City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended 9/30/08

Publication Date: 11/13/08

Office of the City Treasurer—Investments Division

Economic Commentary

The recent quarter, particularly September, was a watershed period for the U.S. and world economies, as the financial landscape changed dramatically and permanently (see Hot Topic article, page 2).

Coming into the quarter, inflation had become a larger focus of the Federal Reserve, due to sharply rising oil and commodity prices and higher readings on inflation figures.

This changed quickly, however, after a wave of financial company meltdowns caused financial markets to fall sharply.

After many months of weakening performance and capital concerns, the U.S. Treasury took Fannie Mae and Freddie Mac into conservatorship, essentially wiping out common shareholders, but preserving both senior and subordinate debt investors' securities.

One week later, Lehman Brothers, a 158-year investment bank, went under, the largest corporate bankruptcy in U.S. history. One day later, after not rescuing Lehman, the U.S. government orchestrated a $85 billion rescue of AIG, one of the largest insurers in the world.

This inconsistency in policy action caused the money markets to freeze up, as banks would no longer lend to each other. As a result, LIBOR (London Interbank Offered Rate) set at record levels to Treasury bills (see Chart 1).

Another result of the Lehman bankruptcy was that several institutional money funds, including the original money market fund, fell below $1 net asset value. This caused massive redemptions of money market funds, which dried up liquidity for all money market instruments except Treasury bills, whose yields fell to near and below zero percent on several occasions (see Chart 2).

The Federal Reserve and U.S. government have undertaken numerous actions to counteract this credit freeze, lending billions of dollars to troubled financial institutions through various credit facilities and recently passing the roughly $850 billion Troubled Asset Relief Program (TARP) to help bank balance sheets and free up lending capacity.

The result of this credit freeze has been a dramatic slowdown in economic activity and further weakening in the labor market. The only silver lining in all of this has been the sharp drop in oil prices, which has led to much lower gasoline prices over the past few months. It is doubtful, however, that this tailwind will be enough to prop up the consumer, who has had to deal with job losses and the negative wealth effects of falling home and stock prices. As a result, it appears that a potentially sharp and prolonged worldwide recession may be imminent.

Quarterly Economic Highlights

- Fannie Mae and Freddie Mac taken into conservatorship by U.S. Treasury
- U.S. unemployment rate rises to 6.1% on nine straight months of negative changes in nonfarm payrolls
- The price of crude oil drops nearly 30% in a dramatic reversal of the huge Spring price rise
- Shakeup on Wall Street—see page 2 Hot Topic article
- $700 billion Troubled Asset Relief Plan initially reject by Congress before resurrection in Senate

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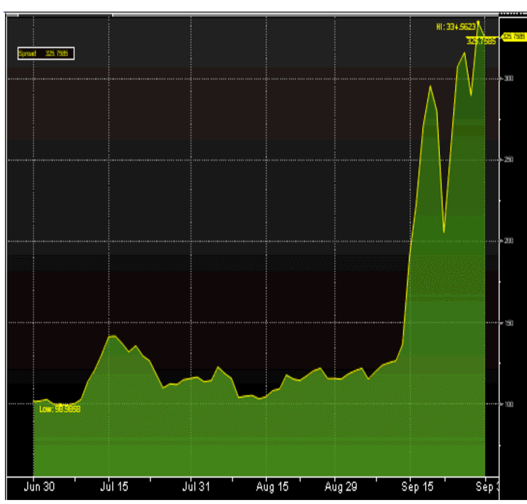


Chart 1: 3 month LIBOR vs. 3 month Treasury Bill 6/30/08—9/30/08 (Source: Bloomberg)

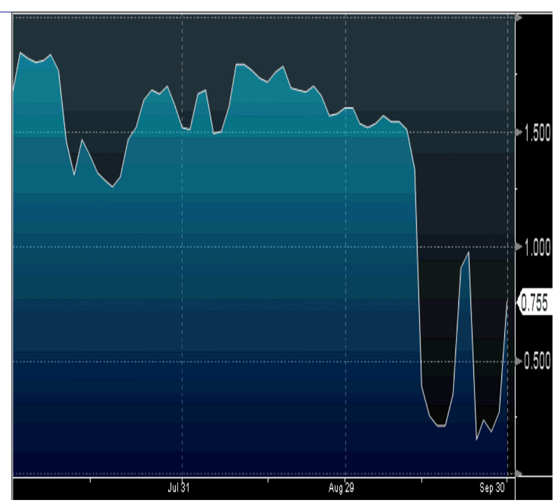


Chart 2: Generic US Treasury Bill 1 month yield: 6/30/08-9/30/08 (Source: Bloomberg)

Hot Topic Corner—The Changing Face of Wall Street

2008 will go down as the year that the U.S. and world banking and financial systems changed dramatically. After Bear Stearns was rescued by JP Morgan in March, Lehman Brothers declared bankruptcy in September, becoming the largest bankruptcy in U.S. history. That same day, Merrill Lynch announced that it agreed to be purchased by Bank of America to avoid a similar fate.

Goldman Sachs and Morgan Stanley, who had been perceived as being less exposed to the mortgage market (Goldman Sachs had actually profited during the crisis by shorting the mortgage market) became commercial banks on September 22 in order to gain access to the stable deposit base of a commercial bank. After all, the lack of wholesale funding that the investment banking model so heavily relied upon dried up almost overnight, which was ultimately the reason behind the demise of these highly-leveraged institutions.

Additionally, in September, Washington Mutual, the largest U.S. thrift, was seized by the FDIC and its deposit base and retail branches sold to JP Morgan Chase. American International Group, one of the largest insurance companies in the world, was loaned $85 billion by the U.S. government. Wachovia Corp., in danger of collapse, was sold to Wells Fargo.

The U.S. government and governments around the world have stepped in to help the banking system and try to prevent any further large failures. It appears that once the crisis is over, there will only be a few large banks remaining, as well as smaller players who had managed to avoid much of the mortgage mess.

The City's Pooled Investment Fund did not have any exposure to any of these names during this crisis. We have largely avoided investing in any financial names for much of 2008 due to the uncertainty surrounding their capital base and exposure to risky mortgage loans and mortgage-backed securities.

We still continue to avoid most banking and finance names while this crisis plays out, consistent with our primary objective of safety of principal. When this crisis abates, we will reassess our strategy and any future exposure to financial issuers.

The main effect this has had on the investment operations of the City is the loss of several broker/dealers due to mergers with other broker/dealers the City currently uses. We will assess our coverage, as we do every year, to determine whether or not to add additional coverage to replace any brokers lost.

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	9/16/08	2.0%	2.0%	0.0%
Consumer Price Index (MoM)	SEP	0.0%	1.1%	(1.1%)
Consumer Price Index (YoY)	SEP	4.9%	5.0%	(0.1%)
Producer Price Index (MoM)	SEP	(0.4%)	1.8%	(2.2%)
Producer Price Index (YoY)	SEP	8.7%	9.2%	(0.5%)
Durable Goods Orders	SEP	0.8%	0.0%	0.8%
Gross Domestic Product (Annualized)	Q3A	(0.3%)	1.0%	(0.7%)
ISM (Manufacturing)	SEP	43.5	50.2	(6.7%)
ISM (Non-manufacturing)	SEP	50.2	48.2	2.0
Retail Sales	SEP	(1.2%)	0.1%	(1.3%)
Unemployment Rate	SEP	6.1%	5.5%	0.6%
Change in Non-farm Payrolls	SEP	(159,000)	(62,000)	(97,000)
Consumer Confidence (Univ. of Michigan)	OCT (final)	57.6	56.4	1.2
Existing Home Sales	SEP	5.18(mil)	4.86(mil)	0.32 (mil)
New Home Sales	SEP	0.464(mil)	0.530(mil)	(.066)(mil)
Housing Starts	SEP	817(mil)	1,066(mil)	(249)(mil)
Median Home Price (existing)	SEP	$190,600	$213,800	($23,200)
NYMEX WTI CRUDE OIL (barrel)	9/30/08	$100.64	$140.00	($39.36)
S&P 500 Stock Index	9/30/08	1,166.36	1,280.00	(113.64)

Portfolio Performance

The Core Portfolio underperformed its benchmark, the Merrill Lynch 1-3 year Treasury index, by 34 basis points over the past quarter, returning 1.34% versus 1.68% for the index.

Chart 3 (right) shows a bull steepening curve with rates in the short end of the curve dropping more than those in the longer end. This is indicative of the flight-to-quality environment experienced in the past quarter as nervous investors fled to the safety of short-term Treasury securities.

This environment proved to be very challenging, as all non-Treasury securities underperformed their Treasury counterparts. As a result, the Core portfolio's exposure to Agency securities and high-quality corporates contributed negative 51 basis points of excess return as spreads widened.

Offsetting this was 17 basis points of excess return due to the excess spread earned by the non-Treasury securities, as well as the effect of the bonds rolling down the steep yield curve.

Also providing some positive excess return was security selection, which contributed 7 basis points of excess return.

We remained fairly neutral to the index on a duration basis throughout the quarter, which is reflected in the less than 1 basis point of negative excess return attributable to the change in interest rates.

We were also mostly neutral to the yield curve versus the index, though an underweight in the one year sector did contribute negative 1 basis point of excess return as the very short end of the yield curve outperformed.

Income effect contributed negative 5 basis points of excess return as the average coupon of the portfolio was less than that of the index, the result of being overweight more recently-issued and thus more liquid Treasury securities. As interest rates have fallen over the past year, the coupons on these securities are lower than those issued during higher rate environments.

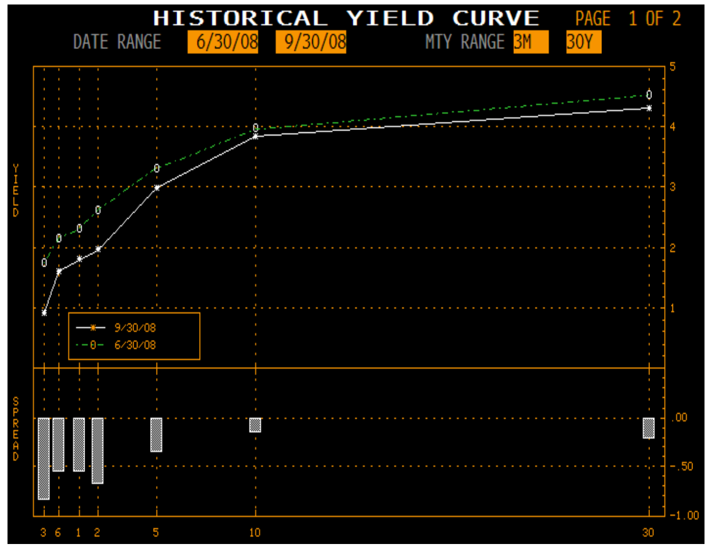


Chart 3: Treasury Yield Curve 06/30/08 - 9/30/08
(Source: Bloomberg)

Returns

The City's Total Pooled Investment fund is broken into a Liquidity portfolio, which is short-term in nature (0-1 year) 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 (Merrill Lynch 1-3 Year Treasury Index).

Earned Income Yield

	Q3 2008	Q2 2008	Q1 2008	FYTD 2009	1 Year	3 Year
Total Pooled Investment Fund	4.04%	3.56%	6.59%	4.04%	4.73%	4.54%
Core Portfolio	4.89%	3.69%	7.77%	4.89%	5.35%	4.59%
Liquidity Portfolio	2.46%	3.04%	4.73%	2.46%	3.69%	4.45%

Total Return—Core Portfolio

	Q3 2008	Q2 2008	Q1 2008	FYTD 2009	1 Year	3 Year*
Core Portfolio	1.34%	(0.71%)	3.03%	1.34%	6.02%	5.34%
Merrill Lynch 1 - 3 Year Treasury Index	1.68%	(0.85%)	2.98%	1.68%	6.27%	5.27%
Difference	(0.34%)	0.14%	0.05%	(0.34%)	(0.25%)	0.07%

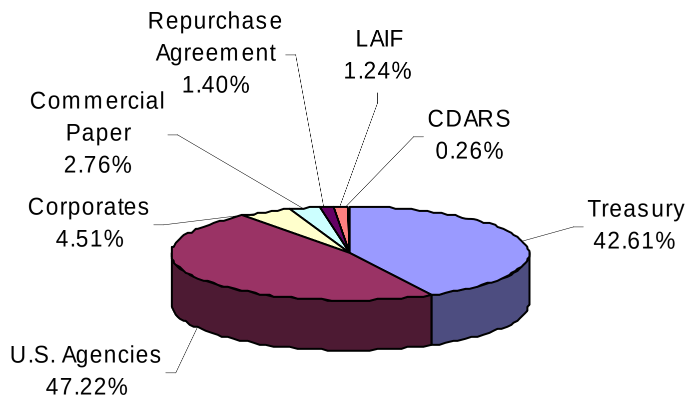
*Annualized

Portfolio Profile as of September 30, 2008

	Liquidity	*Core*
Portfolio Size	$714,627,402	$1,238,654,925
% of total pool	36.59%	63.41%
Portfolio Duration*	0.332	1.673
Index Duration*	0.366	1.701
% of index	90.71%	98.35%
Weighted Average Days to Maturity	121	654

* Macaulay's Duration for fund 9997 and Effective Duration for fund 9998

Asset Allocation



Issuer Exposure

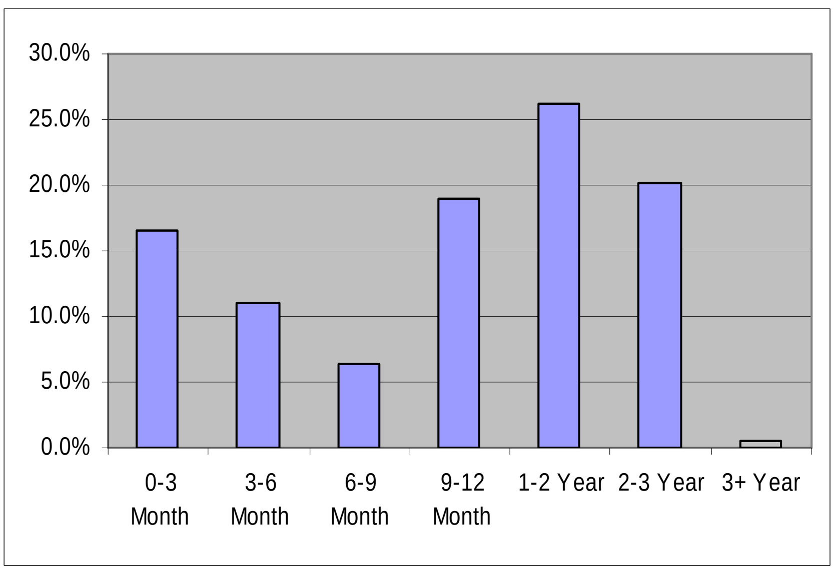
Issuer	% of Portfolio
US Treasury	42.61%
Fannie Mae	17.07%
Federal Home Loan Bank	16.69%
Freddie Mac	10.12%
Federal Farm Credit Bank	3.35%
General Electric Capital	2.01%
Toyota Motor Credit	1.26%
JP Morgan Chase	0.87%
Walmart	0.80%
American Honda Finance	0.78%
Credit Suisse	0.51%
Wells Fargo Corp.	0.41%
Abbott Laboratories	0.36%
HSBC Finance	0.26%

Credit Ratings

Ratings Bucket	% of Portfolio
US Treasury (AAA)	42.61%
Agency (AAA)	47.22%
AAA/A1	3.27%
AA	2.85%
A	1.14%
Below A	0.00%

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

Pool Maturity Distribution



Portfolio Strategy

Continued uncertainty and events of historic magnitude dominate each trading day's headlines. As a result, asset prices remain extremely volatile and liquidity is significantly reduced for even Agencies and the most highly-rated corporate securities.

In this challenging environment, we have shed corporate risk where possible. At quarter end, total exposure to corporate medium term notes and commercial paper was roughly 7.25%, and we will continue to let maturing corporate securities run off and be replaced by Treasury or Agency securities.

We do not intend to add any more corporate exposure until the credit crunch eases and the market volatility abates. We feel this may take several quarters.

In regards to Agency exposure, though our relative performance has suffered due to the widening spreads of these securities, we will maintain our exposure. This is due to the increased safety of these securities (Fannie Mae and Freddie Mac are now both under government control) and the attractive yields they provide relative to Treasuries.

We will most likely concentrate any new Agency exposure in the very front end through discount notes purchases, and let our longer-term Agency securities roll down the yield curve, replacing longer term exposure with Treasury securities.

While we believe that in the longer term, Treasury rates will increase due to the massive Treasury supply that will be forthcoming to fund the various liquidity programs and TARP program, we will remain neutral to duration versus the index to protect against any further flight to quality episodes or Fed monetary policy-induced rate rallies.

Our defensive posture will certainly work to decrease overall pool yield in coming months and quarters, but is consistent with our primary objective of safety of principal and will help ensure ready access to City funds during market uncertainty.

Projected Portfolio Cash Flows

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

MONTH	CASH INFLOWS	CASH OUTFLOWS	NET MONTHLY CASH-FLOWS	CUMULATIVE NET CASHFLOWS
October	324	220	104	104
November	266	215	51	155
December	388	240	148	303
January	373	216	157	460
February	244	187	57	517
March	280	232	48	565

(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 & bond payments).

Cumulative Net Cashflow- All future cumulative net flows available for reinvestment. Since the target duration of the Liquidity Portfolio is approximately .33 years it will not be unusual for the cumulative net Cashflow figure to equal or closely approximate the size of the Liquidity Portfolio.

Cashflows based on Actual Cashflows where applicable, otherwise, based on quarterly updated projection Cashflows.

Portfolio Compliance with Investment Policy

The City of San Diego Pooled Investment Fund is in full compliance with the City Treasurer's Investment Policy, which is more restrictive than the California Government Code. The Investment Policy is reviewed annually by the City's Investment Advisory Committee and approved by the City Council.

Category	Standard	Comment
Duration (Core) Duration (Liquidity)	ML 1-3 Year +/-20% US T-bill 3-6 months +/-40%	Complies – 98.35 % Complies - 90.71 %
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies – 47.22%
FNMA	33.3% maximum	Complies– 17.07%
FHLMC	33.3% maximum	Complies – 10.12 %
FHLB	33.3% maximum	Complies – 16.69 %
FFCB	33.3% maximum	Complies – 3.35%
Callable Securities	30% maximum	Complies – 3.53%
MBS/CMO's	5 yr maximum- 20% max.	Complies – None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies – None in Portfolio
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies – 2.76%
Banker's Acceptances	A1/P1- 5% per issuer	Complies – None in Portfolio
	40% maximum	Complies – None in Portfolio
Medium Term Notes (includes Bank Notes)	'A' Rating' by at least two agencies	Complies
	3 year maximum	Complies
	30% maximum	Complies – 4.51%
Mutual Funds	20% maximum	Complies – None in Portfolio
FDIC-insured Certificates of Deposit	1% maximum	Complies – 0.26%
Certificate and Public Deposits	30% maximum	Complies – None in Portfolio
Reverse Repos	20% maximum	Complies – None in Portfolio
Futures and Options	Prohibited	Complies – None in Portfolio
Custody	Bank trust dept.	Complies – Bank of NY
Exposure per issuer (corporate)	5% of total portfolio	Complies
Structured Notes	8% maximum/no multiple index structures.	Complies
Municipal Securities	'A' Issuer Rating by an NRSRO	Complies – None in Portfolio
	20% maximum	Complies – None in Portfolio
	5% of total portfolio exposure per Issuer or Insurer, excluding California General Obligations	Complies – None in Portfolio

City of San Diego Pooled Investment Fund Holdings as of September 30, 2008

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Bill	US Treasury	1.463	3/26/2009	$30,000,000.00	$29,782,988.33	$29,803,125.00
US Treasury Bill	US Treasury	1.798	7/2/2009	$25,000,000.00	$24,650,388.89	$24,671,875.00
US Treasury Bill	US Treasury	2.103	8/27/2009	$25,500,000.00	$24,959,266.13	$25,085,625.00
US Treasury Note	US Treasury	4.625	7/31/2009	$50,000,000.00	$50,062,500.00	$51,140,625.00
US Treasury Note	US Treasury	4.875	8/15/2009	$20,000,000.00	$20,076,562.50	$20,512,500.00
US Treasury Note	US Treasury	3.375	9/15/2009	$60,000,000.00	$61,460,156.25	$60,843,750.00
US Treasury Note	US Treasury	3.375	9/15/2009	$55,000,000.00	$55,715,429.69	$55,773,437.50
US Treasury Note	US Treasury	4	9/30/2009	$45,000,000.00	$45,059,765.63	$45,928,125.00
US Treasury Note	US Treasury	4	9/30/2009	$45,000,000.00	$45,059,765.63	$45,928,125.00
US Treasury Note	US Treasury	1.75	3/31/2010	$30,000,000.00	$29,998,532.40	$29,934,375.00
US Treasury Note	US Treasury	2.125	4/30/2010	$25,000,000.00	$24,960,937.75	$25,117,187.50
US Treasury Note	US Treasury	2.125	4/30/2010	$50,000,000.00	$49,752,887.23	$50,234,375.00
US Treasury Note	US Treasury	2.625	5/31/2010	$30,000,000.00	$30,008,990.78	$30,337,500.00
US Treasury Note	US Treasury	2.875	6/30/2010	$30,000,000.00	$30,135,937.50	$30,496,875.00
US Treasury Note	US Treasury	2.875	6/30/2010	$20,000,000.00	$20,146,875.00	$20,331,250.00
US Treasury Note	US Treasury	2.375	8/31/2010	$75,000,000.00	$74,993,159.66	$75,585,937.50
US Treasury Note	US Treasury	2.375	8/31/2010	$50,000,000.00	$49,997,469.27	$50,390,625.00
US Treasury Note	US Treasury	4.25	1/15/2011	$10,000,000.00	$9,908,984.37	$10,521,875.00
US Treasury Note	US Treasury	4.25	1/15/2011	$50,000,000.00	$50,175,781.25	$52,609,375.00
US Treasury Note	US Treasury	4.875	7/31/2011	$30,000,000.00	$31,757,099.18	$32,203,125.00
US Treasury Note	US Treasury	4.5	9/30/2011	$70,000,000.00	$73,746,093.75	$74,418,750.00
Treasury Total			***42.61%***	***$825,500,000.00***	***$832,409,571.19***	***$841,868,437.50***
US Agency	Fannie Mae	2.18	10/3/2008	$25,000,000.00	$24,677,541.67	$25,000,000.00
US Agency	Fannie Mae	2.18	10/3/2008	$30,000,000.00	$29,616,683.33	$30,000,000.00
US Agency	Fannie Mae	2.4	10/17/2008	$45,000,000.00	$44,673,000.00	$44,985,937.50
US Agency	Freddie Mac	2.45	10/31/2008	$12,750,000.00	$12,643,271.88	$12,746,015.63
US Agency	Fannie Mae	2.14	11/10/2008	$31,000,000.00	$30,530,091.67	$30,932,187.50
US Agency	Fannie Mae	2.52	12/12/2008	$21,000,000.00	$20,757,450.00	$20,895,000.00
US Agency	Freddie Mac	2.02	12/19/2008	$25,000,000.00	$24,626,861.11	$24,859,375.00
US Agency	Federal Home Loan Bank	3.72	12/24/2008	$26,000,000.00	$25,035,486.67	$25,845,625.00
US Agency	Federal Farm Credit Bank	3.75	1/15/2009	$25,000,000.00	$25,218,250.00	$25,046,875.00
US Agency	Federal Home Loan Bank	2.166	1/20/2009	$20,000,000.00	$19,614,933.33	$19,825,000.00
US Agency	Fannie Mae	2.85	1/26/2009	$25,000,000.00	$24,764,479.17	$24,773,437.50
US Agency	Federal Home Loan Bank	2.75	2/20/2009	$15,000,000.00	$15,000,000.00	$14,971,875.00
US Agency	Fannie Mae	2.818	2/27/2009	$37,329,000.00	$36,797,190.33	$36,874,052.81
US Agency	Fannie Mae	2.79	3/20/2009	$3,000,000.00	$2,952,802.50	$2,958,750.00
US Agency	Federal Home Loan Bank	2.147	3/27/2009	$25,000,000.00	$24,506,488.19	$24,640,625.00
US Agency	Federal Home Loan Bank	2.37	4/3/2009	$25,000,000.00	$24,672,479.17	$24,617,187.50
US Agency	Federal Home Loan Bank	2.81	4/6/2009	$27,489,000.00	$27,029,826.80	$27,059,484.38
US Agency	Federal Home Loan Bank	5.25	6/12/2009	$25,000,000.00	$24,968,750.00	$25,351,562.50
US Agency	Federal Home Loan Bank	3	6/30/2009	$25,000,000.00	$25,156,000.00	$24,960,937.50
US Agency	Freddie Mac	2.55	9/14/2009	$25,000,000.00	$24,357,187.50	$24,265,625.00
US Agency	Freddie Mac	4.625	9/28/2009	$5,000,000.00	$5,000,000.00	$5,067,187.50
US Agency	Federal Farm Credit Bank	5	10/23/2009	$20,000,000.00	$20,243,600.00	$20,381,250.00
US Agency	Freddie Mac	2.875	4/30/2010	$25,000,000.00	$25,566,284.72	$24,843,750.00
US Agency	Freddie Mac	2.875	4/30/2010	$25,000,000.00	$25,412,263.89	$24,843,750.00
US Agency	Federal Home Loan Bank	2.75	6/18/2010	$25,000,000.00	$24,976,500.00	$24,773,437.50
US Agency	Fannie Mae	3	7/12/2010	$25,000,000.00	$24,982,250.00	$24,945,312.50

City of San Diego Pooled Investment Fund Holdings as of September 30, 2008 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Federal Home Loan Bank	3.5	7/16/2010	$25,000,000.00	$24,971,250.00	$25,078,125.00
US Agency	Fannie Mae	3.25	8/12/2010	$25,000,000.00	$24,989,500.00	$25,054,687.50
US Agency	Federal Home Loan Bank	4.5	9/10/2010	$20,000,000.00	$20,074,800.00	$20,418,750.00
US Agency	Fannie Mae	2.875	10/12/2010	$25,000,000.00	$24,989,750.00	$24,882,812.50
US Agency	Federal Home Loan Bank	3.375	10/20/2010	$35,000,000.00	$34,986,000.00	$35,021,875.00
US Agency	Freddie Mac	3.125	10/25/2010	$25,000,000.00	$24,945,500.00	$25,000,000.00
US Agency	Fannie Mae	3	4/1/2011	$19,000,000.00	$18,832,926.67	$18,750,625.00
US Agency	Federal Farm Credit Bank	2.625	4/21/2011	$20,000,000.00	$19,937,000.00	$19,575,000.00
US Agency	Federal Home Loan Bank	3.375	6/24/2011	$20,000,000.00	$19,999,200.00	$19,825,000.00
US Agency	Freddie Mac	3.875	6/29/2011	$20,000,000.00	$19,951,400.00	$20,275,000.00
US Agency	Freddie Mac	4	7/28/2011	$25,000,000.00	$25,047,222.22	$25,101,562.50
US Agency	Fannie Mae	3.625	8/15/2011	$25,000,000.00	$24,988,000.00	$25,171,875.00
US Agency	Federal Home Loan Bank	3.625	9/16/2011	$15,000,000.00	$14,974,800.00	$15,004,687.50
US Agency	Freddie Mac	5.3	1/9/2012	$10,000,000.00	$10,068,400.00	$10,053,125.00
U.S. Agency Total			***47.22%***	***$927,568,000.00***	***$922,535,420.82***	***$924,677,365.32***
Repurchase Agreement	Overnight Repo	1.2	10/1/2008	$27,356,275.00	$27,356,275.00	$27,356,275.00
LAIF	California State Pool	3.11	10/1/2008	$24,226,297.71	$24,226,297.71	$24,226,297.71
Commercial Paper	General Electric Capital	3.41	10/10/2008	$30,000,000.00	$29,232,750.00	$29,972,250.00
Commercial Paper	Toyota Motor Credit	2.6	11/26/2008	$25,000,000.00	$24,675,000.00	$24,856,111.11
Non-Negotiable CDs	NNB CDARS	3.78	3/20/2009	$5,000,000.00	$5,000,000.00	$5,000,000.00
Repo, BA's, CD's, CP, LAIF, Funds Total			***5.66%***	***$111,582,572.71***	***$110,490,322.71***	***$111,410,933.82***
Medium Term Note	HSBC Finance	4.125	12/15/2008	$5,000,000.00	$4,990,308.11	$4,946,650.00
Medium Term Note	Credit Suisse FB USA	3.875	1/15/2009	$10,000,000.00	$9,961,767.07	$9,904,800.00
Medium Term Note	Abbott Laboratories	3.5	2/17/2009	$7,030,000.00	$7,073,726.60	$7,014,744.90
Medium Term Note	JP Morgan Chase & Co.	3.5	3/15/2009	$16,897,000.00	$16,935,187.22	$16,769,258.68
Medium Term Note	Wells Fargo Bank	3.125	4/1/2009	$8,000,000.00	$7,924,523,76	$7,920,320.00
Medium Term Note	American Honda Finance	4.5	5/26/2009	$15,000,000.00	$15,228,900.00	$14,899,218.75
Medium Term Note	Wal-Mart	6.875	8/10/2009	$10,000,000.00	$10,503,300.00	$10,270,600.00
Medium Term Note	Wal-Mart	6.875	8/10/2009	$5,000,000.00	$5,206,700.00	$5,135,300.00
Medium Term Note	General Electric Capital	5.25	10/27/2009	$10,000,000.00	$10,022,600.00	$9,868,400.00
Corporate MTN's and Other Notes Total			***4.51%***	***$86,927,000.00***	***$87,847,012.76***	***$86,729,292.33***
			100.00%	***$1,951,577,572.71***	***$1,953,282,327.48***	***$1,964,686,028.97***

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.