



DATE: February 25, 2016

AGENDA ITEM #2

TO: Financial Commission
FROM: Kim Juran-Karageorgiou, Administrative Services Director
SUBJECT: Investment Portfolio Update through December 31, 2015

RECOMMENDATION:

Receive the Investment Portfolio Report through December 31, 2015

BACKGROUND

This report presents the status of the City's investment portfolio through December 31, 2015. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM).

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 December 31, 2015, was \$55,141,473.

As of December 31, 2015, 13% 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), 34% in U.S. Treasuries, 10% in medium-term Corporate Notes and Commercial Paper, with the balance of 43% in LAIF. 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 Fourth 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 0.68%, which is highlighted on page 8 of the PFM Investment Review report.

Attachments:

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

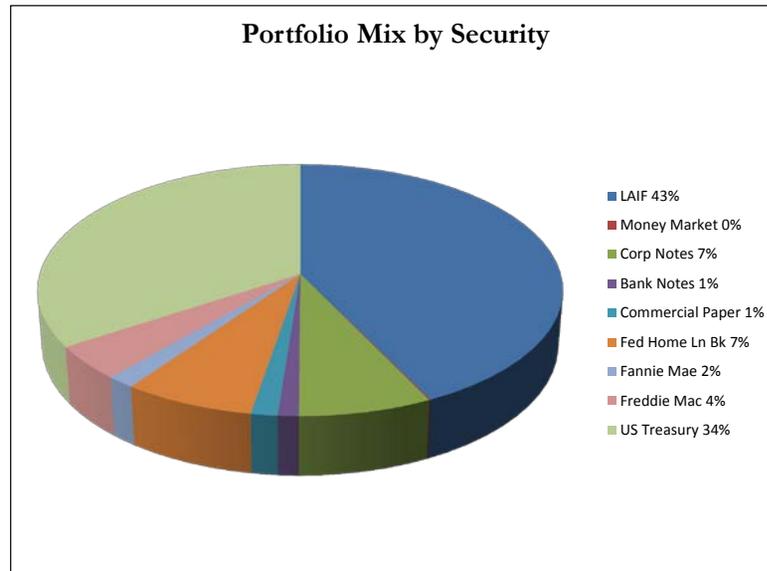
Attachment 1
Citywide Holdings and Investment Ladder
December 31, 2015

31-Dec-15 Month	2016				2017				2018				2019		
	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Call Date	Amount
LAIF				\$ 23,555,452											
MMKT				\$ 46,022											
Jan					1/27/2017	0.58% FHLMC		1,400,000	1/16/2018	1.61% Wells Fargo		625,000			
					1/30/2017	0.85% USBANK	12/30/2016	625,000	1/31/2018	1.21% USTreas		1,000,000	1/31/2019	1.38% USTreas	550,000
									1/31/2018	1.11% USTreas		1,250,000			
Feb															
Mar									3/1/2018	1.83% JP Morgan		625,000			
	3/4/2016	0.51%	Bank of Tokyo	800,000					3/2/2018	1.25% Chevron		450,000			
									5/6/2018	1.29% Exxon		500,000			
					3/24/2017	0.84% FHLB	3/24/2017	500,000	3/31/2018	0.95% USTreas		325,000			
									3/31/2018	0.95% USTreas		1,100,000			
Apr															
					4/30/2017	0.86% USTreas		650,000	4/2/2018	1.44% General Electric		650,000			
									4/30/2018	0.93% USTreas		800,000			
May									5/3/2018	1.42% Apple		625,000			
									5/31/2018	0.99% USTreas		1,475,000			
Jun					6/15/2017	0.64% USTreas		2,000,000							
	6/24/2016	0.77%	FHLB	1,200,000	6/30/2017	0.87% USTreas		1,050,000							
Jul					7/28/2017	0.80% FHLMC		1,000,000							
					7/31/2017	0.85% USTreas		725,000							
					7/31/2017	0.62% USTreas		950,000							
Aug									8/10/2018	1.78% John Deere		540,000			
Sep									9/30/2018	0.94% USTreas		1,500,000			
	9/28/2016	0.45%	FHLB	1,275,000											
Oct															
Nov	11/23/2016	0.57%	FHLB	1,000,000	11/30/2017	0.99% USTreas		1,000,000	10/19/2018	1.18% FNMA		850,000			
	11/30/2016	0.48%	USTreas	750,000					11/30/2018	1.18% USTreas		1,250,000			
Dec									12/31/2018	1.22% USTreas		1,500,000			
					12/31/2017	0.87% USTreas		1,000,000							
Total				\$5,025,000				\$10,900,000				\$15,065,000			\$550,000
Count/Percent	5		0	31.55%	11		2	68.45%	17		0	94.60%	1		3.45%
Avg YTM/Days	0.56%			235	0.80%			542	1.25%			873	1.38%		1,127
Total Face Value				\$ 5,025,000				\$ 15,925,000				\$ 30,990,000			\$ 31,540,000

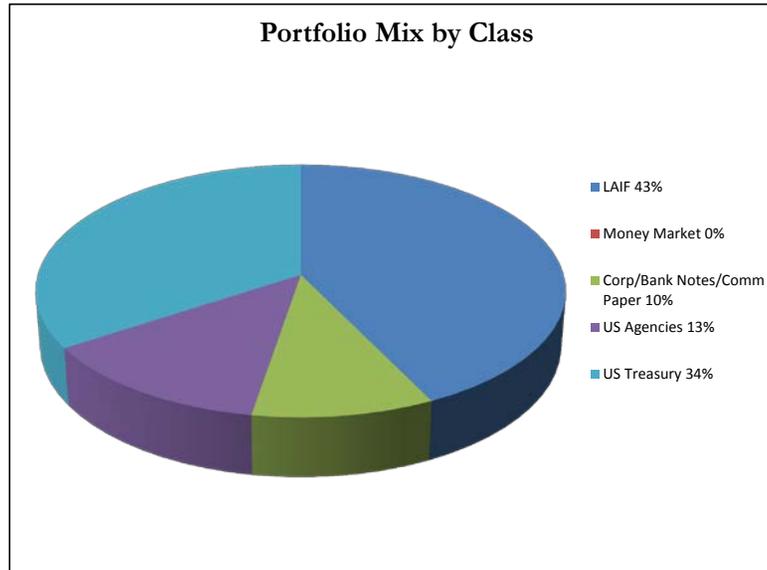
	No of Inv	Ladder Yield	Spread Over LAIF	%	Maturity	Callables	Face Value
LAIF	1	0.400%	0.000%	43%	1	0	23,555,452
Money Mkt	0	0.010%	-0.390%	0%	1	0	46,022
2016	5	0.556%	0.156%	9%	235	0	5,025,000
2017	11	0.797%	0.397%	20%	542	2	10,900,000
2018	17	1.252%	0.852%	27%	873	0	15,065,000
2019	1	1.380%	0.980%	1%	1127	0	550,000
	17	0.72%	0.60%	100%	379	2	\$55,141,473

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

Security Type	% of Total	Portfolio Mix by Security
LAIF	43%	23,555,452
Money Market	0%	46,022
Corp Notes	7%	4,015,000
Bank Notes	1%	625,000
Commercial Paper	1%	800,000
Fed Home Ln Bk	7%	3,975,000
Fannie Mae	2%	850,000
Freddie Mac	4%	2,400,000
US Treasury	34%	18,875,000
	100%	55,141,473



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	43%	23,555,452	23,555,452
Money Market	0%	46,022	46,022
Corp/Bank Notes/Comm Paper	10%	5,440,000	5,425,494
US Agencies	13%	7,225,000	7,205,848
US Treasury	34%	18,875,000	18,811,451
	100%	55,141,473	55,044,266
Corp Notes		5,440,000	5,425,494
US Treasury/Agencies		26,100,000	26,017,299
Accrued Interest			63,691
		31,540,000	31,506,484
Margin Over (Under) Par			(33,516)



Attachment 3
Investment Policy Compliance Chart
December 31, 2015

City Investment	% Mix	Par Value	Latest Term	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	43%	23,555,452	12/31/2020	50,000,000	100%	26,444,548	Yes	N/A
M FUND	0%	46,022	12/31/2020		20%	10,982,273	Yes	N/A
MTNs	7%	5,440,000	12/31/2020		15%	2,831,221	Yes	Yes
FHLB	7%	3,975,000	12/31/2020		20%	7,053,295	Yes	Yes
FNMA	2%	850,000	12/31/2020		20%	10,178,295	Yes	Yes
FFCB	0%	-	12/31/2020		20%	11,028,295	Yes	Yes
FHLM	4%	2,400,000	12/31/2020		20%	8,628,295	Yes	Yes
All Agencies	13%		12/31/2020		100%	47,916,473	Yes	Yes
TREAS	34%	18,875,000	12/31/2020		100%	36,266,473	Yes	Yes
	100%	55,141,473						
All Agencies		13%	7,225,000					
Callables		2%	1,125,000					



City of Los Altos

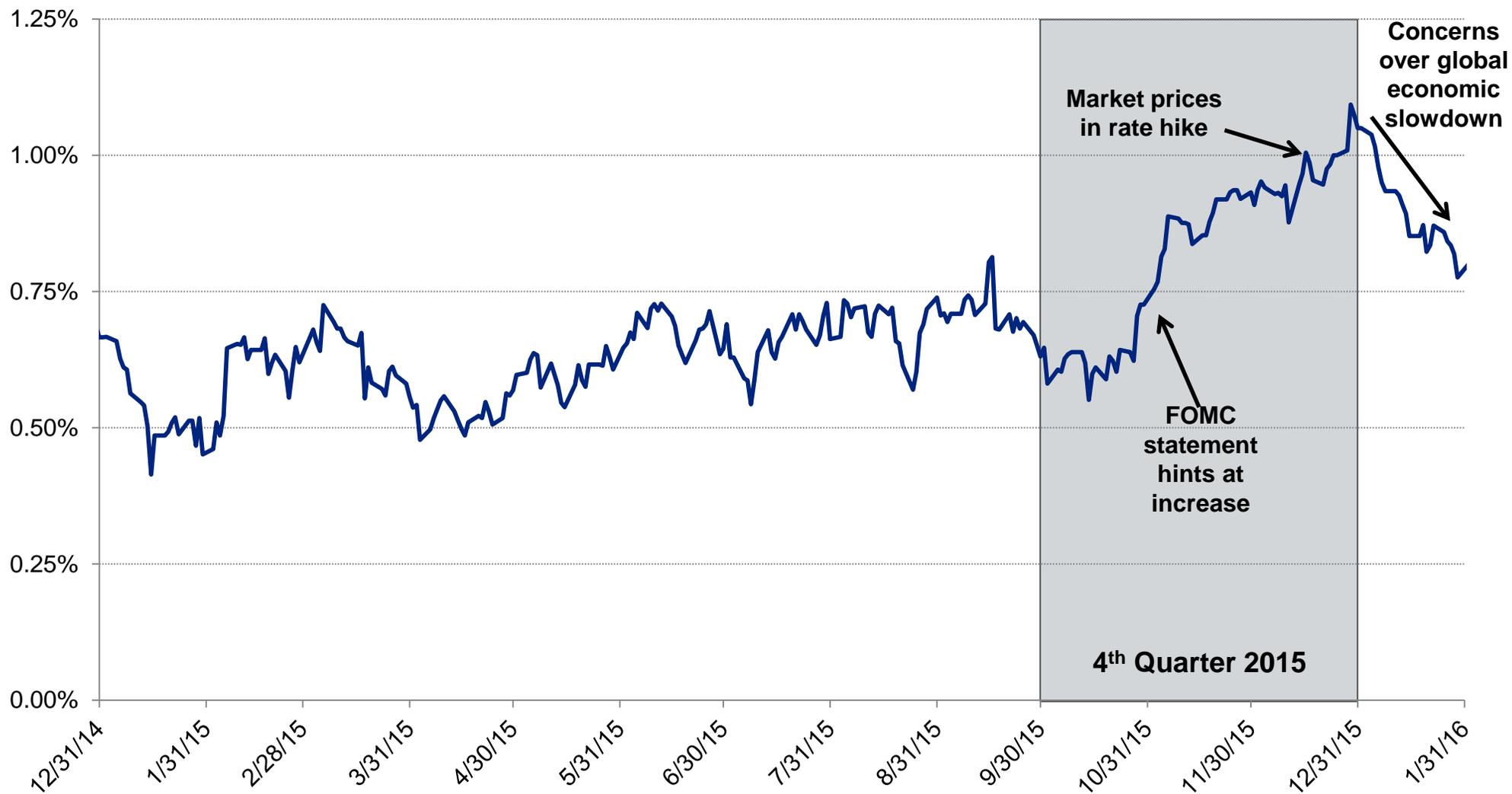


Fourth Quarter 2015 Review of Portfolio February 25, 2016

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

U.S. Treasury Yields

2-Year Treasury Yields
December 31, 2014 – January 31, 2016



Source: Bloomberg

At Last! Fed Raises Interest Rates

FOMC December 15-16 Statement

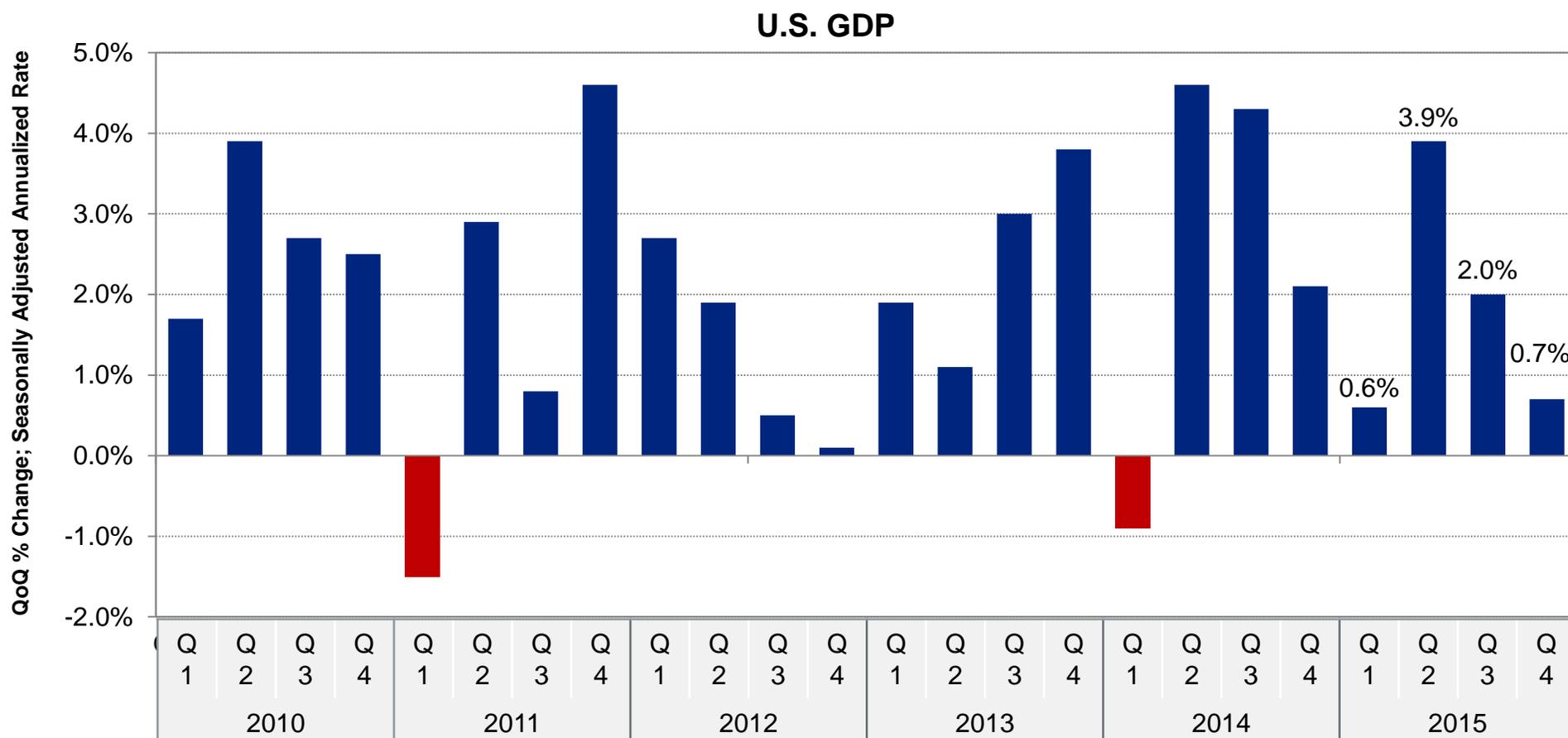
December

16

- A range of recent labor market indicators, including ongoing job gains and declining unemployment, shows further improvement and **confirms that underutilization of labor resources has diminished appreciably since early this year.**
- Inflation has continued to run below the Committee's 2% longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports . . . Some survey-based measures of longer-term inflation expectations have edged down . . . [the Committee] **is reasonably confident that inflation will rise, over the medium term, to its 2% objective.**
- Given the economic outlook, and recognizing the time it takes for policy actions to affect future economic outcomes, **the Committee decided to raise the target range for the federal funds rate to 0.25 – 0.50% . . . the stance of monetary policy remains accommodative.**
- In light of the current shortfall of inflation from 2%, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant **only gradual increases in the federal funds rate.**

U.S. Economy Cooled in Fourth Quarter

- The first reading of fourth quarter GDP indicated the economy expanded at a mere 0.7%, and is continuing to cool from the rate of expansion seen in the second and third quarters.
 - Consumers cut back on spending, businesses on investment, and inventories continued to be drawn upon.
- For 2015, GDP expanded 2.4% for a second year in a row, led by the biggest gain in consumer spending in a decade.

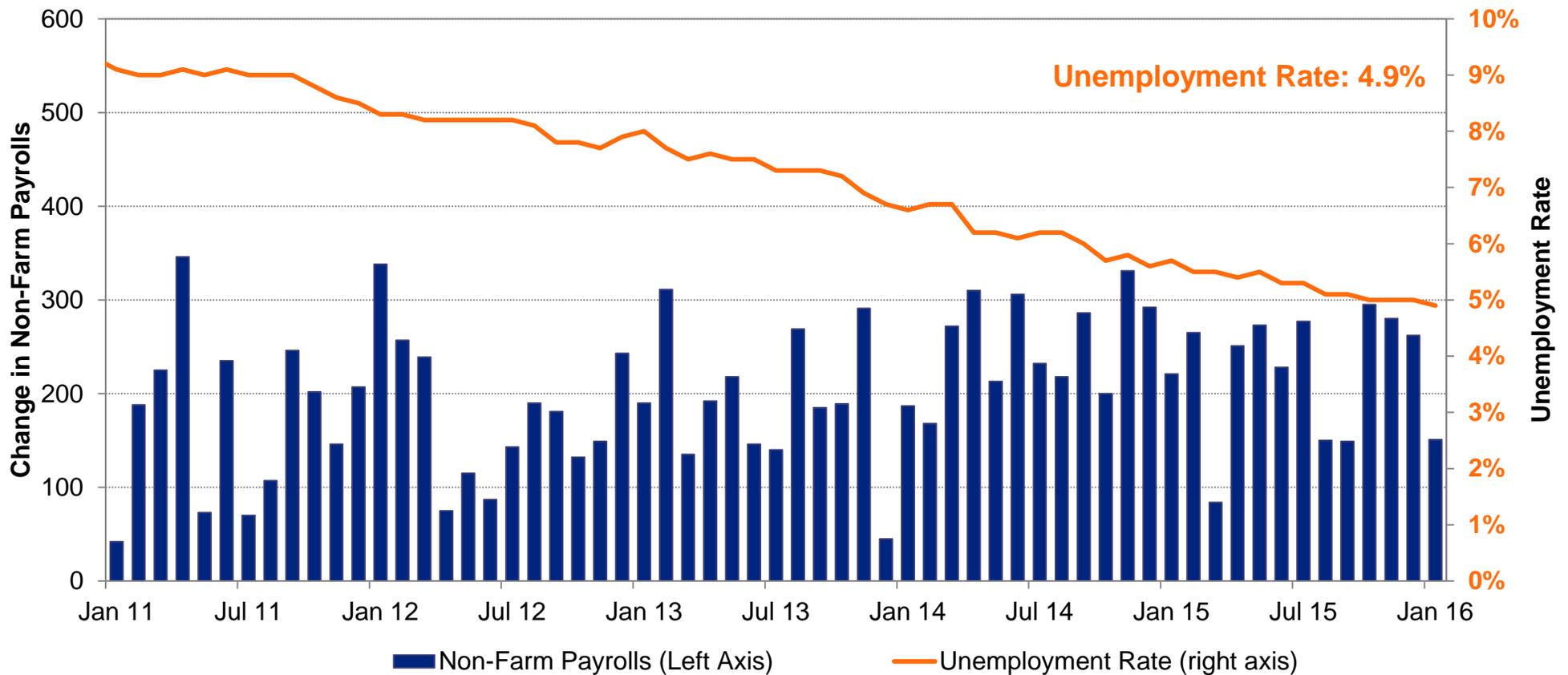


Source: Bureau Of Economic Analysis; Bloomberg

U.S. Economy Continued to Create Jobs

- The U.S. labor market added an average 222,000 jobs per month over the past year.
- The unemployment rate is at 4.9%, which is considered to be near “full employment.”

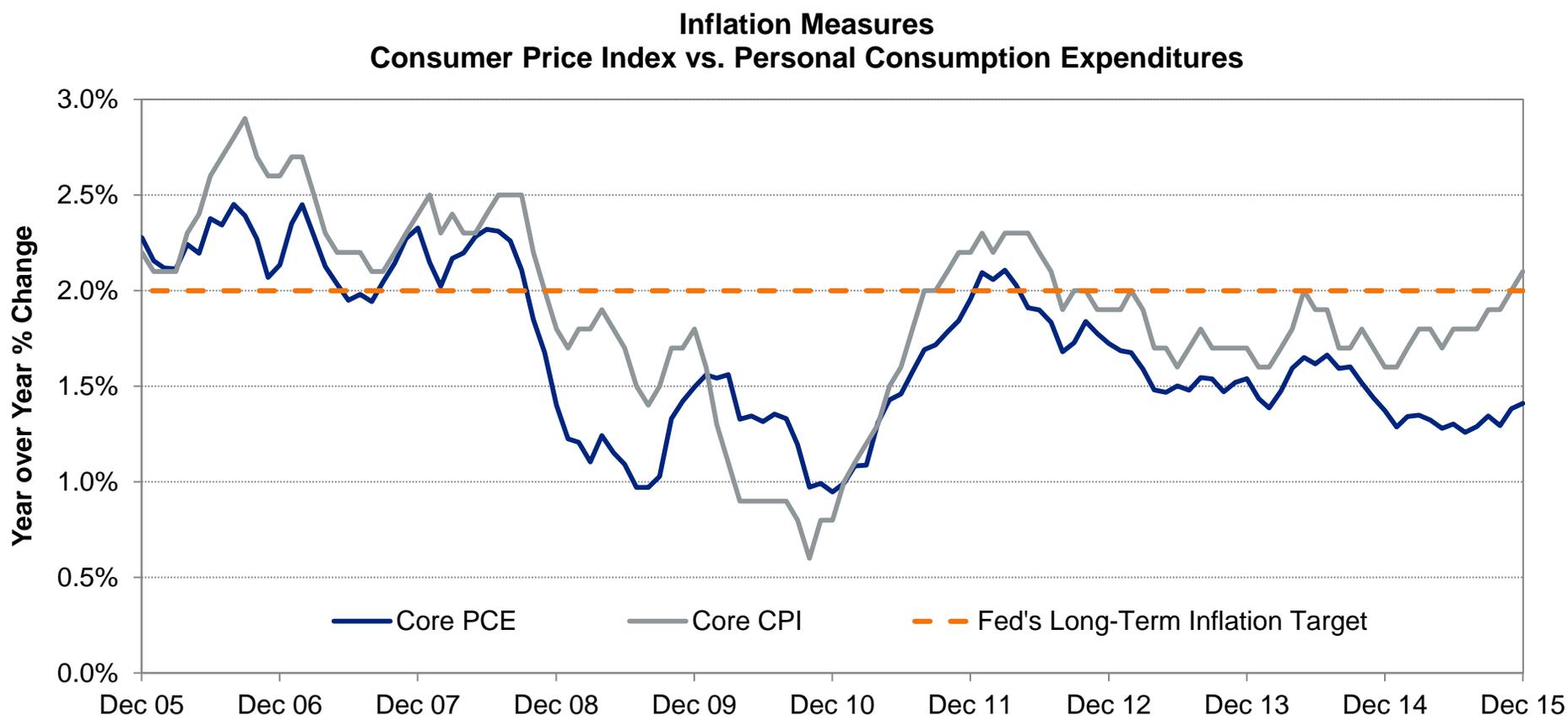
Monthly Change in Non-Farm Payrolls and Unemployment Rate



Source: Bureau of Labor Statistics, Bloomberg

Inflation Remained Muted

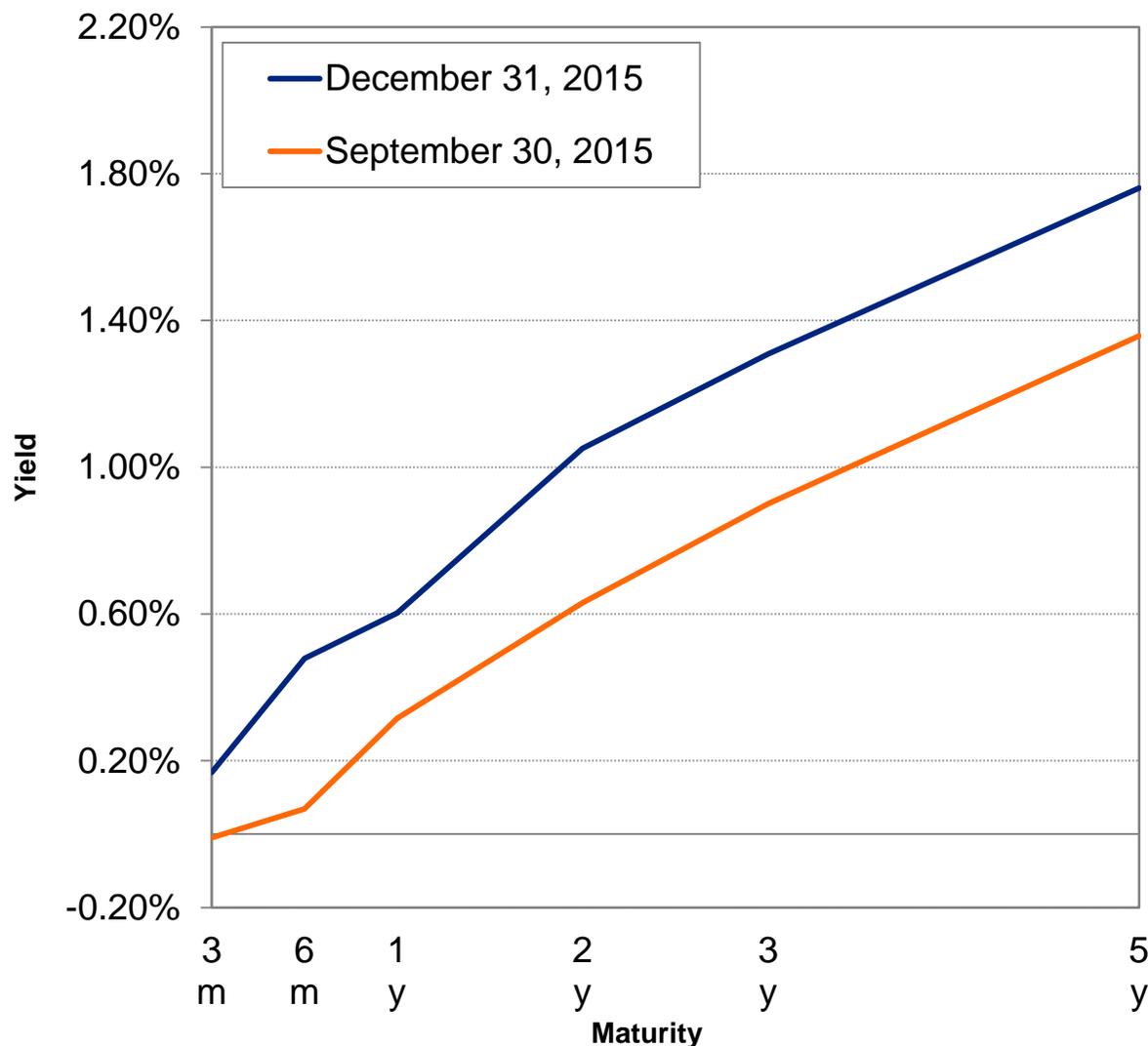
- The personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, remained under the 2% target; it advanced just 1.4% year-over-year through December.
- Falling oil prices and lack of wage pressure are helping keep inflation low.



Source: Bloomberg

Interest Rates Rose Across the Curve

U.S. Treasury Yield Curves



	9/30/15	12/31/15	Change
3 Month	-0.02%	0.17%	+0.19%
6 Month	0.07%	0.48%	+0.41%
1 Year	0.31%	0.60%	+0.29%
2 Year	0.63%	1.05%	+0.42%
3 Year	0.90%	1.31%	+0.41%
5 Year	1.36%	1.76%	+0.40%
10 Year	2.04%	2.27%	+0.23%
30 Year	2.85%	3.02%	+0.17%

Source: Bloomberg

Fourth Quarter 2015 Recap

- Trading activity in the fourth quarter focused primarily on managing the duration of the portfolio relative to the duration of the benchmark. The conservative duration bias for much of the quarter mitigated the impact of rising rates on the market value of the City's portfolio and aided the portfolio's performance relative to the benchmark.
- It was not until December that we extended the portfolio duration to be longer than the benchmark duration. We purchased bonds in the 3-year maturity range to take advantage of the new, higher interest rates.
- The yield relationship between U.S. Treasury and federal agency securities remained stable throughout the fourth quarter. Our relative value analysis of these sectors continued to favor investments in U.S. Treasuries. We shifted 13% of the portfolio into U.S. Treasury securities.

Settle Date	Transaction	Issuer	Par	Maturity	Yield	Gain on Sale
10/9/15	Sale	FFCB	\$750,000	12/28/15	0.25%	\$257
10/9/15	Sale	FNMA	\$750,000	3/30/16	0.29%	\$816
10/9/15	Purchase	U.S. Treasury	\$1,500,000	9/30/18	0.94%	-
11/9/15	Sale	FHLMC	\$500,000	5/13/16	0.37%	\$113
11/9/15	Sale	FHLMC	\$750,000	5/13/16	0.37%	\$1,324
11/9/15	Purchase	U.S. Treasury	\$1,250,000	11/30/18	1.18%	-
12/4/15	Sale	FHLMC	\$1,250,000	5/31/16	0.42%	\$1,646
12/4/15	Sale	U.S. Treasury	\$250,000	6/15/16	0.45%	\$62
12/4/15	Purchase	U.S. Treasury	\$1,500,000	12/31/18	1.22%	-
12/30/15	Sale	U.S. Treasury	\$525,000	8/31/16	0.68%	(\$271)
12/30/15	Sale	U.S. Treasury	\$900,000	6/15/16	0.51%	(\$55)
12/30/15	Sale	U.S. Treasury	\$350,000	7/15/16	0.59%	(\$2)
12/30/15	Purchase	U.S. Treasury	\$550,000	1/31/19	1.38%	-
12/30/15	Purchase	U.S. Treasury	\$1,250,000	1/31/18	1.11%	-

Total Returns

- In the fourth quarter of 2015, the portfolio benefitted from a careful duration management and outperformed the benchmark by 0.13%.

Total Returns
for Periods ending December 31, 2015

	Duration (years)	Yield to Maturity	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Los Altos	1.82	0.95%	-0.31%	0.57%	0.49%	0.67%	0.68%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.80	1.04%	-0.44%	0.54%	0.51%	0.70%	0.72%

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.

Fourth Quarter Total Return Detail

Calculating Return in Dollars

Ending Market Value + Accrued Interest		\$31,552,505
- Beginning Market Value + Accrued Interest	-	\$31,652,019
+ Distributions	+	\$0
- Contributions	-	\$0
= Total Return		-\$99,514

Components of Dollar Return

Realized Gain/Loss:	\$3,890	Realized Return
Net Interest Income:	+ \$69,889	Realized Return
Realized Dollar Return:	\$73,779	→ +0.23%
<hr/>		
Unrealized Gain/Loss:	- \$173,293	
Total Return	-\$99,514	

Calculating Average Balance

Beginning Market Value + Accrued Interest		\$31,652,019
- Time-Weighted Distributions	-	\$0
+ Time-Weighted Contributions	+	\$0
= Time Weighted Average Balance		\$31,652,019

Total Return = $\frac{-\$99,514}{\$31,652,019}$ = **-0.31%**

Portfolio Earnings Analysis

Portfolio Earnings Analysis

As of December 31, 2015

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Past Year
<i>Total Interest and Realized Gain/Loss</i>	45,246	57,006	74,850	73,779	250,881
<i>+ Change in market value</i>	56,503	(21,842)	29,255	(173,293)	(109,377)
<i>= Total Return \$</i>	101,749	35,164	104,105	(99,514)	141,504
<i>Total Return %</i>	0.44%	0.12%	0.33%	-0.31%	0.57%

Notes:

- Performance on trade-date basis, gross (i.e., before fees) in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Quarterly returns are presented on an unannualized basis.

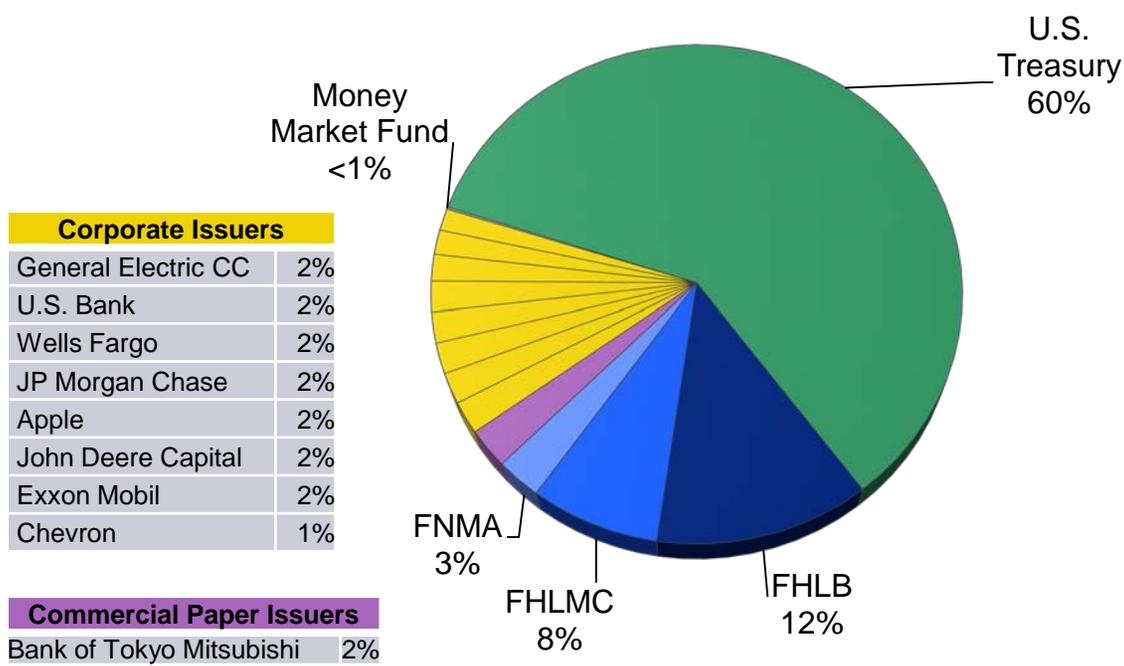
Portfolio Holdings in Compliance with California Code and City's Investment Policy

Security Type	Market Value as of December 31, 2015	Percent of Portfolio	% Change vs. 9/30	Permitted by Policy	In Compliance
U.S. Treasury	\$18,841,116	60%	+13%	100%	✓
Federal Agencies	\$7,218,531	23%	-13%	100%	✓
Commercial Paper	\$799,300	2%	-	15%	✓
Corporate Notes	\$4,647,536	15%	-	15%	✓
Money Market Fund	\$46,022	<1%	-	20%	✓
Total	\$31,552,505				

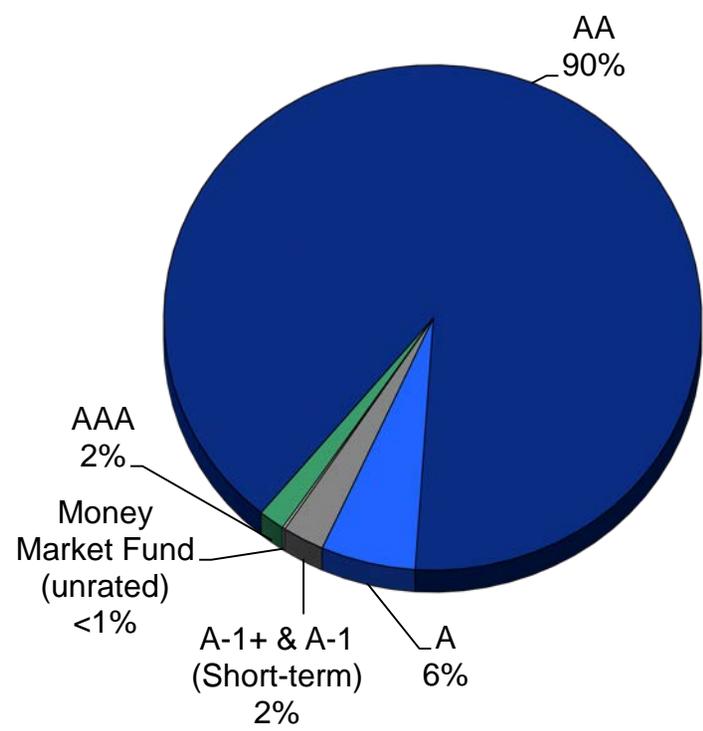
City's Holdings Maintain Highest Credit Quality

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

Issuer Distribution



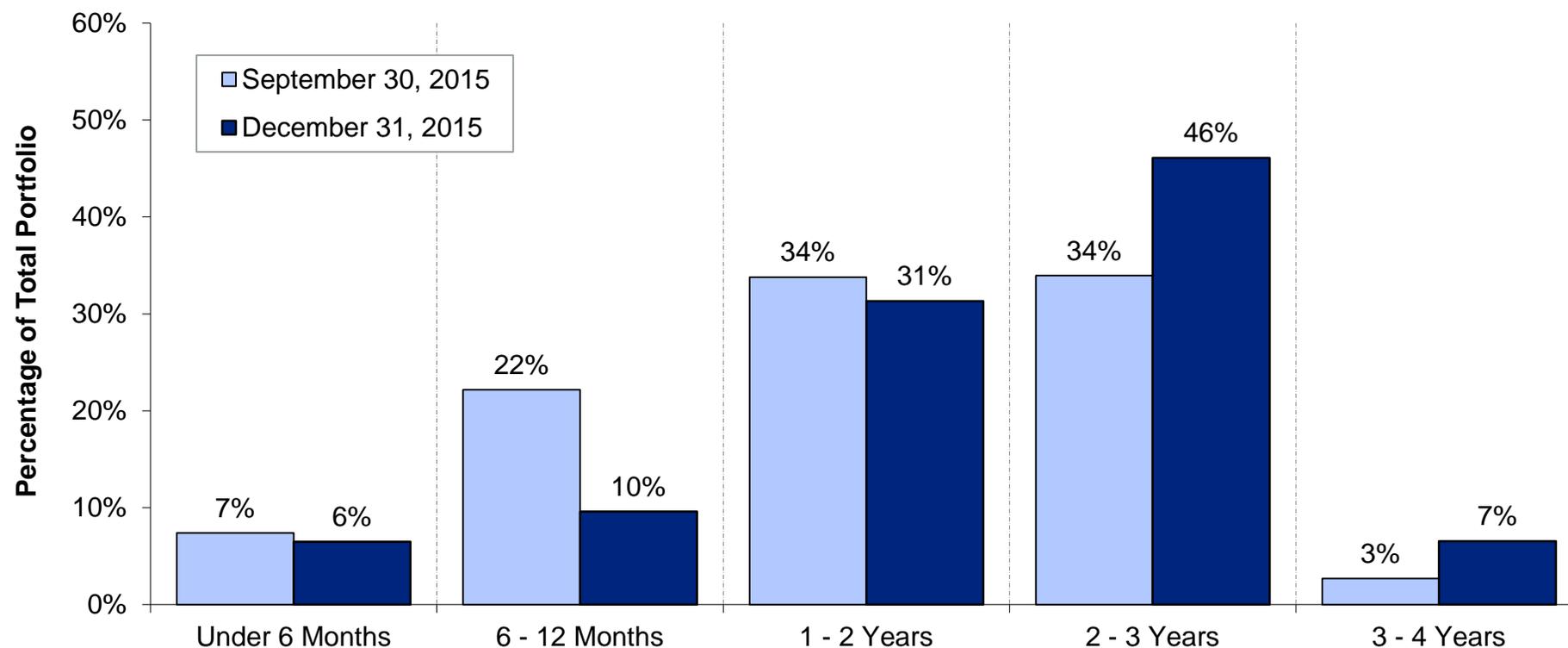
Credit Quality



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

Maturity Distribution

- At the end of the year we shifted 16% of the portfolio into securities with maturities between 2 and 4 years to take advantage of higher rates.



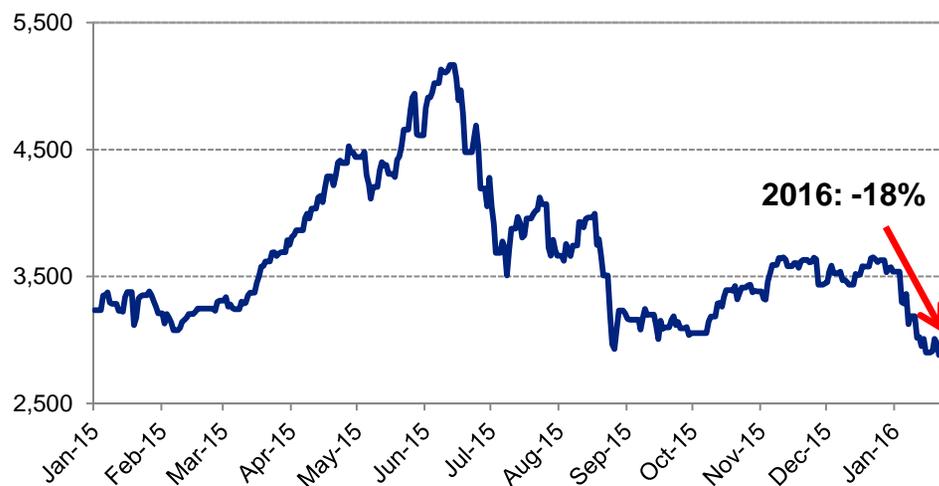
Note: Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

2016 Outlook and Strategy

- We expect that the U.S. economy will continue to expand at a moderate pace, bolstered by gains in the job market and consumer spending. However, the global economy faces significant headwinds, particularly in emerging market economies.
- The Federal Reserve has signaled that future rate increases will be gradual and likely tied to “actual progress” towards the Fed’s inflation target.
- We will continue to manage duration with a conservative bias in an effort to protect the market value of the portfolio in light of the bias toward higher rates by the end of 2016.
- The corporate sector continues to add significant value to the City’s portfolio. We will maintain the portfolio’s allocation near the upper end of the City’s policy limits to maximize the benefit from this sector. We will continue to carefully monitor the impact of global growth concerns on the corporate sector as a whole and on specific issuers.
- We will continue to monitor the yield relationship between federal agency and Treasury securities, looking to add federal agencies when their additional yields over Treasuries offer value.

2016: Not a Very Nice New Year so Far

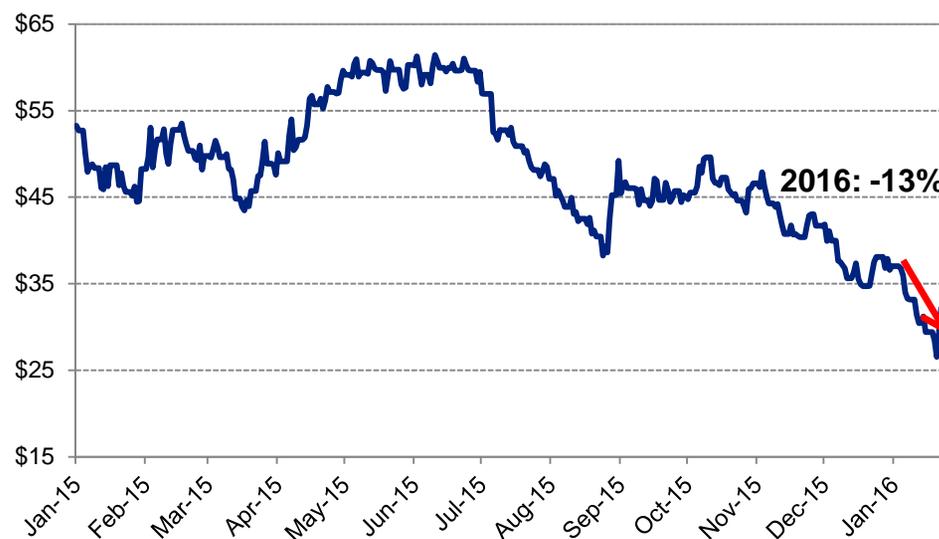
Shanghai Composite



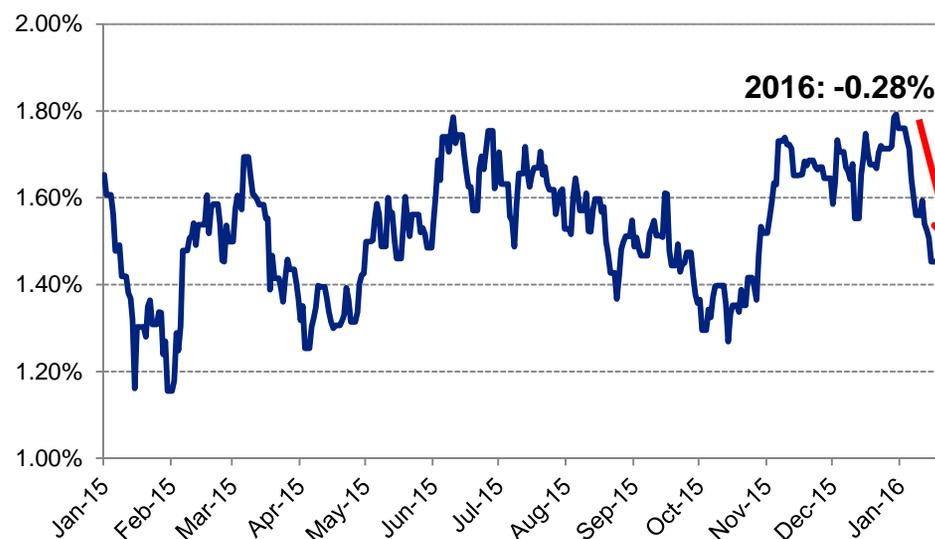
S&P 500



WTI Crude Oil (per barrel)



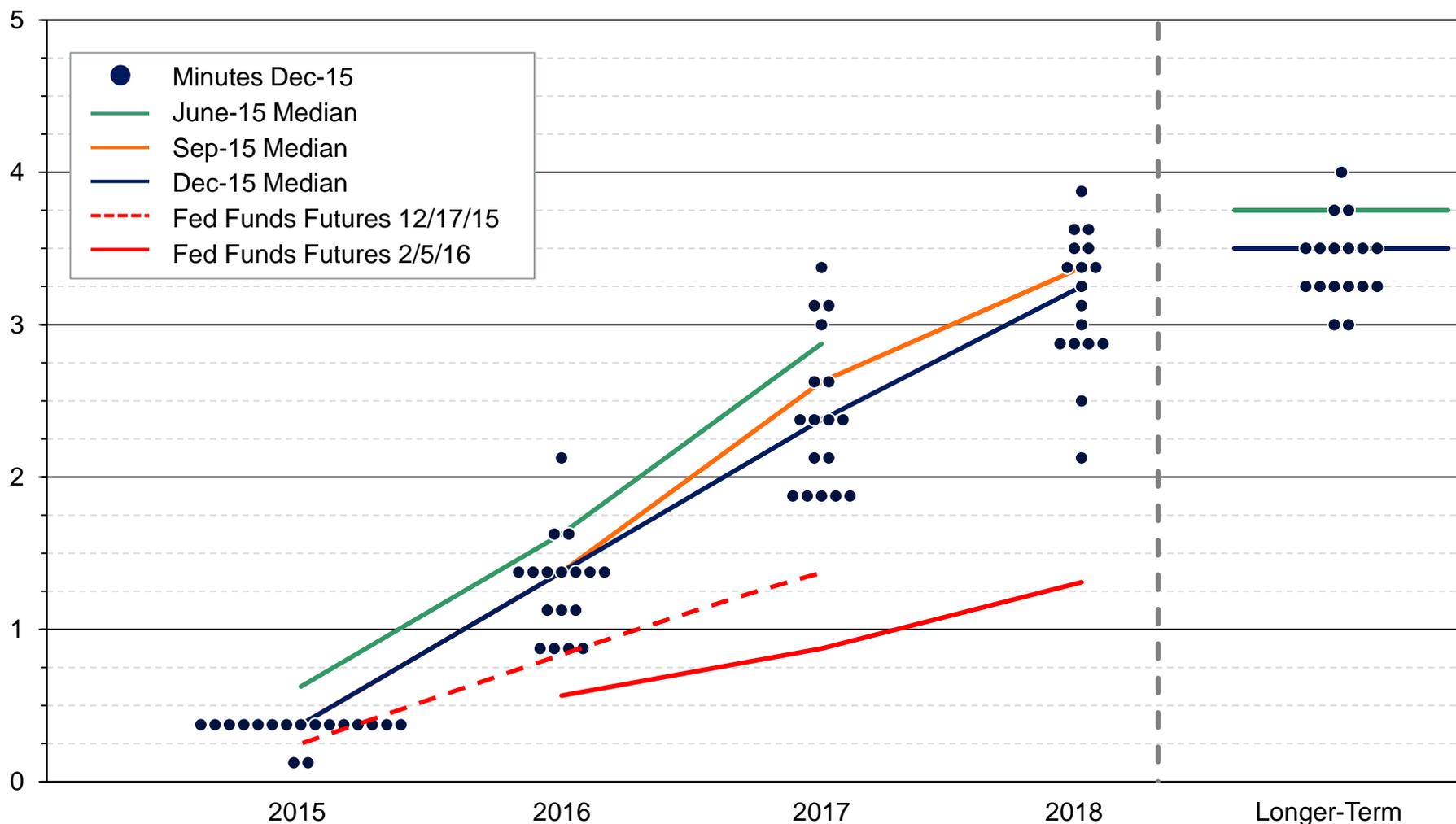
5-Year Treasury



Source: Bloomberg, as of January 22, 2016.

FOMC “Dot Plot” from December Meeting

- The “Dot Plot” shows expectations for four 0.25% hikes in 2016. However, the dots have consistently overstated actual movements.



Source: Bloomberg

Disclaimer

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Managed Account Detail of Securities Held

For the Month Ending **December 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
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	750,000.00	AA+	Aaa	09/04/15	09/10/15	753,632.81	0.48	573.77	752,716.91	750,439.50
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	968.75	650,170.31	649,720.50
US TREASURY NOTES DTD 06/16/2014 0.875% 06/15/2017	912828WP1	2,000,000.00	AA+	Aaa	05/13/15	05/14/15	2,009,765.63	0.64	812.84	2,006,813.44	1,997,812.00
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	21.63	1,048,095.45	1,046,718.75
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	1,516.98	721,005.47	719,505.95
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	1,987.77	948,181.40	942,800.90
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	546.45	993,040.47	991,719.00
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	20.60	997,726.88	993,242.00
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,000,000.00	AA+	Aaa	12/29/14	12/31/14	989,921.88	1.21	3,661.68	993,159.29	995,000.00
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,250,000.00	AA+	Aaa	12/28/15	12/30/15	1,243,847.66	1.11	4,577.11	1,243,863.64	1,243,750.00
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	325,000.00	AA+	Aaa	03/23/15	03/24/15	323,032.23	0.95	619.36	323,531.14	322,092.88
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	2,096.31	1,095,033.59	1,090,160.50
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	800,000.00	AA+	Aaa	04/29/15	04/30/15	792,875.00	0.93	851.65	794,450.54	789,718.40
US TREASURY NOTES DTD 05/31/2013 1.000% 05/31/2018	912828VE7	1,475,000.00	AA+	Aaa	05/13/15	05/14/15	1,475,288.09	0.99	1,289.62	1,475,230.06	1,467,452.43



Managed Account Detail of Securities Held

For the Month Ending **December 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
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	1,500,000.00	AA+	Aaa	10/08/15	10/09/15	1,519,218.75	0.94	5,240.78	1,517,754.05	1,504,687.50
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	1,250,000.00	AA+	Aaa	11/05/15	11/09/15	1,252,539.06	1.18	1,366.12	1,252,422.91	1,247,900.00
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	1,500,000.00	AA+	Aaa	12/01/15	12/04/15	1,512,714.84	1.22	61.81	1,512,409.77	1,506,796.50
US TREASURY NOTES DTD 01/31/2014 1.500% 01/31/2019	912828B33	550,000.00	AA+	Aaa	12/28/15	12/30/15	552,019.53	1.38	3,452.45	552,016.17	551,933.80
Security Type Sub-Total		18,875,000.00					18,866,275.40	0.94	29,665.68	18,877,621.49	18,811,450.61
Federal Agency Bond / Note											
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	87.50	1,197,730.75	1,198,496.40
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	1,646.88	1,275,465.31	1,272,762.38
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	659.72	1,000,477.20	998,041.00
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	2,994.44	1,398,804.15	1,394,366.40
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	1,131.67	500,000.00	499,264.00
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	4,250.00	1,003,047.12	998,337.00
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	850,000.00	AA+	Aaa	08/27/15	09/01/15	848,623.00	1.18	1,912.50	848,764.79	844,581.25
Security Type Sub-Total		7,225,000.00					7,214,146.25	0.71	12,682.71	7,224,289.32	7,205,848.43
Corporate Note											



Managed Account Detail of Securities Held

For the Month Ending **December 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
Corporate Note											
WELLS FARGO & COMPANY GLOBAL NOTES DTD 12/26/2012 1.500% 01/16/2018	94974BFG0	625,000.00	A	A2	09/08/15	09/11/15	623,431.25	1.61	4,296.88	623,635.20	622,337.50
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	625,000.00	A-	A3	09/08/15	09/11/15	623,056.25	1.83	3,541.67	623,292.80	621,969.38
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	2,030.44	451,104.07	446,399.10
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	2,084.38	500,170.36	499,205.50
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 04/02/2013 1.625% 04/02/2018	36962G6W9	650,000.00	AA+	A1	07/02/15	07/08/15	653,139.50	1.44	2,611.28	652,599.84	652,122.25
APPLE INC GLOBAL NOTES DTD 05/03/2013 1.000% 05/03/2018	037833AJ9	625,000.00	AA+	Aa1	07/23/15	07/28/15	617,943.75	1.42	1,006.94	619,014.24	619,921.88
JOHN DEERE CAPITAL CORP NOTE DTD 09/11/2015 1.750% 08/10/2018	24422ETA7	540,000.00	A	A2	09/08/15	09/11/15	539,470.80	1.78	2,887.50	539,523.26	540,140.40
Security Type Sub-Total		4,015,000.00					4,008,756.55	1.53	18,459.09	4,009,339.77	4,002,096.01
Commercial Paper											
BANK OF TOKYO MITSUBISHI UFJ COMM PAPER -- 0.000% 03/04/2016	06538BC43	800,000.00	A-1	P-1	09/08/15	09/11/15	798,016.67	0.51	0.00	799,286.00	799,300.00
Security Type Sub-Total		800,000.00					798,016.67	0.51	0.00	799,286.00	799,300.00
Bank Note											
US BANK CORP NOTE (CALLABLE) DTD 01/30/2014 1.100% 01/30/2017	90331HMC4	625,000.00	AA-	A1	02/03/15	02/06/15	628,031.25	0.85	2,883.68	626,597.37	624,097.50
Security Type Sub-Total		625,000.00					628,031.25	0.85	2,883.68	626,597.37	624,097.50



Managed Account Detail of Securities Held

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

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Managed Account Sub-Total		31,540,000.00					31,515,226.12	0.95	63,691.16	31,537,133.95	31,442,792.55
Securities Sub-Total		\$31,540,000.00					\$31,515,226.12	0.95%	\$63,691.16	\$31,537,133.95	\$31,442,792.55
Accrued Interest											\$63,691.16
Total Investments											\$31,506,483.71