

Date: October 31, 2016
To: Mayor and City Council
From: City Manager
By: Acting Director of Finance
Subject: 2016 Third Quarter Investment Report

In accordance with California Government Code and the City's Statement of Investment Policy, I am transmitting for review the quarterly investment report for the period of July 1 – September 30, 2016 (3Q2016). The City's Investment Advisory Committee (IAC) reviewed this report (but took no formal action) during their quarterly meeting on October 17, 2016. The attached report provides a summary of market and economic conditions, the composition of the City's portfolio, investment performance and investment strategy. Monthly summaries of the City's investments managed by PFM along with the quarterly reports are posted on the City of Hayward website at: <http://www.hayward-ca.gov/your-government/documents/investment-reports>.

The City's investment portfolio (pooled cash) totaled a market value of \$249.9 million as of September 30, 2016. The investments held at the end of 3Q2016 included \$121.6 million invested through the City's investment advisor, The PFM Group; \$104.7 million on deposit in the Local Agency Investment Fund (LAIF); and \$23.6 million in the City's general checking account.

Interest earned during 3Q2016 on the City's portfolio managed by the PFM Group (excluding LAIF and cash accounts) totaled \$338,416. The portfolio outperformed the City's benchmark used for comparison (1-3 Year U.S. Treasury Index) – by 8 basis points for the quarter and 17 basis points for the one year period from September 30, 2015 to September 30, 2016. Funds on deposit with LAIF earned 0.61% during 3Q2016. The balance held in the City's general checking account does not earn interest.

Change to investment allocation

The City's Statement of Investment Policy provides guidance on the types of investments allowed and allocation limits for each investment type. Currently the City's Statement of Investment Policy allows for investment of up to 30% of its portfolio in Corporate Notes. As of September 30, 2016, the City's portfolio held approximately 2% of assets (4.3% of assets managed by the PFM Group) in Corporate Notes. Prior to September 30, 2016 Staff guided the PFM Group to invest no more than 5% of the assets under their management in this type of investment. After careful consideration and analysis over the past several quarters the Investment Advisory Committee has decided to increase the portfolio's allocation in this investment type. The approach to increase the investment will be measured at 5% each per quarter for two quarters increasing the allocation to a maximum of 15% of the assets managed by the PFM Group. After increasing the allocation to 15% the City will maintain this asset distribution for one year and then assess the performance of these investments to determine whether to further adjust the allocation. This change was unanimously supported by all members of the Investment Advisory Committee.

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

Attachments:

- Third Quarter 2016 Performance Investment Report by The PFM Group
- Third Quarter 2016 LAIF Performance Report



PFM Asset Management LLC

CITY OF HAYWARD

Investment Performance Review For the Quarter Ended September 30, 2016

Client Management Team

Monique Spyke, Director
Robert Cheddar, CFA, Managing Director/Senior Portfolio Manager

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PFM Asset Management LLC

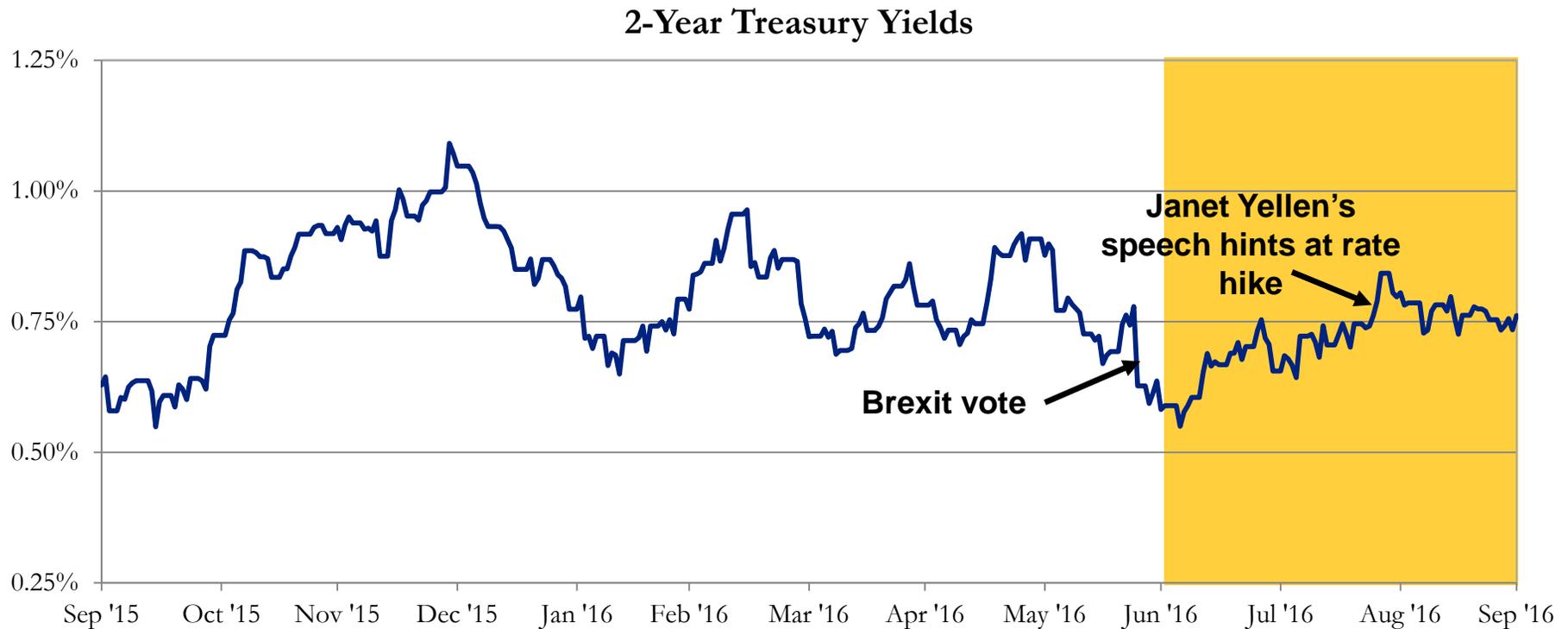
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Market Update

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.

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.

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.

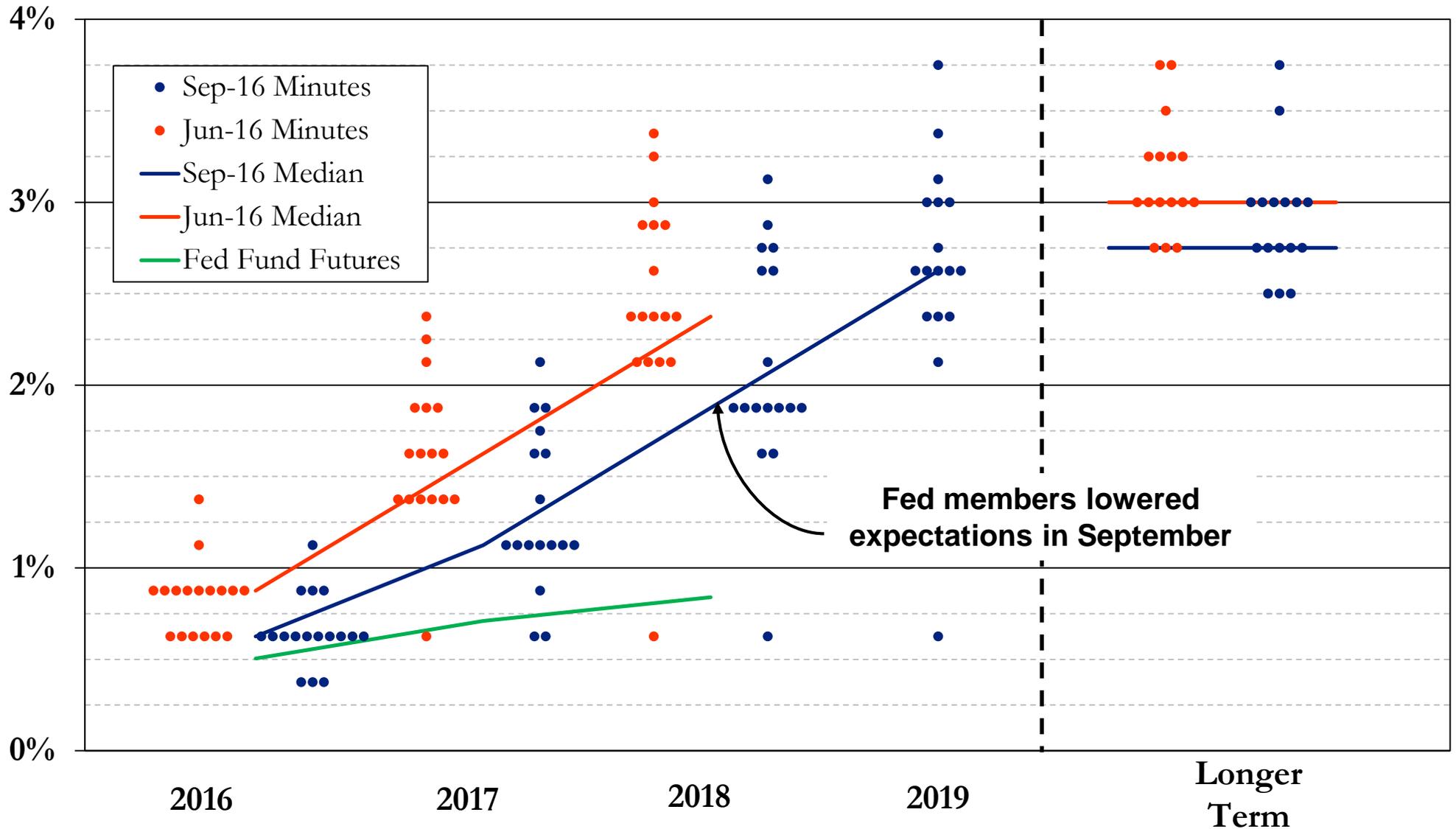
“We’re struggling with a difficult set of issues about what is the new normal in this economy, and the global economy more generally, which explains why we keep revising down the rate path.”



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.

FOMC "Dot Plot"

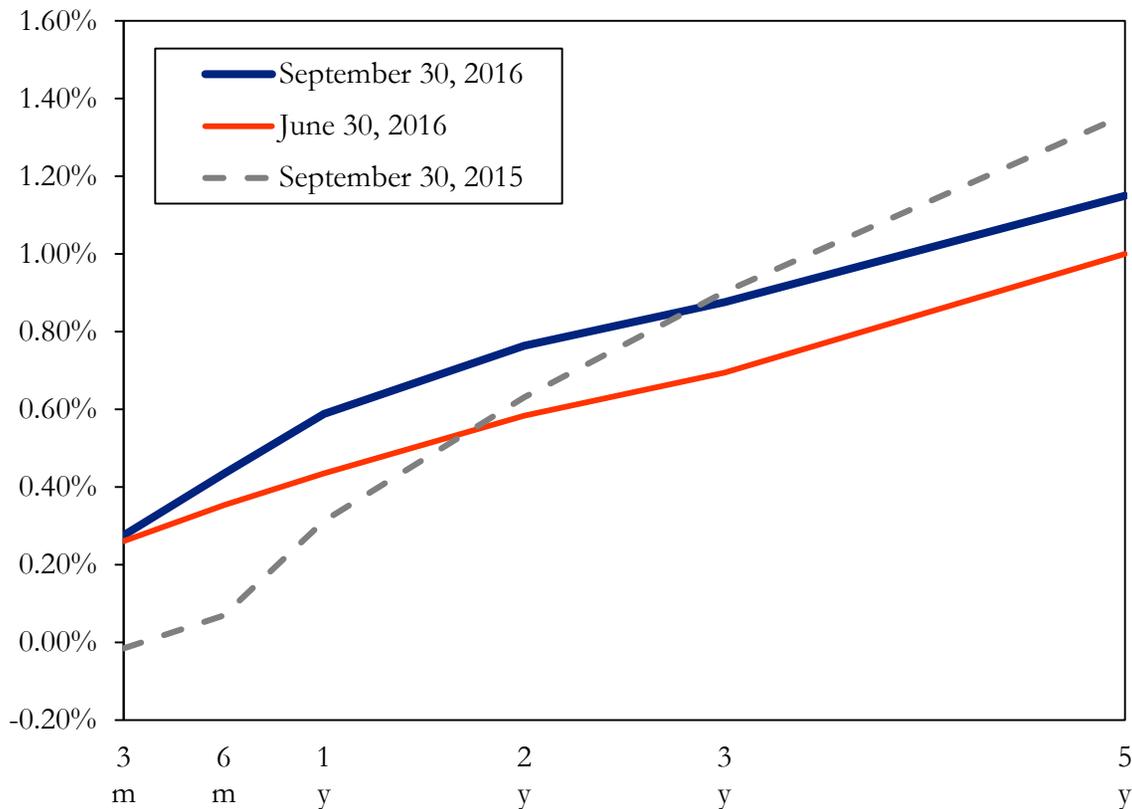


Source: FOMC; Fed Funds Futures as of 09/20/2016. Individual dots represent each of the 17 FOMC members' judgment of the midpoint of the appropriate target range for the federal funds rate.

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

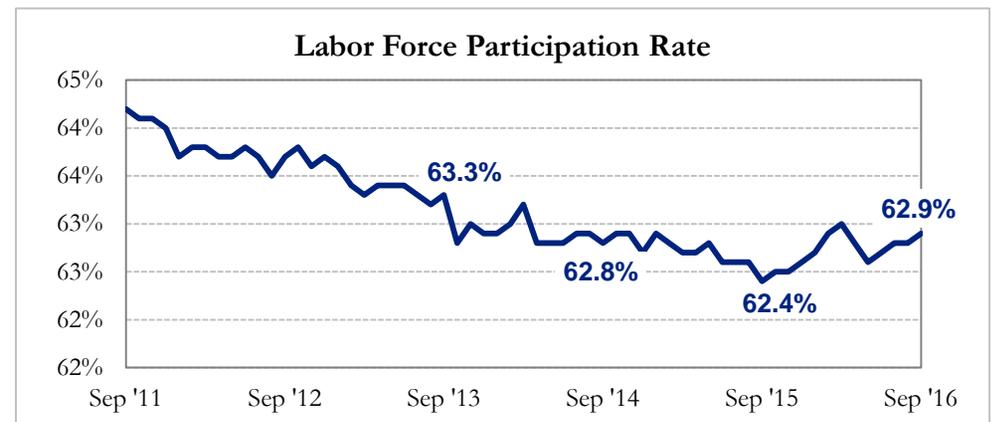
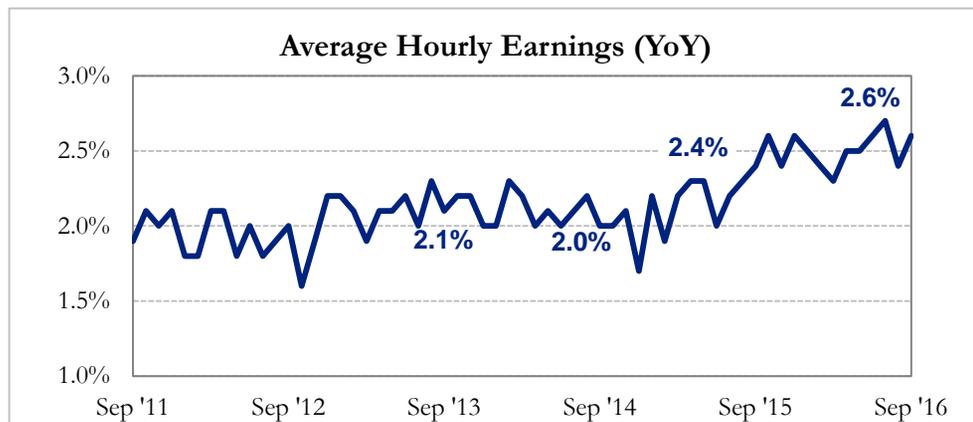
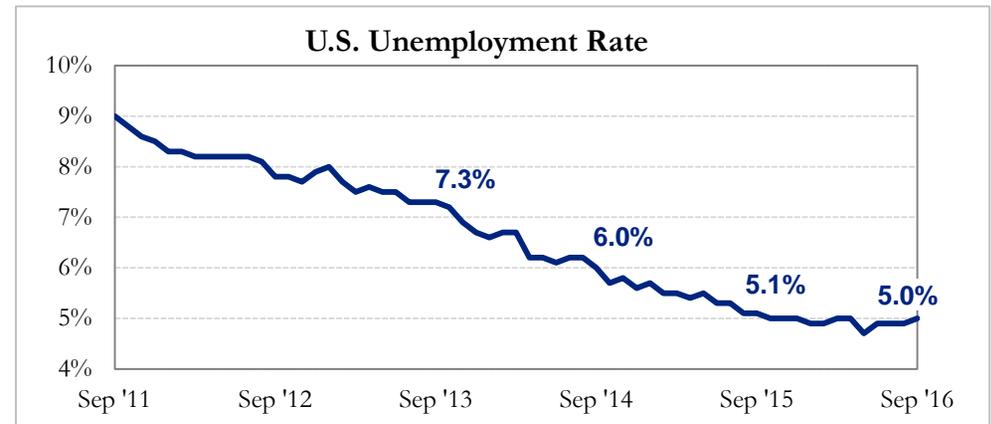
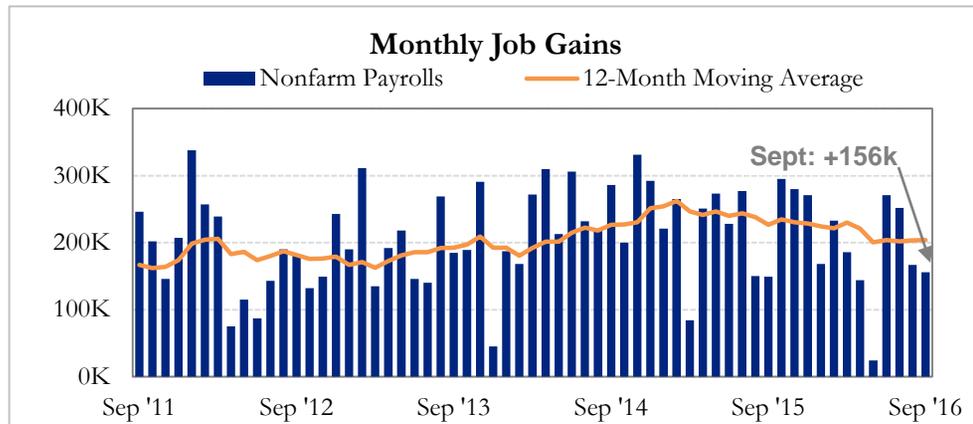


	9/30/16	6/30/16	12/31/15
3-month	0.27%	0.25%	0.16%
6-month	0.43%	0.35%	0.47%
1-year	0.59%	0.44%	0.60%
2-year	0.76%	0.60%	1.05%
3-year	0.88%	0.71%	1.31%
5-year	1.15%	1.02%	1.76%

Source: Bloomberg.

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.

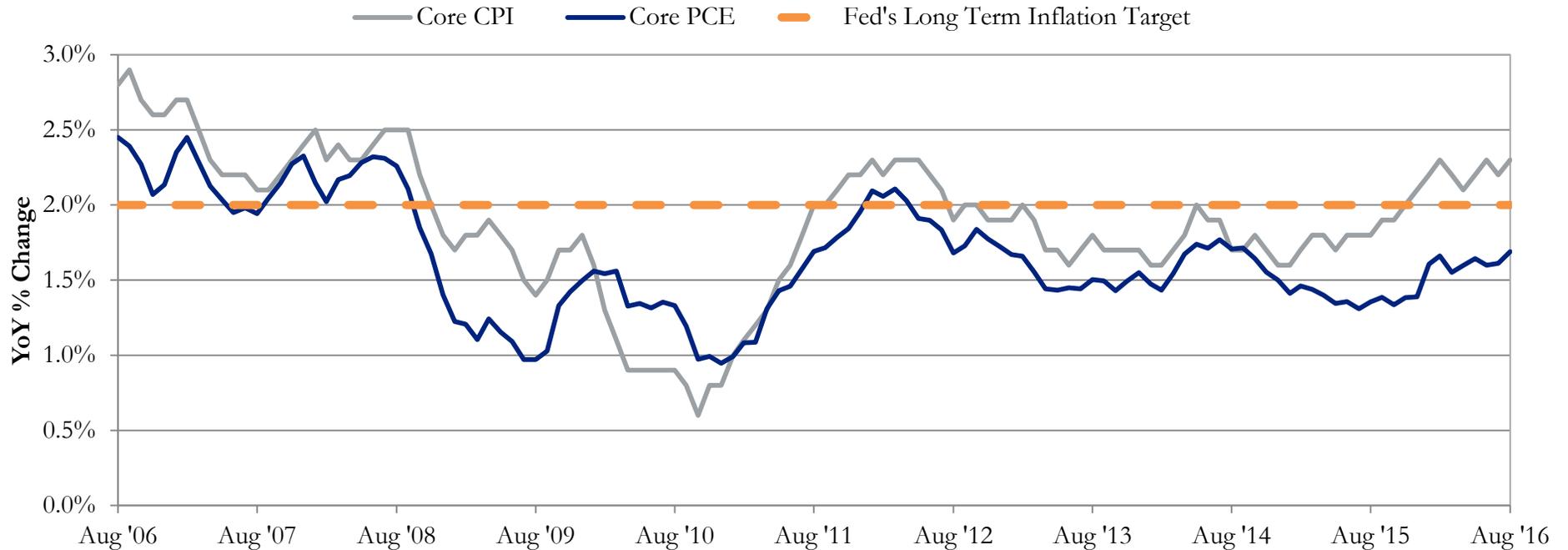


Source: Bureau of Labor Statistics

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.

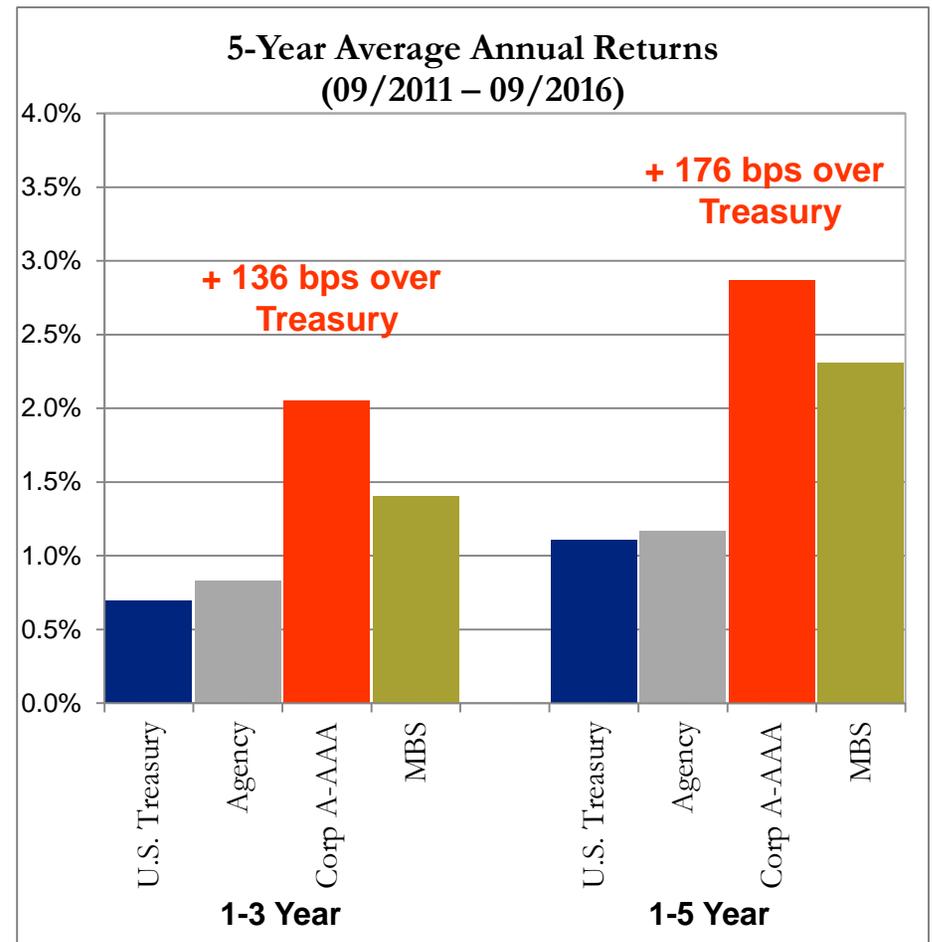
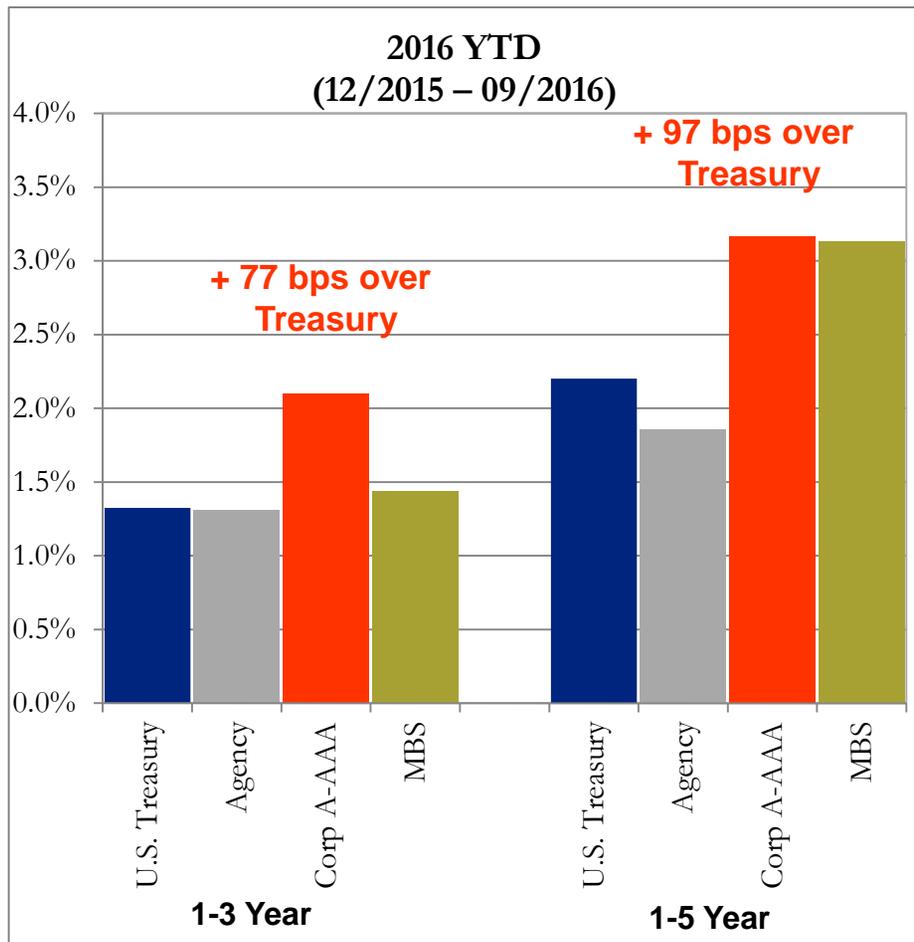
Inflation Measures
Consumer Price Index vs Personal Consumption Expenditures



Source: Bloomberg.

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.



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. We increased the City’s allocation to the agency sector from 50% to 72% at quarter-end.

2-Year Agency/2-Year Treasury Yield Spread





Investment Strategy

Third Quarter 2016 Strategy Recap

- We maintained the portfolio's duration position near-neutral to the City's benchmark throughout the quarter.
- Portfolio returns and incremental value were primarily driven by PFMAM's allocation to the credit sectors including, corporates, certificates of deposits, and asset-backed securities.
- Throughout the quarter, we maintained the allocation to the corporate sector due to:
 - Generally rich corporate valuations,
 - Industrial sector fundamentals pressured further due to declining profits, increased leverage and continued issuance to fund shareholder-friendly activities such as dividend payouts and share buybacks,
 - Decreased sector sentiment, and
 - Increased flatness in the credit curve.
- An increase in long-term interest rates over the quarter positively impacted mortgage-backed security (MBS) prices as prepayments decline in a rising rate environment, adding to returns causing the MBS sector to strongly outperform Treasuries for the quarter.
- The yield relationship between U.S. Treasury and federal agency securities tightened modestly during the quarter, leading to the agency sector's modest outperformance relative to comparable-maturity Treasuries.

Fourth Quarter 2016 Outlook and Strategy

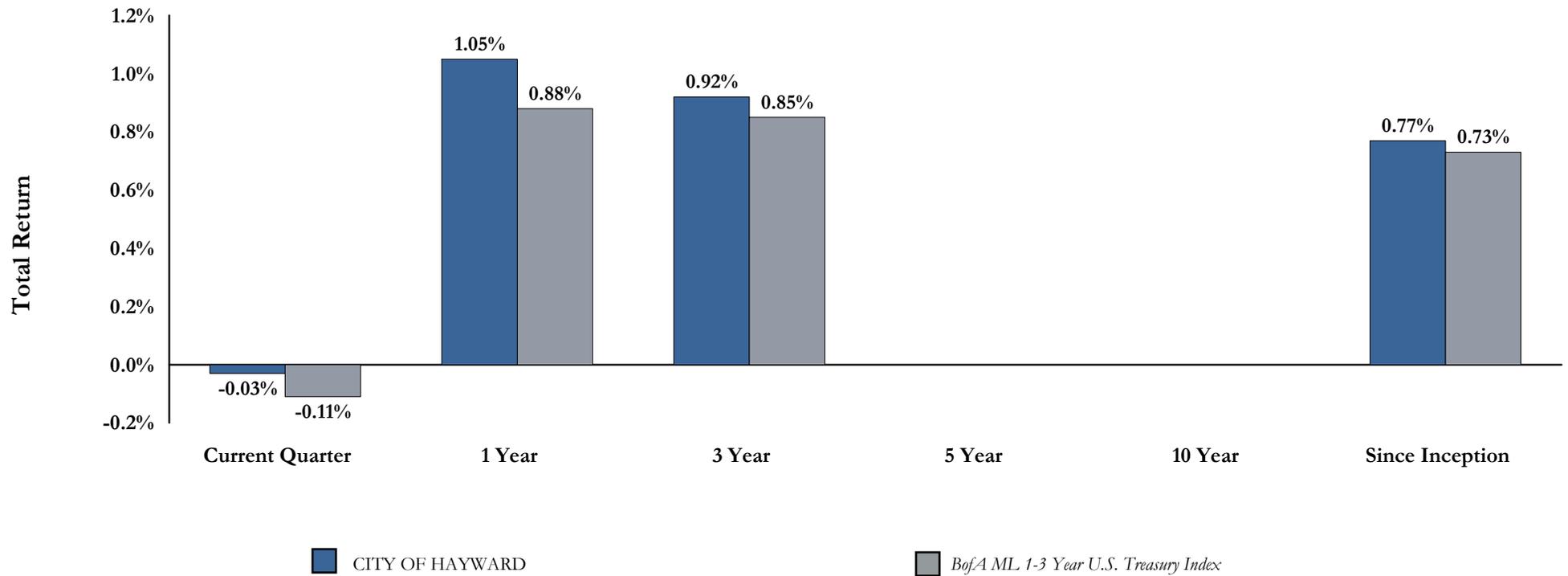
- Our strategy continues to favor credit sectors, including corporates notes, commercial paper, and negotiable CDs.
- Yields on commercial paper and negotiable CDs continued to offer significant yield pickup relative to short-term government securities.
- We will continue to evaluate the MBS and ABS sectors. To provide further portfolio diversification and add incremental return, we will purchase those issues we believe are:
 - Well structured,
 - offer adequate yield spreads, and
 - have limited duration variability.
- We plan to keep the maturity distribution of the City's portfolio generally in line with the distribution of the benchmark, except where shifting to short-term credit securities offers better value.
- Keep the duration of the portfolio near neutral to the benchmark as we monitor incoming economic data and the prospect for a Fed rate hike at year-end, providing more evidence on the direction of interest rates over the coming quarter.



Investment Performance Review

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return			Since Inception (09/30/12) **
				3 Year	5 Year	10 Year	
CITY OF HAYWARD	1.83	-0.03%	1.05%	0.92%	-	-	0.77%
<i>BofA ML 1-3 Year U.S. Treasury Index</i>	1.83	-0.11%	0.88%	0.85%	-	-	0.73%
Difference		0.08%	0.17%	0.07%	-	-	0.04%



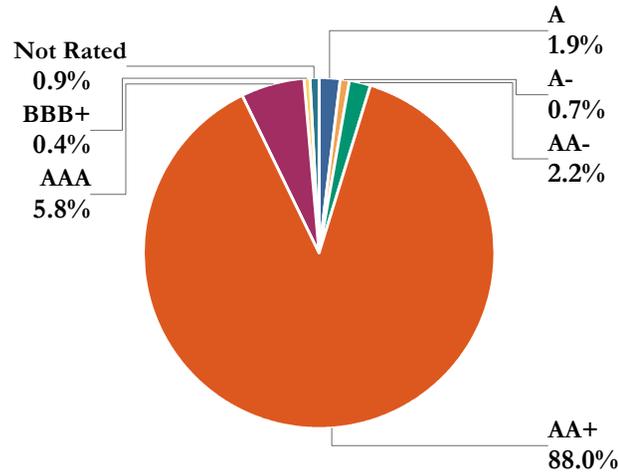
Portfolio performance is gross of fees unless otherwise indicated. **Since Inception performance is not shown for periods less than one year.

Portfolio Statistics

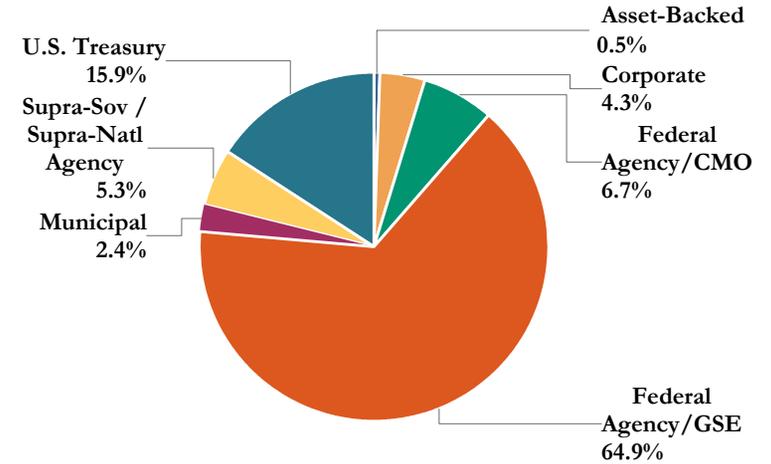
As of September 30, 2016

Par Value:	120,808,417
Total Market Value:	121,512,111
Security Market Value:	121,244,825
Accrued Interest:	267,286
Cash:	-
PFM	-
Amortized Cost:	120,976,261
Yield at Market:	0.90%
Yield at Cost:	1.00%
Effective Duration:	1.83 Years
Duration to Worst:	1.94 Years
Average Maturity:	1.99 Years
Average Credit: **	AA

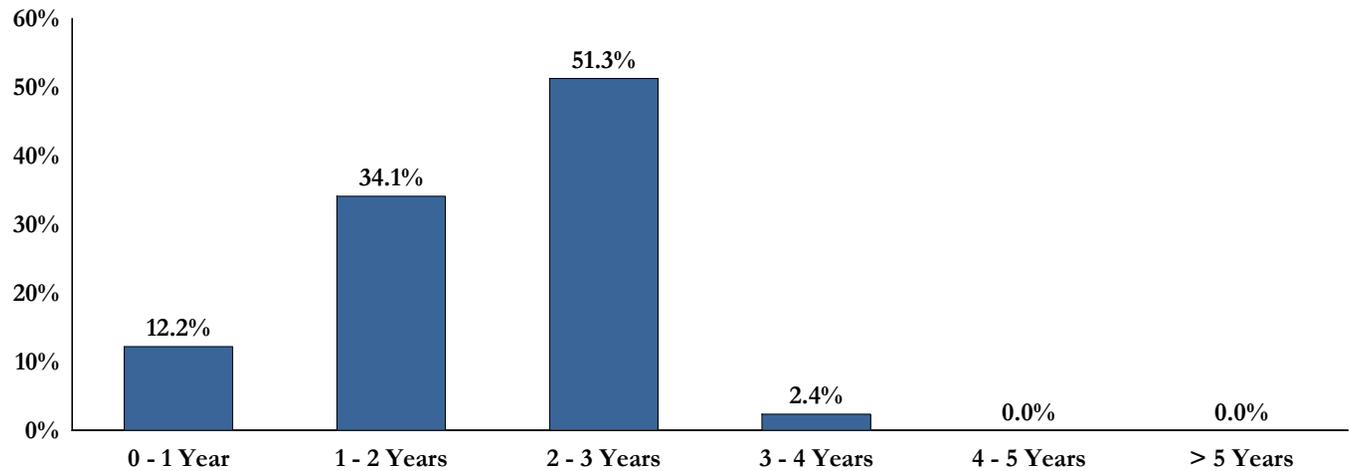
Credit Quality (S&P Ratings)



Sector Allocation



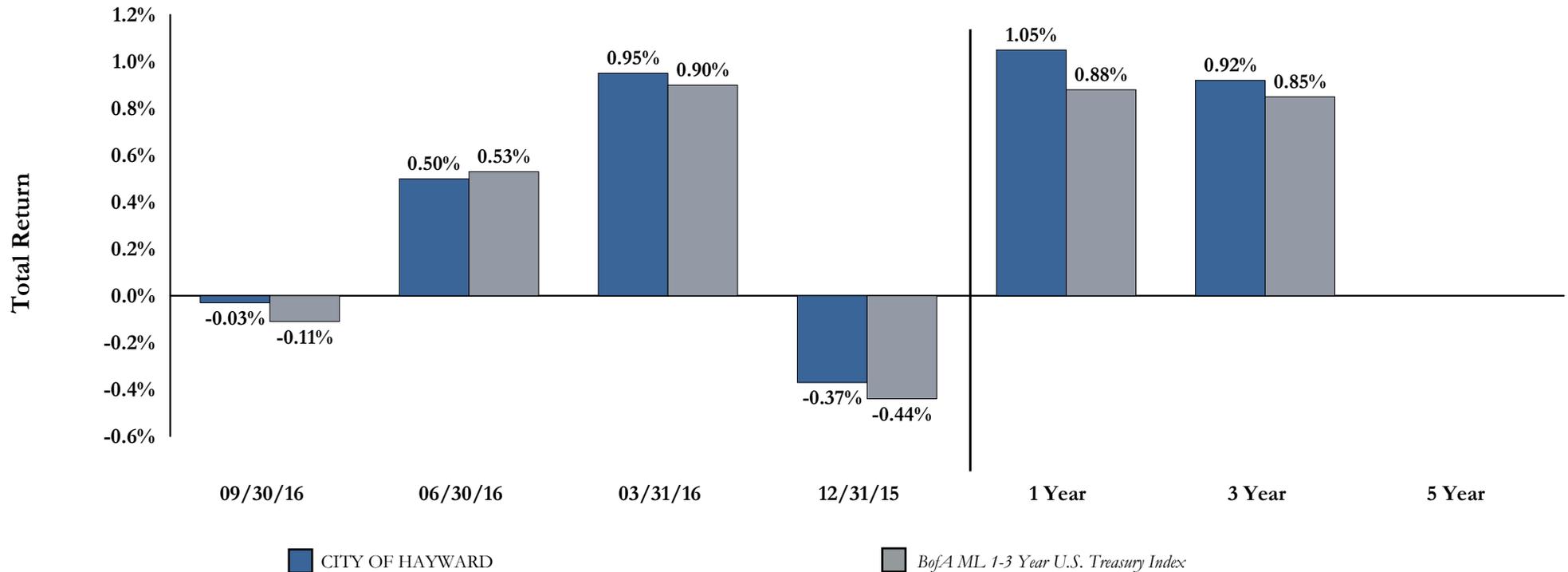
Maturity Distribution



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

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				1 Year	Annualized Return	
		09/30/16	06/30/16	03/31/16	12/31/15		3 Year	5 Year
CITY OF HAYWARD	1.83	-0.03%	0.50%	0.95%	-0.37%	1.05%	0.92%	-
<i>BofA ML 1-3 Year U.S. Treasury Index</i>	1.83	-0.11%	0.53%	0.90%	-0.44%	0.88%	0.85%	-
Difference		0.08%	-0.03%	0.05%	0.07%	0.17%	0.07%	-



Portfolio performance is gross of fees unless otherwise indicated.

<u>Security Type</u> ¹	<u>September 30, 2016</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasury (Notes)	\$19,256,767.90	8%	100%
Federal Agency (Non-Callable)	\$78,906,983.27	32%	100%
Asset-Backed Securities	\$8,792,419.11	4%	20%
Supranationals	\$6,412,667.09	3%	30%
Medium-Term Corporate Notes	\$5,253,040.19	2%	30%
Municipal	\$2,890,232.97	1%	20%
LAIF	\$104,740,797.36	42%	\$150 million ²
Cash Deposits	\$23,621,887.25	9%	100%
Totals	\$249,874,795.14	100%	

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

2. Policy limit is \$50M per account and one of the City's accounts exceeds the limit.

Detail may not add to total due to rounding.

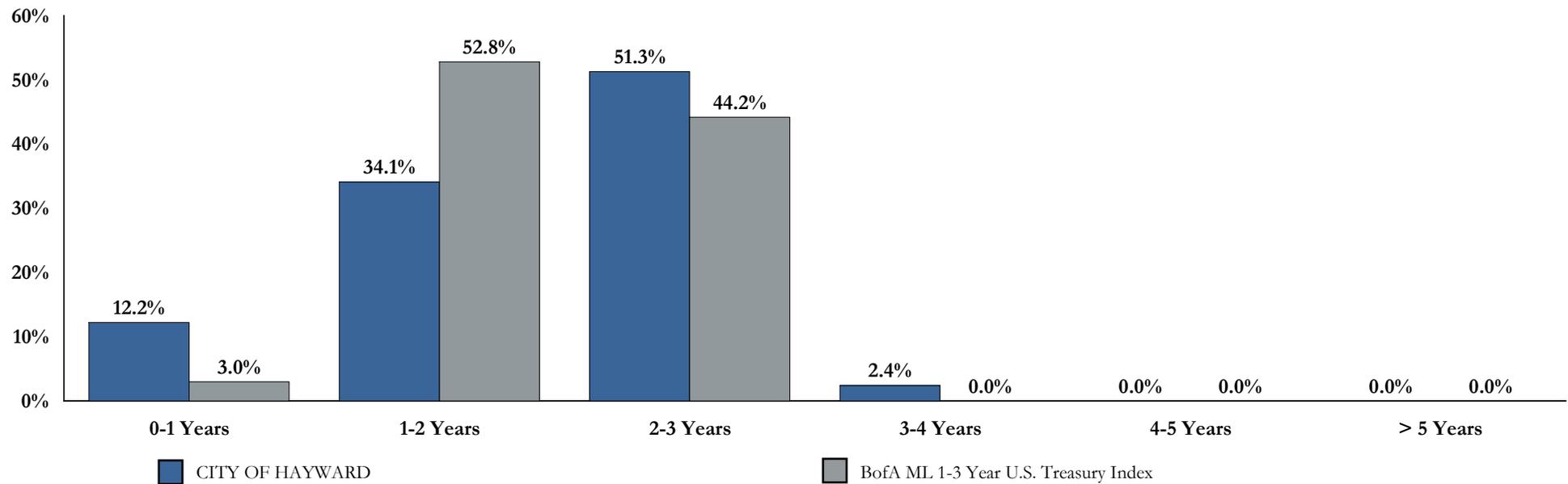
Portfolio Earnings
Quarter-Ended September 30, 2016

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value (06/30/2016)	\$121,841,598.47	\$121,167,571.10
Net Purchases/Sales	(\$219,916.83)	(\$219,916.83)
Change in Value	(\$376,856.66)	\$28,606.34
Ending Value (09/30/2016)	\$121,244,824.98	\$120,976,260.61
Interest Earned	\$338,415.75	\$338,415.75
Portfolio Earnings	(\$38,440.91)	\$367,022.09

Maturity Distribution

As of September 30, 2016

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF HAYWARD	0.90%	1.99 yrs	12.2%	34.1%	51.3%	2.4%	0.0%	0.0%
BofA ML 1-3 Year U.S. Treasury Index	0.78%	1.95 yrs	3.0%	52.8%	44.2%	0.0%	0.0%	0.0%

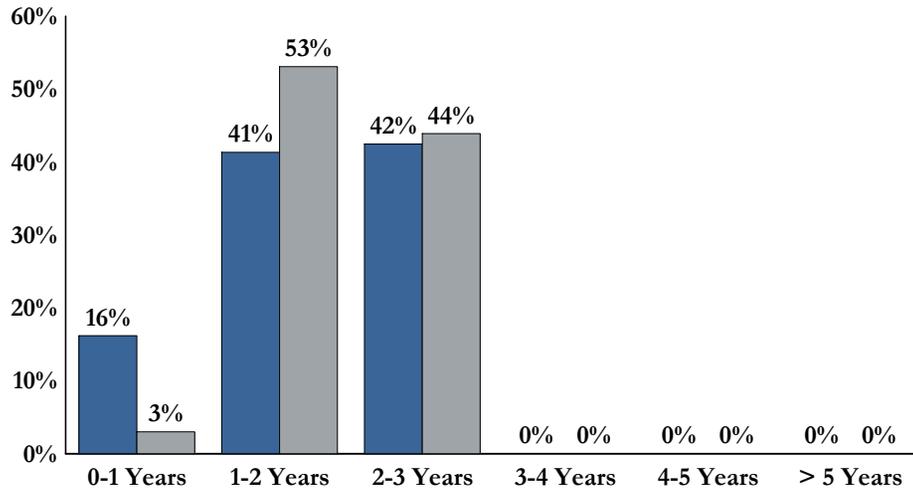


Duration Distribution

As of September 30, 2016

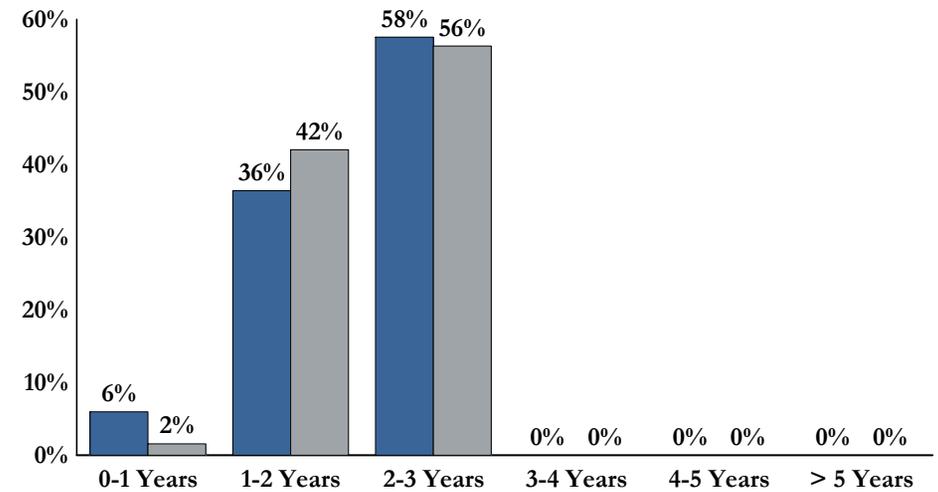
Portfolio / Benchmark	Effective Duration	0-1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
CITY OF HAYWARD	1.83	16.19%	41.35%	42.46%	0.00%	0.00%	0.00%
BofA ML 1-3 Year U.S. Treasury Index	1.83	3.02%	53.07%	43.91%	0.00%	0.00%	0.00%

Distribution by Effective Duration



■ CITY OF HAYWARD
■ BofA ML 1-3 Year U.S. Treasury Index

Contribution to Portfolio Duration



■ CITY OF HAYWARD
■ BofA ML 1-3 Year U.S. Treasury Index

Sector/Issuer Distribution

As of September 30, 2016

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
FORD CREDIT AUTO OWNER TRUST	635,587	100.0%	0.5%
Sector Total	635,587	100.0%	0.5%
Corporate			
BANK OF NEW YORK CO INC	1,056,260	20.2%	0.9%
CITIGROUP INC	468,541	9.0%	0.4%
EXXON MOBIL CORP	651,967	12.5%	0.5%
JP MORGAN CHASE & CO	905,069	17.3%	0.7%
TOYOTA MOTOR CORP	901,130	17.2%	0.7%
WELLS FARGO & COMPANY	1,251,591	23.9%	1.0%
Sector Total	5,234,558	100.0%	4.3%
Federal Agency/CMO			
FANNIE MAE	7,555,578	92.7%	6.2%
FREDDIE MAC	591,438	7.3%	0.5%
Sector Total	8,147,016	100.0%	6.7%
Federal Agency/GSE			
FANNIE MAE	30,541,432	38.8%	25.2%
FEDERAL HOME LOAN BANKS	36,342,881	46.2%	30.0%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
FREDDIE MAC	10,239,817	13.0%	8.4%
TENNESSEE VALLEY AUTHORITY NOTES	1,596,852	2.0%	1.3%
Sector Total	78,720,982	100.0%	64.9%
Municipal			
CA EARTHQUAKE AUTH TXBL REV BOND	1,115,284	38.7%	0.9%
STATE OF CONNECTICUT	1,767,487	61.3%	1.5%
Sector Total	2,882,771	100.0%	2.4%
Supra-Sov / Supra-Natl Agency			
INTER-AMERICAN DEVELOPMENT BANK	1,714,834	26.8%	1.4%
INTL BANK OF RECONSTRUCTION AND DEV	4,681,151	73.2%	3.9%
Sector Total	6,395,985	100.0%	5.3%
U.S. Treasury			
UNITED STATES TREASURY	19,227,927	100.0%	15.9%
Sector Total	19,227,927	100.0%	15.9%
Portfolio Total	121,244,825	100.0%	100.0%

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
7/1/16	7/1/16	260,000	3135G0J61	FNMA NOTE	0.87%	3/28/18	261,677.11	0.63%	
7/6/16	7/13/16	1,225,000	459058FK4	INTL BANK OF RECON AND DEV SN NOTE	0.87%	8/15/19	1,224,742.75	0.88%	
7/7/16	7/8/16	6,100,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	6,087,312.00	0.73%	
7/20/16	7/21/16	3,050,000	3130A8SE4	FEDERAL HOME LOAN BANKS NOTES	0.75%	1/19/18	3,047,223.94	0.81%	
7/29/16	8/2/16	3,050,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	3,044,876.00	0.93%	
8/3/16	8/17/16	1,340,000	20772J3D2	CT ST TXBL GO BONDS	1.30%	8/15/19	1,342,894.40	1.23%	
8/11/16	8/12/16	2,275,000	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.87%	6/29/18	2,278,242.19	0.85%	
8/12/16	8/15/16	1,050,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	1,061,214.00	0.89%	
8/25/16	8/26/16	6,100,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	6,095,852.00	0.91%	
8/31/16	9/2/16	5,700,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	5,691,108.00	1.05%	
Total BUY		30,150,000					30,135,142.39		
INTEREST									
7/1/16	7/1/16	250,000	13017HAC0	CA EARTHQUAKE AUTH TXBL REV BONDS	1.19%	7/1/16	1,492.50		
7/1/16	7/1/16	920,000	13017HAD8	CA EARTHQUAKE AUTH TXBL REV BONDS	1.82%	7/1/17	8,390.40		
7/1/16	7/1/16	190,000	13017HAD8	CA EARTHQUAKE AUTH TXBL REV BONDS	1.82%	7/1/17	1,732.80		
7/1/16	7/15/16	698,945	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	2,621.04		
7/1/16	7/25/16	920,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,368.50		
7/1/16	7/25/16	246,866	3136AMTM1	FNMA SERIES M4 FA	0.64%	9/1/18	133.45		
7/1/16	7/25/16	268,874	3136AMMC0	FNMA SERIES 2015-M3 FA	0.65%	6/1/18	147.59		
7/1/16	7/25/16	2,048,522	3136ANA98	FNMA SERIES 2015-M10 FA	0.68%	3/1/19	1,175.68		
7/1/16	7/25/16	1,125,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,543.13		
7/1/16	7/25/16	385,000	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	1.55%	4/1/18	497.29		
7/1/16	7/25/16	515,000	3136QSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	814.59		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/1/16	7/25/16	1,732,705	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.77%	4/1/20	1,124.38		
7/1/16	7/25/16	425,609	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	576.70		
7/15/16	7/15/16	61,172	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	41.29		
7/15/16	7/15/16	620,000	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	728.50		
7/16/16	7/16/16	1,250,000	94974BFG0	WELLS FARGO & COMPANY GLOBAL NOTES	1.50%	1/16/18	9,375.00		
7/19/16	7/19/16	2,450,000	459058FE8	INTL BANK OF RECON AND DEV SN NOTES	0.87%	7/19/18	5,365.50		
7/28/16	7/28/16	1,400,000	3137EADJ5	FREDDIE MAC GLOBAL NOTES	1.00%	7/28/17	7,000.00		
7/28/16	7/28/16	5,195,000	3135G0H63	FNMA BENCHMARK NOTE	1.37%	1/28/19	35,715.63		
7/28/16	7/28/16	2,700,000	3137EADJ5	FREDDIE MAC GLOBAL NOTES	1.00%	7/28/17	13,500.00		
7/31/16	7/31/16	1,850,000	912828UJ7	US TREASURY NOTES	0.87%	1/31/18	8,093.75		
7/31/16	7/31/16	1,115,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	2,787.50		
7/31/16	7/31/16	820,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	2,050.00		
7/31/16	7/31/16	2,750,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	6,875.00		
8/1/16	8/15/16	660,418	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	2,476.57		
8/1/16	8/25/16	920,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,368.50		
8/1/16	8/25/16	515,000	3136QSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	814.59		
8/1/16	8/25/16	416,082	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	563.79		
8/1/16	8/25/16	246,599	3136AMTM1	FNMA SERIES M4 FA	0.64%	9/1/18	139.74		
8/1/16	8/25/16	1,730,462	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.77%	4/1/20	1,174.28		
8/1/16	8/25/16	265,392	3136AMMC0	FNMA SERIES 2015-M3 FA	0.65%	6/1/18	152.67		
8/1/16	8/25/16	2,045,810	3136ANA98	FNMA SERIES 2015-M10 FA	0.68%	3/1/19	1,229.72		
8/1/16	8/25/16	1,125,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,543.13		
8/1/16	8/25/16	385,000	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	1.55%	4/1/18	497.29		
8/7/16	8/7/16	6,100,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	3,071.18		
8/15/16	8/15/16	45,272	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	30.56		
8/15/16	8/15/16	620,000	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	728.50		
8/15/16	8/15/16	1,225,000	459058FK4	INTL BANK OF RECON AND DEV SN NOTE	0.87%	8/15/19	952.78		
8/26/16	8/26/16	6,100,000	3135G0J53	FNMA BENCHMARK NOTE	1.00%	2/26/19	30,500.00		
8/31/16	8/31/16	7,500,000	912828TM2	US TREASURY NOTES	0.62%	8/31/17	23,437.50		
9/1/16	9/15/16	622,257	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	2,333.46		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
9/1/16	9/25/16	2,028,347	3136ANA98	FNMA SERIES 2015-M10 FA	0.68%	3/1/19	1,280.80		
9/1/16	9/25/16	385,000	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	1.55%	4/1/18	497.29		
9/1/16	9/25/16	920,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,368.50		
9/1/16	9/25/16	411,598	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	557.72		
9/1/16	9/25/16	1,694,032	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.77%	4/1/20	1,200.98		
9/1/16	9/25/16	237,932	3136AMTM1	FNMA SERIES M4 FA	0.64%	9/1/18	142.05		
9/1/16	9/25/16	515,000	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	814.59		
9/1/16	9/25/16	257,322	3136AMMC0	FNMA SERIES 2015-M3 FA	0.65%	6/1/18	155.84		
9/1/16	9/25/16	1,125,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,543.13		
9/6/16	9/6/16	650,000	30231GAL6	EXXON MOBIL CORP NOTES	1.30%	3/6/18	4,241.25		
9/15/16	9/15/16	430,000	20772JZJ4	CT ST TXBL GO BONDS	1.42%	3/15/18	3,057.30		
9/15/16	9/15/16	30,246	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	20.42		
9/15/16	9/15/16	620,000	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	728.50		
9/19/16	9/19/16	6,000,000	3130A7CX1	FHLB NOTES	0.87%	3/19/18	26,250.00		
9/22/16	9/22/16	900,000	46625HQU7	JP MORGAN CHASE & CORP NOTES (CALLABLE)	1.85%	3/22/19	8,278.75		
9/28/16	9/28/16	4,050,000	3135G0J61	FNMA NOTE	0.87%	3/28/18	17,718.75		
9/28/16	9/28/16	260,000	3135G0J61	FNMA NOTE	0.87%	3/28/18	1,137.50		
9/30/16	9/30/16	3,145,000	912828C65	US TREASURY NOTES	1.62%	3/31/19	25,553.13		
9/30/16	9/30/16	1,190,000	912828PA2	US TREASURY NOTES	1.87%	9/30/17	11,156.25		
Total INTEREST		85,309,463					289,867.23		

MATURITY

7/1/16	7/1/16	250,000	13017HAC0	CA EARTHQUAKE AUTH TXBL REV BONDS	1.19%	7/1/16	250,000.00		0.00
Total MATURITY		250,000					250,000.00		0.00

PAYDOWNS

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/1/16	7/25/16	2,712	3136ANA98	FNMA SERIES 2015-M10 FA	0.68%	3/1/19	2,711.78		0.00
7/1/16	7/25/16	9,527	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	9,527.20		0.00
7/1/16	7/25/16	267	3136AMTM1	FNMA SERIES M4 FA	0.64%	9/1/18	267.21		0.00
7/1/16	7/25/16	3,482	3136AMMC0	FNMA SERIES 2015-M3 FA	0.65%	6/1/18	3,482.14		0.00
7/1/16	7/25/16	2,243	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.77%	4/1/20	2,242.66		0.00
7/1/16	7/15/16	38,527	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	38,526.79		0.00
7/15/16	7/15/16	15,901	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	15,900.88		0.00
8/1/16	8/25/16	17,463	3136ANA98	FNMA SERIES 2015-M10 FA	0.68%	3/1/19	17,463.39		0.00
8/1/16	8/25/16	4,483	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	4,483.09		0.00
8/1/16	8/25/16	8,667	3136AMTM1	FNMA SERIES M4 FA	0.64%	9/1/18	8,667.38		0.00
8/1/16	8/25/16	8,069	3136AMMC0	FNMA SERIES 2015-M3 FA	0.65%	6/1/18	8,069.46		0.00
8/1/16	8/25/16	36,430	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.77%	4/1/20	36,430.40		0.00
8/1/16	8/15/16	38,161	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	38,160.92		0.00
8/15/16	8/15/16	15,025	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	15,025.14		0.00
9/1/16	9/15/16	45,965	3137BHU39	FREDDIE MAC SERIES 4459 NB	4.50%	1/1/20	45,964.75		0.00
9/1/16	9/25/16	7,335	3136AMKW8	FNMA SERIES 2015-M1 ASQ2	1.62%	2/1/18	7,334.50		0.00
9/1/16	9/25/16	230	3136AMTM1	FNMA SERIES M4 FA	0.64%	9/1/18	230.01		0.00
9/1/16	9/25/16	17,368	3136ANA98	FNMA SERIES 2015-M10 FA	0.68%	3/1/19	17,367.96		0.00
9/1/16	9/25/16	5,216	3136AMMC0	FNMA SERIES 2015-M3 FA	0.65%	6/1/18	5,215.80		0.00
9/1/16	9/25/16	10,741	3136AP3Z3	FNMA SERIES 2015-M12 FA	0.77%	4/1/20	10,741.41		0.00
9/15/16	9/15/16	16,464	34530QAB6	FORD ABS 2015-A A2A	0.81%	1/15/18	16,463.75		0.00
Total PAYDOWNS		304,277					304,276.62		0.00

SELL

7/6/16	7/13/16	1,225,000	912828SS0	US TREASURY NOTES	0.87%	4/30/17	1,230,887.82	0.49%	1,186.76
7/7/16	7/8/16	1,875,000	912828TB6	US TREASURY NOTES	0.75%	6/30/17	1,879,553.76	0.52%	4,952.52
7/7/16	7/8/16	1,925,000	912828SY7	US TREASURY NOTES	0.62%	5/31/17	1,927,978.64	0.52%	4,954.52
7/7/16	7/8/16	2,275,000	912828SS0	US TREASURY NOTES	0.87%	4/30/17	2,285,397.46	0.51%	1,857.15

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/20/16	7/21/16	3,050,000	912828UE8	US TREASURY NOTES	0.75%	12/31/17	3,053,330.76	0.70%	250.41
7/29/16	8/2/16	2,525,000	912828SY7	US TREASURY NOTES	0.62%	5/31/17	2,528,900.03	0.57%	5,092.11
7/29/16	8/2/16	500,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	499,564.37	0.59%	1,821.92
8/10/16	8/17/16	1,330,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	1,339,868.60	0.92%	(3,979.21)
8/11/16	8/12/16	2,265,000	912828VE7	US TREASURY NOTES	1.00%	5/31/18	2,279,515.47	0.75%	18,390.83
8/12/16	8/15/16	1,025,000	912828C65	US TREASURY NOTES	1.62%	3/31/19	1,053,696.63	0.78%	7,239.67
8/25/16	8/26/16	5,225,000	912828RH5	US TREASURY NOTES	1.37%	9/30/18	5,316,302.55	0.80%	14,907.99
8/25/16	8/26/16	765,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	774,773.64	0.81%	1,253.24
8/31/16	9/2/16	320,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	319,730.98	0.64%	918.21
8/31/16	9/2/16	2,750,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	2,747,688.10	0.64%	(347.22)
8/31/16	9/2/16	1,115,000	912828TG5	US TREASURY NOTES	0.50%	7/31/17	1,114,062.62	0.64%	2,016.41
8/31/16	9/2/16	1,500,000	912828TM2	US TREASURY NOTES	0.62%	8/31/17	1,499,524.46	0.66%	1,362.16
Total SELL		29,670,000					29,850,775.89		61,877.47

Important Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

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

Glossary

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

Glossary

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



Account Holdings



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF HAYWARD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 08/31/2012 0.625% 08/31/2017	912828TM2	6,000,000.00	AA+	Aaa	05/04/15	05/04/15	5,982,421.87	0.75	3,211.33	5,993,049.66	5,998,362.00
US TREASURY NOTES DTD 09/30/2010 1.875% 09/30/2017	912828PA2	1,190,000.00	AA+	Aaa	09/02/14	09/04/14	1,219,842.97	1.04	61.30	1,199,796.68	1,204,038.43
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,250,000.00	AA+	Aaa	05/03/16	05/06/16	1,250,830.08	0.71	2,369.23	1,250,629.18	1,250,537.50
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,850,000.00	AA+	Aaa	12/29/14	12/31/14	1,831,210.94	1.21	2,727.24	1,841,806.05	1,853,901.65
US TREASURY NOTES DTD 05/31/2013 1.000% 05/31/2018	912828VE7	2,905,000.00	AA+	Aaa	12/28/15	12/30/15	2,890,588.48	1.21	9,762.70	2,895,044.04	2,916,460.23
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	260,000.00	AA+	Aaa	05/02/16	05/02/16	262,417.19	0.88	1,092.21	262,031.86	262,396.94
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	2,500,000.00	AA+	Aaa	12/01/15	12/04/15	2,521,191.40	1.22	9,476.90	2,515,575.55	2,537,402.50
US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	3,145,000.00	AA+	Aaa	03/02/16	03/04/16	3,199,546.10	1.05	140.40	3,189,455.49	3,204,827.34
Security Type Sub-Total		19,100,000.00					19,158,049.03	0.99	28,841.31	19,147,388.51	19,227,926.59
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 04/30/2015 1.000% 06/15/2018	459058EJ8	1,010,000.00	AAA	Aaa	04/22/15	04/30/15	1,008,272.90	1.06	2,973.89	1,009,049.16	1,011,960.41
INTL BANK OF RECON AND DEV SN NOTES DTD 04/19/2016 0.875% 07/19/2018	459058FE8	2,450,000.00	AAA	Aaa	04/12/16	04/19/16	2,445,663.50	0.95	4,287.50	2,446,518.82	2,450,490.00
INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	1,715,000.00	AAA	Aaa	04/05/16	04/12/16	1,709,855.00	1.10	8,050.97	1,710,630.03	1,714,833.65
INTL BANK OF RECON AND DEV SN NOTE DTD 07/13/2016 0.875% 08/15/2019	459058FK4	1,225,000.00	AAA	Aaa	07/06/16	07/13/16	1,224,742.75	0.88	1,369.62	1,224,758.98	1,218,701.05



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF HAYWARD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		6,400,000.00					6,388,534.15	1.00	16,681.98	6,390,956.99	6,395,985.11

Municipal Bond / Note

CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.824% 07/01/2017	13017HAD8	190,000.00	NR	A3	10/29/14	11/06/14	190,000.00	1.82	866.40	190,000.00	190,904.40
CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.824% 07/01/2017	13017HAD8	920,000.00	NR	A3	04/19/16	04/20/16	927,893.60	1.10	4,195.20	924,958.27	924,379.20
CT ST TXBL GO BONDS DTD 03/25/2015 1.422% 03/15/2018	20772JZJ4	430,000.00	AA-	Aa3	03/13/15	03/25/15	430,000.00	1.42	271.76	430,000.00	432,954.10
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	1,340,000.00	AA-	Aa3	08/03/16	08/17/16	1,342,894.40	1.23	2,129.11	1,342,777.99	1,334,532.80

Security Type Sub-Total		2,880,000.00					2,890,788.00	1.25	7,462.47	2,887,736.26	2,882,770.50
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Federal Agency Collateralized Mortgage Obligation

FNMA SERIES 2015-M1 ASQ2 DTD 01/15/2015 1.626% 02/01/2018	3136AMKW8	404,263.98	AA+	Aaa	01/15/15	01/30/15	408,303.58	1.26	547.78	405,699.35	405,714.80
FNMA SERIES 2015-M7 ASQ2 DTD 04/01/2015 1.550% 04/01/2018	3136ANJY4	385,000.00	AA+	Aaa	04/15/15	04/30/15	388,848.61	0.83	497.29	386,683.46	386,413.84
FNMA SERIES 2015-M3 FA DTD 02/01/2015 0.652% 06/01/2018	3136AMMC0	252,106.52	AA+	Aaa	02/12/15	02/27/15	252,040.65	0.39	137.00	252,106.52	252,115.92
FNMA SERIES M4 FA DTD 03/01/2015 0.642% 09/01/2018	3136AMTM1	237,701.65	AA+	Aaa	03/12/15	03/31/15	237,640.75	0.38	127.19	237,701.65	237,684.27
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	515,000.00	AA+	Aaa	11/06/15	11/30/15	520,149.95	1.20	814.59	518,508.66	519,269.40
FNMA SERIES 2015-M10 FA DTD 06/01/2015 0.682% 03/01/2019	3136ANA98	2,010,979.03	AA+	Aaa	06/12/15	06/30/15	2,010,397.04	0.43	1,143.07	2,010,979.03	2,012,084.26
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	920,000.00	AA+	Aaa	06/09/16	06/30/16	929,199.54	1.05	1,368.50	928,273.61	926,768.35
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	1,125,000.00	AA+	Aaa	10/07/15	10/30/15	1,136,265.64	1.08	1,543.13	1,133,197.83	1,130,577.30



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF HAYWARD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Collateralized Mortgage Obligation											
FREDDIE MAC SERIES 4459 NB DTD 04/01/2015 4.500% 01/01/2020	3137BHU39	576,292.40	AA+	Aaa	06/08/15	06/11/15	604,206.56	0.77	2,161.10	594,770.30	591,438.23
FNMA SERIES 2015-M12 FA DTD 09/01/2015 0.772% 04/01/2020	3136AP3Z3	1,683,290.64	AA+	Aaa	09/10/15	09/30/15	1,682,684.65	0.54	1,083.06	1,683,290.64	1,684,949.52
Security Type Sub-Total		8,109,634.22					8,169,736.97	0.75	9,422.71	8,151,211.05	8,147,015.89

Federal Agency Bond / Note											
FHLB GLOBAL NOTES DTD 05/15/2015 0.625% 05/30/2017	3130A5EP0	2,410,000.00	AA+	Aaa	05/14/15	05/15/15	2,407,999.70	0.67	5,062.67	2,409,346.46	2,410,412.11
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	1,400,000.00	AA+	Aaa	03/19/15	03/20/15	1,404,760.00	0.85	2,450.00	1,401,678.59	1,404,345.60
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	2,700,000.00	AA+	Aaa	08/12/14	08/14/14	2,699,819.10	1.00	4,725.00	2,699,949.75	2,708,380.80
TENNESSEE VALLEY AUTHORITY NOTES DTD 12/22/1997 6.250% 12/15/2017	880591CU4	1,500,000.00	AA+	Aaa	08/18/15	08/19/15	1,679,964.00	1.01	27,604.17	1,593,941.72	1,596,852.00
FEDERAL HOME LOAN BANKS NOTES DTD 07/19/2016 0.750% 01/19/2018	3130A8SE4	3,050,000.00	AA+	Aaa	07/20/16	07/21/16	3,047,096.86	0.81	4,575.00	3,047,473.14	3,048,462.80
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	6,000,000.00	AA+	Aaa	02/17/16	02/18/16	5,998,140.00	0.89	1,750.00	5,998,682.94	6,004,806.00
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	260,000.00	AA+	Aaa	07/01/16	07/01/16	261,089.40	0.63	18.96	260,934.14	260,197.60
FNMA NOTE DTD 03/04/2016 0.875% 03/28/2018	3135G0J61	4,050,000.00	AA+	Aaa	03/02/16	03/04/16	4,041,900.00	0.97	295.31	4,044,133.82	4,053,078.00
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	2,275,000.00	AA+	Aaa	08/11/16	08/12/16	2,275,864.50	0.85	5,087.15	2,275,803.44	2,283,745.10
FEDERAL HOME LOAN BANKS AGCY DTD 05/27/2016 0.875% 06/29/2018	3130A8BD4	3,835,000.00	AA+	Aaa	05/26/16	05/27/16	3,825,757.65	0.99	8,575.49	3,827,264.81	3,849,741.74
FHLB NOTES DTD 07/08/2016 0.625% 08/07/2018	3130A8PK3	6,100,000.00	AA+	Aaa	07/07/16	07/08/16	6,087,312.00	0.73	5,718.75	6,088,705.61	6,076,222.20



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF HAYWARD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 08/26/2016 0.875% 10/01/2018	3130A9AE1	6,100,000.00	AA+	Aaa	08/25/16	08/26/16	6,095,852.00	0.91	5,189.24	6,096,033.54	6,097,309.90
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	6,100,000.00	AA+	Aaa	08/27/15	09/01/15	6,090,118.00	1.18	30,881.25	6,093,481.05	6,131,591.90
FNMA BENCHMARK NOTE DTD 01/08/2016 1.375% 01/28/2019	3135G0H63	5,195,000.00	AA+	Aaa	01/06/16	01/08/16	5,191,779.10	1.40	12,500.47	5,192,527.86	5,252,389.17
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	6,100,000.00	AA+	Aaa	02/19/16	02/23/16	6,085,604.00	1.08	5,930.56	6,088,464.35	6,108,655.90
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	1,050,000.00	AA+	Aaa	08/12/16	08/15/16	1,056,489.00	0.89	6,234.38	1,056,184.44	1,054,663.05
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	1,500,000.00	AA+	Aaa	05/26/16	05/31/16	1,501,155.00	1.10	8,906.25	1,501,029.68	1,506,661.50
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	3,550,000.00	AA+	Aaa	03/30/16	03/31/16	3,558,449.00	1.05	21,078.13	3,557,084.45	3,565,765.55
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	2,550,000.00	AA+	Aaa	06/02/16	06/03/16	2,548,929.00	1.14	7,968.75	2,549,039.19	2,560,590.15
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	3,995,000.00	AA+	Aaa	06/27/16	06/29/16	4,031,208.60	0.82	12,484.38	4,028,133.57	4,011,591.24
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	3,050,000.00	AA+	Aaa	07/29/16	08/02/16	3,044,876.00	0.93	4,373.78	3,045,152.67	3,038,141.60
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	5,700,000.00	AA+	Aaa	08/31/16	09/02/16	5,691,108.00	1.05	4,591.67	5,691,344.32	5,697,378.00
Security Type Sub-Total		78,470,000.00					78,625,270.91	0.98	186,001.36	78,546,389.54	78,720,981.91
Corporate Note											
WELLS FARGO & COMPANY GLOBAL NOTES DTD 12/26/2012 1.500% 01/16/2018	94974BFG0	1,250,000.00	A	A2	05/05/15	05/08/15	1,252,550.00	1.42	3,906.25	1,251,240.46	1,251,591.25



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2016**

CITY OF HAYWARD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	650,000.00	AA+	Aaa	03/04/15	03/06/15	650,000.00	1.31	589.06	650,000.00	651,966.90
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	1,050,000.00	A	A1	05/22/15	05/29/15	1,049,905.50	1.60	6,020.00	1,049,946.71	1,056,260.10
JP MORGAN CHASE & CORP NOTES (CALLABLE) DTD 03/23/2016 1.850% 03/22/2019	46625HOU7	900,000.00	A-	A3	05/17/16	05/20/16	903,951.00	1.69	416.25	903,446.56	905,068.80
TOYOTA MOTOR CREDIT CORP NOTES DTD 05/20/2016 1.400% 05/20/2019	89236TDE2	900,000.00	AA-	Aa3	05/17/16	05/20/16	899,397.00	1.42	4,585.00	899,468.86	901,130.40
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	465,000.00	BBB+	Baa1	06/02/16	06/09/16	464,758.20	2.07	2,965.67	464,782.54	468,540.51
Security Type Sub-Total		5,215,000.00					5,220,561.70	1.55	18,482.23	5,218,885.13	5,234,557.96
Asset-Backed Security / Collateralized Mortgage Obligation											
FORD ABS 2015-A A2A DTD 03/24/2015 0.810% 01/15/2018	34530OAB6	13,782.62	NR	Aaa	03/17/15	03/24/15	13,782.53	0.81	4.96	13,782.58	13,782.32
FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	620,000.00	AAA	Aaa	09/15/15	09/22/15	619,879.35	1.42	388.53	619,910.55	621,804.70
Security Type Sub-Total		633,782.62					633,661.88	1.41	393.49	633,693.13	635,587.02
Managed Account Sub-Total		120,808,416.84					121,086,602.64	1.00	267,285.55	120,976,260.61	121,244,824.98
Securities Sub-Total		\$120,808,416.84					\$121,086,602.64	1.00%	\$267,285.55	\$120,976,260.61	\$121,244,824.98
Accrued Interest											\$267,285.55
Total Investments											\$121,512,110.53



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
09/26/16	0.64	0.61	157
09/27/16	0.64	0.61	157
09/28/16	0.64	0.61	160
09/29/16	0.64	0.61	162
09/30/16	0.65	0.61	165
10/01/16	0.65	0.65	165
10/02/16	0.65	0.65	165
10/03/16	0.65	0.65	169
10/04/16	0.65	0.65	170
10/05/16	0.65	0.65	170
10/06/16	0.65	0.65	169
10/07/16	0.65	0.65	171
10/08/16	0.65	0.65	171
10/09/16	0.65	0.65	171
10/10/16	0.65	0.65	168
10/11/16	0.65	0.65	169
10/12/16	0.65	0.65	168
10/13/16	0.65	0.65	170
10/14/16	0.66	0.65	171
10/15/16	0.66	0.65	171
10/16/16	0.66	0.65	171
10/17/16	0.65	0.65	168
10/18/16	0.65	0.65	167
10/19/16	0.65	0.65	166
10/20/16	0.65	0.65	164
10/21/16	0.66	0.65	165
10/22/16	0.66	0.65	165
10/23/16	0.66	0.65	165
10/24/16	0.66	0.65	164
10/25/16	0.66	0.65	168
10/26/16	0.66	0.65	167

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

Quarter Ending 09/30/16

Apportionment Rate: 0.60%
 Earnings Ratio: .00001651908048883
 Fair Value Factor: 1.000306032
 Daily: 0.65%
 Quarter to Date: 0.61%
 Average Life: 165

PMIA Average Monthly Effective Yields

Sep 2016 0.634%
 Aug 2016 0.614%
 Jul 2016 0.588%

Pooled Money Investment Account

Portfolio Composition

09/30/16

\$68.3 billion

