

Date: August 26, 2014
To: Mayor and City Council
From: City Manager
By: Director of Finance
Subject: 2014 Second 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 April 1 – June 30, 2014 (2Q2014). The City's Investment Advisory Committee (IAC) reviewed and approved this report during their quarterly meeting held on July 29, 2014. 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 \$200.7 million as of June 30, 2014 – with the City's investment advisor, The PFM Group, managing about \$82 million; \$100.2 million on deposit in the Local Agency Investment Fund (LAIF); and the remaining portfolio balance of \$18.5 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 2Q2014, the funds on deposit with LAIF are currently earning .24% and the portion of the portfolio actively managed by The PFM Group is earning about .48% (the annualized interest rate for the fiscal year ending June 30, 2014 was .71%). 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.

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:

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

Department of Finance

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City of Hayward

Performance Review Second Quarter 2014

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The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

Economic Summary

Economic Conditions

- The U.S. unemployment rate fell from 6.7% in March to 6.1% at the end of the second quarter.
- First-quarter gross domestic product (GDP) contracted at an annual rate of 2.9%—the first downward move in three years. The harsh winter weather was a primary contributor, and most economists expect a recovery as 2014 further unfolds.
- The housing market continued to show modest strength during the quarter. However, the pace of housing starts remained well below pre-recession levels.
- Geopolitical uncertainty continued to be a primary focus for the markets, as tensions in Ukraine, Iraq, and Syria caused investors to move toward assets that are perceived to have less risk.

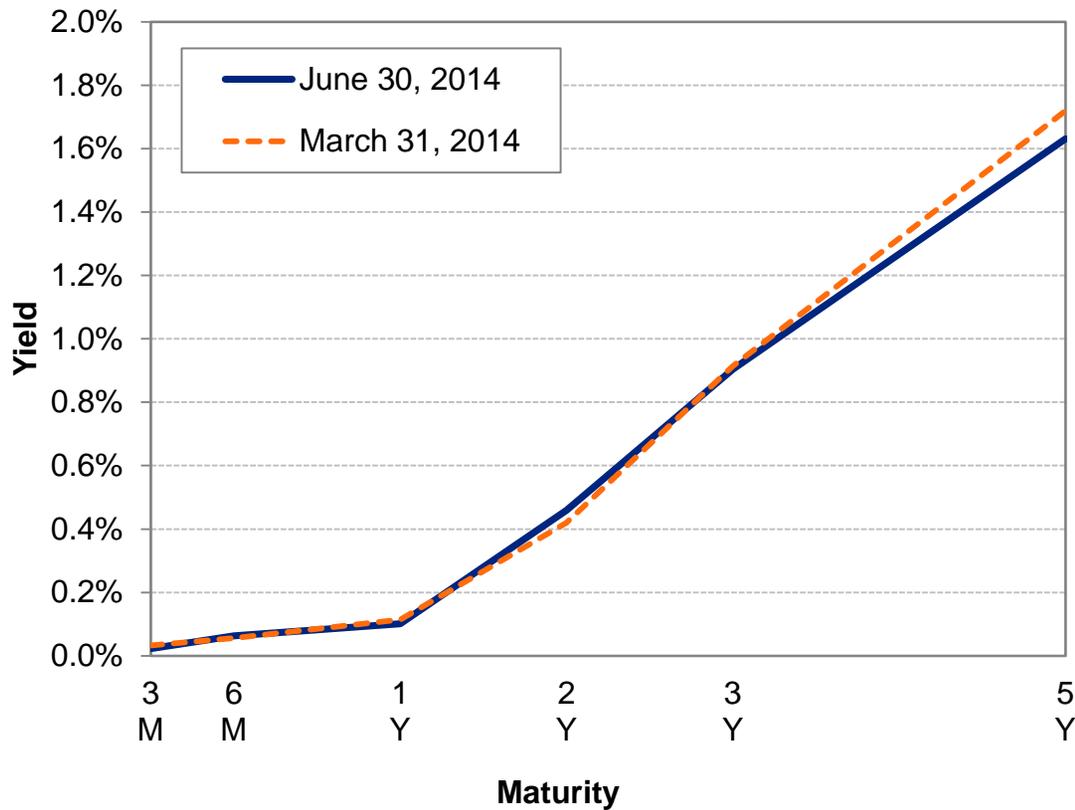
Market Reaction

- Treasury prices rose during the second quarter, marking two consecutive quarters of price rallies—a pattern that has not occurred since 2012.
- The Treasury yield curve, however, flattened over the quarter as intermediate- and long-maturity bond prices led the rally. This flattening expresses the current investor outlook that the Fed tightening will be modest by historical standards and inflation will remain well-contained in coming years.

Yield Curve Remained Steep

- Long-term yields continued to provide a significant pick-up over short-term yields.

U.S. Treasury Yield Curve



	3/31/14	6/30/14
3 Month	0.03%	0.02%
6 Month	0.06%	0.06%
1 Year	0.11%	0.10%
2 Year	0.42%	0.46%
3 Year	0.91%	0.90%
5 Year	1.72%	1.63%

Strategy—An In-Depth Look

- Based on our positive macro view of the U.S. economy, our duration strategy remained defensive, preferring to manage the duration of the City's portfolio slightly shorter than benchmark's. Our goal was to add to duration only modestly when rates moved to the higher end of their recent trading ranges, and to defer purchases when rates were on the lower end.
 - This strategy resulted in a lower return than the benchmark for the quarter, but we believe it positions the portfolio well for the rising rate environment.
- The yield spread between U.S. Treasuries and Agencies of similar maturity remained at historically narrow levels. In fact, in some shorter maturities the spread was zero, or remarkably, negative.
 - Given narrow spreads, we favored Treasuries in all but select issues and maturities.
- We use quantitative analysis to identify the steepest part of the curve, which benefits most from “roll-down” return, and to measure the relative risk/reward of individual bonds.
 - For example, after generally avoiding callable agencies for much of the past 6 years, our analysis has begun to show value in certain callable structures.

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

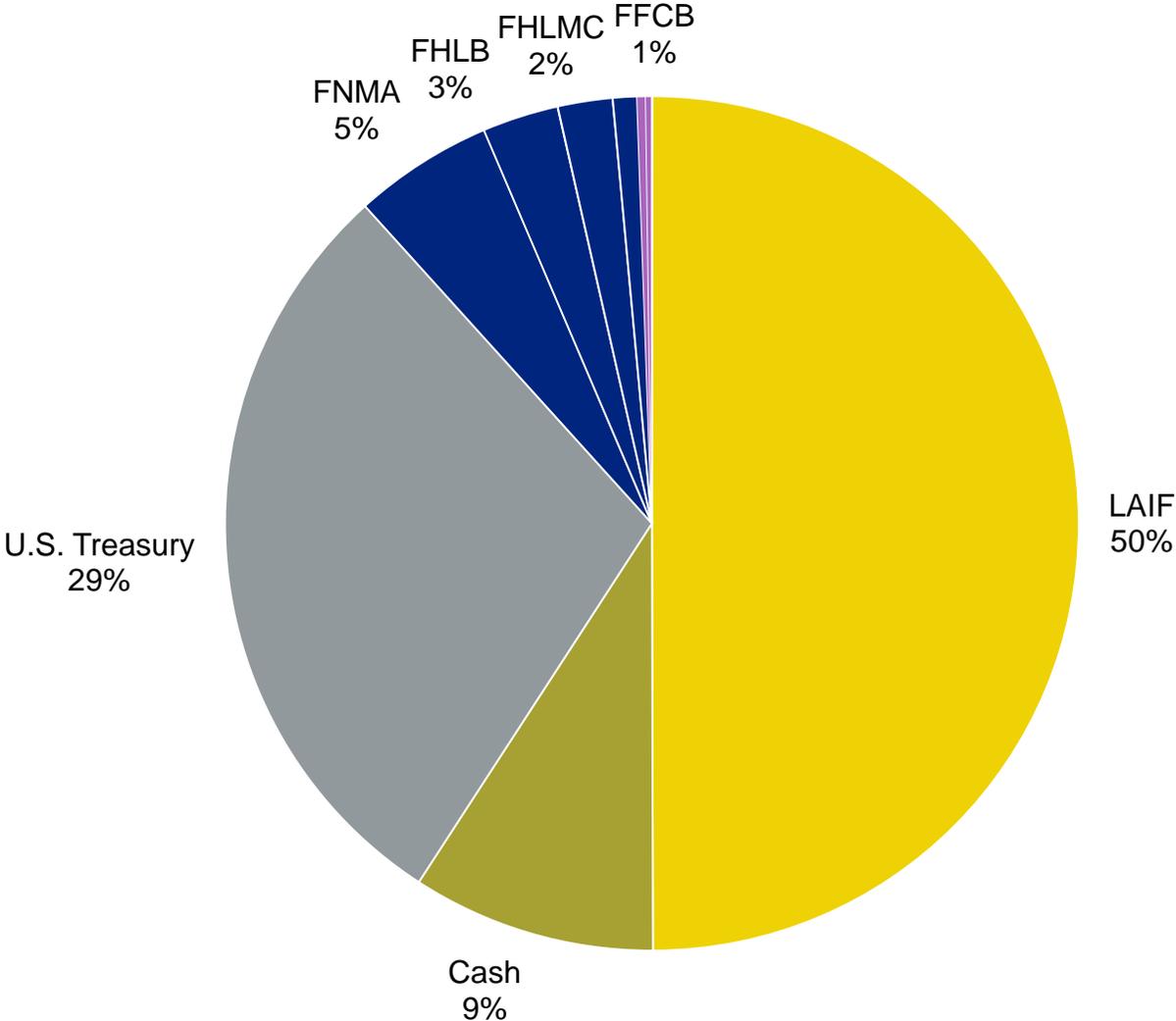
Security Type	Market Value 06/30/14	% of Portfolio	Change Since 03/31/14	% Permitted by Policy	In Compliance
U.S. Treasuries	\$58,380,652	29%	-1%	100%	✓
Federal Agencies	\$22,357,170	11%	-2%	100%	✓
<i>Non-Callable</i>	\$17,832,328	9%	-2%		
<i>Callable</i>	\$4,524,842	2%	0%		
Corporate Notes	\$1,336,692	0.7%	0%	30%	✓
Total Securities	\$82,074,514	41%			
LAIF	\$100,155,567	50%	2%	\$50 Million per Account ¹	✓
Cash Deposits	\$18,477,088	9%	1%	100%	✓
Total Liquidity	\$118,632,655	59%			
Total Investments	\$200,707,169	100%			

Numbers may not add to 100% due to rounding.

1. City maintains three separate LAIF accounts.

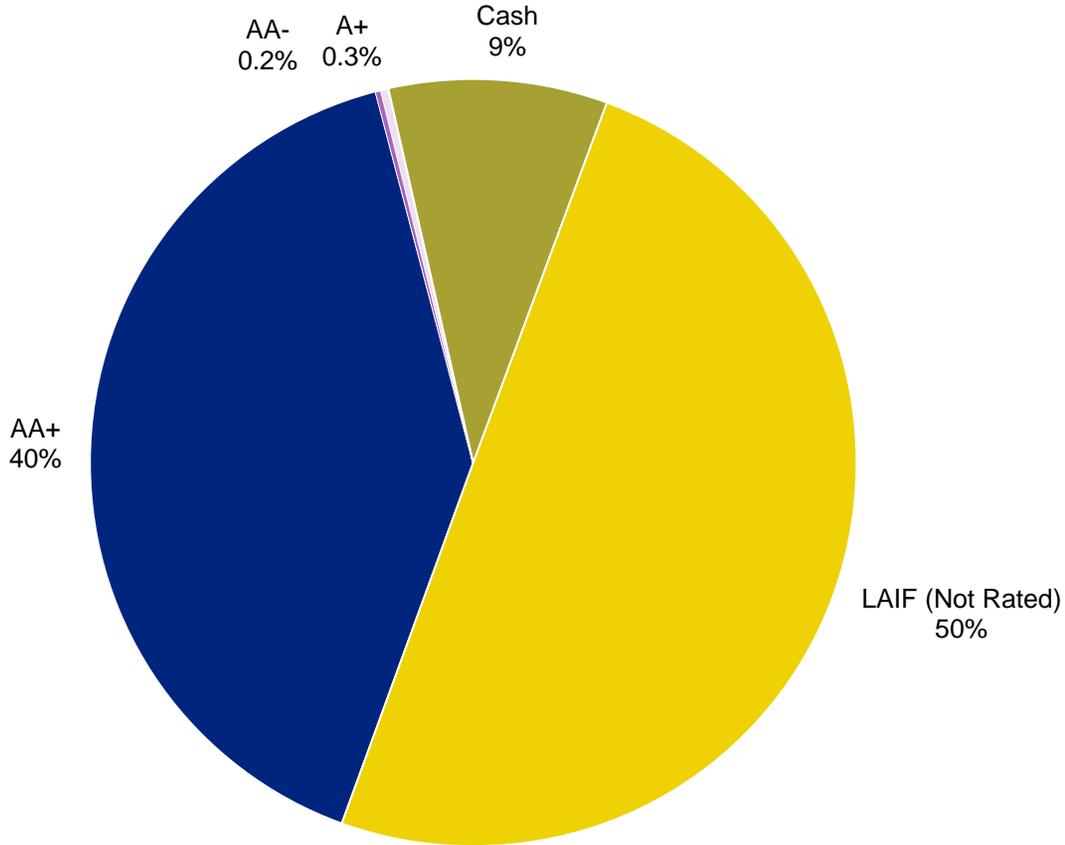
Portfolio Issuer Distribution

Corporate Issuers - 0.7%	
Wells Fargo	0.3%
Toyota	0.2%
Apple	0.1%



- As of June 30, 2014
- Numbers may not add to 100% due to rounding

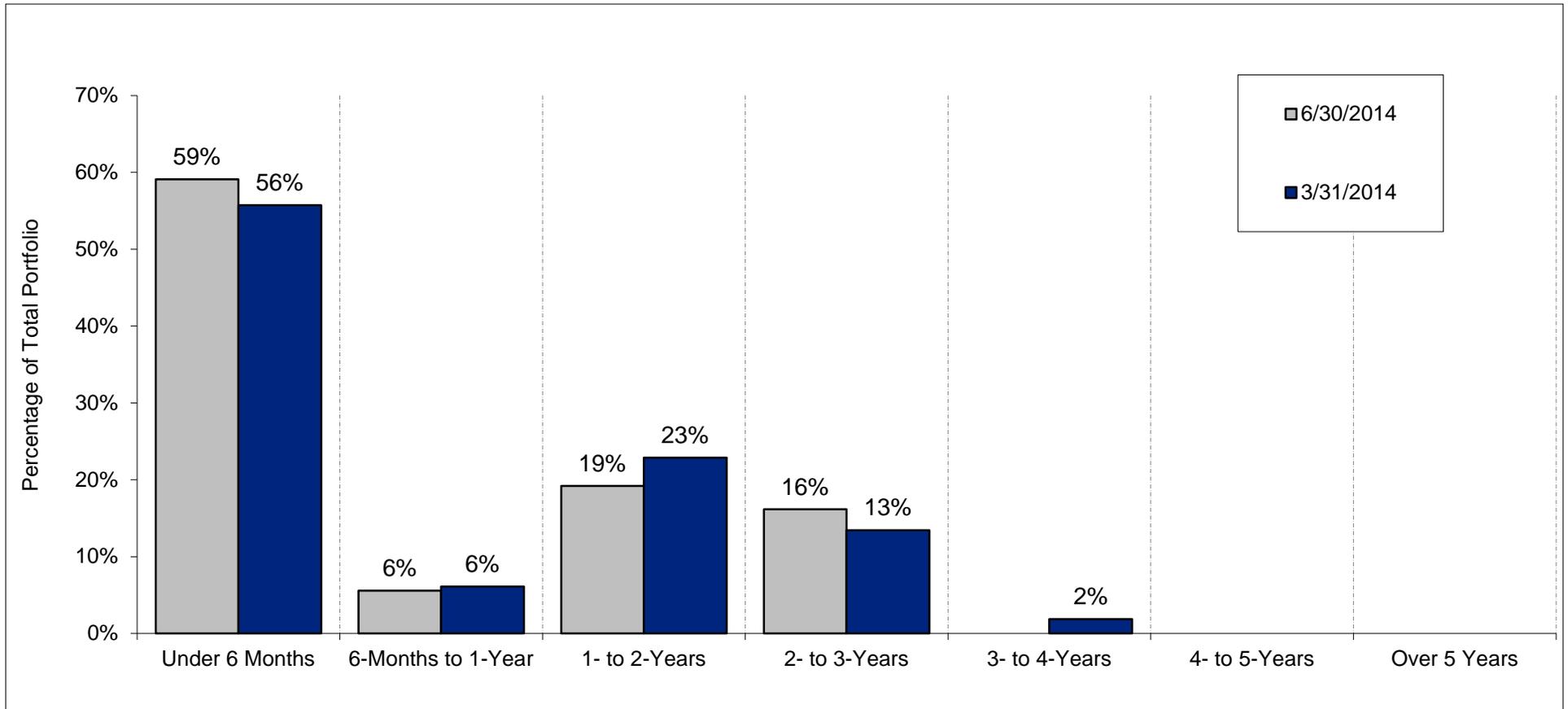
Portfolio Credit Distribution



- As of June 30, 2014
- Ratings by Standard & Poor's
- Numbers may not add to 100% due to rounding

Aggregate Portfolio Maturity Distribution

Portfolio Maturity Distribution



- Excludes 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.

Total Return

Total Return Period Ended June 30, 2014

	Duration	Periodic		Annualized	
		Past Quarter	Past Six Months	Past Year	Since Inception ⁵
City of Hayward ^{1,2,3,4}	1.69	0.25%	0.40%	0.71%	0.45%
Merrill Lynch 1-3 Year U.S. Treasury Index	1.85	0.27%	0.41%	0.76%	0.48%
LAIF ⁶	0.00	0.05%	0.11%	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.

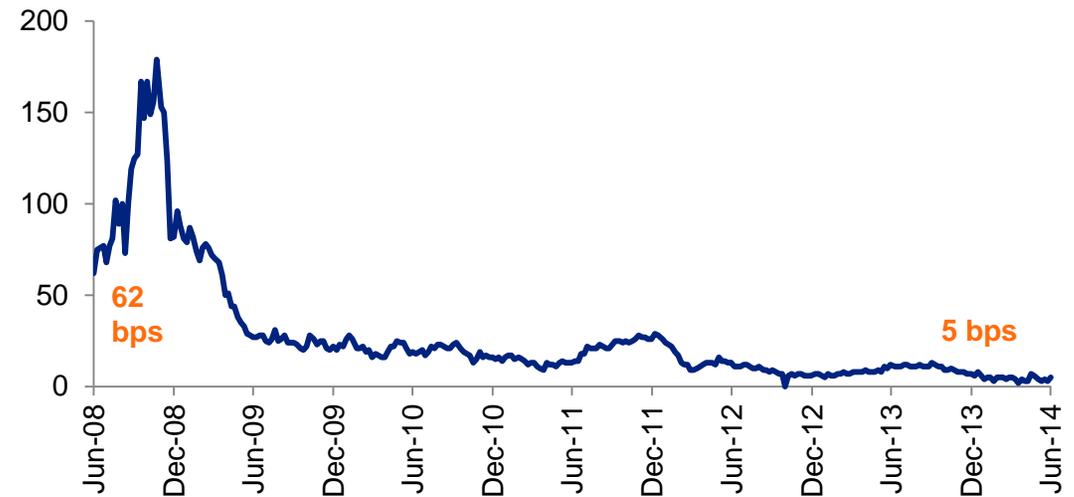
5. Inception date is 9/30/2012.

6. California State Treasurer LAIF website.

Utilizing Treasury Investments

- Our strategy favored U.S. Treasury securities.
- During the quarter Federal Agency spreads hovered near zero across the curve before widening a few basis points at the end of June.

1-5 Federal Agencies Spreads



Trade Type	Trade Date	Settle Date	Security Description	Maturity Date	Par Value (Millions)	Yield to Maturity*	Realized Gain/(Loss)
BUY	4/2/2014	4/4/2014	FHLB (Callable)	3/27/2017	\$0.81	1.25%	-
SELL	4/2/2014	4/4/2014	U.S. Treasury Notes	11/30/2015	\$0.80	0.33%	\$988
BUY	4/8/2014	4/11/2014	U.S. Treasury Notes	6/15/2016	\$0.16	0.51%	-
SELL	4/8/2014	4/11/2014	Apple Global Notes	5/3/2016	\$0.16	0.48%	\$91
BUY	5/6/2014	5/9/2014	U.S. Treasury Notes	11/30/2017	\$2.80	1.18%	-
SELL	5/6/2014	5/9/2014	FNMA Global Notes	12/19/2014	\$1.63	0.09%	\$3,039
SELL	5/6/2014	5/9/2014	U.S. Treasury Notes	11/15/2014	\$1.08	0.07%	\$707
BUY	6/2/2014	6/3/2014	U.S. Treasury Notes	5/31/2017	\$4.45	0.81%	-
BUY	6/2/2014	6/3/2014	U.S. Treasury Notes	5/31/2016	\$4.50	0.38%	-
SELL	6/2/2014	6/3/2014	FNMA Global Notes	12/19/2014	\$0.88	0.09%	\$1,464
SELL	6/2/2014	6/3/2014	U.S. Treasury Notes	2/28/2015	\$2.50	0.10%	\$4,613
SELL	6/2/2014	6/3/2014	U.S. Treasury Notes	2/28/2015	\$2.50	0.10%	\$2,744
SELL	6/2/2014	6/3/2014	U.S. Treasury Notes	11/30/2017	\$2.80	1.04%	\$12,871

Source: Bloomberg, Merrill Lynch. Spreads represented by ML 1-5 U.S. Treasury and Agency indices. *Yield to Maturity at Market

Utilizing Alternative Investments

- Callable federal agencies are another security type that offered value over traditional bullet Treasuries and Agencies during the past quarter.
- A callable agency was purchased with an attractive yield to call and to final maturity. On a total return basis, under almost all circumstances the callable agency will outperform the sold Treasury.

Trade Type	Trade Date	Settle Date	Security Description	Maturity Date	Call Date	Par Value	Yield to Maturity*	Yield to call
Buy	4/2/14	4/4/14	FHLB Callable Notes	3/27/17	3/27/15	810,000	1.25%	0.50%
Sell	4/2/14	4/4/14	U.S. Treasury Notes	11/30/15	-	800,000	0.33%	-

- The purchase has a final maturities of 3 years, is callable onetime only in one year, and carries a yield well above then current market yields:
 - 1-Year Treasury: 0.09%
 - 3-Year Treasury: 0.88%

A Recent Government Code Change

- AB 1933 amended § 53601 to permit investment in certain “supranationals.”
- Effective January 1, 2015
- 53601 (q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the **International Bank for Reconstruction and Development, International Finance Corporation**, or **Inter-American Development Bank**, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated “AA” or better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.
- § 16430(l) already permitted supranationals for LAIF.

What Are Supranationals?

- Multi-lateral international financial institutions.
- Member nations contribute capital and participating in management.
- Used to finance economic and infrastructure development, environmental protection, poverty reduction and renewable energy around the globe.
- Excellent credit quality because of:
 - Multi-national ownership and commitment
 - A long and successful operating history
 - Significant capital commitments from a diverse capital base
 - Conservative lending and risk management practices
 - Strong supervision and management

AAA Supranationals With U.S. as Shareholder

Name	Sr. Debt Rating S&P/Moody's/ Fitch	Year Founded Headquarters	Top 3 Shareholders	Mission/Purpose	US\$ Debt Outstanding*
Permitted					
International Bank for Reconstruction and Development (World Bank)	AAA/Aaa/AAA	1944 Washington D.C.	U.S. 15.9% Japan 8.9% China 5.7%	Reconstruction and poverty reduction through an inclusive and sustainable globalization.	\$79.1B
Inter-American Development Bank	AAA/Aaa	1959 Washington D.C.	U.S. 30.0% Argentina 10.8% Brazil 10.8%	Providing financing and expertise for sustainable economic, social, and institutional development in Latin America and the Caribbean.	\$40.6B
International Finance Corporation	AAA/Aaa/AAA	1956 Washington D.C.	U.S. 23.7% Japan 5.9% Germany 5.4%	Member of the World Bank Group, focused on the private sector in developing countries.	\$25.1B
Not Permitted					
European Bank for Reconstruction and Development	AAA/Aaa/AAA	1991 London, UK	U.S. 10.2% France 8.7% Germany 8.7%	Supports projects in central Europe, central Asia, and southern/eastern Mediterranean .	\$15.2B
Asian Development Bank	AAA/Aaa/AAA	1966 Philippines	Japan 15.6% U.S. 15.6% China 6.4%	Alleviate poverty and improve people's lives in Asia and the Pacific.	\$38.0B
African Development Bank	AAA/Aaa/AAA	1964 Ivory Coast**	Nigeria 9.3% U.S. 6.6% Japan 5.5%	To promote sustainable economic growth and reduce poverty in Africa.	\$6.5B

Source: PFMAM Perspectives – "Supranationals: A World of Opportunity", January 2014

Why Add Supranationals to Your Policy?

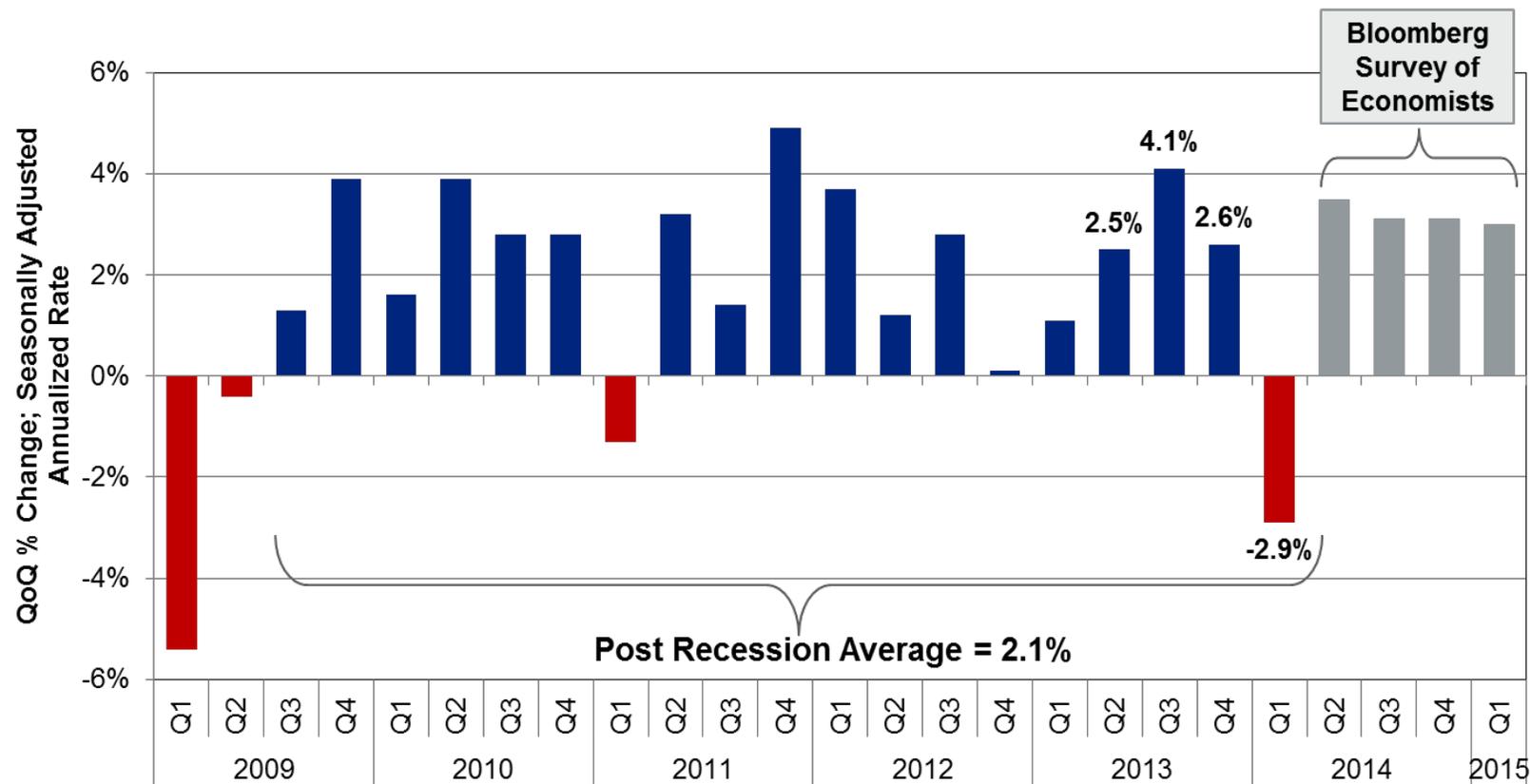
- Further diversification
- High-quality asset class (Permitted supras are AAA rated)
- Investment alternative to the shrinking supply of U.S. Agencies
- Availability in a wide range of maturities
- Periodic new issues
- Active secondary market with generally good liquidity (although less liquid than Agencies)
- Can provide a modest yield advantage over traditional U.S. Agencies (although the yield spreads are very issue/maturity specific)

Third Quarter 2014 Investment Strategy Themes

- In the third quarter of 2014, the Fed's monthly bond purchases will be less than half of what they were in the third quarter of 2013.
 - That reduction in demand and consequential rise in risk premium, along with continued improvement in the labor market, should nudge yields higher.
- Credit spreads should remain more or less stable as demand for high-quality investments exceeds supply. Since we do not expect spreads to widen, corporate notes remain an attractive option.
 - Any potential spread widening would likely be viewed as a buying opportunity rather than a reason to sell.
 - Conversely, further rallies may provide a chance to sell individual names and lock in profits.
- Economists expect economic growth in the second half of the year to be stronger than the first half of 2014.
 - Economists are uncertain about the pace of the recovery. Some economists expect a slow rebound from the -2.9% start to 2014, while others expect GDP to gain traction and reach or exceed 3.0%.
 - We believe that economic growth will speed up in the second half of 2014; therefore, we will stay defensively positioned because higher GDP growth could fuel rising rates.

Economy Contracted in First Quarter

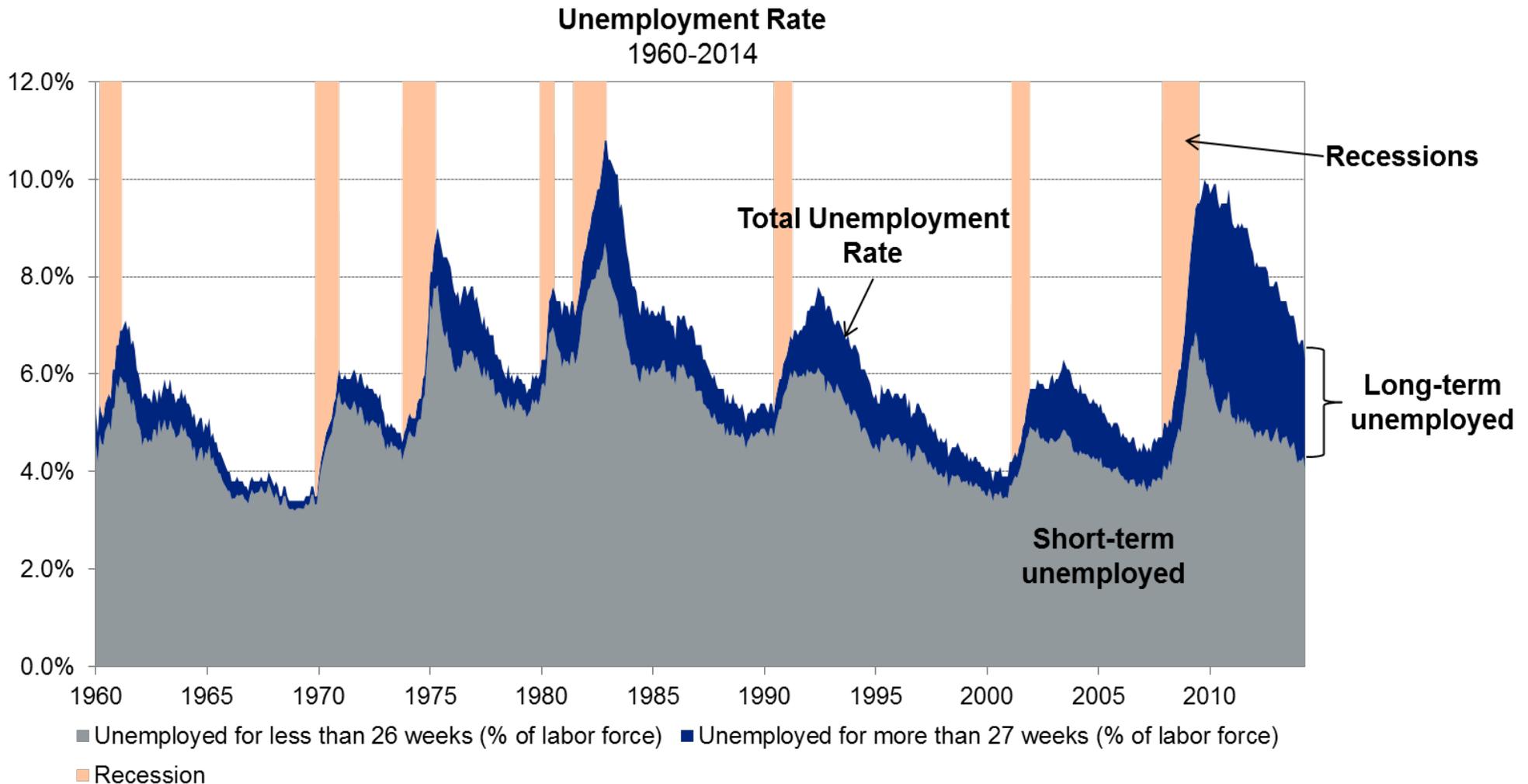
- The economy declined at a 2.9% rate in the first quarter—the first quarter of negative growth in 3 years.
 - This decline reflects a combination of reduced business inventories, a weak pace of healthcare spending, and adverse weather conditions.
- Economists expect second quarter GDP growth to be 3.5%.



Source: Bureau of Economic Analysis

Long-Term Unemployment Problem

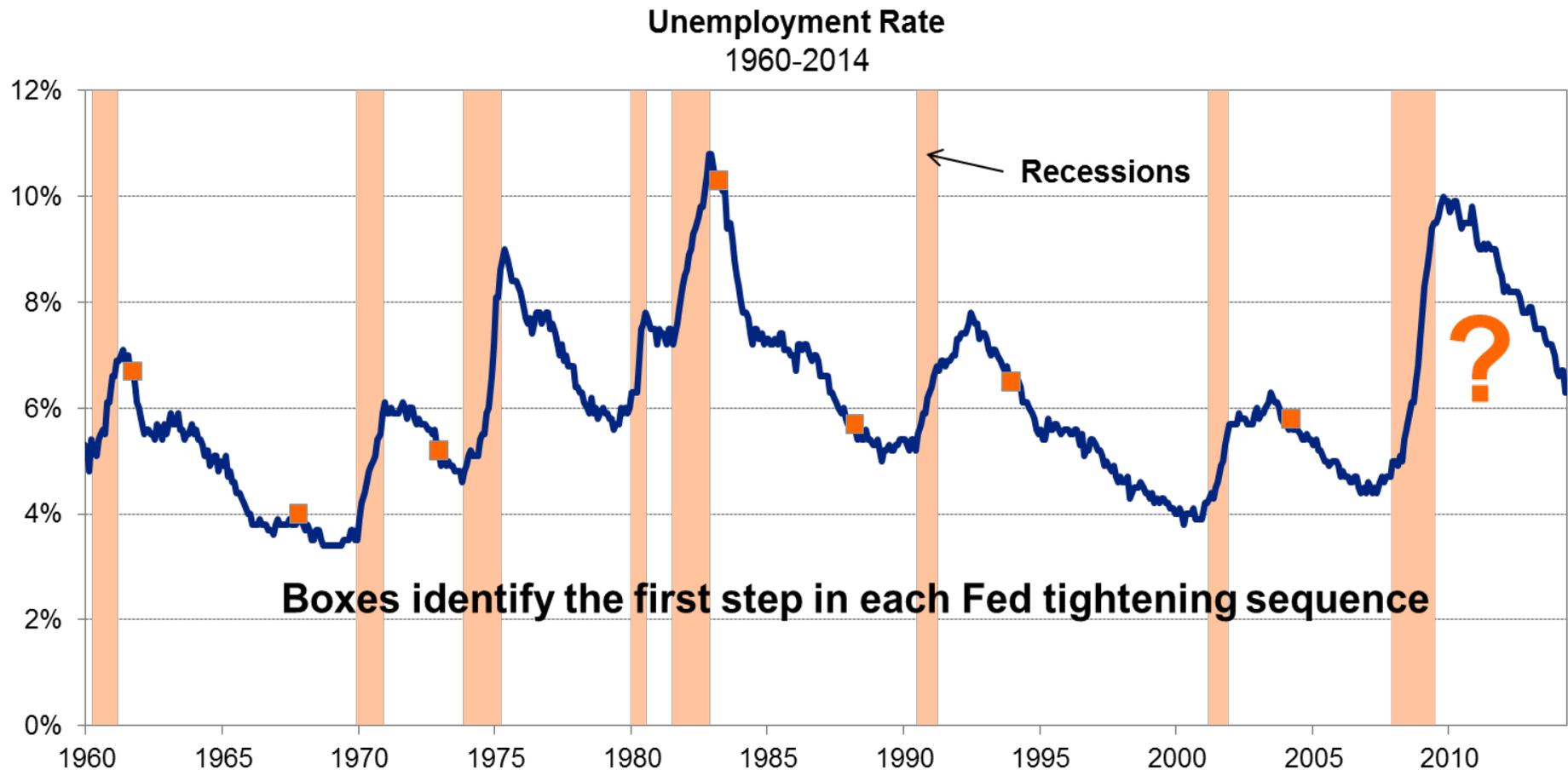
- While unemployment has fallen significantly over the past year, the proportion of long-term unemployed workers remains unusually high by historic standards.



Source: U.S. Department of Labor, Bloomberg. Updated through March 2014.

When Will Fed Respond to Falling Unemployment?

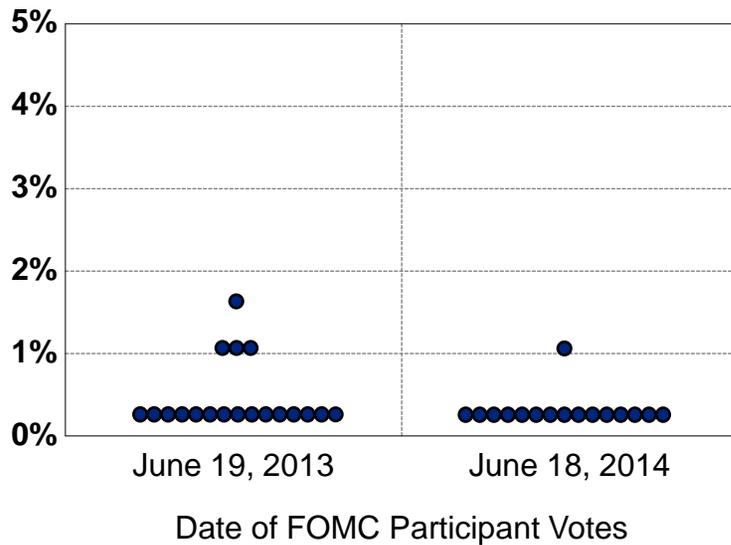
- In previous recessions, the FOMC began tightening monetary policy as the unemployment rate showed signs of recovery.
- While significant strides have been made, the Fed Funds rate remains at a targeted range of 0-0.25%.



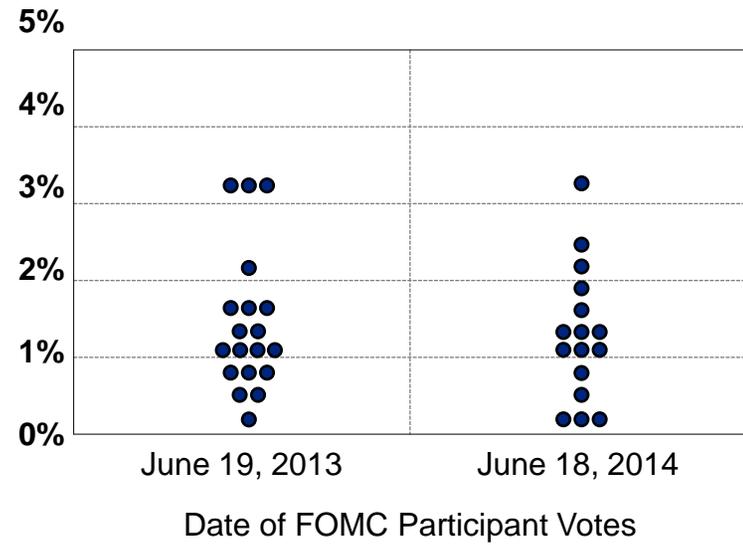
Source: Federal Reserve; Bloomberg. Vertical bars denote recessions and are designated by the NBER. Updated through April 2014.

FOMC Expectations for Federal Funds Rate Then vs. Now

Targeted Federal Funds Rate End of 2014



Targeted Federal Funds Rate End of 2015



● Individual FOMC participant's judgment of the appropriate level of the target federal funds rate at the end of the specified calendar year.
Source: Federal Reserve Open Market Committee.

Disclaimer

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Managed Account Detail of Securities Held

For the Month Ending **June 30, 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 03/01/2010 2.375% 02/28/2015	912828MR8	2,500,000.00	AA+	Aaa	07/22/13	07/22/13	2,585,449.22	0.24	19,845.45	2,535,401.75	2,537,792.50
US TREASURY NOTES DTD 06/01/2010 2.125% 05/31/2015	912828NF3	5,000,000.00	AA+	Aaa	07/22/13	07/22/13	5,169,140.63	0.30	8,999.32	5,083,442.70	5,090,625.00
US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	510,000.00	AA+	Aaa	07/09/12	07/09/12	531,017.58	0.39	3,722.86	517,465.29	518,805.66
US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	1,000,000.00	AA+	Aaa	08/22/12	08/23/12	1,039,609.38	0.39	7,299.72	1,014,654.05	1,017,266.00
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	560,000.00	AA+	Aaa	11/01/12	11/05/12	576,581.25	0.40	652.19	567,673.62	569,056.25
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	1,710,000.00	AA+	Aaa	09/19/13	09/24/13	1,745,869.92	0.41	1,991.50	1,733,291.91	1,737,653.91
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	1,725,000.00	AA+	Aaa	11/29/12	12/05/12	1,777,491.21	0.35	2,008.97	1,749,944.86	1,752,896.48
US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	5,000,000.00	AA+	Aaa	07/22/13	07/22/13	5,112,695.31	0.41	5,823.09	5,067,775.80	5,080,859.38
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	1,751.93	215,167.81	215,684.70
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	5,047.24	621,234.32	621,377.35
US TREASURY NOTES DTD 01/31/2014 0.375% 01/31/2016	912828B41	5,500,000.00	AA+	Aaa	02/04/14	02/07/14	5,507,089.84	0.31	8,603.25	5,505,669.46	5,507,947.50
US TREASURY NOTES DTD 05/02/2011 2.000% 04/30/2016	912828OF0	260,000.00	AA+	Aaa	03/27/13	03/28/13	272,939.06	0.38	876.09	267,684.49	267,657.78
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	1,429.30	4,499,323.83	4,495,959.00
US TREASURY NOTES DTD 06/17/2013 0.500% 06/15/2016	912828VG2	160,000.00	AA+	Aaa	04/08/14	04/11/14	159,981.25	0.51	34.97	159,983.26	160,200.00



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2014**

CITY OF HAYWARD

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U.S. Treasury Bond / Note											
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	19.87	237,694.14	237,498.05
US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	900,000.00	AA+	Aaa	05/10/13	05/15/13	979,453.13	0.41	79.48	950,865.18	949,992.19
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	145.72	1,741,976.36	1,741,652.34
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	203.13	2,424,337.03	2,427,757.81
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	31,284.53	5,091,309.95	5,103,905.00
US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	3,475,000.00	AA+	Aaa	02/27/14	03/03/14	3,518,844.73	0.49	11,614.81	3,513,135.38	3,510,834.20
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	2,223.36	3,018,238.86	3,018,515.63
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	2,797.73	3,802,331.00	3,798,298.83
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	8,672.13	3,457,229.20	3,470,486.10
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	2,355.70	4,425,941.25	4,420,447.55

Security Type Sub-Total		57,465,000.00					58,695,923.27	0.49	127,482.34	58,201,771.50	58,253,169.21
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Federal Agency Bond / Note											
FANNIE MAE GLOBAL NOTES DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	2,500,000.00	AA+	Aaa	07/09/12	07/09/12	2,503,375.00	0.45	1,180.56	2,501,065.03	2,506,895.00
FEDERAL HOME LOAN BANK BONDS DTD 05/08/2012 0.500% 06/12/2015	313379ER6	970,000.00	AA+	Aaa	01/23/14	01/29/14	973,245.62	0.26	255.97	972,246.29	972,475.44
FEDERAL FARM CREDIT BANK BONDS DTD 02/14/2014 0.200% 08/14/2015	3133EDFC1	1,850,000.00	AA+	Aaa	02/12/14	02/14/14	1,847,786.20	0.28	1,408.06	1,848,347.06	1,850,196.10



Managed Account Detail of Securities Held

For the Month Ending **June 30, 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											
FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	2,100,000.00	AA+	Aaa	07/30/12	07/31/12	2,102,450.70	0.46	3,529.17	2,100,928.35	2,107,209.30
FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 08/09/2013 0.375% 08/28/2015	313383V81	2,310,000.00	AA+	Aaa	08/08/13	08/09/13	2,309,907.60	0.38	2,911.56	2,309,947.47	2,315,003.46
FREDDIE MAC GLOBAL NOTES (CALLABLE) DTD 11/13/2013 0.400% 11/13/2015	3134G4KC1	2,050,000.00	AA+	Aaa	11/08/13	11/13/13	2,050,000.00	0.40	1,093.33	2,050,000.00	2,051,594.90
FHLB (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	1,649,629.08	1,650,207.90
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	839,462.37	841,431.36
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	4,992,086.75	5,008,520.00
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	2,198,527.26	2,206,907.25
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	816,710.77	818,492.04
Security Type Sub-Total		22,255,000.00					22,288,319.17	0.51	28,237.27	22,278,950.43	22,328,932.75
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	234,738.52	234,500.16
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	449,884.00	452,478.60
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	639,573.18	645,525.12
Security Type Sub-Total		1,325,000.00					1,323,775.75	0.99	4,188.16	1,324,195.70	1,332,503.88
Managed Account Sub-Total		81,045,000.00					82,308,018.19	0.50	159,907.77	81,804,917.63	81,914,605.84



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2014**

CITY OF HAYWARD

Securities Sub-Total	\$81,045,000.00	\$82,308,018.19	0.50%	\$159,907.77	\$81,804,917.63	\$81,914,605.84
Accrued Interest						\$159,907.77
Total Investments						\$82,074,513.61



**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**



2014 LAIF Conference Registration

PMIA Performance Report

LAIF Performance Report

Quarter Ending 06/30/14

Apportionment Rate: 0.22%
 Earnings Ratio: .00000606145493377
 Fair Value Factor: 1.00029875
 Daily: 0.23%
 Quarter To Date: 0.23%
 Average Life: 232

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
08/07/14	0.26	0.25	255
08/08/14	0.26	0.25	257
08/09/14	0.26	0.25	257
08/10/14	0.26	0.25	257
08/11/14	0.26	0.25	254
08/12/14	0.26	0.25	253
08/13/14	0.26	0.25	252
08/14/14	0.26	0.25	251
08/15/14	0.26	0.25	250
08/16/14	0.26	0.25	250
08/17/14	0.26	0.25	250
08/18/14	0.26	0.25	248
08/19/14	0.26	0.25	246
08/20/14	0.26	0.25	243

PMIA Average Monthly Effective Yields

JUL 2014 0.244%
 JUN 2014 0.228%
 MAY 2014 0.228%

*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account
Portfolio Composition
\$57.6 Billion
07/31/14**

