

**INVESTMENT TRUST OF CALIFORNIA
(CalTRUST)**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2025**

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
FOR THE YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Audit Committee
Investment Trust of California (CalTRUST)
Sacramento, California

Opinions

We have audited the accompanying financial statements of the Investment Trust of California (CalTRUST), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise CalTRUST's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of CalTRUST as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CalTRUST, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CalTRUST's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards

generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CalTRUST's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CalTRUST's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the program participants schedule but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Stockton, California
October 13, 2025

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The following discussion and analysis of the Investment Trust of California (CalTRUST) investment pool financial performance provides an overview of its financial activities for the year ended June 30, 2025. Please read it in conjunction with CalTRUST's financial statements, which begin on page 8. Additionally, a schedule summarizing CalTRUST's program participants begins on page 17. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests solely with management of CalTRUST. To the best of our knowledge and belief, the financial statements, as presented, are accurate in all material respects.

Financial Highlights

Liquidity Fund Account

The Liquidity Fund pool was created in June 2018 and began the fiscal year with a net position of \$1.9 billion and closed the period on June 30, 2025, with a net position of \$2.7 billion. The average market value for the Liquidity Fund pool during the period was \$2.1 billion compared to prior period \$1.2 billion. Net earnings distributed to participants in the Liquidity Fund pool during the period totaled \$97.9 million compared to prior period \$66.4 million. The total cost for the Liquidity Fund pool during the period was \$2.3 million; including \$706 thousand in investment advisory costs, \$208 thousand in administrative costs, \$283 thousand in fund accounting/transfer agent costs, \$76 thousand in custody costs, and \$1.0 million in operating costs. The total cost for the Liquidity pool during the prior period was \$1.4 million; including \$468 thousand in investment advisory costs, \$122 thousand in administrative costs, \$198 thousand in fund accounting/transfer agent costs, \$49 thousand in custody costs, and \$608 thousand in operating costs. Administrative and operating costs cover expenses associated with general operations, travel, rating agencies, legal, and administrative support.

The Liquidity Fund saw a large increase in assets as a result of competitive yields and new shareholders.

The Liquidity Fund Account portfolio provides liquidity on a daily basis and is designed to have a stable Net Asset Value (NAV). The Liquidity Fund is intended to resemble a 2a7 fund and complies with Governmental Accounting Standards Board (GASB) Statement No. 79. The Liquidity Fund invests in all the sectors allowed by the California Government Code. The Liquidity Fund was created in response to California public agencies seeking additional stable NAV pooled investment options.

Short-Term Account

The Short-Term Account pool began the fiscal year with a net position of \$1.2 billion and closed the period on June 30, 2025, with a net position of \$1.1 billion. The average market value the Short-Term pool during the period was \$1.1 billion compared to prior period \$1.2 billion. Net earnings distributed to participants in the Short-Term pool during the period totaled \$51.0 million compared to prior period \$60.9 million. The total cost for the Short-Term pool during the period was \$1.5 million; including \$569 thousand in investment advisory costs, \$112 thousand in administrative costs, \$187 thousand in fund accounting/transfer agent costs, \$50 thousand in custody costs, and \$559 thousand in operating costs. The total cost for the Short-Term pool during the prior period was \$1.7 million; including \$676 thousand in investment advisory costs, \$124 thousand in administrative costs, \$199 thousand in fund accounting/transfer agent costs, \$50 thousand in custody costs, and \$615 thousand in operating costs. Administrative and operating costs cover expenses associated with general operations, travel, rating agencies, legal, and administrative support.

The Short-Term Fund change was not meaningful as fund balance remained consistent.

The Short-Term Account portfolio provides liquidity on a next-day basis and is designed to have relatively low NAV volatility while providing returns higher than are available in money market funds. The duration is longer than the Liquidity Fund and is targeted closer to one year. The Short-Term Fund invests in all the sectors allowed by the California Government Code.

Medium-Term Account

The Medium-Term Account pool began the fiscal year with a net position of \$1.0 billion and closed the period on June 30, 2025, with a net position of \$1.4 billion. The average market value in the Medium-Term pool during the period was \$1.3 billion compared to prior period \$969.7 million. Net earnings distributed to participants in the Medium-Term pool during the period totaled \$52.4 million compared to prior period \$37.8 million. The total costs for the Medium-Term pool during the period was \$1.8 million; including \$772 thousand in investment advisory costs, \$126 thousand in administrative costs, \$201 thousand in fund accounting/transfer agent costs, \$52 thousand in custody costs, and \$630 thousand in operating costs. The total costs for the Medium-Term pool during the prior period was \$1.5 million; including \$667 thousand in investment advisory costs, \$97 thousand in administrative costs, \$170 thousand in fund accounting/transfer agent costs, \$50 thousand in custody costs, and \$482 thousand in operating costs. Administrative and operating costs cover expenses associated with general operations, travel, rating agencies, legal, and administrative support.

The Medium-Term Fund increase in assets was attributed to new and existing shareholders who have cash flow forecasts that allow them to take part in longer duration investments.

The Medium-Term Account fund is targeted toward local municipal assets with a longer time horizon than those in the Short-Term Account. The fund offers two-day liquidity due to the nature of the fund and the participants. The duration is longer than the short term portfolio and is targeted closer to two years. This provides the ability to achieve higher returns but does increase the interest rate risk to participants. The fund also takes advantage of all the sectors allowed by the California Government Code.

Overview of the Financial Statements

CalTRUST's financial statements are those of a separate annual financial report of a governmental external investment pool. Under GASB pronouncements, the separate annual financial reports for governmental external investment pools include the management's discussion and analysis (MD&A), a statement of net position, statement of changes in net position, and notes to financial statements. These financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting.

The MD&A serves as an introduction to the basic financial statements. The statement of net position reflects assets held and liabilities owned by each pool at CalTRUST's year-end (June 30, 2025). The statement of changes in net position reflects all of the additions to and deductions from the pools during the period. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The following tables indicate the net position (in thousands) of each pool of CalTRUST as of June 30, 2025 and 2024.

Liquidity Fund

	<u>2025</u>	<u>2024</u>
Total assets	\$ 2,755,922	\$ 1,943,888
Total liabilities	<u>(9,504)</u>	<u>(8,156)</u>
Net position	<u><u>\$ 2,746,418</u></u>	<u><u>\$ 1,935,732</u></u>

Short-Term Account

	<u>2025</u>	<u>2024</u>
Total assets	\$ 1,201,957	\$ 1,200,406
Total liabilities	<u>(76,021)</u>	<u>(24,985)</u>
Net position	<u>\$ 1,125,936</u>	<u>\$ 1,175,421</u>

Medium-Term Account

	<u>2025</u>	<u>2024</u>
Total assets	\$ 1,448,595	\$ 1,043,813
Total liabilities	<u>(44,924)</u>	<u>(34,974)</u>
Net position	<u>\$ 1,403,671</u>	<u>\$ 1,008,839</u>

Economic Factors

US Treasury yields sold off in May and for a time it looked like they might have held at those levels, that is until market data and Fed speak pulled yields about 20 bps lower on the month. Fed Funds Futures followed suit, ending June 20 bps lower than where they started. Rates volatility remains the name of the game, as markets try to separate meaningful signals from the usual noise.

But amidst the static, one message is clear: the Fed is warming up to the idea of a rate cut. The probability of a 25 bps cut in September has surged from 60% at the start of June to nearly 94% by month-end. Certain Fed officials are starting to sound like they're on board, notably Waller was quoted: *"I think we're in a position that we could do this as early as July"*. Bowman also supported a rate cut *"as soon as July"*, though the Chair Jerome Powell said, *"There is time to wait for more clarity,"* a sentiment that was further supported by Collins and Daly. Translation: we're not cutting yet, but we're definitely thinking about it.

Commercial paper yields mirrored the Treasury rally, and demand for short-term credit remains strong. With cash balances still ballooning, investors are eager to put money to work. Credit spreads, however, didn't budge (Bloomberg 1-3yr A+ OAS), which keeps us cautious on corporate credit.

Meanwhile, the Fed's Reverse Repo Program (RRP) continues to act like a sponge, soaking up excess liquidity. At quarter-end, RRP usage hit \$460 billion—up from \$400 billion in Q1 and just shy of the \$473 billion peak of December 2024.

There has been some strange behavior in the short end of the curve. A few weeks before FYE, a 2-month T-Bill auction tailed by 7 bps, and that kicked off a repricing of the August and September T-Bill curve for following reasons:

- **Debt Ceiling Drama** – Investors are worried the U.S. Treasury might run out of cash. In late June, Treasury's checking account sat at \$304 billion. Estimates suggest the Treasury could run dry by August or September.
- **Incoming Supply Tsunami** – Once the debt ceiling is lifted, we're expecting \$500–700 billion in new T-Bill issuance in order to refill the US Treasury's checking account. That's a lot of paper, and it's likely to push money market yields higher.

The result? A kink in the T-Bill curve. In late June there was an 11 bps spread between the July 29 and August 5 bills—an unusually wide gap. With a Fed meeting scheduled for July 30 that the market priced at a 20% chance of a rate cut, those yields should be closer than 11bps. The yield difference peaks with the August 28 bill before the curve slopes downward again.

Operations

Fiscal Year 24-25 saw CalTRUST continue to evolve and grow as a strong small staff organization with an additional position approved by the Board of Trustees, effective for FY 25-26. During the year, CalTRUST hit a record high of assets of \$5.25 billion in April. CalTRUST continues to grow with new shareholder accounts and agencies proactively reaching out to learn more about CalTRUST and how they can utilize the funds.

During FY 24-25, CalTRUST issued separate Requests for Proposals (RFPs) for Custody and Audit services. After an in-depth review process, the CalTRUST Board of Trustees chose to retain the incumbent service provider, US Bank, for custody services, and retain the incumbent service provider, Brown Armstrong, for audit services.

CalTRUST daily operations are managed by the CalTRUST Chief Executive Officer who reports to the CalTRUST Board of Trustees. As of June 30, 2025, the CalTRUST Board of Trustees consisted of seven California public agency investment officers or treasurers including four county representatives, two city representatives, and one special district representative. CalTRUST's structure allows for as few as five Trustees and as many as 15 Trustees. The Board of Trustees meet in person two or three times annually and may have additional teleconference meetings as necessary. At each of their meetings, the CalTRUST Board of Trustees hears an update from State Street Global Advisors (SSGA) and discusses strategy within the confines of the CalTRUST Investment Policy. Additionally, Trustees conduct an on-site due diligence meeting with SSGA at least once annually.

Request for Information

Any questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

CalTRUST
Attn: Laura Labanieh Kitson
PO Box 2709
Granite Bay, CA 95746

BASIC FINANCIAL STATEMENTS

INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
STATEMENT OF NET POSITION
JUNE 30, 2025
(In Thousands)

	Liquidity Pool	Short-Term Pool	Medium-Term Pool	Total
ASSETS				
Investments at fair value:				
U.S. Treasury obligations	\$ 220,560	\$ 665,679	\$ 875,405	\$ 1,761,644
U.S. Agency securities	-	36,719	91,711	128,430
Supranational Agency securities	-	15,503	11,207	26,710
Corporate bonds	23,500	167,072	251,045	441,617
Asset-backed securities	-	104,016	150,200	254,216
Money market mutual funds	89,559	201,590	19,111	310,260
Repurchase agreements	705,000	-	-	705,000
Municipal obligations	-	-	6,969	6,969
Certificates of deposit	734,570	-	-	734,570
Commercial paper	975,028	-	-	975,028
Total investments at fair value	<u>2,748,217</u>	<u>1,190,579</u>	<u>1,405,648</u>	<u>5,344,444</u>
Accrued interest income	7,705	7,645	15,069	30,419
Investment sold receivable	-	3,733	27,878	31,611
Total assets	<u>2,755,922</u>	<u>1,201,957</u>	<u>1,448,595</u>	<u>5,406,474</u>
LIABILITIES				
Accounts payable	371	392	5,726	6,489
Income distribution payable	9,133	4,215	-	13,348
Investment purchased payable	-	71,414	39,198	110,612
Total liabilities	<u>9,504</u>	<u>76,021</u>	<u>44,924</u>	<u>130,449</u>
NET POSITION				
Net position held for pool participants	<u>\$ 2,746,418</u>	<u>\$ 1,125,936</u>	<u>\$ 1,403,671</u>	<u>\$ 5,276,025</u>

The accompanying notes are an integral part of these financial statements.

INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025
(In Thousands)

	Liquidity Pool	Short-Term Pool	Medium-Term Pool	Total
INVESTMENT INCOME				
Interest and dividend income	\$ 100,181	\$ 52,433	\$ 54,168	\$ 206,782
Change in fair value of investments	7	3,806	23,690	27,503
Total investment income	<u>100,188</u>	<u>56,239</u>	<u>77,858</u>	<u>234,285</u>
EXPENSES				
Investment advisory fees	706	569	772	2,047
Administrative fees	208	112	126	446
Accounting fees	283	187	201	671
Custody fees	76	50	52	178
Other operating expenses	<u>1,041</u>	<u>559</u>	<u>630</u>	<u>2,230</u>
Total expenses	<u>2,314</u>	<u>1,477</u>	<u>1,781</u>	<u>5,572</u>
NET INCREASE (DECREASE) FROM OPERATIONS	97,874	54,762	76,077	228,713
DISTRIBUTIONS TO POOL PARTICIPANTS				
Investment income, net	(97,867)	(50,955)	(52,386)	(201,208)
SHARE SUBSCRIPTION TRANSACTIONS, NET	<u>810,679</u>	<u>(53,292)</u>	<u>371,141</u>	<u>1,128,528</u>
NET INCREASE (DECREASE) IN NET POSITION	810,686	(49,485)	394,832	1,156,033
NET POSITION, Beginning of Year	<u>1,935,732</u>	<u>1,175,421</u>	<u>1,008,839</u>	<u>4,119,992</u>
NET POSITION, End of Year	<u>\$ 2,746,418</u>	<u>\$ 1,125,936</u>	<u>\$ 1,403,671</u>	<u>\$ 5,276,025</u>

The accompanying notes are an integral part of these financial statements.

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – REPORTING ENTITY

Organized as a Joint Powers Authority (JPA), the Investment Trust of California (CalTRUST) is a program established by public agencies in California for the purpose of pooling and investing local agency funds including operating reserves and bond proceeds. A Board of Trustees (the Trustees) supervises and administers the investment program of CalTRUST. The Trustees are comprised of experienced investment officers and policy-makers of the public agency members.

Any California local agency may join CalTRUST and invest in its funds, and in the case of counties, the funds of other local agencies that have invested with the County Treasurer’s office. Funds from all participants are commingled in each of the pools. Participants receive units in CalTRUST and designated shares for the particular accounts in which they invest.

CalTRUST offers the option of three funds to provide member agencies with a convenient method of pooling funds: Liquidity, Short-Term, and Medium-Term investment pools. The investment pools seek to attain as high a level of current income that is consistent with the preservation of principal with target duration of 60 days for the Liquidity pool, 0 to 2 years for the Short-Term pool, and 1.5 to 3.5 years for the Medium-Term pool.

Administration and Investment Management

Pursuant to an Investment Advisory Agreement, State Street Global Advisors (the Advisor) provides CalTRUST with a continuous program of supervision of each pool’s assets, including the composition of its portfolio, and furnishes advice and recommendations with respect to investments, investment policies, and the purchase and sale of securities. As compensation for its services, the Advisor receives a fee at the annual rate as shown in the tables below of average daily net position.

	Up to \$500 Million	Over \$500 Million	
Liquidity Fund	0.050%	0.030%	
		Over \$500 Million; Up to \$1 Billion	Over \$1 Billion
Short-Term	0.065%	0.050%	0.040%
Medium-Term	0.075%	0.060%	0.040%

The Liquidity, Short-Term, and Medium-Term investment pools are subject to minimum annual fees of \$100,000, \$175,000, and \$175,000, respectively. If the minimum annual fee is determined to be greater than the calculated fees per the tiered fee schedule noted above, CalTRUST will be responsible for the shortfall to the advisor.

NOTE 1 – REPORTING ENTITY (Continued)

Administration and Investment Management (Continued)

CalTRUST assesses 0.06% Operating Fees on the Liquidity, Short-Term, and Medium-Term pools. All operating costs are paid from this fee including staff salaries and benefits. Payroll for all staff is managed through Paylocity. Benefits for staff, with the exception of the Chief Executive Officer, are administered through the Golden State Risk Management Authority. CalTRUST engages the CSAC Finance Corporation (CSAC FC) to provide limited administrative services, including usage of the CSAC FC office as the official place of business for CalTRUST, administration of all CalTRUST staff's payroll via Paylocity, administration of the Chief Executive Officer's benefits, sponsorship of CalTRUST webinars, and licensing the use of their name and logo to CalTRUST. CalTRUST reimburses CSAC FC for the Chief Executive Officer's salary and benefits monthly and compensates them a fee at the annual rate of 0.01% of the pool's average daily net position for the Liquidity, Short-Term, and Medium-Term pools for the additional services, this fee is paid from the 0.06% Operating Fee.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Financial transactions are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Investments

CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et seq. and 53635, et seq. Investment guidelines adopted by the Trustees may further restrict the types of investments held by CalTRUST. These guidelines and the Sections 53601 and 53635 authorize CalTRUST's investment advisor to invest in securities issued by the U.S. Government and its agencies, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, and repurchase agreements, and leveraging within CalTRUST's portfolio is prohibited.

The pools are not registered under any federal or state securities law, nor are they registered under the Investment Company Act of 1940 (the Act). For that reason, the pools and CalTRUST are not subject to various protections of the Act, which apply to certain pooled vehicles such as money market funds and other mutual funds.

Investments in securities are carried at fair value, which is daily for the Liquidity and Short-Term pools and monthly for the Medium-Term pool. Securities listed in an exchange or quoted on a national market system are valued at the last sales price as of 4:00 p.m. Eastern time on the day of valuation for the Liquidity, Short-Term, and Medium-Term pools. Securities for which market quotations are not readily available, if any, are valued by using an independent pricing service or by following procedures approved by the Trustees. Short-term investments are valued at amortized cost, which approximates fair value. As of June 30, 2025, there were no securities held for which market quotations were not readily available.

Investment transactions are recorded on the trade date. Realized gains and losses are determined using the specific identification method. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. The net income of each pool is calculated daily and declared daily as a dividend.

Amounts that may be withdrawn from the Liquidity, Short-Term, and Medium-Term investment pools are based on the net asset value per share and the number of shares held by participants in each respective pool, which is different than the method used to report investments in these financial statements. The net asset value per share is computed by dividing the fair value of the pool securities and other assets in the pool, less any liabilities, by the total outstanding shares of the pool. CalTRUST has not entered into any legally binding guarantees during the fiscal year ended June 30, 2025, to support participant equity in the pools.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Tax Matters**

Pursuant to Section 115(1) of the Internal Revenue Code, federal gross income does not include income derived from the exercise of any essential government function that accrues to a state, or any political subdivision of a state.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts in the financial statement and accompanying notes. Actual results could differ from those estimates.

NOTE 3 – INVESTMENTS

As of June 30, 2025, the investments held by all funds consisted of the following (in thousands):

	<u>Liquidity Pool</u>	<u>Short-Term Pool</u>	<u>Medium-Term Pool</u>	<u>Total</u>
Investments	<u>\$ 2,748,217</u>	<u>\$ 1,190,579</u>	<u>\$ 1,405,648</u>	<u>\$ 5,344,444</u>
Total investments	<u><u>\$ 2,748,217</u></u>	<u><u>\$ 1,190,579</u></u>	<u><u>\$ 1,405,648</u></u>	<u><u>\$ 5,344,444</u></u>

Investments Authorized by the CalTRUST's Investment Policy

The following table identifies the investment types authorized by CalTRUST's investment policy. This table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk. The Liquidity pool, Short-Term pool, and Medium-Term pool seek a target portfolio duration of 60 days, 0 to 2 years, and 1.5 to 3.5 years, respectively.

Liquidity, Short-Term, and Medium-Term Investment Pools

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Registered State Warrants or Treasury Notes	5 Years	None	None
Bankers' Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Medium-Term Notes	5 Years	30%	30%
Mutual Funds/Money Market Funds	None	20%	20%
Mortgage Pass through Securities	5 Years	20%	20%
USD Senior Unsecured Unsubordinated Obligations	5 Years	30%	30%

NOTE 3 – INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and CalTRUST's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under stated law. The market value of the pledged securities in the collateral pool must be equal to at least 110% of the total amount deposited by the public agencies. All of CalTRUST's investments are registered in CalTRUST's name.

Concentration of Credit Risk

As of June 30, 2025, CalTRUST held the following investments in one issuer that would represent 5% or more of total investments:

Liquidity Pool

Approximately 8.03% or \$220.6 million of the investments in the Liquidity pool as of year-end is invested in U.S. Treasury Obligations, approximately 6.26% or \$172.0 million is invested within TD Securities, approximately 8.08% or \$222.0 million is invested within BNP Paribas Securities, and approximately 7.28% or \$200.0 million is invested within Goldman Sachs.

Short-Term Pool

Approximately 16.93% or \$201.6 million of the investments in the Short-Term pool as of year-end is invested within State Street Institutional US Government Money and approximately 55.91% or \$665.7 million is invested within U.S. Treasury Obligations.

Medium-Term Pool

Approximately 62.28% or \$875.4 million of investments in the Medium-Term pool as of year-end is invested within U.S. Treasury Obligations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is CalTRUST's policy to purchase investments with ratings required in accordance with California Government Code.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, CalTRUST manages its exposure to interest rate risk by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. As of June 30, 2025, 99.58%, 58.26%, and 6.95% of the Liquidity pool, Short-Term pool, and Medium-Term pool, respectively, had investments that mature in less than a year.

NOTE 3 – INVESTMENTS (Continued)

Interest Rate Risk (Continued)

As of June 30, 2025, CalTRUST's investments and credit ratings are as follows (in thousands):

	Credit Rating S&P	Maturity					Total
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Liquidity Pool							
Corporate bonds	Not Rated and A+	\$ -	\$ 13,500	\$ 10,000	\$ -	\$ -	\$ 23,500
U.S. Treasury obligations	Not Rated	14,985	156,650	48,925	-	-	220,560
Repurchase agreements	Not Rated	685,000	20,000	-	-	-	705,000
Certificates of deposit	Not Rated	87,500	441,820	193,750	11,500	-	734,570
Commercial paper	Not Rated	424,566	435,936	114,526	-	-	975,028
Money market mutual funds	Not Rated	89,559	-	-	-	-	89,559
Total investments		\$ 1,301,610	\$ 1,067,906	\$ 367,201	\$ 11,500	\$ -	\$ 2,748,217

	Credit Rating S&P	Maturity					Total
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Short-Term Pool							
U.S. agency securities	AA+	\$ -	\$ 28,149	\$ -	\$ 8,570	\$ -	\$ 36,719
Corporate bonds	BBB to AAA	17,071	20,682	84,067	45,252	-	167,072
Supranational agency securities	AAA	-	12,000	3,503	-	-	15,503
Asset-backed securities	BBB to AAA	-	-	-	104,016	-	104,016
U.S. Treasury obligations	AA+	-	163,674	162,845	339,160	-	665,679
Money market mutual funds	Not Rated	201,590	-	-	-	-	201,590
Total investments		\$ 218,661	\$ 224,505	\$ 250,415	\$ 496,998	\$ -	\$ 1,190,579

	Credit Rating S&P	Maturity					Total
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	
Medium-Term Pool							
U.S. agency securities	AA+	\$ -	\$ 13,741	\$ 24,366	\$ 53,604	\$ -	\$ 91,711
Corporate bonds	BBB+ to AAA	-	676	21,631	228,738	-	251,045
Supranational agency securities	BBB+ to AAA	-	5,339	5,868	-	-	11,207
Municipal obligations	AA to AA+	-	4,571	2,398	-	-	6,969
Asset-backed securities	BBB+ to AAA	-	-	-	150,200	-	150,200
U.S. Treasury obligations	AA+	-	-	-	875,405	-	875,405
Money market mutual funds	Not Rated	19,111	-	-	-	-	19,111
Total investments		\$ 19,111	\$ 24,327	\$ 54,263	\$ 1,307,947	\$ -	\$ 1,405,648

As of June 30, 2025, investments are summarized as follows (in thousands):

	Principal Amounts	Fair Value	Interest Rate Range	Maturity Range
Liquidity Pool				
Corporate bonds	\$ 23,500	\$ 23,500	4.155% to 4.528%	12/09/25-02/24/26
Certificates of deposit	734,570	734,570	0.000% to 5.090%	07/02/25-07/09/26
U.S. treasury obligations	220,560	220,560	0.000% to 1.625%	07/10/25-05/15/26
Repurchase agreements	705,000	705,000	4.390% to 4.780%	07/01/25-08/06/25
Money market mutual funds	89,559	89,559	0.000%	07/1/25
Commercial paper	975,028	975,028	0.000% to 4.663%	07/01/25-02/26/26
Total investments	\$ 2,748,217	\$ 2,748,217		

NOTE 3 – INVESTMENTS (Continued)**Interest Rate Risk** (Continued)

	Principal Amounts	Fair Value	Interest Rate Range	Maturity Range
Short-Term Pool				
U.S. agency securities	\$ 36,713	\$ 36,719	4.050% to 4.649%	08/15/25-03/08/27
Corporate bonds	166,968	167,072	2.600% to 6.138%	07/15/25-03/15/27
Supranational agency securities	15,504	15,503	4.574% to 5.130%	09/18/25-03/16/26
Asset-backed securities	103,894	104,016	4.400% to 5.910%	09/15/26-12/20/28
U.S. treasury obligations	664,439	665,679	3.500% to 4.875%	11/20/25-05/15/2027
Money market mutual funds	201,590	201,590	0.000%	07/01/25
Total investments	<u>\$ 1,189,108</u>	<u>\$ 1,190,579</u>		
Medium-Term Pool				
U.S. agency securities	\$ 91,438	\$ 91,711	0.550% to 4.750%	09/16/25-04/21/27
Corporate bonds	249,207	251,045	1.045% to 6.138%	11/17/25-05/26/28
Supranational agency securities	11,212	11,207	0.650% to 3.625%	09/15/25-02/10/26
Municipal obligations	6,988	6,969	0.862% to 3.531%	08/01/25-06/15/26
Asset-backed securities	149,118	150,200	2.930% to 5.480%	09/15/26-06/21/30
U.S. treasury obligations	869,245	875,405	4.375% to 4.625%	05/15/27-04/30/29
Money market mutual funds	19,111	19,111	0.000%	07/01/25
Total investments	<u>\$ 1,396,319</u>	<u>\$ 1,405,648</u>		
Total Investments	<u>\$ 5,333,644</u>	<u>\$ 5,344,444</u>		

Fair Value Measurement

The Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*, which establishes a hierarchy of valuation techniques used to measure fair value of investments. The hierarchy has three levels of inputs:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon observable sources.

NOTE 3 – INVESTMENTS (Continued)**Fair Value Measurement** (Continued)

CalTRUST has the following recurring fair value measurements as of June 30, 2025 (in thousands):

Investments by Fair Value Level	June 30, 2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury obligations	\$ 1,761,644	\$ 1,761,644	\$ -	\$ -
U.S. Agency securities	128,430	-	128,430	-
Supranational agency securities	26,710	-	26,710	-
Corporate bonds	441,617	-	441,617	-
Asset-backed securities	254,216	-	254,216	-
Municipal obligations	6,969	-	6,969	-
Certificates of deposit	734,570	-	734,570	-
Commercial paper	975,028	-	975,028	-
Total Investments Measured at Fair Value	<u>\$ 4,329,184</u>	<u>\$ 1,761,644</u>	<u>\$ 2,567,540</u>	<u>\$ -</u>

CalTRUST does not value any of its investments using Level 3 input. Money Market Funds and Repurchase Agreements are not subject to the fair value hierarchy.

NOTE 4 – PURCHASES AND SALES OF INVESTMENTS

Purchases and sales of investments for each fund are shown below for the year ended June 30, 2025 (in thousands).

	Purchases	Sales
Liquidity Pool	\$ 146,645,224	\$ 145,864,907
Short-Term Pool	2,186,900	2,191,511
Medium-Term Pool	1,515,598	1,147,829
	<u>\$ 150,347,722</u>	<u>\$ 149,204,247</u>

NOTE 5 – INSURANCE

CalTRUST is exposed to various risks of loss related to employee performance. To reduce its exposure to such risks, State Street Corporation has obtained a \$75,000,000 professional liability policy through Acord Corporation until March 1, 2026.

NOTE 6 – SUBSEQUENT EVENTS

CalTRUST has evaluated subsequent events through October 13, 2025, the date on which the financial statements were available to be issued. Management has determined that there are no subsequent events to be disclosed.

OTHER INFORMATION

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
PROGRAM PARTICIPANTS SCHEDULE
AS OF JUNE 30, 2025**

ACCESS SERVICES
ALAMEDA COUNTY
ALBANY, CITY OF
ALISO WATER DISTRICT
ANTELOPE VALLEY CEMETERY DISTRICT
ARCATA FIRE PROTECTION DISTRICT
ARDEN MANOR RECREATION AND PARK DISTRICT
ASSOCIATION OF CALIFORNIA WATER AGENCIES
BAY AREA SCHOOLS INSURANCE CO-OP
BEAUMONT-CHERRY VALLEY WATER DISTRICT
BELLFLOWER, CITY OF
BELVEDERE, CITY OF
BEVERLY HILLS, CITY OF
BURNEY WATER DISTRICT
BUTTE COUNTY
CALIFORNIA ASSOCIATION OF COUNTY TREASURERS & TAX COLLECTORS
CALIFORNIA COUNTIES FOUNDATION
CALIFORNIA COUNTY ASSESORS INFORMATION TECHNOLOGY AUTHORITY
CARMICHAEL WATER DISTRICT
CASTRO VALLEY SANITARY DISTRICT
CASTROVILLE COMMUNITY SERVICES DISTRICT
CAYUCOS SANITARY DISTRICT
CENTRAL CALIFORNIA ALLIANCE FOR HEALTH
CENTRAL CALIFORNIA IRRIGATION DISTRICT
CHICO, CITY OF
CHINO VALLEY INDEPENDENT FIRE DISTRICT
CHINO, CITY OF
CLOVERDALE HEALTH CARE DISTRICT
COACHELLA VALLEY MOSQUITO & VECTOR CONTROL DISTRICT
CONCORD, CITY OF
CONEJO RECREATION & PARK DISTRICT
CONSOLIDATED CENTRAL VALLEY TABLE GRAPE PEST & DISEASE CONTROL DISTRICT
CONTRA COSTA COUNTY
COOPERATIVE PERSONNEL SERVICES
COUNTY MEDICAL SERVICES PROGRAM
COUNTY SUPERVISORS ASSOCIATION OF CALIFORNIA
CRESTLINE SANITATION DISTRICT
CSAC FINANCE CORPORATION
CSU CHANNEL ISLANDS SITE AUTHORITY

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
PROGRAM PARTICIPANTS SCHEDULE (Continued)
AS OF JUNE 30, 2025**

DEL NORTE COUNTY
DELANO, CITY OF
DUDLEY RIDGE WATER DISTRICT
EASTERN MUNICIPAL WATER DISTRICT
EL DORADO COUNTY
EL DORADO LOCAL AGENCY FORMATION COMMISSION
EL SEGUNDO, CITY OF
ELK GROVE, CITY OF
FALLBROOK REGIONAL HEALTH DISTRICT
FLORIN RCD/ELK GROVE WATER DISTRICT
GARDENA, CITY OF
GOLD COAST HEALTH PLAN
GOLD RIDGE FIRE PROTECTION DISTRICT
GRANADA COMMUNITY SERVICES DISTRICT
GREATER LA COUNTY VECTOR CONTROL DISTRICT
GREATER PALM SPRINGS CONVENTION AND VISITORS BUREAU
GSFA HOMEBUYERS FUND
HA OF THE CITY OF SANTA BARBARA
HEMET, CITY OF
HERCULES, CITY OF
HUMBOLDT BAY MUNICIPAL WATER DISTRICT
HUMBOLDT COUNTY
HUMBOLDT COUNTY RESOURCE CONSERVATION DISTRICT
INLAND EMPIRE RESOURCE CONSERVATION DISTRICT
INSTITUTE FOR LOCAL GOVERNMENT
IRONHOUSE SANITARY DISTRICT
IRVINE, CITY OF
JAMES IRRIGATION DISTRICT
KERN COUNTY TREASURER
KINGS RIVER CONSERVATION DISTRICT
LAGUNA HILLS, CITY OF
LAKE COUNTY
LAKE HEMET MUNICIPAL WATER DIST
LARKSPUR, CITY OF
LODI, CITY OF
LOYALTON, CITY OF
MARK TWAIN HEALTH CARE DISTRICT
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
MIDWAY CITY SANITARY DISTRICT
MISSION SPRINGS WATER DISTRICT

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
PROGRAM PARTICIPANTS SCHEDULE (Continued)
AS OF JUNE 30, 2025**

MODOC COUNTY
MONTEREY COUNTY
MONTEREY PENINSULA REGIONAL PARK DISTRICT
MOUNTAINS RECREATION & CONSERVATION DISTRICT
NAPA COUNTY
NATIONAL ASSOCIATION OF COUNTIES
NATIONAL CITY
NATIONAL HOMEBUYERS FUND
NORTH OF THE RIVER MUNICIPAL WATER DISTRICT
NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NORWALK, CITY OF
OAKLEY, CITY OF
OILDALE MUTUAL WATER COMPANY
ORANGE COUNTY CEMETERY DISTRICT
ORCHARD DALE WATER DISTRICT
PALM RANCH IRRIGATION DISTRICT
PALM SPRINGS, CITY OF
PINOLE, CITY OF
PIONEER COMMUNITY ENERGY
PLACER COUNTY TREASURER
POTTER VALLEY IRRIGATION DISTRICT
POWAY, CITY OF
RANCHO SANTA FE COMMUNITY SERVICES DISTRICT
RECLAMATION DISTRICT NO 1606
REDLANDS, CITY OF
RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
RIALTO, CITY OF
RICHMOND, CITY OF
RIVERSIDE COUNTY
RIVERSIDE TRANSIT AUTHORITY
ROSAMOND COMMUNITY SERVICES DISTRICT
RURAL COUNTY REPRESENTATIVES OF CALIFORNIA
SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

**INVESTMENT TRUST OF CALIFORNIA (CalTRUST)
PROGRAM PARTICIPANTS SCHEDULE (Continued)
AS OF JUNE 30, 2025**

SACRAMENTO METROPOLITAN FIRE DISTRICT
SACRAMENTO REGIONAL TRANSIT DISTRICT
SACRAMENTO, CITY OF
SAN BERNARDINO COUNTY
SAN BRUNO, CITY OF
SAN DIEGO CO REGIONAL AIRPORT AUTHORITY
SAN DIEGO UNIFIED PORT DISTRICT
SAN DIMAS, CITY OF
SAN JOAQUIN COUNTY
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
SAN LUIS OBISPO COUNTY
SAN LUIS WATER DISTRICT
SAN MATEO COUNTY
SAN MIGUEL COMMUNITY SERVICES DISTRICT
SANTA BARBARA COUNTY ESCROW
SANTA BARBARA SAN LUIS OBISPO REGIONAL HEALTH AUTHORITY DBA CENCAL HEALTH
SARATOGA, CA, CITY OF
SOLANO COUNTY
SONOMA COUNTY
SOUTH FEATHER WATER & POWER
SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
STOCKTON, CITY OF
SUCCESSOR AGENCY TO BELLFLOWER RDA
SUCCESSOR AGENCY TO CHINO RDA
SUTTER COUNTY
TEHAMA COUNTY
THE SANTA LUCIA COMMUNITY SERVICES DISTRICT
THOUSAND OAKS, CITY OF
TRANSPORTATION AUTHORITY OF MARIN
TRINITY COUNTY
VALLEY SANITARY DISTRICT
VENTURA COUNTY
VICTOR VALLEY WASTEWATER RECLAM AUTHORITY
VILLA PARK, CITY OF
WASCO, CITY OF
WATER FACILITIES AUTHORITY
WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT
WESTLANDS WATER DISTRICT
WHISPERING PALMS COMMUNITY SERVICES
YUBA COUNTY