City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

6/30/2012

Publication Date: 7/30/2012

Office of the City Treasurer—Investments Division

Quarterly Economic Highlights

- Oil prices fell as much as 25% during the quarter as a result of the economic slowdown and oversupply.
- The U.S. unemployment rate held steady at 8.2% during the quarter.
- The U.S. stock market, as measured by the S&P 500 Index, fell by 2.14% during the quarter.
- The FOMC extended its Maturity Extension Program by six months and $267 billion.

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Economic Commentary

At the risk of sounding like a broken record, Euro area concerns once again dominated the financial markets over the past quarter. Anti-austerity candidates won national elections in France and Greece, threatening various aid and bailout packages agreed to just months before. In the case of Greece, the pro-bailout candidate won the re-election on June 17, which allowed for a degree of stability and further bailout funds to be disbursed.

Spain formally requested aid for its ailing banking system as government bond yields rose to the 7% level considered unsustainable. Italian government bond yields also rose during the quarter as market participants feared that it may be the next country in need of aid.

In the United States, economic figures were disappointing for the quarter. Non-farm payrolls averaged only 75,000 monthly jobs added, after averaging an increase of 225,000 jobs in the prior quarter. Additionally, the unemployment rate hovered at 8.2% during the quarter.

The ISM Manufacturing survey came in at 49.7 in June, the first sub-50 reading of this index since July 2009. A reading below 50 indicates an economy in contraction. Indeed, some of the more forward-looking components of the survey such as new orders were extremely weak. The more significant ISM Non-manufacturing index fared a little better, registering 52.1 in June, but again, some forward-looking components indicated slowing growth ahead.

In banking news, JP Morgan Chase announced a trading loss of at least $2 billion in its Chief Investment Office. Though relatively small in relation to the size of its balance sheet, it did raise questions about the safety of the banking system.

Moody's downgraded global banks throughout the quarter, including the largest and most systemically important banks on June 21 (see page 2 Hot Topic article).

As a result of the economic slowdown and concerns abroad, the FOMC announced an extension of its Maturity Extension Program at its June 20 meeting. The program was extended by six months and by an additional $267 billion.

In reaction to all of this, the U.S. Treasury 10-year yield decreased to historic lows during the quarter (Chart 1) as market participants sold riskier assets and sought out the perceived safety of Treasury bonds.

Chart 1: 10 year Treasury Yield July 2011—July 2012 (Source: Bloomberg)

Hot Topic Corner— Moody's Bank Downgrades

On February 15, 2012, Moody's rating service announced that it was placing dozens of global banks on review for possible downgrade. Throughout the past quarter, these downgrades occurred, culminating with the with the largest global banks on June 21. The obvious question is how this would affect the City's investments, banking and brokerage relationships? The answer is not much at all.

To further explain, let's break down our three potential exposures—investments, brokers/dealers, and commercial banks.

Beginning with investment exposure, the Pool does hold securities from some of the downgraded institutions, specifically commercial paper, certificates of deposit and repurchase agreements. And although the names were downgraded, they are still within our permitted investment ratings. Additionally, due to our extensive credit research and monitoring, we are very comfortable with all of the issuers in our portfolio. It is also important to note that we had stopped investing in names that were downgraded below our ratings threshold long before the downgrades, in anticipation of this occurrence, based on our credit analysis work.

As for the brokers/dealers with which the City transacts securities purchases and sales, all of the approved brokers/dealers are still eligible, including those that had been downgraded below the "A" rating category. This is due to a change we had made to this year's Investment Policy that allowed Primary Dealers of the Federal Reserve Bank of New York to do business with the City, regardless of the firm's rating. We made this change because of the thorough vetting process that these dealers go through by the Federal Reserve, and their role in helping them conduct the nation's monetary policy. This strategic change to the Investment Policy has proved to be invaluable.

It is also important to remember that all of our securities trades are processed on a delivery versus payment basis, meaning that there is a simultaneous exchange of cash and securities upon settlement of the trade. Thus, we are never exposed on a monetary or security basis to any of our broker/dealers.

Lastly, our commercial banking relationship is not affected by the Moody's downgrades. This is because our commercial banks are mainly transactional in nature and typically do not hold any sizeable cash balances overnight. In the case that cash is held at a commercial bank, the bank is required by California Government Code to post collateral at a rate in excess of the amount deposited. This collateral is high quality and liquid and regulated by the State.

In summary, the recent Moody's downgrades have no effect on the City Treasurer's Investment Pool or its operations. We continue to manage the investments and operations with the primary objectives of safety of principal and liquidity in mind.

-Tom Williams, CFA, Investment Officer

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	6/20/2012	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	JUN	0.0%	0.3%	(0.3%)
Consumer Price Index (YoY)	JUN	1.7%	2.7%	(1.0%)
Producer Price Index (MoM)	JUN	0.1%	0.0%	0.1%
Producer Price Index (YoY)	JUN	0.7%	2.8%	(1.9%)
Durable Goods Orders	JUN	1.6%	(4.2%)	5.8%
Gross Domestic Product (Annualized)	Q2A	1.5%	2.2%	(0.7%)
ISM (Manufacturing)	JUN	49.7	53.4	(3.7)
ISM (Non-manufacturing)	JUN	52.1	56.0	(3.9)
Retail Sales	JUN	(0.5%)	0.8%	(1.3%)
Unemployment Rate	JUN	8.2%	8.2%	0.0%
Change in Non-farm Payrolls	JUN	80,000	120,000	(40,000)
Consumer Confidence (Univ. of Michigan)	JUL (Final)	72.3	76.4	(4.1)
Existing Home Sales	JUN	4.37(mil)	4.48(mil)	(0.11)(mil)
New Home Sales	JUN	0.350(mil)	0.328(mil)	0.022(mil)
Housing Starts	JUN	0.760(mil)	0.654(mil)	0.106(mil)
Median Home Price (existing) [EHSLMP]	JUN	$190,100	$163,600	$26,500
NYMEX WTI CRUDE OIL (barrel)	6/30/12	$84.96	$103.02	($18.06)
S&P 500 Stock Index	6/30/12	1362.16	1,408.47	(46.31)

Portfolio Performance

The Core Portfolio outperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, by 2 basis points over the past quarter, returning 0.21% versus 0.19% for the index.

Chart 2 shows a bull flattening curve, with longer end rates decreasing more than shorter rates. There continued to be an insatiable demand for longer Treasury securities, with longer maturities reaching record low yields. This was the result of continued Euro area concerns, a slowing U.S. economy, and the Fed announcing that it will be purchasing additional long-end Treasury securities through the end of the year.

As rates declined, "Effective Duration Effect" detracted from performance, contributing –5 basis points of excess return. This is because we were short duration versus the index throughout the quarter, causing portfolio securities to increase in value less than index securities. Additionally, "Convexity Effect" subtracted 1 basis point of relative performance due to the portfolio holdings of callables, which tend to increase by less in value than non-callable securities in a rate rally due to their negative convexity.

However, "Non-parallel Duration Effect" added 8 basis points of outperformance as the portfolio was weighted more heavily in 3 year securities than 2 year securities, and the longer securities fared better during the quarter.

Negative "Income Effect" of –21 basis points was more than offset by positive "Amortization Effect," which added 22 basis points of outperformance. This has been a recurring theme in the portfolio dating back for several years now.

"Selection Effect" added 1 basis point of positive performance as the securities that we have selected for the portfolio returned more than the theoretical return of a like basket of securities determined by our portfolio analytics provider.

"Sector Effect" was basically flat as agency and corporate spreads mainly held steady to Treasuries over the quarter.

Chart 2: U.S. Treasury Yield Curve 3/31/12—6/30/12 (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 2012	Q1 2012	Q4 2011	FYTD 2012	1 Year	3 Year
Total Pooled Investment Fund	0.63%	0.84%	0.95%	0.95%	0.95%	1.34%
Core Portfolio	0.72%	1.01%	1.25%	1.23%	1.23%	1.83%
Liquidity Portfolio	0.47%	0.54%	0.45%	0.46%	0.46%	0.47%

Total Return—Core Portfolio

	Q2 2012	Q1 2012	Q4 2011	FYTD 2012	1 Year	3 Year*
Core Portfolio	0.21%	0.03%	0.19%	0.85%	0.85%	1.77%
BAML 1 - 3 Year Treasury Index	0.19%	(0.08%)	0.19%	0.79%	0.79%	1.61%
Difference	0.02%	0.11%	0.00%	0.06%	0.06%	0.16%

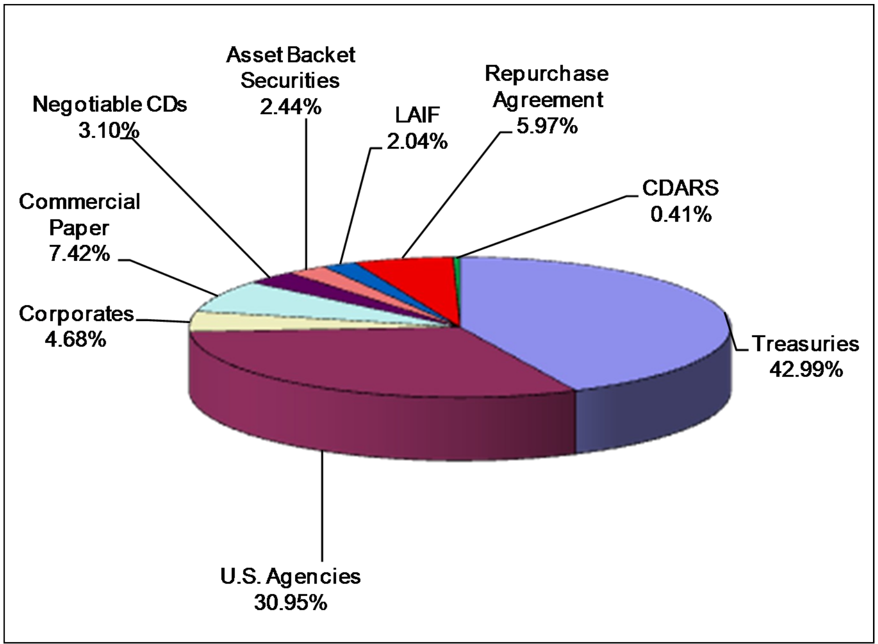
***Annualized Returns**

Portfolio Profile as of June 30, 2012

	Liquidity	*Core*
Portfolio Size*	$930,372,013	$1,491,783,468
% of total pool	38.41%	61.59%
Portfolio Duration**	0.350	1.671
Index Duration**	0.374	1.904
% of index	93.59%	87.76%
Weighted Average Days to Maturity	137	673

* 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



Top Issuer Exposures

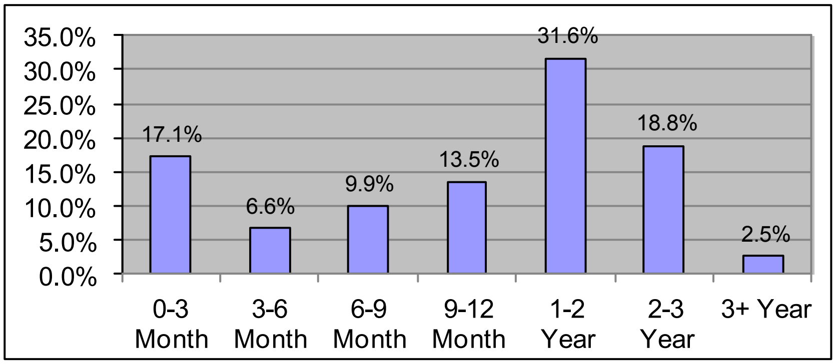
Issuer	% of Portfolio
U.S. Treasury	42.99%
Federal Home Loan Bank	11.15%
Fannie Mae	6.19%
Federal Farm Credit Bank	5.57%
Freddie Mac	5.36%
General Electric	1.86%
Int'l Bank for Recon & Dev	1.44%
Chase Issuance Trust	1.44%
BNP Paribas Finance	1.24%
Rabobank USA	1.03%
Svenska Handelsbanken NY	1.03%
Swedbank NY	1.03%
Societe Generale N.A.	1.03%
Nestle Capital Corp.	1.03%
Coca-Cola Corp.	1.03%
Toyota Motor Credit Corp.	1.03%

Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury	42.99%
Agencies	30.95%
AAA/A1	13.37%
AA	3.61%
A	0.66%
Below A	0.00%

- All Commercial Paper is rated A1 or A1+ and is included in the AAA/A1 bucket
- Repurchase agreement is not included, though it is collateralized at 102% by AAA-rated collateral with an A-rated counterparty
- CDARS is not included as it is comprised of FDIC-insured CDs
- LAIF and money market funds are not included

Pool Maturity Distribution



Portfolio Strategy

Interest rates decreased dramatically on the longer end of the yield curve this past quarter, reaching record low yields for maturities of 5 years and longer.

Even the shorter end of the yield curve, which is where we invest City Pool monies, saw rates decrease, though by not as dramatic.

With these very low yields, we are now currently short duration by about 10% versus the index, the shortest we have been in several years. Even though the FOMC reiterated its pledge to keep rates exceptionally low through the end of 2014, there is not much incremental yield that we can earn by being neutral or long duration versus the index. Due to this reason, we maintain a short duration bias to guard the portfolio against any interest rate shocks, which always tend to occur when least expected, and would subject the Pool to large unrealized losses (remember, as interest rates rise, bond prices fall).

The downside to maintaining a short duration bias is typically the lower "carry" or yield earned by not investing in longer-dated (and higher-yielding) securities. However, we are able to mitigate this and in fact still earn more carry than our index through the inclusion of non-index securities, namely agency, corporate and asset-backed securities. As these securities earn a spread over Treasury securities, they help us offset the lower carry of a shorter-than-index duration position.

In particular, we have favored agency callable securities in the portfolio which, due to their embedded optionality, earn a higher coupon than bullet securities. In the low-volatility short end of the curve, we can enjoy the extra yield without too much fear of underperformance which can occur during sharp rate moves higher or lower.

While these callable structures have tended to be 1-, 2-, or 3-year final maturities, we have been exploring the possibility of purchasing 5-year final maturities, which will offer even higher yields and will outperform as long as rates stay range-bound, which is our base-case scenario for the foreseeable future.

Additionally, the slope in 2 & 3 year US Treasury curve is very flat so investors are not rewarded, on a risk adjusted basis, for extending out on the Treasury curve.

We have continued to add to our asset-backed securities position, and at quarter end these securities represented over 2% of the portfolio. We have focused exclusively on prime auto loan and credit card backed programs that are sponsored by A-rated entities. The collateral performance of these issuers has been stellar, with extremely low charge-offs and delinquencies. These securities fulfill our primary objectives of safety and liquidity while also allowing us to earn additional yield in the portfolio.

We also continue to look for high grade industrial issues for the portfolio, though new issuance in shorter maturities has been scarce, and most secondary bonds available have high coupons and high dollar prices, which we tend to avoid for accounting reasons.

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	560	472	88	88
August	269	228	41	129
September	162	179	(17)	112
October	196	197	(1)	111
November	105	203	(98)	13
December	175	122	122	135

(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) Duration (Liquidity)	ML 1-3 Year +/-20% US T-bill 3-6 months +/-40%	Complies – 87.76% Complies - 93.59%
Maximum Maturity	5 years	Complies
U.S. Agency Securities	100% maximum	Complies – 30.95%
FNMA	33.3% maximum	Complies– 6.19%
FHLMC	33.3% maximum	Complies – 5.36%
FHLB	33.3% maximum	Complies – 11.15%
FFCB	33.3% maximum	Complies – 5.57%
Callable Securities	30% maximum	Complies – 11.15%
MBS/CMO's	5 yr maximum- 20% max.	Complies – None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies – 2.44%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies – 7.42%
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
	3 year maximum	Complies
	30% maximum	Complies – 4.68%
Mutual Funds	20% maximum; 5% maximum per fund	Complies – None in Portfolio
FDIC-insured Certificates of Deposit	2% maximum	Complies – 0.41%
Certificate and Public Deposits	30% maximum	Complies – 3.10%
Reverse Repos	20% maximum	Complies – None in Portfolio
Futures and Options	Prohibited	Complies – None in Portfolio
Custody	Bank trust dept.	Complies – Bank of NY Mellon
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 – None in Portfolio
	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, 2012

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.625	1/31/2013	$25,000,000.00	$24,990,689.41	$25,062,500.00
US Treasury Note	US Treasury	1.375	2/15/2013	$25,000,000.00	$25,019,531.25	$25,182,500.00
US Treasury Note	US Treasury	0.625	2/28/2013	$25,000,000.00	$24,964,964.78	$25,072,500.00
US Treasury Note	US Treasury	1.375	3/15/2013	$25,000,000.00	$24,946,483.65	$25,205,000.00
US Treasury Note	US Treasury	1.375	5/15/2013	$15,000,000.00	$15,077,343.75	$15,147,000.00
US Treasury Note	US Treasury	0.5	5/31/2013	$10,000,000.00	$10,003,906.25	$10,023,000.00
US Treasury Note	US Treasury	1.125	6/15/2013	$25,000,000.00	$24,948,581.00	$25,207,500.00
US Treasury Note	US Treasury	1.125	6/15/2013	$20,000,000.00	$19,957,812.50	$20,166,000.00
US Treasury Note	US Treasury	0.375	6/30/2013	$15,000,000.00	$14,968,359.38	$15,018,000.00
US Treasury Note	US Treasury	0.375	6/30/2013	$10,000,000.00	$9,978,125.00	$10,012,000.00
US Treasury Note	US Treasury	1	7/15/2013	$40,000,000.00	$39,959,339.20	$40,304,000.00
US Treasury Note	US Treasury	0.375	7/31/2013	$40,000,000.00	$40,006,250.00	$40,048,000.00
US Treasury Note	US Treasury	0.75	8/15/2013	$10,000,000.00	$9,984,154.20	$10,054,000.00
US Treasury Note	US Treasury	0.75	8/15/2013	$20,000,000.00	$19,937,500.00	$20,108,000.00
US Treasury Note	US Treasury	0.25	10/31/2013	$25,000,000.00	$24,967,773.44	$24,987,500.00
US Treasury Note	US Treasury	0.5	11/15/2013	$25,000,000.00	$25,115,234.38	$25,072,500.00
US Treasury Note	US Treasury	2	11/30/2013	$25,000,000.00	$25,882,812.50	$25,600,000.00
US Treasury Note	US Treasury	2	11/30/2013	$25,000,000.00	$25,859,375.00	$25,600,000.00
US Treasury Note	US Treasury	0.25	11/30/2013	$25,000,000.00	$25,000,000.00	$24,982,500.00
US Treasury Note	US Treasury	0.75	12/15/2013	$25,000,000.00	$25,243,164.06	$25,160,000.00
US Treasury Note	US Treasury	0.25	1/31/2014	$25,000,000.00	$24,982,293.10	$24,977,500.00
US Treasury Note	US Treasury	1.25	2/15/2014	$25,000,000.00	$25,049,804.69	$25,375,000.00
US Treasury Note	US Treasury	0.25	2/28/2014	$15,000,000.00	$14,967,544.15	$14,985,000.00
US Treasury Note	US Treasury	1.25	3/15/2014	$20,000,000.00	$19,996,093.75	$20,314,000.00
US Treasury Note	US Treasury	0.25	3/31/2014	$25,000,000.00	$24,959,325.90	$24,970,000.00
US Treasury Note	US Treasury	1.25	4/15/2014	$25,000,000.00	$24,956,013.75	$25,408,250.00
US Treasury Note	US Treasury	0.25	4/30/2014	$25,000,000.00	$24,994,310.46	$24,970,000.00
US Treasury Note	US Treasury	0.25	5/31/2014	$175,000,000.00	$174,973,851.61	$174,790,000.00
US Treasury Note	US Treasury	0.625	7/15/2014	$25,000,000.00	$24,986,328.13	$25,142,500.00
US Treasury Note	US Treasury	0.5	8/15/2014	$25,000,000.00	$25,127,929.68	$25,085,000.00
US Treasury Note	US Treasury	0.5	10/15/2014	$25,000,000.00	$24,966,628.00	$25,087,500.00
US Treasury Note	US Treasury	0.375	11/15/2014	$25,000,000.00	$24,993,164.06	$25,015,000.00
US Treasury Note	US Treasury	0.25	12/15/2014	$25,000,000.00	$24,907,226.56	$24,935,000.00
US Treasury Note	US Treasury	0.25	1/15/2015	$25,000,000.00	$24,968,739.26	$24,927,500.00
US Treasury Note	US Treasury	0.25	2/15/2015	$25,000,000.00	$24,875,622.43	$24,912,500.00
US Treasury Note	US Treasury	0.375	3/15/2015	$25,000,000.00	$24,919,624.66	$24,985,000.00
US Treasury Note	US Treasury	0.375	4/15/2015	$25,000,000.00	$25,002,145.23	$24,982,500.00
US Treasury Note	US Treasury	0.25	5/15/2015	$25,000,000.00	$24,927,691.92	$24,890,000.00
Treasury Total			***42.99%***	***$1,040,000,000.00***	***$1,041,365,737.09***	***$1,043,764,750.00***
Agency Discount Note	Freddie Mac	0.15	7/20/2012	$25,000,000.00	$24,965,625.00	$25,000,000.00
Agency Note	Federal Home Loan Bank	0.23	10/24/2012	$25,000,000.00	$24,991,477.25	$25,007,812.50
Agency Note	Federal Home Loan Bank	0.2	11/7/2012	$25,000,000.00	$25,000,000.00	$25,007,812.50
Agency Note	Federal Home Loan Bank	0.18	11/23/2012	$25,000,000.00	$24,994,250.00	$25,000,000.00
Agency Note	Federal Home Loan Bank	0.21	12/21/2012	$25,000,000.00	$25,021,708.33	$25,000,000.00
Agency Note	Federal Farm Credit Bank	0.75	1/4/2013	$25,000,000.00	$25,148,133.75	$25,062,500.00
Agency Note	Federal Home Loan Bank	0.25	1/8/2013	$25,000,000.00	$25,000,000.00	$25,000,000.00
Agency Note	Federal Farm Credit Bank	1.75	2/21/2013	$20,000,000.00	$19,947,400.00	$20,175,000.00
Agency Note	Federal Home Loan Bank	0.25	2/28/2013	$20,000,000.00	$20,000,000.00	$20,000,000.00
Agency Note	Federal Home Loan Bank	0.24	4/12/2013	$25,000,000.00	$24,996,765.25	$24,992,187.50
Agency Discount Note	Freddie Mac	0.19	4/23/2013	$25,000,000.00	$24,953,027.78	$24,960,937.50
Agency Note	Federal Home Loan Bank	0.23	5/9/2013	$25,000,000.00	$24,998,750.00	$24,992,187.50
Agency Note	Federal Home Loan Bank	0.3	5/28/2013	$20,000,000.00	$20,000,000.00	$19,993,750.00
Agency Note	Federal Farm Credit Bank	0.22	6/4/2013	$25,000,000.00	$24,994,250.00	$24,976,562.50

City of San Diego Pooled Investment Fund Holdings as of June 30, 2012 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Note	Federal Home Loan Bank	0.3	6/10/2013	$20,000,000.00	$20,000,000.00	$19,993,750.00
Agency Note	NCUA Guaranteed	0.26075	6/12/2013	$20,000,000.00	$20,000,000.00	$20,000,000.00
Agency Note	Federal Farm Credit Bank	1.375	6/25/2013	$25,000,000.00	$24,922,000.00	$25,281,250.00
Agency Note	Federal Home Loan Bank	0.24	6/28/2013	$25,000,000.00	$24,994,152.00	$24,992,187.50
Agency Note	Fannie Mae	0.55	8/23/2013	$10,000,000.00	$10,005,000.00	$10,003,125.00
Agency Note	Freddie Mac	0.5	10/15/2013	$15,000,000.00	$14,996,700.00	$15,037,500.00
Agency Note	Freddie Mac	0.45	2/21/2014	$20,000,000.00	$20,000,000.00	$20,018,750.00
Agency Note	Federal Farm Credit Bank	1.125	2/27/2014	$25,000,000.00	$24,950,750.00	$25,320,312.50
Agency Note	International Finance Corp.	0.45	2/28/2014	$10,000,000.00	$9,997,000.00	$9,997,000.00
Agency Note	Intl Bank Recon & Develop	0.55	4/25/2014	$25,000,000.00	$25,000,000.00	$25,078,125.00
Agency Note	Intl Bank Recon & Develop	0.55	6/6/2014	$10,000,000.00	$10,000,000.00	$10,000,000.00
Agency Note	Federal Home Loan Bank	0.5	6/13/2014	$10,000,000.00	$10,000,000.00	$9,987,500.00
Agency Note	Freddie Mac	1	8/27/2014	$25,000,000.00	$24,967,000.00	$25,343,750.00
Agency Note	Fannie Mae	0.85	10/24/2014	$20,000,000.00	$20,039,400.00	$20,031,250.00
Agency Note	Freddie Mac	0.55	2/13/2015	$20,000,000.00	$20,000,000.00	$20,025,000.00
Agency Note	Fannie Mae	0.55	2/27/2015	$20,000,000.00	$19,975,000.00	$20,025,000.00
Agency Note	Fannie Mae	0.7	3/13/2015	$10,000,000.00	$10,000,000.00	$10,009,375.00
Agency Note	Fannie Mae	0.75	4/24/2015	$10,000,000.00	$10,000,000.00	$10,000,000.00
Agency Note	Fannie Mae	0.5	5/27/2015	$25,000,000.00	$24,927,750.00	$24,984,375.00
Agency Note	Fannie Mae	0.7	5/29/2015	$10,000,000.00	$10,000,000.00	$10,000,000.00
Agency Note	Federal Farm Credit Bank	0.5	6/23/2015	$15,000,000.00	$14,953,800.00	$14,976,562.50
Agency Note	Fannie Mae	0.7	6/26/2015	$10,000,000.00	$10,000,000.00	$10,012,500.00
Agency Note	Fannie Mae	0.5	7/2/2015	$35,000,000.00	$34,884,850.00	$34,956,250.00
Agency Total			***30.95%***	***$750,000,000.00***	***$749,624,789.36***	***$751,242,312.50***
LAIF	California State Pool	0.38	6/30/2012	$49,475,341.01	$49,475,341.01	$49,475,341.01
Repo	Repurchase Agreement	0.13	7/2/2012	$50,000,000.00	$50,000,000.00	$50,000,000.00
Repo	Repurchase Agreement	0.19	7/2/2012	$94,687,103.00	$94,687,103.00	$94,687,103.00
Commercial Paper	General Electric Capital	0.38	7/6/2012	$25,000,000.00	$24,945,902.78	$24,999,131.94
Commercial Paper	BNP Paribas Finance Inc.	0.19	7/6/2012	$30,000,000.00	$29,998,891.67	$29,998,958.33
Commercial Paper	Societe Generale NA	0.27	7/6/2012	$25,000,000.00	$24,998,687.50	$24,999,131.94
Commercial Paper	Nestle Capital Corp.	0.2	8/3/2012	$25,000,000.00	$24,966,666.67	$24,994,270.83
Commercial Paper	Toyota Motor Credit	0.39	8/17/2012	$25,000,000.00	$24,943,937.50	$24,991,840.28
Commercial Paper	Bank of Nova Scotia NY	0.495	8/31/2012	$25,000,000.00	$24,907,875.00	$24,986,020.83
Negotiable CD	Rabobank NY	0.58	9/14/2012	$25,000,000.00	$25,000,000.00	$25,023,199.29
Negotiable CD	Svenska Handelsbanken NY	0.55	10/12/2012	$25,000,000.00	$25,000,000.00	$25,013,661.94
Negotiable CD	Swedbank NY	0.73	12/7/2012	$25,000,000.00	$25,000,000.00	$25,000,000.00
Commercial Paper	The Coca-Cola Co.	0.27	1/18/2013	$25,000,000.00	$24,960,250.00	$24,896,708.33
Non-Negotiable CDs	BSBB CDARS	1.25	2/14/2013	$10,000,000.00	$10,000,000.00	$10,000,000.00
Repo, BA's, CD's, CP,	***LAIF, Funds Total***		***18.95%***	***$459,162,444.01***	***$458,884,655.13***	***$459,065,367.72***
Medium Term Note	Procter & Gamble Co.	1.375	8/1/2012	$10,000,000.00	$9,998,531.93	$10,006,250.00
Medium Term Note	Berkshire Hathaway Inc.	5.125	9/15/2012	$4,500,000.00	$4,600,302.25	$4,541,484.38
Medium Term Note	3M Company	4.65	12/15/2012	$10,000,000.00	$10,189,736.52	$10,200,000.00
Medium Term Note	General Electric Capital	2.8	1/8/2013	$10,000,000.00	$10,197,520.00	$10,117,187.50
Medium Term Note	PepsiCo Inc.	4.65	2/15/2013	$5,000,000.00	$5,217,300.00	$5,128,125.00
Medium Term Note	General Dynamics Corp.	4.25	5/15/2013	$10,000,000.00	$10,649,900.00	$10,326,562.50
Medium Term Note	Wal-Mart Stores Inc.	0.75	10/25/2013	$10,000,000.00	$9,965,700.00	$10,023,437.50
Medium Term Note	Wal-Mart Stores Inc.	1.625	4/15/2014	$3,000,000.00	$2,991,900.00	$3,057,187.50
Medium Term Note	Colgate-Palmolive Co.	1.25	5/1/2014	$4,000,000.00	$3,994,160.00	$4,049,375.00
Medium Term Note	Johnson & Johnson	1.2	5/15/2014	$10,000,000.00	$9,988,300.00	$10,135,937.50
Medium Term Note	Google Inc.	1.25	5/19/2014	$7,000,000.00	$6,998,390.00	$7,108,281.25
Medium Term Note	Procter & Gamble Co.	0.7	8/15/2014	$7,000,000.00	$6,971,230.00	$7,018,593.75
Medium Term Note	Metlife Institutional Funding II	0.71815	4/3/2013	$11,500,000.00	$11,500,000.00	$11,498,203.13

City of San Diego Pooled Investment Fund Holdings as of June 30, 2012 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Medium Term Note	General Electric Capital	1.16585	4/24/2014	$10,000,000.00	$10,000,000.00	$10,000,000.00
Corporate MTN's and Other Notes Total			***4.68%***	***$112,000,000.00***	***$113,262,970.70***	***$113,210,625.01***
Asset Backed Security	Honda Auto Receivables Trust	0.39833	10/22/2012	$17,975.65	$17,975.65	$17,975.65
Asset Backed Security	Chase Issuance Trust	0.36175	12/15/2015	$25,000,000.00	$25,000,000.00	$25,000,000.00
Asset Backed Security	Toyota Auto Receivables Owner Trust	0.57	10/15/2014	$9,000,000.00	$8,999,410.50	$8,999,410.50
Asset Backed Security	Honda Auto Receivables Trust	0.56	11/17/2014	$15,000,000.00	$14,999,943.00	$14,999,943.00
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 Securities Total			***2.44%***	***$59,017,975.65***	***$59,017,329.15***	***$59,017,329.15***
Grand Total			***100.00%***	***$2,420,180,419.66***	***$2,422,155,481.43***	***$2,426,299,175.47***

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