

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

C-14

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November 13, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file Investment Report for Quarter Ending September 30, 2007.
(Citywide)

DISCUSSION

The Department of Financial Management, City Treasurer's Office, invests City funds in compliance with the California Government Code, Section 53600 et seq., and the City's Investment Policy. As of September 30, 2007, these funds had a market value of approximately \$1.67 billion, with \$546.63 million, or 32 percent, maturing within six months, ensuring sufficient funds are available to meet the City's budgeted expenditure requirements during this time period.

Compliance

All investment transactions have been executed in conformance with the City's Investment Policy and the California Government Code. According to the California Government Code, the maturity term of all investments is limited to a maximum of five years unless the local agency legislative body gives prior approval to exceed this limitation. The City's Investment Policy currently requires that all funds invested in the City's investment pool not exceed a weighted average maturity of three years. In addition, the Investment Advisory Committee, composed of a representative from the City Manager's office, Assistant City Auditor, Assistant City Attorney, Director of Financial Management, City Treasurer, City Controller, the Financial Officers of the Harbor, Water and Community Development Departments, meets quarterly or as needed to review investment policies, strategies and performance.

Rating Section

As of September 30, the City's investment holdings carry the highest credit rating of AAA and the lowest volatility rating of S1 by the Standard & Poor's rating agency.

Investment Performance

The City Treasurer's Office invests in a variety of fixed-income securities that vary in maturity from one day to five years (excluding the Health SAVRS loan) as authorized by the City's Investment Policy and the California Government Code. The City's adopted 2007 Investment Policy divides the City's investment portfolio into a short-term and a long-term portfolio whose benchmarks are the 3-Month Treasury Bill and the Merrill Lynch One-to-Three Year Treasury/Agency Index, respectively. Both of these indices are market indices that change daily. Actual returns can vary depending on book yields and security sales or calls before the final maturity date.

At September 30, 2007, the City's investment pool market yield was 4.71 percent compared to 4.59 percent at June 30, 2007. The following table summarizes Investment Pool market yield performance for the quarter ending September 30, 2007:

Portfolio Funds	Amount of Funds	Quarter End Values		
		Benchmark Return	Weighted Avg Maturity*	Month end Yield**
Short-Term Investment Pool	\$ 624,857,073	3.80 percent	1.40 years	5.22 percent
Long-Term Investment Pool	\$ 1,043,887,138	4.12 percent	1.99 years	4.40 percent
Total Investment Pool	\$ 1,668,744,211	4.00 percent	1.77 years	4.71 percent

* Weighted Average Maturity assumes securities are not called or sold prior to the actual maturity date. ** Market Yield of Portfolio

The following table summarizes the purchase yield of the new investments vs. the average Benchmark Yield in the short-term portfolio by month for the quarter ending September 30, 2007:

SHORT-TERM PORTFOLIO

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark
JULY 2007			NO ACTIVITY	
AUGUST 2007	\$ 29,435,000	4.36 percent	5.80 percent	1.91 percent
SEPTEMBER 2007	\$ 25,000,000	3.99 percent	5.38 percent	1.39 percent
Total Invested Funds *	\$ 54,435,000	4.19 percent	5.61 percent	1.42 percent

* 91-Day T-Bill and other returns listed are weighted averages for the period. Excludes overnight and short-term investments under 30 days. **Book Yields stated to maturity assume the securities are not called or sold prior to the maturity date.

The following table summarizes the purchase yield of the City's new investments vs. the weighted average Benchmark Yield in the long-term portfolio by month for the quarter ending September 30, 2007:

LONG-TERM PORTFOLIO

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark
JULY 2007	\$ 17,045,000	4.96 percent	5.23 percent	0.27 percent
AUGUST 2007	\$ 32,972,000	4.51 percent	5.03 percent	0.52 percent
SEPTEMBER 2007	\$ 37,729,000	4.22 percent	4.77 percent	0.55 percent
Total Invested Funds *	\$ 87,746,000	4.47 percent	4.96 percent	0.49 percent

* Merrill Lynch One-to-Three Year Treasury/Agency Index and other returns listed are weighted averages for the period.

**Yields are stated to maturity and assume the securities are not called or sold prior to the maturity date.

A complete listing of investment balances, portfolio distribution and performance values can be found in Attachment A.

The City's investment pool consists of all City funds except Subsidence, certain bond proceeds, and special assessment district proceeds. The non-pooled investments are invested separately in accordance with bond indenture provisions or other legal requirements.

Short-Term Investment Strategy

The City has adopted an investment strategy for the short-term portfolio that maintains sufficient liquidity within a rolling 12-month period to continue to satisfy the City's cash needs.

Long-Term Investment Strategy

The City will continue to weigh new instruments at the 18-month to 30-month part of the yield curve in order to meet or exceed the benchmark yield and duration.

The City Treasurer's Office continues to monitor market conditions and market spreads daily in order to take advantage of opportunities to enhance earnings, while at the same time maintaining safety of principal and adequate liquidity.

Cash Management Goals

The City's cash management goals are to maintain and preserve the safety of funds in custody and provide liquidity for anticipated expenditure needs.

This matter was reviewed by Assistant City Attorney Heather A. Mahood, and Budget Management Officer Victoria Bell and the City's Investment Advisory Committee on November 2, 2007.

TIMING CONSIDERATIONS

This item is not time critical.

FISCAL IMPACT

There is no fiscal impact associated with this action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

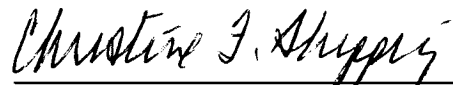


LORI ANN FARRELL
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 9/30/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
CASH & EQUIVALENTS									
Bank Deposits	NA	Total	23,671,505	23,671,505	23,671,505	25,322	1.0	4.11%	0.00
Money Market Funds	NA	Total	60,000	60,000	60,000	23	1.0	1.50%	0.00
L.A.I.F.	NA	Total	137,824,033	137,824,033	137,824,033	186,893	1.0	5.20%	0.00
CASH & EQUIVALENTS		TOTAL	161,555,538	161,555,538	161,555,538	212,239	1.0	5.04%	0.00

POOLED INVESTMENTS (SHORT)

Bankers Acceptances - Discount		Total	-	-	-	-	-	0.00%	-
BEAR STEARNS COS INC 0.00 01OCT2007	A-1	07389BX14	20,000,000.00	19,832,991.67	19,821,435.67	167,008.33	10/1/07	5.54%	0.01
BEAR STEARNS COS INC 0.00 10OCT2007	A-1	07389BXA4	51,000,000.00	50,815,478.34	50,791,350.54	115,176.66	10/10/07	5.46%	0.03
BEAR STEARNS COS INC 0.00 30OCT2007	A-1	07389BXW6	10,000,000.00	9,934,544.44	9,932,416.89	21,311.11	10/30/07	5.52%	0.09
TOYOTA MTR CR CORP D 0.00 10OCT2007	A-1+	89233HXA7	10,000,000.00	9,728,886.11	9,723,658.11	258,338.89	10/10/07	5.26%	0.03
UBS FIN DEL LLC DISC 0.00 01OCT2007	A-1+	90262DX18	45,000,000.00	44,616,362.50	44,590,811.50	383,637.50	10/1/07	5.34%	0.01
Commercial Paper - Discount		Total	136,000,000	134,928,263	134,859,673	945,472.49	7.2	5.42%	0.02
FEDERAL FARM CR BKS 5.5 25OCT2007	GOVT	31331VS23	5,000,000.00	5,000,000.00	5,001,562.50	119,166.65	10/25/07	5.50%	0.07
FEDERAL FARM CR BKS C 5.4 27SEP2012	GOVT	31331X5H1	5,000,000.00	5,000,000.00	5,006,250.00	3,000.00	9/27/12	5.39%	1.29
FEDERAL HOME LN MTG C 3.5 01APR2008	GOVT	3128X03N7	5,000,000.00	4,900,800.00	4,965,625.00	87,500.00	4/1/08	3.52%	0.49
FEDERAL HOME LN MTG 3.250 NOV 02 07	GOVT	3128X3H55	1,000,000.00	971,779.00	998,500.00	13,451.38	11/2/07	3.25%	0.09
FEDERAL HOME LN MTG C 5.0 23JUL2008	GOVT	3128X4YE5	5,000,000.00	4,988,750.00	5,011,500.00	47,222.20	7/23/08	4.99%	0.79
FEDERAL HOME LN MTG 5.5 01MAY2012	GOVT	3128X54V7	10,000,000.00	9,996,875.00	10,052,200.00	229,166.60	5/1/12	5.47%	1.07
FEDERAL HOME LN MTG 5.65 14FEB2012	GOVT	3128X5C22	8,000,000.00	7,998,750.00	8,012,320.00	59,011.04	2/14/12	5.64%	1.15
FEDERAL HOME LN MTG C 5.5 16FEB2010	GOVT	3128X5F78	10,000,000.00	10,000,000.00	10,012,800.00	68,750.00	2/26/10	5.49%	0.84
FEDERAL HOME LN MTG 5.25 06OCT2011	GOVT	3128X5LP1	5,000,000.00	4,992,700.00	5,034,450.00	127,604.15	10/6/11	5.21%	1.54
FEDERAL HOME LN MTG C 5.4 17APR2009	GOVT	3128X5Z84	7,000,000.00	7,000,000.00	7,002,800.00	172,200.00	4/17/09	5.40%	0.42
FEDERAL HOME LN MTG C 5.7 12JUN2012	GOVT	3128X6BP0	17,000,000.00	16,972,000.00	17,131,750.00	293,391.61	6/12/12	5.66%	1.09
FEDERAL HOME LN BKS 3.5 15NOV2007	GOVT	3133MTQB7	2,500,000.00	2,435,950.00	2,495,312.50	33,055.55	11/15/07	3.51%	0.13
FEDERAL HOME LN BKS 3.0 19OCT2007	GOVT	3133X5JS8	3,725,000.00	3,628,895.00	3,721,507.81	50,287.50	10/19/07	3.00%	0.06

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 9/30/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
FEDERAL HOME LN BKS 3.375 05OCT2007	GOVT	3133X8X56	11,595,000.00	11,420,456.15	11,591,376.56	188,056.41	10/5/07	3.38%	0.02
FEDERAL HOME LN BKS 4.125 26OCT2007	GOVT	3133XCE25	5,000,000.00	4,957,075.00	4,996,875.00	37,239.55	10/26/07	4.13%	0.08
FEDERAL HOME LN BKS 4.5 12OCT2007	GOVT	3133XDGC9	3,665,000.00	3,632,601.40	3,663,854.69	77,423.13	10/12/07	4.50%	0.04
FEDERAL HOME LN BKS 4.625 24OCT2007	GOVT	3133XDL82	5,000,000.00	4,962,250.00	4,998,437.50	100,850.65	10/24/07	4.63%	0.07
FEDERAL HOME LN BKS 4.9 21NOV2007	GOVT	3133XDTW1	5,000,000.00	4,960,300.00	5,000,000.00	88,472.20	11/21/07	4.90%	0.14
FEDERAL HOME LN BKS 4.9 24JUL2008	GOVT	3133XEEH8	6,000,000.00	5,978,040.00	6,009,375.00	54,716.64	7/24/08	4.89%	0.79
FEDERAL HOME LN BKS 5.250 OCT 03 07	GOVT	3133XF2C9	5,000,000.00	4,997,500.00	5,000,000.00	129,791.65	10/3/07	5.25%	0.01
FEDERAL HOME LN BKS 5.25 16OCT2008	GOVT	3133XH6X5	5,000,000.00	4,994,140.63	5,000,000.00	120,312.50	10/16/08	5.25%	0.29
FEDERAL HOME LN BKS 5.5 30NOV2010	GOVT	3133XHUW0	5,000,000.00	5,000,000.00	5,000,000.00	92,430.55	11/30/10	5.50%	0.73
FEDERAL HOME LN BKS 5.5 26JAN2010	GOVT	3133XJHL5	7,000,000.00	7,000,000.00	7,004,375.00	69,513.85	1/26/10	5.50%	0.83
FEDERAL HOME LN BKS 5.6 09JAN2012	GOVT	3133XJKW7	3,970,000.00	3,959,082.50	3,971,240.63	50,639.53	1/9/12	5.60%	1.12
FEDERAL HOME LN BKS 5.6 15FEB2012	GOVT	3133XJQ84	10,000,000.00	9,996,875.00	10,000,000.00	71,555.50	2/15/12	5.60%	0.25
FEDERAL HOME LN BKS 5.7 17MAY2012	GOVT	3133XKQP3	10,000,000.00	9,991,000.00	10,015,625.00	212,166.60	5/17/12	5.69%	0.82
FEDERAL HOME LN BKS 5.5 21MAY2009	GOVT	3133XKVD4	10,000,000.00	10,000,000.00	10,006,250.00	198,611.10	5/21/09	5.50%	0.55
FEDERAL HOME LN BKS 5.3 29MAY2009	GOVT	3133XKXG5	7,000,000.00	7,000,000.00	7,008,750.00	125,727.77	5/29/09	5.29%	0.54
FEDERAL HOME LN BKS 5.5 07SEP2010	GOVT	3133XM4M0	10,000,000.00	10,000,000.00	10,018,750.00	36,666.60	9/7/10	5.49%	0.94
FEDERAL HOME LN BKS 5.75 27AUG2012	GOVT	3133XM5S6	4,500,000.00	4,500,000.00	4,522,500.00	24,437.48	8/27/12	5.72%	0.90
FEDERAL NATL MTG ASS 5.34 27NOV2009	GOVT	31359M2F9	5,000,000.00	5,000,000.00	5,006,250.00	91,966.65	11/27/09	5.33%	0.68
FEDERAL NATL MTG ASS 5.05 28DEC2009	GOVT	31359M2U6	7,000,000.00	6,984,740.00	7,013,125.00	94,937.50	12/28/09	5.04%	0.67
FEDERAL NATL MTG ASS 5.375 01FEB2010	GOVT	31359M4Q3	7,000,000.00	6,998,250.00	7,019,687.50	62,708.31	2/1/10	5.36%	0.64
FEDERAL NATL MTG ASSN 5.7 20APR2012	GOVT	31359M7L1	7,000,000.00	7,000,000.00	7,004,375.00	178,441.62	4/20/12	5.70%	0.75
FEDERAL NATL MTG ASS 4.2 16JUN2008	GOVT	31359MD26	5,000,000.00	4,932,800.00	4,978,125.00	61,250.00	6/16/08	4.22%	0.69
FEDERAL NATL MTG ASSN 5.3 22FEB2011	GOVT	31359MH48	5,000,000.00	4,932,500.00	5,014,062.50	28,708.30	2/22/11	5.29%	0.97
FEDERAL NATL MTG ASSN 5.1 22FEB2008	GOVT	31359MH71	5,000,000.00	4,984,375.00	5,003,125.00	27,625.00	2/22/08	5.10%	0.39
FEDERAL NATL MTG ASSN 5.2 08NOV2010	GOVT	31359MZJ5	5,000,000.00	4,983,593.75	5,003,125.00	103,277.75	11/8/10	5.20%	1.05
FEDERAL NATL MTG ASS 4.125 04AUG2008	GOVT	3136F6WK1	5,000,000.00	4,907,350.00	4,976,562.50	32,656.25	8/4/08	4.14%	0.71
FEDERAL NATL MTG ASS 5.625 20OCT2011	GOVT	3136F73W5	5,000,000.00	5,000,000.00	5,001,562.50	125,781.25	10/20/11	5.62%	0.48
FEDERAL NATL MTG ASS 5.55 15NOV2011	GOVT	3136F75S2	5,000,000.00	5,000,000.00	5,006,250.00	104,833.30	11/15/11	5.54%	0.79
FEDERAL NATL MTG ASS 5.16 24FEB2011	GOVT	3136F7UX3	5,000,000.00	4,939,800.00	5,042,187.50	26,516.65	2/24/11	5.12%	1.83
FEDERAL NATL MTG ASS 5.5 15DEC2010	GOVT	3136F8BM6	7,000,000.00	6,992,343.75	7,015,312.50	113,361.08	12/15/10	5.49%	0.73
FEDERAL NATL MTG ASS 5.55 29DEC2010	GOVT	3136F8BV6	7,000,000.00	7,006,212.50	7,017,500.00	99,283.31	12/29/10	5.54%	0.95
FEDERAL NATL MTG ASSN 5.5 21MAR2012	GOVT	3136F8HT5	10,000,000.00	10,000,000.00	10,040,625.00	15,277.70	3/21/12	5.48%	1.06
FEDERAL NATL MTG ASS 5.4 29MAR2010	GOVT	3136F8JL0	10,000,000.00	10,000,000.00	10,021,875.00	3,000.00	3/29/10	5.39%	0.52
FEDERAL NATL MTG ASSN 6.0 03JUL2012	GOVT	3136F8PPR0	5,000,000.00	5,000,000.00	5,000,000.00	73,333.30	7/3/12	6.00%	1.08
FEDERAL NATL MTG ASSN 6.0 15AUG2012	GOVT	31398AFN7	15,000,000.00	15,000,000.00	15,028,125.00	114,999.90	8/15/12	5.99%	1.19
U.S. Agencies		Total	317,955,000	316,897,785	318,445,862	4,340,376	994.7	5.22%	0.72

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 9/30/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
U.S. Treasuries		Total	-	-	-	-	-	0.00%	-
TOYOTA MTR CR CORP M 5.35 01FEB2008	AAA	89233PC20	10,000,000.00	10,000,000.00	9,996,000.00	89,166.60	2/1/08	5.35%	0.33
Corporate Notes		Total	10,000,000	10,000,000	9,996,000	89,167	124.0	5.35%	0.33
POOLED INVESTMENTS (SHORT)		TOTAL	463,955,000	461,826,048	463,301,535	5,375,015	689.8	5.28%	0.51
SHORT TERM FUNDS		TOTAL	625,510,538	623,381,586	624,857,073	5,587,254	513.0	5.22%	0.38
POOLED INVESTMENTS (LONG TERM)									
FEDERAL FARM CR BKS 3.65 03DEC2007	GOVT	31331QKV8	10,000,000	10,000,000.00	9,978,125.00	119,638.80	12/3/07	3.66%	0.18
FEDERAL FARM CR BKS C 4.3 11AUG2008	GOVT	31331S2S1	5,000,000	5,000,000.00	4,984,375.00	29,861.10	8/11/08	4.31%	0.84
FEDERAL FARM CR BKS C 3.7 27OCT2008	GOVT	31331SDZ3	5,000,000	4,959,375.00	4,954,687.50	79,138.85	10/27/08	3.73%	0.90
FEDERAL FARM CR BKS C 3.3 05NOV2008	GOVT	31331SFP3	10,000,000	9,790,000.00	9,868,750.00	133,833.30	11/5/08	3.34%	1.05
FEDERAL FARM CR BKS C 3.0 17DEC2007	GOVT	31331SGQ0	10,000,000	9,778,338.10	9,959,375.00	86,666.60	12/17/07	3.01%	0.21
FEDERAL FARM CR BKS C 3.7 29DEC2008	GOVT	31331SKS1	5,000,000	4,905,350.00	4,951,562.50	47,277.75	12/29/08	3.74%	1.20
FEDERAL FARM CR BKS 3.75 15JAN2009	GOVT	31331SNF6	11,990,000	11,852,016.00	11,877,593.75	94,920.75	1/15/09	3.41%	1.24
FEDERAL FARM CR BKS 4.125 17JUL2009	GOVT	31331SQ89	5,000,000	4,993,100.00	4,975,000.00	42,395.80	7/19/09	4.15%	1.71
FEDERAL FARM CR BKS 3.9 24FEB2009	GOVT	31331SQN6	5,000,000	4,918,603.36	4,960,937.50	20,041.65	2/24/09	3.93%	1.35
FEDERAL FARM CR BKS 3.93 02JUN2008	GOVT	31331SYP2	1,015,000	1,006,321.75	1,009,290.63	13,185.69	6/2/08	3.95%	0.65
FEDERAL FARM CR BKS 4.5 28JAN2008	GOVT	31331VEC6	5,000,000	4,978,650.00	4,992,187.50	39,375.00	1/28/08	4.51%	0.33
FEDERAL FARM CR BKS 5.25 22MAR2012	GOVT	31331XTG7	5,740,000	5,735,515.63	5,765,112.50	7,533.75	3/22/12	5.23%	1.66
FEDERAL HOME LN BKS 3.375 19DEC2008	GOVT	31339XC28	5,000,000	4,871,400.00	4,932,812.50	47,812.50	12/19/08	3.42%	1.07
FEDERAL HOME LN BKS 3.375 21JUL2008	GOVT	31339YV1	5,000,000	4,873,850.00	4,948,437.50	32,812.50	7/21/08	3.41%	0.79
FEDERAL HOME LN BKS 3.375 FEB 15 08	GOVT	3133MVZA4	5,000,000	4,886,650.00	4,970,312.50	21,562.50	2/15/08	3.40%	0.37
FEDERAL HOME LN BKS 3.75 15AUG2008	GOVT	3133X0LJ6	1,925,000	1,885,479.75	1,909,960.94	9,223.95	8/15/08	3.78%	0.85
FEDERAL HOME LN BKS 3.5 13FEB2009	GOVT	3133X3YY3	4,105,000	3,999,542.55	4,052,404.69	18,358.46	2/13/09	3.55%	1.32
FEDERAL HOME LN BKS 3.375 05OCT2007	GOVT	3133X8X56	5,000,000	4,883,500.00	4,998,437.50	81,093.75	10/5/07	3.38%	0.02
FEDERAL HOME LN BKS 3.250 DEC 17 07	GOVT	3133X9M49	5,000,000	4,905,450.00	4,982,812.50	46,944.40	12/17/07	3.26%	0.21
FEDERAL HOME LN BKS 4.0 10MAR2008	GOVT	3133XAT56	12,835,000	12,683,415.88	12,782,857.81	29,948.29	3/10/08	4.02%	0.44
FEDERAL HOME LN BKS 4.125 APR 18 08	GOVT	3133XBJQ9	5,000,000	4,937,415.20	4,979,687.50	93,385.40	4/18/08	4.14%	0.53
FEDERAL HOME LN BKS 4.25 16MAY2008	GOVT	3133XBSD8	8,510,000	8,419,028.10	8,480,746.88	135,628.13	5/16/08	4.26%	0.61
FEDERAL HOME LN BKS 4.0 14DEC2007	GOVT	3133XBUF0	5,000,000	4,974,200.00	4,990,625.00	59,444.40	12/14/07	4.01%	0.21
FEDERAL HOME LN BKS 4.375 14MAR2008	GOVT	3133XCUQ4	5,000,000	4,999,350.00	4,987,500.00	10,329.85	3/14/08	4.39%	0.45
FEDERAL HOME LN BKS 4.375 03OCT2008	GOVT	3133XDBY6	7,000,000	6,892,830.00	6,973,750.00	151,423.58	10/3/08	4.39%	0.67
FEDERAL HOME LN BKS 4.125 OCT 19 07	GOVT	3133XDCQ2	5,000,000	4,949,950.00	4,998,437.50	92,812.50	10/19/07	4.13%	0.06
FEDERAL HOME LN BKS 5.78 20JUN2011	GOVT	3133XFPF5	5,000,000	5,000,000.00	5,014,062.50	81,080.55	6/20/11	5.76%	0.76
FEDERAL HOME LN BKS 5.125 16APR2008	GOVT	3133XH3B6	7,000,000	6,995,100.00	7,008,750.00	164,427.06	4/16/08	5.12%	0.52
FEDERAL HOME LN BKS 5.45 17OCT2011	GOVT	3133XH4Q2	2,415,000	2,423,452.50	2,436,131.25	59,959.06	10/17/11	5.40%	1.49
FEDERAL HOME LN BKS 5.65 12OCT2011	GOVT	3133XH6K3	5,000,000	5,000,000.00	5,001,562.50	132,618.05	10/12/11	5.65%	0.68

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Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
FEDERAL HOME LN BKS 5.25 03NOV2009	GOVT	3133XHNL2	6,000,000	5,997,600.00	6,046,875.00	129,499.98	11/3/09	5.21%	1.21
FEDERAL HOME LN BKS 5.5 21NOV2011	GOVT	3133XHP89	5,000,000	5,022,000.00	5,050,000.00	99,305.55	11/21/11	5.45%	1.60
FEDERAL HOME LN BKS 5.33 03NOV2011	GOVT	3133XHPK2	12,000,000	12,024,850.00	12,093,750.00	262,946.64	11/3/11	5.29%	1.62
FEDERAL HOME LN BKS 5.45 21NOV2011	GOVT	3133XHV66	16,350,000	16,398,539.06	16,436,859.38	321,776.99	11/21/11	5.42%	1.09
FEDERAL HOME LN BKS 5.075 30DEC2009	GOVT	3133XJD47	5,000,000	5,000,000.00	5,015,625.00	64,142.35	12/30/09	5.06%	1.00
FEDERAL HOME LN BKS 5.25 23JAN2012	GOVT	3133XJLH9	8,000,000	7,968,000.00	8,055,000.00	79,333.28	1/23/12	5.21%	1.98
FEDERAL HOME LN BKS 5.45 09FEB2012	GOVT	3133XJSQ2	6,000,000	6,008,040.00	6,065,625.00	47,233.32	2/9/12	5.39%	1.89
FEDERAL HOME LN BKS 5.28 27APR2012	GOVT	3133XKEX9	4,330,000	4,320,474.00	4,353,003.13	97,800.24	4/27/12	5.25%	1.77
FEDERAL HOME LN BKS 5.25 30APR2010	GOVT	3133XKLR4	7,000,000	6,999,453.13	7,024,062.50	154,145.81	4/30/10	5.23%	0.82
FEDERAL HOME LN BKS 5.4 17MAY2010	GOVT	3133XKUB9	7,000,000	6,987,750.00	7,006,562.50	140,700.00	5/17/10	5.39%	0.64
FEDERAL HOME LN BKS 5.375 21MAY2012	GOVT	3133XKVM4	7,845,000	7,820,680.50	7,903,837.50	152,269.25	5/21/12	5.33%	1.80
FEDERAL HOME LN BKS 5.3 26MAY2009	GOVT	3133XKXG5	5,000,000	4,985,500.00	5,006,250.00	89,805.55	5/26/09	5.29%	0.54
FEDERAL HOME LN BKS 5.5 11JUN2009	GOVT	3133XL5X7	15,000,000	15,000,000.00	15,004,687.50	252,083.25	6/11/09	5.50%	0.65
FEDERAL HOME LN BKS 5.125 05AUG2009	GOVT	3133XLUM3	5,000,000	5,051,300.00	5,062,500.00	42,708.30	8/5/09	5.06%	1.74
FEDERAL HOME LN BKS 4.375 22OCT2010	GOVT	3133XMES6	7,000,000	6,976,270.00	6,984,687.50	8,506.89	10/22/10	4.38%	2.84
FEDERAL HOME LN MTG C 3.5 01APR2008	GOVT	3128X03N7	8,000,000	7,842,240.00	7,945,000.00	140,000.00	4/1/08	3.52%	0.49
FEDERAL HOME LN MTG 3.29 16JUN2009	GOVT	3128X1NB9	6,000,000	5,866,140.00	5,881,920.00	57,574.98	6/16/09	3.36%	1.47
FEDERAL HOME LN MTG 3.755 18MAR2009	GOVT	3128X2P90	5,000,000	4,940,274.00	4,946,875.00	6,779.85	3/18/09	3.80%	1.41
FEDERAL HOME LN MTG 3.625 03FEB2009	GOVT	3128X2QF5	5,350,000	5,266,914.50	5,290,401.00	31,245.44	2/3/09	3.67%	1.29
FEDERAL HOME LN MTG 3.875 03MAR2008	GOVT	3128X34Z3	4,040,000	3,933,626.80	4,022,385.60	12,176.08	3/3/08	3.89%	0.42
FEDERAL HOME LN MTG 3.63 09MAY2008	GOVT	3128X3G31	7,670,000	7,554,950.00	7,615,773.10	109,821.59	5/9/08	3.66%	0.59
FEDERAL HOME LN MTG 4.125 01SEP2009	GOVT	3128X3VA8	3,000,000	2,974,380.00	2,984,970.00	10,312.50	9/1/09	4.15%	1.82
FEDERAL HOME LN MTG C 4.3 05MAY2008	GOVT	3128X4AS0	8,000,000	7,923,440.00	7,975,200.00	139,511.04	5/5/08	4.31%	0.58
FEDERAL HOME LN MTG 4.25 23JUN2008	GOVT	3128X4DA6	4,700,000	4,640,357.00	4,683,174.00	54,376.37	6/23/08	4.27%	0.71
FEDERAL HOME LN MTG CORP MEDIU 0.0	GOVT	3128X4F30	10,000,000	9,972,300.00	10,000,100.00	64,527.70	2/15/08	5.05%	0.37
FEDERAL HOME LN MTG C 4.5 04AUG2008	GOVT	3128X4FF3	2,135,000	2,115,315.30	2,131,754.80	15,211.88	8/4/08	4.51%	0.82
FEDERAL HOME LN MTG 5.25 24FEB2011	GOVT	3128X4N56	5,000,000	4,938,900.00	5,051,750.00	26,979.15	2/24/11	5.20%	1.77
FEDERAL HOME LN MTG C 4.9 03NOV2008	GOVT	3128X4ST9	10,000,000	9,990,500.00	10,041,200.00	201,444.40	11/3/08	4.88%	1.04
FEDERAL HOME LN MTG 5.25 03APR2012	GOVT	3128X52N7	7,000,000	6,998,906.25	7,065,625.00	181,708.31	4/3/12	5.20%	2.11
FEDERAL HOME LN MTG 5 28MAY2010	GOVT	3128X56P8	10,000,000	10,000,000.00	10,075,200.00	169,444.40	5/28/10	4.96%	1.85
FEDERAL HOME LN MTG 5.75 23MAY2011	GOVT	3128X5AD0	5,000,000	4,986,500.00	5,031,100.00	102,222.20	5/23/11	5.71%	0.93
FEDERAL HOME LN MTG 5.375 08FEB2010	GOVT	3128X5C48	5,000,000	5,001,350.00	5,014,400.00	39,565.95	2/8/10	5.36%	0.66
FEDERAL HOME LN MTG C 6.0 18JUL2011	GOVT	3128X5ER5	10,000,000	10,000,000.00	10,121,100.00	121,666.60	7/18/11	5.93%	0.94
FEDERAL HOME LN MTG 5.75 20JUL2011	GOVT	3128X5EX2	5,000,000	5,000,000.00	5,116,950.00	56,701.35	7/20/11	5.62%	1.99
FEDERAL HOME LN MTG 5.75 11AUG2011	GOVT	3128X5FW3	10,000,000	10,021,745.00	10,112,900.00	79,861.10	8/11/11	5.69%	1.05
FEDERAL HOME LN MTG 5.41 28AUG2009	GOVT	3128X5HN1	5,000,000	5,000,000.00	5,037,600.00	24,795.80	8/28/09	5.37%	1.80
FEDERAL HOME LN MTG 5.45 02SEP2011	GOVT	3128X5JJ8	22,000,000	22,026,458.61	22,186,120.00	96,585.94	9/2/11	5.40%	1.31
FEDERAL HOME LN MTG 5.125 24NOV2010	GOVT	3128X5PV4	13,000,000	12,998,437.50	13,083,980.00	235,038.18	11/24/10	5.09%	1.53
FEDERAL HOME LN MTG 5.25 15MAR2012	GOVT	3128X5R75	14,000,000	13,972,280.00	14,081,620.00	32,666.62	3/15/12	5.22%	1.59

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Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
FEDERAL HOME LN MTG C 5.3 09JAN2012	GOVT	3128X5WL8	10,000,000	10,000,000.00	10,090,200.00	120,722.20	1/9/12	5.25%	1.86
FEDERAL HOME LN MTG 5.5 15FEB2012	GOVT	3128X5YX0	5,000,000	5,000,000.00	5,039,800.00	35,138.85	2/15/12	5.46%	1.34
FEDERAL HOME LN MTG 5.19 04JUN2010	GOVT	3128X6AF3	10,000,000	10,000,000.00	10,071,875.00	168,675.00	6/4/10	5.15%	1.43
FEDERAL HOME LN MTG 5.25 10SEP2010	GOVT	3128X6LG9	10,000,000	10,000,000.00	10,063,100.00	30,625.00	9/10/10	5.22%	1.25
FEDERAL NATL MTG ASS 5.25 22JAN2010	GOVT	31359M4L4	7,000,000	7,013,230.00	7,037,187.50	70,437.50	1/22/10	5.22%	1.00
FEDERAL NATL MTG ASSN 5.3 26FEB2010	GOVT	31359M5N9	20,000,000	20,009,100.00	20,056,250.00	103,055.40	2/26/10	5.29%	0.75
FEDERAL NATL MTG ASS 4.75 19APR2010	GOVT	31359MB28	9,615,000	9,532,449.60	9,669,084.38	205,520.63	4/19/10	4.72%	2.34
FEDERAL NATL MTG ASS 4.75 01FEB2008	GOVT	31359MF65	5,000,000	4,938,385.00	4,995,312.50	39,583.30	2/1/08	4.75%	0.33
FEDERAL NATL MTG ASSN 5.3 22FEB2011	GOVT	31359MH48	7,000,000	6,941,200.00	7,019,687.50	40,191.62	2/22/11	5.29%	0.97
FEDERAL NATL MTG ASS 5.25 17MAR2011	GOVT	31359MK77	7,000,000	6,989,062.50	7,032,812.50	14,972.16	3/17/11	5.23%	0.77
FEDERAL NATL MTG ASSN 5.7 12MAY2011	GOVT	31359MN41	20,000,000	19,996,237.50	20,150,000.00	440,166.60	5/12/11	5.66%	0.78
FEDERAL NATL MTG ASSN 3.25 15JAN 200	GOVT	31359MQM8	15,000,000	14,658,471.47	14,915,625.00	102,916.65	1/15/08	3.27%	0.29
FEDERAL NATL MTG ASSN	GOVT	31359MSC8	15,000,000	14,970,000.00	14,850,000.00	158,437.50	6/14/08	3.28%	0.66
FEDERAL NATL MTG ASS 3.75 15SEP2008	GOVT	31359MTF0	18,597,000	18,348,930.00	18,451,710.94	30,994.88	9/15/08	3.78%	0.93
FEDERAL NATL MTG ASS 3.85 14APR2009	GOVT	31359MUW1	2,925,000	2,866,587.75	2,899,406.25	52,239.68	4/14/09	3.88%	1.46
FEDERAL NATL MTG ASSN 4.0 26JAN2009	GOVT	31359MXL2	17,908,000	17,588,311.06	17,796,075.00	129,335.52	1/26/09	4.03%	1.27
FEDERAL NATL MTG ASSN 4.5 04AUG2008	GOVT	31359MYM9	7,000,000	6,932,520.00	6,989,062.50	49,875.00	8/4/08	4.51%	0.82
FEDERAL NATL MTG ASSN 5.0 13DEC2007	GOVT	31359MZN6	30,000,000	30,000,000.00	30,000,000.00	450,000.00	12/13/07	5.00%	0.20
FEDERAL NATL MTG ASSN M/T/N	GOVT	3136F3Q58	10,000,000	10,000,000.00	9,871,875.00	63,541.60	7/16/08	3.09%	0.77
FEDERAL NATL MTG ASS 3.21 23JUL2008	GOVT	3136F3V86	5,000,000	5,000,000.00	4,940,625.00	30,316.65	7/23/08	3.25%	0.78
FEDERAL NATL MTG ASSN 3.7 06APR2009	GOVT	3136F5KL4	5,000,000	4,884,750.00	4,945,312.50	89,930.55	4/6/09	3.74%	1.17
FEDERAL NATL MTG ASS 3.31 30MAR2009	GOVT	3136F5MG3	2,210,000	2,145,512.20	2,174,087.50	203.20	3/30/09	3.36%	1.43
FEDERAL NATL MTG ASSN MEDIUM	GOVT	3136F6NZ8	20,000,000	19,972,000.00	19,887,500.00	254,250.00	12/8/08	4.02%	0.86
FEDERAL NATL MTG ASSN 4.5 03DEC2009	GOVT	3136F6QT9	5,000,000	4,954,687.50	4,985,937.50	73,750.00	12/3/09	4.51%	1.00
FEDERAL NATL MTG ASSN MEDIUM	GOVT	3136F6TC3	565,000	563,474.50	563,234.38	5,290.99	12/28/07	3.64%	0.24
FEDERAL NATL MTG ASS 5.25 29SEP2009	GOVT	3136F72R7	5,000,000	5,000,000.00	5,032,812.50	1,458.30	9/29/09	5.22%	1.10
FEDERAL NATL MTG ASS 5.55 15NOV2011	GOVT	3136F75S2	5,000,000	4,997,500.00	5,006,250.00	104,833.30	11/15/11	5.54%	0.79
FEDERAL NATL MTG AS 5.625 19MAY2011	GOVT	3136F7B48	8,000,000	8,009,500.00	8,152,500.00	165,000.00	5/19/11	5.52%	1.85
FEDERAL NATL MTG ASS 5.34 22FEB2011	GOVT	3136F7VJ3	10,000,000	9,989,843.75	10,034,375.00	57,850.00	2/22/11	5.32%	0.83
FEDERAL NATL MTG ASS 5.625 19MAY201	GOVT	3136F7ZL4	5,000,000	5,009,100.00	5,035,937.50	103,125.00	5/19/11	5.58%	0.83
FEDERAL NATL MTG ASS 5.55 28DEC2011	GOVT	3136F8CT0	5,000,000	5,000,000.00	5,012,500.00	71,687.50	12/28/11	5.54%	0.78
FEDERAL NATL MTG ASSN 5.4 21MAR2012	GOVT	3136F8HD0	7,000,000	6,984,687.50	7,021,875.00	10,500.00	3/21/12	5.38%	1.16
FEDERAL NATL MTG ASS 5.5 21MAR2012	GOVT	3136F8HT5	7,000,000	6,998,250.00	7,028,437.50	10,694.39	3/21/12	5.48%	1.06
FEDERAL NATL MTG ASS 5.25 17SEP2012	GOVT	3136F8SN6	5,000,000	5,000,000.00	4,995,312.50	10,208.30	9/17/12	5.25%	2.11
FEDERAL NATL MTG ASS 5.3 07MAY2012	GOVT	31398ABC5	12,000,000	11,986,560.00	12,082,500.00	254,400.00	5/7/12	5.26%	1.77
FEDERAL NATL MTG ASS 5.6 07NOV2011	GOVT	31398ABF8	6,000,000	6,000,000.00	6,007,500.00	134,400.00	11/7/11	5.59%	0.74
U.S. Agencies		Total	818,775,000	814,303,706	819,238,470	9,619,536	804.4	4.68%	1.03

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Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
UNITED STATES TREAS 3.000 NOV 15 07	GOVT	912828AN0	20,000,000	19,680,740.63	19,976,600.00	226,630.40	11/15/07	3.00%	0.13
UNITED STATES TREAS N 3.0 15FEB2008	GOVT	912828AT7	5,000,000	4,882,812.50	4,979,687.50	19,157.60	2/15/08	3.01%	0.37
UNITED STATES TREAS 2.625 15MAY2008	GOVT	912828AZ3	20,000,000	19,307,150.14	19,812,500.00	198,301.60	5/15/08	2.65%	0.61
UNITED STATES TREAS 3.250 AUG 15 08	GOVT	912828BG4	5,000,000	4,868,750.00	4,963,650.00	20,754.05	8/15/08	3.27%	0.85
UNITED STATES TREAS 3.125 SEP 15 08	GOVT	912828BK5	15,000,000	14,637,890.63	14,869,950.00	20,604.30	9/15/08	3.15%	0.94
UNITED STATES TREAS 3.125 OCT 15 08	GOVT	912828BM1	10,000,000	9,742,578.13	9,908,600.00	144,296.40	10/15/08	3.15%	1.00
UNITED STATES TREAS 3.375 NOV 15 08	GOVT	912828BQ2	10,000,000	9,832,812.50	9,932,812.50	127,479.60	11/15/08	3.40%	1.08
UNITED STATES TREAS 3.25 15JAN2009	GOVT	912828BV1	5,000,000	4,836,328.13	4,956,650.00	34,442.90	1/15/09	3.28%	1.25
UNITED STATES TREAS 3.000 FEB 15 09	GOVT	912828BZ2	5,000,000	4,866,015.00	4,934,000.00	19,157.60	2/15/09	3.04%	1.33
UNITED STATES TREAS 2.625 15MAR2009	GOVT	912828CC2	15,000,000	14,307,031.26	14,717,550.00	17,307.60	3/15/09	2.68%	1.42
UNITED STATES TREAS 3.125 15APR2009	GOVT	912828CE8	15,000,000	14,640,234.38	14,815,950.00	216,444.60	4/15/09	3.16%	1.47
UNITED STATES TREAS 3.625 15JUL2009	GOVT	912828CN8	5,000,000	4,904,687.50	4,971,500.00	38,417.10	7/15/09	3.65%	1.71
UNITED STATES TREAS 3.375 15FEB2008	GOVT	912828DK3	15,000,000	14,892,968.76	14,957,812.50	64,656.90	2/15/08	3.38%	0.37
U.S. Treasuries		Total	145,000,000	141,400,000	143,797,263	1,147,651	327.6	3.07%	0.87
BANK OF AMERICA CORP 3.250 AUG 15 08	AA-	060505BC7	5,000,000	4,985,100.00	4,919,750.00	20,763.85	8/15/08	3.30%	0.85
GENERAL ELEC CAP COR 4.25 13SEP2010	AAA	36962GK78	5,000,000	4,894,400.00	4,906,250.00	10,625.00	9/13/10	4.33%	2.74
GENERAL ELEC CAP CO 5.72 22AUG2011	AAA	36962GX82	12,500,000	12,541,650.00	12,541,750.00	137,041.63	8/22/11	5.70%	2.00
GENERAL ELEC CAP CO 4.625 15SEP2009	AAA	36962GZH0	7,000,000	6,966,750.00	6,954,710.00	14,388.85	9/15/09	4.66%	1.85
TOYOTA MTR CR CORP M 5.24 02MAY2008	AAA	89233PE93	10,000,000	10,000,000.00	9,991,300.00	218,333.30	5/2/08	5.24%	0.57
Corporate Bonds		Total	39,500,000	39,387,900	39,313,760	401,153	808.3	4.93%	1.55
COLLATERAL ASSETS		31339XHJ6	5,000,000	4,999,836	4,956,000	1,711	3/26/08	3.11%	0.90
Collateral		Total	5,000,000	4,999,836	4,956,000	1,711	178.0	3.11%	0.90
POOLED INVESTMENTS (LONG TERM)		TOTAL	1,008,275,000	1,000,091,441	1,007,305,493	11,170,050	733.6	4.45%	1.02
POOLED INVESTMENTS (TOTAL)		TOTAL	1,472,230,000	1,461,917,489	1,470,607,028	16,545,066	719.8	4.71%	0.86

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EXTERNAL INVESTMENTS (LONG TERM)									
FEDERAL HOME LN BKS 3.375 21JUL2008	GOVT	31339YVV1	10,000,000	10,065,625	9,896,875	65,625	7/21/08	3.41%	0.79
FEDERAL HOME LN MTG C 3.1 28NOV2007	GOVT	3128X1DK0	7,000,000	7,013,720	6,979,420	74,142	11/28/07	3.11%	0.16
FEDERAL HOME LN MTG 2.65 30MAY2008	GOVT	3128X1HM2	10,000,000	9,815,700	9,861,600	89,069	5/30/08	2.69%	0.65
FEDERAL NATL MTG ASS 2.65 30JUN2008	GOVT	3136F3D29	10,000,000	9,818,750	9,843,750	66,986	6/30/08	2.69%	0.73
U.S. Agencies		Total	37,000,000	36,713,795	36,581,645	295,822	230.2	2.96%	0.62
EXTERNAL INVESTMENTS (LONG TERM)		TOTAL	37,000,000	36,713,795	36,581,645	295,822	230.2	2.96%	0.62
LONG TERM FUNDS		TOTAL	1,045,275,000	1,036,805,236	1,043,887,138	11,465,872	728.7	4.40%	1.04
TOTAL FUNDS	AAAf	TOTAL	1,670,785,538	1,660,186,822	1,668,744,211	17,053,126	648.1	4.71%	0.80