



Report to City Council

TO: Mayor and City Council

FROM: Marshall Eyerman, Chief Financial Officer

AGENDA DATE: May 7, 2019

TITLE: RECEIPT OF QUARTERLY INVESTMENT REPORT FOR
THE QUARTER ENDED MARCH 31, 2019

RECOMMENDED ACTION

Recommendation:

1. Receive and file the Quarterly Investment Report for quarter ended March 31, 2019, in compliance with the City's Investment Policy.

SUMMARY

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended March 31, 2019. 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 March 31, 2019. 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 report was scheduled for review by the Finance Subcommittee at their meeting on April 23, 2019.

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

	Portfolio, Balance	Avg. Yield to Maturity Trends		
		Mar 2019	Feb 2019	Mar 2018
Chandler	\$89,668,393	2.21%	2.17%	1.82%
Insight	\$56,827,466	2.11 %	2.13 %	1.57%
LAIF	\$66,553,390	2.436%	2.392 %	1.524%

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

ALTERNATIVES

1. Receive and file the Quarterly Investment Report for March 31, 2019. **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 remained unchanged in March at a range between 2.25% and 2.5%. Based on comments from the last meeting the feeling is there may not be any more rate hikes this year. While domestic and global economic growth has slowed, inflationary pressures remain muted with the labor markets providing optimism.

NOTIFICATION

Publication of the agenda

PREPARATION OF STAFF REPORT

Prepared By:
Brooke McKinney
Treasury Operations Division Manager

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

CITY COUNCIL GOALS

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

CITY COUNCIL STRATEGIC PRIORITIES

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

ATTACHMENTS

1. 03-2019 Investment Report
2. CAM-Newsletter-April-2019

APPROVALS

Budget Officer Approval	<u>✓ Approved</u>	4/16/19 9:12 AM
City Attorney Approval	<u>✓ Approved</u>	4/16/19 5:11 PM
City Manager Approval	<u>✓ Approved</u>	4/25/19 10:51 AM

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

MOVER: Victoria Baca, Mayor Pro Tem

SECONDER: David Marquez, Council Member

AYES: Gutierrez, Baca, Marquez, Cabrera, Thornton

CITY OF MORENO VALLEY

Treasurer's Cash and Investments Report

March 2019

General Portfolio	Cost Value	Market Value	Par Value	Average Maturity (in years)	Average Yield to Maturity	Average Duration (in years)
Bank Accounts	3,721,476	3,721,476	3,721,476			
State of California LAIF Pool	66,553,390	66,490,239	66,553,390	0.53	2.44%	
Investments-Chandler	89,305,153	89,218,287	89,668,393	2.48	2.21%	2.35
Investments-Insight	56,667,563	56,589,794	56,827,466	1.17	2.11%	1.05
Total General Portfolio	216,247,582	216,019,796	216,770,725			

Bond Proceeds with Fiscal Agents	Market Value
Construction Funds	4,778,386
Principal & Interest Accounts	1,556,020
Debt Service Reserve Funds	2,118,436
Custody Accounts	318,440
Arbitrage Rebate Accounts	4,549
Other Accounts	30
Total Bond Proceeds	8,775,861

Deferred Compensation Funds	Market Value as of March 30, 2019
Nationwide	15,246,306
ICMA	6,216,134
Total Deferred Compensation Funds	21,462,440

Total Investment Portfolio	246,258,097
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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

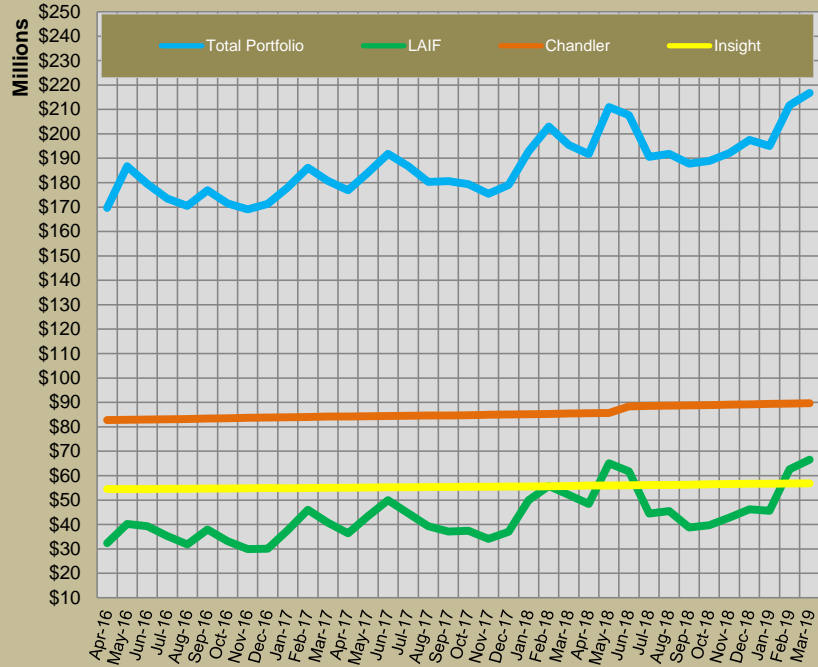
Period	Total General Portfolio (1)	Local Agency Investment Fund (LAIF)		Chandler				Insight			
	Asset Balance (par)	Balance	Yield	Asset Balance (par)	Weighted Avg YTM (2)	Rate of Return (3)		Asset Balance (par)	Weighted Avg YTM (2)	Rate of Return (3)	
						Investment Portfolio (4)	Benchmark 1-5 Gov(5)			Investment Portfolio (4)	Benchmark 1-3 Gov(5)
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%
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%
Oct-18	188,925,543	39,668,140	2.144%	88,887,254	2.09%	-0.90%	-0.31%	56,473,609	1.80%	0.97%	0.25%
Nov-18	192,152,043	42,768,140	2.208%	89,084,357	2.13%	0.57%	0.40%	56,568,013	1.83%	1.52%	2.25%
Dec-18	197,462,474	46,268,140	2.291%	89,215,211	2.14%	1.52%	1.47%	56,671,250	1.90%	1.68%	2.33%
Jan-19	195,050,449	45,553,390	2.355%	89,373,064	2.15%	2.50%	2.45%	56,704,121	1.96%	0.31%	2.40%
Feb-19	211,740,422	62,553,390	2.392%	89,552,434	2.17%	2.84%	2.68%	56,761,069	2.13%	0.29%	2.44%
Mar-19	216,770,725	66,553,390	2.436%	89,668,393	2.21%	3.40%	3.28%	56,827,466	2.11%	0.47%	2.72%

Notes:

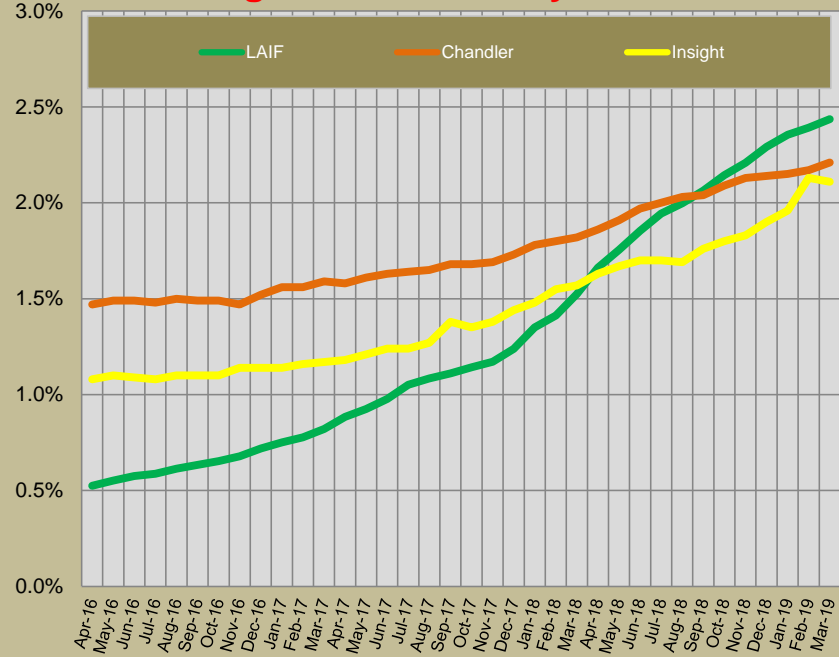
- (1) Total General Portfolio includes all assets that comprise the City's Investment Portfolio which is LAIF as well as assets managed by Chandler and Cutwater.
- (2) Yield to Maturity (YTM): The rate of return on an investment or security if it were to be held until maturity. This yield does not reflect 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-ICE Bank of America-Merrill Lynch 1 to 5 year Government Index and Insight- Bank of America-ICE Merrill Lynch 1 to 3 year Treasury Index
- (6) As the result of a transition to a new reporting platform Weighted Avg Yield to Maturity and Total Return Yield data is not available. Insight staff are working to rectify this problem.

PORTFOLIO PERFORMANCE - 36 MONTH TREND

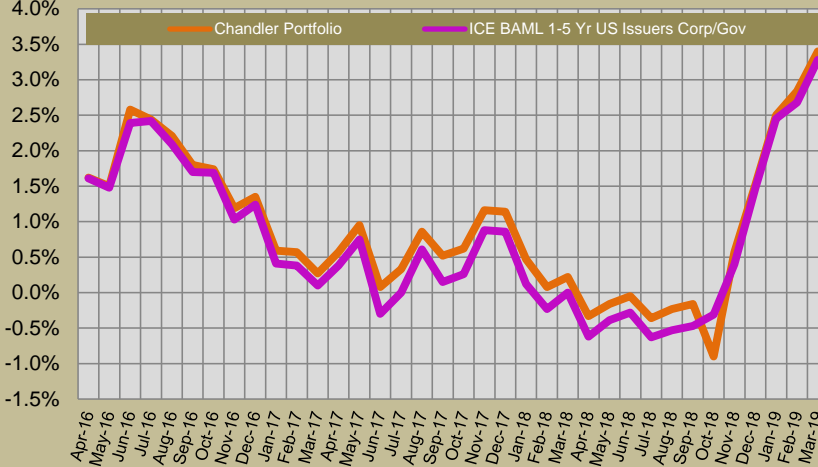
Portfolio Balances Trend



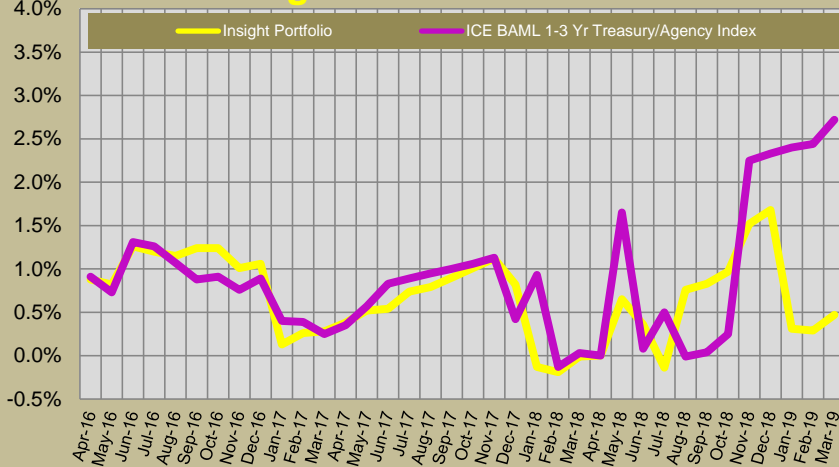
Avg Yield to Maturity Trend



Chandler Rate of Return



Insight Rate of Return



PORTFOLIO CHARACTERISTICS

The portfolio invested in LAIF represents the City's immediate cash liquidity needs and is managed by City staff in a manner to fund the day to day operations of the City.

The portfolio managed by Insight is comprised of idle cash balances related to funds that generally expect to expend cash within the next 36 months. (Example: Gen Fund, Zone A, Measure A, NSP etc.)

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

DEFERRED COMPENSATION FUNDS

Nationwide

Fund	Market Value as of March 30, 2019	Fund	Market Value as of March 30, 2019	Fund	Market Value as of March 30, 2019
Liquid Savings	\$0	Nationwide US Sm Cap Val Ins Svc	95,615	Federated Kaufmann Fund	216,612
Nationwide Fixed (Part Time Employee)	849,498	American Century Balanced	53	Putnam Growth Opportunity A	13,747
Liquid Savings (Part Time Employees)	0	Am Century Growth	127,860	Nationwide InvDes Mod Cons Fund SC	82,398
Certificates of Deposit 3 years	0	Am Century Select	237,113	Nationwide InvDes Mod Aggr Fund	988,548
Certificates of Deposit 5 years	0	JP Morgan Mid Cap Value A	1,485,110	Nationwide InvDes Aggr Fund	216,671
Invesco Mid Cap Core Equity	35,366	Vanguard Index 500	139,466	Nationwide InvDes Mod Fd	862,112
Bond Fund of America	185,089	Vanguard Institutional Index	815,752	Nationwide Inv Des Cons	205,364
Growth Fund of America	127,288	Vanguard Wellington	29,918	Nationwide Large Cap Growth	85,394
Investment Co. of America	74,495	Vanguard Windsor II	293,423	Nationwide Fund A	111,406
Income Fund of America	44,842	Vanguard Total Bond Index	418,308	Nationwide Dest 2015 Inst Svc	23,692
Brown Cap Mgmt Inc SM Co	280,908	Washington Mutual Inv	207,910	Nationwide Dest 2020 Inst Svc	89,102
Fidelity Independence	3,643	DFA US Micro Cap Port	127,084	Nationwide Dest 2025 Inst Svc	436,893
Fidelity Equity Income	174,485	EuroPacific Growth	437,159	Nationwide Dest 2030 Inst Svc	150,965
Fidelity Magellan	435,049	Stable Fund C	3,560,641	Nationwide Dest 2035 Inst Svc	30,966
Fidelity Puritan	88,773	N B Socially Responsive Fund	115,026	Nationwide Dest 2040 Inst Svc	38,232
Fidelity Contrafund	321,583	Dtsch High Income Fund A	87,448	Nationwide Dest 2045 Inst Svc	44,215
Janus Henderson Research Fund	32,340	Dtsch Eq Divd A	115,183	Nationwide Dest 2050 Inst Svc	8,831
Janus Henderson Forty	47,496	Oppenheimer Global Fund A	647,234	Total Nationwide Deferred	\$15,246,306

ICMA

Fund	Market Value as of March 30, 2019	Fund	Market Value as of March 30, 2019
Aggressive Oppor.	\$140,302	VT Vantagepoint Discovery	89,334
International	49,133	VT Vantagepoint Inflation Focused	119,484
Global Equity Growth	354,157	VT Vantagepoint Mid/Sm Index	161,710
Growth and Income	164,171	VT Vantagepoint Overseas Equity Index Fund	230,292
Broad Market	60,407	VT Vantagepoint Select Value	21,879
500 Stock Index	328,580	VT Carillon Eagle Mid Cap Gr	6,591
Equity Income	229,229	Vantage Growth Fund	381,112
MS Retirement Income	19,451	VT Puritan	61,627
Core Bond	116,775	VT Diversified International	38,481
Cash Management	18,849	VT TR Price Growth Stock Adv	294,250
Plus Fund	1,476,706	VT Nuveen Real Estate Secs	55,860
Retirement Income Advantage	15,548	VT TR Price Small Cap Value	0
Conservative Growth	35,300	VT Invesco Diversified	7,980
Traditional Growth	40,731	VT Gold Sach Mid Cap Value	0
Long-Term Growth	883,116	VT Oppenheimer Main Street	63,430
Western Asset Core Plus Bond	16,940	VT Contrafund	263,065
Milestone 2010	22,387	VT PIMCO Total Return	0
Milestone 2020	128,615	VT PIMCO High Yield	3,944
Milestone 2025	11,994	VT Victory Sycamore Est Value	20,598
Milestone 2030	16,974	VT MFS Value	94,435
Milestone 2035	23,216	VT AMG TimesSquare Mid Cap Growth Admin	117,918
Milestone 2040	31,563	Total ICMA	\$6,216,134

Summary by Plan

Deferred Compensation Plan	Market Value as of March 30, 2019
Total Nationwide	\$15,246,306
Total ICMA	6,216,134
Total Deferred Compensation Plans	\$21,462,440

Summary by Investment Type

Investment Type	Market Value as of March 30, 2019
Savings Deposits and CD's	\$4,410,139
Mutual Funds	17,052,301
Total Deferred Compensation Plans	\$21,462,440

City of Moreno Valley -

MONTHLY ACCOUNT STATEMENT

MARCH 1, 2019 THROUGH MARCH 31, 2019

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact 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	2.35
Average Coupon	2.09%
Average Purchase YTM	2.21%
Average Market YTM	2.46%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.62 yrs
Average Life	2.48 yrs

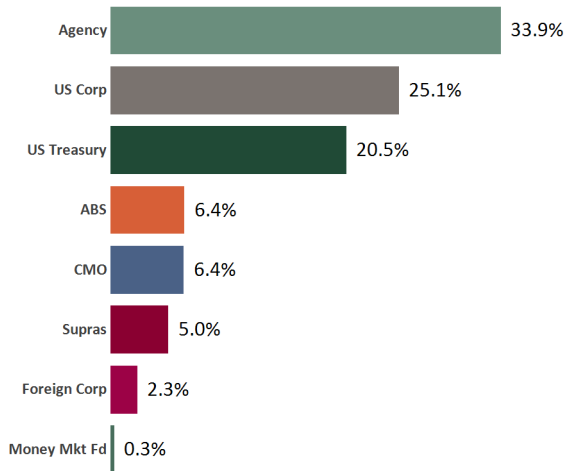
ACCOUNT SUMMARY

	Beg. Values as of 2/28/19	End Values as of 3/31/19
Market Value	88,524,310	89,218,287
Accrued Interest	374,982	381,972
Total Market Value	88,899,292	89,600,259
Income Earned	158,367	162,494
Cont/WD		0
Par	89,552,434	89,668,393
Book Value	89,304,658	89,456,432
Cost Value	89,162,251	89,305,153

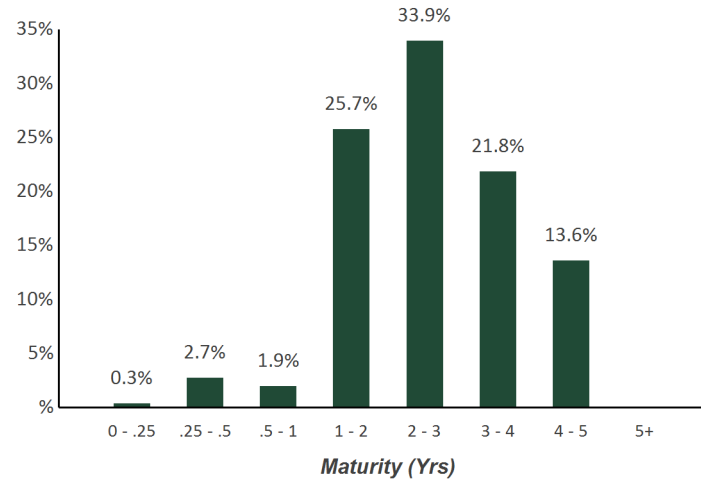
TOP ISSUERS

Government of United States	20.5%
Federal National Mortgage Assoc	20.1%
Federal Home Loan Mortgage Corp	12.8%
Federal Home Loan Bank	7.5%
Inter-American Dev Bank	4.4%
Honda ABS	2.0%
John Deere ABS	1.5%
American Express ABS	1.4%
Total	70.1%

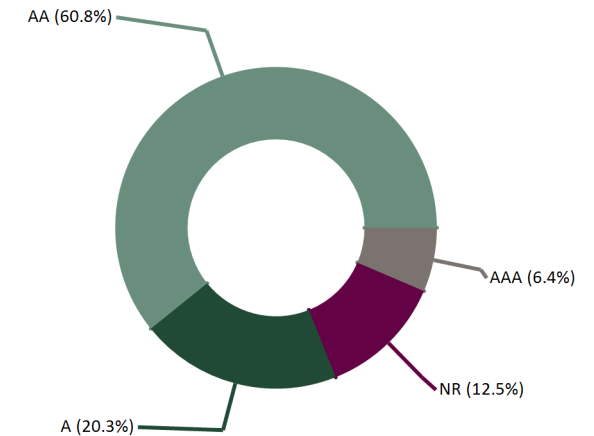
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2010	
City of Moreno Valley	0.79%	1.43%	1.43%	3.40%	1.80%	1.29%	1.54%	N/A	1.68%	
ICE BAML 1-5 Yr US Treasury/Agency Index	0.85%	1.21%	1.21%	3.14%	1.52%	0.98%	1.29%	N/A	1.37%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.86%	1.34%	1.34%	3.28%	1.62%	1.11%	1.40%	N/A	1.54%	

Statement of Compliance

As of March 31, 2019



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
Supranational Securities	"AA" rated by a NRSRO; 30% maximum; 5% max per issuer; Issued by IBRD, IFC or IADB only	Complies
Municipal Securities (Local Agency/State-CA and others)	No Limitation	Complies
Banker's Acceptances	40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	"A-1/P-1/F-1" minimum ratings; "A" rated issuer or higher, if long term debt; 25% maximum; 5% max per issuer; 270 days max maturity	Complies
Negotiable Certificates of Deposit	30% maximum; 5% max per issuer	Complies
Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer	Complies
Money Market Mutual Funds and Mutual Funds	AAA/Aaa or Highest rating by two NRSROs; 20% maximum	Complies
Collateralized Certificates of Deposit (CD)/ Time Deposit (TD)	5% max per issuer	Complies
FDIC Insured Certificates of Deposit (CD)/Time Deposit (TD)	5% max per issuer	Complies
Asset-Backed (ABS), Mortgage Backed (MBS) and Collateralized Mortgage Obligations (CMO)	"AA" rated or better by a NRSRO; "A" rated issuer; 20% maximum (combined MBS/ABS/CMO); 5% max per issuer	Complies
Repurchase Agreements	1 year max maturity	Complies
Local Agency Investment Fund (LAIF)	Maximum program limitation; Not used by investment adviser	Complies
County Pooled Investment Funds; Joint Powers Authority Pool	Not used by investment adviser	Complies
Prohibited Securities	Reverse repurchase agreements; Futures or Option contracts; Securities lending; Zero interest accrual securities; Derivatives including but not limited to: Inverse floaters, Interest only strips from mortgages, residual securities, structured notes, forward based derivatives, forward contracts, forward rate agreements, interest rate futures, foreign currency futures contracts, option based derivatives, interest rate caps, interest rate floors, swap contracts, interest rate swaps, interest rate collars, foreign currency swaps, cross currency exchange agreements, fixed rate currency swaps, basis swaps, equity swaps, fixed rate equity swaps, floating rate equity swaps and commodity swaps.	Complies
Max Per Issuer	5% of portfolio per issuer, except US Government, its agencies and instrumentalities	Complies
Maximum maturity	5 years	Complies
Weighted Average Maturity	3 years	Complies

Reconciliation Summary

As of March 31, 2019



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$89,304,658.45
Acquisition		
+ Security Purchases	\$3,376,711.00	
+ Money Market Fund Purchases	\$1,825,568.92	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$5,202,279.92
Dispositions		
- Security Sales	\$1,641,159.65	
- Money Market Fund Sales	\$1,743,320.01	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$580,000.00	
- Calls	\$815,000.00	
- Principal Paydowns	\$276,290.20	
Total Dispositions		\$5,055,769.86
Amortization/Accretion		
+/- Net Accretion	\$8,994.19	
		\$8,994.19
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	(\$3,730.94)	
		(\$3,730.94)
ENDING BOOK VALUE		\$89,456,431.76

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$200,901.54
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$1,641,159.65	
Accrued Interest Received	\$5,660.58	
Interest Received	\$146,615.58	
Dividend Received	\$192.31	
Principal on Maturities	\$580,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$815,000.00	
Interest from Calls/Redemption	\$7,470.83	
Principal Paydown	\$276,290.20	
Total Acquisitions	\$3,472,389.15	
Dispositions		
Withdrawals	\$0.00	
Security Purchase	\$3,376,711.00	
Accrued Interest Paid	\$13,429.24	
Total Dispositions	\$3,390,140.24	
ENDING BOOK VALUE		\$283,150.45



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									
47788MAC4	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	26,486.44	02/23/2016 1.37%	26,482.27 26,485.39	99.93 3.54%	26,468.87 16.01	0.03% (16.52)	Aaa / NR AAA	1.04 0.04
89231UAD9	Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020	109,140.35	05/02/2016 1.31%	109,134.78 109,140.28	99.82 2.68%	108,946.56 63.06	0.12% (193.72)	Aaa / AAA NR	1.04 0.13
43814QAC2	Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020	56,171.11	05/24/2016 1.40%	56,170.02 56,170.82	99.82 2.76%	56,072.21 34.70	0.06% (98.61)	Aaa / NR AAA	1.04 0.13
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	12,617.64	07/11/2017 1.60%	12,616.54 12,617.22	99.95 3.25%	12,610.78 8.92	0.01% (6.44)	Aaa / NR AAA	1.04 0.03
89237RAB4	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	238,667.43	07/25/2017 1.59%	238,665.16 238,666.44	99.80 2.66%	238,187.36 167.60	0.27% (479.08)	Aaa / AAA NR	1.29 0.19
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	580,261.78	01/23/2018 2.12%	580,202.47 580,227.98	99.82 2.78%	579,192.90 541.58	0.65% (1,035.08)	Aaa / AAA NR	1.55 0.30
161571HF4	Chase CHAIT 2016-A5 1.27% Due 7/15/2021	400,000.00	09/27/2018 2.11%	395,328.13 396,174.65	99.62 2.64%	398,470.00 225.78	0.44% 2,295.35	NR / AAA AAA	2.29 0.28
43811BAC8	Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021	976,897.34	04/27/2018 2.62%	961,709.65 965,948.08	99.30 2.68%	970,075.51 729.42	1.08% 4,127.43	Aaa / AAA NR	2.38 0.70
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	170,000.00	07/11/2017 1.83%	169,987.56 169,992.55	99.36 2.72%	168,920.15 137.51	0.19% (1,072.40)	Aaa / NR AAA	2.55 0.71
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	275,000.00	02/21/2018 2.68%	274,980.23 274,985.43	100.04 2.64%	275,121.55 325.11	0.31% 136.12	Aaa / NR AAA	3.05 1.19
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	750,000.00	08/21/2018 2.98%	749,897.10 749,912.38	100.69 2.56%	755,169.00 614.58	0.84% 5,256.62	Aaa / NR AAA	3.40 1.70
02587AAJ3	American Express Credit 2017-1 1.93% Due 9/15/2022	1,300,000.00	Various 3.01%	1,280,843.74 1,283,547.37	99.39 2.66%	1,292,092.08 1,115.11	1.44% 8,544.71	Aaa / NR AAA	3.46 0.85
47788EAC2	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	875,000.00	07/18/2018 3.10%	874,933.68 874,944.21	100.73 2.68%	881,348.13 1,197.78	0.98% 6,403.92	Aaa / NR AAA	3.63 1.72
Total ABS		5,770,242.09	2.63%	5,730,951.33 5,738,812.80	2.67%	5,762,675.10 5,177.16	6.44% 23,862.30	Aaa / AAA AAA	2.80 0.93



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									
3135G0ZG1	FNMA Note 1.75% Due 9/12/2019	850,000.00	10/29/2014 1.70%	851,929.50 850,177.97	99.68 2.47%	847,271.50 785.07	0.95% (2,906.47)	Aaa / AA+ AAA	0.45 0.44
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,650,000.00	08/26/2015 1.56%	1,636,522.80 1,646,877.14	98.87 2.44%	1,631,303.85 9,453.13	1.83% (15,573.29)	Aaa / AA+ AAA	1.09 1.06
3135G0D75	FNMA Note 1.5% Due 6/22/2020	1,655,000.00	09/29/2015 1.49%	1,655,893.70 1,655,231.83	98.92 2.40%	1,637,188.89 6,826.88	1.83% (18,042.94)	Aaa / AA+ AAA	1.23 1.20
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	400,000.00	11/21/2017 1.96%	398,963.53 399,433.79	99.24 2.35%	396,952.80 2,791.67	0.45% (2,480.99)	Aaa / AA+ AAA	1.64 1.58
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,650,000.00	12/16/2015 1.90%	1,618,815.00 1,639,507.37	98.57 2.38%	1,626,485.85 8,318.75	1.82% (13,021.52)	Aaa / AA+ AAA	1.67 1.62
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,410,000.00	02/17/2016 1.46%	1,404,303.60 1,407,851.77	98.25 2.33%	1,385,278.47 2,315.73	1.55% (22,573.30)	Aaa / AA+ AAA	1.89 1.84
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,675,000.00	Various 1.47%	1,667,519.85 1,672,053.20	98.24 2.33%	1,645,442.95 2,239.15	1.84% (26,610.25)	Aaa / AA+ AAA	1.91 1.86
3135G0K69	FNMA Note 1.25% Due 5/6/2021	1,675,000.00	06/29/2016 1.18%	1,680,695.00 1,677,463.22	97.84 2.31%	1,638,841.78 8,433.16	1.84% (38,621.44)	Aaa / AA+ AAA	2.10 2.04
313379RB7	FHLB Note 1.875% Due 6/11/2021	1,000,000.00	08/30/2017 1.67%	1,007,540.00 1,004,381.94	98.96 2.36%	989,625.00 5,729.17	1.11% (14,756.94)	Aaa / AA+ AAA	2.20 2.12
3135G0U35	FNMA Note 2.75% Due 6/22/2021	1,000,000.00	06/28/2018 2.70%	1,001,480.00 1,001,104.90	100.95 2.31%	1,009,501.00 7,562.50	1.14% 8,396.10	Aaa / AA+ AAA	2.23 2.13
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,100,000.00	10/04/2016 1.33%	1,089,836.00 1,095,128.05	97.37 2.31%	1,071,028.20 2,646.88	1.20% (24,099.85)	Aaa / AA+ AAA	2.29 2.23
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	1,625,000.00	Various 1.32%	1,610,283.75 1,617,936.87	97.28 2.31%	1,580,840.63 2,488.29	1.77% (37,096.24)	Aaa / AA+ AAA	2.37 2.31
3135G0N82	FNMA Note 1.25% Due 8/17/2021	1,700,000.00	Various 1.32%	1,694,675.10 1,697,397.47	97.55 2.31%	1,658,424.80 2,597.22	1.85% (38,972.67)	Aaa / AA+ AAA	2.38 2.32
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	1,740,000.00	Various 1.75%	1,710,142.50 1,724,088.95	97.79 2.28%	1,701,551.22 11,563.75	1.91% (22,537.73)	Aaa / AA+ AAA	2.52 2.44
3130AF5B9	FHLB Note 3% Due 10/12/2021	1,400,000.00	11/29/2018 2.91%	1,403,528.00 1,403,116.91	101.72 2.30%	1,424,110.80 19,716.67	1.61% 20,993.89	Aaa / AA+ NR	2.54 2.40
3135G0S38	FNMA Note 2% Due 1/5/2022	1,700,000.00	04/25/2017 1.92%	1,706,205.00 1,703,656.39	99.22 2.29%	1,686,813.10 8,122.22	1.89% (16,843.29)	Aaa / AA+ AAA	2.77 2.66



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									
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	450,000.00	01/27/2017 2.03%	457,185.15 454,043.38	100.28 2.27%	451,251.45 2,315.63	0.51% (2,791.93)	Aaa / AA+ AAA	2.79 2.67
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,725,000.00	06/19/2017 1.88%	1,724,739.53 1,724,836.28	98.90 2.25%	1,706,052.60 15,812.50	1.92% (18,783.68)	Aaa / AA+ AAA	3.02 2.88
3135G0T78	FNMA Note 2% Due 10/5/2022	900,000.00	12/12/2017 2.25%	889,749.00 892,514.49	99.06 2.28%	891,513.00 8,800.00	1.00% (1,001.49)	Aaa / AA+ AAA	3.52 3.34
3135G0T94	FNMA Note 2.375% Due 1/19/2023	1,850,000.00	04/11/2018 2.71%	1,822,731.00 1,828,269.28	100.27 2.30%	1,854,982.05 8,787.50	2.08% 26,712.77	Aaa / AA+ AAA	3.81 3.60
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	1,600,000.00	Various 2.84%	1,593,438.00 1,594,401.10	101.74 2.31%	1,627,908.80 12,466.67	1.83% 33,507.70	Aaa / AA+ AAA	4.22 3.94
3130A0F70	FHLB Note 3.375% Due 12/8/2023	1,700,000.00	01/16/2019 2.73%	1,749,623.00 1,747,566.95	104.55 2.34%	1,777,321.10 18,009.38	2.00% 29,754.15	Aaa / AA+ AAA	4.69 4.29
Total Agency		30,455,000.00	1.90%	30,375,799.01 30,437,039.25	2.33%	30,239,689.84 167,781.92	33.94% (197,349.41)	Aaa / AA+ AAA	2.51 2.39
CMO									
3137BDDC7	FHLMC K716 A2 3.13% Due 6/25/2021	475,000.00	09/12/2017 1.92%	494,482.42 486,520.04	100.96 2.56%	479,563.80 247.79	0.54% (6,956.24)	Aaa / AA+ NR	2.24 1.97
3137BFDQ1	FHLMC K717 A2 2.991% Due 9/25/2021	1,050,000.00	12/28/2018 2.89%	1,050,656.25 1,050,596.47	100.76 2.69%	1,058,023.05 2,617.13	1.18% 7,426.58	NR / NR AAA	2.49 2.19
3137BM6P6	FHLMC K721 A2 3.09% Due 8/25/2022	1,350,000.00	09/21/2017 2.22%	1,401,354.00 1,385,552.77	101.45 2.56%	1,369,615.50 3,476.25	1.53% (15,937.27)	Aaa / NR NR	3.41 3.01
3137B5JM6	FHLMC K034 A2 3.531% Due 7/25/2023	1,500,000.00	08/28/2018 3.03%	1,531,816.41 1,528,028.32	103.57 2.59%	1,553,550.00 4,413.75	1.74% 25,521.68	NR / NR AAA	4.32 3.89
3137B7MZ9	FHLMC K036 A2 3.527% Due 10/25/2023	1,200,000.00	10/29/2018 3.32%	1,211,812.50 1,210,825.96	103.73 2.59%	1,244,730.00 705.40	1.39% 33,904.04	Aaa / NR AAA	4.57 4.07
Total CMO		5,575,000.00	2.77%	5,690,121.58 5,661,523.56	2.60%	5,705,482.35 11,460.32	6.38% 43,958.79	Aaa / AA+ AAA	3.64 3.24
FOREIGN CORPORATE									
404280BA6	HSBC Holdings PLC Note 3.6% Due 5/25/2023	900,000.00	03/20/2019 3.33%	909,477.00 909,414.86	101.75 3.15%	915,770.70 11,340.00	1.03% 6,355.84	A2 / A AA-	4.15 3.79



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
FOREIGN CORPORATE									
89114QCB2	Toronto Dominion Bank Note 3.25% Due 3/11/2024	1,150,000.00	03/26/2019 2.97%	1,164,559.00 1,164,526.83	101.19 2.99%	1,163,642.45 2,076.39	1.30% (884.38)	Aa3 / A AA-	4.95 4.53
Total Foreign Corporate		2,050,000.00	3.13%	2,074,036.00 2,073,941.69	3.06%	2,079,413.15 13,416.39	2.34% 5,471.46	A1 / A AA-	4.60 4.20
MONEY MARKET FUND FI									
60934N104	Federated Investors Government Obligations Fund	283,150.45	Various 2.29%	283,150.45 283,150.45	1.00 2.29%	283,150.45 0.00	0.32% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		283,150.45	2.29%	283,150.45	2.29%	283,150.45 0.00	0.32% 0.00	Aaa / AAA AAA	0.00 0.00
SUPRANATIONAL									
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 1,398,800.69	99.16 2.39%	1,388,231.60 8,784.03	1.56% (10,569.09)	Aaa / AAA AAA	1.12 1.09
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	605,000.00	01/18/2018 2.35%	603,221.30 603,920.77	99.77 2.38%	603,596.40 2,495.63	0.68% (324.37)	Aaa / AAA NR	1.82 1.76
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 1,673,845.76	99.51 2.31%	1,666,807.58 7,217.62	1.87% (7,038.18)	Aaa / NR AAA	2.81 2.69
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	850,000.00	03/23/2018 2.79%	813,178.00 821,526.13	98.10 2.33%	833,814.30 702.43	0.93% 12,288.17	NR / NR AAA	3.46 3.32
Total Supranational		4,530,000.00	2.16%	4,486,021.05 4,498,093.35	2.35%	4,492,449.88 19,199.71	5.04% (5,643.47)	Aaa / AAA AAA	2.27 2.19
US CORPORATE									
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	1,075,000.00	Various 2.28%	1,075,764.55 1,075,054.69	99.85 2.64%	1,073,389.65 1,373.62	1.20% (1,665.04)	A1 / A AA-	0.45 0.44
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	1,050,000.00	01/26/2015 2.17%	1,048,857.60 1,049,809.50	99.53 2.72%	1,045,114.35 3,825.21	1.17% (4,695.15)	A2 / A- A+	0.84 0.82



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									
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	665,000.00	02/05/2015 1.77%	664,301.75 664,877.50	99.22 2.66%	659,833.62 1,487.01	0.74% (5,043.88)	Aa3 / A+ A+	0.88 0.86
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	980,000.00	06/11/2015 2.49%	969,146.50 977,497.66	99.58 2.63%	975,868.32 8,023.76	1.10% (1,629.34)	A2 / A- NR	1.14 1.10
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	425,000.00	10/29/2015 2.02%	424,660.00 424,891.69	99.33 2.43%	422,172.90 3,494.44	0.48% (2,718.79)	Aaa / AAA AA+	1.60 1.54
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 1,052,045.77	99.50 2.62%	1,044,787.80 9,928.33	1.18% (7,257.97)	A3 / A A	1.60 1.53
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 1,052,314.64	99.98 2.51%	1,049,776.35 5,250.00	1.18% (2,538.29)	Aa2 / AA- AA	1.81 1.74
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 1,165,338.27	99.55 2.47%	1,154,733.60 2,147.94	1.29% (10,604.67)	Aaa / AA+ NR	1.92 1.86
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	425,000.00	05/24/2017 2.12%	435,340.25 430,290.54	100.34 2.62%	426,461.15 892.50	0.48% (3,829.39)	A2 / A A	1.93 1.86
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	1,055,000.00	Various 3.25%	1,047,595.75 1,049,766.44	100.90 2.56%	1,064,528.76 12,308.33	1.20% 14,762.32	A2 / A+ NR	2.12 2.01
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	580,000.00	05/16/2016 1.96%	579,698.40 579,871.33	98.68 2.59%	572,319.06 4,147.00	0.64% (7,552.27)	A1 / A AA-	2.14 2.06
594918BP8	Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021	770,000.00	Various 1.57%	769,085.90 769,569.48	97.61 2.60%	751,607.01 1,757.10	0.84% (17,962.47)	Aaa / AAA AA+	2.36 2.28
69371RN44	Paccar Financial Corp Note 1.65% Due 8/11/2021	1,100,000.00	05/23/2018 3.15%	1,050,093.00 1,063,313.68	97.42 2.79%	1,071,584.80 2,520.83	1.20% 8,271.12	A1 / A+ NR	2.37 2.29
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 1,087,347.34	98.36 2.59%	1,081,910.50 928.89	1.21% (5,436.84)	A1 / AA- A	2.46 2.38
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	1,200,000.00	Various 3.19%	1,176,750.00 1,181,616.68	100.05 2.58%	1,200,597.60 6,933.34	1.35% 18,980.92	Aa3 / AA- A+	2.79 2.65
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	515,000.00	01/19/2017 2.66%	514,114.20 514,500.83	100.11 2.58%	515,565.47 2,515.99	0.58% 1,064.64	A1 / A+ AA-	2.82 2.61
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due 4/15/2022	995,000.00	Various 3.18%	974,877.75 978,568.67	99.94 2.62%	994,389.07 11,928.95	1.12% 15,820.40	A3 / A A	3.04 2.87



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									
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 1,169,929.99	99.62 2.57%	1,165,495.50 5,016.38	1.31% (4,434.49)	A2 / A A+	3.33 3.16
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	1,050,000.00	11/29/2017 2.58%	1,032,234.00 1,037,190.53	98.06 2.80%	1,029,634.20 1,475.83	1.15% (7,556.33)	A1 / A A	3.44 3.28
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%	940,832.50 942,934.34	99.96 2.98%	949,602.90 5,960.51	1.07% 6,668.56	A2 / A- AA-	3.80 3.09
24422ETG4	John Deere Capital Corp Note 2.8% Due 3/6/2023	280,000.00	06/13/2018 3.44%	272,213.20 273,522.29	100.40 2.69%	281,112.16 544.44	0.31% 7,589.87	A2 / A A	3.93 3.69
037833AK6	Apple Inc Note 2.4% Due 5/3/2023	715,000.00	11/28/2018 3.54%	681,959.85 684,455.76	99.03 2.65%	708,098.82 7,054.67	0.80% 23,643.06	Aa1 / AA+ NR	4.09 3.83
097023BQ7	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 6/15/2023	800,000.00	02/13/2019 2.98%	764,456.00 765,467.69	96.11 2.86%	768,885.60 4,416.67	0.86% 3,417.91	A2 / A A	4.21 3.98
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	335,000.00	07/11/2018 3.49%	334,420.45 334,502.74	102.76 2.76%	344,239.97 2,472.02	0.39% 9,737.23	A2 / A NR	4.29 3.94
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	835,000.00	10/03/2018 3.64%	834,315.30 834,380.17	103.55 2.79%	864,617.45 14,377.66	0.98% 30,237.28	A2 / A NR	4.53 4.09
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	1,100,000.00	03/06/2019 3.45%	1,104,235.00 1,104,165.29	101.55 3.12%	1,117,065.40 2,820.28	1.25% 12,900.11	A2 / A- A+	4.93 3.64
Total US Corporate		22,430,000.00	2.67%	22,222,465.45 22,263,223.51	2.67%	22,333,392.01 123,601.70	25.06% 70,168.50	A1 / A+ A+	2.59 2.38
US TREASURY									
9128282T6	US Treasury Note 1.25% Due 8/31/2019	525,000.00	01/31/2019 2.52%	521,185.55 522,265.11	99.48 2.50%	522,293.10 570.65	0.58% 27.99	Aaa / AA+ AAA	0.42 0.41
912828VF4	US Treasury Note 1.375% Due 5/31/2020	1,750,000.00	07/10/2015 1.62%	1,730,250.01 1,745,283.91	98.82 2.40%	1,729,423.50 8,064.90	1.94% (15,860.41)	Aaa / AA+ AAA	1.17 1.14
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,650,000.00	Various 1.37%	1,650,064.12 1,650,017.15	98.59 2.39%	1,626,797.70 1,972.82	1.82% (23,219.45)	Aaa / AA+ AAA	1.42 1.39
912828N89	US Treasury Note 1.375% Due 1/31/2021	1,600,000.00	03/09/2016 1.40%	1,598,442.85 1,599,415.31	98.31 2.32%	1,573,000.00 3,646.41	1.76% (26,415.31)	Aaa / AA+ AAA	1.84 1.80



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									
912828B90	US Treasury Note 2% Due 2/28/2021	1,650,000.00	Various 1.55%	1,683,525.06 1,663,583.81	99.43 2.31%	1,640,590.05 2,869.56	1.83% (22,993.76)	Aaa / AA+ AAA	1.92 1.86
912828Q37	US Treasury Note 1.25% Due 3/31/2021	1,700,000.00	Various 1.58%	1,676,910.00 1,689,094.89	98.02 2.27%	1,666,397.80 58.06	1.86% (22,697.09)	Aaa / AA+ AAA	2.00 1.96
912828S27	US Treasury Note 1.125% Due 6/30/2021	1,015,000.00	Various 1.91%	980,766.29 998,002.30	97.57 2.24%	990,298.96 2,870.46	1.11% (7,703.34)	Aaa / AA+ AAA	2.25 2.20
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,700,000.00	11/09/2016 1.48%	1,671,251.79 1,685,295.73	97.32 2.23%	1,654,445.10 52.25	1.85% (30,850.63)	Aaa / AA+ AAA	2.50 2.44
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,785,000.00	03/13/2017 2.14%	1,752,722.58 1,766,036.35	98.62 2.24%	1,760,317.02 2,716.30	1.97% (5,719.33)	Aaa / AA+ AAA	2.92 2.82
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,700,000.00	08/15/2017 1.82%	1,724,111.17 1,716,083.15	99.66 2.23%	1,694,223.40 9,081.15	1.90% (21,859.75)	Aaa / AA+ AAA	3.25 3.11
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,750,000.00	10/17/2017 1.99%	1,730,585.94 1,736,277.01	98.37 2.24%	1,721,426.00 83.67	1.92% (14,851.01)	Aaa / AA+ AAA	3.50 3.37
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,750,000.00	01/25/2018 2.46%	1,722,792.97 1,729,292.43	99.59 2.24%	1,742,821.50 9,348.24	1.96% 13,529.07	Aaa / AA+ AAA	3.76 3.57
Total US Treasury		18,575,000.00	1.78%	18,442,608.33 18,500,647.15	2.29%	18,322,034.13 41,334.47	20.49% (178,613.02)	Aaa / AA+ AAA	2.38 2.30
TOTAL PORTFOLIO		89,668,392.54	2.21%	89,305,153.20 89,456,431.76	2.46%	89,218,286.91 381,971.67	100.00% (238,144.85)	Aa1 / AA AAA	2.62 2.35
TOTAL MARKET VALUE PLUS ACCRUED						89,600,258.58			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	03/01/2019	60934N104	580,000.00	Federated Investors Government Obligations Fund	1.000	2.27%	580,000.00	0.00	580,000.00	0.00
Purchase	03/01/2019	60934N104	19,050.10	Federated Investors Government Obligations Fund	1.000	2.27%	19,050.10	0.00	19,050.10	0.00
Purchase	03/01/2019	60934N104	192.31	Federated Investors Government Obligations Fund	1.000	2.27%	192.31	0.00	192.31	0.00
Purchase	03/04/2019	60934N104	5,950.00	Federated Investors Government Obligations Fund	1.000	2.27%	5,950.00	0.00	5,950.00	0.00
Purchase	03/06/2019	60934N104	3,920.00	Federated Investors Government Obligations Fund	1.000	2.27%	3,920.00	0.00	3,920.00	0.00
Purchase	03/07/2019	89236TDP7	200,000.00	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	99.220	2.89%	198,440.00	808.89	199,248.89	0.00
Purchase	03/08/2019	06051GHF9	1,100,000.00	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	100.385	3.47%	1,104,235.00	325.42	1,104,560.42	0.00
Purchase	03/08/2019	60934N104	11,550.00	Federated Investors Government Obligations Fund	1.000	2.27%	11,550.00	0.00	11,550.00	0.00
Purchase	03/11/2019	60934N104	19,262.50	Federated Investors Government Obligations Fund	1.000	2.27%	19,262.50	0.00	19,262.50	0.00
Purchase	03/12/2019	60934N104	7,437.50	Federated Investors Government Obligations Fund	1.000	2.27%	7,437.50	0.00	7,437.50	0.00
Purchase	03/14/2019	60934N104	7,437.50	Federated Investors Government Obligations Fund	1.000	2.27%	7,437.50	0.00	7,437.50	0.00
Purchase	03/15/2019	60934N104	10,450.00	Federated Investors Government Obligations Fund	1.000	2.27%	10,450.00	0.00	10,450.00	0.00
Purchase	03/15/2019	60934N104	2,090.83	Federated Investors Government Obligations Fund	1.000	2.27%	2,090.83	0.00	2,090.83	0.00
Purchase	03/15/2019	60934N104	423.33	Federated Investors Government Obligations Fund	1.000	2.27%	423.33	0.00	423.33	0.00
Purchase	03/15/2019	60934N104	67,421.53	Federated Investors Government Obligations Fund	1.000	2.27%	67,421.53	0.00	67,421.53	0.00
Purchase	03/15/2019	60934N104	18,754.08	Federated Investors Government Obligations Fund	1.000	2.27%	18,754.08	0.00	18,754.08	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	03/15/2019	60934N104	15,656.11	Federated Investors Government Obligations Fund	1.000	2.27%	15,656.11	0.00	15,656.11	0.00
Purchase	03/15/2019	60934N104	257.83	Federated Investors Government Obligations Fund	1.000	2.27%	257.83	0.00	257.83	0.00
Purchase	03/15/2019	60934N104	609.58	Federated Investors Government Obligations Fund	1.000	2.27%	609.58	0.00	609.58	0.00
Purchase	03/15/2019	60934N104	2,245.83	Federated Investors Government Obligations Fund	1.000	2.27%	2,245.83	0.00	2,245.83	0.00
Purchase	03/15/2019	60934N104	19,776.42	Federated Investors Government Obligations Fund	1.000	2.27%	19,776.42	0.00	19,776.42	0.00
Purchase	03/15/2019	60934N104	34,993.77	Federated Investors Government Obligations Fund	1.000	2.27%	34,993.77	0.00	34,993.77	0.00
Purchase	03/15/2019	60934N104	48,851.66	Federated Investors Government Obligations Fund	1.000	2.27%	48,851.66	0.00	48,851.66	0.00
Purchase	03/15/2019	60934N104	74,150.37	Federated Investors Government Obligations Fund	1.000	2.27%	74,150.37	0.00	74,150.37	0.00
Purchase	03/21/2019	60934N104	1,843.75	Federated Investors Government Obligations Fund	1.000	2.27%	1,843.75	0.00	1,843.75	0.00
Purchase	03/22/2019	404280BA6	900,000.00	HSBC Holdings PLC Note 3.6% Due 5/25/2023	101.053	3.33%	909,477.00	10,530.00	920,007.00	0.00
Purchase	03/25/2019	60934N104	822,470.83	Federated Investors Government Obligations Fund	1.000	2.27%	822,470.83	0.00	822,470.83	0.00
Purchase	03/25/2019	60934N104	4,413.75	Federated Investors Government Obligations Fund	1.000	2.27%	4,413.75	0.00	4,413.75	0.00
Purchase	03/25/2019	60934N104	3,527.00	Federated Investors Government Obligations Fund	1.000	2.27%	3,527.00	0.00	3,527.00	0.00
Purchase	03/25/2019	60934N104	1,238.96	Federated Investors Government Obligations Fund	1.000	2.27%	1,238.96	0.00	1,238.96	0.00
Purchase	03/25/2019	60934N104	2,617.13	Federated Investors Government Obligations Fund	1.000	2.27%	2,617.13	0.00	2,617.13	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	03/25/2019	60934N104	3,476.25	Federated Investors Government Obligations Fund	1.000	2.27%	3,476.25	0.00	3,476.25	0.00
Purchase	03/28/2019	89114QCB2	1,150,000.00	Toronto Dominion Bank Note 3.25% Due 3/11/2024	101.266	2.97%	1,164,559.00	1,764.93	1,166,323.93	0.00
Purchase	03/31/2019	60934N104	35,500.00	Federated Investors Government Obligations Fund	1.000	2.29%	35,500.00	0.00	35,500.00	0.00
Subtotal			5,175,568.92				5,202,279.92	13,429.24	5,215,709.16	0.00
TOTAL ACQUISITIONS			5,175,568.92				5,202,279.92	13,429.24	5,215,709.16	0.00
DISPOSITIONS										
Sale	03/07/2019	60934N104	199,248.89	Federated Investors Government Obligations Fund	1.000	2.27%	199,248.89	0.00	199,248.89	0.00
Sale	03/08/2019	60934N104	550,381.64	Federated Investors Government Obligations Fund	1.000	2.27%	550,381.64	0.00	550,381.64	0.00
Sale	03/08/2019	91159HHH6	550,000.00	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	99.947	2.59%	549,708.50	4,470.28	554,178.78	-265.50
Sale	03/22/2019	06406HCW7	600,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	99.807	2.71%	598,842.00	421.67	599,263.67	-1,147.20
Sale	03/22/2019	60934N104	320,743.33	Federated Investors Government Obligations Fund	1.000	2.27%	320,743.33	0.00	320,743.33	0.00
Sale	03/28/2019	084664CK5	495,000.00	Berkshire Hathaway Note 1.3% Due 8/15/2019	99.517	2.58%	492,609.15	768.63	493,377.78	-2,329.46
Sale	03/28/2019	60934N104	672,946.15	Federated Investors Government Obligations Fund	1.000	2.27%	672,946.15	0.00	672,946.15	0.00
Subtotal			3,388,320.01				3,384,479.66	5,660.58	3,390,140.24	-3,742.16



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Call	03/25/2019	91159HHH6	815,000.00	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	100.000	2.20%	815,000.00	7,470.83	822,470.83	11.22
Subtotal			815,000.00				815,000.00	7,470.83	822,470.83	11.22
Paydown	03/15/2019	02587AAJ3	0.00	American Express Credit 2017-1 1.93% Due 9/15/2022	100.000		0.00	2,090.83	2,090.83	0.00
Paydown	03/15/2019	161571HF4	0.00	Chase CHAIT 2016-A5 1.27% Due 7/15/2021	100.000		0.00	423.33	423.33	0.00
Paydown	03/15/2019	43811BAC8	65,961.53	Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021	100.000		65,961.53	1,460.00	67,421.53	0.00
Paydown	03/15/2019	43814QAC2	18,667.39	Honda Auto Receivables 2016-2 A3 1.39% Due 4/15/2020	100.000		18,667.39	86.69	18,754.08	0.00
Paydown	03/15/2019	47788BAB0	15,618.70	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	100.000		15,618.70	37.41	15,656.11	0.00
Paydown	03/15/2019	47788BAD6	0.00	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	100.000		0.00	257.83	257.83	0.00
Paydown	03/15/2019	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	03/15/2019	47788EAC2	0.00	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	100.000		0.00	2,245.83	2,245.83	0.00
Paydown	03/15/2019	47788MAC4	19,724.05	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	100.000		19,724.05	52.37	19,776.42	0.00
Paydown	03/15/2019	89231UAD9	34,837.79	Toyota Auto Receivables 2016-B 1.3% Due 4/15/2020	100.000		34,837.79	155.98	34,993.77	0.00
Paydown	03/15/2019	89237RAB4	48,473.59	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	100.000		48,473.59	378.07	48,851.66	0.00
Paydown	03/15/2019	89238BAB8	73,007.15	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	100.000		73,007.15	1,143.22	74,150.37	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Paydown	03/21/2019	43815HAC1	0.00	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	100.000		0.00	1,843.75	1,843.75	0.00
Paydown	03/25/2019	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	03/25/2019	3137B7MZ9	0.00	FHLMC K036 A2Due 10/25/2023	100.000		0.00	3,527.00	3,527.00	0.00
Paydown	03/25/2019	3137BDDC7	0.00	FHLMC K716 A2 3.13% Due 6/25/2021	100.000		0.00	1,238.96	1,238.96	0.00
Paydown	03/25/2019	3137BFDQ1	0.00	FHLMC K717 A2 2.991% Due 9/25/2021	100.000		0.00	2,617.13	2,617.13	0.00
Paydown	03/25/2019	3137BM6P6	0.00	FHLMC K721 A2Due 8/25/2022	100.000		0.00	3,476.25	3,476.25	0.00
Subtotal			276,290.20				276,290.20	26,057.98	302,348.18	0.00
Maturity	03/01/2019	17275RAR3	580,000.00	Cisco Systems Note 2.125% Due 3/1/2019	100.000		580,000.00	0.00	580,000.00	0.00
Subtotal			580,000.00				580,000.00	0.00	580,000.00	0.00
TOTAL DISPOSITIONS			5,059,610.21				5,055,769.86	39,189.39	5,094,959.25	-3,730.94
OTHER TRANSACTIONS										
Interest	03/01/2019	17275RAR3	580,000.00	Cisco Systems Note 2.125% Due 3/1/2019	0.000		6,162.50	0.00	6,162.50	0.00
Interest	03/01/2019	30231GAV4	1,160,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.000		12,887.60	0.00	12,887.60	0.00
Interest	03/04/2019	24422ESL4	425,000.00	John Deere Capital Corp Note 2.8% Due 3/4/2021	0.000		5,950.00	0.00	5,950.00	0.00
Interest	03/06/2019	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	03/08/2019	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



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	03/11/2019	06406HCW7	1,675,000.00	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	0.000		19,262.50	0.00	19,262.50	0.00
Interest	03/12/2019	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	03/14/2019	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	03/15/2019	68389XBK0	1,100,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	0.000		10,450.00	0.00	10,450.00	0.00
Interest	03/31/2019	912828L57	1,750,000.00	US Treasury Note 1.75% Due 9/30/2022	0.000		15,312.50	0.00	15,312.50	0.00
Interest	03/31/2019	912828Q37	1,700,000.00	US Treasury Note 1.25% Due 3/31/2021	0.000		10,625.00	0.00	10,625.00	0.00
Interest	03/31/2019	912828T34	1,700,000.00	US Treasury Note 1.125% Due 9/30/2021	0.000		9,562.50	0.00	9,562.50	0.00
Subtotal			13,120,000.00				120,557.60	0.00	120,557.60	0.00
Dividend	03/01/2019	60934N104	799,951.64	Federated Investors Government Obligations Fund	0.000		192.31	0.00	192.31	0.00
Subtotal			799,951.64				192.31	0.00	192.31	0.00
TOTAL OTHER TRANSACTIONS			13,919,951.64				120,749.91	0.00	120,749.91	0.00

Section 3

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CITY OF MORENO VALLEY

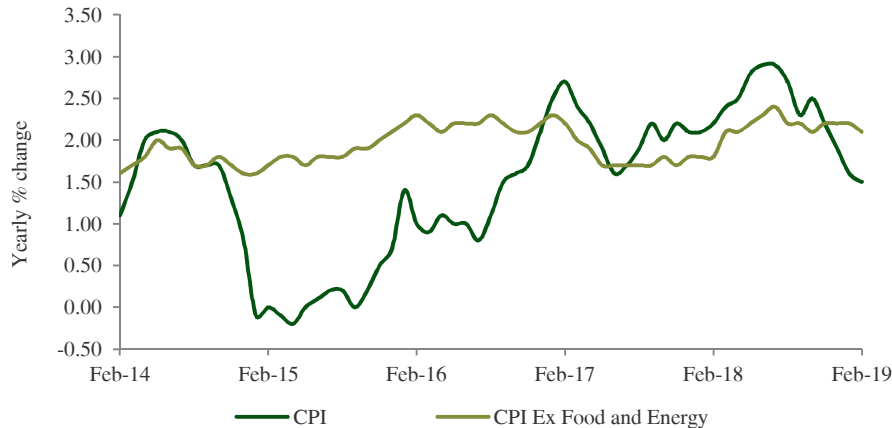
March 2019

Part of  BNY MELLON



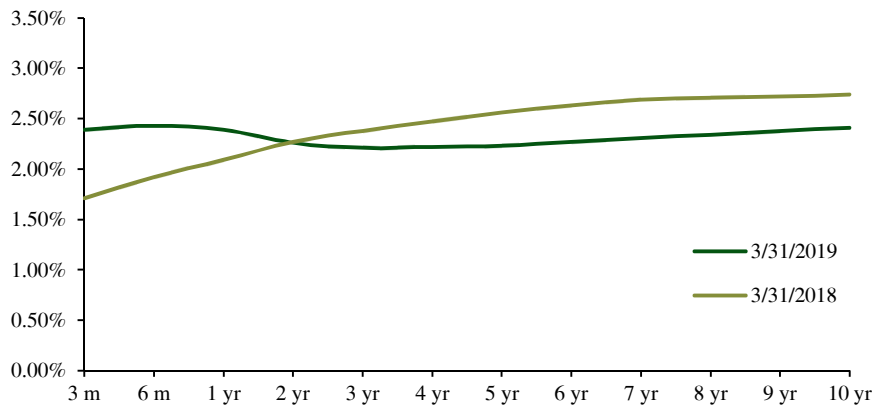
As of March 31, 2019

Chart 1: Consumer Price Index: 02/28/2014—02/28/2019



Source: Bloomberg Finance LP, March 31, 2019.

Chart 2: Treasury yield curve: 03/31/2018 and 03/31/2019



Source: Bloomberg Finance LP, March 31, 2019.

Economic Indicators and Monetary Policy

Although interest rates started the month with a stable tone, rates ultimately fell across the curve during March. Weakness in certain economic indicators domestically, continuing political turmoil and softening manufacturing data in Europe, along with dovish comments from the Federal Reserve drove rates lower. The yield on the 2-year US Treasury note was 2.56% on March 1 and ended the month 30 bp lower.

The employment report on March 8 disappointed, showing that non-farm payrolls increased by 20,000 compared to market expectations of 180,000 new jobs. Meanwhile the prior month's gain of 304,000 jobs was increased to 311,000. The unemployment rate decreased in February to 3.8% and the underemployment rate fell to 7.3%. Average hourly earnings increased 0.4% in February for an annual gain of 3.4%.

On March 12 the February Consumer Price Index data reflected a 0.2% monthly increase which was in line with expectations. On a year-over-year basis, the CPI increased 1.5% in February, compared to the prior reading of 1.6%. February was the first monthly increase in US consumer prices since October, and the modest size of the increase resulted in the smallest annual gain in well over two years. For the prior three months the monthly CPI reading was zero. Excluding the volatile food and energy components, the core CPI increased 0.1% in February for an annual gain of 2.1%. The prior and expected core CPI readings were both 2.2% on an annual basis. (See Chart 1.)

On March 20 the Federal Open Market Committee (FOMC) voted unanimously to hold the Fed funds target rate in a range of 2.25% to 2.50%. The FOMC updated its median policy rate projections to reflect no expected hikes this year, down from two anticipated rate increases projected last quarter. The FOMC still forecasts the next move to be a rate increase, with a single 25 bp hike projected in 2020. The FOMC also announced its intention to reduce the pace of its balance sheet reduction and halt the reduction in September.

Interest Rate Summary

At the end of March, the 3-month US Treasury bill yielded 2.39%, the 6-month US Treasury bill yielded 2.43%, the 2-year US Treasury note yielded 2.26%, the 5-year US Treasury note yielded 2.23% and the 10-year US Treasury note yielded 2.41%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2019 - March 31, 2019

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	56,642,732.22
Income received	66,396.25
Total receipts	66,396.25
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	0.00
Total amortization expense	(5,765.65)
Total OID/MKT accretion income	19,130.83
Return of capital	0.00
Closing balance	56,722,493.65
Ending fair value	56,589,794.30
Unrealized gain (loss)	(132,699.35)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	141.25	0.00	0.00	141.25
Corporate Bonds	30,569.99	2,396.89	0.00	32,966.88
Government Agencies	49,391.27	9,293.76	0.00	58,685.03
Government Bonds	13,322.99	1,674.53	0.00	14,997.52
Total	93,425.50	13,365.18	0.00	106,790.68

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.07	1.14	0.20
Overnight Repo	2.16	1.20	0.21
Merrill Lynch 3m US Treas Bill	2.13	1.16	0.20
Merrill Lynch 6m US Treas Bill	2.25	1.21	0.20
ML 1 Year US Treasury Note	2.48	1.29	0.21
ML 2 Year US Treasury Note	2.61	1.31	0.20
ML 5 Year US Treasury Note	2.73	1.32	0.20

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	93,425.50
Accretion (amortization)	13,365.18
Realized gain (loss) on sales	0.00
Total income on portfolio	106,790.68
Average daily amortized cost	56,694,801.80
Period return (%)	0.19
YTD return (%)	0.47
Weighted average final maturity in days	421

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2019 - March 31, 2019

<u>Fair Value Basis Activity Summary</u>		
Opening balance		56,379,147.01
Income received	66,396.25	
Total receipts		66,396.25
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		144,251.04
Ending fair value		56,589,794.30

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	141.25	0.00	141.25
Corporate Bonds	30,569.99	35,979.48	66,549.47
Government Agencies	49,391.27	75,516.96	124,908.23
Government Bonds	13,322.99	32,754.60	46,077.59
Total	93,425.50	144,251.04	237,676.54

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	2.07	1.14	0.20
Overnight Repo	2.16	1.20	0.21
ICE ML 3m US Treas Bill	2.12	1.17	0.22
ICE ML 6m US Treas Bill	2.26	1.27	0.24
ICE ML 1 Year US Treasury Note	2.44	1.61	0.35
ICE ML US Treasury 1-3	2.72	2.29	0.61
ICE ML US Treasury 1-5	3.14	2.96	0.85

* rates reflected are cumulative

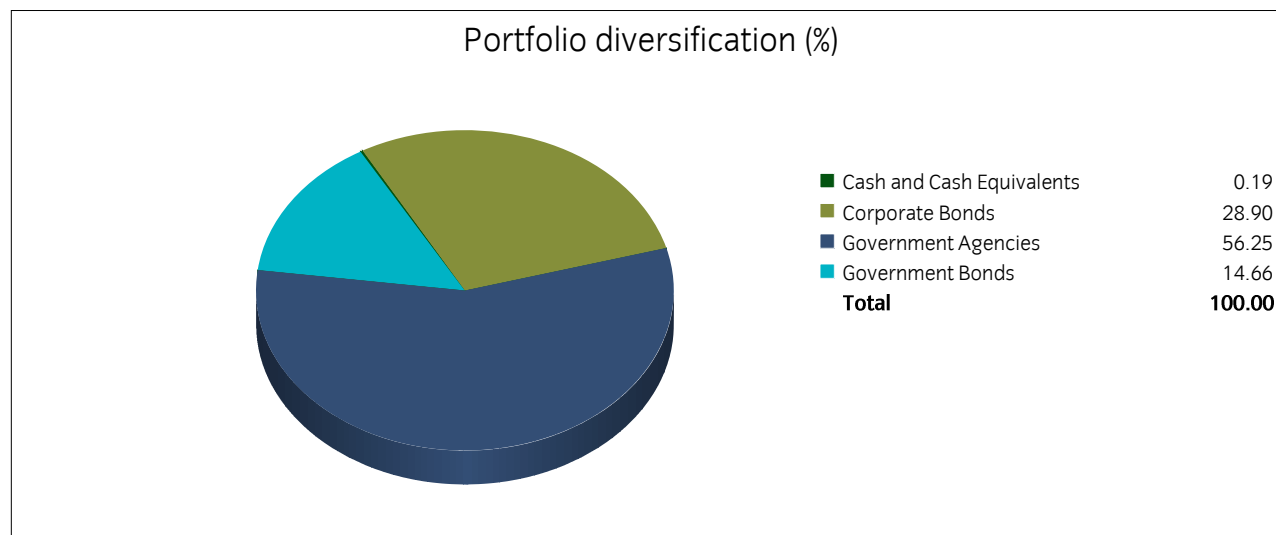
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	93,425.50
Change in fair value	144,251.04
Total income on portfolio	237,676.54
Average daily total value *	56,761,074.86
Period return (%)	0.42
YTD return (%)	0.89
Weighted average final maturity in days	421

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of March 31, 2019

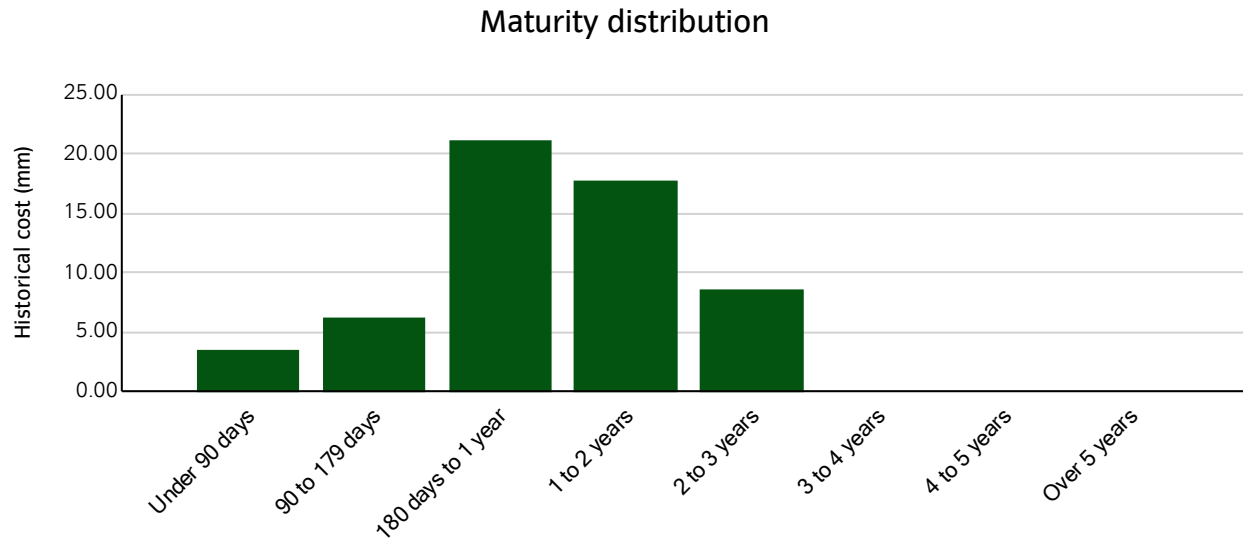
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	108,465.63	108,465.63	108,465.63	0.00	1	0.19	0.00
Corporate Bonds	16,377,765.13	16,369,755.28	16,338,925.04	(30,830.24)	389	28.90	0.97
Government Agencies	31,874,033.83	31,936,130.30	31,839,360.88	(96,769.42)	392	56.25	0.96
Government Bonds	8,307,298.83	8,308,142.44	8,303,042.75	(5,099.69)	601	14.66	1.59
Total	56,667,563.42	56,722,493.65	56,589,794.30	(132,699.35)	421	100.00	1.05



MATURITY DISTRIBUTION OF SECURITIES HELD

As of March 31, 2019

Maturity	Historic cost	Percent
Under 90 days	3,380,589.63	5.97
90 to 179 days	6,152,971.00	10.86
180 days to 1 year	21,034,129.97	37.12
1 to 2 years	17,637,035.47	31.12
2 to 3 years	8,462,837.35	14.93
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	56,667,563.42	100.00



SECURITIES HELD

As of March 31, 2019

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		108,465.63	108,465.63 0.00	108,465.63 0.00	108,465.63 0.00	0.00	0.00	0.00	0.00	0.19
Total Cash and Cash Equivalents			108,465.63	108,465.63 0.00	108,465.63 0.00	108,465.63 0.00	0.00	0.00	0.00	0.00	0.19
Corporate Bonds											
94988J5D5 WELLS FARGO BANK NA 1.75% 24MAY2019	1.750	05/24/2019	1,200,000.00	1,196,316.00 0.00	1,199,757.99 134.46	1,198,538.40 914.40	(1,219.59)	0.00	1,925.00	7,408.33	2.11
02665WAH4 AMERICAN HONDA FINANCE 2.25% 15AUG2019	2.250	08/15/2019	1,500,000.00	1,541,520.00 0.00	1,504,790.77 (1,064.61)	1,497,706.50 915.00	(7,084.27)	0.00	3,093.75	4,312.50	2.72
084664CK5 BERKSHIRE HATHAWAY FIN 1.3% 15AUG2019	1.300	08/15/2019	1,000,000.00	988,300.00 0.00	995,242.47 1,057.23	995,310.00 1,512.00	67.53	0.00	1,191.67	1,661.11	1.74
713448DJ4 PEPSICO INC 1.35% 04OCT2019	1.350	10/04/2019	1,500,000.00	1,487,931.00 0.00	1,497,486.86 409.75	1,490,911.50 4,251.00	(6,575.36)	0.00	1,856.25	9,956.25	2.63
24422ETJ8 JOHN DEERE CAPITAL CORP 1.25% 09OCT2019	1.250	10/09/2019	1,000,000.00	979,508.26 0.00	993,229.12 1,074.74	992,584.00 799.00	(645.12)	0.00	1,145.83	5,972.22	1.73
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	998,185.60 274.91	998,548.00 852.00	362.40	0.00	2,200.00	10,866.67	1.76
037833DH0 APPLE INC 1.8% 13NOV2019	1.800	11/13/2019	989,000.00	977,874.87 0.00	983,879.28 688.89	985,853.99 2,480.41	1,974.71	0.00	1,631.85	6,824.10	1.73
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	1,001,225.96 (130.43)	995,239.00 2,732.00	(5,986.96)	0.00	1,695.84	2,518.06	1.77

SECURITIES HELD

As of March 31, 2019

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											
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	1,001,158.10 (114.66)	993,398.00 0.00	(7,760.10)	9,805.00	1,797.58	1,525.22	1.77
25468PDP8 TWDC ENTERPRISES 18 CORP 1.95% 04MAR2020	1.950	03/04/2020	1,000,000.00	1,003,140.00 0.00	1,001,033.26 (92.81)	993,281.00 360.00	(7,752.26)	9,750.00	1,787.50	1,462.50	1.77
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	550,047.63 (3.65)	547,584.40 1,379.95	(2,463.23)	0.00	1,159.59	4,216.67	0.97
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	907,049.78 (428.13)	898,443.00 3,126.60	(8,606.78)	11,700.00	2,145.00	1,105.00	1.61
48125LRK0 JP MORGAN CHASE BANK NA 2.604% 01FEB2021 (CALLABLE 01FEB20)	2.604	02/01/2021 01/01/2021	1,000,000.00	992,840.00 0.00	993,578.34 291.45	997,656.00 1,725.00	4,077.66	0.00	2,387.00	4,340.00	1.75
17275RBJ0 CISCO SYSTEMS INC 1.85% 20SEP2021 (CALLABLE 20AUG21)	1.850	09/20/2021	1,250,000.00	1,223,812.50 0.00	1,224,803.38 849.33	1,227,058.75 4,790.62	2,255.37	11,562.50	1,927.09	706.60	2.16
89233P5T9 TOYOTA MOTOR CREDIT CORP 3.3% 12JAN2022	3.300	01/12/2022	1,500,000.00	1,519,035.00 0.00	1,518,286.74 (547.51)	1,526,812.50 10,141.50	8,525.76	0.00	4,537.50	10,862.50	2.68
Total Corporate Bonds			16,389,000.00	16,377,765.13 0.00	16,369,755.28 2,398.96	16,338,925.04 35,979.48	(30,830.24)	42,817.50	30,481.45	73,737.73	28.90
Government Agencies											
3134G44Y1 FREDDIE MAC 1.25% 24JUN2019 CALLABLE	1.250	06/24/2019	2,100,000.00	2,075,808.00 0.00	2,095,757.56 1,515.15	2,094,225.00 1,827.00	(1,532.56)	0.00	2,406.25	7,072.92	3.66

SECURITIES HELD

As of March 31, 2019

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											
3133ECW83 FEDERAL FARM CREDIT BANK 2.06% 01AUG2019	2.060	08/01/2019	1,500,000.00	1,526,550.00 0.00	1,503,335.98 (827.10)	1,498,575.00 915.00	(4,760.98)	0.00	2,832.50	5,150.00	2.69
3135G0P49 FANNIE MAE 1% 28AUG2019	1.000	08/28/2019	1,100,000.00	1,079,969.00 0.00	1,093,527.10 1,312.07	1,093,429.70 1,581.80	(97.40)	0.00	1,008.33	1,008.33	1.91
313380FB8 FEDERAL HOME LOAN BANK 1.375% 13SEP2019	1.375	09/13/2019	1,000,000.00	1,016,632.00 0.00	1,002,343.14 (431.26)	995,120.00 1,210.00	(7,223.14)	6,875.00	1,260.42	687.50	1.79
3130ACM92 FEDERAL HOME LOAN BANK 1.5% 21OCT2019	1.500	10/21/2019	1,500,000.00	1,486,380.00 0.00	1,495,555.81 663.31	1,492,039.50 2,142.00	(3,516.31)	0.00	2,062.50	10,000.00	2.62
3135G0R39 FANNIE MAE 1% 24OCT2019	1.000	10/24/2019	3,790,000.00	3,731,290.53 0.00	3,753,812.26 5,231.41	3,759,024.33 6,647.66	5,212.07	0.00	3,474.17	16,528.61	6.58
3130AA2H0 FEDERAL HOME LOAN BANK 1.125% 29NOV2019	1.125	11/29/2019	1,700,000.00	1,684,980.50 0.00	1,696,679.31 416.82	1,685,924.00 3,536.00	(10,755.31)	0.00	1,753.12	6,481.25	2.97
3137EAAE5 FREDDIE MAC 1.5% 17JAN2020	1.500	01/17/2020	1,000,000.00	990,460.00 0.00	996,305.02 386.23	992,487.00 1,577.00	(3,818.02)	0.00	1,375.00	3,083.33	1.75
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	1,000,000.00	999,000.00 0.00	999,730.27 26.02	992,040.00 2,140.00	(7,690.27)	0.00	1,329.17	2,013.89	1.76
3134G96L6 FREDDIE MAC 1.3% 25FEB2020 (CALLABLE 25MAY19)	1.300	02/25/2020 05/25/2019	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	989,710.00 1,930.00	(10,290.00)	0.00	1,191.67	1,300.00	1.76
3135G0T29 FANNIE MAE 1.5% 28FEB2020	1.500	02/28/2020	1,100,000.00	1,082,587.00 0.00	1,087,391.91 1,153.18	1,090,857.90 2,110.90	3,465.99	0.00	1,512.50	1,512.50	1.91
3136G3UB9 FANNIE MAE 1.2% 30MAR2020 CALLABLE	1.200	03/30/2020	1,300,000.00	1,299,025.00 0.00	1,299,732.67 22.27	1,284,517.00 3,107.00	(15,215.67)	0.00	1,386.67	7,800.00	2.29

SECURITIES HELD

As of March 31, 2019

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											
3133EJNW5 FEDERAL FARM CREDIT BANK 2.55% 15MAY2020	2.550	05/15/2020	1,250,000.00	1,249,450.00 0.00	1,249,681.33 23.60	1,252,581.25 3,077.50	2,899.92	0.00	2,921.88	12,041.67	2.20
3135G0D75 FANNIE MAE 1.5% 22JUN2020	1.500	06/22/2020	1,300,000.00	1,272,349.00 0.00	1,280,873.64 1,298.17	1,286,009.40 3,737.50	5,135.76	0.00	1,787.50	5,362.50	2.25
3130AB6A9 FEDERAL HOME LOAN BANK 1.65% 20JUL2020	1.650	07/20/2020	1,000,000.00	999,910.00 0.00	999,963.25 2.35	990,660.00 2,470.00	(9,303.25)	0.00	1,512.50	3,254.17	1.76
3130ACBY9 FEDERAL HOME LOAN BANK 1.68% 28AUG2020 (CALLABLE 28MAY19)	1.680	08/28/2020 05/28/2019	1,600,000.00	1,600,000.00 0.00	1,600,000.00 0.00	1,583,600.00 4,384.00	(16,400.00)	0.00	2,240.00	2,240.00	2.82
3133EHYM9 FEDERAL FARM CREDIT BANK 1.5% 14SEP2020	1.500	09/14/2020	1,500,000.00	1,495,110.00 0.00	1,497,616.41 136.47	1,482,210.00 6,285.00	(15,406.41)	11,250.00	2,062.50	1,062.50	2.64
3133EDWV0 FEDERAL FARM CREDIT BANK 2.14% 06OCT2020	2.140	10/06/2020	1,860,000.00	1,860,855.60 0.00	1,860,473.31 (26.01)	1,854,531.60 7,291.20	(5,941.71)	0.00	3,648.70	19,349.17	3.28
3133EG2L8 FEDERAL FARM CREDIT BANK 1.92% 28DEC2020	1.920	12/28/2020	1,880,000.00	1,873,777.20 0.00	1,876,418.04 171.11	1,866,633.20 8,328.40	(9,784.84)	0.00	3,308.80	9,324.80	3.31
313373ZY1 FEDERAL HOME LOAN BANK 3.625% 11JUN2021	3.625	06/11/2021	2,000,000.00	2,049,900.00 0.00	2,046,933.29 (1,780.03)	2,053,686.00 7,814.00	6,752.71	0.00	6,645.84	22,152.78	3.62
3130AFT72 FEDERAL HOME LOAN BANK 2.67% 04NOV2021 (CALLABLE 04NOV19)	2.670	11/04/2021 11/04/2019	1,500,000.00	1,500,000.00 0.00	1,500,000.00 0.00	1,501,500.00 3,405.00	1,500.00	0.00	3,671.25	6,341.25	2.65
Total Government Agencies			31,980,000.00	31,874,033.83 0.00	31,936,130.30 9,293.76	31,839,360.88 75,516.96	(96,769.42)	18,125.00	49,391.27	143,767.17	56.25

SECURITIES HELD

As of March 31, 2019

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											
912828F39 USA TREASURY 1.75% 30SEP2019	1.750	09/30/2019	1,100,000.00	1,108,507.81 0.00	1,101,873.56 (317.38)	1,096,003.70 1,116.50	(5,869.86)	0.00	1,639.42	9,625.00	1.96
912828X21 USA TREASURY 1.5% 15APR2020	1.500	04/15/2020	1,500,000.00	1,498,652.34 0.00	1,499,447.89 44.92	1,486,171.50 3,397.50	(13,276.39)	0.00	1,916.21	10,322.80	2.64
912828Q2 USA TREASURY 1.5% 15AUG2020	1.500	08/15/2020	750,000.00	733,857.42 0.00	737,008.45 800.67	740,976.75 2,256.00	3,968.30	0.00	963.39	1,367.40	1.30
912828WC0 USA TREASURY 1.75% 31OCT2020	1.750	10/31/2020	1,300,000.00	1,296,191.41 0.00	1,297,933.60 110.45	1,287,812.50 4,875.00	(10,121.10)	0.00	1,948.20	9,489.64	2.29
912828C57 USA TREASURY 2.25% 31MAR2021	2.250	03/31/2021	1,500,000.00	1,489,511.72 0.00	1,490,331.74 410.01	1,499,296.50 7,617.00	8,964.76	0.00	2,874.31	16,875.00	2.63
912828F21 US TREASURY N/B 2.125% 30SEP2021	2.125	09/30/2021	2,200,000.00	2,180,578.13 0.00	2,181,547.20 625.86	2,192,781.80 13,492.60	11,234.60	0.00	3,981.46	23,375.00	3.85
Total Government Bonds			8,350,000.00	8,307,298.83 0.00	8,308,142.44 1,674.53	8,303,042.75 32,754.60	(5,099.69)	0.00	13,322.99	71,054.84	14.66
Grand total			56,827,465.63	56,667,563.42 0.00	56,722,493.65 13,367.25	56,589,794.30 144,251.04	(132,699.35)	60,942.50	93,195.71	288,559.74	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of March 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
TWDC Enterprises 18 Corp												
25468PDP8	TWDC ENTERPRISES 18	1.950	03/04/2020		A	A2	1,000,000.00	1,003,140.00	1.77	993,281.00	1.76	0.96
Issuer total							1,000,000.00	1,003,140.00	1.77	993,281.00	1.76	0.96
John Deere Capital Corp												
24422ETJ8	JOHN DEERE CAPITAL	1.250	10/09/2019		A	A2	1,000,000.00	979,508.26	1.73	992,584.00	1.75	0.52
Issuer total							1,000,000.00	979,508.26	1.73	992,584.00	1.75	0.52
Apple Inc												
037833DH0	APPLE INC 1.8%	1.800	11/13/2019		AA+	Aa1	989,000.00	977,874.87	1.73	985,853.99	1.74	0.62
Issuer total							989,000.00	977,874.87	1.73	985,853.99	1.74	0.62
American Express Credit Corp												
0258M0DX4	AMERICAN EXPRESS	2.600	09/14/2020	08/13/2020	A-	A2	900,000.00	914,913.00	1.61	898,443.00	1.59	1.37
Issuer total							900,000.00	914,913.00	1.61	898,443.00	1.59	1.37
Cash and Cash Equivalent												
	INVESTED CASH	0.000					108,465.63	108,465.63	0.19	108,465.63	0.19	0.00
Issuer total							108,465.63	108,465.63	0.19	108,465.63	0.19	0.00
Grand total							56,827,465.63	56,667,563.42	100.00	56,589,794.30	100.00	1.05

SECURITIES SOLD AND MATURED

For the period March 1, 2019 - March 31, 2019

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Corporate Bonds												
17275RAR3 CISCO SYS INC 2.125% DUE 03-01-2019	03/01/2019 03/01/2019	2.125		(500,000.00)	503,740.00	500,000.00 (2.07)	0.00	500,000.00 0.00	0.00	0.00	5,312.50	88.54
Total (Corporate Bonds)				(500,000.00)	503,740.00	500,000.00 (2.07)		500,000.00 0.00	0.00	0.00	5,312.50	88.54
Grand total				(500,000.00)	503,740.00	500,000.00 (2.07)		500,000.00 0.00	0.00	0.00	5,312.50	88.54

TRANSACTION REPORT

For the period March 1, 2019 - March 31, 2019

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
03/01/2019 03/01/2019	17275RAR3	Income	Corporate Bonds	CISCO SYS INC 2.125% DUE	03/01/2019	500,000.00	0.00	0.00	5,312.50	5,312.50
03/01/2019 03/01/2019	17275RAR3	Capital Change	Corporate Bonds	CISCO SYS INC 2.125% DUE	03/01/2019	(500,000.00)	0.00	500,000.00	0.00	500,000.00
03/03/2019 03/03/2019	166764AR1	Income	Corporate Bonds	CHEVRON CORP 1.961%	03/03/2020	1,000,000.00	0.00	0.00	9,805.00	9,805.00
03/04/2019 03/04/2019	25468PDP8	Income	Corporate Bonds	TWDC ENTERPRISES 18 CORP	03/04/2020	1,000,000.00	0.00	0.00	9,750.00	9,750.00
03/13/2019 03/13/2019	313380FB8	Income	Government Agencies	FEDERAL HOME LOAN BANK	09/13/2019	1,000,000.00	0.00	0.00	6,875.00	6,875.00
03/14/2019 03/14/2019	0258MODX4	Income	Corporate Bonds	AMERICAN EXPRESS CREDIT	09/14/2020	900,000.00	0.00	0.00	11,700.00	11,700.00
03/14/2019 03/14/2019	3133EHYM9	Income	Government Agencies	FEDERAL FARM CREDIT BANK	09/14/2020	1,500,000.00	0.00	0.00	11,250.00	11,250.00
03/20/2019 03/20/2019	17275RBJ0	Income	Corporate Bonds	CISCO SYSTEMS INC 1.85%	09/20/2021	1,250,000.00	0.00	0.00	11,562.50	11,562.50
03/31/2019		Income	Cash and Cash Equivalent	Cash		0.00	0.00	0.00	141.25	141.25

APRIL 2019



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.

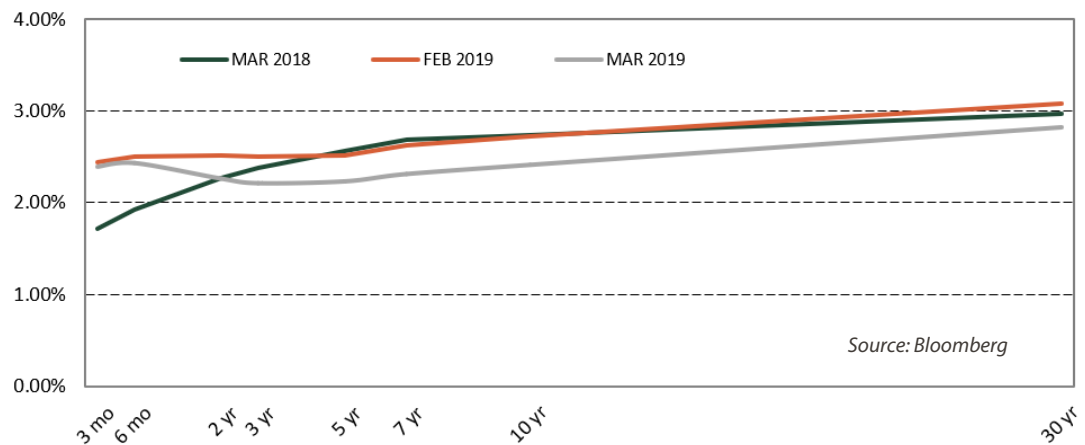
Market Summary

The Federal Open Market Committee kept the target fed funds rate unchanged in March at a range of 2.25%-2.50%. However, the Fed's economic projections, along with the tone of the policy statement and the Fed Chair's press conference, were more dovish than expected. The Fed's median forecast now calls for a target fed funds rate of 2.4% at year-end, which implies that there will be no further rate hikes this year. The Fed is projecting one rate hike in 2020 (to an effective rate of 2.6%) and then expects to keep policy on hold in 2021. The Fed's longer-run fed funds rate target is still 2.8%. This implies that the Fed intends to keep the target fed funds rate below the neutral rate for the foreseeable future. Furthermore, the Fed announced that they will begin slowing down the reduction of their balance sheet and conclude their balance sheet reduction program at the end of September 2019. This will leave the Fed with a larger balance sheet (slightly higher than \$3.5 trillion) than they originally expected.

Domestic and global economic growth has slowed, and inflation pressures remain muted. However, the labor market remains a bright spot in the US economy. We believe some of the factors hindering current economic growth (trade disputes and Brexit uncertainty) may be somewhat transitory. While economic growth is likely to remain under pressure over the near-term, we believe a strong labor market coupled with an increasingly dovish Fed may lead to better than expected economic growth later this year. Overall, the economy is expected to grow 2.0%-2.5% this year versus 2.9% in 2018.

The yield curve inverted in March with the 10-year Treasury yield temporarily falling below the 3-month T-bill yield. At month-end, the 3-month T-bill yield was down 5 basis points to 2.38%, the 2-year Treasury yield was down about 25 basis points to 2.26%, and the 10-year Treasury yield was down 31 basis points to 2.41%. The spread between 2- and 10-year Treasury yields was less than 15 basis points at March month-end. An inversion of the yield curve in which the 10-year Treasury yield is lower than the 3-month T-bill is generally viewed as a powerful predictive signal of an upcoming recession. However, our 6-month economic forecast does not call for a recession.

The Treasury Yield Curve Inverted Temporarily



On a year-over-year basis at the end of March, the Treasury yield curve flattened with short-term rates higher and long-term rates lower on a year-over-year basis. The yield on 3-month T-bills rose nearly 70 basis points year-over-year, 2-Year Treasury yields were essentially flat, and the 10-Year Treasury yield declined more than 33 basis points. The spread between 2-Year and 10-year Treasury yields narrowed from 47 basis points to less than 15 basis points, year-over-year. Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while slower global economic growth, subdued inflation expectations, and a flight to quality have put downward pressure on longer-term rates.

TREASURY YIELDS	Trend (▲/▼)	3/31/2019	2/28/2019	Change
3-Month	▼	2.38	2.43	(0.05)
2-Year	▼	2.26	2.51	(0.25)
3-Year	▼	2.21	2.49	(0.28)
5-Year	▼	2.23	2.51	(0.28)
7-Year	▼	2.31	2.62	(0.31)
10-Year	▼	2.41	2.72	(0.31)
30-Year	▼	2.81	3.08	(0.27)

Source: Bloomberg

Economic Roundup

Consumer Prices

Inflationary pressures remain muted. The Consumer Price Index (CPI) was up just 1.5% year-over-year in February, versus up 1.6% year-over-year in January. Core CPI (CPI less food and energy) was up 2.1% year-over-year in February, versus up 2.2% year-over-year in January. The Personal Consumption Expenditures (PCE) index was up just 1.4% year-over-year in January, versus up 1.8% year-over-year in December. Core PCE eased to 1.8% year-over-year in January from 2.0% in December, falling below the Fed's 2.0% inflation target.

Retail Sales

Retail sales were disappointing in February, but the results for January were revised higher. On a year-over-year basis, retail sales were up 2.2% in February, versus up 2.8% year-over-year in January. On a month-over-month basis, retail sales fell 0.2% in February, below expectations for 0.3% growth, following an upwardly revised 0.7% increase in January. Excluding autos and gas, retail sales fell 0.6% in February, month-over-month, well below the 0.4% growth expectation. However, this decline followed upwardly revised growth of 1.7% in January. We believe the government shutdown and weather likely caused some of the month-to-month volatility in sales trends but believe the underlying trend is moderately positive.

Labor Market

U.S. payrolls rose by 196,000 in March, exceeding the consensus forecast of 177,000. February payrolls were revised up modestly to 33,000 from 20,000. On a trailing 3-month and 6-month basis payrolls increased an average of 180,000 and 207,000 per month, respectively. The unemployment rate was unchanged at 3.8% in March, as expected. 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, was also unchanged at 7.3%. The labor participation rate edged down to 63.0% from 63.2%. The weakest aspect of the March employment report was wages which rose just 0.1% (slightly below expectations of 0.2%), following a 0.4% increase in February. On a year-over-year basis, wages were up 3.2% in March, versus up 3.4% in February.

Housing Starts

In February, total housing starts were weaker than expected, down 8.7% to a 1.162 million annualized rate. However, this follows growth of 11.7% in the prior month. Multi-family starts rose 17.8% in February to 357,000, following a 7.1% decline in January. Single-family starts fell 17.0% in February to 805,000, following a 19.2% increase in January.

Credit Spreads Tightened Slightly in March

CREDIT SPREADS	Spread to Treasuries (%)	One Month Ago (%)	Change
3-month top rated commercial paper	0.10	0.10	0.00
2-year A corporate note	0.41	0.42	(0.01)
5-year A corporate note	0.62	0.67	(0.05)
5-year Agency note	0.09	0.13	(0.04)

Source: Bloomberg

Data as of 3/31/2019

Economic Data Points to Ongoing Slow Growth

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(51.1) \$Bln JAN 19	(59.9) \$Bln DEC 18	(53.1) \$Bln JAN 18
GDP	2.2% DEC 18	3.4% SEP 18	2.3% DEC 17
Unemployment Rate	3.8% MAR 19	3.8% FEB 19	4.0% MAR 18
Prime Rate	5.50% MAR 19	5.50% FEB 19	4.75% MAR 18
CRB Index	183.75 MAR 19	182.75 FEB 19	195.36 MAR 18
Oil (West Texas Int.)	\$60.14 MAR 19	\$57.22 FEB 19	\$64.94 MAR 18
Consumer Price Index (y/o/y)	1.5% FEB 19	1.6% JAN 19	2.2% FEB 18
Producer Price Index (y/o/y)	0.5% FEB 19	0.3% JAN 19	2.7% FEB 18
Dollar/Euro	1.12 MAR 19	1.14 FEB 19	1.23 MAR 18

Source: Bloomberg

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Market Data

World Indices

data as of 3/31/2019

	Diff (2/28/19)	% Change
S&P 500		
2,834.40	49.91	1.79%
NASDAQ		
7,729.32	196.79	2.61%
DOW JONES		
25,928.68	12.68	0.05%
FTSE (UK)		
7,279.19	204.46	2.89%
DAX (Germany)		
11,526.04	10.40	0.09%
Hang Seng (Hong Kong)		
29,051.36	418.18	1.46%
Nikkei (Japan)		
21,205.81	179.35	0.84%

Source: Bloomberg



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