



City of Brentwood



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Investment Performance Review
First Quarter 2015

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Summary

- For the first quarter of 2015, accommodative global central bank policies were a major driver of financial markets. The European Central Bank (ECB) initiated an asset purchase program similar to the Federal Reserve's (Fed's) quantitative easing (QE) policies that concluded last year, and the Federal Open Market Committee (FOMC) seemed to relax its stance on tightening monetary policy in the near future.
- U.S. Treasuries experienced their longest period of quarterly gains since 1998. The 10-year Treasury yield fell for the fifth consecutive quarter.
- After a brief period of recovery, oil prices headed toward the lower end of recent ranges.

Economic Snapshot

- For the fourth quarter of 2014, gross domestic product (GDP) grew at a pace of 2.2%. The components of the GDP report showed that household spending rose to a nine-year high and that an increase in exports was offset by growth in inventories, which were weaker than previously expected.
- The U.S. labor market continued to improve, as the unemployment rate fell from 5.6% in December to 5.5% in March, marking its lowest point since mid-2008.
- Consumer confidence for the first quarter reached its highest level since the second quarter of 2007, as lower gasoline prices and an increase in personal income helped generate higher amounts of disposable income. However, consumers slowed the pace of their spending for the quarter, as retail sales fell for the months of December, January, and February.
- New-home sales rose nearly 8% in February, marking their highest level since early 2008 and serving as a bright spot in a mixed bag of recent housing-market data.

Interest Rates

- At its March meeting, the FOMC removed the word "patient" from its previous statement, indicating that the current target range for the federal funds rate will be appropriate until the FOMC is "reasonably confident" that inflation is moving toward its 2% objective. The statement also implied that economic growth has been somewhat weaker than it was earlier in the year.
- A Reuters poll released at the end of March showed that 17 of 21 primary dealers expect the first interest rate hike to occur in September at the earliest, with only four dealers expecting the first hike to occur in June.

Sector Performance

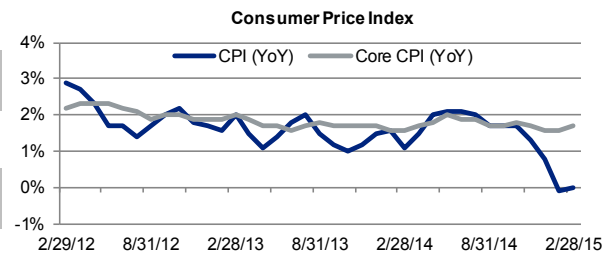
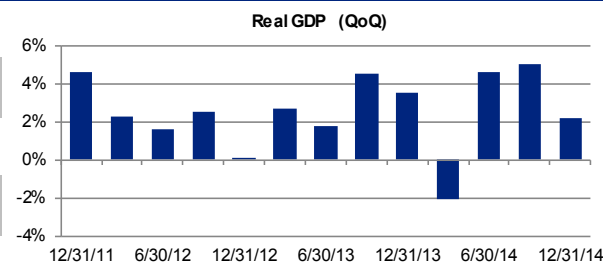
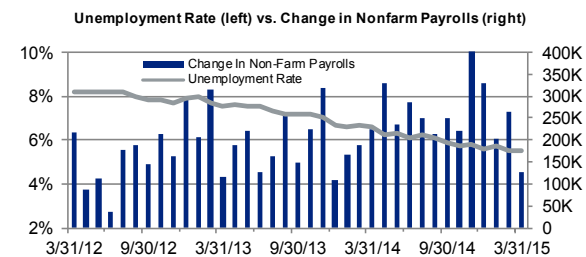
- Driven by a Treasury market rally, fixed-income market performance was generally positive for the quarter. Returns were dependent on both maturity and sector.
- The yield curve flattened modestly over the quarter as longer maturities declined further than shorter maturities. This market movement and its positive impact on longer durations combined to provide performance in excess of initial yields.
- Agency spreads for short and intermediate maturities widened modestly during the quarter. Accordingly, the sector's performance was largely in line with comparable-maturity Treasuries.
- Corporate securities slightly outperformed government-related options with similar maturities, as they were aided by excess income and a relatively unchanged yield spread relationship.
- While still generating positive performance, mortgage-backed and asset-backed securities trailed other high-quality investment options for the quarter.
- Yields on money market-related securities remained at the elevated levels to which they rose at the end of 2014, making them attractive options for short-maturity investment needs.

Economic Snapshot

Labor Market	Latest	Dec 2014	Mar 2014	
Unemployment Rate	Mar'15	5.5%	5.6%	6.6%
Change In Non-Farm Payrolls	Mar'15	126,000	329,000	225,000
Average Hourly Earnings (YoY)	Mar'15	2.1%	1.8%	2.2%
Personal Income (YoY)	Feb'15	4.5%	4.8%	3.7%
Initial Jobless Claims (week)	3/27/15	268,000	293,000	329,000

Growth	Latest	Dec 2014	Mar 2014	
Real GDP (QoQ SAAR)	2014Q4	2.2%	5.0% ¹	3.5% ²
GDP Personal Consumption (QoQ SAAR)	2014Q4	4.4%	3.2% ¹	3.7% ²
Retail Sales (YoY)	Feb'15	1.7%	3.3%	4.1%
ISM Manufacturing Survey (month)	Mar'15	51.5	55.1	54.4
Existing Home Sales SAAR (month)	Feb'15	4.88 mil.	5.07 mil.	4.70 mil.

Inflation / Prices	Latest	Dec 2014	Mar 2014	
Personal Consumption Expenditures (YoY)	Feb'15	0.3%	0.8%	1.2%
Consumer Price Index (YoY)	Feb'15	0.0%	0.8%	1.5%
Consumer Price Index Core (YoY)	Feb'15	1.7%	1.6%	1.7%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$47.60	\$53.27	\$101.58
Gold Futures (oz.)	Mar 31	\$1,183	\$1,184	\$1,283



1. Data as of Third Quarter 2014

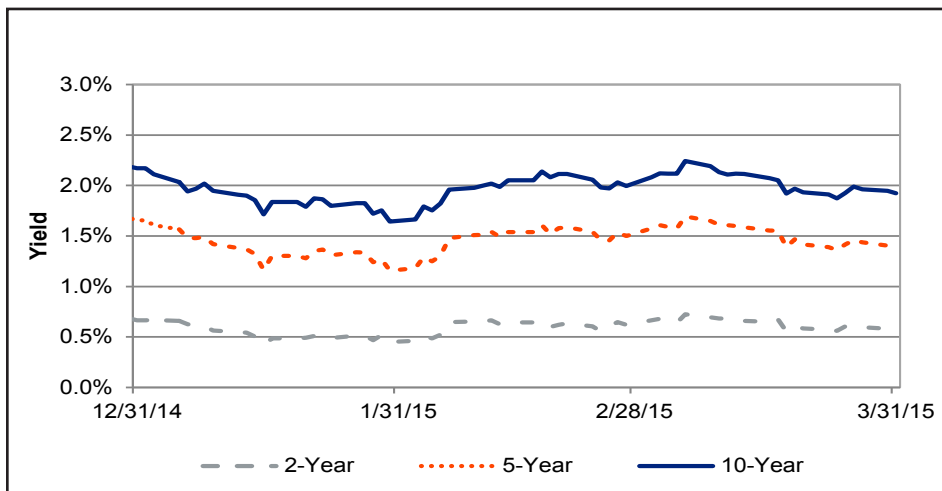
2. Data as of Fourth Quarter 2013

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

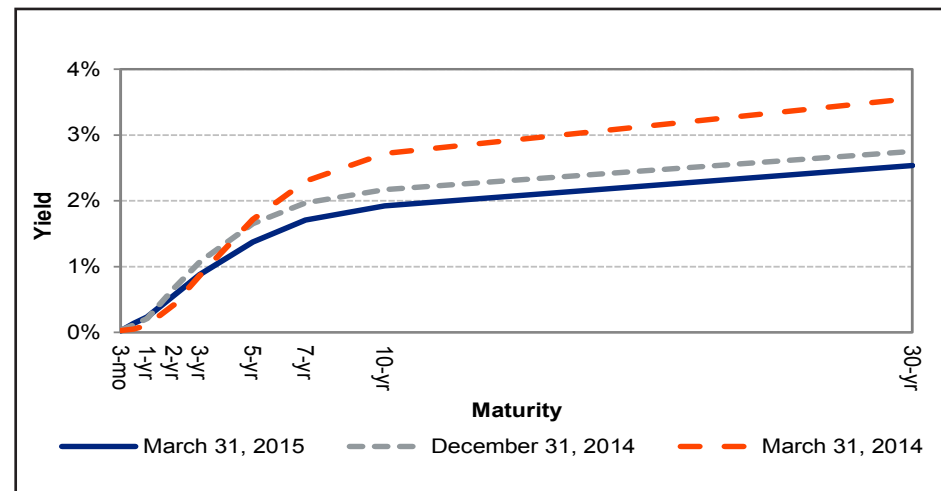
Source: Bloomberg

Interest Rate Overview

U.S. Treasury Note Yields



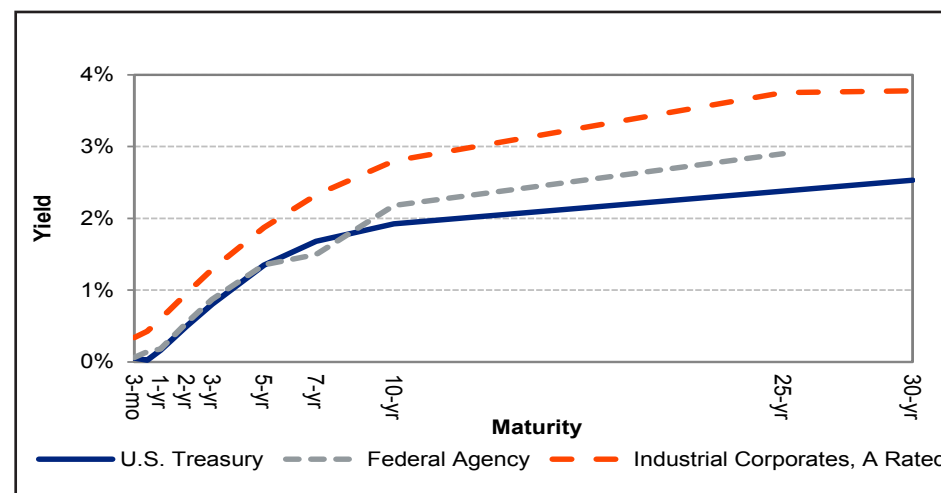
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	3/31/15	12/31/14	Change over Quarter	3/31/14	Change over Year
3-month	0.02%	0.04%	(0.02%)	0.03%	(0.01%)
1-year	0.23%	0.22%	0.01%	0.11%	0.12%
2-year	0.56%	0.67%	(0.11%)	0.42%	0.14%
5-year	1.37%	1.65%	(0.28%)	1.72%	(0.35%)
10-year	1.92%	2.17%	(0.25%)	2.72%	(0.80%)
30-year	2.54%	2.75%	(0.21%)	3.56%	(1.02%)

Yield Curves as of 3/31/15



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 3/31/15	Returns for Periods ended 3/31/15			
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	0.55%	0.52%	1.00%	0.67%
Federal Agency	1.72	0.68%	0.54%	1.07%	0.74%
U.S. Corporates, A-AAA rated	2.05	1.24%	0.77%	1.43%	1.86%
Agency MBS (0 to 3 years)	2.07	1.36%	0.41%	1.25%	1.18%
Municipals	1.75	0.65%	0.26%	0.73%	0.88%
1-5 Year Indices					
U.S. Treasury	2.69	0.81%	0.92%	1.91%	1.02%
Federal Agency	2.15	0.84%	0.79%	1.77%	1.06%
U.S. Corporates, A-AAA rated	2.87	1.56%	1.20%	2.57%	2.64%
Agency MBS (0 to 5 years)	3.29	1.88%	0.83%	3.79%	2.20%
Municipals	2.54	0.95%	0.35%	1.24%	1.30%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.23	1.33%	1.75%	6.15%	2.57%
Federal Agency	3.72	1.21%	1.27%	4.07%	1.97%
U.S. Corporates, A-AAA rated	6.96	2.52%	2.18%	6.93%	4.84%
Agency MBS (0 to 30 years)	3.78	2.11%	1.00%	5.48%	2.51%
Municipals	6.80	2.18%	1.09%	6.90%	4.23%

Returns for periods greater than one year are annualized.

Source: BofA Merrill Lynch Indices

Disclosures

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Investment Report

First Quarter 2015

Fixed Income
Management

Portfolio Summary

<u>Total Portfolio Value</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Market Value	\$182,698,412.29	\$183,860,646.88
Amortized Cost	\$182,087,628.60	\$183,903,062.83

PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy.
- Macroeconomic conditions in the U.S. moderated throughout the quarter evidenced by lackluster economic data, Greek inspired geopolitical uncertainty, and a FOMC that indicated a tendency for lower rates throughout the period. The market reacted with a Treasury rally that sent yields across the curve generally lower; the impact being greater on longer maturities which continued to reflect persistently low inflation expectations.
- We increased the portfolio's duration as we continue to transition to the City's new benchmark. Incoming economic data and FOMC statements seemed to suggest that the yield curve may be "lower for longer." We responded with renewed focus on yield curve placement in an effort to extract the yield curve's value and maximize the benefit of "roll down."
- Federal Agency yield spreads fluctuated throughout the quarter as they were unable to keep pace with the volatility experienced by their U.S. Treasury counterparts; spreads widened when Treasuries rallied, and narrowed when Treasuries sold off. We were able to capitalize on this yield spread relationship by adding exposure to the sector when spreads were at attractive levels. Additionally, we found value in certain callable Agencies, specifically one-time callable structures with limited optionality.
- We continued to emphasize credit-related securities; an emphasis that was supported by strong corporate balance sheets, robust new corporate sector issuance throughout the quarter, and an earnings season that largely met expectations – supporting the attractive relative value of certain issuers. In certain instances, we were able to sell securities at very narrow credit spreads, and replace the holdings with more attractive options in the same issuer, or in issuers of similarly high quality.

PORTFOLIO STRATEGY

- We expect U.S. economic conditions to continue to gradually improve in the second quarter, supported by progressing fundamentals, a strengthening labor market, and continued monetary policy support.
- The FOMC has indicated a strong focus on their inflation mandate by removing its “patient” guidance in favor of a need to be “reasonably confident that inflation will move back to its two percent objective.” This emphasis on what continues to be stubbornly low inflation, combined with the FOMC’s more conservative projections for the future trajectory of the federal funds rate, formulates our market view that rates will remain in their current range in the coming months. With this expectation, we will continue to move the portfolio duration closer to the new benchmark in an effort to maximize investment income.
- We expect volatility to continue throughout the quarter; particularly around the announcement of key economic releases as market participants digest the impact not only on the timing of an initial FOMC rate hike, but also on the pace and rate of subsequent hikes as well. In a potentially turbulent market environment, we will respect well-defined trading ranges; adding duration when rates are elevated, and remaining patient when rates are restrained. Additionally, we will stress security selection, exposure to non-government sectors, and yield curve placement, as we believe those factors will be the primary drivers of performance.
- Federal Agency securities for maturities under three years remain limited in appeal. We will actively manage government sector allocations between Treasuries and Agencies as their yield relationships changes. We will also look to participate in new issue opportunities at attractive levels.
- We anticipate that high-quality corporate securities will continue to be a key component of our strategy as the sector remains supported by improving economic fundamentals. While issuer specific, we believe their yields to be attractive relative to comparable maturity government related investment options. In an environment where rates are generally expected to remain stable or trend higher very gradually, the corporate sector remains the preferred vehicle to capture incremental income.

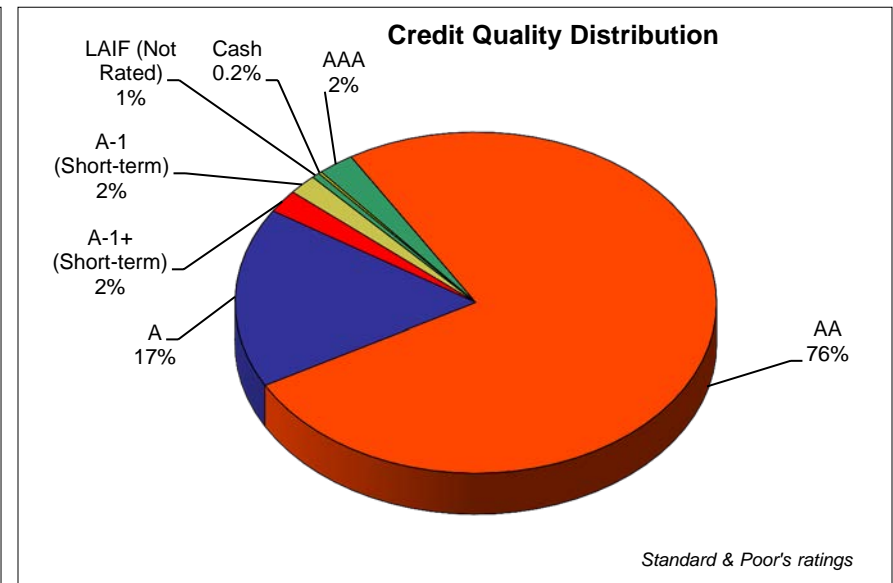
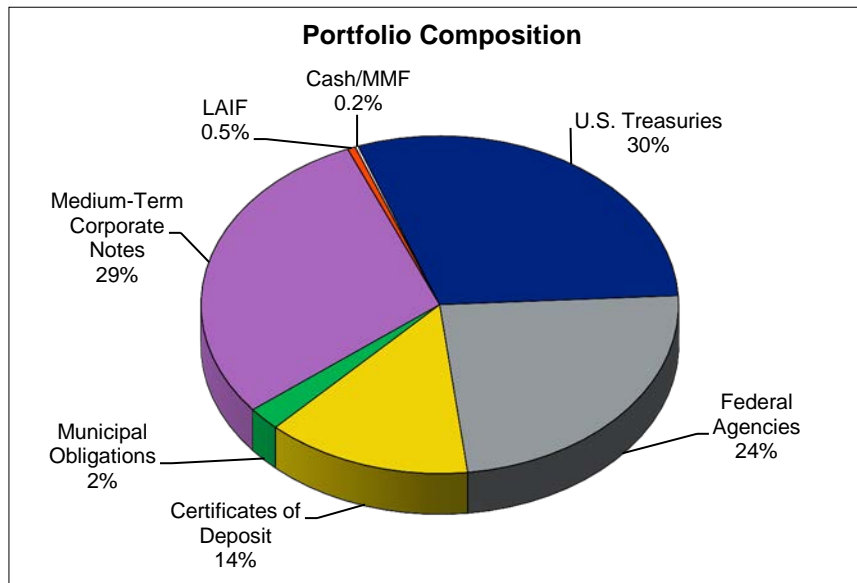
Investment Report

First Quarter 2015

Fixed Income
Management

Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> ¹	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>December 31, 2014</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$54,257,936	30%	\$63,264,739	34%	100%
Federal Agencies	\$43,813,170	24%	\$41,463,156	23%	100%
Certificates of Deposit	\$25,465,138	14%	\$28,919,212	16%	30%
California Municipal Obligations	\$4,114,491	2%	\$1,679,298	<1%	100%
Medium-Term Corporate Notes	\$53,672,573	29%	\$44,884,196	24%	30%
Money Market Fund/Cash	\$385,439	0.2%	\$160,877	<1%	15%
LAIF	\$989,666	0.5%	\$3,489,170	2%	\$50 Million
Totals	\$182,698,412	100%	\$183,860,647	100%	



Notes:

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

Investment Report

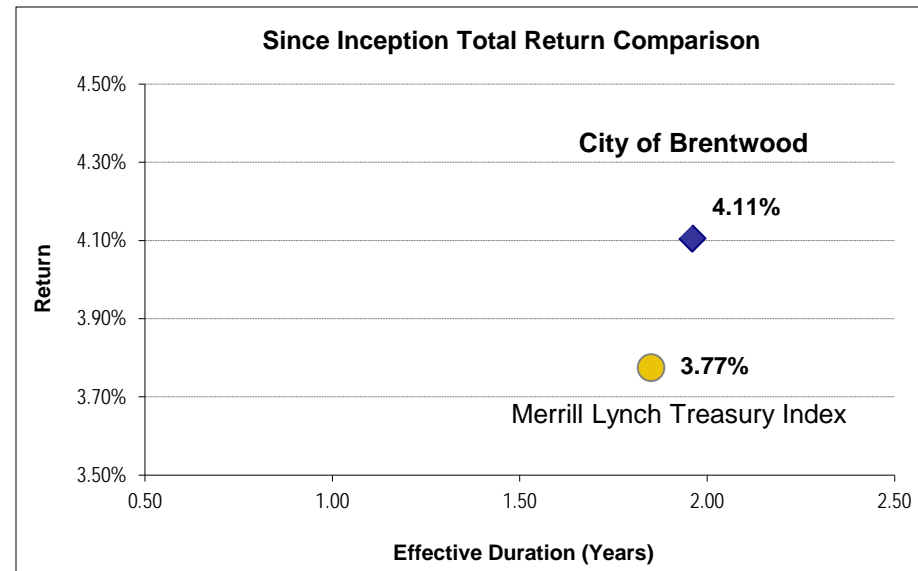
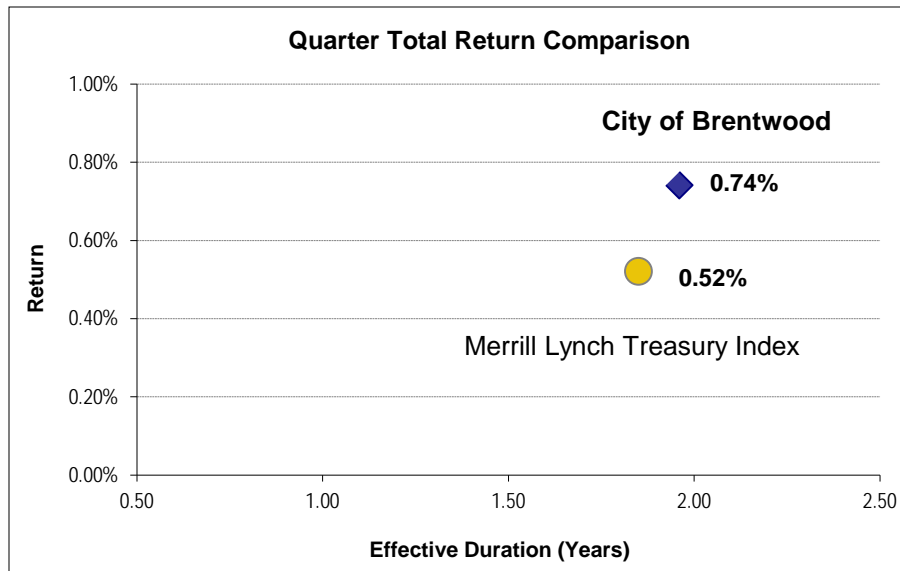
First Quarter 2015

Fixed Income
Management

Portfolio Performance

Total Return ^{1,2,3,4,5}	Quarter Ended March 31, 2015	Past Year	Past 5 Years	Past 10 Years	Since Inception
City of Brentwood	0.74%	1.35%	1.36%	2.99%	4.11%
Merrill Lynch Treasury Index	0.52%	1.00%	1.02%	2.62%	3.77%

Effective Duration ^{4,5,6}	March 31, 2015	December 31, 2014	Yields	March 31, 2015	December 31, 2014
City of Brentwood	2.39	1.96	Yield at Market	0.93%	0.88%
Merrill Lynch Treasury Index	1.79	1.82	Yield on Cost	1.05%	0.87%



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 December 31, 1992.

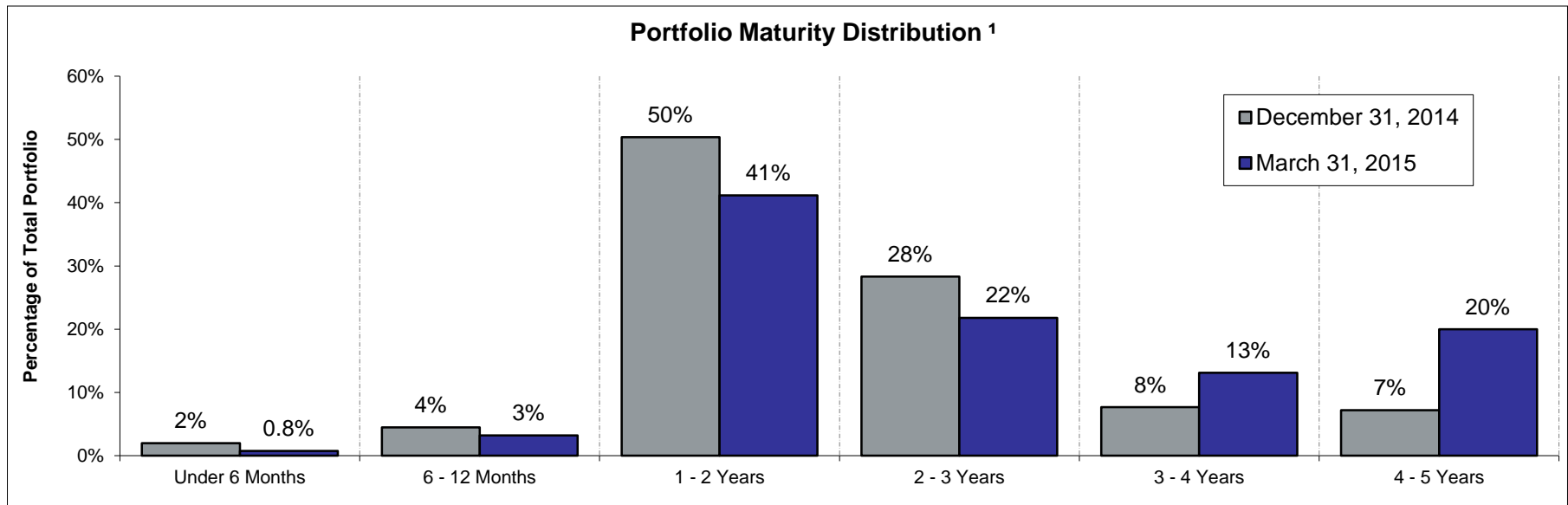
Investment Report

First Quarter 2015

Fixed Income
Management

Portfolio Maturity Distribution

<u>Maturity Distribution</u> ¹	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Under 6 Months	\$1,375,106	\$3,650,047
6 - 12 Months	\$5,883,196	\$8,257,122
1 - 2 Years	\$75,200,208	\$92,636,535
2 - 3 Years	\$39,800,942	\$52,045,445
3 - 4 Years	\$23,915,860	\$14,075,395
4 - 5 Years	\$36,523,102	\$13,196,104
Totals	\$182,698,412	\$183,860,647



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, 2015**

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 08/01/2011 1.500% 07/31/2016	912828QX1	550,000.00	AA+	Aaa	06/02/14	06/05/14	562,460.94	0.44	1,367.40	557,730.07	558,034.95
US TREASURY NOTES DTD 08/01/2011 1.500% 07/31/2016	912828QX1	5,000,000.00	AA+	Aaa	02/04/14	02/07/14	5,125,976.56	0.48	12,430.94	5,067,937.25	5,073,045.00
US TREASURY NOTES DTD 10/31/2011 1.000% 10/31/2016	912828RM4	5,245,000.00	AA+	Aaa	06/02/14	06/05/14	5,301,752.54	0.55	22,023.20	5,282,416.05	5,290,893.75
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,000,000.00	AA+	Aaa	12/19/13	12/20/13	1,005,429.69	0.69	2,932.69	1,003,082.96	1,006,797.00
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	3,668,077.57	3,674,809.05
US TREASURY NOTES DTD 01/03/2012 0.875% 12/31/2016	912828RX0	2,060,000.00	AA+	Aaa	12/18/14	12/19/14	2,067,403.13	0.70	4,531.15	2,066,375.10	2,074,001.82
US TREASURY NOTES DTD 01/31/2012 0.875% 01/31/2017	912828SC5	490,000.00	AA+	Aaa	07/29/14	07/31/14	490,937.89	0.80	710.64	490,689.87	493,215.38
US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	5,575,000.00	AA+	Aaa	06/02/14	06/05/14	5,543,205.08	0.82	11,678.40	5,551,877.35	5,575,434.85
US TREASURY NOTES DTD 08/31/2012 0.625% 08/31/2017	912828TM2	800,000.00	AA+	Aaa	09/02/14	09/04/14	790,875.00	1.01	434.78	792,612.48	798,562.40
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	2,375,000.00	AA+	Aaa	03/26/15	03/27/15	2,357,836.91	0.99	48.67	2,357,914.49	2,364,424.13
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VO0	60,000.00	AA+	Aaa	12/18/14	12/19/14	60,044.53	1.35	136.74	60,041.36	60,698.46
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VO0	2,000,000.00	AA+	Aaa	02/02/15	02/04/15	2,031,406.25	0.92	4,558.01	2,030,032.96	2,023,282.00
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	2,750,000.00	AA+	Aaa	12/05/14	12/10/14	2,748,066.41	1.39	103.31	2,748,233.37	2,779,218.75
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	4,760,000.00	AA+	Aaa	02/19/15	02/20/15	4,779,337.50	1.26	178.83	4,778,778.06	4,810,575.00



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

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 02/29/2012 1.375% 02/28/2019	912828SH4	2,000,000.00	AA+	Aaa	02/26/15	02/27/15	2,002,968.75	1.34	2,391.30	2,002,904.00	2,015,000.00
US TREASURY NOTES DTD 02/29/2012 1.375% 02/28/2019	912828SH4	2,375,000.00	AA+	Aaa	03/26/15	03/27/15	2,384,091.80	1.27	2,839.67	2,384,061.22	2,392,812.50
US TREASURY NOTES DTD 02/29/2012 1.375% 02/28/2019	912828SH4	2,525,000.00	AA+	Aaa	02/24/15	02/25/15	2,522,336.91	1.40	3,019.02	2,522,399.60	2,543,937.50
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	1,975,000.00	AA+	Aaa	02/19/15	02/24/15	1,989,503.91	1.44	13,475.83	1,989,175.68	2,007,709.95
US TREASURY NOTES DTD 06/30/2014 1.625% 06/30/2019	912828WS5	2,055,000.00	AA+	Aaa	12/18/14	12/19/14	2,057,889.84	1.59	8,394.56	2,057,718.31	2,086,949.09
US TREASURY NOTES DTD 09/30/2014 1.750% 09/30/2019	912828F39	2,375,000.00	AA+	Aaa	03/26/15	03/27/15	2,410,810.55	1.40	113.56	2,410,706.51	2,420,272.25
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	2,100,000.00	AA+	Aaa	12/18/14	12/19/14	2,084,167.97	1.66	13,226.52	2,085,069.21	2,116,571.10
US TREASURY NOTES DTD 11/30/2012 1.000% 11/30/2019	912828UB4	2,000,000.00	AA+	Aaa	12/01/14	12/03/14	1,954,531.25	1.47	6,703.30	1,957,412.04	1,969,688.00
Security Type Sub-Total		53,720,000.00					53,953,398.64	1.02	122,002.85	53,865,245.51	54,135,932.93

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	841,528.80
ORANGE CNTY, CA TXBL REV PO BONDS DTD 01/13/2015 0.780% 05/02/2016	68428LDJ0	2,190,000.00	AA-	NR	01/09/15	01/13/15	2,190,000.00	0.78	3,701.10	2,190,000.00	2,187,196.80
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	2,861.08	835,000.00	837,363.05
MS ST TXBL GO BONDS DTD 02/18/2015 1.090% 10/01/2017	605581FX0	240,000.00	AA	Aa2	02/04/15	02/18/15	240,000.00	1.09	312.47	240,000.00	239,707.20
Security Type Sub-Total		4,105,000.00					4,105,000.00	0.80	8,694.65	4,105,000.00	4,105,795.85



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

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
Federal Agency Bond / Note											
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	1,561,683.25	1,567,291.80
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	1,662,250.31	1,668,407.40
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	3,570,000.00	AA+	Aaa	10/28/14	10/29/14	3,571,213.80	0.48	148.75	3,570,948.16	3,570,132.09
FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	5,005,000.00	AA+	Aaa	01/21/15	01/22/15	5,011,294.19	0.56	11,643.58	5,010,642.59	5,009,779.78
FHLMC REFERENCE NOTE DTD 01/16/2015 0.500% 01/27/2017	3137EADU0	3,110,000.00	AA+	Aaa	01/15/15	01/16/15	3,104,557.50	0.59	3,239.58	3,105,113.66	3,104,647.69
FHLB GLOBAL NOTES (CALLABLE) DTD 03/24/2015 0.840% 03/24/2017	3130A4OV7	3,600,000.00	AA+	Aaa	03/17/15	03/24/15	3,600,000.00	0.84	588.00	3,600,000.00	3,606,436.80
FNMA NOTES DTD 03/01/2012 1.125% 04/27/2017	3135G0JA2	675,000.00	AA+	Aaa	09/05/14	09/08/14	679,023.00	0.90	3,248.44	678,171.51	681,111.45
FHLB GLOBAL NOTE (CALLABLE) DTD 04/28/2014 1.625% 04/28/2017	3130A1LJ5	940,000.00	AA+	Aaa	04/02/14	04/28/14	950,434.00	1.25	6,491.88	940,783.55	940,964.44
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	2,685,000.00	AA+	Aaa	08/12/14	08/14/14	2,684,820.11	1.00	4,698.75	2,684,860.22	2,705,024.73
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	5,715,000.00	AA+	Aaa	03/19/15	03/20/15	5,734,431.00	0.85	10,001.25	5,734,182.00	5,757,622.47
FHLB NOTES DTD 02/27/2015 1.125% 04/25/2018	3130A4GJ5	375,000.00	AA+	Aaa	02/26/15	02/27/15	374,827.50	1.14	398.44	374,831.84	376,873.88
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	1,940,000.00	AA+	Aaa	10/22/14	10/23/14	1,958,430.00	1.39	10,858.61	1,956,509.79	1,970,809.14
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	2,500,000.00	AA+	Aaa	10/09/14	10/10/14	2,517,500.00	1.45	13,993.06	2,515,551.25	2,539,702.50
FREDDIE MAC NOTES DTD 04/16/2012 1.750% 05/30/2019	3137EADG1	2,000,000.00	AA+	Aaa	02/05/15	02/06/15	2,037,580.00	1.30	11,763.89	2,036,290.06	2,029,928.00



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Federal Agency Bond / Note											
FREDDIE MAC GLOBAL NOTES DTD 07/30/2012 1.250% 08/01/2019	3137EADK2	2,565,000.00	AA+	Aaa	09/03/14	09/04/14	2,494,693.35	1.84	5,343.75	2,502,623.89	2,560,878.05
FNMA NOTES DTD 07/28/2014 1.750% 09/12/2019	3135G0ZG1	2,000,000.00	AA+	Aaa	10/27/14	10/28/14	2,008,320.00	1.66	1,847.22	2,007,632.92	2,032,078.00
FNMA BENCHMARK NOTE DTD 11/07/2014 1.750% 11/26/2019	3135G0ZY2	1,500,000.00	AA+	Aaa	02/26/15	02/27/15	1,509,975.00	1.60	9,114.58	1,509,788.36	1,522,081.50
FNMA NOTES DTD 01/12/2015 1.625% 01/21/2020	3135G0A78	2,055,000.00	AA+	Aaa	01/21/15	01/22/15	2,071,008.45	1.46	6,493.23	2,070,414.51	2,069,193.89
Security Type Sub-Total		43,435,000.00					43,555,754.36	1.01	100,206.35	43,522,277.87	43,712,963.61

Corporate Note											
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	3,030,868.48	3,032,384.25
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	949,641.45	951,882.90
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	1,034,889.75	1,036,919.93
TOYOTA MOTOR CREDIT CORP DTD 05/17/2013 0.800% 05/17/2016	89236TAL9	1,180,000.00	AA-	Aa3	05/14/13	05/17/13	1,179,516.20	0.81	3,513.78	1,179,816.77	1,183,824.38
JPMORGAN CHASE & CO GLOBAL NOTES DTD 06/29/2011 3.150% 07/05/2016	46625HJA9	3,750,000.00	A	A3	02/19/15	02/24/15	3,854,512.50	1.09	28,218.75	3,846,685.95	3,847,331.25
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	9,434.06	1,731,910.92	1,744,500.86
BERKSHIRE HATHAWAY FIN (FLT) GLOBAL NT DTD 01/10/2014 0.402% 01/10/2017	084664CA7	1,300,000.00	AA	Aa2	01/06/14	01/10/14	1,300,000.00	0.39	1,174.48	1,300,000.00	1,300,223.60
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	3,896,883.74	3,909,032.40



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Corporate Note											
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	2,305.33	2,238,368.59	2,243,812.48
WAL-MART STORES INC CORP NOTES DTD 04/22/2014 1.000% 04/21/2017	931142DN0	780,000.00	AA	Aa2	04/15/14	04/22/14	779,883.00	1.01	3,466.67	779,919.35	783,482.70
TOYOTA MOTOR CREDIT CORPORATE NOTE DTD 05/22/2012 1.750% 05/22/2017	89233P6D3	1,950,000.00	AA-	Aa3	04/23/14	04/28/14	1,982,136.00	1.20	12,228.13	1,972,567.78	1,980,394.65
THE WALT DISNEY CORPORATION CORP NOTE DTD 06/02/2014 0.875% 05/30/2017	25468PCZ7	1,900,000.00	A	A2	05/28/14	06/02/14	1,896,580.00	0.94	5,587.85	1,897,519.17	1,899,450.90
HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	1,325,000.00	A	A2	06/16/14	06/23/14	1,322,986.00	1.35	4,689.03	1,323,496.95	1,329,520.90
AMERICAN HONDA FINANCE GLOBAL NOTE DTD 07/15/2014 1.200% 07/14/2017	02665WAF8	820,000.00	A+	A1	07/08/14	07/15/14	818,843.80	1.25	2,104.67	819,114.31	822,124.62
CHEVRON CORP NOTE DTD 11/18/2014 1.345% 11/15/2017	166764AL4	1,760,000.00	AA	Aa1	11/10/14	11/18/14	1,760,000.00	1.35	8,745.49	1,760,000.00	1,774,349.28
TOYOTA MOTOR CREDIT CORP NOTE DTD 01/12/2015 1.450% 01/12/2018	89236TCA1	440,000.00	AA-	Aa3	01/07/15	01/12/15	439,397.20	1.50	1,400.06	439,440.47	442,816.88
IBM CORP NOTES DTD 02/06/2015 1.125% 02/06/2018	459200HZ7	4,500,000.00	AA-	Aa3	02/03/15	02/06/15	4,486,275.00	1.23	7,734.38	4,486,963.32	4,488,889.50
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	3,580,000.00	AAA	Aaa	03/04/15	03/06/15	3,580,000.00	1.31	3,244.38	3,580,000.00	3,600,610.06
AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 1.500% 03/13/2018	02665WAT8	1,540,000.00	A+	A1	03/10/15	03/13/15	1,537,936.40	1.55	1,155.00	1,537,970.14	1,548,673.28
WELLS FARGO & COMPANY DTD 04/22/2014 2.125% 04/22/2019	94974BFU9	3,300,000.00	A+	A2	03/23/15	03/26/15	3,335,277.00	1.85	30,971.88	3,335,164.83	3,340,124.70
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	4,500,000.00	AA+	A1	03/20/15	03/25/15	5,203,485.00	2.05	57,062.50	5,201,154.72	5,210,559.00
APPLE INC DTD 02/09/2015 1.550% 02/07/2020	037833AX8	3,480,000.00	AA+	Aa1	02/23/15	02/26/15	3,434,864.40	1.83	7,791.33	3,435,717.70	3,457,964.64



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Corporate Note											
ABBOTT LABORATORIES DTD 03/10/2015 2.000% 03/15/2020	002824AZ3	3,500,000.00	A+	A2	03/24/15	03/27/15	3,523,135.00	1.86	4,083.33	3,523,085.76	3,522,718.50
Security Type Sub-Total		52,370,000.00					53,505,184.60	1.31	220,980.97	53,301,180.15	53,451,591.66
Certificate of Deposit											
WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.433% 04/15/2016	96121TWF1	4,000,000.00	A-1+	P-1	04/16/14	04/17/14	4,000,000.00	0.41	3,658.98	4,000,000.00	4,003,220.00
RABOBANK NEDERLAND NV NY CD DTD 05/13/2014 0.716% 05/06/2016	21684BPV0	4,000,000.00	A+	Aa2	05/09/14	05/13/14	4,000,000.00	0.71	11,539.58	4,000,000.00	3,998,956.00
BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.445% 06/10/2016	06417HMU7	4,800,000.00	A+	Aa2	06/11/14	06/13/14	4,797,100.80	0.28	1,304.16	4,798,263.65	4,799,222.40
NORDEA BANK FINLAND NY FLOAT CERT DEP DTD 06/13/2014 0.450% 06/13/2016	65558ET57	4,800,000.00	AA-	Aa3	06/11/14	06/13/14	4,800,000.00	0.31	1,019.77	4,800,000.00	4,800,744.00
GOLDMAN SACHS BANK USA CD DTD 08/19/2014 0.900% 08/12/2016	38147J2L5	3,500,000.00	A-1	P-1	08/14/14	08/19/14	3,500,000.00	0.90	3,538.36	3,500,000.00	3,496,955.00
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	4,350,000.00	AA-	Aa3	09/09/14	09/11/14	4,342,996.50	1.41	3,322.92	4,344,287.28	4,341,656.70
Security Type Sub-Total		25,450,000.00					25,440,097.30	0.65	24,383.77	25,442,550.93	25,440,754.10
Managed Account Sub-Total		179,080,000.00					180,559,434.90	1.05	476,268.59	180,236,254.46	180,847,038.15
Securities Sub-Total		\$179,080,000.00					\$180,559,434.90	1.05%	\$476,268.59	\$180,236,254.46	\$180,847,038.15
Accrued Interest											\$476,268.59
Total Investments											\$181,323,306.74