

City of Sunnyvale OPEB Trust

2015 4Q Summary

Economic Overview

During the fourth quarter of 2015, the Federal Reserve increased the target federal funds rate 0.25% at its December meeting — its first rate hike since 2006. In 2015, the job market added 2.65 million new jobs in total — enough to shrink the unemployment rate to 5%. Economic growth as measured by GDP slowed to a growth of only 0.7% during the fourth quarter. During the quarter PFM Asset Management LLC (PFMAM) reduced the risk of the portfolio by selling stock and adding a 3% allocation to Treasury Inflation Protected Securities (TIPS) to protect against inflation and 4% to an Ultrashort Bond fund to protect against rising rates.

Domestic Equity: U.S. equity markets, as measured by the S&P 500 Index, rebounded off of the weak third quarter and returned 7% during the fourth quarter. Small-cap stocks, as measured by the Russell 2000 Index, increased 3.6%.

International Equity: Developed markets outside of North America increased 4.7% as measured by the MSCI EAFE Index in U.S. dollars (USD).

Fixed Income: Rates rose across the U.S. Treasury yield curve in anticipation of the Federal Reserves rate hike. This resulted in a negative 0.6% return for the Barclays Aggregate Index.

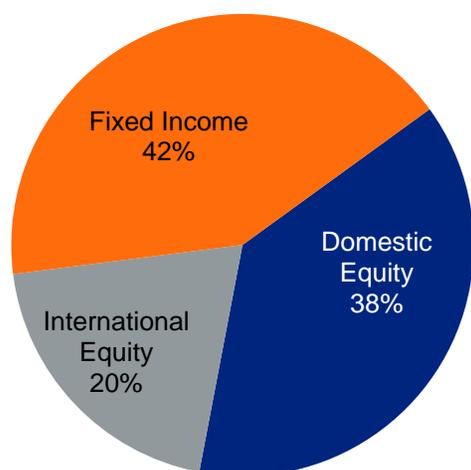
City of Sunnyvale Portfolio Growth 2015 4Q Account Reconciliation	
Beginning Market Value	\$63,648,469
Contributions	\$1,105,000
Fees	(\$47,263)
Earnings	\$1,934,521
Total Value as of 12/31/2015	\$66,640,727

Portfolio Performance (Period Ending 12/31/2015)				
	4th Quarter	1 Year	3 Years	Since Inception
Portfolio	3.1%	0.5%	6.6%	6.6%
Benchmark ¹	2.8%	-0.5%	5.6%	5.6%

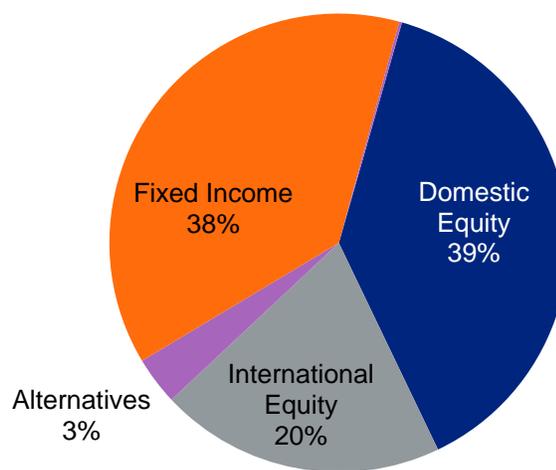
Asset Allocation

(12/31/2015)

Target Allocation²



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%.

