THE CITY OF
BRENTWOOD
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Investment Performance Review
First Quarter 2012

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Summary

- During the first quarter, short- to intermediate-duration portfolios with diversified fixed-income holdings (including Agencies and corporate bonds) outpaced those that were invested solely in Treasuries.
- Increased optimism about the U.S. economic recovery, specifically a brighter outlook in the labor markets, contributed to a general reduction in risk premiums across asset classes.
- PFM Asset Management obtained value for clients by rotating into Treasuries, as well as into select corporates where appropriate, while moving away from Agencies and callable securities after their exceptional recent performance.

Economic News

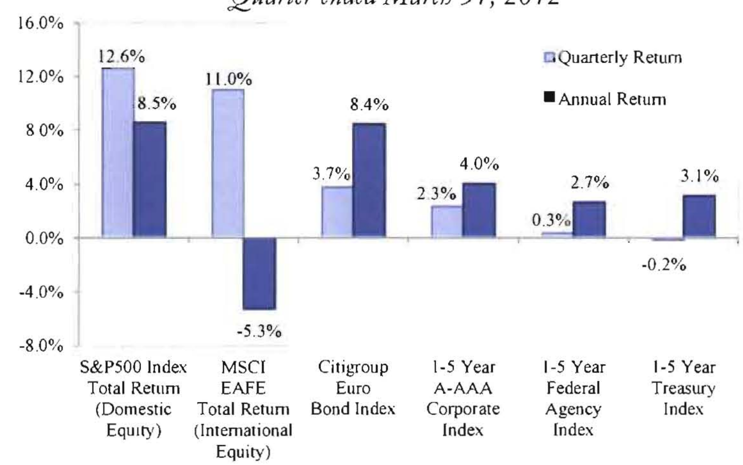
Moderate economic growth in the U.S. continued for the quarter, while troubles in Europe were mitigated for the time being. Gross domestic product (GDP) in the U.S. for the fourth quarter of 2011 was up 3.0%, reflecting modest growth. This quarter was marked by a continuation of loose monetary policy worldwide. After Europe announced another round of long-term refinancing operations (LTRO) at the end of February to help stabilize its financial markets, other central banks followed suit, including the Bank of England and Bank of Japan, which announced further quantitative easing efforts during the quarter. In addition, China reduced its reserve ratio by 50 basis points.

U.S. job market conditions improved during the quarter, as the unemployment rate fell to 8.3%. The labor force participation rate was reported at 63.8% in March, still well below 65.8%, the average level since 1980. The housing market remains lackluster, with home prices at low levels and foreclosures still in the pipeline, but there have been gradual improvements. For example, homebuilder Lennar reported that new orders were up 33.3% in its earnings report released on March 27.

Oil prices rose to record levels during the quarter, but began to drop somewhat by the end of March. Consumer confidence and consumer spending had healthy results over the quarter, and manufacturing and services activity reflected continued expansion. Demand for riskier assets increased as a result of these positive developments, which led to the S&P 500 Index having its strongest first-quarter performance since 1998, as shown below.

Total Returns of Various Asset Classes

Quarter ended March 31, 2012



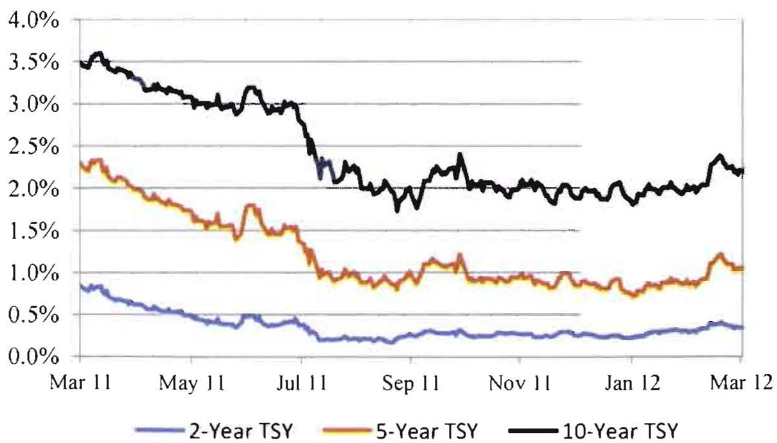
Sources: Bank of America Merrill Lynch, Citigroup, Bloomberg

Interest Rates

Short-term interest rates remained near zero, as the Federal Reserve (Fed) announced in January that it remains committed to keeping interest rates at low levels until at least late 2014. During the Federal Open Market Committee (FOMC) meeting in March, the FOMC's economic outlook was relatively brighter. While another round of bond-buying efforts (or quantitative easing) was not ruled out, the stronger economic reports during the quarter suggest that it is considerably less likely. Core inflation remained steady and in line with the Fed's target limits. Improvements in the U.S. economy pushed yields upward for Treasuries across maturities of six months and beyond, and the yield curve steepened notably.

2-Year, 5-Year, and 10-Year U.S. Treasury Note Yields

March 31, 2011 through Macrh 31, 2012



Source: Bloomberg

The improvement in the jobs picture suggested the likelihood of fewer mortgage defaults, and therefore less risk for Fannie Mae and Freddie Mac. In addition, the federal housing agencies continued to reduce their debt issuance. As a result, Agencies generally performed well, as spreads to Treasuries narrowed markedly. Corporate bonds outperformed both Treasuries and Agencies, as optimism about the continued economic recovery and stronger corporate balance sheets drove demand.

Agency spreads narrowed from already low levels, and corporate spreads narrowed across the curve, especially on the front end. However, PFM Asset Management believes there is little value left in these sectors, as the yields that they provide are not enough of a trade-off in most cases to justify investments in these securities compared with Treasuries. The European debt crisis and the resolution of U.S. housing policy remain as risks to the outlook for the bond market.

U.S. Treasury Yields – Quarter and Year-over-Year Changes

Date	3-month	1-year	2-year	5-year	10-year	30-year
31-Mar-12	0.07%	0.17%	0.33%	1.04%	2.21%	3.34%
31-Dec-11	0.01%	0.10%	0.24%	0.83%	1.88%	2.89%
Change over Quarter	0.06%	0.07%	0.09%	0.21%	0.33%	0.44%
31-Mar-11	0.09%	0.27%	0.82%	2.28%	3.47%	4.51%
Change over Year	-0.03%	-0.11%	-0.49%	-1.24%	-1.26%	-1.17%

Source data: Bloomberg

PFM Outlook

While the economy shows signs of strengthening, uncertainties remain regarding the severity of the downturn in the European economy and the potential for slower growth in China. Interest rates are still range-bound, but the yield curve has steepened sharply. Currently, we do not believe that rates will head higher as the Fed is maintaining a loose monetary policy and inflation remains within the Fed's mandate of 2% for core personal consumption expenditures.

Oil prices are higher, but as yet they do not seem to be adversely impacting manufacturing activity or consumer spending, and the mild winter has contributed to this being less of a threat to growth.

Core inflation has remained mostly stable, driven by a lack of wage pressure. The Fed continues to discuss the possibility of another round of quantitative easing, but as the U.S. economic recovery seems to be on track, further Fed action looks less likely.

Because of some uncertainty surrounding federal housing policy and ongoing litigation over mortgage originations, we believe that mortgage-backed securities have some degree of event risk at this time. In the money market sector, we expect that short rates will drift lower as seasoned Treasury bills mature, LIBOR stabilizes, and bank deposit issuers resort to alternative financing. Since corporate spreads have tightened significantly over the quarter, we do not see value in this space now. Our feeling about Agencies is similar, so we are focusing on the value that the Treasury space represents.

Returns for 2-Year, 5-Year and 10-Year Treasuries
Quarter ended March 31, 2012

Source: Bloomberg

Duration-Adjusted Returns for Fixed-Income Securities
Quarter ended March 31, 2012

Source: Bloomberg

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.

Portfolio Summary

Total Portfolio Value	March 31, 2012	December 31, 2011
Market Value	**$171,458,495.40**	$186,954,170.91
Amortized Cost	**$170,871,040.26**	$186,135,455.34

PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy. The portfolio is well diversified among U.S. Treasury, Federal Agency, high quality corporate, and municipal securities.
- In the first quarter, the so called "risk-on" trade benefited investors across the board—to a general extent, the riskier the asset, the better the performance ("risk-on investment"). As risk aversion waned in the first quarter, spreads narrowed considerably. As a result, spread product, such as corporates, performed exceptionally well. Because rates rose in the quarter, most U.S. Treasury indices posted negative returns, making them the poorest performing sector and ending the three-quarter streak in which Treasuries outperformed Agencies.
- For most of the first quarter, Treasury yields stayed within the established ranges they had been in since August 2011. However, in mid-March, yields moved up sharply, reaching an 8-month high. Despite the move higher, we concluded that this did not represent a fundamental change in the marketplace nor did it warrant a significant change in strategy. The Fed has committed to keep rates low through late 2014, and economic conditions continue to reflect only moderate growth. We used higher rates as an opportunity to modestly extend portfolio durations.
- In an environment of range-bound yields, performance can be enhanced by holding longer maturities, which have higher initial yields and benefit from "roll down," and by extending in credit sectors, which captures both the value of the yield curve and wider credit spreads. PFMAM employed both strategies, rolling Treasury and Agencies with shorter maturities into longer, higher yielding maturities, and opportunistically increasing corporate allocations. We also extended maturities in bank CD's, generally issued by non-European banks, to capture a similar yield advantage and roll-down potential.
- Yield spreads on Federal Agencies relative to comparable maturity U.S. Treasuries narrowed sharply during the quarter. In maturities of three years and less, Agencies now offer only a few basis points of additional yield advantage. As this reduced the relative attractiveness of Agencies, PFMAM began to reallocate investments from the Agency sector into Treasuries, either by concentrating new investments in Treasuries, or by actively selling Agencies to swap into Treasuries.
- In the corporate market, bank and financial issues were among the best performing sectors for the quarter, reflective of the "risk-on" sentiment of the market. This outperformance was a reversal of the spread widening from the middle of 2011 and took place despite the continued downward pressure on credit ratings. Notably, Moody's Investor Service put over 120 global financial institutions on negative credit watch, as they implement revised ratings criteria. While we generally hold issues of higher-rated banks and finance companies, we added industrial credits in 2011, and continue to invest in diversified positions across many sectors.
- Throughout the quarter, we carefully managed portfolio duration to ensure consistency with the established benchmark and to enhance return. We maintained a relatively stable portfolio duration between 94% and 99% of the benchmark, reflecting the narrow trading range environment.
- The combination of careful duration management, proactive sector rotation, and active trading led to excellent results for the first quarter. The portfolio's performance was 0.44%, outperforming the benchmark's performance of -0.08% by 0.52%. Over the past year, the portfolio earned 1.96%, versus 1.44% for the benchmark.

Portfolio Summary - continued

PORTFOLIO STRATEGY

- Several months of stronger economic news has improved the outlook for the U.S. economy, but we expect interest rates to remain range-bound due to the Fed's loose monetary policy, lingering worries about Europe and China, and moderate levels of inflation in core prices. In particular, the fed funds target rate—set at 0.00% to 0.25% since December 2008—creates a strong anchor holding down short- and intermediate-term rates for the foreseeable future.
- With short-term investments pegged near 0%, and interest rates likely to stay within a range, investments with longer maturities are attractive for their higher income generation and roll-down potential. Roll-down has remained a significant contributor to performance over time, and we think that will continue in the second quarter. We plan to keep portfolio durations near the durations of the benchmarks, with just a slight conservative posture to provide flexibility. We are a bit more cautious on maturities beyond five years, which have much greater sensitivity to yield changes.
- Since Agency spreads are near record narrow levels, especially in maturities under three years, Agencies have reduced value. Much like the latter part of last quarter, we anticipate favoring Treasuries over Agencies during the second quarter. As has been the case for the past several years, we believe callable Agency structures have little value compared to non-callable ("bullet") maturities, as spreads are narrow and their return profiles are subpar.
- Most of the excess value in corporate bonds that resulted from the spread widening in the second half of 2011 is now gone, and there are fewer corporate issuers that are attractively priced currently. We favored financials in 2009-10, industrials in 2011, and currently favor holding both for 2012, although we will not be adding aggressively to positions at current spreads. Corporate fundamentals remain strong, although we recognize that ratings for banks and finance companies are likely to continue to face downgrades as ratings agencies implement revised ratings methodologies.
- In the money market arena, short-term rates are likely to drift lower as seasoned Treasury bills mature, LIBOR stabilizes, and many issuers are flush with cash. We have already seen a decline in commercial paper and CD yields as Europe stabilized, and that trend may continue. As an alternative, we have occasionally invested in floating-rate Agencies or CDs, which offer excellent yields with minimal market risk due to their floating coupons. In any case, we continue to avoid issuers based in troubled European countries, like Italy and Spain.
- As always, we strive to maintain the safety of principal, while at the same time seeking opportunities to add value. Our strategy will remain flexible and may be modified in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

Year-To-Date Cash-Basis Earnings Analysis (Monthly)[1,2,3,4]

Month	Fiscal Year 2010/11 Actual	Fiscal Year 2011/2012 Budget	Fiscal Year 2011/2012 Year-To-Date Actual	Fiscal Year 2011/2012 Current Forecast	Fiscal Year 2011/2012 Actual/Forecast vs. Budget	Current Forecast FY 2011/12 vs. FY 2010/11	Fiscal Year 2010/11 Par Value of Portfolio	Fiscal Year 2011/2012 Par Value of Portfolio
July	103,554	81,900	81,922	81,922	22	(21,632)	169,425,000	180,335,000
August	242,191	316,700	316,655	316,655	(45)	74,465	169,425,000	168,150,000
September	391,681	476,000	475,981	475,981	(19)	84,301	169,885,000	163,300,000
October	353,114	338,500	384,046	384,046	45,546	30,931	169,610,000	163,355,000
November	699,935	295,000	709,246	709,246	414,246	9,311	170,940,000	159,025,000
December	184,103	242,500	175,209	175,209	(67,291)	(8,894)	170,940,000	158,960,000
January	68,730	-	451,704	451,704	451,704	382,973	170,940,000	163,915,000
February	130,587	106,700	157,922	157,922	51,222	27,335	171,030,000	163,985,000
March	560,372	455,200	-116,225	455,200	-	(105,172)	173,465,000	163,660,000
April	390,085	338,800		338,800	-	(51,285)	176,425,000	
May	264,914	295,200		295,200	-	30,286	176,425,000	
June	159,758	242,700		242,700	-	82,942	180,735,000	
Total	3,549,025	3,189,200	2,636,460	4,084,584	895,384	535,560	172,437,083	164,965,000
Cash Return	2.06%	1.93%	1.60%	2.48%				

Notes:

1. Earnings based on the City's cash receipt based (non GAAP) accounting methodology.
2. Monthly volatility reflects actual and expected timing of receipt of coupon payments and other cash-based earnings.
3. Cash return is total cash earnings divided by average portfolio balance.
4. Earnings do not include LAIF.

Year-To-Date Cash-Basis Earnings Analysis (Cumulative)[1,2,3,4]

Month	Fiscal Year 2010/11 Actual	Fiscal Year 2011/2012 Budget	Fiscal Year 2011/2012 Year-To-Date Actual	Fiscal Year 2011/2012 Current Forecast	Fiscal Year 2011/2012 Actual/Forecast vs. Budget	Current Forecast FY 2010/11 vs. FY 2009/10	Fiscal Year 20010/11 Par Value of Portfolio	Fiscal Year 2011/2012 Par Value of Portfolio
July	103,554	81,900	81,922	81,922	22	(21,632)	169,425,000	180,335,000
August	345,745	398,600	398,577	398,577	(23)	52,832	169,425,000	168,150,000
September	737,426	874,600	874,559	874,559	(41)	137,133	169,885,000	163,300,000
October	1,090,540	1,213,100	1,258,604	1,258,604	45,504	168,064	159,395,000	163,355,000
November	1,790,475	1,508,100	1,967,850	1,967,850	459,750	177,375	159,335,000	159,025,000
December	1,974,578	1,750,600	2,143,059	2,143,059	392,459	168,481	159,165,000	158,960,000
January	2,043,309	1,750,600	2,594,762	2,594,762	844,162	551,454	164,605,000	163,915,000
February	2,173,896	1,857,300	2,752,684	2,752,684	895,384	578,789	167,260,000	163,985,000
March	2,734,268	2,312,500	2,636,460	3,207,884	895,384	473,616	167,315,000	163,660,000
April	3,124,353	2,651,300	2,636,460	3,546,684	895,384	422,331	167,890,000	0
May	3,389,267	2,946,500	2,636,460	3,841,884	895,384	452,617	169,130,000	0
June	3,549,025	3,189,200	2,636,460	4,084,584	895,384	535,560	169,200,000	0
Total	3,549,025	3,189,200	2,752,684	4,084,584	895,384	535,560	166,002,500	123,723,750
Cash Return	2.14%	2.58%	2.22%	3.30%				

Notes:

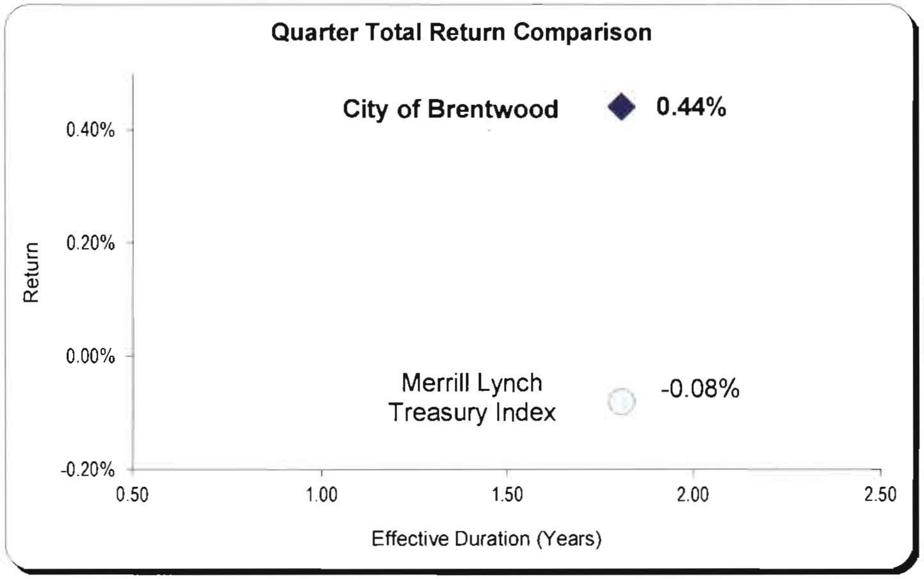
1. Earnings based on the City's cash receipt based (non GAAP) accounting methodology.
2. Monthly volatility reflects actual and expected timing of receipt of coupon payments and other cash-based earnings.
3. Cash return is total cash earnigns divided by average portfolio balance.
4. Earnings do not include LAIF.

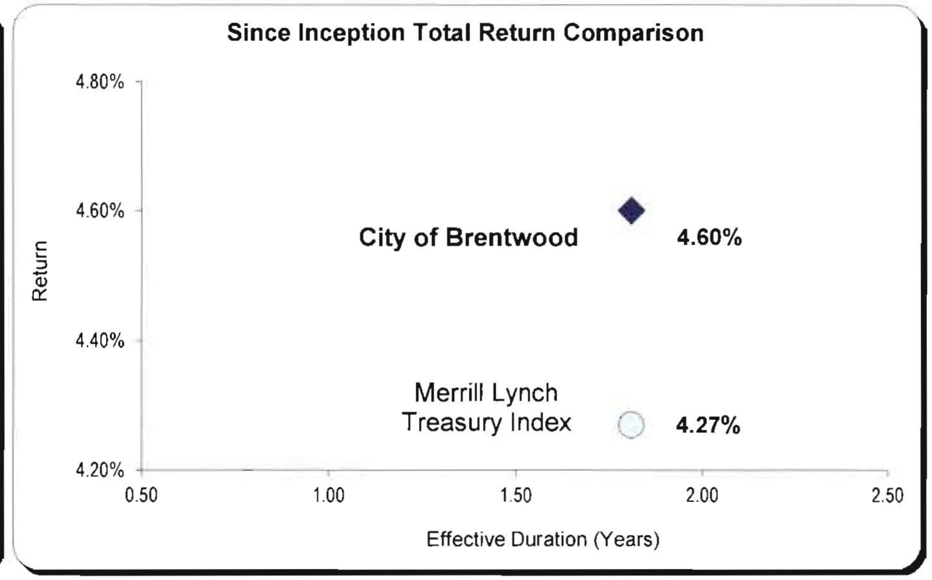
Portfolio Performance

Total Return[1,2,3,4,5]	Quarter Ended March 31, 2012	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Brentwood	**0.44%**	**1.96%**	**2.20%**	**3.83%**	**4.60%**
Merrill Lynch Treasury Index	-0.08%	1.44%	1.50%	3.38%	4.27%

Effective Duration[4,5,6]	March 31, 2012	December 31, 2011
City of Brentwood	**1.81**	**1.71**
Merrill Lynch Treasury Index	1.82	1.81

Yields	March 31, 2012	December 31, 2011
Yield at Market	**0.54%**	0.59%
Yield on Cost	**0.76%**	0.91%





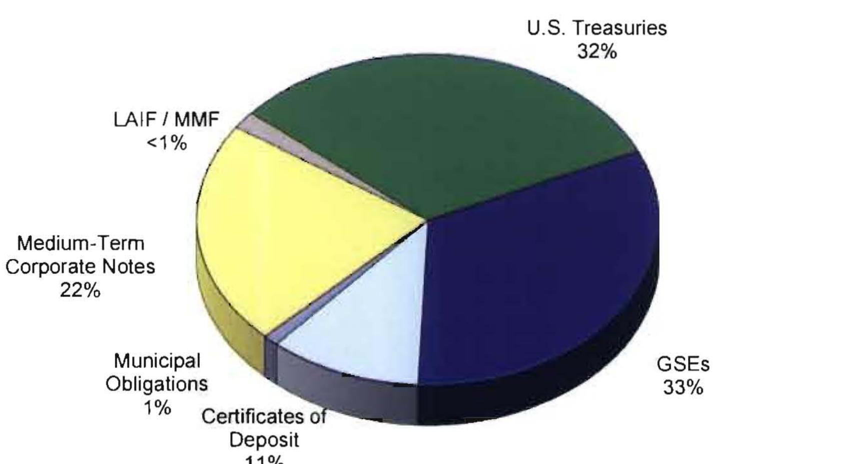
Notes:

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than one year are presented on an annualized basis.
3. Merrill Lynch Indices provided by Bloomberg Financial Markets.
4. Includes money market fund/cash in performance and duration computations and excludes LAIF from performance, yield and duration computations.
5. Short-term funds are not included in performance and duration calculations.
6. Merrill Lynch 9-12 Month U.S. Treasury Bill Index for quarters through March 31, 2001, Merrill Lynch 9-12 Month U.S. Treasury Note Index ending June 30, 2002 and Merrill Lynch 1-3 Year U.S. Treasury Note Index beginning July 1, 2002.
7. Inception date is 12/31/92.

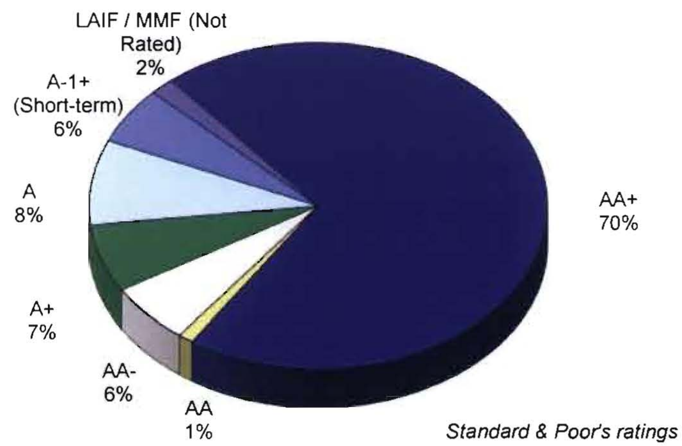
Portfolio Composition and Credit Quality Characteristics

Security Type[1]	March 31, 2012	% of Portfolio	December 31, 2011	% of Portfolio	Permitted by Policy
U.S. Treasuries	**$54,945,699.38**	**32%**	$16,241,790.23	9%	**100%**
Federal Agencies	**$55,779,784.31**	**33%**	$90,297,577.26	48%	**100%**
GSEs[2]	*$55,779,784.31*	*33%*	*$90,297,577.26*	*48%*	*100%*
FDIC-Guaranteed Corporates[3]	*$0.00*	*0%*	*$0.00*	*0%*	*100%*
Commercial Paper	**$0.00**	**0%**	$0.00	0%	**25%**
Certificates of Deposit	**$18,437,148.63**	**11%**	$13,616,523.28	7%	**30%**
Bankers' Acceptances	**$0.00**	**0%**	$0.00	0%	**40%**
Repurchase Agreements	**$0.00**	**0%**	$0.00	0%	**100%**
California Municipal Obligations	**$1,816,417.78**	**1%**	$1,807,334.03	1%	**100%**
Medium-Term Corporate Notes	**$37,521,099.50**	**22%**	$40,842,980.85	22%	**30%**
Money Market Fund/Cash	**$733,441.02**	**<1%**	$0.00	0%	**15%**
LAIF	**$2,224,904.78**	**1%**	$23,466,066.02	13%	**$50 Million**
Totals	**$171,458,495.40**	**100%**	$186,272,271.67	100%	

Portfolio Composition



Credit Quality Distribution

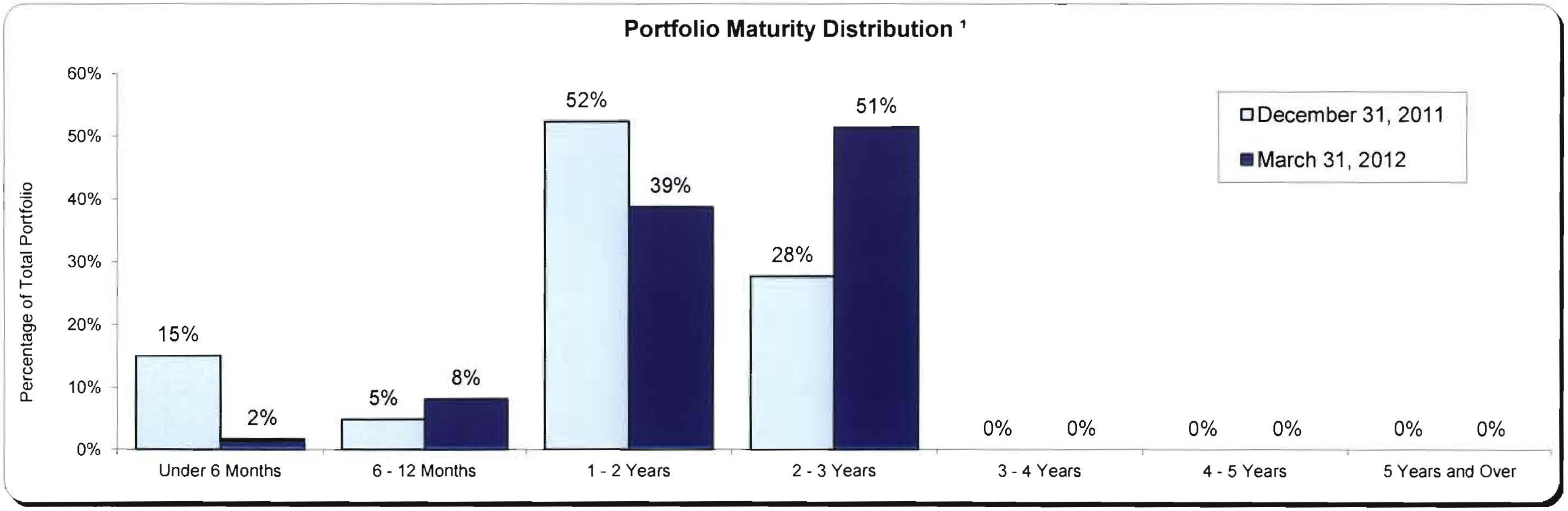


Notes:

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. Debt guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program and backed by the full faith and credit of the United States.

Portfolio Maturity Distribution

Maturity Distribution[1]	March 31, 2012	December 31, 2011
Under 6 Months	**$2,958,345.80**	$28,152,742.02
6 - 12 Months	**$13,951,164.49**	$9,130,089.90
1 - 2 Years	**$66,406,459.19**	$97,905,085.72
2 - 3 Years	**$88,142,525.92**	$51,766,253.27
3-4 Years	**$0.00**	$0.00
4 - 5 Years	**$0.00**	$0.00
5 Years and Over	**$0.00**	$0.00
Totals	**$171,458,495.40**	$186,954,170.91



Notes:

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

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2012**

CITY OF BRENTWOOD - 09900003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 09/15/2010 0.750% 09/15/2013	912828NY2	5,970,000.00	AA+	Aaa	10/04/10	10/07/10	5,995,419.14	0.60	2,068.41	5,982,630.37	6,009,646.77
US TREASURY NOTES DTD 10/15/2010 0.500% 10/15/2013	912828PB0	730,000.00	AA+	Aaa	11/02/10	11/03/10	730,085.55	0.50	1,685.38	730,044.91	732,138.90
US TREASURY NOTES DTD 10/31/2008 2.750% 10/31/2013	912828JO4	5,255,000.00	AA+	Aaa	02/10/12	02/13/12	5,477,105.86	0.27	60,742.89	5,460,034.91	5,455,961.71
US TREASURY NOTES DTD 06/01/2009 2.250% 05/31/2014	912828KV1	7,635,000.00	AA+	Aaa	03/27/12	03/29/12	7,943,680.66	0.38	57,731.86	7,942,521.00	7,940,400.00
US TREASURY NOTES DTD 07/31/2009 2.625% 07/31/2014	912828LC2	4,690,000.00	AA+	Aaa	10/27/11	10/31/11	4,967,003.13	0.46	20,631.49	4,925,168.47	4,928,899.22
US TREASURY NOTES DTD 11/02/2009 2.375% 10/31/2014	912828LS7	6,000,000.00	AA+	Aaa	02/22/12	02/23/12	6,312,890.63	0.42	59,896.98	6,300,793.62	6,292,031.25
US TREASURY N/B DTD 11/15/2011 0.375% 11/15/2014	912828RO5	3,000,000.00	AA+	Aaa	11/29/11	11/30/11	2,998,125.00	0.40	4,265.11	2,998,338.33	2,992,500.00
US TREASURY NOTES DTD 12/15/2011 0.250% 12/15/2014	912828RV4	5,600,000.00	AA+	Aaa	01/05/12	01/09/12	5,576,812.50	0.39	4,131.15	5,578,597.70	5,566,310.40
US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	7,030,000.00	AA+	Aaa	01/23/12	01/26/12	7,419,121.48	0.40	26,507.35	7,395,848.37	7,372,163.28
US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015	912828MR8	7,030,000.00	AA+	Aaa	03/13/12	03/14/12	7,414,453.13	0.51	14,518.48	7,408,145.60	7,403,468.75
Security Type Sub-Total		**52,940,000.00**					**54,834,697.08**	**0.43**	**252,179.10**	**54,722,123.28**	**54,693,520.28**
Municipal Bond / Note											
SAN FRANCISCO CITY & CNTY GO MUNI NOTES DTD 11/30/2011 5.000% 06/15/2014	797646PU4	1,625,000.00	AA	Aa2	11/10/11	11/30/11	1,801,588.75	0.68	27,309.03	1,778,397.87	1,789,108.75
Security Type Sub-Total		**1,625,000.00**					**1,801,588.75**	**0.68**	**27,309.03**	**1,778,397.87**	**1,789,108.75**
Federal Agency Bond / Note											

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2012**

CITY OF BRENTWOOD - 09900003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	720,000.00	AA+	Aaa	03/15/11	03/17/11	720,516.96	0.97	160.00	720,305.24	726,806.88
FNMA GLOBAL BENCHMARK NOTES DTD 09/26/2003 4.625% 10/15/2013	31359MTG8	5,130,000.00	AA+	Aaa	07/29/11	08/03/11	5,584,189.68	0.57	109,404.38	5,448,317.78	5,466,738.33
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013	3133762C8	4,000,000.00	AA+	Aaa	01/11/12	01/12/12	4,003,080.00	0.33	5,166.67	4,002,720.96	4,000,812.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013	3133762C8	5,575,000.00	AA+	Aaa	11/14/11	11/15/11	5,563,905.75	0.47	7,201.04	5,565,959.19	5,576,131.73
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013	3133762C8	8,600,000.00	AA+	Aaa	11/29/11	11/30/11	8,588,046.00	0.45	11,108.33	8,590,056.77	8,601,745.80
FHLB TAP BONDS DTD 12/04/2008 3.125% 12/13/2013	3133XSP93	1,285,000.00	AA+	Aaa	06/28/11	06/29/11	1,358,861.80	0.76	12,046.88	1,336,276.37	1,344,864.30
FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013	31398A5W8	1,500,000.00	AA+	Aaa	06/28/11	06/29/11	1,499,925.00	0.75	3,218.75	1,499,948.24	1,510,351.50
FHLMC NOTES DTD 11/18/2011 0.625% 12/23/2013	3134G3BF6	4,985,000.00	AA+	Aaa	12/20/11	12/21/11	4,999,411.64	0.48	8,481.42	4,997,422.67	5,004,032.73
FHLMC GLOBAL NOTES DTD 04/24/2009 2.500% 04/23/2014	3137EACB3	3,390,000.00	AA+	Aaa	01/24/12	01/27/12	3,545,872.20	0.43	37,195.83	3,533,556.47	3,536,105.61
FNMA GLOBAL NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	5,690,000.00	AA+	Aaa	11/18/11	11/23/11	5,944,229.20	0.68	53,738.89	5,907,997.61	5,944,399.90
FHLB GLOBAL BONDS DTD 05/27/2004 5.250% 06/18/2014	3133X7FK5	3,660,000.00	AA+	Aaa	08/30/11	08/31/11	4,145,462.40	0.47	54,976.25	4,044,747.22	4,046,949.84
FNMA NOTES DTD 07/18/2011 0.875% 08/28/2014	3135G0BY8	3,650,000.00	AA+	Aaa	02/06/12	02/07/12	3,694,055.50	0.40	2,927.60	3,691,485.13	3,681,028.65
FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	6,000,000.00	AA+	Aaa	09/28/11	09/30/11	6,012,000.00	0.68	1,125.00	6,009,992.10	6,033,066.00
Security Type Sub-Total		**54,185,000.00**					**55,659,556.13**	**0.53**	**306,751.04**	**55,348,785.75**	**55,473,033.27**
Corporate Note											

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Managed Account Detail of Securities Held

For the Month Ending **March 31, 2012**

CITY OF BRENTWOOD - 09900003

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
Corporate Note											
WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 10/23/2007 5.250% 10/23/2012	949746NW7	4,140,000.00	A+	A2	01/26/10	01/29/10	4,474,760.40	2.19	95,392.50	4,210,347.21	4,248,546.66
JPMORGAN CHASE & CO GLOBAL NOTES DTD 04/28/2008 4.750% 05/01/2013	46625HHB9	190,000.00	A	Aa3	01/20/10	01/25/10	203,761.70	2.43	3,760.42	194,685.16	197,873.79
US BANCORP DTD 06/14/2010 2.000% 06/14/2013	91159HGW4	4,000,000.00	A	Aa3	06/09/10	06/14/10	3,995,000.00	2.04	23,777.78	3,997,959.72	4,067,112.00
US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	1,000,000.00	A	Aa3	09/08/10	09/13/10	998,710.00	1.42	687.50	999,369.73	1,008,685.00
GENERAL ELEC CAPITAL CORP GLOBAL NOTES DTD 01/07/2011 2.100% 01/07/2014	36962G4X9	3,680,000.00	AA+	A1	02/03/12	02/08/12	3,754,152.00	1.03	18,032.00	3,748,495.99	3,756,323.20
JP MORGAN CHASE & CO CORP NOTES DTD 01/24/2011 2.050% 01/24/2014	46623EJE0	1,240,000.00	A	Aa3	01/06/12	01/11/12	1,243,546.40	1.91	4,730.94	1,243,168.62	1,261,486.72
JP MORGAN CHASE & CO CORP NOTES DTD 01/24/2011 2.050% 01/24/2014	46623EJE0	1,430,000.00	A	Aa3	01/09/12	01/12/12	1,434,418.70	1.89	5,455.85	1,433,952.59	1,454,779.04
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	440,000.00	A	A2	12/20/11	12/23/11	487,810.40	1.00	3,293.89	481,814.69	483,661.20
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	575,000.00	A	A2	11/21/11	11/25/11	638,807.75	1.07	4,304.51	628,886.09	632,057.25
IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	7,150,000.00	A+	Aa3	05/09/11	05/12/11	7,143,279.00	1.28	34,508.68	7,145,238.10	7,238,352.55
CATERPILLAR FINANCIAL SE NOTES DTD 05/20/2011 1.375% 05/20/2014	14912L4V0	430,000.00	A	A2	05/17/11	05/20/11	429,772.10	1.39	2,151.49	429,836.78	436,411.30
CATERPILLAR INC GLOBAL NOTES DTD 05/27/2011 1.375% 05/27/2014	149123BU4	3,420,000.00	A	A2	05/24/11	05/27/11	3,417,400.80	1.40	16,197.50	3,418,121.77	3,474,395.10
JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	1,265,000.00	A	Aa3	01/04/12	01/09/12	1,336,636.95	2.21	19,607.50	1,329,984.06	1,348,511.51

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2012**

CITY OF BRENTWOOD - 09900003

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
Corporate Note											
PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	1,500,000.00	AA-	Aa3	08/10/11	08/15/11	1,493,835.00	0.84	1,341.67	1,495,112.72	1,504,597.50
BERKSHIRE HATHAWAY INC (FLOATING) NOTES DTD 08/15/2011 1.203% 08/15/2014	084670BA5	3,000,000.00	AA+	Aa2	08/10/11	08/15/11	3,000,000.00	0.98	4,609.97	3,000,000.00	3,040,068.00
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	3,050,000.00	AA+	A1	01/04/12	01/09/12	3,046,828.00	2.19	14,936.53	3,047,062.33	3,115,449.95
Security Type Sub-Total		**36,510,000.00**					**37,098,719.20**	**1.57**	**252,788.73**	**36,804,035.56**	**37,268,310.77**
Certificate of Deposit											
NATIONAL AUSTRALIA BANK NY CD DTD 02/16/2012 0.500% 11/16/2012	63253TMM7	4,800,000.00	A-1+	P-1	02/14/12	02/16/12	4,800,000.00	0.51	3,000.00	4,800,000.00	4,801,777.92
ROYAL BANK OF CANADA NY CERT DEPOS DTD 02/10/2012 0.490% 02/08/2013	78009NDY9	4,800,000.00	A-1+	P-1	02/08/12	02/10/12	4,800,000.00	0.49	3,332.00	4,800,000.00	4,799,115.41
BANK OF NOVA SCOTIA HOUS (FLOATING) DTD 02/10/2012 0.993% 02/10/2014	06417EYU1	4,800,000.00	AA-	Aa1	02/07/12	02/10/12	4,800,000.00	0.99	6,754.10	4,800,000.00	4,800,211.20
WESTPAC BANKING CORP NY (FLOAT) CD DTD 02/16/2012 1.448% 02/14/2014	96121TLT3	4,000,000.00	AA-	Aa2	02/14/12	02/16/12	4,000,000.00	1.47	7,238.00	4,000,000.00	4,015,720.00
Security Type Sub-Total		**18,400,000.00**					**18,400,000.00**	**0.84**	**20,324.10**	**18,400,000.00**	**18,416,824.53**
Managed Account Sub-Total		**163,660,000.00**					**167,794,561.16**	**0.76**	**859,352.00**	**167,053,342.46**	**167,640,797.60**
Securities Sub-Total		**$163,660,000.00**					**$167,794,561.16**	**0.76%**	**$859,352.00**	**$167,053,342.46**	**$167,640,797.60**
Accrued Interest											**$859,352.00**
Total Investments											**$168,500,149.60**