



# City of San Diego

## Pooled Investment Fund Quarterly Review

Quarter ended

3/31/15

Publication Date: 4/30/15

### Quarterly Economic Highlights

- The U.S. Unemployment Rate dropped to 5.5%, a new low for the current economic cycle
- The U.S. stock market, as measured by the S&P 500 index, rose 0.44%
- The U.S. Dollar index surged by 8.96% versus a basket of trade-weighted currencies
- Crude Oil futures fell another 13.39% to end at \$47.60/barrel

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## Office of the City Treasurer—Investments Division

### Economic Commentary

The U.S. economy slowed a bit over the past quarter. Several economic indicators came in below expectations throughout the quarter, including ISM Manufacturing, GDP and most housing indices.

Labor numbers were for the most part fairly strong. The unemployment rate dropped to 5.5% in February and remained there in March, despite the non-farm payrolls figure rising by only 126,000 for the month. The March print snapped a 12-month streak of over 200,000 new jobs created. Average hourly earnings numbers disappointed in February but recovered in March, and the labor force participation rate dropped to 62.7% in March, matching the cycle low from September 2014.

The Greek debt crisis continued during the quarter, and the next few months may determine whether Greece will avoid default and remain part of the Eurozone.

The European Central Bank kicked off its own quantitative easing program in January, announcing that it would begin buying €60 billion per month of government and private bonds in March, and continue to do so until at least September 2016 in an effort to ignite economic growth and spark inflation. Several days prior to that announcement, the Swiss National Bank shocked the world by discontinuing the currency peg it had against the euro, which caused much volatility in the currency markets during the quarter.

The U.S. dollar again surged versus foreign currencies, rising another 8.9% versus a basket of trade-weighted currencies. We have featured the U.S. dollar index in a recent Quarterly Review, but felt that it was worth revisiting (Chart 1). A strong dollar imports deflation from around world, potentially causing the inflation rate to remain below the Federal Open

Market Committee's (FOMC) 2% goal.

The FOMC met twice during the quarter, and gave some indications that it might begin raising interest rates sometime in 2015. At the March FOMC meeting, the Committee dropped the word "patient" from its statement but lowered its estimates of year-end Fed Funds rates for the next few years (See Hot Topic article, page 2).

Oil continued its slide during the quarter, dropping over 13%. This could potentially help the economy in terms of increased consumption, though retail sales figures actually came in below expectations during the quarter despite this supposed tailwind. It remains to be seen whether consumers will treat the lower gas prices as an aberration and save the extra money, or whether they will eventually spend the savings, which could boost the economy going forward.

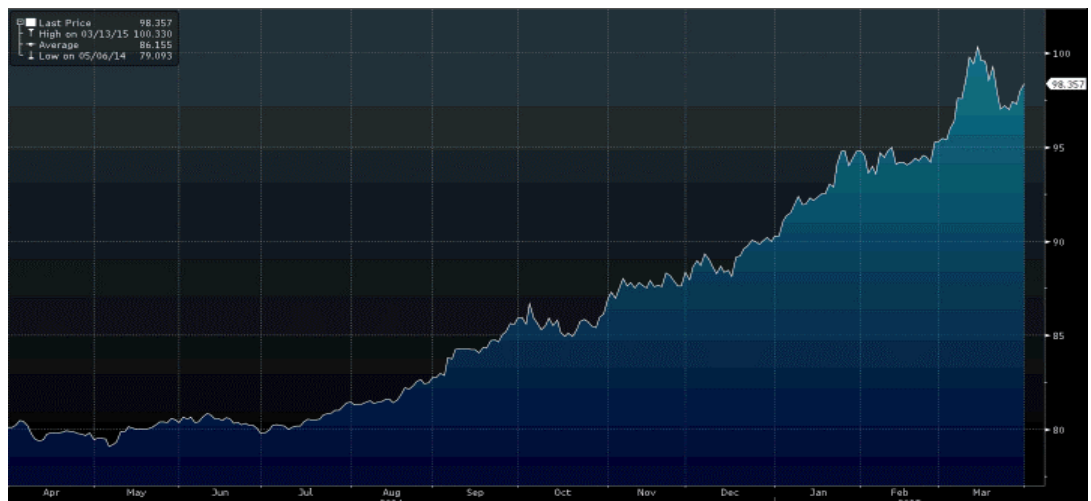


Chart 1: U.S. Dollar Index (March 2014–March 2015) (Source: Bloomberg)

## Hot Topic Corner– Not “Patient” Does Not Mean Impatient

As was widely expected, the FOMC removed the word “patient” from its policy statement in March, meaning that forward guidance is no longer time-based, but determined meeting-by-meeting dependent upon incoming economic data. In the same statement, the FOMC indicated that a rate hike would be unlikely in April, which was no surprise since the market did not expect a rate hike that early.

Based on prior FOMC statements and speeches, it had been widely expected that once “patient” was removed from the statement, the first rate hike would occur a couple of meetings thereafter, meaning June in this case.

However, in the Summary of Economic Projections that accompanied the FOMC’s

March statement, the median Fed Funds estimate for year-end 2015 was reduced from 1.125% to 0.625%. Additionally, the median estimate for year-end 2016 was reduced from 2.625% to 1.875%, and the median estimate for year-end 2017 was reduced from 3.625% to 3.125%.

During the post-meeting question-and-answer session, Fed Chair Yellen also made it a point to say that just because the FOMC removed the word “patient” from its statement, that doesn’t mean they have grown impatient.

Based on the lowered Fed Funds estimates and other downwardly-revised forecasts released in the Summary of Economic Projections, as well as some dovish language from other FOMC members, the market has pushed back its estimate of the

first rate hike from June to September 2015. There are several economists and market participants who think the FOMC will wait until 2016 to begin the rate hiking cycle.

At issue is the slowdown in inflation over the past year, caused mainly by a plunge in oil prices. Core prices are also relatively soft. Despite the strong labor market, which has seen the unemployment drop to 5.5%, average hourly wages haven’t really taken off. Add to that the strong U.S. Dollar and the deflationary effect that the resulting lower import prices have, and the fact remains that inflation may not reach the Fed’s target of 2% for at least several quarters.

This leaves the FOMC in a quandary, as despite the strong labor market, they technically haven’t reached their dual

mandate of full employment and price stability.

A rate hike in such an environment would not be without precedent, however. The FOMC faced similar circumstances in 2004 when it began its last rate hike cycle despite lower-than-target inflation. Of course, by that point, it was already too late to stave off the housing bubble that was caused by rates being too low for too long. And we all know how that turned out.

With that in mind, the FOMC may indeed begin hiking rates in September despite inflation not being at its target rate. Raising rates would also give some relief to yield-starved savers and retirees who have been greatly harmed in this rate environment while bankers and investors have prospered.

*Tom Williams, 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	3/18/2015	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	MAR	0.2%	(0.4%)	0.6%
Consumer Price Index (YoY)	MAR	(0.1%)	0.8%	(0.9%)
Producer Price Index (MoM)	MAR	0.2%	(0.3%)	0.5%
Producer Price Index (YoY)	MAR	(0.8%)	1.1%	(1.9%)
Durable Goods Orders	MAR	4.0%	(3.4%)	7.4%
ISM (Manufacturing)	MAR	51.5	55.5	(4.0)
ISM (Non-manufacturing)	MAR	56.5	56.2	0.3
Retail Sales	MAR	0.9%	(0.9%)	1.8%
Unemployment Rate	MAR	5.5%	5.6%	(0.1%)
Change in Non-farm Payrolls	MAR	126,000	252,000	(126,000)
Consumer Confidence (Univ. of Michigan)	APR	95.9	98.2	(2.3)
Existing Home Sales	MAR	5.19(mil)	5.04(mil)	0.15(mil)
New Home Sales	MAR	0.481(mil)	0.481(mil)	0.000(mil)
Housing Starts	MAR	0.926(mil)	1.089(mil)	(0.163)(mil)
Median Home Price (existing) [EHSLMP]	MAR	\$213,500	\$210,200	\$3,300
NYMEX WTI CRUDE OIL (barrel)	3/31/15	\$47.60	\$53.27	(\$5.67)
S&P 500 Stock Index	3/31/15	2,067.89	2,058.90	8.99

## Portfolio Performance

The Core Portfolio underperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, returning 0.46% versus index performance of 0.515% during the quarter.

Chart 2 shows a yield curve that bull flattened over the past quarter, as yields fell in all but the shortest tenors.

Yields fell as the market pushed interest rate hike expectations out several months following the March FOMC meeting. At that meeting, the FOMC dropped its “patient” stance in reference to the time frame in which it will begin normalizing interest rates. However, in its Summary of Economic Projections, the median estimate of Fed Funds rates fell for the next two years, indicating a potentially later start to the rate hike cycle.

As we were short duration versus the index while rates

decreased, “Effective Duration Effect” subtracted 5.3 basis points of performance.

However, “Non-parallel Duration Effect” added 4.1 basis points of positive performance versus the index. This is because we were overweight in the 5-year part of the yield curve, which was the best-performing area of the curve during the quarter.

“Convexity Effect” subtracted 1.5 basis points 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” and “Selection Effect” combined to subtract about 1 basis point from performance, as agency and corporate securities underperformed Treasuries. This type of performance is typical as rates decrease, since

the rates for spread securities don’t usually decrease as much as those for Treasury securities.

As has been the case for several years, “Income Effect” and “Amortization

Effect” largely offset each other to have little net effect on overall performance attribution.

“Residual Effect,” which is basically the part of total return not explained by the other effects, subtracted 1 basis point.

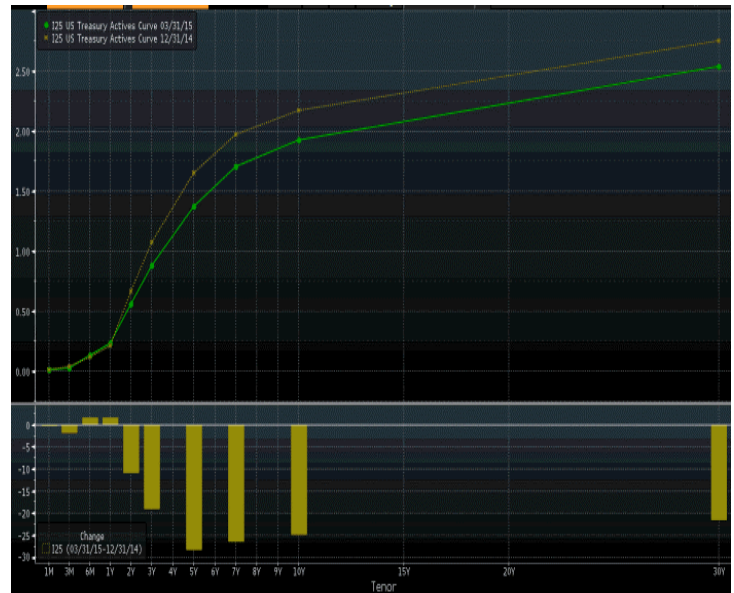


Chart 2: U.S. Treasury Yield Curve 12/31/14–3/31/15 (Source: Bloomberg)

## 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\*

	Q1 2015	Q4 2014	Q3 2014	FYTD 2015	1 Year	3 Year
<b>Total Pooled Investment Fund</b>	0.53%	0.60%	0.52%	0.55%	0.51%	0.53%
<b>Core Portfolio</b>	0.73%	0.80%	0.66%	0.73%	0.68%	0.64%
<b>Liquidity Portfolio</b>	0.21%	0.21%	0.24%	0.22%	0.21%	0.33%

### Total Return—Core Portfolio

	Q1 2015	Q4 2014	Q3 2014	FYTD 2015	1 Year	3 Year*
<b>Core Portfolio</b>	0.46%	0.18%	0.04%	0.69%	0.96%	0.66%
<b>BAML 1 - 3 Year Treasury Index</b>	0.51%	0.18%	0.03%	0.73%	1.00%	0.67%
<b>Difference</b>	(0.05%)	0.00%	0.01%	(0.04%)	(0.04%)	(0.01%)

\*Annualized Returns

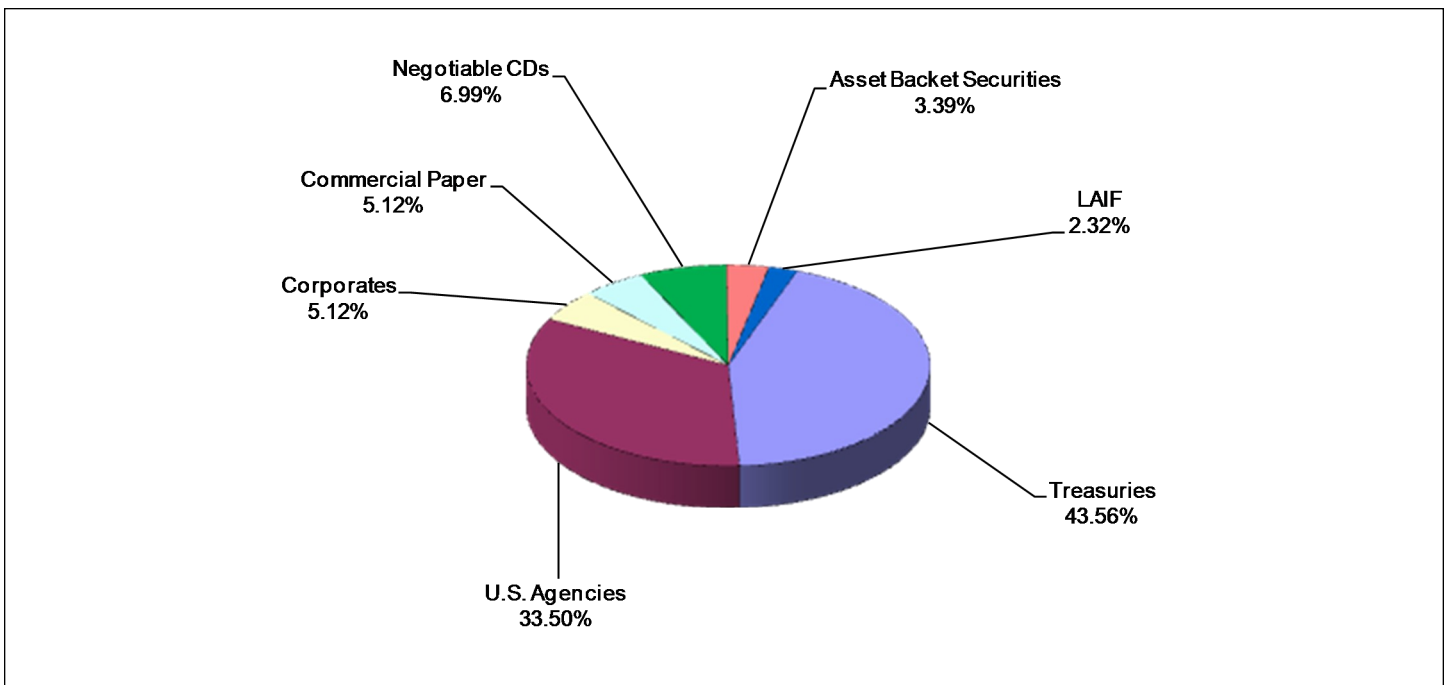
**Portfolio Profile**

**as of March 31, 2015**

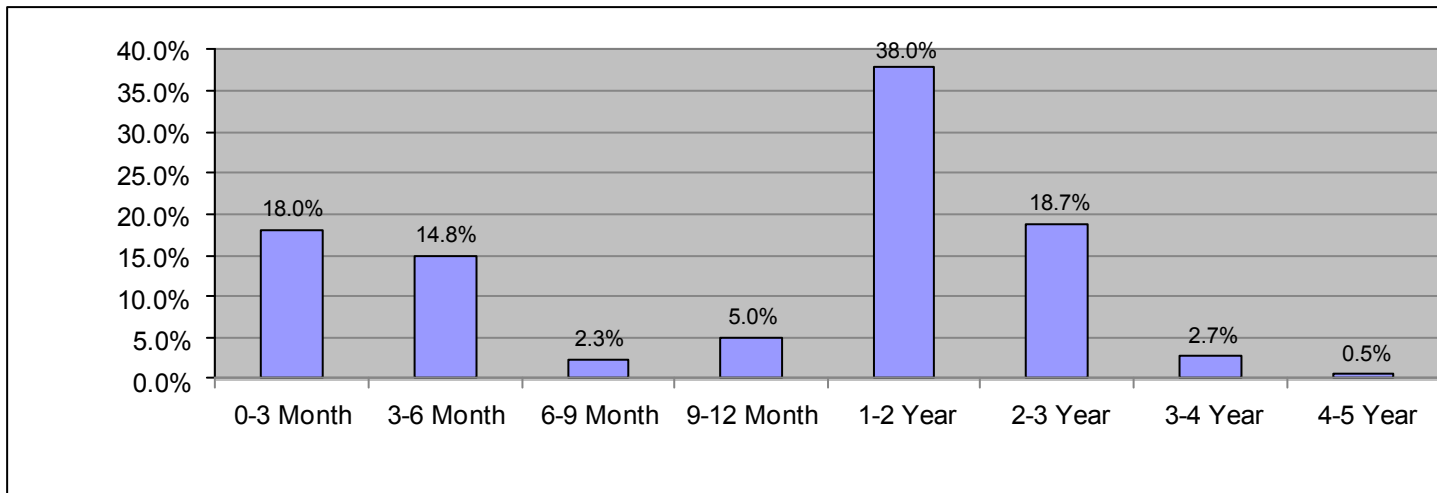
	<i>Liquidity</i>	<i>Core</i>
Portfolio Size*	\$773,230,040	\$1,371,381,300
% of total pool	36.05%	63.95%
Portfolio Duration**	0.284	1.567
Index Duration**	0.37	1.868
% of index	76.87%	83.89%
Weighted Average Days to Maturity	104.10	680.05

\* 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 March 31, 2015

## Credit Ratings

## Top Issuer Exposures

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	43.56%
Agencies (AAA)	33.49%
AAA/A1	15.98%
AA	2.65%
A	2.00%
Below A	0.00%

Issuer	% of Portfolio
U.S. Treasury	43.56%
Federal Home Loan Bank	13.12%
Freddie Mac	7.22%
Fannie Mae	6.62%
Federal Farm Credit Bank	5.13%
Wells Fargo Bank NA	2.10%
The Coca-Cola Co.	1.63%
General Electric Capital Corp.	1.40%
Int'l Bank for Reconstruction & Develop	1.40%
Skandinaviska Enskilda Banken NY	1.17%
Svenska Handelsbanken NY	1.17%
Royal Bank of Canada NY	1.17%
Rabobank NA	1.17%
Toronto-Dominion Bank NY	1.17%
Chase Issuance Trust	1.17%
Nestle Capital Corp.	1.17%

- 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

## 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	20.01	-13.66%	\$124.43	12.73%	1,139 days
Berkshire Hathaway Inc.	Aa2	AA	AA+	61.64	11.41%	\$217,500.00	-3.76%	1,018 days
Cisco Systems Inc.	A1	AA-	AA	29.74	0.81%	\$27.53	-1.04%	1,431 days
The Coca-Cola Co.	P-1	A-1+	A1+	27.51	10.00%	\$40.55	-3.96%	90 days
Deere & Co.	A2	A	A-	33.00	-19.51%	\$87.69	-0.88%	297 days
General Electric Co.	Aa3	AA+	AA+	57.65	-9.44%	\$24.81	-1.82%	289 days
IBM Corp.	Aa3	AA-	AA-	48.15	13.30%	\$160.50	0.04%	1,045 days
JP Morgan Chase	A3	A (-)	A	65.17	4.00%	\$60.58	-3.20%	332 days
Johnson & Johnson	Aaa	AAA	AA+	11.99	-7.75%	\$100.60	-3.80%	966 days
Merck & Co. Inc.	A2	AA	A+	12.58	-16.17%	\$57.48	1.22%	1,144 days
Nestle SA	P-1	A-1+	A1+	17.29	-14.06%	\$75.22	3.11%	92 days
Oracle Corp.	A1	AA-	AA	28.95	-17.30%	\$43.15	-4.05%	929 days
PepsiCo Inc.	A1	A	A	47.02	16.11%	\$95.62	1.12%	121 days
Rabobank NA	P-1	A-1	A1	50.65	6.63%	N/A	N/A	107 days
Royal Bank of Canada NY	P-1	A-1+	A1+	N/A	N/A	\$60.36	-12.61%	92 days
Skandinaviska Enskilda Banken NY	P-1	A-1	N/A	39.50	21.77%	\$11.69	-9.05%	92 days
Svenska Handelsbanken NY	P-1	A-1+	N/A	46.80	10.08%	\$45.09	-4.73%	178 days
Texas Instruments Inc.	A1	A+	AA-	35.39	-9.72%	\$57.19	6.95%	1,127 days
Toronto-Dominion Bank NY	P-1	A-1+	A1+	N/A	N/A	\$42.85	-10.32%	150 days
Toyota Motor Credit Corp.	P-1	A-1+	A1+	58.59	-6.04%	\$139.89	11.48%	24 days
US Bancorp	A1	A+	A+	59.86	2.24%	\$43.67	-2.85%	671 days
Wells Fargo & Co.	A2	A+ (-)	A+	42.09	-12.26%	\$54.40	-0.77%	429 days
<b>S&amp;P 500 Index</b>						<b>2,067.89</b>	<b>0.44%</b>	
<b>CDX IG23 Index</b>				<b>63.28</b>	<b>-4.59%</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 March FOMC meeting, the Committee dropped “patient” from the language referring to length of time before rate normalization will begin, signifying that it may be only a couple of meetings before the first rate hike. However, in the Summary of Economic Projections that accompanied March’s statement, the median expected Fed Funds rate at the end of 2015, 2016 and 2017 were all lowered by at least 50 basis points, and the estimate of U.S. GDP was also lowered.

The market interpreted this to mean that the first rate hike wouldn’t occur until at least September 2015, which is three months later than expectations prior to the meeting.

As a result, rates dropped dramatically following the FOMC announcement and have stayed lower since, especially with March labor market data

coming in well below expectations.

The recently released minutes of March’s FOMC meeting indicated that there may have been a little more support to start hiking interest rates in June than previously thought. That said, the market is still pricing for a September launch of the rate hike cycle.

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 86% of index duration, and will likely 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 lately, 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 will 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.

Corporate spreads versus treasuries increased over the past quarter as the rates on these securities did not fall in tandem with Treasury rates. Since our percentage of corporate bonds has dropped over the past few quarters, we will use this spread-widening as an opportunity to look for potentially attractive corporate bonds in the new issue and secondary markets.

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
April	312	196	116	116
May	351	264	87	203
June	404	217	187	390
July	377	535	(158)	232
August	258	209	49	281
September	324	183	141	422

(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 - 83.89%
Duration (Liquidity)	BAML US T-bill 3-6 months +/-40%	Complies - 76.87%
Maximum Maturity	5 years	Complies
Supranationals	30% maximum	Complies - 1.40%
FNMA	33.3% maximum	Complies- 6.62%
FHLMC	33.3% maximum	Complies - 7.22%
FHLB	33.3% maximum	Complies - 13.12%
FFCB	33.3% maximum	Complies - 5.13%
Callable Securities	30% maximum	Complies - 7.46%
MBS/CMO's	5 yr maximum- 20% max.	Complies - None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies - 3.39%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies - 5.12%
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 - 5.11%
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 - 6.99%
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 March 31, 2015

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.125	4/30/2015	\$25,000,000.00	\$24,968,697.44	\$24,996,000.00
US Treasury Note	US Treasury	0.375	6/30/2015	\$25,000,000.00	\$25,003,422.66	\$25,015,750.00
US Treasury Note	US Treasury	0.25	7/31/2015	\$10,000,000.00	\$9,995,344.65	\$10,004,700.00
US Treasury Note	US Treasury	0.375	3/15/2016	\$25,000,000.00	\$24,968,750.00	\$25,025,500.00
US Treasury Note	US Treasury	0.375	3/31/2016	\$25,000,000.00	\$24,960,937.50	\$25,023,500.00
US Treasury Note	US Treasury	0.25	4/15/2016	\$25,000,000.00	\$24,937,500.00	\$24,986,250.00
US Treasury Note	US Treasury	0.375	4/30/2016	\$25,000,000.00	\$24,968,750.00	\$25,013,750.00
US Treasury Note	US Treasury	0.25	5/15/2016	\$25,000,000.00	\$24,814,453.13	\$24,978,500.00
US Treasury Note	US Treasury	0.375	5/31/2016	\$25,000,000.00	\$25,000,000.00	\$25,007,750.00
US Treasury Note	US Treasury	0.5	6/15/2016	\$25,000,000.00	\$24,880,859.38	\$25,041,000.00
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	\$25,076,250.00
US Treasury Note	US Treasury	0.5	7/31/2016	\$25,000,000.00	\$24,970,703.13	\$25,041,000.00
US Treasury Note	US Treasury	0.625	8/15/2016	\$25,000,000.00	\$24,893,554.69	\$25,074,250.00
US Treasury Note	US Treasury	0.5	8/31/2016	\$25,000,000.00	\$25,001,953.13	\$25,031,250.00
US Treasury Note	US Treasury	0.875	9/15/2016	\$25,000,000.00	\$25,178,710.94	\$25,160,250.00
US Treasury Note	US Treasury	0.5	9/30/2016	\$25,000,000.00	\$24,955,078.13	\$25,025,500.00
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	\$24,968,750.00
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	\$24,998,390.29	\$25,011,750.00
US Treasury Note	US Treasury	0.625	12/31/2016	\$25,000,000.00	\$24,971,679.69	\$25,060,500.00
US Treasury Note	US Treasury	0.75	1/15/2017	\$25,000,000.00	\$25,024,414.06	\$25,109,500.00
US Treasury Note	US Treasury	0.5	1/31/2017	\$25,000,000.00	\$25,008,503.11	\$25,002,000.00
US Treasury Note	US Treasury	0.625	2/15/2017	\$25,000,000.00	\$24,968,750.00	\$25,041,000.00
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	\$25,097,750.00
US Treasury Note	US Treasury	0.5	3/31/2017	\$25,000,000.00	\$24,968,750.00	\$24,970,750.00
US Treasury Note	US Treasury	0.875	4/15/2017	\$25,000,000.00	\$24,970,703.13	\$25,146,500.00
US Treasury Note	US Treasury	0.875	5/15/2017	\$25,000,000.00	\$25,072,265.63	\$25,140,750.00
US Treasury Note	US Treasury	0.875	6/15/2017	\$25,000,000.00	\$24,981,445.31	\$25,130,750.00
US Treasury Note	US Treasury	0.875	7/15/2017	\$25,000,000.00	\$24,892,578.13	\$25,125,000.00
US Treasury Note	US Treasury	1	9/15/2017	\$25,000,000.00	\$24,956,054.69	\$25,172,000.00
US Treasury Note	US Treasury	0.875	10/15/2017	\$25,000,000.00	\$24,974,459.13	\$25,086,000.00
US Treasury Note	US Treasury	0.875	11/15/2017	\$25,000,000.00	\$24,994,043.51	\$25,066,500.00
US Treasury Note	US Treasury	1	12/15/2017	\$25,000,000.00	\$24,902,665.70	\$25,134,750.00
US Treasury Note	US Treasury	0.875	1/15/2018	\$25,000,000.00	\$25,084,259.54	\$25,025,500.00
US Treasury Note	US Treasury	1	2/15/2018	\$25,000,000.00	\$24,990,709.17	\$25,099,500.00
<b>US Treasury Total</b>			<b>43.56%</b>	<b>\$935,000,000.00</b>	<b>\$934,134,065.23</b>	<b>\$937,046,950.00</b>
Agency Discount Note	Federal Home Loan Bank	0.115	5/7/2015	\$26,500,000.00	\$26,470,879.15	\$26,498,940.00
Agency Note	Federal Home Loan Bank	0.125	5/21/2015	\$25,000,000.00	\$24,998,750.00	\$25,000,250.00
Agency Note	Federal Home Loan Bank	0.125	6/5/2015	\$25,000,000.00	\$24,997,000.00	\$24,998,000.00
Agency Discount Note	Federal Farm Credit Bank	0.11	6/18/2015	\$25,000,000.00	\$24,983,881.94	\$24,996,750.00
Agency Note	Federal Farm Credit Bank	0.5	6/23/2015	\$15,000,000.00	\$14,985,023.98	\$15,012,150.00
Agency Discount Note	Federal Farm Credit Bank	0.13	6/30/2015	\$50,000,000.00	\$49,963,527.78	\$49,992,500.00
Agency Discount Note	Freddie Mac	0.08	6/30/2015	\$25,000,000.00	\$24,985,722.22	\$24,996,250.00
Agency Discount Note	Freddie Mac	0.09	7/1/2015	\$30,000,000.00	\$29,984,175.00	\$29,994,600.00
Agency Discount Note	Fannie Mae	0.145	7/1/2015	\$2,200,000.00	\$2,198,130.31	\$2,199,604.00
Agency Discount Note	Fannie Mae	0.08	7/1/2015	\$25,000,000.00	\$24,991,166.67	\$24,995,500.00
Agency Discount Note	Fannie Mae	0.13	7/3/2015	\$25,000,000.00	\$24,981,493.06	\$24,995,500.00
Agency Note	Federal Farm Credit Bank	0.35	7/30/2015	\$10,000,000.00	\$9,998,851.79	\$10,006,600.00



## City of San Diego Pooled Investment Fund Holdings as of March 31, 2015 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Discount Note	Fannie Mae	0.11	8/14/2015	\$25,000,000.00	\$24,984,493.06	\$24,991,250.00
Agency Note	Federal Home Loan Bank	0.21	10/9/2015	\$25,000,000.00	\$24,993,879.25	\$24,993,750.00
Agency Note	Federal Home Loan Bank	0.23	12/18/2015	\$25,000,000.00	\$24,996,268.92	\$24,987,250.00
Agency Note	Federal Home Loan Bank	0.31	2/19/2016	\$20,000,000.00	\$20,000,000.00	\$19,993,800.00
Agency Note	Federal Home Loan Bank	0.33	3/10/2016	\$25,000,000.00	\$25,003,895.83	\$25,001,000.00
Agency Note	Freddie Mac	0.5	5/13/2016	\$20,000,000.00	\$19,998,800.00	\$20,025,400.00
Agency Note	Intl Bank Recon & Develop	0.5	5/16/2016	\$20,000,000.00	\$19,990,200.00	\$20,010,600.00
Agency Note	Federal Home Loan Bank	0.43	7/1/2016	\$25,000,000.00	\$24,997,900.00	\$25,027,500.00
Agency Note	Fannie Mae	0.625	8/26/2016	\$25,000,000.00	\$24,919,750.00	\$25,066,250.00
Agency Note	Federal Home Loan Bank	0.5	9/28/2016	\$25,000,000.00	\$24,953,250.00	\$25,001,000.00
Agency Note	Freddie Mac	0.75	10/5/2016	\$10,000,000.00	\$10,000,000.00	\$10,000,600.00
Agency Note	Federal Home Loan Bank	0.625	11/23/2016	\$15,000,000.00	\$14,994,000.00	\$15,014,250.00
Agency Note	Freddie Mac	0.5	1/27/2017	\$20,000,000.00	\$19,965,000.00	\$19,965,600.00
Agency Note	Freddie Mac	0.875	1/27/2017	\$10,000,000.00	\$10,000,000.00	\$10,004,000.00
Agency Note	Federal Home Loan Bank	0.9	2/27/2017	\$10,000,000.00	\$10,000,000.00	\$10,010,700.00
Agency Note	Freddie Mac	1.25	9/29/2017	\$10,000,000.00	\$10,000,000.00	\$10,015,900.00
Agency Note	Fannie Mae	1	10/24/2017	\$10,000,000.00	\$10,000,000.00	\$9,971,900.00
Agency Note	Freddie Mac	1.3	11/27/2017	\$10,000,000.00	\$10,000,000.00	\$10,015,000.00
Agency Note	Fannie Mae	0.8	12/13/2017	\$10,000,000.00	\$10,000,000.00	\$9,997,100.00
Agency Note	Federal Farm Credit Bank	1.125	12/18/2017	\$10,000,000.00	\$9,991,970.00	\$10,042,200.00
Agency Note	Fannie Mae	1	12/28/2017	\$10,000,000.00	\$10,000,000.00	\$9,972,000.00
Agency Note	Freddie Mac	1.4	2/13/2018	\$10,000,000.00	\$10,000,000.00	\$10,012,600.00
Agency Note	Federal Home Loan Bank	1.4	2/27/2018	\$10,000,000.00	\$10,000,000.00	\$10,016,900.00
Agency Note	Intl Bank Recon & Develop	0.5	3/12/2018	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Agency Note	Freddie Mac	1.5	3/30/2018	\$10,000,000.00	\$10,000,000.00	\$10,018,700.00
Agency Note	Federal Home Loan Bank	1.125	4/25/2018	\$15,000,000.00	\$14,993,100.00	\$15,075,000.00
Agency Note	Federal Home Loan Bank	1.2	5/24/2018	\$10,000,000.00	\$9,999,000.00	\$9,983,300.00
Agency Note	Fannie Mae	1.5	2/13/2020	\$10,000,000.00	\$10,000,000.00	\$10,022,400.00
<b>Agency Total</b>			<b>33.49%</b>	<b>\$718,700,000.00</b>	<b>\$718,320,108.96</b>	<b>\$718,922,594.00</b>
LAIF	California State Pool	0.24	4/1/2015	\$49,850,510.98	\$49,850,510.98	\$49,850,510.98
Commercial Paper	General Electric Capital	0.2	4/10/2015	\$25,000,000.00	\$24,973,472.22	\$24,999,062.50
Commercial Paper	Toyota Motor Credit Corp.	0.2	4/24/2015	\$25,000,000.00	\$24,973,611.11	\$24,997,604.17
Commercial Paper	The Coca-Cola Co.	0.19	5/8/2015	\$10,000,000.00	\$9,990,288.89	\$9,998,458.33
Commercial Paper	The Coca-Cola Co.	0.23	6/29/2015	\$25,000,000.00	\$24,967,895.83	\$24,988,256.94
Commercial Paper	Nestle Capital Corp.	0.11	7/1/2015	\$25,000,000.00	\$24,987,854.17	\$24,986,729.17
Negotiable CD	Royal Bank of Canada/NY	0.22	7/1/2015	\$25,000,000.00	\$25,000,000.00	\$25,004,463.19
Negotiable CD	Wells Fargo Bank NA	0.25	7/1/2015	\$25,000,000.00	\$25,000,000.00	\$25,006,379.99
Negotiable CD	SEB NY	0.24	7/1/2015	\$25,000,000.00	\$25,001,165.50	\$25,005,742.94
Negotiable CD	Rabobank NA	0.26	7/16/2015	\$25,000,000.00	\$25,000,000.00	\$25,008,163.93
Negotiable CD	Toronto-Dominion Bank NY	0.23	8/28/2015	\$25,000,000.00	\$25,000,000.00	\$25,008,324.74
Negotiable CD	Svenska Handelsbanken NY	0.295	9/25/2015	\$25,000,000.00	\$25,000,637.94	\$25,017,909.42
<b>MMKT, Repo, CP, CD</b>			<b>14.44%</b>	<b>\$309,850,510.98</b>	<b>\$309,745,436.64</b>	<b>\$309,871,606.30</b>
Medium Term Note	Wells Fargo Bank NA	0.75	7/20/2015	\$10,000,000.00	\$9,996,500.00	\$10,015,100.00
Medium Term Note	PepsiCo Inc.	0.4546	7/30/2015	\$5,000,000.00	\$5,000,000.00	\$5,001,900.00
Medium Term Note	General Electric Capital	0.4828	1/14/2016	\$5,000,000.00	\$5,000,000.00	\$5,006,900.00
Medium Term Note	John Deere Capital Corp.	0.75	1/22/2016	\$3,000,000.00	\$2,996,820.00	\$3,008,700.00
Medium Term Note	JP Morgan Chase	1.125	2/26/2016	\$5,000,000.00	\$4,993,950.00	\$5,012,100.00
Medium Term Note	Wells Fargo Bank NA	0.4116	6/2/2016	\$10,000,000.00	\$10,000,000.00	\$9,998,100.00
Medium Term Note	Johnson & Johnson	0.3316	11/28/2016	\$5,000,000.00	\$5,000,000.00	\$5,005,450.00
Medium Term Note	US Bancorp	0.4846	1/30/2017	\$15,000,000.00	\$15,000,000.00	\$15,004,800.00

## City of San Diego Pooled Investment Fund Holdings as of March 31, 2015 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Medium Term Note	Oracle Corp.	1.2	10/15/2017	\$10,000,000.00	\$9,962,500.00	\$10,032,500.00
Medium Term Note	Johnson & Johnson	1.125	11/21/2017	\$5,000,000.00	\$4,996,050.00	\$5,027,200.00
Medium Term Note	Berkshire Hathaway Inc.	0.5533	1/12/2018	\$7,000,000.00	\$7,000,000.00	\$7,011,480.00
Medium Term Note	IBM Corp.	1.25	2/8/2018	\$5,000,000.00	\$4,977,100.00	\$5,017,550.00
Medium Term Note	Texas Instruments Inc.	1	5/1/2018	\$5,000,000.00	\$4,953,500.00	\$4,966,400.00
Medium Term Note	Apple Inc.	1	5/3/2018	\$10,000,000.00	\$9,825,200.00	\$9,941,700.00
Medium Term Note	Merck & Co. Inc.	1.3	5/18/2018	\$5,000,000.00	\$4,988,450.00	\$5,005,500.00
Medium Term Note	Cisco Systems Inc.	0.7616	3/1/2019	\$5,000,000.00	\$5,000,000.00	\$5,038,450.00
<b>MTN Total</b>			<b>5.11%</b>	<b>\$110,000,000.00</b>	<b>\$109,690,070.00</b>	<b>\$110,093,830.00</b>
Asset Backed Security	Chase Issuance Trust	0.79	6/15/2015	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Asset Backed Security	Honda Auto Receivables Trust	0.45	4/18/2016	\$1,565,847.05	\$1,565,457.05	\$1,565,457.05
Asset Backed Security	Toyota Auto Rec Owners Trust	0.41	8/15/2016	\$8,515,275.86	\$8,515,179.86	\$8,515,179.86
Asset Backed Security	Honda Auto Receivables Trust	0.41	8/22/2016	\$5,038,169.80	\$5,037,565.00	\$5,037,565.00
Asset Backed Security	Toyota Auto Rec Owners Trust	0.51	2/15/2017	\$5,000,000.00	\$4,999,694.50	\$4,999,694.50
Asset Backed Security	VW Auto Loan Enhanced Trust	0.42	3/20/2017	\$9,555,876.66	\$9,555,645.26	\$9,555,645.26
Asset Backed Security	BMW Vehicle Owner Trust	0.53	4/25/2017	\$5,000,000.00	\$4,999,831.00	\$4,999,831.00
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	0.3045	8/15/2017	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Asset Backed Security	Harley-Davidson Motorcycle Trust	0.49	4/15/2018	\$3,049,838.10	\$3,049,499.60	\$3,049,499.60
Asset Backed Security	Chase Issuance Trust	1.15	1/15/2019	\$5,000,000.00	\$4,999,095.50	\$5,021,750.00
<b>Asset Backed Total</b>			<b>3.39%</b>	<b>\$72,725,007.47</b>	<b>\$72,721,659.27</b>	<b>\$72,744,313.77</b>
<b>Grand Total</b>			<b>100.00%</b>	<b>\$2,146,275,518.45</b>	<b>\$2,144,611,340.10</b>	<b>\$2,148,679,294.07</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.