

Date: April 28, 2015
To: Mayor and City Council
From: City Manager
By: Director of Finance
Subject: 2015 First Quarter Investment Report

In accordance with California Government Code and the City's Statement of Investment Policy, I am transmitting for your review the quarterly investment report for the period of January 1- March 31, 2014 (1Q2015). The City's Investment Advisory Committee (IAC) reviewed and approved this report during their quarterly meeting held on April 27, 2015. The attached reports provide a summary of market and economic conditions, the composition of the City's portfolio, investment performance and investment strategy.

Monthly summaries of all of the City's account holdings along with the quarterly reports are posted on the Finance Department's web page: <http://www.hayward-ca.gov/CITY-GOVERNMENT/DEPARTMENTS/FINANCE/> under the "Documents" tab.

The City's investment portfolio (pooled cash) totaled \$177.8 million as of March 31, 2015; \$82.2 million was invested through the City's investment advisor, The PFM Group; \$86.3 million was on deposit in the Local Agency Investment Fund (LAIF); and the remaining portfolio balance of \$9.3 million resided in the City's general checking account. Cash flow needs cause the balances of the LAIF and general checking accounts to fluctuate monthly.

The interest earned on the City's portfolio, although seemingly low, is in line with the benchmark used for comparison, and is reflective of the prolonged low interest conditions in the market. For 1Q2015, the funds on deposit with LAIF earned .27% and the portion of the portfolio actively managed by The PFM Group earned about 1.0% over the previous 12 months. The balance held in the City's general checking account does not earn interest. The City's investments are generally within a 1-3 year range and are consistent with the City's Investment Policy.

Pursuant to provision (3) of California Government Code section 53646, the City establishes that it is able to meet its pooled expenditure requirements for the next six months.

Attachments:

First Quarter 2015 Performance Investment Report by The PFM Group
First Quarter 2015 LAIF Performance Report

Department of Finance

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City of Hayward

Performance Review First Quarter 2015

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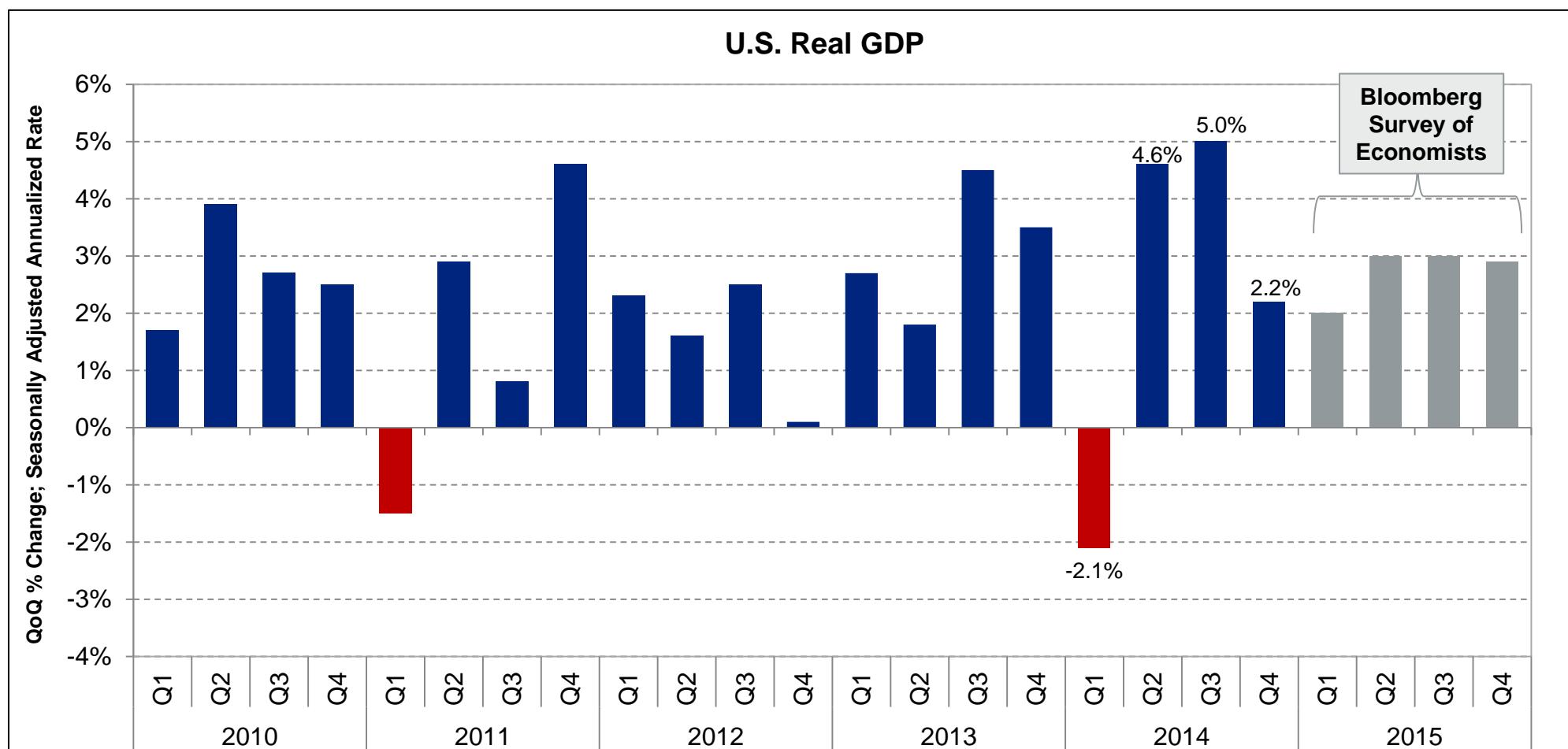
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The PFM Group
Financial & Investment Advisors

U.S. Economic Growth Slowed

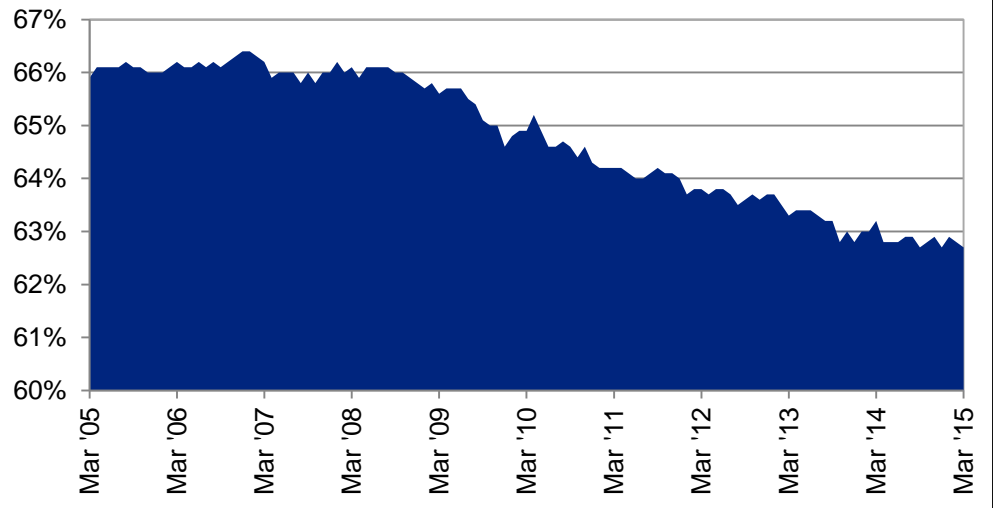
- U.S. fourth quarter GDP was revised down to 2.2%; solid consumer spending helped offset declines in business investment, exports, and government spending.
- Market expectations for growth in 2015 range from 2.5%-3.0%.



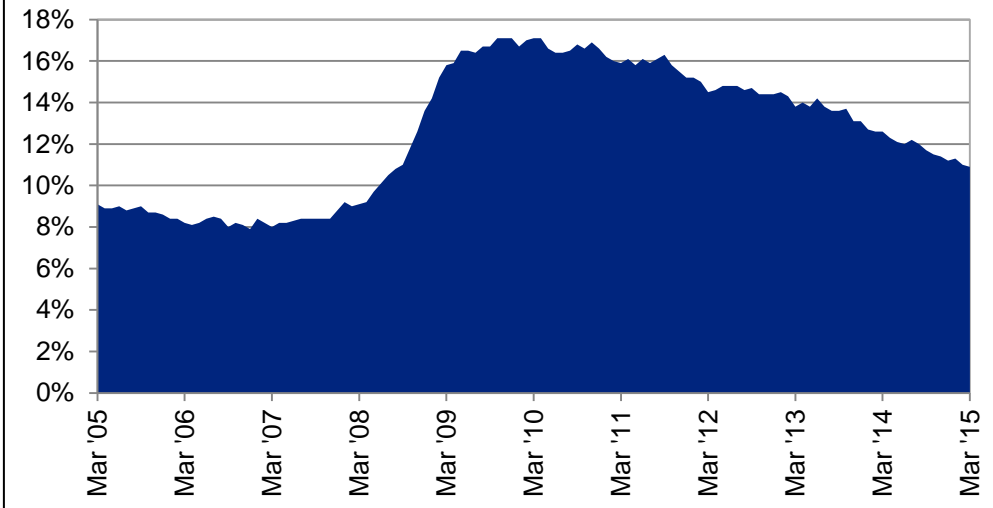
Source: Bureau of Economic Analysis

U.S. Employment Indicators Gradually Improving

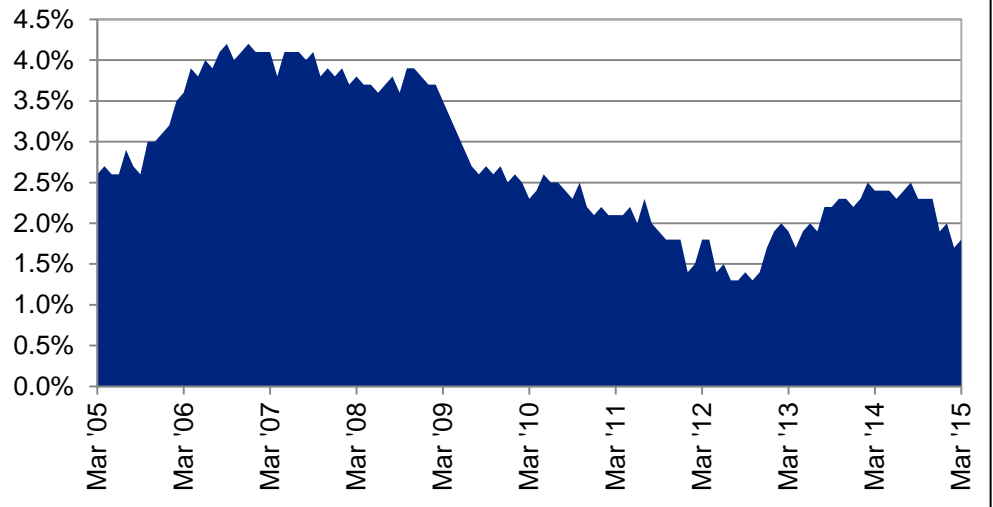
Labor Force Participation Rate



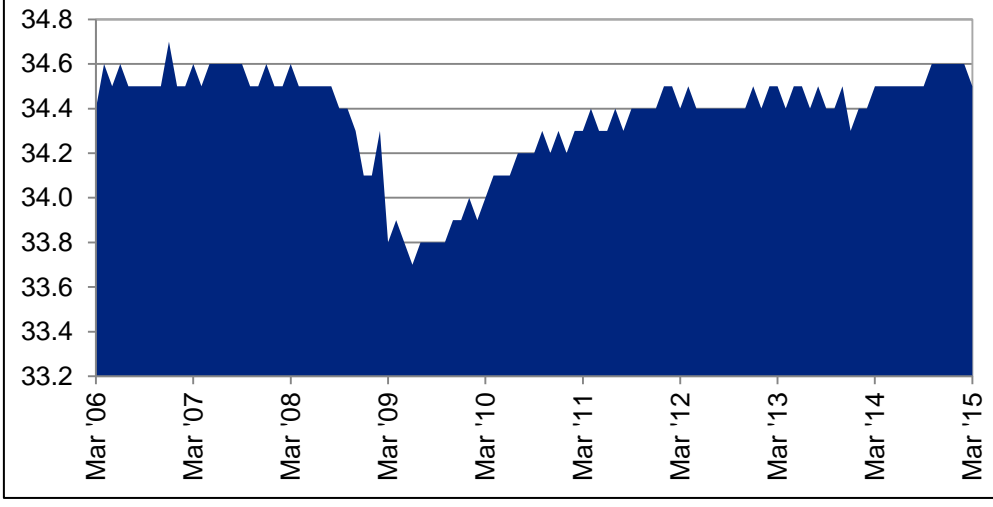
U-6 Underemployment Rate



Average Hourly Earnings Growth (YoY)



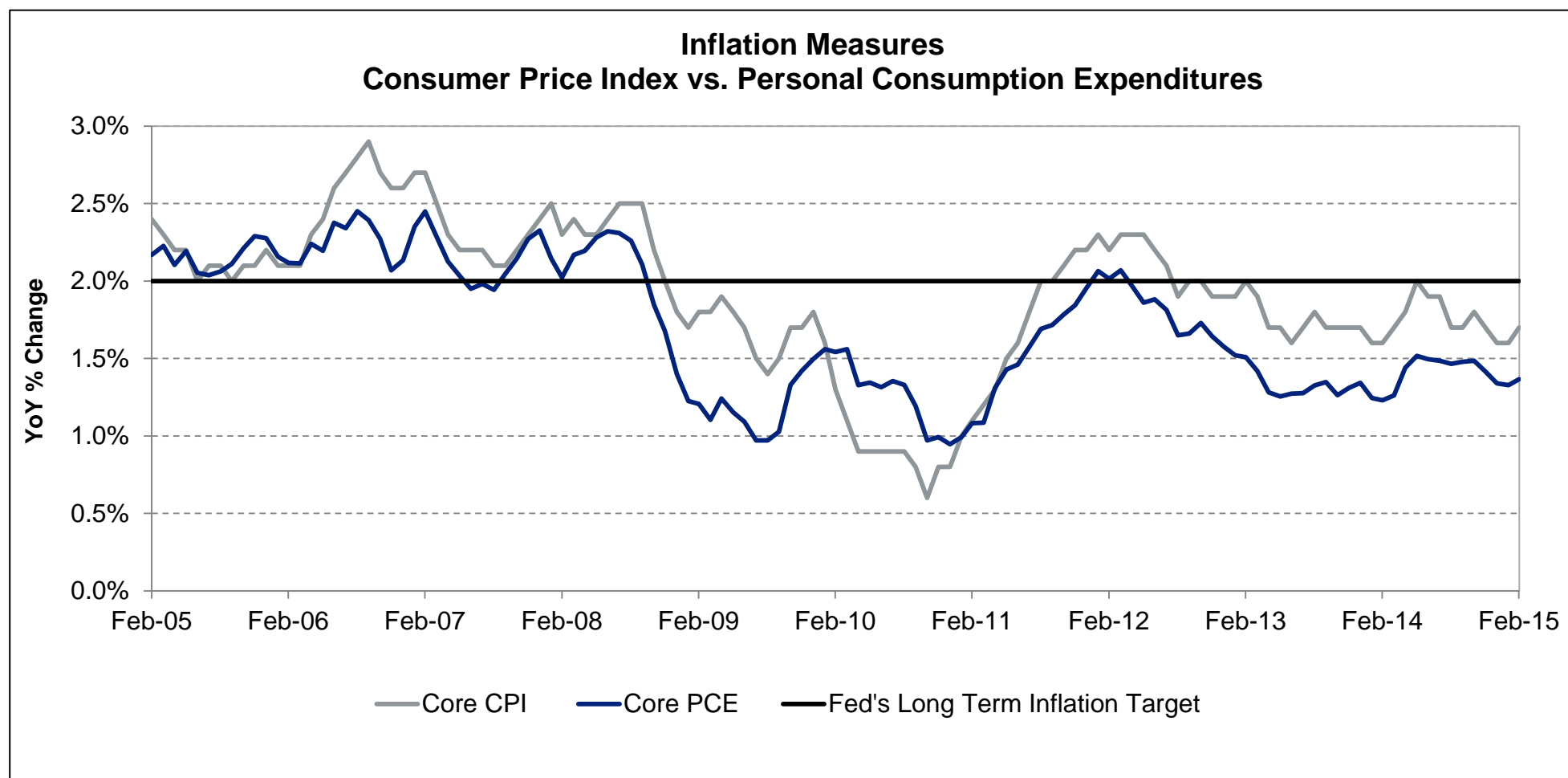
Total Private Sector Average Weekly Hours



Source: Bureau of Labor Statistics

Inflation Continues to Undershoot Fed Target

- The personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, continues to lag the 2% target; it advanced just 1.4% year-over-year through February.
- Falling energy prices and lack of wage pressure are helping keep inflation low.



Source: Bloomberg

FOMC Focusing on Inflation



- Economic growth has ***moderated somewhat***...labor market conditions have improved further, with strong job gains and a lower unemployment rate...indicators suggests that ***underutilization of labor resources continues to diminish***.
 - ***Inflation has declined further*** below the Committee's longer-run objective, ***largely reflecting declines in energy prices***...inflation is ***anticipated to remain near its recent low level in the near term***, but the Committee expects inflation to rise gradually toward 2%...as the labor market improves further and the transitory effects of lower energy prices and other factors dissipate.
-
- The current 0 – 0.25% target range for the federal funds rate remains appropriate ...Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvements in the labor market and is ***reasonably confident that inflation will move back to its 2% objective over the medium term***.
 - This change in the forward guidance does not indicate that the Committee has decided on the timing of the initial increase in the target range.

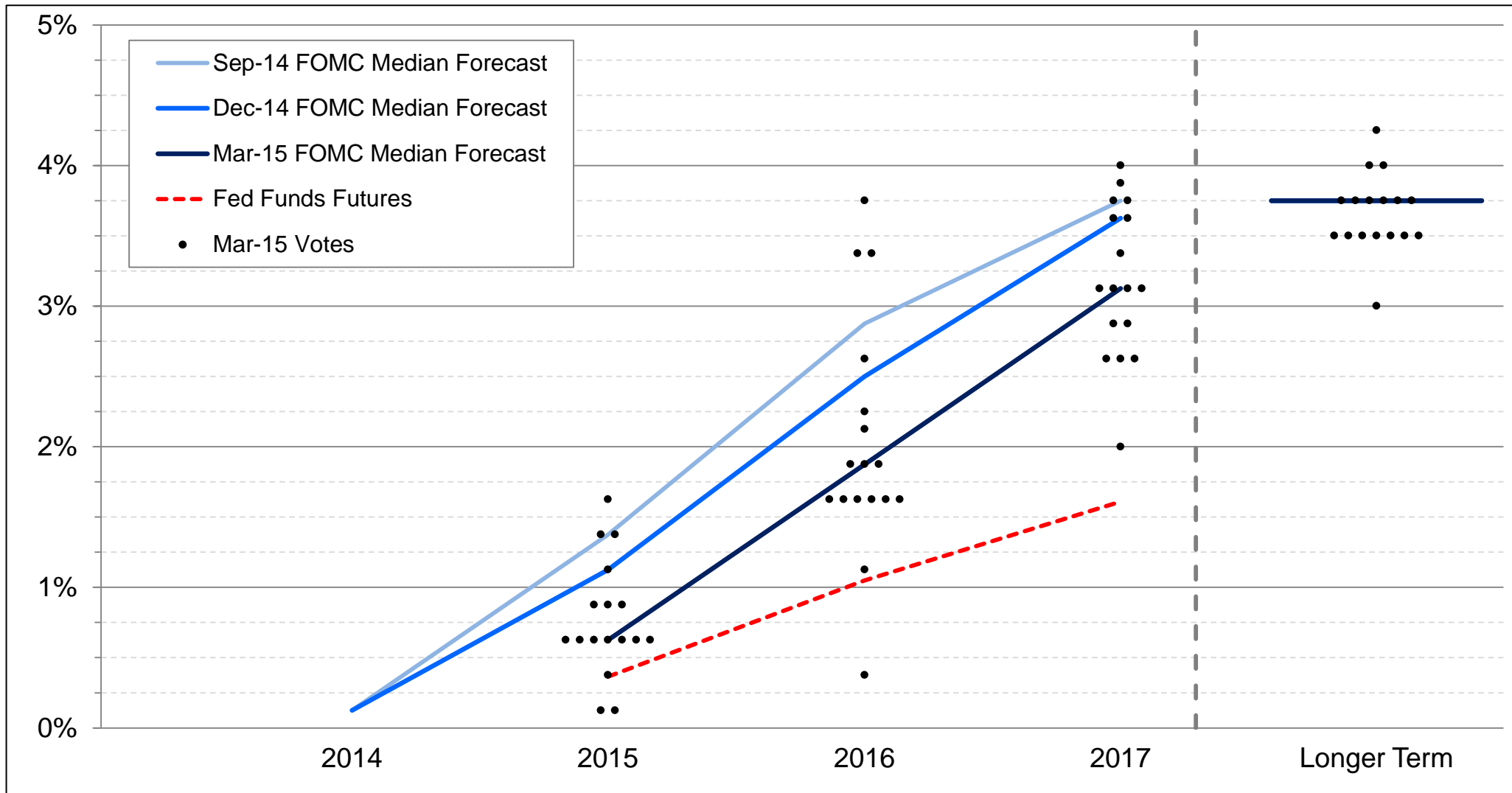
FOMC Rate Guidance: A Moving Target

Fed fund rates are expected to remain low...

December 2008:	<i>“for some time”</i>
August 2011:	<i>“at least through mid-2013”</i>
January 2012:	<i>“at least through late 2014”</i>
September 2012:	<i>“at least through mid-2015”</i>
December 2012:	<i>“as long as the unemployment rate remains above 6.5%”</i>
December 2013:	<i>“for a considerable time after the asset purchase program ends” “well past the time that the unemployment rate declines below 6.5%”</i>
January 2015:	<i>“can be patient in beginning to normalize the stance of monetary policy”</i>
March 2015:	<i>“Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvements in the labor market and is reasonably confident that inflation will move back to its 2% objective over the medium term”</i>

Source: Federal Reserve

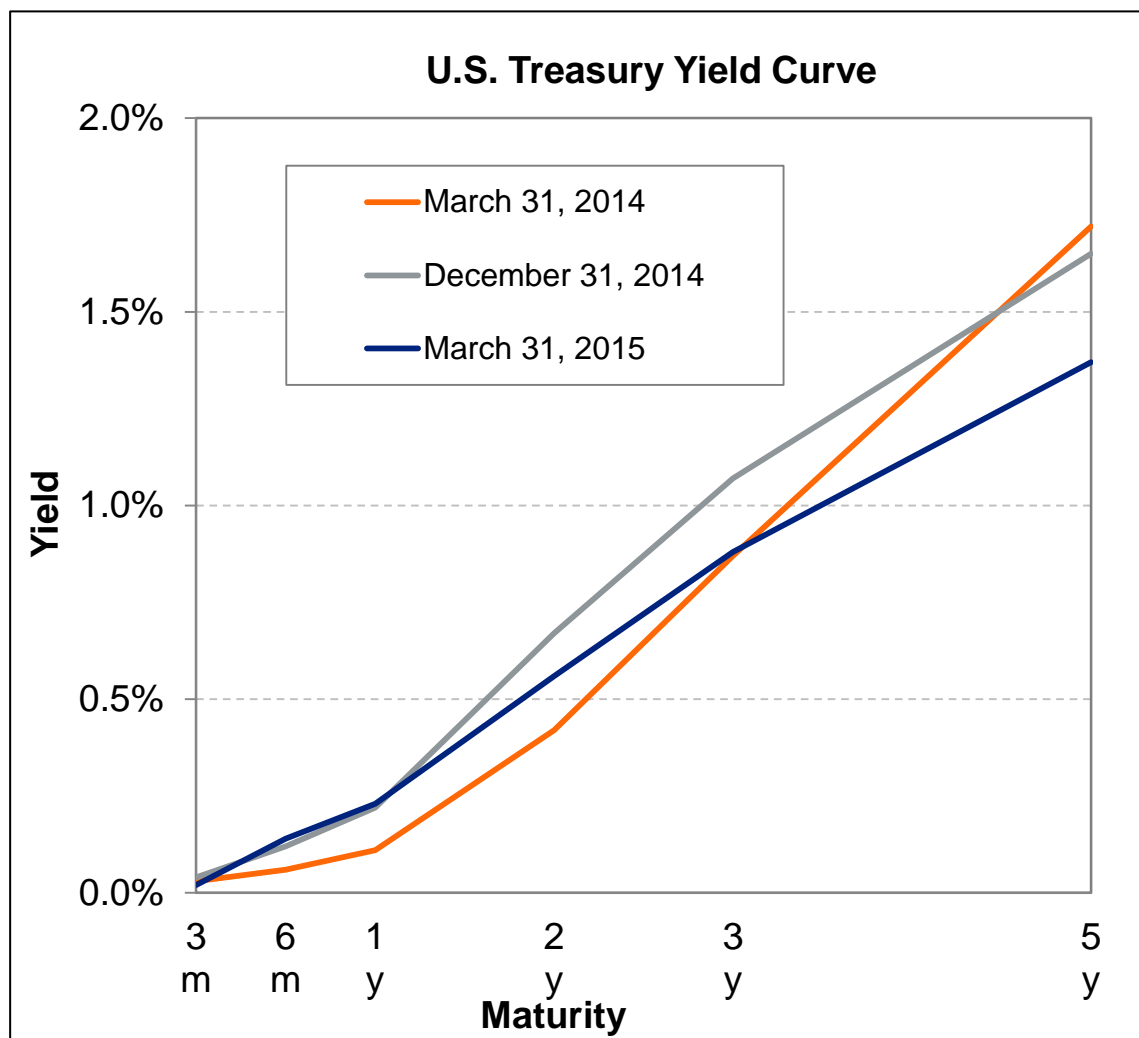
New "Dot Plot" Tempers Rate Hike Expectations



Source: Bloomberg; Fed Funds Futures as of March 31, 2015

Yield Curve Flattened

- The yield curve flattened over the quarter as rates continued to see downward pressure.



	3/31/14	12/31/14	3/31/15
3 Month	0.03%	0.04%	0.02%
6 Month	0.06%	0.12%	0.14%
1 Year	0.11%	0.22%	0.23%
2 Year	0.42%	0.67%	0.56%
3 Year	0.87%	1.07%	0.88%
5 Year	1.72%	1.65%	1.37%

Source: Bloomberg

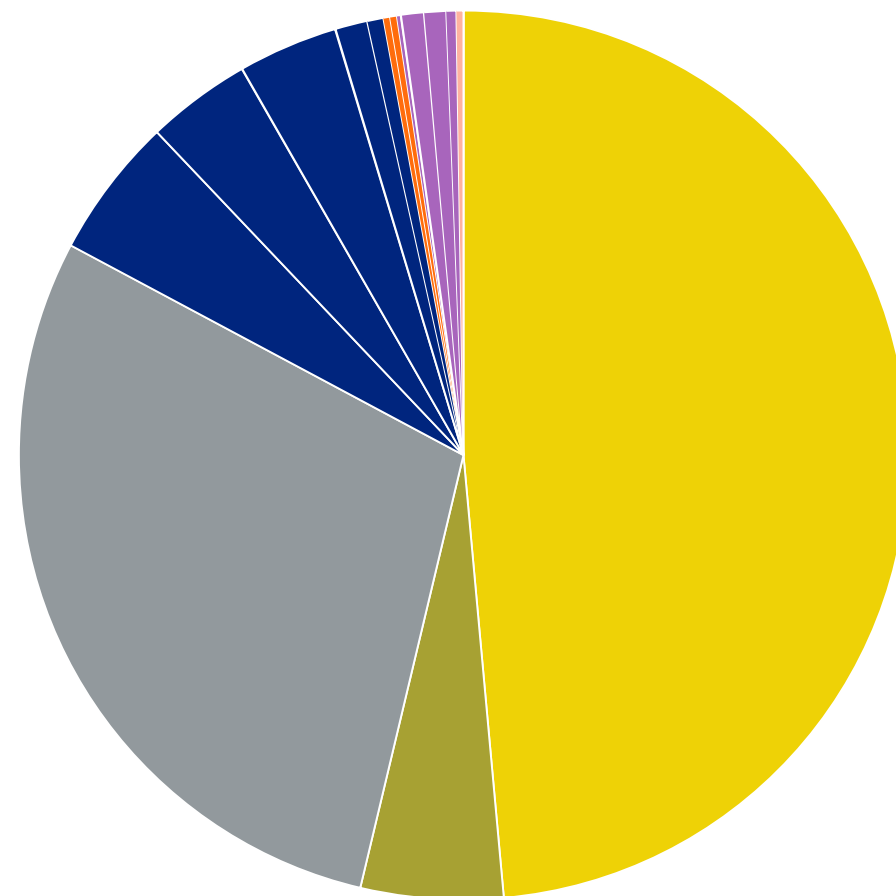
Portfolio Complies with Government Code and the City's Investment Policy

Security Type	Market Value 03/31/15	% of Portfolio	Change Since 12/31/14	% Permitted by Policy	In Compliance
U.S. Treasuries	\$51,681,856	29%	0%	100%	✓
Federal Agencies	\$23,371,860	13%	1%	100%	✓
<i>Non-Callable</i>	\$19,532,552	11%	-1%		
<i>Callable</i>	\$3,839,308	2%	2%		
Agency Mortgage Backed Securities	\$1,024,601	1%	1%	20%	✓
Municipal Bonds	\$1,908,367	1%	0.8%	20%	✓
Asset-Backed Securities/Collateralized Mortgage Obligations	\$245,280	0.1%	0%	20%	✓
Corporate Notes	\$4,013,544	2%	0%	30%	✓
Total Securities	\$82,245,508	46%			
LAIF	\$86,317,481	49%	1%	\$50 Million per Account ¹	✓
Cash Deposits	\$9,198,590	5%	-4%	100%	✓
Total Liquidity	\$95,516,071	54%			
Total Investments	\$177,761,579	100%			

- Numbers may not add to 100% due to rounding.
- 1. City maintains three separate LAIF accounts.

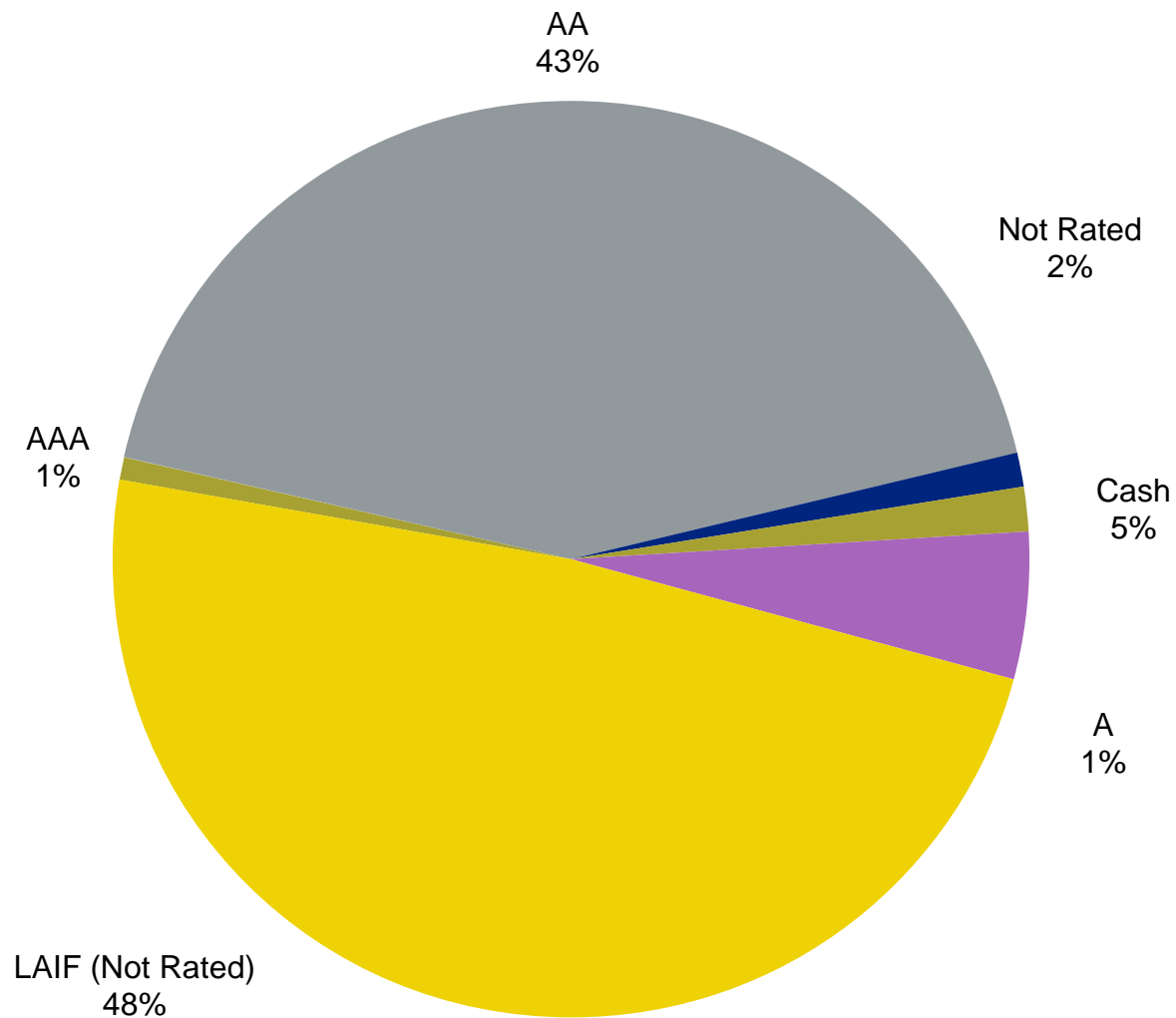
Portfolio Issuer Distribution

Issuer	Amount	%
LAIF	\$86,317,481	49%
Cash	\$9,198,590	5%
U.S. Treasury	\$51,681,856	29%
FNMA	\$9,074,545	5%
FHLB	\$6,754,537	4%
FHLMC	\$6,466,141	4%
Federal Agricultural Mortgage Corp	\$2,101,237	1%
Orange County, CA	\$1,035,424	1%
State of Connecticut	\$430,618	0.2%
CA Earthquake Authority	\$442,325	0.2%
Ford Credit Auto Owner Trust	\$245,280	0.1%
Walt Disney Co.	\$1,506,313	1%
Exxon Mobil	\$1,409,329	1%
Wells Fargo	\$645,104	0.4%
Toyota	\$452,798	0.3%
	\$177,761,579	100%



- As of March 31, 2015.
- Numbers may not add to 100% due to rounding.

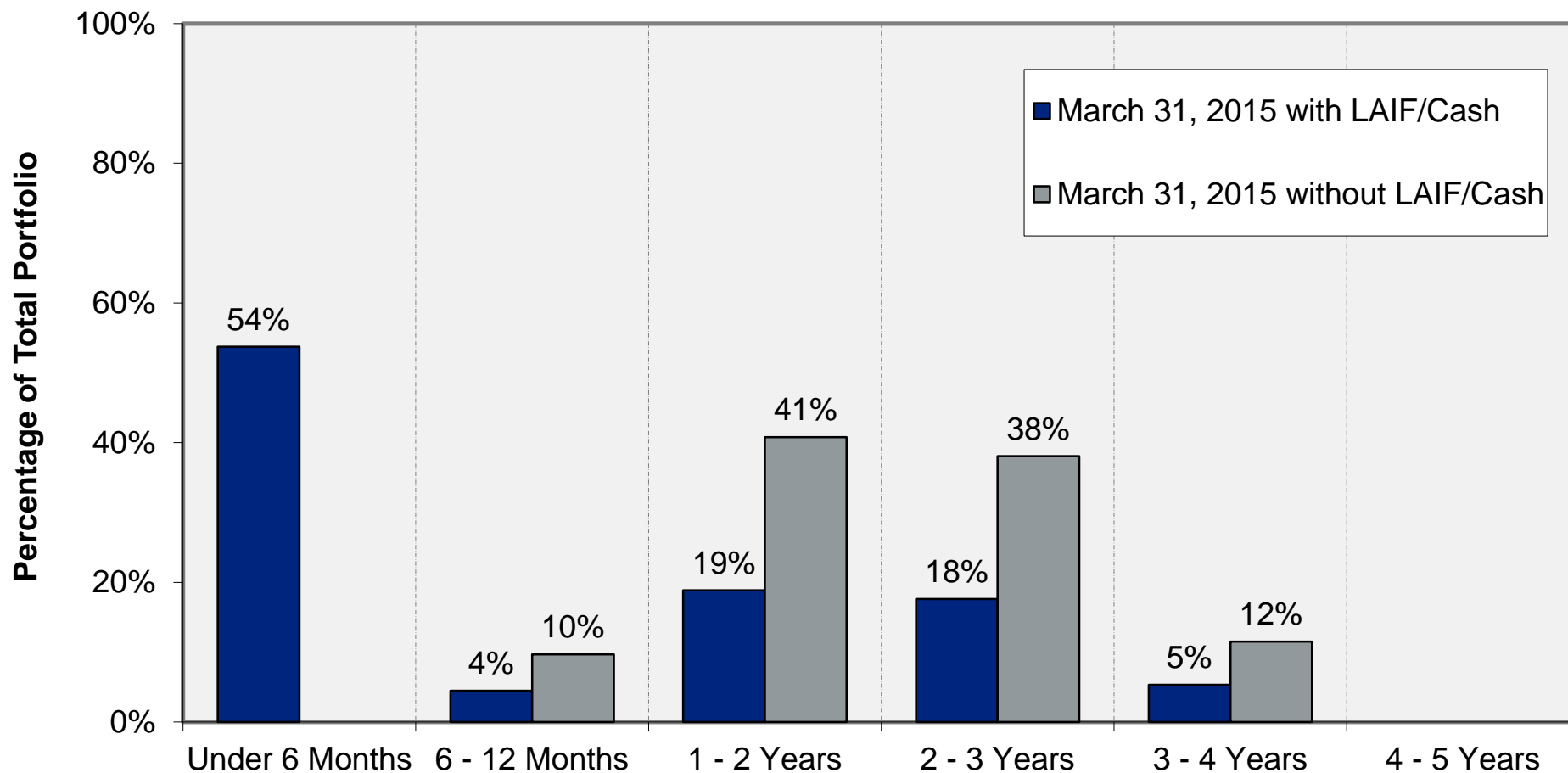
Portfolio Credit Distribution



- As of March 31, 2015.
- Ratings by Standard & Poor's.
- Numbers may not add to 100% due to rounding.

Aggregate Portfolio Maturity Distribution

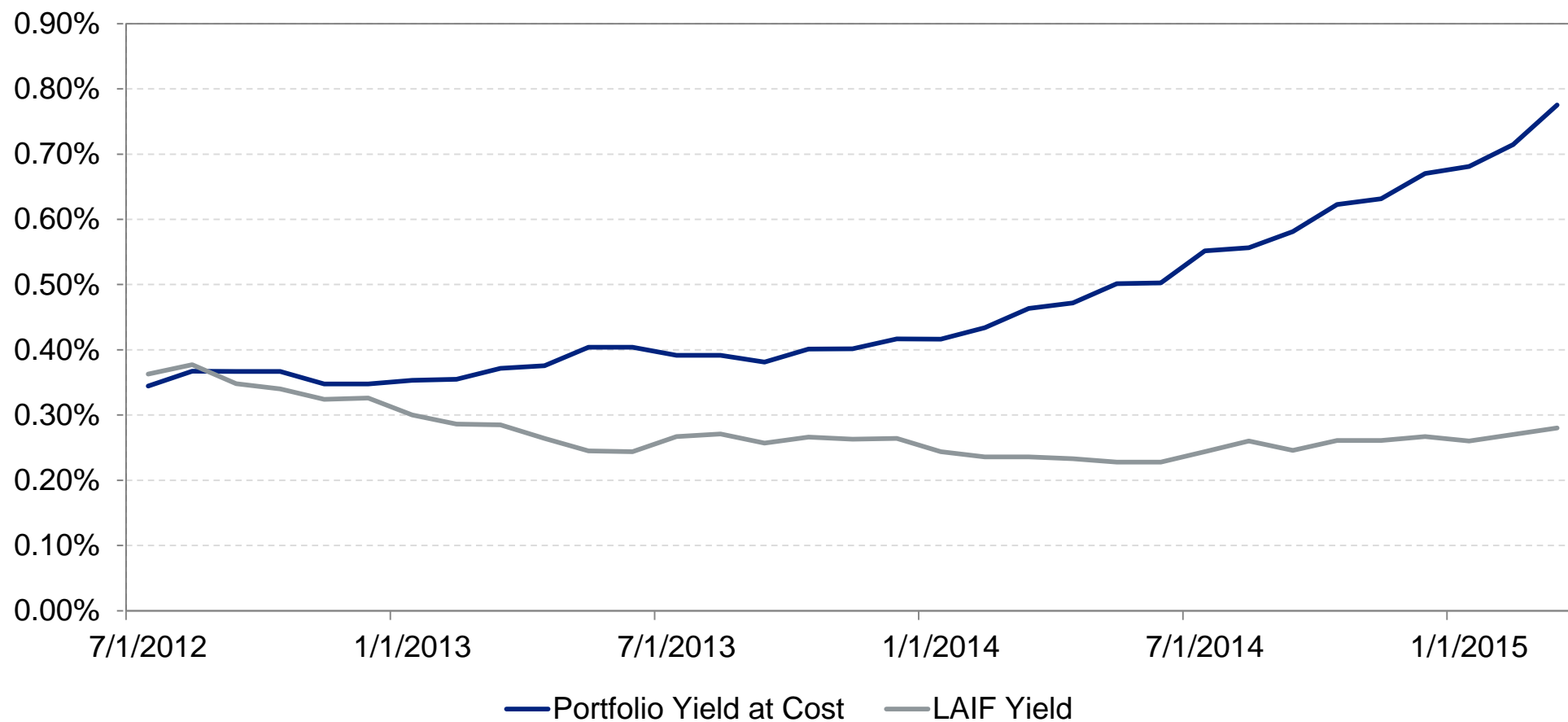
Portfolio Maturity Distribution



- Includes cash and LAIF balances.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.
- Numbers may not add to 100% due to rounding.

Portfolio Continues to Generate Strong Yield

Portfolio Yield vs. LAIF Yield
July 2012 – March 2015



Source: California State Treasurer LAIF website

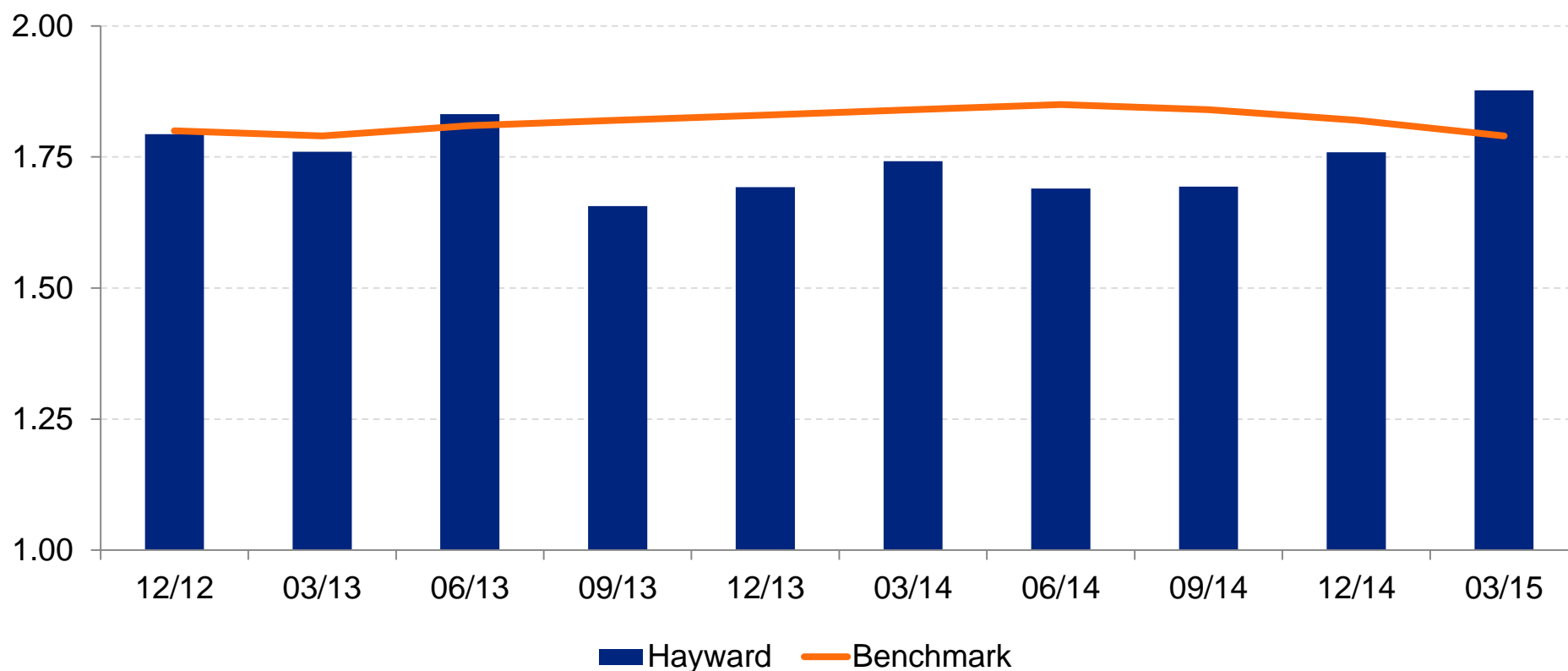
First Quarter 2015 Strategy Recap

- We gradually extended the duration of the City's portfolio closer to the duration of the City's benchmark as economic data and FOMC statements suggested that the yields may be "lower for longer."
- We found strong relative value in credit-related securities and added high-quality names to the City's portfolio.

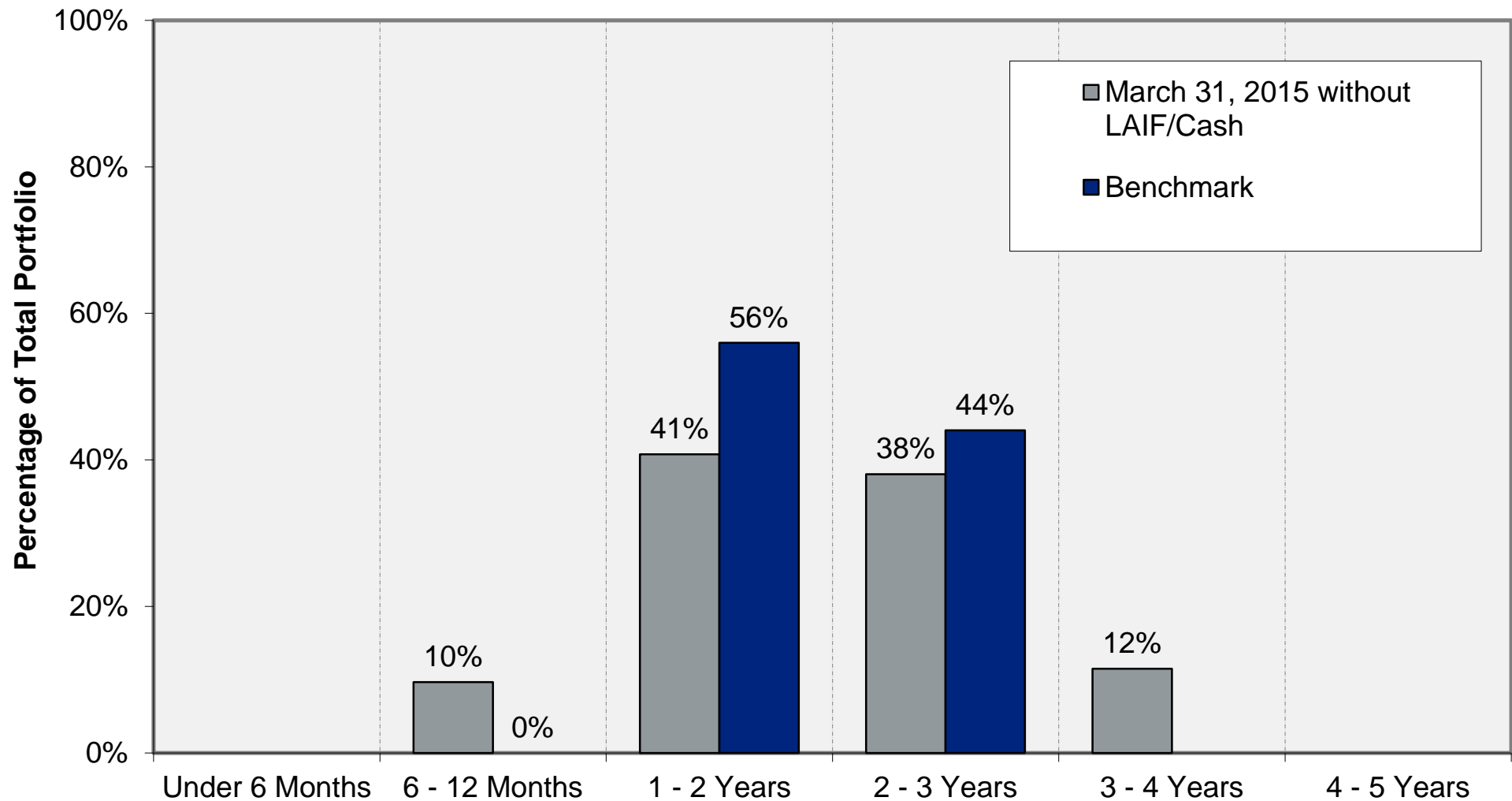
Extended Duration in Response to Dovish Fed

- Fed statements and economic data suggest that interest rates will remain low for a longer period than most market participants expected.
- We accordingly shifted the portfolio duration from a moderately defensive strategy to a range closer to the benchmark.
- We focused duration-extending purchases in the 2-3 year range to capture the steepest portion of the yield curve.

Hayward Portfolio Duration vs. Benchmark Duration



Maturity Distribution vs. Benchmark Distribution



- Excludes cash and LAIF balances
- Benchmark represents Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity
- Numbers may not add to 100% due to rounding

Capitalized on Agency Mortgage-Backed Securities

- Fannie Mae has increased issuance of mortgage-backed securities with short final maturities.
- Securities are backed by a diverse pool of commercial mortgages, primarily multi-family housing.
- Principal and interest are guaranteed by Fannie Mae.
 - The cash flows on these bonds are tied to the payment on these underlying mortgages.
- Agency mortgage-backs offer value versus senior unsecured debt because of potential pre-payment risk.
 - If mortgages are paid off faster than anticipated, then investors receive their principal sooner.
 - If mortgages are paid off slower than expected, then investors receive their principal later.

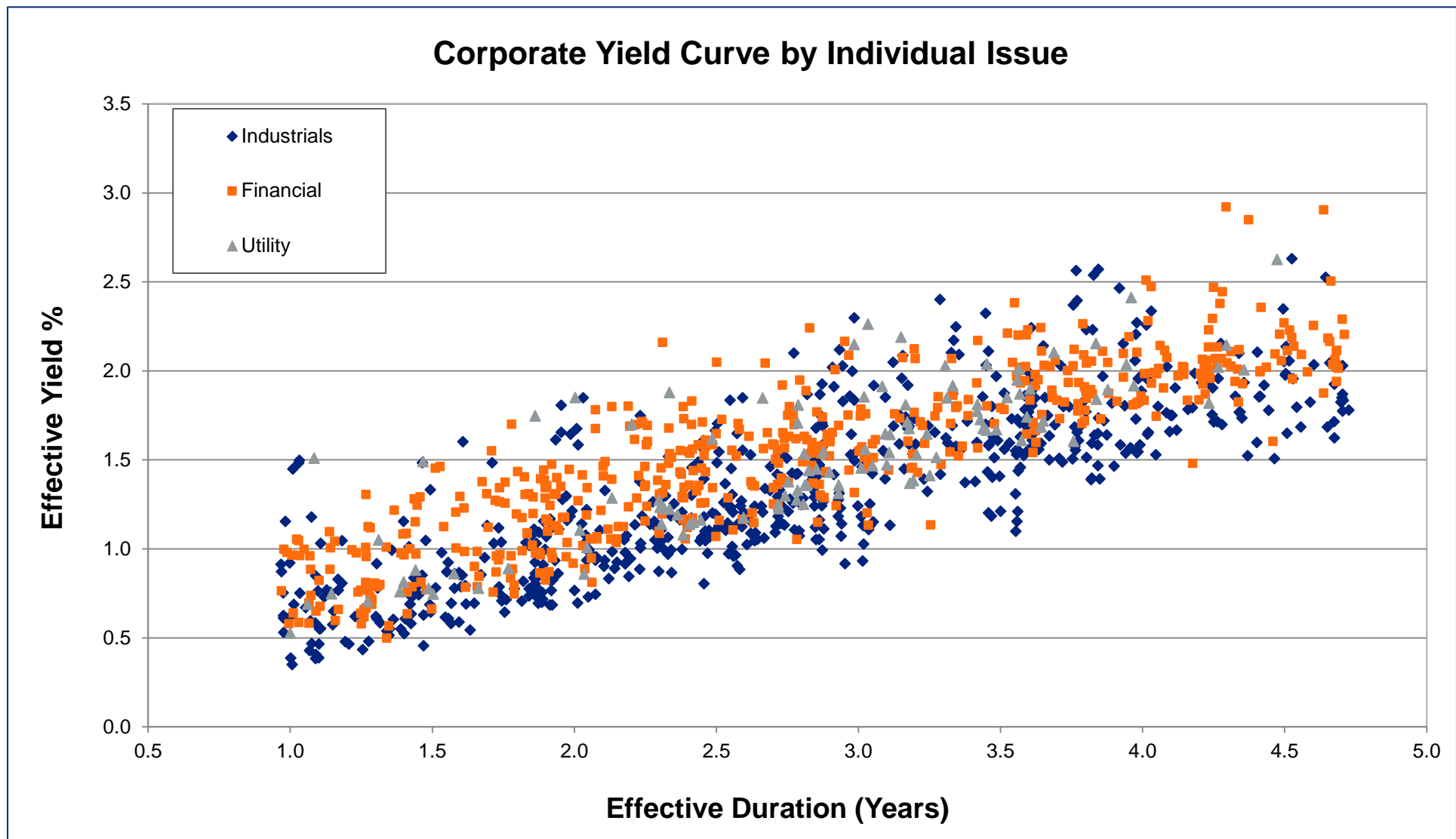
Settle Date	Description	Maturity Date	Par Value	Yield to Maturity (At Market)
1/30/2015	FNMA SERIES 2015-M1 ASQ2	2/1/2018	445,000.00	1.26%
2/27/2015	FNMA SERIES 2015-M3 FA	6/1/2018	300,000.00	0.39%
3/31/2015	FNMA SERIES M4 FA	9/1/2018	275,000.00	0.39%

Continued to Diversify with Municipal Issues

- Taxable municipal bonds are attractive to investors, but they are in low supply. It is a rare opportunity to find taxable issuances whose characteristics align with those permitted by California statutes.
- We purchased two taxable municipal bonds for the City's portfolio this past quarter. These purchases:
 - Increase the diversification of the City's portfolio.
 - Increase the earnings of the City's portfolio. The trades below picked up an average of 47 basis points of yield, creating +\$11,000 of additional earnings over the life of the securities.

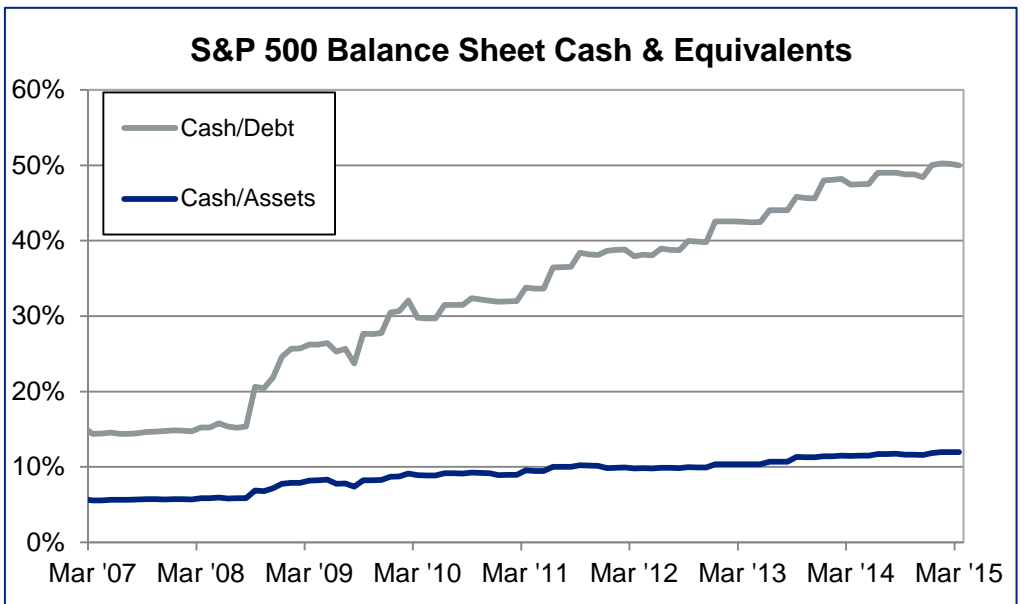
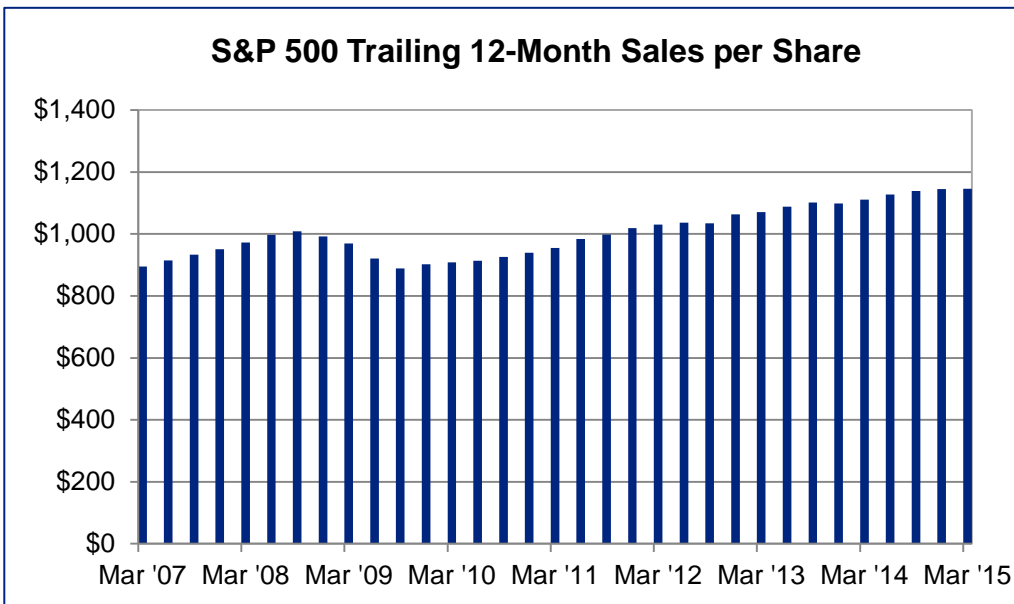
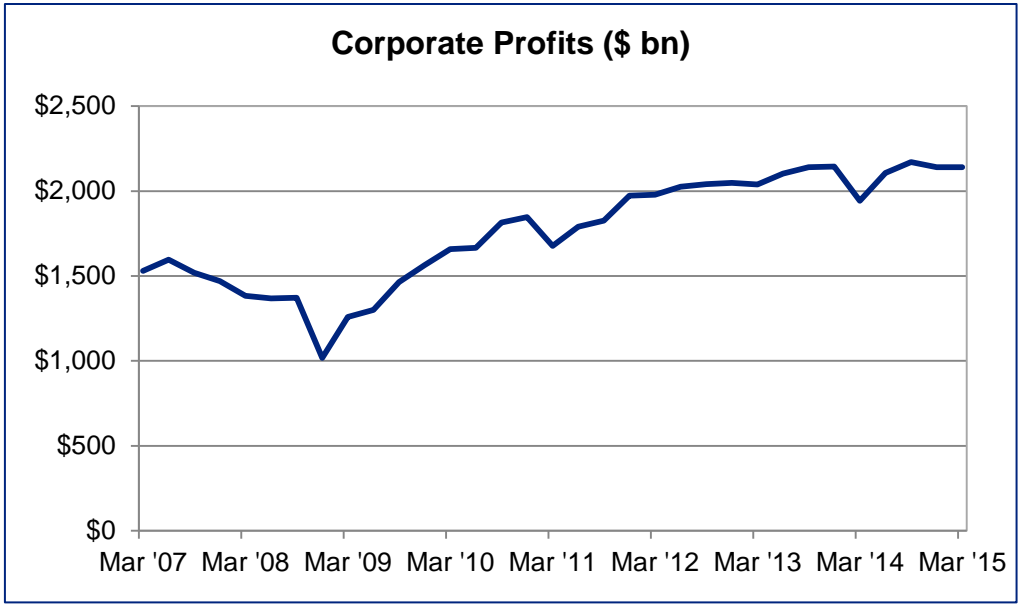
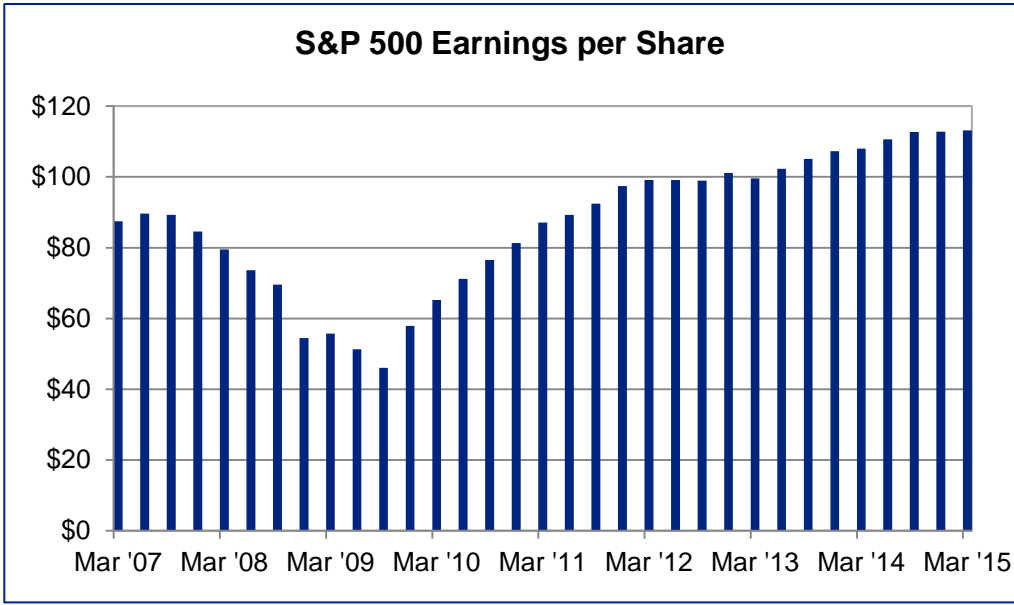
Settle Date	Description	Maturity Date	Par Value	Yield to Maturity (At Market)
1/13/2015	Orange County Rev Bonds	5/2/2016	1,035,000.00	0.78%
3/25/2015	State of Connecticut GO Bonds	3/15/2018	430,000.00	1.42%

Finding Yield in the Corporate Sector



- Source: The BofA Merrill Lynch 1-5 Year AAA-A US Corporate Index
- As of April 6, 2015

Strong Corporate Fundamentals



Source: Bloomberg

Total Return

Total Return Period Ended March 31, 2015

	Duration	Periodic	Annualized		
		Past Quarter	Past Year	Past Two Years	Since Inception ⁵
City of Hayward ^{1,2,3,4}	1.88	0.52%	1.00%	0.67%	0.62%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.79	0.52%	1.00%	0.69%	0.63%
LAIF ⁶	0.00	0.06%	0.24%	0.25%	0.26%

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

2. Merrill Lynch Indices provided by Bloomberg Financial Markets.

3. Quarterly returns are presented on an unannualized basis.

4. Excludes LAIF and cash balance in performance, duration, and yield computations.

5. Inception date is September 30, 2012 .

6. California State Treasurer LAIF website

Current Strategy

- We expect U.S. economic conditions to gradually advance in the second quarter, including improvements in GDP, employment, retail sales, and consumer sentiment.
- The FOMC changed the language in their March statement, replacing the notion that they “can be patient” in their plans to raise rates with a statement that they need to be “reasonably confident that inflation will move back to its two percent objective” before taking any action on rates.
- This stronger emphasis on inflation, combined with the FOMC’s more conservative projections for the future trajectory of the federal funds rate, informs our market view that rates will remain within their current range in the coming months.
- Because FOMC policy continues to evolve, we expect volatility to continue throughout the quarter. In a potentially turbulent market environment, we will carefully manage the duration of the portfolio to keep it within a narrow target range.
- Additionally, we will focus on asset allocation, finding value in the non-governmental sectors, individual security selection, and yield curve placement, as we believe these factors will be the primary drivers of good performance.
- We anticipate that high-quality corporate securities will continue to be a key component of our strategy as the sector remains supported by strong economic and credit market fundamentals.

Disclaimer

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Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

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 06/02/2014 0.375% 05/31/2016	912828WM8	2,120,000.00	AA+	Aaa	06/02/14	06/03/14	2,119,668.75	0.38	2,664.56	2,119,806.02	2,120,661.44
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	225,000.00	AA+	Aaa	05/14/13	05/15/13	244,828.13	0.41	1,838.23	232,947.23	233,068.28
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	635,000.00	AA+	Aaa	05/10/13	05/15/13	691,058.60	0.41	5,187.88	657,467.63	657,770.47
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	1,650,000.00	AA+	Aaa	05/22/13	05/24/13	1,792,505.86	0.44	13,480.32	1,707,588.88	1,709,167.35
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	2,300,000.00	AA+	Aaa	05/24/13	05/31/13	2,491,367.19	0.53	18,790.75	2,377,872.99	2,382,475.70
US TREASURY NOTES DTD 08/01/2011 1.500% 07/31/2016	912828QX1	3,975,000.00	AA+	Aaa	07/22/13	07/22/13	4,080,120.12	0.62	9,882.60	4,021,604.33	4,033,070.78
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	3,000,000.00	AA+	Aaa	10/31/13	11/01/13	3,023,203.13	0.62	8,798.08	3,012,600.30	3,020,391.00
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	3,775,000.00	AA+	Aaa	12/03/13	12/04/13	3,808,768.55	0.57	11,070.91	3,793,878.28	3,800,658.68
US TREASURY NOTES DTD 01/03/2012 0.875% 12/31/2016	912828RX0	1,825,000.00	AA+	Aaa	12/05/14	12/09/14	1,831,843.75	0.69	4,014.24	1,830,816.64	1,837,404.53
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	2,705,000.00	AA+	Aaa	10/02/14	10/06/14	2,718,208.01	0.80	73.91	2,715,643.28	2,727,611.10
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	3,450,000.00	AA+	Aaa	03/19/14	03/21/14	3,457,951.17	0.92	94.26	3,455,271.70	3,478,838.55
US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	4,450,000.00	AA+	Aaa	06/02/14	06/03/14	4,425,316.41	0.81	9,321.77	4,432,081.59	4,450,347.10
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	2,800,000.00	AA+	Aaa	10/30/14	11/03/14	2,797,156.25	0.79	5,279.01	2,797,594.07	2,805,686.80
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	820,000.00	AA+	Aaa	07/01/14	07/07/14	808,628.91	0.96	679.56	811,314.77	816,861.04



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

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 07/31/2012 0.500% 07/31/2017	912828TG5	1,115,000.00	AA+	Aaa	02/06/15	02/10/15	1,105,679.30	0.84	924.03	1,106,195.71	1,110,731.78
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	2,750,000.00	AA+	Aaa	02/02/15	02/04/15	2,741,298.83	0.63	2,279.01	2,741,836.30	2,739,473.00
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	60.96	1,214,342.33	1,223,468.75
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,700,000.00	AA+	Aaa	12/02/14	12/03/14	1,686,585.94	1.01	3,205.11	1,687,997.46	1,696,812.50
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	2,683.01	1,832,713.06	1,851,589.15
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	825,000.00	AA+	Aaa	03/26/15	03/27/15	819,038.09	0.99	16.91	819,065.03	821,326.28
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	3,500,000.00	AA+	Aaa	02/26/15	02/27/15	3,469,101.56	1.04	71.72	3,469,999.40	3,484,414.50
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	4,600,000.00	AA+	Aaa	03/26/15	03/27/15	4,566,578.13	1.00	94.26	4,566,729.17	4,579,516.20
Security Type Sub-Total		51,260,000.00					51,729,960.59	0.77	100,511.09	51,405,366.17	51,581,344.98
Municipal Bond / Note											
ORANGE CNTY, CA TXBL REV PO BONDS DTD 01/13/2015 0.780% 05/02/2016	68428LDJ0	1,035,000.00	AA-	NR	01/09/15	01/13/15	1,035,000.00	0.78	1,749.15	1,035,000.00	1,033,675.20
CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.194% 07/01/2016	13017HAC0	250,000.00	NR	A3	10/29/14	11/06/14	250,000.00	1.19	746.25	250,000.00	249,950.00
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	866.40	190,000.00	190,761.90
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	101.91	430,000.00	430,516.00
Security Type Sub-Total		1,905,000.00					1,905,000.00	1.08	3,463.71	1,905,000.00	1,904,903.10



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

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
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2015-M1 ASQ2 DTD 01/15/2015 1.626% 02/01/2018	3136AMKW8	445,000.00	AA+	Aaa	01/15/15	01/30/15	449,446.66	1.26	602.98	449,304.78	448,972.96
FNMA SERIES 2015-M3 FA DTD 02/01/2015 0.392% 06/01/2018	3136AMMC0	299,559.50	AA+	Aaa	02/12/15	02/27/15	299,481.23	0.39	101.12	299,481.23	299,516.96
FNMA SERIES M4 FA DTD 03/01/2015 0.385% 09/25/2018	3136AMTM1	275,000.00	AA+	Aaa	03/12/15	03/31/15	274,929.52	0.38	20.56	274,929.64	275,386.65
Security Type Sub-Total		1,019,559.50					1,023,857.41	0.77	724.66	1,023,715.65	1,023,876.57
Federal Agency Bond / Note											
FARMER MAC AGENCY NOTES DTD 08/11/2014 0.350% 02/11/2016	31315PT74	2,100,000.00	NR	NR	08/06/14	08/11/14	2,100,000.00	0.35	1,020.83	2,100,000.00	2,100,216.30
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	840,000.00	AA+	Aaa	02/14/13	02/15/13	839,042.40	0.54	11.67	839,692.51	841,491.84
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	5,000,000.00	AA+	Aaa	07/22/13	07/22/13	4,987,850.00	0.59	69.44	4,995,473.10	5,008,880.00
FHLMC REFERENCE NOTE DTD 11/21/2014 0.400% 05/27/2016	3134G5RF4	2,325,000.00	AA+	Aaa	11/19/14	11/21/14	2,324,302.50	0.42	3,358.33	2,324,468.30	2,325,030.23
FNMA NOTES DTD 08/19/2011 1.250% 09/28/2016	3135G0CM3	2,175,000.00	AA+	Aaa	10/01/13	10/03/13	2,206,254.75	0.76	226.56	2,190,701.80	2,199,264.30
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	2,915,000.00	AA+	Aaa	08/06/14	08/07/14	2,908,441.25	0.61	121.46	2,910,421.35	2,915,107.86
FHLB (CALLABLE) NOTES DTD 02/27/2015 0.875% 02/27/2017	3130A4B84	530,000.00	AA+	Aaa	03/05/15	03/06/15	530,349.80	0.84	437.99	530,298.66	530,983.15
FHLB (CALLABLE) NOTES DTD 03/17/2015 0.850% 03/17/2017	3130A4M58	1,650,000.00	AA+	Aaa	03/05/15	03/17/15	1,650,000.00	0.85	545.42	1,650,000.00	1,654,121.70
FHLB GLOBAL NOTES (CALLABLE) DTD 03/24/2015 0.840% 03/24/2017	3130A4OV7	1,650,000.00	AA+	Aaa	03/17/15	03/24/15	1,650,000.00	0.84	269.50	1,650,000.00	1,652,950.20
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	1,400,000.00	AA+	Aaa	03/19/15	03/20/15	1,404,760.00	0.85	2,450.00	1,404,699.00	1,410,441.20



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2015**

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
Federal Agency Bond / Note											
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	2,700,000.00	AA+	Aaa	08/12/14	08/14/14	2,699,819.10	1.00	4,725.00	2,699,859.41	2,720,136.60
Security Type Sub-Total		23,285,000.00					23,300,819.80	0.67	13,236.20	23,295,614.13	23,358,623.38
Corporate Note											
TOYOTA MOTOR CREDIT CORP DTD 05/17/2013 0.800% 05/17/2016	89236TAL9	450,000.00	AA-	Aa3	05/14/13	05/17/13	449,815.50	0.81	1,340.00	449,930.12	451,458.45
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	640,000.00	A+	A2	07/22/13	07/29/13	639,385.60	1.28	1,577.78	639,727.88	643,526.40
WALT DISNEY CORP NOTES DTD 11/30/2012 1.100% 12/01/2017	25468PCV6	1,500,000.00	A	A2	11/04/14	11/07/14	1,490,565.00	1.31	5,500.00	1,491,778.16	1,500,813.00
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	1,400,000.00	AAA	Aaa	03/04/15	03/06/15	1,400,000.00	1.31	1,268.75	1,400,000.00	1,408,059.80
Security Type Sub-Total		3,990,000.00					3,979,766.10	1.25	9,686.53	3,981,436.16	4,003,857.65
Asset-Backed Security / Collateralized Mortgage Obligatio:											
FORD ABS 2015-A A2A DTD 03/24/2015 0.810% 01/15/2018	34530QAB6	245,000.00	NR	Aaa	03/17/15	03/24/15	244,998.38	0.81	38.59	244,998.39	245,241.33
Security Type Sub-Total		245,000.00					244,998.38	0.81	38.59	244,998.39	245,241.33
Managed Account Sub-Total		81,704,559.50					82,184,402.28	0.78	127,660.78	81,856,130.50	82,117,847.01
Securities Sub-Total		\$81,704,559.50					\$82,184,402.28	0.78%	\$127,660.78	\$81,856,130.50	\$82,117,847.01
Accrued Interest											\$127,660.78
Total Investments											\$82,245,507.79



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
04/09/15	0.28	0.29	203
04/10/15	0.28	0.29	202
04/11/15	0.28	0.29	202
04/12/15	0.28	0.29	202
04/13/15	0.28	0.29	199
04/14/15	0.28	0.29	200
04/15/15	0.28	0.29	201
04/16/15	0.28	0.29	203
04/17/15	0.28	0.29	204
04/18/15	0.28	0.29	204
04/19/15	0.28	0.29	204
04/20/15	0.28	0.28	209
04/21/15	0.28	0.28	216
04/22/15	0.28	0.28	214

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

Quarter Ending 03/31/15

Apportionment Rate: 0.26%
 Earnings Ratio: 0.00000712637778462
 Fair Value Factor: 1.000383728
 Daily: 0.27%
 Quarter to Date: 0.27%
 Average Life: 191

PMIA Average Monthly Effective Yields

MAR 2015 0.278%
 FEB 2015 0.266%
 JAN 2015 0.262%

**Pooled Money Investment Account
Portfolio Composition
\$63.5 billion
3/31/15**

