CALTRUST
Investment Trust of California

Service Center
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Monthly Market Update

October 2015 | Volume 11 | Number 10

President's Perspective

CalTRUST Government MMF Is Now Available: Fund Provides Stable NAV Under New SEC Rules

Regulatory reforms recently adopted by the SEC will alter the manner in which prime money market funds (MMFs) operate. The new rules, which take effect in October 2016 and affect prime institutional MMFs, such as the CalTRUST Heritage MMF:

- require prime funds to transact at a 'floating' NAV, instead of the current stable $1.00 NAV; and
- authorize prime MMF Boards to impose redemption fees and gates in times of market illiquidity.

In response to these upcoming changes, the CalTRUST Board has worked with our Investment Advisor, Wells Fargo Asset Management to provide an investment option with a stable NAV and same-day liquidity to develop the new CalTRUST Government MMF option.

The new CalTRUST Government MMF gives local agency investors everything they have asked for in a stable value option:

- A stable $1.00 NAV, with no redemption gates or fees;
- Same-day liquidity for purchases and redemption until 1 pm PT;
- "AAAm" and "Aaa-mf" ratings from S&P and Moody's, respectively;
- Highly competitive money market rates;
- Best available expense ratio in Select Class shares; and
- Full compliance with all provisions of Rule 2a-(7) governing SEC-registered MMFs.

For more information about the new CalTRUST Government MMF, please contact me at the email address, or contact::

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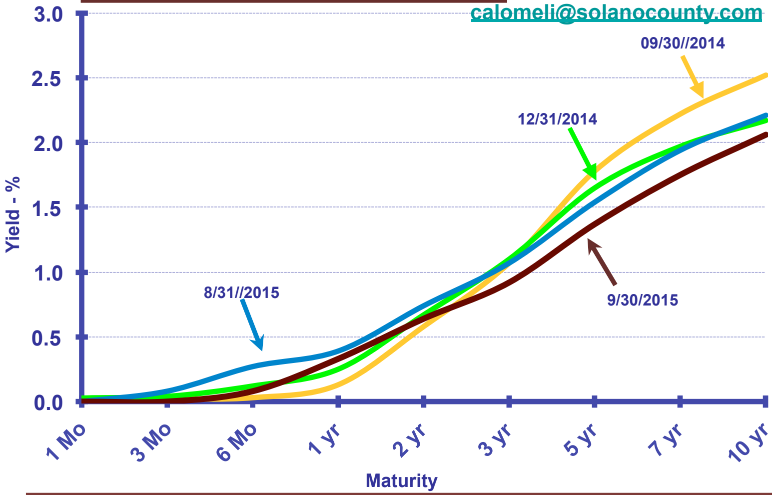
Treasury Yield Curve



CalTRUST Heritage Money Fund

Avg Annual Total Return (September 30, 2015)	1-year	3-year	5-year	10-year	Since Inception
CalTRUST Heritage MMF	0.10%	0.09%	0.11%	1.52%	2.79%
Lipper Instit MMF Average	0.03%	0.03%	0.04%	1.37%	--

CalTRUST Portfolio Snapshot (September 30, 2015)

	CalTRUST Short-Term		LAIF	CalTRUST Medium-Term		Merrill 1-3 Year
	Total Return	Yield Return	Yield Return	Yield Return	Total Return	Gov't & Corp "A" or Better
Distribution Yield[1]	0.52%		0.34%	0.88%		N/A
Effective Duration	0.50		N/A	1.66		1.87
Avg Maturity (yrs)	1.09		0.56	1.97		1.94
Returns:[2]						
One Month	0.10%	0.04%	0.03%	0.07%	0.31%	0.31%
One Year	0.41%	0.44%	0.29%	0.79%	1.00%	1.21%
Three Year[3]	0.39%	0.39%	0.27%	0.73%	0.63%	0.82%
Five Year[3]	0.44%	0.44%	0.32%	0.92%	0.83%	0.98%
Ten Year[3]	1.81%	1.80%	1.72%	2.27%	2.37%	2.73%
Since Inception[3, 4]	1.88%	1.86%	1.80%	2.22%	2.33%	2.68%

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

Slowing Growth, Lack of Inflation, Plus Unsettled International Conditions Make It Increasingly Difficult For Fed To Hike Rates

In his Third Quarter ***Economic and Investment Commentary*** (link), WellsCap Senior Economist Gary Schlossberg reviews the state of the economy and markets at the end of the third quarter and how they complicate the Fed's desired path to "normalized" interest rates.

At the very least, Gary finds that slowing growth and inflation in the US, combined with unsettled conditions abroad, are making it extremely difficult for the Fed to raise rates by end of this year. Beyond that, Gary's analysis indicates that the next interest rate cycle "will have at least three defining features":

- Increases in short-term rates will be unusually gradual;
- Inflation-sensitive bond yields may hardly move, or may even edge lower, in the absence of the usual buildup of price pressures; and
- The rate-hiking cycle could be quite bumpy given the "sea change" nature of the first hikes in nearly a decade and the unwinding of financial market distortions built up during the recent prolonged period of "ultra-easy money".

Finally, Gary notes that earlier prospects for strengthening growth, firming inflation and an early-2015 Fed rate hike have been turned on their head by recent economic data and unsettled conditions abroad. The result for many fixed-income investors has been a rotation from credit risk, through exposure to lower-rated issues, to interest rate risk, in the form of longer-dated securities. Some investors, he notes, could go a step further, by adopting a "barbell" strategy to enhance returns once shorter-term yields begin to rise.