



DATE: April 21, 2014

AGENDA ITEM # 2

**TO:** Financial Commission  
**FROM:** Joe Aguilar, Interim Finance Director  
**SUBJECT:** Investment Portfolio update

**RECOMMENDATION:**

Receive the presentation Investment Portfolio as of March 31, 2014

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**BACKGROUND**

The Financial Commission periodically reviews quarterly updates of the City's investment portfolio performance as a precursor to its delivery to City Council.

**DISCUSSION**

The attached internal report as of March 31, 2014 brings the Commission up to date on the latest quarter of reporting. This report is also augmented by the attached portfolio presentation provided by the City's investment consultant, Carlos Oblites of PFM as a basis for discussion and questions.

Attachments:

- A. City Wide Holdings and Investment Ladder March 31, 2014
- B. Investment Performance Review First Quarter 2014 - PFM

Attachment A

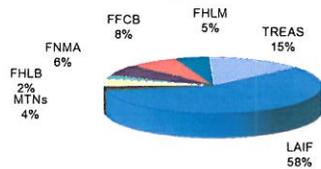
City Wide Holdings and Investment Ladder  
March 31, 2014

Attachments A  
Citywide Holdings and Investment Ladder  
March 31, 2014

31-Mar-14

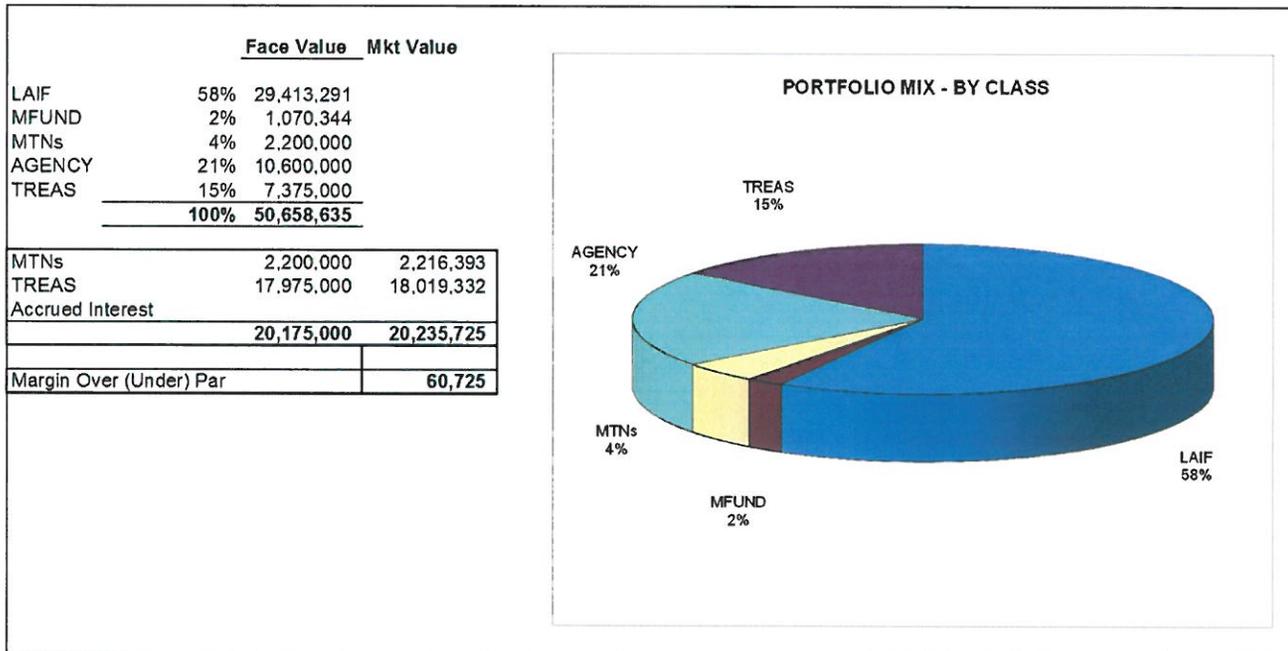
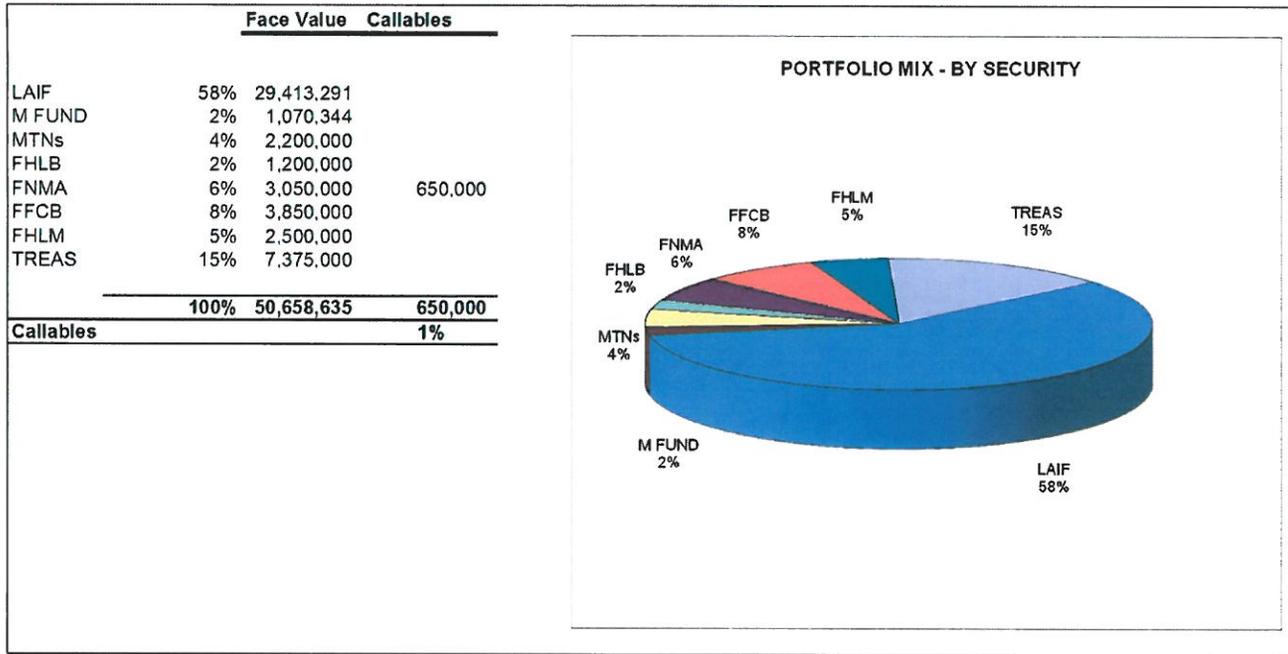
Month	2013				2014				2015				2016				
	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	
LAIF					0.23%			29,413,291									
MMKT					0.01%			1,070,344									
Jan													1/15/2016	0.36%	UT	300,000	
Feb													3/30/2016	0.52%	FNMA	750,000	
Mar								7/2/2015	0.61%	FNMA	900,000	4/25/2016	0.55%	FNMA	01/25/14	650,000	
Apr													4/11/2016	0.52%	Wmart	800,000	
May													5/13/2016	0.41%	FHLMC	500,000	
Jun													5/13/2016	0.72%	FHLMC	2,000,000	
													6/15/2016	0.50%	UT	1,150,000	
Jul								7/15/2015	0.38%	UT	750,000	7/15/2016	0.77%	FHLB	1,200,000		
								7/15/2015	0.40%	UT	1,000,000	7/15/2016	0.59%	UT	350,000		
Aug													8/31/2016	0.60%	UT	525,000	
Sep													9/29/2016	0.70%	3M	750,000	
Oct					10/15/2014	0.49%	UT	1,700,000	10/9/2015	0.78%	CP GE	650,000					
Nov					11/10/2014	0.67%	FFCB	1,000,000	11/16/2015	0.45%	FFCB	1,600,000					
Dec					12/31/2014	0.53%	UT	1,600,000	12/21/2015	0.40%	FNMA	750,000					
												12/28/2015	0.41%	FFCB	1,250,000		
<b>Total</b>				\$0			\$4,300,000				\$6,900,000					\$8,975,000	
Count/Percent	0		0	0.00%	3		21.31%	7		0	34.20%	11		1		44.49%	
Avg YTM/Days	0.00%		0		0.56%		232	0.49%		0	546	0.57%		1		716	
<b>Total Face Value</b>			\$	-			\$ 4,300,000			\$	11,200,000			\$		20,175,000	

PORTFOLIO MIX - BY SECURITY



	No of Inv	Ladder Yield	Spread Over LAIF	%	Avg Mat	# of Callables	Face Value
LAIF	1	0.230%	0.000%	58%	0	0	29,413,291
S Mkt Fund	0	0.010%	-0.220%	2%	0	0	1,070,344
2010	0	0.000%	0.000%	0%	0	0	0
2013	0	0.000%	0.000%	0%	0	0	0
2014	3	0.563%	0.333%	8%	20	0	4,300,000
2015	7	0.491%	0.261%	14%	74	0	6,900,000
2016	11	0.567%	0.337%	18%	127	0	8,975,000
<b>Total</b>	<b>22</b>	<b>0.35%</b>	<b>0.23%</b>	<b>100%</b>	<b>221</b>	<b>1</b>	<b>\$50,658,635</b>

Portfolio Mix Charts -March 31, 2014



## Investment Policy Compliance Chart - March 31, 2014

City Investment	% Mix	Par Value	Latest Term	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	\$ Compliance Yes/No	% Compliance Yes/No	Term Compliance Yes/No
LAIF	58%	29,413,291	04/29/10	50,000,000	100%	20,586,709	Yes	Yes	Yes
M FUND	2%	1,070,344	08/03/12						
MTNs	4%	2,200,000	01/00/00		15%	5,398,795	Yes	Yes	Yes
FHLB	2%	1,200,000	10/29/12		20%	8,931,727	Yes	Yes	Yes
FNMA	6%	3,050,000	04/05/12		20%	7,081,727	Yes	Yes	Yes
FFCB	8%	3,850,000	01/00/00		20%	6,281,727	Yes	Yes	Yes
FHLM	5%	2,500,000	12/05/11		20%	7,631,727	Yes	Yes	Yes
All Agencies	21%				100%		Yes	Yes	
TREAS	15%	7,375,000	08/05/12		100%	43,283,635	Yes	Yes	Yes
	100%	50,658,635							
All Agencies		21%	10,600,000		100%	40,058,635		Yes	
Callables		1%	650,000		35%	17,080,522		Yes	

Attachment B  
Investment Performance Review First Quarter 2014 - PFM



# City of Los Altos



## Investment Portfolio Review First Quarter Ended March 31, 2014

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

### Summary

- Many economists attribute the relative weakness of economic data released during the first quarter to severe winter weather during the period. As temperatures warm, growth is expected to reaccelerate.
- First-quarter economic data was not weak enough to deter the Federal Reserve (Fed) from a third round of tapering asset purchases. At its meeting on March 19, the Fed reduced its monthly purchases of Treasuries and agency mortgage-backed securities by another \$10 billion to a revised total of \$55 billion per month.
- Geopolitical uncertainty caused by Russia's annexation of the Crimean peninsula jeopardized growth in Europe and sparked a brief rally in U.S. Treasuries, which temporarily pushed yields lower. The markets quickly refocused on forward growth prospects and Fed action.

### Economic Snapshot

- Fourth-quarter U.S. gross domestic product (GDP) expanded at a 2.6% annual pace, as consumer spending reached its highest level in three years. Slower-than-expected economic growth was attributed in part to the large amounts of ice and snow that blanketed the country for much of the winter. This was an improvement from the previous year, when GDP expanded by 2.0%.
- The U.S. employment situation continued to improve, as the economy created a monthly average of 182,000 new jobs in the first quarter, only slightly behind the 2013 average of 197,000. The unemployment rate has averaged 6.7% for the quarter.
- According to CoreLogic, prices for existing homes rose 12.2% year over year in February due to tighter supply. Although the housing market is still moving forward, sales and construction were slowed down by the winter weather.

### Interest Rates

- During a press conference after the March 18-19 meeting of the Federal Open Market Committee (FOMC), Fed Chair Janet Yellen commented that the federal funds target rate could rise as soon as six months after the Fed completed its bond-buying program. However, Ms. Yellen softened her message at the end of the quarter, stating that the Fed would remain accommodative for "some time" to help those who are currently unemployed.
- The majority of FOMC participants indicated that 2015 is the appropriate time to begin increasing the federal funds target rate.
- Interest rates continued to normalize from record lows. The Treasury yield curve became more humped, as intermediate-term maturity yields rose, while short-term rates remained low and longer-maturity yields fell modestly.

### Sector Performance

- Portfolios benefited from conservative duration management, as intermediate-term yields surged after the March Fed meeting.
- Portfolios also benefited from the extra yield provided by holdings of corporate bonds, especially in the financial sector.
- Strong demand outpaced supply and continued to narrow yield spreads on corporate and municipal debt, which somewhat reduced their future attractiveness.

### Economic Snapshot

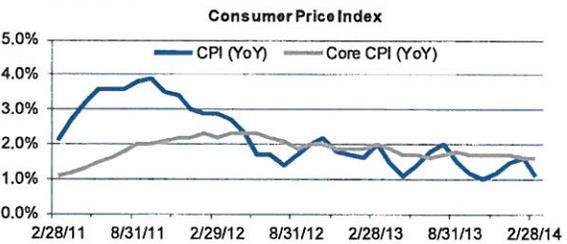
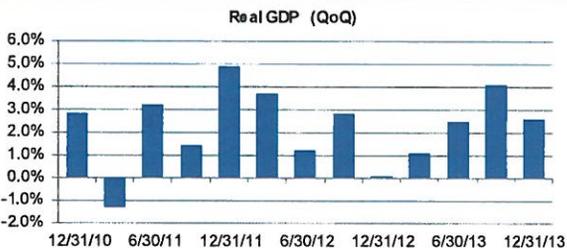
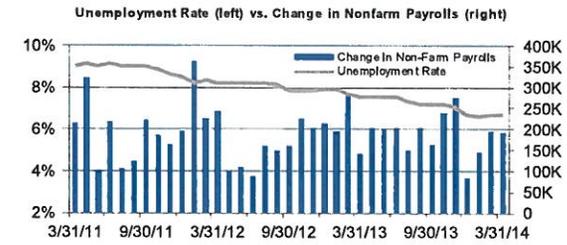
Labor Market	Latest	Dec 2013	Mar 2013	
Unemployment Rate	Mar'14	6.7%	6.7%	7.5%
Change In Non-Fam Payrolls	Mar'14	192,000	84,000	141,000
Average Hourly Earnings (YoY)	Mar'14	2.1%	1.9%	1.9%
Personal Income (YoY)	Feb'14	3.1%	-0.8%	3.0%
Initial Jobless Claims (week)	Mar 28	326,000	344,000	375,000

Growth	Latest	Dec 2013	Mar 2013	
Real GDP (QoQ SAAR)	2013Q4	2.6%	4.1% <sup>1</sup>	1.1% <sup>2</sup>
GDP Personal Consumption (QoQ SAAR)	2013Q4	3.3%	2.0% <sup>1</sup>	2.3% <sup>2</sup>
Retail Sales (YoY)	Feb'14	1.5%	3.4%	3.2%
ISM Manufacturing Survey (month)	Mar'14	53.7	56.5	51.5
Existing Home Sales SAAR (month)	Feb'14	4.60 mil.	4.87 mil.	4.96 mil.

Inflation / Prices	Latest	Dec 2013	Mar 2013	
Personal Consumption Expenditures (YoY)	Feb'14	0.9%	1.2%	1.2%
Consumer Price Index (YoY)	Feb'14	1.1%	1.5%	1.5%
Consumer Price Index Core (YoY)	Feb'14	1.6%	1.7%	1.9%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$101.58	\$98.42	\$97.23
Gold Futures (oz.)	Mar 31	\$1,283	\$1,202	\$1,595



1. Data as of Third Quarter 2013

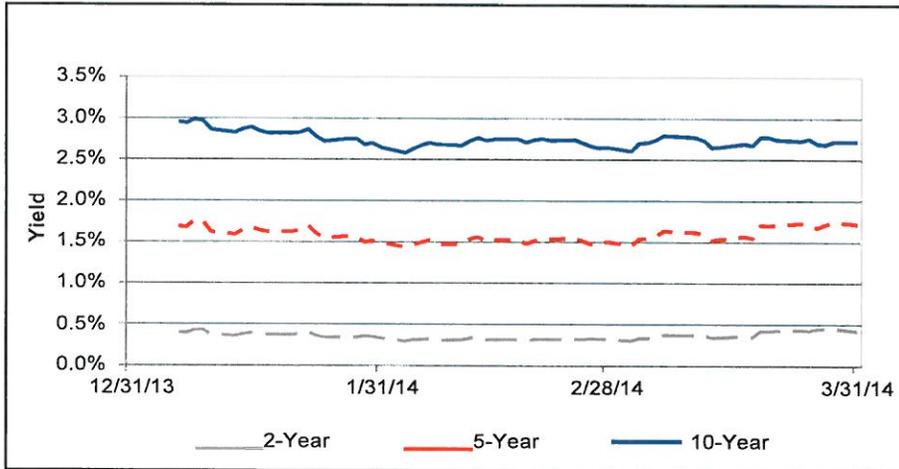
2. Data as of First Quarter 2013

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

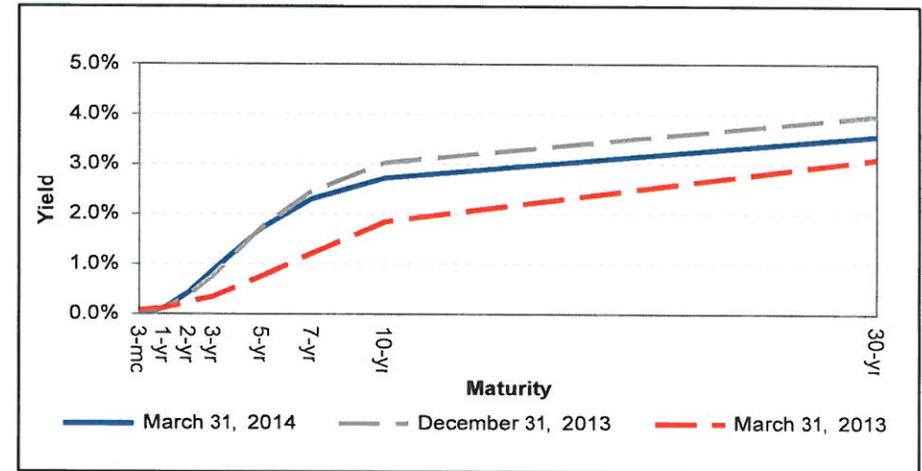
Source: Bloomberg

### Interest Rate Overview

U.S. Treasury Note Yields



U.S. Treasury Yield Curve

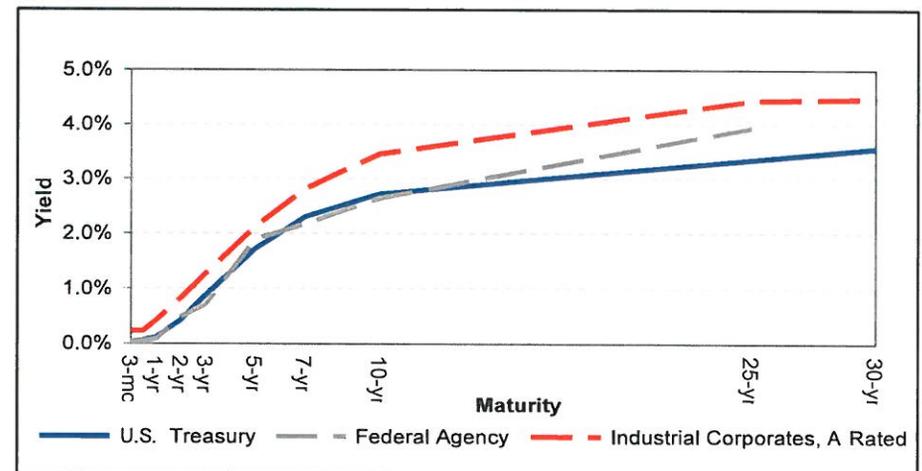


U.S. Treasury Yields

Maturity	3/31/14	12/31/13	Change over Quarter	3/31/13	Change over Year
3-month	0.03%	0.07%	(0.04%)	0.07%	(0.04%)
1-year	0.11%	0.11%	0.00%	0.12%	(0.01%)
2-year	0.42%	0.38%	0.04%	0.24%	0.18%
5-year	1.72%	1.74%	(0.02%)	0.77%	0.95%
10-year	2.72%	3.03%	(0.31%)	1.85%	0.87%
30-year	3.56%	3.97%	(0.41%)	3.10%	0.46%

Source: Bloomberg

Yield Curves as of 3/31/14



### BofA Merrill Lynch Index Returns

	As of 3/31/2014		Returns for Periods ended 3/31/2014		
	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.92	0.44%	0.14%	0.38%	0.81%
Federal Agency	1.84	0.52%	0.17%	0.49%	0.94%
U.S. Corporates, A-AAA rated	1.96	0.94%	0.42%	1.38%	2.28%
Agency MBS (0 to 3 years)	1.70	1.02%	0.25%	1.09%	1.75%
Municipals	1.75	0.52%	0.25%	0.87%	1.35%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.72	0.82%	0.26%	(0.09%)	1.43%
Federal Agency	2.50	0.86%	0.34%	0.22%	1.35%
U.S. Corporates, A-AAA rated	2.88	1.47%	0.76%	1.33%	3.12%
Agency MBS (0 to 5 years)	3.35	2.43%	0.94%	0.96%	2.58%
Municipals	2.48	0.85%	0.41%	0.99%	2.05%
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	5.78	1.60%	1.63%	(1.53%)	3.33%
Federal Agency	4.04	1.45%	1.24%	(0.62%)	2.24%
U.S. Corporates, A-AAA rated	6.66	2.75%	2.58%	0.84%	5.35%
Agency MBS (0 to 30 years)	5.26	3.01%	1.58%	0.23%	2.75%
Municipals	7.59	3.10%	3.80%	0.28%	6.22%

Returns for periods greater than one year are annualized.

Source: BofA Merrill Lynch Indices

### Disclosures

*The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC (PFMAM) at the time of distribution and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFMAM cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or recommendation. The information contained in this report is not an offer to purchase or sell any securities.*

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PFM Asset Management LLC

# Investment Report

First Quarter 2014

Fixed Income  
Management

## Portfolio Summary

<u>Total Portfolio Value</u>	<u>March 31, 2014</u>
Market Value	\$21,345,168.18
Amortized Cost	\$21,305,618.64

## PORTFOLIO RECAP

- Although harsh weather tempered growth in the first quarter, the resilience and duration of the expansion in the U.S. supported PFMAM's macro-level view that economic growth would continue. This environment would typically be good for equity and corporate bond markets.
- With the Federal Reserve curtailing its large scale asset purchase program and contemplating the timing of the first actual increase in short-term rates, it appeared that the bond market might be headed for higher rates. But, brewing concerns of a meltdown in emerging markets, fears of a slowdown in China, and geopolitical risks ignited by Russia's incursion into Crimea pushed longer-term rates lower in January and February.
- Our duration strategy is informed by our macro-economic view, as well as recent trading ranges and market momentum. For most of the first quarter, our strategy was to maintain a duration somewhat shorter and defensive to mitigate the impact of potentially higher rates.
- Agency yield spreads fell to near record lows, generally favoring U.S. Treasuries for many shorter maturities. Investment opportunities in the agency sector have become very issue specific.
- Corporate bond allocations largely continued to enhance portfolio returns during the quarter due to their higher yield and narrowing yield spreads. Traditionally, the best means to build corporate exposure has been to purchase new bonds at issuance when they are typically priced with a concession. Corporate issuance, while strong during the quarter, was met with even stronger demand, which pushed yield spreads tighter by quarter end.

### PORTFOLIO STRATEGY

- Since PFMAM's longer-term view is that interest rates will move higher as market conditions normalize, our strategic plan is to maintain a conservative duration bias. However, we may find occasional market opportunities when the steepness of the yield curve offers sufficient value and roll-down potential to target a slightly longer duration.
- Agency yield spreads are narrow, generally limiting opportunities:
  - Shorter agencies are near record tight spread levels and offer little value.
  - Longer agencies offer small incremental yield and modest value.
  - Agency performance has become highly idiosyncratic, requiring careful issue-by-issue analysis.
  - Market volatility has created occasional opportunities in callable agencies, although we have generally avoided large allocations to the sector.
- Corporate sector still offers the best relative value:
  - Corporate yield spreads have narrowed to near pre-credit crisis levels, reducing current value.
  - Some issues have narrowed sharply since purchase and may opportunistically be sold.
  - Corporate bond spreads have historically been stable in periods of rising rates.
  - The extra yield on corporates provides favorable income return and partial cushion from the impact of rising rates.
  - We continue to prefer banks and financials, including both corporate notes and negotiable certificates of deposit (CDs).
- We believe a sea change has arrived and we will aim to position investment portfolios safely between the shoals of under-investment on the one side, and the jagged rocks of over-investment on the other. Through diligent monitoring of market conditions, we strive to optimize the relative balance between income return and price volatility.
- As always, we seek to maximize portfolio value through careful and prudent active management. Our strategy will remain flexible and may change in response to changes in interest rates, emerging economic data, or our market outlook.

# Investment Report

First Quarter 2014

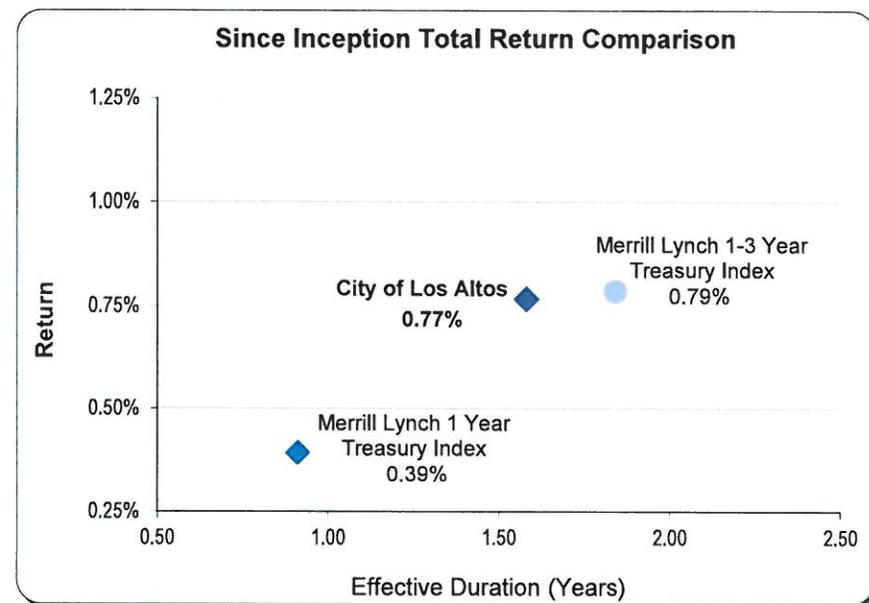
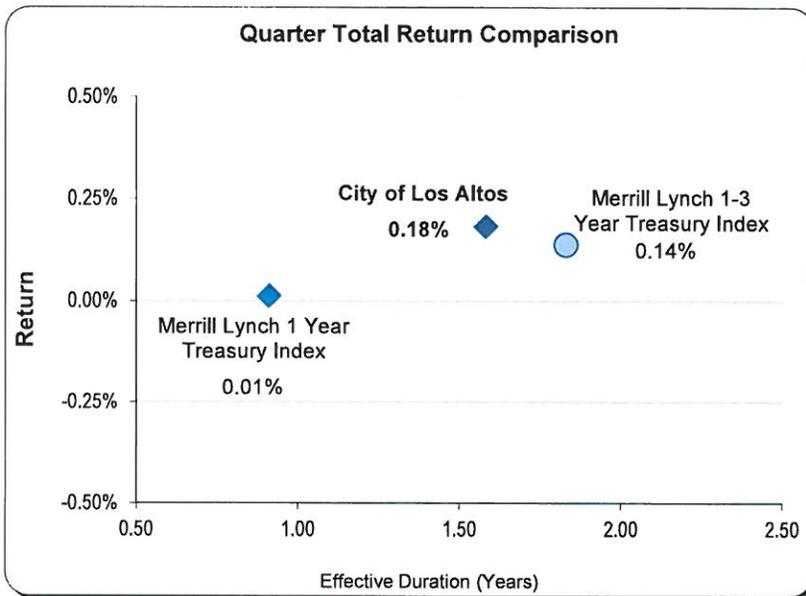
Fixed Income  
Management

## Portfolio Performance

Total Return <sup>1,2,3,4,5</sup>	Quarter Ended 3/31/2014	Past 12 Months	Past 2 Years	Since Inception
<b>City of Los Altos</b>	<b>0.18%</b>	<b>0.49%</b>	<b>0.55%</b>	<b>0.77%</b>
Merrill Lynch 1-3 Year Treasury Index	0.14%	0.38%	0.51%	0.79%
Merrill Lynch 1 Year Treasury Index	0.01%	0.26%	0.25%	0.39%

<u>Effective Duration</u> <sup>3</sup>	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>Yields</u> <sup>2</sup>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
<b>City of Los Altos</b>	<b>1.58</b>	<b>1.79</b>	Yield on Cost	<b>0.55%</b>	0.55%
Merrill Lynch 1-3 Year Treasury Index	1.84	1.83	ML 1-3 Year Yield on Cost	<b>0.41%</b>	0.38%
Merrill Lynch 1 Year Treasury Index	0.91	0.91			



**Notes:**

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

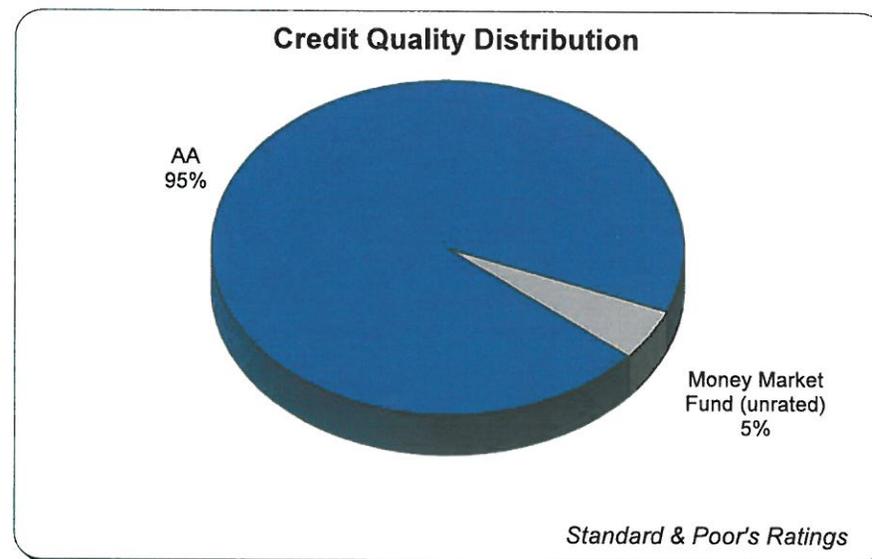
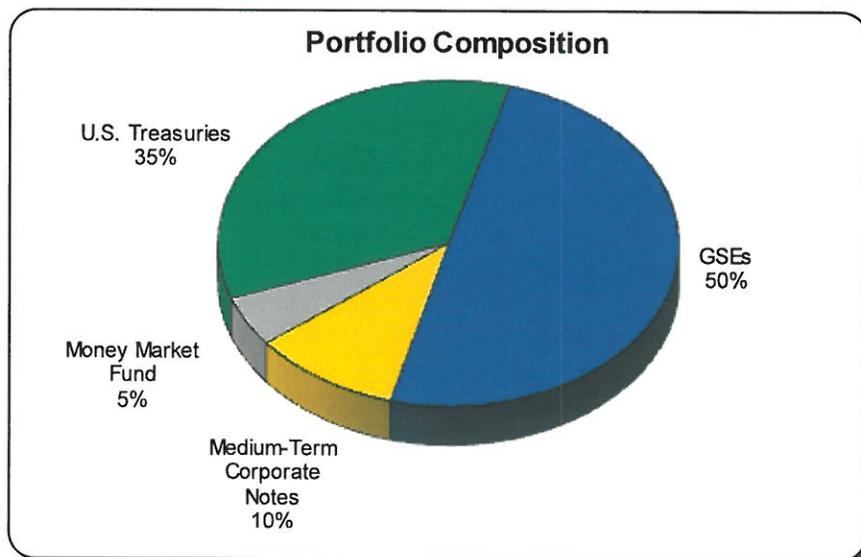
# Investment Report

First Quarter 2014

Fixed Income  
Management

## Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> <sup>1,2,3</sup>	<u>March 31, 2014</u>	<u>% of Portfolio</u>	<u>December 31, 2013</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$7,433,292.26	35%	\$7,430,338.45	34.9%	100%
Federal Agencies	\$10,620,174.98	50%	\$11,606,099.87	56.0%	100%
Medium-Term Corporate Notes	\$2,221,357.13	10%	\$2,217,989.91	10.4%	30%
Money Market Fund	\$1,070,343.81	5%	\$51,838.66	0.2%	20%
<b>Totals</b>	<b>\$21,345,168.18</b>	<b>100%</b>	<b>\$21,306,266.89</b>	<b>100.0%</b>	

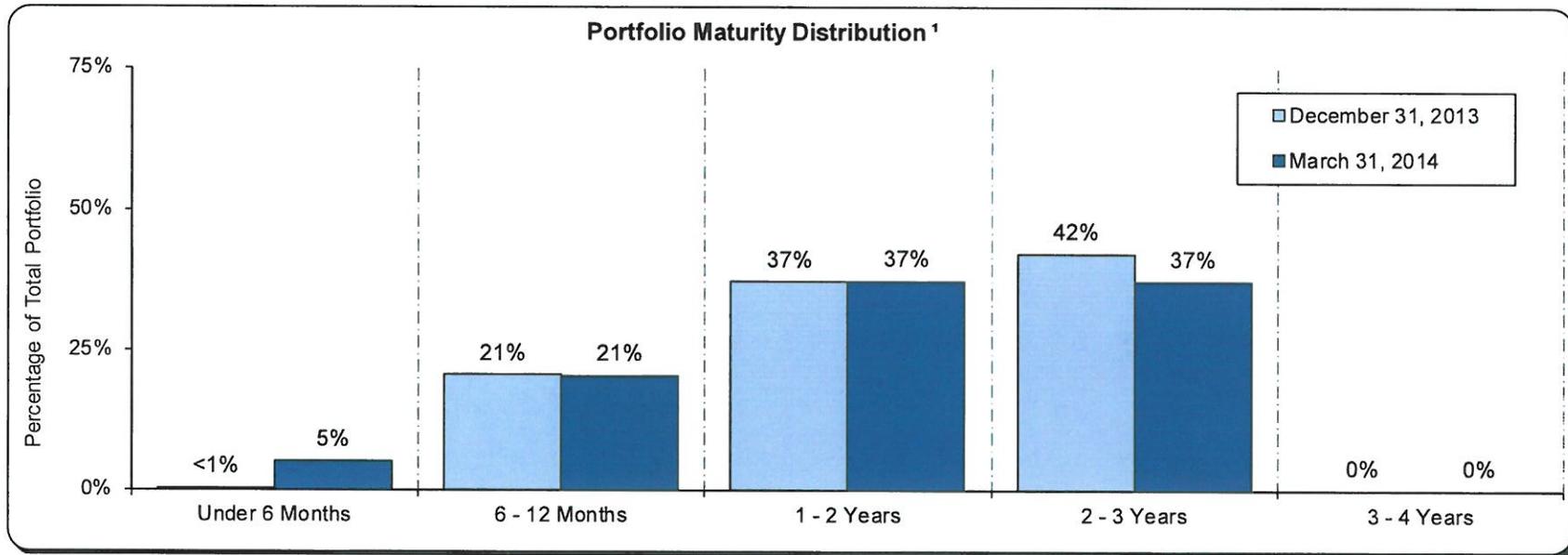


**Notes:**

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

### Portfolio Maturity Distribution

<u>Maturity Distribution<sup>1</sup></u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Under 6 Months	\$1,070,343.81	\$51,838.66
6 - 12 Months	\$4,353,723.19	\$4,350,031.85
1 - 2 Years	\$7,971,657.12	\$7,914,306.15
2 - 3 Years	\$7,949,444.06	\$8,990,090.23
3 - 4 Years	\$0.00	\$0.00
4 - 5 Years	\$0.00	\$0.00
5 Years and Over	\$0.00	\$0.00
<b>Totals</b>	<b>\$21,345,168.18</b>	<b>\$21,306,266.89</b>



**Notes:**

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



## Managed Account Detail of Securities Held

For the Month Ending **March 31, 2014**

### 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>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 10/17/2011 0.500% 10/15/2014	912828RL6	1,700,000.00	AA+	Aaa	03/23/12	03/26/12	1,700,531.25	0.49	3,923.08	1,700,112.63	1,703,785.90
US TREASURY NOTES DTD 12/31/2009 2.625% 12/31/2014	912828ME7	1,600,000.00	AA+	Aaa	03/23/12	03/26/12	1,691,937.50	0.53	10,558.01	1,625,032.08	1,630,187.20
US TREASURY NOTES DTD 07/16/2012 0.250% 07/15/2015	912828TD2	750,000.00	AA+	Aaa	06/27/13	06/28/13	748,007.81	0.38	393.65	748,742.82	750,673.50
US TREASURY NOTES DTD 07/16/2012 0.250% 07/15/2015	912828TD2	1,000,000.00	AA+	Aaa	08/20/12	08/22/12	995,625.00	0.40	524.86	998,045.59	1,000,898.00
US TREASURY NOTES DTD 01/15/2013 0.375% 01/15/2016	912828UG3	300,000.00	AA+	Aaa	01/15/13	01/17/13	300,128.91	0.36	236.19	300,077.23	300,152.40
US TREASURY NOTES DTD 06/17/2013 0.500% 06/15/2016	912828VG2	1,150,000.00	AA+	Aaa	12/19/13	12/24/13	1,150,134.77	0.50	1,690.25	1,150,120.27	1,149,281.25
US TREASURY NOTES DTD 07/15/2013 0.625% 07/15/2016	912828VL1	350,000.00	AA+	Aaa	07/22/13	07/23/13	350,382.81	0.59	459.25	350,294.97	350,437.50
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	525,000.00	AA+	Aaa	10/21/13	10/22/13	530,947.27	0.60	456.52	530,031.35	529,634.70
<b>Security Type Sub-Total</b>		<b>7,375,000.00</b>					<b>7,467,695.32</b>	<b>0.48</b>	<b>18,241.81</b>	<b>7,402,456.94</b>	<b>7,415,050.45</b>
<b>Federal Agency Bond / Note</b>											
FEDERAL FARM CREDIT BANK BONDS DTD 11/10/2011 0.600% 11/10/2014	31331KQ86	1,000,000.00	AA+	Aaa	11/14/11	11/16/11	998,030.00	0.67	2,350.00	999,595.24	1,002,919.00
FANNIE MAE GLOBAL NOTES DTD 05/21/2012 0.500% 07/02/2015	3135G0LN1	900,000.00	AA+	Aaa	05/24/12	05/25/12	896,958.00	0.61	1,112.50	898,764.81	903,197.70
FEDERAL FARM CREDIT BANK BONDS DTD 12/27/2012 0.430% 11/16/2015	3133ECBJ2	1,600,000.00	AA+	Aaa	12/19/12	12/27/12	1,599,264.00	0.45	2,580.00	1,599,584.08	1,601,875.00
FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0S80	750,000.00	AA+	Aaa	01/15/13	01/17/13	749,415.00	0.40	781.25	749,655.18	750,437.25
FEDERAL FARM CREDIT BANK BONDS DTD 12/28/2012 0.440% 12/28/2015	3133ECBD5	1,250,000.00	AA+	Aaa	01/15/13	01/17/13	1,251,122.50	0.41	1,420.83	1,250,665.09	1,251,280.00





## Managed Account Detail of Securities Held

For the Month Ending **March 31, 2014**

### 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>Federal Agency Bond / Note</b>											
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	750,000.00	AA+	Aaa	10/21/13	10/22/13	749,587.50	0.52	10.42	749,662.03	750,503.25
FANNIE MAE (CALLABLE) GLOBAL NOTES DTD 04/25/2013 0.580% 04/25/2016	3135G0WF6	650,000.00	AA+	Aaa	04/17/13	04/25/13	650,650.00	0.55	1,633.67	650,000.00	649,320.75
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EAD09	500,000.00	AA+	Aaa	04/17/13	04/18/13	501,325.00	0.41	958.33	500,915.42	499,930.00
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EAD09	2,000,000.00	AA+	Aaa	06/27/13	06/28/13	1,987,780.00	0.72	3,833.33	1,990,980.84	1,999,720.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 05/10/2013 0.375% 06/24/2016	3133834R9	1,200,000.00	AA+	Aaa	06/27/13	06/28/13	1,186,020.00	0.77	1,212.50	1,189,537.81	1,195,099.20
<b>Security Type Sub-Total</b>		<b>10,600,000.00</b>					<b>10,570,152.00</b>	<b>0.57</b>	<b>15,892.83</b>	<b>10,579,360.50</b>	<b>10,604,282.15</b>
<b>Corporate Note</b>											
GENERAL ELECTRIC CO NOTES DTD 10/09/2012 0.850% 10/09/2015	369604BE2	650,000.00	AA+	Aa3	10/19/12	10/24/12	651,287.00	0.78	2,639.72	650,666.14	652,940.60
WAL-MART STORES INC GLOBAL NOTES DTD 04/11/2013 0.600% 04/11/2016	931142DE0	800,000.00	AA	Aa2	04/17/13	04/22/13	801,848.00	0.52	2,266.67	801,265.16	799,677.60
3M CORP NOTES DTD 09/29/2011 1.375% 09/29/2016	88579YAD3	750,000.00	AA-	Aa2	12/19/13	12/24/13	763,755.00	0.70	57.29	762,427.77	763,775.25
<b>Security Type Sub-Total</b>		<b>2,200,000.00</b>					<b>2,216,890.00</b>	<b>0.66</b>	<b>4,963.68</b>	<b>2,214,359.07</b>	<b>2,216,393.45</b>
<b>Managed Account Sub-Total</b>		<b>20,175,000.00</b>					<b>20,254,737.32</b>	<b>0.55</b>	<b>39,098.32</b>	<b>20,196,176.51</b>	<b>20,235,726.05</b>
<b>Securities Sub-Total</b>		<b>\$20,175,000.00</b>					<b>\$20,254,737.32</b>	<b>0.55%</b>	<b>\$39,098.32</b>	<b>\$20,196,176.51</b>	<b>\$20,235,726.05</b>
<b>Accrued Interest</b>											<b>\$39,098.32</b>
<b>Total Investments</b>											<b>\$20,274,824.37</b>

