



# CITY OF DIXON

## **Investment Performance Review For the Quarter Ended September 30, 2018**

Client Management Team

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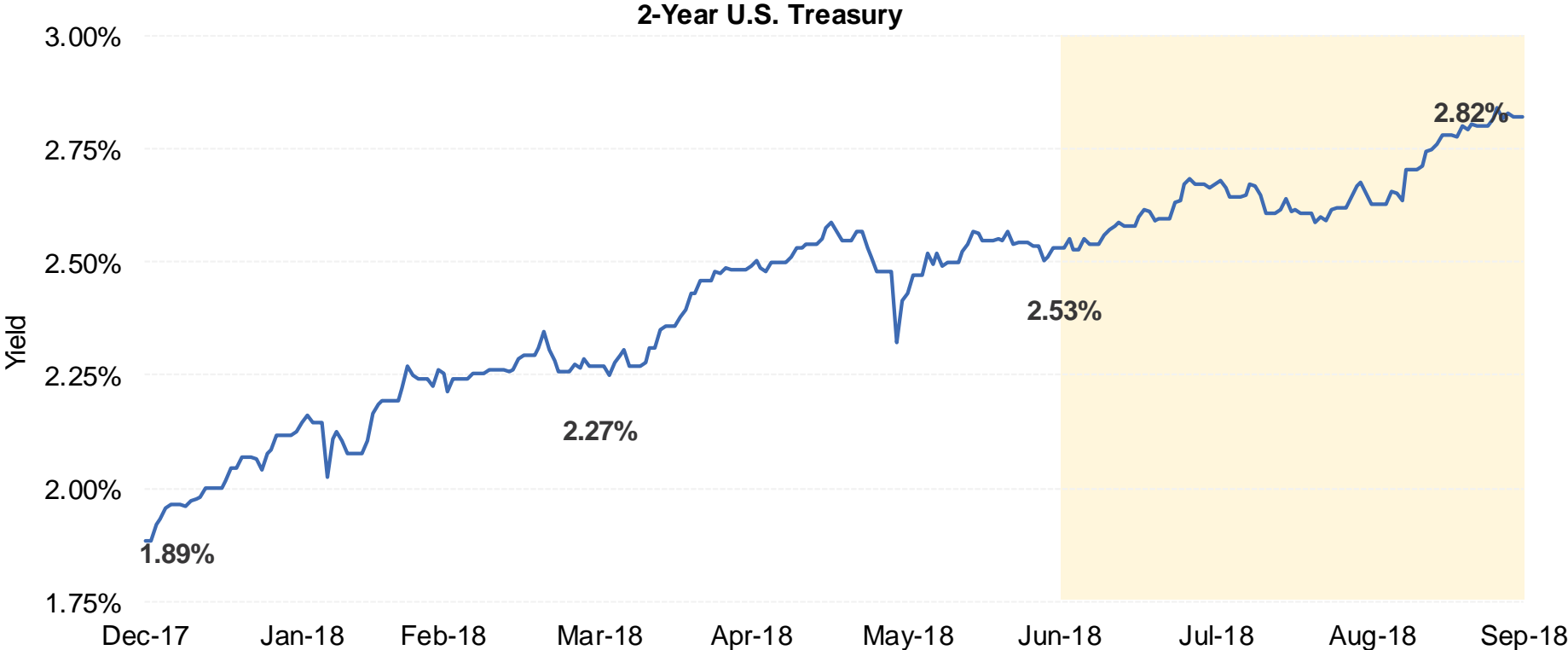
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# Market Update

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### Treasury Yields Continue to Rise

- The third quarter marked the tenth straight quarterly rise in the 2-year yield as the U.S. economy remained strong and the Federal Reserve continued tightening monetary policy, raising the federal funds target rate by 25 basis points (0.25%) for the third time this year at its September meeting.
- The 2-year Treasury increased by 29 basis points to 2.82% in the third quarter.

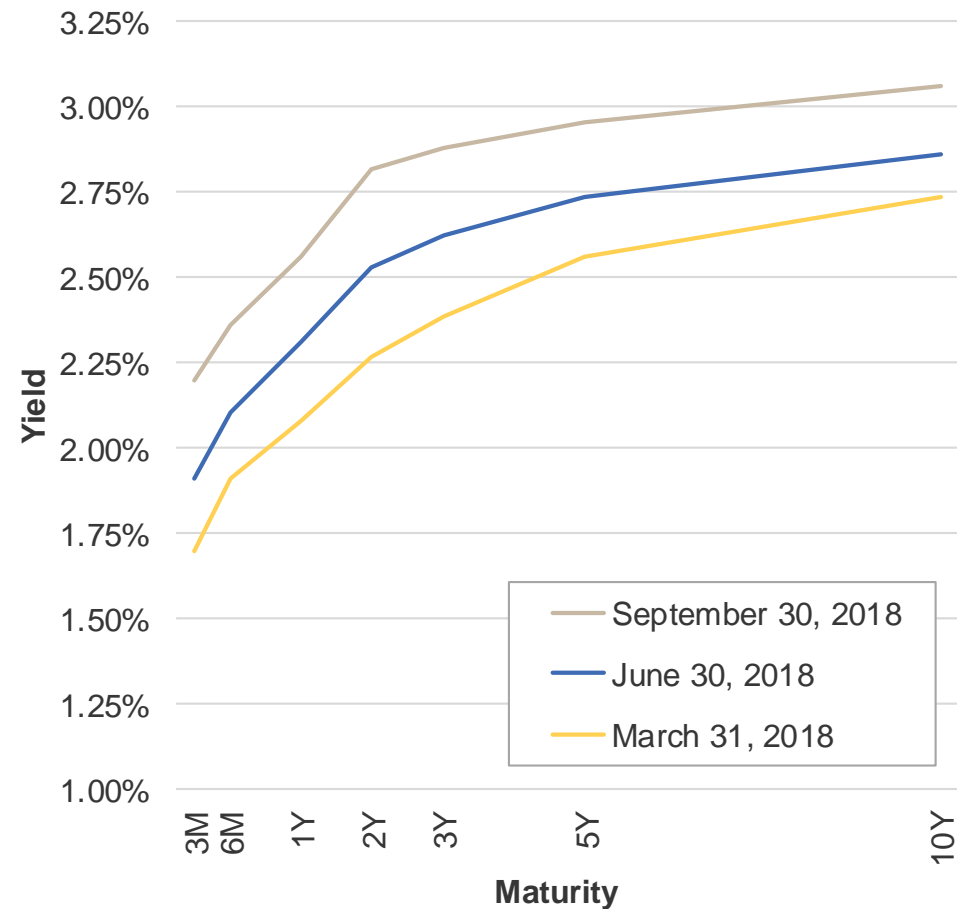


Source: Bloomberg, as of 9/30/2018.

### U.S. Treasury Curve

- U.S. Treasury yields rose 20-30 basis points (0.20%-0.30%) over the quarter as the yield curve flattened further. Short-term rates reflected Fed rate hike expectations, while longer-term yields were the result of moderate inflation expectations and persistently low global interest rates.

	3Q2018 9/30/18	2Q2018 6/30/18	QoQ Change
3 month	2.20%	1.91%	+0.29%
6 month	2.36%	2.10%	+0.26%
1 year	2.56%	2.31%	+0.25%
2 year	2.82%	2.53%	+0.29%
3 year	2.88%	2.62%	+0.26%
5 year	2.95%	2.74%	+0.21%
10 year	3.06%	2.86%	+0.20%

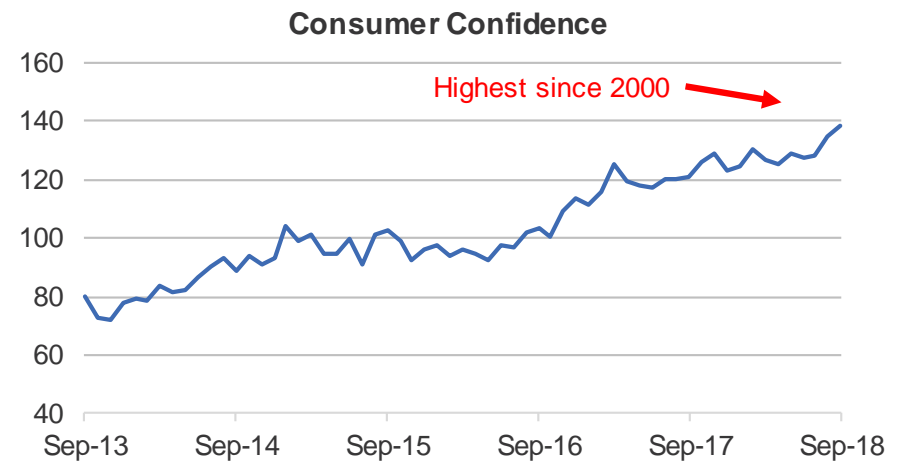
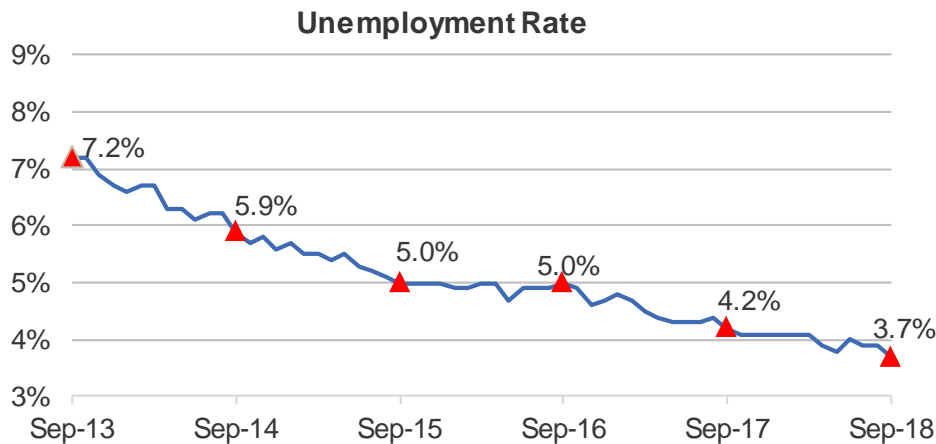
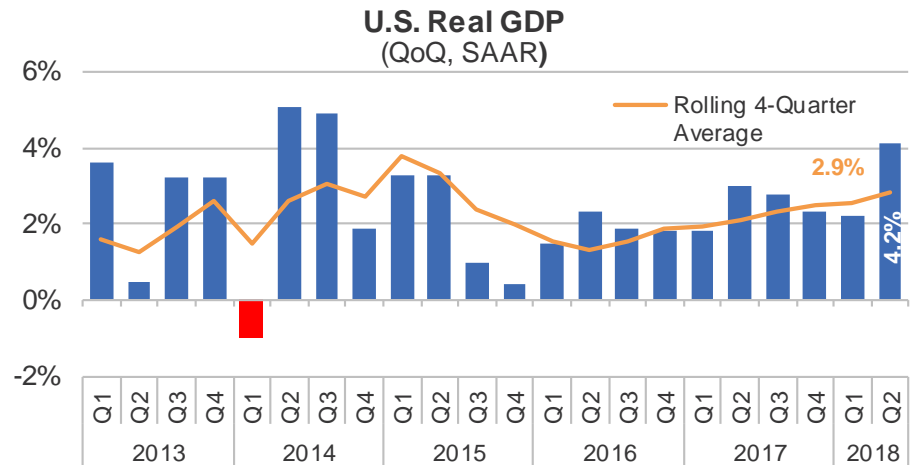


Source: Bloomberg, as of 9/30/2018.

### Economic Summary

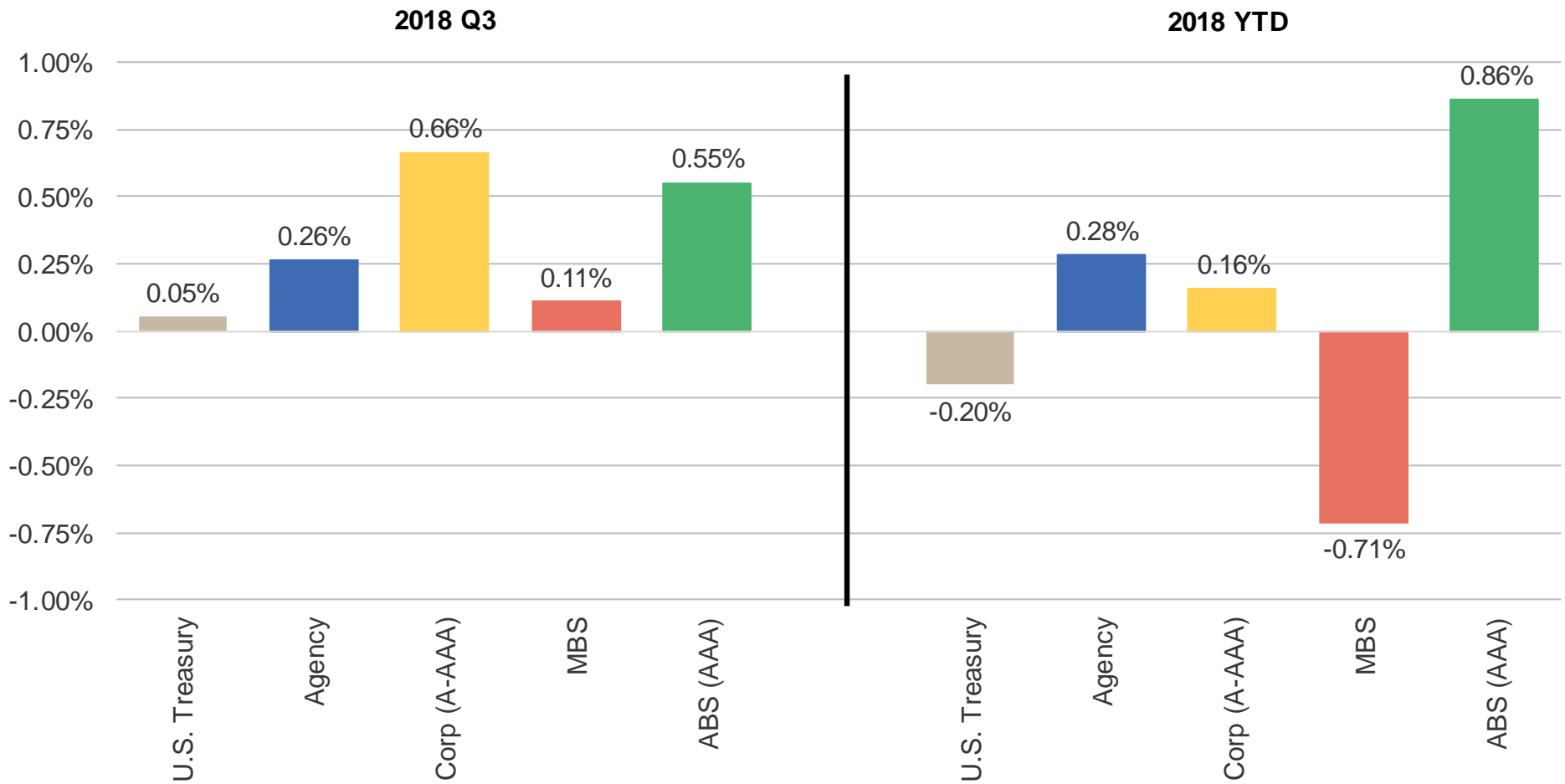
◆ Economic conditions were characterized by:

- Stronger growth in the U.S., propelled by tax cuts and fiscal stimulus.
- A robust labor market, with the U.S. unemployment rate near 48 year lows.
- Core inflation near the Fed’s 2% target, while oil prices have surged and wages have begun to trend higher.
- Consumer confidence at a near two-decade high, while measures of manufacturing activity are also very strong.
- The Federal Reserve increasing short-term rates ¼ percent per quarter, and signaling the expectation they will continue to do so through 2019.
- An escalating trade war with China, weakness in emerging market economies and currencies, and political uncertainty.



Source: Bloomberg, data available as of 9/30/18. SAAR is seasonally adjusted annualized rate.

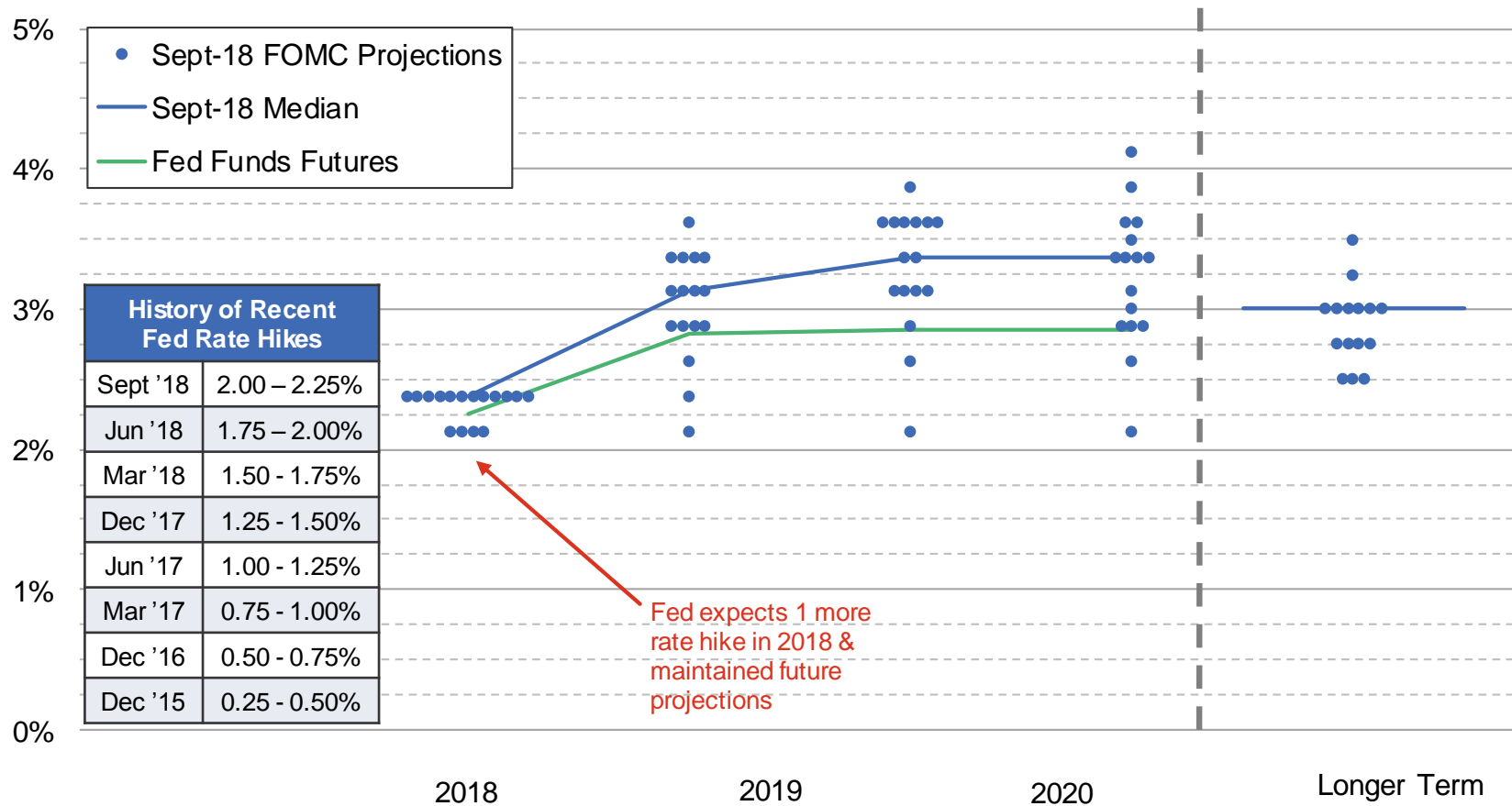
**Sector Returns**  
1-5 Year Indices



Source: ICE BofAML Indices. MBS and ABS indices are 0-5 year, based on weighted average life. As of 9/30/2018.

### FOMC "Dot Plot" – A Third 2018 Rate Hike in September

Fed Participants' Assessments of 'Appropriate' Monetary Policy  
September 2018



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 9/26/18.

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# Portfolio Review

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## Portfolio Recap

- We positioned the portfolio with a defensive duration posture for the majority of the past two quarters in light of the Fed's impact on short-term rates. This has benefited the portfolio's returns as yields across the curve approached new highs for this cycle.
- Strong economic fundamentals gave investors confidence in corporate and other non-government sectors. Most investment-grade sectors contributed positive excess returns (returns in excess of similar-duration Treasuries) to fixed-income portfolios for the quarter.
- Our strategy continued to favor broad diversification generally including the widest range of permitted investments.
  - As has been the case for some time, federal agency yield spreads remained extremely narrow throughout the quarter. We generally underweighted agencies in favor of U.S. Treasuries or other sectors.
  - We purchased a supranational security at an attractive yield spread, despite a sharp decline in issuance causing yield spreads to generally narrow. Spread tightening resulted in strong performance for the sector.
  - In the corporate sector, strong economic tailwinds created a favorable investment landscape. Strong investor demand amid pro-credit conditions caused yield spreads to narrow and re-approach post-recession tights. Throughout the quarter, we were a bit more cautious, generally maintaining corporate allocations. Corporate returns dominated their government counterparts, adding significant value to the portfolio in the third quarter.
  - We increased the allocation to asset-backed securities (ABS). Our view of the ABS sector was that it remained a high-quality diversifier to corporate allocations, providing incremental income, with a high degree of downside protection given the sector's strong structural protections and AAA ratings. During the third quarter, the sector provided attractive excess returns.
  - We continued to find value in short-term credit instruments, including commercial paper and negotiable bank certificates of deposit.
  - Our view of mortgage-backed securities (MBS) remained cautious. As such, the portfolio's allocation to MBS is small and focused on structures with limited extension risk and those that carry less downside risk in a rising rate environment.

## Investment Outlook and Strategy

- ◆ We believe the current strength of the U.S. economy, coupled with a strong labor market and rising inflation, will cause the Fed to continue raising rates at a pace of about one ¼ percent hike per quarter well into 2019. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to the benchmark. While diversification away from U.S. Treasury securities has added significant value over the last several quarters, very narrow spreads across most investment-grade sectors give us reason to turn a bit more cautious.
- ◆ Our outlook for each of the major investment-grade fixed-income sectors are as follows:
  - Federal agency securities remain expensive, as most maturities offer less than five basis points of incremental yield relative to U.S. Treasuries. We will continue to reduce agency exposure where spreads are tight, seeking better relative value in other sectors. As an alternative, we may selectively add callable agency issues because we view them as providing better value in today's market in addition to favorable diversification and income benefits.
  - Issuance in the supranational sector is very light, and spreads have narrowed sharply. We will likely wait until the first quarter of next year, when seasonal issuance typically surges (as these multinational corporations begin preparing for new fiscal year funding initiatives), to increase allocations at what we expect will be much wider spreads.
  - Corporate sector earnings remain solid, fundamentals are stable, and the domestic backdrop is strong, all of which support credit spreads. However, increased balance sheet leverage, headwinds from tariffs, and higher short-term yields may be headwinds for future performance. In conjunction with tight spreads, we plan to be more selective and defensive with corporate positioning. Our preference continues to favor financials and select industrial issuers.
  - In conjunction with our slightly defensive credit posture, asset-backed securities (ABS) offer attractive incremental income compared to government security alternatives. Further, where allocations to the corporate sector are trimmed, we may seek to reinvest a portion of those assets in AAA-rated ABS.
  - As the Fed continues to reduce its holdings of mortgage-backed securities (MBS), the sector is exposed to potential spread pressures through the fourth quarter. As a result, we will maintain allocations to the sector, with new additions focused only on specific structures that limit interest rate sensitivity and provide more stable cash flows.
  - Short-term money market investors continue to reap the rewards of current monetary policy tightening. In addition, increased projections for U.S. Treasury debt issuance over the next several quarters may continue to pressure short-term yields higher in both the government and short-term credit spaces.

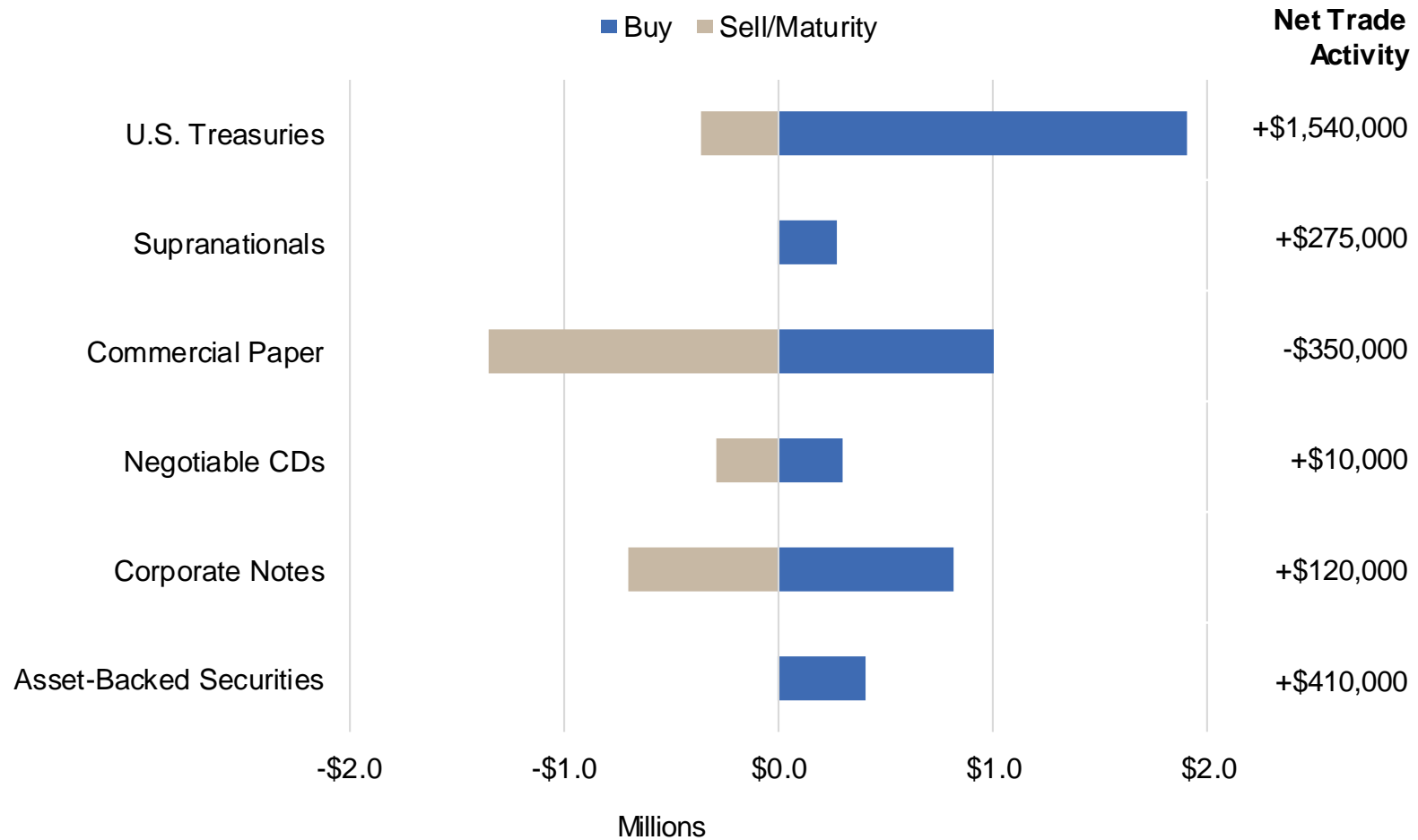
## Sector Allocation and Compliance

<u>Security Type<sup>1</sup></u>	<u>Market Value as of September 30, 2018</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>	<u>In Compliance</u>
U.S. Treasury	\$6,222,134	16%	100%	✓
Federal Agency/GSE	\$1,645,450	4%	100%	✓
Federal Agency/CMO	\$132,789	<1%	100%	✓
Commercial Paper	\$988,313	3%	25%	✓
Negotiable CDs	\$3,296,622	9%	30%	✓
Corporate Notes	\$4,804,717	13%	30%	✓
Supra-National Agency	\$1,778,888	5%	30%	✓
Asset-Backed Securities	\$2,820,384	7%	20%	✓
<b>Security Sub-Total</b>	<b>\$21,689,297</b>	<b>57%</b>		
Accrued Interest	\$87,501			
<b>Securities Total</b>	<b>\$21,776,797</b>			
LAIF	\$11,701,881	31%	\$5 million	✓
CAMP	\$4,336,913	11%	\$65 million	✓
Money Market Fund	\$204,703	1%	20%	✓
<b>Total Investments</b>	<b>\$38,020,294</b>	<b>100%</b>		

1. Detail may not total to 100% due to rounding.
2. The City's investment policy updated as of June 2018.
3. LAIF balances provided by the City.

**Portfolio Trade Activity**

**Portfolio Trade Activity  
July 1, 2018 - September 30, 2018**



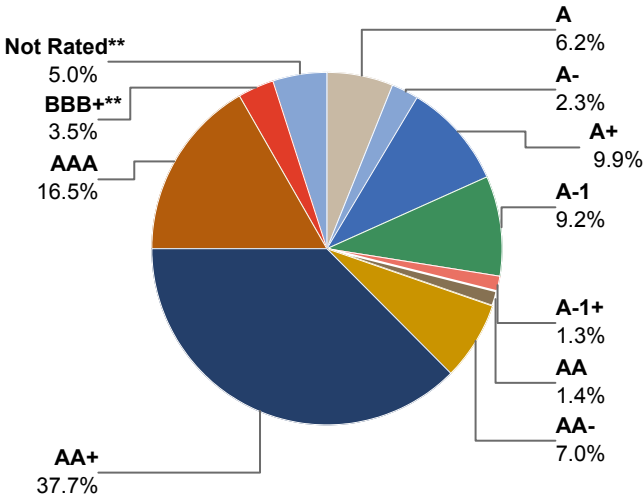
Based on par value of buys, sells, and maturities.

**Portfolio Statistics**

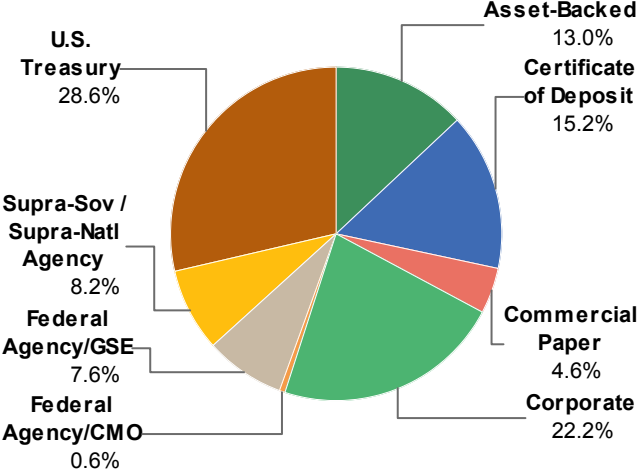
As of September 30, 2018

<b>Par Value:</b>	\$22,011,016
<b>Total Market Value:</b>	\$21,981,501
<b>Security Market Value:</b>	\$21,689,297
<b>Accrued Interest:</b>	\$87,501
<b>Cash:</b>	\$204,703
<b>Amortized Cost:</b>	\$21,902,280
<b>Yield at Market:</b>	2.88%
<b>Yield at Cost:</b>	2.31%
<b>Effective Duration:</b>	1.77 Years
<b>Duration to Worst:</b>	1.79 Years
<b>Average Maturity:</b>	2.10 Years
<b>Average Credit: *</b>	AA

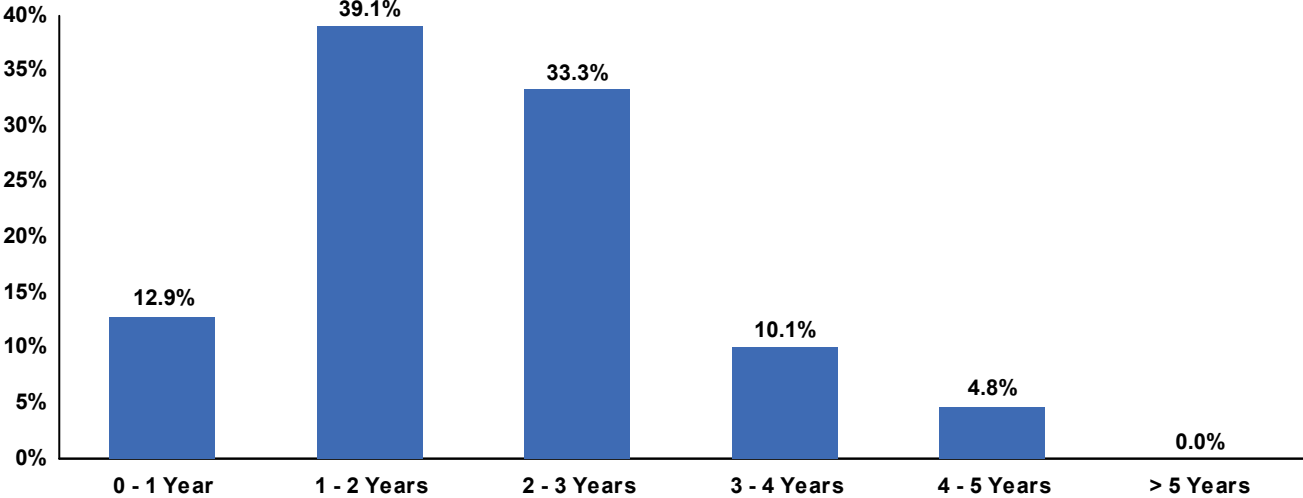
**Credit Quality (S&P Ratings)**



**Sector Allocation**



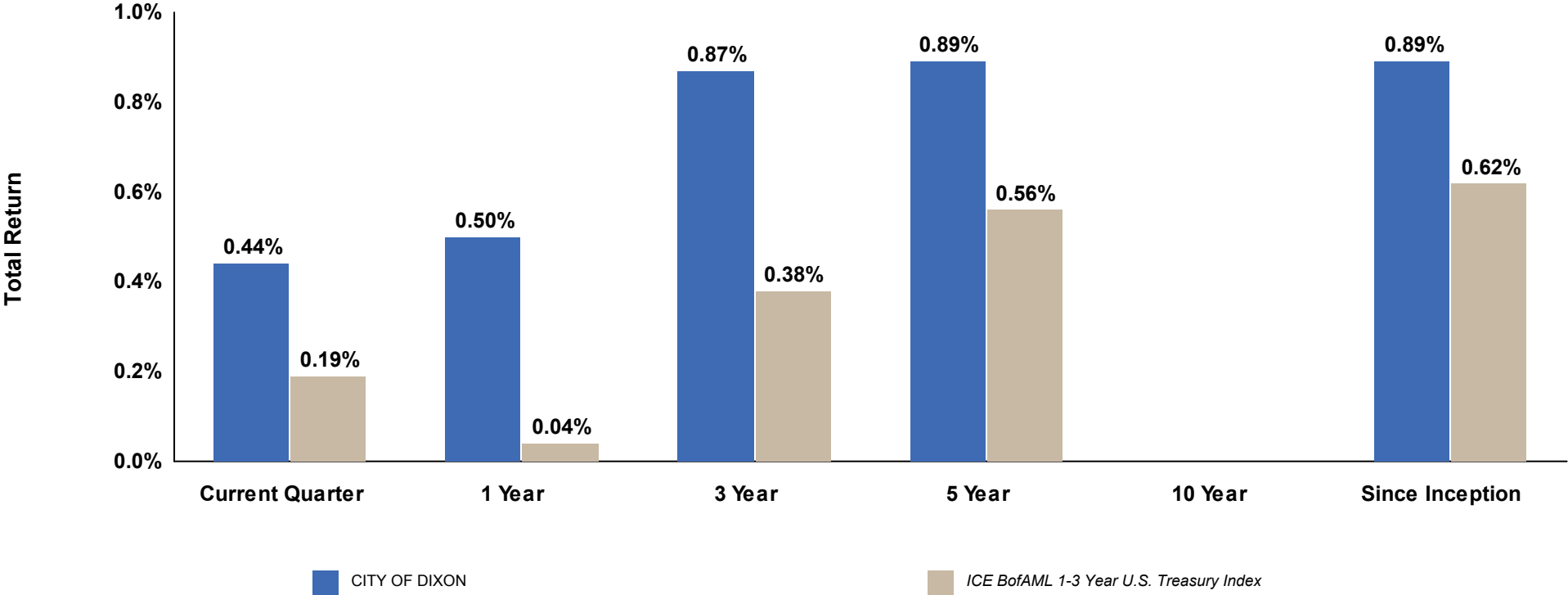
**Maturity Distribution**



\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.  
 \*\*Securities Not Rated or rated BBB+ by S&P are rated A- or the equivalent or better by at least one nationally recognized statistical rating organization.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (09/30/10)
			1 Year	3 Year	5 Year	10 Year	
CITY OF DIXON	1.77	0.44%	0.50%	0.87%	0.89%	-	0.89%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	0.19%	0.04%	0.38%	0.56%	-	0.62%
Difference		0.25%	0.46%	0.49%	0.33%	-	0.27%

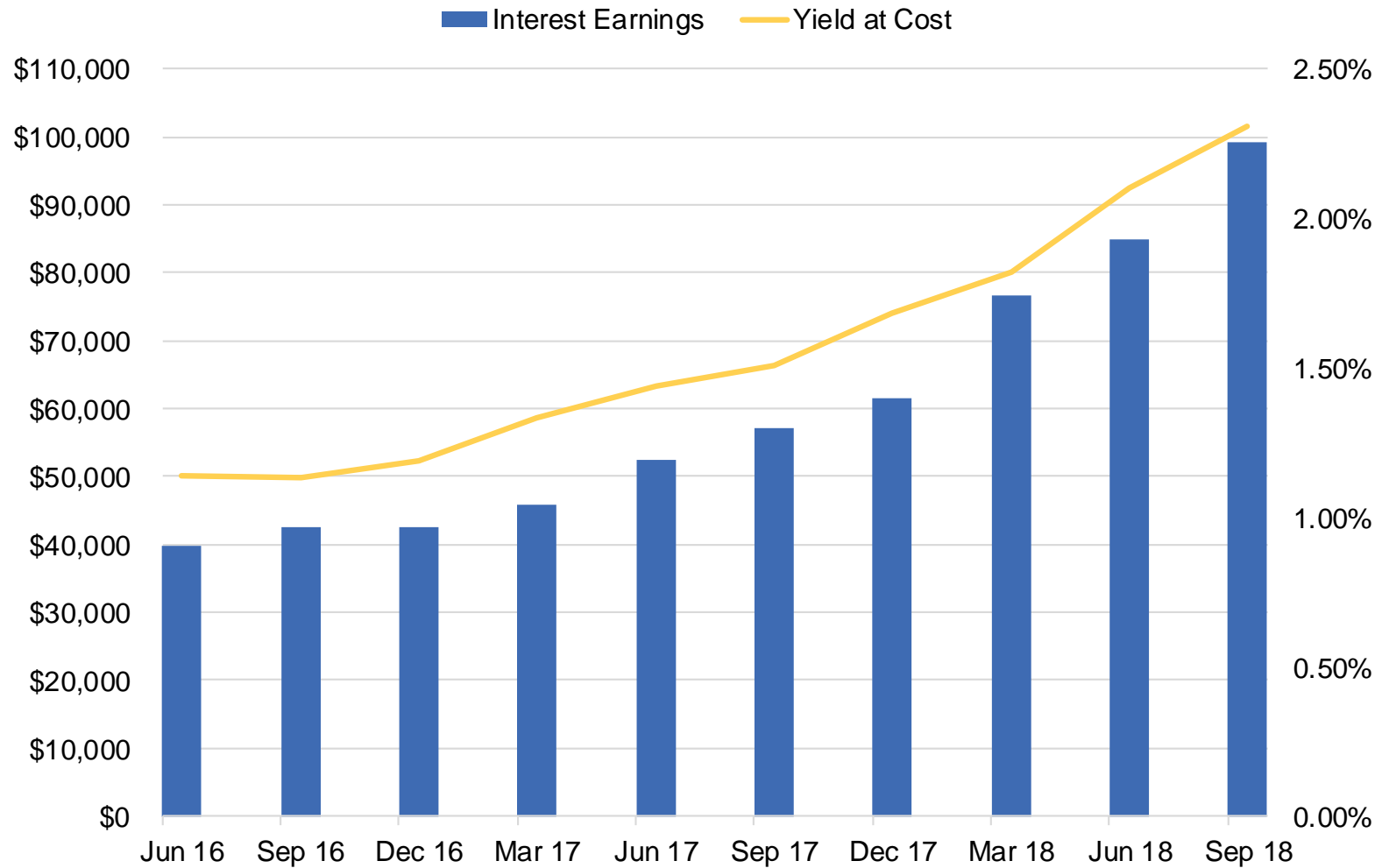


Portfolio performance is gross of fees unless otherwise indicated.

**Portfolio Earnings**  
**Quarter-Ended September 30, 2018**

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (06/30/2018)</b>	\$19,793,515.69	\$19,995,883.11
<b>Net Purchases/Sales</b>	\$1,906,456.53	\$1,906,456.53
<b>Change in Value</b>	(\$10,675.36)	(\$60.01)
<b>Ending Value (09/30/2018)</b>	\$21,689,296.86	\$21,902,279.63
<b>Interest Earned</b>	\$99,186.31	\$99,186.31
<b>Portfolio Earnings</b>	\$88,510.95	\$99,126.30

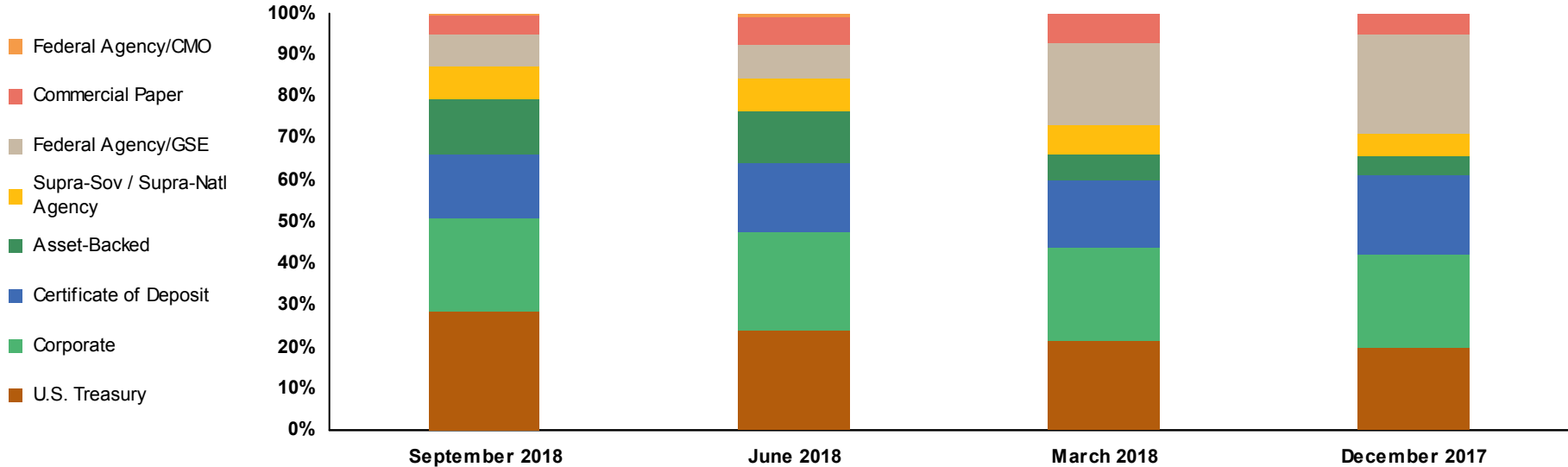
### Portfolio Quarterly Interest Earnings and Yield at Cost





Sector Allocation

Sector	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	6.2	28.6%	4.7	23.9%	4.2	21.2%	3.7	20.0%
Corporate	4.8	22.2%	4.7	23.7%	4.3	22.2%	4.2	22.2%
Certificate of Deposit	3.3	15.2%	3.3	16.6%	3.1	16.2%	3.5	18.9%
Asset-Backed	2.8	13.0%	2.4	12.3%	1.3	6.5%	0.9	4.6%
Supra-Sov / Supra-Natl Agency	1.8	8.2%	1.5	7.6%	1.3	6.9%	1.0	5.5%
Federal Agency/GSE	1.6	7.6%	1.6	8.3%	3.9	19.9%	4.4	23.6%
Commercial Paper	1.0	4.6%	1.3	6.8%	1.3	6.9%	0.9	5.0%
Federal Agency/CMO	0.1	0.6%	0.2	0.8%	0.0	0.2%	0.0	0.2%
<b>Total</b>	<b>\$21.7</b>	<b>100.0%</b>	<b>\$19.8</b>	<b>100.0%</b>	<b>\$19.5</b>	<b>100.0%</b>	<b>\$18.7</b>	<b>100.0%</b>

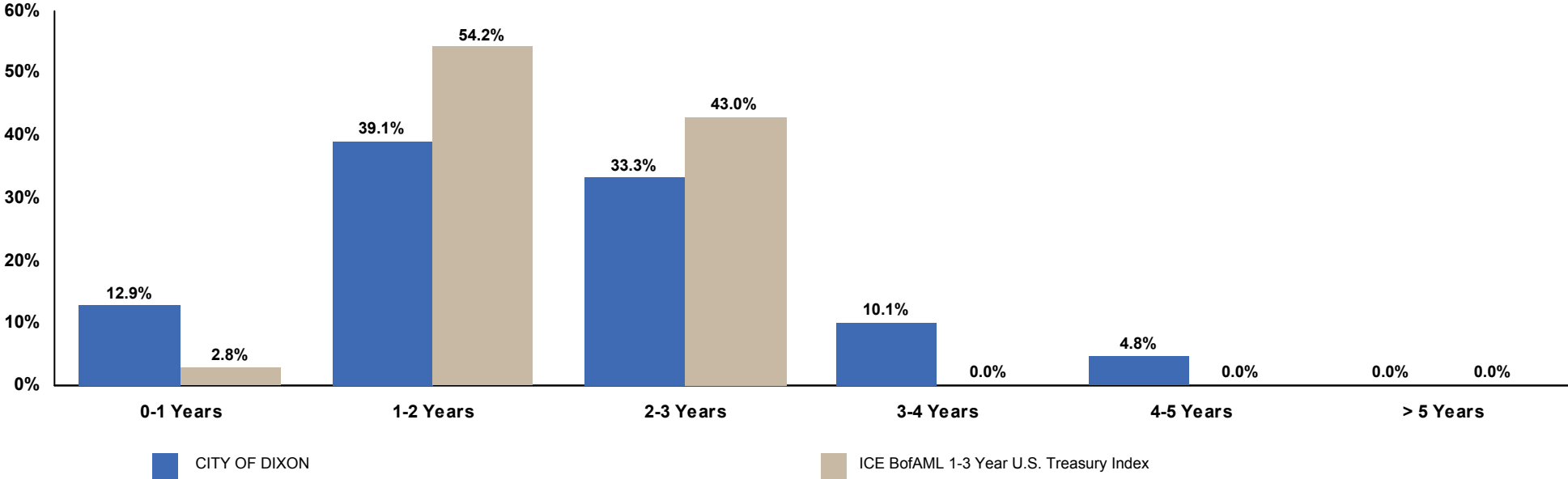


Detail may not add to total due to rounding.

**Maturity Distribution**

*As of September 30, 2018*

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF DIXON	2.88%	2.10 yrs	12.9%	39.1%	33.3%	10.1%	4.8%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	2.81%	1.94 yrs	2.8%	54.2%	43.0%	0.0%	0.0%	0.0%



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# Transactions & Account Holdings

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## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
7/17/18	7/25/18	130,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	129,995.01	3.03%	
7/18/18	7/25/18	275,000	459058GH0	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2.75%	7/23/21	274,356.50	2.83%	
8/1/18	8/3/18	120,000	172967KV2	CITIGROUP INC CORP NOTES	2.35%	8/2/21	116,343.03	3.43%	
8/1/18	8/3/18	300,000	06370REU9	BANK OF MONTREAL CHICAGO CERT DEPOS	3.19%	8/3/20	300,000.00	3.23%	
8/21/18	8/28/18	90,000	43815HAC1	HONDA AUTO RECEIVABLES OWNER T	2.95%	8/21/22	89,987.65	2.96%	
8/29/18	8/29/18	500,000	62479MPU1	MUFG BANK LTD/NY COMM PAPER	0.00%	2/28/19	493,823.75	2.46%	
8/29/18	8/30/18	500,000	912828N48	US TREASURY NOTES	1.75%	12/31/20	490,727.75	2.70%	
8/29/18	8/30/18	600,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	593,100.20	2.75%	
8/29/18	8/31/18	100,000	38141GVU5	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	2.62%	4/25/21	99,077.75	3.36%	
8/29/18	8/31/18	150,000	61746BEA0	MORGAN STANLEY CORP NOTES	2.50%	4/21/21	148,238.67	3.33%	
9/4/18	9/7/18	25,000	14913Q2N8	CATERPILLAR FINANCIAL SERVICES CORP CORP	3.15%	9/7/21	24,980.75	3.18%	
9/4/18	9/7/18	400,000	912828F21	US TREASURY NOTES	2.12%	9/30/21	396,590.85	2.74%	
9/4/18	9/7/18	155,000	717081EM1	PFIZER INC CORP NOTE	3.00%	9/15/21	154,790.75	3.05%	
9/5/18	9/10/18	160,000	24422EUK3	JOHN DEERE CAPITAL CORP CORP NOTES	3.12%	9/10/21	159,950.40	3.14%	
9/11/18	9/14/18	110,000	88579YBA8	3M COMPANY	3.00%	9/14/21	109,774.50	3.07%	
9/18/18	9/21/18	110,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	109,990.71	3.41%	
9/18/18	9/26/18	80,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	79,993.68	3.19%	
9/24/18	9/24/18	500,000	63873KQR1	NATIXIS NY BRANCH COMM PAPER	0.00%	3/25/19	493,630.00	2.55%	
9/28/18	9/28/18	400,000	912828F21	US TREASURY NOTES	2.12%	9/30/21	395,500.43	2.89%	
<b>Total BUY</b>		<b>4,705,000</b>					<b>4,660,852.38</b>		

## INTEREST

7/1/18	7/25/18	24,219	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	36.03		
7/1/18	7/25/18	135,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	400.50		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/2/18	7/2/18	0	MONEY0002	MONEY MARKET FUND			97.88		
7/8/18	7/8/18	20,000	24422ETZ2	JOHN DEERE CAPITAL CORP NOTES	2.35%	1/8/21	235.00		
7/10/18	7/10/18	70,000	172967LF6	CITIGROUP INC (CALLABLE) CORP NOTE	2.45%	1/10/20	857.50		
7/10/18	7/10/18	280,000	86958JHB8	SVENSKA HANDELSBANKEN NY CD	1.89%	1/10/19	2,660.70		
7/12/18	7/12/18	80,000	02665WBE0	AMERICAN HONDA FINANCE	1.20%	7/12/19	480.00		
7/15/18	7/15/18	200,000	02007JAC1	ALLYA 2018-3 A3	3.00%	1/15/23	300.00		
7/15/18	7/15/18	200,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	325.00		
7/15/18	7/15/18	120,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	199.00		
7/15/18	7/15/18	165,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	367.13		
7/15/18	7/15/18	160,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	268.00		
7/15/18	7/15/18	45,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	99.75		
7/15/18	7/15/18	140,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	340.67		
7/15/18	7/15/18	150,000	05531FAS2	BB&T CORP (CALLABLE) NOTE	2.45%	1/15/20	1,837.50		
7/15/18	7/15/18	145,000	14314XAB5	CARMX 2018-2 A2	2.73%	8/15/21	329.88		
7/15/18	7/15/18	165,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	407.00		
7/15/18	7/15/18	103,614	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	155.42		
7/15/18	7/15/18	95,000	89238KAD4	TAOT 2017-D A3	1.93%	1/15/22	152.79		
7/15/18	7/15/18	70,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	162.75		
7/15/18	7/15/18	50,000	65478HAD0	NAROT 2017-C A3	2.12%	4/15/22	88.33		
7/15/18	7/15/18	200,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	505.00		
7/18/18	7/18/18	70,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	175.58		
7/18/18	7/18/18	65,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	96.96		
7/20/18	7/20/18	200,000	17305EGK5	CCCIT 2018-A1 A1	2.49%	1/20/23	2,351.67		
7/21/18	7/21/18	85,000	43813FAC7	HAROT 2017-4 A3	2.05%	11/21/21	145.21		
7/23/18	7/23/18	150,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	1,687.50		
7/25/18	7/25/18	155,000	45950KCM0	INTERNATIONAL FINANCE CORPORATION NOTE	2.25%	1/25/21	1,743.75		
7/27/18	7/27/18	70,000	61747YDW2	MORGAN STANLEY CORP BONDS	2.65%	1/27/20	927.50		
7/31/18	7/31/18	100,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	812.50		
7/31/18	7/31/18	600,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	4,125.00		
7/31/18	7/31/18	120,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	750.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/31/18	7/31/18	300,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	2,437.50		
8/1/18	8/1/18	0	MONEY0002	MONEY MARKET FUND			72.98		
8/1/18	8/25/18	135,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	414.16		
8/1/18	8/25/18	22,627	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	40.80		
8/2/18	8/2/18	300,000	83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1.84%	8/2/19	2,775.33		
8/6/18	8/6/18	50,000	594918BV5	MICROSOFT CORP NOTES	1.85%	2/6/20	462.50		
8/7/18	8/7/18	290,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	2,972.50		
8/8/18	8/8/18	100,000	594918BN3	MICROSOFT CORP NOTES	1.10%	8/8/19	550.00		
8/12/18	8/12/18	60,000	02665WCD1	AMERICAN HONDA FINANCE	2.65%	2/12/21	781.75		
8/15/18	8/15/18	160,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	268.00		
8/15/18	8/15/18	70,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	162.75		
8/15/18	8/15/18	200,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	505.00		
8/15/18	8/15/18	45,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	99.75		
8/15/18	8/15/18	185,000	459058FK4	INTL BANK OF RECON AND DEV SN NOTE	0.87%	8/15/19	809.38		
8/15/18	8/15/18	140,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	340.67		
8/15/18	8/15/18	120,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	199.00		
8/15/18	8/15/18	200,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	325.00		
8/15/18	8/15/18	145,000	14314XAB5	CARMX 2018-2 A2	2.73%	8/15/21	329.88		
8/15/18	8/15/18	130,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	218.83		
8/15/18	8/15/18	95,000	89238KAD4	TAOT 2017-D A3	1.93%	1/15/22	152.79		
8/15/18	8/15/18	165,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	367.13		
8/15/18	8/15/18	165,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	407.00		
8/15/18	8/15/18	200,000	02007JAC1	ALLYA 2018-3 A3	3.00%	1/15/23	500.00		
8/15/18	8/15/18	95,607	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	143.41		
8/15/18	8/15/18	50,000	65478HAD0	NAROT 2017-C A3	2.12%	4/15/22	88.33		
8/18/18	8/18/18	150,000	857477AS2	STATE STREET CORP NOTES	2.55%	8/18/20	1,912.50		
8/18/18	8/18/18	70,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	175.58		
8/18/18	8/18/18	65,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	96.96		
8/20/18	8/20/18	200,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	2,689.78		
8/21/18	8/21/18	85,000	43813FAC7	HAROT 2017-4 A3	2.05%	11/21/21	145.21		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
8/28/18	8/28/18	220,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	1,650.00		
8/31/18	8/31/18	600,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	6,000.00		
8/31/18	8/31/18	650,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	4,468.75		
8/31/18	8/31/18	150,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	1,031.25		
9/1/18	9/1/18	70,000	69371RN93	PACCAR FINANCIAL CORP NOTES	2.80%	3/1/21	1,001.78		
9/1/18	9/25/18	14,266	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	21.22		
9/1/18	9/25/18	131,143	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	396.05		
9/4/18	9/4/18	250,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	3,665.28		
9/4/18	9/4/18	0	MONEY0002	MONEY MARKET FUND			625.61		
9/4/18	9/4/18	30,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	292.50		
9/4/18	9/4/18	120,000	14913Q2A6	CATERPILLAR FINL SERVICE NOTE	1.85%	9/4/20	1,110.00		
9/4/18	9/4/18	120,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	1,170.00		
9/6/18	9/6/18	175,000	30231GAG7	EXXON MOBIL (CALLABLE) CORP NOTE	1.91%	3/6/20	1,673.00		
9/9/18	9/9/18	200,000	45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	2.63%	3/9/21	2,532.00		
9/12/18	9/12/18	160,000	45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1.56%	9/12/20	1,249.60		
9/15/18	9/15/18	200,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	325.00		
9/15/18	9/15/18	145,000	14314XAB5	CARMX 2018-2 A2	2.73%	8/15/21	329.88		
9/15/18	9/15/18	140,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	340.67		
9/15/18	9/15/18	120,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	199.00		
9/15/18	9/15/18	50,000	65478HAD0	NAROT 2017-C A3	2.12%	4/15/22	88.33		
9/15/18	9/15/18	95,000	89238KAD4	TAOT 2017-D A3	1.93%	1/15/22	152.79		
9/15/18	9/15/18	70,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	162.75		
9/15/18	9/15/18	130,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	328.25		
9/15/18	9/15/18	80,000	63743HER9	NATIONAL RURAL UTIL COOP	2.90%	3/15/21	1,282.44		
9/15/18	9/15/18	165,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	407.00		
9/15/18	9/15/18	165,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	367.13		
9/15/18	9/15/18	45,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	99.75		
9/15/18	9/15/18	87,706	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	131.56		
9/15/18	9/15/18	200,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	505.00		
9/15/18	9/15/18	200,000	02007JAC1	ALLYA 2018-3 A3	3.00%	1/15/23	500.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
9/15/18	9/15/18	160,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	268.00		
9/18/18	9/18/18	70,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	175.58		
9/18/18	9/18/18	65,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	96.96		
9/20/18	9/20/18	175,000	17305EGH2	CCCIT 2017-A9 A9	1.80%	9/20/21	1,575.00		
9/21/18	9/21/18	85,000	43813FAC7	HAROT 2017-4 A3	2.05%	11/21/21	145.21		
9/21/18	9/21/18	90,000	43815HAC1	HONDA AUTO RECEIVABLES OWNER T	2.95%	8/21/22	169.63		
9/22/18	9/22/18	185,000	904764AZ0	UNILEVER CAPITAL CORP NOTES	2.75%	3/22/21	2,543.75		
9/25/18	9/25/18	160,000	06539RGM3	MUFG BANK LTD/NY CERT DEPOS	2.07%	9/25/19	3,339.60		
9/28/18	9/28/18	500,000	3130ACE26	FHLB NOTES	1.37%	9/28/20	3,437.50		
9/28/18	9/28/18	165,000	3130ACE26	FHLB NOTES	1.37%	9/28/20	1,134.38		
9/30/18	9/30/18	500,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	2,812.50		
9/30/18	9/30/18	400,000	912828F21	US TREASURY NOTES	2.12%	9/30/21	4,250.00		
9/30/18	9/30/18	100,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	562.50		
9/30/18	9/30/18	400,000	912828F21	US TREASURY NOTES	2.12%	9/30/21	4,250.00		
<b>Total INTEREST</b>		<b>16,064,182</b>					<b>100,433.17</b>		

## MATURITY

7/23/18	7/23/18	250,000	06538CGP0	MUFG BANK LTD/NY COMM PAPER	0.00%	7/23/18	250,000.00		0.00
9/24/18	9/24/18	700,000	4497W1JQ0	ING (US) FUNDING LLC COMM PAPER	0.00%	9/24/18	700,000.00		0.00
9/28/18	9/28/18	400,000	46640QJU6	JP MORGAN SECURITIES LLC COMM PAPER	0.00%	9/28/18	400,000.00		0.00
<b>Total MATURITY</b>		<b>1,350,000</b>					<b>1,350,000.00</b>		<b>0.00</b>

## PAYDOWNS

7/1/18	7/25/18	1,591	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,591.39		0.00
7/15/18	7/15/18	8,007	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	8,006.70		0.00
8/1/18	8/25/18	3,857	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	3,857.30		0.00



Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
8/1/18	8/25/18	8,361	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	8,361.36		0.00
8/15/18	8/15/18	7,901	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	7,900.81		0.00
9/1/18	9/25/18	3,689	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	3,689.05		0.00
9/1/18	9/25/18	10,107	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	10,106.72		0.00
9/15/18	9/15/18	8,303	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	8,303.00		0.00
<b>Total PAYDOWNS</b>		<b>51,816</b>					<b>51,816.33</b>		<b>0.00</b>
<b>SELL</b>									
7/24/18	7/25/18	140,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	138,368.70	2.55%	(2,026.93)
8/1/18	8/3/18	160,000	037833CB4	APPLE INC CORP NOTES	1.10%	8/2/19	158,681.51	2.50%	(2,139.73)
8/1/18	8/3/18	290,000	06427KRC3	BANK OF MONTREAL CHICAGO CERT DEPOS	1.88%	2/7/19	291,753.31	2.43%	(912.11)
9/5/18	9/7/18	60,000	24422ETQ2	JOHN DEERE CAPITAL CORP NOTES	2.20%	3/13/20	60,000.56	2.92%	(613.33)
9/5/18	9/7/18	80,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	79,285.78	2.73%	(999.60)
9/5/18	9/7/18	300,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	298,747.83	2.54%	(2,607.55)
9/7/18	9/10/18	120,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	117,935.87	2.62%	(1,789.28)
9/14/18	9/14/18	100,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	98,103.16	2.73%	(1,532.08)
9/20/18	9/21/18	100,000	594918BN3	MICROSOFT CORP NOTES	1.10%	8/8/19	98,836.39	2.60%	(1,264.41)
<b>Total SELL</b>		<b>1,350,000</b>					<b>1,341,713.11</b>		<b>-13,885.02</b>

**Issuer Distribution**  
**As of September 30, 2018**

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	6,222,134	28.7%
INTL BANK OF RECONSTRUCTION AND DEV	945,448	4.4%
FREDDIE MAC	782,936	3.6%
MITSUBISHI UFJ FINANCIAL GROUP INC	653,382	3.0%
FEDERAL HOME LOAN BANKS	646,277	3.0%
CITIGROUP INC	556,285	2.6%
NATIXIS NY BRANCH	493,617	2.3%
INTER-AMERICAN DEVELOPMENT BANK	482,705	2.2%
ALLY AUTO RECEIVABLES TRUST	457,691	2.1%
TOYOTA MOTOR CORP	406,580	1.9%
FORD CREDIT AUTO OWNER TRUST	357,586	1.7%
INTERNATIONAL FINANCE CORPORATION	350,735	1.6%
FANNIE MAE	349,026	1.6%
BANK OF AMERICA CO	348,877	1.6%
AMERICAN EXPRESS CO	321,403	1.5%
SUMITOMO MITSUI FINANCIAL GROUP INC	309,206	1.4%
HONDA AUTO RECEIVABLES	307,711	1.4%
BANK OF MONTREAL	299,615	1.4%

Top 5 = 42.6%

Top 10 = 53.7%

Issuer	Market Value (\$)	% of Portfolio
SKANDINAVISKA ENSKILDA BANKEN AB	298,056	1.4%
SWEDBANK AB	294,096	1.4%
WESTPAC BANKING CORP	285,837	1.3%
SVENSKA HANDELSBANKEN AB	279,278	1.3%
ROYAL BANK OF CANADA	251,346	1.2%
UBS AG	250,599	1.2%
CANADIAN IMPERIAL BANK OF COMMERCE	249,756	1.2%
GOLDMAN SACHS GROUP INC	246,627	1.1%
CHEVRON CORPORATION	238,502	1.1%
CARMAX AUTO OWNER TRUST	223,895	1.0%
BANK OF NOVA SCOTIA	221,062	1.0%
MORGAN STANLEY	216,110	1.0%
CATERPILLAR INC	207,037	1.0%
CREDIT SUISSE GROUP	199,911	0.9%
NORDEA BANK AB	199,174	0.9%
DEERE & COMPANY	198,780	0.9%
UNILEVER PLC	183,217	0.8%
THE BANK OF NEW YORK MELLON CORPORATION	176,739	0.8%
EXXON MOBIL CORP	172,902	0.8%
PACCAR FINANCIAL CORP	168,058	0.8%
WAL-MART STORES INC	156,594	0.7%

Issuer	Market Value (\$)	% of Portfolio
PFIZER INC	154,966	0.7%
BB&T CORPORATION	148,868	0.7%
STATE STREET CORPORATION	148,844	0.7%
JP MORGAN CHASE & CO	148,465	0.7%
THE WALT DISNEY CORPORATION	147,960	0.7%
INTEL CORPORATION	147,599	0.7%
IBM CORP	146,879	0.7%
AMERICAN HONDA FINANCE	138,342	0.6%
MERCEDES-BENZ AUTO RECEIVABLES	129,844	0.6%
CHARLES SCHWAB	125,016	0.6%
UNITED PARCEL SERVICE INC	121,721	0.6%
GENERAL DYNAMICS CORP	114,722	0.5%
FORD CREDIT AUTO LEASE TRUST	109,994	0.5%
3M COMPANY	109,813	0.5%
PEPSICO INC	97,330	0.5%
HERSHEY COMPANY	89,966	0.4%
GM FINANCIAL AUTO LEASING TRUST	80,012	0.4%
NATIONAL RURAL UTILITIES CO FINANCE CORP	79,443	0.4%
HOME DEPOT INC	78,721	0.4%
HYUNDAI AUTO RECEIVABLES	69,612	0.3%
COCA-COLA COMPANY	65,190	0.3%

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Issuer	Market Value (\$)	% of Portfolio
MICROSOFT CORP	49,394	0.2%
NISSAN AUTO RECEIVABLES	49,272	0.2%
JOHN DEERE OWNER TRUST	44,670	0.2%
HONEYWELL INTERNATIONAL	44,559	0.2%
VISA INC	39,308	0.2%
<b>Grand Total:</b>	<b>21,689,297</b>	<b>100.0%</b>

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## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	500,000.00	AA+	Aaa	12/22/2017	12/26/2017	491,132.81	1.93	15.45	494,087.38	488,027.50
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	100,000.00	AA+	Aaa	3/15/2017	3/17/2017	98,292.97	1.70	3.09	99,147.93	97,605.50
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	200,000.00	AA+	Aaa	4/3/2017	4/5/2017	199,203.13	1.51	1,150.82	199,585.16	195,664.00
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	330,000.00	AA+	Aaa	6/26/2017	6/28/2017	331,185.94	1.50	1,355.20	330,695.82	323,374.26
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	500,000.00	AA+	Aaa	12/22/2017	12/26/2017	496,015.63	1.95	2,053.33	497,211.10	489,961.00
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	100,000.00	AA+	Aaa	7/5/2017	7/7/2017	100,062.50	1.60	273.78	100,037.92	97,882.80
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	300,000.00	AA+	Aaa	12/28/2017	12/29/2017	297,503.91	1.96	821.33	298,223.45	293,648.40
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	150,000.00	AA+	Aaa	8/1/2017	8/3/2017	149,320.31	1.53	176.62	149,573.65	145,980.45
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	650,000.00	AA+	Aaa	8/31/2017	9/1/2017	648,806.64	1.44	765.37	649,232.04	632,581.95
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	500,000.00	AA+	Aaa	8/29/2018	8/30/2018	489,277.34	2.70	2,211.28	489,667.60	488,125.00
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	145,000.00	AA+	Aaa	12/1/2017	12/5/2017	144,365.62	1.90	641.27	144,532.79	141,556.25
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	600,000.00	AA+	Aaa	1/2/2018	1/4/2018	587,976.56	2.05	1,389.95	590,814.32	580,008.00
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	900,000.00	AA+	Aaa	6/4/2018	6/6/2018	883,968.75	2.62	6,049.18	885,631.93	879,890.40
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	600,000.00	AA+	Aaa	8/29/2018	8/30/2018	587,132.81	2.75	1,027.62	587,498.77	585,328.20
US TREASURY NOTES DTD 09/30/2014 2.125% 09/30/2021	912828F21	400,000.00	AA+	Aaa	9/28/2018	9/28/2018	391,296.88	2.89	23.35	391,320.03	391,250.00

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 09/30/2014 2.125% 09/30/2021	912828F21	400,000.00	AA+	Aaa	9/4/2018	9/7/2018	392,875.00	2.74	23.35	393,024.60	391,250.00
<b>Security Type Sub-Total</b>		<b>6,375,000.00</b>					<b>6,288,416.80</b>	<b>2.19</b>	<b>17,980.99</b>	<b>6,300,284.49</b>	<b>6,222,133.71</b>
<b>Supra-National Agency Bond / Note</b>											
INTL BANK OF RECON AND DEV SN NOTE DTD 07/13/2016 0.875% 08/15/2019	459058FK4	185,000.00	AAA	Aaa	7/6/2016	7/13/2016	184,961.15	0.88	206.84	184,988.85	182,200.77
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 10/27/2016 1.125% 11/27/2019	459058FS7	190,000.00	AAA	Aaa	8/18/2017	8/23/2017	188,441.75	1.50	736.25	189,197.88	186,375.37
INTL BK RECON & DEVELOP NOTES DTD 03/21/2017 1.875% 04/21/2020	459058FZ1	150,000.00	AAA	Aaa	3/14/2017	3/21/2017	149,869.50	1.90	1,250.00	149,932.75	147,772.65
INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	160,000.00	AAA	Aaa	4/5/2017	4/12/2017	159,620.80	1.70	1,003.89	159,798.68	156,869.28
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	160,000.00	AAA	Aaa	9/12/2017	9/19/2017	159,616.00	1.64	131.82	159,746.91	155,797.28
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	160,000.00	AAA	Aaa	10/2/2017	10/10/2017	161,483.06	1.81	1,341.11	161,023.10	157,380.00
INTERNATIONAL FINANCE CORPORATION NOTE DTD 01/25/2018 2.250% 01/25/2021	45950KCM0	155,000.00	AAA	Aaa	1/18/2018	1/25/2018	154,544.30	2.35	639.38	154,645.41	152,543.41
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	200,000.00	AAA	Aaa	3/9/2018	3/16/2018	199,850.00	2.66	322.06	199,875.88	198,192.00
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	170,000.00	AAA	Aaa	4/12/2018	4/19/2018	169,626.00	2.70	2,008.13	169,680.24	168,455.55

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Supra-National Agency Bond / Note</b>											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	275,000.00	AAA	Aaa	7/18/2018	7/25/2018	274,356.50	2.83	1,386.46	274,394.44	273,302.15
<b>Security Type Sub-Total</b>		<b>1,805,000.00</b>					<b>1,802,369.06</b>	<b>2.05</b>	<b>9,025.94</b>	<b>1,803,284.14</b>	<b>1,778,888.46</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	4,159.13	AA+	Aaa	6/9/2016	6/30/2016	4,200.72	1.05	6.19	4,163.88	4,132.79
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	127,453.65	AA+	Aaa	4/11/2018	4/30/2018	129,988.83	2.27	378.11	129,710.89	128,655.92
<b>Security Type Sub-Total</b>		<b>131,612.78</b>					<b>134,189.55</b>	<b>2.23</b>	<b>384.30</b>	<b>133,874.77</b>	<b>132,788.71</b>
<b>Federal Agency Bond / Note</b>											
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	220,000.00	AA+	Aaa	2/24/2017	2/28/2017	219,859.20	1.52	302.50	219,933.12	216,237.56
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	300,000.00	AA+	Aaa	4/24/2017	4/25/2017	298,584.00	1.54	1,844.79	299,255.80	293,601.00
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	500,000.00	AA+	Aaa	12/28/2017	12/29/2017	493,100.00	1.99	3,074.65	495,327.29	489,335.00
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	500,000.00	AA+	Aaa	12/28/2017	12/29/2017	491,225.00	2.03	57.29	493,593.21	485,922.50
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	165,000.00	AA+	Aaa	9/7/2017	9/8/2017	164,470.35	1.48	18.91	164,651.79	160,354.43
<b>Security Type Sub-Total</b>		<b>1,685,000.00</b>					<b>1,667,238.55</b>	<b>1.81</b>	<b>5,298.14</b>	<b>1,672,761.21</b>	<b>1,645,450.49</b>
<b>Corporate Note</b>											
CHEVRON CORP NOTES DTD 05/16/2016 1.561% 05/16/2019	166764BH2	240,000.00	AA-	Aa2	5/9/2016	5/16/2016	240,000.00	1.56	1,404.90	240,000.00	238,501.68



## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
AMERICAN HONDA FINANCE DTD 07/12/2016 1.200% 07/12/2019	02665WBE0	80,000.00	A+	A2	7/7/2016	7/12/2016	79,920.00	1.23	210.67	79,978.91	79,043.04
AMERICAN EXPRESS CREDIT (CALLABLE) CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	50,000.00	A-	A2	10/26/2016	10/31/2016	49,940.50	1.74	356.53	49,978.22	49,380.00
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/30/2017 1.800% 10/30/2019	438516BQ8	45,000.00	A	A2	10/23/2017	10/30/2017	44,964.90	1.84	339.75	44,980.88	44,559.36
GOLDMAN SACHS GROUP (CALLABLE) INC BONDS DTD 12/13/2016 2.300% 12/13/2019	38145GAJ9	150,000.00	BBB+	A3	12/8/2016	12/13/2016	149,887.50	2.33	1,035.00	149,954.09	148,683.75
CITIGROUP INC (CALLABLE) CORP NOTE DTD 01/10/2017 2.450% 01/10/2020	172967LF6	70,000.00	BBB+	Baa1	1/4/2017	1/10/2017	69,972.00	2.46	385.88	69,987.86	69,388.90
BB&T CORP (CALLABLE) NOTE DTD 12/08/2014 2.450% 01/15/2020	05531FAS2	150,000.00	A-	A2	2/2/2017	2/7/2017	151,485.00	2.10	775.83	150,638.58	148,867.50
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	150,000.00	A-	A3	3/16/2017	3/21/2017	150,079.50	2.23	637.50	150,037.64	148,465.05
MORGAN STANLEY CORP BONDS DTD 01/27/2015 2.650% 01/27/2020	61747YDW2	70,000.00	BBB+	A3	1/31/2017	2/3/2017	70,605.50	2.35	329.78	70,273.51	69,551.44
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	50,000.00	AAA	Aaa	1/30/2017	2/6/2017	49,966.50	1.87	141.32	49,984.73	49,393.50
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	30,000.00	A+	A2	3/1/2017	3/6/2017	29,992.20	1.96	43.88	29,996.22	29,591.97
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	120,000.00	A+	A2	4/24/2017	4/27/2017	120,646.80	1.76	175.50	120,327.55	118,367.88
EXXON MOBIL (CALLABLE) CORP NOTE DTD 03/06/2015 1.912% 03/06/2020	30231GAG7	175,000.00	AA+	Aaa	4/3/2017	4/5/2017	175,698.25	1.77	232.36	175,336.97	172,901.93

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	70,000.00	AA-	Aa3	4/11/2017	4/17/2017	69,967.80	1.97	621.83	69,983.19	68,942.86
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	150,000.00	A+	A1	5/8/2017	5/11/2017	149,943.00	1.86	1,079.17	149,969.00	147,599.10
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	115,000.00	A+	A2	5/8/2018	5/11/2018	114,592.90	3.06	1,285.76	114,670.27	114,722.16
IBM CREDIT CORPORATE NOTE DTD 05/07/2013 1.625% 05/15/2020	459200HM6	150,000.00	A+	A1	8/1/2017	8/3/2017	149,431.50	1.76	920.83	149,666.14	146,879.25
CATERPILLAR FINL SERVICE DTD 05/16/2018 2.950% 05/15/2020	14913Q2J7	65,000.00	A	A3	5/9/2018	5/16/2018	64,987.65	2.96	719.06	64,989.90	64,975.95
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	80,000.00	A	A2	5/24/2017	6/5/2017	79,953.60	1.82	464.00	79,973.75	78,721.20
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	20,000.00	A	A2	6/19/2017	6/22/2017	19,987.80	1.97	107.25	19,992.90	19,645.02
STATE STREET CORP NOTES DTD 08/18/2015 2.550% 08/18/2020	857477AS2	150,000.00	A	A1	6/8/2017	6/13/2017	152,811.00	1.94	456.88	151,683.75	148,844.10
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	120,000.00	A	A3	9/5/2017	9/7/2017	119,899.20	1.88	166.50	119,934.45	117,090.48
AMERICAN EXPRESS CO CORP (CALLABLE) NOTE DTD 10/30/2017 2.200% 10/30/2020	025816BP3	110,000.00	BBB+	A3	10/23/2017	10/30/2017	109,857.00	2.25	1,015.06	109,899.83	107,679.00
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	40,000.00	A+	A1	11/6/2017	11/13/2017	39,996.40	2.05	314.33	39,997.44	39,057.60
COCA-COLA CO/THE GLOBAL NOTES DTD 11/15/2010 3.150% 11/15/2020	191216AR1	65,000.00	A+	Aa3	9/8/2017	9/12/2017	67,737.80	1.78	773.50	66,847.35	65,189.80
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	40,000.00	A+	A1	8/25/2017	8/30/2017	40,440.00	1.85	261.56	40,294.16	39,307.84
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	160,000.00	AA	Aa2	10/11/2017	10/20/2017	159,768.00	1.95	895.11	159,835.16	156,594.40
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	20,000.00	A	A2	1/3/2018	1/8/2018	19,989.60	2.37	108.36	19,992.07	19,646.98

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
AMERICAN HONDA FINANCE DTD 02/15/2018 2.650% 02/12/2021	02665WCD1	60,000.00	A+	A2	2/12/2018	2/15/2018	59,916.00	2.70	216.42	59,933.02	59,299.14
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	70,000.00	A+	A1	2/22/2018	2/27/2018	69,965.70	2.82	163.33	69,972.37	69,272.63
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	80,000.00	A	A2	2/21/2018	2/26/2018	79,911.20	2.94	103.11	79,928.75	79,443.20
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	185,000.00	A+	A1	3/19/2018	3/22/2018	184,054.65	2.93	127.19	184,214.24	183,217.34
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	125,000.00	A+	A1	11/9/2017	11/14/2017	124,802.50	2.10	1,281.25	124,851.71	121,721.00
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	80,000.00	AA-	Aa3	4/10/2018	4/13/2018	79,968.00	2.96	1,101.33	79,972.80	79,633.36
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	85,000.00	A	A1	3/1/2018	3/5/2018	83,772.60	2.99	979.86	83,991.16	83,459.89
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	100,000.00	A+	A1	10/5/2017	10/10/2017	99,980.00	2.01	922.22	99,985.31	97,329.80
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	95,000.00	A	A1	2/16/2018	2/21/2018	93,763.10	2.94	1,095.14	93,995.85	93,278.70
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	150,000.00	BBB+	A3	8/29/2018	8/31/2018	146,884.50	3.33	1,666.67	146,981.91	146,558.40
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	100,000.00	BBB+	A3	8/29/2018	8/31/2018	98,159.00	3.36	1,137.50	98,216.55	97,943.20
PACCAR FINANCIAL CORP DTD 05/10/2018 3.100% 05/10/2021	69371RP26	60,000.00	A+	A1	5/7/2018	5/10/2018	59,984.40	3.11	728.50	59,986.36	59,727.66

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	90,000.00	A	A1	5/3/2018	5/10/2018	89,937.90	3.12	1,092.75	89,945.86	89,965.71
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	125,000.00	A	A2	5/17/2018	5/22/2018	124,996.25	3.25	1,455.73	124,996.63	125,015.50
CITIGROUP INC CORP NOTES DTD 08/02/2016 2.350% 08/02/2021	172967KV2	120,000.00	BBB+	Baa1	8/1/2018	8/3/2018	116,335.20	3.43	462.17	116,523.93	116,378.40
CATERPILLAR FINANCIAL SERVICES CORP CORP DTD 09/07/2018 3.150% 09/07/2021	14913Q2N8	25,000.00	A	A3	9/4/2018	9/7/2018	24,980.75	3.18	52.50	24,981.16	24,970.58
JOHN DEERE CAPITAL CORP CORP NOTES DTD 09/10/2018 3.125% 09/10/2021	24422EUK3	160,000.00	A	A2	9/5/2018	9/10/2018	159,950.40	3.14	291.67	159,951.33	159,487.68
3M COMPANY DTD 09/14/2018 3.000% 09/14/2021	88579YBA8	110,000.00	AA-	A1	9/11/2018	9/14/2018	109,774.50	3.07	155.83	109,777.92	109,813.11
PFIZER INC CORP NOTE DTD 09/07/2018 3.000% 09/15/2021	717081EM1	155,000.00	AA	A1	9/4/2018	9/7/2018	154,790.75	3.05	310.00	154,795.28	154,965.59
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	155,000.00	A-	A3	9/13/2017	9/18/2017	155,000.00	2.33	1,804.20	155,000.00	151,644.72
<b>Security Type Sub-Total</b>		<b>4,865,000.00</b>					<b>4,859,449.30</b>	<b>2.41</b>	<b>30,405.47</b>	<b>4,857,206.66</b>	<b>4,804,717.35</b>
<b>Commercial Paper</b>											
MUFG BANK LTD/NY COMM PAPER DTD 08/02/2018 0.000% 02/28/2019	62479MPU1	500,000.00	A-1	P-1	8/29/2018	8/29/2018	493,823.75	2.46	0.00	494,937.50	494,696.00
NATIXIS NY BRANCH COMM PAPER DTD 09/18/2018 0.000% 03/25/2019	63873KQR1	500,000.00	A-1	P-1	9/24/2018	9/24/2018	493,630.00	2.55	0.00	493,875.00	493,616.50
<b>Security Type Sub-Total</b>		<b>1,000,000.00</b>					<b>987,453.75</b>	<b>2.51</b>	<b>0.00</b>	<b>988,812.50</b>	<b>988,312.50</b>
<b>Certificate of Deposit</b>											

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Certificate of Deposit</b>											
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	250,000.00	A-1	P-1	12/1/2016	12/5/2016	249,805.00	1.78	1,478.89	249,983.86	249,756.25
SVENSKA HANDELSBANKEN NY CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	280,000.00	A-1+	P-1	1/10/2017	1/12/2017	280,000.00	1.91	1,220.10	280,000.00	279,277.60
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	310,000.00	A-1	P-1	5/3/2017	5/4/2017	310,000.00	2.05	2,665.57	310,000.00	309,205.78
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	300,000.00	A-1	P-1	8/3/2017	8/4/2017	299,883.00	1.85	920.00	299,950.98	298,056.00
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	160,000.00	A-1	P-1	9/25/2017	9/27/2017	160,000.00	2.07	55.20	160,000.00	158,686.24
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	200,000.00	A	A1	2/7/2018	2/8/2018	200,000.00	2.67	3,456.17	200,000.00	199,911.00
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	200,000.00	AA-	Aa3	2/20/2018	2/22/2018	200,000.00	2.72	619.56	200,000.00	199,173.80
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	250,000.00	A+	Aa2	3/2/2018	3/6/2018	250,000.00	2.93	543.75	250,000.00	250,598.50
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	220,000.00	A+	Aa2	6/5/2018	6/7/2018	219,916.40	3.10	2,145.73	219,929.23	221,062.38
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	300,000.00	A+	Aa2	8/1/2018	8/3/2018	300,000.00	3.23	1,568.42	300,000.00	299,615.10
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	290,000.00	AA-	Aa3	8/3/2017	8/7/2017	290,000.00	2.05	891.75	290,000.00	285,837.34
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	300,000.00	AA-	Aa2	11/16/2017	11/17/2017	300,000.00	2.30	2,610.50	300,000.00	294,095.70
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	250,000.00	AA-	Aa2	6/7/2018	6/8/2018	250,000.00	3.24	2,542.50	250,000.00	251,346.00

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Security Type Sub-Total</b>		<b>3,310,000.00</b>					<b>3,309,604.40</b>	<b>2.44</b>	<b>20,718.14</b>	<b>3,309,864.07</b>	<b>3,296,621.69</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
CARMX 2017-4 A2A DTD 10/25/2017 1.800% 04/15/2021	14314RAH5	79,403.30	AAA	NR	10/17/2017	10/25/2017	79,397.48	1.79	63.52	79,398.97	79,046.09
GMALT 2018-3 A3 DTD 09/26/2018 3.180% 06/20/2021	36256GAD1	80,000.00	AAA	Aaa	9/18/2018	9/26/2018	79,993.68	3.19	35.33	79,993.71	80,011.66
CARMX 2018-2 A2 DTD 04/25/2018 2.730% 08/15/2021	14314XAB5	145,000.00	AAA	NR	4/18/2018	4/25/2018	144,992.33	2.73	175.93	144,993.32	144,848.68
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	AAA	NR	9/25/2017	9/29/2017	64,992.96	1.94	42.02	64,994.67	64,073.09
CCCIT 2017-A9 A9 DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	175,000.00	AAA	NR	9/25/2017	10/2/2017	174,986.96	1.80	96.25	174,990.11	173,282.15
HAROT 2017-4 A3 DTD 11/29/2017 2.050% 11/21/2021	43813FAC7	85,000.00	NR	Aaa	11/22/2017	11/29/2017	84,988.02	2.06	48.40	84,990.44	84,011.23
FORDL 2018-B A3 DTD 09/21/2018 3.190% 12/15/2021	34531LAD2	110,000.00	NR	Aaa	9/18/2018	9/21/2018	109,990.71	3.41	97.47	109,990.79	109,993.66
TAOT 2017-D A3 DTD 11/15/2017 1.930% 01/15/2022	89238KAD4	95,000.00	AAA	Aaa	11/7/2017	11/15/2017	94,991.24	2.26	81.49	94,993.03	93,394.04
ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	120,000.00	AAA	Aaa	11/14/2017	11/22/2017	119,990.69	1.99	106.13	119,992.48	118,378.39
FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	160,000.00	AAA	NR	11/14/2017	11/21/2017	159,971.15	2.02	142.93	159,976.67	157,747.78
NAROT 2017-C A3 DTD 12/13/2017 2.120% 04/15/2022	65478HAD0	50,000.00	NR	Aaa	12/6/2017	12/13/2017	49,991.55	2.13	47.11	49,993.51	49,272.06
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	45,000.00	NR	Aaa	2/21/2018	2/28/2018	44,996.76	2.66	53.20	44,997.21	44,669.95
HAROT 2018-2 A3 DTD 05/30/2018 3.010% 05/18/2022	43814UAG4	70,000.00	AAA	NR	5/22/2018	5/30/2018	69,998.47	3.01	76.09	69,998.64	69,922.38
HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	70,000.00	AAA	Aaa	4/10/2018	4/18/2018	69,989.46	2.80	86.80	69,990.54	69,611.83

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
BANK OF AMERICA ABS 2017-A1 A1 DTD 03/30/2017 1.950% 08/15/2022	05522RCW6	200,000.00	NR	Aaa	6/11/2018	6/13/2018	196,859.38	2.72	173.33	197,023.50	197,232.16
HONDA AUTO RECEIVABLES OWNER T DTD 08/28/2018 2.950% 08/21/2022	43815HAC1	90,000.00	NR	Aaa	8/21/2018	8/28/2018	89,987.65	2.96	73.75	89,987.92	89,704.17
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	165,000.00	AAA	Aaa	5/9/2018	5/16/2018	164,997.54	2.96	217.07	164,997.76	164,610.11
AMXCA 2018-1 A DTD 03/21/2018 2.670% 10/17/2022	02582JHQ6	165,000.00	NR	Aaa	3/14/2018	3/21/2018	164,980.84	2.68	195.80	164,982.98	164,344.49
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	140,000.00	NR	Aaa	4/24/2018	4/30/2018	139,974.58	2.93	181.69	139,976.73	139,680.18
FORDO 2018-A A3 DTD 05/22/2018 3.030% 11/15/2022	34528FAD0	200,000.00	AAA	NR	5/15/2018	5/22/2018	199,967.66	3.04	269.33	199,970.13	199,837.80
ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	200,000.00	AAA	Aaa	6/19/2018	6/27/2018	199,986.32	3.09	266.67	199,987.13	199,632.74
MBART 2018-1 A3 DTD 07/25/2018 3.030% 01/15/2023	58772RAD6	130,000.00	AAA	Aaa	7/17/2018	7/25/2018	129,995.01	3.03	175.07	129,995.27	129,843.77
CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	200,000.00	NR	Aaa	1/25/2018	1/31/2018	199,972.32	2.54	982.17	199,976.28	197,235.54
<b>Security Type Sub-Total</b>		<b>2,839,403.30</b>					<b>2,835,992.76</b>	<b>2.63</b>	<b>3,687.55</b>	<b>2,836,191.79</b>	<b>2,820,383.95</b>
<b>Managed Account Sub Total</b>		<b>22,011,016.08</b>					<b>21,884,714.17</b>	<b>2.31</b>	<b>87,500.53</b>	<b>21,902,279.63</b>	<b>21,689,296.86</b>
<b>Securities Sub-Total</b>		<b>\$22,011,016.08</b>					<b>\$21,884,714.17</b>	<b>2.31%</b>	<b>\$87,500.53</b>	<b>\$21,902,279.63</b>	<b>\$21,689,296.86</b>
<b>Accrued Interest</b>											<b>\$87,500.53</b>
<b>Total Investments</b>											<b>\$21,776,797.39</b>

Bolded items are forward settling trades.

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**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.



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**GLOSSARY**

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

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**GLOSSARY**

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.