



Report to City Council

TO: Mayor and City Council

FROM: Marshall Eyerman, Chief Financial Officer

AGENDA DATE: May 15, 2018

TITLE: RECEIPT OF QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2018

RECOMMENDED ACTION

Recommendation:

1. Receive and file the Quarterly Investment Report for quarter ended March 31, 2018, 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, 2018. 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 last reviewed by the City Council on May 2, 2017, and is being presented for review again this evening. The policy 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, 2018. 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 measures for the month.

	Portfolio, Balance	Avg. Yield to Maturity Trends		
		Mar 2018	Feb 2018	Mar 2017
Chandler	\$85,446,356	1.82%	1.80%	1.59%
Insight	\$55,785,899	1.57%	1.55%	1.17%
LAIF	\$52,074,331	1.524%	1.412 %	0.821%

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.

The Quarterly Investment Report was reviewed by the Finance Subcommittee at their meeting on April 24, 2018.

ALTERNATIVES

1. Receive and file the Quarterly Investment Report for March 31, 2018. **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

At their March meeting the Federal Open Market Committee raised the fed funds rate as expected. Based on the comments from that meeting, the markets continue to expect two more rate hikes during the coming year. The yield curve continues to flatten which means that short-term rates have grown at a higher rate than longer-term rates resulting in a narrowing of the yield spread.

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

Revenue Diversification and Preservation. Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

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. 03-2018 Investment Report
2. CAM-Newsletter-April-2018

APPROVALS

Budget Officer Approval	<u>✓ Approved</u>	4/20/18 11:11 AM
City Attorney Approval	<u>✓ Approved</u>	4/20/18 11:15 AM
City Manager Approval	<u>✓ Approved</u>	4/23/18 5:34 PM

RESULT: **APPROVED BY CONSENT VOTE [UNANIMOUS]**

MOVER: Victoria Baca, Mayor Pro Tem

SECONDER: David Marquez, Council Member

AYES: Gutierrez, Baca, Marquez, Cabrera, Giba

CITY OF MORENO VALLEY

Treasurer's Cash and Investments Report

March 2018

General Portfolio	Cost Value	Market Value	Par Value	Average Maturity (in years)	Average Yield to Maturity	Average Duration (in years)
Bank Accounts	2,109,719	2,109,719	2,109,719			
State of California LAIF Pool	52,074,331	51,946,124	52,074,331	0.52	1.52%	
Investments-Chandler	85,137,883	83,842,923	85,446,356	2.59	1.82%	2.38
Investments-Insight	55,826,716	55,236,143	55,785,899	1.41	1.57%	1.35
Total General Portfolio	195,148,649	193,134,909	195,416,305			

Bond Proceeds with Fiscal Agents	Market Value
Construction Funds	693,246
Principal & Interest Accounts	1,326,273
Debt Service Reserve Funds	2,115,508
Custody Accounts	125,688
Arbitrage Rebate Accounts	4,465
Other Accounts	18,290
Total Bond Proceeds	4,283,470

Deferred Compensation Funds	Market Value as of March 31, 2018
Nationwide	14,250,699
ICMA	5,740,350
Total Deferred Compensation Funds	19,991,049

Total Investment Portfolio	217,409,428
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- 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.
- 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.
- The market value for LAIF is provided by the State Treasurer.
- The market values for investments held by fiscal agents and the deferred compensation plans are provided by each respective trustee or fiscal agent.
- 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

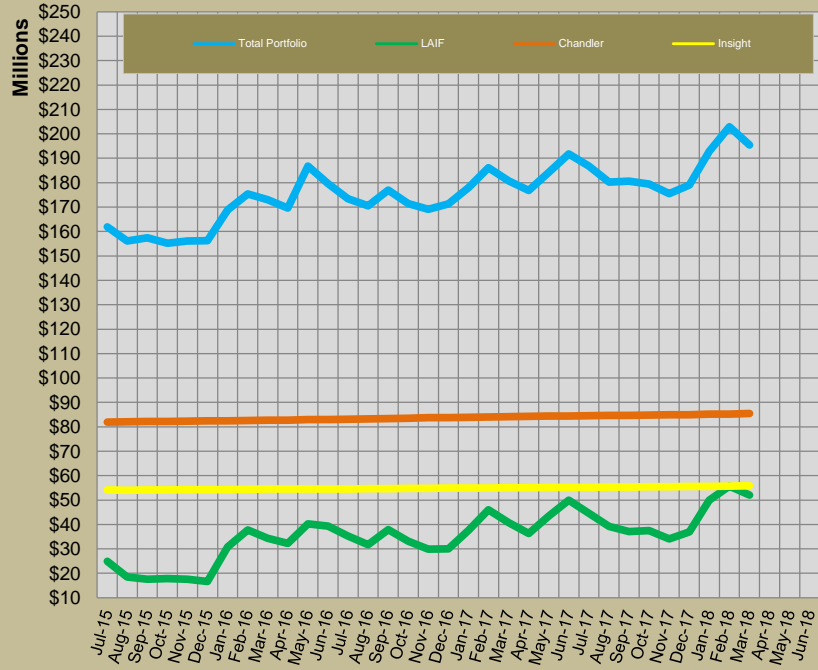
Period	Total General Portfolio (1)	Local Agency Investment Fund (LAIF)		Chandler				Insight			
	Asset Balance (par)	Balance	Yield	Asset Balance (par)	Weighted Avg YTM (2)	Rate of Return (3)		Asset Balance (par)	Weighted Avg YTM (2)	Rate of Return (3)	
						Investment Portfolio (4)	Benchmark 1-5 Gov(5)			Investment Portfolio (4)	Benchmark 3 Treas(5)
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	176,886,824	36,353,121	0.884%	84,254,557	1.58%	0.57%	0.38%	55,069,278	1.18%	0.38%	0.35%
May-17	184,129,362	43,453,119	0.925%	84,366,558	1.61%	0.95%	0.75%	55,139,856	1.21%	0.52%	0.57%
Jun-17	191,761,138	49,953,121	0.978%	84,433,672	1.63%	0.08%	-0.30%	55,188,911	1.24%	0.54%	0.83%
Jul-17	186,724,734	44,548,019	1.051%	84,553,984	1.64%	0.33%	0.00%	55,200,136	1.24%	0.74%	0.89%
Aug-17	180,293,288	39,248,019	1.084%	84,648,884	1.65%	0.86%	0.61%	55,293,843	1.27%	0.79%	0.95%
Sep-17	180,597,317	37,148,019	1.111%	84,681,990	1.68%	0.52%	0.15%	55,327,685	1.38%	0.90%	1.00%
Oct-17	179,411,035	37,462,434	1.143%	84,785,780	1.68%	0.62%	0.26%	55,413,748	1.35%	1.01%	1.06%
Nov-17	175,469,499	34,062,434	1.172%	84,916,378	1.69%	1.16%	0.88%	55,471,666	1.38%	1.12%	1.13%
Dec-17	179,112,928	36,962,434	1.239%	85,008,412	1.73%	1.14%	0.86%	55,541,162	1.44%	0.82%	0.42%
Jan-18	192,795,926	49,974,332	1.350%	85,144,970	1.78%	0.47%	0.12%	55,563,293	1.48%	-0.13%	0.93%
Feb-18	202,940,569	55,774,331	1.412%	85,263,827	1.80%	0.08%	-0.23%	55,682,887	1.55%	-0.19%	-0.13%
Mar-18	195,416,305	52,074,331	1.524%	85,446,356	1.82%	0.22%	0.00%	55,785,899	1.57%	-0.01%	0.03%
Apr-18											
May-18											
Jun-18											

Notes:

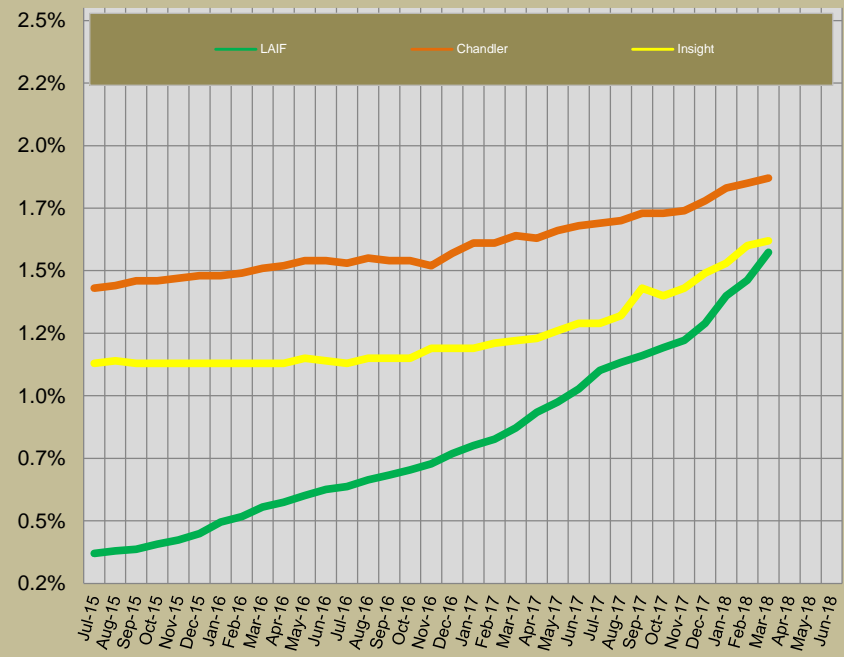
- (1) Total General Portfolio includes all assets that comprise the City's Investment Portfolio which is LAIF as well as assets managed by Chandler and Cutwater.
- (2) Yield to Maturity (YTM): The rate of return on an investment or security if it were to be held until maturity. This yield does not reflect 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 during 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

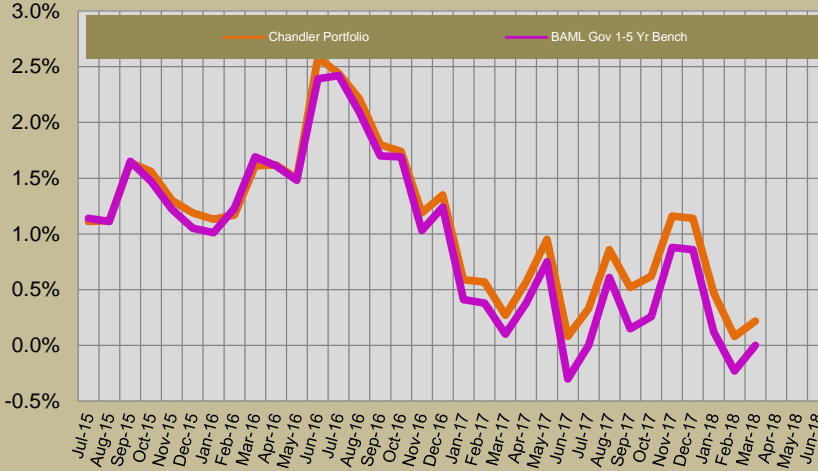
Portfolio Balances Trend



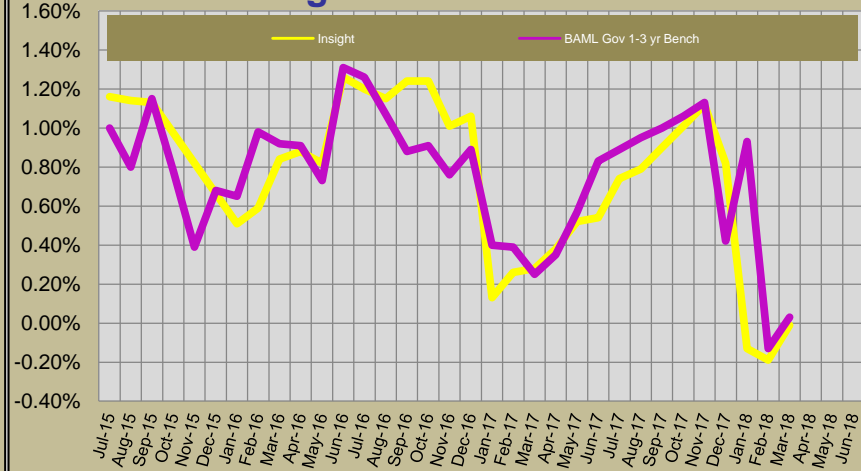
Avg Yield to Maturity Trend



Chandler Rate of Return



Insight Rate of Return



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 comprised of idle cash balances related to funds that generally expect to expend cash with the next 24 to 60 months. (Example: Reserve Funds, Facility & Equip Replacement, Endowments etc.)

FUNDS WITH FISCAL AGENTS

Account Name	Account Number	Investment	Issuer	Value Date	Market Value	Stated Rate	Yield	Price	% of Portfolio
Wells Fargo CFD # 5									
Series B Revenue	22333500	cash	cash	03/31/18	0	0.00%	0.00%	1.00000	0.000%
Series B Revenue	22333500	money mkt fund	WF Government Fund	03/31/18	31,363	1.50%	0.91%	1.00000	0.732%
Series A Principal	22333501	money mkt fund	WF Government Fund	03/31/18	533	1.50%	0.91%	1.00000	0.012%
Series A reserve	22333502	money mkt fund	WF Government Fund	03/31/18	4	1.50%	0.91%	1.00000	0.000%
Series B reserve	22333503	money mkt fund	WF Government Fund	03/31/18	547,094	1.50%	0.91%	1.00000	12.772%
Series B admin fund	22333504	money mkt fund	WF Government Fund	03/31/18	1	1.50%	0.91%	1.00000	0.000%
Series B interest	22333507	money mkt fund	WF Govt Fund	03/31/18	150,419	1.50%	1.50%	1.00000	3.512%
					729,414				
Wells Fargo Community Facilities District 87-1 (IA-1)									
special tax funds	22631800	money market fund	WF Government Fund	03/31/18	707,057	1.50%	0.91%	1.00000	16.507%
interest acct	22631801	money market fund	WF Government Fund	03/31/18	6,315	1.50%	0.91%	1.00000	0.147%
reserve fund	22631802	money market fund	WF Government Fund	03/31/18	195	1.50%	0.91%	1.00000	0.005%
reserve fund	22631804	money market fund	WF Government Fund	03/31/18	1,032,344	1.50%	0.91%	1.00000	24.101%
admin exp acct	22631805	money market fund	WF Government Fund	03/31/18	1	1.50%	0.91%	1.00000	0.000%
debt service acct	22631809	money market fund	WF Government Fund	03/31/18	24,744	1.50%	0.91%	1.00000	0.578%
debt service acct	22631809	US Treasury Note	US Treasury	03/31/18	509,408	1.00%	1.00%	1.00000	11.892%
special tax funds	22631900	money market fund	WF Government Fund	03/31/18	127,112	1.50%	0.91%	1.00000	2.968%
interest acct	22631901	money market fund	WF Government Fund	03/31/18	45,836	1.50%	0.91%	1.00000	1.070%
principal fund	22631902	money market fund	WF Government Fund	03/31/18	43	1.50%	0.91%	1.00000	0.001%
reserve fund	22631904	money market fund	WF Government Fund	03/31/18	365,351	1.50%	0.91%	1.00000	8.529%
admin exp acct	22631905	money market fund	WF Government Fund	03/31/18	18,285	1.50%	0.91%	1.00000	0.427%
surplus acct	22631907	money market fund	WF Government Fund	03/31/18	4,465	1.50%	0.91%	1.00000	0.104%
					2,841,156				
Wells Fargo 2013 Total Road Improvement COPs									
revenue fund	46612400	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
interest fund	46612401	money mkt fund	WF Government Fund	03/31/18	199	1.50%	0.91%	1.00000	0.005%
principal fund	46612402	money mkt fund	WF Government Fund	03/31/18	70	1.50%	0.91%	1.00000	0.002%
reserve fund	46612403	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
admin fund	46612404	money mkt fund	WF Government Fund	03/31/18	748	1.50%	0.91%	1.00000	0.017%
surplus fund	46612405	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
					1,017				
Wells Fargo 2013 Partial Refunding of the 2005 Lease Revenue Bonds									
revenue fund	48360700	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
interest fund	48360701	money mkt fund	WF Government Fund	03/31/18	32	1.50%	0.91%	1.00000	0.001%
principal fund	48360702	money mkt fund	WF Government Fund	03/31/18	187	1.50%	0.91%	1.00000	0.004%
					219				
Wells Fargo Community Facilities District 7 Improvement Area 1									
special tax fund	77025300	money mkt fund	WF Government Fund	03/31/18	94,325	1.50%	0.91%	1.00000	2.202%
bond fund	77025301	money mkt fund	WF Government Fund	03/31/18	261,814	1.50%	0.91%	1.00000	6.112%
reserve fund	77025302	money mkt fund	WF Government Fund	03/31/18	170,520	1.50%	0.91%	1.00000	3.981%
admin exp acct	77025305	money mkt fund	WF Government Fund	03/31/18	3	1.50%	0.91%	1.00000	0.000%
					526,662				
Wells Fargo 2016 Taxable Refunding Lease Revenue Bonds (Electric Utility)									
revenue fund	77157100	money mkt fund	WF Government Fund	03/31/18	974	1.50%	0.91%	1.00000	0.023%
interest fund	77157101	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
principal fund	77157102	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
reserve fund	77157103	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
capitalized interest fu	77157104	money mkt fund	WF Government Fund	03/31/18	181,624	1.50%	0.91%	1.00000	4.240%
					182,598				
Wells Fargo 2014 Partial Refunding of the 2005 Lease Revenue Bonds									
revenue fund	83478300	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
interest fund	83478301	money mkt fund	WF Government Fund	03/31/18	97	1.50%	0.91%	1.00000	0.002%
principal fund	83478302	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
					97				
Wells Fargo 2015 Taxable Lease Revenue Bonds (Electric Utility)									
revenue fund	84457000	money mkt fund	WF Government Fund	03/31/18	93	1.50%	0.91%	1.00000	0.002%
interest fund	84457001	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
principal fund	84457002	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
reserve fund	84457005	money mkt fund	WF Government Fund	03/31/18	0	1.50%	0.91%	1.00000	0.000%
construction fund	84457006	money mkt fund	WF Government Fund	03/31/18	223	1.50%	0.91%	1.00000	0.005%
construction fund	84457006	Government Pool	Local Agency Investment Fund	03/31/18	1,991	0.01%	0.01%	1.00000	0.046%
					2,307				
Totals					4,283,470	100.000%			

Type	Summary of Bond Proceeds with Fiscal Agents
1	Construction Funds 693,246
2	Principal & Interest Accounts 1,326,273
3	Debt Service Reserve Funds 2,115,508
4	Custody Accounts 125,688
5	Arbitrage Rebate Accounts 4,465
6	Other Accounts 18,290
Total Fiscal Agent Funds 4,283,470	

DEFERRED COMPENSATION FUNDS

Nationwide

Fund	Market Value as of March 31, 2018	Fund	Market Value as of March 31, 2018	Fund	Market Value as of March 31, 2018
Liquid Savings	\$1,354,284	Nationwide US Sm Cap Val Ins Svc	53,076	Federated Kaufmann Fund	147,731
Nationwide Fixed (Part Time Employee)	519,629	American Century Balanced	50	Putnam Growth Opportunity A	50
Liquid Savings (Part Time Employees)	257,973	Am Century Growth	115,388	Nationwide InvDes Mod Cons Fund SC	82,502
Certificates of Deposit 3 years	50,687	Am Century Select	217,335	Nationwide InvDes Mod Aggr Fund	989,080
Certificates of Deposit 5 years	186,856	JP Morgan Mid Cap Value A	1,546,938	Nationwide InvDes Aggr Fund	258,466
Invesco Mid Cap Core Equity	34,611	Vanguard Index 500	128,167	Nationwide InvDes Mod Fd	965,133
Bond Fund of America	109,713	Vanguard Institutional Index	879,758	Nationwide Inv Des Cons	188,460
Growth Fund of America	102,172	Vanguard Wellington	28,053	Nationwide Large Cap Growth	60,610
Investment Co. of America	90,962	Vanguard Windsor II	196,231	Nationwide Fund A	32,602
Income Fund of America	357,632	Vanguard Total Bond Index	333,419	Nationwide Dest 2015 Inst Svc	23,439
Brown Cap Mgmt Inc SM Co	185,498	Washington Mutual Inv	143,971	Nationwide Dest 2020 Inst Svc	181,623
Fidelity Independence	3,470	DFA US Micro Cap Port	102,266	Nationwide Dest 2025 Inst Svc	510,587
Fidelity Equity Income	97,540	EuroPacific Growth	354,449	Nationwide Dest 2030 Inst Svc	6,054
Fidelity Magellan	410,687	Stable Fund C	1,558,944	Nationwide Dest 2035 Inst Svc	19,860
Fidelity Puritan	66,038	N B Socially Responsive Fund	60,183	Nationwide Dest 2040 Inst Svc	26,137
Fidelity Contrafund	330,576	Dtsch High Income Fund A	76,395	Nationwide Dest 2045 Inst Svc	35,743
Janus Henderson Research Fund	30,876	Dtsch Eq Divd A	163,911	Nationwide Dest 2050 Inst Svc	3,631
Janus Henderson Forty	31,518	Oppenheimer Global Fund A	539,735	Total Nationwide Deferred	\$14,250,699

ICMA

Fund	Market Value as of March 31, 2018	Fund	Market Value as of March 31, 2018
Aggressive Oppor.	\$126,935	VT Vantagepoint Discovery	75,983
International	50,563	VT Gold Sach Mid Cap Value	0
Global Equity Growth	333,621	VT Contrafund	236,542
Growth and Income	134,229	VT Vantagepoint Overseas Equity Index Fund	188,117
Broad Market	55,981	VT Diversified International	33,810
500 Stock Index	291,597	VT Allianz NFJ Div Value	0
Equity Income	213,284	Vantage Growth Fund	353,366
MS Retirement Income	22,041	VT Puritan	32,159
Core Bond	112,883	VT Vantagepoint Select Value	22,453
Cash Management	18,629	VT TR Price Growth Stock Adv	270,068
Plus Fund	1,466,134	VT Nuveen Real Estate Secs	40,225
Retirement Income Advantage	13,938	VT TR Price Small Cap Value	0
Conservative Growth	80,065	VT Invesco Diversified	5,999
Traditional Growth	16,691	VT Vantagepoint Inflation Focused	117,594
Long-Term Growth	792,290	VT Oppenheimer Main Street	58,941
Western Asset Core Plus Bond	7,624	VT Vantagepoint Mid/Sm Index	152,537
Milestone 2010	19,520	VT PIMCO Total Return	0
Milestone 2020	121,137	VT PIMCO High Yield	26,106
Milestone 2025	11,875	VT Harbor Mid Cap Growth	0
Milestone 2030	5,525	VT MFS Value	90,310
Milestone 2035	13,217	VT AMG TimesSquare Mid Cap Growth Admin	104,552
Milestone 2040	23,809	Total ICMA	\$5,740,350

Summary by Plan

Deferred Compensation Plan	Market Value as of March 31, 2018
Total Nationwide	\$14,250,699
Total ICMA	5,740,350
Total Deferred Compensation Plans	\$19,991,049

Summary by Investment Type

Investment Type	Market Value as of March 31, 2018
Savings Deposits and CD's	\$3,928,373
Mutual Funds	16,062,676
Total Deferred Compensation Plans	\$19,991,049



Monthly Account Statement

City of Moreno Valley

March 1, 2018 through March 31, 2018

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 CHARACTERISTICS

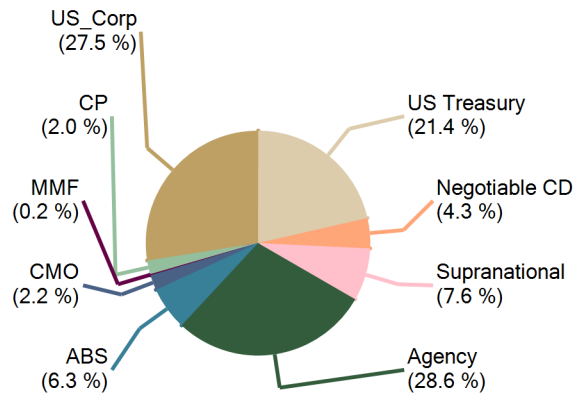
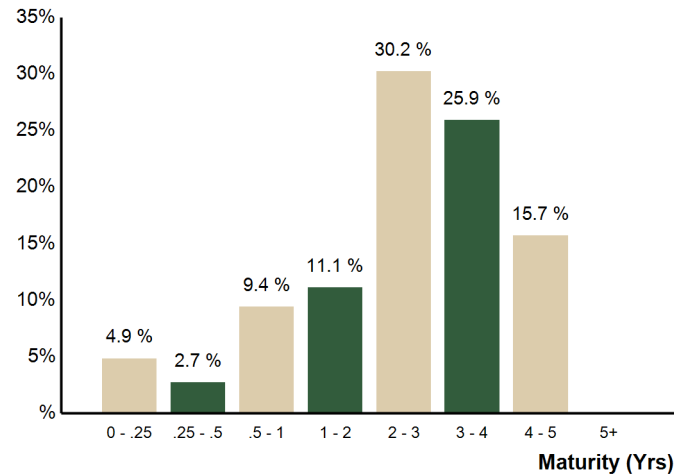
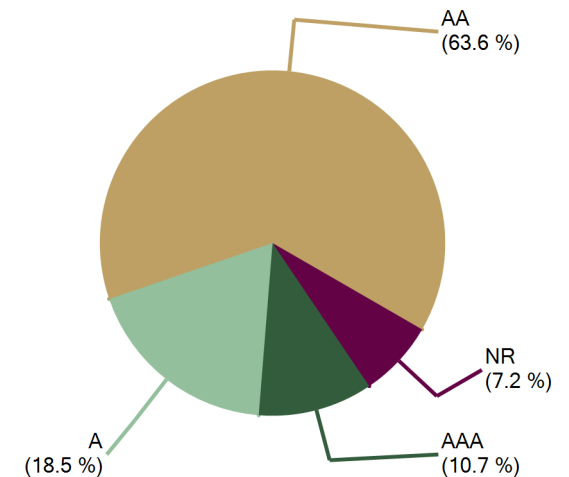
Average Duration	2.38
Average Coupon	1.75 %
Average Purchase YTM	1.82 %
Average Market YTM	2.50 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.59 yrs
Average Life	2.47 yrs

ACCOUNT SUMMARY

	Beg. Values as of 2/28/18	End Values as of 3/31/18
Market Value	83,621,468	83,842,923
Accrued Interest	333,186	317,854
Total Market Value	83,954,653	84,160,777
Income Earned	124,195	128,757
Cont/WD		0
Par	85,263,827	85,446,356
Book Value	85,115,296	85,259,386
Cost Value	84,992,637	85,137,883

TOP ISSUERS

Issuer	% Portfolio
Government of United States	21.4 %
Federal National Mortgage Assoc	18.7 %
Federal Home Loan Mortgage Corp	8.0 %
Inter-American Dev Bank	4.6 %
Federal Home Loan Bank	4.1 %
Toyota ABS	3.3 %
Intl Bank Recon and Development	2.3 %
US Bancorp	2.2 %
Total	64.6 %

SECTOR ALLOCATION

MATURITY DISTRIBUTION

CREDIT QUALITY (S&P)

PERFORMANCE REVIEW

Total Rate of Return As of 3/31/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2010	
					3 Yrs	5 Yrs	10 Yrs		
City of Moreno Valley	0.25 %	-0.42 %	-0.42 %	0.22 %	0.76 %	0.93 %	N/A	1.46 %	12.05 %
ICE BAML 1-5 Yr US Treasury/Agency Index	0.32 %	-0.37 %	-0.37 %	-0.08 %	0.48 %	0.66 %	N/A	1.15 %	9.34 %
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.28 %	-0.43 %	-0.43 %	0.00 %	0.59 %	0.77 %	N/A	1.32 %	10.80 %



Holdings Report

As of 3/31/18

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
43814RAB2	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	264,939.26	10/18/2016 1.05 %	264,931.86 264,936.14	99.80 2.33 %	264,400.11 99.50	0.31 % (536.03)	NR / AAA AAA	1.05 0.16
65478WAB1	Nissan Auto Receivables Owner 2016-C A2A 1.07% Due 5/15/2019	75,891.98	08/02/2016 1.08 %	75,888.99 75,890.77	99.97 1.56 %	75,865.49 36.09	0.09 % (25.28)	Aaa / NR AAA	1.12 0.07
89231LAB3	Toyota Auto Receivables Owner 2016-D 1.06% Due 5/15/2019	162,028.48	10/04/2016 1.07 %	162,015.52 162,022.87	99.83 2.44 %	161,745.90 76.33	0.19 % (276.97)	Aaa / AAA NR	1.12 0.13
43814TAB8	Honda Auto Receivables 2017-1 A2 1.42% Due 7/22/2019	215,531.32	03/21/2017 1.43 %	215,526.17 215,528.42	99.74 2.43 %	214,978.05 85.02	0.26 % (550.37)	Aaa / NR AAA	1.31 0.25
47787XAB3	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	245,274.89	02/22/2017 1.50 %	245,273.91 245,274.31	99.73 2.48 %	244,603.33 163.52	0.29 % (670.98)	Aaa / NR AAA	1.54 0.28
654747AB0	Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020	248,085.25	03/21/2017 1.47 %	248,083.98 248,084.44	99.58 2.61 %	247,036.84 162.08	0.29 % (1,047.60)	Aaa / NR AAA	1.79 0.37
47788MAC4	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	434,220.52	02/23/2016 1.37 %	434,152.17 434,186.69	99.43 2.61 %	431,734.61 262.46	0.51 % (2,452.08)	Aaa / NR AAA	2.04 0.46
89231UAD9	Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020	652,165.27	05/02/2016 1.31 %	652,131.95 652,153.46	99.37 2.50 %	648,084.67 376.81	0.77 % (4,068.79)	Aaa / AAA NR	2.04 0.52
43814QAC2	Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020	351,171.43	05/24/2016 1.40 %	351,164.62 351,167.84	99.41 2.51 %	349,115.67 216.95	0.42 % (2,052.17)	Aaa / NR AAA	2.04 0.52
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	224,119.06	07/11/2017 1.60 %	224,099.58 224,104.58	99.54 2.56 %	223,078.70 158.38	0.27 % (1,025.88)	Aaa / NR AAA	2.04 0.48
89237RAB4	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	915,000.00	07/25/2017 1.59 %	914,991.31 914,993.26	99.40 2.53 %	909,540.20 642.53	1.08 % (5,453.06)	Aaa / AAA NR	2.29 0.63
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	1,055,000.00	01/23/2018 2.12 %	1,054,892.18 1,054,898.73	99.59 2.55 %	1,050,692.44 984.67	1.25 % (4,206.29)	Aaa / AAA NR	2.55 0.94
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	170,000.00	07/11/2017 1.83 %	169,987.56 169,989.62	98.49 2.75 %	167,425.69 137.51	0.20 % (2,563.93)	Aaa / NR AAA	3.55 1.64
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	275,000.00	02/21/2018 2.68 %	274,980.23 274,980.65	99.84 2.75 %	274,563.85 629.90	0.33 % (416.80)	Aaa / NR AAA	4.05 2.08
Total ABS		5,288,427.46	1.63 %	5,288,120.03 5,288,211.78	2.52 %	5,262,865.55 4,031.75	6.26 % (25,346.23)	Aaa / AAA AAA	2.18 0.67
AGENCY									
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	875,000.00	09/04/2014 1.83 %	851,130.00 868,498.50	98.71 2.24 %	863,703.75 1,822.92	1.03 % (4,794.75)	Aaa / AA+ AAA	1.34 1.31
3135G0ZG1	FNMA Note 1.75% Due 9/12/2019	1,700,000.00	10/29/2014 1.70 %	1,703,859.00 1,701,148.15	99.29 2.25 %	1,687,899.40 1,570.14	2.01 % (13,248.75)	Aaa / AA+ AAA	1.45 1.42
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,650,000.00	08/26/2015 1.56 %	1,636,522.80 1,643,998.74	98.05 2.34 %	1,617,843.15 9,453.13	1.93 % (26,155.59)	Aaa / AA+ AAA	2.09 2.03



Holdings Report

As of 3/31/18

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0D75	FNMA Note 1.5% Due 6/22/2020	1,655,000.00	09/29/2015 1.49 %	1,655,893.70 1,655,420.72	98.06 2.40 %	1,622,934.38 6,826.88	1.94 % (32,486.34)	Aaa / AA+ AAA	2.23 2.16
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	400,000.00	11/21/2017 1.96 %	398,963.53 399,087.03	98.53 2.46 %	394,112.80 2,833.33	0.47 % (4,974.23)	Aaa / AA+ AAA	2.64 2.53
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,650,000.00	12/16/2015 1.90 %	1,618,815.00 1,633,218.68	97.63 2.42 %	1,610,812.50 8,318.75	1.92 % (22,406.18)	Aaa / AA+ AAA	2.67 2.58
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,410,000.00	02/17/2016 1.46 %	1,404,303.60 1,406,713.74	97.09 2.43 %	1,369,022.58 2,315.73	1.63 % (37,691.16)	Aaa / AA+ AAA	2.89 2.80
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,675,000.00	Various 1.47 %	1,667,519.85 1,670,510.05	96.97 2.46 %	1,624,227.40 2,239.15	1.93 % (46,282.65)	Aaa / AA+ AAA	2.91 2.82
3135G0K69	FNMA Note 1.25% Due 5/6/2021	1,675,000.00	06/29/2016 1.18 %	1,680,695.00 1,678,636.95	96.38 2.47 %	1,614,281.25 8,433.16	1.93 % (64,355.70)	Aaa / AA+ AAA	3.10 2.99
313379RB7	FHLB Note 1.875% Due 6/11/2021	1,000,000.00	08/30/2017 1.67 %	1,007,540.00 1,006,376.22	98.03 2.52 %	980,313.00 5,729.17	1.17 % (26,063.22)	Aaa / AA+ AAA	3.20 3.06
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,100,000.00	10/04/2016 1.33 %	1,089,836.00 1,092,998.39	95.81 2.46 %	1,053,937.50 2,646.88	1.26 % (39,060.89)	Aaa / AA+ AAA	3.29 3.19
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	1,625,000.00	Various 1.32 %	1,610,283.75 1,614,953.03	95.53 2.52 %	1,552,310.50 2,488.29	1.85 % (62,642.53)	Aaa / AA+ AAA	3.37 3.26
3135G0N82	FNMA Note 1.25% Due 8/17/2021	1,700,000.00	Various 1.32 %	1,694,675.10 1,696,304.36	95.94 2.51 %	1,630,937.50 2,597.22	1.94 % (65,366.86)	Aaa / AA+ AAA	3.38 3.27
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	1,740,000.00	Various 1.75 %	1,710,142.50 1,717,776.42	96.09 2.54 %	1,672,032.12 11,563.75	2.00 % (45,744.30)	Aaa / AA+ AAA	3.52 3.38
3135G0S38	FNMA Note 2% Due 1/5/2022	1,700,000.00	04/25/2017 1.92 %	1,706,205.00 1,704,977.76	97.97 2.57 %	1,665,469.60 8,122.22	1.99 % (39,508.16)	Aaa / AA+ AAA	3.77 3.58
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	450,000.00	01/27/2017 2.03 %	457,185.15 455,493.12	99.29 2.57 %	446,800.50 2,315.63	0.53 % (8,692.62)	Aaa / AA+ AAA	3.79 3.58
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,725,000.00	06/19/2017 1.88 %	1,724,739.53 1,724,781.95	97.38 2.57 %	1,679,718.75 15,812.50	2.01 % (45,063.20)	Aaa / AA+ AAA	4.02 3.80
3135G0T78	FNMA Note 2% Due 10/5/2022	900,000.00	12/12/2017 2.25 %	889,749.00 890,384.95	97.22 2.66 %	874,969.20 8,750.00	1.05 % (15,415.75)	Aaa / AA+ AAA	4.52 4.23
Total Agency		24,630,000.00	1.62 %	24,508,058.51 24,561,278.76	2.46 %	23,961,325.88 103,838.85	28.59 % (599,952.88)	Aaa / AA+ AAA	2.99 2.87
CMO									
3137BDDC7	FHLMC K716 A2 3.13% Due 6/25/2021	475,000.00	09/12/2017 1.92 %	494,482.42 491,673.00	100.80 2.80 %	478,778.63 247.79	0.57 % (12,894.37)	Aaa / AA+ NR	3.24 2.88
3137BM6P6	FHLMC K721 A2 3.09% Due 8/25/2022	1,350,000.00	09/21/2017 2.22 %	1,401,354.00 1,396,001.05	100.69 2.88 %	1,359,301.50 3,476.25	1.62 % (36,699.55)	Aaa / NR NR	4.41 3.89
Total CMO		1,825,000.00	2.14 %	1,895,836.42 1,887,674.05	2.86 %	1,838,080.13 3,724.04	2.19 % (49,593.92)	Aaa / AA+ NR	4.10 3.63



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
COMMERCIAL PAPER									
06538CFD8	Bank of Tokyo Mitsubishi NY Discount CP 2.1% Due 6/13/2018	1,680,000.00	03/13/2018 2.14 %	1,670,984.00 1,672,846.00	99.57 2.14 %	1,672,846.00 0.00	1.99 % 0.00	P-1 / A-1 NR	0.20 0.20
Total Commercial Paper		1,680,000.00	2.14 %	1,670,984.00 1,672,846.00	2.14 %	1,672,846.00 0.00	1.99 % 0.00	P-1 / A-1 NR	0.20 0.20
MONEY MARKET FUND FI									
60934N104	Federated Investors Government Obligations Fund	132,928.07	Various 1.51 %	132,928.07 132,928.07	1.00 1.51 %	132,928.07 0.00	0.16 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		132,928.07	1.51 %	132,928.07 132,928.07	1.51 %	132,928.07 0.00	0.16 % 0.00	Aaa / AAA AAA	0.00 0.00
NEGOTIABLE CD									
96121T3U0	Westpac Banking Corp Yankee CD 1.51% Due 7/20/2018	790,000.00	07/24/2017 1.51 %	789,998.03 789,999.40	100.00 1.51 %	789,999.40 8,416.57	0.95 % 0.00	P-1 / A-1+ F-1+	0.30 0.30
06417GXH6	Bank of Nova Scotia Yankee CD 1.57% Due 8/9/2018	1,480,000.00	08/08/2017 1.57 %	1,480,000.00 1,480,000.00	100.00 1.57 %	1,480,000.00 15,167.94	1.78 % 0.00	P-1 / A-1 NR	0.36 0.36
06371ETT4	Bank of Montreal Chicago Yankee CD 1.76% Due 11/7/2018	1,355,000.00	11/06/2017 1.76 %	1,355,000.00 1,355,000.00	100.00 1.76 %	1,355,000.00 9,605.44	1.62 % 0.00	P-1 / A-1 F-1+	0.61 0.60
Total Negotiable CD		3,625,000.00	1.63 %	3,624,998.03 3,624,999.40	1.63 %	3,624,999.40 33,189.95	4.35 % 0.00	P-1 / A-1 F-1+	0.44 0.44
SUPRANATIONAL									
459058ER0	Intl. Bank Recon & Development Note 1% Due 10/5/2018	1,915,000.00	09/30/2015 1.06 %	1,911,744.50 1,914,443.53	99.50 1.99 %	1,905,425.00 9,362.22	2.28 % (9,018.53)	Aaa / AAA AAA	0.52 0.50
4581X0CX4	Inter-American Dev Bank Note 1.625% Due 5/12/2020	1,400,000.00	04/05/2017 1.70 %	1,396,682.00 1,397,725.14	98.53 2.34 %	1,379,487.20 8,784.03	1.65 % (18,237.94)	Aaa / AAA AAA	2.12 2.05
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	605,000.00	01/18/2018 2.35 %	603,221.30 603,328.41	99.18 2.55 %	600,063.20 2,495.63	0.72 % (3,265.21)	Aaa / AAA NR	2.82 2.70
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	1,675,000.00	01/10/2017 2.15 %	1,672,939.75 1,673,433.94	98.30 2.60 %	1,646,454.65 7,217.62	1.96 % (26,979.29)	Aaa / NR AAA	3.81 3.60
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	850,000.00	03/23/2018 2.79 %	813,178.00 813,290.81	96.16 2.67 %	817,361.70 702.43	0.97 % 4,070.89	NR / NR AAA	4.46 4.24
Total Supranational		6,445,000.00	1.83 %	6,397,765.55 6,402,221.83	2.36 %	6,348,791.75 28,561.93	7.58 % (53,430.08)	Aaa / AAA AAA	2.44 2.33



Holdings Report

As of 3/31/18

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
713448CR7	PepsiCo Inc Note 1.25% Due 4/30/2018	875,000.00	Various 1.26 %	874,650.00 874,990.73	99.91 2.34 %	874,198.50 4,587.68	1.04 % (792.23)	A1 / A+ A	0.08 0.08
037833AJ9	Apple Inc Note 1% Due 5/3/2018	1,400,000.00	05/22/2013 1.25 %	1,383,186.00 1,399,701.25	99.90 2.12 %	1,398,600.00 5,755.56	1.67 % (1,101.25)	Aa1 / AA+ NR	0.09 0.09
74005PBH6	Praxair Note 1.25% Due 11/7/2018	1,035,000.00	01/08/2015 1.68 %	1,018,719.45 1,032,430.62	99.26 2.50 %	1,027,347.21 5,175.00	1.23 % (5,083.41)	A2 / A NR	0.61 0.59
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	545,000.00	12/10/2013 1.99 %	543,839.15 544,837.25	99.73 2.34 %	543,520.87 3,188.25	0.65 % (1,316.38)	A2 / A A	0.70 0.69
36962G7G3	General Electric Capital Corp Note 2.3% Due 1/14/2019	1,750,000.00	01/08/2014 2.32 %	1,748,286.80 1,749,729.79	100.09 2.18 %	1,751,583.75 8,609.02	2.09 % 1,853.96	A2 / A A+	0.79 0.77
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	1,305,000.00	Various 2.07 %	1,308,459.75 1,305,635.00	99.75 2.40 %	1,301,717.93 2,310.94	1.55 % (3,917.07)	A1 / AA- NR	0.92 0.90
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	1,365,000.00	Various 2.18 %	1,366,198.85 1,365,250.47	99.46 2.72 %	1,357,629.00 13,013.00	1.63 % (7,621.47)	A1 / A+ AA-	1.07 1.04
084664CK5	Berkshire Hathaway Note 1.3% Due 8/15/2019	495,000.00	08/08/2016 1.33 %	494,519.85 494,780.31	98.19 2.65 %	486,031.59 822.25	0.58 % (8,748.72)	Aa2 / AA A+	1.38 1.34
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	1,675,000.00	Various 2.29 %	1,675,650.55 1,675,177.52	99.23 2.88 %	1,662,082.40 2,140.28	1.98 % (13,095.12)	A1 / A AA-	1.45 1.33
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	1,050,000.00	01/26/2015 2.17 %	1,048,857.60 1,049,580.76	98.44 3.03 %	1,033,585.35 3,825.21	1.23 % (15,995.41)	A2 / A- A+	1.84 1.77
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	665,000.00	02/05/2015 1.77 %	664,301.75 664,737.77	98.35 2.66 %	654,014.20 1,487.01	0.78 % (10,723.57)	A1 / A+ A+	1.88 1.82
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	980,000.00	06/11/2015 2.49 %	969,146.50 975,296.82	98.34 3.06 %	963,718.28 8,023.76	1.15 % (11,578.54)	A1 / A NR	2.14 2.05
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	425,000.00	10/29/2015 2.02 %	424,660.00 424,823.77	98.34 2.69 %	417,929.28 3,494.44	0.50 % (6,894.49)	Aaa / AAA AA+	2.60 2.41
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	1,050,000.00	02/06/2017 2.16 %	1,054,945.50 1,053,400.96	98.49 2.93 %	1,034,131.35 9,928.33	1.24 % (19,269.61)	A3 / A A	2.60 2.39
78012KKU0	Royal Bank of Canada Note 2.5% Due 1/19/2021	1,050,000.00	12/11/2017 2.37 %	1,053,979.50 1,053,596.65	98.53 3.05 %	1,034,596.50 5,250.00	1.24 % (19,000.15)	A1 / AA- AA	2.81 2.67
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	1,160,000.00	Various 1.97 %	1,173,322.80 1,168,121.80	98.51 2.76 %	1,142,722.96 2,147.94	1.36 % (25,398.84)	Aaa / AA+ NR	2.92 2.80
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	425,000.00	05/24/2017 2.12 %	435,340.25 433,037.40	99.62 2.94 %	423,387.13 892.50	0.50 % (9,650.27)	A2 / A A	2.93 2.78
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	580,000.00	05/16/2016 1.96 %	579,698.40 579,811.05	97.03 2.95 %	562,770.52 4,147.00	0.67 % (17,040.53)	A1 / A AA-	3.14 2.99
594918BP8	Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021	770,000.00	Various 1.57 %	769,085.90 769,386.77	96.02 2.80 %	739,387.11 1,757.10	0.88 % (29,999.66)	Aaa / AAA AA+	3.36 3.23



Holdings Report

As of 3/31/18

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	1,100,000.00	11/29/2016 2.40 %	1,075,371.00 1,082,204.56	96.55 2.96 %	1,062,001.60 928.89	1.26 % (20,202.96)	A1 / AA- A+	3.46 3.31
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	515,000.00	01/19/2017 2.66 %	514,114.20 514,323.76	98.54 3.03 %	507,486.67 2,515.99	0.61 % (6,837.09)	A1 / A+ AA-	3.82 3.58
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	1,170,000.00	07/25/2017 2.45 %	1,169,894.70 1,169,908.94	96.85 3.23 %	1,133,132.13 5,016.38	1.35 % (36,776.81)	A2 / A A+	4.33 4.04
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	1,050,000.00	11/29/2017 2.58 %	1,032,234.00 1,033,468.03	96.04 3.16 %	1,008,369.60 1,475.83	1.20 % (25,098.43)	A1 / A+ A+	4.44 4.17
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	950,000.00	02/09/2018 3.19 %	940,832.50 941,072.27	98.09 3.41 %	931,822.70 5,960.51	1.11 % (9,249.57)	A3 / A- A+	4.80 4.39
Total US Corporate		23,385,000.00	2.12 %	23,319,295.00 23,355,304.25	2.76 %	23,051,766.63 102,452.87	27.51 % (303,537.62)	A1 / A+ A+	2.10 1.99
US TREASURY									
912828UB4	US Treasury Note 1% Due 11/30/2019	385,000.00	03/30/2015 1.38 %	378,474.33 382,672.96	97.96 2.25 %	377,164.48 1,290.38	0.45 % (5,508.48)	Aaa / AA+ AAA	1.67 1.63
912828VF4	US Treasury Note 1.375% Due 5/31/2020	1,750,000.00	07/10/2015 1.62 %	1,730,250.01 1,741,243.14	97.99 2.33 %	1,714,795.25 8,064.90	2.05 % (26,447.89)	Aaa / AA+ AAA	2.17 2.11
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,650,000.00	Various 1.37 %	1,650,064.12 1,650,029.23	97.71 2.36 %	1,612,229.85 1,972.82	1.92 % (37,799.38)	Aaa / AA+ AAA	2.42 2.35
912828N89	US Treasury Note 1.375% Due 1/31/2021	1,600,000.00	03/09/2016 1.40 %	1,598,442.85 1,599,097.25	97.22 2.39 %	1,555,563.20 3,646.41	1.85 % (43,534.05)	Aaa / AA+ AAA	2.84 2.75
912828B90	US Treasury Note 2% Due 2/28/2021	1,650,000.00	Various 1.55 %	1,683,525.06 1,670,676.93	98.89 2.40 %	1,631,630.55 2,869.56	1.94 % (39,046.38)	Aaa / AA+ AAA	2.92 2.81
912828Q37	US Treasury Note 1.25% Due 3/31/2021	1,700,000.00	Various 1.58 %	1,676,910.00 1,683,642.33	96.69 2.40 %	1,643,687.51 58.06	1.95 % (39,954.82)	Aaa / AA+ AAA	3.00 2.92
912828S27	US Treasury Note 1.125% Due 6/30/2021	1,015,000.00	Various 1.91 %	980,766.29 990,445.46	95.93 2.43 %	973,686.46 2,870.46	1.16 % (16,759.00)	Aaa / AA+ AAA	3.25 3.15
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,700,000.00	11/09/2016 1.48 %	1,671,251.79 1,679,417.25	95.53 2.47 %	1,623,964.10 52.25	1.93 % (55,453.15)	Aaa / AA+ AAA	3.50 3.40
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,785,000.00	03/13/2017 2.14 %	1,752,722.58 1,759,530.96	97.24 2.49 %	1,735,773.27 2,716.30	2.07 % (23,757.69)	Aaa / AA+ AAA	3.92 3.75
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,700,000.00	08/15/2017 1.82 %	1,724,111.17 1,721,032.86	98.41 2.52 %	1,672,973.40 9,081.15	2.00 % (48,059.46)	Aaa / AA+ AAA	4.25 4.01
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,750,000.00	10/17/2017 1.99 %	1,730,585.94 1,732,357.69	96.66 2.54 %	1,691,553.50 83.67	2.01 % (40,804.19)	Aaa / AA+ AAA	4.50 4.29



Holdings Report

As of 3/31/18

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,750,000.00	01/25/2018 2.46 %	1,722,792.97 1,723,775.45	98.07 2.56 %	1,716,298.50 9,348.24	2.05 % (7,476.95)	Aaa / AA+ AAA	4.76 4.46
Total US Treasury		18,435,000.00	1.75 %	18,299,897.11 18,333,921.51	2.44 %	17,949,320.07 42,054.20	21.38 % (384,601.44)	Aaa / AA+ AAA	3.39 3.25
TOTAL PORTFOLIO		85,446,355.53	1.82 %	85,137,882.72 85,259,385.65	2.50 %	83,842,923.48 317,853.59	100.00 % (1,416,462.17)	Aa1 / AA AAA	2.59 2.38
TOTAL MARKET VALUE PLUS ACCRUED						84,160,777.07			



Transaction Ledger

2/28/18 Thru 3/31/18

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	03/01/2018	60934N104	26,753.23	Federated Investors Government Obligations Fund	1.000	1.23 %	26,753.23	0.00	26,753.23	0.00
Purchase	03/01/2018	60934N104	286.48	Federated Investors Government Obligations Fund	1.000	1.23 %	286.48	0.00	286.48	0.00
Purchase	03/04/2018	60934N104	5,950.00	Federated Investors Government Obligations Fund	1.000	1.23 %	5,950.00	0.00	5,950.00	0.00
Purchase	03/08/2018	60934N104	11,550.00	Federated Investors Government Obligations Fund	1.000	1.23 %	11,550.00	0.00	11,550.00	0.00
Purchase	03/11/2018	60934N104	19,262.50	Federated Investors Government Obligations Fund	1.000	1.23 %	19,262.50	0.00	19,262.50	0.00
Purchase	03/12/2018	60934N104	14,875.00	Federated Investors Government Obligations Fund	1.000	1.23 %	14,875.00	0.00	14,875.00	0.00
Purchase	03/13/2018	06538CFD8	1,680,000.00	Bank of Tokyo Mitsubishi NY Discount CP 2.1% Due 6/13/2018	99.463	2.14 %	1,670,984.00	0.00	1,670,984.00	0.00
Purchase	03/13/2018	60934N104	1,695,000.00	Federated Investors Government Obligations Fund	1.000	1.23 %	1,695,000.00	0.00	1,695,000.00	0.00
Purchase	03/15/2018	60934N104	10,450.00	Federated Investors Government Obligations Fund	1.000	1.23 %	10,450.00	0.00	10,450.00	0.00
Purchase	03/15/2018	60934N104	30,989.90	Federated Investors Government Obligations Fund	1.000	1.23 %	30,989.90	0.00	30,989.90	0.00
Purchase	03/15/2018	60934N104	30,390.22	Federated Investors Government Obligations Fund	1.000	1.23 %	30,390.22	0.00	30,390.22	0.00
Purchase	03/15/2018	60934N104	21,205.57	Federated Investors Government Obligations Fund	1.000	1.23 %	21,205.57	0.00	21,205.57	0.00
Purchase	03/15/2018	60934N104	257.83	Federated Investors Government Obligations Fund	1.000	1.23 %	257.83	0.00	257.83	0.00
Purchase	03/15/2018	60934N104	40,825.04	Federated Investors Government Obligations Fund	1.000	1.23 %	40,825.04	0.00	40,825.04	0.00
Purchase	03/15/2018	60934N104	35,654.06	Federated Investors Government Obligations Fund	1.000	1.23 %	35,654.06	0.00	35,654.06	0.00
Purchase	03/15/2018	60934N104	25,765.66	Federated Investors Government Obligations Fund	1.000	1.23 %	25,765.66	0.00	25,765.66	0.00
Purchase	03/15/2018	60934N104	33,233.83	Federated Investors Government Obligations Fund	1.000	1.23 %	33,233.83	0.00	33,233.83	0.00
Purchase	03/15/2018	60934N104	47,581.28	Federated Investors Government Obligations Fund	1.000	1.23 %	47,581.28	0.00	47,581.28	0.00
Purchase	03/15/2018	60934N104	54,495.45	Federated Investors Government Obligations Fund	1.000	1.23 %	54,495.45	0.00	54,495.45	0.00
Purchase	03/15/2018	60934N104	1,204.75	Federated Investors Government Obligations Fund	1.000	1.23 %	1,204.75	0.00	1,204.75	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	03/15/2018	60934N104	2,769.38	Federated Investors Government Obligations Fund	1.000	1.23 %	2,769.38	0.00	2,769.38	0.00
Purchase	03/19/2018	60934N104	70,134.76	Federated Investors Government Obligations Fund	1.000	1.23 %	70,134.76	0.00	70,134.76	0.00
Purchase	03/21/2018	60934N104	38,080.83	Federated Investors Government Obligations Fund	1.000	1.23 %	38,080.83	0.00	38,080.83	0.00
Purchase	03/26/2018	60934N104	1,238.96	Federated Investors Government Obligations Fund	1.000	1.23 %	1,238.96	0.00	1,238.96	0.00
Purchase	03/26/2018	60934N104	3,476.25	Federated Investors Government Obligations Fund	1.000	1.23 %	3,476.25	0.00	3,476.25	0.00
Purchase	03/27/2018	4581X0CZ9	850,000.00	Inter-American Dev Bank Note 1.75% Due 9/14/2022	95.668	2.79 %	813,178.00	537.15	813,715.15	0.00
Purchase	03/31/2018	60934N104	35,500.00	Federated Investors Government Obligations Fund	1.000	1.51 %	35,500.00	0.00	35,500.00	0.00
	Subtotal		4,786,930.98				4,741,092.98	537.15	4,741,630.13	0.00
Security Contribution	03/06/2018	60934N104	366.67	Federated Investors Government Obligations Fund	1.000		366.67	0.00	366.67	0.00
	Subtotal		366.67				366.67	0.00	366.67	0.00
TOTAL ACQUISITIONS			4,787,297.65				4,741,459.65	537.15	4,741,996.80	0.00

DISPOSITIONS										
Sale	03/13/2018	60934N104	1,670,984.00	Federated Investors Government Obligations Fund	1.000	1.23 %	1,670,984.00	0.00	1,670,984.00	0.00
Sale	03/27/2018	60934N104	813,715.15	Federated Investors Government Obligations Fund	1.000	1.23 %	813,715.15	0.00	813,715.15	0.00
	Subtotal		2,484,699.15				2,484,699.15	0.00	2,484,699.15	0.00
Paydown	03/15/2018	43814QAC2	30,547.74	Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020	100.000		30,547.74	442.16	30,989.90	0.00
Paydown	03/15/2018	47787XAB3	30,046.07	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	100.000		30,046.07	344.15	30,390.22	0.00
Paydown	03/15/2018	47788BAB0	20,880.94	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	100.000		20,880.94	324.63	21,205.57	0.00
Paydown	03/15/2018	47788BAD6	0.00	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	100.000		0.00	257.83	257.83	0.00
Paydown	03/15/2018	47788MAC4	40,287.26	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	100.000		40,287.26	537.78	40,825.04	0.00



Transaction Ledger

2/28/18 Thru 3/31/18

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Paydown	03/15/2018	47788NAB4	35,621.70	John Deere Owner Trust 2016-B A2 1.09% Due 2/15/2019	100.000		35,621.70	32.36	35,654.06	0.00
Paydown	03/15/2018	654747AB0	25,430.60	Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020	100.000		25,430.60	335.06	25,765.66	0.00
Paydown	03/15/2018	65478WAB1	33,136.61	Nissan Auto Receivables Owner 2016-C A2A 1.07% Due 5/15/2019	100.000		33,136.61	97.22	33,233.83	0.00
Paydown	03/15/2018	89231LAB3	47,396.29	Toyota Auto Receivables Owner 2016-D 1.06% Due 5/15/2019	100.000		47,396.29	184.99	47,581.28	0.00
Paydown	03/15/2018	89231UAD9	53,730.73	Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020	100.000		53,730.73	764.72	54,495.45	0.00
Paydown	03/15/2018	89237RAB4	0.00	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	100.000		0.00	1,204.75	1,204.75	0.00
Paydown	03/15/2018	89238BAB8	0.00	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	100.000		0.00	2,769.38	2,769.38	0.00
Paydown	03/19/2018	43814RAB2	69,844.61	Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019	100.000		69,844.61	290.15	70,134.76	0.00
Paydown	03/21/2018	43814TAB8	37,781.08	Honda Auto Receivables 2017-1 A2 1.42% Due 7/22/2019	100.000		37,781.08	299.75	38,080.83	0.00
Paydown	03/26/2018	3137BDDC7	0.00	FHLMC K716 A2 3.13% Due 6/25/2021	100.000		0.00	1,238.96	1,238.96	0.00
Paydown	03/26/2018	3137BM6P6	0.00	FHLMC K721 A2Due 8/25/2022	100.000		0.00	3,476.25	3,476.25	0.00
		Subtotal	424,703.63				424,703.63	12,600.14	437,303.77	0.00
Maturity	03/13/2018	06538CCD1	1,695,000.00	Bank of Tokyo Mitsubishi NY Discount CP 1.45% Due 3/13/2018	99.497		1,695,000.00	0.00	1,695,000.00	0.00
		Subtotal	1,695,000.00				1,695,000.00	0.00	1,695,000.00	0.00
Security Withdrawal	03/06/2018	60934N104	366.67	Federated Investors Government Obligations Fund	1.000		366.67	0.00	366.67	0.00
		Subtotal	366.67				366.67	0.00	366.67	0.00
TOTAL DISPOSITIONS			4,604,769.45				4,604,769.45	12,600.14	4,617,369.59	0.00
OTHER TRANSACTIONS										
Interest	03/01/2018	17275RAR3	1,305,000.00	Cisco Systems Note 2.125% Due 3/1/2019	0.000		13,865.63	0.00	13,865.63	0.00



Transaction Ledger

2/28/18 Thru 3/31/18

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	03/01/2018	30231GAV4	1,160,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.000		12,887.60	0.00	12,887.60	0.00
Interest	03/04/2018	24422ESL4	425,000.00	John Deere Capital Corp Note 2.8% Due 3/4/2021	0.000		5,950.00	0.00	5,950.00	0.00
Interest	03/08/2018	44932HAC7	1,050,000.00	IBM Credit Corp Note 2.2% Due 9/8/2022	0.000		11,550.00	0.00	11,550.00	0.00
Interest	03/11/2018	06406HCW7	1,675,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.000		19,262.50	0.00	19,262.50	0.00
Interest	03/12/2018	3135G0ZG1	1,700,000.00	FNMA Note 1.75% Due 9/12/2019	0.000		14,875.00	0.00	14,875.00	0.00
Interest	03/15/2018	68389XBK0	1,100,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	0.000		10,450.00	0.00	10,450.00	0.00
Interest	03/31/2018	912828L57	1,750,000.00	US Treasury Note 1.75% Due 9/30/2022	0.000		15,312.50	0.00	15,312.50	0.00
Interest	03/31/2018	912828Q37	1,700,000.00	US Treasury Note 1.25% Due 3/31/2021	0.000		10,625.00	0.00	10,625.00	0.00
Interest	03/31/2018	912828T34	1,700,000.00	US Treasury Note 1.125% Due 9/30/2021	0.000		9,562.50	0.00	9,562.50	0.00
		Subtotal	13,565,000.00				124,340.73	0.00	124,340.73	0.00
Dividend	03/01/2018	60934N104	387,449.47	Federated Investors Government Obligations Fund	0.000		286.48	0.00	286.48	0.00
		Subtotal	387,449.47				286.48	0.00	286.48	0.00
TOTAL OTHER TRANSACTIONS			13,952,449.47				124,627.21	0.00	124,627.21	0.00

Section 3

FOR PROFESSIONAL CLIENTS ONLY
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CITY OF MORENO VALLEY

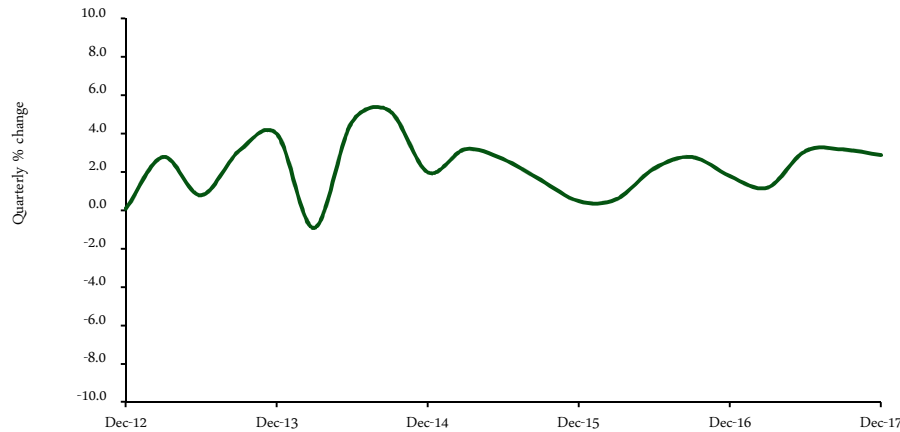
March 2018

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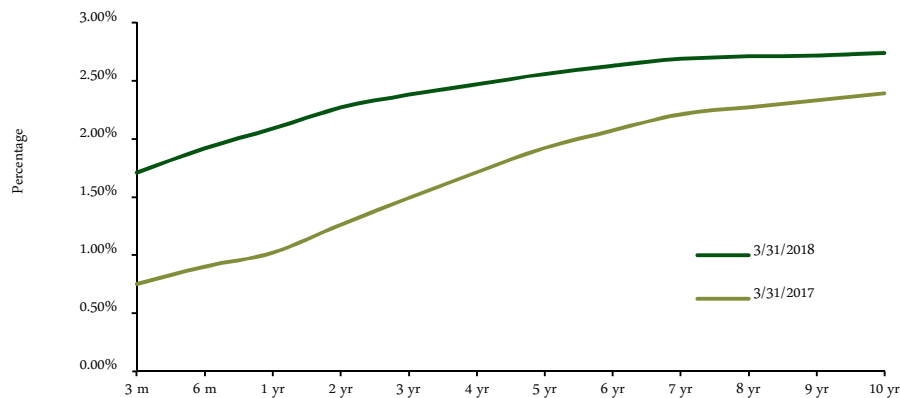
As of March 31, 2018

Chart 1: US Gross Domestic Product: 12/31/2012—12/31/2017



Source: Bloomberg Finance LP, March 31, 2018.

Chart 2: Treasury yield curve: 03/31/2017 and 03/31/2018



Source: Bloomberg Finance LP, March 31, 2018.

Economic Indicators and Monetary Policy

The Federal Open Market Committee (FOMC) met on March 21 and voted unanimously to raise the target range for the fed funds rate by 25 basis points to 1.5% to 1.75%. During the press conference that followed the meeting, Federal Reserve (Fed) Chairman Powell indicated that further gradual increases in the fed funds target rate will support the Committee’s dual objectives of price stability and a strong labor market in the context of continued economic expansion. Forward guidance from the FOMC revealed an increase compared to the December median projections for the fed funds rate at year-end 2019 and 2020 to 2.9% and 3.4% respectively. The projected fed funds rate for year-end 2018 was unchanged from the December FOMC forecast of 2.1%.

After the FOMC meeting, two year Treasury yields fell to end the month at 2.27% after reaching a high of 2.35% the day before the meeting. This decrease in yield was fueled in part by concerns about the economic impact of a potential trade war with China. Equity market volatility also weighed on investor sentiment to close the quarter.

The payroll report was released on March 9 and showed that 313,000 jobs were added in February compared to expectations for 205,000 new jobs. January gains were revised to 239,000 jobs added from 200,000. The February unemployment rate was 4.1% and the underemployment rate was 8.2%, both unchanged from January. Average hourly earnings in February disappointed at 2.6% annual growth compared to expectations of 2.8% and January earnings were revised down to 2.8% from 2.9% growth.

The Institute for Supply Management (ISM) Manufacturing Index was released on March 1 at 60.8 and the Non-Manufacturing Index was released on March 5 at 59.5. Both indices reflect an expanding economic environment. On March 28 the final estimate for fourth quarter GDP showed growth of 2.9% compared to earlier readings of 2.5% and 2.7%. The final revision was driven in part by increases in consumer spending. Personal consumption increased to 4% for the final estimate of fourth quarter GDP. (See Chart 1).

Interest Rate Summary

At the end of March the 3-month US Treasury bill yielded 1.71%, the 6-month US Treasury bill yielded 1.92%, the 2-year US Treasury note yielded 2.27%, the 5-year US Treasury note yielded 2.56% and the 10-year US Treasury note yielded 2.74%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2018 - March 31, 2018

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	55,695,394.32
Income received	82,520.33
Total receipts	82,520.33
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	0.00
Total amortization expense	(8,044.10)
Total OID/MKT accretion income	6,820.68
Return of capital	0.00
Closing balance	55,776,691.23
Ending fair value	55,236,142.92
Unrealized gain (loss)	(540,548.31)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	90.34	0.00	0.00	90.34
Corporate Bonds	25,790.63	(689.44)	0.00	25,101.19
Government Agencies	44,356.80	(1,300.42)	0.00	43,056.38
Government Bonds	10,596.69	766.44	0.00	11,363.13
Total	80,834.46	(1,223.42)	0.00	79,611.04

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.19	0.66	0.13
Overnight Repo	1.16	0.65	0.13
Merrill Lynch 3m US Treas Bill	1.14	0.67	0.14
Merrill Lynch 6m US Treas Bill	1.26	0.75	0.15
ML 1 Year US Treasury Note	1.46	0.87	0.17
ML 2 Year US Treasury Note	1.66	0.98	0.19
ML 5 Year US Treasury Note	2.06	1.14	0.22

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	80,834.46
Accretion (amortization)	(1,223.42)
Realized gain (loss) on sales	0.00
Total income on portfolio	79,611.04
Average daily amortized cost	55,743,078.34
Period return (%)	0.14
YTD return (%)	0.38
Weighted average final maturity in days	508

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2018 - March 31, 2018

<u>Fair Value Basis Activity Summary</u>		
Opening balance		55,134,090.02
Income received	82,520.33	
Total receipts		82,520.33
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		19,532.57
Ending fair value		55,236,142.92

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	90.34	0.00	90.34
Corporate Bonds	25,790.63	(5,367.51)	20,423.12
Government Agencies	44,356.80	19,805.50	64,162.30
Government Bonds	10,596.69	5,094.58	15,691.27
Total	80,834.46	19,532.57	100,367.03

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.19	0.66	0.13
Overnight Repo	1.16	0.65	0.13
ICE ML 3m US Treas Bill	1.11	0.64	0.14
ICE ML 6m US Treas Bill	1.15	0.59	0.14
ICE ML 1 Year US Treasury Note	0.66	0.27	0.17
ICE ML US Treasury 1-3	0.03	(0.38)	0.20
ICE ML US Treasury 1-5	(0.10)	(0.76)	0.32

* rates reflected are cumulative

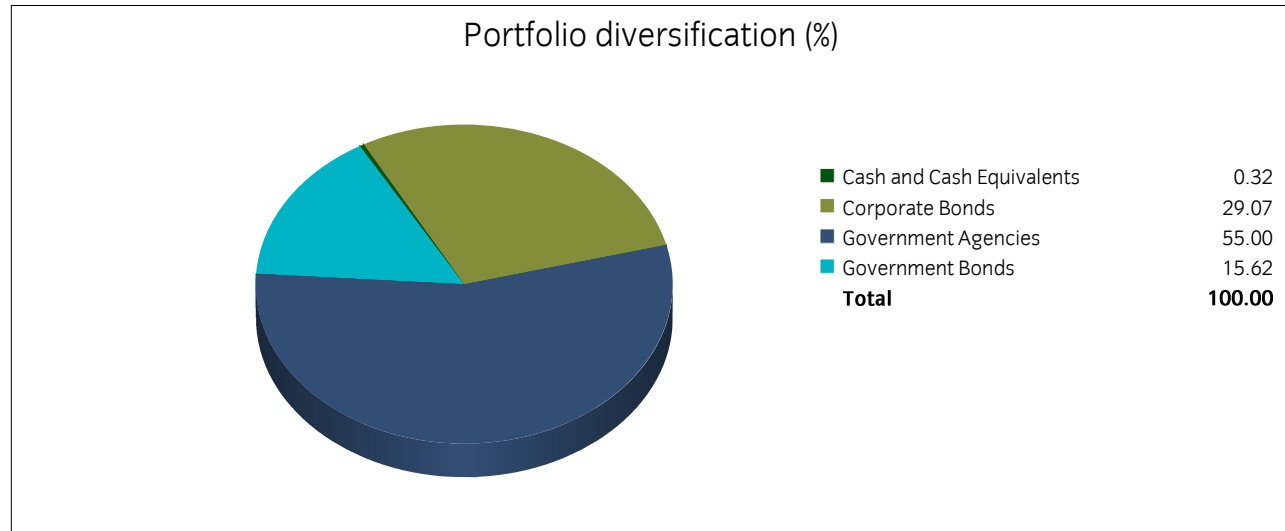
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	80,834.46
Change in fair value	19,532.57
Total income on portfolio	100,367.03
Average daily total value *	55,418,755.29
Period return (%)	0.18
YTD return (%)	(0.01)
Weighted average final maturity in days	508

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of March 31, 2018

	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	175,898.69	175,898.69	175,898.69	0.00	1	0.32	0.00
Corporate Bonds	16,227,799.96	16,208,930.44	16,041,094.90	(167,835.54)	458	29.07	1.22
Government Agencies	30,702,505.30	30,618,979.88	30,314,350.10	(304,629.78)	553	55.00	1.46
Government Bonds	8,720,512.44	8,772,882.22	8,704,799.23	(68,082.99)	452	15.62	1.20
Total	55,826,716.39	55,776,691.23	55,236,142.92	(540,548.31)	508	100.00	1.35

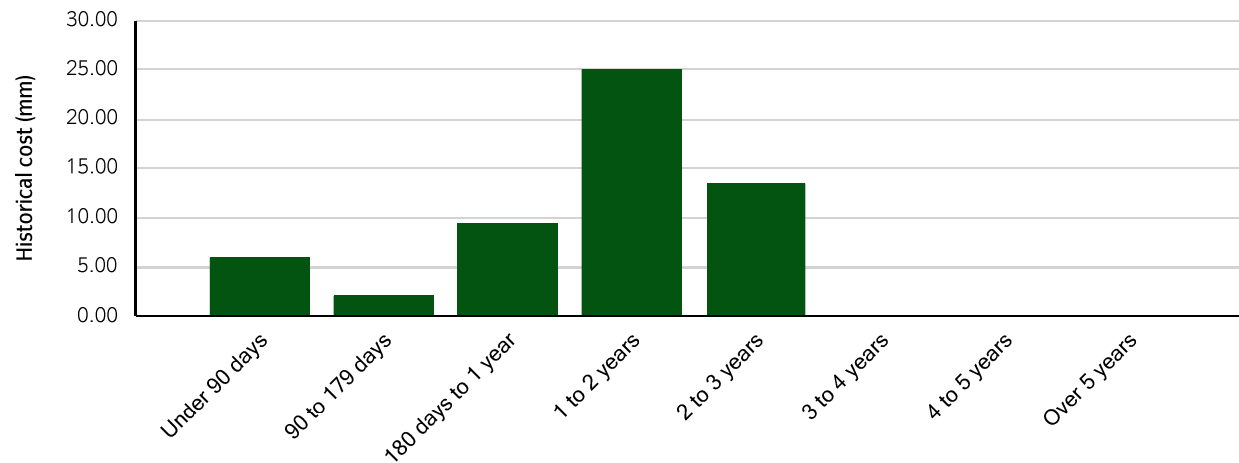


MATURITY DISTRIBUTION OF SECURITIES HELD

As of March 31, 2018

Maturity	Historic cost	Percent
Under 90 days	5,988,340.07	10.73
90 to 179 days	2,036,700.00	3.65
180 days to 1 year	9,305,358.70	16.67
1 to 2 years	25,107,778.57	44.97
2 to 3 years	13,388,539.05	23.98
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	55,826,716.39	100.00

Maturity distribution



SECURITIES HELD

As of March 31, 2018

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		175,898.69	175,898.69 0.00	175,898.69 0.00	175,898.69 0.00	0.00	0.00	0.00	0.00	0.32
Total Cash and Cash Equivalents			175,898.69	175,898.69 0.00	175,898.69 0.00	175,898.69 0.00	0.00	0.00	0.00	0.00	0.32
Corporate Bonds											
191216BA7 COCA-COLA CO/THE 1.15% 01APR2018	1.150	04/01/2018	1,000,000.00	995,110.00 0.00	999,995.57 133.00	1,000,000.00 850.00	4.43	0.00	1,054.17	5,750.00	1.78
931142DF7 WALMART INC 1.125% 11APR2018	1.125	04/11/2018	1,130,000.00	1,128,960.40 0.00	1,129,993.68 17.25	1,129,689.25 828.29	(304.43)	0.00	1,165.32	6,003.13	2.02
037833AJ9 APPLE INC 1% 03MAY2018	1.000	05/03/2018	500,000.00	493,995.00 0.00	499,888.80 101.10	499,500.00 390.00	(388.80)	0.00	458.34	2,055.56	0.88
91159HHE3 US BANCORP 1.95% 15NOV2018 (CALLABLE 15OCT18)	1.950	11/15/2018 10/15/2018	215,000.00	215,455.80 0.00	215,059.83 (7.98)	214,352.85 (205.54)	(706.98)	0.00	384.31	1,583.83	0.39
68389XAQ8 ORACLE CORP 2.375% 15JAN2019	2.375	01/15/2019	1,000,000.00	1,002,870.00 0.00	1,002,377.76 (250.29)	1,000,001.00 1,001.00	(2,376.76)	0.00	2,177.08	5,013.89	1.80
17275RBB7 CISCO SYSTEMS INC 1.6% 28FEB2019	1.600	02/28/2019	700,000.00	702,331.00 0.00	700,707.01 (64.28)	694,932.00 476.00	(5,775.01)	0.00	1,026.67	1,026.67	1.26
17275RAR3 CISCO SYSTEMS INC 2.125% 01MAR2019	2.125	03/01/2019	500,000.00	503,740.00 0.00	500,685.84 (62.16)	498,742.50 257.50	(1,943.34)	5,312.50	973.96	885.42	0.90
89236TDE2 TOYOTA MOTOR CREDIT CORP 1.4% 20MAY2019	1.400	05/20/2019	1,500,000.00	1,504,395.00 0.00	1,501,714.51 (125.45)	1,480,195.50 (835.50)	(21,519.01)	0.00	1,925.00	7,641.67	2.69

SECURITIES HELD

As of March 31, 2018

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											
94988J5D5 WELLS FARGO BANK NA 1.75% 24MAY2019	1.750	05/24/2019	1,200,000.00	1,196,316.00 0.00	1,198,144.55 134.45	1,186,392.00 (1,012.80)	(11,752.55)	0.00	1,925.00	7,408.33	2.14
02665WAH4 AMERICAN HONDA FINANCE 2.25% 15AUG2019	2.250	08/15/2019	1,500,000.00	1,541,520.00 0.00	1,517,566.15 (1,064.62)	1,491,919.50 225.00	(25,646.65)	0.00	3,093.75	4,312.50	2.76
713448DJ4 PEPSICO INC 1.35% 04OCT2019	1.350	10/04/2019	1,500,000.00	1,487,931.00 0.00	1,492,569.85 409.75	1,472,980.50 (511.50)	(19,589.35)	0.00	1,856.25	9,956.25	2.67
24422ETJ8 JOHN DEERE CAPITAL CORP 1.25% 09OCT2019	1.250	10/09/2019	1,000,000.00	979,508.26 (5,312.51)	980,332.23 823.97	977,619.00 (1,889.26)	(2,713.23)	0.00	659.71	5,972.22	1.75
594918AY0 MICROSOFT CORP 1.85% 12FEB2020 (CALLABLE 12JAN20)	1.850	02/12/2020 01/12/2020	1,000,000.00	1,004,330.00 0.00	1,002,836.02 (126.61)	991,573.00 2,401.00	(11,263.02)	0.00	1,695.84	2,518.06	1.80
166764AR1 CHEVRON CORP 1.961% 03MAR2020 (CALLABLE 03FEB20)	1.961	03/03/2020 02/03/2020	1,000,000.00	1,003,180.00 0.00	1,002,556.54 (110.68)	985,732.00 (1,173.00)	(16,824.54)	9,805.00	1,797.58	1,525.22	1.80
25468PDP8 WALT DISNEY COMPANY/THE 1.95% 04MAR2020	1.950	03/04/2020	1,000,000.00	1,003,140.00 0.00	1,002,146.96 (92.80)	985,891.00 (2,159.00)	(16,255.96)	9,750.00	1,787.50	1,462.50	1.80
69353REP9 PNC BANK NA 2.3% 01JUN2020 (CALLABLE 02MAY20)	2.300	06/01/2020 05/02/2020	550,000.00	550,104.50 0.00	550,091.80 (3.53)	541,741.20 (2,296.80)	(8,350.60)	0.00	1,159.59	4,216.67	0.99
0258MODX4 AMERICAN EXPRESS CREDIT 2.6% 14SEP2020 (CALLABLE 14AUG20)	2.600	09/14/2020 08/14/2020	900,000.00	914,913.00 0.00	912,263.34 (416.18)	889,833.60 (1,854.90)	(22,429.74)	11,700.00	2,145.00	1,105.00	1.64

SECURITIES HELD

As of March 31, 2018

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											
Total Corporate Bonds			16,195,000.00	16,227,799.96 (5,312.51)	16,208,930.44 (705.06)	16,041,094.90 (5,509.51)	(167,835.54)	36,567.50	25,285.07	68,436.92	29.07
Government Agencies											
3135G0WJ8 FANNIE MAE 0.875% 21MAY2018	0.875	05/21/2018	1,000,000.00	969,505.00 0.00	999,102.57 527.90	998,838.00 505.00	(264.57)	0.00	802.08	3,159.72	1.74
31331KNA4 FEDERAL FARM CREDIT BANK 2.58% 08JUN2018	2.580	06/08/2018	1,200,000.00	1,248,852.00 0.00	1,203,282.55 (1,448.18)	1,202,352.00 (936.00)	(930.55)	0.00	2,838.00	9,718.00	2.24
3135G0YM9 FANNIE MAE 1.875% 18SEP2018	1.875	09/18/2018	2,000,000.00	2,036,700.00 0.00	2,006,026.98 (1,076.25)	1,998,904.00 (22.00)	(7,122.98)	18,750.00	3,437.50	1,354.17	3.65
3135G0YT4 FANNIE MAE 1.625% 27NOV2018	1.625	11/27/2018	1,000,000.00	996,020.00 0.00	999,471.56 66.89	997,406.00 555.00	(2,065.56)	0.00	1,489.58	5,597.22	1.78
313376BR5 FEDERAL HOME LOAN BANK 1.75% 14DEC2018	1.750	12/14/2018	2,000,000.00	2,043,800.00 0.00	2,012,388.86 (1,463.26)	1,995,736.00 166.00	(16,652.86)	0.00	3,208.34	10,402.78	3.66
3137EADZ9 FREDDIE MAC 1.125% 15APR2019	1.125	04/15/2019	2,000,000.00	2,000,040.00 0.00	2,000,013.66 (1.09)	1,978,698.00 1,328.00	(21,315.66)	0.00	2,062.50	10,375.00	3.58
3134GBRH7 FREDDIE MAC 1.4% 14JUN2019 CALLABLE	1.400	06/14/2019	1,500,000.00	1,499,100.00 0.00	1,499,447.52 38.18	1,486,020.00 780.00	(13,427.52)	0.00	1,925.00	6,241.67	2.69
3134G44Y1 FREDDIE MAC 1.25% 24JUN2019 CALLABLE	1.250	06/24/2019	2,100,000.00	2,075,808.00 0.00	2,077,575.68 1,515.15	2,076,375.00 630.00	(1,200.68)	0.00	2,406.25	7,072.92	3.72
3133ECW83 FEDERAL FARM CREDIT BANK 2.06% 01AUG2019	2.060	08/01/2019	1,500,000.00	1,526,550.00 0.00	1,513,261.21 (827.11)	1,496,640.00 480.00	(16,621.21)	0.00	2,832.50	5,150.00	2.73

SECURITIES HELD

As of March 31, 2018

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											
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,016,632.00 0.00	1,007,518.18 (431.25)	987,710.00 1,080.00	(19,808.18)	6,875.00	1,260.42	687.50	1.82
3130ACM92 FEDERAL HOME LOAN BANK 1.5% 21OCT2019	1.500	10/21/2019	1,500,000.00	1,486,380.00 0.00	1,487,596.07 663.31	1,482,733.50 1,489.50	(4,862.57)	0.00	2,062.50	10,500.00	2.66
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019	1.125	11/29/2019	1,700,000.00	1,684,980.50 0.00	1,691,677.45 416.83	1,667,802.00 1,411.00	(23,875.45)	0.00	1,753.12	6,481.25	3.02
3137EAE5 FREDDIE MAC 1.5% 17JAN2020	1.500	01/17/2020	1,000,000.00	990,460.00 0.00	991,670.20 386.23	985,736.00 (130.00)	(5,934.20)	0.00	1,375.00	3,083.33	1.77
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	999,000.00 0.00	999,418.04 26.02	984,090.00 940.00	(15,328.04)	0.00	1,329.17	2,013.89	1.79
3134G96L6 FREDDIE MAC 1.3% 25FEB2020 (CALLABLE 25MAY18)	1.300	02/25/2020 05/25/2018	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	979,790.00 570.00	(20,210.00)	0.00	1,191.67	1,300.00	1.79
3136G3UB9 FANNIE MAE 1.2% 30MAR2020 CALLABLE	1.200	03/30/2020	1,300,000.00	1,299,025.00 0.00	1,299,465.35 22.28	1,271,348.00 1,092.00	(28,117.35)	7,800.00	1,386.67	0.00	2.33
3130AB6A9 FEDERAL HOME LOAN BANK 1.65% 20JUL2020	1.650	07/20/2020	1,000,000.00	999,910.00 0.00	999,935.10 2.35	983,620.00 260.00	(16,315.10)	0.00	1,512.50	3,254.17	1.79
3130ACBY9 FEDERAL HOME LOAN BANK 1.68% 28AUG2020 (CALLABLE 28MAY18)	1.680	08/28/2020 05/28/2018	1,600,000.00	1,600,000.00 0.00	1,600,000.00 0.00	1,573,488.00 4,544.00	(26,512.00)	0.00	2,464.00	2,464.00	2.87
3133EHYM9 FEDERAL FARM CREDIT BANK 1.5% 14SEP2020	1.500	09/14/2020	1,500,000.00	1,495,110.00 0.00	1,495,978.83 136.47	1,466,835.00 1,185.00	(29,143.83)	11,250.00	2,062.50	1,062.50	2.68

SECURITIES HELD

As of March 31, 2018

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											
3133EDWV0 FEDERAL FARM CREDIT BANK 2.14% 06OCT2020	2.140	10/06/2020	1,860,000.00	1,860,855.60 0.00	1,860,785.38 (26.01)	1,846,887.00 1,264.80	(13,898.38)	0.00	3,648.70	19,349.17	3.33
3133EG2L8 FEDERAL FARM CREDIT BANK 1.92% 28DEC2020	1.920	12/28/2020	1,880,000.00	1,873,777.20 0.00	1,874,364.69 171.12	1,853,341.60 2,613.20	(21,023.09)	0.00	3,308.80	9,324.80	3.36
Total Government Agencies			30,640,000.00	30,702,505.30 0.00	30,618,979.88 (1,300.42)	30,314,350.10 19,805.50	(304,629.78)	44,675.00	44,356.80	118,592.09	55.00
Government Bonds											
912828UU2 USA TREASURY 0.75% 31MAR2018	0.750	03/31/2018	1,000,000.00	976,018.98 0.00	1,000,000.00 435.76	1,000,000.00 555.00	0.00	0.00	638.74	3,750.00	1.75
912828WD8 USA TREASURY 1.25% 31OCT2018	1.250	10/31/2018	1,700,000.00	1,679,818.19 0.00	1,697,577.73 350.89	1,692,761.40 863.60	(4,816.33)	0.00	1,819.75	8,863.95	3.01
912828A34 USA TREASURY 1.25% 30NOV2018	1.250	11/30/2018	725,000.00	709,284.65 0.00	722,868.51 270.80	721,346.73 453.13	(1,521.78)	0.00	771.80	3,012.53	1.27
912828B33 USA TREASURY 1.5% 31JAN2019	1.500	01/31/2019	1,450,000.00	1,452,039.06 0.00	1,451,273.37 (129.00)	1,442,636.90 566.95	(8,636.47)	0.00	1,862.57	3,544.89	2.60
912828F39 USA TREASURY 1.75% 30SEP2019	1.750	09/30/2019	1,100,000.00	1,108,507.81 0.00	1,105,610.45 (317.37)	1,092,137.20 129.80	(13,473.25)	0.00	1,639.42	9,625.00	1.99
912828X21 USA TREASURY 1.5% 15APR2020	1.500	04/15/2020	1,500,000.00	1,498,652.34 0.00	1,498,918.97 44.92	1,475,976.00 1,054.50	(22,942.97)	0.00	1,916.21	10,322.80	2.68

SECURITIES HELD

As of March 31, 2018

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 Bonds											
912828WC0	1.750	10/31/2020	1,300,000.00	1,296,191.41	1,296,633.19	1,279,941.00	(16,692.19)	0.00	1,948.20	9,489.64	2.32
USA TREASURY 1.75% 31OCT2020				0.00	110.44	1,471.60					
Total Government Bonds			8,775,000.00	8,720,512.44	8,772,882.22	8,704,799.23	(68,082.99)	0.00	10,596.69	48,608.81	15.62
Grand total			55,785,898.69	55,826,716.39	55,776,691.23	55,236,142.92	(540,548.31)	81,242.50	80,238.56	235,637.82	100.00
				(5,312.51)	(1,239.04)	19,390.57					

SECURITIES PURCHASED

For the period March 1, 2018 - March 31, 2018

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Corporate Bonds							
24422ETJ8 JOHN DEERE CAPITAL CORP 1.25% 09OCT2019 TORONTO DOMINION BANK, THE	03/08/2018 03/12/2018	1.250	10/09/2019	994,000.00	97.95	(973,632.94)	(5,280.63)
24422ETJ8 JOHN DEERE CAPITAL CORP 1.25% 09OCT2019 GOLDMAN, SACHS AND CO.	03/08/2018 03/12/2018	1.250	10/09/2019	6,000.00	97.92	(5,875.32)	(31.88)
Total Corporate Bonds				1,000,000.00		(979,508.26)	(5,312.51)
Grand total				1,000,000.00		(979,508.26)	(5,312.51)

SECURITIES SOLD AND MATURED

For the period March 1, 2018 - March 31, 2018

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Corporate Bonds												
24422ESB6 DEERE JOHN CAP CORP BOOK ENTRY TRANCHE #TR 00386 1.3 03-12-2018	03/12/2018 03/12/2018	1.300		(1,000,000.00)	998,550.00	1,000,000.00 15.62	0.00	1,000,000.00 142.00	0.00	0.00	6,500.00	505.56
Total (Corporate Bonds)				(1,000,000.00)	998,550.00	1,000,000.00 15.62		1,000,000.00 142.00	0.00	0.00	6,500.00	505.56
Grand total				(1,000,000.00)	998,550.00	1,000,000.00 15.62		1,000,000.00 142.00	0.00	0.00	6,500.00	505.56

TRANSACTION REPORT

For the period March 1, 2018 - March 31, 2018

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
03/01/2018 03/01/2018	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
03/03/2018 03/03/2018	166764AR1	Income	Corporate Bonds	CHEVRON CORP 1.961%	03/03/2020	1,000,000.00	0.00	0.00	9,805.00	9,805.00
03/04/2018 03/04/2018	25468PDP8	Income	Corporate Bonds	WALT DISNEY COMPANY/THE	03/04/2020	1,000,000.00	0.00	0.00	9,750.00	9,750.00
03/08/2018 03/12/2018	24422ETJ8	Bought	Corporate Bonds	JOHN DEERE CAPITAL CORP	10/09/2019	994,000.00	0.00	(973,632.94)	(5,280.63)	(978,913.57)
03/08/2018 03/12/2018	24422ETJ8	Bought	Corporate Bonds	JOHN DEERE CAPITAL CORP	10/09/2019	6,000.00	0.00	(5,875.32)	(31.88)	(5,907.20)
03/12/2018 03/12/2018	24422ESB6	Income	Corporate Bonds	DEERE JOHN CAP CORP BOOK	03/12/2018	1,000,000.00	0.00	0.00	6,500.00	6,500.00
03/12/2018 03/12/2018	24422ESB6	Capital Change	Corporate Bonds	DEERE JOHN CAP CORP BOOK	03/12/2018	(1,000,000.00)	0.00	1,000,000.00	0.00	1,000,000.00
03/13/2018 03/13/2018	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
03/14/2018 03/14/2018	0258MODX4	Income	Corporate Bonds	AMERICAN EXPRESS CREDIT	09/14/2020	900,000.00	0.00	0.00	11,700.00	11,700.00
03/14/2018 03/14/2018	3133EHYM9	Income	Government Agencies	FEDERAL FARM CREDIT BANK	09/14/2020	1,500,000.00	0.00	0.00	11,250.00	11,250.00
03/18/2018 03/18/2018	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
03/30/2018 03/30/2018	3136G3UB9	Income	Government Agencies	FANNIE MAE 1.2% 30MAR2020	03/30/2020	1,300,000.00	0.00	0.00	7,800.00	7,800.00
03/31/2018		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	90.34	90.34

APRIL 2018



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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.

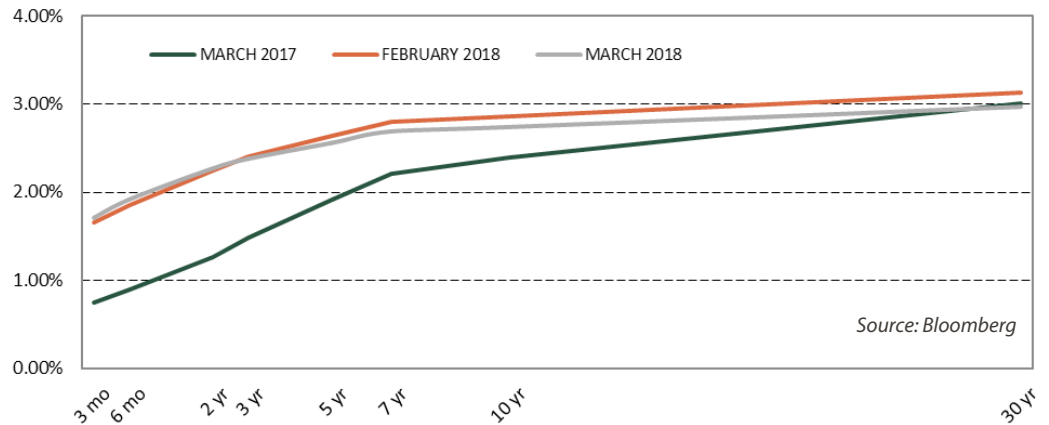
Market Summary

The Federal Open Market Committee (FOMC) raised the fed funds target rate to a range of 1.50%-1.75% at the March 21 meeting, as expected. The vote was unanimous. In the policy statement, the Fed said economic activity has been "rising at a moderate rate" which was somewhat less bullish than the "solid rate" of growth cited in the January statement. Household and business fixed investment moderated from the fourth quarter. Inflation for items other than food and energy continues to run below 2.0% but the Fed expects inflation to move up in the coming months. The FOMC left its median fed funds rate forecast unchanged for 2018 at 2.1% which implies two more rate hikes by year-end. Although the forecasted median fed funds rate for 2018 did not change, the dot plot did change with 13 out of 15 FOMC members forecasting two or more rate hikes this year, compared with 10 out of 16 members at the December 2017 meeting. The fed funds rate targets for 2019 and beyond were revised up slightly. By the end of 2020, the FOMC's median forecast now calls for a fed funds rate of 3.4%. Overall, the Fed revised their GDP forecasts up slightly, their unemployment forecasts down slightly, and left their inflation projections mostly unchanged.

We are forecasting GDP growth of about 2.5%-3.0% in 2018, which is in line with the Fed's forecast and the market consensus. This would equate to an increase over 2017 GDP growth of 2.3%. Overall, economic data remains solid, with the exception of still-sluggish inflation readings. The economy is at or near full employment, consumer confidence is strong, and leading indicators suggest the economy will continue to grow.

The Treasury yield curve flattened in March. The 2-year Treasury yield increased slightly to 2.27% from 2.25%, while the 10-year Treasury yield decreased about 12 basis points to 2.86%. At month end, the spread between 2- and 10-year Treasury yields was just 47 basis points; quite flat by historical standards. All else being equal, we believe the Fed's plan to normalize the balance sheet will help promote a steeper yield curve later this year. Tax reform and stronger economic growth may also help drive yields at the long end of the curve higher. However, we believe this is somewhat offset by anticipated ongoing monetary policy normalization by the Fed.

The Treasury Yield Curve Flattened in March:



Year-over-year, shorter-term Treasury yields have increased more than longer-term Treasury yields. The increase in shorter-term rates has been driven by the Federal Reserve's steady increases in the target fed funds rate. Meanwhile, longer-term rates (which are more closely tied to inflation expectations and the outlook for economic growth) have remained relatively contained.

TREASURY YIELDS	Trend (▲/▼)	3/31/2018	2/28/2018	Change
3-Month	▲	1.71	1.66	0.05
2-Year	▲	2.27	2.25	0.02
3-Year	▼	2.38	2.41	(0.03)
5-Year	▼	2.56	2.64	(0.08)
7-Year	▼	2.69	2.80	(0.11)
10-Year	▼	2.74	2.86	(0.12)
30-Year	▼	2.97	3.13	(0.16)

Source: Bloomberg

Economic Roundup

Consumer Prices

The Consumer Price Index (CPI) was up 2.4% year-over-year in March, up from 2.2% in February. Core CPI (CPI less food and energy) was up 2.1% year-over-year in March, up from 1.8% in February. The Personal Consumption Expenditures (PCE) index was up 1.8% year-over-year in February versus 1.7% in January. Core PCE (excluding food and energy) was up 1.6% on a year-over-year basis in February versus 1.5% in January.

Retail Sales

On a year-over-year basis, retail sales were up 4.0% in February, versus up 3.9% year-over-year in January. On a month-over-month basis, retail sales decreased 0.1% in February (below the consensus forecast of +0.4%). Excluding autos and gas, retail sales were up 0.3% in February, slightly below expectations, following a 0.1% decline in January. Despite ongoing strength in the labor market and a high level of consumer confidence, consumer spending remains modest.

Labor Market

U.S. payrolls rose by 103,000 in March, well below the consensus forecast of 175,000. January and February payrolls were also revised down by a net total of 50,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 202,000 and 211,000 per month, respectively. The unemployment rate was unchanged at 4.1%. The labor participation rate edged down to 62.9% from 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, declined to 8.0% from 8.2%. Wages rose 0.3% in March, in line with expectations. Wages were up 2.7% on a year-over-year basis in March, versus up 2.6% year-over-year in February. The average workweek was unchanged at 34.5 hours.

Housing Starts

Total housing starts were weaker than expected in February, down 7.0%. Single-family starts rose 2.9% in January, while multi-family starts fell 26.1%.

Credit Spreads Widened in March

CREDIT SPREADS	Spread to Treasuries (%)	One Month Ago (%)	Change
3-month top rated commercial paper	0.55	0.40	0.15
2-year A corporate note	0.55	0.45	0.10
5-year A corporate note	0.66	0.53	0.13
5-year Agency note	0.11	0.08	0.03

Source: Bloomberg

Data as of 3/31/2018

Economic Data Points to Continued Growth

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(57.6) \$Bln FEB 18	(56.7) \$Bln JAN 18	(44.4) \$Bln FEB 17
GDP	2.9% DEC 17	3.2% SEP 17	1.8% DEC 16
Unemployment Rate	4.1% MAR 18	4.1% FEB 18	4.5% MAR 17
Prime Rate	4.75% MAR 18	4.50% FEB 18	4.00% MAR 17
CRB Index	195.36 MAR 18	193.95 FEB 18	185.88 MAR 17
Oil (West Texas Int.)	\$64.94 MAR 18	\$61.64 FEB 18	\$50.60 MAR 17
Consumer Price Index (y/o/y)	2.2% FEB 18	2.1% JAN 18	2.7% FEB 17
Producer Price Index (y/o/y)	2.7% FEB 18	3.0% JAN 18	3.8% FEB 17
Dollar/Euro	1.23 MAR 18	1.22 FEB 18	1.06 MAR 17

Source: Bloomberg

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Market Data

World Indices

data as of 3/31/2018

	Diff (2/28/18)	% Change
S&P 500		
2,640.87	(72.96)	2.69%
NASDAQ		
7,063.45	(209.56)	2.88%
DOW JONES		
24,103.11	(926.09)	3.70%
FTSE (UK)		
7,056.61	(175.30)	2.42%
DAX (Germany)		
12,096.73	(339.12)	2.73%
Hang Seng (Hong Kong)		
30,093.38	(751.34)	2.44%
Nikkei (Japan)		
21,454.30	(613.94)	2.78%

Source: Bloomberg



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