City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

12/31/2010

Publication Date: 1/28/2011

Quarterly Economic Highlights

- Interest rates rose dramatically during the quarter despite the Fed pledging to purchase an additional $600 billion of Treasury securities.
- The U.S. stock market, as measured by the S&P 500 index, rose by 10.2 percent for the quarter.
- Congress extended the Bush-era tax cuts for 2 years and lowered the payroll tax rate by 2 percent for 2011 during the lame-duck session at year end.
- Commodity prices spiked during the quarter on speculation of increased demand due to global growth.

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Office of the City Treasurer—Investments Division

Economic Commentary

As we ring in 2011, we find an economic environment that is showing signs of improvement yet still plagued with many uncertainties.

The ISM Manufacturing and more important Non-Manufacturing surveys both printed at around 57 for December, which indicates strong economic expansion.

The labor market also showed signs of improvement. The 4-week moving average for jobless claims fell to the lowest level in 2 years (see Chart 1). Additionally, non-farm payrolls increased by 103,000 in December, and the unemployment rate dropped to 9.4%. The one wrinkle is that much of the drop in the unemployment rate had to do with people leaving the labor force instead of new jobs being created.

The U.S. consumer has also shown some resilience, with retail sales increasing during the second half of 2010, and auto sales also showing a steady climb upwards.

Not all is rosy, however, as there are still several headwinds and uncertainties heading into 2011.

The housing market remains extremely weak, with both new and existing home sales remaining at historically low levels. Additionally, housing prices have resumed their decline in many markets after being supported by homebuyer tax credit programs for much of 2009 and 2010. There also remain many millions of homes either currently owned by banks or in various stages of foreclosure, which will keep supply elevated for many years to come. Uncertainties about the future of Fannie Mae and Freddie Mac (see Hot Topic, pg. 2), which currently provide virtually all of the financing for home purchases, also lead to questions about the future path of home sales and prices.

The European debt crisis also continues to rear its ugly head, with a bailout of Ireland having occurred during the 4th quarter, and now Portugal and Spain in the crosshairs of investors. Any significant setback in European Central Bank efforts to corral this issue could spark another flare-up of risk aversion, which would hurt all risky investments.

In November, elections in the U.S. took place, ushering in a Republican-controlled House of Representatives. Questions now arise about future stimulus efforts, whether Congress will be able to raise the debt ceiling in time to avoid a default on U.S. debt, and even about the future independence and existence of the Federal Reserve itself.

While many economists are predicting a continuation of the economic expansion in 2011, it remains to be seen whether real growth will take hold, or if we will continue to muddle along in an environment of high unemployment and low inflation.

Chart 1: U.S. Initial Jobless Claims 4 Week Moving Average 2009-2010 (Source: Bloomberg)

Hot Topic Corner— The Future of Fannie Mae and Freddie Mac

The Federal National Mortgage Association (Fannie) and Federal Home Loan Mortgage Corporation (Freddie) were both established by Congress in an effort to provide liquidity, stability and affordability to the U.S. housing and mortgage markets. For many years they did just that by taking advantage of their implicit backing by the U.S. government to issue debt cheaply and use that cheap financing to guarantee and purchase home mortgages.

As a result of Congressional prodding to lower lending standards and to appease their shareholders by buying up riskier and higher-yielding mortgages, both organizations dramatically increased their risk profile during the late 1990's through the 2000's. When the housing bubble burst in 2006, the losses on their investment portfolios and guarantee business rendered both institutions insolvent.

In September 2008, both Fannie and Freddie were placed into conservatorship by government regulators. Shortly thereafter, the U.S. Treasury agreed to provide each entity with enough capital to maintain a positive net worth through December 2012. To date, this has amounted to over $150 billion and is still growing.

With such large dollar amounts at stake, the future of these agencies has become a very politicized issue. Since Fannie and Freddie have been responsible for financing virtually all of the home purchases since the start of the credit crisis, it is also a very important issue to the recovery of the housing market.

Ideas on how to move forward with these agencies range from full nationalization to full privatization. At the time of writing this report, the U.S. Treasury will soon issue its formal opinion. One thing that will certainly not happen is a return to their former structure as shareholder-owned corporations with implicit government backing, due to the moral hazard of such an arrangement.

Explicit full nationalization is not an option due to the lack of political will, as well as the additional $5+ trillion in debt the U.S. would need to formally bring onto its balance sheet, which would certainly result in a downgrade to the AAA credit rating of the U.S. While full privatization is more politically palatable, the reality is that the private sector will not be able to accommodate the sheer size of financing needed for many years.

A few interesting proposals that may work include a cooperative structure similar to the Federal Home Loan Bank system and a good bank/bad bank structure whereby the good assets and future mortgage guarantee business would be handled by the private sector and bad assets would remain in government hands. The bad bank structure is not in fact without precedent. In 1933, the Homeowner's Loan Corporation was established as part of the New Deal for a similar purpose.

In reality, the final resolution of Fannie and Freddie is probably many years away. It is imperative, however, that whatever is decided does work, as the future of the U.S. housing market and financial well-being of many million Americans are at stake.

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	12/14/10	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	DEC	0.5%	0.1%	0.4%
Consumer Price Index (YoY)	DEC	1.5%	1.1%	0.4%
Producer Price Index (MoM)	DEC	1.1%	0.4%	0.7%
Producer Price Index (YoY)	DEC	4.0%	4.0%	0.0%
Durable Goods Orders	DEC	(2.5%)	3.3%	(5.8%)
Gross Domestic Product (Annualized)	Q4A	3.2%	2.0%	1.2%
ISM (Manufacturing)	DEC	57.0	54.4	2.6
ISM (Non-manufacturing)	DEC	57.1	53.2	3.9
Retail Sales	DEC	0.6%	0.6%	0.0%
Unemployment Rate	DEC	9.6%	9.4%	(0.2%)
Change in Non-farm Payrolls	DEC	103,000	(95,000)	198,000
Consumer Confidence (Univ. of Michigan)	DEC (Final)	74.5	68.2	6.3
Existing Home Sales	DEC	5.28(mil)	4.53(mil)	0.75(mil)
New Home Sales	DEC	0.329(mil)	0.307(mil)	0.022(mil)
Housing Starts	DEC	0.529(mil)	0.610(mil)	(0.081)(mil)
Median Home Price (existing) [EHSLMP]	DEC	$169,300	$172,600	($3,300)
NYMEX WTI CRUDE OIL (barrel)	12/31/10	$91.38	$79.97	$11.41
S&P 500 Stock Index	12/31/10	1257.64	1,141.20	10.20%

Portfolio Performance

The Core Portfolio outperformed its benchmark, the Merrill Lynch 1-3 year Treasury Index, by 2 basis points over the past quarter, returning −0.13% versus -0.15% for the index.

Chart 2 shows a bear steepening curve, with longer end rates increasing by more than short rates. Despite the Fed announcing its intention to purchase an additional $600 billion of Treasury securities by June 2011, which should have supported prices, the market instead sold off in November and December. Since it was widely anticipated that the Fed would announce some level of additional security purchases, this may have been a case of "buy the rumor, sell the news," as bonds sold off immediately following the announcement after having rallied during the summer and early fall.

Some attribute the move in rates to confidence that the latest Fed plan will stimulate the economy, which would spark growth and lead to higher inflation and interest rates down the road.

"Income effect" was the largest detractor of portfolio performance during the quarter, subtracting 16 basis points of performance, as the portfolio remains invested in more newly-issued, lower coupon securities than the index.

"Amortization and Roll effect" offset the income effect and added additional outperformance as the portfolio contains lower-priced securities than the index. It also captured the effect of portfolio securities rolling down a steeper yield curve faster than index securities. This effect added 22 basis points of outperformance versus the index.

"Parallel duration" effect added 4 basis points of outperformance versus the index, as the portfolio maintained a shorter duration than the index during much of the quarter which saw a drop in bond prices. "Non-parallel" duration subtracted 4 basis points as the portfolio was more heavily invested in the 3-year part of the curve than the index, and 3-year securities fared worse than the 2-year sector during the quarter.

"Selection effect" subtracted 5 basis points of performance versus the index due to our buying a large amount of the new issue 3 year Treasury note in December, which underperformed the yield curve prior to it officially being added to the index at month end.

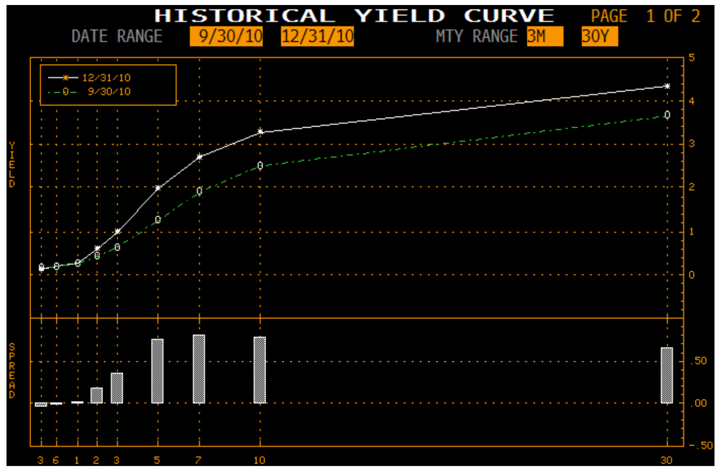


Chart 2: Treasury Yield Curve 9/30/10—12/31/10

Returns

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

Earned Income Yield*

	Q4 2010	Q3 2010	Q2 2010	FYTD 2011	1 Year	3 Year
Total Pooled Investment Fund	1.15%	1.48%	1.52%	1.32%	1.42%	2.85%
Core Portfolio	1.52%	2.05%	2.19%	1.79%	1.97%	3.62%
Liquidity Portfolio	0.49%	0.41%	0.39%	0.45%	0.43%	1.50%

Total Return—Core Portfolio

	Q4 2010	Q3 2010	Q2 2010	FYTD 2011	1 Year	3 Year*
Core Portfolio	(0.13%)	0.71%	1.12%	0.58%	2.44%	3.59%
BAML 1 - 3 Year Treasury Index	(0.15%)	0.62%	1.16%	0.47%	2.36%	3.22%
Difference	0.02%	0.09%	(0.04%)	0.11%	0.08%	0.37%

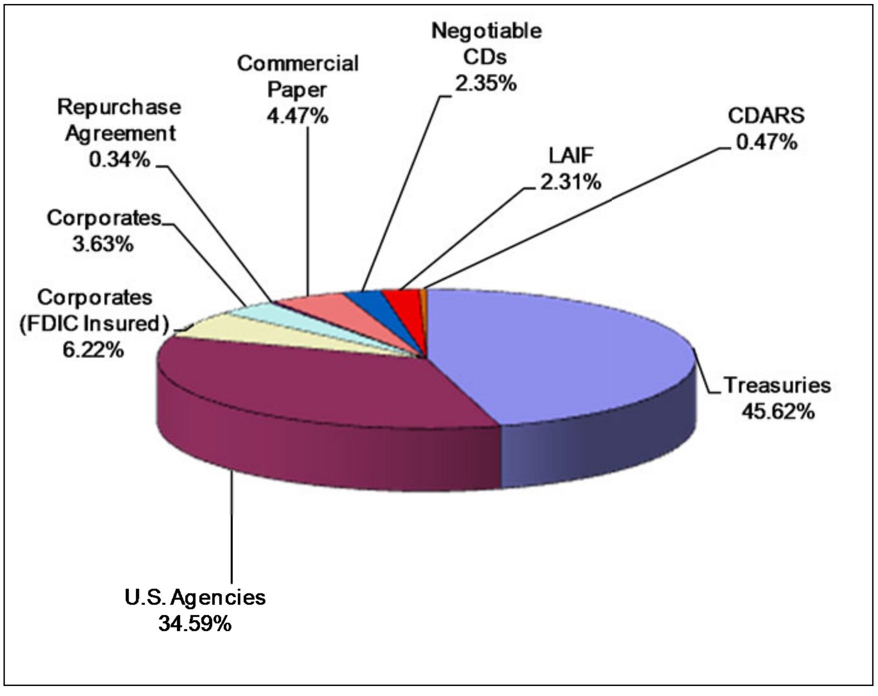
***Annualized Returns**

Portfolio Profile as of December 31, 2010

	Liquidity	*Core*
Portfolio Size*	$779,557,419	$1,345,103,942
% of total pool	36.69%	63.31%
Portfolio Duration**	0.399	1.802
Index Duration**	0.374	1.847
% of index	106.82%	97.56%
Weighted Average Days to Maturity	146	688

* Book Value ** Macaulay's Duration for the Liquidity Portfolio and Effective Duration for the Core Portfolio

Asset Allocation



Top Issuer Exposures

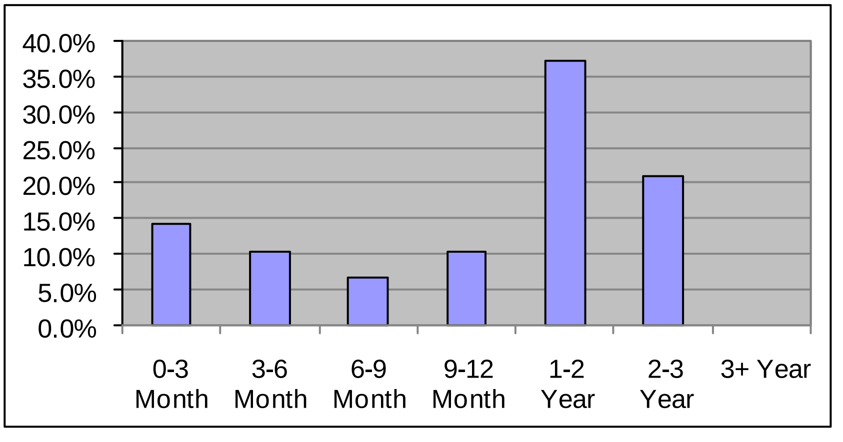
Issuer	% of Portfolio
US Treasury	45.62%
Federal Home Loan Bank	13.18%
Freddie Mac	9.05%
Fannie Mae	7.89%
Federal Farm Credit Bank	4.46%
Citigroup Inc.	1.65%
JP Morgan Chase	1.27%
Rabobank NY	1.18%
Royal Bank of Canada/NY	1.18%
BNP Paribas Finance Inc.	1.18%
Nestle Capital Corp.	1.18%
Toyota Motor Credit	1.17%
General Electric	0.96%
Coca-Cola Co.	0.94%
Procter & Gamble Co.	0.71%
Berkshire Hathaway Inc.	0.70%

Credit Ratings

Ratings Buckets	% of Portfolio
US Treasury (AAA)	45.62%
Agency (AAA)	34.59%
AAA/A1	13.04%
AA	2.28%
A	0.77%
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. Treasury securities rose over the past quarter after a long, steady decline that took place during the summer and early fall.

Additionally, spreads on agency and corporate securities increased somewhat during the quarter as a result of normal year-end risk-shedding and a bit of flight to quality stemming from continued European sovereign debt concerns.

The result has been an investment environment that is a little better than the beginning of the prior quarter as monies can be reinvested at marginally higher rates. However, by historical standards, rates remain extremely low, which still creates a challenging investment environment.

As mentioned in this quarter's Hot Topic column, Fannie Mae and Freddie Mac are both facing uncertain futures, and the upcoming political debate could create volatility in the spreads of securities issued by these agencies. As a result, we are not investing in the securities of these issuers with maturities later than 12/31/12, which is the date that the U.S. Treasury's pledge of unlimited capital support expires. Any mention of the U.S. government severing ties with the agencies after that date will cause longer-dated securities to underperform dramatically.

While we think that such a scenario is highly unlikely and that the securities of both agencies will be "money good," we will exercise caution until there is some additional clarity around this issue.

One strategy that was implemented over a year ago that has helped overall portfolio performance has been our transferring of FDIC-backed corporate securities from the Core portfolio to the Liquidity portfolios as they get to within 1 year of maturity. Under normal circumstances, we would simply sell the securities as needed from the Core portfolio in order to manage the portfolio's target duration. However, since these securities were issued with attractive coupons, we are able to retain the added income in the overall Pool without having to compromise the strategic duration positioning in the Core portfolio, resulting in a "win-win" situation.

We are also still investing in attractive agency callable securities in both the Core and Liquidity portfolios. These securities allow us to earn incremental yield in the portfolio without sacrificing safety of principal or liquidity.

We closed out the last quarter with a duration roughly neutral to the index for the Core portfolio. We will re-establish a shorter duration position during this quarter, however, as we expect rates to continue to rise through this coming year as the market anticipates the Fed removing monetary accommodation towards the end of this year and into next year.

Projected Portfolio Cash Flows*

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

MONTH	CASH INFLOWS	CASH OUTFLOWS	NET MONTHLY CASH-FLOWS	CUMULATIVE NET CASHFLOWS
January	352	245	107	107
February	225	152	73	180
March	251	166	85	265
April	334	215	119	384
May	366	226	140	524
June	202	187	15	539

(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 accepted by the City Council.

Category	Standard	Comment
Duration (Core) Duration (Liquidity)	ML 1-3 Year +/-20% US T-bill 3-6 months +/-40%	Complies – 97.56% Complies - 106.82%
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies – 34.59%
FNMA	33.3% maximum	Complies– 7.89%
FHLMC	33.3% maximum	Complies – 9.05%
FHLB	33.3% maximum	Complies – 13.18%
FFCB	33.3% maximum	Complies – 4.46%
Callable Securities	30% maximum	Complies – 10.83%
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 – 4.47%
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 – 9.85%
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 – 2.35%
Reverse Repos	20% maximum	Complies – None in Portfolio
Futures and Options	Hedging Purposes Only	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 - None in Portfolio
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 December 31, 2010

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Bill	US Treasury	0.1825	3/31/2011	$25,000,000.00	$24,984,664.93	$24,992,188.00
US Treasury Bill	US Treasury	0.1915	4/28/2011	$25,000,000.00	$24,980,185.07	$24,992,188.00
US Treasury Note	US Treasury	1	12/31/2011	$35,000,000.00	$34,949,923.05	$35,229,686.80
US Treasury Note	US Treasury	1	12/31/2011	$25,000,000.00	$24,916,015.63	$25,164,062.00
US Treasury Note	US Treasury	0.875	1/31/2012	$15,000,000.00	$15,005,859.37	$15,084,374.40
US Treasury Note	US Treasury	0.875	2/29/2012	$20,000,000.00	$19,970,312.50	$20,118,750.40
US Treasury Note	US Treasury	1.375	3/15/2012	$35,000,000.00	$35,207,812.50	$35,437,500.00
US Treasury Note	US Treasury	1	3/31/2012	$30,000,000.00	$29,978,906.25	$30,234,374.40
US Treasury Note	US Treasury	1	4/30/2012	$25,000,000.00	$25,011,718.75	$25,203,124.00
US Treasury Note	US Treasury	1.875	6/15/2012	$20,000,000.00	$20,154,687.50	$20,425,000.00
US Treasury Note	US Treasury	0.625	6/30/2012	$30,000,000.00	$30,009,375.00	$30,093,748.80
US Treasury Note	US Treasury	0.625	7/31/2012	$50,000,000.00	$49,972,778.87	$50,140,624.00
US Treasury Note	US Treasury	1.75	8/15/2012	$15,000,000.00	$15,116,015.62	$15,309,374.40
US Treasury Note	US Treasury	1.375	9/15/2012	$25,000,000.00	$24,945,312.50	$25,359,376.00
US Treasury Note	US Treasury	1.375	9/15/2012	$5,000,000.00	$5,004,101.56	$5,071,875.20
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	0.375	10/31/2012	$20,000,000.00	$20,012,340.30	$19,937,500.80
US Treasury Note	US Treasury	1.375	11/15/2012	$25,000,000.00	$25,193,359.37	$25,375,000.00
US Treasury Note	US Treasury	0.5	11/30/2012	$30,000,000.00	$30,026,193.34	$29,962,500.00
US Treasury Note	US Treasury	1.125	12/15/2012	$30,000,000.00	$29,759,765.63	$30,309,374.40
US Treasury Note	US Treasury	0.625	12/31/2012	$100,000,000.00	$99,787,944.00	$100,062,496.00
US Treasury Note	US Treasury	0.625	12/31/2012	$25,000,000.00	$24,996,093.75	$25,015,624.00
US Treasury Note	US Treasury	1.375	2/15/2013	$25,000,000.00	$25,019,531.25	$25,375,000.00
US Treasury Note	US Treasury	1.375	3/15/2013	$25,000,000.00	$24,841,796.88	$25,367,188.00
US Treasury Note	US Treasury	1.375	5/15/2013	$15,000,000.00	$15,077,343.75	$15,215,625.60
US Treasury Note	US Treasury	1.125	6/15/2013	$25,000,000.00	$24,948,581.00	$25,203,124.00
US Treasury Note	US Treasury	1.125	6/15/2013	$20,000,000.00	$19,957,812.50	$20,162,499.20
US Treasury Note	US Treasury	1	7/15/2013	$40,000,000.00	$39,959,339.20	$40,200,000.00
US Treasury Note	US Treasury	0.75	8/15/2013	$10,000,000.00	$9,984,358.01	$9,981,249.60
US Treasury Note	US Treasury	0.75	8/15/2013	$20,000,000.00	$19,949,320.65	$19,962,499.20
US Treasury Note	US Treasury	0.75	9/15/2013	$30,000,000.00	$29,972,477.40	$29,906,251.20
US Treasury Note	US Treasury	0.5	11/15/2013	$25,000,000.00	$24,864,899.86	$24,679,688.00
US Treasury Note	US Treasury	0.75	12/15/2013	$75,000,000.00	$74,933,412.00	$74,460,936.00
US Treasury Note	US Treasury	0.75	12/15/2013	$25,000,000.00	$24,826,847.96	$24,820,312.00
Treasury Total			***45.62%***	***$970,000,000.00***	***$969,255,609.39***	***$974,220,302.40***
US Agency	Federal Farm Credit Bank	0.45	1/4/2011	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Freddie Mac	1.5	1/7/2011	$25,000,000.00	$25,282,500.00	$25,000,000.00
US Agency	Freddie Mac	4.75	1/18/2011	$21,450,000.00	$22,056,391.50	$21,490,218.75
US Agency	Fannie Mae	0.31	2/4/2011	$25,000,000.00	$24,946,826.39	$25,000,000.00
US Agency	Freddie Mac	0.21	2/18/2011	$20,000,000.00	$19,978,533.33	$20,000,000.00
US Agency	Fannie Mae	0.225	4/11/2011	$25,000,000.00	$24,969,843.75	$24,992,187.50
US Agency	Federal Farm Credit Bank	2.625	4/21/2011	$20,000,000.00	$19,989,528.77	$20,143,750.00
US Agency	Freddie Mac	0.18	5/2/2011	$10,000,000.00	$9,992,750.00	$9,996,875.00
US Agency	Fannie Mae	0.18	5/2/2011	$20,000,000.00	$19,985,500.00	$19,993,750.00
US Agency	Federal Home Loan Bank	0.5	5/17/2011	$9,205,000.00	$9,202,790.80	$9,216,506.25
US Agency	Fannie Mae	3.375	5/19/2011	$17,321,000.00	$17,619,960.46	$17,532,099.69
US Agency	Freddie Mac	0.2	5/24/2011	$5,000,000.00	$4,994,388.89	$4,996,875.00
US Agency	Federal Home Loan Bank	3.375	6/24/2011	$25,000,000.00	$25,661,500.00	$25,351,562.50
US Agency	Federal Home Loan Bank	0.22	8/4/2011	$25,000,000.00	$24,992,559.25	$24,984,375.00
US Agency	Fannie Mae	1.16	9/8/2011	$25,000,000.00	$25,225,805.56	$25,140,625.00

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

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Freddie Mac	0.4	9/22/2011	$20,000,000.00	$20,000,000.00	$19,993,750.00
US Agency	Federal Home Loan Bank	0.3	9/30/2011	$25,000,000.00	$25,020,000.00	$24,992,187.50
US Agency	Federal Home Loan Bank	0.3	10/28/2011	$20,000,000.00	$20,000,000.00	$19,987,500.00
US Agency	Federal Home Loan Bank	0.34	11/15/2011	$20,000,000.00	$20,000,000.00	$19,993,750.00
US Agency	Federal Home Loan Bank	0.4	12/9/2011	$20,000,000.00	$20,000,000.00	$19,975,000.00
US Agency	Federal Home Loan Bank	0.45	12/16/2011	$20,000,000.00	$20,000,000.00	$19,993,750.00
US Agency	Federal Home Loan Bank	0.5	12/23/2011	$20,000,000.00	$20,000,000.00	$19,981,250.00
US Agency	Federal Home Loan Bank	0.5	12/29/2011	$20,000,000.00	$20,000,000.00	$19,987,500.00
US Agency	Freddie Mac	1.25	1/26/2012	$10,000,000.00	$10,060,477.78	$10,003,125.00
US Agency	Freddie Mac	2.125	3/23/2012	$25,000,000.00	$25,018,200.00	$25,500,000.00
US Agency	Federal Home Loan Bank	2.25	4/13/2012	$20,000,000.00	$19,980,000.00	$20,450,000.00
US Agency	Fannie Mae	1.875	4/20/2012	$15,000,000.00	$14,981,100.00	$15,267,187.50
US Agency	Federal Farm Credit Bank	2.25	4/24/2012	$10,000,000.00	$9,999,800.00	$10,225,000.00
US Agency	Freddie Mac	1	7/26/2012	$10,000,000.00	$10,000,000.00	$10,003,125.00
US Agency	Fannie Mae	0.8	8/17/2012	$20,000,000.00	$19,992,000.00	$20,012,500.00
US Agency	Freddie Mac	0.8	9/28/2012	$10,000,000.00	$10,000,000.00	$10,006,250.00
US Agency	Freddie Mac	0.6	11/2/2012	$10,000,000.00	$10,000,000.00	$9,962,500.00
US Agency	Fannie Mae	0.875	12/28/2012	$10,000,000.00	$10,000,000.00	$9,975,000.00
US Agency	Freddie Mac	0.625	12/28/2012	$25,000,000.00	$24,966,500.00	$24,953,125.00
US Agency	Fannie Mae	0.875	12/28/2012	$10,000,000.00	$10,000,000.00	$9,978,125.00
US Agency	Federal Home Loan Bank	1.5	1/16/2013	$15,000,000.00	$15,264,225.00	$15,239,062.50
US Agency	Federal Farm Credit Bank	1.75	2/21/2013	$20,000,000.00	$19,947,400.00	$20,375,000.00
US Agency	Federal Farm Credit Bank	1.375	6/25/2013	$25,000,000.00	$24,922,000.00	$25,328,125.00
US Agency	Federal Home Loan Bank	1	11/18/2013	$10,000,000.00	$10,000,000.00	$9,984,375.00
US Agency	Federal Home Loan Bank	0.875	12/27/2013	$30,000,000.00	$29,946,000.00	$29,737,500.00
U.S. Agency Total			***34.59%***	***$732,976,000.00***	***$734,996,581.48***	***$735,743,512.19***
LAIF	California State Pool	0.51	1/1/2011	$49,157,679.76	$49,157,679.76	$49,157,679.76
Repurchase Agreement	Overnight Repo	0.14	1/3/2011	$7,149,000.00	$7,149,000.00	$7,149,000.00
Commercial Paper	BNP Paribas Finance Inc.	0.22	1/3/2011	$25,000,000.00	$24,999,236.11	$24,999,611.11
Non-Negotiable CDs	NNB CDARS	1.4	2/3/2011	$10,000,000.00	$10,000,000.00	$10,000,000.00
Commercial Paper	Toyota Motor Credit	0.39	3/4/2011	$25,000,000.00	$24,950,166.67	$24,987,083.33
Negotiable CD	Royal Bank of Canada NY	0.25	3/18/2011	$25,000,000.00	$25,000,000.00	$25,004,269.41
Commercial Paper	Nestle Capital Corp	0.23	5/13/2011	$25,000,000.00	$24,968,375.00	$24,968,833.33
Commercial Paper	Coca-Cola Co.	0.25	6/10/2011	$20,000,000.00	$19,974,722.22	$19,969,777.78
Negotiable CD	Rabobank NY	0.38	7/8/2011	$25,000,000.00	$25,000,000.00	$25,002,613.08
Repo, BA's, CD's, CP, LAIF, Funds Total			***9.94%***	***$211,306,679.76***	***$211,199,179.76***	***$211,238,867.80***
MTN (FDIC Insured)	General Electric Capital Corp.	1.625	1/7/2011	$5,000,000.00	$4,999,141.84	$5,000,000.00
Medium Term Note	Cisco Systems Inc.	5.25	2/22/2011	$10,000,000.00	$10,172,581.26	$10,062,500.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	1.65	2/23/2011	$2,000,000.00	$1,999,803.40	$2,003,880.00
MTN (FDIC Insured)	State Street Bank and Trust Co.	1.85	3/15/2011	$5,000,000.00	$4,999,400.83	$5,016,406.25
MTN (FDIC Insured)	Citibank NA	1.625	3/30/2011	$5,000,000.00	$4,999,690.07	$5,017,100.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.375	5/5/2011	$5,000,000.00	$4,999,640.48	$5,019,300.00
Medium Term Note	Hewlett-Packard Co.	2.25	5/27/2011	$1,000,000.00	$999,918.18	$1,008,650.00
MTN (FDIC Insured)	Citigroup Funding Inc.	1.25	6/3/2011	$5,000,000.00	$4,997,852.95	$5,021,350.00
MTN (FDIC Insured)	PNC Funding Corp.	1.875	6/22/2011	$5,000,000.00	$4,998,203.95	$5,038,550.00
MTN (FDIC Insured)	Citibank NA	1.5	7/12/2011	$5,000,000.00	$4,996,500.00	$5,032,600.00
MTN (FDIC Insured)	Goldman Sachs	1.625	7/15/2011	$10,000,000.00	$10,046,700.00	$10,071,500.00
Medium Term Note	Procter & Gamble Int'l Finance	1.35	8/26/2011	$5,000,000.00	$4,996,300.00	$5,038,750.00
Medium Term Note	Northern Trust Corp.	5.3	8/29/2011	$5,000,000.00	$5,247,800.00	$5,148,437.50

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

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
MTN (NCUA Insured)	US Central Federal Credit Union	1.25	10/19/2011	$10,000,000.00	$9,994,900.00	$10,071,875.00
Medium Term Note	3M Company	4.5	11/1/2011	$5,000,000.00	$5,327,700.00	$5,177,200.00
Medium Term Note	General Electric Capital Corp.	5.5	11/15/2011	$10,000,000.00	$10,190,000.00	$10,140,800.00
MTN (FDIC Insured)	Wells Fargo & Company	3	12/9/2011	$5,000,000.00	$4,994,150.00	$5,120,200.00
MTN (FDIC Insured)	American Express Bank FSB	3.15	12/9/2011	$5,000,000.00	$4,996,050.00	$5,127,343.75
MTN (FDIC Insured)	General Electric Capital Corp.	3	12/9/2011	$5,000,000.00	$5,186,350.00	$5,120,200.00
Medium Term Note	Berkshire Hathaway Inc.	1.4	2/10/2012	$10,000,000.00	$9,993,500.00	$10,073,500.00
Medium Term Note	Chevron Corp.	3.45	3/3/2012	$5,000,000.00	$5,173,100.00	$5,159,350.00
MTN (FDIC Insured)	Morgan Stanley	2.25	3/13/2012	$5,000,000.00	$4,992,950.00	$5,099,218.75
MTN (FDIC Insured)	Citigroup Funding Inc.	2	3/30/2012	$5,000,000.00	$4,986,550.00	$5,081,650.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	$5,000,000.00	$4,995,450.00	$5,103,800.00
MTN (FDIC Insured)	Bank of America NA	2.1	4/30/2012	$5,000,000.00	$5,031,500.00	$5,103,800.00
MTN (FDIC Insured)	Citibank NA	1.875	5/7/2012	$5,000,000.00	$4,986,950.00	$5,085,156.25
MTN (FDIC Insured)	Citibank NA	1.875	6/4/2012	$5,000,000.00	$4,984,950.00	$5,087,700.00
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.2	6/15/2012	$5,000,000.00	$4,996,900.00	$5,115,250.00
MTN (FDIC Insured)	Wells Fargo & Company	2.125	6/15/2012	$5,000,000.00	$4,998,700.00	$5,114,843.75
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.125	6/22/2012	$20,000,000.00	$20,067,200.00	$20,446,600.00
Medium Term Note	Procter & Gamble Co.	1.375	8/1/2012	$10,000,000.00	$9,992,700.00	$10,110,937.50
Medium Term Note	Berkshire Hathaway Inc.	5.125	9/15/2012	$4,500,000.00	$4,901,157.50	$4,820,310.00
Medium Term Note	Wal-Mart Stores Inc.	0.75	10/25/2013	$10,000,000.00	$9,965,700.00	$9,909,800.00
Corporate MTN's and Other Notes Total			***9.85%***	***$207,500,000.00***	***$209,209,990.46***	***$210,548,558.75***
Grand Total			***100.00%***	***$2,121,782,679.76***	***$2,124,661,361.09***	***$2,131,751,241.14***

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.