



Investment Performance Review
Third Quarter 2012

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Summary

- During the third quarter, further easing measures by central banks around the world spurred investors' demand for riskier assets, resulting in strong performance for corporate bonds, mortgage-backed securities, and equities.
- While the U.S. housing recovery seemed to be building momentum, manufacturing activity and job growth have continued to show persistent weakness.
- The domestic economy will likely continue its sluggish recovery, despite uncertainties about the U.S. election and the looming fiscal cliff.

Economic Snapshot

- The unemployment rate fell to 7.8% in September. The economy added 437,000 jobs in the third quarter, up from 200,000 in the prior period.
- The S&P Case-Shiller Index of home prices for July marked a year-over-year increase that was more than consensus predicted, reflecting a continued housing recovery.
- The Institute for Supply Management's manufacturing survey fell slightly below 50 for June, July, and August, indicating a weakening of the important manufacturing base, but rose to 51.5 in September, suggesting slow growth (A measure above 50 is the dividing point between growth and expansion.)
- The Consumer Price Index increased by 0.6% in August on a seasonally adjusted basis, its largest gain since June 2009; this was primarily due to increases in food and energy prices.
- Most economists expect U.S. gross domestic product (GDP) to grow by only 1.8% to 2% for the year.

Interest Rates

- Interest rates ended the quarter modestly lower, while yield spreads on Federal Agencies, corporates, and mortgage-backed securities (MBS) tightened significantly.
- Long-term Treasury yields experienced significant intra-quarter volatility, while two-year Treasury yields remained in a tight range of 0.20% to 0.30% for the quarter.
- The Federal Reserve announced that it will keep short-term rates at extremely low levels through mid-2015. It also initiated a third round of Quantitative Easing (QE3), a new program to purchase \$40 billion in agency MBS each month until economic conditions improve.

Sector Performance

- Accommodative measures by global central banks gave investors confidence in the prospects for economic growth. The resulting shift from Treasuries and Agencies to high-quality corporate bonds helped corporate bonds to outperform. Bonds issued by financial firms did particularly well, outpacing those in the industrial and utility sectors.
- Supported by the new QE3 purchase program, Agency MBS performed well, but returns were tempered as a result of increased pre-payments, which shortened their average lives.
- While the Municipal sector lagged the corporate sector, it generated returns in excess of Treasuries and Agencies, and offered the additional value of diversification.
- Supply reductions should keep Agency spreads narrow, as Fannie Mae and Freddie Mac reduce their retained portfolios by 15% per year, as mandated by the Treasury Department.

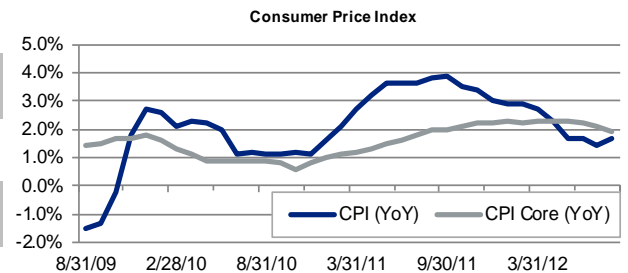
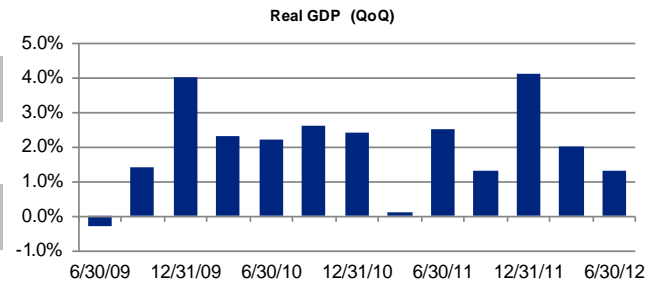
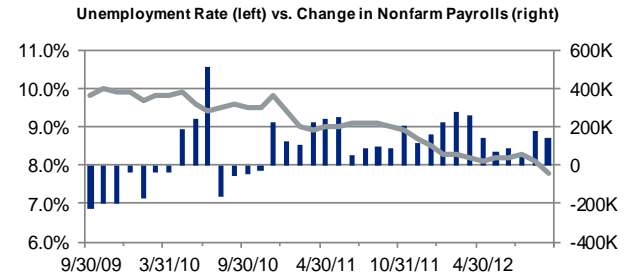
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Economic Snapshot

Labor Market		Latest	Jun 2012	Sep 2011
Unemployment Rate	Sep	7.8%	8.2%	9.0%
Change In Non-Farm Payrolls	Sep	114,000	45,000	202,000
Average Hourly Earnings (YoY)	Sep	1.8%	2.0%	2.0%
Personal Income (YoY)	Aug	3.5%	3.4%	4.6%
Initial Jobless Claims	Oct 12	388,000	376,000	402,000

Growth		Latest	Jun 2012	Sep 2011
Real GDP (QoQ SAAR)	Q2	1.3%	2.0% ¹	1.3%
GDP Personal Consumption (QoQ SAAR)	Q2	1.5%	2.4% ¹	1.7%
Retail Sales (YoY)	Sep	5.4%	3.5%	8.3%
ISM Manufacturing Survey	Sep	51.5	49.7	52.5
Existing Home Sales (millions)	Sep	4.75	4.37	4.28

Inflation / Prices		Latest	Jun 2012	Sep 2011
Personal Consumption Expenditures (YoY)	Aug 12	1.5%	1.5%	2.9%
Consumer Price Index (YoY)	Sep 12	2.0%	1.7%	3.9%
Consumer Price Index Core (YoY)	Sep 12	2.1%	0.7%	7.0%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$92.19	\$84.96	\$79.20
Gold Futures (oz)	Sep 30	\$1,771	\$1,604	\$1,620



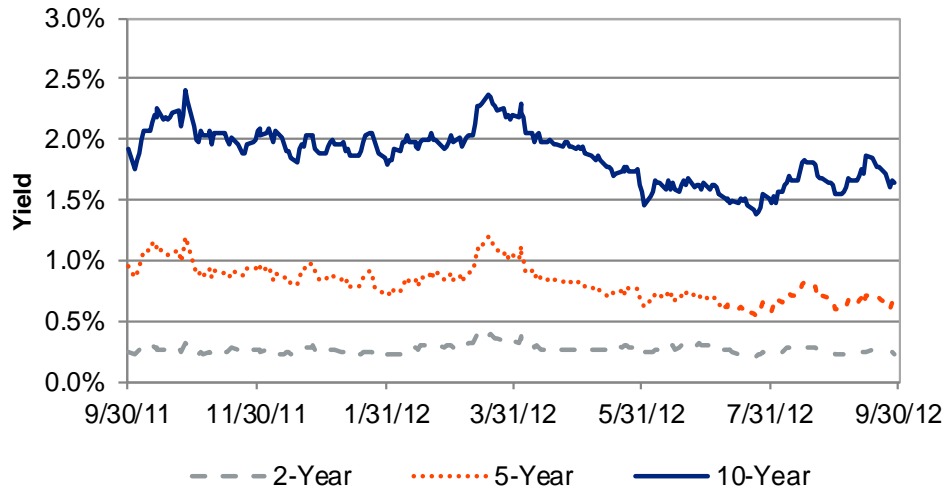
1. Data as of First Quarter 2012

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

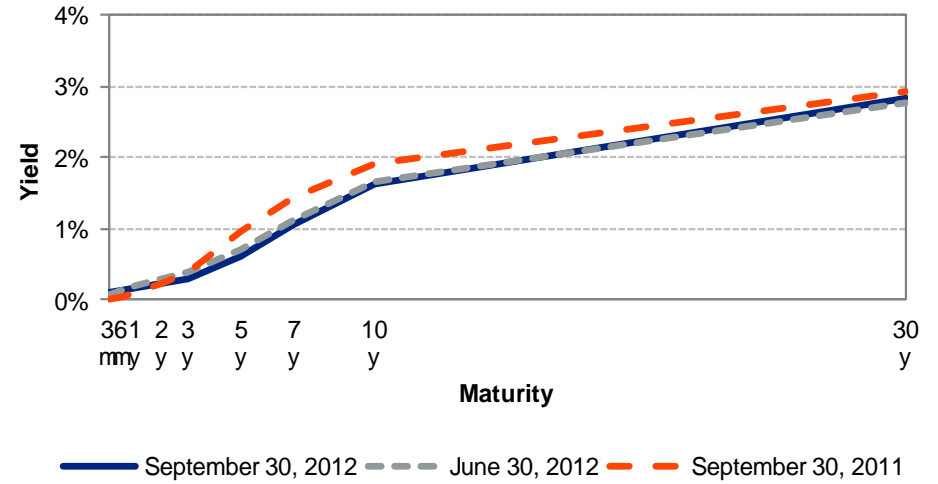
Source: Bloomberg

Interest Rate Overview

U.S. Treasury Note Yields



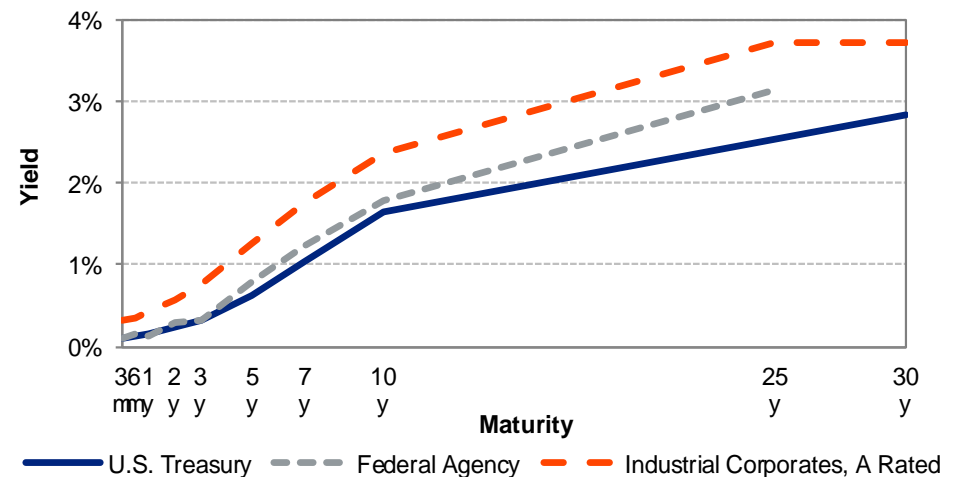
U.S. Treasury Note Yield Curve



U.S. Treasury Note Yields

Maturity	9/30/12	6/30/12	Change over Quarter	9/30/11	Change over Year
3-month	0.12%	0.11%	0.00%	0.02%	0.09%
1-year	0.16%	0.26%	(0.10%)	0.17%	(0.02%)
2-year	0.25%	0.32%	(0.08%)	0.28%	(0.04%)
5-year	0.63%	0.75%	(0.11%)	0.96%	(0.33%)
10-year	1.70%	1.73%	(0.04%)	2.01%	(0.31%)
30-year	2.82%	2.78%	0.04%	2.95%	(0.13%)

Yield Curves as of 9/30/12



Source: Bloomberg

B of A Merrill Lynch Index Returns

	As of 9/30/2012		Periods Ended 9/30/2012		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.89	0.25%	0.26%	0.56%	1.43%
Federal Agency	1.60	0.31%	0.25%	0.92%	1.58%
U.S. Corporates, A-AAA Rated	1.98	1.02%	1.50%	4.10%	3.63%
Agency MBS (0 to 3 years)	1.78	0.87%	0.91%	2.29%	3.78%
Municipals	1.84	0.52%	0.33%	1.33%	1.75%
1-5 Year Indices					
U.S. Treasury	2.74	0.34%	0.47%	1.29%	2.58%
Federal Agency	2.24	0.42%	0.46%	1.53%	2.29%
U.S. Corporates, A-AAA Rated	2.79	1.26%	2.18%	5.92%	4.98%
Agency MBS (0 to 5 years)	1.83	0.91%	1.08%	3.63%	4.73%
Municipals	2.59	0.71%	0.62%	2.23%	2.65%
Master Indices					
U.S. Treasury	6.05	0.91%	0.58%	3.19%	5.46%
Federal Agency	3.69	0.79%	0.84%	2.83%	3.95%
U.S. Corporates, A-AAA Rated	6.78	2.38%	3.53%	9.97%	8.26%
Agency MBS	1.82	0.92%	1.13%	3.74%	5.06%
Municipals	7.39	2.48%	2.51%	8.96%	6.20%

Returns for periods greater than one year are annualized
3 Month return is periodic

Source: Bloomberg

Portfolio Summary

<u>Total Portfolio Value</u>	<u>September 30, 2012</u>	<u>June 30, 2012</u>
Market Value	\$164,868,084.03	\$181,619,874.60
Amortized Cost	\$164,150,305.40	\$181,120,958.76

PORTFOLIO RECAP

- The portfolio complies with the California Government Code and the City's investment policy. The portfolio is well diversified among U.S. Treasury, Federal Agency, high-quality corporates, commercial paper, certificates of deposit, municipal securities, and money market securities.
- Bond yields remained highly correlated with headlines out of Europe. Weakening economic conditions in the Eurozone triggered a flight to quality that drove intermediate-term Treasury yields to new all-time record lows in July. The development of an ECB sovereign debt purchase program reversed the trend, causing yields to rebound sharply. Despite several periods of sharp temporary yield movements, Treasury yields ended the quarter only modestly lower in most maturities.
- While long-term yields were quite volatile during the quarter, yields of 1- to 5-year Treasuries were mostly range-bound within narrow bands. For example, the 2-year Treasury note traded between 0.20% and 0.30% during the quarter.
- In the range-bound market, we kept portfolio durations close to their respective benchmarks, but added modestly to duration when rates moved toward the upper end of the trading range. We also focused our attention on maximizing interest income, in some cases blending longer-term Treasuries and Federal agencies with shorter-term commercial paper or CDs.
- European news also drove credit spreads. As investors gained renewed comfort with credit risk, corporate yield spreads steadily moved tighter as the third quarter progressed. This resulted in very strong performance for the corporate sector across all maturities, with bonds of financial companies performing exceptionally well. While we have been generally adding to corporate allocations all year, when the spread between corporate notes and Treasuries fell during the third quarter, we shifted to a more neutral "hold" strategy.
- Municipal bonds also had a strong quarter, despite ongoing concern that future tax policies may reduce the benefit of tax-exemption. We continued to add munis with intermediate maturities to our allocations where we found high-quality taxable or tax-exempt issues—mostly new deals—that offered strong credit fundamentals, favorable yield spreads, and reasonable issue size. Deal volume is up sharply from 2011 levels, so there has been more to choose from.
- Agency notes received a boost during the quarter when the Treasury Department accelerated the wind-down of Fannie Mae's and Freddie Mac's investment portfolio holdings, an action which will shrink Agency bond and discount note supply by \$1 trillion over the next few years. As spreads tightened, we reduced Agency allocations in favor of more U.S. Treasuries. A short-lived spike in volatility mid-quarter provided a brief opportunity to add attractively valued callable Agency bonds.

Portfolio Summary - continued

PORTFOLIO STRATEGY

- With the ECB's sovereign debt support program in place, we are turning our attention away from Europe and focusing on domestic issues, such as U.S. economic conditions, the looming fiscal cliff, and other global issues, like the troubling slowdown in China and turmoil in the Middle East. These conditions create uncertainties that are hard to handicap, and virtually impossible to predict with any degree of certainty.
- Since all of these factors have more downside risk to economic growth than upside potential, and thus a greater chance of keeping yields low in the fourth quarter, we plan to keep portfolio durations generally in line with benchmarks.
- With central banks around the globe pumping an unprecedented amount of liquidity into the market and embarking on new large-scale bond purchase programs, we are faced with a scenario of more dollars chasing fewer assets. As a result, our outlook for most "spread sectors" remains positive. We anticipate relatively low volatility in yields and expect income to be a major component of total returns in the upcoming quarter.
- In this environment, our approach to security selection will employ more of a bottom-up analysis of individual issues, rather than a top-down approach of shifting sector allocations based on a macroeconomic view. We will use this bottom-up approach in the selection of individual corporate and municipal bonds, as well as negotiable CD's and commercial paper in the money market space.
- Over the previous 12 months, we have made a sizable shift away from the Federal agency sector and into the Treasury and other sectors. We continue to actively trade within the Treasury and Federal Agency sectors, seeking to identify those issues that offer the best combination of yield, yield spread, and roll-down potential. We are comfortable with our current sector weightings, but we will adjust our view as new developments in fiscal and monetary policy evolve.
- Although we have generally avoided callable Federal agencies over the past several years, these issues may now be a reasonable alternative to both bullet agencies and MBS.
- As always, we strive to maintain safety of principal and appropriate liquidity, while seeking opportunities to add value through active management. Our strategy will remain flexible and may change in response to changes in interest rates, economic data, market outlook, or specific opportunities that arise.

Year-To-Date Cash-Basis Earnings Analysis (Monthly)^{1,2,3,4}

	Fiscal Year 2011/12	Fiscal Year 2012/2013	Fiscal Year 2012/2013	Fiscal Year 2012/2013	Fiscal Year 2012/2013	Current Forecast	Fiscal Year 2011/2012	Fiscal Year 2012/2013
Month	Actual	Budget	Year-To-Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2011/12 vs. FY 2012/13	Par Value of Portfolio	
July	\$81,922	163,200	163,204	163,204	4	81,282	180,335,000	164,384,000
August	\$316,655	326,500	326,564	326,564	64	9,909	168,150,000	155,424,000
September	\$475,981	127,300	127,385	127,385	85	(348,596)	163,300,000	148,854,000
October	\$384,046	42,400		42,400	-	(341,646)	163,355,000	
November	\$709,246	477,200		477,200	-	(232,046)	159,025,000	
December	\$175,209	146,600		146,600	-	(28,609)	158,960,000	
January	\$451,704	411,500		411,500	-	(40,204)	163,915,000	
February	\$157,922	317,200		317,200	-	159,278	163,985,000	
March	(\$116,225)	41,300		41,300	-	157,525	163,660,000	
April	\$366,731	42,400		42,400	-	(324,331)	163,170,000	
May	\$234,312	472,100		472,100	-	237,788	164,164,000	
June	(\$37,401)	111,500		111,500	-	148,901	164,229,000	
Total	3,200,103	2,679,200	617,154	2,679,354	154	(520,749)	164,687,333	156,220,667
Cash Return	1.94%	1.72%	0.40%	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 2011/12	Fiscal Year 2012/2013	Fiscal Year 2012/2013	Fiscal Year 2012/2013	Fiscal Year 2012/2013	Current Forecast	Fiscal Year 2011/2012	Fiscal Year 2012/2013
	Actual	Budget	Year-To-Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2011/12 vs. FY 2010/11	Par Value of Portfolio	
July	81,922	163,200	163,204	163,204	4	81,282	180,335,000	164,384,000
August	398,577	489,700	489,768	489,768	68	91,191	168,150,000	155,424,000
September	874,559	617,000	617,154	617,154	154	(257,405)	163,300,000	148,854,000
October	1,258,604	659,400	617,154	659,554	154	(599,051)	163,355,000	
November	1,967,850	1,136,600	617,154	1,136,754	154	(831,096)	159,025,000	
December	2,143,059	1,283,200	617,154	1,283,354	154	(859,705)	158,960,000	
January	2,594,762	1,694,700	617,154	1,694,854	154	(899,909)	163,915,000	
February	2,752,684	2,011,900	617,154	2,012,054	154	(740,631)	163,985,000	
March	2,636,460	2,053,200	617,154	2,053,354	154	(583,106)	163,660,000	
April	3,003,191	2,095,600	617,154	2,095,754	154	(907,437)	163,170,000	
May	3,237,504	2,567,700	617,154	2,567,854	154	(669,650)	164,164,000	
June	3,200,103	2,679,200	617,154	2,679,354	154	(520,749)	164,229,000	
Total	3,200,103	2,679,200	617,154	2,679,354	154	(520,749)	164,687,333	156,220,667
Cash Return	1.94%	1.72%	0.40%	1.72%				

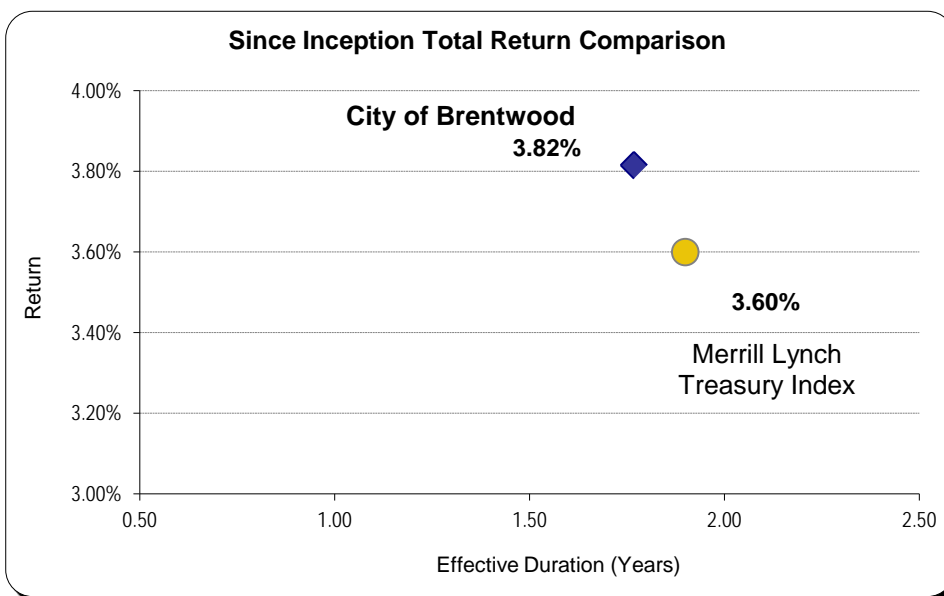
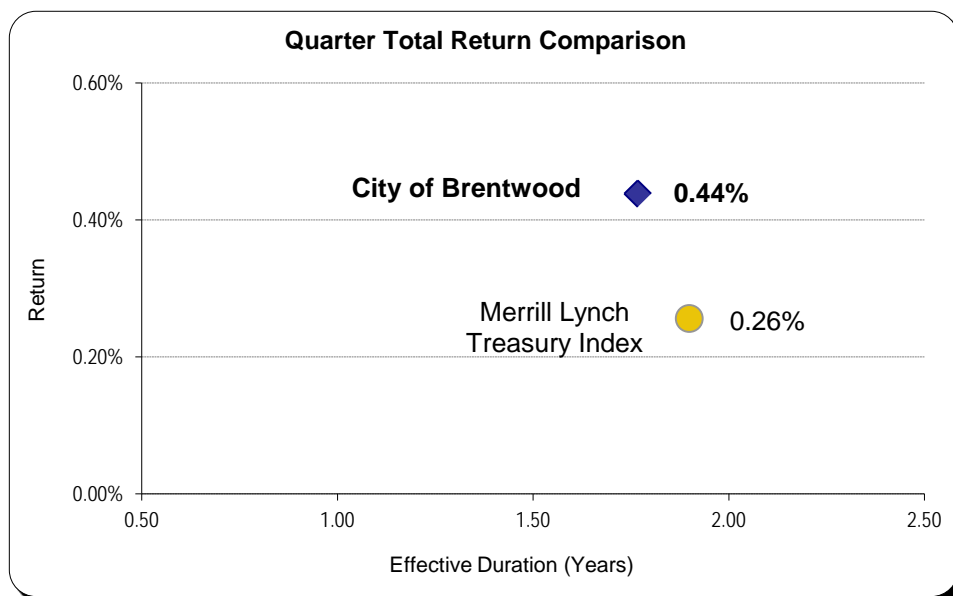
Notes:

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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.

Portfolio Performance

Total Return ^{1,2,3,4,5}	Quarter Ended September 30, 2012	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Brentwood	0.44%	1.45%	1.80%	3.34%	3.82%
Merrill Lynch Treasury Index	0.26%	0.56%	1.43%	2.78%	3.60%

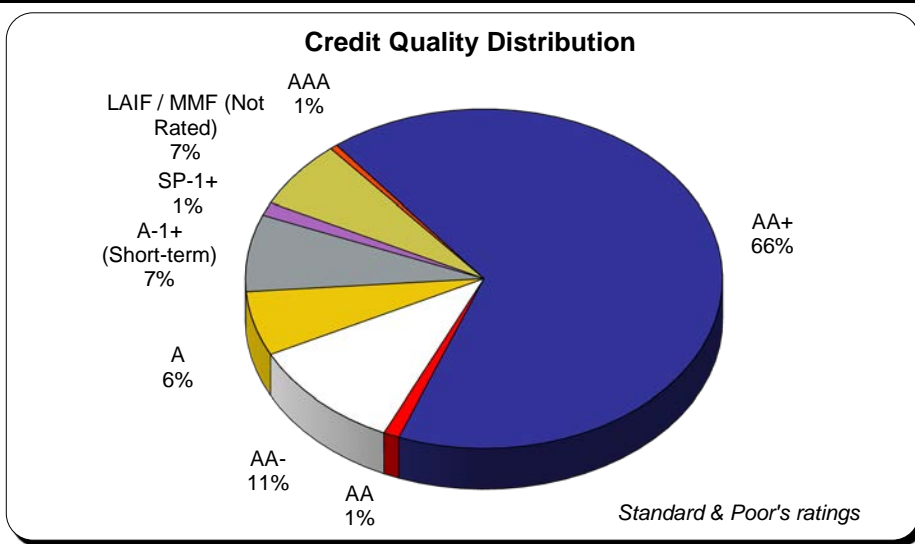
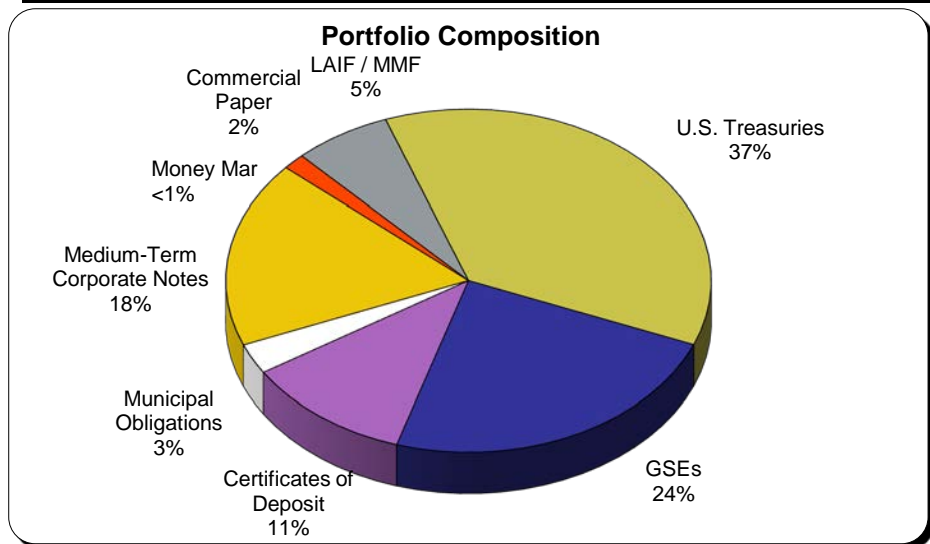
Effective Duration ^{4,5,6}	September 30, 2012	June 30, 2012	Yields	September 30, 2012	June 30, 2012
City of Brentwood	1.77	1.78	Yield at Market	0.41%	0.53%
Merrill Lynch Treasury Index	1.89	1.90	Yield on Cost	0.68%	0.70%



- Notes:
1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
 2. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than one year are presented on an annualized basis.
 3. Merrill Lynch Indices provided by Bloomberg Financial Markets.
 4. Includes money market fund/cash in performance and duration computations and excludes LAIF from performance, yield and duration computations.
 5. Short-term funds are not included in performance and duration calculations.
 6. Merrill Lynch 9-12 Month U.S. Treasury Bill Index for quarters through March 31, 2001, Merrill Lynch 9-12 Month U.S. Treasury Note Index ending June 30, 2002 and Merrill Lynch 1-3 Year U.S. Treasury Note Index beginning July 1, 2002.
 7. Inception date is 12/31/92.

Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2012</u>	<u>% of Portfolio</u>	<u>June 30, 2012</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$60,449,277.91	37%	\$55,387,131.81	30%	100%
Federal Agencies	\$39,021,971.56	24%	\$60,739,049.43	33%	100%
GSEs ²	\$39,021,971.56	24%	\$60,739,049.43	33%	100%
FDIC-Guaranteed Corporates ³	\$0.00	0%	\$0.00	0%	100%
Commercial Paper	\$2,496,150.00	2%	\$0.00	0%	25%
Certificates of Deposit	\$18,487,988.15	11%	\$18,437,670.44	10%	30%
California Municipal Obligations	\$4,719,079.73	3%	\$1,773,252.36	1%	100%
Medium-Term Corporate Notes	\$28,966,777.60	18%	\$33,085,550.49	18%	30%
Money Market Fund/Cash	\$224,269.24	<1%	\$202,253.81	0%	15%
LAIF	\$10,502,569.84	5%	\$11,994,966.26	8%	\$50 Million
Totals	\$164,868,084.03	100%	\$181,619,874.60	100%	

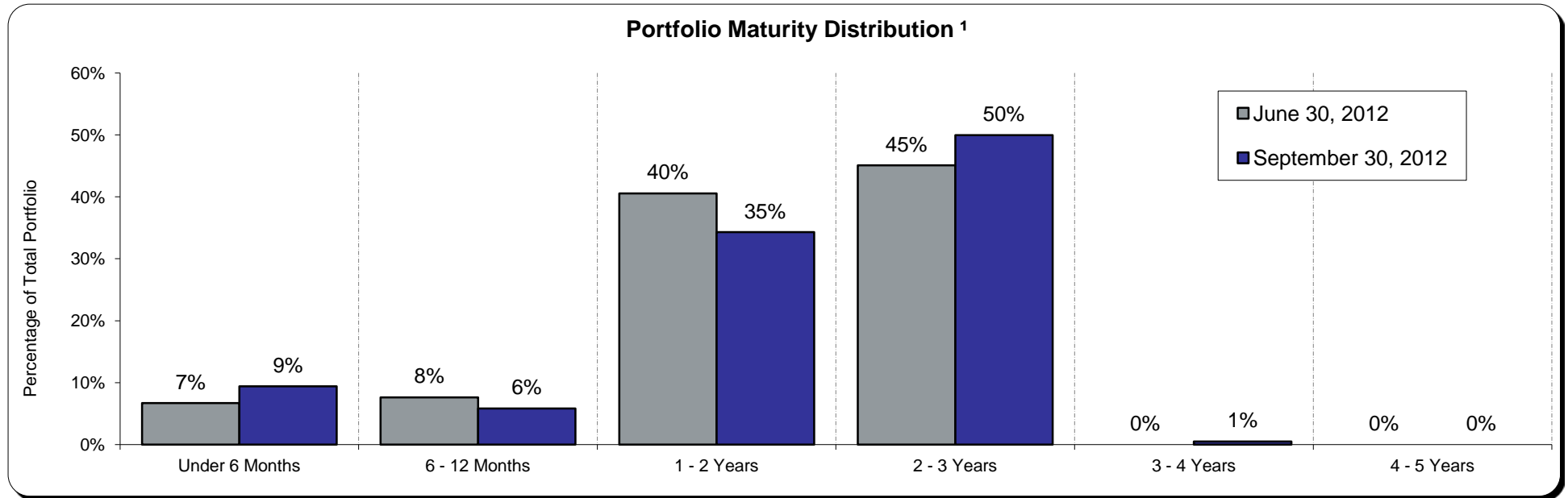


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government sponsored enterprises including, but not limited to Fannie Mae, Freddie Mac, Federal Home Loan Bank system and Federal Farm Credit Banks.
3. Debt guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program and backed by the full faith and credit of the United States.

Portfolio Maturity Distribution

<u>Maturity Distribution</u> ¹	<u>September 30, 2012</u>	<u>June 30, 2012</u>
Under 6 Months	\$15,527,985.59	\$12,197,220.07
6 - 12 Months	\$9,614,915.48	\$13,868,200.46
1 - 2 Years	\$56,538,693.65	\$73,665,028.60
2 - 3 Years	\$82,348,789.04	\$81,889,425.47
3-4 Years	\$837,700.27	\$0.00
4 - 5 Years	\$0.00	\$0.00
5 Years and Over	\$0.00	\$0.00
Totals	\$164,868,084.03	\$181,619,874.60



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, 2012**

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
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 07/31/2009 2.625% 07/31/2014	912828LC2	4,690,000.00	AA+	Aaa	10/27/11	10/31/11	4,967,003.13	0.46	20,741.78	4,874,875.02	4,894,090.04
US TREASURY NOTES DTD 11/02/2009 2.375% 10/31/2014	912828LS7	3,575,000.00	AA+	Aaa	02/22/12	02/23/12	3,761,430.67	0.42	35,531.42	3,719,764.19	3,731,685.10
US TREASURY N/B DTD 11/15/2011 0.375% 11/15/2014	912828RQ5	3,000,000.00	AA+	Aaa	11/29/11	11/30/11	2,998,125.00	0.40	4,249.32	2,998,653.24	3,007,265.63
US TREASURY NOTES DTD 11/15/2004 4.250% 11/15/2014	912828DC1	5,000,000.00	AA+	Aaa	04/23/12	04/24/12	5,496,093.75	0.35	80,264.95	5,411,946.30	5,421,095.00
US TREASURY NOTES DTD 11/15/2004 4.250% 11/15/2014	912828DC1	7,305,000.00	AA+	Aaa	05/21/12	05/22/12	8,002,684.57	0.38	117,267.09	7,902,198.94	7,920,219.80
US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	7,030,000.00	AA+	Aaa	01/23/12	01/26/12	7,419,121.48	0.40	26,649.05	7,331,449.00	7,352,944.14
US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	10,210,000.00	AA+	Aaa	06/28/12	06/29/12	10,701,755.08	0.38	38,703.67	10,653,244.18	10,679,026.98
US TREASURY NOTES DTD 03/01/2010 2.375% 02/28/2015	912828MR8	3,030,000.00	AA+	Aaa	03/13/12	03/14/12	3,195,703.13	0.51	6,162.53	3,165,255.23	3,182,445.36
US TREASURY NOTES DTD 05/16/2005 4.125% 05/15/2015	912828DV9	3,000,000.00	AA+	Aaa	07/30/12	07/31/12	3,316,171.88	0.33	46,742.53	3,297,169.08	3,299,298.00
US TREASURY NOTES DTD 05/16/2005 4.125% 05/15/2015	912828DV9	4,550,000.00	AA+	Aaa	09/06/12	09/10/12	5,011,042.97	0.32	70,892.83	5,001,268.41	5,003,935.30
US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	5,280,000.00	AA+	Aaa	09/06/12	09/10/12	5,495,531.25	0.33	15,567.39	5,491,291.66	5,494,500.00
Security Type Sub-Total		56,670,000.00					60,364,662.91	0.38	462,772.56	59,847,115.25	59,986,505.35
Municipal Bond / Note											
CA ST REV BONDS DTD 08/23/2012 2.500% 06/20/2013	13063BB68	2,065,000.00	SP-1	MIG1	08/17/12	08/23/12	2,100,125.65	0.43	5,516.10	2,095,574.49	2,097,833.50



Managed Account Detail of Securities Held

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

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
Municipal Bond / Note											
SAN FRANCISCO CITY & CNTY, CA GO BONDS DTD 11/30/2011 5.000% 06/15/2014	797646PU4	1,625,000.00	AA	Aa2	11/10/11	11/30/11	1,801,588.75	0.68	23,923.61	1,743,816.12	1,754,106.25
CA ST DEPT OF WATER 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	60.67	840,000.00	837,639.60

Security Type Sub-Total		4,530,000.00					4,741,714.40	0.56	29,500.38	4,679,390.61	4,689,579.35
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Federal Agency Bond / Note											
FHLB TAP BONDS DTD 12/04/2008 3.125% 12/13/2013	3133XSP93	1,285,000.00	AA+	Aaa	06/28/11	06/29/11	1,358,861.80	0.76	12,046.88	1,321,261.45	1,329,604.92
FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013	31398A5W8	1,500,000.00	AA+	Aaa	06/28/11	06/29/11	1,499,925.00	0.75	3,218.75	1,499,963.27	1,509,958.50
FHLMC NOTES DTD 11/18/2011 0.625% 12/23/2013	3134G3BF6	2,560,000.00	AA+	Aaa	12/20/11	12/21/11	2,567,400.96	0.48	4,355.56	2,564,538.65	2,571,484.16
FNMA NOTES DTD 07/18/2011 0.875% 08/28/2014	3135G0BY8	1,150,000.00	AA+	Aaa	02/06/12	02/07/12	1,163,880.50	0.40	922.40	1,160,367.28	1,162,755.80
FNMA NOTES DTD 07/18/2011 0.875% 08/28/2014	3135G0BY8	7,385,000.00	AA+	Aaa	09/20/12	09/21/12	7,462,173.25	0.33	5,923.39	7,461,068.97	7,466,914.42
FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	6,000,000.00	AA+	Aaa	09/28/11	09/30/11	6,012,000.00	0.68	1,125.00	6,007,987.02	6,051,006.00
FANNIE MAE (CALLABLE) GLOBAL NOTES DTD 07/26/2012 0.500% 01/26/2015	3135G0MO3	4,000,000.00	AA+	Aaa	07/18/12	07/26/12	4,003,750.00	0.46	3,611.11	4,003,073.60	3,998,040.00
FANNIE MAE GLOBAL NOTES DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	2,080,000.00	AA+	Aaa	04/17/12	04/19/12	2,073,988.80	0.59	3,582.22	2,074,852.19	2,086,439.68
FNMA NOTES (CALLABLE) DTD 08/07/2012 0.500% 08/07/2015	3135G0NG4	6,800,000.00	AA+	Aaa	08/02/12	08/07/12	6,799,320.00	0.50	5,100.00	6,799,353.80	6,795,736.40
FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	5,990,000.00	AA+	Aaa	07/30/12	07/31/12	5,996,948.40	0.46	2,745.42	5,996,572.59	6,007,400.95



Managed Account Detail of Securities Held

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

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
Security Type Sub-Total		38,750,000.00					38,938,248.71	0.51	42,630.73	38,889,038.82	38,979,340.83
Corporate Note											
JPMORGAN CHASE & CO GLOBAL NOTES DTD 04/28/2008 4.750% 05/01/2013	46625HHB9	190,000.00	A	A2	01/20/10	01/25/10	203,761.70	2.43	3,760.42	192,537.16	194,814.98
JP MORGAN CHASE & CO CORP NOTES DTD 01/24/2011 2.050% 01/24/2014	46623EJE0	1,240,000.00	A	A2	01/06/12	01/11/12	1,243,546.40	1.91	4,730.94	1,242,305.78	1,261,921.96
JP MORGAN CHASE & CO CORP NOTES DTD 01/24/2011 2.050% 01/24/2014	46623EJE0	1,430,000.00	A	A2	01/09/12	01/12/12	1,434,418.70	1.89	5,455.85	1,432,876.19	1,455,280.97
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	384,000.00	A	A2	05/23/12	05/29/12	418,329.60	0.87	2,874.67	411,593.89	413,609.47
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	390,000.00	A	A2	06/28/12	07/03/12	423,380.10	0.80	2,919.58	418,377.92	420,072.12
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	440,000.00	A	A2	12/20/11	12/23/11	487,810.40	1.00	3,293.89	470,755.85	473,927.52
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	575,000.00	A	A2	11/21/11	11/25/11	638,807.75	1.07	4,304.51	614,641.14	619,337.10
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	2,760,000.00	A	A2	05/22/12	05/25/12	3,008,124.00	0.87	20,661.67	2,958,168.86	2,972,818.08
IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	7,150,000.00	AA-	Aa3	05/09/11	05/12/11	7,143,279.00	1.28	34,508.68	7,146,353.00	7,248,484.10
JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	1,265,000.00	A	A2	01/04/12	01/09/12	1,336,636.95	2.21	19,607.50	1,315,261.14	1,340,860.79
PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	1,500,000.00	AA-	Aa3	08/10/11	08/15/11	1,493,835.00	0.84	1,341.67	1,496,134.85	1,509,478.50
BERKSHIRE HATHAWAY INC (FLOATING) NOTES DTD 08/15/2011 1.135% 08/15/2014	084670BA5	3,000,000.00	AA+	Aa2	08/10/11	08/15/11	3,000,000.00	0.98	4,443.46	3,000,000.00	3,036,582.00
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	3,050,000.00	AA+	A1	01/04/12	01/09/12	3,046,828.00	2.19	14,936.53	3,047,579.31	3,138,947.15



Managed Account Detail of Securities Held

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

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
Corporate Note											
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	3,690,000.00	AA+	A1	06/05/12	06/08/12	3,736,051.20	1.65	18,070.75	3,730,577.42	3,797,611.47
JOHN DEERE CAPITAL CORP DTD 09/07/2012 0.700% 09/04/2015	24422ERV3	940,000.00	A	A2	09/04/12	09/07/12	939,360.80	0.72	438.67	939,374.91	941,682.60
Security Type Sub-Total		28,004,000.00					28,554,169.60	1.40	141,348.79	28,416,537.42	28,825,428.81
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 05/17/2013	89233GSH0	2,500,000.00	A-1+	P-1	08/22/12	08/23/12	2,491,285.42	0.47	0.00	2,492,558.33	2,496,150.00
Security Type Sub-Total		2,500,000.00					2,491,285.42	0.47	0.00	2,492,558.33	2,496,150.00
Certificate of Deposit											
STANDARD CHARTERED BANK NY CERT DEPOS DTD 09/21/2012 0.650% 03/18/2013	85325BOV9	4,800,000.00	A-1+	P-1	09/19/12	09/21/12	4,800,000.00	0.65	866.67	4,800,000.00	4,800,279.84
NATIONAL AUSTRALIA BANK NY CERT DEPOS DTD 06/19/2012 0.600% 06/19/2013	63253TPX0	4,800,000.00	A-1+	P-1	06/15/12	06/19/12	4,800,000.00	0.60	8,320.00	4,800,000.00	4,808,520.48
BANK OF NOVA SCOTIA HOUS (FLOATING) DTD 02/10/2012 0.917% 02/10/2014	06417EYU1	4,800,000.00	AA-	Aa1	02/07/12	02/10/12	4,800,000.00	0.99	5,989.43	4,800,000.00	4,815,614.40
WESTPAC BANKING CORP NY (FLOAT) CD DTD 02/16/2012 1.387% 02/14/2014	96121TLT3	4,000,000.00	AA-	Aa2	02/14/12	02/16/12	4,000,000.00	1.47	7,397.33	4,000,000.00	4,041,000.00
Security Type Sub-Total		18,400,000.00					18,400,000.00	0.91	22,573.43	18,400,000.00	18,465,414.72
Managed Account Sub-Total		148,854,000.00					153,490,081.04	0.68	698,825.89	152,724,640.43	153,442,419.06



Managed Account Detail of Securities Held

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

CITY OF BRENTWOOD

Securities Sub-Total	\$148,854,000.00	\$153,490,081.04	0.68%	\$698,825.89	\$152,724,640.43	\$153,442,419.06
Accrued Interest						\$698,825.89
Total Investments						\$154,141,244.95