

President's Perspective

Liquidity, Diversification & Convenience of CalTRUST Funds Makes Them A Great Option For Property Tax Proceeds

The CalTRUST Funds give local agencies a safe and convenient means of maintaining liquidity while also diversifying their investments. The CalTRUST Government Money Market Fund (MMF) and CalTRUST Heritage MMF, each rated "AAAm" and "Aaa" by S&P and Moody's, respectively, provide same-day liquidity, while the CalTRUST Short-Term Fund, rated "AAf/S1+" by S&P, provides next-day liquidity, and the CalTRUST Medium-Term Fund, rated "A+/S1" by S&P, gives investors weekly liquidity.

Taken together, the CalTRUST Funds give investors a highly-efficient means of allocating funds across the 0-5 year maturity range; and a cost-free means of re-allocating among the funds as local circumstances change.

Given this, CalTRUST is an ideal option for local agencies when it comes to the investment of property tax proceeds. To take maximum advantage of the benefits of CalTRUST, local agencies should ensure their investment policies authorize the use of CalTRUST. We would be happy to assist any interested agency; just contact any of the persons listed below.

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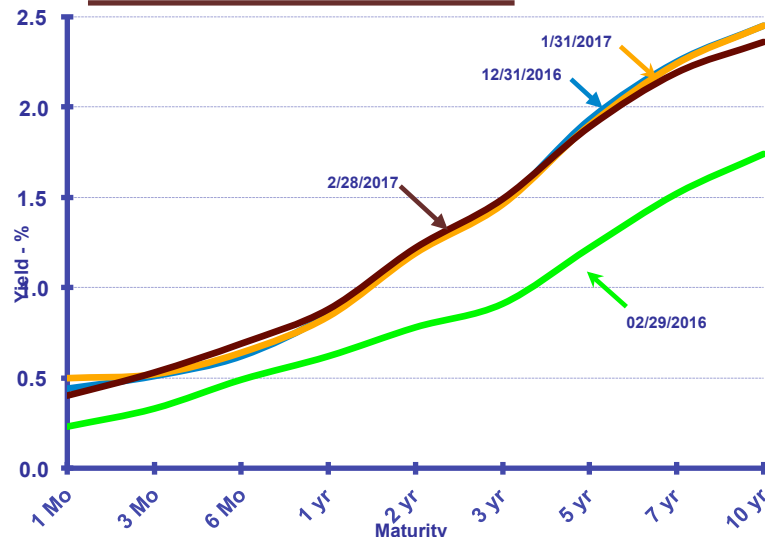
For more information on the CalTRUST funds, please contact me by email at the address below, or contact:

Lyle Defenbaugh, Wells Fargo Asset Management 916-440-4890
Laura Labanieh, CSAC Finance Corporation 916-327-7500
Norman Coppinger, League of California Cities 916-658-8277
Neil McCormick, California Special Districts' Association 916-924-2732

*Chuck Lomeli, President of the
CalTRUST Board of Trustees
and Solano County
Treasurer*

calomeli@solanocounty.com

Treasury Yield Curve



CalTRUST Money Market Funds

Avg Annual Total Return (February 28, 2017)	1-year	3-year	5-year	10-year	Since Inception
CalTRUST Government MMF	0.32%	0.13%	0.08%	0.69%	3.23%
Lipper Instl US Govt MMF Average	0.15%	0.06%	0.04%	0.67%	--
CalTRUST Heritage MMF	0.55%	0.27%	0.20%	0.91%	2.64%
Lipper Instl MMF Average	0.35%	0.15%	0.11%	0.79%	--

CalTRUST Portfolio Snapshot

(February 28, 2017)

	CalTRUST Short-Term		LAIF	CalTRUST Medium-Term		Merrill 1-3 Year Gov't & Corp "A" or Better
	Total Return	Yield Return	Yield Return	Yield Return	Total Return	
Distribution Yield ¹	0.96%		0.78%		1.20%	N/A
Effective Duration	0.51		N/A		1.77	1.90
Avg Maturity (yrs)	0.99		0.50		2.08	1.95
Returns:²						
One Month	0.09%	0.07%	0.06%	0.09%	0.15%	0.14%
One Year	0.90%	0.80%	0.63%	1.05%	0.82%	0.69%
Three Year ³	0.55%	0.57%	0.41%	0.88%	0.76%	0.81%
Five Year ³	0.51%	0.49%	0.37%	0.84%	0.73%	0.83%
Ten Year ³	1.26%	1.19%	1.16%	1.77%	1.85%	2.23%
Since Inception ^{3,4}	1.75%	1.72%	1.65%	2.07%	2.15%	2.45%

1. CalTRUST Short- and Medium-Term and LAIF yields are net of fees. The Merrill Index is unmanaged, and does not reflect any deduction for administrative fees or expenses.
2. CalTRUST and LAIF returns are net of all investment advisor, administrative and program fees.
3. Annualized.
4. CalTRUST Short- and Medium-Term portfolios commenced operations February 13, 2005.

Financial Markets Update

Recent Bull Market Owes More To Global Economic Momentum Than "Trump Bump"

The S&P 500 is up about 14% since the 2016 election, and nearly 5% since the first of the year, leading many to credit the market rally to a "Trump Bump". It also has led many to worry that the markets will be in for a significant correction if Trump's many campaign promises are not delivered on in short order.

In his most recent *Economic & Market Perspective (link)*, WellsCap Chief Investment Strategist Jim Paulsen, argues that, rather than "Trump Hope", the uptick in the markets has been "underpinned by one of the largest and most persistent economic improvements of the entire global economic recovery".

Jim points out that the Citigroup Global Economic Surprise Index is at a 7-year high, and the 52-week moving average of the index has risen to a six-year high. He notes that, when the Global Economic Surprise Index has been in the lowest quartile, the S&P 500 has appreciated only about 3.4% annually, but when the Index is in the top quartile, the gains have been almost 28.6% per year. Jim also notes that any reading above 18 in the Index is in the top quartile; and that the current reading is slightly above 47. Given this, even if positive economic surprises diminish somewhat, it is quite conceivable they would remain in the top quartile some time.

The bottom line, Jim notes, is that the current market rally is not as dependent on - or vulnerable to - Trump's "antics" or potential government policies as many investors hope or fear.