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# CITY OF ANN ARBOR

May 2017

➤ A BNY MELLON COMPANY<sup>SM</sup>

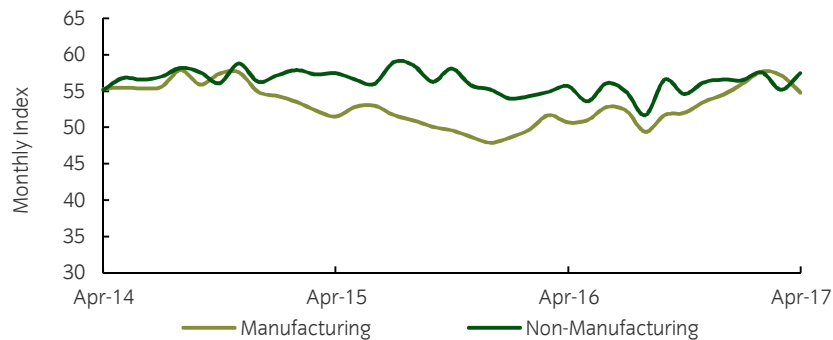


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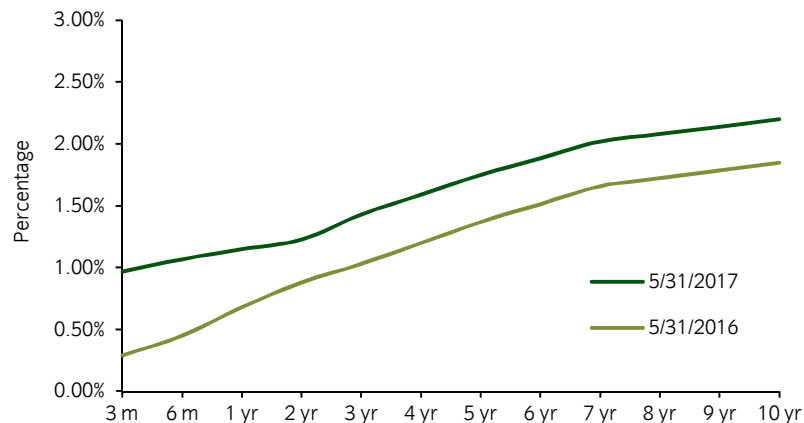
## As of May 31, 2017

Chart 1: ISM Manufacturing and Non-Manufacturing: 4/30/2014—4/30/2017



Source: Bloomberg Finance LP, May 31, 2017.

Chart 2: Treasury yield curve: 5/31/2016 and 5/31/2017



Source: Bloomberg Finance LP, May 31, 2017.

### Economic Indicators and Monetary Policy

The Federal Open Market Committee (FOMC) met on May 3<sup>rd</sup> and voted to maintain the fed funds target rate in a range of 0.75% - 1.00%. The FOMC statement noted decreasing consumer prices since the last meeting as well as continued strength in the labor market. The FOMC characterized the slowing in growth during the first quarter as likely to be transitory and expected that economic activity will expand at a moderate pace with gradual adjustments in monetary policy. The next meeting of the FOMC is on June 14.

The payroll report released on May 5<sup>th</sup> showed that US employers added 211,000 jobs in April, better than expectations for 190,000. March job growth, however, was revised lower to 79,000 from 98,000. The unemployment rate fell 0.1% to 4.4% in April and the underemployment rate decreased to 8.6% from 8.9% in March.

The Institute for Supply Management (ISM) Manufacturing Index for April was released on May 1<sup>st</sup> at 54.8%, less than expectations of 56.5% and down from the average of 57.0% for the first quarter. The ISM Non-Manufacturing Index released on May 3<sup>rd</sup> increased to 57.5%, exceeding the average of 56.4% for the first quarter. Both survey results are in positive territory and reflect expanding environments. (See Chart 1).

The April Consumer Price Index (CPI) released on May 12<sup>th</sup> was lower than expected. At the headline level, CPI was 2.2% in April on a year-over-year basis, compared to 2.4% in March. Excluding food and energy CPI was 1.9% on a year-over basis compared to 2.0% for the prior month.

The second estimate of first quarter 2017 GDP released on May 26<sup>th</sup> increased to 1.2% from the original reading of 0.7% growth and exceeded expectations of 0.9% growth. Personal consumption was revised upward to 0.6% on the second estimate from 0.3%.

### Interest Rate Summary

At the end of May the 3-month US Treasury bill yielded 0.97%, the 6-month US Treasury bill yielded 1.07%, the 2-year US Treasury note yielded 1.28%, the 5-year US Treasury note yielded 1.75% and the 10-year US Treasury note yielded 2.20%. (See Chart 2).

# ACTIVITY AND PERFORMANCE SUMMARY

For the period May 1, 2017 - May 31, 2017

| <u>Amortized Cost Basis Activity Summary</u> |                |
|--|----------------|
| <b>Opening balance</b>                       | 222,643,175.40 |
| Income received                              | 282,375.00     |
| <b>Total receipts</b>                        | 282,375.00     |
| <b>Total disbursements</b>                   | 0.00           |
| Interportfolio transfers                     | (282,375.00)   |
| <b>Total Interportfolio transfers</b>        | (282,375.00)   |
| Realized gain (loss)                         | 0.00           |
| <b>Total amortization expense</b>            | (41,135.55)    |
| <b>Total OID/MKT accretion income</b>        | 7,000.01       |
| Return of capital                            | 0.00           |
| <b>Closing balance</b>                       | 222,609,039.86 |
| <b>Ending fair value</b>                     | 221,767,771.00 |
| Unrealized gain (loss)                       | (841,268.86)   |

| <u>Detail of Amortized Cost Basis Return</u> |                   |                          |                      |                   |
|--|-------------------|--------------------------|----------------------|-------------------|
|  | Interest earned   | Accretion (amortization) | Realized gain (loss) | Total income      |
| Government Agencies                          | 172,414.06        | (16,935.46)              | 0.00                 | 155,478.60        |
| Government Bonds                             | 94,985.25         | (17,200.08)              | 0.00                 | 77,785.17         |
| <b>Total</b>                                 | <b>267,399.31</b> | <b>(34,135.54)</b>       | <b>0.00</b>          | <b>233,263.77</b> |

| <u>Comparative Rates of Return (%)</u> |                         |                      |             |
|--|-------------------------|----------------------|-------------|
|  | * Twelve month trailing | * Six month trailing | * One month |
| Fed Funds                              | 0.57                    | 0.37                 | 0.08        |
| Overnight Repo                         | 0.57                    | 0.33                 | 0.07        |
| Merrill Lynch 3m US Treas Bill         | 0.47                    | 0.32                 | 0.07        |
| Merrill Lynch 6m US Treas Bill         | 0.58                    | 0.37                 | 0.08        |
| ML 1 Year US Treasury Note             | 0.78                    | 0.47                 | 0.09        |
| ML 2 Year US Treasury Note             | 1.02                    | 0.62                 | 0.11        |
| ML 5 Year US Treasury Note             | 1.57                    | 0.95                 | 0.15        |

\* rates reflected are cumulative

| <u>Summary of Amortized Cost Basis Return for the Period</u> |                 |
|--|-----------------|
|  | Total portfolio |
| Interest earned  | 267,399.31      |
| Accretion (amortization)                                     | (34,135.54)     |
| Realized gain (loss) on sales                                | 0.00            |
| Total income on portfolio                                    | 233,263.77      |
| Average daily amortized cost                                 | 222,625,724.35  |
| Period return (%)  | 0.10            |
| YTD return (%)   | 0.51            |
| Weighted average final maturity in days                      | 676             |

# ACTIVITY AND PERFORMANCE SUMMARY

For the period May 1, 2017 - May 31, 2017

| <u>Fair Value Basis Activity Summary</u>     |                |
|--|----------------|
| <b>Opening balance</b>                       | 221,712,965.00 |
| Income received                              | 282,375.00     |
| <b>Total receipts</b>                        | 282,375.00     |
| <b>Total disbursements</b>                   | 0.00           |
| Interportfolio transfers                     | (282,375.00)   |
| <b>Total Interportfolio transfers</b>        | (282,375.00)   |
| Unrealized gain (loss) on security movements | 0.00           |
| Return of capital                            | 0.00           |
| Change in fair value for the period          | 54,806.00      |
| <b>Ending fair value</b>                     | 221,767,771.00 |

| <u>Detail of Fair Value Basis Return</u> |                   |                      |                   |
|--|-------------------|----------------------|-------------------|
|  | Interest earned   | Change in fair value | Total income      |
| Government Agencies                      | 172,414.06        | 25,771.00            | 198,185.06        |
| Government Bonds                         | 94,985.25         | 29,035.00            | 124,020.25        |
| <b>Total</b>                             | <b>267,399.31</b> | <b>54,806.00</b>     | <b>322,205.31</b> |

| <u>Comparative Rates of Return (%)</u> |                         |                      |             |
|--|-------------------------|----------------------|-------------|
|  | * Twelve month trailing | * Six month trailing | * One month |
| Fed Funds                              | 0.57                    | 0.37                 | 0.08        |
| Overnight Repo                         | 0.57                    | 0.33                 | 0.07        |
| Merrill Lynch 3m US Treas Bill         | 0.44                    | 0.26                 | 0.05        |
| Merrill Lynch 6m US Treas Bill         | 0.65                    | 0.32                 | 0.06        |
| ML 1 Year US Treasury Note             | 0.61                    | 0.33                 | 0.03        |
| ML US Treasury 1-3                     | 0.57                    | 0.55                 | 0.12        |
| ML US Treasury 1-5                     | 0.58                    | 0.93                 | 0.22        |

\* rates reflected are cumulative

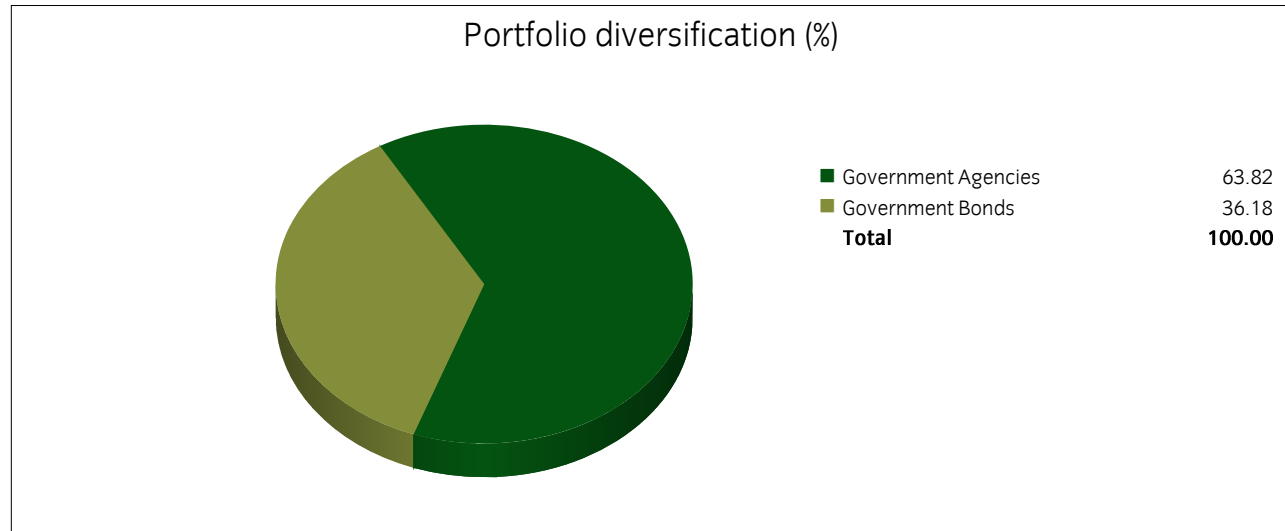
| <u>Summary of Fair Value Basis Return for the Period</u> |                 |
|--|-----------------|
|  | Total portfolio |
| Interest earned  | 267,399.31      |
| Change in fair value                                     | 54,806.00       |
| Total income on portfolio                                | 322,205.31      |
| Average daily total value *                              | 222,383,309.00  |
| Period return (%)  | 0.14            |
| YTD return (%)   | 0.72            |
| Weighted average final maturity in days                  | 676             |

\* Total value equals market value and accrued interest

# RECAP OF SECURITIES HELD

As of May 31, 2017

|                     | Historical cost       | Amortized cost        | Fair value            | Unrealized gain (loss) | Weighted average final maturity (days) | Percent of portfolio | Weighted average effective duration (years) |
|---------------------|-----------------------|-----------------------|-----------------------|------------------------|--|----------------------|---|
| Government Agencies | 142,662,980.00        | 142,226,795.29        | 141,774,671.00        | (452,124.29)           | 666                                    | 63.82                | 1.62  |
| Government Bonds    | 80,862,695.34         | 80,382,244.57         | 79,993,100.00         | (389,144.57)           | 693                                    | 36.18                | 1.85  |
| <b>Total</b>        | <b>223,525,675.34</b> | <b>222,609,039.86</b> | <b>221,767,771.00</b> | <b>(841,268.86)</b>    | <b>676</b>                             | <b>100.00</b>        | <b>1.71</b>                                 |

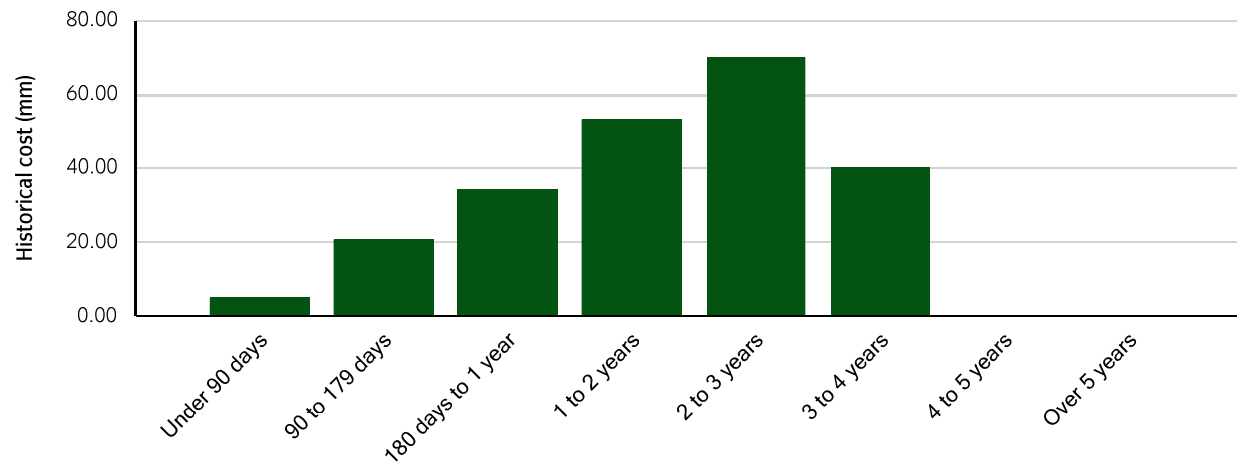


# MATURITY DISTRIBUTION OF SECURITIES HELD

As of May 31, 2017

| Maturity           | Historic cost         | Percent       |
|--------------------|-----------------------|---------------|
| Under 90 days      | 5,012,500.00          | 2.24          |
| 90 to 179 days     | 20,635,221.88         | 9.23          |
| 180 days to 1 year | 34,026,228.13         | 15.22         |
| 1 to 2 years       | 53,357,269.06         | 23.87         |
| 2 to 3 years       | 70,132,778.14         | 31.38         |
| 3 to 4 years       | 40,361,678.13         | 18.06         |
| 4 to 5 years       | 0.00                  | 0.00          |
| Over 5 years       | 0.00                  | 0.00          |
|                    | <b>223,525,675.34</b> | <b>100.00</b> |

Maturity distribution



# SECURITIES HELD

## As of May 31, 2017

| Cusip/<br>Description  | Coupon | Maturity/<br>Call date   | Par value or<br>shares | Historical cost/<br>Accrued interest<br>purchased | Amortized cost/<br>Accretion<br>(amortization) | Fair value/<br>Change in fair<br>value | Unrealized<br>gain<br>(loss) | Interest<br>received | Interest<br>earned | Total<br>accrued<br>interest | %<br>Port<br>cost |
|--|--------|--------------------------|------------------------|---|--|--|------------------------------|----------------------|--------------------|------------------------------|-------------------|
| <b>Government Agencies</b>   |        |                          |                        |   |  |  |                              |                      |                    |                              |                   |
| 3133EDEB4<br>FEDERAL FARM CREDIT BANK<br>1.1% 28/06/2017                         | 1.100  | 06/28/2017               | 5,000,000.00           | 5,012,500.00<br>0.00                              | 5,000,294.96<br>(294.95)                       | 5,000,700.00<br>(1,400.00)             | 405.04                       | 0.00                 | 4,736.11           | 23,375.00                    | 2.24              |
| 313370SZ2<br>FEDERAL HOME LOAN BANK<br>2.25% 08/09/2017                          | 2.250  | 09/08/2017               | 5,000,000.00           | 5,171,550.00<br>0.00                              | 5,012,726.65<br>(3,895.91)                     | 5,013,855.00<br>(8,300.00)             | 1,128.35                     | 0.00                 | 9,687.50           | 25,937.50                    | 2.31              |
| 313371VG8<br>FEDERAL HOME LOAN BANK<br>2.25% 08/12/2017                          | 2.250  | 12/08/2017               | 5,000,000.00           | 5,191,000.00<br>0.00                              | 5,031,805.14<br>(5,075.29)                     | 5,029,400.00<br>(7,200.00)             | (2,405.14)                   | 0.00                 | 9,687.50           | 54,062.50                    | 2.32              |
| 3135G0VC4<br>FANNIE MAE 1.13% 28/02/2018<br>CALLABLE                             | 1.130  | 02/28/2018               | 6,000,000.00           | 5,990,040.00<br>0.00                              | 5,997,715.21<br>253.87                         | 5,988,060.00<br>(900.00)               | (9,655.21)                   | 0.00                 | 5,838.33           | 17,515.00                    | 2.68              |
| 3133EETE0<br>FEDERAL FARM CREDIT BANK<br>1.125% 12/03/2018                       | 1.125  | 03/12/2018               | 5,000,000.00           | 4,988,950.00<br>0.00                              | 4,997,125.37<br>305.81                         | 4,997,900.00<br>(1,250.00)             | 774.63                       | 0.00                 | 4,843.75           | 12,343.75                    | 2.23              |
| 3133ECJX3<br>FEDERAL FARM CREDIT BANK<br>1.04% 26/03/2018 (CALLABLE<br>09/06/17) | 1.040  | 03/26/2018               | 5,000,000.00           | 4,996,700.00<br>0.00                              | 4,999,457.03<br>55.03                          | 4,985,350.00<br>(550.00)               | (14,107.03)                  | 0.00                 | 4,477.78           | 9,388.89                     | 2.24              |
| 3135G0WJ8<br>FANNIE MAE 0.875%<br>21/05/2018                                     | 0.875  | 05/21/2018               | 3,000,000.00           | 2,953,560.00<br>0.00                              | 2,990,877.86<br>751.54                         | 2,989,437.00<br>(1,164.00)             | (1,440.86)                   | 13,125.00            | 2,260.42           | 729.17                       | 1.32              |
| 3135G0XG3<br>FANNIE MAE 1% 21/05/2018<br>(CALLABLE 21/08/17) #0000               | 1.000  | 05/21/2018<br>08/21/2017 | 5,000,000.00           | 4,982,150.00<br>0.00                              | 4,996,528.89<br>296.67                         | 4,987,650.00<br>2,150.00               | (8,878.89)                   | 25,000.00            | 4,305.56           | 1,388.89                     | 2.23              |
| 3130A6AE7<br>FEDERAL HOME LOAN BANK<br>1.125% 14/09/2018                         | 1.125  | 09/14/2018               | 5,000,000.00           | 5,017,900.00<br>0.00                              | 5,007,865.15<br>(508.52)                       | 4,987,085.00<br>(4,510.00)             | (20,780.15)                  | 0.00                 | 4,843.75           | 12,031.25                    | 2.24              |
| 3135G0YT4<br>FANNIE MAE 1.625%<br>27/11/2018                                     | 1.625  | 11/27/2018               | 5,000,000.00           | 5,017,650.00<br>0.00                              | 5,006,628.01<br>(370.28)                       | 5,024,855.00<br>(2,505.00)             | 18,226.99                    | 40,625.00            | 6,996.53           | 902.78                       | 2.24              |



# SECURITIES HELD

## As of May 31, 2017

| Cusip/<br>Description   | Coupon | Maturity/<br>Call date   | Par value or<br>shares | Historical cost/<br>Accrued interest<br>purchased | Amortized cost/<br>Accretion<br>(amortization) | Fair value/<br>Change in fair<br>value | Unrealized<br>gain<br>(loss) | Interest<br>received | Interest<br>earned | Total<br>accrued<br>interest | %<br>Port<br>cost |
|---|--------|--------------------------|------------------------|---|--|--|------------------------------|----------------------|--------------------|------------------------------|-------------------|
| <b>Government Agencies</b>                                      |        |                          |                        |   |  |  |                              |                      |                    |                              |                   |
| 313376BR5<br>FEDERAL HOME LOAN BANK<br>1.75% 14/12/2018         | 1.750  | 12/14/2018               | 8,000,000.00           | 8,153,030.00<br>0.00                              | 8,079,586.18<br>(4,309.72)                     | 8,055,064.00<br>(5,200.00)             | (24,522.18)                  | 0.00                 | 12,055.55          | 64,944.44                    | 3.65              |
| 3136FTZZ5<br>FANNIE MAE 1.75% 30/01/2019<br>CALLABLE            | 1.750  | 01/30/2019               | 5,000,000.00           | 5,094,650.00<br>0.00                              | 5,055,189.50<br>(2,759.48)                     | 5,035,000.00<br>150.00                 | (20,189.50)                  | 0.00                 | 7,291.67           | 29,166.67                    | 2.28              |
| 3133EE5P1<br>FEDERAL FARM CREDIT BANK<br>1.32% 30/01/2019       | 1.320  | 01/30/2019               | 5,000,000.00           | 5,015,650.00<br>0.00                              | 5,007,615.57<br>(380.78)                       | 5,001,500.00<br>(450.00)               | (6,115.57)                   | 0.00                 | 5,500.00           | 22,000.00                    | 2.24              |
| 3133EDVK5<br>FEDERAL FARM CREDIT BANK<br>1.75% 18/03/2019       | 1.750  | 03/18/2019               | 5,000,000.00           | 5,024,600.00<br>0.00                              | 5,010,344.45<br>(478.91)                       | 5,034,350.00<br>(18,900.00)            | 24,005.55                    | 0.00                 | 7,534.73           | 17,743.06                    | 2.25              |
| 3136G3RW7<br>FANNIE MAE 1.27% 30/05/2019<br>CALLABLE            | 1.270  | 05/30/2019               | 5,000,000.00           | 5,000,000.00<br>0.00                              | 5,000,000.00<br>0.00                           | 4,988,950.00<br>0.00                   | (11,050.00)                  | 31,750.00            | 5,291.67           | 0.00                         | 2.24              |
| 3136G3K87<br>FANNIE MAE 1.18% 25/07/2019<br>(CALLABLE 25/07/17) | 1.180  | 07/25/2019<br>07/25/2017 | 5,000,000.00           | 4,996,250.00<br>0.00                              | 4,997,326.36<br>103.50                         | 4,944,900.00<br>1,600.00               | (52,426.36)                  | 0.00                 | 5,080.56           | 20,650.00                    | 2.24              |
| 3134G3JM3<br>FREDDIE MAC 2% 30/07/2019<br>CALLABLE              | 2.000  | 07/30/2019               | 5,000,000.00           | 5,025,300.00<br>0.00                              | 5,010,068.37<br>(387.24)                       | 5,058,665.00<br>1,095.00               | 48,596.63                    | 0.00                 | 8,333.33           | 33,333.33                    | 2.25              |
| 3136G34F9<br>FANNIE MAE 1.125%<br>28/08/2019 CALLABLE #0001     | 1.125  | 08/28/2019               | 5,000,000.00           | 4,996,900.00<br>0.00                              | 4,997,695.68<br>85.56                          | 4,931,400.00<br>1,900.00               | (66,295.68)                  | 0.00                 | 4,843.75           | 14,531.25                    | 2.24              |
| 3135G0Q30<br>FANNIE MAE 1.18% 27/09/2019<br>(CALLABLE 27/09/17) | 1.180  | 09/27/2019<br>09/27/2017 | 5,000,000.00           | 4,962,000.00<br>0.00                              | 4,968,694.88<br>1,122.05                       | 4,962,100.00<br>800.00                 | (6,594.88)                   | 0.00                 | 5,080.56           | 10,488.89                    | 2.22              |
| 3134G8PD5<br>FREDDIE MAC 1.35%<br>30/09/2019 CALLABLE           | 1.350  | 09/30/2019               | 5,000,000.00           | 5,000,000.00<br>0.00                              | 5,000,000.00<br>0.00                           | 4,986,700.00<br>2,950.00               | (13,300.00)                  | 0.00                 | 5,625.00           | 11,250.00                    | 2.24              |

# SECURITIES HELD

## As of May 31, 2017

| Cusip/<br>Description  | Coupon | Maturity/<br>Call date   | Par value or<br>shares | Historical cost/<br>Accrued interest<br>purchased | Amortized cost/<br>Accretion<br>(amortization) | Fair value/<br>Change in fair<br>value    | Unrealized<br>gain<br>(loss) | Interest<br>received | Interest<br>earned | Total<br>accrued<br>interest | %<br>Port<br>cost |
|--|--------|--------------------------|------------------------|---|--|---|------------------------------|----------------------|--------------------|------------------------------|-------------------|
| <b>Government Agencies</b>   |        |                          |                        |   |  |   |                              |                      |                    |                              |                   |
| 3137EADM8<br>FREDDIE MAC 1.25%<br>02/10/2019                                     | 1.250  | 10/02/2019               | 5,000,000.00           | 5,013,050.00<br>0.00                              | 5,009,103.65<br>(324.35)                       | 4,979,925.00<br>7,040.00                  | (29,178.65)                  | 0.00                 | 5,381.95           | 10,243.06                    | 2.24              |
| 3136G0T68<br>FANNIE MAE 1.33% 24/10/2019<br>CALLABLE                             | 1.330  | 10/24/2019               | 5,000,000.00           | 4,991,700.00<br>0.00                              | 4,995,124.95<br>169.27                         | 4,993,250.00<br>9,850.00                  | (1,874.95)                   | 0.00                 | 5,726.39           | 6,834.72                     | 2.23              |
| 3136G2YA9<br>FANNIE MAE 1.4% 26/11/2019<br>(CALLABLE 26/08/17)                   | 1.400  | 11/26/2019<br>08/26/2017 | 5,000,000.00           | 4,998,750.00<br>0.00                              | 4,999,170.98<br>27.75                          | 4,972,700.00<br>5,650.00                  | (26,470.98)                  | 0.00                 | 6,027.78           | 18,472.22                    | 2.24              |
| 3133EFZT7<br>FEDERAL FARM CREDIT BANK<br>1.4% 24/02/2020 (CALLABLE<br>09/06/17)  | 1.400  | 02/24/2020               | 5,000,000.00           | 5,000,000.00<br>0.00                              | 5,000,000.00<br>0.00                           | 4,974,950.00<br>5,950.00                  | (25,050.00)                  | 0.00                 | 6,027.78           | 18,861.11                    | 2.24              |
| 3134GABM5<br>FREDDIE MAC 1.3% 28/08/2020<br>(CALLABLE 28/08/17)                  | 1.300  | 08/28/2020<br>08/28/2017 | 5,000,000.00           | 5,000,000.00<br>0.00                              | 5,000,000.00<br>0.00                           | 4,944,050.00<br>7,500.00                  | (55,950.00)                  | 0.00                 | 5,597.23           | 16,791.67                    | 2.24              |
| 3134G3K90<br>FREDDIE MAC 1.7% 25/09/2020<br>CALLABLE                             | 1.700  | 09/25/2020               | 5,000,000.00           | 5,000,000.00<br>0.00                              | 5,000,000.00<br>0.00                           | 5,019,300.00<br>16,050.00                 | 19,300.00                    | 0.00                 | 7,319.44           | 15,583.33                    | 2.24              |
| 3133EGXX8<br>FEDERAL FARM CREDIT BANK<br>1.34% 13/10/2020 (CALLABLE<br>13/10/17) | 1.340  | 10/13/2020<br>10/13/2017 | 5,000,000.00           | 4,988,750.00<br>0.00                              | 4,990,575.79<br>233.08                         | 4,908,250.00<br>8,400.00                  | (82,325.79)                  | 0.00                 | 5,769.44           | 8,933.33                     | 2.23              |
| 3135G0F73<br>FANNIE MAE 1.5% 30/11/2020  | 1.500  | 11/30/2020               | 5,000,000.00           | 5,080,350.00<br>0.00                              | 5,065,274.66<br>(1,554.16)                     | 4,979,325.00<br>7,015.00                  | (85,949.66)                  | 37,500.00            | 6,250.00           | 0.00                         | 2.27              |
| <b>Total Government Agencies</b>   |        |                          | <b>142,000,000.00</b>  | <b>142,662,980.00</b><br><b>0.00</b>              | <b>142,226,795.29</b><br><b>(16,935.46)</b>    | <b>141,774,671.00</b><br><b>25,771.00</b> | <b>(452,124.29)</b>          | <b>148,000.00</b>    | <b>172,414.06</b>  | <b>477,501.81</b>            | <b>63.82</b>      |

# SECURITIES HELD

## As of May 31, 2017

| Cusip/<br>Description                          | Coupon | Maturity/<br>Call date | Par value or<br>shares | Historical cost/<br>Accrued interest<br>purchased | Amortized cost/<br>Accretion<br>(amortization) | Fair value/<br>Change in fair<br>value | Unrealized<br>gain<br>(loss) | Interest<br>received | Interest<br>earned | Total<br>accrued<br>interest | %<br>Port<br>cost |
|--|--------|------------------------|------------------------|---|--|--|------------------------------|----------------------|--------------------|------------------------------|-------------------|
| <b>Government Bonds</b>                        |        |                        |                        |   |  |  |                              |                      |                    |                              |                   |
| 912828PA2<br>USA TREASURY 1.875%<br>30/09/2017 | 1.875  | 09/30/2017             | 10,000,000.00          | 10,291,015.63<br>0.00                             | 10,023,368.69<br>(5,937.94)                    | 10,027,300.00<br>(8,640.00)            | 3,931.31                     | 0.00                 | 15,881.15          | 31,250.00                    | 4.60              |
| 912828PF1<br>USA TREASURY 1.875%<br>31/10/2017 | 1.875  | 10/31/2017             | 5,000,000.00           | 5,172,656.25<br>0.00                              | 5,011,699.03<br>(2,370.39)                     | 5,016,000.00<br>(4,315.00)             | 4,300.97                     | 46,875.00            | 7,897.42           | 7,897.42                     | 2.31              |
| 912828UA6<br>USA TREASURY 0.625%<br>30/11/2017 | 0.625  | 11/30/2017             | 5,000,000.00           | 4,923,828.13<br>0.00                              | 4,990,555.93<br>1,599.82                       | 4,987,500.00<br>0.00                   | (3,055.93)                   | 15,625.00            | 2,661.40           | 0.00                         | 2.20              |
| 912828XF2<br>USA TREASURY 1.125%<br>15/06/2018 | 1.125  | 06/15/2018             | 5,000,000.00           | 5,013,476.56<br>0.00                              | 5,005,362.40<br>(437.46)                       | 4,996,095.00<br>(1,950.00)             | (9,267.40)                   | 0.00                 | 4,790.53           | 25,807.01                    | 2.24              |
| 912828L40<br>USA TREASURY 1% 15/09/2018        | 1.000  | 09/15/2018             | 5,000,000.00           | 4,992,382.81<br>0.00                              | 4,993,790.48<br>407.83                         | 4,986,135.00<br>785.00                 | (7,655.48)                   | 0.00                 | 4,211.96           | 10,461.96                    | 2.23              |
| 912828L81<br>USA TREASURY 0.875%<br>15/10/2018 | 0.875  | 10/15/2018             | 5,000,000.00           | 4,954,101.56<br>0.00                              | 4,978,426.01<br>1,332.25                       | 4,976,560.00<br>585.00                 | (1,866.01)                   | 0.00                 | 3,705.60           | 5,498.63                     | 2.22              |
| 912828B33<br>USA TREASURY 1.5%<br>31/01/2019   | 1.500  | 01/31/2019             | 5,000,000.00           | 5,073,828.13<br>0.00                              | 5,037,749.50<br>(1,918.42)                     | 5,020,310.00<br>(1,565.00)             | (17,439.50)                  | 0.00                 | 6,422.65           | 24,861.88                    | 2.27              |
| 912828W55<br>USA TREASURY 1.625%<br>30/06/2019 | 1.625  | 06/30/2019             | 5,000,000.00           | 5,087,890.63<br>0.00                              | 5,055,896.97<br>(2,280.01)                     | 5,033,985.00<br>0.00                   | (21,911.97)                  | 0.00                 | 6,957.88           | 33,891.58                    | 2.28              |
| 912828F62<br>USA TREASURY 1.5%<br>31/10/2019   | 1.500  | 10/31/2019             | 5,000,000.00           | 5,009,765.63<br>0.00                              | 5,008,710.15<br>(305.80)                       | 5,019,920.00<br>2,340.00               | 11,209.85                    | 37,500.00            | 6,317.94           | 6,317.94                     | 2.24              |
| 912828UL2<br>USA TREASURY 1.375%<br>31/01/2020 | 1.375  | 01/31/2020             | 5,000,000.00           | 4,990,429.69<br>0.00                              | 4,991,949.05<br>255.98                         | 4,999,220.00<br>3,515.00               | 7,270.95                     | 0.00                 | 5,887.44           | 22,790.06                    | 2.23              |

# SECURITIES HELD

## As of May 31, 2017

| Cusip/<br>Description                          | Coupon | Maturity/<br>Call date | Par value or<br>shares | Historical cost/<br>Accrued interest<br>purchased | Amortized cost/<br>Accretion<br>(amortization) | Fair value/<br>Change in fair<br>value    | Unrealized<br>gain<br>(loss) | Interest<br>received | Interest<br>earned | Total<br>accrued<br>interest | %<br>Port<br>cost |
|--|--------|------------------------|------------------------|---|--|---|------------------------------|----------------------|--------------------|------------------------------|-------------------|
| <b>Government Bonds</b>                        |        |                        |                        |   |  |   |                              |                      |                    |                              |                   |
| 912828J50<br>USA TREASURY 1.375%<br>29/02/2020 | 1.375  | 02/29/2020             | 5,000,000.00           | 5,060,742.19<br>0.00                              | 5,048,516.43<br>(1,498.02)                     | 4,996,095.00<br>4,495.00                  | (52,421.43)                  | 0.00                 | 5,791.44           | 17,187.50                    | 2.26              |
| 912828XH8<br>USA TREASURY 1.625%<br>30/06/2020 | 1.625  | 06/30/2020             | 5,000,000.00           | 5,119,531.25<br>0.00                              | 5,093,531.75<br>(2,575.03)                     | 5,022,850.00<br>4,880.00                  | (70,681.75)                  | 0.00                 | 6,957.88           | 33,891.58                    | 2.29              |
| 912828L65<br>USA TREASURY 1.375%<br>30/09/2020 | 1.375  | 09/30/2020             | 5,000,000.00           | 5,064,062.50<br>0.00                              | 5,052,018.75<br>(1,323.96)                     | 4,976,365.00<br>8,590.00                  | (75,653.75)                  | 0.00                 | 5,823.08           | 11,458.33                    | 2.27              |
| 912828L99<br>USA TREASURY 1.375%<br>31/10/2020 | 1.375  | 10/31/2020             | 5,000,000.00           | 5,036,328.13<br>0.00                              | 5,031,077.97<br>(771.35)                       | 4,972,070.00<br>8,595.00                  | (59,007.97)                  | 34,375.00            | 5,791.44           | 5,791.44                     | 2.25              |
| 912828N89<br>USA TREASURY 1.375%<br>31/01/2021 | 1.375  | 01/31/2021             | 5,000,000.00           | 5,072,656.25<br>0.00                              | 5,059,591.46<br>(1,377.58)                     | 4,962,695.00<br>11,720.00                 | (96,896.46)                  | 0.00                 | 5,887.44           | 22,790.06                    | 2.27              |
| <b>Total Government Bonds</b>                  |        |                        | <b>80,000,000.00</b>   | <b>80,862,695.34</b><br><b>0.00</b>               | <b>80,382,244.57</b><br><b>(17,200.08)</b>     | <b>79,993,100.00</b><br><b>29,035.00</b>  | <b>(389,144.57)</b>          | <b>134,375.00</b>    | <b>94,985.25</b>   | <b>259,895.39</b>            | <b>36.18</b>      |
| <b>Grand total</b>                             |        |                        | <b>222,000,000.00</b>  | <b>223,525,675.34</b><br><b>0.00</b>              | <b>222,609,039.86</b><br><b>(34,135.54)</b>    | <b>221,767,771.00</b><br><b>54,806.00</b> | <b>(841,268.86)</b>          | <b>282,375.00</b>    | <b>267,399.31</b>  | <b>737,397.20</b>            | <b>100.00</b>     |

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

## As of May 31, 2017

| 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) |
|--|---------------------|--------|---------------|------------|------------|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|---------------------|
| <b>United States Treasury Note/Bond</b>      |                     |        |               |            |            |              |                      |                      |                       |                      |                       |                     |
| 912828PA2                                    | USA TREASURY 1.875% | 1.875  | 09/30/2017    |            | AA+        | Aaa          | 10,000,000.00        | 10,291,015.63        | 4.60                  | 10,027,300.00        | 4.52                  | 0.33                |
| 912828PF1                                    | USA TREASURY 1.875% | 1.875  | 10/31/2017    |            | AA+        | Aaa          | 5,000,000.00         | 5,172,656.25         | 2.31                  | 5,016,000.00         | 2.26                  | 0.41                |
| 912828UA6                                    | USA TREASURY 0.625% | 0.625  | 11/30/2017    |            | AA+        | Aaa          | 5,000,000.00         | 4,923,828.13         | 2.20                  | 4,987,500.00         | 2.25                  | 0.49                |
| 912828XF2                                    | USA TREASURY 1.125% | 1.125  | 06/15/2018    |            | AA+        | Aaa          | 5,000,000.00         | 5,013,476.56         | 2.24                  | 4,996,095.00         | 2.25                  | 1.02                |
| 912828L40                                    | USA TREASURY 1%     | 1.000  | 09/15/2018    |            | AA+        | Aaa          | 5,000,000.00         | 4,992,382.81         | 2.23                  | 4,986,135.00         | 2.25                  | 1.28                |
| 912828L81                                    | USA TREASURY 0.875% | 0.875  | 10/15/2018    |            | AA+        | Aaa          | 5,000,000.00         | 4,954,101.56         | 2.22                  | 4,976,560.00         | 2.24                  | 1.36                |
| 912828B33                                    | USA TREASURY 1.5%   | 1.500  | 01/31/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,073,828.13         | 2.27                  | 5,020,310.00         | 2.26                  | 1.64                |
| 912828W55                                    | USA TREASURY 1.625% | 1.625  | 06/30/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,087,890.63         | 2.28                  | 5,033,985.00         | 2.27                  | 2.03                |
| 912828F62                                    | USA TREASURY 1.5%   | 1.500  | 10/31/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,009,765.63         | 2.24                  | 5,019,920.00         | 2.26                  | 2.37                |
| 912828UL2                                    | USA TREASURY 1.375% | 1.375  | 01/31/2020    |            | AA+        | Aaa          | 5,000,000.00         | 4,990,429.69         | 2.23                  | 4,999,220.00         | 2.25                  | 2.60                |
| 912828J50                                    | USA TREASURY 1.375% | 1.375  | 02/29/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,060,742.19         | 2.26                  | 4,996,095.00         | 2.25                  | 2.69                |
| 912828XH8                                    | USA TREASURY 1.625% | 1.625  | 06/30/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,119,531.25         | 2.29                  | 5,022,850.00         | 2.26                  | 2.98                |
| 912828L65                                    | USA TREASURY 1.375% | 1.375  | 09/30/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,064,062.50         | 2.27                  | 4,976,365.00         | 2.24                  | 3.25                |
| 912828L99                                    | USA TREASURY 1.375% | 1.375  | 10/31/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,036,328.13         | 2.25                  | 4,972,070.00         | 2.24                  | 3.34                |
| 912828N89                                    | USA TREASURY 1.375% | 1.375  | 01/31/2021    |            | AA+        | Aaa          | 5,000,000.00         | 5,072,656.25         | 2.27                  | 4,962,695.00         | 2.24                  | 3.56                |
| <b>Issuer total</b>                          |                     |        |               |            |            |              | <b>80,000,000.00</b> | <b>80,862,695.34</b> | <b>36.18</b>          | <b>79,993,100.00</b> | <b>36.07</b>          | <b>1.85</b>         |
| <b>Federal National Mortgage Association</b> |                     |        |               |            |            |              |                      |                      |                       |                      |                       |                     |
| 3135G0VC4                                    | FANNIE MAE 1.13%    | 1.130  | 02/28/2018    |            | AA+        | Aaa          | 6,000,000.00         | 5,990,040.00         | 2.68                  | 5,988,060.00         | 2.70                  | 0.74                |
| 3135G0XG3                                    | FANNIE MAE 1%       | 1.000  | 05/21/2018    | 08/21/2017 | AA+        | Aaa          | 5,000,000.00         | 4,982,150.00         | 2.23                  | 4,987,650.00         | 2.25                  | 0.92                |
| 3135G0WJ8                                    | FANNIE MAE 0.875%   | 0.875  | 05/21/2018    |            | AA+        | Aaa          | 3,000,000.00         | 2,953,560.00         | 1.32                  | 2,989,437.00         | 1.35                  | 0.96                |
| 3135G0YT4                                    | FANNIE MAE 1.625%   | 1.625  | 11/27/2018    |            | AA+        | Aaa          | 5,000,000.00         | 5,017,650.00         | 2.24                  | 5,024,855.00         | 2.27                  | 1.47                |
| 3136FTZ5                                     | FANNIE MAE 1.75%    | 1.750  | 01/30/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,094,650.00         | 2.28                  | 5,035,000.00         | 2.27                  | 1.63                |
| 3136G3RW7                                    | FANNIE MAE 1.27%    | 1.270  | 05/30/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,000,000.00         | 2.24                  | 4,988,950.00         | 2.25                  | 1.30                |
| 3136G3K87                                    | FANNIE MAE 1.18%    | 1.180  | 07/25/2019    | 07/25/2017 | AA+        | Aaa          | 5,000,000.00         | 4,996,250.00         | 2.24                  | 4,944,900.00         | 2.23                  | 1.93                |

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of May 31, 2017

| 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) |
|--|---------------------|--------|---------------|------------|------------|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|---------------------|
| <b>Federal National Mortgage Association</b> |                     |        |               |            |            |              |                      |                      |                       |                      |                       |                     |
| 3136G34F9                                    | FANNIE MAE 1.125%   | 1.125  | 08/28/2019    |            | AA+        | Aaa          | 5,000,000.00         | 4,996,900.00         | 2.24                  | 4,931,400.00         | 2.22                  | 2.06                |
| 3135G0Q30                                    | FANNIE MAE 1.18%    | 1.180  | 09/27/2019    | 09/27/2017 | AA+        | Aaa          | 5,000,000.00         | 4,962,000.00         | 2.22                  | 4,962,100.00         | 2.24                  | 2.12                |
| 3136G0T68                                    | FANNIE MAE 1.33%    | 1.330  | 10/24/2019    |            | AA+        | Aaa          | 5,000,000.00         | 4,991,700.00         | 2.23                  | 4,993,250.00         | 2.25                  | 2.35                |
| 3136G2YA9                                    | FANNIE MAE 1.4%     | 1.400  | 11/26/2019    | 08/26/2017 | AA+        | Aaa          | 5,000,000.00         | 4,998,750.00         | 2.24                  | 4,972,700.00         | 2.24                  | 1.82                |
| 3135G0F73                                    | FANNIE MAE 1.5%     | 1.500  | 11/30/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,080,350.00         | 2.27                  | 4,979,325.00         | 2.25                  | 3.41                |
| <b>Issuer total</b>                          |                     |        |               |            |            |              | <b>59,000,000.00</b> | <b>59,064,000.00</b> | <b>26.42</b>          | <b>58,797,627.00</b> | <b>26.51</b>          | <b>1.74</b>         |
| <b>Federal Farm Credit Banks</b>             |                     |        |               |            |            |              |                      |                      |                       |                      |                       |                     |
| 3133EDEB4                                    | FEDERAL FARM CREDIT | 1.100  | 06/28/2017    |            | AA+        | Aaa          | 5,000,000.00         | 5,012,500.00         | 2.24                  | 5,000,700.00         | 2.25                  | 0.07                |
| 3133EETE0                                    | FEDERAL FARM CREDIT | 1.125  | 03/12/2018    |            | AA+        | Aaa          | 5,000,000.00         | 4,988,950.00         | 2.23                  | 4,997,900.00         | 2.25                  | 0.77                |
| 3133ECJX3                                    | FEDERAL FARM CREDIT | 1.040  | 03/26/2018    |            | AA+        | Aaa          | 5,000,000.00         | 4,996,700.00         | 2.24                  | 4,985,350.00         | 2.25                  | 0.79                |
| 3133EE5P1                                    | FEDERAL FARM CREDIT | 1.320  | 01/30/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,015,650.00         | 2.24                  | 5,001,500.00         | 2.26                  | 1.64                |
| 3133EDVK5                                    | FEDERAL FARM CREDIT | 1.750  | 03/18/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,024,600.00         | 2.25                  | 5,034,350.00         | 2.27                  | 1.76                |
| 3133EFZT7                                    | FEDERAL FARM CREDIT | 1.400  | 02/24/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,000,000.00         | 2.24                  | 4,974,950.00         | 2.24                  | 1.81                |
| 3133EGXX8                                    | FEDERAL FARM CREDIT | 1.340  | 10/13/2020    | 10/13/2017 | AA+        | Aaa          | 5,000,000.00         | 4,988,750.00         | 2.23                  | 4,908,250.00         | 2.21                  | 2.84                |
| <b>Issuer total</b>                          |                     |        |               |            |            |              | <b>35,000,000.00</b> | <b>35,027,150.00</b> | <b>15.67</b>          | <b>34,903,000.00</b> | <b>15.74</b>          | <b>1.38</b>         |
| <b>Federal Home Loan Mortgage Corp</b>       |                     |        |               |            |            |              |                      |                      |                       |                      |                       |                     |
| 3134G3JM3                                    | FREDDIE MAC 2%      | 2.000  | 07/30/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,025,300.00         | 2.25                  | 5,058,665.00         | 2.28                  | 2.10                |
| 3134G8PD5                                    | FREDDIE MAC 1.35%   | 1.350  | 09/30/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,000,000.00         | 2.24                  | 4,986,700.00         | 2.25                  | 1.45                |
| 3137EADM8                                    | FREDDIE MAC 1.25%   | 1.250  | 10/02/2019    |            | AA+        | Aaa          | 5,000,000.00         | 5,013,050.00         | 2.24                  | 4,979,925.00         | 2.25                  | 2.29                |
| 3134GABM5                                    | FREDDIE MAC 1.3%    | 1.300  | 08/28/2020    | 08/28/2017 | AA+        | Aaa          | 5,000,000.00         | 5,000,000.00         | 2.24                  | 4,944,050.00         | 2.23                  | 2.47                |
| 3134G3K90                                    | FREDDIE MAC 1.7%    | 1.700  | 09/25/2020    |            | AA+        | Aaa          | 5,000,000.00         | 5,000,000.00         | 2.24                  | 5,019,300.00         | 2.26                  | 3.22                |
| <b>Issuer total</b>                          |                     |        |               |            |            |              | <b>25,000,000.00</b> | <b>25,038,350.00</b> | <b>11.20</b>          | <b>24,988,640.00</b> | <b>11.27</b>          | <b>2.31</b>         |

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of May 31, 2017

| 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) |
|--------------------------------|-------------------|--------|---------------|-----------|------------|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| <b>Federal Home Loan Banks</b> |                   |        |               |           |            |              |                       |                       |                       |                       |                       |                     |
| 313370S22                      | FEDERAL HOME LOAN | 2.250  | 09/08/2017    |           | AA+        | Aaa          | 5,000,000.00          | 5,171,550.00          | 2.31                  | 5,013,855.00          | 2.26                  | 0.27                |
| 313371VG8                      | FEDERAL HOME LOAN | 2.250  | 12/08/2017    |           | AA+        | Aaa          | 5,000,000.00          | 5,191,000.00          | 2.32                  | 5,029,400.00          | 2.27                  | 0.51                |
| 3130A6AE7                      | FEDERAL HOME LOAN | 1.125  | 09/14/2018    |           | AA+        | Aaa          | 5,000,000.00          | 5,017,900.00          | 2.24                  | 4,987,085.00          | 2.25                  | 1.27                |
| 313376BR5                      | FEDERAL HOME LOAN | 1.750  | 12/14/2018    |           | AA+        | Aaa          | 8,000,000.00          | 8,153,030.00          | 3.65                  | 8,055,064.00          | 3.63                  | 1.50                |
| <b>Issuer total</b>            |                   |        |               |           |            |              | <b>23,000,000.00</b>  | <b>23,533,480.00</b>  | <b>10.53</b>          | <b>23,085,404.00</b>  | <b>10.41</b>          | <b>0.96</b>         |
| <b>Grand total</b>             |                   |        |               |           |            |              | <b>222,000,000.00</b> | <b>223,525,675.34</b> | <b>100.00</b>         | <b>221,767,771.00</b> | <b>100.00</b>         | <b>1.71</b>         |

# TRANSACTION REPORT

For the period May 1, 2017 - May 31, 2017

| Trade date<br>Settle date | Cusip     | Transaction | Sec type            | Description                 | Maturity   | Par value or<br>shares | Realized<br>gain(loss) | Principal | Interest  | Transaction total |
|---------------------------|-----------|-------------|---------------------|-----------------------------|------------|------------------------|------------------------|-----------|-----------|-------------------|
| 04/30/2017<br>04/30/2017  | 912828F62 | Income      | Government Bonds    | USA TREASURY 1.5%           | 10/31/2019 | 5,000,000.00           | 0.00                   | 0.00      | 37,500.00 | 37,500.00         |
| 04/30/2017<br>04/30/2017  | 912828L99 | Income      | Government Bonds    | USA TREASURY 1.375%         | 10/31/2020 | 5,000,000.00           | 0.00                   | 0.00      | 34,375.00 | 34,375.00         |
| 04/30/2017<br>04/30/2017  | 912828PF1 | Income      | Government Bonds    | USA TREASURY 1.875%         | 10/31/2017 | 5,000,000.00           | 0.00                   | 0.00      | 46,875.00 | 46,875.00         |
| 05/21/2017<br>05/21/2017  | 3135G0WJ8 | Income      | Government Agencies | FANNIE MAE 0.875%           | 05/21/2018 | 3,000,000.00           | 0.00                   | 0.00      | 13,125.00 | 13,125.00         |
| 05/21/2017<br>05/21/2017  | 3135G0XG3 | Income      | Government Agencies | FANNIE MAE 1% 21/05/2018    | 05/21/2018 | 5,000,000.00           | 0.00                   | 0.00      | 25,000.00 | 25,000.00         |
| 05/27/2017<br>05/27/2017  | 3135G0YT4 | Income      | Government Agencies | FANNIE MAE 1.625%           | 11/27/2018 | 5,000,000.00           | 0.00                   | 0.00      | 40,625.00 | 40,625.00         |
| 05/30/2017<br>05/30/2017  | 3135G0F73 | Income      | Government Agencies | FANNIE MAE 1.5% 30/11/2020  | 11/30/2020 | 5,000,000.00           | 0.00                   | 0.00      | 37,500.00 | 37,500.00         |
| 05/30/2017<br>05/30/2017  | 3136G3RW7 | Income      | Government Agencies | FANNIE MAE 1.27% 30/05/2019 | 05/30/2019 | 5,000,000.00           | 0.00                   | 0.00      | 31,750.00 | 31,750.00         |
| 05/31/2017<br>05/31/2017  | 912828UA6 | Income      | Government Bonds    | USA TREASURY 0.625%         | 11/30/2017 | 5,000,000.00           | 0.00                   | 0.00      | 15,625.00 | 15,625.00         |



# ADDITIONAL INFORMATION

## As of May 31, 2017

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. CAMC and CISC charge management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with either CAMC or CISC, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. CAMCS and CISC's investment advisory fees are discussed in Part 2A of the Firms Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

# ADDITIONAL INFORMATION

## As of May 31, 2017

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