



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on: February 26, 2016

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Title	Agenda Item Type
Trial Courts: Quarterly Investment Report for Fourth Quarter of 2015	Information Only
Submitted by	Date of Report
Judicial Council staff	February 11, 2016
Zlatko Theodorovic, Chief Financial Officer and Director, Finance	Contact
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### Executive Summary

*Trial Courts: Quarterly Investment Report for Fourth Quarter of 2015* provides the financial results for the funds invested by the Judicial Council on behalf of the trial courts as part of the judicial branch treasury program. The report is submitted under agenda item 10, Resolutions Regarding Investment Activities for the Trial Courts, approved by the Judicial Council on February 27, 2004, and the report covers the period of October 1, 2015, through December 31, 2015.

### Previous Council Action

On February 27, 2004, the Judicial Council approved several resolutions on investment activities for the trial courts. The resolutions direct that the Judicial Council develop an investment program for the trial courts, name the director of the Judicial Council's Finance Division<sup>1</sup> as the treasurer of invested trial court funds, and authorize the investment of trial court funds into (1) the State of California's Local Agency Investment Fund (LAIF), (2) Bank of America, N.A., investment funds, or (3) other investments as approved by the Judicial Council Administrative Director. They also provide for quarterly reporting of investment results by the director of the

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<sup>1</sup> Effective October 1, 2012, the Judicial Council's Finance Division was renamed the Fiscal Services Office and was part of the Judicial and Court Administrative Services Division. The office has since been renamed Finance and remains in the (renamed) Administrative Division.

Judicial Council's Finance office to the Judicial Council, the Administrative Director, and the senior manager of the Judicial Council's Audit Services.<sup>2</sup>

On June 1, 2009, the Judicial Council's Executive and Planning Committee, acting on behalf of the council, approved the investment of trial court monies in any share class of the two previously approved money market funds—the Bank of America Cash Reserves Fund (CRF; formerly Columbia Cash Reserves Fund) and the Bank of America Treasury Reserves Fund (TRF; formerly Columbia Treasury Reserves Fund)—and the addition of another money market fund, the Bank of America Government Reserves Fund (GRF; formerly Columbia Government Reserves Fund).

### **Summary of Findings**

Bank of America Global Capital Management announced on December 31, 2015 (included as Attachment A), that investment management of their money market funds used by the trial courts for short-term investment will be transferred to Blackrock, Inc. by mid-2016. The new combined Blackrock funds will all be in the highest money market fund ratings of two nationally recognized rating agencies; for example, Standard & Poor's and Moody's.

Effective October 14, 2016, new SEC rules impose liquidity fees, redemption gates, and floating Net Asset Values (“NAVs”) on nongovernmental money market funds. To avoid these new SEC rules applying to the trial court investment balances in the nongovernmental BofA Cash Reserves fund (to be transferred to the nongovernmental Blackrock TempFund prior to June 30, 2016), the Judicial Council's Trust and Treasury Unit will move such balances to the existing Judicial Council–approved governmental money market funds prior to the new rules becoming effective.

In table 1, CRF is the capital share class of the Bank of America Cash Reserves money market fund, TRF is the capital share class of the Bank of America Treasury Reserves money market fund, and LAIF is the Local Agency Investment Fund.

### **Funds held in the judicial branch treasury: total investment portfolio**

As of the close of business on December 31, 2015, total investment balances held by the trial courts purchased from bank accounts—directly managed by the Judicial Council's Trust and Treasury Unit of Finance—were as specified in table 1.

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<sup>2</sup> As of February 2013, the Judicial Council's Audit Services is no longer part of Finance and is now a separate office in the Leadership Services Division.

**Table 1. Trial Court Investment Balances Managed by the Finance Office**

<b>Investment Description</b>	<b>CRF</b>	<b>TRF</b>	<b>LAIF</b>	<b>Total</b>
	All dollar amounts reported in thousands (\$000)			
<b>Section A, Book Values</b>				
Beginning Balance–10/01/15	\$122,585	\$160,959	\$472,098	\$755,642
Net Purchases/(Sales) <sup>3</sup>	22,012	(5,241)	(100,729)	(83,958)
Interest Paid <sup>4</sup>	43	8	283	334
Total Change	22,055	(5,233)	(100,446)	(83,624)
Ending Balance–12/31/15	\$144,640	\$155,726	\$371,652	\$672,018
<b>Section B, Fair Values– 12/31/15</b>				
Ending Balance	\$144,640	\$155,726	\$371,349	\$671,715
Net Unrealized Gain/(Loss) in Fair Value <sup>5</sup>	0	0	(302)	(302)
Ending Balance Plus Unpaid Interest Earned <sup>6</sup>	\$144,640	\$155,726	\$371,776	\$672,142

<sup>3</sup> “Net Purchases/(Sales)” is the net amount of court investment principal purchases and sales completed during the quarterly period.

<sup>4</sup> “Interest Paid” is the total amount of interest paid to the investment account during the quarterly period and is included in the Ending Balance.

<sup>5</sup> “Net Unrealized Gain/(Loss)” is the difference between the investment balance’s book value and its fair value at the end of the period. The net gain or loss is “unrealized” because the valuation at fair value is only for assets held by the fund at the end of the period. This Net Unrealized Gain/(Loss) would be “realized” or become an actual gain or loss only in the event that all participants’ holdings in each portfolio were liquidated by the end of the period. *Realized* gains and losses are included in the Average Yield of the investment for the period.

<sup>6</sup> “Ending Balance Plus Unpaid Interest Earned” is the ending balance at fair value plus interest earned that is unpaid as of the end of the period. This figure represents the liquidation value including unpaid interest earned only in the event all participants’ holdings in each portfolio were liquidated at the end of the period.

Investment Description (cont.)	CRF	TRF	LAIF	Total
All dollar amounts reported in thousands (\$000)				
<b>Section C, Earnings and Statistics</b>				
Interest Earned <sup>7</sup>	\$43	\$8	\$427	\$478
Unpaid Interest Earned <sup>8</sup>	\$0	\$0	\$427	\$427
Average Yield <sup>9</sup>	0.10%	0.02%	0.37%	0.23%
Dollar-Weighted Maturity (Days)	16	21	179	107
Credit Quality	First Tier <sup>10</sup>	First Tier <sup>10</sup>	GC 16430 <sup>11</sup>	
Percentage of Investment Portfolio <sup>12</sup>	21.52%	23.17%	55.31%	100.00%

The ratio of each investment's fair value to its book value (Fair Value Factor) as of December 31, 2015, was as follows:

CRF	1.000000000
TRF	1.000000000
LAIF	0.999186963

The Fair Value Factor is 1.000 for CRF and TRF because all holdings in CRF and TRF are valued at fair value daily, and fair value is the price for all daily redemptions and reinvestment transactions. Because LAIF's operating rules permit the redemption, at any time, of all or a portion of any participating court's LAIF balance at its original purchase price, the court's redemption price is not affected by unrealized gains or losses.

Section A of table 1 provides the investment balances and activity for the period at book value or at original cost, plus or minus the straight-line amortization of any applicable discount or premium.

<sup>7</sup> "Interest Earned" is the total amount of interest earned during the quarterly reporting period.

<sup>8</sup> "Unpaid Interest Earned" is the amount of interest earned during the period that is unpaid as of the end of the quarterly reporting period.

<sup>9</sup> "Average Yield" is the simple average of the 30-day yields for each calendar month during the period, including any realized gains and losses, net of the investment's operating expenses. The total Average Yield is a dollar-weighted average of the investment components.

<sup>10</sup> "First Tier" money market debt securities receive a short-term rating from a nationally recognized statistical rating organization in the highest short-term rating category for debt obligations.

<sup>11</sup> LAIF may invest the fund money only in debt obligations as prescribed in Government Code (GC) section 16430.

<sup>12</sup> The portfolio balance percentages are calculated using the book values at the end of the quarterly period.

Section B provides the investment balances at their fair value at the end of the period. *Fair Value* is defined as the value at which an asset could be bought or sold in a current transaction between willing parties, other than in a liquidation.

Section C provides the investment earnings, the dollar-weighted average maturity, the credit quality, and each investment's percentage of the total investment portfolio.

The investment balances presented in the table include the combined balances of both trial court operating funds and agency funds.<sup>13</sup>

### **Investment portfolio components**

**CRF.** The CRF is an overnight money market mutual fund registered with the Securities and Exchange Commission under the federal Investment Company Act of 1940 and operated in accordance with Commodity and Securities Exchanges, 17 Code of Federal Regulations part 270.2a-7. Investment purchases and redemptions of capital shares are transacted when Bank of America's system reviews the account balance daily at 1:30 p.m. PST and invests or returns funds as appropriate to maintain the bank account's established target balance. A purchase transaction takes place if the cash balance in the account exceeds the target balance, and a redemption transaction takes place when the cash balance is less than the target balance.

In accordance with the aforementioned Code of Federal Regulations, the CRF must maintain a dollar-weighted average maturity consistent with its objective of maintaining a stable net asset value per share, not to exceed 60 days, and must contain only "First Tier" money market debt obligations receiving a short-term rating from a nationally recognized statistical rating organization in the highest short-term rating category for debt obligations.

The CRF invests only in high-quality money market instruments, which include bank obligations (including certificates of deposit and time deposits issued by domestic and foreign banks or their subsidiaries or branches), commercial paper, corporate bonds, extendible commercial notes, asset-backed securities, funding agreements, municipal securities, repurchase agreements, and other high-quality, short-term obligations. As of December 31, 2015, the CRF portfolio composition was as shown in table 2.

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<sup>13</sup> "Agency funds" are balances held in trust pending resolution of civil or criminal court proceedings, as well as funds held on behalf of state and local agencies before their statutory distribution. Agency funds include the following categories: civil trust, criminal bail trust, Uniform Civil Fees, and criminal fines, fees, and penalties.

**Table 2. CRF Portfolio Composition as of December 31, 2015**

<b>High-Quality Instruments</b>	<b>Percentage of Portfolio</b>
Certificate of deposit	29.84
U.S. Treasury repurchase agreement	14.58
Asset-backed commercial paper	13.54
Financial company commercial paper	10.25
U.S. government agency repurchase agreement	10.08
Other repurchase agreement	8.55
Other note	6.37
Other commercial paper	4.95
Variable-rate demand note	1.44
U.S. government agency debt	0.39

Bank of America has determined that iMoneyNet's Prime Category Average money market mutual fund is a good proxy of the CRF portfolio composition and performance. Included as Attachment B is the monthly fact sheet for the Bank of America Cash Reserves capital class shares reported as of December 31, 2015.

**TRF.** Like the CRF, the TRF is an overnight money market mutual fund registered with the Securities and Exchange Commission under the federal Investment Company Act of 1940 and operated in accordance with Commodity and Securities Exchanges, 17 Code of Federal Regulations part 270.2a-7. Investment purchases and redemptions of capital shares are transacted when Bank of America's system reviews the account balance daily at 1:30 p.m. PST and invests or returns funds as appropriate to maintain the bank account's established target balance. A purchase transaction takes place if the cash balance in the account exceeds the target balance, and a redemption transaction takes place when the cash balance is less than the target balance.

In accordance with the aforementioned Code of Federal Regulations, the TRF must maintain a dollar-weighted average maturity consistent with its objective of maintaining a stable net asset value per share, not to exceed 60 days, and must contain only "First Tier" money market debt obligations receiving a short-term rating from a nationally recognized statistical rating organization in the highest short-term rating category for debt obligations. The TRF is in the highest fund rating category of Moody's at Aaa-mf, Standard & Poor's at AAAM, and Fitch at AAAMmf.

The TRF invests only in high-quality money market instruments and invests at least 80 percent of its net assets in U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. As of December 31, 2015, the TRF portfolio composition was as shown in table 3.

**Table 3. TRF Portfolio Composition as of December 31, 2015**

<b>High-Quality Instruments</b>	<b>Percentage of Portfolio</b>
U.S. Treasury repurchase agreement	59.71
U.S. Treasury debt	26.43
U.S. government agency repurchase agreement	13.85

Bank of America has determined that iMoneyNet's Government Category Average money market mutual fund is a good proxy of the TRF portfolio composition and performance. Included as Attachment C is the monthly fact sheet for the Bank of America Treasury Reserves capital class shares reported as of December 31, 2015.

**LAIF.** LAIF is a money market fund held and managed by the State Treasurer's Office and is part of the Pooled Money Investment Account (PMIA). The PMIA is the short-term investment pool for the state General Fund; special funds held by state agencies; and monies deposited by cities, counties, and other entities into the LAIF. LAIF is a voluntary program created by statute; it began in 1977 as an investment alternative for California's local governments and special districts. The enabling statute for the LAIF is section 16429.1 et seq. of the Government Code.

By law, PMIA moneys can be invested only 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; bankers' acceptances; negotiable certificates of deposit; and loans to various bond funds.

LAIF's primary objectives are to maintain the safety of principal and provide daily liquidity. These objectives are met by investing in high-credit-quality debt instruments, maintaining an average maturity between 120 days and 18 months, and providing daily availability of the entire invested balance. LAIF's investment yield is consistent with these very conservative objectives.

The *PMIA and LAIF Performance Reports*—including the portfolio's composition as of December 31, 2015, as reported by the State Treasurer's Office—is included as Attachment D. The State Treasurer's Office has not identified a money market fund suitable for benchmark comparison to LAIF.

## **Attachments**

1. Attachment A: *BofA Funds Board Makes Changes to the BofA Funds*, as of December 31, 2015
2. Attachment B: *BofA Cash Reserves: Capital Class Shares as of December 31, 2015*
3. Attachment C: *BofA Treasury Reserves: Capital Class Shares as of December 31, 2015*
4. Attachment D: *PMIA and LAIF Performance Reports*, as of December 31, 2015

## BofA Funds Board Makes Changes to the BofA Funds

In keeping with our ongoing effort to communicate developments affecting your investments with us, we want to apprise you of two important actions taken by the Board of Trustees of the BofA Funds (“the BofA Funds Board”) with respect to BofA Global Capital Management’s suite of money market funds.

As previously announced on November 3, 2015, BofA® Global Capital Management reached an agreement to transfer the investment management responsibilities of BofA Advisors, LLC to BlackRock®, Inc. Both companies will continue to operate independently until all required approvals have been received and the transaction closes.

### Reorganization of Taxable BofA Funds into BlackRock Funds

On December 10, 2015, the BofA Funds Board approved reorganizations of BofA Funds into money market funds managed by a BlackRock affiliate (“BlackRock Funds”). This is the first of many steps in connection with the transfer of BofA Advisors’ investment management responsibilities to BlackRock. The taxable BofA Funds will reorganize into BlackRock Funds, as listed in the table below (the “Reorganizations”). There is no change to your investments today, as the Reorganizations are subject to shareholder approval and will not occur until the close of the transaction, which is currently expected in the first half of 2016. Announcements relating to the tax-exempt BofA Funds will be forthcoming at a later date.

BofA Taxable Funds	BlackRock Funds
BofA Cash Reserves	TempFund
BofA Money Market Reserves	TempFund
BofA Government Plus Reserves	FedFund
BofA Government Reserves	Federal Trust Fund
BofA Treasury Reserves	T-Fund

On December 15, 2015, the Board of Directors of the BlackRock Funds also approved these Reorganizations. The closing of each Reorganization is subject to the satisfaction of a number of conditions, including approval by the shareholders of each BofA Fund. If various conditions are met, at the close of the transaction, each BlackRock Fund would receive substantially all of the assets and assume certain liabilities of the corresponding BofA Fund; BofA Fund shareholders would receive shares of the BlackRock Fund in exchange for their shares of the BofA Fund; and the BofA Fund would be terminated.



December 31, 2015

**BofA® Global Capital Management****Changes to BofA Government and Treasury Funds**

In addition to approving the Reorganizations, the BofA Funds Board approved changes to the investment strategies of BofA Global Capital Management's three government money market funds –the BofA Treasury Reserves, BofA Government Reserves and BofA Government Plus Reserves funds – so that each of the Funds operate in accordance with the new definition of a “government money market fund” established by the Securities and Exchange Commission in July 2014, which requires that a government fund invest 99.5% or more of its assets in cash, U.S. government securities, and/or repurchase agreements that are collateralized fully by cash or U.S. government securities.

These funds also announced that they do not intend to impose liquidity fees and/or redemption gates which, beginning October 14, 2016, are elective measures for government money market funds to temporarily restrict redemptions from the funds when liquidity falls to certain levels. These changes will become effective January 1, 2016, at which time they will be reflected in the funds' prospectuses. Though compliance with the new Rule 2a-7 requirements for government money market funds is not required until October 2016, the decision to implement these changes now was made after careful consultation with our clients and intermediaries.

At this time, no action is required by any shareholder of the BofA Funds. If any action on your part is necessary, BofA Global Capital Management will notify you. We also remain committed to keeping you updated on the status of our transaction with BlackRock, which we expect to complete in the first half of next year. Should you have any questions about the developments described above, please contact your BofA Global Capital Management representative.

**Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For a prospectus, which contains this and other important information about the fund, contact your BofA Global Capital Management representative or financial advisor or go to [www.bofacapital.com](http://www.bofacapital.com). For information about the BlackRock money market funds or to review a copy of the prospectus, please visit [www.blackrock.com/cash](http://www.blackrock.com/cash)**

*An investment in money market mutual funds is not insured or guaranteed by Bank of America, N.A. or its affiliates, or by the Federal Deposit Insurance Corporation or any other government agency. Although money market mutual funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market mutual funds.*

BofA® Global Capital Management Group, LLC (BofA Global Capital Management) is an asset management division of Bank of America Corporation. BofA Global Capital Management entities furnish investment management services and products for institutional and individual investors. BofA Funds are distributed by **BofA Distributors, Inc.**, Member FINRA and SIPC. BofA Distributors, Inc. is part of BofA Global Capital Management and an affiliate of Bank of America Corporation.

BofA Advisors, LLC is an SEC-registered investment advisor and indirect, wholly owned subsidiary of Bank of America Corporation and is part of BofA Global Capital Management.

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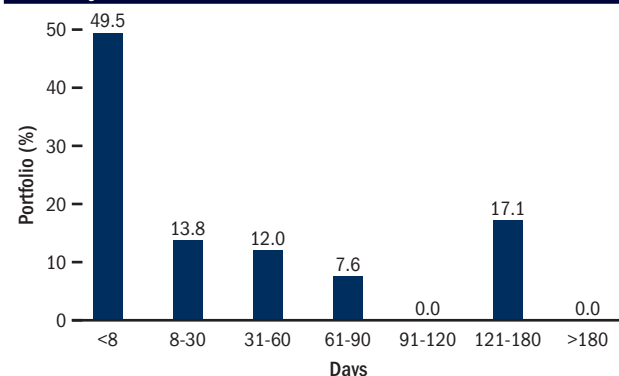
# BofA Cash Reserves

Capital class shares as of December 31, 2015

ATTACHMENT B

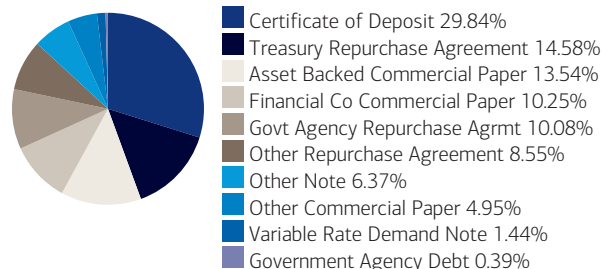
**BofA® Global Capital Management**

## Maturity Distribution



Due to rounding, totals may not equal 100.

## Portfolio Composition



## Fund Objective:

The fund seeks current income, consistent with capital preservation and maintenance of a high degree of liquidity.

## Investment Strategy:

The fund invests in high-quality money market instruments, including primarily short-term debt securities of U.S. and foreign issuers. The fund purchases only first-tier securities, which include bank obligations (including certificates of deposit and time deposits issued by domestic or foreign banks or their subsidiaries or branches), commercial paper, corporate bonds, extendible commercial notes, asset-backed securities, funding agreements, municipal securities, repurchase agreements and other high-quality, short-term obligations. These securities may have fixed, floating or variable rates of interest.

## Fund Performance versus Index

	7-Day Yield		30-Day Yields										
	12/31/15	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15	May-15	Apr-15	Mar-15	Feb-15	Jan-15
Current	0.26	0.17	0.06	0.08	0.08	0.06	0.06	0.06	0.06	0.06	0.05	0.04	0.04
Unsubsidized	0.18	0.09	-0.02	0.00	0.00	-0.02	-0.02	-0.02	-0.02	-0.02	-0.03	-0.04	-0.05
Benchmark <sup>†</sup>	—	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02

<sup>†</sup>iMoneyNet Prime Category Average

The 7-day current yield is net of all fees and expenses and represents an annualization of dividends declared and payable to shareholders for the last seven days of investment as of the date listed.

The 30-day current yield is net of all fees and expenses and represents an annualization of dividends declared and payable to shareholders for the last 30 days of investment as of the dates listed.

The current yield reflects any voluntary waivers or reimbursement of fund expenses by the advisor or its affiliates. Absent of these waivers or reimbursement arrangements, performance would have been lower.

The unsubsidized yield is the gross yield that does not reflect any waivers or reimbursement arrangements.

**Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. Please visit [www.bofacapital.com](http://www.bofacapital.com) for daily and most recent month-end performance updates.**

**Must be preceded or accompanied by a prospectus.**

## Fund Facts:

Inception date	10/10/90
CUSIP number	097100853
Ticker symbol	CPMXX
Fund number	4576
Weighted average maturity (days)	16
Weighted average life (days)	43
Total assets (all share classes)	\$8,601m

Portfolio holdings and characteristics are subject to change periodically and may not be representative of current holdings and characteristics. Current and future holdings are subject to risk, including, but not limited to, market and credit risk.

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# BofA Cash Reserves

Capital class shares as of December 31, 2015

ATTACHMENT B  
**BofA® Global Capital  
Management**

**An investment in money market mutual funds is not a bank deposit and is not insured or guaranteed by Bank of America, N.A. or any of its affiliates or by the Federal Deposit Insurance Corporation or any other government agency. Although money market mutual funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market mutual funds.**

Please see the prospectuses for a complete discussion of the risks of investing in money market mutual funds.

Source: iMoneyNet, Inc. is an independent mutual fund performance monitor. The iMoneyNet, Inc. averages are not intended to represent the past performance of the funds, but do represent the past performance of funds managed in a similar manner and having similar investment objectives and policies. The iMoneyNet Prime Category Average includes all Prime Retail and Prime Institutional funds.

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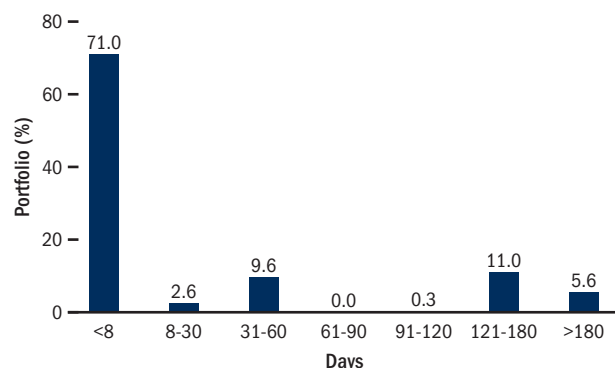


# BofA Treasury Reserves

Capital class shares as of December 31, 2015

ATTACHMENT C  
**BofA® Global Capital Management**

## Maturity Distribution



Due to rounding, totals may not equal 100.

## Portfolio Composition



## Fund Objective:

The fund seeks current income, consistent with capital preservation and maintenance of a high degree of liquidity.

## Investment Strategy:

The fund invests in high-quality money market instruments. The fund invests at least 80% of its net assets in U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations.

## Fund Facts: NAIC-Listed <sup>1</sup>

Inception date	01/11/91
CUSIP number	097101307
Ticker symbol	CPLXX
Fund number	4232
Weighted average maturity (days)	21
Weighted average life (days)	51
Total assets (all share classes)	\$10,708m
Moody's Investors Service*	Aaa-mf
Standard & Poor's*	AAAm
Fitch*	AAAmf

Portfolio holdings and characteristics are subject to change periodically and may not be representative of current holdings and characteristics. Current and future holdings are subject to risk, including, but not limited to, market and credit risk.

## Fund Performance versus Index

	7-Day Yield		30-Day Yields										
	12/31/15	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15	May-15	Apr-15	Mar-15	Feb-15	Jan-15
Current	0.09	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Unsubsidized	0.02	-0.05	-0.15	-0.16	-0.16	-0.16	-0.18	-0.18	-0.19	-0.17	-0.18	-0.20	-0.20
Benchmark <sup>†</sup>	—	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

<sup>†</sup>iMoneyNet Government Category Average

The 7-day current yield is net of all fees and expenses and represents an annualization of dividends declared and payable to shareholders for the last seven days of investment as of the date listed.

The 30-day current yield is net of all fees and expenses and represents an annualization of dividends declared and payable to shareholders for the last 30 days of investment as of the dates listed.

The current yield reflects any voluntary waivers or reimbursement of fund expenses by the advisor or its affiliates. Absent of these waivers or reimbursement arrangements, performance would have been lower.

The unsubsidized yield is the gross yield that does not reflect any waivers or reimbursement arrangements.

**Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. Please visit [www.bofacapital.com](http://www.bofacapital.com) for daily and most recent month-end performance updates.**

**Must be preceded or accompanied by a prospectus.**

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**An investment in money market mutual funds is not a bank deposit and is not insured or guaranteed by Bank of America, N.A. or any of its affiliates or by the Federal Deposit Insurance Corporation or any other government agency. Although money market mutual funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market mutual funds.**

Please see the prospectuses for a complete discussion of the risks of investing in money market mutual funds.

<sup>1</sup> The National Association of Insurance Commissioners (NAIC) is the organization of insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. The NAIC provides a forum for the development of uniform policy when uniformity is appropriate. A fund listed on the NAIC List of Approved Mutual Funds meets conditions in the Purposes and Procedures Manual of the NAIC Securities Valuation Office, qualifying them for more favorable reserve treatment.

\* The credit quality ratings represent those of Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Corporation ("S&P") or Fitch, Inc. ("Fitch") credit ratings. The ratings represent their opinions as to the quality of the securities they rate. Ratings are relative, subjective and are not absolute standards of quality. The security's credit quality does not eliminate risk. According to Moody's, Aaa money market ratings are judged to be of the best quality. AAAM is the highest principal stability fund rating assigned by S&P. AAAMmf ratings denote extremely strong capacity to achieve a money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk by Fitch. For information regarding the methodology used to calculate the ratings, please visit Moody's at [www.moody.com](http://www.moody.com), S&P at [www.standardandpoors.com](http://www.standardandpoors.com) or Fitch at [www.fitchratings.com](http://www.fitchratings.com).

Source: iMoneyNet, Inc. is an independent mutual fund performance monitor. The iMoneyNet, Inc. averages are not intended to represent the past performance of the funds, but do represent the past performance of funds managed in a similar manner and having similar investment objectives and policies. The iMoneyNet Government Category Average includes all retail and institutional funds: Treasury, Treasury and Repo, Government and Government Agencies.

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**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
01/14/16	0.45	0.44	183
01/15/16	0.45	0.44	181
01/16/16	0.45	0.44	181
01/17/16	0.45	0.44	181
01/18/16	0.45	0.44	181
01/19/16	0.45	0.44	175
01/20/16	0.45	0.44	175
01/21/16	0.45	0.44	172
01/22/16	0.45	0.44	171
01/23/16	0.45	0.44	171
01/24/16	0.45	0.44	171
01/25/16	0.45	0.44	168
01/26/16	0.45	0.45	168
01/27/16	0.45	0.45	173

\*Daily yield does not reflect capital gains or losses

**LAIF Performance Report**

**Quarter Ending 12/31/15**

Apportionment Rate: 0.37%  
 Earnings Ratio: 0.00001006140492611  
 Fair Value Factor: 0.999186963  
 Daily: 0.43%  
 Quarter to Date: 0.38%  
 Average Life: 179

**PMIA Average Monthly  
Effective Yields**

**DEC 2015 0.400%**  
 NOV 2015 0.374%  
 OCT 2015 0.357%

**Pooled Money Investment Account  
Portfolio Composition  
12/31/15  
\$65.6 billion**

