



Investment Performance Review  
Fourth Quarter 2011

**PFM Asset Management LLC**

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## Summary

- Quarterly returns for fixed income were positive but failed to beat returns on domestic equities.
- For the quarter, short- to intermediate-duration portfolios with diversified fixed-income holdings outpaced money market accounts that avoided European exposure, including Libor-based time deposits.
- PFM strives to maintain the safety of principal while at the same time positioning for growth and searching for tactical opportunities to enhance return.

## Economic News

Growth in the U.S. has improved while the uncertainty surrounding Europe continues. Gross domestic product (GDP) in the U.S. has shown steady increases over the first three quarters of 2011, coming in at 0.4%, 1.3% and 1.8%, respectively. Most projections for fourth-quarter GDP growth are near 3%. Although much of the economic expansion can be attributed to the release of pent-up demand for autos and a restocking of inventories by businesses, positive signals have emerged, showing more stabilization and a fundamental strengthening of the domestic economic recovery.

While signs of tentative recovery are now occurring in the housing market, there is still a significant amount of foreclosures in the pipeline, suggesting a higher inventory of unoccupied houses. A massive downward revision to earlier existing-home sales data showed that the housing market suffered a larger loss than many previously thought. Sales from 2007 onward have had significant downward revisions of 14% on average. Recently,

though, there have been positive trends in home sales, with the October-November average annual rate of home sales up 20% from the third quarter. In November, existing-home sales rose 4.0%, significantly above the consensus of 2.2%, while new-home sales rose by 1.6% and housing starts increased by 9.3%.

Indicators are showing improvement in labor market conditions, but there is still much that needs to be resolved in this arena as well. The unemployment rate fell to a 2½-year low of 8.5% in December; however, much of this outcome has to do with the fact that the labor force participation rate has reached a two-year low. Market participants continue to wait for the abatement of excess slack in the labor market.

Results for the Conference Board’s Consumer Confidence Survey reflected an increase in positive sentiment, with the number of respondents reporting that jobs are currently “hard to get” falling to 41.8%, the lowest level of the recovery. This development, along with other strong economic releases in the fourth quarter, led to robust quarterly performance for U.S. equities. The S&P 500 Index increased 11.8% in the fourth quarter, erasing the losses in the previous two quarters.

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

Date	3-month	1-year	2-year	5-year	10-year	30-year
31-Dec-11	0.01%	0.10%	0.24%	0.83%	1.88%	2.89%
30-Sep-11	0.02%	0.10%	0.24%	0.95%	1.92%	2.91%
<b>Change over Quarter</b>	-0.01%	0.00%	0.00%	-0.12%	-0.04%	-0.02%
31-Dec-10	0.12%	0.26%	0.59%	2.01%	3.29%	4.33%
<b>Change over Year</b>	-0.11%	-0.16%	-0.35%	-1.18%	-1.41%	-1.44%

Source data: Bloomberg

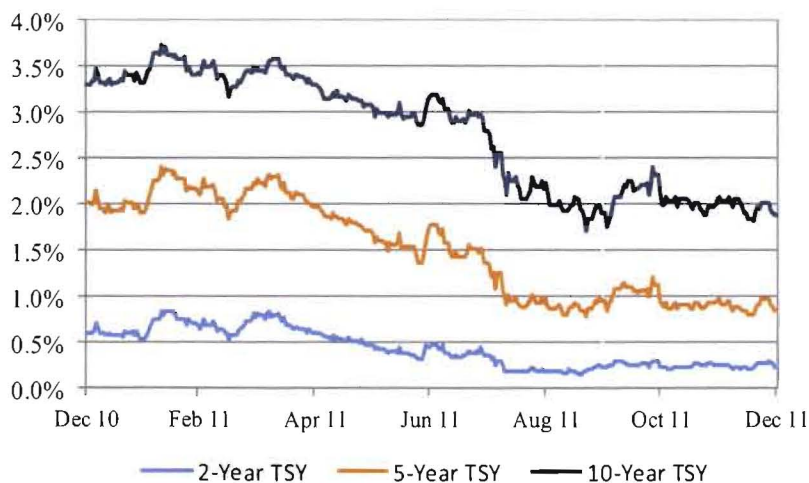


## Interest Rates

U.S. Treasuries fluctuated within a narrow range, finishing the quarter close to where they began. Short-term rates remained near zero due to the Federal Reserve’s (Fed’s) continued commitment to keep the target rate between zero and 0.25% until at least mid 2013. Meanwhile, intermediate- and long-term rates have stabilized due to the offsetting forces of positive economic data in the U.S., a flight-to-quality reaction to the European debt crisis and the Fed’s Operation Twist program, where the U.S. central bank purchases longer-dated securities while selling shorter-dated securities in an effort to keep longer-term interest rates down.

### 2-Year, 5-Year, and 10-Year U.S. Treasury Note Yields

December 31, 2010 through December 31, 2011



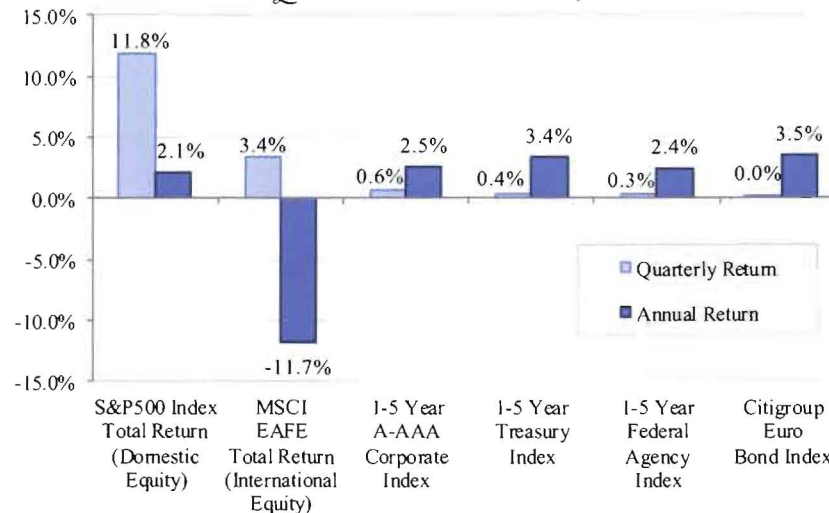
Source: Bloomberg

## Bond Markets

Although signs point towards a stronger economy in the U.S., continued uncertainty in the global economic outlook has resulted in investors becoming more cautious and gravitating towards securities that are perceived to be less risky. Assets have flowed out of prime money market funds into government funds on concerns of the funds’ potential exposure to the sovereign debt of struggling European nations. Treasuries have benefitted from this need for safety, posting positive performance for the quarter. Treasury yields are still hovering around their record lows. Agency spreads widened during the fourth quarter, while corporate spreads tightened. Both sectors offered value for investors.

### Total Returns of Various Asset Classes

Quarter ended December 31, 2011



Sources: Bank of America Merrill Lynch, Citigroup, Bloomberg

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



## Portfolio Summary

<u>Total Portfolio Value</u>	<u>December 31, 2011</u>	<u>September 30, 2011</u>
Market Value	<b>\$186,954,170.91</b>	\$179,911,970.12
Amortized Cost	<b>\$186,135,455.34</b>	\$178,771,682.43

## 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, and high-quality corporate and municipal securities. Diversification was important in the fourth quarter as different asset classes performed very differently.
- In stark contrast to sharply falling rates in the third quarter, the yield curve for U.S. Treasuries barely budged in Q4. The 2-year Treasury note yield finished essentially unchanged, while the 10-year note declined by 4 basis points (0.04%). The biggest move was seen in the belly of the curve where yields on the 5-year note fell 0.12%. Because there was little change in yields, returns on U.S. Treasury securities were much lower than in Q3.
- In an environment of range bound yields, performance can be enhanced by holding longer maturities, which have higher initial yields and benefit from "roll down," and by extending in credit sectors, which captures both the value of the yield curve and wider credit spreads. PFMAM opportunistically bought industrial corporates, Canadian and Australian bank CD's and, to a lesser extent, municipal bonds.
- For the third quarter in a row, Treasuries outperformed Agencies, while Corporates out-performed both Treasuries and Agencies for the quarter, reversing a portion of the large sell-off in Q3. In the corporate sector, non-financials (average rating A-) out-performed financials (average rating A+) for the quarter and the year by a wide margin. Throughout 2011, PFMAM strongly favored industrial issuers when adding to corporate allocations.
- The near-zero net change in yields belies the volatility seen intra-quarter. We used this movement in spreads to take profits on individual corporate and bullet agency holdings, and to reset those positions on sell-offs in risky assets. On several occasions, both agencies and corporate spreads tightened on expectations of a possible solution to the European debt crisis, only to widen again when various proposals disappointed.
- Relative-value trading provided another way for PFMAM to enhance client returns. We identified several opportunities this quarter to add yield by selling relatively rich agency/corporate issues and buying similar maturity issues trading relatively cheaper. This can occur for a variety of reasons including supply/demand factors, the need for dealers to adjust their inventory, or new issue concessions.
- In summary, during the fourth quarter, we continued to favor barbelled structures using longer-dated agencies combined with shorter-dated high quality commercial paper, CDs and floating-rate securities. In this way, we were able to capture the higher yields and roll-down of longer agencies, plus significant extra yield from shorter corporate and bank paper.
- With interest rates falling to historic lows, we maintained a slightly conservative duration posture at around 95% of the benchmark's duration to retain flexibility. Even though short-term rates have remained near 0% for over three years, the portfolio earned a total return of 1.66% over the past year.

**Portfolio Summary - continued****PORTFOLIO STRATEGY**

- With the strengthening U.S. economy juxtaposed against an unsettled European debt situation, we expect U.S. Treasury rates to continue to move in a narrow range at or near historic lows.
- The Fed could well seek to provide further support for the U.S. economy by communicating the intention to maintain its extraordinarily accommodative monetary policy far into the future, or by establishing specific employment and inflation hurdles that would have to be breached before it changes its current policy stance. This supports the view that rates will remain low longer than the market currently anticipates.
- The yield curve is likely to remain positively sloped, anchored for the foreseeable future by the near-zero federal funds rate. In this environment, lengthening duration should provide value, although longer duration investments have greater price risk if interest rates should rise.
- As of the beginning of the new year, Agency yield spreads remain attractive for securities with maturities 3 years and longer, but tight spreads on shorter maturities favor U.S. Treasuries. Spread relationships have been unusually volatile recently and we will continue to evaluate those relationships to seek the best value for the least amount of risk.
- In general, domestic corporate spreads should gradually continue to tighten if economic indicators continue to reflect moderate expansion. In a "risk-on/risk-off" environment, the market may see periods of volatility, but we believe current corporate spreads are compelling.
- Europe remains a highly fluid and problematic situation, as Italy and Spain appear headed for recession. Sovereign credit ratings are under pressure, and large European banks are being forced to shed assets and raise large amounts of capital. A clear solution appears elusive. We continue to avoid sensitive issuers and certain geographic regions.
- As always, we strive to maintain the safety of principal while positioning the portfolio for growth and searching for tactical opportunities to enhance return. In these changing times, our strategy will remain flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.



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

	Fiscal Year 2010/11	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Current Forecast	Fiscal Year 2010/11	Fiscal Year 2011/2012
Month	Actual	Budget	Year-To-Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2011/12 vs. FY 2010/11	Par Value of Portfolio	
July	103,554	81,900	81,922	81,922	22	(21,632)	169,425,000	180,335,000
August	242,191	316,700	316,655	316,655	(45)	74,465	169,425,000	168,150,000
September	391,681	476,000	475,981	475,981	(19)	84,301	169,885,000	163,300,000
October	353,114	338,500	384,046	384,046	45,546	30,931	169,610,000	
November	699,935	295,000	709,246	709,246	-	9,311	170,940,000	
December	184,103	242,500	175,209	175,209	(67,291)	(8,894)	170,940,000	
January	68,730	-		-	-	(68,730)	170,940,000	
February	130,587	106,700		106,700	-	(23,887)	171,030,000	
March	560,372	455,200		455,200	-	(105,172)	173,465,000	
April	390,085	338,800		338,800	-	(51,285)	176,425,000	
May	264,914	295,200		295,200	-	30,286	176,425,000	
June	159,758	242,700		242,700	-	82,942	180,735,000	
<b>Total</b>	<b>3,549,025</b>	<b>3,189,200</b>	<b>2,143,059</b>	<b>3,581,659</b>	<b>(21,787)</b>	<b>(381,612)</b>	<b>172,437,083</b>	<b>170,595,000</b>
Cash Return	2.06%	1.87%	1.26%	2.10%				

Notes:

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

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

Month	Fiscal Year 2010/11	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Fiscal Year 2011/2012	Current Forecast	Fiscal Year 2010/11	Fiscal Year 2011/2012
	Actual	Budget	Year-To-Date Actual	Current Forecast	Actual/Forecast vs. Budget	FY 2010/11 vs. FY 2009/10	Par Value of Portfolio	
July	103,554	81,900	81,922	81,922	22	(21,632)	169,425,000	180,335,000
August	345,745	398,600	398,577	398,577	(23)	52,832	169,425,000	168,150,000
September	737,426	874,600	874,559	874,559	(41)	137,133	169,885,000	163,300,000
October	1,090,540	1,213,100	1,258,604	1,258,604	45,504	168,064	159,395,000	0
November	1,790,475	1,508,100	1,967,850	1,967,850	459,750	177,375	159,335,000	0
December	1,974,578	1,750,600	2,143,059	2,143,059	392,459	168,481	159,165,000	0
January	2,043,309	1,750,600	2,143,059	2,143,059	392,459	99,750	164,605,000	0
February	2,173,896	1,857,300	2,143,059	2,249,759	392,459	75,863	167,260,000	0
March	2,734,268	2,312,500	2,143,059	2,704,959	392,459	(29,309)	167,315,000	0
April	3,124,353	2,651,300	2,143,059	3,043,759	392,459	(80,594)	167,890,000	0
May	3,389,267	2,946,500	2,143,059	3,338,959	392,459	(50,308)	169,130,000	0
June	3,549,025	3,189,200	2,143,059	3,581,659	392,459	32,634	169,200,000	0
<b>Total</b>	<b>3,549,025</b>	<b>3,189,200</b>	<b>2,143,059</b>	<b>3,581,659</b>	<b>392,459</b>	<b>32,634</b>	<b>166,002,500</b>	<b>42,648,750</b>
Cash Return	2.14%	7.48%	5.02%	8.40%				

Notes:

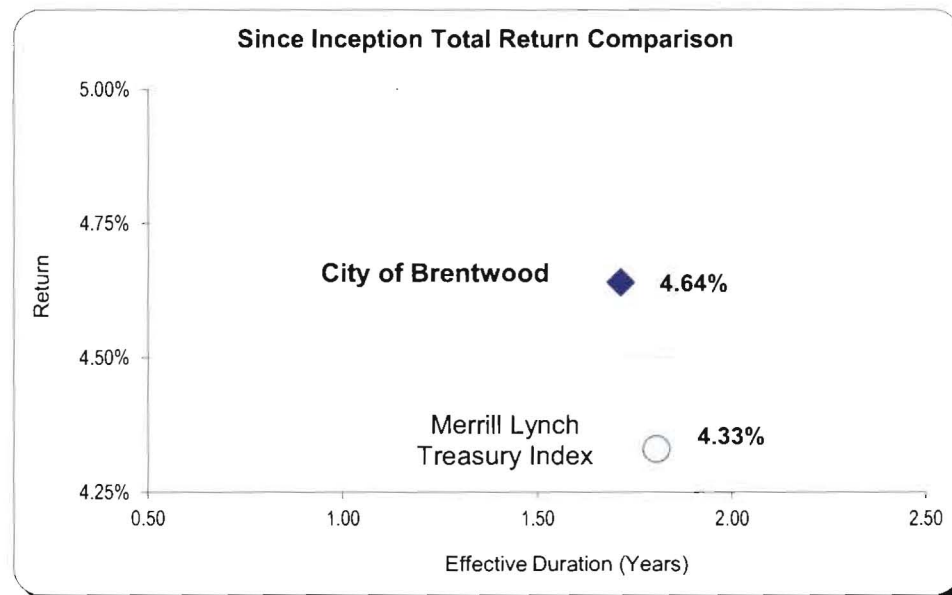
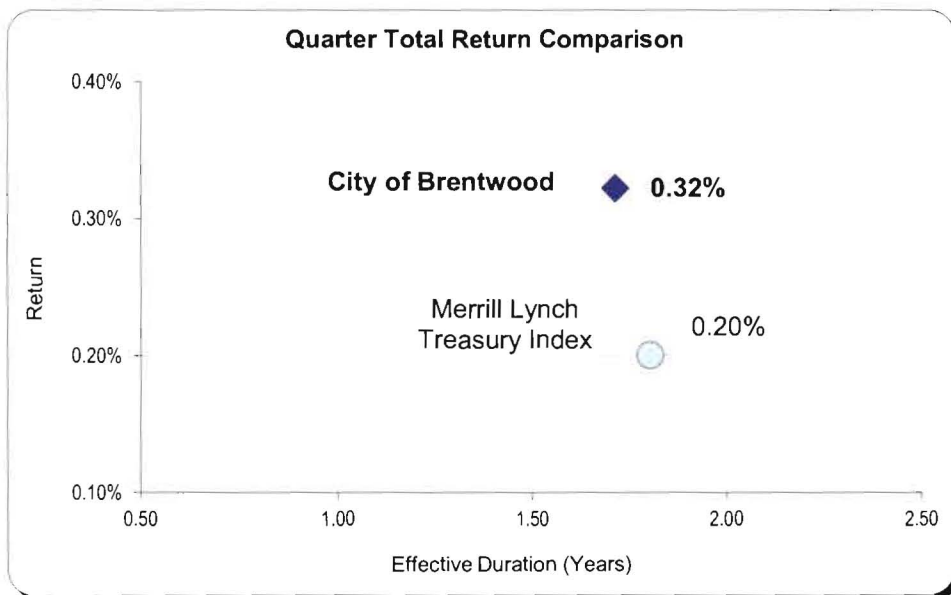
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4. Earnings do not include LAIF.

Portfolio Performance

Total Return <sup>1,2,3,4,5</sup>	Quarter Ended December 31, 2011	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Brentwood	0.32%	1.66%	2.19%	4.04%	4.64%
Merrill Lynch Treasury Index	0.20%	1.55%	1.56%	3.69%	4.33%

Effective Duration <sup>4,5,6</sup>	December 31, 2011	September 30, 2011	Yields	December 31, 2011	September 30, 2011
City of Brentwood	1.713	1.767	Yield at Market	0.59%	0.62%
Merrill Lynch Treasury Index	1.809	1.805	Yield on Cost	0.91%	1.03%

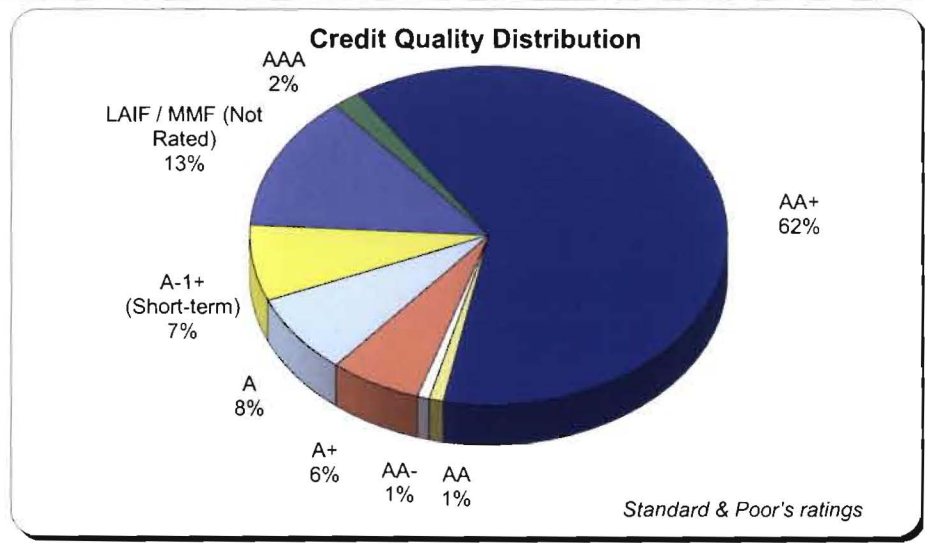
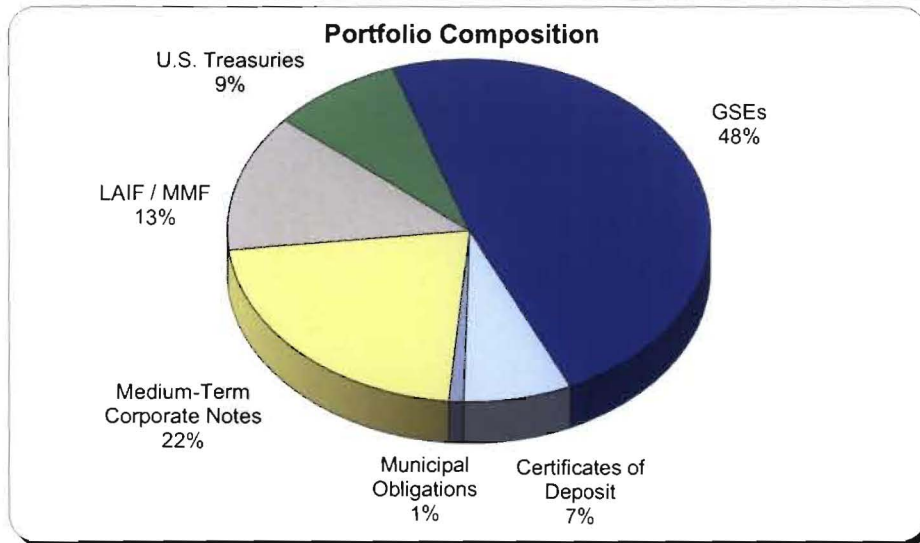


- Notes:
1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
  2. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than one year are presented on an annualized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



Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> <sup>1</sup>	<u>December 31, 2011</u>	<u>% of Portfolio</u>	<u>September 30, 2011</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$16,241,790.23	9%	\$8,214,456.19	5%	100%
Federal Agencies	\$90,297,577.26	48%	\$102,764,036.99	59%	100%
GSEs <sup>2</sup>	\$90,297,577.26	48%	\$102,764,036.99	59%	100%
FDIC-Guaranteed Corporates <sup>3</sup>	\$0.00	0%	\$0.00	0%	100%
Commercial Paper	\$0.00	0%	\$0.00	0%	25%
Certificates of Deposit	\$13,616,523.28	7%	\$9,597,845.58	6%	30%
Bankers' Acceptances	\$0.00	0%	\$0.00	0%	40%
Repurchase Agreements	\$0.00	0%	\$0.00	0%	100%
California Municipal Obligations	\$1,807,334.03	1%	\$0.00	0%	100%
Medium-Term Corporate Notes	\$40,842,980.85	22%	\$46,818,252.00	27%	30%
Money Market Fund/Cash	\$681,899.24	<1%	\$0.00	0%	15%
LAIF	\$23,466,066.02	13%	\$6,959,537.13	4%	\$50 Million
<b>Totals</b>	<b>\$186,954,170.91</b>	<b>100%</b>	<b>\$174,354,127.89</b>	<b>100%</b>	

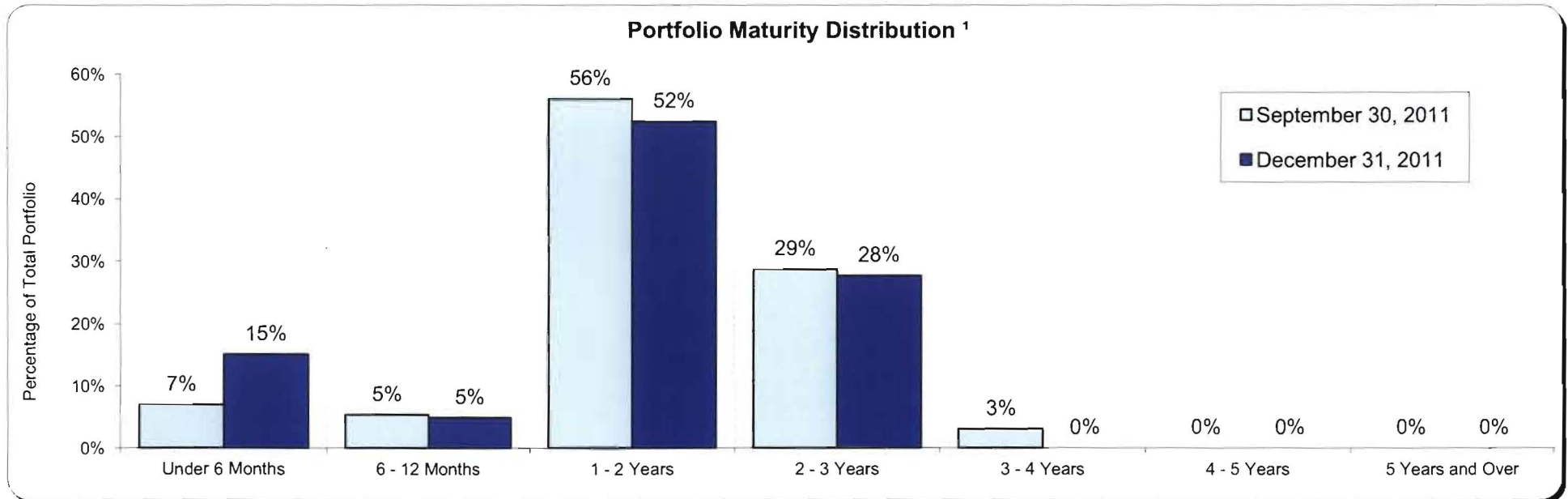


Notes:

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

Portfolio Maturity Distribution

<u>Maturity Distribution</u> <sup>1</sup>	<u>December 31, 2011</u>	<u>September 30, 2011</u>
Under 6 Months	\$28,152,742.02	\$12,517,379.36
6 - 12 Months	\$9,130,089.90	\$9,558,854.46
1 - 2 Years	\$97,905,085.72	\$100,765,440.75
2 - 3 Years	\$51,766,253.27	\$51,593,181.97
3-4 Years	\$0.00	\$5,477,113.58
4 - 5 Years	\$0.00	\$0.00
5 Years and Over	\$0.00	\$0.00
<b>Totals</b>	<b>\$186,954,170.91</b>	<b>\$179,911,970.12</b>



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



### Managed Account Detail of Securities Held

For the Month Ending **December 31, 2011**

#### CITY OF BRENTWOOD - 09900003

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 06/30/2011 0.375% 06/30/2013	912828RA0	1,450,000.00	AA+	Aaa	07/07/11	07/08/11	1,447,337.89	0.47	14.94	1,447,983.02	1,453,455.35
US TREASURY NOTES DTD 09/15/2010 0.750% 09/15/2013	912828NY2	5,970,000.00	AA+	Aaa	10/04/10	10/07/10	5,995,419.14	0.60	13,284.89	5,984,785.90	6,021,073.35
US TREASURY NOTES DTD 10/15/2010 0.500% 10/15/2013	912828PB0	730,000.00	AA+	Aaa	11/02/10	11/03/10	730,085.55	0.50	777.87	730,052.14	733,165.23
US TREASURY NOTES DTD 07/31/2009 2.625% 07/31/2014	912828LC2	4,690,000.00	AA+	Aaa	10/27/11	10/31/11	4,967,003.13	0.46	51,519.90	4,950,140.98	4,965,171.09
US TREASURY N/B DTD 11/15/2011 0.375% 11/15/2014	912828RO5	3,000,000.00	AA+	Aaa	11/29/11	11/30/11	2,998,125.00	0.40	1,452.61	2,998,180.50	3,001,875.00
<b>Security Type Sub-Total</b>		<b>15,840,000.00</b>					<b>16,137,970.71</b>	<b>0.50</b>	<b>67,050.21</b>	<b>16,111,142.54</b>	<b>16,174,740.02</b>
<b>Municipal Bond / Note</b>											
SAN FRANCISCO CITY & CNTY GO MUNI NOTES 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	6,996.53	1,795,647.28	1,800,337.50
<b>Security Type Sub-Total</b>		<b>1,625,000.00</b>					<b>1,801,588.75</b>	<b>0.68</b>	<b>6,996.53</b>	<b>1,795,647.28</b>	<b>1,800,337.50</b>
<b>Federal Agency Bond / Note</b>											
FHLMC GLOBAL NOTES DTD 02/23/2010 1.720% 04/11/2013	3128X9D56	7,500,000.00	AA+	Aaa	03/01/10	03/02/10	7,520,625.00	1.63	28,666.67	7,508,585.18	7,634,272.50
FHLMC GLOBAL REFERENCE NOTES DTD 03/14/2008 3.500% 05/29/2013	3137EABJ7	3,980,000.00	AA+	Aaa	04/06/11	04/07/11	4,190,979.80	1.00	12,382.22	4,119,341.59	4,157,022.44
FHLMC GLOBAL REFERENCE NOTES DTD 03/14/2008 3.500% 05/29/2013	3137EABJ7	5,000,000.00	AA+	Aaa	02/01/11	02/04/11	5,302,900.00	0.86	15,555.56	5,184,999.75	5,222,390.00
FHLB GLOBAL NOTES DTD 07/21/2011 0.500% 08/28/2013	313374Y61	3,800,000.00	AA+	Aaa	07/20/11	07/21/11	3,794,718.00	0.57	6,491.67	3,795,827.83	3,806,931.20
FNMA NOTES (CALLABLE) DTD 09/19/2011 0.500% 09/19/2013	3135G0DE0	4,000,000.00	AA+	Aaa	09/01/11	09/19/11	4,000,000.00	0.50	5,666.67	4,000,000.00	3,997,576.00





**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2011**

**CITY OF BRENTWOOD - 09900003**

<b>Security Type/Description</b>	<b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>												
FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013		31398A2S0	4,370,000.00	AA+	Aaa	03/15/11	03/17/11	4,373,137.66	0.97	11,896.11	4,372,163.15	4,415,207.65
FHLMC GLOBAL REFERENCE NOTES DTD 08/20/2008 4.125% 09/27/2013		3137EABS7	2,100,000.00	AA+	Aaa	06/27/11	06/28/11	2,264,871.00	0.60	22,618.75	2,227,769.92	2,234,836.80
FHLMC GLOBAL REFERENCE NOTES DTD 08/20/2008 4.125% 09/27/2013		3137EABS7	5,460,000.00	AA+	Aaa	10/04/10	10/07/10	5,986,234.80	0.84	58,808.75	5,769,414.21	5,810,575.68
FNMA GLOBAL BENCHMARK NOTES DTD 09/26/2003 4.625% 10/15/2013		31359MTG8	5,130,000.00	AA+	Aaa	07/29/11	08/03/11	5,584,189.68	0.57	50,088.75	5,499,744.13	5,516,776.35
FNMA (CALLABLE) NOTES DTD 11/14/2011 0.600% 11/14/2013		3135G0FG3	3,715,000.00	AA+	Aaa	11/09/11	11/14/11	3,715,000.00	0.60	2,910.08	3,715,000.00	3,716,337.40
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013		3133762C8	5,575,000.00	AA+	Aaa	11/14/11	11/15/11	5,563,905.75	0.47	1,974.48	5,564,599.84	5,568,783.88
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 10/14/2011 0.375% 11/27/2013		3133762C8	8,600,000.00	AA+	Aaa	11/29/11	11/30/11	8,588,046.00	0.45	3,045.83	8,588,561.14	8,590,411.00
FHLB TAP BONDS DTD 12/04/2008 3.125% 12/13/2013		3133XSP93	1,285,000.00	AA+	Aaa	06/28/11	06/29/11	1,358,861.80	0.76	2,007.81	1,343,766.80	1,346,556.64
FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013		31398A5W8	1,500,000.00	AA+	Aaa	06/28/11	06/29/11	1,499,925.00	0.75	406.25	1,499,940.72	1,505,727.00
FHLMC NOTES DTD 11/18/2011 0.625% 12/23/2013		3134G3BF6	4,985,000.00	AA+	Aaa	12/20/11	12/21/11	4,999,411.64	0.48	692.36	4,999,212.68	4,984,825.53
FNMA GLOBAL NOTES DTD 05/15/2009 2.500% 05/15/2014		31398AXJ6	5,690,000.00	AA+	Aaa	11/18/11	11/23/11	5,944,229.20	0.68	18,176.39	5,933,472.94	5,938,556.27
FHLB GLOBAL BONDS DTD 05/27/2004 5.250% 06/18/2014		3133X7FK5	3,660,000.00	AA+	Aaa	08/30/11	08/31/11	4,145,462.40	0.47	6,938.75	4,087,963.80	4,073,539.74
FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014		3134G2WG3	6,000,000.00	AA+	Aaa	09/28/11	09/30/11	6,012,000.00	0.68	12,375.00	6,010,990.74	6,021,390.00
FREDDIE MAC (CALLABLE) NOTES DTD 09/30/2011 0.750% 09/30/2014		3134G2K84	5,500,000.00	AA+	Aaa	09/20/11	09/30/11	5,500,000.00	0.75	10,427.08	5,500,000.00	5,484,732.00
<b>Security Type Sub-Total</b>			<b>87,850,000.00</b>					<b>90,344,497.73</b>	<b>0.74</b>	<b>271,129.18</b>	<b>89,721,354.42</b>	<b>90,026,448.08</b>



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2011**

**CITY OF BRENTWOOD - 09900003**

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 10/23/2007 5.250% 10/23/2012	949746NW7	4,140,000.00	A+	A2	01/26/10	01/29/10	4,474,760.40	2.19	41,055.00	4,241,387.81	4,285,218.78
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	1,504.17	195,748.40	198,628.85
US BANCORP DTD 06/14/2010 2.000% 06/14/2013	91159HW4	4,000,000.00	A	Aa3	06/09/10	06/14/10	3,995,000.00	2.04	3,777.78	3,997,541.00	4,065,252.00
US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	1,000,000.00	A	Aa3	09/08/10	09/13/10	998,710.00	1.42	4,125.00	999,262.47	1,006,086.00
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	36,640.63	6,694,169.66	6,782,523.90
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	16,683.33	3,999,717.68	4,028,720.00
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	440,000.00	A	A2	12/20/11	12/23/11	487,810.40	1.00	10,031.39	487,322.14	487,157.88
CATERPILLAR FINANCIAL SE NOTES DTD 02/12/2009 6.125% 02/17/2014	14912L4F5	575,000.00	A	A2	11/21/11	11/25/11	638,807.75	1.07	13,109.20	635,978.63	636,626.78
IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	7,150,000.00	A+	Aa3	05/09/11	05/12/11	7,143,279.00	1.28	12,164.93	7,144,683.33	7,231,288.35
JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 1.200% 05/15/2014	478160AX2	3,500,000.00	AAA	Aaa	05/17/11	05/20/11	3,495,905.00	1.24	5,366.67	3,496,733.56	3,554,015.50
CATERPILLAR FINANCIAL SE NOTES DTD 05/20/2011 1.375% 05/20/2014	14912L4V0	430,000.00	A	A2	05/17/11	05/20/11	429,772.10	1.39	673.37	429,817.99	435,383.17
CATERPILLAR INC GLOBAL NOTES DTD 05/27/2011 1.375% 05/27/2014	149123BU4	3,420,000.00	A	A2	05/24/11	05/27/11	3,417,400.80	1.40	4,441.25	3,417,907.44	3,459,979.80
PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	1,500,000.00	AA-	Aa3	08/10/11	08/15/11	1,493,835.00	0.84	3,966.67	1,494,603.23	1,507,311.00





## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2011**

**CITY OF BRENTWOOD - 09900003**

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
BERKSHIRE HATHAWAY INC (FLOATING) NOTES DTD 08/15/2011 1.157% 08/15/2014	084670BA5	3,000,000.00	AA+	Aa2	08/10/11	08/15/11	3,000,000.00	0.98	4,532.45	3,000,000.00	3,006,717.00
<b>Security Type Sub-Total</b>		<b>40,045,000.00</b>					<b>40,468,445.15</b>	<b>1.57</b>	<b>158,071.84</b>	<b>40,234,873.34</b>	<b>40,684,909.01</b>
<b>Certificate of Deposit</b>											
CBA NY CERT DEPOS DTD 10/05/2011 0.470% 04/02/2012	20271EHD4	4,000,000.00	A-1+	P-1	10/04/11	10/05/11	4,000,199.54	0.46	4,595.56	4,000,102.00	4,000,181.20
TORONTO DOMINION BANK NY CERT DEPOS DTD 08/16/2011 0.450% 08/13/2012	89112Y4H3	4,800,000.00	A-1+	P-1	08/12/11	08/16/11	4,800,000.00	0.45	8,279.98	4,800,000.00	4,795,536.14
BANK OF NOVA SCOTIA HOUSTON YCD (FLOAT) DTD 10/18/2011 0.825% 10/18/2013	06417EKJ1	4,800,000.00	A-1+	P-1	10/13/11	10/18/11	4,800,000.00	1.02	8,247.20	4,800,000.00	4,799,683.20
<b>Security Type Sub-Total</b>		<b>13,600,000.00</b>					<b>13,600,199.54</b>	<b>0.65</b>	<b>21,122.74</b>	<b>13,600,102.00</b>	<b>13,595,400.54</b>
<b>Managed Account Sub-Total</b>		<b>158,960,000.00</b>					<b>162,352,701.88</b>	<b>0.91</b>	<b>524,370.50</b>	<b>161,463,119.58</b>	<b>162,281,835.15</b>
<b>Securities Sub-Total</b>		<b>\$158,960,000.00</b>					<b>\$162,352,701.88</b>	<b>0.91%</b>	<b>\$524,370.50</b>	<b>\$161,463,119.58</b>	<b>\$162,281,835.15</b>
<b>Accrued Interest</b>											<b>\$524,370.50</b>
<b>Total Investments</b>											<b>\$162,806,205.65</b>