City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

9/30/2011

Publication Date: 10/28/2011

Office of the City Treasurer—Investments Division

Economic Commentary

A triumvirate of events caused a massive sell-off across risky assets over the past quarter.

The ongoing European debt crisis intensified during the quarter as the fear of sovereign defaults spread to large European countries such as Spain and Italy, and it became more and more likely that Greece would have to default at some point in the future.

Congress finally lifted the U.S. debt ceiling in early August, though not before bringing the U.S. to the brink of potential default and calling into question the safety of U.S. Treasury securities, which are widely considered to be the world's only truly risk-free securities.

On August 5, Standard and Poor's downgraded the credit rating of the U.S. to AA+, marking the first drop in the rating since it was established as AAA in 1917. Moody's and Fitch rating services both affirmed their top ratings, though Moody's put the rating on negative watch.

In reaction to increasing investor angst as well as falling economic indicators, the FOMC announced at their August 9 meeting that they were likely to keep rates exceptionally low through at least mid-2013. This caused front-end rates to fall to all-time lows and longer rates to fall to lows not seen since the 2008 financial crisis.

At its next meeting in September, the FOMC reiterated its low rate timeline and also announced the Maturity Extension Program, in which it will sell approximately $400 billion of its short-term holdings (3 months—3 years) and buy an equivalent amount of securities with a maturity of six years and longer. The intention of this plan is to place further downward pressure on longer-term interest rates, which would cause the rates on consumer loans such as mortgages to also fall. If consumers are then able to pay less interest on their obligations, in theory they would have more money for other purchases which would spark the economy.

Indeed, the rates on loans such as mortgages have dropped. Freddie Mac reported that during the last week of September, the average rate on a 30-year fixed mortgage dropped to 3.94%, the first time this rate has ever dropped below 4%.

Unfortunately, this has not translated into a surge in refinancing activity nor has it led to a rebound in the moribund housing market. This is due to many reasons, including homeowners not qualifying to refinance because of low or negative equity in their homes. Also, potential home buyers are hesitant to buy for fear of housing prices spiraling lower or another economic downturn.

To be sure, there is still tremendous uncertainty about the future of the U.S. and global economy. The University of Michigan Consumer Confidence has dropped to its historical lows, and many economists believe that we are now either in or about to enter into another recession. Only time will tell whether they are correct or if this is just a temporary slowdown.

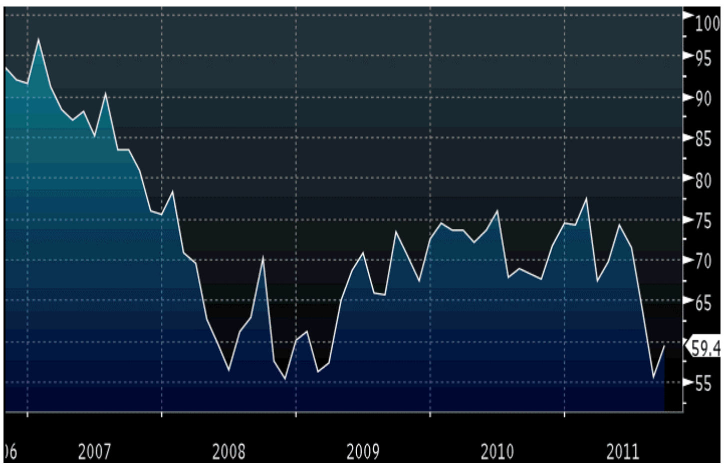


Chart 1: University of Michigan Consumer Confidence Index Oct. 2006—Sept. 2011 (Source: Bloomberg)

Quarterly Economic Highlights

- The U.S. stock market, as measured by the S&P 500 Index, fell 14.32% during the quarter
- Standard & Poor's downgraded the long term credit rating of U.S. Treasury and government agency securities to AA+ on August 5
- The spot price of gold surged from $1500.35/oz to an all-time high of $1900.23/oz during the quarter before plummeting back down to $1623.97/oz by quarter end
- The average rate on a 30 year mortgage fell to an all-time low of 3.94% at the end of the quarter

Contents:

Hot Topic Corner— Can't Find a Job, Occupy San Diego

The San Diego version of the "Occupy Wall Street" movement got me to thinking: Don't these people have the perfect job skills for your next interview? Think about it, they are motivated (they can get people to sleep out in tents), tech savvy (using Twitter and Facebook to organize the event), mobile (they live in tents), creative (catchy sign slogans, perfect for your opening in marketing), media experts (lots of dealings with print and TV networks), and the list goes on. However, didn't the protestors of the 60s later become the same greedy corporate leaders they are now protesting against?

The truth is these young, idealistic future leaders of America are looking for what six million other people want: a job. The unemployment rate for 16-19 year olds is nearly 25%, up from the pre-recession level of 14%. Furthermore, the share of all workers that have been unemployed for more than six months is near its all time high of 44.6%. These disheartening statistics are just symptoms of a bigger illness, U.S. long-term unemployment. So, what is the cure when the average duration of unemployment today is 40.5 weeks compared to the historical average of only 13 weeks, which surprisingly includes the past 10 recessions dating back to 1948? If you consider discouraged workers, those that have stopped looking for work but want full-time employment, and part-time employees that want to work full-time, then the U.S. unemployment rate moves from 9.1% to a staggering 16.5%.

One of the hardest hit sectors is the construction industry, which has lost nearly two million jobs. Most of these jobs have not come back, and probably won't, considering the unsustainable level of demand for housing during the boom. Are we seeing a structural shift in employment in this industry and others? Will these jobs ever come back? Given the current lack of global fiscal discipline, slow economic growth is likely to be the norm for at least the next couple of years.

Long-term unemployment is very destructive to economies on many fronts. It has an effect on people's physical/mental health, causes social unrest, it decreases the economy's productivity as unemployed workers' job skills erode, lowers aggregate demand as incomes fall, increases the federal deficit, and seriously sets back the retirement dreams of many as they need to access their retirement funds to survive. The long-term unemployed even face discrimination from potential employers or must consider changing career paths, which can have a significant impact on a worker's lifetime earnings.

The ultimate solution will not be a fiscal one but a confidence one. Government needs to take actions to remove the cloud of uncertainty surrounding the business community with less regulation and more incentives to grow. Only when businesses see a clear path for growth will they begin to hire.

Kent Morris—CIO

Key Economic Indicators

Indicator	***Period***	***Report Current***	***As Reported Last Quarter***	***Difference***
Federal Funds Rate	9/21/2011	0-0.25%	0-0.25%	0%
Consumer Price Index (MoM)	SEP	0.3%	(0.2%)	0.5%
Consumer Price Index (YoY)	SEP	3.9%	3.6%	0.3%
Producer Price Index (MoM)	SEP	0.8%	(0.4%)	1.2%
Producer Price Index (YoY)	SEP	6.9%	7.0%	(0.1%)
Durable Goods Orders	SEP	(0.8%)	(2.1%)	1.3%
Gross Domestic Product (Annualized)	Q3A	2.5%	1.3%	1.2%
ISM (Manufacturing)	SEP	51.6	55.3	(3.7)
ISM (Non-manufacturing)	SEP	53.0	53.3	(0.3)
Retail Sales	SEP	1.1%	0.1%	1.0%
Unemployment Rate	SEP	9.1%	9.2%	(0.1%)
Change in Non-farm Payrolls	SEP	103,000	18,000	85,000
Consumer Confidence (Univ. of Michigan)	SEP (Final)	59.4	71.5	(12.1)
Existing Home Sales	SEP	4.91(mil)	4.77(mil)	0.14(mil)
New Home Sales	SEP	0.313(mil)	0.312(mil)	0.001(mil)
Housing Starts	SEP	0.658(mil)	0.629(mil)	0.029(mil)
Median Home Price (existing) [EHSLMP]	SEP	$165,600	$184,600	($19,000)
NYMEX WTI CRUDE OIL (barrel)	9/30/11	$79.20	$95.42	($16.22)
S&P 500 Stock Index	9/30/11	1,131.42	1,320.64	(189.22)

Portfolio Performance

The Core Portfolio underperformed its benchmark, the Merrill Lynch 1-3 year Treasury Index, by 7 basis points over the past quarter, returning 0.421% versus 0.487% for the index.

Chart 2 shows a bull flattening curve, with longer end rates decreasing more than shorter rates, particularly in the long end of the curve (10+ year maturities). This was partially the result of more flight to quality buying of Treasuries due to investor concern about the European debt crisis and U.S. economy as well as the August 9 FOMC announcement that rates were likely to remain exceptionally low through at least mid-2013.

The long end of the curve received a real boost when the FOMC later announced its Maturity Extension Program, in which it is going to sell $400 billion of short-maturity securities to buy $400 billion of long-end securities.

"Income effect" continued to be a major detractor from performance, contributing –16 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.

"Amortization and Roll effect" mostly offset the income effect as the portfolio contains lower-priced securities than the index, resulting in less negative price movement. These effects added 14 basis points of outperformance versus the index.

"Duration effect" subtracted over 18 basis points of relative performance as the portfolio was short duration during a large rally in rates. However, this was mostly offset by a "non-parallel duration effect" contribution of 16 basis points, reflective of curve positioning versus the index.

"Sector effect" subtracted 5 basis points of relative performance as spreads widened on agency and corporate holdings in the portfolio.

"Selection effect" added almost 4 basis points of performance versus the index as several individual U.S. agency securities outperformed during the quarter.

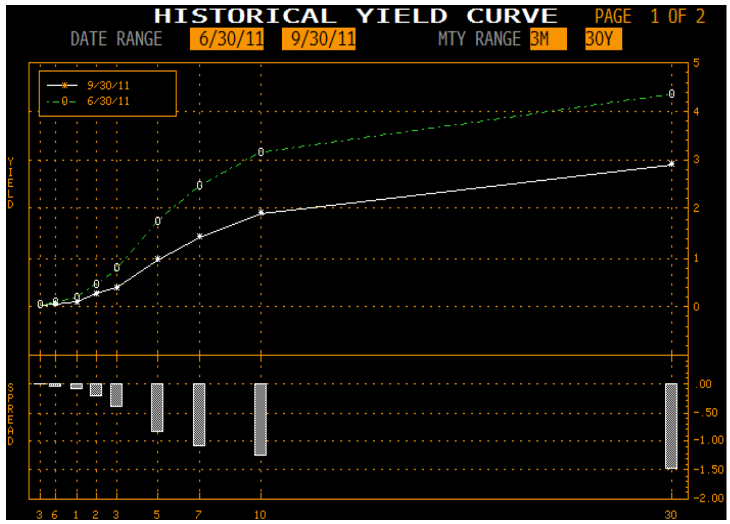


Chart 2: Treasury Yield Curve 6/30/11—9/30/11

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*

	Q3 2011	Q2 2011	Q1 2011	FYTD 2012	1 Year	3 Year
Total Pooled Investment Fund	1.41%	1.21%	0.92%	1.41%	1.18%	2.01%
Core Portfolio	1.98%	1.66%	1.17%	1.98%	1.59%	2.69%
Liquidity Portfolio	0.36%	0.38%	0.46%	0.36%	0.42%	0.78%

Total Return—Core Portfolio

	Q3 2011	Q2 2011	Q1 2011	FYTD 2012	1 Year	3 Year*
Core Portfolio	0.42%	0.89%	0.11%	0.42%	1.30%	2.84%
BAML 1 - 3 Year Treasury Index	0.49%	0.83%	0.03%	0.49%	1.21%	2.40%
Difference	(0.07%)	0.05%	0.08%	(0.07%)	0.09%	0.44%

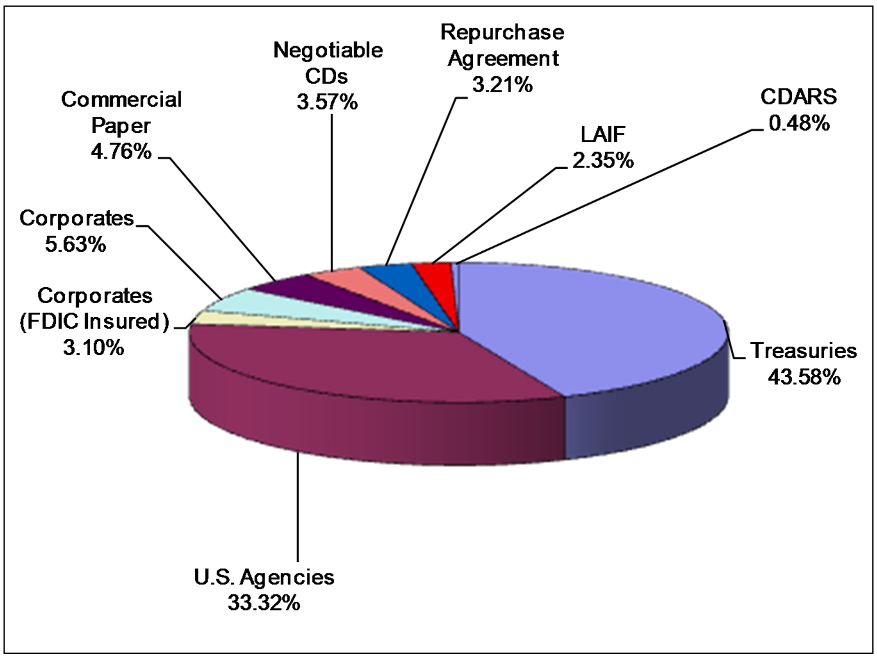
***Annualized Returns**

Portfolio Profile as of September 30, 2011

	Liquidity	*Core*
Portfolio Size*	$752,120,576	$1,346,589,035
% of total pool	35.84%	64.16%
Portfolio Duration**	0.378	1.649
Index Duration**	0.377	1.882
% of index	100.35%	87.62%
Weighted Average Days to Maturity	161	634

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

Asset Allocation



Top Issuer Exposures

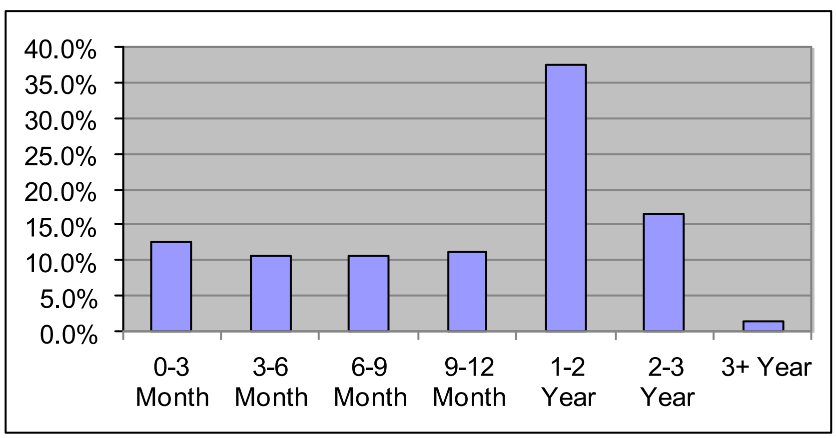
Issuer	% of Portfolio
U.S. Treasury	43.58%
Federal Home Loan Bank	10.48%
Freddie Mac	8.04%
Fannie Mae	7.07%
Federal Farm Credit Bank	6.78%
General Electric	1.92%
JP Morgan Chase	1.19%
Rabobank USA	1.19%
Svenska Handelsbanken NY	1.19%
Royal Bank of Canada NY	1.19%
Nestle Capital Corp	1.19%
Toyota Motor Credit Corp.	1.19%
UBS Finance	1.19%
Natl Credit Union Admin.	0.95%
The Procter & Gamble Co.	0.81%
Berkshire Hathaway Inc.	0.71%

Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	43.58%
Agency (AAA)	33.32%
AAA/A1	11.91%
AA	3.65%
A	1.50%
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

In response to the economic slowdown and financial market jitters stemming from the Eurozone as well as U.S. political buffoonery, the FOMC on Aug. 9 released a statement indicating that they are likely to keep rates exceptionally low until mid-2013. They followed that up in September with a plan to extend the maturity of their Treasury holdings by selling $400 billion of front end bonds and buying $400 billion of longer maturities.

The combined effect led to record low rates at the very front end of the yield curve and a sharp decrease in longer rates resulting in a much flatter yield curve.

While this very low rate environment makes investing the Pooled Investment Fund challenging, the soft commitment to keep rates low for a set period actually makes the job a little easier. This is because we do not have to worry about a sharp increase in rates for at least a little while.

As a result, though we have remained short duration versus our index, we can get a little closer to the index duration which will help increase portfolio yield at the margin. You may ask why we don't go to full duration or even long duration to further enhance yield. The answer is that while the Fed did commit to "likely" keep the Fed Funds rate at extremely low levels, longer maturities, including 2 and 3 year securities, could technically still move higher if there's any indication the FOMC might step away from this soft pledge. So from a risk/reward standpoint, staying short duration still makes sense.

One positive of the flight-to-quality trade on a going forward basis has been the widening of U.S. agency and corporate securities versus Treasuries. This widening has allowed us to add securities at more attractive levels. We feel that once some of the turmoil in Europe and at home settles down, spreads will tighten back in to Treasuries which will lead to enhanced performance.

Other strategies we may employ in the coming quarter include adding more callable securities to the portfolio. With the recent volatility in markets, these securities have become quite attractive and should outperform as front-end rates stay anchored at lower levels.

Additionally, we will look to add a small position in AAA benchmark asset-backed securities. These are securities that are backed by a pool of consumer receivables, namely auto loans and credit card balances. These structures offer value versus other investments, are safe from a credit standpoint, and are very liquid, meeting all of our investment objectives.

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
October	232	176	56	56
November	229	181	48	104
December	340	155	185	289
January	335	301	34	323
February	230	197	33	356
March	247	223	24	380

(All dollar amounts in millions)

Legend:

Cash Inflows- All revenues, reimbursements, interest receipts and investment maturities.

Cash Outflows- All disbursements to include payroll, pension payroll, accounts payable and wire transfer payments (e.g. water payments, IRS taxes and bond payments).

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

* 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 – 87.62% Complies - 100.35
Maximum Maturity	5 years	Complies
Agency Securities	100% maximum	Complies – 33.32%
FNMA	33.3% maximum	Complies– 7.07%
FHLMC	33.3% maximum	Complies – 8.04%
FHLB	33.3% maximum	Complies – 10.48%
FFCB	33.3% maximum	Complies – 6.78%
Callable Securities	30% maximum	Complies – 10.01%
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 – 4.76%
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 – 8.73%
Mutual Funds	20% maximum; 5% maximum per fund	Complies – None in Portfolio
FDIC-insured Certificates of Deposit	2% maximum	Complies – 0.48%
Certificate and Public Deposits	30% maximum	Complies – 3.57%
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 - 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 September 30, 2011

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	1.375	3/15/2012	$15,000,000.00	$15,015,022.59	$15,085,500.00
US Treasury Note	US Treasury	0.75	5/31/2012	$30,000,000.00	$30,167,578.13	$30,120,000.00
US Treasury Note	US Treasury	0.625	7/31/2012	$50,000,000.00	$49,971,080.50	$50,190,000.00
US Treasury Note	US Treasury	1.75	8/15/2012	$15,000,000.00	$15,116,015.62	$15,204,000.00
US Treasury Note	US Treasury	1.375	9/15/2012	$25,000,000.00	$24,945,312.50	$25,280,000.00
US Treasury Note	US Treasury	1.375	9/15/2012	$5,000,000.00	$5,004,101.56	$5,056,000.00
US Treasury Note	US Treasury	1.375	10/15/2012	$25,000,000.00	$24,936,523.44	$25,305,000.00
US Treasury Note	US Treasury	0.375	10/31/2012	$20,000,000.00	$20,011,718.75	$20,042,000.00
US Treasury Note	US Treasury	1.375	11/15/2012	$25,000,000.00	$25,193,359.37	$25,330,000.00
US Treasury Note	US Treasury	0.5	11/30/2012	$30,000,000.00	$30,025,781.25	$30,108,000.00
US Treasury Note	US Treasury	1.125	12/15/2012	$30,000,000.00	$29,759,765.63	$30,330,000.00
US Treasury Note	US Treasury	0.625	12/31/2012	$25,000,000.00	$25,000,976.56	$25,132,500.00
US Treasury Note	US Treasury	0.625	1/31/2013	$25,000,000.00	$24,981,404.25	$25,137,500.00
US Treasury Note	US Treasury	1.375	2/15/2013	$25,000,000.00	$25,019,531.25	$25,387,500.00
US Treasury Note	US Treasury	0.625	2/28/2013	$25,000,000.00	$24,932,617.19	$25,142,500.00
US Treasury Note	US Treasury	1.375	3/15/2013	$25,000,000.00	$24,841,796.88	$25,410,000.00
US Treasury Note	US Treasury	0.75	3/31/2013	$25,000,000.00	$24,958,984.38	$25,197,500.00
US Treasury Note	US Treasury	0.625	4/30/2013	$40,000,000.00	$40,001,358.70	$40,244,000.00
US Treasury Note	US Treasury	1.375	5/15/2013	$15,000,000.00	$15,077,343.75	$15,267,000.00
US Treasury Note	US Treasury	0.5	5/31/2013	$40,000,000.00	$40,016,171.45	$40,168,000.00
US Treasury Note	US Treasury	1.125	6/15/2013	$25,000,000.00	$24,948,581.00	$25,360,000.00
US Treasury Note	US Treasury	1.125	6/15/2013	$20,000,000.00	$19,957,812.50	$20,288,000.00
US Treasury Note	US Treasury	0.375	6/30/2013	$15,000,000.00	$14,968,359.38	$15,033,000.00
US Treasury Note	US Treasury	0.375	6/30/2013	$10,000,000.00	$9,978,226.90	$10,022,000.00
US Treasury Note	US Treasury	1	7/15/2013	$40,000,000.00	$39,959,339.20	$40,508,000.00
US Treasury Note	US Treasury	0.375	7/31/2013	$40,000,000.00	$40,006,657.61	$40,088,000.00
US Treasury Note	US Treasury	0.75	8/15/2013	$10,000,000.00	$9,984,154.20	$10,087,000.00
US Treasury Note	US Treasury	0.75	8/15/2013	$20,000,000.00	$19,937,500.00	$20,174,000.00
US Treasury Note	US Treasury	0.125	8/31/2013	$75,000,000.00	$74,883,070.05	$74,812,500.00
US Treasury Note	US Treasury	1.25	2/15/2014	$25,000,000.00	$25,049,804.69	$25,522,500.00
US Treasury Note	US Treasury	1.25	3/15/2014	$20,000,000.00	$19,996,093.75	$20,430,000.00
US Treasury Note	US Treasury	1.25	4/15/2014	$25,000,000.00	$24,956,013.75	$25,545,000.00
US Treasury Note	US Treasury	0.625	7/15/2014	$25,000,000.00	$24,986,328.13	$25,152,500.00
US Treasury Note	US Treasury	0.5	8/15/2014	$25,000,000.00	$25,133,704.13	$25,065,000.00
US Treasury Note	US Treasury	0.25	9/15/2014	$25,000,000.00	$24,944,335.94	$24,877,500.00
Treasury Total			***43.58%***	***$915,000,000.00***	***$914,666,424.98***	***$922,102,000.00***
US Agency	Federal Home Loan Bank	0.18	12/23/2011	$25,000,000.00	$24,994,500.00	$25,007,812.50
US Agency	Federal Farm Credit Bank	0.3	2/1/2012	$25,000,000.00	$25,011,000.00	$25,015,625.00
US Agency	Federal Home Loan Bank	0.15	2/17/2012	$25,000,000.00	$24,997,475.00	$25,007,812.50
US Agency	Federal Farm Credit Bank	0.28	3/1/2012	$25,000,000.00	$24,998,875.00	$25,015,625.00
US Agency	Federal Home Loan Bank	0.28	3/28/2012	$25,000,000.00	$24,997,500.00	$25,007,812.50
US Agency	Federal Farm Credit Bank	0.2	4/4/2012	$12,500,000.00	$12,476,666.67	$12,496,093.75
US Agency	Federal Home Loan Bank	2.25	4/13/2012	$20,000,000.00	$19,980,000.00	$20,212,500.00
US Agency	Fannie Mae	1.875	4/20/2012	$15,000,000.00	$14,981,100.00	$15,131,250.00
US Agency	Federal Farm Credit Bank	2.25	4/24/2012	$10,000,000.00	$9,999,800.00	$10,109,375.00
US Agency	Freddie Mac	1.125	4/25/2012	$23,550,000.00	$23,749,704.00	$23,667,750.00
US Agency	Fannie Mae	0.19	5/11/2012	$25,000,000.00	$24,962,923.61	$24,992,187.50
US Agency	Fannie Mae	0.18	5/25/2012	$18,600,000.00	$18,569,310.00	$18,594,187.50
US Agency	Federal Home Loan Bank	0.35	7/17/2012	$20,000,000.00	$20,000,000.00	$19,987,500.00
US Agency	Freddie Mac	0.15	7/20/2012	$25,000,000.00	$24,965,625.00	$24,984,375.00
US Agency	Federal Home Loan Bank	0.35	7/25/2012	$20,000,000.00	$20,000,000.00	$19,993,750.00
US Agency	Federal Home Loan Bank	0.4	8/17/2012	$20,000,000.00	$20,000,000.00	$20,006,250.00
US Agency	Federal Home Loan Bank	0.28	9/7/2012	$20,000,000.00	$20,000,000.00	$20,000,000.00

City of San Diego Pooled Investment Fund Holdings as of September 30, 2011 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Agency	Federal Home Loan Bank	0.35	9/18/2012	$20,000,000.00	$20,000,000.00	$20,006,250.00
US Agency	Freddie Mac	0.6	11/2/2012	$10,000,000.00	$10,000,000.00	$10,003,125.00
US Agency	Freddie Mac	0.5	2/15/2013	$10,000,000.00	$10,000,000.00	$9,996,875.00
US Agency	Federal Farm Credit Bank	1.75	2/21/2013	$20,000,000.00	$19,947,400.00	$20,350,000.00
US Agency	NCUA Guaranteed	0.245	6/12/2013	$20,000,000.00	$20,000,000.00	$20,000,000.00
US Agency	Federal Farm Credit Bank	1.375	6/25/2013	$25,000,000.00	$24,922,000.00	$25,445,312.50
US Agency	Fannie Mae	0.55	8/23/2013	$10,000,000.00	$10,005,000.00	$9,990,625.00
US Agency	Freddie Mac	0.5	8/23/2013	$10,000,000.00	$10,000,000.00	$9,978,125.00
US Agency	Federal Home Loan Bank	0.5	8/28/2013	$25,000,000.00	$24,965,250.00	$25,039,062.50
US Agency	Fannie Mae	0.55	9/6/2013	$10,000,000.00	$10,000,000.00	$9,975,000.00
US Agency	Freddie Mac	0.375	10/30/2013	$35,000,000.00	$34,977,950.00	$34,945,312.50
US Agency	Freddie Mac	1.05	12/9/2013	$10,000,000.00	$10,000,000.00	$10,012,500.00
US Agency	Federal Farm Credit Bank	1.125	2/27/2014	$25,000,000.00	$24,950,750.00	$25,351,562.50
US Agency	Freddie Mac	0.75	6/16/2014	$20,000,000.00	$20,000,000.00	$20,012,500.00
US Agency	Freddie Mac	1	8/27/2014	$25,000,000.00	$24,967,000.00	$25,273,437.50
US Agency	Fannie Mae	0.875	8/28/2014	$35,000,000.00	$34,937,000.00	$35,218,750.00
US Agency	Fannie Mae	0.85	9/12/2014	$10,000,000.00	$10,000,000.00	$9,962,500.00
US Agency	Fannie Mae	0.625	10/30/2014	$25,000,000.00	$24,987,750.00	$24,937,500.00
U.S. Agency Total			***33.32%***	***$699,650,000.00***	***$699,344,579.28***	***$701,728,343.75***
LAIF	California State Pool	0.48	10/1/2011	$49,334,191.78	$49,334,191.78	$49,334,191.78
Repo	Repurchase Agreement	0.03	10/3/2011	$67,209,780.00	$67,209,780.00	$67,209,780.00
Commercial Paper	General Electric Capital	0.24	10/28/2011	$25,000,000.00	$24,969,166.67	$24,995,312.50
Commercial Paper	UBS Finance Delaware	0.265	11/10/2011	$25,000,000.00	$24,965,034.72	$24,993,055.56
Commercial Paper	Nestle Capital Corp.	0.17	11/25/2011	$25,000,000.00	$24,977,333.33	$24,990,451.39
Commercial Paper	Toyota Motor Credit	0.28	12/9/2011	$10,000,000.00	$9,987,944.44	$9,994,441.67
Commercial Paper	Toyota Motor Credit	0.37	1/27/2012	$15,000,000.00	$14,977,183.33	$14,983,775.00
Negotiable CD	Rabobank NY	0.25	1/6/2012	$25,000,000.00	$25,000,000.00	$25,001,351.46
Negotiable CD	Svenska Handelsbanken NY	0.31	1/20/2012	$25,000,000.00	$25,000,000.00	$25,006,206.69
Negotiable CD	Royal Bank of Canada NY	0.343	6/7/2012	$25,000,000.00	$25,000,000.00	$24,990,040.70
Non-Negotiable CDs	BSBB CDARS	1.25	2/16/2012	$10,000,000.00	$10,000,000.00	$10,000,000.00
Repo, BA's, CD's, CP,	***LAIF, Funds Total***		***14.36%***	***$301,543,971.78***	***$301,420,634.27***	***$301,498,606.75***
MTN (NCUA Insured)	US Central Federal Credit Union	1.25	10/19/2011	$10,000,000.00	$9,998,721.51	$10,004,687.50
Medium Term Note	General Electric Capital Corp.	5.5	11/15/2011	$10,000,000.00	$10,190,000.00	$10,054,687.50
MTN (FDIC Insured)	Wells Fargo & Company	3	12/9/2011	$5,000,000.00	$4,999,021.44	$5,025,000.00
MTN (FDIC Insured)	American Express Bank FSB	3.15	12/9/2011	$5,000,000.00	$4,999,338.66	$5,028,906.25
MTN (FDIC Insured)	General Electric Capital Corp.	3	12/9/2011	$5,000,000.00	$5,044,930.24	$5,026,562.50
Medium Term Note	Berkshire Hathaway Inc.	1.4	2/10/2012	$10,000,000.00	$9,998,359.40	$10,035,937.50
Medium Term Note	The Walt Disney Co.	6.375	3/1/2012	$10,000,000.00	$10,539,690.00	$10,228,125.00
Medium Term Note	Pfizer Inc.	4.45	3/15/2012	$10,000,000.00	$10,213,700.00	$10,170,312.50
MTN (FDIC Insured)	Citibank NA	1.875	5/7/2012	$5,000,000.00	$4,986,950.00	$5,047,656.25
MTN (FDIC Insured)	Citibank NA	1.875	6/4/2012	$5,000,000.00	$4,984,950.00	$5,053,906.25
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.2	6/15/2012	$5,000,000.00	$4,996,900.00	$5,066,406.25
MTN (FDIC Insured)	Wells Fargo & Company	2.125	6/15/2012	$5,000,000.00	$4,998,700.00	$5,061,718.75
MTN (FDIC Insured)	JP Morgan Chase & Co.	2.125	6/22/2012	$20,000,000.00	$20,067,200.00	$20,271,875.00
Medium Term Note	Procter & Gamble Co.	1.375	8/1/2012	$10,000,000.00	$9,992,700.00	$10,064,062.50
Medium Term Note	Berkshire Hathaway Inc.	5.125	9/15/2012	$4,500,000.00	$4,883,220.00	$4,692,656.25
Medium Term Note	3M Company	4.65	12/15/2012	$10,000,000.00	$10,715,400.00	$10,506,250.00
Medium Term Note	General Dynamics Corp.	4.25	5/15/2013	$10,000,000.00	$10,758,511.11	$10,562,500.00
Medium Term Note	Wal-Mart Stores Inc.	0.75	10/25/2013	$10,000,000.00	$9,965,700.00	$10,029,400.00
Medium Term Note	Wal-Mart Stores Inc.	1.625	4/15/2014	$3,000,000.00	$2,991,900.00	$3,064,218.75
Medium Term Note	Colgate-Palmolive Co.	1.25	5/1/2014	$4,000,000.00	$3,994,160.00	$4,045,625.00

City of San Diego Pooled Investment Fund Holdings as of September 30, 2011 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Medium Term Note	Johnson & Johnson	1.2	5/15/2014	$10,000,000.00	$9,988,300.00	$10,142,187.50
Medium Term Note	Google Inc.	1.25	5/19/2014	$7,000,000.00	$6,998,390.00	$7,096,250.00
Medium Term Note	Procter & Gamble Co.	0.7	8/15/2014	$7,000,000.00	$6,971,230.00	$7,014,218.75
Corporate MTN's and Other Notes Total			***8.73%***	***$180,500,000.00***	***$183,277,972.36***	***$183,293,150.00***
Grand Total			***100.00%***	***$2,096,693,971.78***	***$2,098,709,610.89***	***$2,108,622,100.50***

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.