



City of Sarasota

Quarterly Investment Report

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June 2008

Portfolio Strategy

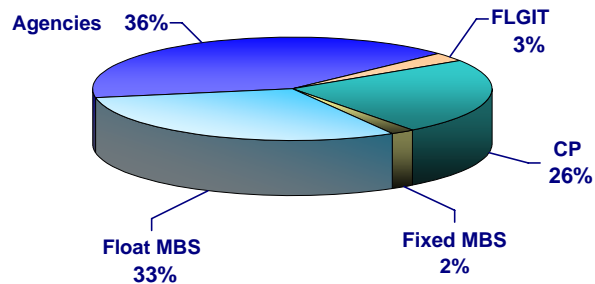
The Investment Policy was established by ordinance in 2001 and stresses safety of capital as the highest priority. To ensure this safety and the protection of the public's assets, the weighted average duration of principal return for the portfolio shall be less than two years. The portfolio consists 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.

Monthly Activity

Maturities/Calls/Sales:

C. P.	1.9m @ 4.6286%	(2)
Agency	16.0m @ 4.278%	(16)
Treasuries	8.6m @ 2.855%	(4)
C. D.'s	\$1.0m @ 4.75%	(1)
<u>Purchases:</u>		
C.P.	2.974m @ 2.94%	(3)
Agency	36.0m @ 3.45%	(36)
Fix Mtg.	5.853m @ 4.96%	(7)
Cert. of Deposit	\$8.0m	(8)

Portfolio Composition



*SBA= 0.004% or \$39,125

Portfolio Statistics

	December	January	February	March	April	May	June
Month-End Portfolio Balance	\$890m	\$892m	\$892m	\$924m	\$885m	\$882m	\$892m
Yield Based Upon Cost	5.20%	5.41%	5.22%	4.84%	5.24%	4.85%	5.14%
Effective Duration	0.87	0.74	0.89	0.87	1.08	1.36	1.27
*Convexity	-0.27	-0.23	-0.30	-0.22	-0.25	-0.42	-0.42

*Convexity: A security exhibits positive convexity when its price rises more from a downward move in yield than its price declines from an equal upward move in yield.

Portfolio Analysis

	Jun-08	Jun-07	% Change
Month-End Portfolio Balance	\$891,731,334	\$830,538,359	7.37%
Yield Based Upon Cost	5.14%	5.15%	-0.19%
Interest Received: Current Month (cash basis)	\$4,027,477	\$4,588,152	-12.22%
Interest Received: FYTD (cash basis)	\$32,311,658	\$29,945,752	7.90%
Securities Lending Loans Outstanding	\$395,589,990	\$581,020,961	-31.91%
Securities Lending Income: 10 basis points yield	\$74,596	\$35,185	112.01%
Securities Lending Income: FYTD	\$690,302	\$255,519	170.16%

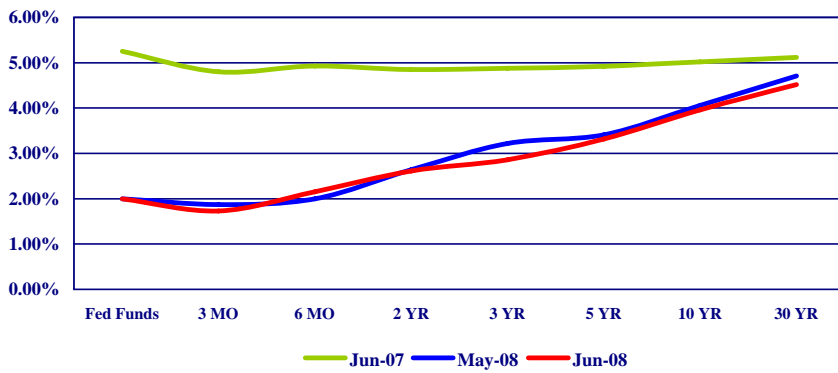
Key Economic Indicators

- Oil prices rose to a record \$140 per barrel, up 9.8%.
- U.S. employers lost 62,000 jobs this month, leading to the 6th consecutive monthly decline.
- The Dow stock average lost 1,288 points or 10.2%.
- The Federal Reserve left the fed funds rate 2.00%, stopping the string of rate cuts that started September 18, 2007.
- Consumer confidence dropped to the lowest level in 16 years as home prices fell the most on record.
- Prices paid to U.S. producers (PPI) increased 1.4% and consumer prices (CPI) increased 0.6%.

News

- The November Presidential election is set, Sen. Barack Obama, Democrat, will face Sen. John McCain, Republican.
- Bank of America completed its purchase of Countywide Financial Corp., for \$2.5 billion less than originally planned.
- Billionaire investor Eli Broad said of the U.S. economy, "This is worse than any recession we've had since World War II.
- Two former Bear Stearns hedge-fund managers were arrested and charged with securities, wire and mail fraud.
- Starbucks Corp., the worlds largest chain of coffee shops, plans to close 600 U.S. stores and eliminate as many as 12,000 jobs.

U.S. Treasury Yield Curve



	Jun-07	May-08	Jun-08	Monthly Change
Fed Funds	5.25%	2.00%	2.00%	0.00%
3 MO	4.80%	1.87%	1.73%	-0.14%
6 MO	4.93%	2.00%	2.15%	0.15%
2 YR	4.85%	2.64%	2.61%	-0.03%
3 YR	4.88%	3.22%	2.86%	-0.36%
5 YR	4.92%	3.41%	3.32%	-0.09%
10 YR	5.02%	4.06%	3.96%	-0.10%
30 YR	5.12%	4.71%	4.52%	-0.19%

Portfolio Yield Comparison

