



Report to City Council

TO: Mayor and City Council

FROM: Marshall Eyerman, Chief Financial Officer

AGENDA DATE: August 21, 2018

TITLE: RECEIPT OF QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 30, 2018

RECOMMENDED ACTION

Recommendation:

1. Receive and file the Quarterly Investment Report for quarter ended June 30, 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 June 30, 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 15, 2018. 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 June 30, 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 | | |
|----------|-----------------------|-------------------------------|----------|----------|
| | | Jun 2018 | May 2018 | Jun 2017 |
| Chandler | \$88,337,665 | 1.97% | 1.91% | 1.63% |
| Insight | \$56,077,829 | 1.70% | 1.67% | 1.24% |
| LAIF | \$61,758,005 | 1.854% | 1.755 % | 0.978% |

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 June 30, 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

The fed funds rate now stands at a range of 1.75% to 2.00%. Signals from the Fed indicate that there is a possibility of two more rate increases before the end of the year. The Treasury yield curve continued to flatten in June with the spread between the 2-year and the 10-year Treasury yields narrowing to just 33 basis points. By comparison the average spread over the past 20 years has been about 140 basis points. Many believe that the spread will begin to steepen during the second half of the year as the Fed continues to normalize their balance sheet.

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. 06-2018 Investment Report**
- 2. CAM-Newsletter-July2018**

APPROVALS

| | | |
|-------------------------|-------------------|------------------|
| Budget Officer Approval | <u>✓ Approved</u> | 7/25/18 5:25 PM |
| City Attorney Approval | <u>✓ Approved</u> | 8/06/18 10:37 AM |
| City Manager Approval | <u>✓ Approved</u> | 8/06/18 4:43 PM |

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

CITY OF MORENO VALLEY

Treasurer's Cash and Investments Report

June 2018

| General Portfolio | Cost Value | Market Value | Par Value | Average Maturity (in years) | Average Yield to Maturity | Average Duration (in years) |
|--------------------------------|--------------------|--------------------|--------------------|-----------------------------|---------------------------|-----------------------------|
| Bank Accounts | 1,863,647 | 1,863,647 | 1,863,647 | | | |
| State of California LAIF Pool | 61,758,005 | 61,642,324 | 61,758,005 | 0.54 | 1.85% | |
| Investments-Chandler | 87,922,132 | 86,430,904 | 88,337,665 | 2.64 | 1.97% | 2.40 |
| Investments-Insight | 56,091,955 | 55,458,800 | 56,077,829 | 1.30 | 1.70% | 1.25 |
| Total General Portfolio | 207,635,739 | 205,395,675 | 208,037,146 | | | |

| Bond Proceeds with Fiscal Agents | Market Value |
|----------------------------------|------------------|
| Construction Funds | 689,355 |
| Principal & Interest Accounts | 1,988,637 |
| Debt Service Reserve Funds | 2,115,234 |
| Custody Accounts | 328,144 |
| Arbitrage Rebate Accounts | 4,482 |
| Other Accounts | 12,632 |
| Total Bond Proceeds | 5,138,484 |

| Deferred Compensation Funds | Market Value as of June 30, 2018 |
|--|----------------------------------|
| Nationwide | 14,618,121 |
| ICMA | 5,938,960 |
| Total Deferred Compensation Funds | 20,557,081 |

| | |
|-----------------------------------|--------------------|
| Total Investment Portfolio | 231,091,240 |
|-----------------------------------|--------------------|

- 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

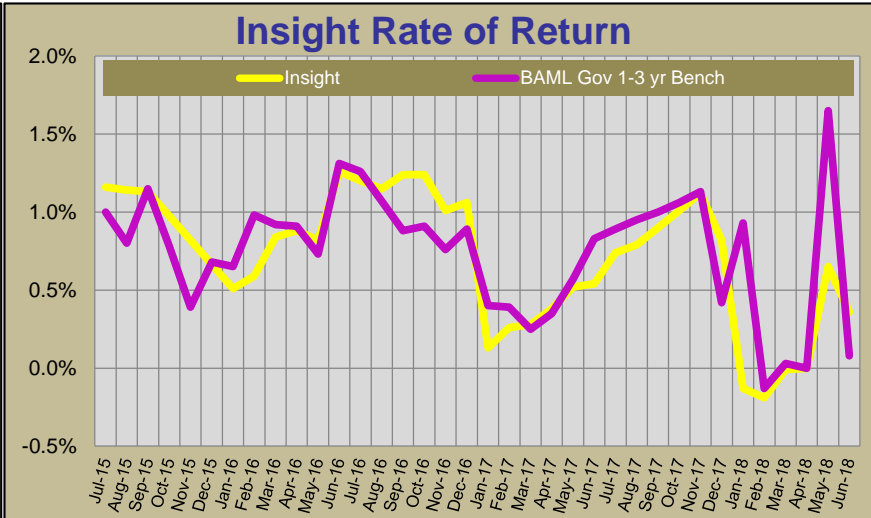
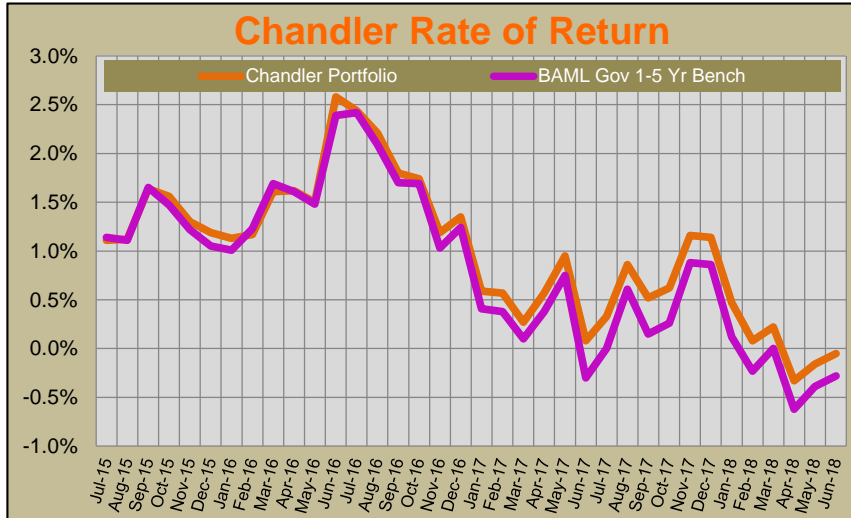
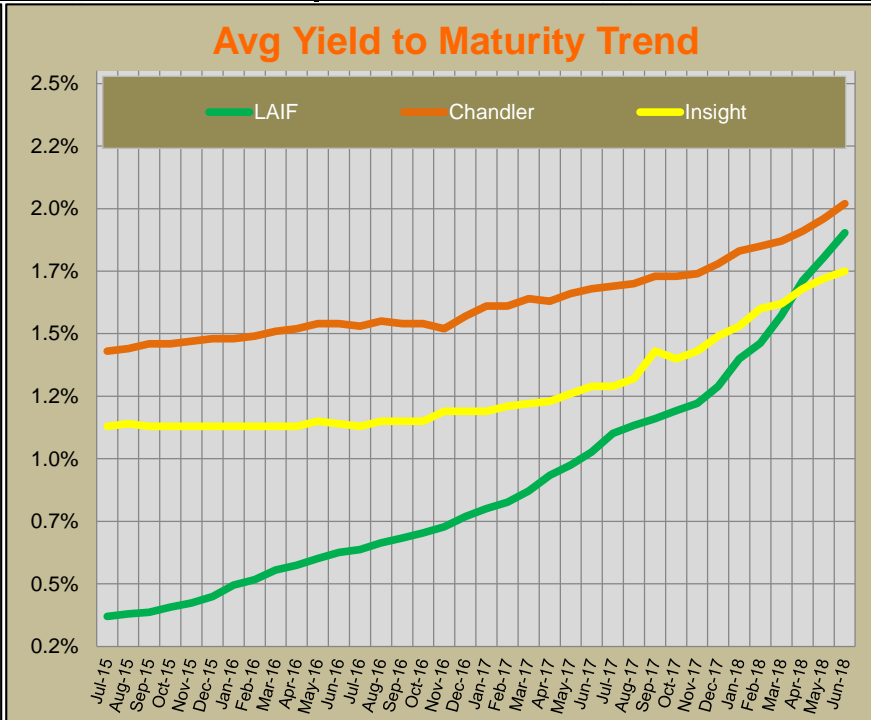
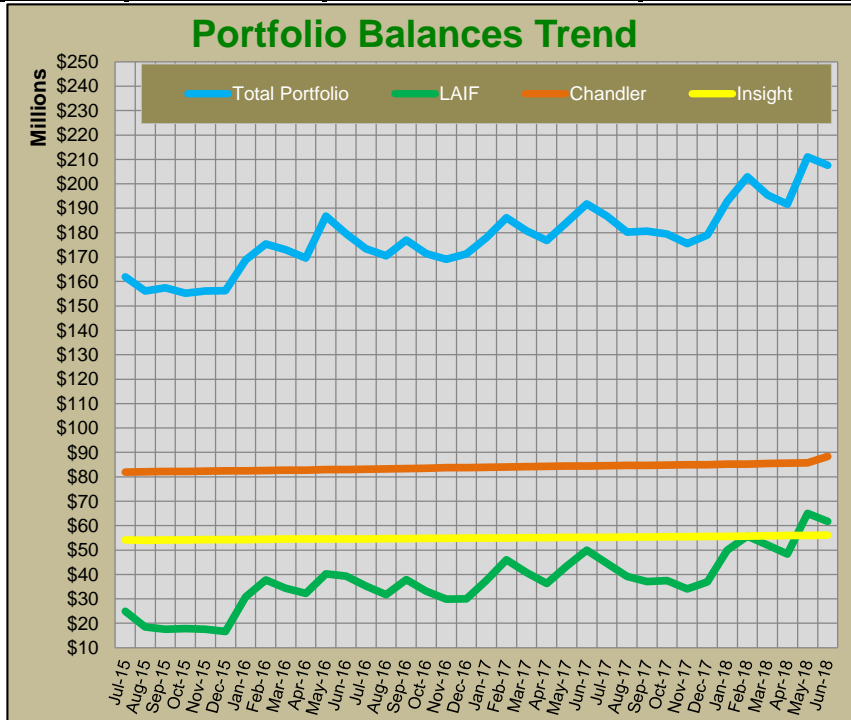
PORTFOLIO PERFORMANCE - 36 MONTH TREND

| 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 | 191,668,439 | 48,358,005 | 1.661% | 85,541,787 | 1.86% | -0.33% | -0.62% | 55,920,551 | 1.63% | 0.00% | 0.00% |
| May-18 | 210,976,889 | 65,058,005 | 1.755% | 85,714,498 | 1.91% | -0.16% | -0.39% | 55,998,203 | 1.67% | 0.65% | 1.65% |
| Jun-18 | 207,635,739 | 61,758,005 | 1.854% | 88,337,665 | 1.97% | -0.05% | -0.28% | 56,077,829 | 1.70% | 0.36% | 0.08% |

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 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 | 06/30/18 | 0 | 0.00% | 0.00% | 1.00000 | 0.000% |
| Series B Revenue | 22333500 | money mkt fund | WF Government Fund | 06/30/18 | 38 | 1.80% | 0.91% | 1.00000 | 0.001% |
| Series A Principal | 22333501 | money mkt fund | WF Government Fund | 06/30/18 | 2,578 | 1.80% | 0.91% | 1.00000 | 0.050% |
| Series A reserve | 22333502 | money mkt fund | WF Government Fund | 06/30/18 | 4 | 1.80% | 0.91% | 1.00000 | 0.000% |
| Series B reserve | 22333503 | money mkt fund | WF Government Fund | 06/30/18 | 547,094 | 1.80% | 0.91% | 1.00000 | 10.647% |
| Series B admin fund | 22333504 | money mkt fund | WF Government Fund | 06/30/18 | 1 | 1.80% | 0.91% | 1.00000 | 0.000% |
| Series B interest | 22333507 | money mkt fund | WF Govt Fund | 06/30/18 | 231,991 | 1.80% | 1.80% | 1.00000 | 4.515% |
| | | | | | 781,706 | | | | |
| Wells Fargo Community Facilities District 87-1 (IA-1) | | | | | | | | | |
| special tax funds | 22631800 | money market fund | WF Government Fund | 06/30/18 | 1,140,530 | 1.80% | 0.91% | 1.00000 | 22.196% |
| interest acct | 22631801 | money market fund | WF Government Fund | 06/30/18 | 6,165 | 1.80% | 0.91% | 1.00000 | 0.120% |
| reserve fund | 22631802 | money market fund | WF Government Fund | 06/30/18 | 196 | 1.80% | 0.91% | 1.00000 | 0.004% |
| reserve fund | 22631804 | money market fund | WF Government Fund | 06/30/18 | 1,030,067 | 1.80% | 0.91% | 1.00000 | 20.046% |
| admin exp acct | 22631805 | money market fund | WF Government Fund | 06/30/18 | 10,485 | 1.80% | 0.91% | 1.00000 | 0.204% |
| debt service acct | 22631809 | money market fund | WF Government Fund | 06/30/18 | 24,859 | 1.80% | 0.91% | 1.00000 | 0.484% |
| debt service acct | 22631809 | US Treasury Note | US Treasury | 06/30/18 | 507,731 | 1.00% | 1.00% | 1.00000 | 9.881% |
| special tax funds | 22631900 | money market fund | WF Government Fund | 06/30/18 | 311,466 | 1.80% | 0.91% | 1.00000 | 6.061% |
| interest acct | 22631901 | money market fund | WF Government Fund | 06/30/18 | 1,853 | 1.80% | 0.91% | 1.00000 | 0.036% |
| principal fund | 22631902 | money market fund | WF Government Fund | 06/30/18 | 43 | 1.80% | 0.91% | 1.00000 | 0.001% |
| reserve fund | 22631904 | money market fund | WF Government Fund | 06/30/18 | 366,717 | 1.80% | 0.91% | 1.00000 | 7.137% |
| admin exp acct | 22631905 | money market fund | WF Government Fund | 06/30/18 | 2,143 | 1.80% | 0.91% | 1.00000 | 0.042% |
| surplus acct | 22631907 | money market fund | WF Government Fund | 06/30/18 | 4,482 | 1.80% | 0.91% | 1.00000 | 0.087% |
| | | | | | 3,406,737 | | | | |
| Wells Fargo 2013 Total Road Improvement COPs | | | | | | | | | |
| revenue fund | 46612400 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| interest fund | 46612401 | money mkt fund | WF Government Fund | 06/30/18 | 360 | 1.80% | 0.91% | 1.00000 | 0.007% |
| principal fund | 46612402 | money mkt fund | WF Government Fund | 06/30/18 | 383 | 1.80% | 0.91% | 1.00000 | 0.007% |
| reserve fund | 46612403 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| admin fund | 46612404 | money mkt fund | WF Government Fund | 06/30/18 | 2,755 | 1.80% | 0.91% | 1.00000 | 0.054% |
| surplus fund | 46612405 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| | | | | | 3,498 | | | | |
| Wells Fargo 2013 Partial Refunding of the 2005 Lease Revenue Bonds | | | | | | | | | |
| revenue fund | 48360700 | money mkt fund | WF Government Fund | 06/30/18 | 8 | 1.80% | 0.91% | 1.00000 | 0.000% |
| interest fund | 48360701 | money mkt fund | WF Government Fund | 06/30/18 | 46 | 1.80% | 0.91% | 1.00000 | 0.001% |
| principal fund | 48360702 | money mkt fund | WF Government Fund | 06/30/18 | 188 | 1.80% | 0.91% | 1.00000 | 0.004% |
| | | | | | 242 | | | | |
| Wells Fargo Community Facilities District 7 Improvement Area 1 | | | | | | | | | |
| special tax fund | 77025300 | money mkt fund | WF Government Fund | 06/30/18 | 328,075 | 1.80% | 0.91% | 1.00000 | 6.385% |
| bond fund | 77025301 | money mkt fund | WF Government Fund | 06/30/18 | 262,791 | 1.80% | 0.91% | 1.00000 | 5.114% |
| reserve fund | 77025302 | money mkt fund | WF Government Fund | 06/30/18 | 171,156 | 1.80% | 0.91% | 1.00000 | 3.331% |
| admin exp acct | 77025305 | money mkt fund | WF Government Fund | 06/30/18 | 3 | 1.80% | 0.91% | 1.00000 | 0.000% |
| | | | | | 762,025 | | | | |
| Wells Fargo 2016 Taxable Refunding Lease Revenue Bonds (Electric Utility) | | | | | | | | | |
| revenue fund | 77157100 | money mkt fund | WF Government Fund | 06/30/18 | 197 | 1.80% | 0.91% | 1.00000 | 0.004% |
| interest fund | 77157101 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| principal fund | 77157102 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| reserve fund | 77157103 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| capitalized interest fu | 77157104 | money mkt fund | WF Government Fund | 06/30/18 | 181,624 | 1.80% | 0.91% | 1.00000 | 3.535% |
| | | | | | 181,821 | | | | |
| Wells Fargo 2014 Partial Refunding of the 2005 Lease Revenue Bonds | | | | | | | | | |
| revenue fund | 83478300 | money mkt fund | WF Government Fund | 06/30/18 | 23 | 1.80% | 0.91% | 1.00000 | 0.000% |
| interest fund | 83478301 | money mkt fund | WF Government Fund | 06/30/18 | 142 | 1.80% | 0.91% | 1.00000 | 0.003% |
| principal fund | 83478302 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| | | | | | 165 | | | | |
| Wells Fargo 2015 Taxable Lease Revenue Bonds (Electric Utility) | | | | | | | | | |
| revenue fund | 84457000 | money mkt fund | WF Government Fund | 06/30/18 | 2,290 | 1.80% | 0.91% | 1.00000 | 0.045% |
| interest fund | 84457001 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| principal fund | 84457002 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| reserve fund | 84457005 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| construction fund | 84457006 | money mkt fund | WF Government Fund | 06/30/18 | 0 | 1.80% | 0.91% | 1.00000 | 0.000% |
| construction fund | 84457006 | Government Pool | Local Agency Investment Fund | 06/30/18 | 0 | 0.01% | 0.01% | 1.00000 | 0.000% |
| | | | | | 2,290 | | | | |
| Totals | | | | | 5,138,484 | 100.000% | | | |

| Type | Summary of Bond Proceeds with Fiscal Agents |
|---|---|
| 1 | Construction Funds 689,355 |
| 2 | Principal & Interest Accounts 1,988,637 |
| 3 | Debt Service Reserve Funds 2,115,234 |
| 4 | Custody Accounts 328,144 |
| 5 | Arbitrage Rebate Accounts 4,482 |
| 6 | Other Accounts 12,632 |
| Total Fiscal Agent Funds 5,138,484 | |

DEFERRED COMPENSATION FUNDS

Nationwide

| Fund | Market Value as of June 30, 2018 | Fund | Market Value as of June 30, 2018 | Fund | Market Value as of June 30, 2018 |
|---|----------------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
| Liquid Savings | \$1,387,592 | Nationwide US Sm Cap Val Ins Svc | 58,076 | Federated Kaufmann Fund | 165,483 |
| Nationwide Fixed (Part Time Employee) | 531,308 | American Century Balanced | 51 | Putnam Growth Opportunity A | 75 |
| Liquid Savings (Part Time Employees) | 255,643 | Am Century Growth | 121,469 | Nationwide InvDes Mod Cons Fund SC | 83,540 |
| Certificates of Deposit 3 years | 50,902 | Am Century Select | 229,875 | Nationwide InvDes Mod Aggr Fund | 987,808 |
| Certificates of Deposit 5 years | 187,781 | JP Morgan Mid Cap Value A | 1,563,796 | Nationwide InvDes Aggr Fund | 279,240 |
| Invesco Mid Cap Core Equity | 34,208 | Vanguard Index 500 | 132,428 | Nationwide InvDes Mod Fd | 956,409 |
| Bond Fund of America | 107,959 | Vanguard Institutional Index | 917,693 | Nationwide Inv Des Cons | 190,900 |
| Growth Fund of America | 108,759 | Vanguard Wellington | 28,239 | Nationwide Large Cap Growth | 66,434 |
| Investment Co. of America | 98,288 | Vanguard Windsor II | 206,224 | Nationwide Fund A | 39,670 |
| Income Fund of America | 363,097 | Vanguard Total Bond Index | 343,765 | Nationwide Dest 2015 Inst Svc | 23,592 |
| Brown Cap Mgmt Inc SM Co | 211,396 | Washington Mutual Inv | 158,842 | Nationwide Dest 2020 Inst Svc | 156,562 |
| Fidelity Independence | 3,607 | DFA US Micro Cap Port | 112,857 | Nationwide Dest 2025 Inst Svc | 512,006 |
| Fidelity Equity Income | 100,556 | EuroPacific Growth | 355,635 | Nationwide Dest 2030 Inst Svc | 22,384 |
| Fidelity Magellan | 423,113 | Stable Fund C | 1,583,607 | Nationwide Dest 2035 Inst Svc | 22,057 |
| Fidelity Puritan | 68,573 | N B Socially Responsive Fund | 67,726 | Nationwide Dest 2040 Inst Svc | 28,606 |
| Fidelity Contrafund | 357,538 | Dtsch High Income Fund A | 80,173 | Nationwide Dest 2045 Inst Svc | 37,632 |
| Janus Henderson Research Fund | 32,404 | Dtsch Eq Divd A | 162,563 | Nationwide Dest 2050 Inst Svc | 4,568 |
| Janus Henderson Forty | 33,256 | Oppenheimer Global Fund A | 562,156 | Total Nationwide Deferred | \$14,618,121 |

ICMA

| Fund | Market Value as of June 30, 2018 | Fund | Market Value as of June 30, 2018 |
|------------------------------|----------------------------------|---|----------------------------------|
| Aggressive Oppor. | \$131,641 | VT Vantagepoint Discovery | 81,750 |
| International | 49,333 | VT Gold Sach Mid Cap Value | 0 |
| Global Equity Growth | 335,638 | VT Contrafund | 252,960 |
| Growth and Income | 137,582 | VT Vantagepoint Overseas Equity Index Fund | 185,972 |
| Broad Market | 58,004 | VT Diversified International | 35,001 |
| 500 Stock Index | 303,317 | VT Allianz NFJ Div Value | 0 |
| Equity Income | 217,618 | Vantage Growth Fund | 370,588 |
| MS Retirement Income | 21,326 | VT Puritan | 34,506 |
| Core Bond | 112,427 | VT Vantagepoint Select Value | 22,615 |
| Cash Management | 18,664 | VT TR Price Growth Stock Adv | 287,801 |
| Plus Fund | 1,490,875 | VT Nuveen Real Estate Secs | 43,208 |
| Retirement Income Advantage | 14,333 | VT TR Price Small Cap Value | 0 |
| Conservative Growth | 80,527 | VT Invesco Diversified | 6,443 |
| Traditional Growth | 14,778 | VT Vantagepoint Inflation Focused | 118,161 |
| Long-Term Growth | 855,948 | VT Oppenheimer Main Street | 60,213 |
| Western Asset Core Plus Bond | 8,048 | VT Vantagepoint Mid/Sm Index | 161,760 |
| Milestone 2010 | 20,174 | VT PIMCO Total Return | 0 |
| Milestone 2020 | 122,841 | VT PIMCO High Yield | 26,202 |
| Milestone 2025 | 11,817 | VT Harbor Mid Cap Growth | 0 |
| Milestone 2030 | 6,750 | VT MFS Value | 90,309 |
| Milestone 2035 | 15,399 | VT AMG TimesSquare Mid Cap Growth Admin | 108,658 |
| Milestone 2040 | 25,773 | Total ICMA | \$5,938,960 |

Summary by Plan

| Deferred Compensation Plan | Market Value as of June 30, 2018 |
|--|----------------------------------|
| Total Nationwide | \$14,618,121 |
| Total ICMA | 5,938,960 |
| Total Deferred Compensation Plans | \$20,557,081 |

Summary by Investment Type

| Investment Type | Market Value as of June 30, 2018 |
|--|----------------------------------|
| Savings Deposits and CD's | \$3,996,833 |
| Mutual Funds | 16,560,248 |
| Total Deferred Compensation Plans | \$20,557,081 |

Monthly Account Statement

City of Moreno Valley

June 1, 2018 through June 30, 2018

Chandler Team

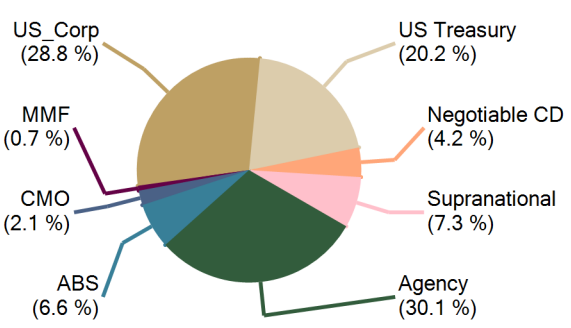
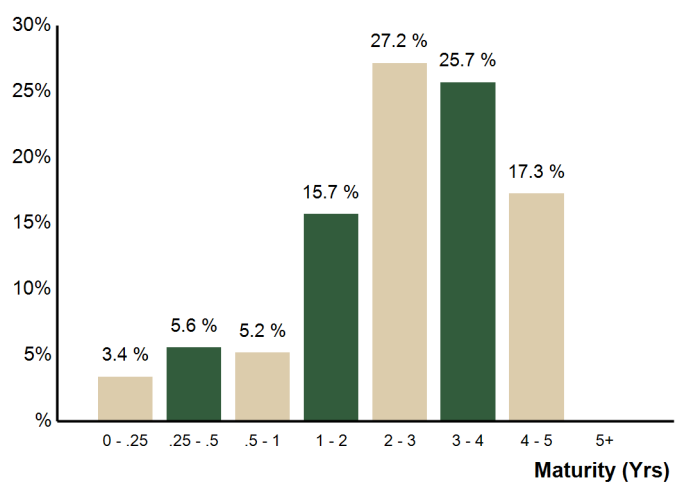
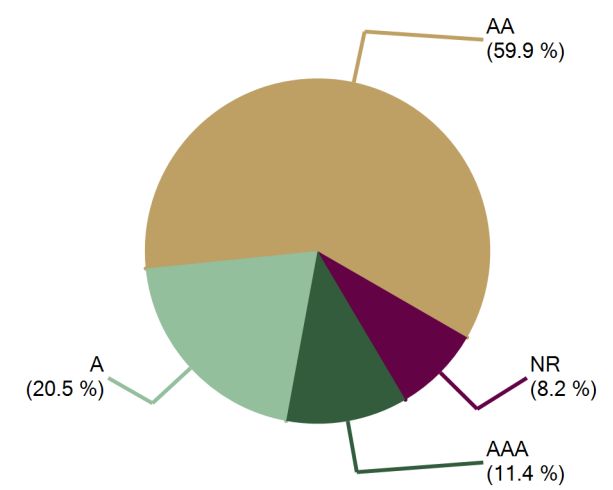
For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

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 | | ACCOUNT SUMMARY | | | TOP ISSUERS | |
|---------------------------|----------|------------------------------|----------------------------------|---------------------------------|---------------------------------|--------------------|
| Average Duration | 2.40 | | Beg. Values as of 5/31/18 | End Values as of 6/30/18 | Issuer | % Portfolio |
| Average Coupon | 1.84 % | Market Value | 84,002,555 | 86,430,904 | Federal National Mortgage Assoc | 20.4 % |
| Average Purchase YTM | 1.97 % | Accrued Interest | 375,558 | 438,098 | Government of United States | 20.2 % |
| Average Market YTM | 2.72 % | Total Market Value | 84,378,114 | 86,869,002 | Federal Home Loan Mortgage Corp | 7.9 % |
| Average S&P/Moody Rating | AA/Aa1 | Income Earned Cont/WD | 133,269 | 137,566 | Inter-American Dev Bank | 4.4 % |
| Average Final Maturity | 2.64 yrs | Par | 85,714,498 | 88,337,665 | Federal Home Loan Bank | 3.9 % |
| Average Life | 2.51 yrs | Book Value | 85,451,133 | 88,022,485 | Toyota ABS | 2.6 % |
| | | Cost Value | 85,350,925 | 87,922,132 | Intl Bank Recon and Development | 2.2 % |
| | | | | | US Bancorp | 2.2 % |
| | | | | | | 63.8 % |

| SECTOR ALLOCATION | MATURITY DISTRIBUTION | CREDIT QUALITY (S&P) |
|--|---|--|
|  |  |  |

| PERFORMANCE REVIEW | | | | | | | | | | |
|--|---------------|-----------------|--------------|---------|------------|--------|--------|-----------|-----------------|--|
| Total Rate of Return As of 6/30/2018 | Current Month | Latest 3 Months | Year To Date | 1 Yr | Annualized | | | 5/31/2010 | Since 5/31/2010 | |
| | | | | | 3 Yrs | 5 Yrs | 10 Yrs | | | |
| City of Moreno Valley | -0.01 % | 0.25 % | -0.17 % | -0.05 % | 0.86 % | 1.13 % | N/A | 1.45 % | 12.33 % | |
| ICE BAML 1-5 Yr US Treasury/Agency Index | 0.00 % | 0.13 % | -0.24 % | -0.33 % | 0.52 % | 0.82 % | N/A | 1.13 % | 9.48 % | |
| ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx | -0.02 % | 0.15 % | -0.28 % | -0.28 % | 0.64 % | 0.96 % | N/A | 1.30 % | 10.97 % | |



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 agreements; 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 6/30/18

| 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 | 55,003.84 | 10/18/2016 1.05 % | 55,002.30 55,003.34 | 99.93 3.11 % | 54,963.38 20.66 | 0.06 % (39.96) | NR / AAA AAA | 0.80 0.04 |
| 89231LAB3 | Toyota Auto Receivables Owner 2016-D 1.06% Due 5/15/2019 | 20,263.16 | 10/04/2016 1.07 % | 20,261.54 20,262.61 | 99.93 9.14 % | 20,249.95 9.55 | 0.02 % (12.66) | Aaa / AAA NR | 0.87 0.03 |
| 43814TAB8 | Honda Auto Receivables 2017-1 A2 1.42% Due 7/22/2019 | 101,574.31 | 03/21/2017 1.43 % | 101,571.89 101,573.21 | 99.86 2.56 % | 101,431.16 40.07 | 0.12 % (142.05) | Aaa / NR AAA | 1.06 0.12 |
| 47787XAB3 | John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019 | 140,683.23 | 02/22/2017 1.50 % | 140,682.67 140,682.95 | 99.83 2.52 % | 140,444.46 93.79 | 0.16 % (238.49) | Aaa / NR AAA | 1.29 0.17 |
| 654747AB0 | Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020 | 166,842.92 | 03/21/2017 1.47 % | 166,842.07 166,842.45 | 99.73 2.57 % | 166,395.08 109.00 | 0.19 % (447.37) | Aaa / NR AAA | 1.55 0.24 |
| 47788MAC4 | John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020 | 313,308.92 | 02/23/2016 1.37 % | 313,259.61 313,287.49 | 99.55 2.62 % | 311,895.83 189.38 | 0.36 % (1,391.66) | Aaa / NR AAA | 1.79 0.36 |
| 89231UAD9 | Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020 | 489,654.81 | 05/02/2016 1.31 % | 489,629.79 489,648.07 | 99.47 2.57 % | 487,081.64 282.91 | 0.56 % (2,566.43) | Aaa / AAA NR | 1.79 0.42 |
| 43814QAC2 | Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020 | 260,554.18 | 05/24/2016 1.40 % | 260,549.13 260,551.85 | 99.47 2.67 % | 259,168.47 160.96 | 0.30 % (1,383.38) | Aaa / NR AAA | 1.79 0.41 |
| 47788BAB0 | John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020 | 153,931.12 | 07/11/2017 1.60 % | 153,917.74 153,922.39 | 99.62 2.59 % | 153,346.88 108.78 | 0.18 % (575.51) | Aaa / NR AAA | 1.79 0.38 |
| 89237RAB4 | Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020 | 731,930.61 | 07/25/2017 1.59 % | 731,923.66 731,925.81 | 99.52 2.55 % | 728,445.07 513.98 | 0.84 % (3,480.74) | Aaa / AAA NR | 2.04 0.49 |
| 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 1,054,908.66 | 99.63 2.62 % | 1,051,053.21 984.67 | 1.21 % (3,855.45) | Aaa / AAA NR | 2.30 0.73 |
| 43811BAC8 | Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021 | 1,100,000.00 | 04/27/2018 2.62 % | 1,082,898.44 1,083,779.09 | 98.53 2.86 % | 1,083,823.40 821.33 | 1.25 % 44.31 | Aaa / AAA NR | 3.13 1.26 |
| 47788BAD6 | John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021 | 170,000.00 | 07/11/2017 1.83 % | 169,987.56 169,990.35 | 98.55 2.88 % | 167,530.24 137.51 | 0.19 % (2,460.11) | Aaa / NR AAA | 3.30 1.38 |
| 47788CAC6 | John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022 | 275,000.00 | 02/21/2018 2.68 % | 274,980.23 274,981.84 | 99.49 2.95 % | 273,586.22 325.11 | 0.32 % (1,395.62) | Aaa / NR AAA | 3.80 1.85 |
| 02587AAJ3 | American Express Credit 2017-1 1.93% Due 9/15/2022 | 700,000.00 | 06/21/2018 3.75 % | 689,117.18 689,225.47 | 98.53 3.68 % | 689,677.80 600.44 | 0.79 % 452.33 | Aaa / NR AAA | 4.21 0.85 |
| Total ABS | | 5,733,747.10 | 2.14 % | 5,705,515.99 5,706,585.58 | 2.83 % | 5,689,092.79 4,398.14 | 6.55 % (17,492.79) | Aaa / AAA AAA | 2.56 0.77 |
| AGENCY | | | | | | | | | |
| 3135G0ZG1 | FNMA Note 1.75% Due 9/12/2019 | 850,000.00 | 10/29/2014 1.70 % | 851,929.50 850,475.32 | 99.19 2.44 % | 843,119.25 4,503.82 | 0.98 % (7,356.07) | Aaa / AA+ AAA | 1.20 1.17 |
| 3137EADR7 | FHLMC Note 1.375% Due 5/1/2020 | 1,650,000.00 | 08/26/2015 1.56 % | 1,636,522.80 1,644,716.37 | 97.94 2.53 % | 1,616,041.35 3,781.25 | 1.86 % (28,675.02) | Aaa / AA+ AAA | 1.84 1.79 |
| 3135G0D75 | FNMA Note 1.5% Due 6/22/2020 | 1,655,000.00 | 09/29/2015 1.49 % | 1,655,893.70 1,655,373.63 | 97.97 2.56 % | 1,621,456.46 620.63 | 1.87 % (33,917.17) | Aaa / AA+ AAA | 1.98 1.93 |



Holdings Report

As of 6/30/18

| 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 | | | | | | | | | |
| 3137EAEK1 | FHLMC Note 1.875% Due 11/17/2020 | 400,000.00 | 11/21/2017 1.96 % | 398,963.53 399,173.48 | 98.15 2.68 % | 392,608.40 916.67 | 0.45 % (6,565.08) | Aaa / AA+ AAA | 2.39 2.30 |
| 3135G0F73 | FNMA Note 1.5% Due 11/30/2020 | 1,650,000.00 | 12/16/2015 1.90 % | 1,618,815.00 1,634,786.54 | 97.33 2.65 % | 1,605,890.55 2,131.25 | 1.85 % (28,895.99) | Aaa / AA+ AAA | 2.42 2.35 |
| 3130A7CV5 | FHLB Note 1.375% Due 2/18/2021 | 1,410,000.00 | 02/17/2016 1.46 % | 1,404,303.60 1,406,997.46 | 96.80 2.64 % | 1,364,930.76 7,162.60 | 1.58 % (42,066.70) | Aaa / AA+ AAA | 2.64 2.55 |
| 3135G0J20 | FNMA Note 1.375% Due 2/26/2021 | 1,675,000.00 | Various 1.47 % | 1,667,519.85 1,670,894.78 | 96.76 2.64 % | 1,620,812.08 7,996.96 | 1.88 % (50,082.70) | Aaa / AA+ AAA | 2.66 2.57 |
| 3135G0K69 | FNMA Note 1.25% Due 5/6/2021 | 1,675,000.00 | 06/29/2016 1.18 % | 1,680,695.00 1,678,344.33 | 96.21 2.64 % | 1,611,504.10 3,198.78 | 1.86 % (66,840.23) | Aaa / AA+ AAA | 2.85 2.77 |
| 313379RB7 | FHLB Note 1.875% Due 6/11/2021 | 1,000,000.00 | 08/30/2017 1.67 % | 1,007,540.00 1,005,879.01 | 97.65 2.71 % | 976,477.00 1,041.67 | 1.13 % (29,402.01) | Aaa / AA+ AAA | 2.95 2.84 |
| 3135G0U35 | FNMA Note 2.75% Due 6/22/2021 | 1,000,000.00 | 06/28/2018 2.70 % | 1,001,480.00 1,001,477.28 | 100.09 2.72 % | 1,000,888.00 458.33 | 1.15 % (589.28) | Aaa / NR AAA | 2.98 2.84 |
| 3130A8QS5 | FHLB Note 1.125% Due 7/14/2021 | 1,100,000.00 | 10/04/2016 1.33 % | 1,089,836.00 1,093,529.35 | 95.69 2.61 % | 1,052,609.80 5,740.63 | 1.22 % (40,919.55) | Aaa / AA+ AAA | 3.04 2.94 |
| 3137EAEC9 | FHLMC Note 1.125% Due 8/12/2021 | 1,625,000.00 | Various 1.32 % | 1,610,283.75 1,615,696.95 | 95.43 2.66 % | 1,550,755.38 7,058.60 | 1.79 % (64,941.57) | Aaa / AA+ AAA | 3.12 3.02 |
| 3135G0N82 | FNMA Note 1.25% Due 8/17/2021 | 1,700,000.00 | Various 1.32 % | 1,694,675.10 1,696,576.89 | 95.68 2.70 % | 1,626,526.00 7,909.72 | 1.88 % (70,050.89) | Aaa / AA+ AAA | 3.13 3.02 |
| 3135G0Q89 | FNMA Note 1.375% Due 10/7/2021 | 1,740,000.00 | Various 1.75 % | 1,710,142.50 1,719,350.22 | 95.86 2.71 % | 1,667,877.00 5,582.50 | 1.93 % (51,473.22) | Aaa / AA+ AAA | 3.27 3.15 |
| 3135G0S38 | FNMA Note 2% Due 1/5/2022 | 1,700,000.00 | 04/25/2017 1.92 % | 1,706,205.00 1,704,648.32 | 97.47 2.76 % | 1,656,979.80 16,622.22 | 1.93 % (47,668.52) | Aaa / AA+ AAA | 3.52 3.33 |
| 3137EADB2 | FHLMC Note 2.375% Due 1/13/2022 | 450,000.00 | 01/27/2017 2.03 % | 457,185.15 455,131.68 | 98.69 2.77 % | 444,093.30 4,987.50 | 0.52 % (11,038.38) | Aaa / AA+ AAA | 3.54 3.33 |
| 3135G0T45 | FNMA Note 1.875% Due 4/5/2022 | 1,725,000.00 | 06/19/2017 1.88 % | 1,724,739.53 1,724,795.49 | 96.95 2.73 % | 1,672,354.73 7,726.56 | 1.93 % (52,440.76) | Aaa / AA+ AAA | 3.77 3.58 |
| 3135G0T78 | FNMA Note 2% Due 10/5/2022 | 900,000.00 | 12/12/2017 2.25 % | 889,749.00 890,915.88 | 96.77 2.81 % | 870,964.20 4,300.00 | 1.01 % (19,951.68) | Aaa / AA+ AAA | 4.27 4.03 |
| 3135G0T94 | FNMA Note 2.375% Due 1/19/2023 | 1,850,000.00 | 04/11/2018 2.71 % | 1,822,731.00 1,823,982.59 | 98.19 2.80 % | 1,816,557.55 19,283.68 | 2.11 % (7,425.04) | Aaa / AA+ AAA | 4.56 4.24 |
| 3137EAEN5 | FHLMC Note 2.75% Due 6/19/2023 | 1,000,000.00 | 06/28/2018 2.83 % | 996,450.00 996,453.91 | 99.62 2.83 % | 996,225.00 1,527.78 | 1.15 % (228.91) | Aaa / AA+ AAA | 4.97 4.61 |
| Total Agency | | 26,755,000.00 | 1.77 % | 26,625,660.01 26,669,199.48 | 2.68 % | 26,008,670.71 112,551.15 | 30.07 % (660,528.77) | Aaa / AA+ AAA | 3.06 2.93 |
| CMO | | | | | | | | | |
| 3137BDDC7 | FHLMC K716 A2 3.13% Due 6/25/2021 | 475,000.00 | 09/12/2017 1.92 % | 494,482.42 490,388.29 | 100.26 2.97 % | 476,239.28 247.79 | 0.55 % (14,149.01) | Aaa / AA+ NR | 2.99 2.65 |



Holdings Report

As of 6/30/18

| 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 |
|-----------------------------------|---|---------------------|-----------------------------|--|----------------------|---|-------------------------------------|---------------------------------|----------------------------|
| CMO | | | | | | | | | |
| 3137BM6P6 | FHLMC K721 A2 3.09% Due 8/25/2022 | 1,350,000.00 | 09/21/2017 2.22 % | 1,401,354.00 1,393,396.13 | 100.04 3.04 % | 1,350,523.80 3,476.25 | 1.56 % (42,872.33) | Aaa / NR NR | 4.16 3.66 |
| Total CMO | | 1,825,000.00 | 2.14 % | 1,895,836.42 1,883,784.42 | 3.02 % | 1,826,763.08 3,724.04 | 2.11 % (57,021.34) | Aaa / AA+ NR | 3.85 3.40 |
| MONEY MARKET FUND FI | | | | | | | | | |
| 60934N104 | Federated Investors Government Obligations Fund | 618,918.27 | Various 1.74 % | 618,918.27 618,918.27 | 1.00 1.74 % | 618,918.27 0.00 | 0.71 % 0.00 | Aaa / AAA AAA | 0.00 0.00 |
| Total Money Market Fund FI | | 618,918.27 | 1.74 % | 618,918.27 618,918.27 | 1.74 % | 618,918.27 0.00 | 0.71 % 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 % | 789,998.03 789,999.90 | 100.00 1.51 % | 789,999.90 11,431.96 | 0.92 % 0.00 | P-1 / A-1+ F-1+ | 0.05 0.05 |
| 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 21,041.49 | 1.73 % 0.00 | P-1 / A-1 NR | 0.11 0.11 |
| 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 15,633.69 | 1.58 % 0.00 | P-1 / A-1 F-1+ | 0.36 0.35 |
| Total Negotiable CD | | 3,625,000.00 | 1.63 % | 3,624,998.03 3,624,999.90 | 1.63 % | 3,624,999.90 48,107.14 | 4.23 % 0.00 | P-1 / A-1 F-1+ | 0.19 0.19 |
| 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 1,914,714.33 | 99.71 2.11 % | 1,909,402.46 4,574.72 | 2.20 % (5,311.87) | Aaa / AAA AAA | 0.27 0.26 |
| 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 1,397,993.29 | 98.31 2.56 % | 1,376,286.80 3,096.53 | 1.59 % (21,706.49) | Aaa / AAA AAA | 1.87 1.82 |
| 45950KCM0 | International Finance Corp Note 2.25% Due 1/25/2021 | 605,000.00 | 01/18/2018 2.35 % | 603,221.30 603,476.10 | 98.81 2.73 % | 597,822.89 5,898.75 | 0.69 % (5,653.21) | Aaa / AAA NR | 2.58 2.45 |
| 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 1,673,536.61 | 97.90 2.75 % | 1,639,744.60 16,116.06 | 1.91 % (33,792.01) | Aaa / NR AAA | 3.56 3.36 |
| 4581X0CZ9 | Inter-American Dev Bank Note 1.75% Due 9/14/2022 | 850,000.00 | 03/23/2018 2.79 % | 813,178.00 815,344.00 | 95.77 2.82 % | 814,025.45 4,421.18 | 0.94 % (1,318.55) | NR / NR AAA | 4.21 3.99 |
| Total Supranational | | 6,445,000.00 | 1.83 % | 6,397,765.55 6,405,064.33 | 2.52 % | 6,337,282.20 34,107.24 | 7.33 % (67,782.13) | Aaa / AAA AAA | 2.19 2.09 |



Holdings Report

As of 6/30/18

| 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 | | | | | | | | | |
| 74005PBH6 | Praxair Note 1.25% Due 11/7/2018 | 1,035,000.00 | 01/08/2015 1.68 % | 1,018,719.45 1,033,493.41 | 99.53 2.59 % | 1,030,126.19 1,940.63 | 1.19 % (3,367.22) | A2 / A NR | 0.36 0.35 |
| 24422ESF7 | John Deere Capital Corp Note 1.95% Due 12/13/2018 | 545,000.00 | 12/10/2013 1.99 % | 543,839.15 544,895.10 | 99.69 2.64 % | 543,314.86 531.38 | 0.63 % (1,580.24) | A2 / A A | 0.45 0.45 |
| 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 1,749,815.17 | 99.77 2.72 % | 1,746,043.25 18,671.52 | 2.03 % (3,771.92) | A2 / A A | 0.54 0.53 |
| 17275RAR3 | Cisco Systems Note 2.125% Due 3/1/2019 | 1,305,000.00 | Various 2.07 % | 1,308,459.75 1,305,461.99 | 99.75 2.50 % | 1,301,733.59 9,243.76 | 1.51 % (3,728.40) | A1 / AA- NR | 0.67 0.66 |
| 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 1,365,179.68 | 99.62 2.67 % | 1,359,757.04 5,505.50 | 1.57 % (5,422.64) | A1 / A+ AA- | 0.82 0.80 |
| 084664CK5 | Berkshire Hathaway Note 1.3% Due 8/15/2019 | 495,000.00 | 08/08/2016 1.33 % | 494,519.85 494,820.22 | 98.50 2.67 % | 487,551.74 2,431.00 | 0.56 % (7,268.48) | Aa2 / AA A+ | 1.13 1.10 |
| 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 1,675,144.36 | 99.46 2.80 % | 1,665,934.90 11,771.53 | 1.93 % (9,209.46) | A1 / A AA- | 1.20 1.08 |
| 94974BGF1 | Wells Fargo Corp Note 2.15% Due 1/30/2020 | 1,050,000.00 | 01/26/2015 2.17 % | 1,048,857.60 1,049,637.79 | 98.60 3.06 % | 1,035,269.55 9,468.96 | 1.20 % (14,368.24) | A2 / A- A+ | 1.59 1.53 |
| 22160KAG0 | Costco Wholesale Corp Note 1.75% Due 2/15/2020 | 665,000.00 | 02/05/2015 1.77 % | 664,301.75 664,772.61 | 98.42 2.75 % | 654,507.63 4,396.39 | 0.76 % (10,264.98) | A1 / A+ A+ | 1.63 1.58 |
| 747525AD5 | Qualcomm Inc Note 2.25% Due 5/20/2020 | 980,000.00 | 06/11/2015 2.49 % | 969,146.50 975,845.52 | 98.53 3.06 % | 965,551.86 2,511.26 | 1.11 % (10,293.66) | A1 / A NR | 1.89 1.83 |
| 594918BG8 | Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020 | 425,000.00 | 10/29/2015 2.02 % | 424,660.00 424,840.70 | 98.42 2.72 % | 418,299.03 1,369.44 | 0.48 % (6,541.67) | Aaa / AAA AA+ | 2.35 2.18 |
| 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 1,053,063.09 | 98.22 3.12 % | 1,031,315.25 3,890.83 | 1.19 % (21,747.84) | A3 / A A | 2.35 2.17 |
| 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 1,053,277.03 | 98.24 3.22 % | 1,031,562.00 11,812.50 | 1.20 % (21,715.03) | A1 / AA- AA | 2.56 2.42 |
| 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 1,167,427.82 | 98.16 2.94 % | 1,138,650.20 8,591.74 | 1.32 % (28,777.62) | Aaa / AA+ NR | 2.67 2.55 |
| 24422ESL4 | John Deere Capital Corp Note 2.8% Due 3/4/2021 | 425,000.00 | 05/24/2017 2.12 % | 435,340.25 432,352.56 | 99.17 3.13 % | 421,455.93 3,867.50 | 0.49 % (10,896.63) | A2 / A A | 2.68 2.54 |
| 369550BE7 | General Dynamics Corp Note 3% Due 5/11/2021 | 1,055,000.00 | Various 3.25 % | 1,047,595.75 1,047,906.52 | 99.68 3.12 % | 1,051,610.29 4,395.83 | 1.22 % 3,703.77 | A2 / A+ NR | 2.87 2.71 |
| 857477AV5 | State Street Bank Note 1.95% Due 5/19/2021 | 580,000.00 | 05/16/2016 1.96 % | 579,698.40 579,826.08 | 96.88 3.09 % | 561,892.98 1,319.50 | 0.65 % (17,933.10) | A1 / A AA- | 2.89 2.77 |
| 594918BP8 | Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021 | 770,000.00 | Various 1.57 % | 769,085.90 769,432.32 | 95.89 2.94 % | 738,358.39 4,740.85 | 0.86 % (31,073.93) | Aaa / AAA AA+ | 3.11 2.98 |
| 69371RN44 | Paccar Financial Corp Note 1.65% Due 8/11/2021 | 1,100,000.00 | 05/23/2018 3.15 % | 1,050,093.00 1,051,665.88 | 95.36 3.23 % | 1,049,004.00 7,058.33 | 1.22 % (2,661.88) | A1 / A+ NR | 3.12 2.98 |



Holdings Report

As of 6/30/18

| 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 1,083,486.73 | 95.24 3.48 % | 1,047,660.90 6,153.89 | 1.21 % (35,825.83) | A1 / AA- A+ | 3.21 3.05 |
| 89236TDP7 | Toyota Motor Credit Corp Note 2.6% Due 1/11/2022 | 1,000,000.00 | 06/12/2018 3.25 % | 978,310.00 978,592.12 | 97.95 3.22 % | 979,515.00 12,277.78 | 1.14 % 922.88 | Aa3 / AA- A | 3.54 3.30 |
| 91159HHP8 | US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022 | 515,000.00 | 01/19/2017 2.66 % | 514,114.20 514,367.91 | 97.84 3.27 % | 503,881.67 5,895.68 | 0.59 % (10,486.24) | A1 / A+ AA- | 3.57 3.33 |
| 674599CK9 | Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due 4/15/2022 | 740,000.00 | 06/18/2018 3.27 % | 722,343.60 722,482.83 | 97.77 3.23 % | 723,486.90 4,061.78 | 0.84 % 1,004.07 | A3 / A A | 3.79 3.56 |
| 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 1,169,914.19 | 96.53 3.37 % | 1,129,344.84 12,182.63 | 1.31 % (40,569.35) | A2 / A A+ | 4.08 3.80 |
| 44932HAC7 | IBM Credit Corp Note 2.2% Due 9/8/2022 | 1,050,000.00 | 11/29/2017 2.58 % | 1,032,234.00 1,034,396.11 | 95.67 3.31 % | 1,004,570.70 7,250.83 | 1.16 % (29,825.41) | A1 / A+ A+ | 4.19 3.93 |
| 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 % | 940,832.50 941,536.52 | 97.40 3.60 % | 925,262.00 13,019.01 | 1.08 % (16,274.52) | A3 / A- AA- | 4.55 4.14 |
| 24422ETG4 | John Deere Capital Corp Note 2.8% Due 3/6/2023 | 280,000.00 | 06/13/2018 3.44 % | 272,213.20 272,285.43 | 97.57 3.36 % | 273,208.60 2,504.44 | 0.32 % 923.17 | A2 / A A | 4.68 4.31 |
| Total US Corporate | | 25,285,000.00 | 2.38 % | 25,132,014.55 25,155,919.69 | 3.01 % | 24,818,869.29 176,864.49 | 28.77 % (337,050.40) | A1 / A+ A+ | 2.29 2.16 |
| US TREASURY | | | | | | | | | |
| 912828VF4 | US Treasury Note 1.375% Due 5/31/2020 | 1,750,000.00 | 07/10/2015 1.62 % | 1,730,250.01 1,742,250.56 | 97.84 2.54 % | 1,712,196.50 2,038.08 | 1.97 % (30,054.06) | Aaa / AA+ AAA | 1.92 1.87 |
| 912828L32 | US Treasury Note 1.375% Due 8/31/2020 | 1,650,000.00 | Various 1.37 % | 1,650,064.12 1,650,026.23 | 97.52 2.56 % | 1,609,007.40 7,583.05 | 1.86 % (41,018.83) | Aaa / AA+ AAA | 2.17 2.11 |
| 912828N89 | US Treasury Note 1.375% Due 1/31/2021 | 1,600,000.00 | 03/09/2016 1.40 % | 1,598,442.85 1,599,176.55 | 96.95 2.60 % | 1,551,187.20 9,176.80 | 1.80 % (47,989.35) | Aaa / AA+ AAA | 2.59 2.50 |
| 912828B90 | US Treasury Note 2% Due 2/28/2021 | 1,650,000.00 | Various 1.55 % | 1,683,525.06 1,668,908.51 | 98.44 2.61 % | 1,624,283.10 11,029.89 | 1.88 % (44,625.41) | Aaa / AA+ AAA | 2.67 2.56 |
| 912828Q37 | US Treasury Note 1.25% Due 3/31/2021 | 1,700,000.00 | Various 1.58 % | 1,676,910.00 1,685,001.74 | 96.41 2.61 % | 1,639,039.71 5,341.53 | 1.89 % (45,962.03) | Aaa / AA+ AAA | 2.75 2.67 |
| 912828S27 | US Treasury Note 1.125% Due 6/30/2021 | 1,015,000.00 | Various 1.91 % | 980,766.29 992,329.50 | 95.68 2.63 % | 971,148.96 31.03 | 1.12 % (21,180.54) | Aaa / AA+ AAA | 3.00 2.92 |
| 912828T34 | US Treasury Note 1.125% Due 9/30/2021 | 1,700,000.00 | 11/09/2016 1.48 % | 1,671,251.79 1,680,882.84 | 95.28 2.65 % | 1,619,714.10 4,807.38 | 1.87 % (61,168.74) | Aaa / AA+ AAA | 3.25 3.15 |
| 912828J43 | US Treasury Note 1.75% Due 2/28/2022 | 1,785,000.00 | 03/13/2017 2.14 % | 1,752,722.58 1,761,152.85 | 96.76 2.68 % | 1,727,196.35 10,440.79 | 2.00 % (33,956.50) | Aaa / AA+ AAA | 3.67 3.50 |
| 912828XG0 | US Treasury Note 2.125% Due 6/30/2022 | 1,700,000.00 | 08/15/2017 1.82 % | 1,724,111.17 1,719,798.82 | 97.84 2.70 % | 1,663,276.60 98.17 | 1.91 % (56,522.22) | Aaa / AA+ AAA | 4.00 3.80 |



Holdings Report

As of 6/30/18

| 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 | | | | | | | | | |
| 912828L57 | US Treasury Note 1.75% Due 9/30/2022 | 1,750,000.00 | 10/17/2017 1.99 % | 1,730,585.94 1,733,334.83 | 96.18 2.71 % | 1,683,213.00 7,698.09 | 1.95 % (50,121.83) | Aaa / AA+ AAA | 4.25 4.04 |
| 912828N30 | US Treasury Note 2.125% Due 12/31/2022 | 1,750,000.00 | 01/25/2018 2.46 % | 1,722,792.97 1,725,150.91 | 97.49 2.72 % | 1,706,045.25 101.05 | 1.96 % (19,105.66) | Aaa / AA+ AAA | 4.51 4.25 |
| Total US Treasury | | 18,050,000.00 | 1.76 % | 17,921,422.78 17,958,013.34 | 2.64 % | 17,506,308.17 58,345.86 | 20.22 % (451,705.17) | Aaa / AA+ AAA | 3.18 3.05 |
| TOTAL PORTFOLIO | | 88,337,665.37 | 1.97 % | 87,922,131.60 88,022,485.01 | 2.72 % | 86,430,904.41 438,098.06 | 100.00 % (1,591,580.60) | Aa1 / AA AAA | 2.64 2.40 |
| TOTAL MARKET VALUE PLUS ACCRUED | | | | | | 86,869,002.47 | | | |



Transaction Ledger

5/31/18 Thru 6/30/18

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------|-----------------|-----------|--------------|--|--------|----------------|--------------|-------------------|--------------|-----------|
| ACQUISITIONS | | | | | | | | | | |
| Purchase | 06/01/2018 | 60934N104 | 1,574.72 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 1,574.72 | 0.00 | 1,574.72 | 0.00 |
| Purchase | 06/11/2018 | 60934N104 | 9,375.00 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 9,375.00 | 0.00 | 9,375.00 | 0.00 |
| Purchase | 06/13/2018 | 60934N104 | 1,680,000.00 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 1,680,000.00 | 0.00 | 1,680,000.00 | 0.00 |
| Purchase | 06/13/2018 | 60934N104 | 5,313.75 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 5,313.75 | 0.00 | 5,313.75 | 0.00 |
| Purchase | 06/14/2018 | 89236TDP7 | 1,000,000.00 | Toyota Motor Credit Corp Note 2.6% Due 1/11/2022 | 97.831 | 3.25 % | 978,310.00 | 11,050.00 | 989,360.00 | 0.00 |
| Purchase | 06/15/2018 | 24422ETG4 | 280,000.00 | John Deere Capital Corp Note 2.8% Due 3/6/2023 | 97.219 | 3.44 % | 272,213.20 | 2,156.00 | 274,369.20 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 4,892.20 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 4,892.20 | 0.00 | 4,892.20 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 63,997.19 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 63,997.19 | 0.00 | 63,997.19 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 52,652.39 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 52,652.39 | 0.00 | 52,652.39 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 45,358.48 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 45,358.48 | 0.00 | 45,358.48 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 26,672.89 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 26,672.89 | 0.00 | 26,672.89 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 31,118.34 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 31,118.34 | 0.00 | 31,118.34 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 609.58 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 609.58 | 0.00 | 609.58 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 257.83 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 257.83 | 0.00 | 257.83 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 16,458.18 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 16,458.18 | 0.00 | 16,458.18 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 29,630.84 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 29,630.84 | 0.00 | 29,630.84 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 28,865.85 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 28,865.85 | 0.00 | 28,865.85 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 1,540.00 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 1,540.00 | 0.00 | 1,540.00 | 0.00 |
| Purchase | 06/15/2018 | 60934N104 | 1,846.25 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 1,846.25 | 0.00 | 1,846.25 | 0.00 |
| Purchase | 06/18/2018 | 60934N104 | 67,369.96 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 67,369.96 | 0.00 | 67,369.96 | 0.00 |



Transaction Ledger

5/31/18 Thru 6/30/18

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------|-----------------|-----------|----------------------|--|---------|----------------|----------------------|-------------------|----------------------|-------------|
| ACQUISITIONS | | | | | | | | | | |
| Purchase | 06/19/2018 | 60934N104 | 398,442.11 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 398,442.11 | 0.00 | 398,442.11 | 0.00 |
| Purchase | 06/20/2018 | 674599CK9 | 740,000.00 | Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due 4/15/2022 | 97.614 | 3.27 % | 722,343.60 | 3,473.89 | 725,817.49 | 0.00 |
| Purchase | 06/21/2018 | 60934N104 | 36,494.51 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 36,494.51 | 0.00 | 36,494.51 | 0.00 |
| Purchase | 06/22/2018 | 60934N104 | 12,412.50 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 12,412.50 | 0.00 | 12,412.50 | 0.00 |
| Purchase | 06/25/2018 | 02587AAJ3 | 700,000.00 | American Express Credit 2017-1 1.93% Due 9/15/2022 | 98.445 | 3.75 % | 689,117.18 | 375.28 | 689,492.46 | 0.00 |
| Purchase | 06/25/2018 | 60934N104 | 1,238.96 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 1,238.96 | 0.00 | 1,238.96 | 0.00 |
| Purchase | 06/25/2018 | 60934N104 | 3,476.25 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 3,476.25 | 0.00 | 3,476.25 | 0.00 |
| Purchase | 06/29/2018 | 3135G0U35 | 1,000,000.00 | FNMA Note 2.75% Due 6/22/2021 | 100.148 | 2.70 % | 1,001,480.00 | 305.56 | 1,001,785.56 | 0.00 |
| Purchase | 06/29/2018 | 3137EAEN5 | 1,000,000.00 | FHLMC Note 2.75% Due 6/19/2023 | 99.645 | 2.83 % | 996,450.00 | 1,375.00 | 997,825.00 | 0.00 |
| Purchase | 06/30/2018 | 60934N104 | 42,365.63 | Federated Investors Government Obligations Fund | 1.000 | 1.74 % | 42,365.63 | 0.00 | 42,365.63 | 0.00 |
| | Subtotal | | 7,281,963.41 | | | | 7,221,877.39 | 18,735.73 | 7,240,613.12 | 0.00 |
| Security Contribution | 06/06/2018 | 60934N104 | 410.67 | Federated Investors Government Obligations Fund | 1.000 | | 410.67 | 0.00 | 410.67 | 0.00 |
| Security Contribution | 06/27/2018 | 60934N104 | 2,500,000.00 | Federated Investors Government Obligations Fund | 1.000 | | 2,500,000.00 | 0.00 | 2,500,000.00 | 0.00 |
| | Subtotal | | 2,500,410.67 | | | | 2,500,410.67 | 0.00 | 2,500,410.67 | 0.00 |
| Short Sale | 06/14/2018 | 60934N104 | -989,360.00 | Federated Investors Government Obligations Fund | 1.000 | | -989,360.00 | 0.00 | -989,360.00 | 0.00 |
| Short Sale | 06/15/2018 | 60934N104 | -274,369.20 | Federated Investors Government Obligations Fund | 1.000 | | -274,369.20 | 0.00 | -274,369.20 | 0.00 |
| | Subtotal | | -1,263,729.20 | | | | -1,263,729.20 | 0.00 | -1,263,729.20 | 0.00 |
| TOTAL ACQUISITIONS | | | 8,518,644.88 | | | | 8,458,558.86 | 18,735.73 | 8,477,294.59 | 0.00 |



Transaction Ledger

5/31/18 Thru 6/30/18

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------|-----------------|-----------|----------------------|---|---------|----------------|----------------------|-------------------|----------------------|------------------|
| DISPOSITIONS | | | | | | | | | | |
| Closing Purchase | 06/15/2018 | 60934N104 | -274,369.20 | Federated Investors Government Obligations Fund | 1.000 | | -274,369.20 | 0.00 | -274,369.20 | 0.00 |
| Closing Purchase | 06/15/2018 | 60934N104 | -714,990.80 | Federated Investors Government Obligations Fund | 1.000 | | -714,990.80 | 0.00 | -714,990.80 | 0.00 |
| Closing Purchase | 06/15/2018 | 60934N104 | -274,369.20 | Federated Investors Government Obligations Fund | 1.000 | | -274,369.20 | 0.00 | -274,369.20 | 0.00 |
| | Subtotal | | -1,263,729.20 | | | | -1,263,729.20 | 0.00 | -1,263,729.20 | 0.00 |
| Sale | 06/15/2018 | 60934N104 | 989,360.00 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 989,360.00 | 0.00 | 989,360.00 | 0.00 |
| Sale | 06/15/2018 | 60934N104 | 274,369.20 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 274,369.20 | 0.00 | 274,369.20 | 0.00 |
| Sale | 06/19/2018 | 3135G0ZG1 | 400,000.00 | FNMA Note 1.75% Due 9/12/2019 | 99.139 | 2.46 % | 396,556.00 | 1,886.11 | 398,442.11 | -3,673.81 |
| Sale | 06/20/2018 | 60934N104 | 725,817.49 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 725,817.49 | 0.00 | 725,817.49 | 0.00 |
| Sale | 06/25/2018 | 60934N104 | 689,492.46 | Federated Investors Government Obligations Fund | 1.000 | 1.60 % | 689,492.46 | 0.00 | 689,492.46 | 0.00 |
| Sale | 06/29/2018 | 60934N104 | 1,999,610.56 | Federated Investors Government Obligations Fund | 1.000 | 1.74 % | 1,999,610.56 | 0.00 | 1,999,610.56 | 0.00 |
| | Subtotal | | 5,078,649.71 | | | | 5,075,205.71 | 1,886.11 | 5,077,091.82 | -3,673.81 |
| Paydown | 06/15/2018 | 43811BAC8 | 0.00 | Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021 | 100.000 | | 0.00 | 1,540.00 | 1,540.00 | 0.00 |
| Paydown | 06/15/2018 | 43814QAC2 | 28,530.99 | Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020 | 100.000 | | 28,530.99 | 334.86 | 28,865.85 | 0.00 |
| Paydown | 06/15/2018 | 47787XAB3 | 29,418.21 | John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019 | 100.000 | | 29,418.21 | 212.63 | 29,630.84 | 0.00 |
| Paydown | 06/15/2018 | 47788BAB0 | 16,232.71 | John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020 | 100.000 | | 16,232.71 | 225.47 | 16,458.18 | 0.00 |
| Paydown | 06/15/2018 | 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 | 06/15/2018 | 47788CAC6 | 0.00 | John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022 | 100.000 | | 0.00 | 609.58 | 609.58 | 0.00 |
| Paydown | 06/15/2018 | 47788MAC4 | 30,728.43 | John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020 | 100.000 | | 30,728.43 | 389.91 | 31,118.34 | 0.00 |
| Paydown | 06/15/2018 | 654747AB0 | 26,436.12 | Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020 | 100.000 | | 26,436.12 | 236.77 | 26,672.89 | 0.00 |



Transaction Ledger

5/31/18 Thru 6/30/18

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------|-----------------|-----------------|---------------------|---|---------|----------------|---------------------|-------------------|---------------------|------------------|
| DISPOSITIONS | | | | | | | | | | |
| Paydown | 06/15/2018 | 65478WAB1 | 4,887.84 | Nissan Auto Receivables Owner 2016-C A2A 1.07% Due 5/15/2019 | 100.000 | | 4,887.84 | 4.36 | 4,892.20 | 0.00 |
| Paydown | 06/15/2018 | 89231LAB3 | 45,300.57 | Toyota Auto Receivables Owner 2016-D 1.06% Due 5/15/2019 | 100.000 | | 45,300.57 | 57.91 | 45,358.48 | 0.00 |
| Paydown | 06/15/2018 | 89231UAD9 | 52,065.53 | Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020 | 100.000 | | 52,065.53 | 586.86 | 52,652.39 | 0.00 |
| Paydown | 06/15/2018 | 89237RAB4 | 62,950.60 | Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020 | 100.000 | | 62,950.60 | 1,046.59 | 63,997.19 | 0.00 |
| Paydown | 06/15/2018 | 89238BAB8 | 0.00 | Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020 | 100.000 | | 0.00 | 1,846.25 | 1,846.25 | 0.00 |
| Paydown | 06/18/2018 | 43814RAB2 | 67,263.99 | Honda Auto Receivables 2016-4 A2 1.04% Due 4/18/2019 | 100.000 | | 67,263.99 | 105.97 | 67,369.96 | 0.00 |
| Paydown | 06/21/2018 | 43814TAB8 | 36,331.32 | Honda Auto Receivables 2017-1 A2 1.42% Due 7/22/2019 | 100.000 | | 36,331.32 | 163.19 | 36,494.51 | 0.00 |
| Paydown | 06/25/2018 | 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 | 06/25/2018 | 3137BM6P6 | 0.00 | FHLMC K721 A2Due 8/25/2022 | 100.000 | | 0.00 | 3,476.25 | 3,476.25 | 0.00 |
| | | Subtotal | 400,146.31 | | | | 400,146.31 | 12,333.39 | 412,479.70 | 0.00 |
| Maturity | 06/13/2018 | 06538CFD8 | 1,680,000.00 | Bank of Tokyo Mitsubishi NY Discount CP 2.1% Due 6/13/2018 | 99.463 | | 1,680,000.00 | 0.00 | 1,680,000.00 | 0.00 |
| | | Subtotal | 1,680,000.00 | | | | 1,680,000.00 | 0.00 | 1,680,000.00 | 0.00 |
| Security Withdrawal | 06/06/2018 | 60934N104 | 410.67 | Federated Investors Government Obligations Fund | 1.000 | | 410.67 | 0.00 | 410.67 | 0.00 |
| | | Subtotal | 410.67 | | | | 410.67 | 0.00 | 410.67 | 0.00 |
| TOTAL DISPOSITIONS | | | 5,895,477.49 | | | | 5,892,033.49 | 14,219.50 | 5,906,252.99 | -3,673.81 |

| | | | | | | | | | | |
|---------------------------|------------|-----------|--------------|--|-------|--|-----------|------|-----------|------|
| OTHER TRANSACTIONS | | | | | | | | | | |
| Interest | 06/11/2018 | 313379RB7 | 1,000,000.00 | FHLB Note 1.875% Due 6/11/2021 | 0.000 | | 9,375.00 | 0.00 | 9,375.00 | 0.00 |
| Interest | 06/13/2018 | 24422ESF7 | 545,000.00 | John Deere Capital Corp Note 1.95% Due 12/13/2018 | 0.000 | | 5,313.75 | 0.00 | 5,313.75 | 0.00 |
| Interest | 06/22/2018 | 3135G0D75 | 1,655,000.00 | FNMA Note 1.5% Due 6/22/2020 | 0.000 | | 12,412.50 | 0.00 | 12,412.50 | 0.00 |



Transaction Ledger

5/31/18 Thru 6/30/18

| Transaction Type | Settlement Date | CUSIP | Quantity | Security Description | Price | Acq/Disp Yield | Amount | Interest Pur/Sold | Total Amount | Gain/Loss |
|---------------------------------|-----------------|-----------------|---------------------|--|-------|----------------|------------------|-------------------|------------------|-------------|
| OTHER TRANSACTIONS | | | | | | | | | | |
| Interest | 06/30/2018 | 912828N30 | 1,750,000.00 | US Treasury Note 2.125% Due 12/31/2022 | 0.000 | | 18,593.75 | 0.00 | 18,593.75 | 0.00 |
| Interest | 06/30/2018 | 912828S27 | 1,015,000.00 | US Treasury Note 1.125% Due 6/30/2021 | 0.000 | | 5,709.38 | 0.00 | 5,709.38 | 0.00 |
| Interest | 06/30/2018 | 912828XG0 | 1,700,000.00 | US Treasury Note 2.125% Due 6/30/2022 | 0.000 | | 18,062.50 | 0.00 | 18,062.50 | 0.00 |
| | | Subtotal | 7,665,000.00 | | | | 69,466.88 | 0.00 | 69,466.88 | 0.00 |
| Dividend | 06/01/2018 | 60934N104 | 235,604.57 | Federated Investors Government Obligations Fund | 0.000 | | 1,574.72 | 0.00 | 1,574.72 | 0.00 |
| | | Subtotal | 235,604.57 | | | | 1,574.72 | 0.00 | 1,574.72 | 0.00 |
| TOTAL OTHER TRANSACTIONS | | | 7,900,604.57 | | | | 71,041.60 | 0.00 | 71,041.60 | 0.00 |

Section 3

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CITY OF MORENO VALLEY

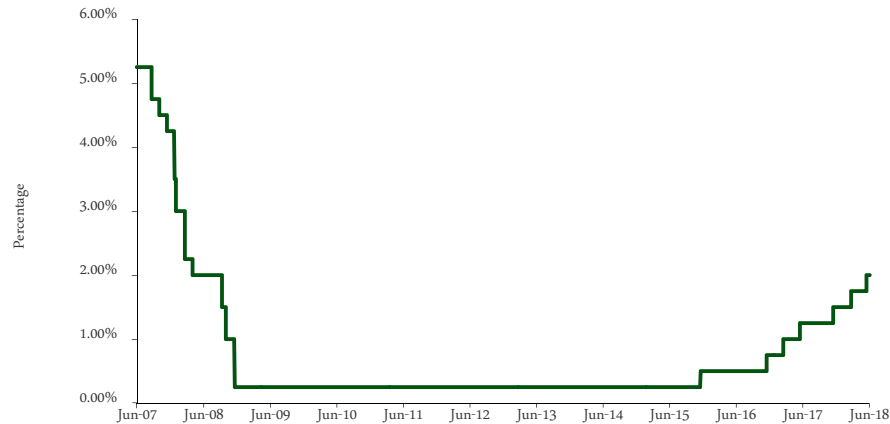
June 2018

Part of  BNY MELLON



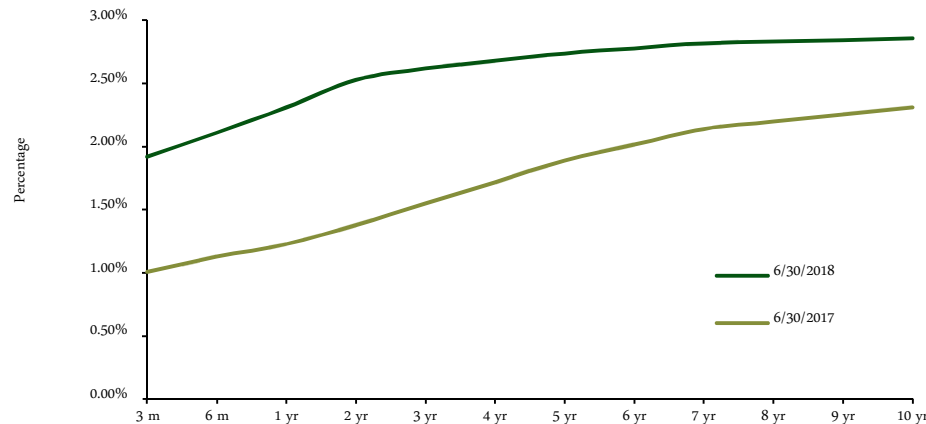
As of June 30, 2018

Chart 1: Fed funds target rate: 6/30/2007—6/30/2018



Source: Bloomberg Finance LP, June 30, 2018.

Chart 2: Treasury yield curve: 6/30/2017 and 6/30/2018



Source: Bloomberg Finance LP, June 30, 2018.

Economic Indicators and Monetary Policy

On June 13, the Federal Open Market Committee (FOMC) met and unanimously agreed to increase the federal funds target range by 25 basis points to 1.75% to 2%. (See Chart 1). The FOMC statement noted a strengthening labor market and solid economic activity since the May meeting. The statement also reflected that the FOMC expects further gradual increases in the target rate will be consistent with continued economic expansion, strong labor market conditions and inflation near the FOMC’s 2% symmetrical target over the medium-term. Forward guidance from the FOMC meeting revealed that the median forecast for the upper range of the federal funds target rate at year-end 2018 is 2.375%, indicating that one-to-two additional rate increases are expected this year as of the June meeting.

The employment report released on June 1 showed an increase of 223,000 jobs in May, better than expectations for 190,000 jobs added. The unemployment rate decreased 0.1% to 3.8% and the underemployment rate fell 0.2% to 7.6% in May. Average hourly earnings increased 0.1% to 2.7% annual growth, better than expectations for 2.6% growth.

At the start of June, the Institute for Supply Management (ISM) Manufacturing and Non-Manufacturing Indices both pushed higher for May readings of 58.7% and 58.6% respectively. The final estimate for first quarter Gross Domestic Product (GDP) was released on June 28 showing 2% growth, revised down from the second estimate of 2.2% and an original estimate of 2.3% growth. Personal consumption was revised downward to 0.9% growth and inventories and net exports subtracted from the final estimate of first quarter GDP.

The Consumer Price Index (CPI) data released on June 12 showed 0.2% increases in the headline and core readings, in line with expectations. On an annual basis, the headline CPI was 2.8% for May and factoring out food and energy, the core level was 2.2%.

Interest Rate Summary

At the end of June, the 3-month US Treasury bill yielded 1.92%, the 6-month US Treasury bill yielded 2.11%, the 2-year US Treasury note yielded 2.53%, the 5-year US Treasury note yielded 2.74% and the 10-year US Treasury note yielded 2.86%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2018 - June 30, 2018

| <u>Amortized Cost Basis Activity Summary</u> | |
|--|---------------|
| Opening balance | 55,945,032.18 |
| Income received | 79,075.74 |
| Total receipts | 79,075.74 |
| Total disbursements | 0.00 |
| Interportfolio transfers | 0.00 |
| Total Interportfolio transfers | 0.00 |
| Realized gain (loss) | 0.00 |
| Total amortization expense | (6,967.70) |
| Total OID/MKT accretion income | 8,749.48 |
| Return of capital | 0.00 |
| Closing balance | 56,025,889.70 |
| Ending fair value | 55,458,799.96 |
| Unrealized gain (loss) | (567,089.74) |

| <u>Detail of Amortized Cost Basis Return</u> | | | | |
|--|------------------|--------------------------|----------------------|------------------|
| | Interest earned | Accretion (amortization) | Realized gain (loss) | Total income |
| Cash and Cash Equivalents | 134.20 | 0.00 | 0.00 | 134.20 |
| Corporate Bonds | 23,154.04 | (26.19) | 0.00 | 23,127.85 |
| Government Agencies | 39,298.77 | 564.66 | 0.00 | 39,863.43 |
| Government Bonds | 12,484.73 | 1,243.31 | 0.00 | 13,728.04 |
| Total | 75,071.74 | 1,781.78 | 0.00 | 76,853.52 |

| <u>Comparative Rates of Return (%)</u> | | | |
|--|-------------------------|----------------------|-------------|
| | * Twelve month trailing | * Six month trailing | * One month |
| Fed Funds | 1.38 | 0.79 | 0.15 |
| Overnight Repo | 1.38 | 0.80 | 0.15 |
| Merrill Lynch 3m US Treas Bill | 1.38 | 0.83 | 0.15 |
| Merrill Lynch 6m US Treas Bill | 1.51 | 0.90 | 0.17 |
| ML 1 Year US Treasury Note | 1.74 | 1.03 | 0.19 |
| ML 2 Year US Treasury Note | 1.95 | 1.14 | 0.21 |
| ML 5 Year US Treasury Note | 2.29 | 1.31 | 0.23 |

* rates reflected are cumulative

| <u>Summary of Amortized Cost Basis Return for the Period</u> | |
|--|-----------------|
| | Total portfolio |
| Interest earned | 75,071.74 |
| Accretion (amortization) | 1,781.78 |
| Realized gain (loss) on sales | 0.00 |
| Total income on portfolio | 76,853.52 |
| Average daily amortized cost | 55,982,780.50 |
| Period return (%) | 0.14 |
| YTD return (%) | 0.79 |
| Weighted average final maturity in days | 469 |

ACTIVITY AND PERFORMANCE SUMMARY

For the period June 1, 2018 - June 30, 2018

| <u>Fair Value Basis Activity Summary</u> | | |
|--|-----------|---------------|
| Opening balance | | 55,413,700.40 |
| Income received | 79,075.74 | |
| Total receipts | | 79,075.74 |
| 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 | | (33,976.18) |
| Ending fair value | | 55,458,799.96 |

| <u>Detail of Fair Value Basis Return</u> | | | |
|--|------------------|----------------------|------------------|
| | Interest earned | Change in fair value | Total income |
| Cash and Cash Equivalents | 134.20 | 0.00 | 134.20 |
| Corporate Bonds | 23,154.04 | (12,828.51) | 10,325.53 |
| Government Agencies | 39,298.77 | (19,301.05) | 19,997.72 |
| Government Bonds | 12,484.73 | (1,846.62) | 10,638.11 |
| Total | 75,071.74 | (33,976.18) | 41,095.56 |

| <u>Comparative Rates of Return (%)</u> | | | |
|--|-------------------------|----------------------|-------------|
| | * Twelve month trailing | * Six month trailing | * One month |
| Fed Funds | 1.38 | 0.79 | 0.15 |
| Overnight Repo | 1.38 | 0.80 | 0.15 |
| ICE ML 3m US Treas Bill | 1.36 | 0.81 | 0.17 |
| ICE ML 6m US Treas Bill | 1.39 | 0.80 | 0.16 |
| ICE ML 1 Year US Treasury Note | 0.92 | 0.65 | 0.12 |
| ICE ML US Treasury 1-3 | 0.08 | 0.09 | 0.02 |
| ICE ML US Treasury 1-5 | (0.35) | (0.25) | (0.01) |

* rates reflected are cumulative

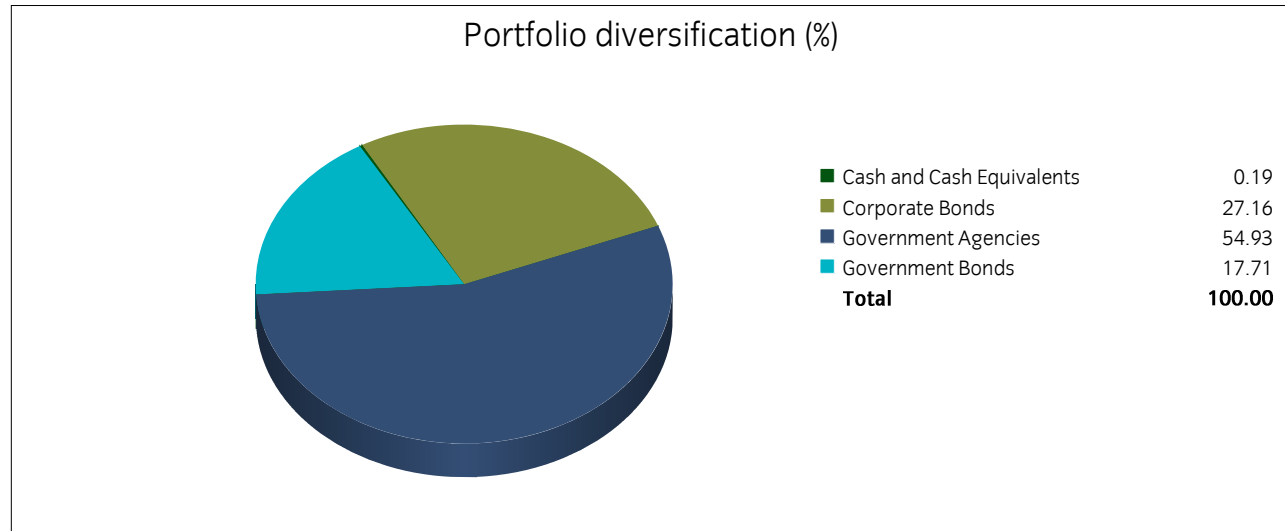
| <u>Summary of Fair Value Basis Return for the Period</u> | |
|--|-----------------|
| | Total portfolio |
| Interest earned | 75,071.74 |
| Change in fair value | (33,976.18) |
| Total income on portfolio | 41,095.56 |
| Average daily total value * | 55,619,324.27 |
| Period return (%) | 0.07 |
| YTD return (%) | 0.36 |
| Weighted average final maturity in days | 469 |

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of June 30, 2018

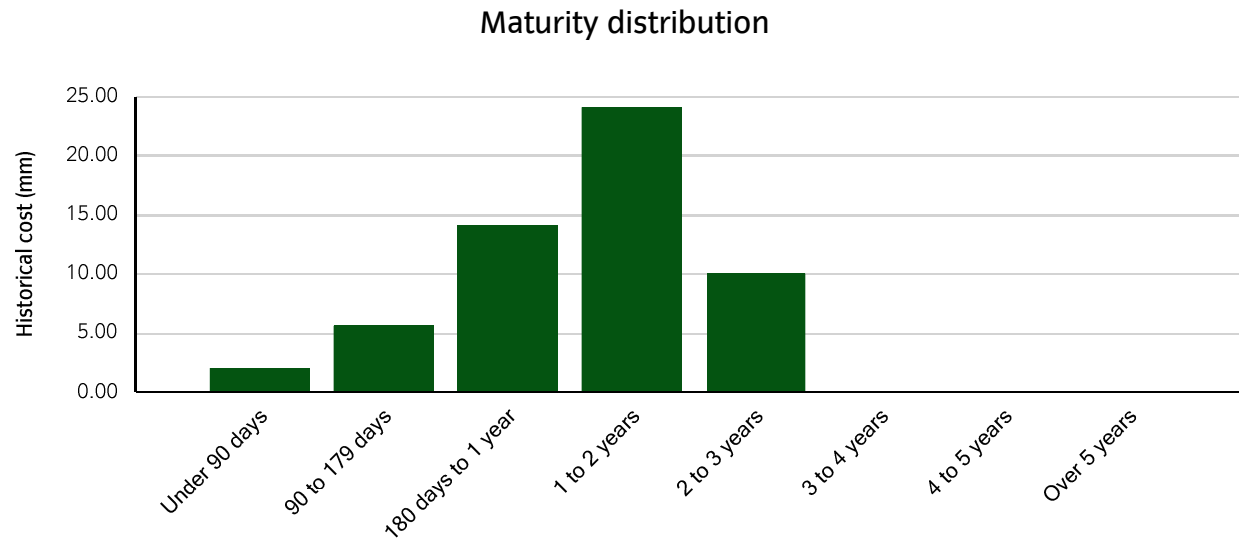
| | Historical cost | Amortized cost | Fair value | Unrealized gain (loss) | Weighted average final maturity (days) | Percent of portfolio | Weighted average effective duration (years) |
|---------------------------|----------------------|----------------------|----------------------|------------------------|--|----------------------|---|
| Cash and Cash Equivalents | 108,828.89 | 108,828.89 | 108,828.89 | 0.00 | 1 | 0.19 | 0.00 |
| Corporate Bonds | 15,236,237.43 | 15,204,998.93 | 15,043,985.64 | (161,013.29) | 455 | 27.16 | 1.21 |
| Government Agencies | 30,813,567.30 | 30,746,641.72 | 30,414,842.15 | (331,799.57) | 504 | 54.93 | 1.34 |
| Government Bonds | 9,933,321.59 | 9,965,420.16 | 9,891,143.28 | (74,276.88) | 386 | 17.71 | 1.03 |
| Total | 56,091,955.21 | 56,025,889.70 | 55,458,799.96 | (567,089.74) | 469 | 100.00 | 1.25 |



MATURITY DISTRIBUTION OF SECURITIES HELD

As of June 30, 2018

| Maturity | Historic cost | Percent |
|--------------------|----------------------|---------------|
| Under 90 days | 2,145,528.89 | 3.83 |
| 90 to 179 days | 5,644,378.64 | 10.06 |
| 180 days to 1 year | 14,125,467.19 | 25.18 |
| 1 to 2 years | 24,135,823.28 | 43.03 |
| 2 to 3 years | 10,040,757.21 | 17.90 |
| 3 to 4 years | 0.00 | 0.00 |
| 4 to 5 years | 0.00 | 0.00 |
| Over 5 years | 0.00 | 0.00 |
| | 56,091,955.21 | 100.00 |



SECURITIES HELD

As of June 30, 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 | | 108,828.89 | 108,828.89 0.00 | 108,828.89 0.00 | 108,828.89 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.19 |
| Total Cash and Cash Equivalents | | | 108,828.89 | 108,828.89 0.00 | 108,828.89 0.00 | 108,828.89 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.19 |
| Corporate Bonds | | | | | | | | | | | |
| 91159HHE3 US BANCORP 1.95% 15NOV2018 (CALLABLE 15OCT18) | 1.950 | 11/15/2018 10/15/2018 | 215,000.00 | 215,455.80 0.00 | 215,035.90 (7.98) | 214,544.20 9.89 | (491.70) | 0.00 | 337.73 | 524.06 | 0.38 |
| 68389XAQ8 ORACLE CORP 2.375% 15JAN2019 | 2.375 | 01/15/2019 | 1,000,000.00 | 1,002,870.00 0.00 | 1,001,626.89 (250.29) | 999,878.00 (184.00) | (1,748.89) | 0.00 | 1,913.20 | 10,885.42 | 1.79 |
| 17275RBB7 CISCO SYSTEMS INC 1.6% 28FEB2019 | 1.600 | 02/28/2019 | 700,000.00 | 702,331.00 0.00 | 700,514.19 (64.28) | 695,605.40 (162.40) | (4,908.79) | 0.00 | 902.23 | 3,795.56 | 1.25 |
| 17275RAR3 CISCO SYSTEMS INC 2.125% 01MAR2019 | 2.125 | 03/01/2019 | 500,000.00 | 503,740.00 0.00 | 500,499.36 (62.16) | 498,748.50 64.50 | (1,750.86) | 0.00 | 855.90 | 3,512.15 | 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 | 1,501,338.15 (125.46) | 1,483,710.00 831.00 | (17,628.15) | 0.00 | 1,691.66 | 2,333.33 | 2.68 |
| 94988J5D5 WELLS FARGO BANK NA 1.75% 24MAY2019 | 1.750 | 05/24/2019 | 1,200,000.00 | 1,196,316.00 0.00 | 1,198,547.91 134.45 | 1,189,249.20 243.60 | (9,298.71) | 0.00 | 1,691.67 | 2,100.00 | 2.13 |
| 02665WAH4 AMERICAN HONDA FINANCE 2.25% 15AUG2019 | 2.250 | 08/15/2019 | 1,500,000.00 | 1,541,520.00 0.00 | 1,514,372.31 (1,064.61) | 1,491,439.50 (450.00) | (22,932.81) | 0.00 | 2,718.75 | 12,656.25 | 2.75 |
| 713448DJ4 PEPSICO INC 1.35% 04OCT2019 | 1.350 | 10/04/2019 | 1,500,000.00 | 1,487,931.00 0.00 | 1,493,799.10 409.75 | 1,475,121.00 (987.00) | (18,678.10) | 0.00 | 1,631.25 | 4,837.50 | 2.65 |

SECURITIES HELD

As of June 30, 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 | | | | | | | | | | | |
| 24422ETJ8 JOHN DEERE CAPITAL CORP 1.25% 09OCT2019 | 1.250 | 10/09/2019 | 1,000,000.00 | 979,508.26 0.00 | 983,556.45 1,074.74 | 981,545.00 1,326.00 | (2,011.45) | 0.00 | 1,006.94 | 2,812.50 | 1.75 |
| 69353RDZ8 PNC BANK NA 2.4% 18OCT2019 (CALLABLE 18SEP19) | 2.400 | 10/18/2019 09/18/2019 | 1,000,000.00 | 994,960.00 0.00 | 995,711.42 274.91 | 993,063.00 (1,782.00) | (2,648.42) | 0.00 | 1,933.33 | 4,800.00 | 1.77 |
| 037833DH0 APPLE INC 1.8% 13NOV2019 | 1.800 | 11/13/2019 | 639,000.00 | 631,542.87 0.00 | 632,351.96 404.54 | 632,244.49 (1,490.15) | (107.47) | 0.00 | 926.55 | 1,501.65 | 1.13 |
| 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 | 1,002,456.20 (126.61) | 987,690.00 (688.00) | (14,766.20) | 0.00 | 1,490.28 | 7,091.67 | 1.79 |
| 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 | 1,002,224.52 (110.68) | 987,305.00 (1,511.00) | (14,919.52) | 0.00 | 1,579.69 | 6,373.25 | 1.79 |
| 25468PDP8 WALT DISNEY COMPANY/THE 1.95% 04MAR2020 | 1.950 | 03/04/2020 | 1,000,000.00 | 1,003,140.00 0.00 | 1,001,868.53 (92.81) | 983,431.00 (4,526.00) | (18,437.53) | 0.00 | 1,570.83 | 6,283.33 | 1.79 |
| 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 | 550,081.23 (3.52) | 541,655.95 (1,088.45) | (8,425.28) | 6,325.00 | 1,019.03 | 1,019.03 | 0.98 |
| 0258M0DX4 AMERICAN EXPRESS CREDIT 2.6% 14SEP2020 (CALLABLE 14AUG20) | 2.600 | 09/14/2020 08/14/2020 | 900,000.00 | 914,913.00 0.00 | 911,014.81 (416.18) | 888,755.40 (2,434.50) | (22,259.41) | 0.00 | 1,885.00 | 6,890.00 | 1.63 |
| Total Corporate Bonds | | | 15,204,000.00 | 15,236,237.43 0.00 | 15,204,998.93 (26.19) | 15,043,985.64 (12,828.51) | (161,013.29) | 6,325.00 | 23,154.04 | 77,415.70 | 27.16 |

SECURITIES HELD

As of June 30, 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 | | | | | | | | | | | |
| 3135G0YM9 FANNIE MAE 1.875% 18SEP2018 | 1.875 | 09/18/2018 | 2,000,000.00 | 2,036,700.00 0.00 | 2,002,798.24 (1,076.25) | 1,999,618.00 578.00 | (3,180.24) | 0.00 | 3,020.83 | 10,625.00 | 3.63 |
| 3135G0YT4 FANNIE MAE 1.625% 27NOV2018 | 1.625 | 11/27/2018 | 1,000,000.00 | 996,020.00 0.00 | 999,672.24 66.90 | 998,030.00 336.00 | (1,642.24) | 0.00 | 1,309.02 | 1,489.58 | 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 | 2,007,999.11 (1,463.25) | 1,995,924.00 170.00 | (12,075.11) | 17,500.00 | 2,819.45 | 1,555.56 | 3.64 |
| 3137EADZ9 FREDDIE MAC 1.125% 15APR2019 | 1.125 | 04/15/2019 | 2,000,000.00 | 2,000,040.00 0.00 | 2,000,010.38 (1.10) | 1,981,562.00 960.00 | (18,448.38) | 0.00 | 1,812.50 | 4,687.50 | 3.57 |
| 3134GBRH7 FREDDIE MAC 1.4% 14JUN2019 CALLABLE | 1.400 | 06/14/2019 | 1,500,000.00 | 1,499,100.00 0.00 | 1,499,562.09 38.19 | 1,486,320.00 (240.00) | (13,242.09) | 10,500.00 | 1,691.66 | 933.33 | 2.67 |
| 3134G44Y1 FREDDIE MAC 1.25% 24JUN2019 CALLABLE | 1.250 | 06/24/2019 | 2,100,000.00 | 2,075,808.00 0.00 | 2,082,121.15 1,515.15 | 2,077,257.00 (189.00) | (4,864.15) | 13,125.00 | 2,114.58 | 437.50 | 3.70 |
| 3133ECW83 FEDERAL FARM CREDIT BANK 2.06% 01AUG2019 | 2.060 | 08/01/2019 | 1,500,000.00 | 1,526,550.00 0.00 | 1,510,779.91 (827.10) | 1,494,795.00 (2,175.00) | (15,984.91) | 0.00 | 2,489.17 | 12,789.17 | 2.72 |
| 3135G0P49 FANNIE MAE 1% 28AUG2019 | 1.000 | 08/28/2019 | 1,100,000.00 | 1,079,969.00 0.00 | 1,081,718.43 1,312.07 | 1,082,009.50 (290.40) | 291.07 | 0.00 | 886.11 | 3,727.78 | 1.93 |
| 313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019 | 1.375 | 09/13/2019 | 1,000,000.00 | 1,016,632.00 0.00 | 1,006,224.42 (431.26) | 988,030.00 420.00 | (18,194.42) | 0.00 | 1,107.64 | 4,086.81 | 1.81 |
| 3130ACM92 FEDERAL HOME LOAN BANK 1.5% 21OCT2019 | 1.500 | 10/21/2019 | 1,500,000.00 | 1,486,380.00 0.00 | 1,489,586.01 663.32 | 1,481,061.00 (1,522.50) | (8,525.01) | 0.00 | 1,812.50 | 4,312.50 | 2.65 |

SECURITIES HELD

As of June 30, 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 | | | | | | | | | | | |
| 3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019 | 1.125 | 11/29/2019 | 1,700,000.00 | 1,684,980.50 0.00 | 1,692,927.91 416.82 | 1,668,142.00 (425.00) | (24,785.91) | 0.00 | 1,540.63 | 1,646.88 | 3.00 |
| 3137EAEE5 FREDDIE MAC 1.5% 17JAN2020 | 1.500 | 01/17/2020 | 1,000,000.00 | 990,460.00 0.00 | 992,828.91 386.24 | 984,291.00 (1,176.00) | (8,537.91) | 0.00 | 1,208.34 | 6,791.67 | 1.77 |
| 3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020 | 1.450 | 02/11/2020 | 1,000,000.00 | 999,000.00 0.00 | 999,496.10 26.02 | 982,980.00 (1,380.00) | (16,516.10) | 0.00 | 1,168.05 | 5,598.61 | 1.78 |
| 3134G96L6 FREDDIE MAC 1.3% 25FEB2020 (CALLABLE 25AUG18) | 1.300 | 02/25/2020 08/25/2018 | 1,000,000.00 | 1,000,000.00 0.00 | 1,000,000.00 0.00 | 978,810.00 (1,050.00) | (21,190.00) | 0.00 | 1,047.22 | 4,513.89 | 1.78 |
| 3136G3UB9 FANNIE MAE 1.2% 30MAR2020 CALLABLE | 1.200 | 03/30/2020 | 1,300,000.00 | 1,299,025.00 0.00 | 1,299,532.18 22.28 | 1,270,204.00 (1,300.00) | (29,328.18) | 0.00 | 1,300.00 | 3,900.00 | 2.32 |
| 3133EJNW5 FEDERAL FARM CREDIT BANK 2.55% 15MAY2020 | 2.550 | 05/15/2020 | 1,250,000.00 | 1,249,450.00 (2,036.46) | 1,249,468.88 18.88 | 1,248,701.25 (748.75) | (767.63) | 0.00 | 1,947.92 | 3,984.38 | 2.23 |
| 3130AB6A9 FEDERAL HOME LOAN BANK 1.65% 20JUL2020 | 1.650 | 07/20/2020 | 1,000,000.00 | 999,910.00 0.00 | 999,942.14 2.35 | 980,810.00 (1,840.00) | (19,132.14) | 0.00 | 1,329.16 | 7,333.33 | 1.78 |
| 3130ACBY9 FEDERAL HOME LOAN BANK 1.68% 28AUG2020 (CALLABLE 28AUG18) | 1.680 | 08/28/2020 08/28/2018 | 1,600,000.00 | 1,600,000.00 0.00 | 1,600,000.00 0.00 | 1,567,056.00 (4,032.00) | (32,944.00) | 0.00 | 2,165.33 | 9,109.33 | 2.85 |
| 3133EHYM9 FEDERAL FARM CREDIT BANK 1.5% 14SEP2020 | 1.500 | 09/14/2020 | 1,500,000.00 | 1,495,110.00 0.00 | 1,496,388.22 136.46 | 1,463,880.00 (315.00) | (32,508.22) | 0.00 | 1,812.50 | 6,625.00 | 2.67 |
| 3133EDWV0 FEDERAL FARM CREDIT BANK 2.14% 06OCT2020 | 2.140 | 10/06/2020 | 1,860,000.00 | 1,860,855.60 0.00 | 1,860,707.37 (26.00) | 1,839,558.60 (1,618.20) | (21,148.77) | 0.00 | 3,206.43 | 9,287.60 | 3.32 |

SECURITIES HELD

As of June 30, 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 | | | | | | | | | | | |
| 3133EG2L8 FEDERAL FARM CREDIT BANK 1.92% 28DEC2020 | 1.920 | 12/28/2020 | 1,880,000.00 | 1,873,777.20 0.00 | 1,874,878.03 171.12 | 1,845,802.80 (3,271.20) | (29,075.23) | 18,048.00 | 2,907.73 | 200.53 | 3.34 |
| Total Government Agencies | | | 30,790,000.00 | 30,813,567.30 (2,036.46) | 30,746,641.72 950.84 | 30,414,842.15 (19,109.05) | (331,799.57) | 59,173.00 | 38,696.77 | 103,635.95 | 54.93 |
| Government Bonds | | | | | | | | | | | |
| 912828WD8 USA TREASURY 1.25% 31OCT2018 | 1.250 | 10/31/2018 | 1,700,000.00 | 1,679,818.19 0.00 | 1,698,607.76 339.57 | 1,695,617.40 1,261.40 | (2,990.36) | 0.00 | 1,732.34 | 3,522.42 | 2.99 |
| 912828A34 USA TREASURY 1.25% 30NOV2018 | 1.250 | 11/30/2018 | 725,000.00 | 709,284.65 0.00 | 723,663.45 262.07 | 722,508.18 538.68 | (1,155.27) | 0.00 | 742.83 | 742.83 | 1.26 |
| 912828B33 USA TREASURY 1.5% 31JAN2019 | 1.500 | 01/31/2019 | 1,450,000.00 | 1,452,039.06 0.00 | 1,450,894.69 (124.84) | 1,443,939.00 452.40 | (6,955.69) | 0.00 | 1,802.48 | 9,012.43 | 2.59 |
| 912828C65 USA TREASURY 1.625% 31MAR2019 | 1.625 | 03/31/2019 | 2,200,000.00 | 2,188,828.13 0.00 | 2,191,567.24 923.30 | 2,189,343.20 514.80 | (2,224.04) | 0.00 | 2,930.33 | 8,888.66 | 3.90 |
| 912828F39 USA TREASURY 1.75% 30SEP2019 | 1.750 | 09/30/2019 | 1,100,000.00 | 1,108,507.81 0.00 | 1,104,678.78 (307.14) | 1,090,719.30 (816.20) | (13,959.48) | 0.00 | 1,577.87 | 4,786.20 | 1.98 |
| 912828X21 USA TREASURY 1.5% 15APR2020 | 1.500 | 04/15/2020 | 1,500,000.00 | 1,498,652.34 0.00 | 1,499,050.84 43.47 | 1,473,340.50 (1,816.50) | (25,710.34) | 0.00 | 1,844.26 | 4,672.13 | 2.67 |

SECURITIES HELD

As of June 30, 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 | 1,296,957.40 | 1,275,675.70 | (21,281.70) | 0.00 | 1,854.62 | 3,771.06 | 2.31 |
| USA TREASURY 1.75% 31OCT2020 | | | | 0.00 | 106.88 | (1,981.20) | | | | | |
| Total Government Bonds | | | 9,975,000.00 | 9,933,321.59 | 9,965,420.16 | 9,891,143.28 | (74,276.88) | 0.00 | 12,484.73 | 35,395.73 | 17.71 |
| Grand total | | | 56,077,828.89 | 56,091,955.21 | 56,025,889.70 | 55,458,799.96 | (567,089.74) | 65,498.00 | 74,335.54 | 216,447.38 | 100.00 |
| | | | | (2,036.46) | 2,167.96 | (33,784.18) | | | | | |

SECURITIES PURCHASED

For the period June 1, 2018 - June 30, 2018

| Cusip / Description / Broker | Trade date Settle date | Coupon | Maturity/ Call date | Par value or shares | Unit cost | Principal cost | Accrued interest purchased |
|--|---------------------------|--------|------------------------|------------------------|-----------|-----------------------|-------------------------------|
| Government Agencies | | | | | | | |
| 3133EJNW5 | 06/07/2018 | 2.550 | 05/15/2020 | 1,250,000.00 | 99.96 | (1,249,450.00) | (2,036.46) |
| FEDERAL FARM CREDIT BANK 2.55% 15MAY2020 | 06/08/2018 | | | | | | |
| WELLS FARGO SECURITIES INTL LTD | | | | | | | |
| Total Government Agencies | | | | 1,250,000.00 | | (1,249,450.00) | (2,036.46) |
| Grand total | | | | 1,250,000.00 | | (1,249,450.00) | (2,036.46) |

SECURITIES SOLD AND MATURED

For the period June 1, 2018 - June 30, 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 |
|--|---------------------------|--------|------------------------|------------------------|-----------------|--|-------|--|----------------------------|-----------------------------|----------------------|--------------------|
| Government Agencies | | | | | | | | | | | | |
| 31331KNA4 FED FARM CR BKS 2.58% DUE 06-08-2018 | 06/08/2018 06/08/2018 | 2.580 | | (1,200,000.00) | 1,248,852.00 | 1,200,000.00 (386.18) | 0.00 | 1,200,000.00 (192.00) | 0.00 | 0.00 | 15,480.00 | 602.00 |
| Total (Government Agencies) | | | | (1,200,000.00) | 1,248,852.00 | 1,200,000.00 (386.18) | | 1,200,000.00 (192.00) | 0.00 | 0.00 | 15,480.00 | 602.00 |
| Grand total | | | | (1,200,000.00) | 1,248,852.00 | 1,200,000.00 (386.18) | | 1,200,000.00 (192.00) | 0.00 | 0.00 | 15,480.00 | 602.00 |

TRANSACTION REPORT

For the period June 1, 2018 - June 30, 2018

| Trade date Settle date | Cusip | Transaction | Sec type | Description | Maturity | Par value or shares | Realized gain(loss) | Principal | Interest | Transaction total |
|---------------------------|-----------|----------------|--------------------------|----------------------------|------------|------------------------|------------------------|----------------|------------|-------------------|
| 06/01/2018 06/01/2018 | 69353REP9 | Income | Corporate Bonds | PNC BANK NA 2.3% 01JUN2020 | 06/01/2020 | 550,000.00 | 0.00 | 0.00 | 6,325.00 | 6,325.00 |
| 06/07/2018 06/08/2018 | 3133EJNW5 | Bought | Government Agencies | FEDERAL FARM CREDIT BANK | 05/15/2020 | 1,250,000.00 | 0.00 | (1,249,450.00) | (2,036.46) | (1,251,486.46) |
| 06/08/2018 06/08/2018 | 31331KNA4 | Income | Government Agencies | FED FARM CR BKS 2.58% DUE | 06/08/2018 | 1,200,000.00 | 0.00 | 0.00 | 15,480.00 | 15,480.00 |
| 06/08/2018 06/08/2018 | 31331KNA4 | Capital Change | Government Agencies | FED FARM CR BKS 2.58% DUE | 06/08/2018 | (1,200,000.00) | 0.00 | 1,200,000.00 | 0.00 | 1,200,000.00 |
| 06/14/2018 06/14/2018 | 313376BR5 | Income | Government Agencies | FEDERAL HOME LOAN BANK | 12/14/2018 | 2,000,000.00 | 0.00 | 0.00 | 17,500.00 | 17,500.00 |
| 06/14/2018 06/14/2018 | 3134GBRH7 | Income | Government Agencies | FREDDIE MAC 1.4% 14JUN2019 | 06/14/2019 | 1,500,000.00 | 0.00 | 0.00 | 10,500.00 | 10,500.00 |
| 06/24/2018 06/24/2018 | 3134G44Y1 | Income | Government Agencies | FREDDIE MAC 1.25% | 06/24/2019 | 2,100,000.00 | 0.00 | 0.00 | 13,125.00 | 13,125.00 |
| 06/28/2018 06/28/2018 | 3133EG2L8 | Income | Government Agencies | FEDERAL FARM CREDIT BANK | 12/28/2020 | 1,880,000.00 | 0.00 | 0.00 | 18,048.00 | 18,048.00 |
| 06/30/2018 | | Income | Cash and Cash Equivalent | Cash | | 0.00 | 0.00 | 0.00 | 134.20 | 134.20 |

JULY 2018



IN THIS ISSUE:

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- Yield Curve
- 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.

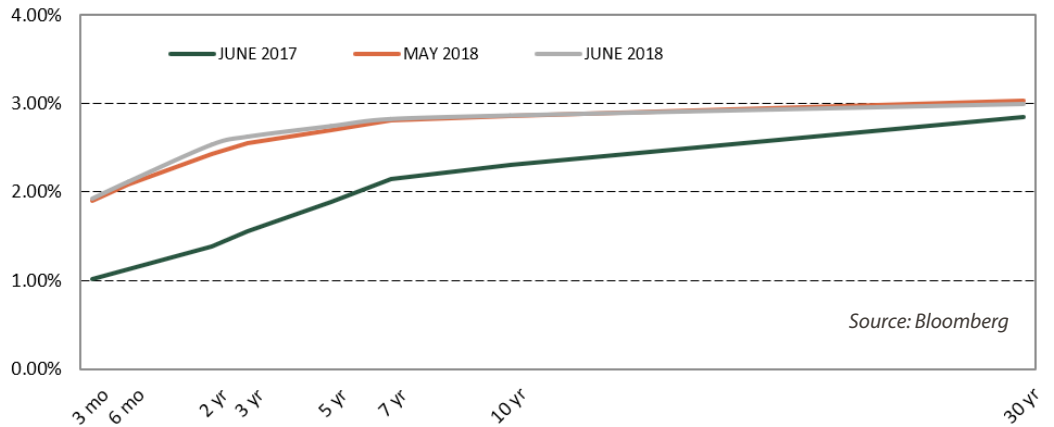
Market Summary

The Federal Open Market Committee raised the fed funds target rate by 25 basis points to a range of 1.75%-2.00% at the June 13 meeting. The Fed also signaled there could be two more rate hikes this year. However, we anticipate the impact of market dynamics related to a stronger US dollar, increased deficit-related Treasury issuance, and the continued roll-off of the Fed's balance sheet will cause financial conditions to tighten in the second half of this year and thus slow down the pace of future rate hikes. These factors, along with ongoing concerns about global trade, the potential for increased volatility sparked by the upcoming US midterm elections, and a shift toward less accommodative monetary policy by the European Central Bank, may cause the Fed to move more gradually. However, if we do not see signs of increased financial market tightening over the next 3-4 months, we think the Fed will move forward with two more rate hikes before year-end.

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 favorable but predictive economic indicators suggest that economic growth is unlikely to accelerate in the second half of the year.

The Treasury yield curve continued to flatten in June. At month-end, the 2-year Treasury yield was up ten basis points to 2.52%, while the 10-year Treasury yield was essentially unchanged at 2.86%. The spread between 2- and 10-year Treasury yields narrowed to just 33 basis points at month-end. Over the past 20 years, the average spread between 2- and 10-year Treasuries has been about 140 basis points, with a median spread of roughly 150 basis points. However, we believe ongoing normalization of the Fed's balance sheet, along with increased issuance by the Treasury to fund the growing fiscal deficit, will help promote a steeper yield curve in the second half of this year.

Treasury Yield Curve



The Treasury yield curve has flattened year-over-year. Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while supply and demand imbalances, technical factors, and subdued inflation expectations have kept longer rates relatively contained. A flat Treasury yield curve is typically an indication that market participants are concerned about the economic outlook.

| TREASURY YIELDS | Trend (▲/▼) | 6/30/2018 | 5/31/2018 | Change |
|-----------------|-------------|-----------|-----------|--------|
| 3-Month | ▲ | 1.92 | 1.90 | 0.02 |
| 2-Year | ▲ | 2.53 | 2.43 | 0.10 |
| 3-Year | ▲ | 2.62 | 2.55 | 0.07 |
| 5-Year | ▲ | 2.74 | 2.70 | 0.04 |
| 7-Year | ▲ | 2.82 | 2.81 | 0.01 |
| 10-Year | ▲ | 2.86 | 2.86 | 0.00 |
| 30-Year | ▼ | 2.99 | 3.03 | (0.04) |

Source: Bloomberg

Economic Roundup

Consumer Prices

The Consumer Price Index (CPI) was up 2.8% year-over-year in May, up from 2.5% in April. Core CPI (CPI less food and energy) was up 2.2% year-over-year in May, up from 2.1% in April. The Personal Consumption Expenditures (PCE) index was up 2.3% year-over-year in May, versus 2.0% in April. Core PCE (excluding food and energy) was up 2.0% on a year-over-year basis in May, versus 1.8% in April. Core PCE inflation is now in line with the Fed's 2.0% target.

Retail Sales

On a year-over-year basis, retail sales were up 5.9% in May, versus up 4.8% year-over-year in April. On a month-over-month basis, retail sales increased 0.8% in May, exceeding the consensus forecast of 0.4%, following an upwardly revised increase of 0.4% in April.

Labor Market

The pace of hiring remained solid in June with non-farm payrolls increasing by 213,000, modestly above the 195,000 consensus estimate. The prior two months were also revised higher by a net 37,000. On a trailing three and six-month basis, payrolls increased by 211,000 and 215,000, respectively. The unemployment rate ticked higher by 0.2% to 4.0% and the labor force participation rate also increased by 0.2% to 62.9% as more people entered the workforce. A broader measure on unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased by 0.2% to 7.8%. The average workweek remained unchanged at 34.5 hours. Average hourly earnings increased by 0.2% for the month and 2.7% on a year-over-year basis, a tenth lower on a month-over-month basis and unchanged on a year-over-year basis from the prior month.

Housing Starts

Total housing starts increased 5.0% in May. Single-family starts rose 3.9% while multi-family starts rose 7.5%.

Credit Spreads Widened Further in June

| CREDIT SPREADS | Spread to Treasuries (%) | One Month Ago (%) | Change |
|------------------------------------|--------------------------|-------------------|--------|
| 3-month top rated commercial paper | 0.30 | 0.35 | (0.05) |
| 2-year A corporate note | 0.51 | 0.48 | 0.03 |
| 5-year A corporate note | 0.71 | 0.65 | 0.06 |
| 5-year Agency note | 0.11 | 0.09 | 0.02 |

Source: Bloomberg

Data as of 5/31/2018

Economy Growth Remains Positive but Unlikely to Accelerate

| ECONOMIC INDICATOR | Current Release | Prior Release | One Year Ago |
|------------------------------|---------------------|---------------------|---------------------|
| Trade Balance | (43.1) \$Bln MAY 18 | (46.1) \$Bln APR 18 | (45.8) \$Bln MAY 17 |
| GDP | 2.0% MAR 18 | 2.9% DEC 17 | 1.2% MAR 17 |
| Unemployment Rate | 4.0% JUN 18 | 3.8% MAY 18 | 4.3% JUN 17 |
| Prime Rate | 5.0% JUN 18 | 4.75% MAY 18 | 4.25% JUN 17 |
| CRB Index | 200.39 JUN 18 | 202.84 MAY 18 | 174.78 JUN 17 |
| Oil (West Texas Int.) | \$74.15 JUN 18 | \$67.04 MAY 18 | \$46.04 JUN 17 |
| Consumer Price Index (y/o/y) | 2.8% MAY 18 | 2.5% APR 18 | 1.9% MAY 17 |
| Producer Price Index (y/o/y) | 4.1% MAY 18 | 2.4% APR 18 | 2.8% MAY 17 |
| Dollar/Euro | 1.17 JUN 18 | 1.17 MAY 18 | 1.14 JUN 17 |

Source: Bloomberg

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Market Data

World Indices

data as of 6/30/2018

| | Diff (5/31/18) | % Change |
|-----------------------|-------------------|-------------|
| S&P 500 | | |
| 2,718.37 | 13.10 | 0.48% |
| NASDAQ | | |
| 7,510.30 | 68.19 | 0.92% |
| DOW JONES | | |
| 24,271.41 | 144.43 | 0.59% |
| FTSE (UK) | | |
| 7,636.93 | 41.27 | 0.54% |
| DAX (Germany) | | |
| 12,306.00 | 298.89 | 2.37% |
| Hang Seng (Hong Kong) | | |
| 28,955.11 | 1,513.45 | 4.97% |
| Nikkei (Japan) | | |
| 22,304.51 | 102.69 | 0.46% |

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