



57th ANNUAL REPORT

FISCAL YEAR 2012-13

POOLED MONEY

INVESTMENT

BOARD

BILL LOCKYER
State Treasurer and Chairman

Preface

Pooled Money Investment Board

The Pooled Money Investment Board (PMIB), created by the Legislature in 1955, is comprised of the State Treasurer, as chairman, the State Controller and the Director of Finance. At the end of Fiscal Year 2012-13, the members were Bill Lockyer, Treasurer; John Chiang, Controller; and Ana J. Matosantos, Director of Finance.

The purpose of the PMIB is to design and administer an effective cash management and investment program, called the Pooled Money Investment Account (PMIA). The PMIA uses all monies flowing through the Treasurer's bank accounts and keeps all available funds invested consistent with the goals of safety, liquidity and yield.

The law restricts the Treasurer to investments in the following categories: U.S. government securities; securities of federally-sponsored agencies; domestic corporate bonds; interest-bearing time deposits in California banks, savings and loan associations, and credit unions; prime-rated commercial paper; repurchase and reverse repurchase agreements; security loans; banker's acceptances; negotiable certificates of deposit; negotiable order of withdrawal accounts; and loans to various bond funds. Subsequent sections of this report deal individually with the demand account and investment programs for which the Board has oversight responsibilities, and which the Treasurer directly administers.

During Fiscal Year 2012-13, the PMIA's earnings totaled nearly \$187 million. Approximately \$64 million of this amount was credited to units of local government as a result of their deposits in our investment pool. The level of local governments' combined voluntary investment, which averaged \$20.81 billion daily, reflects the confidence these agencies have in our investment management capabilities. The magnitude of these investment earnings provide a significant reduction in the tax burden that otherwise would be imposed on the citizens of California.

***Pooled Money Investment Board
57th Annual Report
Fiscal Year 2012-13
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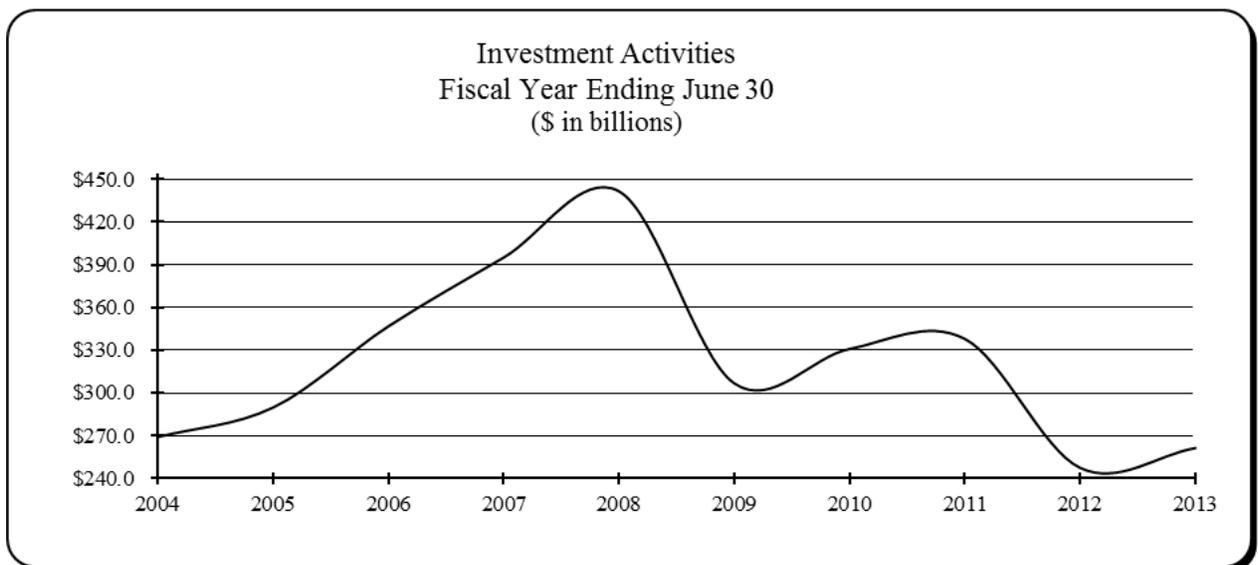
Overview

The Year in Review

| | |
|------------------------------|-------------------|
| Average Daily Portfolio..... | \$ 60,754,893,303 |
| Earnings..... | \$186,764,043 |
| Effective Yield..... | 0.31% |

Investment Activity for Fiscal Year Ending June 30 2004 through 2013 (\$ in billions)

| Fiscal Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Amount | \$269.1 | \$289.8 | \$346.8 | \$395.0 | \$441.5 | \$306.8 | \$330.9 | \$338.0 | \$247.5 | \$261.4 |
| Transactions | 6,630 | 6,961 | 8,242 | 9,448 | 10,528 | 7,346 | 7,680 | 7,678 | 5,759 | 5,859 |



Source: State Treasurer's Office, Investment Division

2012-13 Investment Market Conditions

To indicate prevailing market conditions during Fiscal Year 2012-13, the following table shows monthly money market rates, as computed from daily closing bid prices. The information was obtained from the Federal Reserve Statistical Release.

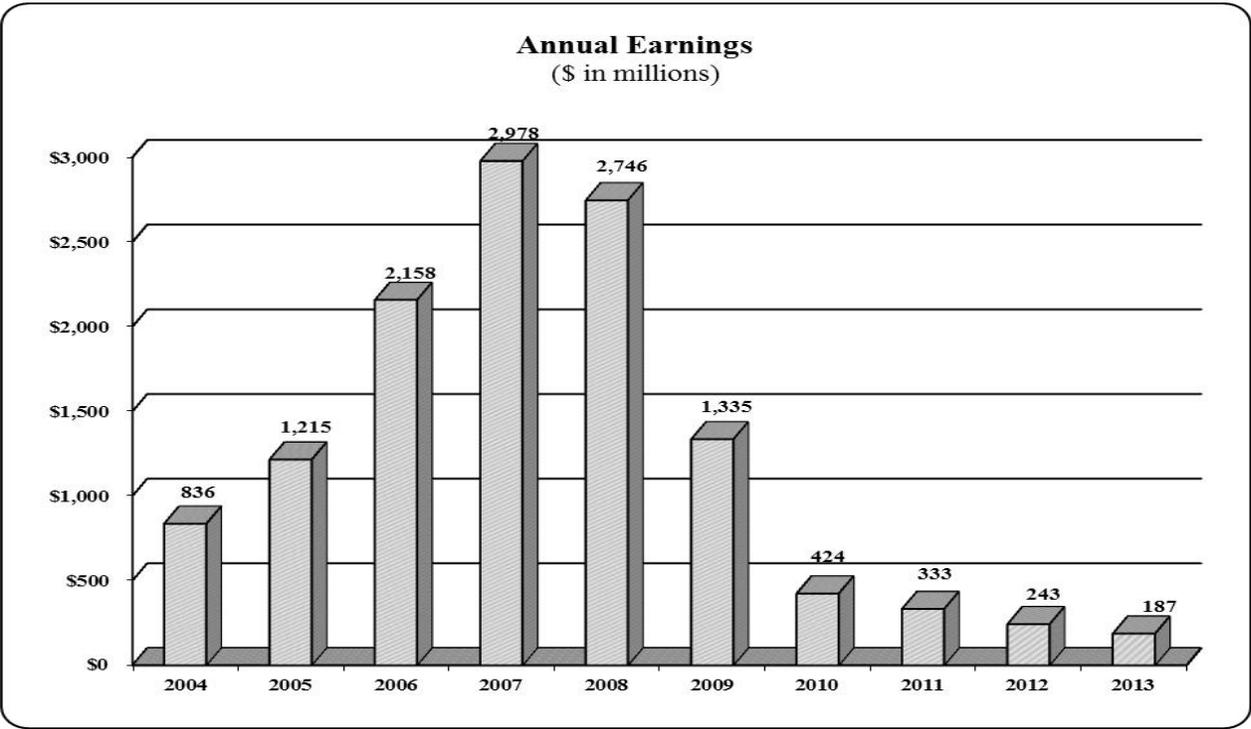
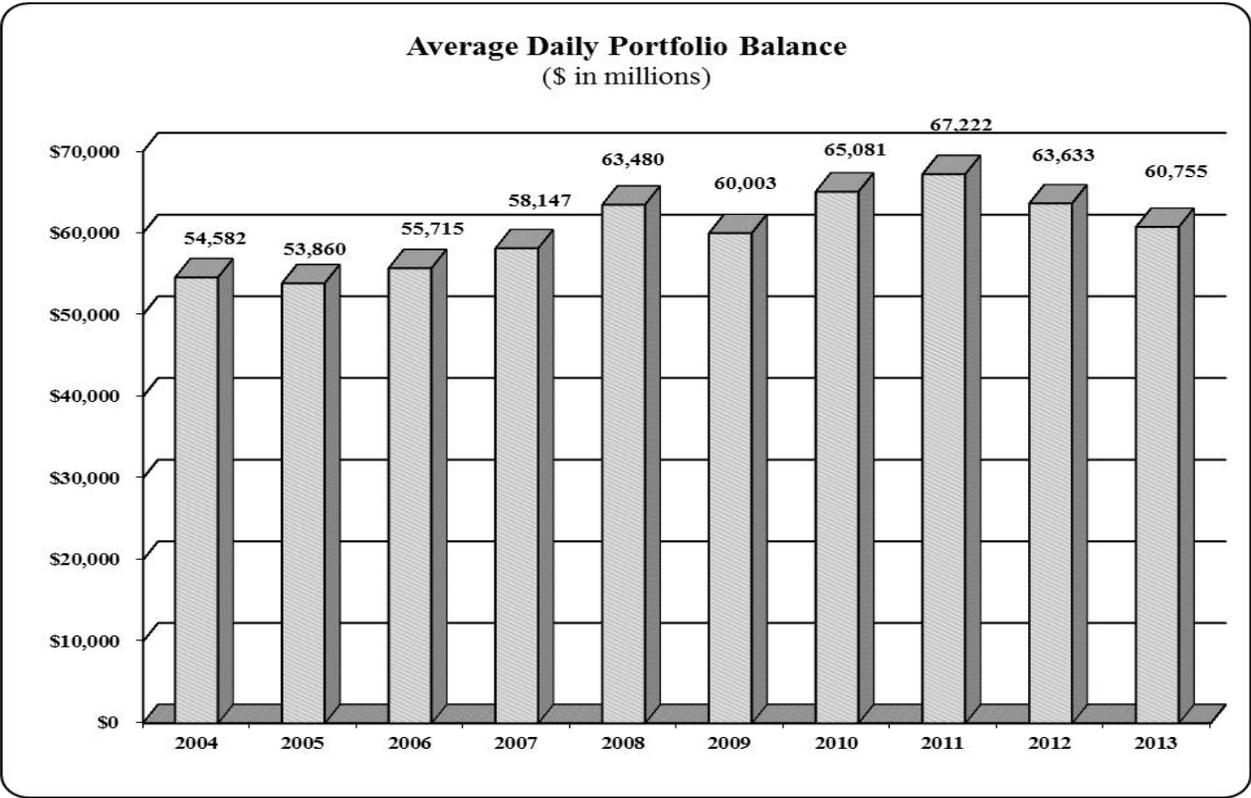
Monthly Yield on Money Market Securities (Yield in percent per year)

| Month | Federal Funds | 90-Day Finance Company Commercial Paper | 90-Day Certificate of Deposits | 3-Month Treasuries | 6-Month Treasuries | 1-Year Treasuries | 3-Year Treasuries |
|---------------------|---------------|---|--------------------------------|--------------------|--------------------|-------------------|-------------------|
| July 2012 | 0.16 | 0.24 | 0.30 | 0.10 | 0.15 | 0.19 | 0.33 |
| August | 0.13 | 0.19 | 0.26 | 0.10 | 0.14 | 0.18 | 0.37 |
| September | 0.14 | 0.17 | 0.24 | 0.11 | 0.14 | 0.18 | 0.34 |
| October | 0.16 | 0.19 | 0.23 | 0.10 | 0.15 | 0.18 | 0.37 |
| November | 0.16 | 0.21 | 0.23 | 0.09 | 0.14 | 0.18 | 0.36 |
| December | 0.16 | 0.17 | 0.24 | 0.07 | 0.12 | 0.16 | 0.35 |
| January 2013 | 0.14 | 0.19 | 0.23 | 0.07 | 0.11 | 0.15 | 0.39 |
| February | 0.15 | 0.16 | 0.22 | 0.10 | 0.12 | 0.16 | 0.40 |
| March | 0.14 | 0.15 | 0.21 | 0.09 | 0.11 | 0.15 | 0.39 |
| April | 0.15 | 0.16 | 0.20 | 0.06 | 0.09 | 0.12 | 0.34 |
| May | 0.11 | 0.14 | 0.20 | 0.04 | 0.08 | 0.12 | 0.40 |
| June | 0.09 | 0.14 | 0.19 | 0.05 | 0.09 | 0.14 | 0.58 |
| 2012-2013 Average | 0.14 | 0.18 | 0.23 | 0.08 | 0.12 | 0.16 | 0.39 |
| 2011-2012 Average | 0.10 | 0.21 | 0.34 | 0.05 | 0.09 | 0.15 | 0.43 |
| Increase-(Decrease) | 0.04 | (0.03) | (0.11) | 0.03 | 0.03 | 0.01 | (0.04) |

Note: Yields on Treasury nominal securities at "constant maturity" are interpolated by the U.S. Treasury from the daily yield curve for non-inflation-indexed Treasury securities. This curve, which relates the yield on a security to its maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 1, 3, and 6 months and 1, 2, 3, 5, 7, 10, 20, and 30 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity. The 90-day Commercial Paper is quoted on a discount basis.

Note: Totals may not add due to rounding.

Comparisons of Portfolio Balance and Earnings for Fiscal Year Ending June 30 2004 through 2013



Source: State Treasurer’s Office, Investment Division

Pooled Money Investment Account

Summary Statistics

| | | | |
|---|----|--------|--|
| Resources | \$ | 62.585 | billion per day on the average |
| Demand Accounts..... | \$ | 1.830 | billion per day on the average |
| Portfolio..... | \$ | 60.755 | billion per day on the average |
| Earnings | \$ | 160.6 | million from security investments |
| | | 6.5 | million from bank time deposits |
| | | 19.7 | million from General Fund loans |
| Earning Rate | | 0.31 | percent average for all investments |
| Dollar Value of Investment Transactions | \$ | 261.4 | billion |
| Number of Investment Transactions | | 5,859 | transactions |
| Time Deposits | | 64 | banks, credit unions and savings banks held PMIA money at year-end |

Source: State Treasurer's Office, Investment Division and Centralized Treasury and Securities Management Division

Resources of the PMIA averaged \$62.585 billion per day during the fiscal year although the daily figures fluctuated widely with receipts and disbursements. The high point for the year occurred on May 29, 2013, when balances totaled approximately \$74.781 billion. Resources for the account were lowest on March 12, 2013, when balances totaled approximately \$56.791 billion.

A breakdown of an average day's resources during the fiscal year shows the following: \$1.830 billion in non-interest-bearing bank accounts, \$50.681 billion in securities, \$5.730 billion in General Fund Loans, and \$4.344 billion in interest-bearing time deposits.

On the closing day of the fiscal year, the following resources were on hand in the PMIA:

| | |
|-------------------------|-------------------------|
| Securities | \$54,041,369,985 |
| General Fund Loans | 287,302,444 |
| Time Deposit Balances | 4,474,640,000 |
| Demand Deposit Balances | 2,345,743,524 |
| Total Resources | \$61,149,055,953 |

Demand Account Program

Investments of the PMIA are made from monies flowing through the Treasurer's demand (non-interest-bearing) bank accounts maintained in eight banks that serve as State depositories. As of June 30, 2013, the eight depository banks were: Bank of America, Union Bank, Bank of the West, U.S. Bank, Wells Fargo Bank, Westamerica Bank, Citibank, and JPMorgan Chase. A portion of these deposits must remain in the accounts as compensating balances, which consist of: (1) a balance for uncollected funds and (2) a balance for banking services. Uncollected funds represent the total dollar amount of checks deposited by the State for which the banks give immediate credit, but for which the banks do not receive good funds until these checks are presented to the banks on which they are drawn. The State Treasurer apportions depository banks an average balance for uncollected funds equivalent to 1.0 calendar day on all checks deposited other than cashier's checks and checks deposited under the pre-sort deposit program.

On a daily basis, intensive and expert analysis of the State's financial activities is used to forecast the amount of idle cash available for investment or if there is a need to liquidate securities based upon the State's rapidly shifting cash position. The forecast meets estimated warrant redemption requirements, while maintaining the approved compensating balance position. As such, the Treasurer must continually adjust the estimates for receipts and disbursements to reflect current, available information. All amounts in excess of these compensating balances are promptly invested by the Treasurer. This results in maximum earnings consistent with prudent management.

Under the pre-sort deposit program, the major revenue collecting agencies sort their checks by the eight State depository banks and then deposit them directly into the banks on which they are drawn, thus avoiding the need for providing bank balances for uncollected funds. The remaining miscellaneous checks (drawn on non-State depository banks) are deposited into the State depository bank that holds the miscellaneous sort contract. For fiscal year 2012-13, Bank of America had the contract and received bank balances equivalent to .945 calendar days for the amount of such deposits.

Compensating balances are determined by a formula, which accounts for the estimated volume of each service item as well as its unit cost. The rate schedule for the compensating balance formula is determined through annual negotiations with the State's depository banks and the cost for any particular service may be raised or lowered as conditions warrant. Adjustments for the difference between actual and estimated workload for Fiscal Year 2012-13 will be made in Fiscal Year 2013-14.

The balances allowed for banking services represent compensation for handling 301,853 bank deposits, 21,116 electronic deposits, 38.7 million checks deposited (14.3 million deposited via image cash letter and 351 thousand deposited remotely), 109,147 dishonored checks, \$809.1 million in currency deposited, \$8.0 million in coin deposited, and 81.9 million warrants paid.

During Fiscal Year 2012-13, a total of \$136.9 billion was collected under the EFT contract and approximately \$2.2 trillion flowed in and out of the State Treasurer's demand accounts.

The following schedule shows the approved rates, actual volume, and total costs for banking services for 2012-13:

Schedule of Banking Services Fiscal Year 2012-13

| Banking Service | Approved Charges | Actual Volume | Actual Cost |
|---------------------------------------|------------------|---------------|--------------------|
| Encoded Checks Deposited | | | |
| "On Us" | \$0.04 | 9,599,485 | \$383,979 |
| "On Us" ICL* | 0.03 | 4,566,100 | \$136,983 |
| "Other" | 0.053 | 4,515,504 | \$239,322 |
| "Other" ICL | 0.03 | 9,716,008 | \$291,480 |
| Remote Site | 0.08 | 350,980 | \$28,078 |
| Non Encoded Checks | 0.09 | 9,972,505 | \$897,525 |
| Warrants | 0.01 | 81,910,438 | \$819,104 |
| Checks Paid | 0.12 | 392 | \$47 |
| Dishonored Checks | 5.50 | 109,147 | \$600,309 |
| Regular Deposits | 1.40 | 162,616 | \$227,662 |
| Split Bag Deposits | 0.55 | 139,237 | \$76,580 |
| Electronic Deposits | 1.00 | 21,116 | \$21,116 |
| Coin | 0.011 | 8,012,690 | \$88,140 |
| Currency | 0.00105 | 809,132,497 | \$849,589 |
| ACH Transactions | 0.01 | 290,074 | \$2,901 |
| Direct Billed Services | | | \$544,613 |
| Subtotal Non-EFT Contract Services | | | \$5,207,429 |
| EFT Contract Services (Direct Billed) | | | |
| Category I & III - ACH Debits | 0.50 | 2,458,263 | 1,229,132 |
| Category I - ACH Credits | 0.021 | 5,292,680 | 111,146 |
| Returned/Rejected Items | 2.50 | 167,517 | 418,793 |
| Category II - Items Processed | 0.015 | 8,296,109 | 124,442 |
| Other transactions | Various | 205,041 | 225,556 |
| Subtotal EFT Contract Services | | | \$2,109,068 |
| Total Banking Services | | | \$7,316,497 |

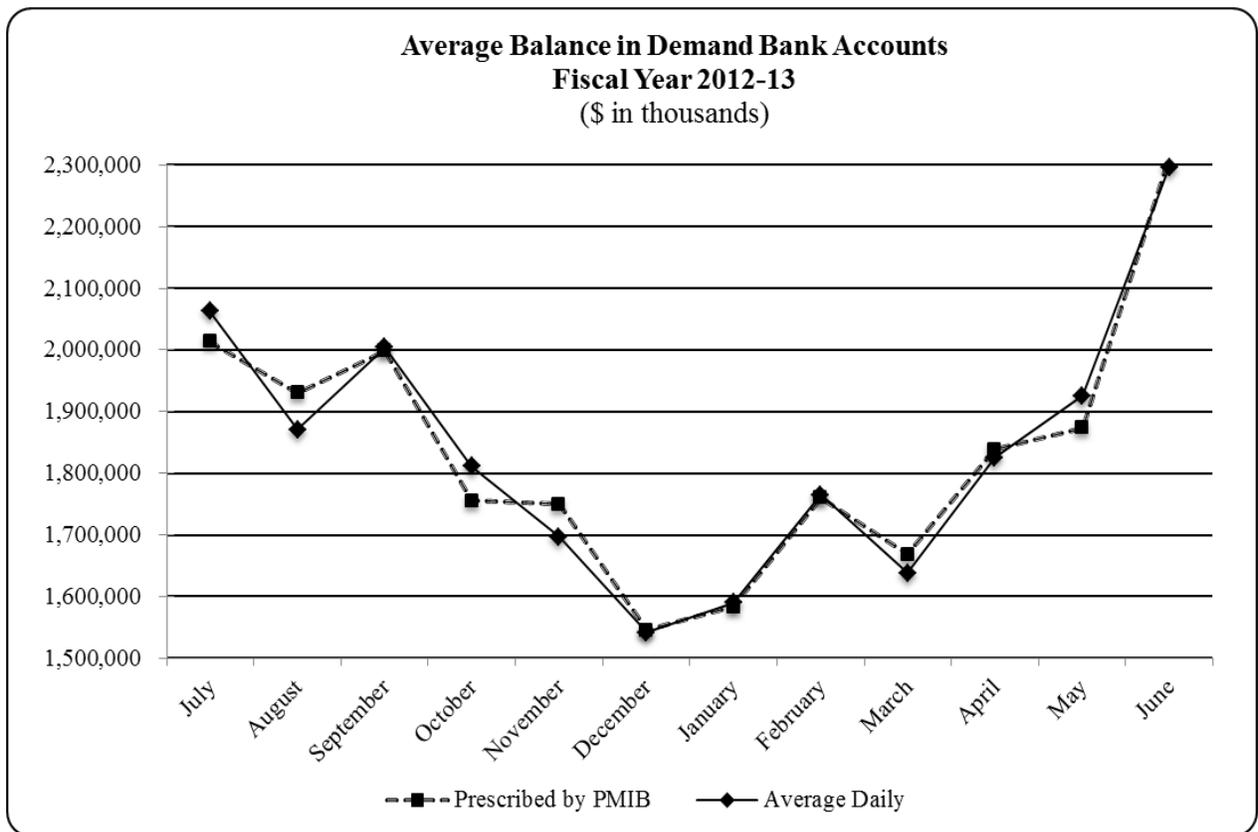
Source: State Treasurer's Office, Centralized Treasury and Securities Management Division

Note: Totals may not add due to rounding.

* Image Cash Letter

Average Daily Balance in Demand Bank Accounts Fiscal Year 2012-13 (\$ in thousands)

| Month | Bank Balance Required for Banking Services | Bank Balance Required for Uncollected Funds | Less Net Delayed Deposit Credit | Bank Balance Prescribed by PMIB | Actual Average Daily Bank Balance |
|-------------------------|--|---|---------------------------------------|---------------------------------------|---|
| July 2012 | \$1,909,688 | \$104,678 | \$1,120 | \$2,013,246 | \$2,063,220 |
| August | 1,854,202 | 80,423 | 4,688 | 1,929,937 | 1,870,533 |
| September | 1,910,785 | 89,322 | 1,401 | 1,998,706 | 2,003,831 |
| October | 1,682,053 | 77,532 | 4,229 | 1,755,356 | 1,810,763 |
| November | 1,656,082 | 98,940 | 5,062 | 1,749,960 | 1,696,702 |
| December | 1,463,671 | 86,899 | 5,058 | 1,545,512 | 1,541,338 |
| January 2013 | 1,474,327 | 114,394 | 5,002 | 1,583,719 | 1,590,060 |
| February | 1,664,543 | 100,575 | 4,554 | 1,760,564 | 1,765,217 |
| March | 1,597,825 | 73,344 | 2,855 | 1,668,314 | 1,638,086 |
| April | 1,756,052 | 85,867 | 2,915 | 1,839,004 | 1,825,136 |
| May | 1,730,244 | 167,816 | 24,848 | 1,873,212 | 1,925,255 |
| June | 2,167,252 | 146,851 | 2,592 | 2,311,511 | 2,296,032 |
| Weighted Average | \$1,733,291 | \$101,921 | \$5,378 | \$1,829,834 | \$1,829,765 |



Source: State Treasurer's Office, Centralized Treasury and Securities Management Division

Investment Program

While the PMIB designates how much shall be invested in interest-bearing time deposit accounts and securities, it is the responsibility of the State Treasurer to administer the investment program on a day-to-day basis in line with overall PMIB policy. This entails a daily determination of amounts available for investment, or the need for liquidating securities to meet estimated warrant redemption requirements, while maintaining the approved compensating balance position. This means that the Treasurer must continually adjust the estimates for receipts and disbursements to reflect current, available information.

For Fiscal Year 2012-13, daily investments in time deposits ranged from \$4.154 billion to \$4.475 billion and averaged daily \$4.344 billion. There were 1,166 time deposit transactions totaling \$27.429 billion during the year. California commercial banks, savings banks and credit unions receiving these State deposits must secure them with approved securities having a market value of at least 110 percent of the deposits or with approved promissory notes secured by mortgages or deeds of trust having a market value of at least 150 percent of the deposits. The same collateral requirements also apply to the State's demand accounts. As of December 30, 2010, the FDIC fully insured all non-interest bearing demand accounts until December 31, 2012. At the end of Fiscal Year 2012-13, interest-bearing time deposits were held by 55 commercial banks, 7 credit unions and 2 savings banks throughout California. For the fiscal year, PMIA holdings in time deposits had an average yield of 0.15 percent.

The amount of money designated by the PMIB for investment in securities varies dramatically throughout the year. Such designations are made at least monthly. Again, the Treasurer handles the actual investments, determining the issue and maturity of authorized securities to be bought or sold in accordance with cash needs and both current and projected market conditions. During Fiscal Year 2012-13, there were 2,403 security purchase transactions and 2,290 security sales or redemption transactions, with a total investment activity of \$234.0 billion.

Total earnings for the PMIA in Fiscal Year 2012-13 were \$186.764 million. These earnings were credited as follows:

| | |
|-----------------------------------|----------------------|
| Surplus Money Investment Fund | \$91,529,827 |
| Local Agency Investment Fund | 64,142,210 |
| General Fund | 25,787,300 |
| State Agency Investment Fund | 4,470,622 |
| Public Employee's Retirement Fund | 355,176 |
| State Teacher's Retirement Fund | 294,602 |
| Fish and Game Preservation Fund | 184,306 |
| Total Earnings | \$186,764,043 |

Earnings consisted of \$160.581 million from security investments at an average 0.32 percent yield, \$6.484 million from time deposits at an average 0.15 percent yield and \$19.699 million from General Fund loans at an average 0.34 percent yield. The overall return on investment was 0.31 percent.

The portfolio holdings of the PMIA for Fiscal Year 2012-13 are illustrated in the following tables:

| Schedule of Security Purchases by Term Fiscal Year 2012-13 | | | | | | | |
|---|--------------------------|---------------------|---------------------|----------------------------|------------------------|-------------------------|----------------------|
| (At cost - in thousands) | | | | | | | |
| Month | Under 10 Days | 10-29 Days | 30-89 Days | 90 Days- 1 Year | 1 - 3 Years | Over 3 Years | TOTALS |
| July 2012 | \$1,899,978 | \$799,963 | \$0 | \$0 | \$0 | \$17,431 | \$2,717,372 |
| August | 1,549,963 | 2,504,923 | 3,649,821 | 5,492,250 | 499,183 | 0 | 13,696,140 |
| September | 1,299,984 | 2,949,940 | 100,000 | 2,795,343 | 0 | 0 | 7,145,267 |
| October | 2,749,953 | 2,649,943 | 3,109,746 | 1,742,050 | 0 | 0 | 10,251,692 |
| November | 1,249,977 | 3,149,905 | 1,049,966 | 2,346,833 | 0 | 0 | 7,796,681 |
| December | 299,997 | 3,299,953 | 1,399,912 | 3,697,641 | 0 | 0 | 8,697,503 |
| January 2013 | 0 | 1,549,922 | 5,649,713 | 6,346,607 | 899,176 | 0 | 14,445,418 |
| February | 1,649,983 | 599,984 | 949,976 | 1,448,717 | 99,844 | 15,664 | 4,764,168 |
| March | 749,993 | 3,399,909 | 949,888 | 4,547,145 | 0 | 199,762 | 9,846,697 |
| April | 1,199,986 | 3,199,903 | 3,549,554 | 4,398,464 | 7,383,930 | 1,017,508 | 20,749,345 |
| May | 2,149,979 | 2,349,949 | 1,699,966 | 2,798,019 | 601,223 | 610,457 | 10,209,593 |
| June | 399,996 | 3,600,001 | 1,749,906 | 3,446,452 | 299,602 | 0 | 9,495,957 |
| Total | \$15,199,789 | \$30,054,295 | \$23,858,448 | \$39,059,521 | \$9,782,958 | \$1,860,822 | \$119,815,833 |
| Percent | 12.69% | 25.08% | 19.91% | 32.60% | 8.16% | 1.55% | 100.00% |

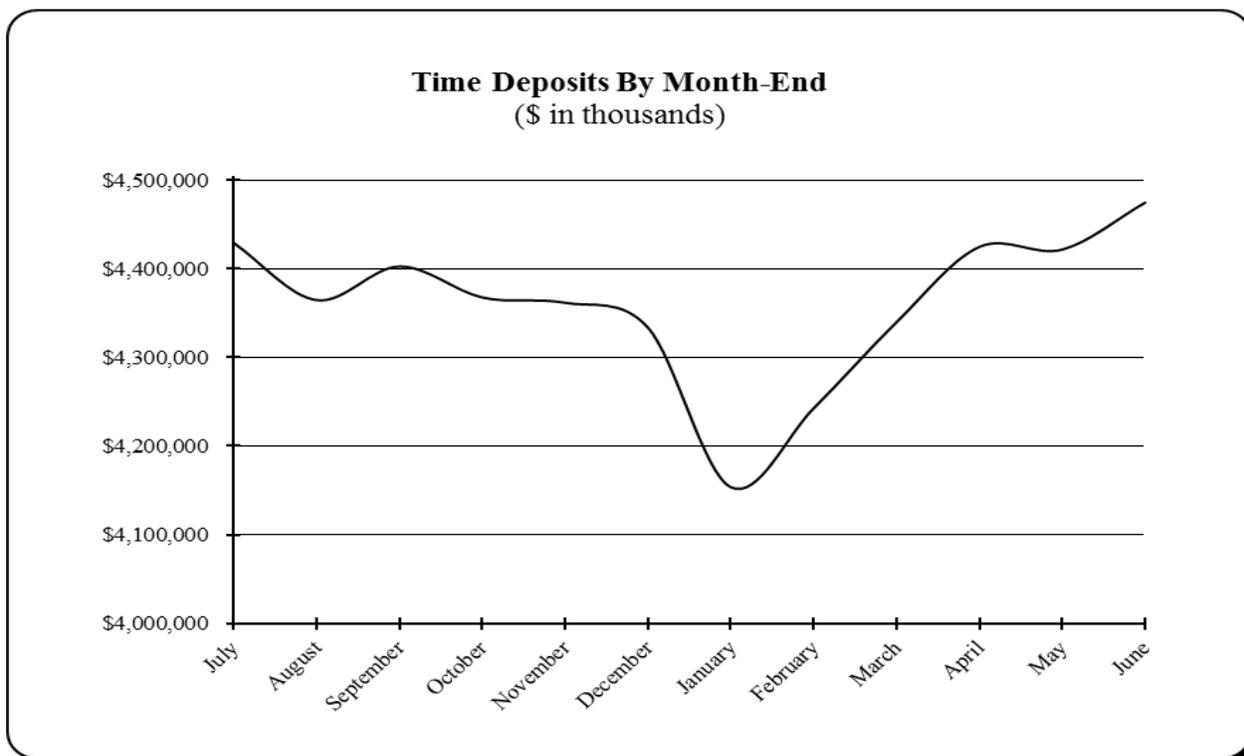
| Analysis of the Portfolio Fiscal Year 2012-13 | | | | | | | |
|--|--|-------------------------------------|------------------------------|--|--|--|--|
| Type Of Security | Average Daily Portfolio | Percent of Portfolio | Earnings For Year | Effective Percentage Yield For Year | Average Portfolio Life on 6/30/13 (in Days) | Percent of Portfolio on 6/30/13 | |
| U.S. Treasury Bills/Strips | \$19,229,907,384 | 31.65 | \$30,112,459 | 0.16 | 201 | 30.64 | |
| U.S. Treasury Bonds/Notes | 15,912,521,105 | 26.19 | 81,707,416 | 0.51 | 560 | 30.38 | |
| Federal Agency Cpn Securities | 1,945,708,825 | 3.20 | 8,225,496 | 0.42 | 273 | 3.72 | |
| Federal Agency Discount Notes | 4,578,723,858 | 7.54 | 7,117,477 | 0.16 | 144 | 3.82 | |
| GNMA | 5,438 | 0.00 | 651 | 11.97 | 4381 | 0.00 | |
| FHLMC / REMIC | 260,559,947 | 0.43 | 14,621,857 | 5.61 | 4381 | 0.33 | |
| Negotiable CDs / Bank Notes | 5,803,726,113 | 9.55 | 13,232,360 | 0.23 | 188 | 15.77 | |
| Time Deposits | 4,344,156,438 | 7.15 | 6,484,058 | 0.15 | 60 | 7.61 | |
| Bankers Acceptances | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | |
| Commercial Paper | 2,686,985,419 | 4.42 | 3,884,775 | 0.14 | 25 | 7.23 | |
| Corporate Bonds | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | |
| Repurchase Agreements | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | |
| Reverse Repurchase Agreements | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | |
| AB 55 Loans | 262,686,721 | 0.43 | 1,678,727 | 0.64 | 209 | 0.49 | |
| General Fund Loans | 5,729,912,055 | 9.43 | 19,698,767 | 0.34 | 0 | 0.00 | |
| Total Portfolio | \$60,754,893,303 | 100.00% | \$186,764,043 | 0.31% | 278 | 100.00% | |

Source: State Treasurer's Office, Investment Division

Note: Totals may not add due to rounding.

Time Deposits by Month-End Fiscal Year 2012-13

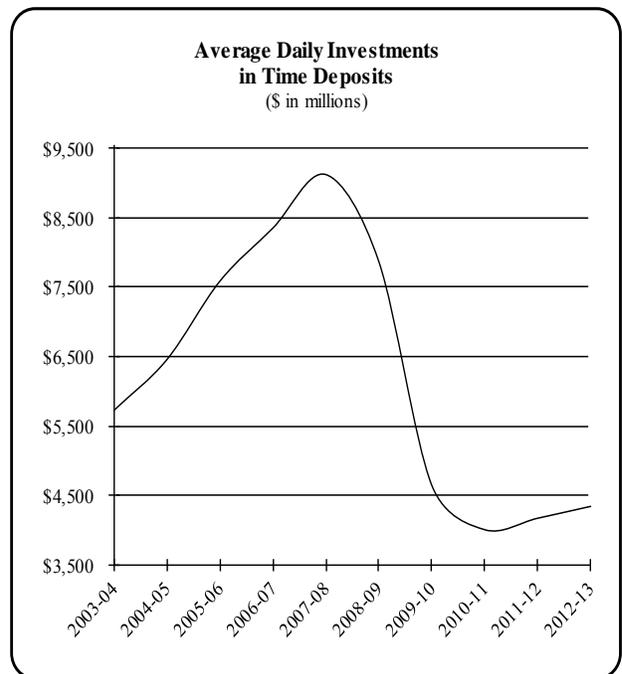
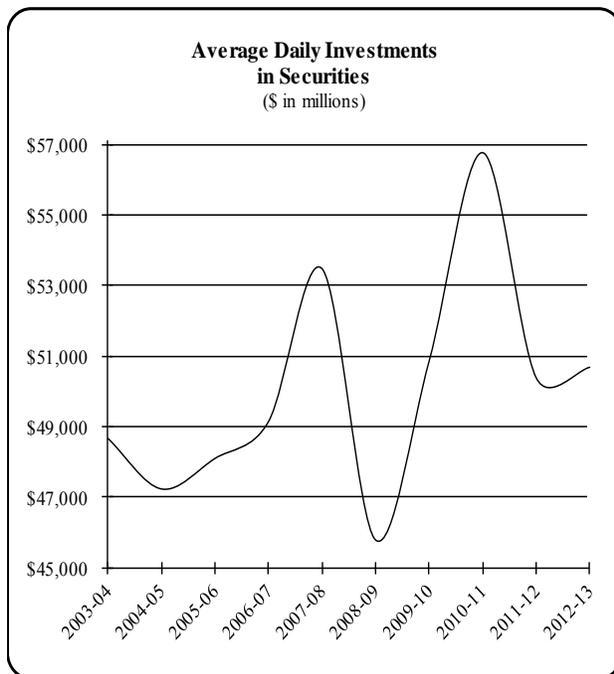
| Month | Total |
|-------------------|-----------------|
| July 2012..... | \$4,429,140,000 |
| August..... | 4,364,640,000 |
| September..... | 4,402,640,000 |
| October..... | 4,367,640,000 |
| November..... | 4,361,640,000 |
| December..... | 4,333,640,000 |
| January 2013..... | 4,153,640,000 |
| February..... | 4,242,640,000 |
| March..... | 4,339,640,000 |
| April..... | 4,424,640,000 |
| May..... | 4,421,640,000 |
| June..... | 4,474,640,000 |



Source: State Treasurer's Office, Investment Division

Summary of Investments and Earnings for Fiscal Year Ending June 30 2004 through 2013 (\$ in thousands)

| Investment in Securities | | | | Investment in Time Deposits | | | |
|--------------------------|---------------|-----------|----------|-----------------------------|---------------|----------|----------|
| Fiscal Year | Average Daily | | Earnings | Fiscal Year | Average Daily | | Earnings |
| | Investment | Earnings | Rate (%) | | Investment | Earnings | Rate (%) |
| 2003-04 | \$48,663,614 | \$771,823 | 1.59 | 2003-04 | \$5,726,197 | \$61,298 | 1.07 |
| 2004-05 | 47,229,141 | 1,073,098 | 2.27 | 2004-05 | 6,457,397 | 138,940 | 2.15 |
| 2005-06 | 48,095,303 | 1,850,015 | 3.85 | 2005-06 | 7,586,240 | 306,641 | 4.04 |
| 2006-07 | 49,143,376 | 2,512,140 | 5.11 | 2006-07 | 8,349,640 | 431,452 | 5.17 |
| 2007-08 | 53,475,554 | 2,376,670 | 4.44 | 2007-08 | 9,120,990 | 329,215 | 3.61 |
| 2008-09 | 45,780,185 | 1,109,867 | 2.42 | 2008-09 | 7,869,934 | 91,806 | 1.17 |
| 2009-10 | 50,860,515 | 349,144 | 0.69 | 2009-10 | 4,647,944 | 9,429 | 0.20 |
| 2010-11 | 56,768,448 | 294,039 | 0.52 | 2010-11 | 4,008,345 | 7,713 | 0.19 |
| 2011-12 | 50,379,295 | 204,808 | 0.41 | 2011-12 | 4,173,405 | 4,207 | 0.10 |
| 2012-13 | 50,680,825 | 160,581 | 0.32 | 2012-13 | 4,344,156 | 6,484 | 0.15 |



Source: State Treasurer's Office, Investment Division

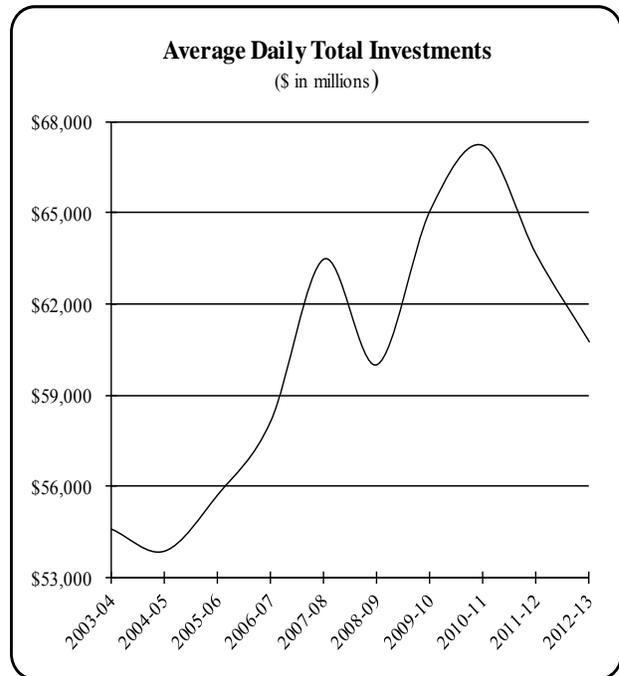
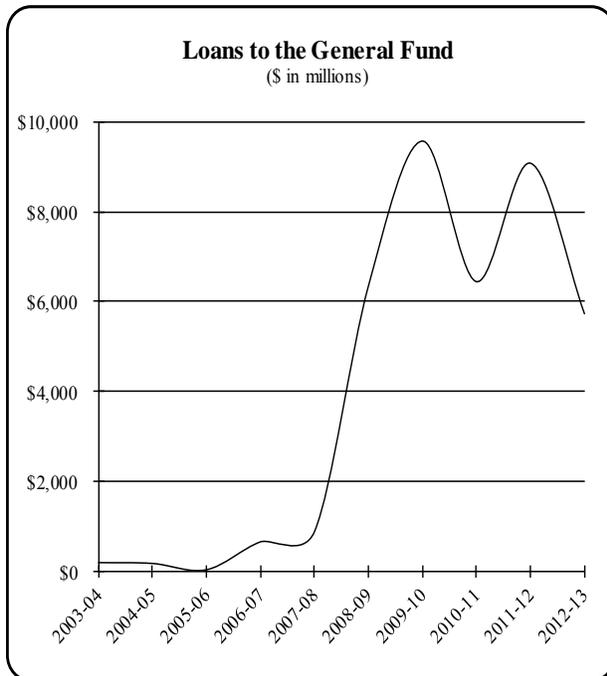
Summary of Investments and Earnings

Fiscal Year Ending June 30

2004 through 2013

(\$ in thousands)

| Loans to General Fund | | | | Total Investments | | | |
|-----------------------|--------------------------|----------|-------------------|-------------------|--------------------------|-----------|-------------------|
| Fiscal Year | Average Daily Investment | Earnings | Earnings Rate (%) | Fiscal Year | Average Daily Investment | Earnings | Earnings Rate (%) |
| 2003-04 | \$192,039 | \$2,950 | 1.54 | 2003-04 | \$54,581,850 | \$836,072 | 1.53 |
| 2004-05 | 173,949 | 3,078 | 1.77 | 2004-05 | 53,860,487 | 1,215,116 | 2.26 |
| 2005-06 | 33,274 | 1,189 | 3.57 | 2005-06 | 55,714,817 | 2,157,845 | 3.87 |
| 2006-07 | 654,425 | 34,033 | 5.20 | 2006-07 | 58,147,441 | 2,977,625 | 5.12 |
| 2007-08 | 882,969 | 39,863 | 4.51 | 2007-08 | 63,479,513 | 2,745,747 | 4.32 |
| 2008-09 | 6,353,078 | 133,004 | 2.09 | 2008-09 | 60,003,197 | 1,334,677 | 2.22 |
| 2009-10 | 9,572,380 | 65,231 | 0.68 | 2009-10 | 65,080,839 | 423,804 | 0.65 |
| 2010-11 | 6,444,910 | 30,828 | 0.48 | 2010-11 | 67,221,703 | 332,579 | 0.49 |
| 2011-12 | 9,080,017 | 33,974 | 0.37 | 2011-12 | 63,632,717 | 242,989 | 0.38 |
| 2012-13 | 5,729,912 | 19,699 | 0.34 | 2012-13 | 60,754,893 | 186,764 | 0.31 |



Source: State Treasurer's Office, Investment Division

Financial Community Coverage

(The following firms conducted investment transactions with the State Treasurer's Office during Fiscal Year 2012-13.)

| | | |
|-------------------------------------|--|------------------------------------|
| 1st Capital Bank | Farmers & Merchants Bank of Central California | Oppenheimer & Co., Inc. |
| 1st Century Bank, NA | First California Bank | Opus Bank |
| American Plus Bank, NA | First Foundation Bank | Pacific Alliance Bank |
| American River Bank | First National Bank of Northern California | Pacific City Bank |
| Bank Leumi USA | Five Star Bank | Pacific Trust Bank |
| Bank of Montreal | Folsom Lake Bank | Pacific Western Bank |
| Bank of Sacramento | Ford Motor Credit Co. | Prospectors Federal Credit Union |
| Bank of the Sierra | General Electric Capital Corp. | Provident Credit Union |
| Bank of the West | Goldman, Sachs and Co. | Rabobank International, New York |
| Bank of Tokyo-Mitsubishi, LTD (The) | Great Pacific Securities | Rabobank, NA |
| Barclays Capital, Inc. | Hanni Bank | RBC Capital Markets, LLC |
| BBCN Bank | Heritage Bank of Commerce | RBS Securities, Inc. |
| BGC Brokers, Inc. | HSBC Bank USA, NA | River City Bank |
| Blaylock Robert Van, LLC | ICAP Corporates, LLC | SAFE Credit Union |
| BNP Paribas Securities Corp. | ING Financial Markets | San Diego County Credit Union |
| California Bank of Commerce | J.P. Morgan Securities, LLC | Scotia Capital Markets (USA), Inc. |
| California United Bank | Jefferies, LLC | SG Americas Securities, LLC |
| Cantor Fitzgerald & Co. | Loop Capital Markets, LLC | Signature Securities |
| CapitalSource Bank | M.R. Beal and Co. | State Bank of India (California) |
| CastleOak Securities, L.P. | Malaga Bank FSB | Stifel, Nicolaus & Co., Inc. |
| Central Valley Community Bank | Manufacturers Bank | Summit State Bank |
| CIBC World Markets Corp. | Mechanics Bank, The | Sutter Securities, Inc. |
| Citigroup Global Markets, Inc. | Merchants National Bank of Sacramento | TD Securities |
| Citizens Business Bank | Merrill Lynch, Pierce, Fenner & Smith, Inc. | Torrey Pines Bank |
| City National Bank | Mesirow Financial, Inc. | Toyota Motor Credit Corp. |
| Comerica Bank | Metropolitan Bank | Trans-Pacific National Bank |
| Commerce National Bank | MFR Securities, Inc. | Travis Credit Union |
| CommerceWest Bank | Mischler Financial Group | Tri Counties Bank |
| Commonwealth Business Bank | Mission Community Bank | Tullett Prebon |
| Community 1st Bank | Mission Federal Credit Union | Umpqua Bank |
| Community Bank | Mission Valley Bank | Union Banc Investment Services |
| Community Business Bank | Mizuho Securities USA, Inc. | Union Bank, NA |
| Credit Suisse Securities (USA), LLC | Morgan Stanley & Co., LLC | US Bank |
| Daiwa Capital Markets America, Inc. | Muriel Siebert & Co., Inc. | Wells Fargo Bank, N.A. |
| Drexel Hamilton, LLC | New Omni Bank, NA | Wescom Credit Union |
| East West Bank | Oak Valley Community Bank | Westamerica Bank |
| Eastern International Bank | Oceanic Bank | Williams Capital Group, L.P. (The) |
| EverTrust Bank | Open Bank | Wilshire State Bank |

Source: State Treasurer's Office, Investment Division

Surplus Money Investment Fund

Program Summary

The Surplus Money Investment Fund (SMIF) consists of the available cash of all special funds which do not have their own investment authority, and all or a portion of the available cash of special funds having investment authority of their own, but which have elected to be included in the program. Cash balances in excess of needs in any of these participating funds are invested by the Treasurer.

The PMIB determines whether any cash balances of the participating funds exceed current needs and are available for investment, or whether it is necessary to liquidate previous investments to meet current requirements. This determination is performed operationally by the Controller by means of a continuing review of the cash balances of the participating funds.

As a result of these determinations, the Controller prepares a document for the PMIB's approval which authorizes the Controller to increase or decrease the invested balances of the applicable funds.

All of the resources of the SMIF are invested through the PMIA. Prior to Fiscal Year 1967-68, the SMIF was a separate investment program. In 1967, legislation was enacted (Chapter 505, Statutes 1967) which required that money in the SMIF be invested through the PMIA. This legislation further provided that the SMIF would share in the interest earnings of the PMIA based on the ratio of the dollar-day contributions of the SMIF to the dollar-day investments of the PMIA.

This legislation increased the potential investment earnings for both programs, since their high and low resource periods tend to complement each other. Consequently, under normal market conditions, more long-term, higher yielding securities may be purchased.

Earnings for Fiscal Year 2012-13

Gross earnings totaled \$91.530 million for Fiscal Year 2012-13. This represents an earning rate of 0.31 percent for this investment program.

SMIF earnings are computed on a dollar-day basis to guarantee equitable distribution among all member funds and apportioned quarterly by the Controller.

Participation

There were over a thousand special funds and accounts participating in the SMIF as of the last day of the Fiscal Year—June 30, 2013. Their combined deposits totaled \$29.989 billion.

Large contributors as of June 30, 2013 were as follows:

| | |
|---|-----------------|
| Unemployment Compensation Disability Fund | \$2,269,511,000 |
| Public Buildings Construction Fund | \$2,109,810,000 |
| Public Employees' Retirement Fund | \$1,849,648,000 |
| Department of Water Resources Electric Power Fund | \$1,398,542,000 |
| Fiscal Recovery Fund | \$1,273,984,000 |
| California Housing Finance Fund | \$1,238,133,000 |
| Disaster Preparedness & Flood Prevention Bond Fund (2006) | \$1,029,533,000 |
| Public Building Construction Sub-account | \$ 891,315,000 |
| Highway Safety, Traffic Reduction, Air Quality, & Port Security Fund (2006) | \$ 796,099,000 |
| Safe Drinking Water Fund (2006) | \$ 734,205,000 |
| Special Deposit Fund | \$ 693,196,000 |

The Year in Review

| | |
|-------------------|-------------------------------------|
| Resources..... | \$29.681 billion per day on average |
| Earnings..... | \$92 million |
| Earning Rate..... | 0.31 percent |

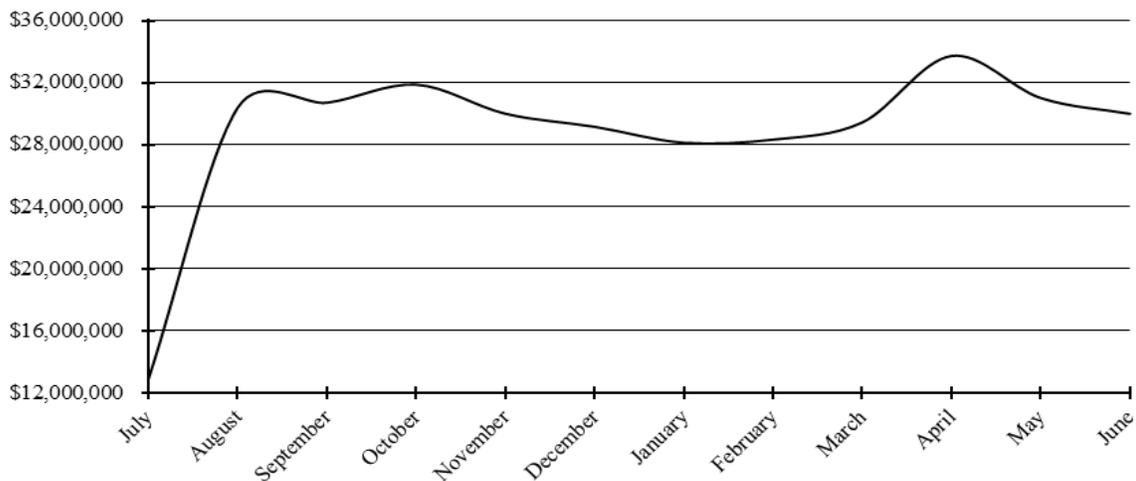
Source: State Treasurer's Office, Investment Division

Monthly deposit balances are shown in the following table:

**Resources of
The Surplus Money Investment Fund
Fiscal Year 2012-13 (Month-End Balances)**

| Month | Total |
|-------------------|------------------|
| July 2012..... | \$12,880,610,000 |
| August..... | 30,386,551,146 |
| September..... | 30,707,076,000 |
| October..... | 31,873,270,000 |
| November..... | 29,998,044,000 |
| December..... | 29,152,818,000 |
| January 2013..... | 28,123,389,000 |
| February..... | 28,327,973,000 |
| March..... | 29,436,060,000 |
| April..... | 33,726,487,000 |
| May..... | 31,012,358,000 |
| June..... | 29,989,037,000 |

**Resources of the Surplus Money Investment Fund
Fiscal Year 2012-13 (Month-End Balances)**
(\$ in thousands)



Source: State Controller's Office, *Available Cash Assets in the State Treasury*

Local Agency Investment Fund

Program Summary

The Local Agency Investment Fund (LAIF) was established by Chapter 730, Statutes of 1976. This fund enables local governmental agencies or trustees to remit money not required for immediate needs to the Treasurer for the purpose of investment. In order to derive the maximum rate of return possible, the Treasurer has elected to invest these monies as a part of the PMIA.

Each participating agency determines the length of time its money will be on deposit with the Treasurer with the exception of bond proceeds, which must remain for a minimum of 30 days. At the end of each calendar quarter, all earnings derived from investments are distributed by the Controller to the participating government agencies in proportion to each agency's respective amounts deposited in the LAIF and the length of time such amounts remained. Prior to the distribution, the State's reasonable costs of administering the program are deducted from the earnings.

Earnings for Fiscal Year 2012-13

Gross earnings for Fiscal Year 2012-13 totaled \$64.142 million. This represented a 0.31 percent yield.

Participation

As of June 30, 2013, there were 2,626 participants in the LAIF consisting of 55 counties, 475 cities, 1,676 special districts, 298 trustees and 122 bond accounts. Deposits in the fund averaged \$20.81 billion for the year.

The Year in Review

| | | |
|--------------------|---------|----------------------------------|
| Resources..... | \$20.81 | billion per day on average |
| Earnings..... | \$64.14 | million |
| Earning Rate..... | 0.31 | percent |
| Participation..... | 2,626 | agencies or accounts at year-end |

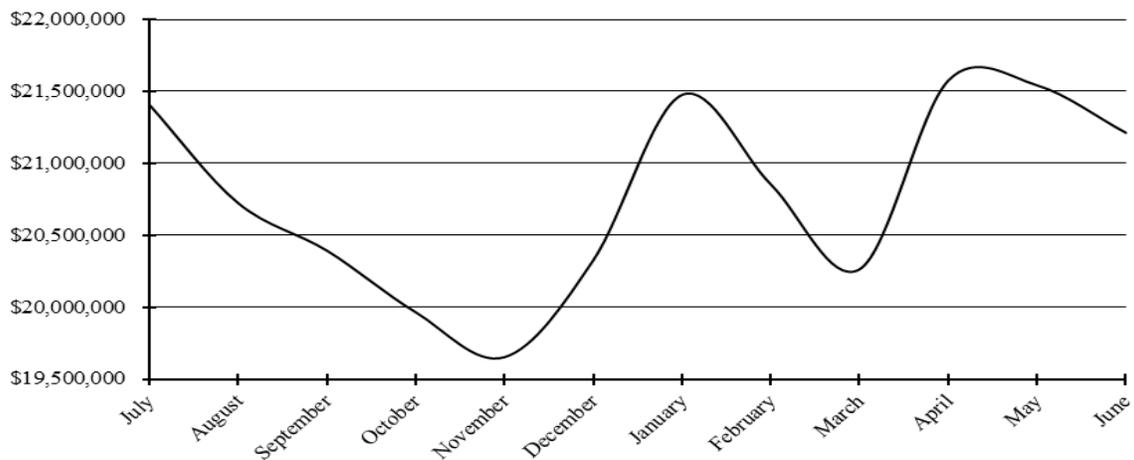
Source: State Treasurer's Office, Investment Division (LAIF)

The following table shows monthly resources of the LAIF:

**Resources of
The Local Agency Investment Fund
Fiscal Year 2012-13 (Month-End Balances)**

| Month | Total |
|-------------------|------------------|
| July 2012..... | \$21,406,731,254 |
| August..... | 20,723,564,563 |
| September..... | 20,393,209,431 |
| October..... | 19,965,255,963 |
| November..... | 19,652,883,292 |
| December..... | 20,325,766,018 |
| January 2013..... | 21,475,633,627 |
| February..... | 20,854,201,067 |
| March..... | 20,263,851,915 |
| April..... | 21,575,464,488 |
| May..... | 21,542,239,417 |
| June..... | 21,212,245,833 |

**Resources of the Local Agency Investment Fund
Fiscal Year 2012-13 (Month-End Balances)**
(\$ in thousands)



Source: State Treasurer's Office, Investment Division (LAIF)

Appendices

Appendix A

Pooled Money Investment Account
Summary of Investments and Earnings
(\$ in thousands)

| Fiscal Year | Average Investment Portfolio | Annual Earnings | Average Earning Rate (Percent) | | | |
|-------------|------------------------------|-----------------|--------------------------------|---------|----------|----------|
| | | | Rate (Percent) | 5 Years | 10 Years | 15 years |
| 1956-57 | \$ 393,742 | \$ 9,573 | 2.43 | | | |
| 1957-58 | 594,306 | 16,421 | 2.76 | | | |
| 1958-59 | 544,868 | 15,762 | 2.89 | | | |
| 1959-60 | 614,835 | 21,045 | 3.42 | | | |
| 1960-61 | 736,204 | 28,139 | 3.82 | 3.07 | | |
| 1961-62 | 867,144 | 26,521 | 3.06 | 3.19 | | |
| 1962-63 | 910,863 | 30,548 | 3.35 | 3.31 | | |
| 1963-64 | 896,535 | 32,519 | 3.63 | 3.46 | | |
| 1964-65 | 966,592 | 38,004 | 3.93 | 3.56 | | |
| 1965-66 | 1,083,347 | 47,761 | 4.41 | 3.68 | 3.37 | |
| 1966-67 | 1,057,800 | 52,540 | 4.97 | 4.06 | 3.62 | |
| 1967-68 | 1,117,717 | 56,566 | 5.06 | 4.40 | 3.85 | |
| 1968-69 | 1,301,302 | 78,174 | 6.01 | 4.88 | 4.17 | |
| 1969-70 | 1,216,414 | 84,781 | 6.97 | 5.48 | 4.52 | |
| 1970-71 | 1,264,894 | 77,527 | 6.13 | 5.83 | 4.75 | 4.19 |
| 1971-72 | 1,397,494 | 68,350 | 4.89 | 5.81 | 4.93 | 4.35 |
| 1972-73 | 2,254,401 | 125,116 | 5.55 | 5.91 | 5.15 | 4.54 |
| 1973-74 | 2,594,629 | 232,780 | 8.97 | 6.50 | 5.69 | 4.94 |
| 1974-75 | 2,749,431 | 238,298 | 8.67 | 6.84 | 6.16 | 5.29 |
| 1975-76 | 3,209,143 | 204,303 | 6.37 | 6.89 | 6.36 | 5.46 |
| 1976-77 | 4,460,487 | 261,657 | 5.87 | 7.08 | 6.45 | 5.65 |
| 1977-78 | 6,843,940 | 458,625 | 6.70 | 7.31 | 6.61 | 5.87 |
| 1978-79 | 8,123,266 | 692,417 | 8.52 | 7.22 | 6.86 | 6.20 |
| 1979-80 | 8,285,941 | 873,469 | 10.54 | 7.60 | 7.22 | 6.64 |
| 1980-81 | 7,298,693 | 786,877 | 10.78 | 8.48 | 7.69 | 7.07 |
| 1981-82 | 5,234,524 | 631,968 | 12.07 | 9.72 | 8.40 | 7.54 |
| 1982-83 | 5,254,589 | 549,229 | 10.45 | 10.47 | 8.89 | 7.90 |
| 1983-84 | 7,094,849 | 738,462 | 10.41 | 10.85 | 9.04 | 8.19 |
| 1984-85 | 11,903,660 | 1,275,503 | 10.72 | 10.89 | 9.24 | 8.44 |
| 1985-86 | 15,438,406 | 1,401,990 | 9.08 | 10.55 | 9.51 | 8.64 |
| 1986-87 | 19,167,196 | 1,425,047 | 7.43 | 9.62 | 9.67 | 8.81 |
| 1987-88 | 17,628,558 | 1,388,074 | 7.87 | 9.10 | 9.79 | 8.96 |
| 1988-89 | 17,496,405 | 1,516,767 | 8.67 | 8.75 | 9.80 | 8.94 |
| 1989-90 | 19,558,775 | 1,692,905 | 8.66 | 8.34 | 9.61 | 8.94 |
| 1990-91 | 20,754,895 | 1,663,140 | 8.01 | 8.13 | 9.34 | 9.05 |
| 1991-92 | 21,456,433 | 1,329,476 | 6.20 | 7.88 | 8.75 | 9.07 |
| 1992-93 | 23,051,543 | 1,085,126 | 4.71 | 7.25 | 8.18 | 8.94 |
| 1993-94 | 25,433,078 | 1,115,660 | 4.39 | 6.39 | 7.57 | 8.67 |
| 1994-95 | 26,802,123 | 1,482,574 | 5.53 | 5.77 | 7.05 | 8.33 |
| 1995-96 | 26,623,196 | 1,519,020 | 5.71 | 5.31 | 6.72 | 7.99 |
| 1996-97 | 28,264,069 | 1,582,443 | 5.60 | 5.19 | 6.53 | 7.56 |
| 1997-98 | 29,344,512 | 1,672,382 | 5.70 | 5.38 | 6.32 | 7.25 |
| 1998-99 | 33,451,088 | 1,787,765 | 5.34 | 5.58 | 5.98 | 6.91 |
| 1999-00 | 35,029,034 | 1,999,483 | 5.71 | 5.61 | 5.69 | 6.57 |

Appendix A (Continued)

| Fiscal Year | Average Investment Portfolio | Earnings | Annual | Average Earning Rate (Percent) | | |
|-------------|------------------------------|--------------|-------------------------|--------------------------------|----------|----------|
| | | | Earnings Rate (Percent) | 5 Years | 10 Years | 15 years |
| 2000-01 | \$ 43,840,421 | \$ 2,676,158 | 6.10 | 5.69 | 5.50 | 6.37 |
| 2001-02 | 49,827,077 | 1,716,545 | 3.45 | 5.26 | 5.22 | 6.11 |
| 2002-03 | 52,636,648 | 1,132,930 | 2.15 | 4.55 | 4.97 | 5.73 |
| 2003-04 | 54,581,850 | 836,072 | 1.53 | 3.79 | 4.68 | 5.25 |
| 2004-05 | 53,860,487 | 1,215,116 | 2.26 | 3.10 | 4.35 | 4.83 |
| 2005-06 | 55,714,817 | 2,157,845 | 3.87 | 2.65 | 4.17 | 4.55 |
| 2006-07 | 58,147,441 | 2,977,625 | 5.12 | 2.99 | 4.12 | 4.48 |
| 2007-08 | 63,479,513 | 2,745,747 | 4.32 | 3.42 | 3.99 | 4.45 |
| 2008-09 | 60,003,197 | 1,334,677 | 2.22 | 3.56 | 3.67 | 4.31 |
| 2009-10 | 65,080,839 | 423,804 | 0.65 | 3.24 | 3.17 | 3.98 |
| 2010-11 | 67,221,703 | 332,579 | 0.49 | 2.56 | 2.61 | 3.63 |
| 2011-12 | 63,632,717 | 242,989 | 0.38 | 1.61 | 2.30 | 3.29 |
| 2012-13 | 60,754,893 | 186,764 | 0.31 | 0.81 | 2.12 | 2.93 |

Source: The average investment portfolio, earnings and annual earnings rate were taken from the published *Annual Report of the PMIB* for each fiscal year. Please see the following note.

NOTE TO PMIA SUMMARY OF INVESTMENTS AND EARNINGS TABLE

The PMIB was established as an agency of State government by Chapter 1703, Statutes of 1955, and became operational in April 1956. The first full year for the PMIA was 1956-57. In 1957-58, the SMIF and the Condemnation Deposits Fund (CDF) were placed under the administration of the PMIB. Separate investment portfolios were managed for these two funds for a number of years. SMIF operated this way until 1967-68, when legislation allowed this fund to be invested as a part of the PMIA. The CDF continued as a separate investment portfolio until 1975, when it was combined with the PMIA. In order to make data for the early years in the table comparable to the later years (1975-76 and after), the average daily investment and the annual earnings for both SMIF and CDF were combined with those for the PMIA. The earning rates for these early years were computed using these combined figures.

Appendix B

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|--------|-----------------|----------------|-----------------|------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-77 | 5.77 | | | |
| Feb-77 | 5.66 | | | |
| Mar-77 | 5.66 | | 5.68 | |
| Apr-77 | 5.65 | | | |
| May-77 | 5.76 | | | |
| Jun-77 | 5.85 | 5.87 | 5.78 | 5.79 |
| Jul-77 | 5.93 | | | |
| Aug-77 | 6.05 | | | |
| Sep-77 | 6.09 | | 5.84 | |
| Oct-77 | 6.39 | | | |
| Nov-77 | 6.61 | | | |
| Dec-77 | 6.73 | | 6.45 | 6.18 |
| Jan-78 | 6.92 | | | |
| Feb-78 | 7.05 | | | |
| Mar-78 | 7.14 | | 6.97 | |
| Apr-78 | 7.27 | | | |
| May-78 | 7.39 | | | |
| Jun-78 | 7.57 | 6.70 | 7.35 | 7.17 |
| Jul-78 | 7.65 | | | |
| Aug-78 | 7.82 | | | |
| Sep-78 | 7.87 | | 7.86 | |
| Oct-78 | 8.11 | | | |
| Nov-78 | 8.29 | | | |
| Dec-78 | 8.77 | | 8.32 | 8.09 |
| Jan-79 | 8.78 | | | |
| Feb-79 | 8.90 | | | |
| Mar-79 | 8.82 | | 8.81 | |
| Apr-79 | 9.08 | | | |
| May-79 | 9.05 | | | |
| Jun-79 | 9.22 | 8.52 | 9.10 | 8.98 |
| Jul-79 | 9.20 | | | |
| Aug-79 | 9.53 | | | |
| Sep-79 | 9.26 | | 9.26 | |
| Oct-79 | 9.81 | | | |
| Nov-79 | 10.22 | | | |
| Dec-79 | 10.22 | | 10.06 | 9.66 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|--------------------|-------------------|-------------------|---------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-80 | 10.98 | | | |
| Feb-80 | 11.25 | | | |
| Mar-80 | 11.49 | | 11.11 | |
| Apr-80 | 11.48 | | | |
| May-80 | 12.02 | | | |
| Jun-80 | 11.80 | 10.54 | 11.54 | 11.38 |
| Jul-80 | 10.21 | | | |
| Aug-80 | 9.87 | | | |
| Sep-80 | 9.95 | | 10.01 | |
| Oct-80 | 10.06 | | | |
| Nov-80 | 10.43 | | | |
| Dec-80 | 10.96 | | 10.47 | 10.21 |
| Jan-81 | 10.99 | | | |
| Feb-81 | 11.69 | | | |
| Mar-81 | 11.13 | | 11.23 | |
| Apr-81 | 11.48 | | | |
| May-81 | 12.18 | | | |
| Jun-81 | 11.44 | 10.78 | 11.68 | 11.69 |
| Jul-81 | 12.35 | | | |
| Aug-81 | 12.84 | | | |
| Sep-81 | 12.06 | | 12.40 | |
| Oct-81 | 12.40 | | | |
| Nov-81 | 11.89 | | | |
| Dec-81 | 11.48 | | 11.91 | 12.19 |
| Jan-82 | 11.68 | | | |
| Feb-82 | 12.04 | | | |
| Mar-82 | 11.84 | | 11.82 | |
| Apr-82 | 11.77 | | | |
| May-82 | 12.27 | | | |
| Jun-82 | 11.99 | 12.07 | 11.99 | 11.93 |
| Jul-82 | 12.24 | | | |
| Aug-82 | 11.91 | | | |
| Sep-82 | 11.15 | | 11.74 | |
| Oct-82 | 11.11 | | | |
| Nov-82 | 10.70 | | | |
| Dec-82 | 10.40 | | 10.71 | 11.26 |

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-83 | 10.25 | | | |
| Feb-83 | 9.89 | | | |
| Mar-83 | 9.69 | | 9.87 | |
| Apr-83 | 9.87 | | | |
| May-83 | 9.53 | | | |
| Jun-83 | 9.60 | 10.45 | 9.64 | 9.98 |
| Jul-83 | 9.88 | | | |
| Aug-83 | 10.08 | | | |
| Sep-83 | 10.20 | | 10.04 | |
| Oct-83 | 10.18 | | | |
| Nov-83 | 10.16 | | | |
| Dec-83 | 10.23 | | 10.18 | 10.15 |
| Jan-84 | 10.31 | | | |
| Feb-84 | 10.28 | | | |
| Mar-84 | 10.38 | | 10.32 | |
| Apr-84 | 10.59 | | | |
| May-84 | 10.84 | | | |
| Jun-84 | 11.12 | 10.41 | 10.88 | 10.63 |
| Jul-84 | 11.36 | | | |
| Aug-84 | 11.56 | | | |
| Sep-84 | 11.60 | | 11.53 | |
| Oct-84 | 11.68 | | | |
| Nov-84 | 11.47 | | | |
| Dec-84 | 11.02 | | 11.41 | 11.44 |
| Jan-85 | 10.58 | | | |
| Feb-85 | 10.29 | | | |
| Mar-85 | 10.12 | | 10.32 | |
| Apr-85 | 10.03 | | | |
| May-85 | 10.18 | | | |
| Jun-85 | 9.74 | 10.72 | 9.98 | 10.19 |
| Jul-85 | 9.66 | | | |
| Aug-85 | 9.42 | | | |
| Sep-85 | 9.57 | | 9.54 | |
| Oct-85 | 9.48 | | | |
| Nov-85 | 9.49 | | | |
| Dec-85 | 9.37 | | 9.43 | 9.50 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|--------------------|-------------------|-------------------|---------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-86 | 9.25 | | | |
| Feb-86 | 9.09 | | | |
| Mar-86 | 8.96 | | 9.09 | |
| Apr-86 | 8.62 | | | |
| May-86 | 8.37 | | | |
| Jun-86 | 8.23 | 9.08 | 8.39 | 8.70 |
| Jul-86 | 8.14 | | | |
| Aug-86 | 7.84 | | | |
| Sep-86 | 7.51 | | 7.81 | |
| Oct-86 | 7.59 | | | |
| Nov-86 | 7.43 | | | |
| Dec-86 | 7.44 | | 7.48 | 7.65 |
| Jan-87 | 7.37 | | | |
| Feb-87 | 7.16 | | | |
| Mar-87 | 7.21 | | 7.24 | |
| Apr-87 | 7.04 | | | |
| May-87 | 7.29 | | | |
| Jun-87 | 7.29 | 7.44 | 7.21 | 7.23 |
| Jul-87 | 7.46 | | | |
| Aug-87 | 7.56 | | | |
| Sep-87 | 7.71 | | 7.54 | |
| Oct-87 | 7.83 | | | |
| Nov-87 | 8.12 | | | |
| Dec-87 | 8.07 | | 7.97 | 7.80 |
| Jan-88 | 8.08 | | | |
| Feb-88 | 8.05 | | | |
| Mar-88 | 7.95 | | 8.01 | |
| Apr-88 | 7.94 | | | |
| May-88 | 7.82 | | | |
| Jun-88 | 7.93 | 7.87 | 7.87 | 7.95 |
| Jul-88 | 8.09 | | | |
| Aug-88 | 8.25 | | | |
| Sep-88 | 8.34 | | 8.20 | |
| Oct-88 | 8.40 | | | |
| Nov-88 | 8.47 | | | |
| Dec-88 | 8.56 | | 8.45 | 8.34 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|--------|-----------------|----------------|-----------------|------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-89 | 8.70 | | | |
| Feb-89 | 8.77 | | | |
| Mar-89 | 8.87 | | 8.76 | |
| Apr-89 | 8.99 | | | |
| May-89 | 9.23 | | | |
| Jun-89 | 9.20 | 8.67 | 9.13 | 8.97 |
| Jul-89 | 9.06 | | | |
| Aug-89 | 8.83 | | | |
| Sep-89 | 8.80 | | 8.87 | |
| Oct-89 | 8.77 | | | |
| Nov-89 | 8.69 | | | |
| Dec-89 | 8.65 | | 8.68 | 8.78 |
| Jan-90 | 8.57 | | | |
| Feb-90 | 8.54 | | | |
| Mar-90 | 8.51 | | 8.52 | |
| Apr-90 | 8.50 | | | |
| May-90 | 8.53 | | | |
| Jun-90 | 8.54 | 8.66 | 8.50 | 8.52 |
| Jul-90 | 8.52 | | | |
| Aug-90 | 8.38 | | | |
| Sep-90 | 8.33 | | 8.39 | |
| Oct-90 | 8.32 | | | |
| Nov-90 | 8.27 | | | |
| Dec-90 | 8.28 | | 8.27 | 8.34 |
| Jan-91 | 8.16 | | | |
| Feb-91 | 8.00 | | | |
| Mar-91 | 7.78 | | 7.97 | |
| Apr-91 | 7.67 | | | |
| May-91 | 7.37 | | | |
| Jun-91 | 7.17 | 8.01 | 7.38 | 7.67 |
| Jul-91 | 7.10 | | | |
| Aug-91 | 7.07 | | | |
| Sep-91 | 6.86 | | 7.00 | |
| Oct-91 | 6.72 | | | |
| Nov-91 | 6.59 | | | |
| Dec-91 | 6.32 | | 6.52 | 6.74 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|--------|-----------------|----------------|-----------------|------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-92 | 6.12 | | | |
| Feb-92 | 5.86 | | | |
| Mar-92 | 5.68 | | 5.87 | |
| Apr-92 | 5.69 | | | |
| May-92 | 5.38 | | | |
| Jun-92 | 5.32 | 6.20 | 5.45 | 5.65 |
| Jul-92 | 5.24 | | | |
| Aug-92 | 4.96 | | | |
| Sep-92 | 4.76 | | 4.97 | |
| Oct-92 | 4.73 | | | |
| Nov-92 | 4.66 | | | |
| Dec-92 | 4.65 | | 4.67 | 4.82 |
| Jan-93 | 4.68 | | | |
| Feb-93 | 4.65 | | | |
| Mar-93 | 4.62 | | 4.64 | |
| Apr-93 | 4.61 | | | |
| May-93 | 4.43 | | | |
| Jun-93 | 4.55 | 4.71 | 4.51 | 4.61 |
| Jul-93 | 4.44 | | | |
| Aug-93 | 4.47 | | | |
| Sep-93 | 4.43 | | 4.44 | |
| Oct-93 | 4.38 | | | |
| Nov-93 | 4.37 | | | |
| Dec-93 | 4.38 | | 4.36 | 4.39 |
| Jan-94 | 4.36 | | | |
| Feb-94 | 4.18 | | | |
| Mar-94 | 4.25 | | 4.25 | |
| Apr-94 | 4.33 | | | |
| May-94 | 4.43 | | | |
| Jun-94 | 4.62 | 4.39 | 4.45 | 4.36 |
| Jul-94 | 4.82 | | | |
| Aug-94 | 4.99 | | | |
| Sep-94 | 5.11 | | 4.96 | |
| Oct-94 | 5.24 | | | |
| Nov-94 | 5.38 | | | |
| Dec-94 | 5.53 | | 5.37 | 5.15 |

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-95 | 5.61 | | | |
| Feb-95 | 5.78 | | | |
| Mar-95 | 5.93 | | 5.76 | |
| Apr-95 | 5.96 | | | |
| May-95 | 6.01 | | | |
| Jun-95 | 6.00 | 5.53 | 5.98 | 5.87 |
| Jul-95 | 5.97 | | | |
| Aug-95 | 5.91 | | | |
| Sep-95 | 5.83 | | 5.89 | |
| Oct-95 | 5.78 | | | |
| Nov-95 | 5.81 | | | |
| Dec-95 | 5.75 | | 5.76 | 5.83 |
| Jan-96 | 5.70 | | | |
| Feb-96 | 5.64 | | | |
| Mar-96 | 5.56 | | 5.62 | |
| Apr-96 | 5.54 | | | |
| May-96 | 5.50 | | | |
| Jun-96 | 5.55 | 5.71 | 5.52 | 5.56 |
| Jul-96 | 5.59 | | | |
| Aug-96 | 5.57 | | | |
| Sep-96 | 5.60 | | 5.57 | |
| Oct-96 | 5.60 | | | |
| Nov-96 | 5.60 | | | |
| Dec-96 | 5.57 | | 5.58 | 5.57 |
| Jan-97 | 5.58 | | | |
| Feb-97 | 5.58 | | | |
| Mar-97 | 5.58 | | 5.56 | |
| Apr-97 | 5.61 | | | |
| May-97 | 5.63 | | | |
| Jun-97 | 5.67 | 5.59 | 5.63 | 5.59 |
| Jul-97 | 5.68 | | | |
| Aug-97 | 5.69 | | | |
| Sep-97 | 5.71 | | 5.68 | |
| Oct-97 | 5.71 | | | |
| Nov-97 | 5.72 | | | |
| Dec-97 | 5.74 | | 5.71 | 5.69 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-98 | 5.74 | | | |
| Feb-98 | 5.72 | | | |
| Mar-98 | 5.68 | | 5.70 | |
| Apr-98 | 5.67 | | | |
| May-98 | 5.67 | | | |
| Jun-98 | 5.67 | 5.70 | 5.66 | 5.67 |
| Jul-98 | 5.65 | | | |
| Aug-98 | 5.65 | | | |
| Sep-98 | 5.64 | | 5.64 | |
| Oct-98 | 5.56 | | | |
| Nov-98 | 5.49 | | | |
| Dec-98 | 5.37 | | 5.46 | 5.55 |
| Jan-99 | 5.26 | | | |
| Feb-99 | 5.21 | | | |
| Mar-99 | 5.14 | | 5.19 | |
| Apr-99 | 5.12 | | | |
| May-99 | 5.09 | | | |
| Jun-99 | 5.09 | 5.34 | 5.08 | 5.13 |
| Jul-99 | 5.18 | | | |
| Aug-99 | 5.22 | | | |
| Sep-99 | 5.27 | | 5.21 | |
| Oct-99 | 5.39 | | | |
| Nov-99 | 5.48 | | | |
| Dec-99 | 5.64 | | 5.49 | 5.34 |
| Jan-00 | 5.76 | | | |
| Feb-00 | 5.82 | | | |
| Mar-00 | 5.85 | | 5.80 | |
| Apr-00 | 6.01 | | | |
| May-00 | 6.19 | | | |
| Jun-00 | 6.35 | 5.71 | 6.18 | 5.99 |
| Jul-00 | 6.44 | | | |
| Aug-00 | 6.50 | | | |
| Sep-00 | 6.50 | | 6.47 | |
| Oct-00 | 6.52 | | | |
| Nov-00 | 6.54 | | | |
| Dec-00 | 6.53 | | 6.52 | 6.49 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|--------|-----------------|----------------|-----------------|------------------|
| | | | LAIF Quarterly | SMIF Semi-Annual |
| Jan-01 | 6.37 | | | |
| Feb-01 | 6.17 | | | |
| Mar-01 | 5.98 | | 6.16 | |
| Apr-01 | 5.76 | | | |
| May-01 | 5.33 | | | |
| Jun-01 | 4.96 | 6.10 | 5.32 | 5.73 |
| Jul-01 | 4.63 | | | |
| Aug-01 | 4.50 | | | |
| Sep-01 | 4.29 | | 4.47 | |
| Oct-01 | 3.78 | | | |
| Nov-01 | 3.53 | | | |
| Dec-01 | 3.26 | | 3.52 | 3.99 |
| Jan-02 | 3.07 | | | |
| Feb-02 | 2.97 | | | |
| Mar-02 | 2.86 | | 2.96 | |
| Apr-02 | 2.84 | | | |
| May-02 | 2.74 | | | |
| Jun-02 | 2.69 | 3.45 | 2.75 | 2.85 |
| Jul-02 | 2.71 | | | |
| Aug-02 | 2.59 | | | |
| Sep-02 | 2.60 | | 2.63 | |
| Oct-02 | 2.49 | | | |
| Nov-02 | 2.30 | | | |
| Dec-02 | 2.20 | | 2.31 | 2.47 |
| Jan-03 | 2.10 | | | |
| Feb-03 | 1.94 | | | |
| Mar-03 | 1.90 | | 1.98 | |
| Apr-03 | 1.86 | | | |
| May-03 | 1.77 | | | |
| Jun-03 | 1.70 | 2.15 | 1.77 | 1.86 |
| Jul-03 | 1.65 | | | |
| Aug-03 | 1.63 | | | |
| Sep-03 | 1.64 | | 1.63 | |
| Oct-03 | 1.60 | | | |
| Nov-03 | 1.57 | | | |
| Dec-03 | 1.55 | | 1.56 | 1.59 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF * Quarterly |
| Jan-04 | 1.53 | | | |
| Feb-04 | 1.44 | | | |
| Mar-04 | 1.47 | | 1.47 | 1.47 |
| Apr-04 | 1.45 | | | |
| May-04 | 1.43 | | | |
| Jun-04 | 1.47 | 1.53 | 1.44 | 1.44 |
| Jul-04 | 1.60 | | | |
| Aug-04 | 1.67 | | | |
| Sep-04 | 1.77 | | 1.67 | 1.67 |
| Oct-04 | 1.89 | | | |
| Nov-04 | 2.00 | | | |
| Dec-04 | 2.13 | | 2.00 | 2.00 |
| Jan-05 | 2.26 | | | |
| Feb-05 | 2.37 | | | |
| Mar-05 | 2.54 | | 2.38 | 2.37 |
| Apr-05 | 2.72 | | | |
| May-05 | 2.86 | | | |
| Jun-05 | 2.97 | 2.26 | 2.85 | 2.85 |
| Jul-05 | 3.08 | | | |
| Aug-05 | 3.18 | | | |
| Sep-05 | 3.32 | | 3.18 | 3.18 |
| Oct-05 | 3.46 | | | |
| Nov-05 | 3.64 | | | |
| Dec-05 | 3.81 | | 3.63 | 3.63 |
| Jan-06 | 3.96 | | | |
| Feb-06 | 4.04 | | | |
| Mar-06 | 4.14 | | 4.03 | 4.03 |
| Apr-06 | 4.31 | | | |
| May-06 | 4.56 | | | |
| Jun-06 | 4.70 | 3.87 | 4.53 | 4.53 |
| Jul-06 | 4.85 | | | |
| Aug-06 | 4.95 | | | |
| Sep-06 | 5.02 | | 4.93 | 4.93 |
| Oct-06 | 5.10 | | | |
| Nov-06 | 5.13 | | | |
| Dec-06 | 5.13 | | 5.11 | 5.11 |

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF * Quarterly |
| Jan-07 | 5.16 | | | |
| Feb-07 | 5.18 | | | |
| Mar-07 | 5.21 | | 5.17 | 5.17 |
| Apr-07 | 5.22 | | | |
| May-07 | 5.25 | | | |
| Jun-07 | 5.25 | 5.12 | 5.23 | 5.23 |
| Jul-07 | 5.26 | | | |
| Aug-07 | 5.25 | | | |
| Sep-07 | 5.23 | | 5.24 | 5.24 |
| Oct-07 | 5.14 | | | |
| Nov-07 | 4.96 | | | |
| Dec-07 | 4.80 | | 4.96 | 4.96 |
| Jan-08 | 4.62 | | | |
| Feb-08 | 4.16 | | | |
| Mar-08 | 3.78 | | 4.18 | 4.17 |
| Apr-08 | 3.40 | | | |
| May-08 | 3.07 | | | |
| Jun-08 | 2.89 | 4.33 | 3.11 | 3.11 |
| Jul-08 | 2.79 | | | |
| Aug-08 | 2.78 | | | |
| Sep-08 | 2.77 | | 2.77 | 2.77 |
| Oct-08 | 2.71 | | | |
| Nov-08 | 2.57 | | | |
| Dec-08 | 2.35 | | 2.54 | 2.53 |
| Jan-09 | 2.05 | | | |
| Feb-09 | 1.87 | | | |
| Mar-09 | 1.82 | | 1.91 | 1.90 |
| Apr-09 | 1.61 | | | |
| May-09 | 1.53 | | | |
| Jun-09 | 1.38 | 2.22 | 1.51 | 1.51 |
| Jul-09 | 1.04 | | | |
| Aug-09 | 0.92 | | | |
| Sep-09 | 0.75 | | 0.90 | 0.89 |
| Oct-09 | 0.65 | | | |
| Nov-09 | 0.61 | | | |
| Dec-09 | 0.57 | | 0.60 | 0.59 |

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF * Quarterly |
| Jan-10 | 0.56 | | | |
| Feb-10 | 0.58 | | | |
| Mar-10 | 0.55 | | 0.56 | 0.55 |
| Apr-10 | 0.59 | | | |
| May-10 | 0.56 | | | |
| Jun-10 | 0.53 | 0.65 | 0.56 | 0.56 |
| Jul-10 | 0.53 | | | |
| Aug-10 | 0.51 | | | |
| Sep-10 | 0.50 | | 0.51 | 0.50 |
| Oct-10 | 0.48 | | | |
| Nov-10 | 0.45 | | | |
| Dec-10 | 0.46 | | 0.46 | 0.46 |
| Jan-11 | 0.54 | | | |
| Feb-11 | 0.51 | | | |
| Mar-11 | 0.50 | | 0.51 | 0.51 |
| Apr-11 | 0.59 | | | |
| May-11 | 0.41 | | | |
| Jun-11 | 0.45 | 0.50 | 0.48 | 0.48 |
| Jul-11 | 0.38 | | | |
| Aug-11 | 0.41 | | | |
| Sep-11 | 0.38 | | 0.38 | 0.38 |
| Oct-11 | 0.39 | | | |
| Nov-11 | 0.40 | | | |
| Dec-11 | 0.38 | | 0.38 | 0.38 |
| Jan-12 | 0.39 | | | |
| Feb-12 | 0.39 | | | |
| Mar-12 | 0.38 | | 0.38 | 0.37 |
| Apr-12 | 0.37 | | | |
| May-12 | 0.36 | | | |
| Jun-12 | 0.36 | 0.38 | 0.36 | 0.36 |
| Jul-12 | 0.36 | | | |
| Aug-12 | 0.38 | | | |
| Sep-12 | 0.35 | | 0.35 | 0.35 |
| Oct-12 | 0.34 | | | |
| Nov-12 | 0.32 | | | |
| Dec-12 | 0.33 | | 0.32 | 0.32 |

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in percent per year)

| Date | Monthly Average | Annual Average | Allocation Rate | |
|---------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| | | | LAIF Quarterly | SMIF * Quarterly |
| Jan-13 | 0.30 | | | |
| Feb-13 | 0.29 | | | |
| Mar-13 | 0.29 | | 0.28 | 0.28 |
| Apr-13 | 0.26 | | | |
| May-13 | 0.25 | | | |
| Jun-13 | 0.24 | 0.31 | 0.24 | 0.25 |

Effective January 1, 2004, SMIF earnings are allocated quarterly.

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