



Date: March 5, 2015
To: Mayor and City Council
From: City Manager
By: Director of Finance
Subject: 2014 Fourth Quarter Investment Report

As required by Government Code and the City's Statement of Investment Policy, I am transmitting for your review the quarterly investment report for the period September 1 – July 31, 2014 (4Q2014). The City's Investment Advisory Committee (IAC) reviewed and approved this report during their quarterly meeting held on January 21, 2015. 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 all of the City's account holdings along with the quarterly reports are posted on the Finance Department's web page: <http://www.hayward-ca.gov/CITY-GOVERNMENT/DEPARTMENTS/FINANCE/> under the "Documents" tab.

The City's investment portfolio (pooled cash) totaled \$190.3 million as of December 31, 2014 – with the City's investment advisor, The PFM Group, managing about \$82 million; \$91.26 million on deposit in the Local Agency Investment Fund (LAIF); and the remaining portfolio balance of \$17.05 million residing in the City's general checking account. Cash flow needs cause the balances of the LAIF and general checking accounts to fluctuate monthly.

The overall interest earned on the City's portfolio is low (but slowly improving) – and is reflective of the prolonged poor market conditions. For 4Q2014, the funds on deposit with LAIF are currently earning .26% and the portion of the portfolio actively managed by The PFM Group is earning an average of about .63%. The balance held in cash is not earning interest. The City's investments are generally within a 1-3 year range and are consistent with the City's Investment Policy – which was recently updated and adopted by City Council on October 21, 2014.

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

Attachments:

Fourth Quarter 2014 Performance Investment Report by The PFM Group
Fourth Quarter 2014 LAIF performance summary

Department of Finance

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City of Hayward Performance Review Fourth Quarter 2014

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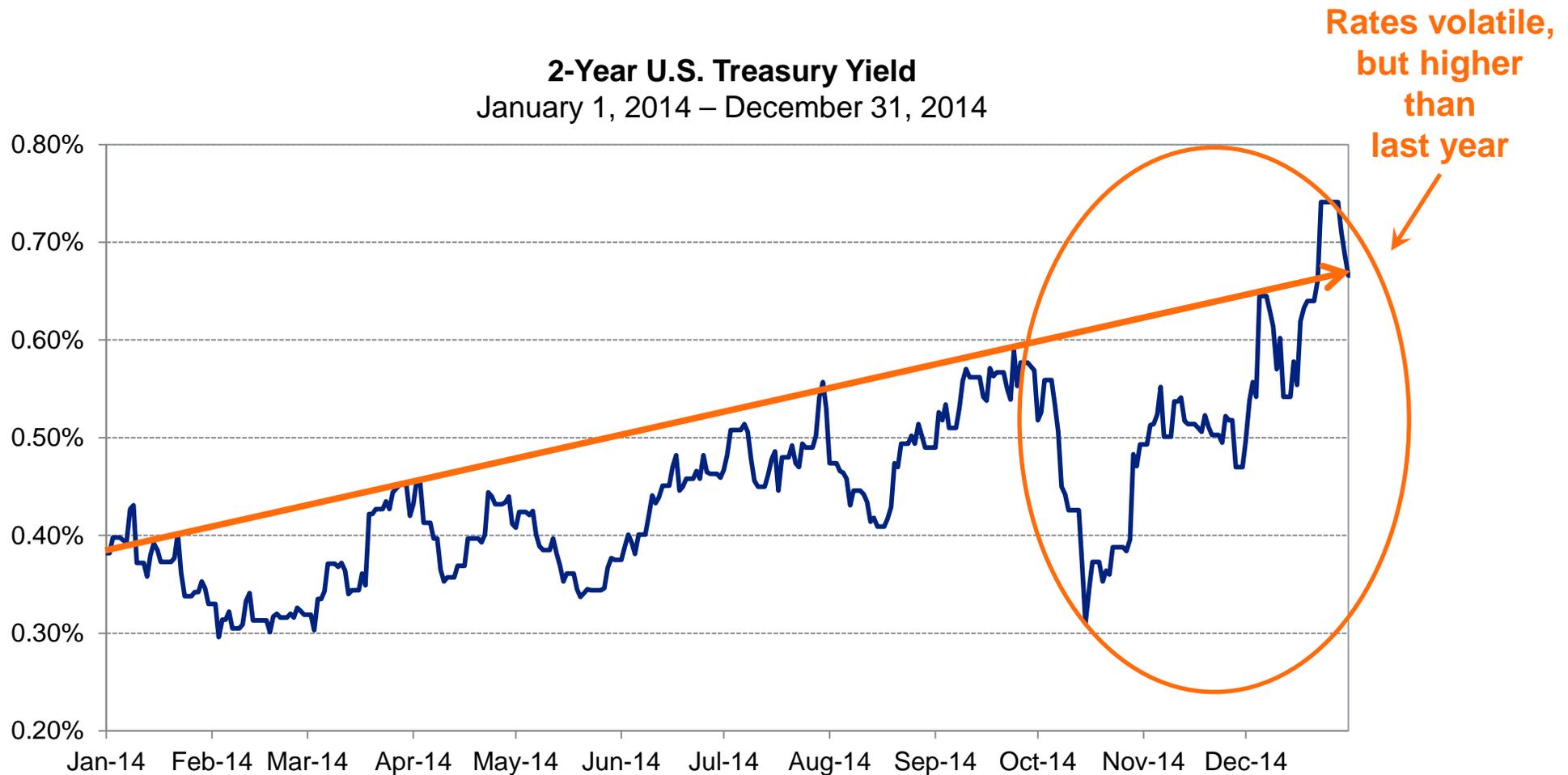
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The PFM Group
Financial & Investment Advisors

Interest Rates Are on the Rise...

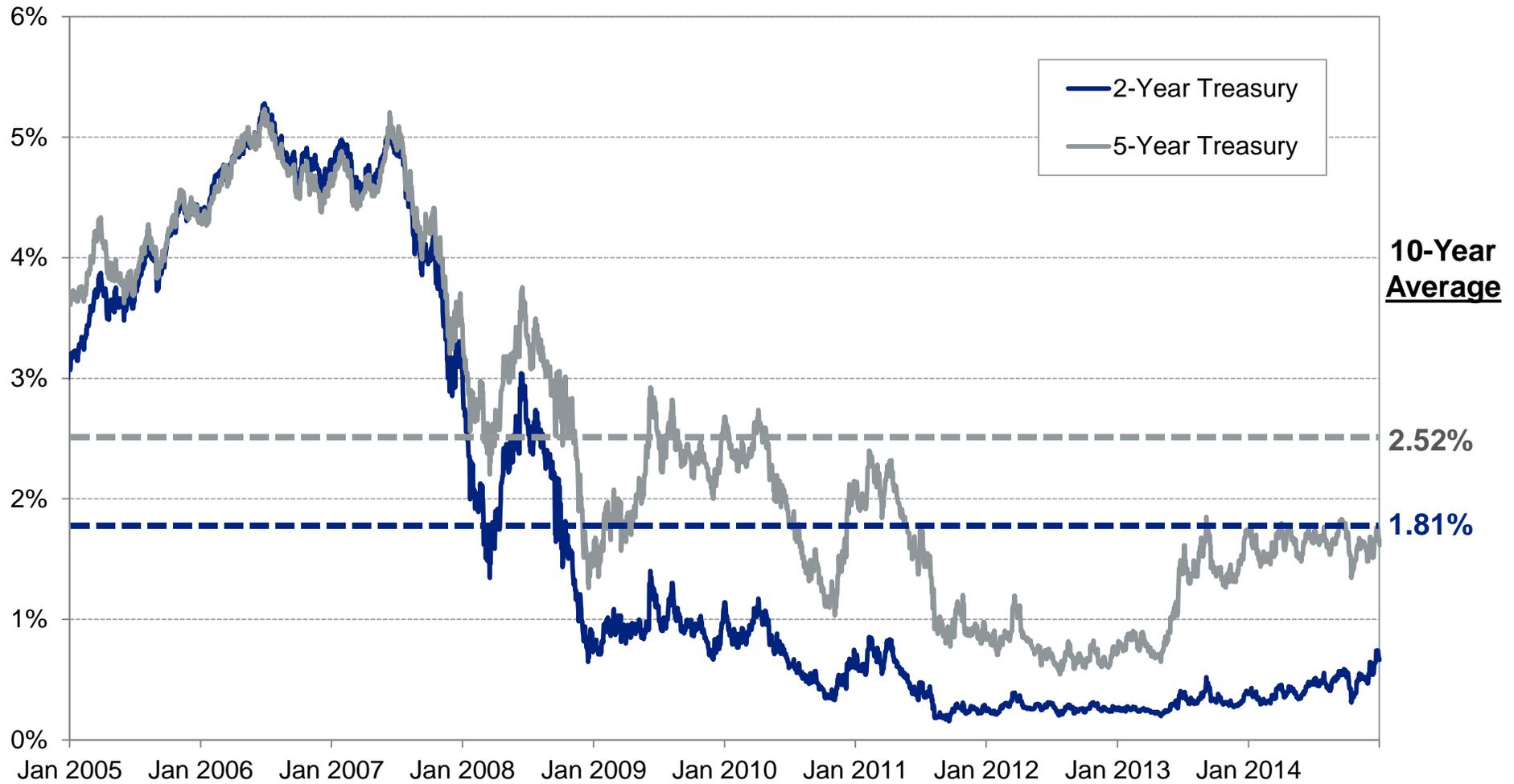
- Interest rates have almost doubled in the last year.
- At the end of 2014, as global fears eased, yields rose to their highest levels since 2011.



Source: Bloomberg

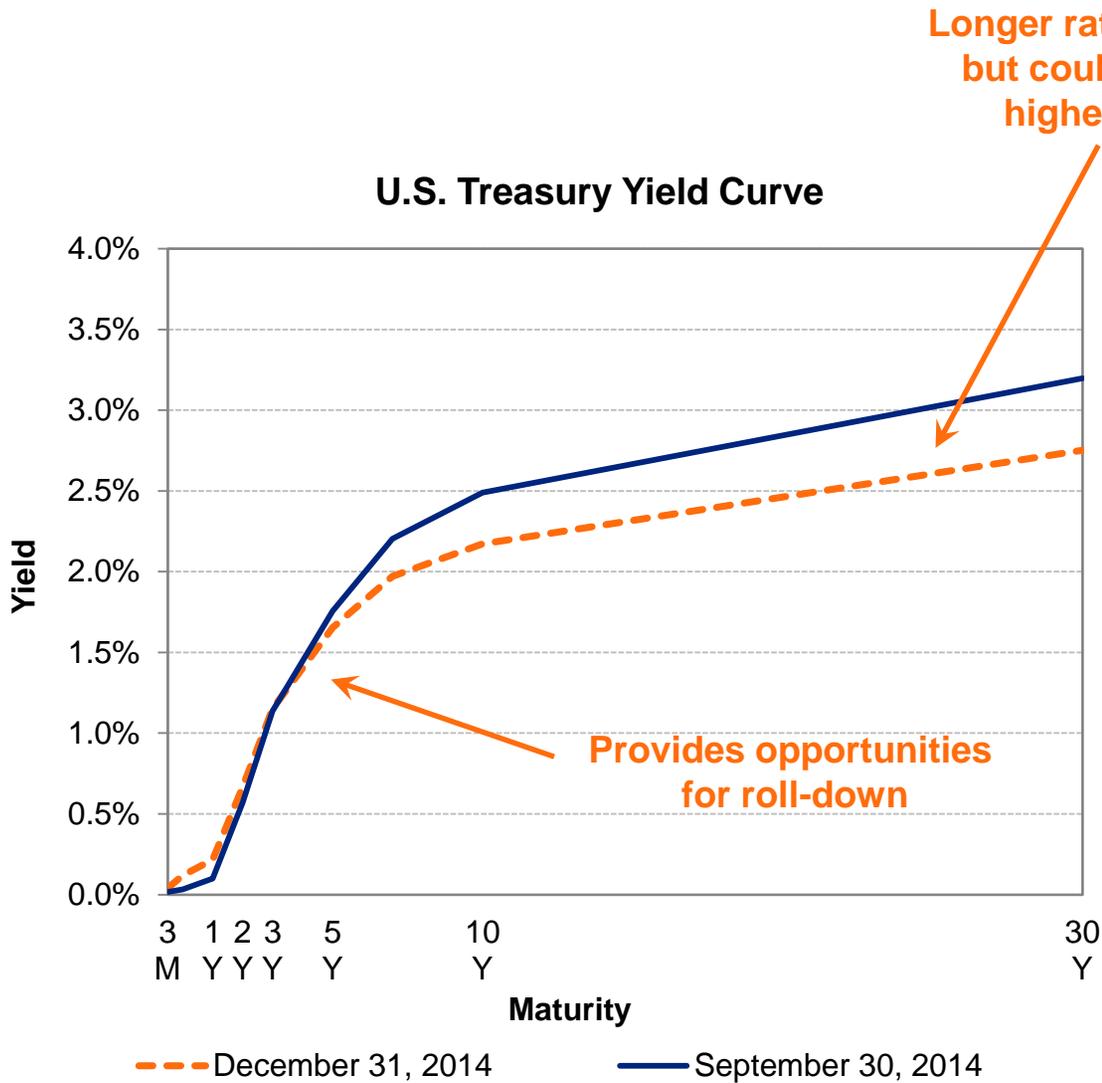
...But Remain Below Historical Averages

U.S. Treasury Yields
January 1, 2005 – December 31, 2014



Source: Bloomberg

Steep Yield Curve Presents Opportunities



	9/30/14	12/31/14
3-Month	0.02%	0.04%
6-Month	0.03%	0.12%
1-Year	0.10%	0.22%
2-Year	0.57%	0.67%
3-Year	1.14%	1.15%
5-Year	1.76%	1.65%
10-Year	2.49%	2.17%
30-Year	3.20%	2.75%

Source: Bloomberg

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

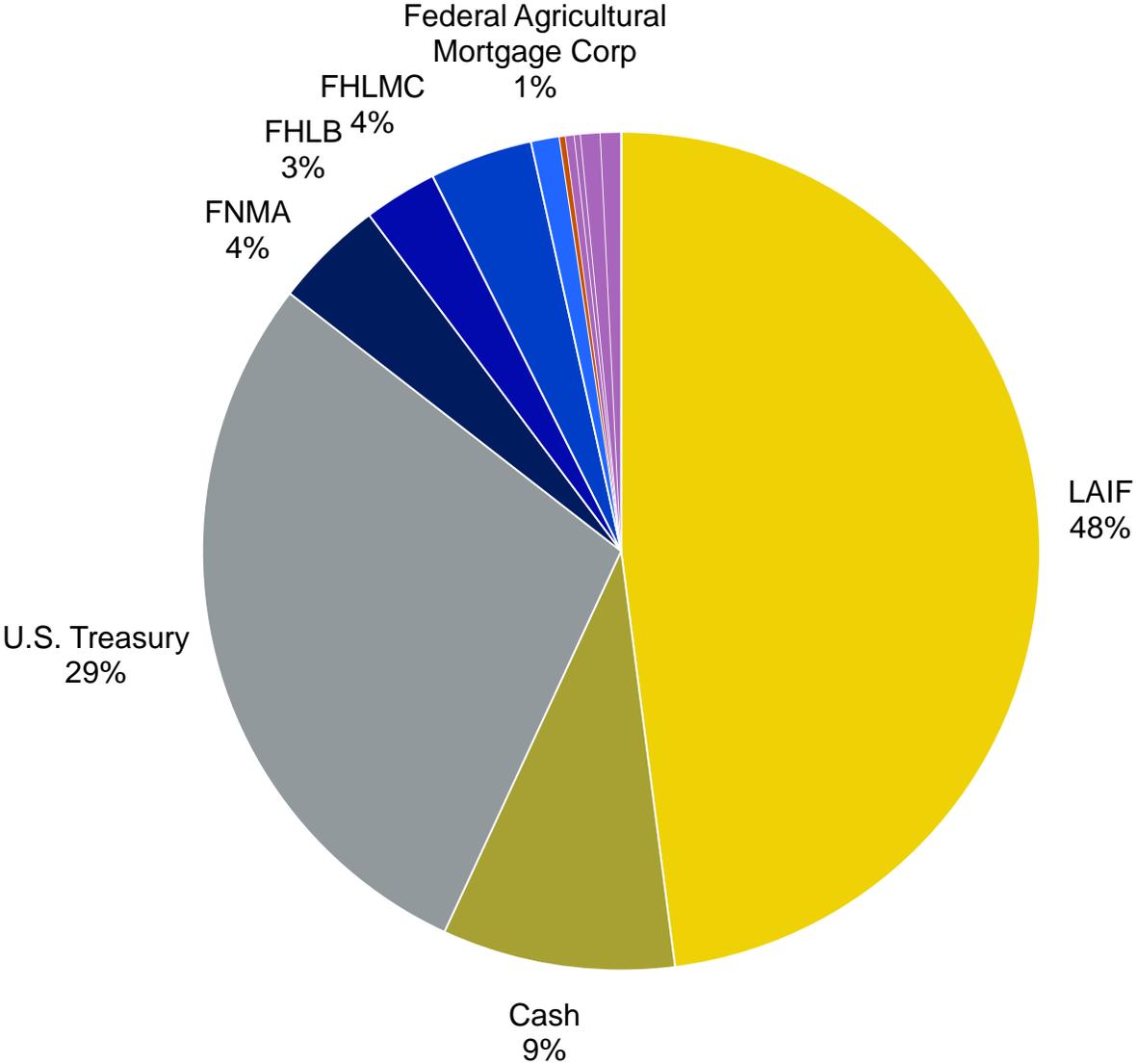
Security Type	Market Value 12/31/14	% of Portfolio	Change Since 09/30/14	% Permitted by Policy	In Compliance
U.S. Treasuries	\$54,429,475	29%	3%	100%	✓
Federal Agencies	\$23,092,249	12%	-2%	100%	✓
<i>Non-Callable</i>	\$22,276,289	12%	-1%		
<i>Callable</i>	\$815,960	0%	-1%		
Municipal Bonds	\$440,286	0.2%	0.2%	20%	✓
Corporate Notes	\$4,028,751	2.1%	1%	30%	✓
Total Securities	\$81,990,761	43%			
LAIF	\$91,266,778	48%	-2%	\$50 Million per Account ¹	✓
Cash Deposits	\$17,055,602	9%	0%	100%	✓
Total Liquidity	\$108,322,381	57%			
Total Investments	\$190,313,141	100%			

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

Portfolio Issuer Distribution

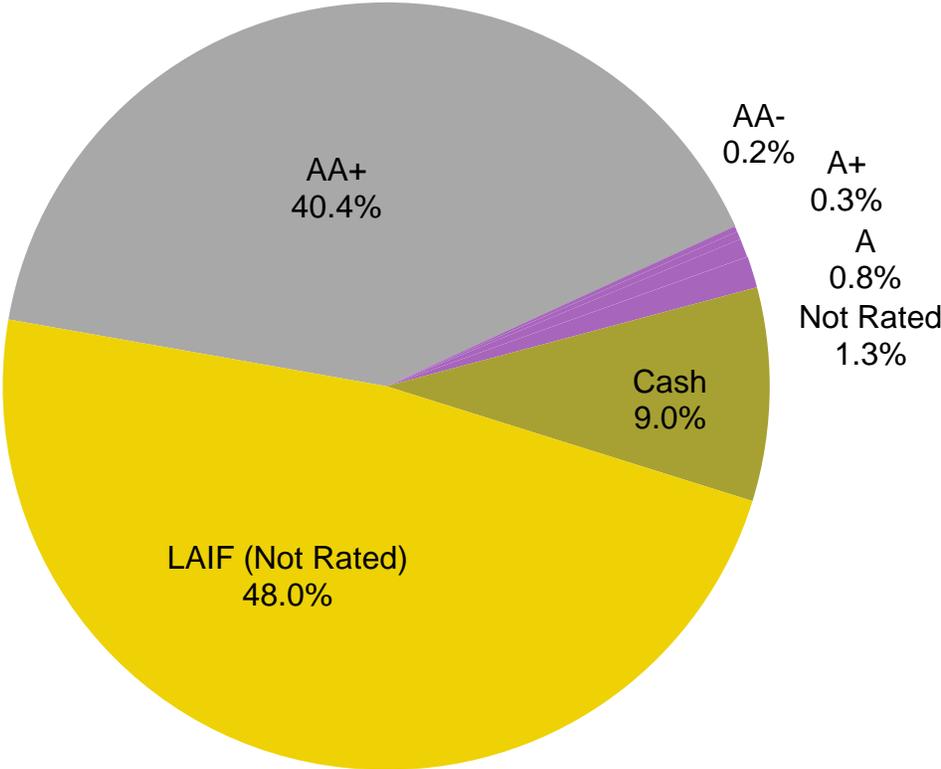
Corporate Issuers: 2.1%	
Walt Disney	0.8%
Apple	0.8%
Wells Fargo	0.3%
Toyota	0.2%

Municipal Issuers: 0.2%	
CA Earthquake Authority	0.2%



• As of December 31, 2014
 • Numbers may not add to 100% due to rounding

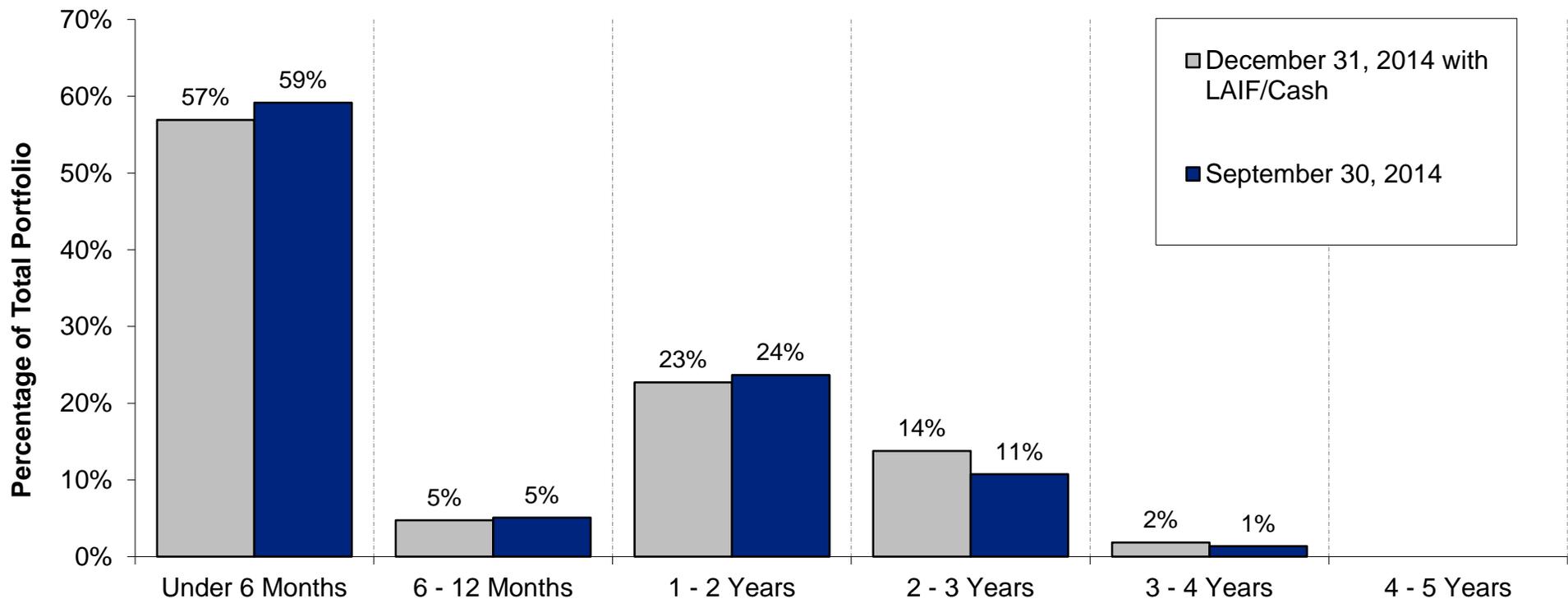
Portfolio Credit Distribution



- As of December 31, 2014
- Ratings by Standard & Poor's
- Numbers may not add to 100% due to rounding

Aggregate Portfolio Maturity Distribution

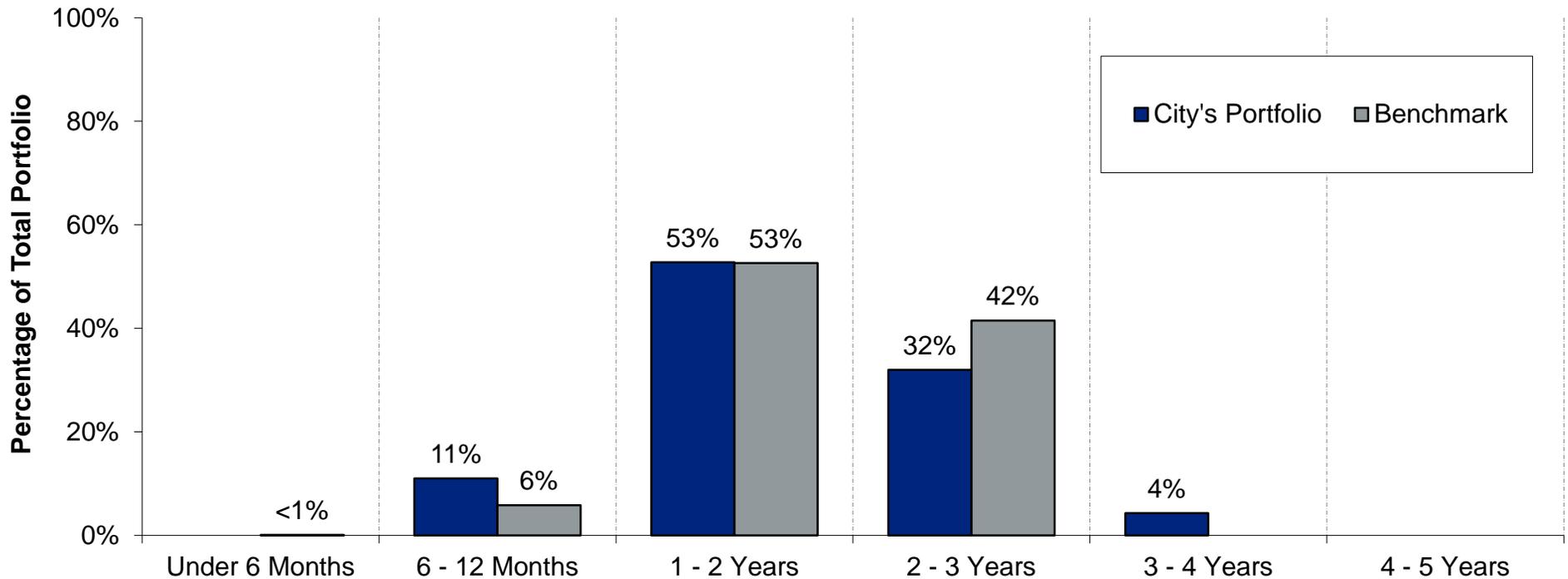
Portfolio Maturity Distribution



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

Duration Remains Modestly Below Benchmark

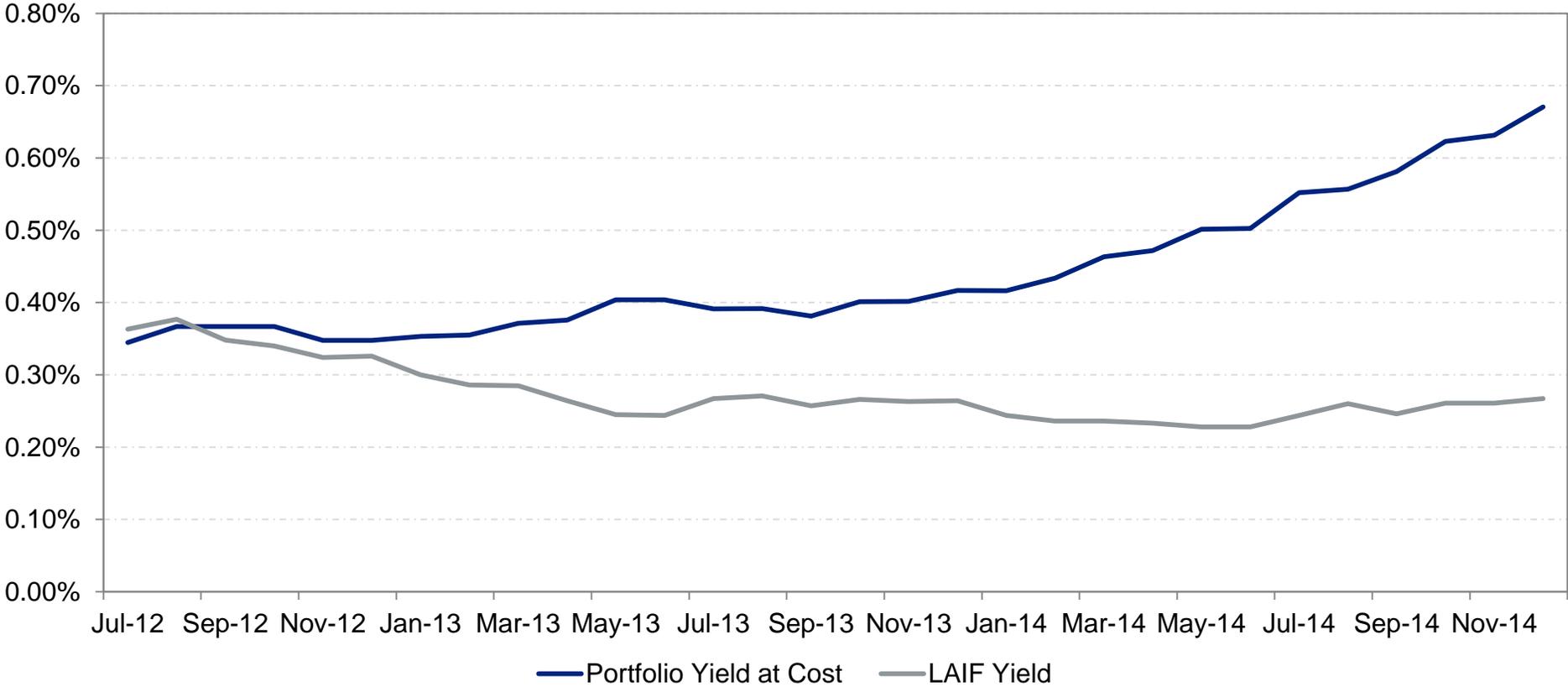
Portfolio Maturity Distribution
December 31, 2014



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

Portfolio Continues to Generate Strong Yield

Portfolio Yield vs. LAIF Yield
July 2012 – December 2014



Source: California State Treasurer LAIF website

Fourth Quarter 2014 Strategy Recap

- We continued to evaluate investment options based on the overall strategy and current market trends:
 - Short- and intermediate-term rates trended higher during the quarter, a trend which is expected to continue in 2015.
 - Longer-term rates fell due to low inflation, global growth concerns, and geopolitical risks.
 - Yield spreads were generally narrow, but there were select opportunities to add value by swapping positions. We expect fewer attractive spreads in 2015.
- We maintained a modestly conservative duration relative to the benchmark.
- We swapped lower-yielding Treasuries for Agency and corporate notes when spreads were attractive.

Managing Portfolio Duration

- We executed duration extension trades throughout the quarter, capturing added value from the increase in yields while maintaining a modestly conservative duration compared to the benchmark.
- Purchasing Treasuries tends to be an efficient way of extending duration due to their ample liquidity, and their tight bid-ask spreads help to ensure the City receives a fair purchase price.

Trade Date	Trade Type	Security	Maturity	Par	Yield	S&P Rating
10/2/2014	Sell	U.S. Treasury Notes	5/31/2015	\$2,325,000	0.06%	AA+
10/2/2014	Sell	U.S. Treasury Notes	7/31/2015	\$1,510,000	0.08%	AA+
10/2/2014	Buy	U.S. Treasury Notes	3/31/2017	\$3,900,000	0.80%	AA+
10/31/2014	Sell	Federal Home Loan Bank Global Notes	8/28/2015	\$2,310,000	0.17%	AA+
10/31/2014	Sell	Freddie Mac Notes	8/28/2015	\$500,000	0.17%	AA+
10/30/2014	Buy	U.S. Treasury Notes	6/30/2017	\$2,800,000	0.79%	AA+
12/1/2014	Sell	Freddie Mac Notes	8/28/2015	\$1,600,000	0.18%	AA+
12/2/2014	Buy	U.S. Treasury Notes	12/31/2017	\$1,700,000	1.01%	AA+
12/29/2014	Sell	U.S. Treasury Notes	11/30/2015	\$1,725,000	0.29%	AA+
12/29/2014	Buy	U.S. Treasury Notes	1/31/2018	\$1,850,000	1.21%	AA+

Sample Trade – Strategic Swap

- We continuously monitor the City's portfolio holdings for opportunities to safely add value by swapping for securities that offer greater relative value.
- The below is an example of such a trade, which will generate an additional \$5,096 of investment income for the City.

Trade Date	Trade Type	Security	Maturity	Par	Yield at Cost	Yield at Market	Gain on Sale	Earnings to 8/14/15	Total Cash Flow
12/5/2014	Sell	Federal Farm Credit Bank	8/14/2015	\$1,850,000	0.28%	0.21%	\$876	(\$2,920)	(\$2,044)
12/5/2014	Buy	U.S. Treasury Notes	12/31/2016	\$1,825,000	0.69%	0.69%	-	\$7,140	\$7,140
Additional Net Benefit to 8/14/15									\$5,096

Source: Bloomberg

Increased Corporate Allocation

- We purchased two corporate notes during the quarter to increase portfolio diversity while capturing higher yields for the City.

Trade Date	Trade Type	Security	Maturity	Par	Yield
11/4/2014	Sell	U.S. Treasury Notes	3/31/2017	\$1,195,000	0.72%
11/4/2014	Sell	U.S. Treasury Notes	9/30/2017	\$1,460,000	0.96%
11/4/2014	Buy	Apple Inc. Corp Notes	5/5/2017	\$1,200,000	1.00%
11/4/2014	Buy	Walt Disney Corp Notes	12/1/2017	\$1,500,000	1.31%

Issuer	% of Corporates	% of Portfolio	S&P Rating
The Walt Disney Corporation	37.08%	0.8%	A
Apple Inc.	35.75%	0.8%	AA+
Wells Fargo & Company	15.97%	0.3%	A+
Toyota Motor Corp	11.21%	0.2%	AA-

Source: Bloomberg

Diversified with Municipal Issues

- We took advantage of new municipal bond issues that offered an attractive yield compared to Treasuries.

Trade Date	Trade Type	Security	Maturity	Par	Yield
10/28/2014	Sell	U.S. Treasury Notes	6/15/2016	\$160,000	0.30%
10/28/2014	Sell	U.S. Treasury Notes	6/30/2016	\$265,000	0.32%
10/29/2014	Buy	CA Earthquake Authority Revenue Bonds	7/1/2016	\$250,000	1.19%
10/29/2014	Buy	CA Earthquake Authority Revenue Bonds	7/1/2017	\$190,000	1.82%

Source: Bloomberg

Total Return

Total Return Period Ended December 31, 2014

	Duration	Periodic	Annualized		
		Past Quarter	Past Year	Past Two Years	Since Inception ⁵
City of Hayward ^{1,2,3,4}	1.76	0.20%	0.63%	0.46%	0.46%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.82	0.17%	0.62%	0.49%	0.46%
LAIF ⁶	0.00	0.06%	0.12%	0.24%	0.26%

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

2. Merrill Lynch Indices provided by Bloomberg Financial Markets.

3. Quarterly returns are presented on an unannualized basis.

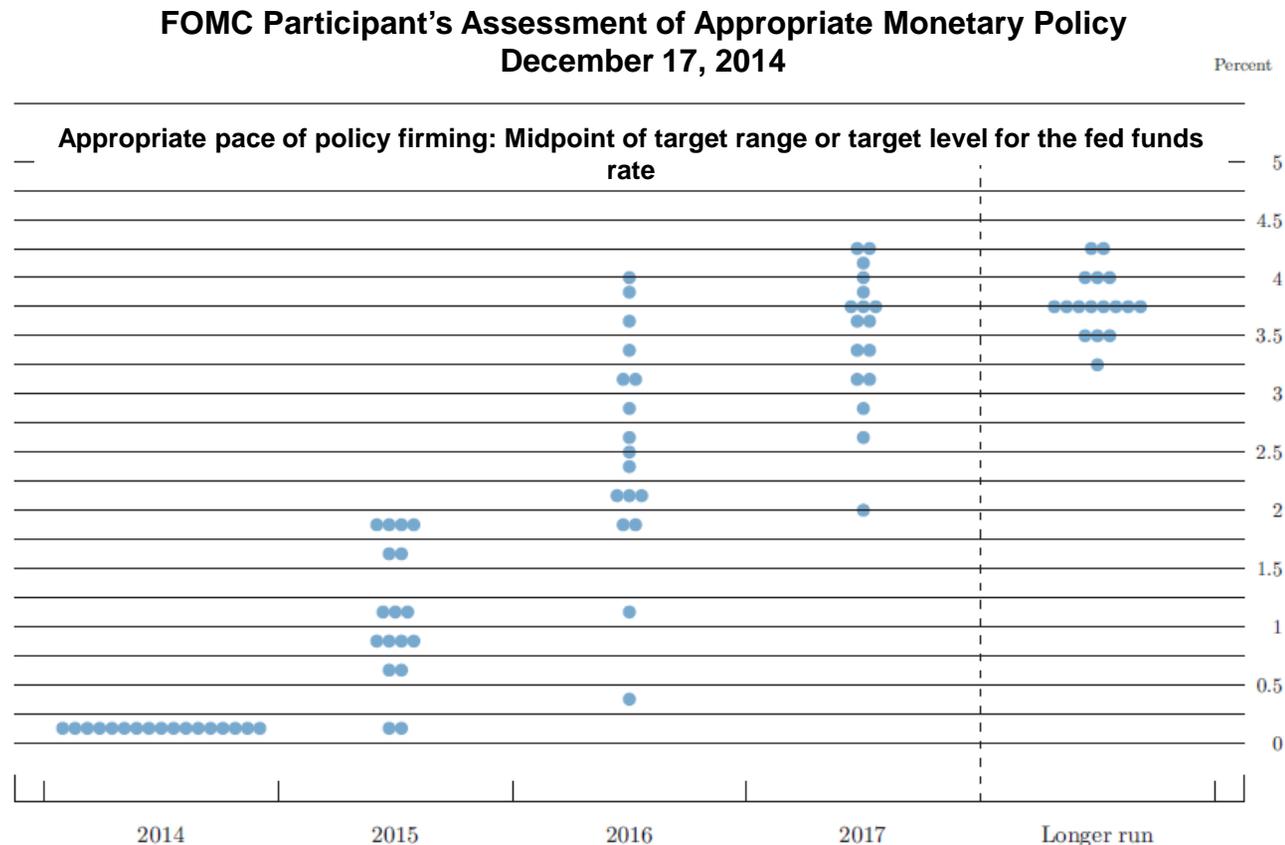
4. Excludes LAIF and cash balance in performance, duration, and yield computations.

5. Inception date is September 30, 2012 .

6. California State Treasurer LAIF website

What's Ahead in 2015

- As economic data continues to signal a growing U.S. economy, it is expected the Federal Reserve will start raising its fed funds target rate this year.
- There is a lot of uncertainty around the pace of increases, the timing, and the impact on the rest of the yield curve.
- Because of this uncertainty, we will continue to favor a defensive duration position for the City's portfolio.
- PFM will navigate the environment with a focus on relative value sector analysis, prudent duration management, and efficient yield curve placement.
- While producing strong investment returns remains a priority, it is secondary to maintaining safety and liquidity.

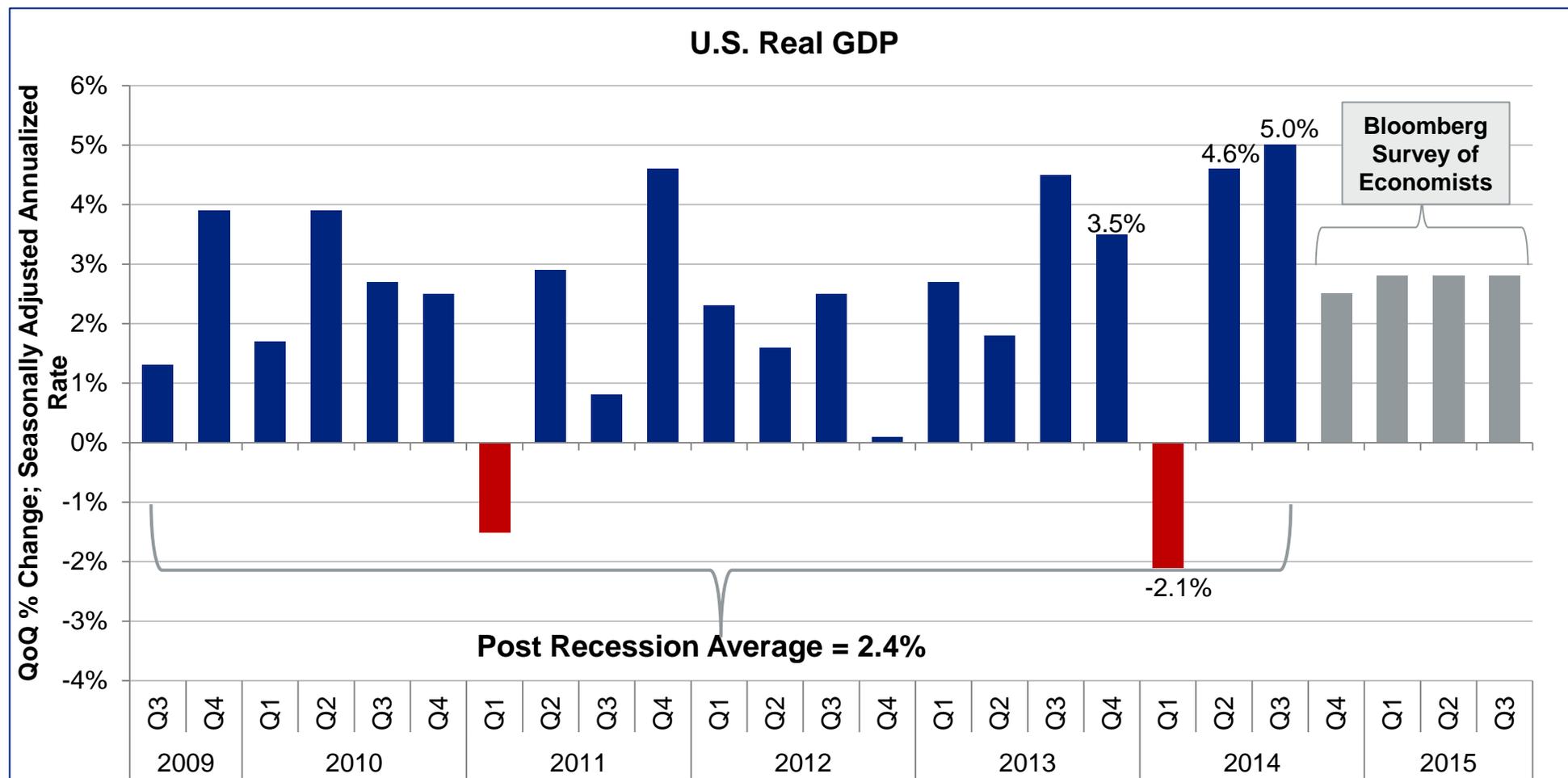


Source: Federal Reserve

Economic Update

U.S. Economy Expands Strongly in 3rd Quarter

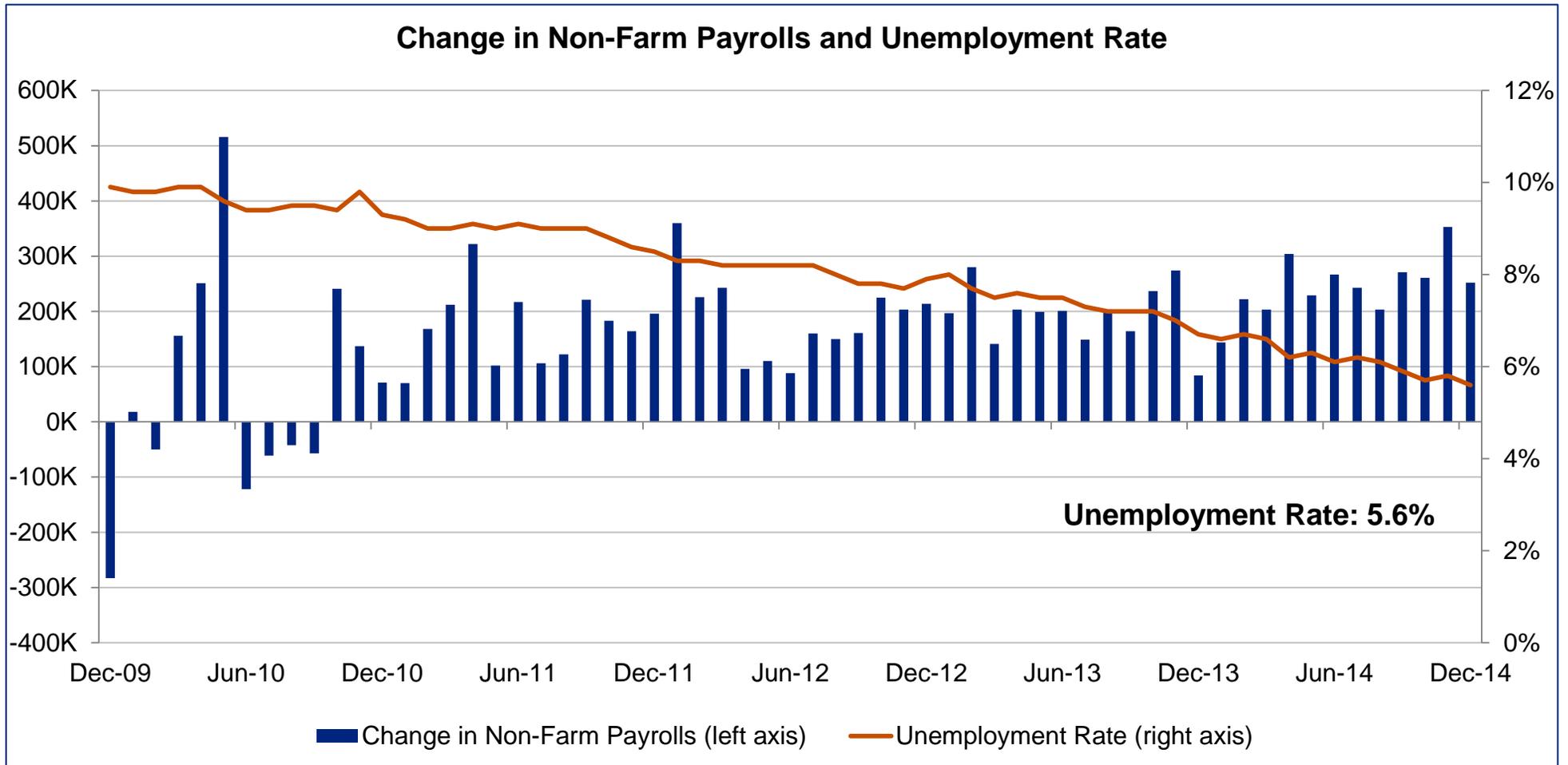
- Third-quarter U.S. GDP was revised to show 5.0% growth, the fastest growth in 11 years.
- Q3 GDP was fueled by both stronger consumer and business spending.



Source: Bureau of Economic Analysis

Labor Market Continues to Strengthen

- 252,000 net new jobs were added to the U.S. economy in December.
- The unemployment rate dropped to 5.6%, the lowest level since mid-2008.
- In 2014, the economy added a total of 2.95MM jobs, the strongest growth seen in 15 years.



Source: Bureau of Labor Statistics

FOMC Statement Notes Stronger Economy

December

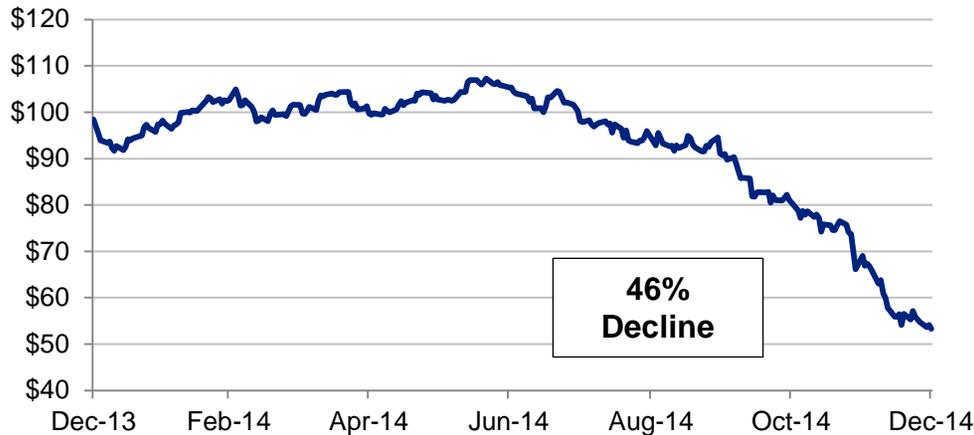
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- Labor market conditions improved further, with solid job gains and a lower unemployment rate...inflation has continued to run below the Committee's longer-run objective, *partly reflecting declines in energy prices.*
- The Committee *expects inflation to rise gradually toward two percent* as the labor market improves further and the transitory effects of lower energy prices and other factors dissipate.
- Based on its current assessment, the Committee judges that it *can be patient in beginning to normalize the stance of monetary policy...*this guidance is consistent with its previous statement that it likely will be appropriate to maintaining the 0 - 0.25% target range for the federal funds rate *for a considerable time following the end of its asset purchase program in October.*
- *If incoming information indicates faster progress...then increases in the target range for the federal funds rate are likely to occur sooner...if progress proves slower than expected, then increases in the target range are likely to occur later.*

Source: Federal Reserve

Falling Oil Prices: Current Conditions

WTI Price per Barrel (Year-to-Date)



WTI Price per Barrel (10 Years)



- **West Texas Intermediate (WTI) Crude:**
 - 46% year-to-date decline
 - 50% decline from the 2014 peak
 - Prices back to early 2009 levels
- **Plunge in oil prices attributed to:**
 - Oversupply
 - Increased North American production
 - OPEC maintaining output
 - Slowing global demand
 - Weaker global economy, especially in Europe and emerging markets
 - Improvements in energy efficiency and use of alternative energy sources

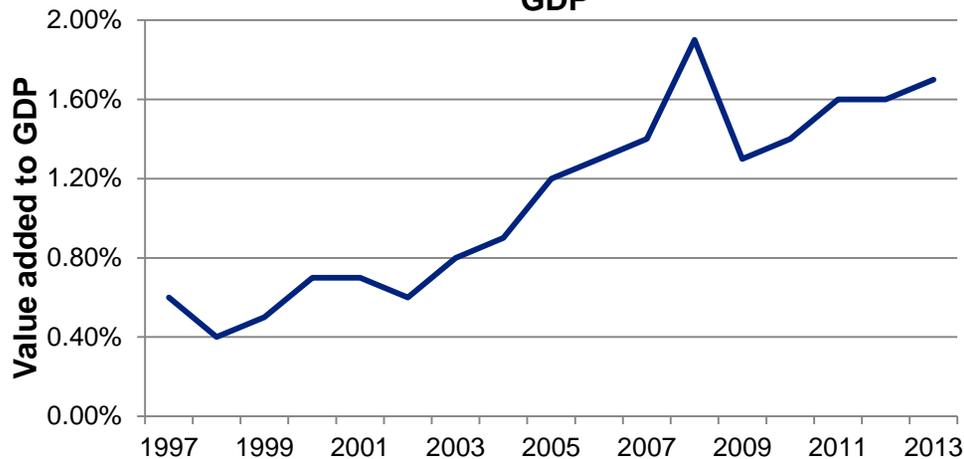
Source: Bloomberg

Implications in the U.S. from Lower Oil Prices

Price of Regular Gasoline (U.S. Average Retail)



U.S. Oil and Gas Extraction as a Percent of U.S. GDP



Source: Bloomberg

- **Growth:** Typically, lower oil prices boost consumer discretionary income, while lower production costs for energy-intensive industries increase efficiency and profitability
- **Jobs:** Energy employment may decline, but offset by gains in other industries
- **Inflation:** Expect lower headline inflation, with modest spillover to core price indexes
- **Capital Expenditures:** Oil related industries' capital expenditures may decline as new projects are halted or deferred
- **Trade:** Lower import prices should narrow trade deficits

Yield Environment At End of Quarter

As of December 31, 2014

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate	Municipal
3-Month	0.04%	0.06%	0.30%	0.45%	-
6-Month	0.12%	0.14%	0.41%	0.52%	-
1-Year	0.22%	0.32%	0.54%	0.70%	0.16%
2-Year	0.67%	0.72%	1.01%	1.13%	0.48%
3-Year	1.07%	1.14%	1.39%	1.64%	0.78%
5-Year	1.65%	1.73%	1.90%	2.30%	1.32%
10-Year	2.17%	2.45%	2.99%	3.21%	2.04%

• Source: PFMAM, Bloomberg, TradeWeb

• ¹For three- and six-month maturities data was obtained from the Bloomberg CP A1+/P1 index; data for longer maturities was calculated using the average yield for corporates in the second highest ratings category of the ML Master Index with similar maturities. Municipal Yields sourced from AAA Muni Yield Curve.

Disclaimer

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Managed Account Detail of Securities Held

For the Month Ending **December 31, 2014**

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 11/30/2010 1.375% 11/30/2015	912828P33	560,000.00	AA+	Aaa	11/29/12	12/05/12	577,040.62	0.35	676.92	565,223.22	565,600.00
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828P33	1,710,000.00	AA+	Aaa	09/19/13	09/24/13	1,745,869.92	0.41	2,067.03	1,725,025.39	1,727,100.00
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828P33	5,000,000.00	AA+	Aaa	07/22/13	07/22/13	5,112,695.31	0.41	6,043.96	5,043,722.00	5,050,000.00
US TREASURY NOTES DTD 01/31/2011 2.000% 01/31/2016	912828PS3	210,000.00	AA+	Aaa	01/30/13	02/04/13	219,728.91	0.44	1,757.61	213,534.79	213,740.52
US TREASURY NOTES DTD 01/31/2011 2.000% 01/31/2016	912828PS3	605,000.00	AA+	Aaa	03/04/14	03/05/14	624,567.97	0.30	5,063.59	616,100.52	615,776.26
US TREASURY NOTES DTD 01/31/2014 0.375% 01/31/2016	912828B41	3,400,000.00	AA+	Aaa	02/04/14	02/07/14	3,404,382.81	0.31	5,335.60	3,402,396.49	3,401,594.60
US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	4,500,000.00	AA+	Aaa	06/02/14	06/03/14	4,499,296.88	0.38	1,483.52	4,499,501.09	4,497,187.50
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	225,000.00	AA+	Aaa	05/14/13	05/15/13	244,828.13	0.41	20.20	234,525.75	234,175.73
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	635,000.00	AA+	Aaa	05/10/13	05/15/13	691,058.60	0.41	57.01	661,930.39	660,895.94
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	1,650,000.00	AA+	Aaa	05/22/13	05/24/13	1,792,505.86	0.44	148.14	1,719,025.19	1,717,288.65
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	2,300,000.00	AA+	Aaa	05/24/13	05/31/13	2,491,367.19	0.53	206.49	2,393,329.84	2,393,796.30
US TREASURY NOTES DTD 08/01/2011 1.500% 07/31/2016	912828OX1	5,000,000.00	AA+	Aaa	07/22/13	07/22/13	5,132,226.56	0.62	31,385.87	5,069,437.25	5,076,560.00
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	600,000.00	AA+	Aaa	02/27/14	03/03/14	607,570.31	0.49	2,038.67	605,053.70	604,500.00
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	3,000,000.00	AA+	Aaa	10/31/13	11/01/13	3,023,203.13	0.62	2,307.69	3,014,461.20	3,013,125.00



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2014**

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 11/30/2011 0.875% 11/30/2016	912828RU6	3,775,000.00	AA+	Aaa	12/03/13	12/04/13	3,808,768.55	0.57	2,903.85	3,796,667.56	3,791,515.63
US TREASURY NOTES DTD 01/03/2012 0.875% 12/31/2016	912828RX0	1,825,000.00	AA+	Aaa	12/05/14	12/09/14	1,831,843.75	0.69	44.11	1,831,638.77	1,831,843.75
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	2,705,000.00	AA+	Aaa	10/02/14	10/06/14	2,718,208.01	0.80	6,911.13	2,716,947.36	2,716,412.40
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	3,450,000.00	AA+	Aaa	03/19/14	03/21/14	3,457,951.17	0.92	8,814.56	3,455,916.82	3,464,555.55
US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	4,450,000.00	AA+	Aaa	06/02/14	06/03/14	4,425,316.41	0.81	2,445.05	4,430,054.17	4,424,621.09
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	2,800,000.00	AA+	Aaa	10/30/14	11/03/14	2,797,156.25	0.79	58.01	2,797,330.37	2,789,500.00
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	820,000.00	AA+	Aaa	07/01/14	07/07/14	808,628.91	0.96	1,715.76	810,405.59	810,710.94
US TREASURY NOTES DTD 09/30/2010 1.875% 09/30/2017	912828PA2	1,190,000.00	AA+	Aaa	09/02/14	09/04/14	1,219,842.97	1.04	5,700.72	1,216,715.02	1,217,797.21
US TREASURY NOTES DTD 12/31/2012 0.750% 12/31/2017	912828UE8	1,700,000.00	AA+	Aaa	12/02/14	12/03/14	1,686,585.94	1.01	35.22	1,686,926.66	1,682,070.10
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	1,850,000.00	AA+	Aaa	12/29/14	12/31/14	1,831,210.94	1.21	6,774.12	1,831,227.31	1,835,113.05
Security Type Sub-Total		53,960,000.00					54,751,855.10	0.63	93,994.83	54,337,096.45	54,335,480.22
Municipal Bond / Note											
CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.194% 07/01/2016	13017HAC0	250,000.00	NR	A3	10/29/14	11/06/14	250,000.00	1.19	456.04	250,000.00	249,832.50
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	529.47	190,000.00	189,468.00
Security Type Sub-Total		440,000.00					440,000.00	1.47	985.51	440,000.00	439,300.50



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2014**

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 (EX-CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	1,650,000.00	AA+	Aaa	12/12/13	12/30/13	1,649,505.00	0.39	17.19	1,649,752.70	1,650,361.35
FARMER MAC AGENCY NOTES DTD 08/11/2014 0.350% 02/11/2016	31315PT74	2,100,000.00	NR	NR	08/06/14	08/11/14	2,100,000.00	0.35	2,858.33	2,100,000.00	2,098,122.60
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	840,000.00	AA+	Aaa	02/14/13	02/15/13	839,042.40	0.54	1,061.67	839,615.73	840,840.00
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	5,000,000.00	AA+	Aaa	07/22/13	07/22/13	4,987,850.00	0.59	6,319.44	4,994,343.20	5,005,000.00
FHLMC REFERENCE NOTE DTD 11/21/2014 0.400% 05/27/2016	3134G5RF4	2,325,000.00	AA+	Aaa	11/19/14	11/21/14	2,324,302.50	0.42	1,033.33	2,324,353.51	2,320,203.53
FNMA NOTES DTD 08/19/2011 1.250% 09/28/2016	3135G0CM3	2,175,000.00	AA+	Aaa	10/01/13	10/03/13	2,206,254.75	0.76	7,023.44	2,193,313.70	2,197,202.40
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	2,915,000.00	AA+	Aaa	08/06/14	08/07/14	2,908,441.25	0.61	3,765.21	2,909,658.55	2,907,272.34
FEDERAL HOME LOAN BANKS (CALLABLE) DTD 03/27/2014 1.625% 03/27/2017	3130A1CR7	810,000.00	AA+	Aaa	04/02/14	04/04/14	818,901.90	1.25	3,436.88	812,171.42	812,523.15
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	1,995,000.00	AA+	Aaa	08/12/14	08/14/14	1,994,752.62	1.00	8,478.75	1,994,785.52	1,994,251.88
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	3,220,000.00	AA+	Aaa	08/12/14	08/14/14	3,219,784.26	1.00	13,685.00	3,219,814.01	3,218,792.50
Security Type Sub-Total		23,030,000.00					23,048,834.68	0.67	47,679.24	23,037,808.34	23,044,569.75
Corporate Note											
APPLE INC GLOBAL NOTES DTD 05/03/2013 0.450% 05/03/2016	037833AH3	235,000.00	AA+	Aa1	04/30/13	05/03/13	234,574.65	0.51	170.38	234,809.38	234,745.26
TOYOTA MOTOR CREDIT CORP DTD 05/17/2013 0.800% 05/17/2016	89236TAL9	450,000.00	AA-	Aa3	05/14/13	05/17/13	449,815.50	0.81	440.00	449,914.72	450,708.75
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	640,000.00	A+	A2	07/22/13	07/29/13	639,385.60	1.28	3,577.78	639,676.12	642,122.24



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2014**

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											
APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	1,200,000.00	AA+	Aa1	11/04/14	11/07/14	1,201,296.00	1.01	1,925.00	1,201,218.88	1,202,671.20
WALT DISNEY CORP NOTES DTD 11/30/2012 1.100% 12/01/2017	25468PCV6	1,500,000.00	A	A2	11/04/14	11/07/14	1,490,565.00	1.31	1,375.00	1,491,021.41	1,491,015.00
Security Type Sub-Total		4,025,000.00					4,015,636.75	1.11	7,488.16	4,016,640.51	4,021,262.45
Managed Account Sub-Total		81,455,000.00					82,256,326.53	0.67	150,147.74	81,831,545.30	81,840,612.92
Securities Sub-Total		\$81,455,000.00					\$82,256,326.53	0.67%	\$150,147.74	\$81,831,545.30	\$81,840,612.92
Accrued Interest											\$150,147.74
Total Investments											\$81,990,760.66



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

LAIF Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
02/19/15	0.27	0.26	205
02/20/15	0.27	0.26	202
02/21/15	0.27	0.26	202
02/22/15	0.27	0.26	202
02/23/15	0.27	0.26	198
02/24/15	0.26	0.26	198
02/25/15	0.26	0.26	198
02/26/15	0.26	0.26	198
02/27/15	0.27	0.26	208
02/28/15	0.27	0.26	208
03/01/15	0.27	0.26	208
03/02/15	0.28	0.26	213
03/03/15	0.28	0.27	213
03/04/15	0.28	0.27	212

Quarter Ending 12/31/14

Apportionment Rate: 0.25%
 Earnings Ratio: 0.00000696536180771
 Fair Value Factor: 0.99998038
 Daily: 0.26%
 Quarter To Date: 0.26%
 Average Life: 200

PMIA Average Monthly Effective Yields

FEB 2015 0.266%
 JAN 2015 0.262%
 DEC 2014 0.267%

*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account
Portfolio Composition
\$61.3 billion
1/31/15**

