



**CONSENT CALENDAR**

**Agenda Item #**

**AGENDA REPORT SUMMARY**

**Meeting Date:** September 26, 2017

**Subject:** Quarterly Investment Portfolio Report – Quarter Ended June, 2017

**Prepared by:** Sharif Etman, Administrative Services Director

**Approved by:** Chris Jordan, City Manager

**Attachment(s):**

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended June 30, 2017

**Initiated by:**

Staff

**Fiscal Impact:**

None

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

- None

**Summary:**

- This report presents the status of the City's investment portfolio through June 30, 2017. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers.

**Staff Recommendation:**

Receive the Investment Portfolio Report through June 30, 2017



**Subject:** Quarterly Investment Portfolio Report – Quarter Ended June 30, 2017

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### **Purpose**

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City's investment holding and demonstrate compliance with the City's Investment Policy.

### **Background**

A review of the Investment Portfolio Report Quarter Ended June 30, 2017 was presented and discussed by the Financial Commission.

### **Discussion/Analysis**

The summary provided below 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, 2017, was \$72,577,755.

As of June 30, 2017, 27% 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), 25% in US Treasuries, and 11% in medium-term corporate Notes, Commercial Paper and Certificate of Deposits, with the balance of 29% in LAIF. This portfolio mix is illustrated as part of Attachment 1.

Full compliance with the City's Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 3: Investment Performance Review for the Quarter Ended June 30, 2017. 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 0.79%, which is highlighted on page 9, of the PFM Investment Review Report (Attachment 3).

### **Options**

1. Receive the Investment Portfolio Report Quarter Ended June 30, 2017

**Advantages:** None

**Disadvantages:** None



**Subject:** Quarterly Investment Portfolio Report – Quarter Ended June 30, 2017

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2. Do not receive the Investment Portfolio Report Quarter Ended June 30, 2017

**Advantages:** None

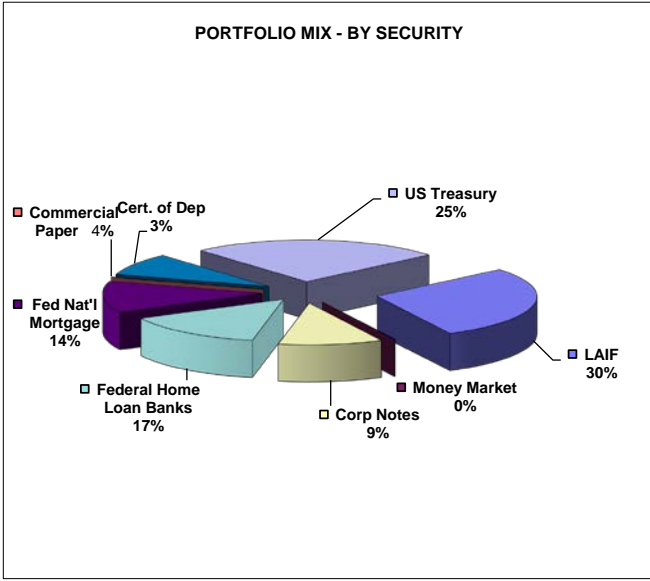
**Disadvantages:** None

**Recommendation**

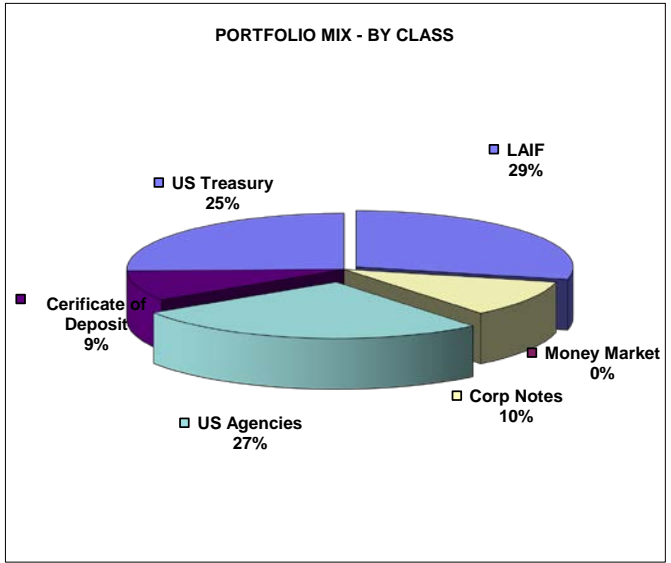
The staff recommends Option 1.

**Attachment 1  
Portfolio Mix Charts  
June 2017**

Security Type	% of Total	Portfolio Mix By Security
LAIF	29%	20,751,883
Money Market	0%	55,872
Corp Notes	11%	7,650,000
Federal Home Loan Banks	14%	10,435,000
Federal Nat'l Mortgage	12%	8,900,000
Commercial Paper	0%	-
Certificate of Deposit	9%	6,325,000
US Treasury	25%	18,460,000
	<b>100%</b>	<b>72,577,755</b>



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	29%	20,751,883	20,751,883
Money Market	0%	55,872	55,872
Corp Notes	11%	7,650,000	7,660,139
US Agencies	27%	19,335,000	21,583,802
Certificate of Deposit	9%	6,325,000	6,335,511
US Treasury	25%	18,460,000	18,456,230
	<b>100%</b>	<b>72,577,755</b>	<b>74,843,436</b>
Corp Notes		7,650,000	7,660,139
US Treasury/Agencies		37,795,000	40,040,032
Certificate of Deposit		6,325,000	6,335,511
Accrued Interest		-	140,520
		<b>51,770,000</b>	<b>54,176,201</b>
Margin Over (Under) Par			2,406,201



**Attachment 2**  
**Investment Policy Compliance Chart**  
**June 2017**

<b>City Investment</b>	<b>% Mix</b>	<b>Face Value</b>	<b>Latest Term</b>	<b>City Policy \$ Limitation</b>	<b>City Policy % Limitation</b>	<b>CAPACITY</b>	<b>% Compliance Yes/No</b>	<b>Term Compliance Yes/No</b>
LAIF	29%	20,751,883	06/30/22	50,000,000	100%	29,248,117	Yes	N/A
Money Market	0%	55,872	06/30/22		20%	14,459,679	Yes	N/A
Corp Notes	11%	7,650,000	06/30/22		15%	3,236,663	Yes	Yes
Federal Agencies	27%	19,335,000	06/30/22		100%	53,242,755	Yes	Yes
Commercial Paper	0%	-	06/30/22		15%	10,886,663.21	Yes	Yes
Certificate of Dep.	9%	6,325,000	09/30/21		50%	29,963,877.38	Yes	Yes
US Treasury	25%	18,460,000	06/30/22		100%	22,183,543	Yes	Yes
	<u>100%</u>	<u>72,577,755</u>						
<b>All Agencies</b>		<b>61% 44,120,000</b>			<b>100%</b>	<b>28,457,754.76</b>	Yes	
<b>Callables</b>		<b>650,000</b>			<b>35%</b>	<b>24,752,214</b>	Yes	



# CITY OF LOS ALTOS

## **Investment Performance Review For the Quarter Ended June 30, 2017**

Client Management Team

Monique Spyke, Managing Director

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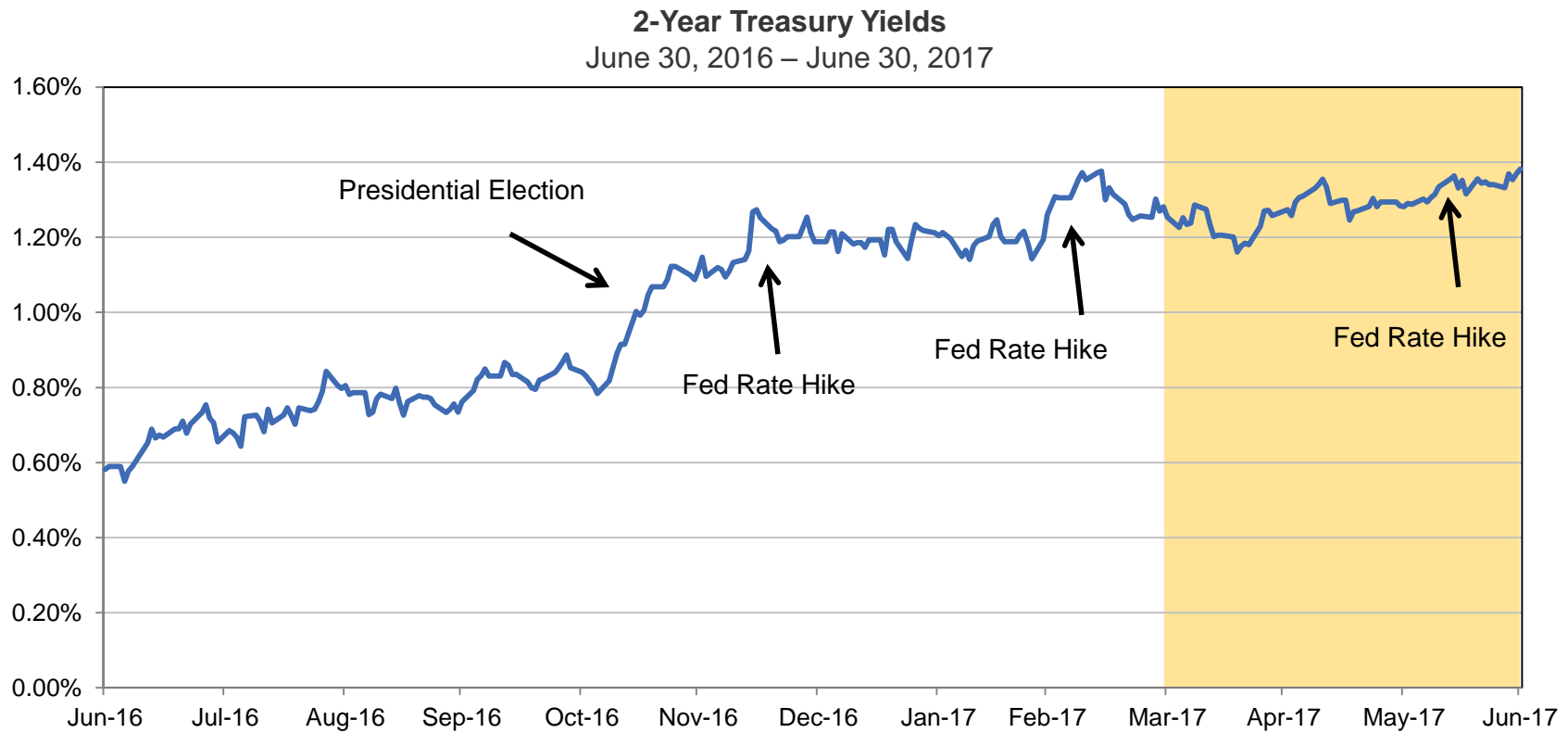
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# Market Update

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### Interest Rate Update

- Two-year treasury yields moved modestly higher, possibly due to lower expectations of future rate hikes for the remainder of 2017.



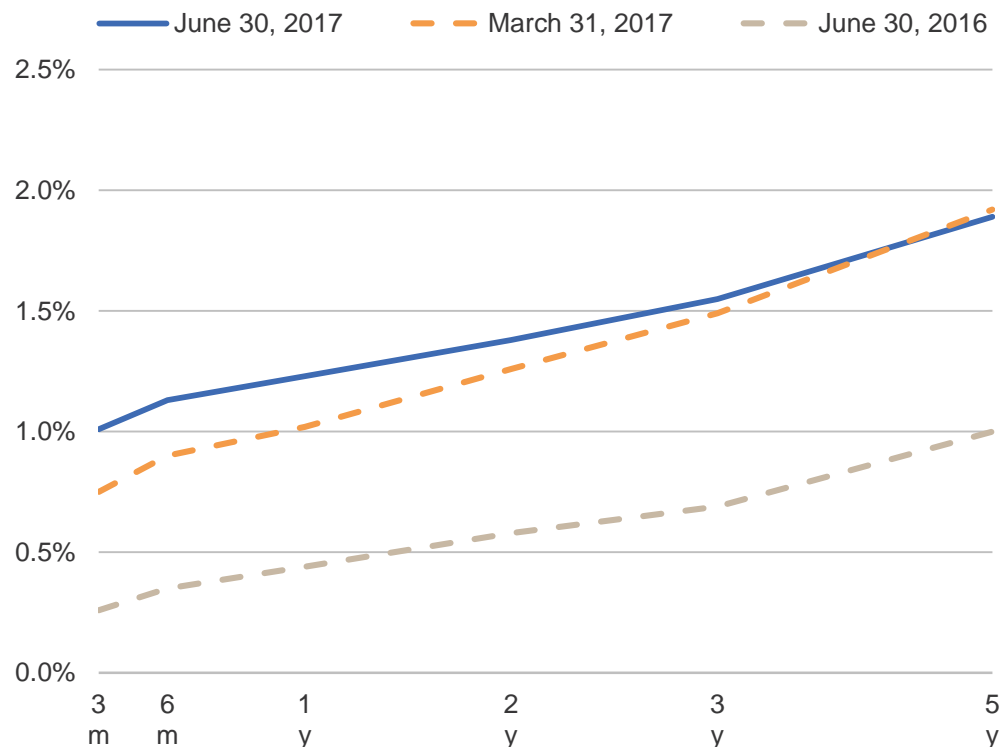
Source: Bloomberg, as of 6/30/17.



### Short-Term Yields Higher but Curve Flatter in Second Quarter

- Treasury yields are substantially higher compared to a year ago, with short-term yields rising in response to the Fed raising rates to normalize policy, while longer-term yields have come down in response to lower inflation expectations.

U.S. Treasury Yield Curve

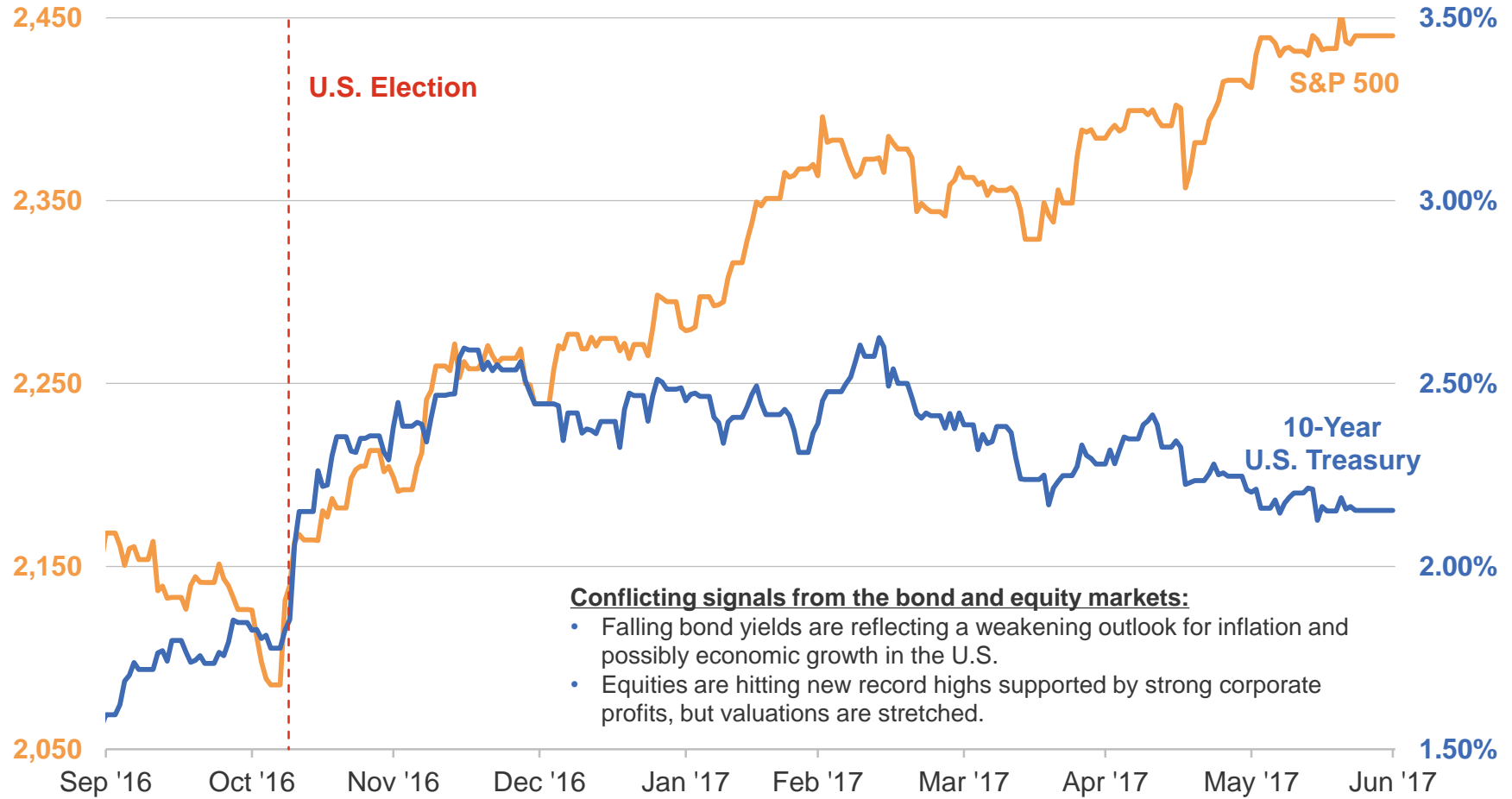


Yield Curve History

Maturity	03/31/17	06/30/17	Change
3-Mo.	0.75	1.01	0.26
6-Mo.	0.90	1.13	0.23
1-Yr.	1.02	1.23	0.21
2-Yr.	1.26	1.38	0.12
3-Yr.	1.49	1.55	0.06
5-Yr.	1.92	1.89	-0.03
10-Yr.	2.39	2.31	-0.08
20-Yr.	2.76	2.61	-0.15
30-Yr.	3.02	2.84	-0.18

Source: Bloomberg, as of 6/30/17.

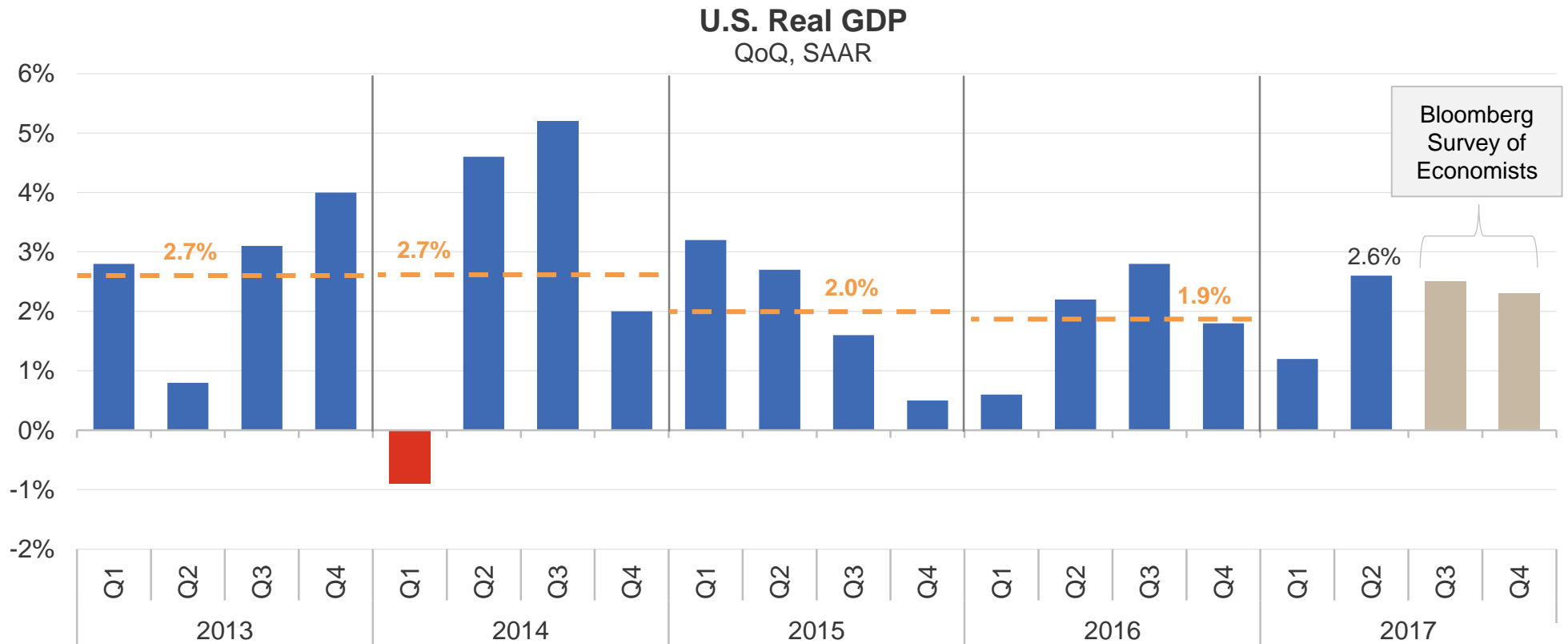
### A Tale of Two Markets



Source: The WSJ Daily Shot, Bloomberg, as of 6/30/17.

### Economic Growth

- ◆ Gross domestic product increased at an annualized rate of 2.6% in the second quarter of 2017.
- ◆ All four major components contributed positively to economic growth, with personal consumption bouncing back and adding 1.9% to the top line. Gross private investments, net exports, and government consumption were more modest, contributing 0.7% in total to second quarter GDP.

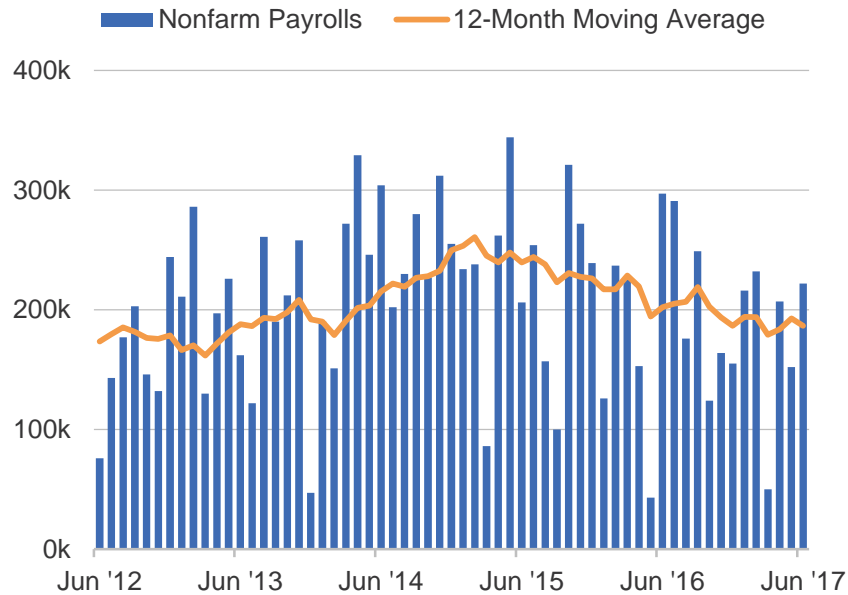


Source: Bloomberg, as of 7/28/17. SAAR is seasonally adjusted annualized rate. Orange dashes denotes four-quarter averages.

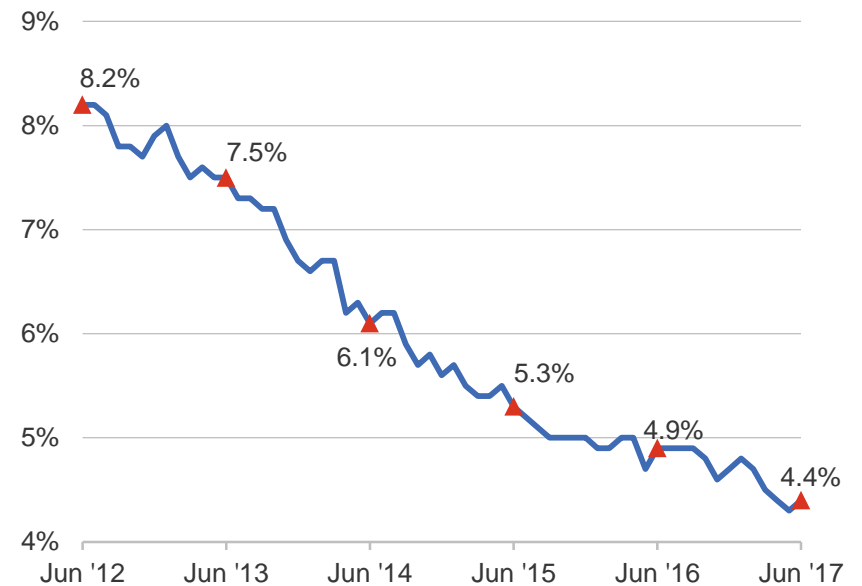
### Labor Market Strength Continues

- The U.S. labor market continued to improve, adding 581,000 jobs in the second quarter and an average of 187,000 jobs per month over the past year.
- The headline unemployment rate and the labor force participation rate ticked up to 4.4% and 62.8%, respectively. The U-6 rate, which includes underemployed and discouraged workers, ended the quarter at 8.6%—the lowest since 2007.
- Average hourly earnings—an important gauge of wage growth—grew 2.5% over the past 12 months.

**Monthly Change in Nonfarm Payrolls**

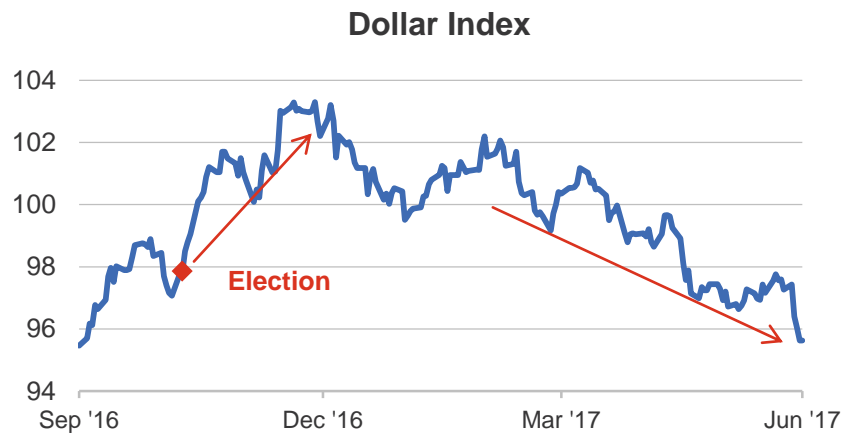
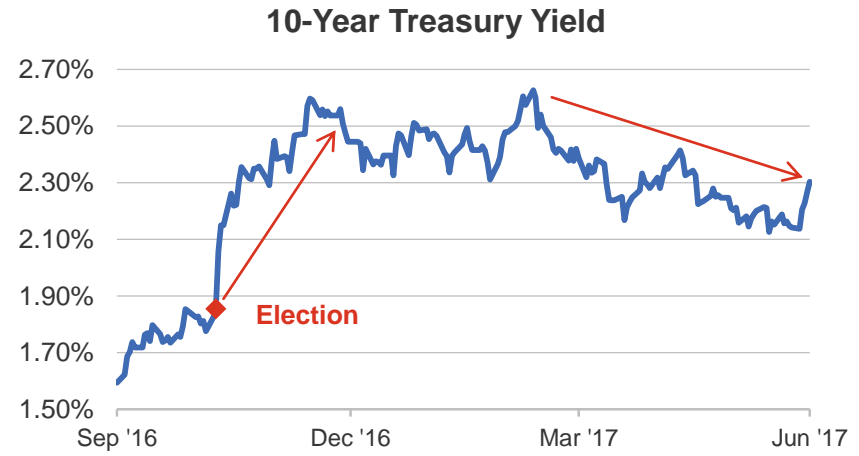
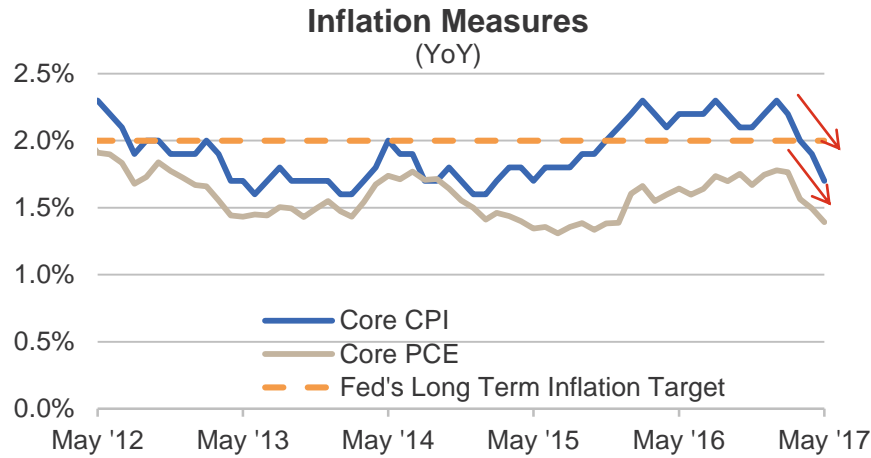


**Unemployment Rate**



Source: Bloomberg, as of 6/30/17.

### Inflation Trend Reverses



Source: Bloomberg, as of 6/30/17. Post-election period is 11/08/16-1/20/17, post-inauguration period is 1/20/17-6/30/17.

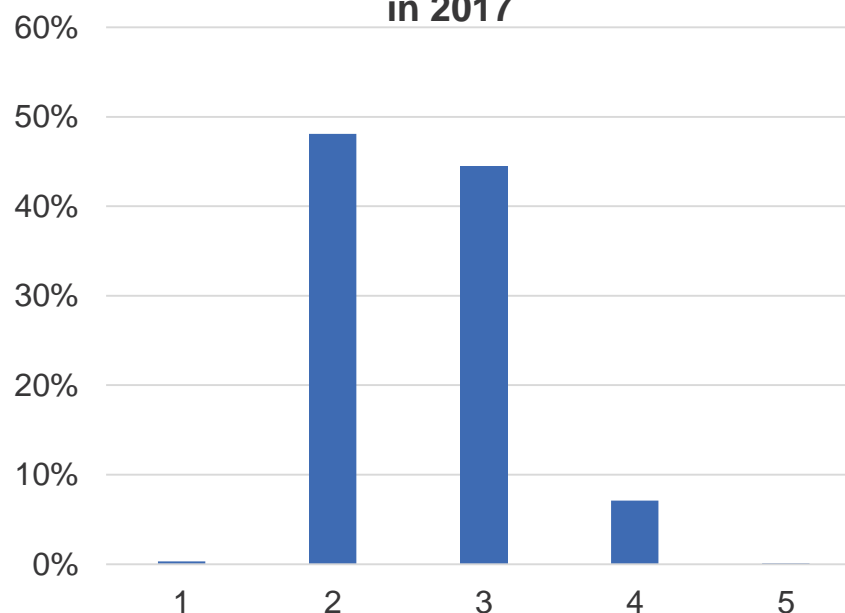
### Fed Rate Hikes Expected in 2017

- On June 14, the Federal Open Market Committee (FOMC) raised rates for the fourth time since the recession by 0.25%, lifting its target rate to 1.00% - 1.25%.
- Market implied probabilities indicate that there is a 52% chance of the Fed raising rates at their December meeting. Additionally, the market has priced in a 45% chance of one more hike this year.

**Probability of Fed Rate Hike**

Meeting	6/30/2017
7/26/2017	0%
9/20/2017	16%
11/1/2017	17%
12/13/2017	52%
1/31/2018	53%

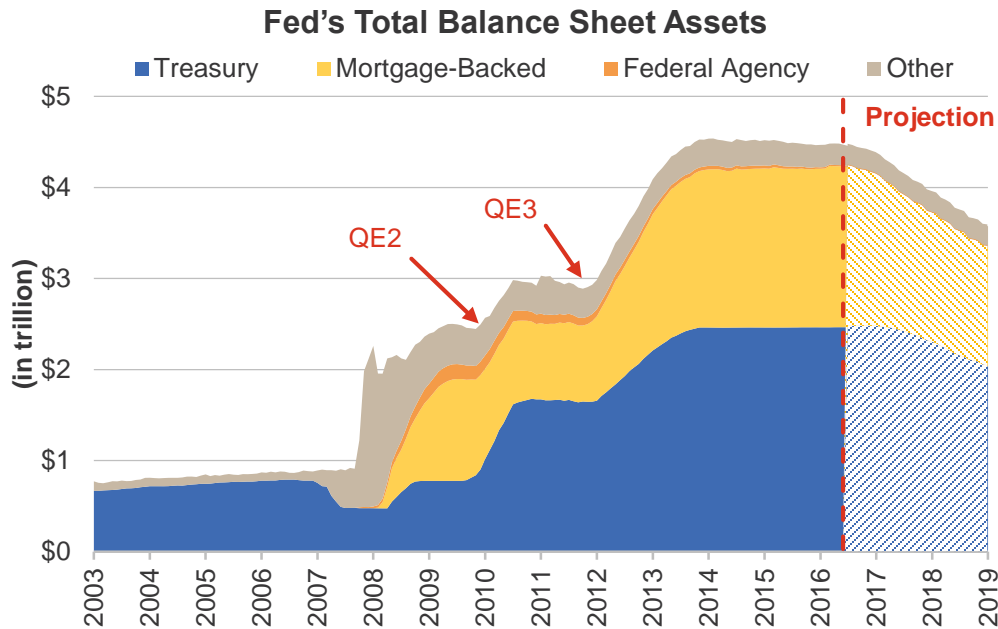
**Number of Total Rate Hikes Expected in 2017**



Source: Bloomberg, based on Fed Funds Futures (Effective rate) by Bloomberg.

### Fed's Balance Sheet Normalization Plan

- At the June FOMC meeting, the Federal Reserve laid out its plan to reduce the size of its balance sheet, which stands at \$4.5 trillion after multiple rounds of quantitative easing following the 2007 financial crisis. Fed officials expect to begin implementing the program this year, provided the economy evolves broadly as anticipated.
- The Fed plans to gradually reduce its holdings by decreasing reinvestments of principal payments on its U.S. Treasury and agency mortgage-backed securities. The pace of this decline will be limited by a cap that starts at \$10 billion per month, increasing every three months until it reaches \$50 billion per month.



(in billion)	Treasury Holdings	Agency MBS Holdings	Total Fed Assets
Dec 2017	\$2,465	\$1,770	\$4,470
Dec 2019 (Projected)	\$2,035	\$1,410*	\$3,680
<b>Difference:</b>	<b>\$430</b>	<b>\$360*</b>	<b>\$790</b>

\*MBS projection assumes that principal payments will always exceed the cap over the horizon period (i.e. the monthly run off amount is equal to the cap).

Source: Bloomberg, The Federal Reserve, FRB of St. Louis, as of 6/15/17. Projection is based on maturity schedule of Fed's Treasury holdings and caps on reinvestments as described in FOMC's June 2017 addendum to the Policy Normalization Principles and Plans, assuming normalization begins in January 2018.

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# Portfolio Review

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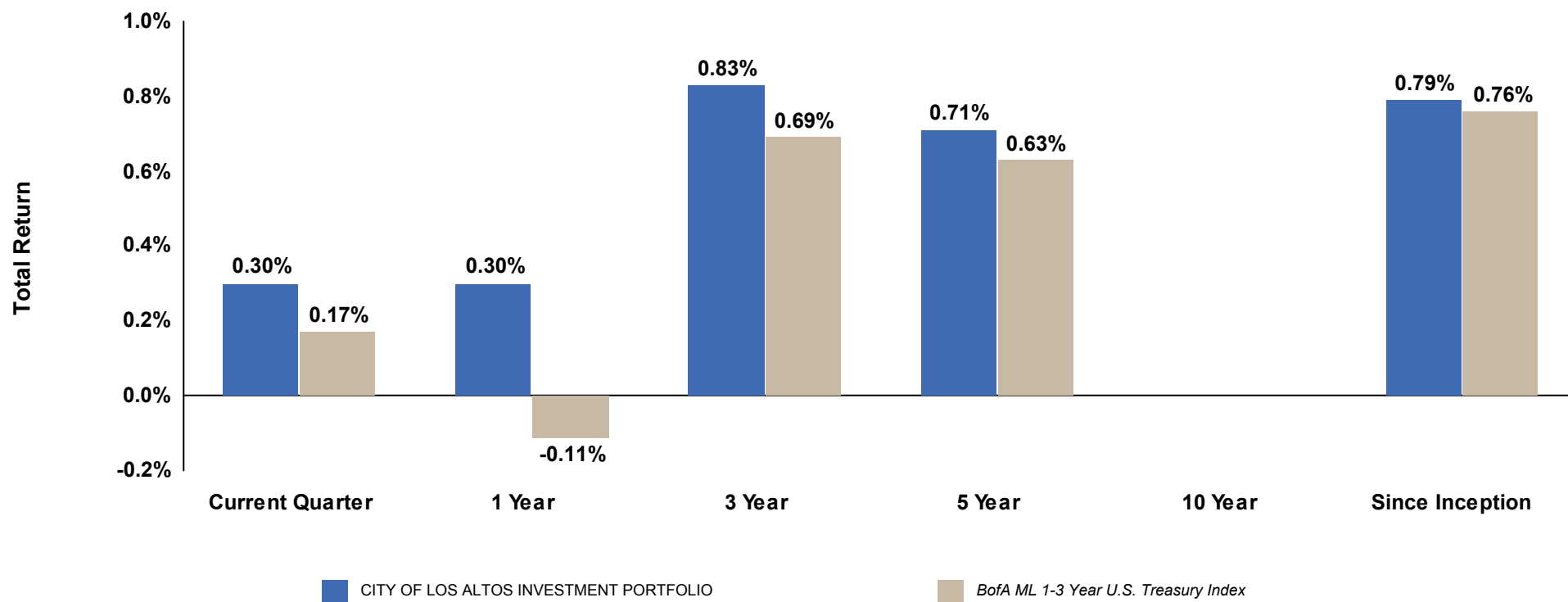


## Portfolio Recap

- ◆ Our duration strategy is to remain relatively in line with the benchmark's duration unless we have a strong conviction that rates are not appropriately reflecting market risks and expectations. At quarter end, we aligned the portfolio duration with the benchmark duration since market conditions were consistent with moderate growth and the Fed is on track to gradually raise rates.
- ◆ Federal agency yield spreads narrowed further amid minimal new issuance, ending the quarter at historically tight levels. Our strategy remained opportunistic as we sought to swap out of expensive agency holdings and into U.S. Treasuries at similar yields.
- ◆ We maintained corporate allocations as the sector's additional income remained advantageous, and the sector benefited from further spread tightening. The corporate sector generated strong outperformance relative to comparable-maturity Treasuries, logging its seventh straight quarter of outperformance.
- ◆ We participated in new AAA-rated asset-backed security (ABS) issues as ABS provide both enhanced diversification and incremental yield. The ABS sector performed well, posting its second straight quarter of outperformance to Treasuries as yield spreads tightened.
- ◆ In the money market space, short-term Treasury yields rose, repricing to reflect the Fed's ¼ percent June rate hike. The yield spread offered by certificates of deposit (CDs) tightened as the effects of money market reform and conviction about further Fed rate hikes faded.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/10) *
			1 Year	3 Year	5 Year	10 Year	
CITY OF LOS ALTOS INVESTMENT PORTFOLIO	1.80	0.30%	0.30%	0.83%	0.71%	-	0.79%
BofA ML 1-3 Year U.S. Treasury Index	1.82	0.17%	-0.11%	0.69%	0.63%	-	0.76%
Difference		0.13%	0.41%	0.14%	0.08%	-	0.03%



Portfolio performance is gross of fees unless otherwise indicated. \*Since Inception performance is not shown for periods less than one year.

**Portfolio Earnings***Quarter-Ended June 30, 2017*

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (03/30/2017)</b>	\$48,529,273.40	\$48,648,312.00
<b>Net Purchases/Sales</b>	\$2,171,295.45	\$2,171,295.45
<b>Change in Value</b>	(\$22,552.11)	(\$13,138.45)
<b>Ending Value (06/30/2017)</b>	\$50,678,016.74	\$50,806,469.00
<b>Interest Earned</b>	\$168,676.77	\$168,676.77
<b>Portfolio Earnings</b>	\$146,124.66	\$155,538.32

## Sector Allocation and Compliance

- The portfolio is in compliance with the City's Investment Policy and the California Government Code.

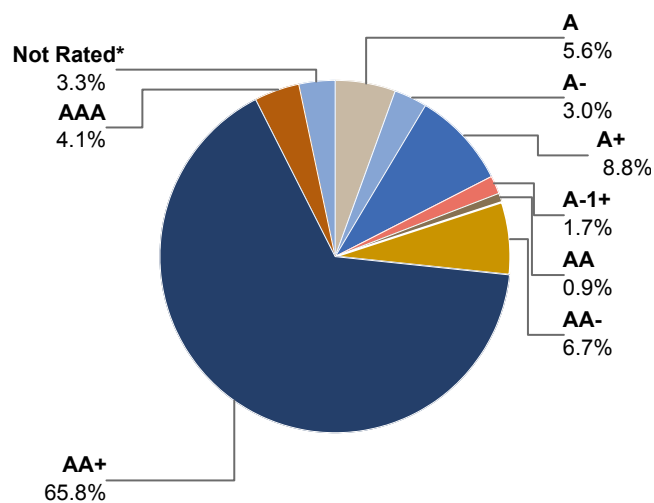
<b>Security Type</b>	<b>Market Value</b>	<b>% of Portfolio</b>	<b>Permitted by Policy</b>	<b>In Compliance</b>
U.S. Treasuries	\$18,456,230	36.4%	100%	✓
Federal Agencies	\$14,694,300	29.0%	100%	✓
Negotiable CDs	\$6,335,511	12.5%	30%	✓
Corporate Notes	\$7,660,139	15.1%	30%	✓
Asset-Backed Securities	\$3,531,837	7.0%	20%	✓
<b>Securities Sub-Total</b>	<b>\$50,678,017</b>	<b>99.9%</b>		
Accrued Interest	\$140,520			
<b>Securities Total</b>	<b>\$50,818,537</b>			
Money Market Fund	\$55,872	0.1%	20%	✓
<b>Total Investments</b>	<b>\$50,874,409</b>	<b>100.0%</b>		

**Portfolio Statistics**

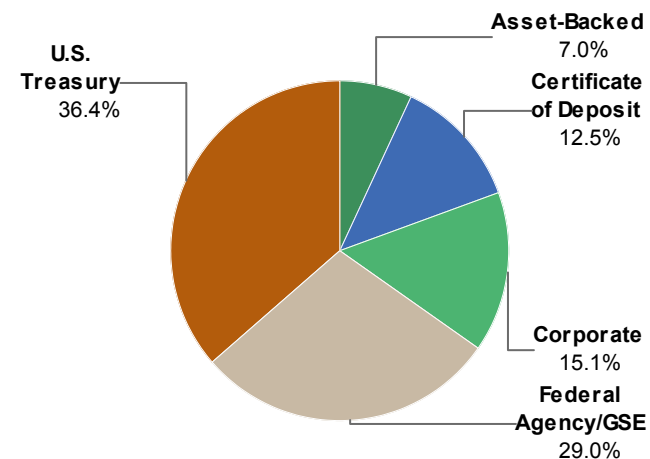
As of June 30, 2017

<b>Par Value:</b>	\$50,765,000
<b>Total Market Value:</b>	\$50,874,409
<b>Security Market Value:</b>	\$50,678,017
<b>Accrued Interest:</b>	\$140,520
<b>Cash:</b>	\$55,872
<b>Amortized Cost:</b>	\$50,806,469
<b>Yield at Market:</b>	1.48%
<b>Yield at Cost:</b>	1.36%
<b>Effective Duration:</b>	1.80 Years
<b>Duration to Worst:</b>	1.82 Years
<b>Average Maturity:</b>	1.97 Years
<b>Average Credit: **</b>	AA

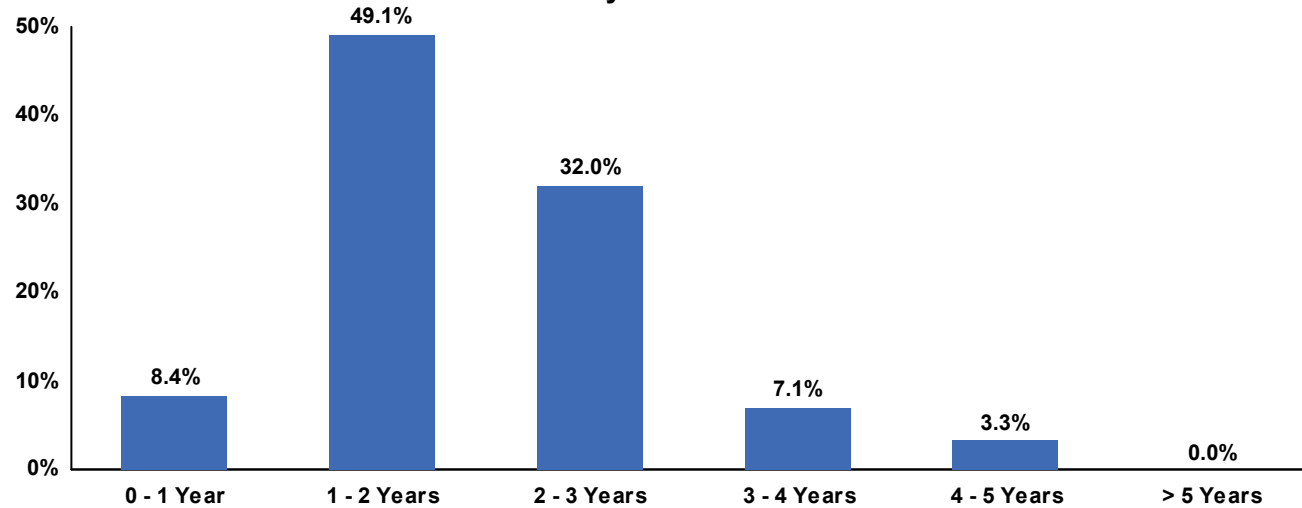
**Credit Quality (S&P Ratings)**



**Sector Allocation**



**Maturity Distribution**

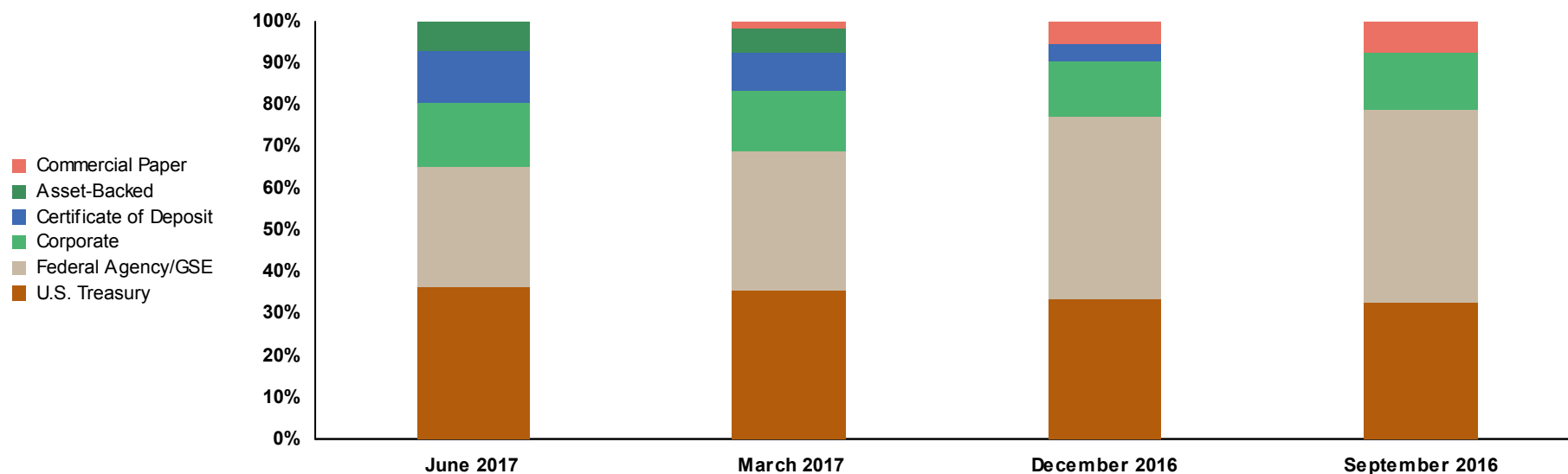


\*Asset-backed securities rated Aaa by Moody's.

\*\*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Sector Allocation

Sector	June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	18.5	36.4%	17.3	35.5%	14.7	33.5%	13.4	32.7%
Federal Agency/GSE	14.7	29.0%	16.1	33.2%	19.2	43.8%	18.9	46.0%
Corporate	7.7	15.1%	7.1	14.6%	5.8	13.3%	5.6	13.7%
Certificate of Deposit	6.3	12.5%	4.4	9.0%	1.8	4.0%	0.0	0.0%
Asset-Backed	3.5	7.0%	2.9	6.0%	0.0	0.0%	0.0	0.0%
Commercial Paper	0.0	0.0%	0.8	1.7%	2.4	5.4%	3.1	7.6%
<b>Total</b>	<b>\$50.7</b>	<b>100.0%</b>	<b>\$48.5</b>	<b>100.0%</b>	<b>\$43.9</b>	<b>100.0%</b>	<b>\$40.9</b>	<b>100.0%</b>

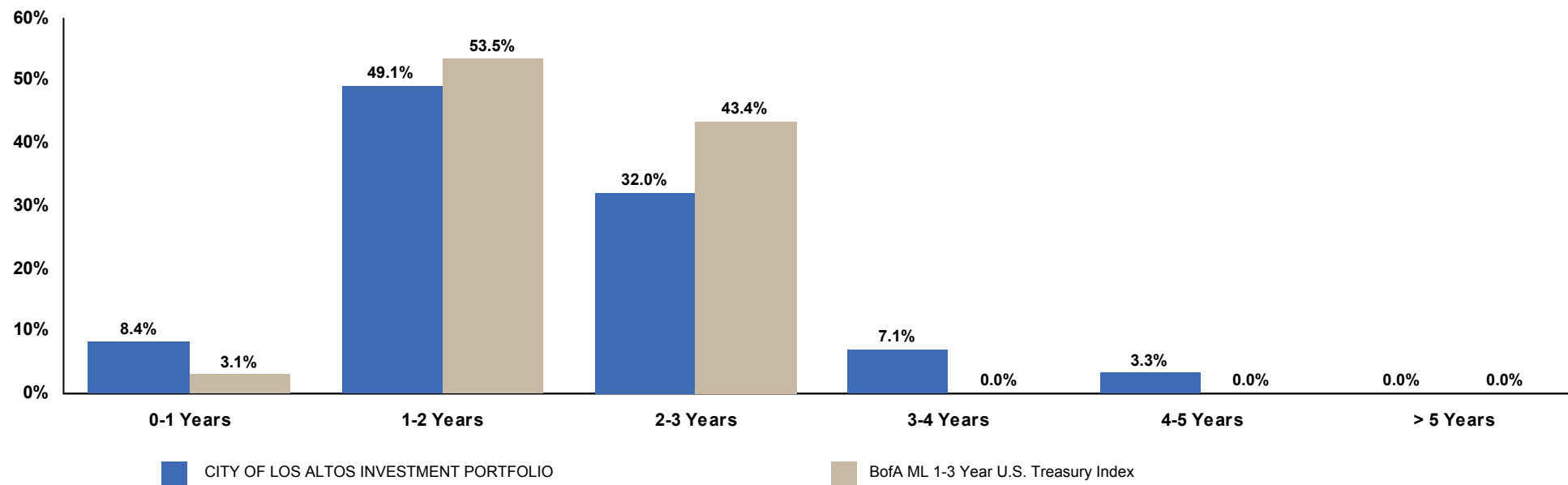


Detail may not add to total due to rounding.

**Maturity Distribution**

*As of June 30, 2017*

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF LOS ALTOS INVESTMENT PORTFOLIO	1.48%	1.97 yrs	8.4%	49.1%	32.0%	7.1%	3.3%	0.0%
BofA ML 1-3 Year U.S. Treasury Index	1.40%	1.94 yrs	3.1%	53.5%	43.4%	0.0%	0.0%	0.0%



## Sector/Issuer Distribution

As of June 30, 2017

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Asset-Backed</b>			
ALLY AUTO RECEIVABLES TRUST	479,968	13.6%	0.9%
AMERICAN EXPRESS CREDIT ACCOUN	189,850	5.4%	0.4%
CARMAX AUTO OWNER TRUST	419,949	11.9%	0.8%
CITIBANK CREDIT CARD ISSUANCE	450,574	12.8%	0.9%
CNH EQUIPMENT TRUST	350,737	9.9%	0.7%
FORD CREDIT AUTO OWNER TRUST	304,774	8.6%	0.6%
HONDA AUTO RECEIVABLES	220,140	6.2%	0.4%
HYUNDAI AUTO RECEIVABLES	205,047	5.8%	0.4%
JOHN DEERE OWNER TRUST	90,103	2.6%	0.2%
NISSAN AUTO RECEIVABLES	250,260	7.1%	0.5%
TOYOTA AUTO RECEIVABLES	570,433	16.2%	1.1%
<b>Sector Total</b>	<b>3,531,837</b>	<b>100.0%</b>	<b>7.0%</b>
<b>Certificate of Deposit</b>			
BANK OF MONTREAL	880,086	13.9%	1.7%
BANK OF NOVA SCOTIA	974,426	15.4%	1.9%
CANADIAN IMPERIAL BANK OF COMMERCE	878,665	13.9%	1.7%
NORDEA BANK AB	878,665	13.9%	1.7%
SUMITOMO MITSUI FINANCIAL GROUP INC	976,482	15.4%	1.9%
SVENSKA HANDELSBANKEN AB	872,624	13.8%	1.7%



Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
TORONTO-DOMINION BANK	874,562	13.8%	1.7%
<b>Sector Total</b>	<b>6,335,511</b>	<b>100.0%</b>	<b>12.5%</b>
<b>Corporate</b>			
AMERICAN EXPRESS CO	447,575	5.8%	0.9%
AMERICAN HONDA FINANCE	274,220	3.6%	0.5%
APPLE INC	219,872	2.9%	0.4%
BB&T CORPORATION	457,641	6.0%	0.9%
BERKSHIRE HATHAWAY INC	89,677	1.2%	0.2%
CHEVRON CORPORATION	325,848	4.3%	0.6%
CISCO SYSTEMS INC	198,624	2.6%	0.4%
DEERE & COMPANY	541,183	7.1%	1.1%
GENERAL ELECTRIC CO	651,008	8.5%	1.3%
HOME DEPOT INC	235,107	3.1%	0.5%
IBM CORP	352,137	4.6%	0.7%
INTEL CORPORATION	250,069	3.3%	0.5%
JP MORGAN CHASE & CO	626,594	8.2%	1.2%
MICROSOFT CORP	215,548	2.8%	0.4%
PEPSICO INC	234,921	3.1%	0.5%
PFIZER INC	373,520	4.9%	0.7%
THE BANK OF NEW YORK MELLON CORPORATION	477,739	6.2%	0.9%
THE WALT DISNEY CORPORATION	589,203	7.7%	1.2%
TOYOTA MOTOR CORP	474,853	6.2%	0.9%
WELLS FARGO & COMPANY	624,799	8.2%	1.2%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Sector Total</b>	<b>7,660,139</b>	<b>100.0%</b>	<b>15.1%</b>
<b>Federal Agency/GSE</b>			
FANNIE MAE	5,584,103	38.0%	11.0%
FEDERAL HOME LOAN BANKS	7,004,768	47.7%	13.8%
FREDDIE MAC	2,105,430	14.3%	4.2%
<b>Sector Total</b>	<b>14,694,300</b>	<b>100.0%</b>	<b>29.0%</b>
<b>U.S. Treasury</b>			
UNITED STATES TREASURY	18,456,230	100.0%	36.4%
<b>Sector Total</b>	<b>18,456,230</b>	<b>100.0%</b>	<b>36.4%</b>
<b>Portfolio Total</b>	<b>50,678,017</b>	<b>100.0%</b>	<b>100.0%</b>

## Outlook and Strategy

- Our outlook for the third quarter is for continued modest growth in the U.S. economy, but the future path of Fed tightening is less certain as recent economic data has been disappointing, fiscal policy initiatives have stalled, and inflation remains below the Fed's 2% target.
- With rates priced for the current level of uncertainty, we are once again positioning the portfolio's duration to match the benchmark duration. We will continue to assess the duration position during the quarter as we gain more clarity surrounding Fed policy and the trajectory of the U.S. and global economy.
- Agency yield spreads remain at or near historically tight levels as demand remains strong while supply is minimal. Unless we find an issue with appropriate yield spread, our strategy will generally favor U.S. Treasuries over agencies.
- Corporate yield spreads are near the tightest levels since the post-recession of 2014. Although we remain constructive on the fundamental strength of the sector, we plan to be more selective with regard to our choice of industry, issuer, and maturity while maintaining broad issuer diversification. Given the flatness of the yield curve, we may favor somewhat shorter maturities.
- We will continue to evaluate opportunities in the ABS sector, purchasing those issues we believe are well structured, offer adequate yield spreads, and which have limited extension and headline risk from expected Fed balance sheet tapering.
- In the money market space, yield spreads on CDs have narrowed significantly from the wide levels driven by money market reform in late 2016. Given low short-term Treasury and agency yields, CD spreads still offer modest incremental yield, but supply is somewhat constrained.
- We will continue to monitor incoming economic data, Fed policy, and sector relationships to identify market opportunities. This will include assessing the impact of any additional policies put forth by the Trump administration.

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# Transactions & Account Holdings

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## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
4/3/17	4/5/17	500,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	500,716.62	1.53%	
4/5/17	4/6/17	975,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	975,000.00	1.91%	
4/11/17	4/17/17	325,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	324,850.50	1.97%	
4/12/17	4/17/17	150,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	150,045.00	1.94%	
4/27/17	5/2/17	235,000	713448DR6	PEPSICO INC	1.55%	5/2/19	234,823.75	1.59%	
5/3/17	5/4/17	975,000	86563YVN0	SUMITOMO MITSUI BANK NY CD	2.05%	5/3/19	975,000.00	2.05%	
5/4/17	5/11/17	220,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	219,775.60	1.84%	
5/8/17	5/11/17	250,000	458140AZ3	INTEL CORP NOTES	1.85%	5/11/20	249,905.00	1.86%	
5/9/17	5/17/17	450,000	89190BAD0	TAOT 2017-B A3	1.76%	7/15/21	449,965.49	1.76%	
5/19/17	5/19/17	1,075,000	912828T83	US TREASURY NOTES	0.75%	10/31/18	1,068,235.61	1.22%	
5/22/17	5/30/17	190,000	02582JHG8	AMXCA 2017-4 A	1.64%	12/15/21	189,969.56	1.65%	
5/24/17	6/5/17	235,000	437076BQ4	HOME DEPOT INC CORP NOTES	1.80%	6/5/20	234,863.70	1.82%	
6/1/17	6/6/17	500,000	25468PDU7	WALT DISNEY COMPANY CORP NOTES	1.80%	6/5/20	499,420.00	1.84%	
6/15/17	6/20/17	500,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	506,478.75	2.10%	
6/19/17	6/22/17	100,000	24422ETS8	JOHN DEERE CAPITAL CORP NOTES	1.95%	6/22/20	99,939.00	1.97%	
6/26/17	6/28/17	2,200,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	2,225,583.74	1.50%	
<b>Total BUY</b>		<b>8,880,000</b>					<b>8,904,572.32</b>		

## INTEREST

4/1/17	4/1/17	1,525,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	6,671.88		
4/2/17	4/2/17	650,000	36962G6W9	GENERAL ELEC CAP CORP GLOBAL NOTES	1.62%	4/2/18	5,281.25		
4/3/17	4/3/17	0	MONEY0002	MONEY MARKET FUND			30.95		
4/6/17	4/6/17	375,000	89236TCX1	TOYOTA MOTOR CREDIT CORP	1.20%	4/6/18	2,250.00		
4/15/17	4/15/17	100,000	02007PAC7	ALLYA 2017-1 A3	1.70%	6/15/21	141.67		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/15/17	4/15/17	450,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	2,531.25		
4/15/17	4/15/17	205,000	44931PAD8	HART 2017-A A3	1.76%	8/15/21	160.36		
4/15/17	4/15/17	250,000	654747AD6	NAROT 2017-A A3	1.74%	8/15/21	205.42		
4/15/17	4/15/17	325,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	1,828.13		
4/15/17	4/15/17	420,000	14314JAB6	CARMX 2017-1 A2	1.54%	2/15/20	539.00		
4/15/17	4/15/17	120,000	89238MAD0	TAOT 2017-A A3	1.73%	2/15/21	173.00		
4/15/17	4/15/17	305,000	34531EAD8	FORDO 2017-A A3	1.67%	6/15/21	424.46		
4/15/17	4/15/17	380,000	02007HAC5	ALLYA 2017-2 A3	1.78%	8/15/21	300.62		
4/15/17	4/15/17	350,000	12636WAB2	CNH EQUIPMENT TRUST POOL	1.64%	7/15/20	366.72		
4/15/17	4/15/17	90,000	47787XAC1	JDOT 2017-A A3	1.78%	4/15/21	191.35		
4/19/17	4/19/17	850,000	3135G0E58	FNMA BENCHMARK NOTE	1.12%	10/19/18	4,781.25		
4/21/17	4/21/17	220,000	43814TAC6	HAROT 2017-1 A3	1.72%	7/21/21	241.76		
4/30/17	4/30/17	450,000	0258M0EC9	AMERICAN EXPRESS CREDIT CORP	1.70%	10/30/19	3,825.00		
4/30/17	4/30/17	1,060,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	8,612.50		
4/30/17	4/30/17	1,250,000	912828F62	US TREASURY NOTES	1.50%	10/31/19	9,375.00		
4/30/17	4/30/17	1,675,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	13,609.38		
4/30/17	4/30/17	400,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	2,750.00		
4/30/17	4/30/17	1,250,000	912828T83	US TREASURY NOTES	0.75%	10/31/18	4,687.50		
5/1/17	5/1/17	0	MONEY0002	MONEY MARKET FUND			6.12		
5/3/17	5/3/17	175,000	037833AJ9	APPLE INC GLOBAL NOTES	1.00%	5/3/18	875.00		
5/15/17	5/15/17	250,000	654747AD6	NAROT 2017-A A3	1.74%	8/15/21	362.50		
5/15/17	5/15/17	100,000	02007PAC7	ALLYA 2017-1 A3	1.70%	6/15/21	141.67		
5/15/17	5/15/17	120,000	89238MAD0	TAOT 2017-A A3	1.73%	2/15/21	173.00		
5/15/17	5/15/17	350,000	12636WAB2	CNH EQUIPMENT TRUST POOL	1.64%	7/15/20	478.33		
5/15/17	5/15/17	305,000	34531EAD8	FORDO 2017-A A3	1.67%	6/15/21	424.46		
5/15/17	5/15/17	380,000	02007HAC5	ALLYA 2017-2 A3	1.78%	8/15/21	563.67		
5/15/17	5/15/17	420,000	14314JAB6	CARMX 2017-1 A2	1.54%	2/15/20	539.00		
5/15/17	5/15/17	205,000	44931PAD8	HART 2017-A A3	1.76%	8/15/21	300.67		
5/15/17	5/15/17	90,000	47787XAC1	JDOT 2017-A A3	1.78%	4/15/21	133.50		
5/19/17	5/19/17	275,000	02665WBK6	AMERICAN HONDA FINANCE CORP	1.50%	11/19/18	2,039.58		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/21/17	5/21/17	220,000	43814TAC6	HAROT 2017-1 A3	1.72%	7/21/21	315.33		
5/30/17	5/30/17	875,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	7,486.11		
5/30/17	5/30/17	875,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	7,528.89		
5/31/17	5/31/17	3,050,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	22,875.00		
5/31/17	5/31/17	1,000,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	5,000.00		
5/31/17	5/31/17	1,400,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	8,750.00		
5/31/17	5/31/17	380,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	1,900.00		
5/31/17	5/31/17	1,250,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	7,812.50		
6/1/17	6/1/17	0	MONEY0002	MONEY MARKET FUND			130.24		
6/3/17	6/3/17	375,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	2,718.75		
6/14/17	6/14/17	550,000	3135G0G72	FNMA NOTES	1.12%	12/14/18	3,093.75		
6/15/17	6/15/17	250,000	654747AD6	NAROT 2017-A A3	1.74%	8/15/21	362.50		
6/15/17	6/15/17	120,000	89238MAD0	TAOT 2017-A A3	1.73%	2/15/21	173.00		
6/15/17	6/15/17	190,000	02582JHG8	AMXCA 2017-4 A	1.64%	12/15/21	129.83		
6/15/17	6/15/17	450,000	89190BAD0	TAOT 2017-B A3	1.76%	7/15/21	616.00		
6/15/17	6/15/17	100,000	02007PAC7	ALLYA 2017-1 A3	1.70%	6/15/21	141.67		
6/15/17	6/15/17	350,000	12636WAB2	CNH EQUIPMENT TRUST POOL	1.64%	7/15/20	478.33		
6/15/17	6/15/17	305,000	34531EAD8	FORDO 2017-A A3	1.67%	6/15/21	424.46		
6/15/17	6/15/17	90,000	47787XAC1	JDOT 2017-A A3	1.78%	4/15/21	133.50		
6/15/17	6/15/17	420,000	14314JAB6	CARMX 2017-1 A2	1.54%	2/15/20	539.00		
6/15/17	6/15/17	205,000	44931PAD8	HART 2017-A A3	1.76%	8/15/21	300.67		
6/15/17	6/15/17	380,000	02007HAC5	ALLYA 2017-2 A3	1.78%	8/15/21	563.67		
6/21/17	6/21/17	775,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	4,359.38		
6/21/17	6/21/17	220,000	43814TAC6	HAROT 2017-1 A3	1.72%	7/21/21	315.33		
6/29/17	6/29/17	1,000,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	4,375.00		
6/29/17	6/29/17	450,000	05531FAU7	BRANCH BANKING & TRUST CORP NOTE	2.62%	6/29/20	5,906.25		
6/29/17	6/29/17	250,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	1,093.75		
6/29/17	6/29/17	750,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	3,281.25		
6/30/17	6/30/17	2,200,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	17,875.00		
6/30/17	6/30/17	1,025,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	7,687.50		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>Total INTEREST</b>		<b>34,875,000</b>					<b>191,382.61</b>		
<b>SELL</b>									
4/3/17	4/5/17	450,000	3135G0J61	FNMA NOTE	0.87%	3/28/18	449,068.56	1.11%	(578.49)
4/5/17	4/6/17	160,000	17275RBA9	CISCO SYSTEMS INC CORP NOTE	1.40%	2/28/18	160,382.04	1.30%	145.60
4/5/17	4/6/17	800,000	09659BRC6	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	4/12/17	799,874.67	0.94%	34.67
4/6/17	4/6/17	15,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	15,034.18	1.11%	(19.28)
4/11/17	4/17/17	325,000	89236TCX1	TOYOTA MOTOR CREDIT CORP	1.20%	4/6/18	324,612.17	1.36%	(468.82)
4/12/17	4/17/17	50,000	89236TCX1	TOYOTA MOTOR CREDIT CORP	1.20%	4/6/18	49,942.33	1.36%	(70.13)
4/12/17	4/17/17	100,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	100,329.53	1.48%	135.74
4/27/17	5/2/17	235,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	236,437.30	1.24%	460.78
5/3/17	5/4/17	175,000	037833AJ9	APPLE INC GLOBAL NOTES	1.00%	5/3/18	174,530.61	1.27%	247.23
5/3/17	5/4/17	500,000	30231GAL6	EXXON MOBIL CORP NOTES	1.30%	3/6/18	500,991.25	1.32%	(126.09)
5/3/17	5/4/17	250,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	250,634.87	1.16%	(447.17)
5/22/17	5/30/17	190,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	191,513.42	1.27%	(2,081.78)
5/26/17	6/5/17	125,000	166764AV2	CHEVRON CORP NOTES	1.36%	3/2/18	125,457.03	1.35%	(89.49)
5/26/17	6/5/17	100,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	99,826.16	1.19%	(193.92)
6/1/17	6/6/17	400,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	399,802.99	1.44%	948.40
6/6/17	6/6/17	25,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	24,955.27	1.20%	(50.43)
6/15/17	6/20/17	500,000	46623EKD0	JP MORGAN CHASE CORP NOTES (CALLABLE)	1.70%	3/1/18	502,763.61	1.64%	635.02
6/19/17	6/22/17	100,000	24422ETA7	JOHN DEERE CAPITAL CORP NOTE	1.75%	8/10/18	100,852.67	1.56%	249.92
6/26/17	6/28/17	960,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	960,490.27	1.26%	(2,569.06)
6/26/17	6/28/17	255,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	254,657.19	1.23%	(553.23)
6/26/17	6/28/17	1,000,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	998,655.65	1.23%	(3,687.71)
<b>Total SELL</b>		<b>6,715,000</b>					<b>6,720,811.77</b>		<b>-8,078.24</b>



## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	4/1/17	4/1/17	1,525,000.00	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	6,671.88		
INTEREST	4/2/17	4/2/17	650,000.00	36962G6W9	GENERAL ELEC CAP CORP GLOBAL NOTES	1.62%	4/2/18	5,281.25		
INTEREST	4/3/17	4/3/17	0.00	MONEY0002	MONEY MARKET FUND			30.95		
BUY	4/3/17	4/5/17	500,000.00	912828K58	US TREASURY NOTES	1.37%	4/30/20	(500,716.62)	1.53%	
SELL	4/3/17	4/5/17	450,000.00	3135G0J61	FNMA NOTE	0.87%	3/28/18	449,068.56	1.11%	(578.49)
BUY	4/5/17	4/6/17	975,000.00	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	(975,000.00)	1.91%	
SELL	4/5/17	4/6/17	160,000.00	17275RBA9	CISCO SYSTEMS INC CORP NOTE	1.40%	2/28/18	160,382.04	1.30%	145.60
SELL	4/5/17	4/6/17	800,000.00	09659BRC6	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	4/12/17	799,874.67	0.94%	34.67
INTEREST	4/6/17	4/6/17	375,000.00	89236TCX1	TOYOTA MOTOR CREDIT CORP	1.20%	4/6/18	2,250.00		
SELL	4/6/17	4/6/17	15,000.00	912828VE7	US TREASURY NOTES	1.00%	5/31/18	15,034.18	1.11%	(19.28)
BUY	4/11/17	4/17/17	325,000.00	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	(324,850.50)	1.97%	
SELL	4/11/17	4/17/17	325,000.00	89236TCX1	TOYOTA MOTOR CREDIT CORP	1.20%	4/6/18	324,612.17	1.36%	(468.82)
BUY	4/12/17	4/17/17	150,000.00	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	(150,045.00)	1.94%	
SELL	4/12/17	4/17/17	50,000.00	89236TCX1	TOYOTA MOTOR CREDIT CORP	1.20%	4/6/18	49,942.33	1.36%	(70.13)
SELL	4/12/17	4/17/17	100,000.00	912828K58	US TREASURY NOTES	1.37%	4/30/20	100,329.53	1.48%	135.74
INTEREST	4/15/17	4/15/17	100,000.00	02007PAC7	ALLYA 2017-1 A3	1.70%	6/15/21	141.67		
INTEREST	4/15/17	4/15/17	450,000.00	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	2,531.25		
INTEREST	4/15/17	4/15/17	205,000.00	44931PAD8	HART 2017-A A3	1.76%	8/15/21	160.36		
INTEREST	4/15/17	4/15/17	250,000.00	654747AD6	NAROT 2017-A A3	1.74%	8/15/21	205.42		
INTEREST	4/15/17	4/15/17	325,000.00	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	1,828.13		



**Managed Account Detail of Securities Held**

For the Month Ending **June 30, 2017**

**CITY OF LOS ALTOS INVESTMENT PORTFOLIO**

<b>Security Type/Description</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 10/31/2016 0.750% 10/31/2018	912828T83	1,075,000.00	AA+	Aaa	05/19/17	05/19/17	1,067,819.34	1.22	1,358.36	1,068,395.33	1,066,685.95
US TREASURY NOTES DTD 10/31/2016 0.750% 10/31/2018	912828T83	1,250,000.00	AA+	Aaa	03/02/17	03/02/17	1,240,039.06	1.24	1,579.48	1,242,012.80	1,240,332.50
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	1,323.43	1,251,187.66	1,248,340.00
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	1,400,000.00	AA+	Aaa	05/03/16	05/06/16	1,414,765.63	0.83	1,482.24	1,408,176.18	1,398,140.80
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	1,025,000.00	AA+	Aaa	12/01/15	12/04/15	1,033,688.48	1.22	41.78	1,029,274.77	1,027,242.70
US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	775,000.00	AA+	Aaa	03/02/16	03/04/16	788,441.41	1.05	3,165.64	782,699.45	778,481.30
US TREASURY NOTES DTD 04/02/2012 1.500% 03/31/2019	912828SN1	1,015,000.00	AA+	Aaa	03/02/17	03/02/17	1,018,132.23	1.35	3,827.05	1,017,641.75	1,017,418.75
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	1,060,000.00	AA+	Aaa	11/10/16	11/14/16	1,074,492.19	1.06	2,902.04	1,070,819.26	1,064,596.16
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	1,485,000.00	AA+	Aaa	06/27/16	06/29/16	1,523,517.19	0.70	4,065.59	1,509,954.07	1,491,438.96
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	1,250,000.00	AA+	Aaa	03/02/17	03/02/17	1,249,169.92	1.53	3,158.97	1,249,278.43	1,251,660.00
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	3,050,000.00	AA+	Aaa	12/01/16	12/05/16	3,054,765.63	1.45	3,875.00	3,053,871.64	3,052,860.90
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,575,000.00	AA+	Aaa	01/03/17	01/05/17	1,562,449.22	1.52	8,212.19	1,564,409.10	1,565,340.53
UNITED STATES TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	50,000.00	AA+	Aaa	02/01/17	02/03/17	49,697.27	1.58	229.79	49,736.40	49,824.20
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	2,200,000.00	AA+	Aaa	06/26/17	06/28/17	2,207,906.25	1.50	97.15	2,207,885.75	2,203,867.60



**Managed Account Detail of Securities Held**

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**CITY OF LOS ALTOS INVESTMENT PORTFOLIO**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Security Type Sub-Total</b>		<b>18,460,000.00</b>					<b>18,537,422.88</b>	<b>1.26</b>	<b>35,318.71</b>	<b>18,505,342.59</b>	<b>18,456,230.35</b>
<b>Federal Agency Bond / Note</b>											
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	250,000.00	AA+	Aaa	05/26/16	05/27/16	249,397.50	0.99	12.15	249,711.43	248,955.00
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	750,000.00	AA+	Aaa	08/11/16	08/12/16	750,285.00	0.85	36.46	750,151.95	746,865.00
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	1,000,000.00	AA+	Aaa	08/16/16	08/16/16	1,000,980.00	0.82	48.61	1,000,524.10	995,820.00
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	1,925,000.00	AA+	Aaa	07/07/16	07/08/16	1,920,996.00	0.73	4,812.50	1,922,875.05	1,910,077.40
FHLB GLOBAL NOTE DTD 08/26/2016 0.875% 10/01/2018	3130A9AE1	1,525,000.00	AA+	Aaa	08/25/16	08/26/16	1,523,963.00	0.91	3,335.94	1,524,378.27	1,515,784.43
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	849,421.54	847,356.50
FNMA NOTES DTD 11/03/2015 1.125% 12/14/2018	3135G0G72	550,000.00	AA+	Aaa	08/16/16	08/16/16	552,816.00	0.90	292.19	551,765.26	548,046.95
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	950,000.00	AA+	Aaa	02/19/16	02/23/16	947,758.00	1.08	3,298.61	948,759.36	943,658.75
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	325,000.00	AA+	Aaa	05/26/16	05/31/16	325,250.25	1.10	771.88	325,157.35	323,539.78
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	450,000.00	AA+	Aaa	03/29/16	03/29/16	450,301.50	1.10	1,068.75	450,178.05	447,978.15
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	775,000.00	AA+	Aaa	06/02/16	06/03/16	774,674.50	1.14	242.19	774,787.52	770,646.05
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	400,000.00	AA+	Aaa	09/01/16	09/02/16	398,076.00	1.04	1,575.00	398,625.48	395,233.20
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	950,000.00	AA+	Aaa	07/19/16	07/20/16	947,701.00	0.96	3,740.63	948,420.51	938,678.85
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	1,000,000.00	AA+	Aaa	07/29/16	08/02/16	998,320.00	0.93	3,621.53	998,826.92	987,978.00



**Managed Account Detail of Securities Held**

For the Month Ending **June 30, 2017**

**CITY OF LOS ALTOS INVESTMENT PORTFOLIO**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	1,675,000.00	AA+	Aaa	08/31/16	09/02/16	1,672,387.00	1.05	5,629.86	1,673,103.25	1,658,635.25
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	825,000.00	AA+	Aaa	10/03/16	10/05/16	824,711.25	1.01	2,177.08	824,782.56	816,619.65
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	600,000.00	AA+	Aaa	02/24/17	02/28/17	599,616.00	1.52	3,075.00	599,658.91	598,427.40
<b>Security Type Sub-Total</b>		<b>14,800,000.00</b>					<b>14,785,856.00</b>	<b>0.98</b>	<b>35,650.88</b>	<b>14,791,127.51</b>	<b>14,694,300.36</b>
<b>Corporate Note</b>											
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	624,633.76	624,799.38
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	125,000.00	A-	A3	09/08/15	09/11/15	124,611.25	1.83	708.33	124,893.59	125,043.13
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	650,877.79	651,008.15
JOHN DEERE CAPITAL CORP NOTE DTD 09/11/2015 1.750% 08/10/2018	24422ETA7	440,000.00	A	A2	09/08/15	09/11/15	439,568.80	1.78	3,015.83	439,832.47	440,922.24
BERKSHIRE HATHAWAY INC GLOBAL NOTES DTD 08/15/2016 1.150% 08/15/2018	084670BX5	90,000.00	AA	Aa2	08/08/16	08/15/16	89,989.20	1.16	391.00	89,993.91	89,676.54
AMERICAN HONDA FINANCE CORP DTD 11/21/2016 1.500% 11/19/2018	02665WBK6	275,000.00	A+	A1	11/16/16	11/21/16	274,887.25	1.52	481.25	274,921.40	274,220.38
IBM CORP NOTE DTD 02/12/2014 1.950% 02/12/2019	459200HT1	350,000.00	A+	A1	02/17/16	02/22/16	353,307.50	1.62	2,635.21	351,815.65	352,137.45
PEPSICO INC DTD 05/02/2017 1.550% 05/02/2019	713448DR6	235,000.00	A+	A1	04/27/17	05/02/17	234,823.75	1.59	596.97	234,838.02	234,921.04
PFIZER INC CORP NOTES DTD 06/03/2016 1.450% 06/03/2019	717081DU4	375,000.00	AA	A1	06/03/16	06/08/16	376,106.25	1.35	422.92	375,717.28	373,519.50



**Managed Account Detail of Securities Held**

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**CITY OF LOS ALTOS INVESTMENT PORTFOLIO**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Corporate Note</b>											
CISCO SYSTEMS INC CORP NOTES DTD 09/20/2016 1.400% 09/20/2019	17275RBG6	200,000.00	AA-	A1	09/20/16	09/23/16	200,216.00	1.36	785.56	200,161.11	198,623.80
AMERICAN EXPRESS CREDIT CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	450,000.00	A-	A2	01/31/17	02/03/17	446,580.00	1.99	1,296.25	447,085.80	447,574.50
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	500,000.00	A-	A3	06/15/17	06/20/17	501,885.00	2.10	4,937.50	501,864.07	501,551.00
MICROSOFT CORP DTD 02/06/2017 1.850% 02/06/2020	594918BV5	215,000.00	AAA	Aaa	01/30/17	02/06/17	214,855.95	1.87	1,602.05	214,874.84	215,548.04
BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	475,000.00	A	A1	03/29/17	03/30/17	476,695.75	2.02	3,602.74	476,549.78	477,739.33
CHEVRON CORP CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	325,000.00	AA-	Aa2	02/28/17	03/03/17	325,000.00	1.99	2,120.97	325,000.00	325,847.93
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	90,000.00	A+	A2	03/01/17	03/06/17	89,976.60	1.96	560.63	89,979.01	90,280.98
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	150,000.00	AA-	Aa3	04/12/17	04/17/17	150,045.00	1.94	601.25	150,041.99	149,953.65
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	325,000.00	AA-	Aa3	04/11/17	04/17/17	324,850.50	1.97	1,302.71	324,860.49	324,899.58
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	220,000.00	AA+	Aa1	05/04/17	05/11/17	219,775.60	1.84	550.00	219,785.75	219,871.96
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	250,000.00	A+	A1	05/08/17	05/11/17	249,905.00	1.86	642.36	249,909.30	250,069.00
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BO4	235,000.00	A	A2	05/24/17	06/05/17	234,863.70	1.82	305.50	234,866.91	235,107.40
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	500,000.00	A+	A2	06/01/17	06/06/17	499,420.00	1.84	625.00	499,433.12	498,922.50
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	100,000.00	A	A2	06/19/17	06/22/17	99,939.00	1.97	48.75	99,939.50	100,260.60



## Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

### 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>Corporate Note</b>											
BRANCH BANKING & TRUST CORP NOTE DTD 06/29/2015 2.625% 06/29/2020	05531FAU7	450,000.00	A-	A2	03/17/17	03/22/17	454,144.50	2.33	65.63	453,815.63	457,640.55
<b>Security Type Sub-Total</b>		<b>7,650,000.00</b>					<b>7,658,017.35</b>	<b>1.79</b>	<b>34,206.57</b>	<b>7,655,691.17</b>	<b>7,660,138.63</b>
<b>Certificate of Deposit</b>											
TORONTO DOMINION BANK NY CERT DEPOS DTD 02/09/2017 1.480% 03/14/2018	89113WWJ1	875,000.00	A-1+	P-1	02/08/17	02/09/17	875,000.00	1.50	5,108.06	875,000.00	874,562.27
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	875,000.00	A+	Aa3	12/01/16	12/05/16	874,317.50	1.78	1,326.11	874,513.31	878,665.38
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	875,000.00	AA-	Aa3	12/01/16	12/05/16	875,000.00	1.74	1,368.89	875,000.00	878,665.38
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	875,000.00	AA-	Aa2	01/10/17	01/12/17	875,000.00	1.91	7,809.38	875,000.00	872,623.50
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	875,000.00	A+	Aa3	02/08/17	02/09/17	875,000.00	1.90	6,488.61	875,000.00	880,086.38
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	975,000.00	A+	A1	04/05/17	04/06/17	975,000.00	1.91	4,448.71	975,000.00	974,425.73
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	975,000.00	A	A1	05/03/17	05/04/17	975,000.00	2.05	3,164.69	975,000.00	976,482.00
<b>Security Type Sub-Total</b>		<b>6,325,000.00</b>					<b>6,324,317.50</b>	<b>1.83</b>	<b>29,714.45</b>	<b>6,324,513.31</b>	<b>6,335,510.64</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
CARMX 2017-1 A2 DTD 01/31/2017 1.540% 02/15/2020	14314JAB6	420,000.00	NR	Aaa	01/25/17	01/31/17	419,999.87	1.60	287.47	419,999.97	419,948.72
CNH EQUIPMENT TRUST POOL DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	350,000.00	AAA	Aaa	03/15/17	03/22/17	349,986.56	1.80	255.11	349,987.35	350,737.17
CCCT 2017-A2 A2 DTD 01/26/2017 1.740% 01/17/2021	17305EGA7	450,000.00	AAA	Aaa	01/19/17	01/26/17	449,913.83	1.75	3,371.25	450,000.00	450,574.29



## Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

### 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>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
TAOT 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	120,000.00	AAA	Aaa	03/07/17	03/15/17	119,985.88	1.74	92.27	119,986.91	120,153.01
JDOT 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	90,000.00	NR	Aaa	02/22/17	03/02/17	89,987.18	1.79	71.20	89,988.30	90,103.13
ALLYA 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	AAA	Aaa	01/24/17	01/31/17	99,991.26	1.70	75.56	99,992.15	99,886.77
FORDO 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	305,000.00	NR	Aaa	01/18/17	01/25/17	304,998.87	1.67	226.38	304,999.06	304,774.00
TAOT 2017-B A3 DTD 05/17/2017 1.760% 07/15/2021	89190BAD0	450,000.00	AAA	Aaa	05/09/17	05/17/17	449,965.49	1.76	352.00	449,966.46	450,280.08
HAROT 2017-1 A3 DTD 03/28/2017 1.720% 07/21/2021	43814TAC6	220,000.00	NR	Aaa	03/21/17	03/28/17	219,986.91	1.72	105.11	219,987.66	220,140.01
HART 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	205,000.00	AAA	NR	03/22/17	03/29/17	204,983.42	1.76	160.36	204,984.27	205,047.42
NAROT 2017-A A3 DTD 03/28/2017 1.740% 08/15/2021	654747AD6	250,000.00	NR	Aaa	03/21/17	03/28/17	249,973.53	1.74	193.33	249,974.91	250,260.30
ALLYA 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	380,000.00	NR	Aaa	03/21/17	03/29/17	379,955.20	1.79	300.62	379,957.48	380,081.43
AMXCA 2017-4 A DTD 05/30/2017 1.640% 12/15/2021	02582JHG8	190,000.00	AAA	NR	05/22/17	05/30/17	189,969.56	1.65	138.49	189,969.90	189,850.43
<b>Security Type Sub-Total</b>		<b>3,530,000.00</b>					<b>3,529,697.56</b>	<b>1.73</b>	<b>5,629.15</b>	<b>3,529,794.42</b>	<b>3,531,836.76</b>
<b>Managed Account Sub-Total</b>		<b>50,765,000.00</b>					<b>50,835,311.29</b>	<b>1.36</b>	<b>140,519.76</b>	<b>50,806,469.00</b>	<b>50,678,016.74</b>
<b>Securities Sub-Total</b>		<b>\$50,765,000.00</b>					<b>\$50,835,311.29</b>	<b>1.36%</b>	<b>\$140,519.76</b>	<b>\$50,806,469.00</b>	<b>\$50,678,016.74</b>
<b>Accrued Interest</b>											<b>\$140,519.76</b>
<b>Total Investments</b>											<b>\$50,818,536.50</b>

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**IMPORTANT DISCLOSURES**

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.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.



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**GLOSSARY**

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

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**GLOSSARY**

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity stated as a percentage on an annualized basis.