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**Investment Performance Review  
Second Quarter 2012**

**PFM Asset Management LLC**

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## Summary

- During the second quarter, investors searched for a safe place to hide amid weaker economic data and the ongoing European sovereign debt crisis. European efforts to stem contagion from its ongoing debt crisis resulted in higher volatility for European markets.
- U.S. economic data showed mixed results. While the labor market and the manufacturing sector looked weaker, the housing market showed signs of a rebound.
- PFM Asset Management LLC (PFMAM) believes the domestic economy will continue to expand, albeit at a slower pace, and aims to take advantage of the more volatile market environment by finding compelling yet undervalued investment opportunities.

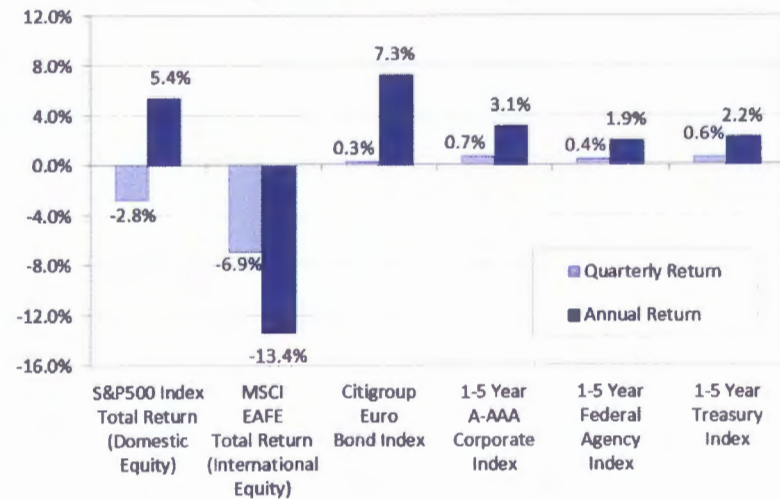
## Economic News

Economic data was weaker across the globe. Gross domestic product (GDP) in the U.S. for the first quarter of 2012 was 1.9%, compared to 3.0% for the fourth quarter of 2011. At the same time, the European economic picture worsened, as Spain fell into its second recession since 2009 and the European debt crisis continued to pose challenges. Emerging-markets economies also experienced slower growth, as China had its slowest pace of economic growth since 2009 and India reported first-quarter growth of 5.3% compared to a 6.1% rate of growth for the previous quarter. In response, central banks have kept accommodative policies in place and, in some cases, added further support to their economies.

U.S. job market conditions deteriorated during the quarter, as the unemployment rate had its first increase since June 2011, rising to 8.2% in May from 8.1% in April. However, the housing market has shown some improvements during the quarter. New-home sales in May exceeded economists' expectations, reaching their highest level since April 2010, and the S&P/Case-Shiller Index reported a third consecutive month of price gains for single-family homes.

Oil and other commodity prices fell for most of the quarter due to reports of slower growth in the global economy. However, they rebounded sharply at the end of June, with the S&P GSCI Index rising the most in three years when the European Union announced it would increase its aid to struggling member nations. The S&P 500 Index rallied on this positive news as well, after losing ground in the first two months of the quarter.

**Total Returns of Various Asset Classes**  
*Quarter ended June 30, 2012*



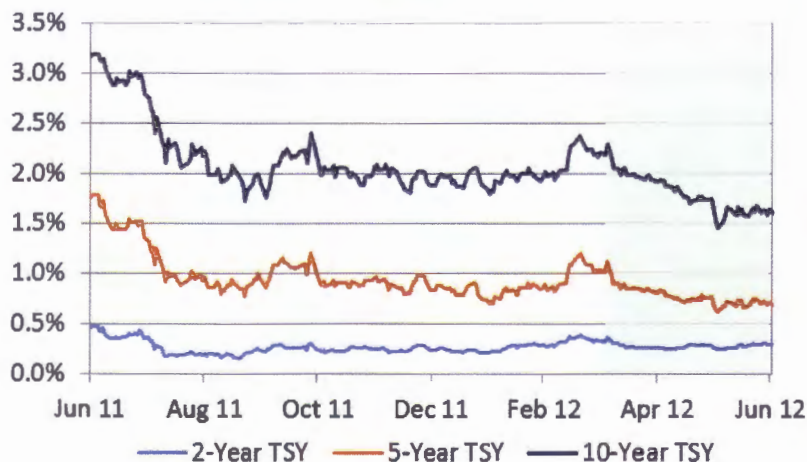
Sources: Bank of America Merrill Lynch, Citigroup, Bloomberg



## Interest Rates

U.S. interest rates declined across the yield curve. Slowing growth, a decline in inflation, and a flight to quality all fed the decline. The Federal Reserve (the “Fed”) maintained its commitment to keeping interest rates at low levels until at least late 2014, and the federal funds rate stayed within a band from zero to 0.25%. The central bank also stated that it would extend its program of buying longer-dated Treasuries while selling short-dated Treasuries, also known as “Operation Twist,” until the end of the year. The Fed lowered its forecasts for domestic economic growth, while at the same time increasing its forecasts for unemployment.

**2-Year, 5-Year, and 10-Year U.S. Treasury Note Yields**  
*June 30, 2011 through June 30, 2012*



Source: Bloomberg

Thirty-year mortgage rates fell to new lows, which drove some of the positive developments in the housing market. As shown in the charts on the following page, longer-dated Treasuries performed well for the quarter and 12-month period. Corporate bonds outperformed Treasuries and Agencies on a duration-adjusted basis for the quarter and 12-month period, and Treasuries beat Agencies for the quarter but not for the 12-month period. Agencies and corporate bonds had a difficult time during the month of May as the markets dealt with the uncertainties surrounding the European debt crisis; however, both sectors improved markedly in June as a result of Europe’s new commitments to resolving its debt crisis.

Five- and ten-year Treasury yields dropped to record lows after the employment report was released on June 1, and then increased slightly during the month. Agency spreads remained mostly unchanged from May to June, and outperformed Treasuries in June due to their relatively higher yields. With Agency and corporate spreads narrowing, PFMAM believes that municipal and Agency mortgage-backed securities provide good value with acceptable levels of risk.

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

Date	3-month	1-year	2-year	5-year	10-year	30-year
30-Jun-12	0.08%	0.21%	0.30%	0.72%	1.65%	2.75%
31-Mar-12	0.07%	0.17%	0.33%	1.04%	2.21%	3.34%
<b>Change over Quarter</b>	0.02%	0.04%	-0.03%	-0.32%	-0.57%	-0.58%
30-Jun-11	0.02%	0.19%	0.46%	1.76%	3.16%	4.37%
<b>Change over Year</b>	0.07%	0.02%	-0.16%	-1.04%	-1.52%	-1.62%

Source data: Bloomberg



## PFMAM Outlook

We believe that the domestic economy will continue to grow, despite weaker reports on the jobs market. Shorter-term rates are range-bound, while longer-term yields are declining, resulting in a flatter yield curve. Currently, we do not believe that rates will head substantially higher, as the Fed is maintaining a loose monetary policy and inflation remains within the Fed's mandate of 2% for core personal consumption expenditures.

Lower oil prices may currently provide some relief to U.S. consumers. On the other hand, the gloomy employment picture is still weighing on consumer spending, as is higher core inflation.

The extension of “Operation Twist” announced by the Fed in June should place continued downward pressure on intermediate-term Treasury yields, as the Fed will buy up to \$267 billion in securities over the coming months. The action should support rates for Treasuries with maturities of two years and under, as the Fed offsets its purchases by selling short-dated Treasuries.

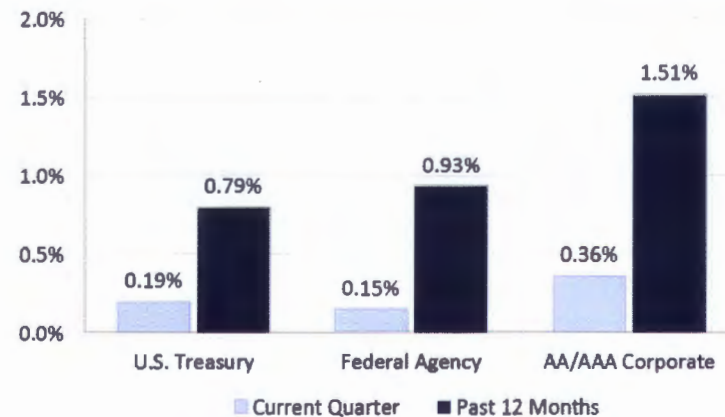
Short-term yields have stayed within a narrow range for the quarter. There are also fewer opportunities for investment in the money market sector, as Fannie Mae and Freddie Mac reduce their short-term debt issuance. Agency and corporate spreads have been volatile and reactive to risk-on/risk-off psychology in the market, which creates opportunities for active management strategies to add value.

**Returns for 2-Year, 5-Year, and 10-Year Treasuries**  
*Quarter ended June 30, 2012*



Source: Bloomberg, using Bank of America Merrill Lynch indexes.

**Duration-Adjusted Returns for Fixed-Income Securities**  
*Quarter ended June 30, 2012*



Source: Bloomberg, using Bank of America Merrill Lynch 1-3 year indexes.

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

## Portfolio Summary

<u>Total Portfolio Value</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>
Market Value	\$181,619,874.60	\$171,458,495.40
Amortized Cost	\$181,120,958.76	\$170,871,040.26

## PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy. The portfolio is diversified among U.S. Treasury, Federal Agency, high-quality corporate and money market securities, as well as municipal securities.
- The pace of economic activity in the U.S. slowed further in the second quarter, kicking off a strong rally in the Treasury market. Weaker than expected economic data, the continuation of the Fed's Operation Twist program, and a flight-to-quality caused by worsening turmoil in the Euro-Zone pushed long-term yields sharply lower.
- After starting the quarter at a yield of 2.21%, the 10-year Treasury fell 76 basis points (0.76%), hitting an all-time low of 1.45% in early June. At that point, investors decided that getting just 145 pennies of interest each year for every \$100 lent to the U.S. government was perhaps a bad deal, and rates moved modestly higher through June.
- In contrast to long-term maturities, 2-year Treasury yields stayed within a narrow range of 0.24% to 0.37% as the Federal Reserve's near-zero interest rate policy anchored the front end of the yield curve.
- The turmoil in Europe triggered a shift from the first quarter's "risk on" trade, which strongly favored agencies, corporate bonds and riskier asset classes, to the second quarter's "risk off" trade, which favored Treasuries in April and May. Widening yield spreads created good investment opportunities, though, as market psychology reversed again in June. The quarter ended with a solid rally in spread product, benefitting portfolios with allocations to agency and corporate debt.
- Our allocations to Treasuries, which were increased in the first quarter, benefitted the portfolio early in the quarter as spreads widened and Treasuries outperformed. Mid-quarter, we gradually shifted our emphasis and began favoring agencies, which benefitted the portfolio again as spreads reversed and ended the quarter at narrow levels.
- After a very strong first quarter, corporate yield spreads widened sharply early in the second quarter. As a result of their higher yields and a partial recovery in spreads in June, A-rated and AA-rated issues ultimately performed well for the quarter. Careful issuer selection remained critical to prudent risk management as many issuers suffered downgrades, in some cases up to 3 rating notches, resulting from Moody's sweeping reassessment of bank ratings.

## Portfolio Summary - continued

## PORTFOLIO STRATEGY

- The Euro-Zone debt crisis and decelerating growth across the globe will continue to drive the financial markets. Central banks around the world remain accommodative. Additional intervention by the ECB, and perhaps by the U.S. Federal Reserve as well, is likely if conditions weaken. Investments based in U.S. dollars and other non-Euro currencies are perceived as safe-havens, despite their very low yields.
- Another factor driving the U.S. bond market is the prognosis for weaker domestic growth. The U.S. economy will likely muddle through a slow period, but avoid a double dip recession. Consumer spending is expanding, energy costs have fallen, and borrowing costs at record lows have eased debt service burdens. With so much bad news priced into the markets, things could turn out better than expected, which would drive equity prices higher and corporate bond spreads narrower.
- A growth surprise in the U.S. could also kick-start a back-up in yields, but that risk is concentrated in longer maturities. With the Federal Reserve on hold through at least late 2014, shorter-term investments will likely remain range-bound near current levels.
- We currently favor extending maturities into the intermediate (2-4 year) range. We also plan to keep portfolio durations near their benchmark targets as we begin the new quarter, using any bouts of market weakness to time monthly extensions advantageously.
- Agency-Treasury spreads are narrow, so we favor Treasuries in most shorter maturities. Callable agencies continue to underperform and will generally be avoided.
- We remain constructive on corporates, as the combination of strong balance sheets and higher income create an adequate buffer against any turbulence due to headline risk. In shorter maturities, carefully selected commercial paper and CDs also offer good value versus government securities.
- In the money market arena, we continue to see value in floating-rate Agencies and CDs, which offer excellent yields with minimal market risk due to their floating coupons.
- Municipal bonds offer good return prospects, especially for general obligations and essential service bonds. We plan to selectively add to municipal holdings as we find value.
- As always, we strive to maintain safety of principal, while seeking opportunities to add value through active management. Our strategy will remain flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

Year-To-Date Cash-Basis Earnings Analysis (Monthly)<sup>1,2,3,4</sup>

Month	Fiscal Year 2010/11	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Current Forecast	Fiscal Year 2010/2011	Fiscal Year 2011/2012
	Actual	Budget	Year-To-Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2011/12 vs. FY 2010/11	Par Value of Portfolio	
July	103,554	81,900	81,922	81,922	22	(21,632)	169,425,000	180,335,000
August	242,191	316,700	316,655	316,655	(45)	74,465	169,425,000	168,150,000
September	391,681	476,000	475,981	475,981	(19)	84,301	169,885,000	163,300,000
October	353,114	338,500	384,046	384,046	45,546	30,931	169,610,000	163,355,000
November	699,935	295,000	709,246	709,246	414,246	9,311	170,940,000	159,025,000
December	184,103	242,500	175,209	175,209	(67,291)	(8,894)	170,940,000	158,960,000
January	68,730	-	451,704	451,704	451,704	382,973	170,940,000	163,915,000
February	130,587	106,700	157,922	157,922	51,222	27,335	171,030,000	163,985,000
March	560,374	455,200	(116,225)	(116,225)	(571,425)	(676,599)	173,465,000	163,660,000
April	402,624	338,800	366,731	366,731	27,931	(35,893)	176,425,000	163,170,000
May	264,914	295,200	234,312	234,312	(60,888)	(30,602)	176,425,000	164,164,000
June	159,758	242,700	(37,401)	(37,401)	(280,101)	(197,158)	180,735,000	164,229,000
<b>Total</b>	<b>3,561,566</b>	<b>3,189,200</b>	<b>3,200,103</b>	<b>3,200,103</b>	<b>10,903</b>	<b>(361,463)</b>	<b>172,437,083</b>	<b>164,687,333</b>
Cash Return	2.07%	1.94%	1.94%	1.94%				

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)<sup>1,2,3,4</sup>

Month	Fiscal Year 2010/11	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Current Forecast	Fiscal Year 2010/2011	Fiscal Year 2011/2012
	Actual	Budget	Year-To-Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2010/11 vs. FY 2009/10	Par Value of Portfolio	
July	103,554	81,900	81,922	81,922	22	(21,632)	169,425,000	180,335,000
August	345,745	398,600	398,577	398,577	(23)	52,832	169,425,000	168,150,000
September	737,426	874,600	874,559	874,559	(41)	137,133	169,885,000	163,300,000
October	1,090,540	1,213,100	1,258,604	1,258,604	45,504	168,064	169,610,000	163,355,000
November	1,790,475	1,508,100	1,967,850	1,967,850	459,750	177,375	170,940,000	159,025,000
December	1,974,578	1,750,600	2,143,059	2,143,059	392,459	168,481	170,940,000	158,960,000
January	2,043,309	1,750,600	2,594,762	2,594,762	844,162	551,454	170,940,000	163,915,000
February	2,173,896	1,857,300	2,752,684	2,752,684	895,384	578,789	171,030,000	163,985,000
March	2,734,270	2,312,500	2,636,460	2,636,460	323,960	(97,810)	173,465,000	163,660,000
April	3,136,894	2,651,300	3,003,191	3,003,191	351,891	(133,703)	176,425,000	163,170,000
May	3,401,808	2,946,500	3,237,504	3,237,504	291,004	(164,305)	176,425,000	164,164,000
June	3,561,566	3,189,200	3,200,103	3,200,103	10,903	(361,463)	180,735,000	164,229,000
<b>Total</b>	<b>3,561,566</b>	<b>3,189,200</b>	<b>3,200,103</b>	<b>3,200,103</b>	<b>10,903</b>	<b>(361,463)</b>	<b>172,437,083</b>	<b>164,687,333</b>
Cash Return	2.07%	1.94%	1.94%	1.94%				

Notes:

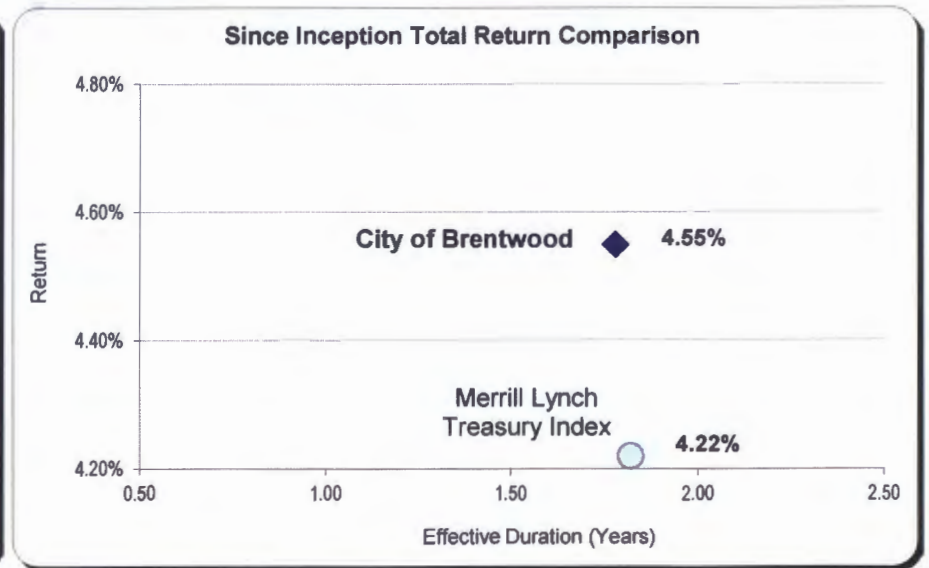
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4. Earnings do not include LAIF.



Portfolio Performance

Total Return <sup>1,2,3,4,5</sup>	Quarter Ended June 30, 2012	Past Year	Past 3 Years	Past 5 Years	Since Inception
<b>City of Brentwood</b>	<b>0.23%</b>	<b>1.32%</b>	<b>1.98%</b>	<b>3.72%</b>	<b>4.55%</b>
Merrill Lynch Treasury Index	0.19%	0.79%	1.60%	3.27%	4.22%

<u>Effective Duration</u> <sup>4,5,6</sup>	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>Yields</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>
<b>City of Brentwood</b>	<b>1.78</b>	<b>1.81</b>	Yield at Market	<b>0.53%</b>	0.54%
Merrill Lynch Treasury Index	1.83	1.82	Yield on Cost	<b>0.70%</b>	0.76%

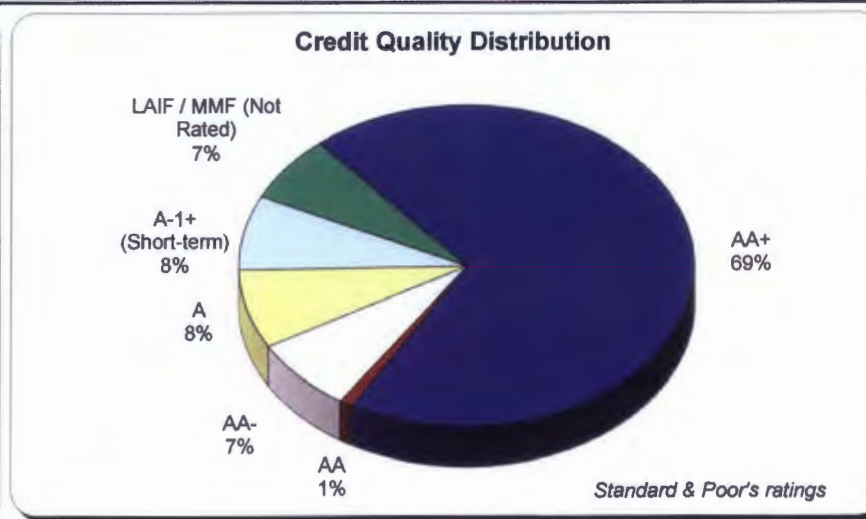
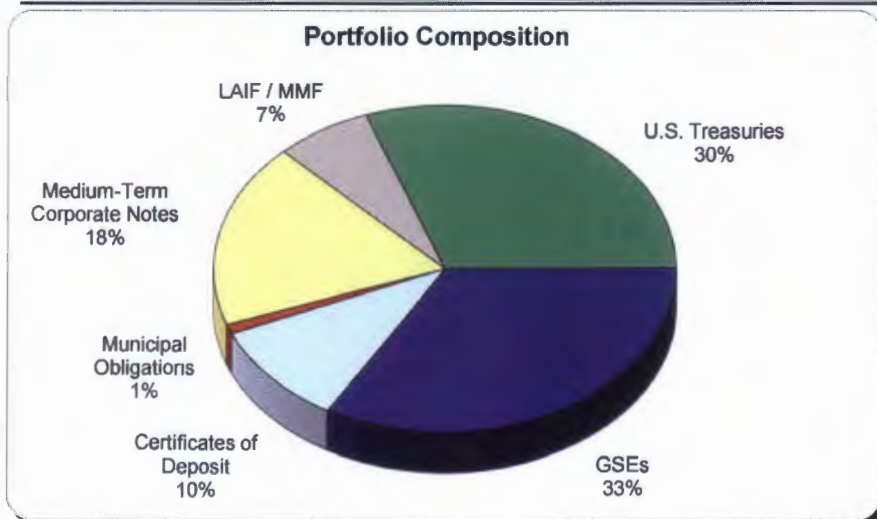


Notes:

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

<u>Security Type<sup>1</sup></u>	<u>June 30, 2012</u>	<u>% of Portfolio</u>	<u>March 31, 2012</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
<b>U.S. Treasuries</b>	<b>\$55,387,131.81</b>	<b>30%</b>	\$54,945,699.38	33%	<b>100%</b>
<b>Federal Agencies</b>	<b>\$60,739,049.43</b>	<b>33%</b>	\$55,779,784.31	33%	<b>100%</b>
<i>GSEs<sup>2</sup></i>	<i>\$60,739,049.43</i>	<i>33%</i>	<i>\$55,779,784.31</i>	<i>33%</i>	<i>100%</i>
<i>FDIC-Guaranteed Corporates<sup>3</sup></i>	<i>\$0.00</i>	<i>0%</i>	<i>\$0.00</i>	<i>0%</i>	<i>100%</i>
<b>Commercial Paper</b>	<b>\$0.00</b>	<b>0%</b>	\$0.00	0%	<b>25%</b>
<b>Certificates of Deposit</b>	<b>\$18,437,670.44</b>	<b>10%</b>	\$14,414,190.63	9%	<b>30%</b>
<b>Bankers' Acceptances</b>	<b>\$0.00</b>	<b>0%</b>	\$0.00	0%	<b>40%</b>
<b>Repurchase Agreements</b>	<b>\$0.00</b>	<b>0%</b>	\$0.00	0%	<b>100%</b>
<b>California Municipal Obligations</b>	<b>\$1,773,252.36</b>	<b>1%</b>	\$1,816,417.78	1%	<b>100%</b>
<b>Medium-Term Corporate Notes</b>	<b>\$33,085,550.49</b>	<b>18%</b>	\$37,521,099.50	23%	<b>30%</b>
<b>Money Market Fund/Cash</b>	<b>\$202,253.81</b>	<b>&lt;1%</b>	\$0.00	0%	<b>15%</b>
<b>LAIF</b>	<b>\$11,994,966.26</b>	<b>7%</b>	\$2,224,904.78	1%	<b>\$50 Million</b>
<b>Totals</b>	<b>\$181,619,874.60</b>	<b>100%</b>	\$166,702,096.38	100%	

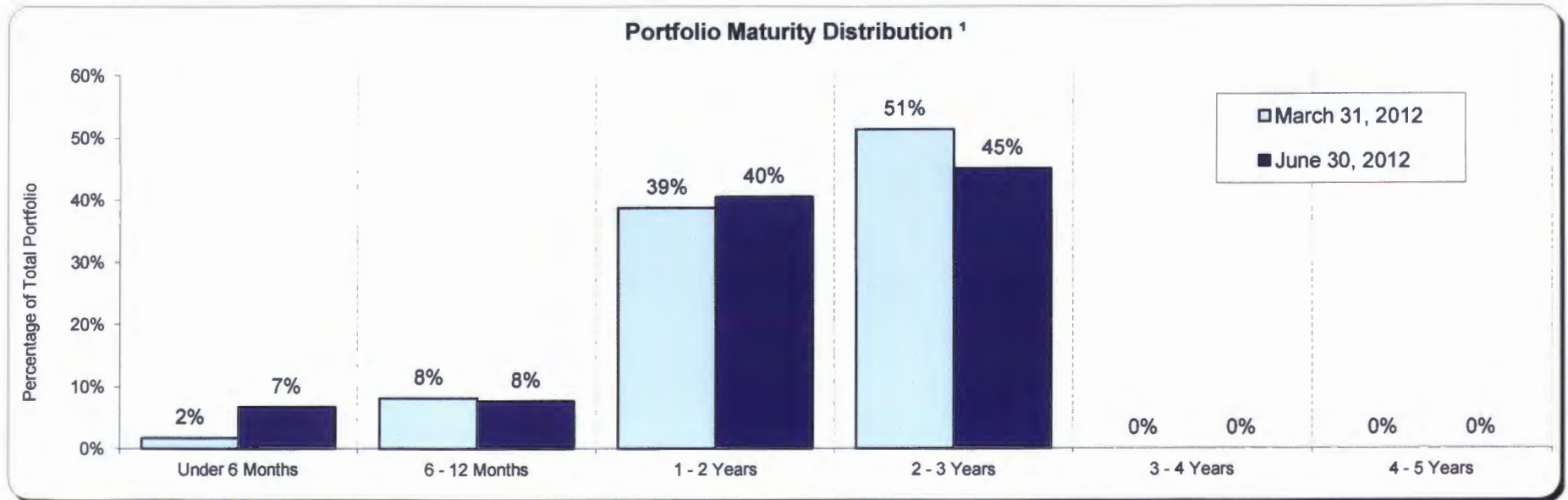


Notes:

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

<u>Maturity Distribution</u> <sup>1</sup>	<u>June 30, 2012</u>	<u>March 31, 2012</u>
Under 6 Months	\$12,197,220.07	\$2,958,345.80
6 - 12 Months	\$13,868,200.46	\$13,951,164.49
1 - 2 Years	\$73,665,028.60	\$66,406,459.19
2 - 3 Years	\$81,889,425.47	\$88,142,525.92
3-4 Years	\$0.00	\$0.00
4 - 5 Years	\$0.00	\$0.00
5 Years and Over	\$0.00	\$0.00
<b>Totals</b>	<b>\$181,619,874.60</b>	<b>\$171,458,495.40</b>



Notes:

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



**Managed Account Detail of Securities Held**

For the Month Ending **June 30, 2012**

**CITY OF BRENTWOOD - 09900003**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 10/15/2010 0.500% 10/15/2013	912828PB0	730,000.00	AA+	Aaa	11/02/10	11/03/10	730,085.55	0.50	767.90	730,037.67	731,995.82
US TREASURY NOTES DTD 10/31/2008 2.750% 10/31/2013	912828JO4	5,255,000.00	AA+	Aaa	02/10/12	02/13/12	5,477,105.86	0.27	24,347.21	5,427,880.20	5,425,992.45
US TREASURY NOTES DTD 07/31/2009 2.625% 07/31/2014	912828LC2	4,690,000.00	AA+	Aaa	10/27/11	10/31/11	4,967,003.13	0.46	51,409.62	4,900,086.16	4,910,941.21
US TREASURY NOTES DTD 11/02/2009 2.375% 10/31/2014	912828LS7	6,000,000.00	AA+	Aaa	02/22/12	02/23/12	6,312,890.63	0.42	24,008.15	6,271,995.12	6,279,372.00
US TREASURY N/B DTD 11/15/2011 0.375% 11/15/2014	912828RO5	3,000,000.00	AA+	Aaa	11/29/11	11/30/11	2,998,125.00	0.40	1,436.82	2,998,495.32	3,001,640.63
US TREASURY NOTES DTD 11/15/2004 4.250% 11/15/2014	912828DC1	5,000,000.00	AA+	Aaa	04/23/12	04/24/12	5,496,093.75	0.35	27,139.95	5,460,273.10	5,457,030.00
US TREASURY NOTES DTD 11/15/2004 4.250% 11/15/2014	912828DC1	7,305,000.00	AA+	Aaa	05/21/12	05/22/12	8,002,684.57	0.38	39,651.46	7,972,234.39	7,972,720.83
US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	7,030,000.00	AA+	Aaa	01/23/12	01/26/12	7,419,121.48	0.40	66,051.10	7,363,727.88	7,366,118.36
US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	10,210,000.00	AA+	Aaa	06/28/12	06/29/12	10,701,755.08	0.38	95,929.12	10,700,716.90	10,698,160.52
US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015	912828MR8	3,030,000.00	AA+	Aaa	03/13/12	03/14/12	3,195,703.13	0.51	24,052.68	3,179,240.35	3,188,365.98
<b>Security Type Sub-Total</b>		<b>52,250,000.00</b>					<b>55,300,568.18</b>	<b>0.39</b>	<b>354,794.01</b>	<b>55,004,687.09</b>	<b>55,032,337.80</b>
<b>Municipal Bond / Note</b>											
SAN FRANCISCO CITY & CNTY, CA GO BONDS DTD 11/30/2011 5.000% 06/15/2014	797646PU4	1,625,000.00	AA	Aa2	11/10/11	11/30/11	1,801,588.75	0.68	3,611.11	1,761,137.09	1,769,641.25
<b>Security Type Sub-Total</b>		<b>1,625,000.00</b>					<b>1,801,588.75</b>	<b>0.68</b>	<b>3,611.11</b>	<b>1,761,137.09</b>	<b>1,769,641.25</b>



**Managed Account Detail of Securities Held**

For the Month Ending **June 30, 2012**

**CITY OF BRENTWOOD - 09900003**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>											
FREDDIE MAC GLOBAL NOTES DTD 11/01/2011 0.375% 11/27/2013	3137EACZ0	3,525,000.00	AA+	Aaa	05/04/12	05/07/12	3,530,181.75	0.28	1,248.44	3,529,683.42	3,527,735.40
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013	3133762C8	4,000,000.00	AA+	Aaa	01/11/12	01/12/12	4,003,080.00	0.33	1,416.67	4,002,311.44	4,002,640.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013	3133762C8	5,575,000.00	AA+	Aaa	11/14/11	11/15/11	5,563,905.75	0.47	1,974.48	5,567,319.82	5,578,679.50
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013	3133762C8	8,600,000.00	AA+	Aaa	11/29/11	11/30/11	8,588,046.00	0.45	3,045.83	8,591,553.60	8,605,676.00
FHLB TAP BONDS DTD 12/04/2008 3.125% 12/13/2013	3133XSP93	1,285,000.00	AA+	Aaa	06/28/11	06/29/11	1,358,861.80	0.76	2,007.81	1,328,780.26	1,336,735.39
FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013	31398A5W8	1,500,000.00	AA+	Aaa	06/28/11	06/29/11	1,499,925.00	0.75	406.25	1,499,955.74	1,509,912.00
FHLMC NOTES DTD 11/18/2011 0.625% 12/23/2013	3134G3BF6	4,985,000.00	AA+	Aaa	12/20/11	12/21/11	4,999,411.64	0.48	692.36	4,995,632.26	5,003,848.29
FNMA GLOBAL NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	5,690,000.00	AA+	Aaa	11/18/11	11/23/11	5,944,229.20	0.68	18,176.39	5,882,477.74	5,915,836.10
FHLB GLOBAL BONDS DTD 05/27/2004 5.250% 06/18/2014	3133X7FK5	3,660,000.00	AA+	Aaa	08/30/11	08/31/11	4,145,462.40	0.47	6,938.75	4,001,515.92	4,009,720.32
FNMA NOTES DTD 07/18/2011 0.875% 08/28/2014	3135G0BY8	3,650,000.00	AA+	Aaa	02/06/12	02/07/12	3,694,055.50	0.40	10,911.98	3,687,196.57	3,686,693.45
FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	6,000,000.00	AA+	Aaa	09/28/11	09/30/11	6,012,000.00	0.68	12,375.00	6,008,989.74	6,042,810.00
FANNIE MAE GLOBAL NOTES DTD 09/27/2011 0.625% 10/30/2014	3135G0DW0	7,400,000.00	AA+	Aaa	05/24/12	05/29/12	7,424,782.60	0.49	7,836.81	7,423,877.21	7,432,752.40
FANNIE MAE GLOBAL NOTES DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	4,020,000.00	AA+	Aaa	04/17/12	04/19/12	4,008,382.20	0.59	1,898.33	4,009,122.08	4,017,081.48
<b>Security Type Sub-Total</b>		<b>59,890,000.00</b>					<b>60,772,323.84</b>	<b>0.51</b>	<b>68,929.10</b>	<b>60,528,415.80</b>	<b>60,670,120.33</b>



Managed Account Detail of Securities Held

For the Month Ending June 30, 2012

CITY OF BRENTWOOD - 09900003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
JPMORGAN CHASE & CO GLOBAL NOTES DTD 04/28/2008 4.750% 05/01/2013	46625HHB9	190,000.00	A	A2	01/20/10	01/25/10	203,761.70	2.43	1,504.17	193,613.31	195,892.09
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	3,998,379.24	4,057,600.00
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	999,477.61	1,008,498.00
JP MORGAN CHASE & CO CORP NOTES DTD 01/24/2011 2.050% 01/24/2014	46623EJE0	1,240,000.00	A	A2	01/06/12	01/11/12	1,243,546.40	1.91	11,085.94	1,242,738.73	1,253,556.92
JP MORGAN CHASE & CO CORP NOTES DTD 01/24/2011 2.050% 01/24/2014	46623EJE0	1,430,000.00	A	A2	01/09/12	01/12/12	1,434,418.70	1.89	12,784.60	1,433,416.28	1,445,634.19
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	384,000.00	A	A2	05/23/12	05/29/12	418,329.60	0.87	8,754.67	416,565.76	416,996.74
<b>CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014</b>	<b>14912L4F5</b>	<b>390,000.00</b>	<b>A</b>	<b>A2</b>	<b>06/28/12</b>	<b>07/03/12</b>	<b>423,380.10</b>	<b>0.80</b>	<b>9,024.17</b>	<b>423,380.10</b>	<b>423,512.31</b>
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	440,000.00	A	A2	12/20/11	12/23/11	487,810.40	1.00	10,031.39	476,292.04	477,808.76
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	575,000.00	A	A2	11/21/11	11/25/11	638,807.75	1.07	13,109.20	621,772.92	624,409.18
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	2,760,000.00	A	A2	05/22/12	05/25/12	3,008,124.00	0.87	62,924.17	2,993,873.84	2,997,164.04
IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	7,150,000.00	AA-	Aa3	05/09/11	05/12/11	7,143,279.00	1.28	12,164.93	7,145,794.73	7,225,425.35
JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	1,265,000.00	A	A2	01/04/12	01/09/12	1,336,636.95	2.21	4,901.88	1,322,652.36	1,331,827.42
PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	1,500,000.00	AA-	Aa3	08/10/11	08/15/11	1,493,835.00	0.84	3,966.67	1,495,623.23	1,503,895.50
BERKSHIRE HATHAWAY INC (FLOATING) NOTES DTD 08/15/2011 1.167% 08/15/2014	084670BA5	3,000,000.00	AA+	Aa2	08/10/11	08/15/11	3,000,000.00	0.98	4,570.16	3,000,000.00	3,037,788.00



## Managed Account Detail of Securities Held

For the Month Ending June 30, 2012

CITY OF BRENTWOOD - 09900003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	3,050,000.00	AA+	A1	01/04/12	01/09/12	3,046,828.00	2.19	31,330.28	3,047,319.54	3,101,398.60
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	3,690,000.00	AA+	A1	06/05/12	06/08/12	3,736,051.20	1.65	37,904.50	3,734,953.54	3,752,183.88
<b>Security Type Sub-Total</b>		<b>32,064,000.00</b>					<b>32,608,518.80</b>	<b>1.50</b>	<b>231,959.51</b>	<b>32,545,853.23</b>	<b>32,853,590.98</b>
<b>Certificate of Deposit</b>											
ROYAL BANK OF CANADA NY CERT DEPOS DTD 02/10/2012 0.490% 02/08/2013	78009NDY9	4,800,000.00	A-1+	P-1	02/08/12	02/10/12	4,800,000.00	0.49	9,277.33	4,800,000.00	4,800,205.92
NATIONAL AUSTRALIA BANK NY CERT DEPOS DTD 06/19/2012 0.600% 06/19/2013	63253TPX0	4,800,000.00	A-1+	P-1	06/15/12	06/19/12	4,800,000.00	0.60	960.00	4,800,000.00	4,798,983.17
BANK OF NOVA SCOTIA HOUS (FLOATING) DTD 02/10/2012 0.946% 02/10/2014	06417EYU1	4,800,000.00	AA-	Aa1	02/07/12	02/10/12	4,800,000.00	0.99	6,557.89	4,800,000.00	4,800,249.60
WESTPAC BANKING CORP NY (FLOAT) CD DTD 02/16/2012 1.417% 02/14/2014	96121TLT3	4,000,000.00	A-1+	P-1	02/14/12	02/16/12	4,000,000.00	1.47	7,556.53	4,000,000.00	4,013,880.00
<b>Security Type Sub-Total</b>		<b>18,400,000.00</b>					<b>18,400,000.00</b>	<b>0.86</b>	<b>24,351.75</b>	<b>18,400,000.00</b>	<b>18,413,318.69</b>
<b>Managed Account Sub-Total</b>		<b>164,229,000.00</b>					<b>168,882,999.57</b>	<b>0.70</b>	<b>683,645.48</b>	<b>168,240,093.21</b>	<b>168,739,009.05</b>
<b>Securities Sub-Total</b>		<b>\$164,229,000.00</b>					<b>\$168,882,999.57</b>	<b>0.70%</b>	<b>\$683,645.48</b>	<b>\$168,240,093.21</b>	<b>\$168,739,009.05</b>
<b>Accrued Interest</b>											<b>\$683,645.48</b>
<b>Total Investments</b>											<b>\$169,422,654.53</b>

Bolded items are forward settling trades.