



# City of San Diego

## Pooled Investment Fund Quarterly Review

Quarter ended

6/30/15

Publication Date: 7/30/15

### Office of the City Treasurer—Investments Division

#### Economic Commentary

#### Quarterly Economic Highlights

- The U.S. unemployment rate dropped to 5.3% in June
- The U.S. stock market, as measured by the S&P 500, fell by 0.23% during the quarter
- Crude Oil futures rose by 12.54% to end at \$59.47/ barrel
- The U.S. dollar fell by 2.54% versus a basket of trade-weighted currencies

Greece returned to the headlines with a fury over the past quarter. After years of European Union leaders kicking the can down the road with bailout package after bailout package, it appears we may be very near a resolution, with either another pointless bailout package to keep Greece within the monetary union, or a Greek exit from the Euro.

This has led to much volatility in financial markets as participants have tried to digest the ever-changing scenarios. As a result, we have seen heavy buying of U.S. Treasury securities as investors flee to safe investments. This has at least temporarily halted the slow rise in interest rates over the past quarter as investors began to price in the first FOMC rate hike (see Chart 1).

At the FOMC June meeting, interest rates were kept

unchanged, which had largely been expected after the economy slowed in the first quarter. The statement, post-meeting press conference, and Summary of Economic Projections were a bit more dovish than expected. Nonetheless, many economists and market participants still expect the first rate hike to occur in September (see Hot Topic, page 2).

The U.S. economy did strengthen during the second quarter, with many indicators showing strength. GDP turned positive again during the quarter after a soft patch in the first quarter which was attributed to cold winter weather.

The housing market also picked up during the quarter, with rising new and existing home sales and rising prices throughout the country.

Non-farm payrolls were reasonably strong throughout the quarter, averaging over 221,000 new jobs created per month, up from the first quarter average of 195,000.

The unemployment rate dropped to its lowest level in eight years in June, coming in at 5.3%. The one negative to the recent jobs report was the drop in the labor force participation rate to 62.6%, a cycle low. This was a big reason for the drop in the unemployment rate, as people not in the labor force do not count as unemployed.

Still, the 5.3% unemployment rate is starting to approach the upper bounds of what the FOMC typically considers to be full employment, meaning that if inflation figures rise even a little bit from current levels, the first interest rate hike in nearly a decade may only be a few months away.

#### Contents:

Key Economic Indicators	2
Portfolio Performance	3
Portfolio Profile	4
Credit Profile	5
Portfolio Strategy	6
Projected Cash Flows	6
Portfolio Compliance	7
Portfolio Holdings	8-10



Chart 1: U.S. 10-Year Treasury Rate (April 2015–June 2015) (Source: Bloomberg)

## Hot Topic Corner— See You in September?

Throughout much of 2014, many economists and market participants believed that June 2015 would bring the first rate hike from the FOMC after more than six years of near-zero interest rates.

However, after a weak showing from the economy during the first quarter of 2015, rate hike expectations have been pushed back to later this year. The market has mainly focused on the September FOMC meeting as the time for the beginning of rate normalization.

At the June FOMC meeting, the Fed statement was a little more dovish than expected, as were Chair Yellen's answers to questions at the ensuing press conference. The minutes of that meeting confirmed the more dovish stance as well.

However, the median Fed Funds forecast released as part of the

Summary of Economic Projections at the June meeting still imply two rate hikes during 2015, though it's important to note that the number of FOMC members forecasting only one rate hike increased from one to five. Additionally, the median Fed Funds forecasts for the end of both 2016 and 2017 were revised lower by 0.25 percent, implying a slower pace of rate hikes.

The decision of whether or not to begin raising rates will ultimately depend upon the state of the labor market and whether or not FOMC members believe inflation numbers will rise to their target level over the medium term.

After a slow start to the year, which is partly attributable to cold weather around much of the country, labor statistics have been fairly strong. The unemployment rate has recently dropped to 5.3 percent, the

lowest level since 2008, though the drop was largely caused by a drop in the labor participation rate. Still, this series is getting very close to what the FOMC considers to be full employment.

As for inflation, the core figure that the FOMC watches continues to remain below the Fed's target of two percent. The FOMC has stated, however, they are confident that the figure will approach their goal over the medium term.

Another recent wrinkle to the debate of when to start hiking interest rates is the turmoil in Greece as well as the precipitous drop in Chinese equities. The FOMC has stated that they are watching both events carefully. The International Monetary Fund (IMF) has also called for the Fed to wait until 2016 to start raising rates so as not to destabilize other world economies. However, what the IMF wants doesn't really

matter as the U.S. economic recovery is well ahead of most of the world, and when all is said and done, the IMF has as many votes on the FOMC as I do.

Ultimately, the current low level of rates are not economically justified and haven't been for some time as we have been out of crisis mode for many years. Also, as we get closer and closer to our next recession, which wouldn't be unusual after six years of growth, the FOMC is probably going to want to have some ammunition in the form of future rate decreases to stimulate markets. At zero percent, they cannot go any lower at this point.

Given the perceived preference of the FOMC to begin rate hikes at a meeting with a scheduled press conference, it makes sense for them to start in September, which is the next such meeting.

*Tom Williams, CFA, Investment Officer*

## Key Economic Indicators

<i>Indicator</i>	<i>Period</i>	<i>Report Current</i>	<i>As Reported Last Quarter</i>	<i>Difference</i>
Federal Funds Rate	6/17/2015	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	JUN	0.3%	0.2%	0.1%
Consumer Price Index (YoY)	JUN	0.1%	(0.1%)	0.2%
Producer Price Index (MoM)	JUN	0.4%	0.2%	0.2%
Producer Price Index (YoY)	JUN	(0.7%)	(0.8%)	0.1%
Durable Goods Orders	JUN	3.4%	4.0%	(0.6%)
ISM (Manufacturing)	JUN	53.5	51.5	2.0
ISM (Non-manufacturing)	JUN	56.0	56.5	(0.5)
Retail Sales	JUN	(0.3%)	0.9%	(1.2%)
Unemployment Rate	JUN	5.3%	5.5%	(0.2%)
Change in Non-farm Payrolls	JUN	223,000	126,000	97,000
Consumer Confidence (Univ. of Michigan)	JUL	93.3	95.9	(2.6)
Existing Home Sales	JUN	5.49(mil)	5.19(mil)	0.30(mil)
New Home Sales	JUN	0.482(mil)	0.481(mil)	0.001(mil)
Housing Starts	JUN	1.174(mil)	0.926(mil)	0.248(mil)
Median Home Price (existing) [EHSLMP]	JUN	\$237,700	\$213,500	\$24,200
NYMEX WTI CRUDE OIL (barrel)	6/30/15	\$59.47	\$47.60	\$11.87
S&P 500 Stock Index	6/30/15	2,063.11	2,067.89	(4.78)

## Portfolio Performance

The Core Portfolio underperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, returning 0.135% versus index performance of 0.15% during the quarter.

Chart 2 shows a yield curve that bear steepened during the quarter, as longer maturity securities rose in yield more than shorter maturity securities.

As we were short duration versus the index while rates increased, “Effective Duration Effect” added 7.9 basis points of positive performance versus the index.

However, “Non-parallel Duration Effect” subtracted 5.2 basis points of performance versus the index. This was due to a slight overweight in the 5-year part of the curve, which rose in yield much more than shorter maturities, and is also not

represented in our benchmark index.

“Convexity Effect” subtracted 1 basis point of performance during the quarter. The underperformance was a result of our holdings of callable securities, which typically underperform during large rate moves in either direction.

“Sector/Quality Effect” subtracted 2.9 basis points from performance, as agency, corporate, and asset-backed securities underperformed Treasuries.

“Selection Effect” added 5.9 basis points of performance versus the index, as our securities as a whole outperformed their theoretical, predicted price returns.

“Roll Effect” subtracted 5.6 basis points of performance versus the index due to the fact that we were underweight the

2- and 3-year parts of the curve. This part of the curve was particularly steep, causing index securities to benefit by this effect much more than portfolio securities.

“Residual Effect,” which is basically the part of total return not explained by the other effects, subtracted 2 basis points and made the difference between overall underperformance and outperformance for the quarter.

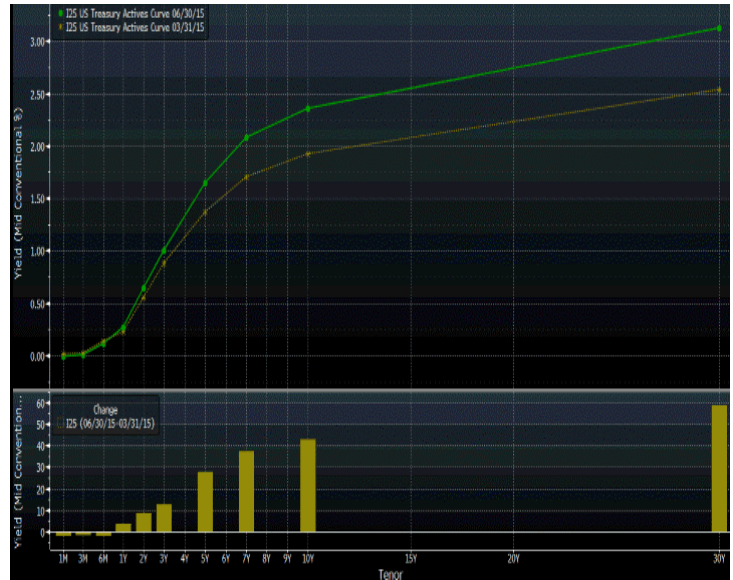


Chart 2: U.S. Treasury Yield Curve 3/31/15-6/30/15 (Source: Bloomberg)

## Returns

The City’s Total Pooled Investment Fund is split into two portfolios. A Liquidity portfolio, which is short-term in nature and managed on an Earned Income Yield basis, and a Core portfolio, which is longer in maturity (0-5 years) and managed on a total-return basis versus an index (Bank of America Merrill Lynch (BAML) 1-3 Year Treasury Index).

### Earned Income Yield\*

	Q2 2015	Q1 2015	Q4 2014	FYTD 2015	1 Year	3 Year
<b>Total Pooled Investment Fund</b>	0.59%	0.53%	0.60%	0.56%	0.56%	0.52%
<b>Core Portfolio</b>	0.83%	0.73%	0.80%	0.75%	0.75%	0.65%
<b>Liquidity Portfolio</b>	0.23%	0.21%	0.21%	0.22%	0.22%	0.30%

### Total Return—Core Portfolio

	Q2 2015	Q1 2015	Q4 2014	FYTD 2015	1 Year	3 Year*
<b>Core Portfolio</b>	0.14%	0.46%	0.18%	0.82%	0.82%	0.63%
<b>BAML 1 - 3 Year Treasury Index</b>	0.15%	0.51%	0.18%	0.88%	0.88%	0.65%
<b>Difference</b>	(0.02%)	(0.05%)	0.00%	(0.06%)	(0.06%)	(0.02%)

\*Annualized Returns

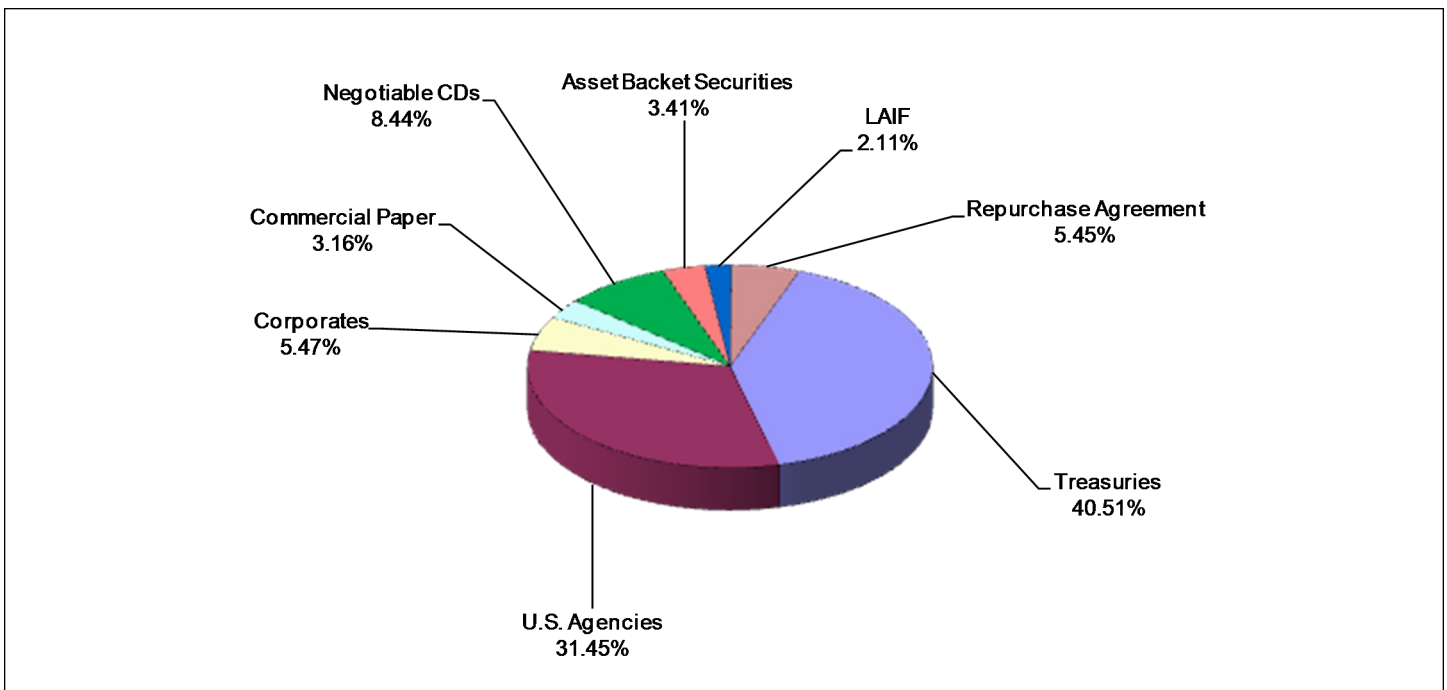
**Portfolio Profile**

**as of June 30, 2015**

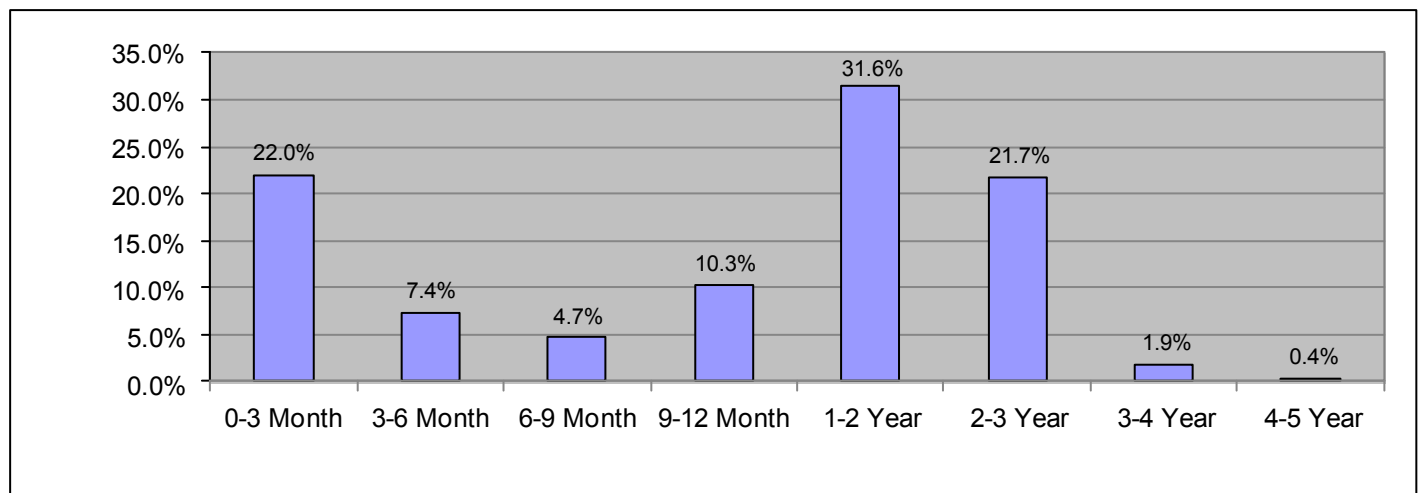
	<i>Liquidity</i>	<i>Core</i>
Portfolio Size*	\$898,723,656	\$1,469,583,586
% of total pool	37.95%	62.05%
Portfolio Duration**	0.29	1.631
Index Duration**	0.37	1.874
% of index	78.44%	87.03%
Weighted Average Days to Maturity	106.11	683.98

\* Book Value    \*\* Macaulay's Duration for the Liquidity Portfolio and Effective Duration for the Core Portfolio  
 Note: Portfolio durations do not include the effect of trades settling over month end.

**Asset Allocation**



**Pool Maturity Distribution**



## Credit Profile

as of June 30, 2015

### Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	40.51%
Agencies (AAA)	31.44%
AAA/A1	15.44%
AA	2.40%
A	2.66%
Below A	0.00%

- All Commercial Paper is rated A1 or A1+ and is included in the AAA/A1 bucket
- All Negotiable Certificates of Deposit are rated A1 or A1+ and are included in the AAA/A1 bucket
- Repurchase agreements are not included, though they are collateralized at 102% by AAA-rated collateral
- LAIF and money market funds are not included
- Municipal securities not included in above chart as they are rated on a municipal rating scale

### Top Issuer Exposures

Issuer	% of Portfolio
U.S. Treasury	40.51%
Fannie Mae	11.27%
Federal Home Loan Bank System	10.47%
Freddie Mac	5.91%
Int'l Bank for Reconstruction & Develop	2.32%
Wells Fargo Bank NA	1.90%
Federal Farm Credit Bank	1.48%
General Electric Capital Corp.	1.27%
Skandinaviska Enskilda Banken NY	1.06%
Svenska Handelsbanken NY	1.06%
Royal Bank of Canada NY	1.06%
Rabobank NA	1.06%
Toronto-Dominion Bank NY	1.06%
Bank of Nova Scotia/Houston	1.06%
Swedbank NY	1.06%
Chase Issuance Trust	1.06%

### Pooled Fund Corporate Issuers

Issuer	Moody's	S&P	Egan-Jones	5yr CDS level	Q/Q % change	Equity Price	Q/Q % change	Longest maturity
Apple Inc.	Aa1	AA+	AA	20.00	-0.00%	\$125.43	0.80%	1,038 days
Bank of Nova Scotia/Houston	P-1	A-1	A1	N/A	N/A	\$51.63	4.49%	73 days
Berkshire Hathaway Inc.	Aa2	AA	AA+	70.86	14.96%	\$204,850.00	-5.82%	927 days
Cisco Systems Inc.	A1	AA-	AA	30.40	2.23%	\$27.46	-0.25%	1,340 days
Deere & Co.	A2	A	BBB+	37.96	15.03%	\$97.05	10.67%	206 days
General Electric Co.	A1	AA+	AA+	58.97	2.29%	\$26.57	7.09%	198 days
IBM Corp.	Aa3	AA-	AA-	48.15	13.30%	\$162.66	1.35%	954 days
JP Morgan Chase	A3	A (-)	A	72.89	11.85%	\$67.76	11.85%	241 days
Johnson & Johnson	Aaa	AAA	AA+	19.38	61.63%	\$97.46	-3.12%	875 days
Merck & Co. Inc.	A2	AA	A+	N/A	N/A	\$56.93	-0.96%	1,053 days
Nestle SA	P-1	A-1+	A1+	25.31	46.38%	\$72.16	-4.07%	1 day
Oracle Corp.	A1	AA-	AA-	N/A	N/A	\$40.30	-6.60%	838 days
PepsiCo Inc.	A1	A	A	37.50	-20.25%	\$93.34	-2.38%	30 days
Rabobank NA	P-1	A-1	A1	73.79	45.68%	N/A	N/A	16 days
Royal Bank of Canada NY	P-1	A-1+	A1+	N/A	N/A	\$61.15	1.31%	1 day
Skandinaviska Enskilda Banken NY	P-1	A-1	N/A	56.00	41.77%	\$12.78	9.32%	1 day
Svenska Handelsbanken NY	P-1	A-1+	N/A	69.61	48.75%	\$14.59	-2.94%	87 days
Swedbank NY	P-1	A-1	N/A	62.50	23.74%	\$23.30	-4.24%	141 days
Texas Instruments Inc.	A1	A+	AA-	N/A	N/A	\$51.51	-9.93%	1,036 days
Toronto-Dominion Bank NY	P-1	A-1+	A1+	N/A	N/A	\$42.51	-0.79%	59 days
Toyota Motor Credit Corp.	P-1	A-1+	A1+	72.71	24.10%	\$133.75	-4.39%	129 days
US Bancorp	A1	A+	A+	68.39	14.24%	\$43.40	-0.62%	580 days
Wal-Mart Stores Inc.	Aa2	AA	AA-	19.83	36.51%	\$70.93	-13.76%	1,016 days
Wells Fargo & Co.	A2	A+ (-)	A+	54.23	28.84%	\$56.24	3.38%	338 days
<b>S&amp;P 500 Index</b>						<b>2,063.11</b>	<b>-0.23%</b>	
<b>CDX IG23 Index</b>				<b>68.86</b>	<b>8.82%</b>			

CDS level: the 5-year Credit Default Swap of the underlying parent company as of quarter end.

Equity Price: stock price of the underlying parent company (if applicable) as of quarter end.

(+) or (-) after rating indicates a credit rating that is under review for upgrade or downgrade

## Portfolio Strategy

At the June FOMC meeting, the Committee left rates unchanged, which had been expected after the economy slowed in the first quarter. In the Summary of Economic Projections that accompanied June's statement, the median expected Fed Funds rate at the end of 2016 and 2017 were lowered by 25 basis points, though the year-end forecasted Fed Funds rate still implied two rate hikes during the remainder of the year.

The recently released minutes of June's FOMC meeting confirmed the slightly dovish bias of the Committee during that meeting. Several members expressed concern about developments abroad.

That said, the market still largely expects the first rate hike to occur in September 2015, with some forecasting a December

2015 start. At her first speaking engagement following the release of the June minutes, FOMC Chair Yellen stated that rate hikes would likely begin in 2015.

As such, we will continue to maintain a short duration position versus the index in anticipation of the interest rate increases. We are currently positioned at about 87% of index duration, and may decrease that to 80% over the next few quarters in an effort to not only outperform the index, but more importantly to mitigate portfolio losses as rates rise.

Additionally, depending upon how the steepness of the yield curve evolves, we may look for opportunities to structure the portfolio in more of a barbell fashion, favoring short fixed and floating rate securities in the front end as well as 4-5 year

securities in the long end. This will allow the portfolio to capture the rise in rates quickly while maintaining a fair amount of yield.

Though they have increased from the cycle lows, rates for overnight investments remain very low and we will minimize overnight cash invested by managing liquidity through upcoming maturities and by investing out to future known cash outflows such as payroll and debt service payment dates.

Also, we may look to invest out to dates coinciding with FOMC meetings in the second half of 2015 in order to capture higher yields as they begin to normalize interest rates.

Spreads on corporate, agency, and asset-backed bonds increased versus treasuries over the past quarter due to

heavy supply in corporates and a general flight-to-quality trade stemming from the Greek debt crisis. As a result, we will use this spread-widening as an opportunity to look for potentially attractive corporate bonds in the new issue and secondary markets, and buy additional asset-backed and agency securities in the new issue market.

Additionally, we will look to invest in attractive step-up and floating rate structures as we move closer to the probable September start to interest rate hikes. These securities will help the portfolio on both a yield and total return basis as the coupon rates increase with the overall level of interest rates. We have also purchased callable securities issued during brief increases in interest rates in order to capture incremental yield for the portfolio.

## Projected Portfolio Cash Flows\*

The Investment staff have reviewed and the City Treasurer has affirmed that the Pooled Investment Fund has sufficient maturities and liquidity to meet the City's expenditure requirements for the next six months per California Government Code §53646.

MONTH	CASH INFLOWS	CASH OUTFLOWS	NET MONTHLY CASH-FLOWS	CUMULATIVE NET CASHFLOWS
July	572	565	7	7
August	239	209	30	37
September	219	183	36	73
October	213	187	26	99
November	258	228	30	129
December	372	192	180	309

(All dollar amounts in millions)

**Legend:**

Cash Inflows- All revenues, reimbursements, interest receipts and investment maturities.

Cash Outflows- All disbursements to include payroll, pension payroll, accounts payable and wire transfer payments (e.g. water payments, IRS taxes and bond payments).

Cumulative Net Cashflow- All future cumulative net flows available for reinvestment. Since the target duration of the Liquidity Portfolio is approximately .33 years, it will not be unusual for the cumulative net Cashflow figure to equal or closely approximate the size of the Liquidity Portfolio.

\* Cashflows based on Actual Cashflows where applicable, otherwise, based on quarterly updated projection Cashflows.

## Portfolio Compliance with Investment Policy

The City of San Diego Pooled Investment Fund is in full compliance with the City Treasurer's Investment Policy, which is more restrictive than the current California Government Code. The Investment Policy is reviewed annually by the City's Investment Advisory Committee and accepted by the City Council.

Category	Standard	Comment
Duration (Core)	BAML 1-3 Year +/-20%	Complies - 87.03%
Duration (Liquidity)	BAML US T-bill 3-6 months +/-40%	Complies - 78.44%
Maximum Maturity	5 years	Complies
Supranationals	30% maximum	Complies - 2.32%
FNMA	33.3% maximum	Complies- 11.27%
FHLMC	33.3% maximum	Complies - 5.91%
FHLB	33.3% maximum	Complies - 10.47%
FFCB	33.3% maximum	Complies - 1.48%
Callable Securities	30% maximum	Complies - 6.97%
MBS/CMO's	5 yr maximum- 20% max.	Complies - None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies - 3.41%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies - 3.16%
Banker's Acceptances	A1/P1- 5% per issuer	Complies - None in Portfolio
	40% maximum	Complies - None in Portfolio
Medium Term Notes (includes Bank Notes)	'A' Rating by at least two agencies	Complies
	5 year maximum	Complies
	30% maximum	Complies - 5.48%
Mutual Funds	20% maximum; 5% maximum per fund	Complies - None in Portfolio
FDIC-insured Certificates of Deposit	2% maximum	Complies - None in Portfolio
Certificate and Public Deposits	30% maximum	Complies - 8.44%
Reverse Repos	20% maximum	Complies - None in Portfolio
Futures and Options	Prohibited	Complies - None in Portfolio
Custody	Bank trust dept.	Complies - Citigroup
Exposure per issuer (corporate)	5% of total portfolio	Complies
Structured Notes	8% maximum/no multiple index structures.	Complies - None in Portfolio
Municipal Securities	'A' Issuer Rating by an NRSRO	Complies
	20% maximum	Complies - None in Portfolio
	5% of total portfolio exposure per Issuer or Insurer, excluding California General Obligations	Complies - None in Portfolio

## City of San Diego Pooled Investment Fund Holdings as of June 30, 2015

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.25	7/31/2015	\$10,000,000.00	\$9,995,344.65	\$10,000,800.00
US Treasury Note	US Treasury	0.25	5/15/2016	\$25,000,000.00	\$24,814,453.13	\$24,992,250.00
US Treasury Note	US Treasury	0.375	5/31/2016	\$25,000,000.00	\$25,000,000.00	\$25,017,500.00
US Treasury Note	US Treasury	0.5	6/15/2016	\$25,000,000.00	\$24,880,859.38	\$25,047,000.00
US Treasury Note	US Treasury	0.5	6/30/2016	\$25,000,000.00	\$25,023,437.50	\$25,041,000.00
US Treasury Note	US Treasury	0.625	7/15/2016	\$25,000,000.00	\$24,995,117.19	\$25,068,250.00
US Treasury Note	US Treasury	0.5	7/31/2016	\$25,000,000.00	\$24,970,703.13	\$25,037,000.00
US Treasury Note	US Treasury	0.625	8/15/2016	\$25,000,000.00	\$24,893,554.69	\$25,070,250.00
US Treasury Note	US Treasury	0.5	8/31/2016	\$25,000,000.00	\$25,001,953.13	\$25,035,250.00
US Treasury Note	US Treasury	0.875	9/15/2016	\$25,000,000.00	\$25,178,710.94	\$25,144,500.00
US Treasury Note	US Treasury	0.5	9/30/2016	\$25,000,000.00	\$24,955,078.13	\$25,033,250.00
US Treasury Note	US Treasury	0.625	10/15/2016	\$25,000,000.00	\$25,034,179.69	\$25,066,500.00
US Treasury Note	US Treasury	0.375	10/31/2016	\$25,000,000.00	\$24,936,523.44	\$24,984,500.00
US Treasury Note	US Treasury	0.625	11/15/2016	\$25,000,000.00	\$25,056,640.63	\$25,064,500.00
US Treasury Note	US Treasury	0.5	11/30/2016	\$25,000,000.00	\$24,998,046.88	\$25,015,750.00
US Treasury Note	US Treasury	0.625	12/31/2016	\$25,000,000.00	\$24,971,679.69	\$25,052,750.00
US Treasury Note	US Treasury	0.75	1/15/2017	\$25,000,000.00	\$25,024,414.06	\$25,093,750.00
US Treasury Note	US Treasury	0.5	1/31/2017	\$25,000,000.00	\$25,008,503.11	\$24,992,250.00
US Treasury Note	US Treasury	0.625	2/15/2017	\$25,000,000.00	\$24,968,750.00	\$25,033,250.00
US Treasury Note	US Treasury	0.5	2/28/2017	\$25,000,000.00	\$24,931,343.41	\$24,984,500.00
US Treasury Note	US Treasury	0.75	3/15/2017	\$25,000,000.00	\$24,898,437.50	\$25,088,000.00
US Treasury Note	US Treasury	0.5	3/31/2017	\$25,000,000.00	\$24,968,750.00	\$24,974,500.00
US Treasury Note	US Treasury	0.875	4/15/2017	\$25,000,000.00	\$24,970,703.13	\$25,132,750.00
US Treasury Note	US Treasury	0.5	4/30/2017	\$25,000,000.00	\$24,966,796.88	\$24,959,000.00
US Treasury Note	US Treasury	0.875	5/15/2017	\$25,000,000.00	\$25,072,265.63	\$25,117,250.00
US Treasury Note	US Treasury	0.625	5/31/2017	\$25,000,000.00	\$25,006,286.29	\$24,996,000.00
US Treasury Note	US Treasury	0.875	6/15/2017	\$25,000,000.00	\$24,981,445.31	\$25,113,250.00
US Treasury Note	US Treasury	0.625	6/30/2017	\$25,000,000.00	\$24,989,257.81	\$24,990,250.00
US Treasury Note	US Treasury	0.875	7/15/2017	\$25,000,000.00	\$24,892,578.13	\$25,103,500.00
US Treasury Note	US Treasury	1	9/15/2017	\$25,000,000.00	\$24,956,054.69	\$25,144,500.00
US Treasury Note	US Treasury	0.875	10/15/2017	\$25,000,000.00	\$24,964,843.75	\$25,056,750.00
US Treasury Note	US Treasury	0.875	11/15/2017	\$25,000,000.00	\$24,984,375.00	\$25,047,000.00
US Treasury Note	US Treasury	1	12/15/2017	\$25,000,000.00	\$24,896,484.38	\$25,107,500.00
US Treasury Note	US Treasury	0.875	1/15/2018	\$25,000,000.00	\$25,084,259.54	\$25,007,750.00
US Treasury Note	US Treasury	1	2/15/2018	\$25,000,000.00	\$24,990,709.17	\$25,074,250.00
US Treasury Note	US Treasury	1	3/15/2018	\$25,000,000.00	\$25,084,791.10	\$25,058,500.00
US Treasury Note	US Treasury	0.75	4/15/2018	\$25,000,000.00	\$24,897,332.87	\$24,869,250.00
US Treasury Note	US Treasury	1	5/15/2018	\$25,000,000.00	\$25,058,423.91	\$25,027,250.00
US Treasury Note	US Treasury	1.125	6/15/2018	\$25,000,000.00	\$25,103,323.52	\$25,093,750.00
<b>US Treasury Total</b>			<b>40.51%</b>	<b>\$960,000,000.00</b>	<b>\$959,406,411.39</b>	<b>\$961,735,800.00</b>
Agency Discount Note	Freddie Mac	0.09	7/1/2015	\$30,000,000.00	\$29,984,175.00	\$30,000,000.00
Agency Discount Note	Fannie Mae	0.145	7/1/2015	\$2,200,000.00	\$2,198,130.31	\$2,200,000.00
Agency Discount Note	Fannie Mae	0.08	7/1/2015	\$25,000,000.00	\$24,991,166.67	\$25,000,000.00
Agency Discount Note	Fannie Mae	0.13	7/3/2015	\$25,000,000.00	\$24,981,493.06	\$25,000,000.00
Agency Note	Federal Farm Credit Bank	0.35	7/30/2015	\$10,000,000.00	\$9,998,851.79	\$10,002,100.00
Agency Discount Note	Fannie Mae	0.11	8/14/2015	\$25,000,000.00	\$24,984,493.06	\$24,998,750.00
Agency Note	Federal Home Loan Bank	0.21	10/9/2015	\$25,000,000.00	\$24,993,879.25	\$25,003,500.00
Agency Discount Note	Fannie Mae	0.115	11/10/2015	\$25,000,000.00	\$24,987,062.50	\$24,990,000.00
Agency Discount Note	Freddie Mac	0.12	12/4/2015	\$25,000,000.00	\$24,986,333.33	\$24,986,000.00
Agency Note	Federal Home Loan Bank	0.23	12/18/2015	\$25,000,000.00	\$24,996,268.92	\$25,003,000.00
Agency Discount Note	Fannie Mae	0.15	1/29/2016	\$25,000,000.00	\$24,973,750.00	\$24,979,500.00



## City of San Diego Pooled Investment Fund Holdings as of June 30, 2015 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Discount Note	Fannie Mae	0.18	2/12/2016	\$25,000,000.00	\$24,966,750.00	\$24,976,500.00
Agency Discount Note	Federal Home Loan Bank	0.24	2/26/2016	\$23,000,000.00	\$22,962,126.67	\$22,977,000.00
Agency Note	Federal Home Loan Bank	0.33	3/10/2016	\$25,000,000.00	\$25,003,895.83	\$25,004,750.00
Agency Discount Note	Fannie Mae	0.24	4/22/2016	\$25,000,000.00	\$24,944,000.00	\$24,954,750.00
Agency Note	Freddie Mac	0.5	5/13/2016	\$20,000,000.00	\$19,998,800.00	\$20,027,200.00
Agency Note	Intl Bank Recon & Develop	0.5	5/16/2016	\$20,000,000.00	\$19,990,200.00	\$20,019,400.00
Agency Note	Federal Home Loan Bank	0.25	5/18/2016	\$25,000,000.00	\$24,982,144.44	\$24,965,000.00
Agency Note	Federal Home Loan Bank	0.4	5/27/2016	\$20,000,000.00	\$20,000,000.00	\$20,004,400.00
Agency Note	Federal Home Loan Bank	0.4	6/17/2016	\$25,000,000.00	\$25,000,000.00	\$24,987,250.00
Agency Note	Federal Home Loan Bank	0.43	7/1/2016	\$25,000,000.00	\$24,997,900.00	\$25,025,750.00
Agency Note	Fannie Mae	0.625	8/26/2016	\$25,000,000.00	\$24,919,750.00	\$25,060,250.00
Agency Note	Federal Home Loan Bank	0.5	9/28/2016	\$25,000,000.00	\$24,953,250.00	\$25,006,000.00
Agency Note	Federal Home Loan Bank	0.5	10/28/2016	\$20,000,000.00	\$20,000,000.00	\$19,984,200.00
Agency Note	Federal Farm Credit Bank	0.8	6/16/2017	\$15,000,000.00	\$14,998,950.00	\$14,995,650.00
Agency Note	Freddie Mac	1	6/29/2017	\$10,000,000.00	\$10,000,000.00	\$10,003,700.00
Agency Note	Freddie Mac	0.75	7/14/2017	\$25,000,000.00	\$24,980,500.00	\$24,999,500.00
Agency Note	Fannie Mae	1	10/24/2017	\$10,000,000.00	\$10,000,000.00	\$9,989,800.00
Agency Note	Fannie Mae	0.8	12/13/2017	\$10,000,000.00	\$10,000,000.00	\$9,978,000.00
Agency Note	Federal Farm Credit Bank	1.125	12/18/2017	\$10,000,000.00	\$9,991,970.00	\$10,039,800.00
Agency Note	Fannie Mae	1	12/28/2017	\$10,000,000.00	\$10,000,000.00	\$9,966,300.00
Agency Note	Freddie Mac	1.25	4/20/2018	\$10,000,000.00	\$10,000,000.00	\$9,980,000.00
Agency Note	Federal Home Loan Bank	1.2	5/24/2018	\$10,000,000.00	\$9,999,000.00	\$9,967,200.00
Agency Note	Freddie Mac	1.4	5/25/2018	\$10,000,000.00	\$10,000,000.00	\$10,012,700.00
Agency Note	Freddie Mac	1.25	5/25/2018	\$10,000,000.00	\$9,992,000.00	\$10,012,900.00
Agency Note	Intl Bank Recon & Develop	0.5	6/12/2018	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Agency Note	Intl Bank Recon & Develop	1	6/15/2018	\$25,000,000.00	\$24,957,250.00	\$24,966,750.00
Agency Note	Fannie Mae	1.125	7/20/2018	\$25,000,000.00	\$24,954,250.00	\$24,981,000.00
Agency Note	Fannie Mae	1.5	2/13/2020	\$10,000,000.00	\$10,000,000.00	\$9,943,800.00
<b>Agency Total</b>			<b>31.44%</b>	<b>\$745,200,000.00</b>	<b>\$744,668,340.83</b>	<b>\$744,992,400.00</b>
Repurchase Agreement	Repurchase Agreement	0.09	7/1/2015	\$129,000,000.00	\$129,000,000.00	\$129,000,000.00
LAIF	California State Pool	0.26	7/1/2015	\$49,882,480.62	\$49,882,480.62	\$49,882,480.62
Commercial Paper	Nestle Capital Corp.	0.11	7/1/2015	\$25,000,000.00	\$24,987,854.17	\$25,000,000.00
Negotiable CD	Royal Bank of Canada/NY	0.22	7/1/2015	\$25,000,000.00	\$25,000,000.00	\$25,000,097.15
Negotiable CD	Wells Fargo Bank NA	0.25	7/1/2015	\$25,000,000.00	\$25,000,000.00	\$25,000,117.98
Negotiable CD	SEB NY	0.24	7/1/2015	\$25,000,000.00	\$25,001,165.50	\$25,000,111.05
Negotiable CD	Rabobank NA	0.26	7/16/2015	\$25,000,000.00	\$25,000,000.00	\$25,001,998.86
Negotiable CD	Toronto-Dominion Bank NY	0.23	8/28/2015	\$25,000,000.00	\$25,000,000.00	\$25,006,142.41
Negotiable CD	Bank of Nova Scotia/Houston	0.2	9/11/2015	\$25,000,000.00	\$25,000,000.00	\$25,006,080.48
Negotiable CD	Svenska Handelsbanken NY	0.295	9/25/2015	\$25,000,000.00	\$25,000,637.94	\$25,012,983.23
Commercial Paper	General Electric Capital	0.27	10/23/2015	\$25,000,000.00	\$24,962,875.00	\$24,981,000.00
Commercial Paper	Toyota Motor Credit Corp.	0.28	11/6/2015	\$25,000,000.00	\$24,958,777.78	\$24,975,111.11
Negotiable CD	Swedbank NY	0.32	11/18/2015	\$25,000,000.00	\$25,000,000.00	\$25,016,631.49
<b>MMKT, Repo, CP, CD</b>			<b>19.16%</b>	<b>\$453,882,480.62</b>	<b>\$453,793,791.01</b>	<b>\$453,882,754.38</b>
Medium Term Note	Wells Fargo Bank NA	0.75	7/20/2015	\$10,000,000.00	\$9,996,500.00	\$10,002,700.00
Medium Term Note	PepsiCo Inc.	0.47815	7/30/2015	\$5,000,000.00	\$5,000,000.00	\$5,000,400.00
Medium Term Note	General Electric Capital	0.507	1/14/2016	\$5,000,000.00	\$5,000,000.00	\$5,006,300.00
Medium Term Note	John Deere Capital Corp.	0.75	1/22/2016	\$3,000,000.00	\$2,996,820.00	\$3,007,110.00
Medium Term Note	JP Morgan Chase	1.125	2/26/2016	\$5,000,000.00	\$4,993,950.00	\$5,014,400.00
Medium Term Note	Wells Fargo Bank NA	0.43375	6/2/2016	\$10,000,000.00	\$10,000,000.00	\$10,003,600.00
Medium Term Note	Johnson & Johnson	0.3535	11/28/2016	\$5,000,000.00	\$5,000,000.00	\$5,000,350.00

## City of San Diego Pooled Investment Fund Holdings as of June 30, 2015 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Medium Term Note	US Bancorp	0.50815	1/30/2017	\$15,000,000.00	\$15,000,000.00	\$14,997,150.00
Medium Term Note	Apple Inc.	0.9	5/12/2017	\$5,000,000.00	\$4,996,550.00	\$5,001,400.00
Medium Term Note	Oracle Corp.	1.2	10/15/2017	\$10,000,000.00	\$9,962,500.00	\$10,000,000.00
Medium Term Note	Johnson & Johnson	1.125	11/21/2017	\$5,000,000.00	\$4,996,050.00	\$5,000,000.00
Medium Term Note	Berkshire Hathaway Inc.	0.5759	1/12/2018	\$7,000,000.00	\$7,000,000.00	\$7,008,680.00
Medium Term Note	IBM Corp.	1.25	2/8/2018	\$5,000,000.00	\$4,977,100.00	\$4,992,250.00
Medium Term Note	Wal-Mart Stores	1.125	4/11/2018	\$10,000,000.00	\$9,982,102.50	\$9,961,800.00
Medium Term Note	Texas Instruments Inc.	1	5/1/2018	\$5,000,000.00	\$4,953,500.00	\$4,939,950.00
Medium Term Note	Apple Inc.	1	5/3/2018	\$10,000,000.00	\$9,825,200.00	\$9,898,900.00
Medium Term Note	Merck & Co. Inc.	1.3	5/18/2018	\$5,000,000.00	\$4,988,450.00	\$4,980,250.00
Medium Term Note	Cisco Systems Inc.	1.65	6/15/2018	\$5,000,000.00	\$4,999,150.00	\$5,017,750.00
Medium Term Note	Cisco Systems Inc.	0.78275	3/1/2019	\$5,000,000.00	\$5,000,000.00	\$5,019,850.00
<b>MTN Total</b>			<b>5.48%</b>	<b>\$130,000,000.00</b>	<b>\$129,667,872.50</b>	<b>\$129,852,840.00</b>
Asset Backed Security	Toyota Auto Rec Owners Trust	0.41	8/15/2016	\$4,655,777.87	\$4,655,681.87	\$4,655,681.87
Asset Backed Security	Honda Auto Receivables Trust	0.41	8/22/2016	\$3,069,238.85	\$3,068,634.05	\$3,068,634.05
Asset Backed Security	Toyota Auto Rec Owners Trust	0.51	2/15/2017	\$4,611,851.97	\$4,611,546.47	\$4,611,546.47
Asset Backed Security	VW Auto Loan Enhanced Trust	0.42	3/20/2017	\$6,577,867.14	\$6,577,635.74	\$6,577,635.74
Asset Backed Security	BMW Vehicle Owner Trust	0.53	4/25/2017	\$4,105,914.54	\$4,105,745.54	\$4,105,745.54
Asset Backed Security	Honda Auto Receivables Trust	0.7	6/15/2017	\$5,000,000.00	\$4,999,739.00	\$4,999,739.00
Asset Backed Security	Toyota Auto Rec Owners Trust	0.71	7/17/2017	\$5,000,000.00	\$4,999,952.50	\$4,999,952.50
Asset Backed Security	Chase Issuance Trust	0.3155	8/15/2017	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Asset Backed Security	Honda Auto Receivables Trust	0.69	8/21/2017	\$14,000,000.00	\$13,999,161.40	\$13,999,161.40
Asset Backed Security	Toyota Auto Rec Owners Trust	0.77	11/15/2017	\$6,500,000.00	\$6,499,561.90	\$6,499,561.90
Asset Backed Security	Harley-Davidson Motorcycle Trust	0.49	4/15/2018	\$2,254,411.71	\$2,254,073.21	\$2,254,073.21
Asset Backed Security	Chase Issuance Trust	1.15	1/15/2019	\$5,000,000.00	\$4,999,095.50	\$5,010,350.00
Asset Backed Security	Chase Issuance Trust	0.4355	4/15/2019	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
<b>Asset Backed Total</b>			<b>3.41%</b>	<b>\$80,775,061.09</b>	<b>\$80,770,827.18</b>	<b>\$80,782,080.69</b>
<b>Grand Total</b>			<b>100.00%</b>	<b>\$2,369,857,542.70</b>	<b>\$2,368,307,242.91</b>	<b>\$2,371,245,876.06</b>

Market Values are determined by using Sungard pricing as the primary source. CMS Bondedge, Bloomberg, Custody Bank (Citibank) and pricing provided by broker/dealers are all used to reconcile and determine correct prices.