



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2013

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.

City of Keller, Texas Annual Comparison of Portfolio Performance

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). The FOMC shifted the Quantitative Easing (QE3) focus to target unemployment below 6.5% and inflation between 2.0% and 2.5%. International and domestic economic and employment data posted modest but erratic growth. Overall US economic activity remains low to moderate with GDP +/-2.0%. The US stock markets maintained their bullish tone, pushing to new highs. During the summer the FOMC discussed a tapered reduction of the monthly QE3 security purchases - although they chose not to at the September meeting. The market reacted quickly by pushing interest rates higher. The partial Federal Government shutdown and debt ceiling issues have increased uncertainty. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

FYE Results by Investment Category:

Asset Type	September 30, 2013			September 30, 2012		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	0.00%	\$ 966,483	\$ 966,483	0.00%	\$ 1,154,644	\$ 1,154,644
NOW/MMA/Pools	0.14%	24,554,194	24,554,194	0.26%	28,056,870	28,056,870
Certificates of Deposit	0.54%	36,145,078	36,145,078	0.69%	31,705,949	31,705,949
Securities		-	-		-	-
Totals		\$ 61,665,754	\$ 61,665,754		\$ 60,917,462	\$ 60,917,462

	2013	2012	Change
Total Portfolio	0.40%	0.53%	-0.13%
Rolling Three Mo. Treas. Yield	0.07%	0.07%	-0.01%
Rolling Six Mo. Treas. Yield	0.11%	0.11%	0.00%
Quarterly TexPool Yield	0.09%	0.12%	-0.03%

(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.

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). The FOMC continued Quantitative Easing (QE3), but openly discussed the potential tapering of the monthly security purchases. The fixed income market reacted quickly, raising 10 year rates over 1.00% to +/-2.75%. Mortgage rates also jumped quickly and dramatically. Domestic employment posted erratic, uninspiring growth. Overall economic activity remains moderate with second quarter GDP of 2.5%. The US stock markets touched new highs. The partial Federal Government shut down and debt ceiling cap increase uncertainty. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

Quarter End Results by Investment Category:

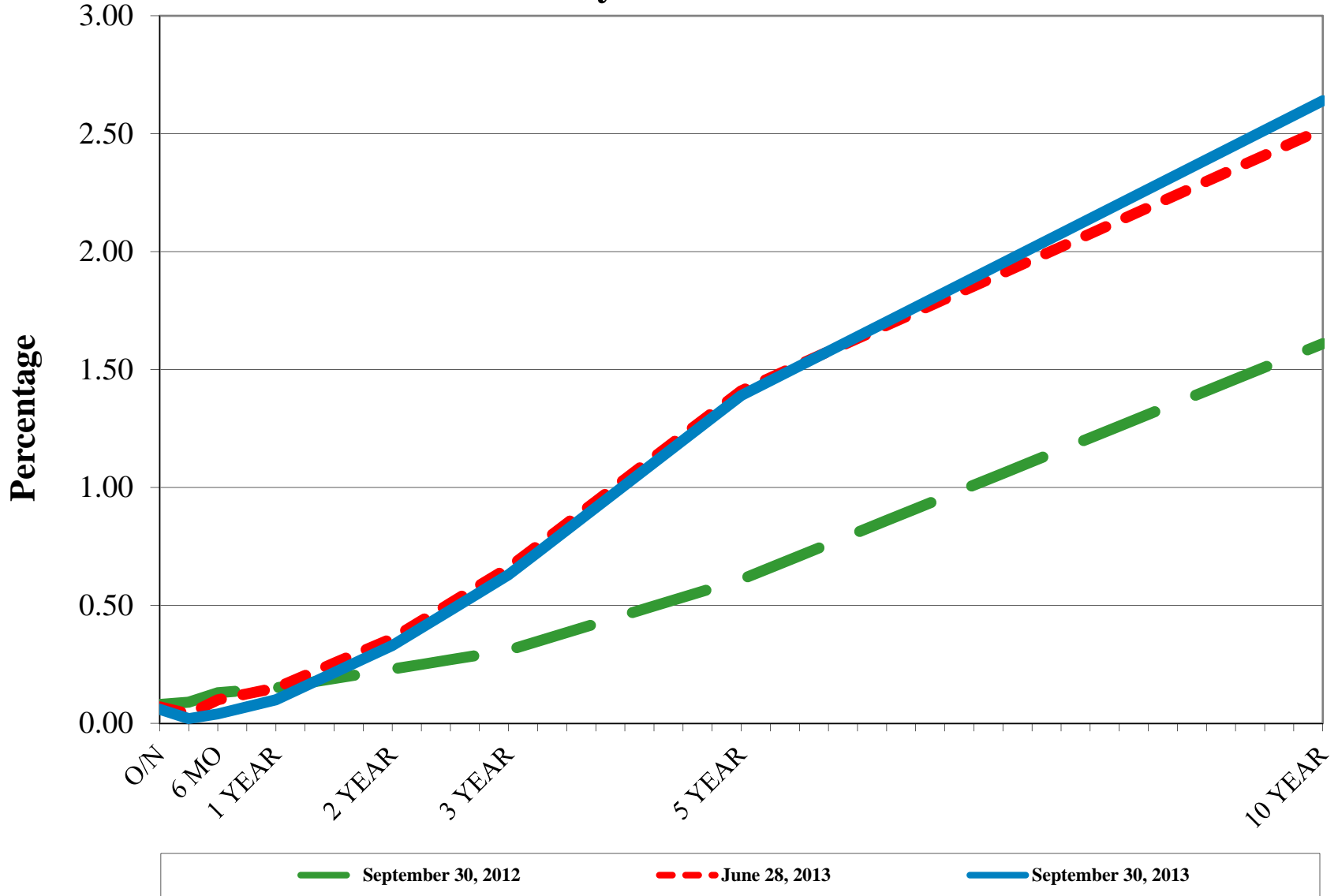
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>September 30, 2013</u>		<u>June 30, 2013</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.00%	\$ 966,483	\$ 966,483	\$ 1,147,024	\$ 1,147,024
NOW/MMA/Pools	0.14%	24,554,194	24,554,194	28,238,267	28,238,267
Certificates of Deposit	0.54%	36,145,078	36,145,078	35,319,591	35,319,591
Securities		-	-	-	-
Totals		\$ 61,665,754	\$ 61,665,754	\$ 64,704,881	\$ 64,704,881

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.37%	Total Portfolio	0.40%
Rolling Three Mo. Treas. Yield	0.03%	Rolling Three Mo. Treas. Yield	0.07%
Rolling Six Mo. Treas. Yield	0.08%	Rolling Six Mo. Treas. Yield	0.11%
		Quarterly TexPool Yield	0.09%
Quarterly Interest Income	\$ 57,777	Approximate	
Year-to-date Interest Income	\$ 252,645	Approximate	

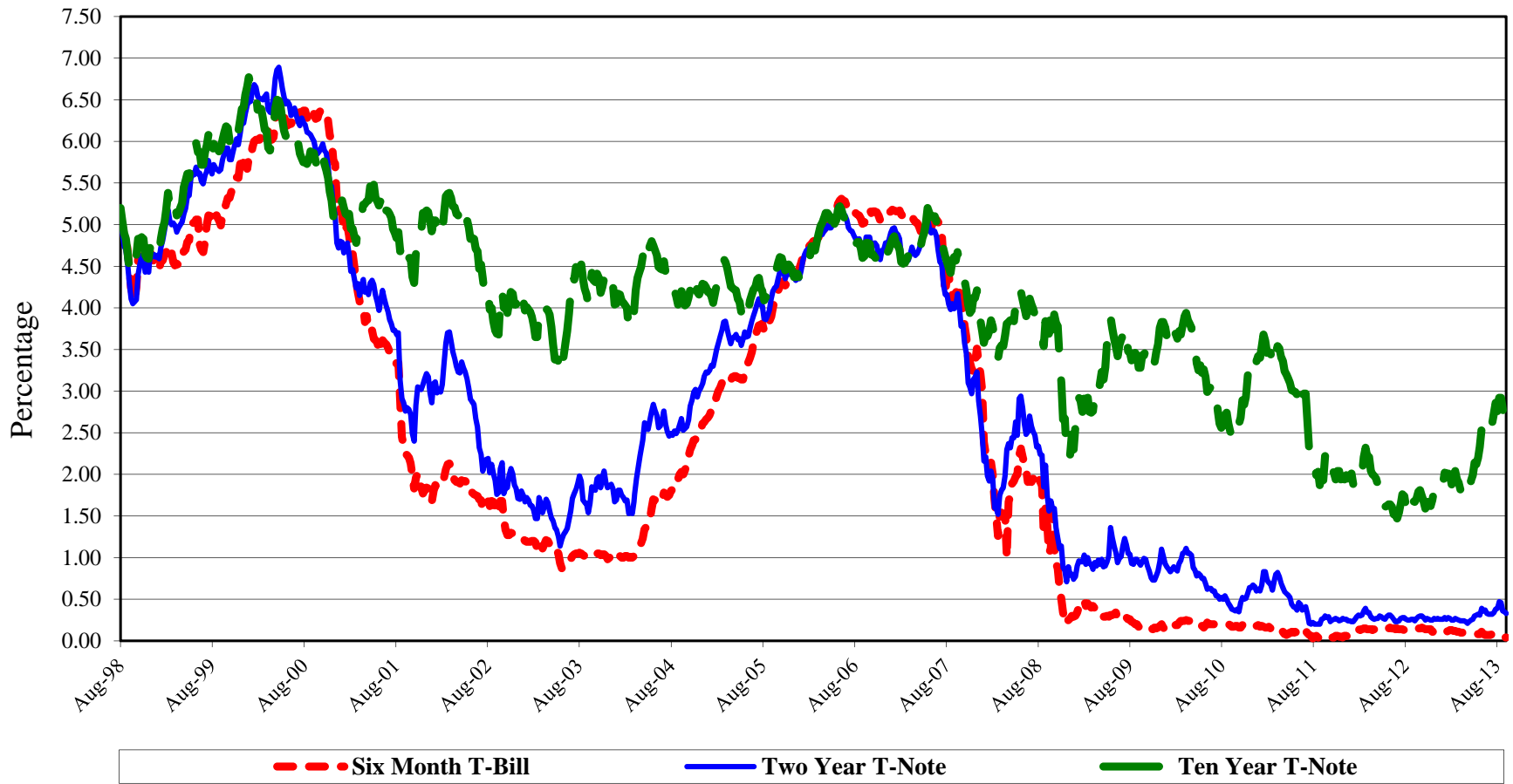
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

September 30, 2013

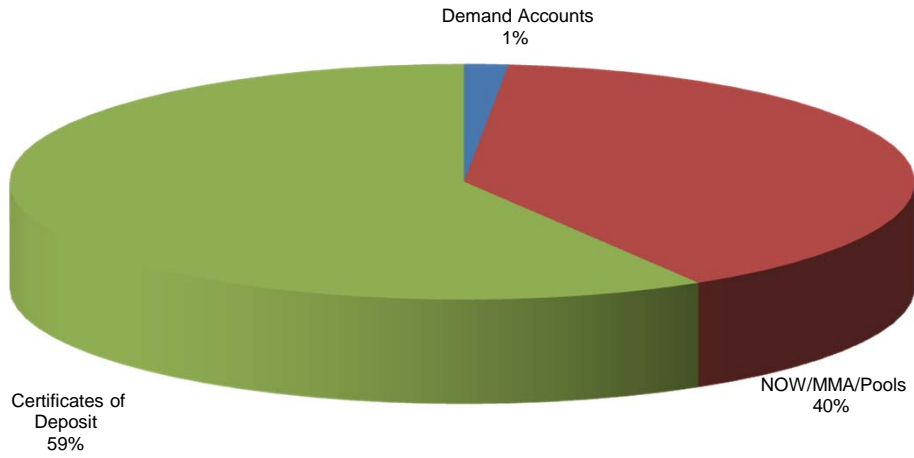
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Frost DDA (3)		0.00%	10/01/13	09/30/13	\$ 966,483	\$ 966,483	1.00	\$ 966,483	1	0.00%
TexPool	AAAm	0.04%	10/01/13	09/30/13	6,398,181	6,398,181	1.00	6,398,181	1	0.04%
LOGIC	AAAm	0.11%	10/01/13	09/30/13	1,432,606	1,432,606	1.00	1,432,606	1	0.11%
Comerica MMA 0330		0.18%	10/01/13	09/30/13	6,199,493	6,199,493	1.00	6,199,493	1	0.18%
SSB MMA 1332		0.19%	10/01/13	09/30/13	2,725,716	2,725,716	1.00	2,725,716	1	0.19%
SSB MMA 7888		0.19%	10/01/13	09/30/13	7,798,198	7,798,198	1.00	7,798,198	1	0.19%
Comerica CD		0.59%	10/01/13	02/24/12	201,873	201,873	100.00	201,873	1	0.59%
Comerica CD		0.59%	11/01/13	02/24/12	141,311	141,311	100.00	141,311	32	0.59%
Southside CD		0.34%	11/11/13	01/02/13	502,563	502,563	100.00	502,563	42	0.34%
Comerica CD		0.75%	12/30/13	12/30/11	2,026,405	2,026,405	100.00	2,026,405	91	0.75%
Southside CD		0.30%	01/10/14	02/01/13	502,629	502,629	100.00	502,629	102	0.30%
Comerica CD		0.66%	03/07/14	03/07/12	3,029,921	3,029,921	100.00	3,029,921	158	0.66%
Comerica CD		0.65%	03/10/14	03/09/12	1,514,733	1,514,733	100.00	1,514,733	161	0.65%
Comerica CD		0.65%	03/12/14	03/12/12	1,514,733	1,514,733	100.00	1,514,733	163	0.65%
Southside CD		0.21%	03/18/14	07/10/13	502,412	502,412	100.00	502,412	169	0.21%
Comerica CD		0.70%	04/10/14	04/10/12	3,534,933	3,534,933	100.00	3,534,933	192	0.70%
Southside CD		0.51%	04/16/14	10/16/12	1,003,819	1,003,819	100.00	1,003,819	198	0.51%
Texas Security CD		0.35%	05/22/14	03/22/13	3,005,295	3,005,295	100.00	3,005,295	234	0.35%
Southside CD		0.17%	05/26/14	09/26/13	400,000	400,000	100.00	400,000	238	0.17%
Southside CD		0.64%	07/09/14	07/09/12	2,516,095	2,516,095	100.00	2,516,095	282	0.64%
Southside CD		0.45%	07/14/14	01/14/13	2,015,581	2,015,581	100.00	2,015,581	287	0.45%
Southside CD		0.19%	07/25/14	09/26/13	400,000	400,000	100.00	400,000	298	0.19%
Southside CD		0.20%	08/26/14	09/26/13	300,000	300,000	100.00	300,000	330	0.20%
Comerica CD		0.36%	09/24/14	03/22/13	2,003,632	2,003,632	100.00	2,003,632	359	0.36%
Comerica CD		0.58%	10/22/14	10/22/12	2,045,463	2,045,463	100.00	2,045,463	387	0.58%
Southside CD		0.21%	10/24/14	09/26/13	400,000	400,000	100.00	400,000	389	0.21%
Southside CD		0.35%	12/12/14	09/12/13	502,915	502,915	100.00	502,915	438	0.35%
Comerica CD		0.55%	03/23/15	03/22/13	2,506,940	2,506,940	100.00	2,506,940	539	0.55%
Comerica CD		0.54%	04/22/15	04/22/13	2,004,531	2,004,531	100.00	2,004,531	569	0.54%
Comerica CD		0.55%	07/22/15	07/22/13	1,012,346	1,012,346	100.00	1,012,346	660	0.55%
Comerica CD		0.55%	09/14/15	09/13/13	2,556,947	2,556,947	100.00	2,556,947	714	0.55%
					\$ 61,665,754	\$ 61,665,754		\$ 61,665,754	185	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.

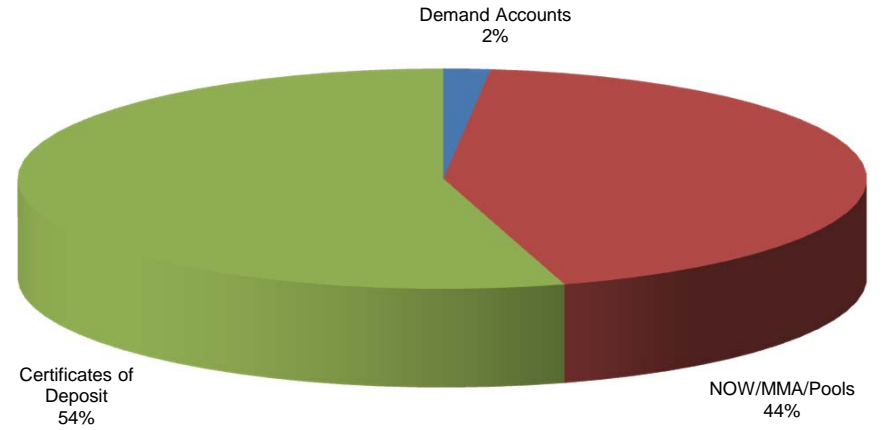
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

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

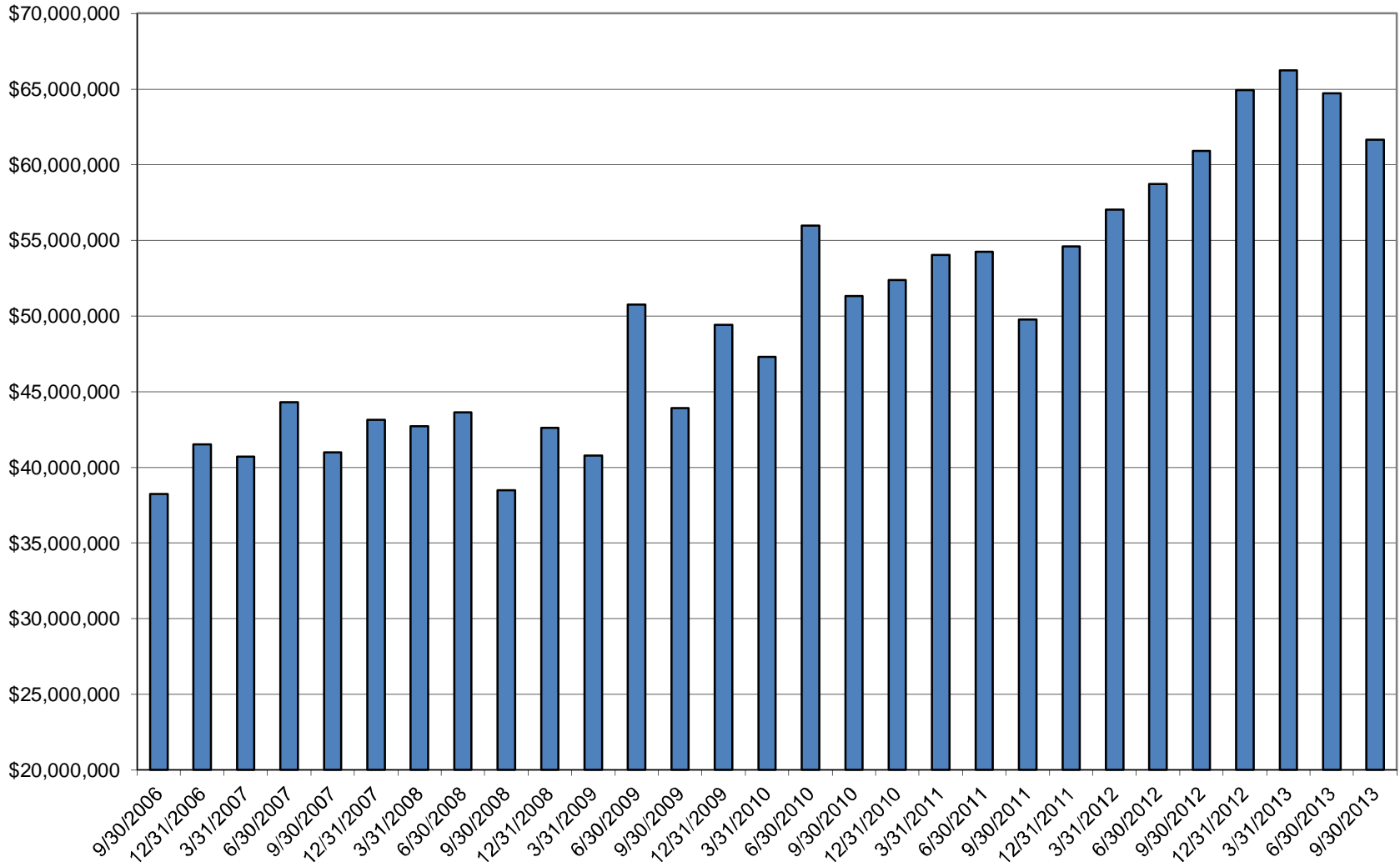
**Portfolio Composition
Current Quarter**



**Portfolio Composition
Previous Quarter**



Total Portfolio



■ Quarter End Book Value

Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2013		Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	September 30, 2013	
			Par Value	Book Value			Par Value	Book Value
Frost DDA	0.00%	10/01/13	\$ 1,147,024	\$ 1,147,024	\$ -	\$ (180,541)	\$ 966,483	\$ 966,483
TexPool	0.04%	10/01/13	9,314,018	9,314,018		(2,915,837)	6,398,181	6,398,181
LOGIC	0.11%	10/01/13	2,209,134	2,209,134		(776,528)	1,432,606	1,432,606
Comerica MMA 0330	0.18%	10/01/13	6,196,420	6,196,420	3,073		6,199,493	6,199,493
SSB MMA 1332	0.19%	10/01/13	2,724,364	2,724,364	1,352		2,725,716	2,725,716
SSB MMA 7888	0.19%	10/01/13	7,794,330	7,794,330	3,867		7,798,198	7,798,198
Comerica CD	0.55%	07/01/13	319,328	319,328		(319,328)		
Southside CD	0.35%	07/10/13	502,075	502,075		(502,075)		
Comerica CD	0.65%	07/22/13	1,010,893	1,010,893		(1,010,893)		
Comerica CD	0.55%	08/01/13	201,469	201,469		(201,469)		
Comerica CD	0.59%	09/03/13	201,576	201,576		(201,576)		
Southside CD	0.35%	09/12/13	502,428	502,428		(502,428)		
Comerica CD	0.47%	09/13/13	2,553,920	2,553,920		(2,553,920)		
Comerica CD	0.59%	10/01/13	201,576	201,576	297		201,873	201,873
Comerica CD	0.59%	11/01/13	141,103	141,103	208		141,311	141,311
Southside CD	0.34%	11/11/13	502,138	502,138	426		502,563	502,563
Comerica CD	0.75%	12/30/13	2,022,579	2,022,579	3,826		2,026,405	2,026,405
Southside CD	0.30%	01/10/14	502,249	502,249	380		502,629	502,629
Comerica CD	0.66%	03/07/14	3,024,887	3,024,887	5,035		3,029,921	3,029,921
Comerica CD	0.65%	03/10/14	1,512,254	1,512,254	2,479		1,514,733	1,514,733
Comerica CD	0.65%	03/12/14	1,512,254	1,512,254	2,479		1,514,733	1,514,733
Southside CD	0.21%	03/18/14			502,412		502,412	502,412
Comerica CD	0.70%	04/10/14	3,528,703	3,528,703	6,230		3,534,933	3,534,933
Southside CD	0.51%	04/16/14	1,002,545	1,002,545	1,275		1,003,819	1,003,819
Texas Security CD	0.35%	05/22/14	3,002,647	3,002,647	2,649		3,005,295	3,005,295
Southside CD	0.17%	05/26/13			400,000		400,000	400,000
Southside CD	0.64%	07/09/14	2,512,084	2,512,084	4,011		2,516,095	2,516,095
Southside CD	0.45%	07/14/14	2,013,322	2,013,322	2,259		2,015,581	2,015,581
Southside CD	0.19%	07/25/14			400,000		400,000	400,000
Southside CD	0.20%	08/26/14			300,000		300,000	300,000
Comerica CD	0.36%	09/24/14	2,001,815	2,001,815	1,817		2,003,632	2,003,632
Comerica CD	0.58%	10/22/14	2,042,475	2,042,475	2,987		2,045,463	2,045,463
Southside CD	0.21%	10/24/14			400,000		400,000	400,000
Southside CD	0.35%	12/12/14			502,915		502,915	502,915
Comerica CD	0.55%	03/23/15	2,503,467	2,503,467	3,472		2,506,940	2,506,940
Comerica CD	0.54%	04/22/15	2,001,805	2,001,805	2,726		2,004,531	2,004,531
Comerica CD	0.55%	07/22/15			1,012,346		1,012,346	1,012,346
Comerica CD	0.55%	09/14/15			2,556,947		2,556,947	2,556,947
TOTAL			\$ 64,704,881	\$ 64,704,881	\$ 6,125,467	\$ (9,164,595)	\$ 61,665,754	\$ 61,665,754

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2013		September 30, 2013		
			Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value
Frost DDA	0.00%	10/01/13	\$ 1,147,024	\$ 1,147,024	\$ (180,541)	\$ 966,483	\$ 966,483
TexPool	0.04%	10/01/13	9,314,018	9,314,018	(2,915,837)	6,398,181	6,398,181
LOGIC	0.11%	10/01/13	2,209,134	2,209,134	(776,528)	1,432,606	1,432,606
Comerica MMA 0330	0.18%	10/01/13	6,196,420	6,196,420	3,073	6,199,493	6,199,493
SSB MMA 1332	0.19%	10/01/13	2,724,364	2,724,364	1,352	2,725,716	2,725,716
SSB MMA 7888	0.19%	10/01/13	7,794,330	7,794,330	3,867	7,798,198	7,798,198
Comerica CD	0.55%	07/01/13	319,328	319,328	(319,328)		
Southside CD	0.35%	07/10/13	502,075	502,075	(502,075)		
Comerica CD	0.65%	07/22/13	1,010,893	1,010,893	(1,010,893)		
Comerica CD	0.55%	08/01/13	201,469	201,469	(201,469)		
Comerica CD	0.59%	09/03/13	201,576	201,576	(201,576)		
Southside CD	0.35%	09/12/13	502,428	502,428	(502,428)		
Comerica CD	0.47%	09/13/13	2,553,920	2,553,920	(2,553,920)		
Comerica CD	0.59%	10/01/13	201,576	201,576	297	201,873	201,873
Comerica CD	0.59%	11/01/13	141,103	141,103	208	141,311	141,311
Southside CD	0.34%	11/11/13	502,138	502,138	426	502,563	502,563
Comerica CD	0.75%	12/30/13	2,022,579	2,022,579	3,826	2,026,405	2,026,405
Southside CD	0.30%	01/10/14	502,249	502,249	380	502,629	502,629
Comerica CD	0.66%	03/07/14	3,024,887	3,024,887	5,035	3,029,921	3,029,921
Comerica CD	0.65%	03/10/14	1,512,254	1,512,254	2,479	1,514,733	1,514,733
Comerica CD	0.65%	03/12/14	1,512,254	1,512,254	2,479	1,514,733	1,514,733
Southside CD	0.21%	03/18/14			502,412	502,412	502,412
Comerica CD	0.70%	04/10/14	3,528,703	3,528,703	6,230	3,534,933	3,534,933
Southside CD	0.51%	04/16/14	1,002,545	1,002,545	1,275	1,003,819	1,003,819
Texas Security CD	0.35%	05/22/14	3,002,647	3,002,647	2,649	3,005,295	3,005,295
Southside CD	0.17%	05/26/13			400,000	400,000	400,000
Southside CD	0.64%	07/09/14	2,512,084	2,512,084	4,011	2,516,095	2,516,095
Southside CD	0.45%	07/14/14	2,013,322	2,013,322	2,259	2,015,581	2,015,581
Southside CD	0.19%	07/25/14			400,000	400,000	400,000
Southside CD	0.20%	08/26/14			300,000	300,000	300,000
Comerica CD	0.36%	09/24/14	2,001,815	2,001,815	1,817	2,003,632	2,003,632
Comerica CD	0.58%	10/22/14	2,042,475	2,042,475	2,987	2,045,463	2,045,463
Southside CD	0.21%	10/24/14			400,000	400,000	400,000
Southside CD	0.35%	12/12/14			502,915	502,915	502,915
Comerica CD	0.55%	03/23/15	2,503,467	2,503,467	3,472	2,506,940	2,506,940
Comerica CD	0.54%	04/22/15	2,001,805	2,001,805	2,726	2,004,531	2,004,531
Comerica CD	0.55%	07/22/15			1,012,346	1,012,346	1,012,346
Comerica CD	0.55%	09/14/15			2,556,947	2,556,947	2,556,947
TOTAL			\$ 64,704,881	\$ 64,704,881	\$ (3,039,128)	\$ 61,665,754	\$ 61,665,754

Allocation
September 30, 2013

Book & Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 966,483	\$ 927,313	\$ -	\$ 1,229	\$ -	\$ 37,940
TexPool	6,398,181	4,305,916	2,087,577	4,687		
LOGIC	1,432,606	1,149,163			283,443	
Comerica MMA 0330	6,199,493	6,199,493				
SSB MMA 1332	2,725,716		2,725,716			
SSB MMA 7888	7,798,198	7,798,198				
10/01/13	201,873				201,873	
11/01/13	141,311				141,311	
11/11/13	502,563				502,563	
12/30/13	2,026,405	2,026,405				
01/10/14	502,629				502,629	
03/07/14	3,029,921	3,029,921				
03/10/14	1,514,733	1,514,733				
03/12/14	1,514,733	1,514,733				
03/18/14	502,412				502,412	
04/10/14	3,534,933	3,534,933				
04/16/14	1,003,819	1,003,819				
05/22/14	3,005,295		3,005,295			
05/26/14	400,000				400,000	
07/09/14	2,516,095	2,516,095				
07/14/14	2,015,581	2,015,581				
07/25/14	400,000				400,000	
08/26/14	300,000				300,000	
09/24/14	2,003,632	2,003,632				
10/22/14	2,045,463	2,045,463				
10/24/14	400,000				400,000	
12/12/14	502,915				502,915	
03/23/15	2,506,940	2,506,940				
04/22/15	2,004,531	2,004,531				
07/22/15	1,012,346	1,012,346				
09/14/15	2,556,947	2,556,947				
Totals	\$ 61,665,754	\$ 49,666,163	\$ 7,818,588	\$ 5,917	\$ 4,137,146	\$ 37,940

Allocation
June 30, 2013

Book & Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 1,147,024	\$ 1,117,266	\$ -	\$ 1,488	\$ -	\$ 28,270
TexPool	9,314,018	6,358,102	2,627,282	328,635		
LOGIC	2,209,134	1,148,846			1,060,288	
Comerica MMA 0330	6,196,420	6,196,420				
SSB MMA 1332	2,724,364		2,724,364			
SSB MMA 7888	7,794,330	7,794,330				
07/01/13	319,328				319,328	
07/10/13	502,075				502,075	
07/22/13	1,010,893	1,010,893				
08/01/13	201,469				201,469	
09/03/13	201,576				201,576	
09/12/13	502,428				502,428	
09/13/13	2,553,920	2,553,920				
10/01/13	201,576				201,576	
11/01/13	141,103				141,103	
11/11/13	502,138				502,138	
12/30/13	2,022,579	2,022,579				
01/10/14	502,249				502,249	
03/07/14	3,024,887	3,024,887				
03/10/14	1,512,254	1,512,254				
03/12/14	1,512,254	1,512,254				
04/10/14	3,528,703	3,528,703				
04/16/14	1,002,545	1,002,545				
05/22/14	3,002,647		3,002,647			
07/09/14	2,512,084	2,512,084				
07/14/14	2,013,322	2,013,322				
09/24/14	2,001,815	2,001,815				
10/22/14	2,042,475	2,042,475				
03/23/15	2,503,467	2,503,467				
04/22/15	2,001,805	2,001,805				
Totals	\$ 64,704,881	\$ 51,857,967	\$ 8,354,292	\$ 330,123	\$ 4,134,229	\$ 28,270

City of Keller Historical Yields

