



JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on: August 25–26, 2016

Title

Trial Courts: Annual Investment Report for
Fiscal Year 2015–2016

Agenda Item Type

Information Only

Date of Report

August 11, 2016

Submitted by

Judicial Council staff

Zlatko Theodorovic, Chief Financial Officer
and Director, Budget Services

Contact

Gregory Keil, 415-865-7956
gregory.keil@jud.ca.gov

Executive Summary

This *Trial Courts: Annual Investment Report* covers the period of July 1, 2015, through June 30, 2016, and 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.

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 Division¹ 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's Administrative Director. They also provide for quarterly reporting of investment results by the director of the

¹ 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 Budget Services and remains in the (renamed) Administrative Division.

Judicial Council’s Budget Services office to the Judicial Council, the Administrative Director, and the senior manager of the Judicial Council’s Audit Services office.²

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 (formerly Columbia Cash Reserves Fund) and the Bank of America Treasury Reserves Fund (formerly Columbia Treasury Reserves Fund)—and the addition of another money market fund, the Bank of America Government Reserves Fund (formerly Columbia Government Reserves Fund).

On July 11, 2016, the following three U.S. government money market funds were approved as additional eligible investments under the Administrative Director’s delegation of authority granted under the Resolutions Regarding Investment Activities for the Trial Courts: the BlackRock FedFund, the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio, and the Morgan Stanley Institutional Liquidity Funds Government Portfolio. All three money market funds are registered with the SEC under the federal Investment Company Act of 1940, operated in accordance with Commodity and Securities Exchanges, 17 Code of Federal Regulations part 270.2a-7, and are in the highest money market fund–rating categories of two nationally recognized rating agencies: Standard & Poor’s and Moody’s.

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. Each BlackRock Fund will receive substantially all of the assets and assume certain liabilities of the corresponding BofA fund.

Table 1 presents the Bank of America money market funds approved for trial court investment that were reorganized into BlackRock money market funds on April 15, 2016.

Table 1. Money Market Fund Reorganization

Bank of America	BlackRock
Cash Reserves Fund	TempFund
Government Reserves Fund	Federal Trust Fund
Treasury Reserves Fund	T-Fund

The reorganized BlackRock money market funds will all continue to satisfy the requirements of the Judicial Council’s Statement of Investment Policy for the Trial Courts and applicable laws and regulations. They will remain regulated by the Securities and Exchange Commission (SEC) under the federal Investment Company Act of 1940 and continue to be in the highest money

² As of February 2013, the Judicial Council’s Audit Services office is no longer part of Finance [now Budget Services]; it is now a separate office in the Leadership Services Division.

market fund-rating categories of two nationally recognized rating agencies: Standard & Poor's and Moody's.

Effective October 14, 2016, new SEC rules will impose liquidity fees, redemption gates, and floating net asset values on nongovernmental money market funds. To avoid these new SEC rules applying to the trial court investment balances in the nongovernmental BlackRock TempFund (transferred from the nongovernmental BofA Cash Reserves fund on April 15, 2016), the Judicial Council's Trust and Treasury Unit of Budget Services will move such balances to Judicial Council-approved governmental money market funds before the new rules become effective.

Funds held in the judicial branch treasury: total investment portfolio

As of the close of business on June 30, 2016, total investment balances held by the trial courts purchased from bank accounts—directly managed by the Judicial Council's Trust and Treasury Unit—were as specified in table 2.

For purposes of the table below, TempFund is the institutional share class of the BlackRock TempFund money market fund, T-Fund is the institutional share class of the BlackRock T-Fund money market fund, and LAIF is the Local Agency Investment Fund.

Table 2. Trial Court Investment Balances Managed by Judicial Council Budget Services

Investment Description	TempFund	T-Fund	LAIF	Total
All dollar amounts reported in thousands (\$000)				
Section A, Book Values				
Beginning Balance—07/01/2015	\$135,114	\$163,400	\$198,330	\$496,844
Net Purchases/(Sales) ³	(12,346)	831	(46,283)	(57,798)
Interest Paid ⁴	295	132	1,261	1,688
Total Change	(12,051)	963	(45,022)	(56,110)
Ending Balance—06/30/2016	\$123,063	\$164,363	\$153,308	\$440,734

³ "Net Purchases/(Sales)" is the net amount of court investment principal purchases and sales completed during the annual period.

⁴ "Interest Paid" is the total amount of interest paid to the investment account during the annual period and is included in the Ending Balance.

Investment Description (cont.)	TempFund	T-Fund	LAIF	Total
All dollar amounts reported in thousands (\$000)				
Section B, Fair Values–06/30/2016				
Ending Balance	\$123,063	\$164,363	\$153,403	\$440,829
Net Unrealized Gain/(Loss) in Fair Value ⁵	0	0	95	95
Ending Balance Plus Unpaid Interest Earned ⁶	\$123,063	\$164,363	\$153,716	\$441,142
Section C, Earnings and Statistics				
Interest Earned ⁷	\$295	\$132	\$1,415	\$1,842
Unpaid Interest Earned ⁸	\$0	\$0	\$313	\$313
Average Yield ⁹	0.23%	0.08%	0.43%	0.24%
Dollar-Weighted Maturity (Days)	25	42	167	81
Credit Quality	Highest Rated ¹⁰	Highest Rated	GC 16430 ¹¹	
Percentage of Investment Portfolio ¹²	27.92%	37.30%	34.78%	100.00%

The ratio of each investment's fair value to its book value (Fair Value Factor) as of June 30, 2016, was as follows:

TempFund	1.000000000
T-Fund	1.000000000
LAIF	1.000621222

⁵ "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 or loss would be "realized" (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.

⁶ "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.

⁷ "Interest Earned" is the total amount of interest earned during the annual reporting period.

⁸ "Unpaid Interest Earned" is the amount of interest earned during the period that is unpaid as of the end of the annual reporting period.

⁹ "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.

¹⁰ "Highest Rated" money market fund has received the highest rating category from a nationally recognized statistical rating organization. In this case two nationally recognized statistical rating organizations have rated the fund in the highest rating category of Aaa-mf by Moody's, and AAAM by Standard and Poor's.

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

¹² The portfolio balance percentages are calculated using the book values at the end of the annual period.

The Fair Value Factor is 1.000 for TempFund and T-Fund because all holdings in TempFund and T-Fund are valued at fair value daily, and “fair value” is the price for all daily redemptions and reinvestment transactions. Because the 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 2 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.

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 table 2 include the combined balances of both trial court operating funds and agency funds.¹³

Investment portfolio components

TempFund. The TempFund is a money market fund registered with the SEC 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 TempFund 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 TempFund 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 TempFund is in the highest fund-rating category of Aaa-mf by Moody’s and AAAm by Standard & Poor’s.

The TempFund invests only in high-quality money market instruments, which include domestic and foreign corporate obligations, domestic bank obligations, securities issued or guaranteed by the U.S. government or its agencies, and fully collateralized repurchase agreements. As of June 30, 2016, the TempFund portfolio composition was as shown in table 3.

¹³ “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 3. TempFund Portfolio Composition as of June 30, 2016

High-Quality Instruments	Percentage of Portfolio
Certificate of deposit	35.30
Non-negotiable time deposit	24.10
Financial company commercial paper	16.40
U.S. Treasury repurchase agreement	7.20
Asset-backed commercial paper	6.70
Other repurchase agreement	6.70
Variable-rate demand note	2.20
Non-US sov, sub-sov & supra – national debt	1.00
U.S. Treasury debt	0.20
Tender option bond	0.10
Non-financial company commercial paper	0.10

Included as Attachment B is the monthly fact sheet for the BlackRock TempFund institutional shares reported as of June 30, 2016.

T-Fund. Like the TempFund, the T-Fund is a money market fund registered with the SEC 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 T-Fund 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 T-Fund 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 T-Fund is in the highest fund-rating category of Aaa-mf by Moody's and AAAm by Standard & Poor's.

The T-Fund invests only in high-quality money market instruments and invests at least 99.5 percent of its net assets in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury and repurchase agreements secured by such obligations or cash. As of June 30, 2016, the T-Fund portfolio composition was as shown in table 4.

Table 4. T-Fund Portfolio Composition as of June 30, 2016

High-Quality Instruments	Percentage of Portfolio
U.S. Treasury debt	55.40
U.S. Treasury repurchase agreement	44.60

Included as Attachment C is the monthly fact sheet for the BlackRock T-Fund institutional shares reported as of June 30, 2016.

LAIF. The 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. The 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 Government Code section 16429.1 et seq.

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.

The 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. The LAIF’s investment yield is consistent with these very conservative objectives.

The *PMIA and LAIF Performance Reports*—including the portfolio’s composition as of June 30, 2016, 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 the LAIF.

Attachments

1. Attachment A: *BofA Funds Board Makes Changes to the BofA Funds*, December 31, 2015
2. Attachment B: *BlackRock: TempFund (Institutional Shares)*, as of June 30, 2016
3. Attachment C: *BlackRock: T-Fund (Institutional Shares)*, as of June 30, 2016
4. Attachment D: *PMIA and LAIF Performance Reports*, as of June 30, 2016

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. For information about the BlackRock money market funds or to review a copy of the prospectus, please visit 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.

BofA Advisors, LLC
100 Federal Street, Boston, MA 02110
www.bofacapital.com

© 2015 Bank of America Corporation. All rights reserved. | ARQSCC8J | 12/2015

Advisory services provided by BofA Advisors, LLC,
Securities offered through BofA Distributors, Inc.,
nonbank subsidiaries of



TempFund (Instl Shares)

www.blackrock.com/cash

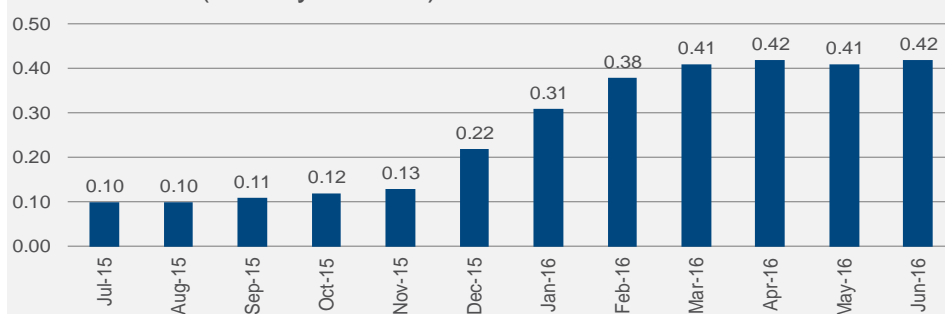
Investment Objective

TempFund seeks as high a level of current income as is consistent with liquidity and stability of principal.

Investment Policy

TempFund primarily invests in first-tier securities, which may include domestic and foreign corporate obligations, domestic bank obligations, securities issued or guaranteed by the US government or its agencies, and fully collateralized repurchase agreements.

Performance (30-Day Yield %)*,1



7-day SEC yield as of 6/30/16 was 0.43%²

* Sources: BlackRock, Inc. and BNY Mellon.

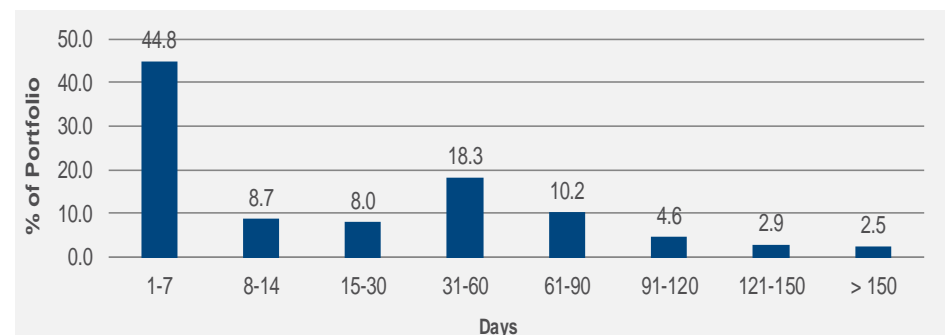
The investment advisor and/or other service providers for the BlackRock TempFund (Institutional Shares) sometimes waive a portion of their fees or reimburse expenses to the Fund. When they do, operating expense are reduced and total returns to shareholders in the Fund increase. These waivers and reimbursements can be discontinued at any time. Without such waivers and reimbursements, which were in effect for all or a portion of the period shown, the 7-day SEC yield would be 0.42%.

% Net Total Return³ (Period Ending 6/30/16)

1 Year	3 Years	5 Years	10 Years
0.26	0.12	0.12	1.21

Performance data represents past performance and does not guarantee future results. Yields will vary. Current performance may be lower or higher than the performance data quoted. Please call 800-441-7450 or log on to www.blackrock.com/cash to obtain performance data current to the most recent month-end.

% Maturity Distribution



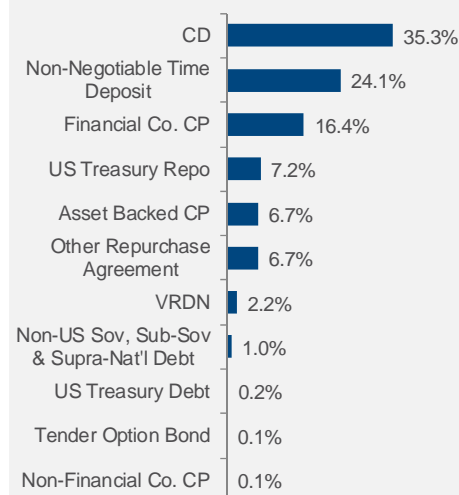
Fund Details

Symbol	TMPXX
Size	\$62,410.0 million
Inception	October 10, 1973
Minimum Investment	\$3 million
Trading Deadline	5:30 p.m. (ET)
Weighted Average Maturity (WAM) ⁴	25 days
Weighted Average Life (WAL) ⁵	33 days
Standard and Poor's	AAAm
Moody's	Aaa-mf
Gross Expense Ratio [†]	0.19%
Net Expense Ratio [†]	0.18%
CUSIP #	09248U619
Portfolio #	24

The National Association of Insurance Commissioners (NAIC) designated the BlackRock TempFund as Class 1. Those funds designated as Class 1 listings are to be reserved against as if they were a NAIC -1 Bond.

[†] Expenses are as of the most current prospectus. Investment dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses are included in the Net, Including Investment Related expenses and excluded from the Net, Excluding Investment Related expenses. BlackRock may contractually agree to waive or reimburse certain fees and expenses until a specified date. Contractual waivers are terminable upon 90 days' notice by a majority of the funds non-interested trustees or by a vote of the majority of the outstanding voting securities of the fund. The investment advisor and/or other service providers may also voluntarily agree to waive certain fees and expenses which can be discontinued at any time without notice. When waivers or reimbursements are in place, the operating expenses are reduced and total returns to the shareholder in the fund increase. Please see the prospectus for additional information.

Asset Allocation%[‡]



[‡] Does not reflect other receivables and payables.

Important Notes

You should consider the investment objectives, risks and expenses of the Funds carefully before investing. The Funds' prospectuses and, if available summary prospectuses, contain this and other information about the Funds and are available by calling our Client Service Center at 800-441-7450 or by visiting www.blackrock.com/cash. Please read the prospectus carefully before investing.

You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

¹ Average annualized 30-day yields are based on net investment income and distributed gains or losses for the period shown. Past performance is no guarantee of future results. Yields will fluctuate as market conditions change. ² The 7-Day yield is computed in accordance with methods prescribed by the SEC. The 7-Day SEC yield excludes distributed capital gains/losses. ³ The fund's current yield more closely reflects the current earnings of the fund than the total net return quotations. ⁴ Weighted Average Maturity: Calculated by the final maturity for a security and the interest rate reset date held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes. ⁵ Weighted Average Life: Measurement of a fund's sensitivity to a deteriorating credit environment; potential credit spread changes or tightening liquidity conditions. The WAL calculation is based on a security's stated final maturity date or, when relevant, the date of the demand feature when the fund may receive payment of principal and interest.

All portfolio information provided is as of June 30, 2016, unless otherwise noted, and is subject to change. Ratings by S&P and Moody's apply to the credit quality of a portfolio and are not a recommendation to buy, sell or hold securities of a Fund, are subject to change, and do not remove market risks associated with investments in the Fund. For complete information on the methodology used by each rating agency, please visit the following websites.

S&P - http://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/504352;

Moody's - https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

The aforementioned Fund meets the qualification requirements set forth by the National Association of Insurance Commissioners (NAIC) and qualifies as Class One Bond. Such qualification is not an endorsement of the Fund by the NAIC.

Prepared by BlackRock Investments, LLC, member FINRA

FOR MORE INFORMATION: Visit www.blackrock.com/cash or email cashmgmt@blackrock.com

©2016 BlackRock, Inc. All rights reserved. **BLACKROCK**, is a registered trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other marks are the property of their respective owners.

L-0599

BLACKROCK®

T-Fund (Instl Shares)

www.blackrock.com/cash

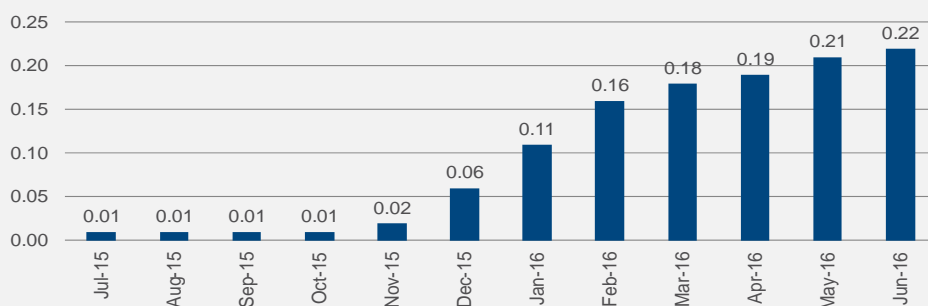
Investment Objective

T-Fund seeks current income as is consistent with liquidity and stability of principal.

Investment Policy

T-Fund invests at least 99.5% of its total assets in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreements secured by such obligation or cash.

Performance (30-Day Yield %)*,1



7-day SEC yield as of 6/30/16 was 0.24%²

* Sources: BlackRock, Inc. and BNY Mellon.

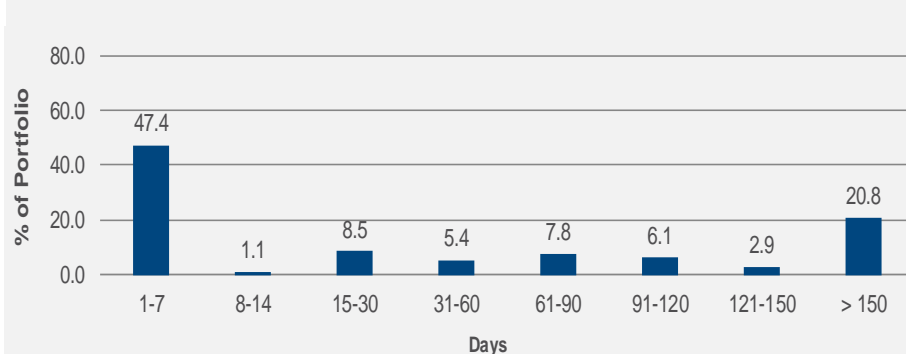
The investment advisor and/or other service providers for the BlackRock T-Fund (Institutional Shares) sometimes waive a portion of their fees or reimburse expenses to the Fund. When they do, operating expense are reduced and total returns to shareholders in the Fund increase. These waivers and reimbursements can be discontinued at any time. Without such waivers and reimbursements, which were in effect for all or a portion of the period shown, the 7-day SEC yield would be 0.20%.

% Net Total Return³ (Period Ending 6/30/16)

1 Year	3 Years	5 Years	10 Years
0.10	0.04	0.03	0.92

Performance data represents past performance and does not guarantee future results. Yields will vary. Current performance may be lower or higher than the performance data quoted. Please call 800-441-7450 or log on to www.blackrock.com/cash to obtain performance data current to the most recent month-end.

% Maturity Distribution



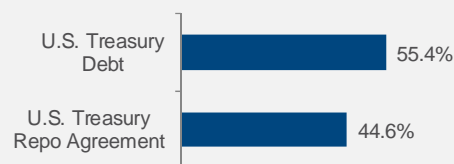
Fund Details

Symbol	TSTXX
Size	\$36,422.1 million
Inception	March 3, 1980
Minimum Investment	\$3 million
Trading Deadline	5:30 p.m. (ET)
Weighted Average Maturity (WAM) ⁴	42 days
Weighted Average Life (WAL) ⁵	102 days
Standard and Poor's	AAAm
Moody's	Aaa-mf
Gross Expense Ratio [†]	0.20%
Net Expense Ratio [†]	0.20%
CUSIP #	09248U718
Portfolio #	60

The National Association of Insurance Commissioners (NAIC) designated the BlackRock T-Fund as U.S. Direct Obligations/Full Faith & Credit Exempt and is therefore exempt from NAIC reserve requirements.

[†] Expenses are as of the most current prospectus. Investment dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses are included in the Net, Including Investment Related expenses and excluded from the Net, Excluding Investment Related expenses. BlackRock may contractually agree to waive or reimburse certain fees and expenses until a specified date. Contractual waivers are terminable upon 90 days' notice by a majority of the funds non-interested trustees or by a vote of the majority of the outstanding voting securities of the fund. The investment advisor and/or other service providers may also voluntarily agree to waive certain fees and expenses which can be discontinued at any time without notice. When waivers or reimbursements are in place, the operating expenses are reduced and total returns to the shareholder in the fund increase. Please see the prospectus for additional information.

Asset Allocation%[‡]



[‡] Does not reflect other receivables and payables.

Important Notes

You should consider the investment objectives, risks and expenses of the Funds carefully before investing. The Funds' prospectuses and, if available summary prospectuses, contain this and other information about the Funds and are available by calling our Client Service Center at 800-441-7450 or by visiting www.blackrock.com/cash. Please read the prospectus carefully before investing.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

¹Average annualized 30-day yields are based on net investment income and distributed gains or losses for the period shown. Past performance is no guarantee of future results. Yields will fluctuate as market conditions change. ²The 7-Day yield is computed in accordance with methods prescribed by the SEC. The 7-Day SEC yield excludes distributed capital gains/losses. ³The fund's current yield more closely reflects the current earnings of the fund than the total net return quotations. ⁴Weighted Average Maturity: Calculated by the final maturity for a security and the interest rate reset date held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes. ⁵Weighted Average Life: Measurement of a fund's sensitivity to a deteriorating credit environment; potential credit spread changes or tightening liquidity conditions. The WAL calculation is based on a security's stated final maturity date or, when relevant, the date of the demand feature when the fund may receive payment of principal and interest.

All portfolio information provided is as of June 30, 2016, unless otherwise noted, and is subject to change. Ratings by S&P and Moody's apply to the credit quality of a portfolio and are not a recommendation to buy, sell or hold securities of a Fund, are subject to change, and do not remove market risks associated with investments in the Fund. For complete information on the methodology used by each rating agency, please visit the following websites.

S&P - http://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352;

Moody's - https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

The aforementioned Fund meets the qualification requirements set forth by the National Association of Insurance Commissioners (NAIC) and qualifies as U.S. Direct Obligations/Full Faith and Credit Exempt. Such qualification is not an endorsement of the Fund by the NAIC.

Prepared by BlackRock Investments, LLC, member FINRA

FOR MORE INFORMATION: Visit www.blackrock.com/cash or email cashmgmt@blackrock.com

©2016 BlackRock, Inc. All rights reserved. **BLACKROCK**, is a registered trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other marks are the property of their respective owners.

L-0599

BLACKROCK®



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
07/07/16	0.58	0.58	168
07/08/16	0.58	0.58	168
07/09/16	0.58	0.58	168
07/10/16	0.58	0.58	168
07/11/16	0.58	0.58	167
07/12/16	0.58	0.58	171
07/13/16	0.58	0.58	169
07/14/16	0.58	0.58	169
07/15/16	0.59	0.58	170
07/16/16	0.59	0.58	170
07/17/16	0.59	0.58	170
07/18/16	0.59	0.58	168
07/19/16	0.59	0.58	166
07/20/16	0.59	0.58	168

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

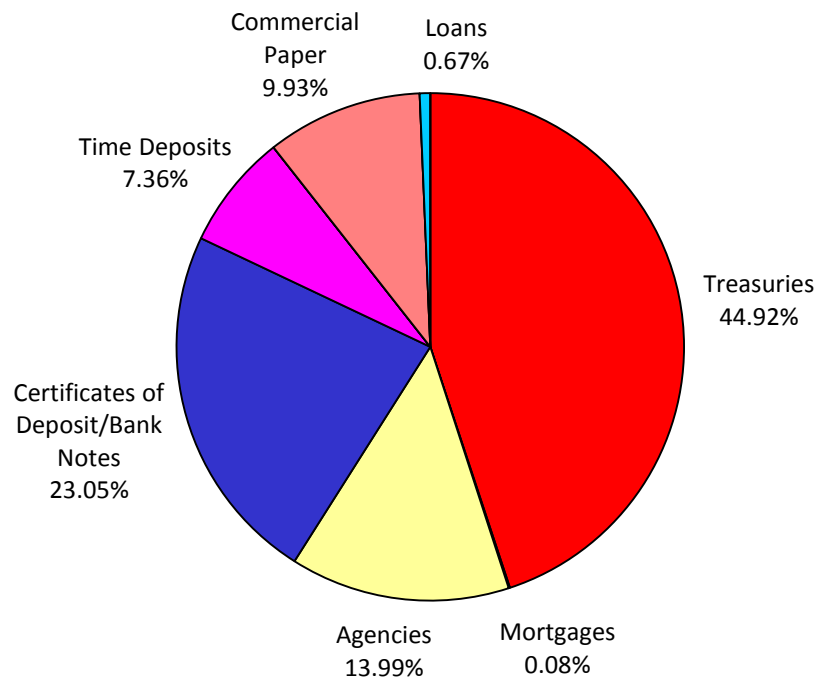
Quarter Ending 06/30/16

Apportionment Rate: 0.55%*
 Earnings Ratio: 0.00001495296852820
 Fair Value Factor: 1.000621222
 Daily: 0.58%
 Quarter to Date: 0.55%
 Average Life: 167

**PMIA Average Monthly
Effective Yields**

Jun 2016 0.576%
 May 2016 0.552%
 APR 2016 0.525%

**Pooled Money Investment Account
Portfolio Composition
06/30/16
\$75.4 billion**



Based on data available as of 7/20/16

*The apportionment rate published 7/20/16 has been revised.