



CONSENT CALENDAR

Agenda Item # 2

AGENDA REPORT SUMMARY

Meeting Date: November 27, 2018

Subject: Quarterly Investment Portfolio Report – Quarter Ended September 30, 2018

Prepared by: Sarina Revillar, Financial Services Manager

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended September 30, 2018

Initiated by:

Staff

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- This report presents the status of the City's investment portfolio through September 30, 2018. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers

Staff Recommendation:

Receive the Investment Portfolio Report through September 30, 2018



Subject: Quarterly Investment Portfolio Report – Quarter Ended September 30, 2018

Purpose

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City's investment holding and demonstrate compliance with the City's Investment Policy.

Background

A review of the Investment Portfolio Report Quarter Ended September 30, 2018 was presented and discussed by the Financial Commission.

Discussion/Analysis

The summary provided below presents the total of all City investment holdings. The City's portfolio book value, excluding operating cash and bond holdings as of September 30, 2018, was \$76,368,139.

As of September 30, 2018, 12.4% of the City's portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 22.3% in US Treasuries, 11.2% in Asset-Backed Securities, 17.8% in medium-term corporate Notes and Commercial Paper, and 12% in Certificate of Deposits, with a balance of 24.3% in LAIF. This portfolio mix is illustrated in Attachment 1.

Full compliance with the City's Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 3: Investment Performance Review for the Quarter Ended September 30, 2018. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City's independently managed investments. The total return of the portfolio since inception is 0.77%, which is highlighted on page 10, of Attachment 3.

Options

- 1) Receive the Investment Portfolio Report Quarter Ended September 30, 2018

Advantages: None

Disadvantages: None



Subject: Quarterly Investment Portfolio Report – Quarter Ended September 30, 2018

2) Do not receive the Investment Portfolio Report Quarter Ended September 30, 2018

Advantages: None

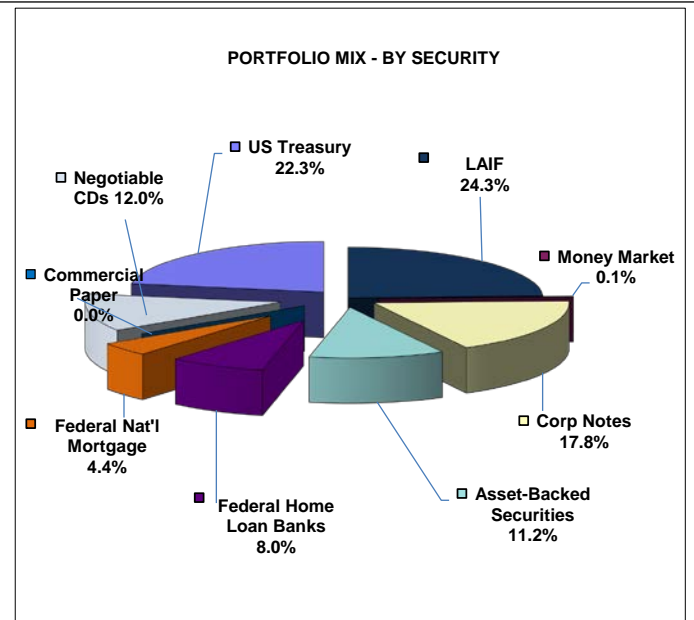
Disadvantages: None

Recommendation

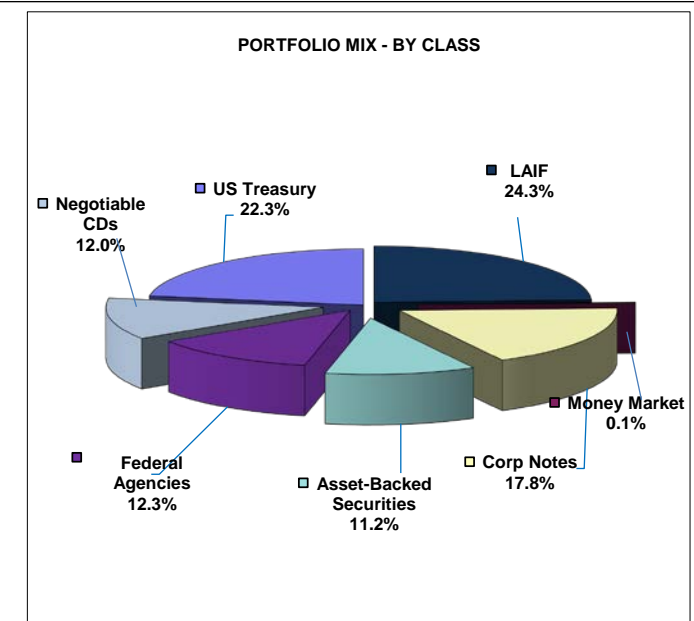
The staff recommends Option 1.

**Portfolio Mix Charts
Sept 2018**

Security Type	% of Total	Portfolio Mix By Security
LAIF	24.3%	17,571,219
Money Market	0.1%	96,838
Corp Notes	17.8%	12,850,000
Asset-Backed Securities	11.2%	8,091,323
Federal Home Loan Banks	8.0%	5,785,000
Federal Nat'l Mortgage	4.4%	3,148,758
Commercial Paper	0.0%	-
Negotiable CDs	12.0%	8,665,000
US Treasury	22.3%	16,160,000
	100%	72,368,139



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	24.3%	17,571,219	17,571,219
Money Market	0.1%	96,838	96,838
Corp Notes	17.8%	12,850,000	12,688,583
Asset-Backed Securities	11.2%	8,091,323	8,035,839
Federal Agencies	12.3%	8,933,758	8,804,270
Negotiable CDs	12.0%	8,665,000	8,633,309
US Treasury	22.3%	16,160,000	15,832,722
	100%	72,368,139	71,662,779
Corp Notes		12,850,000	12,688,583
Asset-Backed Securities		8,091,323	8,035,839
US Treasury/Agencies		25,093,758	24,636,992
Negotiable CDs		8,665,000	8,633,309
Accrued Interest		-	243,920
		54,700,082	54,238,642
Margin Over (Under) Par			(461,440)



Policy Compliance Chart

City Investment	% Mix	Par Value	Earliest Term	City Policy Term Limitation	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	24%	17,571,219	09/30/18	No Term	65,000,000	100%	47,428,781	Yes	N/A
Money Market	0%	96,838	09/30/18	Overnight		20%	14,376,790	Yes	N/A
Corp Notes	18%	12,850,000	09/23/16	5 Years		30%	8,860,442	Yes	Yes
Asset-Backed Securities	11%	8,091,323	01/25/17	5 Years		20%	6,382,304	Yes	Yes
Federal Agencies	12%	8,933,758	08/02/16	5 Years		100%	63,434,380	Yes	Yes
Commercial Paper	0%	-	09/30/18	270 Days		25%	18,092,035	Yes	N/A
Negotiable CDs	12%	8,665,000	05/04/17	3 Years		30%	13,045,442	Yes	Yes
US Treasury	22%	16,160,000	12/05/16	5 Years		100%	56,208,139	Yes	Yes
	<u>100%</u>	<u>72,368,139</u>							



CITY OF LOS ALTOS

Investment Performance Review For the Quarter Ended September 30, 2018

Client Management Team

Monique Spyke, Managing Director

Izac Chyou, Senior Managing Consultant

PFM Asset Management LLC

50 California Street, Suite 2300

San Francisco, CA 94111

415-982-5544

213 Market Street

Harrisburg, PA 17101-2141

717-232-2723

Market Update

QUARTERLY MARKET SUMMARY

SUMMARY

- U.S. growth remained healthy in the third quarter as the unemployment rate hit historical lows, confidence rose further and stocks surged. This occurred despite ongoing concerns about a trade war with China, a disorderly Brexit, Italian budget concerns, Iran sanctions, a Turkish debt crisis and other geopolitical risks.
- Positive domestic economic data included strong readings on the labor market, auto sales, industrial production, manufacturing and service sector purchasing manager surveys and consumer sentiment. On the weaker side, residential housing has slowed due to escalating prices and higher mortgage rates. Broad measures of inflation also moderated a bit during the quarter. Lastly, the twin deficits – the federal budget deficit and trade deficit – both portend long-term imbalances that could be problematic for sustainable long-term growth of the U.S. economy.
- Amid strong economic fundamentals, the Federal Reserve (Fed) stayed the course, raising the federal funds rate by 0.25% to a new target range of 2.00% to 2.25%. Despite the removal of longstanding language from the Federal Open Market Committee (FOMC) statement that previously characterized the stance of monetary policy as “accommodative,” updated FOMC forecasts indicated an additional 0.25% hike is expected in December, followed by two to four more hikes in 2019.
- The S&P 500 Index (S&P) soared by 7.7% during the quarter, lifting the year-to-date (YTD) return to 10.6%. But, prices may have gotten ahead of themselves, increasing the risk of a near-term pullback. International indices also posted healthy gains, despite a few struggling emerging market (EM) economies.

ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) in the U.S. grew at an annualized rate of 4.2% in the second quarter, the fastest pace since 2014. Growth in the third quarter is expected to slow a bit, but remains healthy.
- U.S. labor market conditions remained strong during the quarter. The U.S. economy has added an average of more than 200,000 jobs per month this year, and the unemployment rate dropped to a 48-year low of 3.7%. Although there are a record number of job openings in the U.S., strong employment reports continue to suggest that the job market remains tight.
- On the inflation front, many gauges are now at or near the Fed’s 2% target. While job growth is solid, wage growth has been slower than in previous expansionary cycles, as companies continue to resist raising wages. Tariffs could, however, push prices higher as a result of the increased cost of raw materials and growing supply bottlenecks. Rising oil prices may nudge overall prices higher in coming quarters.

INTEREST RATES

- U.S. Treasury yields rose by 20-30 basis points (bps) (0.20% to 0.30%) in the quarter, with short-term yields outpacing longer-term yields. For example, the yield on the two-year Treasury note rose 29 bps to 2.82%, while the yield on the 10-year note rose 20 bps to end the quarter at 3.06%. The result was a flatter yield curve over the quarter, but the pace of flattening moderated near quarter-end.

- The yield curve remains very flat from a historical perspective (less incentive for investors to increase maturity). The yield difference between 10-year and two-year U.S. Treasury notes ended the quarter at 24 bps (0.24%), only 8 bps off of the decade low. While a flattening curve is not a foolproof indicator of future recession, it is one of many signals investors look at for indications of the future economy.
- As a result of rising yields, shorter Treasury indices outperformed longer-maturity ones. Although longer maturities provided higher yields, the small incremental benefit due to a flat yield curve was not sufficient to offset the adverse impact on market values due to increasing yields. For example, the three-month Treasury bill index generated a return of 0.49% for the quarter, while the five- and 10-year Treasury returned -0.26% and -1.1%, respectively.

SECTOR PERFORMANCE

- Although Treasury returns were muted by rising rates during the quarter, diversification into other sectors added value as most other investment-grade (IG), fixed-income asset classes outperformed Treasuries. Corporates and asset-backed securities (ABS) performed well, generating strong, positive excess returns.
- Despite very narrow spreads available in the federal agency sector, returns in the sector generated excess returns near double digits for the third quarter. Because of their incremental yield and shorter durations, callable agencies accounted for the majority of the excess returns from the sector.
- Supranational securities performed well, as the combination of tighter spreads and incremental income led to the sector posting attractive returns relative to both Treasuries and agencies.
- The corporate sector benefitted the most from incremental income, posting attractive excess returns for the third quarter. Record earnings, stable credit fundamentals and a generally positive economic environment continued to serve as tailwinds to the sector. Specifically, one- to three-year BBB-rated corporate issuers were one of the best-performing segments of the IG market during the third quarter.
- Similarly, AAA-rated ABS were a positive contributor to performance for the third quarter, posting excess returns on average in the 25-30 bps range.
- Mortgage-backed securities (MBS) generated positive excess returns for the second consecutive quarter, despite still being in the red YTD. Longer was better for the third quarter, as 30-year collateral pools outperformed their 15-year counterparts. Meanwhile, agency-backed commercial MBS (CMBS) was the best segment of the securitized asset class, as these structures are less sensitive to increasing interest rates.
- Commercial paper and certificate of deposit yield spreads grinded to one-year lows over the quarter. As a result, short-term credit instruments now look more expensive relative to U.S. Treasuries. Still, they offer incrementally higher yields relative to similar-maturity government alternatives.

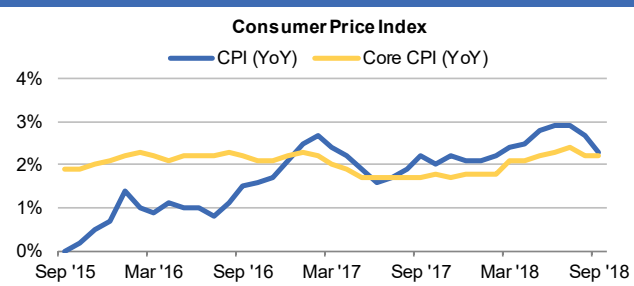
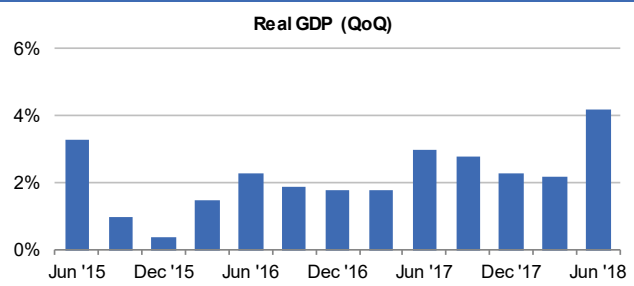
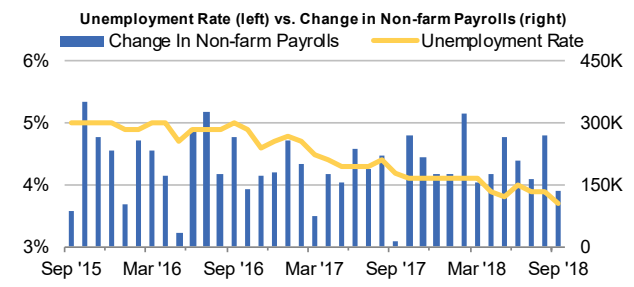
QUARTERLY MARKET SUMMARY

Economic Snapshot

Labor Market	Latest	Jun '18	Sep '17	
Unemployment Rate	Sep'18	3.7%	4.0%	4.2%
Change In Non-farm Payrolls	Sep'18	134,000	208,000	14,000
Average Hourly Earnings (YoY)	Sep'18	2.8%	2.8%	2.8%
Personal Income (YoY)	Aug'18	4.7%	4.9%	4.6%
Initial Jobless Claims (week)	10/6/18	214,000	232,000	254,000

Growth	Latest	Jun '18	Sep '17	
Real GDP (QoQ SAAR)	2018Q2	4.2%	2.2% ¹	3.0% ²
GDP Personal Consumption (QoQ SAAR)	2018Q2	3.8%	0.5% ¹	2.9% ²
Retail Sales (YoY)	Sep'18	4.7%	6.1%	5.2%
ISM Manufacturing Survey (month)	Sep'18	59.8	60.2	60.2
Existing Home Sales SAAR (month)	Aug'18	5.34 mil.	5.38 mil.	5.37 mil.

Inflation / Prices	Latest	Jun '18	Sep '17	
Personal Consumption Expenditures (YoY)	Aug'18	2.2%	2.3%	1.8%
Consumer Price Index (YoY)	Sep'18	2.3%	2.9%	2.2%
Consumer Price Index Core (YoY)	Sep'18	2.2%	2.3%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$73.25	\$74.15	\$51.67
Gold Futures (oz.)	Sep 30	\$1,192	\$1,255	\$1,282



1. Data as of First Quarter 2018.

2. Data as of Second Quarter 2017.

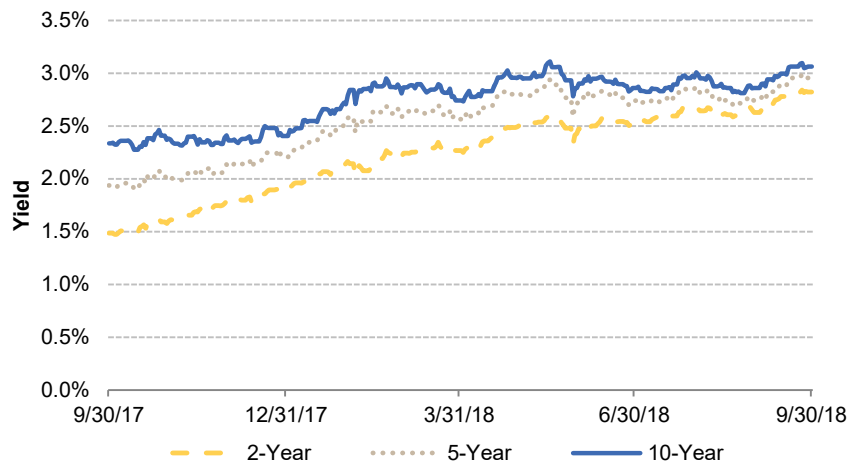
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

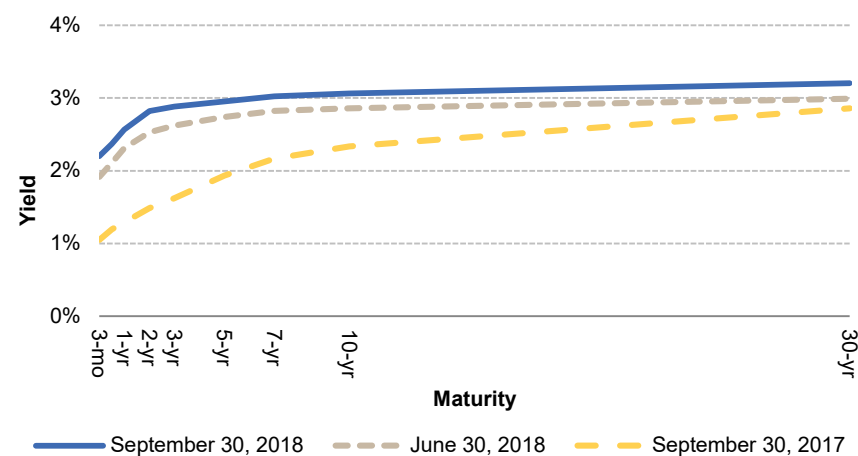
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



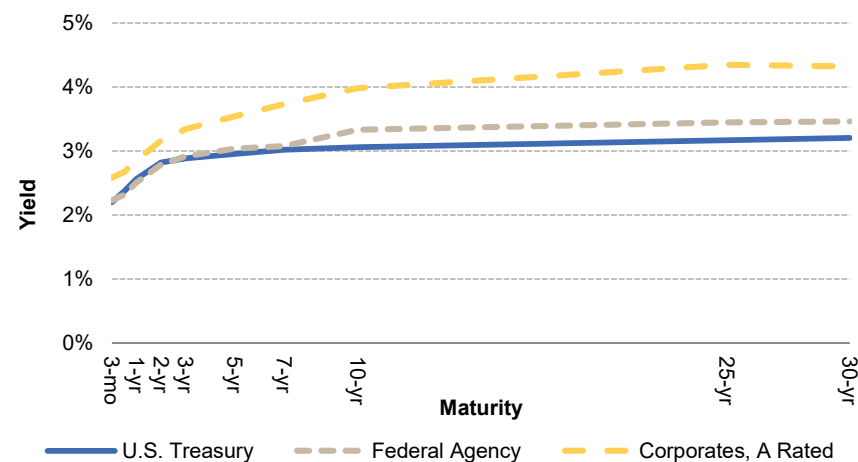
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Sep '18	Jun '18	Change Over Quarter	Sep '17	Change Over Year
3-month	2.20%	1.92%	0.28%	1.05%	1.15%
1-year	2.57%	2.31%	0.26%	1.29%	1.28%
2-year	2.82%	2.53%	0.29%	1.49%	1.33%
5-year	2.95%	2.74%	0.21%	1.94%	1.01%
10-year	3.06%	2.86%	0.20%	2.33%	0.73%
30-year	3.21%	2.99%	0.22%	2.86%	0.35%

Yield Curves as of 9/30/18



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

September 30, 2018	As of 9/30/18		Returns for Periods ended 9/30/18		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.81	2.80%	0.19%	0.04%	0.38%
Federal Agency	1.69	2.80%	0.32%	0.34%	0.59%
U.S. Corporates, A-AAA-rated	1.83	3.21%	0.67%	0.67%	1.38%
Agency MBS (0 to 3 years)	4.53	3.45%	(0.37%)	(0.38%)	0.82%
Taxable Municipals	1.80	3.06%	0.60%	1.32%	2.14%
1-5 Year Indices					
U.S. Treasury	2.58	2.85%	0.05%	(0.58%)	0.29%
Federal Agency	2.03	2.84%	0.26%	0.03%	0.59%
U.S. Corporates, A-AAA-rated	2.59	3.35%	0.66%	0.06%	1.47%
Agency MBS (0 to 5 years)	3.65	3.30%	0.11%	(0.82%)	0.81%
Taxable Municipals	2.41	3.38%	0.57%	1.08%	2.15%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.13	2.95%	(0.66%)	(1.64%)	0.28%
Federal Agency	3.89	2.99%	(0.01%)	(0.56%)	0.80%
U.S. Corporates, A-AAA-rated	6.82	3.79%	0.67%	(1.29%)	2.43%
Agency MBS (0 to 30 years)	5.11	3.56%	(0.12%)	(0.88%)	1.00%
Taxable Municipals	10.33	4.19%	(0.67%)	(0.38%)	4.67%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

Portfolio Review

Portfolio Recap

- We positioned the portfolio with a defensive duration posture, holding maturities shorter than the benchmark for the majority of the past two quarters in light of the Fed's impact on short-term rates. This strategy benefited portfolio returns as yields across the yield curve approached new highs for the cycle. Because the curve is so flat, holding longer maturities resulted in very little incremental yield. On balance, the tradeoff between slightly lower yields (a position short of the benchmark) and less exposure to the negative market value impact of the rise in rates during the quarter (from a shorter duration) resulted in outperformance vs. benchmarks.
- After a robust second quarter, strong economic fundamentals gave investors further confidence in corporate and other non-government sectors. Most investment-grade sectors contributed positive excess returns (returns in excess of similar-duration Treasuries) to fixed-income portfolios for the quarter.
- As has been the case for some time, federal agency yield spreads remained extremely narrow throughout the quarter. We generally underweighted agencies in favor of U.S. Treasuries or other sectors.
- After adding to supranational allocations in the first half of the year, a sharp decline in issuance caused yield spreads to narrow, resulting in a strong performance for the sector but few new opportunities.
- In the corporate sector, strong economic tailwinds created a favorable investment landscape. Corporate returns dominated their government counterparts, adding significant value to the portfolio in the third quarter.
- We actively sought to increase allocations to asset-backed securities (ABS). Our view of the ABS sector was that it remained a high-quality diversifier to corporate allocations, providing incremental income with a high degree of downside protection given the sector's strong structural protections and AAA ratings. During the third quarter, the sector provided attractive excess returns.
- After providing several consecutive quarters of incremental income relative to short-term government alternatives, yield spreads on commercial paper and negotiable bank certificates of deposit narrowed to 1-year lows. Our strategy in the third quarter was to be more selective with regard to issuer/maturity and wait for the next Fed rate hike (which occurred on September 26) before reassessing value in short credit instruments.
- Our view of mortgage-backed securities (MBS) remained cautious. As such, our allocations to MBS were generally small and focused on structures with limited extension risk such as shorter-maturity pass-throughs and collateralized mortgage obligations (CMOs), agency-backed commercial mortgage-backed securities (CMBS), and MBS with higher coupons, all of which carry less downside risk in a rising rate environment.

Sector Allocation and Compliance

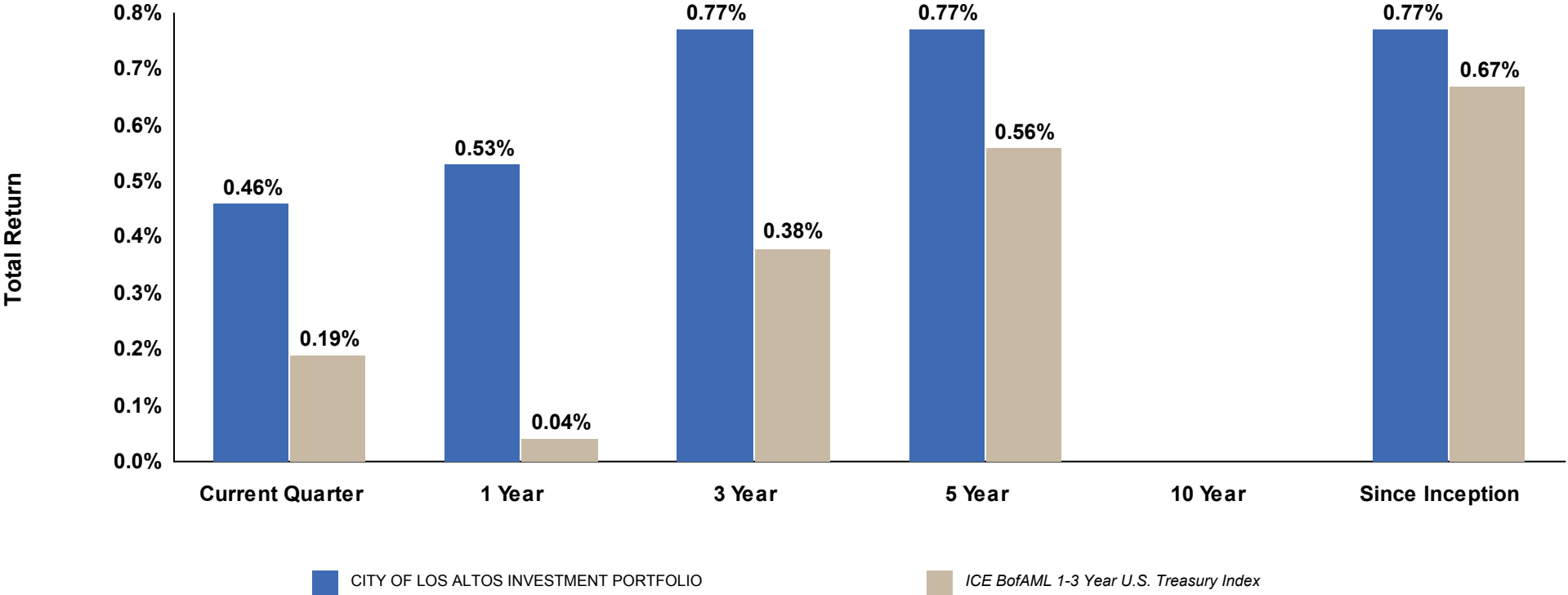
- ◆ The portfolio is in compliance with the City's Investment Policy and the California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 6/30/18	Permitted by Policy	In Compliance
U.S. Treasury	\$15,832,722	29.3%	+3.2%	100%	✓
Federal Agency	\$4,612,963	8.5%	-5.5%	100%	✓
Federal Agency CMOs	\$362,143	0.7%	-0.0%	100%	✓
Supranationals	\$3,829,164	7.1%	+1.4%	10%	✓
Negotiable CDs	\$8,633,309	16.0%	-1.8%	30%	✓
Corporate Notes	\$12,688,583	23.5%	+0.1%	30%	✓
Asset-Backed Securities	\$8,035,839	14.9%	+2.5%	20%	✓
Securities Sub-Total	\$53,994,722	99.8%			
Accrued Interest	\$243,920				
Securities Total	\$54,238,642				
Money Market Fund	\$96,838	0.2%	+0.1%	20%	✓
Total Investments	\$54,335,480	100.0%			

As of 9/30/2018. Detail may not add to total due to rounding.

Portfolio Performance* (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/10) **
			1 Year	3 Year	5 Year	10 Year	
CITY OF LOS ALTOS INVESTMENT PORTFOLIO	1.64	0.46%	0.53%	0.77%	0.77%	-	0.77%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	0.19%	0.04%	0.38%	0.56%	-	0.67%
Difference		0.27%	0.49%	0.39%	0.21%	-	0.10%



*Portfolio performance is gross of fees unless otherwise indicated. **Since Inception performance is not shown for periods less than one year.

Portfolio Earnings
Quarter-Ended September 30, 2018

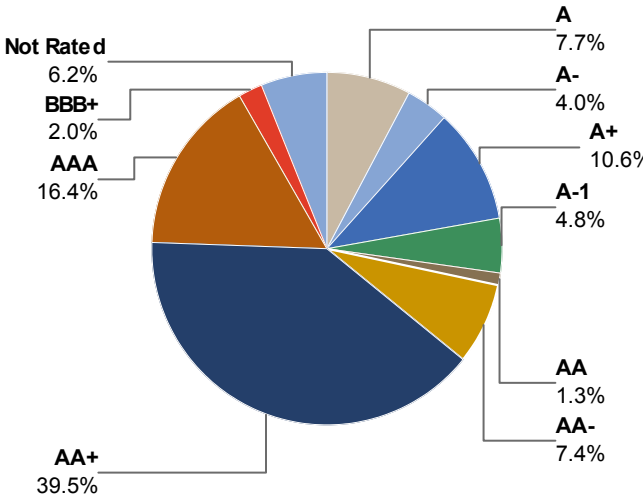
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (06/30/2018)	\$53,804,829.24	\$54,438,918.37
Net Purchases/Sales	\$211,540.17	\$211,540.17
Change in Value	(\$21,647.30)	(\$42,080.09)
Ending Value (09/30/2018)	\$53,994,722.11	\$54,608,378.45
Interest Earned	\$271,936.71	\$271,936.71
Portfolio Earnings	\$250,289.41	\$229,856.62

Portfolio Statistics

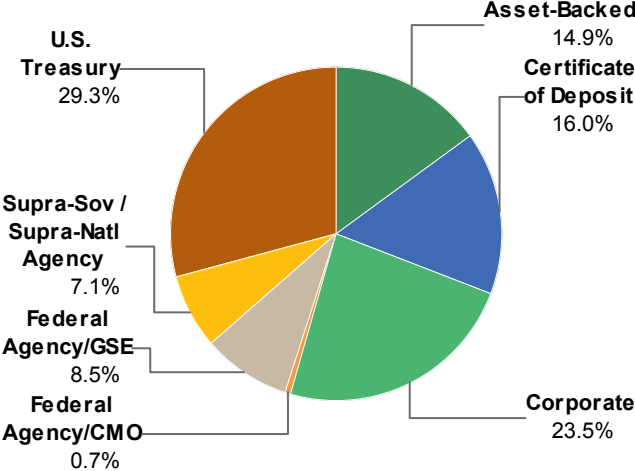
As of September 30, 2018

Par Value:	\$54,700,082
Total Market Value:	\$54,335,480
Security Market Value:	\$53,994,722
Accrued Interest:	\$243,920
Cash:	\$96,838
Amortized Cost:	\$54,608,378
Yield at Market:	2.84%
Yield at Cost:	2.13%
Effective Duration:	1.64 Years
Duration to Worst:	1.74 Years
Average Maturity:	2.03 Years
Average Credit: *	AA

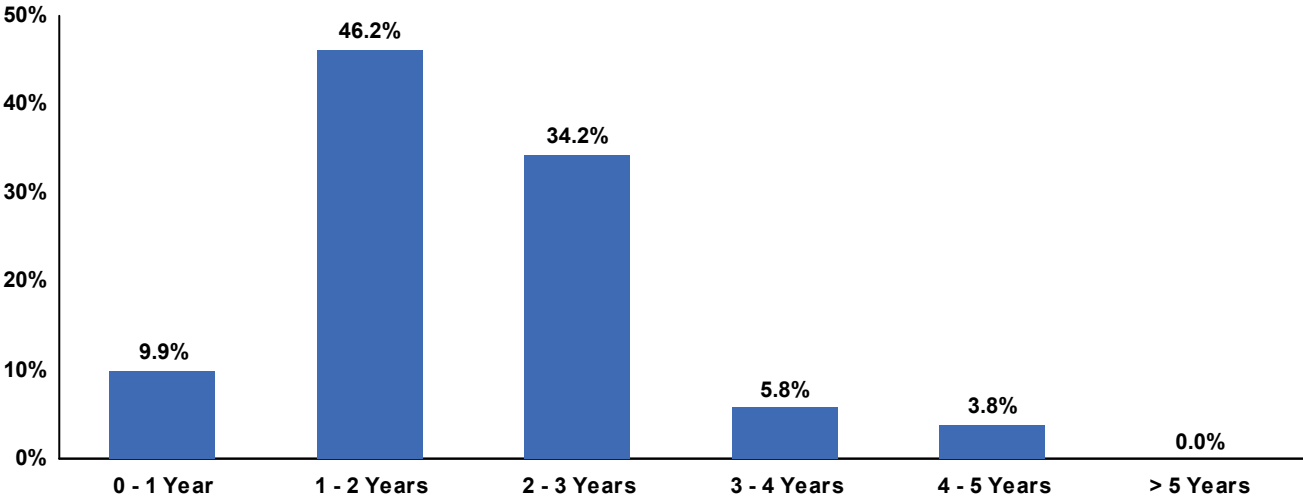
Credit Quality (S&P Ratings)



Sector Allocation



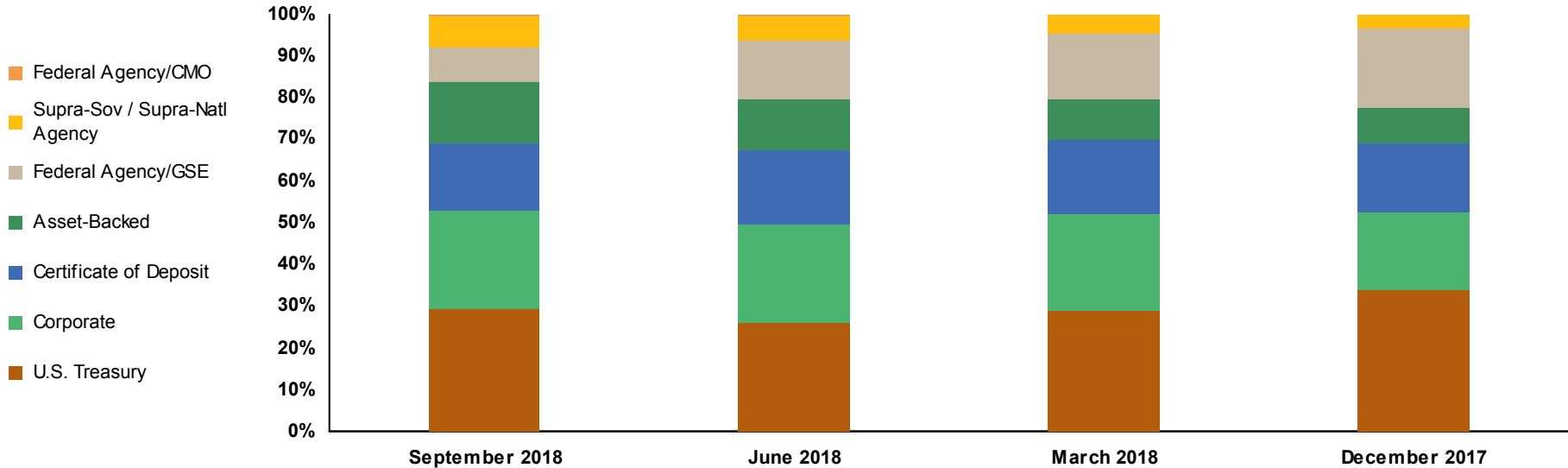
Maturity Distribution



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

Sector Allocation

Sector	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	15.8	29.3%	14.0	26.1%	15.6	29.1%	18.3	34.0%
Corporate	12.7	23.5%	12.6	23.4%	12.2	22.8%	9.8	18.3%
Certificate of Deposit	8.6	16.0%	9.5	17.7%	9.6	17.9%	8.9	16.6%
Asset-Backed	8.0	14.9%	6.7	12.4%	5.2	9.8%	4.8	8.9%
Federal Agency/GSE	4.6	8.5%	7.5	14.0%	8.5	15.9%	10.0	18.7%
Supra-Sov / Supra-Natl Agency	3.8	7.1%	3.0	5.7%	2.4	4.5%	1.9	3.5%
Federal Agency/CMO	0.4	0.7%	0.4	0.7%	0.0	0.0%	0.0	0.0%
Total	\$54.0	100.0%	\$53.8	100.0%	\$53.6	100.0%	\$53.6	100.0%

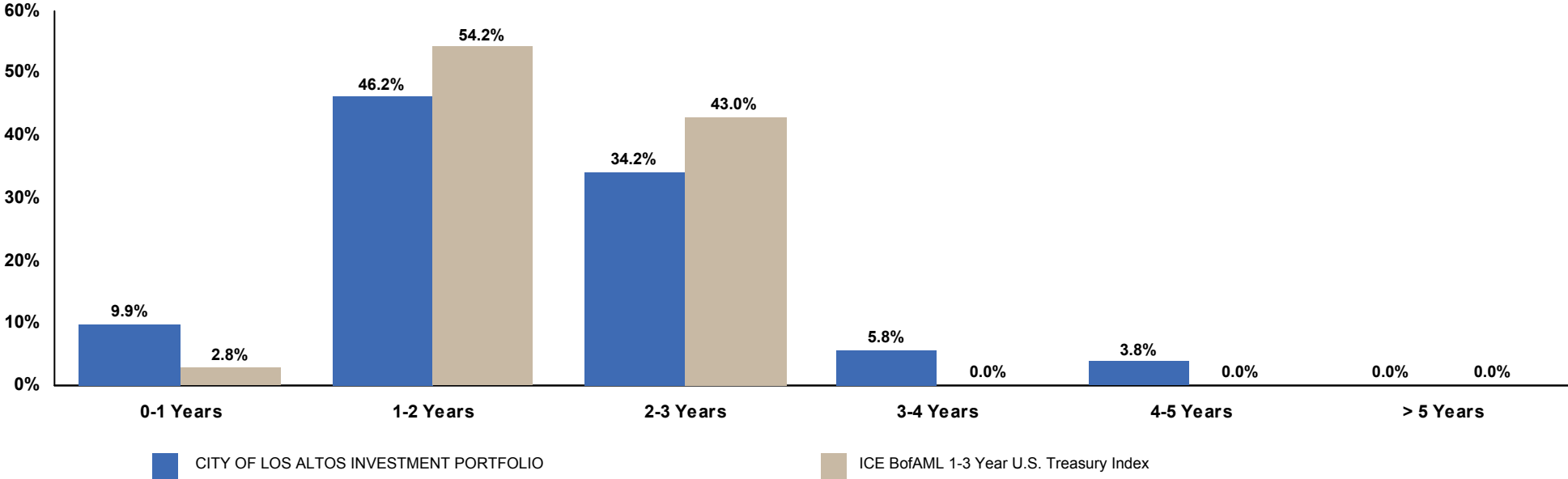


Detail may not add to total due to rounding.

Maturity Distribution

As of September 30, 2018

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 LOS ALTOS INVESTMENT PORTFOLIO	2.84%	2.03 yrs	9.9%	46.2%	34.2%	5.8%	3.8%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	2.81%	1.94 yrs	2.8%	54.2%	43.0%	0.0%	0.0%	0.0%



Sector/Issuer Distribution

As of September 30, 2018

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
ALLY AUTO RECEIVABLES TRUST	846,161	10.5%	1.6%
AMERICAN EXPRESS CO	492,583	6.1%	0.9%
BANK OF AMERICA CO	271,194	3.4%	0.5%
CARMAX AUTO OWNER TRUST	421,031	5.2%	0.8%
CITIGROUP INC	918,246	11.4%	1.7%
CNH EQUIPMENT TRUST	134,219	1.7%	0.2%
FORD CREDIT AUTO LEASE TRUST	229,987	2.9%	0.4%
FORD CREDIT AUTO OWNER TRUST	848,158	10.6%	1.6%
GM FINANCIAL AUTO LEASING TRUST	170,025	2.1%	0.3%
GM FINANCIAL SECURITIZED TERM	244,531	3.0%	0.5%
HONDA AUTO RECEIVABLES	684,005	8.5%	1.3%
HYUNDAI AUTO RECEIVABLES	518,648	6.5%	1.0%
JOHN DEERE OWNER TRUST	361,361	4.5%	0.7%
MERCEDES-BENZ AUTO RECEIVABLES	349,579	4.4%	0.6%
NISSAN AUTO RECEIVABLES	518,062	6.4%	1.0%
TOYOTA MOTOR CORP	1,028,050	12.8%	1.9%
Sector Total	8,035,839	100.0%	14.9%
Certificate of Deposit			
BANK OF MONTREAL	549,294	6.4%	1.0%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
BANK OF NOVA SCOTIA	552,656	6.4%	1.0%
CANADIAN IMPERIAL BANK OF COMMERCE	551,390	6.4%	1.0%
CREDIT AGRICOLE SA	551,056	6.4%	1.0%
CREDIT SUISSE GROUP	549,755	6.4%	1.0%
MITSUBISHI UFJ FINANCIAL GROUP INC	545,484	6.3%	1.0%
NORDEA BANK AB	547,728	6.3%	1.0%
ROYAL BANK OF CANADA	703,769	8.2%	1.3%
SKANDINAVISKA ENSKILDA BANKEN AB	1,068,034	12.4%	2.0%
SUMITOMO MITSUI FINANCIAL GROUP INC	972,502	11.3%	1.8%
SWEDBANK AB	539,175	6.2%	1.0%
UBS AG	551,317	6.4%	1.0%
WESTPAC BANKING CORP	951,148	11.0%	1.8%
Sector Total	8,633,309	100.0%	16.0%
Corporate			
3M COMPANY	134,771	1.1%	0.2%
AMERICAN EXPRESS CO	543,514	4.3%	1.0%
AMERICAN HONDA FINANCE	547,152	4.3%	1.0%
APPLE INC	540,445	4.3%	1.0%
BANK OF AMERICA CO	538,094	4.2%	1.0%
BB&T CORPORATION	543,599	4.3%	1.0%
CATERPILLAR INC	549,883	4.3%	1.0%
CHARLES SCHWAB	270,033	2.1%	0.5%
CHEVRON CORPORATION	320,952	2.5%	0.6%
CISCO SYSTEMS INC	197,388	1.6%	0.4%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
DEERE & COMPANY	696,468	5.5%	1.3%
GENERAL DYNAMICS CORP	329,203	2.6%	0.6%
GOLDMAN SACHS GROUP INC	545,068	4.3%	1.0%
HERSHEY COMPANY	204,922	1.6%	0.4%
HOME DEPOT INC	231,244	1.8%	0.4%
HONEYWELL INTERNATIONAL	148,531	1.2%	0.3%
HSBC HOLDINGS PLC	192,863	1.5%	0.4%
IBM CORP	470,041	3.7%	0.9%
INTEL CORPORATION	245,999	1.9%	0.5%
JOHNSON & JOHNSON	112,676	0.9%	0.2%
JP MORGAN CHASE & CO	543,986	4.3%	1.0%
MICROSOFT CORP	212,392	1.7%	0.4%
MORGAN STANLEY	537,381	4.2%	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	228,399	1.8%	0.4%
PACCAR FINANCIAL CORP	339,374	2.7%	0.6%
PFIZER INC	339,925	2.7%	0.6%
THE BANK OF NEW YORK MELLON CORPORATION	543,351	4.3%	1.0%
THE WALT DISNEY CORPORATION	579,320	4.6%	1.1%
TOYOTA MOTOR CORP	617,139	4.9%	1.1%
UNILEVER PLC	544,700	4.3%	1.0%
UNITED PARCEL SERVICE INC	311,606	2.5%	0.6%
VISA INC	147,404	1.2%	0.3%
WAL-MART STORES INC	380,762	3.0%	0.7%
Sector Total	12,688,583	100.0%	23.5%

Investment Strategy Outlook

- While the Fed's policy actions will depend on future economic data, we believe the current strength of the U.S. Economy, coupled with a strong labor market and rising inflation, will cause the Fed to continue raising rates at a pace of about one quarter-percent hike per quarter well into 2019. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to the benchmark.
- Over the past several quarters, we have maintained a positive view on corporates and other spread products (non-government investments); however, we are cognizant of potential headwinds that could surface towards year-end. While diversification away from U.S. Treasury securities has added significant value over the last several quarters, very narrow spreads across most investment-grade sectors give us reason to turn a bit more cautious.
- Federal agency securities remain expensive as most maturities offer less than five basis points of incremental yield relative to U.S. Treasuries. We will continue to reduce agency exposure where spreads are tight, seeking better relative value in other sectors. As an alternative, we may selectively add callable agency issues because, in our view, they provide better value in today's market in addition to favorable diversification and income benefits.
- In conjunction with tight spreads, we plan to be more selective and defensive with corporate positioning. Our preference continues to favor financials and select industrial issuers with stronger balance sheets and fair valuations, which we think can better withstand the current phase of the credit cycle
- Broad diversification across all investment-grade sectors remains a key component of our portfolio strategy; we will also continue to maintain a high credit quality for the PFM-managed portfolio.

Transactions & Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
7/3/18	7/6/18	975,000	912828WR7	US TREASURY NOTES	2.12%	6/30/21	960,408.12	2.66%	
7/11/18	7/18/18	245,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	244,942.87	3.03%	
7/17/18	7/25/18	350,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	349,986.56	3.03%	
7/18/18	7/25/18	260,000	14313FAD1	CARMAX AUTO OWNER TRUST	3.13%	6/15/23	259,964.56	3.36%	
7/18/18	7/25/18	800,000	459058GH0	INTL BANK OF RECONSTRUCTION AND DEV NOTE	2.75%	7/23/21	798,128.00	2.83%	
8/1/18	8/3/18	550,000	06370REU9	BANK OF MONTREAL CHICAGO CERT DEPOS	3.19%	8/3/20	550,000.00	3.23%	
8/21/18	8/23/18	275,000	17305EGK5	CCCIT 2018-A1 A1	2.49%	1/20/23	272,587.65	2.97%	
9/4/18	9/7/18	340,000	717081EM1	PFIZER INC CORP NOTE	3.00%	9/15/21	339,541.00	3.05%	
9/4/18	9/7/18	150,000	14913Q2N8	CATERPILLAR FINANCIAL SERVICES CORP CORP	3.15%	9/7/21	149,884.50	3.18%	
9/5/18	9/7/18	875,000	9128284W7	US TREASURY NOTES	2.75%	8/15/21	877,221.68	2.72%	
9/11/18	9/14/18	135,000	88579YBA8	3M COMPANY	3.00%	9/14/21	134,723.25	3.07%	
9/18/18	9/21/18	230,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	229,980.57	3.41%	
9/18/18	9/26/18	170,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	169,986.57	3.19%	
Total BUY		5,355,000					5,337,355.33		
INTEREST									
7/1/18	7/25/18	380,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,127.33		
7/2/18	7/2/18	0	MONEY0002	MONEY MARKET FUND			106.44		
7/8/18	7/8/18	205,000	24422ETZ2	JOHN DEERE CAPITAL CORP NOTES	2.35%	1/8/21	2,408.75		
7/10/18	7/10/18	875,000	86958JHB8	SVENSKA HANDELSBANKEN NY CD	1.89%	1/10/19	8,314.69		
7/10/18	7/10/18	550,000	22532XHT8	CREDIT AGRICOLE CIB NY FLT CERT DEPOS	2.88%	4/10/20	3,903.15		
7/10/18	7/10/18	550,000	13606BVF0	CANADIAN IMP BK COMM NY FLT CERT DEPOS	2.81%	4/10/20	3,805.83		
7/15/18	7/15/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
7/15/18	7/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/15/18	7/15/18	177,790	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	242.98		
7/15/18	7/15/18	113,008	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	145.03		
7/15/18	7/15/18	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
7/15/18	7/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
7/15/18	7/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
7/15/18	7/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
7/15/18	7/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
7/15/18	7/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
7/15/18	7/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
7/15/18	7/15/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
7/15/18	7/15/18	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	694.38		
7/15/18	7/15/18	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
7/15/18	7/15/18	164,840	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	247.26		
7/15/18	7/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
7/15/18	7/15/18	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,147.00		
7/15/18	7/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
7/15/18	7/15/18	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
7/15/18	7/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
7/15/18	7/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
7/15/18	7/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
7/15/18	7/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
7/15/18	7/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
7/17/18	7/17/18	450,000	17305EGA7	CITIBANK ABS 2017-A2 A2	1.74%	1/19/21	3,915.00		
7/18/18	7/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
7/18/18	7/18/18	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	238.29		
7/19/18	7/19/18	400,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	1,750.00		
7/19/18	7/19/18	600,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	2,625.00		
7/20/18	7/20/18	230,000	02665WBT7	AMERICAN HONDA FINANCE CORP NOTES	1.95%	7/20/20	2,242.50		
7/21/18	7/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
7/23/18	7/23/18	500,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	5,625.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
7/23/18	7/23/18	200,000	38141GWP5	GOLDMAN SACHS GROUP INC CORP NOTE	1.95%	7/23/19	1,950.00		
7/30/18	7/30/18	1,075,000	3135G0T60	FNMA NOTES	1.50%	7/30/20	8,062.50		
7/31/18	7/31/18	950,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	7,718.75		
7/31/18	7/31/18	1,110,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	6,937.50		
7/31/18	7/31/18	1,500,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	10,312.50		
8/1/18	8/1/18	0	MONEY0002	MONEY MARKET FUND			61.01		
8/1/18	8/1/18	100,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	1,075.00		
8/1/18	8/25/18	380,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,165.77		
8/2/18	8/2/18	665,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	2,909.38		
8/2/18	8/2/18	1,075,000	83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1.84%	8/2/19	9,944.94		
8/6/18	8/6/18	215,000	594918BV5	MICROSOFT CORP NOTES	1.85%	2/6/20	1,988.75		
8/7/18	8/7/18	965,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	9,891.25		
8/15/18	8/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
8/15/18	8/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
8/15/18	8/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
8/15/18	8/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
8/15/18	8/15/18	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
8/15/18	8/15/18	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
8/15/18	8/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
8/15/18	8/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
8/15/18	8/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
8/15/18	8/15/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
8/15/18	8/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
8/15/18	8/15/18	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	694.38		
8/15/18	8/15/18	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
8/15/18	8/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
8/15/18	8/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
8/15/18	8/15/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
8/15/18	8/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
8/15/18	8/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
8/15/18	8/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
8/15/18	8/15/18	152,102	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	228.15		
8/15/18	8/15/18	350,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	589.17		
8/15/18	8/15/18	260,000	14313FAD1	CARMAX AUTO OWNER TRUST	3.13%	6/15/23	452.11		
8/15/18	8/15/18	166,779	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	227.93		
8/15/18	8/15/18	86,957	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	111.60		
8/15/18	8/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
8/15/18	8/15/18	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,147.00		
8/16/18	8/16/18	245,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	575.48		
8/18/18	8/18/18	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	238.29		
8/18/18	8/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
8/20/18	8/20/18	550,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	7,396.89		
8/21/18	8/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
8/24/18	8/24/18	475,000	06406HCZ0	BNY MELLON (CALLABLE) CORP NOTE	2.15%	2/24/20	5,106.25		
8/28/18	8/28/18	1,175,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	5,875.00		
8/28/18	8/28/18	600,000	3135G0T29	FNMA NOTES	1.50%	2/28/20	4,500.00		
8/31/18	8/31/18	50,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	343.75		
8/31/18	8/31/18	275,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	1,890.63		
9/1/18	9/1/18	190,000	69371RN93	PACCAR FINANCIAL CORP NOTES	2.80%	3/1/21	2,719.11		
9/1/18	9/1/18	50,000	46625HQJ2	JP MORGAN CHASE & CO CORP NT (CALLABLE)	2.55%	3/1/21	637.50		
9/1/18	9/25/18	369,142	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	1,114.81		
9/3/18	9/3/18	325,000	166764BP4	CHEVRON CORP NOTES	1.99%	3/3/20	3,235.38		
9/4/18	9/4/18	0	MONEY0002	MONEY MARKET FUND			233.53		
9/4/18	9/4/18	410,000	14913Q2A6	CATERPILLAR FINL SERVICE NOTE	1.85%	9/4/20	3,792.50		
9/4/18	9/4/18	550,000	90275DHG8	UBS AG STAMFORD CT LT CD	2.90%	3/2/20	8,063.61		
9/4/18	9/4/18	275,000	459058GA5	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.62%	9/4/20	2,235.75		
9/4/18	9/4/18	90,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	877.50		
9/5/18	9/5/18	195,000	40428HPR7	HSBC USA INC NOTES	2.35%	3/5/20	2,291.25		
9/6/18	9/6/18	475,000	44932HAA1	IBM CREDIT CORP NOTE	1.62%	9/6/19	3,859.38		
9/9/18	9/9/18	550,000	45950VLQ7	INTERNATIONAL FINANCE CORPORATION NOTE	2.63%	3/9/21	6,963.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
9/12/18	9/12/18	550,000	45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1.56%	9/12/20	4,295.50		
9/12/18	9/12/18	400,000	24422EUD9	JOHN DEERE CAPITAL CORP NOTES	2.87%	3/12/21	5,718.06		
9/14/18	9/14/18	100,000	0258M0DX4	AMERICAN EXP (CALLABLE) CREDIT CORP NOTE	2.60%	9/14/20	1,300.00		
9/15/18	9/15/18	275,000	05522RCW6	BANK OF AMERICA ABS 2017-A1 A1	1.95%	8/15/22	446.88		
9/15/18	9/15/18	275,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	460.63		
9/15/18	9/15/18	130,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	288.17		
9/15/18	9/15/18	380,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	563.67		
9/15/18	9/15/18	145,000	47788BAD6	JOHN DEERE ABS 2017-B A3	1.82%	10/15/21	219.92		
9/15/18	9/15/18	350,000	58772RAD6	MBART 2018-1 A3	3.03%	1/15/23	883.75		
9/15/18	9/15/18	235,000	43814UAC3	HAROT 2018-1 A3	2.64%	2/15/22	517.00		
9/15/18	9/15/18	305,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	424.46		
9/15/18	9/15/18	153,561	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	209.87		
9/15/18	9/15/18	61,344	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	78.72		
9/15/18	9/15/18	275,000	65478GAD2	NISSAN ABS 2017-B A3	1.75%	10/15/21	401.04		
9/15/18	9/15/18	120,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	173.00		
9/15/18	9/15/18	205,000	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	300.67		
9/15/18	9/15/18	230,000	44932GAD7	HYUNDAI ABS 2017-B A3	1.77%	1/15/22	339.25		
9/15/18	9/15/18	190,000	02582JHG8	AMERICAN EXPRESS ABS 2017-4 A	1.64%	12/15/21	259.67		
9/15/18	9/15/18	275,000	34528FAD0	FORDO 2018-A A3	3.03%	11/15/22	694.38		
9/15/18	9/15/18	230,000	63743HER9	NATIONAL RURAL UTIL COOP	2.90%	3/15/21	3,687.03		
9/15/18	9/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
9/15/18	9/15/18	305,000	02582JHQ6	AMXCA 2018-1 A	2.67%	10/17/22	678.63		
9/15/18	9/15/18	375,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	912.50		
9/15/18	9/15/18	90,000	44891KAD7	HART 2018-A A3	2.79%	7/15/22	209.25		
9/15/18	9/15/18	90,000	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	133.50		
9/15/18	9/15/18	260,000	14313FAD1	CARMAX AUTO OWNER TRUST	3.13%	6/15/23	678.17		
9/15/18	9/15/18	139,533	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	209.30		
9/15/18	9/15/18	250,000	654747AD6	NISSAN ABS 2017-A A3	1.74%	8/15/21	362.50		
9/15/18	9/15/18	450,000	89190BAD0	TOYOTA ABS 2017-B A3	1.76%	7/15/21	660.00		
9/15/18	9/15/18	465,000	89238TAD5	TAOT 2018-B A3	2.96%	9/15/22	1,147.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
9/16/18	9/16/18	245,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	616.58		
9/18/18	9/18/18	140,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	208.83		
9/18/18	9/18/18	95,000	43814UAG4	HAROT 2018-2 A3	3.01%	5/18/22	238.29		
9/20/18	9/20/18	200,000	17305EGH2	CCCIT 2017-A9 A9	1.80%	9/20/21	1,800.00		
9/20/18	9/20/18	200,000	17275RBG6	CISCO SYSTEMS INC CORP NOTES	1.40%	9/20/19	1,400.00		
9/21/18	9/21/18	220,000	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	315.33		
9/22/18	9/22/18	550,000	904764AZ0	UNILEVER CAPITAL CORP NOTES	2.75%	3/22/21	7,562.50		
9/25/18	9/25/18	550,000	06539RGM3	MUFG BANK LTD/NY CERT DEPOS	2.07%	9/25/19	11,479.88		
9/26/18	9/26/18	825,000	3130A9EP2	FHLB GLOBAL NOTES	1.00%	9/26/19	4,125.00		
Total INTEREST		42,970,057					236,129.67		
PAYDOWNS									
7/15/18	7/15/18	26,051	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	26,051.01		0.00
7/15/18	7/15/18	11,012	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	11,011.50		0.00
7/15/18	7/15/18	12,738	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	12,737.94		0.00
8/1/18	8/25/18	10,858	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	10,857.59		0.00
8/15/18	8/15/18	25,614	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	25,613.83		0.00
8/15/18	8/15/18	13,218	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	13,218.39		0.00
8/15/18	8/15/18	12,569	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	12,569.46		0.00
9/1/18	9/25/18	10,384	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	10,383.98		0.00
9/15/18	9/15/18	26,042	14314JAB6	CARMAX ABS 2017-1 A2	1.54%	2/15/20	26,042.26		0.00
9/15/18	9/15/18	4,465	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	4,464.64		0.00
9/15/18	9/15/18	19,095	12636WAB2	CNH 2017-A A2	1.64%	7/15/20	19,095.34		0.00
9/15/18	9/15/18	13,209	14314RAH5	CARMX 2017-4 A2A	1.80%	4/15/21	13,209.32		0.00
9/21/18	9/21/18	302	43814TAC6	HONDA ABS 2017-1 A3	1.72%	7/21/21	302.04		0.00
Total PAYDOWNS		185,557					185,557.30		0.00

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
SELL									
7/3/18	7/6/18	350,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	345,950.16	2.41%	(5,174.97)
7/3/18	7/6/18	575,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	568,386.78	2.40%	(6,805.71)
7/11/18	7/16/18	175,000	931142DY6	WAL-MART STORES INC CORP NOTE	1.75%	10/9/19	173,978.92	2.63%	(1,843.81)
7/18/18	7/25/18	335,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	331,015.13	2.48%	(5,200.50)
7/18/18	7/25/18	400,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	394,034.33	2.43%	(5,361.00)
7/18/18	7/25/18	600,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	591,051.50	2.43%	(8,555.05)
7/19/18	7/25/18	80,000	931142DY6	WAL-MART STORES INC CORP NOTE	1.75%	10/9/19	79,563.42	2.65%	(847.71)
8/1/18	8/3/18	600,000	06427KRC3	BANK OF MONTREAL CHICAGO CERT DEPOS	1.88%	2/7/19	603,627.55	2.43%	(1,887.12)
8/21/18	8/23/18	275,000	30231GAG7	EXXON MOBIL (CALLABLE) CORP NOTE	1.91%	3/6/20	274,524.13	2.62%	(3,741.71)
9/5/18	9/7/18	875,000	86958JHB8	SVENSKA HANDELSBANKEN NY CD	1.89%	1/10/19	876,271.93	2.00%	(1,438.38)
9/6/18	9/7/18	275,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	271,152.75	2.49%	(3,774.56)
9/12/18	9/14/18	125,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	123,322.60	2.54%	(1,742.57)
9/18/18	9/21/18	325,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	320,638.82	2.60%	(4,589.50)
Total SELL		4,990,000					4,953,518.02		-50,962.59

Managed Account Detail of Securities Held

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
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	125,000.00	AA+	Aaa	3/2/2017	3/2/2017	124,916.99	1.53	784.65	124,966.21	123,422.88
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	2,360,000.00	AA+	Aaa	12/1/2016	12/5/2016	2,363,687.50	1.45	11,896.72	2,361,456.33	2,327,642.04
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,110,000.00	AA+	Aaa	1/3/2017	1/5/2017	1,101,154.69	1.52	2,337.64	1,106,116.60	1,088,493.75
US TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	275,000.00	AA+	Aaa	8/31/2017	9/1/2017	274,989.26	1.38	323.81	274,993.89	269,757.95
US TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	50,000.00	AA+	Aaa	2/1/2017	2/3/2017	49,697.27	1.58	58.87	49,858.77	49,046.90
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,000,000.00	AA+	Aaa	7/13/2017	7/13/2017	1,992,109.38	1.52	11,508.15	1,995,508.24	1,956,640.00
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	725,000.00	AA+	Aaa	10/4/2017	10/5/2017	723,442.38	1.58	3,654.71	724,018.61	709,819.95
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	2,200,000.00	AA+	Aaa	6/26/2017	6/28/2017	2,207,906.25	1.50	9,034.65	2,204,638.79	2,155,828.40
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	950,000.00	AA+	Aaa	7/5/2017	7/7/2017	950,593.75	1.60	2,600.88	950,360.20	929,886.60
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	565,000.00	AA+	Aaa	11/1/2017	11/3/2017	562,550.19	1.77	3,085.50	563,263.75	550,587.98
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	800,000.00	AA+	Aaa	12/1/2017	12/5/2017	796,187.50	1.91	3,538.04	797,191.76	781,000.00
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	1,500,000.00	AA+	Aaa	1/2/2018	1/4/2018	1,470,000.00	2.05	3,474.86	1,477,080.69	1,450,020.00
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	1,650,000.00	AA+	Aaa	6/4/2018	6/6/2018	1,620,673.83	2.62	11,090.16	1,623,716.36	1,613,132.40
US TREASURY NOTES DTD 06/30/2014 2.125% 06/30/2021	912828WR7	975,000.00	AA+	Aaa	7/3/2018	7/6/2018	960,070.31	2.66	5,235.99	961,215.40	955,690.13
US TREASURY NOTES DTD 08/15/2018 2.750% 08/15/2021	9128284W7	875,000.00	AA+	Aaa	9/5/2018	9/7/2018	875,717.77	2.72	3,073.20	875,702.00	871,752.88

Managed Account Detail of Securities Held

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
Security Type Sub-Total		16,160,000.00					16,073,697.07	1.84	71,697.83	16,090,087.60	15,832,721.86
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 10/27/2016 1.125% 11/27/2019	459058FS7	550,000.00	AAA	Aaa	8/28/2017	8/30/2017	545,308.50	1.51	2,131.25	547,564.14	539,507.65
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	275,000.00	AAA	Aaa	8/22/2017	8/29/2017	274,942.25	1.63	335.16	274,962.64	268,525.95
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	550,000.00	AAA	Aaa	9/12/2017	9/19/2017	548,680.00	1.64	453.12	549,130.01	535,553.15
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	545,000.00	AAA	Aaa	10/2/2017	10/10/2017	550,051.66	1.81	4,568.16	548,484.93	536,075.63
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	550,000.00	AAA	Aaa	3/9/2018	3/16/2018	549,587.50	2.66	885.65	549,658.66	545,028.00
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	615,000.00	AAA	Aaa	4/12/2018	4/19/2018	613,647.00	2.70	7,264.69	613,843.20	609,412.73
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	800,000.00	AAA	Aaa	7/18/2018	7/25/2018	798,128.00	2.83	4,033.33	798,238.36	795,060.80
Security Type Sub-Total		3,885,000.00					3,880,344.91	2.21	19,671.36	3,881,881.94	3,829,163.91
Federal Agency Collateralized Mortgage Obligation											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	358,758.43	AA+	Aaa	4/11/2018	4/30/2018	365,894.49	2.27	1,064.32	365,112.16	362,142.60
Security Type Sub-Total		358,758.43					365,894.49	2.27	1,064.32	365,112.16	362,142.60

Managed Account Detail of Securities Held

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
Federal Agency Bond / Note											
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	215,000.00	AA+	Aaa	7/29/2016	8/2/2016	214,638.80	0.93	308.32	214,898.35	211,982.91
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	900,000.00	AA+	Aaa	8/31/2016	9/2/2016	898,596.00	1.05	825.00	899,568.67	887,028.30
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	825,000.00	AA+	Aaa	10/3/2016	10/5/2016	824,711.25	1.01	114.58	824,903.49	811,635.00
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	1,075,000.00	AA+	Aaa	10/12/2017	10/13/2017	1,073,097.25	1.59	7,166.67	1,073,998.68	1,062,045.18
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	600,000.00	AA+	Aaa	2/24/2017	2/28/2017	599,616.00	1.52	825.00	599,817.59	589,738.80
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	1,075,000.00	AA+	Aaa	8/31/2017	9/1/2017	1,075,279.50	1.49	2,732.29	1,075,179.48	1,050,533.00
Security Type Sub-Total		4,690,000.00					4,685,938.80	1.32	11,971.86	4,688,366.26	4,612,963.19
Corporate Note											
GOLDMAN SACHS GROUP INC CORP NOTE DTD 07/24/2017 1.950% 07/23/2019	38141GWP5	200,000.00	BBB+	A3	7/19/2017	7/24/2017	199,976.00	1.96	736.67	199,990.13	198,601.00
IBM CREDIT CORP NOTE DTD 09/08/2017 1.625% 09/06/2019	44932HAA1	475,000.00	A+	A1	9/5/2017	9/8/2017	474,639.00	1.66	536.02	474,830.05	470,041.48
CISCO SYSTEMS INC CORP NOTES DTD 09/20/2016 1.400% 09/20/2019	17275RBG6	200,000.00	AA-	A1	9/20/2016	9/23/2016	200,216.00	1.36	85.56	200,070.98	197,387.80
AMERICAN EXPRESS CREDIT (CALLABLE) CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	450,000.00	A-	A2	1/31/2017	2/3/2017	446,580.00	1.99	3,208.75	448,632.24	444,420.00
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/30/2017 1.800% 10/30/2019	438516BQ8	150,000.00	A	A2	10/23/2017	10/30/2017	149,883.00	1.84	1,132.50	149,936.27	148,531.20
AMERICAN HONDA FINANCE DTD 11/16/2017 2.000% 11/13/2019	02665WBZ3	325,000.00	A+	A2	11/13/2017	11/16/2017	324,818.00	2.03	2,491.67	324,896.95	321,752.28

Managed Account Detail of Securities Held

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
Corporate Note											
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	500,000.00	A-	A3	6/15/2017	6/20/2017	501,885.00	2.10	2,125.00	500,938.76	494,883.50
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	215,000.00	AAA	Aaa	1/30/2017	2/6/2017	214,855.95	1.87	607.67	214,934.34	212,392.05
BNY MELLON (CALLABLE) CORP NOTE DTD 02/24/2015 2.150% 02/24/2020	06406HCZ0	475,000.00	A	A1	3/29/2017	3/30/2017	476,695.75	2.02	1,049.62	475,806.53	469,709.45
CHEVRON CORP NOTES DTD 03/03/2017 1.991% 03/03/2020	166764BP4	325,000.00	AA-	Aa2	2/28/2017	3/3/2017	325,000.00	1.99	503.28	325,000.00	320,951.80
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	90,000.00	A+	A2	3/1/2017	3/6/2017	89,976.60	1.96	131.63	89,988.67	88,775.91
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	195,000.00	A	A2	3/27/2018	3/29/2018	192,515.70	3.03	330.96	193,153.51	192,862.80
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	150,000.00	AA-	Aa3	4/12/2017	4/17/2017	150,045.00	1.94	1,332.50	150,023.49	147,734.70
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	325,000.00	AA-	Aa3	4/11/2017	4/17/2017	324,850.50	1.97	2,887.08	324,921.95	320,091.85
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	350,000.00	BBB+	A3	11/1/2017	11/3/2017	352,639.00	2.28	3,993.89	351,684.17	346,466.75
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	330,000.00	A+	A2	5/8/2018	5/11/2018	328,831.80	3.06	3,689.58	329,053.80	329,202.72
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	220,000.00	AA+	Aa1	5/4/2017	5/11/2017	219,775.60	1.84	1,540.00	219,877.99	216,317.64
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	250,000.00	A+	A1	5/8/2017	5/11/2017	249,905.00	1.86	1,798.61	249,948.34	245,998.50
WALT DISNEY COMPANY CORP NOTES DTD 06/06/2017 1.800% 06/05/2020	25468PDU7	500,000.00	A+	A2	6/1/2017	6/6/2017	499,420.00	1.84	2,900.00	499,671.45	490,544.50

Managed Account Detail of Securities Held

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
Corporate Note											
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	235,000.00	A	A2	5/24/2017	6/5/2017	234,863.70	1.82	1,363.00	234,922.88	231,243.53
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	100,000.00	A	A2	6/19/2017	6/22/2017	99,939.00	1.97	536.25	99,964.50	98,225.10
BRANCH BANKING & TRUST (CALLABLE) CORP DTD 06/29/2015 2.625% 06/29/2020	05531FAU7	450,000.00	A-	A2	3/17/2017	3/22/2017	454,144.50	2.33	3,018.75	452,204.59	445,997.25
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	230,000.00	A+	A2	7/17/2017	7/20/2017	229,767.70	1.98	884.54	229,858.80	225,399.54
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	410,000.00	A	A3	9/5/2017	9/7/2017	409,655.60	1.88	568.88	409,776.04	400,059.14
AMERICAN EXP (CALLABLE) CREDIT CORP NOTE DTD 09/14/2015 2.600% 09/14/2020	0258M0DX4	100,000.00	A-	A2	3/5/2018	3/7/2018	99,144.00	2.95	122.78	99,331.44	99,093.50
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	115,000.00	AAA	Aaa	11/8/2017	11/10/2017	114,876.95	1.99	878.31	114,912.78	112,675.74
APPLE INC DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	330,000.00	AA+	Aa1	11/6/2017	11/13/2017	329,722.80	2.03	2,530.00	329,802.73	324,126.99
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	155,000.00	A+	A1	11/6/2017	11/13/2017	154,986.05	2.05	1,218.04	154,990.07	151,348.20
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	150,000.00	A+	A1	8/25/2017	8/30/2017	151,650.00	1.85	980.83	151,103.09	147,404.40
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	205,000.00	A	A2	1/3/2018	1/8/2018	204,893.40	2.37	1,110.70	204,918.69	201,381.55
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	100,000.00	A-	A2	11/16/2017	11/20/2017	99,480.00	2.32	358.33	99,616.24	97,601.70
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 03/01/2016 2.550% 03/01/2021	46625HQJ2	50,000.00	A-	A3	3/5/2018	3/7/2018	49,349.50	3.01	106.25	49,468.88	49,102.70

Managed Account Detail of Securities Held

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
Corporate Note											
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	190,000.00	A+	A1	2/22/2018	2/27/2018	189,906.90	2.82	443.33	189,925.02	188,025.71
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	400,000.00	A	A2	3/8/2018	3/13/2018	399,728.00	2.90	606.94	399,776.02	396,861.60
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	230,000.00	A	A2	2/21/2018	2/26/2018	229,744.70	2.94	296.44	229,795.17	228,399.20
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	550,000.00	A+	A1	3/19/2018	3/22/2018	547,189.50	2.93	378.13	547,663.96	544,700.20
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	320,000.00	A+	A1	11/9/2017	11/14/2017	319,494.40	2.10	3,280.00	319,620.37	311,605.76
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	150,000.00	AA-	Aa3	4/10/2018	4/13/2018	149,940.00	2.96	2,065.00	149,948.99	149,312.55
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	75,000.00	A	A1	2/14/2018	2/16/2018	74,024.25	2.93	864.58	74,211.24	73,641.08
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	550,000.00	BBB+	A3	2/13/2018	2/15/2018	540,760.00	3.06	6,111.11	542,523.12	537,380.80
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	205,000.00	A	A1	5/3/2018	5/10/2018	204,858.55	3.12	2,489.04	204,876.67	204,921.90
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	270,000.00	A	A2	5/17/2018	5/22/2018	269,991.90	3.25	3,144.38	269,992.71	270,033.48
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	380,000.00	AA	Aa2	6/20/2018	6/27/2018	379,981.00	3.13	3,100.69	379,982.15	380,762.28
CATERPILLAR FINANCIAL SERVICES CORP CORP DTD 09/07/2018 3.150% 09/07/2021	14913Q2N8	150,000.00	A	A3	9/4/2018	9/7/2018	149,884.50	3.18	315.00	149,886.97	149,823.45
3M COMPANY DTD 09/14/2018 3.000% 09/14/2021	88579YBA8	135,000.00	AA-	A1	9/11/2018	9/14/2018	134,723.25	3.07	191.25	134,727.44	134,770.64

Managed Account Detail of Securities Held

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
Corporate Note											
PFIZER INC CORP NOTE DTD 09/07/2018 3.000% 09/15/2021	717081EM1	340,000.00	AA	A1	9/4/2018	9/7/2018	339,541.00	3.05	680.00	339,550.93	339,924.52
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	550,000.00	A-	A3	11/27/2017	11/29/2017	547,409.50	2.46	6,402.00	547,961.77	538,094.15
Security Type Sub-Total		12,850,000.00					12,832,158.55	2.35	75,125.54	12,834,672.88	12,688,582.59
Certificate of Deposit											
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVN0	975,000.00	A-1	P-1	5/3/2017	5/4/2017	975,000.00	2.05	8,383.65	975,000.00	972,502.05
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	1,075,000.00	A-1	P-1	8/3/2017	8/4/2017	1,074,580.75	1.85	3,296.67	1,074,824.36	1,068,034.00
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	550,000.00	A-1	P-1	9/25/2017	9/27/2017	550,000.00	2.07	189.75	550,000.00	545,483.95
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	550,000.00	A	A1	2/7/2018	2/8/2018	550,000.00	2.67	9,504.46	550,000.00	549,755.25
NORDEA BANK AB NY CD DTD 02/22/2018 2.720% 02/20/2020	65590ASN7	550,000.00	AA-	Aa3	2/20/2018	2/22/2018	550,000.00	2.72	1,703.78	550,000.00	547,727.95
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	550,000.00	A+	Aa2	3/2/2018	3/6/2018	550,000.00	2.93	1,196.25	550,000.00	551,316.70
CREDIT AGRICOLE CIB NY FLT CERT DEPOS DTD 04/10/2018 2.884% 04/10/2020	22532XHT8	550,000.00	A	A1	4/6/2018	4/10/2018	550,000.00	2.85	3,552.38	550,000.00	551,056.00
CANADIAN IMP BK COMM NY FLT CERT DEPOS DTD 04/10/2018 2.814% 04/10/2020	13606BVF0	550,000.00	A+	Aa2	4/6/2018	4/10/2018	550,000.00	2.78	3,463.62	550,000.00	551,389.85
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	550,000.00	A+	Aa2	6/5/2018	6/7/2018	549,791.00	3.10	5,364.33	549,823.08	552,655.95

Managed Account Detail of Securities Held

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
Certificate of Deposit											
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	550,000.00	A+	Aa2	8/1/2018	8/3/2018	550,000.00	3.23	2,875.43	550,000.00	549,294.35
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	965,000.00	AA-	Aa3	8/3/2017	8/7/2017	965,000.00	2.05	2,967.38	965,000.00	951,148.39
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	550,000.00	AA-	Aa2	11/16/2017	11/17/2017	550,000.00	2.30	4,785.92	550,000.00	539,175.45
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	700,000.00	AA-	Aa2	6/7/2018	6/8/2018	700,000.00	3.24	7,119.00	700,000.00	703,768.80
Security Type Sub-Total		8,665,000.00					8,664,371.75	2.52	54,402.62	8,664,647.44	8,633,308.69
Asset-Backed Security / Collateralized Mortgage Obligation											
CARMAX ABS 2017-1 A2 DTD 01/31/2017 1.540% 02/15/2020	14314JAB6	35,301.32	NR	Aaa	1/25/2017	1/31/2017	35,301.31	1.60	24.16	35,301.32	35,279.07
CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	134,465.24	AAA	NR	3/15/2017	3/22/2017	134,460.08	1.80	98.01	134,462.19	134,218.66
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/19/2021	17305EGA7	450,000.00	AAA	Aaa	1/19/2017	1/26/2017	449,913.83	1.75	1,609.50	450,000.00	449,009.96
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	120,000.00	AAA	Aaa	3/7/2017	3/15/2017	119,985.88	1.74	92.27	119,991.29	119,150.68
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	90,000.00	NR	Aaa	2/22/2017	3/2/2017	89,987.18	1.79	71.20	89,990.22	89,301.38
CARMX 2017-4 A2A DTD 10/25/2017 1.800% 04/15/2021	14314RAH5	126,323.44	AAA	NR	10/17/2017	10/25/2017	126,314.17	1.79	101.06	126,316.55	125,755.15
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	95,535.36	NR	Aaa	1/24/2017	1/31/2017	95,527.01	1.70	72.18	95,530.37	94,864.63
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	305,000.00	NR	Aaa	1/18/2017	1/25/2017	304,998.87	1.67	226.38	304,999.40	302,251.61

Managed Account Detail of Securities Held

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
Asset-Backed Security / Collateralized Mortgage Obligation											
GMALT 2018-3 A3 DTD 09/26/2018 3.180% 06/20/2021	36256GAD1	170,000.00	AAA	Aaa	9/18/2018	9/26/2018	169,986.57	3.19	75.08	169,986.64	170,024.79
TOYOTA ABS 2017-B A3 DTD 05/17/2017 1.760% 07/15/2021	89190BAD0	450,000.00	AAA	Aaa	5/9/2017	5/17/2017	449,965.49	1.76	352.00	449,976.54	444,998.21
HONDA ABS 2017-1 A3 DTD 03/28/2017 1.720% 07/21/2021	43814TAC6	219,697.96	NR	Aaa	3/21/2017	3/28/2017	219,684.89	1.72	104.97	219,687.11	217,767.28
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	205,000.00	AAA	NR	3/22/2017	3/29/2017	204,983.42	1.76	160.36	204,983.42	202,781.98
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	380,000.00	NR	Aaa	3/21/2017	3/29/2017	379,955.20	1.79	300.62	379,971.39	377,152.85
NISSAN ABS 2017-A A3 DTD 03/28/2017 1.740% 08/15/2021	654747AD6	250,000.00	NR	Aaa	3/21/2017	3/28/2017	249,973.53	1.74	193.33	249,979.96	247,073.40
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	140,000.00	AAA	NR	9/25/2017	9/29/2017	139,984.84	1.94	90.49	139,988.51	138,003.57
CCCIT 2017-A9 A9 DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	200,000.00	AAA	NR	9/25/2017	10/2/2017	199,985.10	1.80	110.00	199,988.70	198,036.74
NISSAN ABS 2017-B A3 DTD 08/23/2017 1.750% 10/15/2021	65478GAD2	275,000.00	NR	Aaa	8/16/2017	8/23/2017	274,984.63	1.75	213.89	274,988.60	270,988.82
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	145,000.00	NR	Aaa	7/11/2017	7/18/2017	144,989.39	1.82	117.29	144,992.11	143,013.21
FORDL 2018-B A3 DTD 09/21/2018 3.190% 12/15/2021	34531LAD2	230,000.00	NR	Aaa	9/18/2018	9/21/2018	229,980.57	3.41	203.81	229,980.74	229,986.75
AMERICAN EXPRESS ABS 2017-4 A DTD 05/30/2017 1.640% 12/15/2021	02582JHG8	190,000.00	AAA	NR	5/22/2017	5/30/2017	189,969.56	1.65	138.49	189,978.12	188,794.62
HYUNDAI ABS 2017-B A3 DTD 08/16/2017 1.770% 01/15/2022	44932GAD7	230,000.00	AAA	Aaa	8/9/2017	8/16/2017	229,960.14	1.78	180.93	229,970.00	226,365.03
HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	235,000.00	AAA	Aaa	2/22/2018	2/28/2018	234,969.61	2.65	275.73	234,973.89	233,339.35
FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	275,000.00	AAA	NR	11/14/2017	11/21/2017	274,950.42	2.02	245.67	274,959.91	271,128.99

Managed Account Detail of Securities Held

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
Asset-Backed Security / Collateralized Mortgage Obligation											
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	130,000.00	NR	Aaa	2/21/2018	2/28/2018	129,990.65	2.66	153.69	129,991.94	129,046.53
HAROT 2018-2 A3 DTD 05/30/2018 3.010% 05/18/2022	43814UAG4	95,000.00	AAA	NR	5/22/2018	5/30/2018	94,997.93	3.01	103.26	94,998.15	94,894.66
HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	90,000.00	AAA	Aaa	4/10/2018	4/18/2018	89,986.45	2.80	111.60	89,987.84	89,500.92
BANK OF AMERICA ABS 2017-A1 A1 DTD 03/30/2017 1.950% 08/15/2022	05522RCW6	275,000.00	NR	Aaa	6/11/2018	6/13/2018	270,638.67	2.73	238.33	270,866.56	271,194.22
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	465,000.00	AAA	Aaa	5/9/2018	5/16/2018	464,993.07	2.96	611.73	464,993.69	463,901.21
AMXCA 2018-1 A DTD 03/21/2018 2.670% 10/17/2022	02582JHQ6	305,000.00	NR	Aaa	3/14/2018	3/21/2018	304,964.59	2.68	361.93	304,968.54	303,788.30
FORDO 2018-A A3 DTD 05/22/2018 3.030% 11/15/2022	34528FAD0	275,000.00	AAA	NR	5/15/2018	5/22/2018	274,955.53	3.04	370.33	274,958.93	274,776.98
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	375,000.00	NR	Aaa	4/24/2018	4/30/2018	374,931.90	2.93	486.67	374,937.68	374,143.35
MBART 2018-1 A3 DTD 07/25/2018 3.030% 01/15/2023	58772RAD6	350,000.00	AAA	Aaa	7/17/2018	7/25/2018	349,986.56	3.03	471.33	349,987.25	349,579.37
CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	275,000.00	NR	Aaa	8/21/2018	8/23/2018	271,959.96	2.97	1,350.48	272,011.60	271,198.87
GMCAR 2018-3 A3 DTD 07/18/2018 3.020% 05/16/2023	36255JAD6	245,000.00	AAA	NR	7/11/2018	7/18/2018	244,942.87	3.03	308.29	244,945.16	244,531.41
CARMAX AUTO OWNER TRUST DTD 07/25/2018 3.130% 06/15/2023	14313FAD1	260,000.00	AAA	NR	7/18/2018	7/25/2018	259,964.56	3.36	361.69	259,965.85	259,996.72
Security Type Sub-Total		8,091,323.32					8,083,124.43	2.33	9,986.75	8,083,610.17	8,035,839.27
Managed Account Sub Total		54,700,081.75					54,585,530.00	2.13	243,920.28	54,608,378.45	53,994,722.11

Securities Sub-Total	\$54,700,081.75	\$54,585,530.00	2.13%	\$243,920.28	\$54,608,378.45	\$53,994,722.11
Accrued Interest						\$243,920.28
Total Investments						\$54,238,642.39

Bolded items are forward settling trades.

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.

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.

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.

DISCLOSURES

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.

Investment advisory services are provided by PFM Asset Management LLC which is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

For more information regarding PFM's services or entities, please visit www.pfm.com.

The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution and are subject to change. Information is 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 recommendation. The information contained in this report is not an offer to purchase or sell any securities.

© 2018 PFM Asset Management LLC. Further distribution is not permitted without prior written consent.

