



## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Marshall Eyerman, Assistant City Manager

**AGENDA DATE:** September 1, 2020

**TITLE:** RECEIPT OF QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 30, 2020

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### **RECOMMENDED ACTION**

#### **Recommendation:**

1. Receive and file the Quarterly Investment Report for quarter ended June 30, 2020, in compliance with the City's Investment Policy.

### **SUMMARY**

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended June 30, 2020. This report is in compliance with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All of the investments contained within the portfolio are in full compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. It is recommended that the City Council receive and file the attached Quarterly Investment Report.

### **DISCUSSION**

The City maintains a portfolio of investments in order to earn interest on cash balances that are not currently required to fund operations. California Government Code Sections 53601 and 53646 establish the types of investments allowed, the governing restrictions on these investments, the third-party custodian arrangement for certain investments, and the reporting practices related to the portfolios of local agencies. In keeping with best practices the City has implemented an Investment Policy, which was last reviewed by the City Council on April 7, 2020. The policy is in full compliance with the requirements of both of the above-mentioned Code Sections.

The attached Quarterly Investment Report presents the City’s cash and investments for the quarter that ended June 30, 2020. The report complies with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All of the investments contained within the portfolio are in full compliance with the City’s Investment Policy and Government Code Section 53601 as to the types of investments allowed. As stated in the attached report, there is more than adequate liquidity within the portfolio for the City to meet its budgeted expenditures over the next six months.

The City’s investment policy has set the primary goals of the portfolio management as Safety and Liquidity followed by Yield. The City’s cash flow requirements are evaluated on an ongoing basis, with short-term needs accommodated through the City’s pooled investment funds with the Local Agency Investment Fund (LAIF). LAIF is a pool of public funds managed by the State Treasurer of California, providing 24-hour liquidity while yielding a rate of return approximately equivalent to a one-year treasury bill. With the combined use of a conservative approach to evaluating cash flow needs and LAIF liquidity, the City will not have to liquidate securities at current market rates that are intended to be held for longer-term investment.

The table shows some of the key portfolio measures for the month.

	Portfolio, Balance	Avg. Yield to Maturity Trends		
		Jun 2020	May 2020	Jun 2019
Investments	\$160,035,042	1.95%	1.97%	2.19%
LAIF	\$72,778,795	1.217%	1.363%	2.428%

Bond proceeds are held and invested by a Trustee. The investment of these funds is governed by an investment policy approved by the City Council as a part of the governing documents for each specific bond issue. Deferred Compensation Plan funds are not included in the report since these funds are held and invested by the respective plan administrators based on the direction of the participating employees. These funds are placed in a trust separate from City funds.

**ALTERNATIVES**

1. Receive and file the Quarterly Investment Report for June 30, 2020. **Staff recommends this alternative as it accomplishes timely investment reporting.**
2. Do not accept and file the Quarterly Investment Report and provide staff with additional direction. **Staff does not recommend this alternative as it will not accomplish timely investment reporting.**

**FISCAL IMPACT**

Treasury yields were nearly unchanged in June. The yield on the 2-year Treasuries declined about one basis point to .015% and the yield on the 10-year Treasuries was essentially unchanged at .66%. Global economic weakness continues to put downward pressure on inflation expectations. An ongoing global demand for safe-haven assets has also kept a lid on Treasury rates. For additional information regarding the bond market, please see the attached Bond Market Review provided by Chandler Asset Management.

**NOTIFICATION**

Publication of the agenda

**PREPARATION OF STAFF REPORT**

Prepared By:  
Brooke McKinney  
Treasury Operations Division Manager

Department Head Approval:  
Marshall Eyerman  
Assistant City Manager/Chief Financial Officer/City  
Treasurer

**CITY COUNCIL GOALS**

**Revenue Diversification and Preservation.** Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

**CITY COUNCIL STRATEGIC PRIORITIES**

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

**ATTACHMENTS**

1. 2020-06 Investment Report
2. CAM-Newsletter-July-2020

**APPROVALS**

Budget Officer Approval	<u>✓ Approved</u>	8/11/20 1:20 PM
City Attorney Approval	<u>✓ Approved</u>	8/21/20 8:26 AM
City Manager Approval	<u>✓ Approved</u>	8/21/20 9:16 AM

**RESULT:**        **APPROVED BY CONSENT VOTE [UNANIMOUS]**

**MOVER:**         David Marquez, Council Member

**SECONDER:**    Victoria Baca, Mayor Pro Tem

**AYES:**           Gutierrez, Baca, Marquez, Cabrera, Thornton

# CITY OF MORENO VALLEY

## Treasurer's Cash and Investments Report

June 2020

General Portfolio	Cost Value	Market Value	Par Value	Average Maturity (in years)	Average Yield to Maturity	Average Duration (in years)
Bank Accounts	3,958,297	3,958,297	3,958,297			
State of California LAIF Pool	72,778,795	73,136,342	72,778,795	0.53	1.22%	
Investments	161,340,004	167,262,512	160,035,042	2.82	1.95%	2.56
<b>Total General Portfolio</b>	<b>238,077,096</b>	<b>244,357,151</b>	<b>236,772,134</b>			

Bond Proceeds with Fiscal Agents	Market Value
Construction Funds	8,691,618
Principal & Interest Accounts	2,131,979
Debt Service Reserve Funds	2,111,773
Custody Accounts	210,610
Arbitrage Rebate Accounts	10,408
Other Accounts	2,923
<b>Total Bond Proceeds</b>	<b>13,159,311</b>

<b>Total Investment Portfolio</b>	<b>257,516,462</b>
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1. I hereby certify that the investments are in compliance with the investment policy adopted by the City Council. There are no items of non-compliance for this period.
2. The market values for the specific investments in the General Portfolio are provided by the City's investment advisors, Chandler Asset Management and Insight Asset Management.
3. The market value for LAIF is provided by the State Treasurer.
4. The market values for investments held by fiscal agents and the deferred compensation plans are provided by each respective trustee or fiscal agent.
5. The City has the ability to meet its budgeted expenditures for the next six months pending any future action by City Council or any unforeseen catastrophic event.

/S/ Marshall Eyerman  
City Treasurer

## PORTFOLIO PERFORMANCE - 36 MONTH TREND

Period	Total General Portfolio (1)		Local Agency Investment Fund (LAIF)		Chandler				Insight			
	Asset Balance (par)	Avg YTM (2)	Balance	Yield	Asset Balance (par)	Weighted Avg YTM (2)	Rate of Return (3)		Asset Balance (par)	Weighted Avg YTM (2)	Rate of Return (3)	
							Investment Portfolio (4)	Benchmark 1-5 Gov(5)			Investment Portfolio (4)	Benchmark 1-3 Gov(5)
Jun-17	191,761,138		49,953,121	0.978%	84,433,672	1.63%	0.08%	-0.30%	55,188,911	1.24%	0.54%	0.83%
Jul-17	186,724,734		44,548,019	1.051%	84,553,984	1.64%	0.33%	0.00%	55,200,136	1.24%	0.74%	0.89%
Aug-17	180,293,288		39,248,019	1.084%	84,648,884	1.65%	0.86%	0.61%	55,293,843	1.27%	0.79%	0.95%
Sep-17	180,597,317		37,148,019	1.111%	84,681,990	1.68%	0.52%	0.15%	55,327,685	1.38%	0.90%	1.00%
Oct-17	179,411,035		37,462,434	1.143%	84,785,780	1.68%	0.62%	0.26%	55,413,748	1.35%	1.01%	1.06%
Nov-17	175,469,499		34,062,434	1.172%	84,916,378	1.69%	1.16%	0.88%	55,471,666	1.38%	1.12%	1.13%
Dec-17	179,112,928		36,962,434	1.239%	85,008,412	1.73%	1.14%	0.86%	55,541,162	1.44%	0.82%	0.42%
Jan-18	192,795,926		49,974,332	1.350%	85,144,970	1.78%	0.47%	0.12%	55,563,293	1.48%	-0.13%	0.93%
Feb-18	202,940,569		55,774,331	1.412%	85,263,827	1.80%	0.08%	-0.23%	55,682,887	1.55%	-0.19%	-0.13%
Mar-18	195,416,305		52,074,331	1.524%	85,446,356	1.82%	0.22%	0.00%	55,785,899	1.57%	-0.01%	0.03%
Apr-18	191,668,439		48,358,005	1.661%	85,541,787	1.86%	-0.33%	-0.62%	55,920,551	1.63%	0.00%	0.00%
May-18	210,976,889		65,058,005	1.755%	85,714,498	1.91%	-0.16%	-0.39%	55,998,203	1.67%	0.65%	1.65%
Jun-18	207,635,739		61,758,005	1.854%	88,337,665	1.97%	-0.05%	-0.28%	56,077,829	1.70%	0.36%	0.08%
Jul-18	190,571,998		44,418,902	1.944%	88,543,794	2.00%	-0.36%	-0.63%	56,116,437	1.70%	-0.14%	0.50%
Aug-18	191,837,452		45,518,902	1.998%	88,654,200	2.03%	-0.23%	-0.53%	56,196,487	1.69%	0.76%	-0.01%
Sep-18	187,805,745		38,718,902	2.063%	88,810,836	2.04%	-0.16%	-0.47%	56,303,716	1.76%	0.83%	0.04%
Oct-18	188,925,543		39,668,140	2.144%	88,887,254	2.09%	-0.90%	-0.31%	56,473,609	1.80%	0.97%	0.25%
Nov-18	192,152,043		42,768,140	2.208%	89,084,357	2.13%	0.57%	0.40%	56,568,013	1.83%	1.52%	2.25%
Dec-18	197,462,474		46,268,140	2.291%	89,215,211	2.14%	1.52%	1.47%	56,671,250	1.90%	1.68%	2.33%
Jan-19	195,050,449		45,553,390	2.355%	89,373,064	2.15%	2.50%	2.45%	56,704,121	1.96%	0.31%	2.40%
Feb-19	211,740,422		62,553,390	2.392%	89,552,434	2.17%	2.84%	2.68%	56,761,069	2.13%	0.29%	2.44%
Mar-19	216,770,725		66,553,390	2.436%	89,668,393	2.21%	3.40%	3.28%	56,827,466	2.11%	0.47%	2.72%
Apr-19	206,696,569		59,210,262	2.445%	89,757,226	2.23%	3.83%	3.76%	56,986,412	2.10%	1.12%	3.08%
May-19	217,014,248		56,910,262	2.449%	100,691,487	2.25%	4.22%	4.27%	57,041,732	2.06%	1.51%	2.52%
Jun-19	225,003,102		62,910,263	2.428%	100,533,542	2.19%	4.88%	5.01%	57,126,387	1.98%	1.85%	2.57%
Jul-19	215,879,596	2.16%	53,598,980	2.379%	157,563,906	2.15%	-0.05%	-0.15%				
Aug-19	209,798,005	2.17%	50,148,980	2.341%	160,310,760	2.15%	5.44%	5.65%				
Sep-19	211,426,202	2.14%	49,048,980	2.280%	157,687,693	2.13%	5.46%	5.69%				
Oct-19	214,964,798	2.12%	54,181,584	2.190%	157,861,930	2.14%	5.77%	5.93%				
Nov-19	214,680,646	2.08%	53,481,584	2.103%	158,054,077	2.13%	5.33%	5.39%				
Dec-19	212,612,925	2.06%	50,681,584	2.043%	158,388,112	2.12%	4.48%	4.44%				
Jan-20	229,167,101	1.94%	55,970,504	1.967%	158,699,920	2.12%	4.87%	4.91%				
Feb-20	230,049,439	1.99%	66,570,054	1.912%	158,969,268	2.09%	5.79%	6.00%				
Mar-20	225,363,037	1.94%	62,570,054	1.787%	159,105,226	2.06%	5.56%	6.45%				
Apr-20	225,445,326	1.85%	62,878,795	1.648%	159,403,581	2.04%	6.06%	6.63%				
May-20	219,117,777	1.77%	55,278,795	1.363%	159,679,729	1.97%	5.69%	5.90%				
Jun-20	236,772,134	1.68%	72,778,795	1.217%	160,035,042	1.95%	5.34%	5.32%				

Notes:

(1) Total General Portfolio includes all assets that comprise the City's Investment Portfolio which is LAIF as well as assets managed by Chandler Asset Management.

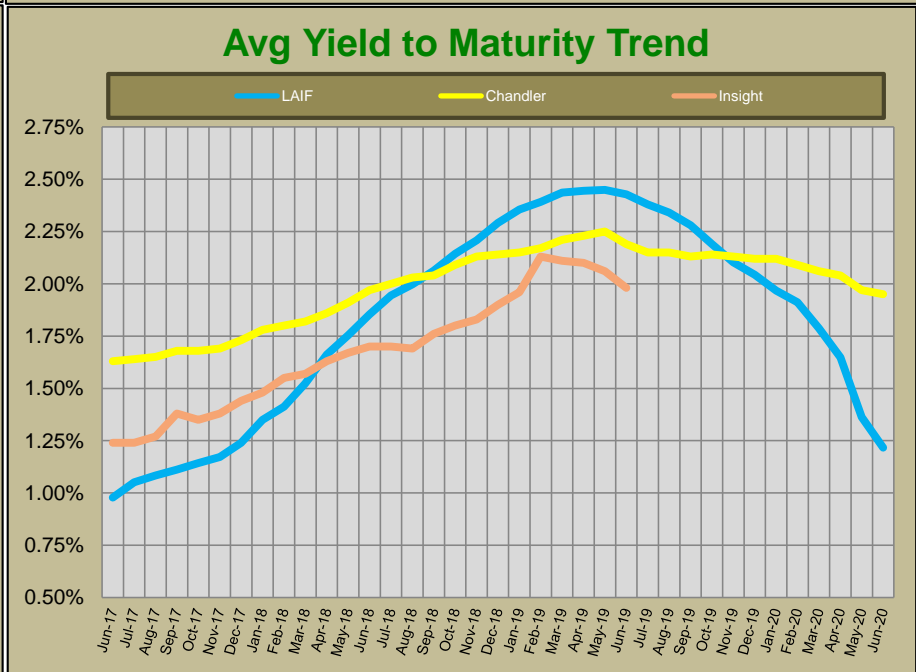
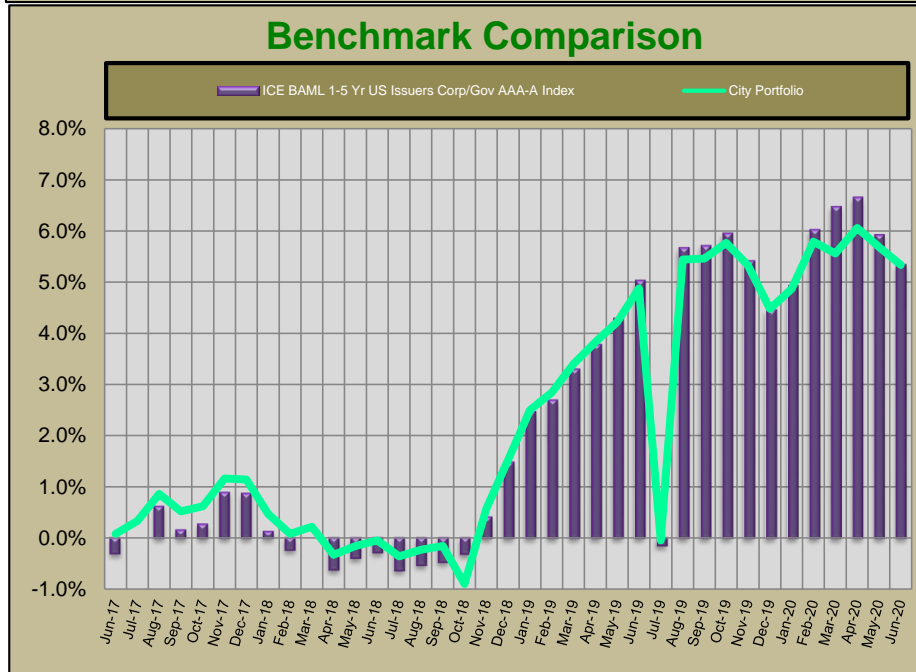
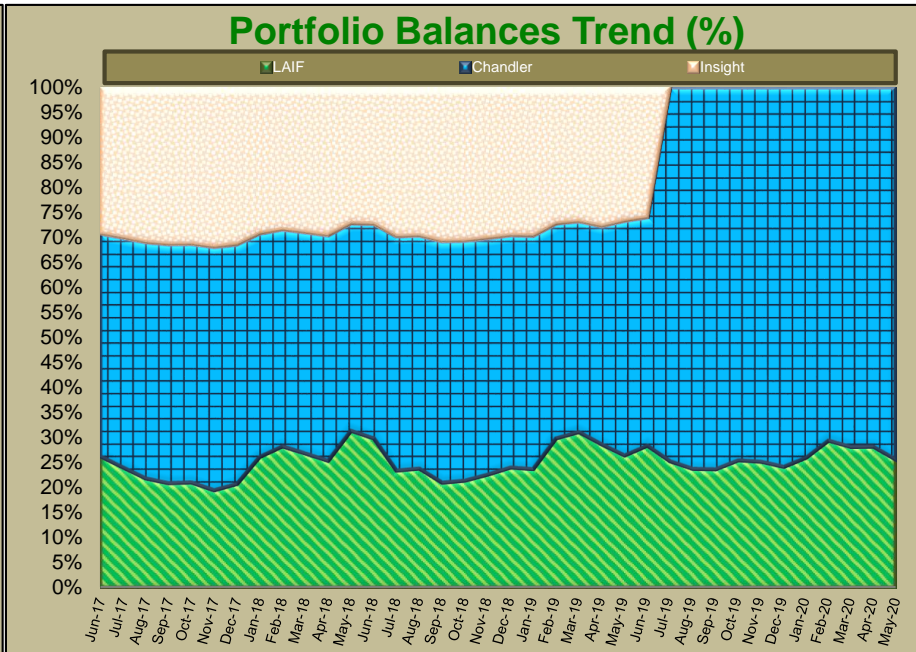
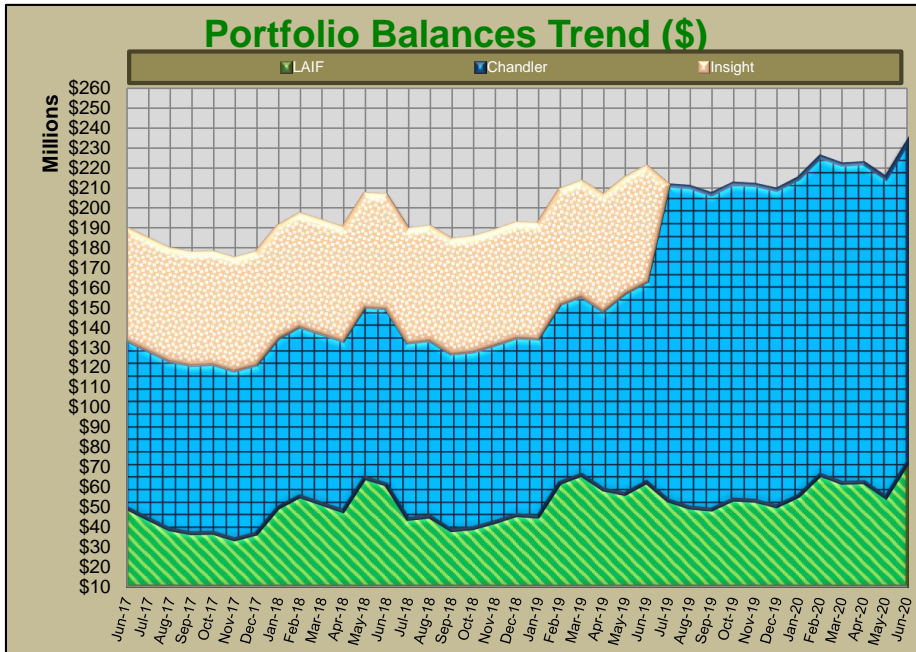
(2) Yield to Maturity (YTM): The rate of return on an investment or security if it were to be held until maturity. This yield does not reflect changes in the market value of a security

(3) Rate of Return represents the gain or loss on an investment or portfolio of investments over a specified period, expressed as a percentage of increase over the initial investment cost. Gains on investments are considered to be any income received from the security or portfolio plus any realized capital gain. This measure of return recognizes the changes in market values of a security or portfolio of securities.

(4) The Rate of Return for the investment portfolio reflects the performance of the portfolio during the past twelve months.

(5) The portfolio benchmark is the ICE Bank of America-Merrill Lynch 1 to 5 year Government Index

# PORTFOLIO PERFORMANCE - 36 MONTH TREND



## PORTFOLIO CHARACTERISTICS

The portfolio invested in LAIF represents the City's immediate cash liquidity needs and is managed by City staff in a manner to fund the day to day operations of the City.

The portfolio managed by Chandler is comprised of idle cash balances related to funds that generally expect to expend cash within the next 12 to 60 months.







# City of Moreno Valley

## MONTHLY ACCOUNT STATEMENT

JUNE 1, 2020 THROUGH JUNE 30, 2020

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Union Bank N.A.  
Tina Guzman  
(619) 230-3547

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.56
Average Coupon	2.19%
Average Purchase YTM	1.95%
Average Market YTM	0.42%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.82 yrs
Average Life	2.65 yrs

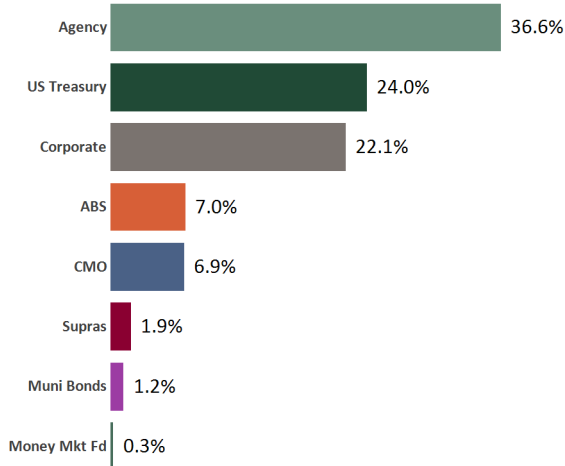
**ACCOUNT SUMMARY**

	Beg. Values as of 5/31/20	End Values as of 6/30/20
Market Value	166,717,387	167,262,512
Accrued Interest	808,740	758,011
<b>Total Market Value</b>	<b>167,526,127</b>	<b>168,020,522</b>
Income Earned	273,901	267,114
Cont/WD		0
Par	159,679,729	160,035,042
Book Value	160,872,179	161,200,254
Cost Value	160,981,752	161,340,004

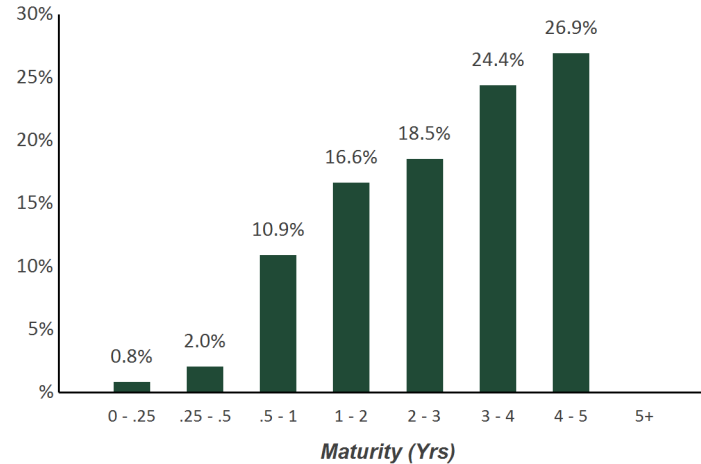
**TOP ISSUERS**

Government of United States	24.0%
Federal National Mortgage Assoc	16.2%
Federal Home Loan Mortgage Corp	14.2%
Federal Home Loan Bank	12.0%
John Deere ABS	2.3%
Toyota Motor Corp	1.7%
US Bancorp	1.6%
Inter-American Dev Bank	1.6%
<b>Total</b>	<b>73.6%</b>

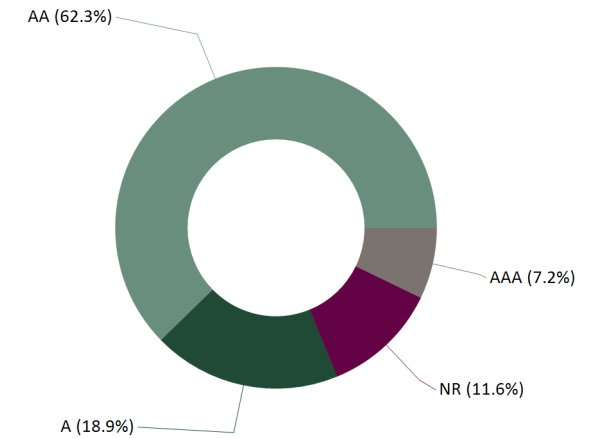
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2010	
City of Moreno Valley	0.30%	1.47%	3.99%	5.34%	5.11%	3.36%	2.54%	2.10%	2.17%	
ICE BAML 1-5 Year US Treasury/Agency Index	0.07%	0.30%	4.06%	5.21%	5.04%	3.22%	2.30%	1.83%	1.89%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.14%	0.75%	4.06%	5.32%	5.16%	3.32%	2.42%	1.99%	2.05%	

# Statement of Compliance

As of June 30, 2020



## City of Moreno Valley

Assets managed by Chandler Asset Management are in full compliance with state law and with the City's investment policy.

Category	Standard	Comment
Treasury Issues	No Limitation	Complies
U.S. Agency Issues	No Limitation	Complies
Supranational Securities	"AA" rating by a NRSRO; 30% maximum; 5% max per issuer; Issued by International Bank for Reconstruction (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only	Complies
Municipal Securities (Local Agency/State-CA and others)	No Limitation	Complies
Banker's Acceptances	40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	"A-1/P-1/F-1" minimum ratings; "A" rated issuer or higher, if long term debt issued; 25% maximum; 5% max per issuer; 270 days max maturity	Complies
Negotiable Certificates of Deposit	30% maximum; 5% max per issuer	Complies
Medium Term Notes	"A" rating or better by a NRSRO; 30% maximum; 5% max per issuer	Complies
Money Market Mutual Funds and Mutual Funds	AAA/Aaa or Highest rating by two NRSROs; 20% maximum	Complies
Certificates of Deposit (CD)/ Time Deposit (TD)/ Bank Deposit (Collateralized/FDIC insured)	5% max per issuer	Complies
Asset-Backed Securities, Mortgage Pass-Through Securities, Collateralized Mortgage Backed Securities	"AA" rating or better by a NRSRO; 20% maximum (combined MBS/ABS/CMO); 5% max per issuer	Complies
Repurchase Agreements	1 year max maturity	Complies
Local Agency Investment Fund (LAIF)	Maximum program limitation; Not used by investment adviser	Complies
County Pooled Investment Funds; Joint Powers Authority Pool	Not used by investment adviser	Complies
Prohibited Securities	Reverse repurchase agreements; Futures or Option contracts; Securities lending; Zero interest accrual securities; Derivatives including but not limited to: Inverse floaters, Interest only strips from mortgages, residual securities, structured notes, forward based derivatives, forward contracts, forward rate agreements, interest rate futures, foreign currency futures contracts, option based derivatives, interest rate caps, interest rate floors, swap contracts, interest rate swaps, interest rate collars, foreign currency swaps, cross currency exchange agreements, fixed rate currency swaps, basis swaps, equity swaps, fixed rate equity swaps, floating rate equity swaps and commodity swaps.	Complies
Max Per Issuer	5% of portfolio per issuer, except US Government, its agencies and instrumentalities	Complies
Maximum maturity	5 years	Complies
Weighted Average Maturity	3 years	Complies



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
43811BAC8	Honda Auto Receivables Trust 2017-2 A3 1.68% Due 8/16/2021	185,997.60	04/27/2018 2.62%	183,105.93 185,010.49	100.27 0.29%	186,506.16 138.88	0.11% 1,495.67	Aaa / AAA NR	1.13 0.20
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	20,531.66	07/11/2017 1.83%	20,530.16 20,531.20	100.19 0.54%	20,570.59 16.61	0.01% 39.39	Aaa / NR AAA	1.29 0.15
47788CAC6	John Deere Owner Trust 2018-A A3 2.66% Due 4/18/2022	122,581.15	02/21/2018 2.68%	122,572.33 122,577.32	100.68 0.74%	123,410.88 144.92	0.07% 833.56	Aaa / NR AAA	1.80 0.35
43815HAC1	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	601,610.16	08/21/2018 2.98%	601,527.61 601,565.79	101.75 0.22%	612,159.96 492.99	0.36% 10,594.17	Aaa / NR AAA	2.15 0.64
89238TAD5	Toyota Auto Receivables Trust 2018-B A3 2.96% Due 9/15/2022	1,775,363.39	07/25/2019 1.48%	1,794,157.27 1,788,604.53	101.52 0.31%	1,802,419.92 2,335.59	1.07% 13,815.39	Aaa / AAA NR	2.21 0.57
47788EAC2	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	677,655.66	07/18/2018 3.10%	677,604.30 677,627.37	101.60 0.33%	688,502.86 927.64	0.41% 10,875.49	Aaa / NR AAA	2.38 0.58
58770FAC6	Mercedes Benz Auto Lease Trust 2020- A A3 1.84% Due 12/15/2022	570,000.00	01/21/2020 1.87%	569,924.87 569,935.88	101.53 0.66%	578,738.67 466.13	0.34% 8,802.79	Aaa / AAA NR	2.46 1.28
65479GAD1	Nissan Auto Receivables Trust 2018-B A3 3.06% Due 3/15/2023	988,741.26	09/16/2019 1.40%	1,002,490.94 999,393.48	102.06 0.40%	1,009,095.27 1,344.69	0.60% 9,701.79	Aaa / AAA NR	2.71 0.77
47789JAD8	John Deere Owner Trust 2019-A A3 2.91% Due 7/17/2023	1,500,000.00	08/27/2019 1.87%	1,531,230.47 1,524,469.01	102.62 0.53%	1,539,234.00 1,940.00	0.92% 14,764.99	Aaa / NR AAA	3.05 1.08
43815NAC8	Honda Auto Receivables Trust 2019-3 A3 1.78% Due 8/15/2023	1,150,000.00	08/20/2019 1.79%	1,149,990.46 1,149,993.10	102.06 0.55%	1,173,639.40 909.78	0.70% 23,646.30	Aaa / AAA NR	3.13 1.64
477870AC3	John Deere Owner Trust 2019-B A3 2.21% Due 12/15/2023	590,000.00	07/16/2019 2.23%	589,874.74 589,901.51	101.81 0.88%	600,703.19 579.51	0.36% 10,801.68	Aaa / NR AAA	3.46 1.35
92348AAA3	Verizon Owner Trust 2019-C A1A 1.94% Due 4/22/2024	785,000.00	10/01/2019 1.95%	784,939.48 784,949.23	102.58 0.32%	805,278.12 465.33	0.48% 20,328.89	NR / AAA AAA	3.81 1.73
65479JAD5	Nissan Auto Receivables Owner 2019-C A3 1.93% Due 7/15/2024	1,230,000.00	10/16/2019 1.94%	1,229,935.06 1,229,944.54	102.78 0.48%	1,264,216.14 1,055.07	0.75% 34,271.60	Aaa / AAA NR	4.04 1.89
43813DAC2	Honda Auto Receivables 2020-2 A3 0.82% Due 7/15/2024	525,000.00	05/18/2020 0.83%	524,958.68 524,959.64	100.67 0.52%	528,516.45 191.33	0.31% 3,556.81	Aaa / AAA NR	4.04 2.18



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
47789KAC7	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	865,000.00	03/04/2020 1.11%	864,947.15 864,950.81	100.85 0.74%	872,322.23 422.89	0.52% 7,371.42	Aaa / NR AAA	4.13 2.32
<b>Total ABS</b>		<b>11,587,480.88</b>	<b>1.84%</b>	<b>11,647,789.45</b> <b>11,634,413.90</b>	<b>0.48%</b>	<b>11,805,313.84</b> <b>11,431.36</b>	<b>7.03%</b> <b>170,899.94</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>3.04</b> <b>1.25</b>
<b>AGENCY</b>									
3133EG2L8	FFCB Note 1.92% Due 12/28/2020	1,880,000.00	12/18/2017 2.03%	1,873,777.20 1,878,985.41	100.84 0.21%	1,895,865.32 300.80	1.13% 16,879.91	Aaa / AA+ AAA	0.50 0.49
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,410,000.00	02/17/2016 1.46%	1,404,303.60 1,409,276.65	100.73 0.22%	1,420,343.76 7,162.60	0.85% 11,067.11	Aaa / AA+ AAA	0.64 0.63
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,675,000.00	Various 1.47%	1,667,519.85 1,673,985.32	100.74 0.25%	1,687,311.25 7,996.96	1.01% 13,325.93	Aaa / AA+ AAA	0.66 0.65
3135G0K69	FNMA Note 1.25% Due 5/6/2021	1,675,000.00	06/29/2016 1.18%	1,680,695.00 1,675,993.65	100.90 0.19%	1,690,076.68 3,198.78	1.01% 14,083.03	Aaa / AA+ AAA	0.85 0.85
313379RB7	FHLB Note 1.875% Due 6/11/2021	1,000,000.00	08/30/2017 1.67%	1,007,540.00 1,001,885.00	101.51 0.28%	1,015,050.00 1,041.67	0.60% 13,165.00	Aaa / AA+ AAA	0.95 0.94
313373ZY1	FHLB Note 3.625% Due 6/11/2021	2,000,000.00	02/11/2019 2.51%	2,049,900.00 2,020,253.53	103.22 0.22%	2,064,326.00 4,027.78	1.23% 44,072.47	Aaa / AA+ NR	0.95 0.94
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,100,000.00	10/04/2016 1.33%	1,089,836.00 1,097,794.49	100.98 0.18%	1,110,728.30 5,740.63	0.66% 12,933.81	Aaa / AA+ AAA	1.04 1.03
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	1,625,000.00	Various 1.32%	1,610,283.75 1,621,672.81	101.06 0.17%	1,642,283.50 7,058.60	0.98% 20,610.69	Aaa / AA+ AAA	1.12 1.11
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	1,740,000.00	Various 1.76%	1,710,142.50 1,731,992.59	101.50 0.19%	1,766,066.94 5,582.50	1.05% 34,074.35	Aaa / AA+ AAA	1.27 1.26
3130AF5B9	FHLB Note 3% Due 10/12/2021	1,400,000.00	11/29/2018 2.91%	1,403,528.00 1,401,576.99	103.60 0.19%	1,450,398.60 9,216.67	0.87% 48,821.61	Aaa / AA+ NR	1.28 1.26
3135G0S38	FNMA Note 2% Due 1/5/2022	1,700,000.00	04/25/2017 1.92%	1,706,205.00 1,702,001.96	102.74 0.19%	1,746,585.10 16,622.22	1.05% 44,583.14	Aaa / AA+ AAA	1.52 1.48
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	450,000.00	01/27/2017 2.03%	457,185.15 452,228.23	103.33 0.20%	465,001.65 4,987.50	0.28% 12,773.42	Aaa / AA+ AAA	1.54 1.50



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,725,000.00	06/19/2017 1.88%	1,724,739.53 1,724,904.30	102.95 0.20%	1,775,911.65 7,726.56	1.06% 51,007.35	Aaa / AA+ AAA	1.76 1.73
3135G0T78	FNMA Note 2% Due 10/5/2022	900,000.00	12/12/2017 2.25%	889,749.00 895,180.80	103.83 0.30%	934,474.50 4,300.00	0.56% 39,293.70	Aaa / AA+ AAA	2.27 2.21
3135G0T94	FNMA Note 2.375% Due 1/19/2023	1,850,000.00	04/11/2018 2.71%	1,822,731.00 1,835,418.99	105.64 0.16%	1,954,386.25 19,771.88	1.17% 118,967.26	Aaa / AA+ AAA	2.56 2.47
3137EAER6	FHLMC Note 0.375% Due 5/5/2023	3,110,000.00	05/05/2020 0.39%	3,108,693.80 3,108,759.53	100.26 0.28%	3,118,079.78 1,749.38	1.86% 9,320.25	Aaa / AA+ AAA	2.85 2.83
3135G04Q3	FNMA Note 0.25% Due 5/22/2023	3,080,000.00	05/20/2020 0.35%	3,070,729.20 3,071,067.86	99.90 0.29%	3,076,766.00 834.17	1.83% 5,698.14	NR / AA+ AAA	2.89 2.88
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	3,000,000.00	Various 2.39%	3,038,014.00 3,030,035.71	107.49 0.22%	3,224,595.00 2,750.00	1.92% 194,559.29	Aaa / AA+ AAA	2.97 2.87
3130A0F70	FHLB Note 3.375% Due 12/8/2023	1,700,000.00	01/16/2019 2.73%	1,749,623.00 1,734,869.47	110.37 0.34%	1,876,339.30 3,665.63	1.12% 141,469.83	Aaa / AA+ AAA	3.44 3.27
3130AB3H7	FHLB Note 2.375% Due 3/8/2024	1,400,000.00	04/29/2019 2.37%	1,400,098.00 1,400,074.36	107.22 0.40%	1,501,073.00 10,436.81	0.90% 100,998.64	Aaa / AA+ NR	3.69 3.53
3130A1XJ2	FHLB Note 2.875% Due 6/14/2024	3,000,000.00	Various 1.94%	3,131,160.00 3,104,783.76	109.71 0.40%	3,291,375.00 4,072.92	1.96% 186,591.24	Aaa / AA+ NR	3.96 3.77
3135G0V75	FNMA Note 1.75% Due 7/2/2024	3,000,000.00	07/16/2019 1.96%	2,969,790.00 2,975,625.26	105.57 0.35%	3,167,211.00 26,104.17	1.90% 191,585.74	Aaa / AA+ AAA	4.01 3.85
3130A2UW4	FHLB Note 2.875% Due 9/13/2024	3,000,000.00	09/13/2019 1.79%	3,155,070.00 3,130,500.25	110.42 0.37%	3,312,465.00 25,875.00	1.99% 181,964.75	Aaa / AA+ AAA	4.21 3.96
3135G0W66	FNMA Note 1.625% Due 10/15/2024	1,180,000.00	10/17/2019 1.66%	1,177,982.20 1,178,266.51	105.08 0.43%	1,239,886.18 4,048.06	0.74% 61,619.67	Aaa / AA+ AAA	4.30 4.14
3135G0X24	FNMA Note 1.625% Due 1/7/2025	3,210,000.00	Various 1.18%	3,276,100.10 3,271,836.49	105.35 0.43%	3,381,840.93 24,777.19	2.03% 110,004.44	Aaa / AA+ AAA	4.53 4.34
3137EAEP0	FHLMC Note 1.5% Due 2/12/2025	3,590,000.00	02/13/2020 1.52%	3,587,235.70 3,587,444.73	104.78 0.45%	3,761,634.31 20,492.92	2.25% 174,189.58	Aaa / NR AAA	4.62 4.45
3130A4CH3	FHLB Note 2.375% Due 3/14/2025	2,750,000.00	03/19/2020 1.18%	2,908,867.50 2,899,876.65	108.93 0.46%	2,995,459.50 19,412.33	1.79% 95,582.85	Aaa / AA+ AAA	4.71 4.45
3135G03U5	FNMA Note 0.625% Due 4/22/2025	2,830,000.00	04/22/2020 0.67%	2,824,170.20 2,824,387.54	100.81 0.45%	2,852,923.00 3,291.84	1.70% 28,535.46	NR / AA+ AAA	4.81 4.73



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<b>AGENCY</b>									
3135G04Z3	FNMA Note 0.5% Due 6/17/2025	1,780,000.00	06/17/2020 0.54%	1,776,315.40 1,776,339.64	100.04 0.49%	1,780,679.96 296.67	1.06% 4,340.32	NR / AA+ AAA	4.97 4.90
<b>Total Agency</b>		<b>58,760,000.00</b>	<b>1.60%</b>	<b>59,271,984.68</b> <b>59,217,018.48</b>	<b>0.31%</b>	<b>61,199,137.46</b> <b>252,542.24</b>	<b>36.57%</b> <b>1,982,118.98</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.97</b> <b>2.87</b>
<b>CMO</b>									
3137BDDC7	FHLMC K716 A2 3.13% Due 6/25/2021	470,232.25	09/12/2017 1.92%	489,519.12 475,249.63	101.59 0.84%	477,731.02 245.30	0.28% 2,481.39	Aaa / AA+ NR	0.99 0.78
3137BFDQ1	FHLMC K717 A2 2.991% Due 9/25/2021	1,039,117.07	12/28/2018 2.89%	1,039,766.52 1,039,410.27	102.18 1.57%	1,061,791.64 2,590.00	0.63% 22,381.37	NR / NR AAA	1.24 1.03
3137BM6P6	FHLMC K721 A2 3.09% Due 8/25/2022	2,790,000.00	Various 2.19%	2,877,120.79 2,837,148.91	104.10 0.84%	2,904,454.17 7,184.25	1.73% 67,305.26	Aaa / NR NR	2.15 1.88
3137B5JM6	FHLMC K034 A2 3.531% Due 7/25/2023	1,500,000.00	08/28/2018 3.03%	1,531,816.41 1,519,900.82	108.19 0.66%	1,622,883.00 4,413.75	0.97% 102,982.18	NR / NR AAA	3.07 2.82
3137B4WB8	FHLMC K033 A2 3.06% Due 7/25/2023	1,500,000.00	08/19/2019 0.96%	1,562,812.50 1,549,048.98	106.81 0.64%	1,602,105.00 765.00	0.95% 53,056.02	Aaa / NR NR	3.07 2.80
3137B7MZ9	FHLMC K036 A2 3.527% Due 10/25/2023	2,145,000.00	Various 2.79%	2,209,267.38 2,193,064.20	108.74 0.68%	2,332,492.31 1,260.90	1.39% 139,428.11	Aaa / NR AAA	3.32 3.01
3137BYPQ7	FHLMC K726 A2 2.905% Due 4/25/2024	1,458,274.64	04/22/2019 2.72%	1,468,699.03 1,466,228.44	106.75 0.92%	1,556,690.66 3,530.24	0.93% 90,462.22	NR / AAA NR	3.82 3.39
<b>Total CMO</b>		<b>10,902,623.96</b>	<b>2.38%</b>	<b>11,179,001.75</b> <b>11,080,051.25</b>	<b>0.83%</b>	<b>11,558,147.80</b> <b>19,989.44</b>	<b>6.89%</b> <b>478,096.55</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.74</b> <b>2.45</b>
<b>CORPORATE</b>									
0258M0DX4	American Express Credit Callable Note Cont 08/14/20 2.6% Due 9/14/2020	900,000.00	09/20/2017 2.01%	914,913.00 900,620.79	100.26 0.50%	902,304.00 6,955.00	0.54% 1,683.21	A2 / A- A	0.21 0.12
594918BG8	Microsoft Callable Note Cont. 10/3/2020 2% Due 11/3/2020	425,000.00	10/29/2015 2.02%	424,660.00 424,976.74	100.41 0.42%	426,731.45 1,369.44	0.25% 1,754.71	Aaa / AAA AA+	0.35 0.26
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	1,050,000.00	02/06/2017 2.16%	1,054,945.50 1,050,349.01	100.48 0.43%	1,055,072.55 3,890.83	0.63% 4,723.54	A3 / A A	0.35 0.26



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<b>CORPORATE</b>									
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	1,160,000.00	Various 1.97%	1,173,322.80 1,161,853.14	101.15 0.50%	1,173,333.04 8,591.74	0.70% 11,479.90	Aa1 / AA NR	0.67 0.66
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	425,000.00	05/24/2017 2.12%	435,340.25 426,851.31	101.67 0.33%	432,097.50 3,867.50	0.26% 5,246.19	A2 / A A	0.68 0.67
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	1,055,000.00	Various 3.25%	1,047,595.75 1,052,868.56	102.31 0.32%	1,079,357.84 4,395.83	0.65% 26,489.28	A2 / A NR	0.86 0.86
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	580,000.00	05/16/2016 1.96%	579,698.40 579,946.82	101.44 0.33%	588,325.32 1,319.50	0.35% 8,378.50	A1 / A AA-	0.88 0.88
594918BP8	Microsoft Callable Note Cont 7/8/2021 1.55% Due 8/8/2021	770,000.00	Various 1.57%	769,085.90 769,798.26	101.37 0.21%	780,541.30 4,740.85	0.47% 10,743.04	Aaa / AAA AA+	1.11 1.01
69371RN44	Paccar Financial Corp Note 1.65% Due 8/11/2021	1,100,000.00	05/23/2018 3.15%	1,050,093.00 1,082,740.85	101.33 0.45%	1,114,680.60 7,058.33	0.67% 31,939.75	A1 / A+ NR	1.12 1.10
68389XBK0	Oracle Corp Callable Note Cont 8/15/2021 1.9% Due 9/15/2021	1,100,000.00	11/29/2016 2.40%	1,075,371.00 1,093,786.39	101.71 0.38%	1,118,799.00 6,153.89	0.67% 25,012.61	A3 / A A-	1.21 1.11
17275RBJ0	Cisco Systems Callable Note Cont 8/20/2021 1.85% Due 9/20/2021	1,250,000.00	02/26/2019 2.70%	1,223,812.50 1,237,495.05	101.78 0.29%	1,272,226.25 6,487.85	0.76% 34,731.20	A1 / AA- NR	1.22 1.13
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	1,200,000.00	Various 3.19%	1,176,750.00 1,189,885.56	103.09 0.57%	1,237,044.00 14,733.34	0.75% 47,158.44	A1 / A+ A+	1.53 1.49
89233P5T9	Toyota Motor Credit Corp Note 3.3% Due 1/12/2022	1,500,000.00	02/20/2019 2.84%	1,519,035.00 1,510,103.89	104.16 0.57%	1,562,472.00 23,237.50	0.94% 52,368.11	A1 / A+ A+	1.54 1.48
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	1,170,000.00	07/25/2017 2.45%	1,169,894.70 1,169,956.35	103.77 0.55%	1,214,110.17 12,182.63	0.73% 44,153.82	A2 / A A+	2.08 1.93
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	1,050,000.00	11/29/2017 2.58%	1,032,234.00 1,041,851.30	103.63 0.53%	1,088,134.95 7,250.83	0.65% 46,283.65	A2 / A NR	2.19 2.13
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	950,000.00	02/09/2018 3.19%	940,832.50 945,265.75	103.55 0.66%	983,694.60 13,019.01	0.59% 38,428.85	A2 / A- AA-	2.55 1.49
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due 1/25/2023	665,000.00	08/01/2019 2.27%	673,179.50 670,992.57	105.16 0.56%	699,340.60 7,636.42	0.42% 28,348.03	A2 / A A	2.57 2.39





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<b>CORPORATE</b>									
24422ETG4	John Deere Capital Corp Note 2.8% Due 3/6/2023	780,000.00	Various 2.49%	786,043.20 786,102.90	106.23 0.46%	828,605.70 6,976.66	0.50% 42,502.80	A2 / A A	2.68 2.58
037833AK6	Apple Inc Note 2.4% Due 5/3/2023	715,000.00	11/28/2018 3.54%	681,959.85 693,805.20	105.71 0.38%	755,805.05 2,764.67	0.45% 61,999.85	Aa1 / AA+ NR	2.84 2.75
404280BA6	HSBC Holdings PLC Note 3.6% Due 5/25/2023	900,000.00	03/20/2019 3.33%	909,477.00 906,574.86	107.32 1.03%	965,848.50 3,240.00	0.58% 59,273.64	A2 / A- A+	2.90 2.76
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	335,000.00	07/11/2018 3.49%	334,420.45 334,647.95	107.60 0.91%	360,444.59 5,361.40	0.22% 25,796.64	A3 / A- NR	3.04 2.86
06406RAJ6	Bank of NY Mellon Corp Note 3.45% Due 8/11/2023	1,900,000.00	Various 2.64%	1,960,162.00 1,945,177.23	108.58 0.66%	2,063,077.00 25,491.66	1.24% 117,899.77	A1 / A AA-	3.12 2.94
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	1,635,000.00	Various 3.02%	1,673,579.30 1,665,204.10	108.63 0.94%	1,776,090.69 13,335.47	1.07% 110,886.59	A3 / A- NR	3.28 3.09
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	1,900,000.00	Various 2.73%	1,930,235.00 1,923,743.13	106.90 0.94%	2,031,027.80 21,733.89	1.22% 107,284.67	A2 / A- A+	3.68 2.55
89114QCB2	Toronto Dominion Bank Note 3.25% Due 3/11/2024	1,900,000.00	Various 2.77%	1,940,554.00 1,931,466.55	108.90 0.80%	2,069,008.80 18,868.06	1.24% 137,542.25	Aa3 / A AA-	3.70 3.48
404280BS7	HSBC Holdings PLC Callable Note 1X 5/18/2023 3.95% Due 5/18/2024	1,000,000.00	08/28/2019 2.21%	1,050,660.00 1,041,662.93	107.47 1.30%	1,074,705.00 4,718.06	0.64% 33,042.07	A2 / A- A+	3.88 2.73
91159HHX1	US Bancorp Callable Note Cont 6/28/2024 2.4% Due 7/30/2024	1,750,000.00	10/10/2019 2.07%	1,775,567.50 1,771,698.15	106.50 0.74%	1,863,835.75 17,616.67	1.12% 92,137.60	A1 / A+ AA-	4.08 3.79
009158AV8	Air Products & Chemicals Callable Note Cont 4/30/2024 3.35% Due 7/31/2024	500,000.00	08/07/2019 2.11%	527,750.00 522,492.61	109.13 0.92%	545,672.00 7,025.69	0.33% 23,179.39	A2 / A NR	4.09 3.58
69371RQ25	Paccar Financial Corp Note 2.15% Due 8/15/2024	670,000.00	08/08/2019 2.20%	668,519.30 668,779.46	105.30 0.84%	705,479.18 5,441.89	0.42% 36,699.72	A1 / A+ NR	4.13 3.93
78015K7C2	Royal Bank of Canada Note 2.25% Due 11/1/2024	1,900,000.00	12/05/2019 2.26%	1,899,012.00 1,899,125.21	105.22 1.02%	1,999,104.00 7,125.00	1.19% 99,978.79	A2 / A AA	4.34 4.13
14913Q3B3	Caterpillar Finl Service Note 2.15% Due 11/8/2024	2,020,000.00	Various 1.88%	2,044,446.00 2,042,434.14	106.13 0.72%	2,143,793.68 6,393.86	1.28% 101,359.54	A3 / A A	4.36 4.16



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CORPORATE</b>									
90331HPL1	US Bank NA Callable Note Cont 12/21/2024 2.05% Due 1/21/2025	810,000.00	01/16/2020 2.10%	808,274.70 808,427.68	105.64 0.77%	855,650.79 7,380.00	0.51% 47,223.11	A1 / AA- AA-	4.56 4.25
<b>Total Corporate</b>		<b>35,065,000.00</b>	<b>2.53%</b>	<b>35,251,424.10</b> <b>35,250,684.44</b>	<b>0.66%</b>	<b>36,766,413.70</b> <b>286,363.47</b>	<b>22.05%</b> <b>1,515,729.26</b>	<b>A1 / A</b> <b>A+</b>	<b>2.62</b> <b>2.37</b>
<b>MONEY MARKET FUND FI</b>									
60934N104	Federated Investors Government Obligations Fund	424,937.04	Various 0.07%	424,937.04 424,937.04	1.00 0.07%	424,937.04 0.00	0.25% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>424,937.04</b>	<b>0.07%</b>	<b>424,937.04</b> <b>424,937.04</b>	<b>0.07%</b>	<b>424,937.04</b> <b>0.00</b>	<b>0.25%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>MUNICIPAL BONDS</b>									
13063DRK6	California St Taxable GO 2.4% Due 10/1/2024	1,915,000.00	10/16/2019 1.91%	1,958,987.55 1,952,867.33	106.69 0.80%	2,043,056.05 11,490.00	1.22% 90,188.72	Aa2 / AA- AA	4.26 4.04
<b>Total Municipal Bonds</b>		<b>1,915,000.00</b>	<b>1.91%</b>	<b>1,958,987.55</b> <b>1,952,867.33</b>	<b>0.80%</b>	<b>2,043,056.05</b> <b>11,490.00</b>	<b>1.22%</b> <b>90,188.72</b>	<b>Aa2 / AA-</b> <b>AA</b>	<b>4.26</b> <b>4.04</b>
<b>SUPRANATIONAL</b>									
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	605,000.00	01/18/2018 2.35%	603,221.30 604,662.44	101.09 0.34%	611,564.25 5,898.75	0.37% 6,901.81	Aaa / AAA NR	0.57 0.56
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	1,675,000.00	01/10/2017 2.15%	1,672,939.75 1,674,361.39	102.78 0.32%	1,721,620.28 16,116.06	1.03% 47,258.89	Aaa / NR AAA	1.55 1.52
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	850,000.00	03/23/2018 2.79%	813,178.00 831,837.19	103.24 0.28%	877,534.90 4,421.18	0.52% 45,697.71	Aaa / AAA AAA	2.21 2.16
<b>Total Supranational</b>		<b>3,130,000.00</b>	<b>2.36%</b>	<b>3,089,339.05</b> <b>3,110,861.02</b>	<b>0.31%</b>	<b>3,210,719.43</b> <b>26,435.99</b>	<b>1.93%</b> <b>99,858.41</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>1.54</b> <b>1.51</b>
<b>US TREASURY</b>									
912828B90	US Treasury Note 2% Due 2/28/2021	1,650,000.00	Various 1.55%	1,683,525.06 1,654,702.84	101.20 0.21%	1,669,722.45 11,029.89	1.00% 15,019.61	Aaa / AA+ AAA	0.67 0.66



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
912828Q37	US Treasury Note 1.25% Due 3/31/2021	1,700,000.00	Various 1.58%	1,676,910.00 1,695,921.79	100.80 0.18%	1,713,679.91 5,341.53	1.02% 17,758.12	Aaa / AA+ AAA	0.75 0.75
912828C57	US Treasury Note 2.25% Due 3/31/2021	1,500,000.00	01/28/2019 2.58%	1,489,511.72 1,496,375.57	101.55 0.18%	1,523,320.50 8,483.61	0.91% 26,944.93	Aaa / AA+ AAA	0.75 0.75
912828S27	US Treasury Note 1.125% Due 6/30/2021	1,015,000.00	Various 1.91%	980,766.29 1,007,463.87	100.94 0.18%	1,024,555.21 31.03	0.61% 17,091.34	Aaa / AA+ AAA	1.00 1.00
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,700,000.00	11/09/2016 1.48%	1,671,251.79 1,692,655.92	101.19 0.17%	1,720,187.50 4,807.38	1.03% 27,531.58	Aaa / AA+ AAA	1.25 1.24
912828F21	US Treasury Note 2.125% Due 9/30/2021	2,200,000.00	02/11/2019 2.47%	2,180,578.13 2,190,784.21	102.42 0.19%	2,253,281.80 11,751.37	1.35% 62,497.59	Aaa / AA+ AAA	1.25 1.23
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,785,000.00	03/13/2017 2.14%	1,752,722.58 1,774,181.45	102.61 0.19%	1,831,508.18 10,440.79	1.10% 57,326.73	Aaa / AA+ AAA	1.67 1.64
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,700,000.00	08/15/2017 1.82%	1,724,111.17 1,709,885.85	103.91 0.17%	1,766,405.40 98.17	1.05% 56,519.55	Aaa / AA+ AAA	2.00 1.97
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,750,000.00	10/17/2017 1.99%	1,730,585.94 1,741,184.21	103.54 0.17%	1,812,002.50 7,698.09	1.08% 70,818.29	Aaa / AA+ AAA	2.25 2.21
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,750,000.00	01/25/2018 2.46%	1,722,792.97 1,736,199.99	104.87 0.17%	1,835,244.25 101.05	1.09% 99,044.26	Aaa / AA+ AAA	2.50 2.45
912828T91	US Treasury Note 1.625% Due 10/31/2023	3,200,000.00	Various 1.80%	3,176,515.63 3,181,816.96	104.77 0.19%	3,352,624.00 8,760.87	2.00% 170,807.04	Aaa / AA+ AAA	3.34 3.25
912828V23	US Treasury Note 2.25% Due 12/31/2023	3,150,000.00	Various 1.81%	3,209,369.15 3,196,268.41	107.16 0.20%	3,375,420.30 192.60	2.01% 179,151.89	Aaa / AA+ AAA	3.50 3.39
912828B66	US Treasury Note 2.75% Due 2/15/2024	3,150,000.00	Various 1.81%	3,279,865.24 3,252,034.07	109.18 0.21%	3,439,283.40 32,603.36	2.07% 187,249.33	Aaa / AA+ AAA	3.63 3.45
912828X70	US Treasury Note 2% Due 4/30/2024	3,100,000.00	Various 1.86%	3,119,312.50 3,115,324.54	106.81 0.21%	3,311,187.50 10,445.65	1.98% 195,862.96	Aaa / AA+ AAA	3.84 3.70
912828XX3	US Treasury Note 2% Due 6/30/2024	3,000,000.00	07/30/2019 1.87%	3,018,867.19 3,015,337.47	107.07 0.22%	3,211,992.00 163.04	1.91% 196,654.53	Aaa / AA+ AAA	4.00 3.87
912828D56	US Treasury Note 2.375% Due 8/15/2024	3,000,000.00	08/29/2019 1.45%	3,133,007.81 3,110,546.23	108.80 0.23%	3,263,907.00 26,816.62	1.96% 153,360.77	Aaa / AA+ AAA	4.13 3.93

# Holdings Report

As of June 30, 2020



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
9128283D0	US Treasury Note 2.25% Due 10/31/2024	2,900,000.00	Various 1.76%	2,966,847.66 2,958,736.82	108.64 0.25%	3,150,464.30 10,993.21	1.88% 191,727.48	Aaa / AA+ AAA	4.34 4.14
<b>Total US Treasury</b>		<b>38,250,000.00</b>	<b>1.87%</b>	<b>38,516,540.83</b> <b>38,529,420.20</b>	<b>0.20%</b>	<b>40,254,786.20</b> <b>149,758.26</b>	<b>24.05%</b> <b>1,725,366.00</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.81</b> <b>2.71</b>
<b>TOTAL PORTFOLIO</b>		<b>160,035,041.88</b>	<b>1.95%</b>	<b>161,340,004.45</b> <b>161,200,253.66</b>	<b>0.42%</b>	<b>167,262,511.52</b> <b>758,010.76</b>	<b>100.00%</b> <b>6,062,257.86</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.82</b> <b>2.56</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>168,020,522.28</b>			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	06/01/2020	60934N104	77.75	Federated Investors Government Obligations Fund	1.000	0.09%	77.75	0.00	77.75	0.00
Purchase	06/08/2020	60934N104	28,687.50	Federated Investors Government Obligations Fund	1.000	0.09%	28,687.50	0.00	28,687.50	0.00
Purchase	06/11/2020	60934N104	45,625.00	Federated Investors Government Obligations Fund	1.000	0.09%	45,625.00	0.00	45,625.00	0.00
Purchase	06/14/2020	60934N104	43,125.00	Federated Investors Government Obligations Fund	1.000	0.09%	43,125.00	0.00	43,125.00	0.00
Purchase	06/15/2020	60934N104	792.92	Federated Investors Government Obligations Fund	1.000	0.09%	792.92	0.00	792.92	0.00
Purchase	06/15/2020	60934N104	215.25	Federated Investors Government Obligations Fund	1.000	0.09%	215.25	0.00	215.25	0.00
Purchase	06/15/2020	60934N104	874.00	Federated Investors Government Obligations Fund	1.000	0.09%	874.00	0.00	874.00	0.00
Purchase	06/15/2020	60934N104	1,978.25	Federated Investors Government Obligations Fund	1.000	0.09%	1,978.25	0.00	1,978.25	0.00
Purchase	06/15/2020	60934N104	1,705.83	Federated Investors Government Obligations Fund	1.000	0.09%	1,705.83	0.00	1,705.83	0.00
Purchase	06/15/2020	60934N104	1,086.58	Federated Investors Government Obligations Fund	1.000	0.09%	1,086.58	0.00	1,086.58	0.00
Purchase	06/15/2020	60934N104	3,637.50	Federated Investors Government Obligations Fund	1.000	0.09%	3,637.50	0.00	3,637.50	0.00
Purchase	06/15/2020	60934N104	40,395.90	Federated Investors Government Obligations Fund	1.000	0.09%	40,395.90	0.00	40,395.90	0.00
Purchase	06/15/2020	60934N104	5,569.28	Federated Investors Government Obligations Fund	1.000	0.09%	5,569.28	0.00	5,569.28	0.00
Purchase	06/15/2020	60934N104	13,347.03	Federated Investors Government Obligations Fund	1.000	0.09%	13,347.03	0.00	13,347.03	0.00
Purchase	06/15/2020	60934N104	44,286.27	Federated Investors Government Obligations Fund	1.000	0.09%	44,286.27	0.00	44,286.27	0.00
Purchase	06/15/2020	60934N104	13,808.74	Federated Investors Government Obligations Fund	1.000	0.09%	13,808.74	0.00	13,808.74	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	06/15/2020	60934N104	136,961.93	Federated Investors Government Obligations Fund	1.000	0.09%	136,961.93	0.00	136,961.93	0.00
Purchase	06/18/2020	60934N104	1,365,017.57	Federated Investors Government Obligations Fund	1.000	0.09%	1,365,017.57	0.00	1,365,017.57	0.00
Purchase	06/19/2020	3135G04Z3	1,780,000.00	FNMA Note 0.5% Due 6/17/2025	99.793	0.54%	1,776,315.40	0.00	1,776,315.40	0.00
Purchase	06/19/2020	60934N104	41,250.00	Federated Investors Government Obligations Fund	1.000	0.09%	41,250.00	0.00	41,250.00	0.00
Purchase	06/22/2020	60934N104	1,269.08	Federated Investors Government Obligations Fund	1.000	0.09%	1,269.08	0.00	1,269.08	0.00
Purchase	06/22/2020	60934N104	47,608.75	Federated Investors Government Obligations Fund	1.000	0.09%	47,608.75	0.00	47,608.75	0.00
Purchase	06/25/2020	60934N104	6,304.51	Federated Investors Government Obligations Fund	1.000	0.09%	6,304.51	0.00	6,304.51	0.00
Purchase	06/25/2020	60934N104	4,413.75	Federated Investors Government Obligations Fund	1.000	0.09%	4,413.75	0.00	4,413.75	0.00
Purchase	06/25/2020	60934N104	3,825.00	Federated Investors Government Obligations Fund	1.000	0.09%	3,825.00	0.00	3,825.00	0.00
Purchase	06/25/2020	60934N104	7,184.25	Federated Investors Government Obligations Fund	1.000	0.09%	7,184.25	0.00	7,184.25	0.00
Purchase	06/25/2020	60934N104	2,002.83	Federated Investors Government Obligations Fund	1.000	0.09%	2,002.83	0.00	2,002.83	0.00
Purchase	06/25/2020	60934N104	4,042.06	Federated Investors Government Obligations Fund	1.000	0.09%	4,042.06	0.00	4,042.06	0.00
Purchase	06/25/2020	60934N104	4,767.39	Federated Investors Government Obligations Fund	1.000	0.09%	4,767.39	0.00	4,767.39	0.00
Purchase	06/28/2020	60934N104	18,048.00	Federated Investors Government Obligations Fund	1.000	0.09%	18,048.00	0.00	18,048.00	0.00
Purchase	06/30/2020	60934N104	107,803.13	Federated Investors Government Obligations Fund	1.000	0.07%	107,803.13	0.00	107,803.13	0.00
<b>Subtotal</b>			<b>3,775,711.05</b>				<b>3,772,026.45</b>	<b>0.00</b>	<b>3,772,026.45</b>	<b>0.00</b>



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Security Contribution	06/09/2020	60934N104	291.67	Federated Investors Government Obligations Fund	1.000		291.67	0.00	291.67	0.00
Security Contribution	06/30/2020	60934N104	300.00	Federated Investors Government Obligations Fund	1.000		300.00	0.00	300.00	0.00
<b>Subtotal</b>			<b>591.67</b>				<b>591.67</b>	<b>0.00</b>	<b>591.67</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>3,776,302.72</b>				<b>3,772,618.12</b>	<b>0.00</b>	<b>3,772,618.12</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	06/18/2020	3135G0F73	350,000.00	FNMA Note 1.5% Due 11/30/2020	100.595	1.90%	352,082.50	262.50	352,345.00	2,685.52
Sale	06/18/2020	912828N89	1,000,000.00	US Treasury Note 1.375% Due 1/31/2021	100.742	1.40%	1,007,421.88	5,250.69	1,012,672.57	7,545.51
Sale	06/19/2020	60934N104	1,776,315.40	Federated Investors Government Obligations Fund	1.000	0.09%	1,776,315.40	0.00	1,776,315.40	0.00
<b>Subtotal</b>			<b>3,126,315.40</b>				<b>3,135,819.78</b>	<b>5,513.19</b>	<b>3,141,332.97</b>	<b>10,231.03</b>
Paydown	06/15/2020	43811BAC8	40,079.39	Honda Auto Receivables Trust 2017-2 A3 1.68% Due 8/16/2021	100.000		40,079.39	316.51	40,395.90	0.00
Paydown	06/15/2020	43813DAC2	0.00	Honda Auto Receivables 2020-2 A3 0.82% Due 7/15/2024	100.000		0.00	215.25	215.25	0.00
Paydown	06/15/2020	43815NAC8	0.00	Honda Auto Receivables Trust 2019-3 A3 1.78% Due 8/15/2023	100.000		0.00	1,705.83	1,705.83	0.00
Paydown	06/15/2020	477870AC3	0.00	John Deere Owner Trust 2019-B A3 2.21% Due 12/15/2023	100.000		0.00	1,086.58	1,086.58	0.00
Paydown	06/15/2020	47788BAD6	5,529.75	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	100.000		5,529.75	39.53	5,569.28	0.00
Paydown	06/15/2020	47788CAC6	13,046.39	John Deere Owner Trust 2018-A A3 2.66% Due 4/18/2022	100.000		13,046.39	300.64	13,347.03	0.00
Paydown	06/15/2020	47788EAC2	42,438.03	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	100.000		42,438.03	1,848.24	44,286.27	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Paydown	06/15/2020	47789JAD8	0.00	John Deere Owner Trust 2019-A A3 2.91% Due 7/17/2023	100.000		0.00	3,637.50	3,637.50	0.00
Paydown	06/15/2020	47789KAC7	0.00	John Deere Owner Trust 2020-A A3 1.1% Due 8/15/2024	100.000		0.00	792.92	792.92	0.00
Paydown	06/15/2020	58770FAC6	0.00	Mercedes Benz Auto Lease Trust 2020-A A3 1.84% Due 12/15/2022	100.000		0.00	874.00	874.00	0.00
Paydown	06/15/2020	65479GAD1	11,258.74	Nissan Auto Receivables Trust 2018-B A3 3.06% Due 3/15/2023	100.000		11,258.74	2,550.00	13,808.74	0.00
Paydown	06/15/2020	65479JAD5	0.00	Nissan Auto Receivables Owner 2019-C A3 1.93% Due 7/15/2024	100.000		0.00	1,978.25	1,978.25	0.00
Paydown	06/15/2020	89238TAD5	132,256.47	Toyota Auto Receivables Trust 2018-B A3 2.96% Due 9/15/2022	100.000		132,256.47	4,705.46	136,961.93	0.00
Paydown	06/22/2020	43815HAC1	46,016.67	Honda Auto Receivables Trust 2018-3 A3 2.95% Due 8/22/2022	100.000		46,016.67	1,592.08	47,608.75	0.00
Paydown	06/22/2020	92348AAA3	0.00	Verizon Owner Trust 2019-C A1A 1.94% Due 4/22/2024	100.000		0.00	1,269.08	1,269.08	0.00
Paydown	06/25/2020	3137B4WB8	0.00	FHLMC K033 A2Due 7/25/2023	100.000		0.00	3,825.00	3,825.00	0.00
Paydown	06/25/2020	3137B5JM6	0.00	FHLMC K034 A2 3.531% Due 7/25/2023	100.000		0.00	4,413.75	4,413.75	0.00
Paydown	06/25/2020	3137B7MZ9	0.00	FHLMC K036 A2Due 10/25/2023	100.000		0.00	6,304.51	6,304.51	0.00
Paydown	06/25/2020	3137BDCC7	774.29	FHLMC K716 A2 3.13% Due 6/25/2021	100.000		774.29	1,228.54	2,002.83	0.00
Paydown	06/25/2020	3137BFDQ1	1,448.45	FHLMC K717 A2 2.991% Due 9/25/2021	100.000		1,448.45	2,593.61	4,042.06	0.00
Paydown	06/25/2020	3137BM6P6	0.00	FHLMC K721 A2Due 8/25/2022	100.000		0.00	7,184.25	7,184.25	0.00
Paydown	06/25/2020	3137BYPQ7	1,234.16	FHLMC K726 A2 2.905% Due 4/25/2024	100.000		1,234.16	3,533.23	4,767.39	0.00
<b>Subtotal</b>			<b>294,082.34</b>				<b>294,082.34</b>	<b>51,994.76</b>	<b>346,077.10</b>	<b>0.00</b>





Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Security Withdrawal	06/09/2020	60934N104	291.67	Federated Investors Government Obligations Fund	1.000		291.67	0.00	291.67	0.00
Security Withdrawal	06/30/2020	60934N104	300.00	Federated Investors Government Obligations Fund	1.000		300.00	0.00	300.00	0.00
<b>Subtotal</b>			<b>591.67</b>				<b>591.67</b>	<b>0.00</b>	<b>591.67</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>3,420,989.41</b>				<b>3,430,493.79</b>	<b>57,507.95</b>	<b>3,488,001.74</b>	<b>10,231.03</b>
<b>OTHER TRANSACTIONS</b>										
Interest	06/08/2020	3130A0F70	1,700,000.00	FHLB Note 3.375% Due 12/8/2023	0.000		28,687.50	0.00	28,687.50	0.00
Interest	06/11/2020	313373ZY1	2,000,000.00	FHLB Note 3.625% Due 6/11/2021	0.000		36,250.00	0.00	36,250.00	0.00
Interest	06/11/2020	313379RB7	1,000,000.00	FHLB Note 1.875% Due 6/11/2021	0.000		9,375.00	0.00	9,375.00	0.00
Interest	06/14/2020	3130A1XJ2	3,000,000.00	FHLB Note 2.875% Due 6/14/2024	0.000		43,125.00	0.00	43,125.00	0.00
Interest	06/19/2020	3137EAEN5	3,000,000.00	FHLMC Note 2.75% Due 6/19/2023	0.000		41,250.00	0.00	41,250.00	0.00
Interest	06/28/2020	3133EG2L8	1,880,000.00	FFCB Note 1.92% Due 12/28/2020	0.000		18,048.00	0.00	18,048.00	0.00
Interest	06/30/2020	912828N30	1,750,000.00	US Treasury Note 2.125% Due 12/31/2022	0.000		18,593.75	0.00	18,593.75	0.00
Interest	06/30/2020	912828S27	1,015,000.00	US Treasury Note 1.125% Due 6/30/2021	0.000		5,709.38	0.00	5,709.38	0.00
Interest	06/30/2020	912828V23	3,150,000.00	US Treasury Note 2.25% Due 12/31/2023	0.000		35,437.50	0.00	35,437.50	0.00
Interest	06/30/2020	912828XG0	1,700,000.00	US Treasury Note 2.125% Due 6/30/2022	0.000		18,062.50	0.00	18,062.50	0.00
Interest	06/30/2020	912828XX3	3,000,000.00	US Treasury Note 2% Due 6/30/2024	0.000		30,000.00	0.00	30,000.00	0.00
<b>Subtotal</b>			<b>23,195,000.00</b>				<b>284,538.63</b>	<b>0.00</b>	<b>284,538.63</b>	<b>0.00</b>

# Transaction Ledger

As of June 30, 2020



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>OTHER TRANSACTIONS</b>										
Dividend	06/01/2020	60934N104	205,541.39	Federated Investors Government Obligations Fund	0.000		77.75	0.00	77.75	0.00
<b>Subtotal</b>			<b>205,541.39</b>				<b>77.75</b>	<b>0.00</b>	<b>77.75</b>	<b>0.00</b>
<b>TOTAL OTHER TRANSACTIONS</b>			<b>23,400,541.39</b>				<b>284,616.38</b>	<b>0.00</b>	<b>284,616.38</b>	<b>0.00</b>

JULY 2020



## Market Data

 World Stock Market Indices  
 data as of 6/30/2020

	Diff (5/31/20)	% Change
S&P 500	3,100.29	55.98 1.84%
NASDAQ	10,058.77	568.90 5.99%
DOW JONES	25,812.88	429.77 1.69%
FTSE (UK)	6,169.74	93.14 1.53%
DAX (Germany)	12,310.93	724.08 6.25%
Hang Seng (Hong Kong)	24,427.19	1,465.72 6.38%
Nikkei (Japan)	22,288.14	410.25 1.88%

Source: Bloomberg. Please see descriptions of indices on Page 2.

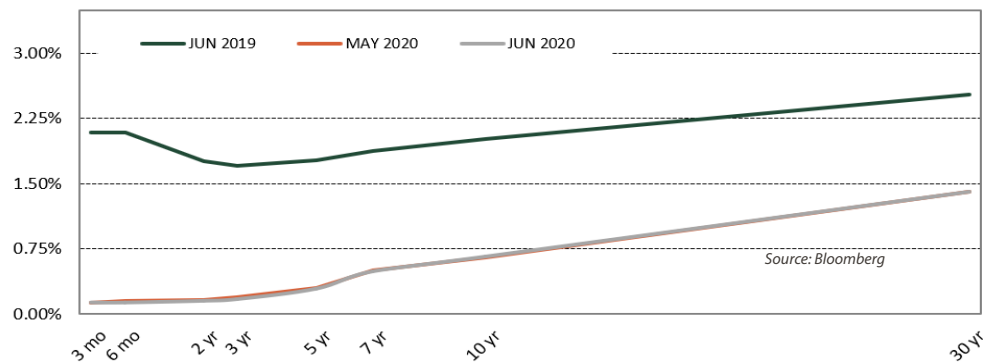
## Market Summary

We believe the economy contracted sharply in the second quarter, but market participants are expecting a meaningful rebound in the current quarter. Although we anticipate that the recovery will be somewhat bumpy, we believe the weakest economic data is in the rearview mirror. Robust fiscal and monetary relief should continue to fuel improvement in economic output in the second half of the year. Job destruction from the pandemic has been severe but many jobs have started to return as indicated by the better than expected employment reports for May and June. Nevertheless, we believe there will be a growing amount of pressure on the federal government to provide additional fiscal relief this month, particularly as some temporary unemployment benefits are set to expire at the end of July. We believe the call for more state and local government fiscal support as well as another round of direct payments to households is likely to mount in the coming weeks.

The Federal Open Market Committee (FOMC) kept monetary policy unchanged at its June 9-10 meeting, as expected, with the fed funds target rate in the range of 0%-0.25%. According to the Fed's economic projections, policymakers expect to keep that range unchanged through 2022. Although some economic data has recently surprised to the upside, Fed Chair Powell has maintained a dovish tone. Multiple Fed policymakers have cautioned that the outlook for the economy remains highly uncertain and depends largely on the path of the pandemic. Overall, the Fed remains highly accommodative and we believe the Fed will continue to use its balance sheet to any extent necessary to support the flow of credit and stability of financial markets.

Treasury yields were nearly unchanged in June. The yield on 2-year Treasuries declined about one basis point to 0.15% and the yield on 10-year Treasuries was essentially unchanged at 0.66%. Global economic weakness continues to put downward pressure on inflation expectations. An ongoing global demand for safe-haven assets has also kept a lid on Treasury rates.

### TREASURY YIELDS REMAIN LOW ON A HISTORICAL BASIS



At June month-end, Treasury yields were much lower on a year-over-year basis. The 3-month T-bill yield was down 196 basis points, the 2-year Treasury yield was down 161 basis points, and the 10-Year Treasury yield was down 135 basis points, year-over-year. Much of the spread movement was in the month of March 2020, with the Fed cutting rates by a total of 150 basis points and concerns about a global recession and a flight to safe-haven assets driving down yields across the curve.

TREASURY YIELDS	Trend (▲/▼)	6/30/2020	5/31/2020	Change
3-Month	-	0.13	0.13	0.00
2-Year	▼	0.15	0.16	-0.01
3-Year	▼	0.17	0.19	-0.02
5-Year	▼	0.29	0.30	-0.01
7-Year	▼	0.49	0.50	-0.01
10-Year	▲	0.66	0.65	0.01
30-Year	-	1.41	1.41	0.00

Source: Bloomberg

# BOND MARKET REVIEW

Since 1988, Chandler Asset Management has specialized in providing fixed income investment solutions to risk-averse public agencies and institutions. Chandler's mission is to provide fully customizable, client-centered portfolio management that preserves principal, mitigates risk and generates income in our clients' portfolios.

## Credit Spreads Continued to Tighten in June

CREDIT SPREADS	Spread to Treasuries (%)	One Month Ago (%)	Change
3-month top rated commercial paper	0.00	0.07	(0.07)
2-year A corporate note	0.35	0.43	(0.08)
5-year A corporate note	0.66	0.79	(0.13)
5-year Agency note	0.18	0.20	(0.02)

Source: Bloomberg

Data as of 6/30/2020

## Economic Data is Showing Early Signs of Improvement

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(54.60) \$Bln MAY 20	(49.80) \$Bln APR 20	(51.30) \$Bln MAY 19
Gross Domestic Product	(5.00%) MAR 20	2.10% DEC 19	3.10% MAR 19
Unemployment Rate	11.10% JUN 20	13.30% MAY 20	3.70% JUN 19
Prime Rate	3.25% JUN 20	3.25% MAY 20	5.50% JUN 19
Commodity Research Bureau Index	137.97 JUN 20	132.24 MAY 20	181.04 JUN 19
Oil (West Texas Int.)	\$39.27 JUN 20	\$35.49 MAY 20	\$58.47 JUN 19
Consumer Price Index (y/o/y)	0.10% MAY 20	0.30% APR 20	1.80% MAY 19
Producer Price Index (y/o/y)	(2.80%) MAY 20	(5.10%) APR 20	1.30% MAY 19
Dollar/Euro	1.12 JUN 20	1.11 MAY 20	1.14 MAY 19

Source: Bloomberg

## Economic Roundup

### Consumer Prices

The Consumer Price Index (CPI) was up 0.1% year-over-year in May, down from 0.3% in April. Core CPI (CPI less food and energy) was up just 1.2% year-over-year in May, down from 1.4% in April. The Personal Consumption Expenditures (PCE) index was up just 0.5% year-over-year in May, versus up 0.6% year-over-year in April and 1.3% in March. Core PCE, which is the Fed's primary inflation gauge, was up 1.0% year-over-year in May, versus up 1.0% year-over-year in April and 1.7% in March. Consumer pricing data indicate that the effect of the pandemic has been deflationary.

### Retail Sales

On a year-over-year basis, retail sales were down 6.1% in May versus down of 19.9% in April. On a month-over-month basis, retail sales jumped 17.7% in May (a much stronger rebound than expected), following a 14.7% decline in April. In May, month-over-month increases were particularly strong for clothing, furniture, sporting goods, electronics, appliances, and auto sales.

### Labor Market

U.S. nonfarm payrolls were better than expected in June increasing by 4,800,000 versus expectations of 3,230,000. The unemployment rate declined to 11.1% in June (versus expectations of 12.5%) from 13.3% in May. If the workers who classified themselves as employed but absent from work in the June survey had instead been classified as unemployed on temporary layoff, the total unemployment rate would have been about 1% higher. Job growth was broad-based in June, with particularly strong gains in leisure and hospitality and retail trade, but the improvement was still a long way from recovering the number of jobs lost in those sectors in April. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, remained very high but eased to 18.0% in June from 21.2% in May. The labor participation rate increased to 61.5% in June from 60.8% in May.

### Housing Starts

Housing starts rose 4.3% in May to an annual pace of 974,000. Single family starts were roughly flat at an annualized rate of 675,000, while multi-family starts increased 15.0% to an annualized rate of 299,000. Permits increased 14.4% in May to an annualized rate of 1,220,000.

### World Stock Market Index Descriptions

S&P 500—The S&P 500 is a market value weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization. NASDAQ—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange. Dow Jones—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ. The Financial Times Stock Exchange Group (FTSE)—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. DAX—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Hang Seng—The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong. Nikkei—Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

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