City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

6/30/13

Publication Date: 7/30/2013

Office of the City Treasurer—Investments Division

Economic Commentary

Though the first two months of the past quarter were relatively quiet, market volatility returned with a vengeance after FOMC Chairman Ben Bernanke appeared before Congress on May 22. In his testimony before lawmakers, he indicated that the FOMC could consider reducing bond purchases within the next few meetings. Even though he indicated that this would be conditional upon sustained improvements in the economy, a sell-off in both equity and bond markets ensued as participants began to price in the tightening of Fed monetary policy.

This theme re-emerged at the June 19 FOMC meeting. During the post-meeting question and answer session, Chairman Bernanke reiterated that the reduction in bond purchases could begin later in 2013 and that the program could end entirely by mid-2014. As many forecasters were expecting the Chairman to soften his tone, the reinforcement of earlier guidance caused stock and bond markets to sell off more sharply, with the U.S. Treasury 10-year yield reaching 2.6%, a level not seen since August 2011 (see Chart 1).

U.S. economic gauges continued to show positive momentum. June non-farm payrolls rose by 195,000 and the unemployment rate held steady at 7.6%, close to the lowest level in almost five years. Housing also continued to aid the economy, with sizeable increases in home prices, sales and homebuilder confidence seen during the quarter. Perhaps the only real negative during the quarter was manufacturing in the U.S. The ISM manufacturing index printed at 49.0 in May, an indication of contraction and the lowest level in this series since June 2009.

The White House spent much of the quarter embroiled in scandals such as the revelation of IRS targeting of certain political groups, continued probes by Congress into the mishandling of the Benghazi embassy tragedy, Department of Justice spying on news outlets, and the most recent allegations of National Security Administration spying on U.S. citizens.

Despite uprisings in Turkey, Brazil and Egypt, there were not many market-moving events overseas during the past quarter. There are concerns as to whether a U.S. monetary tightening will spill over into the world economy. Emerging market stocks and bonds have been hit very hard recently over these concerns, and it will be important to see whether or not these markets stabilize or lead into a broader global slump over the coming quarters.

Quarterly Economic Highlights

- Standard & Poor's upgraded their outlook on U.S. debt from negative to stable
- Gold fell over 22% during the quarter to $1234.57/oz
- The U.S. stock market, as measured by the S&P 500, rose 2.36% during the quarter
- Q1 final GDP growth revised down to 1.8% from 2.4% on weak personal consumption
- The 30-year conventional conforming fixed mortgage rate rose to 4.46% in June

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. Treasury 10-year Yield (July 2012—June 2013) (Source: Bloomberg)

Hot Topic Corner— The Path to Uncertainty

Bond yields have moved noticeably higher to levels not seen for nearly two years on concerns that the Federal Reserve may start to taper its bond buying stimulus programs. With the bond market already starting to anticipate the end of the Fed's stimulus program and eventual Fed Funds tightening, it might be appropriate to explore the next phase in the Fed's monetary policy soap opera, the exit strategy.

Currently, the Fed has pledged to buy $85 billion of agency mortgage-backed and treasury securities as well as reinvest maturing debt already in its portfolio until the unemployment rate drops to 6.5% and long term inflation stays below 2.5%. Keep in mind that the Fed's balance sheet is nearing $3.5 trillion, which is 300% higher than where it was in 2006, $875 billion and still growing. That is a lot of excess liquidity.

One area being misconstrued is why Bernanke is being so relentless with his support for further stimulus. I think he is more concerned with deflation than inflation. With such mediocre growth and low inflation he doesn't want to see people's wages, goods, and retirement accounts lose value. Bernanke understands that deflation is the ultimate game changer and if it means creating a little inflation problem on the other side, so be it.

The first decision to tackle is who will be leading this effort to withdraw the US economy's dependency on the Fed's stimulus. Chairman Bernanke's term ends this January and there are signs that he is likely to step down. Leading candidates include current Vice Chairman Janet Yellen, Larry Summers, and former Treasury Secretary Timothy Geithner. For continuity in policy, historical precedent, and to setup an easy confirmation, I believe President Obama will select Janet Yellen.

Some have suggested that the Federal Reserve should simply let the purchased securities mature off their balance sheet over time. The problem with that strategy is that it leaves nearly $2 trillion in excess bank reserves that could eventually find their way into the economy and risk an inflation tsunami which would send the US economy back into another long and arduous recession.

What is for certain is that Fed will likely use multiple tools to soak up the excess liquidity in the economy. These tools include reverse repurchase agreements, increasing the interest paid on excess reserves, and open market operations to sell some of its holdings. Many of these tools have not been used on such a large scale before, especially at the same time.

We have never seen the Fed adopt such an accommodative monetary policy to stimulate the US economy before which means we are in unchartered waters. To assume that even our own Fed won't run into problems unwinding this mess is naïve. There will be bumps in the road and slow patches along the way but I do believe that the Fed will find a way to get us through this problem without seeing hyperinflation. In Ben we Trust!!

—Kent J Morris, CIO

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	6/19/2013	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	JUN	0.5%	(0.2%)	0.7%
Consumer Price Index (YoY)	JUN	1.8%	1.9%	(0.1%)
Producer Price Index (MoM)	JUN	0.8%	(0.6%)	1.4%
Producer Price Index (YoY)	JUN	2.5%	1.5%	1.0%
Durable Goods Orders	JUN	4.2%	(5.7%)	9.9%
ISM (Manufacturing)	JUN	50.9	51.3	(0.4)
ISM (Non-manufacturing)	JUN	52.2	54.4	(2.2)
Retail Sales	JUN	0.4%	(0.4%)	0.8%
Unemployment Rate	JUN	7.6%	7.6%	0.0%
Change in Non-farm Payrolls	JUN	195,000	88,000	107,000
Consumer Confidence (Univ. of Michigan)	JUL (Final)	85.1	76.4	8.7
Existing Home Sales	JUN	5.08(mil)	4.92(mil)	0.16(mil)
New Home Sales	JUN	0.497(mil)	0.417(mil)	0.080(mil)
Housing Starts	JUN	0.836(mil)	1.036(mil)	(0.200)(mil)
Median Home Price (existing) [EHSLMP]	JUN	$214,700	$185,000	$29,700
NYMEX WTI CRUDE OIL (barrel)	6/28/13	$96.56	$97.23	($0.67)
S&P 500 Stock Index	6/28/13	1,606.28	1,569.19	37.09

Portfolio Performance

The Core Portfolio underperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, by 8.4 basis points over the past quarter, returning –.197% versus index performance of –.113%.

Chart 2 shows a bear steepening of the yield curve during the past quarter. Rates from 1 year to 30 years increased, particularly so in the "belly" of the curve, which comprises the 5 –10 year points. This was the direct result of FOMC Chairman Ben Bernanke's comments during the quarter that the Fed may start reducing the pace of security purchases during the latter half of 2013. Even though he stressed that this doesn't mean an imminent tightening in the monetary policy, markets moved in anticipation of that eventual shift.

"Effective Duration effect" added 7 basis points in positive performance during the quarter as the portfolio was short duration versus the index during the rate rise.

"Non-Parallel Duration effect" subtracted over 9 basis points in relative performance as even though the portfolio was overall short duration, exposure in the 5-year part of the curve hurt performance. This was because the index doesn't have any exposure to this part of the curve, and the 5 year point was the worst performing part of the yield curve.

"Convexity Effect" also detracted from performance during the quarter. As a result of the portfolio's positions in callable structures, particularly those with 5 year final maturities, this effect subtracted 2 basis points from performance as they extended in duration, resulting in magnified losses.

Agency and corporate spreads versus Treasuries increased during the quarter, resulting in almost 6 basis points of negative "Sector Effect" contribution.

"Selection Effect" added 3 basis points of positive performance as our individual securities performed better than their theoretical price returns. However, portfolio securities did not roll down the yield curve as effectively as index securities, resulting in –3 basis points of "Roll Effect" versus the index.

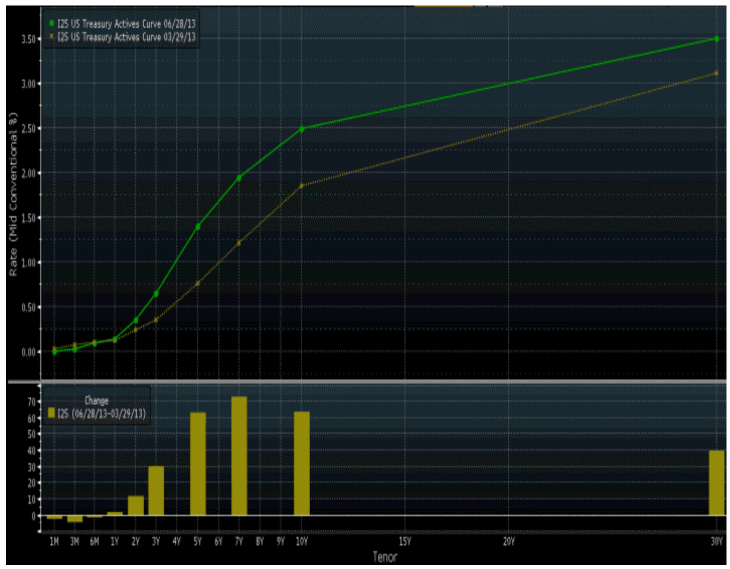


Chart 2: U.S. Treasury Yield Curve 3/31/13—6/30/13 (Source: Bloomberg)

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 2013	Q1 2013	Q4 2012	FYTD 2013	1 Year	3 Year
Total Pooled Investment Fund	0.43%	0.56%	0.59%	0.57%	0.57%	0.89%
Core Portfolio	0.50%	0.63%	0.65%	0.66%	0.66%	1.15%
Liquidity Portfolio	0.31%	0.42%	0.47%	0.41%	0.41%	0.43%

Total Return—Core Portfolio

	Q2 2013	Q1 2013	Q4 2012	FYTD 2013	1 Year	3 Year*
Core Portfolio	(0.20%)	0.11%	0.09%	0.26%	0.26%	0.89%
BAML 1 - 3 Year Treasury Index	(0.11%)	0.11%	0.06%	0.32%	0.32%	0.74%
Difference	(0.09%)	0.00%	0.03%	(0.06%)	(0.06%)	0.15%

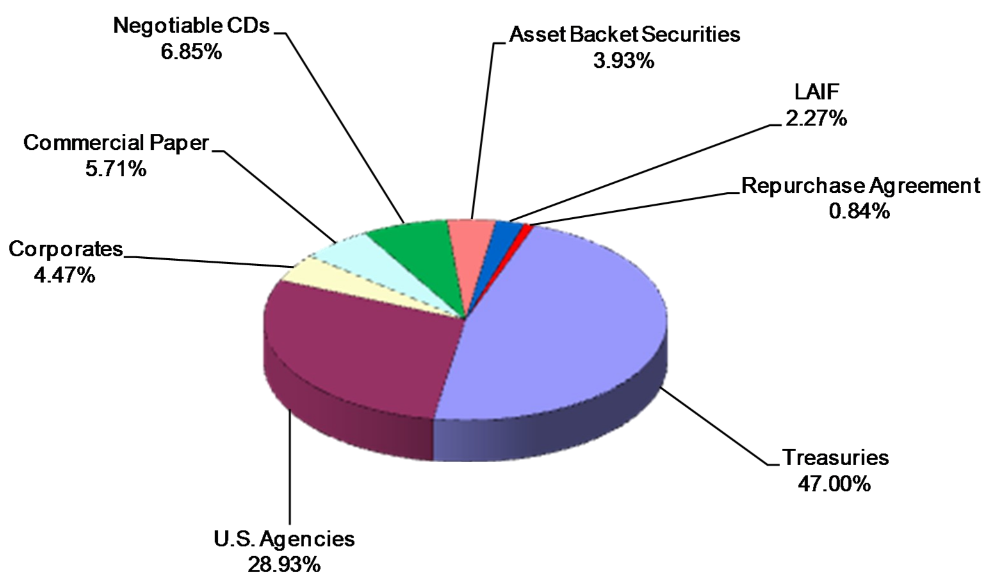
***Annualized Returns**

Portfolio Profile as of June 30, 2013

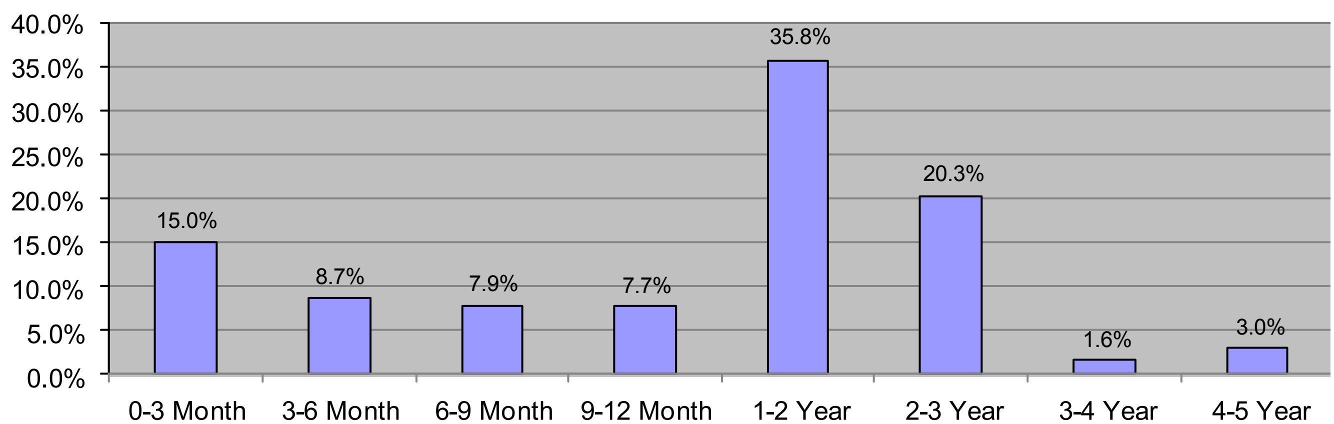
	Liquidity	*Core*
Portfolio Size*	$730,711,000	$1,458,475,403
% of total pool	33.38%	66.62%
Portfolio Duration**	0.338	1.771
Index Duration**	0.370	1.895
% of index	91.43%	93.46%
Weighted Average Days to Maturity	124.93	724.97

* Book Value ** Macaulay's Duration for the Liquidity Portfolio and Effective Duration for the Core Portfolio

Asset Allocation



Pool Maturity Distribution



Credit Profile as of June 30, 2013

Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	47.00%
U.S. Agencies (AAA)	28.93%
AAA/A1	13.02%
AA	2.56%
A	1.46%
Below A	0.00%

- All Commercial Paper is rated A1 or A1+ and is included in the AAA/A1 bucket
- All Negotiable Certificates of Deposit are rated A1 or A1+ and are included in the AAA/A1 bucket
- Repurchase 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

Top Issuer Exposures

Issuer	% of Portfolio
U.S. Treasury	47.00%
Federal Home Loan Bank	10.04%
Federal Farm Credit Bank	6.78%
Freddie Mac	5.48%
Fannie Mae	5.25%
Chase Issuance Trust	2.06%
Wal-Mart Stores Inc.	1.74%
General Electric	1.60%
JP Morgan Chase.	1.37%
Svenska Handelsbanken NY	1.14%
Bank of Nova Scotia/Houston	1.14%
Toronto-Dominion Bank NY	1.14%
Swedbank AB NY	1.14%
Skandinaviska Enskilda Banken AB NY	1.14%
Rabobank NA	1.14%
The Coca-Cola Company	1.14%

Pooled Fund Corporate Issuers

Issuer	Moody's	S&P	Egan-Jones	5yr CDS level	Q/Q % change	Equity Price	Q/Q % change	Longest maturity
Bank of Nova Scotia/Houston	Aa2	A+	A1	N/A	N/A	$53.55	-8.10%	8 days
The Coca-Cola Co.	Aa3	AA-	AA-	35.67	-16.07%	$40.11	-0.82%	10 days
Colgate-Palmolive Co.	Aa3	AA-	AA-	38.00	15.15%	$57.29*	-2.92%	305 days
Deere & Co.	A2	A	AA-	40.12	8.84%	$81.25	-5.50%	936 days
General Electric Co.	Aa3	AA+	AA+	124.65	19.84%	$23.19	0.30%	298 days
Google Inc.	Aa2	AA	AA+	28.95	-1.53%	$880.37	10.85%	323 days
Illinois Tool Works Inc.	A1 (-)	A+	AA-	48.00	-15.79%	$69.17	13.51%	275 days
IBM Corp.	Aa3	AA-	AA+	41.34	33.83%	$191.11	-10.40%	1,684 days
JP Morgan Chase	A2 (-)	A (-)	A-	100.28	12.51%	$52.79	11.23%	971 days
Johnson & Johnson	Aaa	AAA	AA+	25.50	-11.30%	$85.86	5.31%	319 days
Merck & Co. Inc.	A2	AA	A+	19.50	34.48%	$46.45	5.09%	1,783 days
Rabobank NA	Aa2 (-)	AA-	A1	102.00	-7.35%	N/A	N/A	103 days
The Procter & Gamble Co.	Aa3	AA-	AA-	41.18	9.81%	$76.99	-0.09%	411 days
SEB NY	A1	A+ (-)	N/A	107.50	-6.92%	$9.53	-5.17%	89 days
Svenska Handelsbanken NY	Aa3	AA- (-)	N/A	74.06	-12.08%	$40.05	-6.47%	5 days
Swedbank NY	A1	A+ (-)	N/A	117.50	-6.08%	$22.88	0.44%	74 days
Texas Instruments Inc.	A1	A+	A+	42.50	-10.49%	$34.85	-1.78%	1,766 days
Toronto-Dominion Bank NY	Aa1	AA-	A1	N/A	N/A	$80.37	-4.70%	61 days
Wells Fargo & Co.	A2 (-)	A+ (-)	A1+	76.34	8.79%	$41.27	11.57%	131 days
Wal-Mart Stores Inc.	Aa2	AA	AA-	31.50	-16.80%	$74.49	-0.45%	289 days
S&P 500 Index						**1606.28**	**2.36%**	
CDX IG20				**87.46**	**-3.61%**			

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.
*Colgate-Palmolive underwent a 2 for 1 stock split on 5/19/13

Portfolio Strategy

The recent bout of market volatility has been helpful in previewing what the bond market and our portfolio might do once the Fed does embark upon a monetary policy tightening campaign. With the initial step most likely being the conclusion of quantitative easing, we would expect to see more bear steepening of the yield curve.

Over the past year, we had added 5 year securities to enhance portfolio performance and yield. These securities have underperformed dramatically following FOMC Chairman Bernanke announcing the possibility of slowing security purchases later this year. As such, we will probably refrain from purchasing additional securities in this part of the curve going forward, particularly callable securities which underperform during rising rate scenarios.

Going forward, we have been considering transitioning the portfolio into a more laddered structure. We feel that this will help mitigate realized losses during a rising interest rate regime. This is because we could let securities roll down the yield curve to maturity and reinvest the proceeds from maturing securities at higher rates instead of having to roll large positions in current 2 and 3 year treasuries, which could result in large realized losses.

A laddered approach would also help us outperform our benchmark as we would remain short duration versus the index, resulting in a lower amount of unrealized portfolio losses than the index.

During the past quarter, the U.S. Treasury announced the details of its new floating-rate note program, which is anticipated to begin during the fourth quarter of 2013. These new securities will initially have a maturity of two years, will be auctioned monthly, and will pay interest quarterly with a coupon based on a spread over the 3-month Treasury Bill. We feel that these new floating-rate Treasuries will be a great addition to our portfolio as they will provide the safety and liquidity of regular Treasury securities while also guarding against interest-rate risk due to the adjustable nature of their coupons. We will look to add these securities as they begin trading.

Additionally, we will continue to look for opportunities in floating-rate corporate and asset-backed securities as we get closer to the first FOMC interest rate hikes. Again, these securities will help us reduce interest rate risk while providing for increased yield.

We are also closely monitoring proposed legislation regarding the wind-down of Fannie Mae and Freddie Mac. A recent bill calls for receivership of both agencies with five years of the bill becoming law. This has caused some volatility in the spreads of agency securities due to the uncertainty involved around the existing debt of both Fannie Mae and Freddie, though recent amendments to the proposed bill call for the explicit guarantee of all outstanding debt. Until further details are known, we will be cautious about adding much more exposure to these agencies.

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	567	518	49	49
August	219	222	(3)	46
September	191	186	5	51
October	253	192	61	112
November	228	195	33	145
December	270	176	94	239

(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.

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)	BAML 1-3 Year +/-20% BAML US T-bill 3-6 months +/-40%	Complies – 93.46% Complies - 91.43%
Maximum Maturity	5 years	Complies
U.S. Agency Securities	100% maximum	Complies – 28.93%
FNMA	33.3% maximum	Complies– 5.25%
FHLMC	33.3% maximum	Complies – 5.48%
FHLB	33.3% maximum	Complies – 10.04%
FFCB	33.3% maximum	Complies – 6.78%
Callable Securities	30% maximum	Complies – 8.22%
MBS/CMO's	5 yr maximum- 20% max.	Complies – None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies – 3.93%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies – 5.71%
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 – 4.47%
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 – 6.85%
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, 2013

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.375	7/31/2013	$25,000,000.00	$25,000,968.54	$25,005,750.00
US Treasury Note	US Treasury	0.75	8/15/2013	$10,000,000.00	$9,997,380.74	$10,008,200.00
US Treasury Note	US Treasury	0.75	8/15/2013	$15,000,000.00	$14,992,048.38	$15,012,300.00
US Treasury Note	US Treasury	0.75	12/15/2013	$25,000,000.00	$25,059,730.23	$25,073,250.00
US Treasury Note	US Treasury	0.25	1/31/2014	$25,000,000.00	$24,978,515.63	$25,018,500.00
US Treasury Note	US Treasury	0.25	5/31/2014	$25,000,000.00	$24,998,044.20	$25,014,750.00
US Treasury Note	US Treasury	0.25	6/30/2014	$30,000,000.00	$29,964,843.75	$30,017,700.00
US Treasury Note	US Treasury	0.625	7/15/2014	$25,000,000.00	$24,986,328.13	$25,109,500.00
US Treasury Note	US Treasury	0.125	7/31/2014	$25,000,000.00	$24,951,171.88	$24,979,500.00
US Treasury Note	US Treasury	0.5	8/15/2014	$25,000,000.00	$25,127,929.68	$25,082,000.00
US Treasury Note	US Treasury	0.25	8/31/2014	$25,000,000.00	$25,001,953.12	$25,010,750.00
US Treasury Note	US Treasury	0.25	9/30/2014	$25,000,000.00	$25,006,835.94	$25,008,750.00
US Treasury Note	US Treasury	0.5	10/15/2014	$25,000,000.00	$24,966,628.00	$25,089,750.00
US Treasury Note	US Treasury	0.25	10/31/2014	$25,000,000.00	$24,984,375.00	$25,009,750.00
US Treasury Note	US Treasury	0.375	11/15/2014	$25,000,000.00	$24,993,164.06	$25,050,750.00
US Treasury Note	US Treasury	0.25	11/30/2014	$25,000,000.00	$25,000,000.00	$25,005,750.00
US Treasury Note	US Treasury	0.25	12/15/2014	$25,000,000.00	$24,997,070.31	$25,005,750.00
US Treasury Note	US Treasury	0.125	12/31/2014	$25,000,000.00	$24,937,500.00	$24,955,000.00
US Treasury Note	US Treasury	0.25	1/15/2015	$25,000,000.00	$24,989,257.81	$24,995,000.00
US Treasury Note	US Treasury	0.25	1/31/2015	$25,000,000.00	$24,993,687.42	$24,995,000.00
US Treasury Note	US Treasury	0.25	2/28/2015	$25,000,000.00	$25,005,052.64	$24,981,500.00
US Treasury Note	US Treasury	0.375	3/15/2015	$25,000,000.00	$24,915,039.06	$25,029,250.00
US Treasury Note	US Treasury	0.25	3/31/2015	$25,000,000.00	$25,004,077.02	$24,972,750.00
US Treasury Note	US Treasury	0.375	4/15/2015	$25,000,000.00	$24,998,046.87	$25,022,500.00
US Treasury Note	US Treasury	0.125	4/30/2015	$25,000,000.00	$24,941,491.17	$24,905,250.00
US Treasury Note	US Treasury	0.25	5/15/2015	$25,000,000.00	$24,924,804.69	$24,959,000.00
US Treasury Note	US Treasury	0.25	5/31/2015	$25,000,000.00	$24,978,515.63	$24,956,000.00
US Treasury Note	US Treasury	0.25	5/31/2015	$75,000,000.00	$74,919,505.64	$74,868,000.00
US Treasury Note	US Treasury	0.375	6/15/2015	$25,000,000.00	$24,974,609.37	$25,007,750.00
US Treasury Note	US Treasury	0.25	7/15/2015	$25,000,000.00	$24,953,125.00	$24,931,750.00
US Treasury Note	US Treasury	0.375	11/15/2015	$25,000,000.00	$25,036,132.81	$24,945,250.00
US Treasury Note	US Treasury	0.25	12/15/2015	$25,000,000.00	$24,928,710.94	$24,849,500.00
US Treasury Note	US Treasury	0.375	1/15/2016	$5,000,000.00	$5,000,585.94	$4,982,050.00
US Treasury Note	US Treasury	0.375	1/15/2016	$20,000,000.00	$19,991,134.32	$19,928,200.00
US Treasury Note	US Treasury	0.375	2/15/2016	$25,000,000.00	$25,023,156.94	$24,888,750.00
US Treasury Note	US Treasury	0.375	3/15/2016	$25,000,000.00	$24,973,080.84	$24,867,250.00
US Treasury Note	US Treasury	0.25	4/15/2016	$25,000,000.00	$24,940,232.24	$24,759,750.00
US Treasury Note	US Treasury	0.25	5/15/2016	$25,000,000.00	$24,817,680.03	$24,734,500.00
US Treasury Note	US Treasury	0.5	6/15/2016	$50,000,000.00	$49,812,692.11	$49,789,000.00
US Treasury Note	US Treasury	0.5	6/15/2016	$25,000,000.00	$24,885,299.27	$24,894,500.00
US Treasury Total			***47.00%***	***$1,030,000,000.00***	***$1,028,950,405.35***	***$1,028,720,200.00***
Agency Discount Note	Inter-American Development Bank	0.055	7/1/2013	$10,000,000.00	$9,999,725.00	$10,000,000.00
Agency Note	Federal Home Loan Bank	0.17	7/17/2013	$25,000,000.00	$24,995,375.00	$25,000,250.00
Agency Note	Freddie Mac	0.5	10/15/2013	$15,000,000.00	$14,996,700.00	$15,015,600.00
Agency Note	Federal Home Loan Bank	0.125	10/25/2013	$15,000,000.00	$14,987,355.00	$14,999,250.00
Agency Discount Note	Federal Farm Credit Bank	0.175	11/20/2013	$25,000,000.00	$24,958,315.97	$24,993,000.00
Agency Note	Federal Home Loan Bank	0.18	1/2/2014	$25,000,000.00	$24,996,750.00	$25,002,750.00
Agency Note	Federal Farm Credit Bank	0.15	1/17/2014	$23,700,000.00	$23,696,800.50	$23,695,734.00
Agency Note	Federal Home Loan Bank	0.125	2/14/2014	$20,000,000.00	$19,988,540.00	$19,990,000.00
Agency Note	Federal Farm Credit Bank	1.125	2/27/2014	$25,000,000.00	$24,950,750.00	$25,149,750.00
Agency Note	Federal Home Loan Bank	0.17	3/14/2014	$25,000,000.00	$24,997,897.69	$24,993,000.00
Agency Note	Federal Home Loan Bank	0.125	3/27/2014	$25,000,000.00	$24,984,511.81	$24,984,250.00
Agency Note	Federal Farm Credit Bank	0.125	4/9/2014	$25,000,000.00	$24,988,423.61	$24,983,000.00

City of San Diego Pooled Investment Fund Holdings as of June 30, 2013 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Note	Federal Home Loan Bank	0.17	4/25/2014	$25,000,000.00	$25,004,405.86	$24,990,000.00
Agency Note	Intl Bank Recon & Develop	0.2	5/27/2014	$20,000,000.00	$20,000,000.00	$19,974,600.00
Agency Note	Freddie Mac	1	8/27/2014	$25,000,000.00	$24,967,000.00	$25,228,000.00
Agency Note	Federal Farm Credit Bank	0.27	11/19/2014	$25,000,000.00	$24,984,050.00	$24,978,500.00
Agency Note	Freddie Mac	0.55	2/13/2015	$20,000,000.00	$20,000,000.00	$20,043,800.00
Agency Note	Freddie Mac	0.55	2/13/2015	$10,000,000.00	$10,029,000.00	$10,021,900.00
Agency Note	Federal Home Loan Bank	0.25	2/20/2015	$25,000,000.00	$24,977,750.00	$24,964,750.00
Agency Note	Fannie Mae	0.55	2/27/2015	$20,000,000.00	$19,975,000.00	$20,039,000.00
Agency Note	Federal Farm Credit Bank	0.5	6/23/2015	$15,000,000.00	$14,953,800.00	$15,004,050.00
Agency Note	Federal Farm Credit Bank	0.35	7/30/2015	$10,000,000.00	$9,994,500.00	$9,965,400.00
Agency Note	Freddie Mac	0.5	11/27/2015	$10,000,000.00	$10,000,000.00	$9,972,100.00
Agency Note	Fannie Mae	0.5	1/15/2016	$10,000,000.00	$10,000,277.78	$9,950,800.00
Agency Note	Freddie Mac	0.5	1/28/2016	$10,000,000.00	$10,000,000.00	$9,947,600.00
Agency Note	Fannie Mae	0.52	2/22/2016	$10,000,000.00	$10,000,000.00	$9,943,300.00
Agency Note	Fannie Mae	0.65	3/28/2016	$10,000,000.00	$10,000,000.00	$9,959,000.00
Agency Note	Fannie Mae	0.5	4/29/2016	$10,000,000.00	$10,000,000.00	$9,921,300.00
Agency Note	Freddie Mac	0.5	5/13/2016	$20,000,000.00	$19,998,800.00	$19,874,000.00
Agency Note	Federal Home Loan Bank	0.375	6/24/2016	$25,000,000.00	$24,955,750.00	$24,719,000.00
Agency Note	Fannie Mae	0.375	7/5/2016	$25,000,000.00	$24,913,750.00	$24,699,000.00
Agency Note	Freddie Mac	0.75	10/5/2016	$10,000,000.00	$10,000,000.00	$9,946,400.00
Agency Note	Fannie Mae	1	10/24/2017	$10,000,000.00	$10,000,000.00	$9,786,600.00
Agency Note	Fannie Mae	0.7	12/13/2017	$10,000,000.00	$10,000,000.00	$9,820,500.00
Agency Note	Fannie Mae	1	12/28/2017	$10,000,000.00	$10,000,000.00	$9,756,800.00
Agency Note	Federal Home Loan Bank	1.2	5/24/2018	$10,000,000.00	$9,999,000.00	$9,743,600.00
Agency Total			***28.93%***	***$633,700,000.00***	***$633,294,228.22***	***$632,056,584.00***
LAIF	California State Pool	0.28	7/1/2013	$49,638,247.65	$49,638,247.65	$49,638,247.65
Repo	Repurchase Agreement	0.1	7/1/2013	$18,500,000.00	$18,500,000.00	$18,500,000.00
Commercial Paper	Wal-Mart Stores Inc.	0.06	7/1/2013	$25,079,000.00	$25,077,996.84	$25,079,000.00
Negotiable CD	Svenska Handelsbanken NY	0.31	7/5/2013	$25,000,000.00	$25,000,000.00	$25,000,797.96
Negotiable CD	Bank of Nova Scotia/Houston	0.24	7/8/2013	$25,000,000.00	$25,000,000.00	$25,000,888.36
Commercial Paper	The Coca-Cola Co.	0.17	7/10/2013	$25,000,000.00	$24,979,458.33	$24,998,937.50
Negotiable CD	Toronto-Dominion Bank NY	0.4	8/30/2013	$25,000,000.00	$25,000,000.00	$25,013,542.31
Negotiable CD	Swedbank NY	0.445	9/12/2013	$25,000,000.00	$25,000,000.00	$25,018,743.44
Negotiable CD	SEB NY	0.45	9/27/2013	$25,000,000.00	$25,000,000.00	$25,022,851.92
Commercial Paper	General Electric Capital	0.22	10/10/2013	$25,000,000.00	$24,972,041.67	$24,982,465.28
Negotiable CD	Rabobank NA	0.33	10/11/2013	$25,000,000.00	$25,000,000.00	$25,012,852.08
Commercial Paper	JP Morgan Chase	0.32	11/7/2013	$25,000,000.00	$24,945,555.56	$24,974,916.67
Commercial Paper	Wells Fargo & Co.	0.2	11/8/2013	$25,000,000.00	$24,963,889.00	$24,974,722.22
MMKT, Repo, CP, CD			***15.67%***	***$343,217,247.65***	***$343,077,189.05***	***$343,217,965.39***
Medium Term Note	Wal-Mart Stores Inc.	0.75	10/25/2013	$10,000,000.00	$9,994,272.90	$10,009,200.00
Medium Term Note	Procter & Gamble Co.	0.1751	2/14/2014	$5,000,000.00	$5,000,000.00	$4,998,750.00
Medium Term Note	Illinois Tool Works Inc.	5.15	4/1/2014	$8,594,000.00	$8,993,265.30	$8,879,836.44
Medium Term Note	Wal-Mart Stores Inc.	1.625	4/15/2014	$3,000,000.00	$2,991,900.00	$3,029,370.00
Medium Term Note	General Electric Capital	0.9751	4/24/2014	$10,000,000.00	$10,000,000.00	$10,054,600.00
Medium Term Note	Colgate-Palmolive Co.	1.25	5/1/2014	$4,000,000.00	$3,994,160.00	$4,027,000.00
Medium Term Note	Johnson & Johnson	1.2	5/15/2014	$10,000,000.00	$9,988,300.00	$10,075,900.00
Medium Term Note	Google Inc.	1.25	5/19/2014	$7,000,000.00	$6,998,390.00	$7,051,310.00
Medium Term Note	Procter & Gamble Co.	0.7	8/15/2014	$7,000,000.00	$6,971,230.00	$7,020,090.00
Medium Term Note	John Deere Capital Corp.	0.3804	10/8/2014	$5,000,000.00	$5,000,000.00	$5,003,850.00
Medium Term Note	IBM Corp.	0.875	10/31/2014	$5,000,000.00	$5,049,000.00	$5,024,600.00
Medium Term Note	John Deere Capital Corp.	0.75	1/22/2016	$3,000,000.00	$2,996,820.00	$2,982,330.00
Medium Term Note	JP Morgan Chase	1.125	2/26/2016	$5,000,000.00	$4,993,950.00	$4,926,600.00

City of San Diego Pooled Investment Fund Holdings as of June 30, 2013 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Medium Term Note	IBM Corp.	1.25	2/8/2018	$5,000,000.00	$4,977,100.00	$4,867,750.00
Medium Term Note	Texas Instruments Inc.	1	5/1/2018	$5,000,000.00	$4,953,500.00	$4,779,300.00
Medium Term Note	Merck & Co. Inc.	1.3	5/18/2018	$5,000,000.00	$4,988,450.00	$4,848,950.00
MTN Total			***4.47%***	***$97,594,000.00***	***$97,890,338.20***	***$97,579,436.44***
Asset Backed Security	Toyota Auto Receivables Owner Trust	0.57	10/15/2014	$3,502,314.63	$3,501,725.13	$3,501,725.13
Asset Backed Security	Honda Auto Receivables Trust	0.56	11/17/2014	$7,579,095.60	$7,579,038.60	$7,579,038.60
Asset Backed Security	Honda Auto Receivables Trust	0.4	4/20/2015	$6,895,686.07	$6,895,173.67	$6,895,173.67
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	0.37	10/17/2015	$10,000,000.00	$9,999,155.00	$9,974,300.00
Asset Backed Security	Chase Issuance Trust	0.3125	12/15/2015	$25,000,000.00	$25,000,000.00	$25,000,000.00
Asset Backed Security	Volkswagen Auto Loan Enhanced Trust	0.37	1/20/2016	$13,000,000.00	$12,999,149.80	$12,974,000.00
Asset Backed Security	Chase Issuance Trust	0.3225	8/15/2017	$10,000,000.00	$10,000,000.00	$9,972,900.00
Asset Backed Total			***3.93%***	***$85,977,096.30***	***$85,974,242.20***	***$85,897,137.40***
Grand Total			***100.00%***	***$2,190,488,349.95***	***$2,189,186,403.02***	***$2,187,471,323.23***

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.