



CONSENT CALENDAR

Agenda Item # 4

AGENDA REPORT SUMMARY

Meeting Date: June 26, 2018

Subject: Quarterly Investment Portfolio Report – Quarter Ended March, 2018

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 March 31, 2018

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 March 31, 2018. 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 March 31, 2018



Subject: Quarterly Investment Portfolio Report – Quarter Ended March 31, 2018

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 March 31, 2018 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 March 31, 2018, was \$67,490,305.

As of March 31, 2018, 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), 23% in US Treasuries, and 18% in medium-term corporate Notes and Commercial Paper, 14% in Certificate of Deposits, with the balance of 31% 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 March 31, 2018. 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 0.71%, which is highlighted on page 12, of the PFM Investment Review Report (Attachment 3).

Options

1. Receive the Investment Portfolio Report Quarter Ended March 31, 2018

Advantages: None

Disadvantages: None



Subject: Quarterly Investment Portfolio Report – Quarter Ended March 31, 2018

2. Do not receive the Investment Portfolio Report Quarter Ended March 31, 2018

Advantages: None

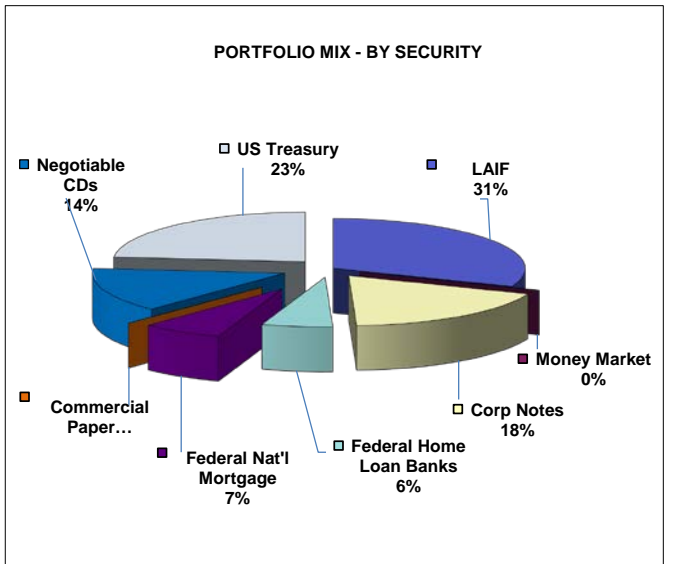
Disadvantages: None

Recommendation

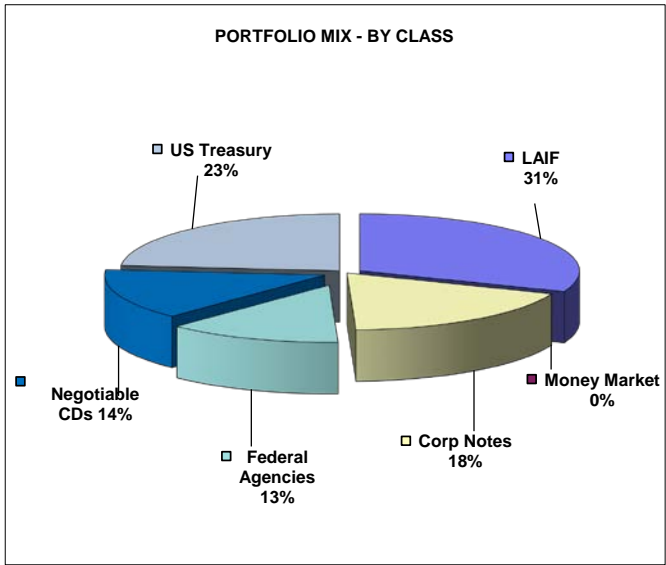
The staff recommends Option 1.

**Attachment 1
Portfolio Mix Charts
March 2018**

Security Type	% of Total	Portfolio Mix By Security
LAIF	31%	20,893,914
Money Market	0%	31,391
Corp Notes	18%	12,380,000
Federal Home Loan Banks	6%	4,025,000
Federal Nat'l Mortgage	7%	4,625,000
Commercial Paper	0%	-
Negotiable CDs	14%	9,690,000
US Treasury	23%	15,845,000
	100%	67,490,305



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	31%	20,893,914	20,893,914
Money Market	0%	31,391	31,391
Corp Notes	18%	12,380,000	12,208,665
Federal Agencies	13%	8,650,000	8,513,256
Negotiable CDs	14%	9,690,000	9,619,397
US Treasury	23%	15,845,000	15,603,981
	100%	67,490,305	66,870,603
Corp Notes		12,380,000	12,208,665
US Treasury/Agencies		24,495,000	24,117,237
Negotiable CDs		9,690,000	9,619,397
Accrued Interest		-	222,719
		46,565,000	46,168,018
Margin Over (Under) Par			(396,982)



**Attachment 1
Portfolio Mix Charts
March 2018**

City Investment	% Mix	Par Value	Earliest Term	City Policy Term Limitation	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	31%	20,893,914	03/31/18	No Term	65,000,000	100%	44,106,086	Yes	N/A
Money Market	0%	31,391	03/31/18	Overnight		20%	13,466,670	Yes	N/A
Corp Notes	18%	12,380,000	02/22/16	4 Years		30%	7,867,091	Yes	Yes
Federal Agencies	13%	8,650,000	03/29/16	5 Years		100%	58,840,305	Yes	Yes
Commercial Paper	0%	-	03/31/18	180 Days		15%	10,123,546	Yes	N/A
Negotiable CDs	14%	9,690,000	12/05/16	3 Years		30%	10,557,091	Yes	Yes
US Treasury	23%	15,845,000	06/29/16	5 Years		100%	51,645,305	Yes	Yes
	100%	67,490,305							

Important Notes:

- 1) Face Value has been corrected to Par Value in column E.
- 2) Latest Term has been corrected to Earliest Term in column F.
- 3) City Policy Term Limitation has been added to column G.
- 4) Testing formula for Term Compliance Yes/No has been updated.
- 5) City Policy comparison is based on October 2016 Investment Policy.



CITY OF LOS ALTOS

Investment Performance Review For the Quarter Ended March 31, 2018

Client Management Team

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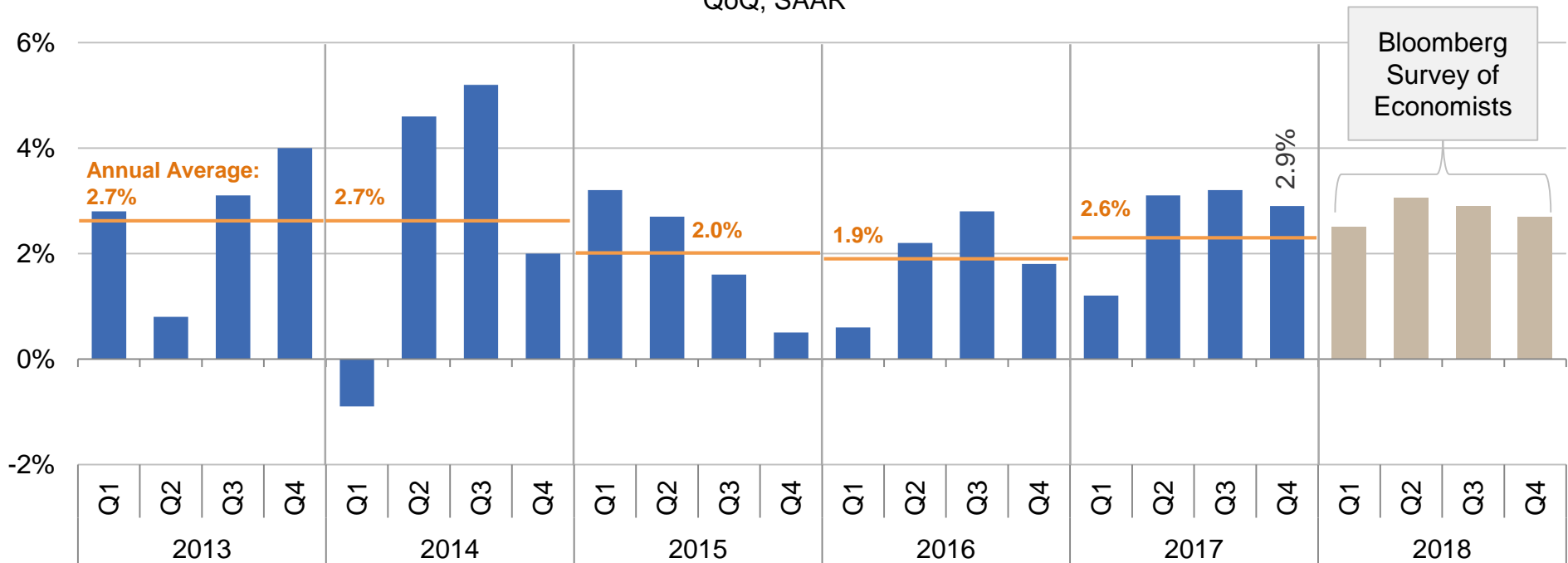
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Market Update

Moderate U.S. Economic Expansion

- U.S. gross domestic product (GDP) grew at an annualized rate of 2.9% in the fourth quarter of 2017. Despite slowing slightly from more than 3% growth in both the second quarter and third quarters, the overall pace of economic activity remained solid as the economy grew at an average of 2.6% on a quarterly basis (annualized), the fastest pace since 2014.
- Strong growth in consumer spending and business investment continued to fuel economic activity over the quarter, while significant declines in inventories and net exports were a drag on reported GDP in the fourth quarter.

U.S. Real GDP
QoQ, SAAR

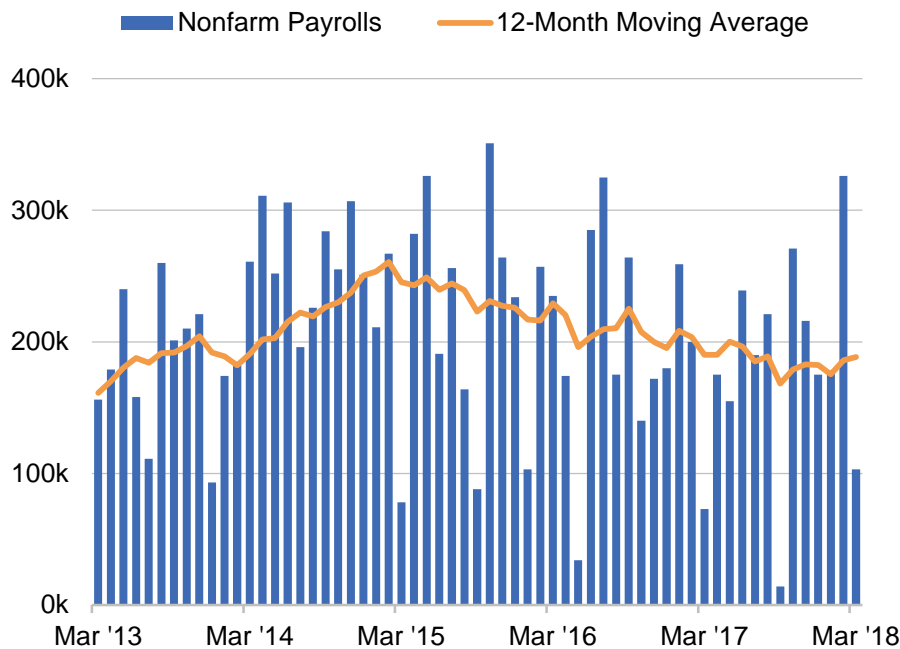


Source: Bloomberg, as of 3/31/2018.

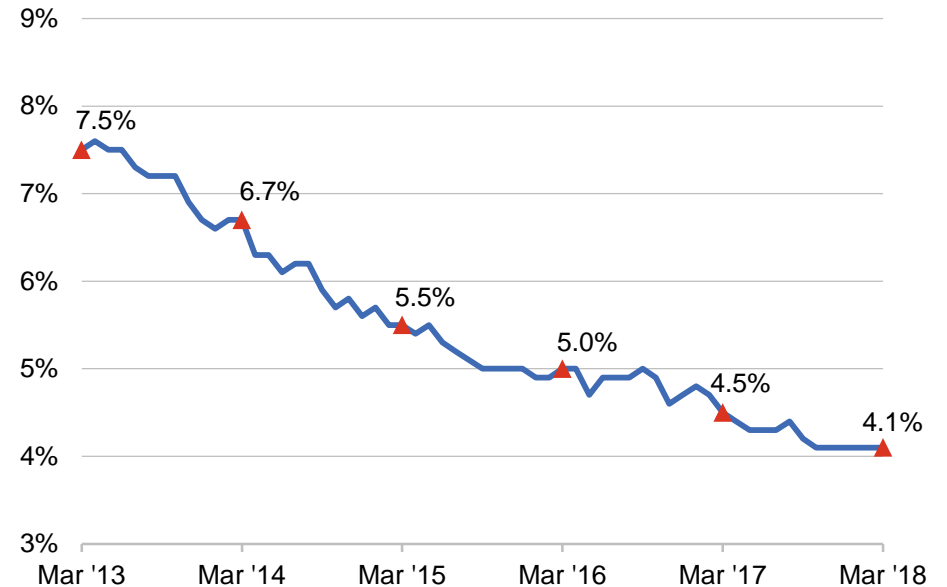
Labor Market Strength Remains

- ◆ The U.S. labor market added 605,000 jobs in the first quarter of 2018.
 - The headline unemployment rate held steady at 4.1% in March for the sixth straight month, matching the lowest level in 17 years.
 - The labor force participation rate ended the quarter at 62.9%, up slightly from 62.7% at the end of 2017.
 - The tight labor market is slowly pushing up worker pay. Average hourly earnings—a key measure of wage growth—rose 2.7% over the past 12 months, ending March.

Monthly Change in Nonfarm Payrolls



Unemployment Rate

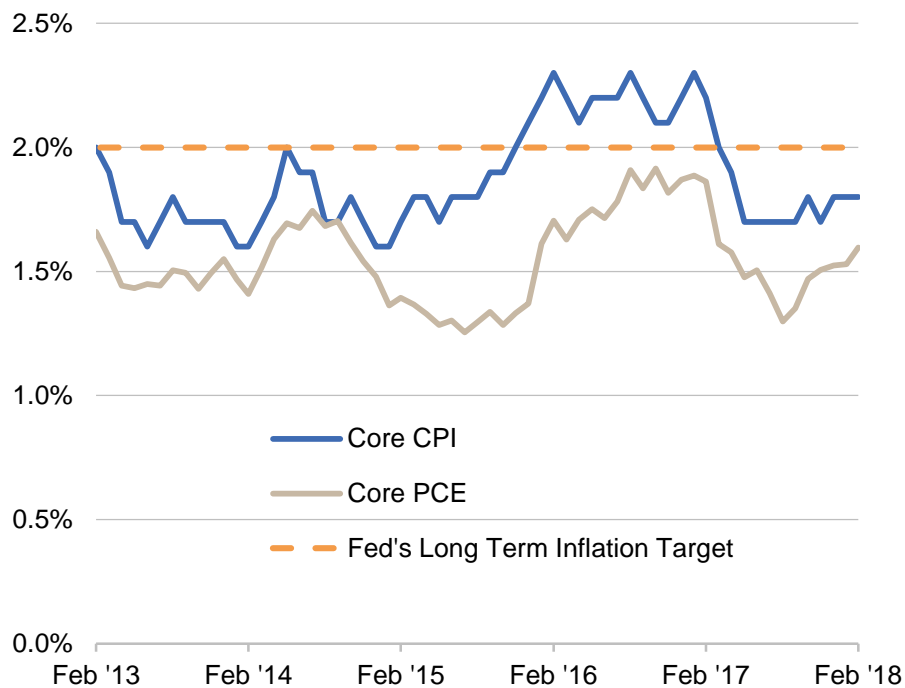


Source: Bloomberg, as of March 2018.

Inflation Expectations Have Moved Higher

- The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, ticked slightly higher to 1.6% year-over-year in February but still remains firmly below the Fed's 2% target.
- Inflation expectations continue to rise gradually as a result of higher recent wage growth and increases in gold and oil prices.

Inflation Measures
(YoY)



Expectations for Average Inflation Rate over Next 5 Years

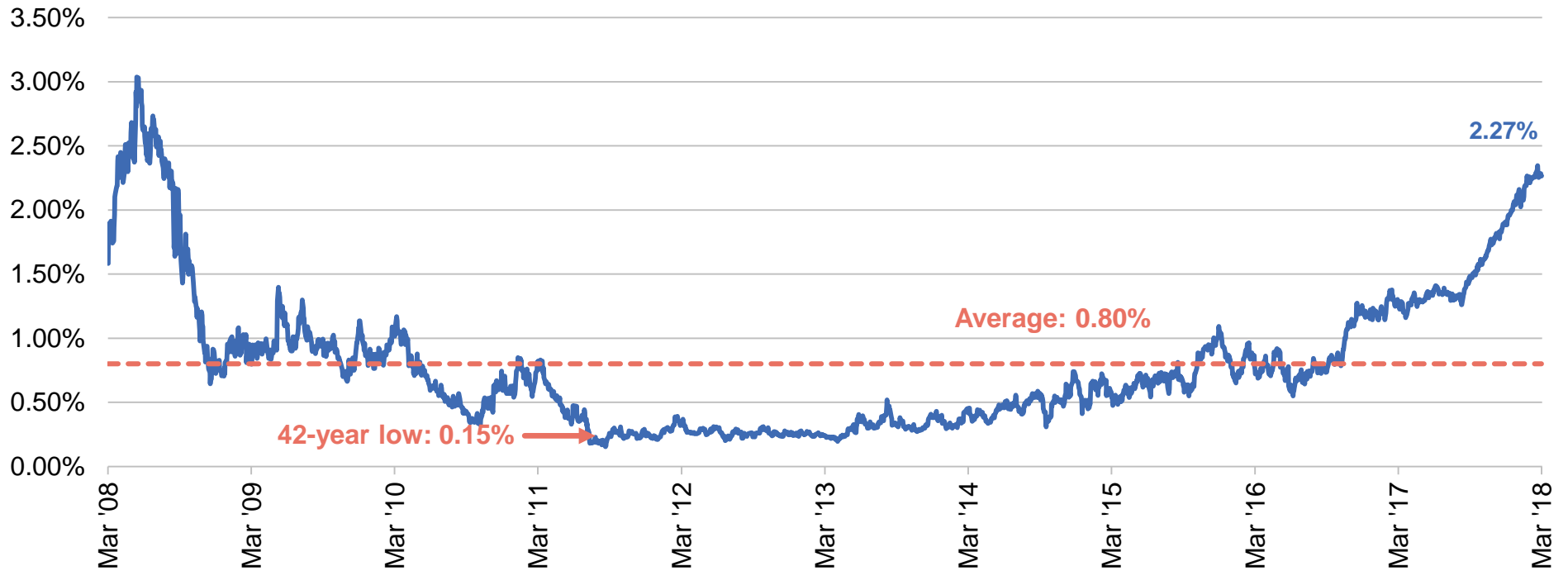


Source: Bloomberg, latest data available as of March 2018. Inflation expectations based on yield difference between 5-year Treasury note and 5-year Treasury Inflation Protected Securities (TIPS).

Short-Term Treasury Yields Continue to Rise

- The 2-year Treasury yield continued to move higher throughout the first quarter of 2018, increasing 38 basis points (0.38%) to 2.27%, levels not seen since 2008.
- The first quarter marked the seventh straight quarterly rise in the 2-year yield as the U.S. economy remained strong and the Federal Reserve continued on its path of quantitative tightening, raising the federal funds target rate by 25 basis points to a range of between 1.50% to 1.75% at its March meeting.

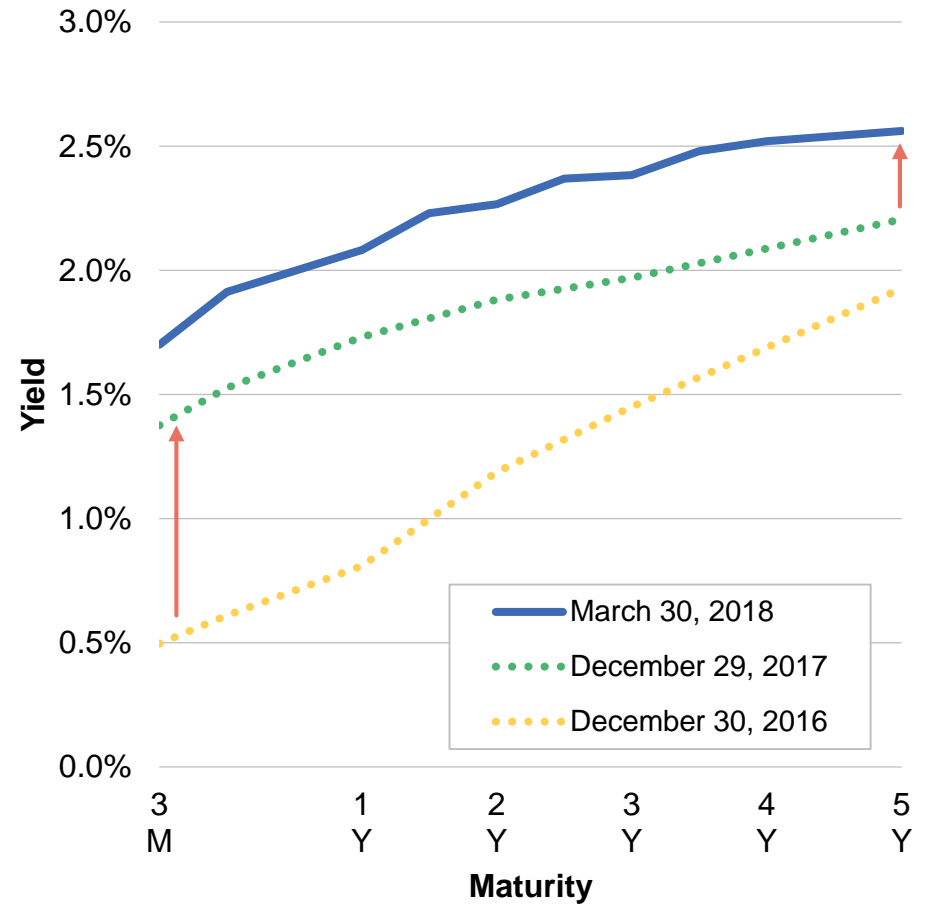
2-Year Treasury Yield



Source: Bloomberg, as of 3/31/2018.

U.S. Treasury Curve

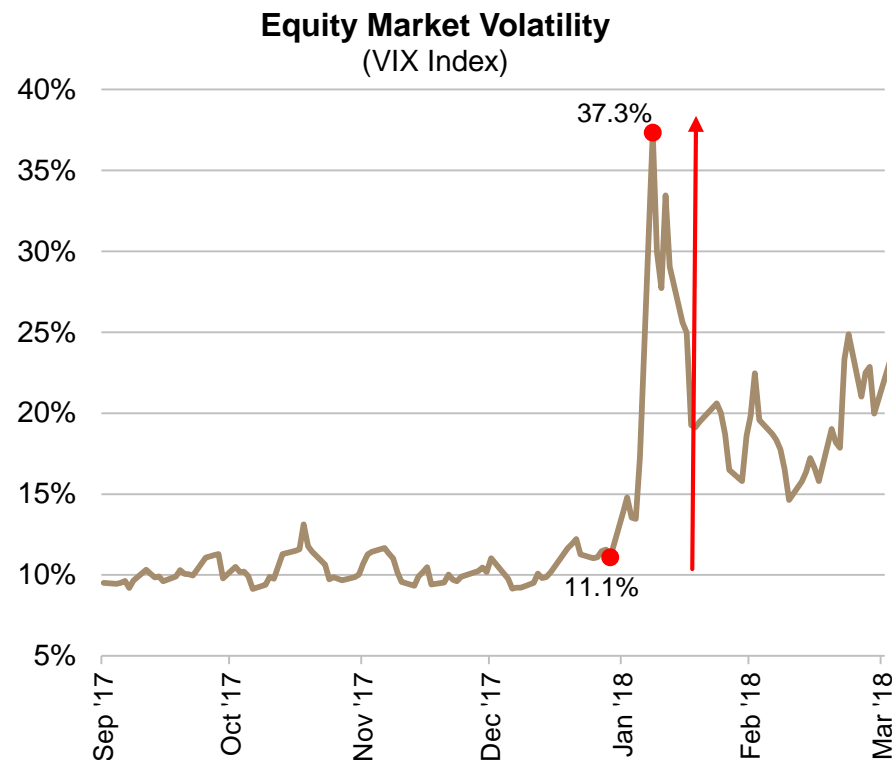
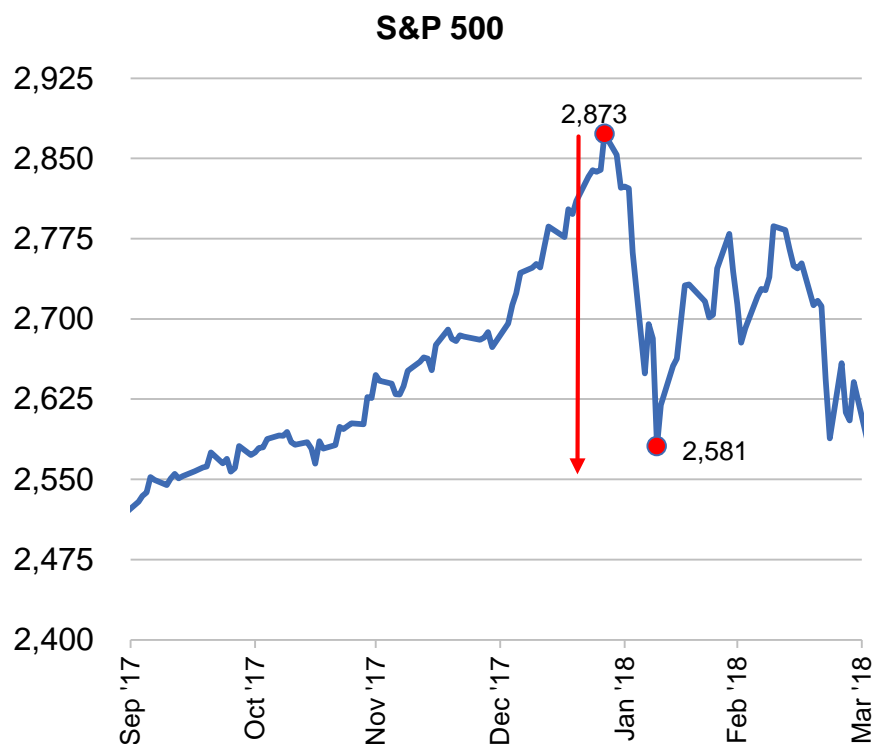
	Current 3/31/18	Year-End 12/29/17	Year-End 12/30/16
3-month	1.70%	1.38%	0.50%
6-month	1.91%	1.53%	0.61%
1-year	2.08%	1.73%	0.81%
2-year	2.27%	1.88%	1.19%
3-year	2.38%	1.97%	1.45%
5-year	2.56%	2.21%	1.93%



Source: Bloomberg, as of 3/31/2018.

The Return of Market Volatility

- After beginning 2018 as 2017 ended, calm and complacent with the S&P 500 logging 14 new record highs in January, volatility roared back into financial markets in early February. After months near all-time record lows, the Chicago Board Options Exchange (CBOE) Volatility Index surged to a near five-year high as concerns surrounding possible trade wars, overheating of the economy given tax cuts and expansionary fiscal budget, and stretched valuations took investors' focus.



Source: Bloomberg, as of 3/31/2018.

Credit Spreads Widen to Start 2018

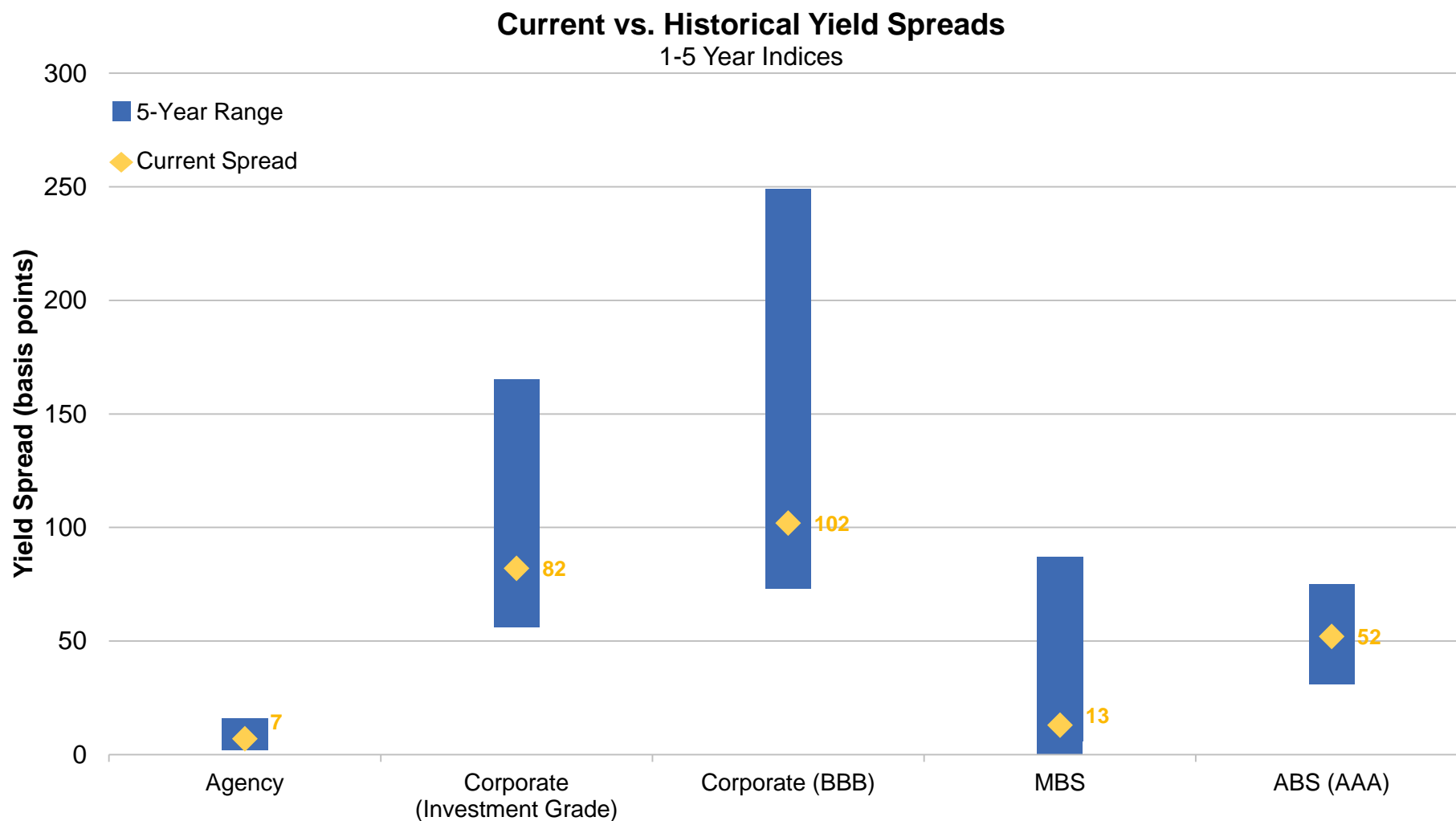
- Credit spreads spiked after the equity market turmoil in early February and have continued to drift wider, increasing the value available in the sector. Although corporate securities have underperformed in the first quarter as a result of spread widening, they are now offered at their cheapest levels since May 2017. With the economy still improving and credit fundamentals still strong, this has been an opportunity to purchase credit investments with incremental value.

1-5 Year Investment Grade Corporate Yield Spreads (OAS)



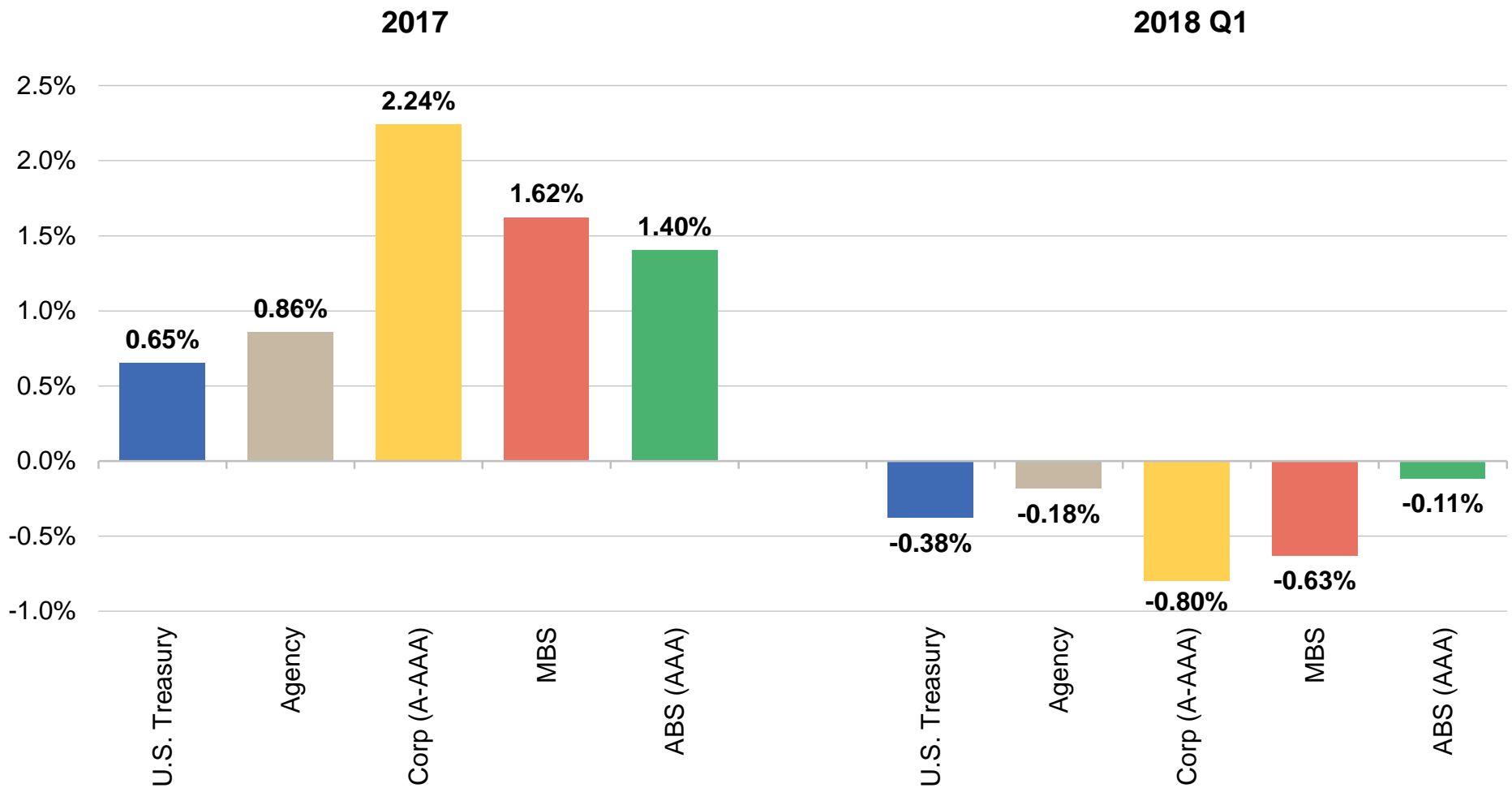
Source: Bloomberg, Bank of America Merrill Lynch Indices, as of March 2018. OAS is Option Adjusted Spread.

Sector Yield Spreads Still Near Historically Tight Levels



Source: ICE BofAML 1-5 year Indices, as of 4/2/2018.

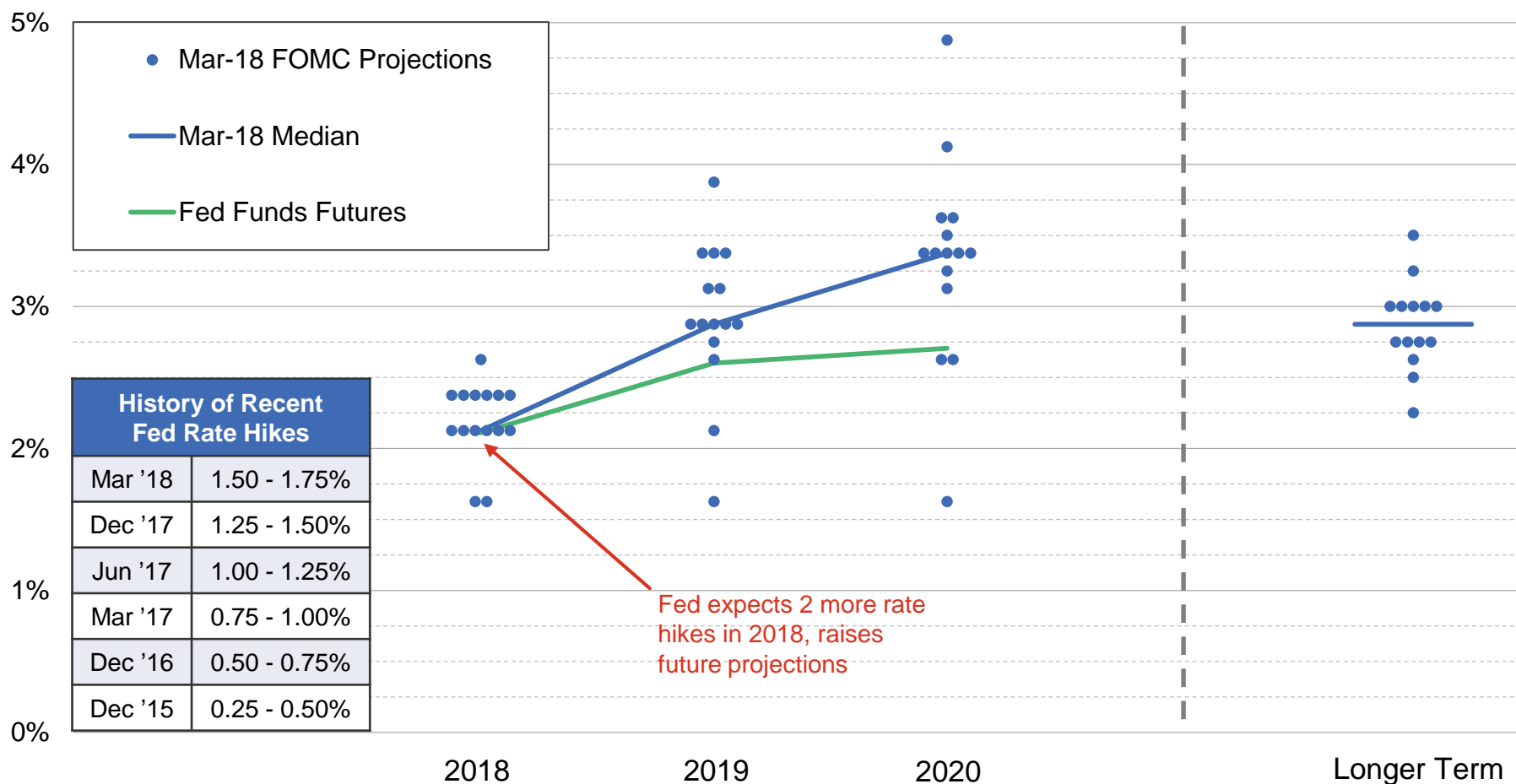
Sector Returns 1-5 Year Indices



Source: ICE BofAML Indices. MBS and ABS indices are 0-5 year, based on weighted average life. As of 3/31/2018.

FOMC “Dot Plot” – March 2018

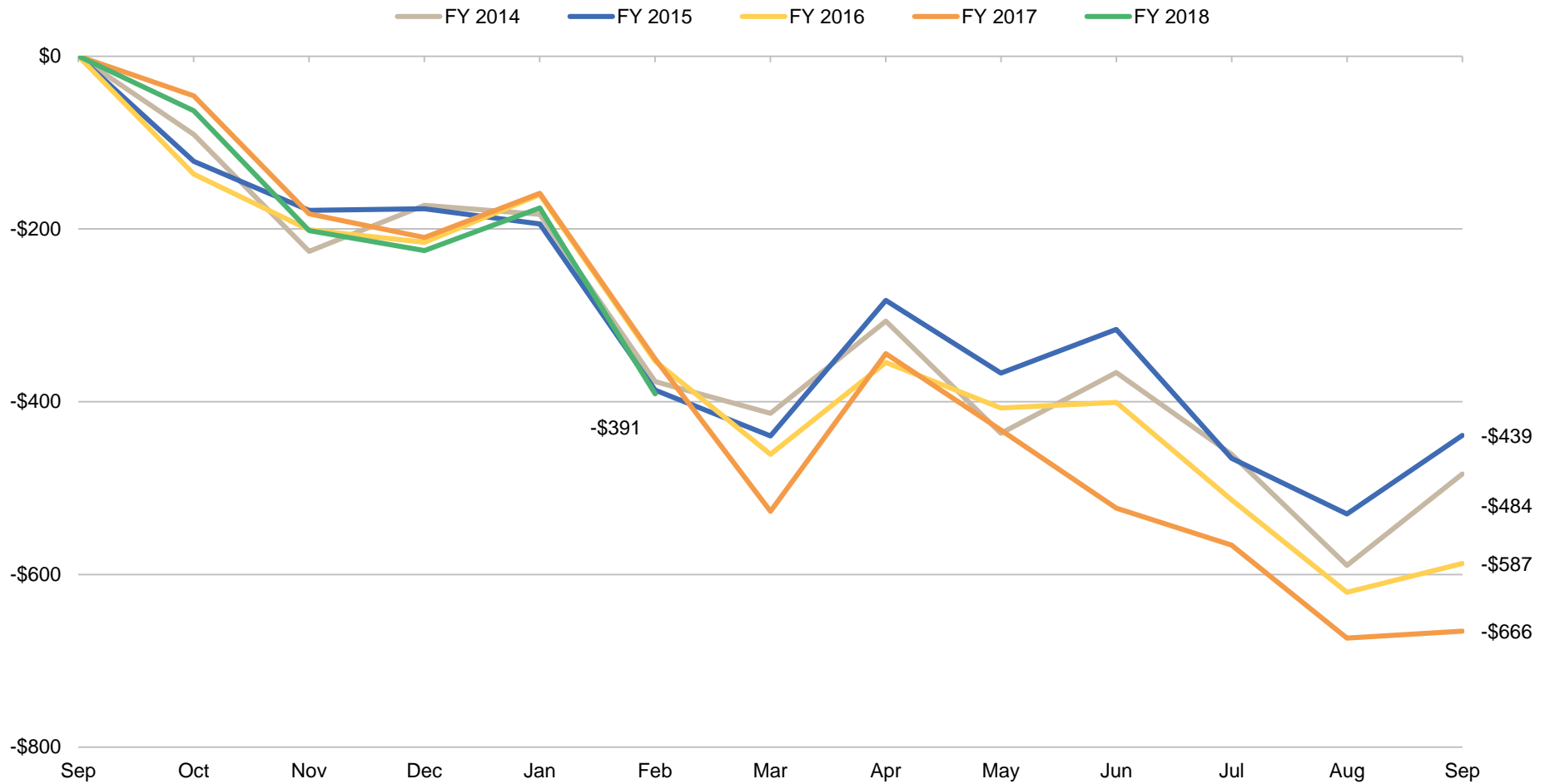
Fed Participants’ Assessments of “Appropriate” Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 3/21/18.

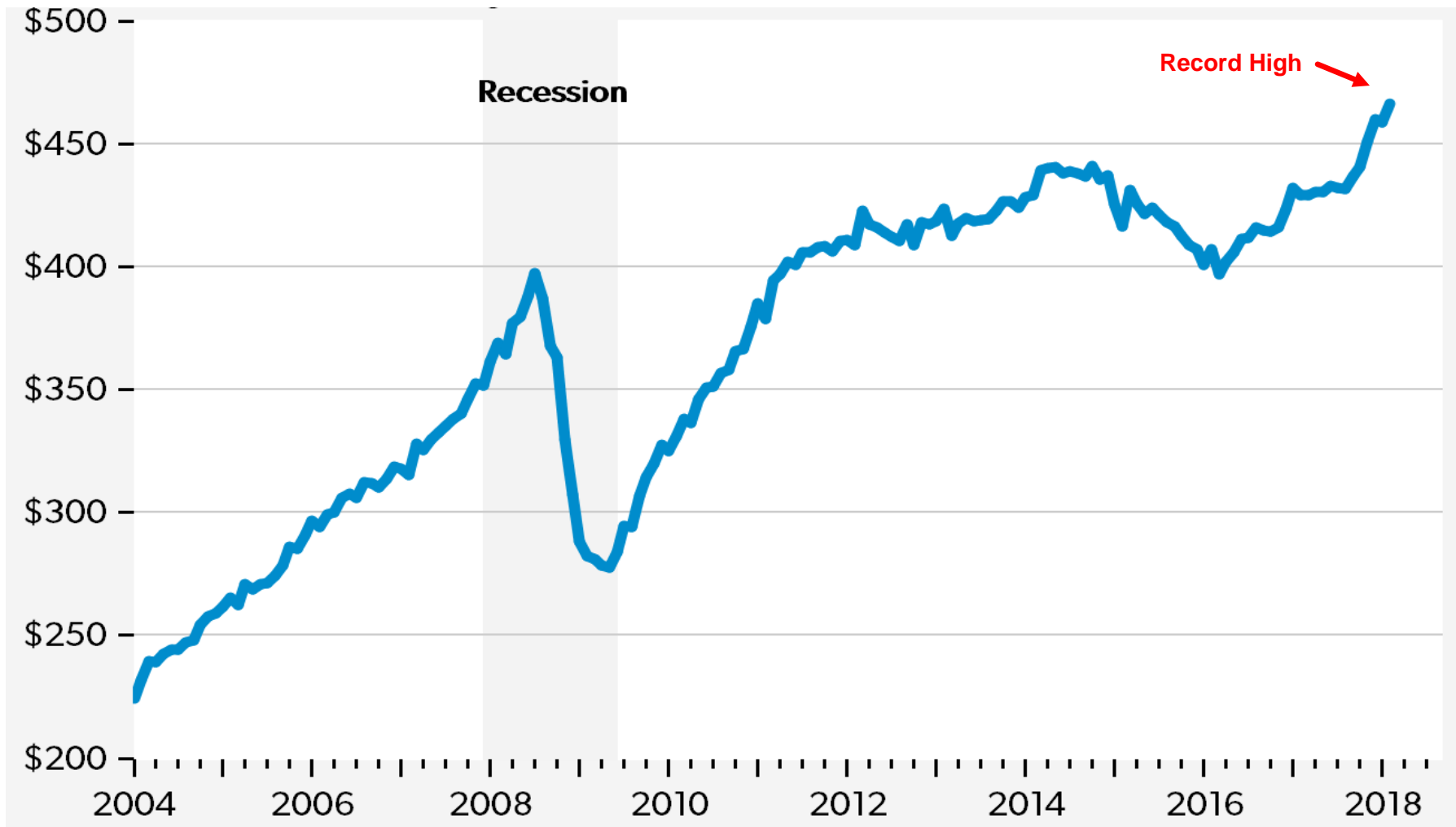
U.S. Federal Budget Deficit on Track to Increase in 2018

U.S. Budget Deficit: Cumulative Fiscal YTD (in billions)



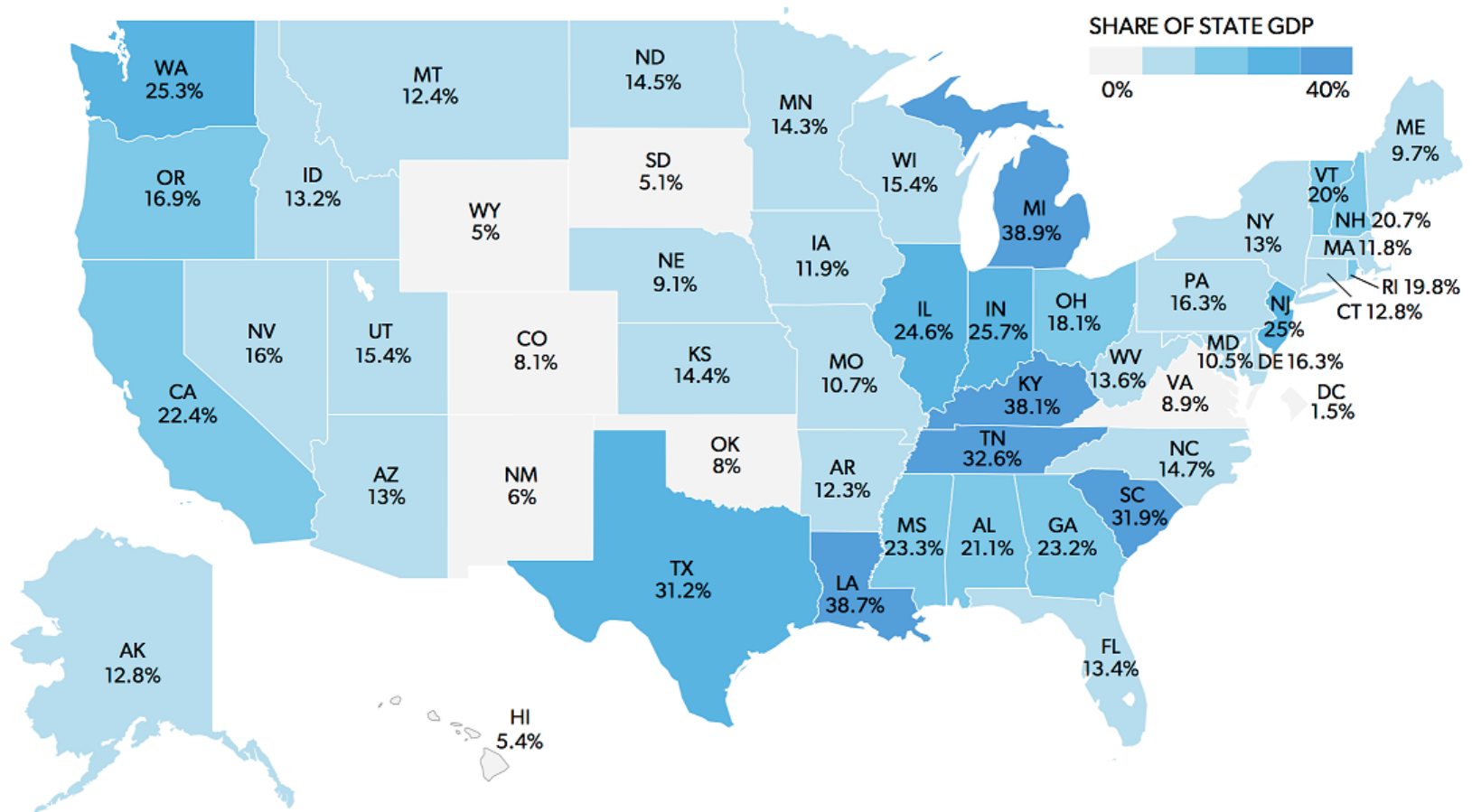
Source: Bloomberg, U.S. Office of Budget and Management. U.S. fiscal year ends September 30 of each year. YTD FY 2018 is as of February 2018.

Trade Focus: U.S. International Trade (Exports + Imports)



Source: U.S. Census Bureau and Bureau of Economic Analysis.

Trade Focus: International Trade as a Share of State GDP



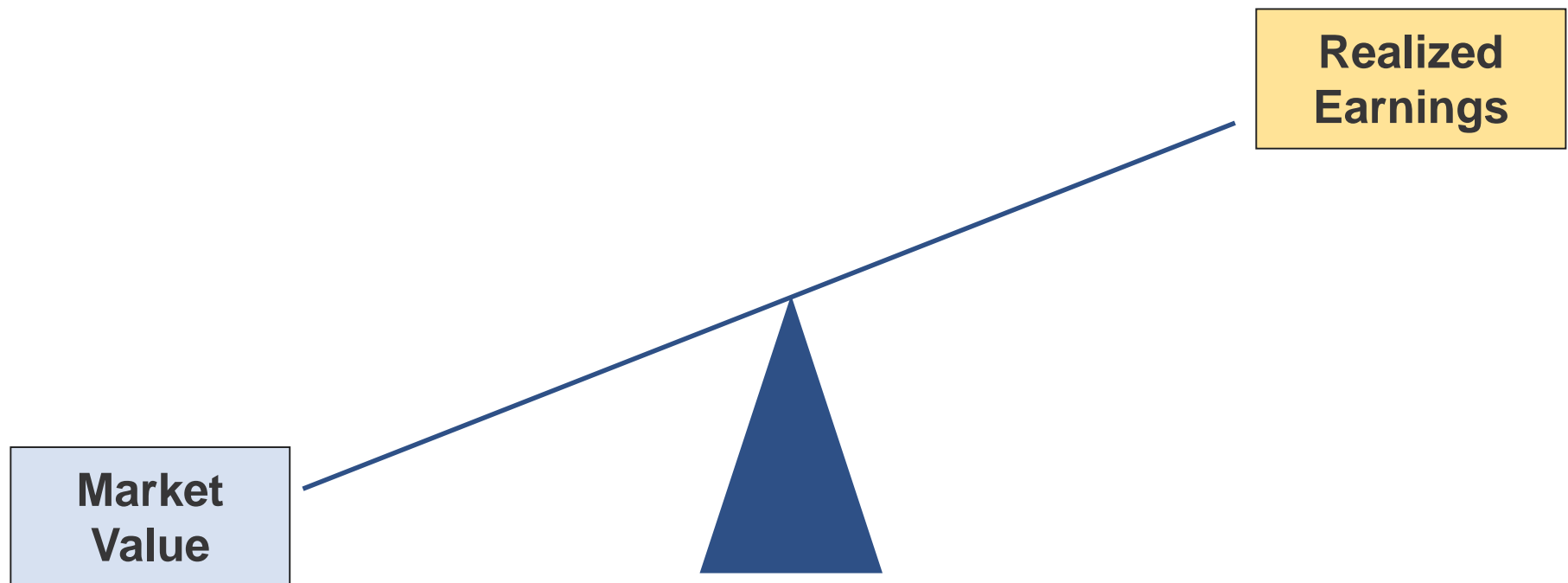
Source: U.S. Census Bureau and Bureau of Economic Analysis (2017 data).

The Impact of Rising Rates

- For fixed-income holdings, when interest rates rise. . .
- Market values of existing holdings decline, resulting in *unrealized* market value losses and possibly negative total return;

HOWEVER

- Realized earnings will increase over time as new securities are added at higher interest rates.



Portfolio Review

Portfolio Recap

- ◆ A long list of positive economic data remains a key driver of economic growth, consumer confidence, and business optimism.
 - GDP posted an upward revision of fourth-quarter GDP to 2.9%.
 - Estimates for 2018 GDP call for growth in the range of 2.7% to 2.8%.
 - Jobs growth continued to strengthen, averaging over 200,000 per month in the first quarter.
 - The unemployment rate remained at 4.1%—a 17-year low.
 - Productivity hit a 2-year high.
 - Manufacturing reached a 3-year high.
 - Consumer confidence rebounded after a dampened fourth quarter and now sits at a 14-year high.
 - Inflation, while below the Fed's target of 2%, inched higher by most measures.
- ◆ New Fed Chair Jay Powell made his first public address at February's semi-annual monetary policy report to Congress. His maiden testimony hinted at a continuance of gradual rate hikes while acknowledging that "the economic outlook remains strong" and the expectation for inflation to increase and closely approach the FOMC's 2% objective remains intact.
- ◆ The Fed remained true to its stated course, raising short-term rates by $\frac{1}{4}$ percent in March, and interest rates continued their ascent over the quarter. As a result, we strategically positioned portfolios with a defensive duration bias relative to benchmarks to help insulate market values in the well-choreographed interest rate environment. However, with rates at or near multi-year highs, there were also opportunities to capture higher yields selectively in some parts of the yield curve when rebalancing portfolios.

Portfolio Recap (Continued)

- ◆ The combined effects of less predictable U.S. politics and policy (e.g., tariffs, trade wars, Facebook, global relations, budget deficits, etc.) created an environment of heightened volatility. The “risk off” sentiment triggered wider credit spreads.
 - Wider spreads caused corporate-related investments to underperform for the quarter. While portfolios typically benefit from increased credit allocations, returns in the first quarter were negatively affected.
 - Federal agency yield spreads remained very narrow throughout the quarter. New issue agencies continued to be our preferred—in some cases only—outlet to add exposure at relatively attractive yields. Generally, the agency sector added modest positive excess returns in the first quarter (returns in excess of similar-duration Treasuries) across much of the yield curve, benefiting portfolio performance.
 - Supranational seasonal supply increased as expected in the first quarter, and we utilized the opportunity to increase allocations in the sector at attractive yield spreads. This incremental income helped boost sector returns.
 - After yield spreads in the corporate sector reached another new post-recession low in January, we shifted our generally constructive view of the corporate sector to a slightly more defensive posture by holding current positions (and letting them drift shorter over time) rather than adding to allocations. In the latter half of the quarter, the story shifted abruptly as market volatility pushed credit spreads markedly wider through quarter-end. As a result, we began to add corporate exposure (including negotiable CDs) more aggressively again in March.
 - Asset-backed securities (ABS) were also impacted by adverse spread widening during the quarter but prompted no change in our fundamental view of the sector. We continued to select ABS issues we found attractively priced during the quarter.

Sector Allocation and Compliance

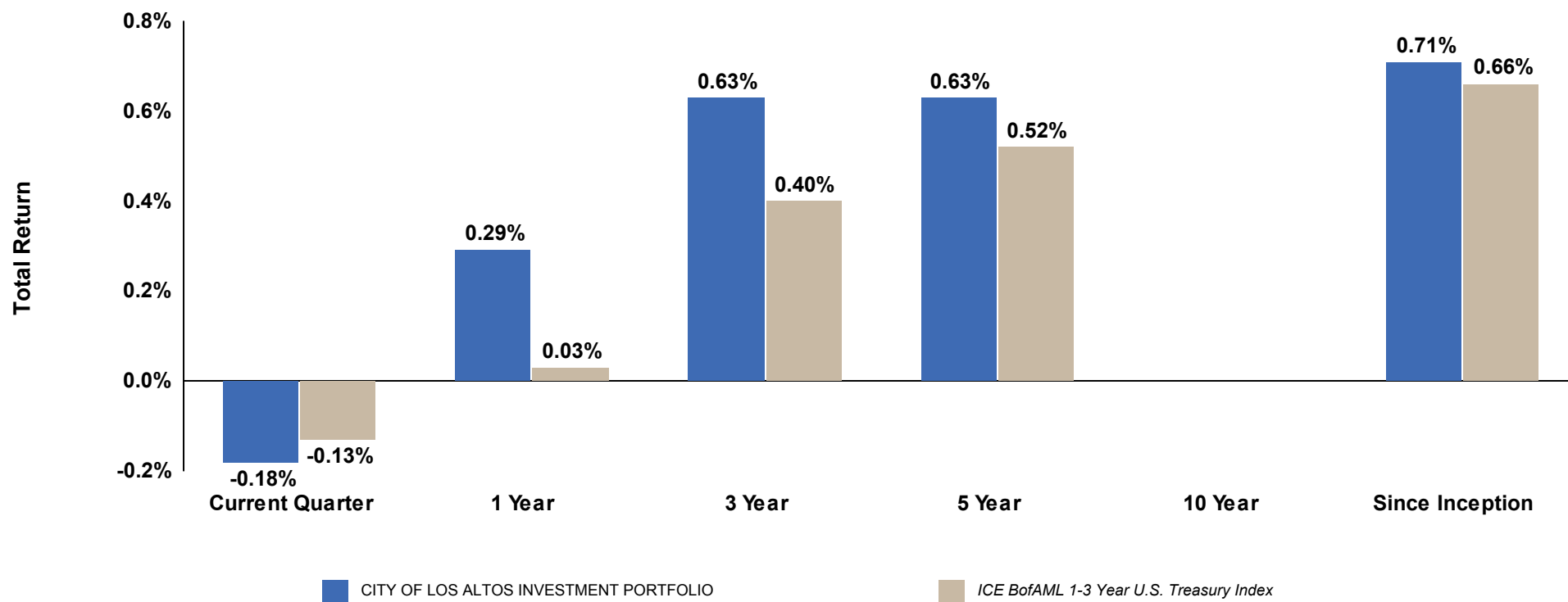
- The portfolio is in compliance with the City's Investment Policy and the California Government Code.

<u>Security Type</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>% Change vs. 12/31/17</u>	<u>Permitted by Policy</u>	<u>In Compliance</u>
U.S. Treasury	\$15,603,981	29.1%	-4.8%	100%	✓
Federal Agency	\$8,513,256	15.9%	-2.8%	100%	✓
Supranationals	\$2,433,355	4.5%	+1.0%	10%	✓
Negotiable CDs	\$9,619,397	17.9%	+1.4%	30%	✓
Corporate Notes	\$12,208,665	22.8%	+4.6%	30%	✓
Asset-Backed Securities	\$5,234,635	9.8%	+0.8%	20%	✓
Securities Sub-Total	\$53,613,288	99.9%			
Accrued Interest	\$222,719				
Securities Total	\$53,836,007				
Money Market Fund	\$31,391	0.1%	-0.2%	20%	✓
Total Investments	\$53,867,398	100.0%			

As of 3/31/2018. Detail may not add to total due to rounding.

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	1.75	-0.18%	0.29%	0.63%	0.63%	-	0.71%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	-0.13%	0.03%	0.40%	0.52%	-	0.66%
Difference		-0.05%	0.26%	0.23%	0.11%	-	0.05%



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 March 31, 2018**

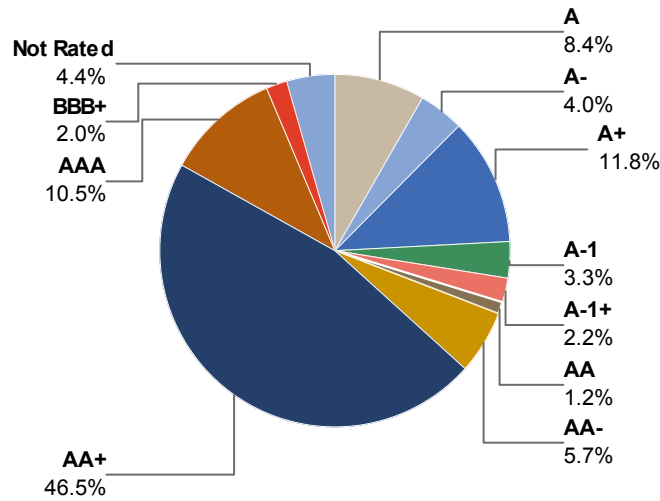
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2017)	\$53,646,917.93	\$54,044,625.87
Net Purchases/Sales	\$287,011.23	\$287,011.23
Change in Value	(\$320,641.15)	(\$49,120.47)
Ending Value (03/31/2018)	\$53,613,288.01	\$54,282,516.63
Interest Earned	\$223,306.95	\$223,306.95
Portfolio Earnings	(\$97,334.20)	\$174,186.48

Portfolio Statistics

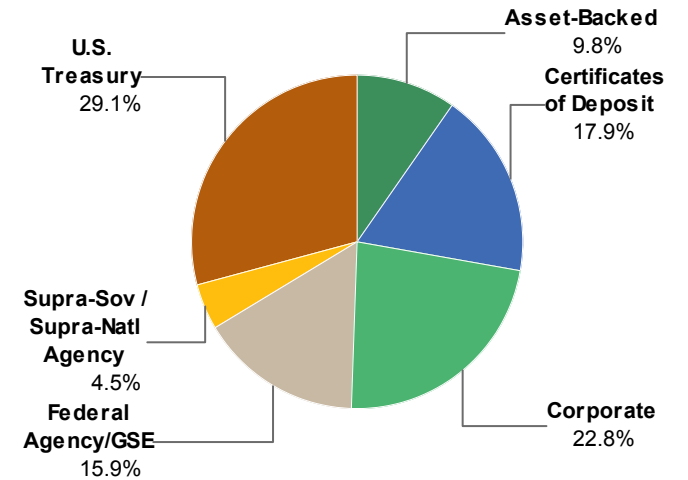
As of March 31, 2018

Par Value:	\$54,319,846
Total Market Value:	\$53,867,398
Security Market Value:	\$53,613,288
Accrued Interest:	\$222,719
Cash:	\$31,391
Amortized Cost:	\$54,282,517
Yield at Market:	2.39%
Yield at Cost:	1.75%
Effective Duration:	1.75 Years
Duration to Worst:	1.81 Years
Average Maturity:	2.00 Years
Average Credit: *	AA

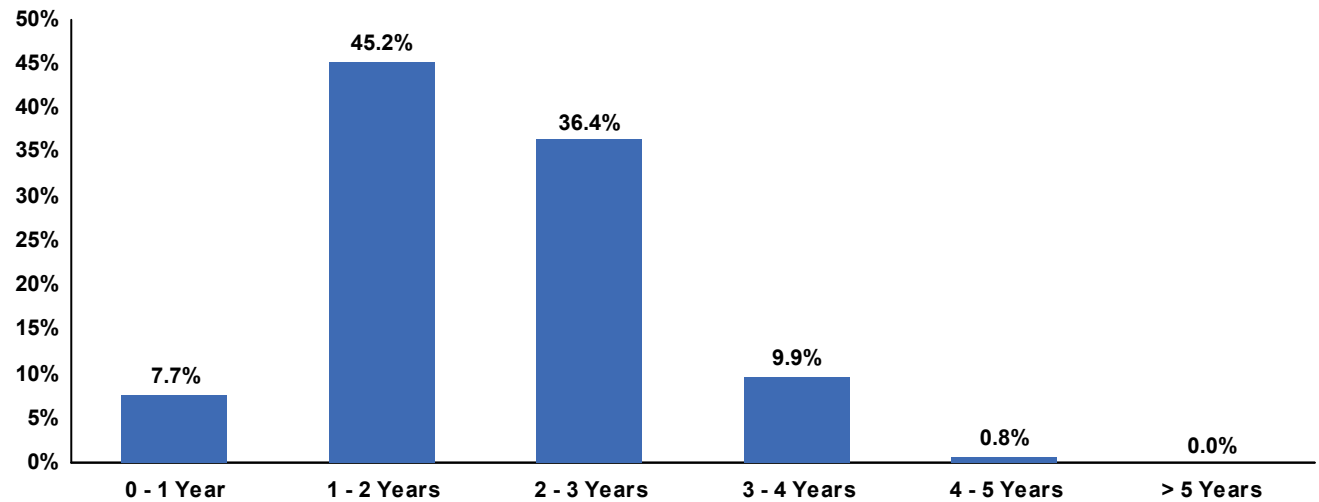
Credit Quality (S&P Ratings)



Sector Allocation



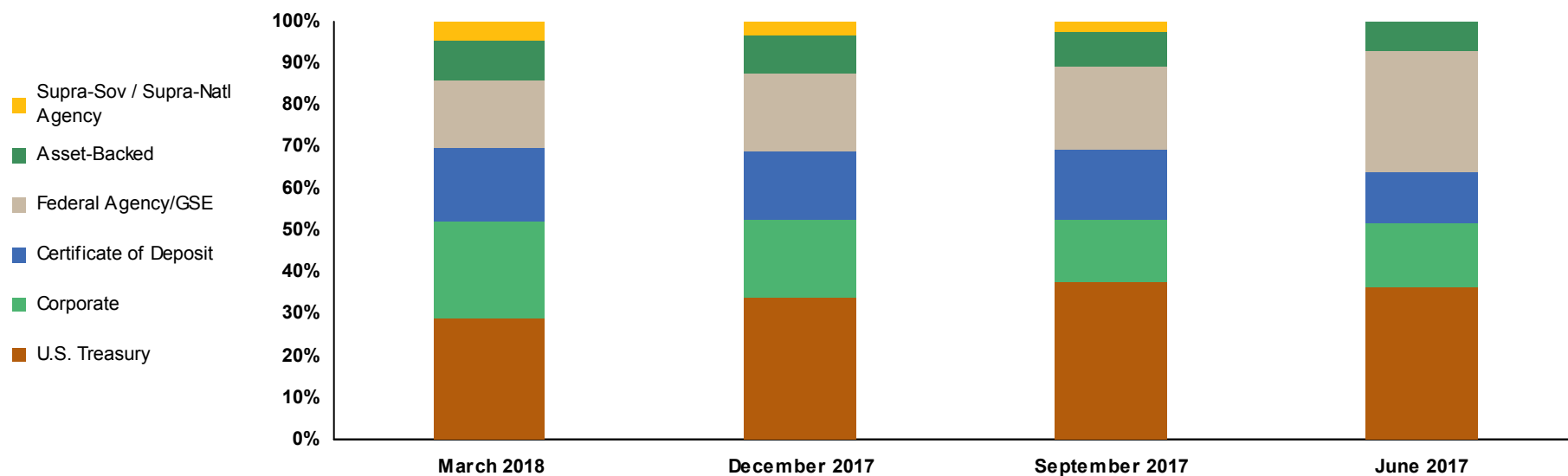
Maturity Distribution



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

Sector Allocation

Sector	March 31, 2018		December 31, 2017		September 30, 2017		June 30, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	15.6	29.1%	18.3	34.0%	20.2	37.5%	18.5	36.4%
Corporate	12.2	22.8%	9.8	18.3%	8.1	15.1%	7.7	15.1%
Certificate of Deposit	9.6	17.9%	8.9	16.6%	8.9	16.6%	6.3	12.5%
Federal Agency/GSE	8.5	15.9%	10.0	18.7%	10.8	20.0%	14.7	29.0%
Asset-Backed	5.2	9.8%	4.8	8.9%	4.5	8.3%	3.5	7.0%
Supra-Sov / Supra-Natl Agency	2.4	4.5%	1.9	3.5%	1.4	2.5%	0.0	0.0%
Total	\$53.6	100.0%	\$53.6	100.0%	\$53.8	100.0%	\$50.7	100.0%

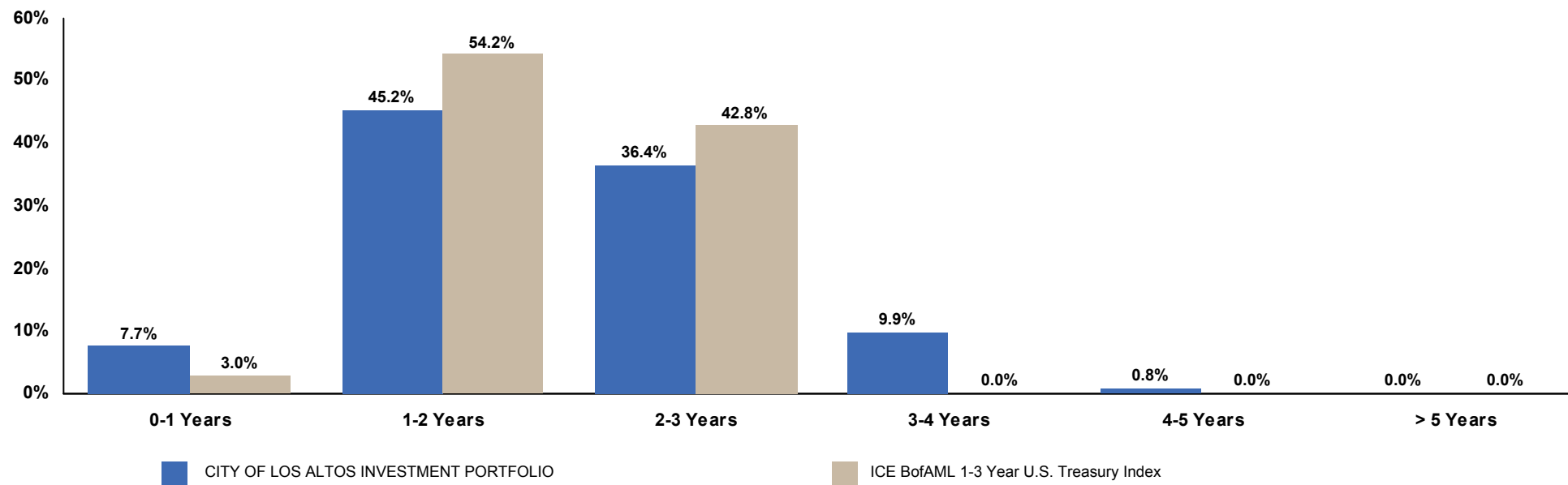


Detail may not add to total due to rounding.

Maturity Distribution

As of March 31, 2018

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	2.39%	2.00 yrs	7.7%	45.2%	36.4%	9.9%	0.8%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	2.28%	1.93 yrs	3.0%	54.2%	42.8%	0.0%	0.0%	0.0%



Sector/Issuer Distribution

As of March 31, 2018

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
ALLY AUTO RECEIVABLES TRUST	475,311	9.1%	0.9%
AMERICAN EXPRESS CO	492,651	9.4%	0.9%
CARMAX AUTO OWNER TRUST	371,181	7.1%	0.7%
CITIGROUP INC	645,033	12.3%	1.2%
CNH EQUIPMENT TRUST	216,359	4.1%	0.4%
FORD CREDIT AUTO OWNER TRUST	573,261	11.0%	1.1%
HONDA AUTO RECEIVABLES	590,355	11.3%	1.1%
HYUNDAI AUTO RECEIVABLES	428,337	8.2%	0.8%
JOHN DEERE OWNER TRUST	361,632	6.9%	0.7%
NISSAN AUTO RECEIVABLES	517,429	9.9%	1.0%
TOYOTA MOTOR CORP	563,084	10.8%	1.1%
Sector Total	5,234,635	100.0%	9.8%
Certificate of Deposit			
BANK OF MONTREAL	874,179	9.1%	1.6%
BANK OF NOVA SCOTIA	969,544	10.1%	1.8%
CANADIAN IMPERIAL BANK OF COMMERCE	872,559	9.1%	1.6%
CREDIT SUISSE GROUP	551,823	5.7%	1.0%
MITSUBISHI UFJ FINANCIAL GROUP INC	544,864	5.7%	1.0%
NORDEA BANK AB	873,075	9.1%	1.6%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
SKANDINAVISKA ENSKILDA BANKEN AB	1,042,438	10.8%	1.9%
SUMITOMO MITSUI FINANCIAL GROUP INC	971,785	10.1%	1.8%
SVENSKA HANDELSBANKEN AB	870,699	9.1%	1.6%
SWEDBANK AB	541,107	5.6%	1.0%
UBS AG	553,972	5.8%	1.0%
WESTPAC BANKING CORP	953,354	9.9%	1.8%
Sector Total	9,619,397	100.0%	17.9%
Corporate			
AMERICAN EXPRESS CO	541,099	4.4%	1.0%
AMERICAN HONDA FINANCE	546,867	4.5%	1.0%
APPLE INC	540,713	4.4%	1.0%
BANK OF AMERICA CO	537,836	4.4%	1.0%
BB&T CORPORATION	543,702	4.5%	1.0%
CATERPILLAR INC	400,276	3.3%	0.7%
CHEVRON CORPORATION	321,327	2.6%	0.6%
CISCO SYSTEMS INC	196,803	1.6%	0.4%
DEERE & COMPANY	698,824	5.7%	1.3%
EXXON MOBIL CORP	271,088	2.2%	0.5%
GOLDMAN SACHS GROUP INC	544,516	4.5%	1.0%
HOME DEPOT INC	230,849	1.9%	0.4%
HONEYWELL INTERNATIONAL	148,028	1.2%	0.3%
HSBC HOLDINGS PLC	192,446	1.6%	0.4%
IBM CORP	816,581	6.7%	1.5%
INTEL CORPORATION	246,081	2.0%	0.5%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
JOHNSON & JOHNSON	113,126	0.9%	0.2%
JP MORGAN CHASE & CO	543,122	4.4%	1.0%
MICROSOFT CORP	212,856	1.7%	0.4%
MORGAN STANLEY	538,909	4.4%	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	229,366	1.9%	0.4%
PACCAR FINANCIAL CORP	341,223	2.8%	0.6%
PEPSICO INC	232,755	1.9%	0.4%
PFIZER INC	370,750	3.0%	0.7%
THE BANK OF NEW YORK MELLON CORPORATION	542,220	4.4%	1.0%
THE WALT DISNEY CORPORATION	578,621	4.7%	1.1%
TOYOTA MOTOR CORP	467,179	3.8%	0.9%
UNILEVER PLC	548,643	4.5%	1.0%
UNITED PARCEL SERVICE INC	312,970	2.6%	0.6%
VISA INC	147,630	1.2%	0.3%
WAL-MART STORES INC	252,259	2.1%	0.5%
Sector Total	12,208,665	100.0%	22.8%
Federal Agency/GSE			
FANNIE MAE	3,781,913	44.4%	7.1%
FEDERAL HOME LOAN BANKS	2,637,783	31.0%	4.9%
FREDDIE MAC	2,093,559	24.6%	3.9%
Sector Total	8,513,256	100.0%	15.9%
Supra-Sov / Supra-Natl Agency			
INTER-AMERICAN DEVELOPMENT BANK	540,427	22.2%	1.0%

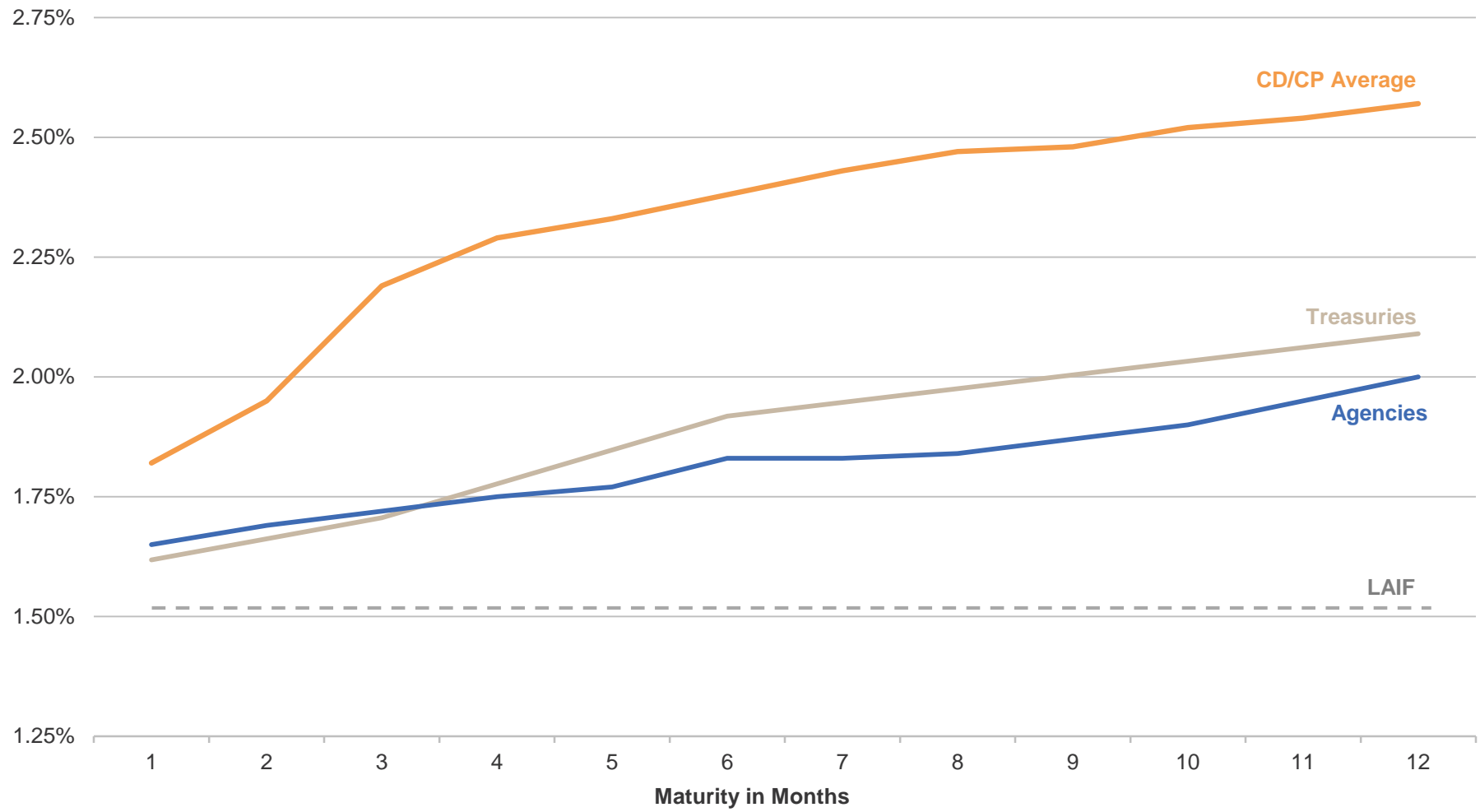
Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
INTERNATIONAL FINANCE CORPORATION	548,010	22.5%	1.0%
INTL BANK OF RECONSTRUCTION AND DEV	1,344,918	55.3%	2.5%
Sector Total	2,433,355	100.0%	4.5%
U.S. Treasury			
UNITED STATES TREASURY	15,603,981	100.0%	29.1%
Sector Total	15,603,981	100.0%	29.1%
Portfolio Total	53,613,288	100.0%	100.0%

Investment Strategy Outlook

- The economic themes of the previous quarter have carried over into 2018: healthy job production, consistent GDP growth, positive corporate guidance, and heightened consumer confidence. However, where complacency had characterized the global markets quarter after quarter, volatility roared back in the first quarter. While rising volatility increases some market risks, it can also create investment opportunities.
- Our outlook for each of the major investment-grade fixed income sectors are as follows:
 - In the corporate sector, our view is that recent yield spread widening represents a modest normalization of spreads off of post-recession lows as opposed to a weakening in fundamentals. As such, wider spreads present an opportunity to selectively add to allocations that have become less expensive. While corporate fundamentals remain healthy and the outlook for the sector is still positive, careful issuer due diligence will drive selection. In particular, we are closely watching the supply/demand impacts of corporate profit repatriation (prompted by the December 2017 tax cuts) and signs of excessive balance sheet leverage in companies in certain industries.
 - Negotiable CDs and asset-backed securities remain attractively priced credit sectors, and we will continue to source new exposure.
 - Federal agency securities remain expensive, as spreads are in the low single digits across much of the yield curve; however, by quarter end, specific agency maturities (2- and 5-year) were more attractively priced, representing an opportunity to potentially increase allocations.
 - The expected spike in supranational issuance is approaching its seasonal slowdown. Over the next few months, this supply dynamic may nudge spreads temporarily wider and offer additional investment opportunities. Our current strategy calls for continuing to add to allocations of supranationals as an attractive alternative to Treasuries and agencies.
 - The short-term credit curve (under one year) steepened noticeably heading into the March Fed meeting and remained elevated through quarter end. With 6-month prime commercial paper and negotiable certificates of deposit spreads at 50 to 60 basis points over comparable Treasury securities, the sector appears very attractive and compensates investors for at least two more fed rate hikes in 2018.

Comparison of Short-Term Yields

Money Market Yield Curves



Source: PFM Trading Desk, Bloomberg, as of 3/31/18. CAMP and LAIF yield as of 3/31/18.

Yield Environment as of March 31, 2018

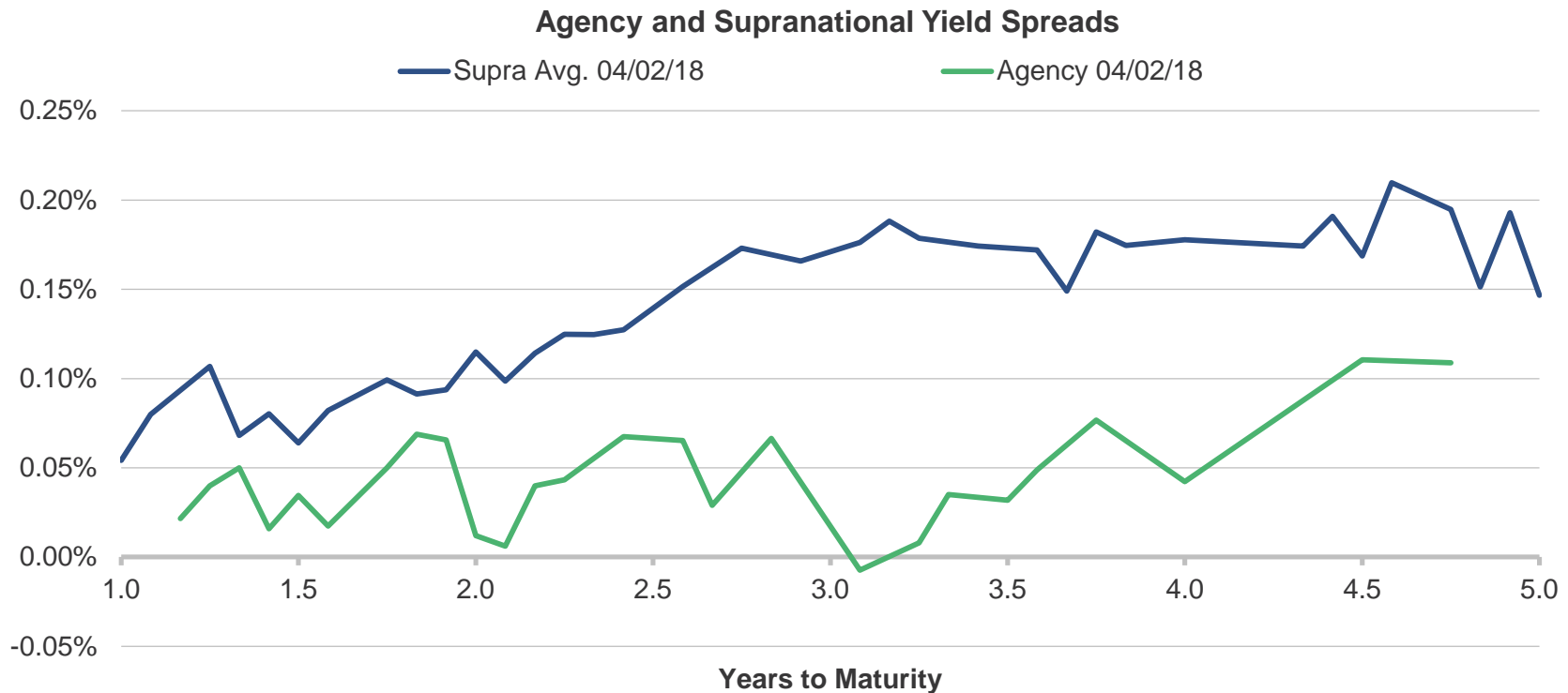
Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
3-Month	1.70%	1.72%	2.11%	2.21%
6-Month	1.91%	1.85%	2.32%	2.39%
1-Year	2.08%	2.06%	2.54%	2.63%
2-Year	2.27%	2.35%	2.66%	2.82%
3-Year	2.38%	2.44%	2.82%	2.99%
5-Year	2.56%	2.66%	3.08%	3.22%

>3%!

Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3 and 6 month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.

Supranationals Continue to Offer Value over Agencies

- Yield spreads for federal agency securities widened modestly in March, but remain narrow by historical standards.
- Supranationals continue to offer incremental value, with spreads of +10 to +20 basis points over agencies of similar maturity. We purchased a 3-year IFC security at a spread of +20 basis points to matched-maturity Treasuries.



Source: Bloomberg, as of 3/31/18, California Gov't Code Section 53601(q) permits investments in International Bank for Reconstruction and Development (World Bank), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

Transactions & Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/2/18	1/4/18	1,500,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	1,478,799.25	2.05%	
1/3/18	1/8/18	205,000	24422ETZ2	JOHN DEERE CAPITAL CORP NOTES	2.35%	1/8/21	204,893.40	2.37%	
2/7/18	2/8/18	550,000	22549LFR1	CREDIT SUISSE NEW YORK CERT DEPOS	2.67%	2/7/20	550,000.00	2.67%	
2/13/18	2/15/18	550,000	61746BEA0	MORGAN STANLEY CORP NOTES	2.50%	4/21/21	545,114.17	3.06%	
2/14/18	2/16/18	75,000	06406FAA1	BANK OF NEW YORK MELLON CORP (CALLABLE)	2.50%	4/15/21	74,654.46	2.93%	
2/20/18	2/22/18	550,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	550,000.00	2.72%	
2/21/18	2/26/18	230,000	63743HER9	NATIONAL RURAL UTIL COOP	2.90%	3/15/21	229,744.70	2.94%	
2/21/18	2/28/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/16/22	129,990.65	2.66%	
2/22/18	2/27/18	190,000	69371RN93	PACCAR FINANCIAL CORP NOTES	2.80%	3/1/21	189,906.90	2.82%	
2/22/18	2/28/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	234,969.61	2.65%	
3/2/18	3/6/18	550,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	550,000.00	2.93%	
3/5/18	3/7/18	100,000	0258M0DX4	AMERICAN EXP (CALLABLE) CREDIT CORP NOTE	2.60%	9/14/20	100,393.44	2.95%	
3/5/18	3/7/18	50,000	46625HQJ2	JP MORGAN CHASE & CO CORP NT (CALLABLE)	2.55%	3/1/21	49,370.75	3.01%	
3/8/18	3/13/18	400,000	24422EUD9	JOHN DEERE CAPITAL CORP NOTES	2.87%	3/12/21	399,728.00	2.90%	
3/9/18	3/16/18	550,000	45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	2.63%	3/9/21	549,587.50	2.66%	
3/14/18	3/21/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	304,964.59	2.68%	
3/19/18	3/22/18	550,000	904764AZ0	UNILEVER CAPITAL CORP NOTES	2.75%	3/22/21	547,189.50	2.93%	
3/27/18	3/29/18	195,000	40428HPR7	HSBC USA INC NOTES	2.35%	3/5/20	192,821.20	3.03%	
Total BUY		6,915,000					6,882,128.12		

INTEREST

1/2/18	1/2/18	0	MONEY0002	MONEY MARKET FUND			52.02		
1/10/18	1/10/18	875,000	86958JHB8	SVENSKA HANDELSBANKEN NY LT CD	1.89%	1/10/19	8,452.50		
1/15/18	1/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
1/15/18	1/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
1/15/18	1/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
1/15/18	1/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
1/15/18	1/15/18	282,716	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	362.82		
1/15/18	1/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
1/15/18	1/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
1/15/18	1/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
1/15/18	1/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
1/15/18	1/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
1/15/18	1/15/18	335,295	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	458.24		
1/15/18	1/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
1/15/18	1/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
1/15/18	1/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
1/15/18	1/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
1/15/18	1/15/18	175,000	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	262.50		
1/17/18	1/17/18	450,000	17305EGA7	CITIBANK ABS 2017-A2 A2	1.74%	1/17/21	3,915.00		
1/18/18	1/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
1/19/18	1/19/18	950,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	4,156.25		
1/19/18	1/19/18	400,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	1,750.00		
1/20/18	1/20/18	230,000	02665WBT7	AMERICAN HONDA FINANCE CORP NOTES	1.95%	7/20/20	2,242.50		
1/21/18	1/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
1/23/18	1/23/18	500,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	5,625.00		
1/23/18	1/23/18	200,000	38141GWP5	GOLDMAN SACHS GROUP INC CORP NOTE	1.95%	7/23/19	1,939.17		
1/30/18	1/30/18	1,075,000	3135G0T60	FNMA NOTES	1.50%	7/30/20	8,017.71		
1/31/18	1/31/18	1,300,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	8,125.00		
1/31/18	1/31/18	950,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	7,718.75		
1/31/18	1/31/18	1,500,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	10,312.50		
2/1/18	2/1/18	100,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	567.36		
2/1/18	2/1/18	0	MONEY0002	MONEY MARKET FUND			72.72		
2/2/18	2/2/18	1,000,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	4,375.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/2/18	2/2/18	1,075,000	83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1.84%	8/2/19	9,999.89		
2/6/18	2/6/18	215,000	594918BV5	MICROSOFT CORP NOTES	1.85%	2/6/20	1,988.75		
2/7/18	2/7/18	875,000	06427KRC3	BANK OF MONTREAL CHICAGO CERT DEPOS	1.88%	2/7/19	8,225.00		
2/7/18	2/7/18	965,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	9,891.25		
2/12/18	2/12/18	350,000	459200HT1	IBM CORP NOTE	1.95%	2/12/19	3,412.50		
2/15/18	2/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
2/15/18	2/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
2/15/18	2/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
2/15/18	2/15/18	254,821	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	327.02		
2/15/18	2/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
2/15/18	2/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
2/15/18	2/15/18	272,128	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	371.91		
2/15/18	2/15/18	175,000	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	262.50		
2/15/18	2/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
2/15/18	2/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
2/15/18	2/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
2/15/18	2/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
2/15/18	2/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
2/15/18	2/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
2/15/18	2/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
2/15/18	2/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
2/18/18	2/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
2/21/18	2/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
2/24/18	2/24/18	475,000	06406HCZ0	BNY MELLON (CALLABLE) CORP NOTE	2.15%	2/24/20	5,106.25		
2/26/18	2/26/18	950,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	4,750.00		
2/28/18	2/28/18	600,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	4,500.00		
2/28/18	2/28/18	275,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	1,890.63		
2/28/18	2/28/18	1,175,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	5,875.00		
2/28/18	2/28/18	50,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	343.75		
3/1/18	3/1/18	0	MONEY0002	MONEY MARKET FUND			117.10		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/3/18	3/3/18	325,000	166764BP4	CHEVRON CORP NOTES	1.99%	3/3/20	3,235.38		
3/4/18	3/4/18	90,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	877.50		
3/4/18	3/4/18	410,000	14913Q2A6	CATERPILLAR FINL SERVICE NOTE	1.85%	9/4/20	3,729.29		
3/4/18	3/4/18	275,000	459058GA5	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.62%	9/4/20	2,296.25		
3/6/18	3/6/18	275,000	30231GAG7	EXXON MOBIL (CALLABLE) CORP NOTE	1.91%	3/6/20	2,629.00		
3/6/18	3/6/18	475,000	44932HAA1	IBM CREDIT CORP NOTE	1.62%	9/6/19	3,816.49		
3/12/18	3/12/18	550,000	45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1.56%	9/12/20	4,125.00		
3/14/18	3/14/18	100,000	0258M0DX4	AMERICAN EXP (CALLABLE) CREDIT CORP NOTE	2.60%	9/14/20	1,300.00		
3/15/18	3/15/18	175,000	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	262.50		
3/15/18	3/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
3/15/18	3/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
3/15/18	3/15/18	230,212	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	314.62		
3/15/18	3/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
3/15/18	3/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
3/15/18	3/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
3/15/18	3/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
3/15/18	3/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
3/15/18	3/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
3/15/18	3/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
3/15/18	3/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	258.50		
3/15/18	3/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
3/15/18	3/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
3/15/18	3/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
3/15/18	3/15/18	225,926	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	289.94		
3/15/18	3/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
3/18/18	3/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
3/20/18	3/20/18	200,000	17305EGH2	CCCIT 2017-A9 A9	1.80%	9/20/21	1,680.00		
3/20/18	3/20/18	200,000	17275RBG6	CISCO SYSTEMS INC CORP NOTES	1.40%	9/20/19	1,400.00		
3/21/18	3/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
3/26/18	3/26/18	825,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	4,125.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/31/18	3/31/18	840,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	6,300.00		
Total INTEREST							33,586,097	176,998.48	

PAYDOWNS

1/15/18	1/15/18	63,166	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	63,166.25		0.00
1/15/18	1/15/18	27,895	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	27,894.67		0.00
2/15/18	2/15/18	41,917	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	41,916.59		0.00
2/15/18	2/15/18	28,895	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	28,895.17		0.00
3/15/18	3/15/18	13,010	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	13,009.63		0.00
3/15/18	3/15/18	28,282	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	28,282.34		0.00
Total PAYDOWNS							203,165	203,164.65	0.00

SELL

1/2/18	1/4/18	425,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	423,419.02	1.80%	(3,680.15)
1/2/18	1/4/18	950,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	946,466.04	1.80%	(5,253.89)
1/3/18	1/8/18	200,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	199,314.74	1.79%	(1,691.51)
2/7/18	2/8/18	325,000	89113WWJ1	TORONTO DOMINION BANK NY CERT DEPOS	1.48%	3/14/18	329,803.77	1.44%	(59.67)
2/7/18	2/8/18	75,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	74,796.50	1.89%	(634.34)
2/13/18	2/15/18	550,000	3135G0G72	FNMA NOTES	1.12%	12/14/18	547,132.44	1.99%	(4,927.79)
2/14/18	2/16/18	75,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	74,787.80	1.96%	(656.84)
2/20/18	2/22/18	550,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	550,460.17	2.16%	(1,798.50)
2/22/18	2/26/18	575,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	573,570.65	1.98%	(4,970.55)
2/27/18	2/28/18	150,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	149,722.18	2.02%	(995.51)
2/27/18	2/28/18	50,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	49,886.95	1.97%	(423.28)
3/2/18	3/6/18	400,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	399,342.98	2.03%	(2,651.84)
3/5/18	3/7/18	150,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	149,765.69	2.03%	(987.43)

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
3/8/18	3/13/18	75,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	74,227.67	2.15%	(751.07)
3/8/18	3/13/18	325,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	324,547.74	2.05%	(2,149.81)
3/9/18	3/16/18	500,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	494,947.78	2.15%	(4,955.44)
3/14/18	3/21/18	300,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	297,061.33	2.14%	(2,925.56)
3/19/18	3/22/18	75,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	74,248.67	2.18%	(750.30)
3/19/18	3/22/18	300,000	912828C65	US TREASURY NOTES	1.62%	3/31/19	300,734.93	2.15%	(3,335.45)
3/19/18	3/22/18	175,000	912828SN1	US TREASURY NOTES	1.50%	3/31/19	175,112.83	2.14%	(1,403.03)
3/27/18	3/29/18	190,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	186,945.05	2.26%	(2,512.51)
Total SELL		6,415,000					6,396,294.93		-47,514.47



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U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/02/2012 1.500% 03/31/2019	912828SN1	840,000.00	AA+	Aaa	03/02/17	03/02/17	842,592.19	1.35	34.43	841,253.44	834,782.76
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	7,232.60	1,066,405.81	1,053,996.16
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	1,285,000.00	AA+	Aaa	06/27/16	06/29/16	1,318,329.69	0.70	8,767.82	1,297,767.66	1,277,721.76
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	125,000.00	AA+	Aaa	03/02/17	03/02/17	124,916.99	1.53	787.29	124,950.82	123,540.00
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	2,360,000.00	AA+	Aaa	12/01/16	12/05/16	2,363,687.50	1.45	11,864.84	2,362,075.81	2,330,960.20
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,110,000.00	AA+	Aaa	01/03/17	01/05/17	1,101,154.69	1.52	2,299.72	1,104,670.10	1,089,621.51
US 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	59.78	49,809.71	49,150.40
US TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	275,000.00	AA+	Aaa	08/31/17	09/01/17	274,989.26	1.38	328.80	274,991.77	270,327.20
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,000,000.00	AA+	Aaa	07/13/17	07/13/17	1,992,109.38	1.52	11,546.96	1,994,114.06	1,961,640.00
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	725,000.00	AA+	Aaa	10/04/17	10/05/17	723,442.38	1.58	3,644.92	723,728.10	712,369.05
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	8,986.88	2,205,947.88	2,165,968.20
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	950,000.00	AA+	Aaa	07/05/17	07/07/17	950,593.75	1.60	2,558.70	950,457.26	934,747.75
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	565,000.00	AA+	Aaa	11/01/17	11/03/17	562,550.19	1.77	3,077.23	562,871.11	554,097.20
US TREASURY N/B DTD 12/31/2015 1.750% 12/31/2020	912828N48	800,000.00	AA+	Aaa	12/01/17	12/05/17	796,187.50	1.91	3,519.34	796,581.32	786,718.40



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U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	1,500,000.00	AA+	Aaa	01/02/18	01/04/18	1,470,000.00	2.05	3,418.51	1,472,278.68	1,458,340.50
Security Type Sub-Total		15,845,000.00					15,852,649.23	1.48	68,127.82	15,827,903.53	15,603,981.09
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 10/27/2016 1.125% 11/27/2019	459058FS7	550,000.00	AAA	Aaa	08/28/17	08/30/17	545,308.50	1.51	2,131.25	546,522.88	539,116.60
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	275,000.00	AAA	Aaa	08/22/17	08/29/17	274,942.25	1.63	335.16	274,953.53	269,399.90
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	550,000.00	AAA	Aaa	09/12/17	09/19/17	548,680.00	1.64	453.12	548,911.04	536,401.25
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	545,000.00	AAA	Aaa	10/02/17	10/10/17	550,051.66	1.81	4,568.16	549,293.34	540,427.45
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	550,000.00	AAA	Aaa	03/09/18	03/16/18	549,587.50	2.66	603.85	549,592.95	548,009.55
Security Type Sub-Total		2,470,000.00					2,468,569.91	1.88	8,091.54	2,469,273.74	2,433,354.75
Federal Agency Bond / Note											
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	1,685.94	325,091.76	321,538.43
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	2,334.38	450,103.84	445,207.05
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	2,421.88	774,867.79	765,105.58



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Federal Agency Bond / Note											
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	700.00	399,125.11	393,130.00
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	1,662.50	948,994.96	933,683.75
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	1,434.03	999,246.13	982,016.00
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	1,175,000.00	AA+	Aaa	08/31/16	09/02/16	1,173,167.00	1.05	1,077.08	1,174,129.10	1,155,504.40
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	114.58	824,854.93	810,051.83
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	1,075,000.00	AA+	Aaa	10/12/17	10/13/17	1,073,097.25	1.59	7,525.00	1,073,532.13	1,062,625.68
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	825.00	599,753.75	590,943.60
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	1,075,000.00	AA+	Aaa	08/31/17	09/01/17	1,075,279.50	1.49	2,732.29	1,075,227.67	1,053,449.48
Security Type Sub-Total		8,650,000.00					8,640,194.25	1.19	22,512.68	8,644,927.17	8,513,255.80
Corporate Note											
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	928.96	350,977.54	347,961.25
PEPSICO INC CORP NOTE 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	1,507.59	234,903.62	232,755.28
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	1,782.29	375,439.53	370,749.75
GOLDMAN SACHS GROUP INC CORP NOTE DTD 07/24/2017 1.950% 07/23/2019	38141GWP5	200,000.00	BBB+	A3	07/19/17	07/24/17	199,976.00	1.96	736.67	199,984.11	197,769.80
IBM CREDIT CORP NOTE DTD 09/08/2017 1.625% 09/06/2019	44932HAA1	475,000.00	A+	A1	09/05/17	09/08/17	474,639.00	1.66	536.02	474,739.78	468,619.80



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Corporate Note											
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	85.56	200,107.22	196,803.20
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.750% 10/09/2019	931142DY6	255,000.00	AA	Aa2	10/11/17	10/20/17	254,994.90	1.75	1,995.73	254,995.64	252,258.50
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/30/2017 1.800% 10/30/2019	438516BO8	150,000.00	A	A2	10/23/17	10/30/17	149,883.00	1.84	1,132.50	149,907.20	148,028.25
AMERICAN EXPRESS CREDIT (CALLABLE) 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	3,208.75	448,008.97	442,228.95
AMERICAN HONDA FINANCE DTD 11/16/2017 2.000% 11/13/2019	02665WBZ3	325,000.00	A+	A2	11/13/17	11/16/17	324,818.00	2.03	2,437.50	324,851.60	321,786.73
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	2,125.00	501,312.78	493,924.50
MICROSOFT CORP NOTES 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	607.67	214,910.38	212,856.02
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	1,049.62	476,106.67	468,681.55
CHEVRON 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	503.28	325,000.00	321,326.53
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	131.63	89,984.77	88,730.19
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	195,000.00	A	A2	03/27/18	03/29/18	192,515.70	3.03	330.96	192,522.70	192,446.28
EXXON MOBIL (CALLABLE) CORP NOTE DTD 03/06/2015 1.912% 03/06/2020	30231GAG7	275,000.00	AA+	Aaa	08/14/17	08/15/17	276,394.25	1.71	365.14	276,047.22	271,087.85
TOYOTA MOTOR CREDIT CORP (CALLABLE) 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	1,332.50	150,030.95	147,530.25
TOYOTA MOTOR CREDIT CORP (CALLABLE) 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	2,887.08	324,897.18	319,648.88



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Corporate Note											
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	350,000.00	BBB+	A3	11/01/17	11/03/17	352,639.00	2.28	3,993.89	352,211.02	346,746.05
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	1,540.00	219,840.84	216,459.10
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	1,798.61	249,932.61	246,080.50
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	235,000.00	A	A2	05/24/17	06/05/17	234,863.70	1.82	1,363.00	234,900.35	230,848.73
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	2,900.00	499,575.44	489,891.00
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	536.25	99,954.43	98,092.80
BRANCH BANKING & TRUST (CALLABLE) CORP 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	3,018.75	452,850.68	446,230.35
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	230,000.00	A+	A2	07/17/17	07/20/17	229,767.70	1.98	884.54	229,820.51	225,080.76
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913O2A6	410,000.00	A	A3	09/05/17	09/07/17	409,655.60	1.88	568.88	409,719.16	400,276.03
AMERICAN EXP (CALLABLE) CREDIT CORP NOTE DTD 09/14/2015 2.600% 09/14/2020	0258M0DX4	100,000.00	A-	A2	03/05/18	03/07/18	99,144.00	2.95	122.78	99,166.30	98,870.40
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	115,000.00	AAA	Aaa	11/08/17	11/10/17	114,876.95	1.99	878.31	114,892.62	113,126.19
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	155,000.00	A+	A1	11/06/17	11/13/17	154,986.05	2.05	1,218.04	154,987.79	151,898.45
APPLE INC DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	330,000.00	AA+	Aa1	11/06/17	11/13/17	329,722.80	2.03	2,530.00	329,757.33	324,254.37



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Corporate Note												
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020		92826CAB8	150,000.00	A+	A1	08/25/17	08/30/17	151,650.00	1.85	980.83	151,356.95	147,630.00
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021		24422ETZ2	205,000.00	A	A2	01/03/18	01/08/18	204,893.40	2.37	1,110.70	204,901.35	201,808.36
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021		05531FAZ6	100,000.00	A-	A2	11/16/17	11/20/17	99,480.00	2.32	358.33	99,536.64	97,471.60
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 03/01/2016 2.550% 03/01/2021		46625HOJ2	50,000.00	A-	A3	03/05/18	03/07/18	49,349.50	3.01	106.25	49,363.52	49,197.10
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021		69371RN93	190,000.00	A+	A1	02/22/18	02/27/18	189,906.90	2.82	502.44	189,909.78	189,324.55
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021		24422EUD9	400,000.00	A	A2	03/08/18	03/13/18	399,728.00	2.90	575.00	399,732.36	398,923.20
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021		63743HER9	230,000.00	A	A2	02/21/18	02/26/18	229,744.70	2.94	648.47	229,752.94	229,365.89
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021		904764AZ0	550,000.00	A+	A1	03/19/18	03/22/18	547,189.50	2.93	378.13	547,212.08	548,642.60
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021		911312BP0	320,000.00	A+	A1	11/09/17	11/14/17	319,494.40	2.10	2,496.44	319,546.80	312,970.24
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021		06406FAA1	75,000.00	A	A1	02/14/18	02/16/18	74,024.25	2.93	864.58	74,062.23	73,538.70
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021		61746BEA0	550,000.00	BBB+	A3	02/13/18	02/15/18	540,760.00	3.06	6,111.11	541,122.24	538,908.70
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021		06051GGS2	550,000.00	A-	A3	11/27/17	11/29/17	547,409.50	2.46	6,864.37	547,639.83	537,835.65
Security Type Sub-Total			12,380,000.00					12,370,033.20	2.14	66,034.15	12,366,473.66	12,208,664.88



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2018**

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
Certificate of Deposit											
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	325,000.00	A-1+	P-1	12/01/16	12/05/16	325,000.00	1.74	1,938.44	325,000.00	324,740.65
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	875,000.00	A-1	P-1	12/01/16	12/05/16	874,317.50	1.78	5,176.11	874,771.25	872,558.75
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	875,000.00	A-1+	P-1	01/10/17	01/12/17	875,000.00	1.91	3,720.94	875,000.00	870,698.50
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	875,000.00	A-1	P-1	02/08/17	02/09/17	875,000.00	1.90	2,467.50	875,000.00	874,179.25
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	9,207.79	975,000.00	969,543.90
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	8,272.60	975,000.00	971,785.43
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	1,075,000.00	A+	Aa3	08/03/17	08/04/17	1,074,580.75	1.85	3,186.78	1,074,718.96	1,042,437.62
BANK OF TOKYO-MITSUBISHI NY CD DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	550,000.00	A	A1	09/25/17	09/27/17	550,000.00	2.07	5,882.25	550,000.00	544,863.55
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	550,000.00	A	A1	02/07/18	02/08/18	550,000.00	2.67	2,161.96	550,000.00	551,822.70
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	AA-	Aa3	02/20/18	02/22/18	550,000.00	2.72	1,620.67	550,000.00	548,334.05
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	550,000.00	A+	Aa3	03/02/18	03/06/18	550,000.00	2.93	1,151.94	550,000.00	553,971.55
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	965,000.00	AA-	Aa3	08/03/17	08/07/17	965,000.00	2.05	2,967.38	965,000.00	953,354.38
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa3	11/16/17	11/17/17	550,000.00	2.30	4,681.88	550,000.00	541,106.50
Security Type Sub-Total		9,690,000.00					9,688,898.25	2.09	52,436.24	9,689,490.21	9,619,396.83



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2018**

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
Asset-Backed Security / Collateralized Mortgage Obligation												
CARMAX ABS 2017-1 A2 DTD 01/31/2017 1.540% 02/15/2020		14314JAB6	197,643.52	NR	Aaa	01/25/17	01/31/17	197,643.46	1.60	135.28	197,643.51	197,102.29
CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020		12636WAB2	217,202.17	AAA	NR	03/15/17	03/22/17	217,193.83	1.80	158.32	217,195.99	216,359.23
CITIBANK ABS 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	1,609.50	450,000.00	447,440.54
TOYOTA ABS 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	119,987.43	118,741.21
JOHN DEERE ABS 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	89,987.98	89,034.22
CARMX 2017-4 A2A DTD 10/25/2017 1.800% 04/15/2021		14314RAH5	175,000.00	AAA	NR	10/17/17	10/25/17	174,987.16	1.79	140.00	174,988.66	174,078.49
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021		02007PAC7	100,000.00	NR	Aaa	01/24/17	01/31/17	99,991.26	1.70	75.56	99,993.72	99,003.71
FORD ABS 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	304,999.27	301,704.60
TOYOTA ABS 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	449,967.01	444,342.78
HONDA ABS 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	219,986.91	217,535.10
HYUNDAI ABS 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	204,983.42	202,158.45
NISSAN ABS 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	249,976.14	246,744.48
ALLY ABS 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	379,966.00	376,307.35
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021		43814PAC4	140,000.00	AAA	NR	09/25/17	09/29/17	139,984.84	1.94	90.49	139,986.64	137,916.94



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2018**

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
Asset-Backed Security / Collateralized Mortgage Obligation												
CCCIT 2017-A9 A9	DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	200,000.00	AAA	NR	09/25/17	10/02/17	199,985.10	1.80	110.00	199,987.09	197,592.32
JOHN DEERE ABS 2017-B A3	DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	145,000.00	NR	Aaa	07/11/17	07/18/17	144,989.39	1.82	117.29	144,991.07	142,804.25
NISSAN ABS 2017-B A3	DTD 08/23/2017 1.750% 10/15/2021	65478GAD2	275,000.00	NR	Aaa	08/16/17	08/23/17	274,984.63	1.75	213.89	274,986.79	270,684.95
AMERICAN EXPRESS ABS 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	189,974.83	188,151.93
HYUNDAI ABS 2017-B A3	DTD 08/16/2017 1.770% 01/15/2022	44932GAD7	230,000.00	AAA	Aaa	08/09/17	08/16/17	229,960.14	1.78	180.93	229,965.60	226,178.90
HAROT 2018-1 A3	DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	235,000.00	AAA	Aaa	02/22/18	02/28/18	234,969.61	2.65	275.73	234,970.17	234,902.90
FORDO 2017-C A3	DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	275,000.00	AAA	NR	11/14/17	11/21/17	274,950.42	2.02	245.67	274,954.32	271,556.70
JDOT 2018-A A3	DTD 02/28/2018 2.660% 04/16/2022	47788CAC6	130,000.00	NR	Aaa	02/21/18	02/28/18	129,990.65	2.66	297.77	129,990.97	129,793.82
AMXCA 2018-1 A	DTD 03/21/2018 2.670% 10/17/2022	02582JHO6	305,000.00	NR	Aaa	03/14/18	03/21/18	304,964.59	2.68	226.21	304,964.80	304,499.50
Security Type Sub-Total			5,284,845.69					5,284,314.95	1.88	5,516.40	5,284,448.32	5,234,634.66
Managed Account Sub-Total			54,319,845.69					54,304,659.79	1.75	222,718.83	54,282,516.63	53,613,288.01
Securities Sub-Total			\$54,319,845.69					\$54,304,659.79	1.75%	\$222,718.83	\$54,282,516.63	\$53,613,288.01
Accrued Interest												\$222,718.83
Total Investments												\$53,836,006.84

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.

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.

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.