



# City of San Diego

## Pooled Investment Fund Quarterly Review

Quarter ended

12/31/13

Publication Date: 01/30/14

### Office of the City Treasurer—Investments Division

#### Economic Commentary

#### Quarterly Economic Highlights

- The U.S. stock market, as measured by the S&P 500 index, rose 9.9% for the quarter and 29.6% for the year
- The 10-year U.S. Treasury Note closed December at a 3.03% rate, the highest monthly close since June 2011
- Gold ended the quarter at \$1205.65/oz. capping off a 28% drop for the year
- Monthly non-farm payroll growth averaged 172,000 during the quarter

For the U.S. Congress, the past quarter was the best of times and the worst of times. After failing to reach an agreement on a budget or even a continuing resolution, the Federal government was forced to shut down for the first time since 1996. After several weeks of bluster and needless showmanship by both parties, an agreement was finally reached to reopen the government through January 15, 2014 and to suspend the debt ceiling until February 7, 2014. Later in the quarter, in a rare display of compromise and bipartisanship, an agreement was reached on a two-year budget deal, the first budget agreed upon in years. The deal unfortunately did not address the debt ceiling, so that

issue will rear its ugly head again later this quarter.

The FOMC had a very eventful quarter. Janet Yellen was officially nominated as the next FOMC Chair on October 9 and, after a relatively easy confirmation process, was officially confirmed on January 6 (see Hot Topic, page 2). Additionally, at its' December 18 meeting, the FOMC announced that it would finally begin reducing the pace of its monthly asset purchases by \$10 billion per month, though it did reiterate that the Federal Funds rate would remain low for an extended period.

The main reason for the reduction in bond purchases was the acceleration in economic growth during the

quarter. Though the government shutdown and normal seasonal adjustments led to some statistical folderol, economic figures were largely positive. Final third quarter GDP grew at a rate of 4.1%, retail sales were strong and the unemployment rate at the end of the quarter dropped to 6.7% (though this was aided by a drop in the labor participation rate). (See Chart 1)

The only real weakness displayed was in the housing market, which has slowed its pace of growth of late mainly due to the rise in mortgage rates. Several indicators show a cooling off of the torrid pace housing has been on for the past year. This will be an important development to watch in the year ahead.

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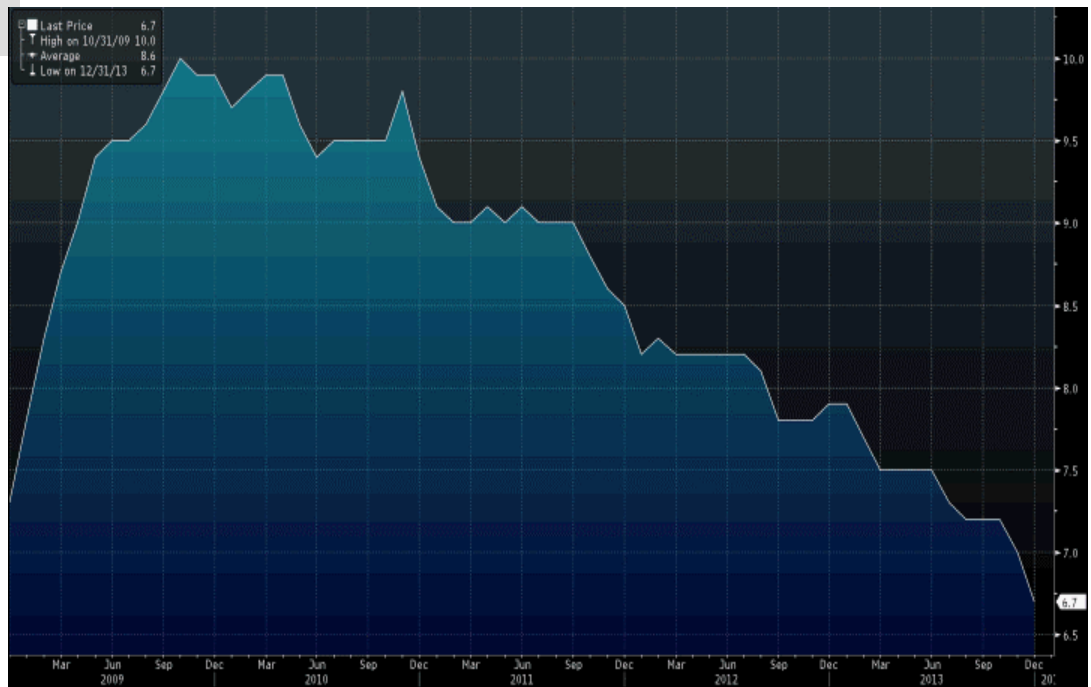


Chart 1: U.S. Unemployment Rate (Dec 2008–Dec 2013) (Source: Bloomberg)

## Hot Topic Corner— Meet the New Boss, Same as the Old Boss?

On October 9, after much speculation and intrigue, the President formally nominated Federal Reserve Board Vice Chair Janet Yellen as the next Chairperson to replace Ben Bernanke, who has held the position since 2006.

After a relatively quick and painless confirmation process, Yellen was confirmed by vote of the Senate on January 6 and will officially become the fourteenth Chairperson of the Federal Reserve when Bernanke leaves office at the end of January.

Yellen becomes the first woman to hold the post and quite possibly the most qualified. A Yale-trained economist and Professor Emeritus at the University of California at Berkeley, Yellen has served nearly ten years in the Federal Reserve System, first as a governor, then as head of the San Francisco Fed, and as Vice

Chair since 2010. Additionally, she ran the Council of Economic Advisers under President Clinton and chaired the Economic Policy Committee of the Organization for Economic Cooperation and Development.

All indications are that Yellen will not change the current direction of Fed policy. She has consistently been a strong supporter of Bernanke, and as one of the most dovish FOMC members, Yellen advocated for and supported all of the more controversial monetary policies such as quantitative easing and the zero interest rate policy, or ZIRP. Her first statement after being nominated indicates that she intends to extend the unprecedented expansion of the Fed's role, not pull back the reins.

However, she is unlikely to be a carbon copy of her predecessor. More so than Bernanke, Yellen believes government should

play a large role in bringing down unemployment. Additionally, she is said to be pushing for a far more aggressive approach towards Wall Street than prior Fed Chairs, and indications are that she intends to take charge of the financial/regulatory agenda herself instead of delegating the task as is currently the case.

As the incoming Chairperson, Yellen faces monumental challenges, not the least of which is eventually winding down the massive monetary accommodation that has been undertaken by the Fed since the onset of the financial crisis in 2008. Upon culmination of the current round of quantitative easing, she will oversee a Fed balance sheet of over \$4 trillion, which is over four times the pre-crisis level. She will need to begin normalizing monetary policy before unwanted inflation takes hold and without

disrupting the still-tepid economic recovery.

Yellen will also be facing a U.S. Congress that has become increasingly hostile towards the Federal Reserve in recent years with calls from some members ranging from a regular audit of FOMC decisions to outright abolishment of the institution. Though it is unlikely that any of the more draconian measures will ever come to pass, they will present her with unneeded distraction.

Only history will tell how Janet Yellen will fare as the next Fed Chair, but given her vast economic background and prior experience at the Fed, there is great hope that she will be able to effectively lead the U.S. economy forward in the years ahead.

Thomas Williams, Senior 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	12/18/2013	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	DEC	0.3%	0.2%	0.1%
Consumer Price Index (YoY)	DEC	1.5%	1.2%	0.3%
Producer Price Index (MoM)	DEC	0.4%	(0.1%)	0.5%
Producer Price Index (YoY)	DEC	1.2%	0.3%	0.9%
Durable Goods Orders	DEC	(4.3%)	3.7%	(8.0%)
ISM (Manufacturing)	DEC	57.0	56.2	0.8
ISM (Non-manufacturing)	DEC	53.0	54.4	(1.4)
Retail Sales	DEC	0.2%	(0.1%)	0.3%
Unemployment Rate	DEC	6.7%	7.2%	(0.5%)
Change in Non-farm Payrolls	DEC	74,000	148,000	(74,000)
Consumer Confidence (Univ. of Michigan)	JAN (Final)	81.2	73.2	8.0
Existing Home Sales	DEC	4.87(mil)	5.29(mil)	(0.42)(mil)
New Home Sales	DEC	0.414(mil)	0.421(mil)	(0.007)(mil)
Housing Starts	DEC	0.999(mil)	0.891(mil)	0.108(mil)
Median Home Price (existing) [EHSLMP]	DEC	\$197,900	\$199,300	(\$1,400)
NYMEX WTI CRUDE OIL (barrel)	12/31/13	\$98.42	\$102.33	(\$3.91)
S&P 500 Stock Index	12/31/13	1,848.36	1,681.55	166.81

## Portfolio Performance

The Core Portfolio outperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, by almost 2 basis points over the past quarter, returning 0.078% versus index performance of 0.060%.

Chart 2 shows a yield curve that bear steepened over the past quarter, with longer rates increasing more than shorter rates, and the belly of the curve rising by the most. This rise in yields took place as a result of strong economic numbers and ultimately the FOMC decision to begin curtailing its monthly bond purchases at the December meeting. At the same meeting, the FOMC added that it intended to keep the Federal Funds rate low “well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the Committee’s 2 percent longer-run goal.” This

statement helped anchor the front end of the curve even as longer maturities sold off.

“Effective Duration Effect” added almost 5 basis points of outperformance versus the index as the portfolio was short duration in a rising rate environment.

“Non-Parallel Duration Effect” subtracted more than 6 basis points of performance versus the index as the portfolio contains securities with maturities of 4 to 5 years not contained in the index, and these underperformed as the yield curve steepened.

“Sector Effect” added 4 basis points of relative outperformance versus the index as agency and corporate spreads versus Treasuries narrowed during the quarter.

“Income Effect” subtracted 28 basis points of performance versus the index as the portfolio

contains more newly-issued, lower coupon securities than the index, resulting in less coupon income. However, as the bonds we hold have lower dollar prices on average than the index, they have less

dollar premium to amortize (as bonds move to maturity, they move towards par price) the portfolio added 29 basis points of relative performance versus the index through “Amortization Effect.”

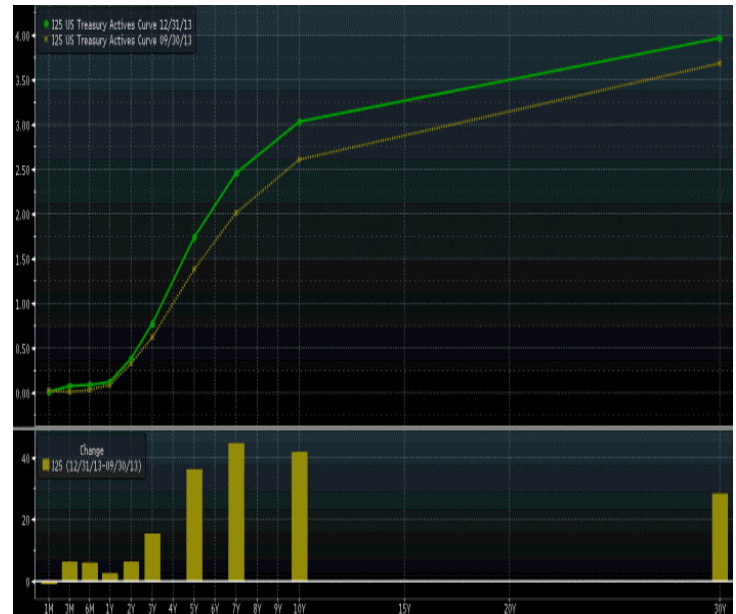


Chart 2: U.S. Treasury Yield Curve 9/30/13–12/31/13 (Source: Bloomberg)

## 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\*

	Q4 2013	Q3 2013	Q2 2013	FYTD 2014	1 Year	3 Year
<b>Total Pooled Investment Fund</b>	0.49%	0.39%	0.43%	0.44%	0.47%	0.76%
<b>Core Portfolio</b>	0.58%	0.44%	0.50%	0.51%	0.54%	0.95%
<b>Liquidity Portfolio</b>	0.31%	0.29%	0.31%	0.30%	0.34%	0.41%

### Total Return—Core Portfolio

	Q4 2013	Q3 2013	Q2 2013	FYTD 2014	1 Year	3 Year*
<b>Core Portfolio</b>	0.08%	0.29%	(0.20%)	0.37%	0.29%	0.83%
<b>BAML 1 - 3 Year Treasury Index</b>	0.06%	0.30%	(0.11%)	0.36%	0.36%	0.78%
<b>Difference</b>	0.02%	(0.01%)	(0.09%)	0.01%	(0.07%)	0.05%

\*Annualized Returns

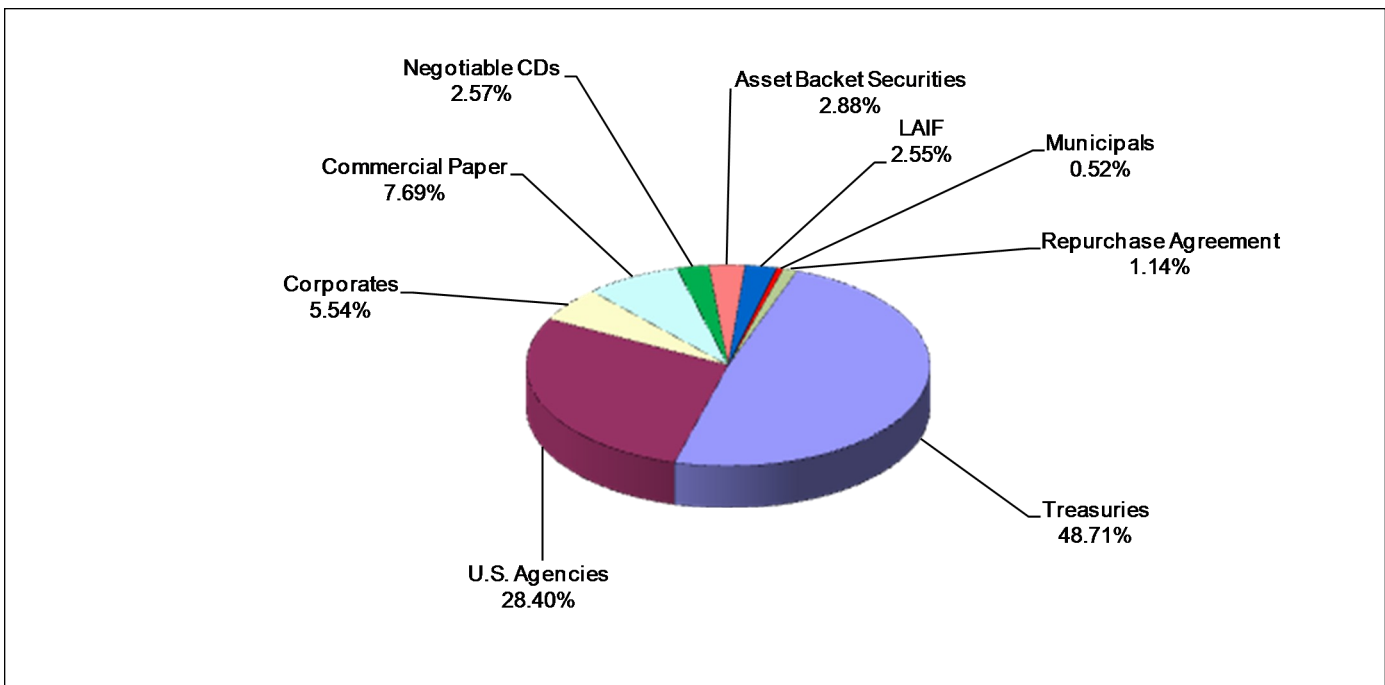
**Portfolio Profile**

**as of December 31, 2013**

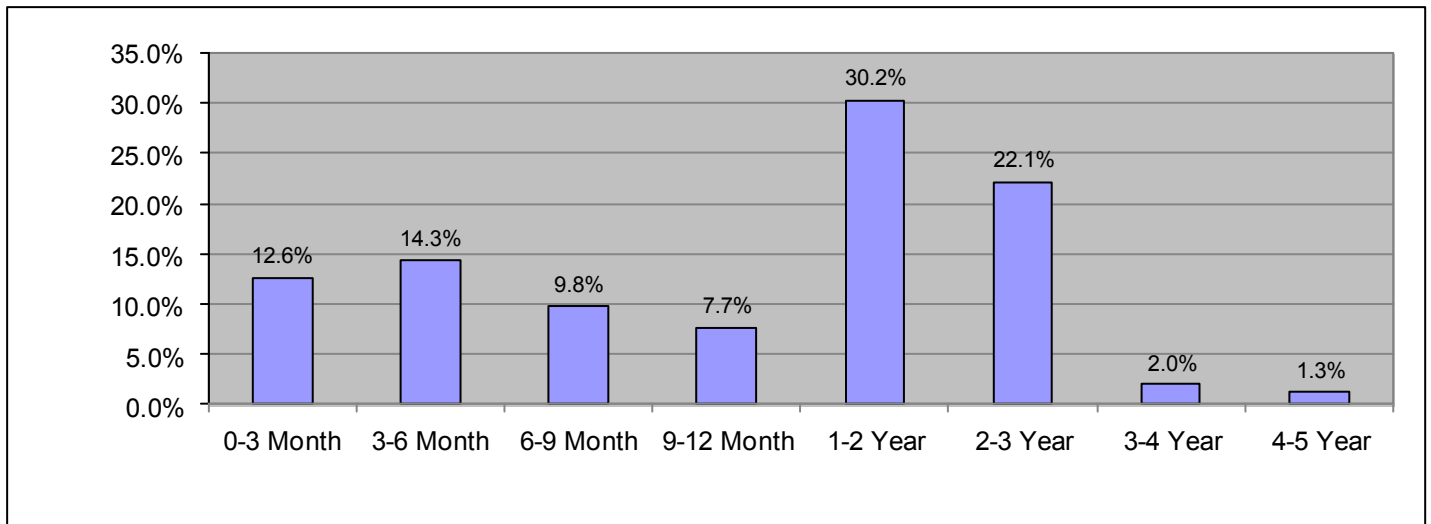
	<b>Liquidity</b>	<b>Core</b>
Portfolio Size*	\$748,675,881	\$1,200,009,266
% of total pool	38.42%	61.58%
Portfolio Duration**	0.367	1.697
Index Duration**	0.360	1.907
% of index	101.97%	88.99%
Weighted Average Days to Maturity	135.21	692.48

\* 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 December 31, 2013

### Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	48.71%
U.S. Agencies (AAA)	28.40%
AAA/A1	13.90%
AA	2.36%
A	2.41%
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
- Municipal security not included in above chart as it is rated on a municipal rating scale

### Top Issuer Exposures

Issuer	% of Portfolio
U.S. Treasury	48.71%
Federal Home Loan Bank	7.70%
Freddie Mac	7.18%
Federal Farm Credit Bank	6.34%
Fannie Mae	5.38%
Int'l Bank for Recon & Development	1.80%
General Electric	1.79%
Wells Fargo Corp.	1.79%
UBS AG Stamford	1.28%
Swedbank NY	1.28%
The Coca-Cola Co.	1.28%
Toyota Motor Credit Corp.	1.28%
Bank of Nova Scotia NY	1.28%
BNP Paribas Finance Inc.	1.28%
Honda Auto Receivables Owners Trust	1.03%
Chase Issuance Trust	1.03%

### 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	\$62.55	9.14%	157 days
BNP Paribas	A2	A+	A1	83.16	-34.05%	\$39.20	15.81%	182 days
The Coca-Cola Co.	Aa3	AA-	A1+	23.59	-20.97%	\$41.31	9.05%	143 days
Colgate-Palmolive Co.	Aa3	AA-	AA-	21.96	-16.06%	\$65.21	9.97%	121 days
Deere & Co.	A2	A	A+	25.50	-28.51%	\$91.33	12.21%	752 days
General Electric Co.	Aa3	AA+	AA+	67.50	-25.91%	\$28.03	17.33%	114 days
Google Inc.	Aa2	AA	AA+	23.37	-15.51%	\$1,120.71	27.95%	139 days
Illinois Tool Works Inc.	A2	A+	A+	29.13	-33.80%	\$84.08	10.24%	91 days
IBM Corp.	Aa3	AA-	AA+	26.85	-39.12%	\$187.57	1.29%	1,500 days
JP Morgan Chase	A3	A (-)	A	66.77	-28.50%	\$58.48	13.14%	787 days
Johnson & Johnson	Aaa	AAA	AA+	15.00	-33.33%	\$91.59	5.65%	135 days
Merck & Co. Inc.	A2	AA	A+	11.15	-29.61%	\$50.05	5.12%	1,599 days
PepsiCo Inc.	A1	A	A+	37.95	-21.96%	\$82.94	4.33%	576 days
The Procter & Gamble Co.	Aa3	AA-	AA-	27.88	-18.41%	\$81.41	7.70%	227 days
Swedbank NY	A1	A+	n/a	85.65	-20.69%	\$28.20	20.87%	182 days
Texas Instruments Inc.	A1	A+	A+	35.34	-17.26%	\$43.91	8.98%	1,582 days
Toyota Motor Credit Corp.	Aa3	AA-	A1+	48.78	-37.63%	\$121.92	-4.77%	129 days
UBS AG	A2	A	A1	63.84	-28.80%	\$19.25	-6.19%	177 days
Wells Fargo & Co.	A2	A+ (-)	A	39.82	-37.22%	\$45.40	9.87%	566 days
Wal-Mart Stores Inc.	Aa2	AA	AA-	14.50	-49.12%	\$78.69	6.40%	105 days
<b>S&amp;P 500 Index</b>						<b>1848.36</b>	<b>9.92%</b>	
<b>CDX IG21 Index</b>				<b>62.42</b>	<b>-24.07%</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

The FOMC finally began the process of ending its Large Scale Asset Purchase program, otherwise known as Quantitative Easing, at its December 18 meeting. It was announced that they would reduce monthly Treasury security and Agency MBS purchases by \$5 billion each, with further cuts likely at future FOMC meetings. It is expected that these bond purchases will cease by the end of 2014.

At the same meeting, the FOMC reiterated and even strengthened its stance on keeping the Federal Funds rate low for an extended period. Most FOMC participants see the first rate hike as taking place some time in 2015.

These announcements predictably caused interest rates further out on the yield curve, notably in the 5-10 year sector, to modestly increase, while keeping rates in the front end still very low.

As we draw closer to the first rate hike, the rates on securities in the front end of the curve will begin to rise in anticipation. In order to mitigate portfolio losses as this happens, we will continue to maintain a short duration position in the Core portfolio, and begin to shorten it even more, towards an ultimate target of 80% duration versus the index.

One way we hope to accomplish this is through the continued purchases of corporate floating-

rate notes, which have a very short duration due to periodic (typically quarterly) interest rate resets and which still provide incremental yield over Treasury securities.

Additionally, the U.S. Treasury will begin auctioning floating-rate Treasury notes at the end of January. We will watch to see how these trade in the secondary market and will look to potentially add these securities in the future. We expect these securities to offer the same degree of liquidity as regular fixed-rate Treasury notes and will obviously also carry the full faith and credit of the U.S. government.

Another dynamic that has surfaced in recent months has been the shrinkage of dealer

balance sheets as they begin to comply with numerous new constraints from the Dodd-Frank Act and implementation of Basel III requirements. Since dealers have less security positions to finance, overnight repurchase rates have plummeted to near-zero, bringing with them all other overnight money market rates.

In order to reduce the amount of “cash drag” on the portfolio, we have been rolling only a very small amount of cash overnight and instead investing out wherever possible to known cash outflow dates such as City payroll dates, debt service payments, and the upcoming pension ARC payment due at the beginning of the next fiscal year. Doing so allows us to match maturities with known liabilities and earn incremental portfolio yield.

## 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
January	395	351	44	44
February	205	202	3	47
March	206	186	20	67
April	333	258	76	143
May	314	175	138	281
June	285	193	92	373

(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)	BAML 1-3 Year +/-20%	Complies - 88.99%
Duration (Liquidity)	BAML US T-bill 3-6 months +/-40%	Complies - 101.97%
Maximum Maturity	5 years	Complies
U.S. Agency Securities	100% maximum	Complies - 28.40%
FNMA	33.3% maximum	Complies - 5.38%
FHLMC	33.3% maximum	Complies - 7.18%
FHLB	33.3% maximum	Complies - 7.70%
FFCB	33.3% maximum	Complies - 6.34%
Callable Securities	30% maximum	Complies - 9.24%
MBS/CMO's	5 yr maximum- 20% max.	Complies - None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies - 2.88%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies - 7.69%
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 - 5.54%
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 - 2.57%
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 - 0.52%
	5% of total portfolio exposure per Issuer or Insurer, excluding California General Obligations	Complies - 0.52%

## City of San Diego Pooled Investment Fund Holdings as of December 31, 2013

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.25	1/31/2014	\$25,000,000.00	\$24,994,424.37	\$25,004,000.00
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	0.125	7/31/2014	\$25,000,000.00	\$24,975,585.94	\$25,003,000.00
US Treasury Note	US Treasury	0.5	8/15/2014	\$25,000,000.00	\$25,043,275.56	\$25,058,500.00
US Treasury Note	US Treasury	0.25	10/31/2014	\$25,000,000.00	\$24,992,176.78	\$25,021,500.00
US Treasury Note	US Treasury	0.25	12/15/2014	\$25,000,000.00	\$24,997,070.31	\$25,020,500.00
US Treasury Note	US Treasury	0.125	12/31/2014	\$25,000,000.00	\$24,937,500.00	\$24,992,250.00
US Treasury Note	US Treasury	0.25	1/15/2015	\$25,000,000.00	\$24,989,257.81	\$25,020,500.00
US Treasury Note	US Treasury	0.25	1/31/2015	\$25,000,000.00	\$24,990,234.38	\$25,020,500.00
US Treasury Note	US Treasury	0.25	2/28/2015	\$25,000,000.00	\$25,004,882.81	\$25,015,750.00
US Treasury Note	US Treasury	0.375	3/15/2015	\$25,000,000.00	\$24,915,039.06	\$25,051,750.00
US Treasury Note	US Treasury	0.25	3/31/2015	\$25,000,000.00	\$25,003,906.25	\$25,013,750.00
US Treasury Note	US Treasury	0.375	4/15/2015	\$25,000,000.00	\$24,998,046.87	\$25,057,500.00
US Treasury Note	US Treasury	0.125	4/30/2015	\$25,000,000.00	\$24,939,453.13	\$24,970,750.00
US Treasury Note	US Treasury	0.25	5/15/2015	\$25,000,000.00	\$24,924,804.69	\$25,015,750.00
US Treasury Note	US Treasury	0.25	5/31/2015	\$25,000,000.00	\$24,978,515.63	\$25,011,750.00
US Treasury Note	US Treasury	0.375	6/15/2015	\$25,000,000.00	\$24,974,609.37	\$25,052,750.00
US Treasury Note	US Treasury	0.375	6/30/2015	\$25,000,000.00	\$25,006,835.94	\$25,051,750.00
US Treasury Note	US Treasury	0.25	7/15/2015	\$25,000,000.00	\$24,953,125.00	\$25,001,000.00
US Treasury Note	US Treasury	0.25	7/31/2015	\$25,000,000.00	\$24,953,294.83	\$24,999,000.00
US Treasury Note	US Treasury	0.375	8/31/2015	\$25,000,000.00	\$24,995,894.12	\$25,038,000.00
US Treasury Note	US Treasury	0.25	9/30/2015	\$25,000,000.00	\$24,961,109.20	\$24,977,500.00
US Treasury Note	US Treasury	0.25	10/31/2015	\$25,000,000.00	\$24,970,875.78	\$24,964,750.00
US Treasury Note	US Treasury	0.375	11/15/2015	\$25,000,000.00	\$25,036,132.81	\$25,014,750.00
US Treasury Note	US Treasury	0.25	11/30/2015	\$25,000,000.00	\$24,983,741.85	\$24,950,250.00
US Treasury Note	US Treasury	0.25	12/15/2015	\$25,000,000.00	\$24,928,710.94	\$24,944,250.00
US Treasury Note	US Treasury	0.375	1/15/2016	\$5,000,000.00	\$5,000,585.94	\$4,998,050.00
US Treasury Note	US Treasury	0.375	1/15/2016	\$20,000,000.00	\$19,989,062.50	\$19,992,200.00
US Treasury Note	US Treasury	0.375	2/15/2016	\$25,000,000.00	\$25,019,531.25	\$24,976,500.00
US Treasury Note	US Treasury	0.375	3/15/2016	\$25,000,000.00	\$24,968,750.00	\$24,961,000.00
US Treasury Note	US Treasury	0.25	4/15/2016	\$25,000,000.00	\$24,937,500.00	\$24,867,250.00
US Treasury Note	US Treasury	0.25	5/15/2016	\$25,000,000.00	\$24,814,453.13	\$24,845,750.00
US Treasury Note	US Treasury	0.5	6/15/2016	\$25,000,000.00	\$24,880,859.38	\$24,974,500.00
US Treasury Note	US Treasury	0.625	7/15/2016	\$25,000,000.00	\$25,002,335.26	\$25,031,250.00
US Treasury Note	US Treasury	0.625	8/15/2016	\$25,000,000.00	\$24,898,649.80	\$25,005,750.00
US Treasury Note	US Treasury	0.875	9/15/2016	\$25,000,000.00	\$25,188,379.45	\$25,148,500.00
US Treasury Note	US Treasury	0.625	10/15/2016	\$25,000,000.00	\$25,041,477.08	\$24,953,250.00
US Treasury Note	US Treasury	0.625	11/15/2016	\$25,000,000.00	\$25,063,978.34	\$24,923,750.00
US Treasury Note	US Treasury	0.625	12/15/2016	\$25,000,000.00	\$24,984,686.21	\$24,898,500.00
<b>US Treasury Total</b>			<b>48.71%</b>	<b>\$950,000,000.00</b>	<b>\$949,236,795.97</b>	<b>\$949,862,750.00</b>
Agency Note	Federal Home Loan Bank	0.18	1/2/2014	\$25,000,000.00	\$24,996,750.00	\$25,000,000.00
Agency Note	Federal Farm Credit Bank	0.15	1/17/2014	\$23,700,000.00	\$23,695,023.00	\$23,700,237.00
Agency Note	Federal Home Loan Bank	0.125	2/14/2014	\$20,000,000.00	\$19,988,540.00	\$19,999,800.00
Agency Note	Federal Farm Credit Bank	1.125	2/27/2014	\$25,000,000.00	\$24,992,015.86	\$25,038,000.00
Agency Note	Federal Home Loan Bank	0.17	3/14/2014	\$25,000,000.00	\$24,996,953.25	\$25,002,000.00
Agency Note	Federal Home Loan Bank	0.125	3/27/2014	\$25,000,000.00	\$24,984,425.00	\$24,999,750.00
Agency Note	Federal Farm Credit Bank	0.125	4/9/2014	\$25,000,000.00	\$24,988,250.00	\$24,999,750.00
Agency Note	Federal Home Loan Bank	0.17	4/25/2014	\$25,000,000.00	\$25,003,107.25	\$25,003,000.00
Agency Discount Note	Freddie Mac	0.13	7/1/2014	\$20,000,000.00	\$19,986,277.78	\$19,991,000.00
Agency Discount Note	Intl Bank Recon & Develop	0.14	7/3/2014	\$15,000,000.00	\$14,988,216.67	\$14,993,100.00
Agency Note	Freddie Mac	1	8/27/2014	\$25,000,000.00	\$24,967,000.00	\$25,145,250.00
Agency Discount Note	Freddie Mac	0.13	9/12/2014	\$25,000,000.00	\$24,973,909.72	\$24,980,750.00
Agency Note	Intl Bank Recon & Develop	0.22	10/15/2014	\$20,000,000.00	\$20,000,000.00	\$20,007,200.00
Agency Note	Federal Farm Credit Bank	0.27	11/19/2014	\$25,000,000.00	\$24,984,050.00	\$25,019,750.00



## City of San Diego Pooled Investment Fund Holdings as of December 31, 2013 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Note	Federal Home Loan Bank	0.2	12/30/2014	\$20,000,000.00	\$20,000,000.00	\$20,000,000.00
Agency Note	Freddie Mac	0.55	2/13/2015	\$20,000,000.00	\$20,000,000.00	\$20,010,600.00
Agency Note	Freddie Mac	0.55	2/13/2015	\$10,000,000.00	\$10,029,000.00	\$10,005,300.00
Agency Note	Fannie Mae	0.55	2/27/2015	\$20,000,000.00	\$19,975,000.00	\$20,011,800.00
Agency Note	Federal Farm Credit Bank	0.5	6/23/2015	\$15,000,000.00	\$14,953,800.00	\$15,034,800.00
Agency Note	Federal Farm Credit Bank	0.35	7/30/2015	\$10,000,000.00	\$9,994,500.00	\$9,998,500.00
Agency Note	Fannie Mae	0.5	1/15/2016	\$10,000,000.00	\$10,000,000.00	\$9,989,700.00
Agency Note	Freddie Mac	0.5	1/28/2016	\$10,000,000.00	\$10,000,000.00	\$9,988,100.00
Agency Note	Fannie Mae	0.52	2/22/2016	\$10,000,000.00	\$10,000,000.00	\$9,983,700.00
Agency Note	Fannie Mae	0.5	4/29/2016	\$10,000,000.00	\$10,000,000.00	\$9,965,600.00
Agency Note	Freddie Mac	0.5	5/13/2016	\$20,000,000.00	\$19,998,800.00	\$19,975,800.00
Agency Note	Fannie Mae	0.625	8/26/2016	\$25,000,000.00	\$24,919,750.00	\$24,958,500.00
Agency Note	Freddie Mac	0.75	10/5/2016	\$10,000,000.00	\$10,000,000.00	\$9,994,800.00
Agency Note	Fannie Mae	1	10/24/2017	\$10,000,000.00	\$10,000,000.00	\$9,825,000.00
Agency Note	Fannie Mae	0.7	12/13/2017	\$10,000,000.00	\$10,000,000.00	\$9,872,300.00
Agency Note	Fannie Mae	1	12/28/2017	\$10,000,000.00	\$10,000,000.00	\$9,771,100.00
Agency Note	Federal Home Loan Bank	1.2	5/24/2018	\$10,000,000.00	\$9,999,000.00	\$9,741,400.00
<b>Agency Total</b>			<b>28.40%</b>	<b>\$553,700,000.00</b>	<b>\$553,414,368.53</b>	<b>\$553,006,587.00</b>
LAIF	California State Pool	0.26	1/1/2014	\$49,700,515.37	\$49,700,515.37	\$49,700,515.37
Repo	Repurchase Agreement	0.01	1/2/2014	\$22,500,000.00	\$22,500,000.00	\$22,500,000.00
Commercial Paper	Toyota Motor Credit Corp.	0.25	5/9/2014	\$25,000,000.00	\$24,955,902.78	\$24,978,666.67
Commercial Paper	The Coca-Cola Co.	0.19	5/23/2014	\$25,000,000.00	\$24,969,125.00	\$24,976,333.33
Commercial Paper	Bank of Nova Scotia NY	0.245	6/6/2014	\$25,000,000.00	\$24,954,402.78	\$24,974,000.00
Commercial Paper	General Electric Capital	0.19	6/20/2014	\$25,000,000.00	\$24,973,875.00	\$24,971,666.67
Negotiable CD	UBS AG Stamford	0.23	6/26/2014	\$25,000,000.00	\$25,000,000.00	\$25,012,281.88
Commercial Paper	Wells Fargo & Co.	0.21	6/30/2014	\$25,000,000.00	\$24,970,687.50	\$24,961,250.00
Commercial Paper	BNP Paribas Finance Inc.	0.33	7/1/2014	\$25,000,000.00	\$24,953,708.33	\$24,961,034.72
Negotiable CD	Swedbank NY	0.19	7/1/2014	\$25,000,000.00	\$25,000,000.00	\$24,993,685.02
<b>MMKT, Repo, CP, CD</b>			<b>13.96%</b>	<b>\$272,200,515.37</b>	<b>\$271,978,216.76</b>	<b>\$272,029,433.66</b>
Medium Term Note	Procter & Gamble Co.	0.13925	2/14/2014	\$5,000,000.00	\$5,000,000.00	\$5,000,650.00
Medium Term Note	Illinois Tool Works Inc.	5.15	4/1/2014	\$8,594,000.00	\$8,957,612.14	\$8,691,112.20
Medium Term Note	Wal-Mart Stores Inc.	1.625	4/15/2014	\$3,000,000.00	\$2,998,651.24	\$3,012,150.00
Medium Term Note	General Electric Capital	0.93835	4/24/2014	\$10,000,000.00	\$10,000,000.00	\$10,023,100.00
Medium Term Note	Colgate-Palmolive Co.	1.25	5/1/2014	\$4,000,000.00	\$3,999,032.90	\$4,013,160.00
Medium Term Note	Johnson & Johnson	1.2	5/15/2014	\$10,000,000.00	\$9,998,058.94	\$10,029,900.00
Medium Term Note	Google Inc.	1.25	5/19/2014	\$7,000,000.00	\$6,999,734.11	\$7,025,480.00
Medium Term Note	Procter & Gamble Co.	0.7	8/15/2014	\$7,000,000.00	\$6,971,230.00	\$7,017,920.00
Medium Term Note	John Deere Capital Corp.	0.34285	10/8/2014	\$5,000,000.00	\$5,000,000.00	\$5,002,800.00
Medium Term Note	IBM Corp.	0.875	10/31/2014	\$5,000,000.00	\$5,049,000.00	\$5,020,200.00
Medium Term Note	Wells Fargo Bank NA	0.75	7/20/2015	\$10,000,000.00	\$9,996,500.00	\$10,030,200.00
Medium Term Note	PepsiCo Inc.	0.43585	7/30/2015	\$5,000,000.00	\$5,000,000.00	\$5,007,950.00
Medium Term Note	John Deere Capital Corp.	0.75	1/22/2016	\$3,000,000.00	\$2,996,820.00	\$2,992,410.00
Medium Term Note	JP Morgan Chase	1.125	2/26/2016	\$5,000,000.00	\$4,993,950.00	\$5,008,500.00
Medium Term Note	Johnson & Johnson	0.3113	11/28/2016	\$5,000,000.00	\$5,000,000.00	\$5,002,850.00
Medium Term Note	IBM Corp.	1.25	2/8/2018	\$5,000,000.00	\$4,977,100.00	\$4,894,550.00
Medium Term Note	Texas Instruments Inc.	1	5/1/2018	\$5,000,000.00	\$4,953,500.00	\$4,796,450.00
Medium Term Note	Merck & Co. Inc.	1.3	5/18/2018	\$5,000,000.00	\$4,988,450.00	\$4,863,050.00
<b>MTN Total</b>			<b>5.54%</b>	<b>\$107,594,000.00</b>	<b>\$107,879,639.33</b>	<b>\$107,432,432.20</b>
Asset Backed Security	Honda Auto Receivables Trust	0.56	11/17/2014	\$510,686.85	\$510,629.77	\$510,629.85
Asset Backed Security	Honda Auto Receivables Trust	0.4	4/20/2015	\$3,128,932.61	\$3,128,420.19	\$3,128,420.21
Asset Backed Security	Chase Issuance Trust	0.79	6/15/2015	\$10,000,000.00	\$10,000,000.00	\$10,033,800.00
Asset Backed Security	Honda Auto Receivables Trust	0.37	10/17/2015	\$10,000,000.00	\$9,999,155.00	\$9,999,155.00

**City of San Diego Pooled Investment Fund Holdings as of December 31, 2013 (continued)**

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Asset Backed Security	VW Auto Loan Enhanced Trust	0.37	1/20/2016	\$10,891,741.55	\$10,890,891.32	\$10,890,891.35
Asset Backed Security	BMW Vehicle Owner Trust	0.41	2/25/2016	\$5,000,000.00	\$4,999,820.50	\$4,999,820.50
Asset Backed Security	Honda Auto Receivables Trust	0.45	4/18/2016	\$6,500,000.00	\$6,499,610.00	\$6,499,610.00
Asset Backed Security	Chase Issuance Trust	0.2966	8/15/2017	\$10,000,000.00	\$10,000,000.00	\$9,987,600.00
<b>Asset Backed Total</b>			<b>2.88%</b>	<b>\$56,031,361.01</b>	<b>\$56,028,526.78</b>	<b>\$56,049,926.91</b>
Municipal Security	State of California	2	6/23/2014	\$10,000,000.00	\$10,147,600.00	\$10,147,600.00
<b>Municipals Total</b>			<b>0.52%</b>	<b>\$10,000,000.00</b>	<b>\$10,147,600.00</b>	<b>\$10,147,600.00</b>
<b>Grand Total</b>			<b>100.00%</b>	<b>\$1,949,525,876.38</b>	<b>\$1,948,685,147.37</b>	<b>\$1,948,528,729.77</b>

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.