



# CITY OF BRENTWOOD

## **Investment Performance Review For the Quarter Ended December 31, 2017**

Client Management Team

Monique Spyke, Managing Director

Izac Chyou, Senior Managing Consultant

50 California Street, Suite 2300

San Francisco, CA 94111

415-982-5544

PFM Asset Management LLC

One Keystone Plaza, Suite 300

Harrisburg, PA 17101-2044

717-232-2723

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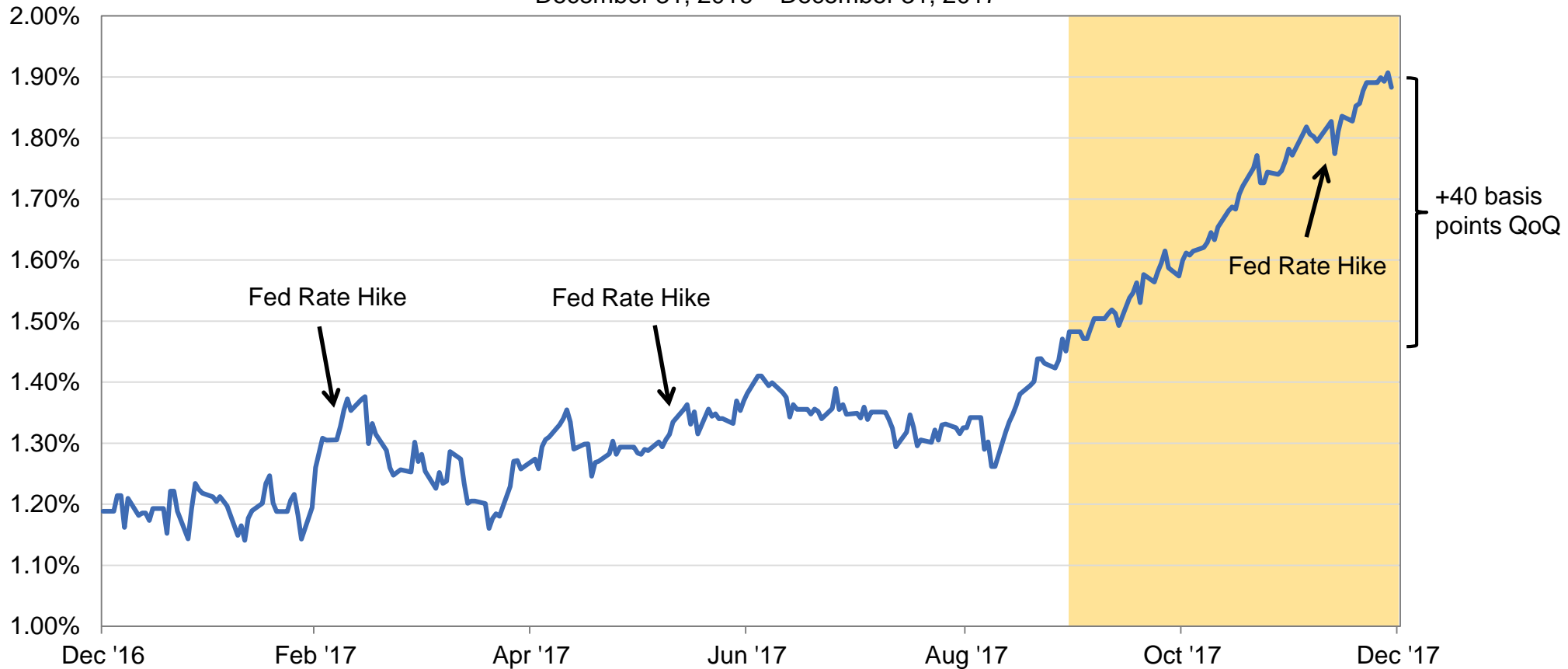
## *Market Update*

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### Interest Rate Update

- Two-year treasury yields moved notably higher for the year ended December 31, 2017; the increase was most pronounced during the fourth quarter as markets responded to another rate hike by the Federal Reserve and the passage of the largest overhaul of the U.S. tax system in more than 30 years.

**2-Year Treasury Yields**  
December 31, 2016 – December 31, 2017



Source: Bloomberg, as of 12/31/17.

### A Flattening Yield Curve

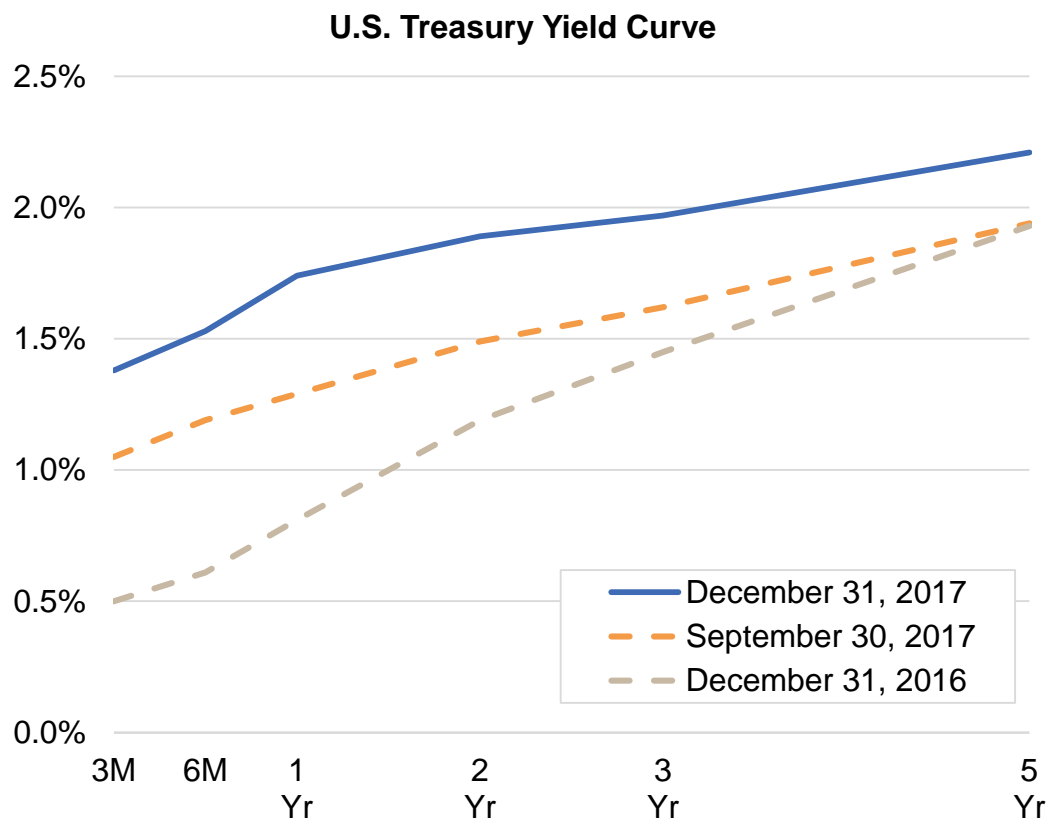
- The yield on the 2-year U.S. Treasury note has increased by 70 basis points (0.70%) this year, while the yield on the 10-year U.S. Treasury note has decreased by 3 basis points (0.03%) since the beginning of the year as expectations of future growth and inflation prospects have fallen.
- As a result, the spread between the 10-year U.S. Treasury and the 2-year U.S. Treasury is currently near a 10-year low.

**10-Year/2-Year U.S. Treasury Spread**  
January 1, 2002 – December 31, 2017



Source: Bloomberg, as of 12/31/17.

### U.S. Treasury Yield Curve



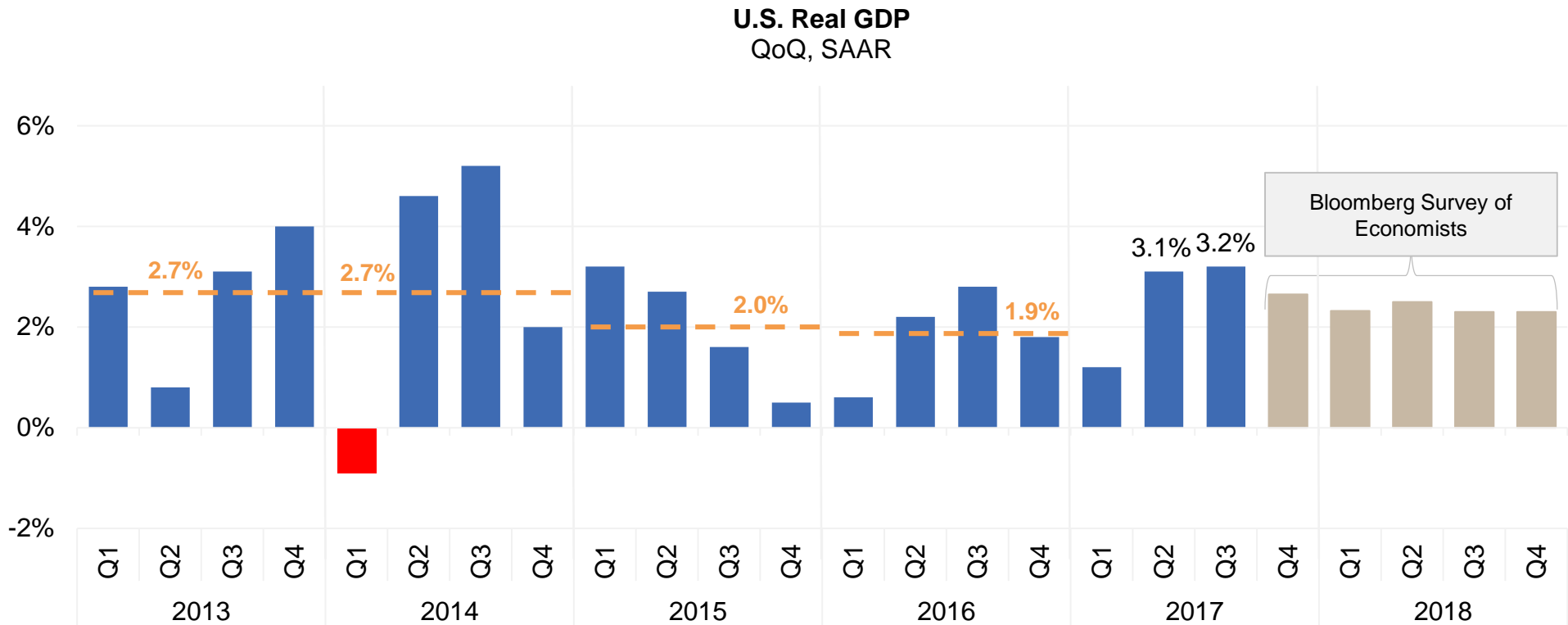
### Yield Curve History

Maturity	12/31/16	12/31/17	Change
3-Mo.	0.50%	1.38%	+ 0.88%
6-Mo.	0.61%	1.53%	+ 0.92%
1-Yr.	0.81%	1.74%	+ 0.93%
2-Yr.	1.19%	1.89%	+ 0.70%
3-Yr.	1.45%	1.97%	+ 0.52%
5-Yr.	1.93%	2.21%	+ 0.28%
10-Yr.	2.44%	2.41%	- 0.03%
20-Yr.	2.76%	2.58%	- 0.18%
30-Yr.	3.07%	2.74%	- 0.33%

Source: Bloomberg, as of 12/31/17.

### Economic Growth Remained Strong in Third Quarter

- Gross domestic product (GDP) increased at an annualized rate of 3.2% in the third quarter of 2017, the fastest pace of expansion over two consecutive quarters since 2014. Growth has averaged 2.3% over the last four quarters.
- The acceleration in third quarter GDP reflected positive contributions from personal consumption and business investment boosted primarily by a rise in private inventories and exports. This acceleration was offset by negative contributions from residential housing.

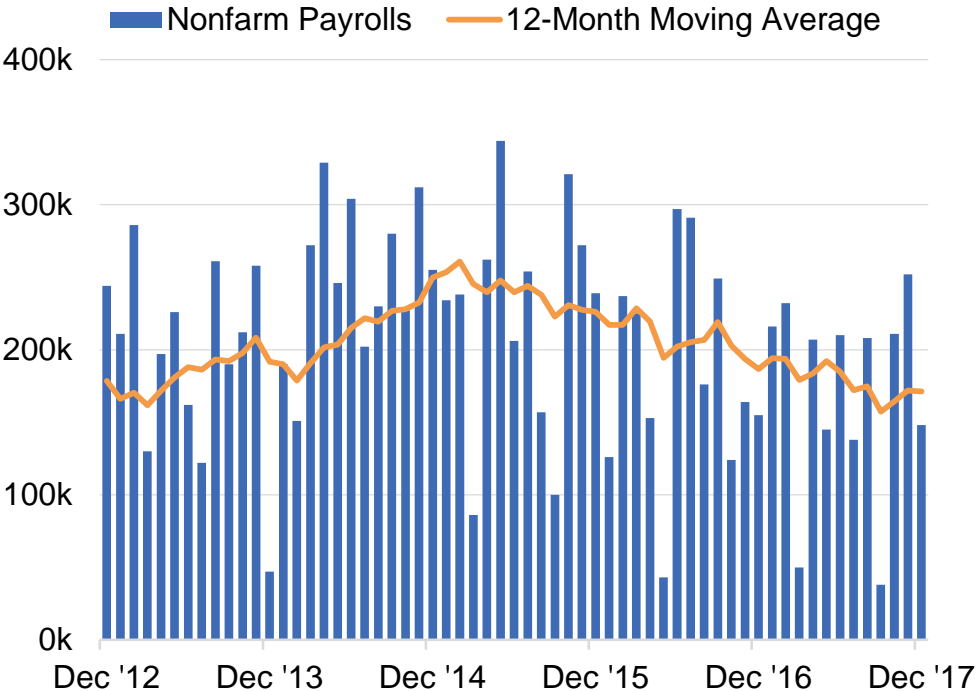


Source: Bloomberg, as of December 2017. SAAR is seasonally adjusted annualized rate. Orange dashes denote four-quarter averages.

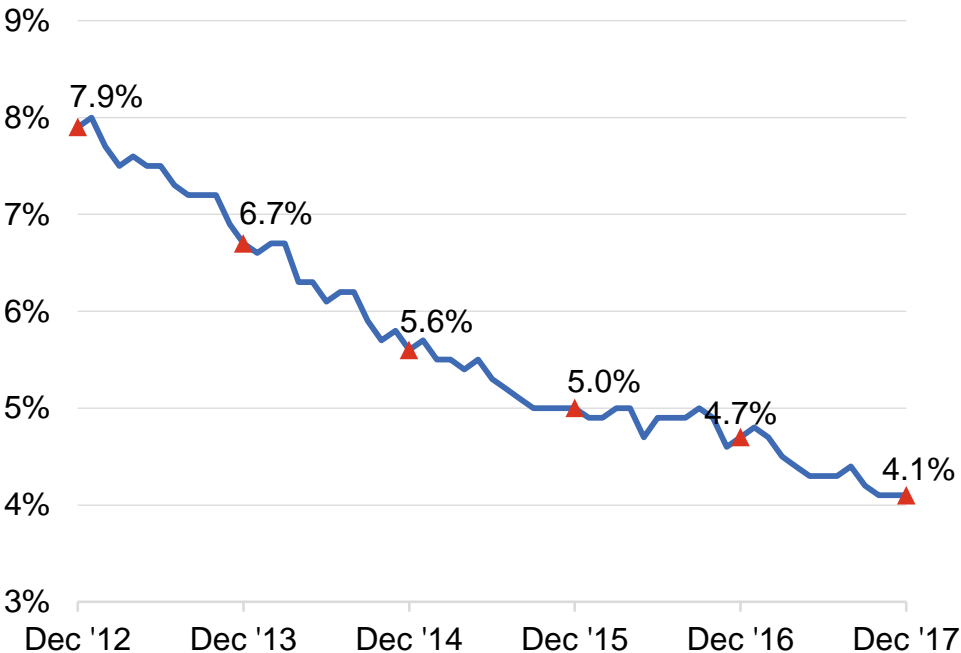
### Labor Market Activity During the Quarter

- The U.S. labor market added 611,000 jobs for the quarter ending December 31, 2017, and an average of 171,000 jobs per month over the past year.
- Headline unemployment rate for the fourth quarter remained at 4.1% for the third consecutive month. The U6 unemployment rate decreased from 8.3% in September to 8.1% in December, while the labor force participation rate fell from 63.0% in September to 62.7% in December.
- Average hourly earnings—an important gauge of wage growth—grew 2.5% over the past 12 months.

#### Monthly Change in Nonfarm Payrolls



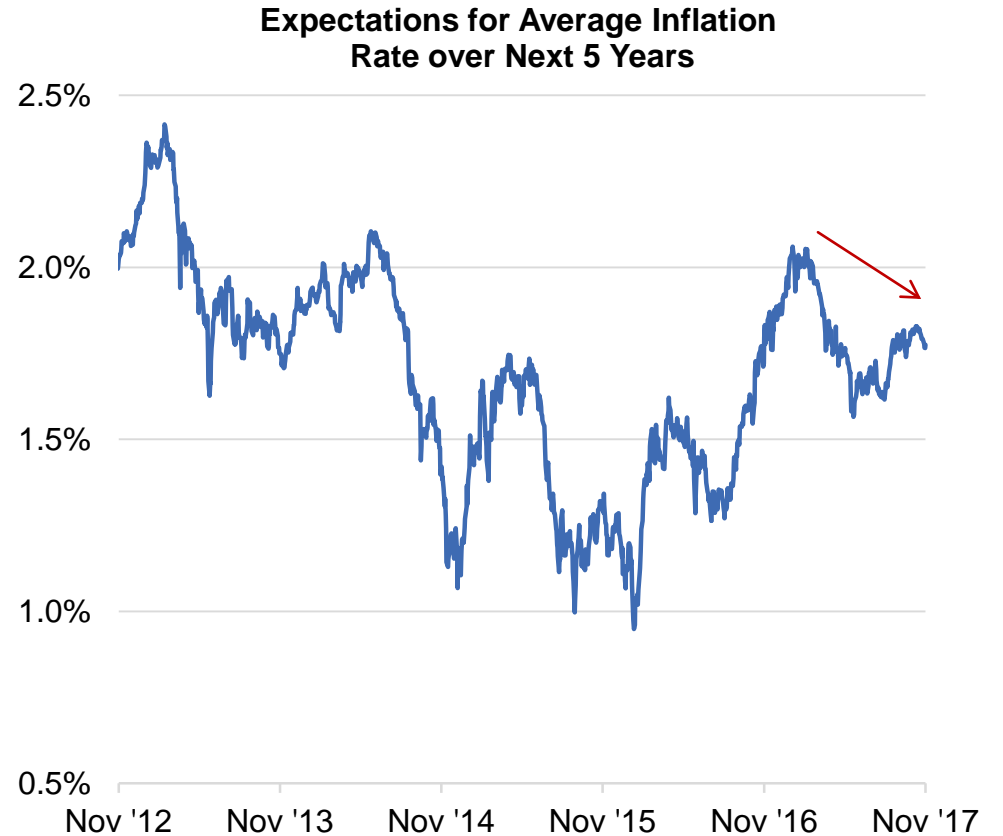
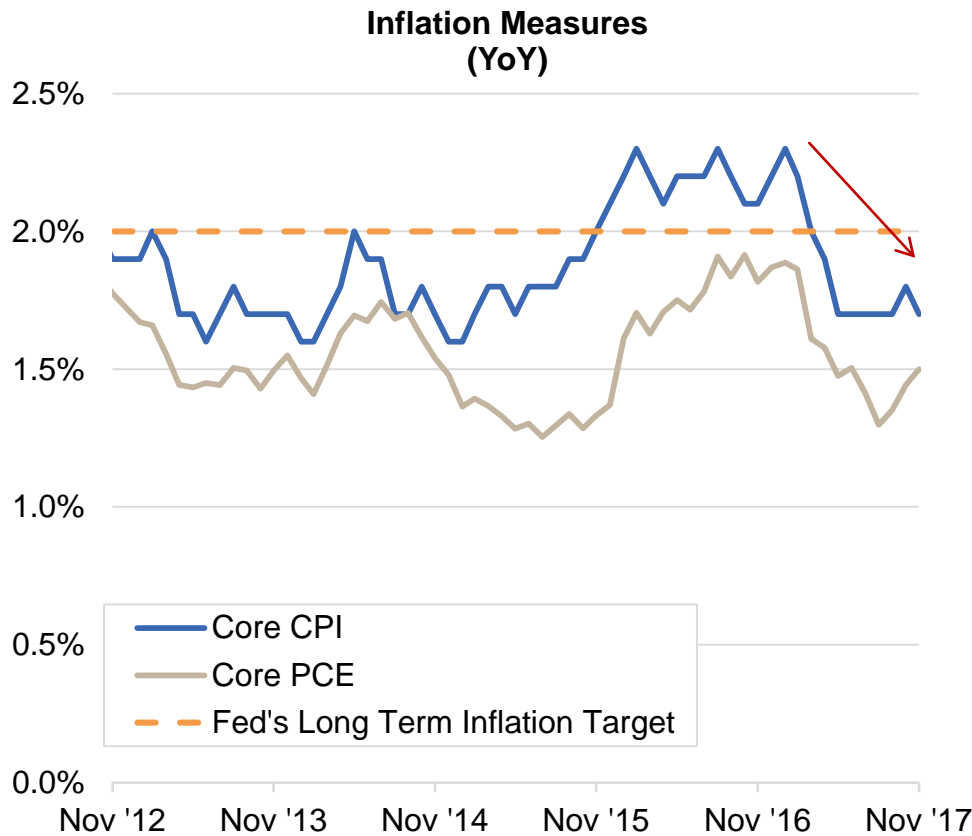
#### Unemployment Rate



Source: Bloomberg, as of December 2017.

### Inflation Remains Muted

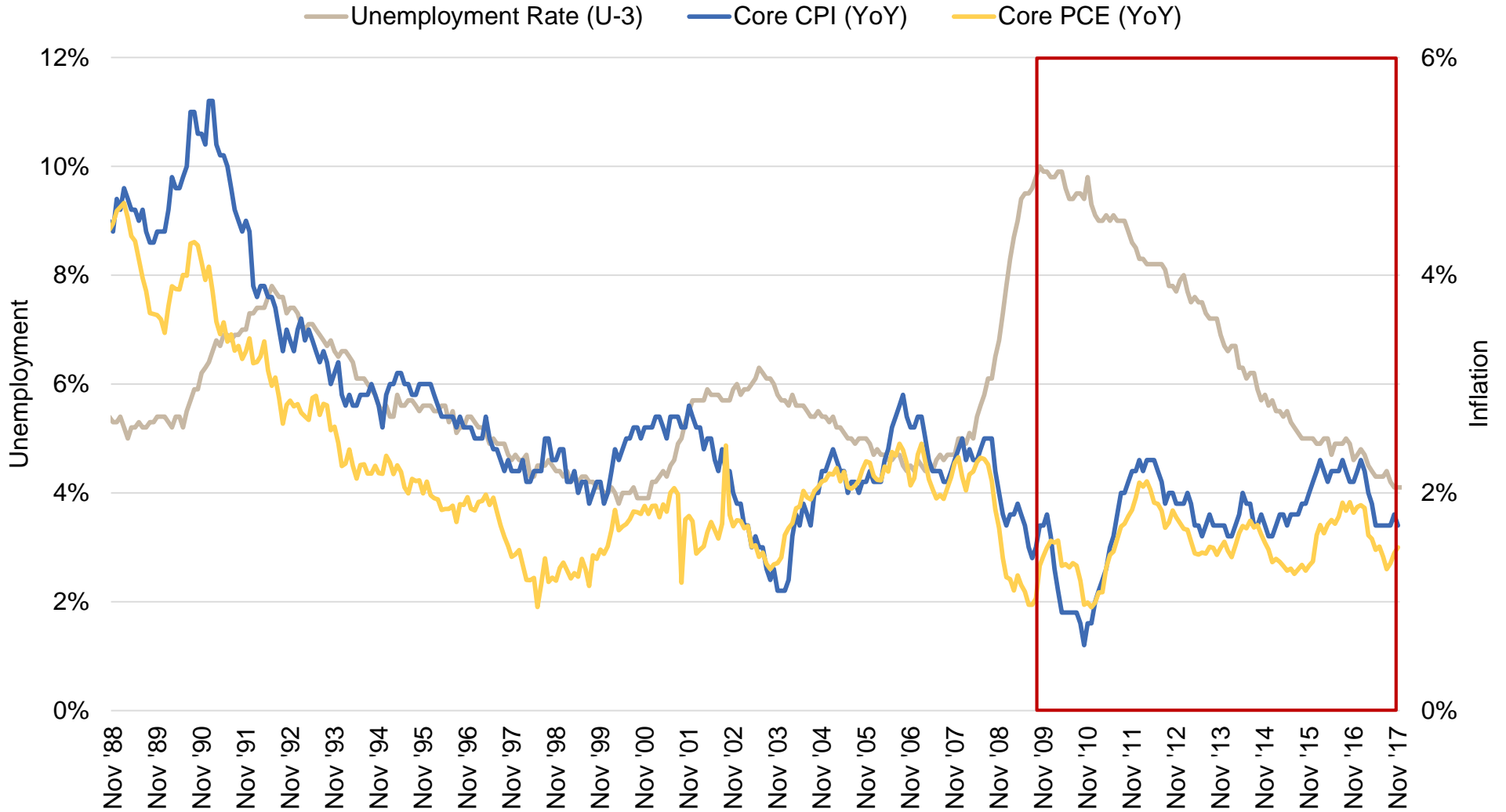
- Inflation pressures have declined since the beginning of 2017. The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, moved slightly higher to 1.5% year-over-year in November.
- The Fed expects inflation to remain subdued in the near term but to reach their 2% target in the medium term.



Source: Bloomberg, as of November 2017. Inflation expectations based on yield difference between 5-year Treasury note and 5-year Treasury Inflation Protected Securities (TIPS).



### Inflation Remains Lackluster Despite a Strong Labor Market



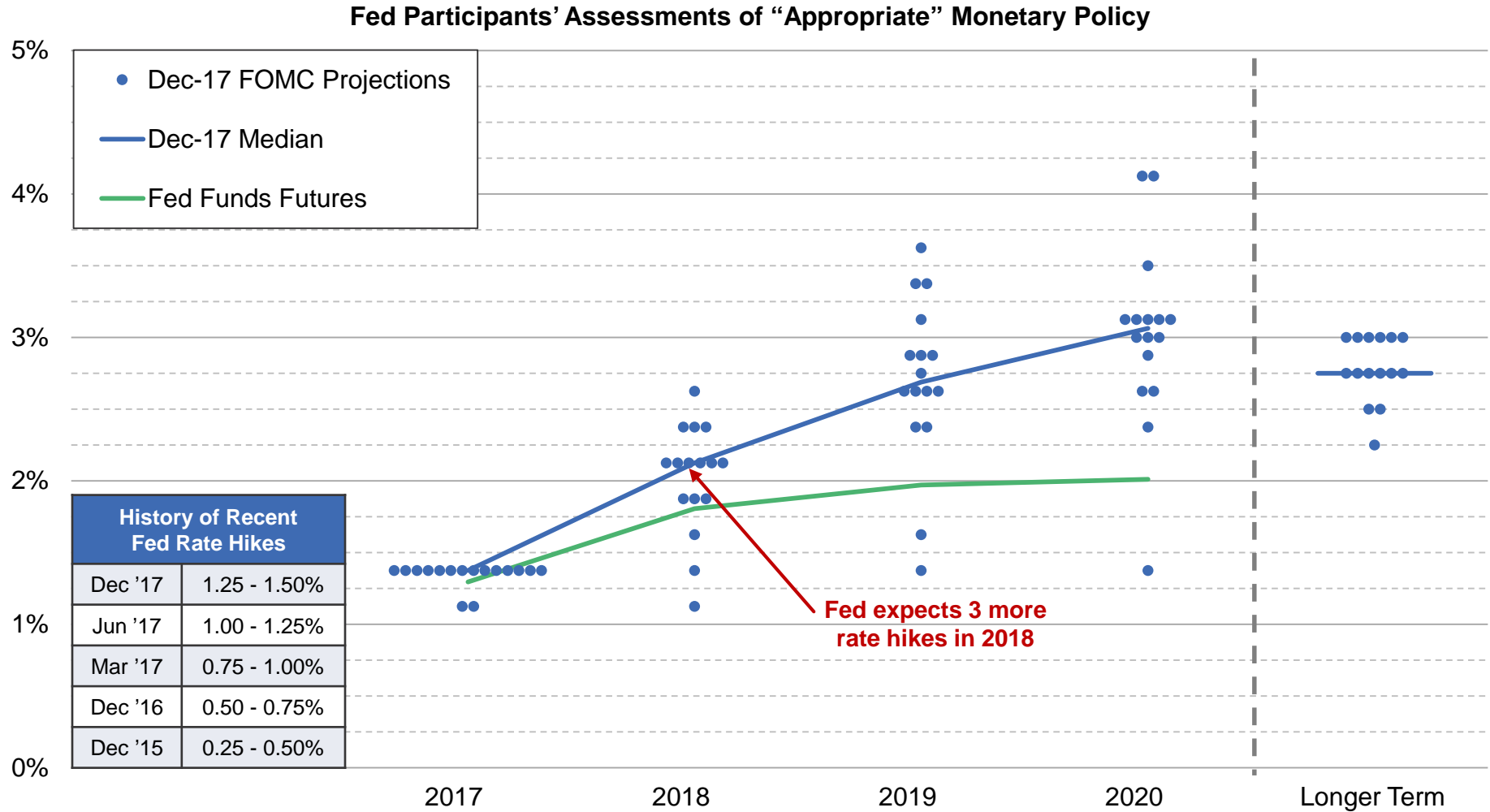
Source: Bloomberg, as of November 2017.

### GOP Tax Cuts and Jobs Act

<b>Personal Taxes</b>	<b>Income Tax Brackets</b>	<b>Deductions</b>	<b>Exemptions</b>	<b>Other</b>																							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #2e5496; color: white;">Tax Rate</th> <th style="background-color: #2e5496; color: white;">Single</th> <th style="background-color: #2e5496; color: white;">Married</th> </tr> </thead> <tbody> <tr> <td>10%</td> <td>\$9,525</td> <td>\$19,050</td> </tr> <tr> <td>12%</td> <td>\$38,700</td> <td>\$77,400</td> </tr> <tr> <td>22%</td> <td>\$82,500</td> <td>\$165,000</td> </tr> <tr> <td>24%</td> <td>\$157,500</td> <td>\$315,000</td> </tr> <tr> <td>32%</td> <td>\$200,000</td> <td>\$400,000</td> </tr> <tr> <td>35%</td> <td>\$500,000</td> <td>\$600,000</td> </tr> <tr> <td>37%</td> <td>&gt; \$500,000</td> <td>&gt; \$600,000</td> </tr> </tbody> </table>	Tax Rate	Single	Married	10%	\$9,525	\$19,050	12%	\$38,700	\$77,400	22%	\$82,500	\$165,000	24%	\$157,500	\$315,000	32%	\$200,000	\$400,000	35%	\$500,000	\$600,000	37%	> \$500,000	> \$600,000	<ul style="list-style-type: none"> <li>• Can deduct up to \$10,000 in a blend of state and local property, income, and sales tax. The state and local deduction was previously unlimited.</li> <li>• Deductible interest on mortgage capped at \$750,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Child tax credit raised from \$1,000 to \$2,000 per child.</li> <li>• The estate tax exemption will be doubled from \$5.5 million to \$11 million.</li> </ul>
Tax Rate	Single	Married																									
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<b>Business Taxes</b>	<b>Marginal Tax Rate</b>	<b>Deductions</b>	<b>Exemptions</b>	<b>Other</b>																							
	<ul style="list-style-type: none"> <li>• Reduced from 35% to 21%.</li> <li>• Marks the largest one-time decline in U.S. history and amounts to almost \$1 trillion of tax cuts over the next decade.</li> </ul>	<ul style="list-style-type: none"> <li>• Pass-through businesses like limited liability corporations allowed to deduct 20% of their earnings. However, this will expire after 2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses will be exempt from paying the corporate alternative minimum tax.</li> </ul>	<ul style="list-style-type: none"> <li>• One-time tax on repatriated cash and profits will be 15.5%, up slightly from the 14% to 14.5% that had been proposed in earlier versions.</li> </ul>																							

Source: The Washington Post, Business Insider.

### FOMC "Dot Plot" – December 2017



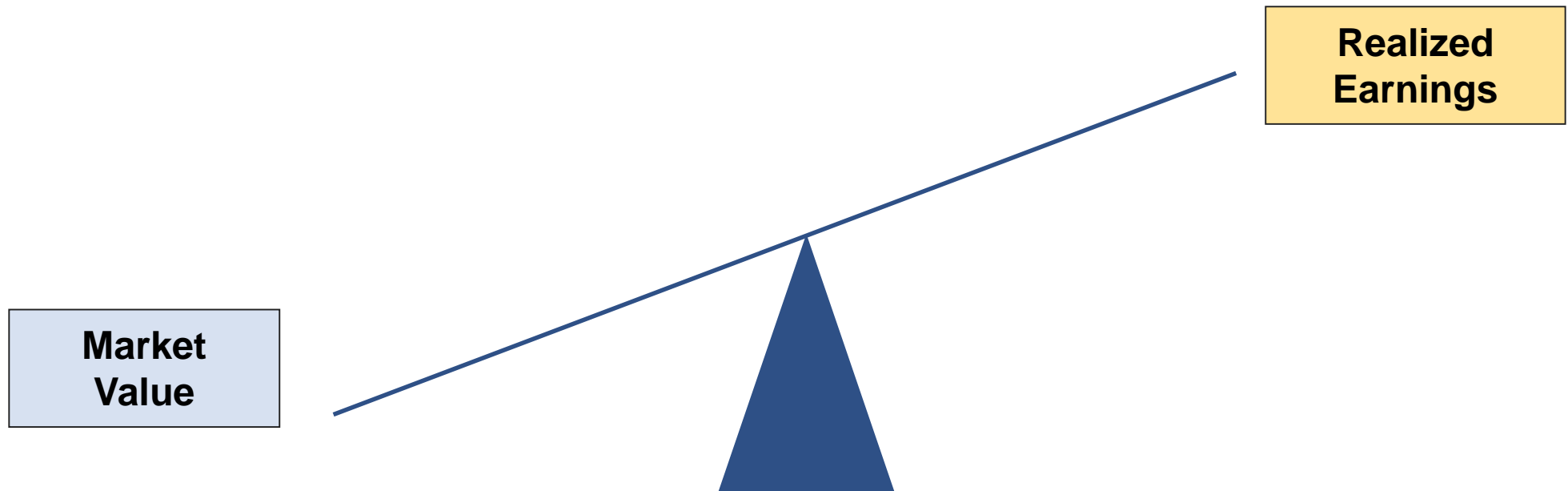
Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 12/13/17.

## The Impact of Rising Interest Rates

- ◆ For fixed-income holdings, when interest rates rise. . .
- ◆ Market values of existing holdings decline, resulting in *unrealized* market value losses and possibly negative total return;

### HOWEVER

- ◆ Realized earnings will increase over time as new securities are added at higher interest rates.



### California Economy



Year-over-Year Changes in California	
Gross State Product <sup>1</sup>	\$2.6 billion (↑4.5%)
Unemployment <sup>2</sup>	4.6% (↓0.7%)
Nonfarm Payrolls <sup>2</sup>	17.1 million (↑1.7%)
Average Hourly Earnings <sup>2</sup>	\$30.28 (↑3.1%)
Population <sup>3</sup>	39.5 million (↑0.7%)
Headline News	Attorney General Jeff Sessions' announcement to rescind the Cole Memo may hurt the anticipated \$5 billion marijuana industry in California

Source: Bloomberg, The Hill, U.S. Census Bureau.

1. Gross state product is as of December 2016.

2. Unemployment, nonfarm payrolls, and average hourly earnings are as of November 2017.

3. Population data as of July 2017.

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*Investment Performance Review*

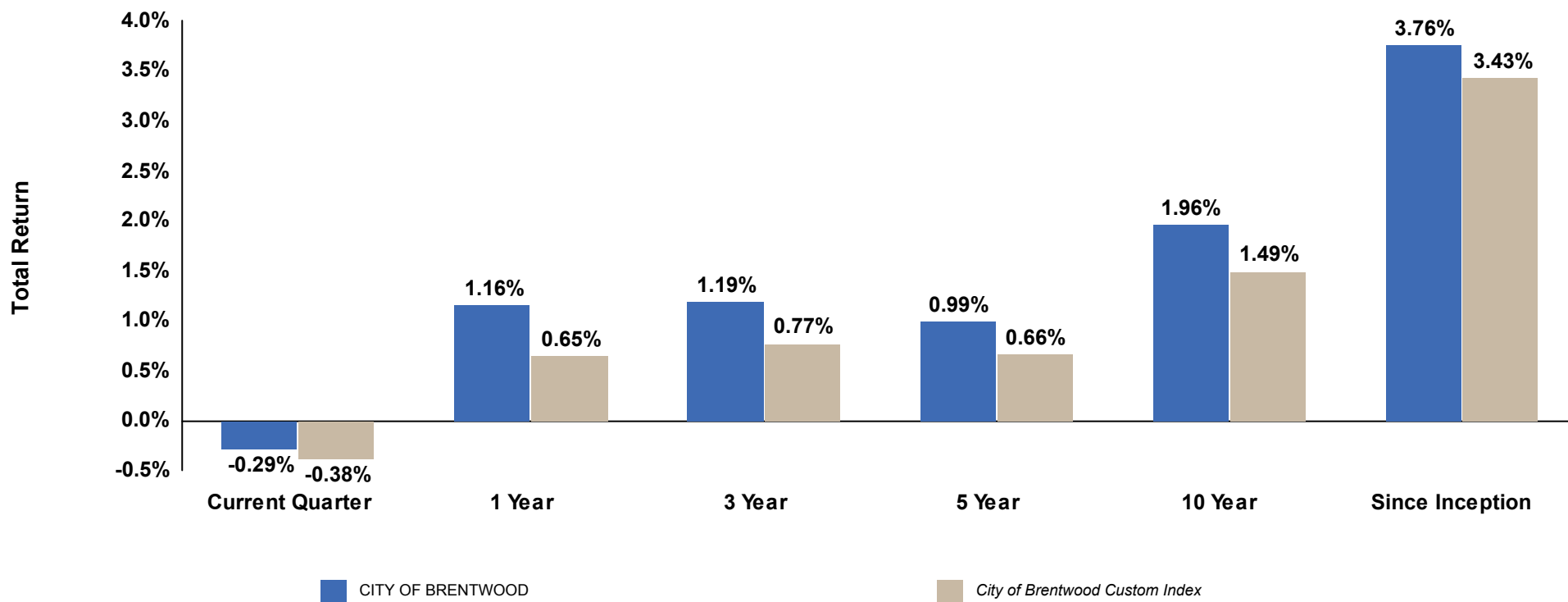
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## Portfolio Recap

- ◆ Yields continued to climb during the fourth quarter, with some short- and intermediate-term yields reaching highs not seen since 2008. However, in this era of gradually increasing interest rates, new purchases were weighed against the probability for further rate increases and their potential to diminish the market value of portfolio investments. In this flat yield curve environment, we emphasized maturity selection.
- ◆ We continued to maintain the portfolio's duration in line with the benchmark's duration to minimize return volatility.
- ◆ Strong investor appetite for high-quality alternatives to U.S. Treasuries caused the yield spreads on investment-grade fixed income sectors (relative to U.S. Treasuries) to tighten over the quarter, resulting in positive relative performance for non-Treasury sectors.
  - The yield spreads on federal agency securities vs. comparable-maturity Treasuries remained near historic lows, in some cases near zero, leading to diminished value of the agency sector.
  - Supranationals carried more yield spread and offered an attractive alternative in the high-quality government agency space.
  - Corporate yield spreads also remained near multi-year lows, as investors reaching for yield piled into a limited market supply of investment-grade securities, leading the corporate sector to deliver its ninth straight quarter of outperformance relative to U.S. Treasuries.
  - Short-term commercial paper (CP) and negotiable bank certificates of deposit (CDs) continued to offer value during the quarter. Although the Fed's December meeting caused CP/CD spreads to narrow, issuance has picked up and CP/CD yields have risen, widening the spread over similar-dated Treasuries.
  - Asset-backed securities (ABS) performed positively relative to Treasuries. Further spread compression in the ABS sector is likely to be limited given that current level spreads sit at historically tight levels.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (12/31/92)
			1 Year	3 Year	5 Year	10 Year	
CITY OF BRENTWOOD*	2.52	-0.29%	1.16%	1.19%	0.99%	1.96%	3.76%
City of Brentwood Custom Index**	2.59	-0.38%	0.65%	0.77%	0.66%	1.49%	3.43%
Difference		0.09%	0.51%	0.42%	0.33%	0.47%	0.33%



\*Portfolio performance is gross of fees unless otherwise indicated.

\*\*The City's Custom Index was the Merrill Lynch 9-12 month U.S. Treasury index from inception to September 31, 2002, the Merrill Lynch 1-3 Year U.S. Treasury Index from September 31, 2002 to March 31, 2015, and is the Merrill Lynch 1-5 Year U.S. Treasury Index beginning March 31, 2015.



**Portfolio Earnings***Quarter-Ended December 31, 2017*

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (09/30/2017)</b>	\$191,630,195.05	\$191,918,382.40
<b>Net Purchases/Sales</b>	\$225,206.81	\$225,206.81
<b>Change in Value</b>	(\$1,455,658.42)	(\$199,463.24)
<b>Ending Value (12/31/2017)</b>	\$190,399,743.44	\$191,944,125.97
<b>Interest Earned</b>	\$901,184.23	\$901,184.23
<b>Portfolio Earnings</b>	(\$554,474.19)	\$701,720.99

## Sector Allocation and Compliance

- The portfolio is in compliance with the City of Brentwood's Investment Policy and the California Government Code.

<b>Security Type</b>	<b>Market Value</b>	<b>% of Portfolio</b>	<b>Permitted by Policy</b>	<b>In Compliance</b>
U.S. Treasury	\$59,420,517	25.9%	100%	✓
Federal Agency	\$23,413,734	10.2%	100%	✓
Federal Agency CMOs	\$1,849,279	0.8%	20%	✓
Supranationals	\$9,361,271	4.1%	30%	✓
Negotiable CDs	\$34,952,762	15.2%	30%	✓
Corporate Notes	\$42,569,480	18.5%	30%	✓
Commercial Paper	\$4,030,273	1.8%	25%	✓
Asset-Backed Securities	\$14,802,428	6.4%	20%	✓
<b>Securities Sub-Total</b>	<b>\$190,399,743</b>	<b>82.9%</b>		
Accrued Interest	\$873,228			
<b>Securities Total</b>	<b>\$191,272,971</b>			
Money Market Fund	\$17,651,359	7.7%	15%	✓
LAIF	\$21,718,496	9.5%	\$65 Million	✓
<b>Total Investments</b>	<b>\$230,642,827</b>	<b>100.0%</b>		

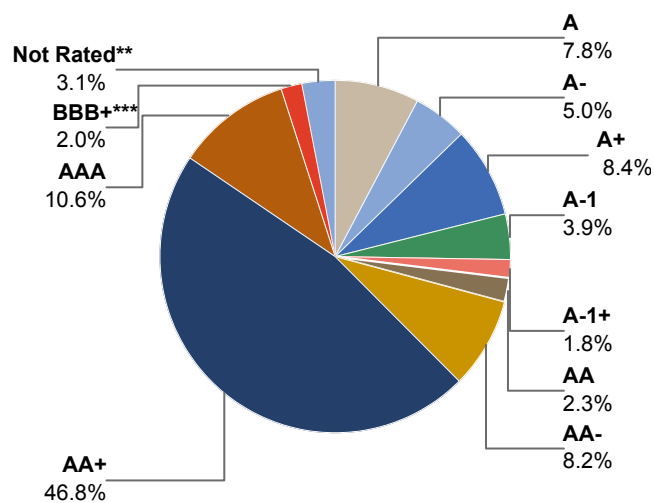
As of 12/31/2017. Detail may not add to total due to rounding.

**Portfolio Statistics**

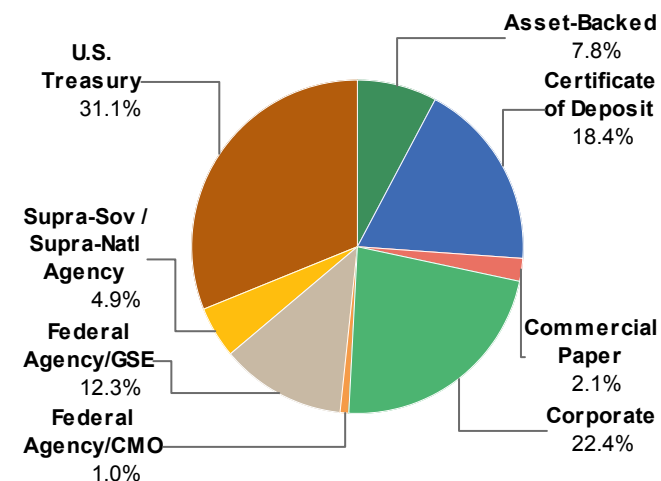
As of December 31, 2017

Par Value:	\$191,375,015
Total Market Value:	\$208,924,331
Security Market Value:	\$190,399,743
Accrued Interest:	\$873,228
Cash:	\$17,651,359
Amortized Cost:	\$191,944,126
Yield at Market:	2.06%
Yield at Cost:	1.82%
Effective Duration:	2.52 Years
Duration to Worst:	2.56 Years
Average Maturity:	2.77 Years
Average Credit: *	AA

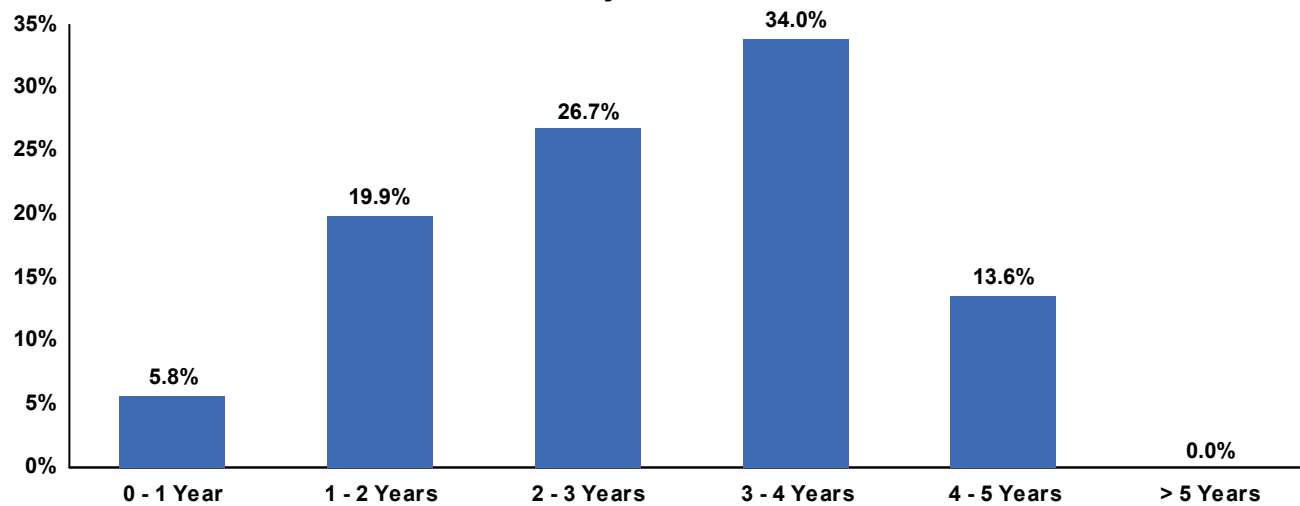
**Credit Quality (S&P Ratings)**



**Sector Allocation**



**Maturity Distribution**



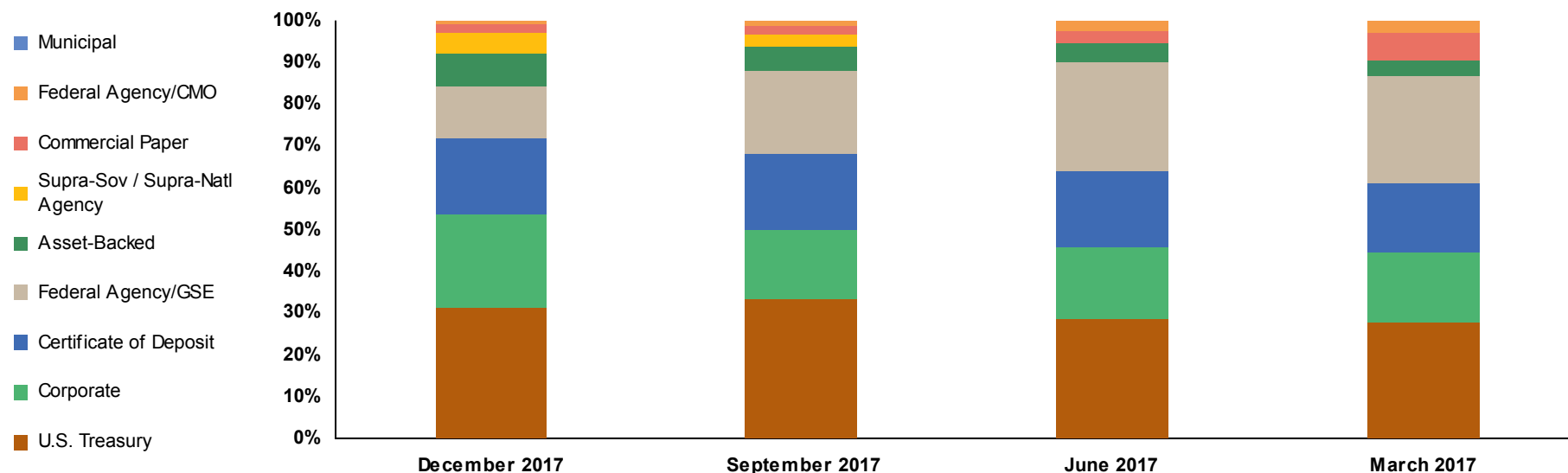
\*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

\*\*The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.

\*\*\*The "BBB+" category comprises securities rated A or better by Moody's and/or Fitch.

Sector Allocation

Sector	December 31, 2017		September 30, 2017		June 30, 2017		March 31, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	59.4	31.1%	64.4	33.5%	54.6	28.6%	52.3	27.5%
Corporate	42.6	22.4%	31.2	16.3%	32.9	17.3%	32.2	17.0%
Certificate of Deposit	35.0	18.4%	34.8	18.2%	34.4	18.0%	31.3	16.5%
Federal Agency/GSE	23.4	12.3%	37.7	19.7%	49.5	25.9%	48.5	25.5%
Asset-Backed	14.8	7.8%	11.1	5.8%	9.3	4.9%	7.4	3.9%
Supra-Sov / Supra-Natl Agency	9.4	4.9%	5.7	3.0%	0.0	0.0%	0.0	0.0%
Commercial Paper	4.0	2.1%	4.0	2.1%	4.9	2.6%	12.6	6.7%
Federal Agency/CMO	1.8	1.0%	2.5	1.3%	5.0	2.6%	5.3	2.8%
Municipal	0.0	0.0%	0.2	0.1%	0.2	0.1%	0.2	0.1%
<b>Total</b>	<b>\$190.4</b>	<b>100.0%</b>	<b>\$191.6</b>	<b>100.0%</b>	<b>\$190.8</b>	<b>100.0%</b>	<b>\$189.9</b>	<b>100.0%</b>

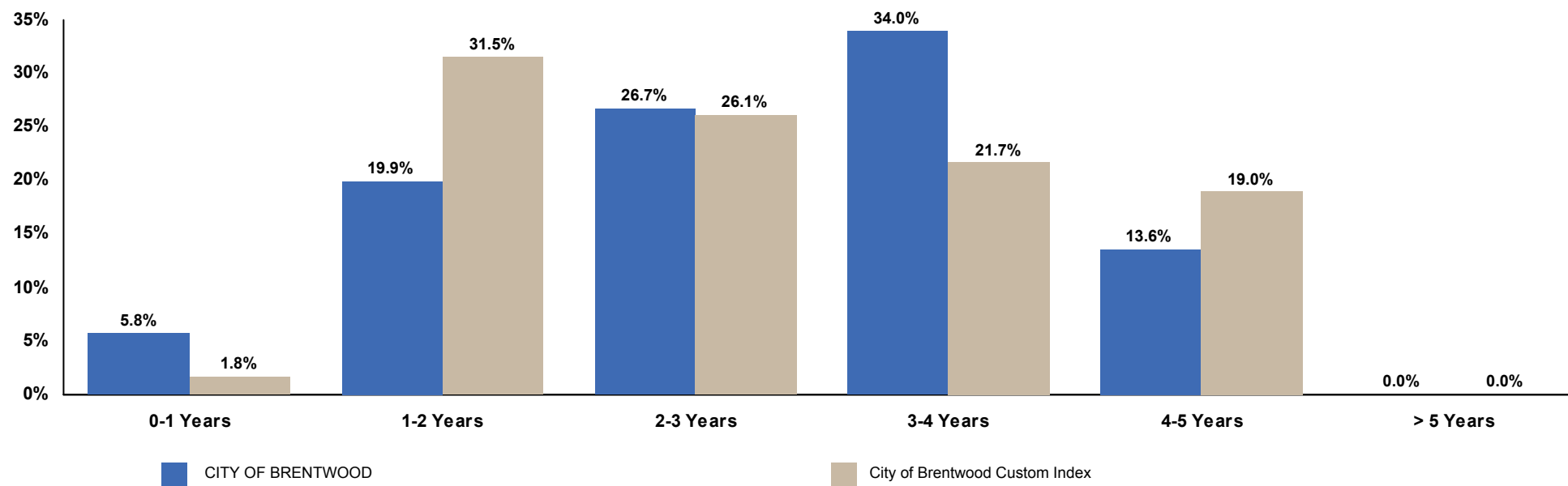


Detail may not add to total due to rounding.

**Maturity Distribution**

**As of December 31, 2017**

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF BRENTWOOD	2.06%	2.77 yrs	5.8%	19.9%	26.7%	34.0%	13.6%	0.0%
City of Brentwood Custom Index*	1.98%	2.77 yrs	1.8%	31.5%	26.1%	21.7%	19.0%	0.0%



\*The City's Custom Index was the Merrill Lynch 9-12 month U.S. Treasury index from inception to September 31, 2002, the Merrill Lynch 1-3 Year U.S. Treasury Index from September 31, 2002 to March 31, 2015, and is the Merrill Lynch 1-5 Year U.S. Treasury Index beginning March 31, 2015.

## Sector/Issuer Distribution

As of December 31, 2017

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Asset-Backed</b>			
ALLY AUTO RECEIVABLES TRUST	3,646,603	24.6%	1.9%
HONDA AUTO RECEIVABLES	3,811,103	25.7%	2.0%
HYUNDAI AUTO RECEIVABLES	3,459,784	23.4%	1.8%
JOHN DEERE OWNER TRUST	1,346,575	9.1%	0.7%
NISSAN AUTO RECEIVABLES	377,373	2.5%	0.2%
TOYOTA MOTOR CORP	2,160,990	14.6%	1.1%
<b>Sector Total</b>	<b>14,802,428</b>	<b>100.0%</b>	<b>7.8%</b>
<b>Certificate of Deposit</b>			
BANK OF MONTREAL	4,004,948	11.5%	2.1%
BANK OF NOVA SCOTIA	3,736,425	10.7%	2.0%
CANADIAN IMPERIAL BANK OF COMMERCE	3,477,643	9.9%	1.8%
MITSUBISHI UFJ FINANCIAL GROUP INC	1,901,063	5.4%	1.0%
NORDEA BANK AB	3,487,161	10.0%	1.8%
SKANDINAVISKA ENSKILDA BANKEN AB	3,701,848	10.6%	1.9%
SUMITOMO MITSUI FINANCIAL GROUP INC	3,497,606	10.0%	1.8%
SVENSKA HANDELSBANKEN AB	3,982,316	11.4%	2.1%
SWEDBANK AB	3,804,337	10.9%	2.0%
WESTPAC BANKING CORP	3,359,414	9.6%	1.8%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Sector Total</b>	<b>34,952,762</b>	<b>100.0%</b>	<b>18.4%</b>
<b>Commercial Paper</b>			
ING GROUP NV	3,231,631	80.2%	1.7%
MITSUBISHI UFJ FINANCIAL GROUP INC	798,642	19.8%	0.4%
<b>Sector Total</b>	<b>4,030,273</b>	<b>100.0%</b>	<b>2.1%</b>
<b>Corporate</b>			
AMERICAN EXPRESS CO	3,106,648	7.3%	1.6%
AMERICAN HONDA FINANCE	1,249,839	2.9%	0.7%
APPLE INC	4,437,365	10.4%	2.3%
BANK OF AMERICA CO	1,909,694	4.5%	1.0%
BB&T CORPORATION	975,682	2.3%	0.5%
BERKSHIRE HATHAWAY INC	642,914	1.5%	0.3%
BURLINGTON NORTHERN SANTA FE	880,788	2.1%	0.5%
CHEVRON CORPORATION	1,117,082	2.6%	0.6%
CITIGROUP INC	1,912,504	4.5%	1.0%
DEERE & COMPANY	446,809	1.0%	0.2%
GENERAL ELECTRIC CO	4,778,015	11.2%	2.5%
GOLDMAN SACHS GROUP INC	1,858,702	4.4%	1.0%
JP MORGAN CHASE & CO	3,501,852	8.2%	1.8%
MICROSOFT CORP	1,914,323	4.5%	1.0%
PEPSICO INC	1,201,179	2.8%	0.6%
THE BANK OF NEW YORK MELLON CORPORATION	1,904,343	4.5%	1.0%
TOYOTA MOTOR CORP	3,383,761	7.9%	1.8%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
UNILEVER PLC	272,974	0.6%	0.1%
WAL-MART STORES INC	3,775,524	8.9%	2.0%
WELLS FARGO & COMPANY	3,299,482	7.8%	1.7%
<b>Sector Total</b>	<b>42,569,480</b>	<b>100.0%</b>	<b>22.4%</b>
<b>Federal Agency/CMO</b>			
FANNIE MAE	1,041,799	56.3%	0.5%
FREDDIE MAC	807,479	43.7%	0.4%
<b>Sector Total</b>	<b>1,849,279</b>	<b>100.0%</b>	<b>1.0%</b>
<b>Federal Agency/GSE</b>			
FANNIE MAE	17,886,771	76.4%	9.4%
FEDERAL HOME LOAN BANKS	2,663,025	11.4%	1.4%
FREDDIE MAC	2,863,938	12.2%	1.5%
<b>Sector Total</b>	<b>23,413,734</b>	<b>100.0%</b>	<b>12.3%</b>
<b>Supra-Sov / Supra-Natl Agency</b>			
INTER-AMERICAN DEVELOPMENT BANK	3,733,152	39.9%	2.0%
INTL BANK OF RECONSTRUCTION AND DEV	5,628,119	60.1%	3.0%
<b>Sector Total</b>	<b>9,361,271</b>	<b>100.0%</b>	<b>4.9%</b>
<b>U.S. Treasury</b>			
UNITED STATES TREASURY	59,420,517	100.0%	31.2%



Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Sector Total</b>	<b>59,420,517</b>	<b>100.0%</b>	<b>31.2%</b>
<b>Portfolio Total</b>	<b>190,399,743</b>	<b>100.0%</b>	<b>100.0%</b>

## 2018 Investment Outlook and Strategy

- The U.S. economy is generally on strong footing heading into the new year, bolstered by expanding economic activity, a strong jobs market, and gains in housing. However, the continued rise of the domestic stock market, coupled with low volatility, may point to investor complacency.
- The Federal Reserve recently reiterated its intentions to continue to gradually increase rates into 2018. However, persistently low inflation readings may derail these plans. In this uncertain environment, we plan to adopt a duration-neutral stance but will continue to carefully monitor the portfolio's duration relative to the benchmark's duration, making adjustments as appropriate.
- Federal Agency issuance is expected to resume in the new year, but the overall level is expected to be slower than 2017. Given the flatness of the yield curve and narrow bullet agency spreads, we may seek value in callable agency securities where we find them advantageous.
- We will continue to focus on exposure to the corporate sector as well as other spread products to add value to the portfolio.
- The mortgage-backed securities (MBS) sector may experience some turbulence once the pace of tapering increases in future months. For that reason, we are generally avoiding additional MBS allocations at this time.
- Broad diversification across all investment-grade sectors remains a key component of our portfolio strategy. We will continue to monitor the markets and will make relative-value trades as appropriate in order to safely enhance portfolio earnings. However, as always, while we continue to seek opportunities to enhance the earnings, our priority will always be to maintain the safety and liquidity of portfolio investments.

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# *Portfolio Transactions and Holdings*

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## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
10/2/17	10/10/17	3,730,000	4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	2.12%	11/9/20	3,797,819.98	1.81%	
10/5/17	10/10/17	1,215,000	713448DX3	PEPSICO INC CORP (CALLABLE) NOTE	2.00%	4/15/21	1,214,757.00	2.01%	
10/11/17	10/20/17	3,800,000	931142EA7	WAL-MART STORES INC CORP NOTE	1.90%	12/15/20	3,794,490.00	1.95%	
10/23/17	10/26/17	985,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	984,546.90	2.17%	
11/1/17	11/3/17	1,900,000	06051GFW4	BANK OF AMERICA CORP NOTE	2.62%	4/19/21	1,916,170.58	2.40%	
11/3/17	11/7/17	1,715,000	38141GGQ1	GOLDMAN SACHS GROUP CORP NOTES	5.25%	7/27/21	1,904,461.77	2.53%	
11/7/17	11/15/17	1,195,000	89238KAD4	TAOT 2017-D A3	1.93%	1/15/22	1,194,889.82	2.26%	
11/14/17	11/22/17	1,485,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	1,484,884.76	1.99%	
11/16/17	11/17/17	3,825,000	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	3,825,000.00	2.30%	
11/20/17	11/22/17	1,900,000	172967LC3	CITIGROUP INC CORP (CALLABLE) NOTE	2.90%	12/8/21	1,938,078.11	2.72%	
11/22/17	11/29/17	1,065,000	43813FAC7	HAROT 2017-4 A3	2.05%	11/21/21	1,064,849.94	2.06%	
12/1/17	12/5/17	3,500,000	912828W89	US TREASURY NOTES	1.87%	3/31/22	3,479,223.26	2.10%	
<b>Total BUY</b>		<b>26,315,000</b>					<b>26,599,172.12</b>		
<b>INTEREST</b>									
10/1/17	10/1/17	240,000	605581FX0	MS ST TXBL GO BONDS	1.09%	10/1/17	1,308.00		
10/1/17	10/1/17	845,000	12189TBC7	BURLINGTON NRTH CORP	4.70%	10/1/19	19,857.50		
10/1/17	10/25/17	1,154,989	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,020.06		
10/1/17	10/25/17	815,407	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	1,209.52		
10/1/17	10/25/17	494,424	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	782.05		
10/2/17	10/2/17	0	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	(94.18)		
10/3/17	10/3/17	0	MONEY0002	MONEY MARKET FUND			256.00		
10/5/17	10/5/17	3,750,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	36,210.41		
10/7/17	10/7/17	1,900,000	459058DW0	INTL BANK OF RECONSTRUCTION&DEV NOTES	1.87%	10/7/19	17,822.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
10/15/17	10/15/17	325,000	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	338.54		
10/15/17	10/15/17	505,000	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	547.08		
10/15/17	10/15/17	650,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	920.83		
10/15/17	10/15/17	550,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	834.17		
10/15/17	10/15/17	820,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	1,202.67		
10/15/17	10/15/17	480,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	712.00		
10/15/17	10/15/17	485,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	699.21		
10/15/17	10/15/17	505,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	656.50		
10/15/17	10/15/17	1,255,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	1,851.13		
10/15/17	10/15/17	905,000	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	972.88		
10/15/17	10/15/17	380,000	65478VAD9	NISSAN ABS 2016-B A3	1.32%	1/15/21	418.00		
10/15/17	10/15/17	1,525,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	2,262.08		
10/15/17	10/15/17	1,900,000	43811BAC8	HONDA ABS 2017-2 A3	1.68%	8/15/21	2,660.00		
10/20/17	10/20/17	2,905,000	3137EAEF2	FHLMC AGENCY NOTES	1.37%	4/20/20	19,971.88		
10/21/17	10/21/17	870,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	1,247.00		
10/22/17	10/22/17	3,300,000	94974BFU9	WELLS FARGO & COMPANY CORP NOTE	2.12%	4/22/19	35,062.50		
10/31/17	10/31/17	3,950,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	37,031.25		
10/31/17	10/31/17	1,560,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	10,725.00		
10/31/17	10/31/17	4,000,000	912828F96	US TREASURY NOTES	2.00%	10/31/21	40,000.00		
10/31/17	10/31/17	5,000,000	912828F96	US TREASURY NOTES	2.00%	10/31/21	50,000.00		
10/31/17	10/31/17	3,000,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	20,625.00		
10/31/17	10/31/17	4,050,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	25,312.50		
11/1/17	11/25/17	1,076,713	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,684.75		
11/1/17	11/25/17	813,933	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	1,207.33		
11/1/17	11/25/17	471,433	3136AQS1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	816.32		
11/2/17	11/2/17	0	MONEY0002	MONEY MARKET FUND			687.19		
11/3/17	11/3/17	3,500,000	86563YVNO	SUMITOMO MITSUI BANK NY CD	2.05%	5/3/19	36,472.92		
11/5/17	11/5/17	275,000	904764AV9	UNILEVER CAPITAL CORP BONDS	1.80%	5/5/20	2,475.00		
11/9/17	11/9/17	3,730,000	4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	2.12%	11/9/20	39,631.25		
11/13/17	11/13/17	1,000,000	037833BD1	APPLE INC CORP NOTE	2.00%	5/6/20	10,000.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
11/15/17	11/15/17	550,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	834.17		
11/15/17	11/15/17	1,900,000	43811BAC8	HONDA ABS 2017-2 A3	1.68%	8/15/21	2,660.00		
11/15/17	11/15/17	505,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	656.50		
11/15/17	11/15/17	650,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	920.83		
11/15/17	11/15/17	505,000	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	547.08		
11/15/17	11/15/17	485,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	699.21		
11/15/17	11/15/17	2,690,000	3130AA3R7	FHLB NOTES	1.37%	11/15/19	18,493.75		
11/15/17	11/15/17	905,000	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	972.88		
11/15/17	11/15/17	820,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	1,202.67		
11/15/17	11/15/17	1,525,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	2,262.08		
11/15/17	11/15/17	1,255,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	1,851.13		
11/15/17	11/15/17	480,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	712.00		
11/15/17	11/15/17	325,000	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	338.54		
11/15/17	11/15/17	600,000	912828ND8	US TREASURY NOTES	3.50%	5/15/20	10,500.00		
11/15/17	11/15/17	380,000	65478VAD9	NISSAN ABS 2016-B A3	1.32%	1/15/21	418.00		
11/17/17	11/17/17	3,350,000	89236TBJ3	TOYOTA MOTOR CREDIT CORP BONDS	2.75%	5/17/21	46,062.50		
11/21/17	11/21/17	870,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	1,247.00		
11/26/17	11/26/17	1,500,000	3135G0ZY2	FNMA BENCHMARK NOTE	1.75%	11/26/19	13,125.00		
11/30/17	11/30/17	3,485,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	31,349.51		
11/30/17	11/30/17	3,485,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	30,668.00		
11/30/17	11/30/17	2,975,000	912828R77	US TREASURY NOTES	1.37%	5/31/21	20,453.13		
11/30/17	11/30/17	3,985,000	912828R77	US TREASURY NOTES	1.37%	5/31/21	27,396.88		
11/30/17	11/30/17	4,475,000	912828VF4	US TREASURY NOTES	1.37%	5/31/20	30,765.63		
12/1/17	12/25/17	324,391	3136AQS71	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	513.10		
12/1/17	12/25/17	812,585	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	1,205.33		
12/1/17	12/25/17	894,317	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,113.16		
12/4/17	12/4/17	0	MONEY0002	MONEY MARKET FUND			173.91		
12/8/17	12/8/17	1,900,000	172967LC3	CITIGROUP INC CORP (CALLABLE) NOTE	2.90%	12/8/21	27,550.00		
12/15/17	12/15/17	650,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	920.83		
12/15/17	12/15/17	905,000	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	972.88		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
12/15/17	12/15/17	325,000	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	338.54		
12/15/17	12/15/17	505,000	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	547.08		
12/15/17	12/15/17	480,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	712.00		
12/15/17	12/15/17	380,000	65478VAD9	NISSAN ABS 2016-B A3	1.32%	1/15/21	418.00		
12/15/17	12/15/17	550,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	834.17		
12/15/17	12/15/17	820,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	1,202.67		
12/15/17	12/15/17	1,195,000	89238KAD4	TAOT 2017-D A3	1.93%	1/15/22	1,921.96		
12/15/17	12/15/17	1,485,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	1,888.01		
12/15/17	12/15/17	1,900,000	43811BAC8	HONDA ABS 2017-2 A3	1.68%	8/15/21	2,660.00		
12/15/17	12/15/17	485,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	699.21		
12/15/17	12/15/17	1,525,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	2,262.08		
12/15/17	12/15/17	505,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	656.50		
12/15/17	12/15/17	1,255,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	1,851.13		
12/21/17	12/21/17	1,065,000	43813FAC7	HAROT 2017-4 A3	2.05%	11/21/21	1,334.21		
12/21/17	12/21/17	870,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	1,247.00		
12/22/17	12/22/17	450,000	24422ETS8	JOHN DEERE CAPITAL CORP NOTES	1.95%	6/22/20	4,387.50		
12/28/17	12/28/17	1,995,000	3135G0H55	FNMA BENCHMARK NOTES	1.87%	12/28/20	18,703.13		
12/31/17	12/31/17	4,100,000	912828XG0	US TREASURY N/B NOTES	2.12%	6/30/22	43,562.50		
12/31/17	12/31/17	5,325,000	912828XG0	US TREASURY N/B NOTES	2.12%	6/30/22	56,578.13		
<b>Total INTEREST</b>		<b>127,388,191</b>					<b>845,785.86</b>		
<b>MATURITY</b>									
10/1/17	10/1/17	240,000	605581FX0	MS ST TXBL GO BONDS	1.09%	10/1/17	240,000.00		0.00
<b>Total MATURITY</b>		<b>240,000</b>					<b>240,000.00</b>		<b>0.00</b>
<b>PAYDOWNS</b>									

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
10/1/17	10/25/17	1,473	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	1,473.37		0.00
10/1/17	10/25/17	22,991	3136AQS1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	22,991.06		0.00
10/1/17	10/25/17	78,275	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	78,275.31		0.00
11/1/17	11/25/17	1,349	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	1,348.56		0.00
11/1/17	11/25/17	182,397	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	182,396.73		0.00
11/1/17	11/25/17	147,043	3136AQS1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	147,042.54		0.00
12/1/17	12/25/17	1,487	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	1,487.05		0.00
12/1/17	12/25/17	120,059	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	120,059.44		0.00
12/1/17	12/25/17	54,020	3136AQS1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	54,020.21		0.00
12/15/17	12/15/17	12,710	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	12,710.49		0.00
<b>Total PAYDOWNS</b>		<b>621,805</b>					<b>621,804.76</b>		<b>0.00</b>

**SELL**

10/3/17	10/6/17	2,565,000	3137EADK2	FREDDIE MAC GLOBAL NOTES	1.25%	8/1/19	2,559,733.91	1.49%	15,733.17
10/3/17	10/6/17	1,200,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	1,188,222.67	1.51%	(12,412.94)
10/5/17	10/10/17	1,215,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	1,206,215.60	1.76%	(32,763.96)
10/11/17	10/16/17	550,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	545,308.93	1.73%	3,705.29
10/11/17	10/16/17	3,250,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	3,222,280.06	1.73%	(38,885.01)
10/23/17	10/26/17	700,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	693,498.14	1.77%	3,821.19
11/1/17	11/3/17	1,900,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	1,878,945.89	1.64%	(22,973.05)
11/3/17	11/7/17	1,925,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	1,903,823.13	1.66%	(23,739.54)
11/7/17	11/15/17	900,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	890,409.13	1.66%	(10,975.19)
11/14/17	11/22/17	870,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	861,189.80	1.72%	(10,032.85)
11/14/17	11/22/17	625,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	617,883.51	1.72%	(8,190.94)
11/16/17	11/17/17	325,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	321,296.28	1.87%	718.14
11/16/17	11/17/17	3,500,000	78009NZZ2	ROYAL BANK OF CANADA NY CD	1.70%	3/9/18	3,512,919.21	1.53%	1,680.32
11/20/17	11/22/17	1,900,000	912828F96	US TREASURY NOTES	2.00%	10/31/21	1,902,977.36	1.99%	8,122.20
11/22/17	11/29/17	1,065,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	1,060,773.73	1.85%	(7,751.04)



Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
12/1/17	12/5/17	1,130,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	1,117,168.22	1.83%	(14,849.12)
12/1/17	12/5/17	2,000,000	3135G0ZG1	FNMA NOTES	1.75%	9/12/19	2,005,069.44	1.84%	(6,103.60)
<b>Total SELL</b>		<b>25,620,000</b>					<b>25,487,715.01</b>		<b>-154,896.93</b>



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2017**

**CITY OF BRENTWOOD**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	630,000.00	AA+	Aaa	06/22/16	06/27/16	637,727.34	1.04	2,213.22	634,650.60	622,617.03
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	895,000.00	AA+	Aaa	06/22/16	06/27/16	906,397.27	1.03	3,144.18	901,858.54	884,511.50
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	1,957,000.00	AA+	Aaa	06/23/16	06/28/16	1,979,245.59	1.07	6,875.04	1,970,400.62	1,934,065.92
US TREASURY NOTES DTD 05/17/2010 3.500% 05/15/2020	912828ND8	600,000.00	AA+	Aaa	05/28/15	05/29/15	657,070.31	1.50	2,726.52	627,787.18	621,937.20
US TREASURY NOTES DTD 05/31/2013 1.375% 05/31/2020	912828VF4	4,475,000.00	AA+	Aaa	12/02/15	12/04/15	4,439,165.04	1.56	5,409.34	4,455,438.12	4,417,666.30
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	675,000.00	AA+	Aaa	12/20/16	12/21/16	659,812.50	1.95	3,884.00	663,508.24	662,133.15
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	2,500,000.00	AA+	Aaa	10/03/16	10/05/16	2,591,015.63	1.15	16,988.95	2,565,786.53	2,498,535.00
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828O78	1,560,000.00	AA+	Aaa	06/27/16	06/29/16	1,588,762.50	0.98	3,673.76	1,579,942.38	1,526,240.04
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828O78	3,000,000.00	AA+	Aaa	12/01/16	12/05/16	2,940,351.56	1.85	7,064.92	2,954,484.00	2,935,077.00
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	2,975,000.00	AA+	Aaa	08/02/17	08/03/17	2,942,809.57	1.67	3,596.15	2,946,207.65	2,908,062.50
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	3,985,000.00	AA+	Aaa	07/06/17	07/07/17	3,920,710.74	1.81	4,817.03	3,928,516.65	3,895,337.50
US TREASURY N/B DTD 07/31/2014 2.250% 07/31/2021	912828WY2	3,405,000.00	AA+	Aaa	11/22/16	11/23/16	3,477,356.25	1.78	32,060.67	3,460,846.77	3,424,817.10
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	2,000,000.00	AA+	Aaa	12/01/16	12/05/16	2,007,031.25	1.92	13,591.16	2,005,508.70	1,993,438.00
US TREASURY NOTES DTD 10/31/2014 2.000% 10/31/2021	912828F96	2,100,000.00	AA+	Aaa	12/20/16	12/21/16	2,089,910.16	2.10	7,193.37	2,091,983.73	2,090,976.30



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**CITY OF BRENTWOOD**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	4,050,000.00	AA+	Aaa	07/12/17	07/13/17	3,958,558.59	1.80	8,670.58	3,968,255.29	3,923,437.50
US TREASURY NOTES DTD 10/31/2014 2.000% 10/31/2021	912828F96	5,000,000.00	AA+	Aaa	04/03/17	04/05/17	5,031,054.69	1.86	17,127.07	5,026,219.05	4,978,515.00
US TREASURY NOTES DTD 01/31/2017 1.875% 01/31/2022	912828V72	1,800,000.00	AA+	Aaa	07/06/17	07/11/17	1,798,101.56	1.90	14,123.64	1,798,298.66	1,781,296.20
US TREASURY NOTES DTD 03/02/2015 1.750% 02/28/2022	912828J43	1,575,000.00	AA+	Aaa	03/15/17	03/17/17	1,545,960.94	2.14	9,365.16	1,550,417.49	1,550,883.60
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	3,500,000.00	AA+	Aaa	12/01/17	12/05/17	3,467,324.22	2.10	16,766.83	3,467,870.84	3,460,488.50
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	3,950,000.00	AA+	Aaa	07/12/17	07/13/17	3,951,388.67	1.87	12,684.74	3,951,295.32	3,902,785.65
US TREASURY N/B NOTES DTD 06/30/2015 2.125% 06/30/2022	912828XG0	4,100,000.00	AA+	Aaa	08/30/17	08/31/17	4,175,113.28	1.73	240.68	4,170,153.87	4,092,472.40
US TREASURY N/B NOTES DTD 06/30/2015 2.125% 06/30/2022	912828XG0	5,325,000.00	AA+	Aaa	07/06/17	07/11/17	5,369,929.69	1.95	312.59	5,365,852.55	5,315,223.30
<b>Security Type Sub-Total</b>		<b>60,057,000.00</b>					<b>60,134,797.35</b>	<b>1.75</b>	<b>192,529.60</b>	<b>60,085,282.78</b>	<b>59,420,516.69</b>

<b>Supra-National Agency Bond / Note</b>											
INTL BANK OF RECONSTRUCTION&DEV NOTES DTD 10/07/2014 1.875% 10/07/2019	459058DW0	1,900,000.00	AAA	Aaa	09/27/17	09/29/17	1,910,260.00	1.60	8,312.50	1,908,981.78	1,895,873.20
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	3,800,000.00	AAA	Aaa	09/12/17	09/19/17	3,790,880.00	1.64	16,806.77	3,791,727.06	3,732,246.00
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	3,730,000.00	AAA	Aaa	10/02/17	10/10/17	3,764,573.76	1.81	11,449.03	3,762,130.52	3,733,151.85
<b>Security Type Sub-Total</b>		<b>9,430,000.00</b>					<b>9,465,713.76</b>	<b>1.70</b>	<b>36,568.30</b>	<b>9,462,839.36</b>	<b>9,361,271.05</b>



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2017**

**CITY OF BRENTWOOD**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	270,370.39	AA+	Aaa	11/06/15	11/30/15	273,074.06	1.20	427.65	270,936.25	270,120.97
FHLMC SERIES KP03 A2 DTD 04/01/2016 1.780% 07/01/2019	3137BNN26	811,097.52	AA+	Aaa	04/15/16	04/28/16	819,189.04	1.10	1,203.13	814,201.40	807,479.30
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	774,257.17	AA+	Aaa	10/07/15	10/30/15	782,010.50	1.08	1,062.02	776,992.99	771,678.43
<b>Security Type Sub-Total</b>		<b>1,855,725.08</b>					<b>1,874,273.60</b>	<b>1.11</b>	<b>2,692.80</b>	<b>1,862,130.64</b>	<b>1,849,278.70</b>
<b>Federal Agency Bond / Note</b>											
FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	2,690,000.00	AA+	Aaa	11/16/16	11/17/16	2,689,381.30	1.38	4,726.18	2,689,609.82	2,663,024.68
FNMA BENCHMARK NOTE DTD 11/07/2014 1.750% 11/26/2019	3135G0ZY2	1,500,000.00	AA+	Aaa	02/26/15	02/27/15	1,509,975.00	1.60	2,552.08	1,504,093.92	1,494,925.50
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	1,305,000.00	AA+	Aaa	02/24/17	02/28/17	1,304,164.80	1.52	6,688.13	1,304,395.41	1,291,458.02
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	2,905,000.00	AA+	Aaa	04/19/17	04/20/17	2,895,064.90	1.49	7,877.80	2,897,335.97	2,863,937.83
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	3,665,000.00	AA+	Aaa	07/28/17	08/01/17	3,653,895.05	1.60	22,906.25	3,655,407.74	3,619,663.95
FNMA BENCHMARK NOTES DTD 11/16/2015 1.875% 12/28/2020	3135G0H55	1,995,000.00	AA+	Aaa	12/28/15	12/29/15	1,995,857.85	1.87	311.72	1,995,523.39	1,984,268.90
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	1,250,000.00	AA+	Aaa	08/17/16	08/19/16	1,245,723.75	1.32	5,815.97	1,246,866.15	1,211,282.50
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	4,050,000.00	AA+	Aaa	08/17/16	08/19/16	4,033,597.50	1.33	18,843.75	4,037,978.47	3,924,555.30
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	4,500,000.00	AA+	Aaa	09/01/16	09/02/16	4,472,460.00	1.38	20,937.50	4,479,672.96	4,360,617.00
<b>Security Type Sub-Total</b>		<b>23,860,000.00</b>					<b>23,800,120.15</b>	<b>1.48</b>	<b>90,659.38</b>	<b>23,810,883.83</b>	<b>23,413,733.68</b>



**Managed Account Detail of Securities Held**

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**CITY OF BRENTWOOD**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Corporate Note</b>											
AMERICAN HONDA FINANCE CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	02665WBA8	1,255,000.00	A+	A2	02/18/16	02/23/16	1,254,749.00	1.71	7,645.04	1,254,902.83	1,249,839.44
CHEVRON CORP NOTES DTD 03/03/2017 1.686% 02/28/2019	166764BS8	1,120,000.00	AA-	Aa2	02/28/17	03/03/17	1,120,000.00	1.69	6,451.76	1,120,000.00	1,117,082.40
BERKSHIRE HATHAWAY INC NOTES DTD 03/15/2016 1.700% 03/15/2019	084664CG4	645,000.00	AA	Aa2	03/08/16	03/15/16	644,509.80	1.73	3,228.58	644,800.06	642,914.07
AMERICAN EXPRESS CREDIT CORP NOTES DTD 03/18/2014 2.125% 03/18/2019	0258M0DK2	2,000,000.00	A-	A2	10/26/15	10/29/15	2,017,300.00	1.86	12,159.72	2,006,330.36	2,000,008.00
WELLS FARGO & COMPANY CORP NOTE DTD 04/22/2014 2.125% 04/22/2019	94974BFU9	3,300,000.00	A	A2	03/23/15	03/26/15	3,335,277.00	1.85	13,440.63	3,311,625.54	3,299,481.90
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	845,000.00	A	A3	06/03/16	06/08/16	932,795.50	1.48	9,928.75	891,892.64	880,788.29
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	4,500,000.00	A	A2	03/20/15	03/25/15	5,203,485.00	2.05	118,937.50	4,805,287.34	4,778,014.50
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	1,920,000.00	AAA	Aaa	01/30/17	02/06/17	1,918,713.60	1.87	14,306.67	1,919,093.32	1,914,322.56
APPLE INC BONDS DTD 02/09/2015 1.550% 02/07/2020	037833AX8	3,480,000.00	AA+	Aa1	02/23/15	02/26/15	3,434,864.40	1.83	21,276.33	3,460,352.96	3,441,827.88
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	1,110,000.00	A-	A2	02/28/17	03/03/17	1,108,845.60	2.24	8,004.33	1,109,156.71	1,106,640.03
UNILEVER CAPITAL CORP BONDS DTD 05/05/2017 1.800% 05/05/2020	904764AV9	275,000.00	A+	A1	05/02/17	05/05/17	274,122.75	1.91	770.00	274,310.34	272,974.35
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020	037833BD1	1,000,000.00	AA+	Aa1	05/06/15	05/13/15	998,450.00	2.03	2,666.67	999,251.18	995,537.00
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	450,000.00	A	A2	06/19/17	06/22/17	449,725.50	1.97	219.38	449,772.39	446,808.60
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	3,800,000.00	AA	Aa2	10/11/17	10/20/17	3,794,490.00	1.95	14,239.44	3,794,843.02	3,775,524.20



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	985,000.00	A-	A2	10/23/17	10/26/17	984,546.90	2.17	3,823.72	984,562.26	975,681.90
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 03/01/2016 2.550% 03/01/2021	46625HOJ2	3,500,000.00	A-	A3	01/03/17	01/05/17	3,494,190.00	2.59	29,750.00	3,495,565.26	3,501,851.50
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	1,215,000.00	A+	A1	10/05/17	10/10/17	1,214,757.00	2.01	5,467.50	1,214,772.75	1,201,179.38
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	1,900,000.00	A-	A3	11/01/17	11/03/17	1,914,231.00	2.40	9,975.00	1,913,595.24	1,909,693.80
TOYOTA MOTOR CREDIT CORP BONDS DTD 05/16/2014 2.750% 05/17/2021	89236TBJ3	3,350,000.00	AA-	Aa3	02/01/17	02/03/17	3,401,288.50	2.37	11,259.72	3,390,869.03	3,383,761.30
GOLDMAN SACHS GROUP CORP NOTES DTD 07/27/2011 5.250% 07/27/2021	38141GGO1	1,715,000.00	BBB+	A3	11/03/17	11/07/17	1,879,451.35	2.53	38,516.04	1,873,156.63	1,858,701.57
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	1,900,000.00	BBB+	Baa1	11/20/17	11/22/17	1,912,977.00	2.72	3,520.28	1,912,654.42	1,912,503.90
BANK OF NY MELLON CORP (CALLABLE) NOTES DTD 02/07/2017 2.600% 02/07/2022	06406RAA5	1,900,000.00	A	A1	07/06/17	07/11/17	1,910,830.00	2.47	19,760.00	1,909,763.78	1,904,343.40
<b>Security Type Sub-Total</b>		<b>42,165,000.00</b>					<b>43,199,599.90</b>	<b>2.11</b>	<b>355,347.06</b>	<b>42,736,558.06</b>	<b>42,569,479.97</b>
<b>Commercial Paper</b>											
BANK OF TOKYO MITSUBISHI UFJ LTD CP DTD 05/11/2017 0.000% 02/05/2018	06538CB59	800,000.00	A-1	P-1	08/08/17	08/09/17	794,360.00	1.42	0.00	798,903.34	798,642.40
ING (US) FUNDING LLC COMM PAPER DTD 08/10/2017 0.000% 05/02/2018	4497W1E28	3,250,000.00	A-1	P-1	08/10/17	08/11/17	3,215,203.33	1.48	0.00	3,234,051.54	3,231,631.00
<b>Security Type Sub-Total</b>		<b>4,050,000.00</b>					<b>4,009,563.33</b>	<b>1.46</b>	<b>0.00</b>	<b>4,032,954.88</b>	<b>4,030,273.40</b>
<b>Certificate of Deposit</b>											



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<b>Certificate of Deposit</b>											
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	3,485,000.00	A-1	P-1	12/01/16	12/05/16	3,482,281.70	1.78	5,281.71	3,483,751.46	3,477,643.17
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	3,485,000.00	A-1+	P-1	12/01/16	12/05/16	3,485,000.00	1.74	5,452.09	3,485,000.00	3,487,160.70
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	4,000,000.00	AA-	Aa2	01/10/17	01/12/17	4,000,000.00	1.91	36,750.00	4,000,000.00	3,982,316.00
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	4,000,000.00	A+	A1	02/08/17	02/09/17	4,000,000.00	1.90	30,080.00	4,000,000.00	4,004,948.00
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	3,750,000.00	A+	A1	04/05/17	04/06/17	3,750,000.00	1.91	17,508.33	3,750,000.00	3,736,425.00
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	3,500,000.00	A	A1	05/03/17	05/04/17	3,500,000.00	2.05	11,759.03	3,500,000.00	3,497,606.00
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	3,750,000.00	A+	Aa3	08/03/17	08/04/17	3,748,537.50	1.85	28,750.00	3,748,838.85	3,701,848.35
BANK TOKYO MITSUBISHI UFJ LTD LT CD DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	1,910,000.00	A+	A1	09/25/17	09/27/17	1,910,000.00	2.07	10,543.20	1,910,000.00	1,901,063.11
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	3,365,000.00	AA-	Aa3	08/03/17	08/07/17	3,365,000.00	2.05	27,593.00	3,365,000.00	3,359,414.10
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	3,825,000.00	AA-	Aa3	11/16/17	11/17/17	3,825,000.00	2.30	10,853.44	3,825,000.00	3,804,337.35

<b>Security Type Sub-Total</b>		<b>35,070,000.00</b>					<b>35,065,819.20</b>	<b>1.95</b>	<b>184,570.80</b>	<b>35,067,590.31</b>	<b>34,952,761.78</b>
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**Asset-Backed Security / Collateralized Mortgage Obligation**

TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	492,289.51	AAA	Aaa	05/02/16	05/11/16	492,264.35	1.30	284.43	492,276.22	490,440.72
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	325,000.00	NR	Aaa	07/19/16	07/27/16	324,974.13	1.25	180.56	324,985.05	322,983.12
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	505,000.00	AAA	Aaa	03/22/16	03/30/16	504,902.03	1.57	350.13	504,944.25	503,528.78



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2017**

**CITY OF BRENTWOOD**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
NISSAN ABS 2016-B A3 DTD 04/27/2016 1.320% 01/15/2021	65478VAD9	380,000.00	NR	Aaa	04/18/16	04/27/16	379,941.06	1.33	222.93	379,965.04	377,372.57
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	485,000.00	AAA	Aaa	03/07/17	03/15/17	484,942.92	1.74	372.91	484,944.17	482,599.01
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	480,000.00	NR	Aaa	02/22/17	03/02/17	479,931.65	1.79	379.73	479,931.65	477,695.90
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	905,000.00	AAA	Aaa	09/14/16	09/21/16	904,878.19	1.30	518.87	904,915.81	895,385.28
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	650,000.00	NR	Aaa	01/24/17	01/31/17	649,943.19	1.70	491.11	649,955.75	646,970.48
HONDA ABS 2017-1 A3 DTD 03/28/2017 1.720% 07/21/2021	43814TAC6	870,000.00	NR	Aaa	03/21/17	03/28/17	869,948.24	1.72	415.67	869,948.24	864,357.35
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	820,000.00	AAA	NR	03/22/17	03/29/17	819,933.66	1.76	641.42	819,933.66	815,685.73
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	1,525,000.00	NR	Aaa	03/21/17	03/29/17	1,524,820.20	1.79	1,206.44	1,524,852.81	1,519,403.86
HONDA ABS 2017-2 A3 DTD 06/27/2017 1.680% 08/15/2021	43811BAC8	1,900,000.00	AAA	Aaa	06/20/17	06/27/17	1,899,835.65	1.68	1,418.67	1,899,835.65	1,884,151.15
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	550,000.00	NR	Aaa	07/11/17	07/18/17	549,959.74	1.82	444.89	549,964.21	545,895.85
HAROT 2017-4 A3 DTD 11/29/2017 2.050% 11/21/2021	43813FAC7	1,065,000.00	NR	Aaa	11/22/17	11/29/17	1,064,849.94	2.06	606.46	1,064,852.71	1,062,594.70
TAOT 2017-D A3 DTD 11/15/2017 1.930% 01/15/2022	89238KAD4	1,195,000.00	AAA	Aaa	11/07/17	11/15/17	1,194,889.82	2.26	1,025.04	1,194,893.10	1,187,950.58
HYUNDAI ABS 2017-B A3 DTD 08/16/2017 1.770% 01/15/2022	44932GAD7	1,255,000.00	AAA	Aaa	08/09/17	08/16/17	1,254,782.51	1.78	987.27	1,254,800.34	1,245,184.39
ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	1,485,000.00	AAA	Aaa	11/14/17	11/22/17	1,484,884.76	1.99	1,313.40	1,484,887.45	1,480,228.70





**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2017**

**CITY OF BRENTWOOD**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Security Type Sub-Total</b>		<b>14,887,289.51</b>					<b>14,885,682.04</b>	<b>1.77</b>	<b>10,859.93</b>	<b>14,885,886.11</b>	<b>14,802,428.17</b>
<b>Managed Account Sub-Total</b>		<b>191,375,014.59</b>					<b>192,435,569.33</b>	<b>1.82</b>	<b>873,227.87</b>	<b>191,944,125.97</b>	<b>190,399,743.44</b>
<b>Securities Sub-Total</b>		<b>\$191,375,014.59</b>					<b>\$192,435,569.33</b>	<b>1.82%</b>	<b>\$873,227.87</b>	<b>\$191,944,125.97</b>	<b>\$190,399,743.44</b>
<b>Accrued Interest</b>											<b>\$873,227.87</b>
<b>Total Investments</b>											<b>\$191,272,971.31</b>

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**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

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**GLOSSARY**

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

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**GLOSSARY**

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.