



# City of Brentwood



Investment Performance Review  
Second Quarter 2015

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### Summary

- Throughout the quarter, improving U.S. economic conditions contrasted with global economic uncertainty, particularly the deteriorating negotiations between Greece and its international creditors, which came to a vital impasse at the end of the quarter.
- Market participants continued to weigh the impact that adverse global economic conditions would have on the interest rate setting policies of the Federal Open Market Committee (FOMC).

### Economic Snapshot

- For the first quarter of 2015, gross domestic product (GDP) declined by 0.2%. While estimates initially reflected a larger decline, increases in consumer spending and inventories contributed to the upward revision.
- The U.S. labor market continued to improve, as the unemployment rate fell from 5.5% in March to 5.3% in June. While robust headline job creation continued, some of the underlying metrics related to employment—particularly wage growth—were weak.
- The housing market strengthened, as reflected by improvements in the pace of pending home sales, building permits, new-home sales, and housing starts.
- Greek-related tensions grew as the troubled nation missed a payment of 1.6 billion euros to the International Monetary Fund (IMF), and Greek voters overwhelmingly rejected austerity measures demanded by creditors as a condition for further financial assistance. These actions leave open the possibility that Greece would abandon the euro and even leave the eurozone.

### Interest Rates

- The FOMC kept the federal funds target rate unchanged for the quarter. While the FOMC's statement left open the possibility of an interest rate increase in the latter half of 2015, this policy decision will depend on labor market conditions and inflation expectations.

- The timing for a potential interest rate hike became more uncertain at the end of the quarter due to the potential for the Greek debt crisis to affect the overall global economy.
- Treasury yields reacted differently across the curve. Yields for short maturities rose only modestly (two- and three-year Treasuries ended the quarter up 0.09% and 0.12%, respectively) while yields for intermediate and longer maturities had sizeable increases (five- and 10-year Treasuries ended the quarter higher by 0.28% and 0.43%, respectively).

### Sector Performance

- Benchmark Treasury indices for shorter-maturity securities ended the quarter slightly positive, as more than sufficient income was generated to overcome the limited decrease in market value that resulted from the rise in yields. Longer maturities did not perform as well because they had significantly larger rate increases.
- Yield spreads for Federal Agency securities fluctuated within their historically low ranges for the quarter; as a result, the sector's performance was relatively flat when compared to Treasuries.
- Corporate securities underperformed government issues as yield spreads widened throughout the quarter; bonds with higher credit quality underperformed the most.
- Within the mortgage-backed securities (MBS) sector, structure and coupon were the major determinants of performance for the quarter. Higher-coupon structures were the strongest performers on both an absolute return and relative return basis (compared to similar-duration Treasuries).
- Asset-backed securities (ABS) were among the stronger-performing sectors, as their superior income and limited sensitivity to changes in interest rates fared well in what was a volatile market environment.

### Economic Snapshot

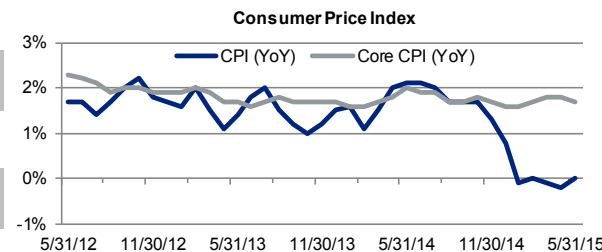
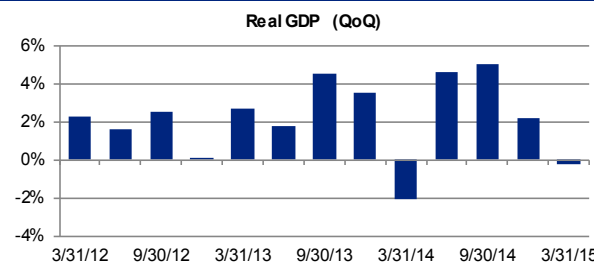
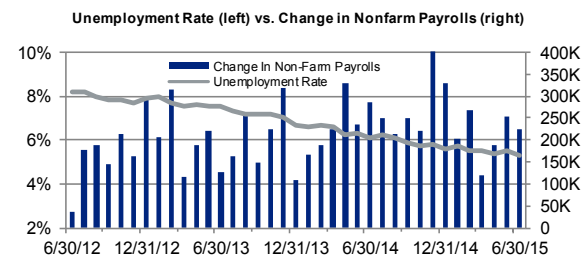
Labor Market	Latest	Mar 2015	Jun 2014	
Unemployment Rate	Jun'15	5.3%	5.5%	6.1%
Change In Non-Farm Payrolls	Jun'15	223,000	119,000	286,000
Average Hourly Earnings (YoY)	Jun'15	2.0%	2.1%	2.0%
Personal Income (YoY)	May'15	4.4%	4.0%	3.7%
Initial Jobless Claims (week)	7/2/15	281,000	267,000	313,000

Growth	Latest	Mar 2015	Jun 2014	
Real GDP (QoQ SAAR)	2015Q1	-0.2%	2.2% <sup>1</sup>	-2.1% <sup>2</sup>
GDP Personal Consumption (QoQ SAAR)	2015Q1	2.1%	4.4% <sup>1</sup>	1.2% <sup>2</sup>
Retail Sales (YoY)	May'15	2.7%	2.1%	4.3%
ISM Manufacturing Survey (month)	Jun'15	53.5	51.5	55.7
Existing Home Sales SAAR (month)	May'15	5.35 mil.	5.21 mil.	5.01 mil.

Inflation / Prices	Latest	Mar 2015	Jun 2014	
Personal Consumption Expenditures (YoY)	May'15	0.2%	0.3%	1.6%
Consumer Price Index (YoY)	May'15	0.0%	-0.1%	2.1%
Consumer Price Index Core (YoY)	May'15	1.7%	1.8%	1.9%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$59.47	\$47.60	\$105.37
Gold Futures (oz.)	Jun 30	\$1,172	\$1,183	\$1,322



1. Data as of Fourth Quarter 2014

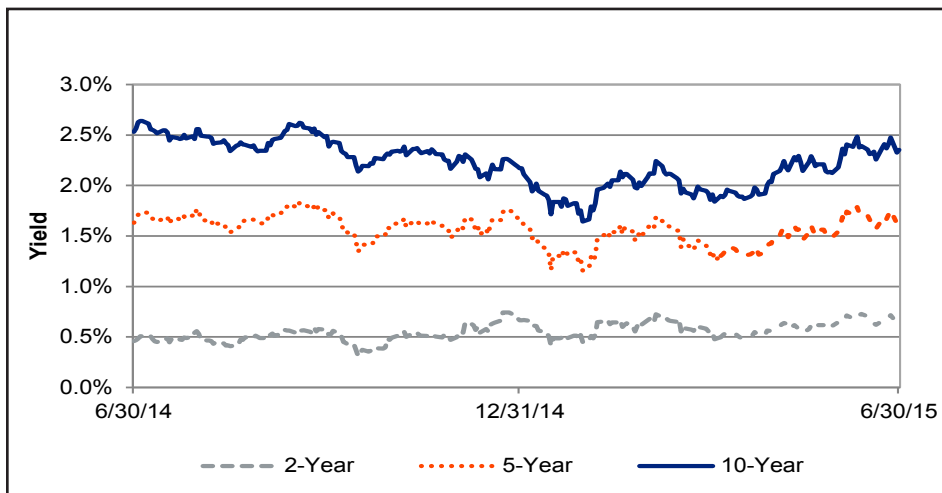
2. Data as of First Quarter 2014

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

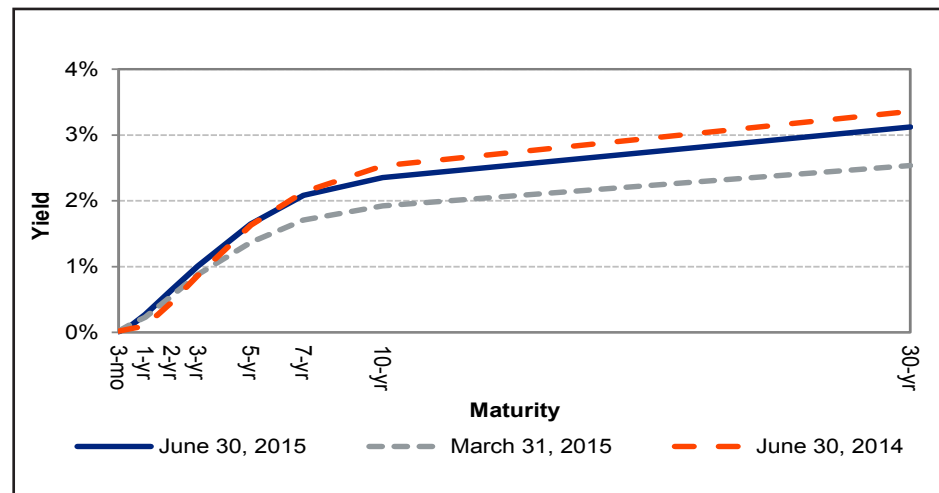
Source: Bloomberg

### Interest Rate Overview

U.S. Treasury Note Yields



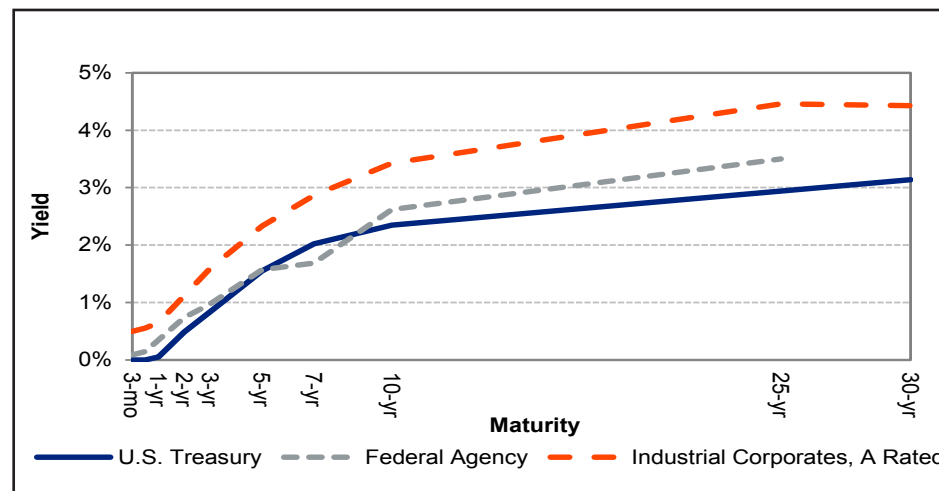
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	6/30/15	3/31/15	Change over Quarter	6/30/14	Change over Year
3-month	0.01%	0.02%	(0.01%)	0.02%	(0.01%)
1-year	0.27%	0.23%	0.04%	0.10%	0.17%
2-year	0.65%	0.56%	0.09%	0.46%	0.19%
5-year	1.65%	1.37%	0.28%	1.63%	0.02%
10-year	2.35%	1.92%	0.43%	2.53%	(0.18%)
30-year	3.12%	2.54%	0.58%	3.36%	(0.24%)

Yield Curves as of 6/30/15



Source: Bloomberg

### BofA Merrill Lynch Index Returns

	As of 6/30/2015		Returns for Periods ended 6/30/2015		
	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.87	0.63%	0.15%	0.88%	0.66%
Federal Agency	1.74	0.76%	0.16%	0.99%	0.73%
U.S. Corporates, A-AAA rated	2.05	1.45%	0.08%	1.02%	1.76%
Agency MBS (0 to 3 years)	1.93	1.53%	(0.07%)	0.62%	0.96%
Municipals	1.79	0.86%	0.01%	0.40%	0.80%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.70	0.93%	0.02%	1.38%	0.83%
Federal Agency	2.18	0.96%	0.09%	1.31%	0.94%
U.S. Corporates, A-AAA rated	2.81	1.80%	(0.13%)	1.45%	2.36%
Agency MBS (0 to 5 years)	3.34	2.10%	(0.46%)	1.58%	1.68%
Municipals	2.54	1.13%	(0.01%)	0.62%	1.13%
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	6.04	1.56%	(1.84%)	2.59%	0.94%
Federal Agency	3.71	1.41%	(0.66%)	2.11%	1.28%
U.S. Corporates, A-AAA rated	6.68	2.89%	(2.59%)	1.75%	3.04%
Agency MBS (0 to 30 years)	4.65	2.60%	(0.79%)	2.16%	1.87%
Municipals	6.93	2.63%	(0.97%)	3.10%	3.21%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

# PFM<sup>®</sup> Quarterly Commentary

Fixed Income  
Management

## Disclosures

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# Investment Report

Second Quarter 2015

Fixed Income  
Management

## Portfolio Summary

<u>Total Portfolio Value</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Market Value	\$195,600,646.76	\$182,698,412.29
Amortized Cost	\$195,670,645.59	\$182,087,628.60

## PORTFOLIO RECAP

- Treasury yields fluctuated throughout the quarter, moving higher on strong economic news in the U.S., and lower when the Federal Open Market Committee (FOMC) indicated that they are not yet ready to raise rates and when investors sought the safety of high-quality government bonds as uncertain financial conditions in Greece continued to worsen. Overall, the trend was toward higher rates with the greatest increase on longer-term yields.
- When selecting individual securities, we focused on maturities where the yield curve was steepest and therefore offered both high current yields and strong potential for “roll down” benefit (the natural tendency for securities to appreciate as they age).
- While the yields on U.S. Treasury and Federal Agency securities tend to move up and down in concert, their yields don't always move at the same speed. Yields on Treasuries tend to react more quickly to changing economic conditions, which causes yield spreads to fluctuate. During the quarter, we took advantage of these fluctuations by adding Agency holdings to the portfolio when the yield advantage over Treasuries was wide compared to recent spreads. The yield advantage was generally better in longer maturities.
- In the corporate sector, yield spreads over Treasuries also widened in response to renewed global economic growth concerns; however, continued strong demand for high-quality corporate securities limited the amount by which spreads widened. PFMAM continued to view corporate securities favorably because of their superior income potential. We actively participated in new offerings and also conducted broad searches of the secondary market for attractively priced securities. We found the greatest value in corporate bonds with maturities longer than 18 months, so we sought opportunities to sell shorter-term holdings in favor of corporate securities with longer maturities, in some instances with the same issuer.

### PORTFOLIO STRATEGY

- We expect U.S. economic conditions to rebound from the first quarter 2015 contraction. Rising consumer confidence, growth in personal spending, and a stronger housing sector should contribute to improved economic conditions.
- Improving employment statistics in the U.S. suggest that an increase in the Federal Funds rate may be appropriate soon. However, stubbornly low inflation remains a concern for the Federal Reserve policy makers. Market participants still expect the FOMC to initiate at least one rate hike in 2015, but the pace of subsequent increases is likely to be gradual.
- It is likely that developments in Greece will continue to cause market volatility as investors weigh the impact of possible outcomes on global economic conditions.
- Recovering U.S. economic conditions, heightened geopolitical uncertainty, and expectations that the FOMC will tighten monetary policy slowly should keep rates in their current ranges in the coming months, with a modest bias towards slightly higher levels. Based on this expectation, we will maintain portfolio durations near the durations of their respective benchmarks.
- Our strategy will be to focus on identifying relative value from among the full range of investment options. We will pay careful attention to sector allocation, yield curve placement, credit market dynamics, and individual security selection. These factors will likely be key drivers of performance in an uncertain rate environment.
- Federal Agency securities with maturities less than three years continue to offer little incremental yield over comparable maturity Treasury securities. For this reason, we may hold or add to Treasury holdings in this maturity range. We will monitor the spread relationship and shift assets into Federal Agencies if the yield difference widens sufficiently.
- Corporate securities remain our preferred vehicle for generating incremental income in a market environment constrained by low yields and narrow trading ranges. We will add to our corporate allocation where feasible.



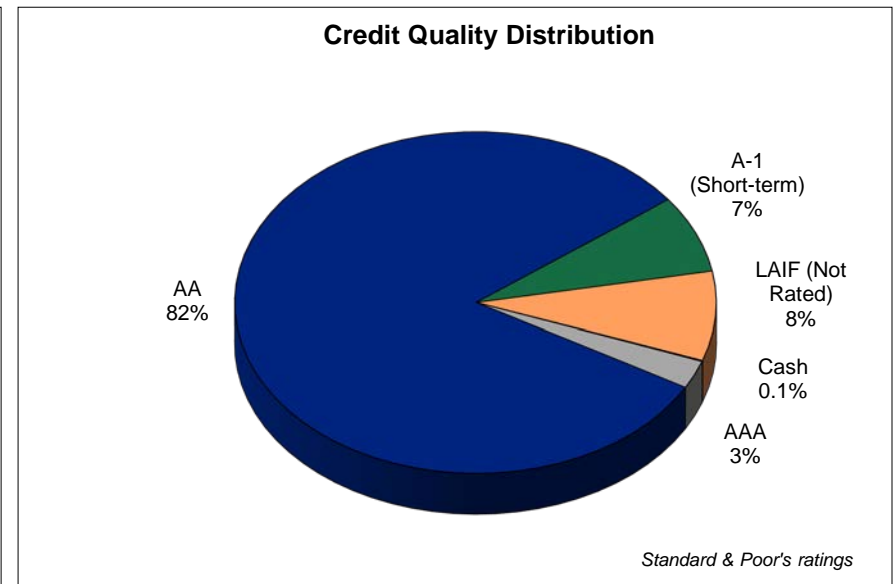
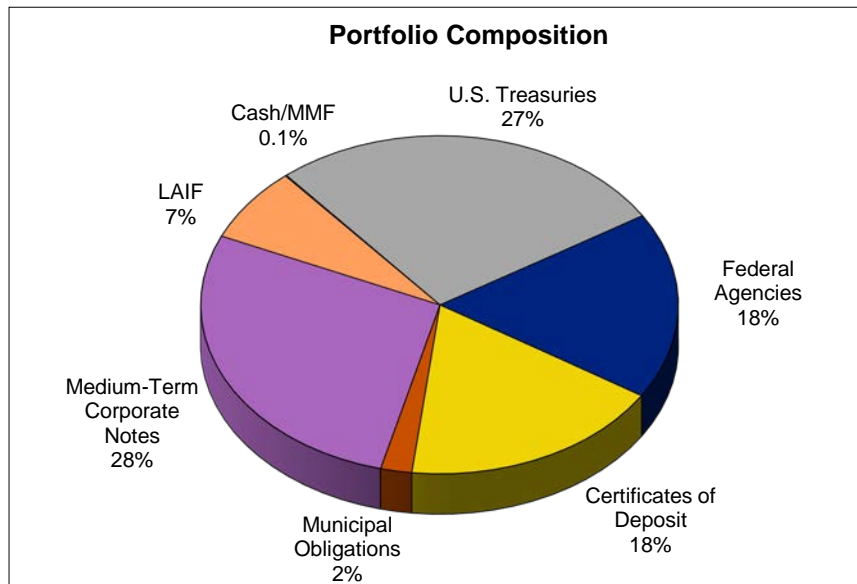
# Investment Report

Second Quarter 2015

Fixed Income  
Management

## Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> <sup>1</sup>	<u>June 30, 2015</u>	<u>% of Portfolio</u>	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$53,342,796	27%	\$54,257,936	30%	100%
Federal Agencies	\$34,894,947	18%	\$43,813,170	24%	100%
Certificates of Deposit	\$34,982,614	18%	\$25,465,138	14%	30%
California Municipal Obligations	\$4,122,994	2%	\$4,114,491	2%	100%
Medium-Term Corporate Notes	\$54,123,164	28%	\$53,672,573	29%	30%
Money Market Fund/Cash	\$142,878	<1%	\$385,439	<1%	15%
LAIF	\$13,991,253	7%	\$989,666	<1%	\$50 Million
<b>Totals</b>	<b>\$195,600,647</b>	<b>100%</b>	<b>\$182,698,412</b>	<b>100%</b>	



Notes:

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

# Investment Report

Second Quarter 2015

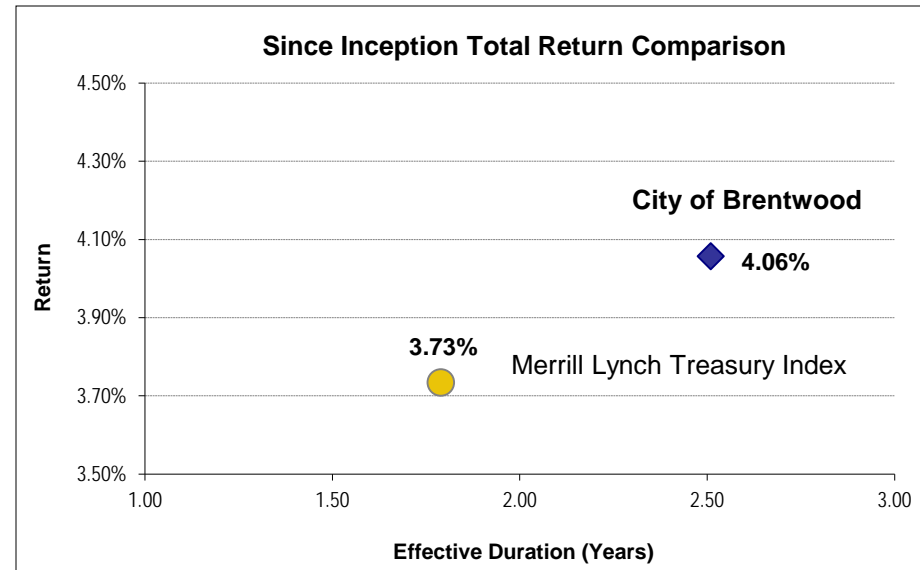
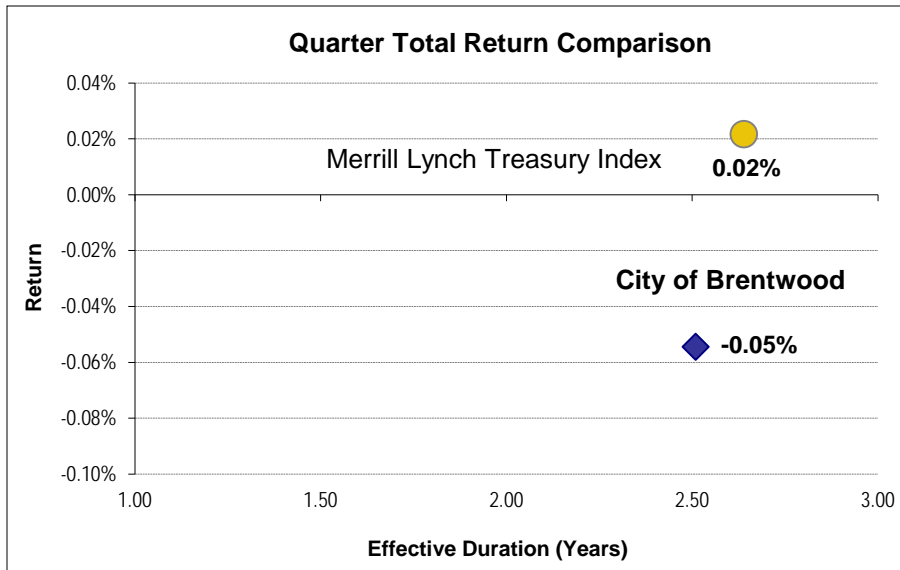
Fixed Income  
Management

## Portfolio Performance

Total Return <sup>1,2,3,4,5</sup>	Quarter Ended June 30, 2015	Past Year	Past 5 Years	Past 10 Years	Since Inception
<b>City of Brentwood</b>	<b>-0.05%</b>	<b>0.99%</b>	<b>1.13%</b>	<b>2.86%</b>	<b>4.06%</b>
Merrill Lynch Treasury Index	0.02%	0.75%	0.79%	2.50%	3.73%

Effective Duration <sup>4,5,6</sup>	June 30, 2015	March 31, 2015	Yields	June 30, 2015	March 31, 2015
<b>City of Brentwood</b>	<b>2.51</b>	<b>2.39</b>	Yield at Market	<b>1.17%</b>	0.93%
Merrill Lynch Treasury Index	2.64	1.79	Yield on Cost	<b>1.17%</b>	1.05%



### 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 through March 31, 2001, Merrill Lynch 9-12 Month U.S. Treasury Note Index through June 30, 2002, Merrill Lynch 1-3 Year U.S. Treasury Note Index through March 31, 2015 and Merrill Lynch 1-5 Year U.S. Treasury Index beginning April 1, 2015. Inception date is December 31, 1992.

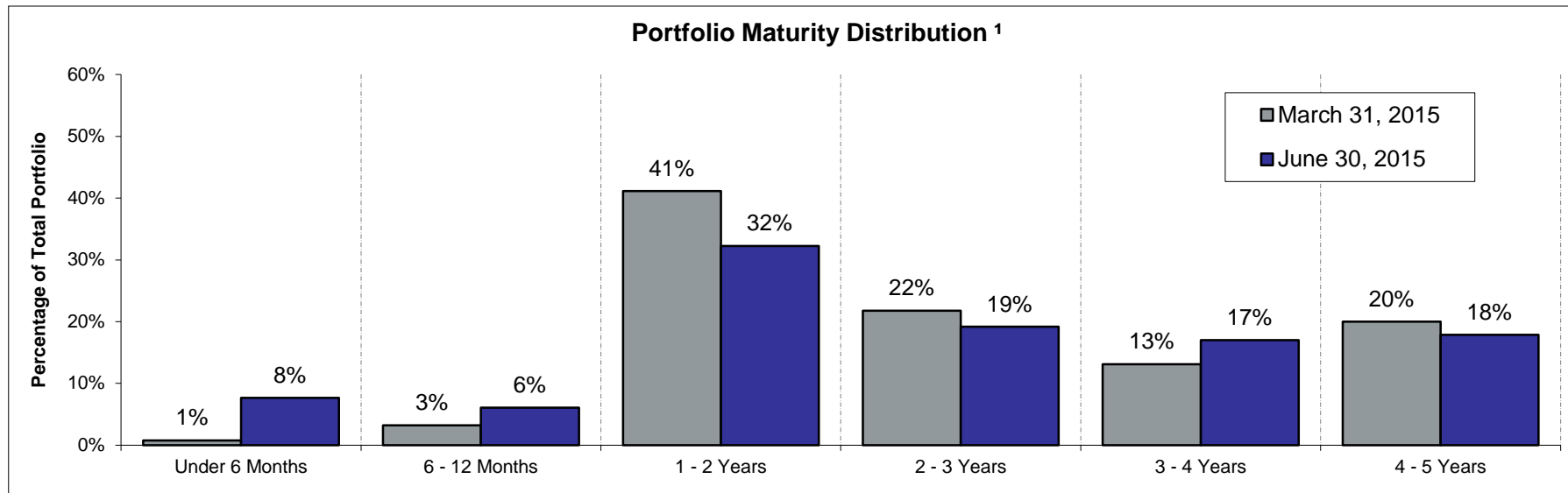
# Investment Report

Second Quarter 2015

Fixed Income  
Management

## Portfolio Maturity Distribution

<u>Maturity Distribution</u> <sup>1</sup>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Under 6 Months	\$14,975,493	\$1,375,106
6 - 12 Months	\$11,848,422	\$5,883,196
1 - 2 Years	\$63,101,151	\$75,200,208
2 - 3 Years	\$37,471,984	\$39,800,942
3 - 4 Years	\$33,295,029	\$23,915,860
4 - 5 Years	\$34,908,568	\$36,523,102
<b>Totals</b>	<b>\$195,600,647</b>	<b>\$182,698,412</b>



**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 **June 30, 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
<b>U.S. Treasury Bond / Note</b>											
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	8,836.68	5,276,549.20	5,284,746.61
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	741.12	1,002,623.19	1,005,859.00
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	2,705.09	3,665,379.38	3,671,385.35
US TREASURY NOTES DTD 01/03/2012 0.875% 12/31/2016	912828RX0	490,000.00	AA+	Aaa	12/18/14	12/19/14	491,760.94	0.70	11.65	491,299.74	492,870.91
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	1,590,000.00	AA+	Aaa	03/26/15	03/27/15	1,578,509.76	0.99	2,997.54	1,579,498.81	1,581,925.98
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	4,250,000.00	AA+	Aaa	04/28/15	04/30/15	4,234,726.56	0.88	8,012.30	4,235,605.25	4,228,418.50
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VQ0	910,000.00	AA+	Aaa	02/02/15	02/04/15	924,289.84	0.92	5,219.30	922,649.61	919,100.00
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	9,504.78	2,748,356.38	2,772,772.75
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	16,451.91	4,777,468.06	4,799,417.56
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	1,745,000.00	AA+	Aaa	05/28/15	05/29/15	1,752,361.72	1.12	3,674.93	1,752,172.75	1,750,999.31
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	9,191.58	2,002,724.82	2,007,032.00
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	10,915.00	2,383,504.66	2,383,350.50
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	11,604.36	2,522,559.87	2,533,877.90
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	5,407.10	1,988,340.00	1,997,064.70



## Managed Account Detail of Securities Held

For the Month Ending **June 30, 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
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	4,150,000.00	AA+	Aaa	04/28/15	04/30/15	4,216,951.17	1.21	11,361.75	4,214,190.42	4,196,363.80
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	90.74	2,057,562.83	2,074,425.92
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	10,447.40	2,408,787.27	2,403,573.63
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	1,100,000.00	AA+	Aaa	12/18/14	12/19/14	1,091,707.03	1.66	2,779.89	1,092,590.42	1,100,601.70
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	1,693.99	1,959,616.24	1,956,250.00
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UO1	4,360,000.00	AA+	Aaa	04/28/15	04/30/15	4,332,579.69	1.38	18,216.03	4,333,515.70	4,295,620.24
US TREASURY NOTES DTD 05/17/2010 3.500% 05/15/2020	912828ND8	1,600,000.00	AA+	Aaa	05/28/15	05/29/15	1,752,187.50	1.50	7,152.17	1,749,530.18	1,740,124.80
<b>Security Type Sub-Total</b>		<b>52,905,000.00</b>					<b>53,214,158.59</b>	<b>1.15</b>	<b>147,015.31</b>	<b>53,164,524.78</b>	<b>53,195,781.16</b>

<b>Municipal Bond / Note</b>											
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	455.00	840,000.00	840,907.20
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	7,971.60	2,190,000.00	2,195,168.40
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	967.72	835,000.00	837,463.25
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	654.00	240,000.00	239,407.20
<b>Security Type Sub-Total</b>		<b>4,105,000.00</b>					<b>4,105,000.00</b>	<b>0.80</b>	<b>10,048.32</b>	<b>4,105,000.00</b>	<b>4,112,946.05</b>

<b>Federal Agency Bond / Note</b>											
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## Managed Account Detail of Securities Held

For the Month Ending **June 30, 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
<b>Federal Agency Bond / Note</b>											
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	3,301.91	5,009,789.99	5,008,033.03
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	7,127.08	3,105,781.04	3,106,348.86
FHLB GLOBAL NOTES (CALLABLE) DTD 03/24/2015 0.840% 03/24/2017	3130A4QV7	3,600,000.00	AA+	Aaa	03/17/15	03/24/15	3,600,000.00	0.84	8,148.00	3,600,000.00	3,606,699.60
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	11,411.25	2,684,875.07	2,697,504.05
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	24,288.75	5,732,144.77	5,741,614.76
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	2,977.36	1,955,407.40	1,963,475.94
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	3,836.81	2,514,514.03	2,530,252.50
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	3,013.89	2,034,171.80	2,021,764.00
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	13,359.38	2,506,087.54	2,537,746.88
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	10,597.22	2,007,218.06	2,016,024.00
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	2,552.08	1,509,287.97	1,507,876.50
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	14,841.67	2,069,639.80	2,052,151.77
<b>Security Type Sub-Total</b>		<b>34,675,000.00</b>					<b>34,732,609.60</b>	<b>1.08</b>	<b>105,455.40</b>	<b>34,728,917.47</b>	<b>34,789,491.89</b>
<b>Corporate Note</b>											
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	57,750.00	3,827,648.40	3,825,937.50





## Managed Account Detail of Securities Held

For the Month Ending **June 30, 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
<b>Corporate Note</b>											
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	4,554.38	1,732,416.81	1,739,960.37
BERKSHIRE HATHAWAY FIN (FLT) GLOBAL NT DTD 01/10/2014 0.421% 01/10/2017	084664CA7	1,300,000.00	AA	Aa2	01/06/14	01/10/14	1,300,000.00	0.39	1,247.22	1,300,000.00	1,300,973.70
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	16,185.00	3,897,315.83	3,904,145.70
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	7,625.33	2,238,582.51	2,239,823.04
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	1,516.67	779,929.07	783,396.90
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	3,696.88	1,969,963.28	1,976,958.75
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	1,431.60	1,897,803.16	1,894,471.00
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	382.78	1,323,663.18	1,324,365.33
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	4,564.67	819,209.86	820,658.46
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	3,024.76	1,760,000.00	1,767,156.16
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	2,995.06	439,489.78	440,423.28
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	20,390.63	4,488,089.63	4,471,425.00
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	14,924.13	3,580,000.00	3,577,093.04



## Managed Account Detail of Securities Held

For the Month Ending **June 30, 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
<b>Corporate Note</b>											
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	6,930.00	1,538,138.80	1,540,154.00
CONOCOPHILLIPS COMPANY CORP NOTE DTD 05/18/2015 1.500% 05/15/2018	20826FAL0	785,000.00	A	A1	05/13/15	05/18/15	784,905.80	1.50	1,406.46	784,909.42	784,429.31
BANK OF NEW YORK MELLON CORP DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	3,595,000.00	A+	A1	05/22/15	05/29/15	3,594,676.45	1.60	5,112.89	3,594,685.26	3,592,878.95
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	1,510,000.00	AA-	A1	06/10/15	06/17/15	1,509,743.30	1.66	968.92	1,509,746.53	1,515,365.03
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	13,440.63	3,333,084.48	3,312,959.10
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	118,937.50	5,166,200.48	5,101,290.00
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	21,276.33	3,437,911.91	3,409,188.96
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	21,583.33	3,521,978.15	3,473,295.00
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020	037833BD1	1,000,000.00	AA+	Aa1	05/06/15	05/13/15	998,450.00	2.03	2,666.67	998,489.69	994,204.00

<b>Security Type Sub-Total</b>		<b>53,190,000.00</b>					<b>54,003,255.45</b>	<b>1.43</b>	<b>332,611.84</b>	<b>53,939,256.23</b>	<b>53,790,552.58</b>
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<b>Certificate of Deposit</b>											
WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.455% 04/15/2016	96121TWF1	4,000,000.00	AA-	Aa2	04/16/14	04/17/14	4,000,000.00	0.41	3,895.34	4,000,000.00	4,002,420.00
BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.462% 06/10/2016	06417HMU7	4,800,000.00	A+	Aa2	06/11/14	06/13/14	4,797,100.80	0.28	1,294.16	4,798,626.05	4,799,241.60
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	11,391.78	3,500,000.00	3,506,527.50
CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017	13606JYY9	4,700,000.00	A-1	P-1	04/06/15	04/10/15	4,700,000.00	1.01	10,680.75	4,700,000.00	4,692,245.00



**Managed Account Detail of Securities Held**

For the Month Ending **June 30, 2015**

**CITY OF BRENTWOOD**

<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>Certificate of Deposit</b>											
RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	4,000,000.00	A-1	P-1	04/22/15	04/27/15	4,000,000.00	1.07	7,608.89	4,000,000.00	3,988,240.00
NORDEA BANK FINLAND NY CD DTD 05/29/2015 1.150% 05/26/2017	65558LFA5	4,800,000.00	AA-	Aa3	05/27/15	05/29/15	4,800,000.00	1.15	5,060.00	4,800,000.00	4,786,200.00
TORONTO DOMINION BANK NY YCD DTD 06/19/2015 1.240% 06/16/2017	89113ESN7	4,800,000.00	AA-	Aa1	06/16/15	06/19/15	4,800,000.00	1.25	1,984.00	4,800,000.00	4,799,976.00
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	18,276.04	4,344,868.78	4,347,572.70
<b>Security Type Sub-Total</b>		<b>34,950,000.00</b>					<b>34,940,097.30</b>	<b>0.94</b>	<b>60,190.96</b>	<b>34,943,494.83</b>	<b>34,922,422.80</b>
<b>Managed Account Sub-Total</b>		<b>179,825,000.00</b>					<b>180,995,120.94</b>	<b>1.17</b>	<b>655,321.83</b>	<b>180,881,193.31</b>	<b>180,811,194.48</b>
<b>Securities Sub-Total</b>		<b>\$179,825,000.00</b>					<b>\$180,995,120.94</b>	<b>1.17%</b>	<b>\$655,321.83</b>	<b>\$180,881,193.31</b>	<b>\$180,811,194.48</b>
<b>Accrued Interest</b>											<b>\$655,321.83</b>
<b>Total Investments</b>											<b>\$181,466,516.31</b>