



Quarterly Investment Report

*As of
December 31, 2015*

February 9, 2015

This report presents the City's investment portfolio for the quarter ending December 31, 2015. 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.

Current Cash and Investment Summary

The following is a summary of the City's cash and investments based on market value as of December 31, 2015 compared with the prior quarter:

	September 30, 2015	December 31, 2015	Percent of Total
Cash and investments held by the City	39,258,777	42,979,255	39.30%
Cash and investments managed by PFM	56,008,087	55,742,488	56.06%
Cash and investments held by trustees	4,633,442	4,548,730	4.64%
TOTAL	99,900,306	103,270,473	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 are not unusual 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 December 31, 2015 the market value of the portfolio was \$78,968 lower than the cost basis.

The portfolio's yield on a market basis as of December 31, 2015 was 1.17 %, and the yield on a cost basis was 1.13 %. (These amounts do not reflect the returns on the assets held by the bond trustee.)

As of December 31, 2015, 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 December 31, 2015: 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 Interim Director of Finance and Information Technology, at (805) 781-7125.

DISTRIBUTION LIST

City Council¹

Jan Howell Marx, Mayor
Dan Carpenter, Vice Mayor
John Ashbaugh, Council Member
Carlyn Christianson, Council Member
Dan Rivoire, Council Member

Investment Oversight Committee

Jan Howell Marx, Mayor
Derek Johnson, Interim Director of Finance & Information Technology
Katie Lichtig, City Manager
Vilma Warner, Finance Operations Manager
Steven Barasch, Public Member

Independent Auditor

Allen E. Eschenbach, Glenn Burdette Attest Corporation

PFM Asset Management

Nancy Jones, Managing Director
Sarah Meecham, Director
Monique Spyke, Director

¹ Member positions as of December 31, 2015.

CITY OF SAN LUIS OBISPO

SUMMARY OF INVESTMENTS

As of December 31, 2015

INVESTMENTS HELD AND MANAGED BY THE CITY			
	Percent of Portfolio	Current Yield	Market Value
Local Agency Investment Funds	40%	0.25%	17,291,221.65
Certificate of Deposit	2%	0.27%	1,000,000.00
Money Market Account	2%	0.25%	1,009,994.52
Checking Account	53%	0.25%	22,667,978.38
Treasury Issues	2%	9.25%	1,010,060.00
Total Investments Held by the City	100%	0.46%	\$42,979,254.55

INVESTMENTS OF THE CITY MANAGED BY PUBLIC FINANCIAL MANAGEMENT			
	Percent of Portfolio	Current Yield	Market Value
Federal Agency Issues	48%	1.32%	26,583,894.76
Commercial Paper	4%	0.00%	2,245,028.25
Money Market Fund	0%	0.00%	58,191.73
US Corporate Notes	12%	0.95%	6,462,610.73
Treasury Issues	37%	1.05%	20,392,762.41
Total Investments Managed by Public Financial Management	100%	1.12%	\$55,742,487.88

INVESTMENTS OF THE CITY HELD BY TRUSTEES FOR BOND DEBT SERVICE OBLIGATIONS			
	Percent of Trustee Portfolio	Current Yield	Market Value
First American Treasury Funds	1.90%	0.00%	86,236.27
Other Money Market Accounts	0.05%	0.03%	2,250.71
Certificate of Deposit	0.00%	0.00%	
Guaranteed Investment Contracts	44.76%	see below	2,036,161.25
Federal Agency Issues	18.26%	2.47%	830,377.75
Treasury Issues	35.04%	Varies	1,593,705.01
Total Investments Held by Trustees	100%		\$4,548,730.99

TOTAL CASH AND INVESTMENTS	
Total of all Investments--Market Value	\$103,270,473.42

CITY OF SAN LUIS OBISPO
SUMMARY OF INVESTMENT PORTFOLIO LIQUIDITY
As of December 31, 2015

INVESTMENTS HELD BY THE CITY AND THOSE MANAGED BY PUBLIC FINANCIAL MANAGEMENT (PFM)				
	Managed by City	Managed by PFM	Percent of Portfolio	Market Value
On Demand	40,969,194.55	58,191.73	42%	41,027,386.28
Within Six Months	1,000,000.00	9,459,500.19	11%	10,459,500.19
Six Months to One Year		4,687,943.23	5%	4,687,943.23
Within One to Five Years	1,010,060.00	41,536,852.73	43%	42,546,912.73
Over Five Years			0%	0.00
TOTAL	42,979,254.55	55,742,487.88	100%	\$98,721,742.43

INVESTMENTS HELD BY TRUSTEES FOR BOND DEBT SERVICE OBLIGATIONS			
		Percent of Portfolio	Market Value
On Demand		2%	88,486.98
Within Six Months		0%	
Six Months to One Year		9%	401,481.60
Within One to Five Years		16%	718,149.55
Over Five Years		73%	3,340,612.86
TOTAL		100%	\$4,548,730.99

TOTAL CASH AND INVESTMENTS	
Total of all Investments--Market Value	\$103,270,473.42

CITY OF SAN LUIS OBISPO

INVESTMENT DETAIL

As of December 31, 2015

INVESTMENTS HELD AND MANAGED BY THE CITY						
Agency (Broker)	Investment Description	Coupon Rate	Current Yield	Purchase Date	Maturity Date	Market Value
Local Agency Investment Fund	Money Market Fund City	NA	0.25%	Varies	On Demand	17,223,715.27
Local Agency Investment Fund	Money Market Fund CIB	NA	0.22%	Varies	On Demand	67,506.38
Bank of America	Checking Account	NA	0.25%	Varies	On Demand	22,667,978.38
Heritage Oaks	Collateralized Certificate of Deposit	NA	0.27%	12/20/2013	12/20/2015	1,000,000.00
Heritage Oaks	Money Market Account	NA	0.25%	1/24/2012	On Demand	1,009,994.52
B of NY Safekeeping	U.S. Treasury Bond	9.25%	9.25%	4/18/86	2/15/2016	1,010,060.00
TOTAL						\$42,979,254.55

CITY OF SAN LUIS OBISPO

INVESTMENT DETAIL

As of December 31, 2015

INVESTMENTS HELD BY TRUSTEES FOR BOND DEBT SERVICE OBLIGATIONS						
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	\$0.00
U. S. Bank Corporate Trust Services	United States Treasury Bonds	6.00%	4.49%	6/26/96	2/15/26	\$785,050.56
2006 Lease Revenue Bonds						
U. S. Bank Corporate Trust Services	First American Treasury Fund	N/A	0.00%	Varies	on demand	\$27,439.32
FSA Capital Management Services LLC	Guaranteed Investment Contract Treasury Fund	5.545%	5.545%	5/11/06	5/26/36	\$1,000,813.75
2006 Water Revenue Bonds						
U. S. Bank Corporate Trust Services	First American Treasury Fund	N/A	0.00%	Varies	on demand	\$27,413.48
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	\$31,383.47
U. S. Bank Corporate Trust Services	Federal Home Loan Bank	1.00%	1.00%	11/25/2014	6/21/2017	\$34,980.75
U. S. Bank Corporate Trust Services	Federal Home Loan Mort. Corp Medium term Note	0.75%	0.76%	11/25/2014	1/12/2018	\$79,356.00
U. S. Bank Corporate Trust Services	U.S. Treasury Note	0.88%	0.88%	11/25/2014	1/31/2018	\$69,650.00
U. S. Bank Corporate Trust Services	Federal Nat'l Mtge. Assoc. Debenture	0.88%	0.88%	11/25/2014	2/8/2018	\$79,475.20
U. S. Bank Corporate Trust Services	Federal Home Loan Bank	1.38%	1.37%	11/25/2014	3/9/18	\$70,219.80
U. S. Bank Corporate Trust Services	U.S. Treasury Note	1.38%	1.37%	11/25/2014	6/30/2018	\$70,275.80
U. S. Bank Corporate Trust Services	Federal Nat'l Mtge. Assoc. Debenture	1.88%	1.84%	11/25/2014	9/18/2018	\$35,490.00
U. S. Bank Corporate Trust Services	U.S. Treasury Note	1.50%	1.50%	11/25/2014	2/28/2019	\$70,221.20
U. S. Bank Corporate Trust Services	U.S. Treasury Note	1.13%	1.14%	11/25/2014	5/31/2019	\$79,106.40
U. S. Bank Corporate Trust Services	Fed Home Loan Mort. Corp Debenture	1.25%	1.27%	11/25/2014	8/1/2019	\$79,110.40
U. S. Bank Corporate Trust Services	Federal Nat'l Mtge. Assoc.	1.75%	1.75%	11/25/2014	9/12/2019	\$50,264.00

2012 Water Revenue Refunding Bonds (Refunded 2002 Water Revenue Bonds)						
U. S. Bank Corporate Trust Services	U.S Bank Money Market Account	N/A	0.03%	Varies	on demand	\$2,250.35
U. S. Bank Corporate Trust Services	United States Treasury Bond	2.00%	1.99%	Varies	11/25/21	\$225,659.25
U. S. Bank Corporate Trust Services	United States Treasury Bond	7.125%	5.150%	Varies	2/15/23	\$293,741.80
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	\$0.36
U. S. Bank Corporate Trust Services	Federal Home Loan Bank	5.50%	5.11%	Varies	8/15/16	\$401,481.60
TOTAL						\$4,548,730.99

CITY OF SAN LUIS OBISPO

INVESTMENT DETAIL

As of December 31, 2015

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 12/31/15

	<u>Benchmark</u>	<u>12/31/15 Portfolio</u>	<u>9/30/15 Portfolio</u>
Average Maturity (yrs)	2.22	2.22	2.09
Modified Duration	2.14	2.15	2.054
Average Purchase Yield	n/a	1.13%	1.09%
Average Market Yield	1.10%	1.17%	75.00%
Average Quality	AA+	AA+/Aaa	AA+/Aaa
Total Market Value		\$55,742,488	\$56,008,087

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. PFM took over the management of the portfolio in December 2014.



City of San Luis Obispo



Investment Report Period Ending December 31, 2015

PFM Asset Management LLC
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San Francisco, CA 94111
(415) 982-5544

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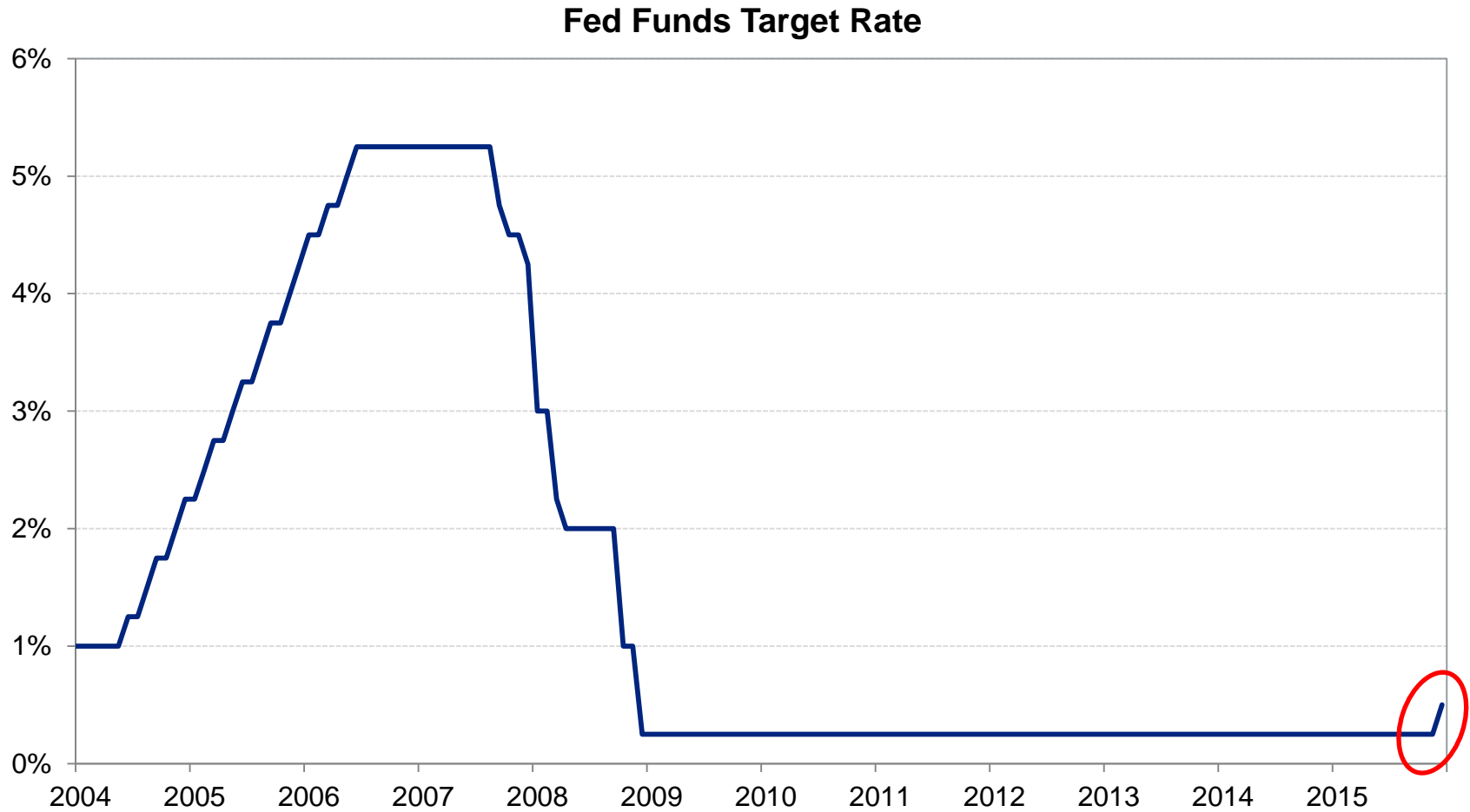
- Section I. Economic Update
 - Section II. Account Profile
 - Section III. Consolidated Information
 - Section IV. Portfolio Holdings
 - Section V. Monthly Transactions
-

Section I. Economic Update



At Last! An Increase in the Fed Funds Target Rate

- After holding short-term rates near 0% for 7 years, the Fed raised the fed funds rate in mid-December.



Source: Bloomberg



Details from the Fed's Statement

December

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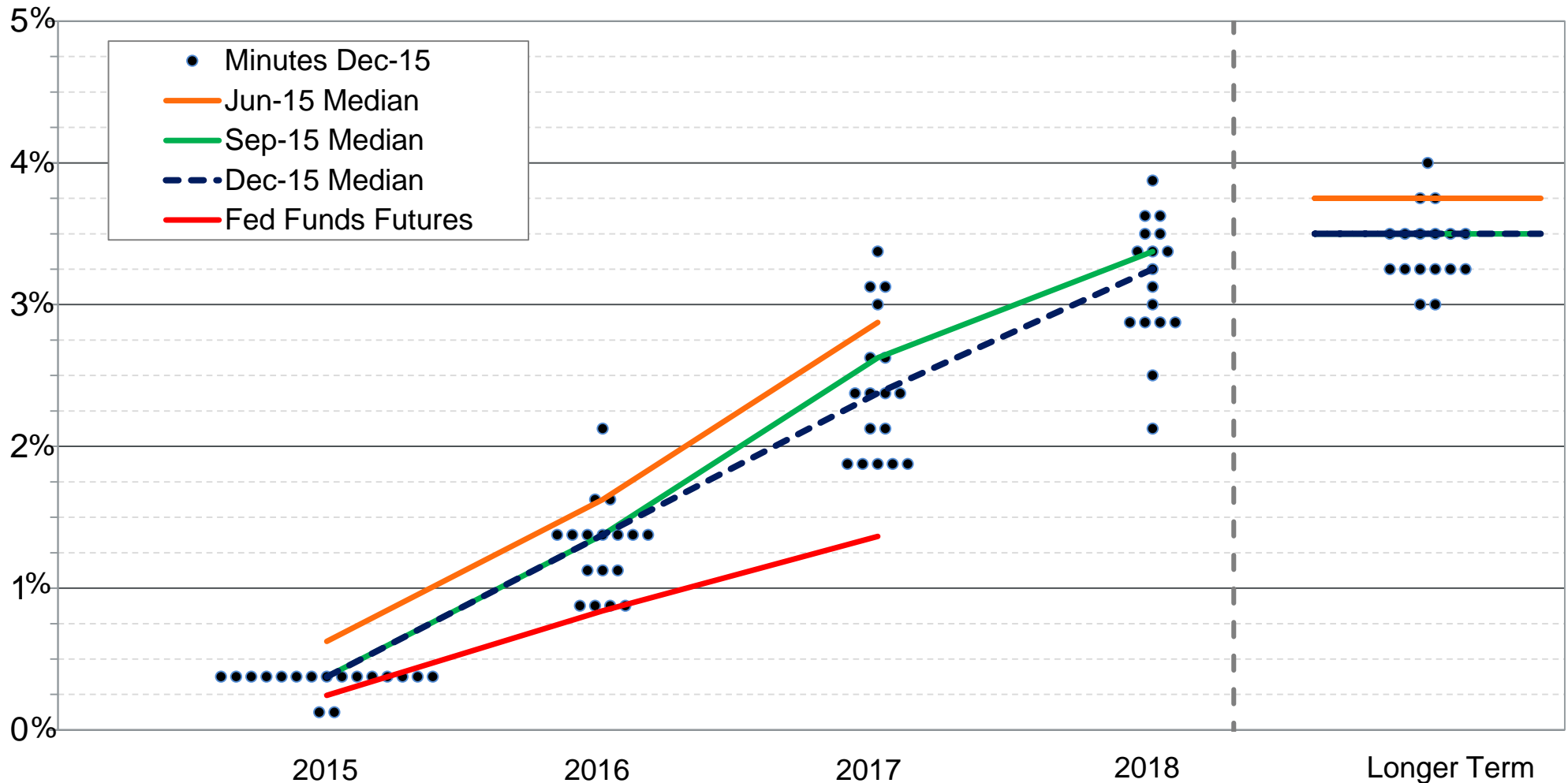
- A range of recent labor market indicators, including ongoing job gains and declining unemployment, shows further improvement and ***confirms that underutilization of labor resources has diminished appreciably since early this year.***
- Inflation has continued to run below the Committee's 2% longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports . . . Some survey-based measures of longer-term inflation expectations have edged down . . . [the Committee] ***is reasonably confident that inflation will rise, over the medium term, to its 2% objective.***
- Given the economic outlook, and recognizing the time it takes for policy actions to affect future economic outcomes, ***the Committee decided to raise the target range for the federal funds rate to 0.25 – 0.50% . . . the stance of monetary policy remains accommodative.***
- In light of the current shortfall of inflation from 2%, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant ***only gradual increases in the federal funds rate.***



FOMC “Dot Plot” from December Meeting

- The “Dot Plot” shows expectations for four 0.25% hikes in 2016. However, the dots have consistently overstated actual movements.

FOMC “Dot Plot” from December Meeting



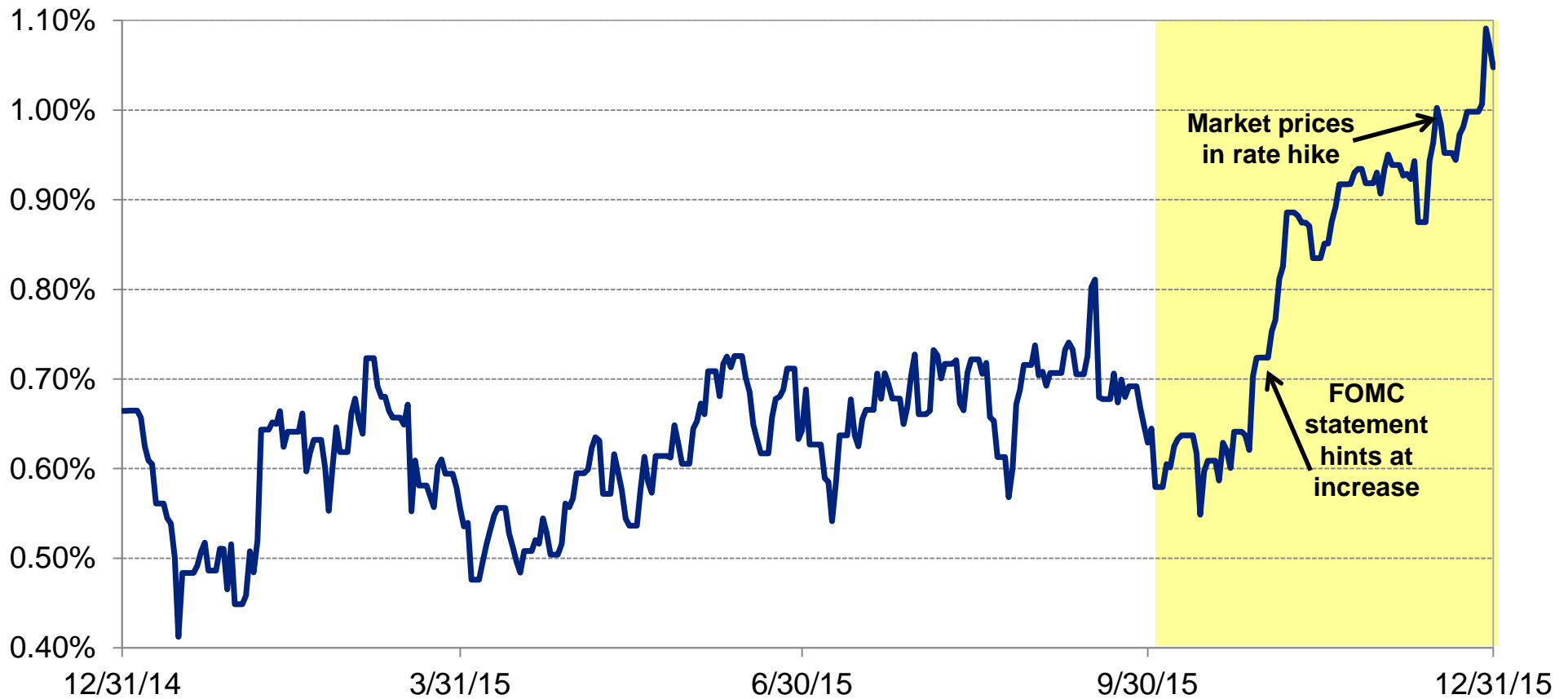
Source: FOMC; fed funds futures as of December 17, 2015.



U.S. Treasury Yields Climb Higher

- Yields on 2-year Treasuries increased dramatically during the fourth quarter as the market priced in an increase in the fed funds target rate.

2-Year U.S. Treasury Yield
December 31, 2014 – December 31, 2015



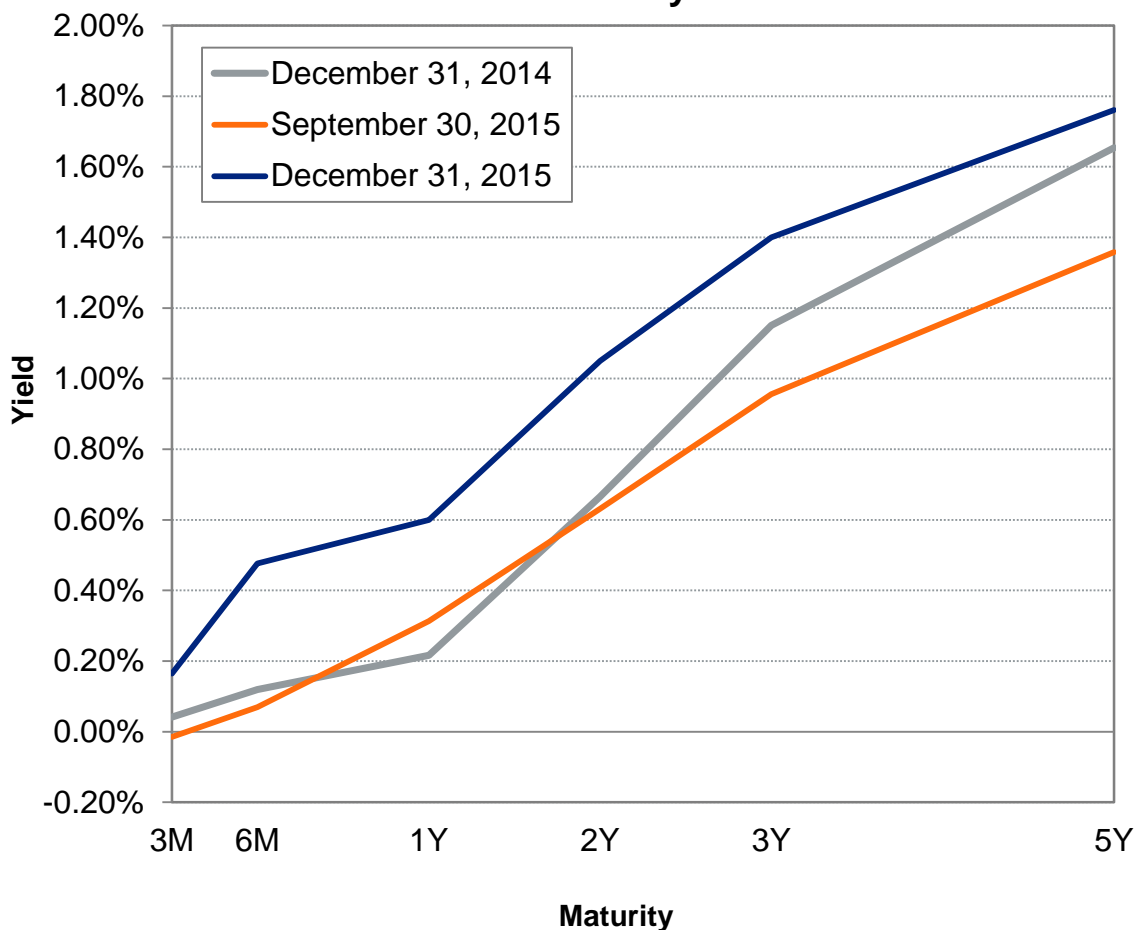
Source: Bloomberg



U.S. Treasury Yields Increased Across the Curve

- During the quarter, yields increased across the curve but moved up the most in the intermediate area of the curve.

U.S. Treasury Yield Curves



	12/31/14	9/30/15	12/31/15	4 th Quarter Change
3 Month	0.04%	-0.02%	0.17%	+0.19%
6 Month	0.12%	0.07%	0.48%	+0.41%
1 Year	0.22%	0.31%	0.60%	+0.29%
2 Year	0.67%	0.63%	1.05%	+0.42%
3 Year	1.15%	0.96%	1.40%	+0.44%
5 Year	1.65%	1.36%	1.76%	+0.40%
10 Year	2.17%	2.04%	2.27%	+0.23%
30 Year	2.75%	2.85%	3.02%	+0.17%

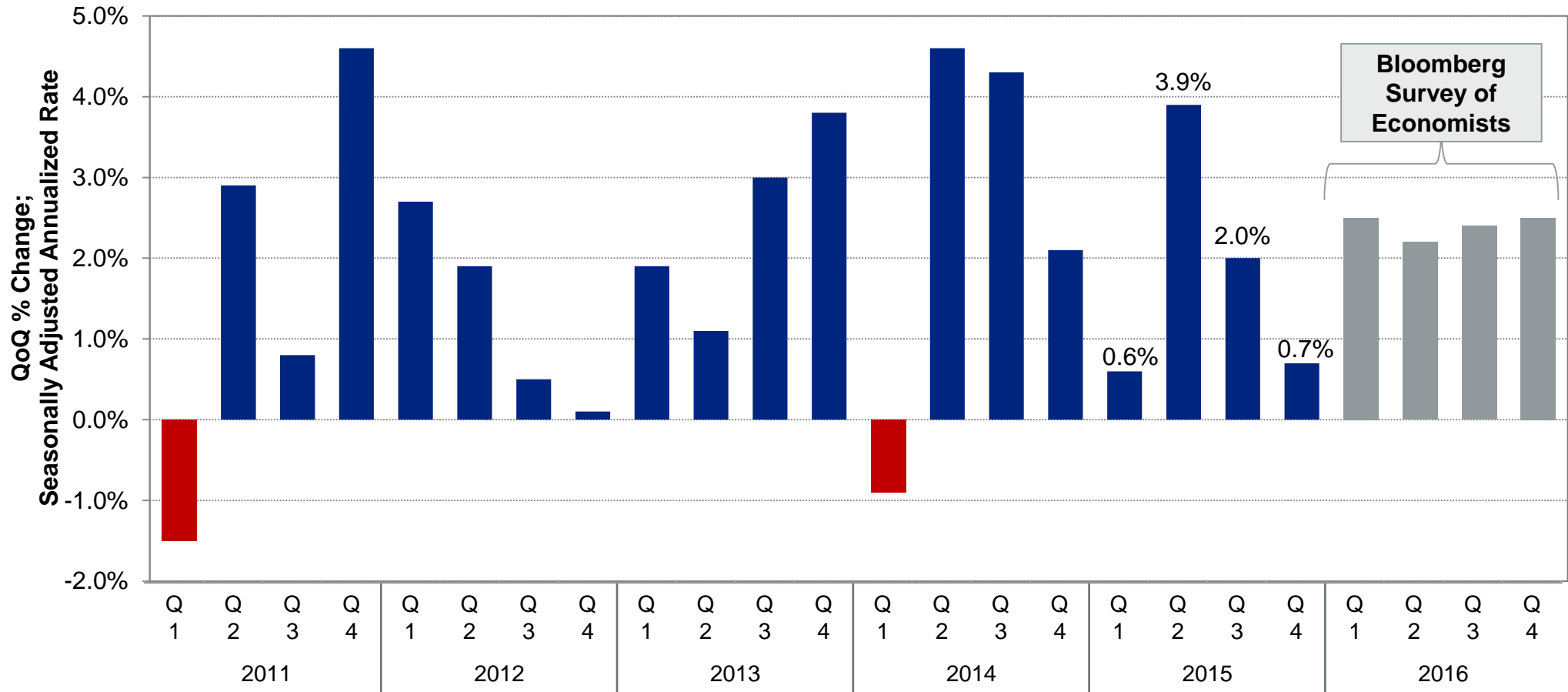
Source: Bloomberg



U.S. Economic Growth Slowed in Fourth Quarter

- U.S. GDP growth slowed to an estimated 0.7% in the fourth quarter as consumers cut back on spending and businesses reduced investment.
- For 2015, GDP expanded 2.4% for a second year in a row, led by the biggest gain in consumer spending in a decade.

U.S. GDP

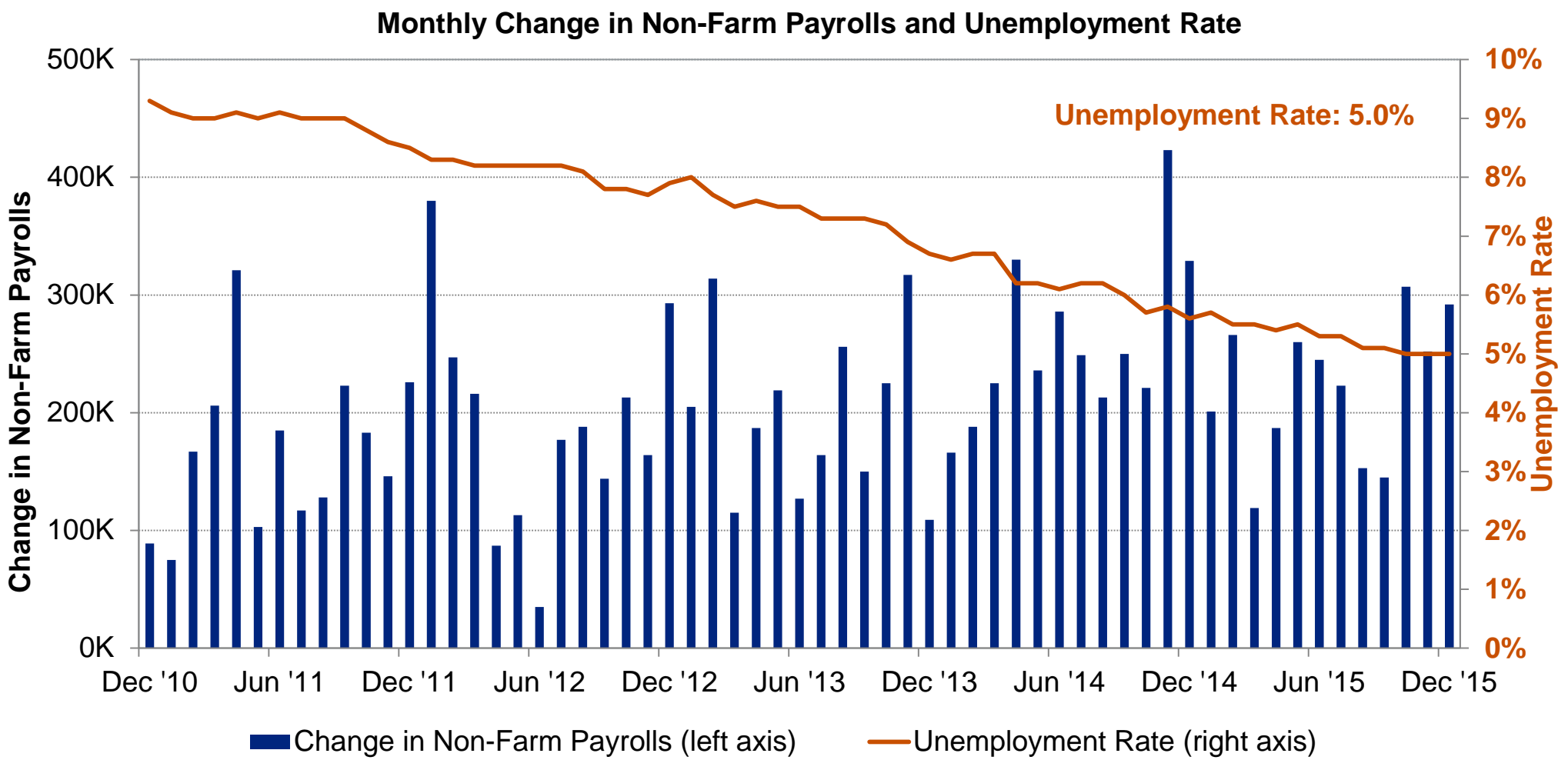


Source: Bureau of Economic Analysis; Bloomberg



U.S. Job Market Close to Full Employment

- The U.S. economy added 2.7 million net new jobs in 2015.
- The U.S. unemployment fell to 5%, which is considered to be near “full employment.”



Source: Bureau of Labor Statistics, Bloomberg

Section 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.



Fourth Quarter 2015 Recap

- A conservative duration bias for much of the quarter mitigated the impact of rising rates on the market value of the City's portfolio and aided the portfolio's performance relative to the benchmark.
- In December, we extended the portfolio duration by purchasing bonds in the 3-4 year maturity range to take advantage of the new, higher interest rates.
- Corporate yield spreads tightened in the fourth quarter resulting in the sector's significant outperformance over Treasuries and federal agencies.
- The yield relationship between U.S. Treasury and federal agency securities remained stable throughout the fourth quarter. Our relative value analysis of these sectors continued to favor investments in U.S. Treasuries. We shifted 4% of the portfolio into U.S. Treasury securities.



Compliance

- The Portfolio Complies with California Government Code and the City of San Luis Obispo's Investment Policy in regards to credit quality, as well as 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, AAA by S&P or Moody's	Complies
Corporate Notes	5 year maximum maturity At least one "AA" rating 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 30% maximum, 5% per issuer	Complies
Commercial Paper	270 day maximum maturity At least one "A-1" rating 25% maximum, 5% per issuer	Complies
Collateralized Bank Deposits	5% per issuer	Complies
Money Market Mutual Funds	Highest rating category by 2 NRSROs 20% maximum, 10% per issuer	Complies
% maturing in less than 90 days	5% minimum	Complies
Maximum maturity of corporate	5 years	Complies
Maximum maturity	10 years; 10% maximum of portfolio in Treasury and GSE obligations with maturity >5 years	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.



Account Profile

City of San Luis Obispo – PFM Managed Portfolio Characteristics

	12/31/15		9/30/15
	Benchmark	Portfolio	Portfolio
Average Maturity (years)	2.22	2.22	2.09
Effective Duration*	2.14	2.15	2.04
Average Purchase Yield	N/A	1.13%	1.09%
Average Market Yield	1.10%	1.17%	0.75%
Average Quality	AA+	AA+/Aaa	AA+/Aaa
Total Market Value		55,742,488	56,008,087

**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).*

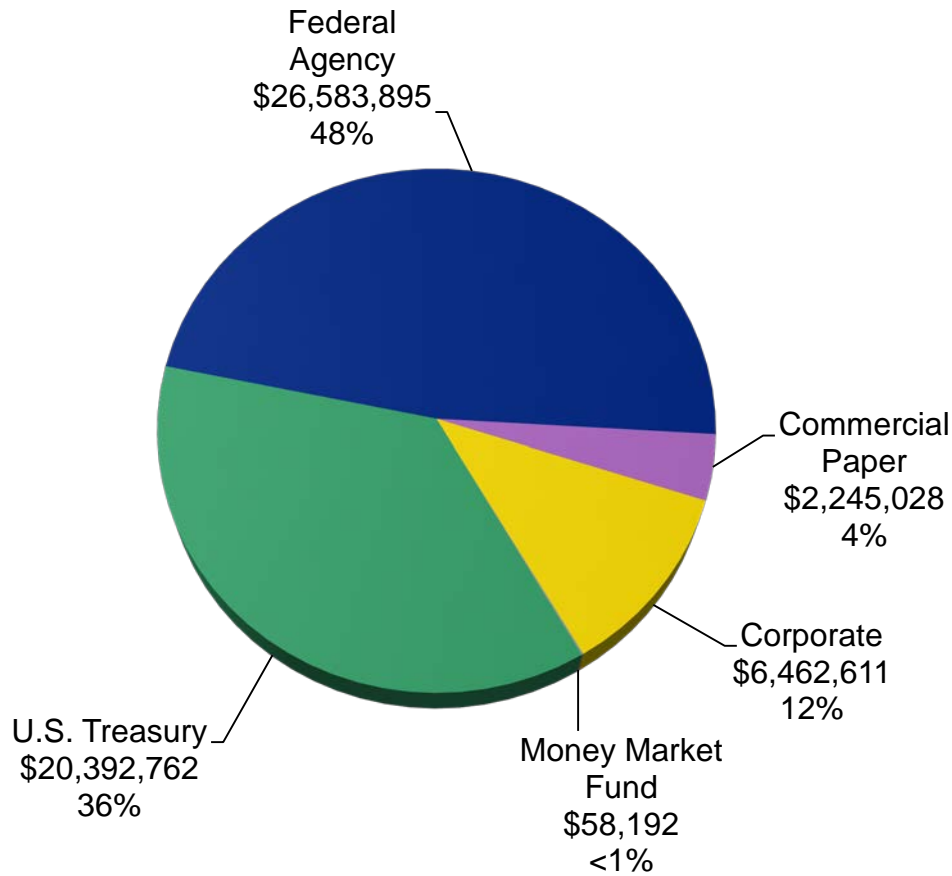
- The City of San Luis Obispo’s current benchmark is the Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index.



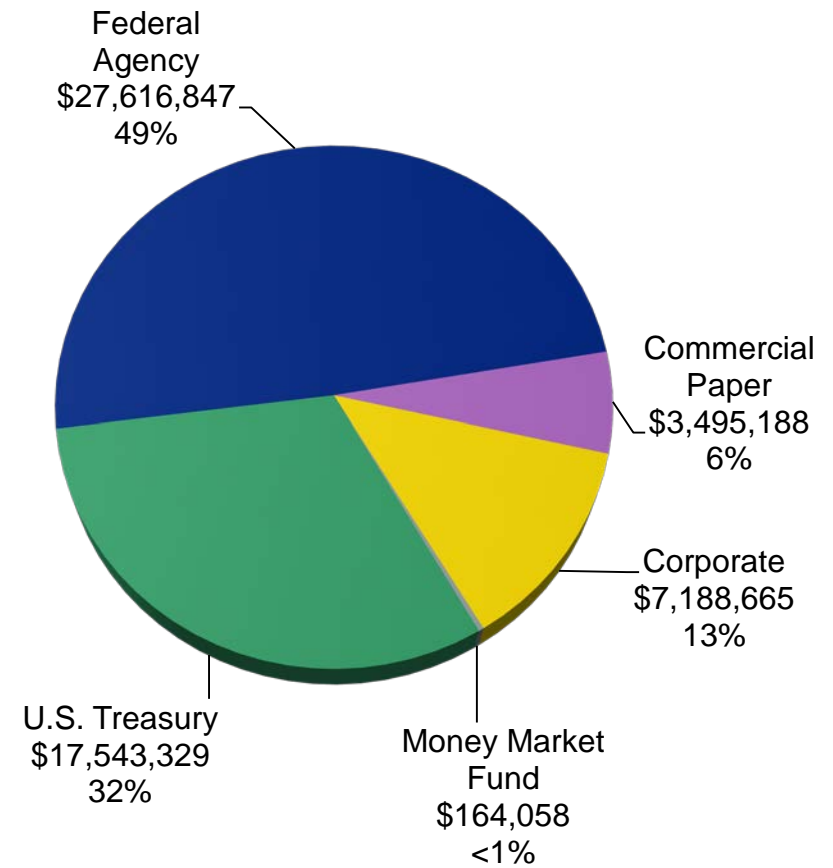
Sector Distribution

City of San Luis Obispo Sector Distribution – PFM Managed

December 31, 2015



September 30, 2015



*Sector distribution includes market value and excludes accrued interest.



City of San Luis Obispo Issuer Distribution – PFM Managed

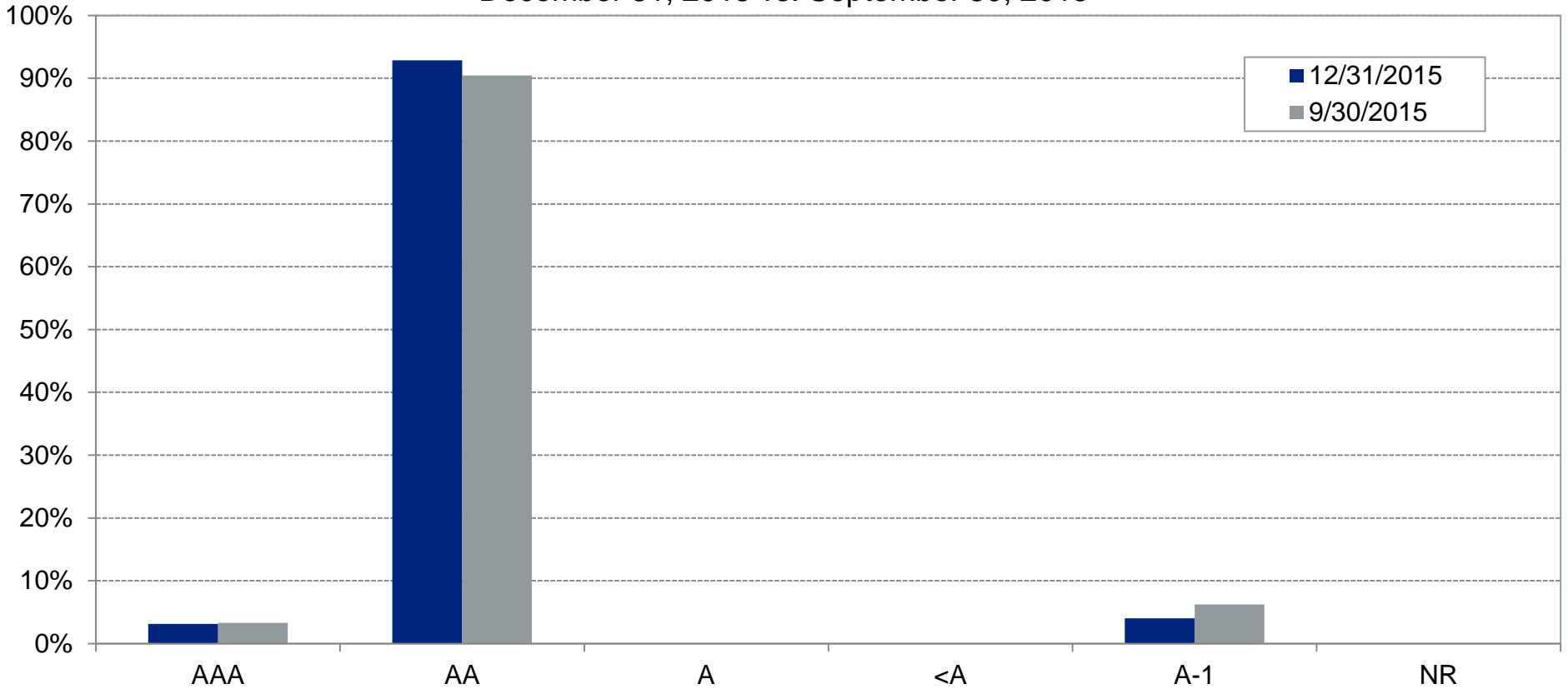
Issuer Name	Investment Type	% Portfolio
U.S. Treasury	U.S. Treasury	36.58%
FHLMC	Federal Agency	18.49%
FNMA	Federal Agency	17.25%
FHLB	Federal Agency	8.71%
FFCB	Federal Agency	3.25%
BNP Paribas NY	Commercial Paper	2.24%
Microsoft Corp	Corporate Note	1.80%
Bank of Tokyo Mitsubishi	Commercial Paper	1.79%
Procter & Gamble	Corporate Note	1.65%
IBM	Corporate Note	1.34%
Berkshire Hathaway	Corporate Note	1.26%
Wal-Mart Stores	Corporate Note	1.26%
Apple Inc	Corporate Note	1.26%
Johnson & Johnson	Corporate Note	1.22%
Google Inc	Corporate Note	0.94%
Toyota Motor Credit Corp	Corporate Note	0.88%
Dreyfus Prime Cash Management Fund	Money Market Fund	0.10%
Total		100.00%

As of December 31, 2015



Quality Distribution

**City of San Luis Obispo
Credit Quality – PFM Managed**
December 31, 2015 vs. September 30, 2015



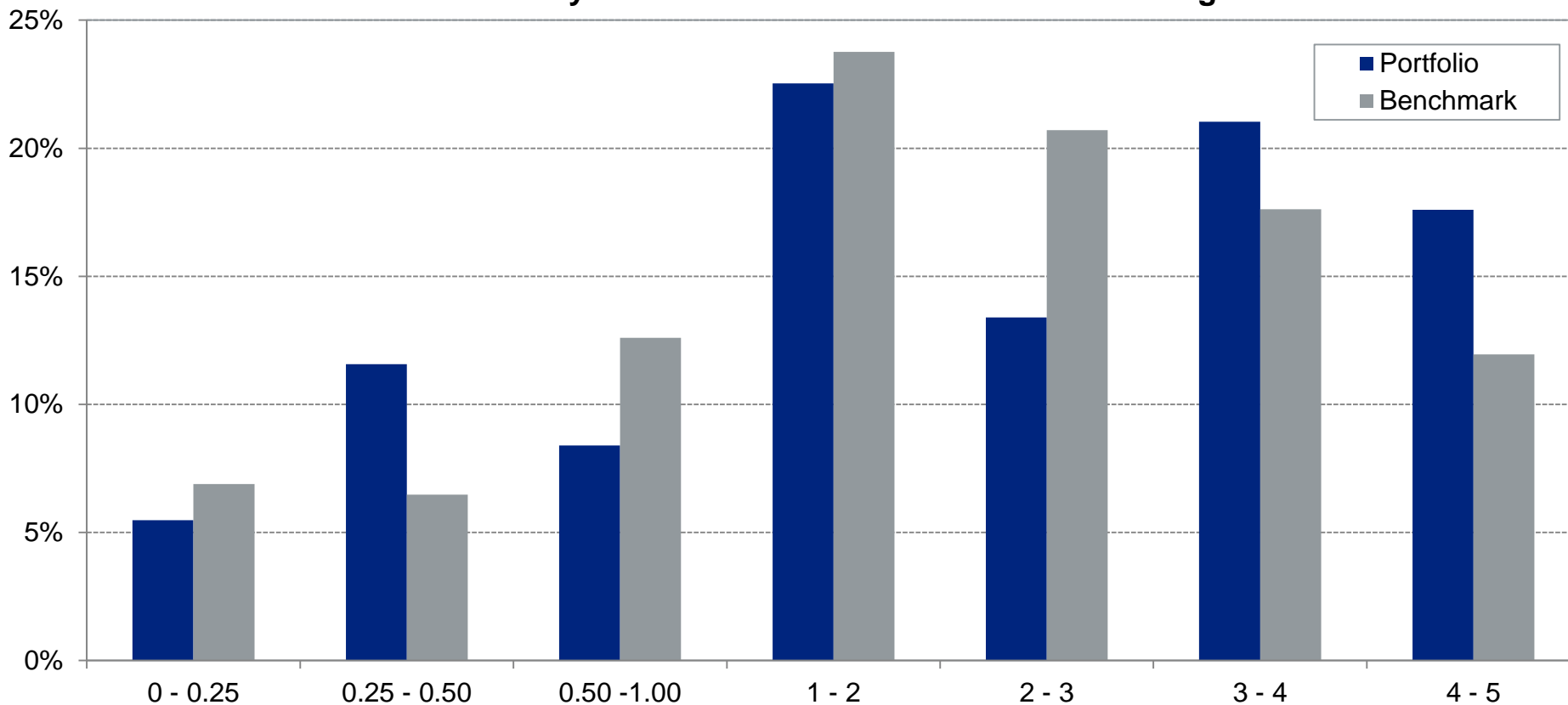
	AAA	AA	A	<A	A-1	NR
9/30/2015	3.1%	92.9%	0.0%	0.0%	4.0%	0.0%
6/30/2015	3.3%	90.5%	0.0%	0.0%	6.2%	0.0%

Ratings by Standard & Poor's



Maturity Distribution

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



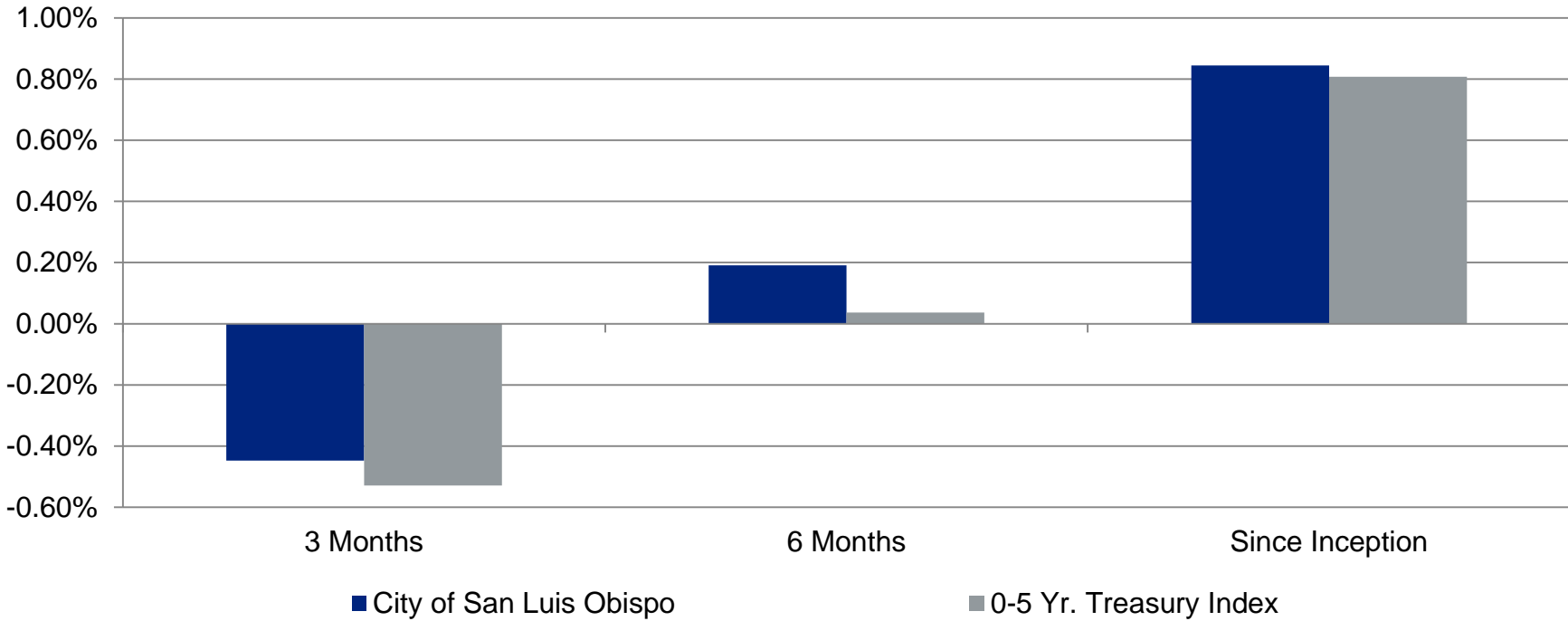
	0 – 0.25	0.25 – 0.5	0.50 – 1	1 – 2	2 – 3	3 – 4	4 – 5
Portfolio	5.5%	11.6%	8.4%	22.5%	13.4%	21.0%	17.6%
Benchmark	6.9%	6.5%	12.6%	23.8%	20.7%	17.6%	12.0%

- 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 December 31, 2015.



Investment Performance

City of San Luis Obispo Total Return
Period Ending December 31, 2015
 Total Rate of Return



	3 Months Periodic	6 Months Periodic	Since Inception
City of San Luis Obispo	-0.45%	0.19%	0.84%
0-5 Yr. Treasury Index	-0.53%	0.04%	0.81%

- 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.
- Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Inception date is December 31, 2014.



Portfolio Earnings Analysis

Portfolio Earnings Analysis As of December 31, 2015

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Past Year
<i>Total Interest and Realized Gain/Loss</i>	154,071	142,084	155,209	156,838	608,202
<i>+ Change in market value</i>	143,413	(143,241)	192,962	(408,166)	(215,032)
<i>= Total Return \$</i>	297,484	(1,157)	348,171	(251,328)	393,170
Total Return %	0.65%	0.00%	0.64%	-0.45%	0.84%

Notes:

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



2016 Outlook and Strategy

- We expect that the U.S. economy will continue to expand at a moderate pace, bolstered by gains in the job market and consumer spending. However, the global economy faces significant headwinds, particularly in emerging market economies.
- The Federal Reserve has signaled that future rate increases will be gradual and likely tied to “actual progress” towards the Fed’s inflation target.
- We will continue to manage duration with a conservative bias in an effort to protect the market value of the portfolio in light of the bias toward higher rates by the end of 2016.
- The corporate sector continues to add significant value to the City’s portfolio. We will continue to carefully monitor the impact of global growth concerns on the corporate sector as a whole and on specific issuers.
- We will continue to monitor the yield relationship between federal agency and Treasury securities, looking to add federal agencies when their additional yields over Treasuries offer value.



Account Profile

City of San Luis Obispo - Internal Portfolio Characteristics

	9/30/15	9/30/15
	Portfolio	Portfolio
Average Maturity (years)	0.03	0.02
Effective Duration*	0.03	0.02
Average Purchase Yield	0.51%	0.40%
Average Market Yield	0.30%	0.16%
Average Quality	AA+/Aaa	AA+/Aaa
Total Market Value	42,979,255	39,258,777

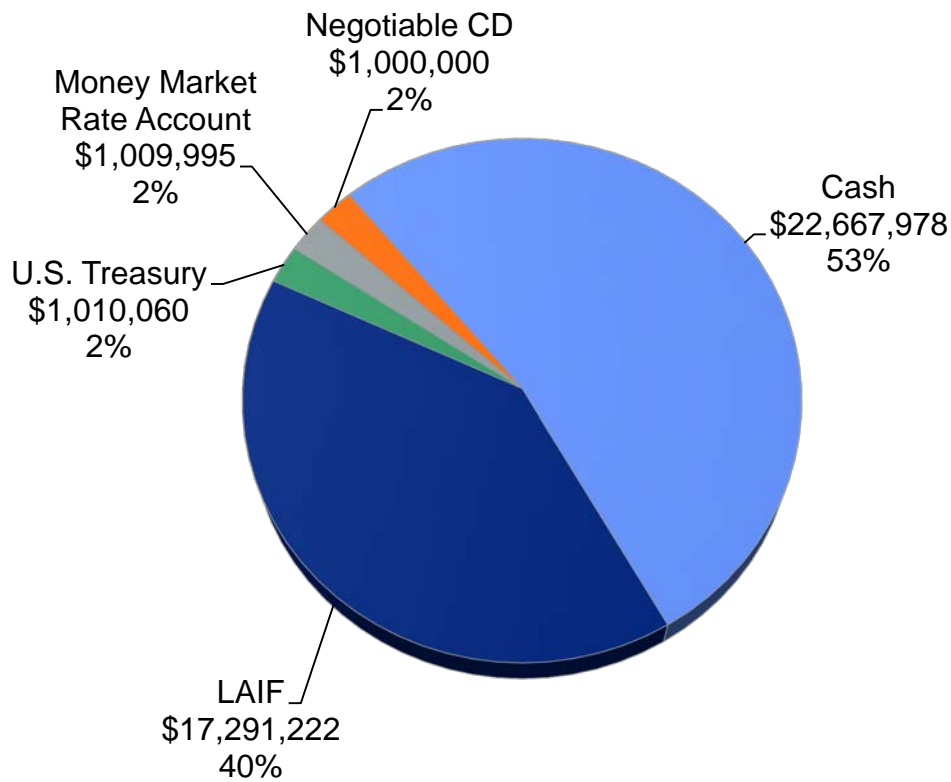
**Effective duration used in place of modified duration. Effective duration is the approximate percentage change in price, for each 1% change in interest rates. Modified duration is a similar risk measure but it ignores how changes in rates will impact cash flows on bonds with embedded options such as 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).*



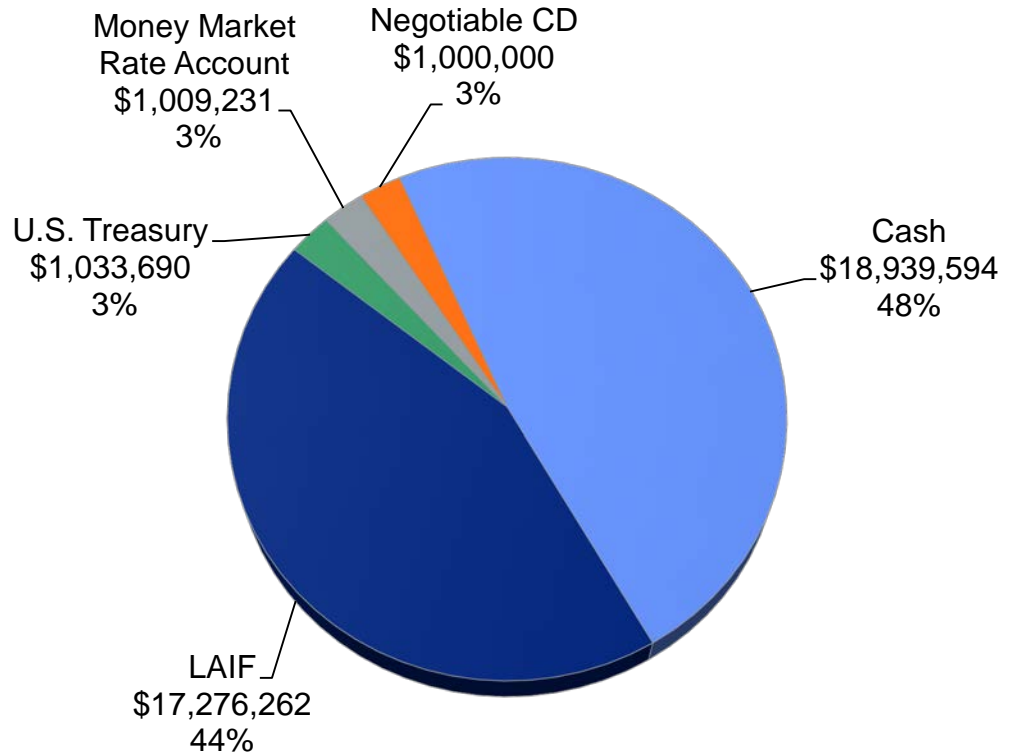
Sector Distribution

City of San Luis Obispo Sector Distribution – Internal

December 31, 2015



September 30, 2015



*Sector distribution includes market value and excludes accrued interest.



City of San Luis Obispo Issuer Distribution – Internal

Issuer Name	Investment Type	% Portfolio
Cash	Cash	52.74%
LAIF	LAIF	40.23%
U.S. Treasury	U.S. Treasury	2.35%
Heritage Oaks Bank	Money Market Rate Account	2.35%
Heritage Oaks Bank	Negotiable CD	2.33%
Total		100.00%

As of December 31, 2015

Section 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, as well as 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, AAA by S&P or Moody’s	Complies
Corporate Notes	5 year maximum maturity At least one “AA” rating 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 30% maximum, 5% per issuer	Complies
Collateralized Bank Deposits	5% per issuer	Complies
Commercial Paper	270 day maximum maturity At least one “A-1” rating 25% maximum, 5% per issuer	Complies
Money Market Mutual Funds	Highest rating category by 2 NRSROs 20% maximum, 10% per issuer	Complies
% maturing in less than 90 days	5% minimum	Complies
Maximum maturity of corporate	5 years	Complies
Maximum maturity	10 years; 10% maximum of portfolio in Treasury and GSE obligations with maturity >5 years	Complies
Social Responsibility	No investments in companies involved in tobacco, electronic cigarettes, or the direct production or drilling of fossil fuels	Complies



Account Profile

City of San Luis Obispo - Consolidated Portfolio Characteristics

	12/31/15	9/30/15
	Portfolio	Portfolio
Average Maturity (years)	1.27	1.24
Effective Duration*	1.23	1.21
Average Purchase Yield	0.86%	0.81%
Average Market Yield	0.79%	0.51%
Average Quality	AA+/Aaa	AA+/Aaa
Total Market Value	98,721,742	95,266,864

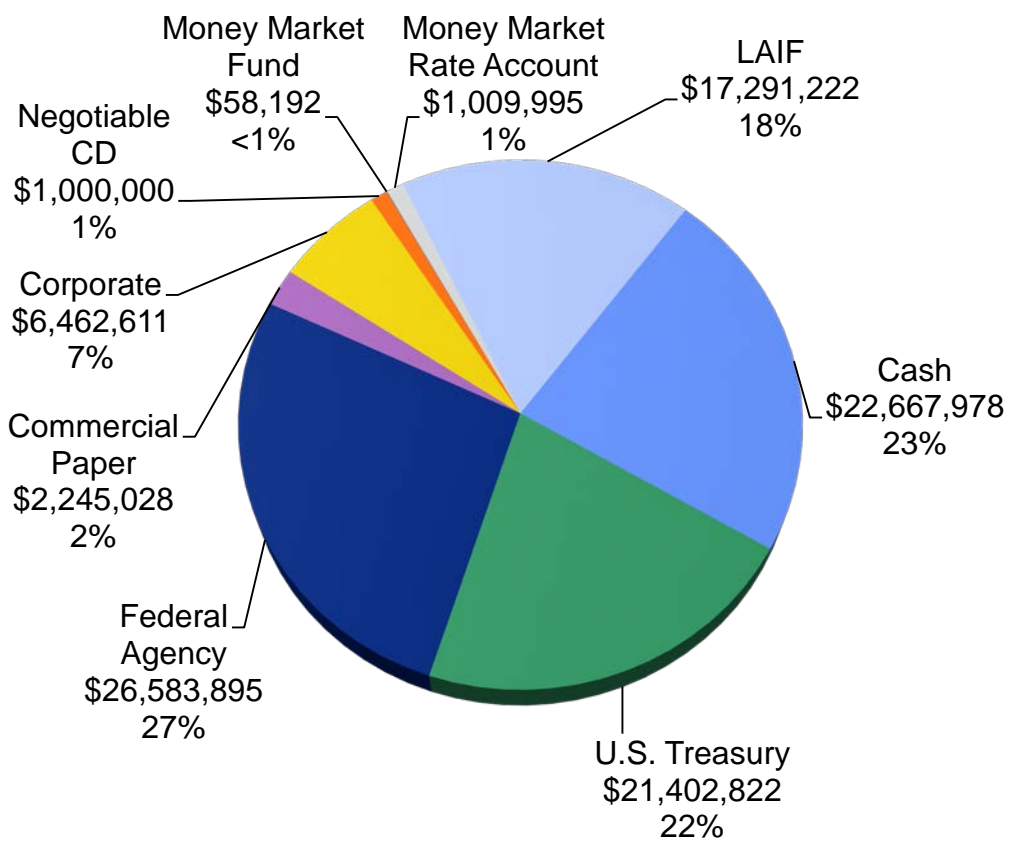
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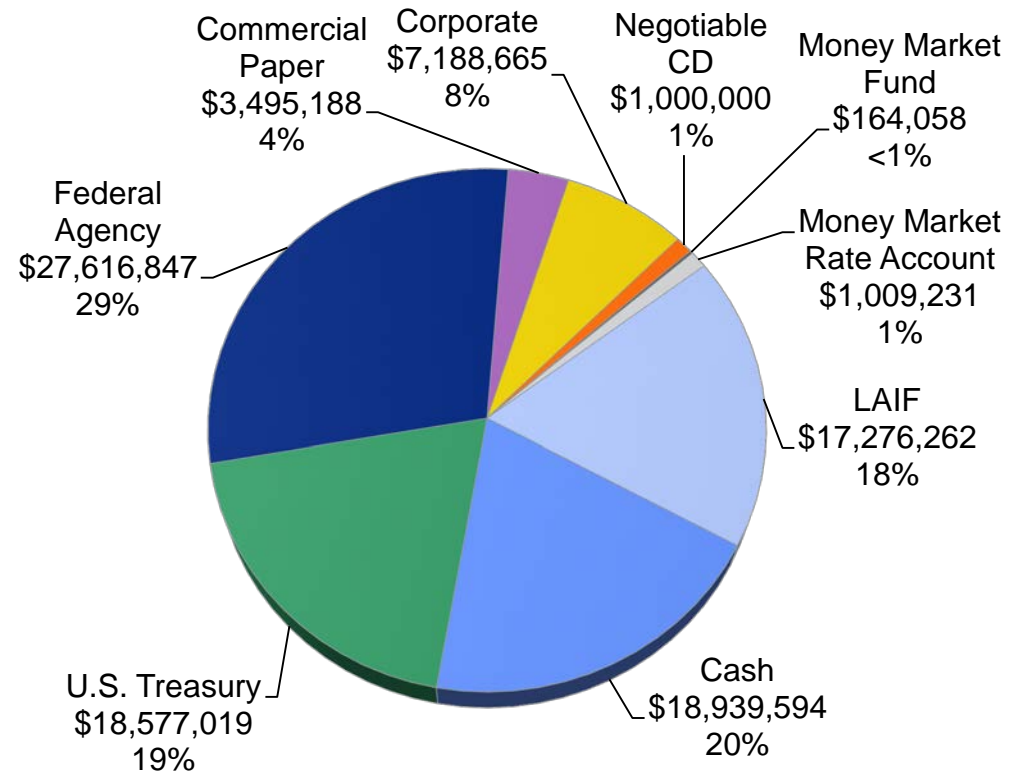
Sector Distribution

City of San Luis Obispo Sector Distribution – Consolidated

December 31, 2015



September 30, 2015

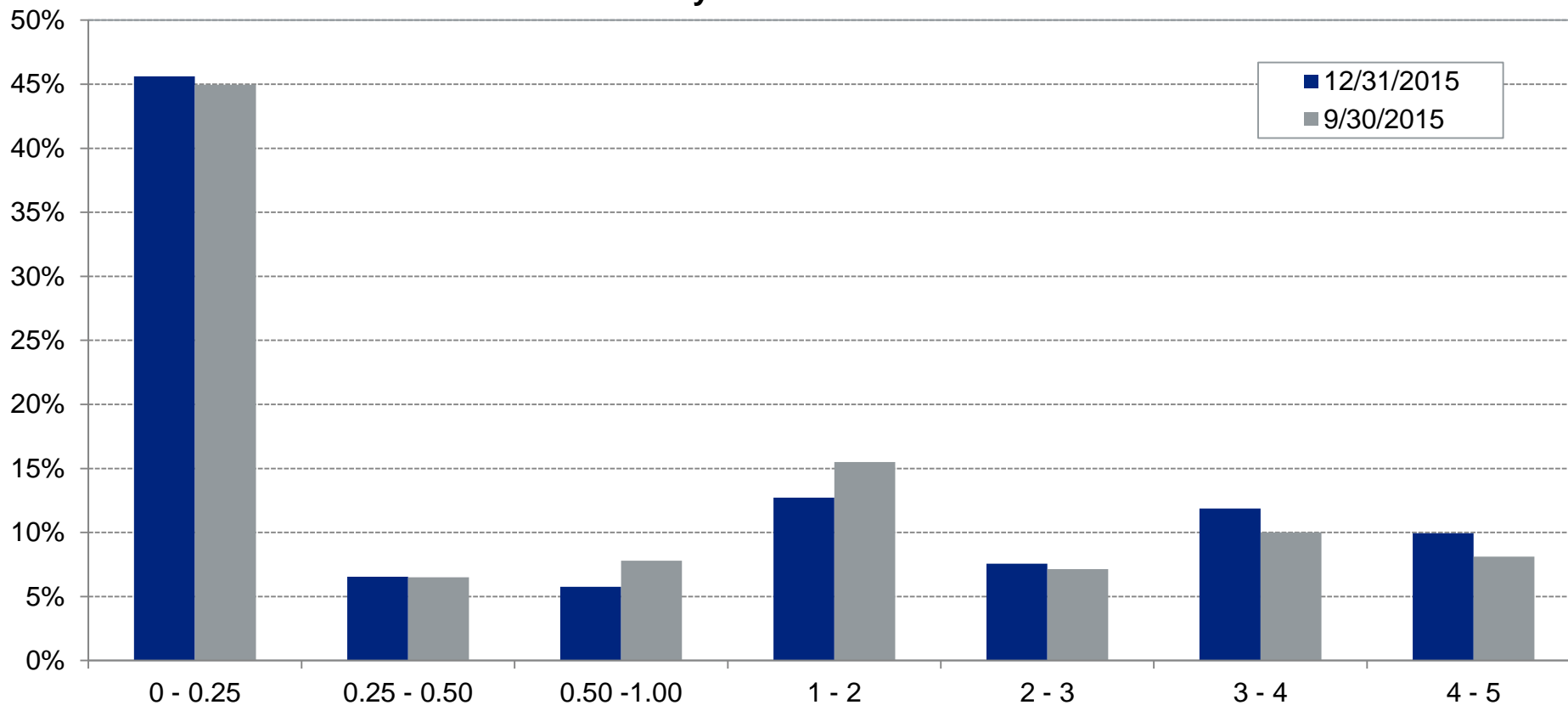


*Sector distribution includes market value and excludes accrued interest.



Maturity Distribution

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



	0 – 0.25	0.25 – 0.5	0.50 – 1	1 – 2	2 – 3	3 – 4	4 – 5
12/31/2015	45.6%	6.5%	5.8%	12.7%	7.6%	11.9%	9.9%
9/30/2015	45.0%	6.5%	7.8%	15.5%	7.1%	10.0%	8.1%

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
Cash	Cash	22.96%
U.S. Treasury	U.S. Treasury	21.68%
LAIF	LAIF	17.52%
FHLMC	Federal Agency	10.44%
FNMA	Federal Agency	9.74%
FHLB	Federal Agency	4.92%
FFCB	Federal Agency	1.83%
BNP Paribas NY	Commercial Paper	1.26%
Heritage Oaks Bank	Money Market Rate Account	1.02%
Microsoft Corp	Corporate Note	1.01%
Heritage Oaks Bank	Negotiable CD	1.01%
Bank of Tokyo Mitsubishi	Commercial Paper	1.01%
Procter & Gamble	Corporate Note	0.93%
IBM	Corporate Note	0.75%
Berkshire Hathaway	Corporate Note	0.71%
Wal-Mart Stores	Corporate Note	0.71%
Apple Inc	Corporate Note	0.71%
Johnson & Johnson	Corporate Note	0.69%
Google Inc	Corporate Note	0.53%
Toyota Motor Credit Corp	Corporate Note	0.50%
Dreyfus Prime Cash Management Fund	Money Market Fund	0.06%
Total		100.00%

As of December 31, 2015

Section IV. Portfolio Holdings



City of San Luis Obispo Holdings Report

For the Quarter Ending December 31, 2015

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	0.37%	17,291,221.65	17,291,221.65	17,291,221.65	0.32%	17,291,221.65	-	17.52%	-	NR NR	0.00	0.00
Total LAIF		0.37%	17,291,221.65	17,291,221.65	17,291,221.65	0.32%	17,291,221.65	-	17.52%	-	NR NR	0.00	0.00
Money Market Fund													
DREYFUS PRIME CASH MANAGEMNT MONEY MARKET FUND	Various	0.00%	58,191.73	58,191.73	58,191.73	0.00%	58,191.73	-	0.06%	-	AAA Aaa	0.00	0.00
Total Money Market Fund		0.00%	58,191.73	58,191.73	58,191.73	0.00%	58,191.73	-	0.06%	-	AAA Aaa	0.00	0.00
Cash													
CASH ACCOUNT	Various	0.25%	22,667,978.38	22,667,978.38	22,667,978.38	0.25%	22,667,978.38	-	22.96%	-	NR NR	0.00	0.00
CASH HERITAGE OAKS BANK MONEY MARKET RATE ACCOUNT	Various	0.25%	1,009,994.52	1,009,994.52	1,009,994.52	0.25%	1,009,994.52	-	1.02%	-	NR NR	0.00	0.00
Total Cash		0.25%	23,677,972.90	23,677,972.90	23,677,972.90	0.25%	23,677,972.90	-	23.98%	-	NR NR	0.00	0.00
U.S. Treasury Bond/Note													
US TREASURY NOTES 912810DV7 9.25% Due 2/15/2016	2/15/1986	9.25%	1,000,000.00	1,000,000.00	1,000,000.00	1.15%	1,010,060.00	34,687.50	1.02%	10,060.00	AA+ Aaa	0.13	0.12
US TREASURY NOTES 912828QJ2 2.13% Due 2/29/2016	8/30/2011	0.82%	150,000.00	158,637.22	150,316.04	0.44%	150,415.95	1,077.09	0.15%	99.91	AA+ Aaa	0.16	0.16
US TREASURY NOTES 912828UW8 0.25% Due 4/15/2016	4/24/2013	0.34%	900,000.00	897,647.55	899,772.24	0.32%	899,824.50	479.51	0.91%	52.26	AA+ Aaa	0.29	0.29
US TREASURY NOTES 912828VC1 0.25% Due 5/15/2016	9/26/2013	0.54%	700,000.00	694,697.66	699,249.67	0.44%	699,507.90	225.96	0.71%	258.23	AA+ Aaa	0.37	0.37
US TREASURY NOTES 912828VL1 0.63% Due 7/15/2016	10/7/2013	0.57%	750,000.00	751,145.09	750,223.84	0.61%	750,058.50	2,165.42	0.76%	(165.34)	AA+ Aaa	0.54	0.54
US TREASURY NOTES 912828SY7 0.63% Due 5/31/2017	5/13/2013	0.62%	135,000.00	135,005.73	135,002.03	0.94%	134,404.11	73.77	0.14%	(597.92)	AA+ Aaa	1.42	1.40
US TREASURY NOTES 912828TB6 0.75% Due 6/30/2017	9/17/2013	1.18%	575,000.00	565,882.79	571,345.82	0.96%	573,203.13	11.85	0.58%	1,857.31	AA+ Aaa	1.50	1.49
US TREASURY NOTES 912828UE8 0.75% Due 12/31/2017	8/13/2013	1.28%	625,000.00	611,061.66	618,549.17	1.09%	620,776.25	12.88	0.63%	2,227.08	AA+ Aaa	2.00	1.98
US TREASURY NOTES 912828UR9 0.75% Due 2/28/2018	4/24/2014	1.32%	925,000.00	905,166.18	913,742.65	1.15%	917,122.70	2,344.27	0.93%	3,380.05	AA+ Aaa	2.16	2.13
US TREASURY NOTES 912828UR9 0.75% Due 2/28/2018	12/9/2015	1.06%	80,000.00	79,456.25	79,471.58	1.15%	79,318.72	202.75	0.08%	(152.86)	AA+ Aaa	2.16	2.13
US TREASURY NOTES 912828L40 1.00% Due 9/15/2018	10/14/2015	0.92%	700,000.00	701,667.97	701,545.90	1.27%	695,023.70	2,076.92	0.70%	(6,522.20)	AA+ Aaa	2.71	2.65
US TREASURY NOTES 912828RH5 1.38% Due 9/30/2018	2/19/2015	1.25%	400,000.00	401,765.63	401,351.18	1.26%	401,250.00	1,397.54	0.41%	(101.18)	AA+ Aaa	2.75	2.68
US TREASURY NOTES 912828RY8 1.38% Due 12/31/2018	2/9/2015	1.08%	500,000.00	505,527.34	504,281.06	1.35%	500,371.00	18.89	0.51%	(3,910.06)	AA+ Aaa	3.00	2.93
US TREASURY NOTES 912828RY8 1.38% Due 12/31/2018	3/24/2015	1.17%	1,000,000.00	1,007,539.06	1,006,023.49	1.35%	1,000,742.00	37.77	1.01%	(5,281.49)	AA+ Aaa	3.00	2.93
US TREASURY NOTES 912828RY8 1.38% Due 12/31/2018	4/13/2015	1.10%	600,000.00	606,070.31	604,918.27	1.35%	600,445.20	22.66	0.61%	(4,473.07)	AA+ Aaa	3.00	2.93
US TREASURY NOTES 912828SD3 1.25% Due 1/31/2019	1/8/2015	1.34%	1,775,000.00	1,768,967.77	1,770,398.05	1.36%	1,769,037.78	9,284.99	1.79%	(1,360.27)	AA+ Aaa	3.09	3.00
US TREASURY NOTES 912828SH4 1.38% Due 2/28/2019	2/27/2015	1.38%	500,000.00	499,960.94	499,969.03	1.40%	499,668.00	2,323.15	0.51%	(301.03)	AA+ Aaa	3.16	3.07
US TREASURY NOTES 912828D23 1.63% Due 4/30/2019	12/30/2015	1.44%	1,200,000.00	1,207,078.13	1,207,066.84	1.45%	1,206,984.00	3,321.43	1.22%	(82.84)	AA+ Aaa	3.33	3.23
US TREASURY NOTES 912828TH3 0.88% Due 7/31/2019	7/15/2015	1.46%	1,275,000.00	1,245,565.43	1,248,848.77	1.52%	1,246,213.05	4,668.65	1.26%	(2,635.72)	AA+ Aaa	3.58	3.50



City of San Luis Obispo Holdings Report

For the Quarter Ending December 31, 2015

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
US TREASURY NOTES 912828F39 1.75% Due 9/30/2019	10/14/2015	1.25%	800,000.00	815,375.00	814,556.14	1.56%	805,406.40	3,557.38	0.82%	(9,149.74)	AA+ Aaa	3.75	3.60
US TREASURY NOTES 912828UF5 1.13% Due 12/31/2019	1/8/2015	1.48%	775,000.00	761,891.60	764,399.07	1.62%	760,287.40	23.95	0.77%	(4,111.67)	AA+ Aaa	4.00	3.89
US TREASURY NOTES 912828UQ1 1.25% Due 2/29/2020	11/9/2015	1.58%	1,325,000.00	1,307,040.04	1,307,631.61	1.66%	1,303,313.73	5,596.67	1.32%	(4,317.88)	AA+ Aaa	4.17	4.02
US TREASURY NOTES 912828ND8 3.50% Due 5/15/2020	5/29/2015	1.50%	1,300,000.00	1,423,550.78	1,409,307.46	1.71%	1,397,601.40	5,875.00	1.42%	(11,706.06)	AA+ Aaa	4.38	4.05
US TREASURY NOTES 912828VF4 1.38% Due 5/31/2020	12/4/2015	1.56%	900,000.00	892,792.97	892,912.08	1.71%	887,062.50	1,081.97	0.90%	(5,849.58)	AA+ Aaa	4.42	4.26
US TREASURY NOTE 912828XH8 1.63% Due 6/30/2020	7/15/2015	1.70%	2,505,000.00	2,496,193.36	2,496,988.78	1.72%	2,494,724.49	111.83	2.53%	(2,264.29)	AA+ Aaa	4.50	4.32
Total U.S. Treasury Bond/Note		1.66%	21,395,000.00	21,439,686.46	21,447,870.77	1.34%	21,402,822.41	80,679.80	21.68%	(45,048.36)	AA+ Aaa	2.95	2.85
Federal Agency Bond/Note													
FHLB NOTES 3133XXP43 3.13% Due 3/11/2016	8/10/2011	1.12%	965,000.00	1,051,449.53	968,749.46	0.45%	969,986.16	9,214.41	0.98%	1,236.70	AA+ Aaa	0.19	0.20
FFCB NOTES 3133EAJU3 1.05% Due 3/28/2016	9/14/2012	0.53%	924,000.00	940,879.28	925,161.96	0.41%	925,410.02	2,506.35	0.94%	248.06	AA+ Aaa	0.24	0.24
FANNIE MAE GLOBAL NOTES 3135GOVA8 0.50% Due 3/30/2016	3/27/2013	0.45%	950,000.00	951,434.50	950,118.55	0.47%	950,073.15	1,200.69	0.96%	(45.40)	AA+ Aaa	0.25	0.25
FHLB NOTES 313370TW8 2.00% Due 9/9/2016	10/24/2013	0.67%	280,000.00	290,550.40	282,546.14	0.77%	282,351.72	1,742.22	0.29%	(194.42)	AA+ Aaa	0.69	0.68
FANNIE MAE NOTES 3135GOES8 1.38% Due 11/15/2016	3/14/2012	1.21%	985,000.00	992,545.10	986,442.13	0.84%	989,573.36	1,730.59	1.00%	3,131.23	AA+ Aaa	0.88	0.87
FHLB NOTES 3130A3J70 0.63% Due 11/23/2016	2/9/2015	0.52%	500,000.00	500,915.00	500,458.80	0.85%	499,020.50	329.86	0.51%	(1,438.30)	AA+ Aaa	0.90	0.89
FHLB NOTES 3130AOC65 0.63% Due 12/28/2016	7/15/2015	0.54%	1,245,000.00	1,246,444.20	1,245,987.35	0.85%	1,242,270.96	64.84	1.26%	(3,716.39)	AA+ Aaa	0.99	0.99
FANNIE MAE GLOBAL NOTES 3135GOGY3 1.25% Due 1/30/2017	2/27/2012	1.07%	800,000.00	807,016.00	801,571.08	0.90%	803,000.00	4,194.44	0.81%	1,428.92	AA+ Aaa	1.08	1.07
FFCB NOTES 31331KBX7 2.88% Due 2/10/2017	7/25/2012	0.74%	865,000.00	947,477.75	885,379.85	0.92%	883,610.48	9,740.26	0.90%	(1,769.37)	AA+ Aaa	1.12	1.08
FREDDIE MAC GLOBAL NOTES 3137EADC0 1.00% Due 3/8/2017	3/14/2012	1.29%	1,000,000.00	986,050.00	996,599.37	0.93%	1,000,829.00	3,138.89	1.01%	4,229.63	AA+ Aaa	1.19	1.17
FHLMC NOTES 3137EADF3 1.25% Due 5/12/2017	10/17/2012	0.82%	500,000.00	509,635.00	502,913.45	1.14%	500,773.00	850.69	0.51%	(2,140.45)	AA+ Aaa	1.36	1.35
FNMA NOTES (EX-CALLABLE) 3136FPYB7 2.05% Due 5/23/2017	8/7/2012	0.90%	365,000.00	384,739.20	370,828.30	1.01%	370,259.29	789.82	0.38%	(569.01)	AA+ Aaa	1.39	1.37
FHLB GLOBAL NOTES 3130A5EP0 0.63% Due 5/30/2017	5/15/2015	0.67%	515,000.00	514,572.55	514,703.25	0.96%	512,589.80	277.17	0.52%	(2,113.45)	AA+ Aaa	1.41	1.41
FEDERAL HOME LOAN BANK GLOBAL NOTES 313379DD8 1.00% Due 6/21/2017	11/26/2012	0.70%	700,000.00	709,478.00	703,086.87	1.04%	699,612.90	194.44	0.71%	(3,473.97)	AA+ Aaa	1.47	1.46
FREDDIE MAC GLOBAL NOTES 3137EADH9 1.00% Due 6/29/2017	7/30/2012	0.85%	775,000.00	780,673.00	776,750.67	1.01%	774,923.28	43.06	0.78%	(1,827.39)	AA+ Aaa	1.50	1.48
FREDDIE MAC GLOBAL NOTES 3137EADH9 1.00% Due 6/29/2017	12/14/2012	0.74%	135,000.00	136,587.60	135,528.29	1.01%	134,986.64	7.50	0.14%	(541.65)	AA+ Aaa	1.50	1.48
FREDDIE MAC GLOBAL NOTES 3137EADJ5 1.00% Due 7/28/2017	11/26/2012	0.80%	900,000.00	908,316.00	902,838.42	1.11%	898,503.30	3,825.00	0.91%	(4,335.12)	AA+ Aaa	1.58	1.55
FREDDIE MAC GLOBAL NOTES 3137EADJ5 1.00% Due 7/28/2017	3/23/2015	0.82%	495,000.00	497,019.60	496,360.08	1.11%	494,176.82	2,103.75	0.50%	(2,183.26)	AA+ Aaa	1.58	1.55
FREDDIE MAC GLOBAL NOTES 3137EADJ5 1.00% Due 7/28/2017	7/15/2015	0.76%	1,235,000.00	1,241,002.10	1,239,651.17	1.11%	1,232,946.20	5,248.75	1.25%	(6,704.97)	AA+ Aaa	1.58	1.55
FHLB NOTES 3130A62S5 0.75% Due 8/28/2017	8/3/2015	0.78%	650,000.00	649,662.00	649,728.35	1.06%	646,740.90	1,665.63	0.66%	(2,987.45)	AA+ Aaa	1.66	1.64
FANNIE MAE GLOBAL NOTES 3135GOMZ3 0.88% Due 8/28/2017	6/20/2014	1.10%	625,000.00	620,687.50	622,743.80	1.08%	622,870.63	1,868.49	0.63%	126.83	AA+ Aaa	1.66	1.64
FREDDIE MAC GLOBAL NOTES 3137EADL0 1.00% Due 9/29/2017	1/4/2013	0.89%	950,000.00	954,788.00	951,787.75	1.16%	947,383.70	2,427.78	0.96%	(4,404.05)	AA+ Aaa	1.75	1.72



City of San Luis Obispo Holdings Report

For the Quarter Ending December 31, 2015

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
FANNIE MAE GLOBAL NOTES 3135G0PQ0 0.88% Due 10/26/2017	6/20/2014	1.17%	625,000.00	618,987.50	621,706.93	1.10%	622,418.75	987.41	0.63%	711.82	AA+ Aaa	1.82	1.80
FHLMC NOTES 3137EADN6 0.75% Due 1/12/2018	10/1/2014	1.26%	800,000.00	787,008.00	791,897.31	1.15%	793,561.60	2,816.67	0.80%	1,664.29	AA+ Aaa	2.04	2.00
FREDDIE MAC GLOBAL NOTES 3137EADP1 0.88% Due 3/7/2018	11/20/2014	1.20%	900,000.00	890,469.00	893,649.64	1.20%	893,684.70	2,493.75	0.91%	35.06	AA+ Aaa	2.18	2.15
FANNIE MAE GLOBAL NOTES 3135G0WJ8 0.88% Due 5/21/2018	4/24/2014	1.46%	430,000.00	420,094.52	424,123.33	1.27%	425,969.18	418.06	0.43%	1,845.85	AA+ Aaa	2.39	2.35
FANNIE MAE GLOBAL NOTES 3135G0WJ8 0.88% Due 5/21/2018	11/30/2015	1.18%	165,000.00	163,770.75	163,813.03	1.27%	163,453.29	160.42	0.17%	(359.74)	AA+ Aaa	2.39	2.35
FNMA NOTES 3135G0E33 1.13% Due 7/20/2018	7/15/2015	1.17%	1,250,000.00	1,248,325.00	1,248,577.28	1.29%	1,244,901.25	6,289.06	1.26%	(3,676.03)	AA+ Aaa	2.55	2.50
FREDDIE MAC NOTES 3137EADG1 1.75% Due 5/30/2019	8/4/2014	1.67%	900,000.00	903,420.00	902,454.49	1.52%	906,746.40	1,356.25	0.92%	4,291.91	AA+ Aaa	3.41	3.30
FNMA NOTES 3135G0ZE6 1.75% Due 6/20/2019	8/5/2014	1.74%	350,000.00	350,227.50	350,165.64	1.52%	352,681.35	187.15	0.36%	2,515.71	AA+ Aaa	3.47	3.35
FNMA NOTES 3135G0ZE6 1.75% Due 6/20/2019	10/2/2014	1.77%	500,000.00	499,630.00	499,728.40	1.52%	503,830.50	267.36	0.51%	4,102.10	AA+ Aaa	3.47	3.35
FNMA NOTES 3135G0ZE6 1.75% Due 6/20/2019	11/21/2014	1.71%	100,000.00	100,157.00	100,120.42	1.52%	100,766.10	53.47	0.10%	645.68	AA+ Aaa	3.47	3.35
FREDDIE MAC GLOBAL NOTES 3137EADK2 1.25% Due 8/1/2019	9/15/2014	1.88%	1,050,000.00	1,019,077.50	1,027,016.04	1.57%	1,038,321.90	5,468.75	1.05%	11,305.86	AA+ Aaa	3.59	3.47
FNMA NOTES 3135G0ZG1 1.75% Due 9/12/2019	2/9/2015	1.36%	500,000.00	508,665.00	507,020.13	1.60%	502,638.50	2,649.31	0.51%	(4,381.63)	AA+ Aaa	3.70	3.55
FREDDIE MAC GLOBAL NOTES 3137EADM8 1.25% Due 10/2/2019	12/30/2015	1.65%	700,000.00	689,857.00	689,864.34	1.63%	690,458.30	2,163.19	0.70%	593.96	AA+ Aaa	3.76	3.64
FNMA NOTES 3135G0A78 1.63% Due 1/21/2020	4/30/2015	1.54%	1,270,000.00	1,274,889.50	1,274,226.37	1.72%	1,265,210.83	9,172.22	1.28%	(9,015.54)	AA+ Aaa	4.06	3.88
FNMA NOTES 3135G0A78 1.63% Due 1/21/2020	6/29/2015	1.71%	700,000.00	697,298.00	697,589.68	1.72%	697,360.30	5,055.56	0.71%	(229.38)	AA+ Aaa	4.06	3.88
Total Federal Agency Bond/Note		1.08%	26,599,000.00	26,793,798.58	26,601,888.12	1.11%	26,583,894.76	92,703.26	26.93%	(17,993.36)	AA+ Aaa	1.90	1.85
Negotiable CD													
HERITAGE OAKS BANK YANKEE CD 0.25% Due 12/20/2016	12/20/2015	0.25%	1,000,000.00	1,000,000.00	1,000,000.00	0.25%	1,000,000.00	76.39	1.01%	-	NR NR	0.97	0.97
Total Negotiable CD		0.25%	1,000,000.00	1,000,000.00	1,000,000.00	0.25%	1,000,000.00	76.39	1.01%	-	NR NR	0.97	0.97
Commercial Paper													
BNP PARIBAS NY BRANCH COMM PAPER 09659BD80 0.00% Due 4/8/2016	7/15/2015	0.57%	1,250,000.00	1,244,695.83	1,248,060.41	0.62%	1,247,876.25	-	1.26%	(184.16)	A-1 P-1	0.27	0.27
BANK OF TOKYO MITSUBISHI UFJ COMM PAPER 06538BEQ2 0.00% Due 5/24/2016	11/24/2015	0.62%	1,000,000.00	996,865.56	997,520.00	0.71%	997,152.00	-	1.01%	(368.00)	A-1 P-1	0.40	0.40
Total Commercial Paper		0.59%	2,250,000.00	2,241,561.39	2,245,580.41	0.66%	2,245,028.25	-	2.27%	(552.16)	A-1 P-1	0.33	0.33
Corporate Note													
WAL-MART STORES INC GLOBAL NOTES 931142DE0 0.60% Due 4/11/2016	6/27/2013	0.81%	700,000.00	696,017.00	699,599.73	0.61%	699,973.40	933.33	0.71%	373.67	AA Aa2	0.28	0.28
APPLE INC GLOBAL NOTES 037833AH3 0.45% Due 5/3/2016	5/13/2013	0.55%	700,000.00	698,005.00	699,771.01	0.55%	699,755.00	507.50	0.71%	(16.01)	AA+ Aa1	0.34	0.34
JOHNSON & JOHNSON GLOBAL NOTE 478160AY0 2.15% Due 5/15/2016	1/15/2013	0.58%	675,000.00	709,870.50	678,926.31	0.49%	679,141.13	1,854.38	0.69%	214.82	AAA Aaa	0.37	0.37
GOOGLE INC GLOBAL NOTES 38259PAC6 2.13% Due 5/19/2016	4/23/2012	0.91%	523,000.00	548,360.27	525,426.27	0.60%	526,040.20	1,296.60	0.53%	613.93	AA Aa2	0.38	0.39
PROCTER & GAMBLE CO NOTES (EX-CALLABLE) 742718DV8 1.45% Due 8/15/2016	8/3/2012	0.82%	915,000.00	937,893.30	918,580.17	1.03%	917,371.68	5,012.17	0.93%	(1,208.49)	AA- Aa3	0.62	0.62
BERKSHIRE HATHAWAY FIN GLOBAL NOTES 084664BS9 1.60% Due 5/15/2017	4/24/2013	1.00%	700,000.00	716,765.00	705,744.00	1.12%	704,578.70	1,431.11	0.71%	(1,165.30)	AA Aa2	1.37	1.35



City of San Luis Obispo Holdings Report

For the Quarter Ending December 31, 2015

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
IBM CORP NOTES 459200HZ7 1.13% Due 2/6/2018	2/9/2015	1.16%	750,000.00	749,317.50	749,519.28	1.45%	744,978.00	3,398.44	0.75%	(4,541.28)	AA-Aa3	2.10	2.05
TOYOTA MOTOR CREDIT CORP 89236TCP8 1.55% Due 7/13/2018	7/13/2015	1.58%	490,000.00	489,583.50	489,647.02	1.65%	488,842.62	3,544.33	0.50%	(804.40)	AA-Aa3	2.53	2.46
MICROSOFT CORP NOTE 594918AY0 1.85% Due 2/12/2020	4/13/2015	1.58%	1,000,000.00	1,012,570.00	1,010,770.98	1.80%	1,001,930.00	7,143.06	1.01%	(8,840.98)	AAA Aaa	4.12	3.92
Total Corporate Note		1.00%	6,453,000.00	6,558,382.07	6,477,984.77	1.06%	6,462,610.73	25,120.92	6.55%	(15,374.04)	AA Aa2	1.45	1.40
Total Portfolio		0.86%	98,724,386.28	99,060,814.78	98,800,710.35	0.79%	98,721,742.43	198,580.37	100.00%	(78,967.92)	AA+	1.26	1.23
Total Market Value Plus Accrued							98,920,322.80						

*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.

Section V. Monthly Transactions



Managed Account Security Transactions & Interest

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

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
10/09/15	10/14/15	US TREASURY NOTES DTD 09/30/2014 1.750% 09/30/2019	912828F39	800,000.00	(815,375.00)	(535.52)	(815,910.52)			
10/13/15	10/14/15	US TREASURY NOTES DTD 09/15/2015 1.000% 09/15/2018	912828L40	700,000.00	(701,667.97)	(557.69)	(702,225.66)			
Transaction Type Sub-Total				1,500,000.00	(1,517,042.97)	(1,093.21)	(1,518,136.18)			
INTEREST										
10/09/15	10/09/15	GENERAL ELECTRIC CO NOTES DTD 10/09/2012 0.850% 10/09/2015	369604BE2	700,000.00	0.00	2,975.00	2,975.00			
10/11/15	10/11/15	WAL-MART STORES INC GLOBAL NOTES DTD 04/11/2013 0.600% 04/11/2016	931142DE0	700,000.00	0.00	2,100.00	2,100.00			
10/15/15	10/15/15	US TREASURY NOTES DTD 04/15/2013 0.250% 04/15/2016	912828UW8	900,000.00	0.00	1,125.00	1,125.00			
10/26/15	10/26/15	FANNIE MAE GLOBAL NOTES DTD 09/24/2012 0.875% 10/26/2017	3135G0PO0	625,000.00	0.00	2,734.38	2,734.38			
Transaction Type Sub-Total				2,925,000.00	0.00	8,934.38	8,934.38			
MATURITY										
10/09/15	10/09/15	GENERAL ELECTRIC CO NOTES DTD 10/09/2012 0.850% 10/09/2015	369604BE2	700,000.00	700,000.00	0.00	700,000.00	(4,515.00)	0.00	
Transaction Type Sub-Total				700,000.00	700,000.00	0.00	700,000.00	(4,515.00)	0.00	
SELL										
10/09/15	10/14/15	FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 08/23/2012 0.500% 11/20/2015	313380L96	700,000.00	700,252.00	1,400.00	701,652.00	805.00	275.17	SPEC LOT
Transaction Type Sub-Total				700,000.00	700,252.00	1,400.00	701,652.00	805.00	275.17	
Managed Account Sub-Total					(116,790.97)	9,241.17	(107,549.80)	(3,710.00)	275.17	
Total Security Transactions					(\$116,790.97)	\$9,241.17	(\$107,549.80)	(\$3,710.00)	\$275.17	



Managed Account Security Transactions & Interest

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

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
11/05/15	11/09/15	US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	1,325,000.00	(1,307,040.04)	(3,185.10)	(1,310,225.14)			
11/24/15	11/24/15	BANK OF TOKYO MITSUBISHI UFJ COMM PAPER -- 0.000% 05/24/2016	06538BEO2	1,000,000.00	(996,865.56)	0.00	(996,865.56)			
11/24/15	11/30/15	FANNIE MAE GLOBAL NOTES DTD 04/15/2013 0.875% 05/21/2018	3135G0WJ8	165,000.00	(163,770.75)	(36.09)	(163,806.84)			
Transaction Type Sub-Total				2,490,000.00	(2,467,676.35)	(3,221.19)	(2,470,897.54)			
INTEREST										
11/03/15	11/03/15	APPLE INC GLOBAL NOTES DTD 05/03/2013 0.450% 05/03/2016	037833AH3	700,000.00	0.00	1,575.00	1,575.00			
11/12/15	11/12/15	FHLMC NOTES DTD 03/26/2012 1.250% 05/12/2017	3137EADF3	500,000.00	0.00	3,125.00	3,125.00			
11/15/15	11/15/15	FANNIE MAE NOTES DTD 10/20/2011 1.375% 11/15/2016	3135G0ES8	985,000.00	0.00	6,771.88	6,771.88			
11/15/15	11/15/15	JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 2.150% 05/15/2016	478160AY0	675,000.00	0.00	7,256.25	7,256.25			
11/15/15	11/15/15	US TREASURY NOTES DTD 05/17/2010 3.500% 05/15/2020	912828ND8	1,300,000.00	0.00	22,750.00	22,750.00			
11/15/15	11/15/15	US TREASURY NOTES DTD 05/15/2013 0.250% 05/15/2016	912828VC1	700,000.00	0.00	875.00	875.00			
11/15/15	11/15/15	BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 05/15/2012 1.600% 05/15/2017	084664BS9	700,000.00	0.00	5,600.00	5,600.00			
11/19/15	11/19/15	GOOGLE INC GLOBAL NOTES DTD 05/19/2011 2.125% 05/19/2016	38259PAC6	523,000.00	0.00	5,556.88	5,556.88			
11/21/15	11/21/15	FANNIE MAE GLOBAL NOTES DTD 04/15/2013 0.875% 05/21/2018	3135G0WJ8	430,000.00	0.00	1,881.25	1,881.25			
11/23/15	11/23/15	FNMA NOTES (EX-CALLABLE) DTD 11/23/2010 2.050% 05/23/2017	3136FPYB7	365,000.00	0.00	3,741.25	3,741.25			
11/23/15	11/23/15	FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	500,000.00	0.00	1,562.50	1,562.50			



Managed Account Security Transactions & Interest

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

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
11/30/15	11/30/15	FHLB GLOBAL NOTES DTD 05/15/2015 0.625% 05/30/2017	3130A5EP0	515,000.00	0.00	1,609.38	1,609.38			
11/30/15	11/30/15	FREDDIE MAC NOTES DTD 04/16/2012 1.750% 05/30/2019	3137EADG1	900,000.00	0.00	7,875.00	7,875.00			
11/30/15	11/30/15	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	155,000.00	0.00	1,065.63	1,065.63			
11/30/15	11/30/15	US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	135,000.00	0.00	421.88	421.88			
Transaction Type Sub-Total				9,083,000.00	0.00	71,666.90	71,666.90			
MATURITY										
11/24/15	11/24/15	BANK OF TOKYO MITSUBISHI UFJ COMM PAPER -- 0.000% 11/24/2015	06538CYQ8	1,000,000.00	1,000,000.00	0.00	1,000,000.00	800.00	0.00	
11/30/15	11/30/15	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	155,000.00	155,000.00	0.00	155,000.00	1,731.12	0.00	
Transaction Type Sub-Total				1,155,000.00	1,155,000.00	0.00	1,155,000.00	2,531.12	0.00	
SELL										
11/05/15	11/09/15	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	900,000.00	900,667.97	5,477.46	906,145.43	10,719.64	799.15	SPEC LOT
11/05/15	11/09/15	FFCB NOTES DTD 11/15/2010 1.500% 11/16/2015	31331J2S1	402,000.00	402,100.50	2,897.75	404,998.25	12,459.59	154.64	SPEC LOT
Transaction Type Sub-Total				1,302,000.00	1,302,768.47	8,375.21	1,311,143.68	23,179.23	953.79	
Managed Account Sub-Total					(9,907.88)	76,820.92	66,913.04	25,710.35	953.79	
Total Security Transactions					(\$9,907.88)	\$76,820.92	\$66,913.04	\$25,710.35	\$953.79	



Managed Account Security Transactions & Interest

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

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
12/02/15	12/04/15	US TREASURY NOTES DTD 05/31/2013 1.375% 05/31/2020	912828VF4	900,000.00	(892,792.97)	(135.25)	(892,928.22)			
12/08/15	12/09/15	US TREASURY NOTES DTD 02/28/2013 0.750% 02/28/2018	912828UR9	80,000.00	(79,456.25)	(164.84)	(79,621.09)			
12/28/15	12/30/15	US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	1,200,000.00	(1,207,078.13)	(3,214.29)	(1,210,292.42)			
12/28/15	12/30/15	FREDDIE MAC GLOBAL NOTES DTD 10/02/2012 1.250% 10/02/2019	3137EADM8	700,000.00	(689,857.00)	(2,138.89)	(691,995.89)			
Transaction Type Sub-Total				2,880,000.00	(2,869,184.35)	(5,653.27)	(2,874,837.62)			
INTEREST										
12/20/15	12/20/15	FNMA NOTES DTD 05/12/2014 1.750% 06/20/2019	3135G0ZE6	350,000.00	0.00	3,062.50	3,062.50			
12/20/15	12/20/15	FNMA NOTES DTD 05/12/2014 1.750% 06/20/2019	3135G0ZE6	500,000.00	0.00	4,375.00	4,375.00			
12/20/15	12/20/15	FNMA NOTES DTD 05/12/2014 1.750% 06/20/2019	3135G0ZE6	100,000.00	0.00	875.00	875.00			
12/21/15	12/21/15	FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 05/04/2012 1.000% 06/21/2017	313379DD8	700,000.00	0.00	3,500.00	3,500.00			
12/22/15	12/22/15	FFCB NOTES DTD 12/22/2010 2.350% 12/22/2015	31331J6C2	580,000.00	0.00	6,815.00	6,815.00			
12/28/15	12/28/15	FHLB NOTES DTD 11/15/2013 0.625% 12/28/2016	3130A0C65	1,245,000.00	0.00	3,890.63	3,890.63			
12/29/15	12/29/15	FREDDIE MAC GLOBAL NOTES DTD 05/14/2012 1.000% 06/29/2017	3137EADH9	775,000.00	0.00	3,875.00	3,875.00			
12/29/15	12/29/15	FREDDIE MAC GLOBAL NOTES DTD 05/14/2012 1.000% 06/29/2017	3137EADH9	135,000.00	0.00	675.00	675.00			
12/31/15	12/31/15	US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	625,000.00	0.00	2,343.75	2,343.75			
12/31/15	12/31/15	US TREASURY NOTES DTD 01/03/2012 1.375% 12/31/2018	912828RY8	1,000,000.00	0.00	6,875.00	6,875.00			
12/31/15	12/31/15	US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	575,000.00	0.00	2,156.25	2,156.25			



Managed Account Security Transactions & Interest

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

CITY OF SAN LUIS OBISPO OPERATING FUNDS

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
12/31/15	12/31/15	US TREASURY NOTE DTD 06/30/2015 1.625% 06/30/2020	912828XH8	2,505,000.00	0.00	20,353.13	20,353.13			
12/31/15	12/31/15	US TREASURY NOTES DTD 01/03/2012 1.375% 12/31/2018	912828RY8	500,000.00	0.00	3,437.50	3,437.50			
12/31/15	12/31/15	US TREASURY NOTES DTD 01/03/2012 1.375% 12/31/2018	912828RY8	600,000.00	0.00	4,125.00	4,125.00			
12/31/15	12/31/15	US TREASURY NOTES DTD 12/31/2012 1.125% 12/31/2019	912828UF5	775,000.00	0.00	4,359.38	4,359.38			
Transaction Type Sub-Total				10,965,000.00	0.00	70,718.14	70,718.14			
MATURITY										
12/22/15	12/22/15	FFCB NOTES DTD 12/22/2010 2.350% 12/22/2015	31331J6C2	580,000.00	580,000.00	0.00	580,000.00	(2,099.60)	0.00	
Transaction Type Sub-Total				580,000.00	580,000.00	0.00	580,000.00	(2,099.60)	0.00	
SELL										
12/02/15	12/04/15	US TREASURY NOTES DTD 02/28/2011 2.125% 02/29/2016	912828QJ2	450,000.00	452,039.06	2,495.70	454,534.76	(5,960.59)	1,624.06	SPEC LOT
12/02/15	12/04/15	US TREASURY NOTES DTD 02/28/2011 2.125% 02/29/2016	912828QJ2	450,000.00	452,039.06	2,495.70	454,534.76	(23,872.61)	641.00	SPEC LOT
12/28/15	12/30/15	BANK OF TOKYO MITS UFJ LTD COMM PAPER -- 0.000% 01/11/2016	06538BAB9	1,250,000.00	1,249,820.83	0.00	1,249,820.83	2,320.83	(12.51)	SPEC LOT
Transaction Type Sub-Total				2,150,000.00	2,153,898.95	4,991.40	2,158,890.35	(27,512.37)	2,252.55	
Managed Account Sub-Total					(135,285.40)	70,056.27	(65,229.13)	(29,611.97)	2,252.55	
Total Security Transactions					(135,285.40)	\$70,056.27	(\$65,229.13)	(\$29,611.97)	\$2,252.55	