

Date: February 7, 2017
To: Mayor and City Council
From: City Manager
By: Acting Director of Finance
Subject: 2016 Fourth Quarter Investment Report

In accordance with California Government Code and the City's Statement of Investment Policy, I am transmitting for review the quarterly investment report for the period of October 1 – December 31, 2016 (4Q2016). The City's Investment Advisory Committee (IAC) reviewed this report (but took no formal action) during their quarterly meeting on January 23, 2017. The attached report provides a summary of market and economic conditions, the composition of the City's portfolio, investment performance and investment strategy. Monthly summaries of the City's investments managed by PFM along with the quarterly reports are posted on the City of Hayward website at: <http://www.hayward-ca.gov/your-government/documents/investment-reports>.

The City's investment portfolio (pooled cash) totaled a market value of \$250.2 million as of December 31, 2016. The investments held at the end of 4Q2016 included \$118.1 million invested through the City's investment advisor, The PFM Group; \$109.9 million on deposit in the Local Agency Investment Fund (LAIF); and \$22.2 million in the City's general checking account.

Interest earned during 4Q2016 on the City's portfolio managed by the PFM Group (excluding LAIF and cash accounts) totaled \$348,545. The portfolio outperformed the City's benchmark used for comparison (1-3 Year U.S. Treasury Index) – by 10 basis points for the quarter and 20 basis points for the one year period from December 31, 2015 to December 31, 2016. Funds on deposit with LAIF earned 0.68% during 4Q2016. The balance held in the City's general checking account does not earn interest.

Attachments:

Fourth Quarter 2016 Performance Investment Report by The PFM Group
Fourth Quarter 2016 LAIF Performance Report



PFM Asset Management LLC

CITY OF HAYWARD

Investment Performance Review For the Quarter Ended December 31, 2016

Client Management Team

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Market Update

U.S. Economic & Market Highlights

Over the Last 12 Months



Economy Grew
\$534 billion



Jobs Created
2.3 million



New Vehicles Sold
17.4 million



New Homes Sold
561 thousand

Economic Highlights



Consumer Confidence
Highest since 2001



Jobless Claims
Lowest since 1974



Consumer Prices
Highest since 2014



Housing Prices
Record high

Market Highlights



Equities
Record high



2-Yr Treasury Yield
Highest since 2011

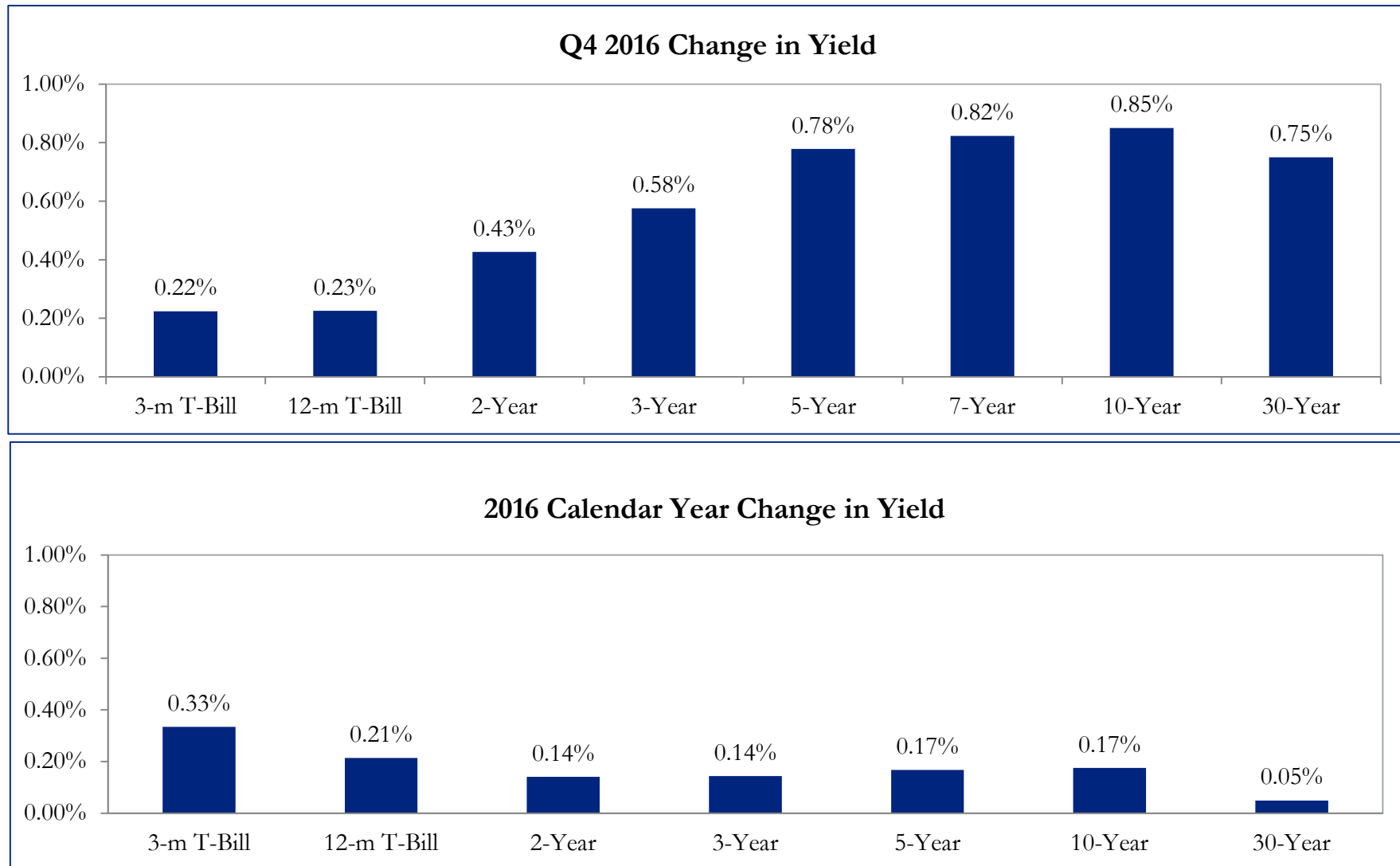


US Dollar
Highest since 2003



Oil
Highest since 2015

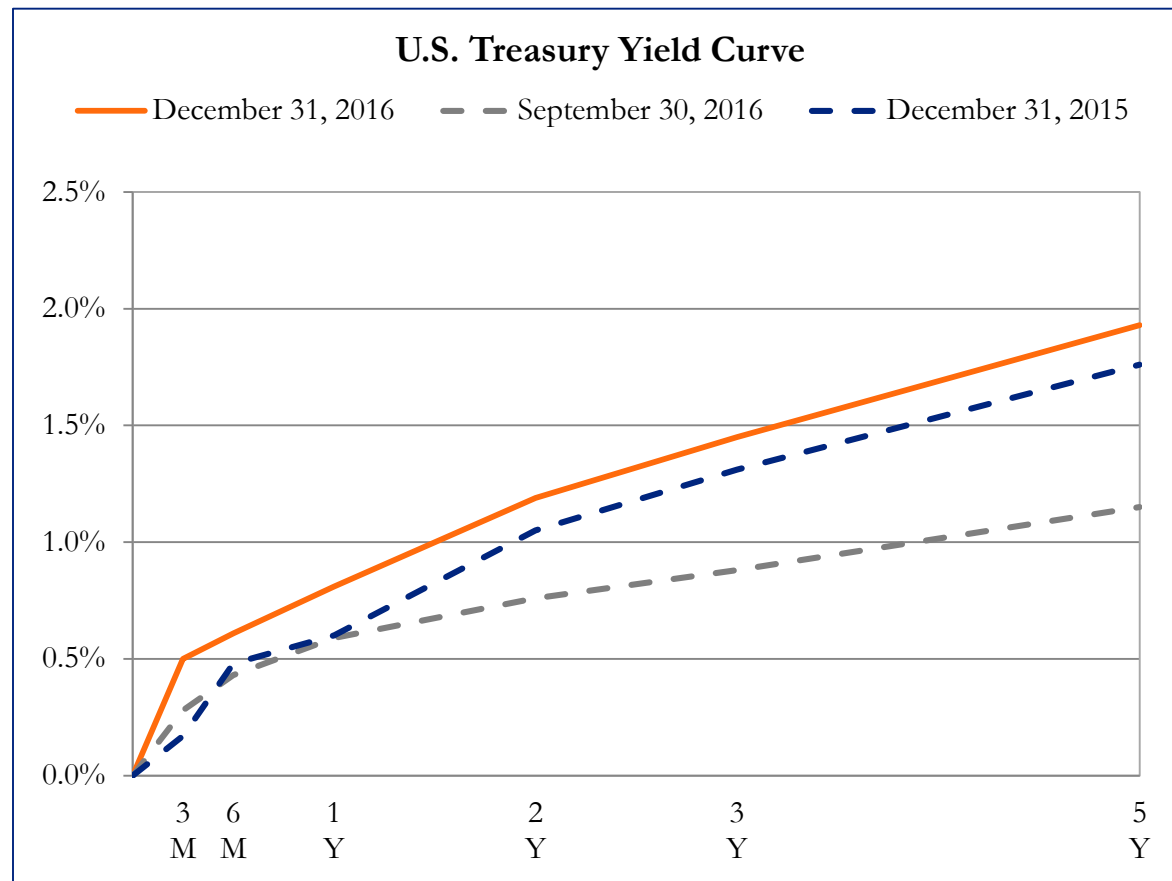
U.S. Treasury Yields Rose Sharply in the Fourth Quarter



Source: Bloomberg

Yields Increase Across the Board

- Treasury rates have surged following the U.S. elections, with the longer end rising substantially over higher inflation expectations from the President-elect's proposed fiscal policies.
- As a result, the yield curve has steepened significantly, even when compared to a year ago.



Yield Curve History

	12/31/15	09/30/16	12/31/16
1-Mo.	0.13%	0.19%	0.42%
3-Mo.	0.17%	0.28%	0.50%
6-Mo.	0.48%	0.43%	0.61%
1-Yr.	0.60%	0.59%	0.81%
2-Yr.	1.05%	0.76%	1.19%
3-Yr.	1.31%	0.88%	1.45%
5-Yr.	1.76%	1.15%	1.93%

Source: Bloomberg

Corporate Sector Still Offers Value

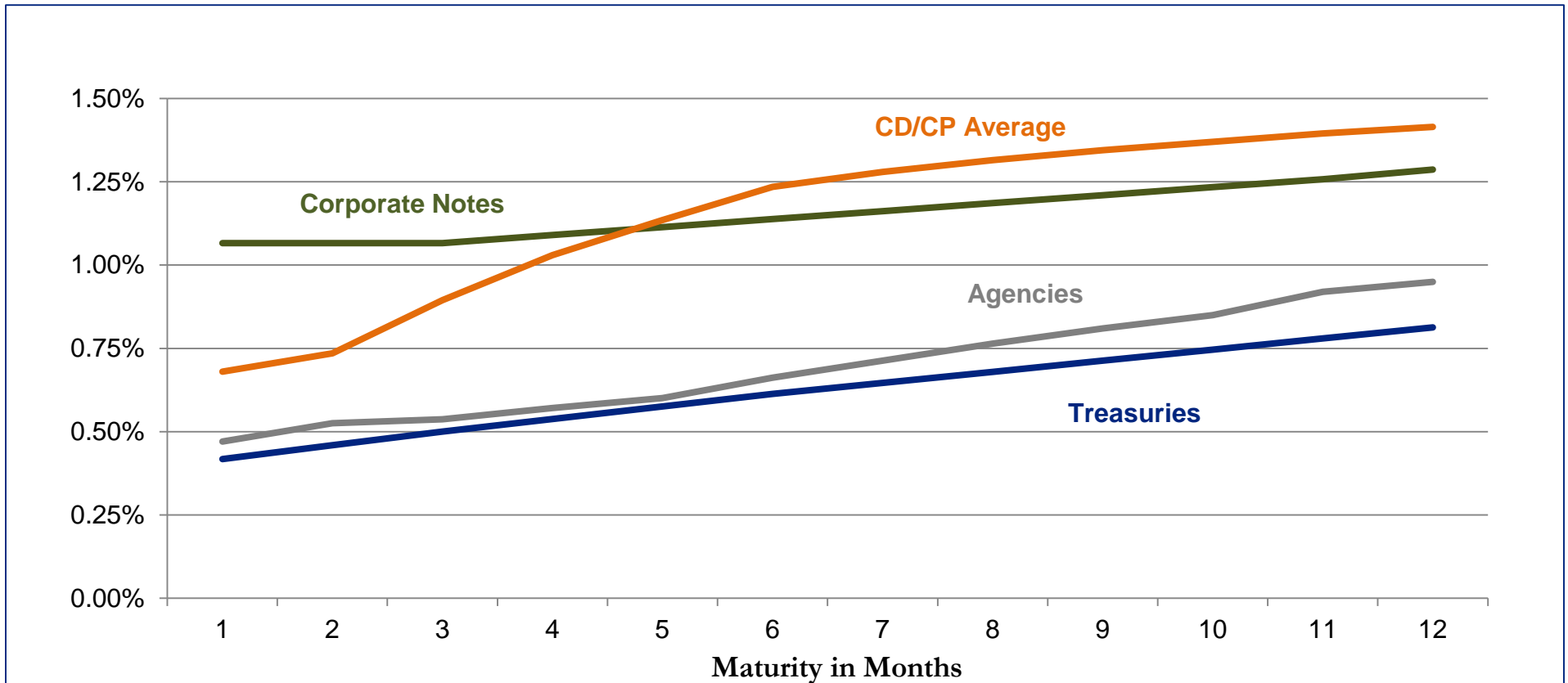
- Valuations remained fair-to-modestly-expensive amid tight yield spread levels.
- The sector once again outperformed comparable-maturity Treasuries during the quarter, finishing its strongest year of relative performance since 2012.



Source: Based on BofA Merrill Lynch 1-5 Year Corporate Indexes. As of 12/31/16. OAS is option-adjusted spread.

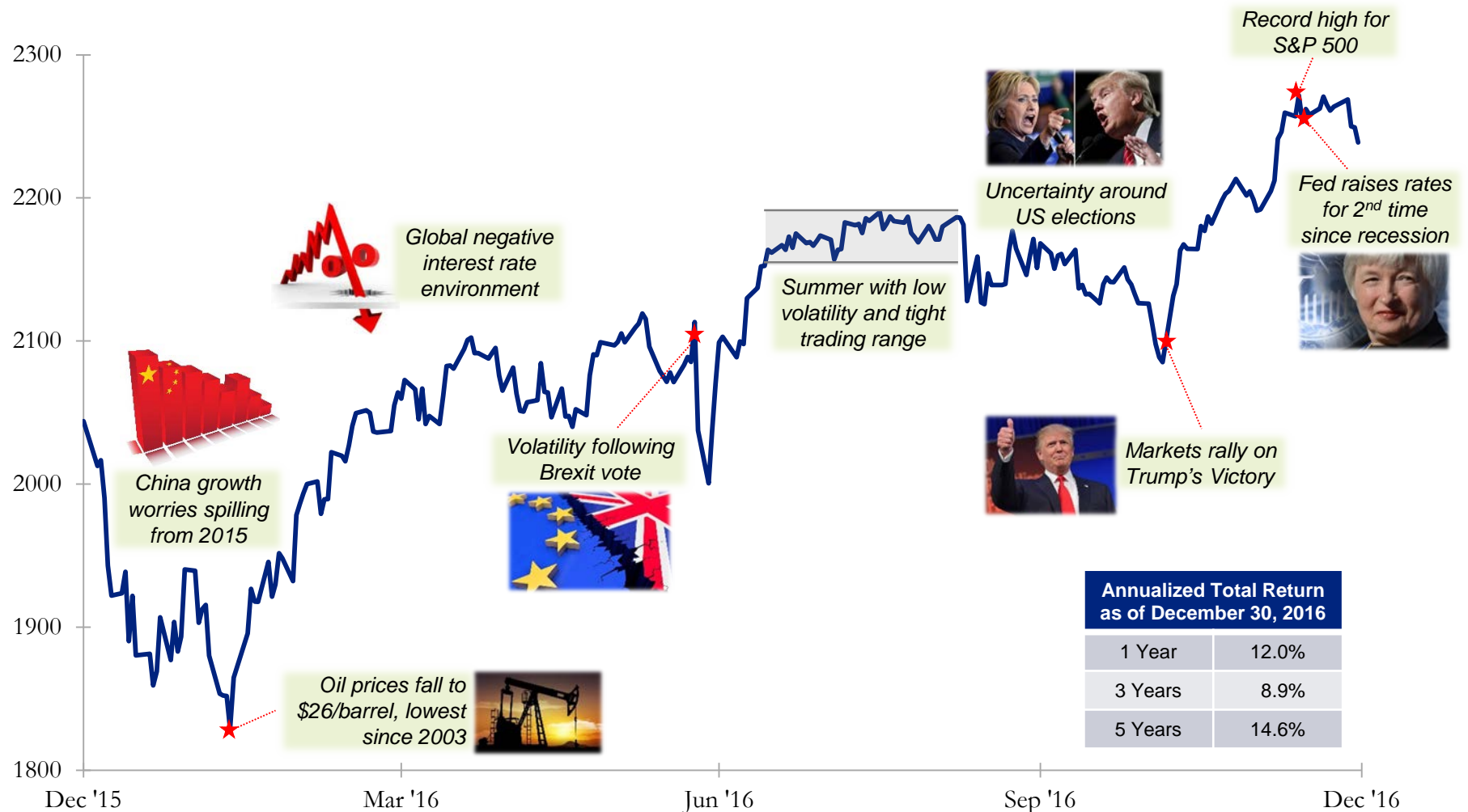
Money Market Yield Curves

- SEC-imposed money market reforms, which became effective in October 2016, caused a significant shift in assets from prime funds (which typically purchase short credit instruments) to government-only funds.
- As a result, yield spreads widened sharply, especially in the 6-12 month area of the curve, making corporate notes, commercial paper and negotiable bank CDs attractive alternatives to Treasury bills and short-term agencies.



Source: Bloomberg and PFMAM Trading Desk.

S&P 500 Closes 2016 on a Strong Note



Source: Bloomberg

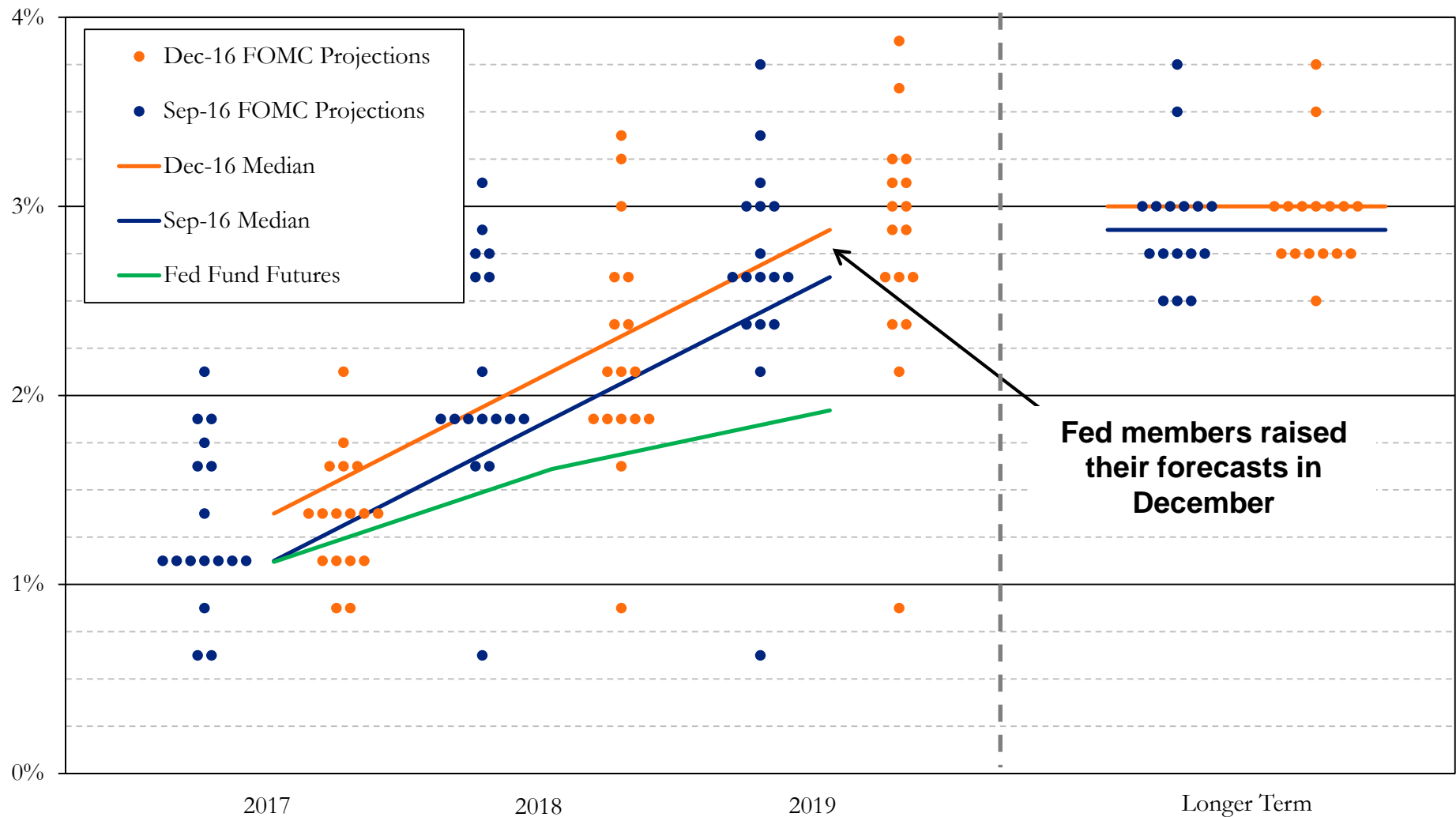
FOMC Increase Target Rate

December

14

- Information received since the FOMC met in November indicates that the **labor market has continued to strengthen** and that **economic activity has been expanding at a moderate pace** since mid-year.
- **Job gains have been solid** in recent months and the **unemployment rate has declined**.
- **Inflation has increased somewhat since earlier this year** but is still below the Committee's 2 percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports.
- In view of realized and expected labor market conditions and inflation, **the Committee decided to raise the target range for the federal funds rate to 0.50 – 0.75%.**
- The stance of monetary policy **remains accommodative**, thereby supporting further strengthening in labor market conditions and a return to 2 percent inflation.
- **All 10 voting members of the FOMC supported the monetary policy action.**

FOMC “Dot Plot”



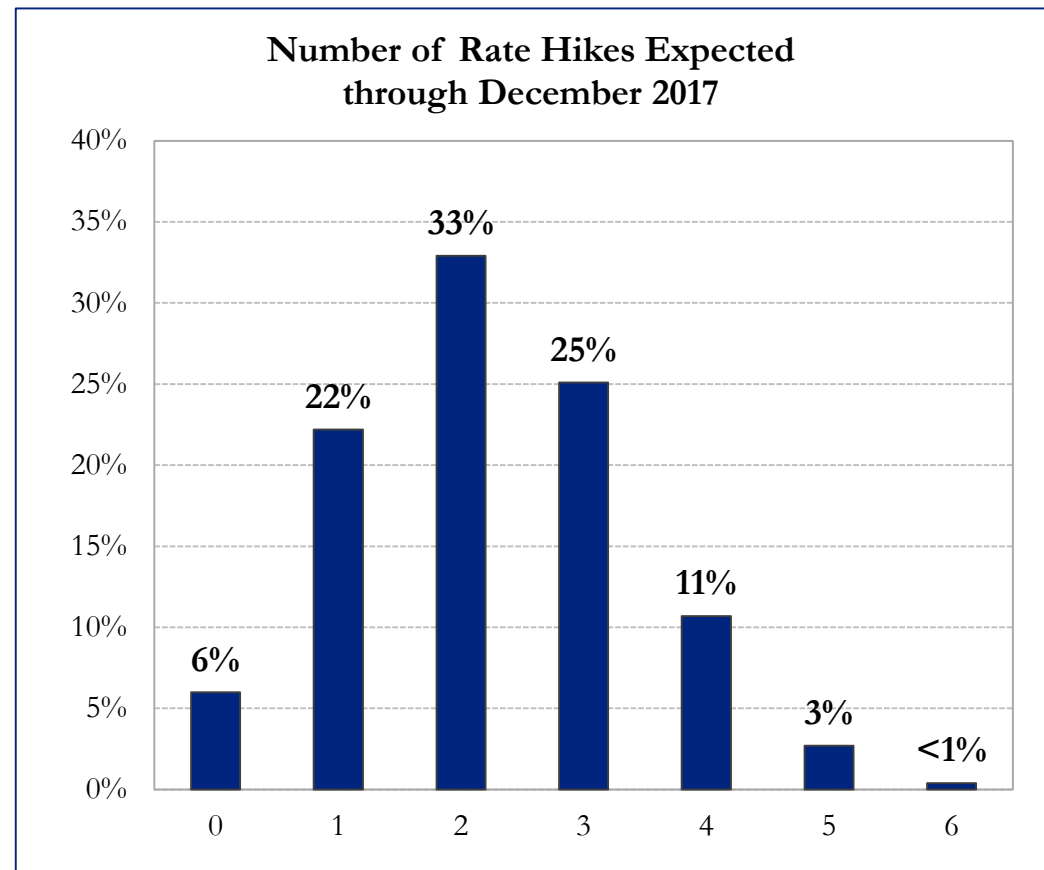
Source: Federal Reserve and Bloomberg; Fed Funds Futures as of 12/30/16. Individual dots represent each of the 17 FOMC members' judgment of the midpoint of the appropriate target range for the federal funds rate.

Probability of a Fed Rate Hike

- Market-implied probabilities indicate that there is a 12.4% chance of the Fed raising rates at their February 1st meeting. Additionally, the market has also priced in a roughly 33% chance of two further rate hikes in 2017.

Probability of At Least One Rate Hike

Meeting	12/30/16
2/1/17	12.4%
3/15/17	31.3%
5/3/17	42.0%
6/14/17	70.8%
7/27/17	74.5%
9/20/17	85.2%
11/1/17	87.7%
12/13/17	94.0%



Source: Bloomberg WIRP



Investment Strategy

Portfolio Recap

- For much of the past year, we maintained a duration position generally neutral to the City's performance benchmark.
- Federal agency yield spreads continued to tighten over the quarter, erasing much of the value seen off and on during the year. The agency purchases this quarter were generally new issues that came to market with yield concessions that offered more reasonable value.
- We maintained existing holdings of asset-backed securities seeking incremental income and further portfolio diversification.
- Increased allocation to Corporate sector, per the request of the investment committee.
 - 5% increase of allowable exposure limit for two consecutive quarters (4Q16 and 1Q17).
 - New maximum corporate exposure will be 15% of total assets under management.

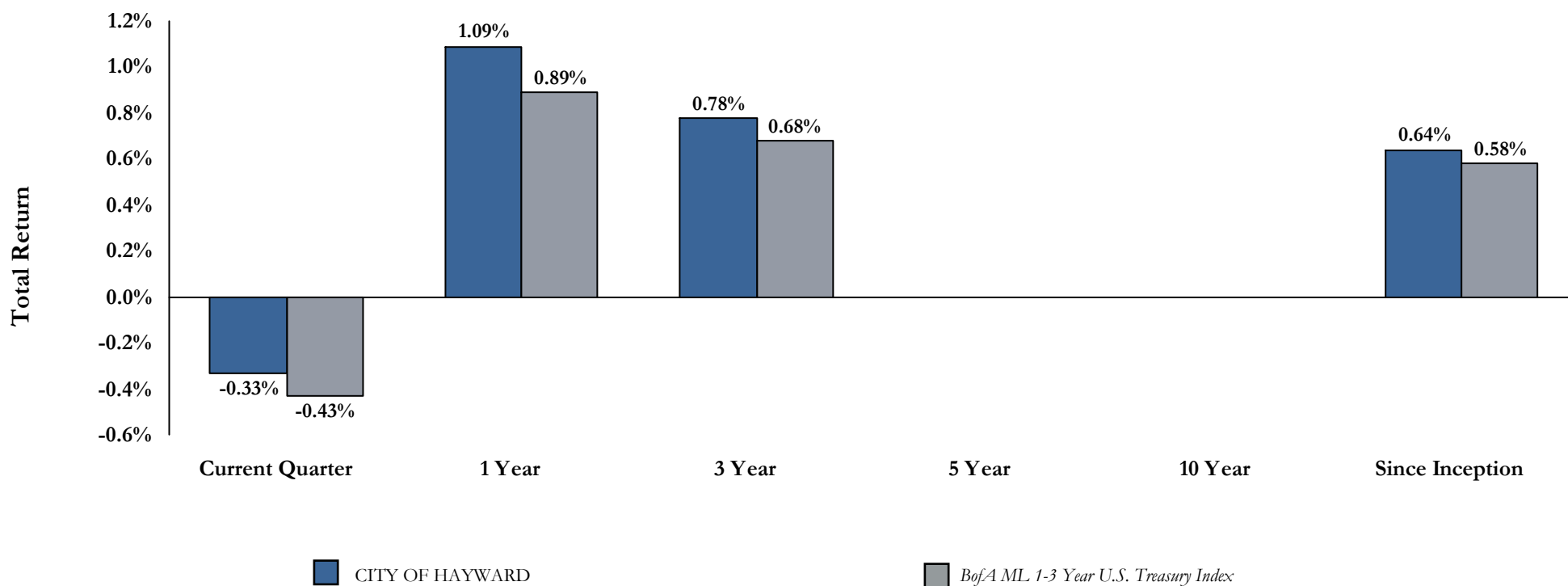
Trade Date	Transaction	Issuer	Maturity	Par Value	Yield
11/14/16	Buy	Pfizer Inc Corp Note	12/15/19	\$200,000	1.73%
11/18/16	Buy	Pfizer Inc Corp Note	12/15/19	\$395,000	1.72%
12/1/16	Buy	Nordea Bank Finland NY CD	11/30/18	\$1,200,000	1.74%
12/1/16	Buy	Canadian Imperial Bank NY CD	11/30/18	\$1,200,000	1.78%
12/8/16	Buy	Goldman Sachs Group	12/13/19	\$600,000	2.33%



Investment Performance Review

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return			Since Inception (09/30/12) *
				3 Year	5 Year	10 Year	
CITY OF HAYWARD	1.80	-0.33%	1.09%	0.78%	-	-	0.64%
BofA ML 1-3 Year U.S. Treasury Index	1.82	-0.43%	0.89%	0.68%	-	-	0.58%
Difference		0.10%	0.20%	0.10%	-	-	0.06%

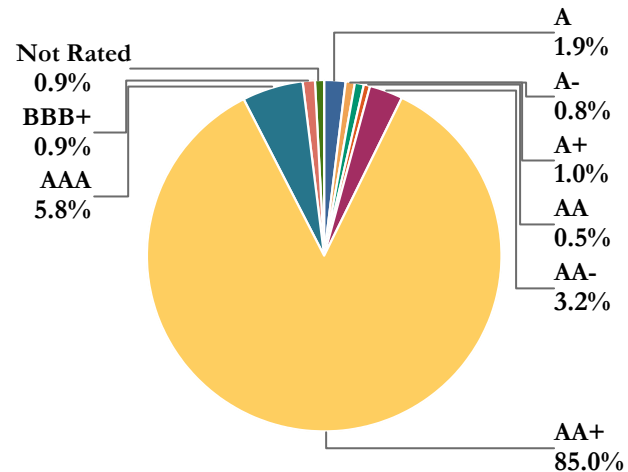
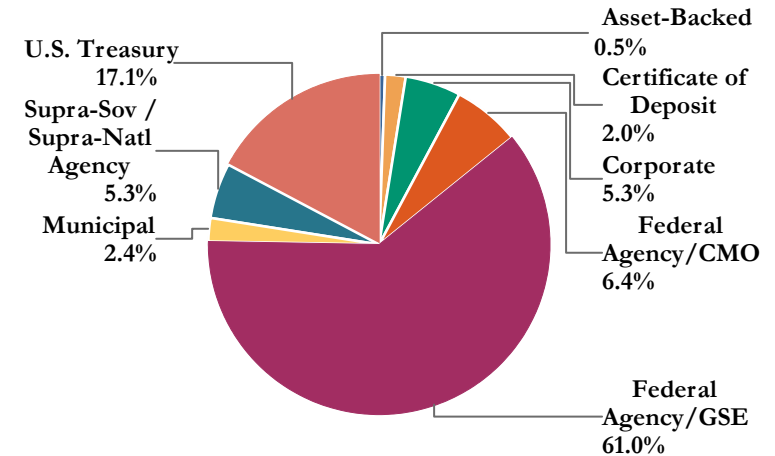
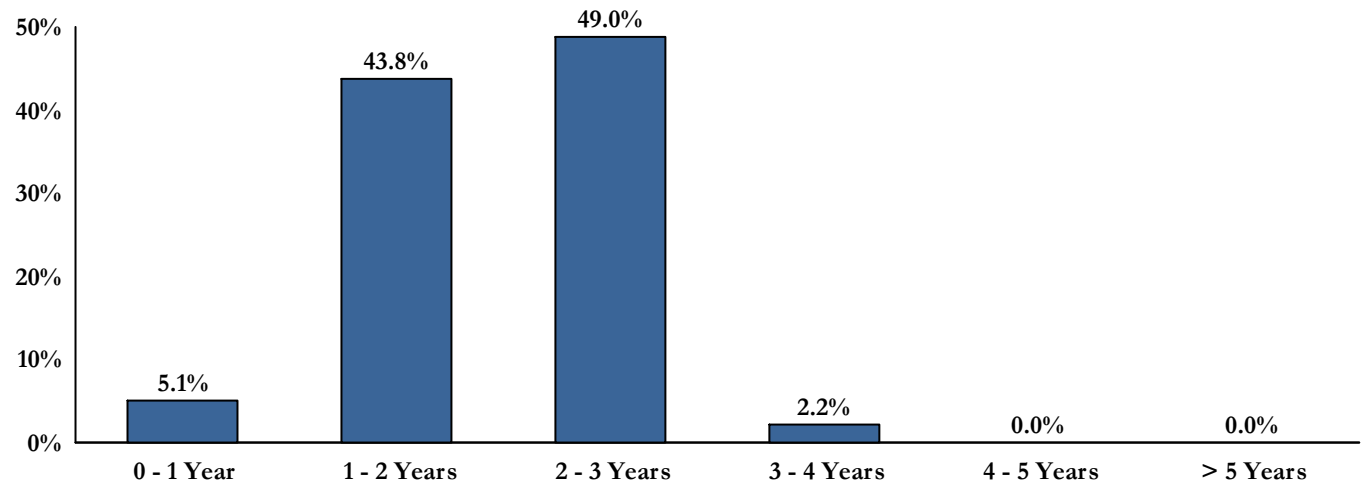


Portfolio performance is gross of fees unless otherwise indicated. *Since Inception performance is not shown for periods less than one year.

Portfolio Statistics

As of December 31, 2016

Par Value:	120,534,036
Total Market Value:	120,548,856
Security Market Value:	120,252,587
Accrued Interest:	296,269
Cash:	-
PFM	-
Amortized Cost:	120,700,124
Yield at Market:	1.27%
Yield at Cost:	1.07%
Effective Duration:	1.80 Years
Duration to Worst:	1.90 Years
Average Maturity:	1.95 Years
Average Credit: *	AA

Credit Quality (S&P Ratings)**Sector Allocation****Maturity Distribution**

* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

<u>Security Type¹</u>	<u>December 31, 2016</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>	<u>In Compliance</u>
U.S. Treasury (Notes)	\$20,657,753	8%	100%	☑
Federal Agency (Non-Callable)	\$73,537,642	29%	100%	☑
Asset-Backed Securities	\$8,290,443	3%	20%	☑
Supranationals	\$6,347,042	3%	30%	☑
Medium-Term Corporate Notes	\$6,414,329	3%	30%	☑
Municipal	\$2,879,110	1%	20%	☑
LAIF	\$109,893,507	44%	\$195 million ²	☑
Cash Deposits	\$22,189,121	9%	100%	☑
Totals	\$250,208,948	100%		

1. End of quarter trade-date market values of portfolio holdings.

2. Maximum allowable LAIF balance of \$65 million per account

Detail may not add to total due to rounding.

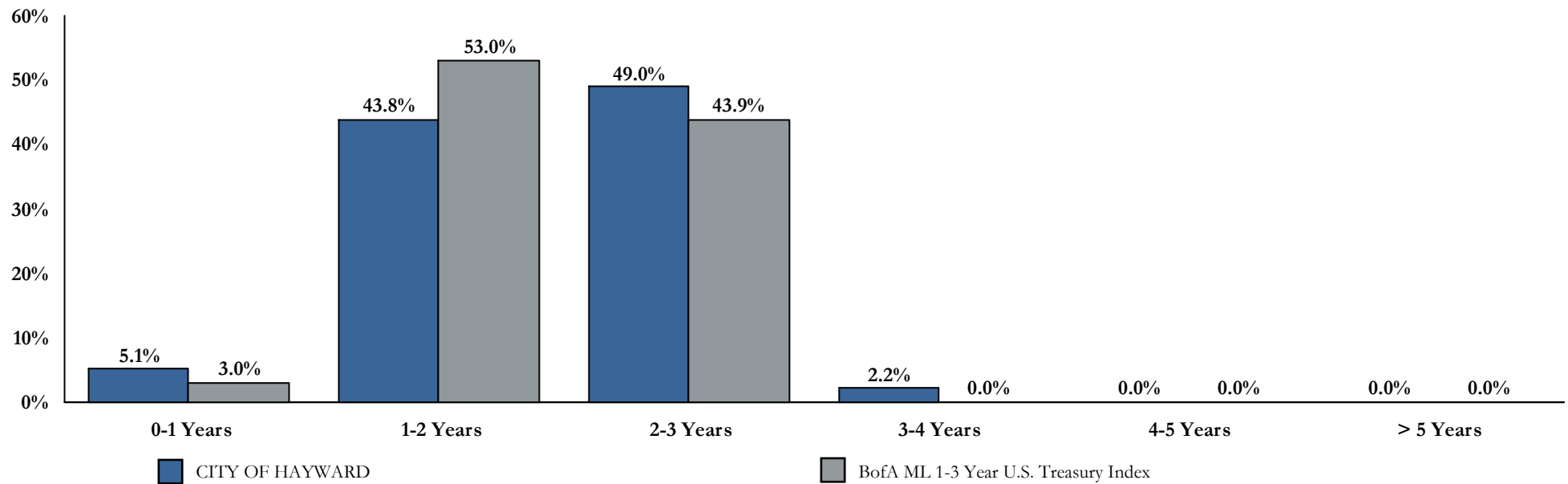
Portfolio Earnings
Quarter-Ended December 31, 2016

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value (09/30/2016)	\$121,244,824.98	\$120,976,260.61
Net Purchases/Sales	(\$240,719.75)	(\$240,719.75)
Change in Value	(\$751,518.60)	(\$35,417.32)
Ending Value (12/31/2016)	\$120,252,586.63	\$120,700,123.54
Interest Earned	\$348,545.52	\$348,545.52
Portfolio Earnings	(\$402,973.08)	\$313,128.20

Maturity Distribution

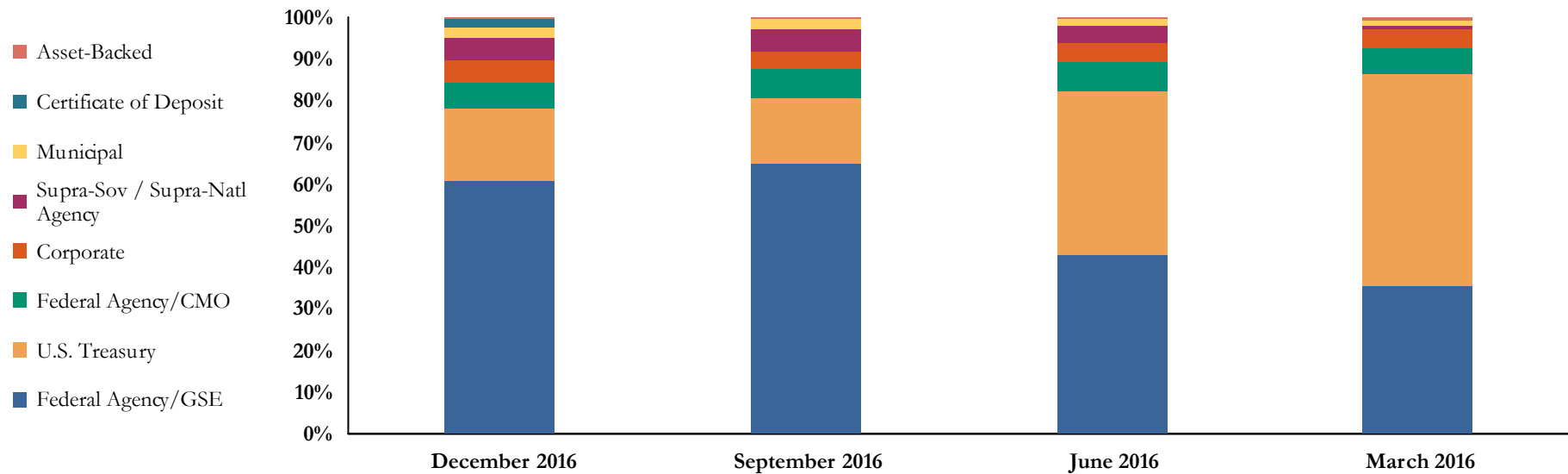
As of December 31, 2016

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF HAYWARD	1.27%	1.95 yrs	5.1%	43.8%	49.0%	2.2%	0.0%	0.0%
BofA ML 1-3 Year U.S. Treasury Index	1.18%	1.94 yrs	3.0%	53.0%	43.9%	0.0%	0.0%	0.0%



Sector Allocation

Sector	December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	73.4	61.0%	78.7	64.9%	52.7	43.2%	43.6	35.8%
U.S. Treasury	20.6	17.1%	19.2	15.9%	47.8	39.2%	61.5	50.5%
Federal Agency/CMO	7.7	6.4%	8.1	6.7%	8.4	6.9%	7.8	6.4%
Corporate	6.4	5.3%	5.2	4.3%	5.3	4.3%	5.2	4.3%
Supra-Sov / Supra-Natl Agency	6.3	5.3%	6.4	5.3%	5.2	4.3%	1.0	0.8%
Municipal	2.9	2.4%	2.9	2.4%	1.8	1.5%	1.9	1.6%
Certificate of Deposit	2.4	2.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Asset-Backed	0.6	0.5%	0.6	0.5%	0.7	0.6%	0.7	0.6%
Total	\$120.3	100.0%	\$121.2	100.0%	\$121.8	100.0%	\$121.7	100.0%



Detail may not add to total due to rounding. ©

Sector/Issuer Distribution

As of December 31, 2016

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
FORD CREDIT AUTO OWNER TRUST	620,213	100.0%	0.5%
Sector Total	620,213	100.0%	0.5%
Certificate of Deposit			
CANADIAN IMPERIAL BANK OF COMMERCE	1,209,684	50.0%	1.0%
NORDEA BANK AB	1,209,684	50.0%	1.0%
Sector Total	2,419,368	100.0%	2.0%
Corporate			
BANK OF NEW YORK CO INC	1,050,443	16.4%	0.9%
CITIGROUP INC	463,245	7.2%	0.4%
EXXON MOBIL CORP	649,846	10.2%	0.5%
GOLDMAN SACHS GROUP INC	599,319	9.4%	0.5%
JP MORGAN CHASE & CO	897,160	14.0%	0.7%
PFIZER INC	594,439	9.3%	0.5%
TOYOTA MOTOR CORP	889,789	13.9%	0.7%
WELLS FARGO & COMPANY	1,248,503	19.5%	1.0%
Sector Total	6,392,742	100.0%	5.3%
Federal Agency/CMO			

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
FANNIE MAE	7,188,073	93.8%	6.0%
FREDDIE MAC	472,632	6.2%	0.4%
Sector Total	7,660,705	100.0%	6.4%
Federal Agency/GSE			
FANNIE MAE	31,588,008	43.1%	26.3%
FEDERAL HOME LOAN BANKS	37,157,041	50.7%	30.9%
FREDDIE MAC	3,037,657	4.1%	2.5%
TENNESSEE VALLEY AUTHORITY NOTES	1,574,144	2.1%	1.3%
Sector Total	73,356,848	100.0%	61.0%
Municipal			
CA EARTHQUAKE AUTH TXBL REV BOND	1,113,175	38.9%	0.9%
STATE OF CONNECTICUT	1,747,528	61.1%	1.5%
Sector Total	2,860,703	100.0%	2.4%
Supra-Sov / Supra-Natl Agency			
INTER-AMERICAN DEVELOPMENT BANK	1,690,999	26.7%	1.4%
INTL BANK OF RECONSTRUCTION AND DEV	4,639,612	73.3%	3.9%
Sector Total	6,330,611	100.0%	5.3%
U.S. Treasury			
UNITED STATES TREASURY	20,611,398	100.0%	17.1%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Sector Total	20,611,398	100.0%	17.1%
Portfolio Total	120,252,587	100.0%	100.0%

Investment Strategy Outlook

- As 2017 starts with the highest yields in several years, we plan to initially position the portfolio's duration to be aligned with the benchmark.
- Agency yield spreads over Treasuries remain narrow. As a result, our strategy will generally favor U.S. Treasuries over agencies, unless specific issues offer identifiable value.
- Our strategy continues to favor broad allocation to various credit sectors, including corporate notes, commercial paper, and negotiable bank CDs.
 - Yield spreads on corporate securities remain narrow. Identifying incremental return potential in the corporate bond sector requires careful relative value analysis.
 - Yields on commercial paper and negotiable CDs continue to offer significant yield pickup relative to short-term government securities.

Important Disclosures

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.

- Market values which include accrued interest, are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.
- MBS maturities are represented by expected average life.



Transactions & Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
10/3/16	10/5/16	2,175,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	2,174,782.50	1.01%	
10/3/16	10/5/16	1,300,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	1,300,411.67	1.02%	
11/10/16	11/14/16	3,015,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	3,058,115.49	1.06%	
11/14/16	11/21/16	395,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	394,715.60	1.72%	
11/18/16	11/21/16	200,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	199,850.00	1.73%	
12/1/16	12/5/16	1,200,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	1,199,064.00	1.78%	
12/1/16	12/5/16	1,200,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	1,200,000.00	1.74%	
12/1/16	12/5/16	5,850,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	5,860,345.99	1.45%	
12/7/16	12/8/16	2,450,000	3130AAE46	FHLB NOTES	1.25%	1/16/19	2,449,902.00	1.25%	
12/8/16	12/13/16	600,000	38145GAJ9	GOLDMAN SACHS GROUP INC BONDS	2.30%	12/13/19	599,550.00	2.33%	
Total BUY		18,385,000					18,436,737.25		
INTEREST									
10/1/16	10/1/16	6,100,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	5,189.24		
10/1/16	10/15/16	576,292	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	2,161.10		
10/1/16	10/25/16	237,702	3136AMTM1	FNMA SERIES M4 FA	0.74%	9/1/18	127.19		
10/1/16	10/25/16	1,125,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,543.13		
10/1/16	10/25/16	252,107	3136AMMC0	FNMA SERIES 2015-M3 FA	0.75%	6/1/18	137.00		
10/1/16	10/25/16	920,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,368.50		
10/1/16	10/25/16	404,264	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	547.78		
10/1/16	10/25/16	1,683,291	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.90%	4/1/20	1,083.06		
10/1/16	10/25/16	515,000	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	814.59		
10/1/16	10/25/16	385,000	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	1.55%	4/1/18	497.29		
10/1/16	10/25/16	2,010,979	3136ANA98	FNMA SERIES 2015-M10 FA	0.78%	3/1/19	1,143.07		

CITY OF HAYWARD

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
10/15/16	10/15/16	620,000	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	728.50		
10/15/16	10/15/16	1,050,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	6,693.75		
10/15/16	10/15/16	3,550,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	22,631.25		
10/15/16	10/15/16	1,500,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	9,562.50		
10/15/16	10/15/16	13,783	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	9.30		
10/19/16	10/19/16	6,100,000	3135G0E58	FNMA BENCHMARK NOTE	1.12%	10/19/18	34,312.50		
11/1/16	11/15/16	539,387	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	2,022.70		
11/1/16	11/25/16	251,773	3136AMMC0	FNMA SERIES 2015-M3 FA	0.75%	6/1/18	162.99		
11/1/16	11/25/16	403,785	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	547.13		
11/1/16	11/25/16	515,000	3136ASW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	814.59		
11/1/16	11/25/16	234,862	3136AMTM1	FNMA SERIES M4 FA	0.74%	9/1/18	150.02		
11/1/16	11/25/16	920,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,368.50		
11/1/16	11/25/16	1,948,957	3136ANA98	FNMA SERIES 2015-M10 FA	0.78%	3/1/19	1,312.02		
11/1/16	11/25/16	1,681,072	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.90%	4/1/20	1,261.97		
11/1/16	11/25/16	385,000	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	1.55%	4/1/18	497.29		
11/1/16	11/25/16	1,125,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,543.13		
11/13/16	11/13/16	1,715,000	458182DX7	INTER-AMERICAN DEVELOPMENT BANK	1.00%	5/13/19	10,051.81		
11/15/16	11/15/16	620,000	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	728.50		
11/20/16	11/20/16	900,000	89236TDE2	TOYOTA MOTOR CREDIT CORP NOTES	1.40%	5/20/19	6,300.00		
11/22/16	11/22/16	1,050,000	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.60%	5/22/18	8,400.00		
11/30/16	11/30/16	2,905,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	14,525.00		
11/30/16	11/30/16	260,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	1,625.00		
12/1/16	12/15/16	498,215	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	1,868.31		
12/1/16	12/25/16	1,611,437	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.90%	4/1/20	1,209.69		
12/1/16	12/25/16	1,125,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,543.13		
12/1/16	12/25/16	251,467	3136AMMC0	FNMA SERIES 2015-M3 FA	0.75%	6/1/18	186.97		
12/1/16	12/25/16	920,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,368.50		
12/1/16	12/25/16	385,000	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	1.55%	4/1/18	497.29		
12/1/16	12/25/16	1,902,141	3136ANA98	FNMA SERIES 2015-M10 FA	0.78%	3/1/19	1,526.61		
12/1/16	12/25/16	403,344	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	546.53		

CITY OF HAYWARD

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
12/1/16	12/25/16	515,000	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	814.59		
12/1/16	12/25/16	234,633	3136AMTM1	FNMA SERIES M4 FA	0.74%	9/1/18	169.10		
12/7/16	12/7/16	465,000	172967KS9	CITIGROUP INC CORP NOTES	2.05%	6/7/19	4,713.29		
12/15/16	12/15/16	1,500,000	880591CU4	TENNESSEE VALLEY AUTHORITY NOTES	6.25%	12/15/17	46,875.00		
12/15/16	12/15/16	620,000	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	728.50		
12/15/16	12/15/16	1,010,000	459058EJ8	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.00%	6/15/18	5,050.00		
12/21/16	12/21/16	3,995,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	22,471.88		
12/21/16	12/21/16	2,550,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	14,343.75		
12/29/16	12/29/16	2,275,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	9,953.13		
12/29/16	12/29/16	3,835,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	16,778.13		
12/31/16	12/31/16	1,250,000	912828UE8	US TREASURY NOTES	0.75%	12/31/17	4,687.50		
12/31/16	12/31/16	340,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	2,550.00		
Total INTEREST		68,184,489					277,742.30		

PAYDOWNS

10/1/16	10/25/16	479	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	479.20		0.00
10/1/16	10/25/16	334	3136AMMC0	FNMA SERIES 2015-M3 FA	0.75%	6/1/18	333.99		0.00
10/1/16	10/25/16	62,022	3136ANA98	FNMA SERIES 2015-M10 FA	0.78%	3/1/19	62,021.65		0.00
10/1/16	10/25/16	2,840	3136AMTM1	FNMA SERIES M4 FA	0.74%	9/1/18	2,840.11		0.00
10/1/16	10/25/16	2,219	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.90%	4/1/20	2,218.67		0.00
10/1/16	10/15/16	36,905	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	36,904.94		0.00
10/15/16	10/15/16	13,783	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	13,782.62		0.00
11/1/16	11/25/16	306	3136AMMC0	FNMA SERIES 2015-M3 FA	0.75%	6/1/18	305.94		0.00
11/1/16	11/25/16	440	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	440.39		0.00
11/1/16	11/25/16	46,817	3136ANA98	FNMA SERIES 2015-M10 FA	0.78%	3/1/19	46,816.86		0.00
11/1/16	11/25/16	229	3136AMTM1	FNMA SERIES M4 FA	0.74%	9/1/18	228.87		0.00
11/1/16	11/25/16	69,635	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.90%	4/1/20	69,634.72		0.00
11/1/16	11/15/16	41,172	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	41,172.40		0.00

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
12/1/16	12/25/16	15,489	3136AMMC0	FNMA SERIES 2015-M3 FA	0.75%	6/1/18	15,488.63		0.00
12/1/16	12/25/16	484	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	483.69		0.00
12/1/16	12/25/16	45,263	3136ANA98	FNMA SERIES 2015-M10 FA	0.78%	3/1/19	45,263.29		0.00
12/1/16	12/25/16	1,269	3136AMTM1	FNMA SERIES M4 FA	0.74%	9/1/18	1,268.86		0.00
12/1/16	12/25/16	104,076	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.90%	4/1/20	104,076.05		0.00
12/1/16	12/15/16	35,620	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	35,619.78		0.00
Total PAYDOWNS		479,381					479,380.66		0.00
SELL									
10/3/16	10/5/16	1,000,000	912828TM2	US TREASURY NOTES	0.62%	8/31/17	1,000,213.66	0.67%	753.80
10/3/16	10/5/16	2,410,000	3130A5EP0	FHLB GLOBAL NOTES	0.62%	5/30/17	2,415,736.13	0.59%	1,148.75
11/10/16	11/14/16	1,500,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	1,502,544.37	1.09%	202.17
11/10/16	11/14/16	500,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	500,848.12	1.09%	(556.60)
11/10/16	11/14/16	1,050,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	1,051,781.06	1.09%	(5,067.70)
11/14/16	11/21/16	600,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	595,630.67	1.32%	(5,084.99)
12/1/16	12/5/16	4,000,000	912828TM2	US TREASURY NOTES	0.62%	8/31/17	4,001,942.33	0.79%	(961.98)
12/1/16	12/5/16	1,400,000	3137EADJ5	FREDDIE MAC GLOBAL NOTES	1.00%	7/28/17	1,406,884.89	0.78%	628.19
12/1/16	12/5/16	2,700,000	3137EADJ5	FREDDIE MAC GLOBAL NOTES	1.00%	7/28/17	2,713,278.00	0.78%	3,792.45
12/7/16	12/8/16	2,160,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	2,190,121.88	1.14%	3,581.25
12/7/16	12/8/16	260,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	260,812.84	1.10%	(1,117.57)
12/8/16	12/13/16	600,000	3130A8SE4	FEDERAL HOME LOAN BANKS NOTES	0.75%	1/19/18	600,102.00	1.01%	(1,277.05)
Total SELL		18,180,000					18,239,895.95		-3,959.28



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CITY OF HAYWARD

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 08/31/2012 0.625% 08/31/2017	912828TM2	1,000,000.00	AA+	Aaa	05/04/15	05/04/15	997,070.31	0.75	2,123.62	999,162.92	999,219.00
US TREASURY NOTES DTD 09/30/2010 1.875% 09/30/2017	912828PA2	1,190,000.00	AA+	Aaa	09/02/14	09/04/14	1,219,842.97	1.04	5,700.72	1,197,320.25	1,199,157.05
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,250,000.00	AA+	Aaa	05/03/16	05/06/16	1,250,830.08	0.71	25.90	1,250,503.58	1,247,948.75
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,850,000.00	AA+	Aaa	12/29/14	12/31/14	1,831,210.94	1.21	6,774.12	1,843,334.06	1,848,627.30
US TREASURY NOTES DTD 05/31/2013 1.000% 05/31/2018	912828VE7	2,905,000.00	AA+	Aaa	12/28/15	12/30/15	2,890,588.48	1.21	2,553.85	2,896,537.79	2,903,864.15
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	340,000.00	AA+	Aaa	12/01/15	12/04/15	342,882.03	1.22	14.09	341,885.74	341,978.80
US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	3,145,000.00	AA+	Aaa	03/02/16	03/04/16	3,199,546.10	1.05	13,057.37	3,185,003.17	3,169,939.85
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	3,015,000.00	AA+	Aaa	11/10/16	11/14/16	3,056,220.70	1.06	8,391.19	3,054,024.56	3,038,553.18
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	5,850,000.00	AA+	Aaa	12/01/16	12/05/16	5,859,140.63	1.45	7,714.29	5,858,918.21	5,862,109.50
Security Type Sub-Total		20,545,000.00					20,647,332.24	1.17	46,355.15	20,626,690.28	20,611,397.58
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 04/30/2015 1.000% 06/15/2018	459058EJ8	1,010,000.00	AAA	Aaa	04/22/15	04/30/15	1,008,272.90	1.06	448.89	1,009,187.37	1,005,893.34
INTL BANK OF RECON AND DEV SN NOTES DTD 04/19/2016 0.875% 07/19/2018	459058FE8	2,450,000.00	AAA	Aaa	04/12/16	04/19/16	2,445,663.50	0.95	9,646.88	2,446,998.51	2,434,721.80
INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	1,715,000.00	AAA	Aaa	04/05/16	04/12/16	1,709,855.00	1.10	2,286.67	1,711,042.98	1,690,998.58



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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
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV SN NOTE DTD 07/13/2016 0.875% 08/15/2019	459058FK4	1,225,000.00	AAA	Aaa	07/06/16	07/13/16	1,224,742.75	0.88	4,049.31	1,224,779.72	1,198,996.93
Security Type Sub-Total		6,400,000.00					6,388,534.15	1.00	16,431.75	6,392,008.58	6,330,610.65

Municipal Bond / Note											
CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.824% 07/01/2017	13017HAD8	190,000.00	NR	A3	10/29/14	11/06/14	190,000.00	1.82	1,732.80	190,000.00	190,543.40
CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.824% 07/01/2017	13017HAD8	920,000.00	NR	A3	04/19/16	04/20/16	927,893.60	1.10	8,390.40	923,311.55	922,631.20
CT ST TXBL GO BONDS DTD 03/25/2015 1.422% 03/15/2018	20772JZJ4	430,000.00	AA-	Aa3	03/13/15	03/25/15	430,000.00	1.42	1,800.41	430,000.00	431,044.90
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	1,340,000.00	AA-	Aa3	08/03/16	08/17/16	1,342,894.40	1.23	6,484.11	1,342,539.90	1,316,483.00
Security Type Sub-Total		2,880,000.00					2,890,788.00	1.25	18,407.72	2,885,851.45	2,860,702.50

Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2015-M1 ASQ2 DTD 01/15/2015 1.626% 02/01/2018	3136AMKW8	402,860.70	AA+	Aaa	01/15/15	01/30/15	406,886.28	1.26	545.88	403,913.39	403,817.82
FNMA SERIES 2015-M7 ASQ2 DTD 04/01/2015 1.550% 04/01/2018	3136ANJY4	385,000.00	AA+	Aaa	04/15/15	04/30/15	388,848.61	0.83	497.29	386,307.70	385,220.76
FNMA SERIES 2015-M3 FA DTD 02/01/2015 0.752% 06/01/2018	3136AMMC0	235,977.96	AA+	Aaa	02/12/15	02/27/15	235,916.31	0.39	147.84	235,977.96	236,028.27
FNMA SERIES M4 FA DTD 03/01/2015 0.742% 09/01/2018	3136AMTM1	233,363.81	AA+	Aaa	03/12/15	03/31/15	233,304.03	0.38	144.26	233,363.81	233,382.85
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	515,000.00	AA+	Aaa	11/06/15	11/30/15	520,149.95	1.20	814.59	518,016.97	516,833.50
FNMA SERIES 2015-M10 FA DTD 06/01/2015 0.782% 03/01/2019	3136ANA98	1,856,877.23	AA+	Aaa	06/12/15	06/30/15	1,856,339.84	0.43	1,209.76	1,856,877.23	1,857,837.61



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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 Collateralized Mortgage Obligation											
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	920,000.00	AA+	Aaa	06/09/16	06/30/16	929,199.54	1.05	1,368.50	927,355.00	922,118.67
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	1,125,000.00	AA+	Aaa	10/07/15	10/30/15	1,136,265.64	1.08	1,543.13	1,132,357.20	1,123,647.86
FREDDIE MAC SERIES 4459 NB DTD 04/01/2015 4.500% 01/01/2020	3137BHU39	462,595.28	AA+	Aaa	06/08/15	06/11/15	485,002.24	0.77	1,734.73	476,214.99	472,632.26
FNMA SERIES 2015-M12 FA DTD 09/01/2015 0.901% 04/01/2020	3136AP3Z3	1,507,361.20	AA+	Aaa	09/10/15	09/30/15	1,506,818.55	0.54	1,131.56	1,507,361.20	1,509,185.26
Security Type Sub-Total		7,644,036.18					7,698,730.99	0.76	9,137.54	7,677,745.45	7,660,704.86
Federal Agency Bond / Note											
TENNESSEE VALLEY AUTHORITY NOTES DTD 12/22/1997 6.250% 12/15/2017	880591CU4	1,500,000.00	AA+	Aaa	08/18/15	08/19/15	1,679,964.00	1.01	4,166.67	1,574,565.08	1,574,143.50
FEDERAL HOME LOAN BANKS NOTES DTD 07/19/2016 0.750% 01/19/2018	3130A8SE4	2,450,000.00	AA+	Aaa	07/20/16	07/21/16	2,447,667.97	0.81	8,268.75	2,448,358.82	2,446,890.95
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	6,000,000.00	AA+	Aaa	02/17/16	02/18/16	5,998,140.00	0.89	14,875.00	5,998,906.38	5,990,322.00
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	260,000.00	AA+	Aaa	07/01/16	07/01/16	261,089.40	0.63	587.71	260,778.08	259,478.44
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	4,050,000.00	AA+	Aaa	03/02/16	03/04/16	4,041,900.00	0.97	9,154.69	4,045,112.18	4,041,875.70
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	2,275,000.00	AA+	Aaa	08/11/16	08/12/16	2,275,864.50	0.85	110.59	2,275,691.19	2,267,089.83
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	3,835,000.00	AA+	Aaa	05/26/16	05/27/16	3,825,757.65	0.99	186.42	3,828,364.07	3,821,665.71
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	6,100,000.00	AA+	Aaa	07/07/16	07/08/16	6,087,312.00	0.73	15,250.00	6,090,222.92	6,051,517.20
FHLB GLOBAL NOTE DTD 08/26/2016 0.875% 10/01/2018	3130A9AE1	6,100,000.00	AA+	Aaa	08/25/16	08/26/16	6,095,852.00	0.91	13,343.75	6,096,525.99	6,066,431.70



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Federal Agency Bond / Note											
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	6,100,000.00	AA+	Aaa	08/27/15	09/01/15	6,090,118.00	1.18	13,725.00	6,094,268.44	6,092,497.00
FHLB NOTES DTD 12/08/2016 1.250% 01/16/2019	3130AAE46	2,450,000.00	AA+	Aaa	12/07/16	12/08/16	2,449,902.00	1.25	1,956.60	2,449,902.00	2,449,144.95
FNMA BENCHMARK NOTE DTD 01/08/2016 1.375% 01/28/2019	3135G0H63	5,195,000.00	AA+	Aaa	01/06/16	01/08/16	5,191,779.10	1.40	30,358.28	5,192,789.68	5,202,210.66
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	6,100,000.00	AA+	Aaa	02/19/16	02/23/16	6,085,604.00	1.08	21,180.56	6,089,651.17	6,062,076.30
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	3,050,000.00	AA+	Aaa	03/30/16	03/31/16	3,057,259.00	1.05	7,243.75	3,055,485.91	3,037,656.65
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	2,550,000.00	AA+	Aaa	06/02/16	06/03/16	2,548,929.00	1.14	796.88	2,549,126.09	2,535,485.40
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	3,995,000.00	AA+	Aaa	06/27/16	06/29/16	4,031,208.60	0.82	1,248.44	4,025,123.94	3,972,260.46
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	3,050,000.00	AA+	Aaa	07/29/16	08/02/16	3,044,876.00	0.93	11,045.66	3,045,574.72	3,007,632.45
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	1,300,000.00	AA+	Aaa	10/03/16	10/05/16	1,299,220.00	1.02	4,297.22	1,299,284.60	1,285,558.30
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	5,700,000.00	AA+	Aaa	08/31/16	09/02/16	5,691,108.00	1.05	18,841.67	5,692,077.63	5,636,678.70
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	1,575,000.00	AA+	Aaa	10/03/16	10/05/16	1,574,448.75	1.01	4,156.25	1,574,492.85	1,556,232.30
Security Type Sub-Total		73,635,000.00					73,777,999.97	1.00	180,793.89	73,686,301.74	73,356,848.20
Corporate Note											
WELLS FARGO & COMPANY GLOBAL NOTES DTD 12/26/2012 1.500% 01/16/2018	94974BFG0	1,250,000.00	A	A2	05/05/15	05/08/15	1,252,550.00	1.42	8,593.75	1,251,002.34	1,248,502.50



Managed Account Detail of Securities Held

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

CITY OF HAYWARD

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											
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	650,000.00	AA+	Aaa	03/04/15	03/06/15	650,000.00	1.31	2,709.69	650,000.00	649,845.95
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	1,050,000.00	A	A1	05/22/15	05/29/15	1,049,905.50	1.60	1,820.00	1,049,954.75	1,050,443.10
JP MORGAN CHASE & CORP NOTES (CALLABLE) DTD 03/23/2016 1.850% 03/22/2019	46625HOU7	900,000.00	A-	A3	05/17/16	05/20/16	903,951.00	1.69	4,578.75	903,092.63	897,159.60
TOYOTA MOTOR CREDIT CORP NOTES DTD 05/20/2016 1.400% 05/20/2019	89236TDE2	900,000.00	AA-	Aa3	05/17/16	05/20/16	899,397.00	1.42	1,435.00	899,518.37	889,788.60
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	465,000.00	BBB+	Baa1	06/02/16	06/09/16	464,758.20	2.07	635.50	464,802.19	463,244.63
GOLDMAN SACHS GROUP INC BONDS DTD 12/13/2016 2.300% 12/13/2019	38145GAJ9	600,000.00	BBB+	A3e	12/08/16	12/13/16	599,550.00	2.33	690.00	599,557.28	599,319.00
PFIZER INC CORP NOTE DTD 11/21/2016 1.700% 12/15/2019	717081EB5	200,000.00	AA	A1	11/18/16	11/21/16	199,850.00	1.73	377.78	199,855.49	199,811.40
PFIZER INC CORP NOTE DTD 11/21/2016 1.700% 12/15/2019	717081EB5	395,000.00	AA	A1	11/14/16	11/21/16	394,715.60	1.72	746.11	394,726.03	394,627.52
Security Type Sub-Total		6,410,000.00					6,414,677.30	1.64	21,586.58	6,412,509.08	6,392,742.30
Certificate of Deposit											
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	1,200,000.00	A+	Aa3	12/01/16	12/05/16	1,199,064.00	1.78	1,584.00	1,199,098.86	1,209,684.00
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	1,200,000.00	AA-	Aa3	12/01/16	12/05/16	1,200,000.00	1.74	1,584.00	1,200,000.00	1,209,684.00
Security Type Sub-Total		2,400,000.00					2,399,064.00	1.76	3,168.00	2,399,098.86	2,419,368.00
Asset-Backed Security / Collateralized Mortgage Obligation											



Managed Account Detail of Securities Held

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

CITY OF HAYWARD

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
Asset-Backed Security / Collateralized Mortgage Obligation											
FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	620,000.00	AAA	Aaa	09/15/15	09/22/15	619,879.35	1.42	388.53	619,918.10	620,212.54
Security Type Sub-Total		620,000.00					619,879.35	1.42	388.53	619,918.10	620,212.54
Managed Account Sub-Total		120,534,036.18					120,837,006.00	1.07	296,269.16	120,700,123.54	120,252,586.63
Securities Sub-Total		\$120,534,036.18					\$120,837,006.00	1.07%	\$296,269.16	\$120,700,123.54	\$120,252,586.63
Accrued Interest											\$296,269.16
Total Investments											\$120,548,855.79

Glossary

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount, expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more that can be traded in secondary markets.

Glossary

- **PAR VALUE:** The nominal dollar face amount of a security.
- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction occurs on a non-business day (i.e. coupon payments and maturity proceeds), the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred however the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
12/31/16	0.74	0.68	171
01/01/17	0.74	0.74	171
01/02/17	0.74	0.74	171
01/03/17	0.74	0.74	181
01/04/17	0.74	0.74	184
01/05/17	0.75	0.74	186
01/06/17	0.75	0.74	186
01/07/17	0.75	0.74	186
01/08/17	0.75	0.74	186
01/09/17	0.75	0.74	185
01/10/17	0.75	0.74	185
01/11/17	0.75	0.74	187
01/12/17	0.75	0.74	186
01/13/17	0.75	0.75	186
01/14/17	0.75	0.75	186
01/15/17	0.75	0.75	186
01/16/17	0.75	0.75	186
01/17/17	0.75	0.75	182
01/18/17	0.75	0.75	181
01/19/17	0.76	0.75	183
01/20/17	0.76	0.75	183
01/21/17	0.76	0.75	183
01/22/17	0.76	0.75	183
01/23/17	0.76	0.75	180
01/24/17	0.76	0.75	181
01/25/17	0.76	0.75	180
01/26/17	0.76	0.75	179
01/27/17	0.76	0.75	184
01/28/17	0.76	0.75	184
01/29/17	0.76	0.75	184
01/30/17	0.76	0.75	181

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

Quarter Ending 12/31/16

Apportionment Rate: 0.68%
 Earnings Ratio: 0.00001851848158529
 Fair Value Factor: 0.999423823
 Daily: 0.74%
 Quarter to Date: 0.68%
 Average Life: 171

**PMIA Average Monthly
Effective Yields**

Dec 2016 0.719%
 Nov 2016 0.678%
 Oct 2016 0.654%

**Pooled Money Investment Account
Portfolio Composition
12/31/16
\$73.7 billion**

