



City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

3/31/2010

Publication Date: 4/30/2010

Office of the City Treasurer—Investments Division

Economic Commentary

Quarterly Economic Highlights

- The US stock market, as measured by the S&P 500, advanced 5.38%
- The SEC announced their highly anticipated changes to money market fund regulations (see page 2 for more details)
- The U.S. unemployment rate dropped to 9.7% in January and remained there in February and March
- The Federal Reserve increased the Discount Rate (overnight loans to banks) to 0.75%, moving it back towards the normal pre-crisis spread to the Fed Funds rate of 1%

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Flight to quality concerns resurfaced this past quarter, this time a result of Greece and other European nations. The so-called “PIIGS” nations—Portugal, Ireland, Italy, Greece and Spain—have raised the eyebrows of investors due to their large fiscal deficits and languid economies.

Greece, in particular, created concern among investors due to the large amount of debt it has coming due shortly and the fear that they may not be able to roll it over and thus default. This fear drove the spreads on Greek debt sharply wider. In particular, the cost of credit default swaps, which insure against a credit event on Greek sovereign debt, skyrocketed during the quarter (Chart 1) before settling at elevated levels.

As of this writing, Greece has agreed to institute austerity measures and the European Union and IMF have agreed to assist Greece if need be. The

bigger global issue is that of the increasing fiscal deficits being run by many countries, including the United States. If these unsustainable spending patterns continue, sovereign debt crises will be the next shoe to drop.

Back on the home front, the U.S. economy continued to show signs of improvement this past quarter. The unemployment rate dropped to 9.7% in January and stayed there all quarter. In March, 162,000 jobs were added to the economy, including a surprising amount on private sector jobs. Additionally, average weekly jobless claims decreased from the prior quarter, though that economic series still remains quite volatile.

One area that has benefited from the improved job market is retail sales. Both the base retail sales and less volatile ex-autos sales series posted gains for all three months of the quarter.

Inflation figures continue to remain benign. The core Consumer Price Index (Excludes Food and Energy) was flat quarter-over-quarter and up just 1.1% year-over-year. The Fed prefers to look at the core version of CPI because food and energy prices are extremely volatile and can add noise to the series.

Indeed, the Fed seems comfortable with the inflation picture, and left the overnight Fed Funds target rate at a range of 0–0.25% for the eleventh straight meeting. More importantly, it retained language in its statement that the rate will be kept “exceptionally low” for “an extended period.”

As it is widely expected that the Fed would precede a rate hike with a change in this language several meetings prior to the increase, it appears that the earliest the Fed might hike interest rates would be sometime in the 4th quarter.



Chart 1: Greece Credit Default Swap prices 3/31/09–3/31/10 (Source: Bloomberg)

Hot Topic Corner— New 2a7 Regulations and the City's Investment Pool

On February 23, the SEC published their long-awaited amendments to rule 2a-7, the section of the Investment Company Act that governs money market mutual funds, a roughly \$3 trillion industry.

These new rules were written in response to the near-meltdown of the money market fund industry during September 2008, when the Reserve Primary Fund's net asset value fell below \$1 per share and investors in all money funds started rushing for the exits. At the time, the Federal Reserve enacted several liquidity and guarantee programs that prevented the collapse of the money market fund industry, all of which have since expired.

The new 2a-7 regulations bring about sweeping changes to how money market funds will be managed going forward, though in most cases the individual funds have been managing to these new regulations for several quarters in anticipation of the changes.

Among the changes, which are to begin implementation in May, are the reduction of fund Weighted Average Maturity (WAM) from 90 days to 60 days, a limit on fund Weighted Average Life (WAL) of 120 days, stringent daily and weekly fund liquidity requirements and a reduction in the amount of Tier 2 securities (rated below A1/P1) a fund can hold. Additionally, each fund will be

required to report the actual fund Net Asset Value at the end of each month with a 60-day lag. These changes are being made to increase fund liquidity, safety and transparency.

Going forward, these changes will affect investments in the City's Pooled Investment Fund in a couple of ways.

First, to the extent that the City Pool holds investments in money market funds, these regulations should work to ensure increased safety and liquidity in these funds, though the yields of such investments may decrease. Also, the quality of fund reporting should increase, helping City investment staff analyze fund holdings more efficiently.

These regulations may also have another positive though unintended consequence on the management of the City Pool. The new 2a-7 fund liquidity requirements will force money market funds to concentrate more on securities maturing within 60 days. This increased buying pressure in the very front end should lower yields in those maturities, while at the same time increasing yields in securities maturing anywhere from 60 days to 1 year. As the City Pool is not subject to 2a-7 regulations, and cash flows are reasonably known out to a year, investment staff may be able to invest out in these 60 day to 1 year securities at higher yields, potentially increasing investment returns of the Pool.

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	3/16/10	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	MAR	0.1%	0.1%	0.0%
Consumer Price Index (YoY)	MAR	2.3%	2.7%	(0.4%)
Producer Price Index (MoM)	MAR	0.1%	0.2%	(0.1%)
Producer Price Index (YoY)	MAR	6.0%	4.4%	1.6%
Durable Goods Orders	MAR	(1.3%)	0.3%	(1.6%)
Gross Domestic Product (Annualized)	Q1A	3.2%	5.7%	(2.5%)
ISM (Manufacturing)	MAR	59.6	55.9	3.7
ISM (Non-manufacturing)	MAR	55.4	50.1	5.3
Retail Sales	MAR	1.6%	(0.3%)	1.9%
Unemployment Rate	MAR	9.7%	10.0%	(0.3%)
Change in Non-farm Payrolls	MAR	162,000	(85,000)	247,000
Consumer Confidence (Univ. of Michigan)	MAR (Final)	73.6	72.5	1.1
Existing Home Sales	MAR	5.35(mil)	5.45(mil)	(.10)(mil)
New Home Sales	MAR	0.411(mil)	0.342(mil)	0.069(mil)
Housing Starts	MAR	0.626(mil)	0.557(mil)	0.069(mil)
Median Home Price (existing) [EHSLMP]	MAR	\$170,700	\$177,500	(\$6,800)
NYMEX WTI CRUDE OIL (barrel)	3/31/10	\$83.76	\$79.36	\$4.40
S&P 500 Stock Index	3/31/10	1,169.43	1,115.10	54.33

Portfolio Performance

The Core Portfolio outperformed its benchmark, the Merrill Lynch 1-3 year Treasury Index, by approximately 1 basis point over the past quarter, returning 0.72% versus 0.71% for the index.

Chart 2 shows a yield curve that did not move much over the past quarter with rates across the curve finishing within approximately 10 basis points of where they started the quarter. This does not mean that there was no rate volatility during the quarter. Indeed, rates across the curve traded within a broader range during the quarter as increased Treasury supply and inflation fears countered a low inflation environment and some disappointing economic reports early in the quarter. In addition, a flight-to-quality event occurred in February due to the

sovereign debt concerns mentioned on page 1 of this report.

In a continuation of a theme that has been in place for several quarters, “income effect” was the largest contributor of negative excess return. This is due to the portfolio owning more newly-issued, lower coupon bonds than the index. This effect contributed -16 basis points of negative excess return.

Again, the offset to being in the lower coupon bonds is that there is less amortization of bond premium than the index, whereby higher-priced high coupon bonds pull towards par price of \$100 as time goes on. With less of these bonds in the portfolio than the index, “amortization and roll effect” helped the portfolio,

contributing almost 15 basis points of positive excess return.

“Sector Effect” and “Selection Effect” combined

to contribute roughly 4 basis points of excess return.

“Non-Parallel Duration Effect” contributed roughly -1 basis point of excess return.

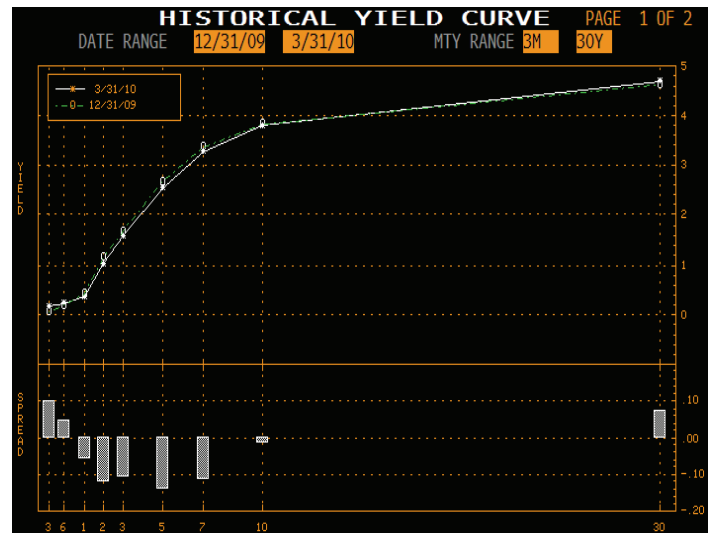


Chart 2: Treasury Yield Curve 12/31/09–3/31/10
(Source: Bloomberg)

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*

	Q1 2010	Q4 2009	Q3 2009	FYTD 2010	1 Year	3 Year
Total Pooled Investment Fund	1.51%	2.16%	2.51%	2.06%	2.14%	3.73%
Core Portfolio	2.12%	3.06%	3.39%	2.87%	2.92%	4.37%
Liquidity Portfolio	0.43%	0.47%	0.76%	0.55%	0.70%	2.61%

Total Return—Core Portfolio

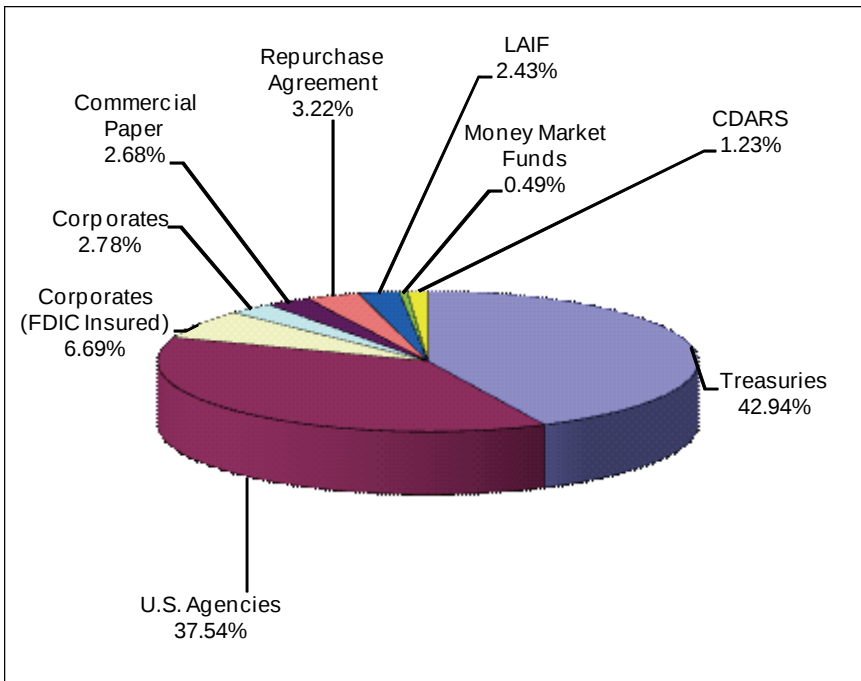
	Q1 2010	Q4 2009	Q3 2009	FYTD 2010	1 Year	3 Year*
Core Portfolio	0.72%	0.12%	0.89%	1.74%	1.97%	4.91%
Merrill Lynch 1 - 3 Year Treasury Index	0.71%	0.02%	0.77%	1.51%	1.40%	4.62%
Difference	0.01%	0.10%	0.12%	0.23%	0.57%	0.29%

*Annualized Returns

Portfolio Profile**as of March 31, 2010**

	Liquidity	Core
Portfolio Size	\$762,020,780	\$1,290,381,953
% of total pool	37.13%	62.87%
Portfolio Duration*	0.369	1.775
Index Duration*	0.364	1.915
% of index	101.37%	92.69%
Weighted Average Days to Maturity	135	696

* Macaulay's Duration for fund 9997 and Effective Duration for fund 9998; Note: Portfolio durations do not include trades that settled 4/1/2010..

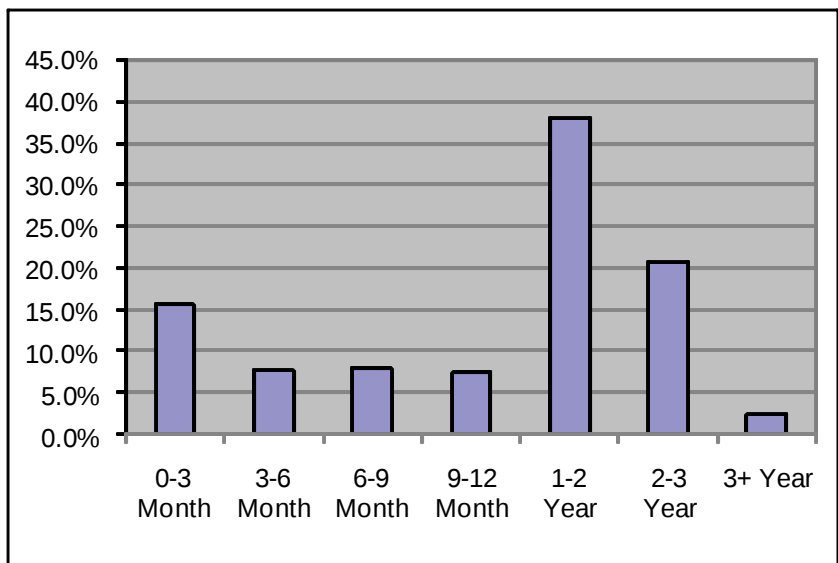
Asset Allocation**Top Issuer Exposures**

Issuer	% of Portfolio
US Treasury	42.94%
Federal Home Loan Bank	12.18%
Fannie Mae	11.19%
Freddie Mac	7.57%
Federal Farm Credit Bank	6.60%
Bank of America Corp.	1.71%
BNP Paribas	1.71%
Citicorp Inc.	1.70%
JP Morgan Chase.	1.32%
Procter & Gamble	0.73%
Cisco Systems Inc.	0.52%
Goldman Sachs	0.49%
US Central FCU	0.49%
Berkshire Hathaway Inc.	0.49%
Wells Fargo & Company	0.49%
3M Company	0.26%

Credit Ratings

Ratings Buckets	% of Portfolio
US Treasury (AAA)	42.94%
Agency (AAA)	37.54%
AAA/A1	9.62%
AA	2.22%
A	0.57%
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

The financial and investing world has been waiting for clues from the Federal Reserve on when they may begin to tighten monetary policy. The discount rate, or the rate that the Fed makes overnight loans to banks, was raised by 25 basis points on February 19, though this was explained as a removal of extraordinary liquidity support as opposed to a monetary tightening measure.

Despite some rate volatility during the quarter, shorter-term Treasury rates remained historically low throughout the quarter, anchored by the 0-.25% Fed Funds target rate.

Contributing to the challenging investment environment is the

fact that spreads on Agency securities are very tight to Treasury securities and even highly-rated corporate securities trade at spreads near the low levels that existed prior to the recent financial crisis.

We continue to maintain a short duration position in our Core portfolio, which will help mitigate price declines in the portfolio when interest rates do begin to rise.

Within the Core portfolio, we have also continued to invest in newly-issued Agency benchmark securities, which typically come to market with a spread concession to surrounding Agency securities. Where possible, we typically swap from

a similar maturity Agency security at a yield pickup, increasing the overall portfolio yield while holding portfolio duration and Agency exposure roughly constant.

We have also taken advantage of instances where Agency security spreads tightened to Treasury issues by decreasing Agency exposure when we feel that spreads have become too tight.

In our liquidity portfolio, we are maintaining a duration typically longer than the index in an attempt to increase yield and invest to longer-dated cash flow points (i.e. payroll dates, debt service dates). Though we do expect rates to rise, we are less

concerned about negative price movements as these securities are still typically less than one year away from maturity and for the most part held until maturity.

We will continue to look for opportunities to add high grade corporate securities to the portfolios. In the past quarter, we were able to purchase new issues from Procter & Gamble as well as Berkshire Hathaway, both of which we feel provide an excellent credit profile. The addition of such securities increases portfolio yield while maintaining the overall safety and liquidity profile of the portfolio.

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	309	223	86	86
May	288	253	35	121
June	203	180	23	144
July	364	332	32	176
August	175	185	-10	166
September	165	127	38	204

(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)	ML 1-3 Year +/-20%	Complies – 92.69%
Duration (Liquidity)	US T-bill 3-6 months +/-40%	Complies - 101.37 %
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies – 37.54%
FNMA	33.3% maximum	Complies– 11.19%
FHLMC	33.3% maximum	Complies – 7.57%
FHLB	33.3% maximum	Complies – 12.18%
FFCB	33.3% maximum	Complies – 6.60%
Callable Securities	30% maximum	Complies – 11.45%
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 – 2.68%
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 – 9.47%
Mutual Funds	20% maximum; 5% maximum per fund	Complies – 0.49%
FDIC-insured Certificates of Deposit	2% maximum	Complies – 1.22%
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 - 1.71%
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 Gen- eral Obligations	Complies – None in Portfolio

City of San Diego Pooled Investment Fund Holdings as of March 31, 2010

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Bill	US Treasury	0.1505	6/3/2010	\$25,000,000.00	\$24,980,769.44	\$24,992,188.00
US Treasury Note	US Treasury	0.875	3/31/2011	\$25,000,000.00	\$24,978,744.50	\$25,101,562.00
US Treasury Note	US Treasury	0.875	3/31/2011	\$5,000,000.00	\$4,997,265.62	\$5,020,312.40
US Treasury Note	US Treasury	0.875	4/30/2011	\$50,000,000.00	\$49,949,218.75	\$50,203,124.00
US Treasury Note	US Treasury	0.875	5/31/2011	\$45,000,000.00	\$44,954,296.87	\$45,196,876.80
US Treasury Note	US Treasury	0.875	5/31/2011	\$25,000,000.00	\$24,853,515.63	\$25,109,376.00
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	\$31,696,874.40
US Treasury Note	US Treasury	1	7/31/2011	\$65,000,000.00	\$64,852,734.37	\$65,345,311.20
US Treasury Note	US Treasury	1	8/31/2011	\$25,000,000.00	\$25,008,789.06	\$25,117,188.00
US Treasury Note	US Treasury	1	9/30/2011	\$25,000,000.00	\$24,974,831.50	\$25,101,562.00
US Treasury Note	US Treasury	1	10/31/2011	\$25,000,000.00	\$24,958,575.47	\$25,085,938.00
US Treasury Note	US Treasury	0.75	11/30/2011	\$25,000,000.00	\$24,947,694.89	\$24,968,750.00
US Treasury Note	US Treasury	1	12/31/2011	\$35,000,000.00	\$34,949,923.05	\$35,065,626.40
US Treasury Note	US Treasury	1	12/31/2011	\$25,000,000.00	\$24,918,778.06	\$25,046,876.00
US Treasury Note	US Treasury	0.875	1/31/2012	\$15,000,000.00	\$15,006,221.94	\$14,981,250.00
US Treasury Note	US Treasury	0.875	2/29/2012	\$20,000,000.00	\$19,977,445.65	\$19,956,249.60
US Treasury Note	US Treasury	1.375	3/15/2012	\$35,000,000.00	\$35,207,812.50	\$35,273,436.80
US Treasury Note	US Treasury	1	3/31/2012	\$100,000,000.00	\$100,005,080.00	\$99,937,504.00
US Treasury Note	US Treasury	1.875	6/15/2012	\$20,000,000.00	\$20,154,687.50	\$20,325,000.00
US Treasury Note	US Treasury	1.75	8/15/2012	\$15,000,000.00	\$15,116,015.62	\$15,182,812.80
US Treasury Note	US Treasury	1.375	9/15/2012	\$25,000,000.00	\$24,945,312.50	\$25,054,688.00
US Treasury Note	US Treasury	1.375	9/15/2012	\$5,000,000.00	\$5,004,101.56	\$5,010,937.60
US Treasury Note	US Treasury	1.375	10/15/2012	\$25,000,000.00	\$24,953,522.06	\$25,031,250.00
US Treasury Note	US Treasury	1.375	11/15/2012	\$25,000,000.00	\$25,208,552.74	\$24,992,188.00
US Treasury Note	US Treasury	1.125	12/15/2012	\$30,000,000.00	\$29,766,256.02	\$29,737,500.00
US Treasury Note	US Treasury	1.375	2/15/2013	\$25,000,000.00	\$25,032,825.45	\$24,882,812.00
US Treasury Note	US Treasury	1.375	3/15/2013	\$50,000,000.00	\$49,858,175.50	\$49,703,124.00
US Treasury Note	US Treasury	1.375	3/15/2013	\$25,000,000.00	\$24,909,986.41	\$24,851,562.00
Treasury Total				\$880,000,000.00	\$881,235,195.16	\$883,223,443.20
US Agency	Freddie Mac	0.34	4/16/2010	\$20,000,000.00	\$19,954,855.56	\$20,000,000.00
US Agency	Federal Home Loan Bank	0.8	4/30/2010	\$20,000,000.00	\$20,000,000.00	\$20,006,250.00
US Agency	Fannie Mae	0.183	5/12/2010	\$20,000,000.00	\$19,982,005.00	\$20,000,000.00
US Agency	Freddie Mac	2.375	5/28/2010	\$19,885,000.00	\$20,181,485.35	\$19,953,354.69
US Agency	Federal Home Loan Bank	0.5	6/1/2010	\$20,000,000.00	\$19,992,800.00	\$20,006,250.00
US Agency	Federal Farm Credit Bank	2.25	7/1/2010	\$15,250,000.00	\$15,481,342.50	\$15,326,250.00
US Agency	Fannie Mae	0.15	7/9/2010	\$25,000,000.00	\$24,984,687.50	\$24,984,375.00
US Agency	Freddie Mac	0.22	7/23/2010	\$25,000,000.00	\$24,968,680.56	\$24,984,375.00
US Agency	Federal Home Loan Bank	0.55	8/4/2010	\$20,000,000.00	\$20,017,400.00	\$20,018,750.00
US Agency	Fannie Mae	0.215	8/18/2010	\$25,000,000.00	\$24,974,170.14	\$24,976,562.50
US Agency	Fannie Mae	0.22	9/1/2010	\$25,000,000.00	\$24,972,041.67	\$24,976,562.50
US Agency	Fannie Mae	0.24	9/17/2010	\$25,000,000.00	\$24,968,500.00	\$24,968,750.00

City of San Diego Pooled Investment Fund Holdings as of March 31, 2010 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Fannie Mae	0.26	10/1/2010	\$25,000,000.00	\$24,962,083.33	\$24,968,750.00
US Agency	Fannie Mae	0.28	10/15/2010	\$25,000,000.00	\$24,961,305.56	\$24,960,937.50
US Agency	Federal Home Loan Bank	0.5	10/28/2010	\$20,000,000.00	\$20,000,000.00	\$19,993,750.00
US Agency	Federal Home Loan Bank	0.5	11/23/2010	\$25,000,000.00	\$25,049,438.89	\$24,984,375.00
US Agency	Federal Farm Credit Bank	0.39	12/1/2010	\$25,000,000.00	\$25,000,000.00	\$24,968,750.00
US Agency	Federal Home Loan Bank	0.4	12/27/2010	\$20,000,000.00	\$20,000,000.00	\$19,975,000.00
US Agency	Federal Home Loan Bank	0.45	12/29/2010	\$20,000,000.00	\$19,994,000.00	\$19,981,250.00
US Agency	Federal Farm Credit Bank	0.45	1/4/2011	\$20,000,000.00	\$20,000,000.00	\$19,981,250.00
US Agency	Freddie Mac	1.5	1/7/2011	\$25,000,000.00	\$25,282,500.00	\$25,171,875.00
US Agency	Federal Farm Credit Bank	0.4	2/3/2011	\$25,000,000.00	\$24,996,250.00	\$24,960,937.50
US Agency	Federal Home Loan Bank	0.5	3/14/2011	\$15,000,000.00	\$15,000,000.00	\$14,985,937.50
US Agency	Federal Home Loan Bank	0.5	4/6/2011	\$20,000,000.00	\$20,000,277.78	\$19,981,250.00
US Agency	Freddie Mac	1.75	4/20/2011	\$15,000,000.00	\$15,000,000.00	\$15,009,375.00
US Agency	Federal Farm Credit Bank	2.625	4/21/2011	\$20,000,000.00	\$19,937,000.00	\$20,425,000.00
US Agency	Federal Home Loan Bank	1.25	2/10/2012	\$20,000,000.00	\$20,000,000.00	\$19,975,000.00
US Agency	Freddie Mac	2.125	3/23/2012	\$25,000,000.00	\$25,018,200.00	\$25,453,125.00
US Agency	Federal Home Loan Bank	2.25	4/13/2012	\$20,000,000.00	\$19,980,000.00	\$20,425,000.00
US Agency	Fannie Mae	1.875	4/20/2012	\$15,000,000.00	\$14,981,100.00	\$15,196,875.00
US Agency	Federal Farm Credit Bank	2.25	4/24/2012	\$10,000,000.00	\$9,999,800.00	\$10,206,250.00
US Agency	Federal Home Loan Bank	1.25	8/6/2012	\$20,000,000.00	\$20,000,000.00	\$20,050,000.00
US Agency	Fannie Mae	2	9/28/2012	\$10,000,000.00	\$10,000,000.00	\$10,053,125.00
US Agency	Fannie Mae	0.75	1/22/2013	\$15,000,000.00	\$15,003,437.50	\$15,014,062.50
US Agency	Federal Farm Credit Bank	1.75	2/21/2013	\$20,000,000.00	\$19,947,400.00	\$19,950,000.00
US Agency	Federal Home Loan Bank	2	3/15/2013	\$10,000,000.00	\$10,010,000.00	\$9,968,750.00
US Agency	Freddie Mac	1.625	4/15/2013	\$25,000,000.00	\$24,965,000.00	\$24,851,562.50
US Agency	Fannie Mae	1.75	5/7/2013	\$20,000,000.00	\$19,967,800.00	\$19,950,000.00
U.S. Agency Total				\$770,135,000.00	\$770,533,561.34	\$771,643,667.19
LAIF	California State Pool	0.6	4/1/2010	\$49,957,384.55	\$49,957,384.55	\$49,957,384.55
Money Market Fund	JP Morgan Asset Management	0.0563	4/1/2010	\$10,152,461.03	\$10,152,461.03	\$10,152,461.03
Repurchase Agreement	Overnight Repo	0.02	4/1/2010	\$66,184,145.00	\$66,184,145.00	\$66,184,145.00
Commercial Paper	BNP Paribas Finance Inc.	0.08	4/1/2010	\$35,000,000.00	\$34,999,922.22	\$35,000,000.00
Non-Negotiable CDs	First Business Bank CDARS	2.2	4/29/2010	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Non-Negotiable CDs	NNB CDARS	2.21	5/6/2010	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00
Commercial Paper	Bank of America Corp.	0.24	6/25/2010	\$20,000,000.00	\$19,980,000.00	\$19,988,666.67
Non-Negotiable CDs	NNB CDARS	1.4	2/3/2011	\$10,000,000.00	\$10,000,000.00	\$9,951,233.33
Repo, BA's, CD's, CP, LAIF, Funds Total				\$206,293,990.58	\$206,273,912.80	\$206,233,890.58
MTN (FDIC Insured)	Bank of America NA	1.7	12/23/2010	\$5,000,000.00	\$5,042,274.41	\$5,046,093.75
MTN (FDIC Insured)	General Electric Capital Corp.	1.625	1/7/2011	\$5,000,000.00	\$4,996,600.00	\$5,047,850.00
Medium Term Note	Cisco Systems Inc.	5.25	2/22/2011	\$10,000,000.00	\$10,610,600.00	\$10,407,812.50
MTN (FDIC Insured)	JP Morgan Chase & Co.	1.65	2/23/2011	\$2,000,000.00	\$1,999,220.00	\$2,020,100.00
MTN (FDIC Insured)	State Street Bank and Trust	1.85	3/15/2011	\$5,000,000.00	\$4,997,600.00	\$5,056,250.00

City of San Diego Pooled Investment Fund Holdings as of March 31, 2010 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
MTN (FDIC Insured)	Citibank NA	1.625	3/30/2011	\$5,000,000.00	\$4,998,750.00	\$5,050,800.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.375	5/5/2011	\$5,000,000.00	\$4,998,550.00	\$5,039,062.50
Medium Term Note	Hewlett-Packard Co.	2.25	5/27/2011	\$1,000,000.00	\$999,670.00	\$1,015,380.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.25	6/3/2011	\$5,000,000.00	\$4,991,400.00	\$5,028,906.25
MTN (FDIC Insured)	PNC Funding Corp.	1.875	6/22/2011	\$5,000,000.00	\$4,991,000.00	\$5,058,150.00
MTN (FDIC Insured)	Citibank NA	1.5	7/12/2011	\$5,000,000.00	\$4,996,500.00	\$5,046,600.00
MTN (FDIC Insured)	Goldman Sachs	1.625	7/15/2011	\$10,000,000.00	\$10,046,700.00	\$10,112,700.00
Medium Term Note	BP Capital Markets PLC	1.55	8/11/2011	\$5,000,000.00	\$4,995,500.00	\$5,049,200.00
Medium Term Note	Procter & Gamble Int'l Finance	1.35	8/26/2011	\$5,000,000.00	\$4,996,300.00	\$5,036,150.00
Medium Term Note	Shell International Finance	1.3	9/22/2011	\$5,000,000.00	\$4,999,800.00	\$5,025,050.00
MTN (NCUA Insured)	US Central Federal Credit Union	1.25	10/19/2011	\$10,000,000.00	\$9,994,900.00	\$10,059,375.00
Medium Term Note	3M Company	4.5	11/1/2011	\$5,000,000.00	\$5,327,700.00	\$5,277,800.00
MTN (FDIC Insured)	Wells Fargo & Company	3	12/9/2011	\$5,000,000.00	\$4,994,150.00	\$5,162,750.00
MTN (FDIC Insured)	American Express Bank FSB	3.15	12/9/2011	\$5,000,000.00	\$4,996,050.00	\$5,182,812.50
MTN (FDIC Insured)	General Electric Capital Corp.	3	12/9/2011	\$5,000,000.00	\$5,186,350.00	\$5,166,950.00
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	\$5,205,100.00
MTN (FDIC Insured)	Morgan Stanley	2.25	3/13/2012	\$5,000,000.00	\$4,992,950.00	\$5,101,562.50
MTN (FDIC Insured)	Citigroup Funding Inc.	2	3/30/2012	\$5,000,000.00	\$4,986,550.00	\$5,071,350.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	\$5,000,000.00	\$4,995,450.00	\$5,092,100.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	\$5,000,000.00	\$5,031,500.00	\$5,092,100.00
MTN (FDIC Insured)	Citibank NA	1.875	5/7/2012	\$5,000,000.00	\$4,986,950.00	\$5,064,843.75
MTN (FDIC Insured)	Citibank NA	1.875	6/4/2012	\$5,000,000.00	\$4,984,950.00	\$5,060,156.25
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.2	6/15/2012	\$5,000,000.00	\$4,996,900.00	\$5,098,200.00
MTN (FDIC Insured)	Wells Fargo & Company	2.125	6/15/2012	\$5,000,000.00	\$4,998,700.00	\$5,077,343.75
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.125	6/22/2012	\$20,000,000.00	\$20,067,200.00	\$20,377,600.00
Medium Term Note	Procter & Gamble Co.	1.375	8/1/2012	\$10,000,000.00	\$9,992,700.00	\$10,001,562.50
Corporate MTN's and Other Notes Total				\$193,000,000.00	\$194,360,064.41	\$196,183,273.75
Grand Total				\$2,049,428,990.58	\$2,052,402,733.71	\$2,057,284,274.72

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.