



City of Los Altos

Portfolio Summary and Investment Policy Review

March 18, 2019

PFM Asset
Management LLC

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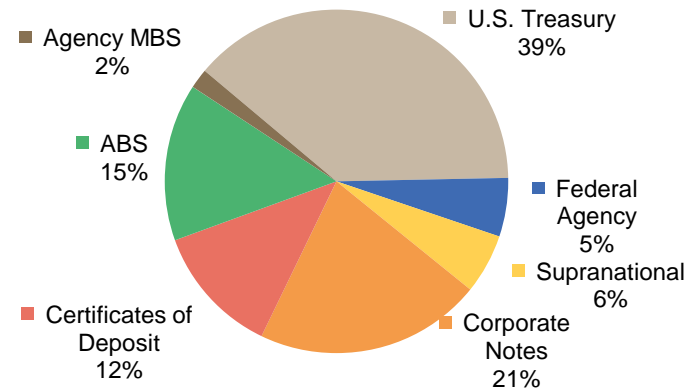


Current Holdings Snapshot as of 3/15/2019

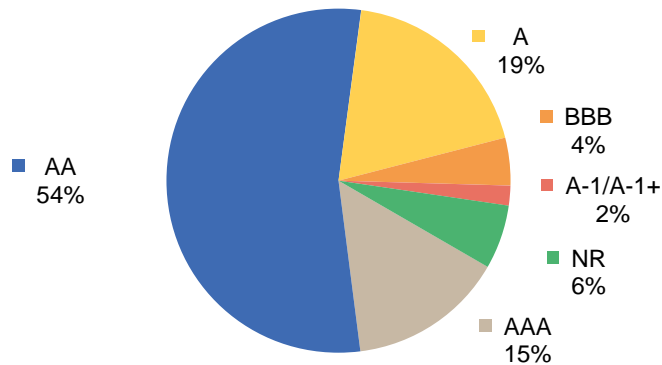
Portfolio Statistics 3/15/2019

Market Value	\$58,986,935
Average Duration	1.88 years
Average Yield at Cost	2.54%
Average Yield at Market	2.60%

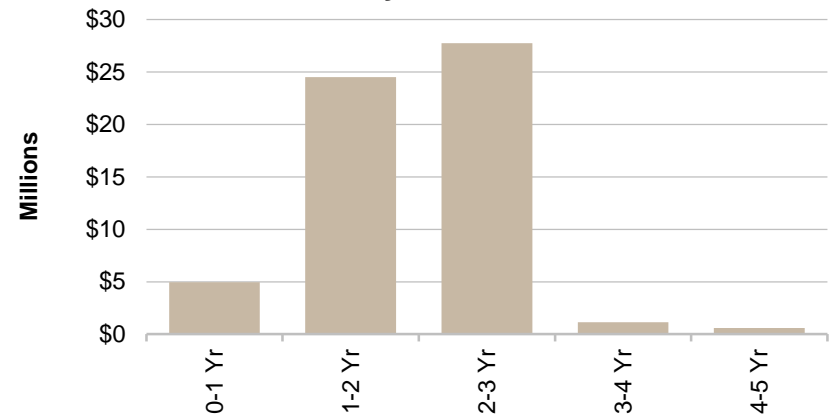
Sector Allocation



Credit Quality



Maturity Distribution



Sector allocation excludes cash balances. Credit quality uses S&P rating, or Moody's equivalent if not rated by S&P. Please see important disclosures.



2019 Investment Policy Revisions

Security Type	California Government Code	City's Approved 2018 Policy	2019 PFMAM Recommendations
Collateralized Bank Deposits	100% of portfolio		
State of California - Local Agency Investment Fund (LAIF)	100% of portfolio \$65 million maximum		
Money Market Mutual Funds (SEC Rule 2a7)	20% of portfolio 10% per issuer	Overnight Major US owned Calif. institution	Major US owned Calif. institution
U.S. Treasuries	5 years 100% of portfolio	-	-
Federal Agencies	5 years 100% of portfolio	20% per issuer; 35% callable	20% per issuer; 35% callable
Municipal Obligations	5 years 100% of portfolio	30% of portfolio "A" rated GO, Essential Service	-
Bank /Time Certificate of Deposits	5 years 100% of portfolio	3 years 50% of portfolio 10% per issuer Major US owned Calif. institution Insured and/or collateralized	Major US owned Calif. institution
Negotiable CDs	5 years 30% of portfolio	3 years 3% per issuer "A" rated	5 years
Corporate Medium Term Notes	5 years 30% of portfolio "A" rated	3% per issuer	

Source: City's investment policy dated June 2018



2019 Investment Policy Revisions (cont.)

Security Type	California Government Code	City's Approved 2018 Policy	2019 PFMAM Recommendations
Repurchase Agreements	1 year 100% of portfolio; 102% Collateral	180 days; 20% of portfolio 10% per issuer Major US owned Calif. institution	Major US owned Calif. institution
Bankers' Acceptances	180 days 40% of portfolio 30% per issuer	20% of portfolio 10% per issuer Major US owned Calif. institution	Major US owned Calif. institution
Commercial Paper	270 days 25% of portfolio 10% per issuer A1 rated	5% per issuer	-
Supranationals	5 years 30% of portfolio "AA" rated	AAA rated 10% of portfolio	30% of portfolio
Asset-Backed Securities	5 years 20% of portfolio "AA" rated	3% per issuer AAA rated	
Local Government Investment Pools	100% of portfolio Advisor requirements	Not permitted	Revisit in future

Source: City's investment policy dated June 2018

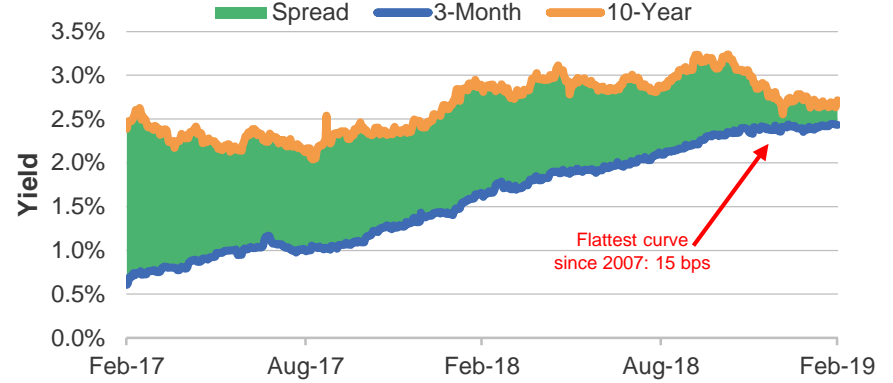


What We're Watching...

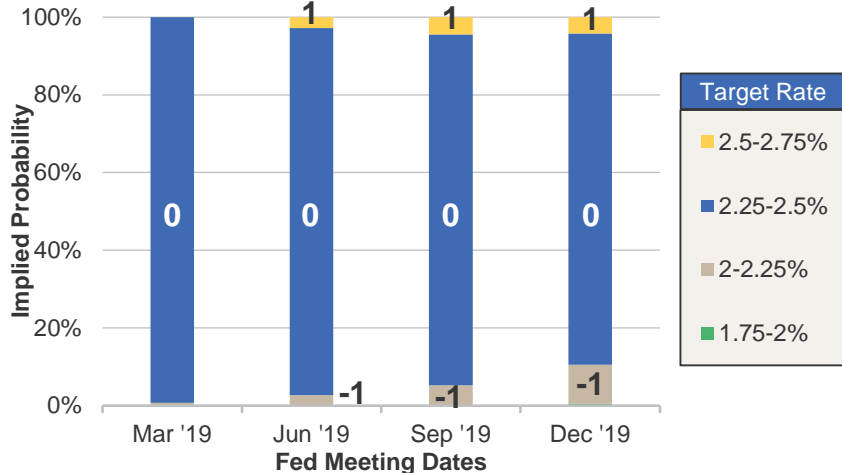
1-5 Year Corporate Spreads



Flattening Yield Curve (10-Yr vs. 3-Mo)



Market Implied Fed Rate Hike Probability



Yield Environment

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate	BBB Corporate
3-Month	2.43%	2.40%	2.59%	2.70%	2.97%
1-Year	2.54%	2.43%	2.68%	2.81%	3.12%
2-Year	2.51%	2.55%	2.75%	2.94%	3.32%
3-Year	2.49%	2.54%	2.79%	2.99%	3.44%
5-Year	2.51%	2.63%	2.97%	3.18%	3.72%
10-Year	2.72%	3.00%	3.44%	3.72%	4.36%

Source: Bloomberg, yield spreads from ICE BofAML Indices, as of 02/28/19. Implied Fed rate hike probability, as of 02/28/2019.