



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2014

Prepared by
Valley View Consulting, L.L.C.

The investment portfolio of the City of Keller is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.



Finance Director



City Manager



Deputy City Manager



Council Member



Council Member

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded <10 bps). In December, the FOMC began tapering the Quantitative Easing (QE3) program. The monthly purchase amount has been decreased three times (\$10 billion each time) to \$55 billion. A continued, orderly tapering is anticipated as long as economic activity remains moderately positive. Fourth quarter 2013 GDP was revised lower to +2.4% from its earlier estimate of +3.2%. Employment data remains positive, but modest and inconsistent. The US stock markets touched new highs. Financial institution deposit yields generally provide the best interest earnings opportunity, although spreads to security yields have tightened - as evidenced by the City's recent diversification into Treasury and Agency securities.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.00%	\$ 950,229	\$ 950,229	\$ 1,321,816	\$ 1,321,816
NOW/MMA/Pools	0.12%	21,336,342	21,336,342	29,536,747	29,536,747
Certificates of Deposit	0.50%	30,426,017	30,426,017	33,961,488	33,961,488
Securities	0.62%	7,097,345	7,097,345	-	-
Totals		\$ 59,809,934	\$ 59,809,934	\$ 64,820,050	\$ 64,820,050

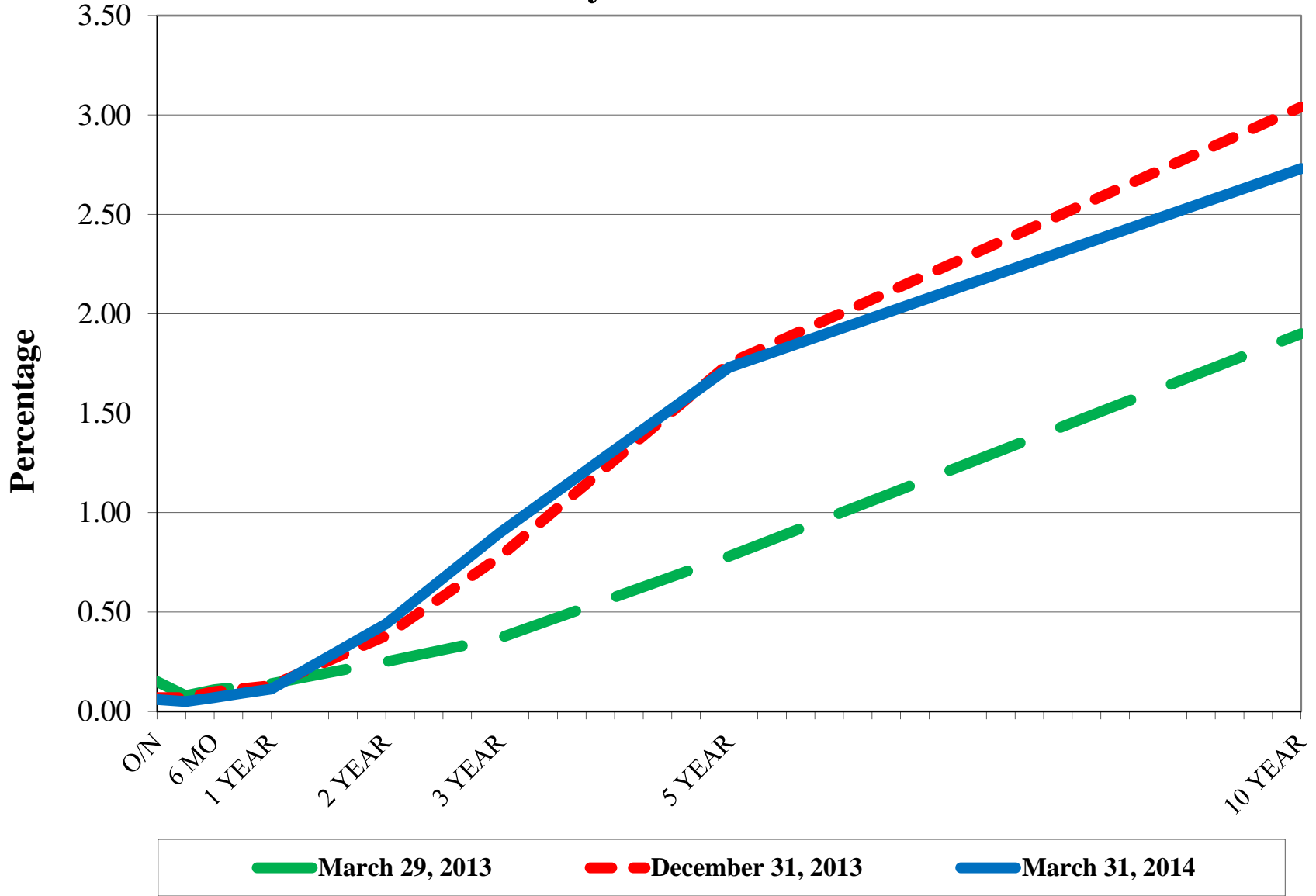
<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	0.37%	Total Portfolio	0.35%
Rolling Three Mo. Treas. Yield	0.05%	Rolling Three Mo. Treas. Yield	0.06%
Rolling Six Mo. Treas. Yield	0.08%	Rolling Six Mo. Treas. Yield	0.08%
		Quarterly TexPool Yield	0.03%

Quarterly Interest Income \$ 52,850 Approximate
 Year-to-date Interest Income \$ 110,442 Approximate

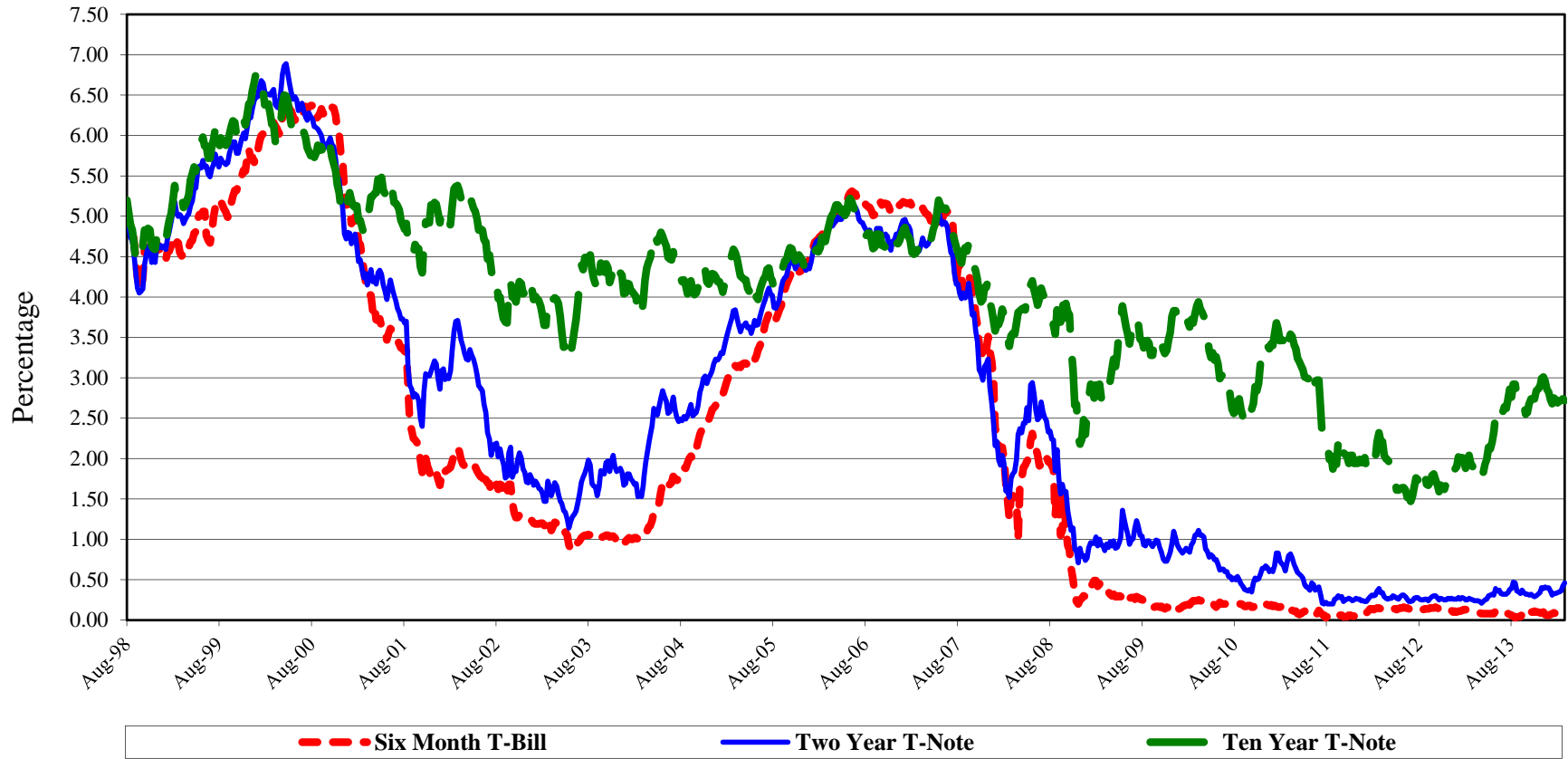
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

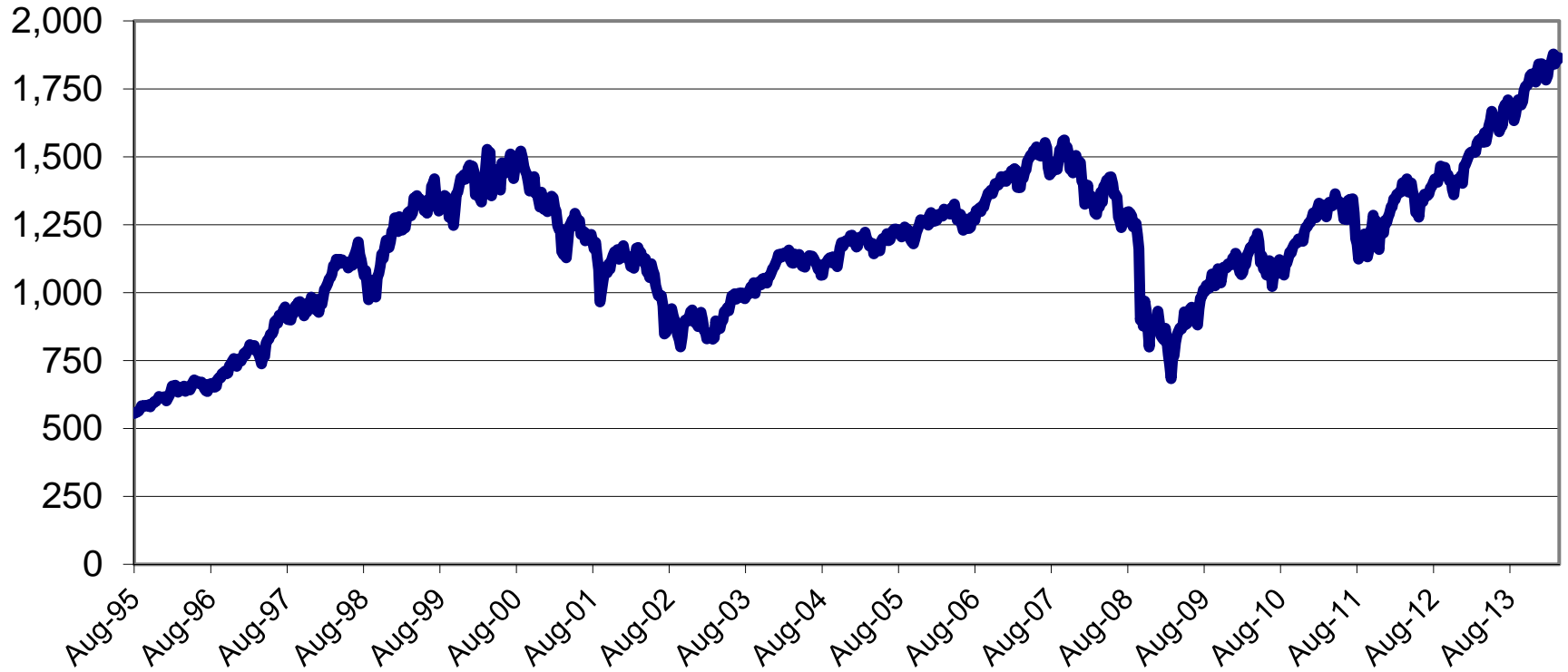
Treasury Yield Curves



US Treasury Historical Yields



S&P 500



Detail of Investment Holdings

March 31, 2014

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Frost DDA (3)		0.00%	04/01/14	03/31/14	\$ 950,229	\$ 950,229	1.00	\$ 950,229	1	0.00%
TexPool	AAAm	0.03%	04/01/14	03/31/14	6,120,541	6,120,541	1.00	6,120,541	1	0.03%
LOGIC	AAAm	0.10%	04/01/14	03/31/14	2,138,443	2,138,443	1.00	2,138,443	1	0.10%
Comerica MMA 0330		0.15%	04/01/14	03/31/14	2,543,650	2,543,650	1.00	2,543,650	1	0.15%
SSB MMA 1332		0.18%	04/01/14	03/31/14	2,728,253	2,728,253	1.00	2,728,253	1	0.18%
SSB MMA 7888		0.18%	04/01/14	03/31/14	7,805,456	7,805,456	1.00	7,805,456	1	0.18%
Comerica CD		0.70%	04/10/14	04/10/12	3,547,221	3,547,221	100.00	3,547,221	10	0.70%
Southside CD		0.51%	04/16/14	10/16/12	1,006,402	1,006,402	100.00	1,006,402	16	0.51%
Texas Security CD		0.35%	05/22/14	03/22/13	3,010,514	3,010,514	100.00	3,010,514	52	0.35%
Southside CD		0.17%	05/26/14	09/26/13	400,337	400,337	100.00	400,337	56	0.17%
Southside CD		0.64%	07/09/14	07/09/12	2,524,226	2,524,226	100.00	2,524,226	100	0.64%
Southside CD		0.45%	07/14/14	01/14/13	2,020,156	2,020,156	100.00	2,020,156	105	0.45%
Southside CD		0.19%	07/25/14	09/26/13	400,377	400,377	100.00	400,377	116	0.19%
Southside CD		0.20%	08/26/14	09/26/13	300,298	300,298	100.00	300,298	148	0.20%
Comerica CD		0.36%	09/24/14	03/22/13	2,007,212	2,007,212	100.00	2,007,212	177	0.36%
Southside CD		0.25%	10/07/14	01/10/14	503,298	503,298	100.00	503,298	190	0.25%
Comerica CD		0.58%	10/22/14	10/22/12	2,051,353	2,051,353	100.00	2,051,353	205	0.58%
Southside CD		0.21%	10/24/14	09/26/13	400,417	400,417	100.00	400,417	207	0.21%
Southside CD		0.20%	11/13/14	11/13/13	503,445	503,445	100.00	503,445	227	0.20%
Southside CD		0.35%	12/12/14	09/12/13	503,788	503,788	100.00	503,788	256	0.35%
Comerica CD		0.55%	03/23/15	03/22/13	2,513,785	2,513,785	100.00	2,513,785	357	0.55%
Comerica CD		0.54%	04/22/15	04/22/13	2,009,905	2,009,905	100.00	2,009,905	387	0.54%
Comerica CD		0.20%	05/01/15	11/01/13	141,492	141,492	100.00	141,492	396	0.20%
Comerica CD		0.55%	07/22/15	07/22/13	1,015,148	1,015,148	100.00	1,015,148	478	0.55%
Comerica CD		0.55%	09/14/15	09/13/13	2,563,929	2,563,929	100.00	2,563,929	532	0.55%
FHLB Bond		1.65%	02/11/15	03/31/14	3,000,000	3,063,330	102.11	3,063,330	317	0.37%
Comerica CD		0.56%	01/04/16	01/03/14	3,002,716	3,002,716	100.00	3,002,716	644	0.56%
FNMA Bond		1.38%	11/15/16	03/31/14	2,500,000	2,539,640	101.59	2,539,640	960	0.76%
Treasury Note		0.75%	03/15/17	03/31/14	1,500,000	1,494,375	99.63	1,494,375	1,080	0.88%
					\$ 59,712,589	\$ 59,809,934		\$ 59,809,934	210	0.37%

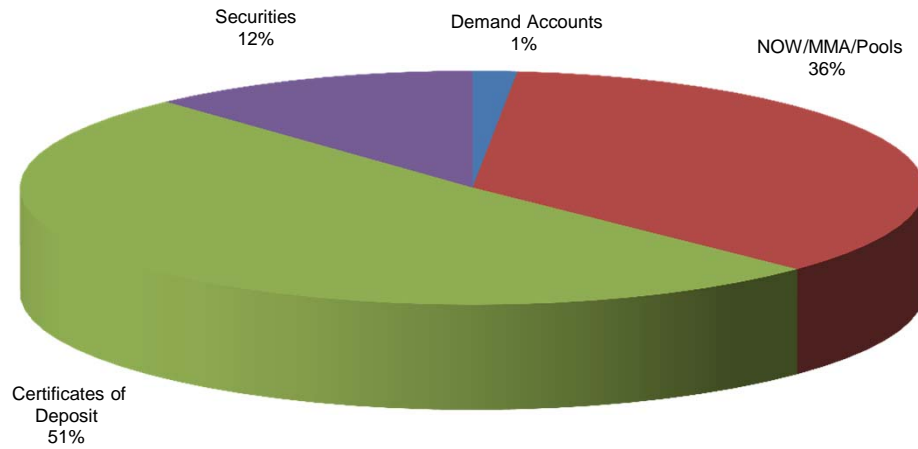
(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

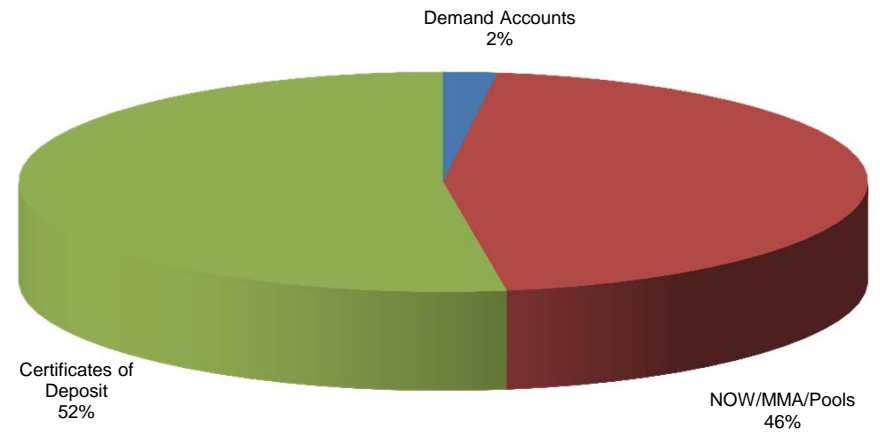
(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. The current rate is 0.58%.

Valley View Consulting, L.L.C.

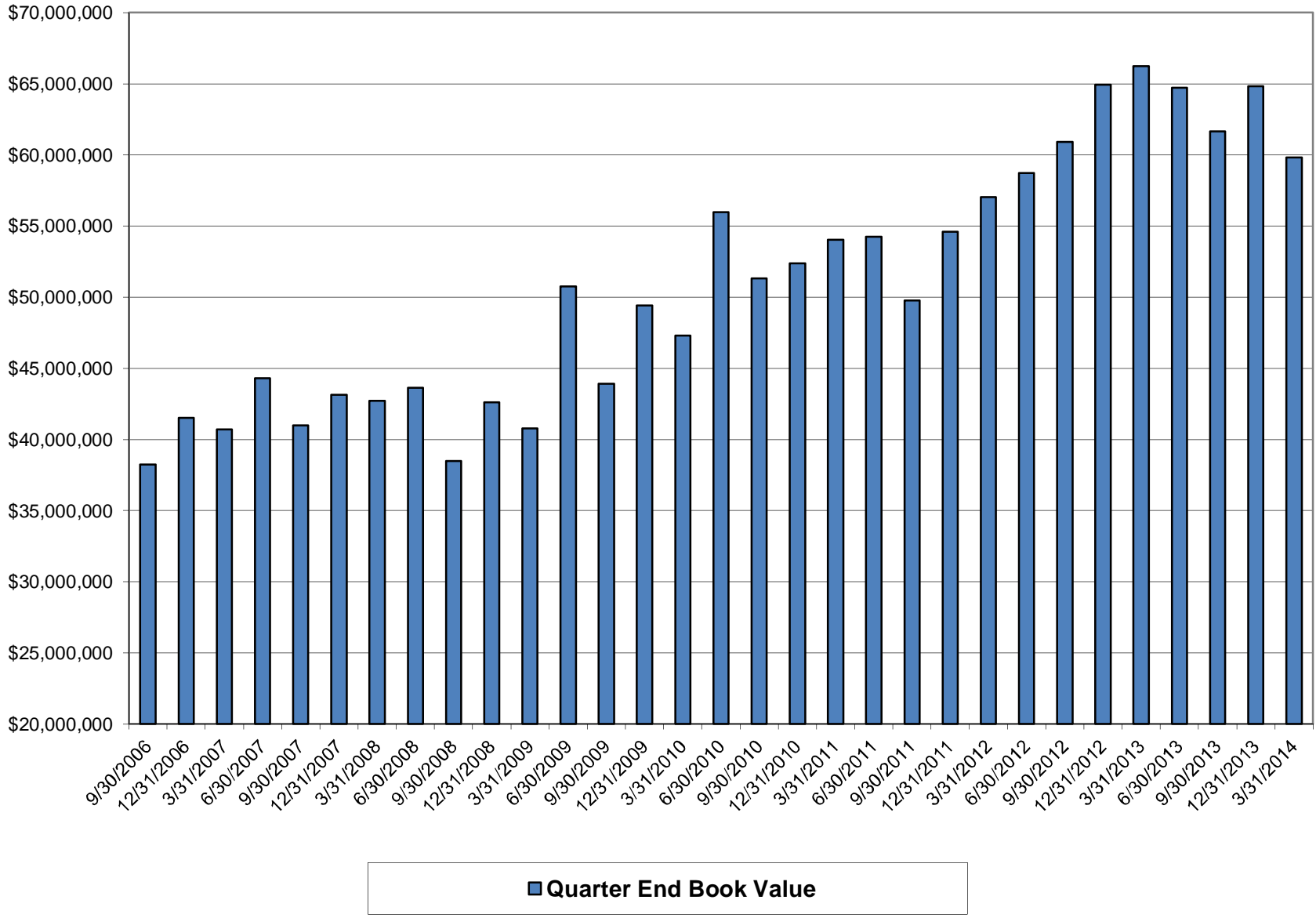
**Portfolio Composition
Current Quarter**



**Portfolio Composition
Previous Quarter**



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2013		Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	March 31, 2014	
			Face Amount/ Par Value	Book Value			Face Amount/ Par Value	Book Value
Frost DDA	0.00%	04/01/14	\$ 1,321,816	\$ 1,321,816	\$ -	\$ (371,586)	\$ 950,229	\$ 950,229
TexPool	0.03%	04/01/14	9,140,416	9,140,416		(3,019,875)	6,120,541	6,120,541
LOGIC	0.10%	04/01/14	1,634,941	1,634,941	503,502		2,138,443	2,138,443
Comerica MMA 0330	0.15%	04/01/14	8,232,316	8,232,316		(5,688,666)	2,543,650	2,543,650
SSB MMA 1332	0.18%	04/01/14	2,727,052	2,727,052	1,200		2,728,253	2,728,253
SSB MMA 7888	0.18%	04/01/14	7,802,022	7,802,022	3,434		7,805,456	7,805,456
Southside CD	0.30%	01/10/14	503,009	503,009		(503,009)		
Comerica CD	0.66%	03/07/14	3,034,910	3,034,910		(3,034,910)		
Comerica CD	0.65%	03/10/14	1,517,189	1,517,189		(1,517,189)		
Comerica CD	0.65%	03/12/14	1,517,189	1,517,189		(1,517,189)		
Southside CD	0.21%	03/18/14	502,678	502,678		(502,678)		
Comerica CD	0.70%	04/10/14	3,541,106	3,541,106	6,116		3,547,221	3,547,221
Southside CD	0.51%	04/16/14	1,005,110	1,005,110	1,292		1,006,402	1,006,402
Texas Security CD	0.35%	05/22/14	3,007,918	3,007,918	2,596		3,010,514	3,010,514
Southside CD	0.17%	05/26/13	400,170	400,170	168		400,337	400,337
Southside CD	0.64%	07/09/14	2,520,157	2,520,157	4,069		2,524,226	2,524,226
Southside CD	0.45%	07/14/14	2,017,867	2,017,867	2,289		2,020,156	2,020,156
Southside CD	0.19%	07/25/14	400,189	400,189	187		400,377	400,377
Southside CD	0.20%	08/26/14	300,150	300,150	148		300,298	300,298
Comerica CD	0.36%	09/24/14	2,005,431	2,005,431	1,781		2,007,212	2,007,212
Southside CD	0.25%	10/07/14			503,298		503,298	503,298
Comerica CD	0.58%	10/22/14	2,048,422	2,048,422	2,931		2,051,353	2,051,353
Southside CD	0.21%	10/24/14	400,209	400,209	207		400,417	400,417
Southside CD	0.20%	11/13/14	503,191	503,191	254		503,445	503,445
Southside CD	0.35%	12/12/14	503,354	503,354	434		503,788	503,788
Comerica CD	0.55%	03/23/15	2,510,379	2,510,379	3,406		2,513,785	2,513,785
Comerica CD	0.54%	04/22/15	2,007,231	2,007,231	2,674		2,009,905	2,009,905
Comerica CD	0.20%	05/01/15	141,422	141,422	70		141,492	141,492
Comerica CD	0.55%	07/22/15	1,013,754	1,013,754	1,395		1,015,148	1,015,148
Comerica CD	0.55%	09/14/15	2,560,455	2,560,455	3,474		2,563,929	2,563,929
FHLB Bond	1.65%	02/11/15			3,063,330		3,000,000	3,063,330
Comerica CD	0.56%	01/04/16			3,002,716		3,002,716	3,002,716
FNMA Bond	1.38%	11/15/16			2,539,640		2,500,000	2,539,640
Treasury Note	0.75%	03/15/17			1,494,375		1,500,000	1,494,375
TOTAL			\$ 64,820,050	\$ 64,820,050	\$ 11,144,986	\$ (16,155,102)	\$ 59,712,589	\$ 59,809,934

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2013		Qtr to Qtr Change	March 31, 2014	
			Face Amount/ Par Value	Market Value		Face Amount/ Par Value	Market Value
Frost DDA	0.00%	04/01/14	\$ 1,321,816	\$ 1,321,816	\$ (371,586)	\$ 950,229	\$ 950,229
TexPool	0.03%	04/01/14	9,140,416	9,140,416	(3,019,875)	6,120,541	6,120,541
LOGIC	0.10%	04/01/14	1,634,941	1,634,941	503,502	2,138,443	2,138,443
Comerica MMA 0330	0.15%	04/01/14	8,232,316	8,232,316	(5,688,666)	2,543,650	2,543,650
SSB MMA 1332	0.18%	04/01/14	2,727,052	2,727,052	1,200	2,728,253	2,728,253
SSB MMA 7888	0.18%	04/01/14	7,802,022	7,802,022	3,434	7,805,456	7,805,456
Southside CD	0.30%	01/10/14	503,009	503,009	(503,009)		
Comerica CD	0.66%	03/07/14	3,034,910	3,034,910	(3,034,910)		
Comerica CD	0.65%	03/10/14	1,517,189	1,517,189	(1,517,189)		
Comerica CD	0.65%	03/12/14	1,517,189	1,517,189	(1,517,189)		
Southside CD	0.21%	03/18/14	502,678	502,678	(502,678)		
Comerica CD	0.70%	04/10/14	3,541,106	3,541,106	6,116	3,547,221	3,547,221
Southside CD	0.51%	04/16/14	1,005,110	1,005,110	1,292	1,006,402	1,006,402
Texas Security CD	0.35%	05/22/14	3,007,918	3,007,918	2,596	3,010,514	3,010,514
Southside CD	0.17%	05/26/13	400,170	400,170	168	400,337	400,337
Southside CD	0.64%	07/09/14	2,520,157	2,520,157	4,069	2,524,226	2,524,226
Southside CD	0.45%	07/14/14	2,017,867	2,017,867	2,289	2,020,156	2,020,156
Southside CD	0.19%	07/25/14	400,189	400,189	187	400,377	400,377
Southside CD	0.20%	08/26/14	300,150	300,150	148	300,298	300,298
Comerica CD	0.36%	09/24/14	2,005,431	2,005,431	1,781	2,007,212	2,007,212
Southside CD	0.25%	10/07/14			503,298	503,298	503,298
Comerica CD	0.58%	10/22/14	2,048,422	2,048,422	2,931	2,051,353	2,051,353
Southside CD	0.21%	10/24/14	400,209	400,209	207	400,417	400,417
Southside CD	0.20%	11/13/14	503,191	503,191	254	503,445	503,445
Southside CD	0.35%	12/12/14	503,354	503,354	434	503,788	503,788
Comerica CD	0.55%	03/23/15	2,510,379	2,510,379	3,406	2,513,785	2,513,785
Comerica CD	0.54%	04/22/15	2,007,231	2,007,231	2,674	2,009,905	2,009,905
Comerica CD	0.20%	05/01/15	141,422	141,422	70	141,492	141,492
Comerica CD	0.55%	07/22/15	1,013,754	1,013,754	1,395	1,015,148	1,015,148
Comerica CD	0.55%	09/14/15	2,560,455	2,560,455	3,474	2,563,929	2,563,929
FHLB Bond	1.65%	02/11/15			3,063,330	3,000,000	3,063,330
Comerica CD	0.56%	01/04/16			3,002,716	3,002,716	3,002,716
FNMA Bond	1.38%	11/15/16			2,539,640	2,500,000	2,539,640
Treasury Note	0.75%	03/15/17			1,494,375	1,500,000	1,494,375
TOTAL			\$ 64,820,050	\$ 64,820,050	\$ (5,010,116)	\$ 59,712,589	\$ 59,809,934

Allocation
March 31, 2014

Book Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 950,229	\$ 939,173	\$ -	\$ 688	\$ -	\$ 10,369
TexPool	6,120,541	5,340,955	756,492	23,094		
LOGIC	2,138,443	1,149,721			988,721	
Comerica MMA 0330	2,543,650	2,543,650				
SSB MMA 1332	2,728,253		2,728,253			
SSB MMA 7888	7,805,456	7,805,456				
04/10/14	3,547,221	3,547,221				
04/16/14	1,006,402	1,006,402				
05/22/14	3,010,514		3,010,514			
05/26/14	400,337				400,337	
07/09/14	2,524,226	2,524,226				
07/14/14	2,020,156	2,020,156				
07/25/14	400,377				400,377	
08/26/14	300,298				300,298	
09/24/14	2,007,212	2,007,212				
10/07/14	503,298				503,298	
10/22/14	2,051,353	2,051,353				
10/24/14	400,417				400,417	
11/13/14	503,445				503,445	
12/12/14	503,788				503,788	
03/23/15	2,513,785	2,513,785				
04/22/15	2,009,905	2,009,905				
05/01/15	141,492				141,492	
07/22/15	1,015,148	1,015,148				
09/14/15	2,563,929	2,563,929				
12/11/15	3,063,330	3,063,330				
01/04/16	3,002,716	3,002,716				
11/15/16	2,539,640	2,539,640				
03/15/17	1,494,375	1,494,375				
Totals	\$ 59,809,934	\$ 49,138,352	\$ 6,495,259	\$ 23,782	\$ 4,142,173	\$ 10,369

Allocation
March 31, 2014

Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 950,229	\$ 939,173	\$ -	\$ 688	\$ -	\$ 10,369
TexPool	6,120,541	5,340,955	756,492	23,094		
LOGIC	2,138,443	1,149,721			988,721	
Comerica MMA 0330	2,543,650	2,543,650				
SSB MMA 1332	2,728,253		2,728,253			
SSB MMA 7888	7,805,456	7,805,456				
04/10/14	3,547,221	3,547,221				
04/16/14	1,006,402	1,006,402				
05/22/14	3,010,514		3,010,514			
05/26/14	400,337				400,337	
07/09/14	2,524,226	2,524,226				
07/14/14	2,020,156	2,020,156				
07/25/14	400,377				400,377	
08/26/14	300,298				300,298	
09/24/14	2,007,212	2,007,212				
10/07/14	503,298				503,298	
10/22/14	2,051,353	2,051,353				
10/24/14	400,417				400,417	
11/13/14	503,445				503,445	
12/12/14	503,788				503,788	
03/23/15	2,513,785	2,513,785				
04/22/15	2,009,905	2,009,905				
05/01/15	141,492				141,492	
07/22/15	1,015,148	1,015,148				
09/14/15	2,563,929	2,563,929				
12/11/15	3,063,330	3,063,330				
01/04/16	3,002,716	3,002,716				
11/15/16	2,539,640	2,539,640				
03/15/17	1,494,375	1,494,375				
Totals	59,809,934	\$ 49,138,352	\$ 6,495,259	\$ 23,782	\$ 4,142,173	\$ 10,369

Allocation
December 31, 2013

Book & Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 1,321,816	\$ 1,126,011	\$ -	\$ 178,438	\$ -	\$ 17,367
TexPool	9,140,416	8,430,647	494,201	215,569		
LOGIC	1,634,941	1,149,476			485,465	
Comerica MMA 0330	8,232,316	8,232,316				
SSB MMA 1332	2,727,052		2,727,052			
SSB MMA 7888	7,802,022	7,802,022				
01/10/14	503,009				503,009	
03/07/14	3,034,910	3,034,910				
03/10/14	1,517,189	1,517,189				
03/12/14	1,517,189	1,517,189				
03/18/14	502,678				502,678	
04/10/14	3,541,106	3,541,106				
04/16/14	1,005,110	1,005,110				
05/22/14	3,007,918		3,007,918			
05/26/14	400,170				400,170	
07/09/14	2,520,157	2,520,157				
07/14/14	2,017,867	2,017,867				
07/25/14	400,189				400,189	
08/26/14	300,150				300,150	
09/24/14	2,005,431	2,005,431				
10/22/14	2,048,422	2,048,422				
10/24/14	400,209				400,209	
11/13/14	503,191				503,191	
12/12/14	503,354				503,354	
03/23/15	2,510,379	2,510,379				
04/22/15	2,007,231	2,007,231				
05/01/15	141,422				141,422	
07/22/15	1,013,754	1,013,754				
09/14/15	2,560,455	2,560,455				
Totals	\$ 64,820,050	\$ 54,039,669	\$ 6,229,171	\$ 394,007	\$ 4,139,836	\$ 17,367

City of Keller Historical Yields

