City of San Diego

Pooled Investment Fund Quarterly Review

Quarter ended

12/31/15

Publication Date: 1/29/16

Office of the City Treasurer—Investments Division

Economic Commentary

After seven years of zero interest rates, the Federal Open Market Committee (FOMC) finally hiked rates in December, moving the Fed Funds target range from 0-0.25% to 0.25-0.50%. This marked the first time the Fed has raised rates since June 2006.

However, as monumental as the announcement may have been, it is still very important to realize that rates are still extremely low historically (See Chart 1).

In the accompanying statement, the FOMC indicated that future monetary policy would be data-dependent, essentially meaning they would decide at each meeting as opposed to committing to a prescribed pace of rate hikes. Indeed, there are many factors involved in how much and how quickly they will hike rates going forward (See Hot Topic article, page 2).

One factor favoring a steady pace of interest rate hikes is the labor picture. December non-farm payrolls increased by 292,000, well ahead of expectations. In fact, the average monthly gain for the quarter was 284,000 jobs, a very strong number. Additionally, the unemployment rate is 5.0 percent, almost where most FOMC members consider to be full employment. The only potential weakness has been average hourly earnings, which were flat in December on a month-over-month basis.

This lack of wage pressure and a continued decline in commodity prices has kept inflation rates below the 2% FOMC target.

Crude oil prices plummeted another 17.85% during the quarter. While this is on the surface good for consumers, so far it really hasn't translated into higher consumption, though auto sales have been fairly robust. If oil continues its slide, it will eventually lead to an economic downturn as companies go bankrupt, people lose their jobs, and issuers default on debt payments.

There is also concern about manufacturing. Though it represents a minor percentage of the U.S. economy, it is nonetheless struggling. The ISM Manufacturing index already has signaled a recession in this space, with two consecutive sub-50 monthly readings.

Quarterly Economic Highlights

- The U.S. unemployment rate ended the quarter at 5.0%
- The U.S. stock market, as measured by the S&P 500, rose by 6.45% during the quarter
- Crude Oil futures fell by 17.85% to end at $37.04/barrel
- The Fed Funds target rate increased to a range of 0.25-0.50%

Contents:

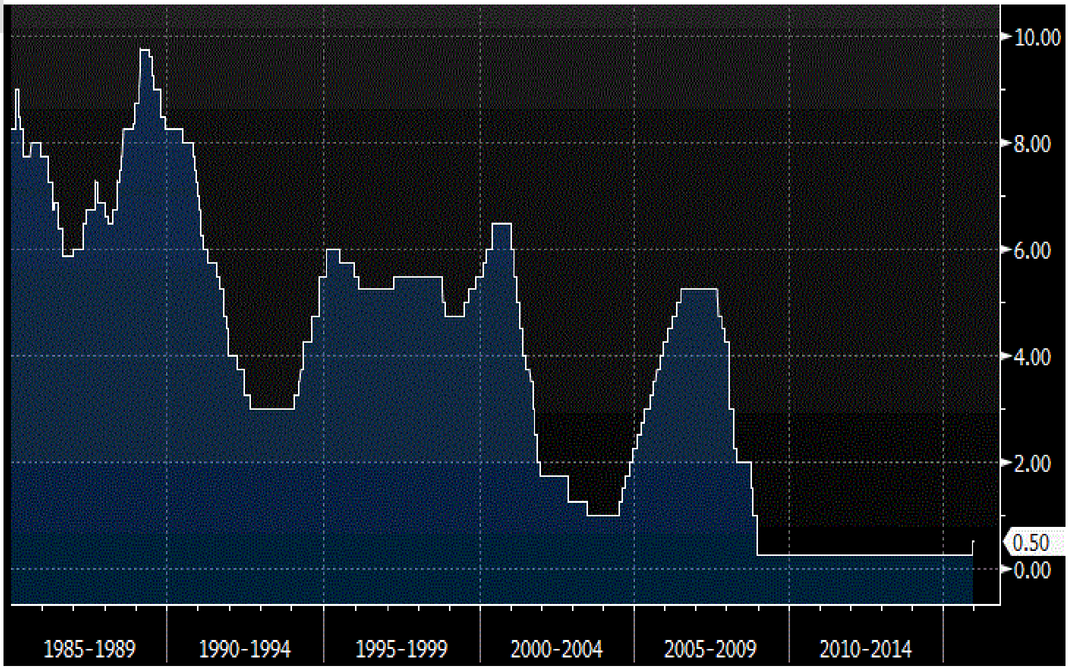


Chart 1: Fed Funds Target Rate—Upper Bound (1985—2015) (Source: Bloomberg)

Hot Topic Corner— OK, Now What?

The FOMC began its long road to normalization at the December meeting, raising the Fed Funds rate to a range of 0.25-0.50%. It had been kept near zero for seven years. This was also the first rate hike since June 2006.

The FOMC also removed the overall cap on the Reverse Repurchase Agreement program (it was previously capped at $300 billion daily) in an effort to floor rates at 0.25%.

Financial markets initially took the move in stride, as the hike was widely expected after several months of strong jobs reports. Interestingly, longer rates did not really move much, resulting in a flattening yield curve. Part of the reason for the lack of longer rate response was the FOMC lowering its forecasts for the Fed Funds rates at the end of 2017 and 2018.

Also, this was widely seen as a dovish rate hike, with the statement and minutes from the meeting indicating that the FOMC will be cautious in its future monetary policy moves. The FOMC stated that future policy would be data-dependent and decided at each meeting based on prevailing economic conditions.

This stands in contrast to some previous episodes of rate normalization, where there have been steady if not methodical rate hikes at set intervals, often telegraphed in advance by the FOMC.

This makes predicting future rate moves more difficult, as the economy itself, while growing, has not seen the robust growth in this current expansion that it has in previous expansions. Additionally, this expansion already ranks among the longest in history.

Another complicating factor is the fact that inflation has remained stubbornly low despite the very solid labor picture over the past several months. Since the December meeting, there have already been several FOMC members who have expressed concerns about the current and future levels of inflation.

There has also been some recent tumult in the financial markets both in the U.S. and abroad, caused by a perceived economic slowdown in China and a crash in commodity markets.

The FOMC has already proven that it can be spooked by market turmoil. It flinched at the September 2015 meeting, holding rates at zero instead of hiking because of its concern about the market moves in August.

In the December Summary of Economic Projections, the FOMC median forecast for the Fed Funds rate at the end of 2016 was 1.375%, implying four more rate hikes this year. If they do not hike three or four times, it may signal that the FOMC feels something is wrong.

As of this writing, the next rate hike is not fully priced in by the markets until November 2016. This leaves the possibility that this rate normalization cycle will end with a terminal rate much lower than even current FOMC projections, or depending on the economic picture over the next year, that the recent hike might be the only one before the FOMC lowers rates back to zero.

Tom Williams, Investment Officer

Key Economic Indicators

Indicator	*Period*	*Report Current*	*As Reported Last Quarter*	*Difference*
Federal Funds Rate	12/16/2015	0.25-0.50%	0-0.25%	0.25%
Consumer Price Index (MoM)	DEC	(0.1%)	(0.2%)	0.1%
Consumer Price Index (YoY)	DEC	0.7%	0.0%	0.7%
Producer Price Index (MoM)	DEC	(0.2%)	(0.5%)	0.3%
Producer Price Index (YoY)	DEC	(1.0%)	(1.1%)	0.1%
Durable Goods Orders	DEC	(5.1%)	(1.2%)	(3.9%)
ISM (Manufacturing)	DEC	48.2	50.2	(2.0)
ISM (Non-manufacturing)	DEC	55.3	56.9	(1.6)
Retail Sales	DEC	(0.1%)	0.1%	(0.2%)
Unemployment Rate	DEC	5.0%	5.1%	(0.1%)
Change in Non-farm Payrolls	DEC	292,000	142,000	150,000
Consumer Confidence (Univ. of Michigan)	JAN (P)	93.3	92.1	1.2
Existing Home Sales	DEC	5.46(mil)	5.55(mil)	(0.09)(mil)
New Home Sales	DEC	0.544(mil)	0.468(mil)	0.076(mil)
Housing Starts	DEC	1.149(mil)	1.206(mil)	(0.057)(mil)
Median Home Price (existing) [EHSLMP]	DEC	$226,000	$223,300	$2,700
NYMEX WTI CRUDE OIL (barrel)	12/31/15	$37.04	$45.09	($8.05)
S&P 500 Stock Index	12/31/15	2043.94	1920.03	123.91

Portfolio Performance

The Core Portfolio outperformed its benchmark, the Bank of America Merrill Lynch 1-3 year Treasury Index, posting a return of -0.331% versus index performance of -0.443% during the quarter.

Chart 2 shows a yield curve that bear flattened during the quarter, as shorter maturity securities increased in yield more than longer maturity securities. This was due to the FOMC increasing interest rates for the first time in over nine years at the December meeting.

As we were short duration versus the index while rates increased, "Effective Duration Effect" added 3.7 basis points of performance versus the index.

"Non-parallel Duration Effect" also added 2.6 basis points of performance versus the index. This can be attributed to the portfolio being short in the 2– and 3-year areas of the curve, which were particularly hard hit by the interest rate hike.

"Sector/Quality Effect" added 1 basis point to performance, as our non-Treasury securities, particularly Agencies, outperformed Treasuries. While Treasury securities took the full brunt of the rate move, our Agency securities did not drop in price by as much due to spread compression.

"Selection Effect" added 6.8 basis points of performance versus the index, as our securities as a whole outperformed index securities.

"Roll Effect" subtracted 5 basis points of performance versus the index due to the fact that we were underweight the 2– and 3-year parts of the curve. This part of the curve was fairly steep, causing index securities to benefit by this effect more than portfolio securities.

"Income Effect" subtracted 20.8 basis points versus the index due to the continued effect of the index holding higher-coupon bonds than the portfolio, which is more concentrated in newer, current-coupon bonds.

However, "Amortization Effect" added 23 basis points of relative performance as the index also has more bonds with higher dollar prices than the portfolio, resulting in larger amortization of premium down to par for the index.

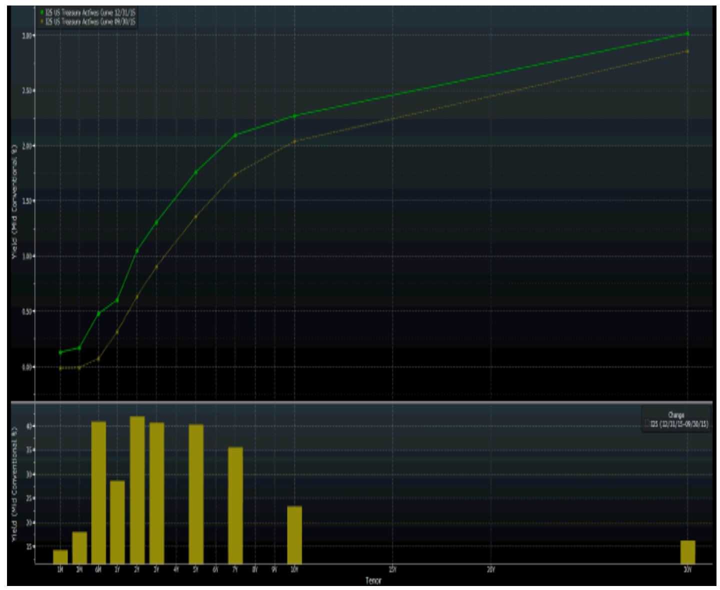


Chart 2: U.S. Treasury Yield Curve 9/30/15-12/31/15 (Source: Bloomberg)

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 2015	Q3 2015	Q2 2015	FYTD 2016	1 Year	3 Year
Total Pooled Investment Fund	0.75%	0.69%	0.59%	0.72%	0.63%	0.53%
Core Portfolio	0.94%	0.88%	0.83%	0.91%	0.84%	0.67%
Liquidity Portfolio	0.36%	0.27%	0.23%	0.32%	0.26%	0.28%

Total Return—Core Portfolio

	Q4 2015	Q3 2015	Q2 2015	FYTD 2016	1 Year	3 Year*
Core Portfolio	(0.33%)	0.32%	0.14%	(0.01%)	0.58%	0.51%
BAML 1 - 3 Year Treasury Index	(0.44%)	0.31%	0.15%	(0.13%)	0.53%	0.50%
Difference	0.11%	0.01%	(0.02%)	0.12%	0.05%	0.01%

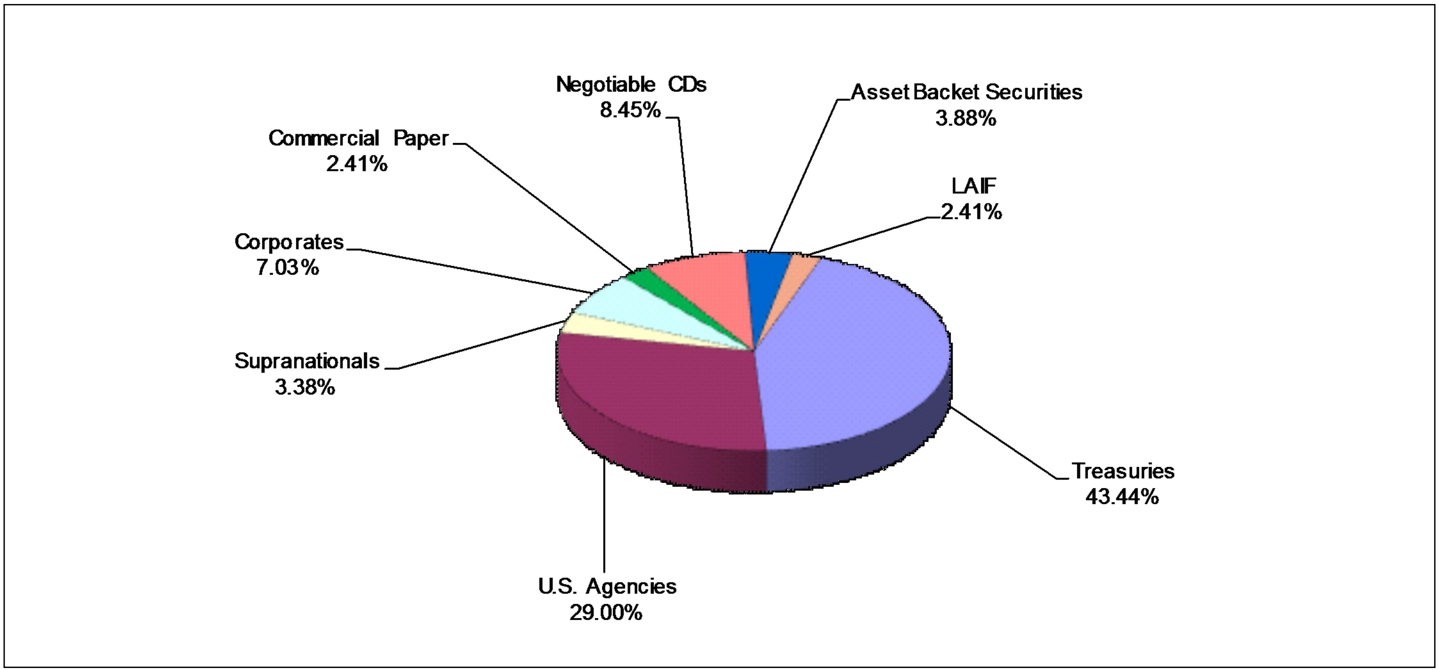
*Annualized Returns

Portfolio Profile as of December 31, 2015

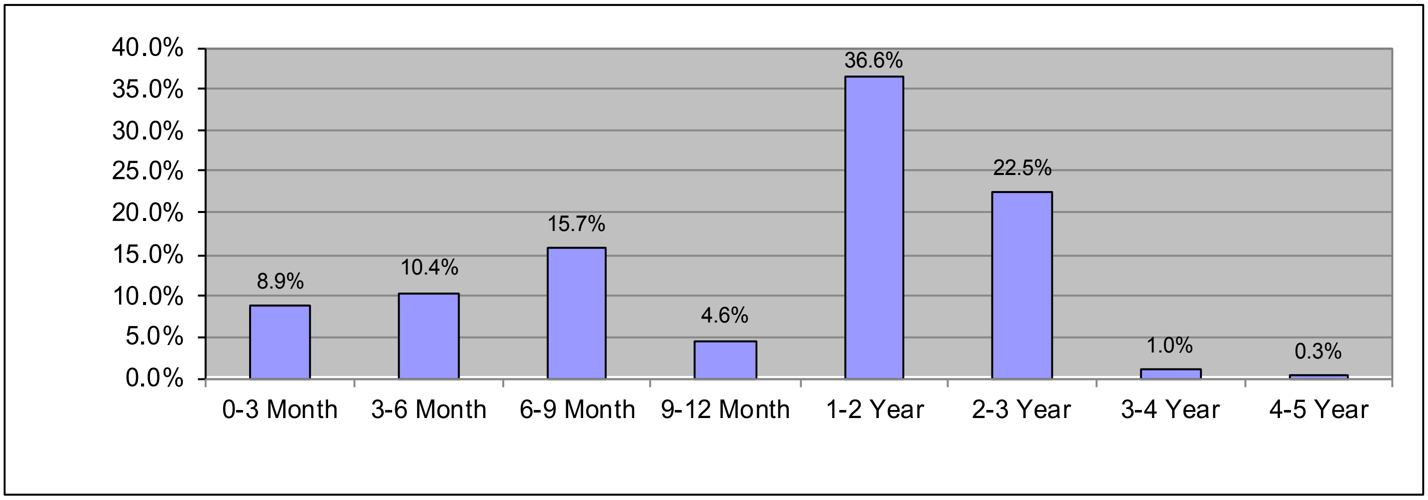
	Liquidity	Core
Portfolio Size*	$668,285,436	$1,402,091,079
% of total pool	32.28%	67.72%
Portfolio Duration**	0.37	1.651
Index Duration**	0.36	1.866
% of index	102.25%	88.48%
Weighted Average Days to Maturity	137.89	678.39

* 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



Pool Maturity Distribution



Credit Profile as of December 31, 2015

Credit Ratings

Ratings Buckets	% of Portfolio
U.S. Treasury (AAA)	43.44%
Agencies (AAA)	28.99%
AAA/A1	18.84%
AA	2.26%
A	4.05%
Below A	0.00%

- All Commercial Paper is rated A1 or A1+ and is included in the AAA/A1 bucket
- All Negotiable Certificates of Deposit are rated A1 or A1+ and are included in the AAA/A1 bucket
- Repurchase agreements are not included, though they are collateralized at 102% by AAA-rated collateral
- LAIF and money market funds are not included
- Municipal securities not included in above chart as they are rated on a municipal rating scale

Top Issuer Exposures

Issuer	% of Portfolio
U.S. Treasury	43.44%
Fannie Mae	10.03%
Federal Home Loan Bank System	9.32%
Freddie Mac	4.83%
Federal Farm Credit Bank	4.82%
Int'l Bank for Recon & Development	2.17%
Wells Fargo Bank NA	1.69%
General Electric Capital Corp.	1.44%
Svenska Handelsbanken NY	1.21%
Skandinaviska Enskilda Banken NY	1.21%
Toronto-Dominion Bank NY	1.21%
Bank of Nova Scotia/Houston	1.21%
Royal Bank of Canada NY	1.21%
Rabobank Nederland NY	1.21%
Inter-American Development Bank	1.21%
Toyota Auto Receivables Owners Trust	1.20%

Pooled Investment Fund Corporate Issuers

Issuer	Moody's	S&P	Egan-Jones	5yr CDS level	Q/Q % change	Equity Price	Q/Q % change	Longest maturity
Apple Inc.	Aa1	AA+	AA	24.06	-18.80%	$105.26	-4.57%	854 days
Bank of Nova Scotia Houston	P-1	A-1	A1	N/A	N/A	$40.44	-8.26	183 days
Berkshire Hathaway Inc.	Aa2	AA (-)	AA+	67.51	2.77%	$197,800.00	1.31%	743 days
Cisco Systems Inc.	A1	AA-	AA	32.23	-13.43%	$27.16	3.47%	1,156 days
Deere & Co.	A2	A	BBB	69.44	6.91%	$76.27	3.07%	22 days
General Electric Co.	A1	AA+ (-)	A+	40.59	-18.61%	$31.15	23.51%	183 days
Home Depot Inc.	A2	A	A+	N/A	N/A	$132.25	14.51%	614 days
IBM Corp.	Aa3	AA-	AA-	43.69	-12.30%	$137.62	-5.07%	862 days
JP Morgan Chase	A3	A-	A+	73.16	-17.58%	$66.03	8.30%	149 days
Johnson & Johnson	Aaa	AAA	AA+	18.75	1.30%	$102.72	10.04%	783 days
Merck & Co. Inc.	A1	AA	A	14.79	2.00%	$52.82	6.94%	859 days
Microsoft Corp	Aaa	AAA	AA	N/A	N/A	$55.48	25.35%	1,038 days
Oracle Corp.	A1	AA-	AA-	28.44	-2.11%	$36.53	1.14%	654 days
PepsiCo Inc.	A1	A	A	41.50	0.00%	$99.92	7.05%	652 days
Rabobank Nederland NY	P-1	A-1	A1	51.78	-28.85%	N/A	N/A	183 days
Royal Bank of Canada NY	P-1	A-1+	A1+	N/A	N/A	$53.58	-3.02%	183 days
Skandinaviska Enskilda Banken NY	P-1	A-1	N/A	69.09	-18.47%	$10.61	-0.47%	183 days
Svenska Handelsbanken NY	P-1	A-1+	N/A	48.97	-27.06%	$13.40	-6.22%	183 days
Texas Instruments Inc.	A1	A+	AA-	38.29	-3.01%	$54.81	8.89%	852 days
Toronto-Dominion Bank NY	P-1	A-1+	A1+	72.78	N/A	$39.17	-0.63%	183 days
Toyota Motor Credit Corp.	P-1	A-1+	A1+	65.74	-17.25%	$123.04	4.91%	183 days
US Bancorp	A1	A+	A+	66.54	4.03%	$42.67	4.05%	396 days
Wal-Mart Stores Inc.	Aa2	AA	A+	N/A	N/A	$61.30	-5.46%	832 days
Walt Disney Co.	A2	A	AA-	16.34	-37.59%	$105.08	2.82%	991 days
Wells Fargo & Co.	A2	A	A+	52.66	-18.13%	$54.36	5.86%	154 days
S&P 500 Index						**2043.94**	**6.45%**	
CDX IG25 Index				**88.24**	**-5.73%**			

CDS level: the 5-year Credit Default Swap of the underlying parent company as of quarter end. Equity Price: stock price of the underlying parent company (if applicable) as of quarter end. (+) or (-) after rating indicates a credit rating that is under review for upgrade or downgrade

Portfolio Strategy

At the December FOMC meeting, the Fed Funds target rate was increased by 25 basis points, the first increase in over nine years. In the Summary of Economic Projections that accompanied December's statement, the median expected Fed Funds rate at the end of 2016 remained at 1.375%, signaling another four rate increases this year.

However, the FOMC statement and minutes from that meeting had a dovish tone, and it was very clear that future rate increases are going to be data-dependent and decided meeting-by-meeting.

As we are now possibly in the midst of a rising rate regime, we will continue to maintain a short duration position in the Core portfolio versus the index in anticipation of the interest rate increases. It is currently positioned at about 89% of index duration, and will likely remain there over the next few quarters in an effort to not only outperform the index, but more importantly to mitigate portfolio losses as rates rise.

Additionally, depending upon how the steepness of the yield curve evolves, we may look for opportunities to structure the portfolio in more of a barbell fashion, favoring short fixed and floating rate securities in the front end as well as 4-5 year securities in the long end. This will allow the portfolio to capture the rise in rates quickly while maintaining a fair amount of yield.

The rates on overnight investments have increased with the rate hike, though they remain very low. As such, we will continue to keep overnight cash balances fairly low and manage liquidity through upcoming maturities and by investing out to future known cash outflows such as payroll and debt service payment dates.

Spreads on corporate and asset-backed bonds remain at wide levels. As a result, we will look for potentially attractive corporate bonds in the new issue and secondary markets, and buy additional asset-backed securities in the new issue market. The first quarter is typically one of heavy new issuance, so there should be opportunities to add to these sectors.

Given that rates are likely to rise over the next several years, we will look to add some additional floating rate exposure to both the Core and Liquidity portfolios. This will allow us to capture higher coupon income more quickly, and will lower the amount of unrealized losses in the portfolios as these types of securities tend to remain near a par price due to the frequent rate resets.

One notable development during the quarter was that the California State Pool (Local Agency Investment Fund, or LAIF) announced an increase in the total balance that any one agency may hold to $65 million from $50 million. We may look to add to the balance currently held as we consider LAIF to be a safe, liquid cash alternative.

Additionally, given the increase in rates, we may start to explore the possibility of utilizing one or more money market funds to hold some cash in the future. Since the financial crisis, there have been numerous new regulations imposed upon these funds that we will need to more fully evaluate to determine whether such funds are still a fit.

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	527	270	257	257
February	236	212	24	281
March	243	170	73	354
April	284	158	126	480
May	430	137	193	673
June	308	175	133	806

(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)	BAML 1-3 Year +/-20% BAML US T-bill 3-6 months +/-40%	Complies – 88.48% Complies - 102.25%
Maximum Maturity	5 years	Complies
Supranationals	30% maximum	Complies – 3.38%
FNMA	33.3% maximum	Complies– 10.03%
FHLMC	33.3% maximum	Complies – 4.83%
FHLB	33.3% maximum	Complies – 9.32%
FFCB	33.3% maximum	Complies – 4.82%
Callable Securities	30% maximum	Complies – 4.59%
MBS/CMO's	5 yr maximum- 20% max.	Complies – None in Portfolio
Asset-backed	5 yr maximum- 20% max.	Complies – 3.88%
Commercial Paper	A1/P1- 5% per issuer	Complies
	25% maximum	Complies – 2.41%
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
	5 year maximum	Complies
	30% maximum	Complies – 7.03%
Mutual Funds	20% maximum; 5% maximum per fund	Complies – None in Portfolio
FDIC-insured Certificates of Deposit	2% maximum	Complies – None in Portfolio
Certificate and Public Deposits	30% maximum	Complies – 8.45%
Reverse Repos	20% maximum	Complies – None in Portfolio
Futures and Options	Prohibited	Complies – None in Portfolio
Custody	Bank trust dept.	Complies – Citigroup
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
	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, 2015

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
US Treasury Note	US Treasury	0.625	11/15/2016	$25,000,000.00	$25,056,640.63	$24,966,750.00
US Treasury Note	US Treasury	0.5	11/30/2016	$25,000,000.00	$24,998,046.88	$24,933,500.00
US Treasury Note	US Treasury	0.625	12/31/2016	$25,000,000.00	$24,971,679.69	$24,958,000.00
US Treasury Note	US Treasury	0.75	1/15/2017	$25,000,000.00	$25,024,414.06	$24,977,500.00
US Treasury Note	US Treasury	0.5	1/31/2017	$25,000,000.00	$25,007,812.50	$24,908,250.00
US Treasury Note	US Treasury	0.625	2/15/2017	$25,000,000.00	$24,968,750.00	$24,936,500.00
US Treasury Note	US Treasury	0.5	2/28/2017	$25,000,000.00	$24,930,664.06	$24,899,500.00
US Treasury Note	US Treasury	0.75	3/15/2017	$25,000,000.00	$24,898,437.50	$24,963,750.00
US Treasury Note	US Treasury	0.5	3/31/2017	$25,000,000.00	$24,968,750.00	$24,885,750.00
US Treasury Note	US Treasury	0.875	4/15/2017	$25,000,000.00	$24,970,703.13	$24,994,250.00
US Treasury Note	US Treasury	0.875	5/15/2017	$25,000,000.00	$25,072,265.63	$24,984,500.00
US Treasury Note	US Treasury	0.625	5/31/2017	$25,000,000.00	$25,005,859.38	$24,889,750.00
US Treasury Note	US Treasury	0.875	6/15/2017	$25,000,000.00	$24,981,445.31	$24,972,750.00
US Treasury Note	US Treasury	0.625	6/30/2017	$25,000,000.00	$24,989,257.81	$24,874,000.00
US Treasury Note	US Treasury	0.875	7/15/2017	$25,000,000.00	$24,892,578.13	$24,958,000.00
US Treasury Note	US Treasury	0.625	7/31/2017	$25,000,000.00	$24,947,265.63	$24,860,250.00
US Treasury Note	US Treasury	0.625	8/31/2017	$25,000,000.00	$24,974,609.38	$24,839,750.00
US Treasury Note	US Treasury	1	9/15/2017	$25,000,000.00	$24,956,054.69	$24,985,250.00
US Treasury Note	US Treasury	0.625	9/30/2017	$25,000,000.00	$24,984,375.00	$24,827,250.00
US Treasury Note	US Treasury	0.875	10/15/2017	$25,000,000.00	$24,964,843.75	$24,924,750.00
US Treasury Note	US Treasury	0.75	10/31/2017	$25,000,000.00	$24,985,354.01	$24,867,250.00
US Treasury Note	US Treasury	0.875	11/15/2017	$25,000,000.00	$24,984,375.00	$24,913,000.00
US Treasury Note	US Treasury	0.875	11/30/2017	$25,000,000.00	$24,976,562.50	$24,927,750.00
US Treasury Note	US Treasury	1	12/15/2017	$25,000,000.00	$24,896,484.38	$24,965,750.00
US Treasury Note	US Treasury	1	12/31/2017	$25,000,000.00	$24,952,148.44	$24,968,750.00
US Treasury Note	US Treasury	0.875	1/15/2018	$25,000,000.00	$25,075,195.31	$24,886,750.00
US Treasury Note	US Treasury	1	2/15/2018	$25,000,000.00	$24,982,421.88	$24,922,000.00
US Treasury Note	US Treasury	1	3/15/2018	$25,000,000.00	$25,073,242.19	$24,913,000.00
US Treasury Note	US Treasury	1	5/15/2018	$25,000,000.00	$25,046,875.00	$24,876,000.00
US Treasury Note	US Treasury	1.125	6/15/2018	$25,000,000.00	$25,091,796.88	$24,941,500.00
US Treasury Note	US Treasury	0.875	7/15/2018	$25,000,000.00	$24,870,839.00	$24,774,500.00
US Treasury Note	US Treasury	1	8/15/2018	$25,000,000.00	$25,002,972.15	$24,838,000.00
US Treasury Note	US Treasury	1	9/15/2018	$25,000,000.00	$25,073,489.01	$24,822,250.00
US Treasury Note	US Treasury	0.875	10/15/2018	$25,000,000.00	$24,898,613.60	$24,724,500.00
US Treasury Note	US Treasury	1.25	11/15/2018	$25,000,000.00	$25,010,302.20	$24,961,000.00
US Treasury Note	US Treasury	1.25	12/15/2018	$25,000,000.00	$24,943,967.73	$24,947,250.00
US Treasury Total			***43.44%***	***$900,000,000.00***	***$899,429,092.44***	***$896,789,250.00***
Agency Discount Note	Fannie Mae	0.15	1/29/2016	$23,000,000.00	$22,975,850.00	$22,997,700.00
Agency Discount Note	Fannie Mae	0.18	2/12/2016	$25,000,000.00	$24,966,750.00	$24,993,250.00
Agency Discount Note	Federal Home Loan Bank	0.24	2/26/2016	$23,000,000.00	$22,962,126.67	$22,991,490.00
Agency Note	Federal Home Loan Bank	0.33	3/10/2016	$25,000,000.00	$25,000,000.00	$25,000,250.00
Agency Discount Note	Fannie Mae	0.3	4/8/2016	$25,000,000.00	$24,955,625.00	$24,977,000.00
Agency Discount Note	Fannie Mae	0.24	4/22/2016	$25,000,000.00	$24,944,000.00	$24,973,500.00
Agency Discount Note	Federal Farm Credit Bank	0.32	5/4/2016	$25,000,000.00	$24,951,777.78	$24,964,750.00
Agency Note	Freddie Mac	0.5	5/13/2016	$20,000,000.00	$19,999,812.21	$20,001,800.00
Agency Note	Federal Home Loan Bank	0.25	5/18/2016	$25,000,000.00	$24,981,450.00	$24,976,250.00
Agency Discount Note	Fannie Mae	0.24	6/3/2016	$15,000,000.00	$14,977,400.00	$14,970,450.00
Agency Note	Federal Home Loan Bank	0.4	6/17/2016	$25,000,000.00	$25,000,000.00	$24,976,750.00
Agency Discount Note	Federal Farm Credit Bank	0.6	6/20/2016	$25,000,000.00	$24,924,583.33	$24,945,250.00
Agency Note	Federal Home Loan Bank	0.43	7/1/2016	$25,000,000.00	$24,998,660.98	$24,993,500.00
Agency Discount Note	Fannie Mae	0.26	7/1/2016	$25,000,000.00	$24,953,958.33	$24,928,000.00
Agency Discount Note	Federal Farm Credit Bank	0.34	8/12/2016	$25,000,000.00	$24,931,291.67	$24,909,500.00
Agency Note	Fannie Mae	0.625	8/26/2016	$25,000,000.00	$24,919,750.00	$25,001,250.00
Agency Note	Federal Home Loan Bank	0.5	9/28/2016	$25,000,000.00	$24,953,250.00	$24,956,000.00
Agency Note	Federal Home Loan Bank	0.55	11/25/2016	$20,000,000.00	$20,000,000.00	$19,973,000.00
Agency Note	Federal Farm Credit Bank	0.8	6/16/2017	$15,000,000.00	$14,995,950.00	$14,954,850.00

City of San Diego Pooled Investment Fund Holdings as of December 31, 2015 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Agency Note	Freddie Mac	0.75	7/14/2017	$25,000,000.00	$24,980,500.00	$24,864,250.00
Agency Note	Freddie Mac	1	12/15/2017	$25,000,000.00	$24,974,250.00	$24,933,250.00
Agency Note	Federal Farm Credit Bank	1.125	12/18/2017	$10,000,000.00	$9,991,970.00	$9,996,500.00
Agency Note	Freddie Mac	1.125	12/18/2017	$10,000,000.00	$10,000,000.00	$9,988,800.00
Agency Note	Federal Home Loan Bank	1	12/19/2017	$25,000,000.00	$25,000,000.00	$24,937,750.00
Agency Note	Fannie Mae	1	12/28/2017	$10,000,000.00	$10,000,000.00	$9,957,400.00
Agency Note	Freddie Mac	1.25	5/25/2018	$10,000,000.00	$9,992,000.00	$9,973,700.00
Agency Note	Fannie Mae	1.45	11/23/2018	$10,000,000.00	$10,000,000.00	$10,000,000.00
Agency Note	Freddie Mac	1.4	11/26/2018	$10,000,000.00	$10,000,000.00	$9,977,300.00
Agency Note	Fannie Mae	1.125	12/14/2018	$25,000,000.00	$24,962,750.00	$24,791,750.00
Agency Total			***28.99%***	***$601,000,000.00***	***$600,293,705.97***	***$599,905,240.00***
Supranational	Intl Bank Recon & Develop	0.5	5/16/2016	$20,000,000.00	$19,997,814.22	$20,003,600.00
Supranational	Inter-American Develop Bank	1.125	8/28/2018	$25,000,000.00	$24,972,000.00	$24,765,250.00
Supranational	Intl Bank Recon & Develop	1	10/5/2018	$25,000,000.00	$24,957,500.00	$24,716,500.00
Supranational Total			***3.38%***	***$70,000,000.00***	***$69,927,314.22***	***$69,485,350.00***
LAIF	California State Pool	0.32	1/1/2016	$49,957,933.99	$49,957,933.99	$49,957,933.99
Negotiable CD	Wells Fargo Bank NA	0.6039	3/24/2016	$25,000,000.00	$25,000,000.00	$25,024,720.56
Negotiable CD	SEB NY	0.54	7/1/2016	$25,000,000.00	$25,000,000.00	$24,994,820.27
Negotiable CD	Bank of Nova Scotia/Houston	0.54	7/1/2016	$25,000,000.00	$25,000,000.00	$24,994,877.59
Commercial Paper	Toyota Motor Credit Corp.	0.57	7/1/2016	$25,000,000.00	$24,902,625.00	$24,919,111.11
Negotiable CD	Svenska Handelsbanken NY	0.59	7/1/2016	$25,000,000.00	$25,000,781.85	$25,001,215.31
Negotiable CD	Toronto-Dominion Bank NY	0.6	7/1/2016	$25,000,000.00	$25,000,000.00	$25,002,411.71
Commercial Paper	General Electric Capital Tsy	0.76	7/1/2016	$25,000,000.00	$24,902,361.11	$24,919,111.11
Negotiable CD	Rabobank Nederland NY	0.78	7/1/2016	$25,000,000.00	$25,000,000.00	$25,000,000.00
Negotiable CD	Royal Bank of Canada NY	0.815	7/1/2016	$25,000,000.00	$25,000,000.00	$25,000,000.00
MMKT, Repo, CP, CD			***13.27%***	***$274,957,933.99***	***$274,763,701.95***	***$274,814,201.65***
Medium Term Note	General Electric Capital	0.55075	1/14/2016	$5,000,000.00	$5,000,000.00	$4,999,850.00
Medium Term Note	John Deere Capital Corp.	0.75	1/22/2016	$3,000,000.00	$2,999,465.16	$3,000,090.00
Medium Term Note	JP Morgan Chase	1.125	2/26/2016	$5,000,000.00	$4,998,983.38	$5,002,300.00
Medium Term Note	Wells Fargo Bank NA	0.5662	6/2/2016	$10,000,000.00	$10,000,000.00	$9,992,000.00
Medium Term Note	US Bancorp	0.5519	1/30/2017	$15,000,000.00	$15,000,000.00	$14,993,250.00
Medium Term Note	Apple Inc.	0.9	5/12/2017	$5,000,000.00	$4,996,550.00	$4,984,550.00
Medium Term Note	PepsiCo Inc.	0.56515	7/17/2017	$10,000,000.00	$10,000,000.00	$9,992,900.00
Medium Term Note	Home Depot Inc..	0.882	9/15/2017	$5,000,000.00	$5,000,000.00	$5,007,350.00
Medium Term Note	PepsiCo Inc.	1	10/13/2017	$5,000,000.00	$4,989,450.00	$4,973,950.00
Medium Term Note	Oracle Corp.	1.2	10/15/2017	$10,000,000.00	$9,962,500.00	$10,005,300.00
Medium Term Note	Johnson & Johnson	1.125	11/21/2017	$5,000,000.00	$4,996,050.00	$4,998,850.00
Medium Term Note	Berkshire Hathaway Inc.	0.6206	1/12/2018	$7,000,000.00	$7,000,000.00	$6,984,040.00
Medium Term Note	IBM Corp.	1.25	2/8/2018	$5,000,000.00	$4,977,100.00	$4,990,400.00
Medium Term Note	Wal-Mart Stores	1.125	4/11/2018	$10,000,000.00	$9,964,290.00	$9,958,300.00
Medium Term Note	Texas Instruments Inc.	1	5/1/2018	$5,000,000.00	$4,953,500.00	$4,930,750.00
Medium Term Note	Apple Inc.	1	5/3/2018	$10,000,000.00	$9,825,200.00	$9,918,800.00
Medium Term Note	Merck & Co. Inc.	1.3	5/18/2018	$5,000,000.00	$4,988,450.00	$4,988,250.00
Medium Term Note	Cisco Systems Inc.	1.65	6/15/2018	$5,000,000.00	$4,999,150.00	$5,020,900.00
Medium Term Note	The Walt Disney Co.	1.5	9/17/2018	$6,000,000.00	$5,994,900.00	$5,988,600.00
Medium Term Note	Microsoft Corp.	1.3	11/3/2018	$10,000,000.00	$9,990,000.00	$9,990,000.00
Medium Term Note	Cisco Systems Inc.	0.9142	3/1/2019	$5,000,000.00	$5,000,000.00	$4,995,500.00
MTN Total			***7.03%***	***$146,000,000.00***	***$145,635,588.54***	***$145,715,930.00***
Asset Backed Security	Toyota Auto Rec Owners Trust	0.51	2/15/2017	$1,607,542.80	$1,607,237.30	$1,607,237.30
Asset Backed Security	VW Auto Loan Enhanced Trust	0.42	3/20/2017	$1,041,332.36	$1,041,100.96	$1,041,100.96

City of San Diego Pooled Investment Fund Holdings as of December 31, 2015 (continued)

Security Type	Issuer	Coupon	Maturity	Par	Book	Market Value
Asset Backed Security	BMW Vehicle Owner Trust	0.53	4/25/2017	$1,338,092.74	$1,337,923.74	$1,337,923.74
Asset Backed Security	Honda Auto Receivables Trust	0.7	6/15/2017	$3,775,606.18	$3,775,345.18	$3,775,345.18
Asset Backed Security	Toyota Auto Rec Owners Trust	0.71	7/17/2017	$4,132,128.81	$4,132,081.31	$4,132,081.31
Asset Backed Security	Honda Auto Receivables Trust	0.69	8/21/2017	$14,000,000.00	$13,999,161.40	$13,980,120.00
Asset Backed Security	Toyota Auto Rec Owners Trust	0.77	11/15/2017	$6,500,000.00	$6,499,561.90	$6,492,460.00
Asset Backed Security	Harley-Davidson Motor Trust	0.49	4/15/2018	$940,037.86	$939,699.36	$939,699.36
Asset Backed Security	Nissan Auto Rec Owners Trust	0.83	7/16/2018	$13,500,000.00	$13,498,988.85	$13,464,765.00
Asset Backed Security	Nissan Auto Rec Owners Trust	0.87	11/15/2018	$10,000,000.00	$9,999,237.00	$9,963,500.00
Asset Backed Security	Chase Issuance Trust	1.15	1/15/2019	$5,000,000.00	$4,999,095.50	$4,999,095.50
Asset Backed Security	Chase Issuance Trust	0.5805	4/15/2019	$10,000,000.00	$10,000,000.00	$9,987,200.00
Asset Backed Security	Chase Issuance Trust	1.62	7/15/2020	$8,500,000.00	$8,497,679.50	$8,471,100.00
Asset Backed Total			***3.88%***	***$80,334,740.75***	***$80,327,112.00***	***$80,191,628.35***
Grand Total			***100.00%***	***$2,072,292,674.74***	***$2,070,376,515.12***	***$2,066,901,600.00***

Market Values are determined by using Sungard pricing as the primary source. CMS Bondedge, Bloomberg, Custody Bank (Citibank) and pricing provided by broker/dealers are all used to reconcile and determine correct prices.