



DATE: April 18, 2016

AGENDA ITEM #2

TO: Financial Commission
FROM: Kim Juran-Karageorgiou, Administrative Services Director
SUBJECT: Investment Portfolio Update through March 31, 2016

RECOMMENDATION:

Receive the Investment Portfolio Report through March 31, 2016

BACKGROUND

This report presents the status of the City's investment portfolio through March 31, 2016. 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 March 31, 2016, was \$64,129,830.

As of March 31, 2016, 15% 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), 37% in U.S. Treasuries, 8% in medium-term Corporate Notes and Commercial Paper, with the balance of 40% 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 First Quarter 2016. 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 0.82%, 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 First Quarter 2016

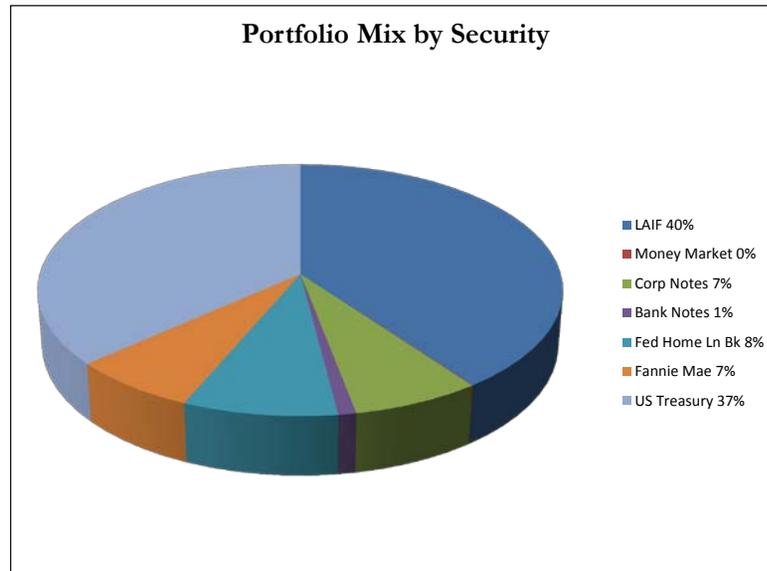
Attachment 1
Citywide Holdings and Investment Ladder
March 31, 2016

31-Mar-16 Month	2016				2017				2018				2019			
	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount	YTM	Sec	Call Date	Amount
LAIF				\$ 25,580,230												
MMKT				\$ 34,600												
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	625,000	1/31/2018	1.21%	USTreas	840,000				
									1/31/2018	1.11%	USTreas	1,250,000				
									1/31/2018	0.93%	USTreas	1,750,000				
Feb									2/2/2018	1.40%	Cisco	160,000	2/12/2019	1.62%	IBM	350,000
													2/26/2019	1.08%	FNMA	1,825,000
Mar									3/1/2018	1.83%	JP Morgan	625,000	3/31/2019	1.05%	USTreas	775,000
									3/2/2018	1.25%	Chevron	450,000				
									3/6/2018	1.29%	Exxon	500,000				
									3/28/2018	0.97%	FNMA	1,825,000				
Apr													4/15/2019	1.10%	FHLMC	750,000
					4/30/2017	0.86%	USTreas	650,000	4/2/2018	1.44%	General Electric	650,000				
									4/30/2018	0.93%	USTreas	400,000				
									4/30/2018	0.97%	USTreas	1,400,000				
May									5/3/2018	1.42%	Apple	625,000	5/31/2019	0.98%	USTreas	500,000
					5/31/2017	0.80%	USTreas	1,750,000	5/31/2018	0.99%	USTreas	1,475,000				
Jun					6/15/2017	0.64%	USTreas	2,000,000								
					6/30/2017	0.87%	USTreas	1,050,000								
Jul					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									8/10/2018	1.78%	John Deere	540,000				
Sep									9/30/2018	0.94%	USTreas	1,500,000				
	9/28/2016	0.45%	FHLB	1,275,000												
Oct																
									10/19/2018	1.18%	FNMA	850,000				
Nov	11/23/2016	0.57%	FHLB	1,000,000	11/30/2017	0.99%	USTreas	1,000,000	11/30/2018	1.18%	USTreas	1,250,000				
	11/30/2016	0.48%	USTreas	750,000												
Dec					12/31/2017	0.83%	USTreas	1,250,000	12/31/2018	1.22%	USTreas	1,175,000				
					12/31/2017	0.87%	USTreas	1,000,000								
Total				\$3,025,000				\$13,400,000				\$17,890,000				\$4,200,000
Count/Percent	3			18.42%	12			81.58%	19			108.92%	5			25.57%
Avg YTM/Days	0.50%			499	0.80%			473	1.24%			772	1.17%			1,094
Total Face Value				\$ 3,025,000			\$ 16,425,000				\$ 34,315,000					\$ 38,515,000

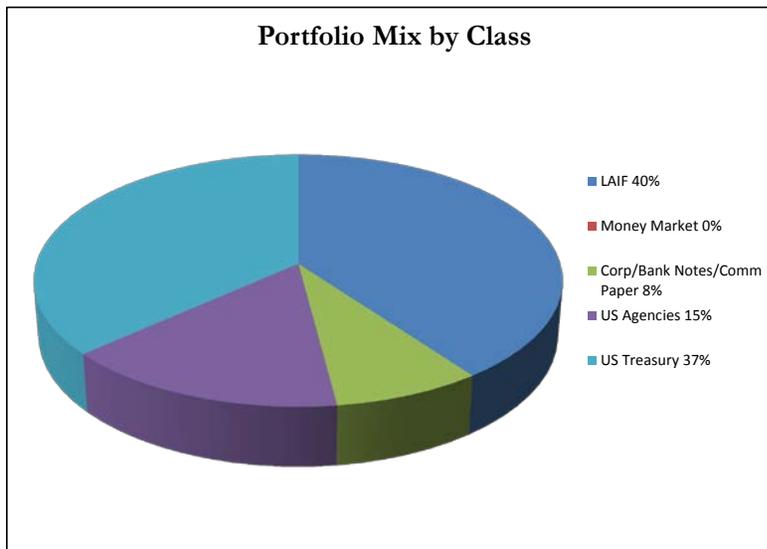
	No of Inv	Ladder Yield	Spread Over LAIF	%	Maturity	Callables	Face Value
LAIF	1	0.400%	0.000%	40%	1	0	25,580,230
Money Mkt	0	0.010%	-0.390%	0%	1	0	34,600
2016	3	0.500%	0.100%	5%	499	0	3,025,000
2017	12	0.797%	0.397%	21%	473	1	13,400,000
2018	19	1.245%	0.845%	28%	772	1	17,890,000
2019	5	1.166%	0.766%	7%	1094	0	4,200,000
	16	0.70%	0.53%	100%	410	2	\$64,129,830

**Attachment 2
Portfolio Mix Charts
March 31, 2016**

Security Type	% of Total	Portfolio Mix by Security
LAIF	40%	25,580,230
Money Market	0%	34,600
Corp Notes	7%	4,525,000
Bank Notes	1%	625,000
Fed Home Ln Bk	8%	5,425,000
Fannie Mae	7%	4,500,000
US Treasury	37%	23,440,000
	100%	64,129,830



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	40%	25,580,230	25,580,230
Money Market	0%	34,600	34,600
Corp/Bank Notes/Comm Paper	8%	5,150,000	5,183,534
US Agencies	15%	9,925,000	9,943,471
US Treasury	37%	23,440,000	23,635,266
	100%	64,129,830	64,377,101
Corp Notes		5,150,000	5,183,534
US Treasury/Agencies		33,365,000	33,578,737
Accrued Interest			95,406
		38,515,000	38,857,677
Margin Over (Under) Par			342,677



Attachment 3
Investment Policy Compliance Chart
March 31, 2016

City Investment	% Mix	Par Value	Latest Term	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	40%	25,580,230	3/31/2021	50,000,000	100%	24,419,770	Yes	N/A
M FUND	0%	34,600	3/31/2021		20%	12,791,366	Yes	N/A
MTNs	7%	5,150,000	3/31/2021		15%	4,469,475	Yes	Yes
FHLB	8%	5,425,000	3/31/2021		20%	7,400,966	Yes	Yes
FNMA	7%	4,500,000	3/31/2021		20%	8,325,966	Yes	Yes
FFCB	0%	-	3/31/2021		20%	12,825,966	Yes	Yes
All Agencies	15%		3/31/2021		100%	54,204,830	Yes	Yes
TREAS	37%	23,440,000	3/31/2021		100%	40,689,830	Yes	Yes
	100%	64,129,830						
All Agencies		15%	9,925,000					
Callables		2%	1,250,000					



City of Los Altos



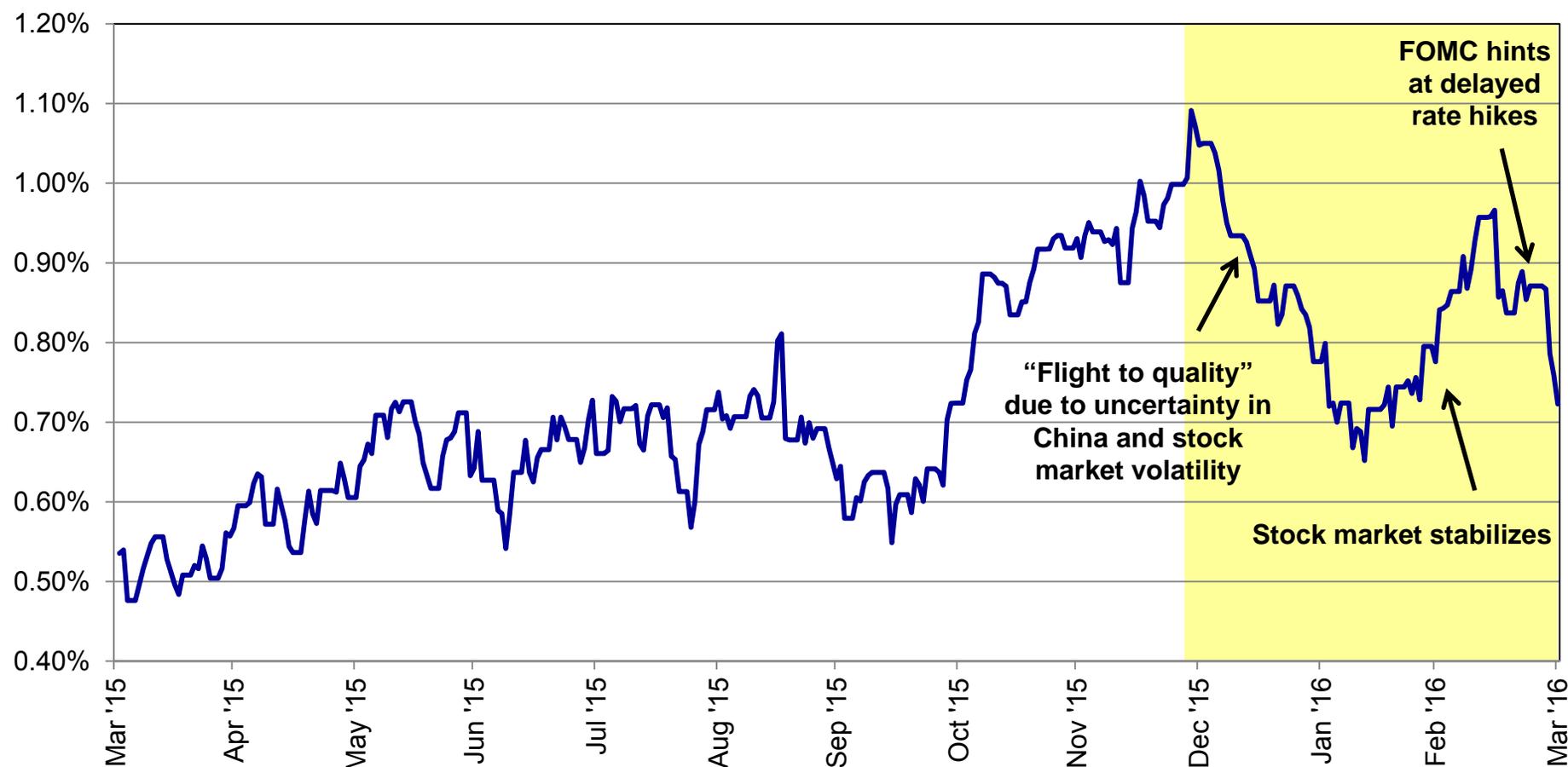
First Quarter 2016 Review of Portfolio April 18, 2016

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

U.S. Treasury Yields Experienced Volatility

- Interest rates fell at the beginning of 2016 due to concerns over slowing global economic growth.
- Rates recovered modestly at the end of February and beginning of March, but ended the quarter significantly lower than December 2015.

2-Year U.S. Treasury Yield
March 31, 2015 – March 31, 2016

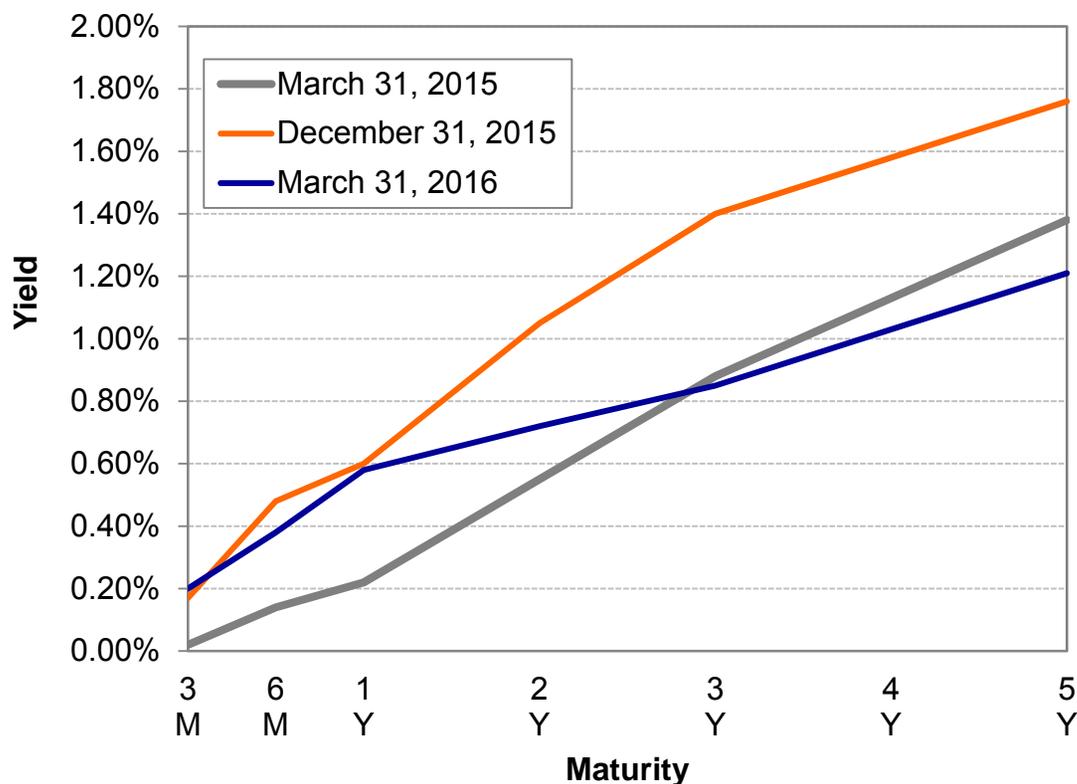


Source: Bloomberg

U.S. Treasury Yields Increased Across the Curve

- During the quarter, longer-term yields reversed the increases picked up at the end of 2015.

U.S. Treasury Yield Curve



	3/31/15	12/31/15	3/31/16	1 st Quarter Change
3 Month	0.02%	0.17%	0.20%	0.03%
6 Month	0.14%	0.48%	0.38%	-0.10%
1 Year	0.22%	0.60%	0.58%	-0.02%
2 Year	0.55%	1.05%	0.72%	-0.33%
3 Year	0.88%	1.40%	0.85%	-0.55%
5 Year	1.38%	1.76%	1.21%	-0.55%
10 Year	1.93%	2.27%	1.77%	-0.50%
30 Year	2.54%	3.02%	2.61%	-0.41%

Source: Bloomberg

FOMC Statement Highlights

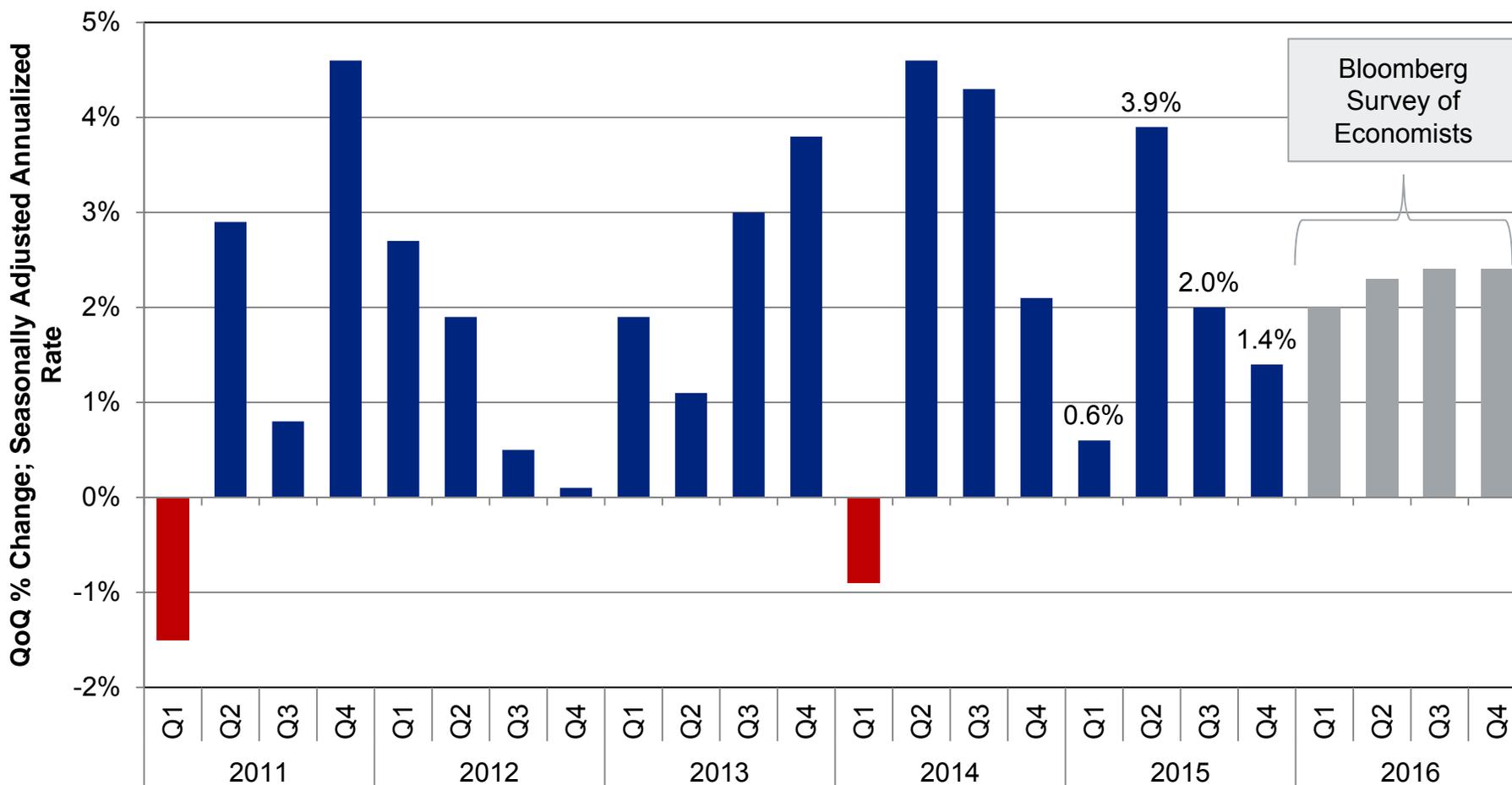
March

16

- Economic activity has been expanding at a moderate pace ***despite the global economic and financial developments of recent months***...a range of recent indicators, including strong job gains, points to ***additional strengthening of the labor market***.
- ***Inflation picked up in recent months***; however, it continued to run below the Committee's 2% longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports. Market-based measures of inflation compensation remain low... ***inflation is expected to remain low in the near term***...The Committee continues to monitor inflation developments closely.
- ***Global economic and financial developments continue to pose risks.***
- Against this backdrop, ***the Committee decided to maintain the target range for the federal funds rate at 0.25 – 0.50%. The stance of monetary policy remains accommodative***...
- In light of the current shortfall of inflation from 2%, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant ***only gradual increases in the federal funds rate***.

U.S. Economy on Moderate Growth Track

- U.S. GDP grew at a slower pace in the fourth quarter than earlier in the year, growing at 1.4% according to revised estimates. Fourth quarter growth was led by gains in consumer spending, but a drop in private inventory investment and net exports were the detractors.

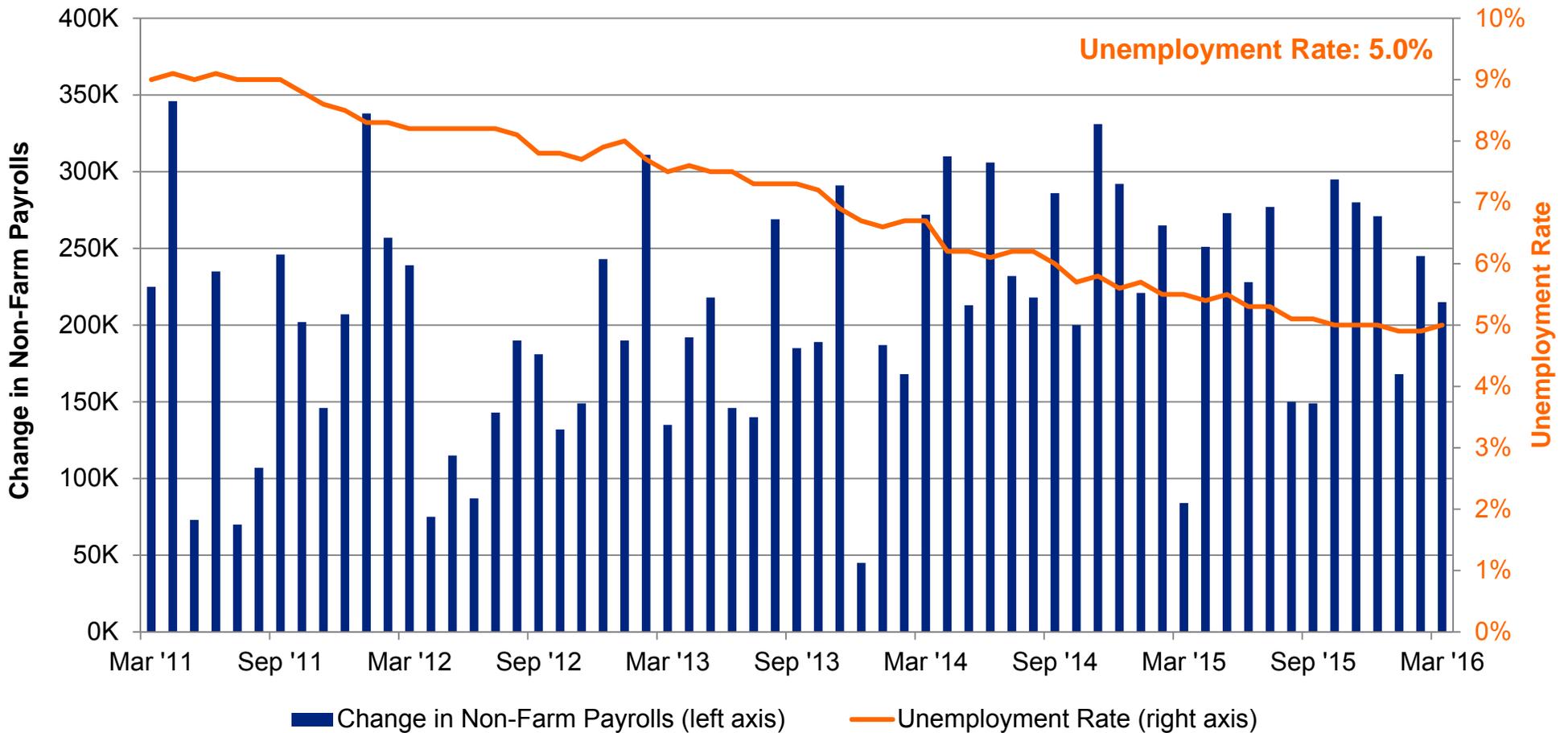


Source: Bureau of Economic Analysis; Bloomberg survey results as of 3/31/2016.

U.S. Jobs Market Close to Full Employment

- The U.S. labor market added 628,000 jobs in first quarter of 2016, exceeding the expectation for 590,000 new jobs.
- In March, the unemployment rate was remained at 5.0%, the same level as it was in December and the participation rate edged slightly higher to 63% from 62.6% in December.

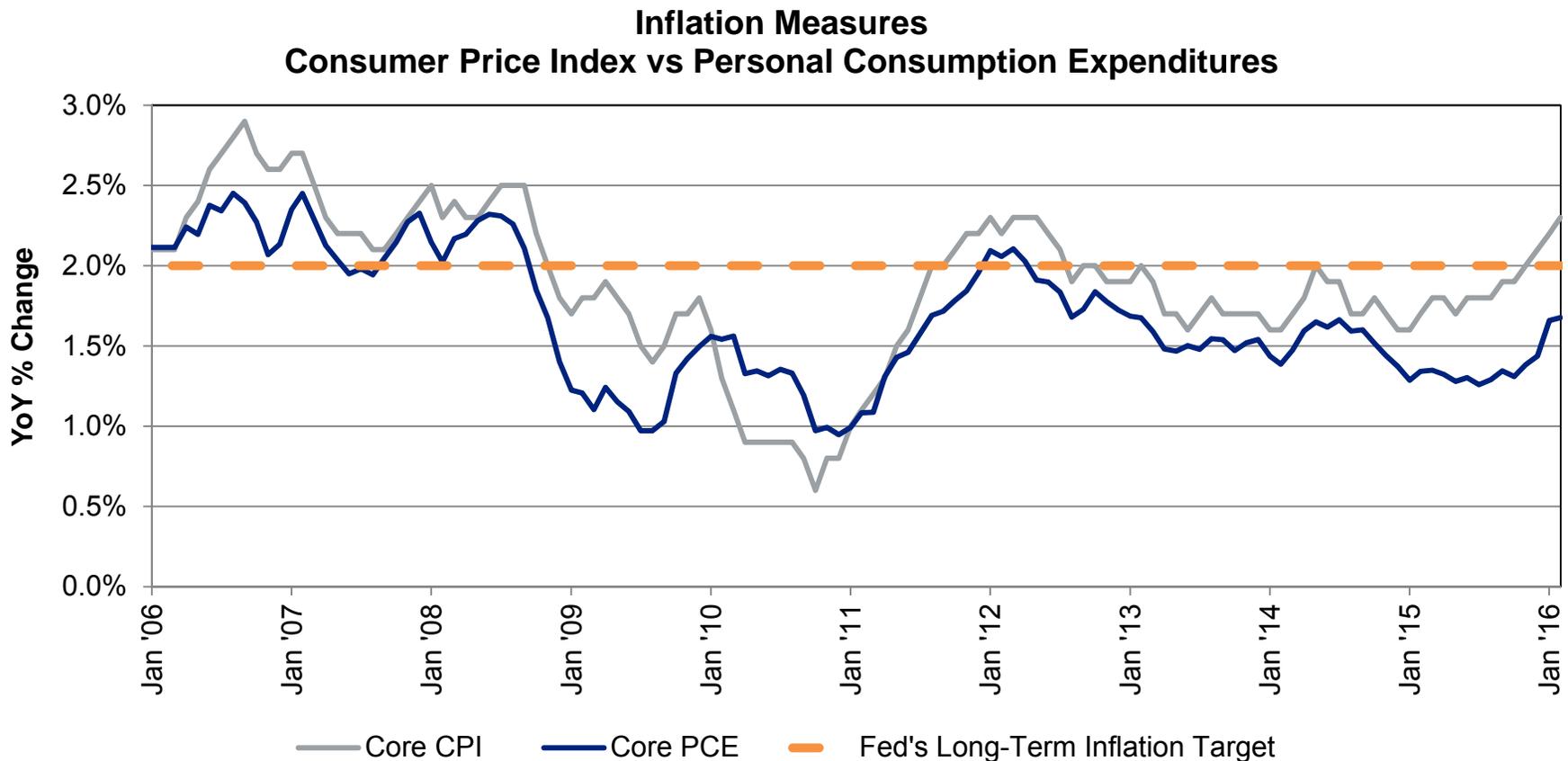
Monthly Change in Non-Farm Payrolls and Unemployment Rate



Source: Bureau of Labor Statistics

Inflation Picked Up

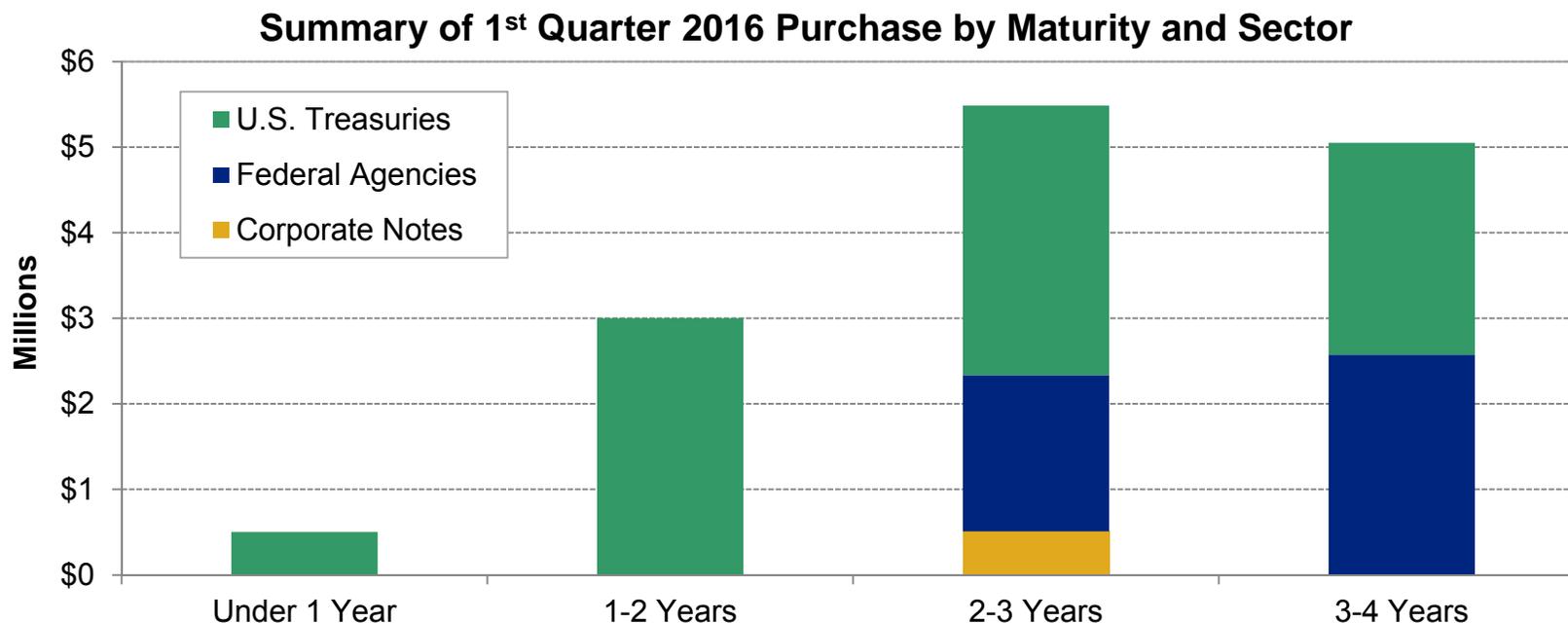
- The core personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, advanced to 1.7% year-over-year through February 2016. Core PCE continues to be under the Fed's 2% inflation target.
- Although the Fed has reached its mandate of full employment and inflation is trending in the right direction, we believe the Fed will remain patient in raising rates this year given the economic slowdown in China and other developments that pose risks to global growth.



Source: Bloomberg as of 01/31/2016.

First Quarter 2016 Recap

- Over the quarter, we maintained a moderately defensive duration position to protect the portfolio's market value in the case of several Fed rate hikes in 2016. As the Federal Open Market Committee's tone became more dovish, through the quarter we modestly extended portfolio duration.
- The potential impact of slower economic growth on corporate profits caused the sector's yield spreads to widen in the first half of the quarter. Corporate spreads tightened through March as markets rebounded, ultimately driving the sector's outperformance over Treasuries for the quarter.
- We increased the portfolio's allocation to federal agencies by 3%. In several cases, we purchased the federal agencies at a yield 0.11% to 0.15% higher than similar maturity U.S. Treasuries.



Total Returns

- In the first quarter of 2016, the portfolio had an unannualized return 0.08% higher than the benchmark. This was due in part to the duration position and sector selection.

Total Returns
for Periods ending March 31, 2016

	Duration (years)	Yield to Maturity	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception
City of Los Altos	1.79	0.97%	0.98%	1.11%	0.78%	0.83%	0.82%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.82	0.74%	0.90%	0.92%	0.77%	0.87%	0.85%

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 Earnings Analysis

Portfolio Earnings Analysis

As of March 31, 2016

	Q1 2015	Q2 2015	Q3 2015	Q1 2016	Past Year
<i>Total Interest and Realized Gain/Loss</i>	57,006	74,850	73,779	102,055	307,690
<i>+ Change in market value</i>	(21,842)	29,255	(173,293)	237,716	71,836
<i>= Total Return \$</i>	35,164	104,105	(99,514)	339,771	379,526
<i>Total Return %</i>	0.12%	0.33%	-0.31%	0.98%	1.11%

Notes:

- Performance on trade-date basis, gross (i.e., before fees) in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Quarterly returns are presented on an unannualized basis.

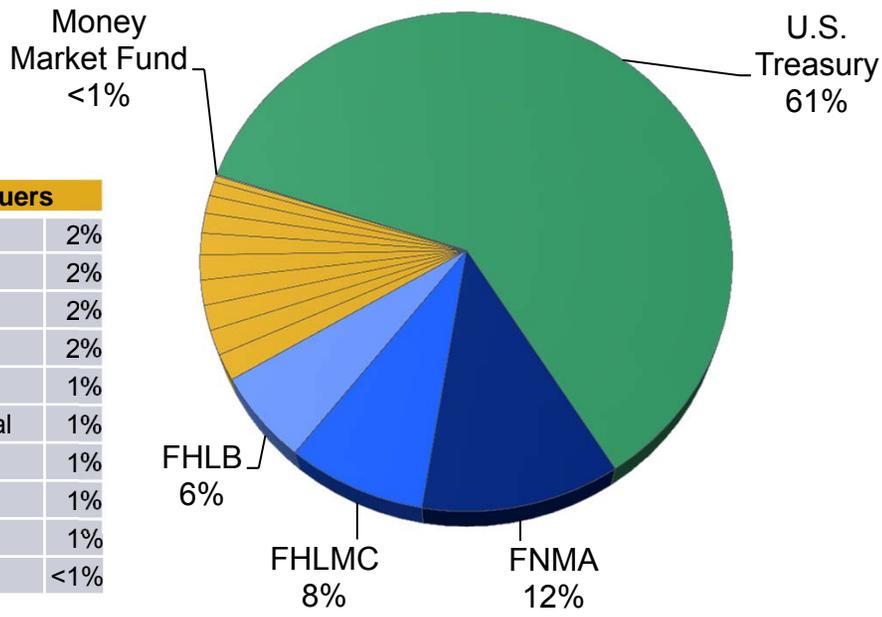
Portfolio Holdings in Compliance with California Code and City's Investment Policy

Security Type	Market Value as of March 31, 2016	Percent of Portfolio	% Change vs. 12/31	Permitted by Policy	In Compliance
U.S. Treasury	\$23,703,724	61%	+1%	100%	✓
Federal Agencies	\$9,955,185	26%	+3%	100%	✓
Commercial Paper	\$0	0%	-3%	15%	✓
Corporate Notes	\$5,198,767	13%	-1%	15%	✓
Money Market Fund	\$34,600	<1%	-	20%	✓
Total	\$38,892,276				

City's Holdings Maintain Highest Credit Quality

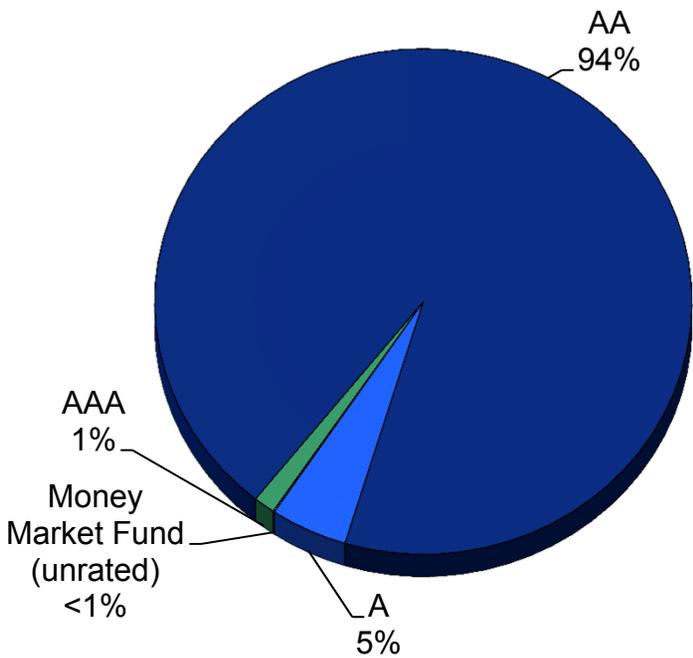
- The City's portfolio continues to be well diversified by both sector and issuer.

Issuer Distribution



Corporate Issuers	
GE Capital	2%
Wells Fargo	2%
Apple	2%
JP Morgan Chase	2%
U.S. Bank	1%
John Deere Capital	1%
Exxon Mobil	1%
Chevron	1%
IBM	1%
Cisco Systems	<1%

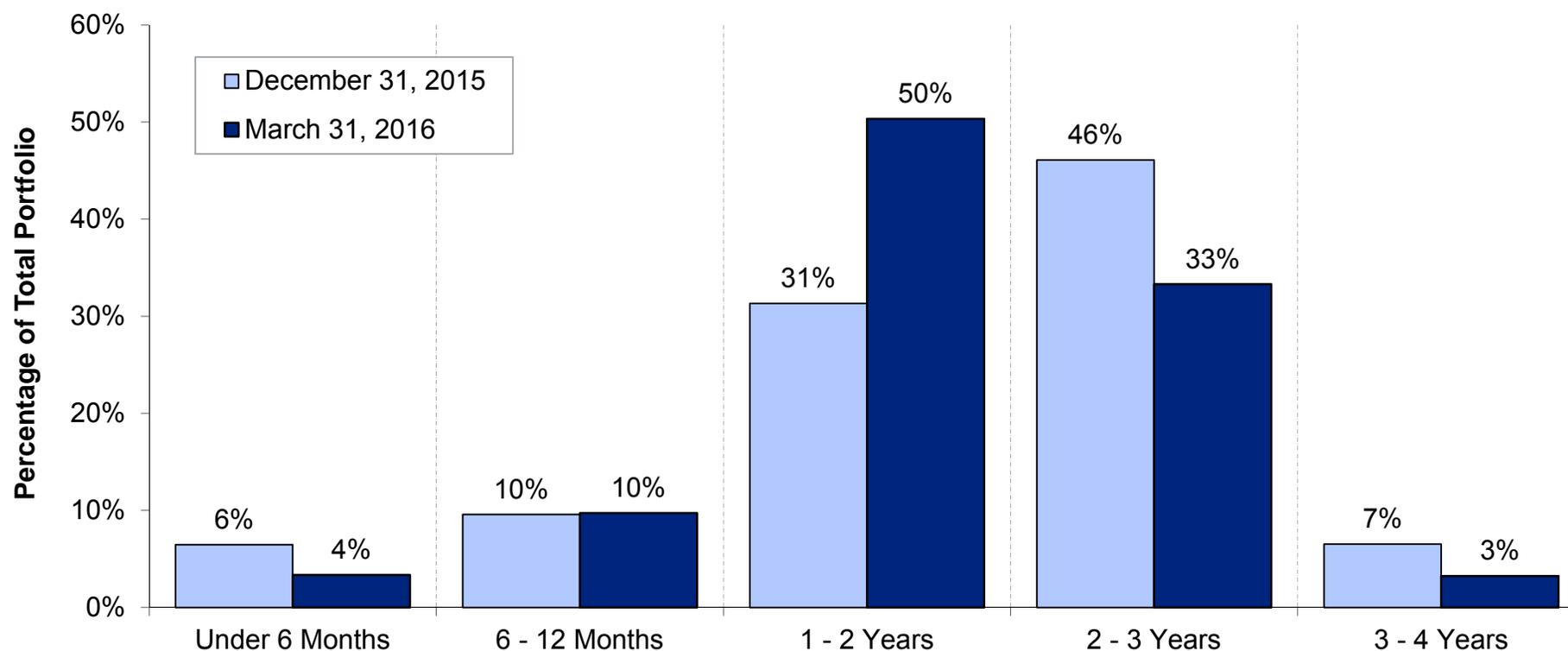
Credit Quality



Notes:
 • As of March 31, 2016
 • Standard & Poor's Ratings

Maturity Distribution

- Although the majority of new purchases during the quarter were in the 2-3 year range, the 1-2 year range increased by 29% as securities rolled down the yield curve.

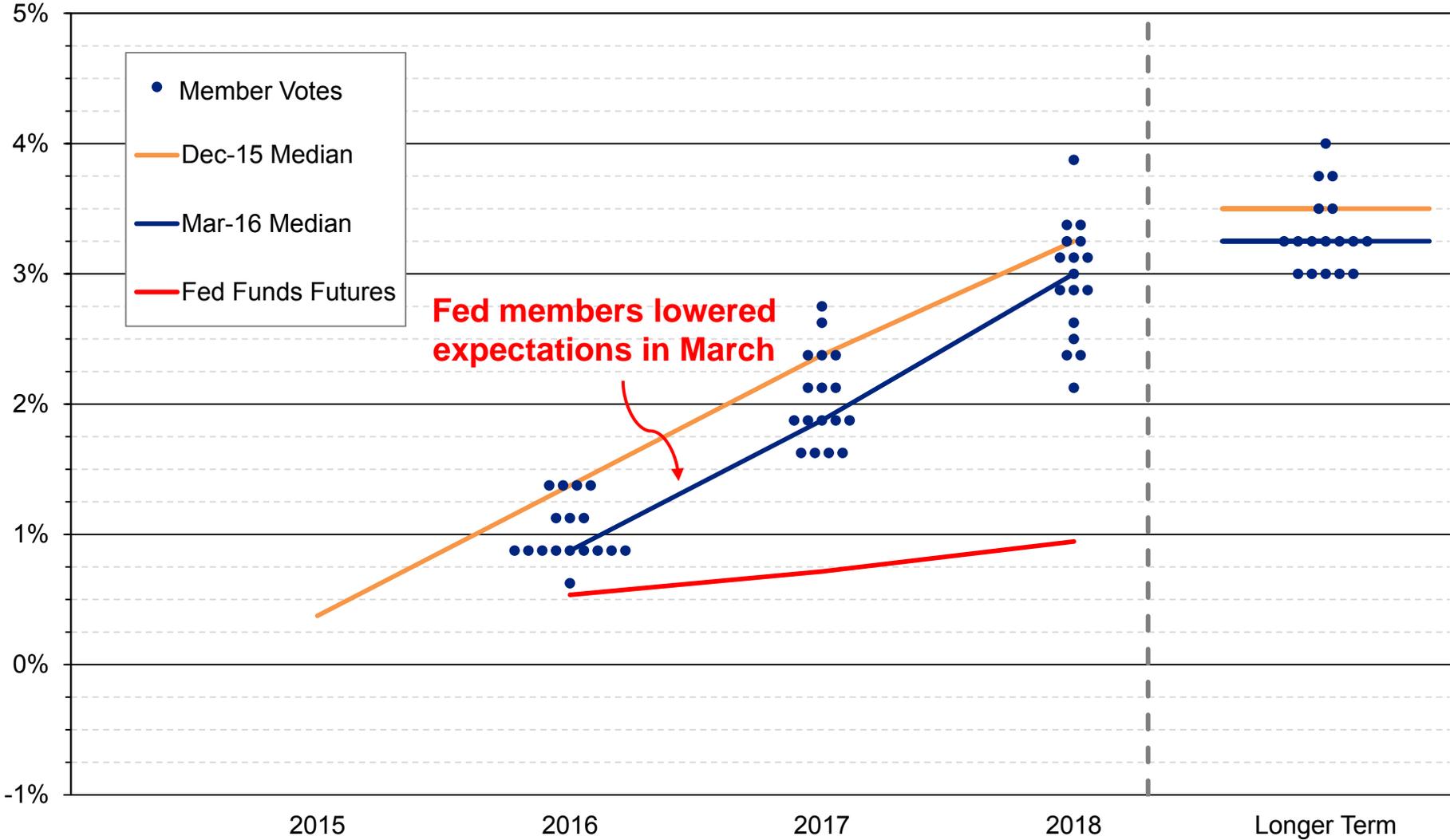


Note: Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Current Outlook and Strategy

- We expect the U.S. economy to expand at a moderate pace in 2016 as consumer spending continues to drive positive growth. Outside the U.S., economic prospects are more challenged due to weak commodity prices, slowing growth in China, and various geopolitical risks. The market's concerns about the strength of the global economy will likely keep interest rates lower than previously expected.
- The economic projections released following the FOMC's March meeting indicated that FOMC participants believe that appropriate monetary policy warrants only two fed fund hikes in 2016, not four hikes as was projected in December.
 - Given the likelihood that rates will not move significantly higher in the near-term, we will position the maturity distribution of the City's portfolio to generally match the distribution of the benchmark, except where shifting to short-term credit securities offers better value.
- Because of narrowed yield spreads, federal agencies currently have less appeal relative to comparable-maturity U.S. Treasuries. We will monitor the yield relationship and take advantage of any opportunities that arise — opportunities are most likely to occur with newly-issued federal agency securities.
- Our strategy continues to favor credit sectors, including corporates notes, commercial paper, and negotiable CDs. We believe the best opportunities are currently with issuers in the financial industry, where capital is strong and spreads are wide. We are also watching the industrial sector, but are being more selective when making investments in industrial companies, especially those with exposure to energy or to slowing overseas economies.
- Yields on commercial paper and negotiable CDs adjusted to the new level of short term rates in December, and have remained very attractive alternatives to short term government options. We will utilize these sectors to execute our duration and yield curve strategy, although supply constraints, may hinder availability.

FOMC “Dot Plot” from March Meeting



Source: FOMC; Fed Funds Futures as of 3/31/2016. Individual dots represent each of the 17 FOMC members' judgment of the midpoint of the appropriate target range for the federal funds rate.

Market Expectations for Fed Rate Hike

- Fed funds futures indicate the market's expectations for a rate hike this year have dropped dramatically.
- At the end of 2015, the expectation for a rate hike in June 2016 was 74%. After the rough start to 2016, this expectation has decreased to 20%. The probability for a rate hike does not increase above 50% until the December 2016 meeting.

Market Expectations for a Federal Funds Target Rate Hike December 31, 2015 vs. March 31, 2016

Meeting	Prob Of Hike	Meeting	Prob Of Hike
01/27/2016	0.0%	04/27/2016	0.0%
03/16/2016	50.8%	06/15/2016	20.0%
04/27/2016	56.3%	07/27/2016	32.8%
06/15/2016	74.5%	09/21/2016	40.9%
07/27/2016	78.8%	11/02/2016	44.7%
09/21/2016	86.5%	12/14/2016	54.4%
11/02/2016	89.4%	02/01/2017	58.2%
12/14/2016	93.3%		
02/01/2017	95.0%		

Source: Bloomberg

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 **March 31, 2016**

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 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	751,977.64	751,787.25
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	2,390.63	650,138.44	651,548.95
US TREASURY NOTES DTD 06/01/2010 2.750% 05/31/2017	912828NG1	1,750,000.00	AA+	Aaa	01/25/16	01/25/16	1,795,664.06	0.80	16,173.16	1,789,486.88	1,792,040.25
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	2,005,651.82	2,004,922.00
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	1,990.38	1,048,412.06	1,050,984.90
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	607.49	721,631.37	723,215.78
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	796.02	948,466.76	947,662.05
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	993,938.19	998,398.00
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	1,895.60	998,009.57	1,000,352.00
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,250,000.00	AA+	Aaa	03/29/16	03/29/16	1,248,193.36	0.83	2,369.51	1,248,201.86	1,250,440.00
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	840,000.00	AA+	Aaa	12/29/14	12/31/14	831,534.38	1.21	1,231.73	834,934.33	842,165.52
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,250,000.00	AA+	Aaa	12/28/15	12/30/15	1,243,847.66	1.11	1,832.93	1,244,593.25	1,253,222.50
US TREASURY NOTES DTD 01/31/2011 2.625% 01/31/2018	912828PT1	1,750,000.00	AA+	Aaa	01/25/16	01/25/16	1,809,199.22	0.93	7,698.32	1,803,839.92	1,809,951.50
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	400,000.00	AA+	Aaa	04/29/15	04/30/15	396,437.50	0.93	1,050.82	397,520.09	398,812.40



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2016**

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	1,400,000.00	AA+	Aaa	01/25/16	01/25/16	1,389,226.56	0.97	3,677.88	1,390,095.74	1,395,843.40
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	1,475,206.59	1,481,914.80
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	1,500,000.00	AA+	Aaa	10/08/15	10/09/15	1,519,218.75	0.94	56.35	1,516,167.20	1,521,211.50
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	1,250,000.00	AA+	Aaa	11/05/15	11/09/15	1,252,539.06	1.18	5,251.02	1,252,219.20	1,263,916.25
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	1,175,000.00	AA+	Aaa	12/01/15	12/04/15	1,184,959.96	1.22	4,454.67	1,183,922.43	1,196,159.40
US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	775,000.00	AA+	Aaa	03/02/16	03/04/16	788,441.41	1.05	34.41	788,114.09	791,771.78
US TREASURY NOTES DTD 06/02/2014 1.500% 05/31/2019	912828WL0	500,000.00	AA+	Aaa	03/30/16	03/31/16	508,046.88	0.98	2,520.49	508,040.07	508,945.50
Security Type Sub-Total		23,440,000.00					23,554,032.44	0.92	68,458.15	23,550,567.50	23,635,265.73
Federal Agency Bond / Note											
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	1,275,308.69	1,274,931.15
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	1,000,343.96	1,000,470.00
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	1,399,082.17	1,398,447.40
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	1,002,565.79	1,003,613.00
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	1,825,000.00	AA+	Aaa	03/02/16	03/04/16	1,821,350.00	0.97	133.07	1,821,479.06	1,828,102.50
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	4,303.13	848,873.35	855,925.35



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2016**

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											
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	1,825,000.00	AA+	Aaa	02/19/16	02/23/16	1,820,693.00	1.08	1,774.31	1,820,841.68	1,829,036.90
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	750,000.00	AA+	Aaa	03/29/16	03/29/16	750,502.50	1.10	234.38	750,501.62	752,944.50
Security Type Sub-Total		9,925,000.00					9,920,671.75	0.84	11,714.68	9,918,996.32	9,943,470.80
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	623,800.61	628,670.00
CISCO SYSTEMS INC CORP NOTE DTD 02/29/2016 1.400% 02/28/2018	17275RBA9	160,000.00	AA-	A1	02/22/16	02/29/16	160,000.00	1.40	192.89	160,000.00	161,347.52
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	623,486.69	627,493.75
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	450,978.41	451,602.45
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	500,151.08	502,245.50
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	652,315.91	657,997.60
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	619,644.43	626,288.13
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	1,338.75	539,567.25	545,091.12
IBM CORP NOTE DTD 02/12/2014 1.950% 02/12/2019	459200HT1	350,000.00	AA-	Aa3	02/17/16	02/22/16	353,307.50	1.62	928.96	353,189.51	356,408.85
Security Type Sub-Total		4,525,000.00					4,522,064.05	1.53	14,068.44	4,523,133.89	4,557,144.92



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2016**

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												
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	626,197.96	626,388.75
Security Type Sub-Total			625,000.00					628,031.25	0.85	1,164.93	626,197.96	626,388.75
Managed Account Sub-Total			38,515,000.00					38,624,799.49	0.97	95,406.20	38,618,895.67	38,762,270.20
Securities Sub-Total			\$38,515,000.00					\$38,624,799.49	0.97%	\$95,406.20	\$38,618,895.67	\$38,762,270.20
Accrued Interest												\$95,406.20
Total Investments												\$38,857,676.40