



**Date:** July 31, 2018  
**To:** Mayor and City Council  
**From:** City Manager  
**By:** Director of Finance  
**Subject:** 2018 Second Quarter Investment Report

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In accordance with California Government Code and the City's Statement of Investment Policy, I am transmitting for your review the quarterly investment report for the period of April 1 – June 30, 2018 (2Q2018). The City's Investment Advisory Committee (IAC) will be reviewing this document after its distribution to Council on August 2, 2018. The attached report provides a summary of market and economic conditions, the composition of the City's portfolio, investment performance and investment strategy. Monthly summaries of the City's investments managed by PFM along with the quarterly reports are posted on the City of Hayward website at: <http://www.hayward-ca.gov/your-government/documents/investment-reports>.

The City's investment portfolio (pooled cash) carried a market value of \$302.2 million as of June 30, 2018. The investments held at the end of 2Q2018 included \$121.1 million invested through the City's investment advisor, The PFM Group; \$126.6 million on deposit in the Local Agency Investment Fund (LAIF); and \$54.5 million in the City's general checking account.

Interest earned during 2Q2018 on the City's portfolio managed by the PFM Group (excluding LAIF and cash accounts) totaled \$407,344. The portfolio outperformed the City's benchmark used for comparison (1-3 Year U.S. Treasury Index) – by 18 basis points for the one-year period from June 30, 2017 to June 30, 2018 and met the benchmark for the quarter. Funds on deposit with LAIF earned 1.76% during 2Q2018. The balance held in the City's general checking account does not earn interest.

Pursuant to provision (3) of California Government Code section 53646, the City establishes that it is able to meet its pooled expenditure requirements for the next six months.

**Attachments:**

Second Quarter 2018 Performance Investment Report by The PFM Group  
Second Quarter 2018 LAIF Performance Report



# CITY OF HAYWARD

## **Investment Performance Review For the Quarter Ended June 30, 2018**

Client Management Team

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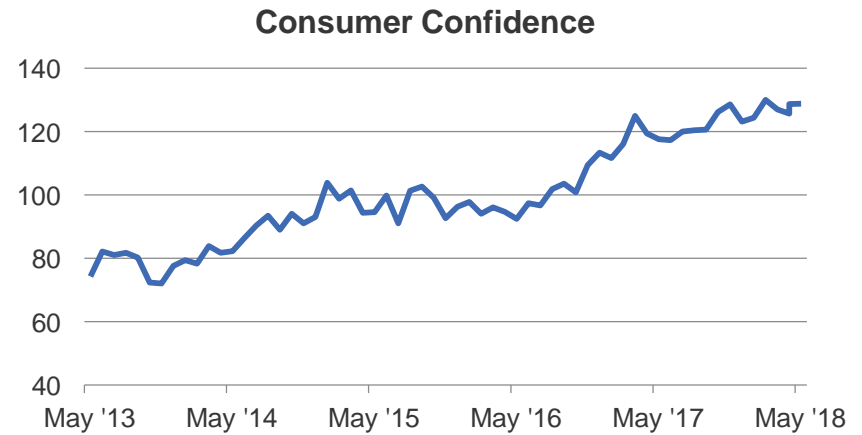
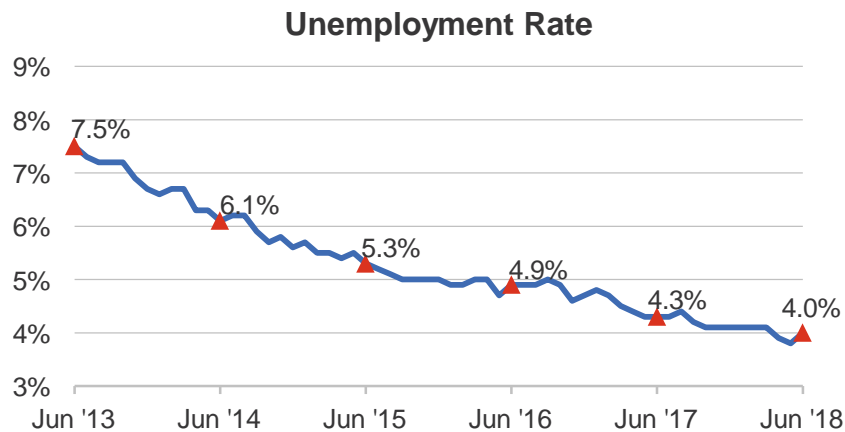
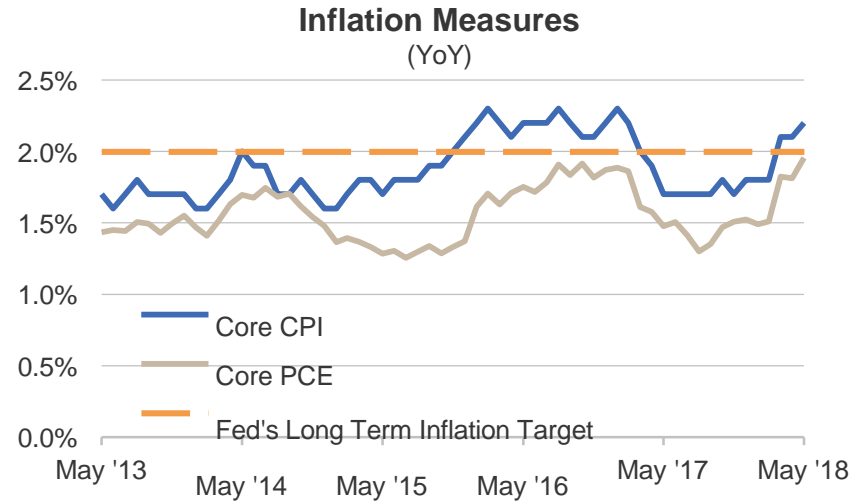
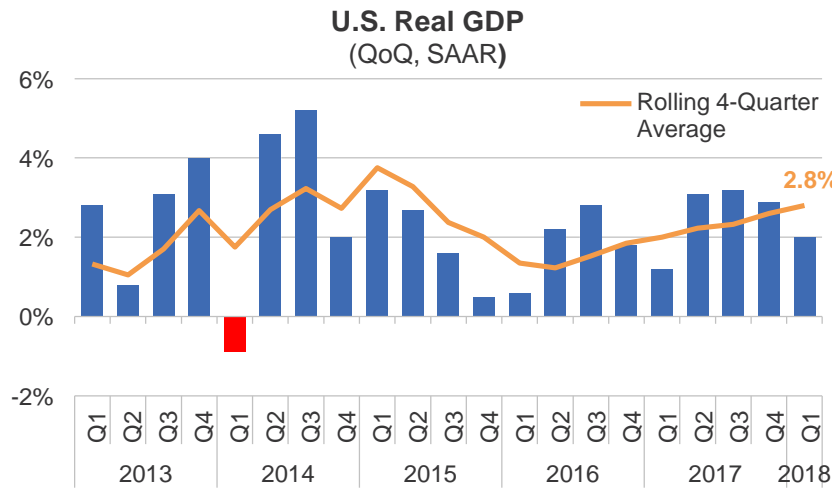
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## Market Update

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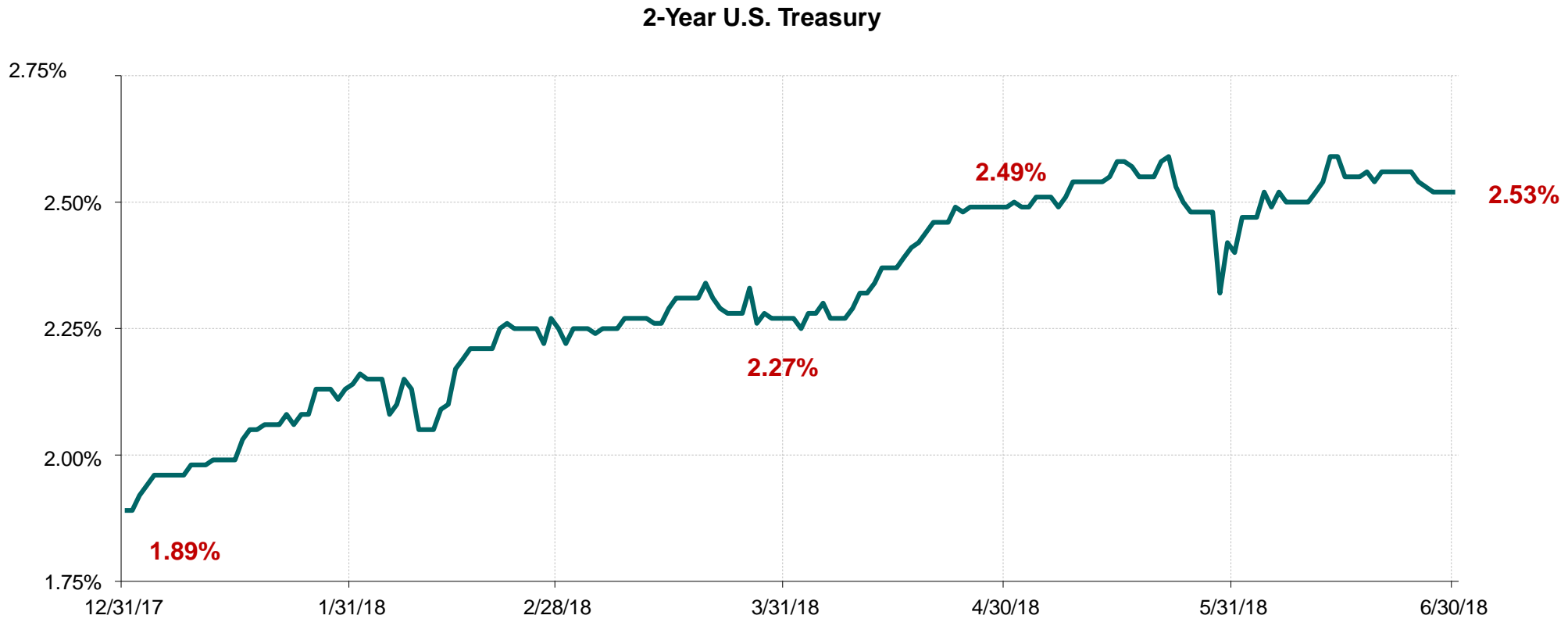
## Economic Summary



Source: Bloomberg, data available as of 6/30/18. SAAR is seasonally adjusted annualized rate.

### Treasury Yields up at a Slower Pace

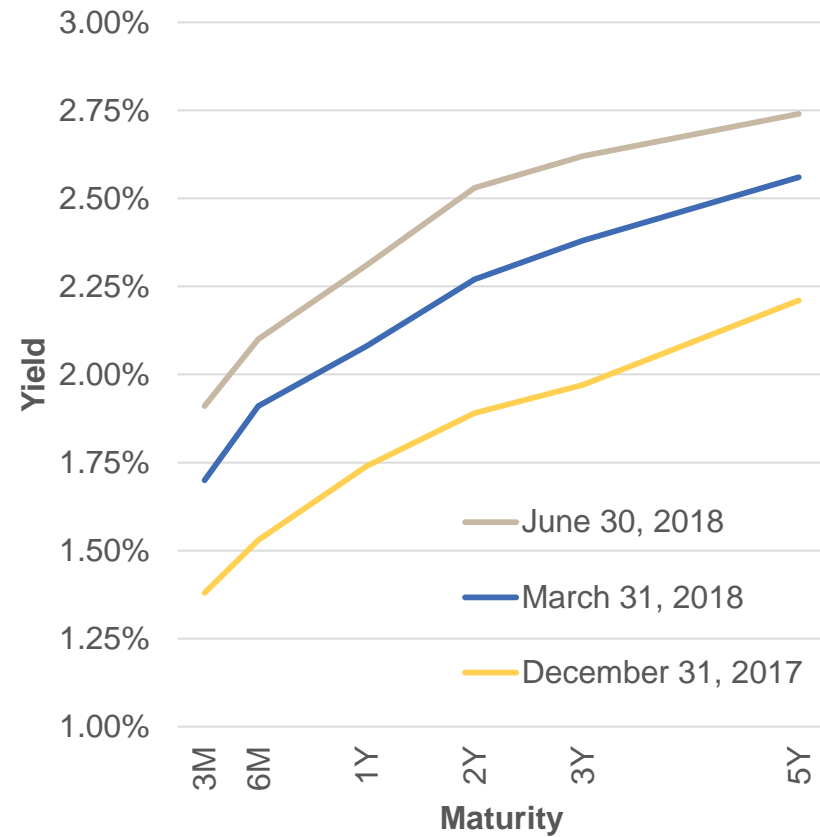
- The second quarter marked the eighth straight quarterly rise in the 2-year yield as the U.S. economy remained strong and the Federal Reserve continued on its path of quantitative tightening, raising the federal funds target rate by 25 basis points at its June meeting.
- The 2-year Treasury increased by 26 basis points to 2.53% in the second quarter. However, the majority of the yield increase came in April, as market uncertainty dampened the pace yield increase during the last two months of the quarter.



Source: Bloomberg, as of 6/30/2018.

## U.S. Treasury Curve

|                | <b>2Q2018</b><br>6/30/18 | <b>1Q2018</b><br>3/31/18 | <b>4Q2017</b><br>12/31/17 |
|----------------|--------------------------|--------------------------|---------------------------|
| <b>3 month</b> | <b>1.91%</b>             | 1.70%                    | 1.38%                     |
| <b>6 month</b> | <b>2.10%</b>             | 1.91%                    | 1.53%                     |
| <b>1 year</b>  | <b>2.31%</b>             | 2.08%                    | 1.74%                     |
| <b>2 year</b>  | <b>2.53%</b>             | 2.27%                    | 1.89%                     |
| <b>3 year</b>  | <b>2.62%</b>             | 2.38%                    | 1.97%                     |
| <b>5 year</b>  | <b>2.74%</b>             | 2.56%                    | 2.21%                     |



Source: Bloomberg, as of 6/30/2018.

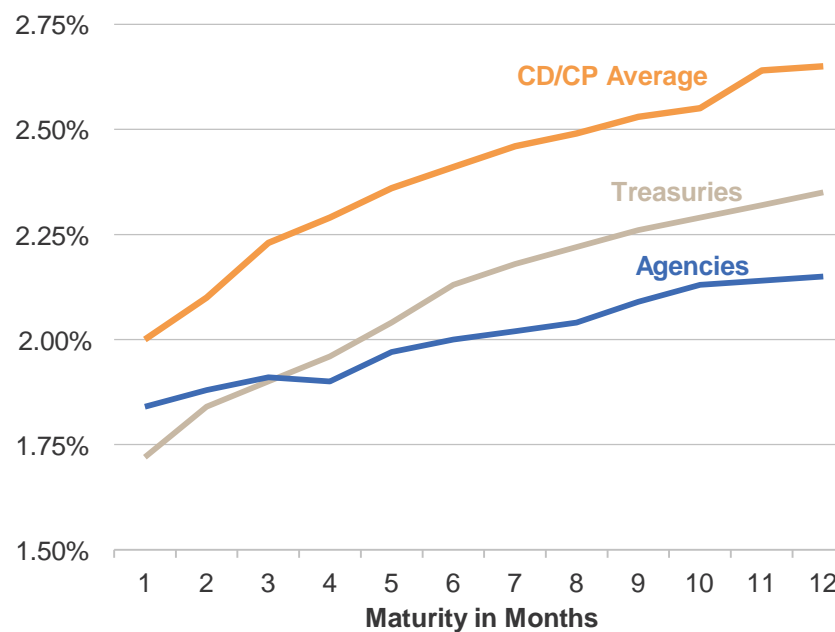
## Short-Term Credit Spreads Remain Attractive

- Commercial paper and negotiable bank CDs remain attractive alternatives to short-term Treasuries, federal agencies, bank deposits and government money market funds

**Yield Spread on 6-month Commercial Paper over T-Bill**



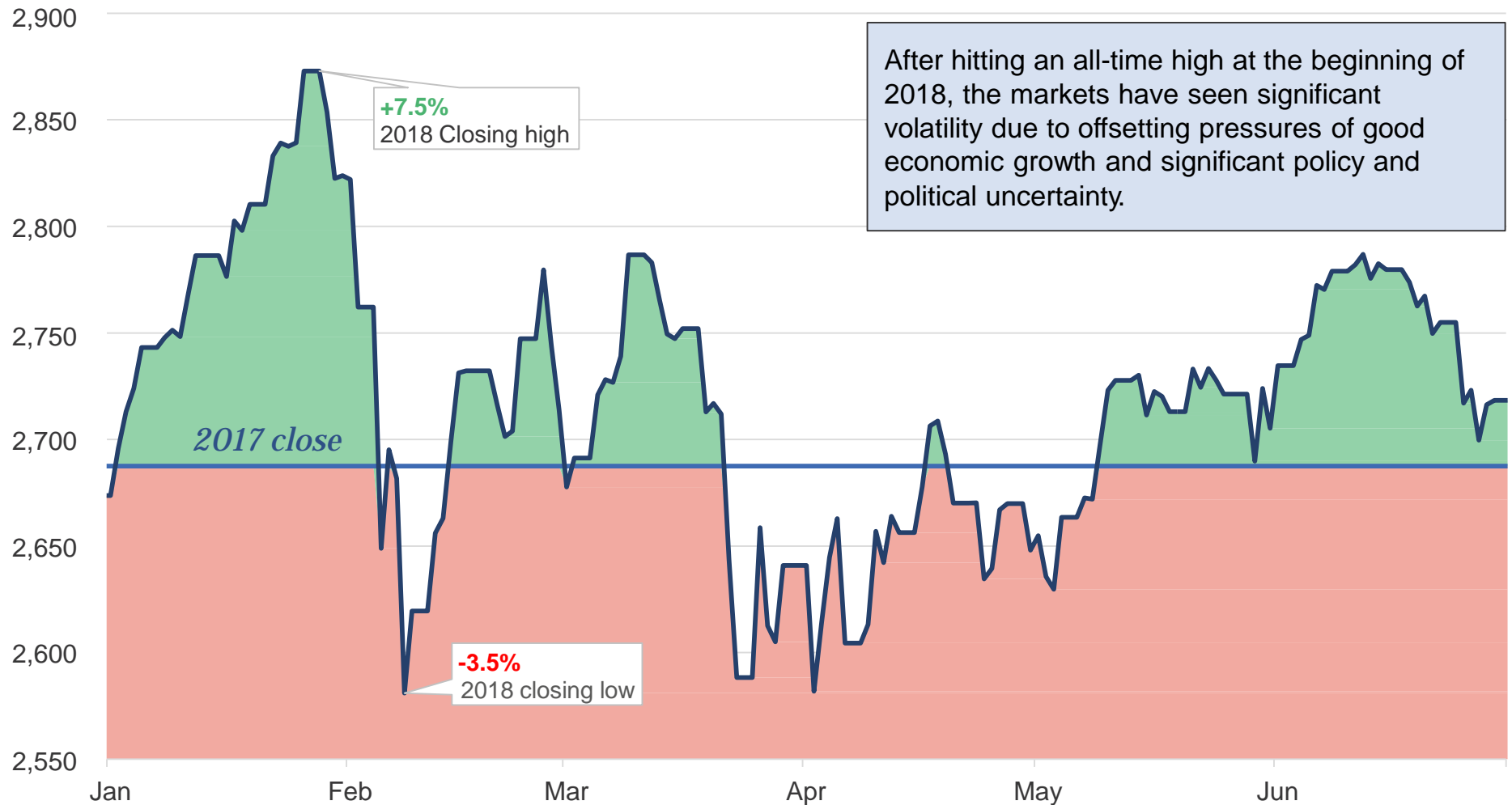
**Money Market Yield Curves**



Source: Bloomberg, PFM Trading Desk, as of 6/30/18. Not a specific recommendation. 6-mo CP yield spread based on A1/P1 rated CP index.

## S&P 500 Moves in 2018

### Year-to-Date Change



Source: Bloomberg, as of 6/30/18

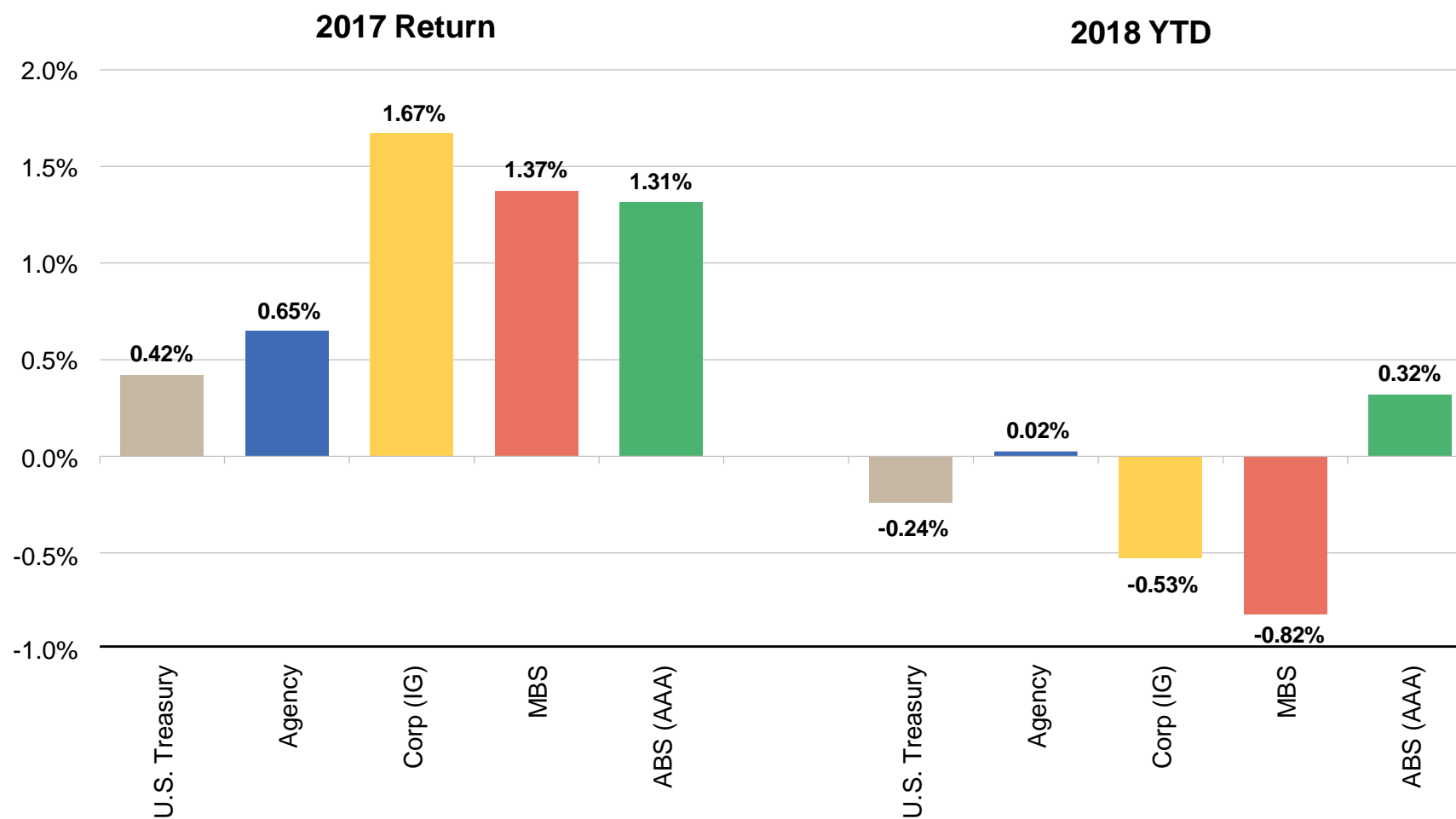


## Credit Spreads Widen Off Lows In 2018



Source: Bloomberg, ICE BofAML Indices, as of 6/30/2018. OAS is Option Adjusted Spread.

## Sector Returns 1-5 Year Indices



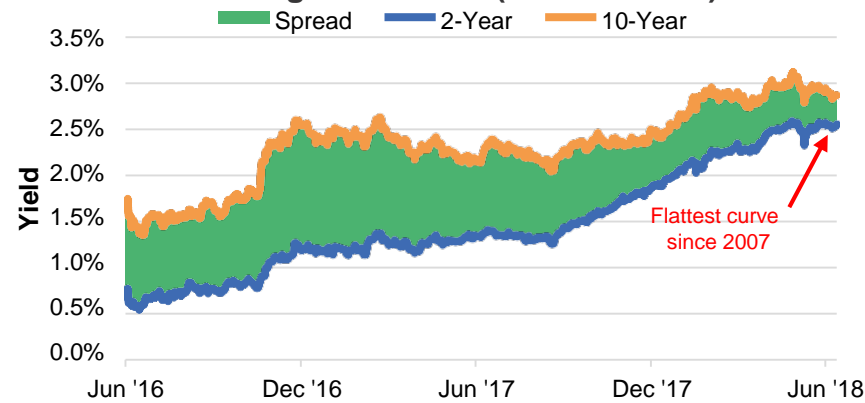
Source: ICE BofAML Indices. MBS and ABS indices are 0-5 year, based on weighted average life. As of 6/30/2018.

## What We're Watching...

### 1-5 Year Corporate Spreads



### Flattening Yield Curve (10-Yr vs. 2-Yr)



### 2Q GDP Expectations

| Source        | Forecast |
|---------------|----------|
| Goldman Sachs | 3.7%     |
| Barclays      | 3.5%     |
| New York Fed  | 2.8%     |
| Atlanta Fed   | 4.1%     |

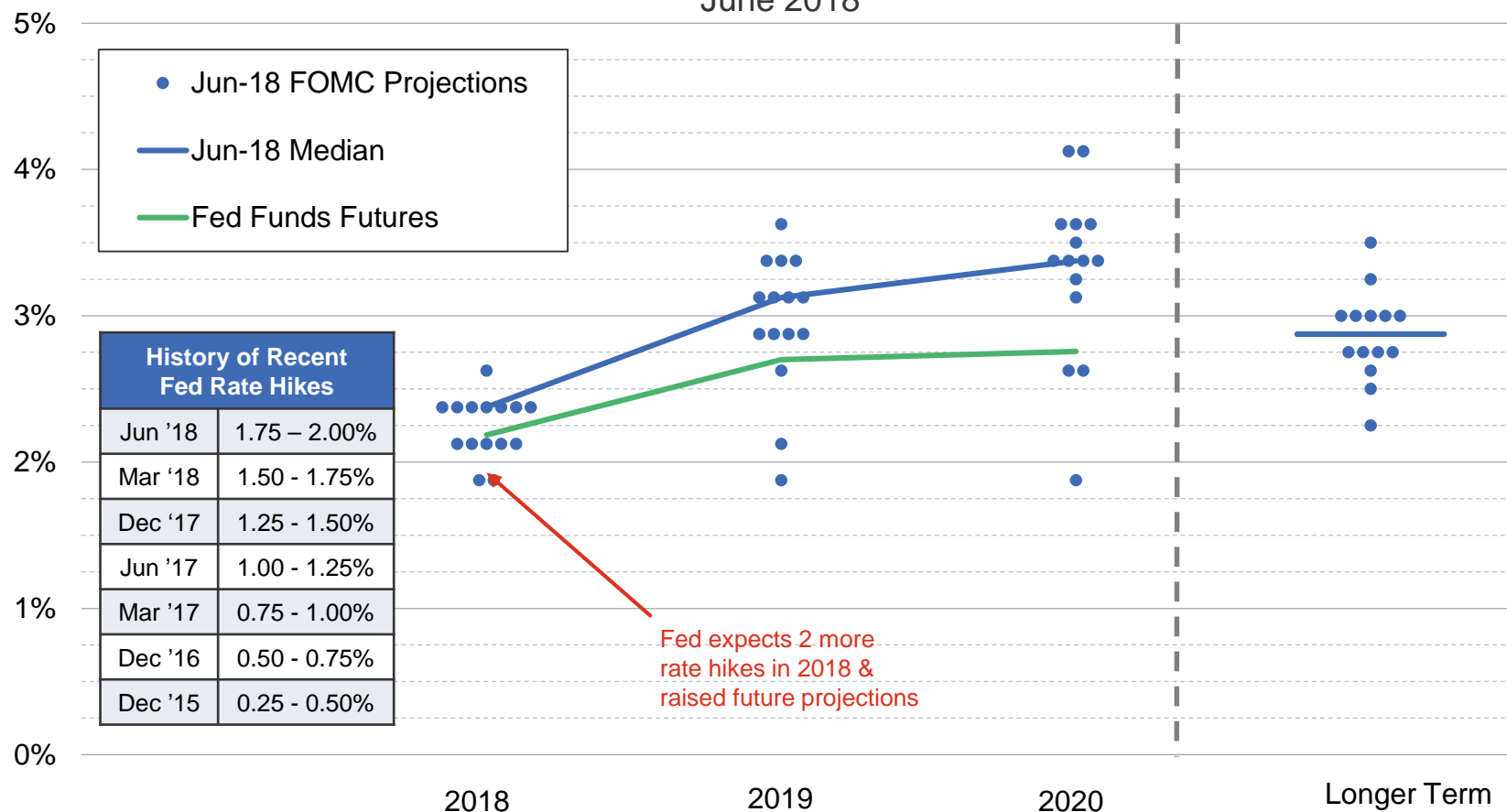
### Economic Indicators are Strong

| Metrics at or near Multi-Year Bests |                   |
|-------------------------------------|-------------------|
| U.S. GDP                            | Unemployment Rate |
| Global Growth                       | Job Openings      |
| Consumer Confidence                 | Corporate Profits |
| Home Prices                         | Inflation         |

Source: Bloomberg, ICE BofAML Indices, as of 6/30/18.

## FOMC “Dot Plot” – A Second 2018 Rate Hike in June

### Fed Participants' Assessments of 'Appropriate' Monetary Policy June 2018



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 6/13/18.

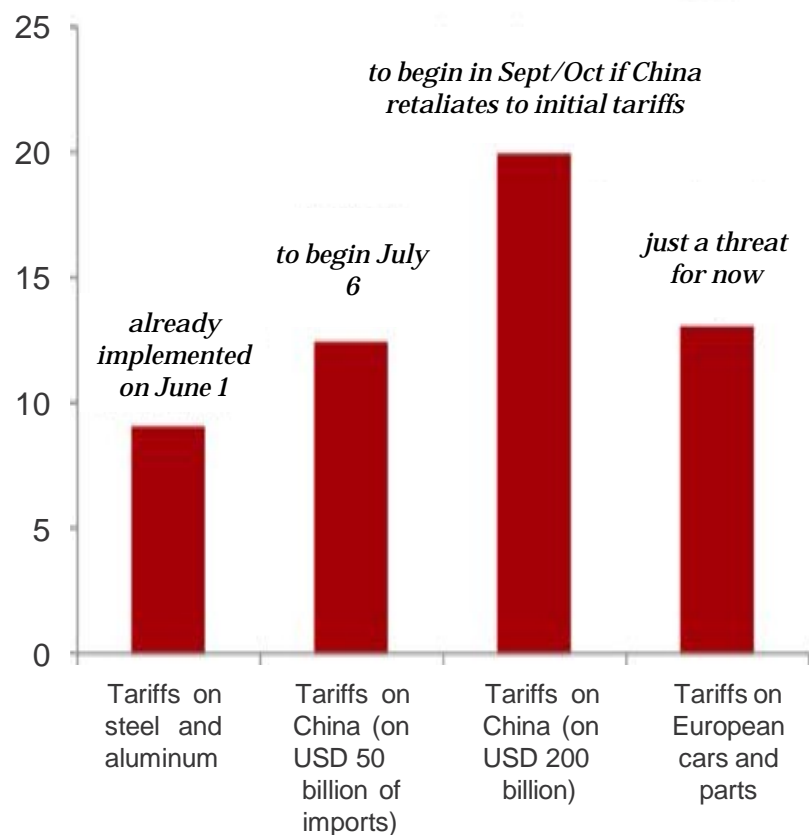
## The Fed's Updated (June) Economic Projections Are Optimistic

| Indicator                   | 2018 |      | 2019 |      | 2020 |      | Longer run |      |
|-----------------------------|------|------|------|------|------|------|------------|------|
|                             | Mar. | Jun. | Mar. | Jun. | Mar. | Jun. | Mar.       | Jun. |
| Real GDP (YoY)              | 2.7% | 2.8% | 2.4% | 2.4% | 2.0% | 2.0% | 1.8%       | 1.8% |
| Unemployment Rate           | 3.8% | 3.6% | 3.6% | 3.5% | 3.6% | 3.5% | 4.5%       | 4.5% |
| PCE Inflation (YoY)         | 1.9% | 2.1% | 2.0% | 2.1% | 2.1% | 2.1% | 2.0%       | 2.0% |
| Core PCE (YoY)              | 1.9% | 2.0% | 2.1% | 2.1% | 2.1% | 2.1% | -          | -    |
| Federal Funds Rate (Median) | 2.1% | 2.4% | 2.9% | 3.1% | 3.4% | 3.4% | 2.9%       | 2.9% |

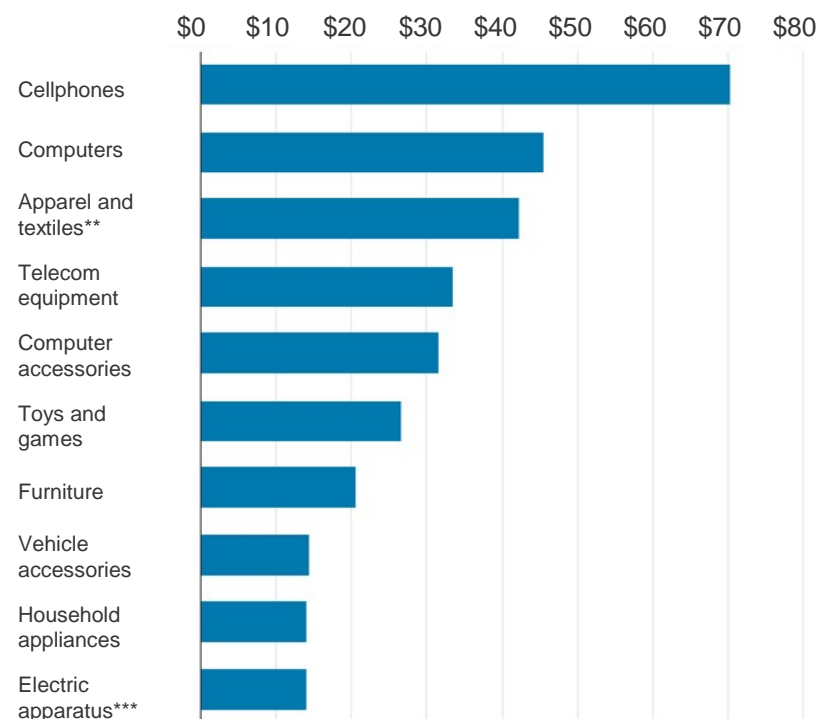
Source: Federal Reserve, as of June 2018. Green denotes an improved projection in June compared to March, red for lower projection.

## Trade War Heating Up With China and U.S. Allies

**Potential Tariff Impact,  
Billions of USD\***



**Top 2017 U.S. Imports from China,  
Billions of USD**



\*Impact calculated as tariff rate multiplied by total imports as of 2017. Assumes a 25% tariff rate for potential tariff on EU cars and parts rather than 35% Trump floated. Source: Pictet WM-AA&MR, US ITC. \*\*Apparel and textiles includes wool, cotton, and other materials. \*\*\*Includes fuses, circuit breakers, and certain types of batteries. Source: Wall Street Journal.

## China's Retaliation to Tariffs May Hurt Top U.S. Exports

### Top U.S. Export Products to China (Products in red are targeted for a potential 25% tariff)

| Product                        | US's exports to China (Bil. US\$) | Share in US's exports (%) | US's exports to China (% of GDP) |
|--------------------------------|-----------------------------------|---------------------------|----------------------------------|
| Seeds and fruits               | 14.9                              | 53.7                      | 0.08                             |
| - Soya beans                   | 14.2                              | 62.0                      | 0.08                             |
| Aircraft                       | 14.6                              | 10.8                      | 0.08                             |
| Electrical machinery           | 12.4                              | 7.4                       | 0.07                             |
| Mechanical appliances          | 11.4                              | 6.0                       | 0.06                             |
| Vehicles                       | 11.0                              | 8.9                       | 0.06                             |
| - Motor cars                   | 8.9                               | 16.4                      | 0.05                             |
| Optical products               | 8.3                               | 10.1                      | 0.04                             |
| Plastics                       | 4.9                               | 8.4                       | 0.03                             |
| Chemicals                      | 4.5                               | 7.6                       | 0.02                             |
| Pulp                           | 3.4                               | 39.9                      | 0.02                             |
| Mineral fuels                  | 2.6                               | 2.8                       | 0.01                             |
| Nonferrous metal and products* | 2.6                               | 21.3                      | 0.01                             |
| Wood products                  | 2.5                               | 28.2                      | 0.01                             |
| Pharmaceutical products        | 2.0                               | 4.3                       | 0.01                             |
| Copper                         | 1.7                               | 26.9                      | 0.01                             |
| Cereals                        | 1.3                               | 7.0                       | 0.01                             |

Source: Moody's Investor Service, 05/10/2018.

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# Portfolio Review

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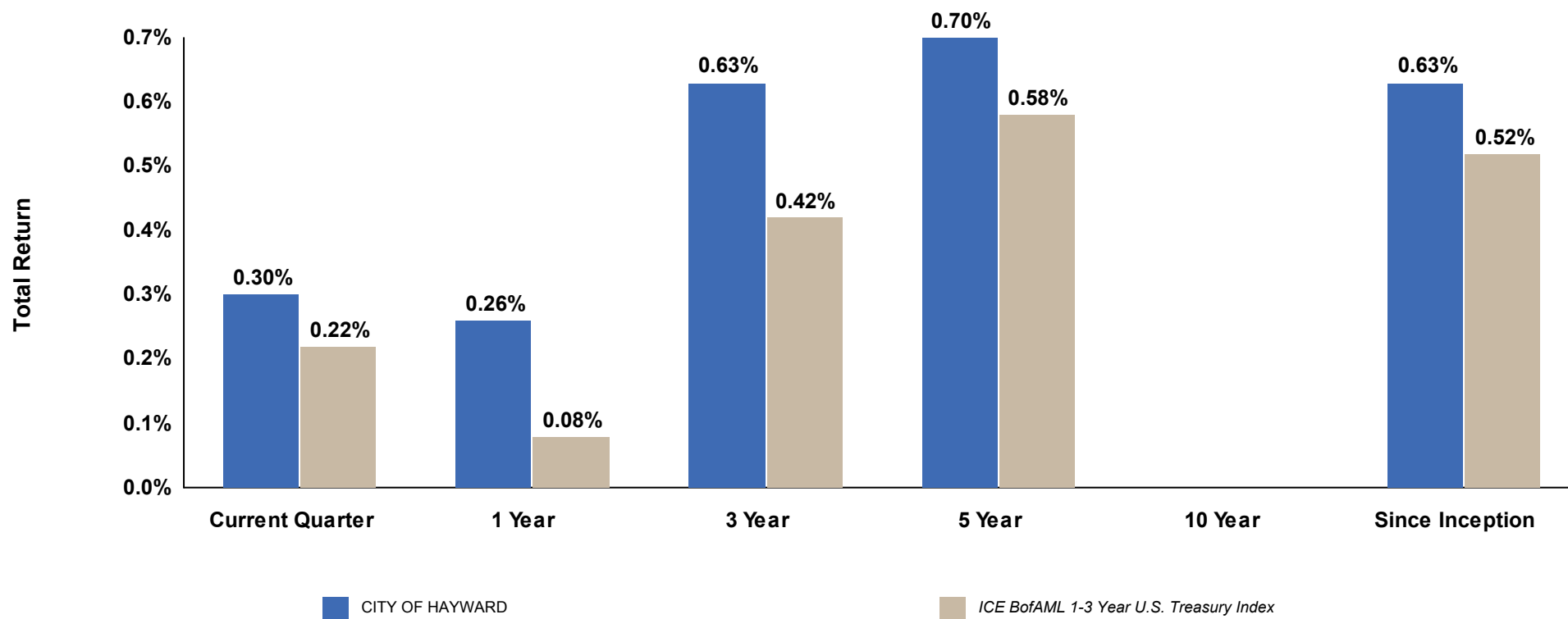


## Portfolio Recap

- We continued to strategically position portfolios with a modestly defensive duration bias relative to benchmarks in the well-choreographed interest rate environment. However, with rates at or near multi-year highs, there were also opportunities to capture higher yields selectively in some parts of the yield curve when rebalancing portfolios and participating in new issuances.
- Calmer bond market volatility and a U.S. Treasury curve on a continued ascent resulted in the majority of investment-grade sectors adding positive excess returns (returns in excess of similar duration Treasuries) to fixed income portfolios for the quarter.
  - Federal agency yield spreads remained very narrow throughout the quarter. Limited incremental yield in combination with light issuance and diminishing supply influenced our continued preference to reduce allocations in the sector.
  - Supranational allocations benefited from modest spread tightening.
  - Corporate Fundamentals once again drove performance with corporate allocations in the portfolio outperforming positively relative to benchmarks for Q2.
  - Asset-backed securities (ABS) generated attractive returns for the quarter, while simultaneously providing a level of downside protection in the face of potential corporate headwinds. During the quarter, we continued to build allocations as the structure and high-quality profile of specific ABS issues continued to serve as diversifier to credit allocations.
  - Short-term, high-quality negotiable certificates of deposit and commercial paper continued to offer considerable value relative to not only similar-maturity government alternatives, but also Treasury maturities 12 to 18 months or longer. The combination of incremental income and the interest rate risk protection offered by these sectors' shorter durations continue to benefit portfolios.
  - The mortgage-backed security (MBS) sector rebounded in Q2, following significant underperformance in Q1.

## Portfolio Performance (Total Return)

| Portfolio/Benchmark                     | Effective<br>Duration | Current<br>Quarter | Annualized Return |        |        |         |                                  |
|---|-----------------------|--------------------|-------------------|--------|--------|---------|----------------------------------|
|   |                       |                    | 1 Year            | 3 Year | 5 Year | 10 Year | Since Inception<br>(09/30/12) ** |
|   |                       |                    |                   |        |        |         |                                  |
| CITY OF HAYWARD                         | 1.75                  | 0.30%              | 0.26%             | 0.63%  | 0.70%  | -       | 0.63%                            |
| ICE BofAML 1-3 Year U.S. Treasury Index | 1.80                  | 0.22%              | 0.08%             | 0.42%  | 0.58%  | -       | 0.52%                            |
| Difference                              |                       | 0.08%              | 0.18%             | 0.21%  | 0.12%  | -       | 0.11%                            |



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 June 30, 2018*

|                                     | <b>Market Value Basis</b> | <b>Accrual (Amortized Cost) Basis</b> |
|-------------------------------------|---------------------------|---------------------------------------|
| <b>Beginning Value (03/31/2018)</b> | \$120,234,612.18          | \$121,789,955.45                      |
| <b>Net Purchases/Sales</b>          | \$586,193.21              | \$586,193.21                          |
| <b>Change in Value</b>              | (\$129,707.84)            | (\$131,817.50)                        |
| <b>Ending Value (06/30/2018)</b>    | \$120,691,097.55          | \$122,244,331.16                      |
| <b>Interest Earned</b>              | \$486,480.29              | \$486,480.29                          |
| <b>Portfolio Earnings</b>           | \$356,772.45              | \$354,662.79                          |

## Sector Allocation and Compliance

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

| Security Type               | Market Value         | % of Portfolio | Permitted by Policy      | In Compliance |
|-----------------------------|----------------------|----------------|--------------------------|---------------|
| U.S. Treasury               | \$55,321,269         | 18.3%          | 100%                     | ✓             |
| Federal Agency              | \$27,666,857         | 9.2%           | 100%                     | ✓             |
| Federal Agency CMOs         | \$6,323,866          | 2.1%           | 20%                      | ✓             |
| Municipal Bonds             | \$4,425,102          | 1.5%           | 20%                      | ✓             |
| Supranationals              | \$9,132,525          | 3.0%           | 30%                      | ✓             |
| Negotiable CDs              | \$8,407,951          | 2.8%           | 30%                      | ✓             |
| Corporate Notes             | \$6,960,104          | 2.3%           | 30%                      | ✓             |
| Asset-Backed Securities     | \$2,453,424          | 0.8%           | 20%                      | ✓             |
| <b>Securities Sub-Total</b> | <b>\$120,691,098</b> | <b>40.0%</b>   |                          |               |
| Accrued Interest            | \$407,344            |                |                          |               |
| <b>Securities Total</b>     | <b>\$121,098,441</b> |                |                          |               |
| LAIF                        | \$126,577,593        | 41.9%          | 195 Million <sup>1</sup> | ✓             |
| Bank of West                | \$54,542,989         | 18.1%          | 100%                     | ✓             |
| <b>Total Investments</b>    | <b>\$302,219,023</b> | <b>100.0%</b>  |                          |               |

As of 6/30/2018. Detail may not add to total due to rounding.

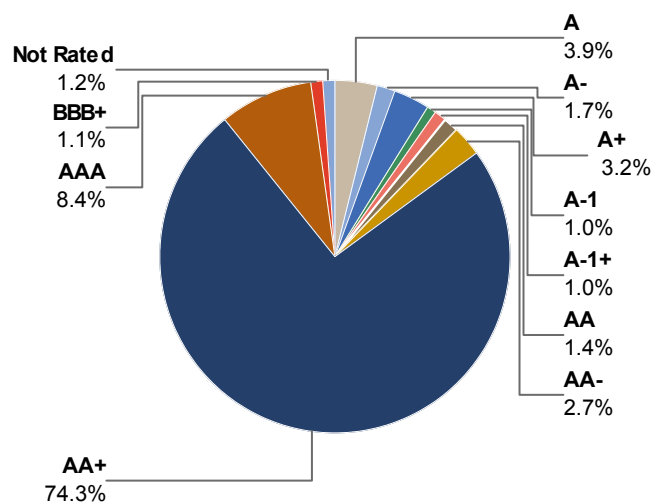
1. The maximum allowable LAIF balance is \$65 million per account. LAIF City: \$58.8 million. LAIF HPFA: \$27.4 million. LAIF Housing: \$40.4 million.

## Portfolio Statistics

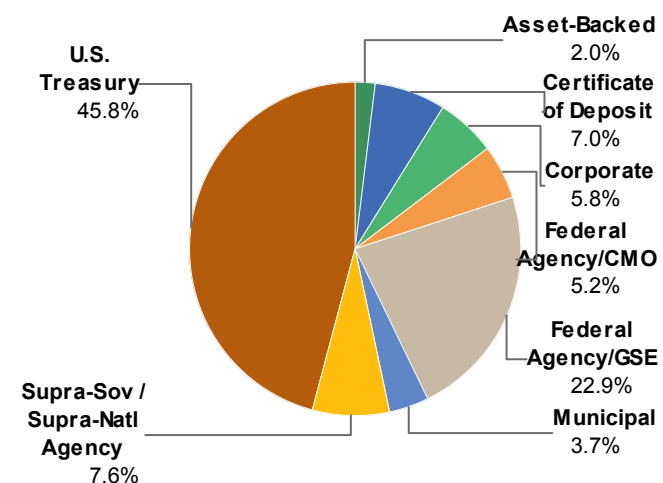
As of June 30, 2018

|                        |               |
|------------------------|---------------|
| Par Value:             | \$122,547,871 |
| Total Market Value:    | \$121,098,441 |
| Security Market Value: | \$120,691,098 |
| Accrued Interest:      | \$407,344     |
| Cash:                  | -             |
| Amortized Cost:        | \$122,244,331 |
| Yield at Market:       | 2.56%         |
| Yield at Cost:         | 1.76%         |
| Effective Duration:    | 1.75 Years    |
| Duration to Worst:     | 1.78 Years    |
| Average Maturity:      | 1.90 Years    |
| Average Credit: *      | AA            |

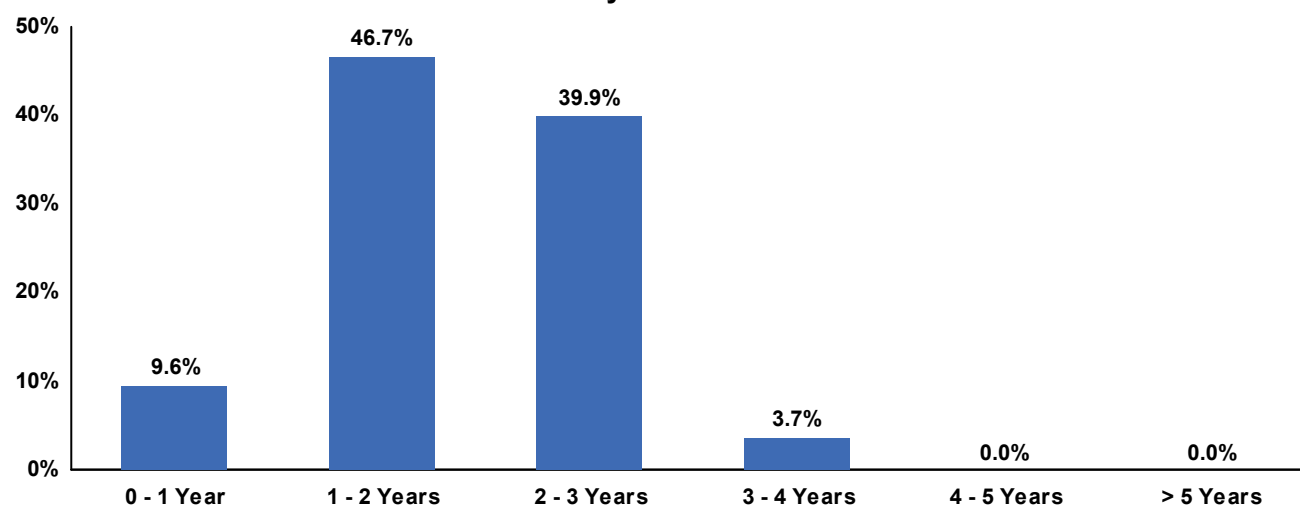
## Credit Quality (S&amp;P Ratings)



## Sector Allocation



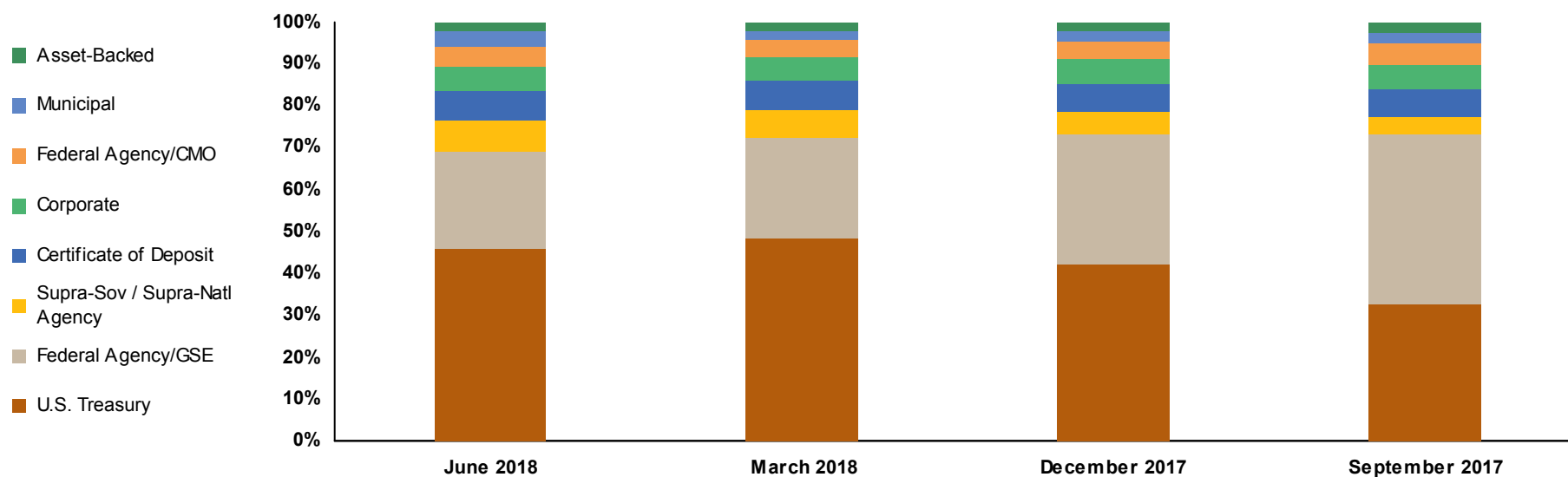
## Maturity Distribution



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

## Sector Allocation

| Sector                        | June 30, 2018  |               | March 31, 2018 |               | December 31, 2017 |               | September 30, 2017 |               |
|-------------------------------|----------------|---------------|----------------|---------------|-------------------|---------------|--------------------|---------------|
|                               | MV (\$MM)      | % of Total    | MV (\$MM)      | % of Total    | MV (\$MM)         | % of Total    | MV (\$MM)          | % of Total    |
| U.S. Treasury                 | 55.3           | 45.8%         | 58.2           | 48.3%         | 50.9              | 42.1%         | 39.7               | 32.5%         |
| Federal Agency/GSE            | 27.7           | 22.9%         | 28.7           | 23.9%         | 37.7              | 31.1%         | 49.2               | 40.2%         |
| Supra-Sov / Supra-Natl Agency | 9.1            | 7.6%          | 7.8            | 6.5%          | 6.5               | 5.4%          | 5.3                | 4.4%          |
| Certificate of Deposit        | 8.4            | 7.0%          | 8.4            | 7.0%          | 7.8               | 6.4%          | 7.8                | 6.4%          |
| Corporate                     | 7.0            | 5.8%          | 6.9            | 5.8%          | 7.3               | 6.0%          | 7.3                | 6.0%          |
| Federal Agency/CMO            | 6.3            | 5.2%          | 5.0            | 4.2%          | 5.0               | 4.1%          | 6.5                | 5.4%          |
| Municipal                     | 4.4            | 3.7%          | 2.6            | 2.1%          | 3.0               | 2.5%          | 3.0                | 2.5%          |
| Asset-Backed                  | 2.5            | 2.0%          | 2.7            | 2.2%          | 2.9               | 2.4%          | 3.1                | 2.6%          |
| <b>Total</b>                  | <b>\$120.7</b> | <b>100.0%</b> | <b>\$120.2</b> | <b>100.0%</b> | <b>\$121.1</b>    | <b>100.0%</b> | <b>\$122.0</b>     | <b>100.0%</b> |

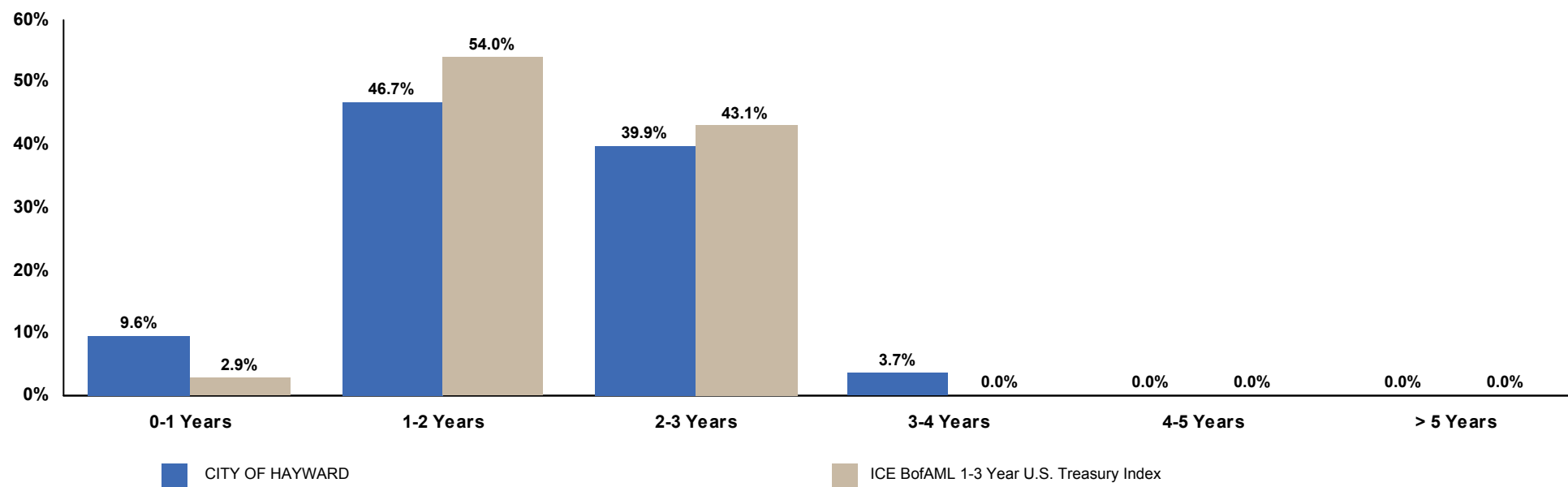


Detail may not add to total due to rounding.

## Maturity Distribution

As of June 30, 2018

| Portfolio/Benchmark                     | Yield<br>at Market | Average<br>Maturity | 0-1<br>Years | 1-2<br>Years | 2-3<br>Years | 3-4<br>Years | 4-5<br>Years | >5<br>Years |
|---|--------------------|---------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| CITY OF HAYWARD                         | 2.56%              | 1.90 yrs            | 9.6%         | 46.7%        | 39.9%        | 3.7%         | 0.0%         | 0.0%        |
| ICE BofAML 1-3 Year U.S. Treasury Index | 2.53%              | 1.94 yrs            | 2.9%         | 54.0%        | 43.1%        | 0.0%         | 0.0%         | 0.0%        |



## Sector/Issuer Distribution

As of June 30, 2018

| Sector / Issuer                    | Market Value (\$) | % of Sector   | % of Total Portfolio |
|------------------------------------|-------------------|---------------|----------------------|
| <b>Asset-Backed</b>                |                   |               |                      |
| ALLY AUTO RECEIVABLES TRUST        | 609,599           | 24.8%         | 0.5%                 |
| CARMAX AUTO OWNER TRUST            | 151,796           | 6.2%          | 0.1%                 |
| CITIGROUP INC                      | 448,105           | 18.3%         | 0.4%                 |
| FORD CREDIT AUTO OWNER TRUST       | 141,925           | 5.8%          | 0.1%                 |
| HONDA AUTO RECEIVABLES             | 272,240           | 11.1%         | 0.2%                 |
| HYUNDAI AUTO RECEIVABLES           | 256,642           | 10.5%         | 0.2%                 |
| JOHN DEERE OWNER TRUST             | 118,881           | 4.8%          | 0.1%                 |
| NISSAN AUTO RECEIVABLES            | 310,647           | 12.7%         | 0.3%                 |
| TOYOTA MOTOR CORP                  | 143,588           | 5.9%          | 0.1%                 |
| <b>Sector Total</b>                | <b>2,453,424</b>  | <b>100.0%</b> | <b>2.0%</b>          |
| <b>Certificate of Deposit</b>      |                   |               |                      |
| BANK OF MONTREAL                   | 1,197,764         | 14.2%         | 1.0%                 |
| BANK OF NOVA SCOTIA                | 603,329           | 7.2%          | 0.5%                 |
| CANADIAN IMPERIAL BANK OF COMMERCE | 599,999           | 7.1%          | 0.5%                 |
| CREDIT AGRICOLE SA                 | 600,663           | 7.1%          | 0.5%                 |
| CREDIT SUISSE GROUP                | 599,978           | 7.1%          | 0.5%                 |
| MITSUBISHI UFJ FINANCIAL GROUP INC | 618,751           | 7.4%          | 0.5%                 |
| NORDEA BANK AB                     | 596,835           | 7.1%          | 0.5%                 |
| ROYAL BANK OF CANADA               | 604,223           | 7.2%          | 0.5%                 |



| Sector / Issuer                  | Market Value (\$) | % of Sector   | % of Total Portfolio |
|----------------------------------|-------------------|---------------|----------------------|
| SKANDINAVISKA ENSKILDA BANKEN AB | 1,189,648         | 14.1%         | 1.0%                 |
| SVENSKA HANDELSBANKEN AB         | 1,194,788         | 14.2%         | 1.0%                 |
| UBS AG                           | 601,973           | 7.2%          | 0.5%                 |
| <b>Sector Total</b>              | <b>8,407,951</b>  | <b>100.0%</b> | <b>7.0%</b>          |

## Corporate

|  |                  |               |             |
|--|------------------|---------------|-------------|
| AMERICAN EXPRESS CO                      | 590,696          | 8.5%          | 0.5%        |
| AMERICAN HONDA FINANCE                   | 276,254          | 4.0%          | 0.2%        |
| APPLE INC                                | 394,946          | 5.7%          | 0.3%        |
| BANK OF AMERICA CO                       | 576,788          | 8.3%          | 0.5%        |
| CHARLES SCHWAB                           | 235,939          | 3.4%          | 0.2%        |
| CHEVRON CORPORATION                      | 298,123          | 4.3%          | 0.2%        |
| CITIGROUP INC                            | 461,274          | 6.6%          | 0.4%        |
| DEERE & COMPANY                          | 544,813          | 7.8%          | 0.5%        |
| GOLDMAN SACHS GROUP INC                  | 593,743          | 8.5%          | 0.5%        |
| IBM CORP                                 | 592,125          | 8.5%          | 0.5%        |
| JP MORGAN CHASE & CO                     | 898,564          | 12.9%         | 0.7%        |
| MORGAN STANLEY                           | 293,006          | 4.2%          | 0.2%        |
| NATIONAL RURAL UTILITIES CO FINANCE CORP | 248,140          | 3.6%          | 0.2%        |
| THE BANK OF NEW YORK MELLON CORPORATION  | 592,573          | 8.5%          | 0.5%        |
| TOYOTA MOTOR CORP                        | 363,119          | 5.2%          | 0.3%        |
| <b>Sector Total</b>                      | <b>6,960,104</b> | <b>100.0%</b> | <b>5.8%</b> |

## Federal Agency/CMO

|            |           |       |      |
|------------|-----------|-------|------|
| FANNIE MAE | 2,430,140 | 38.4% | 2.0% |
|------------|-----------|-------|------|

| Sector / Issuer                      | Market Value (\$) | % of Sector   | % of Total Portfolio |
|--------------------------------------|-------------------|---------------|----------------------|
| FREDDIE MAC                          | 3,893,726         | 61.6%         | 3.2%                 |
| <b>Sector Total</b>                  | <b>6,323,866</b>  | <b>100.0%</b> | <b>5.2%</b>          |
| <b>Federal Agency/GSE</b>            |                   |               |                      |
| FANNIE MAE                           | 16,363,572        | 59.1%         | 13.6%                |
| FEDERAL HOME LOAN BANKS              | 10,128,228        | 36.6%         | 8.4%                 |
| FREDDIE MAC                          | 1,175,058         | 4.2%          | 1.0%                 |
| <b>Sector Total</b>                  | <b>27,666,857</b> | <b>100.0%</b> | <b>22.9%</b>         |
| <b>Municipal</b>                     |                   |               |                      |
| CALIFORNIA ST                        | 1,421,609         | 32.1%         | 1.2%                 |
| STATE OF CONNECTICUT                 | 1,312,798         | 29.7%         | 1.1%                 |
| UNIVERSITY OF CALIFORNIA             | 1,690,696         | 38.2%         | 1.4%                 |
| <b>Sector Total</b>                  | <b>4,425,102</b>  | <b>100.0%</b> | <b>3.7%</b>          |
| <b>Supra-Sov / Supra-Natl Agency</b> |                   |               |                      |
| INTER-AMERICAN DEVELOPMENT BANK      | 4,284,685         | 46.9%         | 3.6%                 |
| INTERNATIONAL FINANCE CORPORATION    | 1,833,949         | 20.1%         | 1.5%                 |
| INTL BANK OF RECONSTRUCTION AND DEV  | 3,013,891         | 33.0%         | 2.5%                 |
| <b>Sector Total</b>                  | <b>9,132,525</b>  | <b>100.0%</b> | <b>7.6%</b>          |
| <b>U.S. Treasury</b>                 |                   |               |                      |
| UNITED STATES TREASURY               | 55,321,269        | 100.0%        | 45.8%                |

| Sector / Issuer | Market Value (\$) | % of Sector | % of Total Portfolio |
|-----------------|-------------------|-------------|----------------------|
| Sector Total    | 55,321,269        | 100.0%      | 45.8%                |
| Portfolio Total | 120,691,098       | 100.0%      | 100.0%               |

## Investment Strategy Outlook

- ◆ In light of continued economic growth, inflation near the Fed's symmetric target of 2%, and strong labor market conditions, the Fed appears poised to raise rates further. As a result of the expectation for one or two additional hikes in 2018 and three to four more in 2019, our view remains that the general trend of interest rates will be to increase gradually over the near-term. We therefore prefer to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to benchmarks.
- ◆ Our outlook for each of the major investment-grade fixed income sectors are as follows:
  - 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 rich exposure, seeking better value in either Treasuries or other sectors. However, there may be opportunities to add to the sector via new issues in certain portions of the curve (2 to 3 years).
  - We are expecting a lighter supply of supranationals over the coming months, new additions to portfolios may wane. We will maintain current allocations as portfolios benefit from decent incremental income relative to traditional agencies.
  - While fundamentals remain generally healthy and incremental income is still modestly attractive, potential headwinds in the corporate sector are beginning to temper our overall constructive guidance. As a result, our view has shifted to a more neutral and selectively opportunistic stance. We feel a market-neutral allocation is warranted and prefer financials and industrial issuers with stronger fundamentals, which may help navigate looming leverage concerns, heightened merger and acquisition risks, and softer Eurozone corporate purchases.
  - In conjunction with a generally more defensive tone, negotiable certificates of deposit (CD) and asset-backed securities (ABS) offer attractive incremental income compared to other government alternatives.
  - As the Fed balance sheet is set to reduce mortgage-backed securities (MBS) exposure more significantly over the next six months, the sector may experience spread pressures through the second half of the year. As a result, we will maintain allocations to the sector with new additions focused on specific structures that limit interest rate sensitivity and are expected to outperform under potentially adverse conditions.
  - Short-term money market investors continue to reap the rewards of current monetary policy tightening and higher overnight target rates. Further, the high-quality commercial paper and negotiable certificates of deposit (CP/CD) spread curve is quite steep and attractive, as the spread between 2-month CP/CD and 3-month CP/CD is nearly 20 basis points.

## Yield Environment as of June 30, 2018

| Maturity | Treasury | Federal Agency | AA Corporate | A Corporate | CD/CP |
|----------|----------|----------------|--------------|-------------|-------|
| 3-Month  | 1.92%    | 1.89%          | 2.38%        | 2.52%       | 2.18% |
| 6-Month  | 2.11%    | 2.00%          | 2.45%        | 2.60%       | 2.40% |
| 1-Year   | 2.31%    | 2.14%          | 2.59%        | 2.76%       | 2.69% |
| 2-Year   | 2.53%    | 2.54%          | 2.86%        | 3.04%       | 2.86% |
| 3-Year   | 2.62%    | 2.72%          | 3.03%        | 3.22%       | -     |
| 5-Year   | 2.74%    | 2.80%          | 3.28%        | 3.45%       | -     |
| 7-Year   | 2.82%    | 2.91%          | -            | -           | -     |
| 10-Year  | 2.86%    | 3.18%          | -            | -           | -     |

Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3 and 6 month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.

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## Portfolio Holdings and Transactions

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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>       |             |                   |           |  |        |               |                      |                 |                   |
| 4/6/18           | 4/10/18     | 600,000           | 22532XHT8 | CREDIT AGRICOLE CIB NY FLT CERT DEPOS  | 2.80%  | 4/10/20       | 600,000.00           | 2.85%           |                   |
| 4/6/18           | 4/10/18     | 600,000           | 13606BVF0 | CANADIAN IMP BK COMM NY FLT CERT DEPOS | 2.73%  | 4/10/20       | 600,000.00           | 2.78%           |                   |
| 4/10/18          | 4/13/18     | 365,000           | 89236TEU5 | TOYOTA MOTOR CREDIT CORP CORP NOTES    | 2.95%  | 4/13/21       | 364,854.00           | 2.96%           |                   |
| 4/11/18          | 4/30/18     | 850,000           | 3136B1XP4 | FNA 2018-M5 A2                         | 3.56%  | 9/25/21       | 869,344.96           | 2.27%           |                   |
| 4/12/18          | 4/19/18     | 1,400,000         | 4581X0DB1 | INTER-AMERICAN DEVELOPMENT BANK NOTE   | 2.62%  | 4/19/21       | 1,396,920.00         | 2.70%           |                   |
| 4/18/18          | 4/25/18     | 1,425,000         | 13063DGA0 | CA ST TXBL GO BONDS                    | 2.80%  | 4/1/21        | 1,425,057.00         | 2.80%           |                   |
| 5/17/18          | 5/22/18     | 235,000           | 808513AW5 | CHARLES SCHWAB CORP CORP NOTES         | 3.25%  | 5/21/21       | 234,992.95           | 3.25%           |                   |
| 5/23/18          | 6/5/18      | 455,000           | 91412HBH5 | UNIV OF CAL TXBL REV BONDS             | 3.02%  | 5/15/21       | 455,000.00           | 3.03%           |                   |
| 6/4/18           | 6/6/18      | 3,250,000         | 3130AECJ7 | FEDERAL HOME LOAN BANKS NOTES          | 2.62%  | 5/28/20       | 3,258,299.69         | 2.55%           |                   |
| 6/4/18           | 6/6/18      | 5,000,000         | 912828WN6 | US TREASURY NOTES                      | 2.00%  | 5/31/21       | 4,912,772.15         | 2.62%           |                   |
| 6/5/18           | 6/7/18      | 600,000           | 06417GU22 | BANK OF NOVA SCOTIA HOUSTON CD         | 3.08%  | 6/5/20        | 599,772.00           | 3.10%           |                   |
| 6/7/18           | 6/8/18      | 600,000           | 78012UEE1 | ROYAL BANK OF CANADA NY CD             | 3.24%  | 6/7/21        | 600,000.00           | 3.24%           |                   |
| 6/11/18          | 6/18/18     | 600,000           | 46647PAS5 | JPMORGAN CHASE & CO CORP NOTES         | 3.51%  | 6/18/22       | 600,000.00           | 3.51%           |                   |
| 6/12/18          | 6/15/18     | 1,225,000         | 31398VJ98 | FHMS K006 A2                           | 4.25%  | 1/25/20       | 1,251,907.94         | 1.57%           |                   |
| 6/22/18          | 6/25/18     | 1,745,000         | 3135G0U35 | FANNIE MAE NOTES                       | 2.75%  | 6/22/21       | 1,744,598.65         | 2.76%           |                   |
| <b>Total BUY</b> |             | <b>18,950,000</b> |           |  |        |               | <b>18,913,519.34</b> |                 |                   |

## INTEREST

|        |         |         |           |                                 |       |         |          |  |  |
|--------|---------|---------|-----------|---------------------------------|-------|---------|----------|--|--|
| 4/1/18 | 4/1/18  | 200,000 | 06051GGS2 | BANK OF AMERICA CORP (CALLABLE) | 2.32% | 10/1/21 | 2,496.13 |  |  |
| 4/1/18 | 4/1/18  | 390,000 | 06051GGS2 | BANK OF AMERICA CORP (CALLABLE) | 2.32% | 10/1/21 | 4,867.46 |  |  |
| 4/1/18 | 4/15/18 | 65,804  | 3137BHU39 | FREDDIE MAC SERIES 4459 NB      | 4.50% | 1/1/20  | 246.76   |  |  |
| 4/1/18 | 4/25/18 | 431,813 | 3136AQDQ0 | FANNIE MAE SERIES 2015-M13 ASQ2 | 1.64% | 9/1/19  | 639.57   |  |  |
| 4/1/18 | 4/25/18 | 164,680 | 3136AQSW1 | FNMA SERIES 2015-M15 ASQ2       | 1.89% | 1/1/19  | 348.25   |  |  |
| 4/1/18 | 4/25/18 | 2,219   | 3136ANJY4 | FNMA SERIES 2015-M7 ASQ2        | 1.55% | 4/1/18  | 2.87     |  |  |

## CITY OF HAYWARD

## Portfolio Activity

| Trade Date | Settle Date | Par (\$)  | CUSIP     | Security Description                    | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|------------|-------------|-----------|-----------|---|--------|---------------|-------------------|-----------------|-------------------|
| 4/1/18     | 4/25/18     | 241,121   | 3136ASPX8 | FNMA SERIES 2016-M9 ASQ2                | 1.78%  | 6/1/19        | 381.74            |                 |                   |
| 4/1/18     | 4/25/18     | 6,176     | 3136AMMC0 | FNMA SERIES 2015-M3 FA                  | 2.18%  | 6/1/18        | 9.62              |                 |                   |
| 4/1/18     | 4/25/18     | 370,912   | 3136ANA98 | FNMA SERIES 2015-M10 FA                 | 2.19%  | 3/1/19        | 587.09            |                 |                   |
| 4/1/18     | 4/25/18     | 681,802   | 3137AA4V2 | FHLMC SERIES K013 A1                    | 2.90%  | 8/25/20       | 1,648.82          |                 |                   |
| 4/1/18     | 4/25/18     | 1,097,917 | 3137AWQG3 | FHMS K023 A1                            | 1.58%  | 4/25/22       | 1,448.34          |                 |                   |
| 4/1/18     | 4/25/18     | 33,318    | 3136AMTM1 | FNMA SERIES M4 FA                       | 2.15%  | 9/1/18        | 51.59             |                 |                   |
| 4/1/18     | 4/25/18     | 880,000   | 3137B6ZM6 | FHMS K714 A2                            | 3.03%  | 10/25/20      | 2,224.93          |                 |                   |
| 4/1/18     | 4/25/18     | 121,661   | 3137AWQG3 | FHMS K023 A1                            | 1.58%  | 4/25/22       | 160.49            |                 |                   |
| 4/1/18     | 4/25/18     | 925,511   | 3136AP3Z3 | FNMA SERIES 2015-M12 FA                 | 2.28%  | 4/1/20        | 1,536.66          |                 |                   |
| 4/5/18     | 4/5/18      | 1,200,000 | 06417GUE6 | BANK OF NOVA SCOTIA HOUSTON LT CD       | 1.91%  | 4/5/19        | 11,587.33         |                 |                   |
| 4/15/18    | 4/15/18     | 315,000   | 654747AD6 | NISSAN ABS 2017-A A3                    | 1.74%  | 8/15/21       | 456.75            |                 |                   |
| 4/15/18    | 4/15/18     | 480,000   | 02007HAC5 | ALLY ABS 2017-2 A3                      | 1.78%  | 8/15/21       | 712.00            |                 |                   |
| 4/15/18    | 4/15/18     | 135,000   | 02007PAC7 | ALLY ABS 2017-1 A3                      | 1.70%  | 6/15/21       | 191.25            |                 |                   |
| 4/15/18    | 4/15/18     | 265,878   | 14314JAB6 | CARMAX ABS 2017-1 A2                    | 1.54%  | 2/15/20       | 341.21            |                 |                   |
| 4/15/18    | 4/15/18     | 120,000   | 47787XAC1 | JOHN DEERE ABS 2017-A A3                | 1.78%  | 4/15/21       | 178.00            |                 |                   |
| 4/15/18    | 4/15/18     | 145,000   | 89238MAD0 | TOYOTA ABS 2017-A A3                    | 1.73%  | 2/15/21       | 209.04            |                 |                   |
| 4/15/18    | 4/15/18     | 3,050,000 | 3137EADZ9 | FREDDIE MAC NOTES                       | 1.12%  | 4/15/19       | 17,156.25         |                 |                   |
| 4/15/18    | 4/15/18     | 260,000   | 44931PAD8 | HYUNDAI ABS 2017-A A3                   | 1.76%  | 8/15/21       | 381.33            |                 |                   |
| 4/15/18    | 4/15/18     | 241,145   | 34530YAD5 | FORD ABS 2015-C A3                      | 1.41%  | 2/15/20       | 283.34            |                 |                   |
| 4/20/18    | 4/20/18     | 1,200,000 | 3137EAEF2 | FHLMC AGENCY NOTES                      | 1.37%  | 4/20/20       | 8,250.00          |                 |                   |
| 4/21/18    | 4/21/18     | 300,000   | 61746BEA0 | MORGAN STANLEY CORP NOTES               | 2.50%  | 4/21/21       | 3,750.00          |                 |                   |
| 4/21/18    | 4/21/18     | 275,000   | 43814TAC6 | HONDA ABS 2017-1 A3                     | 1.72%  | 7/21/21       | 394.17            |                 |                   |
| 4/30/18    | 4/30/18     | 600,000   | 0258M0EC9 | AMERICAN EXPRESS CREDIT (CALLABLE) CORP | 1.70%  | 10/30/19      | 5,100.00          |                 |                   |
| 4/30/18    | 4/30/18     | 4,300,000 | 912828K58 | US TREASURY NOTES                       | 1.37%  | 4/30/20       | 29,562.50         |                 |                   |
| 4/30/18    | 4/30/18     | 3,015,000 | 912828D23 | US TREASURY NOTES                       | 1.62%  | 4/30/19       | 24,496.88         |                 |                   |
| 5/1/18     | 5/15/18     | 52,440    | 3137BHU39 | FREDDIE MAC SERIES 4459 NB              | 4.50%  | 1/1/20        | 196.65            |                 |                   |
| 5/1/18     | 5/25/18     | 30,915    | 3136AMTM1 | FNMA SERIES M4 FA                       | 2.15%  | 9/1/18        | 52.35             |                 |                   |
| 5/1/18     | 5/25/18     | 252,589   | 3136ANA98 | FNMA SERIES 2015-M10 FA                 | 2.19%  | 3/1/19        | 436.15            |                 |                   |
| 5/1/18     | 5/25/18     | 212,167   | 3136ASPX8 | FNMA SERIES 2016-M9 ASQ2                | 1.78%  | 6/1/19        | 315.60            |                 |                   |
| 5/1/18     | 5/25/18     | 660,405   | 3137AA4V2 | FHLMC SERIES K013 A1                    | 2.90%  | 8/25/20       | 1,597.08          |                 |                   |



## CITY OF HAYWARD

## Portfolio Activity

| Trade Date | Settle Date | Par (\$)  | CUSIP     | Security Description                    | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|------------|-------------|-----------|-----------|---|--------|---------------|-------------------|-----------------|-------------------|
| 5/1/18     | 5/25/18     | 130,157   | 3136AQSW1 | FNMA SERIES 2015-M15 ASQ2               | 1.89%  | 1/1/19        | 221.98            |                 |                   |
| 5/1/18     | 5/25/18     | 831,911   | 3136AP3Z3 | FNMA SERIES 2015-M12 FA                 | 2.28%  | 4/1/20        | 1,498.87          |                 |                   |
| 5/1/18     | 5/25/18     | 425,472   | 3136AQDQ0 | FANNIE MAE SERIES 2015-M13 ASQ2         | 1.64%  | 9/1/19        | 583.61            |                 |                   |
| 5/1/18     | 5/25/18     | 119,445   | 3137AWQG3 | FHMS K023 A1                            | 1.58%  | 4/25/22       | 157.57            |                 |                   |
| 5/1/18     | 5/25/18     | 880,000   | 3137B6ZM6 | FHMS K714 A2                            | 3.03%  | 10/25/20      | 2,224.93          |                 |                   |
| 5/1/18     | 5/25/18     | 1,077,915 | 3137AWQG3 | FHMS K023 A1                            | 1.58%  | 4/25/22       | 1,421.95          |                 |                   |
| 5/1/18     | 5/25/18     | 6,160     | 3136AMMC0 | FNMA SERIES 2015-M3 FA                  | 2.18%  | 6/1/18        | 10.48             |                 |                   |
| 5/1/18     | 5/25/18     | 850,000   | 3136B1XP4 | FNA 2018-M5 A2                          | 3.56%  | 9/25/21       | 2,521.67          |                 |                   |
| 5/9/18     | 5/9/18      | 1,215,000 | 4581X0CD8 | INTER-AMERICAN DEVELOPMENT BANK         | 2.12%  | 11/9/20       | 12,909.38         |                 |                   |
| 5/13/18    | 5/13/18     | 1,715,000 | 458182DX7 | INTER-AMERICAN DEVELOPMENT BANK         | 1.00%  | 5/13/19       | 8,575.00          |                 |                   |
| 5/15/18    | 5/15/18     | 135,000   | 02007PAC7 | ALLY ABS 2017-1 A3                      | 1.70%  | 6/15/21       | 191.25            |                 |                   |
| 5/15/18    | 5/15/18     | 625,000   | 91412GS89 | UNIV OF CAL TXBL REV BOND               | 1.90%  | 5/15/20       | 5,937.50          |                 |                   |
| 5/15/18    | 5/15/18     | 224,964   | 14314JAB6 | CARMAX ABS 2017-1 A2                    | 1.54%  | 2/15/20       | 288.70            |                 |                   |
| 5/15/18    | 5/15/18     | 205,995   | 34530YAD5 | FORD ABS 2015-C A3                      | 1.41%  | 2/15/20       | 242.04            |                 |                   |
| 5/15/18    | 5/15/18     | 260,000   | 44931PAD8 | HYUNDAI ABS 2017-A A3                   | 1.76%  | 8/15/21       | 381.33            |                 |                   |
| 5/15/18    | 5/15/18     | 120,000   | 47787XAC1 | JOHN DEERE ABS 2017-A A3                | 1.78%  | 4/15/21       | 178.00            |                 |                   |
| 5/15/18    | 5/15/18     | 145,000   | 89238MAD0 | TOYOTA ABS 2017-A A3                    | 1.73%  | 2/15/21       | 209.04            |                 |                   |
| 5/15/18    | 5/15/18     | 625,000   | 91412GS71 | UNIV OF CAL TXBL REV BOND               | 1.61%  | 5/15/19       | 5,031.25          |                 |                   |
| 5/15/18    | 5/15/18     | 480,000   | 02007HAC5 | ALLY ABS 2017-2 A3                      | 1.78%  | 8/15/21       | 712.00            |                 |                   |
| 5/15/18    | 5/15/18     | 315,000   | 654747AD6 | NISSAN ABS 2017-A A3                    | 1.74%  | 8/15/21       | 456.75            |                 |                   |
| 5/20/18    | 5/20/18     | 235,000   | 89236TDE2 | TOYOTA MOTOR CREDIT CORP NOTES          | 1.40%  | 5/20/19       | 1,645.00          |                 |                   |
| 5/21/18    | 5/21/18     | 275,000   | 43814TAC6 | HONDA ABS 2017-1 A3                     | 1.72%  | 7/21/21       | 394.17            |                 |                   |
| 5/27/18    | 5/27/18     | 1,225,000 | 459058FS7 | INTL BANK OF RECON AND DEV GLOBAL NOTES | 1.12%  | 11/27/19      | 6,896.75          |                 |                   |
| 5/31/18    | 5/31/18     | 5,850,000 | 912828G61 | US TREASURY NOTES                       | 1.50%  | 11/30/19      | 43,875.00         |                 |                   |
| 5/31/18    | 5/31/18     | 500,000   | 912828M98 | US TREASURY NOTES                       | 1.62%  | 11/30/20      | 4,062.50          |                 |                   |
| 5/31/18    | 5/31/18     | 2,500,000 | 912828XE5 | US TREASURY NOTES                       | 1.50%  | 5/31/20       | 18,750.00         |                 |                   |
| 5/31/18    | 5/31/18     | 3,600,000 | 912828M98 | US TREASURY NOTES                       | 1.62%  | 11/30/20      | 29,250.00         |                 |                   |
| 6/1/18     | 6/15/18     | 40,944    | 3137BHU39 | FREDDIE MAC SERIES 4459 NB              | 4.50%  | 1/1/20        | 153.54            |                 |                   |
| 6/1/18     | 6/25/18     | 388,622   | 3136AQDQ0 | FANNIE MAE SERIES 2015-M13 ASQ2         | 1.64%  | 9/1/19        | 552.09            |                 |                   |
| 6/1/18     | 6/25/18     | 115,601   | 3136AQSW1 | FNMA SERIES 2015-M15 ASQ2               | 1.89%  | 1/1/19        | 182.85            |                 |                   |

## CITY OF HAYWARD

## Portfolio Activity

| Trade Date     | Settle Date | Par (\$)   | CUSIP     | Security Description                     | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|----------------|-------------|------------|-----------|--|--------|---------------|-------------------|-----------------|-------------------|
| 6/1/18         | 6/25/18     | 3,208      | 3136AMMC0 | FNMA SERIES 2015-M3 FA                   | 2.18%  | 6/1/18        | 5.84              |                 |                   |
| 6/1/18         | 6/25/18     | 227,164    | 3136ANA98 | FNMA SERIES 2015-M10 FA                  | 2.19%  | 3/1/19        | 419.45            |                 |                   |
| 6/1/18         | 6/25/18     | 117,081    | 3137AWQG3 | FHMS K023 A1                             | 1.58%  | 4/25/22       | 154.45            |                 |                   |
| 6/1/18         | 6/25/18     | 880,000    | 3137B6ZM6 | FHMS K714 A2                             | 3.03%  | 10/25/20      | 2,224.93          |                 |                   |
| 6/1/18         | 6/25/18     | 680,904    | 3136AP3Z3 | FNMA SERIES 2015-M12 FA                  | 2.28%  | 4/1/20        | 1,310.02          |                 |                   |
| 6/1/18         | 6/25/18     | 211,789    | 3136ASPX8 | FNMA SERIES 2016-M9 ASQ2                 | 1.78%  | 6/1/19        | 315.04            |                 |                   |
| 6/1/18         | 6/25/18     | 850,000    | 3136B1XP4 | FNA 2018-M5 A2                           | 3.56%  | 9/25/21       | 2,521.67          |                 |                   |
| 6/1/18         | 6/25/18     | 27,769     | 3136AMTM1 | FNMA SERIES M4 FA                        | 2.15%  | 9/1/18        | 50.32             |                 |                   |
| 6/1/18         | 6/25/18     | 637,264    | 3137AA4V2 | FHLMC SERIES K013 A1                     | 2.90%  | 8/25/20       | 1,541.12          |                 |                   |
| 6/1/18         | 6/25/18     | 1,056,581  | 3137AWQG3 | FHMS K023 A1                             | 1.58%  | 4/25/22       | 1,393.81          |                 |                   |
| 6/7/18         | 6/7/18      | 465,000    | 172967KS9 | CITIGROUP INC CORP NOTES                 | 2.05%  | 6/7/19        | 4,766.25          |                 |                   |
| 6/13/18        | 6/13/18     | 600,000    | 38145GAJ9 | GOLDMAN SACHS GROUP (CALLABLE) INC BONDS | 2.30%  | 12/13/19      | 6,900.00          |                 |                   |
| 6/15/18        | 6/15/18     | 260,000    | 44931PAD8 | HYUNDAI ABS 2017-A A3                    | 1.76%  | 8/15/21       | 381.33            |                 |                   |
| 6/15/18        | 6/15/18     | 315,000    | 654747AD6 | NISSAN ABS 2017-A A3                     | 1.74%  | 8/15/21       | 456.75            |                 |                   |
| 6/15/18        | 6/15/18     | 145,000    | 89238MAD0 | TOYOTA ABS 2017-A A3                     | 1.73%  | 2/15/21       | 209.04            |                 |                   |
| 6/15/18        | 6/15/18     | 188,617    | 14314JAB6 | CARMAX ABS 2017-1 A2                     | 1.54%  | 2/15/20       | 242.06            |                 |                   |
| 6/15/18        | 6/15/18     | 480,000    | 02007HAC5 | ALLY ABS 2017-2 A3                       | 1.78%  | 8/15/21       | 712.00            |                 |                   |
| 6/15/18        | 6/15/18     | 135,000    | 02007PAC7 | ALLY ABS 2017-1 A3                       | 1.70%  | 6/15/21       | 191.25            |                 |                   |
| 6/15/18        | 6/15/18     | 120,000    | 47787XAC1 | JOHN DEERE ABS 2017-A A3                 | 1.78%  | 4/15/21       | 178.00            |                 |                   |
| 6/15/18        | 6/15/18     | 173,890    | 34530YAD5 | FORD ABS 2015-C A3                       | 1.41%  | 2/15/20       | 204.32            |                 |                   |
| 6/21/18        | 6/21/18     | 275,000    | 43814TAC6 | HONDA ABS 2017-1 A3                      | 1.72%  | 7/21/21       | 394.17            |                 |                   |
| 6/21/18        | 6/21/18     | 1,400,000  | 3130A8DB6 | FHLB GLOBAL NOTE                         | 1.12%  | 6/21/19       | 7,875.00          |                 |                   |
| 6/21/18        | 6/21/18     | 3,995,000  | 3130A8DB6 | FHLB GLOBAL NOTE                         | 1.12%  | 6/21/19       | 22,471.88         |                 |                   |
| 6/30/18        | 6/30/18     | 600,000    | 912828G95 | US TREASURY NOTES                        | 1.62%  | 12/31/19      | 4,875.00          |                 |                   |
| 6/30/18        | 6/30/18     | 4,600,000  | 912828N48 | US TREASURY NOTES                        | 1.75%  | 12/31/20      | 40,250.00         |                 |                   |
| 6/30/18        | 6/30/18     | 7,750,000  | 912828XH8 | US TREASURY NOTES                        | 1.62%  | 6/30/20       | 62,968.75         |                 |                   |
| Total INTEREST |             | 74,034,924 |           |  |        |               | 434,825.85        |                 |                   |

## CITY OF HAYWARD

## Portfolio Activity

| Trade Date            | Settle Date | Par (\$)     | CUSIP     | Security Description     | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|--------------|-----------|--------------------------|--------|---------------|-------------------|-----------------|-------------------|
| <b>MATURITY</b>       |             |              |           |                          |        |               |                   |                 |                   |
| 4/1/18                | 4/1/18      | 2,219        | 3136ANJY4 | FNMA SERIES 2015-M7 ASQ2 | 1.55%  | 4/1/18        | 2,218.95          |                 | 0.00              |
| 6/1/18                | 6/1/18      | 3,208        | 3136AMMC0 | FNMA SERIES 2015-M3 FA   | 2.18%  | 6/1/18        | 3,207.86          |                 | 0.00              |
| <b>Total MATURITY</b> |             | <b>5,427</b> |           |                          |        |               | <b>5,426.81</b>   |                 | <b>0.00</b>       |

## PAYDOWNS

|         |         |         |           |                                 |       |         |            |  |      |
|---------|---------|---------|-----------|---------------------------------|-------|---------|------------|--|------|
| 4/1/18  | 4/15/18 | 13,364  | 3137BHU39 | FREDDIE MAC SERIES 4459 NB      | 4.50% | 1/1/20  | 13,363.64  |  | 0.00 |
| 4/1/18  | 4/25/18 | 93,600  | 3136AP3Z3 | FNMA SERIES 2015-M12 FA         | 2.28% | 4/1/20  | 93,600.35  |  | 0.00 |
| 4/1/18  | 4/25/18 | 21,396  | 3137AA4V2 | FHLMC SERIES K013 A1            | 2.90% | 8/25/20 | 21,396.48  |  | 0.00 |
| 4/1/18  | 4/25/18 | 118,324 | 3136ANA98 | FNMA SERIES 2015-M10 FA         | 2.19% | 3/1/19  | 118,323.61 |  | 0.00 |
| 4/1/18  | 4/25/18 | 2,216   | 3137AWQG3 | FHMS K023 A1                    | 1.58% | 4/25/22 | 2,216.47   |  | 0.00 |
| 4/1/18  | 4/25/18 | 2,403   | 3136AMTM1 | FNMA SERIES M4 FA               | 2.15% | 9/1/18  | 2,403.22   |  | 0.00 |
| 4/1/18  | 4/25/18 | 20,002  | 3137AWQG3 | FHMS K023 A1                    | 1.58% | 4/25/22 | 20,002.35  |  | 0.00 |
| 4/1/18  | 4/25/18 | 34,523  | 3136AQSW1 | FNMA SERIES 2015-M15 ASQ2       | 1.89% | 1/1/19  | 34,523.32  |  | 0.00 |
| 4/1/18  | 4/25/18 | 28,954  | 3136ASPX8 | FNMA SERIES 2016-M9 ASQ2        | 1.78% | 6/1/19  | 28,954.40  |  | 0.00 |
| 4/1/18  | 4/25/18 | 16      | 3136AMMC0 | FNMA SERIES 2015-M3 FA          | 2.18% | 6/1/18  | 15.88      |  | 0.00 |
| 4/1/18  | 4/25/18 | 6,341   | 3136AQDQ0 | FANNIE MAE SERIES 2015-M13 ASQ2 | 1.64% | 9/1/19  | 6,340.61   |  | 0.00 |
| 4/15/18 | 4/15/18 | 35,149  | 34530YAD5 | FORD ABS 2015-C A3              | 1.41% | 2/15/20 | 35,149.19  |  | 0.00 |
| 4/15/18 | 4/15/18 | 40,914  | 14314JAB6 | CARMAX ABS 2017-1 A2            | 1.54% | 2/15/20 | 40,913.54  |  | 0.00 |
| 5/1/18  | 5/25/18 | 23,141  | 3137AA4V2 | FHLMC SERIES K013 A1            | 2.90% | 8/25/20 | 23,141.27  |  | 0.00 |
| 5/1/18  | 5/25/18 | 25,424  | 3136ANA98 | FNMA SERIES 2015-M10 FA         | 2.19% | 3/1/19  | 25,424.32  |  | 0.00 |
| 5/1/18  | 5/25/18 | 21,334  | 3137AWQG3 | FHMS K023 A1                    | 1.58% | 4/25/22 | 21,333.83  |  | 0.00 |
| 5/1/18  | 5/25/18 | 2,364   | 3137AWQG3 | FHMS K023 A1                    | 1.58% | 4/25/22 | 2,364.02   |  | 0.00 |
| 5/1/18  | 5/25/18 | 3,146   | 3136AMTM1 | FNMA SERIES M4 FA               | 2.15% | 9/1/18  | 3,145.89   |  | 0.00 |
| 5/1/18  | 5/25/18 | 14,556  | 3136AQSW1 | FNMA SERIES 2015-M15 ASQ2       | 1.89% | 1/1/19  | 14,556.17  |  | 0.00 |
| 5/1/18  | 5/25/18 | 378     | 3136ASPX8 | FNMA SERIES 2016-M9 ASQ2        | 1.78% | 6/1/19  | 378.39     |  | 0.00 |
| 5/1/18  | 5/25/18 | 151,007 | 3136AP3Z3 | FNMA SERIES 2015-M12 FA         | 2.28% | 4/1/20  | 151,006.57 |  | 0.00 |

## CITY OF HAYWARD

## Portfolio Activity

| Trade Date            | Settle Date | Par (\$)       | CUSIP     | Security Description            | Coupon | Maturity Date | Transact Amt (\$) | Yield at Market | Realized G/L (BV) |
|-----------------------|-------------|----------------|-----------|---------------------------------|--------|---------------|-------------------|-----------------|-------------------|
| 5/1/18                | 5/25/18     | 36,850         | 3136AQDQ0 | FANNIE MAE SERIES 2015-M13 ASQ2 | 1.64%  | 9/1/19        | 36,850.40         |                 | 0.00              |
| 5/1/18                | 5/25/18     | 2,952          | 3136AMMC0 | FNMA SERIES 2015-M3 FA          | 2.18%  | 6/1/18        | 2,952.38          |                 | 0.00              |
| 5/1/18                | 5/15/18     | 11,496         | 3137BHU39 | FREDDIE MAC SERIES 4459 NB      | 4.50%  | 1/1/20        | 11,495.85         |                 | 0.00              |
| 5/15/18               | 5/15/18     | 32,105         | 34530YAD5 | FORD ABS 2015-C A3              | 1.41%  | 2/15/20       | 32,104.96         |                 | 0.00              |
| 5/15/18               | 5/15/18     | 36,347         | 14314JAB6 | CARMAX ABS 2017-1 A2            | 1.54%  | 2/15/20       | 36,347.43         |                 | 0.00              |
| 6/1/18                | 6/15/18     | 11,119         | 3137BHU39 | FREDDIE MAC SERIES 4459 NB      | 4.50%  | 1/1/20        | 11,118.97         |                 | 0.00              |
| 6/1/18                | 6/25/18     | 21,583         | 3137AA4V2 | FHLMC SERIES K013 A1            | 2.90%  | 8/25/20       | 21,582.72         |                 | 0.00              |
| 6/1/18                | 6/25/18     | 21,557         | 3136ANA98 | FNMA SERIES 2015-M10 FA         | 2.19%  | 3/1/19        | 21,556.57         |                 | 0.00              |
| 6/1/18                | 6/25/18     | 9,233          | 3136ASPX8 | FNMA SERIES 2016-M9 ASQ2        | 1.78%  | 6/1/19        | 9,232.98          |                 | 0.00              |
| 6/1/18                | 6/25/18     | 2,232          | 3137AWQG3 | FHMS K023 A1                    | 1.58%  | 4/25/22       | 2,231.73          |                 | 0.00              |
| 6/1/18                | 6/25/18     | 4,048          | 3136AMTM1 | FNMA SERIES M4 FA               | 2.15%  | 9/1/18        | 4,047.57          |                 | 0.00              |
| 6/1/18                | 6/25/18     | 20,140         | 3137AWQG3 | FHMS K023 A1                    | 1.58%  | 4/25/22       | 20,139.95         |                 | 0.00              |
| 6/1/18                | 6/25/18     | 13,849         | 3136AQDQ0 | FANNIE MAE SERIES 2015-M13 ASQ2 | 1.64%  | 9/1/19        | 13,849.40         |                 | 0.00              |
| 6/1/18                | 6/25/18     | 11,512         | 3136AQSW1 | FNMA SERIES 2015-M15 ASQ2       | 1.89%  | 1/1/19        | 11,512.38         |                 | 0.00              |
| 6/1/18                | 6/25/18     | 19,814         | 3136AP3Z3 | FNMA SERIES 2015-M12 FA         | 2.28%  | 4/1/20        | 19,814.19         |                 | 0.00              |
| 6/15/18               | 6/15/18     | 31,674         | 34530YAD5 | FORD ABS 2015-C A3              | 1.41%  | 2/15/20       | 31,674.02         |                 | 0.00              |
| 6/15/18               | 6/15/18     | 36,593         | 14314JAB6 | CARMAX ABS 2017-1 A2            | 1.54%  | 2/15/20       | 36,593.40         |                 | 0.00              |
| <b>Total PAYDOWNS</b> |             | <b>981,658</b> |           |                                 |        |               | <b>981,658.42</b> |                 | <b>0.00</b>       |
| <b>SELL</b>           |             |                |           |                                 |        |               |                   |                 |                   |
| 4/6/18                | 4/10/18     | 1,200,000      | 13606A5Z7 | CANADIAN IMPERIAL BANK NY CD    | 1.76%  | 11/30/18      | 1,200,887.47      | 2.59%           | (6,437.10)        |
| 4/10/18               | 4/13/18     | 365,000        | 89236TDE2 | TOYOTA MOTOR CREDIT CORP NOTES  | 1.40%  | 5/20/19       | 362,773.91        | 2.48%           | (4,164.82)        |
| 4/12/18               | 4/19/18     | 1,000,000      | 3135G0J53 | FNMA BENCHMARK NOTE             | 1.00%  | 2/26/19       | 991,482.22        | 2.19%           | (9,313.38)        |
| 4/18/18               | 4/25/18     | 525,000        | 912828C65 | US TREASURY NOTES               | 1.62%  | 3/31/19       | 522,711.65        | 2.22%           | (5,662.05)        |
| 4/18/18               | 4/25/18     | 900,000        | 3135G0J53 | FNMA BENCHMARK NOTE             | 1.00%  | 2/26/19       | 892,583.00        | 2.20%           | (8,294.90)        |
| 4/23/18               | 4/30/18     | 450,000        | 912828C65 | US TREASURY NOTES               | 1.62%  | 3/31/19       | 447,962.67        | 2.27%           | (4,994.00)        |
| 5/17/18               | 5/22/18     | 235,000        | 89236TDE2 | TOYOTA MOTOR CREDIT CORP NOTES  | 1.40%  | 5/20/19       | 232,564.88        | 2.47%           | (2,400.47)        |
| 6/4/18                | 6/6/18      | 3,050,000      | 3137EADZ9 | FREDDIE MAC NOTES               | 1.12%  | 4/15/19       | 3,024,818.44      | 2.29%           | (32,114.73)       |

## CITY OF HAYWARD

## Portfolio Activity

| Trade Date        | Settle Date | Par (\$)          | CUSIP     | Security Description                    | Coupon | Maturity Date | Transact Amt (\$)    | Yield at Market | Realized G/L (BV)  |
|-------------------|-------------|-------------------|-----------|---|--------|---------------|----------------------|-----------------|--------------------|
| 6/4/18            | 6/6/18      | 3,015,000         | 912828D23 | US TREASURY NOTES                       | 1.62%  | 4/30/19       | 3,002,142.21         | 2.29%           | (32,970.04)        |
| 6/4/18            | 6/6/18      | 2,020,000         | 912828C65 | US TREASURY NOTES                       | 1.62%  | 3/31/19       | 2,015,514.42         | 2.27%           | (19,914.17)        |
| 6/5/18            | 6/7/18      | 1,200,000         | 06417GUE6 | BANK OF NOVA SCOTIA HOUSTON LT CD       | 1.91%  | 4/5/19        | 1,196,967.00         | 2.56%           | (7,044.00)         |
| 6/11/18           | 6/18/18     | 600,000           | 46625HQU7 | JP MORGAN CHASE & CORP NOTES (CALLABLE) | 1.85%  | 3/22/19       | 599,105.67           | 2.64%           | (4,206.97)         |
| 6/12/18           | 6/15/18     | 1,150,000         | 3130A8DB6 | FHLB GLOBAL NOTE                        | 1.12%  | 6/21/19       | 1,141,659.63         | 2.40%           | (14,430.09)        |
| 6/22/18           | 6/25/18     | 1,775,000         | 912828WN6 | US TREASURY NOTES                       | 2.00%  | 5/31/21       | 1,744,351.62         | 2.66%           | (2,056.91)         |
| <b>Total SELL</b> |             | <b>17,485,000</b> |           |   |        |               | <b>17,375,524.79</b> |                 | <b>-154,003.63</b> |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity | CUSIP     | Par          | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost | Market<br>Value |
|---|-----------|--------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| U.S. Treasury Bond / Note                               |           |              |               |                   |               |                |                  |                |                     |                   |                 |
| US TREASURY NOTES<br>DTD 12/01/2014 1.500% 11/30/2019   | 912828G61 | 5,850,000.00 | AA+           | Aaa               | 12/1/2016     | 12/5/2016      | 5,859,140.63     | 1.45           | 7,432.38            | 5,854,382.35      | 5,771,159.55    |
| US TREASURY NOTES<br>DTD 12/31/2014 1.625% 12/31/2019   | 912828G95 | 600,000.00   | AA+           | Aaa               | 2/21/2018     | 2/22/2018      | 593,320.31       | 2.24           | 26.49               | 594,587.60        | 592,546.80      |
| US TREASURY NOTES<br>DTD 02/02/2015 1.250% 01/31/2020   | 912828H52 | 4,070,000.00 | AA+           | Aaa               | 1/3/2017      | 1/5/2017       | 4,037,567.19     | 1.52           | 21,221.34           | 4,053,102.38      | 3,992,096.13    |
| US TREASURY NOTES<br>DTD 03/02/2015 1.375% 02/29/2020   | 912828J50 | 3,500,000.00 | AA+           | Aaa               | 8/31/2017     | 9/1/2017       | 3,499,863.28     | 1.38           | 16,085.26           | 3,499,908.62      | 3,435,330.50    |
| US TREASURY NOTES<br>DTD 03/02/2015 1.375% 02/29/2020   | 912828J50 | 1,000,000.00 | AA+           | Aaa               | 2/1/2017      | 2/3/2017       | 993,945.31       | 1.58           | 4,595.79            | 996,680.17        | 981,523.00      |
| US TREASURY NOTES<br>DTD 04/01/2013 1.125% 03/31/2020   | 912828UV0 | 2,915,000.00 | AA+           | Aaa               | 3/15/2017     | 3/17/2017      | 2,864,784.57     | 1.71           | 8,243.24            | 2,885,795.93      | 2,845,768.75    |
| US TREASURY NOTES<br>DTD 04/30/2015 1.375% 04/30/2020   | 912828K58 | 4,300,000.00 | AA+           | Aaa               | 4/3/2017      | 4/5/2017       | 4,280,683.59     | 1.53           | 9,961.28            | 4,288,375.08      | 4,211,983.30    |
| US TREASURY NOTES<br>DTD 06/01/2015 1.500% 05/31/2020   | 912828XE5 | 2,500,000.00 | AA+           | Aaa               | 10/3/2017     | 10/5/2017      | 2,494,238.28     | 1.59           | 3,176.23            | 2,495,828.25      | 2,451,757.50    |
| US TREASURY NOTES<br>DTD 06/30/2015 1.625% 06/30/2020   | 912828XH8 | 7,750,000.00 | AA+           | Aaa               | 6/26/2017     | 6/28/2017      | 7,777,851.56     | 1.50           | 342.22              | 7,768,649.29      | 7,612,259.25    |
| US TREASURY NOTES<br>DTD 07/31/2015 1.625% 07/31/2020   | 912828XM7 | 2,750,000.00 | AA+           | Aaa               | 7/5/2017      | 7/5/2017       | 2,750,537.11     | 1.62           | 18,640.37           | 2,750,374.61      | 2,698,223.00    |
| US TREASURY NOTES<br>DTD 08/31/2015 1.375% 08/31/2020   | 912828L32 | 1,275,000.00 | AA+           | Aaa               | 8/31/2017     | 9/1/2017       | 1,272,559.57     | 1.44           | 5,859.63            | 1,273,226.54      | 1,243,323.90    |
| US TREASURY NOTES<br>DTD 11/30/2015 1.625% 11/30/2020   | 912828M98 | 500,000.00   | AA+           | Aaa               | 10/31/2017    | 10/31/2017     | 498,125.00       | 1.75           | 688.18              | 498,524.19        | 488,789.00      |
| US TREASURY NOTES<br>DTD 11/30/2015 1.625% 11/30/2020   | 912828M98 | 3,600,000.00 | AA+           | Aaa               | 11/1/2017     | 11/3/2017      | 3,584,390.63     | 1.77           | 4,954.92            | 3,587,678.06      | 3,519,280.80    |
| US TREASURY NOTES<br>DTD 12/31/2015 1.750% 12/31/2020   | 912828N48 | 4,600,000.00 | AA+           | Aaa               | 12/1/2017     | 12/5/2017      | 4,578,078.13     | 1.91           | 218.75              | 4,582,093.99      | 4,506,744.20    |
| US TREASURY NOTES<br>DTD 01/31/2016 1.375% 01/31/2021   | 912828N89 | 450,000.00   | AA+           | Aaa               | 12/27/2017    | 12/28/2017     | 441,052.73       | 2.04           | 2,580.97            | 442,491.52        | 436,271.40      |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity                         | CUSIP     | Par                  | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost     | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost    | Market<br>Value      |
|---|-----------|----------------------|---------------|-------------------|---------------|----------------|----------------------|----------------|---------------------|----------------------|----------------------|
| <b>U.S. Treasury Bond / Note</b>  |           |                      |               |                   |               |                |                      |                |                     |                      |                      |
| US TREASURY NOTES<br>DTD 01/31/2016 1.375% 01/31/2021                           | 912828N89 | 400,000.00           | AA+           | Aaa               | 2/2/2018      | 2/2/2018       | 388,718.75           | 2.36           | 2,294.20            | 390,224.48           | 387,796.80           |
| US TREASURY NOTES<br>DTD 01/31/2016 1.375% 01/31/2021                           | 912828N89 | 3,500,000.00         | AA+           | Aaa               | 1/2/2018      | 1/4/2018       | 3,430,000.00         | 2.05           | 20,074.24           | 3,440,900.44         | 3,393,222.00         |
| US TREASURY N/B<br>DTD 02/29/2016 1.125% 02/28/2021                             | 912828P87 | 3,100,000.00         | AA+           | Aaa               | 2/15/2018     | 2/16/2018      | 2,983,628.91         | 2.42           | 11,656.59           | 2,997,307.82         | 2,982,658.80         |
| US TREASURY N/B<br>DTD 02/29/2016 1.125% 02/28/2021                             | 912828P87 | 625,000.00           | AA+           | Aaa               | 2/7/2018      | 2/8/2018       | 602,319.34           | 2.36           | 2,350.12            | 605,127.46           | 601,342.50           |
| US TREASURY NOTES<br>DTD 06/02/2014 2.000% 05/31/2021                           | 912828WN6 | 3,225,000.00         | AA+           | Aaa               | 6/4/2018      | 6/6/2018       | 3,167,680.66         | 2.62           | 5,463.11            | 3,168,951.34         | 3,169,191.38         |
| <b>Security Type Sub-Total</b>  |           | <b>56,510,000.00</b> |               |                   |               |                | <b>56,098,485.55</b> | <b>1.74</b>    | <b>145,865.31</b>   | <b>56,174,210.12</b> | <b>55,321,268.56</b> |
| <b>Supra-National Agency Bond / Note</b>  |           |                      |               |                   |               |                |                      |                |                     |                      |                      |
| INTER-AMERICAN DEVELOPMENT<br>BANK<br>DTD 04/12/2016 1.000% 05/13/2019          | 458182DX7 | 1,715,000.00         | AAA           | Aaa               | 4/5/2016      | 4/12/2016      | 1,709,855.00         | 1.10           | 2,286.67            | 1,713,537.02         | 1,692,747.88         |
| INTL BANK OF RECON AND DEV SN<br>NOTE<br>DTD 07/13/2016 0.875% 08/15/2019       | 459058FK4 | 630,000.00           | AAA           | Aaa               | 7/6/2016      | 7/13/2016      | 629,867.70           | 0.88           | 2,082.50            | 629,951.20           | 618,685.20           |
| INTL BANK OF RECON AND DEV<br>GLOBAL NOTES<br>DTD 10/27/2016 1.125% 11/27/2019  | 459058FS7 | 1,225,000.00         | AAA           | Aaa               | 8/28/2017     | 8/30/2017      | 1,214,550.75         | 1.51           | 1,301.56            | 1,218,412.38         | 1,200,647.00         |
| INTL BANK OF RECONSTRUCTION<br>AND DEV NOTE<br>DTD 09/19/2017 1.561% 09/12/2020 | 45905UP32 | 1,225,000.00         | AAA           | Aaa               | 9/12/2017     | 9/19/2017      | 1,222,060.00         | 1.64           | 5,789.79            | 1,222,818.23         | 1,194,558.75         |
| INTER-AMERICAN DEVELOPMENT<br>BANK<br>DTD 11/08/2013 2.125% 11/09/2020          | 4581X0CD8 | 1,215,000.00         | AAA           | Aaa               | 10/2/2017     | 10/10/2017     | 1,226,261.96         | 1.81           | 3,729.38            | 1,223,671.98         | 1,198,658.25         |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity                       | CUSIP     | Par                 | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost    | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost   | Market<br>Value     |
|---|-----------|---------------------|---------------|-------------------|---------------|----------------|---------------------|----------------|---------------------|---------------------|---------------------|
| <b>Supra-National Agency Bond / Note</b>                                      |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| INTERNATIONAL FINANCE<br>CORPORATION NOTE<br>DTD 03/16/2018 2.635% 03/09/2021 | 45950VLQ7 | 1,850,000.00        | AAA           | Aaa               | 3/9/2018      | 3/16/2018      | 1,848,612.50        | 2.66           | 14,218.02           | 1,848,740.78        | 1,833,949.40        |
| INTER-AMERICAN DEVELOPMENT<br>BANK NOTE<br>DTD 04/19/2018 2.625% 04/19/2021   | 4581X0DB1 | 1,400,000.00        | AAA           | Aaa               | 4/12/2018     | 4/19/2018      | 1,396,920.00        | 2.70           | 7,350.00            | 1,397,118.51        | 1,393,278.60        |
| <b>Security Type Sub-Total</b>  |           | <b>9,260,000.00</b> |               |                   |               |                | <b>9,248,127.91</b> | <b>1.86</b>    | <b>36,757.92</b>    | <b>9,254,250.10</b> | <b>9,132,525.08</b> |
| <b>Municipal Bond / Note</b>  |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| UNIV OF CAL TXBL REV BOND<br>DTD 05/18/2017 1.610% 05/15/2019                 | 91412GS71 | 625,000.00          | AA            | Aa2               | 5/5/2017      | 5/18/2017      | 625,000.00          | 1.61           | 1,285.76            | 625,000.00          | 620,150.00          |
| CT ST TXBL GO BONDS<br>DTD 08/17/2016 1.300% 08/15/2019                       | 20772J3D2 | 1,340,000.00        | A             | A1                | 8/3/2016      | 8/17/2016      | 1,342,894.40        | 1.23           | 6,580.89            | 1,341,096.78        | 1,312,798.00        |
| UNIV OF CAL TXBL REV BOND<br>DTD 05/18/2017 1.900% 05/15/2020                 | 91412GS89 | 625,000.00          | AA            | Aa2               | 5/5/2017      | 5/18/2017      | 625,000.00          | 1.90           | 1,517.36            | 625,000.00          | 615,050.00          |
| CA ST TXBL GO BONDS<br>DTD 04/25/2018 2.800% 04/01/2021                       | 13063DGA0 | 1,425,000.00        | AA-           | Aa3               | 4/18/2018     | 4/25/2018      | 1,425,057.00        | 2.80           | 7,315.00            | 1,425,047.81        | 1,421,608.50        |
| UNIV OF CAL TXBL REV BONDS<br>DTD 06/05/2018 3.029% 05/15/2021                | 91412HBH5 | 455,000.00          | AA            | Aa2               | 5/23/2018     | 6/5/2018       | 455,000.00          | 3.03           | 995.36              | 455,000.00          | 455,495.95          |
| <b>Security Type Sub-Total</b>  |           | <b>4,470,000.00</b> |               |                   |               |                | <b>4,472,951.40</b> | <b>2.06</b>    | <b>17,694.37</b>    | <b>4,471,144.59</b> | <b>4,425,102.45</b> |
| <b>Federal Agency Collateralized Mortgage Obligation</b>                      |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| FNMA SERIES M4 FA<br>DTD 03/01/2015 2.158% 09/01/2018                         | 3136AMTM1 | 23,721.57           | AA+           | Aaa               | 3/12/2015     | 3/31/2015      | 23,715.50           | 0.38           | 42.65               | 23,721.57           | 23,689.88           |
| FNMA SERIES 2015-M15 ASQ2<br>DTD 11/01/2015 1.898% 01/01/2019                 | 3136AQSW1 | 104,088.20          | AA+           | Aaa               | 11/6/2015     | 11/30/2015     | 105,129.07          | 1.20           | 164.64              | 104,131.72          | 103,769.64          |
| FNMA SERIES 2015-M10 FA<br>DTD 06/01/2015 2.198% 03/01/2019                   | 3136ANA98 | 205,607.91          | AA+           | Aaa               | 6/12/2015     | 6/30/2015      | 205,548.41          | 0.43           | 376.56              | 205,607.91          | 205,354.68          |



## Managed Account Detail of Securities Held

| Security Type/Description<br>Dated Date/Coupon/Maturity             | CUSIP     | Par                 | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost    | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost   | Market<br>Value     |
|---|-----------|---------------------|---------------|-------------------|---------------|----------------|---------------------|----------------|---------------------|---------------------|---------------------|
| <b>Federal Agency Collateralized Mortgage Obligation</b>            |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| FNMA SERIES 2016-M9 ASQ2<br>DTD 06/01/2016 1.785% 06/01/2019        | 3136ASPX8 | 202,555.53          | AA+           | Aaa               | 6/9/2016      | 6/30/2016      | 204,580.98          | 1.05           | 301.30              | 202,970.33          | 201,758.58          |
| FANNIE MAE SERIES 2015-M13 ASQ2<br>DTD 10/01/2015 1.646% 09/01/2019 | 3136AQDQ0 | 374,772.11          | AA+           | Aaa               | 10/7/2015     | 10/30/2015     | 378,525.04          | 1.08           | 514.06              | 375,538.88          | 372,851.52          |
| FREDDIE MAC SERIES 4459 NB<br>DTD 04/01/2015 4.500% 01/01/2020      | 3137BHU39 | 29,825.14           | AA+           | Aaa               | 6/8/2015      | 6/11/2015      | 31,269.79           | 0.77           | 111.84              | 30,257.89           | 29,932.62           |
| FHMS K006 A2<br>DTD 04/01/2010 4.251% 01/25/2020                    | 31398VJ98 | 1,225,000.00        | AA+           | Aaa               | 6/12/2018     | 6/15/2018      | 1,249,882.81        | 1.57           | 4,339.56            | 1,249,771.51        | 1,243,609.22        |
| FNMA SERIES 2015-M12 FA<br>DTD 09/01/2015 2.288% 04/01/2020         | 3136AP3Z3 | 661,089.97          | AA+           | Aaa               | 9/10/2015     | 9/30/2015      | 660,851.97          | 0.54           | 1,260.34            | 661,089.97          | 660,696.42          |
| FHLMC SERIES K013 A1<br>DTD 05/01/2011 2.902% 08/25/2020            | 3137AA4V2 | 615,681.03          | AA+           | Aaa               | 6/23/2017     | 6/28/2017      | 627,393.38          | 1.60           | 1,488.92            | 622,774.93          | 616,240.56          |
| FHMS K714 A2<br>DTD 01/01/2014 3.034% 10/25/2020                    | 3137B6ZM6 | 880,000.00          | AA+           | Aaa               | 9/21/2017     | 9/26/2017      | 904,440.63          | 1.15           | 2,224.93            | 898,644.77          | 880,275.53          |
| FNA 2018-M5 A2<br>DTD 04/01/2018 3.560% 09/25/2021                  | 3136B1XP4 | 850,000.00          | AA+           | Aaa               | 4/11/2018     | 4/30/2018      | 866,907.35          | 2.27           | 2,521.67            | 866,407.30          | 862,019.09          |
| FHMS K023 A1<br>DTD 12/01/2012 1.583% 04/25/2022                    | 3137AWQG3 | 114,848.89          | AA+           | Aaa               | 3/6/2018      | 3/9/2018       | 112,354.52          | 2.58           | 151.50              | 112,512.03          | 112,093.42          |
| FHMS K023 A1<br>DTD 12/01/2012 1.583% 04/25/2022                    | 3137AWQG3 | 1,036,441.23        | AA+           | Aaa               | 3/7/2018      | 3/9/2018       | 1,013,769.08        | 2.59           | 1,367.24            | 1,015,201.13        | 1,011,574.83        |
| <b>Security Type Sub-Total</b>                                      |           | <b>6,323,631.58</b> |               |                   |               |                | <b>6,384,368.53</b> | <b>1.59</b>    | <b>14,865.21</b>    | <b>6,368,629.94</b> | <b>6,323,865.99</b> |
| <b>Federal Agency Bond / Note</b>                                   |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| FHLB GLOBAL NOTE<br>DTD 06/03/2016 1.125% 06/21/2019                | 3130A8DB6 | 3,995,000.00        | AA+           | Aaa               | 6/27/2016     | 6/29/2016      | 4,031,208.60        | 0.82           | 1,248.44            | 4,006,918.52        | 3,946,496.71        |
| FHLB GLOBAL NOTE<br>DTD 06/03/2016 1.125% 06/21/2019                | 3130A8DB6 | 1,400,000.00        | AA+           | Aaa               | 6/2/2016      | 6/3/2016       | 1,399,412.00        | 1.14           | 437.50              | 1,399,809.71        | 1,383,002.60        |
| FNMA BENCHMARK NOTE<br>DTD 08/02/2016 0.875% 08/02/2019             | 3135G0N33 | 3,050,000.00        | AA+           | Aaa               | 7/29/2016     | 8/2/2016       | 3,044,876.00        | 0.93           | 11,045.66           | 3,048,128.67        | 2,999,305.95        |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity                        | CUSIP     | Par                  | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost     | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost    | Market<br>Value      |
|--|-----------|----------------------|---------------|-------------------|---------------|----------------|----------------------|----------------|---------------------|----------------------|----------------------|
| <b>Federal Agency Bond / Note</b>  |           |                      |               |                   |               |                |                      |                |                     |                      |                      |
| FNMA NOTES<br>DTD 09/02/2016 1.000% 08/28/2019                                 | 3135G0P49 | 1,300,000.00         | AA+           | Aaa               | 10/3/2016     | 10/5/2016      | 1,299,220.00         | 1.02           | 4,441.67            | 1,299,686.31         | 1,278,738.50         |
| FNMA NOTES<br>DTD 09/02/2016 1.000% 08/28/2019                                 | 3135G0P49 | 5,425,000.00         | AA+           | Aaa               | 8/31/2016     | 9/2/2016       | 5,416,537.00         | 1.05           | 18,535.42           | 5,421,688.85         | 5,336,274.13         |
| FHLB GLOBAL NOTES<br>DTD 09/09/2016 1.000% 09/26/2019                          | 3130A9EP2 | 1,575,000.00         | AA+           | Aaa               | 10/3/2016     | 10/5/2016      | 1,574,448.75         | 1.01           | 4,156.25            | 1,574,769.40         | 1,547,730.45         |
| FNMA NOTES<br>DTD 02/28/2017 1.500% 02/28/2020                                 | 3135G0T29 | 1,510,000.00         | AA+           | Aaa               | 2/24/2017     | 2/28/2017      | 1,509,033.60         | 1.52           | 7,738.75            | 1,509,460.49         | 1,484,481.00         |
| FHLMC AGENCY NOTES<br>DTD 04/20/2017 1.375% 04/20/2020                         | 3137EAEF2 | 1,200,000.00         | AA+           | Aaa               | 4/19/2017     | 4/20/2017      | 1,195,896.00         | 1.49           | 3,254.17            | 1,197,512.50         | 1,175,058.00         |
| FEDERAL HOME LOAN BANKS NOTES<br>DTD 05/21/2018 2.625% 05/28/2020              | 3130AECJ7 | 3,250,000.00         | AA+           | Aaa               | 6/4/2018      | 6/6/2018       | 3,254,745.00         | 2.55           | 9,479.17            | 3,254,585.04         | 3,250,997.75         |
| FNMA NOTES<br>DTD 08/01/2017 1.500% 07/30/2020                                 | 3135G0T60 | 3,600,000.00         | AA+           | Aaa               | 7/28/2017     | 8/1/2017       | 3,589,092.00         | 1.60           | 22,650.00           | 3,592,373.36         | 3,518,222.40         |
| FANNIE MAE NOTES<br>DTD 06/25/2018 2.750% 06/22/2021                           | 3135G0U35 | 1,745,000.00         | AA+           | Aaa               | 6/22/2018     | 6/25/2018      | 1,744,598.65         | 2.76           | 799.79              | 1,744,600.73         | 1,746,549.56         |
| <b>Security Type Sub-Total</b>   |           | <b>28,050,000.00</b> |               |                   |               |                | <b>28,059,067.60</b> | <b>1.40</b>    | <b>83,786.82</b>    | <b>28,049,533.58</b> | <b>27,666,857.05</b> |
| <b>Corporate Note</b>  |           |                      |               |                   |               |                |                      |                |                     |                      |                      |
| CHEVRON CORP NOTES<br>DTD 03/03/2017 1.686% 02/28/2019                         | 166764BS8 | 300,000.00           | AA-           | Aa2               | 2/28/2017     | 3/3/2017       | 300,000.00           | 1.69           | 1,728.15            | 300,000.00           | 298,122.90           |
| JP MORGAN CHASE & CORP NOTES<br>(CALLABLE)<br>DTD 03/23/2016 1.850% 03/22/2019 | 46625HQU7 | 300,000.00           | A-            | A3                | 5/17/2016     | 5/20/2016      | 301,317.00           | 1.69           | 1,526.25            | 300,312.91           | 298,102.20           |
| CITIGROUP INC CORP NOTES<br>DTD 06/09/2016 2.050% 06/07/2019                   | 172967KS9 | 465,000.00           | BBB+          | Baa1              | 6/2/2016      | 6/9/2016       | 464,758.20           | 2.07           | 635.50              | 464,922.97           | 461,274.42           |
| AMERICAN EXPRESS CREDIT<br>(CALLABLE) CORP<br>DTD 10/31/2016 1.700% 10/30/2019 | 0258M0EC9 | 600,000.00           | A-            | A2                | 1/31/2017     | 2/3/2017       | 595,440.00           | 1.99           | 1,728.33            | 597,760.15           | 590,695.80           |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity                         | CUSIP     | Par        | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost | Market<br>Value |
|---|-----------|------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| Corporate Note  |           |            |               |                   |               |                |                  |                |                     |                   |                 |
| GOLDMAN SACHS GROUP<br>(CALLABLE) INC BONDS<br>DTD 12/13/2016 2.300% 12/13/2019 | 38145GAJ9 | 600,000.00 | BBB+          | A3                | 12/8/2016     | 12/13/2016     | 599,550.00       | 2.33           | 690.00              | 599,778.64        | 593,743.20      |
| IBM CORP NOTES<br>DTD 01/27/2017 1.900% 01/27/2020                              | 459200JN2 | 600,000.00 | A+            | A1                | 1/24/2017     | 1/27/2017      | 599,424.00       | 1.93           | 4,876.67            | 599,694.05        | 592,125.00      |
| APPLE INC BONDS<br>DTD 02/09/2017 1.900% 02/07/2020                             | 037833CK4 | 400,000.00 | AA+           | Aa1               | 2/2/2017      | 2/9/2017       | 399,804.00       | 1.92           | 3,040.00            | 399,893.80        | 394,946.00      |
| AMERICAN HONDA FINANCE<br>DTD 02/16/2017 2.000% 02/14/2020                      | 02665WBM2 | 280,000.00 | A+            | A2                | 2/13/2017     | 2/16/2017      | 279,602.40       | 2.05           | 2,131.11            | 279,781.94        | 276,253.60      |
| BNY MELLON (CALLABLE) CORP<br>NOTE<br>DTD 02/24/2015 2.150% 02/24/2020          | 06406HCZ0 | 600,000.00 | A             | A1                | 4/10/2017     | 4/13/2017      | 603,102.00       | 1.96           | 4,550.83            | 601,770.20        | 592,572.60      |
| JOHN DEERE CAPITAL CORP NOTES<br>DTD 03/15/2017 2.200% 03/13/2020               | 24422ETQ2 | 250,000.00 | A             | A2                | 3/10/2017     | 3/15/2017      | 249,805.00       | 2.23           | 1,650.00            | 249,887.66        | 247,015.00      |
| JOHN DEERE CAPITAL CORP NOTES<br>DTD 03/13/2018 2.875% 03/12/2021               | 24422EUD9 | 300,000.00 | A             | A2                | 3/8/2018      | 3/13/2018      | 299,796.00       | 2.90           | 2,587.50            | 299,815.61        | 297,798.00      |
| NATIONAL RURAL UTIL COOP<br>DTD 02/26/2018 2.900% 03/15/2021                    | 63743HER9 | 250,000.00 | A             | A2                | 2/21/2018     | 2/26/2018      | 249,722.50       | 2.94           | 2,517.36            | 249,754.50        | 248,140.25      |
| TOYOTA MOTOR CREDIT CORP CORP<br>NOTES<br>DTD 04/13/2018 2.950% 04/13/2021      | 89236TEU5 | 365,000.00 | AA-           | Aa3               | 4/10/2018     | 4/13/2018      | 364,854.00       | 2.96           | 2,332.96            | 364,864.16        | 363,119.16      |
| MORGAN STANLEY CORP NOTES<br>DTD 04/21/2016 2.500% 04/21/2021                   | 61746BEA0 | 300,000.00 | BBB+          | A3                | 2/13/2018     | 2/15/2018      | 294,960.00       | 3.06           | 1,458.33            | 295,540.21        | 293,006.40      |
| CHARLES SCHWAB CORP CORP<br>NOTES<br>DTD 05/22/2018 3.250% 05/21/2021           | 808513AW5 | 235,000.00 | A             | A2                | 5/17/2018     | 5/22/2018      | 234,992.95       | 3.25           | 827.40              | 234,993.16        | 235,939.06      |
| BANK OF AMERICA CORP (CALLABLE)<br>DTD 09/18/2017 2.328% 10/01/2021             | 06051GGS2 | 200,000.00 | A-            | A3                | 11/27/2017    | 11/29/2017     | 199,026.00       | 2.46           | 1,164.00            | 199,172.37        | 195,521.40      |
| BANK OF AMERICA CORP (CALLABLE)<br>DTD 09/18/2017 2.328% 10/01/2021             | 06051GGS2 | 390,000.00 | A-            | A3                | 9/13/2017     | 9/18/2017      | 390,000.00       | 2.33           | 2,269.80            | 390,000.00        | 381,266.73      |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity                       | CUSIP     | Par                 | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost    | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost   | Market<br>Value     |
|---|-----------|---------------------|---------------|-------------------|---------------|----------------|---------------------|----------------|---------------------|---------------------|---------------------|
| <b>Corporate Note</b>   |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| JPMORGAN CHASE & CO CORP<br>NOTES<br>DTD 06/18/2018 3.514% 06/18/2022         | 46647PAS5 | 600,000.00          | A-            | A3                | 6/11/2018     | 6/18/2018      | 600,000.00          | 3.51           | 761.37              | 600,000.00          | 600,462.00          |
| <b>Security Type Sub-Total</b>  |           | <b>7,035,000.00</b> |               |                   |               |                | <b>7,026,154.05</b> | <b>2.37</b>    | <b>36,475.56</b>    | <b>7,027,942.33</b> | <b>6,960,103.72</b> |
| <b>Certificate of Deposit</b>   |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| SVENSKA HANDELSBANKEN NY LT<br>CD<br>DTD 01/12/2017 1.890% 01/10/2019         | 86958JHB8 | 1,200,000.00        | A-1+          | P-1               | 1/10/2017     | 1/12/2017      | 1,200,000.00        | 1.91           | 10,836.00           | 1,200,000.00        | 1,194,788.40        |
| BANK OF MONTREAL CHICAGO CERT<br>DEPOS<br>DTD 02/09/2017 1.880% 02/07/2019    | 06427KRC3 | 1,200,000.00        | A-1           | P-1               | 2/8/2017      | 2/9/2017       | 1,200,000.00        | 1.90           | 9,024.00            | 1,200,000.00        | 1,197,764.40        |
| SKANDINAV ENSKILDA BANKEN NY<br>CD<br>DTD 08/04/2017 1.840% 08/02/2019        | 83050FXT3 | 1,200,000.00        | A+            | Aa2               | 8/3/2017      | 8/4/2017       | 1,199,532.00        | 1.85           | 9,138.67            | 1,199,744.78        | 1,189,647.60        |
| MUFG BANK LTD/NY CERT DEPOS<br>DTD 09/27/2017 2.070% 09/25/2019               | 06539RGM3 | 625,000.00          | A             | A1                | 9/25/2017     | 9/27/2017      | 625,000.00          | 2.07           | 9,954.69            | 625,000.00          | 618,750.63          |
| CREDIT SUISSE NEW YORK CERT<br>DEPOS<br>DTD 02/08/2018 2.670% 02/07/2020      | 22549LFR1 | 600,000.00          | A             | A1                | 2/7/2018      | 2/8/2018       | 600,000.00          | 2.67           | 6,363.50            | 600,000.00          | 599,977.80          |
| NORDEA BANK AB NY CD<br>DTD 02/22/2018 2.720% 02/20/2020                      | 65590ASN7 | 600,000.00          | AA-           | Aa3               | 2/20/2018     | 2/22/2018      | 600,000.00          | 2.72           | 5,848.00            | 600,000.00          | 596,835.00          |
| UBS AG STAMFORD CT LT CD<br>DTD 03/06/2018 2.900% 03/02/2020                  | 90275DHG8 | 600,000.00          | A+            | Aa2               | 3/2/2018      | 3/6/2018       | 600,000.00          | 2.93           | 5,655.00            | 600,000.00          | 601,972.80          |
| CANADIAN IMP BK COMM NY FLT<br>CERT DEPOS<br>DTD 04/10/2018 2.737% 04/10/2020 | 13606BVF0 | 600,000.00          | A+            | A1                | 4/6/2018      | 4/10/2018      | 600,000.00          | 2.78           | 3,741.20            | 600,000.00          | 599,998.80          |
| CREDIT AGRICOLE CIB NY FLT CERT<br>DEPOS<br>DTD 04/10/2018 2.807% 04/10/2020  | 22532XHT8 | 600,000.00          | A             | A1                | 4/6/2018      | 4/10/2018      | 600,000.00          | 2.85           | 3,836.86            | 600,000.00          | 600,663.00          |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity            | CUSIP     | Par                 | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost    | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost   | Market<br>Value     |
|--|-----------|---------------------|---------------|-------------------|---------------|----------------|---------------------|----------------|---------------------|---------------------|---------------------|
| <b>Certificate of Deposit</b>                                      |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| BANK OF NOVA SCOTIA HOUSTON CD<br>DTD 06/07/2018 3.080% 06/05/2020 | 06417GU22 | 600,000.00          | A+            | A1                | 6/5/2018      | 6/7/2018       | 599,772.00          | 3.10           | 1,232.00            | 599,779.37          | 603,329.40          |
| ROYAL BANK OF CANADA NY CD<br>DTD 06/08/2018 3.240% 06/07/2021     | 78012UEE1 | 600,000.00          | AA-           | A1                | 6/7/2018      | 6/8/2018       | 600,000.00          | 3.24           | 1,242.00            | 600,000.00          | 604,222.80          |
| <b>Security Type Sub-Total</b>                                     |           | <b>8,425,000.00</b> |               |                   |               |                | <b>8,424,304.00</b> | <b>2.41</b>    | <b>66,871.92</b>    | <b>8,424,524.15</b> | <b>8,407,950.63</b> |
| <b>Asset-Backed Security / Collateralized Mortgage Obligation</b>  |           |                     |               |                   |               |                |                     |                |                     |                     |                     |
| FORD ABS 2015-C A3<br>DTD 09/22/2015 1.410% 02/15/2020             | 34530YAD5 | 142,216.47          | AAA           | Aaa               | 9/15/2015     | 9/22/2015      | 142,188.80          | 1.42           | 89.12               | 142,210.22          | 141,924.73          |
| CARMAX ABS 2017-1 A2<br>DTD 01/31/2017 1.540% 02/15/2020           | 14314JAB6 | 152,023.23          | NR            | Aaa               | 1/25/2017     | 1/31/2017      | 152,023.17          | 1.60           | 104.05              | 152,023.22          | 151,796.27          |
| CITIBANK ABS 2017-A2 A2<br>DTD 01/26/2017 1.740% 01/17/2021        | 17305EGA7 | 450,000.00          | AAA           | Aaa               | 1/19/2017     | 1/26/2017      | 449,913.83          | 1.75           | 3,567.00            | 450,000.00          | 448,105.28          |
| TOYOTA ABS 2017-A A3<br>DTD 03/15/2017 1.730% 02/15/2021           | 89238MAD0 | 145,000.00          | AAA           | Aaa               | 3/7/2017      | 3/15/2017      | 144,982.93          | 1.74           | 111.49              | 144,988.41          | 143,587.67          |
| JOHN DEERE ABS 2017-A A3<br>DTD 03/02/2017 1.780% 04/15/2021       | 47787XAC1 | 120,000.00          | NR            | Aaa               | 2/22/2017     | 3/2/2017       | 119,982.91          | 1.79           | 94.93               | 119,985.48          | 118,880.74          |
| ALLY ABS 2017-1 A3<br>DTD 01/31/2017 1.700% 06/15/2021             | 02007PAC7 | 135,000.00          | NR            | Aaa               | 1/24/2017     | 1/31/2017      | 134,988.20          | 1.70           | 102.00              | 134,992.23          | 133,880.69          |
| HONDA ABS 2017-1 A3<br>DTD 03/28/2017 1.720% 07/21/2021            | 43814TAC6 | 275,000.00          | NR            | Aaa               | 3/21/2017     | 3/28/2017      | 274,983.64          | 1.72           | 131.39              | 274,985.01          | 272,240.43          |
| HYUNDAI ABS 2017-A A3<br>DTD 03/29/2017 1.760% 08/15/2021          | 44931PAD8 | 260,000.00          | AAA           | NR                | 3/22/2017     | 3/29/2017      | 259,978.97          | 1.76           | 203.38              | 259,978.97          | 256,642.28          |
| NISSAN ABS 2017-A A3<br>DTD 03/28/2017 1.740% 08/15/2021           | 654747AD6 | 315,000.00          | NR            | Aaa               | 3/21/2017     | 3/28/2017      | 314,966.64          | 1.74           | 243.60              | 314,972.36          | 310,647.39          |
| ALLY ABS 2017-2 A3<br>DTD 03/29/2017 1.780% 08/15/2021             | 02007HAC5 | 480,000.00          | NR            | Aaa               | 3/21/2017     | 3/29/2017      | 479,943.41          | 1.79           | 379.73              | 479,960.45          | 475,718.59          |
| <b>Security Type Sub-Total</b>                                     |           | <b>2,474,239.70</b> |               |                   |               |                | <b>2,473,952.50</b> | <b>1.72</b>    | <b>5,026.69</b>     | <b>2,474,096.35</b> | <b>2,453,424.07</b> |

## Managed Account Detail of Securities Held

| Security Type/Description Dated<br>Date/Coupon/Maturity | CUSIP | Par                     | S&P<br>Rating | Moody's<br>Rating | Trade<br>Date | Settle<br>Date | Original<br>Cost        | YTM<br>at Cost | Accrued<br>Interest | Amortized<br>Cost       | Market<br>Value         |
|---|-------|-------------------------|---------------|-------------------|---------------|----------------|-------------------------|----------------|---------------------|-------------------------|-------------------------|
| <b>Managed Account Sub Total</b>                        |       | <b>122,547,871.28</b>   |               |                   |               |                | <b>122,187,411.54</b>   | <b>1.76</b>    | <b>407,343.80</b>   | <b>122,244,331.16</b>   | <b>120,691,097.55</b>   |
| <b>Securities Sub-Total</b>                             |       | <b>\$122,547,871.28</b> |               |                   |               |                | <b>\$122,187,411.54</b> | <b>1.76%</b>   | <b>\$407,343.80</b> | <b>\$122,244,331.16</b> | <b>\$120,691,097.55</b> |
| <b>Accrued Interest</b>                                 |       |                         |               |                   |               |                |                         |                |                     |                         | <b>\$407,343.80</b>     |
| <b>Total Investments</b>                                |       |                         |               |                   |               |                |                         |                |                     |                         | <b>\$121,098,441.35</b> |

Bolded items are forward settling trades.

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**IMPORTANT DISCLOSURES**

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- 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.



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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.



**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

| Date     | Daily Yield* | Quarter to Date Yield | Average Maturity (in days) |
|----------|--------------|-----------------------|----------------------------|
| 06/18/18 | 1.86         | 1.74                  | 181                        |
| 06/19/18 | 1.87         | 1.74                  | 179                        |
| 06/20/18 | 1.87         | 1.74                  | 178                        |
| 06/21/18 | 1.89         | 1.74                  | 183                        |
| 06/22/18 | 1.89         | 1.75                  | 186                        |
| 06/23/18 | 1.89         | 1.75                  | 186                        |
| 06/24/18 | 1.89         | 1.75                  | 186                        |
| 06/25/18 | 1.89         | 1.75                  | 184                        |
| 06/26/18 | 1.89         | 1.75                  | 183                        |
| 06/27/18 | 1.90         | 1.75                  | 181                        |
| 06/28/18 | 1.90         | 1.76                  | 183                        |
| 06/29/18 | 1.92         | 1.76                  | 194                        |
| 06/30/18 | 1.92         | 1.76                  | 193                        |
| 07/01/18 | 1.92         | 1.92                  | 193                        |
| 07/02/18 | 1.93         | 1.92                  | 196                        |
| 07/03/18 | 1.93         | 1.92                  | 195                        |
| 07/04/18 | 1.93         | 1.92                  | 195                        |
| 07/05/18 | 1.93         | 1.93                  | 194                        |
| 07/06/18 | 1.93         | 1.93                  | 193                        |
| 07/07/18 | 1.93         | 1.93                  | 193                        |
| 07/08/18 | 1.93         | 1.93                  | 193                        |
| 07/09/18 | 1.93         | 1.93                  | 191                        |
| 07/10/18 | 1.93         | 1.93                  | 192                        |
| 07/11/18 | 1.93         | 1.93                  | 191                        |
| 07/12/18 | 1.94         | 1.93                  | 189                        |
| 07/13/18 | 1.94         | 1.93                  | 190                        |
| 07/14/18 | 1.94         | 1.93                  | 190                        |
| 07/15/18 | 1.94         | 1.93                  | 190                        |
| 07/16/18 | 1.94         | 1.93                  | 188                        |
| 07/17/18 | 1.94         | 1.93                  | 187                        |
| 07/18/18 | 1.94         | 1.93                  | 187                        |

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

**Quarter Ending 06/30/18**

Apportionment Rate: 1.90%  
 Earnings Ratio: 0.00005216919081336  
 Fair Value Factor: 0.998126869  
 Daily: 1.92%  
 Quarter to Date: 1.76%  
 Average Life: 193

**PMIA Average Monthly  
Effective Yields**

**June 2018 1.854**  
 May 2018 1.755  
 Apr 2018 1.661

**Pooled Money Investment Account  
Portfolio Composition  
06/30/18  
\$88.8 billion**

