



City of Brentwood



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Investment Performance Review

First Quarter 2014

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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

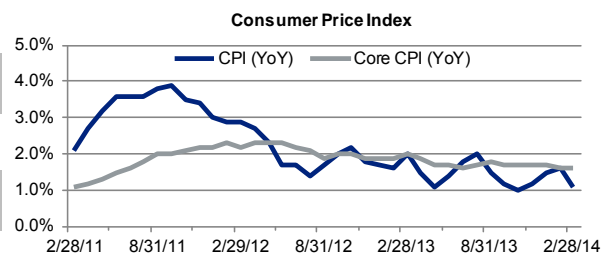
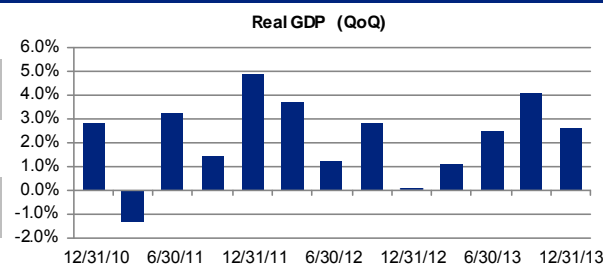
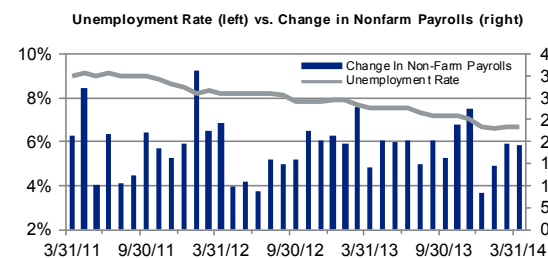
- Portfolios benefited from conservative duration management, as intermediate-term yields surged after the March Fed meeting.
- Portfolios also benefited from the extra yield provided by holdings of corporate bonds, especially in the financial sector.
- Strong demand outpaced supply and continued to 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-Farm 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% ¹	1.1% ²
GDP Personal Consumption (QoQ SAAR)	2013Q4	3.3%	2.0% ¹	2.3% ²
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

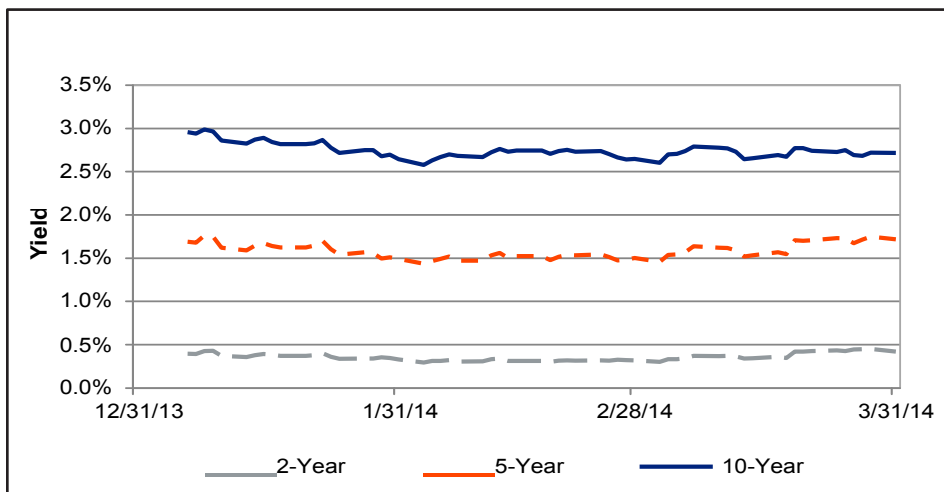
2. Data as of First Quarter 2013

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

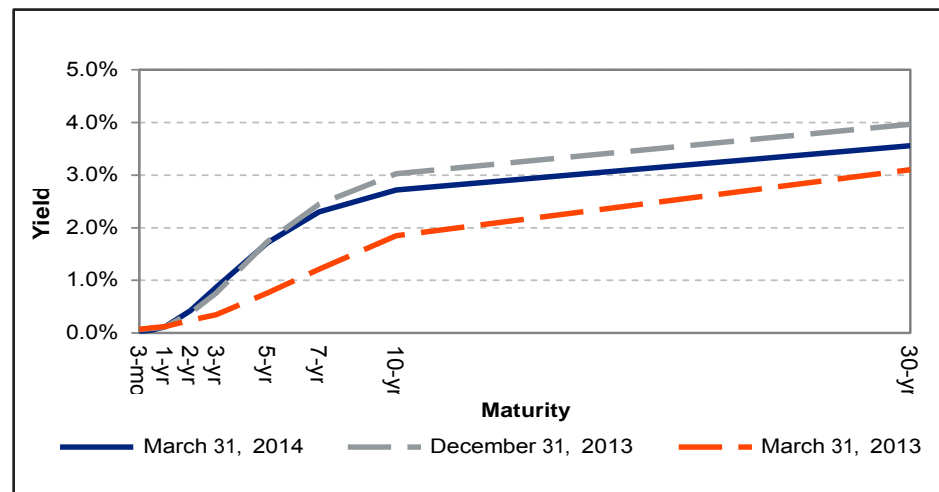
Source: Bloomberg

Interest Rate Overview

U.S. Treasury Note Yields



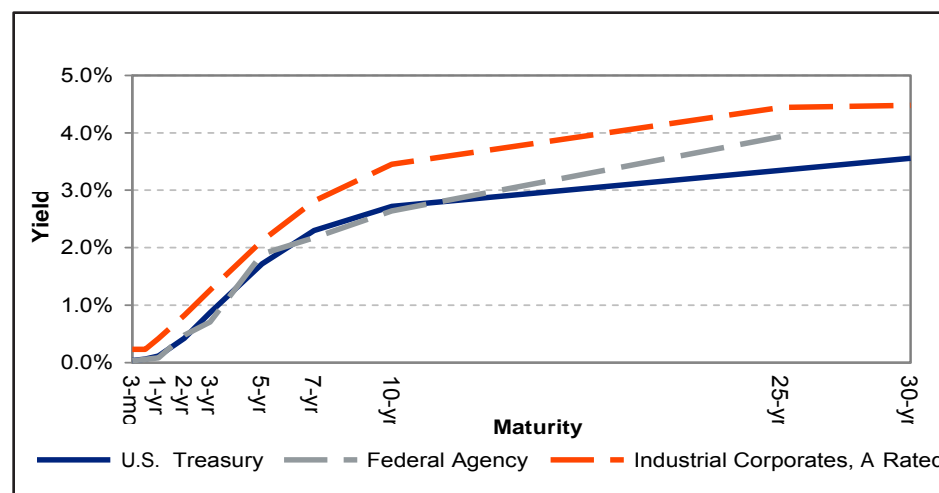
U.S. Treasury Yield Curve



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%

Yield Curves as of 3/31/14



Source: Bloomberg

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
1-3 Year Indices					
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%
1-5 Year Indices					
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%
Master Indices (Maturities 1 Year or Greater)					
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

PFM[®] Quarterly Commentary

Fixed Income
Management

Disclosures

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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>	<u>December 31, 2013</u>
Market Value	\$171,354,940.65	\$177,014,096.76
Amortized Cost	\$171,267,914.90	\$176,961,634.35

PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy.
- 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 credit 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. Where we made selective purchases during the quarter, PFMAM looked to add value through careful timing of those purchases, rather than simply matching benchmark duration extensions each month. In particular, we modestly extended duration in late March, capitalizing on the significant spike in rates following the March 19 FOMC meeting.
- 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. Our active management strategy may result in selling an agency bond to buy a similar maturity Treasury because the agency has a zero or negative yield spread, while in a nearby maturity it may involve just the opposite, selling a Treasury to buy an agency at an attractive yield pick-up.

PORTFOLIO RECAP (cont.)

- 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. Where permitted, we purchased several new corporate issues this quarter. Corporate issuance, while strong during the quarter, was met with even stronger demand, which pushed yield spreads tighter by quarter end.
- Municipal issuance slowed sharply during the quarter, driving yield spreads tighter. Yield ratios for tax-exempt municipal securities relative to U.S. Treasuries fell to unattractive investment levels, triggering some opportunistic sales, which generally reduced municipal portfolio allocations.

PORTFOLIO STRATEGY

- The past 5 years may not be a good roadmap for the next 5 years:
 - Economic conditions are expected to improve.
 - Extraordinarily easy Fed policy is winding down.
 - Yields are expected to rise; 3-7 year range may be most exposed.
 - The yield curve is steep and inviting, but potentially higher rates warrant caution with regard to duration.
 - Expect continued volatility around Fed policy announcements and any global disruptions or surprises.
- 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.

PORTFOLIO STRATEGY (cont.)

- 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).
 - Certain asset-backed securities (ABS) structures also appear to offer value.
- In short-term markets:
 - Commercial paper issued by financial institutions provides a significant yield advantage over government and agency debt.
 - Supply of commercial paper and other money market sectors has trended lower as companies move away from dependency on short-term funding.
 - Floating-rate securities offer an option to capture spread without duration risk.
- 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.

Investment Report

First Quarter 2014

Fixed Income
Management

Year-To-Date Cash-Basis Earnings Analysis (Monthly)^{1,2,3,4}

	Fiscal Year 2012/13	Fiscal Year 2013/2014	Fiscal Year 2013/2014	Fiscal Year 2013/2014	Fiscal Year 2012/2013	Current Forecast	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Month	Actual	Budget	Year-To- Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2012/13 vs. FY 2013/14	Par Value of Portfolio	
July	\$168,755	228,573	228,573	228,573	-	59,818	164,384,000	156,150,000
August	\$326,564	(266,006)	(266,006)	(266,006)	-	(592,571)	155,424,000	157,870,000
September	\$127,385	74,582	74,582	74,582	-	(52,804)	148,854,000	155,595,000
October	\$31,289	94,265	(68,763)	(68,763)	(163,028)	(100,052)	148,754,000	150,745,000
November	\$526,209	374,448	165,910	165,910	(208,538)	(360,299)	148,804,000	151,190,000
December	(\$2,106)	37,849	69,451	69,451	31,602	71,557	158,574,000	163,325,000
January	\$328,033	286,303	282,802	282,802	(3,501)	(45,231)	158,204,000	163,365,000
February	\$40,003	136,979	(280,118)	(280,118)	(417,097)	(320,121)	149,405,000	165,085,000
March	\$278,037	125,470	8,774	8,774	(116,696)	(269,264)	149,040,000	165,310,000
April	\$163,729	94,265		94,265	-	(69,464)	157,440,000	
May	\$519,009	370,288		370,288	-	(148,721)	155,790,000	
June	\$230,490	(33,788)		(33,788)	-	(264,278)	155,790,000	
Total	2,737,399	1,523,227	215,205	645,970	(877,257)	(2,091,430)	154,205,250	158,737,222
Cash Return	1.78%	0.96%	0.14%	0.41%				

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.

Investment Report

First Quarter 2014

Fixed Income
Management

Year-To-Date Cash-Basis Earnings Analysis (Cumulative)^{1,2,3,4}

	Fiscal Year 2012/13	Fiscal Year 2013/2014	Fiscal Year 2013/2014	Fiscal Year 2013/2014	Fiscal Year 2012/2013	Current Forecast	Fiscal Year 2012/2013	Fiscal Year 2013/2014
Month	Actual	Budget	Year-To- Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2012/13 vs. FY 2013/14	Par Value of Portfolio	
July	168,755	228,573	228,573	228,573	-	59,818	164,384,000	156,150,000
August	495,319	(37,433)	(37,433)	(37,433)	-	(532,753)	155,424,000	157,870,000
September	622,705	37,149	37,149	37,149	-	(585,556)	148,854,000	155,595,000
October	653,994	131,414	(31,615)	(31,615)	(163,028)	(685,609)	148,754,000	150,745,000
November	1,180,203	505,862	134,296	134,296	(371,566)	(1,045,908)	148,804,000	151,190,000
December	1,178,098	543,711	203,747	203,747	(339,964)	(974,351)	158,574,000	163,325,000
January	1,506,131	830,014	486,549	486,549	(343,465)	(1,019,582)	158,204,000	163,365,000
February	1,546,134	966,992	206,431	206,431	(760,562)	(1,339,703)	149,405,000	165,085,000
March	1,824,172	1,092,462	215,205	215,205	(877,257)	(1,608,967)	149,040,000	165,310,000
April	1,987,901	1,186,727	215,205	309,470	(877,257)	(1,678,431)	157,440,000	
May	2,506,910	1,557,015	215,205	679,758	(877,257)	(1,827,152)	155,790,000	
June	2,737,399	1,523,227	215,205	645,970	(877,257)	(2,091,430)	155,790,000	
Total	2,737,399	1,523,227	215,205	645,970	(877,257)	(2,091,430)	154,205,250	158,737,222
Cash Return	1.78%	0.96%	0.14%	0.41%				

Notes:

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Investment Report

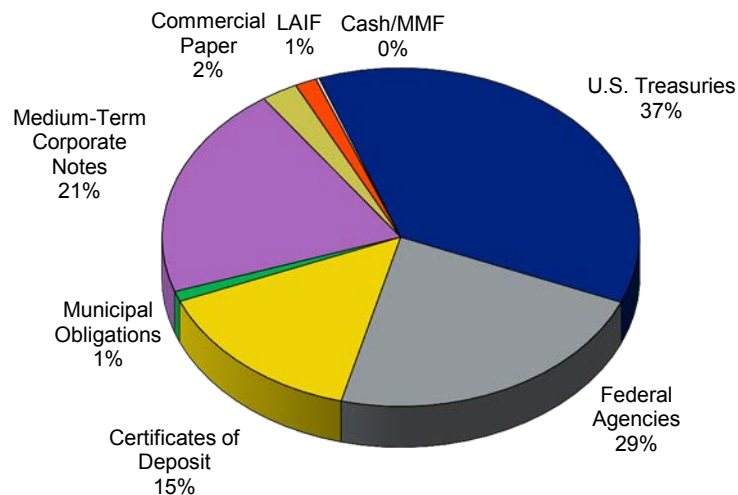
First Quarter 2014

Fixed Income
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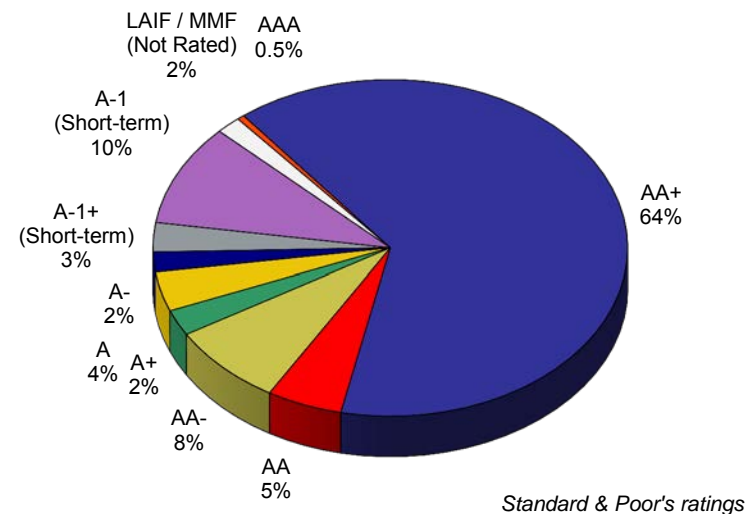
Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> ¹	<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	\$63,147,523	37%	\$57,680,907	33%	100%
Federal Agencies	\$38,922,222	23%	\$43,193,034	25%	100%
Commercial Paper	\$4,241,109	2%	7,494,277.5000	4%	25%
Certificates of Deposit	\$25,340,839	15%	\$25,340,219	14%	30%
California Municipal Obligations	\$1,685,767	1%	\$1,673,895	<1%	100%
Medium-Term Corporate Notes	\$35,102,511	20%	\$31,597,299	18%	30%
Money Market Fund/Cash	\$390,504	0.2%	\$1,512,360	<1%	15%
LAIF	\$2,524,467	1%	\$8,522,106	5%	\$50 Million
Totals	\$171,354,941	100%	\$177,014,097	100%	

Portfolio Composition



Credit Quality Distribution



Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

Investment Report

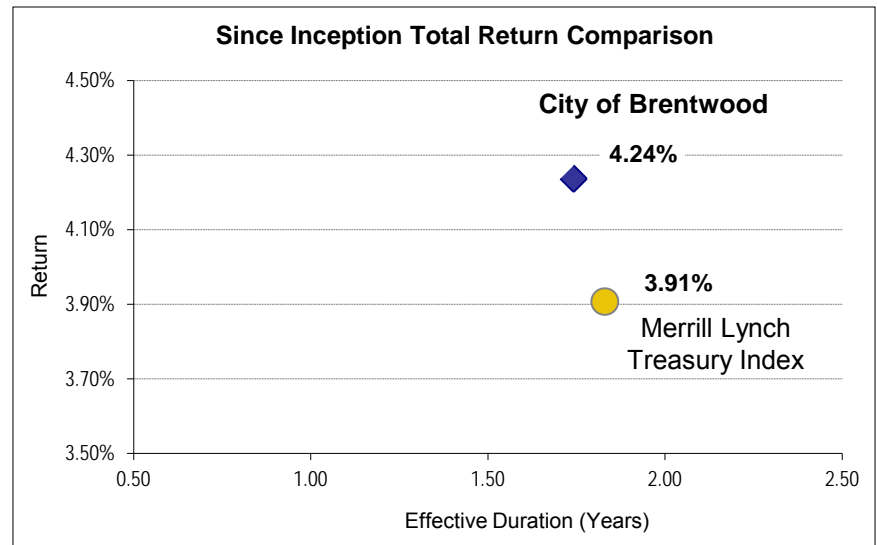
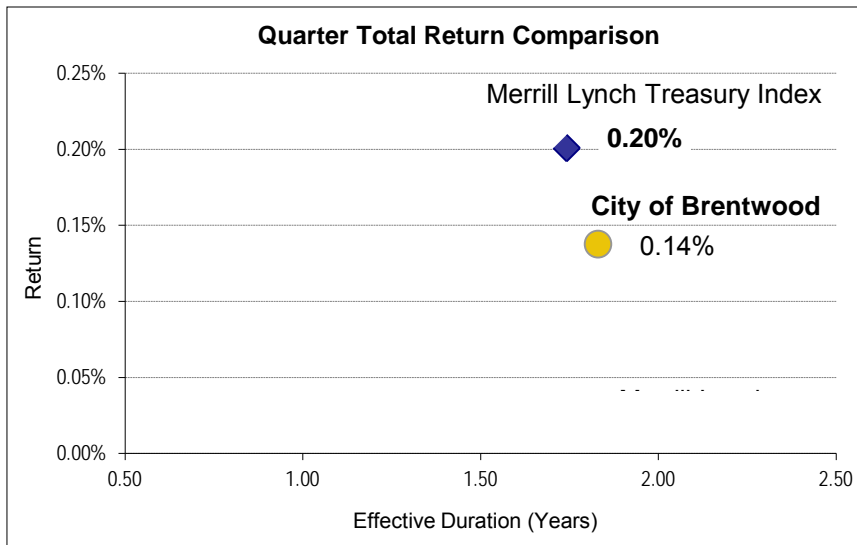
First Quarter 2014

Fixed Income
Management

Portfolio Performance

	Quarter Ended	Past	Past	Past	Since
Total Return ^{1,2,3,4,5}	March 31, 2014	Year	5 Years	10 Years	Inception
City of Brentwood	0.20%	0.61%	1.63%	2.86%	4.24%
Merrill Lynch Treasury Index	0.14%	0.38%	1.10%	2.48%	3.91%

	<u>March 31, 2014</u>	<u>December 31, 2013</u>	Yields	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Effective Duration ^{4,5,6}					
City of Brentwood	1.74	1.72	Yield at Market	0.56%	0.52%
Merrill Lynch Treasury Index	1.84	1.83	Yield on Cost	0.60%	0.55%



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. Inception date is 12/31/92.

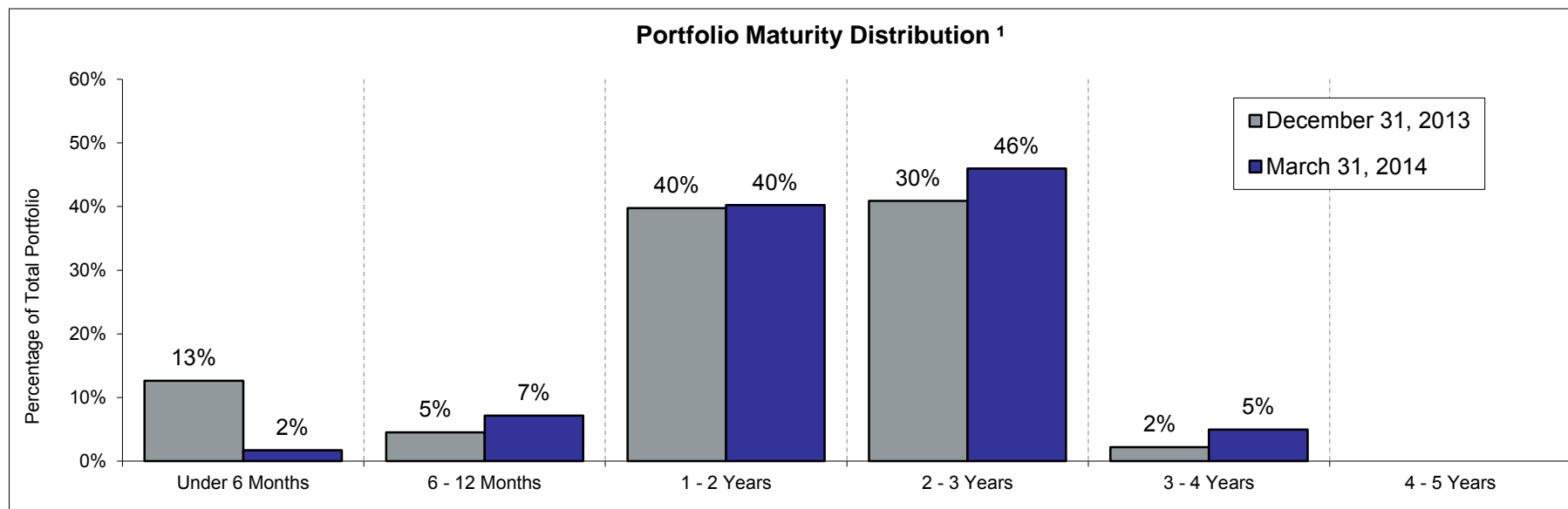
Investment Report

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Fixed Income
Management

Portfolio Maturity Distribution

<u>Maturity Distribution</u> ¹	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Under 6 Months	\$2,914,971	\$22,329,365
6 - 12 Months	\$12,252,248	\$8,011,822
1 - 2 Years	\$68,956,771	\$70,389,441
2 - 3 Years	\$78,759,595	\$72,382,482
3-4 Years	\$8,471,356	\$3,900,987
4 - 5 Years	\$0	\$0
5 Years and Over	\$0	\$0
Totals	\$171,354,941	\$177,014,097



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.



Managed Account Detail of Securities Held

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

CITY OF BRENTWOOD

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 11/15/2005 4.500% 11/15/2015	912828EN6	6,130,000.00	AA+	Aaa	11/29/12	11/30/12	6,878,291.02	0.35	104,396.27	6,541,068.42	6,547,366.80
US TREASURY NOTES DTD 12/31/2010 2.125% 12/31/2015	912828PM6	3,000,000.00	AA+	Aaa	12/19/13	12/20/13	3,106,992.19	0.36	16,025.55	3,092,208.84	3,093,282.00
US TREASURY NOTES DTD 05/02/2011 2.000% 04/30/2016	912828QF0	860,000.00	AA+	Aaa	04/05/13	04/11/13	903,268.75	0.34	7,222.10	889,533.97	887,143.32
US TREASURY NOTES DTD 05/02/2011 2.000% 04/30/2016	912828QF0	2,040,000.00	AA+	Aaa	03/27/13	03/28/13	2,141,362.50	0.38	17,131.49	2,108,340.29	2,104,386.48
US TREASURY NOTES DTD 05/31/2011 1.750% 05/31/2016	912828QP8	3,000,000.00	AA+	Aaa	12/19/13	12/20/13	3,092,343.75	0.48	17,596.15	3,081,813.03	3,079,686.00
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	4,600,000.00	AA+	Aaa	05/10/13	05/15/13	5,006,992.19	0.40	37,581.49	4,893,167.61	4,878,157.40
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	5,300,000.00	AA+	Aaa	05/22/13	05/28/13	5,757,332.03	0.44	43,300.41	5,633,280.01	5,620,485.70
US TREASURY NOTES DTD 08/01/2011 1.500% 07/31/2016	912828OX1	5,000,000.00	AA+	Aaa	02/04/14	02/07/14	5,125,976.56	0.48	12,430.94	5,118,577.20	5,105,859.38
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	3,555,000.00	AA+	Aaa	08/29/13	08/30/13	3,574,580.27	0.81	3,091.30	3,570,771.90	3,586,383.54
US TREASURY NOTES DTD 09/30/2009 3.000% 09/30/2016	912828LP3	7,300,000.00	AA+	Aaa	02/27/14	02/28/14	7,762,523.44	0.53	598.36	7,746,920.02	7,724,312.50
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	3,000,000.00	AA+	Aaa	12/19/13	12/20/13	3,016,289.06	0.69	8,798.08	3,014,753.64	3,010,314.00
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	3,650,000.00	AA+	Aaa	11/27/13	12/03/13	3,682,365.23	0.58	10,704.33	3,678,854.09	3,662,548.70
US TREASURY NOTES DTD 11/30/2009 2.750% 11/30/2016	912828MA5	4,800,000.00	AA+	Aaa	10/31/13	11/01/13	5,109,562.50	0.63	44,241.76	5,068,245.89	5,053,123.20
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	8,450,000.00	AA+	Aaa	03/19/14	03/21/14	8,468,814.45	0.93	230.87	8,468,634.28	8,471,125.00



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CITY OF BRENTWOOD

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Security Type Sub-Total		60,685,000.00					63,626,693.94	0.56	323,349.10	62,906,169.19	62,824,174.02

Municipal Bond / Note

CA ST DEPT OF WATER TXBL REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	840,000.00	AAA	Aa1	09/19/12	09/27/12	840,000.00	0.65	1,820.00	840,000.00	842,083.20
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	835,000.00	AA	Aa2	09/26/13	10/02/13	835,000.00	0.91	3,765.69	835,000.00	838,097.85

Security Type Sub-Total		1,675,000.00					1,675,000.00	0.78	5,585.69	1,675,000.00	1,680,181.05
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Federal Agency Bond / Note

FNMA NOTES DTD 06/14/2010 2.375% 07/28/2015	31398AU34	3,000,000.00	AA+	Aaa	12/19/13	12/20/13	3,099,840.00	0.30	12,468.75	3,082,426.44	3,084,903.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 08/09/2013 0.375% 08/28/2015	313383V81	1,790,000.00	AA+	Aaa	08/08/13	08/09/13	1,789,928.40	0.38	578.02	1,789,950.45	1,792,386.07
FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	5,990,000.00	AA+	Aaa	07/30/12	07/31/12	5,996,948.40	0.46	2,579.03	5,993,203.99	6,003,926.75
FHLB (CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	4,500,000.00	AA+	Aaa	12/12/13	12/30/13	4,498,650.00	0.39	4,265.63	4,498,820.15	4,490,838.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 01/24/2014 0.375% 02/19/2016	3130A0SD3	1,210,000.00	AA+	Aaa	01/27/14	01/29/14	1,208,414.90	0.44	529.38	1,208,547.02	1,209,370.80
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 01/24/2014 0.375% 02/19/2016	3130A0SD3	5,000,000.00	AA+	Aaa	02/04/14	02/07/14	5,000,300.00	0.37	2,187.50	5,000,277.50	4,997,400.00
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	2,100,000.00	AA+	Aaa	08/01/13	08/02/13	2,092,986.00	0.63	29.17	2,094,726.29	2,101,409.10
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	6,640,000.00	AA+	Aaa	02/14/13	02/15/13	6,632,430.40	0.54	92.22	6,635,144.90	6,644,455.44
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EADO9	5,320,000.00	AA+	Aaa	08/01/13	08/02/13	5,295,581.20	0.67	10,196.67	5,301,375.90	5,319,255.20
FNMA NOTES DTD 08/19/2011 1.250% 09/28/2016	3135G0CM3	1,550,000.00	AA+	Aaa	10/01/13	10/03/13	1,573,259.46	0.74	161.46	1,569,443.82	1,571,805.40



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Federal Agency Bond / Note											
FNMA NOTES DTD 08/19/2011 1.250% 09/28/2016	3135G0CM3	1,650,000.00	AA+	Aaa	10/01/13	10/03/13	1,674,387.00	0.75	171.88	1,670,386.79	1,673,212.20
Security Type Sub-Total		38,750,000.00					38,862,725.76	0.50	33,259.71	38,844,303.25	38,888,961.96

Corporate Note											
JOHN DEERE CAPITAL CORP DTD 09/07/2012 0.700% 09/04/2015	24422ERV3	940,000.00	A	A2	09/04/12	09/07/12	939,360.80	0.72	493.50	939,693.80	943,186.60
JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	3,900,000.00	A	A3	12/06/13	12/10/13	3,913,817.70	0.91	19,781.67	3,911,534.33	3,916,005.60
WALT DISNEY CO GLOBAL NOTES DTD 11/30/2012 0.450% 12/01/2015	25468PCU8	620,000.00	A	A2	11/27/12	11/30/12	615,381.00	0.70	930.00	617,424.57	619,486.64
CISCO SYSTEMS INC GLOBAL NOTES DTD 02/22/2006 5.500% 02/22/2016	17275RAC6	2,905,000.00	AA-	A1	11/05/13	11/08/13	3,226,728.75	0.62	17,308.96	3,171,227.24	3,172,695.75
CATERPILLAR FINANCIAL SE NOTES DTD 02/28/2013 0.700% 02/26/2016	14912L5N7	950,000.00	A	A2	02/25/13	02/28/13	948,822.00	0.74	646.53	949,247.02	949,998.10
PEPSICO INC GLOBAL NOTES DTD 02/28/2013 0.700% 02/26/2016	713448CE6	1,035,000.00	A-	A1	02/25/13	02/28/13	1,034,637.75	0.71	704.38	1,034,768.43	1,033,441.29
APPLE INC GLOBAL NOTES DTD 05/03/2013 0.450% 05/03/2016	037833AH3	1,440,000.00	AA+	Aa1	04/30/13	05/03/13	1,437,393.60	0.51	2,664.00	1,438,181.04	1,435,235.04
TOYOTA MOTOR CREDIT CORP DTD 05/17/2013 0.800% 05/17/2016	89236TAL9	1,620,000.00	AA-	Aa3	05/14/13	05/17/13	1,619,335.80	0.81	4,824.00	1,619,527.28	1,626,107.40
GENERAL ELEC CAP CORP (FLOATING) DTD 07/12/2013 0.892% 07/12/2016	36962G7A6	6,040,000.00	AA+	A1	07/09/13	07/12/13	6,040,000.00	0.93	11,519.13	6,040,000.00	6,096,057.24
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	2,500,000.00	A+	A2	07/22/13	07/29/13	2,497,600.00	1.28	6,163.19	2,498,132.80	2,520,977.50
BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 08/15/2013 0.950% 08/15/2016	084664BX8	640,000.00	AA	Aa2	10/08/13	10/15/13	638,784.00	1.02	776.89	638,981.06	643,296.00
BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 08/15/2013 0.950% 08/15/2016	084664BX8	2,130,000.00	AA	Aa2	08/06/13	08/15/13	2,128,871.10	0.97	2,585.58	2,129,104.72	2,140,969.50



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Corporate Note											
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 10/10/2013 1.125% 10/07/2016	02665WAB7	1,735,000.00	A+	A1	10/03/13	10/10/13	1,728,962.20	1.24	9,271.41	1,729,905.66	1,745,963.47
COCA-COLA CO/THE GLOBAL NOTES DTD 11/01/2013 0.750% 11/01/2016	191216BD1	755,000.00	AA-	Aa3	10/29/13	11/01/13	754,131.75	0.79	2,359.38	754,251.15	753,077.02
BERKSHIRE HATHAWAY FIN (FLT) GLOBAL NT DTD 01/10/2014 0.390% 01/10/2017	084664CA7	1,300,000.00	AA	Aa2	01/06/14	01/10/14	1,300,000.00	0.39	1,141.92	1,300,000.00	1,300,717.60
PFIZER INC GLOBAL NOTES DTD 06/03/2013 0.900% 01/15/2017	717081DD2	3,900,000.00	AA	A1	05/28/13	06/03/13	3,893,760.00	0.95	7,410.00	3,895,179.13	3,886,233.00
PEPSICO CORP NOTES DTD 02/28/2014 0.950% 02/22/2017	713448CL0	2,240,000.00	A-	A1	02/25/14	02/28/14	2,237,446.40	0.99	1,832.44	2,237,519.18	2,228,649.92
Security Type Sub-Total		34,650,000.00					34,955,032.85	0.88	90,412.98	34,904,677.41	35,012,097.67

Commercial Paper											
BNP PARIBAS FINANCE INC COMM PAPER -- 0.000% 11/03/2014	0556N1L35	4,250,000.00	A-1	P-1	02/06/14	02/07/14	4,235,709.38	0.45	0.00	4,238,525.00	4,241,109.00
Security Type Sub-Total		4,250,000.00					4,235,709.38	0.45	0.00	4,238,525.00	4,241,109.00

Certificate of Deposit											
SVENSKA HANDELSBANKEN NY FLOATING LT CD DTD 04/05/2013 0.423% 10/06/2014	86958CVF8	4,000,000.00	AA-	Aa3	04/03/13	04/05/13	3,999,390.84	0.48	3,946.60	3,999,756.24	4,002,244.00
CREDIT SUISSE NEW YORK CERT DEPOS DTD 12/09/2013 0.500% 12/05/2014	22549TPN2	4,000,000.00	A-1	P-1	12/06/13	12/09/13	4,000,000.00	0.50	6,277.78	4,000,000.00	3,998,670.92
RABOBANK NEDERLAND NV NY CD DTD 04/29/2013 0.600% 04/29/2015	21684BEP5	4,000,000.00	AA-	Aa2	04/25/13	04/29/13	4,000,000.00	0.61	10,266.67	4,000,000.00	3,997,192.00
BANK OF NOVA SCOTIA HOUSTON FLT CERT DEP DTD 01/17/2014 0.388% 07/17/2015	06417HDS2	4,800,000.00	A-1	P-1	01/15/14	01/17/14	4,799,280.00	0.40	3,826.79	4,799,377.58	4,798,780.80



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Certificate of Deposit											
NORDEA BANK FINLAND NY (FLOATING) DTD 01/17/2014 0.358% 07/17/2015	65558EXP8	4,800,000.00	A-1+	P-1	01/15/14	01/17/14	4,800,000.00	0.36	3,530.79	4,800,000.00	4,801,248.00
SKANDINAVISKA ENSKILDA BY NY FLOAT CD DTD 01/10/2014 0.562% 01/04/2016	83051HUD6	3,700,000.00	A-1	P-1	01/07/14	01/10/14	3,700,000.00	0.56	4,679.48	3,700,000.00	3,710,175.00
Security Type Sub-Total		25,300,000.00					25,298,670.84	0.48	32,528.11	25,299,133.82	25,308,310.72
Managed Account Sub-Total		165,310,000.00					168,653,832.77	0.60	485,135.59	167,867,808.67	167,954,834.42
Securities Sub-Total		\$165,310,000.00					\$168,653,832.77	0.60%	\$485,135.59	\$167,867,808.67	\$167,954,834.42
Accrued Interest											\$485,135.59
Total Investments											\$168,439,970.01