



## Report to City Council

---

**TO:** Mayor and City Council

**FROM:** Marshall Eyerman, Chief Financial Officer

**AGENDA DATE:** November 13, 2018

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

---

### **RECOMMENDED ACTION**

#### **Recommendation:**

1. Receive and file the Quarterly Investment Report for quarter ended September 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 September 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 September 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		
		Sept 2018	Aug 2018	Sept 2017
Chandler	\$88,810,836	2.04%	2.03%	1.68%
Insight	\$56,303,716	1.76%	1.69%	1.38%
LAIF	\$38,718,902	2.063%	1.998 %	1.111%

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 September 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 2.00% to 2.25%. The Treasury yield curve continued to flatten in June with the spread between the 2-year and the 10-year Treasury yields narrowing from 85 basis points last year to just 24 basis points at month end. By comparison the average spread over the past 20 years has been about 140 basis points. Rate hikes by the Fed have put upward pressure on rates, while supply and demand imbalances, technical factors and subdued inflation expectations have contributed to the curve flattening.

## **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. 09-2018 Investment Report**
- 2. CAM-Newsletter-October2018**

## **APPROVALS**

Budget Officer Approval	<u>✓ Approved</u>	10/24/18 2:07 PM
City Attorney Approval	<u>✓ Approved</u>	11/06/18 11:55 AM
City Manager Approval	<u>✓ Approved</u>	11/06/18 12:20 PM

**RESULT:**      **APPROVED [UNANIMOUS]**  
**MOVER:**      Ulises Cabrera, Council Member  
**SECONDER:** Victoria Baca, Mayor Pro Tem  
**AYES:**        Gutierrez, Baca, Marquez, Cabrera, Giba

# CITY OF MORENO VALLEY

## Treasurer's Cash and Investments Report

September 2018

General Portfolio	Cost Value	Market Value	Par Value	Average Maturity (in years)	Average Yield to Maturity	Average Duration (in years)
Bank Accounts	3,972,291	3,972,291	3,972,291			
State of California LAIF Pool	38,718,902	38,646,376	38,718,902	0.54	2.06%	
Investments-Chandler	88,419,235	86,748,019	88,810,836	2.44	2.04%	2.33
Investments-Insight	56,241,791	55,671,932	56,303,716	1.10	1.76%	1.08
<b>Total General Portfolio</b>	<b>187,352,219</b>	<b>185,038,618</b>	<b>187,805,745</b>			

Bond Proceeds with Fiscal Agents	Market Value
Construction Funds	8,721,542
Principal & Interest Accounts	2,600,394
Debt Service Reserve Funds	2,116,839
Custody Accounts	330,686
Arbitrage Rebate Accounts	4,502
Other Accounts	12,760
<b>Total Bond Proceeds</b>	<b>13,786,723</b>

Deferred Compensation Funds	Market Value as of Sept 30, 2018
Nationwide	0
ICMA	6,171,371
<b>Total Deferred Compensation Funds</b>	<b>6,171,371</b>

<b>Total Investment Portfolio</b>	<b>204,996,713</b>
-----------------------------------	--------------------

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

/S/ Marshall Eyerman  
City Treasurer

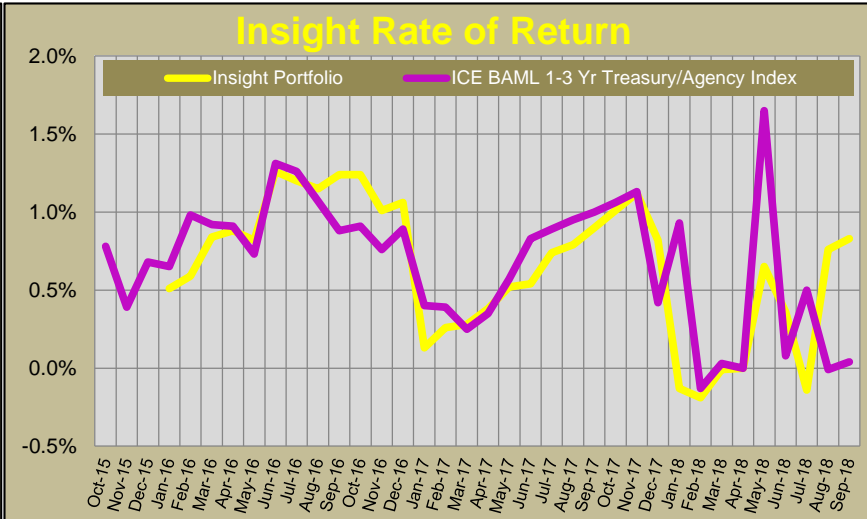
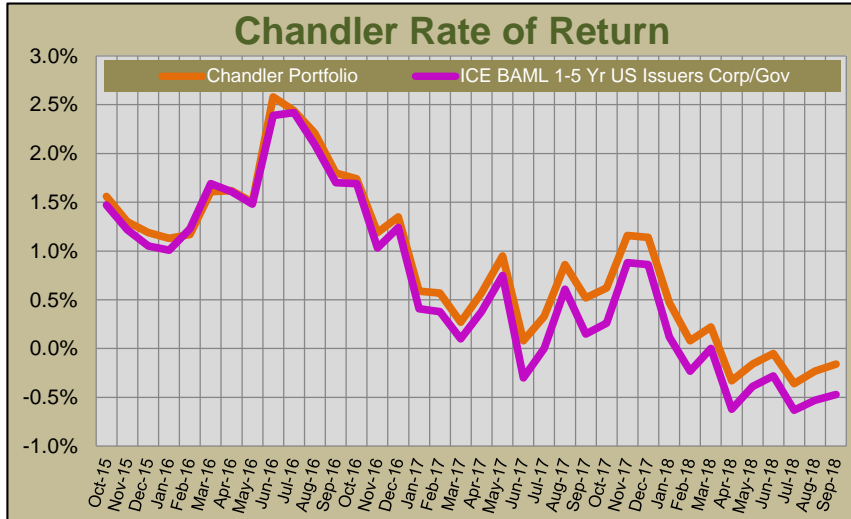
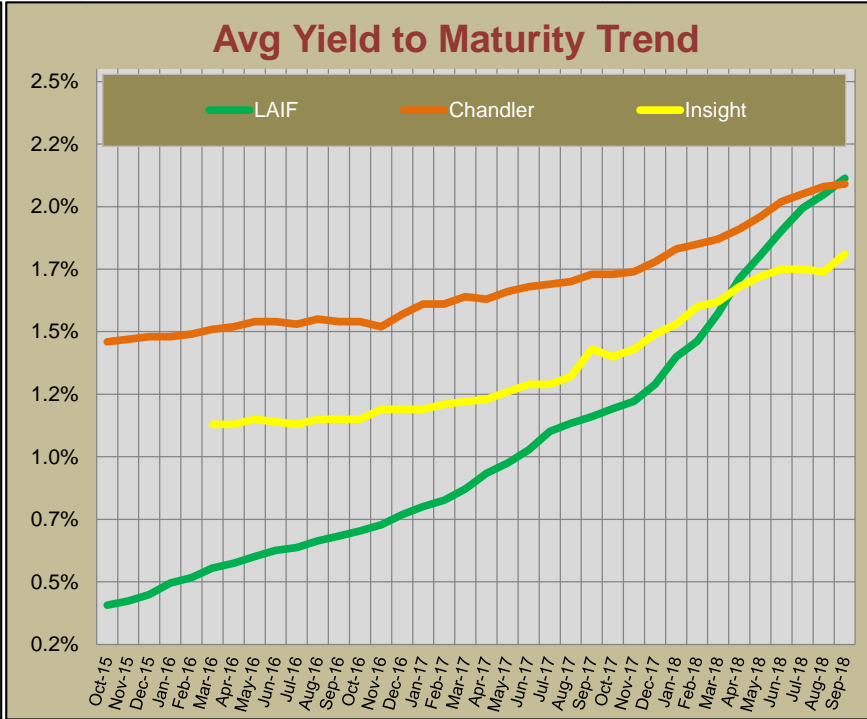
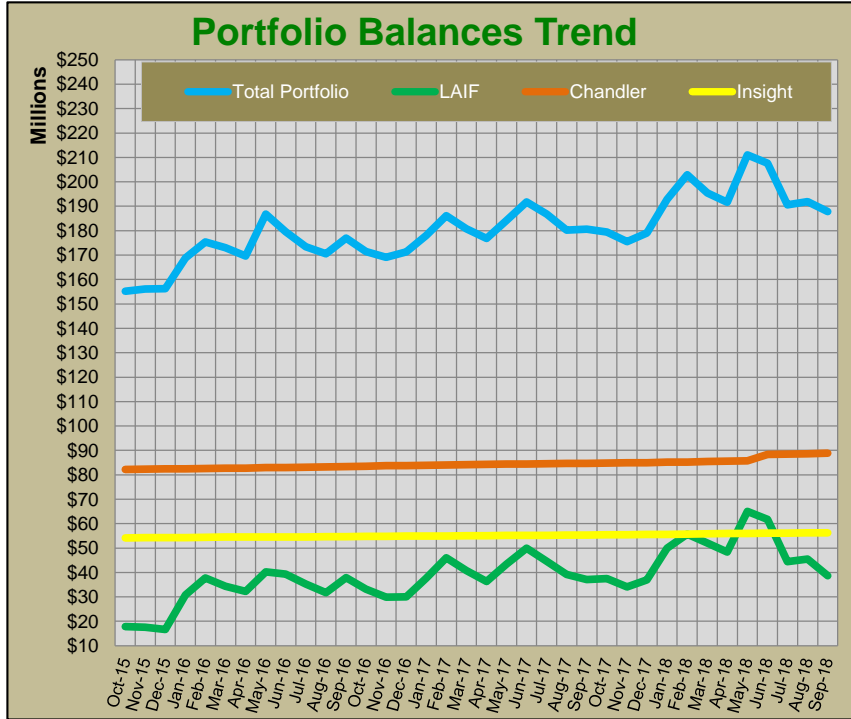
## PORTFOLIO PERFORMANCE - 36 MONTH TREND

Period	Total General Portfolio (1)	Local Agency Investment Fund (LAIF)		Chandler				Insight			
	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 1-3 Gov(5)
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	178,200,726	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%
Jul-18	190,571,998	44,418,902	1.944%	88,543,794	2.00%	-0.36%	-0.63%	56,116,437	1.70%	-0.14%	0.50%
Aug-18	191,837,452	45,518,902	1.998%	88,654,200	2.03%	-0.23%	-0.53%	56,196,487	1.69%	0.76%	-0.01%
Sep-18	187,805,745	38,718,902	2.063%	88,810,836	2.04%	-0.16%	-0.47%	56,303,716	1.76%	0.83%	0.04%

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
<b>Wells Fargo</b> <b>CFD # 5</b>									
Series B Revenue	22333500	cash	cash	09/30/18	0	0.00%	0.00%	1.00000	0.000%
Series B Revenue	22333500	money mkt fund	WF Government Fund	09/30/18	1,132	1.80%	1.98%	1.00000	0.008%
Series A Principal	22333501	money mkt fund	WF Government Fund	09/30/18	897	1.80%	1.98%	1.00000	0.007%
Series A reserve	22333502	money mkt fund	WF Government Fund	09/30/18	46	1.80%	1.98%	1.00000	0.000%
Series B reserve	22333503	money mkt fund	WF Government Fund	09/30/18	546,000	1.80%	1.98%	1.00000	3.960%
Series B admin fund	22333504	money mkt fund	WF Government Fund	09/30/18	1	1.80%	1.98%	1.00000	0.000%
Series B interest	22333507	money mkt fund	WF Govt Fund	09/30/18	17,795	1.80%	1.80%	1.00000	0.129%
					565,871				
<b>Wells Fargo</b> <b>Community Facilities District 87-1 (IA-1)</b>									
special tax funds	22631800	money market fund	WF Government Fund	09/30/18	1,145,468	1.80%	1.98%	1.00000	8.308%
interest acct	22631801	money market fund	WF Government Fund	09/30/18	6,193	1.80%	1.98%	1.00000	0.045%
reserve fund	22631802	money market fund	WF Government Fund	09/30/18	197	1.80%	1.98%	1.00000	0.001%
reserve fund	22631804	money market fund	WF Government Fund	09/30/18	1,034,622	1.80%	1.98%	1.00000	7.504%
admin exp acct	22631805	money market fund	WF Government Fund	09/30/18	10,591	1.80%	1.98%	1.00000	0.077%
debt service acct	22631809	money market fund	WF Government Fund	09/30/18	24,969	1.80%	1.98%	1.00000	0.181%
debt service acct	22631809	US Treasury Note	US Treasury	09/30/18	509,026	1.00%	1.00%	1.00000	3.692%
special tax funds	22631900	money market fund	WF Government Fund	09/30/18	14	1.80%	1.98%	1.00000	0.000%
interest acct	22631901	money market fund	WF Government Fund	09/30/18	46,988	1.80%	1.98%	1.00000	0.341%
principal fund	22631902	money market fund	WF Government Fund	09/30/18	275,000	1.80%	1.98%	1.00000	1.995%
reserve fund	22631904	money market fund	WF Government Fund	09/30/18	365,351	1.80%	1.98%	1.00000	2.650%
admin exp acct	22631905	money market fund	WF Government Fund	09/30/18	2,165	1.80%	1.98%	1.00000	0.016%
surplus acct	22631907	money market fund	WF Government Fund	09/30/18	4,502	1.80%	1.98%	1.00000	0.033%
					3,425,086				
<b>Wells Fargo</b> <b>2013 Total Road Improvement COPs</b>									
interest fund	46612401	money mkt fund	WF Government Fund	09/30/18	361	1.80%	1.98%	1.00000	0.003%
principal fund	46612402	money mkt fund	WF Government Fund	09/30/18	384	1.80%	1.98%	1.00000	0.003%
reserve fund	46612403	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
admin fund	46612404	money mkt fund	WF Government Fund	09/30/18	767	1.80%	1.98%	1.00000	0.006%
					1,512				
<b>Wells Fargo</b> <b>2013 Partial Refunding of the 2005 Lease Revenue Bonds</b>									
revenue fund	48360700	money mkt fund	WF Government Fund	09/30/18	8	1.80%	1.98%	1.00000	0.000%
interest fund	48360701	money mkt fund	WF Government Fund	09/30/18	47	1.80%	1.98%	1.00000	0.000%
principal fund	48360702	money mkt fund	WF Government Fund	09/30/18	189	1.80%	1.98%	1.00000	0.001%
					244				
<b>Wells Fargo</b> <b>Community Facilities District 7 Improvement Area 1</b>									
special tax fund	77025300	money mkt fund	WF Government Fund	09/30/18	329,522	1.80%	1.98%	1.00000	2.390%
bond fund	77025301	money mkt fund	WF Government Fund	09/30/18	143,200	1.80%	1.98%	1.00000	1.039%
reserve fund	77025302	money mkt fund	WF Government Fund	09/30/18	170,623	1.80%	1.98%	1.00000	1.238%
admin exp acct	77025305	money mkt fund	WF Government Fund	09/30/18	3	1.80%	1.98%	1.00000	0.000%
					643,348				
<b>Wells Fargo</b> <b>2014 Partial Refunding of the 2005 Lease Revenue Bonds</b>									
revenue fund	83478300	money mkt fund	WF Government Fund	09/30/18	24	1.80%	1.98%	1.00000	0.000%
interest fund	83478301	money mkt fund	WF Government Fund	09/30/18	143	1.80%	1.98%	1.00000	0.001%
principal fund	83478302	money mkt fund	WF Government Fund	09/30/18	167	1.80%	1.98%	1.00000	0.000%
					167				
<b>Wells Fargo</b> <b>2015 Taxable Lease Revenue Bonds (Electric Utility)</b>									
revenue fund	84457000	money mkt fund	WF Government Fund	09/30/18	2,300	1.80%	1.98%	1.00000	0.017%
interest fund	84457001	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
principal fund	84457002	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
					2,300				
<b>Wells Fargo</b> <b>2016 Taxable Refunding Lease Revenue Bonds (Electric Utility)</b>									
revenue fund	77157100	money mkt fund	WF Government Fund	09/30/18	864	1.80%	1.98%	1.00000	0.006%
interest fund	77157101	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
principal fund	77157102	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
capitalized interest fu	77157104	money mkt fund	WF Government Fund	09/30/18	181,624	1.80%	1.98%	1.00000	1.317%
					182,488				
<b>Wells Fargo</b> <b>2017 Refunding of the 2007 RDA TABs</b>									
income fund	49150300	money mkt fund	WF Government Fund	09/30/18	934,815	1.80%	1.98%	1.00000	6.781%
interest fund	49150301	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
cost of issuance	49150307	money mkt fund	WF Government Fund	09/30/18	0	1.80%	1.98%	1.00000	0.000%
					934,815				
<b>Wilmington Trust</b> <b>2018 Streetlight Financing</b>									
construction fund	84457006	cash	cash	09/30/18	8,030,892	1.80%	1.98%	1.00000	58.251%
					8,030,892				
<b>Totals</b>					<b>13,786,723</b>	<b>100.000%</b>			

Type	Summary of Bond Proceeds with Fiscal Agents	
1	Construction Funds	8,721,542
2	Principal & Interest Accounts	2,600,394
3	Debt Service Reserve Funds	2,116,839
4	Custody Accounts	330,686
5	Arbitrage Rebate Accounts	4,502
6	Other Accounts	12,760
<b>Total Fiscal Agent Funds</b>		<b>13,786,723</b>



## DEFERRED COMPENSATION FUNDS

### Nationwide

Fund	Market Value as of Sept 30, 2018	Fund	Market Value as of Sept 30, 2018	Fund	Market Value as of Sept 30, 2018
<b>Liquid Savings</b>		<b>Nationwide US Sm Cap Val Ins Svc</b>		<b>Federated Kaufmann Fund</b>	
Nationwide Fixed (Part Time Employee)		American Century Balanced		Putnam Growth Opportunity A	
<b>Liquid Savings (Part Time Employees)</b>		<b>Am Century Growth</b>		<b>Nationwide InvDes Mod Cons Fund SC</b>	
Certificates of Deposit 3 years		Am Century Select		Nationwide InvDes Mod Aggr Fund	
<b>Certificates of Deposit 5 years</b>		<b>JP Morgan Mid Cap Value A</b>		<b>Nationwide InvDes Aggr Fund</b>	
Invesco Mid Cap Core Equity		Vanguard Index 500		Nationwide InvDes Mod Fd	
<b>Bond Fund of America</b>		<b>Vanguard Institutional Index</b>		<b>Nationwide Inv Des Cons</b>	
Growth Fund of America		Vanguard Wellington		Nationwide Large Cap Growth	
<b>Investment Co. of America</b>		<b>Vanguard Windsor II</b>		<b>Nationwide Fund A</b>	
Income Fund of America		Vanguard Total Bond Index		Nationwide Dest 2015 Inst Svc	
<b>Brown Cap Mgmt Inc SM Co</b>		<b>Washington Mutual Inv</b>		<b>Nationwide Dest 2020 Inst Svc</b>	
Fidelity Independence		DFA US Micro Cap Port		Nationwide Dest 2025 Inst Svc	
<b>Fidelity Equity Income</b>		<b>EuroPacific Growth</b>		<b>Nationwide Dest 2030 Inst Svc</b>	
Fidelity Magellan		Stable Fund C		Nationwide Dest 2035 Inst Svc	
<b>Fidelity Puritan</b>		<b>N B Socially Responsive Fund</b>		<b>Nationwide Dest 2040 Inst Svc</b>	
Fidelity Contrafund		Dtsch High Income Fund A		Nationwide Dest 2045 Inst Svc	
<b>Janus Henderson Research Fund</b>		<b>Dtsch Eq Divd A</b>		<b>Nationwide Dest 2050 Inst Svc</b>	
Janus Henderson Forty		Oppenheimer Global Fund A			
				<b>Total Nationwide Deferred</b>	<b>\$0</b>

### ICMA

Fund	Market Value as of Sept 30, 2018	Fund	Market Value as of Sept 30, 2018
<b>Aggressive Oppor.</b>	<b>\$141,470</b>	VT Vantagepoint Discovery	86,474
International	50,468	<b>VT Gold Sach Mid Cap Value</b>	
<b>Global Equity Growth</b>	<b>353,136</b>	VT Contrafund	271,473
Growth and Income	145,075	<b>VT Vantagepoint Overseas Equity Index Fund</b>	<b>189,915</b>
<b>Broad Market</b>	<b>62,213</b>	VT Diversified International	37,184
500 Stock Index	329,035	<b>VT Allianz NFJ Div Value</b>	<b>0</b>
<b>Equity Income</b>	<b>225,701</b>	Vantage Growth Fund	406,172
MS Retirement Income	20,840	<b>VT Puritan</b>	<b>37,526</b>
<b>Core Bond</b>	<b>112,179</b>	VT Vantagepoint Select Value	22,963
Cash Management	18,710	<b>VT TR Price Growth Stock Adv</b>	<b>303,865</b>
<b>Plus Fund</b>	<b>1,475,933</b>	VT Nuveen Real Estate Secs	43,853
Retirement Income Advantage	15,022	<b>VT TR Price Small Cap Value</b>	<b>0</b>
<b>Conservative Growth</b>	<b>81,887</b>	VT Invesco Diversified	7,042
Traditional Growth	15,944	<b>VT Vantagepoint Inflation Focused</b>	<b>116,980</b>
<b>Long-Term Growth</b>	<b>901,102</b>	VT Oppenheimer Main Street	64,295
Western Asset Core Plus Bond	8,678	<b>VT Vantagepoint Mid/Sm Index</b>	<b>0</b>
<b>Milestone 2010</b>	<b>21,043</b>	VT PIMCO Total Return	0
Milestone 2020	126,413	<b>VT PIMCO High Yield</b>	<b>26,828</b>
<b>Milestone 2025</b>	<b>12,089</b>	VT Harbor Mid Cap Growth	169,929
Milestone 2030	11,032	<b>VT MFS Value</b>	<b>95,380</b>
<b>Milestone 2035</b>	<b>17,963</b>	VT AMG TimesSquare Mid Cap Growth Admin	117,156
Milestone 2040	28,403		
		<b>Total ICMA</b>	<b>\$6,171,371</b>

### Summary by Plan

Deferred Compensation Plan	Market Value as of Sept 30, 2018
Total Nationwide	\$0
Total ICMA	6,171,371
<b>Total Deferred Compensation Plans</b>	<b>\$6,171,371</b>

### Summary by Investment Type

Investment Type	Market Value as of Sept 30, 2018
Savings Deposits and CD's	\$0
Mutual Funds	6,171,371
<b>Total Deferred Compensation Plans</b>	<b>\$6,171,371</b>



# City of Moreno Valley

## MONTHLY ACCOUNT STATEMENT

SEPTEMBER 1, 2018 THROUGH SEPTEMBER 30, 2018

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

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

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.33
Average Coupon	1.92%
Average Purchase YTM	2.04%
Average Market YTM	2.91%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.59 yrs
Average Life	2.44 yrs

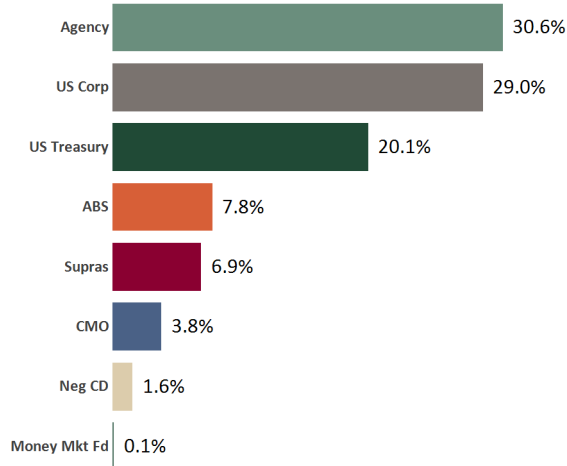
**ACCOUNT SUMMARY**

	Beg. Values as of 8/31/18	End Values as of 9/30/18
Market Value	86,886,422	86,748,019
Accrued Interest	367,848	359,058
<b>Total Market Value</b>	<b>87,254,270</b>	<b>87,107,077</b>
Income Earned	145,675	150,673
Cont/WD		0
Par	88,654,200	88,810,836
Book Value	88,383,563	88,543,026
Cost Value	88,267,259	88,419,235

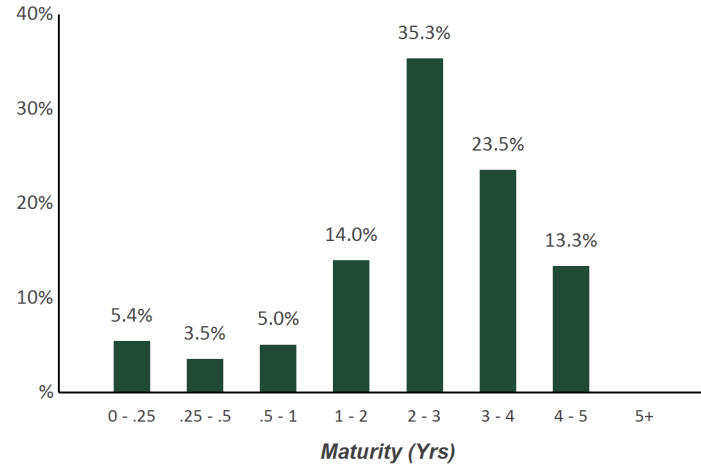
**TOP ISSUERS**

Federal National Mortgage Assoc	20.3%
Government of United States	20.1%
Federal Home Loan Mortgage Corp	10.3%
Inter-American Dev Bank	4.4%
Federal Home Loan Bank	3.9%
Honda ABS	2.3%
Toyota ABS	2.2%
US Bancorp	2.2%
<b>Total</b>	<b>65.6%</b>

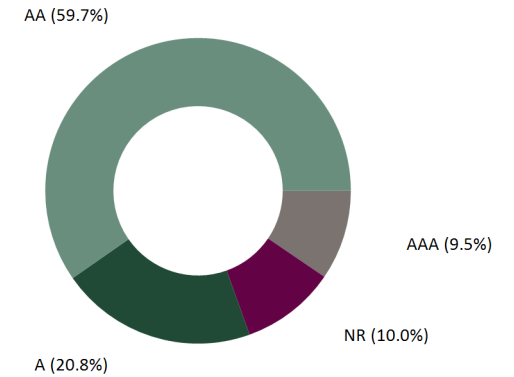
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	5/31/2010
City of Moreno Valley	-0.17%	0.27%	0.10%	-0.16%	0.18%	0.72%	1.07%	N/A	1.44%
ICE BAML 1-5 Yr US Treasury/Agency Index	-0.27%	0.06%	-0.18%	-0.55%	-0.29%	0.30%	0.74%	N/A	1.10%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	-0.25%	0.14%	-0.13%	-0.47%	-0.16%	0.46%	0.87%	N/A	1.27%

# Statement of Compliance

As of September 30, 2018



## City of Moreno Valley

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 September 30, 2018



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
<b>ABS</b>									
47787XAB3	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	50,610.48	02/22/2017 1.50%	50,610.28 50,610.40	99.93 2.65%	50,574.59 33.74	0.06% (35.81)	Aaa / NR AAA	1.04 0.06
654747AB0	Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020	89,831.89	03/21/2017 1.47%	89,831.43 89,831.68	99.87 2.46%	89,715.25 58.69	0.10% (116.43)	Aaa / NR AAA	1.29 0.13
47788MAC4	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	212,218.62	02/23/2016 1.37%	212,185.22 212,206.15	99.68 2.62%	211,534.82 128.27	0.24% (671.33)	Aaa / NR AAA	1.54 0.26
89231UAD9	Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020	343,833.26	05/02/2016 1.31%	343,815.70 343,830.04	99.56 2.67%	342,331.03 198.66	0.39% (1,499.01)	Aaa / AAA NR	1.54 0.32
43814QAC2	Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020	181,601.10	05/24/2016 1.40%	181,597.58 181,599.70	99.61 2.61%	180,892.09 112.19	0.21% (707.61)	Aaa / NR AAA	1.54 0.32
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	111,757.01	07/11/2017 1.60%	111,747.30 111,751.56	99.74 2.58%	111,464.38 78.97	0.13% (287.18)	Aaa / NR AAA	1.54 0.26
89237RAB4	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	553,334.30	07/25/2017 1.59%	553,329.05 553,331.12	99.60 2.61%	551,100.45 388.56	0.63% (2,230.67)	Aaa / AAA NR	1.79 0.39
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 1,054,918.70	99.70 2.70%	1,051,861.38 984.67	1.21% (3,057.32)	Aaa / AAA NR	2.04 0.50
161571HF4	Chase CHAIT 2016-A5 1.27% Due 7/15/2021	400,000.00	09/27/2018 2.11%	395,328.13 395,341.86	98.87 2.75%	395,480.80 225.78	0.45% 138.94	NR / AAA AAA	2.79 0.77
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 1,085,085.85	98.74 2.91%	1,086,188.40 821.33	1.25% 1,102.55	Aaa / AAA NR	2.88 1.03
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	170,000.00	07/11/2017 1.83%	169,987.56 169,991.09	98.63 3.01%	167,670.65 137.51	0.19% (2,320.44)	Aaa / NR AAA	3.04 1.16
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	275,000.00	02/21/2018 2.68%	274,980.23 274,983.04	99.27 3.13%	272,983.15 325.11	0.31% (1,999.89)	Aaa / NR AAA	3.55 1.62
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	750,000.00	08/21/2018 2.98%	749,897.10 749,899.50	99.67 3.12%	747,534.75 614.58	0.86% (2,364.75)	Aaa / NR AAA	3.90 2.10
02587AAJ3	American Express Credit 2017-1 1.93% Due 9/15/2022	700,000.00	06/21/2018 2.92%	689,117.18 689,808.38	98.61 2.98%	690,295.89 600.44	0.79% 487.51	Aaa / NR AAA	3.96 1.33

# Holdings Report

As of September 30, 2018



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
<b>ABS</b>									
47788EAC2	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	875,000.00	07/18/2018 3.10%	874,933.68 874,936.55	99.83 3.18%	873,537.86 1,197.78	1.00% (1,398.69)	Aaa / NR AAA	4.13 2.11
<b>Total ABS</b>		<b>6,868,186.66</b>	<b>2.37%</b>	<b>6,835,151.06</b> <b>6,838,125.62</b>	<b>2.88%</b>	<b>6,823,165.49</b> <b>5,906.28</b>	<b>7.84%</b> <b>(14,960.13)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.87</b> <b>1.08</b>
<b>AGENCY</b>									
3135G0ZG1	FNMA Note 1.75% Due 9/12/2019	850,000.00	10/29/2014 1.70%	851,929.50 850,375.48	99.18 2.63%	842,999.40 785.07	0.97% (7,376.08)	Aaa / AA+ AAA	0.95 0.93
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,650,000.00	08/26/2015 1.56%	1,636,522.80 1,645,441.88	97.82 2.79%	1,614,063.00 9,453.13	1.86% (31,378.88)	Aaa / AA+ AAA	1.59 1.54
3135G0D75	FNMA Note 1.5% Due 6/22/2020	1,655,000.00	09/29/2015 1.49%	1,655,893.70 1,655,326.02	97.86 2.77%	1,619,662.44 6,826.88	1.87% (35,663.58)	Aaa / AA+ AAA	1.73 1.68
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	400,000.00	11/21/2017 1.96%	398,963.53 399,260.89	98.00 2.85%	392,008.80 2,791.67	0.45% (7,252.09)	Aaa / AA+ AAA	2.13 2.05
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,650,000.00	12/16/2015 1.90%	1,618,815.00 1,636,371.64	97.19 2.85%	1,603,633.35 8,318.75	1.85% (32,738.29)	Aaa / AA+ AAA	2.17 2.10
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,410,000.00	02/17/2016 1.46%	1,404,303.60 1,407,284.31	96.58 2.87%	1,361,711.73 2,315.73	1.57% (45,572.58)	Aaa / AA+ AAA	2.39 2.32
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,675,000.00	Various 1.47%	1,667,519.85 1,671,283.74	96.54 2.87%	1,617,051.70 2,239.15	1.86% (54,232.04)	Aaa / AA+ AAA	2.41 2.34
3135G0K69	FNMA Note 1.25% Due 5/6/2021	1,675,000.00	06/29/2016 1.18%	1,680,695.00 1,678,048.48	95.94 2.88%	1,606,938.05 8,433.16	1.85% (71,110.43)	Aaa / AA+ AAA	2.60 2.52
313379RB7	FHLB Note 1.875% Due 6/11/2021	1,000,000.00	08/30/2017 1.67%	1,007,540.00 1,005,376.35	97.39 2.89%	973,896.00 5,729.17	1.12% (31,480.35)	Aaa / AA+ AAA	2.70 2.59
3135G0U35	FNMA Note 2.75% Due 6/22/2021	1,000,000.00	06/28/2018 2.70%	1,001,480.00 1,001,352.25	99.52 2.93%	995,171.00 7,333.33	1.15% (6,181.25)	Aaa / AA+ AAA	2.73 2.59
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,100,000.00	10/04/2016 1.33%	1,089,836.00 1,094,066.14	95.35 2.87%	1,048,902.80 2,646.88	1.21% (45,163.34)	Aaa / AA+ AAA	2.79 2.71
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	1,625,000.00	Various 1.32%	1,610,283.75 1,616,449.04	95.17 2.89%	1,546,431.25 2,488.29	1.78% (70,017.79)	Aaa / AA+ AAA	2.87 2.78



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
<b>AGENCY</b>									
3135G0N82	FNMA Note 1.25% Due 8/17/2021	1,700,000.00	Various 1.32%	1,694,675.10 1,696,852.41	95.52 2.88%	1,623,899.50 2,597.22	1.87% (72,952.91)	Aaa / AA+ AAA	2.88 2.79
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	1,740,000.00	Various 1.75%	1,710,142.50 1,720,941.33	95.54 2.93%	1,662,310.74 11,563.75	1.92% (58,630.59)	Aaa / AA+ AAA	3.02 2.90
3135G0S38	FNMA Note 2% Due 1/5/2022	1,700,000.00	04/25/2017 1.92%	1,706,205.00 1,704,315.26	97.11 2.93%	1,650,924.40 8,122.22	1.90% (53,390.86)	Aaa / AA+ AAA	3.27 3.11
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	450,000.00	01/27/2017 2.03%	457,185.15 454,766.27	98.27 2.93%	442,226.25 2,315.63	0.51% (12,540.02)	Aaa / AA+ AAA	3.29 3.12
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,725,000.00	06/19/2017 1.88%	1,724,739.53 1,724,809.19	96.47 2.94%	1,664,052.30 15,812.50	1.93% (60,756.89)	Aaa / AA+ AAA	3.52 3.33
3135G0T78	FNMA Note 2% Due 10/5/2022	900,000.00	12/12/2017 2.25%	889,749.00 891,452.64	96.19 3.01%	865,749.60 8,800.00	1.00% (25,703.04)	Aaa / AA+ AAA	4.02 3.78
3135G0T94	FNMA Note 2.375% Due 1/19/2023	1,850,000.00	04/11/2018 2.71%	1,822,731.00 1,825,421.92	97.49 3.00%	1,803,503.95 8,787.50	2.08% (21,917.97)	Aaa / AA+ AAA	4.31 4.03
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	1,600,000.00	Various 2.84%	1,593,438.00 1,593,739.42	98.77 3.03%	1,580,329.60 13,444.45	1.83% (13,409.82)	Aaa / AA+ AAA	4.72 4.35
<b>Total Agency</b>		<b>27,355,000.00</b>	<b>1.80%</b>	<b>27,222,648.01</b> <b>27,272,934.66</b>	<b>2.89%</b>	<b>26,515,465.86</b> <b>130,804.48</b>	<b>30.59%</b> <b>(757,468.80)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.85</b> <b>2.73</b>
<b>CMO</b>									
3137BDDC7	FHLMC K716 A2 3.13% Due 6/25/2021	475,000.00	09/12/2017 1.92%	494,482.42 489,089.46	99.84 3.13%	474,252.83 247.79	0.54% (14,836.63)	Aaa / AA+ NR	2.74 2.42
3137BM6P6	FHLMC K721 A2 3.09% Due 8/25/2022	1,350,000.00	09/21/2017 2.22%	1,401,354.00 1,390,762.60	99.67 3.15%	1,345,534.20 3,476.25	1.55% (45,228.40)	Aaa / NR NR	3.90 3.44
3137B5JM6	FHLMC K034 A2 3.531% Due 7/25/2023	1,500,000.00	08/28/2018 3.03%	1,531,816.41 1,531,265.09	101.25 3.21%	1,518,777.00 4,413.75	1.75% (12,488.09)	NR / NR AAA	4.82 4.30
<b>Total CMO</b>		<b>3,325,000.00</b>	<b>2.54%</b>	<b>3,427,652.83</b> <b>3,411,117.15</b>	<b>3.17%</b>	<b>3,338,564.03</b> <b>8,137.79</b>	<b>3.84%</b> <b>(72,553.12)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>4.16</b> <b>3.69</b>



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
<b>MONEY MARKET FUND FI</b>									
60934N104	Federated Investors Government Obligations Fund	92,649.30	Various 1.89%	92,649.30 92,649.30	1.00 1.89%	92,649.30 0.00	0.11% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>92,649.30</b>	<b>1.89%</b>	<b>92,649.30</b>	<b>1.89%</b>	<b>92,649.30</b> <b>0.00</b>	<b>0.11%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>NEGOTIABLE CD</b>									
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 21,728.18	1.58% 0.00	P-1 / A-1 F-1+	0.10 0.10
<b>Total Negotiable CD</b>		<b>1,355,000.00</b>	<b>1.76%</b>	<b>1,355,000.00</b>	<b>1.76%</b>	<b>1,355,000.00</b> <b>21,728.18</b>	<b>1.58%</b> <b>0.00</b>	<b>P-1 / A-1</b> <b>F-1+</b>	<b>0.10</b> <b>0.10</b>
<b>SUPRANATIONAL</b>									
459058ER0	Intl. Bank Recon & Development Note 1% Due 10/5/2018	1,615,000.00	09/30/2015 1.06%	1,612,254.50 1,614,989.96	99.99 1.78%	1,614,822.35 7,895.56	1.86% (167.61)	Aaa / AAA AAA	0.01 0.01
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 1,398,264.39	98.04 2.87%	1,372,606.20 8,784.03	1.59% (25,658.19)	Aaa / AAA AAA	1.62 1.57
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	605,000.00	01/18/2018 2.35%	603,221.30 603,625.40	98.42 2.96%	595,411.36 2,495.63	0.69% (8,214.04)	Aaa / AAA NR	2.32 2.23
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 1,673,640.42	97.15 3.04%	1,627,282.60 7,217.62	1.88% (46,357.82)	Aaa / NR AAA	3.30 3.14
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	850,000.00	03/23/2018 2.79%	813,178.00 817,419.75	95.18 3.05%	809,062.30 702.43	0.93% (8,357.45)	NR / NR AAA	3.96 3.77
<b>Total Supranational</b>		<b>6,145,000.00</b>	<b>1.86%</b>	<b>6,098,275.55</b> <b>6,107,939.92</b>	<b>2.66%</b>	<b>6,019,184.81</b> <b>27,095.27</b>	<b>6.94%</b> <b>(88,755.11)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.03</b> <b>1.94</b>
<b>US CORPORATE</b>									
74005PBH6	Praxair Note 1.25% Due 11/7/2018	1,035,000.00	01/08/2015 1.68%	1,018,719.45 1,034,567.88	99.85 2.73%	1,033,417.49 5,175.00	1.19% (1,150.39)	A2 / A NR	0.10 0.10





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
<b>US CORPORATE</b>									
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	545,000.00	12/10/2013 1.99%	543,839.15 544,953.59	99.90 2.45%	544,439.74 3,188.25	0.63% (513.85)	A2 / A A	0.20 0.20
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 1,749,901.48	99.90 2.63%	1,748,272.75 8,609.02	2.02% (1,628.73)	A2 / A A	0.29 0.29
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	1,305,000.00	Various 2.07%	1,308,459.75 1,305,287.09	99.85 2.48%	1,303,028.15 2,310.94	1.50% (2,258.94)	A1 / AA- NR	0.42 0.42
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 1,365,108.12	99.75 2.64%	1,361,603.88 13,013.00	1.58% (3,504.24)	A1 / A+ AA-	0.57 0.56
084664CK5	Berkshire Hathaway Note 1.3% Due 8/15/2019	495,000.00	08/08/2016 1.33%	494,519.85 494,860.56	98.79 2.70%	489,030.80 822.25	0.56% (5,829.76)	Aa2 / AA A+	0.87 0.86
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 1,675,110.83	99.52 2.82%	1,666,893.00 2,140.28	1.92% (8,217.83)	A1 / A AA-	0.95 0.93
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	1,050,000.00	01/26/2015 2.17%	1,048,857.60 1,049,695.44	98.82 3.06%	1,037,571.15 3,825.21	1.20% (12,124.29)	A2 / A- A+	1.33 1.30
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	665,000.00	02/05/2015 1.77%	664,301.75 664,807.83	98.38 2.96%	654,246.29 1,487.01	0.75% (10,561.54)	A1 / A+ A+	1.38 1.34
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	980,000.00	06/11/2015 2.49%	969,146.50 976,400.25	98.69 3.07%	967,173.76 8,023.76	1.12% (9,226.49)	A2 / A- NR	1.64 1.58
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	425,000.00	10/29/2015 2.02%	424,660.00 424,857.82	98.23 2.88%	417,476.65 3,494.44	0.48% (7,381.17)	Aaa / AAA AA+	2.10 2.01
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 1,052,721.51	98.18 3.21%	1,030,900.50 9,928.33	1.19% (21,821.01)	A3 / A A	2.10 2.00
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 1,052,953.89	98.37 3.24%	1,032,862.95 5,250.00	1.19% (20,090.94)	Aa2 / AA- AA	2.31 2.21
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 1,166,726.22	98.01 3.08%	1,136,949.64 2,147.94	1.31% (29,776.58)	Aaa / AA+ NR	2.42 2.33
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	425,000.00	05/24/2017 2.12%	435,340.25 431,660.20	99.16 3.16%	421,430.43 892.50	0.48% (10,229.77)	A2 / A A	2.43 2.32
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	1,055,000.00	Various 3.25%	1,047,595.75 1,048,531.02	99.47 3.21%	1,049,357.86 12,308.33	1.22% 826.84	A2 / A+ NR	2.61 2.47

# Holdings Report

As of September 30, 2018



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
<b>US CORPORATE</b>									
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	580,000.00	05/16/2016 1.96%	579,698.40 579,841.27	96.75 3.25%	561,158.12 4,147.00	0.65% (18,683.15)	A1 / A AA-	2.64 2.52
594918BP8	Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021	770,000.00	Various 1.57%	769,085.90 769,478.37	95.98 3.03%	739,066.02 1,757.10	0.85% (30,412.35)	Aaa / AAA AA+	2.86 2.76
69371RN44	Paccar Financial Corp Note 1.65% Due 8/11/2021	1,100,000.00	05/23/2018 3.15%	1,050,093.00 1,055,576.82	95.33 3.38%	1,048,587.10 2,520.83	1.21% (6,989.72)	A1 / A+ NR	2.87 2.75
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 1,084,783.00	96.55 3.13%	1,062,077.50 928.89	1.22% (22,705.50)	A1 / AA- A+	2.96 2.84
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	1,000,000.00	06/12/2018 3.25%	978,310.00 980,118.88	97.85 3.30%	978,463.00 5,777.78	1.13% (1,655.88)	Aa3 / AA- A	3.28 3.10
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	515,000.00	01/19/2017 2.66%	514,114.20 514,412.54	97.76 3.34%	503,466.58 2,515.99	0.58% (10,945.96)	A1 / A+ AA-	3.32 3.13
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due 4/15/2022	740,000.00	06/18/2018 3.27%	722,343.60 723,647.26	97.30 3.42%	719,995.58 8,871.78	0.84% (3,651.68)	A3 / A A	3.54 3.31
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 1,169,919.50	96.25 3.50%	1,126,134.36 5,016.38	1.30% (43,785.14)	A2 / A A+	3.83 3.60
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	1,050,000.00	11/29/2017 2.58%	1,032,234.00 1,035,334.38	95.68 3.38%	1,004,679.90 1,475.83	1.16% (30,654.48)	A1 / A+ A+	3.94 3.72
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%	940,832.50 942,005.86	97.40 3.63%	925,266.75 5,960.51	1.07% (16,739.11)	A3 / A- AA-	4.30 3.96
24422ETG4	John Deere Capital Corp Note 2.8% Due 3/6/2023	280,000.00	06/13/2018 3.44%	272,213.20 272,700.72	97.76 3.35%	273,727.16 544.44	0.31% 1,026.44	A2 / A A	4.43 4.12
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	335,000.00	07/11/2018 3.49%	334,420.45 334,444.92	99.85 3.48%	334,489.80 2,407.81	0.39% 44.88	A2 / A+ NR	4.79 4.35
<b>Total US Corporate</b>		<b>25,620,000.00</b>	<b>2.39%</b>	<b>25,466,435.00</b> <b>25,500,407.25</b>	<b>3.05%</b>	<b>25,171,766.91</b> <b>124,540.60</b>	<b>29.04%</b> <b>(328,640.34)</b>	<b>A1 / A+</b> <b>A+</b>	<b>2.07</b> <b>1.97</b>
<b>US TREASURY</b>									
912828VF4	US Treasury Note 1.375% Due 5/31/2020	1,750,000.00	07/10/2015 1.62%	1,730,250.01 1,743,269.06	97.70 2.80%	1,709,736.00 8,086.58	1.97% (33,533.06)	Aaa / AA+ AAA	1.67 1.62

# Holdings Report

As of September 30, 2018



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
<b>US TREASURY</b>									
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,650,000.00	Various 1.37%	1,650,064.12 1,650,023.17	97.32 2.82%	1,605,784.95 1,942.85	1.85% (44,238.22)	Aaa / AA+ AAA	1.92 1.87
912828N89	US Treasury Note 1.375% Due 1/31/2021	1,600,000.00	03/09/2016 1.40%	1,598,442.85 1,599,256.72	96.67 2.86%	1,546,688.00 3,706.52	1.78% (52,568.72)	Aaa / AA+ AAA	2.34 2.27
912828B90	US Treasury Note 2% Due 2/28/2021	1,650,000.00	Various 1.55%	1,683,525.06 1,667,120.65	98.00 2.86%	1,616,935.65 2,825.97	1.86% (50,185.00)	Aaa / AA+ AAA	2.42 2.33
912828Q37	US Treasury Note 1.25% Due 3/31/2021	1,700,000.00	Various 1.58%	1,676,910.00 1,686,376.08	96.14 2.86%	1,634,456.50 58.38	1.88% (51,919.58)	Aaa / AA+ AAA	2.50 2.43
912828S27	US Treasury Note 1.125% Due 6/30/2021	1,015,000.00	Various 1.91%	980,766.29 994,234.23	95.40 2.88%	968,293.76 2,885.71	1.11% (25,940.47)	Aaa / AA+ AAA	2.75 2.67
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,700,000.00	11/09/2016 1.48%	1,671,251.79 1,682,364.54	94.97 2.89%	1,614,469.60 52.54	1.85% (67,894.94)	Aaa / AA+ AAA	3.00 2.91
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,785,000.00	03/13/2017 2.14%	1,752,722.58 1,762,792.56	96.26 2.91%	1,718,201.73 2,675.03	1.98% (44,590.83)	Aaa / AA+ AAA	3.42 3.28
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,700,000.00	08/15/2017 1.82%	1,724,111.17 1,718,551.23	97.19 2.92%	1,652,187.50 9,129.42	1.91% (66,363.73)	Aaa / AA+ AAA	3.75 3.55
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,750,000.00	10/17/2017 1.99%	1,730,585.94 1,734,322.72	95.56 2.93%	1,672,275.50 84.13	1.92% (62,047.22)	Aaa / AA+ AAA	4.00 3.82
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,750,000.00	01/25/2018 2.46%	1,722,792.97 1,726,541.49	96.75 2.94%	1,693,193.25 9,397.93	1.95% (33,348.24)	Aaa / AA+ AAA	4.25 4.00
<b>Total US Treasury</b>		<b>18,050,000.00</b>	<b>1.76%</b>	<b>17,921,422.78</b> <b>17,964,852.45</b>	<b>2.88%</b>	<b>17,432,222.44</b> <b>40,845.06</b>	<b>20.06%</b> <b>(532,630.01)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.93</b> <b>2.81</b>
<b>TOTAL PORTFOLIO</b>		<b>88,810,835.96</b>	<b>2.04%</b>	<b>88,419,234.53</b> <b>88,543,026.35</b>	<b>2.91%</b>	<b>86,748,018.84</b> <b>359,057.66</b>	<b>100.00%</b> <b>(1,795,007.51)</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.59</b> <b>2.33</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>87,107,076.50</b>			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	09/01/2018	60934N104	26,753.23	Federated Investors Government Obligations Fund	1.000	1.83%	26,753.23	0.00	26,753.23	0.00
Purchase	09/04/2018	60934N104	5,950.00	Federated Investors Government Obligations Fund	1.000	1.83%	5,950.00	0.00	5,950.00	0.00
Purchase	09/04/2018	60934N104	2,024.26	Federated Investors Government Obligations Fund	1.000	1.83%	2,024.26	0.00	2,024.26	0.00
Purchase	09/06/2018	60934N104	3,920.00	Federated Investors Government Obligations Fund	1.000	1.83%	3,920.00	0.00	3,920.00	0.00
Purchase	09/08/2018	60934N104	11,550.00	Federated Investors Government Obligations Fund	1.000	1.83%	11,550.00	0.00	11,550.00	0.00
Purchase	09/11/2018	60934N104	19,262.50	Federated Investors Government Obligations Fund	1.000	1.83%	19,262.50	0.00	19,262.50	0.00
Purchase	09/12/2018	60934N104	7,437.50	Federated Investors Government Obligations Fund	1.000	1.83%	7,437.50	0.00	7,437.50	0.00
Purchase	09/14/2018	60934N104	7,437.50	Federated Investors Government Obligations Fund	1.000	1.83%	7,437.50	0.00	7,437.50	0.00
Purchase	09/15/2018	60934N104	10,450.00	Federated Investors Government Obligations Fund	1.000	1.83%	10,450.00	0.00	10,450.00	0.00
Purchase	09/17/2018	60934N104	1,125.83	Federated Investors Government Obligations Fund	1.000	1.83%	1,125.83	0.00	1,125.83	0.00
Purchase	09/17/2018	60934N104	1,540.00	Federated Investors Government Obligations Fund	1.000	1.83%	1,540.00	0.00	1,540.00	0.00
Purchase	09/17/2018	60934N104	25,588.41	Federated Investors Government Obligations Fund	1.000	1.83%	25,588.41	0.00	25,588.41	0.00
Purchase	09/17/2018	60934N104	28,245.29	Federated Investors Government Obligations Fund	1.000	1.83%	28,245.29	0.00	28,245.29	0.00
Purchase	09/17/2018	60934N104	13,838.10	Federated Investors Government Obligations Fund	1.000	1.83%	13,838.10	0.00	13,838.10	0.00
Purchase	09/17/2018	60934N104	257.83	Federated Investors Government Obligations Fund	1.000	1.83%	257.83	0.00	257.83	0.00
Purchase	09/17/2018	60934N104	609.58	Federated Investors Government Obligations Fund	1.000	1.83%	609.58	0.00	609.58	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	09/17/2018	60934N104	3,743.06	Federated Investors Government Obligations Fund	1.000	1.83%	3,743.06	0.00	3,743.06	0.00
Purchase	09/17/2018	60934N104	35,283.87	Federated Investors Government Obligations Fund	1.000	1.83%	35,283.87	0.00	35,283.87	0.00
Purchase	09/17/2018	60934N104	26,560.75	Federated Investors Government Obligations Fund	1.000	1.83%	26,560.75	0.00	26,560.75	0.00
Purchase	09/17/2018	60934N104	48,730.23	Federated Investors Government Obligations Fund	1.000	1.83%	48,730.23	0.00	48,730.23	0.00
Purchase	09/17/2018	60934N104	60,484.96	Federated Investors Government Obligations Fund	1.000	1.83%	60,484.96	0.00	60,484.96	0.00
Purchase	09/17/2018	60934N104	1,846.25	Federated Investors Government Obligations Fund	1.000	1.83%	1,846.25	0.00	1,846.25	0.00
Purchase	09/21/2018	60934N104	32,979.12	Federated Investors Government Obligations Fund	1.000	1.83%	32,979.12	0.00	32,979.12	0.00
Purchase	09/21/2018	60934N104	1,413.54	Federated Investors Government Obligations Fund	1.000	1.83%	1,413.54	0.00	1,413.54	0.00
Purchase	09/25/2018	60934N104	4,413.75	Federated Investors Government Obligations Fund	1.000	1.83%	4,413.75	0.00	4,413.75	0.00
Purchase	09/25/2018	60934N104	1,238.96	Federated Investors Government Obligations Fund	1.000	1.83%	1,238.96	0.00	1,238.96	0.00
Purchase	09/25/2018	60934N104	3,476.25	Federated Investors Government Obligations Fund	1.000	1.83%	3,476.25	0.00	3,476.25	0.00
Purchase	09/28/2018	161571HF4	400,000.00	Chase CHAIT 2016-A5 1.27% Due 7/15/2021	98.832	2.11%	395,328.13	183.44	395,511.57	0.00
Purchase	09/30/2018	60934N104	35,500.00	Federated Investors Government Obligations Fund	1.000	1.89%	35,500.00	0.00	35,500.00	0.00
<b>Subtotal</b>			<b>821,660.77</b>				<b>816,988.90</b>	<b>183.44</b>	<b>817,172.34</b>	<b>0.00</b>



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Security Contribution	09/12/2018	60934N104	335.67	Federated Investors Government Obligations Fund	1.000		335.67	0.00	335.67	0.00
<b>Subtotal</b>			<b>335.67</b>				<b>335.67</b>	<b>0.00</b>	<b>335.67</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>821,996.44</b>				<b>817,324.57</b>	<b>183.44</b>	<b>817,508.01</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	09/28/2018	60934N104	395,511.57	Federated Investors Government Obligations Fund	1.000	1.89%	395,511.57	0.00	395,511.57	0.00
<b>Subtotal</b>			<b>395,511.57</b>				<b>395,511.57</b>	<b>0.00</b>	<b>395,511.57</b>	<b>0.00</b>
Paydown	09/17/2018	02587AAJ3	0.00	American Express Credit 2017-1 1.93% Due 9/15/2022	100.000		0.00	1,125.83	1,125.83	0.00
Paydown	09/17/2018	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	09/17/2018	43814QAC2	25,348.69	Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020	100.000		25,348.69	239.72	25,588.41	0.00
Paydown	09/17/2018	47787XAB3	28,146.84	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	100.000		28,146.84	98.45	28,245.29	0.00
Paydown	09/17/2018	47788BAB0	13,671.91	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	100.000		13,671.91	166.19	13,838.10	0.00
Paydown	09/17/2018	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	09/17/2018	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	09/17/2018	47788EAC2	0.00	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	100.000		0.00	3,743.06	3,743.06	0.00
Paydown	09/17/2018	47788MAC4	35,003.68	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	100.000		35,003.68	280.19	35,283.87	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Paydown	09/17/2018	654747AB0	26,418.34	Nissan Auto Receivables 2017-A A2A 1.47% Due 1/15/2020	100.000		26,418.34	142.41	26,560.75	0.00
Paydown	09/17/2018	89231UAD9	48,305.41	Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020	100.000		48,305.41	424.82	48,730.23	0.00
Paydown	09/17/2018	89237RAB4	59,677.83	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	100.000		59,677.83	807.13	60,484.96	0.00
Paydown	09/17/2018	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	09/21/2018	43814TAB8	32,940.14	Honda Auto Receivables 2017-1 A2 1.42% Due 7/22/2019	100.000		32,940.14	38.98	32,979.12	0.00
Paydown	09/21/2018	43815HAC1	0.00	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	100.000		0.00	1,413.54	1,413.54	0.00
Paydown	09/25/2018	3137B5JM6	0.00	FHLMC K034 A2 3.531% Due 7/25/2023	100.000		0.00	4,413.75	4,413.75	0.00
Paydown	09/25/2018	3137BDCC7	0.00	FHLMC K716 A2 3.13% Due 6/25/2021	100.000		0.00	1,238.96	1,238.96	0.00
Paydown	09/25/2018	3137BM6P6	0.00	FHLMC K721 A2Due 8/25/2022	100.000		0.00	3,476.25	3,476.25	0.00
<b>Subtotal</b>			<b>269,512.84</b>				<b>269,512.84</b>	<b>21,862.94</b>	<b>291,375.78</b>	<b>0.00</b>
Security Withdrawal	09/12/2018	60934N104	335.67	Federated Investors Government Obligations Fund	1.000		335.67	0.00	335.67	0.00
<b>Subtotal</b>			<b>335.67</b>				<b>335.67</b>	<b>0.00</b>	<b>335.67</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>665,360.08</b>				<b>665,360.08</b>	<b>21,862.94</b>	<b>687,223.02</b>	<b>0.00</b>
<b>OTHER TRANSACTIONS</b>										
Interest	09/01/2018	17275RAR3	1,305,000.00	Cisco Systems Note 2.125% Due 3/1/2019	0.000		13,865.63	0.00	13,865.63	0.00
Interest	09/01/2018	30231GAV4	1,160,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.000		12,887.60	0.00	12,887.60	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>OTHER TRANSACTIONS</b>										
Interest	09/04/2018	24422ESL4	425,000.00	John Deere Capital Corp Note 2.8% Due 3/4/2021	0.000		5,950.00	0.00	5,950.00	0.00
Interest	09/06/2018	24422ETG4	280,000.00	John Deere Capital Corp Note 2.8% Due 3/6/2023	0.000		3,920.00	0.00	3,920.00	0.00
Interest	09/08/2018	44932HAC7	1,050,000.00	IBM Credit Corp Note 2.2% Due 9/8/2022	0.000		11,550.00	0.00	11,550.00	0.00
Interest	09/11/2018	06406HCW7	1,675,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.000		19,262.50	0.00	19,262.50	0.00
Interest	09/12/2018	3135G0ZG1	850,000.00	FNMA Note 1.75% Due 9/12/2019	0.000		7,437.50	0.00	7,437.50	0.00
Interest	09/14/2018	4581X0CZ9	850,000.00	Inter-American Dev Bank Note 1.75% Due 9/14/2022	0.000		7,437.50	0.00	7,437.50	0.00
Interest	09/15/2018	68389XBK0	1,100,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	0.000		10,450.00	0.00	10,450.00	0.00
Interest	09/30/2018	912828L57	1,750,000.00	US Treasury Note 1.75% Due 9/30/2022	0.000		15,312.50	0.00	15,312.50	0.00
Interest	09/30/2018	912828Q37	1,700,000.00	US Treasury Note 1.25% Due 3/31/2021	0.000		10,625.00	0.00	10,625.00	0.00
Interest	09/30/2018	912828T34	1,700,000.00	US Treasury Note 1.125% Due 9/30/2021	0.000		9,562.50	0.00	9,562.50	0.00
<b>Subtotal</b>			<b>13,845,000.00</b>				<b>128,260.73</b>	<b>0.00</b>	<b>128,260.73</b>	<b>0.00</b>
Dividend	09/04/2018	60934N104	99,203.33	Federated Investors Government Obligations Fund	0.000		2,024.26	0.00	2,024.26	0.00
<b>Subtotal</b>			<b>99,203.33</b>				<b>2,024.26</b>	<b>0.00</b>	<b>2,024.26</b>	<b>0.00</b>
<b>TOTAL OTHER TRANSACTIONS</b>			<b>13,944,203.33</b>				<b>130,284.99</b>	<b>0.00</b>	<b>130,284.99</b>	<b>0.00</b>



FOR PROFESSIONAL CLIENTS ONLY  
NOT TO BE DISTRIBUTED TO RETAIL CLIENTS

THIS DOCUMENT SHOULD NOT BE REPRODUCED IN  
ANY FORM WITHOUT PRIOR WRITTEN APPROVAL



# CITY OF MORENO VALLEY

September 2018

Part of  BNY MELLON



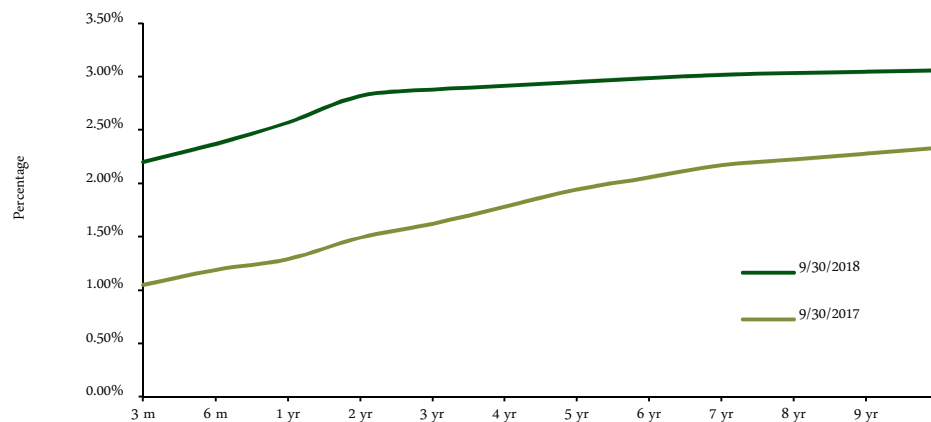
## As of September 30, 2018

Chart 1: Consumer Price Index: 8/31/2013—8/31/2018



Source: Bloomberg Finance LP, September 30, 2018.

Chart 2: Treasury yield curve: 9/30/2017 and 9/30/2018



Source: Bloomberg Finance LP, September 30, 2018.

### Economic Indicators and Monetary Policy

On September 26, the Federal Open Market Committee (FOMC) voted unanimously to increase the target range for the federal funds rate 25 basis points to 2.00% to 2.25%. The FOMC statement continued to describe a strengthening labor market, rising economic activity and steady longer-term inflation expectations.

Although the language in the FOMC statement was largely unchanged, it no longer characterizes the stance of monetary policy as accommodative. Removing that reference may enable the Committee to more freely adjust policy based on data in the future. In terms of forward guidance, the FOMC signaled it would continue pursuing a gradual hiking path in response to the fundamental backdrop.

The employment report released on September 7 showed employers hired 201,000 workers in August versus expectations for 190,000, and the July payroll report was revised downward by 10,000 jobs added to 147,000. The August unemployment rate was unchanged from the prior month at 3.9% while the underemployment rate fell 0.1% to 7.4%. Average hourly earnings increased to 2.9% year-over-year in August from 2.7% in July.

The Consumer Price Index (CPI) was released on September 13. Medical costs decreased in August and apparel prices fell by the most in nearly 70 years which led to a cooling in the inflation indicator. Gains in the CPI were seen in shelter costs, airfares, fuel costs and prices for used car and trucks. On a year-over-year basis, the CPI decreased to 2.7% in August from 2.9% in July; excluding food and energy the Index decreased 0.2% to 2.2% in August. (See Chart 1).

On September 27, the third and final estimate of second quarter Gross Domestic Product (GDP) was released. The report showed that GDP and personal consumption were 4.2% and 3.8% respectively in the second quarter, unchanged from the second estimate.

### Interest Rate Summary

At the end of September, the 3-month US Treasury bill yielded 2.20%, the 6-month US Treasury bill yielded 2.37%, the 2-year US Treasury note yielded 2.82%, the 5-year US Treasury note yielded 2.95% and the 10-year US Treasury note yielded 3.06%. (See Chart 2).

# ACTIVITY AND PERFORMANCE SUMMARY

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

<u>Amortized Cost Basis Activity Summary</u>	
<b>Opening balance</b>	56,148,975.80
Income received	67,878.48
<b>Total receipts</b>	67,878.48
<b>Total disbursements</b>	0.00
Interportfolio transfers	0.00
<b>Total Interportfolio transfers</b>	0.00
Realized gain (loss)	0.00
<b>Total amortization expense</b>	(6,151.01)
<b>Total OID/MKT accretion income</b>	10,088.92
Return of capital	0.00
<b>Closing balance</b>	56,220,792.19
<b>Ending fair value</b>	55,671,931.83
Unrealized gain (loss)	(548,860.36)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	285.98	0.00	0.00	285.98
Corporate Bonds	23,587.37	572.95	0.00	24,160.32
Government Agencies	38,791.23	2,121.65	0.00	40,912.88
Government Bonds	12,455.34	1,243.31	0.00	13,698.65
<b>Total</b>	<b>75,119.92</b>	<b>3,937.91</b>	<b>0.00</b>	<b>79,057.83</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.58	0.91	0.16
Overnight Repo	1.60	0.94	0.16
Merrill Lynch 3m US Treas Bill	1.64	0.96	0.17
Merrill Lynch 6m US Treas Bill	1.79	1.03	0.19
ML 1 Year US Treasury Note	2.05	1.18	0.21
ML 2 Year US Treasury Note	2.28	1.28	0.22
ML 5 Year US Treasury Note	2.54	1.39	0.23

\* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	75,119.92
Accretion (amortization)	3,937.91
Realized gain (loss) on sales	0.00
Total income on portfolio	79,057.83
Average daily amortized cost	56,195,107.92
Period return (%)	0.14
YTD return (%)	1.22
Weighted average final maturity in days	397

# ACTIVITY AND PERFORMANCE SUMMARY

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

<u>Fair Value Basis Activity Summary</u>		
<b>Opening balance</b>		55,641,771.21
Income received	67,878.48	
<b>Total receipts</b>		67,878.48
<b>Total disbursements</b>		0.00
Interportfolio transfers	0.00	
<b>Total Interportfolio transfers</b>		0.00
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		(37,717.86)
<b>Ending fair value</b>		55,671,931.83

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	285.98	0.00	285.98
Corporate Bonds	23,587.37	(7,566.29)	16,021.08
Government Agencies	38,791.23	(23,854.10)	14,937.13
Government Bonds	12,455.34	(6,297.47)	6,157.87
<b>Total</b>	<b>75,119.92</b>	<b>(37,717.86)</b>	<b>37,402.06</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.58	0.91	0.16
Overnight Repo	1.60	0.94	0.16
ICE ML 3m US Treas Bill	1.59	0.95	0.15
ICE ML 6m US Treas Bill	1.58	0.98	0.14
ICE ML 1 Year US Treasury Note	1.08	0.81	0.06
ICE ML US Treasury 1-3	0.04	0.42	(0.12)
ICE ML US Treasury 1-5	(0.58)	0.18	(0.28)

\* rates reflected are cumulative

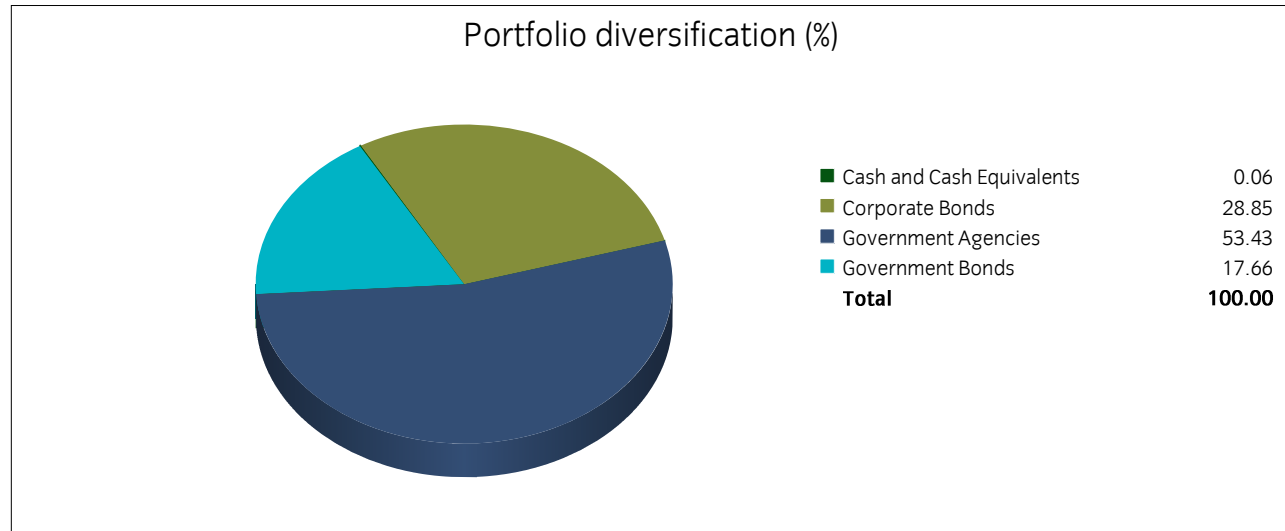
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	75,119.92
Change in fair value	(37,717.86)
<b>Total income on portfolio</b>	<b>37,402.06</b>
Average daily total value *	55,898,681.80
Period return (%)	0.07
YTD return (%)	0.83
Weighted average final maturity in days	397

\* Total value equals market value and accrued interest

# RECAP OF SECURITIES HELD

As of September 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	34,716.15	34,716.15	34,716.15	0.00	1	0.06	0.00
Corporate Bonds	16,224,537.43	16,193,819.57	16,058,770.60	(135,048.97)	361	28.85	1.00
Government Agencies	30,049,216.30	30,023,023.48	29,685,237.55	(337,785.93)	451	53.43	1.22
Government Bonds	9,933,321.59	9,969,232.99	9,893,207.53	(76,025.46)	295	17.66	0.81
<b>Total</b>	<b>56,241,791.47</b>	<b>56,220,792.19</b>	<b>55,671,931.83</b>	<b>(548,860.36)</b>	<b>397</b>	<b>100.00</b>	<b>1.08</b>

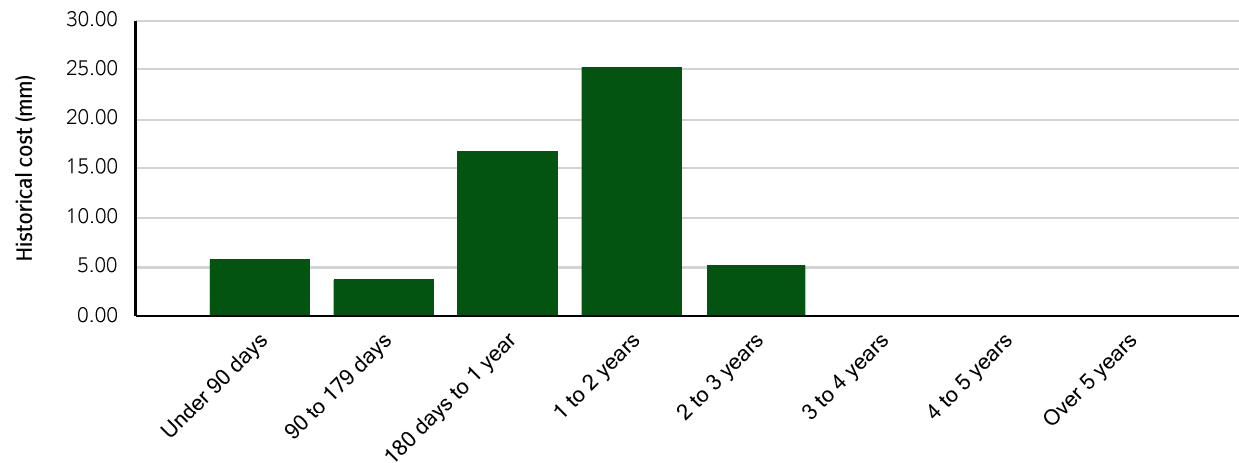


# MATURITY DISTRIBUTION OF SECURITIES HELD

As of September 30, 2018

Maturity	Historic cost	Percent
Under 90 days	5,679,094.79	10.10
90 to 179 days	3,660,980.06	6.51
180 days to 1 year	16,617,458.13	29.55
1 to 2 years	25,253,434.28	44.90
2 to 3 years	5,030,824.21	8.95
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	<b>56,241,791.47</b>	<b>100.00</b>

Maturity distribution



# SECURITIES HELD

## As of September 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
<b>Cash and Cash Equivalents</b>											
Cash and Cash Equivalents	0.000		34,716.15	34,716.15 0.00	34,716.15 0.00	34,716.15 0.00	0.00	0.00	0.00	0.00	0.06
<b>Total Cash and Cash Equivalents</b>			<b>34,716.15</b>	<b>34,716.15 0.00</b>	<b>34,716.15 0.00</b>	<b>34,716.15 0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.06</b>
<b>Corporate Bonds</b>											
91159HHE3 US BANCORP 1.95% 15NOV2018 (CALLABLE 15OCT18)	1.950	11/15/2018 10/15/2018	215,000.00	215,455.80 0.00	215,011.97 (7.97)	214,868.85 6.45	(143.12)	0.00	337.73	1,572.19	0.38
68389XAQ8 ORACLE CORP 2.375% 15JAN2019	2.375	01/15/2019	1,000,000.00	1,002,870.00 0.00	1,000,876.02 (250.29)	999,380.00 (913.00)	(1,496.02)	0.00	1,913.20	4,947.92	1.78
17275RBB7 CISCO SYSTEMS INC 1.6% 28FEB2019	1.600	02/28/2019	700,000.00	702,331.00 0.00	700,321.37 (64.27)	697,512.90 430.50	(2,808.47)	0.00	902.23	995.56	1.25
17275RAR3 CISCO SYSTEMS INC 2.125% 01MAR2019	2.125	03/01/2019	500,000.00	503,740.00 0.00	500,312.88 (62.16)	499,244.50 (121.50)	(1,068.38)	5,312.50	855.90	855.90	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	1,500,961.80 (125.45)	1,488,400.50 684.00	(12,561.30)	0.00	1,691.66	7,583.33	2.67
94988J5D5 WELLS FARGO BANK NA 1.75% 24MAY2019	1.750	05/24/2019	1,200,000.00	1,196,316.00 0.00	1,198,951.27 134.45	1,192,579.20 (422.40)	(6,372.07)	0.00	1,691.67	7,350.00	2.13
02665WAH4 AMERICAN HONDA FINANCE 2.25% 15AUG2019	2.250	08/15/2019	1,500,000.00	1,541,520.00 0.00	1,511,178.46 (1,064.62)	1,493,050.50 (1,198.50)	(18,127.96)	0.00	2,718.75	4,218.75	2.74
084664CK5 BERKSHIRE HATHAWAY FIN 1.3% 15AUG2019	1.300	08/15/2019	1,000,000.00	988,300.00 (1,191.67)	988,899.10 599.10	987,941.00 (359.00)	(958.10)	0.00	433.33	1,625.00	1.76

# SECURITIES HELD

## As of September 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
<b>Corporate Bonds</b>											
713448DJ4 PEPSICO INC 1.35% 04OCT2019	1.350	10/04/2019	1,500,000.00	1,487,931.00 0.00	1,495,028.35 409.75	1,479,369.00 439.50	(15,659.35)	0.00	1,631.25	9,900.00	2.65
24422ETJ8 JOHN DEERE CAPITAL CORP 1.25% 09OCT2019	1.250	10/09/2019	1,000,000.00	979,508.26 0.00	986,780.68 1,074.74	983,899.00 680.00	(2,881.68)	0.00	1,006.94	5,937.50	1.74
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	996,536.15 274.91	995,154.00 (595.00)	(1,382.15)	0.00	1,933.33	10,800.00	1.77
037833DH0 APPLE INC 1.8% 13NOV2019	1.800	11/13/2019	639,000.00	631,542.87 0.00	633,565.60 404.55	632,247.05 (1,031.34)	(1,318.55)	0.00	926.55	4,377.15	1.12
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	1,002,076.37 (126.61)	987,244.00 (1,864.00)	(14,832.37)	0.00	1,490.28	2,466.67	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	1,001,892.51 (110.67)	987,157.00 (947.00)	(14,735.51)	9,805.00	1,579.69	1,470.75	1.78
25468PDP8 WALT DISNEY COMPANY/THE 1.95% 04MAR2020	1.950	03/04/2020	1,000,000.00	1,003,140.00 0.00	1,001,590.11 (92.81)	986,399.00 (787.00)	(15,191.11)	9,750.00	1,570.83	1,408.33	1.78
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	550,070.65 (3.52)	542,482.60 (545.60)	(7,588.05)	0.00	1,019.03	4,181.53	0.98
0258MODX4 AMERICAN EXPRESS CREDIT 2.6% 14SEP2020 (CALLABLE 14AUG20)	2.600	09/14/2020 08/13/2020	900,000.00	914,913.00 0.00	909,766.28 (416.18)	891,841.50 (1,022.40)	(17,924.78)	11,700.00	1,885.00	1,040.00	1.63



# SECURITIES HELD

## As of September 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
<b>Corporate Bonds</b>											
<b>Total Corporate Bonds</b>			16,204,000.00	16,224,537.43 (1,191.67)	16,193,819.57 572.95	16,058,770.60 (7,566.29)	(135,048.97)	36,567.50	23,587.37	70,730.58	28.85
<b>Government Agencies</b>											
3135G0YT4 FANNIE MAE 1.625% 27NOV2018	1.625	11/27/2018	1,000,000.00	996,020.00 0.00	999,872.91 66.89	999,057.00 330.00	(815.91)	0.00	1,309.02	5,552.08	1.77
313376BR5 FEDERAL HOME LOAN BANK 1.75% 14DEC2018	1.750	12/14/2018	2,000,000.00	2,043,800.00 0.00	2,003,609.35 (1,463.26)	1,998,060.00 800.00	(5,549.35)	0.00	2,819.45	10,305.56	3.63
3137EADZ9 FREDDIE MAC 1.125% 15APR2019	1.125	04/15/2019	2,000,000.00	2,000,040.00 0.00	2,000,007.10 (1.10)	1,985,860.00 776.00	(14,147.10)	0.00	1,812.50	10,312.50	3.56
3134GBRH7 FREDDIE MAC 1.4% 14JUN2019 CALLABLE	1.400	06/14/2019	1,500,000.00	1,499,100.00 0.00	1,499,676.66 38.19	1,488,135.00 (60.00)	(11,541.66)	0.00	1,691.66	6,183.33	2.67
3134G44Y1 FREDDIE MAC 1.25% 24JUN2019 CALLABLE	1.250	06/24/2019	2,100,000.00	2,075,808.00 0.00	2,086,666.62 1,515.15	2,080,260.00 (168.00)	(6,406.62)	0.00	2,114.58	7,000.00	3.69
3133ECW83 FEDERAL FARM CREDIT BANK 2.06% 01AUG2019	2.060	08/01/2019	1,500,000.00	1,526,550.00 0.00	1,508,298.60 (827.10)	1,493,895.00 (525.00)	(14,403.60)	0.00	2,489.17	5,064.17	2.71
3135G0P49 FANNIE MAE 1% 28AUG2019	1.000	08/28/2019	1,100,000.00	1,079,969.00 0.00	1,085,654.66 1,312.08	1,084,145.70 (129.80)	(1,508.96)	0.00	886.11	977.78	1.92
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,016,632.00 0.00	1,004,930.66 (431.26)	988,350.00 (290.00)	(16,580.66)	6,875.00	1,107.64	649.31	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	1,491,575.94 663.31	1,481,923.50 (1,189.50)	(9,652.44)	0.00	1,812.50	9,937.50	2.64

# SECURITIES HELD

As of September 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
<b>Government Agencies</b>											
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019	1.125	11/29/2019	1,700,000.00	1,684,980.50 0.00	1,694,178.38 416.82	1,668,601.00 (1,666.00)	(25,577.38)	0.00	1,540.63	6,428.13	3.00
3137EAE5 FREDDIE MAC 1.5% 17JAN2020	1.500	01/17/2020	1,000,000.00	990,460.00 0.00	993,987.61 386.23	984,399.00 (1,135.00)	(9,588.61)	0.00	1,208.34	3,041.67	1.76
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	999,000.00 0.00	999,574.15 26.01	982,790.00 (850.00)	(16,784.15)	0.00	1,168.05	1,973.61	1.78
3134G96L6 FREDDIE MAC 1.3% 25FEB2020 (CALLABLE 25NOV18)	1.300	02/25/2020 11/25/2018	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	979,900.00 (1,140.00)	(20,100.00)	0.00	1,047.22	1,263.89	1.78
3136G3UB9 FANNIE MAE 1.2% 30MAR2020 CALLABLE	1.200	03/30/2020	1,300,000.00	1,299,025.00 0.00	1,299,599.01 22.28	1,269,255.00 (1,183.00)	(30,344.01)	0.00	1,300.00	7,800.00	2.31
3133EJNW5 FEDERAL FARM CREDIT BANK 2.55% 15MAY2020	2.550	05/15/2020	1,250,000.00	1,249,450.00 0.00	1,249,539.70 23.61	1,244,973.75 (2,520.00)	(4,565.95)	0.00	2,567.71	11,953.13	2.22
3135G0D75 FANNIE MAE 1.5% 22JUN2020	1.500	06/22/2020	1,300,000.00	1,272,349.00 (4,658.33)	1,273,084.63 735.63	1,272,242.40 (106.60)	(842.23)	0.00	650.00	5,308.33	2.26
3130AB6A9 FEDERAL HOME LOAN BANK 1.65% 20JUL2020	1.650	07/20/2020	1,000,000.00	999,910.00 0.00	999,949.17 2.34	979,360.00 (2,370.00)	(20,589.17)	0.00	1,329.16	3,208.33	1.78
3130ACBY9 FEDERAL HOME LOAN BANK 1.68% 28AUG2020 (CALLABLE 28NOV18)	1.680	08/28/2020 11/28/2018	1,600,000.00	1,600,000.00 0.00	1,600,000.00 0.00	1,565,792.00 (4,112.00)	(34,208.00)	0.00	2,240.00	2,240.00	2.84
3133EHYM9 FEDERAL FARM CREDIT BANK 1.5% 14SEP2020	1.500	09/14/2020	1,500,000.00	1,495,110.00 0.00	1,496,797.62 136.47	1,462,110.00 (1,635.00)	(34,687.62)	11,250.00	1,812.50	1,000.00	2.66

# SECURITIES HELD

As of September 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
<b>Government Agencies</b>											
3133EDWV0 FEDERAL FARM CREDIT BANK 2.14% 06OCT2020	2.140	10/06/2020	1,860,000.00	1,860,855.60 0.00	1,860,629.35 (26.00)	1,834,536.60 (3,180.60)	(26,092.75)	0.00	3,206.43	19,238.60	3.31
3133EG2L8 FEDERAL FARM CREDIT BANK 1.92% 28DEC2020	1.920	12/28/2020	1,880,000.00	1,873,777.20 0.00	1,875,391.36 171.11	1,841,591.60 (3,703.60)	(33,799.76)	0.00	2,907.73	9,224.53	3.33
<b>Total Government Agencies</b>			<b>30,090,000.00</b>	<b>30,049,216.30</b> <b>(4,658.33)</b>	<b>30,023,023.48</b> <b>2,767.40</b>	<b>29,685,237.55</b> <b>(24,058.10)</b>	<b>(337,785.93)</b>	<b>18,125.00</b>	<b>37,020.40</b>	<b>128,662.45</b>	<b>53.43</b>
<b>Government Bonds</b>											
912828WD8 USA TREASURY 1.25% 31OCT2018	1.250	10/31/2018	1,700,000.00	1,679,818.19 0.00	1,699,649.11 339.57	1,698,878.00 974.10	(771.11)	0.00	1,732.34	8,834.92	2.99
912828A34 USA TREASURY 1.25% 30NOV2018	1.250	11/30/2018	725,000.00	709,284.65 0.00	724,467.13 262.07	723,911.78 415.43	(555.35)	0.00	742.82	3,020.83	1.26
912828B33 USA TREASURY 1.5% 31JAN2019	1.500	01/31/2019	1,450,000.00	1,452,039.06 0.00	1,450,511.85 (124.84)	1,446,060.35 478.50	(4,451.50)	0.00	1,773.10	3,605.30	2.58
912828C65 USA TREASURY 1.625% 31MAR2019	1.625	03/31/2019	2,200,000.00	2,188,828.13 0.00	2,194,398.68 923.30	2,191,321.00 (257.40)	(3,077.68)	0.00	2,930.33	17,875.00	3.89
912828F39 USA TREASURY 1.75% 30SEP2019	1.750	09/30/2019	1,100,000.00	1,108,507.81 0.00	1,103,736.88 (307.15)	1,090,117.60 (1,159.40)	(13,619.28)	0.00	1,577.87	9,625.00	1.97
912828X21 USA TREASURY 1.5% 15APR2020	1.500	04/15/2020	1,500,000.00	1,498,652.34 0.00	1,499,184.16 43.47	1,471,407.00 (2,635.50)	(27,777.16)	0.00	1,844.26	10,327.87	2.66

# SECURITIES HELD

As of September 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
<b>Government Bonds</b>											
912828WC0	1.750	10/31/2020	1,300,000.00	1,296,191.41	1,297,285.18	1,271,511.80	(25,773.38)	0.00	1,854.62	9,458.56	2.30
USA TREASURY 1.75% 31OCT2020				0.00	106.89	(4,113.20)					
<b>Total Government Bonds</b>			<b>9,975,000.00</b>	<b>9,933,321.59</b>	<b>9,969,232.99</b>	<b>9,893,207.53</b>	<b>(76,025.46)</b>	<b>0.00</b>	<b>12,455.34</b>	<b>62,747.48</b>	<b>17.66</b>
<b>Grand total</b>			<b>56,303,716.15</b>	<b>56,241,791.47</b>	<b>56,220,792.19</b>	<b>55,671,931.83</b>	<b>(548,860.36)</b>	<b>54,692.50</b>	<b>73,063.11</b>	<b>262,140.51</b>	<b>100.00</b>
				(5,850.00)	4,583.66	(37,921.86)					

# SECURITIES PURCHASED

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

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
<b>Corporate Bonds</b>							
084664CK5	09/14/2018	1.300	08/15/2019	1,000,000.00	98.83	(988,300.00)	(1,191.67)
BERKSHIRE HATHAWAY FIN 1.3% 15AUG2019	09/18/2018						
WELLS FARGO SECURITIES INTL LTD							
<b>Total Corporate Bonds</b>				<b>1,000,000.00</b>		<b>(988,300.00)</b>	<b>(1,191.67)</b>
<b>Government Agencies</b>							
3135G0D75	09/14/2018	1.500	06/22/2020	1,300,000.00	97.87	(1,272,349.00)	(4,658.33)
FANNIE MAE 1.5% 22JUN2020	09/18/2018						
JPMORGAN CHASE BANK, N.A.							
<b>Total Government Agencies</b>				<b>1,300,000.00</b>		<b>(1,272,349.00)</b>	<b>(4,658.33)</b>
<b>Grand total</b>				<b>2,300,000.00</b>		<b>(2,260,649.00)</b>	<b>(5,850.00)</b>

# SECURITIES SOLD AND MATURED

For the period September 1, 2018 - September 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
<b>Government Agencies</b>												
3135G0YM9	09/18/2018	1.875		(2,000,000.00)	2,036,700.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	18,750.00	1,770.83
FNMA TRANCHE 540 1.875 09-18-2018	09/18/2018					(645.75)		204.00				
<b>Total (Government Agencies)</b>				<b>(2,000,000.00)</b>	<b>2,036,700.00</b>	<b>2,000,000.00</b> <b>(645.75)</b>		<b>2,000,000.00</b> <b>204.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18,750.00</b>	<b>1,770.83</b>
<b>Grand total</b>				<b>(2,000,000.00)</b>	<b>2,036,700.00</b>	<b>2,000,000.00</b> <b>(645.75)</b>		<b>2,000,000.00</b> <b>204.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18,750.00</b>	<b>1,770.83</b>

# TRANSACTION REPORT

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

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
09/01/2018 09/01/2018	17275RAR3	Income	Corporate Bonds	CISCO SYSTEMS INC 2.125%	03/01/2019	500,000.00	0.00	0.00	5,312.50	5,312.50
09/03/2018 09/03/2018	166764AR1	Income	Corporate Bonds	CHEVRON CORP 1.961%	03/03/2020	1,000,000.00	0.00	0.00	9,805.00	9,805.00
09/04/2018 09/04/2018	25468PDP8	Income	Corporate Bonds	WALT DISNEY COMPANY/THE	03/04/2020	1,000,000.00	0.00	0.00	9,750.00	9,750.00
09/13/2018 09/13/2018	313380FB8	Income	Government Agencies	FEDERAL HOME LOAN BANK	09/13/2019	1,000,000.00	0.00	0.00	6,875.00	6,875.00
09/14/2018 09/14/2018	0258MODX4	Income	Corporate Bonds	AMERICAN EXPRESS CREDIT	09/14/2020	900,000.00	0.00	0.00	11,700.00	11,700.00
09/14/2018 09/18/2018	084664CK5	Bought	Corporate Bonds	BERKSHIRE HATHAWAY FIN	08/15/2019	1,000,000.00	0.00	(988,300.00)	(1,191.67)	(989,491.67)
09/14/2018 09/14/2018	3133EHYM9	Income	Government Agencies	FEDERAL FARM CREDIT BANK	09/14/2020	1,500,000.00	0.00	0.00	11,250.00	11,250.00
09/14/2018 09/18/2018	3135G0D75	Bought	Government Agencies	FANNIE MAE 1.5% 22JUN2020	06/22/2020	1,300,000.00	0.00	(1,272,349.00)	(4,658.33)	(1,277,007.33)
09/18/2018 09/18/2018	3135G0YM9	Income	Government Agencies	FNMA TRANCHE 540 1.875	09/18/2018	2,000,000.00	0.00	0.00	18,750.00	18,750.00
09/18/2018 09/18/2018	3135G0YM9	Capital Change	Government Agencies	FNMA TRANCHE 540 1.875	09/18/2018	(2,000,000.00)	0.00	2,000,000.00	0.00	2,000,000.00
09/30/2018		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	285.98	285.98

OCTOBER 2018



IN THIS ISSUE:

Market Summary ..... 1

- 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.

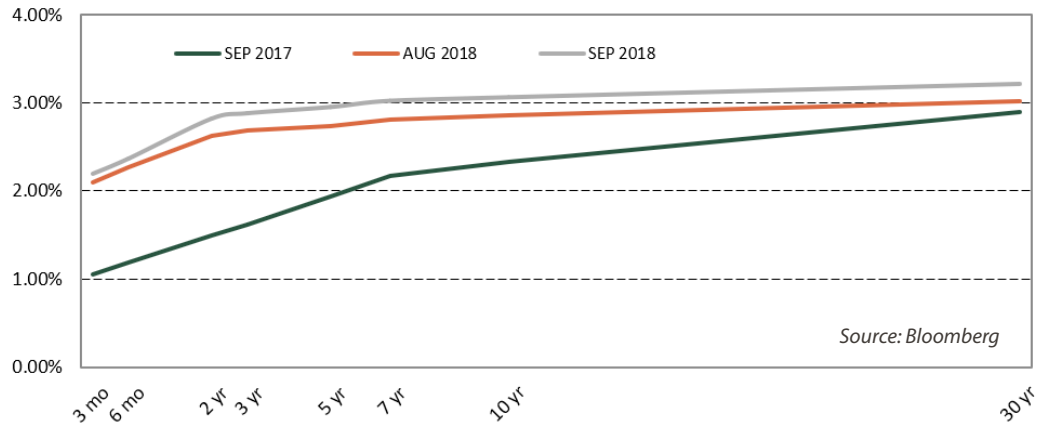
## Market Summary

As expected, the Federal Open Market Committee (FOMC) voted to raise the fed funds target rate by 25 basis points to a range of 2.00%-2.25% at the September 26th meeting. The vote was unanimous, including a vote from the new Board of Governors Vice Chair, Richard Clarida. The Fed raised its median forecast for GDP growth in 2018 and 2019 and left its forecasts for unemployment and inflation relatively unchanged. The Fed also kept its fed funds rate forecasts unchanged with the exception of the longer-run target which increased slightly to 3.0%. The Fed's forecast points to one more fed funds rate hike this year and three more hikes next year. Once again, in its policy statement, the FOMC noted that economic activity has been rising at a "strong rate" and policymakers expect that further gradual increases in the fed funds rate will be appropriate. The FOMC continues to believe risks to the economic outlook are roughly balanced. Market participants believe there is a very high probability that there will be another rate hike in December.

Although the labor market is strong and consumer confidence remains high, we do not believe the economy is close to overheating. The Core PCE Index suggests that inflation is in line with the Fed's 2.0% target. Market participants are forecasting annualized GDP growth of about 3.0% in the third quarter, 2.8% in the fourth quarter, and 2.5% next year.

Treasury yields increased in September. At month-end, the 2-year Treasury yield was up 19 basis points to 2.82%, while the 10-year Treasury yield was up 20 basis points to 3.06%. The spread between 2- and 10-year Treasury yields remained narrow at just 24 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. We foresee an upward bias to rates across the Treasury yield curve but believe that the yield curve will remain quite flat over the intermediate-term.

## Treasury Yields Increased



On a year-over-year basis as of September month-end, Treasury yields increased, and the Treasury yield curve flattened. The spread between 2-Year and 10-year Treasury yields narrowed from 85 basis points to 24 basis points, year-over-year. Rate hikes by the Federal Reserve have put upward pressure on rates, while supply and demand imbalances, technical factors, and subdued inflation expectations have contributed to the curve flattening.

TREASURY YIELDS	Trend (▲/▼)	9/30/2018	8/31/2018	Change
3-Month	▲	2.20	2.10	0.10
2-Year	▲	2.82	2.63	0.19
3-Year	▲	2.88	2.69	0.19
5-Year	▲	2.95	2.74	0.21
7-Year	▲	3.02	2.81	0.21
10-Year	▲	3.06	2.86	0.20
30-Year	▲	3.21	3.02	0.19

Source: Bloomberg



## Economic Roundup

### Consumer Prices

The Consumer Price Index (CPI) was up 2.7% year-over-year in August, versus up 2.9% year-over-year in July. Core CPI (CPI less food and energy) was up 2.2% year-over-year in August, down from 2.4% year-over-year in July. The Personal Consumption Expenditures (PCE) index was up 2.2% year-over-year in August, down slightly from 2.3% year-over-year in July. Core PCE (excluding food and energy) was up 2.0% on a year-over-year basis in August, unchanged from 2.0% in July. Core PCE inflation, which is the Fed's primary inflation gauge, remains in line with the Fed's 2.0% target.

### Retail Sales

On a year-over-year basis, retail sales were up 6.6% in August, versus up 6.7% year-over-year in July. On a month-over-month basis, retail sales increased just 0.1% in August, following an upwardly revised increase of 0.7% in July. Strong sales in July were somewhat offset by softer trends in August, but the overall pace of consumer spending in the third quarter appears solid.

### Labor Market

U.S. payrolls rose by 134,000 in September, below the consensus forecast of 185,000. However, July and August payrolls were revised up by a total of 87,000. On a trailing 3-month and 6-month basis payrolls increased by an average of 190,000 and 203,000 per month, respectively, more than enough to absorb new entrants into the labor market. The unemployment rate declined further in September to 3.7% from 3.8% in August. The labor participation rate was unchanged month-over-month at 62.7%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased to 7.5% from 7.4% in August. Wages rose 0.3% in September on a month-over-month basis, in line with expectations. Wages were up 2.8% on a year-over-year basis in September, versus up 2.9% year-over-year in August. The average workweek was unchanged at 34.5 hours. Overall, the September employment report indicates the labor market remains strong, and there is steady but modest upward pressure on wages.

### Housing Starts

Total housing starts increased 9.2% in August. Single-family starts increased 1.9% in August while multi-family starts surged 29%. However, permits fell 5.7% in August. Housing data tends to be volatile on a month-over-month basis. Broadly speaking, the housing sector is facing a few different headwinds including supply constraints, rising mortgage interest rates, and a shortage of skilled labor.

### Credit Spreads Tightened in September

CREDIT SPREADS	Spread to Treasuries (%)	One Month Ago (%)	Change
3-month top rated commercial paper	0.15	0.20	(0.05)
2-year A corporate note	0.34	0.40	(0.06)
5-year A corporate note	0.59	0.65	(0.06)
5-year Agency note	0.09	0.12	(0.03)

Source: Bloomberg

Data as of 9/30/2018

### Economy Growth Remains Favorable

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(53.2) \$Bln AUG 18	(50.0) \$Bln JUL 18	(44.2) \$Bln AUG 17
GDP	4.2% JUN 18	2.2% MAR 18	3.0% JUN 17
Unemployment Rate	3.7% SEP 18	3.9% AUG 18	4.2% SEP 17
Prime Rate	5.25% SEP 18	5.0% AUG 18	4.25% SEP 17
CRB Index	195.16 SEP 18	192.96 AUG 18	183.09 SEP 17
Oil (West Texas Int.)	\$73.25 SEP 18	\$69.80 AUG 18	\$51.67 SEP 17
Consumer Price Index (y/o/y)	2.7% AUG 18	2.9% JUL 18	1.9% AUG 17
Producer Price Index (y/o/y)	3.0% SEP 18	3.6% AUG 18	3.3% SEP 17
Dollar/Euro	1.16 SEP 18	1.16 AUG 18	1.18 SEP 17

Source: Bloomberg

©2018 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

This report is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as an indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment. Fixed income investments are subject to interest, credit, and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

## Market Data

### World Indices

data as of 9/30/2018

	Diff (8/31/18)	% Change
S&P 500		
<b>2,913.98</b>	12.46	0.43%
NASDAQ		
<b>8,046.35</b>	63.18	0.78%
DOW JONES		
<b>26,458.31</b>	493.49	1.90%
FTSE (UK)		
<b>7,510.20</b>	77.78	1.05%
DAX (Germany)		
<b>12,246.73</b>	117.33	0.95%
Hang Seng (Hong Kong)		
<b>27,788.52</b>	100.03	0.36%
Nikkei (Japan)		
<b>24,120.04</b>	1,254.89	5.49%

Source: Bloomberg



Toll Free: 800.317.4747  
info@chandlerasset.com  
chandlerasset.com