



City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

9/30/2012

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Office of the City Treasurer—Investments Division

Economic Commentary

Central banks around the world rode to the rescue over the past quarter as world economies continued their long slog towards recovery.

In late July, European Central Bank president Mario Draghi stated that the ECB will do “whatever it takes to preserve the Euro.” On September 6, the ECB announced the “Outright Monetary Transactions” program, which will entail potentially unlimited sovereign bond purchases, and importantly, without preferred creditor status for the ECB. These transactions will require that countries formally request this aid and agree to comply with certain conditions. The ECB announcement resulted in the outperformance of risky assets as financial markets received the backstop they were looking for.

A week later, on September 13, the FOMC announced that they would embark on additional

quantitative easing, with a program to purchase \$40 billion in mortgage-backed securities per month until the economy displays sustained improvement. They also announced that they were likely to keep rates exceptionally low through at least mid-2015.

The Fed announcement further bolstered the ebullient debt market as yields of fixed income securities marched even lower.

Another major development was the Treasury amending the terms of the Preferred Stock Purchase Agreement with Fannie Mae and Freddie Mac. Under the new terms, instead of both GSEs having to pay a 10% dividend to the Treasury on its preferred stock outstanding, it will simply pay out any profits. Additionally, the GSEs will now have to shrink by 15% per year instead of 10%. Both changes will go a long way towards protecting both taxpayers and

senior debt holders of both agencies.

Though US economic indicators were mixed during the quarter, there were some bright spots in September. After several lackluster months, both ISM surveys printed above 50, a level indicating economic expansion. Also, housing-related numbers continued to improve. Lastly, the September jobs report saw the unemployment rate drop to 7.8%, its lowest level since January 2009 (see Chart 1).

The next few months should provide for much excitement with the US Presidential election in November and the year-end fiscal cliff of expiring tax cuts and mandatory budget sequestration, which if not resolved by Congress, will most certainly lead to a new, sharp recession. Stay tuned!

Quarterly Economic Highlights

- The US unemployment rate dropped to 7.8% in September its lowest rate since January 2009
- The US stock market, as measured by the S&P 500 Index, rose 6.4% for the quarter
- The gold spot price rose 10.9% during the quarter to finish at \$1772.10/oz
- The SEC called off a vote in late August on proposed money market reforms due to lack of consensus

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. Unemployment Rate December 2007–September 2012 (Source: Bloomberg)

Hot Topic Corner— Changes to the Quarterly Portfolio Review

In an effort to increase transparency and usability of the Quarterly Portfolio Review, we are pleased to announce the first major revamp of the report since June 2008 with the addition of a Credit Profile page (page 5).

The new Credit Profile page incorporates the ratings distributions and top credit exposures previously found on the Portfolio Profile page with a listing of all of the City Treasurer’s Pooled Investment Fund’s corporate exposures as of quarter end.

The first column of the new Corporate Issuers table lists all of our corporate issuer exposure, aggregated at the parent company level.

The next three columns display the long-term credit ratings of each issuer by Moody’s, Standard & Poor’s, and Egan-Jones (the independent third-party credit research service to which the City currently subscribes).

The next two columns show the level of the 5 year credit default swap (CDS) of the issuer’s senior debt, and the percentage change of that level quarter-over-quarter. A credit default swap is an instrument by which a purchaser can “insure” against the default of that issuer by paying an annual fee based on the notional amount insured and the CDS level. For instance, for an issuer with a 5 year CDS level of 45 basis points and a contract to cover \$10 million of

debt, the CDS buyer will pay the seller \$45,000 annually (\$10,000,000 x .45% = \$45,000). All else equal, the higher the CDS level, the riskier the credit, though there are typically varying ranges by industry and sector. Also, sudden increases in the CDS level of an issuer may indicate distress for that issuer.

The next two columns display the equity price of the issuer (if applicable) at quarter end and the quarter-over-quarter percentage change of the equity price. Very low equity prices for a company or a sharp, sudden drop in the equity price (particularly in excess of the overall stock market) could indicate distress of a corporate issuer and is

something that we monitor closely.

Lastly, the final column of the Corporate Issuers table displays the days until maturity of the longest maturity bond we hold of a particular issuer.

By separating the credit information from the high-level portfolio profile, we hope to provide a clearer picture about the credit exposure of the City Treasurer’s Pooled Investment Fund. In doing so, we also hope to increase the readability of the entire report and enhance the overall user experience.

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	9/13/2012	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	SEP	0.6%	0.0%	0.6%
Consumer Price Index (YoY)	SEP	2.0%	1.7%	0.3%
Producer Price Index (MoM)	SEP	1.1%	0.1%	1.0%
Producer Price Index (YoY)	SEP	0.0%	0.7%	(0.7%)
Durable Goods Orders	SEP	9.9%	1.6%	8.3%
Gross Domestic Product (Annualized)	Q3A	2.0%	1.5%	0.5%
ISM (Manufacturing)	SEP	51.5	49.7	1.8
ISM (Non-manufacturing)	SEP	55.1	52.1	3.0
Retail Sales	SEP	1.1%	(0.5%)	1.6%
Unemployment Rate	SEP	7.8%	8.2%	(0.4%)
Change in Non-farm Payrolls	SEP	114,000	80,000	34,000
Consumer Confidence (Univ. of Michigan)	Oct (Final)	82.6	72.3	10.3
Existing Home Sales	SEP	4.75(mil)	4.37(mil)	0.38(mil)
New Home Sales	SEP	0.389(mil)	0.350(mil)	0.039(mil)
Housing Starts	SEP	0.872(mil)	0.760(mil)	0.112(mil)
Median Home Price (existing) [EHSLMP]	SEP	\$184,300	\$190,100	(\$5,800)
NYMEX WTI CRUDE OIL (barrel)	9/30/12	\$92.19	\$84.96	7.23
S&P 500 Stock Index	9/30/12	1440.67	1362.16	78.51

Portfolio Performance

The Core Portfolio matched the performance of its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, with both returning approximately 0.26% for the past quarter.

Chart 2 shows a yield curve that flattened out to the 5 year point and steepened further out over the past quarter. This curve twist was the result of the Federal Open Market Committee announcement on September 13 that they would buy \$40 billion of mortgage-backed securities per month until the economy strengthens. As the average mortgage-backed security has its highest key rate duration exposure in the five to ten year part of curve, this area outperformed. Additionally, since the FOMC will not be selling its shorter-term securities for this new round of quantitative easing, the one- to three-year part of the curve was

also supported. The very long end of the yield curve sold off due to the end of Fed buying after the end of the year and the expectation of increased inflation over the longer term.

Though the Core matched the performance of the index in aggregate, there were a few areas of relative underperformance and outperformance.

“Income” and “Amortization” effects once again offset each other, as the lower coupon portfolio securities did not earn as much coupon interest as the higher coupon index securities. However, the lower price of portfolio securities versus the index meant that there was less amortization of bond prices down to par of portfolio securities when compared with index securities.

“Roll effect” resulted in approximately -2 basis points

of underperformance as portfolio securities did not increase in price as they rolled down the yield curve as much as index securities.

“Sector effect” added about 3.5 basis points of outperformance as corporate

and agency securities in the portfolio outperformed the securities in the index.

“Effective Duration,” “Convexity,” and “Non-parallel duration” effects combined to subtract about 1.5 basis points of performance versus the index.

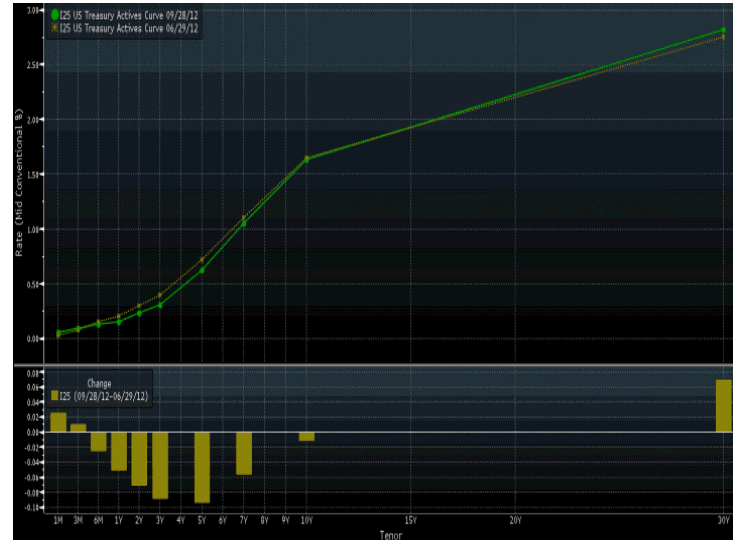


Chart 2: U.S. Treasury Yield Curve 6/30/12–9/30/12 (Source: Bloomberg)

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*

	Q3 2012	Q2 2012	Q1 2012	FYTD 2013	1 Year	3 Year
Total Pooled Investment Fund	0.71%	0.63%	0.84%	0.71%	0.78%	1.19%
Core Portfolio	0.85%	0.72%	1.01%	0.85%	0.95%	1.61%
Liquidity Portfolio	0.45%	0.47%	0.54%	0.45%	0.48%	0.44%

Total Return—Core Portfolio

	Q3 2012	Q2 2012	Q1 2012	FYTD 2013	1 Year	3 Year*
Core Portfolio	0.26%	0.21%	0.03%	0.26%	0.68%	1.56%
BAML 1 - 3 Year Treasury Index	0.26%	0.19%	(0.08%)	0.26%	0.56%	1.43%
Difference	0.00%	0.02%	0.11%	0.00%	0.12%	0.13%

*Annualized Returns

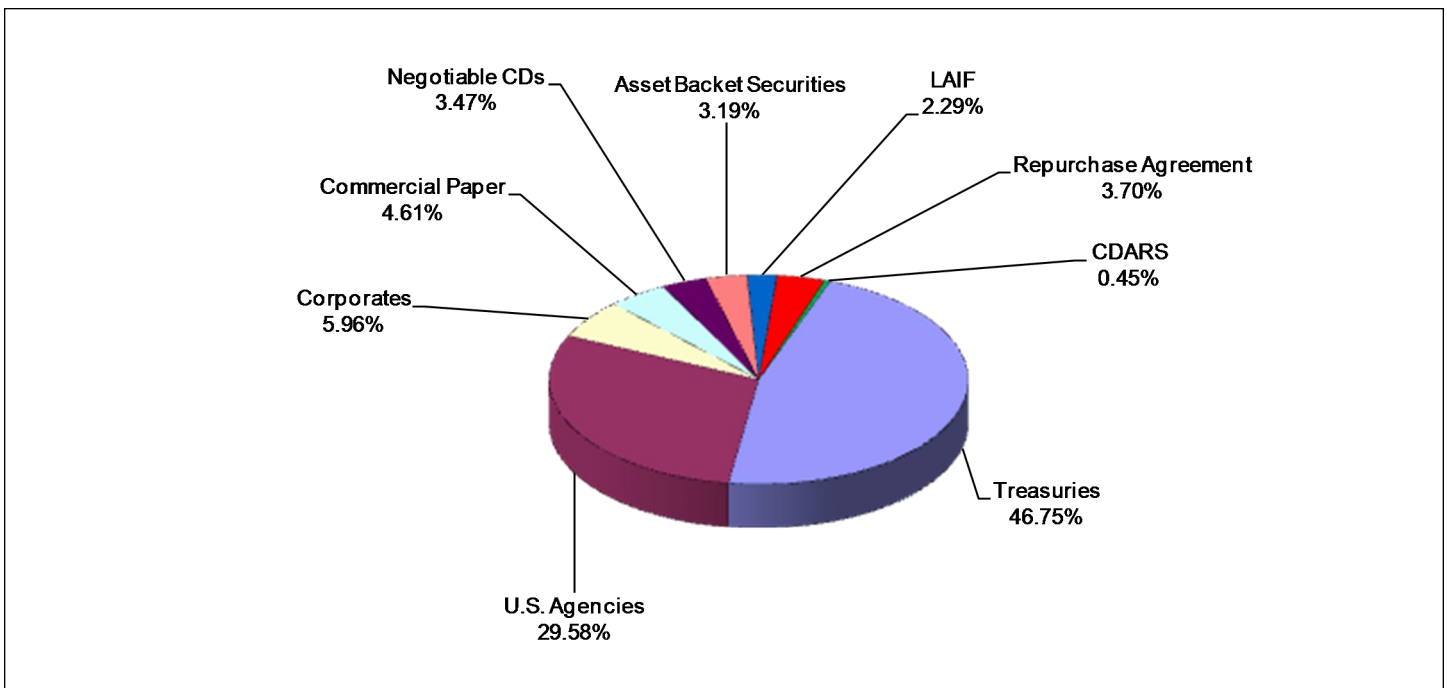
Portfolio Profile

as of September 30, 2012

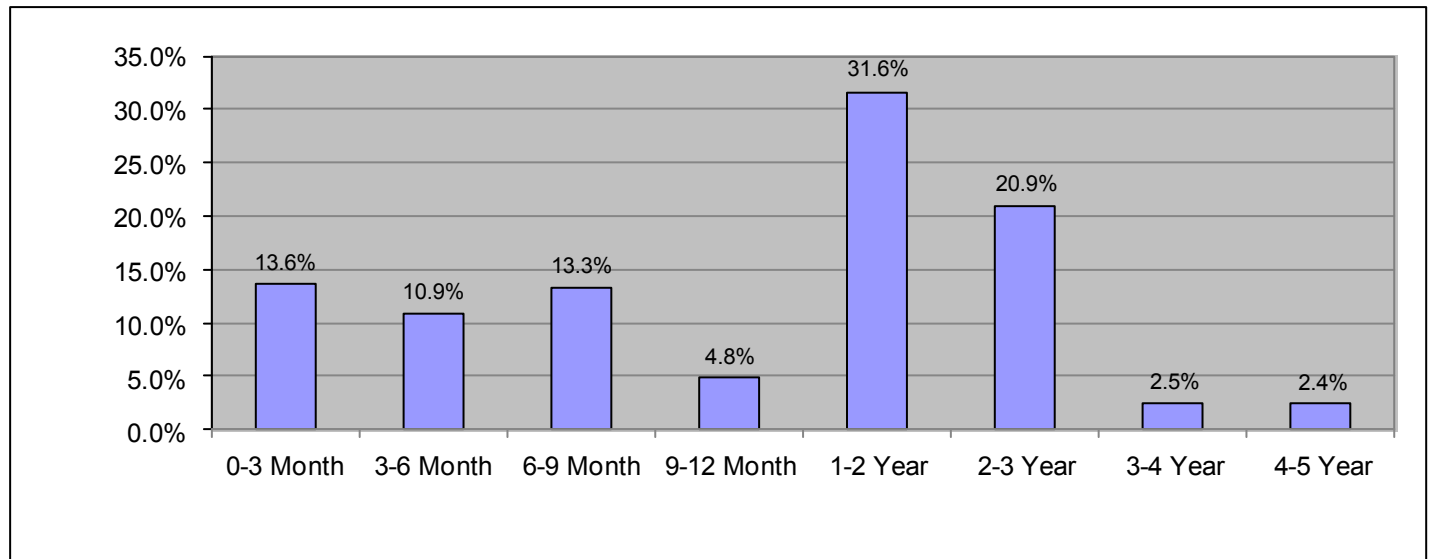
	Liquidity	Core
Portfolio Size*	\$761,578,360	\$1,401,783,494
% of total pool	35.20%	64.80%
Portfolio Duration**	0.327	1.644
Index Duration**	0.370	1.885
% of index	88.25%	87.21%
Weighted Average Days to Maturity	130	710

* 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 September 30, 2012

Credit Ratings

Top Issuer Exposures

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	46.75%
U.S. Agencies (AAA)	29.58%
AAA/A1	11.73%
AA	3.83%
A	1.67%
Below A	0.00%

Issuer	% of Portfolio
U.S. Treasury	46.75%
Federal Home Loan Bank	11.32%
Federal Farm Credit Bank	6.42%
Freddie Mac	5.77%
Fannie Mae	3.70%
General Electric	2.08%
Chase Issuance Trust	2.08%
Svenska Handelsbanken NY	1.16%
Swedbank NY	1.16%
Toronto Dominion Bank NY	1.16%
The Coca-Cola Corp.	1.15%
Nestle Capital Corp.	1.15%
Toyota Motor Credit Corp.	1.15%
Honda Auto Receivables Owners Trust	0.69%
Wal-Mart Stores Inc.	0.60%
The Procter & Gamble Co.	0.55%

- 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 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

Pooled Fund Corporate Issuers

Issuer	Moody's	S&P	Egan-Jones	5yr CDS level	Q/Q % change	Equity Price	Q/Q % change	Longest maturity
Caterpillar Inc.	A2	A	A	113.00	-15.43%	\$86.04	1.33%	78 days
Colgate-Palmolive Co.	Aa3	AA-	AA	37.00	-13.95%	\$107.22	3.00%	578 days
General Dynamics Corp.	A2	A	A+	46.50	-2.11%	\$66.12	2.43%	227 days
General Electric Co.	Aa3	AA+	AA	134.88	-19.05%	\$22.71	8.97%	571 days
Google Inc.	Aa2	AA- (+)	AA+	25.15	-33.47	\$754.50	30.07%	596 days
IBM Corp.	Aa3	AA-	AA+	38.20	6.58%	\$207.45	6.07%	761 days
Johnson & Johnson	Aaa	AAA	AA+	34.18	-5.55%	\$68.91	2.00%	592 days
The Coca-Cola Co.	Aa3	AA-	AA-	47.50	-19.09%	\$37.93	-2.99%	110 days
MetLife Inc.	A3	A-	A-	198.00	-30.53%	\$34.46	11.70%	185 days
3M Co.	Aa2	AA-	AA	26.16	-15.61%	\$92.42	3.15%	76 days
Nestle SA	Aa2	AA	AA-	30.53	-11.51%	\$63.21	5.81%	264 days
PepsiCo Inc.	Aa3 (-)	A	A+	48.17	-29.30%	\$70.77	0.11%	138 days
The Procter & Gamble Co.	Aa3	AA-	AA-	46.43	-5.42%	\$69.36	13.24%	502 days
Svenska Handelsbanken NY	Aa3	AA-	N/A	81.97	-28.96%	\$37.52	14.63%	12 days
Swedbank NY	A2	A+	N/A	137.50	-23.79%	\$18.81	19.96%	68 days
Toronto-Dominion Bank NY	Aaa (-)	AA- (-)	A	N/A	N/A	\$83.34	6.53%	334 days
Toyota Motor Corp.	Aa3 (-)	AA- (-)	A-	68.68	17.28%	\$78.51	-2.45%	236 days
United Parcel Service Inc.	Aa3 (-)	A+ (-)	AA+	35.72	-1.31%	\$71.57	-9.13%	107 days
Wells Fargo & Co.	A2 (-)	A+ (-)	A	86.27	-12.19%	\$34.53	3.26%	123 days
Wal-Mart Stores Inc.	Aa2	AA	AA-	33.92	-28.07%	\$73.80	5.85%	562 days

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.

Portfolio Strategy

At its September 13 meeting, the FOMC indicated that “exceptionally low levels for the federal funds rate are likely to be warranted at least through mid-2015.” This was a change from previous guidance of late 2014.

This lengthening of the near-zero interest rate policy will continue to make for a challenging investment environment in the front end of the yield curve.

Another headwind will be the expected expiration of the FDIC’s Transaction Account Guarantee program on December 31. This program currently guarantees unlimited deposit balances for non-interest bearing accounts held at FDIC banks. Upon expiration, it is possible that several

hundred billions of dollars will flow from these accounts into money market accounts or directly into short-term investments such as Treasury bills, agency discount notes, and commercial paper. This could result in further rate decreases in these instruments.

Though the Fed has pledged to keep rates low for the next several years, we maintain a short duration position in the Core portfolio versus the index in order to mitigate portfolio losses in the event of an unexpected rate increase.

We are still able to earn a yield slightly higher than the index through investments in non-Treasury securities like corporate bonds, agency securities and asset-backed securities. These securities all

earn a spread over Treasury securities while adhering to our primary investment objectives of safety of principal and liquidity.

One way we have earned incremental yield recently is through the purchase of agency callable securities with a maturity of five years and call dates anywhere from one month to one year out. With a longer final maturity, these securities come with a higher coupon and will most likely be called from the portfolio on their first or second call dates due to the low interest rate environment. We limit the overall exposure to these instruments to 30% of the portfolio in order to mitigate against a sudden rise in interest rates. If rates were to suddenly rise, the duration of these bonds would increase since they

would most likely not be called and would act more like a five-year security and underperform shorter maturity bonds.

We have also continued to increase exposure to floating rate securities. Even in this low rate environment, these securities still provide for incremental yield pickup versus Treasury securities and come with the added bonus of stepping up the coupon should the level of interest rates increase prior to maturity.

As always, we continue to manage the City Treasurer’s Pooled Investment Fund with the primary objectives of safety of principal and liquidity in mind, and any security purchase or sale is done so in context of the overall portfolio, in accordance with the City Treasurer’s Investment Policy.

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
October	290	211	79	79
November	226	203	23	102
December	302	175	127	229
January	321	344	(23)	206
February	235	210	25	231
March	206	207	(1)	230

(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)	ML 1-3 Year +/-20%	Complies - 87.21%
Duration (Liquidity)	US T-bill 3-6 months +/-40%	Complies - 88.25%
Maximum Maturity	5 years	Complies
U.S. Agency Securities	100% maximum	Complies - 29.58%
FNMA	33.3% maximum	Complies- 3.70%
FHLMC	33.3% maximum	Complies - 5.77%
FHLB	33.3% maximum	Complies - 11.32%
FFCB	33.3% maximum	Complies - 6.24%
Callable Securities	30% maximum	Complies - 9.94%
MBS/CMO's	5 yr maximum- 20% max.	Complies - None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies - 3.19%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies - 4.61%
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 - 5.96%
Mutual Funds	20% maximum; 5% maximum per fund	Complies - None in Portfolio
FDIC-insured Certificates of Deposit	2% maximum	Complies - 0.45%
Certificate and Public Deposits	30% maximum	Complies - 3.47%
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 September 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	\$25,041,000.00
US Treasury Note	US Treasury	1.375	2/15/2013	\$25,000,000.00	\$25,003,321.40	\$25,115,250.00
US Treasury Note	US Treasury	0.625	2/28/2013	\$25,000,000.00	\$24,964,964.78	\$25,049,750.00
US Treasury Note	US Treasury	1.375	3/15/2013	\$25,000,000.00	\$24,946,483.65	\$25,138,750.00
US Treasury Note	US Treasury	1.125	6/15/2013	\$25,000,000.00	\$24,948,581.00	\$25,166,000.00
US Treasury Note	US Treasury	1	7/15/2013	\$25,000,000.00	\$24,974,587.00	\$25,161,000.00
US Treasury Note	US Treasury	0.375	7/31/2013	\$25,000,000.00	\$25,003,906.25	\$25,041,000.00
US Treasury Note	US Treasury	0.75	8/15/2013	\$10,000,000.00	\$9,984,154.20	\$10,049,200.00
US Treasury Note	US Treasury	0.75	8/15/2013	\$20,000,000.00	\$19,937,500.00	\$20,098,400.00
US Treasury Note	US Treasury	0.5	11/15/2013	\$25,000,000.00	\$25,115,234.38	\$25,082,000.00
US Treasury Note	US Treasury	2	11/30/2013	\$25,000,000.00	\$25,882,812.50	\$25,519,500.00
US Treasury Note	US Treasury	2	11/30/2013	\$25,000,000.00	\$25,859,375.00	\$25,519,500.00
US Treasury Note	US Treasury	0.25	11/30/2013	\$25,000,000.00	\$25,000,000.00	\$25,012,750.00
US Treasury Note	US Treasury	0.75	12/15/2013	\$25,000,000.00	\$25,243,164.06	\$25,161,000.00
US Treasury Note	US Treasury	0.25	1/31/2014	\$25,000,000.00	\$24,978,515.63	\$25,011,750.00
US Treasury Note	US Treasury	1.25	2/15/2014	\$25,000,000.00	\$25,049,804.69	\$25,351,500.00
US Treasury Note	US Treasury	1.25	3/15/2014	\$20,000,000.00	\$19,996,093.75	\$20,296,800.00
US Treasury Note	US Treasury	0.25	3/31/2014	\$25,000,000.00	\$24,958,984.37	\$25,007,750.00
US Treasury Note	US Treasury	1.25	4/15/2014	\$25,000,000.00	\$24,956,013.75	\$25,389,750.00
US Treasury Note	US Treasury	0.25	4/30/2014	\$25,000,000.00	\$24,994,310.46	\$25,006,750.00
US Treasury Note	US Treasury	0.25	5/31/2014	\$25,000,000.00	\$24,996,264.52	\$25,007,750.00
US Treasury Note	US Treasury	0.25	6/30/2014	\$35,000,000.00	\$34,959,459.92	\$35,006,650.00
US Treasury Note	US Treasury	0.625	7/15/2014	\$25,000,000.00	\$24,986,328.13	\$25,170,000.00
US Treasury Note	US Treasury	0.125	7/31/2014	\$25,000,000.00	\$24,951,171.88	\$24,948,250.00
US Treasury Note	US Treasury	0.5	8/15/2014	\$25,000,000.00	\$25,127,929.68	\$25,120,000.00
US Treasury Note	US Treasury	0.25	8/31/2014	\$100,000,000.00	\$100,010,574.93	\$100,019,000.00
US Treasury Note	US Treasury	0.5	10/15/2014	\$25,000,000.00	\$24,966,628.00	\$25,127,000.00
US Treasury Note	US Treasury	0.375	11/15/2014	\$25,000,000.00	\$24,993,164.06	\$25,060,500.00
US Treasury Note	US Treasury	0.25	1/15/2015	\$25,000,000.00	\$24,965,820.31	\$24,992,250.00
US Treasury Note	US Treasury	0.25	2/15/2015	\$25,000,000.00	\$24,873,046.88	\$24,984,500.00
US Treasury Note	US Treasury	0.375	3/15/2015	\$25,000,000.00	\$24,915,039.06	\$25,060,500.00
US Treasury Note	US Treasury	0.375	4/15/2015	\$25,000,000.00	\$25,002,145.23	\$25,054,750.00
US Treasury Note	US Treasury	0.25	5/15/2015	\$25,000,000.00	\$24,927,691.92	\$24,974,500.00
US Treasury Note	US Treasury	0.375	6/15/2015	\$25,000,000.00	\$24,978,963.88	\$25,052,750.00
US Treasury Note	US Treasury	0.25	7/15/2015	\$25,000,000.00	\$24,955,842.39	\$24,963,000.00
US Treasury Note	US Treasury	0.25	8/15/2015	\$75,000,000.00	\$74,872,494.91	\$74,883,000.00
Treasury Total			46.75%	\$1,010,000,000.00	\$1,011,271,061.98	\$1,013,643,800.00
Agency Note	Federal Home Loan Bank	0.23	10/24/2012	\$25,000,000.00	\$24,991,477.25	\$25,000,750.00
Agency Note	Federal Home Loan Bank	0.2	11/7/2012	\$25,000,000.00	\$25,000,000.00	\$25,000,500.00
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	\$25,001,750.00
Agency Note	Federal Farm Credit Bank	0.75	1/4/2013	\$25,000,000.00	\$25,098,133.75	\$25,036,750.00
Agency Note	Federal Farm Credit Bank	1.75	2/21/2013	\$20,000,000.00	\$19,991,457.72	\$20,115,800.00
Agency Note	Federal Home Loan Bank	0.24	4/12/2013	\$25,000,000.00	\$24,996,765.25	\$25,007,500.00
Agency Discount Note	Freddie Mac	0.19	4/23/2013	\$25,000,000.00	\$24,953,027.78	\$24,984,500.00
Agency Note	Federal Home Loan Bank	0.23	5/9/2013	\$25,000,000.00	\$24,998,750.00	\$25,004,500.00
Agency Note	Federal Home Loan Bank	0.3	5/28/2013	\$20,000,000.00	\$20,000,000.00	\$20,001,800.00
Agency Note	Federal Farm Credit Bank	0.22	6/4/2013	\$25,000,000.00	\$24,994,250.00	\$25,001,750.00
Agency Note	NCUA Guaranteed	0.248	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	\$25,228,000.00
Agency Note	Federal Home Loan Bank	0.24	6/28/2013	\$25,000,000.00	\$24,994,152.00	\$25,007,500.00
Agency Note	Freddie Mac	0.5	10/15/2013	\$15,000,000.00	\$14,996,700.00	\$15,044,400.00
Agency Note	Freddie Mac	0.45	2/21/2014	\$20,000,000.00	\$20,000,000.00	\$20,021,600.00

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

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Note	Federal Farm Credit Bank	1.125	2/27/2014	\$25,000,000.00	\$24,950,750.00	\$25,302,750.00
Agency Note	Intl Bank Recon & Develop	0.55	4/25/2014	\$25,000,000.00	\$25,000,000.00	\$25,115,500.00
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	Freddie Mac	1	8/27/2014	\$25,000,000.00	\$24,967,000.00	\$25,351,750.00
Agency Note	Fannie Mae	0.85	10/24/2014	\$20,000,000.00	\$20,039,400.00	\$20,007,000.00
Agency Note	Freddie Mac	0.55	2/13/2015	\$20,000,000.00	\$20,000,000.00	\$20,075,800.00
Agency Note	Fannie Mae	0.55	2/27/2015	\$20,000,000.00	\$19,975,000.00	\$20,069,000.00
Agency Note	Fannie Mae	0.7	3/13/2015	\$10,000,000.00	\$10,000,000.00	\$10,013,900.00
Agency Note	Fannie Mae	0.75	4/24/2015	\$10,000,000.00	\$10,000,000.00	\$10,013,900.00
Agency Note	Fannie Mae	0.7	5/29/2015	\$10,000,000.00	\$10,000,000.00	\$10,005,000.00
Agency Note	Federal Farm Credit Bank	0.5	6/23/2015	\$15,000,000.00	\$14,953,800.00	\$15,045,300.00
Agency Note	Fannie Mae	0.7	6/26/2015	\$10,000,000.00	\$10,000,000.00	\$10,010,500.00
Agency Note	Federal Home Loan Bank	0.5	11/20/2015	\$30,000,000.00	\$29,990,400.00	\$30,074,700.00
Agency Note	Freddie Mac	1.1	7/25/2017	\$10,000,000.00	\$10,000,000.00	\$10,017,600.00
Agency Note	Freddie Mac	1	8/14/2017	\$10,000,000.00	\$10,006,111.11	\$10,012,300.00
Agency Note	Federal Home Loan Bank	1.1	8/21/2017	\$10,000,000.00	\$10,000,000.00	\$10,004,600.00
Agency Note	Federal Home Loan Bank	1.3	9/5/2017	\$10,000,000.00	\$10,000,000.00	\$10,000,900.00
Agency Total			29.58%	\$640,000,000.00	\$639,835,133.19	\$641,577,600.00
LAIF	California State Pool	0.36	10/1/2012	\$49,519,286.27	\$49,519,286.27	\$49,519,286.27
Repo	Repurchase Agreement	0.15	10/1/2012	\$79,997,993.00	\$79,997,993.00	\$79,997,993.00
Negotiable CD	Svenska Handelsbanken NY	0.55	10/12/2012	\$25,000,000.00	\$25,000,000.00	\$25,003,580.01
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	\$24,972,750.00
Non-Negotiable CDs	BSBB CDARS	1.25	2/14/2013	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Commercial Paper	General Electric Capital	0.32	3/29/2013	\$25,000,000.00	\$24,945,111.11	\$24,941,576.39
Commercial Paper	Toyota Motor Credit	0.44	5/24/2013	\$25,000,000.00	\$24,917,500.00	\$24,895,555.56
Commercial Paper	Nestle Capital Corp.	0.26	6/21/2013	\$25,000,000.00	\$24,951,430.56	\$24,850,236.11
Negotiable CD	Toronto-Dominion Bank NY	0.4	8/30/2013	\$25,000,000.00	\$25,000,000.00	\$25,000,000.00
Repo, BA's, CD's, CP, LAIF, Funds Total			14.53%	\$314,517,279.27	\$314,291,570.94	\$314,180,977.34
Medium Term Note	3M Company	4.65	12/15/2012	\$10,000,000.00	\$10,189,736.52	\$10,092,400.00
Medium Term Note	Caterpillar Finance Co.	1.9	12/17/2012	\$5,000,000.00	\$5,043,286.11	\$4,987,850.00
Medium Term Note	General Electric Capital	2.8	1/8/2013	\$10,000,000.00	\$10,092,950.59	\$10,063,400.00
Medium Term Note	United Parcel Service Inc.	4.5	1/15/2013	\$5,000,000.00	\$5,107,100.00	\$5,061,000.00
Medium Term Note	Wells Fargo & Co,	4.375	1/31/2013	\$10,000,000.00	\$10,201,500.00	\$10,132,900.00
Medium Term Note	PepsiCo Inc.	4.65	2/15/2013	\$5,000,000.00	\$5,209,550.00	\$5,042,200.00
Medium Term Note	General Dynamics Corp.	4.25	5/15/2013	\$10,000,000.00	\$10,649,900.00	\$10,249,700.00
Medium Term Note	Wal-Mart Stores Inc.	0.75	10/25/2013	\$10,000,000.00	\$9,965,700.00	\$10,043,700.00
Medium Term Note	Wal-Mart Stores Inc.	1.625	4/15/2014	\$3,000,000.00	\$2,991,900.00	\$3,055,200.00
Medium Term Note	Colgate-Palmolive Co.	1.25	5/1/2014	\$4,000,000.00	\$3,994,160.00	\$4,060,400.00
Medium Term Note	Johnson & Johnson	1.2	5/15/2014	\$10,000,000.00	\$9,988,300.00	\$10,146,700.00
Medium Term Note	Google Inc.	1.25	5/19/2014	\$7,000,000.00	\$6,998,390.00	\$7,103,320.00
Medium Term Note	Procter & Gamble Co.	0.7	8/15/2014	\$7,000,000.00	\$6,971,230.00	\$7,044,240.00
Medium Term Note	IBM Corp.	0.875	10/31/2014	\$5,000,000.00	\$5,061,031.25	\$5,044,900.00
Medium Term Note	Metlife Institutional Funding II	0.7106	4/3/2013	\$11,500,000.00	\$11,500,000.00	\$11,497,125.00
Medium Term Note	Procter & Gamble Co.	0.337	2/14/2014	\$5,000,000.00	\$5,000,000.00	\$5,002,450.00
Medium Term Note	General Electric Capital	1.1521	4/24/2014	\$10,000,000.00	\$10,000,000.00	\$10,064,300.00
Corporate MTN's and Other Notes Total			5.96%	\$127,500,000.00	\$128,964,734.47	\$128,691,785.00

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

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Asset Backed Security	Toyota Auto Receivables Owner Trust	0.57	10/15/2014	\$9,000,000.00	\$8,999,410.50	\$9,010,260.00
Asset Backed Security	Honda Auto Receivables Trust	0.56	11/17/2014	\$15,000,000.00	\$14,999,943.00	\$15,030,150.00
Asset Backed Security	Chase Issuance Trust	0.79	6/15/2015	\$10,000,000.00	\$10,000,000.00	\$10,067,200.00
Asset Backed Security	Chase Issuance Trust	0.34075	12/15/2015	\$25,000,000.00	\$25,000,000.00	\$25,034,250.00
Asset Backed Security	Chase Issuance Trust	0.35675	8/15/2017	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Asset Backed Securities Total			3.19%	\$69,000,000.00	\$68,999,353.50	\$69,141,860.00
Grand Total			100.00%	\$2,161,017,279.27	\$2,163,361,854.08	\$2,167,236,022.34

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.