



DATE: October 19, 2015

AGENDA ITEM #2

TO: Financial Commission
FROM: Kim Juran-Karageorgiou, Administrative Services Director
SUBJECT: Investment Portfolio Update through September 30, 2015

RECOMMENDATION:

Receive the Investment Portfolio Report through September 30, 2015

BACKGROUND

This report presents the status of the City's investment portfolio through September 30, 2015. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM).

DISCUSSION

The summary provided below, along with the investment ladder in Attachment 1, presents the sum total of all City investment holdings. The City's portfolio book value, excluding operating cash and bond holdings, as of September 30, 2015, was \$62,085,593.

As of September 30, 2015, 18% of the City's portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 24% in U.S. Treasuries, 9% in medium-term Corporate Notes and Commercial Paper, with the balance of 49% in LAIF. This portfolio mix is illustrated as part of Attachment 2.

Full compliance with the City's Investment Policy is monitored closely and on a per-trade basis as illustrated in Attachment 3.

As part of these quarterly updates, a status report is prepared by PFM that is included as Attachment 4 – Investment Performance Review Third Quarter 2015. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City's independently-managed investments. The total return of the portfolio since inception is 0.78%, which is highlighted on page 8 of the PFM Investment Review report.

Attachments:

1. Citywide Holdings and Investment Ladder
2. Portfolio Mix Chart
3. Investment Policy Compliance Chart
4. Investment Performance Review Third Quarter 2015

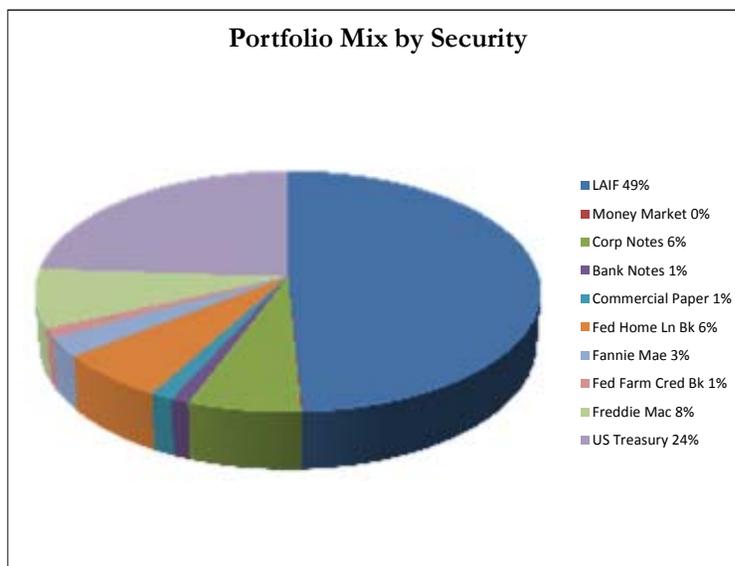
Attachment 1
Citywide Holdings and Investment Ladder
September 30, 2015

30-Sep-15																	
30-Sep-15 Month	2015				2016				2017				2018				
	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	
LAIIF				\$ 30,530,869													
MMKT				\$ 39,724													
Jan																	
										1/27/2017	0.58% FHLMC	1,400,000	1/16/2018	1.61% Wells Fargo	625,000		
										1/30/2017	0.85% USBANK	12/30/2016	625,000	1/31/2018	1.21% USTreas	1,000,000	
Feb																	
Mar																	
					3/4/2016	0.51%	Bank of Tokyo	800,000					3/1/2018	1.83% JP Morgan	625,000		
													3/2/2018	1.25% Chevron	450,000		
													3/6/2018	1.29% Exxon	500,000		
					3/30/2016	0.52%	FNMA	750,000		3/24/2017	0.84% FHLB	3/24/2017	500,000	3/31/2018	0.75% USTreas	325,000	
													3/31/2018	0.75% USTreas	1,100,000		
Apr																	
										4/30/2017	0.86% USTreas	650,000	4/2/2018	1.44% General Electric	650,000		
													4/30/2018	0.93% USTreas	800,000		
May					5/13/2016	0.41%	FHLMC	500,000					5/3/2018	1.42% Apple	625,000		
					5/13/2016	0.72%	FHLMC	2,000,000					5/31/2018	0.99% USTreas	1,475,000		
Jun					6/15/2016	0.50%	USTreas	1,150,000		6/15/2017	0.64% USTreas	2,000,000					
					6/24/2016	0.77%	FHLB	1,200,000		6/30/2017	0.87% USTreas	1,050,000					
Jul																	
					7/15/2016	0.59%	USTreas	350,000		7/28/2017	0.80% FHLMC	1,000,000					
										7/31/2017	0.85% USTreas	725,000					
										7/31/2017	0.62% USTreas	950,000					
Aug																	
					8/31/2016	0.60%	USTreas	525,000					8/10/2018	1.78% John Deere	540,000		
Sep																	
					9/28/2016	0.45%	FHLB	1,275,000									
Oct																	
Nov					11/23/2016	0.57%	FHLB	1,000,000		11/30/2017	0.99% USTreas	1,000,000		10/9/2018	1.18% FNMA	850,000	
					11/30/2016	0.48%	USTreas	750,000									
Dec																	
					12/28/2015	0.41%	FFCB	750,000		12/31/2017	0.87% USTreas	1,000,000					
Total				\$750,000				\$10,300,000				\$10,900,000				\$9,565,000	
Count/Percent	1			0	3.42%		11	0	46.92%	11		2	49.66%	13		0	43.58%
Avg YTM/Days	0.41%			89		0.56%		-3,557		0.80%		634		1.26%			-2,321
Total Face Value				\$ 750,000				\$ 11,050,000				\$ 21,950,000				\$ 31,515,000	

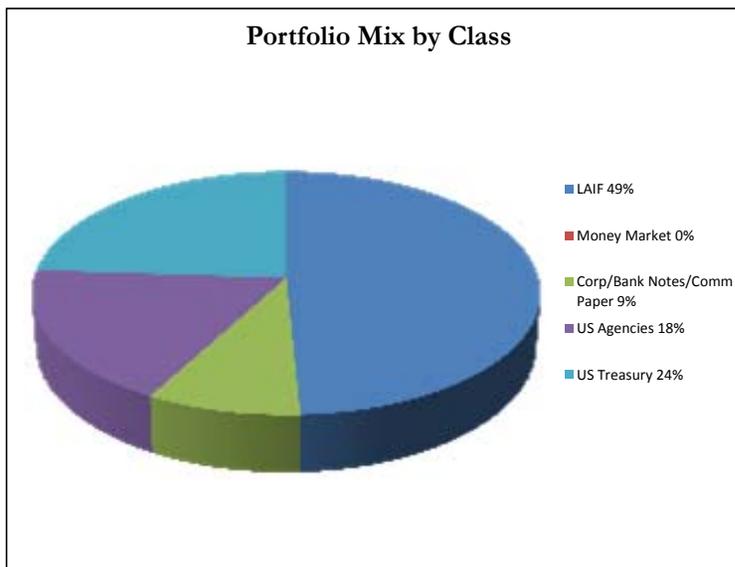
	No of Inv	Ladder Yield	Spread Over LAIF	%	Avg Maturity	# of Callables	Face Value
LAIIF	1	0.267%	0.000%	49%	1	0	30,530,869
Money Mkt	0	0.010%	-0.257%	0%	1	0	39,724
2015	1	0.410%	0.143%	1%	89	0	750,000
2016	11	0.556%	0.289%	17%	-3557	0	10,300,000
2017	11	0.797%	0.530%	18%	634	2	10,900,000
2018	13	1.264%	1.254%	15%	-2321	0	9,565,000
	24	0.56%	0.32%	100%	-835	2	\$62,085,593

**Attachment 2
Portfolio Mix Charts
September 30, 2015**

Security Type	% of Total	Portfolio Mix by Security
LAIF	49%	30,530,869
Money Market	0%	39,724
Corp Notes	6%	4,015,000
Bank Notes	1%	625,000
Commercial Paper	1%	800,000
Fed Home Ln Bk	6%	3,975,000
Fannie Mae	3%	1,600,000
Fed Farm Cred Bk	1%	750,000
Freddie Mac	8%	4,900,000
US Treasury	24%	14,850,000
	100%	62,085,593



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	49%	30,530,869	30,530,869
Money Market	0%	39,724	39,724
Corp/Bank Notes/Comm Paper	9%	5,440,000	5,442,944
US Agencies	18%	11,225,000	11,241,910
US Treasury	24%	14,850,000	14,872,821
	100%	62,085,593	62,128,268
Corp Notes		5,440,000	5,442,944
US Treasury/Agencies		26,075,000	26,114,731
Accrued Interest			54,620
		31,515,000	31,612,295
Margin Over (Under) Par			97,295



Attachment 3
Investment Policy Compliance Chart
September 30, 2015

City Investment	% Mix	Par Value	Latest Term	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	49%	30,530,869	3/31/2020	50,000,000	100%	19,469,131	Yes	N/A
M FUND	0%	39,724	3/31/2020		20%	12,217,394	Yes	N/A
MTNs	6%	4,640,000	3/31/2020		15%	4,552,839	Yes	Yes
FHLB	6%	3,975,000	3/31/2020		20%	8,282,119	Yes	Yes
FNMA	3%	1,600,000	3/31/2020		20%	10,657,119	Yes	Yes
FFCB	1%	750,000	3/31/2020		20%	11,507,119	Yes	Yes
FHLM	8%	4,900,000	3/31/2020		20%	7,357,119	Yes	Yes
All Agencies	18%		3/31/2020		100%	50,060,593	Yes	Yes
TREAS	24%	14,850,000	3/31/2020		100%	46,435,593	Yes	Yes
	100%	61,285,593						
All Agencies		18%	11,225,000					
Callables		2%	1,125,000					



City of Los Altos

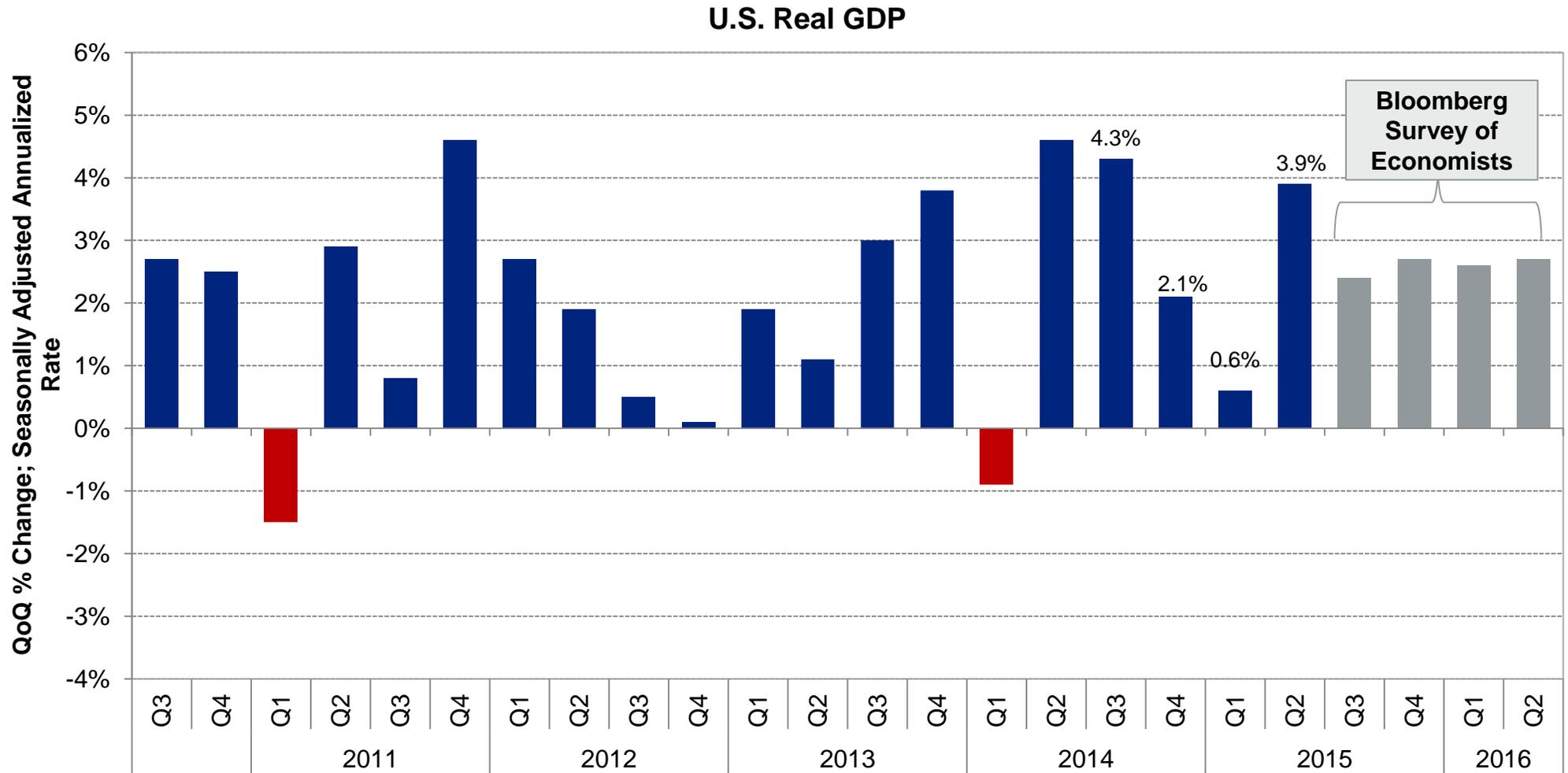


Third Quarter 2015 Review of Portfolio October 19, 2015

PFM Asset Management LLC
50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544

U.S. Economy Strongly Grew in the Second Quarter

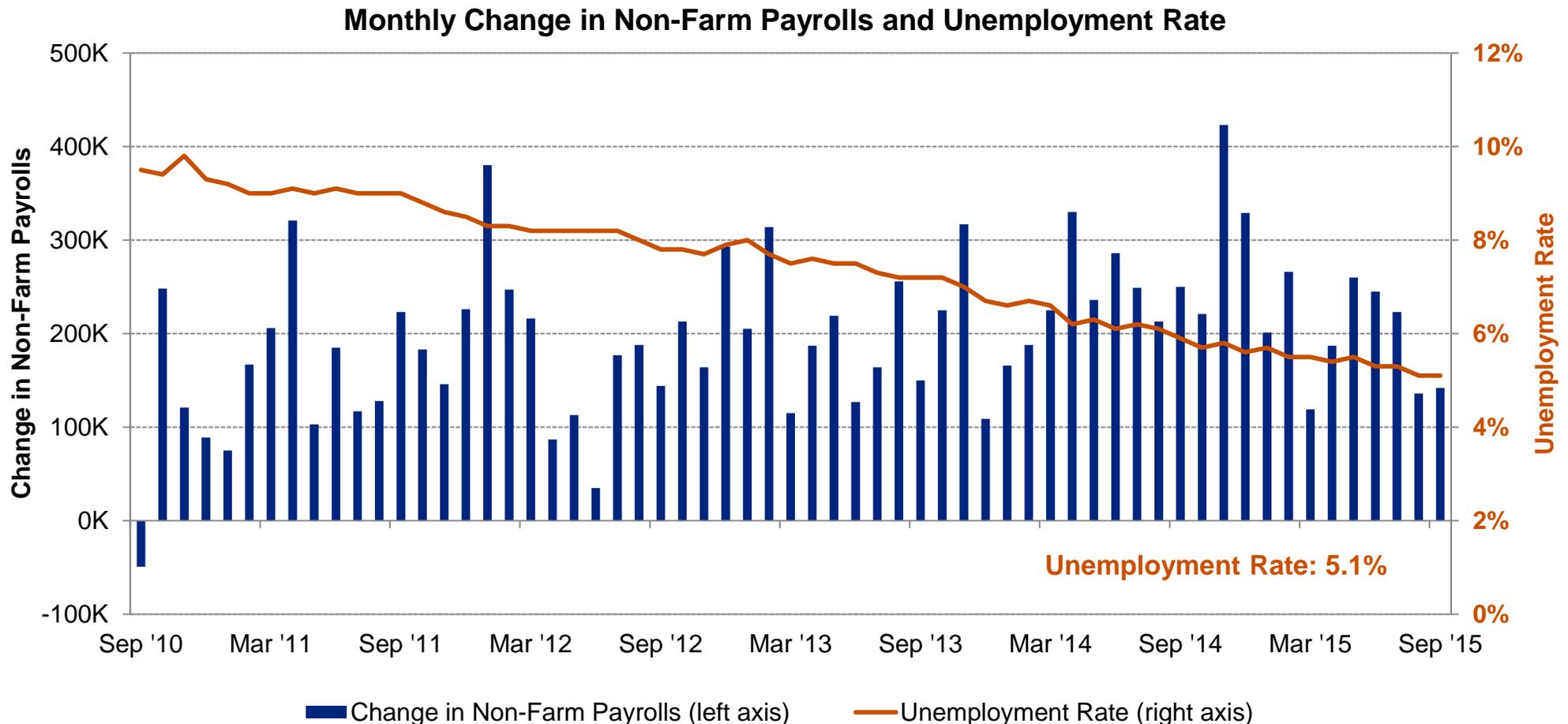
- U.S. GDP grew at an estimated 3.9% in the second quarter, revised higher from the initial reading of 2.3%.
- Second quarter strength was broad-based, driven by inventories, fixed investment, and exports.



Source: Bureau of Economic Analysis; Bloomberg survey results as of September 30, 2015.

U.S. Job Creation Cools

- The jobs reports in August and September showed signs of slowing growth as the number of jobs added came in under expectations. Total growth for the quarter was 501,000 jobs.
- The unemployment rate fell from 5.3% to 5.1% during the quarter.

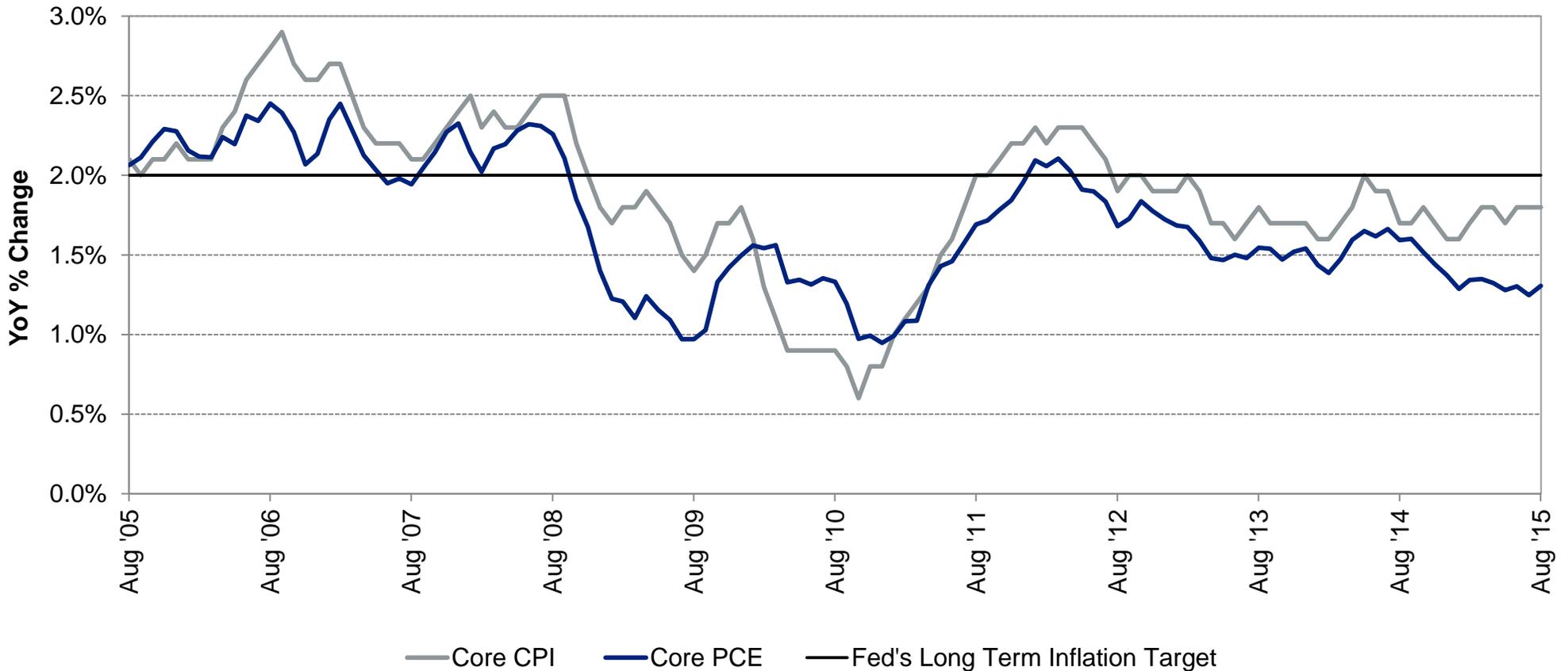


Source: Bureau of Labor Statistics

Inflation Remains Muted

- The personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, remains under the 2% target; it advanced just 1.3% year-over-year through August.
- The Federal Reserve is waiting to raise interest rates until they are "reasonably confident that inflation will move back to its 2% objective."

Inflation Measures
Consumer Price Index vs. Personal Consumption Expenditures

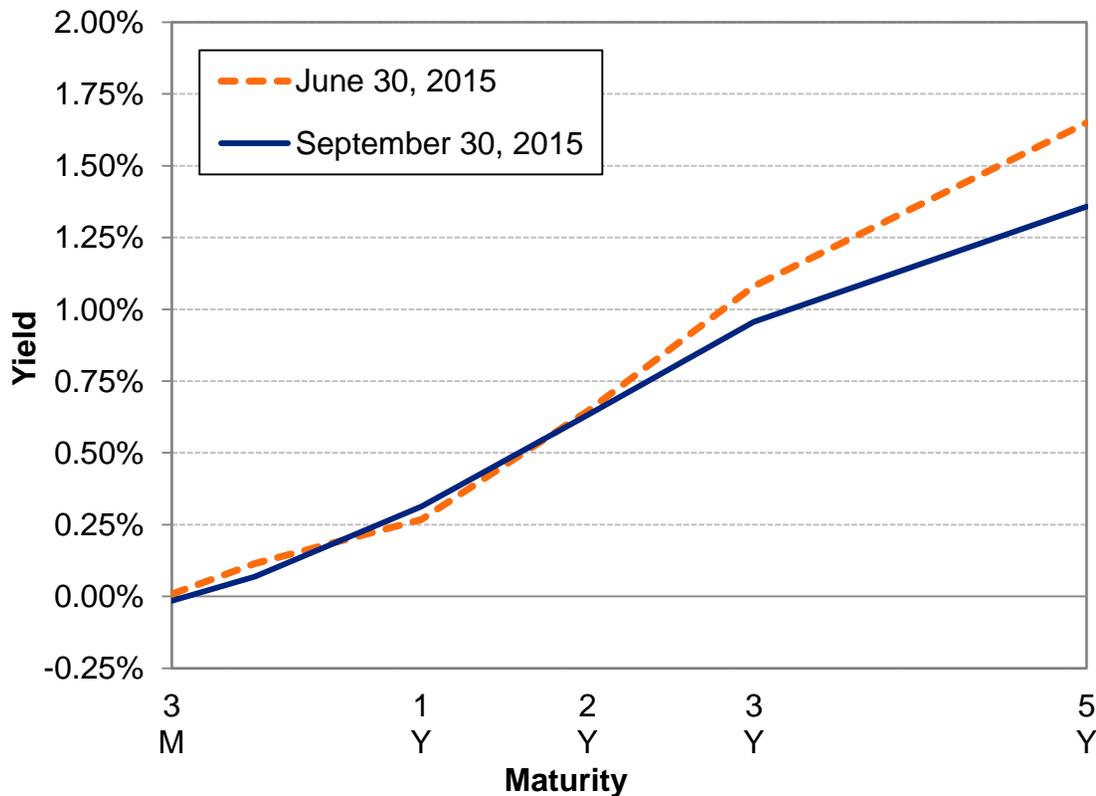


Source: Bloomberg

Interest Rates Decreased in 2- to 5-Year Range

- Yields on securities longer than one year decreased during the third quarter as concerns over a global slowdown drove money into U.S. Treasuries.

U.S. Treasury Yield Curve



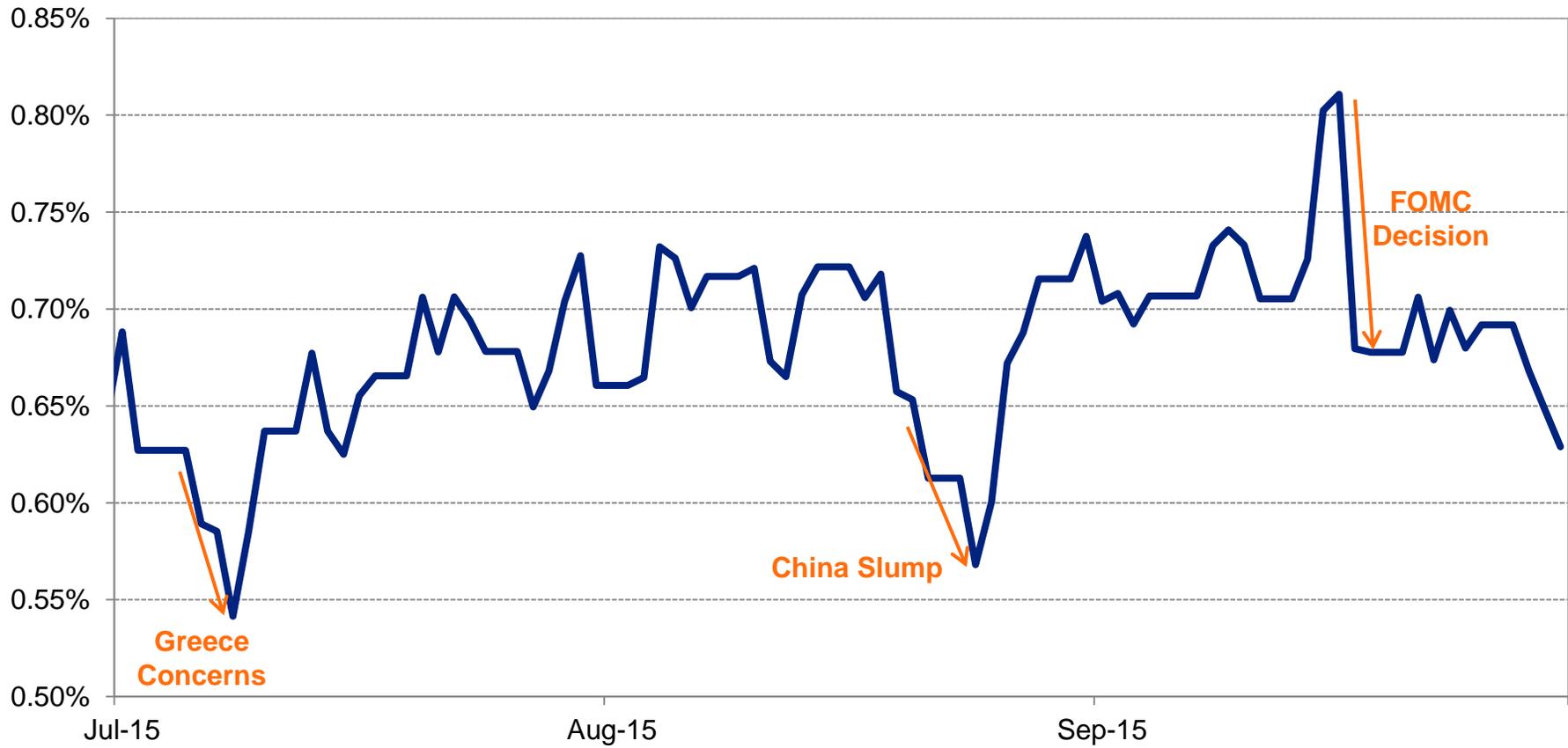
Source: Bloomberg

	6/30/15	9/30/15	Change
3 Month	0.01%	-0.02%	-0.03%
6 Month	0.11%	0.07%	-0.04%
1 Year	0.27%	0.31%	+0.04%
2 Year	0.65%	0.63%	-0.02%
3 Year	1.08%	0.96%	-0.12%
5 Year	1.65%	1.36%	-0.29%

U.S. Treasury Yields Experience Volatility

- Due to high volatility and a sharp decline in rates in August, we proactively decided to delay our periodic duration extension trades. Instead we opted to wait until September 11, when rates had recovered to their previous levels.

2-Year U.S. Treasury Yield
July 1, 2015 – September 30, 2015

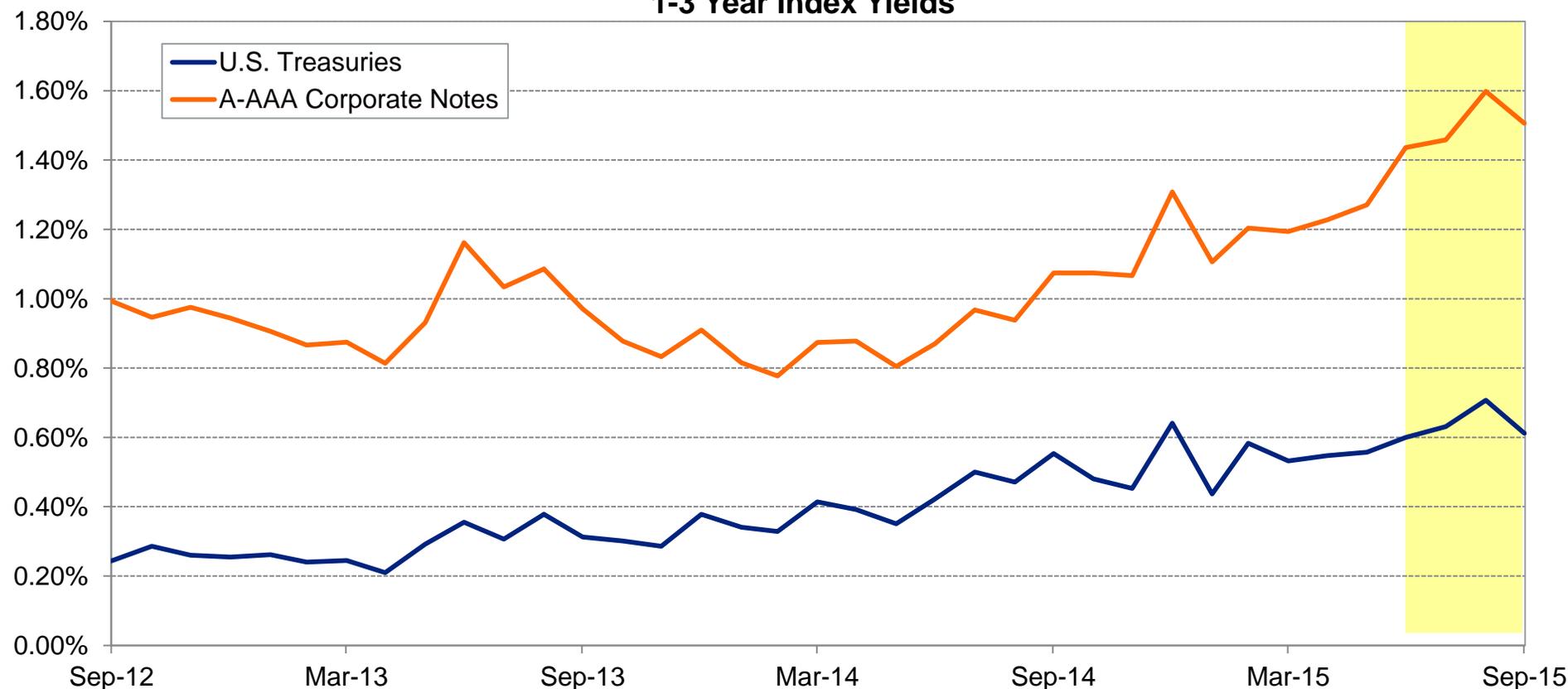


Source: Bloomberg

Corporate Spreads Continue To Widen

- Despite favorable conditions, yield spreads on corporate securities widened over the quarter due to an apparent slowdown in economic growth in China and other emerging market economies.
- As we believed the market's reaction did not fundamentally alter our view on the sector, PFMAM continued to favor the corporate sector as a key vehicle for generating incremental performance over the longer term.

1-3 Year Index Yields



Source: BofA Merrill Lynch Indexes: 1-3 Year U.S. Treasury and Federal Agency indexes

Third Quarter Trading Activity

Settle Date	Transaction	Issuer	Par	Maturity	Yield	Gain on Sale
7/6/15	Sale	FFCB	\$500,000	12/28/15	0.18%	\$542
7/6/15	Sale	U.S. Treasury	\$300,000	1/15/16	0.11%	\$399
7/6/15	Purchase	U.S. Treasury	\$800,000	7/31/18	1.05%	-
7/8/15	Sale	GE Capital	\$650,000	10/9/15	0.39%	\$636
7/8/15	Purchase	GE Capital	\$650,000	4/2/18	1.44%	-
7/28/15	Sale	U.S. Treasury	\$600,000	3/31/18	0.97%	\$1,803
7/28/15	Purchase	Apple	\$625,000	5/3/18	1.42%	-
9/1/15	Sale	U.S. Treasury	\$800,000	7/31/18	1.03%	\$517
9/1/15	Purchase	FNMA	\$850,000	10/19/18	1.18%	-
9/10/15	Sale	3M	\$750,000	9/29/16	0.57%	\$1,051
9/10/15	Purchase	U.S. Treasury	\$750,000	11/30/16	0.48%	-
9/11/15	Sale	U.S. Treasury	\$625,000	1/31/18	0.90%	\$4,501
9/11/15	Sale	U.S. Treasury	\$400,000	3/31/18	0.95%	\$1,340
9/11/15	Sale	U.S. Treasury	\$225,000	3/31/18	0.95%	\$29
9/11/15	Sale	U.S. Treasury	\$525,000	5/31/18	1.00%	(\$51)
9/11/15	Sale	Wal-Mart	\$800,000	4/11/16	0.49%	\$171
9/11/15	Purchase	Bank of Tokyo	\$800,000	3/4/16	0.52%	-
9/11/15	Purchase	John Deere	\$540,000	8/10/18	1.79%	-
9/11/15	Purchase	JP Morgan Chase	\$625,000	3/1/18	1.83%	-
9/11/15	Purchase	Wells Fargo	\$625,000	1/16/18	1.61%	-

Portfolio Generated Strong Returns

- Over the past year, we worked to gradually extend the portfolio duration into our preferred range near the benchmark duration.
- We are now strategically positioned on the lower end of the range which is consistent with our conservative duration strategy.
- In the third quarter, the portfolio outperformed its performance benchmark despite the conservatively short duration.

Total Returns for Periods ending September 30, 2015

	Duration (years)	Yield to Maturity	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Los Altos	1.61	0.84%	0.33%	0.98%	0.63%	0.74%	0.78%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.79	0.61%	0.31%	1.16%	0.67%	0.76%	0.84%

Notes:

- Performance on trade-date basis, gross (i.e., before fees) in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Inception date is third quarter 2010.
- Return calculation excludes LAIF

Portfolio Holdings in Compliance with California Code and City's Investment Policy

Security Type	Market Value as of September 30, 2015	Percent of Portfolio	% Change vs. 6/30	Permitted by Policy	In Compliance
U.S. Treasury	\$14,901,128	47%	-6%	100%	✓
Federal Agencies	\$11,254,925	36%	+1%	100%	✓
Commercial Paper	\$798,468	2%	+2%	15%	✓
Corporate Notes	\$4,657,773	15%	+3%	15%	✓
Money Market Fund	\$39,724	<1%	-	20%	✓
Total	\$31,652,019				

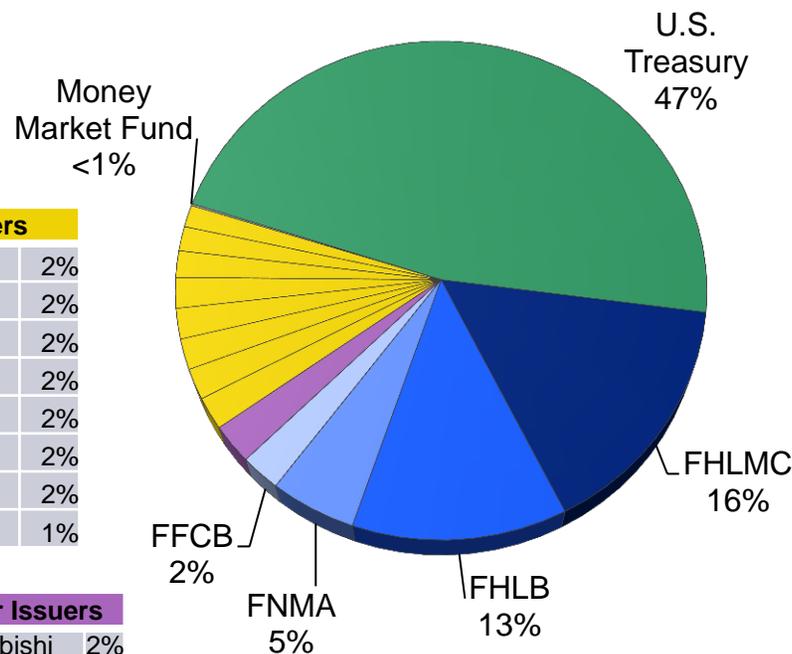
City's Holdings Maintain Highest Credit Quality

- The City's portfolio continues to be well diversified by both sector and issuer.

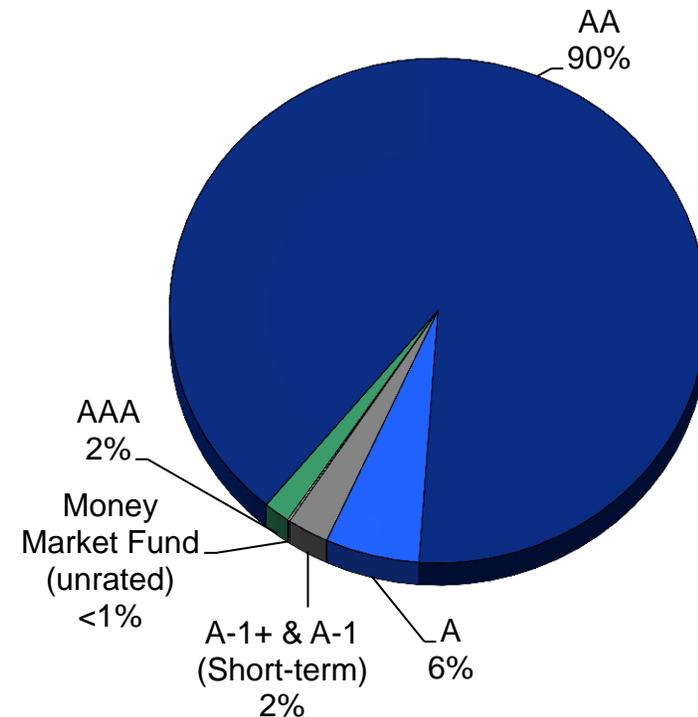
Issuer Distribution

Corporate Issuers	
•General Electric CC	2%
•U.S. Bank	2%
•Wells Fargo	2%
•Apple	2%
•JP Morgan Chase	2%
•John Deere Capital	2%
•Exxon Mobil	2%
•Chevron	1%

Commercial Paper Issuers	
•Bank of Tokyo Mitsubishi	2%



Credit Quality

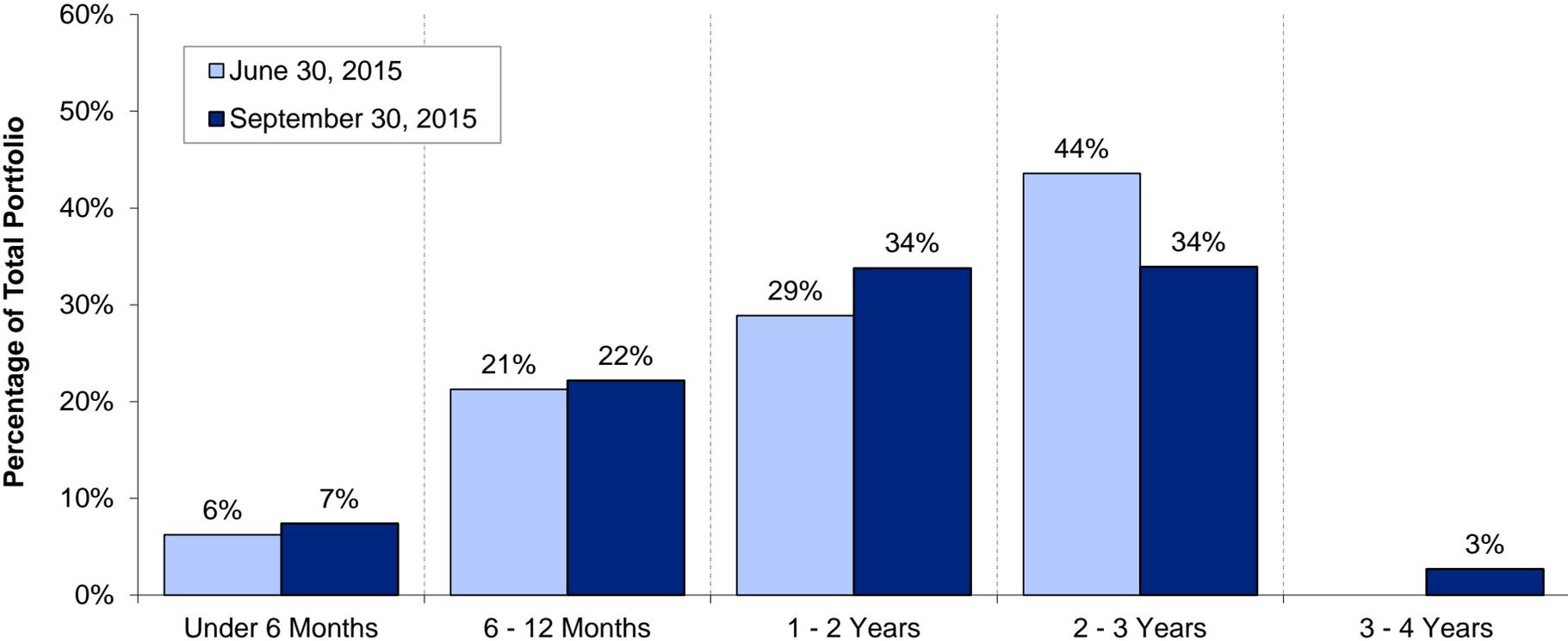


Notes:

- As of September 30, 2015
- Standard & Poor's Ratings

Maturity Distribution

- 68% of the portfolio remains concentrated in the 1- to 3-year maturity range in line with the portfolio's benchmark.

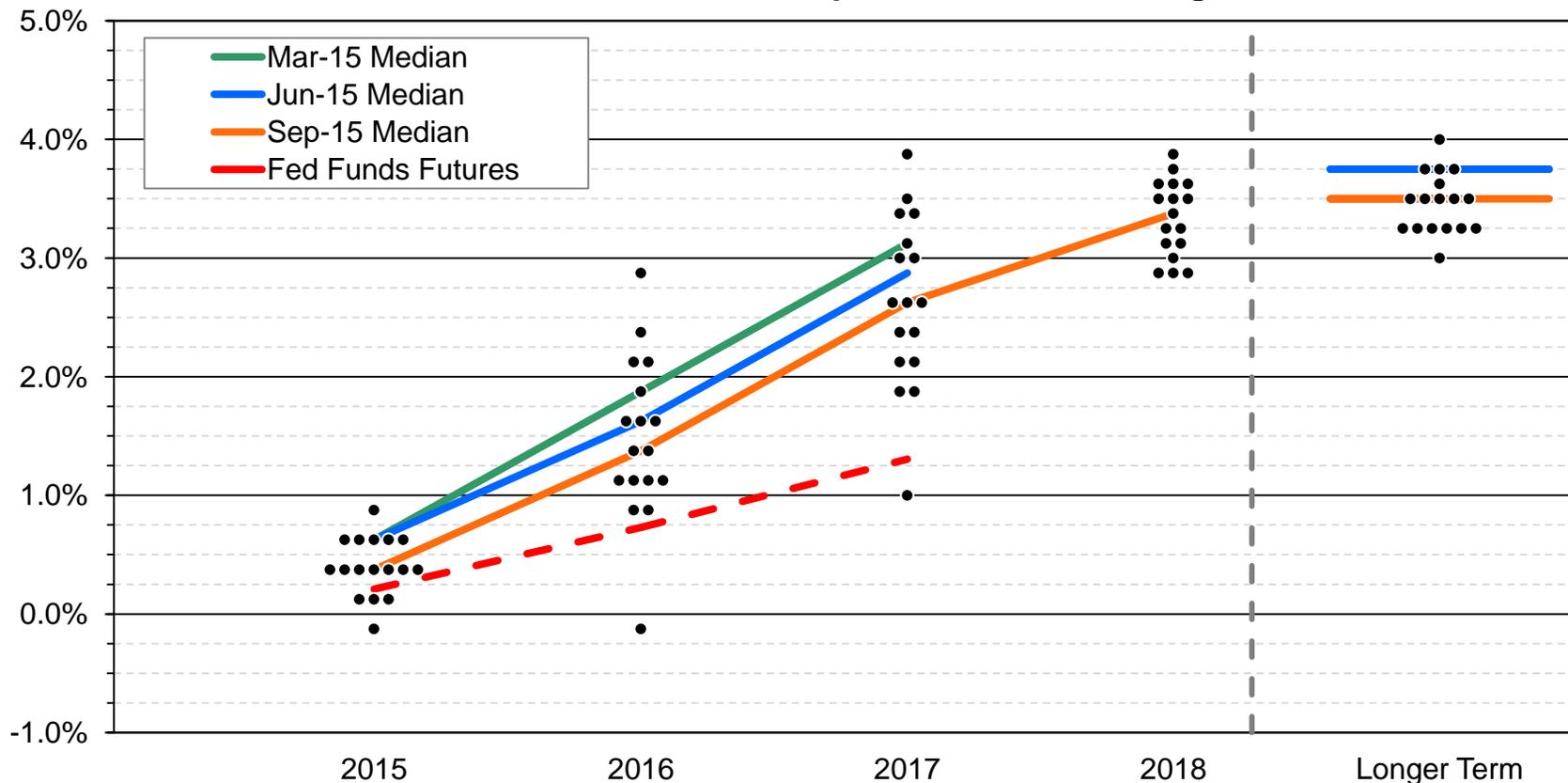


Note: Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

FOMC “Dot Plot” After September Meeting

- The median September forecast continued the trend of lowering the trajectory of rate hike projections and coming closer to market expectations as observed by Fed Funds futures.
- The new dot plot showed that one FOMC member thinks interest rates should be negative at the end of 2015 and 2016.
- The overall dot plot supports Janet Yellen’s statements that the Fed will begin to raise rates this year.

Dot Plot from FOMC’s September 16-17 Meeting

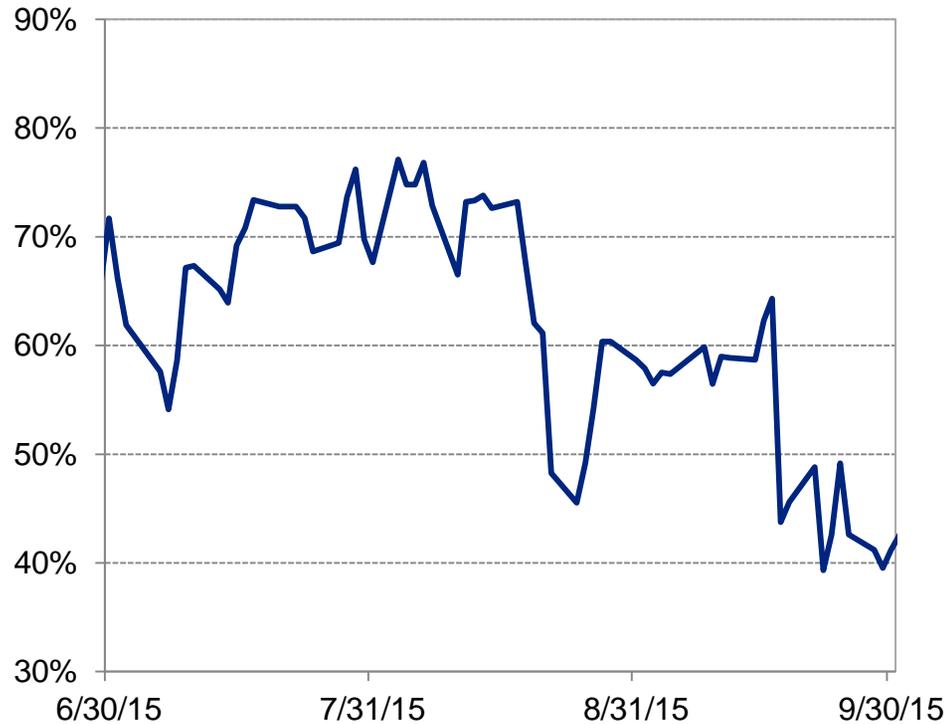


Source: Federal Reserve

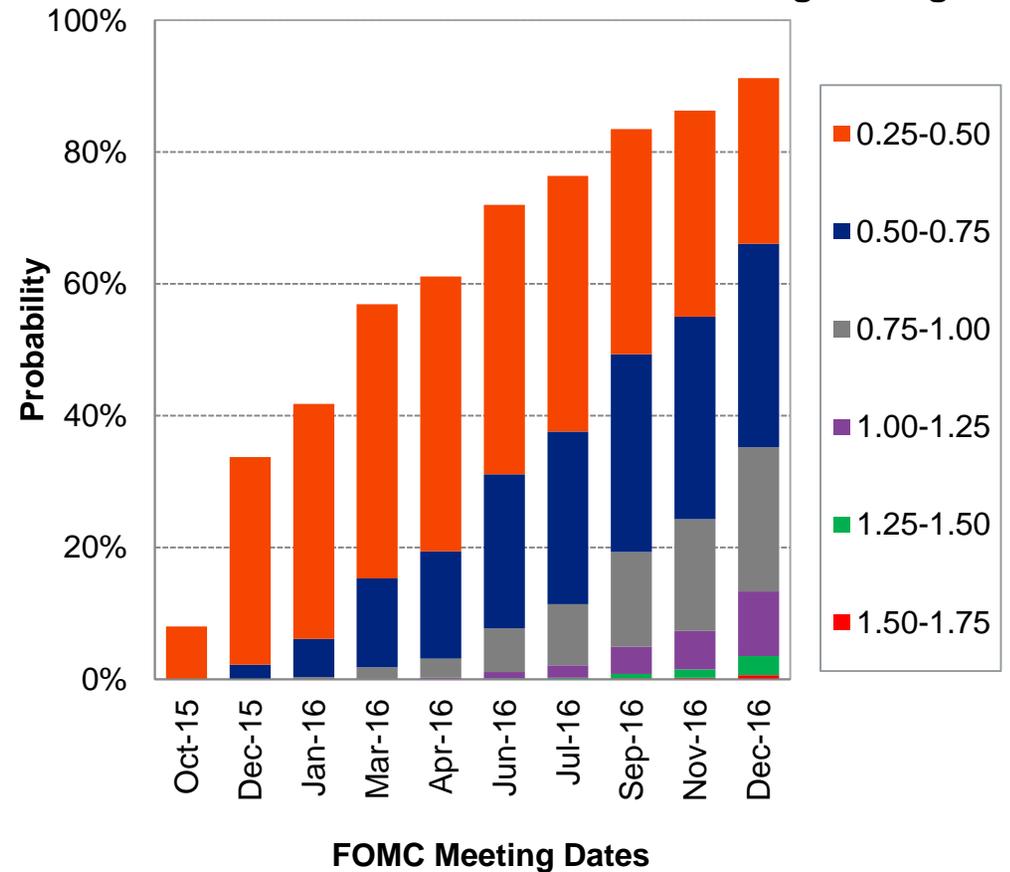
Outlook for the Fed Funds Target Rate

- As of the end of September, the market had an implied probability of 41% for a rate increase in December.

Probability of December Rate Hike



Current Outlook for Fed Funds Target Range



Source: Bloomberg, Current Outlook as of 10/7/15.

Fourth Quarter 2015 Investment Outlook and Strategy

- We expect the economy to continue to expand but at a slightly slower pace. Evolving market conditions will likely continue to impact the U.S. economy and may affect future action by the Federal Reserve.
- The Federal Reserve continues to focus on full employment and price stability. Most market experts expect that the Fed will raise rates by early 2016 and that the subsequent pace of rate hikes will be gradual. We expect short-term rates to increase ahead of upcoming FOMC meetings, while longer-term rates remain range-bound in light of tempered global growth and inflation expectations.
- Due to recent spread widening versus U.S. Treasury securities, the corporate sector offers relative value. In the coming months, we will continue to emphasize the use of commercial paper and corporate notes in the City's portfolio. We will continue to examine the impact of global growth concerns on the corporate sector as a whole and on specific issuers, making adjustments as appropriate.

Disclaimer

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.



Managed Account Detail of Securities Held

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

CITY OF LOS ALTOS INVESTMENT PORTFOLIO

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 06/17/2013 0.500% 06/15/2016	912828VG2	1,150,000.00	AA+	Aaa	12/19/13	12/24/13	1,150,134.77	0.50	1,696.72	1,150,038.59	1,152,006.75
US TREASURY NOTES DTD 07/15/2013 0.625% 07/15/2016	912828VL1	350,000.00	AA+	Aaa	07/22/13	07/23/13	350,382.81	0.59	463.65	350,101.94	350,829.50
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	525,000.00	AA+	Aaa	10/21/13	10/22/13	530,947.27	0.60	447.12	526,915.91	527,932.65
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	750,000.00	AA+	Aaa	09/04/15	09/10/15	753,632.81	0.48	2,205.43	753,462.75	753,798.75
US TREASURY NOTES DTD 04/30/2012 0.875% 04/30/2017	912828SS0	650,000.00	AA+	Aaa	05/01/14	05/02/14	650,380.86	0.86	2,380.10	650,202.37	653,250.00
US TREASURY NOTES DTD 06/16/2014 0.875% 06/15/2017	912828WP1	2,000,000.00	AA+	Aaa	05/13/15	05/14/15	2,009,765.63	0.64	5,163.93	2,007,984.76	2,009,714.00
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	1,050,000.00	AA+	Aaa	05/16/14	05/19/14	1,046,062.50	0.87	1,990.15	1,047,780.14	1,052,884.35
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	725,000.00	AA+	Aaa	02/13/15	02/17/15	718,826.17	0.85	610.73	720,379.10	723,659.48
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	950,000.00	AA+	Aaa	02/02/15	02/03/15	947,142.58	0.62	800.27	947,895.61	948,243.45
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,000,000.00	AA+	Aaa	11/10/14	11/10/14	988,945.31	0.99	2,100.41	992,135.81	998,177.00
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,000,000.00	AA+	Aaa	01/23/15	01/26/15	996,679.69	0.87	1,895.38	997,445.37	1,000,417.00
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,000,000.00	AA+	Aaa	12/29/14	12/31/14	989,921.88	1.21	1,474.18	992,349.52	1,002,656.00
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	325,000.00	AA+	Aaa	03/23/15	03/24/15	323,032.23	0.95	6.66	323,368.48	324,534.60
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	1,100,000.00	AA+	Aaa	03/27/15	03/30/15	1,093,382.81	0.95	22.54	1,094,483.61	1,098,424.80



Managed Account Detail of Securities Held

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

CITY OF LOS ALTOS INVESTMENT PORTFOLIO

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 04/30/2013 0.625% 04/30/2018	912828UZ1	800,000.00	AA+	Aaa	04/29/15	04/30/15	792,875.00	0.93	2,092.39	793,857.43	795,896.00
US TREASURY NOTES DTD 05/31/2013 1.000% 05/31/2018	912828VE7	1,475,000.00	AA+	Aaa	05/13/15	05/14/15	1,475,288.09	0.99	4,956.97	1,475,253.70	1,480,397.03
Security Type Sub-Total		14,850,000.00					14,817,400.41	0.81	28,306.63	14,823,655.09	14,872,821.36
Federal Agency Bond / Note											
FEDERAL FARM CREDIT BANK BONDS DTD 12/28/2012 0.440% 12/28/2015	3133ECBD5	750,000.00	AA+	Aaa	01/15/13	01/17/13	750,673.50	0.41	852.50	750,055.52	750,593.25
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	750,000.00	AA+	Aaa	10/21/13	10/22/13	749,587.50	0.52	10.42	749,915.53	750,964.50
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EADO9	500,000.00	AA+	Aaa	04/17/13	04/18/13	501,325.00	0.41	958.33	500,267.50	500,533.00
FREDDIE MAC GLOBAL NOTES DTD 03/07/2013 0.500% 05/13/2016	3137EADO9	2,000,000.00	AA+	Aaa	06/27/13	06/28/13	1,987,780.00	0.72	3,833.33	1,997,358.78	2,002,132.00
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 05/10/2013 0.375% 06/24/2016	3133834R9	1,200,000.00	AA+	Aaa	06/27/13	06/28/13	1,186,020.00	0.77	1,212.50	1,196,554.39	1,198,849.20
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	1,275,000.00	AA+	Aaa	10/20/14	10/21/14	1,276,211.25	0.45	53.13	1,275,621.92	1,275,971.55
FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	1,000,000.00	AA+	Aaa	01/23/15	01/26/15	1,000,970.00	0.57	2,222.22	1,000,610.14	1,001,476.00
FHLMC REFERENCE NOTE DTD 01/16/2015 0.500% 01/27/2017	3137EADU0	1,400,000.00	AA+	Aaa	02/05/15	02/06/15	1,397,802.00	0.58	1,244.44	1,398,526.44	1,399,731.20
FHLB GLOBAL NOTES (CALLABLE) DTD 03/24/2015 0.840% 03/24/2017	3130A4OV7	500,000.00	AA+	Aaa	03/17/15	03/24/15	500,000.00	0.84	81.67	500,000.00	501,352.50
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	1,000,000.00	AA+	Aaa	03/23/15	03/24/15	1,004,520.00	0.80	1,750.00	1,003,527.10	1,006,764.00
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	850,000.00	AA+	Aaa	08/27/15	09/01/15	848,623.00	1.18	796.88	848,657.34	853,542.80



Managed Account Detail of Securities Held

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

CITY OF LOS ALTOS INVESTMENT PORTFOLIO

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											
Security Type Sub-Total		11,225,000.00					11,203,512.25	0.66	13,015.42	11,221,094.66	11,241,910.00
Corporate Note											
WELLS FARGO & COMPANY GLOBAL NOTES DTD 12/26/2012 1.500% 01/16/2018	94974BFG0	625,000.00	A+	A2	09/08/15	09/11/15	623,431.25	1.61	1,953.13	623,468.33	624,406.88
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	625,000.00	A	A3	09/08/15	09/11/15	623,056.25	1.83	885.42	623,099.26	623,578.13
CHEVRON CORP NOTES DTD 03/03/2015 1.365% 03/02/2018	166764AV2	450,000.00	AA	Aa1	03/23/15	03/26/15	451,485.00	1.25	494.81	451,229.48	450,407.25
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	500,000.00	AAA	Aaa	03/13/15	03/18/15	500,230.00	1.29	453.13	500,189.61	501,180.00
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 04/02/2013 1.625% 04/02/2018	36962G6W9	650,000.00	AA+	A1	07/02/15	07/08/15	653,139.50	1.44	5,251.91	652,883.70	653,412.50
APPLE INC GLOBAL NOTES DTD 05/03/2013 1.000% 05/03/2018	037833AJ9	625,000.00	AA+	Aa1	07/23/15	07/28/15	617,943.75	1.42	2,569.44	618,384.33	622,081.25
JOHN DEERE CAPITAL CORP NOTE DTD 09/11/2015 1.750% 08/10/2018	24422ETA7	540,000.00	A	A2	09/08/15	09/11/15	539,470.80	1.78	525.00	539,480.34	543,437.64
Security Type Sub-Total		4,015,000.00					4,008,756.55	1.53	12,132.84	4,008,735.05	4,018,503.65
Commercial Paper											
BANK OF TOKYO MITSUBISHI UFJ COMM PAPER -- 0.000% 03/04/2016	06538BC43	800,000.00	A-1	P-1	09/08/15	09/11/15	798,016.67	0.51	0.00	798,243.34	798,468.00
Security Type Sub-Total		800,000.00					798,016.67	0.51	0.00	798,243.34	798,468.00
Bank Note											
US BANK CORP NOTE (CALLABLE) DTD 01/30/2014 1.100% 01/30/2017	90331HMC4	625,000.00	AA-	A1	02/03/15	02/06/15	628,031.25	0.85	1,164.93	626,995.39	625,971.88



Managed Account Detail of Securities Held

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

CITY OF LOS ALTOS INVESTMENT PORTFOLIO

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
Bank Note											
Security Type Sub-Total		625,000.00					628,031.25	0.85	1,164.93	626,995.39	625,971.88
Managed Account Sub-Total		31,515,000.00					31,455,717.13	0.84	54,619.82	31,478,723.53	31,557,674.89
Securities Sub-Total		\$31,515,000.00					\$31,455,717.13	0.84%	\$54,619.82	\$31,478,723.53	\$31,557,674.89
Accrued Interest											\$54,619.82
Total Investments											\$31,612,294.71