



SAN DIEGO COUNTY POOLED MONEY FUND

PORTFOLIO

June 2008

DAN McALLISTER TREASURER'S COMMENTARY



One of the primary goals of my office has been to offer our services as a financial resource to local agencies. This is a multi-faceted role in which we provide advice on a wide range of investment and debt-related issues. I am proud to announce that in our bond advisory role, we have already assisted in 11 debt issuances for local schools and other agencies through June 2008.

Likewise, in today's volatile marketplace, an overwhelming number of entities have reached out to us for guidance on their investments. We have received numerous calls from agencies located in and outside of the County to discuss investment decisions, the economic outlook, as well as internal controls for public funds.

We are pleased to be able to service you in these capacities. If your staff has any debt- or investment-related questions, please feel free to call us. Our investment group can be reached at (619) 531-5015.

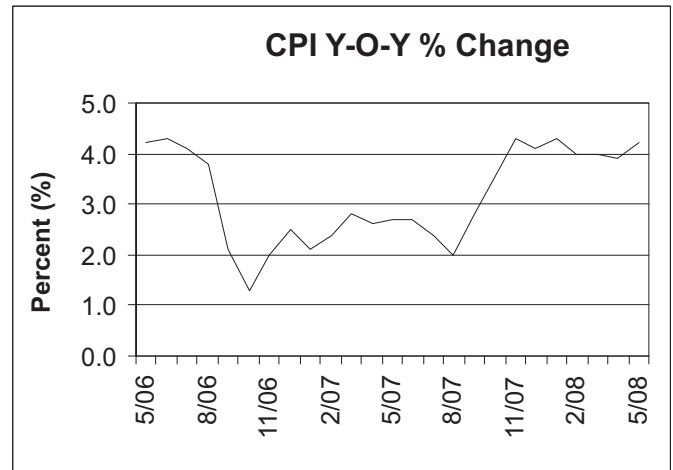
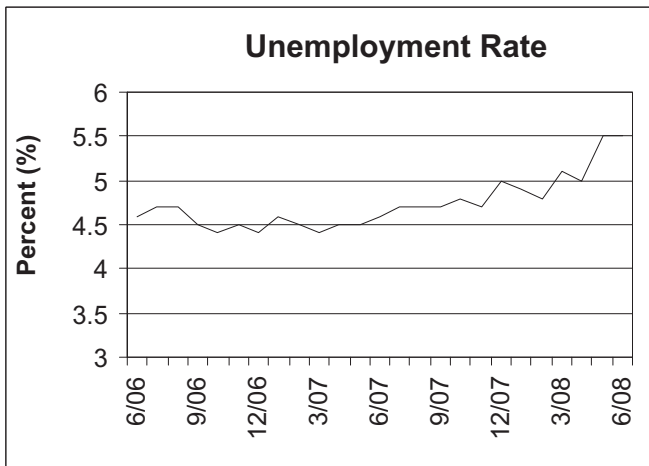
As part of our ongoing efforts to assist local agencies with their investments and debt issuances, my office produces two symposiums every year. Our October event focuses on debt-related matters and our February event has an investment-related theme with a cash handling component. These events have been incredibly successful. We thank all of you for your interest and continued participation. Due to their popularity, we have expanded our educational programs this year. I am pleased to invite you to attend our Fraud Prevention Workshop, which will be held on July 15 at the offices of the San Diego County Employee Retirement Association. For more information, please contact Jeanette Gordon at (619) 531-4743. I hope to see you there!

Dan McAllister
Treasurer-Tax Collector

| US Economy | Current Reading | Period | One Year Ago |
|----------------------------|-----------------|---------|--------------|
| Unemployment Rate | 5.5% | May-08 | 4.5% |
| Consumer Price Index (YOY) | 4.2% | May-08 | 2.7% |
| Retail Sales (YOY) | 2.5% | May-08 | 5.0% |
| Consumer Confidence | 58.1 | May-08 | 108.5 |
| Housing Starts (000's) | 674 | May-08 | 1146 |
| Gross Domestic Product | 1.0% | Q1 2008 | 0.6% |

QUARTERLY ECONOMIC REVIEW

Economic activity was weaker in the first half of the year. The May employment report showed a loss of 49,000 jobs, the fifth straight monthly decline, while the unemployment rate rose to 5.5%. The housing market continues to weaken. Economic weakness and continued financial market volatility prompted the Federal Reserve to cut the federal funds rate twenty five basis points on April 30, to 2.00%. Despite the weak economy, the Federal Reserve remains concerned about inflation, with the latest readings near the top end of their comfort range. Higher commodity prices have also spurred concern that inflation will rise in the second half of the year. Currently, forecasts for the remainder of the year call for below trend economic growth, and the Federal Reserve remains equally concerned about the possibility of an economic slowdown and the possibility of higher inflation.



SAN DIEGO COUNTY POOLED MONEY FUND

S A F E T Y • L I Q U I D I T Y • R E T U R N

The San Diego County Pooled Money Fund is rated AAAs/S1 by Standard & Poors

| SAN DIEGO COUNTY'S POOLED MONEY FUND BALANCE | May 31, 2008 | March 31, 2008 | CHANGE |
|--|-----------------|-----------------|---------------|
| MARKET VALUE | \$5,265,943,416 | \$4,934,699,611 | \$331,243,805 |

The balances shown here reflect the cyclical nature of the Pooled Money Fund and include contributions and/or withdrawals during the period.

SUMMARY OF POOLED MONEY FUND AS OF MAY 31, 2008

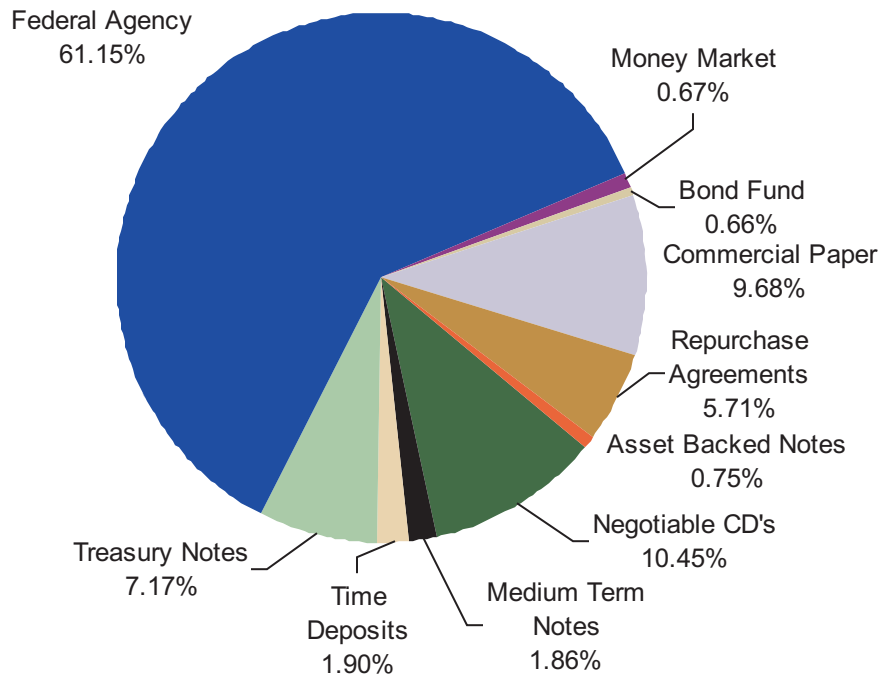
| Investment Type | Book Value | Percent of Portfolio at Market | Market Value |
|---|------------------------|--------------------------------|------------------------|
| US Treasury Notes | 370,271,959 | 7.17% | 377,730,967 |
| FNMA Discount Notes | 358,066,869 | 6.80% | 358,225,056 |
| Federal Farm Credit Bank Notes | 88,923,473 | 1.71% | 90,070,625 |
| Federal Home Loan Bank Discount Notes | 293,757,801 | 5.60% | 294,700,136 |
| Federal Home Loan Bank Notes | 797,752,645 | 15.25% | 803,444,463 |
| Federal Home Loan Mortg. Corp. Disc. Notes | 372,982,166 | 7.09% | 373,129,000 |
| Federal Home Loan Mortg. Corp. Notes | 733,917,425 | 14.01% | 737,869,415 |
| Fannie Mae | 563,011,186 | 10.69% | 562,682,075 |
| Corporate Medium Term Notes | 98,665,298 | 1.86% | 97,918,750 |
| Asset Backed Notes | 38,843,705 | 0.75% | 39,421,000 |
| Bond Fund | 35,000,000 | 0.66% | 34,894,895 |
| Money Market Funds | 35,170,000 | 0.67% | 35,170,000 |
| Repurchase Agreements | 300,855,840 | 5.71% | 300,855,840 |
| Negotiable Certificates of Deposit | 549,999,705 | 10.45% | 550,270,000 |
| Commercial Paper | 509,572,314 | 9.68% | 509,561,194 |
| Collateralized/FDIC Certificates of Deposit | 100,000,000 | 1.90% | 100,000,000 |
| Totals for May 2008 | \$5,246,790,386 | 100.00% | \$5,265,943,416 |
| Totals for March 2008 | \$4,887,489,877 | | \$4,934,699,611 |
| Change from Prior Quarter | \$359,300,509 | | \$331,243,805 |
| Portfolio Effective Duration | 0.73 Years | | |

Detailed information on the Pooled Money Fund's investment holdings is available at www.sdtreastax.com.

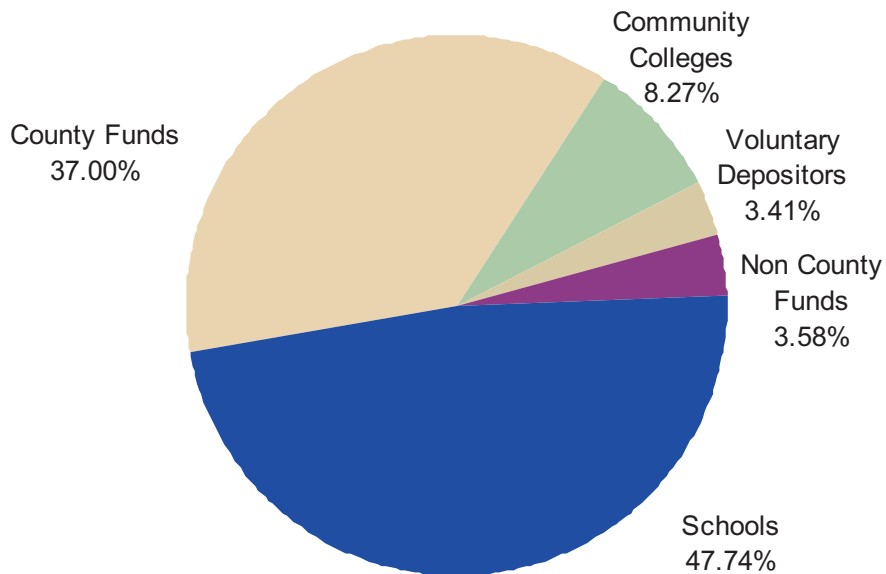
PORTFOLIO RETURNS

| | May 2008 Return | Annualized | FY to Date | Annualized | Calendar Year to Date | Annualized |
|---------------------|-----------------|------------|------------|------------|-----------------------|------------|
| Book Value | 0.29% | 3.42% | 4.33% | 4.70% | 1.70% | 4.08% |
| Market Value | 0.26% | 3.11% | 5.87% | 6.38% | 2.13% | 5.12% |

Pooled Money Fund Asset Allocation as of May 31, 2008



Pooled Money Fund Participation as of May 31, 2008



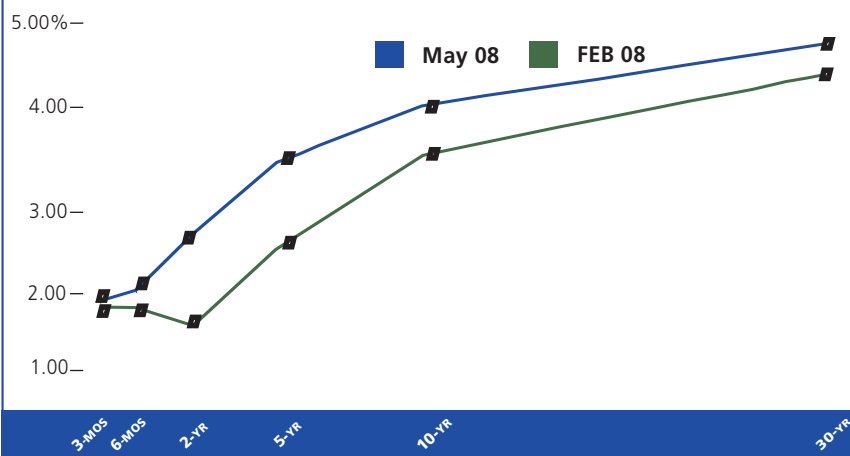
PORTFOLIO COMMENTARY

As of May 31, 2008, the County's Pooled Money Fund had an ending balance of \$5.2 billion. The Pool's assets reached a record high \$5.9 billion this year during the April 2008 property tax collection period. Due to the weakening financial markets, slowing housing market and diminished outlook for economic growth, the Federal Reserve cut the Federal Funds rate by 125 basis points since January 2008. As a result, the Pool's yield dropped 98 basis points from January through May to 3.45%. When the Federal Reserve began cutting rates, securities with longer maturities were purchased for the Pool in an effort to lock in the higher yields. These trades made it possible for the Pool to maintain a yield above 3.40% in April and May, despite the April cut of 25 basis points. Also due to the purchases of longer-term securities, the Pool's weighted average maturity (WAM) increased from 12.8 months in January to 14.3 months in May.

Through the continued market volatility and ongoing credit crisis, the Pool remains invested in securities of the highest quality. To ensure this objective, the Pool maintains a strict policy of purchasing only Federal Agency and Treasury securities for maturities past 60 days. As financial markets continue to deteriorate, purchases in securities with maturities less than 60 days are primarily limited to corporations which have not been directly impacted by the downturn. Since August 2007, no asset-backed commercial paper or structured investment vehicles (SIVs) have been purchased for the Pool. The Pool has never invested in collateralized debt obligations.

MARKET WATCH

TREASURY YIELDS HIGHER



Source: Bloomberg

Interest rates rose sharply between February and May, as investors began to anticipate an end to the Federal Reserve's cycle of interest rate cuts. The yield curve retained its normal shape, with rates in the thirty year sector much higher than those for shorter maturities.

YIELD ON THE TWO-YEAR TREASURY NOTE



Source: Bloomberg

The yield on the two year Treasury note has increased since reaching its low in early March. This is the result of an end to Federal Reserve interest rate cuts and anticipation of eventual Federal Reserve rate increases.

STATEMENT OF COMPLIANCE



The San Diego County Pooled Money Fund is in full compliance with the Treasurer's Pooled Money Fund Investment Policy. The Treasurer's Pooled Money Fund Investment Policy is more restrictive than the California Government Code. The Policy is reviewed annually by the County's Treasury Oversight Committee and approved by the San Diego County Board of Supervisors.

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