City of DeSoto

INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

June 30, 2012

Prepared by

Valley View Consulting, L.L.C.

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

Managing Director of Financial Services
Investment Officer

Accounting Manager
Investment Officer

City Manager

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 +/-15bps). The FOMC reiterated their projected lower interest rate environment through late 2014. The European environment is trying to stabilize although difficulties remain. Chinese growth estimates reveal reductions from recent years. Unfavorable employment and unemployment trends pushed the stock markets and interest rates lower in late May and early June. Generally the economy shows modest (albeit unsteady) growth. Financial institution deposits and laddering targeted cash flows still provide the best earnings opportunity.

Quarter End Results by Investment Category:

		June 30, 2012		March 31, 2012	
Asset Type	**Ave. Yield**	**Book Value**	**Market Value**	**Book Value**	**Market Value**
DDA	0.00%	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ 500,000.00
MMA/NOW/Pools	0.26%	46,788,614.88	46,788,614.88	50,370,630.50	50,370,630.50
CDs/Securities	0.00%	-	-	-	-
Totals		$ 47,288,614.88	$ 47,288,614.88	$ 50,870,630.50	$ 50,870,630.50

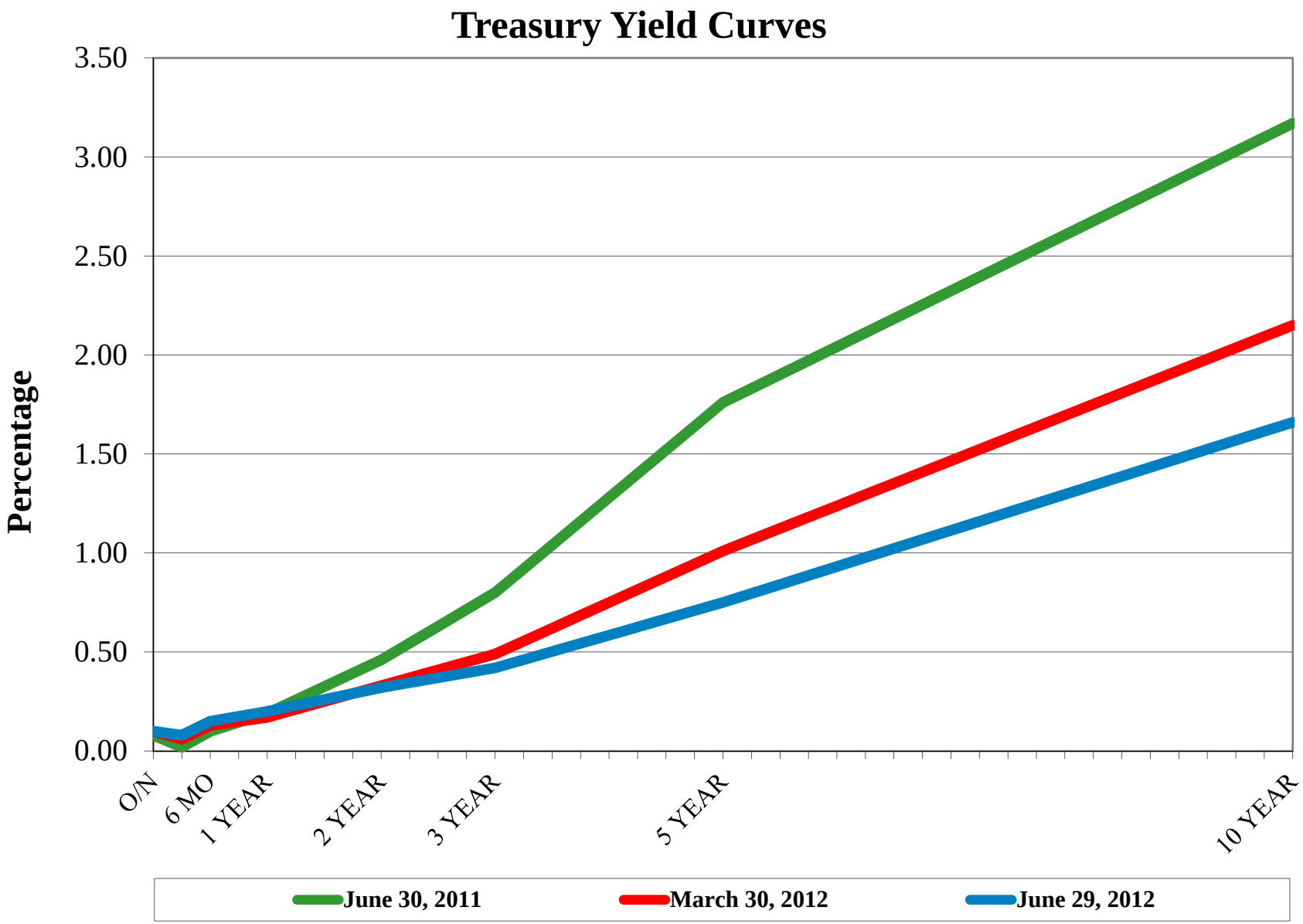
Average Yield (1)	
Total Portfolio	0.26%
Rolling Three Mo. Treas. Yield	0.09%
Rolling Six Mo. Treas. Yield	0.13%

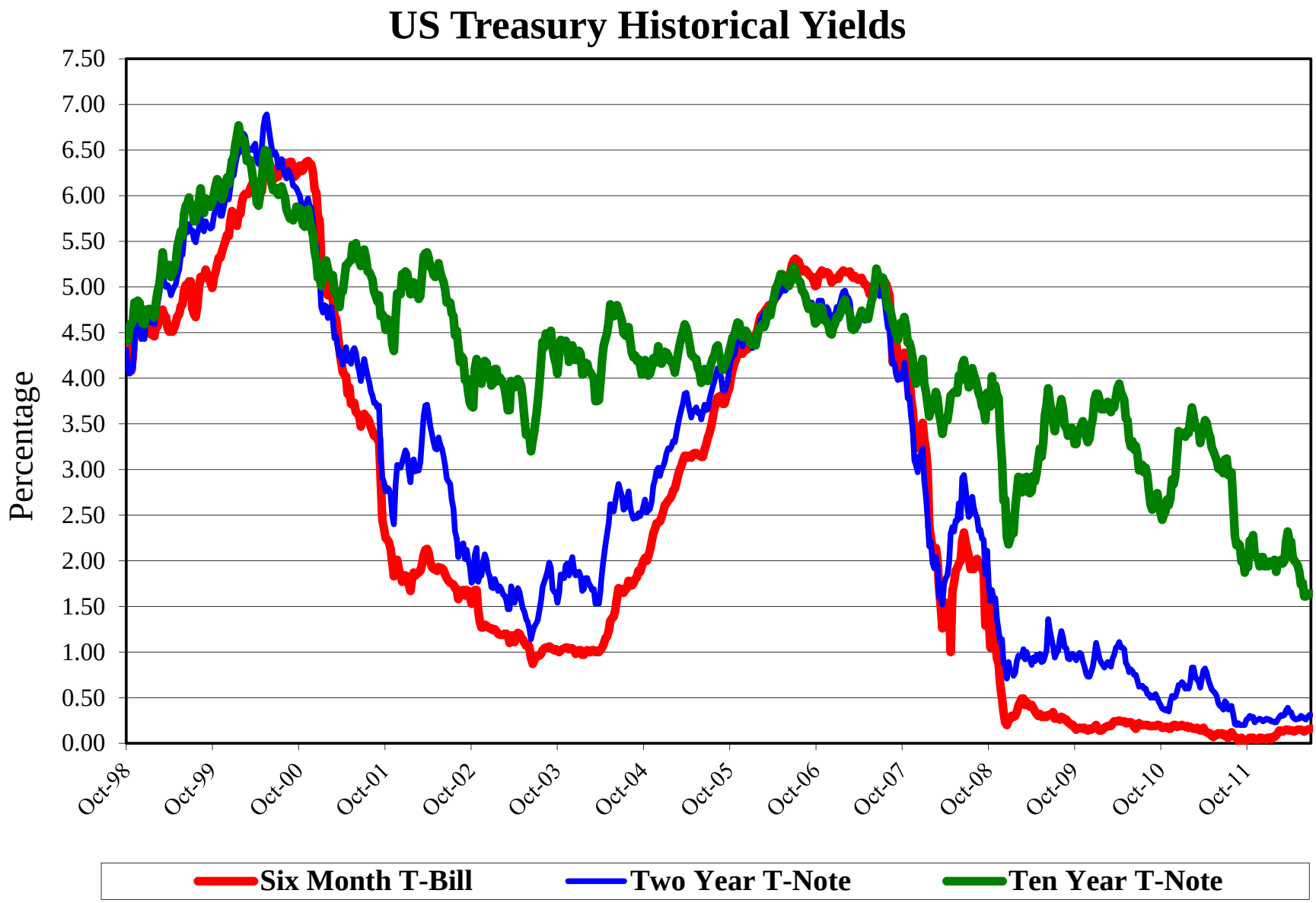
Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.24%
Rolling Three Mo. Treas. Yield	0.06%
Rolling Six Mo. Treas. Yield	0.10%
Quarterly TexPool Yield	0.11%

Quarterly Interest Income	$	31,599	Approximate
	$	79,518	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
Percentage
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
O/N
6 MO
1 YEAR
2 YEAR
3 YEAR
5 YEAR
10 YEAR
June 30, 2011
March 30, 2012
June 29, 2012


US Treasury Historical Yields
Percentage
7.50
7.00
6.50
6.00
5.50
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
Oct-98
Oct-99
Oct-00
Oct-01
Oct-02
Oct-03
Oct-04
Oct-05
Oct-06
Oct-07
Oct-08
Oct-09
Oct-10
Oct-11
Six Month T-Bill
Two Year T-Note
Ten Year T-Note

S&P 500
1,750
1,500
1,250
1,000
750
500
250
0
Aug-95
Aug-96
Aug-97
Aug-98
Aug-99
Aug-00
Aug-01
Aug-02
Aug-03
Aug-04
Aug-05
Aug-06
Aug-07
Aug-08
Aug-09
Aug-10
Aug-11

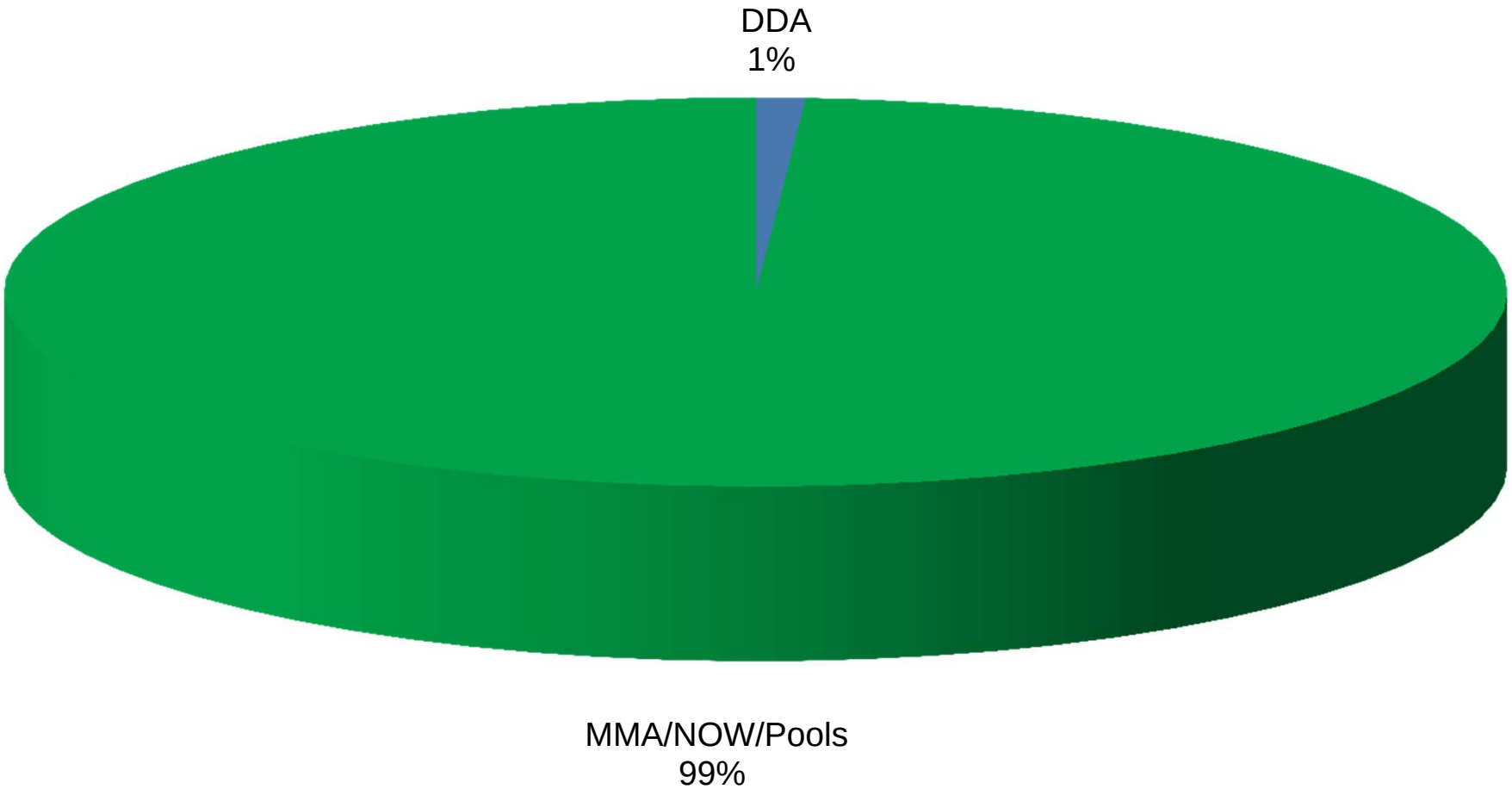
Detail of Investment Holdings
June 30, 2012

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo DDA		0.00%	07/01/2012	06/30/2012	$ 500,000.00	$ 500,000.00	1.00	$ 500,000.00	1	0.00%
Wells Fargo MMA		0.27%	07/01/2012	06/30/2012	12,248,495.35	12,248,495.35	1.00	12,248,495.35	1	0.27%
Texas Class	AAAm	0.26%	07/01/2012	06/30/2012	28,678,089.14	28,678,089.14	1.00	28,678,089.14	1	0.26%
TexPool	AAAm	0.14%	07/01/2012	06/30/2012	2,861,733.27	2,861,733.27	1.00	2,861,733.27	1	0.14%
Southside Bank NOW		0.36%	07/01/2012	06/30/2012	3,000,297.12	3,000,297.12	1.00	3,000,297.12	1	0.36%
					$ 47,288,614.88	**$ 47,288,614.88**		**$ 47,288,614.88**	**1**	**0.26%**
									(1)	**(2)**

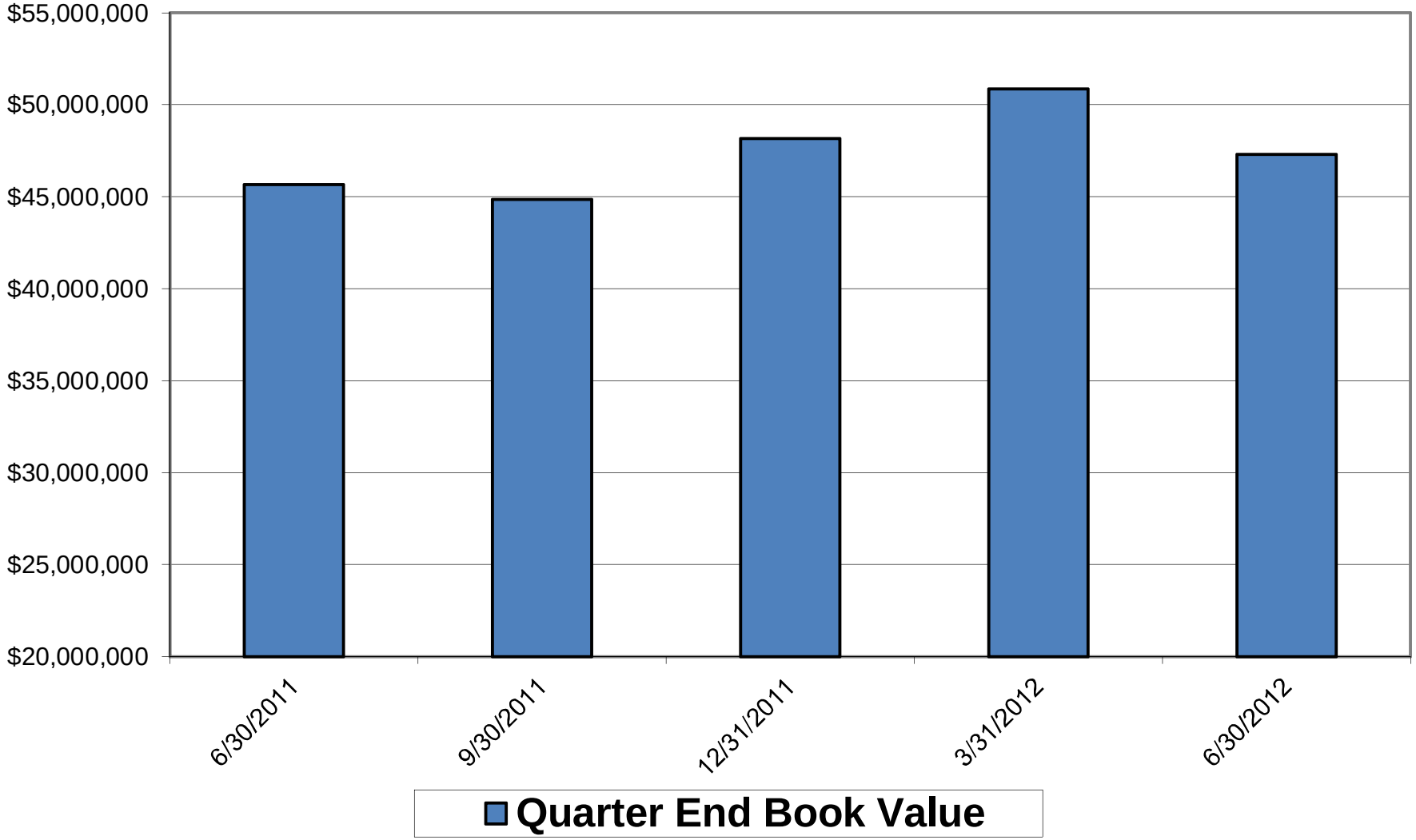
(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

(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.

Portfolio Composition



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2012 Par Value	March 31, 2012 Book Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	June 30, 2012 Par Value	June 30, 2012 Book Value
Wells Fargo DDA	0.00%	07/01/2012	$ 500,000.00	$ 500,000.00	$ -	$ -	$ 500,000.00	$ 500,000.00
Wells Fargo MMA	0.27%	07/01/2012	11,620,007.71	11,620,007.71	628,487.64		12,248,495.35	12,248,495.35
Texas Class	0.26%	07/01/2012	36,560,240.27	36,560,240.27		(7,882,151.13)	28,678,089.14	28,678,089.14
TexPool	0.14%	07/01/2012	2,190,382.52	2,190,382.52	671,350.75		2,861,733.27	2,861,733.27
Southside Bank NOW	0.36%	07/01/2012			3,000,297.12		3,000,297.12	3,000,297.12
TOTAL			**$ 50,870,630.50**	**$ 50,870,630.50**	**$ 4,300,135.51**	**$ (7,882,151.13)**	**$ 47,288,614.88**	**$ 47,288,614.88**

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2012 Par Value	March 31, 2012 Market Value	Qtr to Qtr Change	June 30, 2012 Par Value	June 30, 2012 Market Value
Wells Fargo DDA	0.00%	07/01/2012	$ 500,000.00	$ 500,000.00	$ -	$ 500,000.00	$ 500,000.00
Wells Fargo MMA	0.27%	07/01/2012	11,620,007.71	11,620,007.71	628,487.64	12,248,495.35	12,248,495.35
Texas Class	0.26%	07/01/2012	36,560,240.27	36,560,240.27	(7,882,151.13)	28,678,089.14	28,678,089.14
TexPool	0.14%	07/01/2012	2,190,382.52	2,190,382.52	671,350.75	2,861,733.27	2,861,733.27
Southside Bank NOW	0.36%	07/01/2012			3,000,297.12	3,000,297.12	3,000,297.12
TOTAL			**$ 50,870,630.50**	**$ 50,870,630.50**	**$ (3,582,015.62)**	**$ 47,288,614.88**	**$ 47,288,614.88**

Allocation
June 30, 2012

Book Value	Wells Fargo - Cash	Wells Fargo MM	Texas Class	TexPool	Southside Bank MM	Totals
Concentration Fund	$ 500,000.00	$ 12,248,495.35	$13,645,618.41	$ 2,819,314.06	$ 3,000,297.12	$ 32,213,724.94
2006 Drainage Improvements			1,048,972.30			1,048,972.30
2006 Street & Drainage			935,294.31			935,294.31
2007 Parks & Recreation Improvements			68,683.23			68,683.23
2007 Street Improvements			1,666,943.23			1,666,943.23
2008 Street Improvements			304,633.03			304,633.03
2009 Street Improvements			3,009,120.85			3,009,120.85
2009 Water CIP CO			4,642,193.02			4,642,193.02
2011A Heliport CO			50,151.38			50,151.38
2011B CO - Water CIP			3,005,936.96			3,005,936.96
Corner Theatre - 2011			300,542.42			300,542.42
DPDC Bonds				8,021.29		8,021.29
Health Facilities Corporation				13,062.77		13,062.77
Industrial Development Board				21,335.15		21,335.15
Investment Total	**$ 500,000.00**	**$ 12,248,495.35**	**$28,678,089.14**	**$ 2,861,733.27**	**$ 3,000,297.12**	**$ 47,288,614.88**

Allocation
March 31, 2012

Book and Market Value	Wells Fargo - Cash	Wells Fargo MM	Texas Class	TexPool	Totals
Concentration Fund	$ 500,000.00	$ 11,620,007.71	$ 12,635,825.05	$ 2,147,976.70	$ 26,903,809.46
2004 Street Improvements			513,550.78		513,550.78
2006 Drainage Improvements			1,048,299.41		1,048,299.41
2006 Street & Drainage			934,694.29		934,694.29
2007 A SWRCC Radios			536.55		536.55
2007 Parks & Recreation Improvements			68,639.10		68,639.10
2007 Street Improvements			1,915,806.12		1,915,806.12
2008 Street Improvements			654,342.73		654,342.73
2009 Street Improvements			6,044,570.78		6,044,570.78
2009 Water CIP CO			8,638,580.16		8,638,580.16
2011A Heliport CO			801,036.88		801,036.88
2011B CO - Water CIP			3,004,008.72		3,004,008.72
Corner Theatre - 2011			300,349.70		300,349.70
DPDC Bonds				8,018.74	8,018.74
Health Facilities Corporation				13,058.66	13,058.66
Industrial Development Board				21,328.42	21,328.42
Investment Total	**$ 500,000.00**	**$ 11,620,007.71**	**$ 36,560,240.27**	**$ 2,190,382.52**	**$ 50,870,630.50**