THE CITY OF
BRENTWOOD
HERITAGE ▪ VISION ▪ OPPORTUNITY

Investment Performance Review
Second Quarter 2011

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Interest rates across the yield curve fell during the second quarter on fears of an economic slowdown, and as a result, fixed-income portfolios with longer durations posted strong positive returns. With their highest quarterly returns in a year, longer-duration fixed-income portfolios significantly outperformed cash-equivalent portfolios, where returns remained near zero.

Two factors caused the interest rate drop: first, weak economic reports set off fears of slower growth and lowered inflation expectations; second, sovereign debt concerns in Europe sparked a flight-to-quality. By the end of the quarter, yields on Treasury securities had fallen from their 2011 highs, in some maturities, to all-time lows. The significant bond market rally made fixed-income investments one of best performing asset classes in the second quarter.

The Economy

Worries over slowing growth emerged after a series of releases of weak economic data. The final GDP estimate put first quarter growth at 1.9%, below expectations and lower than the 3% to 4% that is typical at this stage in an economic recovery.

After several months of strong job growth, the labor market appeared to slow down as well. Only 22,000 new jobs on average were created during the last two months of the second quarter, compared to 215,000 new jobs on average during the last two months of the first quarter. Manufacturing activity slowed with the ISM manufacturing index falling from 61.2 in March to 55.3 in June, closer to the threshold of 50, which marks the beginning of a contraction in industrial activity.

Although the economic slowdown is troubling, many economists believe it is temporary. The earthquake and tsunami in Japan disrupted supply chains across the world causing repercussions to the global industrial system and affecting U.S. manufacturers who faced shortages of auto and electronics components. Toward the end of the quarter, production levels in Japan rebounded and U.S. companies started to increase production. Other temporary factors were higher food prices due to the floods in the Midwest and higher oil prices due to the geopolitical tensions in the Middle East and Northern Africa. Higher food and energy prices had a dampening effect on consumer purchasing power and spending. For example, the pace of retail sales, excluding automobiles and gas, slowed in the second quarter to a monthly average of 0.2%, compared to the preceding 3 month average of 1.0%.

Interest Rates and Returns

Treasury yields fell steadily over the quarter with intermediate-term Treasuries showing the most change. As the following table shows, the yield on the 5-year U.S. Treasury Note declined by 52 basis points (0.52%), from 2.28% on March 31, 2011 to 1.76% on June 30, 2011. At the end of June, the yield on the 2-year U.S. Treasury Note reached a new all-time low on speculation that Greece's government would fail to pass austerity measures needed to secure a bailout.

Short-term interest rates, which are anchored to the Federal Funds rate, declined as well. A flight-to-quality, lack of short-term Treasury supply, and quarter-end demand from investors such as banks and securities firms drove the yield on the 3-month Treasury bill to 0.01%, and at some points in June some Treasury bills actually traded at negative yields.

Comparison of U.S. Treasury Yields

Date	3M	6M	1Y	2Y	3Y	5Y	10Y
June 30, 2011	0.01%	0.10%	0.18%	0.46%	0.80%	1.76%	3.16%
March 31, 2011	0.09%	0.17%	0.27%	0.82%	1.30%	2.28%	3.47%
Change over Quarter	-0.08%	-0.07%	-0.09%	-0.36%	-0.50%	-0.52%	-0.31%
June 30, 2010	0.17%	0.22%	0.31%	0.60%	0.96%	1.77%	2.93%
Change over Year	-0.16%	-0.12%	-0.13%	-0.14%	-0.16%	-0.01%	0.23%

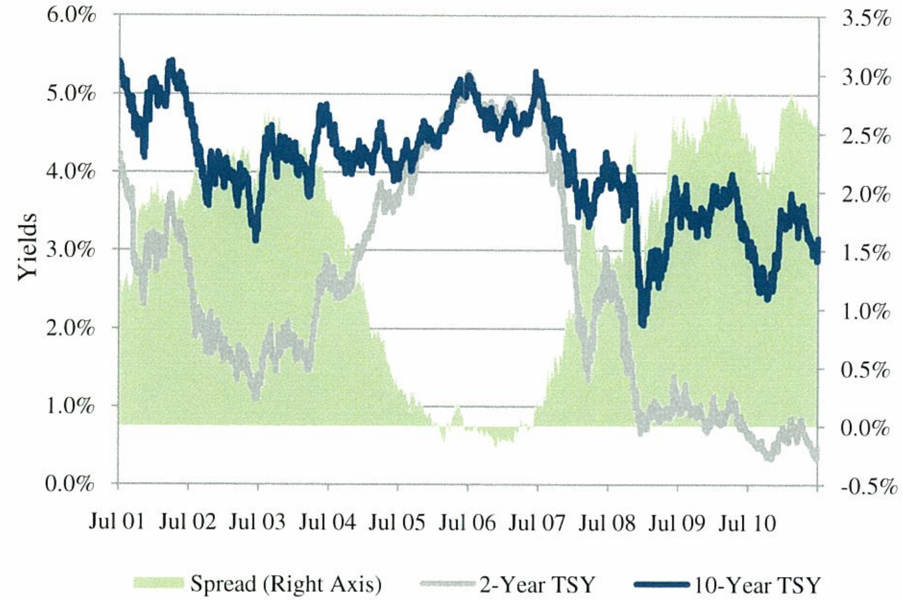
Source data: Bloomberg

The sharp decline in interest rates through the quarter is illustrated by performance of the 2-year Treasury note (following chart) which ranged from 0.83% to 0.33%.

2-Year U.S. Treasury Note Yield
July 1, 2010 through June 30, 2011

Source data: Bloomberg

U.S. Treasury Yields and Yield Curve Steepness
July 1, 2001 to June 30, 2011



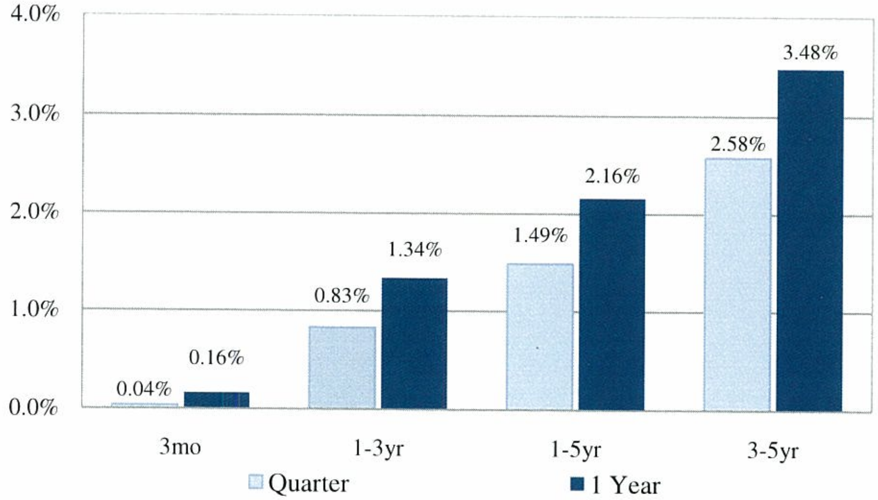
Source data: Bloomberg

Despite low absolute yields, the yield curve remained steep. As seen in the chart on the right, the steepness of the yield curve, measured by the spread between 2-year and 10-year U.S. Treasury notes, was approximately 2.70% by the end of the quarter, very close to its 10-year widest spread. Market observers generally view a steep yield curve as anticipating rising growth and inflation, but in this case, factors such as the flight to quality and the trillions of dollars of excess cash created by the Fed have boosted demand for short maturities.

Since intermediate and long-term rates fell more than short-term rates, longer-duration strategies outperformed shorter-duration strategies as seen in the following chart. For example, the 3- to 5-year U.S. Treasury index returned 2.58% (10.71% annualized) for the quarter versus a return on the 1- to 3-year U.S. Treasury index of 0.83% (3.36% annualized).

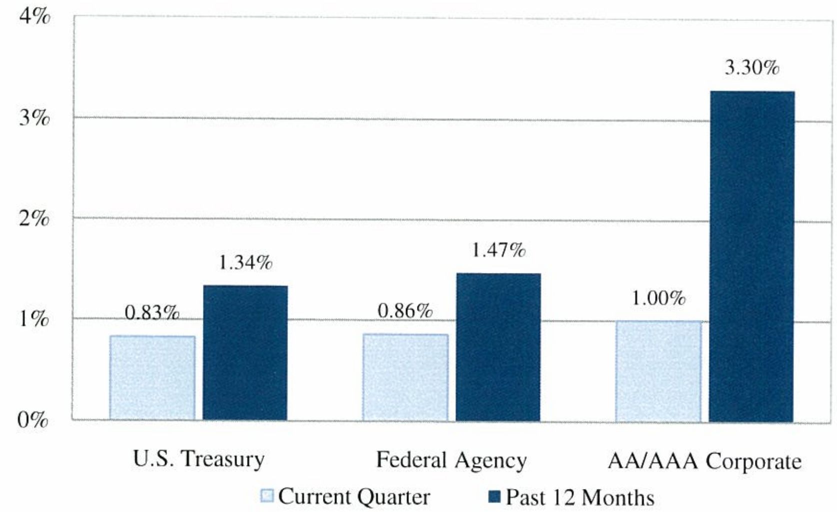
In the current positively sloped yield curve environment, portfolios with less duration than their benchmarks may perform just as well as, if not better than, their benchmarks as securities approaching their maturity dates will "roll-down" the curve and be priced as shorter, lower-yielding securities, increasing their return.

Total Returns of Merrill Lynch U.S. Treasury Indices
Quarterly and 12-Month Total Return as of June 30, 2011



Source data: Bank of America Merrill Lynch; Bloomberg

Duration Adjusted Returns of Merrill Lynch 1-3 Year Indices
Quarterly and 12-Month Total Return as of June 30, 2011



Source data: Bank of America Merrill Lynch; Bloomberg
Duration-adjusted return incorporates an adjustment to the market value return (but not the income return) of each benchmark to account for their varied durations, making it easier for investors to assess the relative risk and return of benchmarks of different lengths.

Performance during the second quarter accounted for most of the return for the trailing 12 months. For example, the total return during the quarter represented more than 74% of the trailing 12-month return on the 3- to 5-year U.S. Treasury Index. Shorter-duration strategies continue to be limited by the extremely low Federal Funds rate and lag the performance of longer-duration strategies. So, for the 12 months ended June 30, 2011, the 3- to 5-year U.S. Treasury index returned 3.48% versus a return of 0.16% on the 3-month index, an outperformance of 332 basis points.

After several quarters of outperforming Treasuries, federal agency and corporate securities barely held their own in the second quarter. On a duration-adjusted basis, agencies and corporates returned 0.86% and 1.00% respectively, while Treasuries returned 0.83% as seen in the chart on the right. In these cases, although credit spreads slightly widened, the additional income for agency and corporate securities was higher and offset the spread widening.

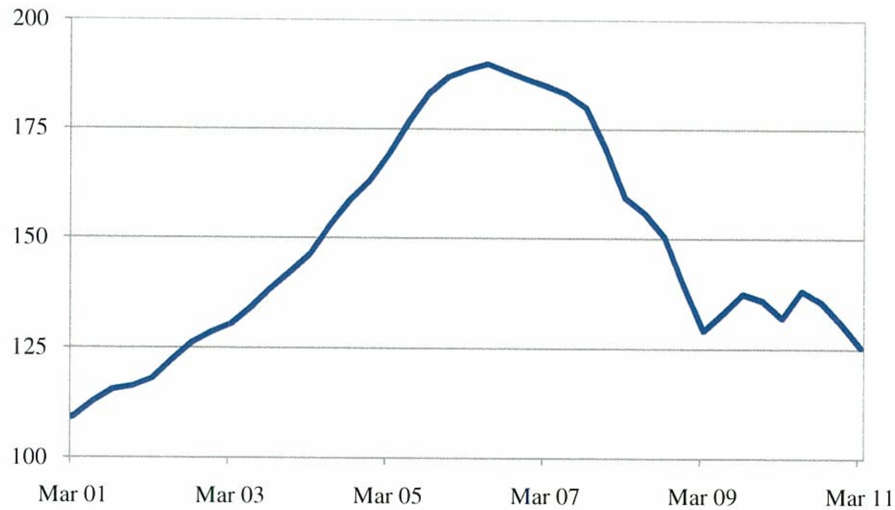
Economic Outlook

The temporary factors that slowed the economy in the second quarter should subside and lead to a rebound in the second half. However, Federal Reserve officials have lowered their growth forecasts for the second time this year from 3.1% to 3.3% in April to 2.7% to 2.9%. The Fed's latest forecast reflects the obstacles that continue to weigh on the domestic and global economies.

The lack of a rebound in the housing market in the United States is a big reason why the current recovery is stagnant. Banks have imposed tighter underwriting standards for home mortgages and uncertain job prospects have constrained the demand for housing. Meanwhile, with a large supply of vacant and foreclosed properties on the market, potential home buyers can strike deals, making new construction a more costly alternative. As shown on the following chart, the Case Shiller Home Price Index fell 4.2% over the first quarter to $125.41.

Despite the support for sales seen in 2009 and 2010 due to the first-time home buyers' tax credit, there has been no recovery or stabilization in home prices. Home prices are down 5.1% compared to their level a year-ago and continue on their downward spiral with no relief in sight.

Case-Shiller Home Price Index
March 31, 2001 to March 31, 2011



Source data: Bloomberg

Another growth obstacle is the shrinking government sector. State and local governments are cutting spending and government employment is shrinking with a loss of 390,000 government jobs over the past three years. As the stimulus provided by the American Recovery and Reinvestment Act winds down, there is a widening revenue gap for state and local government. Cutbacks in Federal spending—which seem inevitable—may in the long run reduce the Federal deficit and boost the private sector, but in the short run, they will further reduce economic activity and retard the recovery.

Despite these obstacles and the recent economic slowdown, the Federal Reserve believes the recovery is still underway. Though the pace is slower than desired, the Fed is wary of doing more to bolster growth and a third round of quantitative easing is unlikely.

Investment Strategy

Value is difficult to find in the fixed income markets because interest rates are at or near all-time lows, and the corporate and Federal agency sectors are not particularly attractive, as interest rate spreads have narrowed considerably from recent levels. A stagnant economy, the uncertainty surrounding the sovereign debt situation in both the United States and Europe, and commodity-related pressure on global prices add to the challenge.

Our portfolio strategy is a defensive one: we are positioning portfolios somewhat short of benchmark durations with the expectation that the positively-sloped yield curve will reduce the effect of a sharp rise in interest rates, and the additional value gained by rolling down the curve will compensate for the shorter duration. We plan to take advantage of any widening in spreads to add incremental income by re-allocating assets into Federal Agency or high quality corporate obligations where policies permit, but we will carefully manage interest rate risk to minimize the effects of an inevitable rise in rates.

Portfolio Summary

Total Portfolio Value	June 30, 2011	March 31, 2011
Market Value	**$201,146,458.86**	$187,050,404.94
Amortized Cost	**$199,767,095.14**	$186,538,410.64

PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy.
- Yields began the quarter near one-year highs, then proceeded to fall for 11 straight weeks—the longest such streak in 27 years. By late June, 2-year Treasury note yields retested their all-time low of 0.33%. Yields spiked during the last week of June, but still ended the quarter 30-50 basis points (0.30%-0.50%) lower for maturities between 2 and 10 years.
- Economic data weakened dramatically during the second quarter, including dismal reports on employment, housing and business activity. Many other indicators were weaker than forecast, including factory orders, auto sales and manufacturing purchasing manager surveys. The business disruption from the Japanese earthquake in March continued throughout the quarter, likely depressing GDP growth in the U.S. to just 2.0%. While the market impact due to unrest from the "Arab Spring" seems to have waned, the debt crisis in Greece took center stage. In June, Standard and Poor's lowered Greece's sovereign debt to a CCC rating, the lowest in the world. Prime Minister Papandreou's government won a vote of confidence (barely), and the Greek parliament passed a significant set of austerity measures. The turmoil sent global equity markets reeling and sovereign debt issues across Europe continue to be a major issue and are a source of much market volatility.
- The Federal Reserve reiterated its position to keep short-term rates in their current, near zero range. The Fed completed its $600 billion "QE2" Treasury purchase program by quarter end, but the liquidity created by those purchases has not yet flowed into creating economic activity. While economists do not expect a "QE3" program, the Fed indicated it plans to keep a high degree of monetary accommodation and will reinvest principal and interest payments from security holdings in its inflated balance sheet back into Treasury securities. Meanwhile, the deadline looms for resolving the debt ceiling issue in the U.S. It is very unclear what the final outcome will be and when it will be resolved.
- Early in the quarter, we maintained the portfolio duration near that of the benchmark. As the quarter progressed and yields plummeted, we allowed the duration to drift shorter, ending the quarter on the conservative side, around 88% of benchmark duration.
- At the beginning of the quarter, agency spreads were narrow, so we held more than the usual amount of Treasury securities. Treasuries generally performed well, appreciating from the "flight-to-quality" bid caused by the European debt crisis. Near quarter end, spreads began to widen, so we swapped from Treasuries to Agencies in some maturities. As we have for some time, we favored "bullet" maturities and avoided securities with early call features. In some cases, we also invested in floating-rate securities, when their yields were favorable compared to shorter-term alternatives.
- We continued to add high-quality corporate issues when they offered good value. In some cases, we purchased new issues which came at attractive yield concessions to outstanding issues. We also focused on issues from various industrial sectors, avoiding adding exposure to banks and financials, which are already well represented in a diversified portfolio. Although yield spreads widened a bit in June, corporate securities performed well for the quarter, and have performed very well over the past year.
- The portfolio continues to provide good long-term performance. Over the past two years, when short-term rates have remained near 0%, the portfolio has had an annualized total return of 2.31%, which exceeds the return on the benchmark by 0.31%.

Portfolio Summary - continued

PORTFOLIO STRATEGY

- Early in the third quarter, yields began to fall anew on news of a spreading debt crisis in Europe. While Greece was a relatively small player, the crisis has begun to implicate larger economies like Spain and Italy. The prospect for a resolution that does not involve a default or "haircut" for Greek bondholders remain uncertain. If the European crisis worsens, it could damage global economic growth.
- Economic indicators in the U.S. remain disappointing, especially the unemployment rate, which has risen back over 9%. With high unemployment, the Fed can only achieve this half of its dual mandate by keeping rates low for the next year or more. This will likely result in persistently low yields for the foreseeable future. Despite this expectation, the markets could still experience significant yield movements caused by changing economic dynamics, rising inflation expectations, or loss of confidence in U.S. debt. The U.S. must continue to issue large amounts of debt to fund its budget deficit, as even the most aggressive budget cutting proposals back load those measures into future years.
- As we have noted on occasion in the past, with 2-year Treasury note yields under 0.40%, they provide little current yield and very little protection against the negative market value impact of a potential rise in rates—just a 6 basis point yield increase will overwhelm the meager amount of interest earned over the course of the quarter.
- We begin the third quarter on the conservative side, with the portfolio duration around 88% of benchmark duration. With short-term rates near zero and rates in some intermediate maturities near record lows, we believe a conservative stance is warranted for now. Although the steep yield curve provides some legitimate incentive to invest "out the curve," we remain cautious and will do so very selectively.
- Our strategy will continue to focus on maintaining the safety of the invested principal and achieving the City's long-term investment objectives. We will maintain a safe, well-diversified, high quality portfolio and continue to evaluate all the sectors available to the City and to capitalize on investment opportunities presented by the market. Our strategy will likely emphasize Treasuries, non-callable federal agency securities, and select high-quality corporates.

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

Month	Fiscal Year 2009/10 Actual	Fiscal Year 2010/2011 Budget	Fiscal Year 2010/2011 Year-To-Date Actual	Fiscal Year 2010/2011 Current Forecast	Fiscal Year 2010/2011 Actual/Forecast vs. Budget	Current Forecast FY 2010/11 vs. FY 2009/10	Fiscal Year 2009/10 Par Value of Portfolio	Fiscal Year 2010/2011 Par Value of Portfolio
July	951,025	78,988	103,554	103,554	24,566	(847,471)	168,215,000	169,425,000
August	582,832	195,178	242,191	242,191	47,013	(340,641)	169,440,000	169,425,000
September	547,331	403,469	391,681	391,681	(11,788)	(155,650)	163,095,000	169,885,000
October	198,982	316,709	353,114	353,114	36,405	154,133	159,395,000	169,610,000
November	231,158	147,276	699,935	699,935	552,659	468,777	159,335,000	170,940,000
December	270,406	264,494	184,103	184,103	(80,391)	(86,303)	159,165,000	170,940,000
January	457,428	79,047	68,730	68,730	(10,316)	(388,697)	164,605,000	170,940,000
February	235,144	209,251	130,587	130,587	(78,664)	(104,557)	167,260,000	171,030,000
March	286,058	427,066	560,372	560,372	133,306	274,314	167,315,000	173,465,000
April	720,353	316,947	390,085	390,085	73,138	(330,268)	167,890,000	176,425,000
May	625,247	147,387	264,914	264,914	117,527	(360,333)	169,130,000	176,425,000
June	366,037	264,692	159,758	159,758	(104,934)	(206,280)	169,200,000	180,735,000
Total	5,472,000	2,850,504	3,549,025	3,549,025	698,521	(1,922,976)	165,337,083	172,437,083
Cash Return	3.31%	1.65%	2.06%	2.06%				

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 2009/10 Actual	Fiscal Year 2010/2011 Budget	Fiscal Year 2010/2011 Year-To-Date Actual	Fiscal Year 2010/2011 Current Forecast	Fiscal Year 2010/2011 Actual/Forecast vs. Budget	Current Forecast FY 2010/11 vs. FY 2009/10	Fiscal Year 2009/10 Par Value of Portfolio	Fiscal Year 2010/2011 Par Value of Portfolio
July	951,025	78,988	103,554	103,554	24,566	(847,471)	168,215,000	169,425,000
August	1,533,857	274,166	345,745	345,745	71,579	(1,188,112)	169,440,000	169,425,000
September	2,081,188	677,634	737,426	737,426	59,791	(1,343,762)	163,095,000	169,885,000
October	2,280,170	994,344	1,090,540	1,090,540	96,196	(1,189,630)	159,395,000	169,610,000
November	2,511,327	1,141,620	1,790,475	1,790,475	648,855	(720,852)	159,335,000	170,940,000
December	2,781,733	1,406,114	1,974,578	1,974,578	568,464	(807,155)	159,165,000	170,940,000
January	3,239,161	1,485,160	2,043,309	2,043,309	558,148	(1,195,852)	164,605,000	170,940,000
February	3,474,305	1,694,412	2,173,896	2,173,896	479,484	(1,300,409)	167,260,000	171,030,000
March	3,760,363	2,121,478	2,734,268	2,734,268	612,790	(1,026,095)	167,315,000	173,465,000
April	4,480,716	2,438,425	3,124,353	3,124,353	685,928	(1,356,363)	167,890,000	176,425,000
May	5,105,963	2,585,812	3,389,267	3,389,267	803,455	(1,716,696)	169,130,000	176,425,000
June	5,472,000	2,850,504	3,549,025	3,549,025	698,521	(1,922,976)	169,200,000	180,735,000
Total	5,472,000	2,850,504	3,549,025	3,549,025	698,521	(1,922,976)	165,337,083	172,437,083
Cash Return	3.31%	1.65%	2.06%	2.06%				

Notes:

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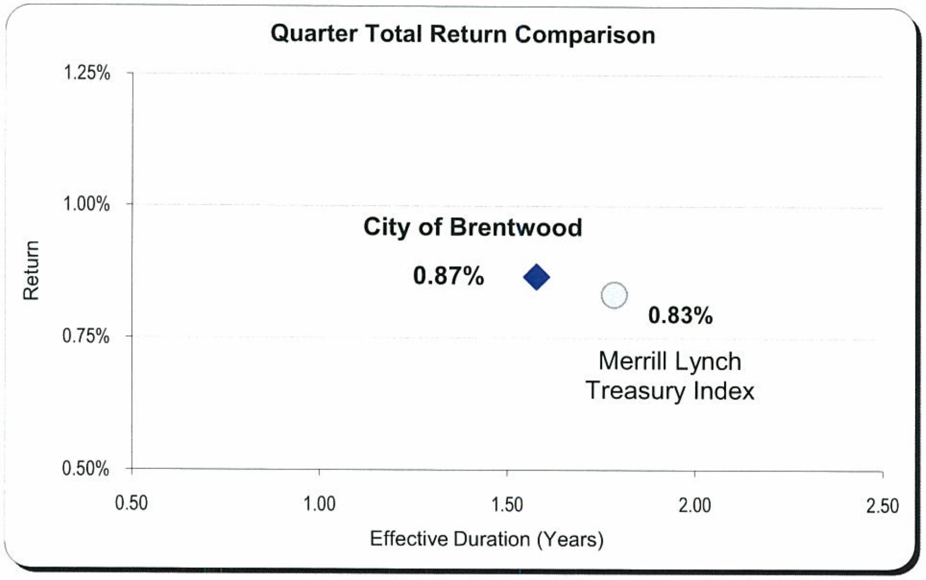
4. Earnings do not include LAIF.

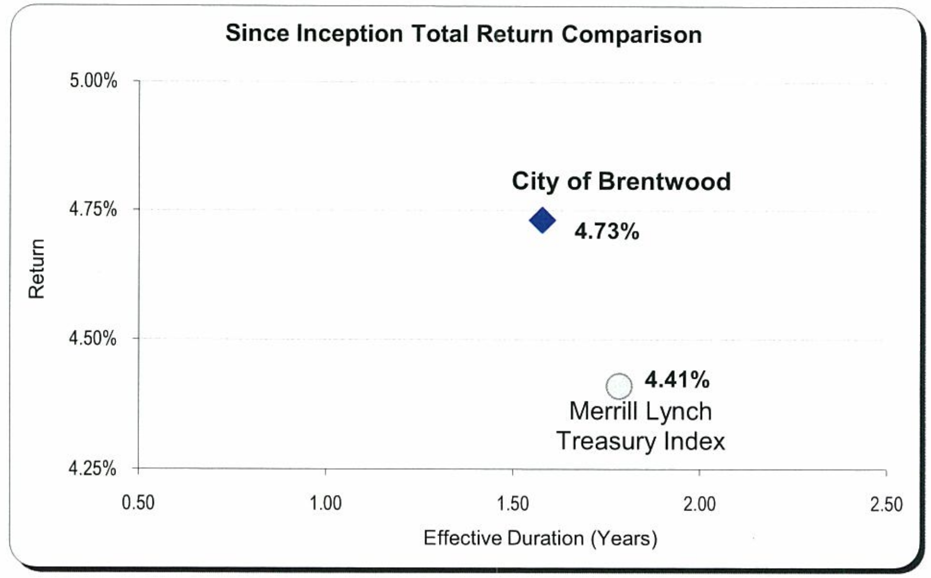
Portfolio Performance

Total Return[1,2,3,4,5]	Quarter Ended June 30, 2011	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Brentwood	**0.87%**	**1.67%**	**3.48%**	**4.52%**	**4.73%**
Merrill Lynch Treasury Index	0.83%	1.34%	2.80%	4.14%	4.41%

Effective Duration[4,5,6]	June 30, 2011	March 31, 2011
City of Brentwood	**1.58**	**1.70**
Merrill Lynch Treasury Index	1.80	1.78

Yields	June 30, 2011	March 31, 2011
Yield at Market	**0.57%**	0.84%
Yield on Cost	**1.11%**	1.11%



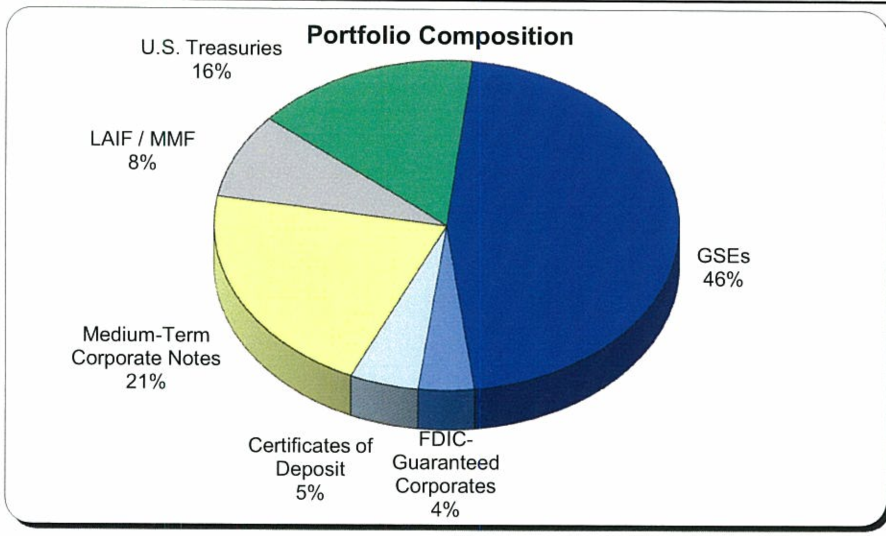


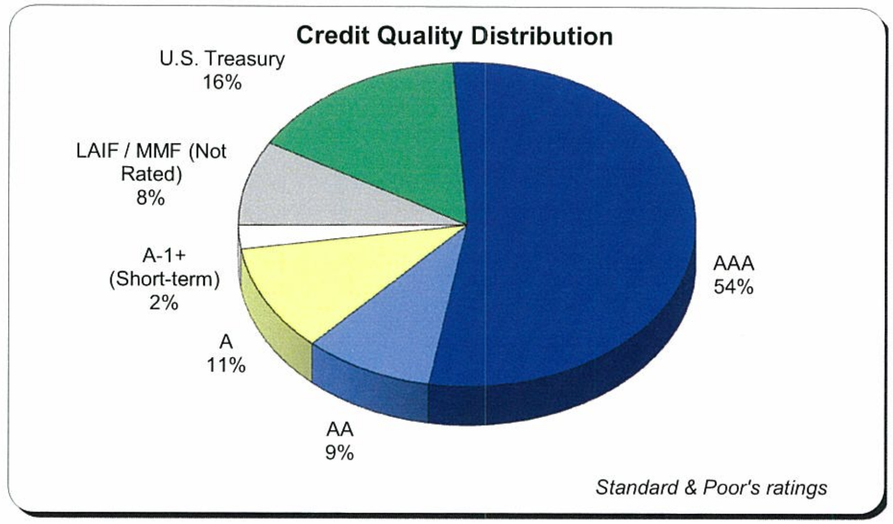
Notes:

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]	June 30, 2011	% of Portfolio	March 31, 2011	% of Portfolio	Permitted by Policy
U.S. Treasuries	**$31,438,988.26**	**16%**	$45,972,976.21	25%	**100%**
Federal Agencies	**$100,975,928.34**	**50%**	$99,567,112.21	53%	**100%**
GSEs[2]	*$93,190,179.24*	*46%*	*$91,773,001.08*	*49%*	*100%*
FDIC-Guaranteed Corporates[3]	*$7,785,749.10*	*4%*	*$7,794,111.13*	*4%*	*100%*
Certificates of Deposit	**$9,644,980.18**	**5%**	$9,639,151.01	5%	**30%**
Medium-Term Corporate Notes	**$42,178,236.54**	**21%**	$20,468,321.79	11%	**30%**
Money Market Fund/Cash	**$126,970.57**	**<1%**	$676,943.55	<1%	**15%**
LAIF	**$16,781,354.97**	**8%**	$10,725,900.17	6%	**$50 Million**
Totals	**$201,146,458.86**	**100%**	$187,050,404.94	100%	



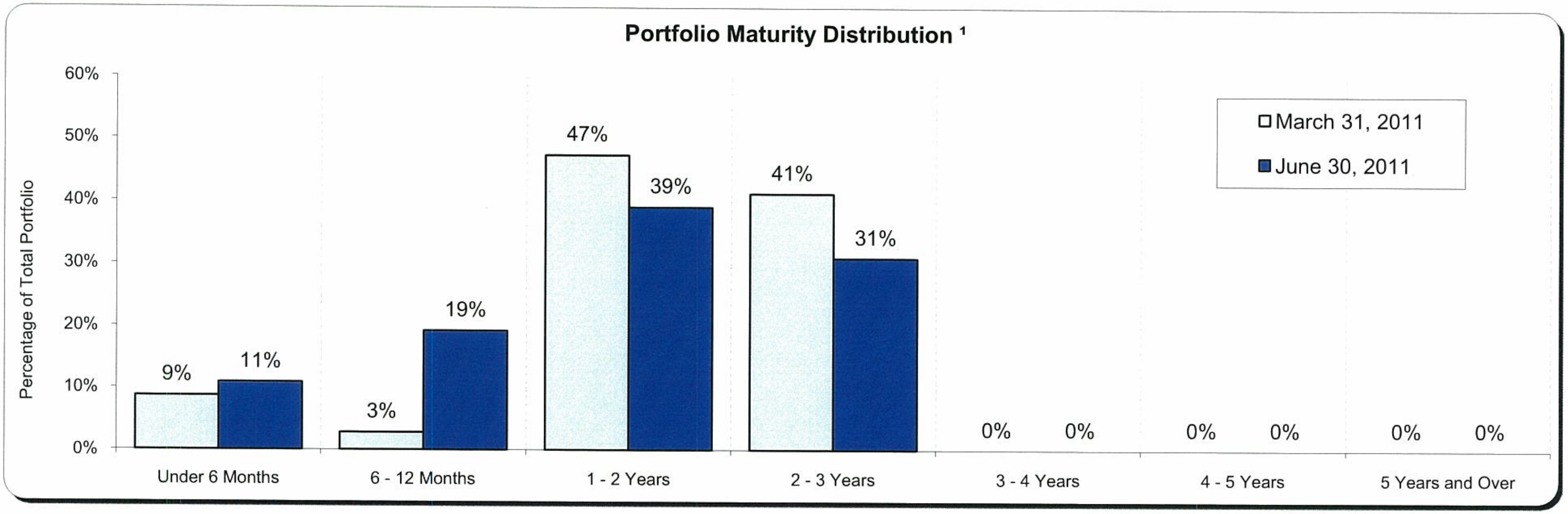


Notes:

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]	June 30, 2011	March 31, 2011
Under 6 Months	**$21,749,643.42**	$16,238,173.13
6 - 12 Months	**$38,625,075.75**	$5,224,535.64
1 - 2 Years	**$78,551,645.20**	$88,541,107.89
2 - 3 Years	**$62,220,094.49**	$77,046,588.28
3-4 Years	**$0.00**	$0.00
4 - 5 Years	**$0.00**	$0.00
5 Years and Over	**$0.00**	$0.00
Totals	**$201,146,458.86**	$187,050,404.94



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.

For the Month Ending **June 30, 2011**

Managed Account Detail of Securities Held

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 03/31/2010 1.000% 03/31/2012	912828MU1	2,450,000.00	TSY	TSY	05/26/10	05/27/10	2,460,240.24	0.77	6,158.47	2,454,175.05	2,465,018.50
US TREASURY NOTES DTD 04/15/2009 1.375% 04/15/2012	912828KK5	2,625,000.00	TSY	TSY	05/04/09	05/07/09	2,624,794.92	1.38	7,593.49	2,624,945.93	2,649,609.38
US TREASURY NOTES DTD 04/30/2010 1.000% 04/30/2012	912828NB2	1,630,000.00	TSY	TSY	04/20/11	04/21/11	1,642,097.66	0.27	2,746.20	1,639,817.34	1,640,823.20
US TREASURY NOTES DTD 04/30/2010 1.000% 04/30/2012	912828NB2	9,515,000.00	TSY	TSY	03/25/11	03/28/11	9,585,247.46	0.32	16,030.71	9,568,553.18	9,578,179.60
US TREASURY NOTES DTD 05/31/2010 0.750% 05/31/2012	912828NE6	2,605,000.00	TSY	TSY	04/08/11	04/11/11	2,616,091.60	0.37	1,654.82	2,613,930.57	2,617,608.20
US TREASURY NOTES DTD 06/30/2010 0.625% 06/30/2012	912828NS5	5,690,000.00	TSY	TSY	03/15/11	03/16/11	5,711,782.03	0.33	96.64	5,706,813.55	5,712,247.90
US TREASURY NOTES DTD 09/15/2010 0.750% 09/15/2013	912828NY2	5,970,000.00	TSY	TSY	10/04/10	10/07/10	5,995,419.14	0.60	13,140.49	5,989,125.73	5,998,453.02
US TREASURY NOTES DTD 10/15/2010 0.500% 10/15/2013	912828PB0	730,000.00	TSY	TSY	11/02/10	11/03/10	730,085.55	0.50	767.90	730,066.72	728,859.74
Security Type Sub-Total		**31,215,000.00**					**31,365,758.60**	**0.51**	**48,188.72**	**31,327,428.07**	**31,390,799.54**
U.S. Government Supported Corporate Debt											
MORGAN STANLEY (FDIC) GLOBAL NOTES DTD 03/13/2009 2.250% 03/13/2012	61757UAP5	5,130,000.00	AAA	Aaa	08/10/09	08/11/09	5,175,503.10	1.90	34,627.50	5,142,524.54	5,202,702.36
CITIGROUP INC (FDIC) GLOBAL NOTE DTD 01/30/2009 2.125% 04/30/2012	17313UAE9	2,500,000.00	AAA	Aaa	01/23/09	01/30/09	2,495,150.00	2.19	9,001.74	2,498,719.25	2,539,417.50
Security Type Sub-Total		**7,630,000.00**					**7,670,653.10**	**1.99**	**43,629.24**	**7,641,243.79**	**7,742,119.86**
Federal Agency Bond / Note											
FHLMC GLOBAL NOTES DTD 05/21/2009 1.750% 06/15/2012	3137EACC1	4,035,000.00	AAA	Aaa	09/29/09	09/30/09	4,053,157.50	1.58	3,138.33	4,041,505.83	4,090,186.70

Managed Account Detail of Securities Held

For the Month Ending **June 30, 2011**

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											
FHLMC GLOBAL NOTES DTD 05/21/2009 1.750% 06/15/2012	3137EACC1	7,650,000.00	AAA	Aaa	05/19/09	05/21/09	7,642,656.00	1.78	5,950.00	7,647,658.18	7,754,629.05
FHLMC GLOBAL REFERENCE NOTES DTD 07/16/2002 5.125% 07/15/2012	3134A4QD9	460,000.00	AAA	Aaa	09/08/10	09/09/10	497,453.20	0.69	10,870.69	481,091.98	483,321.08
FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	700,000.00	AAA	Aaa	07/22/09	07/23/09	699,034.00	1.80	4,389.58	699,634.53	711,126.50
FNMA GLOBAL BENCHMARK SR UNSECURED DTD 09/23/2002 4.375% 09/15/2012	31359MPF4	3,025,000.00	AAA	Aaa	06/16/11	06/17/11	3,177,762.50	0.31	38,967.88	3,172,997.58	3,170,965.33
FHLMC GLOBAL REFERENCE NOTES DTD 08/06/2009 2.125% 09/21/2012	3137EACE7	2,635,000.00	AAA	Aaa	10/08/09	10/09/09	2,678,477.50	1.55	15,553.82	2,653,250.96	2,691,591.90
FNMA NOTES (FLOATING) DTD 11/23/2010 0.280% 11/23/2012	31398A6R8	6,100,000.00	AAA	Aaa	11/18/10	11/23/10	6,097,502.66	0.43	1,904.56	6,097,502.66	6,106,618.50
FHLMC NOTES DTD 12/02/2010 0.625% 12/28/2012	3137EACO0	8,000,000.00	AAA	Aaa	02/01/11	02/04/11	7,991,520.00	0.68	416.67	7,993,346.32	8,026,784.00
FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	3,100,000.00	AAA	Aaa	01/14/10	01/15/10	3,095,536.00	1.80	19,439.58	3,097,597.31	3,164,644.30
FNMA NOTES DTD 01/18/2011 0.750% 02/26/2013	3135G0AK9	1,675,000.00	AAA	Aaa	06/16/11	06/17/11	1,683,542.50	0.45	4,361.98	1,683,347.08	1,683,661.43
FNMA NOTES DTD 01/18/2011 0.750% 02/26/2013	3135G0AK9	2,300,000.00	AAA	Aaa	06/27/11	06/28/11	2,311,017.00	0.46	5,989.58	2,310,962.03	2,311,893.30
FNMA NOTES DTD 01/18/2011 0.750% 02/26/2013	3135G0AK9	4,500,000.00	AAA	Aaa	02/10/11	02/11/11	4,480,470.00	0.97	11,718.75	4,484,161.08	4,523,269.50
FNMA NOTES DTD 01/18/2011 0.750% 02/26/2013	3135G0AK9	6,000,000.00	AAA	Aaa	01/13/11	01/18/11	5,990,760.00	0.82	15,625.00	5,992,728.36	6,031,026.00
FHLMC GLOBAL NOTES DTD 02/23/2010 1.720% 04/11/2013	3128X9D56	10,500,000.00	AAA	Aaa	03/01/10	03/02/10	10,528,875.00	1.63	40,133.33	10,516,656.89	10,733,551.50
FHLMC GLOBAL REFERENCE NOTES DTD 03/14/2008 3.500% 05/29/2013	3137EABJ7	3,980,000.00	AAA	Aaa	04/06/11	04/07/11	4,190,979.80	1.00	12,382.22	4,168,254.56	4,209,076.86

Managed Account Detail of Securities Held

For the Month Ending **June 30, 2011**

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											
FHLMC GLOBAL REFERENCE NOTES DTD 03/14/2008 3.500% 05/29/2013	3137EABJ7	5,000,000.00	AAA	Aaa	02/01/11	02/04/11	5,302,900.00	0.86	15,555.56	5,250,024.80	5,287,785.00
FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	9,870,000.00	AAA	Aaa	03/15/11	03/17/11	9,877,086.66	0.97	26,868.33	9,876,284.53	9,948,960.00
FHLMC GLOBAL REFERENCE NOTES DTD 08/20/2008 4.125% 09/27/2013	3137EABS7	2,100,000.00	AAA	Aaa	06/27/11	06/28/11	2,264,871.00	0.60	22,618.75	2,264,263.76	2,263,751.70
FHLMC GLOBAL REFERENCE NOTES DTD 08/20/2008 4.125% 09/27/2013	3137EABS7	5,460,000.00	AAA	Aaa	10/04/10	10/07/10	5,986,234.80	0.84	58,808.75	5,857,569.63	5,885,754.42
FHLB TAP BONDS DTD 12/04/2008 3.125% 12/13/2013	3133XSP93	1,285,000.00	AAA	Aaa	06/28/11	06/29/11	1,358,861.80	0.76	2,007.81	1,358,695.98	1,360,190.49
FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013	31398A5W8	1,500,000.00	AAA	Aaa	06/28/11	06/29/11	1,499,925.00	0.75	406.25	1,499,925.18	1,499,781.00
FHLMC NOTES DTD 01/06/2011 1.375% 02/25/2014	3137EACR8	915,000.00	AAA	Aaa	02/04/11	02/07/11	912,578.91	1.46	6,115.89	912,897.35	928,387.37
Security Type Sub-Total		**90,790,000.00**					**92,321,201.83**	**1.05**	**323,223.31**	**92,060,356.58**	**92,866,955.93**
Corporate Note											
WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 10/23/2007 5.250% 10/23/2012	949746NW7	4,140,000.00	AA-	A1	01/26/10	01/29/10	4,474,760.40	2.19	41,055.00	4,303,051.62	4,368,080.88
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	1,504.17	197,857.86	202,260.13
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	3,777.78	3,996,711.20	4,086,336.00
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	4,125.00	999,048.85	1,004,527.00
GENERAL ELECTRIC CAPITAL CORP NOTES DTD 09/16/2010 1.875% 09/16/2013	36962G4O4	6,700,000.00	AA+	Aa2	09/13/10	09/16/10	6,689,883.00	1.93	36,640.63	6,692,498.41	6,776,480.50

Managed Account Detail of Securities Held

For the Month Ending **June 30, 2011**

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											
JPMORGAN CHASE & CO NOTES DTD 09/30/2010 1.650% 09/30/2013	46623EJD2	4,000,000.00	A+	Aa3	09/27/10	09/30/10	3,999,520.00	1.65	16,683.33	3,999,638.32	4,042,620.00
WAL MART STORES INC. CORP NOTES DTD 04/18/2011 1.625% 04/15/2014	931142DA8	2,350,000.00	AA	Aa2	04/11/11	04/18/11	2,343,655.00	1.72	7,743.58	2,344,075.46	2,381,034.10
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	12,164.93	7,143,579.09	7,165,679.95
JOHNSON & JOHNSON GLOBAL NOTE (CALLABLE) DTD 05/20/2011 1.200% 05/15/2014	478160AX2	7,000,000.00	AAA	Aaa	05/17/11	05/20/11	6,991,810.00	1.24	9,566.67	6,992,116.88	7,020,923.00
CATERPILLAR FINANCIAL SE NOTES DTD 05/20/2011 1.375% 05/20/2014	14912L4V0	1,550,000.00	A	A2	05/17/11	05/20/11	1,549,178.50	1.39	2,427.26	1,549,209.14	1,556,317.80
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	4,441.25	3,417,481.20	3,433,847.58
Security Type Sub-Total		**41,500,000.00**					**41,806,958.40**	**1.63**	**140,129.60**	**41,635,268.03**	**42,038,106.94**
Certificate of Deposit											
BARCLAYS BANK PLC NY CERT DEPOS DTD 09/07/2010 0.900% 09/02/2011	06740MNK5	4,800,000.00	A-1+	P-1	09/02/10	09/07/10	4,800,000.00	0.90	35,639.96	4,800,000.00	4,805,677.92
BANK OF NOVA SCOTIA HOUSTON YCD (FLOAT) DTD 11/09/2010 0.518% 11/09/2012	06417DSG1	4,800,000.00	AA-	Aa1	11/04/10	11/09/10	4,800,000.00	0.54	3,662.30	4,800,000.00	4,800,000.00
Security Type Sub-Total		**9,600,000.00**					**9,600,000.00**	**0.72**	**39,302.26**	**9,600,000.00**	**9,605,677.92**
Managed Account Sub-Total		**180,735,000.00**					**182,764,571.93**	**1.11**	**594,473.13**	**182,264,296.47**	**183,643,660.19**
Securities Sub-Total		**$180,735,000.00**					**$182,764,571.93**	**1.11%**	**$594,473.13**	**$182,264,296.47**	**$183,643,660.19**
Accrued Interest											**$594,473.13**
Total Investments											**$184,238,133.32**