

CDIAC

CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION

SESSION TWO:

SECURITIES AND CREDIT MONITORING

*JOHN JOHNSON
CASH MANAGER AND
INVESTMENT OFFICER
COUNTY OF SAN BERNARDINO*

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CITY AND COUNTY OF SAN FRANCISCO*

THURSDAY, MARCH 13, 2014

CDIAC

**CALIFORNIA
DEBT AND
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ADVISORY
COMMISSION**

SECURITIES AND CREDIT MONITORING

JOHN JOHNSON

CASH MANAGER/INVESTMENT OFFICER
COUNTY OF SAN BERNARDINO

Credit Process



Issuer Approval Process

San Bernardino County Credit Group

- Consists of the Treasurer, Assistant Treasurer, Investment Officer, Assistant Investment Officer, and Investment Analyst(s).
- Support from Outside Investment Advisor

Issuer Approval Process

Credit Tools

- Bloomberg resources-Fundamental Analysis/Market Data/News
- S&P Capital IQ
- CreditSights
- Egan-Jones
- Fitch Credit Points
- Broker provided research
- Periodicals and media (WSJ, The Economist, Bloomberg TV, etc.)

Issuer Selection and Monitoring

Monitor market inventory for issuers that meet State Code and Investment Policy criteria *AND* meet portfolio tactical requirements

Identify short list of issuers to analyze

In-house and outside advisor workups and research

Formal issuer approval process

Ongoing analysis, compliance monitoring, and reporting to management

Evaluation



Issuer Approval Process

- Full Written Analysis & Summary
- Quarterly Tear Sheet
- Market Data
- Outside Advisor Tear Sheet/Write-up
- Third Party Write-ups (CreditSights, Fitch, etc.)
- Issuer Add Memo
- Approved Issuer List

O/N Only

FA: 2 WEEKS

2013 Q2

ENXTPA:GLE - Societe Generale Group

Economy, Industry

In France and much of Europe, real GDP growth has been flat and is expected to remain relatively weak with low inflation expected at about 1%. France had a mild recession with negative growth in Q412/Q113. The euro is expected to remain fairly strong into the summer following the recent Fed meeting suggesting an easing up on QE. Rising unemployment is at 10.8% and fiscal tightening has dragged on the domestic activity. Despite this, France is the second largest economy in the EU and has remained relatively resilient. France is expecting .2% growth in Q313 after coming out of a small recessionary period.

Issuer Description

Societe Generale attracts deposits and offers commercial, retail, investment, and private banking services. The Bank offers consumer credit, vehicle lease financing, information technology equipment leasing, life and non-life insurance, custodian services, trade and project financing, currency exchange, treasury services, and financial and commodities futures brokerage services.

Analysis

SocGen's Q213 reported net banking income of EUR 6.2B vs. EUR 6.3B at Q12, a flat/very slight decline. Net income improved to EUR 955MM over Q113 when SocGen reported EUR 364MM profit, and also improved over Q412 when the bank reported a EUR 476MM loss from higher cost of risk and net banking income being impacted by slower global growth. French network earnings were slightly higher in 1H13. SocGen reported EUR 2.6B in non-economic charges related to valuation of its own debt, non-recurring items and deleveraging assets in FY2012 which led to reported FY2012 profit of EUR 774MM vs. EUR 3.4B without specified adjustments. The bank's CIB unit improved during 1H13, reporting +8% gross operating income to EUR 1.5B vs. EUR 1.44B. All units produced positive operating income with exception to its Int'l Retail Banking unit which reported EUR 871MM in operating income. SocGen has recently divested itself of its stake in Greek bank, Geniki, money manager TCW in the U.S. and sold some loans as part of its deleveraging of assets, particularly related to Int'l assets. Additionally, SocGen completed its sale of its 77.17% stake in Nat'l Societe Generale Bank (NSGB) which generated EUR 370MM in Q113 and is expected to boost its Core Tier I ratio by 32 bps by the end of FY2013. Lending in Europe has declined as the EU and sovereigns implement austerity plans to improve fiscal positions. Also, the monetary policy measures of the ECB such as the Long-Term Refinancing Operations (LTRO) and open market operations have not led to banks to increase lending. This being a function of banks' deleveraging and slower economic growth. SocGen has significantly reduced its legacy assets from the financial crisis period to EUR 6.1B (per SocGen's 1H13 results document) at end of Q213 from EUR 16.5B at the end of June 2011. The bank's Basel III Core Tier I ratio was 9.4% (proforma CRR/CRD4 rules) with the bank expecting to reach a Basel III ratio of 9.5% by the end of FY2013. The bank's cost reduction plan is targeted over 2012-2015 for EUR 1.45B in savings with SocGen saving EUR 550MM in 2012 and EUR 170MM (EUR 300MM for FY2013 planned) in 1H13. SocGen's cost of risk was EUR 855MM vs. EUR 784MM at Q112, but improved over Q113 where it stood at EUR 892MM. The bank has taken measures to improve capital.

Agency	L/T	Since	S/T	Outlook
S&P	A	1/23/2012	A-1	Negative
Moody's	A2	6/21/2012	P-1	Stable
Fitch	A	7/17/2013	F1	Stable
EganJones	BB	5/31/2013		
CreditSights	A3	2/22/2010		

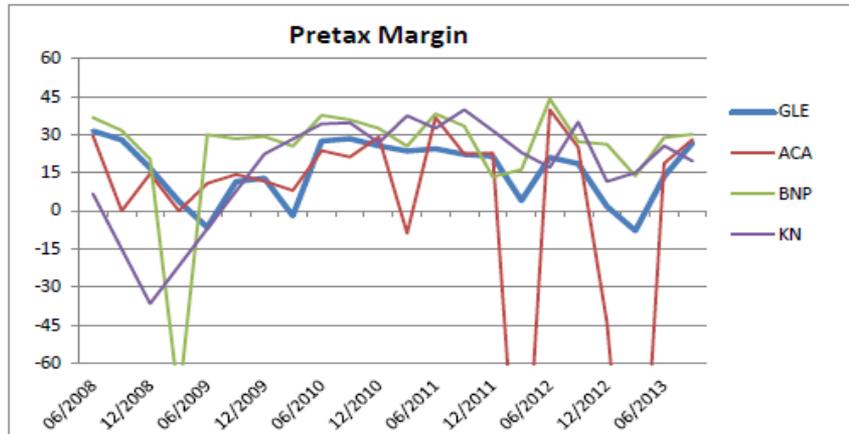
Stock Price	2013 Q2	QoQ	YoY
ENXTPA:GLE	26.40	3.00%	43.40%
MSCI Europe/Financials (:	58.83	0.67%	126.54%

Revenue	2013 Q2	QoQ	YoY
GLE	5,147	886	(303)
ACA	3,728	640	53
BNP	8,937	(140)	(2,060)
KN	1,591	(111)	(84)

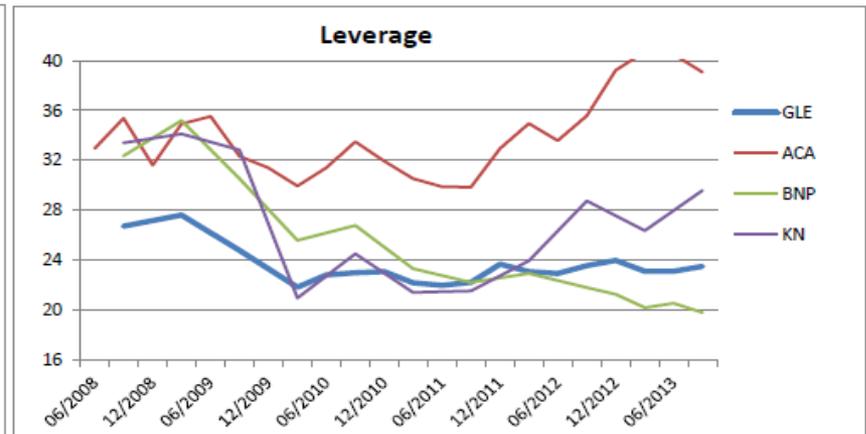
	GLE	Peer Min	Peer Max
Tier 1 Cap.	12.50	11.70	13.60
Tot. Cap	12.70	13.20	15.60
Eff Ratio	71.10	68.00	80.50
Int.Inc./Asset	0.93	0.34	1.14
Prov/Loans	0.97	0.34	0.63

MIR	CDS Sprd
GLE	179
ACA	185
BNP	150
KN	169

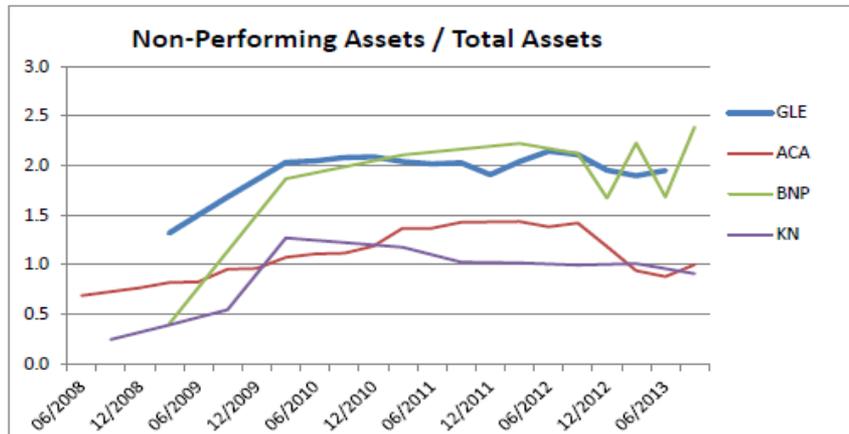
Quarterly Tear Sheet



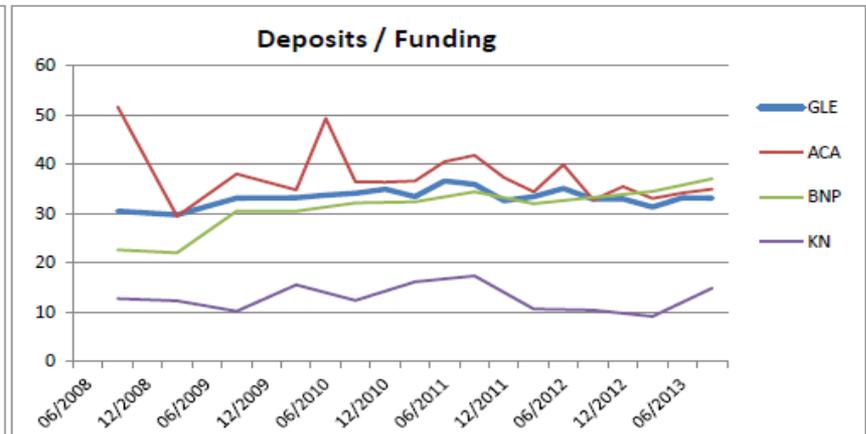
SocGen's pretax margin deteriorated in '12 as it deleveraged assets and implemented cost savings during the global slowdown, but has shown improvement. Net banking income impacted by weak activity in Europe and Central and Eastern Europe (CEE).



SocGen's leverage has remained fairly steady and improved over 2008-2009 as the bank reduces its RWA level by managing down its legacy assets and selling higher risk/non-performing assets.



NPAs remain a concern for SocGen, but the bank has reduced periphery exposure and risk-weighted assets. NPAs have remained level with about 8% reduction since the 1H12. Int'l bank impairments have improved in Russia and CEE.



SocGen's deposits to funding have been stable in current period at 33%. The bank has improved its loan/deposit ratio to 114% vs. 125% in Q212.

Analysis Summary

Societe Generale Review for O/N investment

Summary

Societe Generale is a large French bank that was placed on 'Hold' since 5/30/12, with no investments made since August 2011 when European banks' CDS price levels spiked due to a worsening of European market conditions and from the Greek sovereign debt crisis taken place during that time period. CDS prices peaked for European banks during November 2012 as events unfolded about the European sovereign debt crisis starting with Greece's fiscal debt crisis.

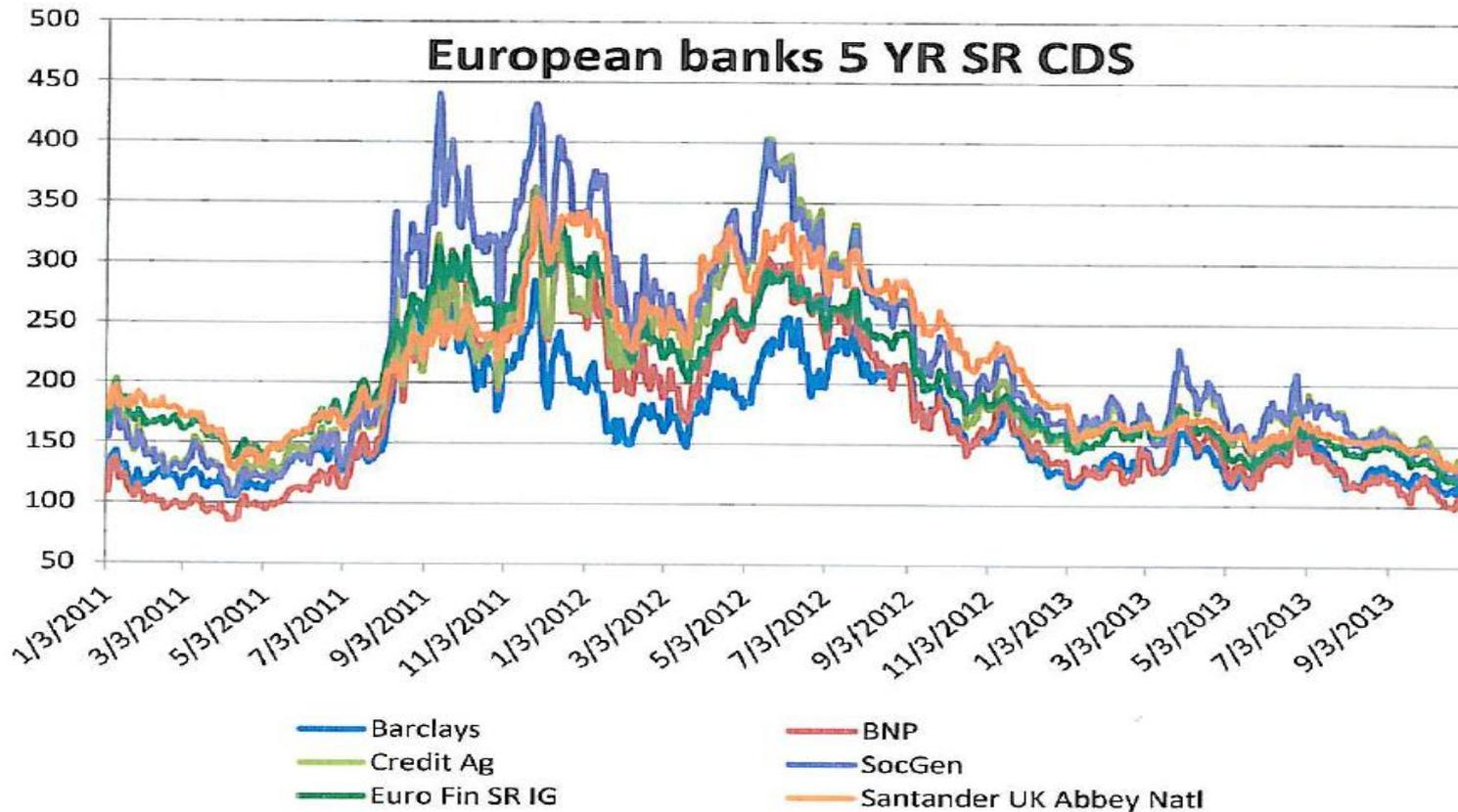
Europe fell into recession following the 2008 financial crisis. During 2009-2012, the European Central Bank (ECB) developed measures to prevent the European countries and banking systems from falling apart, to avoid bank defaults, and prevent bank deposit runs.

Greece budgetary and fiscal troubles surfaced during 2010 and led to Europe region issues surfacing elsewhere about their fiscal solvency. The Federal Reserve adjusted its dollar liquidity swap arrangements with central banks including: Canada, England, Japan, European region, and Switzerland as well as currency liquidity swap arrangements to aid financial institutions in countries unable to get financing or loans. The ECB purchased sovereign bonds

Additionally, the European Financial Stability Facility (EFSF) was created by the euro area Member States following decisions taken on 5/9/10 within the framework of the Ecofin Council. The EFSF mandate was to safeguard financial stability in Europe by providing financial assistance to euro Member States as was created and a temporary rescue mechanism. In October 2010, the creation of a permanent rescue mechanism, the European Stability Mechanism (ESM) was developed and utilized on 10/8/12.

Analysis Summary

Societe Generale and its trading CDS peers have all experienced a reduction in CDS spread since the sovereign crisis was more acute. The next year may produce some more periods of volatility within Europe, but expectations are for a more stabilized Europe; although slower growth.



Analysis Summary

Conclusion

- Societe Generale is one of the largest French banks with a dominant banking presence in France and is classified as a global systemically important bank.
- Tier 1 and Total Capital ratios stood at 13.5% and 15.2% at Q313 versus 10.7% and 12.6% at Q210, respectively. This reflects a buildup in capital as most banks have done to meet more stringent capital requirements ahead within the banking sector. Societe Generale's Basel III Tier I ratio, taking account Europe's CRR/CRD4 rules was 9.9% and its total capital ratio stood at 13.1%.
- Societe Generale's YTD 2013 results reflect a EUR 1.9B profit while operating income is down 30% from a higher cost of risk. While the bank has provisioned more the past two years, the bank continues to generate net earnings from its diversified set of financial services while still maintaining fairly stable income from its French banking network. Any significant deterioration in its French network, international banking, or the bank taking large writedowns within its corporate unit would result in limiting or withholding O/N investments in Societe Generale.
- Rating agencies still factor support of the French banking sector from France with S&P commenting on 11/8/13, "We believe that the French government would remain willing and able to support these systemic banks during a period of banking system stress". France's long-term ratings were recently downgraded by both, S&P and Fitch to AAu/AA+, respectively. France has been able to borrow at low rates successfully with labor and tax reform its main focus to improve its trade position. France contracted .1% in the most recent quarter. Recent economic indicators were slightly worse than expected given weaker auto production and manufacturing.

Sources: Bloomberg, bank presentations/filings, CapitalIQ, rating agency resources, news articles.

Formal Issuer Approval Memo

INTEROFFICE MEMO



County of San Bernardino

DATE: November 21, 2013 **PHONE:** 387-6379

FROM: ROBIN DERDOWSKI, Investment Analyst
Auditor-Controller/Treasurer/Tax Collector

TO: LARRY WALKER
Auditor-Controller/Treasurer/Tax Collector

OSCAR VALDEZ, Assistant Auditor-Controller/Treasurer/Tax Collector
Auditor-Controller/Treasurer/Tax Collector

JOHN JOHNSON, Cash Manager/Investment Officer
Auditor-Controller/Treasurer/Tax Collector

SUBJECT: RECOMMENDATION TO REVISE SOCIETE GENERALE LIMIT TO OVERNIGHT FROM HOLD

ISSUER: Societe Generale North America (SOCNAM)/ Societe Generale NY (SOGNNY)

RECOMMENDATION: Approve Societe Generale for overnight purchases from Hold

CURRENT RATING: ~~S&P~~ Moody's/Fitch
Short: A-1/P-1/F1
Long: A Neg/A2/A

- Societe Generale is one of the largest French banks with a dominant banking presence in France and is classified as a global systemically important bank.
- Societe Generale's Tier I and Total Capital ratios have improved to 13.5% and 15.2% at Q313 versus 10.7% and 12.6% at Q210, respectively. From a Basel III pro forma standard, the bank's core Tier I ratio was 9.9%, and while lower to its peer group, still remains adequate and reflects material improvement from several years ago as the bank restructures business operations to comply with regulatory bank standards and improve its business performance.
- The bank's YTD 2013 results reflect a 20% reduction banking income due to the macroeconomic environment in Europe as well as a low rate environment impacting net interest margin. However, Societe Generale has produced net positive earnings from its diversified sources of

Recommendation to Revise Societe Generale Limit to Overnight From Hold
November 21, 2013
Page 1 of 2

earnings within its three primary business segments. YTD 2013 pretax income of EUR 2.7B and profit EUR 1.9B compares to FY 2012 pretax profit of EUR 2.7B and profit of EUR 774MM when the bank reported higher impairments and charges.

- PFM has recently extended its limit on Societe Generale to 3 months from 2 weeks given recent developments of European regulatory measures, easing liquidity concerns about lending in the European market as well as seeing some gradual improvement in Europe. Fiscal and austerity plans implemented within countries have led to less market instability. The sovereign debt crisis market volatility witnessed during 2011-2012 has eased.

RD:rir

APPROVAL:

John Johnson
Cash Manager/Investment Officer

Date

Oscar Valdez
Assistant Auditor-Controller Treasurer/Tax Collector

Date

Larry Walker
Auditor-Controller/Treasurer/Tax Collector

Date

Approved Issuer List

TICKER	ISSUER	CR*	S/T RATINGS			L/T RATINGS			OUTLOOK			LIMIT	FA LIMIT
			S&P	MDY	FI	S&P	MDY	FI	S&P	MDY	FI		
HNDAF	AMER HONDA FIN	5.3	A-1	P-1	F1	A+	A1	A	STABLE	STABLE	STABLE	185D	5 years
BMOHAR	BMO HARRIS BANK NA	5.0	A-1	P-1	F1+	A+	A2	AA-	STABLE	STABLE	STABLE	1 year	3 years
BMOCHI	BANK OF MONTREAL CHICAGO	4.3	A-1	P-1	F1+	A+	Aa3	AA-	STABLE	STABLE	STABLE	1 year	3 years
BMTLCH	BANK OF MONTREAL CHICAGO	4.3	A-1	P-1	F1+	A+	Aa3	AA-	STABLE	STABLE	STABLE	1 year	3 years
BMOCHG	BANK OF MONTREAL CHICAGO	4.3	A-1	P-1	F1+	A+	Aa3	AA-	STABLE	STABLE	STABLE	1 year	3 years
BNS	BANK OF NOVA SCOTIA	4.0	A-1	P-1	F1+	A+	Aa2	AA-	STABLE	STABLE	STABLE	400D	3 years
BNSHOU	BANK OF NOVA SCOTIA HOUS	4.0	A-1	P-1	F1+	A+	Aa2	AA-	STABLE	STABLE	STABLE	400D	3 years
BNSHTX	BANK OF NOVA SCOTIA HOUS	4.0	A-1	P-1	F1+	A+	Aa2	AA-	STABLE	STABLE	STABLE	400D	
BCSNY	BARCLAYS BANK PLC NY	6.0	A-1	P-1	F1	A	A2	A	STABLE	NEG	STABLE	Hold	Hold
BCSFUN	BARCLAYS US FUNDING LLC	6.7	A-1	P-1	F1	A-	A3	A	STABLE	NEG	STABLE	Hold	Hold
PARFIN	BNP PARIBAS FINANCE INC	5.3	A-1	P-1	F1	A+	A2	A+	NEG	STABLE	STABLE	O/N only	6 months
BNPPNY	BNP PARIBAS NY BRANCH	5.3	A-1	P-1	F1	A+	A2	A+	NEG	STABLE	STABLE	O/N only	6 months
BNPPSF	BNP PARIBAS SF BRANCH	5.3	A-1	P-1	F1	A+	A2	A+	NEG	STABLE	STABLE	O/N only	6 months
CMBDE	CHASE BANK USA NA	4.3	A-1	P-1	F1	A+	Aa3	A+	STABLE	STABLE	STABLE	Hold	5 years
CBANY	COMMONWEALTH BK AUSTR NY	3.7	A-1+	P-1	F1+	AA-	Aa2	AA-	STABLE	STABLE	STABLE	545D	3 years
DBKFIN	DEUTSCHE BANK FINL LLC	5.7	A-1	P-1	F1+	A	A2	A+	STABLE	NEG	STABLE	O/N only	4 months
DBNY	DEUTSCHE BANK NY	5.7	A-1	P-1	F1+	A	A2	A+	STABLE	NEG	STABLE	O/N only	4 months
FNDN	FANNIE MAE	1.5	A-1+	P-1	F1+ *-	AA+	Aaa	AAA *-		STABLE			
FCDN	FEDERAL FARM CREDIT BANK	1.5	A-1+	P-1	F1+ *-	AA+	Aaa	AAA *-		STABLE			
FHDN	FEDERAL HOME LOAN BANK	1.5	A-1+	P-1	NR	AA+	Aaa	NR		STABLE			

Approved Issuer List

SAN BERNARDINO COUNTY
Approved Issuer List
12/30/2013

* CR - Credit Ranking scores an issuer by rating, 1 being consistent with AAA/Aaa
 MTN's reference parent ratings/Bank Notes reference operating bank entity ratings
 DNB: Do Not Buy *- equals NEG WATCH *+ equals POS WATCH

Update to list
Change
Negative Rating Action
Neutral-Slight Negative/Developing Rating Action
Neutral-Slight Positive/Developing Rating Action
Positive Rating Action
Add Deutsche Bank NY YCD program to Approved Issuer List (AIL)

Investment Grade Rating Scales

Short-term scale (ST)			Long-term Scale (LT)			Score*
S&P	Moody's	Fitch	S&P	Moody's	Fitch	
A-1+		F1+	AAA	Aaa	AAA	1.0
A-1	P-1	F1	AA+	Aa1	AA+	2.0
A-2	P-2	F2	AA	Aa2	AA	3.0
A-3	P-3	F3	AA-	Aa3	AA-	4.0
			A+	A1	A+	5.0
			A	A2	A	6.0
			A-	A3	A-	7.0
			BBB+	Baa1	BBB+	8.0
			BBB	Baa2	BBB	9.0
			BBB-	Baa3	BBB-	10.0

*Adjust by 0.5 for positive and negative watch

Investment Policy and State Government Code restricted

INVESTMENT GUIDELINES

Per program investment limits beyond stated policy

INVESTMENT TYPE	LIMIT
Agency Repo (deliverable)	\$200MM per firm
Callable Agencies	25% of Pool Balance
CP, CD/YCDs	Subject to 5% overall issuer limit
Corporate Notes	Subject to 5% overall issuer limit
Floating Rate Note (Floaters)	20% of Pool Balance
Mutual Funds	\$350MM per Agency Money Market Mutual Fund

Monitoring Approved Issuers

- Ongoing analysis including quarterly tear sheets
- Monitoring and reporting of rating actions
- Monitoring and documentation of material news
- Monitoring of market indicators (CDS, stock prices, patterns of issuance, offer spreads, option activity, etc.)
- Outside Advisor monitoring and consultation
- Recommendations to management regarding tenor, % exposure, buy, do not buy, hold, or sell

Compliance

Issuer Limit	210,763,655	210,763,655	100,000,000	n/a	n/a	n/a		Issuer %	Compliance
Sector	Cert of Deposit	Commercial Paper	Corporate Notes	Federal Agencies	Money Market	U.S. Treasuries	Grand Total		
America Honda Finance		65,995,098.00					65,995,098.00	1.57%	yes
Bank of Montreal	194,980,562.00						194,980,562.00	4.63%	yes
Bank of Nova Scotia	49,992,556.75	124,982,075.00					174,974,631.75	4.15%	yes
BNP Paribas		70,000,000.00					70,000,000.00	1.66%	yes
Deutsche Bank		150,000,000.00					150,000,000.00	3.56%	yes
Federal Farm Credit Bank				144,960,216.30			144,960,216.30	3.44%	yes
Federal Home Loan Bank				140,990,578.30			140,990,578.30	3.34%	yes
Federal Home Loan Mortgage Corp				783,147,891.00			783,147,891.00	18.58%	yes
Federal National Mortgage Assoc				602,590,264.70			602,590,264.70	14.30%	yes
Federated Money Market Fund					30,000,000.00		30,000,000.00	0.71%	yes
Fidelity Money Market Fund					27,000,000.00		27,000,000.00	0.64%	yes
General Electric		69,998,760.00	25,185,850.00				95,184,610.00	2.26%	yes
Nordea Bank	149,966,403.25						149,966,403.25	3.56%	yes
Royal Bank of Canada	125,025,567.50						125,025,567.50	2.97%	yes
Svenska Handelsbank	89,996,140.65						89,996,140.65	2.14%	yes
Toronto Dominion	163,060,915.50						163,060,915.50	3.87%	yes
Toyota		124,968,575.00					124,968,575.00	2.96%	yes
U.S. Bank	74,980,920.25						74,980,920.25	1.78%	yes
U.S. Treasury						732,605,489.50	732,605,489.50	17.38%	yes
Wells Fargo	124,958,969.00						124,958,969.00	2.96%	yes
Westpac Banking Corp. NY	149,886,260.75						149,886,260.75	3.56%	yes
Grand Total	1,122,848,295.65	605,944,508.00	25,185,850.00	1,671,688,950.30	57,000,000.00	732,605,489.50	4,215,273,093.45		
% of Portfolio	26.64%	14.37%	0.60%	39.66%	1.35%	17.38%			
Sector Limit	30%	40%	10%	100%	15%	100%			
Compliance	yes	yes	yes	yes	yes	yes			

Compliance

<u>Commercial Paper</u>						
<u>Issuer</u>	<u>Amount Invested</u>	<u>Recently Active?</u>	<u>Sector Capacity</u>	<u>Adjusted Capacity</u> <u>By Issuer</u>	<u>Day Limit</u>	<u>In Compliance?</u>
America Honda Finance	\$65,995,098	Yes	\$143,933,402	\$143,933,402	185 days	Yes
Bank of Nova Scotia	\$124,982,075	Yes	\$84,946,425	\$34,953,868	400 days	Yes
Barclays	\$0	Yes	\$209,928,500	\$209,928,500	0 days	Yes
BNP Paribas	\$70,000,000	Yes	\$139,928,500	\$139,928,500	1 days	Yes
CBA	\$0	Yes	\$209,928,500	\$209,928,500	545 days	Yes
Deutsche Bank	\$150,000,000	Yes	\$59,928,500	\$59,928,500	1 days	Yes
General Electric	\$69,998,760	Yes	\$130,001,240	\$130,001,240	735 days	Yes
Goldman Sachs	\$0	Yes	\$209,928,500	\$209,928,500	1 days	Yes
JP Morgan Chase	\$0	Yes	\$209,928,500	\$209,928,500	0 days	Yes
Nordea Bank	\$0	Yes	\$209,928,500	\$59,962,097	95 days	Yes
Rabobank	\$0	Yes	\$209,928,500	\$209,928,500	1 days	Yes
Societe Generale	\$0	Yes	\$209,928,500	\$209,928,500	1 days	Yes
Svenska Handelsbank	\$0	Yes	\$209,928,500	\$119,932,359	95 days	Yes
Toyota	\$124,968,575	Yes	\$84,959,925	\$84,959,925	275 days	Yes
U.S. Bank	\$0	Yes	\$209,928,500	\$134,947,580	735 days	Yes
Wells Fargo	\$0	Yes	\$209,928,500	\$84,969,531	400 days	Yes
TOTALS	\$605,944,508		\$2,742,982,992			
OVERALL COMPLIANCE LIMIT			\$1,080,164,729			

Compliance

Fitch Ratings Fund Credit Quality Rating Matrix

Fund Name: San Bernardino County Investment Pool

Date: February 14, 2014

Fund Credit Rating: AAA

Bond Fund WARF: 0.156

Fund Volatility Rating: VI

Market Risk Factor: 1.1

Fund Credit Rating

Weighted Average Rating Factor (\$ Amount)

Rating Category	<= 90 days	Factor	> 90 but <= 397 days	Factor	> 397 days	Factor	Bond Fund WARF
GOVT	\$50,162,025.00	0.00	\$606,749,395.00	0.00	\$1,697,403,468.80	0.19	0.0765
AAA	\$57,000,000.00	0.05	\$0.00	0.10	\$0.00	0.19	0.0007
AA	\$0.00	0.10	\$88,067,435.50	0.19	\$0.00	0.64	0.0040
A	\$0.00	0.19	\$0.00	0.64	\$0.00	1.58	0.0000
BBB+	\$0.00	0.64	\$0.00	1.58	\$0.00	4.54	0.0000
BBB	\$0.00	0.64	\$0.00	1.58	\$0.00	4.54	0.0000
BBB-	\$0.00	4.54	\$0.00	4.54	\$0.00	4.54	0.0000
BB	\$0.00	17.43	\$0.00	17.43	\$0.00	17.43	0.0000
B	\$0.00	32.18	\$0.00	32.18	\$0.00	32.18	0.0000
CCC	\$0.00	62.80	\$0.00	62.80	\$0.00	62.80	0.0000
CC	\$0.00	100.00	\$0.00	100.00	\$0.00	100.00	0.0000
C	\$0.00	100.00	\$0.00	100.00	\$0.00	100.00	0.0000
F1+	\$884,930,238.40	0.10	\$374,822,846.75	0.19	\$0.00	0.64	0.0379
F1	\$355,995,093.00	0.19	\$74,956,741.00	0.64	\$25,185,850.00	1.58	0.0369
F2	\$0.00	0.64	\$0.00	1.58	\$0.00	4.54	0.0000
F3	\$0.00	4.54	\$0.00	4.54	\$0.00	4.54	0.0000
TOTALS =	\$1,348,087,356.40		\$1,144,596,418.25		\$1,722,589,318.80		0.156
							\$4,215,273,093.45

Compliance

Morning Compliance Email to Management

Below is the daily report for 2/14/14.

Market Value	\$4,215,273,093
Effective Duration	1.088
Duration to Maturity	1.147
Expected WAM	401.9 days
Floater WAM	172.0 days
Compliance	YES
Current Callable Structure	6.8% callable
Callable Structure w/ Forwards	6.8% callable
Floater Structure	4.2% floaters
% of Maturities Under 12 Months	58.1%

Considerations

- What is your capability to manage credits in your portfolio? What resources are available to you?
- Should you build in-house capability or hire an outside investment advisor?
- Discretionary or passive advisor?
- Does the net additional return justify the cost and risk?
- What is the political climate at your agency? (Social responsibility, conflicts of interest, risk tolerance, and participant makeup)

Disclosure

Any information presented in this presentation should not be relied upon as current issuer specific credit advice. Data referenced in this presentation is for illustrative purposes only and does not represent comprehensive analysis or specific issuer recommendations.

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CDIAC

**CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION**

SECURITIES AND CREDIT MONITORING

BRIAN STARR, CFA
INVESTMENT ANALYST
CITY AND COUNTY OF SAN FRANCISCO



Help!

- How do I add and manage credit??
 - ▣ We have a small portfolio

 - ▣ We don't have many resources

 - ▣ We don't want to take a lot of risk

 - ▣ We **do** want to invest in credit

Framework

- Understand
 - ▣ Behavioral, Political, Capital Markets
- Plan
 - ▣ Develop guidelines and processes
- Implement
 - ▣ **Just do it**



Understand

□ Behavioral

- Investment manager
- Supervisors
- Oversight / governing bodies

□ Bridgewater (www.bwater.com)

- \$88.6B AUM
- “Principles”, by Ray Dalio, 123 pages
- Do **not** address principles of investing
- Obsession with **being honest with yourself**

Understand

□ Political

- Non-profit motivation
 - Form over substance
 - Distortion by simplification
-
- After thorough evaluation, you buy an Oil & Gas Corp. bond. Interest rates shift. An activist chains himself to an oil platform. Profits are high...

Understand

□ Capital markets

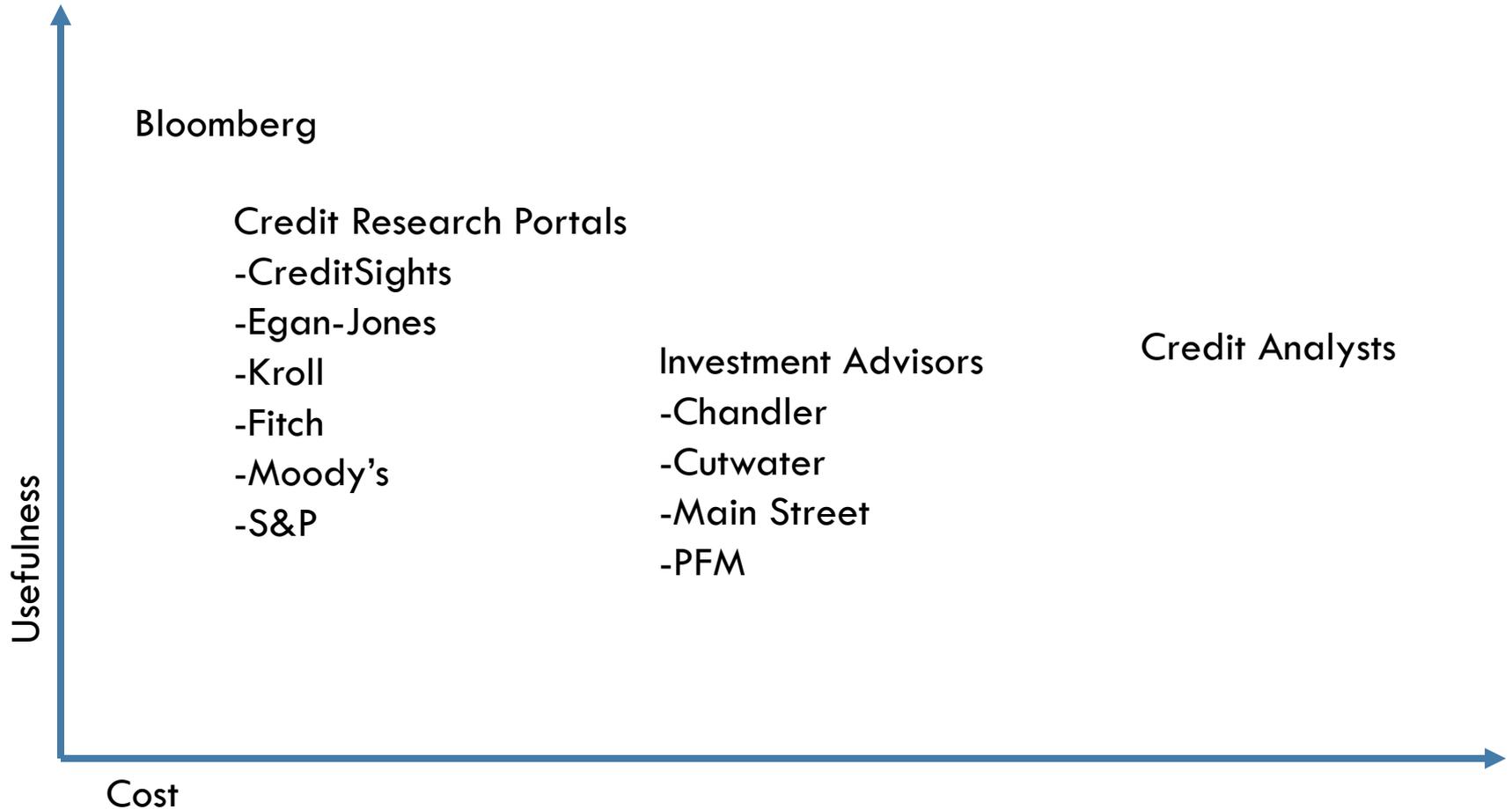
- What is credit to you?
 - Caused a crisis? Municipal bonds? Counterparties?
- Structures
 - Subordination, collateralization, recourse
- Risk exposures
 - The only good reason to utilize credit.
- Ratings
 - LIBOR-like issues
- Spreads/market prices
 - No such thing as a free lunch

Plan

- Policy/Guidelines
 - Resource allocation
 - Objective & formal constraints
 - Informal constraints & tolerances

- Processes/Procedures
 - Credit review & approval
 - Approved Issuer List
 - On-going review
 - Portfolio monitoring

Plan – Policy / Guidelines



*** only as it pertains to managing credit internally ***

Plan – Policy/Guidelines

- \$200mm portfolio
- Target 15% credit
- Expected “additional” spread: 20bps

- Credit-related expenditures should not exceed \$60,000/year
- Or outsource to a money manager

Plan – Policy/Guidelines

□ Objective

- Why are you torturing yourself?

□ Formal constraints

- State Code
- Investment policy
- With these constraints, can you realistically achieve your objective?

Plan – Policy/Guidelines

□ Investment Policy

- Build in tolerance
- **Sale restrictions**
- Each security has characteristics to be addressed:
 - Sub-asset class (maximum allocation?)
 - Issuer (parent or subsidiary?)
 - Ratings (issue or issuer?)
 - Structure
 - Term
 - Issue size
 - Seniority

Plan – Policy/Guidelines

- Informal constraints and tolerances
 - Internal restrictions more stringent than policy
 - May be issuer-specific
 - Know what you will do before you have to do it

- When an issuer you hold is indicted in an accounting scandal and the bond you bought at par is trading at 85, what will you do?

Plan – Processes/Procedures

□ Credit Review and Approval

□ Choosing issuers

- Issuer solvency and liquidity
- Solvent = sustainable; liquid = body armor
- **You won't out-analyze Wall Street**
- Use market data, not ratings as an evaluation tool
- Search for sinkholes

□ Approving issuers

- Regular Credit Committee meetings
- New credits: Tell the **story**, focus on fat tails
- Old credits: Relevant updates

Plan – Processes/Procedures

□ Approved Issuer List

- Effective date
 - Names of reviewed issuers
 - Status of approval
 - Approved subsidiaries
 - Maximum allocation
 - Maximum term
- Aside: In most cases, an 2 year XYZ Corp. bond is ***more than*** twice as risky as a 1 year XYZ Corp. bond.

Plan – Processes/Procedures

□ On-going review

- Harder than initial review because focus wanes
 - In IG, everything looks creditworthy initially
 - Understand any changes
 - Earnings / cash flow / balance sheet
 - Strategy, acquisitions, divestures
- As with initial analysis, can be as deep or cursory as you deem appropriate

Plan – Processes/Procedures

- **Portfolio monitoring**
 - Real-time oversight of credit exposure
 - Bloomberg and/or Google Alerts
 - Changes in equity prices
 - CDS levels
 - Company news

- **Remember: Financial statements are backward looking and too late.**

Implement

- Construct your credit portfolio
 - Know what the credit portfolio should look like even before the first purchase
- Trade intelligently
 - Take advantage of supply/demand
 - New issue
 - Index construction
 - Regulatory constraints

A well-covered rear...

- Understands the objectives and risks of each investment and the portfolio
- Follows policies and procedures to maintain compliance
- Has a **reasonable and adequate** basis for investment decisions
- Credit blows up; build a bomb shelter

Contact:

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CDIAC

**CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION**

CREDIT ANALYSIS AND MONITORING

RAYMOND JOHNSON
BLOOMBERG LP
APPLICATION SPECIALIST

Fundamental, Price and Yield Analysis

Credit Workflow Approach

- Compiling and Updating Fundamental Information
- Conducting Comparative Credit Analysis
- Monitoring Ratings and Company Releases
- Yield and Credit Curve Analysis
- Price Discovery
- Bond Yield Analysis (Fixed and Floating)
- Confirmation and Communication

Analyzing Credit

WFC Float 04/23/18 \$ ↑100.725 -.079 100.498 / 100.951 -- X --
 At 8:00 Op 100.717 Hi 100.801 Lo 100.717 Prev 100.804 BVAL

EJ640536 Corp 96) Actions 97) Output 98) Settings 99) Feedback Financial Analysis

Wells Fargo & Co Periods 10 Quarters Currency USD

Key Stats I/S B/S C/F Ratios Segments Add ESG Custom

Profitability Growth **Credit** Liquidity Yield Analysis DuPont Analysis

In Millions of USD except Per Share

Period ending	Q4 2013 2013-12-31	Q3 2013 2013-09-30	Q2 2013 2013-06-30	Q1 2013 2013-03-31	Q4 2012 2012-12-31	Q3 2012 2012-09-30
Total Debt/EBIT	6.34	6.48	5.85	6.34	6.48	6.69
Net Debt/EBIT	-0.82	0.13	0.45	0.91	0.89	2.39
Cash Interest Paid	1,075.0	1,216.0	1,035.0	995.0	1,379.0	1,256.0
Common Equity/Total Assets	10.08	10.19	10.30	10.28	10.17	10.36
Long-Term Debt/Equity	89.47	89.57	75.33	77.23	80.16	83.82
Long-Term Debt/Capital	40.49	40.44	35.85	36.03	37.09	38.61
Long-Term Debt/Total Assets	10.02	10.16	8.56	8.78	8.95	9.51
Total Debt/Equity	120.98	121.47	110.12	114.38	116.14	117.11
Total Debt/Capital	54.75	54.85	52.41	53.35	53.73	53.94
Total Debt/Total Assets	13.55	13.78	12.52	13.01	12.97	13.29
Net Debt/Equity	-15.69	2.43	8.40	16.44	15.97	41.86
Net Debt/Capital	-7.10	1.10	4.00	7.67	7.39	19.28

Zoom 100%

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Comparative Credit Analysis

Warning: Function is under test - Not formally released.

DE Float 02/25/16 Corp 1) Customize Fields 99) Feedback Credit Comparable Analysis

John Deere Capital Corp 2) Edit Peers

Summary	vs History	vs Peers	3) Issuer Ratings (CRPR)				
Valuation Multiples	Neutral	Neutral	Moody's	A2	02/20/2009	Outlook	STABLE
Market Metrics	Better	Better	S&P	A	12/14/2006	Outlook	STABLE
Credit Ratios	Worse	Worse	Fitch	NR	08/23/2006	Outlook	

Metrics	vs History			3 Years		vs Peers				
	Current	History	Change	Low	Range	High	Avg	DE1 - Peers	History	
Valuation Multiples										
11) EV/EBITDA	--		--	10.7	◆ Avg ● Now	13.9	11.8	--		
12) Price to Book Ratio	--		--	2.8		3.8	3.3	--		
Market Metrics										
13) 1-Yr Implied Volatility	--		--	19.1		22.0	20.6	--		
14) 5 Year Bid CDS Spread	31.9		-22.5 B	30.0		47.2	40.6	-8.8 B		
15) Bid CDS Basis	-3.2		-30.1 W	-8.7		-8.7	-8.7	5.5 B		
16) Bid Z-Spread	43.0		-0.3 B	58.9		62.4	60.7	-17.7 B		
17) Dividend Yield	--		--	1.5		1.9	1.7	--		
Credit Ratios										
18) EBITDA / Net Interest	1.5		-0.1 W	16.6		18.9	17.7	-16.2 W		
19) Net Debt / EBITDA	20.2		4.9 W	0.3		3.6	1.4	18.8 W		
20) Total Debt / EBITDA	20.5		4.8 W	1.1		4.3	2.2	18.2 W		
21) Total Debt/EV	--		--	0.1		0.4	0.2	--		
22) Total Debt/Equity	776.4		-26.0 B	28.7		181.4	75.1	701.4 W		
23) Total Debt/Total Capita	88.6		-0.3 B	22.2		64.4	38.5	50.1 W		

Quantitative Default Model

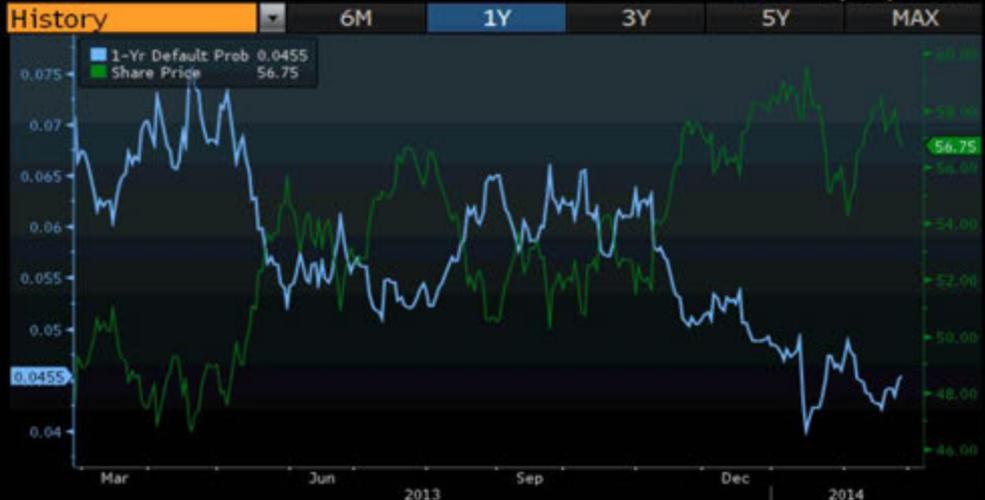
<HELP> for explanation, <MENU> for similar functions.

EK073388 Corp 96) Info 97) Settings 98) Feedback Bloomberg Default Risk

JPMorgan Chase & Co 99) What's New As of 2/26/2014

1) 1-Yr Default Risk 2) 1-Yr Default Prob 3) 5-Yr Model CDS 4) 5-Yr Market CDS 5) Market/Model CDS Ratio 6) Share Price 7) Market Cap 8) Price Vol (1-Yr) 9) Eff ST Debt 10) Long-Term Debt 11) Total Debt 12) Loan Loss Reserve 13) Non-Performing Loan 14) Effective Net Income

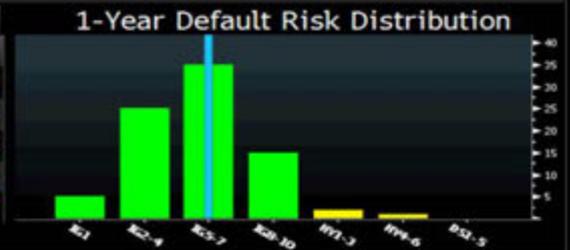
IG6 0.0455%



20) Sector Comparison (DRAM)

Sector	Financials: Financial Services	Region	United States
Credit Metric	JPM	10 PCTL	90 PCTL
21) Debt/Equity	314.87	0.00	324.09
22) Return on Assets (%)	0.87	-537.18	18.99
23) NPL/LLR	0.53	0.47	1.55
24) Realized Vol(1-Yr %)	19.77	20.54	118.75
25) Implied Vol (1-Yr %)	21.17	21.84	31.37

Legend: ● JPM ● Median ● Wtd Avg



Monitoring Ratings and Credit

<HELP> for explanation.

1) Searches 2) Export to Excel 3) Alert 60) Send via MSG Rating Changes

Search	US Inv Grade	Results					
Company Name	Date	Rating Type	Agency	Curr Rtg	Last Rtg	Ctry	Industry Type
Mohawk Industries Inc	2/27/2014	Short Term	Moody's	P-3		US	Flooring Products
Biogen Idec Inc	2/26/2014	Long Term Rating	Moody's	Baa1	Baa2	US	Mature Biotechnology
Biogen Idec Inc	2/26/2014	Senior Unsecured D	Moody's	Baa1	Baa2	US	Mature Biotechnology
Noridian Mutual Insuranc	2/26/2014	Financial Strength	S&P	BBB+ +-	A- +-	US	Life Insurance
Noridian Mutual Insuranc	2/26/2014	LT Local Issuer Cre	S&P	BBB+ +-	A- +-	US	Life Insurance
Intralinks Inc	2/25/2014	Spec Grade Liquidit	Moody's	SGL-2	SGL-3	US	Application Software
Macy's Inc	2/25/2014	Senior Unsecured D	Moody's	Baa2	Baa3	US	Mid-Tier Department St
Macy's Inc	2/25/2014	Long Term Rating	Moody's	Baa2	Baa3	US	Mid-Tier Department St
Macy's Retail Holdings In	2/25/2014	Senior Unsecured D	Moody's	Baa2	Baa3	US	Department Stores
Macy's Retail Holdings In	2/25/2014	Long Term Rating	Moody's	Baa2	Baa3	US	Department Stores
May Department Stores C	2/25/2014	Long Term Rating	Moody's	Baa2	Baa3	US	Department Stores
May Department Stores C	2/25/2014	Senior Unsecured D	Moody's	Baa2	Baa3	US	Department Stores
North American Developm	2/25/2014	Issuer Rating	Moody's	Aa1	Aaa +-	US	Supranationals
North American Developm	2/25/2014	Long Term Rating	Moody's	Aa1	Aaa +-	US	Supranationals
North American Developm	2/25/2014	Senior Unsecured D	Moody's	Aa1	Aaa +-	US	Supranationals
PVH Corp	2/24/2014	Spec Grade Liquidit	Moody's	SGL-1		US	Apparel De
Magellan Midstream Partn	2/21/2014	Senior Unsecured D	Moody's	Baa1	Baa2	US	Refined Pr
Magellan Midstream Partn	2/21/2014	Long Term Rating	Moody's	Baa1	Baa2	US	Refined Pr
Mohawk Industries Inc	2/21/2014	ST Foreign Issuer Cr	S&P	A-2		US	Flooring P
Mohawk Industries Inc	2/21/2014	ST Local Issuer Cre	S&P	A-2		US	Flooring P
Weight Watchers Internati	2/21/2014	Spec Grade Liquidit	Moody's	SGL-3	SGL-2	US	All Other S
Citation Insurance Co MA	2/20/2014	Financial Strength	S&P	A-	A- *	US	Insurance
Citation Insurance Co MA	2/20/2014	LT Local Issuer Cre	S&P	A-	A- *	US	Insurance
Commerce Insurance Co/	2/20/2014	Financial Strength	S&P	A-	A- *	US	Property &

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Create a customized search on your own portfolio holdings



<HELP> for explanation.

<Menu> To Return

1) Apply 2) New 3) Save Rating Changes: Searches

10) Edit Search 11) Saved Searches

Search Name: US Inv Grade Search ID: 9

Dates: Most Recent (15 days) Specific Range

Rating Type: All

Rating Grade: All, Investment Grade, Non-Investment Grade

Agency: S&P; Moody's

Country: US

Industry: Bloomberg, JICS

Changes: All, Upgrades, Downgrades

Companies: Name Begins With, Issuer List

Type: Portfolio (circled in red)

List

Australia 61 2 9777 0600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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Create Alerts for any Rating Actions

<HELP> for explanation.
<Menu> to Return, 1<Go> to Create Alert

1) Create Alert 2) Save As New 3) Delete 4) Send Alert Editor

Step 1. Select Source Type
 4) List or Single Security 5) Pair or Combination 6) Related Securities 7) Orders

Step 2. Select Securities and Settings
 Source **Portfolio** List **401K PERFORMANCE** Frequency **Once** Active
 Contacts Notes Positions **All**

Step 3. Select Alert Criteria
 Find <Enter Criterion> Trigger Alert on **Any** of the following Criteria
 Choose criteria from the list or entry on the left to add to your alert definition

- 16) BGN Bond Spread/Yield/Price
- 17) Options
- 18) Analyst Recommendations
- 19) Financial Reporting
- 20) Earnings Estimates
- 21) Corporate Actions/Events/Filings
- 22) Corporate Actions
- 23) Company Events
- 24) Company Filings
- 25) Ratings Changes**
- 26) News
- 27) Index Member Changes
- 28) Japanese Markets
- 29) Foreign Exchange

Step 4 (Optional). Configure more Settings
 Override Delivery Launchpad & Audio Time Range to Pop Alert Catcher to Front
 Alert Expires in **365** Day(s) Max. 720 Group **Ungrouped**

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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Complete Excel Interface

The screenshot displays a Microsoft Excel spreadsheet with the following components:

- Excel Interface:** The top ribbon includes File, Home, Insert, Page Layout, Formulas, Data, Review, View, and Bloomberg. The Home ribbon shows options for Font (Calibri, size 11), Paragraph (B, I, U, text color, background color), Alignment, Number, Styles (Conditional Formatting, Format as Table, Cell Styles), Cells (Insert, Delete, Format), and Editing (AutoSum, Fill, Clear, Sort & Filter, Find & Select).
- Financial Data Table (Rows 19-34):**

Measure:	2012	2013	2014	2015
Q1 Mar	4789.00	4610.00	4700.00	6056.00
Q2 Jun	6032.00	5040.00	6738.20	7565.00
Q3 Sep	5481.00	6046.00	6740.80	7241.67
Q4 Dec	8818.00	7974.00	9441.60	9717.67
Year	25119.00	23455.00	27468.92	29130.42
Cal Yr	25119.00	23455.00	27468.92	29130.42
- Price and Volume Chart (Rows 35-43):** A combined bar and line chart titled "Price and Volume (1 Year)". The x-axis shows dates from 0-12 to 0-15. The left y-axis represents Price (0.0 to 200) and the right y-axis represents Volume (0.0M to 6.0M). The chart shows a blue line for price and grey bars for volume.
- Performance Summary Table (Rows 44-59):**

Measure:	2012	2013	2014	2015
Q1 Mar	4789.00	4610.00	4700.00	6056.00
Q2 Jun	6032.00	5040.00	6738.20	7565.00
Q3 Sep	5481.00	6046.00	6740.80	7241.67
Q4 Dec	8818.00	7974.00	9441.60	9717.67
Year	25119.00	23455.00	27468.92	29130.42
Cal Yr	25119.00	23455.00	27468.92	29130.42
- Summary Tables (Rows 60-66):**
 - Growth Rate (CAOR) Summary:**

	1Yr	3Yr	5Yr	10Yr
Sales	-4.6%	0.0%	-0.8%	1.1%
EBIT	-8.2%	1.1%	3.3%	6.4%
EBITDA	-100.0%	-100.0%	-100.0%	-100.0%
Net Income	-0.7%	3.6%	6.0%	8.1%
EPS (Diluted)	4.0%	9.1%	10.8%	13.2%
Dividends	12.1%	14.0%	14.3%	19.4%
BVPS	24.4%	3.8%	15.9%	2.5%
Free Cash Flow	-7.6%	1.2%	3.1%	7.8%
 - Valuation Summary:**

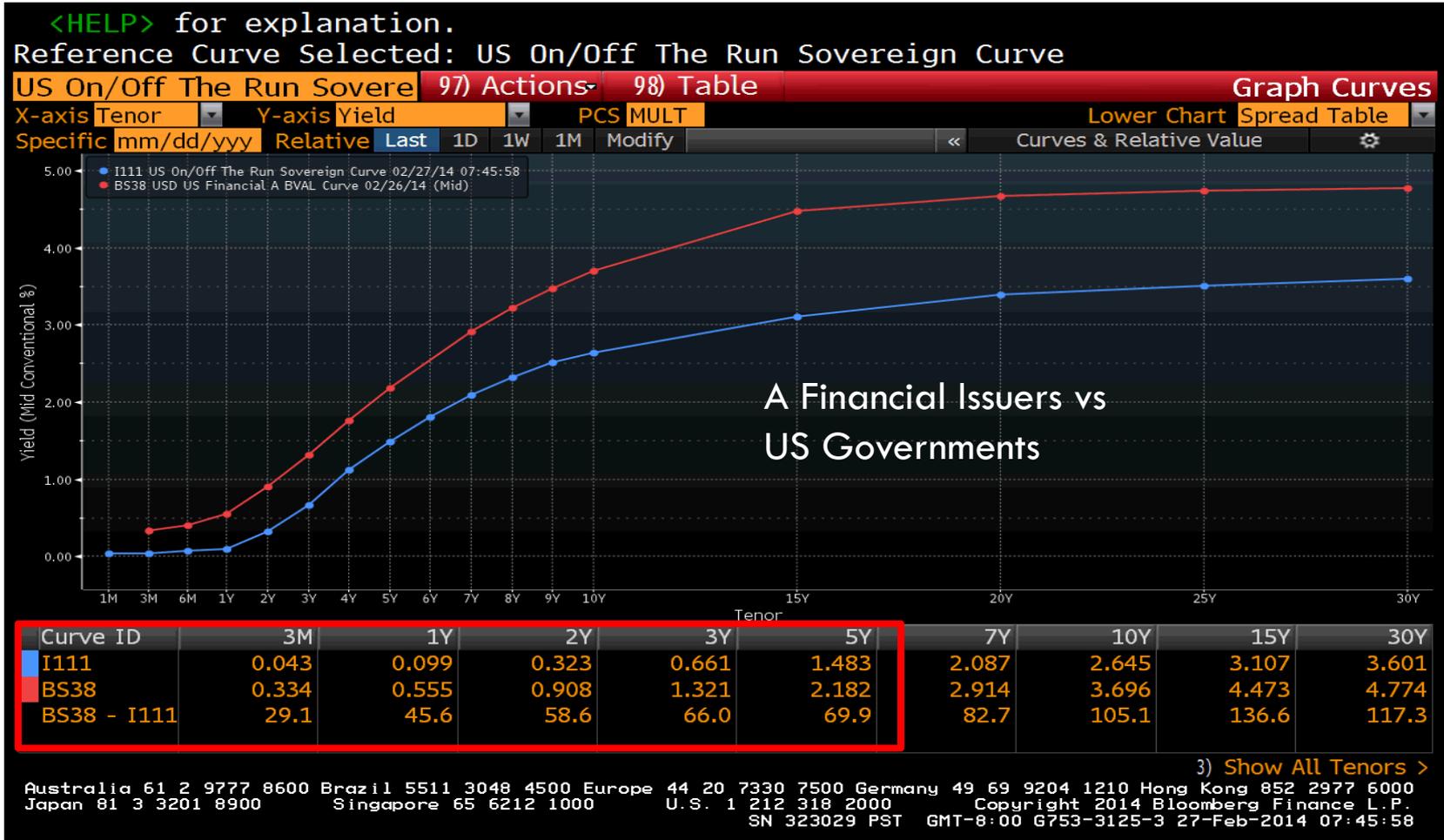
	5 Year	Periodicity:	Yearly
Return on Assets	7.3	9.1	9.3
	10.7	12.3	13.3
	13.8	14.1	13.4

Monitoring and Price Discovery

<HELP> for explanation, <MENU> for similar functions.

97) Change Country		98) Feedback 07:41:47		Treasury & Money Markets: United State						
1) FED Funds(FOMC) 07:13		US T-Bill		EURO\$DEP		Reverse (Bid)	Repo (Ask)			
BID/ASK	0.0600 0.0900	4W	0.04+0.00 0.04 0.04	3M	0.1600 0.2600	O/N	0.07 0.04			
LST/OPEN	0.0700 0.0700	3M	0.04+0.00 0.05 0.04	6M	0.2100 0.4100	1W	0.07 0.04			
HIGH/LO	0.2500 0.0500	6M	0.07+0.00 0.08 0.07	1Y	0.3500 0.5500	2W	0.08 0.05			
		1Y	0.10+0.00 0.10 0.10			1M	0.09 0.06			
Dow Jones		S&P 500 Future		NASDAQ Composite Index		CRB Commodity Index				
DJIA	16200.3 +1.93	SPX Futur	1844.30 +2.40	CCMP	4298.20 +6.14	CRB	302.07 +0.46			
2) US Bonds (BBT)		Comm Paper		90D EUR\$ FUT		Funds Future	3) LIBOR Fix			
T 0 1/4	02/29/16 0.321	99-27 1/4	99-27+ + 00	15D	0.120 MAR	99.932	1W 0.12015			
T 0 5/8	02/15/17 0.660	99-28+	99-28 3/4 + 00	30D	0.140 JUN	99.925	1M 0.15450			
T 1 1/2	02/28/19 1.479	100-03	100-03 1/4 + 02+	60D	0.170 SEP	99.925	2M 0.19590			
T 2 1/8	01/31/21 2.083	100-08	100-08+ + 04+	90D	0.200 DEC	99.920	3M 0.23610			
T 2 3/4	02/15/24 2.641	100-30	100-30+ + 07	120D	0.220 MAR	99.920	6M 0.33000			
T 3 5/8	02/15/44 3.598	100-15	100-16 + 16	180D	0.290 JUN	99.915	1Y 0.55230			
4) Spot FOREX (FXC)		Key Rates		Swaps		10Y Note Future				
JPY	102.003	Prime	3.25	3Y	0.7920	CBT	126-10+ + 08			
EUR	1.3678	BLR	2.00	5Y	1.5755	Commodities				
GBP	1.6654	FDTR	0.25	10Y	2.7480	NYM WTI	102.29 -0.30			
CHF	0.8895	Discount	0.75	30Y	3.5710	GOLD	1335.07 +4.53			
CAD	1.1148					5) 30Y MBS (BBTM)				
						GNMA 3.	102-30 102-31 + 04			
						GOLD 3.5	101-06 101-07 + 05			
						FNMA 3.5	101-14 101-15 + 04			
30) Economic Releases (ECO)										
Date	Time	C	A	M	Event	Period	Survey	Actual	Prior	Revised
31)	02/27	05:30	US		U.S. Dec. Revised Factory Orders Estimate: -2.0% From -1.5%					
32)	02/27	05:30	US		Durable Goods Orders	Jan	-1.7%	-1.0%	-4.3%	-5.3%
33)	02/27	05:30	US		Durables Ex Transportation	Jan	-0.3%	1.1%	-1.6%	-1.9%
34)	02/27	05:30	US		Cap Goods Orders Nondef Ex Air	Jan	-0.2%	1.7%	-1.3%	-1.8%
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Relative Value and Curves



Corporate Bond Price Discovery

<HELP> for explanation. FICM <GO>

US Dollar | **97) Settings** | **99) Feedback** | **Fixed Income Credit Monitor**

1) Investment Grade | 2) High Yield | 3) Emerging Markets

						Historical Range				3 Month	
Markit CDS Index	Sprd	Chg(bps)	#SD	Δ/day	Sprd	Low	Avg	Now	High	Avg	3M Chg
10) CDX IG	64	-1		-0.2		62			75	67	-6

● Chart View ● Range View

Bond Sectors	OAS	Chg(bps)	T/W	ΔAVAT	NI (MM)	Low	Range	High	Avg	3M Chg
11) All Cash Bonds	98.9	-0.4	1:1	-0.5%	24,200	94.4		113.8	101.7	-14.5
12) Communications	126.5	-1.0	3:1	-37.5%		126.1		157.9	137.2	-32.3
13) Technology	79.4	0.6	2:1	+28.5%	8,000	75.9		97.0	82.6	15.7
13) Financials (Sr)	80.8	-0.5	2:1	+4.7%	5,850	76.1		95.3	83.9	-12.6
14) Energy	130.7	-0.4	1:1	-4.7%	1,800	121.8		141.1	130.8	-9.6
15) Health Care	75.5	-0.3	2:1	+43.0%		72.4		91.9	78.9	-14.9
16) Financials (Sub)	141.1	-0.3	1:1	-22.5%		134.7		158.4	145.5	-14.3
17) Consumer Disc.	91.3	-0.3	2:1	+17.3%	1,700	82.5		103.1	91.8	-9.8
18) Consumer Staples	80.3	-0.2	2:1	-13.0%	3,000	74.4		94.3	81.9	-14.5
19) Industrials	80.9	-0.1	1:1	+47.6%	1,950	70.4		88.8	79.4	-6.8
20) Materials	142.2	+0.1	1:1	+1.7%	1,000	134.6		157.5	143.8	-14.8
21) Utilities	93.9	+0.3	1:2	+103.4%	900	83.5		102.1	91.7	-5.8

31) News (N)

32) Gatx Corp. to Sell \$750m 3Y, 5.5Y, 30Y Debt	BFW	05:19
33) MORE: Juniper Networks Plans to Sell \$350m 10Y Sr Notes	BFW	06:12
34) Goldman Sachs Sells \$300m 3Y Notes at +108 bps	BFW	02/26
35) *BX CEO TELLS FOX U.S. BANKING SYSTEM `IN GREAT SHAPE`	BN	07:50
36) *FITCH: FASB REVERSAL ON GAAP A WIN FOR MOST U.S. INSURERS	BN	07:49

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Trace Secondary Trade Monitoring

<HELP> for explanation.
Enter all values and hit <Go>, 2<Go> to save settings as your default view

9) Templates ▾ 10) View ▾ 11) Actions ▾ 12) Hide Filters TRACE Activity

3) Corp Bonds 4) Agencies 5) Mortgage TBA 6) Mortgage Pool 7) Convertibles 8) Equity Linked Notes

Source: All Securities (circled)
Cpn Type: Fixed (circled)
Tickers: WFC (circled)
Maturity(Yrs): - 5.0 (circled)

Size: >=500M Sector: All
Period: Prior Day As of: 2/26
Rating: All Ratings
Market: All Markets
Spread: I Sprd
• Reported Vol • Estimated Vol

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
21)	WFC	5.250	08/01/14	A3/A	S	3,000	102.038	-0.062	0.286	-2	21	-2	5	25	59,383
22)	WFC	3.750	10/01/14	A2/A+	S	3,000	102.023	-0.030	0.244	-3	14	-3	0	1	6,500
23)	WFC	4.800	11/01/14	A1/A+	B	5,000+	102.950	-0.098	0.329	5	23	5	8	1	3,000
24)	WFC	4.875	02/01/15	A1/A+	B	5,000+	104.071	-0.050	0.394	-1	9	0	13	1	5,000
25)	WFC	4.750	02/09/15	A1/A+	B	5,000+	104.075	-0.028	0.372	-3	7	-2	11	1	6,734
26)	WFC	1.250	02/13/15	A2/A+	D	1,004	100.850	-0.033	0.347	2	5	4	9	1	7,808
27)	WFC	3.625	04/15/15	A2/A+	S	550	103.568	N.A.	0.419	N.A.	12	N.A.	13	1	5,000
28)	WFC	.750	07/20/15	Aa3/AA-	B	1,000	100.504	N.A.	0.384	N.A.	8	N.A.	5	1	15:51
29)	WFC	1.250	07/20/16	A2/A+	B	2,130	101.139	N.A.	0.766	N.A.	45	N.A.	18	1	14:21
30)	WFC	5.125	09/15/16	A3/A	B	600	110.098	N.A.	1.074	N.A.	76	N.A.	43	1	09:20
31)	WFC	2.625	12/15/16	A2/A+	S	1,500	105.037	0.493	0.791	-18	49	-17	8	4	600
32)	WFC	2.100	05/08/17	A2/A+	B	750	102.899	0.060	1.137	-2	46	-1	27	1	5,500
33)	WFC	5.625	12/11/17	A2/A+	D	2,000	114.924	-0.137	1.537	2	85	2	42	3	750
34)	WFC	3.150	01/15/18	A2/A+	B	811	100.000	0.153	1.955	-3	47	0	42	2	9,000
35)	WFC	3.150	01/15/18	A2/A+	B	811	100.000	0.153	1.955	-3	47	0	42	2	5,811

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Price Discovery Single Bonds

<HELP> for explanation.

WFC 5 1/2 12/11/17 Corp 94 Export to excel 99 Feedback Trade Histo
 Cusip 949746NX 95 Buy 96 Sell 97
 View Price/G-Spread Range 10/30/13 - 02/27/14 Trade Size >=250M
 98 Charts Reported Vol Estir

	Price			G-Spread			Total Vol(M)	Trds	Dealer to Client	
	High	Low	Last	High	Low	Last			Dir Buy	Dir Sell
	116.193	113.827	114.924	79.0	45.5	52.8	318,788	213	137,248	99.68

Date	Price			G-Spread			Vol(M)	Trds	Dir Buy	Dir Sell
	High	Low	Last	High	Low	Last				
104) 02/21/1	114.911	114.866	114.867	52.5	51.5	52.3	3,300	3	1,500	1
105) 02/20/1	115.049	114.798	114.930	54.2	49.5	51.3	11,435	10	4,870	4
106) 02/19/1	115.180	114.973	114.984	57.6	50.7	55.0	4,600	9	1,500	1
107) 02/14/1	115.137	114.951	115.137	52.0	47.7	47.7	2,800	2	2,800	
108) 02/13/1	115.106	115.018	115.106	51.2	50.3	50.3	6,132	4	0	
109) 02/12/1	115.064	114.828	115.064	52.0	45.5	45.5	1,920	6	250	
110) 02/11/1	115.127	114.853	114.998	60.3	50.0	53.8	21,420	7	14,270	2
111) 02/07/1	115.363	114.939	115.363	59.2	50.2	50.2	803	2	253	
112) 02/05/1	115.012	114.834	114.834	61.6	59.1	61.6	9,000	5	8,300	
113) 02/04/1	115.129	114.919	115.129	61.7	56.9	56.9	14,505	4	8,470	1
114) 02/03/1	115.180	114.982	115.014	62.3	57.1	62.2	5,900	4	0	3
115) 01/31/1	114.851	114.851	114.851	59.6	59.6	59.6	6,000	2	3,000	3
116) 01/30/1	114.809	114.704	114.809	60.4	58.7	58.7	1,200	2	0	

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Price Discovery (Cont.)

WFC 5 12/11/17 ↑115.077 +.015 115 / 115.143 - x--
 At 7:00 On 115.028 Hi 115.077 Lo 115.014 Pre 115.062 BVAL

WFC 5 12/11/17 Cor 1) Actions Page 1 Trade/Quote Recap

90 Buy 90 Sell 97) Settings

Trade Recap Quote Recap

From 02/11/14 05:00:00 Min Size 0 Source TRMT RPS All
 To 02/11/14 14:30:00 Price Range High 114.956 Low 114.900

Time	Size(M)	Price	Yield	RPS	Sprd	To	CC	Trd Date	Trd Time	Act	Ind
12:01:39	720	↓114.998	1.569	B	41.3	3.8yr		02/11	12:01:39		
11:03:01	650	↑115.111	1.541	S	38.5	3.8yr		02/11	10:53:24		
08:57:30	5000+ e	↓115.047	1.557	B	39.7	3.8yr		02/11	08:56:47		
08:46:42	1500	↑115.127	1.537	S	37.7	3.8yr		02/11	08:46:04		
07:26:44	5000+ e	↓114.884	1.598	B	44.0	3.8yr		02/11	07:26:39		c
07:26:42	5000+ e	↑114.918	1.589	D	43.2	3.8yr		02/11	07:26:39		
05:16:13	3550	↓114.853	1.605	B	47.6	3.8yr		02/11	05:16:00		

Zoom - 100%

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Bond Evaluation First Step

DES
Screen saved as \\corp.bloomberg.com\ra-dfs\San Francisco\UserFolders\rjohnson3\

WFC 5 ⁵/₈ 12/11/17 Corp Page 1/11 Description: Bond

94) Notes 95) Buy 96) Sell 97) Settings

21) Bond Description 22) Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name WELLS FARGO & COMPANY	CUSIP 949746NX5
2) Addtl Info	Industry Banking	ISIN US949746NX52
3) Covenants	Security Information	ID Number EH1073137
4) Guarantors	Mkt Iss US Domestic	Bond Ratings
5) Bond Ratings	Country US	S&P A+
6) Identifiers	Currency USD	Moody's A2
7) Exchanges	Rank Sr Unsecured	Fitch AA-
8) Inv Parties	Coupon 5.625	Composite A+
9) Fees, Restrict	Cpn Freq S/A	Type Fixed
10) Schedules	Day Cnt 30/360	Iss Price 99.58400
11) Coupons	Maturity 12/11/2017	Issuance & Trading
Quick Links	BULLET	Amt Issued/Outstanding
32) ALLQ Pricing	Iss Sprd 183.00bp vs T 4 ¹ / ₄ 11/15/17	USD 3,000,000.00 (M) /
33) QRD Quote Recap	Calc Type (1) STREET CONVENTION	USD 3,000,000.00 (M)
34) TDH Trade Hist	Announcement Date 12/03/2007	Min Piece/Increment
35) CACS Corp Action	Interest Accrual Date 12/10/2007	5,000.00 / 1,000.00
36) CF Prospectus	1st Settle Date 12/10/2007	Par Amount 1,000.00
37) CN Sec News	1st Coupon Date 06/11/2008	Book Runner JOINT LEADS
38) HDS Holders	LONG 1ST CPN.	Reporting TRACE
39) VPR Underly Info		
66) Send Bond		

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Bond Evaluation

<HELP> for explanation.
 NIM ALERT : UTIW 4 1/2 03/01/19
 WFC 5 5/8 12/11/17 Corp 90 Feedback Yield and Spread Analysis
 95 Buy 96 Sell 97 Settings

1) Yield & Spread 2) Pricing 3) Descriptive 4) Graphs 5) Custom

WFC 5 5/8 12/11/17 (949746NX5) Risk

Spread	85.14 bp vs 3y T 0 5/8 02/15/17	Workout	OAS
Price	114.995	3.411	3.441
Yield	1.5164276 Wst	Risk	4.002
Wkout	12/11/2017 @ 100.00 Consensus Yld 7/7	Convexity	0.143
Settle	03/04/14 02/28/14	DV 01 on 1MM	400
		Benchmark Risk	2.942
		Risk Hedge	1,360 M
		Proceeds Hedge	1,164 M

Spread		Yield Calculations	
1) G-Sprc	52.0	Street Conventior	1.5164276
2) I-Sprd	40.1	Equiv1 /Yr	1.5221765
3) Basis	-12.1	Mmkt (Act/36)	
4) Z-Sprc	43.9	True Yield	1.5163133
5) ASW	46.4	Current Yield	4.8915210
6) OAS	52.2		
TED	-41.6		

Invoice	
Face	1,000 M
Principal	1,149,950.00
Accrued (83 Days)	12,968.75
Total (USD)	1,162,918.75

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Evaluation of Floaters

<HELP> for explanation.
Enter all values and hit <Go>, 2<Go> to save settings as your default view

9) Templates - 10) View - 11) Actions - 12) Hide Filters TRACE Activity

3) Corp Bonds 4) Agencies 5) Mortgage TBA 6) Mortgage Pool 7) Convertibles 8) Equity Linked Notes

Source All Securities
Cpn Type **Floaters** Size >=500M Sector All
Tickers WFC JPM Issuer
Maturity(Yrs) - Cpn

Period Last 2 Days
Rating All Ratings
Market All Markets
Spread G Spread
● Reported Vol ● Estimated Vol

Max 7500 display

4 Hour Delay	Ticker	Cpn	Maturity	Rating	R	Sz(M)	Price	Chg	Yield	Chg	Spr	Chg	GSprd	Trd	Vol(M)	Time
	21) JPM		03/20/15	A3/A	B	1,260	100.943	N.A.	N.A.	N.A.	16	N.A.	N.A.	1	1,260	02/26
	22) WFC		06/26/15	A2/A+	B	1,005	101.086	N.A.	N.A.	N.A.	11	N.A.	N.A.	1	1,005	02/26
	23) WFC		10/28/15	A3/A	D	5,000	100.105	N.A.	N.A.	N.A.	28	N.A.	N.A.	3	15,000	02/26
	24) JPM		02/26/16	A3/A	B	890	100.561	N.A.	N.A.	N.A.	34	N.A.	N.A.	1	890	02/26
	25) WFC		05/16/16	A1/A+	D	5,000+	99.570	N.A.	N.A.	N.A.	41	N.A.	N.A.	4	15,500	02/26
	26) WFC		07/20/16	A2/A+	S	5,000+	100.489	N.A.	N.A.	N.A.	33	N.A.	N.A.	1	5,000	02/26
	27) WFC		10/15/16	A3/A	S	1,500	99.745	N.A.	N.A.	N.A.	47	N.A.	N.A.	2	3,000	02/26
	28) JPM		02/15/17	A3/A	S	4,850	100.210	-0.002	N.A.	N.A.	45	0	N.A.	3	13,000	07:55
	29) WFC		08/15/17	A2/A+	S	5,000+	99.570	N.A.	N.A.	N.A.	40	N.A.	N.A.	1	5,000	02/26
	30) JPM		01/25/18	A3/A	S	5,000+	101.095	N.A.	N.A.	N.A.	62	N.A.	N.A.	3	7,210	02/26

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Floater Analysis Description

<HELP> for explanation.

JPMORGAN CHASE JPM Float 02/17 100.137/100.200 BVAL

JPM Float 02/15/17 Corp Page 1/11 Description: Bond

94) Notes 95) Buy 96) Sell 97) Settings

21) Bond Description 22) Issuer Description

Pages	Issuer Information	Identifiers
1) Bond Info	Name JPMORGAN CHASE & CO	CUSIP 46623EJZ3
2) Addtl Info	Industry Financial Services	ISIN US46623EJZ34
3) Covenants	Security Information	ID Number EK0733882
4) Guarantors	Mkt of Issue US Domestic	Bond Ratings
5) Bond Ratings	Country US Currency USD	S&P A
6) Identifiers	Rank Sr Unsecured Series	Moody's A3
7) Exchanges	Coupon 0.75585 Type Floating	Fitch A+e
8) Inv Parties	Formula QUARTLY US LIBOR +52.0000	Composite A
9) Fees, Restrict	Day Cnt ACT/360 Iss Price 100.00000	Issuance & Trading
10) Schedules	Maturity 02/15/2017	Amt Issued/Outstanding
11) Coupons	BULLET	USD 1,750,000.00 (M) /
Quick Links	Issue Spread	USD 1,750,000.00 (M)
32) ALLQ Pricing	Calc Type (21)FLOAT RATE NOTE	Min Piece/Increment
33) QRD Quote Recap	Announcement Date 02/12/2014	1,000.00 / 1,000.00
34) TDH Trade Hist	Interest Accrual Date 02/18/2014	Par Amount 1,000.00
35) CACS Corp Action	1st Settle Date 02/18/2014	Book Runne JPM
36) CF Prospectus	1st Coupon Date 05/15/2014	Reportin TRACE
37) CN Sec News		
38) HDS Holders		
39) VPR Underly Info		
66) Send Bond		

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Floater Yield Analysis (DM)

YA

JPM 0 02/15/17 Corp 90 Feedback Yield and Spread Analysis

95 Buy 96 Sell 97 Settings ▾

1) Yield & Spread 2) Pricing 3) Descriptive 4) Graphs 5) Custom 6) Yields

JPM Float 02/15/17 (46623EJZ3)

Settle 03/04/14

Price 100.360

DM (bp) 40 to Wst ▾

Workout 02/15/2017 @ 100.00

M/M Equiv to Next Fix		Floater Cpn History	
● ACT / 360 ● ACT / 365		Date	Rate
Price at Refix	100.15291	02/18/14	0.75585
on 05/15/14	72 Days	05/15/14	
Mmkt	-0.277948		

Risk		To 05/15/14	OAS
Mod Duration		0.200	2.897
Risk		0.201	2.909
Convexity		0.000803	0.098996
DV 01 on 1MM		20	291

Neutral Price		Adjusted Price	
Neutral Price	100.331594	Adjusted Price	100.251328
Adjusted Simple Margir(bp)	43.505	Adjusted Total Margin (bp)	43.446
Spread For Life (bp)	39.869		

Floater Information			
Benchmark	US0003M	Assumed Rate	0.2361
Quoted Margir	52.00	Coupon	0.75585
Next Pay	05/15/14	Coupon Freq	Quarterly
		Refix Freq	Quarterly
Index to	05/15/14	0.21198	
Repo to	05/15/14	0.21198	

Invoice	
Face	1,000M
Principal	1,003,600.00
Accrued (14 Days)	293.94
Total (USD)	1,003,893.94

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Confirmation and Communication of Trade Details

BXT
1<Go> to send to MSG & VCON, View other options under Settings

1) Send (VCON) Buy Ticket

02/27/2014 11:26 Trade Date 02/27/14 Print Version 97) Settings

Trade Information

Trader RAYMOND JOHNSON
At BLOOMBERG/ SAN FRANCISCO

CUSIP 46623EJZ3
NYSE SYMB N.A.
Issuer JPMORGAN CHASE
Dated 02/18/14
Accrued Factor 0.000294

9) BUY 1000 M of JPM Float 02/15/17
Min Piece 1,000 Increment 1,000
Price 100.211738 Discount Margin 45.000000

Settlement 03/04/14 (T+3 for calendar 'US')

Assumed Index 0.23610 Index to Next Pay 0.21198 Current Coupon 0.75585
Previous Coupon 02/18/14 Next Coupon 05/15/14 Next Fix 05/15/14

Ratings S&P A Moody's A3 Fitch A+e

Notes {EK073388 Corp DES<GO>}

Trade Numbers
View Amounts in USD

Principal	USD	1,002,117.38
Accrued (14 days)		293.94
Total	USD	1,002,411.32

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Contact:

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(415) 554-4487

rjohnson3@bloomberg.net

Questions & Answers

Thank You