



# Town of Palm Beach, Florida



## Investment Performance Review Quarter Ended March 31, 2015

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March 31, 2015 PFM Month-End Statement

(PFM Month End Statement available online at [www.pfm.com](http://www.pfm.com))

PFM Funds March 31, 2015 Month-End Statement

(PFM Funds Month end Statement available online at [www.pfmfunds.com](http://www.pfmfunds.com))

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# TAB I

### **Summary**

- For the first quarter of 2015, accommodative global central bank policies were a major driver of financial markets. The European Central Bank (ECB) initiated an asset purchase program similar to the Federal Reserve's (Fed's) quantitative easing (QE) policies that concluded last year, and the Federal Open Market Committee (FOMC) seemed to relax its stance on tightening monetary policy in the near future.
- U.S. Treasuries experienced their longest period of quarterly gains since 1998. The 10-year Treasury yield fell for the fifth consecutive quarter.
- After a brief period of recovery, oil prices headed toward the lower end of recent ranges.

### **Economic Snapshot**

- For the fourth quarter of 2014, gross domestic product (GDP) grew at a pace of 2.2%. The components of the GDP report showed that household spending rose to a nine-year high and that an increase in exports was offset by growth in inventories, which were weaker than previously expected.
- The U.S. labor market continued to improve, as the unemployment rate fell from 5.6% in December to 5.5% in March, marking its lowest point since mid- 2008.
- Consumer confidence for the first quarter reached its highest level since the second quarter of 2007, as lower gasoline prices and an increase in personal income helped generate higher amounts of disposable income. However, consumers slowed the pace of their spending for the quarter, as retail sales fell for the months of December, January, and February.
- New-home sales rose nearly 8% in February, marking their highest level since early 2008 and serving as a bright spot in a mixed bag of recent housing-market data.

### **Interest Rates**

- At its March meeting, the FOMC removed the word "patient" from its previous statement, indicating that the current target range for the federal funds rate will be appropriate until the FOMC is "reasonably confident" that inflation is moving toward its 2% objective. The statement also implied that economic growth has been somewhat weaker than it was earlier in the year.
- A Reuters poll released at the end of March showed that 17 of 21 primary dealers expect the first interest rate hike to occur in September at the earliest, with only four dealers expecting the first hike to occur in June.

### **Sector Performance**

- Driven by a Treasury market rally, fixed-income market performance was generally positive for the quarter. Returns were dependent on both maturity and sector.
- The yield curve flattened modestly over the quarter as longer maturities declined further than shorter maturities. This market movement and its positive impact on longer durations combined to provide performance in excess of initial yields.
- Agency spreads for short and intermediate maturities widened modestly during the quarter. Accordingly, the sector's performance was largely in line with comparable-maturity Treasuries.
- Corporate securities slightly outperformed government-related options with similar maturities, as they were aided by excess income and a relatively unchanged yield spread relationship.
- While still generating positive performance, mortgage-backed and asset-backed securities trailed other high-quality investment options for the quarter.
- Yields on money market-related securities remained at the elevated levels to which they rose at the end of 2014, making them attractive options for short-maturity investment needs.

**Economic Snapshot**

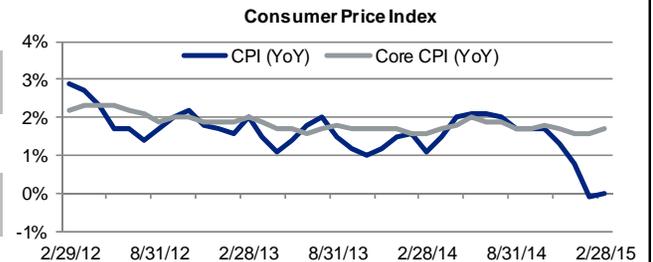
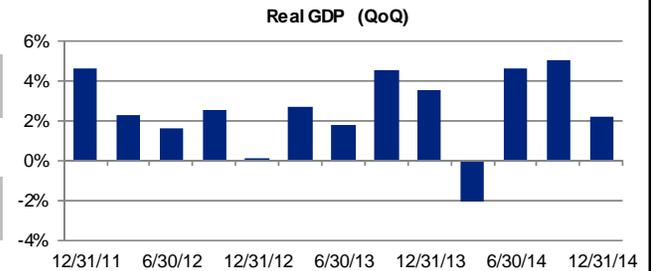
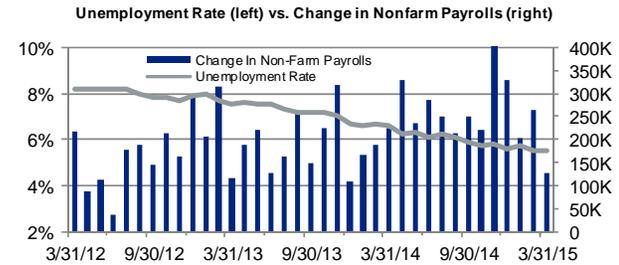
Labor Market		Latest	Dec 2014	Mar 2014
Unemployment Rate	Mar'15	5.5%	5.6%	6.6%
Change In Non-Farm Payrolls	Mar'15	126,000	329,000	225,000
Average Hourly Earnings (YoY)	Mar'15	2.1%	1.8%	2.2%
Personal Income (YoY)	Feb'15	4.5%	4.8%	3.7%
Initial Jobless Claims (week)	3/27/15	268,000	293,000	329,000

Growth				
Real GDP (QoQ SAAR)	2014Q4	2.2%	5.0% <sup>1</sup>	3.5% <sup>2</sup>
GDP Personal Consumption (QoQ SAAR)	2014Q4	4.4%	3.2% <sup>1</sup>	3.7% <sup>2</sup>
Retail Sales (YoY)	Feb'15	1.7%	3.3%	4.1%
ISM Manufacturing Survey (month)	Mar'15	51.5	55.1	54.4
Existing Home Sales SAAR (month)	Feb'15	4.88 mil.	5.07 mil.	4.70 mil.

Inflation / Prices				
Personal Consumption Expenditures (YoY)	Feb'15	0.3%	0.8%	1.2%
Consumer Price Index (YoY)	Feb'15	0.0%	0.8%	1.5%
Consumer Price Index Core (YoY)	Feb'15	1.7%	1.6%	1.7%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$47.60	\$53.27	\$101.58
Gold Futures (oz.)	Mar 31	\$1,183	\$1,184	\$1,283



1. Data as of Third Quarter 2014

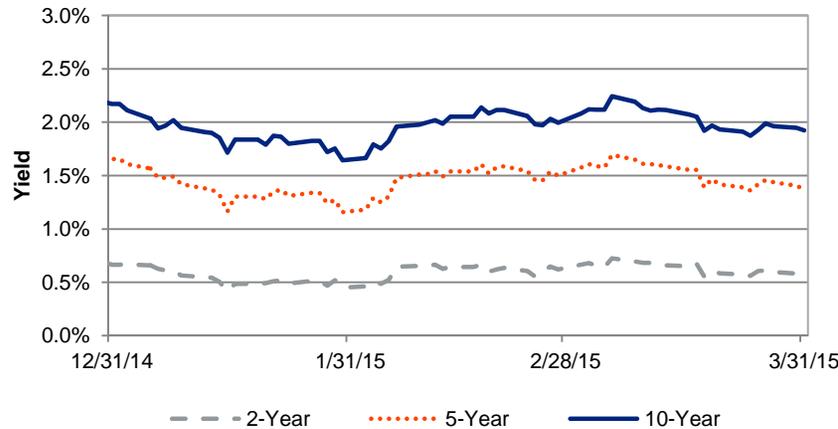
2. Data as of Fourth Quarter 2013

Source: Bloomberg

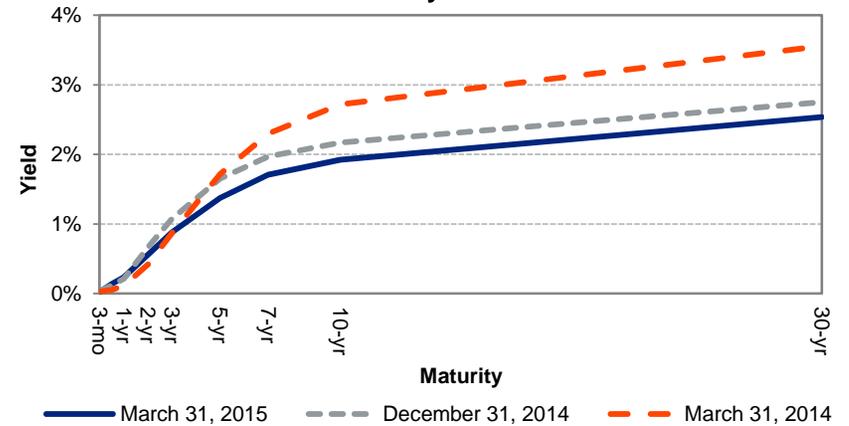
Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

### Investment Rate Overview

U.S. Treasury Note Yields



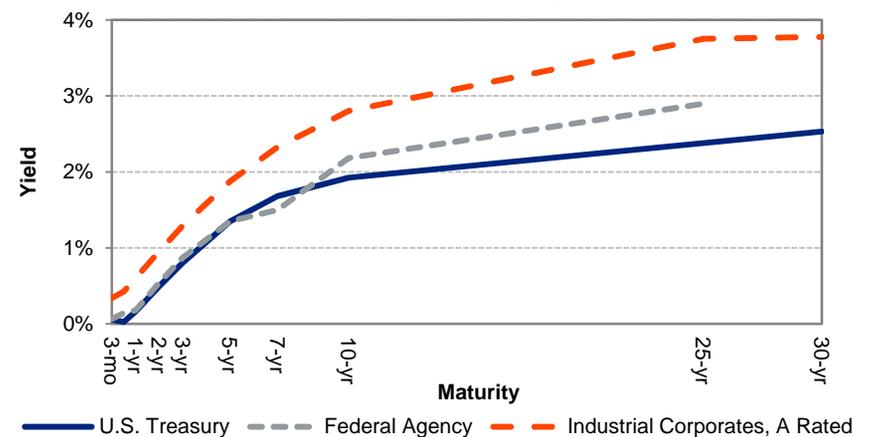
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	3/31/15	12/31/14	Change over Quarter	3/31/14	Change over Year
3-month	0.02%	0.04%	(0.02%)	0.03%	(0.01%)
1-year	0.23%	0.22%	0.01%	0.11%	0.12%
2-year	0.56%	0.67%	(0.11%)	0.42%	0.14%
5-year	1.37%	1.65%	(0.28%)	1.72%	(0.35%)
10-year	1.92%	2.17%	(0.25%)	2.72%	(0.80%)
30-year	2.54%	2.75%	(0.21%)	3.56%	(1.02%)

Yield Curves as of 3/31/2015



Source: Bloomberg

## BofA Merrill Lynch Index Returns

	As of 3/31/15		Returns for Periods ended 3/31/15		
	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.87	0.55%	0.52%	1.00%	0.67%
Federal Agency	1.72	0.68%	0.54%	1.07%	0.74%
U.S. Corporates, A-AAA rated	2.05	1.24%	0.77%	1.43%	1.86%
Agency MBS (0 to 3 years)	2.07	1.36%	0.41%	1.25%	1.18%
Municipals	1.75	0.65%	0.26%	0.73%	0.88%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.69	0.81%	0.92%	1.91%	1.02%
Federal Agency	2.15	0.84%	0.79%	1.77%	1.06%
U.S. Corporates, A-AAA rated	2.87	1.56%	1.20%	2.57%	2.64%
Agency MBS (0 to 5 years)	3.29	1.88%	0.83%	3.79%	2.20%
Municipals	2.54	0.95%	0.35%	1.24%	1.30%
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	6.23	1.33%	1.75%	6.15%	2.57%
Federal Agency	3.72	1.21%	1.27%	4.07%	1.97%
U.S. Corporates, A-AAA rated	6.96	2.52%	2.18%	6.93%	4.84%
Agency MBS (0 to 30 years)	3.78	2.11%	1.00%	5.48%	2.51%
Municipals	6.80	2.18%	1.09%	6.90%	4.23%

Returns for periods greater than one year are annualized.

Source: BofA Merrill Lynch Indices

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**Disclosures**

The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC (PFMAM) at the time of distribution and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFMAM cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or recommendation. The information contained in this report is not an offer to purchase or sell any securities.

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# TAB II

## Executive Summary

## PORTFOLIO STRATEGY

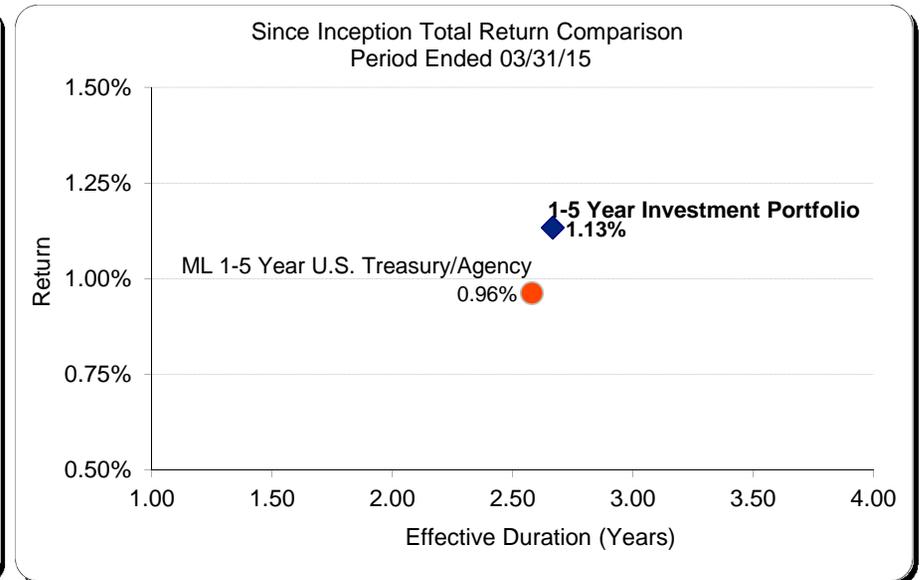
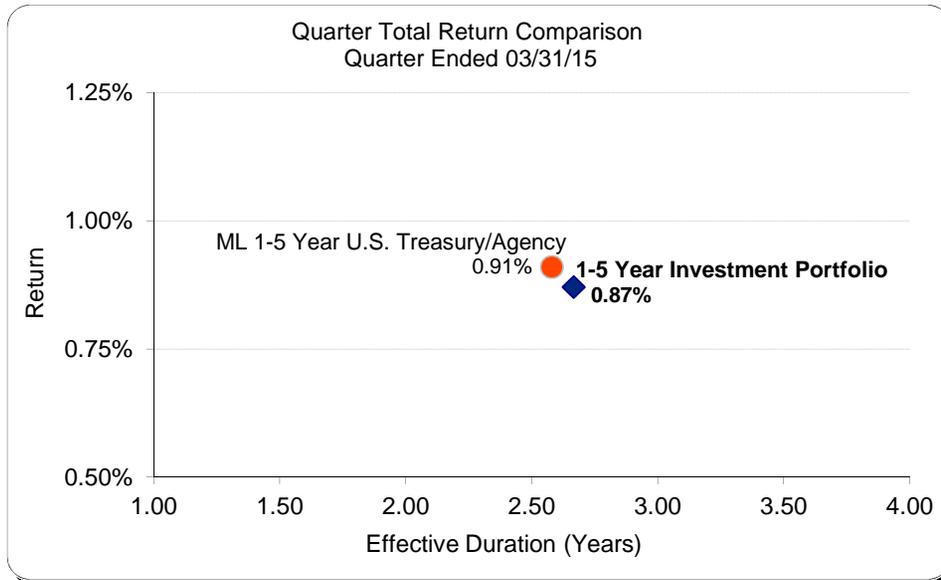
- The Town's 1-5 Year Investment and Bond Proceed Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate, and municipal securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the first quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result, the Portfolio realized \$18,377 in gains on sales (based on amortized cost) during the quarter. PFM is continually in the market monitoring for opportunities to add value to the Portfolio.
- The 1-5 Year Investment Portfolio's quarterly total return performance of 0.87% underperformed the benchmark performance of 0.91% by 0.04%. This slight underperformance is due to security selection within the corporate sector and the portfolio's duration being underweight for the majority of the quarter, specifically in the 3 year and longer maturity range. Several corporate securities were bought during the quarter and the portfolio has not had sufficient time to fully benefit from the additional income these securities offer. These positions should add value going forward. The maturity strategy would have preserved value if rates rose. However, rates actually fell during the quarter as economic conditions turned out a bit weaker than expected. As a result, the portfolio did not participate as greatly in the price appreciation of the benchmark's longer dated securities.
- The Short Term and Bond Proceeds Portfolios continue to provide the Town with favorable yield relative to the benchmark. At quarter end, the portfolios had a weighted average Yield to Maturity at Cost of 0.33%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 20 basis points (0.20%).
- Macroeconomic conditions in the U.S. moderated throughout the quarter evidenced by lackluster economic data, Greek inspired geopolitical uncertainty, and a FOMC that indicated a tendency for lower rates throughout the period. The market reacted with a Treasury rally that sent yields across the curve generally lower; the impact being greater on longer maturities which continued to reflect persistently low inflation expectations.
- The FOMC has indicated a strong focus on their inflation mandate by removing its "patient" guidance in favor of a need to be "reasonably confident that inflation will move back to its two percent objective." This emphasis on what continues to be stubbornly low inflation, combined with the FOMC's more conservative projections for the future trajectory of the federal funds rate, formulates our market view that rates will remain in their current range in the coming months. With this expectation, we will maintain portfolio durations closer to their respective benchmarks in an effort to maximize investment income.
- PFM will continue to navigate the market environment with a keen 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, particularly in the current environment where we expect yields to trend higher.

1-5 Year Investment Portfolio (Actively Managed) Performance - 4260

Total Portfolio Value <sup>1</sup>	March 31, 2015	December 31, 2014
	Market Value	\$18,223,614.39
Amortized Cost	\$18,119,242.87	\$18,055,202.84

Total Return <sup>2,3,4</sup>	Quarterly Return March 31, 2015	Last 6 Months	Last 12 Months	Last 2 Years	Last 3 Years	Since Inception September 30, 2011
<b>1-5 Year Investment Portfolio (Actively Managed)</b>	<b>0.87%</b>	<b>1.31%</b>	<b>1.82%</b>	<b>0.97%</b>	<b>1.16%</b>	<b>1.13%</b>
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	0.91%	1.40%	1.90%	0.92%	1.03%	0.96%

Effective Duration (Years) <sup>4,5</sup>	March 31, 2015	December 31, 2014	Yields	March 31, 2015	December 31, 2014
	<b>1-5 Year Investment Portfolio (Actively Managed)</b>	<b>2.67</b>		2.45	Yield at Market
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.58	2.61	Yield at Cost	<b>1.16%</b>	1.02%
Portfolio Duration % of Benchmark Duration	103%	94%			

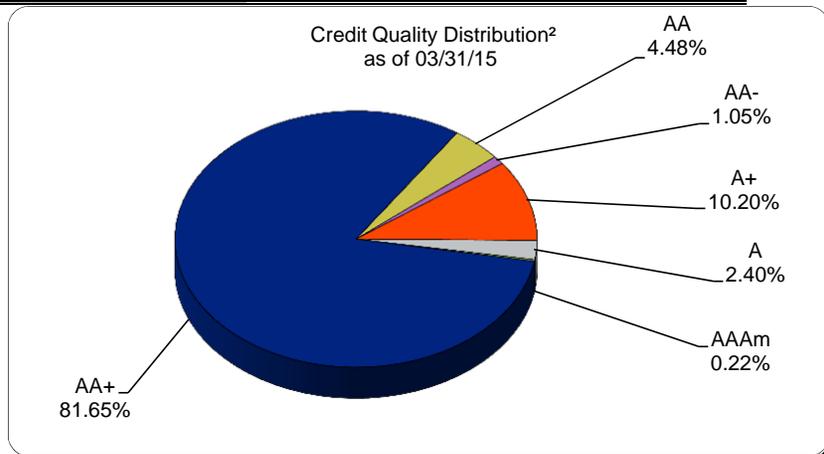
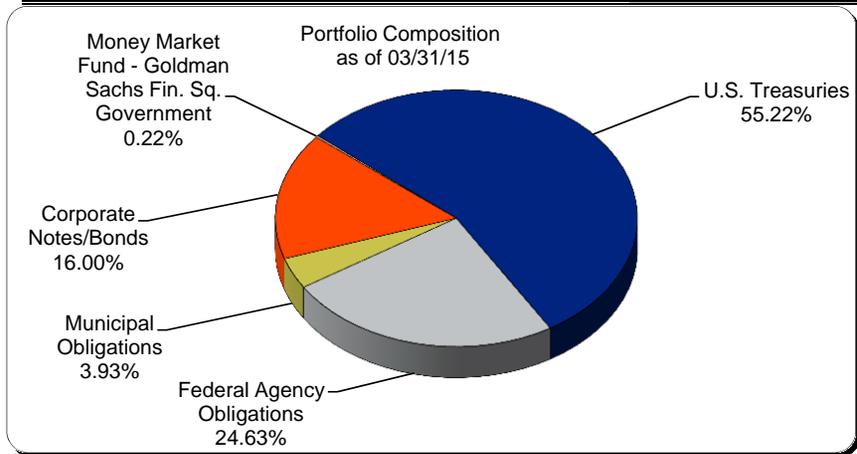


Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS). Quarterly returns are presented on an unannualized basis. Returns presented for 12 months or longer are presented on an annual basis. Past performance is not indicative of future results.
3. Since Inception the benchmark has been the Merrill Lynch 1-5 Year U.S. Treasury/Agency Note Index.
4. Merrill Lynch Indices provided by Bloomberg Financial Markets.
5. Includes money market fund/cash in performance and duration computations.

1-5 Year Investment Portfolio (Actively Managed) Composition and Credit Quality Characteristics

<u>Security Type</u> <sup>1</sup>	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>December 31, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$10,063,605.21	55.2%	\$11,021,949.27	61.0%
Federal Agencies	4,488,116.63	24.6%	4,825,136.41	26.7%
Commercial Paper	0.00	0.0%	0.00	0.0%
Commercial Paper - TLGP	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	715,847.00	3.9%	449,696.25	2.5%
Corporate Notes/Bonds	2,916,287.02	16.0%	1,546,796.85	8.6%
Corporate Notes - FDIC insured	0.00	0.0%	0.00	0.0%
Mortgage Backed	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	39,758.53	0.2%	222,698.78	1.2%
<b>Totals</b>	<b>\$18,223,614.39</b>	<b>100.0%</b>	<b>\$18,066,277.56</b>	<b>100.0%</b>

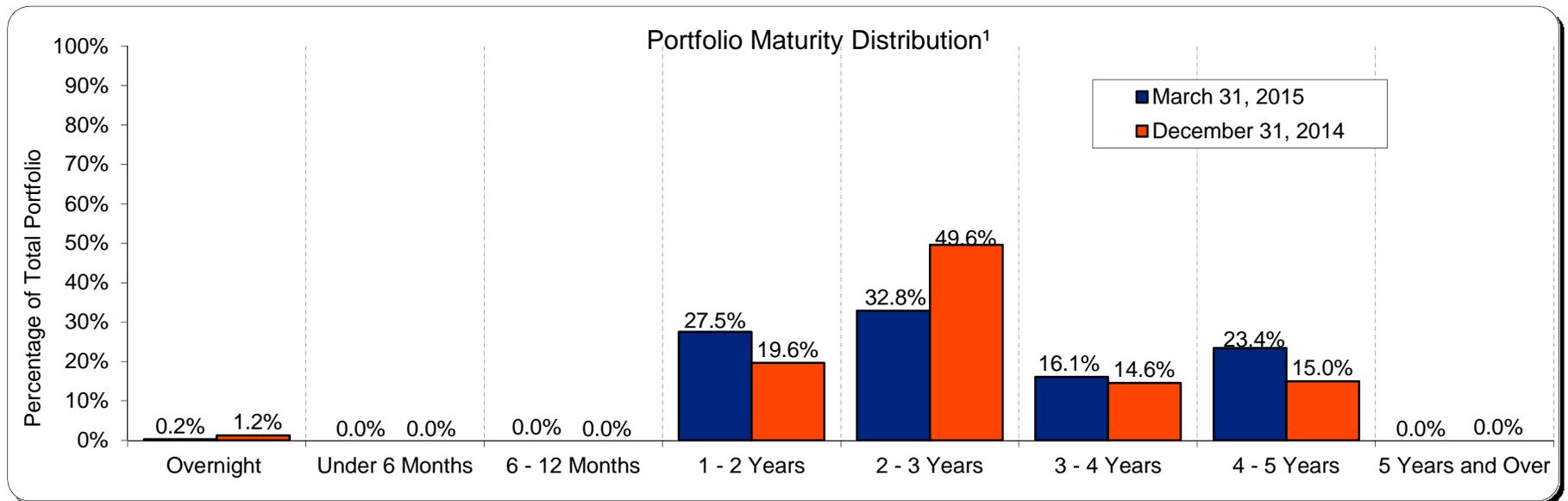


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

1-5 Year Investment Portfolio (Actively Managed) Maturity Distribution

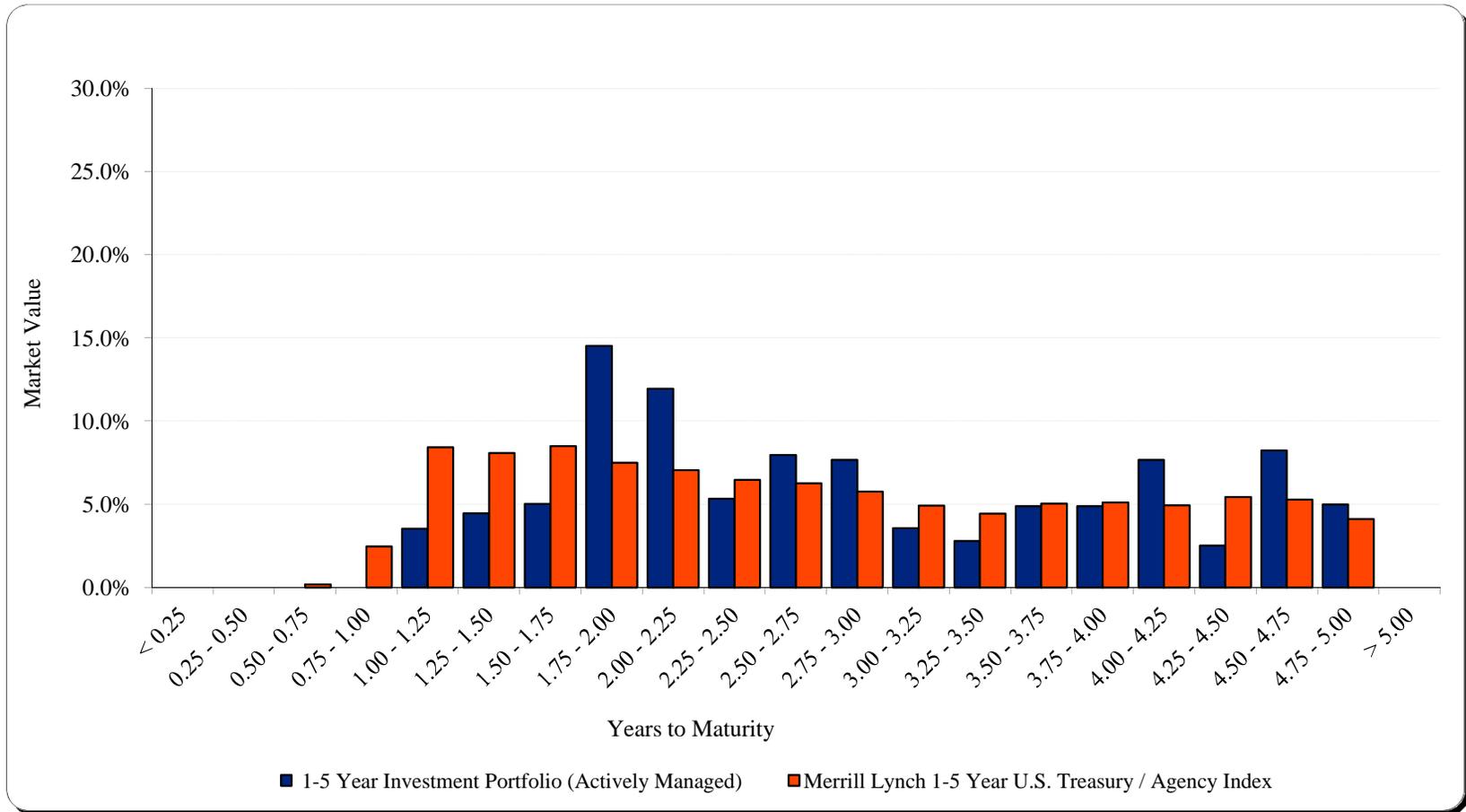
<u>Maturity Distribution</u> <sup>1</sup>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Overnight (Money Market Fund)	\$39,758.53	222,698.78
Under 6 Months	0.00	0.00
6 - 12 Months	0.00	0.00
1 - 2 Years	5,008,994.52	3,547,549.75
2 - 3 Years	5,984,093.60	8,957,895.52
3 - 4 Years	2,930,768.85	2,631,643.50
4 - 5 Years	4,259,998.89	2,706,490.01
5 Years and Over	0.00	0.00
<b>Totals</b>	<b>\$18,223,614.39</b>	<b>\$18,066,277.56</b>



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

1-5 Year Investment Portfolio (Actively Managed) Maturity Distribution versus the Benchmark<sup>1</sup>



Notes:

1. Due to the nature of the security, Mortgage-Backed Securities are represented based on their average life maturity rather than their final maturity.

Short Term and Bond Proceed Portfolios Statistics

Account Name	Amortized Cost <sup>1,2,3</sup>	Amortized Cost <sup>1,2,3</sup>	Market Value <sup>1,2,3</sup>	Market Value <sup>1,2,3</sup>	Duration (Years) <sup>4</sup>
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
2010A CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
2013 Bond Fund - 4265	44,170,141.46	48,969,076.12	44,243,793.97	48,962,060.89	0.98
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	3,318,909.66	13,317,681.88	3,318,909.66	13,317,681.88	50 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	3,739,309.78	4,108,651.55	3,739,309.78	4,108,651.55	50 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	1,603,870.82	5,588,354.92	1,603,870.82	5,588,354.92	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	6,496,739.42	1,647,965.09	6,496,739.42	1,647,965.09	49 Days
<b>Total</b>	<b>\$59,328,971.14</b>	<b>\$73,631,729.56</b>	<b>\$59,402,623.65</b>	<b>\$73,624,714.33</b>	

Account Name	Yield to Maturity at Cost <sup>5</sup>	Yield to Maturity at Cost <sup>6</sup>	Yield to Maturity at Market	Yield to Maturity at Market	Duration (Years) <sup>4</sup>
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	December 31, 2014
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
2010A CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
2013 Bond Fund - 4265	0.43%	0.41%	0.32%	0.39%	1.12
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 <sup>6</sup>	0.08%	0.07%	0.08%	0.07%	51 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179 <sup>6</sup>	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 <sup>6</sup>	0.08%	0.07%	0.08%	0.07%	51 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	0.08%	0.07%	0.08%	0.07%	51 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	0.01%	0.01%	0.01%	0.01%	52 Days
<b>Weighted Average Yield</b>	<b>0.33%</b>	<b>0.29%</b>	<b>0.25%</b>	<b>0.28%</b>	

Benchmarks

	March 31, 2015	December 31, 2014
S&P GIP Government 30 Day Index <sup>7</sup>	0.13%	0.11%

Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
- Includes any money market fund/cash balances held in custodian account.
- Money Market Fund duration is based on weighted average duration in days.
- Past performance is not indicative of future results.
- Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.
- Monthly yields, source Bloomberg.

Short Term Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost<sup>1,2,3</sup> March 31, 2015</u>	<u>Amortized Cost<sup>1,2,3</sup> December 31, 2014</u>	<u>Market Value<sup>1,2,3</sup> March 31, 2015</u>	<u>Market Value<sup>1,2,3</sup> December 31, 2014</u>	<u>Duration (Years)<sup>4</sup> March 31, 2015</u>
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	3,318,909.66	13,317,681.88	3,318,909.66	13,317,681.88	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$3,318,909.66</b>	<b>\$13,317,681.88</b>	<b>\$3,318,909.66</b>	<b>\$13,317,681.88</b>	

<u>Account Name</u>	<u>Yield to Maturity at Cost<sup>5</sup> March 31, 2015</u>	<u>Yield to Maturity at Cost<sup>6</sup> December 31, 2014</u>	<u>Yield to Maturity at Market March 31, 2015</u>	<u>Yield to Maturity at Market December 31, 2014</u>	<u>Duration (Years) December 31, 2014</u>
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 <sup>6</sup>	0.08%	0.07%	0.08%	0.07%	51 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
<b>Weighted Average Yield</b>	<b>0.08%</b>	<b>0.07%</b>	<b>0.08%</b>	<b>0.07%</b>	

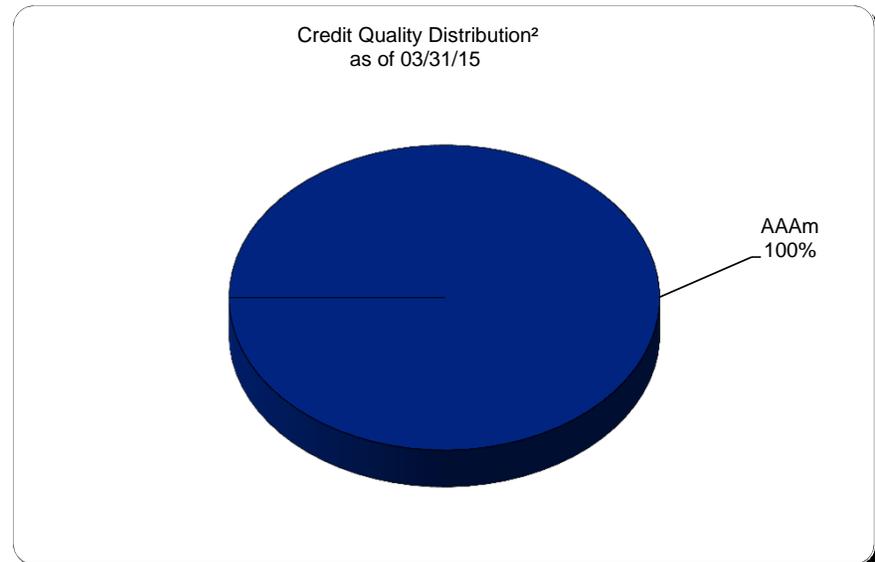
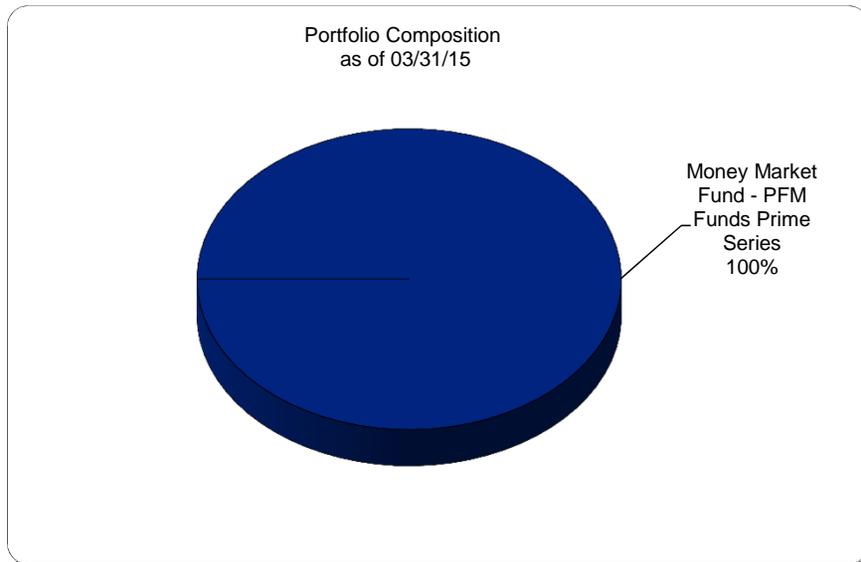
<u>Benchmarks</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
S&P GIP Government 30 Day Index <sup>7</sup>	0.13%	0.11%

Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Money Market Fund duration is based on weighted average duration in days.
5. Past performance is not indicative of future results.
6. Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.
7. Monthly yields, source Bloomberg.

Short Term Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type<sup>1</sup></u>	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>December 31, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	0.00	0.0%	0.00	0.0%
Commercial Paper	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	0.00	0.0%	0.00	0.0%
Money Market Fund - PFM Funds Prime Series	3,318,909.66	100.0%	13,317,681.88	100.00%
<b>Totals</b>	<b>\$3,318,909.66</b>	<b>100.0%</b>	<b>\$13,317,681.88</b>	<b>100.0%</b>

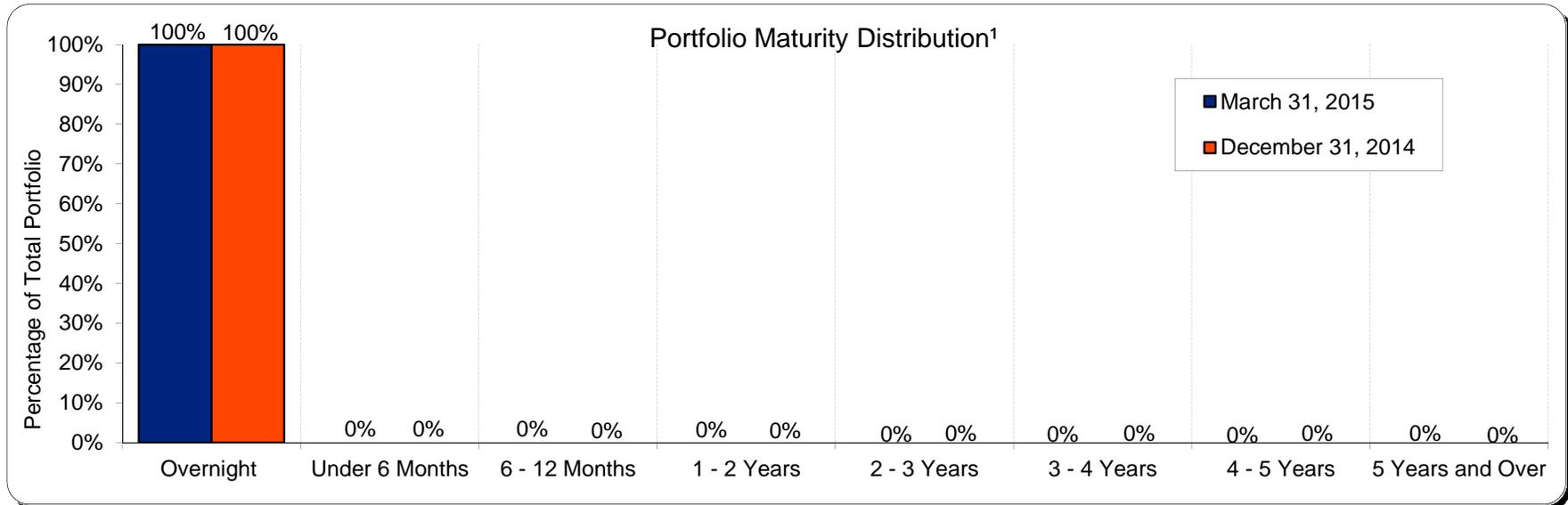


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Short Term Fund Portfolio Maturity Distribution

<u>Maturity Distribution<sup>1</sup></u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Overnight (Money Market Fund)	\$3,318,909.66	\$13,317,681.88
Under 6 Months	0.00	0.00
6 - 12 Months	0.00	0.00
1 - 2 Years	0.00	0.00
2 - 3 Years	0.00	0.00
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
<b>Totals</b>	<b>\$3,318,909.66</b>	<b>\$13,317,681.88</b>



2010A CIP Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost<sup>1,2,3</sup> March 31, 2015</u>	<u>Amortized Cost<sup>1,2,3</sup> December 31, 2014</u>	<u>Market Value<sup>1,2,3</sup> March 31, 2015</u>	<u>Market Value<sup>1,2,3</sup> December 31, 2014</u>	<u>Duration (Years)<sup>4</sup> March 31, 2015</u>
CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	3,739,309.78	4,108,651.55	3,739,309.78	4,108,651.55	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$3,739,309.78</b>	<b>\$4,108,651.55</b>	<b>\$3,739,309.78</b>	<b>\$4,108,651.55</b>	

<u>Account Name</u>	<u>Yield to Maturity at Cost<sup>5</sup> March 31, 2015</u>	<u>Yield to Maturity at Cost<sup>5</sup> December 31, 2014</u>	<u>Yield to Maturity at Market March 31, 2015</u>	<u>Yield to Maturity at Market December 31, 2014</u>	<u>Duration (Years) December 31, 2014</u>
CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 <sup>6</sup>	0.08%	0.07%	0.08%	0.07%	51 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
<b>Weighted Average Yield</b>	<b>0.08%</b>	<b>0.07%</b>	<b>0.08%</b>	<b>0.07%</b>	

<u>Benchmarks</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
S&P GIP Government 30 Day Index <sup>7</sup>	0.13%	0.11%

Notes:

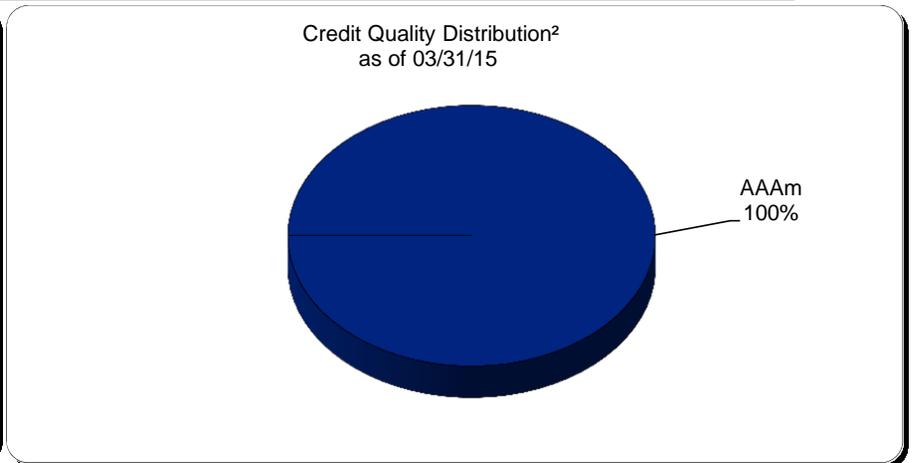
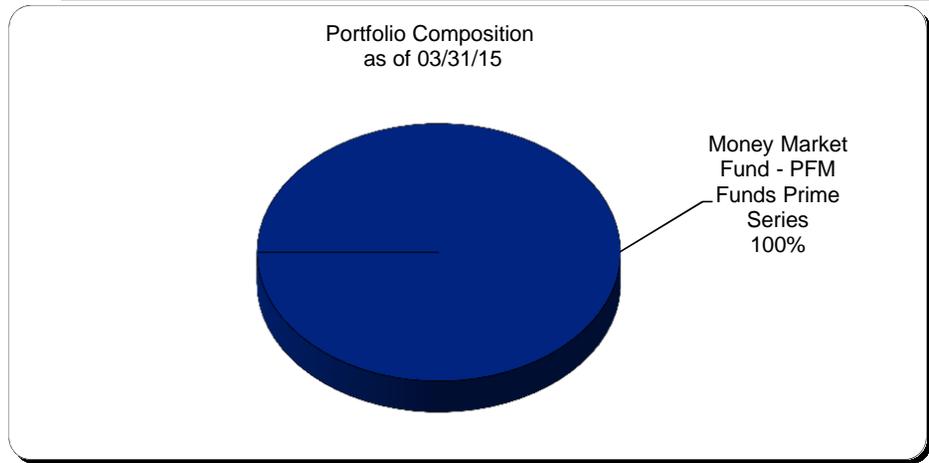
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Money Market Fund duration is based on weighted average duration in days.
5. Past performance is not indicative of future results.

6. Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.

7. Monthly returns, source Bloomberg.

2010A CIP Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> <sup>1</sup>	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>December 31, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	0.00	0.0%	0.00	0.0%
Commercial Paper	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	0.00	0.0%	0.00	0.0%
Money Market Fund - PFM Funds Prime Series	3,739,309.78	100.0%	4,108,651.55	100.0%
<b>Totals</b>	<b>\$3,739,309.78</b>	<b>100.0%</b>	<b>\$4,108,651.55</b>	<b>100.0%</b>

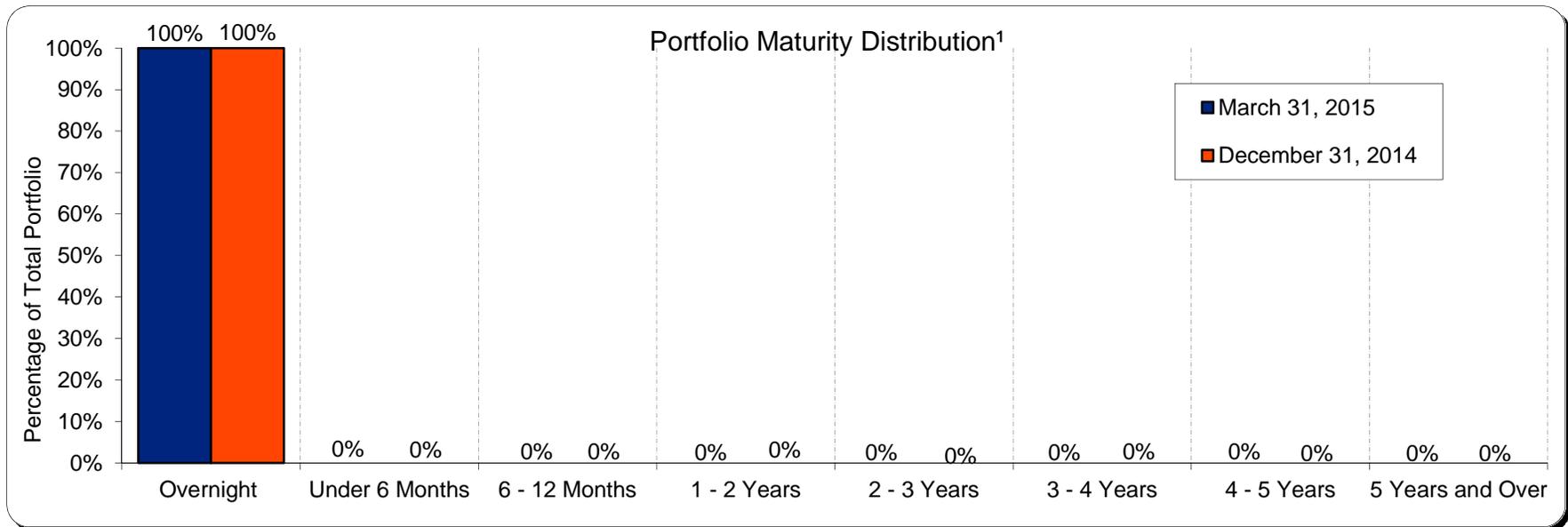


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

2010A CIP Portfolio Maturity Distribution

<u>Maturity Distribution<sup>1</sup></u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Overnight (Money Market Fund)	<b>\$3,739,309.78</b>	\$4,108,651.55
Under 6 Months	0.00	0.00
6 - 12 Months	0.00	0.00
1 - 2 Years	0.00	0.00
2 - 3 Years	0.00	0.00
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
<b>Totals</b>	<b>\$3,739,309.78</b>	<b>\$4,108,651.55</b>



2013 Bond Fund Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost<sup>1,2,3</sup> March 31, 2015</u>	<u>Amortized Cost<sup>1,2,3</sup> December 31, 2014</u>	<u>Market Value<sup>1,2,3</sup> March 31, 2015</u>	<u>Market Value<sup>1,2,3</sup> December 31, 2014</u>	<u>Duration (Years)<sup>4</sup> March 31, 2015</u>
2013 Bond Fund - 4265	\$44,170,141.46	\$48,969,076.12	\$44,243,793.97	\$48,962,060.89	0.98
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	1,603,870.82	5,588,354.92	1,603,870.82	5,588,354.92	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	6,496,739.42	1,647,965.09	6,496,739.42	1,647,965.09	49 Days
<b>Total</b>	<b>\$52,270,751.70</b>	<b>\$56,205,396.13</b>	<b>\$52,344,404.21</b>	<b>\$56,198,380.90</b>	

<u>Account Name</u>	<u>Yield to Maturity at Cost<sup>5</sup> March 31, 2015</u>	<u>Yield to Maturity at Cost<sup>5</sup> December 31, 2014</u>	<u>Yield to Maturity at Market March 31, 2015</u>	<u>Yield to Maturity at Market December 31, 2014</u>	<u>Duration (Years) December 31, 2014</u>
2013 Bond Fund - 4265	0.43%	0.41%	0.32%	0.39%	1.12
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357 <sup>6</sup>	0.08%	0.07%	0.08%	0.07%	51 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.01%	0.01%	0.01%	52 Days
<b>Weighted Average Yield</b>	<b>0.37%</b>	<b>0.36%</b>	<b>0.27%</b>	<b>0.35%</b>	

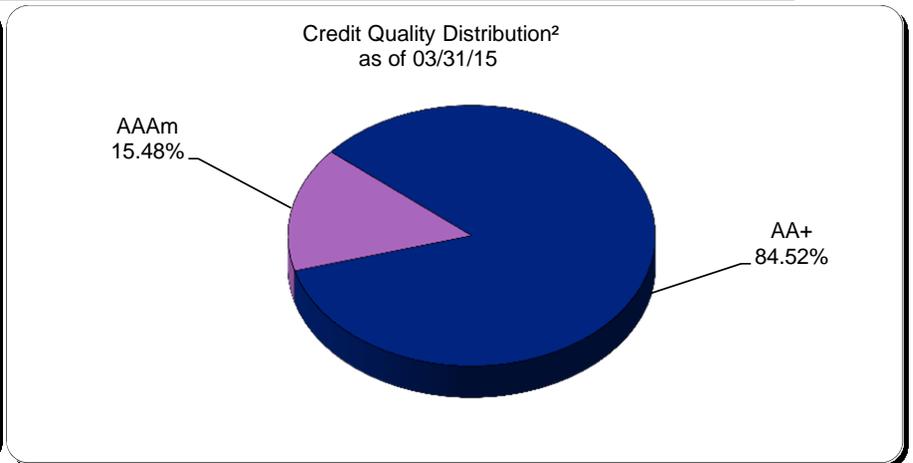
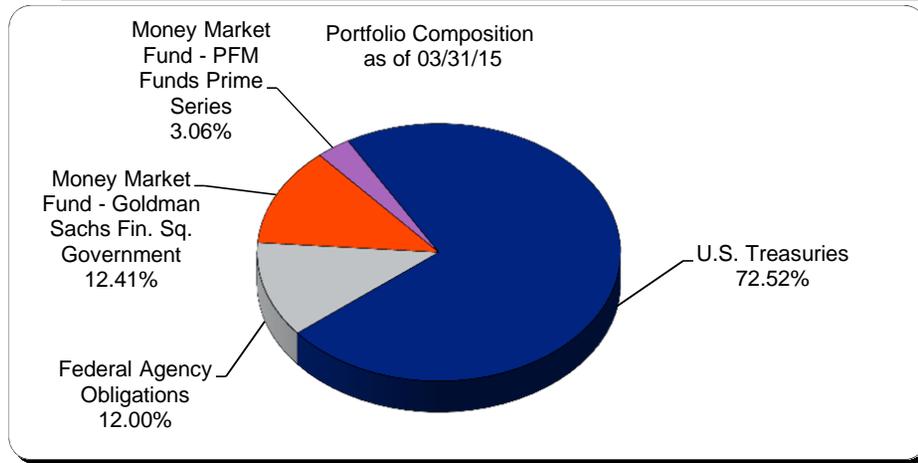
<u>Benchmarks</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
S&P GIP Government 30 Day Index <sup>7</sup>	0.13%	0.11%

Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
- Excludes any money market fund/cash balances held in custodian account.
- Money Market Fund duration is based on weighted average duration in days.
- Past performance is not indicative of future results.
- Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.
- Monthly returns, source Bloomberg.

2013 Bond Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> <sup>1</sup>	<u>March 31, 2015</u>	<u>% of Portfolio</u>	<u>December 31, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$37,960,621.19	72.5%	\$37,937,616.31	67.5%
Federal Agencies	6,283,172.78	12.0%	6,226,647.78	11.1%
Commercial Paper	0.00	0.0%	4,797,796.80	8.5%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	6,496,739.42	12.4%	1,647,965.09	2.9%
Money Market Fund - PFM Funds Prime Series	1,603,870.82	3.1%	5,588,354.92	9.9%
<b>Totals</b>	<b>\$52,344,404.21</b>	<b>100.0%</b>	<b>\$56,198,380.90</b>	<b>100.0%</b>

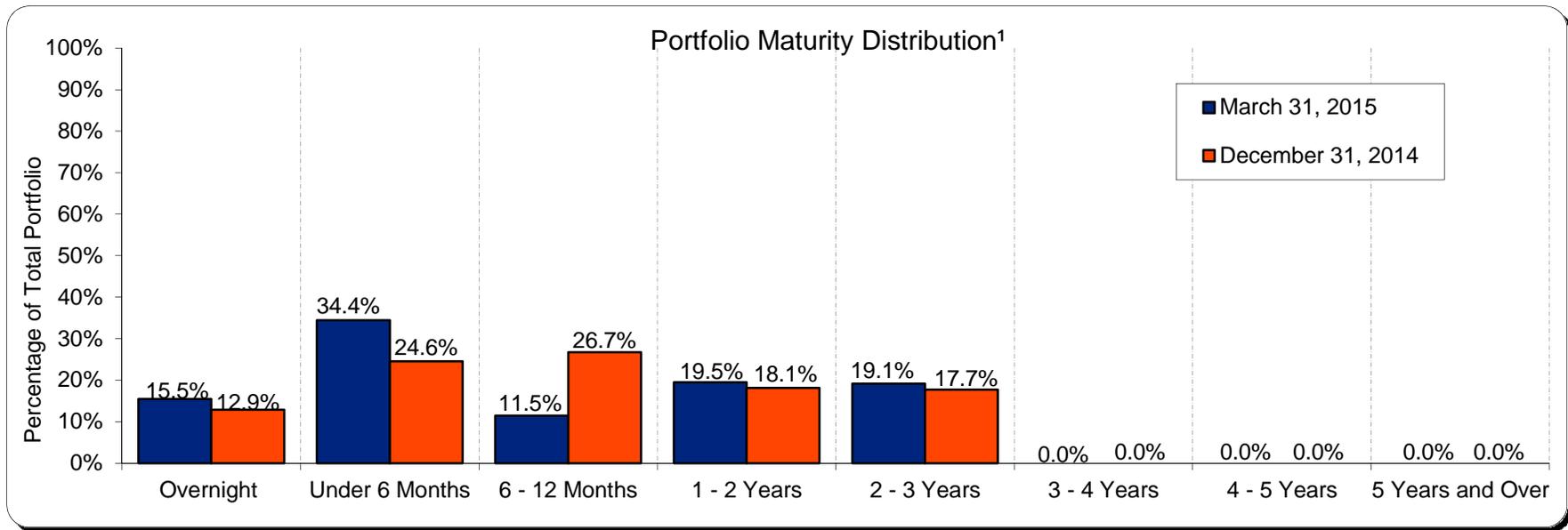


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

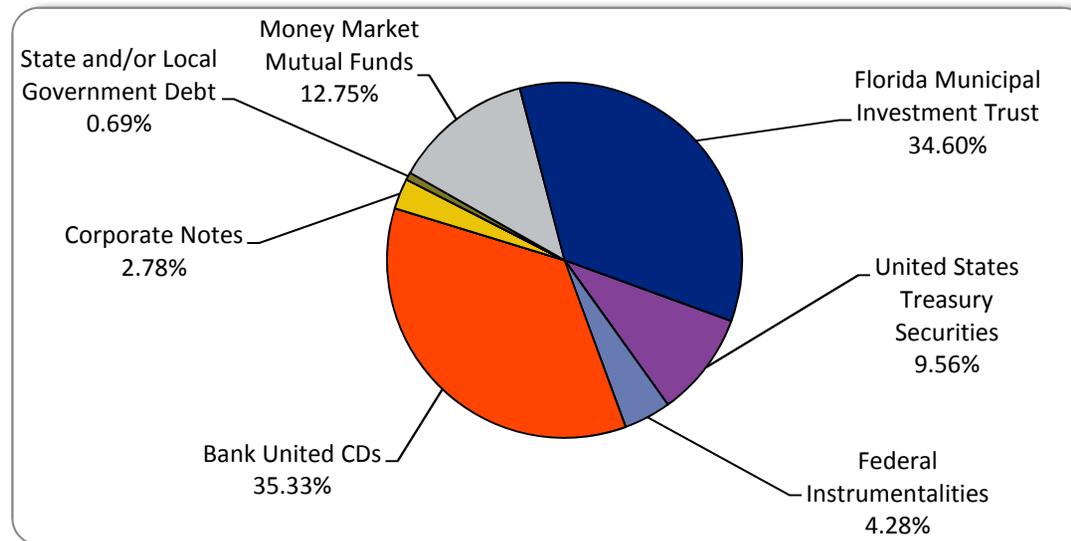
2013 Bond Fund Portfolio Maturity Distribution

<u>Maturity Distribution<sup>1</sup></u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Overnight (Money Market Fund)	\$8,100,610.24	\$7,236,320.01
Under 6 Months	18,017,869.47	13,807,045.07
6 - 12 Months	6,008,644.34	15,017,843.07
1 - 2 Years	10,195,354.65	10,195,158.97
2 - 3 Years	10,021,925.51	9,942,013.78
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
<b>Totals</b>	<b>\$52,344,404.21</b>	<b>\$56,198,380.90</b>



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.



Security Type <sup>1</sup>	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Florida Prime (SBA)	-	0.00%		0%	YES
United States Treasury Securities	9,983,141.24	9.56%		100%	YES
United States Government Agency Securities	-	0.00%		50%	YES
Federal Instrumentalities	4,473,648.46	4.28%		80%	YES
Bank United CDs	36,889,529.80	35.33%	3	50%	YES
TD Bank CDs	-	0.00%		50%	YES
Commercial Paper	-	0.00%		25%	YES
Corporate Notes	2,906,613.57	2.78%	2	25%	YES
Bankers' Acceptances	-	0.00%		35%	YES
State and/or Local Government Debt	716,081.07	0.69%		20%	YES
Money Market Mutual Funds	13,315,085.53	12.75%		50%	YES
Florida Municipal Investment Trust	36,131,129.00	34.60%	3,4	50%	YES

Notes:

1. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
  2. Maximum allocation in A rated securities is 10%. At month end there was 2.19% rated A by S&P and Moody's.
  3. Managed by the Town.
  4. Combined total for Florida Municipal Investment Trust cannot exceed 50%.
- \* Does not include bond proceeds

<b>Individual Issuer Breakdown</b>	<b>Amortized Cost (Includes Interest)</b>	<b>Allocation Percentage</b>	<b>Notes</b>	<b>Permitted by Policy</b>	<b>In Compliance</b>
Government National Mortgage Association (GNMA)	-	0.00%		<b>25%</b>	YES
Federal Farm Credit Bank (FFCB)	-	0.00%		<b>30%</b>	YES
Federal Home Loan Bank (FHLB)	453,482.91	0.43%		<b>30%</b>	YES
Federal National Mortgage Association (FNMA)	1,808,376.61	1.73%		<b>30%</b>	YES
Federal Home Loan Mortgage Corporation (FHLMC)	2,211,788.94	2.12%		<b>30%</b>	YES
General Electric Corporate Notes	325,635.23	0.31%		<b>5%</b>	YES
American Honda Corporate Notes	140,511.99	0.13%		<b>5%</b>	YES
Boeing Company Corporate Notes	220,141.51	0.21%		<b>5%</b>	YES
Toyota Corporate Notes	190,536.28	0.18%		<b>5%</b>	YES
Wells Fargo & Company Corporate Notes	803,646.42	0.77%		<b>5%</b>	YES
John Deere Corporate Notes	215,925.88	0.21%		<b>5%</b>	YES
Bank of New York Mellon Corporate Notes	456,471.62	0.44%		<b>5%</b>	YES
Abbot Laboratories Corporate Notes	453,493.17	0.43%		<b>5%</b>	YES
Coca-Cola Corporate Notes	100,251.47	0.10%		<b>5%</b>	YES
New York City, New York Taxable G.O Bonds	265,012.15	0.25%		<b>5%</b>	YES
Regional Trans Authority, IL Taxable Revenue Bonds	451,068.92	0.43%		<b>20%</b>	YES
Money Market Fund - PFM Funds Prime Series #174	13,275,327.00	12.71%		<b>25%</b>	YES
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	39,758.53	0.04%	5	<b>25%</b>	YES
FMIvT 1-3	24,784,077.00	23.74%	3	<b>50%</b>	YES
FMIvT Intermediate	11,347,052.00	10.87%	3	<b>50%</b>	YES
Bank United CDs	24,272,852.95	23.25%	3	<b>25%</b>	YES
TD Bank CDs	12,616,676.85	12.08%	3	<b>25%</b>	YES

## Notes:

1. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
  2. Maximum allocation in A rated securities is 10%. At month end there was 2.19% rated A by S&P and Moody's.
  3. Managed by the Town.
  4. Combined total for Florida Municipal Investment Trust cannot exceed 50%.
  5. Money Market Fund Sweep Account includes cash from Series 2010A at Town's request. The 2010A account did not have a cash balance as of September 30th.
- \* Does not include bond proceeds

# TAB III

Insert Month End Statement here to complete the report.

In consideration of the safety and security of our client's sensitive information, PFM Asset Management's compliance department does not allow the inclusion of month end statements in any electronic communication including this version of the quarterly performance report.

Statements are available online at **www.pfm.com** login and click on the link to "Monthly Statements" on the left side of the screen.

PFM Funds statements are available online at **www.pfmfunds.com**

The most current statements are always available to the client online, however they can only be accessed with the designated username and password.