



San Mateo County Transit District

Investment Performance Review For the Quarter Ended March 31, 2017

May 3, 2017
Agenda Item #4a

Compliance and Allocation

Security Type*	Reserve Portfolio	Paratransit Portfolio	Total Funds	% of Portfolio	Permitted by Policy	Average Credit Rating
U.S. Treasury	\$15,296,921	\$5,422,140	\$20,719,061	18.1%	100%	AA+
Federal Agency/GSE	\$29,982,542	\$8,752,713	\$38,735,255	33.9%	100%	AA+
Federal Agency/CMO	\$3,844,954	\$1,071,619	\$4,916,573	4.3%	20%	AA+
Corporate Notes	\$19,964,267	\$4,291,962	\$24,256,229	21.2%	30%	A
Negotiable CDs	\$5,414,989	\$1,504,164	\$6,919,152	6.0%	10%	AA-
Asset-Backed Securities	\$5,052,051	\$1,440,601	\$6,492,652	5.7%	30%	A
Commercial Paper	\$9,466,821	\$2,383,556	\$11,850,377	10.4%	15%	A-1
Money Market Fund	\$116,937	\$375,389	\$492,326	0.4%	10%	AAAm
Totals	\$89,139,481	\$25,242,144	\$114,381,626	100.0%		

*Market values exclude accrued interest.

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Earnings and Total Return

- The portfolios realized earnings of \$404,879.
- The portfolios outperformed the benchmark by 12-15 basis points during the quarter.

	Earnings	Yield to Maturity		Duration	Return		
	Current Quarter	Cost	Market	(Years)	Current Quarter	1 Year	Since Inception*
Reserve Portfolio	\$317,468	1.43%	1.57%	2.13	0.47%	0.36%	0.69%
Paratransit Portfolio	\$87,411	1.39%	1.55%	2.17	0.44%	0.33%	0.62%
Performance Benchmark**	-	-	1.37%	2.16	0.32%	0.27%	1.04%

As of March 31, 2017.
 *Since March 31, 2015.
 **The benchmark is composed of 40% 1-3 Year U.S. Treasury Index, 10% 1-3 Year High Grade Corporate Index, 40% 3-5 Year U.S. Treasury Index, and 10% 3-5 Year High Grade Corporate Index.

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Market Themes

- The U.S. economy continued to expand gradually.
 - The labor market continued to strengthen
 - Inflation is picking up slowly
- The FOMC raised interest rates in March.
- The “Trump trade” dominated markets for much of the quarter.

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Portfolio Recap

The samTrans logo consists of the word "samTrans" in a sans-serif font, with "sam" in blue and "Trans" in white. Below the text is a stylized graphic of a bus with red, white, and blue horizontal stripes.

- **We continued to diversify the portfolio.**
 - Maintained high allocation to government securities.
 - Increased allocation to high-quality corporate notes.
 - Purchased AAA-rated asset-backed securities, benefiting portfolio return and diversification.
 - Took advantage of commercial paper and bank certificates of deposits which offered excellent value.

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Outlook

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- **We estimate the Fed will make two additional rate hikes in 2017.**
- **Financial markets may become range-bound as the market awaits clarity on policies proposed and enacted by the Trump administration.**

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Strategy

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- **We will manage the portfolio durations to closely match the benchmark duration.**
- **We favor Treasuries over agencies unless specific issues offer identifiable value.**
- **We will continue to diversify the portfolio taking advantage of the other sectors allowed by the Investment Policy.**

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