

City of Sunnyvale OPEB Trust

2015 1Q Summary

Economic Overview

For the first quarter of 2015, accommodative global central bank policies were a major driver of financial markets. After a weak 2014, non-U.S. developed-equity markets performance improved in the first quarter, boosting our outlook for this asset class. Due to this outlook, PFM Asset Management LLC (PFMAM) shifted 3% from domestic equity to international equity. We remain underweight in fixed income as we expect interest rates to trend upward.

Domestic Equity: U.S. equity markets, as measured by the S&P 500 Index, finished the quarter up nearly 1%. Small-cap stocks, as measured by the Russell 2000 Index, returned 4.3%.

International Equity: Developed markets outside of North America gained 4.9% as measured by the MSCI EAFE Index in U.S. dollars (USD). In local currency terms, those markets were very strong (10.9%), but continued strength in the USD weakened unhedged investor returns.

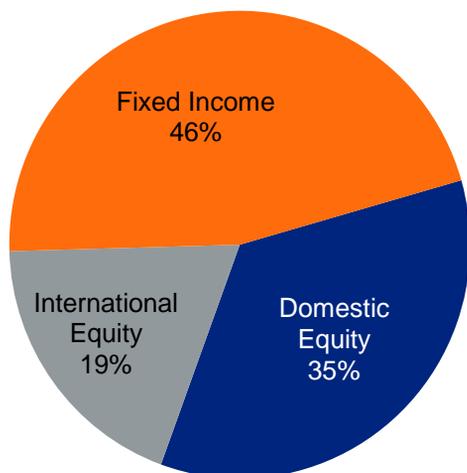
Fixed Income: Rates continued to decline across most of the U.S. Treasury yield curve. The 10-year U.S. Treasury ended the quarter at 1.9%, down from 2.2% at the start of the year.

City of Sunnyvale Portfolio Growth 2015 1Q Account Reconciliation	
Beginning Market Value	\$61,496,943
Contributions	\$1,655,935
Fees	(\$45,680)
Earnings	\$1,421,733
Total Value as of 3/31/2015	\$64,528,930

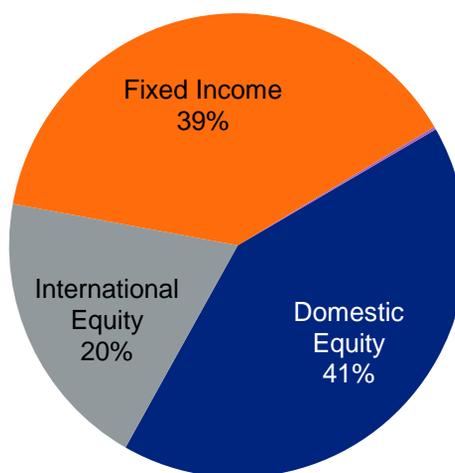
Portfolio Performance (Period Ending 3/31/2015)				
	First Quarter	1 Year	3 Years	Since Inception
Portfolio	2.3%	6.7%	9.4%	8.3%
Benchmark ¹	2.1%	6.8%	8.0%	7.4%

Asset Allocation

Target Allocation² (3/31/2015)



Actual Allocation



¹ Blended Benchmark –February 2011: 28% Russell 3000 Index + 17% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity 2.5% DJ UBS Commodity TR Index + 50% Barclays Aggregate; July 2012: 29% Russell 3000 Index + 18% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity 2.5% DJ UBS Commodity TR Index + 48% Barclays Aggregate; July 2013: 30% Russell 3000 Index + 19% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity 2.5% DJ UBS Commodity TR Index + 46% Barclays Aggregate

² The asset allocation range are: Domestic Equity: 25%-45%; International Equity: 9%-29%; Fixed Income 26%-66%.

