THE CITY OF BRENTWOOD

HERITAGE ▪ VISION ▪ OPPORTUNITY

Investment Performance Review
Third Quarter 2009

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Fixed income portfolio returns were solid in the third quarter following several quarters of unusually high total returns. Agency and corporate securities enhanced portfolio returns during a period when money market yields remain near zero, and the threat of rising interest rates over the next several quarters remains. A rise in interest rates from their currently very low levels could seriously erode a portfolio's market value.

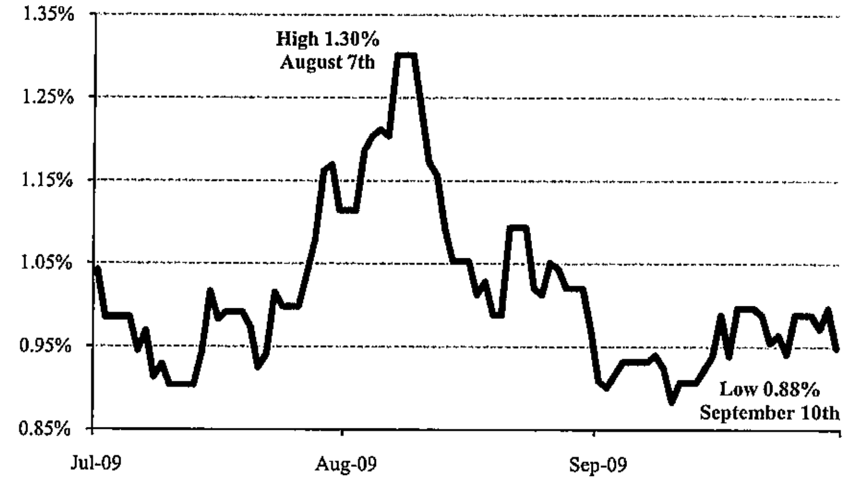
Meanwhile, the economy showed signs of improvement, including an improving stock market, stronger retail sales, healthier corporate earnings, an uptick in manufacturing, and positive leading economic indicators. Investors exhibited increased confidence in Federal Agency and corporate securities, continuing a trend that began in previous quarters. This caused spreads in these securities to contract relative to risk-free U.S. Treasury obligations and enhanced the returns of the Agency and corporate sectors.

In the current market environment, asset allocation, "roll-down," and duration management are key factors to producing excess returns. PFM continued to focus on protecting capital by keeping durations short in order to preserve extraordinary year-to-date performance and minimize the risks to principal, if and when interest rates rise.

INTEREST RATES AND RETURNS

Yields were volatile during the quarter, rising and falling as the markets struggled to interpret major economic news and its implications for a recovery. For example, the 2-year U.S. Treasury note reached a high of 1.30% on August 7, as the following chart shows, after a better-than-expected jobs report for the month of July. On August 12, the Federal Open Market Committee ("FOMC") released a statement indicating that although some signs pointed to improving economic conditions, rates would remain "exceptionally" low for an "extended" period of time. By August 14, the yield on the 2-year U.S. Treasury note had fallen by nearly 25 basis points, closing at 1.05%. For the remainder of the quarter, the 2-year remained in a tight trading range near 0.95%.

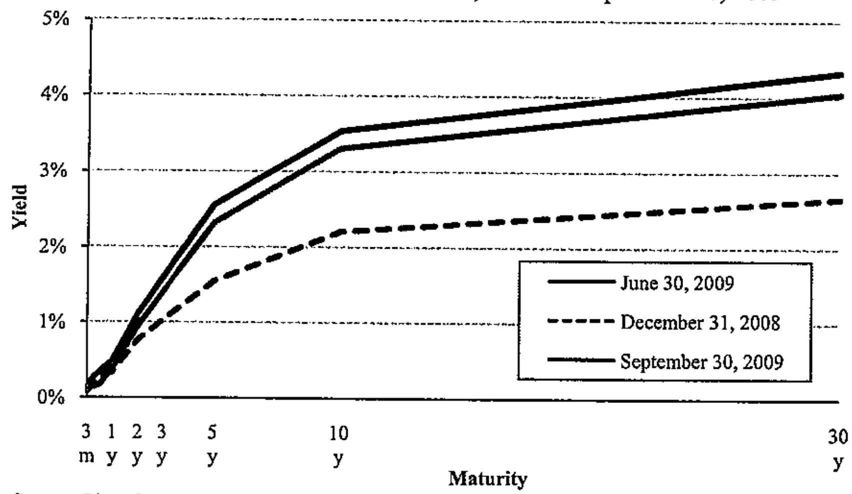
2-Year U.S. Treasury Yields
July 1, 2009 – September 30, 2009



Source: Bloomberg

While short-term yields fell modestly, the decline in intermediate- and longer-term interest rates from their second quarter highs was more pronounced, signaling that while the economy has shown signs of improvement, a recovery will likely be modest by historical standards. Despite the decline in longer-term interest rates, the yield curve remains steep by historical standards, as shown in the chart on the following page. The spread between 2-year and 10-year U.S. Treasury notes ended the quarter at approximately 236 basis points (2.36%), in line with where the spread began the quarter. However, since December 2008, the spread between 2- and 10-year Treasury securities has increased more than 100 basis points.

U.S. Treasury Yield Curve
December 31, 2008 vs. June 30, 2009 vs. September 30, 2009



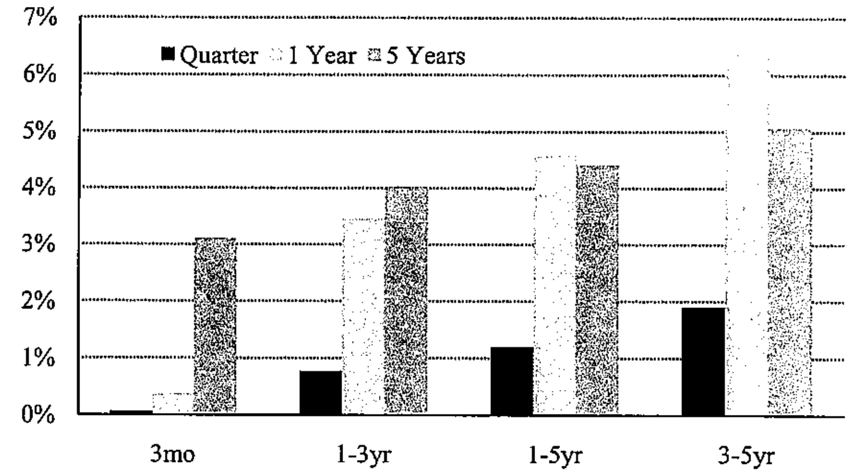
Source: Bloomberg

The recent decrease in yields after their run-up in the first half of the year, signals that investors may have initially over-estimated the speed of a recovery and the risk of a move toward inflation. During the quarter, investors recognized that economic activity will be subdued for several quarters, the Fed will be on hold, and growth will be low by historical standards for several quarters to come—all contributing factors to the decrease in Treasury yields.

The market continued to absorb a large volume of U.S. Treasury issuance, a good sign for the Treasury as they try to resolve the worst economic conditions since the Great Depression. In early September, the Treasury sold \$70 billion in notes and bonds, including \$38 billion in 3-year, \$20 billion in 10-year, and \$12 billion in 30-year debt. The markets reacted positively to the auctions and the 3-year auction received the highest bid-to-cover ratio since November 2008, suggesting that foreign demand from investors such as China, Japan, and petro dollar countries remains high. The bid-to-cover ratio compares the number of bids received to the amount of securities offered.

Short-term yields, which are closely pegged to the Federal Funds rate, changed only slightly during the quarter, and the FOMC left the target rate unchanged.

Merrill Lynch U.S. Treasury Indices
Prior Quarter, 12-Month, and 5-Year Average Returns as of September 30, 2009



Source: Bloomberg

Typically, portfolios with longer durations have higher returns, and as shown in the chart above, this was true during the third quarter. Intermediate and longer-term benchmarks, like the Merrill Lynch 3-5 year U.S. Treasury benchmark, outperformed shorter-duration benchmarks during the quarter as intermediate- and longer-term interest rates fell, creating greater price appreciation, while short-term interest rates remained near zero.

Normally when investors take on more risk by extending duration they expect to receive additional compensation in the form of higher returns. To gauge a portfolio's risk-adjusted return, an investor should consider the portfolio's return relative to its duration. As shown in the following table, on a risk-adjusted basis, short-, intermediate-, and longer-term portfolio returns were in line with one another. Therefore, the value added by extending duration was minimal during the third quarter.

Merrill Lynch U.S. Treasury Index Return						
	3m	6m	1-3 yr	1-5 yr	3-5 yr	1-10 yr
Third Quarter	0.07%	0.19%	0.78%	1.20%	1.90%	1.66%
Per Unit of Risk**	0.27%	0.41%	0.40%	0.45%	0.49%	0.42%
Last 12 Months	0.39%	1.43%	3.46%	4.59%	6.36%	5.57%
Per Unit of Risk**	1.56%	2.99%	1.79%	1.72%	1.63%	1.40%

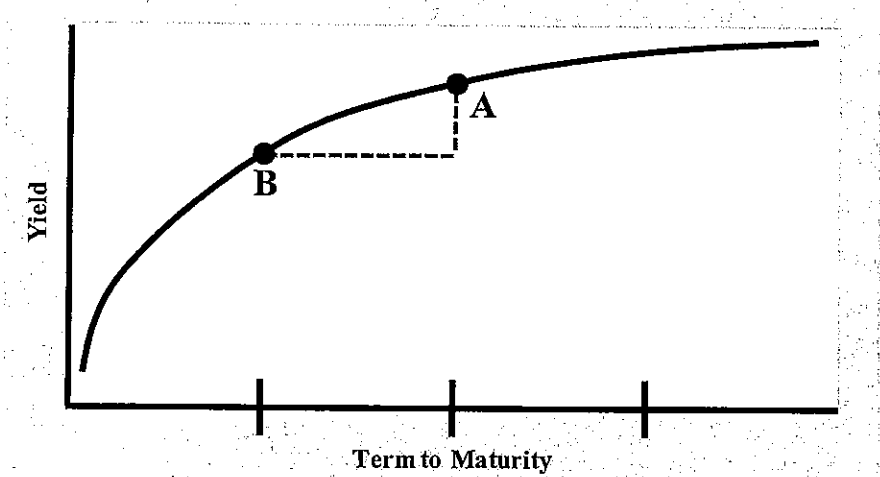
Source: Bloomberg

***Return per unit of risk equals the periodic return divided by index duration.*

Roll-Down

The currently steep yield curve aided an investment strategy known as "rolling down the yield curve." As shown in the chart below, the strategy begins with buying a security at point A. After a period of time the security will be closer to maturity at point B and thus its yield will be lower, assuming a positively-sloped curve, as in the present environment. If rates have fallen, remained stable, or even if they have risen modestly, the security will have experienced market value appreciation.

Rolling Down the Yield Curve



The two primary benefits of a roll-down strategy are (1) by moving further out the yield curve with only a modest extension of duration, interest earnings increase significantly, as does the potential for price appreciation, and (2) the steepness of the current yield curve and the likelihood that the Fed will be on hold for several quarters offers principal protection. While rates are likely to move higher at some point, that movement will be modest for the next several quarters until the economic recovery gains traction and the Fed starts to remove its emergency liquidity programs put into place a year ago.

Roll-Down Example:

- An investor purchases $1 million par of 2-year U.S. Treasury Notes on July 1, 2009, with a coupon of 1.125% and a yield to maturity of 1.04%
- On September 30, 2009 the security now, a 21-month investment, trades at a yield of 0.77%. This is due to a drop in yields generally and the fact that the security now has a shorter term to maturity.
- The investor has earned $2,781 in interest, as well as price appreciation of $4,468, for a total return of $7,249.
- This equates to a periodic total return of 0.72% and an annualized total return of 2.93%—well above the security's original yield of 1.04%.

Duration Management

With the increased likelihood of rising rates, PFM actively managed portfolio duration relative to benchmarks in order to protect portfolios from market value losses and preserve strong year-to-date performance.

Given the low level and volatility of intermediate-term interest rates, duration management was particularly important this quarter. When possible, PFM extended duration as yields approached the top of their recent trading range and shortened as they approached the bottom. These tactical moves contributed to portfolio performance.

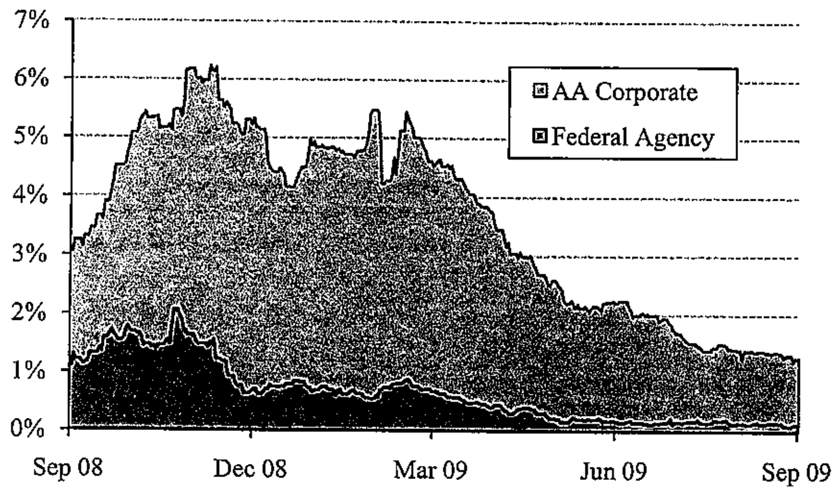
Going forward, PFM will likely continue to be cautious about portfolio duration because a rise in rates would have negative effect on portfolio performance.

Sector Allocation

As bond prices rose during the quarter, Federal Agency yields continued to fall, returning Treasury-Agency spreads to pre-credit crisis levels. Light debt issuance by the Federal Agencies coupled with the Federal Reserve's purchases of Federal Agency debt and mortgage-backed securities contributed to narrowing spreads. Another factor was increased demand from investors seeking additional yield in Federal Agency securities.

With historically wide spreads in previous quarters, PFM had favored Federal Agencies over Treasury investments. However, with Treasury and Agency securities now trading more or less on top of each other, reallocation to Treasuries is appropriate.

Yield Spreads Between 2-Year U.S. Treasury and 2-Year AA Corporate and Federal Agency Investments
September 2008 – September 2009

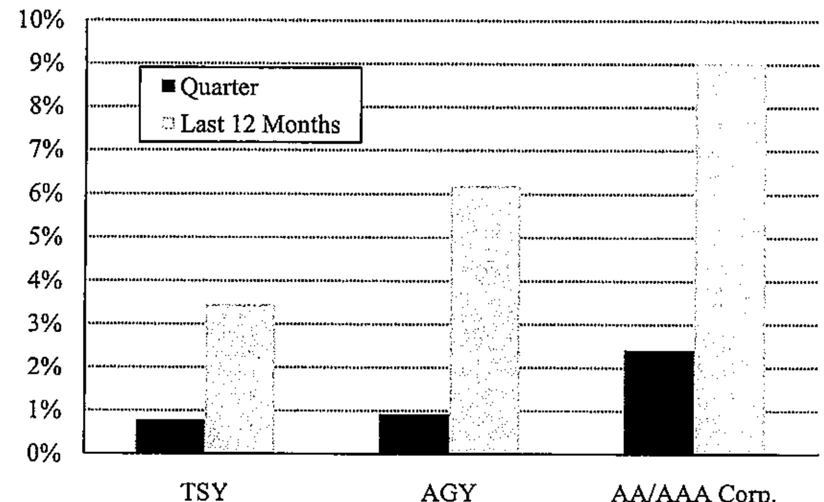


Source: Bloomberg

As illustrated in the chart above, corporate spreads have also narrowed significantly since reaching record highs in the fourth quarter of 2008. For example, the yield spread between the 2-year Treasury and the Bloomberg 2-Year AA Corporate Index began the third quarter at 2.21% and finished the quarter at 1.26%, a narrowing of 96 basis points (0.96%). This spread narrowing caused most corporate investments, especially those of lower credit quality, to outperform Treasuries and Agencies.

As illustrated in the following chart, investment-grade corporate securities outperformed Treasury and Agency securities of similar duration as some investors increased their appetite for risk. With their higher initial yields and with spreads narrowing during the quarter, corporate securities experienced considerable market value gains relative to Treasury and Agency securities, paring some of the losses since the credit crisis began. U.S. Treasury and Agency benchmarks had similar returns in the quarter as yields on these investments remained depressed and spreads were narrow. In general, market participants expect corporate securities to outperform Agencies and Agencies to outperform Treasuries to compensate for increased credit risk, as was the case in the third quarter.

Duration-Adjusted Returns of Merrill Lynch 1-3 Year Indices
Quarterly & Last 12 Months Returns as of September 30, 2009



Source: Bloomberg

Although corporate investments outperformed Treasuries and Agencies, significant threats persist in the corporate sector, where spreads remain well above historical averages. Risk-averse investors should remain wary of weak earnings and continued credit-related events going forward.

The universe of investment-grade corporate issuers shrank drastically over the past several quarters and is unlikely to begin growing until a recovery is well underway. Substantial risks remain, as many corporations and financial institutions continue to hold illiquid securities and the prospect of mortgage and consumer debt defaults rises with unemployment.

THE FEDERAL RESERVE

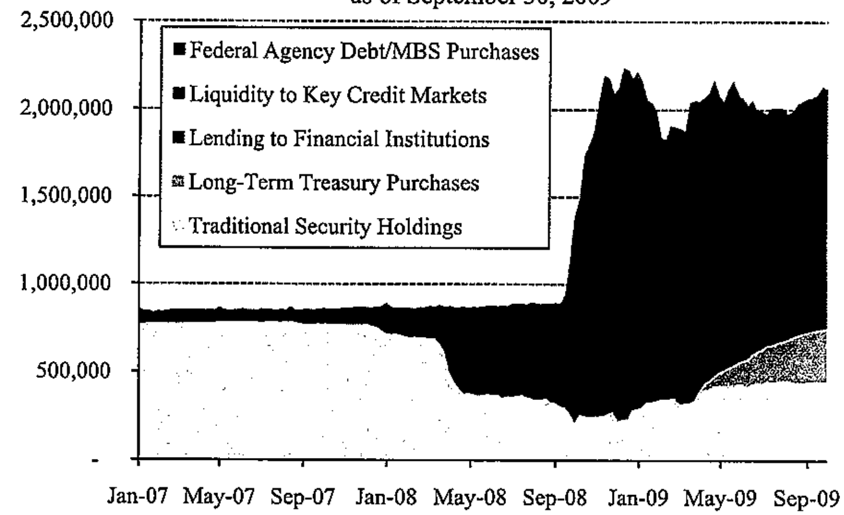
The FOMC met twice during the quarter, leaving the Federal Funds target rate unchanged both times. However, the FOMC slightly changed the language of its September statement from that issued in August. The markets responded favorably to the shift, particularly to the suggestion that economic activity has "picked up." August's statement had only gone so far as to say that activity was "leveling out." Throughout the quarter the FOMC consistently stated that the target rate would be kept at 0% – 0.25% for "an extended period," indicating that risks to the economy remain and that a recovery will be slow by historical standards.

The Fed also announced it would continue to purchase Federal Agency debt into the first quarter of 2010. The program was previously slated to end in December 2009. Although the program is not new, it represents the Fed's commitment to use its full capacity to buttress the financial and housing markets. Purchases will total $1.25 trillion of Agency mortgage-backed securities and up to $200 billion of Agency debt. Additionally, the Fed will complete the process of buying $300 billion of Treasury debt by October 2009.

As illustrated in the following chart, since September 2008, the Federal Reserve's balance sheet has ballooned from approximately $890 billion to over $2 trillion today. In addition to these security purchase programs, the Fed has taken other extraordinary measures in an attempt to stabilize the economy and financial markets.

Over the next several quarters market participants will closely monitor the Fed and its actions to shrink its balance sheet and remove its emergency liquidity and market stabilization programs. A major challenge for the Fed will be the timing and speed at which these programs are unwound. If the Fed unwinds these programs too quickly it could impair the economy and hamper growth; however, by waiting too long, the Fed could stoke inflation.

Federal Reserve Balance Sheet
as of September 30, 2009



Source: www.clevelandfed.org/research/data/credit_easing/index.cfm

THE U.S. ECONOMY

The economy showed some signs of improvement during the third quarter. Consumer and investor confidence continued to rebound from the all-time lows reached earlier this year. The pace of decline in the services sector of the U.S. economy slowed considerably and the manufacturing sector appears to have resumed growth. Home sales have been notably stronger for several months, with indications that prices are beginning to stabilize in many markets.

Stock markets worldwide continued the rally begun in March, encouraged by these tentative signs that a recovery may be gradually taking off. However, significant challenges to growth persist. The unemployment rate currently stands at just under 10% and is expected to move higher in coming months. Unemployment, which is a lagging indicator, will only fall well after the economy has begun to recover.

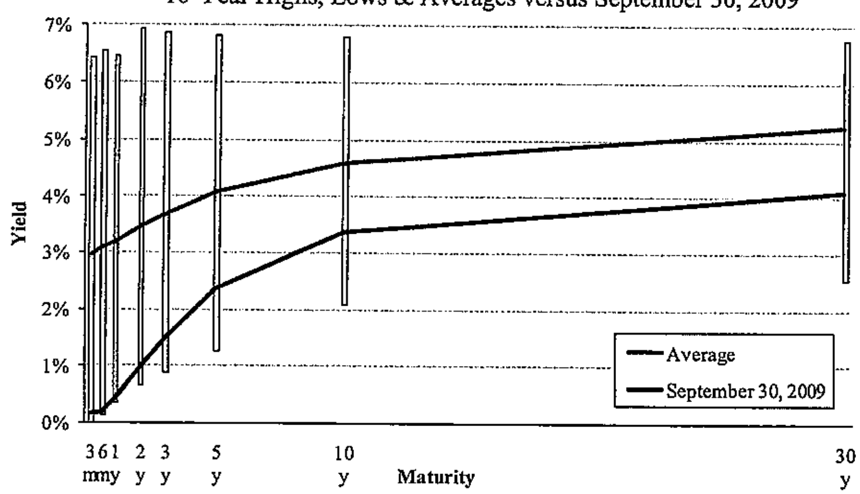
Labor market improvement will depend on the pace of job creation going forward. As business and consumer spending remains historically weak, despite improving confidence levels in the third quarter, corporations and small businesses remain reluctant to hire additional workers. Continued mortgage, loan, and consumer debt losses by financial firms are expected, meaning credit available to businesses and consumers will be limited, leading to sluggish job growth going forward.

OUTLOOK

In early September, Fed Chairman Bernanke observed that "even though from a technical perspective the recession is likely over at this point, it's still going to feel like a weak economy for some time." As evidenced by Bernanke's comment, many economists believe the economy will improve over the next several quarters. However, the general consensus is that growth will be less than that typically experienced as the economy pulls out of a recession.

As shown in the chart below, the yields on all but the shortest maturities have risen from their December lows, but rates remain significantly lower than their 10-year averages.

U.S. Treasury Yield Curve
10-Year Highs, Lows & Averages versus September 30, 2009



Source: Bloomberg

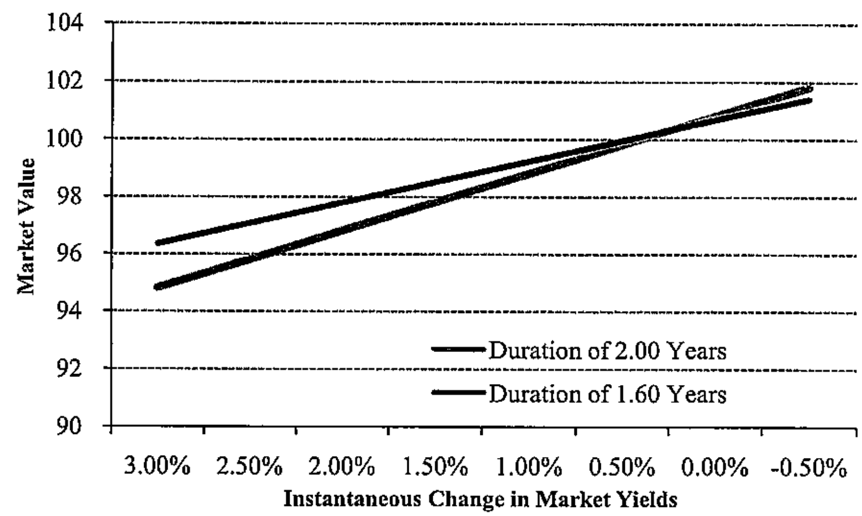
Most market participants believe the bias is for rates to move upward, but that the movement will be modest for the next several quarters until (a) the recovery gains traction, and/or (b) the Fed starts to unwind its emergency liquidity programs.

Short- and intermediate-term interest rates are likely to be range-bound for the next three to six months. Since Treasury and Agency rates have little room to fall, if interest rates remain at their current levels fixed-income returns will be depressed relative to recent quarters.

As a recovery gains momentum and the Fed begins to reverse course, rates could move quickly upward from current levels, negatively impacting the market value of fixed-income securities and causing intermediate- and longer-term portfolio returns to be low, or even negative.

In general, portfolios of longer duration experience more significant changes in market value than do portfolios with shorter durations when interest rates change. This boosts returns when interest rates decline and reduces returns when they rise.

Impact of Changing Interest Rates on Portfolio Value



Rates currently have much more room to rise than to fall. Therefore, the potential increase in market value gains due to a longer duration as rates fall is far outweighed by the potential increase in market value losses due to a longer duration as rates rise. The accompanying chart illustrates the impact of changing rates on two separate portfolios: the first with a duration of 2.0 years and the second with a shorter duration of 1.6 years. As the chart on the preceding page illustrates, if market yields were to decline 0.50%, the market value of the longer portfolio would increase from 100 to 101.82, while the market value of the shorter portfolio would increase from 100 to 101.42, giving the longer portfolio a performance advantage of 0.40. On the other hand, if rates were to rise by 3.00%, the market value of the longer portfolio would decrease to 94.82 and the market value of the shorter portfolio would decrease to 96.36, giving the shorter portfolio a performance advantage of 1.54.

With little room for interest rates to fall further, the benefit of extending duration to take advantage of falling interest rates is minimal. However, with the likelihood of increasing rates in the next several quarters, minimizing the potential for market value losses will continue to be a major consideration. Moving forward, active duration management, principal preservation, and sector allocation will continue to be major factors in portfolio strategy.

Portfolio Summary

Total Portfolio Value	September 30, 2009	June 30, 2009
Market Value	**$177,012,209.54**	$194,610,386.79
Amortized Cost	**$175,451,225.12**	$192,857,372.96

PORTFOLIO RECAP

- The portfolio complies with the City's investment policy and the California Government Code. The portfolio is well diversified among high quality issuers in the U.S. Treasury, Federal Agency, and corporate sectors.
- We continued to emphasize safety and liquidity in our management of the portfolio. During this period of historically low interest rates, we relied heavily on active management to safely enhance the portfolio's long-term performance.
  - While generally positioning the portfolio duration shorter than normal to protect the portfolio's market value against a general rise in interest rates, we extended the portfolio's duration when yields rose to capture yields that were much higher than what was previously available.
  - The steep yield curve enabled us to utilize the "roll down" effect. We sold securities that had appreciated in value as they moved closer to maturity and reinvested the proceeds in securities in the 2- and 3-year range, where yields were significantly higher than yields for securities under one year.
  - As the bond market reacted to changing economic news, we monitored the market for pricing anomalies between different sectors, maturities and issuers. For example, we were able to pick up an additional 11 basis points in yield by selling a Federal Agency Note and buying an alternate bond from the same Federal Agency issuer with a month longer maturity.
  - Utilizing our size and market presence to benefit our clients, we negotiated with the FHLB's dealers to create a security with all of the characteristics we look for in this type of interest rate environment: a solid first year coupon at 1.50%, a favorable six-month lock-out period, a step-up coupon at the long-end that provides protection from the possibility of rising interest rates, and a significant yield advantage over non-callable one-year and three-year Federal Agency securities.
- The portfolio continues to provide the City with excellent performance relative to the benchmark. Over the past twelve months, with interest rates hitting all time lows, the portfolio had a total return of 6.29%, exceeding the return of the benchmark by 283 basis points (2.83%).

Portfolio Summary - continued

PORTFOLIO STRATEGY

- We anticipate that market conditions in the fourth quarter will not change significantly as long as the Federal Reserve continues to maintain short-term rates near zero. In its September statement, the Fed reiterated its position that it "will maintain the target range for the federal funds rate at 0 to 0.25 percent and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period." We are also closely monitoring signs of improvements in the economy which, if they continue to strengthen, could usher in higher rates over time.
- PFM will continue to follow the prudent investment strategies that have safely provided the City with favorable long-term performance during this period of significant market and economic turmoil.
- As interest rates remain near historically low levels, we will continue to emphasize an absolute return strategy that seeks to provide a positive return while managing market risk. We expect that total returns will remain very low, or may even be negative if rates rise in the near future.
- We will position the portfolio's duration at approximately 80%-85% of the benchmark's duration. Although a shorter duration target may reduce the current yield on the portfolio, we anticipate that any possible rise in interest rates will erode the value of the portfolio if we were to shift portfolio duration closer to benchmark duration. Likewise, the added liquidity associated with a shorter duration target will be available for reinvestment in higher yields should yields rise.
- While the average duration of the portfolio will remain short, we will take advantage of the steep yield curve to sell shorter-term securities and reinvest the proceeds in the longer maturity securities that offer substantially higher yields.
- We will maintain a well-diversified portfolio. As yield spreads remain low, we anticipate we will continue to maintain a higher allocation to U.S. Treasury securities. However, we will evaluate all investment options available to the City to look for opportunities to add value to the portfolio.
- We will evaluate developments in the credit markets. We believe the corporate securities in the portfolio remain appropriate investments for the City. We may modestly increase the portfolio's corporate exposure if we find securities that meet our stringent credit criteria and offer good value.
- We will closely monitor the markets for opportunities to safely enhance the portfolio's long-term performance by taking advantage of pricing differences that develop between different sectors, maturities and issuers.

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

Month	Fiscal Year 2008/09 Actual	Fiscal Year 2009/10 Budget	Fiscal Year 2009/10 Year-To-Date Actual	Fiscal Year 2009/10 Current Forecast	Fiscal Year 2009/10 Actual/Forecast vs. Budget	Current Forecast FY 2009/10 vs. FY 2008/09	Par Value of Portfolio Fiscal Year 2008/09	Par Value of Portfolio Fiscal Year 2009/10
July	864,915	922,400	951,025	951,025	28,625	86,110	156,280,000	168,215,000
August	1,073,240	565,300	582,832	582,832	17,532	(490,409)	157,890,000	169,440,000
September	455,891	530,800	547,331	547,331	16,531	91,440	157,583,000	163,095,000
October	173,715	116,100		116,100	-	(57,615)	157,680,000	
November	355,981	155,900		155,900	-	(200,081)	158,125,000	
December	1,953,746	259,100		259,100	-	(1,694,646)	163,265,000	
January	1,189,246	361,700		361,700	-	(827,546)	162,570,000	
February	1,150,355	375,800		375,800	-	(774,555)	163,700,000	
March	475,981	291,700		291,700	-	(184,281)	164,390,000	
April	313,086	116,200		116,200	-	(196,886)	165,185,000	
May	1,012,903	199,500		199,500	-	(813,403)	166,460,000	
June	567,393	257,300		257,300	-	(310,093)	167,720,000	
Total	9,586,452	4,151,800	2,081,188	4,214,488	62,688	(5,371,964)	161,737,333	166,916,667
Cash Return	5.93%	2.49%		2.52%				

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 2008/09 Actual	Fiscal Year 2009/10 Budget	Fiscal Year 2009/10 Year-To-Date Actual	Fiscal Year 2009/10 Current Forecast	Fiscal Year 2009/10 Actual/Forecast vs. Budget	Current Forecast FY 2009/10 vs. FY 2008/09	Fiscal Year 2008/09 Par Value of Portfolio	Fiscal Year 2009/10 Par Value of Portfolio
July	864,915	922,400	951,025	951,025	28,625	86,110	156,280,000	168,215,000
August	1,938,155	1,487,700	1,533,857	1,533,857	46,157	(404,298)	157,890,000	169,440,000
September	2,394,046	2,018,500	2,081,188	2,081,188	62,688	(312,858)	157,583,000	163,095,000
October	2,567,761	2,134,600		2,197,288	62,688	(370,473)	157,680,000	
November	2,923,742	2,290,500		2,353,188	62,688	(570,554)	158,125,000	
December	4,877,489	2,549,600		2,612,288	62,688	(2,265,201)	163,265,000	
January	6,066,734	2,911,300		2,973,988	62,688	(3,092,747)	162,570,000	
February	7,217,089	3,287,100		3,349,788	62,688	(3,867,302)	163,700,000	
March	7,693,071	3,578,800		3,641,488	62,688	(4,051,583)	164,390,000	
April	8,006,156	3,695,000		3,757,688	62,688	(4,248,469)	165,185,000	
May	9,019,060	3,894,500		3,957,188	62,688	(5,061,872)	166,460,000	
June	9,586,452	4,151,800		4,214,488	62,688	(5,371,964)	167,720,000	
Total	9,586,452	4,151,800	2,081,188	4,214,488	62,688	(5,371,964)	161,737,333	166,916,667
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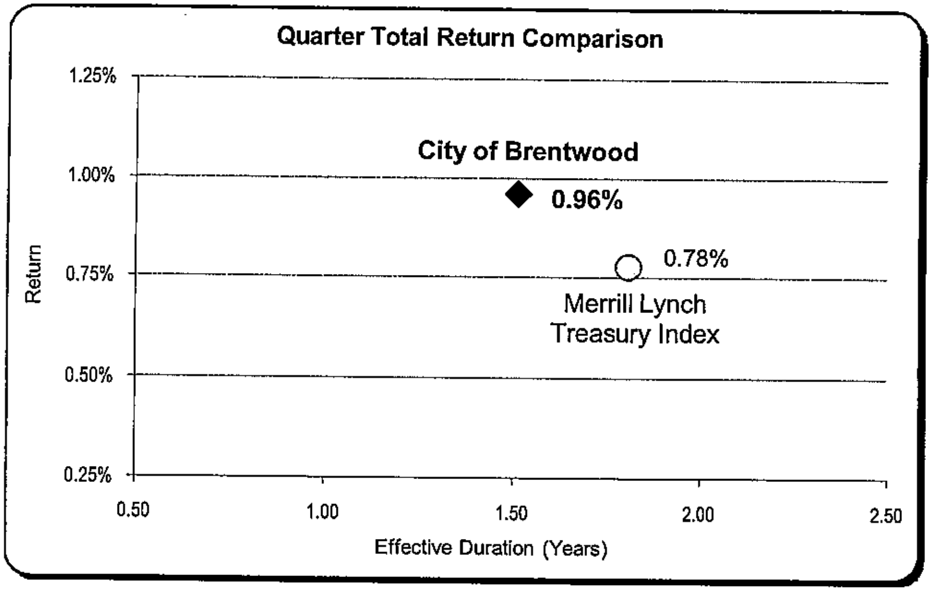
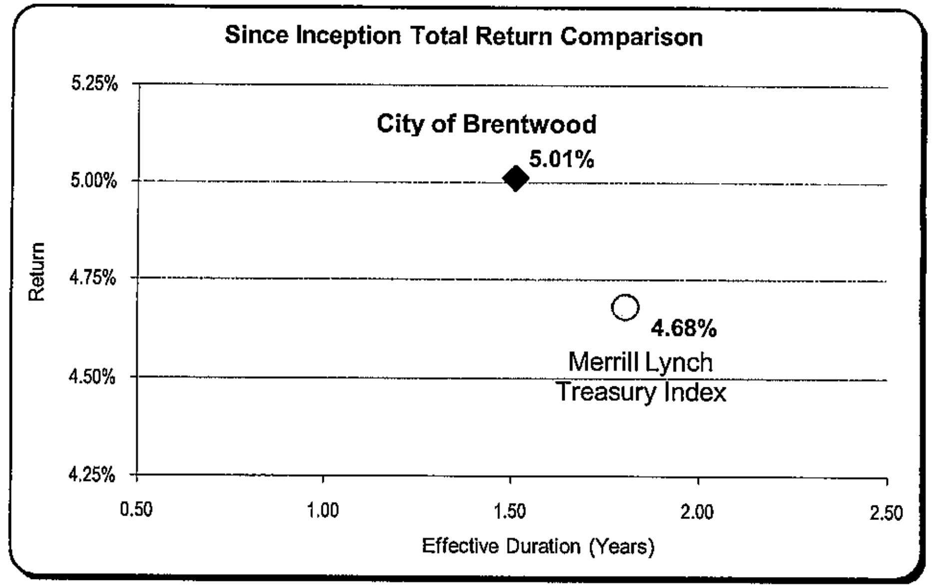
Portfolio Performance

Total Return[1,2,3,4,5]	Quarter Ended September 30, 2009	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Brentwood	**0.96%**	**6.29%**	**5.71%**	**4.46%**	**5.01%**
Merrill Lynch Treasury Index	0.78%	3.46%	5.16%	4.03%	4.68%

Effective Duration[4,5,6]	September 30, 2009	June 30, 2009
City of Brentwood	**1.51**	**1.68**
Merrill Lynch Treasury Index	1.85	1.81

Yields	September 30, 2009	June 30, 2009
Yield at Market	**1.15%**	1.57%
Yield on Cost	**1.83%**	2.30%



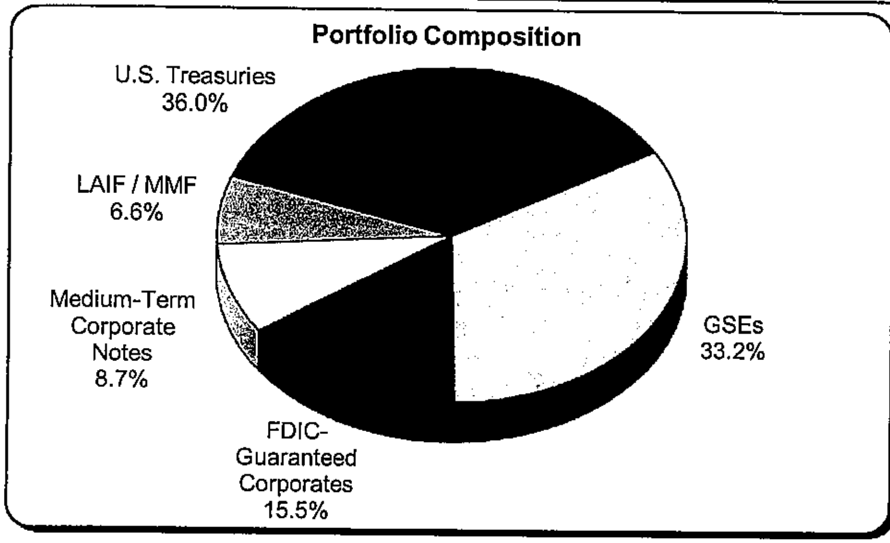


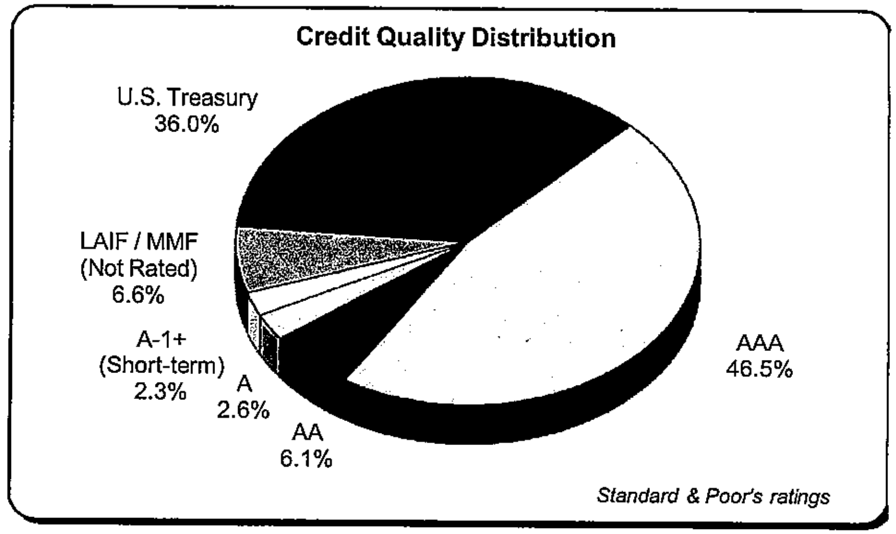
Notes:

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]	September 30, 2009	% of Portfolio	June 30, 2009	% of Portfolio	Permitted by Policy
U.S. Treasuries	**$63,637,870.07**	**36.0%**	$70,283,377.84	36.1%	**100%**
Federal Agencies	**$86,315,833.03**	**48.8%**	$85,150,082.94	43.8%	**100%**
GSEs[2]	*$58,825,474.87*	*33.2%*	*$63,045,648.95*	*32.4%*	*100%*
FDIC-Guaranteed Corporates[3]	*$27,490,358.16*	*15.5%*	*$22,104,433.99*	*11.4%*	*100%*
Commercial Paper	**$0.00**	**0.0%**	$0.00	0.0%	**25%**
Certificates of Deposit	**$0.00**	**0.0%**	$0.00	0.0%	**30%**
Bankers' Acceptances	**$0.00**	**0.0%**	$0.00	0.0%	**40%**
Repurchase Agreements	**$0.00**	**0.0%**	$0.00	0.0%	**100%**
California Municipal Obligations	**$0.00**	**0.0%**	$0.00	0.0%	**100%**
Medium-Term Corporate Notes	**$15,413,315.13**	**8.7%**	$15,207,728.56	7.8%	**30%**
Money Market Fund/Cash	**$77,943.51**	**0.0%**	$178,490.47	0.1%	**15%**
LAIF	**$11,567,247.80**	**6.5%**	$23,790,706.98	12.2%	**$40 Million**
Totals	**$177,012,209.54**	**100.0%**	$194,610,386.79	100.0%	



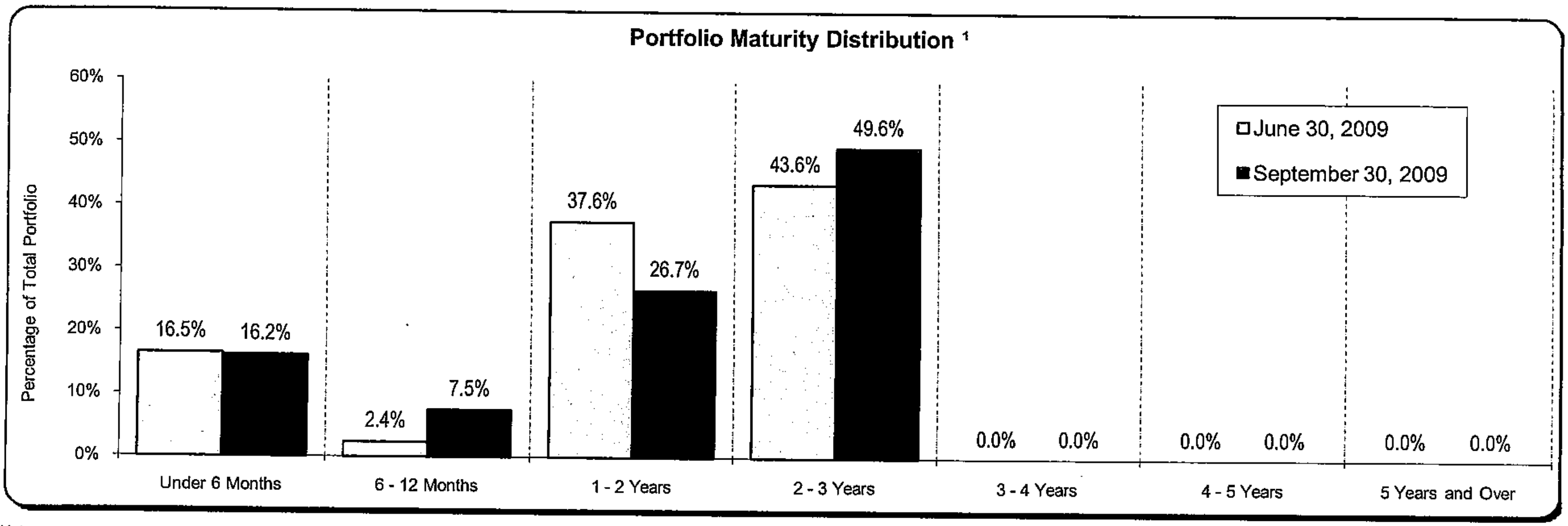


Notes:

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]	September 30, 2009	June 30, 2009
Under 6 Months	**$28,719,785.31**	$32,103,352.45
6 - 12 Months	**$13,278,440.41**	$4,617,815.83
1 - 2 Years	**$47,294,541.05**	$73,097,832.62
2 - 3 Years	**$87,719,442.77**	$84,791,385.89
3-4 Years	**$0.00**	$0.00
4 - 5 Years	**$0.00**	$0.00
5 Years and Over	**$0.00**	$0.00
Totals	**$177,012,209.54**	$194,610,386.79



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 **September 30, 2009**

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 08/15/2005 4.125% 08/15/2010	912828ED8	9,300,000.00	TSY	TSY	05/27/09	05/28/09	9,700,335.94	0.57	48,995.58	9,586,937.36	9,602,250.00
US TREASURY NOTES DTD 11/30/2008 1.250% 11/30/2010	912828JS0	1,965,000.00	TSY	TSY	12/19/08	12/22/08	1,984,650.00	0.73	8,254.61	1,976,824.70	1,982,347.02
US TREASURY NOTES DTD 12/31/2008 0.875% 12/31/2010	912828JV3	5,000,000.00	TSY	TSY	04/29/09	04/30/09	5,003,710.94	0.83	11,056.39	5,002,785.95	5,021,485.00
US TREASURY NOTES DTD 03/31/2009 0.875% 03/31/2011	912828KH2	5,000,000.00	TSY	TSY	04/02/09	04/07/09	4,999,414.06	0.88	120.19	4,999,557.55	5,016,795.00
US TREASURY NOTES DTD 04/30/2009 0.875% 04/30/2011	912828KL3	3,170,000.00	TSY	TSY	09/29/09	09/30/09	3,177,058.20	0.73	11,607.54	3,177,046.28	3,178,666.78
US TREASURY NOTES DTD 10/31/2006 4.625% 10/31/2011	912828FW5	1,410,000.00	TSY	TSY	10/14/08	10/17/08	1,510,682.81	2.18	27,290.01	1,479,692.80	1,515,198.69
US TREASURY NOTES DTD 11/15/2008 1.750% 11/15/2011	912828JU5	2,120,000.00	TSY	TSY	11/26/08	12/02/08	2,142,110.94	1.39	14,013.32	2,135,983.25	2,151,965.36
US TREASURY NOTES DTD 02/15/2009 1.375% 02/15/2012	912828KC3	7,600,000.00	TSY	TSY	03/02/09	03/03/09	7,626,718.75	1.25	13,346.47	7,621,529.89	7,639,778.40
US TREASURY NOTES DTD 03/15/2009 1.375% 03/15/2012	912828KG4	3,440,000.00	TSY	TSY	04/13/09	04/14/09	3,455,990.63	1.21	2,090.61	3,453,500.62	3,456,663.36
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	16,666.24	2,624,827.56	2,636,484.38
US TREASURY NOTES DTD 05/15/2009 1.375% 05/15/2012	912828KP4	1,500,000.00	TSY	TSY	06/03/09	06/04/09	1,496,308.60	1.46	7,790.42	1,496,708.75	1,505,038.50
US TREASURY NOTES DTD 05/15/2009 1.375% 05/15/2012	912828KP4	4,030,000.00	TSY	TSY	06/05/09	06/09/09	3,988,598.05	1.74	20,930.26	3,992,887.00	4,043,536.77
US TREASURY NOTES DTD 06/15/2009 1.875% 06/15/2012	912828KX7	5,640,000.00	TSY	TSY	06/10/09	06/15/09	5,621,273.44	1.99	31,204.92	5,623,070.13	5,728,125.00
Security Type Sub-Total		**52,800,000.00**					**53,331,647.28**	**1.16**	**213,366.56**	**53,171,351.84**	**53,478,334.26**
U.S. Treasury Bill											

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Managed Account Detail of Securities Held

For the Month Ending **September 30, 2009**

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 Bill											
US TREASURY BILL -- 0.000% 02/04/2010	912795S85	9,950,000.00	TSY	TSY	08/18/09	08/19/09	9,939,023.21	0.24	0.00	9,941,816.13	9,946,169.25
Security Type Sub-Total		**9,950,000.00**					**9,939,023.21**	**0.24**	**0.00**	**9,941,816.13**	**9,946,169.25**
U.S. Government Supported Corporate Debt											
JPMORGAN CHASE & CO (FDIC) NOTE DTD 02/23/2009 1.650% 02/23/2011	481247AG9	4,190,000.00	AAA	Aaa	02/19/09	02/23/09	4,188,365.90	1.67	7,297.58	4,188,855.21	4,235,796.70
CITIBANK NA (FDIC) NOTE DTD 03/30/2009 1.625% 03/30/2011	17314JAA1	2,480,000.00	AAA	Aaa	05/26/09	05/27/09	2,500,839.44	1.16	111.94	2,496,985.79	2,508,073.60
SUNTRUST BANK (FDIC) GLOBAL BANK NOTE DTD 12/16/2008 3.000% 11/16/2011	86801BAB1	4,000,000.00	AAA	Aaa	12/09/08	12/16/08	3,987,880.00	3.11	45,000.00	3,991,018.68	4,141,020.00
REGIONS BANK (FDIC) GLOBAL NOTE DTD 12/11/2008 3.250% 12/09/2011	7591EAAB9	4,000,000.00	AAA	Aaa	12/08/08	12/11/08	3,996,280.00	3.28	40,444.44	3,997,242.28	4,161,224.00
SOVEREIGN BANK (FDIC) GLOBAL NOTE DTD 12/22/2008 2.750% 01/17/2012	846042AA7	4,410,000.00	AAA	Aaa	07/16/09	07/21/09	4,539,477.60	1.54	24,928.75	4,529,518.67	4,539,155.67
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	5,771.25	5,173,152.12	5,223,868.74
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	22,282.99	2,496,092.98	2,535,382.50
Security Type Sub-Total		**26,710,000.00**					**26,883,496.04**	**2.16**	**145,836.95**	**26,872,865.73**	**27,344,521.21**
Federal Agency Discount Note											
FNMA DISC NOTE -- 0.000% 12/31/2009	313589RE5	4,075,000.00	A-1+	P-1	07/22/09	07/23/09	4,069,897.19	0.28	0.00	4,072,115.80	4,073,327.62
Security Type Sub-Total		**4,075,000.00**					**4,069,897.19**	**0.28**	**0.00**	**4,072,115.80**	**4,073,327.62**
Federal Agency Bond / Note											

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2009**

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											
FNMA NOTES (CALLABLE) DTD 02/11/2009 2.000% 02/11/2011	3136FHAA3	2,790,000.00	AAA	Aaa	02/03/09	02/11/09	2,790,000.00	2.00	7,750.00	2,790,000.00	2,803,950.00
FNMA GLOBAL NOTES DTD 02/27/2009 1.750% 03/23/2011	31398AVQ2	3,000,000.00	AAA	Aaa	07/20/09	07/21/09	3,037,470.00	0.99	1,166.67	3,033,156.75	3,045,000.00
FNMA GLOBAL NOTES DTD 04/09/2009 1.375% 04/28/2011	31398AWQ1	4,160,000.00	AAA	Aaa	09/16/09	09/17/09	4,189,577.60	0.93	24,310.00	4,188,873.56	4,196,400.00
FHLMC NOTES (CALLABLE) DTD 07/22/2009 1.625% 07/22/2011	3128X83S9	4,900,000.00	AAA	Aaa	07/24/09	07/31/09	4,901,531.25	1.61	15,261.46	4,900,392.15	4,903,067.40
FHLB TAP BONDS DTD 08/05/2008 3.750% 09/09/2011	3133XRY46	1,500,000.00	AAA	Aaa	11/04/08	11/05/08	1,515,108.00	3.37	3,437.50	1,510,485.83	1,581,562.50
FHLB NOTES (CALLABLE) DTD 07/27/2009 1.800% 01/27/2012	3133XUFA6	6,675,000.00	AAA	Aaa	07/23/09	07/27/09	6,675,000.00	1.80	21,360.00	6,675,000.00	6,706,289.06
FHLMC GLOBAL NOTES (CALLABLE) DTD 03/23/2009 2.500% 03/23/2012	3128X8SK9	1,500,000.00	AAA	Aaa	05/12/09	05/13/09	1,511,670.00	2.22	833.33	1,506,501.69	1,511,719.50
FHLMC GLOBAL NOTES (CALLABLE) DTD 03/23/2009 2.500% 03/23/2012	3128X8SK9	5,000,000.00	AAA	Aaa	05/26/09	05/28/09	5,037,000.00	2.23	2,777.78	5,021,660.55	5,039,065.00
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	25,498.96	4,053,139.87	4,056,435.94
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	48,343.75	7,643,524.96	7,690,640.63
FHLB NOTES DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	8,000,000.00	AAA	Aaa	07/22/09	07/23/09	7,988,960.00	1.80	26,444.44	7,989,637.28	8,025,000.00
FHLB STEP-NOTES (CALLABLE) DTD 09/30/2009 1.500% 09/25/2012	3133XUZU0	5,000,000.00	AAA	Aaa	09/18/09	09/30/09	5,000,000.00	2.29	208.33	5,000,000.00	5,015,625.00
Security Type Sub-Total		**54,210,000.00**					**54,342,130.35**	**1.80**	**177,392.22**	**54,312,372.64**	**54,574,755.03**
Corporate Note											

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2009**

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											
WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 12/06/2004 4.200% 01/15/2010	949746JJ1	3,000,000.00	AA-	A1	09/01/06	09/07/06	2,908,170.00	5.20	26,600.00	2,991,518.04	3,028,497.13
MORGAN STANLEY GLOBAL SR NOTES DTD 05/07/2003 4.250% 05/15/2010	61744AAN0	1,500,000.00	A	A2	08/23/07	08/28/07	1,455,195.00	5.45	24,083.33	1,489,189.29	1,524,883.50
US BANCORP SR MTN DTD 07/29/2005 4.500% 07/29/2010	91159HGJ3	2,000,000.00	A+	Aa3	08/30/07	09/05/07	1,969,420.00	5.07	15,500.00	1,990,856.08	2,062,728.00
GENERAL ELEC CAP CORP (FLOATING) NOTE DTD 01/29/2007 0.554% 01/26/2011	36962G2E3	2,200,000.00	AA+	Aa2	05/13/09	05/18/09	2,064,326.00	4.97	2,165.78	2,091,241.00	2,180,283.60
CREDIT SUISSE USA INC GL FRN (LIB3+19) DTD 03/02/2006 0.538% 03/02/2011	225434AE9	1,000,000.00	A+	Aa1	04/08/08	04/11/08	976,705.00	4.12	432.99	976,705.00	1,000,632.00
GENERAL ELECTRIC CAPITAL CORP (FLOAT) DTD 12/06/2006 0.394% 06/06/2011	36962GZ80	5,650,000.00	AA+	Aa2	05/13/09	05/18/09	5,221,210.77	5.28	1,423.60	5,289,200.83	5,546,085.20
Security Type Sub-Total		**15,350,000.00**					**14,595,026.77**	**5.13**	**70,205.70**	**14,828,710.24**	**15,343,109.43**
Managed Account Sub-Total		**163,095,000.00**					**163,161,220.84**	**1.83**	**606,801.43**	**163,199,232.38**	**164,760,216.80**
Securities Sub-Total		**$163,095,000.00**					**$163,161,220.84**	**1.83%**	**$606,801.43**	**$163,199,232.38**	**$164,760,216.80**
Accrued Interest											**$606,801.43**
Total Investments											**$165,367,018.23**