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CITY OF ANN ARBOR

September 2017

➤ A BNY MELLON COMPANYSM

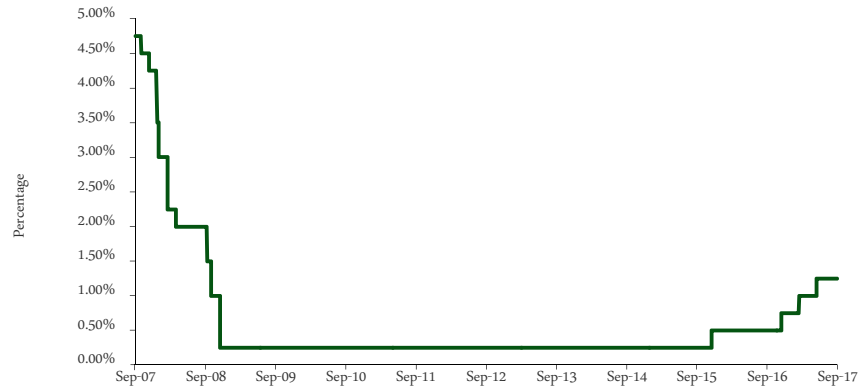


Contents

Fixed income market review	3
Activity and performance summary	4
Recap of securities held	6
Maturity distribution of securities held	7
Securities held	8
GASB 40 - Deposit and investment risk disclosure	14
Securities purchased	17
Securities sold and matured	18
Transaction report	19
Additional information	20

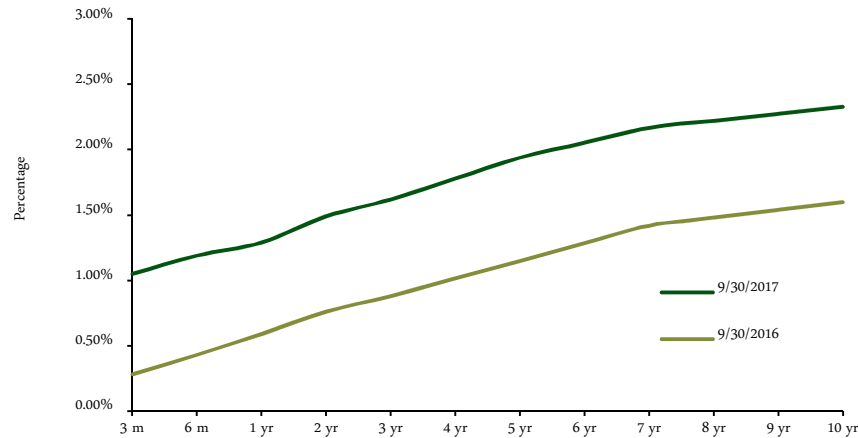
As of September 30, 2017

Chart 1: Fed funds target rate: 9/30/2007—9/30/2017



Source: Bloomberg Finance LP, September 30, 2017.

Chart 2: Treasury yield curve: 9/30/2016 and 9/30/2017



Source: Bloomberg Finance LP, September 30, 2017.

Economic Indicators and Monetary Policy

The Federal Open Market Committee (FOMC) met on September 20 and voted unanimously to maintain the current Fed funds target rate in a range of 1% to 1.25%. The FOMC has increased the target rate four times in this tightening cycle in order to normalize interest rates. Rate increases occurred in March and June in 2017, and December rate increases were implemented in 2015 and 2016. (See Chart 1.)

Federal Reserve (Fed) Chair Janet Yellen’s comments during a press conference helped push rates higher as she noted: “We continue to expect that the ongoing strength of the economy will warrant gradual increases in that rate to sustain a healthy labor market and stabilize inflation around our 2% longer-run objective.” Fed rate projections revealed expectations for one more rate hike this year and three quarter-point increases next year. The longer-run forecast for the Fed funds target rate decreased by 25 bp to a 2.75% terminal rate.

At the September meeting the FOMC also announced that the balance sheet normalization program will begin in October. The Fed’s \$4.5 trillion balance sheet will be reduced by \$10 billion a month to start, with runoff of \$6 billion in Treasuries and \$4 billion in mortgage-backed securities per month. The amounts will increase every three months until they reach \$30 billion of Treasuries and \$20 billion of mortgage-backed securities per month. The balance sheet reduction program and its implementation have been well communicated to the markets by the FOMC, with specific details released in June. The vote to begin implementation of the balance sheet normalization program in October was also unanimous.

Interest Rate Summary

At the end of September the 3-month US Treasury bill yielded 1.05%, the 6-month US Treasury bill yielded 1.19%, the 2-year US Treasury note yielded 1.49%, the 5-year US Treasury note yielded 1.94% and the 10-year US Treasury note yielded 2.33%. (See Chart 2).

ACTIVITY AND PERFORMANCE SUMMARY

For the period September 1, 2017 - September 30, 2017

<u>Amortized Cost Basis Activity Summary</u>	
Opening balance	258,678,317.61
Income received	279,250.00
Total receipts	279,250.00
Total disbursements	0.00
Interportfolio transfers	(279,250.00)
Total Interportfolio transfers	(279,250.00)
Realized gain (loss)	0.00
Total amortization expense	(42,188.17)
Total OID/MKT accretion income	16,482.09
Return of capital	0.00
Closing balance	258,652,611.53
Ending fair value	257,442,424.70
Unrealized gain (loss)	(1,210,186.83)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Commercial Paper	0.00	5,801.11	0.00	5,801.11
Government Agencies	167,299.20	(13,731.68)	0.00	153,567.52
Government Bonds	120,665.25	(17,775.51)	0.00	102,889.74
Total	287,964.45	(25,706.08)	0.00	262,258.37

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.81	0.53	0.09
Overnight Repo	0.76	0.51	0.09
Merrill Lynch 3m US Treas Bill	0.71	0.47	0.08
Merrill Lynch 6m US Treas Bill	0.82	0.51	0.09
ML 1 Year US Treasury Note	1.00	0.59	0.10
ML 2 Year US Treasury Note	1.23	0.66	0.11
ML 5 Year US Treasury Note	1.79	0.91	0.15

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	287,964.45
Accretion (amortization)	(25,706.08)
Realized gain (loss) on sales	0.00
Total income on portfolio	262,258.37
Average daily amortized cost	255,165,009.97
Period return (%)	0.10
YTD return (%)	0.92
Weighted average final maturity in days	613

ACTIVITY AND PERFORMANCE SUMMARY

For the period September 1, 2017 - September 30, 2017

<u>Fair Value Basis Activity Summary</u>		
Opening balance		257,971,908.60
Income received	279,250.00	
Total receipts		279,250.00
Total disbursements		0.00
Interportfolio transfers	(279,250.00)	
Total Interportfolio transfers		(279,250.00)
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		(529,483.90)
Ending fair value		257,442,424.70

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Commercial Paper	0.00	6,120.10	6,120.10
Government Agencies	167,299.20	(271,849.00)	(104,549.80)
Government Bonds	120,665.25	(263,755.00)	(143,089.75)
Total	287,964.45	(529,483.90)	(241,519.45)

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.81	0.53	0.09
Overnight Repo	0.76	0.51	0.09
Merrill Lynch 3m US Treas Bill	0.66	0.47	0.09
Merrill Lynch 6m US Treas Bill	0.81	0.55	0.08
ML 1 Year US Treasury Note	0.59	0.38	0.01
ML US Treasury 1-3	0.23	0.41	(0.17)
ML US Treasury 1-5	(0.07)	0.66	(0.34)

* rates reflected are cumulative

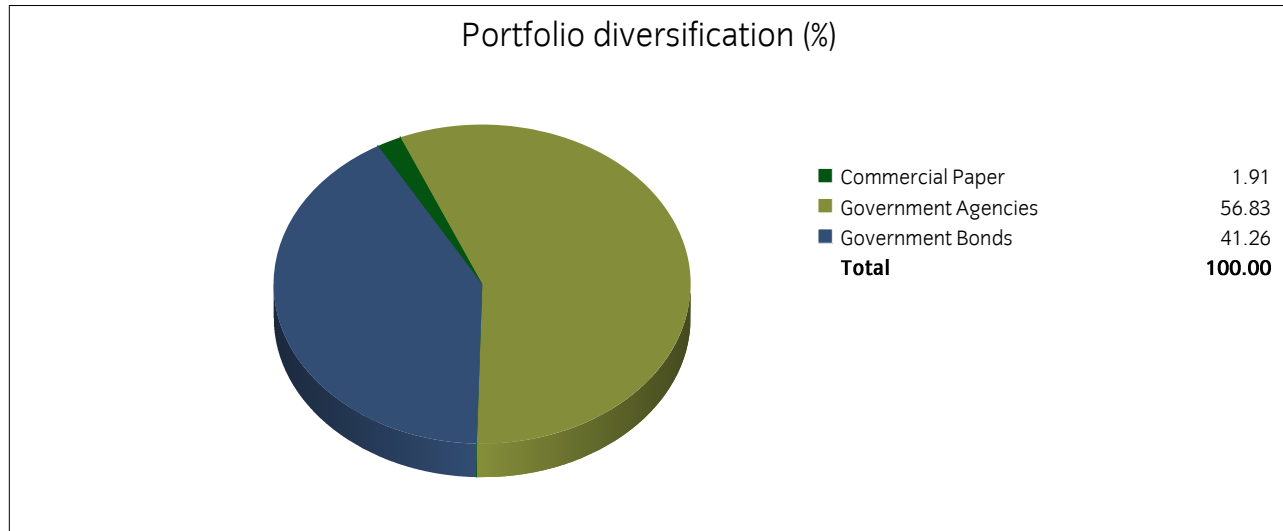
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	287,964.45
Change in fair value	(529,483.90)
Total income on portfolio	(241,519.45)
Average daily total value *	255,207,277.22
Period return (%)	(0.10)
YTD return (%)	0.98
Weighted average final maturity in days	613

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of September 30, 2017

	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Commercial Paper	4,965,000.00	4,975,055.25	4,975,534.70	479.45	130	1.91	0.35
Government Agencies	147,478,930.00	147,162,924.83	146,497,995.00	(664,929.83)	662	56.83	1.59
Government Bonds	107,063,007.84	106,514,631.45	105,968,895.00	(545,736.45)	569	41.26	1.52
Total	259,506,937.84	258,652,611.53	257,442,424.70	(1,210,186.83)	613	100.00	1.54

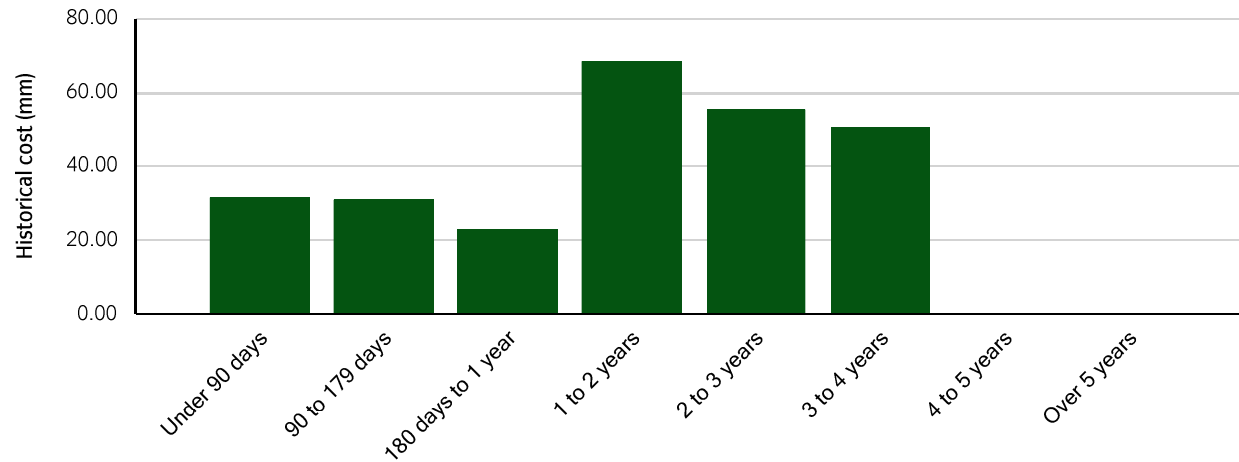


MATURITY DISTRIBUTION OF SECURITIES HELD

As of September 30, 2017

Maturity	Historic cost	Percent
Under 90 days	31,573,343.76	12.17
90 to 179 days	30,928,580.63	11.92
180 days to 1 year	22,959,469.37	8.85
1 to 2 years	68,401,850.32	26.36
2 to 3 years	55,183,968.76	21.27
3 to 4 years	50,459,725.00	19.44
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	259,506,937.84	100.00

Maturity distribution



SECURITIES HELD

As of September 30, 2017

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
Commercial Paper											
4497W1B62 CP ING US FUNDING LLC 0% 06/02/2018	0.000	02/06/2018	5,000,000.00	4,965,000.00	4,975,055.25	4,975,534.70	479.45	0.00	0.00	0.00	1.91
				0.00	5,801.11	6,120.10					
Total Commercial Paper			5,000,000.00	4,965,000.00	4,975,055.25	4,975,534.70	479.45	0.00	0.00	0.00	1.91
				0.00	5,801.11	6,120.10					
Government Agencies											
313371VG8 FEDERAL HOME LOAN BANK 2.25% 08/12/2017	2.250	12/08/2017	5,000,000.00	5,191,000.00	5,011,503.99	5,011,050.00	(453.99)	0.00	9,062.50	35,000.00	2.00
				0.00	(5,075.28)	(5,000.00)					
3135G0VC4 FANNIE MAE 1.13% 28/02/2018 CALLABLE	1.130	02/28/2018	6,000,000.00	5,990,040.00	5,998,730.67	5,997,660.00	(1,070.67)	0.00	5,461.67	6,026.67	2.31
				0.00	253.86	4,260.00					
3133EETE0 FEDERAL FARM CREDIT BANK 1.125% 12/03/2018	1.125	03/12/2018	5,000,000.00	4,988,950.00	4,998,348.62	4,998,200.00	(148.62)	28,125.00	4,531.25	2,812.50	1.92
				0.00	305.82	(150.00)					
3133ECJX3 FEDERAL FARM CREDIT BANK 1.04% 26/03/2018 (CALLABLE 11/10/17)	1.040	03/26/2018	5,000,000.00	4,996,700.00	4,999,677.15	4,994,900.00	(4,777.15)	26,000.00	4,188.89	577.78	1.93
				0.00	55.03	(1,150.00)					
3135G0WJ8 FANNIE MAE 0.875% 21/05/2018	0.875	05/21/2018	3,000,000.00	2,953,560.00	2,994,013.59	2,992,332.00	(1,681.59)	0.00	2,114.58	9,406.25	1.14
				0.00	803.37	(282.00)					
3135G0XG3 FANNIE MAE 1% 21/05/2018 (CALLABLE 21/11/17) #0000	1.000	05/21/2018 11/21/2017	5,000,000.00	4,982,150.00	4,997,715.60	4,992,450.00	(5,265.60)	0.00	4,027.78	17,916.67	1.92
				0.00	296.68	(1,450.00)					
3130A6AE7 FEDERAL HOME LOAN BANK 1.125% 14/09/2018	1.125	09/14/2018	5,000,000.00	5,017,900.00	5,005,831.06	4,986,785.00	(19,046.06)	28,125.00	4,531.25	2,500.00	1.93
				0.00	(508.52)	(5,030.00)					

SECURITIES HELD

As of September 30, 2017

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											
3135G0YT4 FANNIE MAE 1.625% 27/11/2018	1.625	11/27/2018	5,000,000.00	5,017,650.00 0.00	5,005,146.89 (370.28)	5,006,505.00 (14,215.00)	1,358.11	0.00	6,545.14	27,760.42	1.93
313376BR5 FEDERAL HOME LOAN BANK 1.75% 14/12/2018	1.750	12/14/2018	8,000,000.00	8,153,030.00 0.00	8,062,347.29 (4,309.72)	8,028,808.00 (13,312.00)	(33,539.29)	0.00	11,277.78	41,222.22	3.14
3136FTZZ5 FANNIE MAE 1.75% 30/01/2019 CALLABLE	1.750	01/30/2019	5,000,000.00	5,094,650.00 0.00	5,044,151.60 (2,759.48)	5,016,300.00 (11,850.00)	(27,851.60)	0.00	7,291.66	14,583.33	1.96
3133EE5P1 FEDERAL FARM CREDIT BANK 1.32% 30/01/2019	1.320	01/30/2019	5,000,000.00	5,015,650.00 0.00	5,006,092.46 (380.78)	4,990,250.00 (9,200.00)	(15,842.46)	0.00	5,500.00	11,000.00	1.93
3133EDVK5 FEDERAL FARM CREDIT BANK 1.75% 18/03/2019	1.750	03/18/2019	5,000,000.00	5,024,600.00 0.00	5,008,428.81 (478.91)	5,017,400.00 (5,100.00)	8,971.19	43,750.00	7,048.61	2,916.67	1.94
3136G3RW7 FANNIE MAE 1.27% 30/05/2019 CALLABLE	1.270	05/30/2019	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,977,050.00 (10,950.00)	(22,950.00)	0.00	5,291.67	21,166.67	1.93
3136G3K87 FANNIE MAE 1.18% 25/07/2019 (CALLABLE 25/10/17)	1.180	07/25/2019 10/25/2017	5,000,000.00	4,996,250.00 0.00	4,997,740.34 103.50	4,938,350.00 (10,200.00)	(59,390.34)	0.00	4,752.78	10,652.78	1.93
3134G3JM3 FREDDIE MAC 2% 30/07/2019 CALLABLE	2.000	07/30/2019	5,000,000.00	5,025,300.00 0.00	5,008,519.39 (387.24)	5,039,660.00 7,500.00	31,140.61	0.00	8,333.34	16,666.67	1.94
3136G34F9 FANNIE MAE 1.125% 28/08/2019 CALLABLE #0001	1.125	08/28/2019	5,000,000.00	4,996,900.00 0.00	4,998,037.90 85.55	4,956,150.00 4,100.00	(41,887.90)	0.00	4,531.25	5,000.00	1.93
3135G0Q30 FANNIE MAE 1.18% 27/09/2019 CALLABLE	1.180	09/27/2019	5,000,000.00	4,962,000.00 0.00	4,973,183.07 1,122.05	4,962,450.00 (900.00)	(10,733.07)	29,500.00	4,752.78	491.67	1.91

SECURITIES HELD

As of September 30, 2017

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											
3134G8PD5 FREDDIE MAC 1.35% 30/09/2019 CALLABLE	1.350	09/30/2019	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,975,500.00 (15,950.00)	(24,500.00)	0.00	5,625.00	33,750.00	1.93
3137EADM8 FREDDIE MAC 1.25% 02/10/2019	1.250	10/02/2019	5,000,000.00	5,013,050.00 0.00	5,007,806.21 (324.36)	4,971,360.00 (7,740.00)	(36,446.21)	0.00	5,034.72	30,902.78	1.93
3136G0T68 FANNIE MAE 1.33% 24/10/2019 CALLABLE	1.330	10/24/2019	5,000,000.00	4,991,700.00 0.00	4,995,802.04 169.27	4,974,050.00 (12,350.00)	(21,752.04)	0.00	5,356.95	28,816.67	1.92
3136G2YA9 FANNIE MAE 1.4% 26/11/2019 (CALLABLE 26/11/17)	1.400	11/26/2019 11/26/2017	5,000,000.00	4,998,750.00 0.00	4,999,282.01 27.75	4,959,300.00 (13,800.00)	(39,982.01)	0.00	5,638.89	6,611.11	1.93
3133EFZT7 FEDERAL FARM CREDIT BANK 1.4% 24/02/2020 (CALLABLE 11/10/17)	1.400	02/24/2020	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,967,000.00 (15,900.00)	(33,000.00)	0.00	5,638.89	7,000.00	1.93
3134GABM5 FREDDIE MAC 1.3% 28/08/2020 CALLABLE	1.300	08/28/2020	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,936,400.00 (18,300.00)	(63,600.00)	0.00	5,236.11	5,777.78	1.93
3134G3K90 FREDDIE MAC 1.7% 25/09/2020 CALLABLE	1.700	09/25/2020	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,993,700.00 (15,600.00)	(6,300.00)	42,500.00	6,847.23	1,180.56	1.93
3133EGXX8 FEDERAL FARM CREDIT BANK 1.34% 13/10/2020 (CALLABLE 13/10/17)	1.340	10/13/2020 10/13/2017	5,000,000.00	4,988,750.00 0.00	4,991,508.11 233.08	4,915,150.00 (6,600.00)	(76,358.11)	0.00	5,397.23	31,080.56	1.92
3135G0F73 FANNIE MAE 1.5% 30/11/2020	1.500	11/30/2020	5,000,000.00	5,080,350.00 0.00	5,059,058.03 (1,554.16)	4,966,485.00 (21,065.00)	(92,573.03)	0.00	6,250.00	25,000.00	1.96
3130ABZQ2 FEDERAL HOME LOAN BANK 1.75% 08/02/2021 (CALLABLE 08/08/18) #0000	1.750	02/08/2021 08/08/2018	5,000,000.00	5,000,000.00 0.00	5,000,000.00 0.00	4,981,250.00 (21,450.00)	(18,750.00)	0.00	7,048.61	12,638.89	1.93

SECURITIES HELD

As of September 30, 2017

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											
3134GBG48	1.750	03/29/2021	5,000,000.00	5,000,000.00	5,000,000.00	4,969,600.00	(30,400.00)	0.00	243.06	243.06	1.93
FREDDIE MAC 1.75% 29/03/2021 (CALLABLE 29/03/18)		03/29/2018		0.00	0.00	(30,400.00)					
3134GBC75	1.875	05/28/2021	5,000,000.00	5,000,000.00	5,000,000.00	4,981,900.00	(18,100.00)	0.00	7,552.08	8,333.33	1.93
FREDDIE MAC 1.875% 28/05/2021 (CALLABLE 28/02/18)		02/28/2018		0.00	0.00	(18,550.00)					
Total Government Agencies			147,000,000.00	147,478,930.00	147,162,924.83	146,497,995.00	(664,929.83)	198,000.00	165,111.70	417,035.04	56.83
Government Bonds											
912828PA2	1.875	09/30/2017	10,000,000.00	10,291,015.63	10,000,000.00	10,000,000.00	0.00	0.00	15,368.85	93,750.00	3.97
USA TREASURY 1.875% 30/09/2017				0.00	(5,746.40)	(6,630.00)					
912828TW0	0.750	10/31/2017	6,000,000.00	5,994,843.75	5,998,204.00	5,998,620.00	416.00	0.00	3,668.48	18,709.24	2.31
USA TREASURY 0.75% 31/10/2017				0.00	1,738.06	1,740.00					
912828PF1	1.875	10/31/2017	5,000,000.00	5,172,656.25	5,002,370.39	5,003,175.00	804.61	0.00	7,642.66	38,977.58	1.99
USA TREASURY 1.875% 31/10/2017				0.00	(2,293.93)	(3,405.00)					
912828UA6	0.625	11/30/2017	5,000,000.00	4,923,828.13	4,996,851.98	4,996,160.00	(691.98)	0.00	2,561.48	10,416.67	1.90
USA TREASURY 0.625% 30/11/2017				0.00	1,548.21	1,760.00					
912828UJ7	0.875	01/31/2018	10,000,000.00	9,987,890.63	9,991,770.98	9,990,280.00	(1,490.98)	0.00	7,133.16	14,504.08	3.85
USA TREASURY 0.875% 31/01/2018				0.00	2,007.08	800.00					
912828XF2	1.125	06/15/2018	5,000,000.00	5,013,476.56	5,003,640.79	4,994,530.00	(9,110.79)	0.00	4,610.65	16,444.67	1.93
USA TREASURY 1.125% 15/06/2018				0.00	(423.35)	(1,370.00)					

SECURITIES HELD

As of September 30, 2017

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											
912828L40 USA TREASURY 1% 15/09/2018	1.000	09/15/2018	5,000,000.00	4,992,382.81 0.00	4,995,395.48 394.67	4,982,420.00 (4,495.00)	(12,975.48)	25,000.00	4,109.86	2,071.82	1.92
912828L81 USA TREASURY 0.875% 15/10/2018	0.875	10/15/2018	5,000,000.00	4,954,101.56 0.00	4,983,669.09 1,289.28	4,973,830.00 (4,685.00)	(9,839.09)	0.00	3,586.07	20,081.97	1.91
912828B33 USA TREASURY 1.5% 31/01/2019	1.500	01/31/2019	5,000,000.00	5,073,828.13 0.00	5,030,199.60 (1,856.54)	5,005,275.00 (8,790.00)	(24,924.60)	0.00	6,114.13	12,432.07	1.96
912828W55 USA TREASURY 1.625% 30/06/2019	1.625	06/30/2019	5,000,000.00	5,087,890.63 0.00	5,046,924.04 (2,206.45)	5,014,260.00 (12,500.00)	(32,664.04)	0.00	6,623.64	20,312.50	1.96
912828F62 USA TREASURY 1.5% 31/10/2019	1.500	10/31/2019	5,000,000.00	5,009,765.63 0.00	5,007,506.71 (295.93)	5,000,000.00 (15,430.00)	(7,506.71)	0.00	6,114.13	31,182.07	1.93
912828UL2 USA TREASURY 1.375% 31/01/2020	1.375	01/31/2020	5,000,000.00	4,990,429.69 0.00	4,992,956.45 247.72	4,981,835.00 (19,140.00)	(11,121.45)	0.00	5,604.62	11,396.06	1.92
912828J50 USA TREASURY 1.375% 29/02/2020	1.375	02/29/2020	5,000,000.00	5,060,742.19 0.00	5,042,621.01 (1,449.70)	4,979,295.00 (19,925.00)	(63,326.01)	0.00	5,697.51	5,697.51	1.95
912828XH8 USA TREASURY 1.625% 30/06/2020	1.625	06/30/2020	5,000,000.00	5,119,531.25 0.00	5,083,397.76 (2,491.96)	5,004,100.00 (24,025.00)	(79,297.76)	0.00	6,623.64	20,312.50	1.97
912828L65 USA TREASURY 1.375% 30/09/2020	1.375	09/30/2020	5,000,000.00	5,064,062.50 0.00	5,046,808.33 (1,281.25)	4,962,500.00 (24,415.00)	(84,308.33)	0.00	5,604.62	34,375.00	1.95
912828L99 USA TREASURY 1.375% 31/10/2020	1.375	10/31/2020	5,000,000.00	5,036,328.13 0.00	5,028,042.33 (746.47)	4,958,595.00 (25,195.00)	(69,447.33)	0.00	5,604.62	28,583.56	1.94

SECURITIES HELD

As of September 30, 2017

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											
912828N89 USA TREASURY 1.375% 31/01/2021	1.375	01/31/2021	5,000,000.00	5,072,656.25 0.00	5,054,170.01 (1,333.14)	4,947,070.00 (29,495.00)	(107,100.01)	0.00	5,604.62	11,396.06	1.95
912828C57 USA TREASURY 2.25% 31/03/2021	2.250	03/31/2021	5,000,000.00	5,108,789.06 0.00	5,105,009.38 (2,465.01)	5,088,670.00 (33,790.00)	(16,339.38)	0.00	9,221.31	56,250.00	1.97
912828WG1 USA TREASURY 2.25% 30/04/2021	2.250	04/30/2021	5,000,000.00	5,108,789.06 0.00	5,105,093.12 (2,410.40)	5,088,280.00 (34,765.00)	(16,813.12)	0.00	9,171.20	46,773.10	1.97
Total Government Bonds			106,000,000.00	107,063,007.84 0.00	106,514,631.45 (17,775.51)	105,968,895.00 (263,755.00)	(545,736.45)	25,000.00	120,665.25	493,666.46	41.26
Grand total			258,000,000.00	259,506,937.84 0.00	258,652,611.53 (24,667.17)	257,442,424.70 (528,268.90)	(1,210,186.83)	223,000.00	285,776.95	910,701.50	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of September 30, 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)
United States Treasury Note/Bond												
912828TW0	USA TREASURY 0.75%	0.750	10/31/2017		AA+	Aaa	6,000,000.00	5,994,843.75	2.31	5,998,620.00	2.33	0.08
912828PF1	USA TREASURY 1.875%	1.875	10/31/2017		AA+	Aaa	5,000,000.00	5,172,656.25	1.99	5,003,175.00	1.94	0.08
912828UA6	USA TREASURY 0.625%	0.625	11/30/2017		AA+	Aaa	5,000,000.00	4,923,828.13	1.90	4,996,160.00	1.94	0.17
912828UJ7	USA TREASURY 0.875%	0.875	01/31/2018		AA+	Aaa	10,000,000.00	9,987,890.63	3.85	9,990,280.00	3.88	0.33
912828XF2	USA TREASURY 1.125%	1.125	06/15/2018		AA+	Aaa	5,000,000.00	5,013,476.56	1.93	4,994,530.00	1.94	0.70
912828L40	USA TREASURY 1%	1.000	09/15/2018		AA+	Aaa	5,000,000.00	4,992,382.81	1.92	4,982,420.00	1.94	0.96
912828L81	USA TREASURY 0.875%	0.875	10/15/2018		AA+	Aaa	5,000,000.00	4,954,101.56	1.91	4,973,830.00	1.93	1.03
912828B33	USA TREASURY 1.5%	1.500	01/31/2019		AA+	Aaa	5,000,000.00	5,073,828.13	1.96	5,005,275.00	1.94	1.32
912828W55	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	5,000,000.00	5,087,890.63	1.96	5,014,260.00	1.95	1.71
912828F62	USA TREASURY 1.5%	1.500	10/31/2019		AA+	Aaa	5,000,000.00	5,009,765.63	1.93	5,000,000.00	1.94	2.03
912828UL2	USA TREASURY 1.375%	1.375	01/31/2020		AA+	Aaa	5,000,000.00	4,990,429.69	1.92	4,981,835.00	1.94	2.29
912828J50	USA TREASURY 1.375%	1.375	02/29/2020		AA+	Aaa	5,000,000.00	5,060,742.19	1.95	4,979,295.00	1.93	2.37
912828XH8	USA TREASURY 1.625%	1.625	06/30/2020		AA+	Aaa	5,000,000.00	5,119,531.25	1.97	5,004,100.00	1.94	2.67
912828L65	USA TREASURY 1.375%	1.375	09/30/2020		AA+	Aaa	5,000,000.00	5,064,062.50	1.95	4,962,500.00	1.93	2.93
912828L99	USA TREASURY 1.375%	1.375	10/31/2020		AA+	Aaa	5,000,000.00	5,036,328.13	1.94	4,958,595.00	1.93	3.00
912828N89	USA TREASURY 1.375%	1.375	01/31/2021		AA+	Aaa	5,000,000.00	5,072,656.25	1.95	4,947,070.00	1.92	3.25
912828C57	USA TREASURY 2.25%	2.250	03/31/2021		AA+	Aaa	5,000,000.00	5,108,789.06	1.97	5,088,670.00	1.98	3.37
912828WG1	USA TREASURY 2.25%	2.250	04/30/2021		AA+	Aaa	5,000,000.00	5,108,789.06	1.97	5,088,280.00	1.98	3.41
Issuer total							96,000,000.00	96,771,992.21	37.29	95,968,895.00	37.28	1.68

Federal National Mortgage Association

3135G0VC4	FANNIE MAE 1.13%	1.130	02/28/2018		AA+	Aaa	6,000,000.00	5,990,040.00	2.31	5,997,660.00	2.33	0.41
3135G0XG3	FANNIE MAE 1%	1.000	05/21/2018	11/21/2017	AA+	Aaa	5,000,000.00	4,982,150.00	1.92	4,992,450.00	1.94	0.63
3135G0WJ8	FANNIE MAE 0.875%	0.875	05/21/2018		AA+	Aaa	3,000,000.00	2,953,560.00	1.14	2,992,332.00	1.16	0.63
3135G0YT4	FANNIE MAE 1.625%	1.625	11/27/2018		AA+	Aaa	5,000,000.00	5,017,650.00	1.93	5,006,505.00	1.94	1.14

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of September 30, 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)
Federal National Mortgage Association												
3136FTZZ5	FANNIE MAE 1.75%	1.750	01/30/2019		AA+	Aaa	5,000,000.00	5,094,650.00	1.96	5,016,300.00	1.95	1.31
3136G3RW7	FANNIE MAE 1.27%	1.270	05/30/2019		AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,977,050.00	1.93	1.47
3136G3K87	FANNIE MAE 1.18%	1.180	07/25/2019	10/25/2017	AA+	Aaa	5,000,000.00	4,996,250.00	1.93	4,938,350.00	1.92	1.75
3136G34F9	FANNIE MAE 1.125%	1.125	08/28/2019		AA+	Aaa	5,000,000.00	4,996,900.00	1.93	4,956,150.00	1.93	1.77
3135G0Q30	FANNIE MAE 1.18%	1.180	09/27/2019		AA+	Aaa	5,000,000.00	4,962,000.00	1.91	4,962,450.00	1.93	1.96
3136G0T68	FANNIE MAE 1.33%	1.330	10/24/2019		AA+	Aaa	5,000,000.00	4,991,700.00	1.92	4,974,050.00	1.93	2.02
3136G2YA9	FANNIE MAE 1.4%	1.400	11/26/2019	11/26/2017	AA+	Aaa	5,000,000.00	4,998,750.00	1.93	4,959,300.00	1.93	1.91
3135G0F73	FANNIE MAE 1.5%	1.500	11/30/2020		AA+	Aaa	5,000,000.00	5,080,350.00	1.96	4,966,485.00	1.93	3.07
Issuer total							59,000,000.00	59,064,000.00	22.76	58,739,082.00	22.82	1.52
Federal Home Loan Mortgage Corp												
3134G3JM3	FREDDIE MAC 2%	2.000	07/30/2019		AA+	Aaa	5,000,000.00	5,025,300.00	1.94	5,039,660.00	1.96	1.79
3134G8PD5	FREDDIE MAC 1.35%	1.350	09/30/2019		AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,975,500.00	1.93	1.65
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	5,000,000.00	5,013,050.00	1.93	4,971,360.00	1.93	1.96
3134GABM5	FREDDIE MAC 1.3%	1.300	08/28/2020		AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,936,400.00	1.92	2.46
3134G3K90	FREDDIE MAC 1.7%	1.700	09/25/2020		AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,993,700.00	1.94	2.91
3134GBG48	FREDDIE MAC 1.75%	1.750	03/29/2021	03/29/2018	AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,969,600.00	1.93	2.51
3134GBC75	FREDDIE MAC 1.875%	1.875	05/28/2021	02/28/2018	AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,981,900.00	1.94	2.14
Issuer total							35,000,000.00	35,038,350.00	13.50	34,868,120.00	13.54	2.20
Federal Farm Credit Banks												
3133EETE0	FEDERAL FARM CREDIT	1.125	03/12/2018		AA+	Aaa	5,000,000.00	4,988,950.00	1.92	4,998,200.00	1.94	0.44
3133ECJX3	FEDERAL FARM CREDIT	1.040	03/26/2018		AA+	Aaa	5,000,000.00	4,996,700.00	1.93	4,994,900.00	1.94	0.48
3133EE5P1	FEDERAL FARM CREDIT	1.320	01/30/2019		AA+	Aaa	5,000,000.00	5,015,650.00	1.93	4,990,250.00	1.94	1.32
3133EDVK5	FEDERAL FARM CREDIT	1.750	03/18/2019		AA+	Aaa	5,000,000.00	5,024,600.00	1.94	5,017,400.00	1.95	1.44
3133EFZT7	FEDERAL FARM CREDIT	1.400	02/24/2020		AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,967,000.00	1.93	1.94

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of September 30, 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)
Federal Farm Credit Banks												
3133EGXX8	FEDERAL FARM CREDIT	1.340	10/13/2020	10/13/2017	AA+	Aaa	5,000,000.00	4,988,750.00	1.92	4,915,150.00	1.91	2.64
Issuer total							30,000,000.00	30,014,650.00	11.57	29,882,900.00	11.61	1.38
Federal Home Loan Banks												
313371VG8	FEDERAL HOME LOAN	2.250	12/08/2017		AA+	Aaa	5,000,000.00	5,191,000.00	2.00	5,011,050.00	1.95	0.19
3130A6AE7	FEDERAL HOME LOAN	1.125	09/14/2018		AA+	Aaa	5,000,000.00	5,017,900.00	1.93	4,986,785.00	1.94	0.95
313376BR5	FEDERAL HOME LOAN	1.750	12/14/2018		AA+	Aaa	8,000,000.00	8,153,030.00	3.14	8,028,808.00	3.12	1.18
3130ABZQ2	FEDERAL HOME LOAN	1.750	02/08/2021	08/08/2018	AA+	Aaa	5,000,000.00	5,000,000.00	1.93	4,981,250.00	1.93	2.24
Issuer total							23,000,000.00	23,361,930.00	9.00	23,007,893.00	8.94	1.14
United States Treasury Note/Bond												
912828PA2	USA TREASURY 1.875%	1.875	09/30/2017		AA+	Aaa	10,000,000.00	10,291,015.63	3.97	10,000,000.00	3.88	0.01
Issuer total							10,000,000.00	10,291,015.63	3.97	10,000,000.00	3.88	0.01
ING US FDG LLC												
4497W1B62	CP ING US FUNDING LLC	0.000	02/06/2018		A-1	P-1	5,000,000.00	4,965,000.00	1.91	4,975,534.70	1.93	0.35
Issuer total							5,000,000.00	4,965,000.00	1.91	4,975,534.70	1.93	0.35
Grand total							258,000,000.00	259,506,937.84	100.00	257,442,424.70	100.00	1.54

SECURITIES PURCHASED

For the period September 1, 2017 - September 30, 2017

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
Government Agencies							
3134GBG48	09/12/2017	1.750	03/29/2021	5,000,000.00	100.00	(5,000,000.00)	0.00
FREDDIE MAC 1.75% 29/03/2021 (CALLABLE 29/03/18)	09/29/2017		03/29/2018				
JEFFERIES LLC.							
Total Government Agencies				5,000,000.00		(5,000,000.00)	0.00
Grand total				5,000,000.00		(5,000,000.00)	0.00

SECURITIES SOLD AND MATURED

For the period September 1, 2017 - September 30, 2017

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
Government Agencies												
313370SZ2	09/08/2017	2.250		(5,000,000.00)	5,171,550.00	5,000,000.00	0.00	5,000,000.00	0.00	0.00	56,250.00	2,187.50
FEDERAL HOME LN BKS 2.25 DUE 09-08-2017	09/08/2017					(1,038.91)		(1,215.00)				
Total (Government Agencies)				(5,000,000.00)	5,171,550.00	5,000,000.00 (1,038.91)		5,000,000.00 (1,215.00)	0.00	0.00	56,250.00	2,187.50
Grand total				(5,000,000.00)	5,171,550.00	5,000,000.00 (1,038.91)		5,000,000.00 (1,215.00)	0.00	0.00	56,250.00	2,187.50

TRANSACTION REPORT

For the period September 1, 2017 - September 30, 2017

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
09/08/2017 09/08/2017	313370SZ2	Income	Government Agencies	FEDERAL HOME LN BKS 2.25	09/08/2017	5,000,000.00	0.00	0.00	56,250.00	56,250.00
09/08/2017 09/08/2017	313370SZ2	Capital Change	Government Agencies	FEDERAL HOME LN BKS 2.25	09/08/2017	(5,000,000.00)	0.00	5,000,000.00	0.00	5,000,000.00
09/12/2017 09/12/2017	3133EETE0	Income	Government Agencies	FEDERAL FARM CREDIT BANK	03/12/2018	5,000,000.00	0.00	0.00	28,125.00	28,125.00
09/12/2017 09/29/2017	3134GBG48	Bought	Government Agencies	FREDDIE MAC 1.75%	03/29/2021	5,000,000.00	0.00	(5,000,000.00)	0.00	(5,000,000.00)
09/14/2017 09/14/2017	3130A6AE7	Income	Government Agencies	FEDERAL HOME LOAN BANK	09/14/2018	5,000,000.00	0.00	0.00	28,125.00	28,125.00
09/15/2017 09/15/2017	912828L40	Income	Government Bonds	USA TREASURY 1% 15/09/2018	09/15/2018	5,000,000.00	0.00	0.00	25,000.00	25,000.00
09/18/2017 09/18/2017	3133EDVK5	Income	Government Agencies	FEDERAL FARM CREDIT BANK	03/18/2019	5,000,000.00	0.00	0.00	43,750.00	43,750.00
09/25/2017 09/25/2017	3134G3K90	Income	Government Agencies	FREDDIE MAC 1.7% 25/09/2020	09/25/2020	5,000,000.00	0.00	0.00	42,500.00	42,500.00
09/26/2017 09/26/2017	3133ECJX3	Income	Government Agencies	FEDERAL FARM CREDIT BANK	03/26/2018	5,000,000.00	0.00	0.00	26,000.00	26,000.00
09/27/2017 09/27/2017	3135G0Q30	Income	Government Agencies	FANNIE MAE 1.18% 27/09/2019	09/27/2019	5,000,000.00	0.00	0.00	29,500.00	29,500.00

ADDITIONAL INFORMATION

As of September 30, 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.

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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.

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ADDITIONAL INFORMATION

As of September 30, 2017

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