**Report to City Council**

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|---|---|
| **TO:** | Mayor and City Council |
| **FROM:** | Marshall Eyerman, Chief Financial Officer |
| **AGENDA DATE:** | May 16, 2017 |
| **TITLE:** | RECEIPT OF QUARTERLY INVESTMENT REPORT FOR MARCH 2017 |

## RECOMMENDED ACTION

**Recommendation:**

1. Receive and file the Quarterly Investment Report for quarter ended March 31, 2017 in compliance with the City's Investment Policy.

## SUMMARY

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended March 31, 2017. This report is in compliance with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All of the investments contained within the portfolio are in full compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. It is recommended that the City Council receive and file the attached Quarterly Investment Report.

## DISCUSSION

The City maintains a portfolio of investments in order to earn interest on cash balances that are not currently required to fund operations. California Government Code Sections 53601 and 53646 establish the types of investments allowed, the governing restrictions on these investments, the third-party custodian arrangement for certain investments, and the reporting practices related to the portfolios of local agencies. The City has implemented an Investment Policy which was revised and adopted on June 7, 2016 and is in full compliance with the requirements of both of the above-mentioned Code Sections.

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended March 31, 2017. The report complies with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All of the investments contained within the portfolio are in full compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. As stated in the attached report, there is more than adequate liquidity within the portfolio for the City to meet its budgeted expenditures over the next six months.

The City's investment policy has set the primary goals of the portfolio management as Safety and Liquidity followed by Yield. The City currently utilizes two investment management firms who use an active investment management approach in which securities are purchased but not necessarily held to maturity, and may be actively traded based on market conditions and the City's investment goals. The City's cash flow requirements are evaluated on an ongoing basis, with short-term needs accommodated through the City's pooled investment funds with the State Local Agency Investment Fund (LAIF). LAIF is a pool of public funds managed by the State Treasurer of California, providing 24-hour liquidity while yielding a rate of return approximately equivalent to a one-year treasury bill. With the combined use of a conservative approach to evaluating cash flow needs and LAIF liquidity, the City will not have to liquidate securities at current market rates that are intended to be held for longer-term investment.

The table shows some of the key portfolio measure for the month.

| | **Portfolio** | **Avg. Yield to Maturity Trends** | | |
|---|---|---|---|---|
| | **Balance** | Mar 2017 | Feb 2017 | Mar 2016 |
| **Chandler** | $84,203,833 | 1.59% | 1.56% | 1.61% |
| **Insight** | $55,036,202 | 1.17% | 1.16% | 1.08% |
| **LAIF** | $40,778,655 | 0.821% | 0.777% | 0.506% |

Bond proceeds are held and invested by a Trustee. The investment of these funds is governed by an investment policy approved by the City Council as a part of the governing documents for each specific bond issue. Deferred Compensation Plan funds are included in the report but these funds are held and invested by the respective plan administrators based on the direction of the participating employees. These funds are placed in a trust separate from City funds.

## ALTERNATIVES

1. Receive and file the Quarterly Investment Report for March 31, 2017. ***Staff recommends this alternative as it accomplishes timely investment reporting.***

2. Do not accept and file the Quarterly Investment Report and provide staff with additional direction. ***Staff does not recommend this alternative as it will not accomplish timely investment reporting.***

## FISCAL IMPACT

The Federal Open Market Committee (FOMC) raised the fed funds rate target by 25 basis points (.25) at their meeting in March with an additional increase expected before the year end. Treasury yields at the short end of the market, where the City's portfolio is invested has seen an increase of fifty three basis points during the past year. This rise in rates translates into additional interest earnings on the portfolio and provides direct benefit to the budget. The budget anticipated investment income for the General Fund of $1.5 million. Through March investment income has totaled $1.2 million.

## NOTIFICATION

Publication of the agenda

## PREPARATION OF STAFF REPORT

Prepared By:
Brooke McKinney
Treasury Operations Division Manager

Department Head Approval:
Marshall Eyerman
Chief Financial Officer/City Treasurer

## CITY COUNCIL GOALS

None

## CITY COUNCIL STRATEGIC PRIORITIES

1. **Economic Development**
2. **Public Safety**
3. **Library**
4. **Infrastructure**
5. **Beautification, Community Engagement, and Quality of Life**
6. **Youth Programs**

## ATTACHMENTS

1. 03-2017 Investment Report
2. CAM-Newsletter-April-2017

## APPROVALS

| | | |
|---|---|---|
| Budget Officer Approval | ✓ Approved | 4/21/17 2:54 PM |
| City Attorney Approval | ✓ Approved | 4/27/17 12:31 PM |
| City Manager Approval | ✓ Approved | 5/04/17 3:35 PM |

| | |
|---|---|
| **RESULT:** | **APPROVED BY CONSENT VOTE [UNANIMOUS]** |
| **MOVER:** | Jeffrey J. Giba, Council Member |
| **SECONDER:** | Victoria Baca, Mayor Pro Tem |
| **AYES:** | Dr. Yxstian A. Gutierrez, Jeffrey J. Giba, David Marquez, Victoria Baca |

# CITY OF MORENO VALLEY

## Treasurer's Cash and Investments Report

## March 2017

| General Portfolio | Cost Value | Market Value | Par Value | Average Maturity (in years) | Average Yield to Maturity | Average Duration (in years) |
|---|---|---|---|---|---|---|
| Bank Accounts | 701,639 | 701,639 | 701,639 | | | |
| State of California LAIF Pool | 40,778,655 | 40,745,051 | 40,778,655 | **0.50** | **0.82%** | |
| Investments-Chandler | 83,741,687 | 83,720,238 | 84,203,833 | **2.60** | **1.59%** | **2.52** |
| Investments-Insight | 55,106,828 | 55,018,704 | 55,036,202 | **1.31** | **1.17%** | **1.25** |
| **Total General Portfolio** | **180,328,809** | **180,185,632** | **180,720,329** | | | |

| Bond Proceeds with Fiscal Agents | Market Value |
|---|---|
| Construction Funds | 8,931,108 |
| Principal & Interest Accounts | 804,646 |
| Debt Service Reserve Funds | 2,112,732 |
| Custody Accounts | 31,266 |
| Arbitrage Rebate Accounts | 101,565 |
| Other Accounts | 23,448,661 |
| **Total Bond Proceeds** | **35,429,978** |

| Deferred Compensation Funds | Market Value as of Mar 30, 2017 |
|---|---|
| Nationwide | 13,861,518 |
| ICMA | 5,091,244 |
| **Total Deferred Compensation Funds** | **18,952,762** |

| | |
|---|---|
| **Total Investment Portfolio** | **234,568,372** |

1. I hereby certify that the investments are in compliance with the investment policy adopted by the City Council. There are no items of non-compliance for this period.
2. The market values for the specific investments in the General Portfolio are provided by the City's investment advisors, Chandler Asset Management and Insight Asset Management.
3. The market value for LAIF is provided by the State Treasurer.
4. The market values for investments held by fiscal agents and the deferred compensation plans are provided by each respective trustee or fiscal agent.
5. The City has the ability to meet its budgeted expenditures for the next six months pending any future action by City Council or any unforeseen catastrophic event.

/S/ Marshall Eyerman
City Treasurer

# PORTFOLIO PERFORMANCE - 36 MONTH TREND

| Period | Total General Portfolio (1) | | Local Agency Investment Fund (LAIF) | | Chandler | | | | Insight | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Rate of Return (3) | | | | Rate of Return (3) | |
| | Asset Balance (par) | Avg YTM (2) | Balance | Yield | Asset Balance (par) | Weighted Avg YTM (2) | Investment Portfolio (4) | Benchmark 1-5 Gov(5) | Asset Balance (par) | Weighted Avg YTM (2) | Investment Portfolio (4) | Benchmark 1-3 Treas(5) |
| Jul-14 | 158,687,404 | 1.21% | 23,590,023 | 0.244% | 133,130,769 | 1.39% | 1.18% | 1.12% | | | | |
| Aug-14 | 160,506,483 | 1.20% | 25,565,023 | 0.260% | 133,367,483 | 1.40% | 1.69% | 1.72% | | | | |
| Sep-14 | 152,073,866 | 1.27% | 16,590,023 | 0.246% | 133,855,708 | 1.42% | 1.06% | 0.97% | | | | |
| Oct-14 | 152,298,081 | 1.29% | 16,278,901 | 0.261% | 134,092,495 | 1.43% | 1.14% | 1.12% | | | | |
| Nov-14 | 150,092,073 | 1.30% | 14,663,901 | 0.261% | 134,235,952 | 1.43% | 1.29% | 1.29% | | | | |
| Dec-14 | 145,143,985 | | 9,263,901 | 0.267% | 80,691,698 | 1.47% | 1.46% | 1.42% | 53,692,099 | 1.36% | 1.36% | 1.24% |
| Jan-15 | 171,144,833 | | 26,173,346 | 0.262% | 80,832,606 | 1.38% | 1.99% | 1.90% | 53,730,540 | 1.28% | 1.28% | 1.24% |
| Feb-15 | 165,574,345 | | 29,773,346 | 0.266% | 80,993,392 | 1.33% | 1.40% | 1.27% | 53,725,495 | 1.18% | 1.26% | 1.17% |
| Mar-15 | 157,317,763 | | 21,802,285 | 0.278% | 81,136,574 | 1.37% | 2.05% | 1.98% | 53,915,294 | 1.07% | 1.07% | 1.00% |
| Apr-15 | 159,454,599 | | 22,517,329 | 0.283% | 81,292,994 | 1.36% | 1.81% | 1.75% | 53,944,656 | 1.06% | 1.06% | 0.91% |
| May-15 | 163,652,299 | | 27,267,329 | 0.290% | 81,390,841 | 1.37% | 1.22% | 1.19% | 54,009,777 | 1.06% | 1.06% | 1.06% |
| Jun-15 | 169,260,808 | | 28,867,329 | 0.299% | 81,816,933 | 1.38% | 1.39% | 1.38% | 54,061,403 | 1.08% | 1.08% | 0.87% |
| Jul-15 | 161,937,644 | | 24,936,318 | 0.320% | 81,941,821 | 1.38% | 1.11% | 1.14% | 54,083,574 | 1.08% | 1.16% | 1.00% |
| Aug-15 | 156,052,639 | | 18,526,318 | 0.330% | 82,043,091 | 1.39% | 1.12% | 1.11% | 54,065,279 | 1.09% | 1.14% | 0.80% |
| Sep-15 | 157,437,337 | | 17,626,318 | 0.337% | 82,154,547 | 1.41% | 1.64% | 1.65% | 54,180,338 | 1.08% | 1.13% | 1.15% |
| Oct-15 | 155,196,031 | | 17,843,566 | 0.357% | 82,223,743 | 1.41% | 1.56% | 1.47% | 54,198,446 | (6) | (6) | 0.78% |
| Nov-15 | 156,098,310 | | 17,593,566 | 0.374% | 82,355,838 | 1.42% | 1.30% | 1.22% | 54,238,929 | (6) | (6) | 0.39% |
| Dec-15 | 156,285,206 | | 16,633,566 | 0.400% | 82,433,426 | 1.43% | 1.19% | 1.05% | 54,312,737 | (6) | (6) | 0.68% |
| Jan-16 | 168,824,464 | | 30,850,627 | 0.446% | 82,510,170 | 1.43% | 1.13% | 1.01% | 54,319,684 | (6) | 0.51% | 0.65% |
| Feb-16 | 175,430,692 | | 37,750,627 | 0.467% | 82,617,177 | 1.44% | 1.17% | 1.23% | 54,372,589 | (6) | 0.59% | 0.98% |
| Mar-16 | 173,065,238 | | 34,310,627 | 0.506% | 82,721,056 | 1.46% | 1.61% | 1.69% | 54,499,863 | 1.08% | 0.84% | 0.92% |
| Apr-16 | 169,665,429 | | 32,296,705 | 0.525% | 82,769,869 | 1.47% | 1.62% | 1.61% | 54,517,986 | 1.08% | 0.88% | 0.91% |
| May-16 | 186,737,459 | | 40,246,705 | 0.552% | 82,923,233 | 1.49% | 1.50% | 1.48% | 54,535,685 | 1.10% | 0.82% | 0.73% |
| Jun-16 | 179,533,412 | | 39,271,705 | 0.576% | 82,995,248 | 1.49% | 2.58% | 2.39% | 54,552,897 | 1.09% | 1.26% | 1.31% |
| Jul-16 | 173,464,003 | | 35,222,341 | 0.588% | 83,081,551 | 1.48% | 2.44% | 2.42% | 54,560,166 | 1.08% | 1.20% | 1.26% |
| Aug-16 | 170,506,021 | | 31,792,341 | 0.614% | 83,224,209 | 1.50% | 2.21% | 2.09% | 54,644,115 | 1.10% | 1.15% | 1.07% |
| Sep-16 | 176,898,187 | | 37,892,341 | 0.634% | 83,379,424 | 1.49% | 1.80% | 1.70% | 54,722,092 | 1.10% | 1.24% | 0.88% |
| Oct-16 | 171,480,180 | | 33,193,311 | 0.654% | 83,523,267 | 1.49% | 1.74% | 1.69% | 54,763,602 | 1.10% | 1.24% | 0.91% |
| Nov-16 | 169,062,818 | | 29,923,311 | 0.678% | 83,701,960 | 1.47% | 1.19% | 1.03% | 54,796,940 | 1.14% | 1.01% | 0.76% |
| Dec-16 | 171,351,017 | | 30,054,201 | 0.719% | 83,828,755 | 1.52% | 1.35% | 1.24% | 54,953,105 | 1.14% | 1.06% | 0.89% |
| Jan-17 | 178,020,726 | | 37,628,655 | 0.751% | 83,921,074 | 1.56% | 0.59% | 0.41% | 54,865,800 | 1.14% | 0.13% | 0.40% |
| Feb-17 | 186,127,218 | | 46,028,655 | 0.777% | 84,036,078 | 1.56% | 0.57% | 0.38% | 54,956,116 | 1.16% | 0.26% | 0.39% |
| Mar-17 | 180,720,329 | | 40,778,655 | 0.821% | 84,203,833 | 1.59% | 0.27% | 0.10% | 55,036,202 | 1.17% | 0.28% | 0.25% |
| Apr-17 | | | | | | | | | | | | |
| May-17 | | | | | | | | | | | | |
| Jun-17 | | | | | | | | | | | | |

Notes:

(1) Total General Portfolio includes all assets that comprise the City's Investment Portfolio which is LAIF as well as assets managed by Chandler and Cutwater.

(2) Yield to Maturity (YTM): The rate of return on an investment or security if it were to be held until maturity. This yield does not reflect changes in the market value of a security

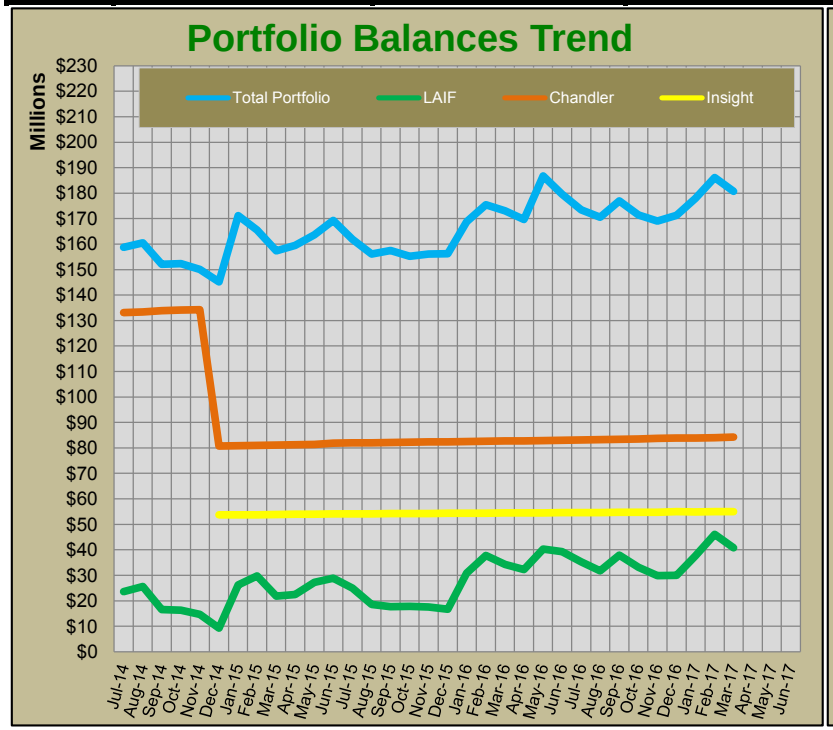
(3) Rate of Return represents the gain or loss on an investment or portfolio of investments over a specified period, expressed as a percentage of increase over the initial investment cost. Gains on investments are considered to be any income received from the security or portfolio plus any realized capital gain. This measure of return recognizes the changes in market values of a security or portfolio of securities.

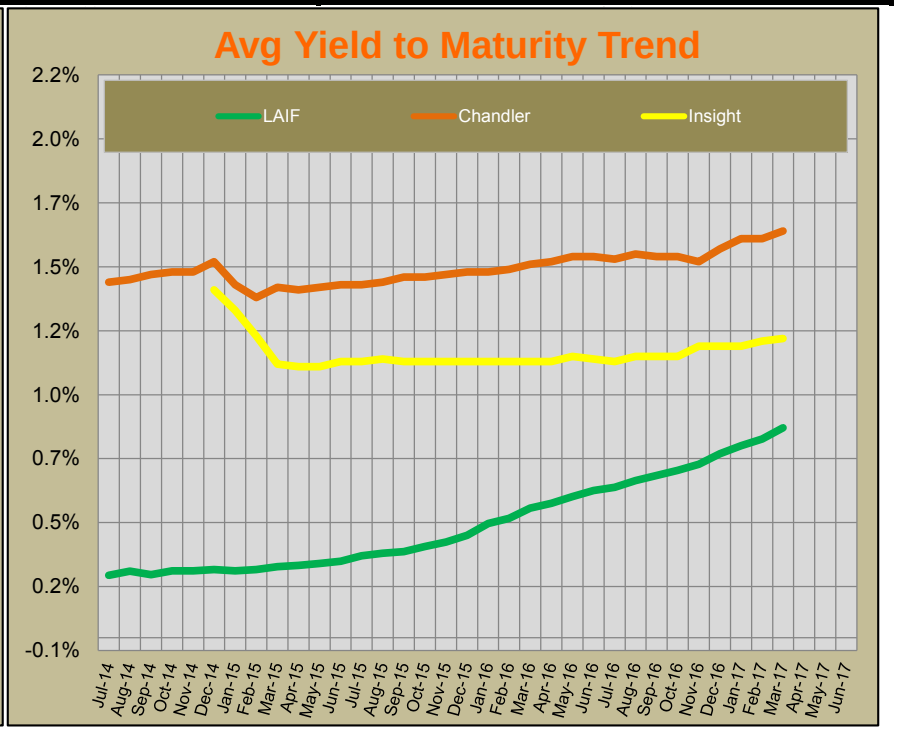
(4) The Rate of Return for the investment portfolio reflects the performance of the portfolio durint the past twelve months.

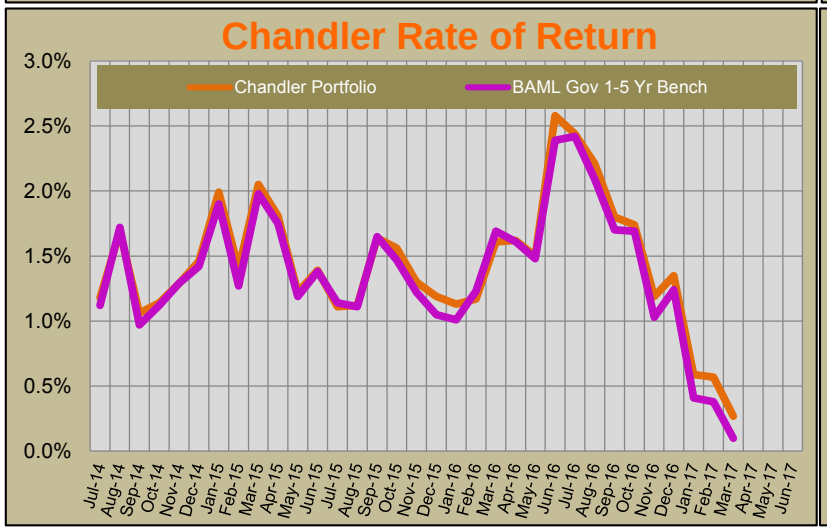
(5) The portfolio benchmarks are: Chandler-Bank of America-Merrill Lynch 1 to 5 year Government Index and Insight- Bank of America-Merrill Lynch 1 to 3 year Treasury Index

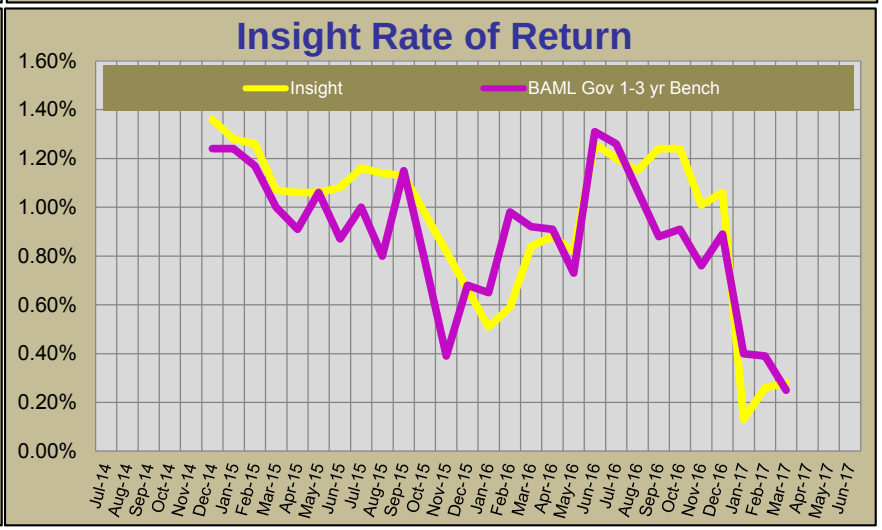
(6)As the result of a transition to a new reporting platform Weighted Avg Yield to Maturity and Total Return Yield data is not available. Insight staff are working to rectify this problem.

# PORTFOLIO PERFORMANCE - 36 MONTH TREND




| PORTFOLIO CHARACTERISTICS |
|---|
| The portfolio invested in LAIF represents the City's immediate cash liquidity needs and is managed by City staff in a manner to fund the day to day operations of the City. |
| The portfolio managed by Insight is comprised of idle cash balances related to funds that generally expect to expend cash within the next 36 months. (Example: Gen Fund, Zone A, Measure A, NSP etc.) |
| The portfolio managed by Chandler is comprise of idle cash balances related to funds that generally expect to expend cash with the next 24 to 60 months. (Example: Facility & Equip Replacement, Endowments etc.) |

# FUNDS WITH FISCAL AGENTS

| Account Name | Account Number | Investment | Issuer | Purchase Date | Maturity Date | Market Value | Stated Rate | Yield | Price | % of of Portfolio |
|---|---|---|---|---|---|---|---|---|---|---|
| **Wells Fargo** | **2007 Taxable Lease Revenue Bonds - Electric Utility** | | | | | | | | | |
| **bond fund** | **22277600** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| interest fund | 22277601 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | **22277602** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| reserve fund | 22277603 | money mkt fund | WF Govt Fund | 03/31/17 | 04/01/17 | 213 | 0.01% | 0.01% | 1.00000 | 0.001% |
| **escrow fund** | **22277607** | **US Treasuty Note** | **US Treasury** | **03/31/17** | 04/01/17 | **23,142,702** | **0.01%** | **0.01%** | **1.00000** | **65.320%** |
| | | | | | | 23,142,915 | | | | |
| **Wells Fargo** | **CFD # 5** | | | | | | | | | |
| **Series B Revenue** | **22333500** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **7,785** | **0.01%** | **0.01%** | **1.00000** | **0.022%** |
| Series A Principal | 22333501 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 13 | 0.01% | 2.71% | 1.00000 | 0.000% |
| **Series A reserve** | **22333502** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **1** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| Series B reserve | 22333503 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 546,863 | 0.01% | 0.01% | 1.00000 | 1.544% |
| **Series B admin fund** | **22333504** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **24,600** | **0.01%** | **0.01%** | **1.00000** | **0.069%** |
| Series B interest | 22333504 | cash | cash | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | **0.000%** |
| **Series B interest** | **22333505** | **money mkt fund** | **WF Govt Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| | | | | | | 579,262 | | | | |
| **Wells Fargo** | **2007 Redevelopment Agency Tax Allocation Bonds Sereis A** | | | | | | | | | |
| **debt service fund** | 22631700 | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| interest fund | 22631701 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 77 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | 22631702 | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **11** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| | | | | | | 88 | | | | |
| **Wells Fargo** | **Community Facilities Disctrict 87-1 (IA-1)** | | | | | | | | | |
| **special tax funds** | **22631800** | **money market fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **619,710** | **0.01%** | **0.01%** | **1.00000** | **1.749%** |
| interest acct | 22631801 | money market fund | WF Government Fund | 03/31/17 | 04/01/17 | 6 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **reserve fund** | **22631802** | **money market fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **45** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| reserve fund | 22631804 | money market fund | WF Government Fund | 03/31/17 | 04/01/17 | 1,029,842 | 0.01% | 0.01% | 1.00000 | 2.907% |
| **admin exp acct** | **22631805** | **money market fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **234,841** | **0.01%** | **0.01%** | **1.00000** | **0.663%** |
| debt service acct | 22631809 | money market fund | WF Government Fund | 03/31/17 | 04/01/17 | 23,014 | 0.01% | 0.01% | 1.00000 | 0.065% |
| **debt service acct** | **22631809** | **US Treasuty Note** | **US Treasury** | **03/31/17** | **04/01/17** | **513,471** | **0.01%** | **0.01%** | **1.00000** | **1.449%** |
| special tax funds | 22631900 | money market fund | WF Government Fund | 03/31/17 | 04/01/17 | 80,727 | 0.01% | 0.01% | 1.00000 | 0.228% |
| **interest acct** | **22631901** | **money market fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **49,851** | **0.01%** | **0.01%** | **1.00000** | **0.141%** |
| principal fund | 22631902 | money market fund | WF Government Fund | 03/31/17 | 04/01/17 | 14 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **reserve fund** | **22631904** | **money market fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **365,351** | **0.01%** | **0.01%** | **1.00000** | **1.031%** |
| admin exp acct | 22631905 | money market fund | WF Government Fund | 03/31/17 | 04/01/17 | 16,433 | 0.01% | 0.01% | 1.00000 | 0.046% |
| **surplus acct** | **22631907** | **money market fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **101,565** | **0.01%** | **0.01%** | **1.00000** | **0.287%** |
| | | | | | | 3,034,870 | | | | |
| **Wells Fargo** | **2013 Total Road Improvement COPs** | | | | | | | | | |
| **revenue fund** | **46612400** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| interest fund | 46612401 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 47 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | **46612402** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| reserve fund | 46612403 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **admin fund** | **46612404** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **737** | **0.01%** | **0.01%** | **1.00000** | **0.002%** |
| surplus fund | 46612405 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 41 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **acquisition fund** | **46612407** | **money mkt fund** | **WF Advantage** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| | | | | | | 825 | | | | |
| **Wells Fargo** | **2013 Partial Refunding of the 2005 Lease Revenue Bonds** | | | | | | | | | |
| **revenue fund** | **48360700** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **111** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| interest fund | 48360701 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 17 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | **48360702** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **61** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| **cost of issuance** | **48360705** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| | | | | | | 189 | | | | |
| **Wells Fargo** | **Community Facilities District 7 Improvement Area 1** | | | | | | | | | |
| **special tax fund** | **77025300** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **23,328** | **0.01%** | **0.01%** | **1.00000** | **0.066%** |
| bond fund | 77025301 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 219 | 0.01% | 0.01% | 1.00000 | 0.001% |
| **reserve fund** | **77025302** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **170,417** | **0.01%** | **0.01%** | **1.00000** | **0.481%** |
| **cost of issuance** | **77025303** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| **improvement fund** | **77025304** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| **admin exp acct** | **77025305** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **30,044** | **0.01%** | **0.01%** | **1.00000** | **0.085%** |
| | | | | | | 224,008 | | | | |
| **Wells Fargo** | **2016 Taxable Refunding Lease Revenue Bonds (Electric Utility)** | | | | | | | | | |
| **revenue fund** | **77157100** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **54** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| interest fund | 77157101 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | **77157102** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| reserve fund | 77157103 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **capitalized interest fu** | **77157104** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **320,167** | **0.01%** | **0.01%** | **1.00000** | **0.904%** |
| cost of issuance | 77157110 | money mkt fund | WF Government Fund | 12/31/16 | 01/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| | | | | | | 320,221 | | | | |
| **Wells Fargo** | **2014 Partial Refunding of the 2005 Lease Revenue Bonds** | | | | | | | | | |
| **revenue fund** | **83478300** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **42** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| interest fund | 83478301 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 32 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | **83478302** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| **redemption fund** | **83478303** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| | | | | | | 74 | | | | |
| **Wells Fargo** | **2015 Taxable Lease Revenue Bonds (Electric Utility)** | | | | | | | | | |
| **revenue fund** | **84457000** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **30,056** | **0.01%** | **0.01%** | **1.00000** | **0.085%** |
| interest fund | 84457001 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **principal fund** | **84457002** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| reserve fund | 84457005 | money mkt fund | WF Government Fund | 03/31/17 | 04/01/17 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| **construction fund** | **84457006** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **2,000,808** | **0.01%** | **0.01%** | **1.00000** | **5.647%** |
| construction fund | 84457006 | Government Pool | Local Agency Investment Fund | 03/31/17 | 04/01/17 | 6,096,662 | 0.01% | 0.01% | 1.00000 | 17.208% |
| **cost of issuance** | **84467007** | **money mkt fund** | **WF Government Fund** | **03/31/17** | **04/01/17** | **0** | **0.01%** | **0.01%** | **1.00000** | **0.000%** |
| | | | | | | 8,127,526 | | | | |
| | | | **Totals** | | | **35,429,978** | | | | **100.000%** |

| Type | Summary of Bond Proceeds with Fiscal Agents | |
|---|---|---|
| 1 | Construction Funds | 8,931,108 |
| **2** | **Principal & Interest Accounts** | **804,646** |
| 3 | Debt Service Reserve Funds | 2,112,732 |
| **4** | **Custody Accounts** | **31,266** |
| 5 | Arbitrage Rebate Accounts | 101,565 |
| **6** | **Other Accounts** | **23,448,661** |
| | **Total Fiscal Agent Funds** | **35,429,978** |

# DEFERRED COMPENSATION FUNDS

## Nationwide

| Fund | Market Value as of Mar 30, 2017 |
|---|---|
| **Liquid Savings** | **$1,232,366** |
| Nationwide Fixed (Part Time Employee) | 474,728 |
| **Liquid Savings (Part Time Employees)** | **261,523** |
| Certificates of Deposit 1 year | 0 |
| **Certificates of Deposit 3 years** | **0** |
| Certificates of Deposit 5 years | 123,590 |
| **Bond Fund of America** | **65,118** |
| Growth Fund of America | 89,055 |
| **Investment Co. of America** | **78,610** |
| Income Fund of America | 57,295 |
| **Brown Cap Mgmt Inc SM Co** | **162,945** |
| Fidelity Independence | 2,898 |
| **Fidelity Equity Income** | **102,943** |
| Fidelity Magellan | 338,192 |
| **Fidelity Puritan** | **84,956** |
| Fidelity Contrafund | 249,886 |
| **Janus Fund** | **39,132** |
| Janus Advisor Forty | 26,689 |

| Fund | Market Value as of Mar 30, 2017 |
|---|---|
| **Nationwide US Sm Cap Val Ins Svc** | **36,780** |
| American Century Balanced | 46 |
| **Am Century Growth** | **95,288** |
| Am Century Select | 183,659 |
| **JP Morgan Mid Cap Value A** | **1,418,639** |
| Vanguard Index 500 | 113,085 |
| **Vanguard Institutional Index** | **741,256** |
| Vanguard Wellington | 25,855 |
| **Vanguard Windsor II** | **173,802** |
| Vanguard Total Bond Index | 231,750 |
| **Washington Mutual Inv** | **116,223** |
| DFA US Micro Cap Port | 89,344 |
| **EuroPacific Growth** | **291,920** |
| Stable Fund C | 2,727,404 |
| **N B Socially Responsive Fund** | **43,851** |
| Dtsch High Income Fund A | 95,448 |
| **Dtsch Eq Divd A** | **143,600** |
| Oppenheimer Global Fund A | 419,859 |

| Fund | Market Value as of Mar 30, 2017 |
|---|---|
| **Federated Kaufmann Fund** | **119,217** |
| Invesco Mid Cap Core Equity | 32,510 |
| **Nationwide Ret Inc Inst Svc** | |
| Nationwide InvDes Mod Cons Fund SC | 64,730 |
| **Nationwide InvDes Mod Aggr Fund** | **1,071,642** |
| Nationwide InvDes Aggr Fund | 210,893 |
| **Nationwide InvDes Mod Fd** | **1,071,614** |
| Nationwide Inv Des Cons | 125,623 |
| **Nationwide Large Cap Growth** | **58,858** |
| Nationwide Fund A | 10,300 |
| **Nationwide Dest 2015 Inst Svc** | **22,994** |
| Nationwide Dest 2020 Inst Svc | 202,646 |
| **Nationwide Dest 2025 Inst Svc** | **452,278** |
| Nationwide Dest 2030 Inst Svc | 27,566 |
| **Nationwide Dest 2035 Inst Svc** | **11,473** |
| Nationwide Dest 2040 Inst Svc | 14,980 |
| **Nationwide Dest 2045 Inst Svc** | **26,459** |
| **Total Nationwide Deferred** | **$13,861,518** |

## ICMA

| Fund | Market Value as of Mar 30, 2017 |
|---|---|
| **Aggressive Oppor.** | **$97,420** |
| International | 77,107 |
| **Global Equity Growth** | **272,830** |
| Growth and Income | 116,985 |
| **Broad Market** | **7,230** |
| 500 Stock Index | 291,863 |
| **Equity Income** | **197,003** |
| MS Retirement Income | 24,111 |
| **Core Bond** | **120,830** |
| Cash Management | 118,694 |
| **Plus Fund** | **1,401,848** |
| Retirement Income Advantage | 11,807 |
| **Conservative Growth** | **99,253** |
| Traditional Growth | 13,331 |
| **Long-Term Growth** | **595,941** |
| Western Asset Core Plus Bond | 8,436 |
| **Milestone 2010** | **12,537** |
| Milestone 2020 | 110,059 |
| **Milestone 2025** | **12,118** |
| Milestone 2030 | 1,846 |
| **Milestone 2035** | **20,793** |
| Milestone 2040 | 21,879 |

| Fund | Market Value as of Mar 30, 2017 |
|---|---|
| VT Vantagepoint Discovery | 153,874 |
| **VT Gold Sach Mid Cap Value** | |
| VT Contrafund | 98,641 |
| **VT Vantagepoint Overseas Equity Index Fund** | **188,149** |
| VT Diversified International | 63,746 |
| **VT Allianz NFJ Div Value** | **83,570** |
| Vantage Growth Fund | 268,736 |
| **VT Puritan** | **18,882** |
| VT Vantagepoint Select Value | 20,763 |
| **VT TR Price Growth Stock Adv** | **81,820** |
| VT Nuveen Real Estate Secs | 84,000 |
| **VT TR Price Small Cap Value** | |
| VT Invesco Diversified | 7,120 |
| **VT Vantagepoint Inflation Focused** | **125,350** |
| VT Oppenheimer Main Street | 20,835 |
| **VT Vantagepoint Mid/Sm Index** | **101,818** |
| VT PIMCO Total Return | |
| **VT PIMCO High Yield** | **54,109** |
| VT Harbor Mid Cap Growth | |
| **VT Harbor International Admi** | |
| VT AMG TimesSquare Mid Cap Growth Admin | 85,910 |
| **Total ICMA** | **$5,091,244** |

## Summary by Plan

| Deferred Compenstation Plan | Market Value as of Mar 30, 2017 |
|---|---|
| Total Nationwide | $13,861,518 |
| Total ICMA | 5,091,244 |
| **Total Deferred Compensation Plans** | **$18,952,762** |

## Summary by Investment Type

| Investment Type | Market Value as of Mar 30, 2017 |
|---|---|
| Savings Deposits and CD's | $4,696,021 |
| Mutual Funds | 14,256,741 |
| **Total Deferred Compensation Plans** | **$18,952,762** |

CHANDLER ASSET MANAGEMENT

# Monthly Account Statement

## City of Moreno Valley

March 1, 2017 through March 31, 2017

**Chandler Team**
For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

**Custodian**
Union Bank N.A.
Tina Guzman
(619)-230-3547

***Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.***

# Portfolio Summary

As of 3/31/2017

## PORTFOLIO CHARACTERISTICS

| | |
|---|---|
| Average Duration | 2.52 |
| Average Coupon | 1.47 % |
| Average Purchase YTM | 1.59 % |
| Average Market YTM | 1.62 % |
| Average S&P/Moody Rating | AA/Aa1 |
| Average Final Maturity | 2.77 yrs |
| Average Life | 2.60 yrs |

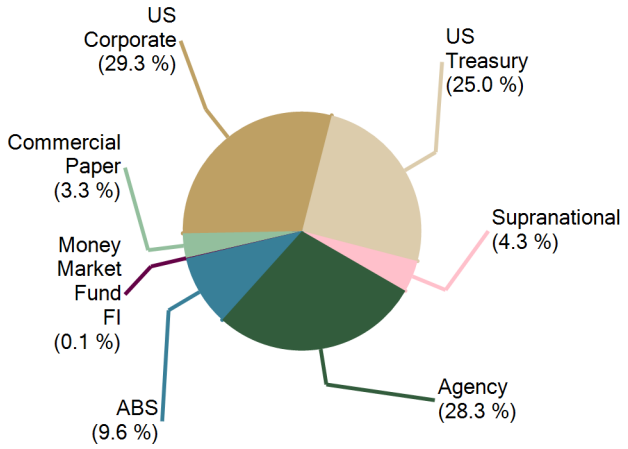
## ACCOUNT SUMMARY

| | Beg. Values as of 2/28/17 | End Values as of 3/31/17 |
|---|---|---|
| **Market Value** | 83,611,451 | 83,720,238 |
| **Accrued Interest** | 276,966 | 255,416 |
| **Total Market Value** | **83,888,417** | **83,975,653** |
| **Income Earned** | 106,510 | 109,925 |
| **Cont/WD** | | 0 |
| **Par** | 84,036,078 | 84,203,833 |
| **Book Value** | 83,767,935 | 83,899,410 |
| **Cost Value** | 83,605,277 | 83,741,687 |

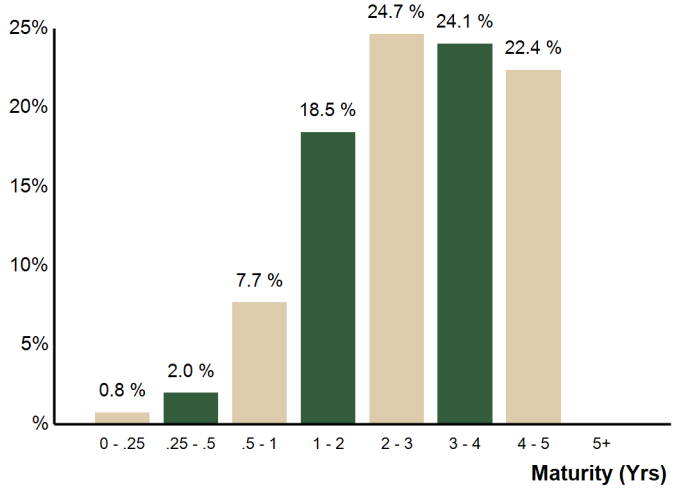
## TOP ISSUERS

| Issuer | % Portfolio |
|---|---|
| Government of United States | 25.0 % |
| Federal National Mortgage Assoc | 15.0 % |
| Federal Home Loan Mortgage Corp | 8.4 % |
| Federal Home Loan Bank | 4.9 % |
| Honda ABS | 2.9 % |
| John Deere ABS | 2.6 % |
| Intl Bank Recon and Development | 2.3 % |
| US Bancorp | 2.3 % |
| | **63.4 %** |

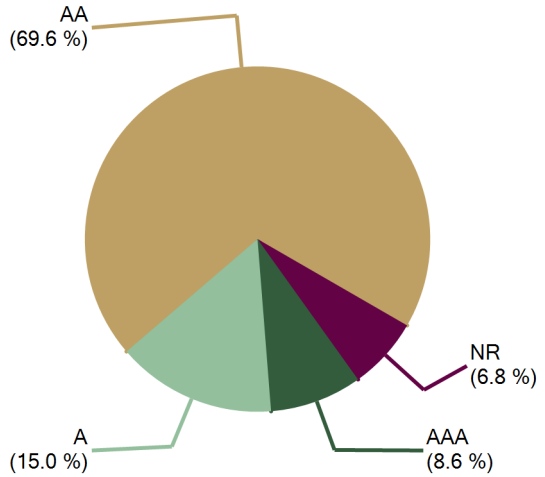
## SECTOR ALLOCATION




## MATURITY DISTRIBUTION




## CREDIT QUALITY (S&P)




## PERFORMANCE REVIEW

| Total Rate of Return As of 3/31/2017 | Current Month | Latest 3 Months | Year To Date | 1 Yr | Annualized 3 Yrs | Annualized 5 Yrs | Annualized 10 Yrs | Annualized 5/31/2010 | Since 5/31/2010 |
|---|---|---|---|---|---|---|---|---|---|
| City of Moreno Valley | 0.10 % | 0.50 % | 0.50 % | 0.27 % | 1.37 % | 1.21 % | N/A | 1.65 % | 11.81 % |
| BAML 1-5 Yr US Treasury/Agency Index | 0.05 % | 0.37 % | 0.37 % | -0.08 % | 1.14 % | 0.92 % | N/A | 1.33 % | 9.43 % |
| BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index | 0.05 % | 0.43 % | 0.43 % | 0.10 % | 1.25 % | 1.08 % | N/A | 1.51 % | 10.80 % |

## COMPLIANCE WITH INVESTMENT POLICY

*Assets managed by Chandler Asset Management are in full compliance with State law and with the City's investment policy.*

| Category | Standard | Comment |
|---|---|---|
| Treasury Issues | No Limitation | Complies |
| Agency Issues | No Limitation | Complies |
| Supranationals | 30% max; 5% max per issuer; "AA" rated by a NRSRO; Issued by IBRD, IFC or IADB only; | Complies |
| Municipal Securities (Local Agency/State) | No Limitation | Complies |
| Banker's Acceptances | 40% maximum; 5% max issuer; 180 days max maturity | Complies |
| Commercial Paper | 25% maximum; 5% max issuer; 270 days max maturity; "A-1/P-1/F-1" minimum ratings; "A" rated issuer or higher, if long term debt | Complies |
| Negotiable Certificates of Deposit | 30% maximum; 5% max issuer | Complies |
| Medium Term Notes | 30% maximum; 5% max issuer; "A" rated or better by a NRSRO | Complies |
| Money Market Mutual Funds | 20% maximum; AAA/Aaa or Highest rating | Complies |
| Collateralized Certificates of Deposit (CD)/ Time Deposit (TD) | 5% max issuer | Complies |
| FDIC Insured Certificates of Deposit (CD)/Time Deposit (TD) | 5% max issuer | Complies |
| Asset-Backed (ABS), Mortgage Backed (MBS) and Collateralized Mortgage Obligations (CMO) | 20% maximum; 5% max issuer; "AA" rated or better by a NRSRO; "A" rated issuer | Complies |
| Repurchase Agreements | No limitation; 1-year max maturity | Complies |
| Local Agency Investment Fund - L.A.I.F. | Maximum program limitation | Complies |
| Prohibited Securities | Inverse floaters; Ranges notes, Interest only strips from mortgages; Reverse repurchase agreeements; Futures/Option contracts | Complies |
| Issuer Maximum | 5% per issuer for all non-government issuers and agencies | Complies |
| Maximum maturity | 5 years | Complies |
| Weighted Average Maturity | 3 years | Complies |

# Holdings Report

As of 3/31/17

| CUSIP | Security Description | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|---|---|---|---|---|---|---|---|---|---|
| **ABS** | | | | | | | | | |
| 43814GAC4 | Honda Auto Receivables 2014-2 A3<br>0.77% Due 3/19/2018 | 157,363.78 | 05/13/2014<br>0.78 % | 157,344.87<br>157,362.97 | 99.93<br>1.32 % | 157,251.74<br>43.76 | 0.19 %<br>(111.23) | Aaa / AAA<br>NR | 0.97<br>0.13 |
| 47787VAC5 | John Deere Owner Trust 2014-A A3<br>0.92% Due 4/16/2018 | 174,887.60 | 04/02/2014<br>0.93 % | 174,859.59<br>174,887.24 | 99.96<br>1.29 % | 174,813.10<br>71.51 | 0.21 %<br>(74.14) | Aaa / NR<br>AAA | 1.04<br>0.12 |
| 43814HAC2 | Honda Auto Receivables 2014-3 A3<br>0.88% Due 6/15/2018 | 253,249.42 | 08/12/2014<br>0.89 % | 253,200.57<br>253,244.58 | 99.92<br>1.32 % | 253,041.50<br>99.05 | 0.30 %<br>(203.08) | NR / AAA<br>AAA | 1.21<br>0.19 |
| 477877AD6 | John Deere Owner Trust 2014-B A3<br>1.07% Due 11/15/2018 | 223,620.03 | 08/26/2014<br>1.08 % | 223,571.19<br>223,610.50 | 99.95<br>1.24 % | 223,513.36<br>106.34 | 0.27 %<br>(97.14) | Aaa / NR<br>AAA | 1.63<br>0.28 |
| 47788NAB4 | John Deere Owner Trust 2016-B A2<br>1.09% Due 2/15/2019 | 755,000.00 | 07/19/2016<br>1.10 % | 754,953.95<br>754,966.19 | 99.91<br>1.28 % | 754,329.56<br>365.76 | 0.90 %<br>(636.63) | Aaa / NR<br>AAA | 1.88<br>0.47 |
| 43814RAB2 | Honda Auto Receivables 2016-4 A2<br>1.04% Due 4/18/2019 | 1,075,000.00 | 10/18/2016<br>1.05 % | 1,074,970.01<br>1,074,975.25 | 99.80<br>1.33 % | 1,072,879.02<br>403.72 | 1.28 %<br>(2,096.23) | NR / AAA<br>AAA | 2.05<br>0.68 |
| 65478WAB1 | Nissan Auto Receivables Owner 2016-C A2A<br>1.07% Due 5/15/2019 | 530,000.00 | 08/02/2016<br>1.08 % | 529,979.12<br>529,983.97 | 99.88<br>1.30 % | 529,353.40<br>252.04 | 0.63 %<br>(630.57) | Aaa / NR<br>AAA | 2.12<br>0.54 |
| 89231LAB3 | Toyota Auto Receivables Owner 2016-D<br>1.06% Due 5/15/2019 | 695,000.00 | 10/04/2016<br>1.07 % | 694,944.40<br>694,954.46 | 99.83<br>1.32 % | 693,798.35<br>327.42 | 0.83 %<br>(1,156.11) | Aaa / AAA<br>NR | 2.12<br>0.66 |
| 43814TAB8 | Honda Auto Receivables 2017-1 A2<br>1.42% Due 7/22/2019 | 495,000.00 | 03/21/2017<br>1.43 % | 494,988.17<br>494,988.23 | 100.03<br>1.39 % | 495,138.11<br>58.58 | 0.59 %<br>149.88 | Aaa / NR<br>AAA | 2.31<br>0.83 |
| 161571HH0 | Chase CHAIT Pool #2016-A7<br>1.06% Due 9/16/2019 | 1,075,000.00 | 09/06/2016<br>1.08 % | 1,074,907.34<br>1,074,957.84 | 99.92<br>1.25 % | 1,074,119.58<br>506.44 | 1.28 %<br>(838.26) | Aaa / AAA<br>AAA | 2.46<br>0.44 |
| 47787XAB3 | John Deere Owner Trust 2017-A A2<br>1.5% Due 10/15/2019 | 370,000.00 | 02/22/2017<br>1.50 % | 369,998.52<br>369,998.57 | 99.98<br>1.53 % | 369,911.20<br>447.08 | 0.44 %<br>(87.37) | Aaa / NR<br>AAA | 2.54<br>1.06 |
| 654747AB0 | Nissan Auto Receivables 2017-A A2A<br>1.47% Due 1/15/2020 | 360,000.00 | 03/21/2017<br>1.47 % | 359,998.16<br>359,998.17 | 100.00<br>1.48 % | 359,998.20<br>235.20 | 0.43 %<br>0.03 | Aaa / NR<br>AAA | 2.79<br>1.04 |
| 47788MAC4 | John Deere Owner Trust 2016-A A3<br>1.36% Due 4/15/2020 | 635,000.00 | 02/23/2016<br>1.37 % | 634,900.05<br>634,926.28 | 99.79<br>1.54 % | 633,679.84<br>383.82 | 0.76 %<br>(1,246.44) | Aaa / NR<br>AAA | 3.04<br>1.18 |
| 89231UAD9 | Toyota Auto Receivables 2016-B<br>1.3% Due 4/15/2020 | 845,000.00 | 05/02/2016<br>1.31 % | 844,956.82<br>844,969.95 | 99.68<br>1.55 % | 842,275.72<br>488.22 | 1.00 %<br>(2,694.23) | Aaa / AAA<br>NR | 3.04<br>1.29 |
| 43814QAC2 | Honda Auto Receivables 2016-2 A3<br>1.39% Due 4/15/2020 | 460,000.00 | 05/24/2016<br>1.40 % | 459,991.08<br>459,993.00 | 99.80<br>1.54 % | 459,087.36<br>284.18 | 0.55 %<br>(905.64) | Aaa / NR<br>AAA | 3.04<br>1.34 |
| **Total ABS** | | **8,104,120.83** | **1.18 %** | **8,103,563.84**<br>**8,103,817.20** | **1.38 %** | **8,093,190.04**<br>**4,073.12** | **9.64 %**<br>**(10,627.16)** | **Aaa / AAA**<br>**AAA** | **2.33**<br>**0.75** |
| **AGENCY** | | | | | | | | | |
| 3130A4GJ5 | FHLB Note<br>1.125% Due 4/25/2018 | 1,625,000.00 | 03/20/2015<br>1.02 % | 1,630,331.63<br>1,626,837.03 | 99.97<br>1.15 % | 1,624,567.75<br>7,921.88 | 1.94 %<br>(2,269.28) | Aaa / AA+<br>AAA | 1.07<br>1.05 |
| 3135G0YM9 | FNMA Note<br>1.875% Due 9/18/2018 | 950,000.00 | 12/23/2013<br>1.71 % | 956,915.05<br>952,143.43 | 100.97<br>1.20 % | 959,248.25<br>643.23 | 1.14 %<br>7,104.82 | Aaa / AA+<br>AAA | 1.47<br>1.44 |
| 3137EADG1 | FHLMC Note<br>1.75% Due 5/30/2019 | 1,625,000.00 | Various<br>1.87 % | 1,616,606.73<br>1,621,136.90 | 100.78<br>1.38 % | 1,637,730.25<br>9,558.16 | 1.96 %<br>16,593.35 | Aaa / AA+<br>AAA | 2.16<br>2.11 |

# Holdings Report

As of 3/31/17

| CUSIP | Security Description | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|---|---|---|---|---|---|---|---|---|---|
| **AGENCY** | | | | | | | | | |
| 3137EADK2 | FHLMC Note<br>1.25% Due 8/1/2019 | 1,750,000.00 | 09/04/2014<br>1.83 % | 1,702,260.00<br>1,727,251.41 | 99.63<br>1.41 % | 1,743,563.50<br>3,645.83 | 2.08 %<br>16,312.09 | Aaa / AA+<br>AAA | 2.34<br>2.29 |
| 3135G0ZG1 | FNMA Note<br>1.75% Due 9/12/2019 | 1,700,000.00 | 10/29/2014<br>1.70 % | 1,703,859.00<br>1,701,940.35 | 100.63<br>1.49 % | 1,710,713.40<br>1,570.14 | 2.04 %<br>8,773.05 | Aaa / AA+<br>AAA | 2.45<br>2.39 |
| 3137EADR7 | FHLMC Note<br>1.375% Due 5/1/2020 | 1,650,000.00 | 08/26/2015<br>1.56 % | 1,636,522.80<br>1,641,120.35 | 99.21<br>1.64 % | 1,636,930.35<br>9,453.13 | 1.96 %<br>(4,190.00) | Aaa / AA+<br>AAA | 3.09<br>2.99 |
| 3135G0D75 | FNMA Note<br>1.5% Due 6/22/2020 | 1,655,000.00 | 09/29/2015<br>1.49 % | 1,655,893.70<br>1,655,609.60 | 99.56<br>1.64 % | 1,647,754.41<br>6,826.88 | 1.97 %<br>(7,855.19) | Aaa / AA+<br>AAA | 3.23<br>3.12 |
| 3135G0F73 | FNMA Note<br>1.5% Due 11/30/2020 | 1,650,000.00 | 12/16/2015<br>1.90 % | 1,618,815.00<br>1,626,929.99 | 99.17<br>1.73 % | 1,636,288.50<br>8,318.75 | 1.96 %<br>9,358.51 | Aaa / AA+<br>AAA | 3.67<br>3.53 |
| 3130A7CV5 | FHLB Note<br>1.375% Due 2/18/2021 | 1,410,000.00 | 02/17/2016<br>1.46 % | 1,404,303.60<br>1,405,575.70 | 98.47<br>1.78 % | 1,388,417.13<br>2,315.73 | 1.66 %<br>(17,158.57) | Aaa / AA+<br>AAA | 3.89<br>3.75 |
| 3135G0J20 | FNMA Note<br>1.375% Due 2/26/2021 | 1,675,000.00 | Various<br>1.47 % | 1,667,519.85<br>1,668,966.90 | 98.24<br>1.84 % | 1,645,509.95<br>2,239.15 | 1.96 %<br>(23,456.95) | Aaa / AA+<br>AAA | 3.91<br>3.77 |
| 3135G0K69 | FNMA Note<br>1.25% Due 5/6/2021 | 1,675,000.00 | 06/29/2016<br>1.18 % | 1,680,695.00<br>1,679,810.68 | 97.68<br>1.84 % | 1,636,141.68<br>8,433.16 | 1.96 %<br>(43,669.00) | Aaa / AA+<br>AAA | 4.10<br>3.95 |
| 3130A8QS5 | FHLB Note<br>1.125% Due 7/14/2021 | 1,100,000.00 | 10/04/2016<br>1.33 % | 1,089,836.00<br>1,090,868.74 | 96.87<br>1.89 % | 1,065,605.20<br>2,646.88 | 1.27 %<br>(25,263.54) | Aaa / AA+<br>AAA | 4.29<br>4.15 |
| 3137EAEC9 | FHLMC Note<br>1.125% Due 8/12/2021 | 1,625,000.00 | Various<br>1.32 % | 1,610,283.75<br>1,611,969.19 | 96.56<br>1.95 % | 1,569,160.13<br>2,488.29 | 1.87 %<br>(42,809.06) | Aaa / AA+<br>AAA | 4.37<br>4.22 |
| 3135G0N82 | FNMA Note<br>1.25% Due 8/17/2021 | 1,700,000.00 | Various<br>1.32 % | 1,694,675.10<br>1,695,211.23 | 97.13<br>1.94 % | 1,651,208.30<br>2,597.22 | 1.97 %<br>(44,002.93) | Aaa / AA+<br>AAA | 4.38<br>4.22 |
| 3135G0Q89 | FNMA Note<br>1.375% Due 10/7/2021 | 1,740,000.00 | Various<br>1.75 % | 1,710,142.50<br>1,711,463.88 | 97.56<br>1.94 % | 1,697,479.62<br>11,563.75 | 2.04 %<br>(13,984.26) | Aaa / AA+<br>AAA | 4.52<br>4.32 |
| 3137EADB2 | FHLMC Note<br>2.375% Due 1/13/2022 | 450,000.00 | 01/27/2017<br>2.03 % | 457,185.15<br>456,942.86 | 101.81<br>1.98 % | 458,136.00<br>2,315.63 | 0.55 %<br>1,193.14 | Aaa / AA+<br>AAA | 4.79<br>4.49 |
| **Total Agency** | | **23,980,000.00** | **1.54 %** | **23,835,844.86**<br>**23,873,778.24** | **1.67 %** | **23,708,454.42**<br>**82,537.81** | **28.33 %**<br>**(165,323.82)** | **Aaa / AA+**<br>**AAA** | **3.31**<br>**3.19** |
| **COMMERCIAL PAPER** | | | | | | | | | |
| 06538BU76 | Bank of Tokyo Mitsubishi NY Discount CP<br>1.18% Due 7/7/2017 | 1,675,000.00 | 03/06/2017<br>1.20 % | 1,668,301.86<br>1,669,674.43 | 99.68<br>1.20 % | 1,669,674.43<br>0.00 | 1.99 %<br>0.00 | P-1 / A-1<br>NR | 0.27<br>0.27 |
| 21687AY31 | Rabobank Nederland NV NY Discount CP<br>1.2% Due 11/3/2017 | 1,125,000.00 | 03/28/2017<br>1.22 % | 1,116,825.00<br>1,116,900.00 | 99.28<br>1.22 % | 1,116,900.00<br>0.00 | 1.33 %<br>0.00 | P-1 / A-1<br>NR | 0.59<br>0.59 |
| **Total Commercial Paper** | | **2,800,000.00** | **1.21 %** | **2,785,126.86**<br>**2,786,574.43** | **1.21 %** | **2,786,574.43**<br>**0.00** | **3.32 %**<br>**0.00** | **P-1 / A-1**<br>**NR** | **0.40**<br>**0.40** |

# Holdings Report

As of 3/31/17

| CUSIP | Security Description | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|---|---|---|---|---|---|---|---|---|---|
| **MONEY MARKET FUND FI** | | | | | | | | | |
| 60934N104 | Federated Investors Government Obligations Fund | 64,712.15 | Various<br>0.59 % | 64,712.15<br>64,712.15 | 1.00<br>0.59 % | 64,712.15<br>0.00 | 0.08 %<br>0.00 | Aaa / AAA<br>NR | 0.00<br>0.00 |
| **Total Money Market Fund FI** | | **64,712.15** | **0.59 %** | **64,712.15**<br>**64,712.15** | **0.59 %** | **64,712.15**<br>**0.00** | **0.08 %**<br>**0.00** | **Aaa / AAA**<br>**NR** | **0.00**<br>**0.00** |
| **SUPRANATIONAL** | | | | | | | | | |
| 459058ER0 | Intl. Bank Recon & Development Note 1% Due 10/5/2018 | 1,915,000.00 | 09/30/2015<br>1.06 % | 1,911,744.50<br>1,913,357.37 | 99.49<br>1.35 % | 1,905,143.50<br>9,362.22 | 2.28 %<br>(8,213.87) | Aaa / AAA<br>AAA | 1.52<br>1.49 |
| 4581X0CW6 | Inter-American Dev Bank Note 2.125% Due 1/18/2022 | 1,675,000.00 | 01/10/2017<br>2.15 % | 1,672,939.75<br>1,673,022.11 | 100.38<br>2.04 % | 1,681,415.25<br>7,217.62 | 2.01 %<br>8,393.14 | Aaa / NR<br>AAA | 4.81<br>4.52 |
| **Total Supranational** | | **3,590,000.00** | **1.57 %** | **3,584,684.25**<br>**3,586,379.48** | **1.67 %** | **3,586,558.75**<br>**16,579.84** | **4.29 %**<br>**179.27** | **Aaa / AAA**<br>**AAA** | **3.06**<br>**2.91** |
| **US CORPORATE** | | | | | | | | | |
| 717081DJ9 | Pfizer Inc. Note 1.1% Due 5/15/2017 | 565,000.00 | 05/12/2014<br>1.13 % | 564,502.80<br>564,980.04 | 99.98<br>1.28 % | 564,870.05<br>2,347.89 | 0.68 %<br>(109.99) | A1 / AA<br>A+ | 0.12<br>0.12 |
| 166764AA8 | Chevron Corp Callable Note Cont 11/5/17 1.104% Due 12/5/2017 | 1,500,000.00 | Various<br>1.48 % | 1,477,072.20<br>1,496,350.39 | 99.83<br>1.38 % | 1,497,501.00<br>5,335.99 | 1.79 %<br>1,150.61 | Aa2 / AA-<br>NR | 0.68<br>0.59 |
| 02665WAQ4 | American Honda Finance Note 1.55% Due 12/11/2017 | 695,000.00 | 12/08/2014<br>1.58 % | 694,353.65<br>694,850.21 | 100.17<br>1.30 % | 696,175.25<br>3,291.60 | 0.83 %<br>1,325.04 | A1 / A+<br>NR | 0.70<br>0.69 |
| 458140AL4 | Intel Corp Note 1.35% Due 12/15/2017 | 1,440,000.00 | 12/12/2012<br>1.29 % | 1,444,175.55<br>1,440,590.62 | 100.06<br>1.26 % | 1,440,928.81<br>5,724.01 | 1.72 %<br>338.19 | A1 / A+<br>A+ | 0.71<br>0.70 |
| 89236TCA1 | Toyota Motor Credit Corp Note 1.45% Due 1/12/2018 | 505,000.00 | Various<br>1.47 % | 504,702.60<br>504,928.98 | 99.98<br>1.47 % | 504,918.70<br>1,606.89 | 0.60 %<br>(10.28) | Aa3 / AA-<br>A | 0.79<br>0.77 |
| 459200HZ7 | IBM Corp Note 1.125% Due 2/6/2018 | 1,035,000.00 | 02/03/2015<br>1.23 % | 1,031,843.25<br>1,034,104.24 | 99.86<br>1.29 % | 1,033,563.42<br>1,778.91 | 1.23 %<br>(540.82) | Aa3 / AA-<br>A+ | 0.85<br>0.84 |
| 713448CR7 | PepsiCo Inc Note 1.25% Due 4/30/2018 | 875,000.00 | Various<br>1.26 % | 874,650.00<br>874,874.08 | 99.95<br>1.30 % | 874,518.75<br>4,587.68 | 1.05 %<br>(355.33) | A1 / A<br>A | 1.08<br>1.07 |
| 037833AJ9 | Apple Inc Note 1% Due 5/3/2018 | 1,400,000.00 | 05/22/2013<br>1.25 % | 1,383,186.00<br>1,396,293.64 | 99.70<br>1.28 % | 1,395,766.40<br>5,755.56 | 1.67 %<br>(527.24) | Aa1 / AA+<br>NR | 1.09<br>1.07 |
| 74005PBH6 | Praxair Note 1.25% Due 11/7/2018 | 1,035,000.00 | 01/08/2015<br>1.68 % | 1,018,719.45<br>1,028,167.77 | 99.60<br>1.50 % | 1,030,858.97<br>5,175.00 | 1.23 %<br>2,691.20 | A2 / A<br>NR | 1.61<br>1.57 |
| 24422ESF7 | John Deere Capital Corp Note 1.95% Due 12/13/2018 | 545,000.00 | 12/10/2013<br>1.99 % | 543,839.15<br>544,605.21 | 100.58<br>1.60 % | 548,163.73<br>3,188.25 | 0.66 %<br>3,558.52 | A2 / A<br>A | 1.70<br>1.66 |
| 36962G7G3 | General Electric Capital Corp Note 2.3% Due 1/14/2019 | 1,750,000.00 | 01/08/2014<br>2.32 % | 1,748,286.80<br>1,749,387.34 | 101.39<br>1.51 % | 1,774,305.75<br>8,609.02 | 2.12 %<br>24,918.41 | A1 / AA-<br>AA- | 1.79<br>1.74 |

# Holdings Report

As of 3/31/17

| CUSIP | Security Description | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|---|---|---|---|---|---|---|---|---|---|
| **US CORPORATE** | | | | | | | | | |
| 17275RAR3 | Cisco Systems Note<br>2.125% Due 3/1/2019 | 1,305,000.00 | Various<br>2.07 % | 1,308,459.75<br>1,306,328.95 | 101.04<br>1.57 % | 1,318,615.07<br>2,310.94 | 1.57 %<br>12,286.12 | A1 / AA-<br>NR | 1.92<br>1.87 |
| 91159HHH6 | US Bancorp Callable Note Cont 3/25/2019<br>2.2% Due 4/25/2019 | 1,365,000.00 | Various<br>2.18 % | 1,366,198.85<br>1,365,534.40 | 100.80<br>1.79 % | 1,375,906.35<br>13,013.00 | 1.65 %<br>10,371.95 | A1 / A+<br>AA | 2.07<br>1.92 |
| 084664CK5 | Berkshire Hathaway Note<br>1.3% Due 8/15/2019 | 495,000.00 | 08/08/2016<br>1.33 % | 494,519.85<br>494,620.26 | 99.04<br>1.71 % | 490,261.86<br>822.25 | 0.58 %<br>(4,358.40) | Aa2 / AA<br>A+ | 2.38<br>2.32 |
| 06406HCW7 | Bank of New York Callable Note Cont 8/11/2019<br>2.3% Due 9/11/2019 | 1,675,000.00 | Various<br>2.29 % | 1,675,650.55<br>1,675,310.54 | 100.95<br>1.89 % | 1,690,877.33<br>2,140.28 | 2.02 %<br>15,566.79 | A1 / A<br>AA- | 2.45<br>2.29 |
| 94974BGF1 | Wells Fargo Corp Note<br>2.15% Due 1/30/2020 | 1,050,000.00 | 01/26/2015<br>2.17 % | 1,048,857.60<br>1,049,352.03 | 100.21<br>2.07 % | 1,052,219.70<br>3,825.21 | 1.26 %<br>2,867.67 | A2 / A<br>AA- | 2.84<br>2.73 |
| 22160KAG0 | Costco Wholesale Corp Note<br>1.75% Due 2/15/2020 | 665,000.00 | 02/05/2015<br>1.77 % | 664,301.75<br>664,598.05 | 100.18<br>1.68 % | 666,216.95<br>1,487.01 | 0.80 %<br>1,618.90 | A1 / A+<br>A+ | 2.88<br>2.78 |
| 747525AD5 | Qualcomm Inc Note<br>2.25% Due 5/20/2020 | 980,000.00 | 06/11/2015<br>2.49 % | 969,146.50<br>973,095.97 | 100.22<br>2.18 % | 982,170.70<br>8,023.76 | 1.18 %<br>9,074.73 | A1 / A+<br>NR | 3.14<br>2.99 |
| 594918BG8 | Microsoft Callable Note Cont. 10/03/20<br>2% Due 11/3/2020 | 425,000.00 | 10/29/2015<br>2.02 % | 424,660.00<br>424,755.84 | 100.33<br>1.90 % | 426,395.28<br>3,494.44 | 0.51 %<br>1,639.44 | Aaa / AAA<br>AA+ | 3.60<br>3.35 |
| 00440EAT4 | ACE INA Holdings Inc Callable Note Cont 10/3/2020<br>2.3% Due 11/3/2020 | 1,050,000.00 | 02/06/2017<br>2.16 % | 1,054,945.50<br>1,054,756.15 | 100.36<br>2.19 % | 1,053,771.60<br>9,928.33 | 1.27 %<br>(984.55) | A3 / A<br>A | 3.60<br>3.32 |
| 30231GAV4 | Exxon Mobil Corp Callable Note Cont 2/1/2021<br>2.222% Due 3/1/2021 | 1,160,000.00 | Various<br>1.97 % | 1,173,322.80<br>1,170,905.33 | 100.19<br>2.17 % | 1,162,243.44<br>2,147.94 | 1.39 %<br>(8,661.89) | Aaa / AA+<br>NR | 3.92<br>3.73 |
| 857477AV5 | State Street Bank Note<br>1.95% Due 5/19/2021 | 580,000.00 | 05/16/2016<br>1.96 % | 579,698.40<br>579,750.76 | 98.25<br>2.40 % | 569,844.78<br>4,147.00 | 0.68 %<br>(9,905.98) | A1 / A<br>AA- | 4.14<br>3.91 |
| 594918BP8 | Microsoft Callable Note Cont 7/8/21<br>1.55% Due 8/8/2021 | 770,000.00 | Various<br>1.57 % | 769,085.90<br>769,204.04 | 97.44<br>2.17 % | 750,309.56<br>1,757.10 | 0.90 %<br>(18,894.48) | Aaa / AAA<br>AA+ | 4.36<br>4.17 |
| 68389XBK0 | Oracle Corp Callable Note Cont 8/01/21<br>1.9% Due 9/15/2021 | 1,100,000.00 | 11/29/2016<br>2.40 % | 1,075,371.00<br>1,077,061.78 | 98.26<br>2.31 % | 1,080,882.00<br>928.89 | 1.29 %<br>3,820.22 | A1 / AA-<br>A+ | 4.46<br>4.24 |
| 91159HHP8 | US Bancorp Note<br>2.625% Due 1/24/2022 | 515,000.00 | 01/19/2017<br>2.66 % | 514,114.20<br>514,146.70 | 100.38<br>2.54 % | 516,943.61<br>2,515.99 | 0.62 %<br>2,796.91 | A1 / A+<br>AA | 4.82<br>4.48 |
| **Total US Corporate** | | **24,480,000.00** | **1.85 %** | **24,403,664.10<br>24,448,553.32** | **1.72 %** | **24,498,229.06<br>103,942.94** | **29.30 %<br>49,675.74** | **A1 / AA-<br>AA-** | **2.19<br>2.08** |
| **US TREASURY** | | | | | | | | | |
| 912828A34 | US Treasury Note<br>1.25% Due 11/30/2018 | 600,000.00 | Various<br>1.70 % | 587,506.89<br>595,728.61 | 100.07<br>1.21 % | 600,398.40<br>2,513.74 | 0.72 %<br>4,669.79 | Aaa / AA+<br>AAA | 1.67<br>1.64 |
| 912828SH4 | US Treasury Note<br>1.375% Due 2/28/2019 | 2,000,000.00 | 03/31/2014<br>1.72 % | 1,967,741.08<br>1,987,448.87 | 100.24<br>1.25 % | 2,004,766.00<br>2,391.30 | 2.39 %<br>17,317.13 | Aaa / AA+<br>AAA | 1.92<br>1.88 |
| 912828ST8 | US Treasury Note<br>1.25% Due 4/30/2019 | 2,000,000.00 | 06/10/2014<br>1.68 % | 1,960,084.82<br>1,983,018.15 | 99.94<br>1.28 % | 1,998,750.00<br>10,497.24 | 2.39 %<br>15,731.85 | Aaa / AA+<br>AAA | 2.08<br>2.04 |

# Holdings Report

As of 3/31/17

| CUSIP | Security Description | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|---|---|---|---|---|---|---|---|---|---|
| **US TREASURY** | | | | | | | | | |
| 912828R85 | US Treasury Note<br>0.875% Due 6/15/2019 | 1,685,000.00 | 07/28/2016<br>0.82 % | 1,687,638.46<br>1,687,020.89 | 99.03<br>1.32 % | 1,668,675.72<br>4,334.01 | 1.99 %<br>(18,345.17) | Aaa / AA+<br>AAA | 2.21<br>2.17 |
| 912828UB4 | US Treasury Note<br>1% Due 11/30/2019 | 1,600,000.00 | 03/30/2015<br>1.38 % | 1,572,880.35<br>1,584,523.51 | 98.91<br>1.42 % | 1,582,625.60<br>5,362.64 | 1.89 %<br>(1,897.91) | Aaa / AA+<br>AAA | 2.67<br>2.61 |
| 912828H52 | US Treasury Note<br>1.25% Due 1/31/2020 | 450,000.00 | 07/29/2015<br>1.54 % | 444,306.20<br>446,419.76 | 99.36<br>1.48 % | 447,099.75<br>932.32 | 0.53 %<br>679.99 | Aaa / AA+<br>AAA | 2.84<br>2.77 |
| 912828VF4 | US Treasury Note<br>1.375% Due 5/31/2020 | 1,750,000.00 | 07/10/2015<br>1.62 % | 1,730,250.01<br>1,737,202.36 | 99.37<br>1.58 % | 1,738,994.25<br>8,064.90 | 2.08 %<br>1,791.89 | Aaa / AA+<br>AAA | 3.17<br>3.07 |
| 912828L32 | US Treasury Note<br>1.375% Due 8/31/2020 | 1,650,000.00 | Various<br>1.37 % | 1,650,064.12<br>1,650,041.32 | 99.07<br>1.65 % | 1,634,724.30<br>1,972.82 | 1.95 %<br>(15,317.02) | Aaa / AA+<br>AAA | 3.42<br>3.32 |
| 912828N89 | US Treasury Note<br>1.375% Due 1/31/2021 | 1,600,000.00 | 03/09/2016<br>1.40 % | 1,598,442.85<br>1,598,779.20 | 98.60<br>1.75 % | 1,577,563.20<br>3,646.41 | 1.88 %<br>(21,216.00) | Aaa / AA+<br>AAA | 3.84<br>3.71 |
| 912828B90 | US Treasury Note<br>2% Due 2/28/2021 | 1,650,000.00 | Various<br>1.55 % | 1,683,525.06<br>1,677,770.06 | 100.88<br>1.77 % | 1,664,437.50<br>2,869.56 | 1.99 %<br>(13,332.56) | Aaa / AA+<br>AAA | 3.92<br>3.75 |
| 912828Q37 | US Treasury Note<br>1.25% Due 3/31/2021 | 1,700,000.00 | Various<br>1.58 % | 1,676,910.00<br>1,678,189.78 | 97.94<br>1.79 % | 1,664,937.51<br>58.06 | 1.98 %<br>(13,252.27) | Aaa / AA+<br>AAA | 4.00<br>3.88 |
| 912828S27 | US Treasury Note<br>1.125% Due 6/30/2021 | 1,015,000.00 | Various<br>1.91 % | 980,766.29<br>982,888.63 | 97.11<br>1.84 % | 985,620.83<br>2,870.46 | 1.18 %<br>2,732.20 | Aaa / AA+<br>AAA | 4.25<br>4.11 |
| 912828T34 | US Treasury Note<br>1.125% Due 9/30/2021 | 1,700,000.00 | 11/09/2016<br>1.48 % | 1,671,251.79<br>1,673,538.76 | 96.75<br>1.88 % | 1,644,683.70<br>52.25 | 1.96 %<br>(28,855.06) | Aaa / AA+<br>AAA | 4.50<br>4.36 |
| 912828J43 | US Treasury Note<br>1.75% Due 2/28/2022 | 1,785,000.00 | 03/13/2017<br>2.14 % | 1,752,722.58<br>1,753,025.57 | 99.12<br>1.94 % | 1,769,242.02<br>2,716.30 | 2.11 %<br>16,216.45 | Aaa / AA+<br>AAA | 4.92<br>4.68 |
| **Total US Treasury** | | **21,185,000.00** | **1.55 %** | **20,964,090.50<br>21,035,595.47** | **1.59 %** | **20,982,518.78<br>48,282.01** | **25.04 %<br>(53,076.69)** | **Aaa / AA+<br>AAA** | **3.28<br>3.18** |
| **TOTAL PORTFOLIO** | | **84,203,832.98** | **1.59 %** | **83,741,686.56<br>83,899,410.29** | **1.62 %** | **83,720,237.63<br>255,415.72** | **100.00 %<br>(179,172.66)** | **Aa1 / AA<br>AAA** | **2.77<br>2.52** |
| **TOTAL MARKET VALUE PLUS ACCRUED** | | | | | | **83,975,653.35** | | | |

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# CITY OF MORENO VALLEY

March 2017

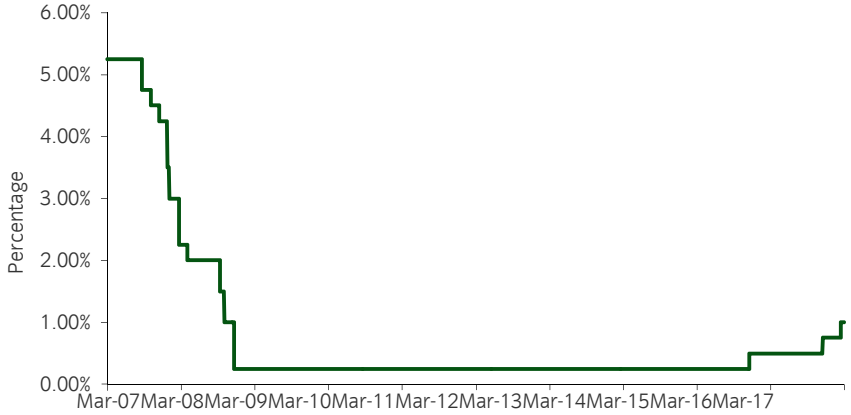
A BNY MELLON COMPANY℠

Insight INVESTMENT

# FIXED INCOME MARKET REVIEW

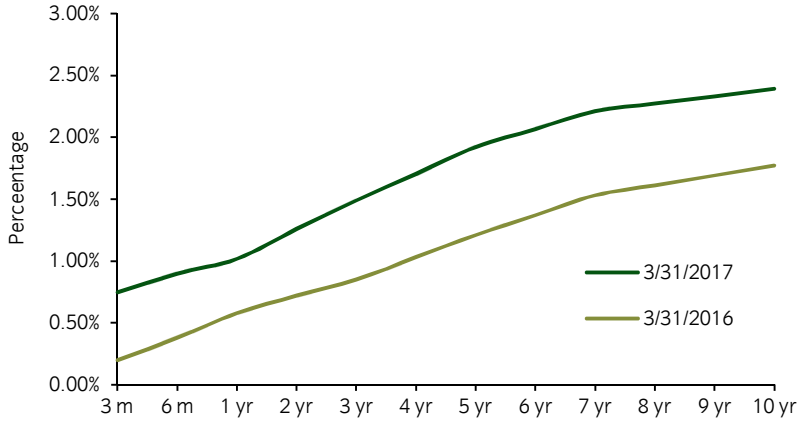
## As of March 31, 2017

Chart 1: Fed funds target rate: 3/31/2007—3/31/2017




Source: Bloomberg Finance LP, March 31, 2017.

Chart 2: Treasury yield curve: 3/31/2016 and 3/31/2017




Source: Bloomberg Finance LP, March 31, 2017.

Economic Indicators and Monetary Policy

The meeting of the Federal Open Market Committee (FOMC) concluded on March 15 with the anticipated decision to increase the fed funds target rate 25 basis points. The range for the overnight rate is now 0.75% - 1.00%. The FOMC statement retained language indicating future increases in the fed funds target rate would be "gradual". (See Chart 1).

The payroll report released on March 10, showed US employers added 235,000 jobs in February, better than expectations of 200,000 new jobs. January job growth was revised up to 238,000 from the prior release of 227,000 jobs added. The labor force participation rate rose to 63.0% in February from 62.9% in January. The February unemployment rate decreased to 4.7% from 4.8% in January, and the underemployment rate decreased to 9.2% from 9.4%. Average hourly earnings rose by 0.2% in February to a year-over-year rate of 2.8%. Survey expectations were for wage gains of 0.3% in February.

Rising energy prices pushed the headline Producer Price Index (PPI) higher in February. The March 14 release showed February PPI including food and energy increased to 2.2% from 1.6% in January. Excluding food and energy, the core PPI increased 0.3% in February to an annual rate of 1.5%. The Consumer Price Index (CPI) released on March 15 increased to 2.7% in February at the headline level from 2.5% in January, and excluding food and energy the core CPI was 2.2% in February.

The final estimate of fourth quarter 2016 GDP was released on March 30. Largely in response to stronger consumer spending, fourth quarter GDP was revised upward to 2.1% from the previous estimate of 1.9% growth. Personal consumption was revised to 3.5% growth in the fourth quarter from the previous estimate of 3.0%. For the third quarter of last year, GDP was 3.5% and personal consumption was 3.0%.

Interest Rate Summary

On March 31 the 3-month US Treasury bill yielded 0.75%, the 6-month US Treasury bill yielded 0.90%, the 2-year US Treasury note yielded 1.26%, the 5-year US Treasury note yielded 1.92% and the 10-year US Treasury note yielded 2.39% (See Chart 2).

# ACTIVITY AND PERFORMANCE SUMMARY

## For the period March 1, 2017 - March 31, 2017

### Amortized Cost Basis Activity Summary

| | | |
|---|---|---|
| **Opening balance** | | 55,046,450.84 |
| Income received | 70,824.91 | |
| **Total receipts** | | 70,824.91 |
| **Total disbursements** | | 0.00 |
| Interportfolio transfers | 0.00 | |
| **Total Interportfolio transfers** | | 0.00 |
| Realized gain (loss) | | 0.00 |
| **Total amortization expense** | | (8,033.59) |
| **Total OID/MKT accretion income** | | 4,198.31 |
| Return of capital | | 0.00 |
| **Closing balance** | | 55,113,440.47 |
| **Ending fair value** | | 55,018,703.59 |
| Unrealized gain (loss) | | (94,736.88) |

### Detail of Amortized Cost Basis Return

| | Interest earned | Accretion (amortization) | Realized gain (loss) | Total income |
|---|---|---|---|---|
| Cash and Cash Equivalents | 57.53 | 0.00 | 0.00 | 57.53 |
| Corporate Bonds | 20,795.58 | (1,523.60) | 0.00 | 19,271.98 |
| Government Agencies | 36,348.10 | (3,965.60) | 0.00 | 32,382.50 |
| Government Bonds | 5,399.33 | 1,653.92 | 0.00 | 7,053.25 |
| **Total** | **62,600.54** | **(3,835.28)** | **0.00** | **58,765.26** |

### Comparative Rates of Return (%)

| | * Twelve month trailing | * Six month trailing | * One month |
|---|---|---|---|
| Fed Funds | 0.48 | 0.29 | 0.07 |
| Overnight Repo | 0.49 | 0.25 | 0.06 |
| Merrill Lynch 3m US Treas Bill | 0.37 | 0.24 | 0.06 |
| Merrill Lynch 6m US Treas Bill | 0.48 | 0.30 | 0.07 |
| ML 1 Year US Treasury Note | 0.69 | 0.41 | 0.09 |
| ML 2 Year US Treasury Note | 0.93 | 0.56 | 0.11 |
| ML 5 Year US Treasury Note | 1.47 | 0.88 | 0.17 |

* rates reflected are cumulative

### Summary of Amortized Cost Basis Return for the Period

| | Total portfolio |
|---|---|
| Interest earned | 62,600.54 |
| Accretion (amortization) | (3,835.28) |
| Realized gain (loss) on sales | 0.00 |
| Total income on portfolio | 58,765.26 |
| Average daily amortized cost | 55,070,156.73 |
| Period return (%) | 0.11 |
| YTD return (%) | 0.29 |
| Weighted average final maturity in days | 473 |

# ACTIVITY AND PERFORMANCE SUMMARY

## For the period March 1, 2017 - March 31, 2017

### Fair Value Basis Activity Summary

| | | |
|---|---|---|
| **Opening balance** | | 54,997,581.07 |
| Income received | 70,824.91 | |
| **Total receipts** | | 70,824.91 |
| **Total disbursements** | | 0.00 |
| Interportfolio transfers | 0.00 | |
| **Total Interportfolio transfers** | | 0.00 |
| Unrealized gain (loss) on security movements | | 0.00 |
| Return of capital | | 0.00 |
| Change in fair value for the period | | (49,702.39) |
| **Ending fair value** | | 55,018,703.59 |

### Detail of Fair Value Basis Return

| | Interest earned | Change in fair value | Total income |
|---|---|---|---|
| Cash and Cash Equivalents | 57.53 | 0.00 | 57.53 |
| Corporate Bonds | 20,795.58 | (11,722.43) | 9,073.15 |
| Government Agencies | 36,348.10 | (31,756.85) | 4,591.25 |
| Government Bonds | 5,399.33 | (6,223.11) | (823.78) |
| **Total** | **62,600.54** | **(49,702.39)** | **12,898.15** |

### Comparative Rates of Return (%)

| | * Twelve month trailing | * Six month trailing | * One month |
|---|---|---|---|
| Fed Funds | 0.48 | 0.29 | 0.07 |
| Overnight Repo | 0.49 | 0.25 | 0.06 |
| Merrill Lynch 3m US Treas Bill | 0.36 | 0.19 | 0.02 |
| Merrill Lynch 6m US Treas Bill | 0.58 | 0.26 | 0.00 |
| ML 1 Year US Treasury Note | 0.56 | 0.21 | (0.04) |
| ML US Treasury 1-3 | 0.25 | (0.17) | 0.03 |
| ML US Treasury 1-5 | (0.10) | (0.72) | 0.05 |

* rates reflected are cumulative

### Summary of Fair Value Basis Return for the Period

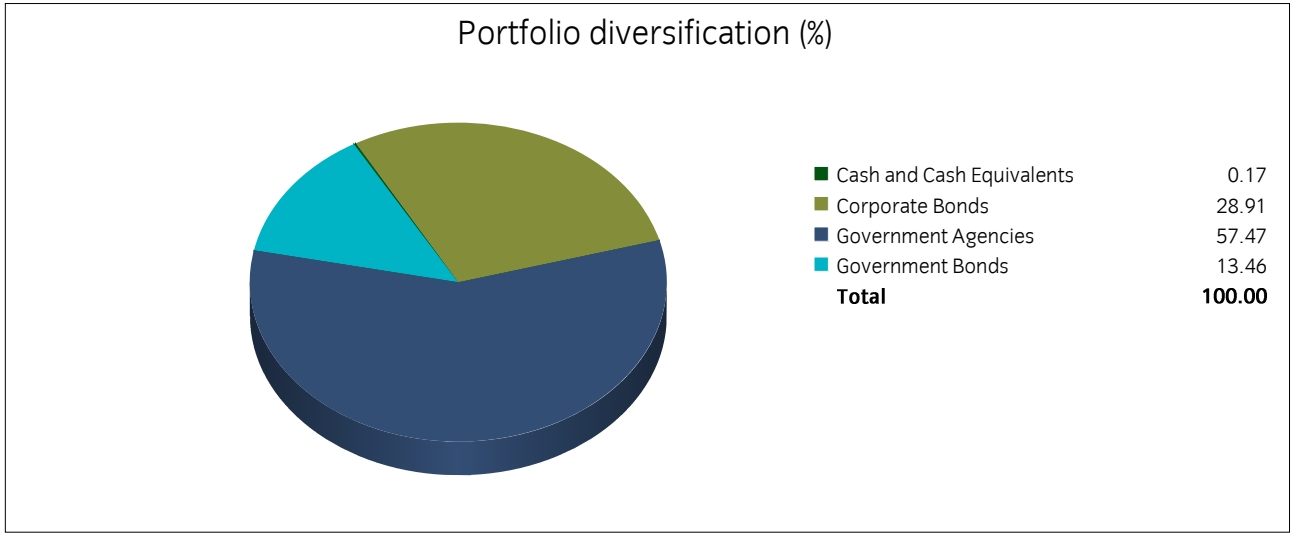
| | Total portfolio |
|---|---|
| Interest earned | 62,600.54 |
| Change in fair value | (49,702.39) |
| Total income on portfolio | 12,898.15 |
| Average daily total value * | 55,116,121.54 |
| Period return (%) | 0.02 |
| YTD return (%) | 0.28 |
| Weighted average final maturity in days | 473 |

* Total value equals market value and accrued interest

# RECAP OF SECURITIES HELD

## As of March 31, 2017

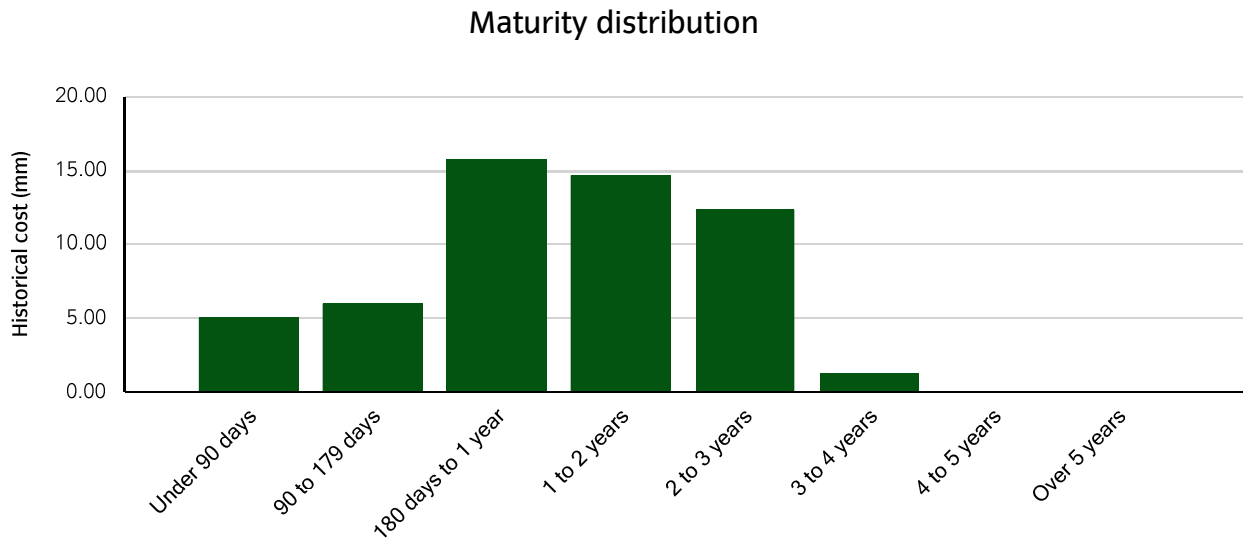
| | Historical cost | Amortized cost | Fair value | Unrealized gain (loss) | Weighted average final maturity (days) | Percent of portfolio | Weighted average effective duration (years) |
|---|---|---|---|---|---|---|---|
| Cash and Cash Equivalents | 91,201.82 | 91,201.82 | 91,201.82 | 0.00 | 1 | 0.17 | 0.00 |
| Corporate Bonds | 15,930,207.00 | 15,907,668.40 | 15,875,496.47 | (32,171.93) | 471 | 28.91 | 1.26 |
| Government Agencies | 31,667,225.45 | 31,635,732.84 | 31,560,332.25 | (75,400.59) | 505 | 57.47 | 1.33 |
| Government Bonds | 7,418,193.96 | 7,478,837.41 | 7,491,673.05 | 12,835.64 | 347 | 13.46 | 0.94 |
| Total | 55,106,828.23 | 55,113,440.47 | 55,018,703.59 | (94,736.88) | 473 | 100.00 | 1.25 |



# MATURITY DISTRIBUTION OF SECURITIES HELD

## As of March 31, 2017

| Maturity | Historic cost | Percent |
|---|---|---|
| Under 90 days | 5,033,567.92 | 9.13 |
| 90 to 179 days | 6,004,319.80 | 10.90 |
| 180 days to 1 year | 15,710,151.99 | 28.51 |
| 1 to 2 years | 14,699,591.02 | 26.68 |
| 2 to 3 years | 12,360,172.50 | 22.43 |
| 3 to 4 years | 1,299,025.00 | 2.36 |
| 4 to 5 years | 0.00 | 0.00 |
| Over 5 years | 0.00 | 0.00 |
| | 55,106,828.23 | 100.00 |



# SECURITIES HELD

## As of March 31, 2017

| Cusip/ Description | Coupon | Maturity/ Call date | Par value or shares | Historical cost/ Accrued interest purchased | Amortized cost/ Accretion (amortization) | Fair value/ Change in fair value | Unrealized gain (loss) | Interest received | Interest earned | Total accrued interest | % Port cost |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash and Cash Equivalents** | | | | | | | | | | | |
| Cash and Cash Equivalents | 0.000 | | 91,201.82 | 91,201.82<br>0.00 | 91,201.82<br>0.00 | 91,201.82<br>0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.17 |
| **Total Cash and Cash Equivalents** | | | **91,201.82** | **91,201.82**<br>**0.00** | **91,201.82**<br>**0.00** | **91,201.82**<br>**0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **0.17** |
| **Corporate Bonds** | | | | | | | | | | | |
| 36962G7J7<br>GENERAL ELECTRIC CO 1.25% 15/05/2017 (CALLABLE 13/04/17) | 1.250 | 05/15/2017<br>04/13/2017 | 1,000,000.00 | 1,005,930.00<br>0.00 | 1,000,317.68<br>(211.78) | 1,000,003.00<br>(229.00) | (314.68) | 0.00 | 1,145.83 | 4,722.22 | 1.83 |
| 717081DJ9<br>PFIZER INC 1.1% 15/05/2017 | 1.100 | 05/15/2017 | 1,000,000.00 | 1,003,800.00<br>0.00 | 1,000,217.83<br>(145.23) | 999,786.50<br>(519.50) | (431.33) | 0.00 | 1,008.34 | 4,155.56 | 1.82 |
| 713448CB2<br>PEPSICO INC 1.25% 13/08/2017 | 1.250 | 08/13/2017 | 500,000.00 | 501,065.00<br>0.00 | 500,180.44<br>(40.70) | 500,046.00<br>(168.50) | (134.44) | 0.00 | 572.91 | 833.33 | 0.91 |
| 0258M0DR7<br>AMERICAN EXPRESS CREDIT 1.55% 22/09/2017 | 1.550 | 09/22/2017 | 740,000.00 | 745,379.80<br>0.00 | 741,030.43<br>(179.73) | 740,600.88<br>(303.40) | (429.55) | 5,735.00 | 1,051.42 | 286.75 | 1.35 |
| 68389XAN5<br>ORACLE CORP 1.2% 15/10/2017 | 1.200 | 10/15/2017 | 1,000,000.00 | 1,003,020.00<br>0.00 | 1,000,639.41<br>(98.38) | 999,818.50<br>(1,091.50) | (820.91) | 0.00 | 1,100.00 | 5,533.33 | 1.82 |
| 458140AL4<br>INTEL CORP 1.35% 15/12/2017 | 1.350 | 12/15/2017 | 500,000.00 | 501,300.00<br>0.00 | 500,183.76<br>(21.62) | 500,322.50<br>(167.00) | 138.74 | 0.00 | 618.75 | 1,987.50 | 0.91 |
| 459200HZ7<br>IBM CORP 1.125% 06/02/2018 | 1.125 | 02/06/2018 | 1,000,000.00 | 998,600.00<br>0.00 | 999,604.07<br>38.82 | 998,612.00<br>(1,049.00) | (992.07) | 0.00 | 1,031.25 | 1,718.75 | 1.81 |
| 24422ESB6<br>JOHN DEERE CAPITAL CORP 1.3% 12/03/2018 | 1.300 | 03/12/2018 | 1,000,000.00 | 998,550.00<br>0.00 | 999,554.85<br>39.05 | 998,861.00<br>222.00 | (693.85) | 6,500.00 | 1,191.67 | 686.11 | 1.81 |

# SECURITIES HELD

## As of March 31, 2017

| Cusip/ Description | Coupon | Maturity/ Call date | Par value or shares | Historical cost/ Accrued interest purchased | Amortized cost/ Accretion (amortization) | Fair value/ Change in fair value | Unrealized gain (loss) | Interest received | Interest earned | Total accrued interest | % Port cost |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Bonds** | | | | | | | | | | | |
| 191216BA7 | 1.150 | 04/01/2018 | 1,000,000.00 | 995,110.00 | 998,399.56 | 997,880.00 | (519.56) | 0.00 | 1,054.17 | 5,750.00 | 1.81 |
| COCA-COLA CO/THE 1.15% 01/04/2018 | | | | 0.00 | 133.01 | (1,040.00) | | | | | |
| 931142DF7 | 1.125 | 04/11/2018 | 1,130,000.00 | 1,128,960.40 | 1,129,786.68 | 1,128,020.24 | (1,766.44) | 0.00 | 1,165.32 | 6,003.13 | 2.05 |
| WAL-MART STORES INC 1.125% 11/04/2018 | | | | 0.00 | 17.25 | (962.76) | | | | | |
| 037833AJ9 | 1.000 | 05/03/2018 | 500,000.00 | 493,995.00 | 498,675.66 | 498,488.00 | (187.66) | 0.00 | 458.34 | 2,055.56 | 0.90 |
| APPLE INC 1% 03/05/2018 | | | | 0.00 | 101.09 | 16.50 | | | | | |
| 91159HHE3 | 1.950 | 11/15/2018 | 215,000.00 | 215,455.80 | 215,155.57 | 216,287.85 | 1,132.28 | 0.00 | 384.31 | 1,583.83 | 0.39 |
| US BANCORP 1.95% 15/11/2018 (CALLABLE 15/10/18) | | 10/15/2018 | | 0.00 | (7.98) | (304.87) | | | | | |
| 17275RBB7 | 1.600 | 02/28/2019 | 700,000.00 | 702,331.00 | 701,478.30 | 700,974.40 | (503.90) | 0.00 | 1,026.67 | 1,026.67 | 1.27 |
| CISCO SYSTEMS INC 1.6% 28/02/2019 | | | | 0.00 | (64.27) | (448.70) | | | | | |
| 17275RAR3 | 2.125 | 03/01/2019 | 500,000.00 | 503,740.00 | 501,431.77 | 505,216.50 | 3,784.73 | 5,312.50 | 973.96 | 885.42 | 0.91 |
| CISCO SYSTEMS INC 2.125% 01/03/2019 | | | | 0.00 | (62.16) | (527.00) | | | | | |
| 89236TDE2 | 1.400 | 05/20/2019 | 1,500,000.00 | 1,504,395.00 | 1,503,219.93 | 1,488,025.50 | (15,194.43) | 0.00 | 1,925.00 | 7,641.67 | 2.73 |
| TOYOTA MOTOR CREDIT CORP 1.4% 20/05/2019 | | | | 0.00 | (125.46) | (1,392.00) | | | | | |
| 94988J5D5 | 1.750 | 05/24/2019 | 1,200,000.00 | 1,196,316.00 | 1,196,531.12 | 1,196,211.60 | (319.52) | 0.00 | 1,925.00 | 7,408.33 | 2.17 |
| WELLS FARGO BANK NA 1.75% 24/05/2019 | | | | 0.00 | 134.45 | (2,498.40) | | | | | |
| 02665WAH4 | 2.250 | 08/15/2019 | 1,500,000.00 | 1,541,520.00 | 1,530,341.54 | 1,513,114.50 | (17,227.04) | 0.00 | 3,093.75 | 4,312.50 | 2.80 |
| AMERICAN HONDA FINANCE 2.25% 15/08/2019 | | | | 0.00 | (1,064.61) | (3,663.00) | | | | | |

# SECURITIES HELD

## As of March 31, 2017

| Cusip/ Description | Coupon | Maturity/ Call date | Par value or shares | Historical cost/ Accrued interest purchased | Amortized cost/ Accretion (amortization) | Fair value/ Change in fair value | Unrealized gain (loss) | Interest received | Interest earned | Total accrued interest | % Port cost |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Bonds** | | | | | | | | | | | |
| 713448DJ4 | 1.350 | 10/04/2019 | 900,000.00 | 890,739.00 | 890,919.80 | 893,227.50 | 2,307.70 | 0.00 | 540.00 | 5,906.25 | 1.62 |
| PEPSICO INC 1.35% 04/10/2019 | | | | (5,366.25) | 180.80 | 2,488.50 | | | | | |
| **Total Corporate Bonds** | | | **15,885,000.00** | **15,930,207.00** | **15,907,668.40** | **15,875,496.47** | **(32,171.93)** | **17,547.50** | **20,266.69** | **62,496.91** | **28.91** |
| | | | | **(5,366.25)** | **(1,377.45)** | **(11,637.63)** | | | | | |
| **Government Agencies** | | | | | | | | | | | |
| 3137EADF3 | 1.250 | 05/12/2017 | 1,000,000.00 | 1,009,273.00 | 1,000,218.31 | 1,000,464.00 | 245.69 | 0.00 | 1,145.83 | 4,826.39 | 1.83 |
| FREDDIE MAC 1.25% 12/05/2017 | | | | 0.00 | (155.94) | (831.00) | | | | | |
| 313379VE6 | 1.010 | 06/19/2017 | 915,000.00 | 923,363.10 | 915,374.54 | 915,384.30 | 9.76 | 0.00 | 847.14 | 2,618.43 | 1.68 |
| FEDERAL HOME LOAN BANK 1.01% 19/06/2017 | | | | 0.00 | (142.23) | (411.75) | | | | | |
| 3137EADH9 | 1.000 | 06/29/2017 | 1,500,000.00 | 1,510,875.00 | 1,500,545.90 | 1,500,466.50 | (79.40) | 0.00 | 1,375.00 | 3,833.33 | 2.74 |
| FREDDIE MAC 1% 29/06/2017 | | | | 0.00 | (184.01) | (1,288.50) | | | | | |
| 3133EFEU7 | 0.780 | 08/28/2017 | 1,600,000.00 | 1,602,000.00 | 1,600,425.90 | 1,599,664.00 | (761.90) | 0.00 | 1,144.00 | 1,144.00 | 2.91 |
| FEDERAL FARM CREDIT BANK 0.78% 28/08/2017 | | | | 0.00 | (86.33) | (1,024.00) | | | | | |
| 3133EAY28 | 0.830 | 09/21/2017 | 1,645,000.00 | 1,645,000.00 | 1,645,000.00 | 1,644,358.45 | (641.55) | 6,826.75 | 1,251.57 | 379.26 | 2.99 |
| FEDERAL FARM CREDIT BANK 0.83% 21/09/2017 | | | | 0.00 | 0.00 | (1,776.60) | | | | | |
| 3135G0RT2 | 0.875 | 12/20/2017 | 1,850,000.00 | 1,845,264.00 | 1,849,291.91 | 1,847,273.10 | (2,018.81) | 0.00 | 1,483.85 | 4,541.49 | 3.35 |
| FANNIE MAE 0.875% 20/12/2017 | | | | 0.00 | 81.70 | (2,991.45) | | | | | |
| 3134G6PM9 | 1.050 | 12/29/2017 | 1,000,000.00 | 1,000,600.00 | 1,000,162.21 | 999,490.00 | (672.21) | 0.00 | 962.50 | 2,683.33 | 1.82 |
| FREDDIE MAC 1.05% 29/12/2017 CALLABLE | | | | 0.00 | (18.09) | (980.00) | | | | | |
| 3137EADN6 | 0.750 | 01/12/2018 | 1,850,000.00 | 1,833,275.85 | 1,847,001.03 | 1,845,826.40 | (1,174.63) | 0.00 | 1,271.87 | 3,044.79 | 3.33 |
| FREDDIE MAC 0.75% 12/01/2018 #1 | | | | 0.00 | 319.04 | (1,911.05) | | | | | |

# SECURITIES HELD

## As of March 31, 2017

| Cusip/ Description | Coupon | Maturity/ Call date | Par value or shares | Historical cost/ Accrued interest purchased | Amortized cost/ Accretion (amortization) | Fair value/ Change in fair value | Unrealized gain (loss) | Interest received | Interest earned | Total accrued interest | % Port cost |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Government Agencies** | | | | | | | | | | | |
| 3135G0TG8 | 0.875 | 02/08/2018 | 1,500,000.00 | 1,475,430.00 | 1,495,490.13 | 1,497,157.50 | 1,667.37 | 0.00 | 1,203.12 | 1,932.29 | 2.68 |
| FANNIE MAE 0.875% 08/02/2018 | | | | 0.00 | 439.27 | (1,396.50) | | | | | |
| 3135G0VC4 | 1.130 | 02/28/2018 | 2,000,000.00 | 2,001,040.00 | 2,000,349.85 | 1,995,760.00 | (4,589.85) | 0.00 | 2,071.67 | 2,071.67 | 3.63 |
| FANNIE MAE 1.13% 28/02/2018 CALLABLE | | | | 0.00 | (31.80) | (5,960.00) | | | | | |
| 3135G0WJ8 | 0.875 | 05/21/2018 | 1,000,000.00 | 969,505.00 | 992,767.78 | 996,588.00 | 3,820.22 | 0.00 | 802.08 | 3,159.72 | 1.76 |
| FANNIE MAE 0.875% 21/05/2018 | | | | 0.00 | 527.90 | (1,158.00) | | | | | |
| 31331KNA4 | 2.580 | 06/08/2018 | 1,200,000.00 | 1,248,852.00 | 1,220,660.73 | 1,219,512.00 | (1,148.73) | 0.00 | 2,838.00 | 9,718.00 | 2.27 |
| FEDERAL FARM CREDIT BANK 2.58% 08/06/2018 | | | | 0.00 | (1,448.18) | (2,508.00) | | | | | |
| 3135G0YM9 | 1.875 | 09/18/2018 | 2,000,000.00 | 2,036,700.00 | 2,018,941.94 | 2,019,470.00 | 528.06 | 18,750.00 | 3,437.50 | 1,354.17 | 3.70 |
| FANNIE MAE 1.875% 18/09/2018 | | | | 0.00 | (1,076.24) | (2,778.00) | | | | | |
| 3135G0YT4 | 1.625 | 11/27/2018 | 1,000,000.00 | 996,020.00 | 998,668.87 | 1,006,118.00 | 7,449.13 | 0.00 | 1,489.58 | 5,597.22 | 1.81 |
| FANNIE MAE 1.625% 27/11/2018 | | | | 0.00 | 66.89 | (1,127.00) | | | | | |
| 313376BR5 | 1.750 | 12/14/2018 | 2,000,000.00 | 2,043,800.00 | 2,029,947.88 | 2,016,730.00 | (13,217.88) | 0.00 | 3,208.34 | 10,402.78 | 3.71 |
| FEDERAL HOME LOAN BANK 1.75% 14/12/2018 | | | | 0.00 | (1,463.26) | (776.00) | | | | | |
| 3137EADZ9 | 1.125 | 04/15/2019 | 2,000,000.00 | 2,000,040.00 | 2,000,026.78 | 1,990,322.00 | (9,704.78) | 0.00 | 2,062.50 | 10,375.00 | 3.63 |
| FREDDIE MAC 1.125% 15/04/2019 | | | | 0.00 | (1.09) | (2,418.00) | | | | | |
| 3133ECW83 | 2.060 | 08/01/2019 | 1,500,000.00 | 1,526,550.00 | 1,523,186.45 | 1,520,940.00 | (2,246.45) | 0.00 | 2,832.50 | 5,150.00 | 2.77 |
| FEDERAL FARM CREDIT BANK 2.06% 01/08/2019 | | | | 0.00 | (827.10) | (1,050.00) | | | | | |
| 313380FB8 | 1.375 | 09/13/2019 | 1,000,000.00 | 1,016,632.00 | 1,012,693.22 | 996,770.00 | (15,923.22) | 6,875.00 | 1,260.42 | 687.50 | 1.84 |
| FEDERAL HOME LOAN BANK 1.375% 13/09/2019 | | | | 0.00 | (431.25) | (1,189.00) | | | | | |

# SECURITIES HELD

## As of March 31, 2017

| Cusip/ Description | Coupon | Maturity/ Call date | Par value or shares | Historical cost/ Accrued interest purchased | Amortized cost/ Accretion (amortization) | Fair value/ Change in fair value | Unrealized gain (loss) | Interest received | Interest earned | Total accrued interest | % Port cost |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Government Agencies** | | | | | | | | | | | |
| 3130AA2H0 | 1.125 | 11/29/2019 | 1,700,000.00 | 1,684,980.50 | 1,686,675.58 | 1,684,309.00 | (2,366.58) | 0.00 | 1,753.12 | 6,481.25 | 3.06 |
| FEDERAL HOME LOAN BANK 1.125% 29/11/2019 | | | | 0.00 | 416.82 | 221.00 | | | | | |
| 3133ECEY6 | 1.450 | 02/11/2020 | 1,000,000.00 | 999,000.00 | 999,105.81 | 997,670.00 | (1,435.81) | 0.00 | 1,329.17 | 2,013.89 | 1.81 |
| FEDERAL FARM CREDIT BANK 1.45% 11/02/2020 | | | | 0.00 | 26.02 | (140.00) | | | | | |
| 3134G96L6 | 1.300 | 02/25/2020 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 989,030.00 | (10,970.00) | 0.00 | 1,191.67 | 1,300.00 | 1.81 |
| FREDDIE MAC 1.3% 25/02/2020 (CALLABLE 25/05/17) | | 05/25/2017 | | 0.00 | 0.00 | 140.00 | | | | | |
| 3136G3UB9 | 1.200 | 03/30/2020 | 1,300,000.00 | 1,299,025.00 | 1,299,198.02 | 1,277,029.00 | (22,169.02) | 7,800.00 | 1,386.67 | 0.00 | 2.36 |
| FANNIE MAE 1.2% 30/03/2020 CALLABLE | | | | 0.00 | 22.28 | (403.00) | | | | | |
| **Total Government Agencies** | | | **31,560,000.00** | **31,667,225.45** | **31,635,732.84** | **31,560,332.25** | **(75,400.59)** | **40,251.75** | **36,348.10** | **83,314.51** | **57.47** |
| | | | | **0.00** | **(3,965.60)** | **(31,756.85)** | | | | | |
| **Government Bonds** | | | | | | | | | | | |
| 912828TS9 | 0.625 | 09/30/2017 | 2,875,000.00 | 2,860,759.64 | 2,873,390.43 | 2,870,957.75 | (2,432.68) | 8,984.38 | 1,530.31 | 0.00 | 5.19 |
| USA TREASURY 0.625% 30/09/2017 | | | | 0.00 | 272.66 | (2,021.13) | | | | | |
| 912828UA6 | 0.625 | 11/30/2017 | 1,200,000.00 | 1,192,312.50 | 1,197,451.43 | 1,197,187.20 | (264.23) | 0.00 | 638.73 | 2,493.13 | 2.16 |
| USA TREASURY 0.625% 30/11/2017 | | | | 0.00 | 323.80 | (1,125.60) | | | | | |
| 912828UU2 | 0.750 | 03/31/2018 | 1,000,000.00 | 976,018.98 | 994,869.24 | 996,719.00 | 1,849.76 | 3,750.00 | 638.74 | 0.00 | 1.77 |
| USA TREASURY 0.75% 31/03/2018 | | | | 0.00 | 435.76 | (859.00) | | | | | |
| 912828WD8 | 1.250 | 10/31/2018 | 1,700,000.00 | 1,679,818.19 | 1,693,446.29 | 1,701,327.70 | 7,881.41 | 0.00 | 1,819.75 | 8,863.95 | 3.05 |
| USA TREASURY 1.25% 31/10/2018 | | | | 0.00 | 350.89 | (1,594.60) | | | | | |

# TRANSACTION REPORT

## For the period March 1, 2017 - March 31, 2017

| Trade date<br>Settle date | Cusip | Transaction | Sec type | Description | Maturity | Par value or shares | Realized gain(loss) | Principal | Interest | Transaction total |
|---|---|---|---|---|---|---|---|---|---|---|
| 03/01/2017<br>03/01/2017 | 17275RAR3 | Income | Corporate Bonds | CISCO SYSTEMS INC 2.125% | 03/01/2019 | 500,000.00 | 0.00 | 0.00 | 5,312.50 | 5,312.50 |
| 03/12/2017<br>03/12/2017 | 24422ESB6 | Income | Corporate Bonds | JOHN DEERE CAPITAL CORP | 03/12/2018 | 1,000,000.00 | 0.00 | 0.00 | 6,500.00 | 6,500.00 |
| 03/13/2017<br>03/13/2017 | 313380FB8 | Income | Government Agencies | FEDERAL HOME LOAN BANK | 09/13/2019 | 1,000,000.00 | 0.00 | 0.00 | 6,875.00 | 6,875.00 |
| 03/13/2017<br>03/15/2017 | 713448DJ4 | Bought | Corporate Bonds | PEPSICO INC 1.35% 04/10/2019 | 10/04/2019 | 900,000.00 | 0.00 | (890,739.00) | (5,366.25) | (896,105.25) |
| 03/15/2017<br>03/15/2017 | 24422ERN1 | Income | Corporate Bonds | JOHN DEERE CAPITAL CORP | 03/15/2017 | 800,000.00 | 0.00 | 0.00 | 5,600.00 | 5,600.00 |
| 03/15/2017<br>03/15/2017 | 24422ERN1 | Capital Change | Corporate Bonds | JOHN DEERE CAPITAL CORP | 03/15/2017 | (800,000.00) | 0.00 | 800,000.00 | 0.00 | 800,000.00 |
| 03/18/2017<br>03/18/2017 | 3135G0YM9 | Income | Government Agencies | FANNIE MAE 1.875% | 09/18/2018 | 2,000,000.00 | 0.00 | 0.00 | 18,750.00 | 18,750.00 |
| 03/21/2017<br>03/21/2017 | 3133EAY28 | Income | Government Agencies | FEDERAL FARM CREDIT BANK | 09/21/2017 | 1,645,000.00 | 0.00 | 0.00 | 6,826.75 | 6,826.75 |
| 03/22/2017<br>03/22/2017 | 0258M0DR7 | Income | Corporate Bonds | AMERICAN EXPRESS CREDIT | 09/22/2017 | 740,000.00 | 0.00 | 0.00 | 5,735.00 | 5,735.00 |
| 03/30/2017<br>03/30/2017 | 3136G3UB9 | Income | Government Agencies | FANNIE MAE 1.2% 30/03/2020 | 03/30/2020 | 1,300,000.00 | 0.00 | 0.00 | 7,800.00 | 7,800.00 |
| 03/31/2017<br>03/31/2017 | 912828TS9 | Income | Government Bonds | USA TREASURY 0.625% | 09/30/2017 | 2,875,000.00 | 0.00 | 0.00 | 8,984.38 | 8,984.38 |
| 03/31/2017<br>03/31/2017 | 912828UU2 | Income | Government Bonds | USA TREASURY 0.75% | 03/31/2018 | 1,000,000.00 | 0.00 | 0.00 | 3,750.00 | 3,750.00 |
| 03/31/2017 | | Income | Cash and Cash Equivalents | Cash | | 0.00 | 0.00 | 0.00 | 57.53 | 57.53 |

CHANDLER ASSET MANAGEMENT

# BOND MARKET REVIEW

A Monthly Review of Fixed Income Markets

APRIL 2017

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- Current Yields

Economic Round-Up . . . . . 2
- Credit Spreads
- Economic Indicators

Since 1988, Chandler Asset Management has specialized in the management of fixed income portfolios. Chandler's mission is to provide fully customizable, client-centered portfolio management that preserves principal, manages risk and generates income in our clients' portfolios.

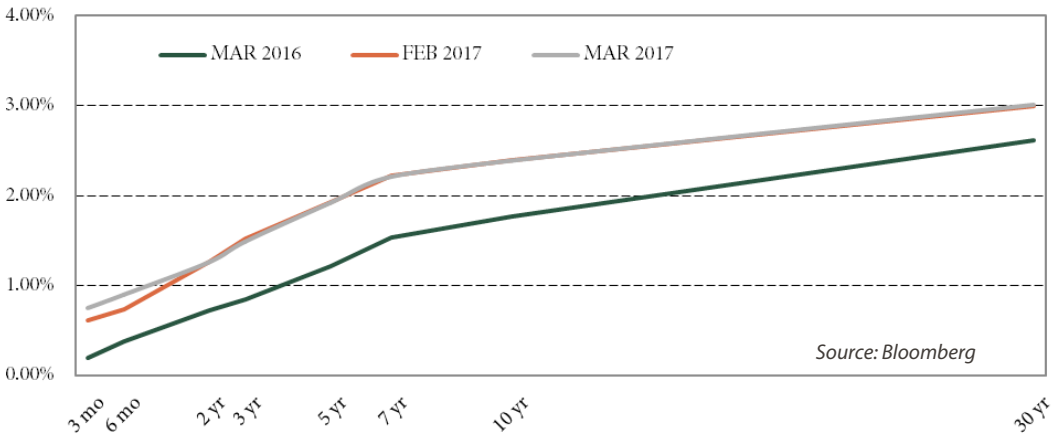
## Market Summary

The Federal Open Market Committee (FOMC) raised the fed funds target rate by 25 basis points to a range of 0.75%-1.00% in March. There was one dissenting vote from Minneapolis Fed President Neel Kashkari who preferred no rate hike. The Fed noted that economic activity has expanded at a moderate pace, labor market gains remain solid, and inflation is moving close to the Fed's 2.0% target. The Fed is still projecting a 1.4% fed funds rate by the end of this year, which implies two more 25 basis point hikes. The long-run fed funds rate projection was also unchanged at 3.0%. The FOMC did not make any decisions about their balance sheet reinvestment plans and will continue that discussion during future meetings.

Domestic economic data remains indicative of slow growth. The economy is likely at or near full employment, consumer confidence is strong, manufacturing indicators have improved, and housing trends remain favorable. Looking further ahead, a potential boost in fiscal stimulus could provide a further tailwind to economic growth. GDP grew by 2.1% in the fourth quarter. We expect GDP growth of 2.0%-2.5% in 2017.

The Treasury yield curve continued to flatten modestly in March. Very short-term Treasury yields (under 2-year maturities) increased while rates across the rest of Treasury yield curve were essentially unchanged. Meanwhile sovereign yields in Germany increased in March, and yields in Japan were little changed.

### The Treasury Yield Curve Flattened in Recent Months:




On a year-over-year basis the 2-year Treasury yield has increased 53 basis points and 10-year Treasury yield is up about 62 basis points. At the end of 2016, following the election, US Treasury yields increased meaningfully driven by heightened expectations for fiscal stimulus and growth under the Trump administration and Republican-controlled Congress. However, in recent months, the Treasury yield curve has flattened as some of the post-election exuberance regarding fiscal spending, tax reform, and healthcare reform has started to wane. The Treasury yield curve has also been influenced by movements in global sovereign bond yields as well as Federal Reserve policy tightening. The Fed has raised the fed funds rate by 25 basis points twice in the past 4 months.

| TREASURY YIELDS | Trend (▲/▼) | 3/31/2017 | 2/28/2017 | Change |
|---|---|---|---|---|
| 3-Month | ▲ | 0.75 | 0.61 | 0.14 |
| 2-Year | - | 1.26 | 1.26 | 0.00 |
| 3-Year | ▼ | 1.49 | 1.52 | (0.03) |
| 5-Year | ▼ | 1.92 | 1.93 | (0.01) |
| 7-Year | ▼ | 2.21 | 2.22 | (0.01) |
| 10-Year | - | 2.39 | 2.39 | 0.00 |
| 30-Year | ▲ | 3.01 | 3.00 | 0.01 |

*Source: Bloomberg*

## Market Data

*World Indices*
*data as of 3/31/2017*

| | Diff (2/28/17) | % Change |
|---|---|---|
| S&P 500 | | |
| **2,362.72** | (0.92) | (0.04%) |
| NASDAQ | | |
| **5,911.74** | 86.30 | 1.48% |
| DOW JONES | | |
| **20,663.22** | (149.02) | (0.72%) |
| FTSE (UK) | | |
| **7,322.92** | 59.48 | 0.82% |
| DAX (Germany) | | |
| **12,312.87** | 478.46 | 4.04% |
| Hang Seng (Hong Kong) | | |
| **24,111.59** | 370.86 | 1.56% |
| Nikkei (Japan) | | |
| **18,909.26** | (209.73) | (1.10%) |

*Source: Bloomberg*

# Economic Roundup

### Consumer Prices

The Consumer Price Index (CPI) was up 2.7% year-over-year in February, versus up 2.5% year-over-year in January. Core CPI (CPI less food and energy) was up 2.2% year-over-year in February, versus up 2.3% year-over-year in January. The Personal Consumption Expenditures (PCE) index was up 2.1% year-over-year in February, versus up 1.9% year-over-year in January. Core PCE (excluding food and energy) was up 1.8% year-over-year in February, versus up 1.7% year-over-year in January. CPI is already trending above 2.0%, and the Fed's primary inflation gauge (PCE) is approaching the Fed's 2.0% target.

### Retail Sales

On a year-over-year basis, total retail sales were up 5.7% in February compared with a 6.0% increase in January. On a month-over-month basis, retail sales were up 0.1% in February, following a 0.6% increase in January. Excluding autos and gas, retail sales increased 0.2% in February, following a 1.2% gain in January. On average, retail sales trends were solid in the first two months of the year.

### Labor Market

Nonfarm payrolls were significantly lower than expected in March, up 98,000 versus the consensus forecast of 175,000. January and February payrolls were revised down by 38,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 178,000 and 163,000 per month, respectively. The unemployment rate fell to 4.5% in March from 4.7% in February. The participation rate was unchanged at 63.0%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, decreased to 8.9% in March from 9.2% in February. Wage growth rose 0.2% in March, versus expectations for a 0.3% increase. This follows an upwardly revised gain of 0.3% in February (previously 0.2%). On a year-over-year basis, wages were up 2.7% in March, vs. 2.8% in February.

### Housing Starts

Total housing starts rose 3.0% in February, following a 1.9% decrease in January. Single-family starts rose 6.5% in February, but multi-family starts declined 3.7%. On a year-over-year basis, total housing starts were up 6.2% in February.

### Credit Spreads Widened Slightly in March

| CREDIT SPREADS | Spread to Treasuries (%) | One Month Ago (%) | Change |
|---|---|---|---|
| 3-month top rated commercial paper | 0.21 | 0.23 | (0.02) |
| 2-year A corporate note | 0.59 | 0.49 | 0.10 |
| 5-year A corporate note | 0.69 | 0.61 | 0.08 |
| 5-year Agency note | 0.10 | 0.06 | 0.04 |

*Source: Bloomberg*

Data as of 3/31/2017

### Economic Data Points to Continued Slow Growth

| ECONOMIC INDICATOR | Current Release | Prior Release | One Year Ago |
|---|---|---|---|
| Trade Balance | (43.6) $Bln FEB 17 | (48.2) $Bln JAN 17 | (45.6) $Bln FEB 16 |
| GDP | 2.1% DEC 16 | 3.5% SEP 16 | 0.9% DEC 15 |
| Unemployment Rate | 4.5% MAR 17 | 4.7% FEB 17 | 5.0% MAR 16 |
| Prime Rate | 4.00% MAR 17 | 3.75% FEB 17 | 3.5% MAR 16 |
| CRB Index | 185.88 MAR 17 | 190.62 FEB 17 | 170.52 MAR 16 |
| Oil (West Texas Int.) | $50.60 MAR 17 | $54.01 FEB 17 | $38.34 MAR 16 |
| Consumer Price Index (y/o/y) | 2.7% FEB 17 | 2.5% JAN 17 | 1.0% FEB 16 |
| Producer Price Index (y/o/y) | 3.7% FEB 17 | 3.0% JAN 17 | (2.0%) FEB 16 |
| Dollar/Euro | 1.07 MAR 17 | 1.06 FEB 17 | 1.14 MAR 16 |

*Source: Bloomberg*

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