

Compliance Requirements Overview

Sector	Fund Limitation	Per Issuer	Maturity	Credit Limits	In Compliance
U.S. Treasury	100%	100%	7 years	None	Yes
Government Agency/GSE	100%	40%	7 years	None	Yes
<i>Callable Agencies</i>	25%	25%	7 years	None	Yes
Commercial Paper	40%	5% Aggregate	270 days	A-1 by two and A by one	See Comments
Negotiable CDs	30%	5% Aggregate	5 years	A-1 by two and A by one	Yes
BAs - Domestic	15%	5% Aggregate	180 days	A-1 by two and A by one	Yes - None in Portfolio
BAs - Foreign	15%	5% Aggregate	180 days	A-1 by two and A by one	Yes - None in Portfolio
Collateralized CDs	15%	5% Aggregate	5 years	Insured/Collateralized	Yes - None in Portfolio
Asset Backed Securities	20%	5% Aggregate	5 years	A or AA by type	Yes - None in Portfolio
Corporate Securities	30%	5% Aggregate	5 years	A by two	Yes
Repurchase Agreements	100%	100%	92 days	Collateralized/A by One	Yes
LAIF	\$50 million	\$50 million	N/A	None	Yes
Registered Warrants	100%	100%	5 years	None	Yes - None in Portfolio
Mutual Funds	10%	5%	N/A	AAA or \$500 million in assets	Yes - None in Portfolio

Comments

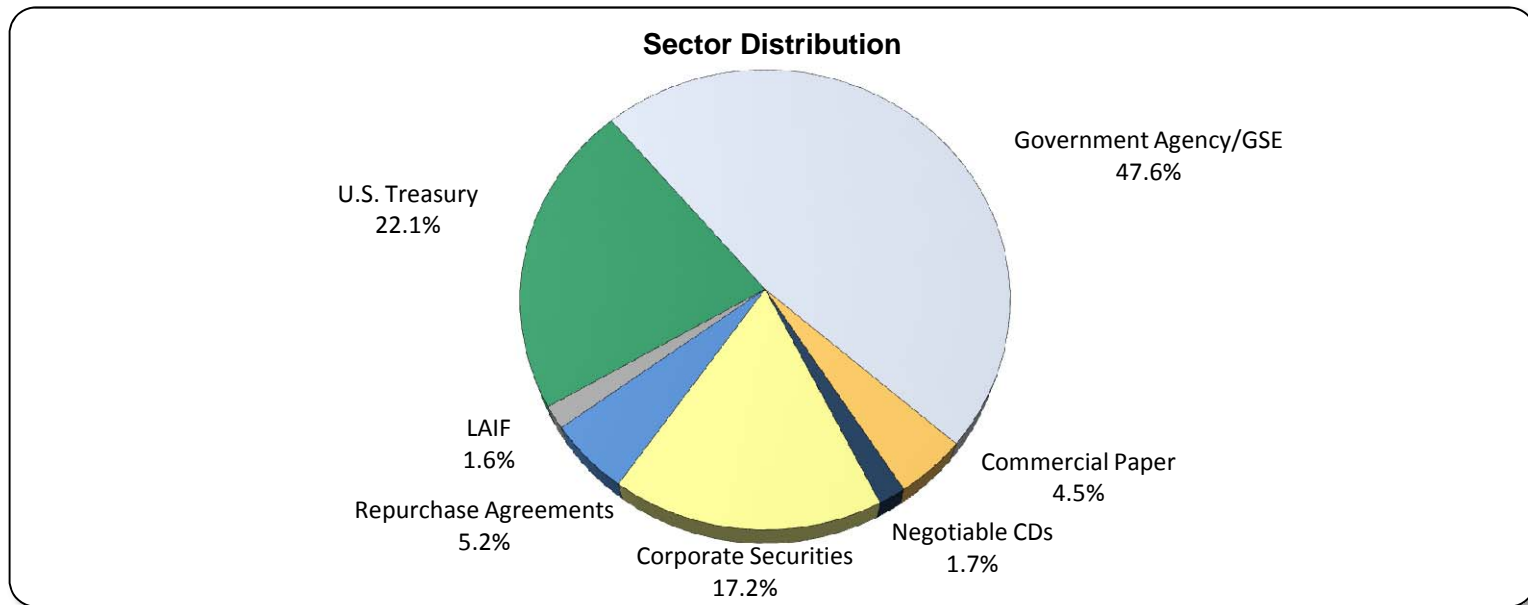
- The portfolio complies with the California Government Code as of the date of the report. However, based on our interpretation of the Government Code's requirements, the County's investment in University of California commercial paper should be classified as a municipal security (53601(c)), which is not permitted by the County's Investment Policy. As such, the portfolio appears to be out of compliance with the County of San Mateo's Investment Policy.

County Comments

➤ County comments:

Sector Allocations

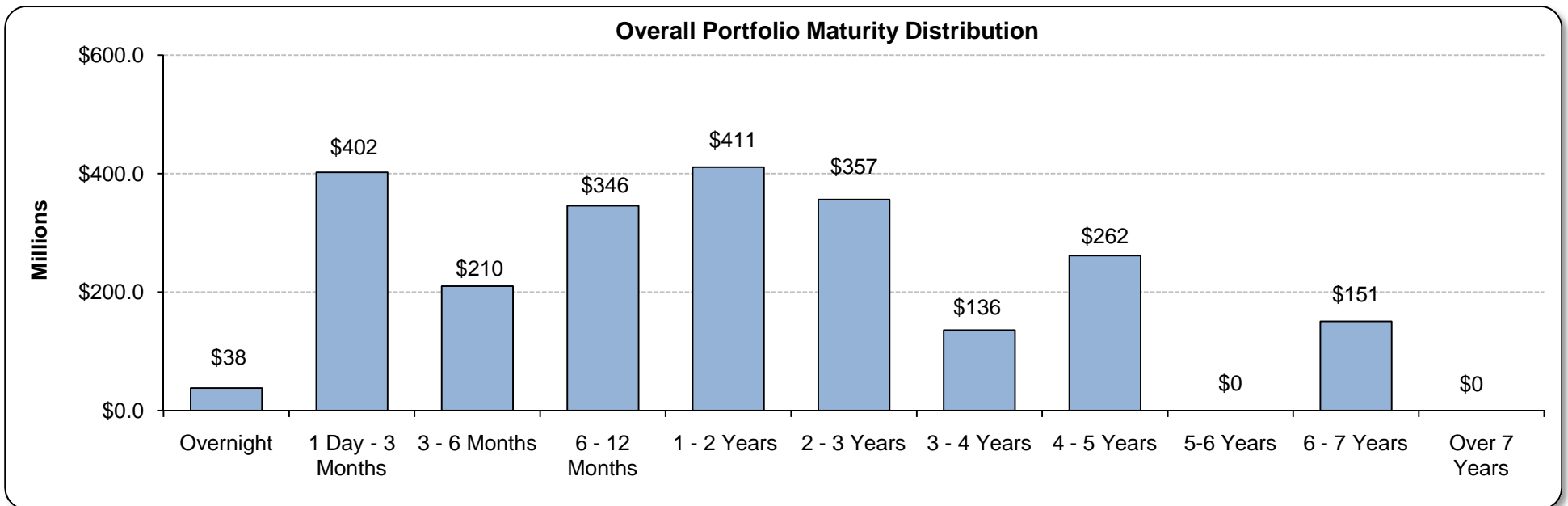
Sector	Market Value¹	Sector Limit	Current Allocation	In Compliance
U.S. Treasury	510,337,172	100%	22.1%	Yes
Government Agency/GSE	1,100,261,696	100%	47.6%	Yes
<i>Callable Agencies</i>	461,806,491	25%	20.0%	Yes
Commercial Paper	103,964,099	40%	4.5%	Yes
Negotiable CDs	40,049,032	30%	1.7%	Yes
BAs - Domestic	-	15%		Yes - None in Portfolio
BAs - Foreign	-	15%		Yes - None in Portfolio
Asset Backed Securities	-	20%		Yes - None in Portfolio
Corporate Securities	398,423,886	30%	17.2%	Yes
Repurchase Agreements	121,000,000	100%	5.2%	Yes
LAIF	38,020,995	\$50 million	1.6%	Yes
Registered Warrants	-	100%		Yes - None in Portfolio
Mutual Funds	-	10%		Yes - None in Portfolio
Totals	2,312,056,880		100.0%	



1. Market values listed in this report are market values including accrued interest as of period end as reported by the County.

Maturity Limits

Sector	Market Value	Maturity Limit	Current Maximum	In Compliance
U.S. Treasury	510,337,172	7 years	6.9 years	Yes
Government Agency/GSE	1,100,261,696	7 years	5 years	Yes
Commercial Paper	103,964,099	270 days	129 days	See Notes (P. 6)
Negotiable CDs	40,049,032	5 years	1.3 years	Yes
BAs - Domestic	-	180 days		Yes - None in Portfolio
BAs - Foreign	-	180 days		Yes - None in Portfolio
Collateralized CDs	-	5 years		Yes - None in Portfolio
Asset Backed Securities	-	5 years		Yes - None in Portfolio
Corporate Securities	398,423,886	5 years	5 years	Yes
Repurchase Agreements	121,000,000	92 days	3 days	Yes
LAIF	38,020,995	N/A	1 day	Yes
Registered Warrants	-	5 years		Yes - None in Portfolio
Mutual Funds	-	N/A		Yes - None in Portfolio
Overall Portfolio WAM	2,312,056,880	3 years	2.05 years	Yes



Issuer Compliance

<u>Issuer</u>	<u>Total</u>	<u>Current Issuer Allocation</u>	<u>Issuer Limit</u>	<u>Compliance?</u>
U.S. Treasury	510,337,172	22.1%	100%	Yes
FFCB	40,056,456	1.7%	40%	Yes
FHLB	486,523,167	21.0%	40%	Yes
FHLMC	238,266,685	10.3%	40%	Yes
FNMA	335,415,387	14.5%	40%	Yes
Repurchase Agreement	121,000,000	5.2%	100%	Yes
Abbott Laboratories	10,589,640	0.5%	5%	Yes
Berkshire Hathaway	30,608,646	1.3%	5%	Yes
Canadian Imperial Bank of Commerce	20,031,290	0.9%	5%	Yes
Chevron	10,800,765	0.5%	5%	Yes
Cisco Systems	19,858,130	0.9%	5%	Yes
Coca-Cola	20,018,971	0.9%	5%	Yes
Deutsche Bank	20,017,743	0.9%	5%	Yes
General Electric Capital	48,856,097	2.1%	5%	Yes
Goldman Sachs	23,236,788	1.0%	5%	Yes
Google	17,448,637	0.8%	5%	Yes
Harvard University	19,997,300	0.9%	5%	Yes
International Business Machines	6,074,816	0.3%	5%	Yes
Johnson & Johnson	10,187,680	0.4%	5%	Yes
JPMorgan Chase	19,897,804	0.9%	5%	Yes
LAIF	38,020,995	1.6%	2%	Yes
Microsoft	13,840,405	0.6%	5%	Yes
Procter & Gamble	35,206,370	1.5%	5%	Yes
Toronto-Dominion Bank	57,357,284	2.5%	5%	Yes
Toyota Motor Credit	55,486,920	2.4%	5%	Yes
University of California	44,972,620	1.9%	5%	See Notes (P. 6)
Verizon Communications	12,034,213	0.5%	5%	Yes
Wal-Mart Stores	20,895,523	0.9%	5%	Yes
Wells Fargo	25,019,377	1.1%	5%	Yes
	2,312,056,880	100%		

Notes

- The purpose of this report is to verify the accuracy of the County's portfolio holdings information and verify the portfolio's compliance with the California Government Code and County's Investment Policy as of the date of the report.
- The report was prepared using the month-end portfolio holdings and market value information provided by the Treasurer's office.
- Percentages listed in this report were calculated using market values, including accrued interest, as of month-end.
- Using the CUSIPs provided by the County, issuer information and credit ratings were verified on Bloomberg for compliance purposes.
- This report is for the purposes indicated above and it is not intended to provide specific investment advice or recommendations.
- As of September 30, 2011, the County's portfolio included \$44.9 million of University of California commercial paper. As the University of California is a unit of the State of California rather than a General Corporation, we believe that this investment would be more accurately classified as a municipal security rather than commercial paper under the Government Code. Although the Government Code permits local agencies to invest in a broad range of municipal securities, the County's Investment Policy only permits the County to invest in warrants issued by the State of California. Although this particular investment is permitted by the Government Code, we believe it is out of compliance with the County's investment Policy. With the exception of the University of California issue, the portfolio's commercial paper holdings are in compliance with the California Government Code and the County's Investment Policy.