July 2014

# MONTHLY INVESTMENT INCOME REPORT

**Commonwealth of Kentucky**

**Lori H. Flanery, Secretary**

**FINANCE AND ADMINISTRATION CABINET**

7/31/2014

# PORTFOLIO SUMMARY
# POOLS*

| | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL | STATUTORY LIMIT |
|---|---|---|---|---|---|---|
| Treasuries | | | | | | |
| | Bills | 99,992,042.00 | 0.02 | 0.31 | 3% | |
| | Treasury Notes | 1,152,288,322.85 | 0.27 | 1.16 | 33% | |
| Sub-total | | 1,252,280,364.85 | 0.25 | 1.09 | 36% | |
| Agencies | Notes | 211,982,439.72 | 0.77 | 1.63 | 6% | |
| | Discounts | 290,645,553.73 | 0.08 | 0.02 | 8% | |
| Sub-total | | 502,627,993.45 | 0.37 | 0.70 | 14% | |
| Municipals | | 41,460,395.79 | 0.92 | 0.80 | 1% | |
| Corporates | | 258,509,133.93 | 0.98 | 2.00 | 7% | 25% |
| Mortgages | Pools | 219,006,057.97 | 1.22 | 0.77 | 6% | |
| | CMO's | 192,818,785.48 | 1.38 | 2.18 | 6% | |
| Sub-total | | 411,824,843.45 | 1.29 | 1.43 | 12% | 25% |
| Asset Backed Securities | | 178,685,223.68 | 0.41 | 0.65 | 5% | 20% |
| Repurchase Agreements | | | | | | |
| | Overnight | 447,001,036.68 | 0.10 | 0.00 | 13% | |
| | < 30 days | 12,000,522.30 | 0.06 | 0.08 | 1% | |
| | < 60 days | 1,500,466.67 | 0.35 | 0.91 | 0% | |
| | < 90 days | 0.00 | 0.00 | 0.00 | 0% | |
| | < 1 year | 0.00 | 0.00 | 0.00 | 0% | |
| | Flex Repos | 0.00 | 0.00 | 0.00 | 0% | |
| Sub-total | | 460,502,025.65 | 0.10 | 0.01 | 14% | |
| Money Market Securities | | | | | | |
| | Commercial Paper | 236,499,502.83 | 0.15 | 0.07 | 7% | A1-P1 |
| | Money Mkt Fund | 50,000,000.00 | 0.06 | 0.00 | 2% | |
| | Certificates of Deposit | 80,051,839.17 | 0.37 | 0.61 | 2% | |
| Sub-total | | 366,551,342.00 | 0.18 | 0.18 | 11% | 35% |
| Derivatives | | | | | | |
| | Swaps | 0.00 | 0.00 | 0.00 | 0% | |
| | OTC Options | 0.00 | 0.00 | 0.00 | 0% | |
| Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| TOTALS | | 3,472,441,322.80 | 0.44 | 0.88 | 100% | |

* Excludes Bridges Pool

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# PORTFOLIO SUMMARY
# LIMITED TERM POOL

| | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL |
|---|---|---|---|---|---|
| Treasuries | | | | | |
| | Bills | 99,992,042.00 | 0.02 | 0.31 | 9% |
| | Treasury Notes | 101,633,708.01 | 0.11 | 0.27 | 9% |
| Sub-total | | 201,625,750.01 | 0.00 | 0.00 | 18% |
| Agencies | Notes | 0.00 | 0.00 | 0.00 | 0% |
| | Discounts | 290,645,553.73 | 0.08 | 0.02 | 27% |
| Sub-total | | 290,645,553.73 | 0.08 | 0.02 | 27% |
| Corporates | | 10,237,099.33 | 0.38 | 0.34 | 1% |
| Municipals | | 0.00 | 0.00 | 0.00 | 0% |
| Mortgages | CMOs | 0.00 | 0.00 | 0.00 | 0% |
| ABS | | 25,575,507.28 | 0.19 | 0.16 | 2% |
| Repurchase Agreements | | | | | |
| | Overnight | 283,542,991.60 | 0.10 | 0.00 | 26% |
| | < 30 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 60 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 90 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 1 year | 0.00 | 0.00 | 0.00 | 0% |
| | Flex Repos | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 283,542,991.60 | 0.10 | 0.00 | 26% |
| Money Market Securities | | | | | |
| | Commercial Paper | 211,499,502.83 | 0.15 | 0.08 | 19% |
| | Money Mkt Fund | 50,000,000.00 | 0.06 | 0.00 | 5% |
| | Certificates of Deposit | 25,002,187.50 | 0.15 | 0.11 | 2% |
| Sub-total | | 286,501,690.33 | 0.13 | 0.07 | 26% |
| TOTALS | | 1,098,128,592.28 | 0.10 | 0.08 | 100% |

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# PORTFOLIO SUMMARY
## SHORT TERM POOL

| | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL |
|---|---|---|---|---|---|
| Treasuries | | | | | |
| | Bills | 0.00 | 0.00 | 0.00 | 0% |
| | Treasury Notes | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 0.00 | 0.00 | 0.00 | 0% |
| Agencies | Notes | 0.00 | 0.00 | 0.00 | 0% |
| | Discounts | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 0.00 | 0.00 | 0.00 | 0% |
| Corporates | | 0.00 | 0.00 | 0.00 | 0% |
| Municipals | | 0.00 | 0.00 | 0.00 | 0% |
| Mortgages | CMOs | 0.00 | 0.00 | 0.00 | 0% |
| ABS | | 0.00 | 0.00 | 0.00 | 0% |
| Repurchase Agreements | | | | | |
| | Overnight | -25,422,615.35 | 0.10 | 0.00 | 100% |
| | < 30 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 60 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 90 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 1 year | 0.00 | 0.00 | 0.00 | 0% |
| | Flex Repos | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | -25,422,615.35 | 0.10 | 0.00 | 100% |
| Money Market Securities | | | | | |
| | Commercial Paper | 0.00 | 0.00 | 0.00 | 0% |
| | Money Mkt Fund | 0.00 | 0.00 | 0.00 | 0% |
| | Certificates of Deposit | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 0.00 | 0.00 | 0.00 | 0% |
| TOTALS | | -25,422,615.35 | 0.10 | 0.00 | 100% |

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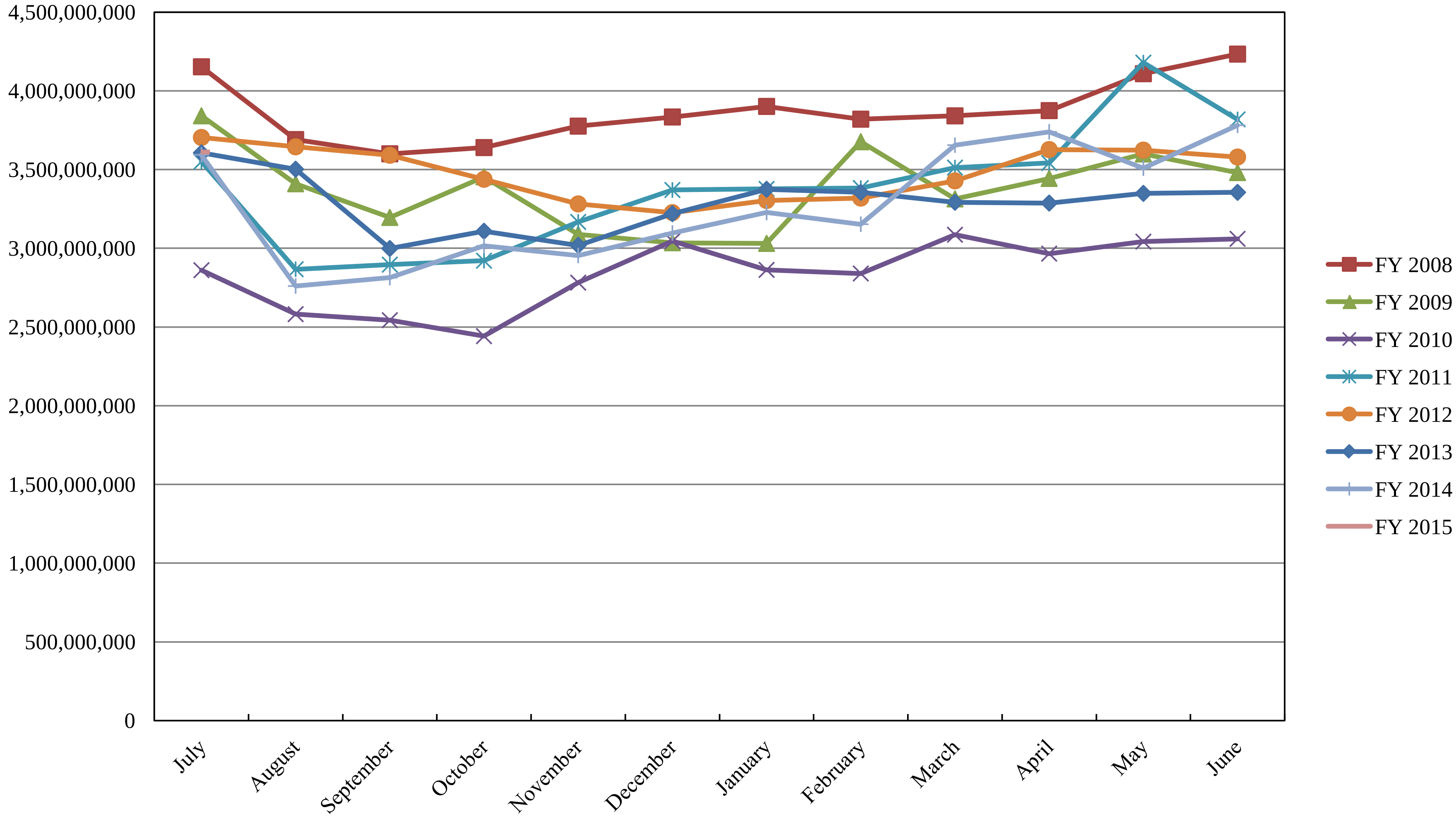
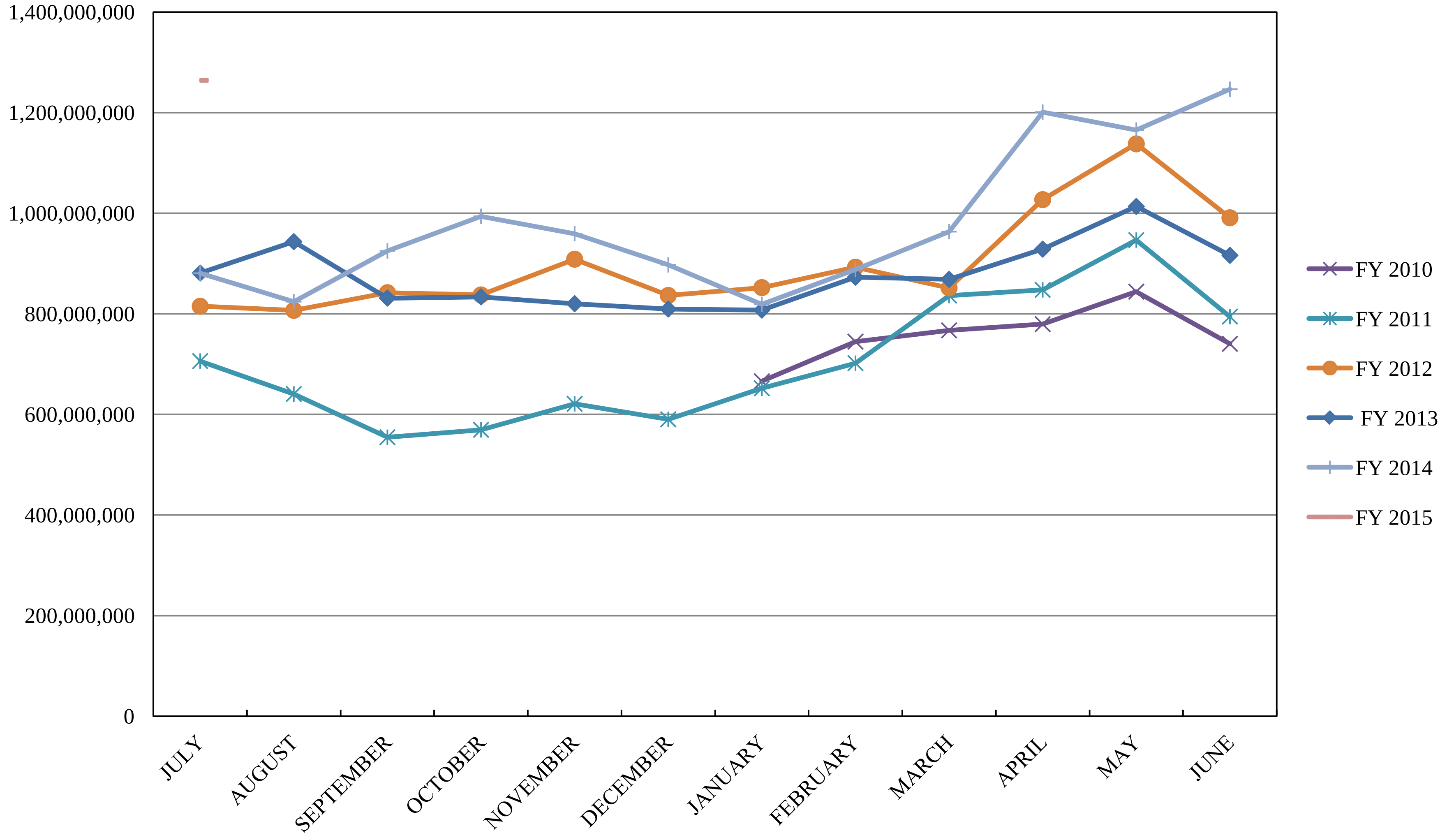
# PORTFOLIO SUMMARY
# INTERMEDIATE TERM POOL

| | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL |
|---|---|---|---|---|---|
| Treasuries | | | | | |
| | Bills | 0.00 | 0.00 | 0.00 | 0% |
| | Treasury Notes | 1,050,654,614.84 | 0.29 | 1.25 | 44% |
| Sub-total | | 1,050,654,614.84 | 0.29 | 1.25 | 44% |
| Agencies | Notes | 211,982,439.72 | 0.77 | 1.63 | 9% |
| | Discounts | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 211,982,439.72 | 0.77 | 1.63 | 9% |
| Municipals | | 41,460,395.79 | 0.92 | 0.80 | 2% |
| Corporates | | 248,272,034.60 | 1.00 | 2.07 | 10% |
| Mortgages | Pools | 219,006,057.97 | 1.22 | 0.77 | 9% |
| | CMO's | 192,818,785.48 | 1.38 | 2.18 | 8% |
| Sub-total | | 411,824,843.45 | 1.29 | 1.43 | 17% |
| Asset Backed Securities | | 153,109,716.40 | 0.45 | 0.73 | 6% |
| Repurchase Agreements | | | | | |
| | Overnight | 188,880,660.43 | 0.10 | 0.00 | 8% |
| | < 30 days | 12,000,522.30 | 0.06 | 0.08 | 1% |
| | < 60 days | 1,500,466.67 | 0.35 | 0.91 | 0% |
| | < 90 days | 0.00 | 0.00 | 0.00 | 0% |
| | < 1 year | 0.00 | 0.00 | 0.00 | 0% |
| | Flex Repos | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 202,381,649.40 | 0.10 | 0.01 | 9% |
| Money Market Securities | | | | | |
| | Commercial Paper | 25,000,000.00 | 0.12 | 0.00 | 1% |
| | Money Mkt Fund | 0.00 | 0.00 | 0.00 | 0% |
| | Certificates of Deposit | 55,049,651.67 | 0.47 | 0.84 | 2% |
| Sub-total | | 80,049,651.67 | 0.36 | 0.58 | 3% |
| Derivatives | | | | | |
| | Swaps | 0.00 | 0.00 | 0.00 | 0% |
| | OTC Options | 0.00 | 0.00 | 0.00 | 0% |
| Sub-total | | 0.00 | 0.00 | 0.00 | 0% |
| TOTALS | | 2,399,735,345.87 | 0.59 | 1.23 | 100% |

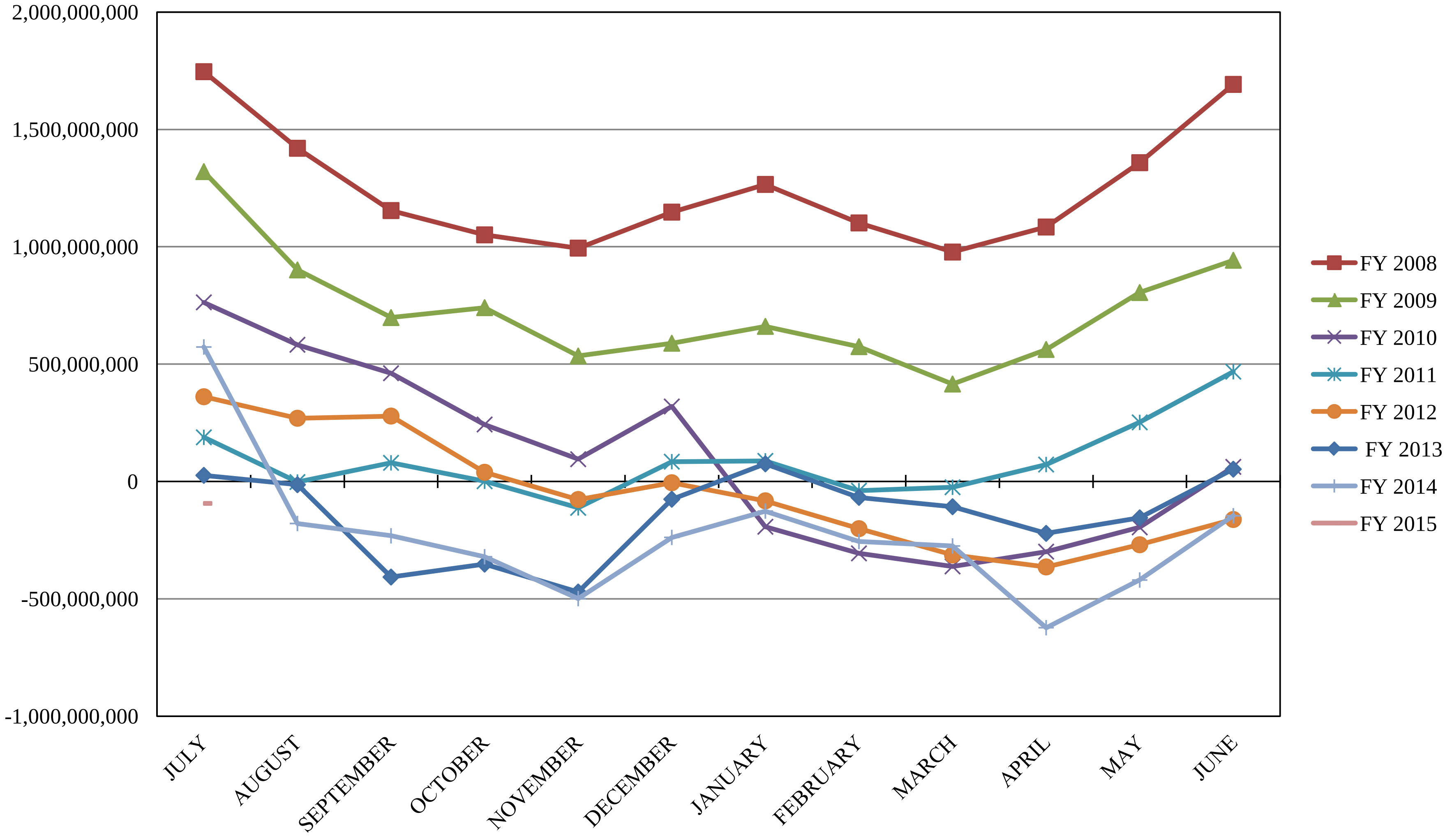
# INVESTABLE BALANCES



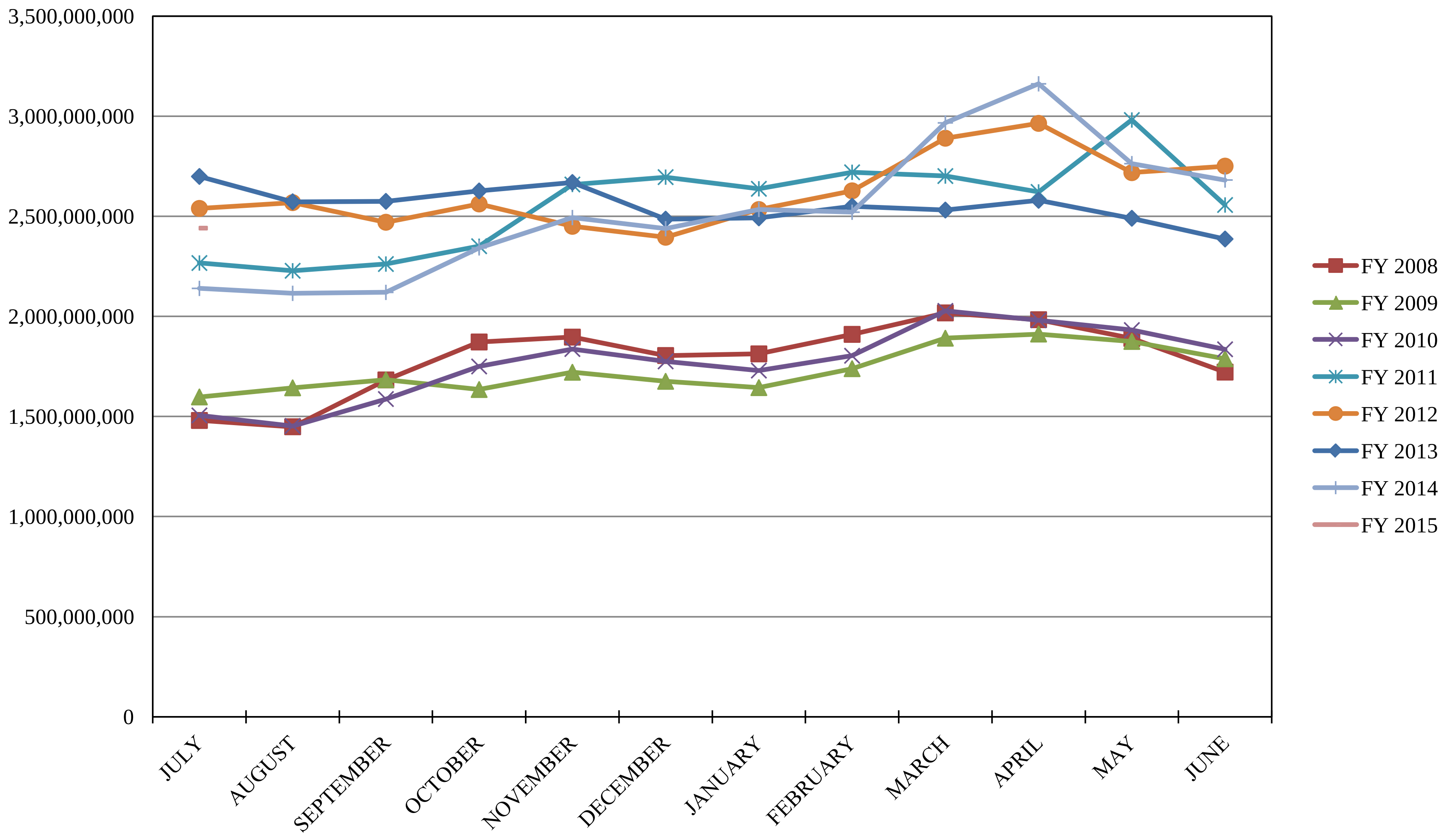
# LIMITED POOL
# INVESTABLE BALANCES



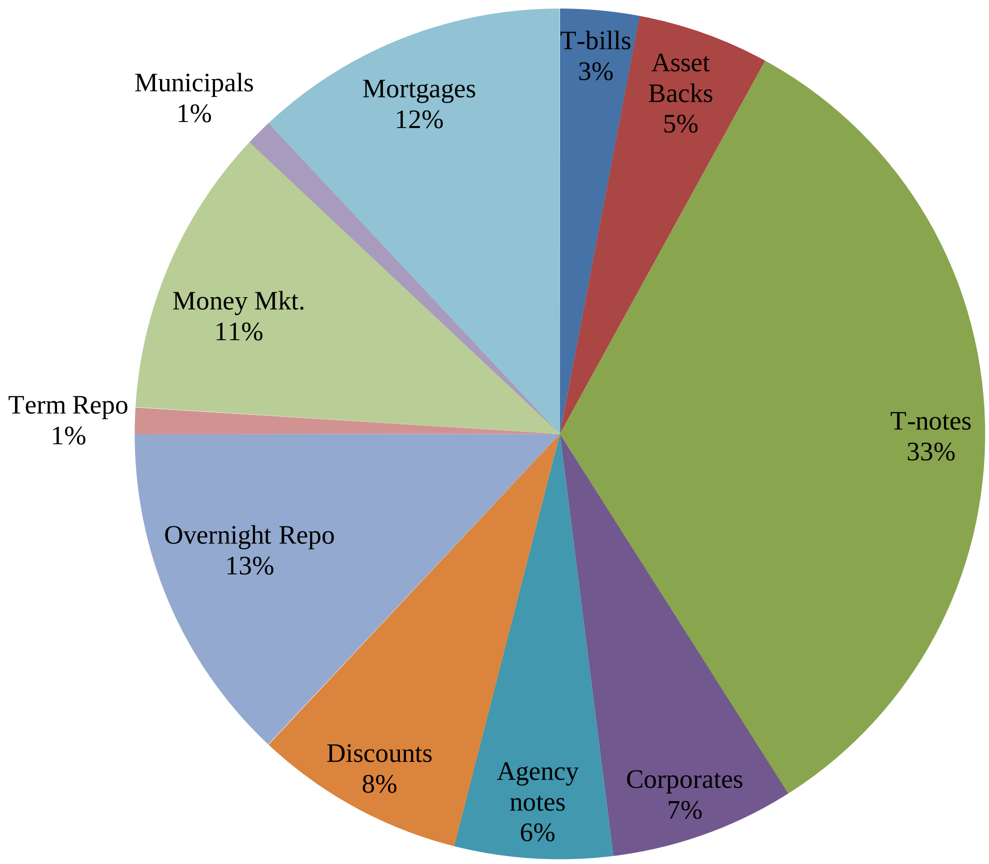
# SHORT TERM POOL
# INVESTABLE BALANCES



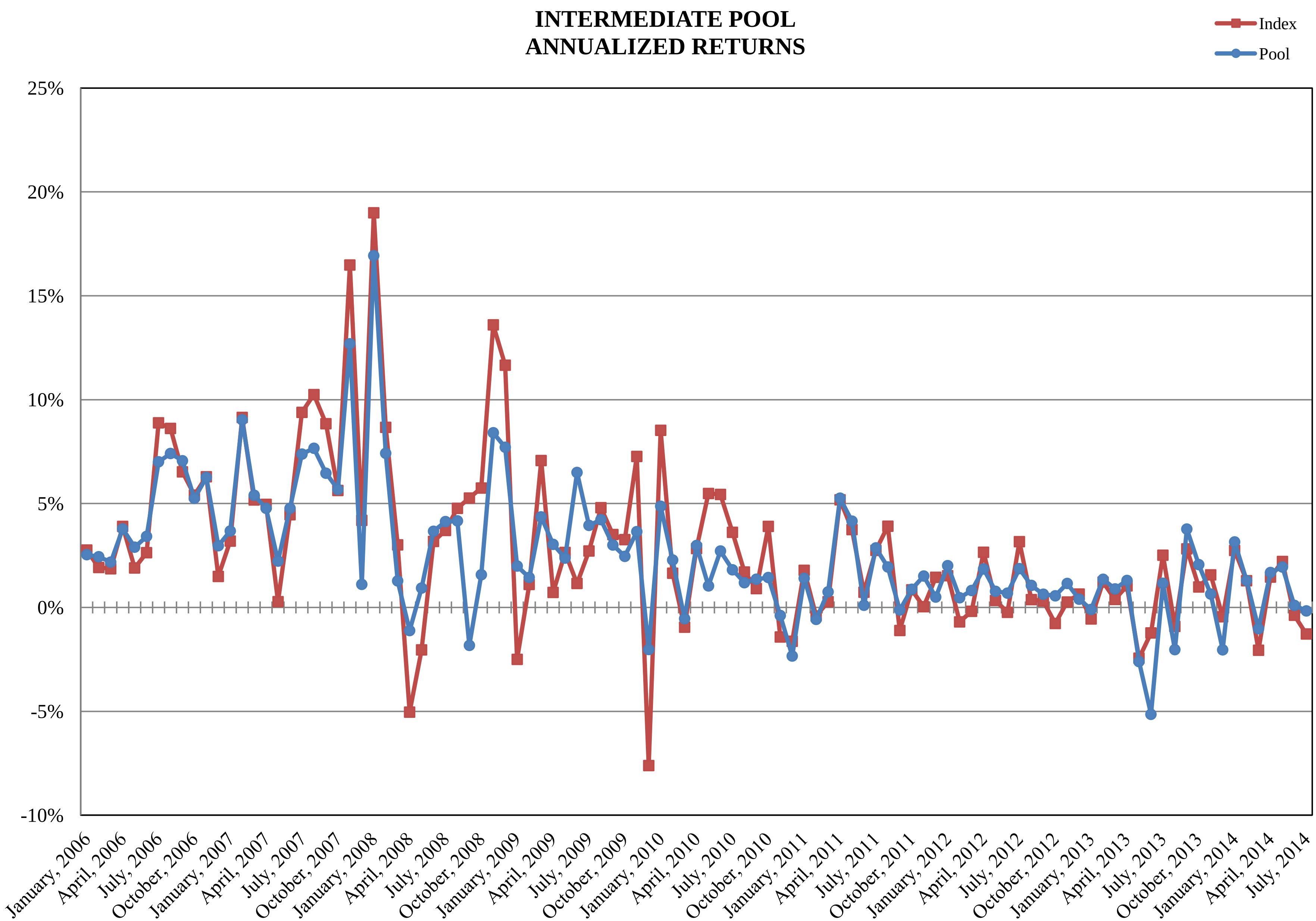
# INTERMEDIATE
# INVESTABLE BALANCES



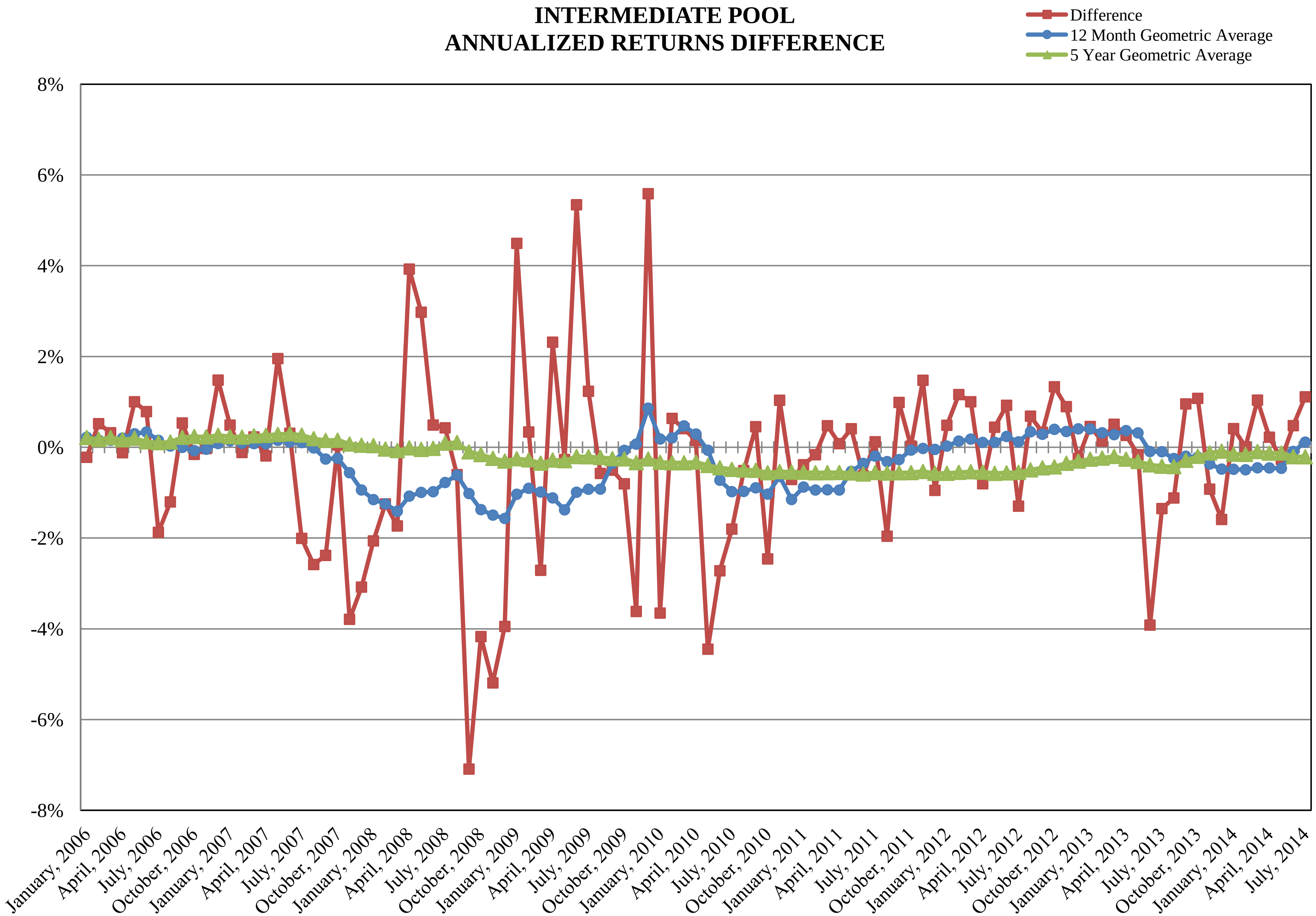
# Distribution of Investments for July




LIMITS
Corporates 25%
Mortgages 25%
Asset Backs 20%
Money Mkt. 35%




**Index consists of 70% Government 1-3 year, 15% Mortgage 0-3 and 15% money market**


INTERMEDIATE POOL
ANNUALIZED RETURNS DIFFERENCE
Difference
12 Month Geometric Average
5 Year Geometric Average
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
January, 2006
April, 2006
July, 2006
October, 2006
January, 2007
April, 2007
July, 2007
October, 2007
January, 2008
April, 2008
July, 2008
October, 2008
January, 2009
April, 2009
July, 2009
October, 2009
January, 2010
April, 2010
July, 2010
October, 2010
January, 2011
April, 2011
July, 2011
October, 2011
January, 2012
April, 2012
July, 2012
October, 2012
January, 2013
April, 2013
July, 2013
October, 2013
January, 2014
April, 2014
July, 2014

## PERFORMANCE RESULTS JULY 1995 THROUGH JULY 2014

| | Intermediate Pool | Benchmark* | Difference (pp) |
|---|---|---|---|
| 1 Month | -0.014% | -0.107% | 0.093 |
| 3 Month | 0.155% | 0.044% | 0.111 |
| FYTD | -0.014% | -0.107% | 0.093 |
| 1 Year | 0.766% | 0.653% | 0.112 |
| 3 Year | 0.632% | 0.584% | 0.048 |
| 5 Year | 1.065% | 1.247% | -0.183 |
| 10 Year | 2.511% | 2.675% | -0.164 |
| Since Inception | 3.793% | 3.832% | -0.039 |

*Benchmark consists of 70% Government 1-3 year, 15% Mortgage 0-3 and 15% money market.

## PERFORMANCE RESULTS JULY 2011 THROUGH JULY 2014

| | Limited Term Pool | Benchmark* | Difference (pp) |
|---|---|---|---|
| 1 Month | 0.004% | 0.005% | -0.001 |
| 3 Month | 0.014% | 0.013% | 0.000 |
| FYTD | 0.004% | 0.005% | -0.001 |
| 1 Year | 0.084% | 0.051% | 0.033 |
| Since Inception | 0.133% | 0.073% | 0.060 |

*Benchmark is S&P Local Government Investment Pool