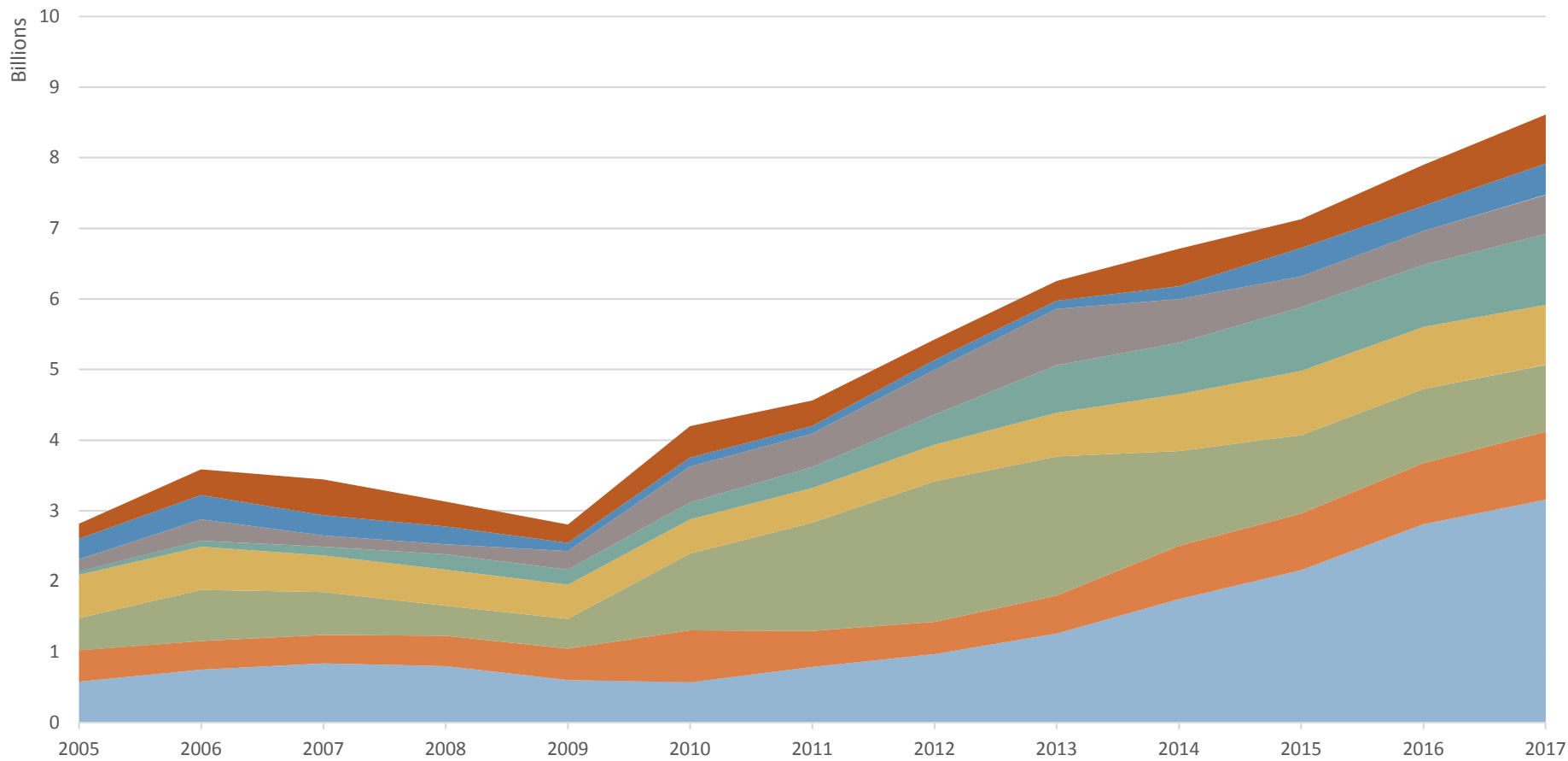
As of April 30, 2018

Pool Participant	Fund Balance	Percent of Fund
General Fund/Special City Funds/Internal Services Funds	\$3,985,398,384	38.98%
San Francisco Municipal Transportation Authority	1,199,088,851	11.73%
San Francisco International Airport	1,145,432,246	11.20%
San Francisco Public Utilities Commission	1,121,582,706	10.97%
San Francisco Unified School District	824,348,544	8.06%
Facilities and Capital Projects Funds - General	661,032,501	6.47%
San Francisco General Hospital and Laguna Honda Hospital	318,505,605	3.12%
OCII - Successor Agency – former SFRDA	284,463,044	2.78%
Other agencies (incl. Transbay Joint Powers, Trial Courts)	222,005,222	2.17%
Port of San Francisco	214,689,273	2.10%
San Francisco Community College District	187,456,526	1.83%
San Francisco County Transportation Authority	42,700,266	0.42%
Pension and Retiree Health Care Trust Fund	16,645,897	0.16%
Totals	\$10,223,349,062.37	100.0%

Source: Best Available Data. Total based on APS2 Pooled Fund Book Balance as of 04/30/2018.
Participants Balances are estimates.

Pool Participants Trends

June 30, 2005 - June 30, 2017



- General Fund/Special City Funds/Internal Services Funds
 - San Francisco Public Utilities Commission
 - San Francisco Municipal Transportation Authority
 - San Francisco General Hospital and Laguna Honda Hospital
- San Francisco International Airport
 - Other
 - Facilities and Capital Projects Funds - General
 - San Francisco Unified School District