



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended December 31, 2015

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December 31, 2015 PFM Month-End Statement

(PFM Month End Statement available online at www.pfm.com)

PFM Funds December 31, 2015 Month-End Statement

(PFM Funds Month end Statement available online at www.pfmfunds.com)

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TAB I

Summary

- The Federal Open Market Committee (FOMC) increased the target federal funds rate by 25 basis points (bps) (0.25%) at its December meeting — its first rate hike since 2006. In doing so, the FOMC stressed its intention to normalize rates at a gradual pace.
- The year ended with strong job growth momentum as the economy added 292,000 new jobs in December. This brought the 2015 tally to 2.65 million new jobs in total — enough to shrink the unemployment rate to 5%. Wage inflation edged up modestly, suggesting a chance for future inflation.
- While the Federal Reserve (Fed) took the first step to normalize interest rates, other central banks have continued to implement accommodative monetary policies. The European Central Bank (ECB) extended its monetary easing policy through the first quarter of 2017 and cut its deposit rate further into negative territory (-0.3%). The Bank of Japan (BOJ) and People’s Bank of China (PBOC) also remain accommodative.
- **Economic Snapshot**
- U.S. gross domestic product (GDP) expanded at a 2% rate in the third quarter, down from the second quarter due to a reduction in inventory accumulation.
- In a year-end bipartisan negotiation, Congress passed a \$1.1 trillion spending and tax budget, which also lifted the 40-year ban on U.S. crude oil exports.
- Global commodity prices continued to fall, increasing concerns over global growth and the sustainability of producers within the energy sector. Headlining this rout were oil prices, which continued to slide, sinking to less than \$35 per barrel in December — the lowest level since February 2009.
- China continued to allow the yuan to weaken, ending the year at its lowest level versus the U.S. dollar in nearly six years. The Chinese economy continued to slow — stoking market concern over the world’s second-largest economy — though it is expected to meet its major economic targets for the year.

Interest Rates

- The new target range for the federal funds rate, as established by the FOMC, is 25 to 50 bps, ending the FOMC’s seven-year “zero interest rate policy.”
- Interest rates across the curve moved up significantly throughout the quarter, with the 10-year rising approximately 23 bps to 2.27% and the two-year moving almost 42 bps to 1.05%.
- On the shorter end, 12-month Treasury bills ticked up approximately 30 bps to 0.60%.

Sector Performance

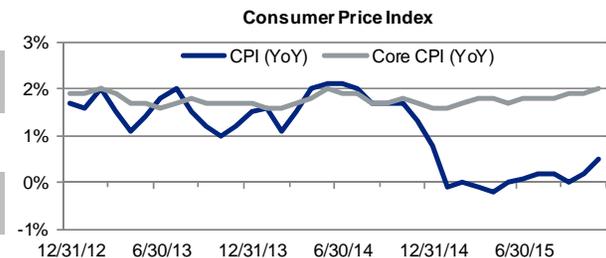
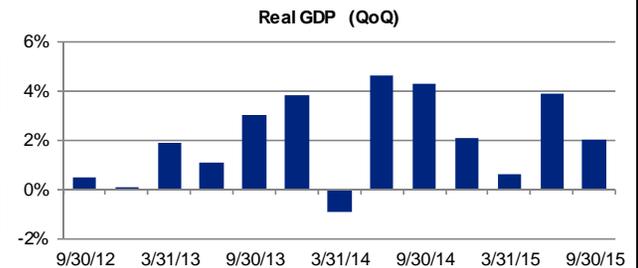
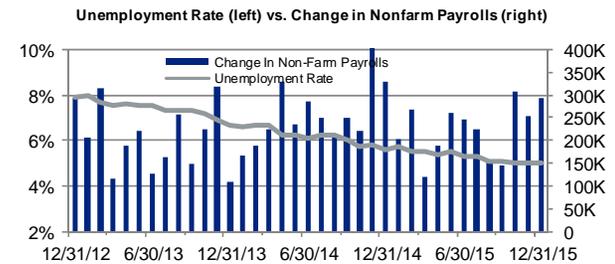
- U.S. Treasury benchmark returns were negative for all but the shortest maturities (six months and under), as rates rose across the curve. While the rate increase was less pronounced for longer maturities, their extended durations — and accompanying sensitivity to changes in rates — caused their performance to trail the greatest.
- Non-callable federal agency securities performed in line with comparable maturity Treasuries; callable securities modestly outperformed as their incremental yield helped as rates rose.
- Corporate yield spreads reversed the prior quarter’s widening, which helped the sector to outperform government-related sectors; however, absolute return was still negative. A-rated issuers were the best-performing quality category.
- Mortgage-backed securities (MBS) were among the strongest-performing sectors in the fourth quarter, aided by slowly rising long-term rates, which helped to slow prepayments; this was particularly true for higher coupon issues. MBS joined municipals as the lone sectors to produce positive performance for the quarter.

Economic Snapshot

Labor Market		Latest	Sep 2015	Dec 2014
Unemployment Rate	Dec'15	5.0%	5.1%	5.6%
Change In Non-Farm Payrolls	Dec'15	292,000	145,000	329,000
Average Hourly Earnings (YoY)	Dec'15	2.5%	2.3%	1.8%
Personal Income (YoY)	Nov15	4.4%	4.6%	5.2%
Initial Jobless Claims (week)	1/1/16	277,000	276,000	293,000

Growth				
Real GDP (QoQ SAAR)	2015Q3	2.0%	3.9% ¹	4.3% ²
GDP Personal Consumption (QoQ SAAR)	2015Q3	3.0%	3.6% ¹	3.5% ²
Retail Sales (YoY)	Nov15	1.4%	2.2%	3.3%
ISM Manufacturing Survey (month)	Dec'15	48.2	50.2	55.1
Existing Home Sales SAAR (month)	Nov15	4.76 mil.	5.55 mil.	5.07 mil.

Inflation / Prices				
Personal Consumption Expenditures (YoY)	Nov15	0.4%	0.2%	0.8%
Consumer Price Index (YoY)	Nov15	0.5%	0.0%	0.8%
Consumer Price Index Core (YoY)	Nov15	2.0%	1.9%	1.6%
Crude Oil Futures (WTI, per barrel)	Dec 31	\$37.04	\$45.09	\$53.27
Gold Futures (oz.)	Dec 31	\$1,060	\$1,116	\$1,184



1. Data as of Second Quarter 2015

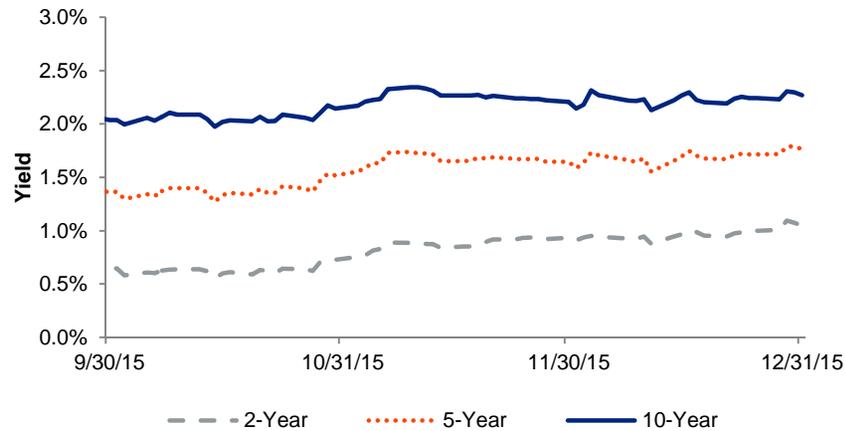
2. Data as of Third Quarter 2014

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

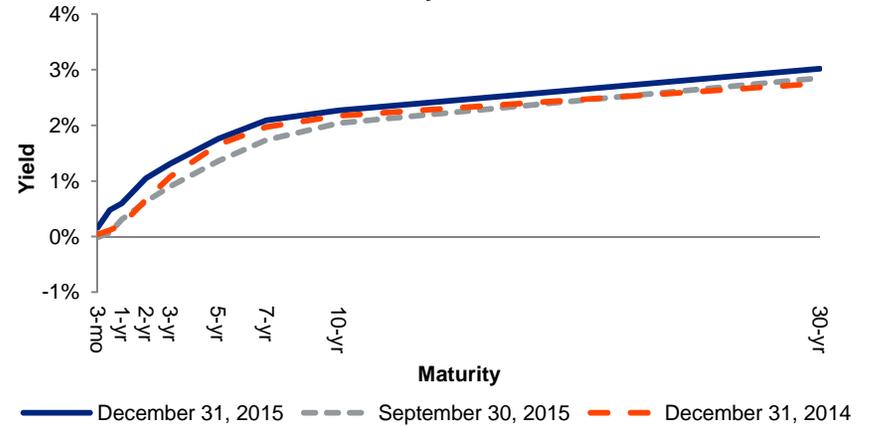
Source: Bloomberg

Investment Rate Overview

U.S. Treasury Note Yields



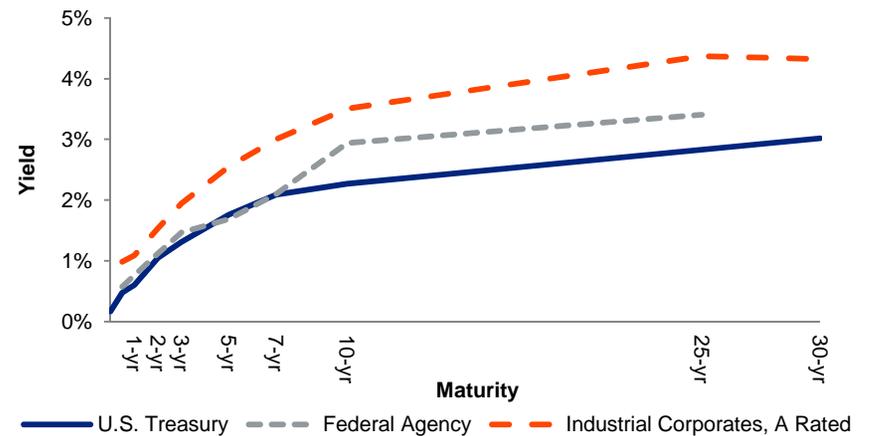
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	12/31/15	9/30/15	Change over Quarter	12/31/14	Change over Year
3-month	0.17%	(0.02%)	0.19%	0.04%	0.13%
1-year	0.60%	0.31%	0.29%	0.22%	0.38%
2-year	1.05%	0.63%	0.42%	0.67%	0.38%
5-year	1.76%	1.36%	0.40%	1.65%	0.11%
10-year	2.27%	2.04%	0.23%	2.17%	0.10%
30-year	3.02%	2.85%	0.17%	2.75%	0.27%

Yield Curves as of 12/31/2015



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 12/31/2015		Returns for Periods ended 12/31/2015		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	1.06%	(0.44%)	0.54%	0.51%
Federal Agency	1.73	1.14%	(0.37%)	0.69%	0.61%
U.S. Corporates, A-AAA rated	1.90	1.82%	(0.05%)	1.16%	1.22%
Agency MBS (0 to 3 years)	1.89	1.46%	0.98%	1.68%	1.20%
Municipals	1.84	0.96%	(0.08%)	0.76%	0.85%
1-5 Year Indices					
U.S. Treasury	2.70	1.29%	(0.66%)	0.98%	0.67%
Federal Agency	2.20	1.31%	(0.49%)	0.97%	0.76%
U.S. Corporates, A-AAA rated	2.71	2.13%	(0.16%)	1.52%	1.59%
Agency MBS (0 to 5 years)	3.35	2.23%	0.16%	1.22%	1.69%
Municipals	2.52	1.15%	0.08%	1.20%	1.24%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.19	1.77%	(0.93%)	0.83%	1.09%
Federal Agency	3.75	1.69%	(0.65%)	0.99%	1.05%
U.S. Corporates, A-AAA rated	6.64	3.08%	(0.09%)	0.67%	1.97%
Agency MBS (0 to 30 years)	4.53	2.63%	(0.06%)	1.46%	2.00%
Municipals	6.74	2.34%	1.72%	3.55%	3.35%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

Disclosures

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TAB II

Executive Summary

PORTFOLIO STRATEGY

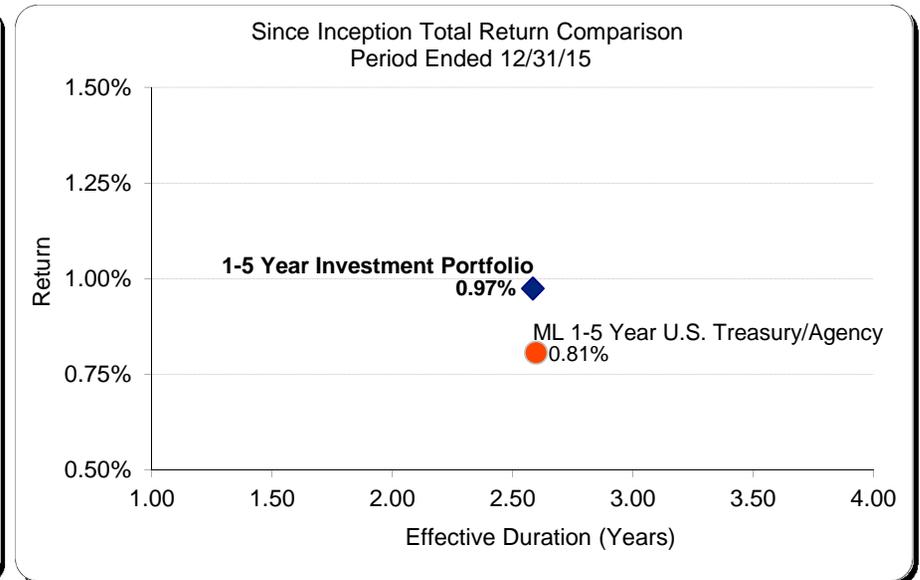
- The Town's 1-5 Year Investment and Bond Proceed Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate, municipal securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the fourth quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result, the Portfolio realized \$2,652 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 -0.46% outperformed the benchmark performance of -0.65% by 0.19%. Over the past year, the Portfolio earned 1.05% versus 0.97% for the benchmark.
- 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 0.46%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 21 basis points (0.21%).
- PFMAM maintained a modestly defensive duration position for much of the quarter as rates trended higher. As rates approached the upper end of recent ranges ahead of the FOMC meeting, we extended portfolio durations from short of the benchmark's duration to a near-neutral position; this more closely aligned portfolio durations with the durations of their respective benchmarks.
- Ahead of the December FOMC meeting, market expectations were for an initial Fed Funds hike, supported by assurances that future policy changes would be gradual. Market reaction after the FOMC's announcement to raise the target range for the federal funds rate was relatively subdued, evidence that the action was in line with these expectations, a goal of the FOMC's effort to provide transparency to investors.
- Recent FOMC projections indicate that Committee members anticipate that three or four rate hikes may be appropriate in 2016 – projections that most market participants believe to be overstated. We believe that expectations for low inflation will limit this year's rate hikes to two or three, and that short term yields will trend only modestly higher in the near term. We expect long-term rates to remain within modest ranges, resulting in further flattening of the yield curve.
- We maintain the outlook that the economy will continue to expand at a moderate pace in the intermediate term. We will continue to monitor any spillover effect that modest global growth and muted inflation may have on the U.S. economy. These factors will help justify the FOMC's stated intention to remain patient in the pace at which it raises the federal funds rate.
- 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 ¹	December 31, 2015	September 30, 2015
Market Value	\$18,231,646.16	\$18,315,556.76
Amortized Cost	\$18,273,868.99	\$18,213,600.11

Total Return ^{2,3,4}	Quarterly Return December 31, 2015	Last 6 Months	Last 12 Months	Last 2 Years	Last 3 Years	Since Inception September 30, 2011
1-5 Year Investment Portfolio (Actively Managed)	-0.46%	0.21%	1.05%	1.13%	0.77%	0.97%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	-0.65%	0.04%	0.97%	1.11%	0.68%	0.81%

Effective Duration (Years) ^{4,5}	December 31, 2015	September 30, 2015	Yields	December 31, 2015	September 30, 2015
1-5 Year Investment Portfolio (Actively Managed)	2.58	2.52	Yield at Market	1.39%	0.99%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.60	2.59	Yield at Cost	1.31%	1.23%
Portfolio Duration % of Benchmark Duration	99%	97%			

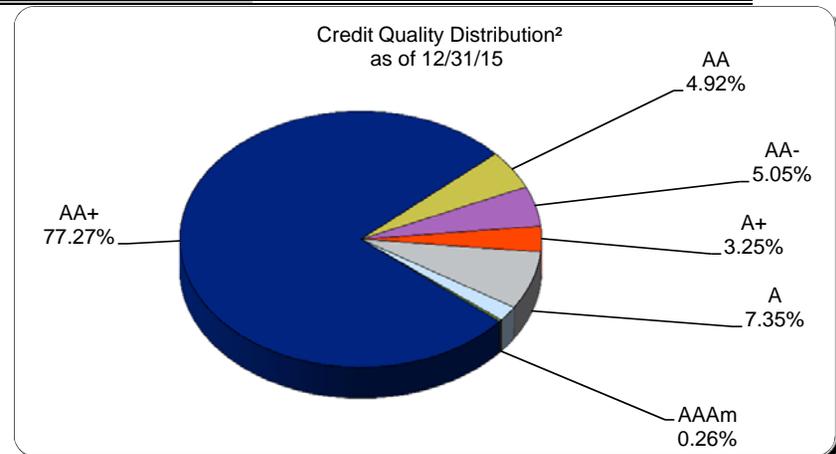
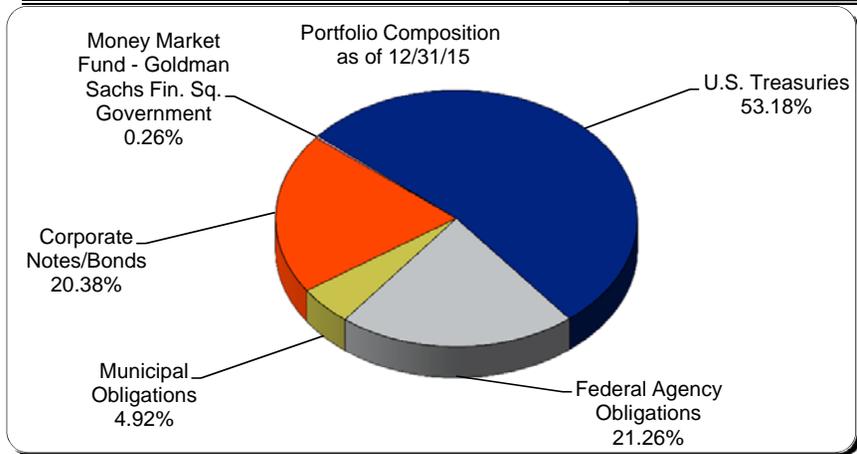


Notes:

- 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.
- 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.
- Since Inception the benchmark has been the Merrill Lynch 1-5 Year U.S. Treasury/Agency Note Index.
- Merrill Lynch Indices provided by Bloomberg Financial Markets.
- 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> ¹	<u>December 31, 2015</u>	<u>% of Portfolio</u>	<u>September 30, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$9,695,226.72	53.2%	\$9,629,935.34	52.6%
Federal Agencies	3,875,615.12	21.3%	3,906,373.68	21.3%
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	897,904.58	4.9%	903,686.60	4.9%
Corporate Notes/Bonds	3,715,825.30	20.4%	3,828,258.87	20.9%
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	47,074.44	0.3%	47,302.27	0.3%
Totals	\$18,231,646.16	100.0%	\$18,315,556.76	100.0%

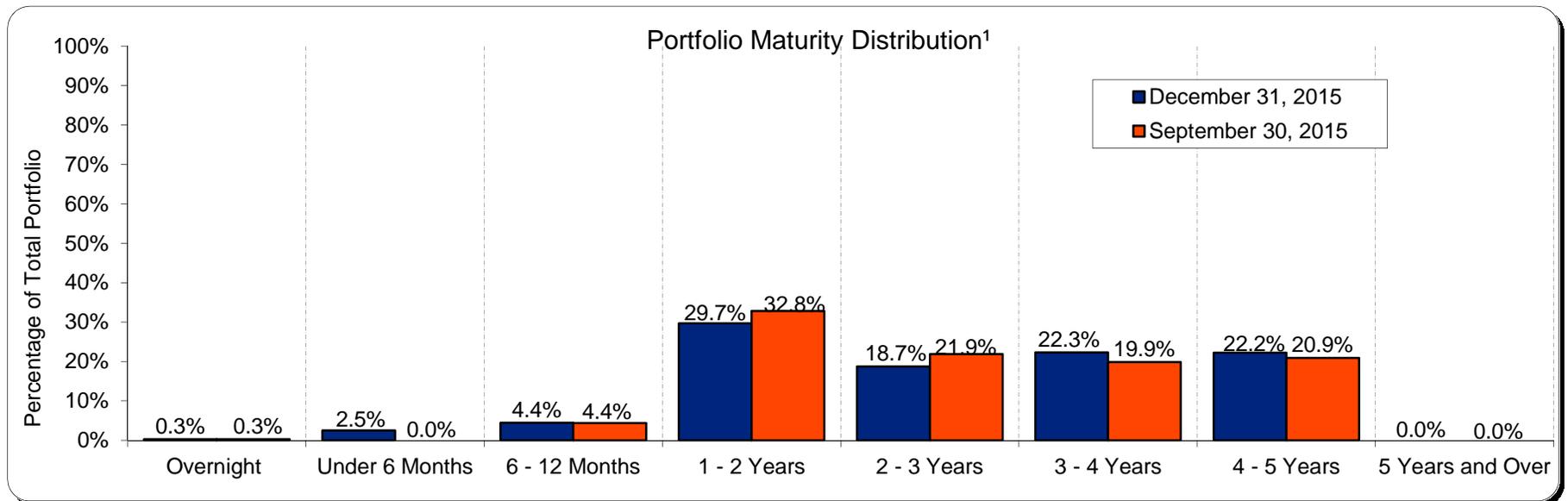


Notes:

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

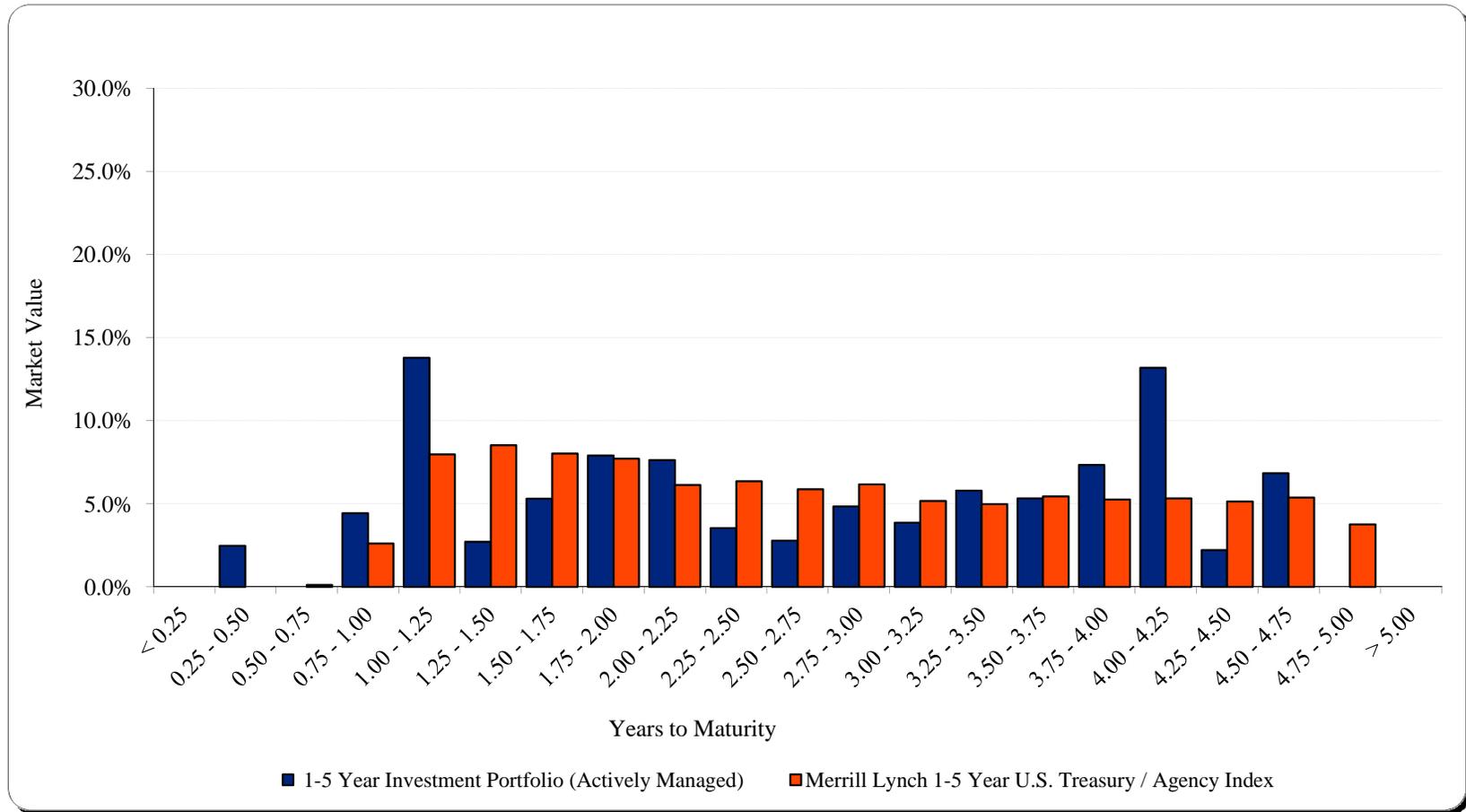
<u>Maturity Distribution</u> ¹	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Overnight (Money Market Fund)	\$47,074.44	47,302.27
Under 6 Months	450,380.25	0.00
6 - 12 Months	805,647.98	802,656.99
1 - 2 Years	5,406,731.97	6,004,695.06
2 - 3 Years	3,417,434.92	4,005,462.94
3 - 4 Years	4,058,050.64	3,636,415.14
4 - 5 Years	4,046,325.96	3,819,024.36
5 Years and Over	0.00	0.00
Totals	\$18,231,646.16	\$18,315,556.76



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 Benchmark¹



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

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} December 31, 2015</u>	<u>Amortized Cost^{1,2,3} September 30, 2015</u>	<u>Market Value^{1,2,3} December 31, 2015</u>	<u>Market Value^{1,2,3} September 30, 2015</u>	<u>Duration (Years)⁴ December 31, 2015</u>
2013 Bond Fund - 4265	27,086,511.75	33,124,954.27	27,061,069.11	33,194,458.39	0.92
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	19,422.74	19,414.74	19,422.74	19,414.74	33 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	1,284,124.63	1,283,595.44	1,284,124.63	1,283,595.44	33 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	9,583,208.26	7,420,745.06	9,583,208.26	7,420,745.06	55 Days
Total	\$37,973,267.38	\$41,848,709.51	\$37,947,824.74	\$41,918,213.63	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ December 31, 2015</u>	<u>Yield to Maturity at Cost⁶ September 30, 2015</u>	<u>Yield to Maturity at Market December 31, 2015</u>	<u>Yield to Maturity at Market September 30, 2015</u>	<u>Duration (Years)⁴ September 30, 2015</u>
2013 Bond Fund - 4265	0.63%	0.56%	0.76%	0.40%	0.97
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁵	0.21%	0.11%	0.21%	0.11%	50 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	0.21%	0.11%	0.21%	0.11%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	0.03%	0.00%	0.03%	0.00%	51 Days
Weighted Average Yield	0.46%	0.45%	0.56%	0.32%	

Benchmarks

	<u>December 31, 2015</u>	<u>September 30, 2015</u>
S&P GIP Government 30 Day Index ⁷	0.25%	0.16%

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^{1,2,3} December 31, 2015</u>	<u>Amortized Cost^{1,2,3} September 30, 2015</u>	<u>Market Value^{1,2,3} December 31, 2015</u>	<u>Market Value^{1,2,3} September 30, 2015</u>	<u>Duration (Years)⁴ December 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	19,422.74	19,414.74	19,422.74	19,414.74	33 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
Total	\$19,422.74	\$19,414.74	\$19,422.74	\$19,414.74	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ December 31, 2015</u>	<u>Yield to Maturity at Cost⁶ September 30, 2015</u>	<u>Yield to Maturity at Market December 31, 2015</u>	<u>Yield to Maturity at Market September 30, 2015</u>	<u>Duration (Years) September 30, 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 ⁶	0.21%	0.11%	0.21%	0.11%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
Weighted Average Yield	0.21%	0.11%	0.21%	0.11%	

Benchmarks

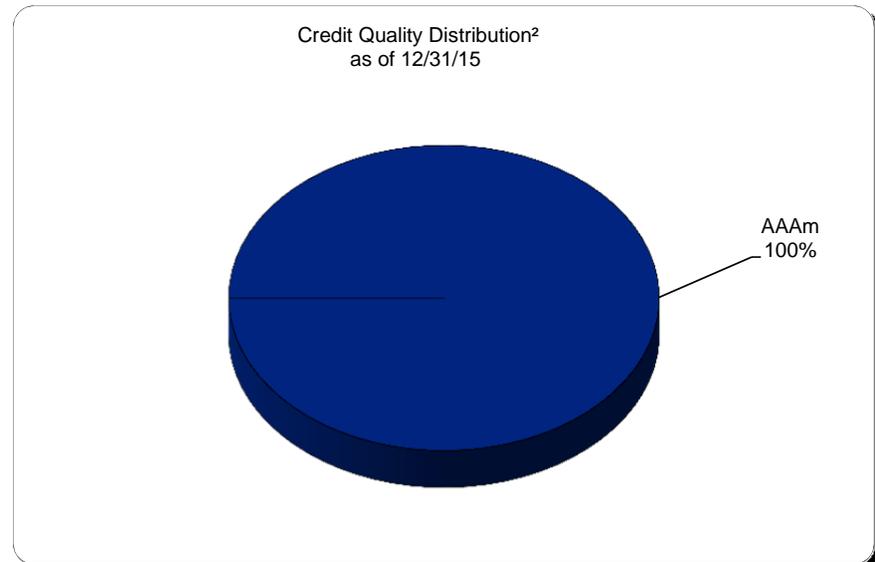
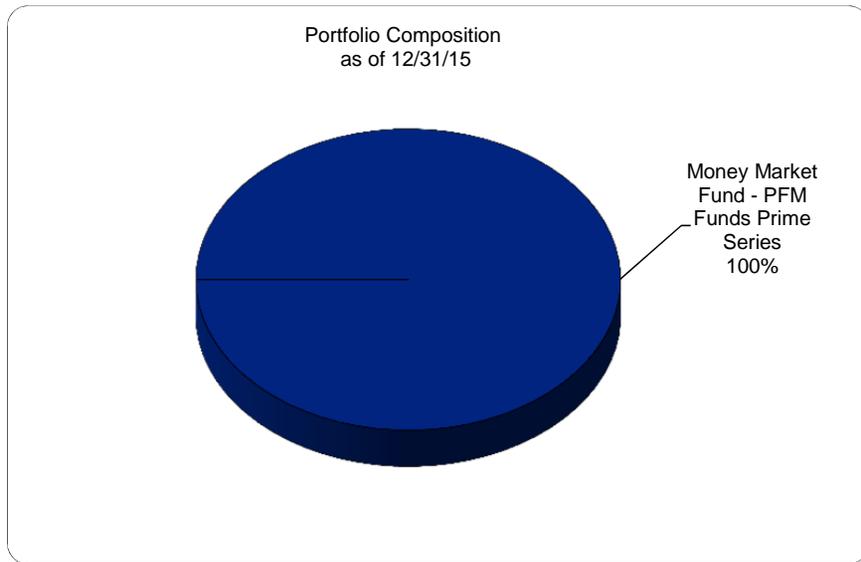
	<u>December 31, 2015</u>	<u>September 30, 2015</u>
S&P GIP Government 30 Day Index ⁷	0.25%	0.16%

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 yields, source Bloomberg.

Short Term Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>December 31, 2015</u>	<u>% of Portfolio</u>	<u>September 30, 2015</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	19,422.74	100.0%	19,414.74	100.00%
Totals	\$19,422.74	100.0%	\$19,414.74	100.0%

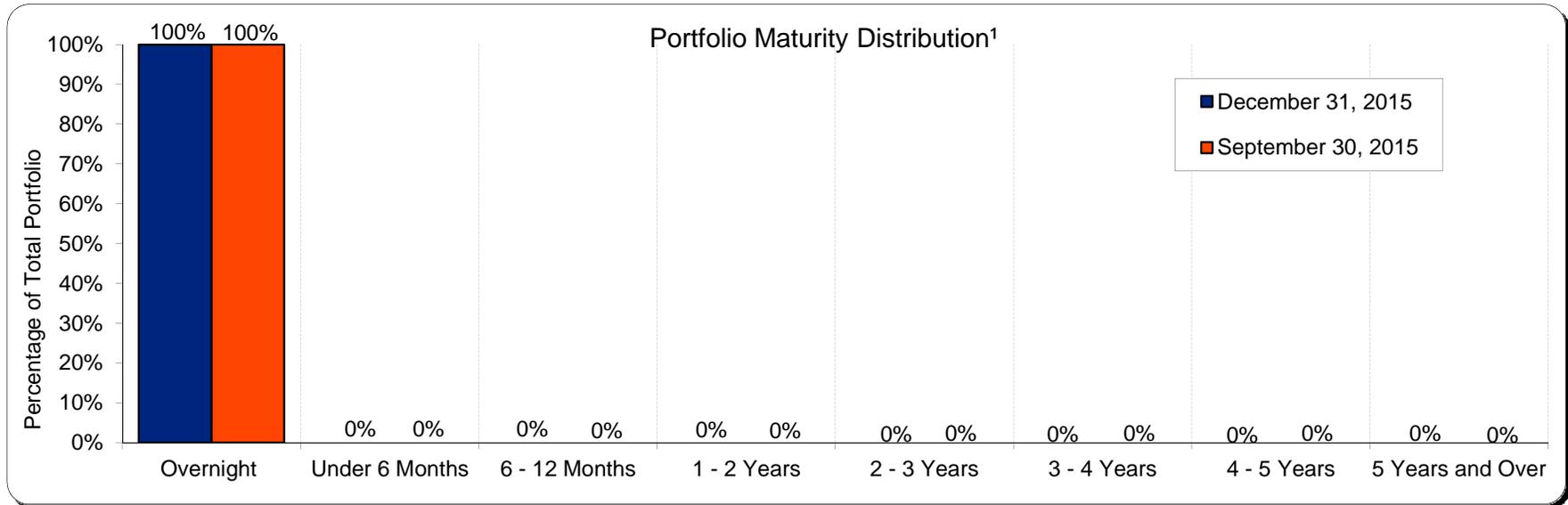


Notes:

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 Distribution¹</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Overnight (Money Market Fund)	\$19,422.74	\$19,414.74
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
Totals	\$19,422.74	\$19,414.74



2013 Bond Fund Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} December 31, 2015</u>	<u>Amortized Cost^{1,2,3} September 30, 2015</u>	<u>Market Value^{1,2,3} December 31, 2015</u>	<u>Market Value^{1,2,3} September 30, 2015</u>	<u>Duration (Years)⁴ December 31, 2015</u>
2013 Bond Fund - 4265	\$27,086,511.75	\$33,124,954.27	\$27,061,069.11	\$33,194,458.39	0.92
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	1,284,124.63	1,283,595.44	1,284,124.63	1,283,595.44	33 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	9,583,208.26	7,420,745.06	9,583,208.26	7,420,745.06	55 Days
Total	\$37,953,844.64	\$41,829,294.77	\$37,928,402.00	\$41,898,798.89	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ December 31, 2015</u>	<u>Yield to Maturity at Cost⁵ September 30, 2015</u>	<u>Yield to Maturity at Market December 31, 2015</u>	<u>Yield to Maturity at Market September 30, 2015</u>	<u>Duration (Years) September 30, 2015</u>
2013 Bond Fund - 4265	0.63%	0.56%	0.76%	0.40%	0.97
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357 ⁶	0.21%	0.11%	0.21%	0.11%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.03%	0.00%	0.03%	0.00%	51 Days
Weighted Average Yield	0.46%	0.45%	0.56%	0.32%	

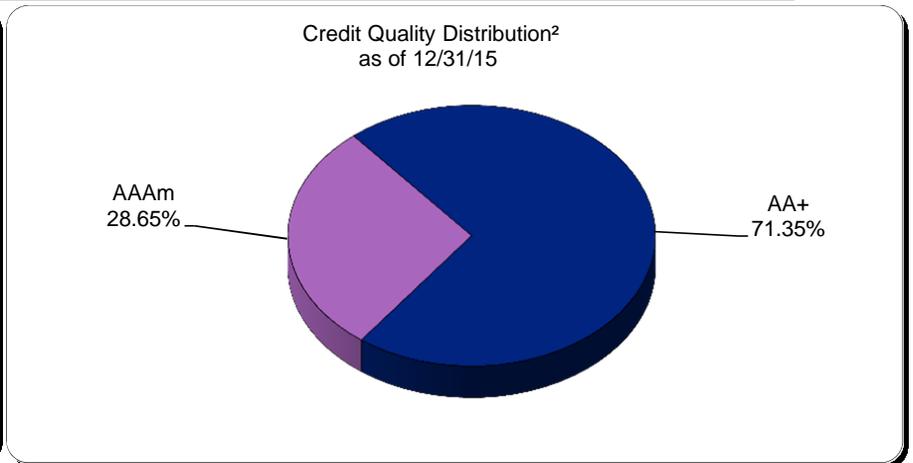
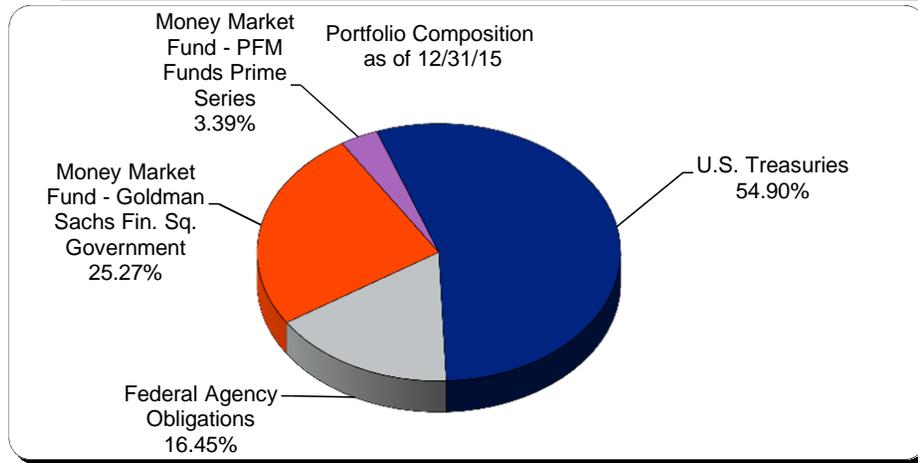
<u>Benchmarks</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
S&P GIP Government 30 Day Index ⁷	0.25%	0.16%

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> ¹	<u>December 31, 2015</u>	<u>% of Portfolio</u>	<u>September 30, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$20,822,528.83	54.9%	\$26,910,093.11	64.2%
Federal Agencies	6,238,540.28	16.4%	6,284,365.28	15.0%
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	9,583,208.26	25.3%	7,420,745.06	17.7%
Money Market Fund - PFM Funds Prime Series	1,284,124.63	3.4%	1,283,595.44	3.1%
Totals	\$37,928,402.00	100.0%	\$41,898,798.89	100.0%

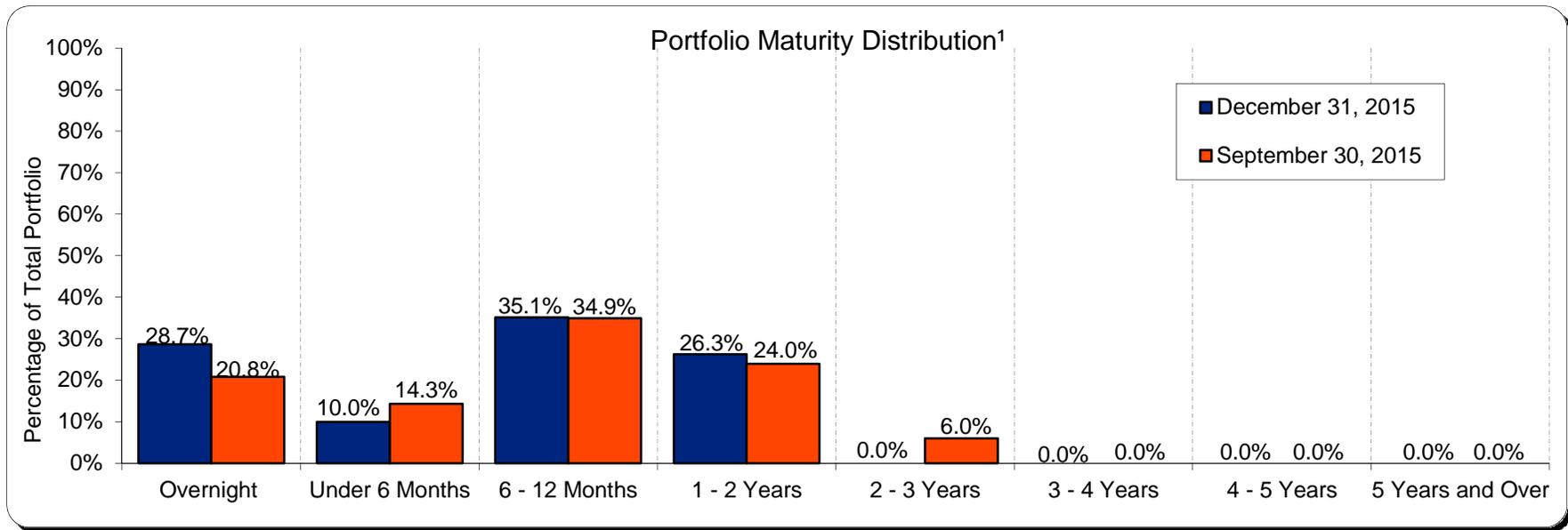


Notes:

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.

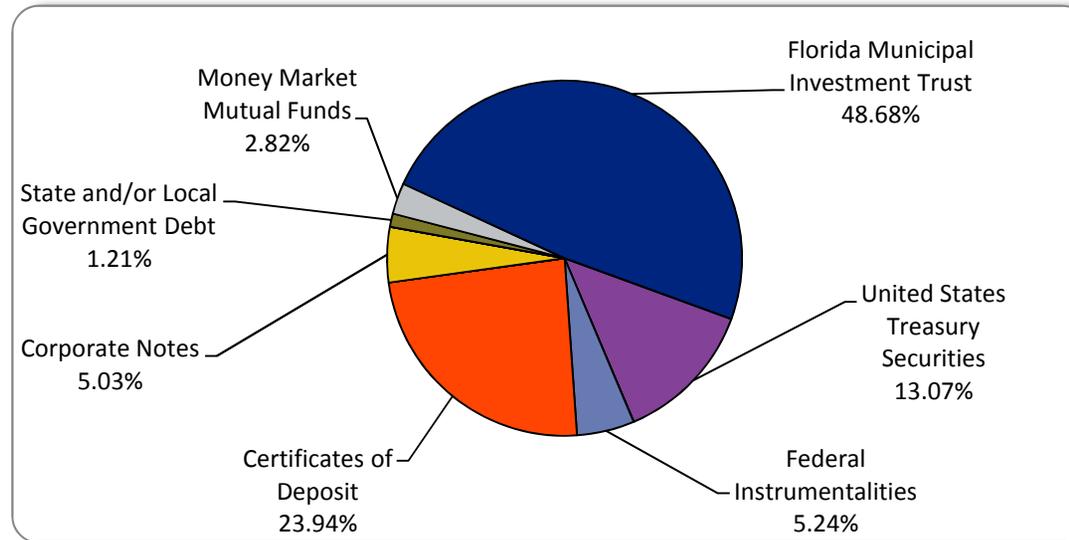
2013 Bond Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Overnight (Money Market Fund)	\$10,867,332.89	\$8,704,340.50
Under 6 Months	3,781,524.73	6,006,511.17
6 - 12 Months	13,311,575.13	14,630,879.76
1 - 2 Years	9,967,969.25	10,040,151.56
2 - 3 Years	0.00	2,516,915.90
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$37,928,402.00	\$41,898,798.89



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 ¹	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Florida Prime (SBA)	-	0.00%		0%	YES
United States Treasury Securities	9,706,244.02	13.07%		100%	YES
United States Government Agency Securities	-	0.00%		50%	YES
Federal Instrumentalities	3,887,332.95	5.24%		80%	YES
Certificates of Deposit	17,775,855.00	23.94%	3	50%	YES
Repurchase Agreements	-	0.00%		50%	YES
Commercial Paper	-	0.00%		25%	YES
Corporate Notes	3,736,289.09	5.03%	2	25%	YES
Bankers' Acceptances	-	0.00%		35%	YES
State and/or Local Government Debt	896,928.49	1.21%		20%	YES
Money Market Mutual Funds	2,096,823.78	2.82%		50%	YES
Florida Municipal Investment Trust	36,137,073.00	48.68%	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 3.09% 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

Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Government National Mortgage Association (GNMA)	-	0.00%		25%	YES
Federal Farm Credit Bank (FFCB)	-	0.00%		30%	YES
Federal Home Loan Bank (FHLB)	450,756.81	0.61%		30%	YES
Federal National Mortgage Association (FNMA)	1,679,296.95	2.26%		30%	YES
Federal Home Loan Mortgage Corporation (FHLMC)	1,757,279.19	2.37%		30%	YES
General Electric Corporate Notes	516,838.85	0.70%		5%	YES
American Honda Corporate Notes	140,240.97	0.19%		5%	YES
Boeing Company Corporate Notes	220,174.63	0.30%		5%	YES
Toyota Corporate Notes	460,653.81	0.62%		5%	YES
Wells Fargo & Company Corporate Notes	455,354.15	0.61%		5%	YES
John Deere Corporate Notes	215,430.05	0.29%		5%	YES
Bank of New York Mellon Corporate Notes	458,080.96	0.62%		5%	YES
JP Morgan Corporate Notes	352,200.07	0.47%		5%	YES
Abbot Laboratories Corporate Notes	455,187.93	0.61%		5%	YES
Cisco Systems Corporate Notes	401,376.69	0.54%		5%	YES
New York University Corporate Notes	60,750.98	0.08%		5%	YES
New York City, New York Taxable G.O Bonds	446,363.13	0.60%		5%	YES
Regional Trans Authority, IL Taxable Revenue Bonds	450,565.36	0.61%		20%	YES
Money Market Fund - PFM Funds Prime Series #174	19,422.74	0.03%		25%	YES
Money Market Fund - Goldman Sachs Financial	47,074.44	0.06%		25%	YES
Squares Government Fund (TD Bank)					
Money Market Fund - Bank United	2,030,326.60	2.73%	3	25%	YES
FMIvT 1-3	24,797,376.00	33.40%	3	50%	YES
FMIvT Intermediate	11,339,697.00	15.28%	3	50%	YES
Bank United CD's	10,054,420.83	13.54%	3	25%	YES
TD Bank CD's	7,721,635.70	10.40%	3	25%	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 3.09% 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

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.