

## QUARTERLY INVESTMENT REPORT

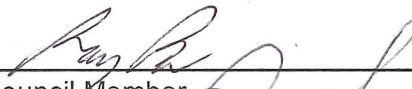
For the Quarter Ended

December 31, 2012

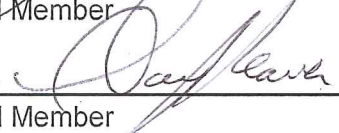
Prepared by  
Valley View Consulting, L.L.C.

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

  
\_\_\_\_\_  
Council Member

  
\_\_\_\_\_  
City Manager

  
\_\_\_\_\_  
Council Member

\_\_\_\_\_  
Deputy City Manager

**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 are trading +/-15 bps). At the December meeting, the FOMC extended Operation Twist and modified the exceptionally low rate target from "mid-2015" to unemployment below 6.2% and inflation less than 2.0%. The Fiscal Cliff was narrowly avoided, but largely unresolved. Federal spending and the debt ceiling need to be re-addressed later this spring. The European credit crisis was subdued, but also unresolved long term. Domestic employment growth is modest and inconsistent. Overall economic activity remains low to moderate. The US stock market continued edging higher. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

**Quarter End Results by Investment Category:**

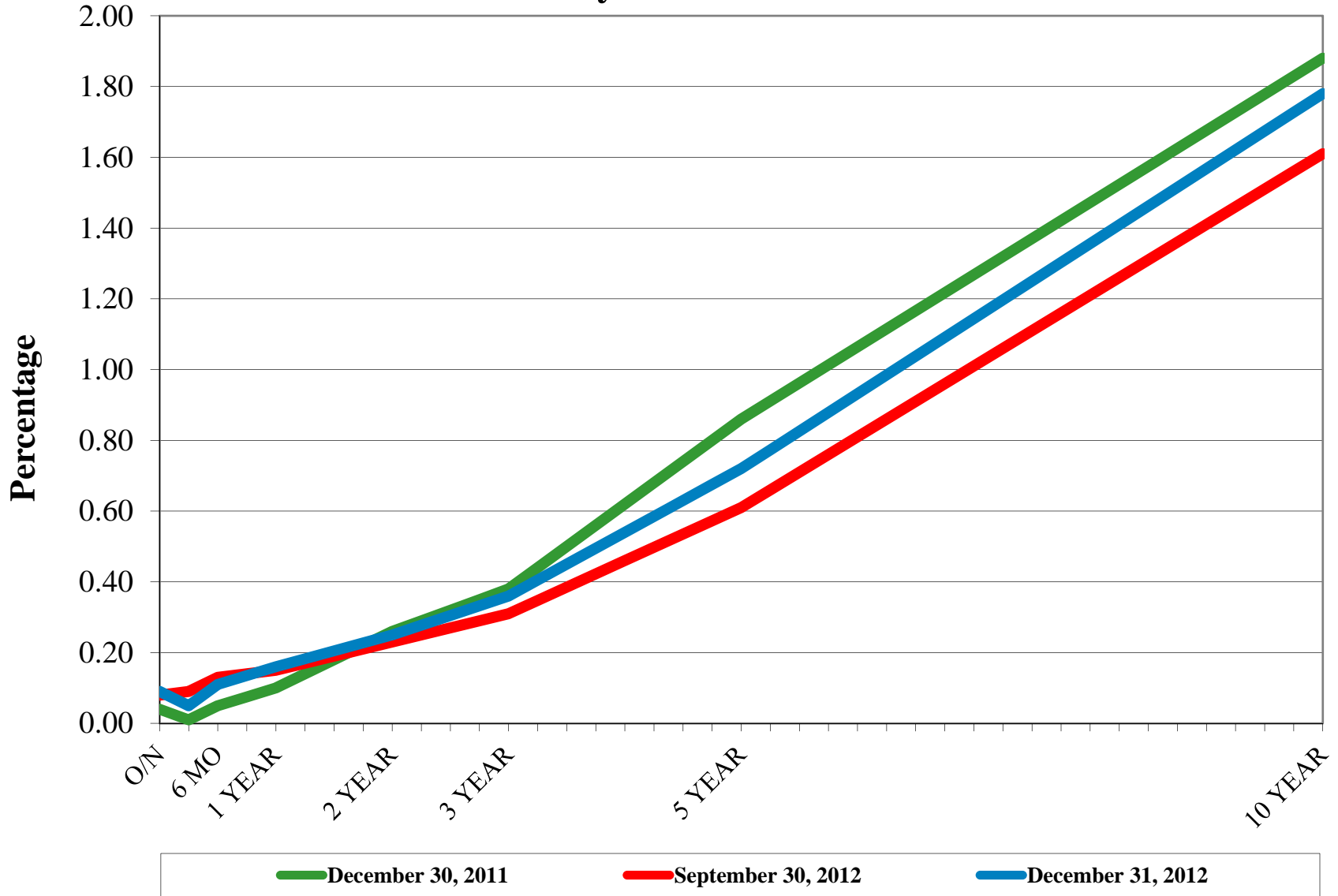
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>December 31, 2012</u>		<u>September 30, 2012</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.00%	\$ 1,413,157.98	\$ 1,413,157.98	\$ 1,154,643.79	\$ 1,154,643.79
NOW/MMA/Pools	0.23%	31,773,624.67	31,773,624.67	28,056,869.60	28,056,869.60
Certificates of Deposit	0.65%	31,750,912.23	31,750,912.23	31,705,948.99	31,705,948.99
Securities		-	-	-	-
<b>Totals</b>		<b>\$ 64,937,694.88</b>	<b>\$ 64,937,694.88</b>	<b>\$ 60,917,462.38</b>	<b>\$ 60,917,462.38</b>

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.43%	Total Portfolio	0.43%
Rolling Three Mo. Treas. Yield	0.09%	Rolling Three Mo. Treas. Yield	0.09%
Rolling Six Mo. Treas. Yield	0.14%	Rolling Six Mo. Treas. Yield	0.14%
		Quarterly TexPool Yield	0.15%
Quarterly Interest Income	\$ 70,061	Approximate	
Year-to-date Interest Income	\$ 70,061	Approximate	

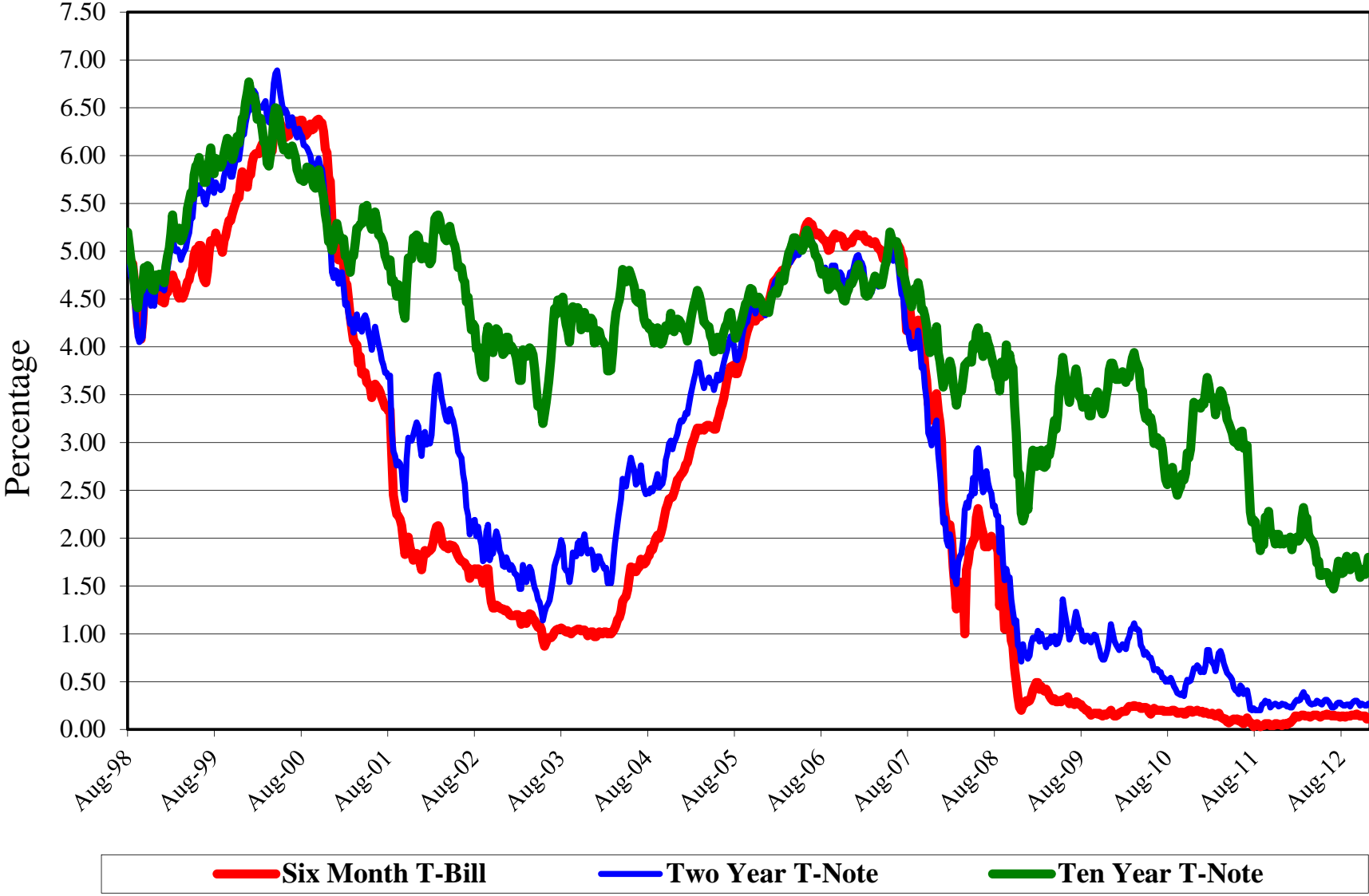
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

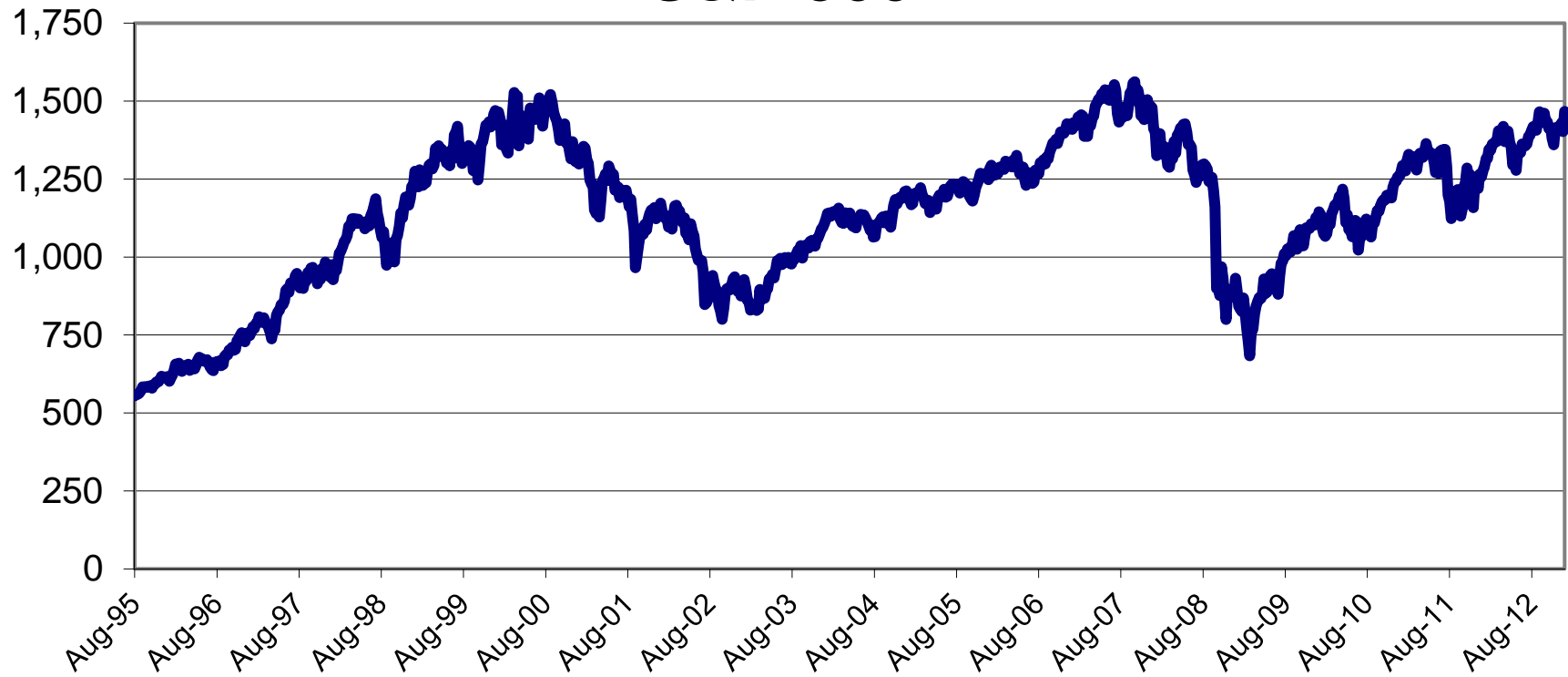
# Treasury Yield Curves



# US Treasury Historical Yields



# S&P 500



## Detail of Investment Holdings December 31, 2012

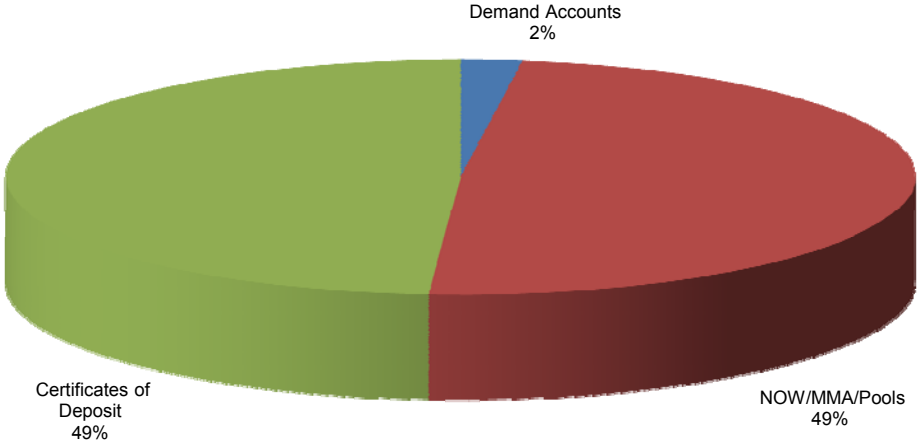
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Frost DDA (3)		0.00%	01/01/13	12/31/12	\$ 1,413,157.98	\$ 1,413,157.98	1.00	\$ 1,413,157.98	1	0.00%
TexPool	AAAm	0.15%	01/01/13	12/31/12	15,160,769.02	15,160,769.02	1.00	15,160,769.02	1	0.15%
LOGIC	AAAm	0.18%	01/01/13	12/31/12	1,949,985.39	1,949,985.39	1.00	1,949,985.39	1	0.18%
Comerica MMA 0330		0.20%	01/01/13	12/31/12	4,156,844.97	4,156,844.97	1.00	4,156,844.97	1	0.20%
SSB MMA 1332		0.36%	01/01/13	12/31/12	2,721,082.60	2,721,082.60	1.00	2,721,082.60	1	0.36%
SSB MMA 7888		0.36%	01/01/13	12/31/12	7,784,942.69	7,784,942.69	1.00	7,784,942.69	1	0.36%
Southside CD		0.400%	01/02/13	02/24/12	501,508.36	501,508.36	100.00	501,508.36	2	0.40%
Southside CD		0.440%	01/14/13	10/13/11	2,008,838.72	2,008,838.72	100.00	2,008,838.72	14	0.44%
Southside CD		0.400%	02/01/13	02/24/12	501,508.36	501,508.36	100.00	501,508.36	32	0.40%
Comerica CD		0.960%	02/20/13	05/20/11	2,030,706.11	2,030,706.11	100.00	2,030,706.11	51	0.96%
Comerica CD		0.520%	03/01/13	02/24/12	580,501.31	580,501.31	100.00	580,501.31	60	0.52%
Comerica CD		0.520%	04/01/13	02/24/12	401,731.01	401,731.01	100.00	401,731.01	91	0.52%
Texas Security CD		1.143%	04/20/13	04/20/11	2,000,000.00	2,000,000.00	100.00	2,000,000.00	110	1.14%
Comerica CD		0.520%	05/01/13	02/24/12	401,731.01	401,731.01	100.00	401,731.01	121	0.52%
Southside CD		0.300%	05/09/13	10/01/12	200,398.06	200,398.06	100.00	200,398.06	129	0.30%
Comerica CD		0.550%	06/03/13	02/24/12	401,831.08	401,831.08	100.00	401,831.08	154	0.55%
Comerica CD		0.550%	07/01/13	02/24/12	318,451.13	318,451.13	100.00	318,451.13	182	0.55%
Southside CD		0.350%	07/10/13	11/01/12	501,204.38	501,204.38	100.00	501,204.38	191	0.35%
Comerica CD		0.650%	07/22/13	10/24/11	1,007,622.45	1,007,622.45	100.00	1,007,622.45	203	0.65%
Comerica CD		0.550%	08/01/13	02/24/12	200,915.53	200,915.53	100.00	200,915.53	213	0.55%
Comerica CD		0.590%	09/03/13	02/24/12	200,982.27	200,982.27	100.00	200,982.27	246	0.59%
Southside CD		0.350%	09/12/13	12/03/12	501,552.34	501,552.34	100.00	501,552.34	255	0.35%
Comerica CD		0.470%	09/13/13	09/13/12	2,547,943.01	2,547,943.01	100.00	2,547,943.01	256	0.47%
Comerica CD		0.590%	10/01/13	02/24/12	200,982.27	200,982.27	100.00	200,982.27	274	0.59%
Comerica CD		0.590%	11/01/13	02/24/12	140,687.59	140,687.59	100.00	140,687.59	305	0.59%
Comerica CD		0.750%	12/30/13	12/30/11	2,015,072.59	2,015,072.59	100.00	2,015,072.59	364	0.75%
Comerica CD		0.660%	03/07/14	03/07/12	3,014,950.82	3,014,950.82	100.00	3,014,950.82	431	0.66%
Comerica CD		0.650%	03/10/14	03/09/12	1,507,361.88	1,507,361.88	100.00	1,507,361.88	434	0.65%
Comerica CD		0.650%	03/12/14	03/12/12	1,507,361.88	1,507,361.88	100.00	1,507,361.88	436	0.65%
Comerica CD		0.700%	04/10/14	04/10/12	3,516,411.65	3,516,411.65	100.00	3,516,411.65	465	0.70%
Southside CD		0.510%	04/16/14	10/16/12	1,000,000.00	1,000,000.00	100.00	1,000,000.00	471	0.51%
Southside CD		0.640%	07/09/14	07/09/12	2,504,079.94	2,504,079.94	100.00	2,504,079.94	555	0.64%
Comerica CD		0.580%	10/22/14	10/22/12	2,036,578.48	2,036,578.48	100.00	2,036,578.48	660	0.58%
					<b>\$ 64,937,694.88</b>	<b>\$ 64,937,694.88</b>		<b>\$ 64,937,694.88</b>	<b>156</b>	<b>0.43%</b>
									<b>(1)</b>	<b>(2)</b>

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

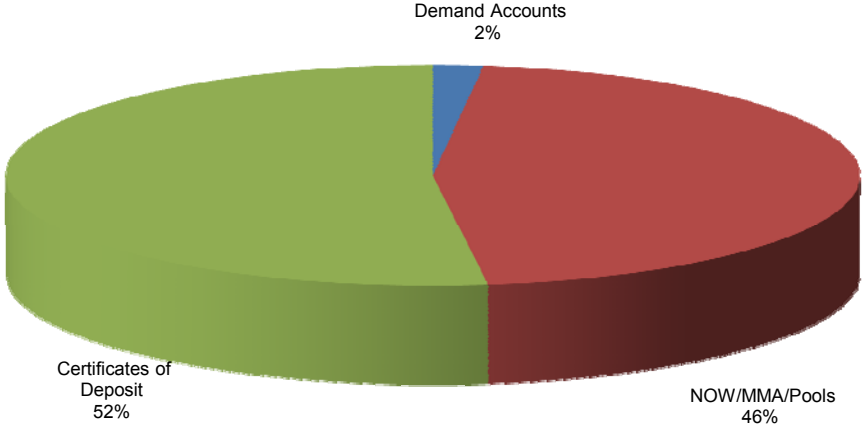
**(2) Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

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

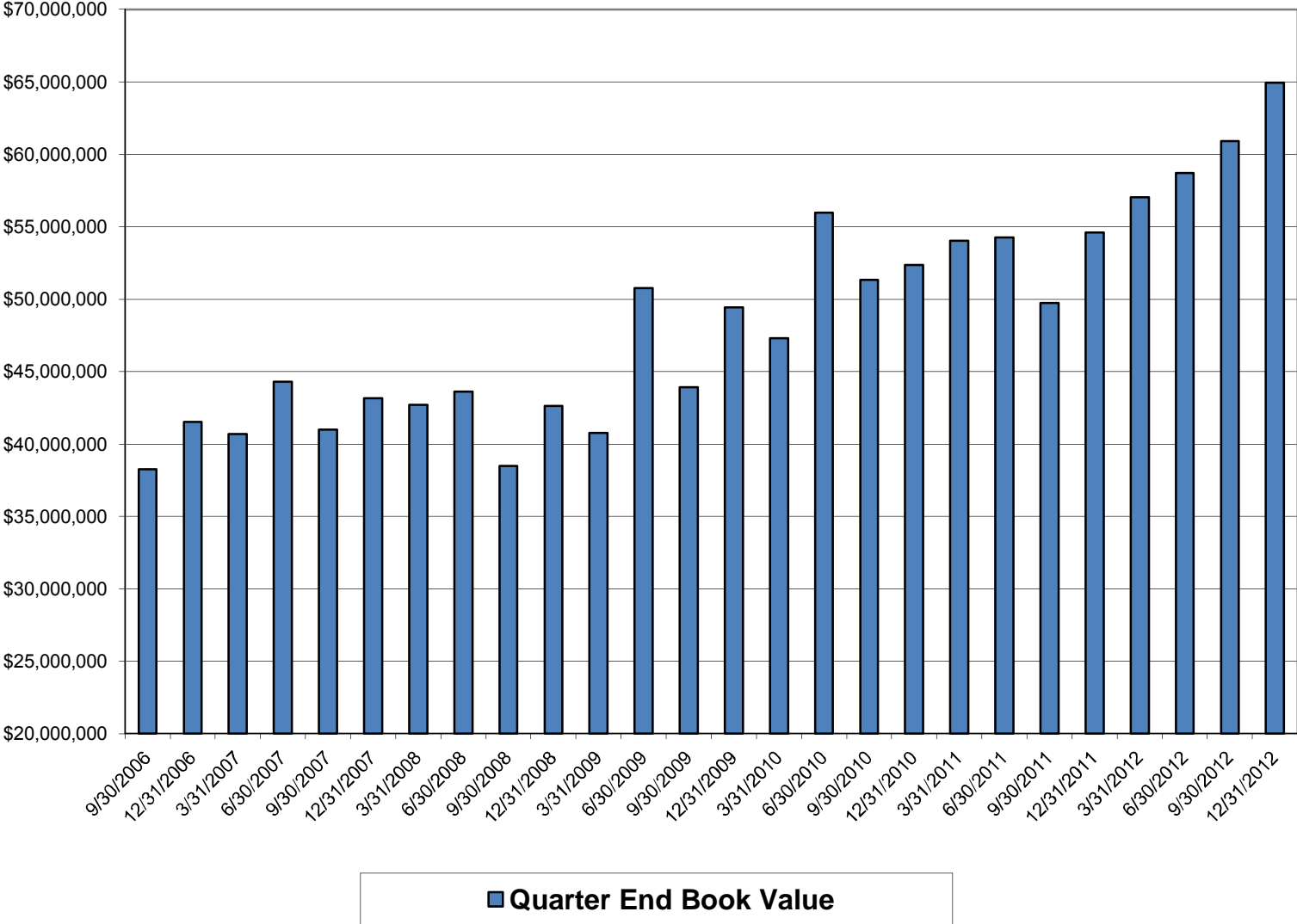
**Portfolio Composition  
Current Quarter**



**Portfolio Composition  
Previous Quarter**



# Total Portfolio





## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2012			December 31, 2012		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	Par Value	Book Value
Frost DDA	0.00%	01/01/13	\$ 1,154,643.79	\$ 1,154,643.79	\$ 258,514.19	\$ -	\$ 1,413,157.98	\$ 1,413,157.98
TexPool	0.15%	01/01/13	10,457,069.28	10,457,069.28	4,703,699.74		15,160,769.02	15,160,769.02
LOGIC	0.18%	01/01/13	1,949,074.29	1,949,074.29	911.10		1,949,985.39	1,949,985.39
Comerica MMA 0330	0.20%	01/01/13	4,154,358.68	4,154,358.68	2,486.29		4,156,844.97	4,156,844.97
SSB MMA 1332	0.36%	01/01/13	2,718,619.89	2,718,619.89	2,462.71		2,721,082.60	2,721,082.60
SSB MMA 7888	0.36%	01/01/13	8,777,747.46	8,777,747.46		(992,804.77)	7,784,942.69	7,784,942.69
Southside CD	0.330%	10/01/12	200,331.04	200,331.04		(200,331.04)		
Texas Security CD	0.895%	10/20/12	1,000,000.00	1,000,000.00		(1,000,000.00)		
Comerica CD	0.980%	10/22/12	2,032,932.06	2,032,932.06		(2,032,932.06)		
Southside CD	0.350%	11/01/12	500,877.78	500,877.78		(500,877.78)		
Southside CD	0.400%	12/03/12	501,003.24	501,003.24		(501,003.24)		
Southside CD	0.400%	01/02/13	501,003.24	501,003.24	505.12		501,508.36	501,508.36
Southside CD	0.440%	01/14/13	2,006,613.30	2,006,613.30	2,225.42		2,008,838.72	2,008,838.72
Southside CD	0.400%	02/01/13	501,003.24	501,003.24	505.12		501,508.36	501,508.36
Comerica CD	0.960%	02/20/13	2,025,853.51	2,025,853.51	4,852.60		2,030,706.11	2,030,706.11
Comerica CD	0.520%	03/01/13	579,747.32	579,747.32	753.99		580,501.31	580,501.31
Comerica CD	0.520%	04/01/13	401,209.21	401,209.21	521.80		401,731.01	401,731.01
Texas Security CD	1.143%	04/20/13	2,000,000.00	2,000,000.00	-		2,000,000.00	2,000,000.00
Comerica CD	0.520%	05/01/13	401,209.21	401,209.21	521.80		401,731.01	401,731.01
Southside CD	0.300%	05/09/13			200,398.06		200,398.06	200,398.06
Comerica CD	0.550%	06/03/13	401,279.07	401,279.07	552.01		401,831.08	401,831.08
Comerica CD	0.550%	07/01/13	318,013.66	318,013.66	437.47		318,451.13	318,451.13
Southside CD	0.350%	07/10/13			501,204.38		501,204.38	501,204.38
Comerica CD	0.650%	07/22/13	1,005,991.31	1,005,991.31	1,631.14		1,007,622.45	1,007,622.45
Comerica CD	0.550%	08/01/13	200,639.53	200,639.53	276.00		200,915.53	200,915.53
Comerica CD	0.590%	09/03/13	200,686.11	200,686.11	296.16		200,982.27	200,982.27
Southside CD	0.350%	09/12/13			501,552.34		501,552.34	501,552.34
Comerica CD	0.470%	09/13/13	2,544,959.72	2,544,959.72	2,983.29		2,547,943.01	2,547,943.01
Comerica CD	0.590%	10/01/13	200,686.11	200,686.11	296.16		200,982.27	200,982.27
Comerica CD	0.590%	11/01/13	140,480.28	140,480.28	207.31		140,687.59	140,687.59
Comerica CD	0.750%	12/30/13	2,011,309.37	2,011,309.37	3,763.22		2,015,072.59	2,015,072.59
Comerica CD	0.660%	03/07/14	3,009,995.22	3,009,995.22	4,955.60		3,014,950.82	3,014,950.82
Comerica CD	0.650%	03/10/14	1,504,921.77	1,504,921.77	2,440.11		1,507,361.88	1,507,361.88
Comerica CD	0.650%	03/12/14	1,504,921.77	1,504,921.77	2,440.11		1,507,361.88	1,507,361.88
Comerica CD	0.700%	04/10/14	3,510,281.92	3,510,281.92	6,129.73		3,516,411.65	3,516,411.65
Southside CD	0.510%	04/16/14			1,000,000.00		1,000,000.00	1,000,000.00
Southside CD	0.640%	07/09/14	2,500,000.00	2,500,000.00	4,079.94		2,504,079.94	2,504,079.94
Comerica CD	0.580%	10/22/14			2,036,578.48		2,036,578.48	2,036,578.48
<b>TOTAL</b>			<b>\$ 60,917,462.38</b>	<b>\$ 60,917,462.38</b>	<b>\$ 9,248,181.39</b>	<b>\$ (5,227,948.89)</b>	<b>\$ 64,937,694.88</b>	<b>\$ 64,937,694.88</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2012		Qtr to Qtr Change	December 31, 2012	
			Par Value	Market Value		Par Value	Market Value
Frost DDA	0.00%	01/01/13	\$ 1,154,643.79	\$ 1,154,643.79	\$ 258,514.19	\$ 1,413,157.98	\$ 1,413,157.98
TexPool	0.15%	01/01/13	10,457,069.28	10,457,069.28	4,703,699.74	15,160,769.02	15,160,769.02
LOGIC	0.18%	01/01/13	1,949,074.29	1,949,074.29	911.10	1,949,985.39	1,949,985.39
Comerica MMA 0330	0.20%	01/01/13	4,154,358.68	4,154,358.68	2,486.29	4,156,844.97	4,156,844.97
SSB MMA 1332	0.36%	01/01/13	2,718,619.89	2,718,619.89	2,462.71	2,721,082.60	2,721,082.60
SSB MMA 7888	0.36%	01/01/13	8,777,747.46	8,777,747.46	(992,804.77)	7,784,942.69	7,784,942.69
Southside CD	0.33%	10/01/12	200,331.04	200,331.04	(200,331.04)		
Texas Security CD	0.90%	10/20/12	1,000,000.00	1,000,000.00	(1,000,000.00)		
Comerica CD	0.98%	10/22/12	2,032,932.06	2,032,932.06	(2,032,932.06)		
Southside CD	0.35%	11/01/12	500,877.78	500,877.78	(500,877.78)		
Southside CD	0.40%	12/03/12	501,003.24	501,003.24	(501,003.24)		
Southside CD	0.40%	01/02/13	501,003.24	501,003.24	505.12	501,508.36	501,508.36
Southside CD	0.44%	01/14/13	2,006,613.30	2,006,613.30	2,225.42	2,008,838.72	2,008,838.72
Southside CD	0.40%	02/01/13	501,003.24	501,003.24	505.12	501,508.36	501,508.36
Comerica CD	0.96%	02/20/13	2,025,853.51	2,025,853.51	4,852.60	2,030,706.11	2,030,706.11
Comerica CD	0.52%	03/01/13	579,747.32	579,747.32	753.99	580,501.31	580,501.31
Comerica CD	0.52%	04/01/13	401,209.21	401,209.21	521.80	401,731.01	401,731.01
Texas Security CD	1.14%	04/20/13	2,000,000.00	2,000,000.00	-	2,000,000.00	2,000,000.00
Comerica CD	0.52%	05/01/13	401,209.21	401,209.21	521.80	401,731.01	401,731.01
Southside CD	0.30%	05/09/13			200,398.06	200,398.06	200,398.06
Comerica CD	0.55%	06/03/13	401,279.07	401,279.07	552.01	401,831.08	401,831.08
Comerica CD	0.55%	07/01/13	318,013.66	318,013.66	437.47	318,451.13	318,451.13
Southside CD	0.35%	07/10/13			501,204.38	501,204.38	501,204.38
Comerica CD	0.65%	07/22/13	1,005,991.31	1,005,991.31	1,631.14	1,007,622.45	1,007,622.45
Comerica CD	0.55%	08/01/13	200,639.53	200,639.53	276.00	200,915.53	200,915.53
Comerica CD	0.59%	09/03/13	200,686.11	200,686.11	296.16	200,982.27	200,982.27
Southside CD	0.35%	09/12/13			501,552.34	501,552.34	501,552.34
Comerica CD	0.47%	09/13/13	2,544,959.72	2,544,959.72	2,983.29	2,547,943.01	2,547,943.01
Comerica CD	0.59%	10/01/13	200,686.11	200,686.11	296.16	200,982.27	200,982.27
Comerica CD	0.59%	11/01/13	140,480.28	140,480.28	207.31	140,687.59	140,687.59
Comerica CD	0.75%	12/30/13	2,011,309.37	2,011,309.37	3,763.22	2,015,072.59	2,015,072.59
Comerica CD	0.66%	03/07/14	3,009,995.22	3,009,995.22	4,955.60	3,014,950.82	3,014,950.82
Comerica CD	0.65%	03/10/14	1,504,921.77	1,504,921.77	2,440.11	1,507,361.88	1,507,361.88
Comerica CD	0.65%	03/12/14	1,504,921.77	1,504,921.77	2,440.11	1,507,361.88	1,507,361.88
Comerica CD	0.70%	04/10/14	3,510,281.92	3,510,281.92	6,129.73	3,516,411.65	3,516,411.65
Southside CD	0.51%	04/16/14			1,000,000.00	1,000,000.00	1,000,000.00
Southside CD	0.64%	07/09/14	2,500,000.00	2,500,000.00	4,079.94	2,504,079.94	2,504,079.94
Comerica CD	0.58%	10/22/14			2,036,578.48	2,036,578.48	2,036,578.48
<b>TOTAL</b>			<b>\$ 60,917,462.38</b>	<b>\$ 60,917,462.38</b>	<b>\$ 4,020,232.50</b>	<b>\$ 64,937,694.88</b>	<b>\$ 64,937,694.88</b>

**Allocation**  
**December 31, 2012**

<b>Book &amp; Market Value</b>	<b>Investment Total</b>	<b>Consolidated</b>	<b>CCPD</b>	<b>Non-Profit Trust</b>	<b>2010 CO's GO</b>	<b>2010 CO's W&amp;S</b>	<b>2012 TWDB CO's</b>	<b>Unreimbursed Medical</b>
Frost DDA	\$ 1,413,157.98	\$ 1,257,585.06	\$ -	\$150,225.35	\$ -	\$ -	\$ -	\$ 5,347.57
TexPool	15,160,769.02	7,113,044.10	7,111,220.78	202,595.23	629,598.96	104,309.95		
LOGIC	1,949,985.39	1,148,023.06					801,962.33	
Comerica MMA 0330	4,156,844.97	4,156,844.97						
SSB MMA 1332	2,721,082.60		2,721,082.60					
SSB MMA 7888	7,784,942.69	7,784,942.69						
01/02/2013	501,508.36						501,508.36	
01/14/2013	2,008,838.72	2,008,838.72						
02/01/2013	501,508.36						501,508.36	
02/20/2013	2,030,706.11	2,030,706.11						
03/01/2013	580,501.31						580,501.31	
04/01/2013	401,731.01						401,731.01	
04/20/2013	2,000,000.00	2,000,000.00						
05/01/2013	401,731.01						401,731.01	
05/09/2013	200,398.06						200,398.06	
06/03/2013	401,831.08						401,831.08	
07/01/2013	318,451.13						318,451.13	
07/10/2013	501,204.38						501,204.38	
07/22/2013	1,007,622.45	1,007,622.45						
08/01/2013	200,915.53						200,915.53	
09/03/2013	200,982.27						200,982.27	
09/12/2013	501,552.34						501,552.34	
09/13/2013	2,547,943.01	2,547,943.01						
10/01/2013	200,982.27						200,982.27	
11/01/2013	140,687.59						140,687.59	
12/30/2013	2,015,072.59	2,015,072.59						
03/07/2014	3,014,950.82	3,014,950.82						
03/10/2014	1,507,361.88	1,507,361.88						
03/12/2014	1,507,361.88	1,507,361.88						
04/10/2014	3,516,411.65	3,516,411.65						
04/16/2014	1,000,000.00	1,000,000.00						
07/09/2014	2,504,079.94	2,504,079.94						
10/22/2014	2,036,578.48	2,036,578.48						
<b>Totals</b>	<b>\$ 64,937,694.88</b>	<b>\$ 48,157,367.41</b>	<b>\$ 9,832,303.38</b>	<b>\$ 352,820.58</b>	<b>\$ 629,598.96</b>	<b>\$ 104,309.95</b>	<b>\$ 5,855,947.03</b>	<b>\$ 5,347.57</b>

**Allocation**  
**September 30, 2012**

<b>Book &amp; Market Value</b>	<b>Investment Total</b>	<b>Consolidated</b>	<b>CCPD</b>	<b>Non-Profit Trust</b>	<b>2010 CO's GO</b>	<b>2010 CO's W&amp;S</b>	<b>2012 TWDB CO's</b>	<b>Unreimbursed Medical</b>
Frost DDA	\$ 1,154,643.79	\$ 1,107,113.30	\$ -	\$ 6,604.39	\$ -	\$ -	\$ -	\$ 40,926.10
TexPool	10,457,069.28	2,580,848.18	6,848,193.38	294,410.26	629,348.95	104,268.51		
LOGIC	1,949,074.29	1,147,486.64					801,587.65	
Comerica MMA 0330	4,154,358.68	4,154,358.68						
SSB MMA 1332	2,718,619.89		2,718,619.89					
SSB MMA 7888	8,777,747.46	8,777,747.46						
10/01/2012	200,331.04						200,331.04	
10/20/2012	1,000,000.00	1,000,000.00						
10/22/2012	2,032,932.06	2,032,932.06						
11/01/2012	500,877.78						500,877.78	
12/03/2012	501,003.24						501,003.24	
01/02/2013	501,003.24						501,003.24	
01/14/2013	2,006,613.30	2,006,613.30						
02/01/2013	501,003.24						501,003.24	
02/20/2013	2,025,853.51	2,025,853.51						
03/01/2013	579,747.32						579,747.32	
04/01/2013	401,209.21						401,209.21	
04/20/2013	2,000,000.00	2,000,000.00						
05/01/2013	401,209.21						401,209.21	
06/03/2013	401,279.07						401,279.07	
07/01/2013	318,013.66						318,013.66	
07/22/2013	1,005,991.31	1,005,991.31						
08/01/2013	200,639.53						200,639.53	
09/03/2013	200,686.11						200,686.11	
09/13/2013	2,544,959.72	2,544,959.72						
10/01/2013	200,686.11						200,686.11	
11/01/2013	140,480.28						140,480.28	
12/30/2013	2,011,309.37	2,011,309.37						
03/07/2014	3,009,995.22	3,009,995.22						
03/10/2014	1,504,921.77	1,504,921.77						
03/12/2014	1,504,921.77	1,504,921.77						
04/10/2014	3,510,281.92	3,510,281.92						
07/09/2014	2,500,000.00	2,500,000.00						
<b>Totals</b>	<b>\$ 60,917,462.38</b>	<b>\$ 44,425,334.21</b>	<b>\$ 9,566,813.27</b>	<b>\$ 301,014.65</b>	<b>\$ 629,348.95</b>	<b>\$ 104,268.51</b>	<b>\$ 5,849,756.69</b>	<b>\$ 40,926.10</b>

# City of Keller Historical Yields

