



DATE: May 18, 2015

AGENDA ITEM #2

**TO:** Financial Commission

**FROM:** Kim Juran-Karageorgiou, Administrative Services Director

**SUBJECT:** Investment Portfolio Update through March 31, 2015

**RECOMMENDATION:**

Receive the Investment Portfolio Report through March 31, 2015

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**BACKGROUND**

The Financial Commission periodically reviews quarterly updates of the City's investment portfolio performance as a precursor to its delivery to City Council.

**DISCUSSION**

The summary provided below, along with the investment ladder in Attachment 1, presents the sum total of all City investment holdings. The City's portfolio book value, excluding operating cash and bond holdings, as of March 31, 2015, was \$57,864,749, an increase of \$5.9 million over the portfolio balance as of December 31, 2014. This increase was the result of the receipt and investment of the first installment of property taxes.

As of March 31, 2015, 20% of the City's portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 21% in U.S. Treasuries, 7% in medium-term Corporate Notes, with the balance of 53% in LAIF. The City's holdings in LAIF decreased by 6% from the fourth quarter 2014 to the first quarter 2015 and mark a significant effort to re-position the City's portfolio to maintain holdings in LAIF at the 50% or below mark. It is anticipated that the City will achieve this goal during the second quarter of 2015. This portfolio mix is illustrated as part of Attachment 2.

Full compliance with the City's Investment Policy is monitored closely and on a per-trade basis as illustrated in Attachment 3.

As part of these quarterly updates, a status report is prepared by PFM that is included as Attachment 4 – Investment Performance Review First Quarter 2015. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City's independently-managed investments. The total return of the portfolio since inception

is .76%, which is highlighted on page 10 of the PFM Investment Review report. City earnings during the first quarter of 2015 totaled \$101,749, just slightly below total return for all four quarters in 2014, as shown on page 9 of the report.

**Attachments:**

1. Citywide Holdings and Investment Ladder
2. Portfolio Mix Chart
3. Investment Policy Compliance Chart
4. Investment Performance Review First Quarter 2015

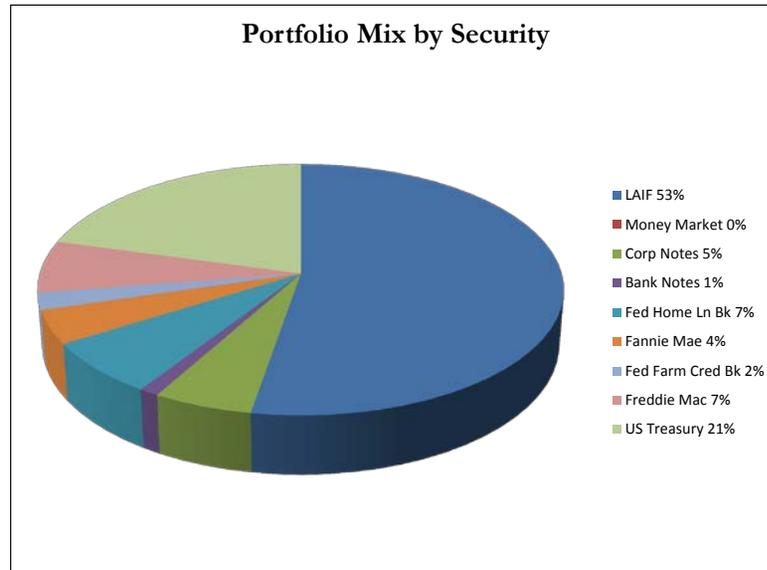
Attachment 1  
Citywide Holdings and Investment Ladder  
March 31, 2015

31-Mar-15																	
31-Mar-15 Month	2015				2016				2017				2018				
	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	
LAIF				\$ 30,489,749													
MMKT				\$ -													
Jan					1/15/2016	0.36%	USTreas	300,000									
									1/27/2017	0.58%	FHLMC	1,400,000					
									1/30/2017	0.85%	USBANK	12/30/2016	625,000	1/30/2018	1.21%	USTreas	1,625,000
Feb																	
Mar														3/2/2018	1.25%	Chevron	450,000
														3/6/2018	1.29%	Exxon	500,000
														3/31/2018	0.95%	USTreas	550,000
									3/24/2017	0.84%	FHLB	3/24/2016	500,000	3/31/2018	1.08%	USTreas	1,000,000
					3/30/2016	0.52%	FNMA	750,000						3/31/2018	0.95%	USTreas	1,100,000
Apr					4/11/2016	0.52%	Wmart	800,000									
									4/30/2017	0.86%	USTreas		650,000				
May					5/13/2016	0.41%	FHLMC	500,000									
					5/13/2016	0.72%	FHLMC	2,000,000									
Jun					6/15/2016	0.50%	USTreas	1,150,000									
					6/24/2016	0.77%	FHLB	1,200,000	6/30/2017	0.87%	USTreas		1,050,000				
Jul					7/15/2016	0.59%	USTreas	350,000	7/28/2017	0.80%	FNMA		1,000,000				
									7/31/2017	0.85%	USTreas		725,000				
									7/31/2017	0.62%	USTreas		950,000				
Aug					8/31/2016	0.60%	USTreas	525,000									
Sep					9/28/2016	0.45%	FHLB	1,275,000									
					9/29/2016	0.70%	3M	750,000									
Oct	10/9/2015	0.78%	CP GE	650,000													
					11/23/2016	0.57%	FHLB	1,000,000									
Nov									11/30/2017	0.99%	USTreas		1,000,000				
Dec	12/21/2015	0.40%	FNMA	750,000													
	12/28/2015	0.41%	FFCB	1,250,000					12/31/2017	0.87%	USTreas		1,000,000				
Total				\$2,650,000				\$10,600,000				\$8,900,000				\$5,225,000	
Count/Percent	3		0	11.96%	12		0	47.86%	10		2	40.18%	6		0	23.59%	
Avg YTM/Days	0.53%		243		0.56%		413		0.81%		818		1.12%			1,077	
Total Face Value				\$ 2,650,000				\$ 13,250,000				\$ 22,150,000				\$ 27,375,000	

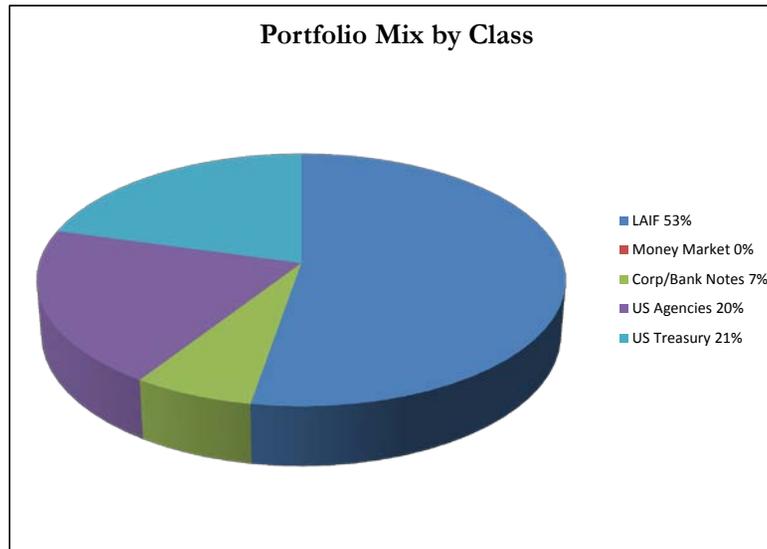
	No of Inv	Ladder Yield	Spread Over LAIF	%	Avg Maturity	# of Callables	Face Value
LAIF	1	0.267%	0.000%	53%	1	0	30,489,749
Money Mkt	0	0.010%	-0.257%	0%	1	0	0
2015	3	0.531%	0.264%	5%	243	0	2,650,000
2016	12	0.559%	0.292%	18%	413	0	10,600,000
2017	10	0.813%	0.546%	15%	818	2	8,900,000
2018	6	1.122%	1.112%	9%	1077	0	5,225,000
	26	0.49%	0.37%	100%	310	2	\$57,864,749

**Attachment 2  
Portfolio Mix Charts  
March 31, 2015**

Security Type	% of Total	Portfolio Mix by Security
LAIIF	53%	30,489,749
Money Market	0%	-
Corp Notes	5%	3,150,000
Bank Notes	1%	625,000
Fed Home Ln Bk	7%	3,975,000
Fannie Mae	4%	2,500,000
Fed Farm Cred Bk	2%	1,250,000
Freddie Mac	7%	3,900,000
US Treasury	21%	11,975,000
	<b>100%</b>	<b>57,864,749</b>



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIIF	53%	30,489,749	30,489,749
Money Market	0%	-	-
Corp/Bank Notes	7%	3,775,000	3,795,250
US Agencies	20%	11,625,000	11,637,232
US Treasury	21%	11,975,000	11,965,582
	<b>100%</b>	<b>57,864,749</b>	<b>57,887,813</b>
Corp Notes		3,775,000	3,795,250
US Treasury/Agencies		23,600,000	23,602,814
Accrued Interest			35,935
		<b>27,375,000</b>	<b>27,433,998</b>
<b>Margin Over (Under) Par</b>			<b>58,998</b>



**Attachment 3**  
**Investment Policy Compliance Chart**  
**March 31, 2015**

City Investment	% Mix	Par Value	Latest Term	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	53%	30,489,749	3/31/2020	50,000,000	100%	19,510,251	Yes	N/A
M FUND	0%	-	3/31/2020		20%	11,572,950	Yes	N/A
MTNs	5%	3,775,000	3/31/2020		15%	4,904,712	Yes	Yes
FHLB	7%	3,975,000	3/31/2020		20%	7,597,950	Yes	Yes
FNMA	4%	2,500,000	3/31/2020		20%	9,072,950	Yes	Yes
FFCB	2%	1,250,000	3/31/2020		20%	10,322,950	Yes	Yes
FHLM	7%	3,900,000	3/31/2020		20%	7,672,950	Yes	Yes
All Agencies	20%		3/31/2020		100%	46,239,749	Yes	Yes
TREAS	21%	11,975,000	3/31/2020		100%	45,889,749	Yes	Yes
	<b>100%</b>	<b>57,864,749</b>						
All Agencies		20%	11,625,000					
Callables		2%	1,125,000					



# City of Los Altos

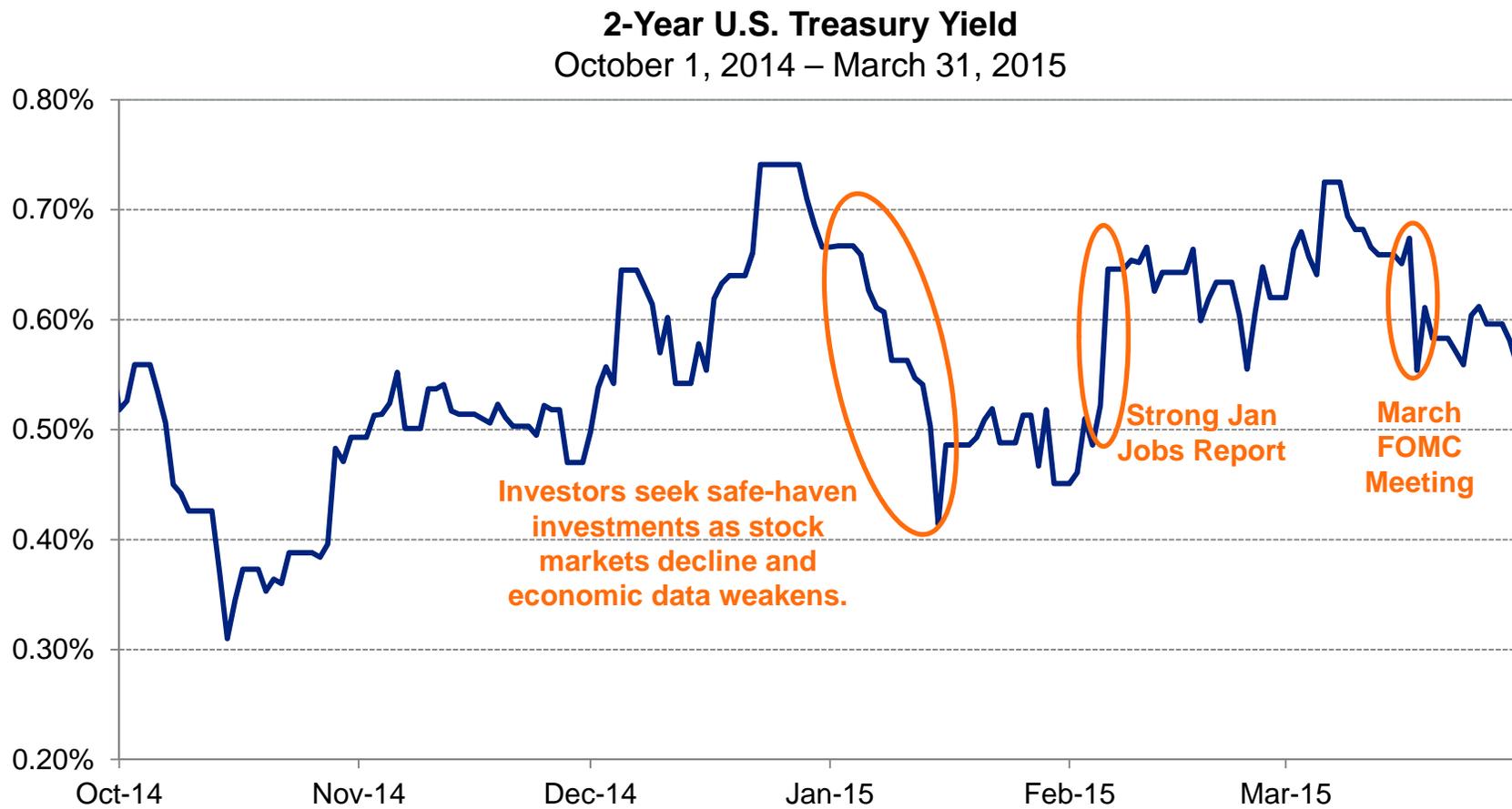


## First Quarter 2015 Review of Portfolio May 8, 2015

PFM Asset Management LLC  
50 California Street, Suite 2300  
San Francisco, CA 94111  
415-982-5544

# Interest Rates Remain Volatile

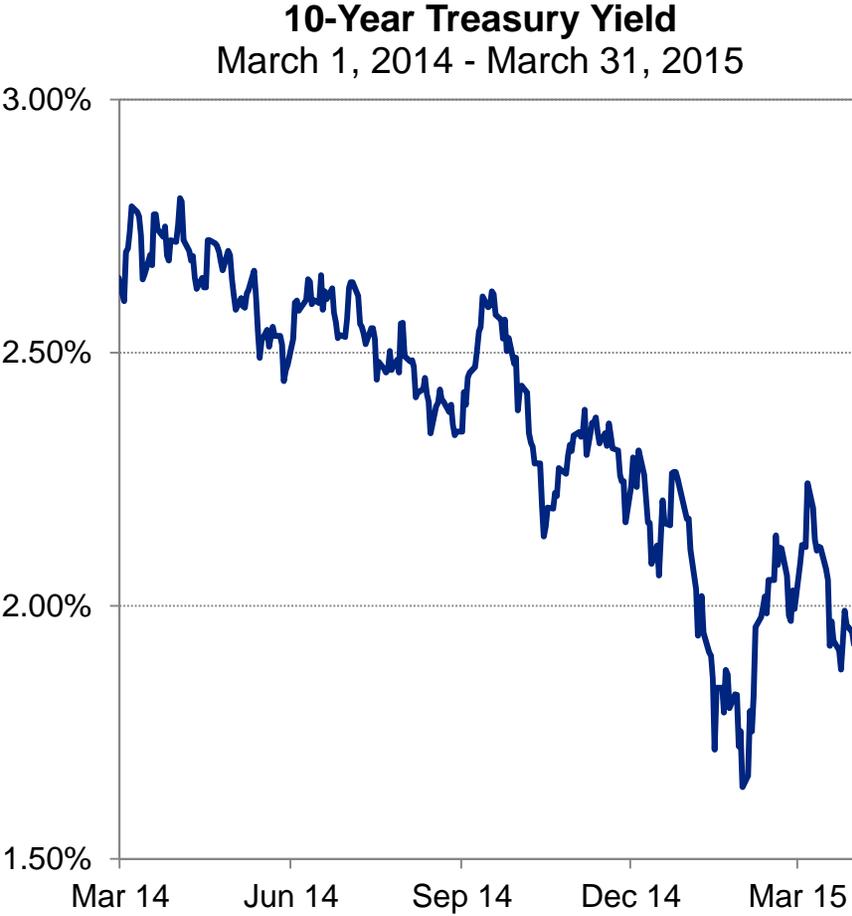
- Disappointing economic data and statements from the Federal Open Market Committee indicating a longer timeline to the first rate hike caused yields to fall in January and March.
- Positive economic data pulled rates up in February.



Source: Bloomberg

# Interest Rate Update

- Yields declined in March following the release of the FOMC's policy statement which reduced expectations for a mid-year rate hike.

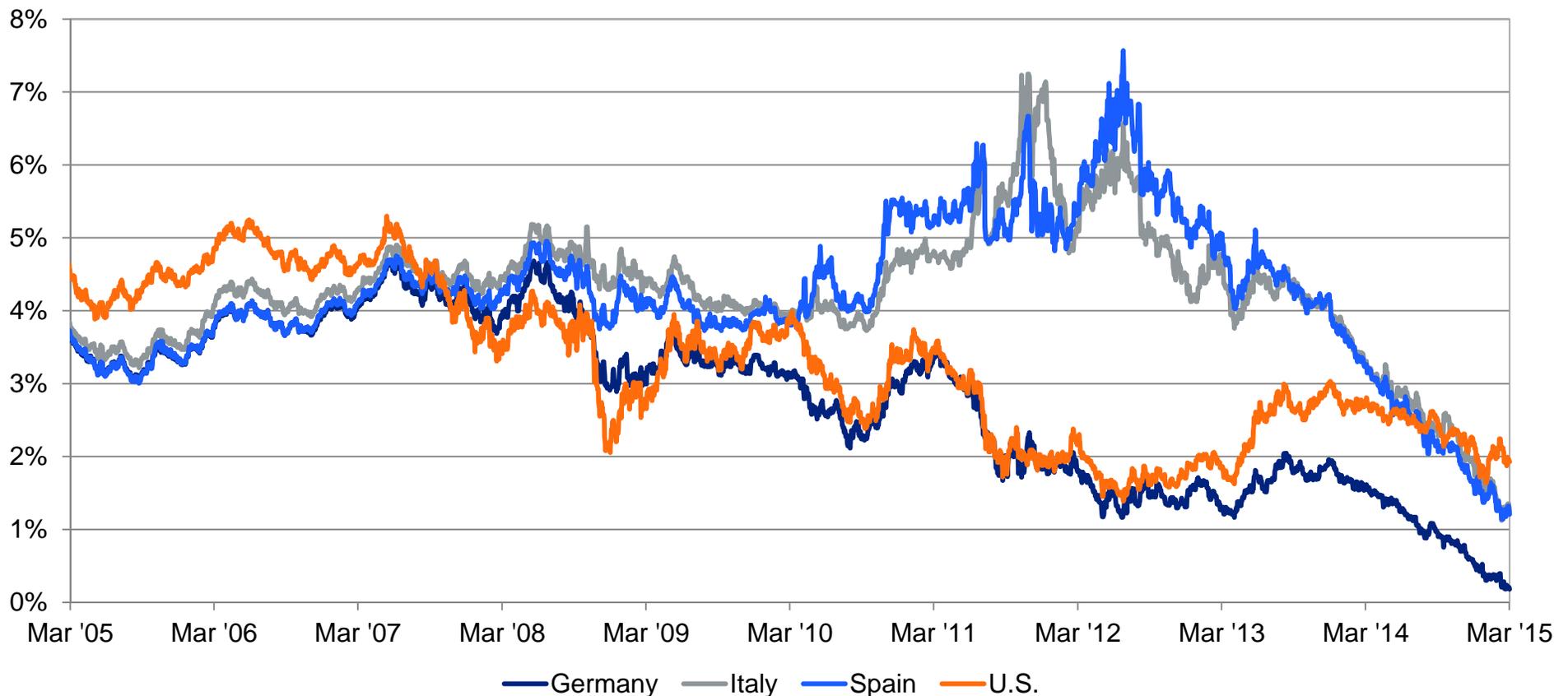


Source: Bloomberg

# Global Rate Environment

- The European Central Bank (ECB) began its program of Quantitative Easing (“QE”) during the first quarter as it began buying approximately 60 billion euros in assets per month. As a result, European sovereign bond yields have reached record low levels.
- Remarkably, Spanish and Italian bond yields are now at or below the level of the U.S. 10-year Treasury.

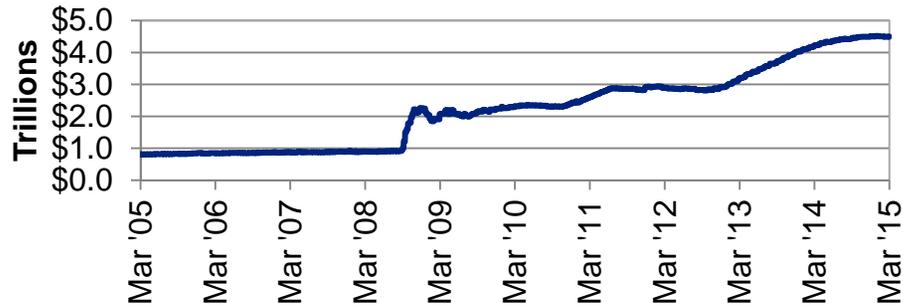
**Sovereign Bond Yields (10-Yr Maturities)**



Source: Bloomberg

# Central Bank Policies Driving Global Markets

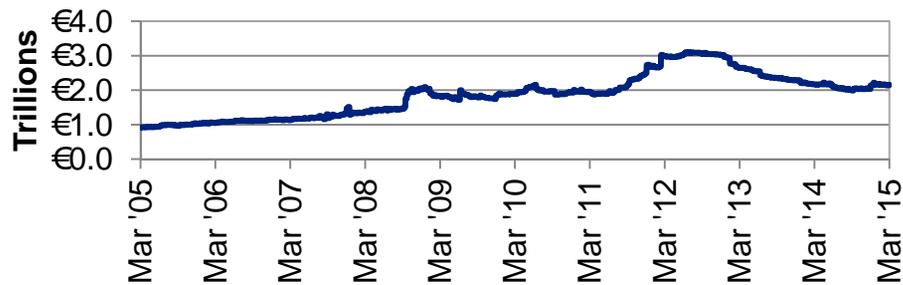
## U.S. Federal Reserve



## U.S. Federal Reserve (Fed)

- Bond purchase program (QE3) ended
- Reinvestment of maturities will continue
- The FOMC removed the phrasing “patient” from their talks about tightening monetary policy

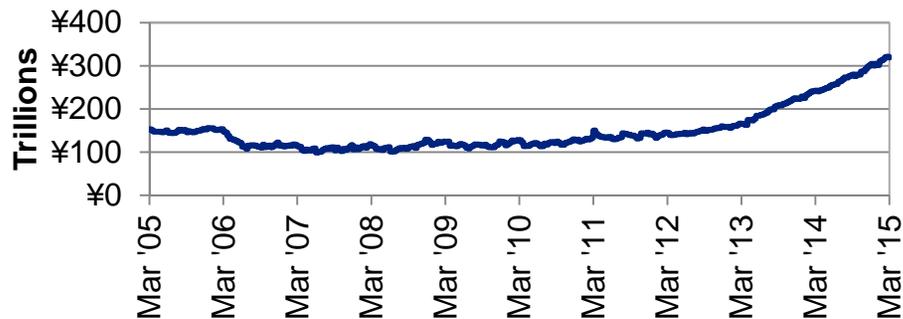
## European Central Bank



## European Central Bank (ECB)

- ECB has stepped up as euro economy faltered
- Asset purchases (QE) began in March 2015 and will last at least until September 2016

## Bank of Japan



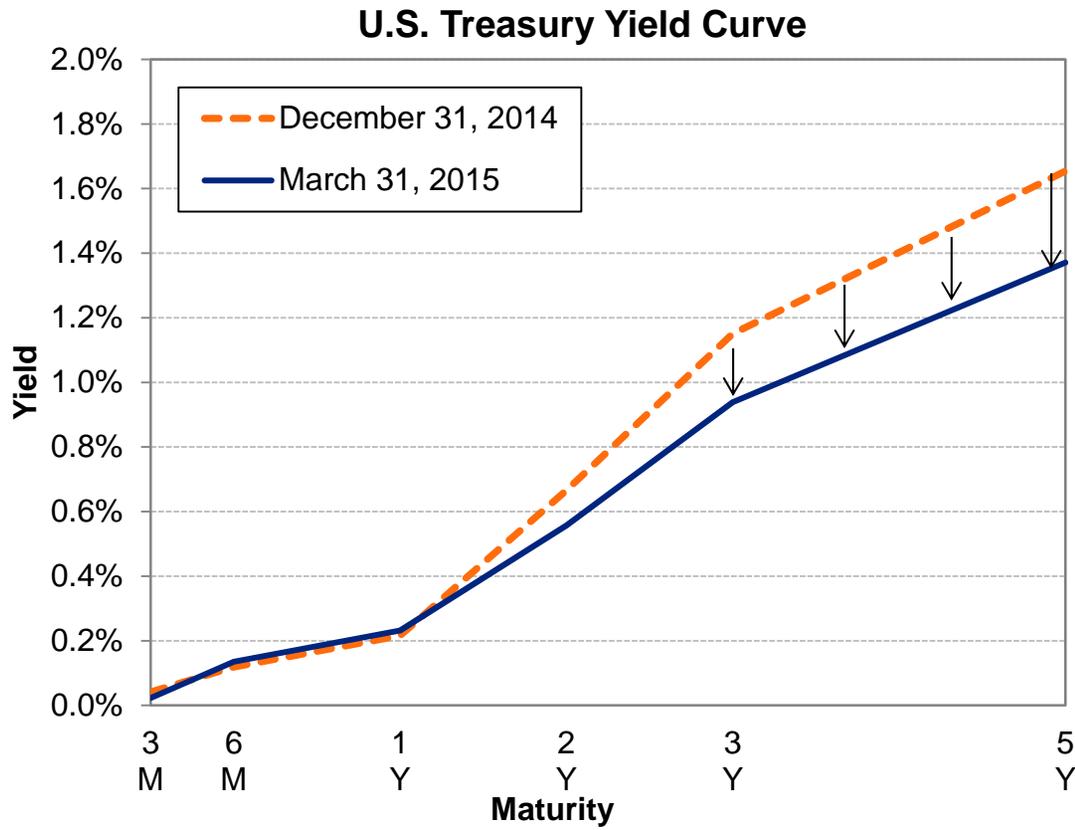
## Bank of Japan

- Expansion of monetary base continues
- Increased asset purchase program, including government bonds (JGBs), but also Japanese equity exchange-traded funds (ETFs) and real estate investment trusts (REITs)

Source: Bloomberg

# Interest Rates Fall in 2- to 5-Year Range

- The portion of the yield curve 1-year and under remained relatively unchanged during the quarter as short-term rates are anchored by Federal Reserve policy.
- Yields on securities with maturities 2 years and over fell moderately.



Source: Bloomberg

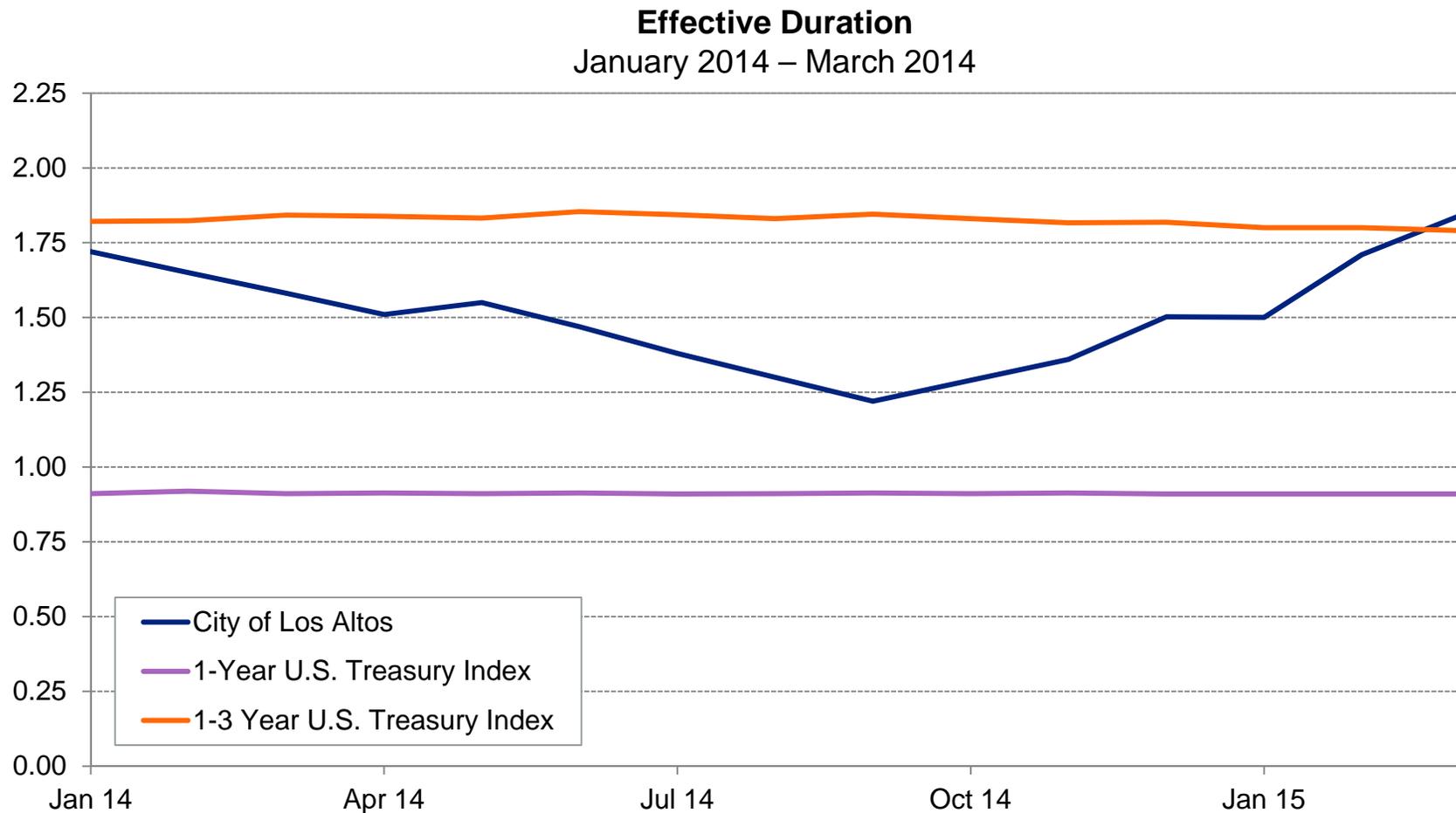
	12/31/14	3/31/15
<b>3 Month</b>	0.04%	0.02%
<b>6 Month</b>	0.12%	0.14%
<b>1 Year</b>	0.22%	0.23%
<b>2 Year</b>	0.67%	0.56%
<b>3 Year</b>	1.15%	0.94%
<b>5 Year</b>	1.65%	1.37%

# First Quarter Trading Activity

Settle Date	Transaction	Issuer	Par	Maturity	Yield	Gain on Sale
1/26/15	Purchase	U.S. Treasury	\$1,000,000	12/31/17	0.87%	-
1/26/15	Purchase	FHLB	\$1,000,000	11/23/16	0.57%	-
2/3/15	Sale	FNMA	\$900,000	7/2/15	0.16%	\$1,660
2/3/15	Purchase	U.S. Treasury	\$950,000	7/31/17	0.62%	-
2/6/15	Purchase	FHLMC	\$1,400,000	1/27/17	0.58%	-
2/6/15	Purchase	U.S. Bank	\$625,000	1/30/17	0.85%	-
2/17/15	Sale	U.S. Treasury	\$750,000	7/15/15	0.04%	\$1,110
2/17/15	Purchase	U.S. Treasury	\$725,000	7/31/17	0.85%	-
2/27/15	Sale	U.S. Treasury	\$250,000	7/15/15	0.05%	\$340
2/27/15	Sale	U.S. Treasury	\$750,000	7/15/15	0.05%	\$958
2/27/15	Purchase	U.S. Treasury	\$1,000,000	3/31/18	1.08%	-
3/18/15	Sale	FFCB	\$500,000	11/16/15	0.25%	\$638
3/18/15	Purchase	Exxon Mobil	\$500,000	3/6/18	1.29%	-
3/24/15	Sale	FHLB	\$500,000	9/28/16	0.57%	(\$896)
3/24/15	Purchase	FHLB	\$500,000	3/24/17	0.84%	-
3/24/15	Purchase	FHLMC	\$1,000,000	7/28/17	0.81%	-
3/24/15	Purchase	U.S. Treasury	\$550,000	3/31/18	0.95%	-
3/26/15	Purchase	Chevron	\$450,000	3/2/18	1.25%	-
3/30/15	Sale	FFCB	\$1,100,000	11/16/15	0.24%	\$1,420
3/30/15	Purchase	U.S. Treasury	\$1,100,000	3/31/18	0.95%	-

# Effective Duration Meets Benchmark Range

- After gradually increasing the portfolio duration over the past 6 months, we reached the benchmark duration range in March.



Source: Bloomberg

# Sample Swap Advantage

Settle Date	Trade Type	Issuer	Par	Maturity	Yield at Cost	Yield at Market	Gain on Sale	Earnings to 11/16/15	Total Cash Flow
3/18/15	Sale	FFCB	\$500,000	11/16/15	0.45%	0.25%	\$638	(\$1,488)	(\$850)
3/18/15	Purchase	Exxon Mobil	\$500,000	3/6/18	1.29%	1.29%	-	\$4,261	\$4,261
<b>Additional Net Benefit to 11/16/15</b>									<b>\$3,411</b>

Settle Date	Trade Type	Issuer	Par	Maturity	Yield at Cost	Yield at Market	Gain on Sale	Earnings to 11/16/15	Total Cash Flow
3/30/15	Sale	FFCB	\$1,100,000	11/16/15	0.45%	0.24%	\$1,420	(\$3,108)	(\$1,688)
3/30/15	Purchase	U.S. Treasury	\$1,100,000	3/31/18	0.95%	0.95%	-	\$6,583	\$6,583
<b>Additional Net Benefit to 11/16/15</b>									<b>\$4,895</b>

# City of Los Altos Earnings Analysis

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	Q1 2015
<i>Total Interest and Realized Gain/Loss</i>	29,536.78	29,075.53	30,488.72	30,782.71	119,883.74	45,246.02
+ <i>Change in market value</i>	9,364.51	9,280.55	-22,317.77	-11,476.93	-15,149.64	56,503.33
<b>= Total Return</b>	<b>38,901.29</b>	<b>38,356.08</b>	<b>8,170.95</b>	<b>19,305.78</b>	<b>104,734.10</b>	<b>101,749.35</b>

<b>Total Return</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.04%</b>	<b>0.09%</b>	<b>0.49%</b>	<b>0.44%</b>
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- Performance on trade-date basis, gross (i.e., before fees) in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- City books total interest earnings and realized gains and losses. It makes a one-time adjustment for change in market value at fiscal year-end.

# Portfolio Generated Strong Returns

## Total Returns for Periods ending March 31, 2015

	Duration (years)	Yield to Maturity	Past Quarter	Past Year	Past 3 Years	Since Inception
City of Los Altos	1.84	0.75%	0.44%	0.75%	0.62%	0.76%
Merrill Lynch 1 Year U.S. Treasury Index	0.91	0.27%	0.11%	0.21%	0.26%	0.35%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.79	0.53%	0.52%	1.00%	0.67%	0.83%

*Notes:*

- Performance on trade-date basis, gross (i.e., before fees) in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Inception date is third quarter 2010.
- Return calculation excludes LAIF

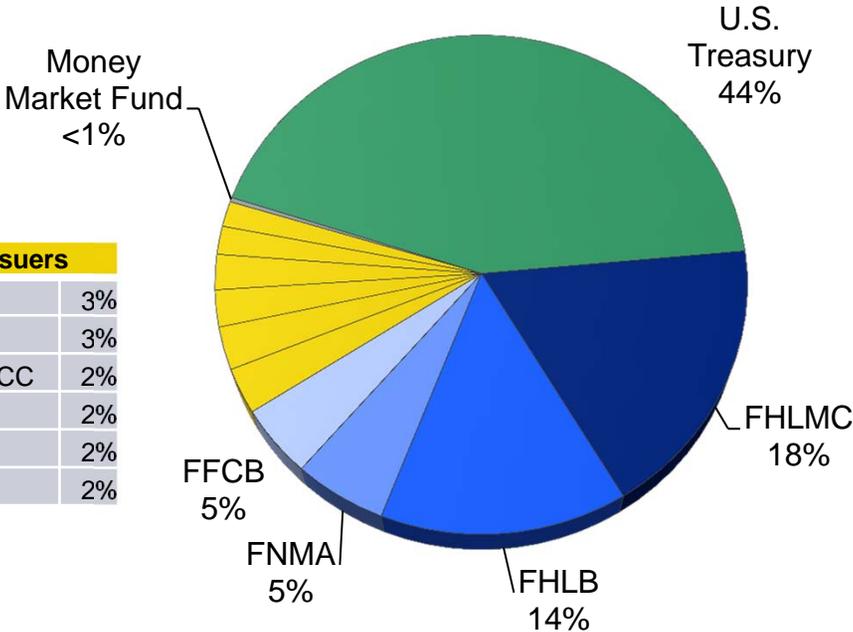
# Portfolio Holdings in Compliance with California Code and City's Investment Policy

Security Type	Market Value as of March 31, 2015	Percent of Portfolio	% Change vs. 12/31	Permitted by Policy	In Compliance
U.S. Treasury	\$11,980,571	44%	+4%	100%	✓
Federal Agencies	\$11,651,118	42%	-8%	100%	✓
Corporate Notes	\$3,802,310	14%	+4%	30%	✓
Money Market Fund	\$78,751	<1%	-	20%	✓
<b>Total</b>	<b>\$27,512,750</b>				

# City's Holdings Maintain Highest Credit Quality

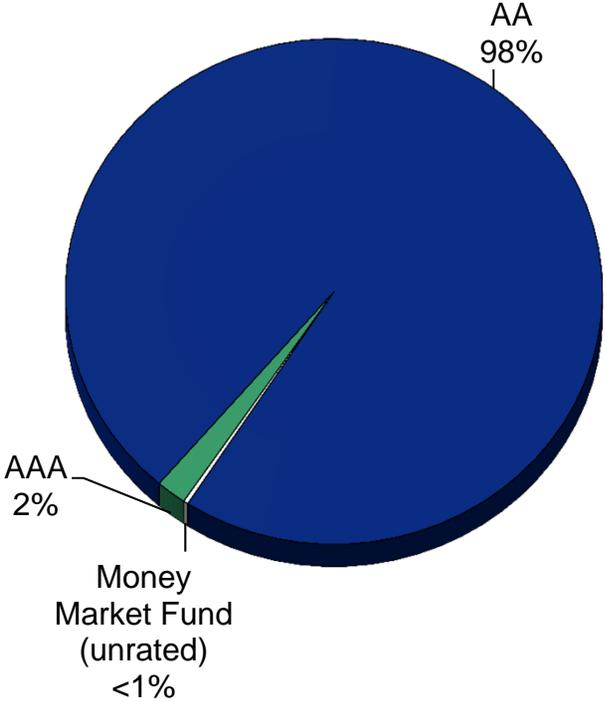
- The City's portfolio continues to be well diversified by both sector and issuer.

**Issuer Distribution**



Corporate Issuers	
•Wal-Mart	3%
•3M	3%
•General Electric CC	2%
•U.S. Bank	2%
•Exxon Mobil	2%
•Chevron	2%

**Credit Quality**

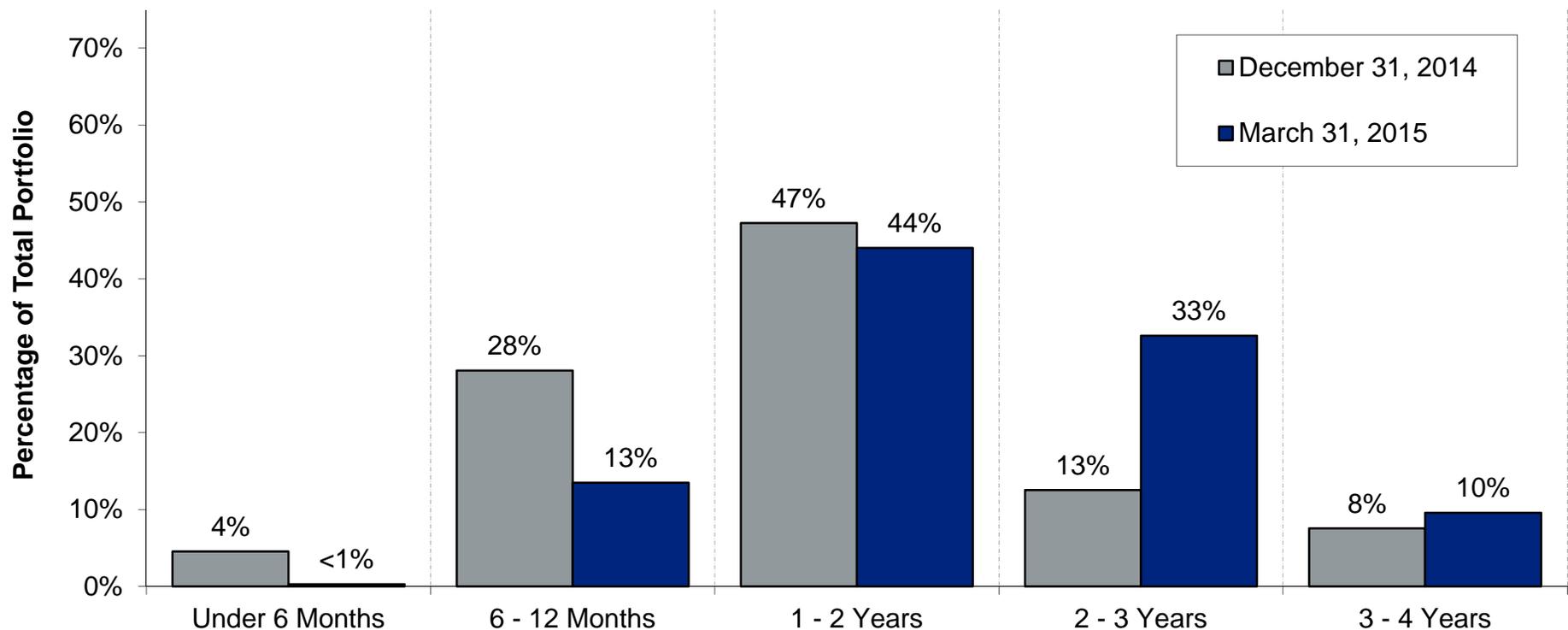


Notes:  
 • As of March 31, 2015  
 • Standard & Poor's Ratings

# Portfolio Holdings Are Diversified by Maturity

- We increased the portfolio's allocation to securities in the 2-3 year range to take advantage of the shape of the yield curve.

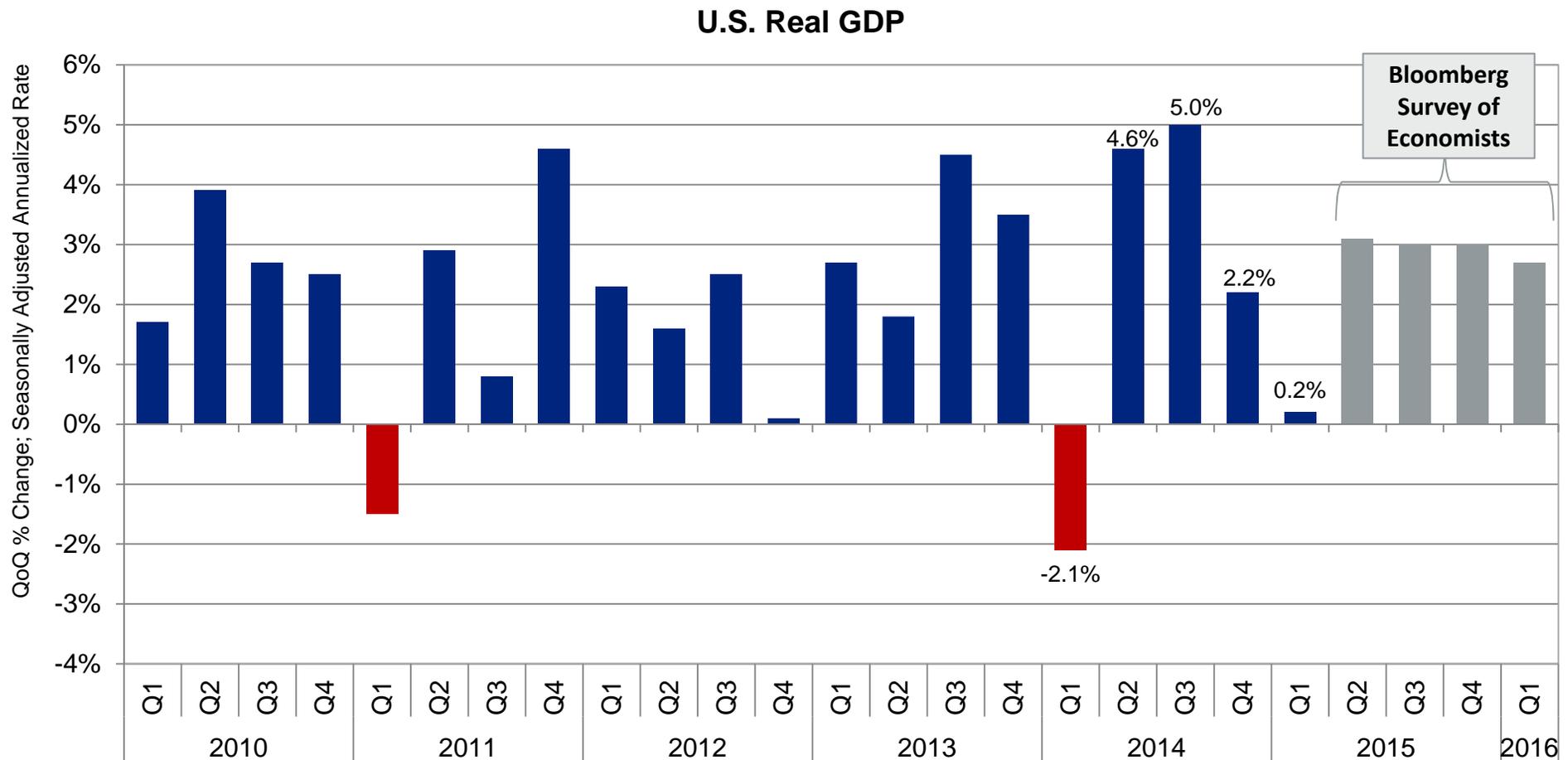
Portfolio Maturity Distribution <sup>1</sup>



*Note: Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.*

# U.S. Economic Growth Slows in 1<sup>st</sup> Quarter

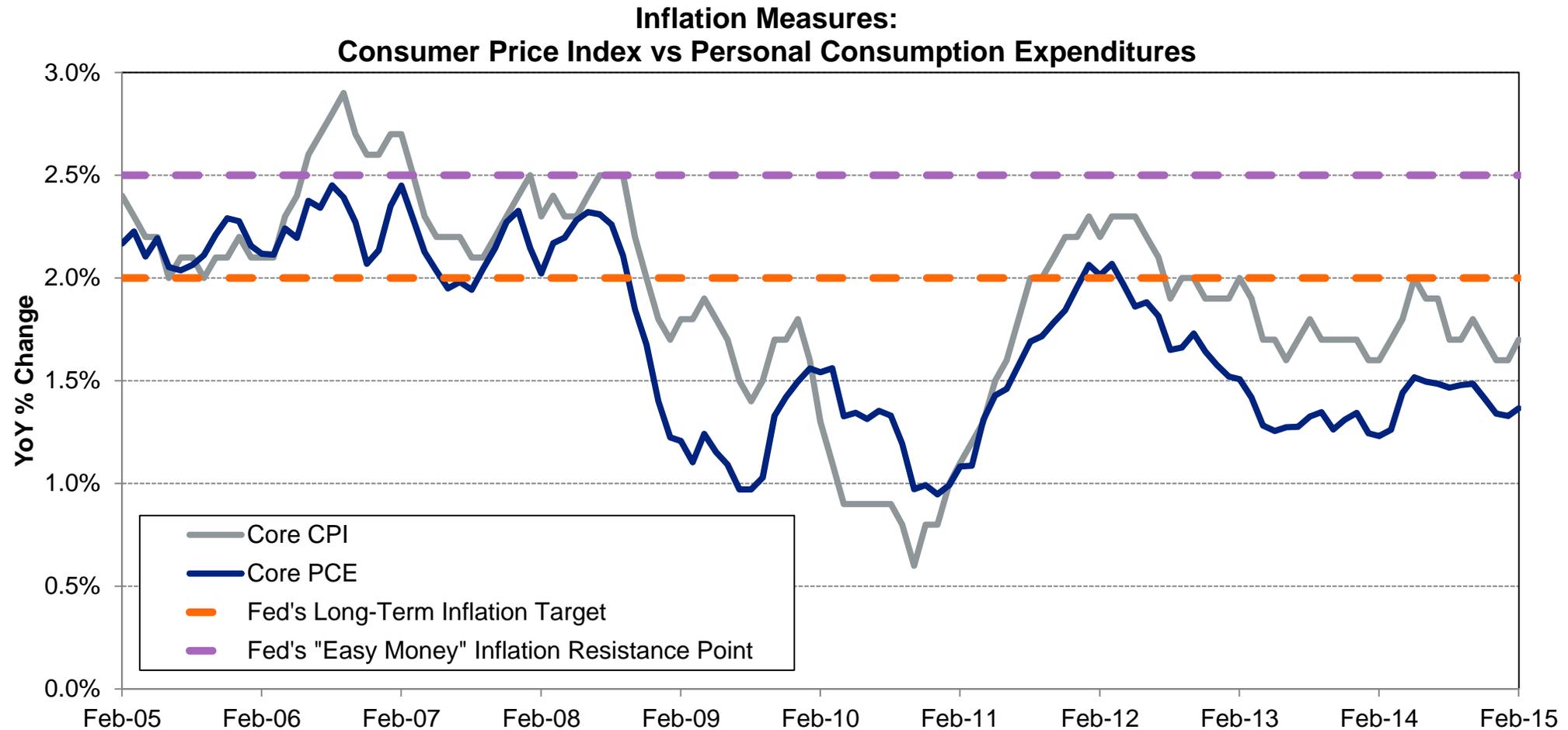
- In the first quarter of 2015, U.S. first quarter GDP grew at a pace of 0.2%. This growth is significantly slower than the previous three quarters and missed market expectations of 1.0%.
- The decline in GDP growth can be partially attributed to a particularly harsh winter which dampened consumer spending, and a strong U.S. dollar which negatively impacted net exports.



Source: Bureau Of Economic Analysis, as of 4/17/2015.

# Inflation Remains Lower than Fed Target

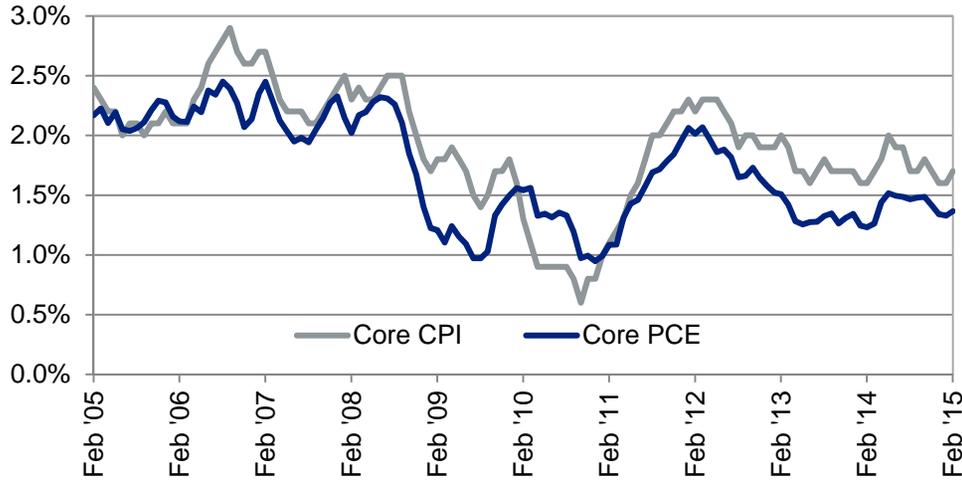
- The personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, continues to be below the 2% target; it showed price increases of just 1.4% year-over-year through February.
- Falling energy prices and lack of wage pressure are helping to keep inflation low.



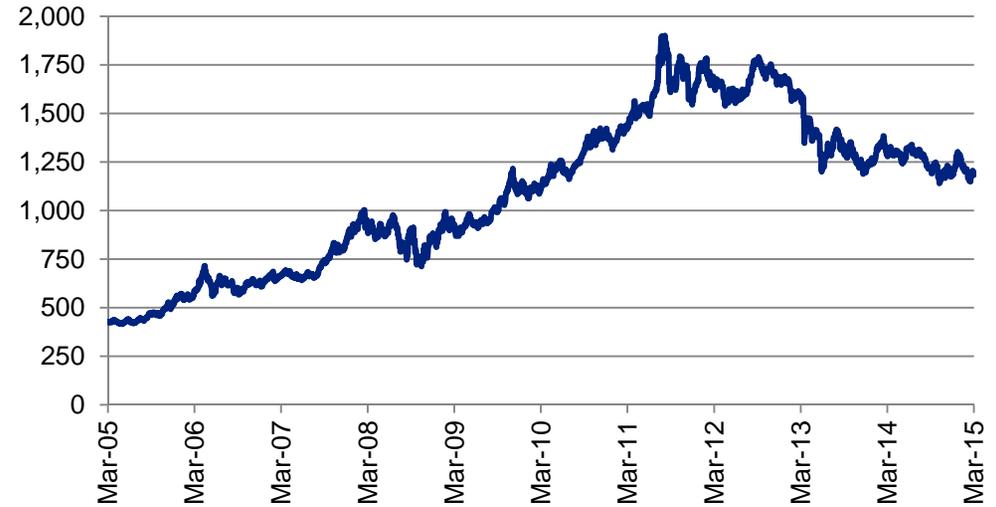
Source: Bloomberg

# Inflation Indicators

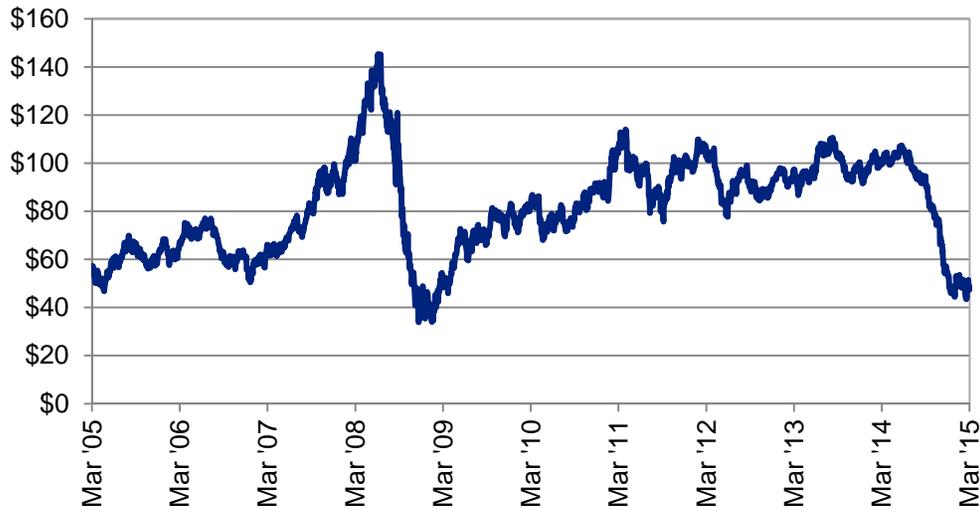
### CPI vs PCE (YoY)



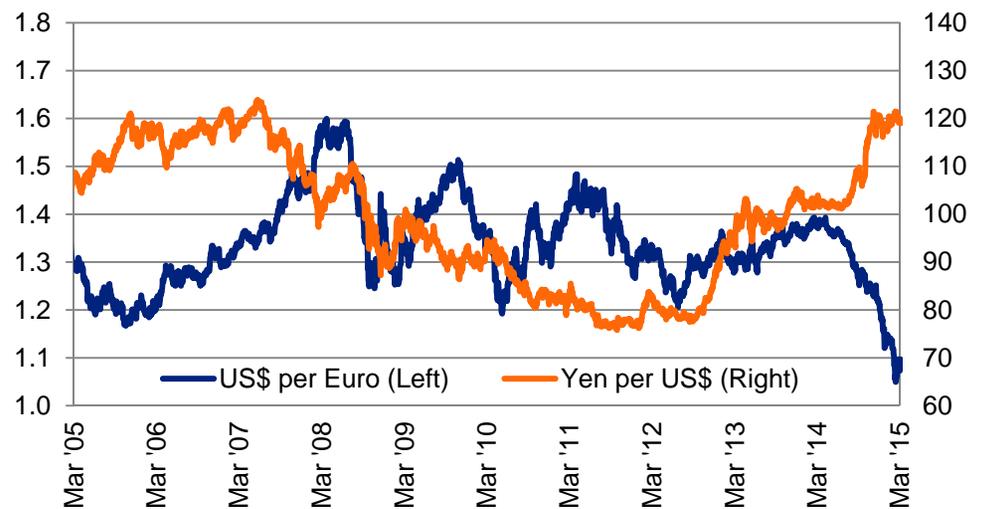
### Gold Price



### WTI Price per Barrel



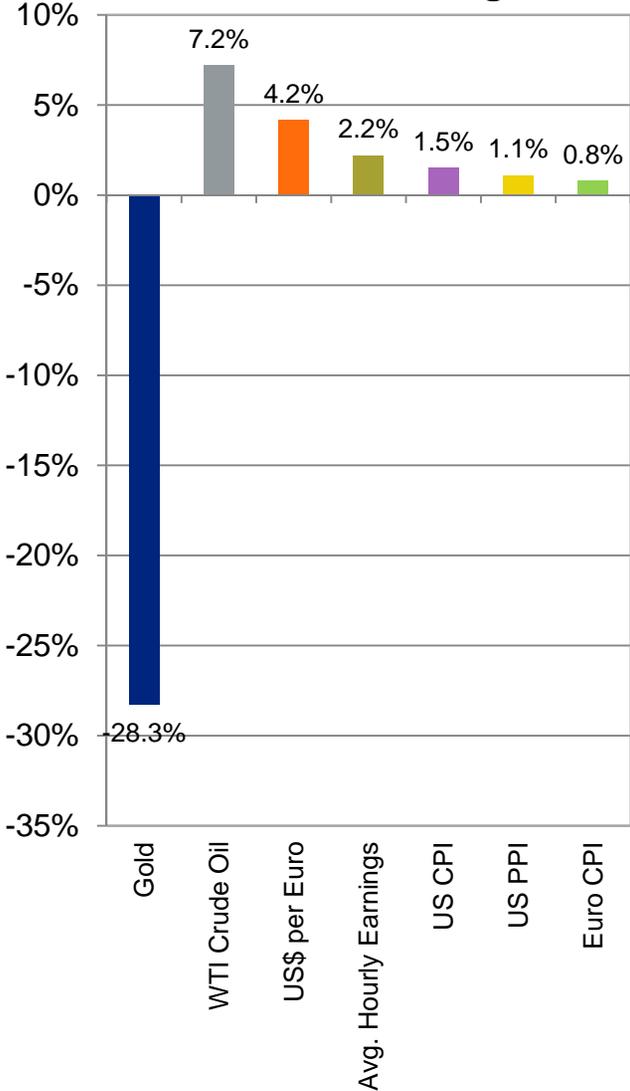
### Stronger US\$



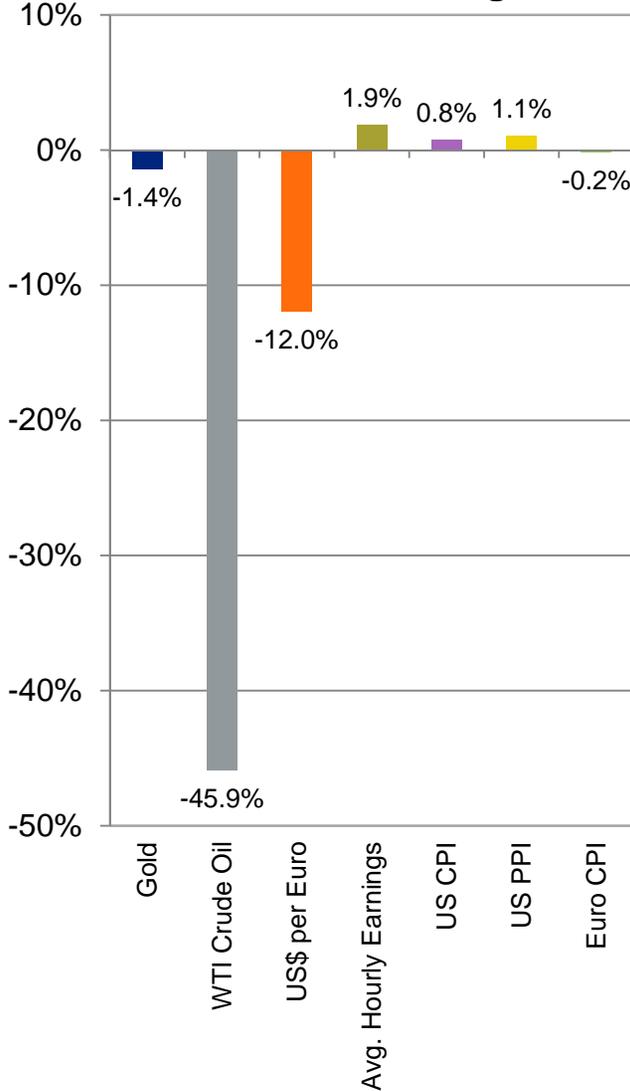
Source: Bloomberg

# Price and Inflation Indicators

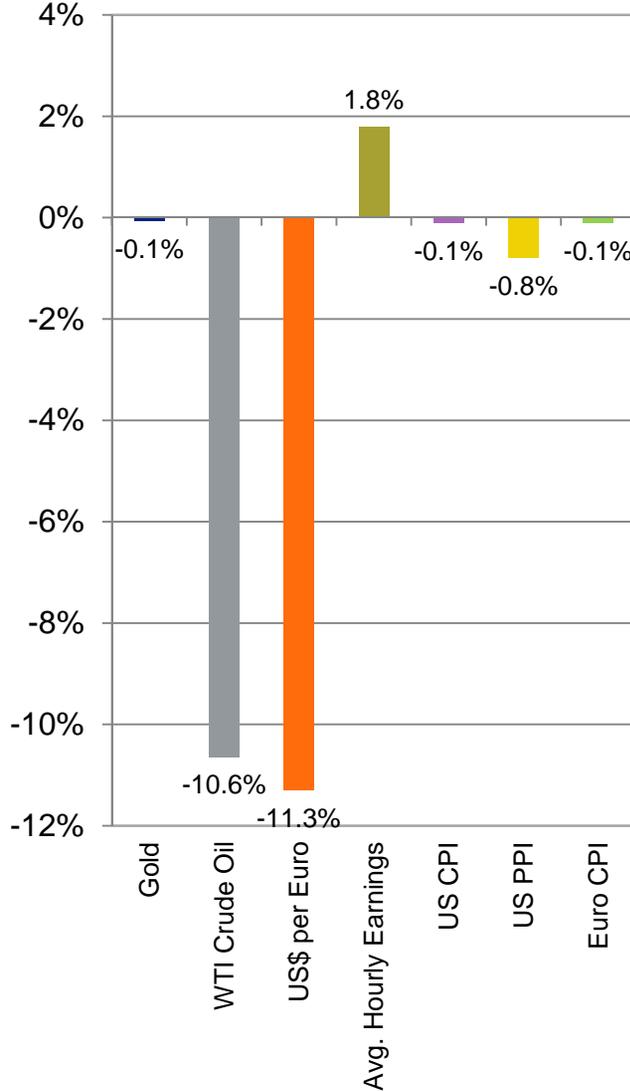
2013 Price Change



2014 Price Change



2015 YTD Price Change

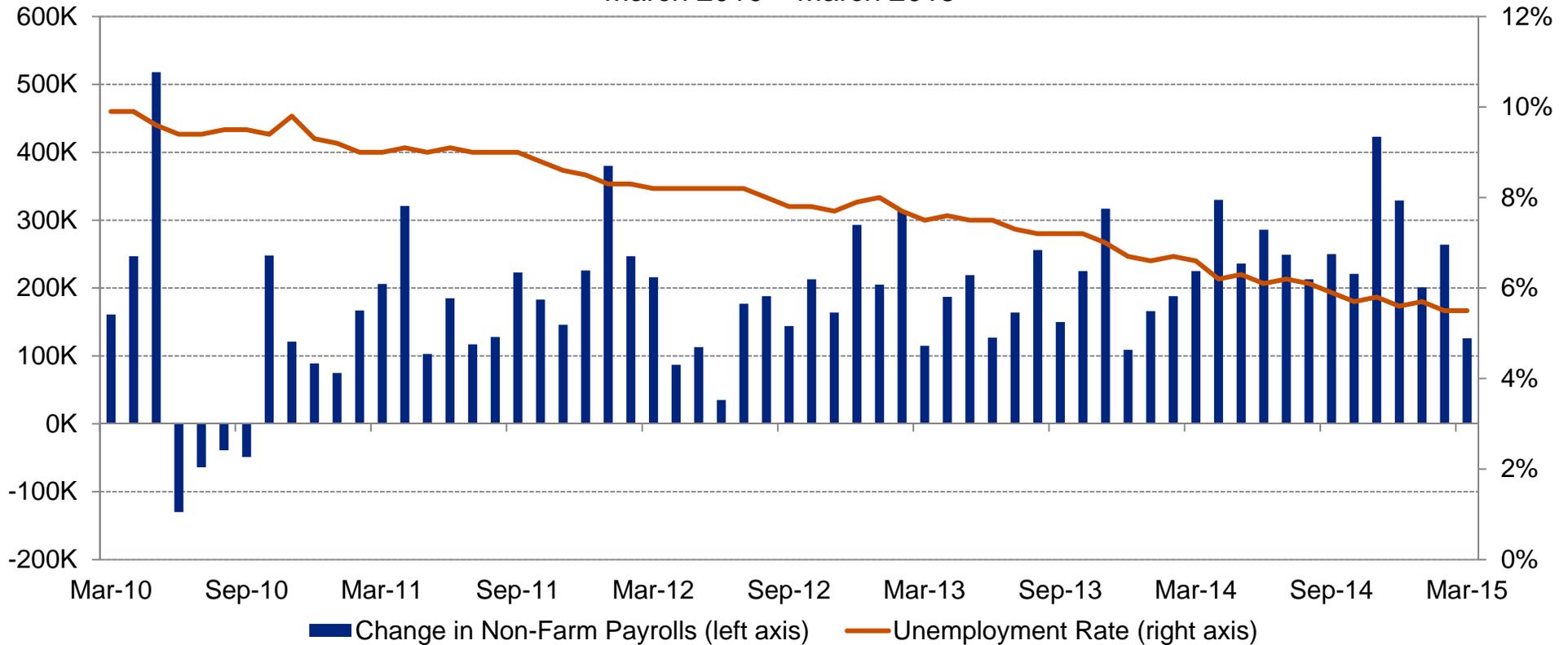


Source: Bloomberg. YTD 2015 is as of 3/31/2015.

# Labor Market Shows Mixed Numbers

- The U.S. Labor market added 591,000 jobs during the first quarter of 2015. The March job growth of 126,000 broke a twelve-month streak of monthly job growth over 200,000.
- The unemployment rate moved down 0.1% from 5.6% to 5.5%. The U-6 unemployment rate, commonly called the underemployment rate, declined from 11.2% to 10.9%.

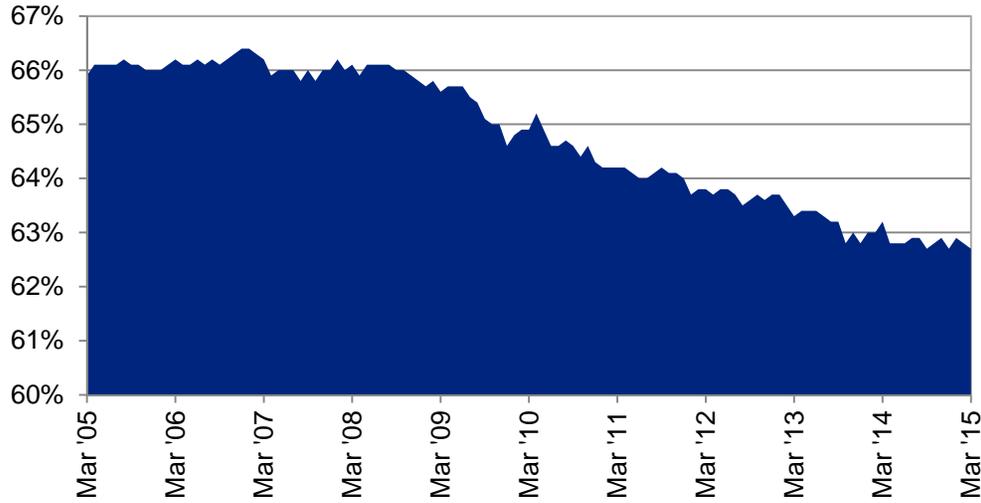
**Change in Nonfarm Payrolls and Unemployment Rate**  
March 2010 – March 2015



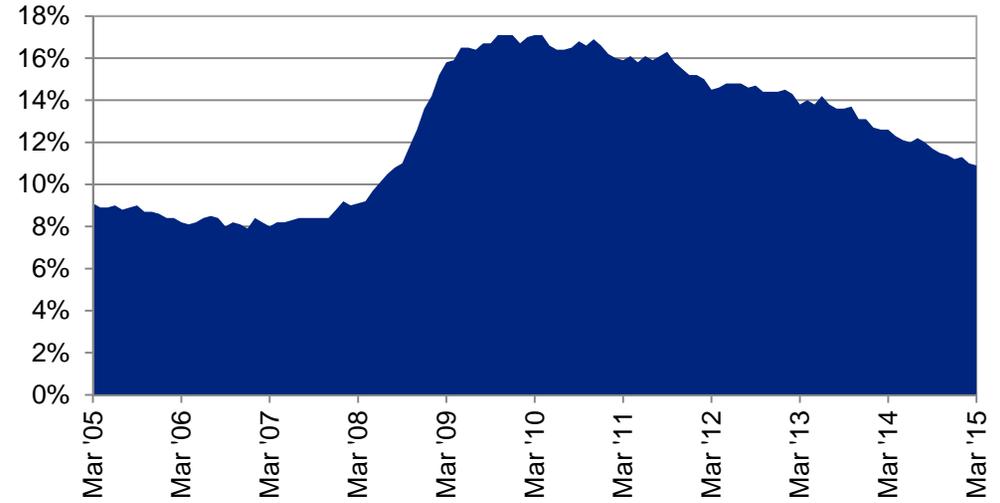
Source: Bureau of Labor Statistics

# Employment Indicators

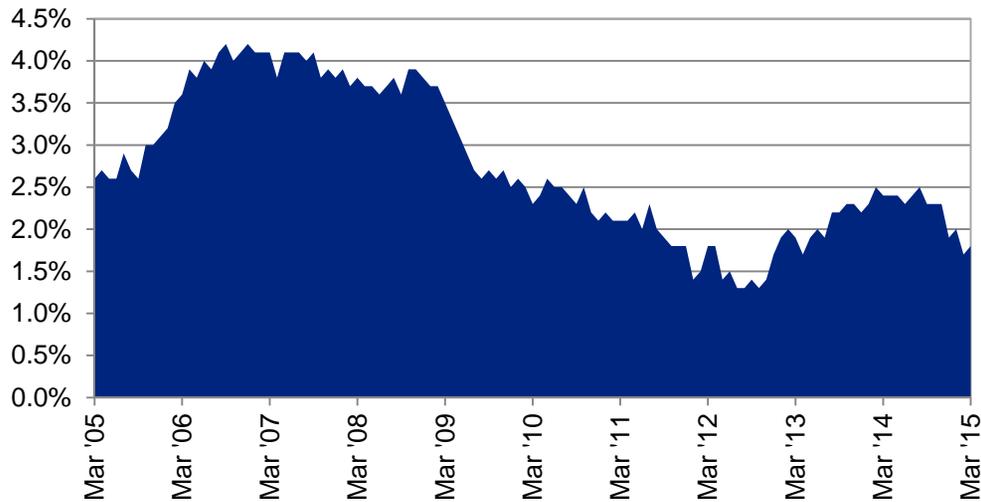
## Labor Force Participation Rate



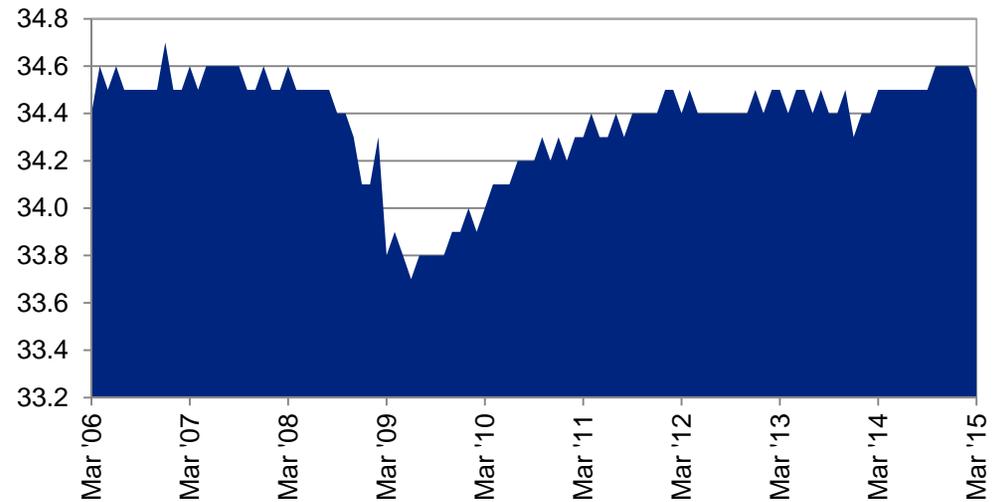
## U-6 Underemployment Rate



## Average Hourly Earnings Growth (YoY)



## Total Private Sector Average Weekly Hours

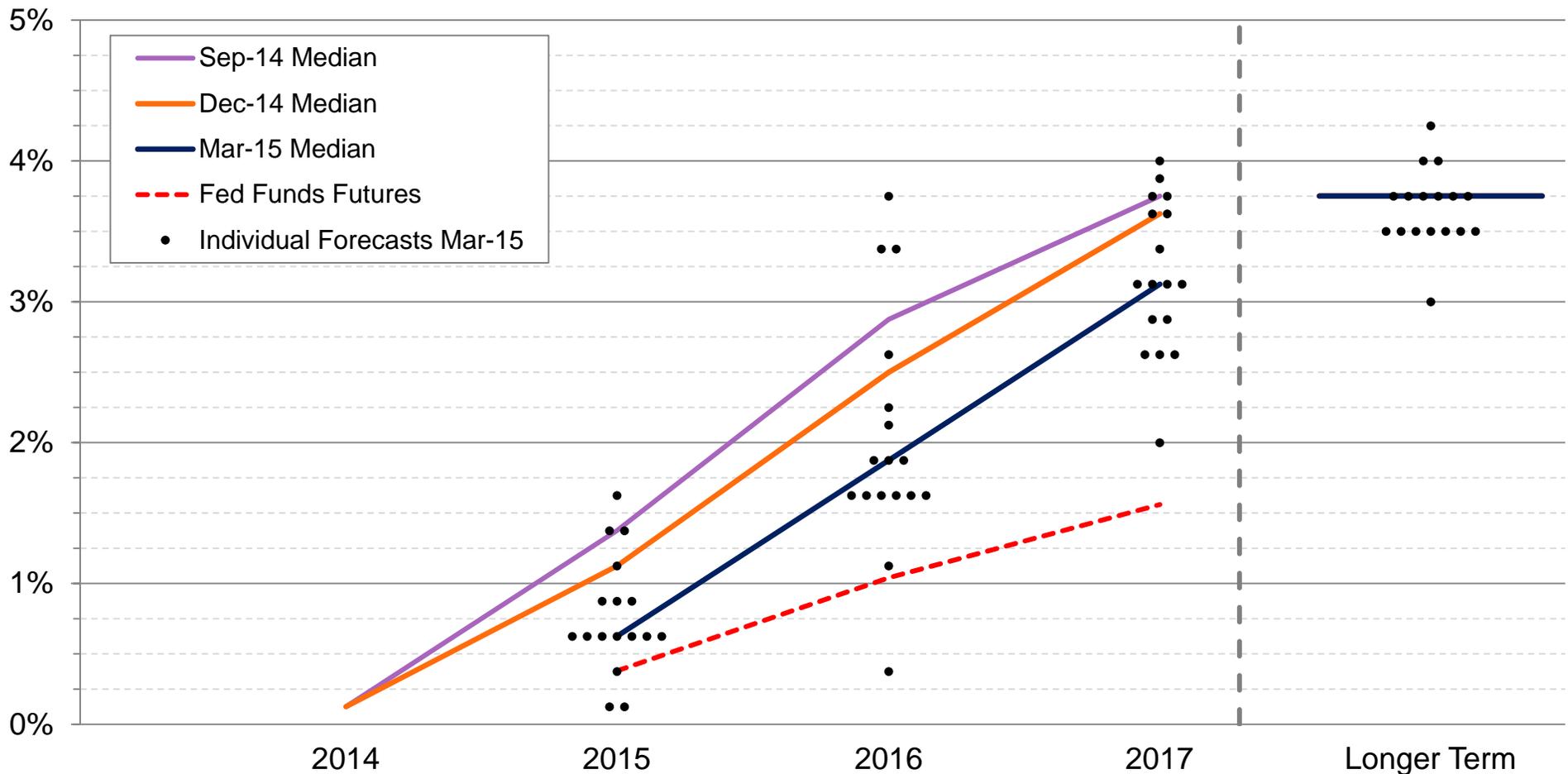


Source: Bureau of Labor Statistics

# FOMC “Dot Plot” from March Meeting

- The average opinion of FOMC members still projects the first Fed Funds rate hike in 2015, but the average expectations for the year-end rates are much lower than they were after the September and December meetings.

Forecasts for Year-End Fed Funds Rate



Source: Federal Reserve, Fed Funds Futures as of 3/31/2015

# Sector Preferences – April 2015

Sector	PFMAM Investment Preference	Sector Considerations
MMF/LGIP		<p><b>CP/CDs</b> Supply is constrained for shorter maturities, but Fed expectations has improved value in 6-12 month maturities.</p>
Commercial Paper/CDs		<p><b>Treasuries</b> New issuance shrinking as federal deficit improves; 1-5 year maturities offer value near the upper end of recent trading ranges.</p>
Treasury:        T-Bill  T-Note	 	<p><b>Federal Agencies</b> Housing GSEs continue to reduce issuance as they shrink their balance sheets; result is diminished supply and shrinking spreads, little value in short maturities.</p>
Agency:        <= 3 years  > 3 Years	 	<p><b>Corporates</b> Positive macro environment is particularly supportive of industrial issuers which appear attractive; some new issues still contain price concessions; bank sector may come under ratings pressure in 2015, but still provide an opportunity to enhance returns.</p>
Corporates: Financials  Industrials	 	<p><b>Municipals</b> Supply has diminished as advance refundings decline and new money projects lag; taxables offer occasional value compared to other spread products.</p>
Municipal Bonds		<p><b>ABS</b> Economic outlook supports incremental value in AAA senior fixed-rate auto loan and credit card tranches.</p>
Asset-Backed  Mortgage Backed	 	<p><b>MBS</b> Sector remains vulnerable to volatility, bank regulations and investor preferences; risk of slowing pre-payments if rates rise; seasoned issues with shorter final maturities have modest value.</p>

Source: PFMAM. As of March 31, 2015. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. Analysis is subject to changes in the market environment, and may vary based on the client's particular circumstances.



## Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

### CITY OF LOS ALTOS INVESTMENT PORTFOLIO

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 01/15/2013 0.375% 01/15/2016	912828UG3	300,000.00	AA+	Aaa	01/15/13	01/17/13	300,128.91	0.36	236.19	300,034.14	300,351.60
US TREASURY NOTES DTD 06/17/2013 0.500% 06/15/2016	912828VG2	1,150,000.00	AA+	Aaa	12/19/13	12/24/13	1,150,134.77	0.50	1,690.25	1,150,065.95	1,151,887.15
US TREASURY NOTES DTD 07/15/2013 0.625% 07/15/2016	912828VL1	350,000.00	AA+	Aaa	07/22/13	07/23/13	350,382.81	0.59	459.25	350,166.65	351,066.45
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	525,000.00	AA+	Aaa	10/21/13	10/22/13	530,947.27	0.60	456.52	527,955.01	529,347.53
US TREASURY NOTES DTD 04/30/2012 0.875% 04/30/2017	912828SS0	650,000.00	AA+	Aaa	05/01/14	05/02/14	650,380.86	0.86	2,388.12	650,265.62	653,706.95
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	1,050,000.00	AA+	Aaa	05/16/14	05/19/14	1,046,062.50	0.87	1,979.63	1,047,149.32	1,052,132.55
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	725,000.00	AA+	Aaa	02/13/15	02/17/15	718,826.17	0.85	600.83	719,122.66	722,224.70
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	950,000.00	AA+	Aaa	02/02/15	02/03/15	947,142.58	0.62	787.29	947,322.05	946,363.40
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,000,000.00	AA+	Aaa	11/10/14	11/10/14	988,945.31	0.99	2,094.78	990,339.11	995,781.00
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,000,000.00	AA+	Aaa	01/23/15	01/26/15	996,679.69	0.87	1,885.36	996,881.46	998,125.00
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,625,000.00	AA+	Aaa	12/29/14	12/31/14	1,608,623.05	1.21	2,356.70	1,609,932.40	1,626,395.88
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	550,000.00	AA+	Aaa	03/23/15	03/24/15	546,669.92	0.95	11.27	546,693.99	547,550.85
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	1,000,000.00	AA+	Aaa	02/26/15	02/27/15	989,921.88	1.08	20.49	990,214.41	995,547.00
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	1,100,000.00	AA+	Aaa	03/27/15	03/30/15	1,093,382.81	0.95	22.54	1,093,394.79	1,095,101.70



## Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

### CITY OF LOS ALTOS INVESTMENT PORTFOLIO

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<b>Security Type Sub-Total</b>		<b>11,975,000.00</b>					<b>11,918,228.53</b>	<b>0.86</b>	<b>14,989.22</b>	<b>11,919,537.56</b>	<b>11,965,581.76</b>
<b>Federal Agency Bond / Note</b>											
FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	750,000.00	AA+	Aaa	01/15/13	01/17/13	749,415.00	0.40	781.25	749,855.12	750,444.00
FEDERAL FARM CREDIT BANK BONDS DTD 12/28/2012 0.440% 12/28/2015	3133ECBD5	1,250,000.00	AA+	Aaa	01/15/13	01/17/13	1,251,122.50	0.41	1,420.83	1,250,283.78	1,251,000.00
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	750,000.00	AA+	Aaa	10/21/13	10/22/13	749,587.50	0.52	10.42	749,830.81	751,332.00
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EADQ9	500,000.00	AA+	Aaa	04/17/13	04/18/13	501,325.00	0.41	958.33	500,483.92	500,634.50
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EADO9	2,000,000.00	AA+	Aaa	06/27/13	06/28/13	1,987,780.00	0.72	3,833.33	1,995,225.20	2,002,538.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 05/10/2013 0.375% 06/24/2016	3133834R9	1,200,000.00	AA+	Aaa	06/27/13	06/28/13	1,186,020.00	0.77	1,212.50	1,194,206.53	1,199,338.80
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	1,275,000.00	AA+	Aaa	10/20/14	10/21/14	1,276,211.25	0.45	53.13	1,275,934.43	1,275,047.18
FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	1,000,000.00	AA+	Aaa	01/23/15	01/26/15	1,000,970.00	0.57	2,326.39	1,000,875.00	1,000,955.00
FHLMC REFERENCE NOTE DTD 01/16/2015 0.500% 01/27/2017	3137EADU0	1,400,000.00	AA+	Aaa	02/05/15	02/06/15	1,397,802.00	0.58	1,458.33	1,397,971.50	1,397,590.60
FHLB GLOBAL NOTES (CALLABLE) DTD 03/24/2015 0.840% 03/24/2017	3130A4OV7	500,000.00	AA+	Aaa	03/17/15	03/24/15	500,000.00	0.84	81.67	500,000.00	500,894.00
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	1,000,000.00	AA+	Aaa	03/23/15	03/24/15	1,004,520.00	0.80	1,750.00	1,004,482.92	1,007,458.00
<b>Security Type Sub-Total</b>		<b>11,625,000.00</b>					<b>11,604,753.25</b>	<b>0.60</b>	<b>13,886.18</b>	<b>11,619,149.21</b>	<b>11,637,232.08</b>
<b>Corporate Note</b>											
GENERAL ELECTRIC CO NOTES DTD 10/09/2012 0.850% 10/09/2015	369604BE2	650,000.00	AA+	Aa3	10/19/12	10/24/12	651,287.00	0.78	2,639.72	650,229.41	652,047.50



## Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

### CITY OF LOS ALTOS INVESTMENT PORTFOLIO

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<b>Corporate Note</b>											
WAL-MART STORES INC GLOBAL NOTES DTD 04/11/2013 0.600% 04/11/2016	931142DE0	800,000.00	AA	Aa2	04/17/13	04/22/13	801,848.00	0.52	2,266.67	800,642.90	801,592.00
3M CORP NOTES DTD 09/29/2011 1.375% 09/29/2016	88579YAD3	750,000.00	AA-	Aa3	12/19/13	12/24/13	763,755.00	0.70	57.29	757,471.70	759,591.00
CHEVRON CORP NOTES DTD 03/03/2015 1.365% 03/02/2018	166764AV2	450,000.00	AA	Aa1	03/23/15	03/26/15	451,485.00	1.25	477.75	451,478.11	452,192.40
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	500,000.00	AAA	Aaa	03/13/15	03/18/15	500,230.00	1.29	453.13	500,227.29	502,878.50
<b>Security Type Sub-Total</b>		<b>3,150,000.00</b>					<b>3,168,605.00</b>	<b>0.84</b>	<b>5,894.56</b>	<b>3,160,049.41</b>	<b>3,168,301.40</b>
<b>Bank Note</b>											
US BANK CORP NOTE (CALLABLE) DTD 01/30/2014 1.100% 01/30/2017	90331HMC4	625,000.00	AA-	Aa3	02/03/15	02/06/15	628,031.25	0.85	1,164.93	627,789.09	626,948.75
<b>Security Type Sub-Total</b>		<b>625,000.00</b>					<b>628,031.25</b>	<b>0.85</b>	<b>1,164.93</b>	<b>627,789.09</b>	<b>626,948.75</b>
<b>Managed Account Sub-Total</b>		<b>27,375,000.00</b>					<b>27,319,618.03</b>	<b>0.75</b>	<b>35,934.89</b>	<b>27,326,525.27</b>	<b>27,398,063.99</b>
<b>Securities Sub-Total</b>		<b>\$27,375,000.00</b>					<b>\$27,319,618.03</b>	<b>0.75%</b>	<b>\$35,934.89</b>	<b>\$27,326,525.27</b>	<b>\$27,398,063.99</b>
<b>Accrued Interest</b>											<b>\$35,934.89</b>
<b>Total Investments</b>											<b>\$27,433,998.88</b>

# Disclaimer

*This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.*