



Quarterly Investment Report

*As of
September 30, 2016*

November 10, 2016

This report presents the City's investment portfolio for the quarter ending September 30, 2016. It has been prepared to comply with regulations contained in California Government Code Section 53646. The report includes all investments managed by the City on its own behalf as well as for other third party agencies on a fiduciary basis such as the Whale Rock Commission. It also includes all City-related investments held by trustees for bond debt service obligations. As required, the report provides information on the investment type, issuer, maturity date, cost, and current market value for each security.

The investment objectives of the City of San Luis Obispo are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all operating requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

The City follows the practice of pooling cash and investments for all funds under its direct control. Funds held by outside fiscal agents under provisions of bond indentures are maintained separately. Interest earned on pooled cash and investments is allocated quarterly to the various funds based on the respective fund's average quarterly cash balance. Interest earned from cash and investments with fiscal agents is credited directly to the related accounts. It is common for governments to pool the cash and investments of various funds to improve investment performance. By pooling funds, the city is able to benefit from economies of scale, diversification, liquidity, and ease of administration.

The City uses the services of an investment advisor, PFM Asset Management, to manage a portion of the City's portfolio. The City's strategy is to retain approximately 25% of the portfolio to manage its day-to-day cash flow needs, while PFM's focus is on longer-term investment management. In addition, the City has retained direct control of several investments that had been acquired before the City began to use investment advisors. All investments are held by the City in a safe keeping account with Bank of New York Mellon, except for investments held by trustees related to bond financings, which are held by either US Bank or Bank of New York Mellon.

Investment Portfolio Benefits all Funds

The City's cash and investment portfolio represents money from all City funds, including the General Fund, enterprise funds, capital projects funds, and other funds which are restricted to specific purposes.

In general, monies held by the city are either allocated by the City Council for spending or are purposefully retained in reserve. For example, the money in the Capital Outlay Fund has been identified to provide particular capital projects for the community and there is a plan for spending down the cash balance as the projects progress. In the General Fund, about \$10 million is purposely held in reserve to meet the City's reserve policy of 20% of operating expenditures.

Quarterly Investment Report

Current Cash and Investment Summary

The following is a summary of the City's cash and investments based on market value as of September 30, 2016 compared with the prior quarter:

| | June 30, 2016 | September 30, 2016 | Percent of Total |
|---------------------------------------|--------------------|--------------------|------------------|
| Cash and investments held by the City | 29,088,628 | 34,095,175 | 29.74% |
| Cash and investments managed by PFM | 75,903,231 | 75,899,820 | 66.21% |
| Cash and investments held by trustees | 4,623,364 | 4,637,213 | 4.05% |
| TOTAL | 109,615,223 | 114,632,208 | 100% |

There are a number of factors which result in changes in cash and investment balances from month to month and quarter to quarter. Often they are the result of the receipt of revenues or a large disbursement. Some major City revenues are received on a periodic rather than a monthly basis. Property Tax, for example, is received in December, January, April and May of each year. Other revenues, such as Transient Occupancy Tax, are received monthly but vary considerably because they are seasonal. On the disbursement side, payments for bonded indebtedness or large capital projects can reduce the portfolio substantially in the quarter that they occur. Significant fluctuations of this type will be discussed in the following section of this report.

Securities in the City's portfolio are priced by IDC, an independent pricing service at the end of every month. In some cases, the City may have investments with a current market value that is greater or less than the recorded value. These changes in market value are due to fluctuations in the marketplace having no effect on yield, as the City does not intend to sell securities prior to maturity. Nevertheless, these market changes will impact the total value of the portfolio as reported. At September 30, 2016 the market value of the portfolio was \$315,691 more than the cost basis.

The portfolio's yield on a market basis as of September 30, 2016 was 0.93%, and the yield on a cost basis was 1.19%. (These amounts do not reflect the returns on the assets held by the bond trustee.)

As of September 30, 2016, the investment portfolio was in compliance with all State laws, the City's Statement of Investment Policy and the City's Investment Management Plan.

Summary of Activity for the Quarter and Future Liquidity

Cash receipts and disbursements are generally consistent with past trends for the quarter. The cash management program contains enough liquidity to meet the next six months of expected expenditures by the City as well as by related parties, such as the Whale Rock Commission.

Report Contents and Distribution. This report includes the following four schedules on the City's portfolio as of September 30, 2016: summary of investments held or managed by the City, trustees or PFM; summary of investment portfolio liquidity; investment details; and detail of holdings for each investment. These schedules have not yet been reviewed by the City's independent auditor.

If you have any questions concerning this report, or require additional information, contact Xenia Bradford, Interim Director of Finance at (805) 781-7125.

DISTRIBUTION LIST

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Sarah Meacham, Managing Director

Monique Skype, Portfolio Manager

CITY OF SAN LUIS OBISPO

SUMMARY OF INVESTMENTS

As of September 30, 2016

| INVESTMENTS HELD AND MANAGED BY THE CITY | | | |
|---|---------------------------------|--------------------------|-------------------------|
| | Percent of Portfolio | Current Yield | Market Value |
| Local Agency Investment Funds | 66% | 0.46% | 22,375,579.02 |
| Certificate of Deposit | 3% | 0.27% | 1,000,000.00 |
| Money Market Account | 3% | 0.21% | 1,012,265.41 |
| Checking Account | 28% | 0.25% | 9,707,330.36 |
| Treasury Issues | 0% | 0.00% | 0.00 |
| Total Investments Held by the City | 100% | 0.38% | \$34,095,174.79 |

| | Percent of Portfolio | Current Yield | Value |
|---|---------------------------------|--------------------------|------------------------|
| Federal Agency Issues | 56% | 1.28% | 42,834,814.93 |
| Commercial Paper | 11% | 0.97% | 8,657,551.30 |
| Money Market Fund | 1% | 0.00% | 556,967.89 |
| US Corporate Notes | 10% | 1.48% | 7,216,247.94 |
| Negotiable CD | 1% | 0.91% | 833,921.75 |
| Treasury Issues | 30% | 0.79% | 15,800,316.39 |
| Total Investments Managed by Public Financial Management | 109% | 1.15% | \$75,899,820.20 |

| | Percent of Trustee Portfolio | Current Yield | Market Value |
|---|---|--------------------------|-------------------------|
| First American Treasury Funds | 2.33% | 0.00% | 107,974.79 |
| Other Money Market Accounts | 0.45% | 0.02% | 20,847.13 |
| Certificate of Deposit | 0.00% | 0.00% | |
| Guaranteed Investment Contracts | 43.92% | see below | 2,036,623.61 |
| Federal Agency Issues | 17.95% | 2.50% | 832,385.23 |
| Treasury Issues | 35.35% | Varies | 1,639,382.20 |
| Total Investments Held by Trustees | 100% | | \$4,637,212.96 |

| | | | |
|---|--|--|-------------------------|
| Total of all Investments--Market Value | | | \$114,632,207.95 |
|---|--|--|-------------------------|

CITY OF SAN LUIS OBISPO
SUMMARY OF INVESTMENT PORTFOLIO LIQUIDITY
As of September 30, 2016

| | Managed by City | Managed by PFM | Percent of Portfolio | Market Value |
|--------------------------|----------------------|------------------------|-------------------------|-------------------------|
| On Demand | 33,095,174.79 | 556,967.89 | 31% | 33,652,142.68 |
| Within Six Months | 1,000,000.00 | 12,582,256.34 | 12% | 13,582,256.34 |
| Six Months to One Year | | 10,969,919.30 | 10% | 10,969,919.30 |
| Within One to Five Years | 0.00 | 51,790,676.68 | 47% | 51,790,676.68 |
| Over Five Years | | | 0% | 0.00 |
| TOTAL | 34,095,174.79 | \$75,899,820.20 | 100% | \$109,994,994.99 |

| | Percent of Portfolio | Market Value |
|--------------------------|-------------------------|-----------------------|
| On Demand | 3% | 128,821.92 |
| Within Six Months | 0% | 0.00 |
| Six Months to One Year | 0% | 0.00 |
| Within One to Five Years | 24% | 1,124,953.53 |
| Over Five Years | 73% | 3,383,437.51 |
| TOTAL | 100% | \$4,637,212.96 |

| | |
|---|-------------------------|
| Total of all Investments--Market Value | \$114,632,207.95 |
|---|-------------------------|

CITY OF SAN LUIS OBISPO
INVESTMENT DETAIL
As of September 30, 2016

| Agency (Broker) | Investment Description | Coupon Rate | Current Yield | Purchase Date | Maturity Date | Market Value |
|---------------------------------|--|----------------|------------------|------------------|------------------|------------------------|
| Local Agency Investment Fund | Money Market Fund City | NA | 0.46% | Varies | On Demand | 22,307,840.13 |
| Local Agency Investment Fund | Money Market Fund CIB | NA | 0.46% | Varies | On Demand | 67,738.89 |
| Bank of America | Checking Account | NA | 0.25% | Varies | On Demand | 9,707,330.36 |
| Heritage Oaks | Collateralized Certificate of Deposit | NA | 0.27% | 12/20/2013 | 12/20/2016 | 1,000,000.00 |
| Heritage Oaks | Money Market Account | NA | 0.21% | 1/24/2012 | On Demand | 1,012,265.41 |
| TOTAL | | | | | | \$34,095,174.79 |

CITY OF SAN LUIS OBISPO

INVESTMENT DETAIL

As of September 30, 2016

| Agency (Broker) | Investment Description | Coupon Rate | Current Yield | Purchase Date | Maturity Date | Market Value |
|---|--|-------------|---------------|---------------|---------------|--------------|
| 2005 Refunding Lease Revenue Bonds | | | | | | |
| U. S. Bank Corporate Trust Services | First American Treasury Fund | N/A | 0.00% | Varies | on demand | 17,460.00 |
| U. S. Bank Corporate Trust Services | United States Treasury Bonds | 6.00% | 4.26% | 6/26/96 | 2/15/26 | 815,115.00 |
| 2006 Lease Revenue Bonds | | | | | | |
| U. S. Bank Corporate Trust Services | First American Treasury Fund | N/A | 0.00% | Varies | on demand | 27,439.35 |
| FSA Capital Management Services LLC | Guaranteed Investment Contract Treasury Fund | 5.545% | 5.545% | 5/11/06 | 5/26/36 | 1,001,276.11 |
| 2006 Water Revenue Bonds | | | | | | |
| U. S. Bank Corporate Trust Services | First American Treasury Fund | N/A | 0.00% | Varies | on demand | 27,875.44 |
| FSA Capital Management Services LLC | Guaranteed Investment Contract Treasury Fund | 5.355% | 5.355% | 8/17/06 | 5/28/36 | 1,035,347.50 |
| 2009 Lease Revenue Bonds | | | | | | |
| U. S. Bank Corporate Trust Services | First American Treasury Fund | N/A | 0.00% | Varies | on demand | \$35,200.00 |
| U. S. Bank Corporate Trust Services | Federal Home Loan Bank | 1.00% | 0.99% | 11/25/2014 | 6/21/2017 | \$35,100.45 |
| U. S. Bank Corporate Trust Services | Fed Home Loan Mort. Corp Medium term Note | 0.75% | 0.75% | 11/25/2014 | 1/12/2018 | \$79,976.58 |
| U. S. Bank Corporate Trust Services | U.S. Treasury Note | 0.88% | 0.88% | 11/25/2014 | 1/31/2018 | \$70,147.70 |
| U. S. Bank Corporate Trust Services | Federal Nat'l Mtge. Assoc. Debenture | 0.88% | 0.88% | 11/25/2014 | 2/8/2018 | \$80,107.20 |
| U. S. Bank Corporate Trust Services | Federal Home Loan Bank | 1.38% | 1.36% | 11/25/2014 | 3/9/18 | \$70,570.50 |
| U. S. Bank Corporate Trust Services | U.S. Treasury Note | 1.38% | 1.36% | 11/25/2014 | 6/30/2018 | \$70,732.90 |
| U. S. Bank Corporate Trust Services | Federal Nat'l Mtge. Assoc. Debenture | 1.88% | 1.83% | 11/25/2014 | 9/18/2018 | \$35,714.00 |
| U. S. Bank Corporate Trust Services | U.S. Treasury Note | 1.50% | 1.49% | 11/25/2014 | 2/28/2019 | \$71,094.10 |
| U. S. Bank Corporate Trust Services | U.S. Treasury Note | 1.13% | 1.13% | 11/25/2014 | 5/31/2019 | \$80,593.60 |
| U. S. Bank Corporate Trust Services | Fed Home Loan Mort. Corp Debenture | 1.25% | 1.26% | 11/25/2014 | 8/1/2019 | \$80,580.80 |
| U. S. Bank Corporate Trust Services | Federal Nat'l Mtge. Assoc. | 1.75% | 1.74% | 11/25/2014 | 9/12/2019 | \$51,081.00 |

| 2012 Water Revenue Refunding Bonds (Refunded 2002 Water Revenue Bonds) | | | | | | |
|---|----------------------------------|--------|--------|--------|-----------|-----------------------|
| U. S. Bank Corporate Trust Services | U.S Bank Money Market Account | N/A | 0.02% | Varies | on demand | \$10,098.12 |
| U. S. Bank Corporate Trust Services | United States Treasury Bond | 2.00% | 2.00% | Varies | 11/15/21 | \$233,770.50 |
| U. S. Bank Corporate Trust Services | United States Treasury Note | 7.125% | 5.150% | Varies | 2/15/23 | \$297,928.40 |
| 2012 Revenue Refunding Bonds (Refunded 2001 Revenue Refunding Bonds) | | | | | | |
| U. S. Bank Corporate Trust Services | U.S Bank Money Market Account | NA | 0.00% | Varies | on demand | \$10,749.01 |
| U. S. Bank Corporate Trust Services | Federal Home Loan Bank | 5.50% | 5.21% | Varies | 8/15/16 | \$399,254.70 |
| TOTAL | | | | | | \$4,637,212.96 |

CITY OF SAN LUIS OBISPO
INVESTMENT DETAIL
As of September 30, 2016

MANAGED BY PUBLIC FINANCIAL MANAGEMENT

The City of San Luis Obispo maintains certain performance objectives for the investments that are managed by Public Financial Management. The overall performance objective for the portfolio is to earn a total rate of return over the market cycle that equals or exceeds the market index. In order to achieve this objective the portfolio invests in high-quality money market instruments, US Treasury securities, Agency securities, and high-grade corporate securities, with a maximum maturity of five years. To monitor the achievement of this objective, the City uses a "Benchmark" to compare to. The benchmark which is used is based on the BofA Merrill Lynch Index of 0-5 year Treasury securities. Below is a summary of the monthly results as compared to the benchmark. While the City strives to achieve this performance objective every month, the goal is assumed to be met on an annual basis. The City of San Luis Obispo is currently just under the benchmark goals in most categories. We feel that through market trends and current investing adjustments, our performance will meet or exceed the benchmarks by the end of the fiscal year.

Benchmark Comparison for the Quarter Ended 9/30/2016

| | <u>Benchmark</u> | <u>09/30/2016 Portfolio</u> | <u>06/30/2016 Portfoli</u> |
|-------------------------------|------------------|-----------------------------|----------------------------|
| Average Maturity (yrs) | 2.31 | 2.19 | 2.22 |
| Modified Duration | 2.23 | 2.13 | 2.16 |
| Average Purchase Yield | N/A | 1.19% | 1.18% |
| Average Market Yield | 0.81% | 0.93% | 0.80% |
| Average Quality | AA+ | AA+/Aaa | AA+/Aaa |
| Total Market Value | \$ - | \$ 76,625,518 | \$ 76,631,857 |

The following pages provide a summary of the portfolio under management by Public Financial Management (PFM) as well as a detailed holding report for the month.



City of San Luis Obispo



Investment Report Period Ended September 30, 2016

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

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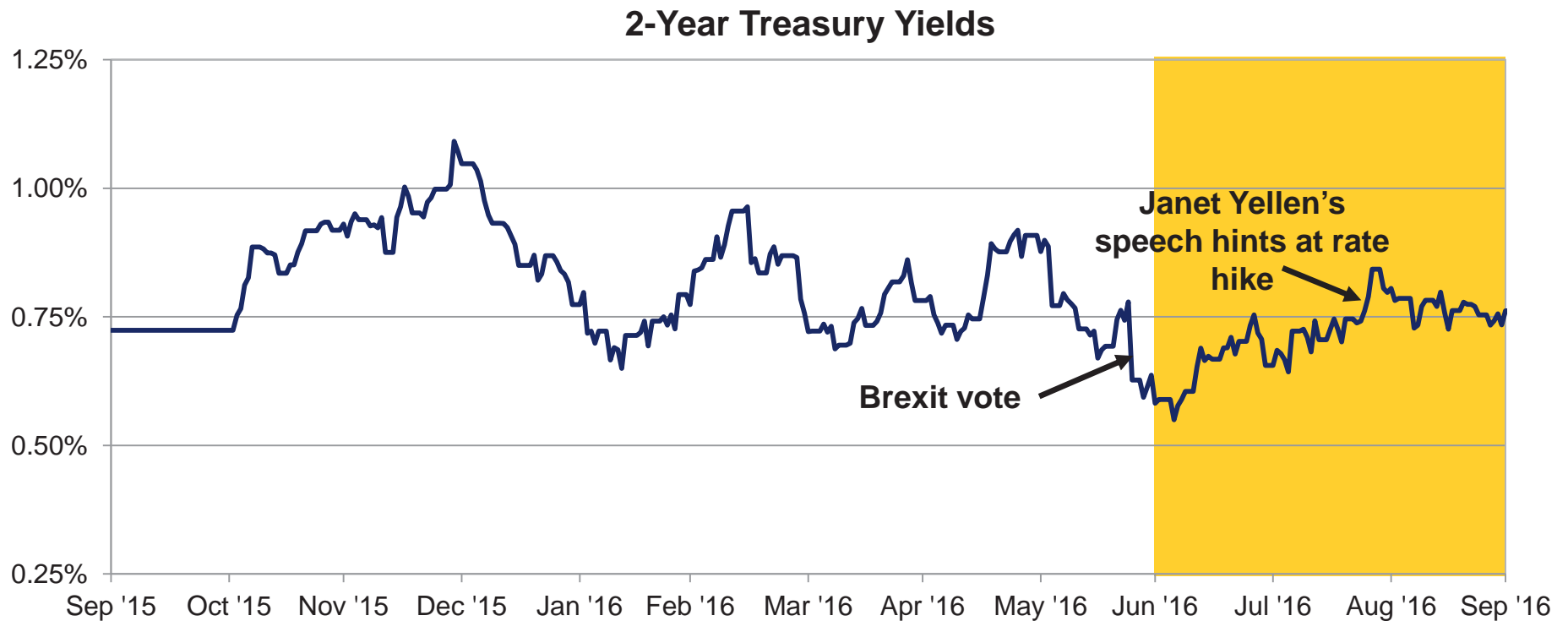
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I. Economic Update

2-Year Treasury Yields Increase

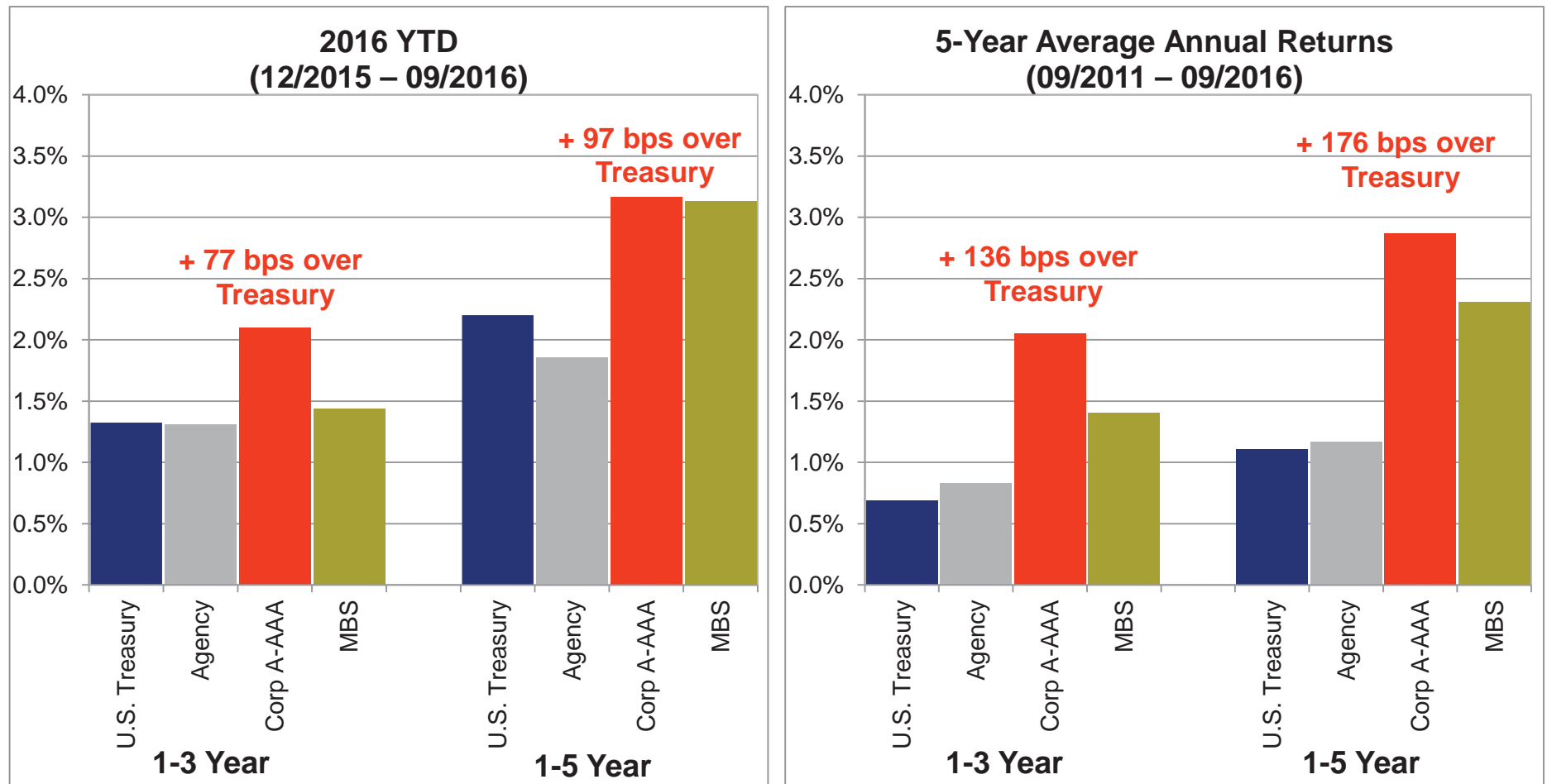
- Following the sharp decline in yields instigated by the Brexit vote at the end of the second quarter, yields rebounded during the third quarter, resulting in a quarter-over-quarter increase of 16 basis points for the 2-year Treasury.
- Speeches by various Fed officials during the quarter hinted at an additional rate hike before year-end, causing a further bump in yields.



Source: Bloomberg. As of 09/30/16.

Corporates Continue to Add Value

- As economic conditions continue to strengthen domestically, corporates continue to deliver strong performance over both shorter-term and longer-term periods.



Source: Bloomberg.

Agency Spreads Tighten

- Agency yield spreads moved modestly tighter during the quarter, retracing the temporary widening that took place post-Brexit. Value remained in 2, 3, and 5-year Federal Agency new-issue securities.

2-Year Agency/2-Year Treasury Yield Spread



Source: Bloomberg.

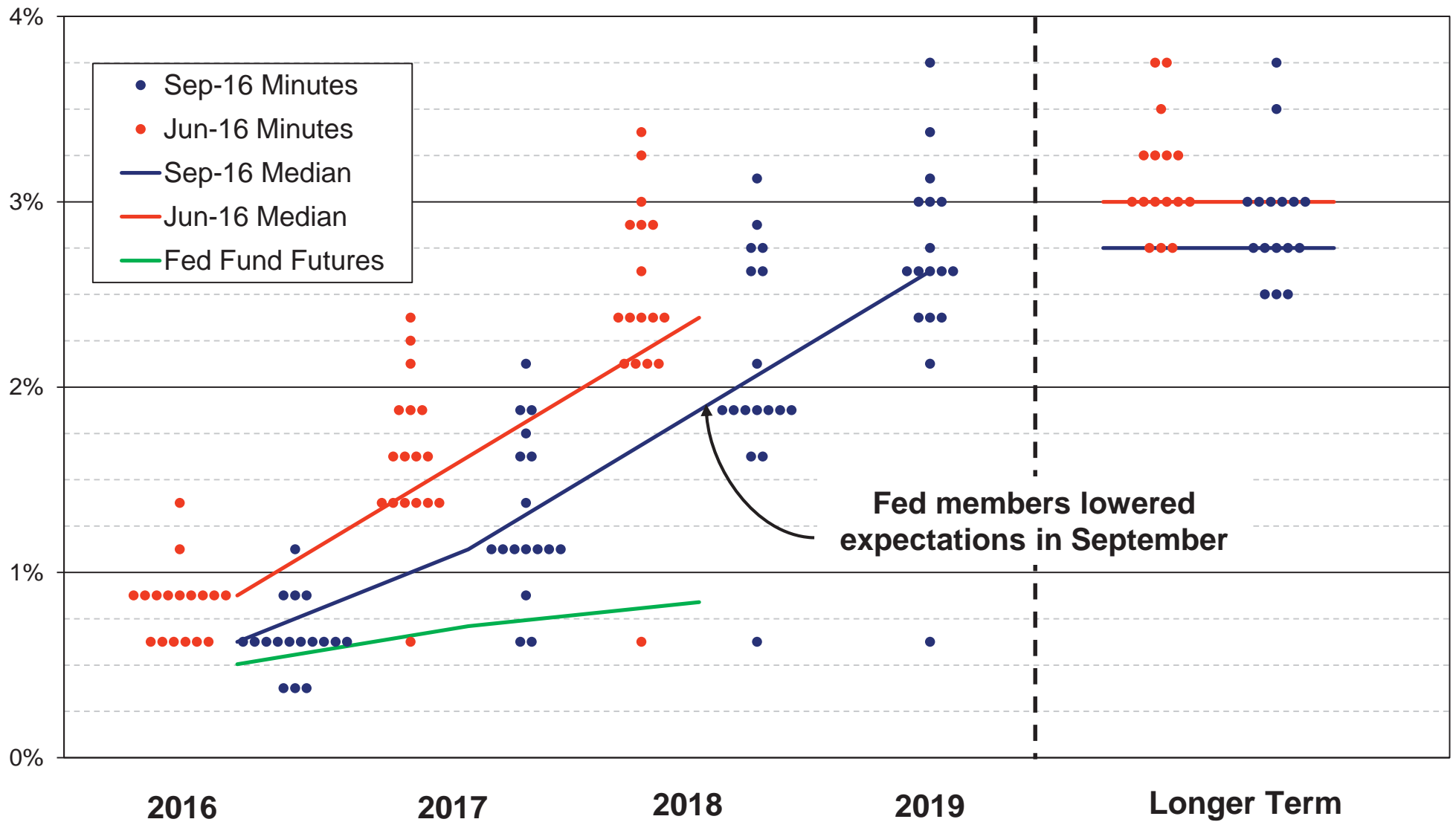
Fed Holds off in September but Hints at Imminent Rate Hike

- At the Federal Reserve’s September meeting, they voted to keep the fed funds target range at 0.25% to 0.50%.
 - However, three dissenters cast their votes *in favor* of a rate hike.
- Highlights from the September 21 Press Release:
 - “. . . the labor market has continued to strengthen, and growth of economic activity has picked up . . .”
 - “The Committee judges that the case for an increase in the federal funds rate has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives.”
 - “. . . the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.”

| Probability of Fed Rate Hike | | | | |
|------------------------------|---------|---------|---------|---------|
| Meeting | 9/30/16 | 8/31/16 | 7/31/16 | 6/30/16 |
| 11/02/16 | 17% | 42% | 20% | 0% |
| 12/14/16 | 60% | 60% | 36% | 9% |
| 02/01/17 | 61% | 62% | 36% | 9% |
| 03/15/17 | 66% | 68% | 41% | 13% |
| 05/03/17 | 68% | 70% | 42% | 14% |
| 6/14/17 | 72% | 74% | 46% | 23% |

Sources: Federal Reserve and Bloomberg. WIRP.

FOMC "Dot Plot"



Source: FOMC; Fed Funds Futures as of 09/20/2016. Individual dots represent each of the 17 FOMC members' judgment of the midpoint of the appropriate target range for the federal funds rate.

Fed Projections Revised Downward

- In the post-meeting press conference, Janet Yellen shared insight on the Fed's outlook and decision-making process.
- When questioned about the consistent downward revisions, Yellen emphasized that the economic outlook is inherently uncertain and that there is no preset, fixed plan for future policy.

"We're struggling with a difficult set of issues about what is the new normal in this economy, and the global economy more generally, which explains why we keep revising down the rate path."

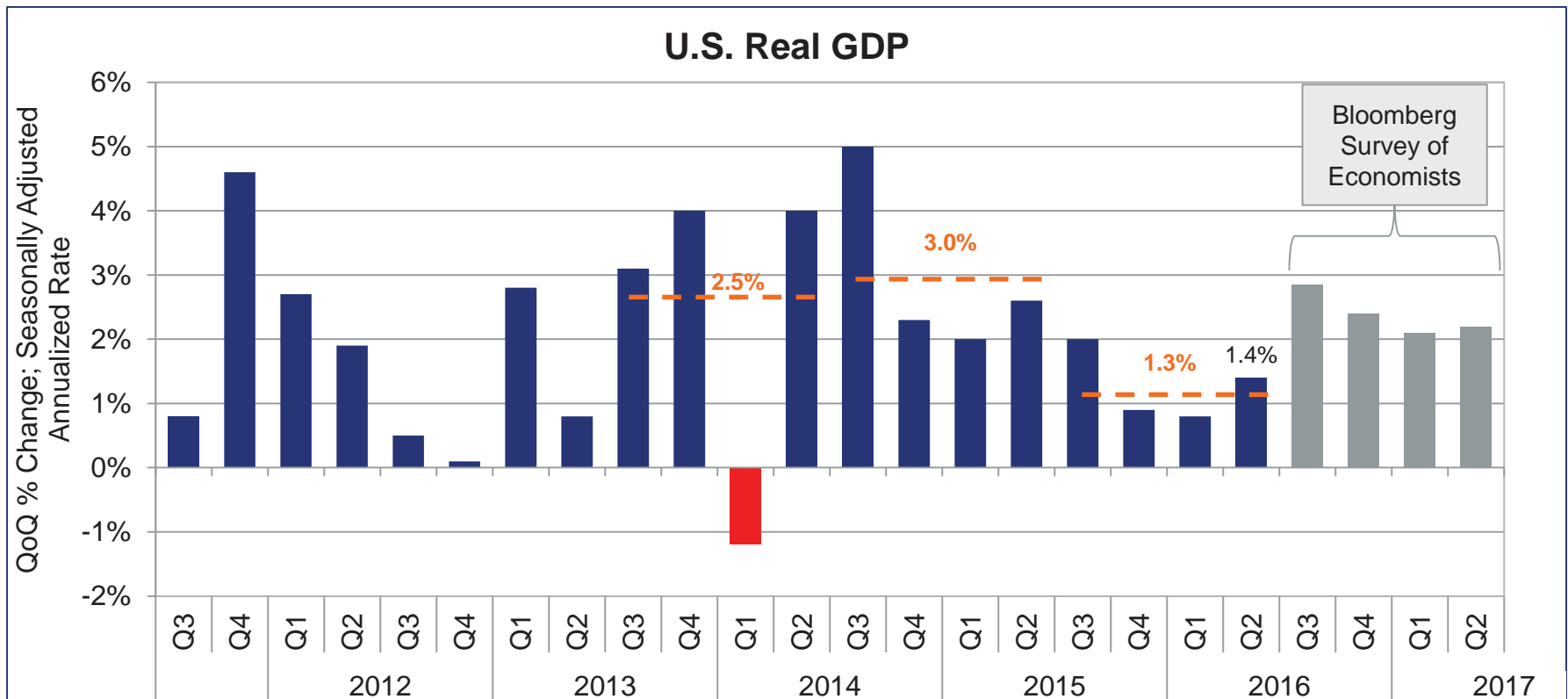


| Indicator | Actual 2015 | 2016 | | 2017 | | 2018 | | 2019 | | Longer run | |
|-----------------------------|-------------|------|-------------|------|-------------|------|-------------|------|-------|------------|-------------|
| | | June | Sept. | June | Sept. | June | Sept. | June | Sept. | June | Sept. |
| Real GDP (YoY) | 2.0% | 2.0% | 1.8% | 2.0% | 2.0% | 2.0% | 2.0% | N/A | 1.8% | 2.0% | 1.8% |
| Unemployment Rate | 5.0% | 4.7% | 4.8% | 4.6% | 4.6% | 4.6% | 4.5% | N/A | 4.6% | 4.8% | 4.8% |
| PCE Inflation (YoY) | 0.7% | 1.4% | 1.3% | 1.9% | 1.9% | 2.0% | 2.0% | N/A | 2.0% | 2.0% | 2.0% |
| Core PCE (YoY) | 1.4% | 1.7% | 1.7% | 1.9% | 1.8% | 2.0% | 2.0% | N/A | 2.0% | - | - |
| Federal Funds Rate (Median) | 0.4% | 0.9% | 0.6% | 1.6% | 1.1% | 2.4% | 1.9% | N/A | 2.6% | 3.0% | 2.9% |

Sources: Federal Reserve and Reuters.

U.S. Economy on Disappointing Growth Track

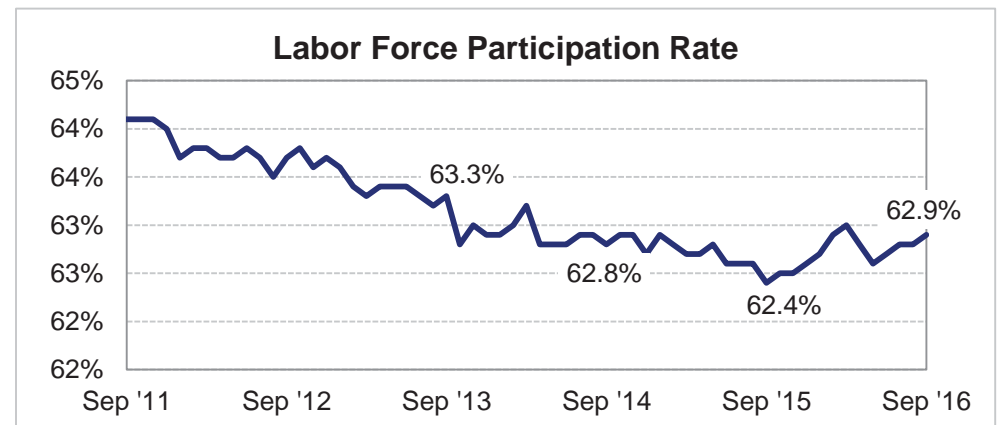
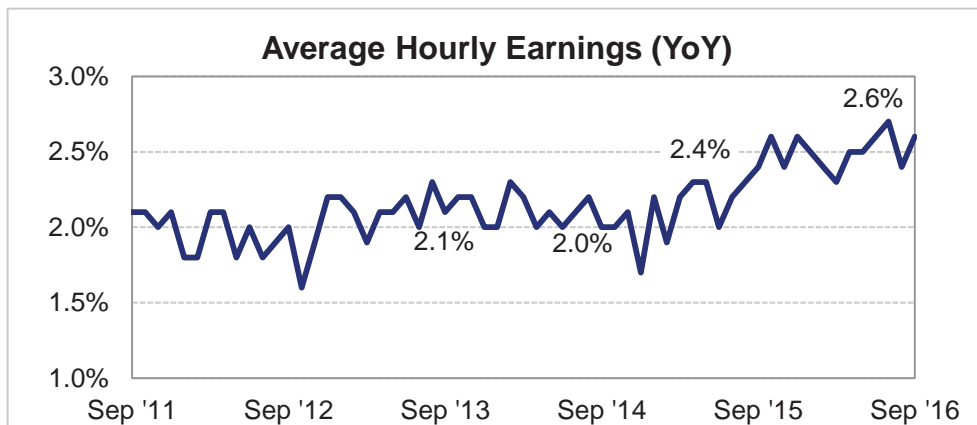
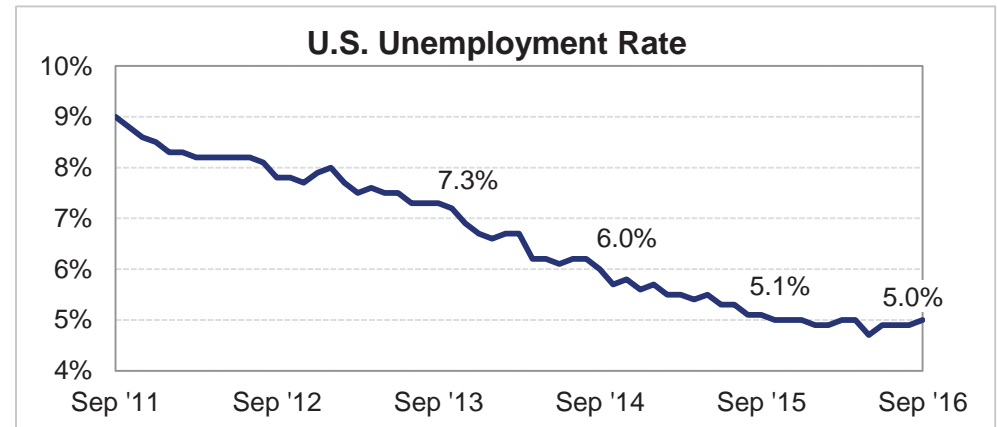
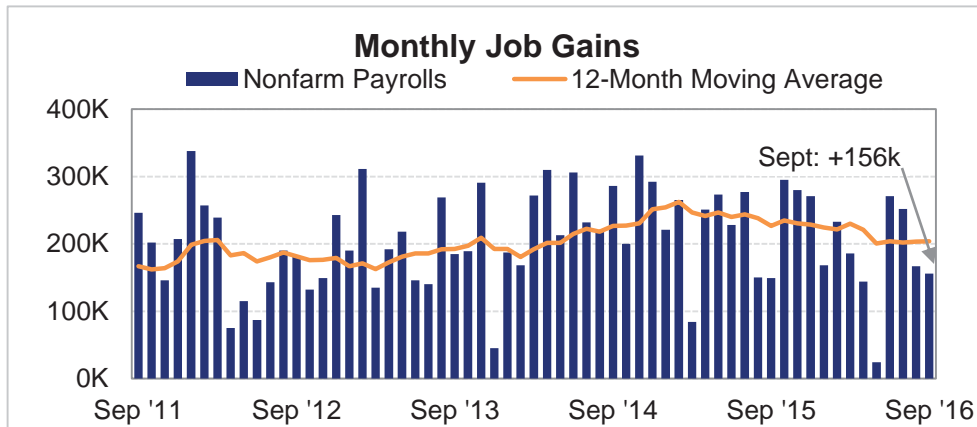
- U.S. GDP growth increased at an annual rate of 1.4% in the second quarter of 2016, according to the Bureau of Economic Analysis. This was revised up from 1.1%, but still paints the same picture of moderate growth in the U.S.
- Second quarter GDP reflected positive contributions from personal consumption, which contributed the most to GDP since the 4th quarter of 2014. Business investment detracted from GDP for the 3rd quarter in a row, the most since the 2nd quarter of 2009, amid a significant decline in inventories.



Sources: Bureau of Economic Analysis; Bloomberg survey results as of 10/03/16. Orange is average over last 12 months.

U.S. Labor Market Remains Strong

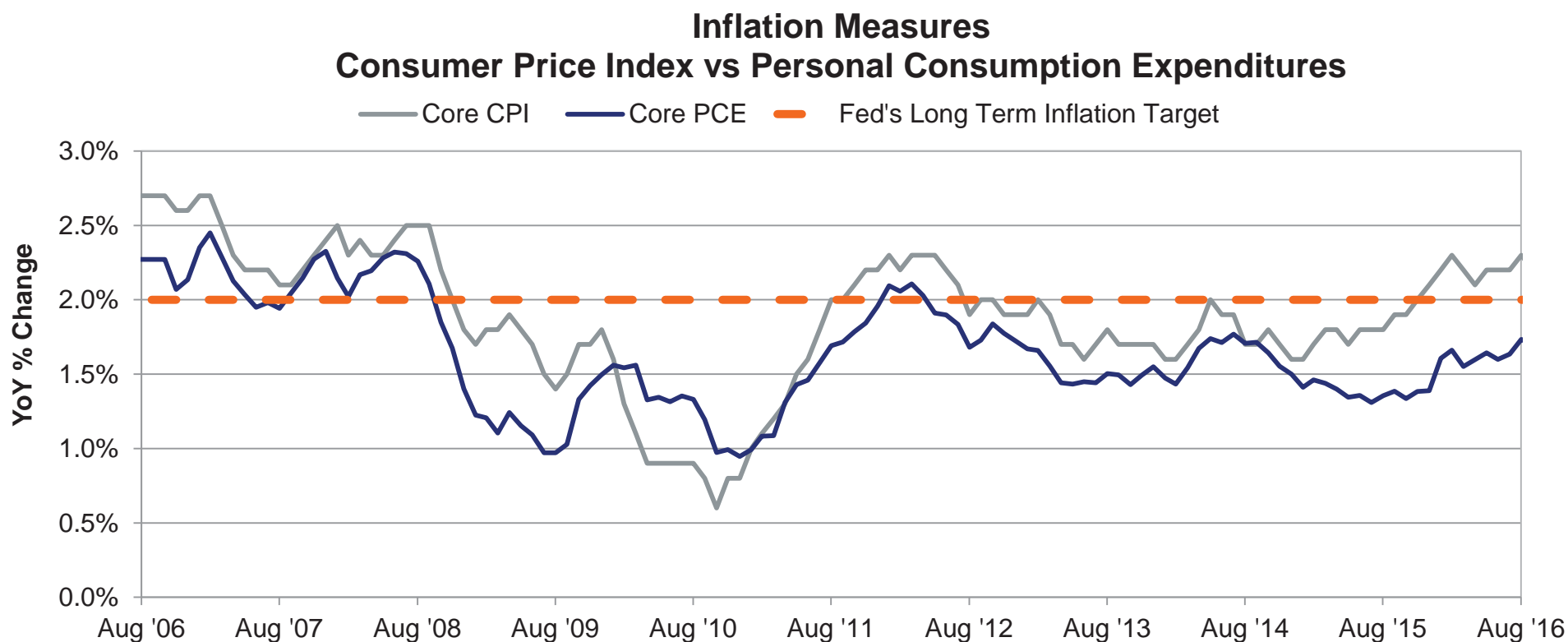
- The U.S. economy added 156,000 net new jobs in September, continuing the trend of favorable job growth but undershooting economists' expectations of 172,000 net new jobs.
- The unemployment rate ticked up slightly to 5.0% while the labor force participation rate increased to 62.9%, suggesting that more individuals are re-entering the workforce as the labor market approaches full employment.



Source: Bureau of Labor Statistics.

Inflation Inches Upward but Continues to Undershoot the Fed's Target

- The core personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, continues to undershoot the 2% target but has shown modest improvement in recent months, increasing 1.7% year-over-year in August.
- Wage growth continues to show modest improvement, while higher prices from housing and health care remain strong drivers of inflation.

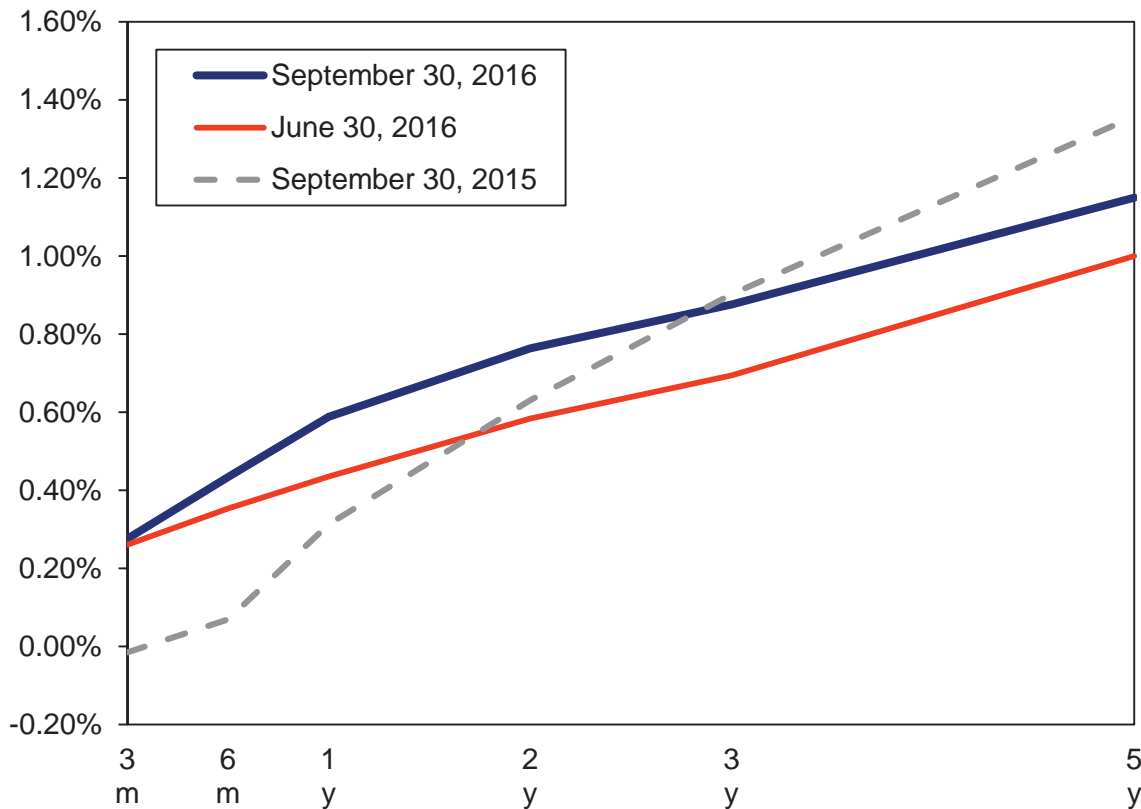


Source: Bloomberg.

Yields Increase Across the Board

- Yields on short- and intermediate-term U.S. Treasuries increased during the quarter as the markets priced in a likely rate hike by year-end.

U.S. Treasury Curve



| | 9/30/16 | 6/30/16 | 12/31/15 |
|---------|--------------|---------|----------|
| 3-month | 0.29% | 0.26% | 0.16% |
| 6-month | 0.45% | 0.36% | 0.49% |
| 1-year | 0.59% | 0.45% | 0.65% |
| 2-year | 0.77% | 0.58% | 1.06% |
| 3-year | 0.88% | 0.71% | 1.31% |
| 5-year | 1.14% | 1.01% | 1.76% |

Source: Bloomberg.

II. Account Profile

Objectives



Investment Objectives

- The investment objectives of the City of San Luis Obispo are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all operating requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

Performance Objectives

- The performance objective for the portfolio is to earn a total rate of return over a market cycle that equals or exceeds the market index, the Bank of America Merrill Lynch Index of 0-5 Year Treasury securities.

Strategy

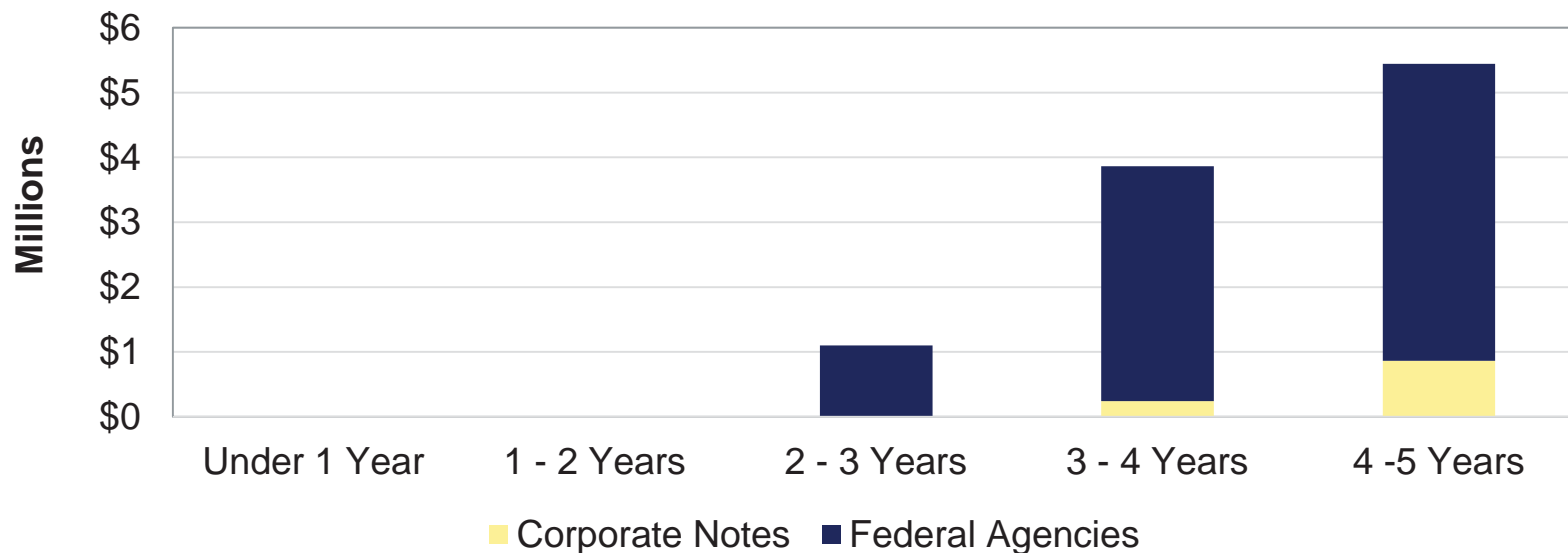
- In order to achieve this objective, the portfolio invests in high-quality money market instruments, U.S. Treasury securities, Federal Agency securities, and high-grade corporate securities, with a maximum maturity of five years.

Third Quarter 2016 Recap



- PFMAM maintained the portfolio's duration near neutral to the benchmark's to reduce potential performance mismatches in the uncertain market.
- Yields drifted modestly higher during the third quarter as early-quarter Brexit fears faded and U.S. economic data rebounded, bringing the Fed closer to an eventual rate hike, perhaps in December.
- We increased allocation to the agency sector as spreads between Treasuries and Agencies remained attractive in maturities greater than two years.
- We purchased high quality corporate notes for the portfolio. The sector's strong performance during the quarter added to its outperformance for the year.

Summary of Third Quarter 2016 Purchases by Maturity and Sector



Compliance



- The portfolio complies with California Government Code and the City of San Luis Obispo's Investment Policy in regards to credit quality, maturity, sector, and issuer limits. Additionally, none of the City's funds are invested in any securities prohibited by the Code.

City of San Luis Obispo Portfolio Compliance* – PFM Managed

| Category | Standard | Comment |
|--|--|----------|
| Treasury Obligations | 5 year maximum maturity | Complies |
| Government Sponsored Enterprise (GSE) Securities | 5 year maximum maturity | Complies |
| Corporate Notes | 5 year maximum maturity At least two "A" rating; at least one "AA" for financials 30% maximum, 5% per issuer | Complies |
| Local Government Investment Pool (LAIF) | Up to maximum permitted by State Law | Complies |
| Negotiable Certificates of Deposit | 5 year maximum maturity At least a "AA" or "A-1" 30% maximum, 5% per issuer | Complies |
| Commercial Paper | 270 day maximum maturity At least one "A-1" rating 40% maximum, 10% per issuer | Complies |
| Collateralized Bank Deposits | 25% maximum, 5% per issuer | Complies |
| Money Market Mutual Funds | Highest rating category by 2 NRSROs 20% maximum, 10% per issuer | Complies |
| Maximum maturity | 10 years; 10% maximum of portfolio in Treasury and GSE obligations with maturity >5 years | Complies |
| Duration limit | Duration of portfolio equal duration of benchmark plus or minus 10% | Complies |
| Social responsibility | No investments in companies involved in tobacco, electronic cigarettes, or the direct production or drilling of fossil fuels | Complies |

*Applies to aggregate portfolio. Source: City of San Luis Obispo Investment Management Plan, June 2015.



City of San Luis Obispo – PFM Managed Portfolio Characteristics

| | 9/30/16 | | 6/30/16 |
|--------------------------|-----------|------------|------------|
| | Benchmark | Portfolio | Portfolio |
| Average Maturity (years) | 2.31 | 2.19 | 2.22 |
| Effective Duration* | 2.23 | 2.13 | 2.16 |
| Average Purchase Yield | N/A | 1.19% | 1.18% |
| Average Market Yield | 0.81% | 0.93% | 0.80% |
| Average Quality | AA+ | AA+/Aaa | AA+/Aaa |
| Total Market Value | - | 76,625,518 | 76,631,857 |

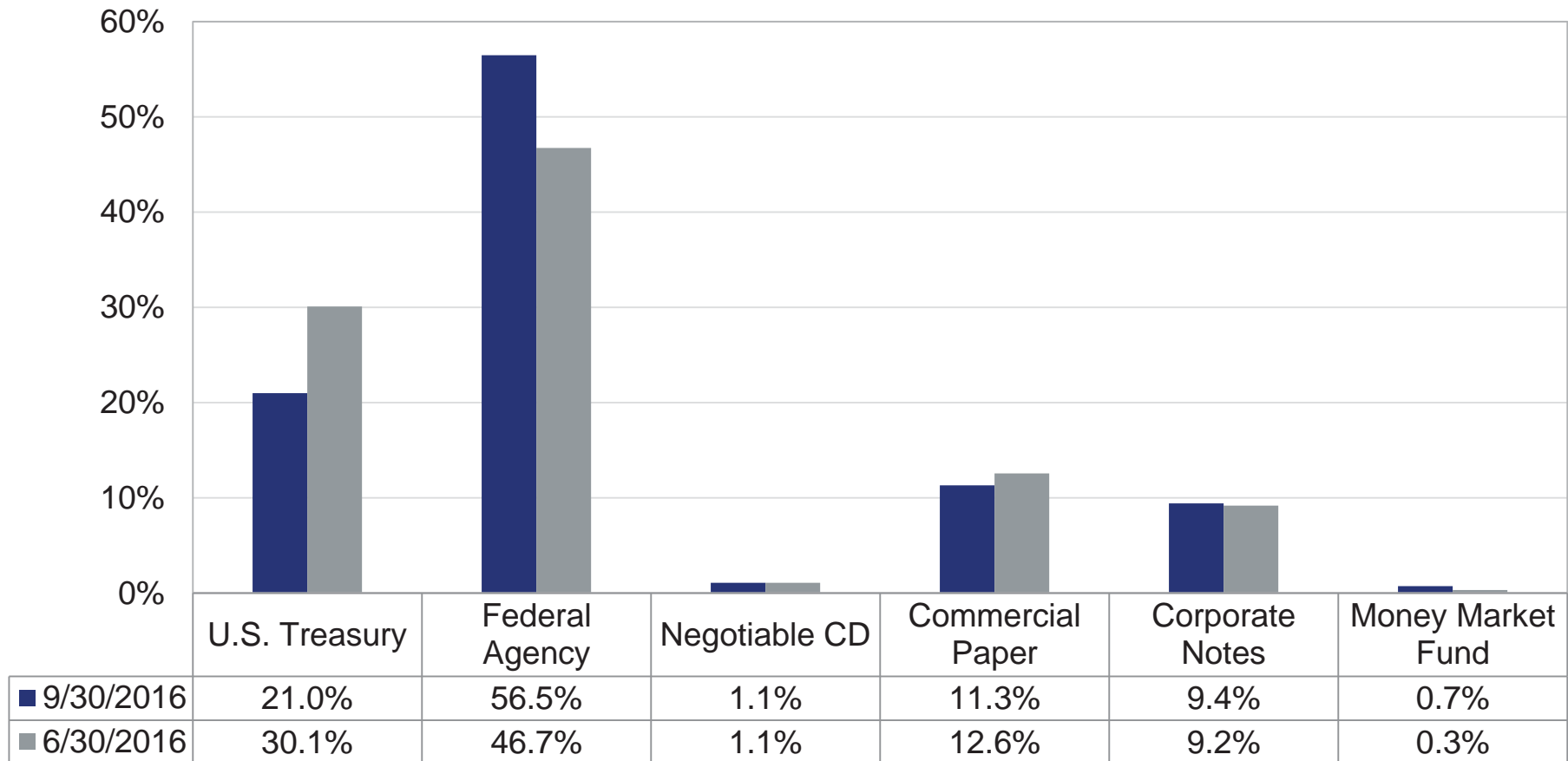
*Effective duration used in place of modified duration. Effective duration is the approximate percentage change in price for each 1% change in interest rates. Modified duration is a similar risk measure but it ignores how changes in rates will impact cash flows on bonds with embedded options such as callable notes, MBS, or ABS. Effective duration takes into account the impact that changing interest rates has on cash flows (i.e., if interest rates fall and a callable bond is more likely to be called prior to its final maturity, the effective duration will decrease).

- The City of San Luis Obispo's current benchmark is the Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index.

Sector Distribution



City of San Luis Obispo Sector Distribution – PFM Managed



Sector distribution includes market value and excludes accrued interest.



City of San Luis Obispo Issuer Distribution – PFM Managed

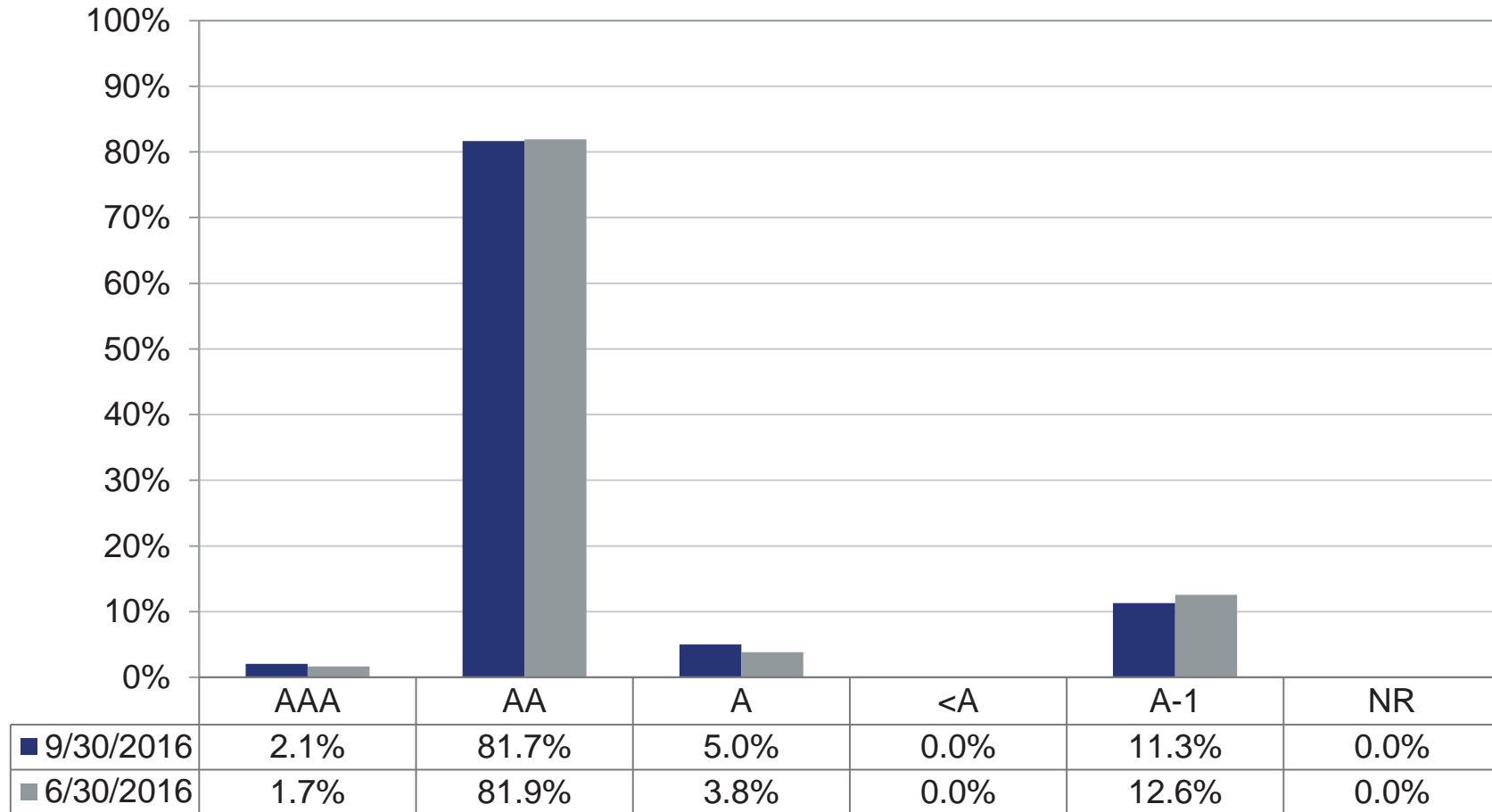
| Issuer Name | Investment Type | % Portfolio |
|------------------------------------|-------------------|----------------|
| FNMA | Federal Agency | 26.44% |
| U.S. Treasury | U.S. Treasury | 21.00% |
| FHLMC | Federal Agency | 17.73% |
| FHLB | Federal Agency | 11.15% |
| BNP Paribas NY | Commercial Paper | 2.93% |
| Toyota Motor Credit Corp | Commercial Paper | 2.60% |
| JP Morgan | Commercial Paper | 2.47% |
| BNY Mellon | Corporate Note | 2.45% |
| Bank of Tokyo Mitsubishi | Commercial Paper | 1.96% |
| Berkshire Hathaway | Corporate Note | 1.49% |
| Bank of Montreal Chicago | Commercial Paper | 1.34% |
| Microsoft Corp | Corporate Note | 1.33% |
| Wells Fargo & Company | Corporate Note | 1.30% |
| FFCB | Federal Agency | 1.14% |
| Royal Bank of Canada NY | Negotiable CD | 1.09% |
| IBM | Corporate Note | 0.98% |
| Dreyfus Prime Cash Management Fund | Money Market Fund | 0.73% |
| Burlington North | Corporate Note | 0.72% |
| Toyota Motor Credit Corp | Corporate Note | 0.64% |
| American Honda Finance | Corporate Note | 0.51% |
| Total | | 100.00% |

As of September 30, 2016.

Quality Distribution



**City of San Luis Obispo
Credit Quality – PFM Managed
September 30, 2016 vs. June 30, 2016**

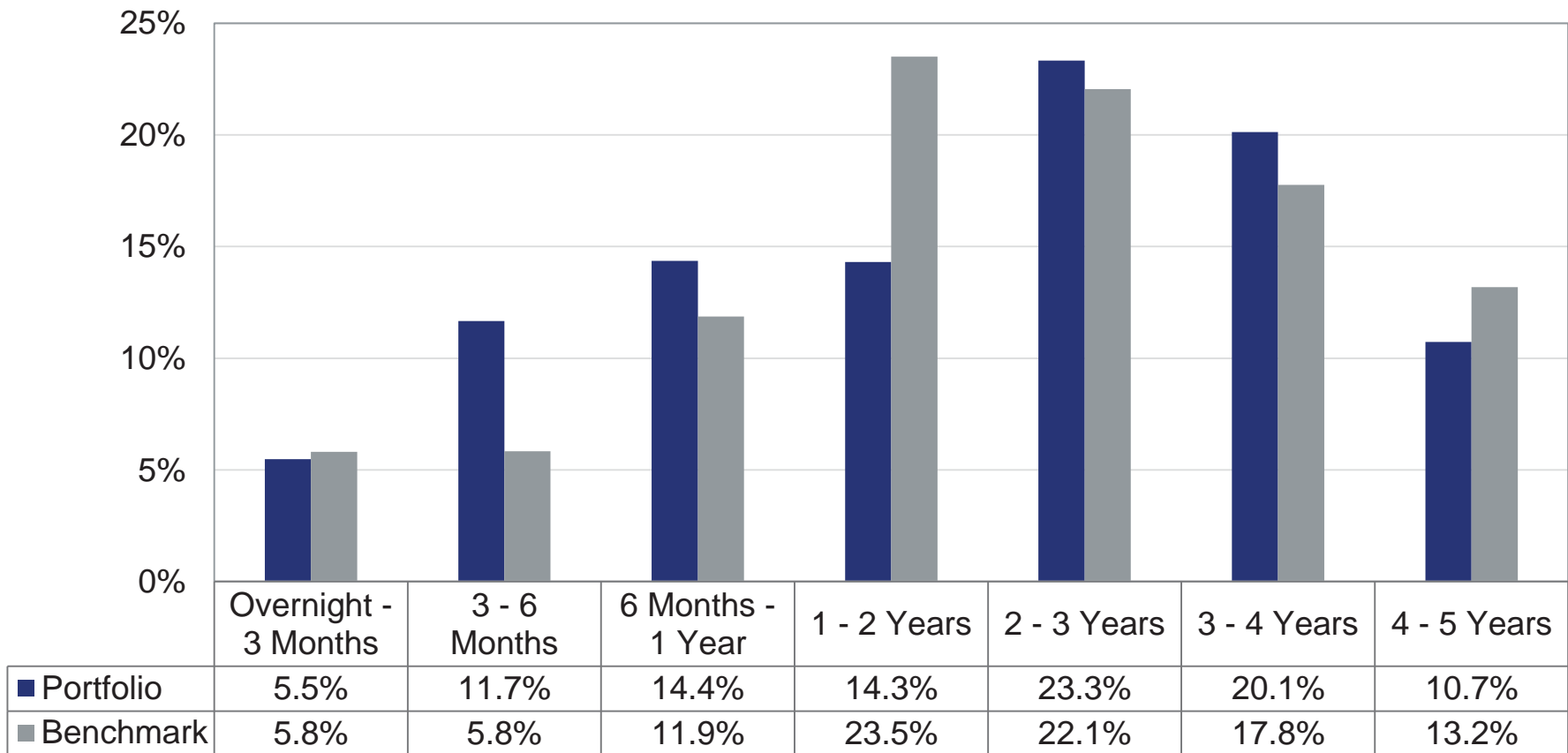


Ratings by Standard & Poor's.

Maturity Distribution



**City of San Luis Obispo
Portfolio Maturity Distribution vs. Benchmark – PFM Managed**

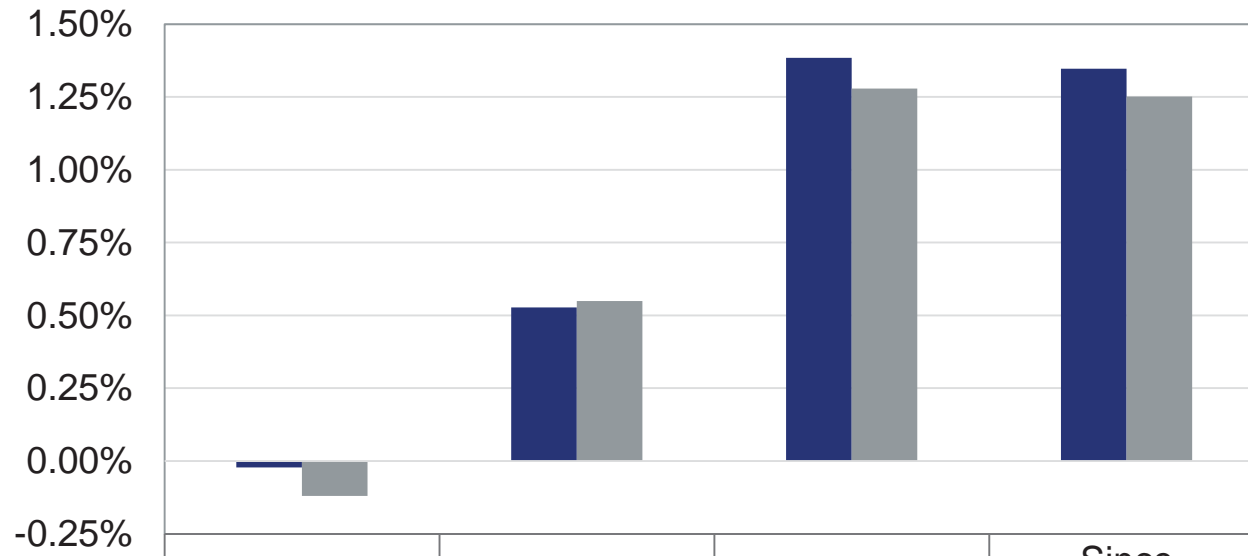


- Benchmark is the Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index.
- Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.
- As of September 30, 2016.

Investment Performance



City of San Luis Obispo Total Return Period Ended September 30, 2016 Total Rate of Return



| | 3 Months | 6 Months | 1 Year | Since Inception |
|---------------------------|----------|----------|--------|-----------------|
| ■ City of San Luis Obispo | -0.02% | 0.53% | 1.38% | 1.35% |
| ■ 0-5 Yr. Treasury Index | -0.12% | 0.55% | 1.28% | 1.25% |

- Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Performance numbers for periods one year and greater are presented on an annualized basis.
- Bank of America Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Inception date is December 31, 2014.

Current Outlook and Strategy



- Our strategy continues to favor broad allocation to various credit sectors.
- We believe the best opportunities in the corporate sector are currently with issuers in the financial industry. At today's narrower yield spreads, new purchases will be more selective.
- Yields on commercial paper and negotiable CDs continue to offer significant yield pickup relative to short-term government securities as October money market reform has kept spread levels elevated.
- Agency yield spreads moved modestly tighter during the third quarter but still offer value in certain maturities.
- We plan to keep the duration and maturity distribution of the portfolio in line with the distribution of the benchmark, except where shifting to short-term credit securities offers better value.
- We will continue to monitor incoming economic data to assess and confirm the prospect for a Fed rate hike by year-end.



City of San Luis Obispo - Internal Portfolio Characteristics

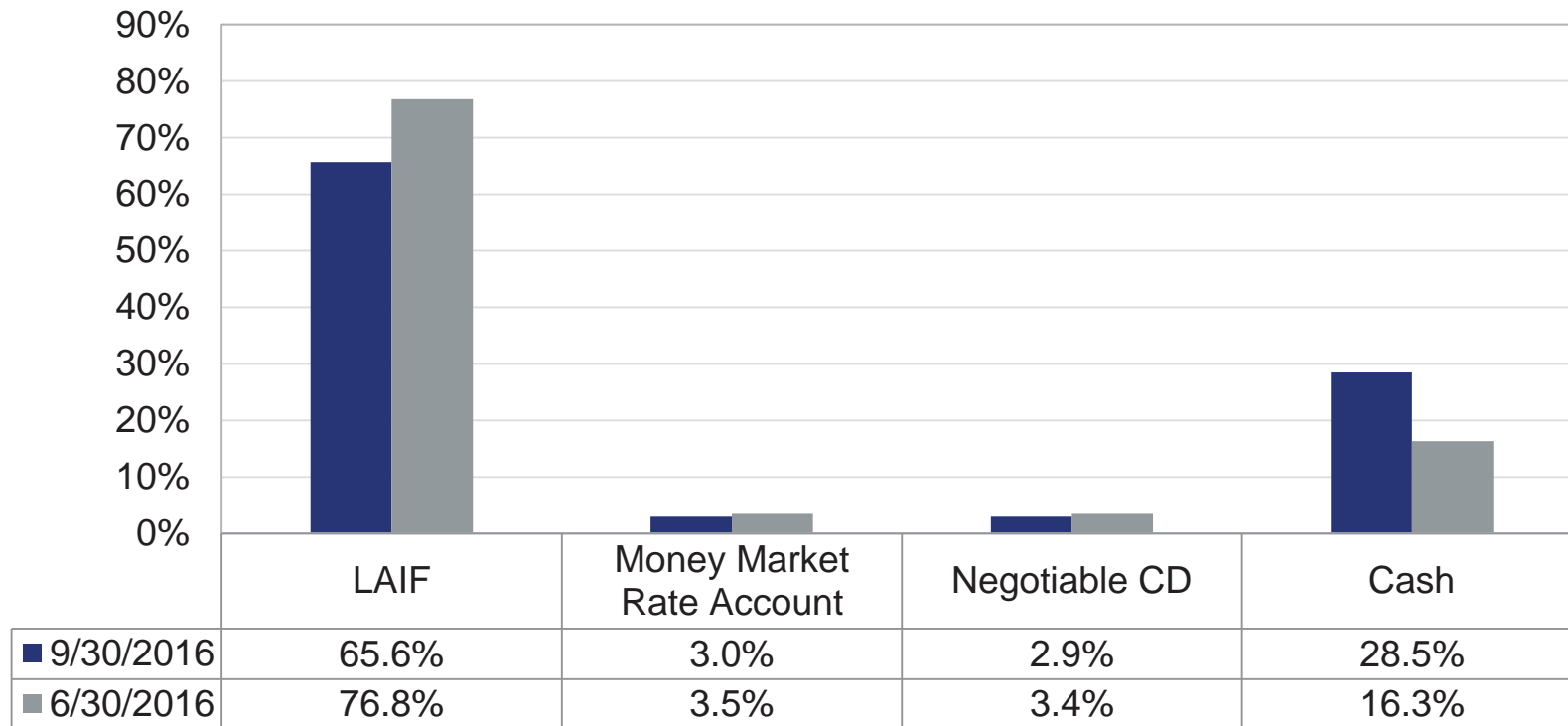
| | 9/30/16 | 6/30/16 |
|--------------------------|------------|------------|
| | Portfolio | Portfolio |
| Average Maturity (years) | 0.01 | 0.02 |
| Effective Duration* | 0.01 | 0.02 |
| Average Purchase Yield | 0.38% | 0.41% |
| Average Market Yield | 0.38% | 0.41% |
| Average Quality | AA+/Aaa | AA+/Aaa |
| Total Market Value | 34,095,175 | 29,088,628 |

*Effective duration used in place of modified duration. Effective duration is the approximate percentage change in price for each 1% change in interest rates. Modified duration is a similar risk measure but it ignores how changes in rates will impact cash flows on bonds with embedded options such as callable notes, MBS, or ABS. Effective duration takes into account the impact that changing interest rates has on cash flows (i.e. if interest rates fall and a callable bond is more likely to be called prior to its final maturity, the effective duration will decrease).

Sector Distribution



**City of San Luis Obispo
Sector Distribution – Internal**



Sector distribution includes market value and excludes accrued interest.



City of San Luis Obispo Issuer Distribution – Internal

| Issuer Name | Investment Type | % Portfolio |
|--------------------|---------------------------|-------------|
| LAIF | LAIF | 65.63% |
| Cash | Cash | 28.47% |
| Heritage Oaks Bank | Money Market Rate Account | 2.97% |
| Heritage Oaks Bank | Negotiable CD | 2.93% |
| Total | | 100.00% |

As of September 30, 2016.

III. Consolidated Information

Compliance



- The portfolio complies with California Government Code and the City of San Luis Obispo's Investment Policy in regards to credit quality, maturity, sector, and issuer limits. Additionally, none of the City's funds are invested in any securities prohibited by the Code.

City of San Luis Obispo Portfolio Compliance – Consolidated

| Category | Standard | Comment |
|--|--|----------|
| Treasury Obligations | 5 year maximum maturity | Complies |
| Government Sponsored Enterprise (GSE) Securities | 5 year maximum maturity | Complies |
| Corporate Notes | 5 year maximum maturity At least two "A" rating; at least one "AA" for financials 30% maximum, 5% per issuer | Complies |
| Local Government Investment Pool (LAIF) | Up to maximum permitted by State Law | Complies |
| Negotiable Certificates of Deposit | 5 year maximum maturity At least a "AA" or "A-1" 30% maximum, 5% per issuer | Complies |
| Commercial Paper | 270 day maximum maturity At least one "A-1" rating 40% maximum, 10% per issuer | Complies |
| Collateralized Bank Deposits | 25% maximum, 5% per issuer | Complies |
| Money Market Mutual Funds | Highest rating category by 2 NRSROs 20% maximum, 10% per issuer | Complies |
| Maximum maturity | 10 years; 10% maximum of portfolio in Treasury and GSE obligations with maturity >5 years | Complies |
| Duration limit | Duration of portfolio equal duration of benchmark plus or minus 10% | Complies |
| Social responsibility | No investments in companies involved in tobacco, electronic cigarettes, or the direct production or drilling of fossil fuels | Complies |

Applies to aggregate portfolio. Source: City of San Luis Obispo Investment Management Plan, June 2015.



City of San Luis Obispo - Consolidated Portfolio Characteristics

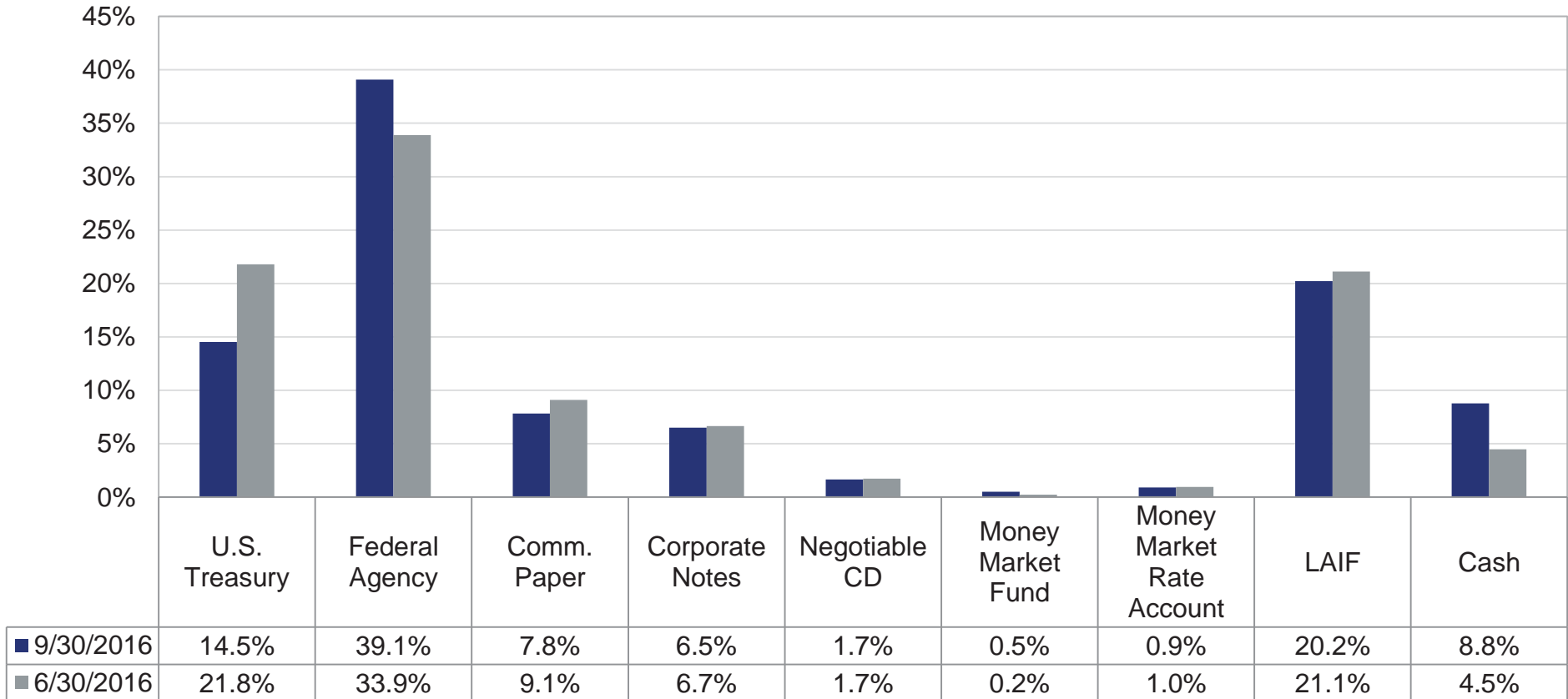
| | 9/30/2016 | 6/30/16 |
|--------------------------|-------------|-------------|
| | Portfolio | Portfolio |
| Average Maturity (years) | 1.52 | 1.62 |
| Effective Duration* | 1.47 | 1.57 |
| Average Purchase Yield | 0.94% | 0.97% |
| Average Market Yield | 0.76% | 0.69% |
| Average Quality | AA+/Aaa | AA+/Aaa |
| Total Market Value | 110,720,693 | 105,720,486 |

*Effective duration used in place of modified duration. Effective duration is the approximate percentage change in price, for each 1% change in interest rates. Modified duration is a similar risk measure, but it ignores how changes in rates will impact cash flows on bonds with embedded options such as callable notes, MBS, or ABS. Effective duration takes into account the impact that changing interest rates has on cash flows (i.e. if interest rates fall and a callable bond is more likely to be called prior to its final maturity, the effective duration will decrease).

Sector Distribution



**City of San Luis Obispo
Sector Distribution – Consolidated**

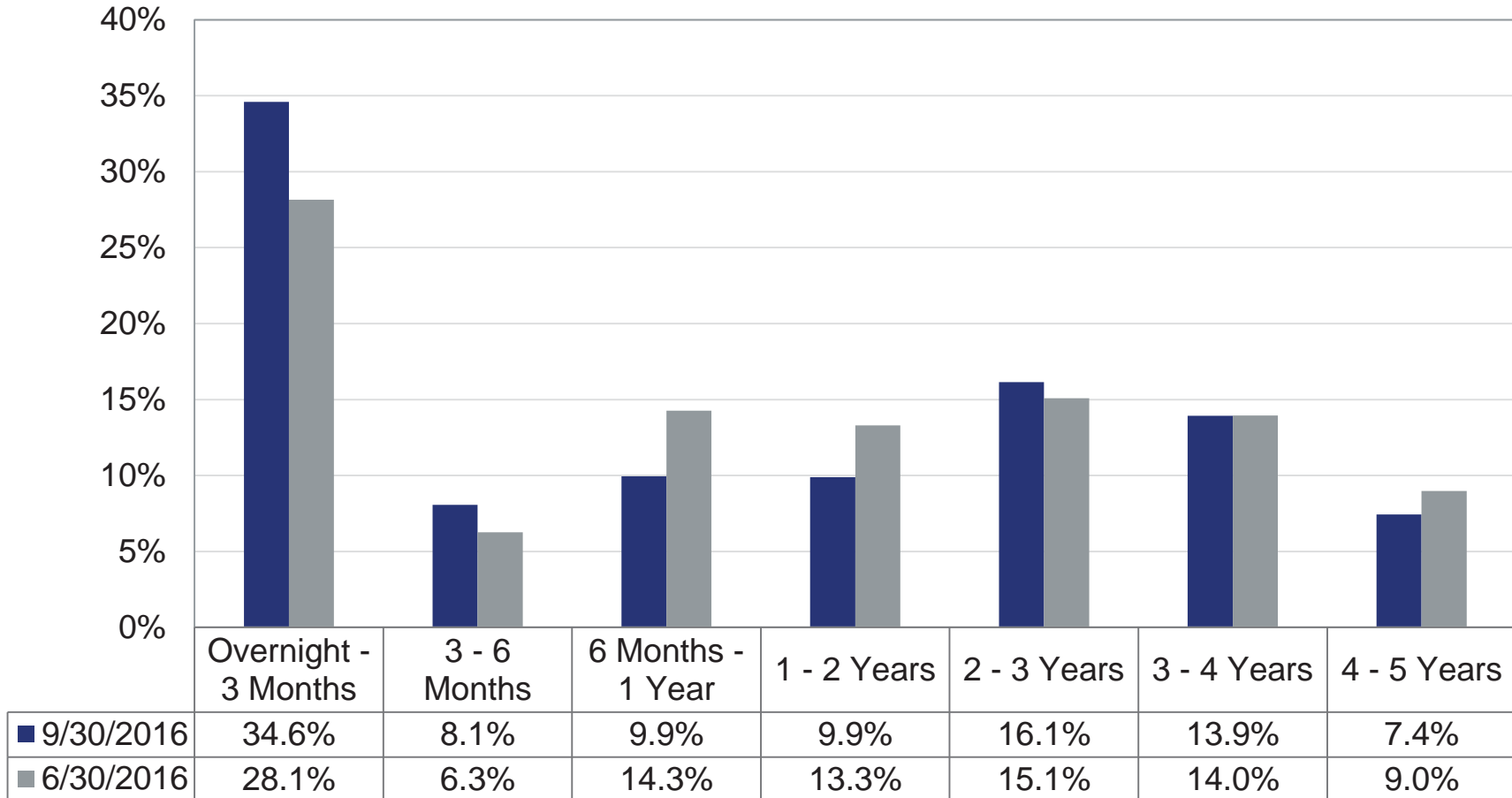


Sector distribution includes market value and excludes accrued interest.

Maturity Distribution



**City of San Luis Obispo
Portfolio Maturity Distribution – Consolidated**



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



City of San Luis Obispo Issuer Distribution – Consolidated

| Issuer Name | Investment Type | % Portfolio |
|------------------------------------|---------------------------|----------------|
| LAIF | LAIF | 20.21% |
| FNMA | Federal Agency | 18.30% |
| U.S. Treasury | U.S. Treasury | 14.53% |
| FHLMC | Federal Agency | 12.27% |
| Cash | Cash | 8.77% |
| FHLB | Federal Agency | 7.72% |
| BNP Paribas NY | Commercial Paper | 2.03% |
| Toyota Motor Credit Corp | Commercial Paper | 1.80% |
| JP Morgan | Commercial Paper | 1.71% |
| BNY Mellon | Corporate Note | 1.70% |
| Bank of Tokyo Mitsubishi | Commercial Paper | 1.35% |
| Berkshire Hathaway | Corporate Note | 1.03% |
| Bank of Montreal Chicago | Commercial Paper | 0.93% |
| Microsoft Corp | Corporate Note | 0.92% |
| Heritage Oaks Bank | Money Market Rate Account | 0.91% |
| Heritage Oaks Bank | Negotiable CD | 0.90% |
| Wells Fargo & Company | Corporate Note | 0.90% |
| FFCB | Federal Agency | 0.79% |
| Royal Bank of Canada NY | Negotiable CD | 0.75% |
| IBM | Corporate Note | 0.68% |
| Dreyfus Prime Cash Management Fund | Money Market Fund | 0.50% |
| Burlington North | Corporate Note | 0.50% |
| Toyota Motor Credit Corp | Corporate Note | 0.44% |
| American Honda Finance | Corporate Note | 0.36% |
| Total | | 100.00% |

As of September 30, 2016.

IV. Portfolio Holdings



City of San Luis Obispo Holdings Report

For the Quarter Ending September 30, 2016

| Security Description | Settle Date | YTM at Cost | Par | Cost Value | Amortized Cost | YTM at Market | Market Value* | Accrued Interest | % of Portfolio | Unreal G/L Amort Cost | S&P/ Moody's | Years to Maturity | Duration |
|---|-------------|--------------|----------------------|----------------------|----------------------|---------------|----------------------|------------------|----------------|-----------------------|--------------------|-------------------|-------------|
| LAIF | | | | | | | | | | | | | |
| LOCAL AGENCY INVESTMENT FUND | Various | 0.46% | 22,375,579.02 | 22,375,579.02 | 22,375,579.02 | 0.46% | 22,375,579.02 | - | 20.21% | - | NR NR | 0.00 | 0.00 |
| Total LAIF | | 0.46% | 22,375,579.02 | 22,375,579.02 | 22,375,579.02 | 0.46% | 22,375,579.02 | - | 20.21% | - | NR NR | 0.00 | 0.00 |
| Money Market Fund | | | | | | | | | | | | | |
| DREYFUS PRIME CASH MANAGEMNT MONEY MARKET FUND | Various | 0.00% | 556,967.89 | 556,967.89 | 556,967.89 | 0.00% | 556,967.89 | - | 0.50% | - | AAA Aaa | 0.00 | 0.00 |
| Total Money Market Fund | | 0.00% | 556,967.89 | 556,967.89 | 556,967.89 | 0.00% | 556,967.89 | - | 0.50% | - | AAA Aaa | 0.00 | 0.00 |
| Cash | | | | | | | | | | | | | |
| CASH ACCOUNT | Various | 0.21% | 9,707,330.36 | 9,707,330.36 | 9,707,330.36 | 0.21% | 9,707,330.36 | - | 8.77% | - | NR NR | 0.00 | 0.00 |
| CASH HERITAGE OAKS BANK MONEY MARKET RATE ACCOUNT | Various | 0.25% | 1,012,265.41 | 1,012,265.41 | 1,012,265.41 | 0.25% | 1,012,265.41 | - | 0.91% | - | NR NR | 0.00 | 0.00 |
| Total Cash | | 0.21% | 10,719,595.77 | 10,719,595.77 | 10,719,595.77 | 0.21% | 10,719,595.77 | - | 9.68% | - | NR NR | 0.00 | 0.00 |
| U.S. Treasury Bond/Note | | | | | | | | | | | | | |
| US TREASURY NOTES 912828C24 1.50% Due 2/28/2019 | 11/25/2014 | 1.43% | 70,000.00 | 70,188.91 | 70,108.67 | 0.85% | 71,093.75 | 89.92 | 0.06% | 985.08 | AA+ Aaa | 2.41 | 2.37 |
| US TREASURY NOTES 912828H52 1.25% Due 1/31/2020 | 3/4/2016 | 1.24% | 1,000,000.00 | 1,000,546.88 | 1,000,470.09 | 0.97% | 1,009,219.00 | 2,105.98 | 0.91% | 8,748.91 | AA+ Aaa | 3.34 | 3.25 |
| US TREASURY NOTES 912828K58 1.38% Due 4/30/2020 | 2/3/2016 | 1.25% | 1,125,000.00 | 1,130,932.62 | 1,130,037.59 | 1.00% | 1,139,634.00 | 6,473.34 | 1.03% | 9,596.41 | AA+ Aaa | 3.58 | 3.47 |
| US TREASURY NOTES 912828N89 1.38% Due 1/31/2021 | 6/7/2016 | 1.25% | 1,235,000.00 | 1,241,995.12 | 1,241,535.73 | 1.12% | 1,248,508.43 | 2,860.97 | 1.13% | 6,972.70 | AA+ Aaa | 4.34 | 4.19 |
| US TREASURY NOTES 912828ND8 3.50% Due 5/15/2020 | 5/29/2015 | 1.50% | 1,300,000.00 | 1,423,550.78 | 1,391,089.93 | 1.03% | 1,414,003.50 | 17,186.14 | 1.28% | 22,913.57 | AA+ Aaa | 3.62 | 3.39 |
| US TREASURY NOTES 912828RY8 1.38% Due 12/31/2018 | 4/13/2015 | 1.10% | 600,000.00 | 606,070.31 | 603,702.15 | 0.83% | 607,312.80 | 2,084.92 | 0.55% | 3,610.65 | AA+ Aaa | 2.25 | 2.21 |
| US TREASURY NOTES 912828SX9 1.13% Due 5/31/2019 | 11/25/2014 | 1.50% | 80,000.00 | 78,684.64 | 79,213.10 | 0.84% | 80,593.76 | 302.46 | 0.07% | 1,380.66 | AA+ Aaa | 2.67 | 2.61 |
| US TREASURY NOTES 912828SY7 0.63% Due 5/31/2017 | 5/13/2013 | 0.62% | 135,000.00 | 135,005.73 | 135,000.96 | 0.60% | 135,026.33 | 283.56 | 0.12% | 25.37 | AA+ Aaa | 0.67 | 0.66 |
| US TREASURY NOTES 912828TB6 0.75% Due 6/30/2017 | 9/17/2013 | 1.18% | 575,000.00 | 565,882.79 | 573,169.03 | 0.60% | 575,627.90 | 1,089.84 | 0.52% | 2,458.87 | AA+ Aaa | 0.75 | 0.75 |
| US TREASURY NOTES 912828TB6 0.75% Due 6/30/2017 | 6/7/2016 | 0.68% | 1,690,000.00 | 1,691,254.30 | 1,690,883.14 | 0.60% | 1,691,845.48 | 3,203.19 | 1.53% | 962.34 | AA+ Aaa | 0.75 | 0.75 |
| US TREASURY NOTES 912828UE8 0.75% Due 12/31/2017 | 8/13/2013 | 1.28% | 625,000.00 | 611,061.66 | 620,953.54 | 0.72% | 625,268.75 | 1,184.61 | 0.56% | 4,315.21 | AA+ Aaa | 1.25 | 1.24 |
| US TREASURY NOTES 912828UF5 1.13% Due 12/31/2019 | 1/8/2015 | 1.48% | 775,000.00 | 761,891.60 | 766,341.92 | 0.95% | 779,359.38 | 2,203.38 | 0.70% | 13,017.46 | AA+ Aaa | 3.25 | 3.18 |
| US TREASURY NOTES 912828UJ7 0.88% Due 1/31/2018 | 11/25/2014 | 1.06% | 70,000.00 | 69,603.75 | 69,832.69 | 0.72% | 70,147.63 | 103.19 | 0.06% | 314.94 | AA+ Aaa | 1.34 | 1.32 |
| US TREASURY NOTES 912828UQ1 1.25% Due 2/29/2020 | 11/9/2015 | 1.58% | 1,325,000.00 | 1,307,040.04 | 1,310,672.67 | 0.98% | 1,336,955.48 | 1,418.34 | 1.21% | 26,282.81 | AA+ Aaa | 3.42 | 3.34 |
| US TREASURY NOTES 912828UR9 0.75% Due 2/28/2018 | 4/24/2014 | 1.32% | 680,000.00 | 665,419.46 | 674,559.68 | 0.73% | 680,212.16 | 436.74 | 0.61% | 5,652.48 | AA+ Aaa | 1.41 | 1.41 |
| US TREASURY NOTES 912828UR9 0.75% Due 2/28/2018 | 12/9/2015 | 1.06% | 80,000.00 | 79,456.25 | 79,653.09 | 0.73% | 80,024.96 | 51.38 | 0.07% | 371.87 | AA+ Aaa | 1.41 | 1.41 |
| US TREASURY NOTES 912828VF4 1.38% Due 5/31/2020 | 12/4/2015 | 1.56% | 900,000.00 | 892,792.97 | 894,081.35 | 1.03% | 911,285.10 | 4,158.81 | 0.82% | 17,203.75 | AA+ Aaa | 3.67 | 3.56 |
| US TREASURY NOTES 912828VK3 1.38% Due 6/30/2018 | 11/25/2014 | 1.21% | 70,000.00 | 70,407.66 | 70,200.26 | 0.77% | 70,732.83 | 243.24 | 0.06% | 532.57 | AA+ Aaa | 1.75 | 1.72 |
| US TREASURY NOTE 912828XH8 1.63% Due 6/30/2020 | 7/15/2015 | 1.70% | 2,505,000.00 | 2,496,193.36 | 2,498,283.67 | 1.03% | 2,559,601.49 | 10,287.18 | 2.31% | 61,317.82 | AA+ Aaa | 3.75 | 3.62 |
| US TREASURY NOTES 912828XM7 1.63% Due 7/31/2020 | 3/30/2016 | 1.27% | 985,000.00 | 999,775.00 | 998,095.45 | 1.04% | 1,006,431.63 | 2,696.71 | 0.91% | 8,336.18 | AA+ Aaa | 3.84 | 3.71 |
| Total U.S. Treasury Bond/Note | | 1.33% | 15,825,000.00 | 15,897,753.83 | 15,897,884.71 | 0.92% | 16,092,884.36 | 58,463.90 | 14.53% | 194,999.65 | AA+ Aaa | 2.95 | 2.86 |
| Federal Agency Bond/Note | | | | | | | | | | | | | |
| FHLB NOTES 3130A0C65 0.63% Due 12/28/2016 | 7/15/2015 | 0.54% | 1,245,000.00 | 1,246,444.20 | 1,245,240.93 | 0.35% | 1,245,844.11 | 2,010.16 | 1.13% | 603.18 | AA+ Aaa | 0.24 | 0.24 |
| FHLB GLOBAL NOTES 3130A5EP0 0.63% Due 5/30/2017 | 5/15/2015 | 0.67% | 515,000.00 | 514,572.55 | 514,860.34 | 0.60% | 515,088.07 | 1,081.86 | 0.47% | 227.73 | AA+ Aaa | 0.66 | 0.66 |
| FHLB NOTES 3130A62S5 0.75% Due 8/28/2017 | 8/3/2015 | 0.78% | 650,000.00 | 649,662.00 | 649,855.90 | 0.66% | 650,527.80 | 446.88 | 0.59% | 671.90 | AA+ Aaa | 0.91 | 0.91 |



City of San Luis Obispo Holdings Report

For the Quarter Ending September 30, 2016

| Security Description | Settle Date | YTM at Cost | Par | Cost Value | Amortized Cost | YTM at Market | Market Value* | Accrued Interest | % of Portfolio | Unreal G/L Amort Cost | S&P/ Moody's | Years to Maturity | Duration |
|--|-------------|-------------|--------------|--------------|----------------|---------------|---------------|------------------|----------------|-----------------------|--------------|-------------------|----------|
| FEDERAL HOME LOAN BANKS AGCY 3130A8BD4 0.88% Due 6/29/2018 | 6/6/2016 | 0.87% | 3,495,000.00 | 3,495,174.75 | 3,495,145.11 | 0.65% | 3,508,434.78 | 7,815.21 | 3.17% | 13,289.67 | AA+ Aaa | 1.75 | 1.73 |
| FHLB GLOBAL NOTE 3130A8QS5 1.13% Due 7/14/2021 | 7/15/2016 | 1.25% | 725,000.00 | 720,591.28 | 720,772.37 | 1.28% | 719,674.15 | 1,744.53 | 0.65% | (1,098.22) | AA+ Aaa | 4.79 | 4.63 |
| FHLB GLOBAL NOTE 3130A9AE1 0.88% Due 10/1/2018 | 8/26/2016 | 0.91% | 1,100,000.00 | 1,099,252.00 | 1,099,284.74 | 0.90% | 1,099,514.90 | 935.76 | 0.99% | - | AA+ Aaa | 2.00 | 1.98 |
| FHCB NOTES 31331KBX7 2.88% Due 2/10/2017 | 7/25/2012 | 0.74% | 865,000.00 | 947,477.75 | 871,604.63 | 0.48% | 872,452.84 | 3,523.07 | 0.79% | 848.21 | AA+ Aaa | 0.36 | 0.36 |
| FHLB NOTES 313378A43 1.38% Due 3/9/2018 | 11/25/2014 | 1.20% | 70,000.00 | 70,393.40 | 70,174.16 | 0.80% | 70,570.71 | 58.82 | 0.06% | 396.55 | AA+ Aaa | 1.44 | 1.43 |
| FEDERAL HOME LOAN BANK GLOBAL NOTES 313379DD8 1.00% Due 6/21/2017 | 11/26/2012 | 0.70% | 700,000.00 | 709,478.00 | 701,517.87 | 0.60% | 702,005.50 | 1,944.44 | 0.63% | 487.63 | AA+ Aaa | 0.72 | 0.72 |
| FEDERAL HOME LOAN BANK GLOBAL NOTES 313379DD8 1.00% Due 6/21/2017 | 11/25/2014 | 0.84% | 35,000.00 | 35,144.20 | 35,040.80 | 0.60% | 35,100.28 | 97.22 | 0.03% | 59.48 | AA+ Aaa | 0.72 | 0.72 |
| FNMA NOTES 3135G0A78 1.63% Due 1/21/2020 | 4/30/2015 | 1.54% | 1,270,000.00 | 1,274,889.50 | 1,273,464.17 | 1.07% | 1,292,848.57 | 4,012.85 | 1.17% | 19,384.40 | AA+ Aaa | 3.31 | 3.21 |
| FNMA NOTES 3135G0A78 1.63% Due 1/21/2020 | 6/29/2015 | 1.71% | 700,000.00 | 697,298.00 | 698,023.14 | 1.07% | 712,593.70 | 2,211.81 | 0.64% | 14,570.56 | AA+ Aaa | 3.31 | 3.21 |
| FNMA NOTES 3135G0E33 1.13% Due 7/20/2018 | 7/15/2015 | 1.17% | 1,250,000.00 | 1,248,325.00 | 1,248,991.01 | 0.84% | 1,256,267.50 | 2,773.44 | 1.13% | 7,276.49 | AA+ Aaa | 1.80 | 1.78 |
| FANNIE MAE GLOBAL NOTES 3135G0GY3 1.25% Due 1/30/2017 | 2/27/2012 | 1.07% | 800,000.00 | 807,016.00 | 800,482.18 | 0.47% | 802,076.80 | 1,694.44 | 0.72% | 1,594.62 | AA+ Aaa | 0.33 | 0.33 |
| FNMA BENCHMARK NOTE 3135G0H63 1.38% Due 1/28/2019 | 1/8/2016 | 1.40% | 1,440,000.00 | 1,439,107.20 | 1,439,314.75 | 0.89% | 1,455,907.68 | 3,465.00 | 1.31% | 16,592.93 | AA+ Aaa | 2.33 | 2.28 |
| FNMA BENCHMARK NOTE 3135G0H63 1.38% Due 1/28/2019 | 2/16/2016 | 0.96% | 335,000.00 | 339,043.45 | 338,196.31 | 0.89% | 338,700.75 | 806.09 | 0.31% | 504.44 | AA+ Aaa | 2.33 | 2.28 |
| FNMA NOTES 3135G0J20 1.38% Due 2/26/2021 | 5/19/2016 | 1.42% | 520,000.00 | 518,850.80 | 518,939.40 | 1.22% | 523,429.40 | 695.14 | 0.47% | 4,490.00 | AA+ Aaa | 4.41 | 4.26 |
| FNMA BENCHMARK NOTE 3135G0J53 1.00% Due 2/26/2019 | 5/16/2016 | 0.96% | 375,000.00 | 375,420.00 | 375,364.88 | 0.94% | 375,532.13 | 364.58 | 0.34% | 167.25 | AA+ Aaa | 2.41 | 2.37 |
| FNMA BENCHMARK NOTE 3135G0J53 1.00% Due 2/26/2019 | 6/2/2016 | 1.11% | 305,000.00 | 304,112.45 | 304,219.36 | 0.94% | 305,432.80 | 296.53 | 0.28% | 1,213.44 | AA+ Aaa | 2.41 | 2.37 |
| FNMA BENCHMARK NOTE 3135G0J53 1.00% Due 2/26/2019 | 6/6/2016 | 0.96% | 3,980,000.00 | 3,984,338.20 | 3,983,845.04 | 0.94% | 3,985,647.62 | 3,869.44 | 3.60% | 1,802.58 | AA+ Aaa | 2.41 | 2.37 |
| FNMA BENCHMARK NOTE 3135G0K69 1.25% Due 5/6/2021 | 8/2/2016 | 1.16% | 1,485,000.00 | 1,491,311.25 | 1,491,102.65 | 1.27% | 1,483,797.15 | 6,960.94 | 1.34% | (7,305.50) | AA+ Aaa | 4.60 | 4.44 |
| FANNIE MAE GLOBAL NOTES 3135G0M23 0.88% Due 8/28/2017 | 6/20/2014 | 1.10% | 625,000.00 | 620,687.50 | 623,766.12 | 0.67% | 626,189.38 | 501.30 | 0.57% | 2,423.26 | AA+ Aaa | 0.91 | 0.91 |
| FNMA BENCHMARK NOTE 3135G0N33 0.88% Due 8/2/2019 | 8/2/2016 | 0.93% | 2,350,000.00 | 2,346,052.00 | 2,346,265.17 | 1.01% | 2,340,863.20 | 3,369.97 | 2.11% | (5,401.97) | AA+ Aaa | 2.84 | 2.79 |
| FNMA NOTES 3135G0N82 1.25% Due 8/17/2021 | 8/19/2016 | 1.33% | 1,045,000.00 | 1,040,767.75 | 1,040,863.63 | 1.31% | 1,042,170.14 | 1,523.96 | 0.94% | 1,306.51 | AA+ Aaa | 4.88 | 4.71 |
| FNMA NOTES 3135G0N82 1.25% Due 8/17/2021 | 8/19/2016 | 1.32% | 325,000.00 | 323,888.18 | 323,913.37 | 1.31% | 324,119.90 | 473.96 | 0.29% | 206.53 | AA+ Aaa | 4.88 | 4.71 |
| FNMA NOTES 3135G0N82 1.25% Due 8/17/2021 | 9/2/2016 | 1.38% | 1,000,000.00 | 993,880.00 | 993,976.58 | 1.31% | 997,292.00 | 1,458.33 | 0.90% | 3,315.42 | AA+ Aaa | 4.88 | 4.71 |
| FANNIE MAE GLOBAL NOTES 3135G0P00 0.88% Due 10/26/2017 | 6/20/2014 | 1.17% | 625,000.00 | 618,987.50 | 623,055.88 | 0.72% | 626,024.38 | 2,354.60 | 0.57% | 2,968.50 | AA+ Aaa | 1.07 | 1.06 |
| FANNIE MAE GLOBAL NOTES 3135G0TG8 0.88% Due 2/8/2018 | 11/25/2014 | 1.14% | 80,000.00 | 79,335.84 | 79,716.69 | 0.78% | 80,107.04 | 103.06 | 0.07% | 390.35 | AA+ Aaa | 1.36 | 1.34 |
| FANNIE MAE GLOBAL NOTES 3135G0YM9 1.88% Due 9/18/2018 | 11/25/2014 | 1.39% | 35,000.00 | 35,626.29 | 35,326.75 | 0.83% | 35,714.14 | 23.70 | 0.03% | 387.39 | AA+ Aaa | 1.97 | 1.93 |
| FNMA NOTES 3135G0ZE6 1.75% Due 6/20/2019 | 8/5/2014 | 1.74% | 350,000.00 | 350,227.50 | 350,130.65 | 0.95% | 357,458.85 | 1,718.40 | 0.32% | 7,328.20 | AA+ Aaa | 2.72 | 2.65 |
| FNMA NOTES 3135G0ZE6 1.75% Due 6/20/2019 | 10/2/2014 | 1.77% | 500,000.00 | 499,630.00 | 499,785.75 | 0.95% | 510,655.50 | 2,454.86 | 0.46% | 10,869.75 | AA+ Aaa | 2.72 | 2.65 |
| FNMA NOTES 3135G0ZE6 1.75% Due 6/20/2019 | 11/21/2014 | 1.71% | 100,000.00 | 100,157.00 | 100,094.97 | 0.95% | 102,131.10 | 490.97 | 0.09% | 2,036.13 | AA+ Aaa | 2.72 | 2.65 |
| FNMA NOTES 3135G0ZG1 1.75% Due 9/12/2019 | 2/9/2015 | 1.36% | 260,000.00 | 264,505.80 | 262,924.82 | 1.00% | 265,619.90 | 240.14 | 0.24% | 2,695.08 | AA+ Aaa | 2.95 | 2.87 |
| FNMA NOTES 3135G0ZG1 1.75% Due 9/12/2019 | 11/25/2014 | 1.73% | 50,000.00 | 50,034.65 | 50,021.91 | 1.00% | 51,080.75 | 46.18 | 0.05% | 1,058.84 | AA+ Aaa | 2.95 | 2.87 |
| FNMA NOTES (EX-CALLABLE) 3136FPYB7 2.05% Due 5/23/2017 | 8/7/2012 | 0.90% | 365,000.00 | 384,739.20 | 367,701.98 | 0.66% | 368,272.59 | 2,660.44 | 0.33% | 570.61 | AA+ Aaa | 0.64 | 0.64 |
| FREDDIE MAC GLOBAL NOTES 3137EADC0 1.00% Due 3/8/2017 | 3/14/2012 | 1.29% | 1,000,000.00 | 986,050.00 | 998,743.74 | 0.48% | 1,002,296.00 | 638.89 | 0.91% | 3,552.26 | AA+ Aaa | 0.44 | 0.44 |
| FHLMC NOTES 3137EADF3 1.25% Due 5/12/2017 | 10/17/2012 | 0.82% | 500,000.00 | 509,635.00 | 501,315.18 | 0.58% | 502,068.00 | 2,413.19 | 0.45% | 752.82 | AA+ Aaa | 0.61 | 0.61 |



City of San Luis Obispo Holdings Report

For the Quarter Ending September 30, 2016

| Security Description | Settle Date | YTM at Cost | Par | Cost Value | Amortized Cost | YTM at Market | Market Value* | Accrued Interest | % of Portfolio | Unreal G/L Amort Cost | S&P/ Moody's | Years to Maturity | Duration |
|---|-------------|--------------|----------------------|----------------------|----------------------|---------------|----------------------|-------------------|----------------|-----------------------|--------------------|-------------------|-------------|
| FREDDIE MAC NOTES | | | | | | | | | | | | | |
| 3137EADG1 1.75% Due 5/30/2019 | 8/4/2014 | 1.67% | 900,000.00 | 903,420.00 | 901,926.96 | 0.95% | 918,792.90 | 5,293.75 | 0.83% | 16,865.94 | AA+ Aaa | 2.66 | 2.59 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADH9 1.00% Due 6/29/2017 | 7/30/2012 | 0.85% | 775,000.00 | 780,673.00 | 775,874.55 | 0.62% | 777,183.18 | 1,980.56 | 0.70% | 1,308.63 | AA+ Aaa | 0.75 | 0.74 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADH9 1.00% Due 6/29/2017 | 12/14/2012 | 0.74% | 135,000.00 | 136,587.60 | 135,263.81 | 0.62% | 135,380.30 | 345.00 | 0.12% | 116.49 | AA+ Aaa | 0.75 | 0.74 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADJ5 1.00% Due 7/28/2017 | 11/26/2012 | 0.80% | 900,000.00 | 908,316.00 | 901,490.95 | 0.62% | 902,793.60 | 1,575.00 | 0.82% | 1,302.65 | AA+ Aaa | 0.82 | 0.82 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADJ5 1.00% Due 7/28/2017 | 3/23/2015 | 0.82% | 495,000.00 | 497,019.60 | 495,714.47 | 0.62% | 496,536.48 | 866.25 | 0.45% | 822.01 | AA+ Aaa | 0.82 | 0.82 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADJ5 1.00% Due 7/28/2017 | 7/15/2015 | 0.76% | 1,235,000.00 | 1,241,002.10 | 1,237,442.81 | 0.62% | 1,238,833.44 | 2,161.25 | 1.12% | 1,390.63 | AA+ Aaa | 0.82 | 0.82 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADK2 1.25% Due 8/1/2019 | 9/15/2014 | 1.88% | 1,050,000.00 | 1,019,077.50 | 1,031,701.31 | 0.99% | 1,057,620.90 | 2,187.50 | 0.96% | 25,919.59 | AA+ Aaa | 2.84 | 2.78 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADK2 1.25% Due 8/1/2019 | 11/25/2014 | 1.70% | 80,000.00 | 78,388.80 | 79,010.50 | 0.99% | 80,580.64 | 166.67 | 0.07% | 1,570.14 | AA+ Aaa | 2.84 | 2.78 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADL0 1.00% Due 9/29/2017 | 1/4/2013 | 0.89% | 950,000.00 | 954,788.00 | 951,022.68 | 0.69% | 952,960.20 | 52.78 | 0.86% | 1,937.52 | AA+ Aaa | 1.00 | 0.99 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADM8 1.25% Due 10/2/2019 | 12/30/2015 | 1.65% | 700,000.00 | 689,857.00 | 691,843.92 | 1.01% | 704,942.00 | 4,350.69 | 0.64% | 13,098.08 | AA+ Aaa | 3.01 | 2.93 |
| FHLMC NOTES | | | | | | | | | | | | | |
| 3137EADN6 0.75% Due 1/12/2018 | 10/1/2014 | 1.26% | 800,000.00 | 787,008.00 | 794,867.43 | 0.77% | 799,764.00 | 1,316.67 | 0.72% | 4,896.57 | AA+ Aaa | 1.28 | 1.27 |
| FHLMC NOTES | | | | | | | | | | | | | |
| 3137EADN6 0.75% Due 1/12/2018 | 11/25/2014 | 1.11% | 80,000.00 | 79,123.36 | 79,637.91 | 0.77% | 79,976.40 | 131.67 | 0.07% | 338.49 | AA+ Aaa | 1.28 | 1.27 |
| FREDDIE MAC GLOBAL NOTES | | | | | | | | | | | | | |
| 3137EADP1 0.88% Due 3/7/2018 | 11/20/2014 | 1.20% | 900,000.00 | 890,469.00 | 895,812.17 | 0.82% | 900,705.60 | 525.00 | 0.81% | 4,893.43 | AA+ Aaa | 1.43 | 1.42 |
| FREDDIE MAC NOTES | | | | | | | | | | | | | |
| 3137EADZ9 1.13% Due 4/15/2019 | 3/21/2016 | 1.14% | 810,000.00 | 809,732.00 | 809,778.95 | 0.95% | 813,597.21 | 4,809.38 | 0.73% | 3,818.26 | AA+ Aaa | 2.54 | 2.49 |
| FREDDIE MAC NOTES | | | | | | | | | | | | | |
| 3137EADZ9 1.13% Due 4/15/2019 | 3/29/2016 | 1.12% | 950,000.00 | 950,066.50 | 950,057.82 | 0.95% | 954,218.95 | 5,640.63 | 0.86% | 4,161.13 | AA+ Aaa | 2.54 | 2.49 |
| FHLMC REFERENCE NOTE | | | | | | | | | | | | | |
| 3137EABE1 0.88% Due 7/19/2019 | 7/20/2016 | 0.96% | 1,275,000.00 | 1,271,914.50 | 1,272,115.10 | 1.00% | 1,270,548.98 | 2,200.26 | 1.15% | (1,566.12) | AA+ Aaa | 2.80 | 2.76 |
| Total Federal Agency Bond/Note | | 1.10% | 43,105,000.00 | 43,169,549.15 | 43,076,604.27 | 0.86% | 43,267,944.89 | 100,883.22 | 39.08% | 191,110.46 | AA+ Aaa | 2.17 | 2.12 |
| Negotiable CD | | | | | | | | | | | | | |
| HERITAGE OAKS BANK YANKEE CD | | | | | | | | | | | | | |
| 0.25% Due 12/20/2016 | 12/20/2015 | 0.27% | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 0.27% | 1,000,000.00 | 69.44 | 0.90% | - | NR NR | 0.22 | 0.22 |
| ROYAL BANK OF CANADA NY CD | | | | | | | | | | | | | |
| 78009NZZ2 1.70% Due 3/9/2018 | 3/15/2016 | 1.69% | 830,000.00 | 830,000.00 | 830,000.00 | 1.34% | 833,921.75 | 862.28 | 0.75% | 3,921.75 | AA- Aa3 | 1.44 | 1.43 |
| Total Negotiable CD | | 0.91% | 1,830,000.00 | 1,830,000.00 | 1,830,000.00 | 0.76% | 1,833,921.75 | 931.72 | 1.66% | 3,921.75 | AA- Aa3 | 0.78 | 0.77 |
| Commercial Paper | | | | | | | | | | | | | |
| BANK OF MONTREAL CHICAGO COMM PAPER | | | | | | | | | | | | | |
| 06366GQ36 0.00% Due 3/3/2017 | 6/10/2016 | 1.03% | 1,030,000.00 | 1,022,220.34 | 1,025,525.24 | 1.00% | 1,025,607.05 | - | 0.93% | 81.81 | A-1 P-1 | 0.42 | 0.42 |
| BANK OF TOKYO MITSUBISHI LTD COMM PAPER | | | | | | | | | | | | | |
| 06538BK44 0.00% Due 10/4/2016 | 4/4/2016 | 0.89% | 500,000.00 | 497,737.91 | 499,962.92 | 0.41% | 499,977.50 | - | 0.45% | 14.58 | A-1 P-1 | 0.01 | 0.01 |
| BANK OF TOKYO MITSUBISHI UFJ COMM PAPER | | | | | | | | | | | | | |
| 06538BM67 0.00% Due 12/6/2016 | 6/6/2016 | 1.00% | 1,000,000.00 | 994,967.50 | 998,185.00 | 0.72% | 998,671.00 | - | 0.90% | 486.00 | A-1 P-1 | 0.18 | 0.18 |
| BNP PARIBAS NY BRANCH COMM PAPER | | | | | | | | | | | | | |
| 09659BN30 0.00% Due 1/3/2017 | 4/8/2016 | 1.04% | 1,250,000.00 | 1,240,343.75 | 1,246,638.20 | 0.88% | 1,247,091.25 | - | 1.13% | 453.05 | A-1 P-1 | 0.26 | 0.26 |
| BNP PARIBAS NY BRANCH COMM PAPER | | | | | | | | | | | | | |
| 09659BQ37 0.00% Due 3/3/2017 | 6/7/2016 | 1.06% | 1,000,000.00 | 992,154.17 | 995,537.50 | 1.10% | 995,299.00 | - | 0.90% | (238.50) | A-1 P-1 | 0.42 | 0.42 |
| JP MORGAN SECURITIES LLC COMM PAPER | | | | | | | | | | | | | |
| 46640PKB8 0.00% Due 10/11/2016 | 4/13/2016 | 0.87% | 900,000.00 | 896,063.25 | 899,782.50 | 0.41% | 899,887.50 | - | 0.81% | 105.00 | A-1 P-1 | 0.03 | 0.03 |
| JP MORGAN SECURITIES LLC COMM PAPER | | | | | | | | | | | | | |
| 46640PQ30 0.00% Due 3/3/2017 | 6/7/2016 | 1.07% | 1,000,000.00 | 992,079.44 | 995,495.00 | 0.83% | 996,441.00 | - | 0.90% | 946.00 | A-1 P-1 | 0.42 | 0.42 |
| TOYOTA MOTOR CREDIT CORP COMM PAPER | | | | | | | | | | | | | |
| 89233GN36 0.00% Due 1/3/2017 | 6/7/2016 | 0.87% | 1,000,000.00 | 994,925.00 | 997,728.33 | 0.76% | 997,987.00 | - | 0.90% | 258.67 | A-1+ P-1 | 0.26 | 0.26 |
| TOYOTA MOTOR CREDIT CORP COMM PAPER | | | | | | | | | | | | | |
| 89233GPA8 0.00% Due 2/10/2017 | 5/16/2016 | 1.01% | 1,000,000.00 | 992,500.00 | 996,333.33 | 0.93% | 996,590.00 | - | 0.90% | 256.67 | A-1+ P-1 | 0.36 | 0.36 |
| Total Commercial Paper | | 0.99% | 8,680,000.00 | 8,622,991.36 | 8,655,188.02 | 0.81% | 8,657,551.30 | - | 7.82% | 2,363.28 | AA+ Aa1 | 0.28 | 0.28 |
| Corporate Note | | | | | | | | | | | | | |
| AMERICAN HONDA FINANCE CORP NOTES | | | | | | | | | | | | | |
| 02665WBA8 1.70% Due 2/22/2019 | 2/23/2016 | 1.71% | 390,000.00 | 389,922.00 | 389,937.39 | 1.34% | 393,317.73 | 718.25 | 0.36% | 3,380.34 | A+ A1 | 2.40 | 2.34 |
| BNY MELLON CORP NOTE (CALLABLE) | | | | | | | | | | | | | |
| 06406HDD8 2.60% Due 8/17/2020 | 6/8/2016 | 1.81% | 960,000.00 | 990,316.80 | 988,088.24 | 1.69% | 992,833.92 | 3,050.67 | 0.90% | 4,745.68 | A A1 | 3.88 | 3.57 |



City of San Luis Obispo Holdings Report

For the Quarter Ending September 30, 2016

| Security Description | Settle Date | YTM at Cost | Par | Cost Value | Amortized Cost | YTM at Market | Market Value* | Accrued Interest | % of Portfolio | Unreal G/L Amort Cost | S&P/ Moody's | Years to Maturity | Duration |
|---|-------------|--------------|-----------------------|-----------------------|-----------------------|---------------|-----------------------|-------------------|----------------|-----------------------|--------------------|-------------------|-------------|
| BONY MELLON CORP NOTE (CALLABLE) 06406HDF3 2.45% Due 11/27/2020 | 8/18/2016 | 1.70% | 865,000.00 | 891,564.15 | 890,836.50 | 1.79% | 887,767.67 | 7,299.64 | 0.80% | (3,068.83) | A A1 | 4.16 | 3.81 |
| BERKSHIRE HATHAWAY FIN GLOBAL NOTES 084664BS9 1.60% Due 5/15/2017 | 4/24/2013 | 1.00% | 700,000.00 | 716,765.00 | 702,613.76 | 1.05% | 702,387.70 | 4,231.11 | 0.63% | (226.06) | AA Aa2 | 0.62 | 0.62 |
| BERKSHIRE HATHAWAY INC NOTES 084664CG4 1.70% Due 3/15/2019 | 3/15/2016 | 1.73% | 195,000.00 | 194,851.80 | 194,878.14 | 1.32% | 196,789.52 | 147.33 | 0.18% | 1,911.38 | AA Aa2 | 2.45 | 2.40 |
| BERKSHIRE HATHAWAY INC CORPORATE NOTES 084664CK5 1.30% Due 8/15/2019 | 8/15/2016 | 1.33% | 240,000.00 | 239,767.20 | 239,776.95 | 1.24% | 240,405.36 | 398.67 | 0.22% | 628.41 | AA Aa2 | 2.87 | 2.81 |
| BURLINGTON NRTH CORP 12189TBC7 4.70% Due 10/1/2019 | 6/8/2016 | 1.48% | 500,000.00 | 551,950.00 | 547,146.27 | 1.33% | 549,498.50 | 11,750.00 | 0.50% | 2,352.23 | A A3 | 3.00 | 2.77 |
| IBM CORP NOTES 459200HZ7 1.13% Due 2/6/2018 | 2/9/2015 | 1.16% | 750,000.00 | 749,317.50 | 749,689.90 | 1.13% | 749,901.75 | 1,289.06 | 0.68% | 211.85 | AA- Aa3 | 1.35 | 1.33 |
| MICROSOFT CORP NOTE 594918AY0 1.85% Due 2/12/2020 | 4/13/2015 | 1.58% | 1,000,000.00 | 1,012,570.00 | 1,008,858.62 | 1.35% | 1,016,561.00 | 2,518.06 | 0.92% | 7,702.38 | AAA Aaa | 3.37 | 3.25 |
| TOYOTA MOTOR CREDIT CORP 89236TCP8 1.55% Due 7/13/2018 | 7/13/2015 | 1.58% | 490,000.00 | 489,583.50 | 489,750.11 | 1.24% | 492,651.39 | 1,645.58 | 0.44% | 2,901.28 | AA- Aa3 | 1.78 | 1.75 |
| WELLS FARGO & COMPANY NOTES 94974BGR5 2.55% Due 12/7/2020 | 6/8/2016 | 2.02% | 975,000.00 | 997,191.00 | 995,703.81 | 2.06% | 994,133.40 | 7,873.13 | 0.90% | (1,570.41) | A A2 | 4.19 | 3.93 |
| Total Corporate Note | | 1.58% | 7,065,000.00 | 7,223,798.95 | 7,197,279.69 | 1.48% | 7,216,247.94 | 40,921.50 | 6.52% | 18,968.25 | AA- Aa3 | 2.94 | 2.77 |
| Total Portfolio | | 0.93% | 110,157,142.68 | 110,396,235.97 | 110,309,099.37 | 0.75% | 110,720,692.92 | 201,200.34 | 100.00% | 411,363.39 | AA+ | 1.50 | 1.46 |
| Total Market Value Plus Accrued | | | | | | | 110,921,893.26 | | | | | | |

*Generally, PFM's market prices 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. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.

V. Quarterly Transactions

Quarterly Portfolio Transactions

| Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|------------------|-------------|-------------------|-----------|--|--------|---------------|----------------------|-----------------|-------------------|
| BUY | | | | | | | | | |
| 7/14/16 | 7/15/16 | 725,000 | 3130A8QS5 | FHLB GLOBAL NOTE | 1.12% | 7/14/21 | 720,613.94 | 1.25% | |
| 7/19/16 | 7/20/16 | 1,275,000 | 3137EAEB1 | FHLMC REFERENCE NOTE | 0.87% | 7/19/19 | 1,271,914.50 | 0.96% | |
| 7/29/16 | 8/2/16 | 2,350,000 | 3135G0N33 | FNMA BENCHMARK NOTE | 0.87% | 8/2/19 | 2,346,052.00 | 0.93% | |
| 8/1/16 | 8/2/16 | 1,485,000 | 3135G0K69 | FNMA BENCHMARK NOTE | 1.25% | 5/6/21 | 1,495,230.00 | 1.16% | |
| 8/8/16 | 8/15/16 | 240,000 | 084664CK5 | BERKSHIRE HATHAWAY INC CORPORATE NOTES | 1.30% | 8/15/19 | 239,767.20 | 1.33% | |
| 8/15/16 | 8/18/16 | 865,000 | 06406HDF3 | BONY MELLON CORP NOTE (CALLABLE) | 2.45% | 11/27/20 | 896,332.46 | 1.70% | |
| 8/17/16 | 8/19/16 | 1,045,000 | 3135G0N82 | FNMA NOTES | 1.25% | 8/17/21 | 1,040,767.75 | 1.33% | |
| 8/17/16 | 8/19/16 | 325,000 | 3135G0N82 | FNMA NOTES | 1.25% | 8/17/21 | 323,888.18 | 1.32% | |
| 8/25/16 | 8/26/16 | 1,100,000 | 3130A9AE1 | FHLB GLOBAL NOTE | 0.87% | 10/1/18 | 1,099,252.00 | 0.91% | |
| 9/1/16 | 9/2/16 | 1,000,000 | 3135G0N82 | FNMA NOTES | 1.25% | 8/17/21 | 994,331.39 | 1.38% | |
| Total BUY | | 10,410,000 | | | | | 10,428,149.42 | | |
| INTEREST | | | | | | | | | |
| 7/5/16 | 7/5/16 | 0 | MONEY0002 | MONEY MARKET FUND | | | 505.83 | | |
| 7/12/16 | 7/12/16 | 800,000 | 3137EADN6 | FHLMC NOTES | 0.75% | 1/12/18 | 3,000.00 | | |
| 7/13/16 | 7/13/16 | 490,000 | 89236TCP8 | TOYOTA MOTOR CREDIT CORP | 1.55% | 7/13/18 | 3,797.50 | | |
| 7/20/16 | 7/20/16 | 1,250,000 | 3135G0E33 | FNMA NOTES | 1.12% | 7/20/18 | 7,031.25 | | |
| 7/21/16 | 7/21/16 | 700,000 | 3135G0A78 | FNMA NOTES | 1.62% | 1/21/20 | 5,687.50 | | |
| 7/21/16 | 7/21/16 | 1,270,000 | 3135G0A78 | FNMA NOTES | 1.62% | 1/21/20 | 10,318.75 | | |
| 7/28/16 | 7/28/16 | 1,440,000 | 3135G0H63 | FNMA BENCHMARK NOTE | 1.37% | 1/28/19 | 9,900.00 | | |
| 7/28/16 | 7/28/16 | 900,000 | 3137EADJ5 | FREDDIE MAC GLOBAL NOTES | 1.00% | 7/28/17 | 4,500.00 | | |
| 7/28/16 | 7/28/16 | 1,235,000 | 3137EADJ5 | FREDDIE MAC GLOBAL NOTES | 1.00% | 7/28/17 | 6,175.00 | | |
| 7/28/16 | 7/28/16 | 335,000 | 3135G0H63 | FNMA BENCHMARK NOTE | 1.37% | 1/28/19 | 2,303.13 | | |
| 7/28/16 | 7/28/16 | 495,000 | 3137EADJ5 | FREDDIE MAC GLOBAL NOTES | 1.00% | 7/28/17 | 2,475.00 | | |

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Portfolio Activity

| Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|------------|-------------|-----------|------------|---|--------|---------------|-------------------|-----------------|-------------------|
| 7/30/16 | 7/30/16 | 800,000 | 3135G0GY3 | FANNIE MAE GLOBAL NOTES | 1.25% | 1/30/17 | 5,000.00 | | |
| 7/31/16 | 7/31/16 | 1,000,000 | 912828H52 | US TREASURY NOTES | 1.25% | 1/31/20 | 6,250.00 | | |
| 7/31/16 | 7/31/16 | 1,235,000 | 912828N89 | US TREASURY NOTES | 1.37% | 1/31/21 | 8,490.63 | | |
| 7/31/16 | 7/31/16 | 985,000 | 912828XM7 | US TREASURY NOTES | 1.62% | 7/31/20 | 8,003.13 | | |
| 8/1/16 | 8/1/16 | 1,050,000 | 3137EADK2 | FREDDIE MAC GLOBAL NOTES | 1.25% | 8/1/19 | 6,562.50 | | |
| 8/2/16 | 8/2/16 | 0 | MONEY0002 | MONEY MARKET FUND | | | 41.47 | | |
| 8/6/16 | 8/6/16 | 750,000 | 459200HZ7 | IBM CORP NOTES | 1.12% | 2/6/18 | 4,218.75 | | |
| 8/10/16 | 8/10/16 | 865,000 | 31331K BX7 | FFCB NOTES | 2.87% | 2/10/17 | 12,434.38 | | |
| 8/12/16 | 8/12/16 | 1,000,000 | 594918AY0 | MICROSOFT CORP NOTE | 1.85% | 2/12/20 | 9,250.00 | | |
| 8/15/16 | 8/15/16 | 915,000 | 742718DV8 | PROCTER & GAMBLE CO NOTES (EX-CALLABLE) | 1.45% | 8/15/16 | 6,633.75 | | |
| 8/17/16 | 8/17/16 | 960,000 | 06406HDD8 | BNY MELLON CORP NOTE (CALLABLE) | 2.60% | 8/17/20 | 12,480.00 | | |
| 8/22/16 | 8/22/16 | 390,000 | 02665WBA8 | AMERICAN HONDA FINANCE CORP NOTES | 1.70% | 2/22/19 | 3,296.58 | | |
| 8/26/16 | 8/26/16 | 520,000 | 3135G0J20 | FNMA NOTES | 1.37% | 2/26/21 | 3,575.00 | | |
| 8/26/16 | 8/26/16 | 305,000 | 3135G0J53 | FNMA BENCHMARK NOTE | 1.00% | 2/26/19 | 1,525.00 | | |
| 8/26/16 | 8/26/16 | 375,000 | 3135G0J53 | FNMA BENCHMARK NOTE | 1.00% | 2/26/19 | 1,875.00 | | |
| 8/26/16 | 8/26/16 | 3,980,000 | 3135G0J53 | FNMA BENCHMARK NOTE | 1.00% | 2/26/19 | 19,900.00 | | |
| 8/28/16 | 8/28/16 | 650,000 | 3130A62S5 | FHLB NOTES | 0.75% | 8/28/17 | 2,437.50 | | |
| 8/28/16 | 8/28/16 | 625,000 | 3135G0MZ3 | FANNIE MAE GLOBAL NOTES | 0.87% | 8/28/17 | 2,734.38 | | |
| 8/31/16 | 8/31/16 | 80,000 | 912828UR9 | US TREASURY NOTES | 0.75% | 2/28/18 | 300.00 | | |
| 8/31/16 | 8/31/16 | 680,000 | 912828UR9 | US TREASURY NOTES | 0.75% | 2/28/18 | 2,550.00 | | |
| 8/31/16 | 8/31/16 | 1,325,000 | 912828UQ1 | US TREASURY NOTES | 1.25% | 2/29/20 | 8,281.25 | | |
| 9/2/16 | 9/2/16 | 0 | MONEY0002 | MONEY MARKET FUND | | | 78.84 | | |
| 9/7/16 | 9/7/16 | 900,000 | 3137EADP1 | FREDDIE MAC GLOBAL NOTES | 0.87% | 3/7/18 | 3,937.50 | | |
| 9/8/16 | 9/8/16 | 1,000,000 | 3137EADC0 | FREDDIE MAC GLOBAL NOTES | 1.00% | 3/8/17 | 5,000.00 | | |
| 9/9/16 | 9/9/16 | 830,000 | 78009NZZ2 | ROYAL BANK OF CANADA NY CD | 1.70% | 3/9/18 | 6,819.84 | | |
| 9/12/16 | 9/12/16 | 260,000 | 3135G0ZG1 | FNMA NOTES | 1.75% | 9/12/19 | 2,275.00 | | |
| 9/15/16 | 9/15/16 | 195,000 | 084664CG4 | BERKSHIRE HATHAWAY INC NOTES | 1.70% | 3/15/19 | 1,657.50 | | |
| 9/29/16 | 9/29/16 | 950,000 | 3137EADL0 | FREDDIE MAC GLOBAL NOTES | 1.00% | 9/29/17 | 4,750.00 | | |

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Portfolio Activity

| Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|-------------------|-----------|---|--------|---------------|---------------------|-----------------|-------------------|
| Total INTEREST | | 31,540,000 | | | | | 206,051.96 | | |
| MATURITY | | | | | | | | | |
| 8/15/16 | 8/15/16 | 915,000 | 742718DV8 | PROCTER & GAMBLE CO NOTES (EX-CALLABLE) | 1.45% | 8/15/16 | 915,000.00 | | 0.00 |
| Total MATURITY | | 915,000 | | | | | 915,000.00 | | 0.00 |
| SELL | | | | | | | | | |
| 7/14/16 | 7/15/16 | 700,000 | 912828B90 | US TREASURY NOTES | 2.00% | 2/28/21 | 734,524.46 | 1.07% | 5,776.37 |
| 7/19/16 | 7/20/16 | 1,275,000 | 912828TH3 | US TREASURY NOTES | 0.87% | 7/31/19 | 1,281,535.91 | 0.84% | 23,509.95 |
| 7/29/16 | 8/2/16 | 800,000 | 912828F39 | US TREASURY NOTES | 1.75% | 9/30/19 | 827,774.42 | 0.83% | 10,702.18 |
| 7/29/16 | 8/2/16 | 500,000 | 912828RY8 | US TREASURY NOTES | 1.37% | 12/31/18 | 508,448.54 | 0.72% | 4,378.68 |
| 7/29/16 | 8/2/16 | 1,000,000 | 912828RY8 | US TREASURY NOTES | 1.37% | 12/31/18 | 1,016,897.07 | 0.72% | 10,803.99 |
| 8/1/16 | 8/2/16 | 500,000 | 3130A3J70 | FHLB NOTES | 0.62% | 11/23/16 | 500,903.96 | 0.43% | 146.67 |
| 8/1/16 | 8/2/16 | 985,000 | 3135G0ES8 | FANNIE MAE NOTES | 1.37% | 11/15/16 | 990,566.21 | 0.43% | 2,195.08 |
| 8/8/16 | 8/15/16 | 240,000 | 3135G0ZG1 | FNMA NOTES | 1.75% | 9/12/19 | 247,357.80 | 0.98% | 2,758.38 |
| 8/17/16 | 8/19/16 | 1,045,000 | 912828Q78 | US TREASURY NOTES | 1.37% | 4/30/21 | 1,059,947.33 | 1.15% | (8,115.46) |
| 8/17/16 | 8/19/16 | 325,000 | 912828Q78 | US TREASURY NOTES | 1.37% | 4/30/21 | 329,762.95 | 1.14% | (2,409.69) |
| 8/25/16 | 8/26/16 | 400,000 | 912828RH5 | US TREASURY NOTES | 1.37% | 9/30/18 | 407,005.29 | 0.80% | 3,745.86 |
| 8/25/16 | 8/26/16 | 700,000 | 912828L40 | US TREASURY NOTES | 1.00% | 9/15/18 | 705,990.66 | 0.80% | 1,692.39 |
| 9/1/16 | 9/2/16 | 500,000 | 22533TJ64 | CREDIT AGRICOLE CIB NY COMM PAPER | 0.00% | 9/6/16 | 499,975.00 | 0.45% | 8.89 |
| 9/1/16 | 9/2/16 | 500,000 | 06538BK44 | BANK OF TOKYO MITSUBISHI LTD COMM PAPER | 0.00% | 10/4/16 | 499,746.67 | 0.57% | 142.22 |
| Total SELL | | 9,470,000 | | | | | 9,610,436.27 | | 55,335.51 |

Quarterly Portfolio Transactions

| Trade Date | Settle Date | Par (\$) | CUSIP | Security Description | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|----------------|-----------|--------------------------|--------|---------------|-------------------|-----------------|-------------------|
| INTEREST | | | | | | | | | |
| 7/12/16 | 7/12/16 | 80,000 | 3137EADN6 | FHLMC NOTES | 0.75% | 1/12/18 | 300.00 | | |
| 7/31/16 | 7/31/16 | 70,000 | 912828UJ7 | US TREASURY NOTES | 0.87% | 1/31/18 | 306.25 | | |
| 8/1/16 | 8/1/16 | 80,000 | 3137EADK2 | FREDDIE MAC GLOBAL NOTES | 1.25% | 8/1/19 | 500.00 | | |
| 8/8/16 | 8/8/16 | 80,000 | 3135G0TG8 | FANNIE MAE GLOBAL NOTES | 0.87% | 2/8/18 | 350.00 | | |
| 8/31/16 | 8/31/16 | 70,000 | 912828C24 | US TREASURY NOTES | 1.50% | 2/28/19 | 525.00 | | |
| 9/9/16 | 9/9/16 | 70,000 | 313378A43 | FHLB NOTES | 1.37% | 3/9/18 | 481.25 | | |
| 9/12/16 | 9/12/16 | 50,000 | 3135G0ZG1 | FNMA NOTES | 1.75% | 9/12/19 | 437.50 | | |
| 9/18/16 | 9/18/16 | 35,000 | 3135G0YM9 | FANNIE MAE GLOBAL NOTES | 1.87% | 9/18/18 | 328.13 | | |
| Total INTEREST | | 535,000 | | | | | 3,228.13 | | |