THE CITY OF
BRENTWOOD
HERITAGE • VISION • OPPORTUNITY

Investment Performance Review
Third Quarter 2010

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Fixed-income portfolios generated strong total returns in the third quarter, as interest rates across the yield curve declined to new record lows. All but the shortest duration benchmarks significantly outperformed money market instruments, which continued to offer near-zero yields. Longer duration benchmarks generally performed the best due to larger interest rate declines for longer maturities.

For the quarter our approach to duration was cautious, conservatively positioning portfolio durations short of benchmark durations to guard against the negative effect rising interest rates would have on portfolio market values.

Although the short bias of this strategy sacrificed some return in the quarter, value-added management techniques including strategic yield curve placement and active sector management, worked to produce returns roughly even with benchmarks.

The Federal Reserve has acknowledged a slowing recovery in recent statements, pledging to "provide additional accommodation if needed to support economic recovery and to return inflation, over time, to levels consistent with its mandate." This "additional accommodation" would almost certainly come in the form of further quantitative easing – a process by which the central bank purchases large amounts of government securities in the open market over a period of months in an effort to push interest rates down and support economic expansion.

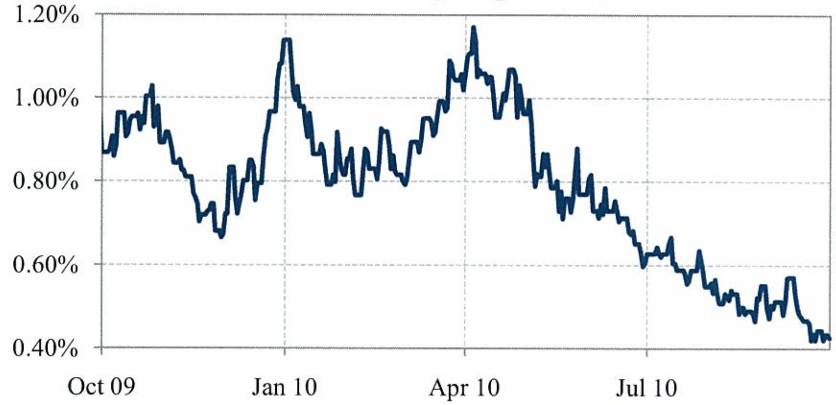
With a slower pace of economic growth and the Fed's renewed focus on easing, it is likely that rates will remain at recent levels for months, opening a window for us to extend durations closer to those of benchmarks.

Thus our strategy for the fourth quarter is built around somewhat longer durations to take advantage of the steep yield curve. Despite the sharp decline in long term rates during the third quarter, by historic standards, the spread between 2-year and 10-year Treasuries remains wide. With the prospect of low growth and low inflation over the next several quarters, extensions to the range of 90% to 95% of benchmark durations are designed to earn somewhat higher income and benefit from (somewhat diminished) yield curve roll-down, as the Fed signals readiness to push down rates across the yield curve.

Interest Rates and Returns

Interest rates continued to decline steadily throughout the third quarter, as shown in the chart below, in response to weaker-than-expected economic data. On July 1, a 2-year U.S. Treasury note offered a yield of 0.63%, but by September 30 it was yielding only 0.42% – an all-time low.

2-Year U.S. Treasury Note Yield
October 1, 2009 through September 30, 2010



Source data: Bloomberg Markets

While short-term rates declined considerably in the quarter, the decline in rates was most dramatic in longer-term securities, where diminishing inflation expectations and the prospect of Fed intervention had a stronger effect. 5- and 10-year Treasury yields fell 40 to 50 basis points between June and September.

The table on the next page shows quarter-end yields for various U.S. Treasury securities, changes in the quarter, and changes for the past 12 months.

Summary of U.S. Treasury Security Yields

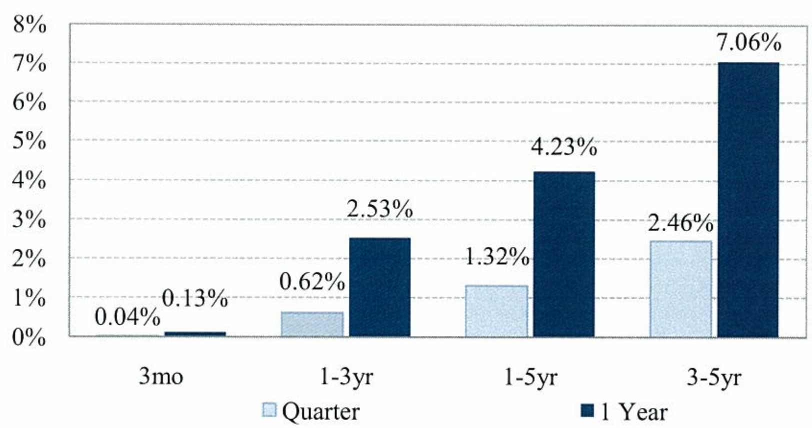
Date	3M	6M	1Y	2Y	3Y	5Y	10Y
September 30, 2010	0.15%	0.19%	0.25%	0.42%	0.63%	1.26%	2.51%
June 30, 2010	0.17%	0.22%	0.31%	0.60%	0.97%	1.77%	2.93%
Change over Quarter	*-0.02%*	*-0.03%*	*-0.06%*	*-0.18%*	*-0.34%*	*-0.51%*	*-0.42%*
September 30, 2009	0.11%	0.17%	0.38%	0.95%	1.42%	2.31%	3.31%
Change over Year	*0.04%*	*0.02%*	*-0.13%*	*-0.53%*	*-0.79%*	*-1.05%*	*-0.80%*

Source data: Bloomberg

With the decline in interest rates, the market values of fixed-income portfolios increased considerably, both quarter-over-quarter and year-over-year. As the chart below illustrates, portfolios with longer durations outperformed those with shorter durations.

The 1- to 3-year U.S. Treasury benchmark returned 0.62% (2.50% annualized), while the 3- to 5-year U.S. Treasury benchmark returned 2.46% (10.21% annualized). The duration of the 3- to 5-year U.S. Treasury benchmark was 3.85 years, versus 1.89 years for the 1- to 3-year U.S. Treasury benchmark.

Total Returns of Merrill Lynch U.S. Treasury Indices
Quarterly and 12-Month Total Return as of September 30, 2010

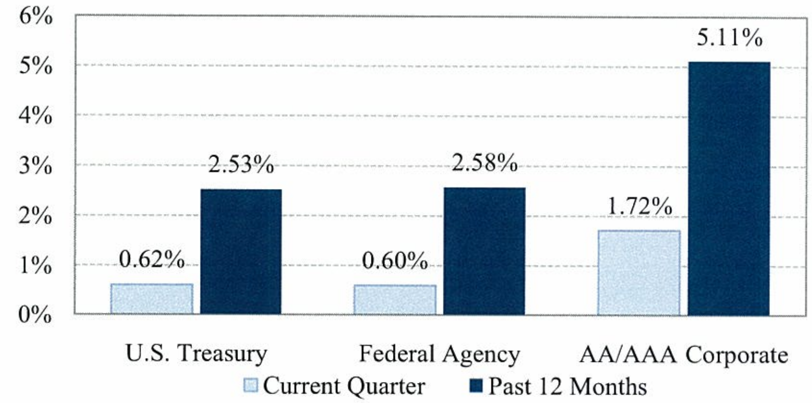


Source data: Bank of America Merrill Lynch; Bloomberg Markets

The yield curve flattened sharply, reducing the benefit of roll-down. Short-term rates remain near zero, intermediate rates have fallen to record lows, and longer rates have fallen 100 to 150 basis points from their April highs. During the quarter, the difference between 2- and 10-year U.S. Treasury yields was as high as 2.45%, but by quarter end, the difference had fallen to 2.09%.

The spread between U.S. Treasury and Federal Agency rates fluctuated within a narrow range during the quarter, though it remained tight by historic standards, reflecting a perception of reduced risk and increased liquidity for agency debt. For example, the spread on 2-year maturities ranged between 16 and 23 basis points, and the spread on 5-year maturities ranged between 20 and 28 basis points, all well below historical averages.

Duration Adjusted Returns of Merrill Lynch 1-3 Year Indices
Quarterly and 12-Month Total Return as of September 30, 2010



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

Spreads between Treasuries and corporate securities narrowed in response to improving corporate balance sheets and greater investor appetite for risk, contributing to the strong performance of the corporate sector. As the chart above illustrates, on a duration-adjusted basis, Treasury and Agency benchmarks performed roughly in line with one another, while corporate benchmarks significantly outperformed.

As corporate spreads continued to narrow in the quarter, we generally increased corporate holdings, selectively purchasing the securities of highly-rated issuers on our approved list. In many portfolios we incorporated commercial paper, which offered some additional value over short-dated Treasury bills, Agency discount notes, and money market instruments.

Economic Outlook

Economic data was generally weak in the third quarter, pointing toward a slowing recovery and uncertain prospects for future growth. The final measurement of second quarter GDP was an anemic 1.7% and economist estimates call for third quarter growth of under 2.0%.

Economic conditions remain subject to considerable uncertainty, with the most likely scenario being modest growth and little-to-no inflation for the foreseeable future. The current pace of expansion is insufficient to make a real dent in unemployment, with nearly 8 million jobs lost since 2008. Unemployment remains persistently high, near 10%, with most businesses still hesitant to add new employees.

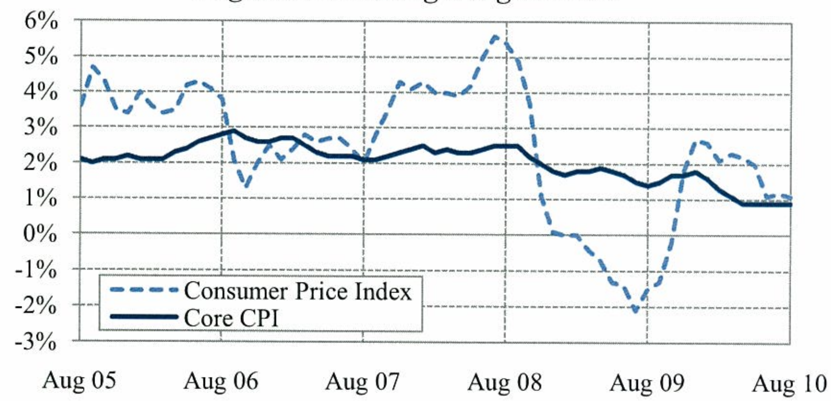
The housing sector remains weak, with housing starts, building permits, and sales relatively unchanged in recent months, and housing prices showing no signs of recovery. The pace of manufacturing activity has accelerated, but is hardly booming, as evidenced by only small upticks in factory orders, stable manufacturing employment, and continued low rates of capacity utilization. Retail sales, though positive year-over-year, are not strong enough to provide significant fuel to recovery.

Global economies, particularly in Asia and emerging markets, are out-pacing the U.S. The dollar weakened significantly in the quarter (from $1.19 to $1.35 versus the Euro at quarter-end), as fears of a European meltdown diminished and growth picked up in Western Europe. Oil and commodity prices have risen based on the prospect for stronger global demand. These developments should ultimately aid U.S. export sectors and large, global businesses based in the U.S., but do little to aid small, domestic firms.

The Federal Reserve has become increasingly focused on inflation—or, more properly, the lack thereof. As the following chart shows, though underlying price data show modest inflation, the majority of Fed governors have signaled support for a new round of quantitative easing that would involve the central bank purchasing $1 trillion of government securities in an effort to push long-term interest rates even lower, ultimately encouraging modest price increases that would help debtors and, perhaps, stimulate spending.

Core and Non-Core Consumer Price Index

August 2005 through August 2010



Source data: U.S. Department of Labor, Bureau of Labor Statistics

Investment Strategy

Given the increased likelihood that low interest rates will persist over the next several quarters, we plan to manage portfolios slightly closer to those of their respective benchmarks. This cautious duration extension should offer an opportunity to add value, while providing enough flexibility to respond to changing interest rate scenarios. We remain concerned that when interest rates rise from their record lows, as they surely will, longer duration investments will experience market value declines that will lead to strongly negative returns for an extended period. We believe the best defense is to keep portfolios somewhat shorter; even though such a strategy may give up some return in the short run, it will mitigate the effects of a rise in rates. With rates at record lows, even a slight increase has the potential to more than offset interest income, resulting in a negative total return.

We also plan to maintain or increase holdings of assets other than Treasuries because, although credit spreads are generally narrow, strong government and central bank action to promote economic growth and keep interest rates low should aid these types of investments.

Portfolio Summary

Total Portfolio Value	September 30, 2010	June 30, 2010
Market Value	**$182,531,510.36**	$189,228,564.13
Amortized Cost	**$180,396,351.17**	$187,470,104.76

PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy.
- The portfolio is well diversified among high quality issuers in the U.S. Treasury, Federal Agency, and corporate sectors.
- Interest rates fell to historic lows during the quarter on concerns of a prolonged recovery, an anticipated second round of quantitative easing by the Federal Reserve, and the expectation that the FOMC will keep the fed funds target rate at 0.00%-0.25% for at least the next 2-4 quarters. The yield on the 2-year Treasury ended the quarter at a record low, to that point in time, of 0.42%.
- In an uncertain market, we continued to monitor the markets and evaluate the various investment sectors looking for opportunities to capture additional value.
  - We added commercial paper and negotiable CDs to the portfolio, which at times offered very attractive yields relative to short-term Treasuries and Agencies. Rates on certain corporate and bank securities rose during the quarter, primarily for two reasons: (1) disruptions in international funding markets drove up LIBOR rates, which in turn drove up CP/CD rates, and (2) recent changes to the rules that regulate money market funds have required fund managers to maintain more of their assets in short-term securities, while at the same time companies and banks were trying to avoid relying too heavily on short-term debt. As a result, longer-term (i.e., 6 to 12 months) money market securities offered value, at times, because issuers were paying up to get funded longer when there were fewer longer institutional money market fund buyers.
  - We carefully increased the portfolio's allocation to high-quality corporate securities that met our stringent credit criteria. The corporate sector has become more attractive in a compressed rate environment. As the economy continues to recover, corporations have repaired their balance sheets and corporate profits have improved, resulting in a stronger underlying credit environment.
- We maintained the portfolio's duration at between 80%-85% of the benchmark's duration. We did this by buying longer-term Agency securities to take advantage of the steep yield curve, adding longer corporates, swapping some shorter maturities for longer ones, and buying short-term securities with longer maturities than normal, such as commercial paper and CDs with maturities in the 6- to 12-month range, rather than the 1- to 3-month range.
- Related to our duration strategy, we purchased some defensive securities, such as floating-rate notes, to hedge against future interest rate risk. Floating-rate notes have high current yields relative to short rates and coupon rates that will adjust contemporaneously with any rise in future short-term rates.

Portfolio Summary - continued

PORTFOLIO STRATEGY

- The slowdown in economic growth that occurred in the third quarter is expected to persist through the fourth quarter, and likely beyond. Recent economic data and statements issued by the Federal Reserve suggest that interest rates may remain low for longer than previously expected.
- While maintaining an overall long-term disciplined investment approach to managing the portfolio, the specific investment strategies we employ will remain flexible and may change in response to changes in interest rates, economic data, market outlook, or specific opportunities that arise.
- As it appears that interest rates could remain low for another 1 to 2 years, we plan to modestly extend the portfolio's duration to perhaps 90% to 95% of the benchmark. We will revisit our duration strategy on a monthly basis and as market conditions change.
- To help us carefully manage the portfolio's duration, we plan to limit our allocations to callable securities. In rising rate environments, the effective duration of a callable security can rise from being measured to an early call date (e.g., 0.5 years) to extending to maturity (e.g., 3.0 years). The risk that rate movements can alter the desired duration profile of the portfolio can be mitigated by limiting the portfolio's exposure to callable securities.
- We will maintain a well-diversified, high-quality portfolio. We will emphasize U.S. Treasury and Federal Agency securities while evaluating all investment options available to the City.
- Although commercial paper rates have come down as the disruptions in international funding markets have subsided, we will continue to evaluate 6- to 12-month commercial paper and negotiable certificates of deposit. These securities can offer attractive yields relative to short-term Treasuries and Federal Agencies and offer good investment opportunities relative to risk.
- As the corporate sector continues to improve, we may also explore additional opportunities in the high-quality corporate sector and add these securities to the portfolio, where prudent.

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

Month	Fiscal Year 2009/10 Actual	Fiscal Year 2010/2011 Budget	Fiscal Year 2010/2011 Year-To-Date Actual	Fiscal Year 2010/2011 Current Forecast	Fiscal Year 2010/2011 Actual/Forecast vs. Budget	Current Forecast FY 2010/11 vs. FY 2009/10	Fiscal Year 2009/10 Par Value of Portfolio	Fiscal Year 2010/2011 Par Value of Portfolio
July	951,025	78,988	103,554	103,554	24,566	(847,471)	168,215,000	169,425,000
August	582,832	195,178	242,191	242,191	47,013	(340,641)	169,440,000	169,425,000
September	547,331	403,469	391,681	391,681	(11,788)	(155,650)	163,095,000	169,885,000
October	198,982	316,709		316,709		117,728	159,395,000	
November	231,158	147,276		147,276		(83,881)	159,335,000	
December	270,406	264,494		264,494		(5,912)	159,165,000	
January	457,428	79,047		79,047		(378,381)	164,605,000	
February	235,144	209,251		209,251		(25,893)	167,260,000	
March	286,058	427,066		427,066		141,008	167,315,000	
April	720,353	316,947		316,947		(403,406)	167,890,000	
May	625,247	147,387		147,387		(477,860)	169,130,000	
June	366,037	264,692		264,692		(101,345)	169,200,000	
Total	5,472,000	2,850,504	737,426	2,910,295	59,791	(2,561,705)	165,337,083	169,578,333
Cash Return	3.31%	1.68%	0.43%	1.72%				

Notes:

1. Earnings based on the City's cash receipt based (non GAAP) accounting methodology.
2. Monthly volatility reflects actual and expected timing of receipt of coupon payments and other cash-based earnings.
3. Cash return is total cash earnings divided by average portfolio balance.
4. Earnings do not include LAIF.

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

Month	Fiscal Year 2009/10 Actual	Fiscal Year 2010/2011 Budget	Fiscal Year 2010/2011 Year-To-Date Actual	Fiscal Year 2010/2011 Current Forecast	Fiscal Year 2010/2011 Actual/Forecast vs. Budget	Current Forecast FY 2010/11 vs. FY 2009/10	Fiscal Year 2009/10 Par Value of Portfolio	Fiscal Year 2010/2011 Par Value of Portfolio
July	951,025	78,988	103,554	103,554	24,566	(847,471)	168,215,000	169,425,000
August	1,533,857	274,166	345,745	345,745	71,579	(1,188,112)	169,440,000	169,425,000
September	2,081,188	677,634	737,426	737,426	59,791	(1,343,762)	163,095,000	169,885,000
October	2,280,170	994,344		1,054,135		(1,226,035)	159,395,000	
November	2,511,327	1,141,620		1,201,411		(1,309,916)	159,335,000	
December	2,781,733	1,406,114		1,465,905		(1,315,828)	159,165,000	
January	3,239,161	1,485,160		1,544,952		(1,694,209)	164,605,000	
February	3,474,305	1,694,412		1,754,203		(1,720,102)	167,260,000	
March	3,760,363	2,121,478		2,181,269		(1,579,094)	167,315,000	
April	4,480,716	2,438,425		2,498,216		(1,982,500)	167,890,000	
May	5,105,963	2,585,812		2,645,603		(2,460,360)	169,130,000	
June	5,472,000	2,850,504		2,910,295		(2,561,705)	169,200,000	
Total	5,472,000	2,850,504	737,426	2,910,295	59,791	(2,561,705)	165,337,083	169,578,333
Cash Return	3.31%	1.68%	0.43%	1.72%				

Notes:

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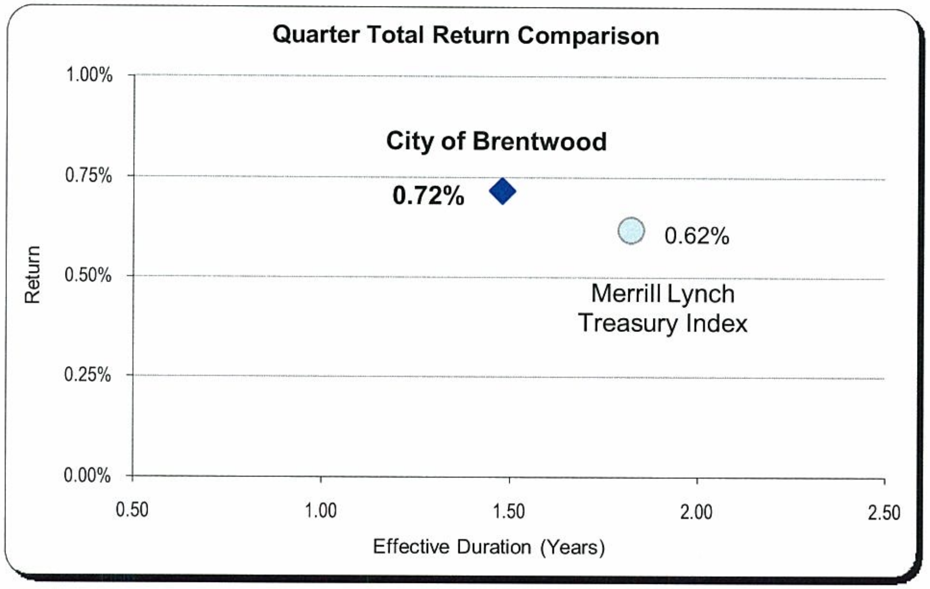
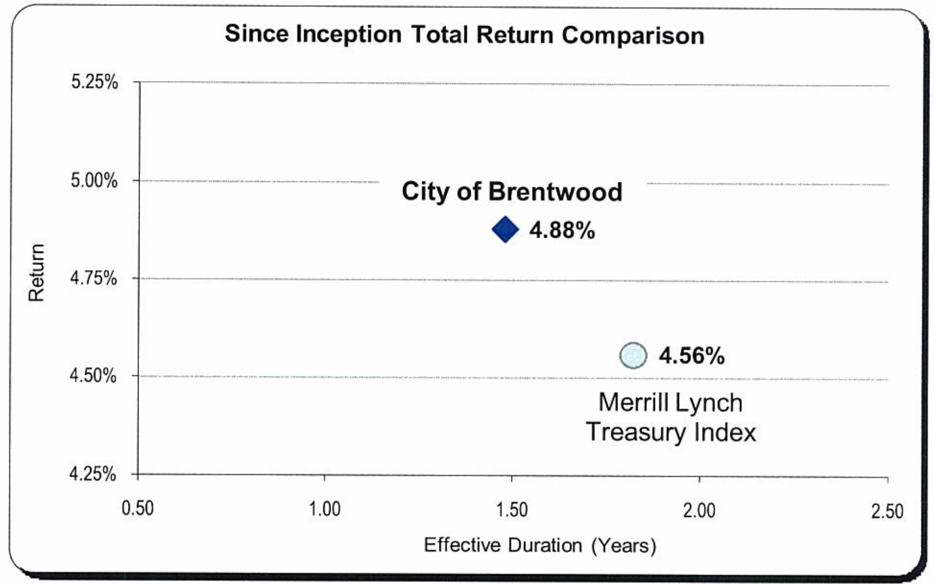
Portfolio Performance

Total Return[1,2,3,4,5]	Quarter Ended September 30, 2010	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Brentwood	**0.72%**	**2.70%**	**4.69%**	**4.74%**	**4.88%**
Merrill Lynch Treasury Index	0.62%	2.53%	4.07%	4.35%	4.56%

Effective Duration[4,5,6]	September 30, 2010	June 30, 2010
City of Brentwood	**1.48**	**1.52**
Merrill Lynch Treasury Index	1.81	1.82

Yields	September 30, 2010	June 30, 2010
Yield at Market	**0.67%**	0.89%
Yield on Cost	**1.46%**	1.45%



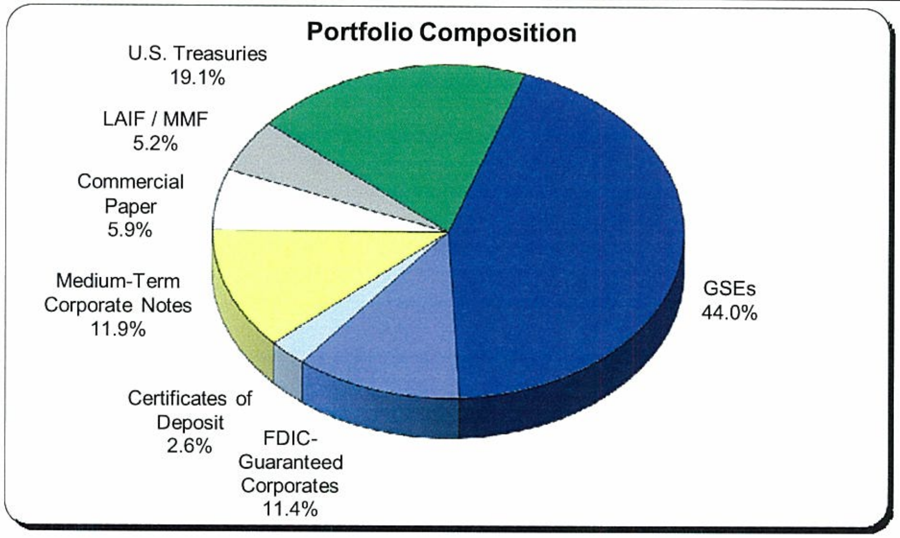


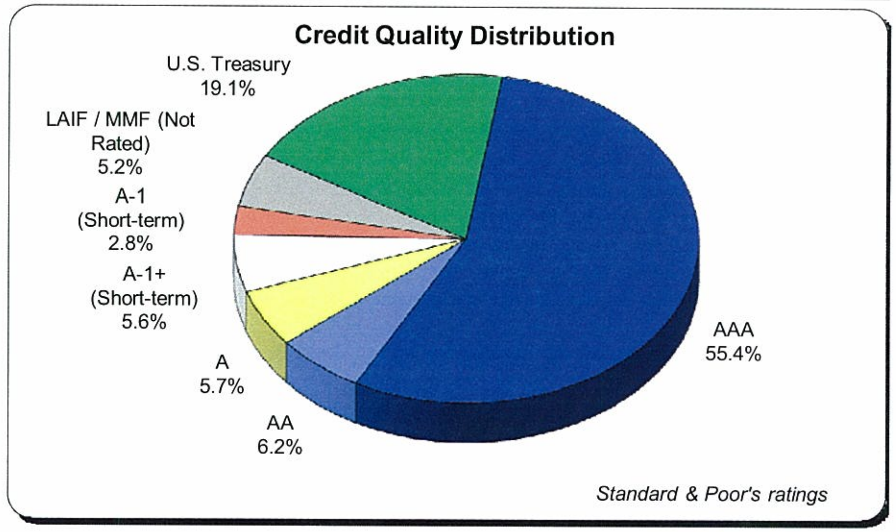
Notes:

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, 2010	% of Portfolio	June 30, 2010	% of Portfolio	Permitted by Policy
U.S. Treasuries	**$34,873,216.43**	**19.1%**	$42,591,007.16	22.5%	**100%**
Federal Agencies	**$101,077,649.06**	**55.4%**	$108,956,760.16	57.6%	**100%**
GSEs[2]	*$80,334,099.53*	*44.0%*	*$88,181,093.50*	*46.6%*	*100%*
FDIC-Guaranteed Corporates[3]	*$20,743,549.53*	*11.4%*	*$20,775,666.66*	*11.0%*	*100%*
Commercial Paper	**$10,693,401.40**	**5.9%**	$0.00	0.0%	**25%**
Certificates of Deposit	**$4,808,513.28**	**2.6%**	$0.00	0.0%	**30%**
Medium-Term Corporate Notes	**$21,642,953.76**	**11.9%**	$20,550,963.32	10.9%	**30%**
Money Market Fund/Cash	**$585,078.03**	**0.3%**	$348,478.52	0.2%	**15%**
LAIF	**$8,850,698.40**	**4.8%**	$16,781,354.97	8.9%	**$50 Million**
Totals	**$182,531,510.36**	**100.0%**	$189,228,564.13	100.0%	



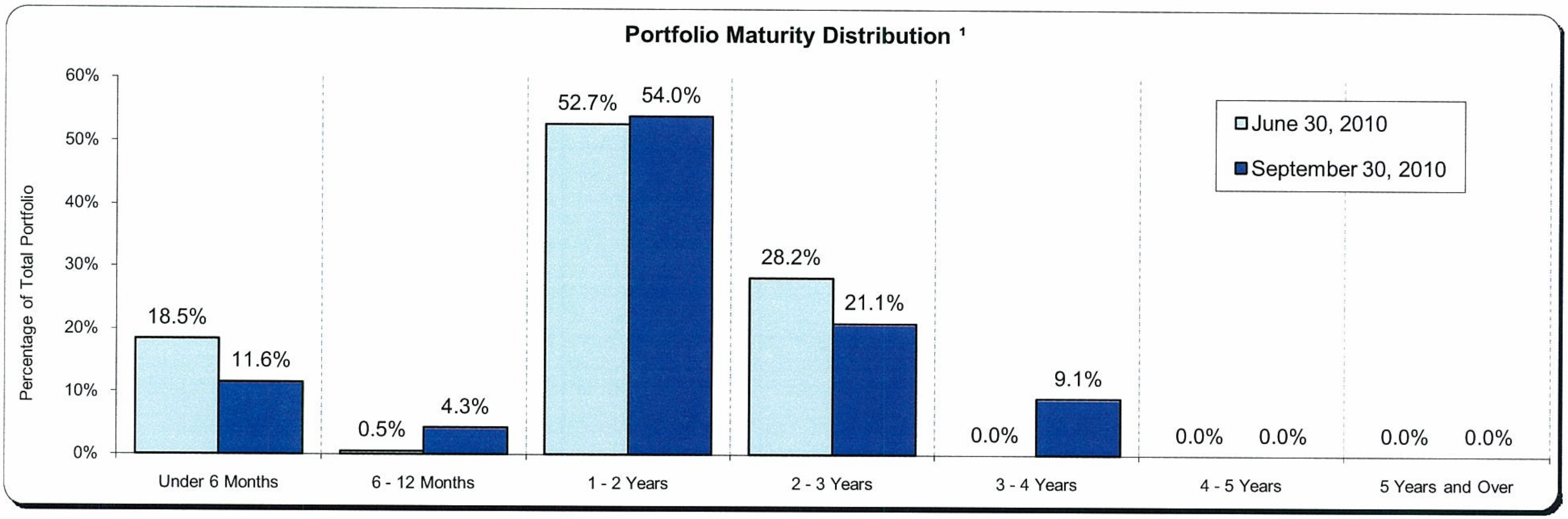


Notes:

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, 2010	June 30, 2010
Under 6 Months	**$21,130,536.03**	$34,967,869.53
6 - 12 Months	**$7,829,571.70**	$1,000,533.03
1 - 2 Years	**$98,550,567.27**	$99,813,052.93
2 - 3 Years	**$38,463,829.15**	$53,447,108.64
3-4 Years	**$16,557,006.21**	$0.00
4 - 5 Years	**$0.00**	$0.00
5 Years and Over	**$0.00**	$0.00
Totals	**$182,531,510.36**	$189,228,564.13



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, 2010**

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											
GENERAL ELECTRIC CAPITAL CORP NOTES DTD 09/16/2010 1.875% 09/16/2013	36962G4O4	6,700,000.00	AA+	Aa2	09/13/10	09/16/10	6,689,883.00	1.93	5,234.38	6,690,020.15	6,720,153.60
JPMORGAN CHASE & CO NOTES DTD 09/30/2010 1.650% 09/30/2013	46623EJD2	4,000,000.00	A+	Aa3	09/27/10	09/30/10	3,999,520.00	1.65	183.33	3,999,520.44	4,006,948.00
Security Type Sub-Total		**21,030,000.00**					**21,338,340.10**	**2.03**	**129,427.11**	**21,271,865.01**	**21,513,526.65**
Commercial Paper											
SOCIETE GENERALE N AMER COMM PAPER -- 0.000% 10/04/2010	83365SK44	5,200,000.00	A-1	P-1	07/01/10	07/02/10	5,191,310.22	0.64	0.00	5,199,722.68	5,199,880.40
CREDIT AGRICOLE NA COMM PAPER -- 0.000% 02/16/2011	22532CPG3	5,500,000.00	A-1+	P-1	08/20/10	08/23/10	5,486,073.45	0.52	0.00	5,489,142.01	5,493,521.00
Security Type Sub-Total		**10,700,000.00**					**10,677,383.67**	**0.58**	**0.00**	**10,688,864.69**	**10,693,401.40**
Certificate of Deposit											
BARCLAYS BANK PLC NY CERT DEPOS DTD 09/07/2010 0.900% 09/02/2011	06740MNK5	4,800,000.00	A-1+	P-1	09/02/10	09/07/10	4,800,000.00	0.90	2,880.00	4,800,000.00	4,805,633.28
Security Type Sub-Total		**4,800,000.00**					**4,800,000.00**	**0.90**	**2,880.00**	**4,800,000.00**	**4,805,633.28**
Managed Account Sub-Total		**169,885,000.00**					**170,482,324.28**	**1.46**	**659,399.18**	**170,301,175.56**	**172,436,334.75**
Securities Sub-Total		**$169,885,000.00**					**$170,482,324.28**	**1.46%**	**$659,399.18**	**$170,301,175.56**	**$172,436,334.75**
Accrued Interest											**$659,399.18**
Total Investments											**$173,095,733.93**

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2010**

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 09/30/2009 1.000% 09/30/2011	912828LW8	3,000,000.00	TSY	TSY	10/09/09	10/13/09	3,002,343.75	0.96	82.42	3,001,196.61	3,020,976.00
US TREASURY NOTES DTD 10/31/2009 1.000% 10/31/2011	912828LT5	1,385,000.00	TSY	TSY	05/04/10	05/05/10	1,390,842.96	0.71	5,795.92	1,389,257.23	1,395,333.40
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	2,128,509.40	2,153,953.92
US TREASURY NOTES DTD 12/31/2009 1.000% 12/31/2011	912828ML1	4,400,000.00	TSY	TSY	04/06/10	04/12/10	4,398,968.75	1.01	11,119.57	4,399,259.74	4,437,127.20
US TREASURY NOTES DTD 01/31/2010 0.875% 01/31/2012	912828MJ6	1,500,000.00	TSY	TSY	04/06/10	04/12/10	1,494,843.75	1.07	2,211.28	1,496,188.29	1,510,782.00
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	7,612,530.88	7,708,953.13
US TREASURY NOTES DTD 02/28/2010 0.875% 02/29/2012	912828MO0	5,065,000.00	TSY	TSY	03/25/10	03/30/10	5,049,567.58	1.04	3,795.25	5,053,600.36	5,103,595.30
US TREASURY NOTES DTD 03/31/2010 1.000% 03/31/2012	912828MU1	2,500,000.00	TSY	TSY	05/26/10	05/27/10	2,510,449.22	0.77	68.68	2,508,498.60	2,524,700.00
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	2,624,895.13	2,666,939.63
US TREASURY NOTES DTD 03/15/2010 1.375% 03/15/2013	912828MT4	4,195,000.00	TSY	TSY	03/31/10	03/31/10	4,169,600.59	1.59	2,549.45	4,173,828.17	4,281,207.25
Security Type Sub-Total		**34,390,000.00**					**34,410,241.21**	**1.16**	**69,648.60**	**34,387,764.41**	**34,803,567.83**
U.S. Government Supported Corporate Debt											
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	3,995,173.32	4,109,688.00
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	3,998,478.36	4,129,864.00

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2010**

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. Government Supported Corporate Debt											
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	4,477,936.36	4,540,897.62
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	5,155,778.20	5,261,307.48
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	2,497,581.25	2,563,365.00
Security Type Sub-Total		**20,040,000.00**					**20,194,290.70**	**2.37**	**138,427.43**	**20,124,947.49**	**20,605,122.10**
Federal Agency Bond / Note											
FHLB NOTES (FLOAT) DTD 09/23/2010 0.325% 03/23/2012	313370V88	5,000,000.00	AAA	Aaa	09/27/10	09/27/10	4,998,115.00	0.36	359.72	4,998,120.60	4,993,575.00
FHLMC GLOBAL NOTES DTD 02/19/2010 1.125% 04/25/2012	3128X9D80	9,500,000.00	AAA	Aaa	02/19/10	02/22/10	9,482,710.00	1.21	46,312.50	9,487,476.53	9,599,427.00
FHLB GLOBAL BONDS DTD 03/19/2010 1.125% 05/18/2012	3133XXPV3	2,590,000.00	AAA	Aaa	07/21/10	07/22/10	2,611,393.40	0.67	10,764.69	2,609,157.14	2,617,140.61
FNMA NOTES (CALLABLE) DTD 05/25/2010 1.300% 05/25/2012	31398AS37	5,530,000.00	AAA	Aaa	05/24/10	05/25/10	5,534,424.00	1.26	25,161.50	5,532,880.30	5,552,484.98
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	20,791.46	4,046,542.84	4,121,813.03
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	39,418.75	7,645,848.35	7,814,589.75
FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	5,640,000.00	AAA	Aaa	04/15/10	04/19/10	5,633,626.80	1.30	19,387.50	5,634,911.20	5,712,547.32
FHLMC GLOBAL REFERENCE NOTES DTD 07/16/2002 5.125% 07/15/2012	3134A4OD9	460,000.00	AAA	Aaa	09/08/10	09/09/10	497,453.20	0.69	4,976.94	496,222.97	497,595.80
FNMA GLOBAL NOTES DTD 07/10/2009 1.750% 08/10/2012	31398AYM8	3,145,000.00	AAA	Aaa	12/01/09	12/03/09	3,192,992.70	1.17	7,796.98	3,178,370.75	3,215,875.72
FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	700,000.00	AAA	Aaa	07/22/09	07/23/09	699,034.00	1.80	1,327.08	699,398.35	715,960.70

Managed Account Detail of Securities Held

For the Month Ending **September 30, 2010**

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 (FLOAT) DTD 09/13/2010 0.430% 09/13/2012	31398A3X8	2,500,000.00	AAA	Aaa	09/15/10	09/16/10	2,499,497.50	0.46	539.58	2,499,497.50	2,502,150.00
FHLMC GLOBAL REFERENCE NOTES DTD 08/06/2009 2.125% 09/21/2012	3137EACE7	2,635,000.00	AAA	Aaa	10/08/09	10/09/09	2,678,477.50	1.55	1,555.38	2,664,290.84	2,717,064.44
FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	3,100,000.00	AAA	Aaa	01/14/10	01/15/10	3,095,536.00	1.80	5,877.08	3,096,522.51	3,178,888.80
FHLMC GLOBAL NOTES DTD 02/23/2010 1.720% 04/11/2013	3128X9D56	10,500,000.00	AAA	Aaa	03/01/10	03/02/10	10,528,875.00	1.63	85,283.33	10,523,546.78	10,784,172.00
FNMA NOTES (CALLABLE) DTD 05/06/2010 1.875% 05/06/2013	31398AO54	3,440,000.00	AAA	Aaa	05/05/10	05/06/10	3,438,280.00	1.89	25,979.17	3,438,505.53	3,465,407.84
FHLMC NOTES DTD 08/20/2010 0.875% 10/28/2013	3137EACL1	4,500,000.00	AAA	Aaa	09/01/10	09/07/10	4,479,840.00	1.02	4,484.38	4,480,264.89	4,498,222.50
FANNIE MAE GLOBAL NOTES (CALLABLE) DTD 08/04/2010 1.500% 02/04/2014	31398AZ88	8,000,000.00	AAA	Aaa	07/26/10	08/04/10	7,996,000.00	1.51	19,000.00	7,996,176.88	8,028,168.00
Security Type Sub-Total		**78,925,000.00**					**79,062,068.60**	**1.34**	**319,016.04**	**79,027,733.96**	**80,015,083.49**
Corporate Note											
CREDIT SUISSE USA INC GL FRN (LIB3+19) DTD 03/02/2006 0.486% 03/02/2011	225434AE9	1,000,000.00	A+	Aa1	04/08/08	04/11/08	976,705.00	4.12	391.20	992,792.58	1,000,967.00
WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 10/23/2007 5.250% 10/23/2012	949746NW7	4,140,000.00	AA-	A1	01/26/10	01/29/10	4,474,760.40	2.19	95,392.50	4,394,342.10	4,480,204.50
JPMORGAN CHASE & CO GLOBAL NOTES DTD 04/28/2008 4.750% 05/01/2013	46625HHB9	190,000.00	A+	Aa3	01/20/10	01/25/10	203,761.70	2.43	3,760.42	200,975.74	206,063.55
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	23,777.78	3,995,482.88	4,094,596.00
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	687.50	998,731.12	1,004,594.00