



# City of San Diego

## Pooled Investment Fund Quarterly Review

Quarter ended

3/31/14

Publication Date: 04/30/14

### Office of the City Treasurer—Investments Division

#### Economic Commentary

##### Quarterly Economic Highlights

- The U.S. Unemployment Rate remained steady at 6.7% in February and March after ticking down to 6.6% in January.
- The U.S. stock market, as measured by the S&P 500 index, rose 1.3% for the quarter.
- Crude Oil futures rose by 3.66% during the quarter to close at \$101.58/barrel.
- Gold rebounded from a dismal 2013, rising 6.5% during the quarter to \$1,284.01/oz.

The past quarter was quite eventful on several fronts. Most economic figures were weaker than expected during January and February, which was quickly dismissed by economists as related to extreme weather in much of the country. Oddly, any numbers that came out during this period ahead of expectations had no such caveats and in fact were held up as proof of the ongoing economic recovery.

One extreme example of this dichotomy was the January Housing Starts figure, which dropped by a staggering 16% month-over-month. Again, analysts blamed weather even though much of the drop occurred in the West region, which saw extremely mild conditions throughout the winter.

Another example of this phenomenon was the ISM figures for February. The ISM

Manufacturing figure printed at 53.2 versus expectations of 52.0. This was seen as a positive with weather not a factor. However, a few days later ISM Non-manufacturing came out at 51.6, the lowest level in four years. Right on cue, economists lined up to blame the weather, even though it apparently didn't affect manufacturing activity during the same month.

Nonetheless, some economic figures did begin to rebound in March, culminating in a solid if not spectacular jobs report. In March, non-farm payrolls increased by a respectable 192,000 jobs, the unemployment rate held steady at 6.7%, and the labor force participation rate ticked up to 63.2%, perhaps halting what has been a multi-year decline (Chart 1).

Geopolitical issues surfaced once again. Civil unrest in Turkey and the eventual annexation of the Ukraine region of Crimea by Russia sparked turmoil in emerging markets and led to a flight of capital to safe haven economies in Europe, Japan and the United States.

Janet Yellen was officially confirmed as the new Federal Reserve Chair on January 6, and quickly caused quite a stir at her first meeting as Chairperson in March. During the post-meeting press conference, she indicated that the first interest rate hike could take place as soon as six months after the Fed concludes purchasing securities. If true, then rate hikes could begin in early 2015, at least six months earlier than any previous guidance given by the Fed (See Hot Topic article—page 2).

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Chart 1: U.S. Labor Force Participation Rate (March 2008—March 2014) (Source: Bloomberg)

## Hot Topic Corner— Beginning of the End?

Janet Yellen began her tenure as FOMC Chairperson with a bang and raised many eyebrows after her first Fed meeting as Chair on March 19 while answering reporters' questions during the post-meeting Q&A session.

When asked what a "considerable period" meant in relation to the first rate hike, she answered that it could mean six months after the Fed ceased buying securities under its Large Scale Asset Purchase program. As it is widely expected that this program will end in October of 2014, six months would mean that the Fed would start hiking interest rates in the second quarter of 2015.

This answer stood in stark contrast to prior Fed guidance that rate hikes would not begin until at least a year after

security purchases ended, or towards the end of 2015 at the earliest.

While some Fed-watchers shrugged her answer off as a gaffe worthy of Vice President Biden, much of the market took it at face value, and interest rates immediately spiked higher as rate hike expectations were pulled forward. Interest rates in the two- through five-year part of the curve were particularly hard hit as that part of the curve is the most sensitive to the Fed's interest rate policy.

As if that weren't bad enough, the Fed members' individual short-term interest rate forecasts for year-end 2015 and 2016 also moved considerably higher from guidance provided at prior FOMC meetings.

Tempering this to an extent was Ms. Yellen's warning not to put too much weight on the FOMC member rate predictions. Additionally, the FOMC statement removed the 6.5% unemployment rate as a threshold for future Fed action and added language that it will focus on more qualitative factors at least until the Fed goal of 2% inflation was reached. This was important as the unemployment rate has dipped to 6.7% recently, so the removal of this data point can be construed as dovish.

Since the meeting, several FOMC members, including Chairperson Yellen, have tried to walk back the six month guidance comment, and with the release of the meeting minutes on April 9, it appears that much of the consternation was all for naught.

The minutes revealed a Fed that was more dovish than the initial statement would lead one to believe, with low inflation and slack labor markets still listed as major concerns. Several officials even expressed concern that their individual projections for short-term interest rates could be misleading and portray a more hawkish Fed than is really the case.

While it appears that the timing of the first rate hike might still indeed be late-2015, the market will understandably be very jumpy at the slightest hint of an earlier hike. Historically, rates tend to become more volatile as the beginning of a Fed tightening cycle approaches. As such, future economic data will become much more important over the next few months.

Tom Williams, CFA, Investment Officer

## Key Economic Indicators

<i>Indicator</i>	<i>Period</i>	<i>Report Current</i>	<i>As Reported Last Quarter</i>	<i>Difference</i>
Federal Funds Rate	3/19/2014	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	MAR	0.2%	0.3%	(0.1%)
Consumer Price Index (YoY)	MAR	1.5%	1.5%	0.0%
Producer Price Index (MoM)	MAR	0.6%	0.4%	0.2%
Producer Price Index (YoY)	MAR	1.4%	1.2%	0.2%
Durable Goods Orders	MAR	2.6%	(4.3%)	6.9%
ISM (Manufacturing)	MAR	53.7	57.0	(4.3)
ISM (Non-manufacturing)	MAR	53.1	53.0	0.1
Retail Sales	MAR	1.1%	0.2%	0.9%
Unemployment Rate	MAR	6.7%	6.7%	0.0%
Change in Non-farm Payrolls	MAR	192,000	74,000	118,000
Consumer Confidence (Univ. of Michigan)	APR (Final)	84.1	81.2	2.9
Existing Home Sales	MAR	4.59(mil)	4.87(mil)	(0.28)(mil)
New Home Sales	MAR	0.384(mil)	0.414(mil)	(0.030)(mil)
Housing Starts	MAR	0.946(mil)	0.999(mil)	(0.053)(mil)
Median Home Price (existing) [EHSLMP]	MAR	\$198,200	\$197,900	\$300
NYMEX WTI CRUDE OIL (barrel)	3/31/14	\$101.58	\$98.42	\$3.16
S&P 500 Stock Index	3/31/14	1,872.34	1,848.36	23.98

## Portfolio Performance

The Core Portfolio outperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, by almost 4 basis points over the past quarter, returning 0.174% versus index performance of 0.137%.

Chart 2 shows a yield curve that flattened over the past quarter, as yields in the 2- and 3-year part of the curve slightly increased, while maturities further out decreased in yield.

During the first part of the quarter, yields across the curve dropped in a flight-to-quality move due to disappointing economic numbers as well as a rise in global tensions relating to the Russian annexation of the Crimean region of Ukraine.

However, immediately following the March 19 FOMC meeting, yields increased, particularly in 2- and 3-year maturities, as a result of initial Fed rate hike

expectations being moved forward from late-2015 to earlier in the year.

“Effective Duration Effect” contributed -4.4 basis points of relative underperformance versus the index despite the portfolio being short duration during the quarter. This is explained by nuances within the portfolio analytics software we use, which emphasizes the 10-year part of the yield curve. The 10-year yield decreased during the quarter, penalizing our portfolio even though the portion of the yield curve in which we invest actually increased in yield.

However, “Non-parallel Duration Effect” added back 6.2 basis points of positive performance versus the index. Since we were short both the 2- and 3-year portions of the curve versus our index, and those maturities increased in yield, we captured relative

outperformance there. Additionally, our exposure on the 5-year part of the curve also resulted in outperformance as that maturity point decreased in yield.

“Sector/Quality Effect” contributed 1.9 basis points of relative outperformance versus the index due to our positions in corporate, agency and asset-backed securities, which performed well versus U.S. Treasury securities.



Chart 2: U.S. Treasury Yield Curve 12/31/13–3/31/14 (Source: Bloomberg)

## Returns

The City’s Total Pooled Investment Fund is split into two portfolios. A Liquidity portfolio, which is short-term in nature and managed on an Earned Income Yield basis, and a Core portfolio, which is longer in maturity (0-5 years) and managed on a total-return basis versus an index (Bank of America Merrill Lynch (BAML) 1-3 Year Treasury Index).

### Earned Income Yield\*

	Q1 2014	Q4 2013	Q3 2013	FYTD 2014	1 Year	3 Year
<b>Total Pooled Investment Fund</b>	0.47%	0.49%	0.39%	0.45%	0.44%	0.72%
<b>Core Portfolio</b>	0.56%	0.58%	0.44%	0.53%	0.52%	0.90%
<b>Liquidity Portfolio</b>	0.31%	0.31%	0.29%	0.31%	0.31%	0.40%

### Total Return—Core Portfolio

	Q1 2014	Q4 2013	Q3 2013	FYTD 2014	1 Year	3 Year*
<b>Core Portfolio</b>	0.17%	0.08%	0.29%	0.55%	0.35%	0.85%
<b>BAML 1 - 3 Year Treasury Index</b>	0.14%	0.06%	0.30%	0.50%	0.38%	0.81%
<b>Difference</b>	0.03%	0.02%	(0.01%)	0.05%	(0.03%)	0.04%

\*Annualized Returns

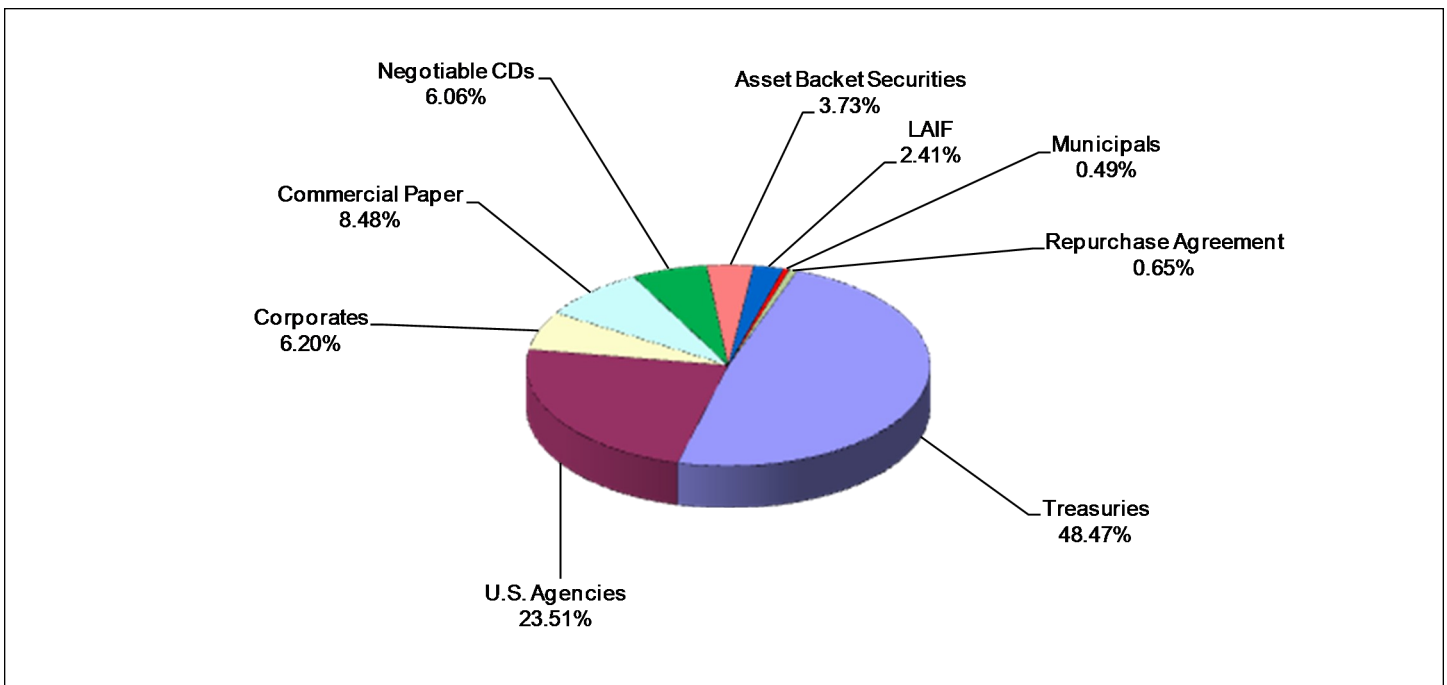
**Portfolio Profile**

**as of March 31, 2014**

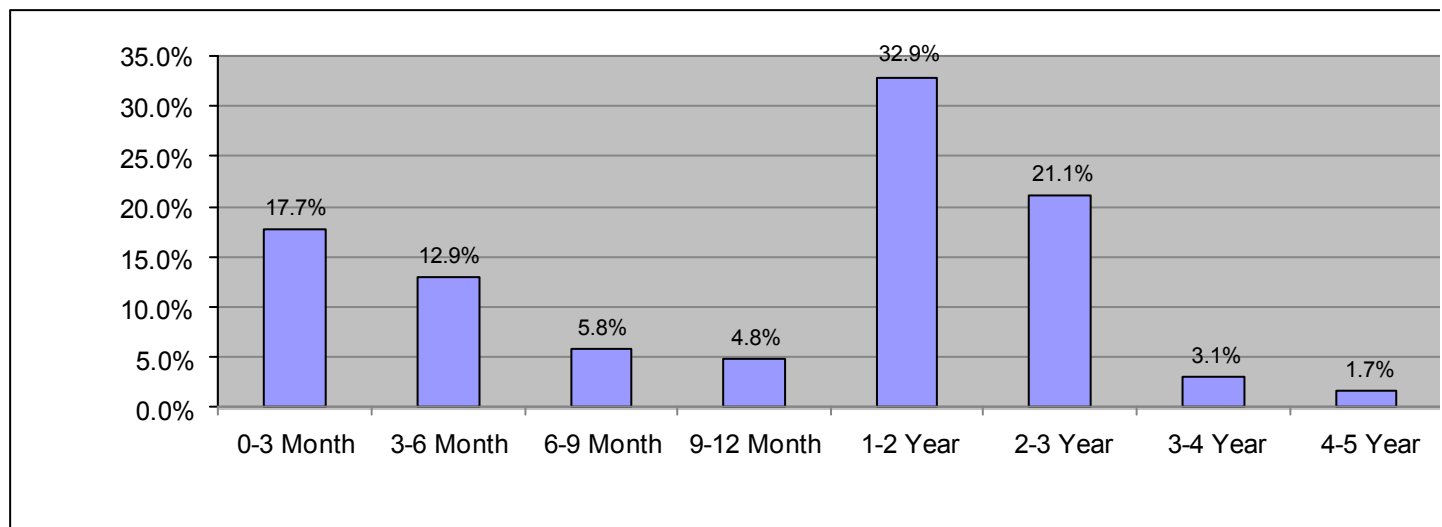
	<b>Liquidity</b>	<b>Core</b>
Portfolio Size*	\$760,726,827	\$1,300,502,988
% of total pool	36.91%	63.09%
Portfolio Duration**	0.313	1.717
Index Duration**	0.370	1.920
% of index	84.56%	89.43%
Weighted Average Days to Maturity	114.35	708.37

\* Book Value    \*\* Macaulay's Duration for the Liquidity Portfolio and Effective Duration for the Core Portfolio  
 Note: Portfolio durations do not include the effect of trades settling over month end.

**Asset Allocation**



**Pool Maturity Distribution**



## Credit Profile

as of March 31, 2014

### Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	48.47%
Agencies (AAA)	23.51%
AAA/A1	19.00%
AA	2.72%
A	2.76%
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

### Top Issuer Exposures

Issuer	% of Portfolio
U.S. Treasury	48.47%
Federal Home Loan Bank	7.27%
Freddie Mac	5.33%
Fannie Mae	5.33%
Federal Farm Credit Bank	3.63%
Int'l Bank for Recon & Development	1.94%
General Electric	1.94%
Wells Fargo Corp.	1.70%
Svenska Handelsbanken NY	1.21%
UBS AG Stamford	1.21%
Swedbank NY	1.21%
Toronto-Dominion Bank NY	1.21%
Chase Issuance Trust	1.21%
Nestle Capital Corp.	1.21%
The Coca-Cola Co.	1.21%
Toyota Motor Credit Corp.	1.21%

### 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	P-1	A-1	A1	N/A	N/A	\$58.02	-7.24%	67 days
BNP Paribas	P-1	A-1	A1	76.50	-8.01%	\$38.72	-1.22%	92 days
Cisco Systems Inc.	A1	AA-	AA	34.50	3.98%	\$22.42	-0.00%	1,796 days
The Coca-Cola Co.	P-1	A-1+	A1+	22.50	-4.62%	\$38.66	-6.41%	53 days
Colgate-Palmolive Co.	Aa3	AA-	AA-	25.00	13.84%	\$64.87	-0.52%	31 days
Deere & Co.	A2	A	A+	32.00	25.49%	\$90.80	-0.58%	662 days
General Electric Co.	Aa3	AA+	AA+	59.62	-11.67%	\$25.89	-7.63%	654 days
Google Inc.	Aa2	AA	AA+	25.75	10.18%	\$556.97	-0.60%	49 days
Illinois Tool Works Inc.	A2	A+	A+	35.00	20.15%	\$81.33	-3.27%	1 day
IBM Corp.	Aa3	AA-	AA+	36.18	34.75%	\$192.49	2.62%	1,410 days
JP Morgan Chase	A3	A (-)	A	56.36	-15.60%	\$60.71	3.81%	697 days
Johnson & Johnson	Aaa	AAA	AA+	15.21	1.40%	\$98.23	7.25%	45 days
Merck & Co. Inc.	A2	AA	A+	11.76	5.47%	\$56.77	13.43%	1,509 days
Nestle Capital Corp.	P-1	A-1+	A1+	23.17	8.22%	\$75.27	2.30%	92 days
PepsiCo Inc.	A1	A	A	40.50	6.72%	\$83.50	0.68%	486 days
The Procter & Gamble Co.	Aa3	AA-	AA-	27.55	-1.18%	\$80.60	-0.99%	137 days
SEB NY	P-1	A-1	N/A	65.00	-15.88%	\$13.72	3.86%	92 days
Svenska Handelsbanken NY	P-1	A-1+	N/A	54.50	3.76%	\$50.15	3.47%	91 days
Swedbank NY	P-1	A-1	N/A	72.00	-15.94%	\$26.82	-1.38%	92 days
Texas Instruments Inc.	A1	A+	A+ (+)	38.33	8.46%	\$47.16	7.40%	1,492 days
Toronto-Dominion Bank NY	P-1	A-1+	A1	N/A	N/A	\$46.95	-0.36%	333 days
Toyota Motor Credit Corp.	P-1	A-1+	A1+	50.88	4.31%	\$112.90	-7.40%	39 days
UBS AG	P-1	A-1	A1	61.50	-3.67%	\$20.72	7.64%	87 days
US Bancorp	A1	A+	A+	54.32	47.13%	\$42.86	6.09%	1,036 days
Wells Fargo & Co.	A2	A+ (-)	A (+)	37.58	-5.63%	\$49.74	9.56%	476 days
Wal-Mart Stores Inc.	Aa2	AA	AA-	21.00	44.83%	\$76.43	-2.87%	15 days
<b>S&amp;P 500 Index</b>						<b>1,872.34</b>	<b>1.30%</b>	
<b>CDX IG21 Index</b>				<b>58.28</b>	<b>-6.63%</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 has continued scaling back its Large Scale Asset Purchase program, reducing securities purchases by \$10 billion at both its January and March meetings. It is widely expected this trend will continue until they formally end the program by late-2014.

In addition to announcing these purchase reductions, the Fed has also been increasing the capacity of its Fixed-rate Reverse Repo program, most recently increasing it to a maximum of \$10 billion per counterparty effective April 7.

This program allows the Fed to conduct reverse repurchase agreements with counterparties including money market funds, banks and the GSEs, and is currently being used in a limited fashion to understand how a full scale operation will affect the financial markets. Eventually,

the fixed rate on these reverse repo trades may replace the Fed Funds rate as the main Fed monetary policy tool.

While state and local governments are currently not eligible to invest in these Fed repurchases, they have actually helped us in managing the Pool to an extent. The Fed currently pegs the interest rate for these overnight instruments at 0.05%, which acts to set a floor on other overnight investments, including repurchase agreements and commercial paper. As such, we have been able to earn a little more yield on our overnight investments than would be possible without the Fed program. Still, the overall level of overnight rates remains extremely low and we have been working to keep overnight cash as low as

possible to minimize the drag on the Pool yield.

We have also been accumulating maturities on June 30 and July 1, 2014 in order to facilitate the large pension ARC payment due on July 1. The amount of this outflow will exceed \$250 million and as a result the duration of the Liquidity fund has been decreasing as this date approaches. Additionally, the overall split of the Core and Liquidity funds has slightly deviated from its target of 65% Core and 35% Liquidity. This will remain the case until the payment is made.

We have continued adding exposure to asset-backed securities, mainly in prime auto receivables. These securities provide a good amount of yield per unit of duration and are extremely solid from a credit

standpoint. We recently purchased Toyota's first "green bond" issuance. This security, issued under the Toyota Auto Receivables Owners Trust shelf, was issued to solely finance consumers' purchases of hybrid and electric vehicles.

Over the last few months, the percentage of agency callable securities in the Pool has dropped considerably. This is due to the fact that many of our previously-purchased callable securities have been called away from us as interest rates have remained low. Additionally, the agencies have not been issuing much new callable debt, and what they have issued has been much smaller in issue size than we normally purchase and the rates at which they have been issued are not attractive, in our view. We expect this trend to continue going forward.

## Projected Portfolio Cash Flows\*

The Investment staff have reviewed and the City Treasurer has affirmed that the Pooled Investment Fund has sufficient maturities and liquidity to meet the City's expenditure requirements for the next six months per California Government Code §53646.

MONTH	CASH INFLOWS	CASH OUTFLOWS	NET MONTHLY CASH-FLOWS	CUMULATIVE NET CASHFLOWS
April	341	245	96	96
May	314	175	139	235
June	310	193	117	352
July	328	549	(221)	131
August	229	268	(39)	92
September	166	230	(64)	28

(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 - 84.56%
Duration (Liquidity)	BAML US T-bill 3-6 months +/-40%	Complies - 89.43%
Maximum Maturity	5 years	Complies
U.S. Agency Securities	100% maximum	Complies - 23.51%
FNMA	33.3% maximum	Complies - 5.33%
FHLMC	33.3% maximum	Complies - 5.33%
FHLB	33.3% maximum	Complies - 7.27%
FFCB	33.3% maximum	Complies - 3.63%
Callable Securities	30% maximum	Complies - 6.06%
MBS/CMO's	5 yr maximum- 20% max.	Complies - None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies - 3.73%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies - 8.48%
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 - 6.20%
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 - 6.06%
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 - 0.49%
	5% of total portfolio exposure per Issuer or Insurer, excluding California General Obligations	Complies - 0.49%

## City of San Diego Pooled Investment Fund Holdings as of March 31, 2014

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.25	5/31/2014	\$25,000,000.00	\$24,998,044.20	\$25,007,750.00
US Treasury Note	US Treasury	0.125	7/31/2014	\$25,000,000.00	\$24,975,585.94	\$25,004,750.00
US Treasury Note	US Treasury	0.5	8/15/2014	\$25,000,000.00	\$25,043,275.56	\$25,040,000.00
US Treasury Note	US Treasury	0.25	10/31/2014	\$25,000,000.00	\$24,992,176.78	\$25,025,500.00
US Treasury Note	US Treasury	0.125	12/31/2014	\$25,000,000.00	\$24,937,500.00	\$25,005,750.00
US Treasury Note	US Treasury	0.375	3/15/2015	\$25,000,000.00	\$24,915,039.06	\$25,054,750.00
US Treasury Note	US Treasury	0.25	3/31/2015	\$25,000,000.00	\$25,003,906.25	\$25,027,250.00
US Treasury Note	US Treasury	0.375	4/15/2015	\$25,000,000.00	\$24,998,046.87	\$25,058,500.00
US Treasury Note	US Treasury	0.125	4/30/2015	\$25,000,000.00	\$24,939,453.13	\$24,995,000.00
US Treasury Note	US Treasury	0.25	5/15/2015	\$25,000,000.00	\$24,924,804.69	\$25,027,250.00
US Treasury Note	US Treasury	0.25	5/31/2015	\$25,000,000.00	\$24,978,515.63	\$25,026,250.00
US Treasury Note	US Treasury	0.375	6/15/2015	\$25,000,000.00	\$24,974,609.37	\$25,064,500.00
US Treasury Note	US Treasury	0.375	6/30/2015	\$25,000,000.00	\$25,006,835.94	\$25,065,500.00
US Treasury Note	US Treasury	0.25	7/15/2015	\$25,000,000.00	\$24,953,125.00	\$25,022,500.00
US Treasury Note	US Treasury	0.25	7/31/2015	\$25,000,000.00	\$24,953,125.00	\$25,022,500.00
US Treasury Note	US Treasury	0.375	8/31/2015	\$25,000,000.00	\$24,995,117.19	\$25,061,500.00
US Treasury Note	US Treasury	0.25	9/30/2015	\$25,000,000.00	\$24,960,937.50	\$25,009,750.00
US Treasury Note	US Treasury	0.25	10/31/2015	\$25,000,000.00	\$24,970,875.78	\$24,994,250.00
US Treasury Note	US Treasury	0.375	11/15/2015	\$25,000,000.00	\$25,036,132.81	\$25,038,000.00
US Treasury Note	US Treasury	0.25	11/30/2015	\$25,000,000.00	\$24,983,741.85	\$24,982,500.00
US Treasury Note	US Treasury	0.25	12/15/2015	\$25,000,000.00	\$24,928,710.94	\$24,973,500.00
US Treasury Note	US Treasury	0.25	12/31/2015	\$25,000,000.00	\$24,937,845.30	\$24,966,750.00
US Treasury Note	US Treasury	0.375	1/15/2016	\$5,000,000.00	\$5,000,585.94	\$5,002,550.00
US Treasury Note	US Treasury	0.375	1/15/2016	\$20,000,000.00	\$19,989,062.50	\$20,010,200.00
US Treasury Note	US Treasury	0.375	1/31/2016	\$25,000,000.00	\$25,006,835.94	\$25,007,750.00
US Treasury Note	US Treasury	0.375	2/15/2016	\$25,000,000.00	\$25,019,531.25	\$24,999,000.00
US Treasury Note	US Treasury	0.25	2/29/2016	\$25,000,000.00	\$24,964,843.75	\$24,933,500.00
US Treasury Note	US Treasury	0.375	3/15/2016	\$25,000,000.00	\$24,968,750.00	\$24,982,500.00
US Treasury Note	US Treasury	0.375	3/31/2016	\$25,000,000.00	\$24,960,937.50	\$24,972,750.00
US Treasury Note	US Treasury	0.25	4/15/2016	\$25,000,000.00	\$24,937,500.00	\$24,896,500.00
US Treasury Note	US Treasury	0.25	5/15/2016	\$25,000,000.00	\$24,814,453.13	\$24,869,250.00
US Treasury Note	US Treasury	0.5	6/15/2016	\$25,000,000.00	\$24,880,859.38	\$24,984,500.00
US Treasury Note	US Treasury	0.625	7/15/2016	\$25,000,000.00	\$24,995,117.19	\$25,031,250.00
US Treasury Note	US Treasury	0.625	8/15/2016	\$25,000,000.00	\$24,893,554.69	\$25,007,750.00
US Treasury Note	US Treasury	0.875	9/15/2016	\$25,000,000.00	\$25,178,710.94	\$25,138,750.00
US Treasury Note	US Treasury	0.625	10/15/2016	\$25,000,000.00	\$25,041,477.08	\$24,959,000.00
US Treasury Note	US Treasury	0.625	11/15/2016	\$25,000,000.00	\$25,063,978.34	\$24,929,750.00
US Treasury Note	US Treasury	0.625	12/15/2016	\$25,000,000.00	\$24,984,686.21	\$24,904,250.00
US Treasury Note	US Treasury	0.75	1/15/2017	\$25,000,000.00	\$25,032,701.35	\$24,963,000.00
US Treasury Note	US Treasury	0.625	2/15/2017	\$25,000,000.00	\$24,974,361.19	\$24,841,750.00
US Treasury Note	US Treasury	0.75	3/15/2017	\$25,000,000.00	\$24,900,985.05	\$24,906,250.00
<b>US Treasury Total</b>			<b>48.47%</b>	<b>\$1,000,000,000.00</b>	<b>\$999,016,336.22</b>	<b>\$999,814,250.00</b>
Agency Note	Federal Farm Credit Bank	0.125	4/9/2014	\$25,000,000.00	\$24,988,250.00	\$25,000,250.00
Agency Note	Federal Home Loan Bank	0.17	4/25/2014	\$25,000,000.00	\$25,003,107.25	\$25,001,500.00
Agency Discount Note	Freddie Mac	0.13	7/1/2014	\$20,000,000.00	\$19,986,277.78	\$19,998,000.00
Agency Discount Note	Intl Bank Recon & Develop	0.14	7/3/2014	\$15,000,000.00	\$14,988,216.67	\$14,998,500.00
Agency Discount Note	Intl Bank Recon & Develop	0.115	7/3/2014	\$5,000,000.00	\$4,997,172.92	\$4,999,500.00
Agency Note	Federal Home Loan Bank	0.18	7/15/2014	\$20,000,000.00	\$20,003,600.00	\$20,006,000.00
Agency Note	Freddie Mac	1	8/27/2014	\$25,000,000.00	\$24,994,801.57	\$25,074,250.00
Agency Discount Note	Freddie Mac	0.13	9/12/2014	\$25,000,000.00	\$24,973,909.72	\$24,994,250.00
Agency Discount Note	Fannie Mae	0.1	10/10/2014	\$15,000,000.00	\$14,990,000.00	\$14,995,200.00
Agency Note	Federal Farm Credit Bank	0.27	11/19/2014	\$25,000,000.00	\$24,984,050.00	\$25,024,750.00
Agency Note	Federal Home Loan Bank	0.2	12/30/2014	\$20,000,000.00	\$20,000,000.00	\$20,005,200.00
Agency Note	Federal Home Loan Bank	0.15	3/12/2015	\$25,000,000.00	\$24,997,000.00	\$24,993,000.00



## City of San Diego Pooled Investment Fund Holdings as of March 31, 2014 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Note	Federal Home Loan Bank	0.2	4/24/2015	\$25,000,000.00	\$25,000,000.00	\$24,987,250.00
Agency Note	Federal Farm Credit Bank	0.5	6/23/2015	\$15,000,000.00	\$14,953,800.00	\$15,043,350.00
Agency Note	Federal Farm Credit Bank	0.35	7/30/2015	\$10,000,000.00	\$9,994,500.00	\$10,011,000.00
Agency Note	Fannie Mae	0.5	1/15/2016	\$10,000,000.00	\$10,000,000.00	\$10,001,400.00
Agency Note	Freddie Mac	0.5	1/28/2016	\$10,000,000.00	\$10,000,000.00	\$9,996,800.00
Agency Note	Federal Home Loan Bank	0.375	2/19/2016	\$25,000,000.00	\$24,951,250.00	\$24,987,000.00
Agency Note	Fannie Mae	0.5	4/29/2016	\$10,000,000.00	\$10,000,000.00	\$9,982,700.00
Agency Note	Freddie Mac	0.5	5/13/2016	\$20,000,000.00	\$19,998,800.00	\$19,997,200.00
Agency Note	Intl Bank Recon & Develop	0.5	5/16/2016	\$20,000,000.00	\$19,990,200.00	\$19,979,200.00
Agency Note	Fannie Mae	0.625	8/26/2016	\$25,000,000.00	\$24,919,750.00	\$24,985,250.00
Agency Note	Freddie Mac	0.75	10/5/2016	\$10,000,000.00	\$10,000,000.00	\$9,989,400.00
Agency Note	Fannie Mae	0.75	4/20/2017	\$20,000,000.00	\$19,930,200.00	\$19,851,400.00
Agency Note	Fannie Mae	1	10/24/2017	\$10,000,000.00	\$10,000,000.00	\$9,864,800.00
Agency Note	Fannie Mae	0.7	12/13/2017	\$10,000,000.00	\$10,000,000.00	\$9,930,700.00
Agency Note	Fannie Mae	1	12/28/2017	\$10,000,000.00	\$10,000,000.00	\$9,829,500.00
Agency Note	Federal Home Loan Bank	1.2	5/24/2018	\$10,000,000.00	\$9,999,000.00	\$9,788,600.00
<b>Agency Total</b>			<b>23.51%</b>	<b>\$485,000,000.00</b>	<b>\$484,643,885.91</b>	<b>\$484,315,950.00</b>
LAIF	California State Pool	0.26	4/1/2014	\$49,732,538.84	\$49,732,538.84	\$49,732,538.84
Repo	Repurchase Agreement	0.04	4/1/2014	\$13,200,000.00	\$13,200,000.00	\$13,200,000.00
Commercial Paper	Toyota Motor Credit Corp.	0.25	5/9/2014	\$25,000,000.00	\$24,955,902.78	\$24,996,569.44
Commercial Paper	The Coca-Cola Co.	0.19	5/23/2014	\$25,000,000.00	\$24,969,125.00	\$24,995,305.56
Commercial Paper	Bank of Nova Scotia NY	0.245	6/6/2014	\$25,000,000.00	\$24,954,402.78	\$24,992,208.33
Commercial Paper	General Electric Capital	0.19	6/20/2014	\$25,000,000.00	\$24,973,875.00	\$24,990,555.56
Negotiable CD	UBS AG Stamford	0.23	6/26/2014	\$25,000,000.00	\$25,000,000.00	\$25,010,266.82
Commercial Paper	Wells Fargo & Co.	0.21	6/30/2014	\$25,000,000.00	\$24,970,687.50	\$24,987,500.00
Negotiable CD	Svenska Handelsbanken NY	0.19	6/30/2014	\$25,000,000.00	\$25,000,520.43	\$25,003,787.86
Commercial Paper	BNP Paribas Finance Inc.	0.33	7/1/2014	\$25,000,000.00	\$24,953,708.33	\$24,987,361.11
Commercial Paper	Nestle Capital Corp.	0.14	7/1/2014	\$25,000,000.00	\$24,983,958.33	\$24,987,361.11
Negotiable CD	Swedbank NY	0.19	7/1/2014	\$25,000,000.00	\$25,000,000.00	\$25,003,827.24
Negotiable CD	SEB NY	0.24	7/1/2014	\$25,000,000.00	\$25,000,000.00	\$25,007,021.35
Negotiable CD	Toronto-Dominion Bank NY	0.22	2/27/2015	\$25,000,000.00	\$25,000,000.00	\$25,000,000.00
<b>MMKT, Repo, CP, CD</b>			<b>17.60%</b>	<b>\$362,932,538.84</b>	<b>\$362,694,718.99</b>	<b>\$362,894,303.22</b>
Medium Term Note	Illinois Tool Works Inc.	5.15	4/1/2014	\$8,594,000.00	\$8,957,612.14	\$8,594,000.00
Medium Term Note	Wal-Mart Stores Inc.	1.625	4/15/2014	\$3,000,000.00	\$2,998,651.24	\$3,001,320.00
Medium Term Note	General Electric Capital	0.9371	4/24/2014	\$10,000,000.00	\$10,000,000.00	\$10,003,200.00
Medium Term Note	Colgate-Palmolive Co.	1.25	5/1/2014	\$4,000,000.00	\$3,999,032.90	\$4,003,000.00
Medium Term Note	Johnson & Johnson	1.2	5/15/2014	\$10,000,000.00	\$9,998,058.94	\$10,009,500.00
Medium Term Note	Google Inc.	1.25	5/19/2014	\$7,000,000.00	\$6,999,734.11	\$7,009,730.00
Medium Term Note	Procter & Gamble Co.	0.7	8/15/2014	\$7,000,000.00	\$6,971,230.00	\$7,010,780.00
Medium Term Note	John Deere Capital Corp.	0.33935	10/8/2014	\$5,000,000.00	\$5,000,000.00	\$5,002,950.00
Medium Term Note	IBM Corp.	0.875	10/31/2014	\$5,000,000.00	\$5,049,000.00	\$5,017,350.00
Medium Term Note	Wells Fargo Bank NA	0.75	7/20/2015	\$10,000,000.00	\$9,996,500.00	\$10,032,300.00
Medium Term Note	PepsiCo Inc.	0.4361	7/30/2015	\$5,000,000.00	\$5,000,000.00	\$5,008,050.00
Medium Term Note	General Electric Capital	0.47165	1/14/2016	\$5,000,000.00	\$5,000,000.00	\$5,003,550.00
Medium Term Note	John Deere Capital Corp.	0.75	1/22/2016	\$3,000,000.00	\$2,996,820.00	\$3,012,360.00
Medium Term Note	JP Morgan Chase	1.125	2/26/2016	\$5,000,000.00	\$4,993,950.00	\$5,019,200.00
Medium Term Note	Johnson & Johnson	0.3033	11/28/2016	\$5,000,000.00	\$5,000,000.00	\$5,005,350.00
Medium Term Note	US Bancorp	0.4661	1/30/2017	\$15,000,000.00	\$15,000,000.00	\$14,995,800.00
Medium Term Note	IBM Corp.	1.25	2/8/2018	\$5,000,000.00	\$4,977,100.00	\$4,940,200.00
Medium Term Note	Texas Instruments Inc.	1	5/1/2018	\$5,000,000.00	\$4,953,500.00	\$4,846,950.00
Medium Term Note	Merck & Co. Inc.	1.3	5/18/2018	\$5,000,000.00	\$4,988,450.00	\$4,889,000.00
Medium Term Note	Cisco Systems Inc.	0.7361	3/1/2019	\$5,000,000.00	\$5,000,000.00	\$5,021,700.00
<b>MTN Total</b>			<b>6.20%</b>	<b>\$127,594,000.00</b>	<b>\$127,879,639.33</b>	<b>\$127,426,290.00</b>

## City of San Diego Pooled Investment Fund Holdings as of March 31, 2014 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Asset Backed Security	Honda Auto Receivables Trust	0.4	4/20/2015	\$1,491,243.28	\$1,490,730.88	\$1,490,730.88
Asset Backed Security	Chase Issuance Trust	0.79	6/15/2015	\$10,000,000.00	\$10,000,000.00	\$10,039,500.00
Asset Backed Security	Honda Auto Receivables Trust	0.37	10/17/2015	\$7,831,096.94	\$7,830,251.94	\$7,830,251.94
Asset Backed Security	VW Auto Loan Enhanced Trust	0.37	1/20/2016	\$8,029,676.69	\$8,028,826.50	\$8,028,826.49
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	Toyota Auto Rec Owners Trust	0.41	8/15/2016	\$15,000,000.00	\$14,999,904.00	\$14,999,904.00
Asset Backed Security	Honda Auto Receivables Trust	0.41	8/22/2016	\$8,000,000.00	\$7,999,395.20	\$7,999,395.20
Asset Backed Security	Chase Issuance Trust	0.285	8/15/2017	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Asset Backed Security	Chase Issuance Trust	1.15	1/15/2019	\$5,000,000.00	\$4,999,095.50	\$4,999,095.50
<b>Asset Backed Total</b>			<b>3.73%</b>	<b>\$76,852,016.91</b>	<b>\$76,847,634.52</b>	<b>\$76,887,134.51</b>
Municipal Security	State of California	2	6/23/2014	\$10,000,000.00	\$10,147,600.00	\$10,042,000.00
<b>Municipals Total</b>			<b>0.49%</b>	<b>\$10,000,000.00</b>	<b>\$10,147,600.00</b>	<b>\$10,042,000.00</b>
<b>Grand Total</b>			<b>100.00%</b>	<b>\$2,062,378,555.75</b>	<b>\$2,061,229,814.97</b>	<b>\$2,061,379,927.73</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.