



City of Sarasota

Quarterly Investment Report

Christopher H. Lyons, C.P.A., C.G.F.O., C.P.F.O.
Finance Director

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Mark Hostetler, Funds & Investment Manager

Portfolio Strategy

The Investment Policy was established by ordinance in 2001 and stresses safety of capital as the highest priority. To ensure this safety and the protection of the public's assets, the weighted average duration of principal return for the portfolio shall be less than two years. The portfolio consists of securities that strive to maximize the return on investments by actively managing and diversifying into a wide range of securities. The portfolio is structured so as to provide sufficient liquidity to pay current obligations. A variety of short-term investments and adjustable rate mortgage securities paying principal and interest monthly is the strategy used to provide an adequate level of liquidity. The portfolio statistics and composition chart below support the policy guidelines.

Quarterly Activity

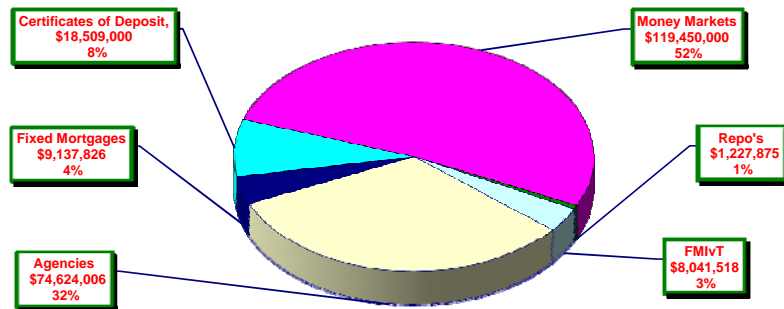
Maturities/Calls/Sales:

C. P. 2.0m @ 2.75% (2)
 Agency 31.6m @ 4.26% (32)
 Treasuries 20.0m @ 13.1% (10)
 C. D.'s \$6.10m @ 3.20% (7)

Purchases:

Treasuries 20.0m @ 2.72% (10)
 Agency 16.5m @ 4.10% (17)
 Fix Mtg. 0.0m @ 0.0% (0)
 C. D's \$6.4m @ 3.70% (47)

Portfolio Composition



Weighted avg. Maturity = 1.56 yrs

SBA = .0001% or \$25,903

Portfolio Statistics by Quarter

	Dec. 2008	Sept. 2008	June 2008	March 2008	Dec. 2007	Sept. 2007	June 2007
Ending Portfolio Balance	\$230.9m	\$194.1m	\$203.2m	\$206.2m	\$199.9m	\$179.7m	141.9m
End Portfolio Market Value	\$232.2m	\$193.7m	\$202.3m	\$207.0m	\$200.2m	\$179.5m	141.1m
Yield Based Upon Cost	2.29%	3.08%	3.19%	3.32%	4.27%	4.50%	4.82%
Weighted Aver. Maturity	1.56 yrs.	2.21 yrs.	2.09 yrs.	1.73 yrs.	1.21 yrs.	1.45 yrs.	1.15 yrs.

Portfolio Analysis by Quarter

	Dec-08	Sep-08	Jun-08	Mar-08
Month-End Portfolio Balance	\$230,973,726	\$194,101,129	\$203,287,401	\$206,189,892
Yield Based Upon Cost	2.29%	3.08%	3.19%	3.32%
Investment Earnings per Current Quarter	\$1,506,958	\$1,332,512	\$1,514,362	\$1,932,925
Market Value Adjustment per Current Quarter	\$1,276,808	\$635,355	-\$1,691,900	\$464,226
Investment Earnings plus Mrkt. Val. Adjmt.	\$2,783,766	\$1,967,867	-\$177,538	\$2,397,151

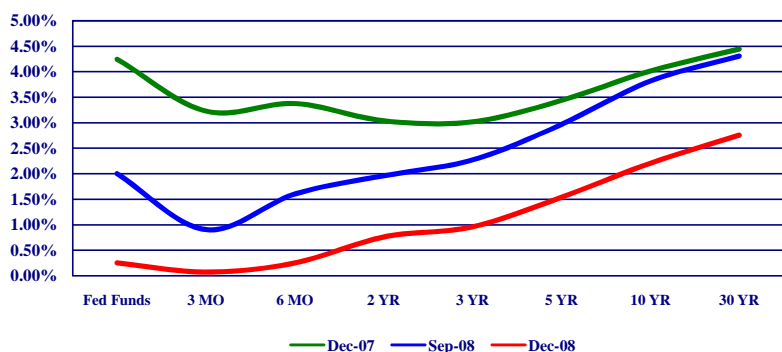
Key Economic Indicators

- The Fed Funds rate closed at 0.25%, down 4.0% for the yr.
- U.S. employers lost 773,000 jobs in Nov., largest job losses since Dec. 1974. The jobless rate rose to 6.7% from 6.5%.
- The Dow fell to 7,552 on Nov. 20, lowest level in 14 years.
- Crude oil prices ended the year down 51%, after reaching \$147 per barrel in July, ending the year at \$45 per barrel.
- Treasury yields fell sharply due to the recession. The 2-year treasury dropped from 3.04% to 0.76%, a 75% decline.
- The S&P 500 tumbled 49% in 2008 and is headed toward the worst annual decline in its 80-year history.

News

- IndyMac and Washington Mutual, two of the largest U.S. banks were seized by Federal regulators, due to mortgage losses.
- The government seized control of Fannie Mae and Freddie Mac, due to losses from foreclosures and mortgage losses.
- The U.S. government is spending \$700 billion to rescue the financial system, one of the largest interventions ever.
- Wachovia's sale to Citigroup fell through as Wells Fargo & Co. offered substantially more to buy the distressed bank.
- Sen. Barack Obama defeated Sen. John McCain to become the 44th President of the United States of America.

U.S. Treasury Yield Curve



	Dec-07	Sep-08	Dec-08	Quarterly Change
Fed Funds	4.25%	2.00%	0.25%	-1.75%
3 MO	3.23%	0.90%	0.07%	-0.83%
6 MO	3.38%	1.60%	0.25%	-1.35%
2 YR	3.04%	1.96%	0.76%	-1.20%
3 YR	3.02%	2.27%	0.96%	-1.31%
5 YR	3.44%	2.97%	1.54%	-1.43%
10 YR	4.02%	3.82%	2.21%	-1.61%
30 YR	4.45%	4.31%	2.76%	-1.55%

Portfolio Yield Comparison

