City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

6/30/2010

Publication Date: 7/31/2010

Office of the City Treasurer—Investments Division

Economic Commentary

The situation in the European "PIIGS" countries (Portugal, Ireland, Italy, Greece and Spain) came to a head this past quarter, resulting in renewed fear and volatility in the financial markets. Despite Greece agreeing to implement austerity measures and assurances from other PIIGS nations that they are not the same as Greece, a major flight to quality trade ensued at the beginning of the quarter. During this time, stock markets around the globe plummeted, the EURO currency declined 13% versus the dollar, and short term bank funding yields soared with 3-month LIBOR increasing from .29% to a high of nearly .54%.

To further exacerbate concerns, on May 6 the U.S. stock markets experienced a "flash crash," where the Dow Jones Industrial fell by nearly 1,000 points in a matter of seconds before regaining some value and closing down "only" about 350 points for the day. Many stocks and ETF's with prices as high as $60 traded as low as $0.10, creating one of the scariest trading days since the end of 2008. While the cause of the flash crash was never fully determined, safeguards were put in place by the exchanges to try to prevent this from ever happening again.

In mid-May, the European Central Bank and International Monetary Fund stepped in with a nearly $1 trillion support package to help calm fears of debt defaults and contagion among European countries. Initially, this announcement was met with a bit of skepticism as the flight to quality trade continued, but eventually things stabilized as LIBOR stopped rising and the Euro stabilized.

Towards the end of the quarter, fears of slowing growth of the U.S. economy supplanted sovereign debt fears as the main driver of markets. Since the expiration of the homeowner tax credit in April, housing-related numbers have been abysmal, and jobs numbers have been disappointing. The June employment report indicated that the unemployment rate dropped to 9.5%, which would be good news if not caused by over 600,000 discouraged workers dropping out of the labor force entirely.

A melancholy has developed among many economists, with talk about a double-dip recession and even a full-blown depression from some of the more bearish commentators. As a result, Treasury yields have declined to extremely low levels (Chart 1) as market participants prepare for a low-inflation and low-growth environment. Most estimates of the first Federal Reserve fed funds rate hike have shifted to the middle of 2011 from the end of this year. With inflation not an immediate concern, the Fed may wait even longer to raise rates.

Quarterly Economic Highlights

- A massive explosion on a BP oil rig in the Gulf of Mexico resulted in the largest oil spill in U.S. history
- Goldman Sachs accused of securities fraud by the SEC in relation to CDO security sales
- The U.S. stock market, measured by the S&P 500 index, fell 11.43% during the quarter.
- Q1 U.S. Gross Domestic Product rose by 2.7% (initially reported as up by 3.2%)
- Congress reaches initial deal on U.S. finance regulatory reform

Contents:

Chart 1: U.S. 10 year Treasury Note Yield 6/30/08—6/30/10 (Source: Bloomberg)

Hot Topic Corner— The Family Trip to Recoveryland -- Are We There Yet?

Like any family road trip we all get excited about getting to our destination and the eventual U.S. recovery is no different, but are we at a sustainable level yet? The answer is not quite yet but soon!!

We are no longer on the brink of another "Great Depression" but perhaps the most recent recession and its anemic recovery will be remembered as the "Great Recession". Don't forget it took a huge fiscal intervention ($700+ billion) from the Federal Government to stimulate and stabilize ($1.4 trillion in quantitative easing by the Federal Reserve) the U.S. Financial System, the backbone of our economic livelihood.

This economic downturn was inevitable. Consumer debt soared, nearly doubling from 2003 to 2008, while discretionary income lagged behind, only increasing by 30% for the same time period. The spending spree was fueled by an increase in the consumer's net worth primarily coming from the capital and housing markets. As the housing market began to crash in 2007, the spending spree the U.S. consumers were on came to an abrupt halt.

The problem with this past recession was not an issue of whether the capital markets can start curing the economy of these past indiscretions, but the speed and breadth at which this correction happened. The economy annually contracted by over 4%, much of it over just a six month period but, more importantly, it was crippling the linchpin of the economy, CREDIT. The tool that got us into this "Great Recession" was now being abruptly turned off at the time we needed it the most.

The eventual fix proved to be a revival of Keynesian economics. When consumer spending stops you must turn to the one entity that can still spend, and spend big, the Federal Government. This solution comes with its own costs. First, the huge federal response is only a temporary replacement for consumer demand. Consumers and businesses must spend again to sustain the recovery. Secondly, we have put our trust, and perhaps economic livelihood, with our Washington politicians. There is no question (just look at Europe's problems) that the current deficit spending is unsustainable but it will be up to Congress to make those difficult decisions on future spending and taxes. These decisions may very well shape the economic propensity of the U.S. consumer for decades to come, especially with two other huge economic dilemmas ahead, Social Security & Medicare. Finally, consumer confidence needs to be lifted in an environment of fear and uncertainty. The U.S. consumer is deleveraging and saving more (6.4% highest since early 1990s) which is positive in the long run but adverse to our current environment. However, **I never bet against the U.S. consumer**!!!

Kent J. Morris, CIO

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	6/23/10	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	JUN	(0.1%)	0.1%	(0.2%)
Consumer Price Index (YoY)	JUN	1.1%	2.3%	(1.2%)
Producer Price Index (MoM)	JUN	(0.5%)	0.1%	(0.6%)
Producer Price Index (YoY)	JUN	2.8%	6.0%	(3.2%)
Durable Goods Orders	JUN	(1.0%)	(1.3%)	0.3%
Gross Domestic Product (Annualized)	Q2A	2.4%	3.2%	(0.8%)
ISM (Manufacturing)	JUN	56.2	59.6	(3.4)
ISM (Non-manufacturing)	JUN	53.8	55.4	(1.6)
Retail Sales	JUN	(0.5%)	1.6%	(2.1%)
Unemployment Rate	JUN	9.5%	9.7%	(0.2%)
Change in Non-farm Payrolls	JUN	(125,000)	162,000	(287,000)
Consumer Confidence (Univ. of Michigan)	JUN (Final)	76.0	73.6	2.4
Existing Home Sales	JUN	5.37(mil)	5.35(mil)	0.2(mil)
New Home Sales	JUN	0.330(mil)	0.411(mil)	(0.081)(mil)
Housing Starts	JUN	0.549(mil)	0.626(mil)	(0.077)(mil)
Median Home Price (existing) [EHSLMP]	JUN	$184,200	$170,700	$13,500
NYMEX WTI CRUDE OIL (barrel)	6/30/10	$75.63	$83.76	($8.13)
S&P 500 Stock Index	6/30/10	1,030.71	1,169.43	(138.72)

Portfolio Performance

The Core Portfolio underperformed its benchmark, the Merrill Lynch 1-3 year Treasury Index, by 4 basis points over the past quarter, returning 1.124% versus 1.164% for the index.

Chart 2 shows a bull flattening curve, with longer end rates decreasing more than shorter rates. There was a major flight to quality event during the past quarter, as investors flooded into the safety of Treasury securities. Typically, the shorter rates, particularly the 2 year Treasury, will outperform in such an environment. However, in this case, the 2 year yield was already extremely low, causing investors to extend out further to reach for yield. The flattening also has to do with investor assumptions of low growth and low inflation over the intermediate term.

As has been the case for several quarters, "income effect" was the major detractor from performance, contributing –15 basis points of excess return. Since the portfolio is more heavily invested in on-the-run, lower coupon securities than the index, the portfolio doesn't earn as much in coupon yield.

This was made up for with security selection, as these same on-the-run securities outperformed other bonds in the index on a total return basis. "Selection effect" contributed almost 16 basis points of positive excess return.

In a flight to quality event, Treasuries will outperform agency and corporate securities, resulting in spread widening. This showed up in "sector effect" as our investments in these securities contributed –4 basis points of excess return.

As the portfolio has been short duration versus the index in anticipation of higher rates, the drop in rates over the quarter also negatively affected performance, with "parallel duration effect" resulting in –5 basis points of excess return.

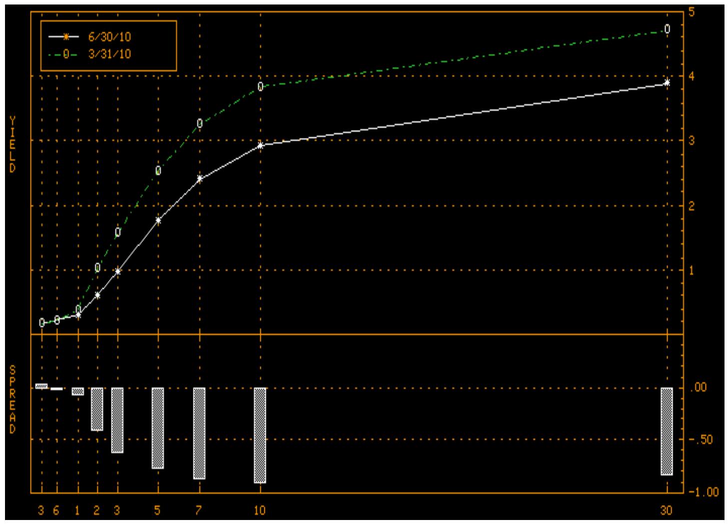


Chart 2: Treasury Yield Curve 3/31/10—6/30/10 (Source: Bloomberg)

Returns

The City's Total Pooled Investment Fund is split into two portfolios. A Liquidity portfolio, which is short-term in nature (0-14 months) 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*

	Q2 2010	Q1 2010	Q4 2009	FYTD 2010	1 Year	3 Year
Total Pooled Investment Fund	1.52%	1.51%	2.16%	1.92%	1.92%	3.43%
Core Portfolio	2.19%	2.12%	3.06%	2.70%	2.70%	4.14%
Liquidity Portfolio	0.39%	0.43%	0.47%	0.51%	0.51%	2.19%

Total Return—Core Portfolio

	Q2 2010	Q1 2010	Q4 2009	FYTD 2010	1 Year	3 Year*
Core Portfolio	1.12%	0.72%	0.12%	2.88%	2.88%	5.06%
Merrill Lynch 1 - 3 Year Treasury Index	1.16%	0.71%	0.02%	2.69%	2.69%	4.78%
Difference	(0.04%)	0.01%	0.10%	0.19%	0.19%	0.28%

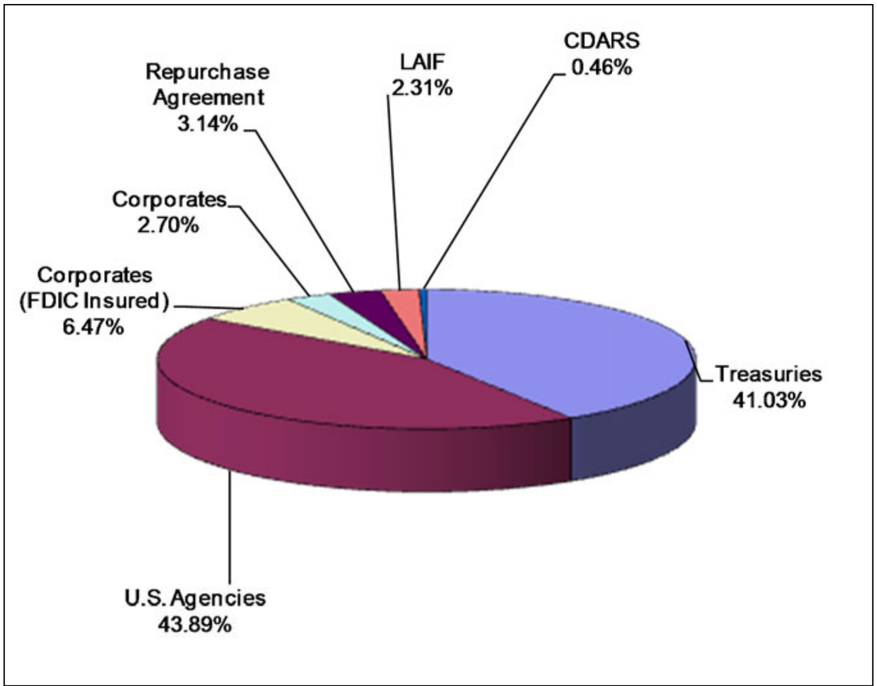
***Annualized Returns**

Portfolio Profile as of June 30, 2010

	Liquidity	*Core*
Portfolio Size	$711,086,746	$1,411,934,024
% of total pool	33.49%	66.51%
Portfolio Duration*	0.416	1.552
Index Duration*	0.368	1.889
% of index	113.04%	82.16%
Weighted Average Days to Maturity	152	626

* Macaulay's Duration for fund 9997 and Effective Duration for fund 9998; Note: Portfolio durations do not include trades that settled 7/1/2010.

Asset Allocation



Top Issuer Exposures

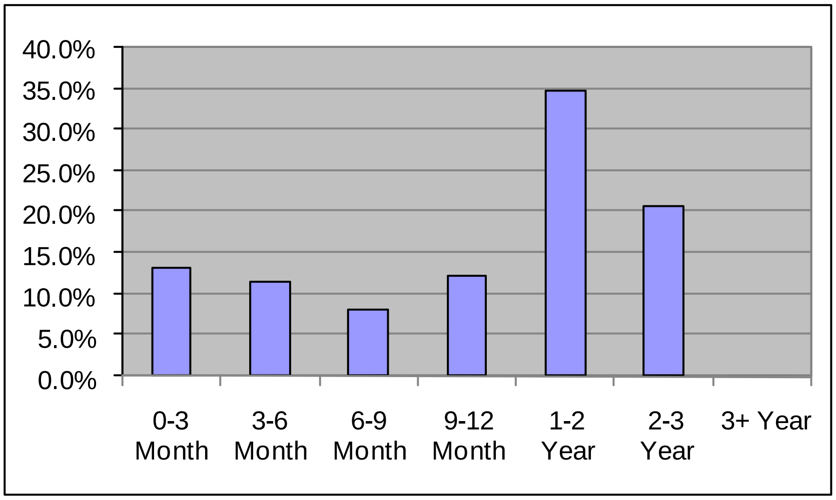
Issuer	% of Portfolio
US Treasury	41.03%
Fannie Mae	12.71%
Federal Home Loan Bank	12.68%
Freddie Mac	10.95%
Federal Farm Credit Bank	7.55%
Citigroup Inc.	1.65%
JP Morgan Chase	1.27%
General Electric	0.96%
Bank of America	0.71%
Procter & Gamble	0.71%
Cisco Systems Inc.	0.50%
Goldman Sachs	0.47%
US Central FCU	0.47%
Berkshire Hathaway Inc.	0.47%
Wells Fargo & Company	0.47%
3M Company	0.25%

Credit Ratings

Ratings Buckets	% of Portfolio
US Treasury (AAA)	41.03%
Agency (AAA)	43.89%
AAA/A1	6.47%
AA	2.15%
A	0.55%
Below A	0.00%

- All Commercial Paper is 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 and money market funds are not included

Pool Maturity Distribution



Portfolio Strategy

Yields on U.S. Treasuries dropped significantly during the quarter due to European sovereign debt concerns and slowing economic growth in the U.S. Over the past several weeks, most economic reports have come out lower than expected, leading some economists to start talking about a "double dip" recession. Inflation has also been relatively non-existent, which when combined with the economic malaise, may allow for the Fed to put off raising interest rates until mid to late-2011.

In such a potential "low for long" environment, investing the Pooled Investment Fund becomes a very tricky proposition.

There is not much yield available in the front end of the rate curve, but extending out to grab additional yield can be dangerous if rates do begin to rise. This is because the longer a fixed income investment has until it matures, the higher the price sensitivity and potential losses in a rising rate environment.

In this environment, we will continue to maintain a short duration position in the Core portfolio versus the index, which will help mitigate investment losses when rates do start to rise. And with rates near or at historic lows, we feel that rates could move violently higher in a short period if the economy shows even a hint of strength.

To offset the yield forgone by being shorter in duration than the index, we have been investing in U.S. agency and high quality corporate notes, which earn a spread over U.S. Treasury notes. Additionally, we have been underweighting mainly the 2 year part of the curve in favor of the 3 year point, since the 3 year Treasury yields more in a steep curve environment.

Though we will continue to invest in agency securities, for the moment we are limiting exposure to Fannie Mae and Freddie Mac securities that mature past the 12/31/2012 expiration of unlimited Treasury support. While we feel that ultimately the U.S. government will continue to backstop both agencies past that date, the headline risks of an election year are not worth the relatively low spread over comparable maturity Treasury securities.

We will also continue to look for high grade corporate securities with low credit risk to provide additional yield .

In the Liquidity portfolio, we will continue to invest in short-maturity, short lockout callable agency structures, such as 1 year maturities callable in 3 or 6 months. These securities add incremental yield the Pool while not incurring too much extension risk if rates do rise.

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	415	401	14	14
August	201	177	24	38
September	194	167	27	65
October	200	192	8	73
November	223	185	38	111
December	420	180	240	351

(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 current 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 – 82.16% Complies - 113.04% %
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies – 43.89%
FNMA	33.3% maximum	Complies– 12.71%
FHLMC	33.3% maximum	Complies – 10.95%
FHLB	33.3% maximum	Complies – 12.68%
FFCB	33.3% maximum	Complies – 7.55%
Callable Securities	30% maximum	Complies – 13.90
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 — None in Portfolio
	25% maximum	Complies – None in Portfolio
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 – 9.17%
Mutual Funds	20% maximum; 5% maximum per fund	Complies – None in Portfolio
FDIC-insured Certificates of Deposit	2% maximum	Complies – 0.47%
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 Mellon
Exposure per issuer (corporate)	5% of total portfolio	Complies
Structured Notes	8% maximum/no multiple index structures.	Complies - 0.71%
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, 2010

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.875	4/30/2011	$25,000,000.00	$24,974,609.37	$25,109,376.00
US Treasury Note	US Treasury	0.875	5/31/2011	$25,000,000.00	$24,974,609.37	$25,117,188.00
US Treasury Note	US Treasury	0.875	5/31/2011	$25,000,000.00	$24,853,515.63	$25,117,188.00
US Treasury Note	US Treasury	1.125	6/30/2011	$35,000,000.00	$35,010,937.50	$35,251,563.20
US Treasury Note	US Treasury	4.875	7/31/2011	$30,000,000.00	$31,753,125.00	$31,443,748.80
US Treasury Note	US Treasury	1	7/31/2011	$65,000,000.00	$64,852,734.37	$65,406,250.00
US Treasury Note	US Treasury	1	8/31/2011	$25,000,000.00	$25,008,789.06	$25,164,062.00
US Treasury Note	US Treasury	1	9/30/2011	$25,000,000.00	$24,974,831.50	$25,171,876.00
US Treasury Note	US Treasury	1	10/31/2011	$25,000,000.00	$24,957,194.25	$25,171,876.00
US Treasury Note	US Treasury	0.75	11/30/2011	$25,000,000.00	$24,939,453.13	$25,093,750.00
US Treasury Note	US Treasury	1	12/31/2011	$35,000,000.00	$34,949,923.05	$35,251,563.20
US Treasury Note	US Treasury	1	12/31/2011	$25,000,000.00	$24,916,015.63	$25,179,688.00
US Treasury Note	US Treasury	0.875	1/31/2012	$15,000,000.00	$15,006,221.94	$15,079,687.20
US Treasury Note	US Treasury	0.875	2/29/2012	$20,000,000.00	$19,977,445.65	$20,106,249.60
US Treasury Note	US Treasury	1.375	3/15/2012	$35,000,000.00	$35,207,812.50	$35,503,126.40
US Treasury Note	US Treasury	1	3/31/2012	$30,000,000.00	$29,979,725.92	$30,225,000.00
US Treasury Note	US Treasury	1	4/30/2012	$25,000,000.00	$25,013,756.79	$25,187,500.00
US Treasury Note	US Treasury	1.875	6/15/2012	$20,000,000.00	$20,154,687.50	$20,493,750.40
US Treasury Note	US Treasury	0.625	6/30/2012	$100,000,000.00	$99,690,034.00	$100,000,000.00
US Treasury Note	US Treasury	1.75	8/15/2012	$15,000,000.00	$15,116,015.62	$15,346,874.40
US Treasury Note	US Treasury	1.375	9/15/2012	$25,000,000.00	$24,945,312.50	$25,382,812.00
US Treasury Note	US Treasury	1.375	9/15/2012	$5,000,000.00	$5,004,101.56	$5,076,562.40
US Treasury Note	US Treasury	1.375	10/15/2012	$25,000,000.00	$24,936,523.44	$25,367,188.00
US Treasury Note	US Treasury	1.375	11/15/2012	$25,000,000.00	$25,193,359.37	$25,359,376.00
US Treasury Note	US Treasury	1.125	12/15/2012	$30,000,000.00	$29,759,765.63	$30,243,748.80
US Treasury Note	US Treasury	1.375	2/15/2013	$25,000,000.00	$25,032,825.45	$25,328,124.00
US Treasury Note	US Treasury	1.375	3/15/2013	$25,000,000.00	$24,857,676.64	$25,328,124.00
US Treasury Note	US Treasury	1.375	5/15/2013	$15,000,000.00	$15,092,476.22	$15,182,812.80
US Treasury Note	US Treasury	1.125	6/15/2013	$50,000,000.00	$49,897,162.00	$50,203,124.00
US Treasury Note	US Treasury	1.125	6/15/2013	$20,000,000.00	$19,961,501.02	$20,081,249.60
	Treasury Total			***$870,000,000.00***	***$870,992,141.61***	***$877,973,438.80***
US Agency	Federal Farm Credit Bank	2.25	7/1/2010	$15,250,000.00	$15,481,342.50	$15,250,000.00
US Agency	Fannie Mae	0.15	7/9/2010	$25,000,000.00	$24,984,687.50	$25,000,000.00
US Agency	Freddie Mac	0.22	7/23/2010	$25,000,000.00	$24,968,680.56	$25,000,000.00
US Agency	Federal Home Loan Bank	0.55	8/4/2010	$20,000,000.00	$20,017,400.00	$20,006,250.00
US Agency	Fannie Mae	0.215	8/18/2010	$25,000,000.00	$24,974,170.14	$25,000,000.00
US Agency	Fannie Mae	0.22	9/1/2010	$25,000,000.00	$24,972,041.67	$24,992,187.50
US Agency	Fannie Mae	0.24	9/17/2010	$25,000,000.00	$24,968,500.00	$24,992,187.50
US Agency	Fannie Mae	0.26	10/1/2010	$25,000,000.00	$24,962,083.33	$24,992,187.50
US Agency	Fannie Mae	0.28	10/15/2010	$25,000,000.00	$24,961,305.56	$24,992,187.50
US Agency	Freddie Mac	0.27	10/29/2010	$25,000,000.00	$24,962,875.00	$24,984,375.00
US Agency	Freddie Mac	0.25	11/12/2010	$25,000,000.00	$24,965,972.22	$24,984,375.00
US Agency	Federal Home Loan Bank	0.5	11/23/2010	$25,000,000.00	$25,038,675.00	$25,031,250.00
US Agency	Federal Farm Credit Bank	0.39	12/1/2010	$25,000,000.00	$25,000,000.00	$25,000,000.00
US Agency	Freddie Mac	0.29	12/10/2010	$25,000,000.00	$24,955,895.83	$24,976,562.50
US Agency	Freddie Mac	0.29	12/23/2010	$25,000,000.00	$24,957,305.56	$24,968,750.00
US Agency	Federal Home Loan Bank	0.4	12/27/2010	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Federal Home Loan Bank	0.45	12/29/2010	$20,000,000.00	$19,994,000.00	$20,018,750.00
US Agency	Federal Farm Credit Bank	0.45	1/4/2011	$20,000,000.00	$20,000,000.00	$20,012,500.00
US Agency	Freddie Mac	1.5	1/7/2011	$25,000,000.00	$25,282,500.00	$25,156,250.00
US Agency	Freddie Mac	4.75	1/18/2011	$21,450,000.00	$22,424,318.58	$21,966,140.63
US Agency	Federal Farm Credit Bank	0.4	2/3/2011	$25,000,000.00	$24,996,250.00	$25,000,000.00
US Agency	Fannie Mae	0.31	2/4/2011	$25,000,000.00	$24,946,826.39	$24,960,937.50
US Agency	Federal Home Loan Bank	0.5	3/14/2011	$15,000,000.00	$15,000,000.00	$15,000,000.00
US Agency	Federal Home Loan Bank	0.5	4/6/2011	$20,000,000.00	$20,000,277.78	$20,006,250.00
US Agency	Federal Farm Credit Bank	2.625	4/21/2011	$20,000,000.00	$19,937,000.00	$20,356,250.00

City of San Diego Pooled Investment Fund Holdings as of June 30, 2010 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Federal Home Loan Bank	0.55	4/27/2011	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Federal Home Loan Bank	0.5	5/17/2011	$9,205,000.00	$9,205,347.74	$9,210,753.13
US Agency	Federal Home Loan Bank	0.7	5/17/2011	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Federal Home Loan Bank	0.625	5/27/2011	$20,000,000.00	$19,998,000.00	$20,006,250.00
US Agency	Federal Home Loan Bank	0.7	6/20/2011	$25,000,000.00	$25,000,000.00	$25,007,812.50
US Agency	Fannie Mae	0.75	12/30/2011	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Freddie Mac	2.125	3/23/2012	$25,000,000.00	$25,018,200.00	$25,617,187.50
US Agency	Federal Home Loan Bank	2.25	4/13/2012	$20,000,000.00	$19,980,000.00	$20,550,000.00
US Agency	Fannie Mae	1.875	4/20/2012	$15,000,000.00	$14,981,100.00	$15,314,062.50
US Agency	Federal Farm Credit Bank	2.25	4/24/2012	$10,000,000.00	$9,999,800.00	$10,281,250.00
US Agency	Freddie Mac	1.4	6/15/2012	$10,000,000.00	$10,000,000.00	$10,012,500.00
US Agency	Freddie Mac	1.125	7/27/2012	$15,000,000.00	$14,987,700.00	$15,107,812.50
US Agency	Fannie Mae	1.125	7/30/2012	$15,000,000.00	$14,996,250.00	$15,098,437.50
US Agency	Federal Home Loan Bank	1.25	8/6/2012	$20,000,000.00	$20,000,000.00	$20,018,750.00
US Agency	Federal Home Loan Bank	0.875	8/22/2012	$15,000,000.00	$14,980,650.00	$15,014,062.50
US Agency	Fannie Mae	2	9/28/2012	$10,000,000.00	$10,000,000.00	$10,034,375.00
US Agency	Fannie Mae	0.75	1/22/2013	$15,000,000.00	$15,003,437.50	$15,004,687.50
US Agency	Federal Farm Credit Bank	1.75	2/21/2013	$20,000,000.00	$19,947,400.00	$20,293,750.00
US Agency	Fannie Mae	2	4/8/2013	$20,000,000.00	$20,035,555.56	$20,006,250.00
US Agency	Freddie Mac	2	4/29/2013	$10,000,000.00	$10,000,000.00	$10,012,500.00
US Agency	Federal Farm Credit Bank	1.375	6/25/2013	$25,000,000.00	$24,922,000.00	$25,140,625.00
	U.S. Agency Total			***$930,905,000.00***	***$931,807,548.42***	***$934,378,456.26***
LAIF	California State Pool	0.56	7/1/2010	$49,026,016.68	$49,026,016.68	$49,026,016.68
Repurchase Agreement	Overnight Repo	0.01	7/1/2010	$66,600,577.00	$66,600,577.00	$66,600,577.00
Non-Negotiable CDs	NNB CDARS	1.4	2/3/2011	$10,000,000.00	$10,000,000.00	$10,000,000.00
	Repo, BA's, CD's, CP, LAIF, Funds Total			***$125,626,593.68***	***$125,626,593.68***	***$125,626,593.68***
MTN (FDIC Insured)	Bank of America NA	1.7	12/23/2010	$5,000,000.00	$5,042,274.41	$5,031,250.00
MTN (FDIC Insured)	General Electric Capital Corp.	1.625	1/7/2011	$5,000,000.00	$4,996,600.00	$5,030,500.00
Medium Term Note	Cisco Systems Inc.	5.25	2/22/2011	$10,000,000.00	$10,610,600.00	$10,271,875.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	1.65	2/23/2011	$2,000,000.00	$1,999,220.00	$2,016,020.00
MTN (FDIC Insured)	State Street Bank and Trust Co.	1.85	3/15/2011	$5,000,000.00	$4,997,600.00	$5,052,343.75
MTN (FDIC Insured)	Citibank NA	1.625	3/30/2011	$5,000,000.00	$4,998,750.00	$5,042,650.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.375	5/5/2011	$5,000,000.00	$4,998,550.00	$5,038,281.25
Medium Term Note	Hewlett-Packard Co.	2.25	5/27/2011	$1,000,000.00	$999,670.00	$1,013,830.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.25	6/3/2011	$5,000,000.00	$4,991,400.00	$5,035,156.25
MTN (FDIC Insured)	PNC Funding Corp.	1.875	6/22/2011	$5,000,000.00	$4,991,000.00	$5,063,350.00
MTN (FDIC Insured)	Citibank NA	1.5	7/12/2011	$5,000,000.00	$4,996,500.00	$5,045,750.00
MTN (FDIC Insured)	Goldman Sachs	1.625	7/15/2011	$10,000,000.00	$10,046,700.00	$10,117,500.00
Medium Term Note	Procter & Gamble Int'l Finance	1.35	8/26/2011	$5,000,000.00	$4,996,300.00	$5,035,200.00
MTN (NCUA Insured)	US Central Federal Credit Union	1.25	10/19/2011	$10,000,000.00	$9,994,900.00	$10,079,687.50
Medium Term Note	3M Company	4.5	11/1/2011	$5,000,000.00	$5,327,700.00	$5,238,500.00
Medium Term Note	General Electric Capital Corp.	5.5	11/15/2011	$10,000,000.00	$10,229,722.22	$10,114,500.00
MTN (FDIC Insured)	Wells Fargo & Company	3	12/9/2011	$5,000,000.00	$4,994,150.00	$5,167,900.00
MTN (FDIC Insured)	American Express Bank FSB	3.15	12/9/2011	$5,000,000.00	$4,996,050.00	$5,178,125.00
MTN (FDIC Insured)	General Electric Capital Corp.	3	12/9/2011	$5,000,000.00	$5,186,350.00	$5,165,000.00
Medium Term Note	Berkshire Hathaway Inc.	1.4	2/10/2012	$10,000,000.00	$9,993,500.00	$10,051,562.50
Medium Term Note	Chevron Corp.	3.45	3/3/2012	$5,000,000.00	$5,173,100.00	$5,211,100.00
MTN (FDIC Insured)	Morgan Stanley	2.25	3/13/2012	$5,000,000.00	$4,992,950.00	$5,129,687.50
MTN (FDIC Insured)	Citigroup Funding Inc.	2	3/30/2012	$5,000,000.00	$4,986,550.00	$5,103,950.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	$5,000,000.00	$4,995,450.00	$5,120,300.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	$5,000,000.00	$5,031,500.00	$5,120,300.00
MTN (FDIC Insured)	Citibank NA	1.875	5/7/2012	$5,000,000.00	$4,986,950.00	$5,103,125.00
MTN (FDIC Insured)	Citibank NA	1.875	6/4/2012	$5,000,000.00	$4,984,950.00	$5,100,781.25
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.2	6/15/2012	$5,000,000.00	$4,996,900.00	$5,137,650.00

City of San Diego Pooled Investment Fund Holdings as of June 30, 2010 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
MTN (FDIC Insured)	Wells Fargo & Company	2.125	6/15/2012	$5,000,000.00	$4,998,700.00	$5,134,375.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.125	6/22/2012	$20,000,000.00	$20,067,200.00	$20,516,800.00
Medium Term Note	Procter & Gamble Co.	1.375	8/1/2012	$10,000,000.00	$9,992,700.00	$10,100,000.00
	Corporate MTN's and Other Notes Total			***$193,000,000.00***	***$194,594,486.63***	***$196,567,050.00***
	Grand Total			***$2,119,531,593.68***	***$2,123,020,770.34***	***$2,134,545,538.74***

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.