



DATE: August 17, 2015

AGENDA ITEM #3

TO: Financial Commission
FROM: Kim Juran-Karageorgiou, Administrative Services Director
SUBJECT: Investment Portfolio Update through June 30, 2015

RECOMMENDATION:

Receive the Investment Portfolio Report through June 30, 2015

BACKGROUND

This report presents the status of the City's investment portfolio through June 30, 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 June 30, 2015, was \$62,000,409, an increase of \$4.2 million over the portfolio balance as of March 31, 2015. This increase was the result of the receipt and investment of the second installment of fiscal year 2014/15 property taxes.

As of June 30, 2015, 18% 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), 27% in U.S. Treasuries, 6% in medium-term Corporate Notes, with the balance of 49% in LAIF. The City's decrease in LAIF holdings by 5% from the first quarter meets the City's objective to maintain holdings in LAIF below 50%. 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 Second 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 0.75%, which is highlighted in Section B-3 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 Second Quarter 2015

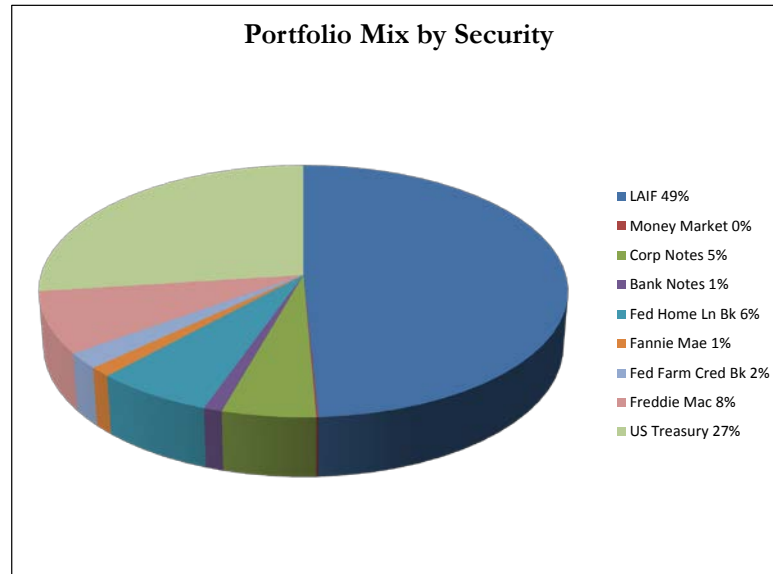
Attachment 1
Citywide Holdings and Investment Ladder
June 30, 2015

30-Jun-15																	
30-Jun-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				\$ 30,509,303													
MMKT				\$ 66,105													
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	1/31/2018	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	4/30/2018	0.93%	USTreas	800,000	
May					5/13/2016	0.41%	FHLMC	500,000						5/31/2018	0.99%	USTreas	2,000,000
					5/13/2016	0.72%	FHLMC	2,000,000									
Jun					6/15/2016	0.50%	USTreas	1,150,000	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					7/15/2016	0.59%	USTreas	350,000	7/2/2017	0.80%	FHLMC	1,000,000					
									7/31/2017	0.85%	USTreas	725,000					
									7/31/2017	0.62%	USTreas	950,000					
Aug																	
					8/31/2016	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																	
					12/28/2015	0.41%	FFCB	1,250,000					12/31/2017	0.87%	USTreas	1,000,000	
Total				\$1,900,000				\$10,600,000				\$10,900,000					\$8,025,000
Count/Percent	2		0	8.12%	12		0	45.30%	11		2	46.58%	8		0	34.29%	
Avg YTM/Days	0.60%			-20,952	0.56%			330	0.80%			659	1.08%			740	
Total Face Value				\$ 1,900,000				\$ 12,500,000				\$ 23,400,000					\$ 31,425,000

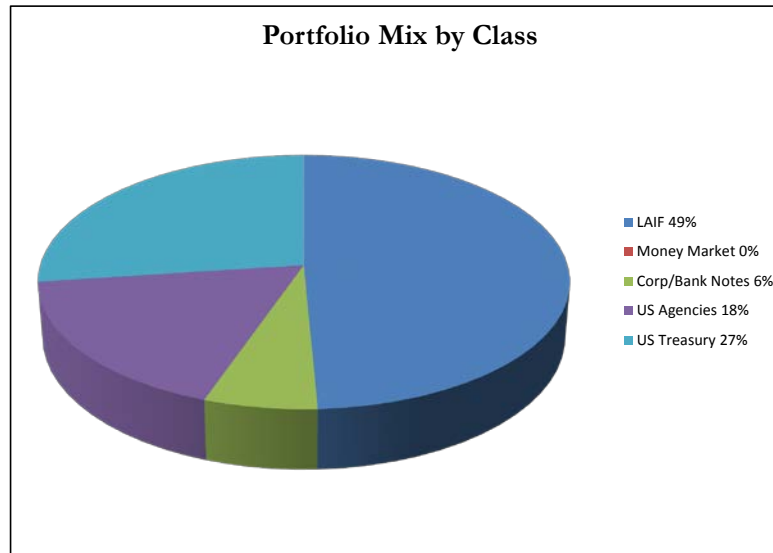
	No of Inv	Ladder Yield	Spread Over LAIF	%	Avg Maturity	# of Callables	Face Value
LAIF	1	0.267%	0.000%	49%	1	0	30,509,303
Money Mkt	0	0.010%	-0.257%	0%	1	0	66,105
2015	2	0.596%	0.329%	3%	-20952	0	1,900,000
2016	12	0.559%	0.292%	17%	330	0	10,600,000
2017	11	0.797%	0.530%	18%	659	2	10,900,000
2018	8	1.081%	1.071%	13%	740	0	8,025,000
	26	0.53%	0.38%	100%	-374	2	\$62,000,409

**Attachment 2
Portfolio Mix Charts
June 30, 2015**

Security Type	% of Total	Portfolio Mix by Security
LAIF	49%	30,509,303
Money Market	0%	66,105
Corp Notes	5%	3,150,000
Bank Notes	1%	625,000
Fed Home Ln Bk	6%	3,975,000
Fannie Mae	1%	750,000
Fed Farm Cred Bk	2%	1,250,000
Freddie Mac	8%	4,900,000
US Treasury	27%	16,775,000
	100%	62,000,409



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	49%	30,509,303	30,509,303
Money Market	0%	66,105	66,105
Corp/Bank Notes	6%	3,775,000	3,783,225
US Agencies	18%	10,875,000	10,885,552
US Treasury	27%	16,775,000	16,764,660
	100%	62,000,409	62,008,846
Corp Notes		3,775,000	3,783,225
US Treasury/Agencies		27,650,000	27,650,212
Accrued Interest			48,372
		31,425,000	31,481,809
Margin Over (Under) Par			56,809



Attachment 3
Investment Policy Compliance Chart
June 30, 2015

City Investment	% Mix	Par Value	Latest Term	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	49%	30,509,303	3/31/2020	50,000,000	100%	19,490,697	Yes	N/A
M FUND	0%	66,105	3/31/2020		20%	12,333,976	Yes	N/A
MTNs	5%	3,775,000	3/31/2020		15%	5,525,061	Yes	Yes
FHLB	6%	3,975,000	3/31/2020		20%	8,425,082	Yes	Yes
FNMA	1%	750,000	3/31/2020		20%	11,650,082	Yes	Yes
FFCB	2%	1,250,000	3/31/2020		20%	11,150,082	Yes	Yes
FHLM	8%	4,900,000	3/31/2020		20%	7,500,082	Yes	Yes
All Agencies	18%		3/31/2020		100%	51,125,409	Yes	Yes
TREAS	27%	16,775,000	3/31/2020		100%	45,225,409	Yes	Yes
	100%	62,000,409						
All Agencies		18%	10,875,000					
Callables		2%	1,125,000					



City of Los Altos



Investment Portfolio Review Second Quarter Ended June 30, 2015

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

Summary

- Throughout the quarter, improving U.S. economic conditions contrasted with global economic uncertainty, particularly the deteriorating negotiations between Greece and its international creditors, which came to a vital impasse at the end of the quarter.
- Market participants continued to weigh the impact that adverse global economic conditions would have on the interest rate setting policies of the Federal Open Market Committee (FOMC).

Economic Snapshot

- For the first quarter of 2015, gross domestic product (GDP) declined by 0.2%. While estimates initially reflected a larger decline, increases in consumer spending and inventories contributed to the upward revision.
- The U.S. labor market continued to improve, as the unemployment rate fell from 5.5% in March to 5.3% in June. While robust headline job creation continued, some of the underlying metrics related to employment—particularly wage growth—were weak.
- The housing market strengthened, as reflected by improvements in the pace of pending home sales, building permits, new-home sales, and housing starts.
- Greek-related tensions grew as the troubled nation missed a payment of 1.6 billion euros to the International Monetary Fund (IMF), and Greek voters overwhelmingly rejected austerity measures demanded by creditors as a condition for further financial assistance. These actions leave open the possibility that Greece would abandon the euro and even leave the eurozone.

Interest Rates

- The FOMC kept the federal funds target rate unchanged for the quarter. While the FOMC's statement left open the possibility of an interest rate increase in the latter half of 2015, this policy decision will depend on labor market conditions and inflation expectations.

- The timing for a potential interest rate hike became more uncertain at the end of the quarter due to the potential for the Greek debt crisis to affect the overall global economy.
- Treasury yields reacted differently across the curve. Yields for short maturities rose only modestly (two- and three-year Treasuries ended the quarter up 0.09% and 0.12%, respectively) while yields for intermediate and longer maturities had sizeable increases (five- and 10-year Treasuries ended the quarter higher by 0.28% and 0.43%, respectively).

Sector Performance

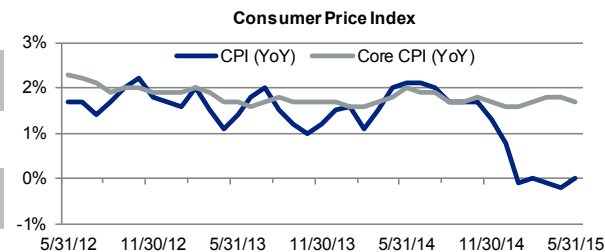
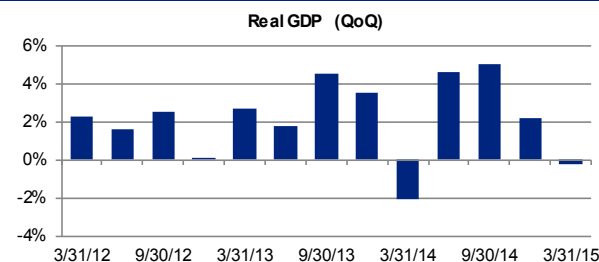
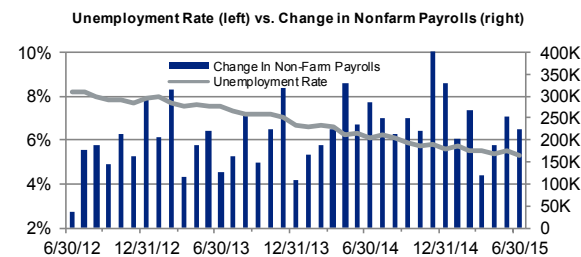
- Benchmark Treasury indices for shorter-maturity securities ended the quarter slightly positive, as more than sufficient income was generated to overcome the limited decrease in market value that resulted from the rise in yields. Longer maturities did not perform as well because they had significantly larger rate increases.
- Yield spreads for Federal Agency securities fluctuated within their historically low ranges for the quarter; as a result, the sector's performance was relatively flat when compared to Treasuries.
- Corporate securities underperformed government issues as yield spreads widened throughout the quarter; bonds with higher credit quality underperformed the most.
- Within the mortgage-backed securities (MBS) sector, structure and coupon were the major determinants of performance for the quarter. Higher-coupon structures were the strongest performers on both an absolute return and relative return basis (compared to similar-duration Treasuries).
- Asset-backed securities (ABS) were among the stronger-performing sectors, as their superior income and limited sensitivity to changes in interest rates fared well in what was a volatile market environment.

Economic Snapshot

Labor Market	Latest	Mar 2015	Jun 2014	
Unemployment Rate	Jun'15	5.3%	5.5%	6.1%
Change In Non-Farm Payrolls	Jun'15	223,000	119,000	286,000
Average Hourly Earnings (YoY)	Jun'15	2.0%	2.1%	2.0%
Personal Income (YoY)	May'15	4.4%	4.0%	3.7%
Initial Jobless Claims (week)	7/2/15	281,000	267,000	313,000

Growth	Latest	Mar 2015	Jun 2014	
Real GDP (QoQ SAAR)	2015Q1	-0.2%	2.2% ¹	-2.1% ²
GDP Personal Consumption (QoQ SAAR)	2015Q1	2.1%	4.4% ¹	1.2% ²
Retail Sales (YoY)	May'15	2.7%	2.1%	4.3%
ISM Manufacturing Survey (month)	Jun'15	53.5	51.5	55.7
Existing Home Sales SAAR (month)	May'15	5.35 mil.	5.21 mil.	5.01 mil.

Inflation / Prices	Latest	Mar 2015	Jun 2014	
Personal Consumption Expenditures (YoY)	May'15	0.2%	0.3%	1.6%
Consumer Price Index (YoY)	May'15	0.0%	-0.1%	2.1%
Consumer Price Index Core (YoY)	May'15	1.7%	1.8%	1.9%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$59.47	\$47.60	\$105.37
Gold Futures (oz.)	Jun 30	\$1,172	\$1,183	\$1,322



1. Data as of Fourth Quarter 2014

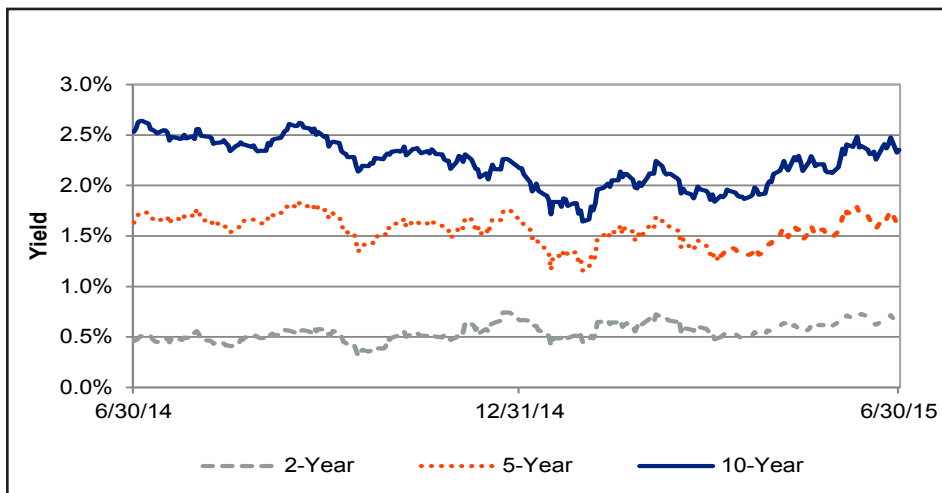
2. Data as of First Quarter 2014

Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

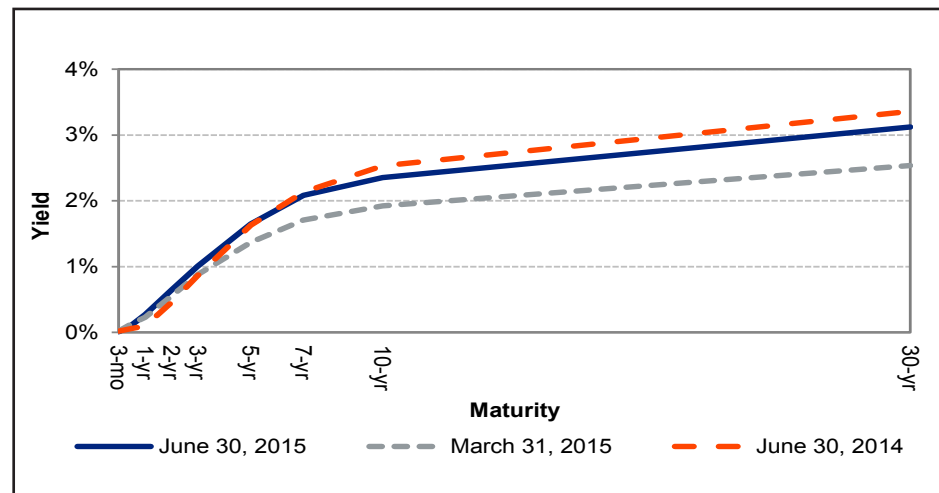
Source: Bloomberg

Interest Rate Overview

U.S. Treasury Note Yields



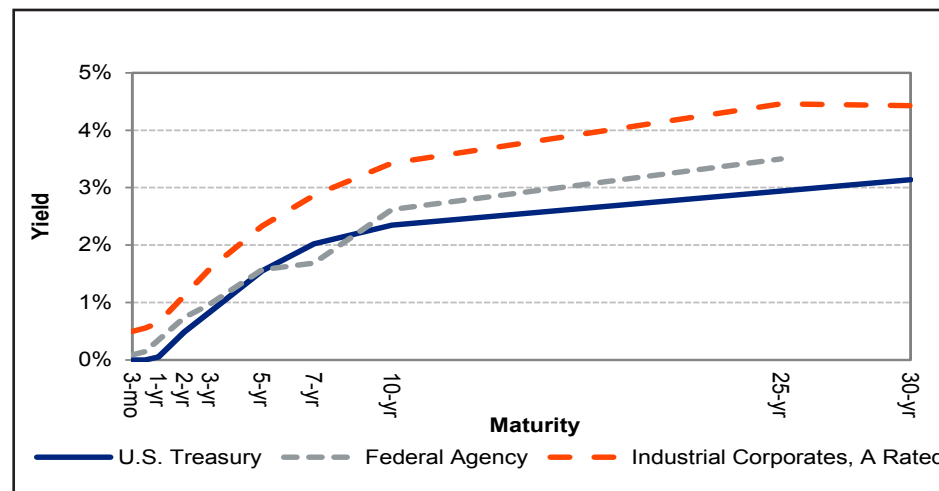
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	6/30/15	3/31/15	Change over Quarter	6/30/14	Change over Year
3-month	0.01%	0.02%	(0.01%)	0.02%	(0.01%)
1-year	0.27%	0.23%	0.04%	0.10%	0.17%
2-year	0.65%	0.56%	0.09%	0.46%	0.19%
5-year	1.65%	1.37%	0.28%	1.63%	0.02%
10-year	2.35%	1.92%	0.43%	2.53%	(0.18%)
30-year	3.12%	2.54%	0.58%	3.36%	(0.24%)

Yield Curves as of 6/30/15



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 6/30/2015		Returns for Periods ended 6/30/2015		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	0.63%	0.15%	0.88%	0.66%
Federal Agency	1.74	0.76%	0.16%	0.99%	0.73%
U.S. Corporates, A-AAA rated	2.05	1.45%	0.08%	1.02%	1.76%
Agency MBS (0 to 3 years)	1.93	1.53%	(0.07%)	0.62%	0.96%
Municipals	1.79	0.86%	0.01%	0.40%	0.80%
1-5 Year Indices					
U.S. Treasury	2.70	0.93%	0.02%	1.38%	0.83%
Federal Agency	2.18	0.96%	0.09%	1.31%	0.94%
U.S. Corporates, A-AAA rated	2.81	1.80%	(0.13%)	1.45%	2.36%
Agency MBS (0 to 5 years)	3.34	2.10%	(0.46%)	1.58%	1.68%
Municipals	2.54	1.13%	(0.01%)	0.62%	1.13%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.04	1.56%	(1.84%)	2.59%	0.94%
Federal Agency	3.71	1.41%	(0.66%)	2.11%	1.28%
U.S. Corporates, A-AAA rated	6.68	2.89%	(2.59%)	1.75%	3.04%
Agency MBS (0 to 30 years)	4.65	2.60%	(0.79%)	2.16%	1.87%
Municipals	6.93	2.63%	(0.97%)	3.10%	3.21%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

PFM[®] Quarterly Commentary

Fixed Income
Management

Disclosures

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Portfolio Summary

<u>Total Portfolio Value</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Market Value	\$31,547,914.40	\$ 27,512,750.35
Amortized Cost	\$31,498,217.55	\$ 27,441,211.63

PORTFOLIO RECAP

- Treasury yields fluctuated throughout the quarter, moving higher on strong economic news in the U.S., and lower when the Federal Open Market Committee (FOMC) indicated that they are not yet ready to raise rates and when investors sought the safety of high-quality government bonds as uncertain financial conditions in Greece continued to worsen. Overall, the trend was toward higher rates with the greatest increase on longer-term yields.
- PFMAM kept portfolio durations near benchmark durations during the quarter because of uncertainty regarding the short-term direction of interest rates. In selecting individual securities, we focused on maturities where the yield curve was steepest and therefore offered both high current yields and strong potential for “roll down” benefit (the natural tendency for securities to appreciate as they age).
- While the yields on U.S. Treasury and Federal Agency securities tend to move up and down in concert, their yields don’t always move at the same speed. Yields on Treasuries tend to react more quickly to changing economic conditions, which causes yield spreads to fluctuate. During the quarter, we took advantage of these fluctuations by adding Agency holdings to the portfolio when the yield advantage over Treasuries was wide compared to recent spreads. The yield advantage was generally better in longer maturities.

PORTFOLIO RECAP continued

- In the corporate sector, yield spreads over Treasuries also widened in response to renewed global economic growth concerns; however, continued strong demand for high-quality corporate securities limited the amount by which spreads widened. PFMAM continued to view corporate securities favorably because of their superior income potential. We actively participated in new offerings and also conducted broad searches of the secondary market for attractively priced securities. We found the greatest value in corporate bonds with maturities longer than 18 months, so we sought opportunities to sell shorter-term holdings in favor of corporate securities with longer maturities, in some instances with the same issuer. Where permitted, we also continued to supplement our corporate sector allocation with high-quality negotiable bank certificates of deposit.

Investment Report

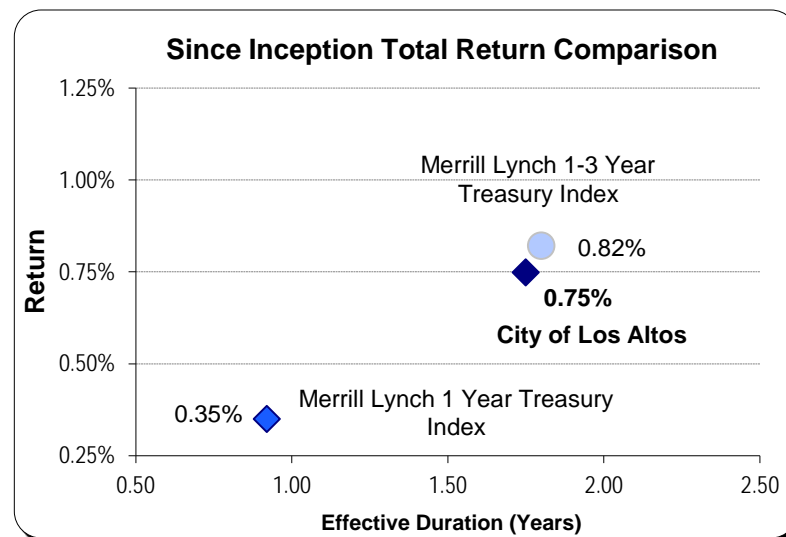
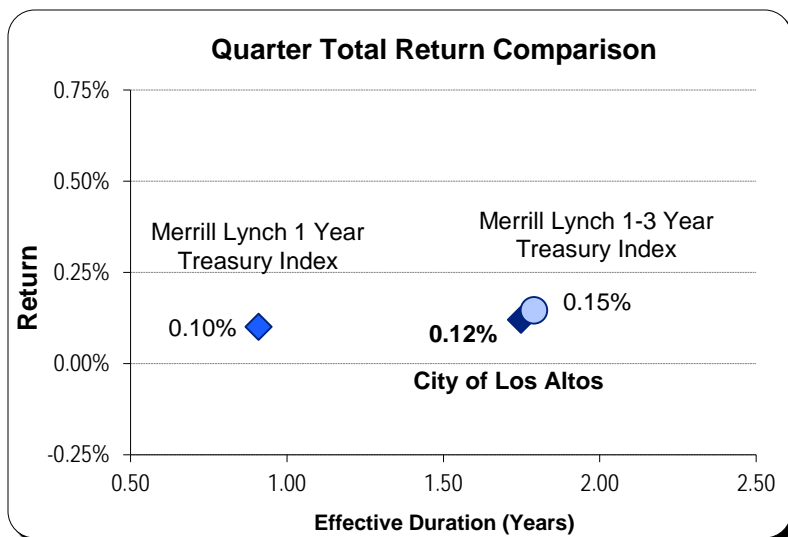
Second Quarter 2015

Fixed Income
Management

Portfolio Performance

Total Return ^{1,2,3,4}	Quarter Ended 6/30/2015	Past 12 Months	Past 2 Years	Since Inception
City of Los Altos	0.12%	0.70%	0.77%	0.75%
Merrill Lynch 1-3 Year Treasury Index	0.15%	0.88%	0.82%	0.82%
Merrill Lynch 1 Year Treasury Index	0.10%	0.25%	0.27%	0.35%

<u>Effective Duration³</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>	<u>Yields³</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
City of Los Altos	1.75	1.84	Yield at Cost	0.77%	0.75%
Merrill Lynch 1-3 Year Treasury Index	1.80	1.79	ML 1-3 Year Yield	0.60%	0.53%
Merrill Lynch 1 Year Treasury Index	0.92	0.91	ML 1-Year Yield	0.31%	0.27%



Notes:

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Merrill Lynch Indices provided by Bloomberg Financial Markets.
3. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than 1 year are presented on an annualized basis.
4. Inception date is June 30, 2010.

Investment Report

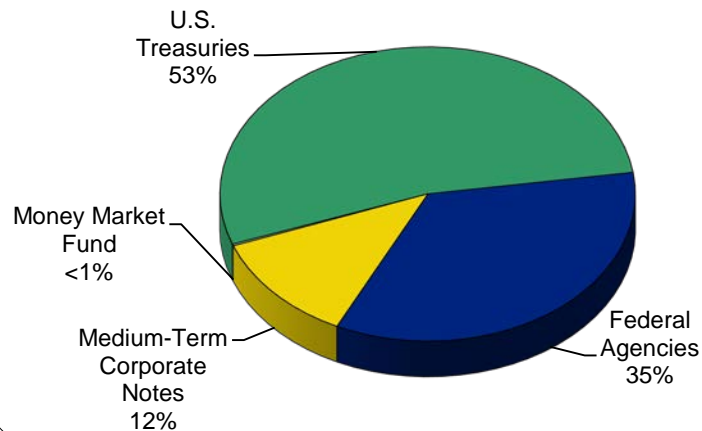
Second Quarter 2015

Fixed Income
Management

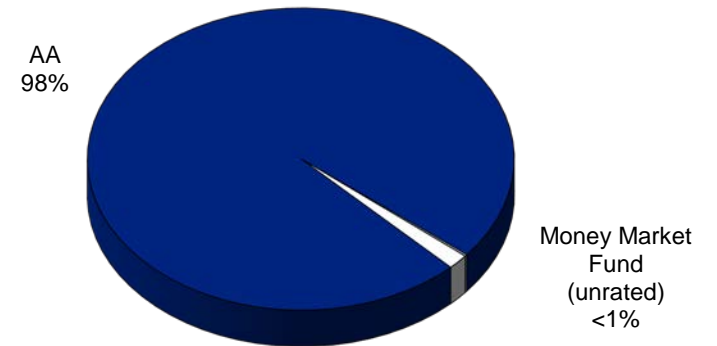
Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> ^{1,2,3}	<u>June 30, 2015</u>	<u>% of Portfolio</u>	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$16,787,445.73	53.2%	\$11,980,570.98	43.5%	100%
Federal Agencies	\$10,899,196.49	34.5%	\$11,651,118.26	42.3%	100%
Medium-Term Corporate Notes	\$3,795,166.90	12.0%	\$3,802,309.64	13.8%	30%
Money Market Fund	\$66,105.28	0.2%	\$78,751.47	0.3%	20%
Totals	\$31,547,914.40	100.0%	\$27,512,750.35	100.0%	

Portfolio Composition



Credit Quality Distribution



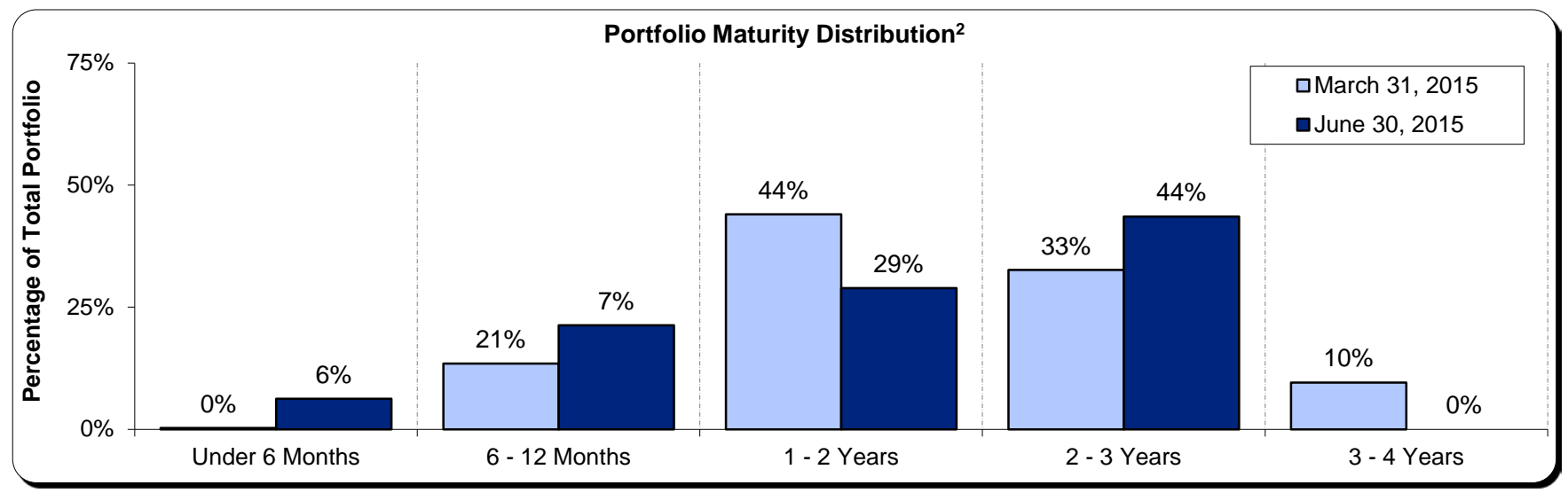
Standard & Poor's Ratings

Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government sponsored enterprises including, but not limited to Fannie Mae, Freddie Mac, Federal Home Loan Bank system and Federal Farm Credit Banks.
3. Excludes LAIF.

Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Under 6 Months	\$1,969,699.28	\$78,751.47
6 - 12 Months	\$6,711,774.31	\$3,710,263.51
1 - 2 Years	\$9,116,513.74	\$12,113,449.55
2 - 3 Years	\$13,749,927.07	\$8,972,031.97
3 - 4 Years	\$0.00	\$2,638,253.85
Totals	\$31,547,914.40	\$27,512,750.35



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.
2. Excludes LAIF.

PORTFOLIO STRATEGY

- We expect U.S. economic conditions to rebound from the first quarter 2015 contraction. Rising consumer confidence, growth in personal spending, and a stronger housing sector should contribute to improved economic conditions.
- Improving employment statistics in the U.S. suggest that an increase in the benchmark Federal Funds rate may be appropriate soon. However, stubbornly low inflation remains a concern for the Federal Reserve policy makers. Market participants still expect the FOMC to initiate at least one rate hike in 2015, but the pace of subsequent increases is likely to be gradual.
- It is likely that developments in Greece will continue to cause market volatility as investors weigh the impact of possible outcomes on global economic conditions.
- Recovering U.S. economic conditions, heightened geopolitical uncertainty, and expectations that the FOMC will tighten monetary policy slowly should keep rates in their current ranges in the coming months, with a modest bias towards slightly higher levels. Based on this expectation, we will maintain portfolio durations near the durations of their respective benchmarks.
- Federal Agency securities with maturities less than three years continue to offer little incremental yield over comparable maturity Treasury securities. For this reason, we may hold or add to Treasury holdings in this maturity range. We will monitor the spread relationship and shift assets into Federal Agencies if the yield difference widens sufficiently.
- Corporate securities remain our preferred vehicle for generating incremental income in a market environment constrained by low yields and narrow trading ranges. We will add to our corporate and negotiable bank CD allocation, where feasible.
- We may also look to add mortgage-backed and asset-backed securities to increase portfolio income. In these areas, specific issue analysis will remain important to limit the amount of interest rate sensitivity in the portfolio.
- Yields on money market securities have stabilized at slightly higher levels in recent months in response to uncertain expectations about the timing of FOMC rate hikes. Longer-maturity commercial paper and CDs remain particularly attractive for short-term investment needs, especially when compared to government securities.



Managed Account Detail of Securities Held

For the Month Ending **June 30, 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 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	518.99	300,023.29	300,421.80
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	251.37	1,150,052.33	1,152,156.25
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	1,009.15	350,134.28	350,956.90
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	1,754.76	527,439.52	528,773.70
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	958.22	650,234.10	653,300.70
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	765.03	2,009,155.42	2,009,062.00
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	21.40	1,047,464.89	1,052,050.65
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	1,512.09	719,750.13	722,450.90
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	1,981.35	947,608.56	946,659.80
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	529.37	991,232.70	995,703.00
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	20.38	997,163.89	997,891.00
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	5,931.03	1,611,247.61	1,625,253.50
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	1,036.89	546,964.98	547,207.10
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	1,885.25	991,015.23	994,922.00



Managed Account Detail of Securities Held

For the Month Ending **June 30, 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 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	2,073.77	1,093,936.21	1,094,414.20
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	842.39	793,270.53	792,812.80
US TREASURY NOTES DTD 05/31/2013 1.000% 05/31/2018	912828VE7	2,000,000.00	AA+	Aaa	05/13/15	05/14/15	2,000,390.63	0.99	1,693.99	2,000,376.02	2,000,624.00
Security Type Sub-Total		16,775,000.00					16,721,259.79	0.86	22,785.43	16,727,069.69	16,764,660.30
Federal Agency Bond / Note											
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	45.83	1,250,188.24	1,251,338.75
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	947.92	749,873.17	751,040.25
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EADO9	500,000.00	AA+	Aaa	04/17/13	04/18/13	501,325.00	0.41	333.33	500,375.76	500,680.50
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	1,333.33	1,996,291.10	2,002,722.00
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	87.50	1,195,378.38	1,199,918.40
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	1,275,778.18	1,275,302.18
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	659.72	1,000,742.93	1,000,606.00
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	3,208.33	1,398,248.84	1,398,356.40
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	500,930.50
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	1,004,006.12	1,004,657.00



Managed Account Detail of Securities Held

For the Month Ending **June 30, 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
Federal Agency Bond / Note											
Security Type Sub-Total		10,875,000.00					10,855,338.25	0.61	13,644.51	10,870,882.72	10,885,551.98
Corporate Note											
GENERAL ELECTRIC CO NOTES DTD 10/09/2012 0.850% 10/09/2015	369604BE2	650,000.00	AA+	A1	10/19/12	10/24/12	651,287.00	0.78	1,258.47	650,119.61	650,950.95
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	1,066.67	800,486.75	800,296.00
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	2,635.42	756,226.20	756,146.25
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	2,013.38	451,354.01	449,811.45
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	500,208.51	499,594.00
Security Type Sub-Total		3,150,000.00					3,168,605.00	0.84	9,058.32	3,158,395.08	3,156,798.65
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	627,392.84	626,426.25
Security Type Sub-Total		625,000.00					628,031.25	0.85	2,883.68	627,392.84	626,426.25
Managed Account Sub-Total		31,425,000.00					31,373,234.29	0.77	48,371.94	31,383,740.33	31,433,437.18
Securities Sub-Total		\$31,425,000.00					\$31,373,234.29	0.77%	\$48,371.94	\$31,383,740.33	\$31,433,437.18
Accrued Interest											\$48,371.94
Total Investments											\$31,481,809.12