



TOWN OF FOUNTAIN HILLS

Investment Performance Review For the Quarter Ended March 31, 2019

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QUARTERLY MARKET SUMMARY

SUMMARY

- U.S. economic conditions are characterized by: (1) moderating gross domestic product (GDP) growth as the impact of fiscal stimulus wanes; (2) continued strength in the labor market, with a low unemployment rate of 3.8%; (3) improving conditions in the housing market as mortgage rates have fallen and home price increases have moderated; and (4) potential imbalances, including a growing budget deficit, trade deficit, trade tensions, and challenges over border security funding.
- The strength and resiliency of the U.S. economy and capital markets were seemingly overshadowed by international affairs. Dominating the front page were the longest government shutdown in U.S. history, lingering U.S.-China trade disputes, and an increasingly awkward Brexit. Forecasts for global growth continue to be revised lower.
- As abrupt as the widespread risk-off sentiment was that enveloped the final three months of 2018, so too was the rebound to kick off 2019. Equity markets, credit spreads, and volatility all ended the quarter at about where they were six months ago.
- The Federal Reserve (Fed) left the federal funds target range unchanged at 2.25% to 2.50%. The Fed remains “on hold” while assessing global economic and financial developments and muted inflation pressures to determine what future adjustments to rates might be warranted. This stance shifted the market-implied probability for the next Fed move to be a rate cut rather than a rate hike.
- The S&P 500 Index rebounded strongly in the first quarter, generating a total return of 13.6%—the strongest start to a year since 1998. International indices generally were just as strong in local currencies; however, a modestly stronger dollar muted performance in U.S. dollar terms.

ECONOMIC SNAPSHOT

- Real GDP in the U.S. moderated to an annualized rate of 2.2% in the fourth quarter, following strong second quarter and third quarter figures of 4.2% and 3.4%, respectively. Growth of 3.0% for the year was the strongest calendar year since 2005.
- Strength in the labor market persists, reflected in a low unemployment rate, strong job growth, and jobless claims near multi-decade lows. Over the quarter, non-farm payrolls increased 541,000, below the 2018 quarterly average of 670,000, due largely to the weak February figure impacted by the government shutdown. The unemployment rate ended the quarter at 3.8%, while wage growth moderated a bit.
- U.S. inflation remained in the Fed’s comfort zone as they aim to safeguard against runaway inflation, a risk that has yet to appear. Many gauges of price increases remain near the Fed’s 2.0% target.
- Boosted by lower mortgage rates and slowing home price appreciation, housing sales have rebounded after waning for much of 2018. Manufacturing and consumer confidence gauges remained positive but have recently tapered. While consumer sentiment remains very high, the difference between future and current assessments of economic conditions indicates consumers are less optimistic about the future.

INTEREST RATES

- U.S. Treasury yields fell, and the yield curve continued to flatten throughout the quarter as maturities beyond one year declined 20-30 basis points (bps) (0.20% to 0.30%). At quarter-end, the yield on a 3-Month Treasury bill stood at 2.38%, the 5-Year note was 2.23%, and the 10-Year note yielded 2.41%.
- For a brief, week-long stint just ahead of quarter-end, the yield spread between 3-Month and 10-Year Treasuries turned negative. Despite the historical interpretation as a recession indicator, other measures of market and economic conditions—such as credit spreads and jobless claims—don’t portend a recession near-term.
- The rally in yields during the first quarter generated strong absolute returns for the majority of bond indices, with longer maturities outperforming shorter ones. For example, the 3-Month Treasury Bill Index generated 0.60% of total return, while the 5-Year and 10-Year Treasury Indices returned 1.88% and 3.10%, respectively.
- In short-term markets, money market investors continue to reap the benefits of overnight yields at a decade high. Although yields on short-term commercial paper and bank CDs moderated with the outlook for a patient Fed, yields remain attractive relative to those on short-term, or even intermediate-term, government securities.

SECTOR PERFORMANCE

- Absolute returns were strong across the board in the first quarter. Diversification in non-Treasury sectors boosted returns, as most sectors tightened from the wider spreads experienced toward the end of 2018.
- Federal agency spreads stayed narrow during the first quarter—less than 5 bps for maturities inside of five years. However, the modest incremental yield relative to Treasuries generated slightly positive excess returns for the quarter. Callable structures slightly underperformed non-callable counterparts of similar maturity due to falling rates. Longer agency indices outperformed shorter indices on an absolute and excess return basis.
- Supranationals also performed well due to modestly higher incremental income and narrowing yield spreads. They can serve as a diversifier for government securities.
- Investment-grade (IG) corporates were one of the best performing fixed income sectors. With falling yields and narrowing yield spreads, longer durations and lower credit quality ruled the day, both on an absolute and excess return basis. By industry, energy and communications led, with utilities and consumer non-cyclicals lagging.
- AAA-rated asset-backed securities (ABS) also did well, providing attractive incremental income relative to government securities and lower-volatility access to the credit markets. ABS tend to outperform corporates in down markets, like in the fourth quarter, but underperform corporates in up markets, like in the first quarter. Over time, however, they have been additive to performance and diversification.
- With the market’s “risk-on” reversal in the first quarter, mortgage-backed securities (MBS)—regardless of structure, coupon, and collateral type—generated positive excess returns. Agency-backed commercial mortgage-backed securities (CMBS) outperformed the majority of other agency-backed securitized investments.

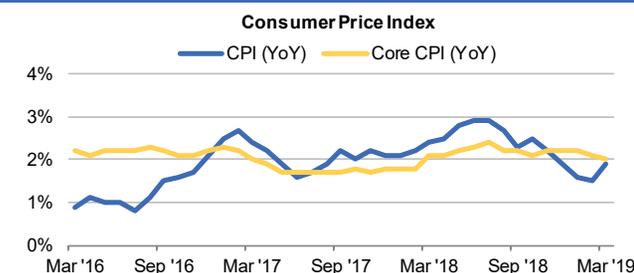
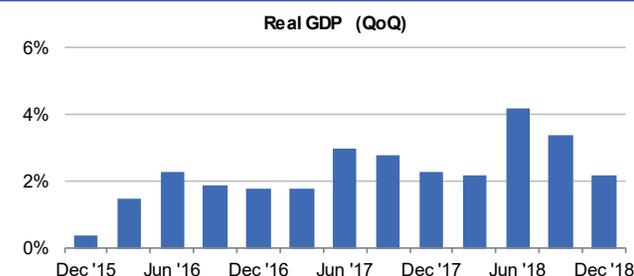
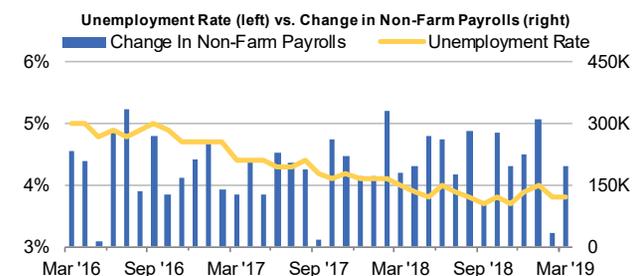
QUARTERLY MARKET SUMMARY

Economic Snapshot

Labor Market	Latest	Dec '18	Mar '18	
Unemployment Rate	Mar '19	3.8%	3.9%	4.0%
Change In Non-Farm Payrolls	Mar '19	196,000	227,000	182,000
Average Hourly Earnings (YoY)	Mar '19	3.2%	3.3%	2.8%
Personal Income (YoY)	Feb '19	4.2%	5.0%	4.3%
Initial Jobless Claims (week)	Apr 06	196,000	231,000	231,000

Growth	Latest	Dec '18	Mar '18	
Real GDP (QoQ SAAR)	2018 Q4	2.2%	3.4% ¹	2.3% ²
GDP Personal Consumption (QoQ SAAR)	2018 Q4	2.5%	3.5% ¹	3.9% ²
Retail Sales (YoY)	Feb '19	2.2%	1.6%	5.1%
ISM Manufacturing Survey (month)	Mar '19	55.3	54.3	59.3
Existing Home Sales SAAR (month)	Feb '19	5.51 mil.	5.00 mil.	5.51 mil.

Inflation / Prices	Latest	Dec '18	Mar '18	
Personal Consumption Expenditures (YoY)	Jan '19	1.4%	1.8%	2.1%
Consumer Price Index (YoY)	Mar '19	1.9%	1.9%	2.4%
Consumer Price Index Core (YoY)	Mar '19	2.0%	2.2%	2.1%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$60.14	\$45.41	\$64.94
Gold Futures (oz.)	Mar 31	\$1,293	\$1,281	\$1,323



1. Data as of Third Quarter 2018.

2. Data as of Fourth Quarter 2017.

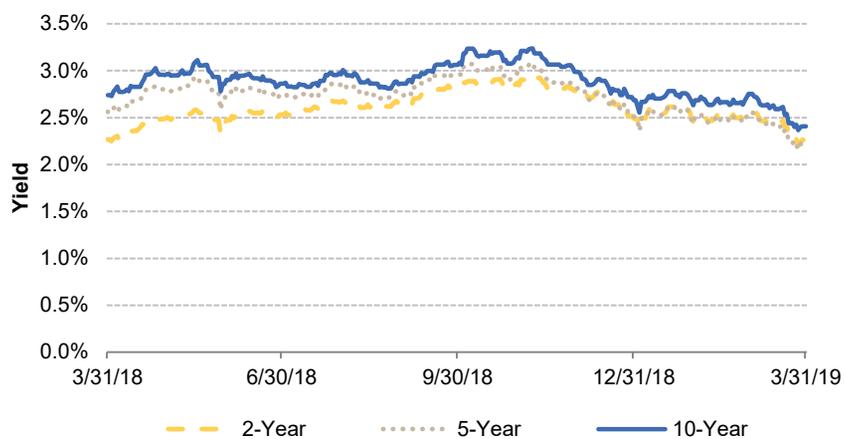
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

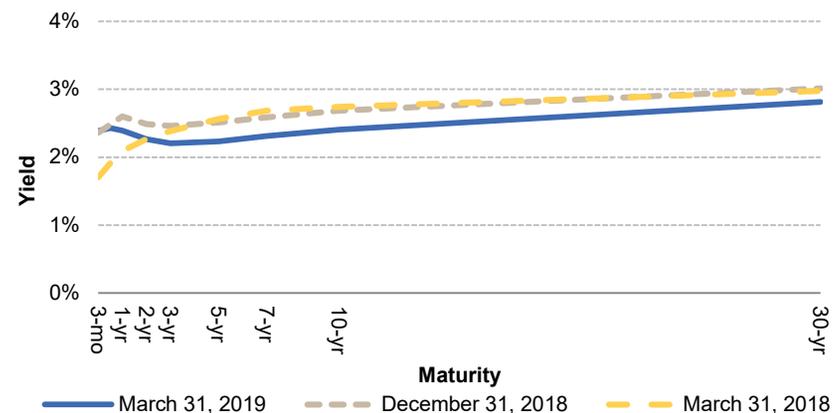
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



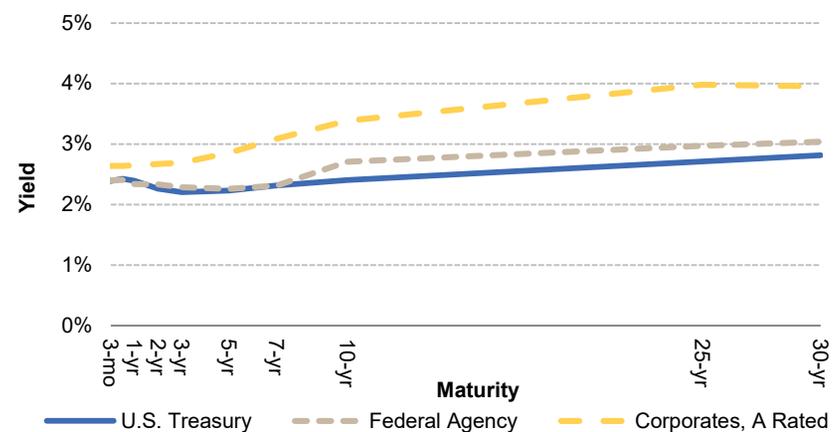
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Mar '19	Dec '18	Change over Quarter	Mar '18	Change over Year
3-Month	2.38%	2.36%	0.03%	1.71%	0.68%
1-Year	2.39%	2.60%	(0.21%)	2.09%	0.30%
2-Year	2.26%	2.49%	(0.23%)	2.27%	(0.01%)
5-Year	2.23%	2.51%	(0.28%)	2.56%	(0.33%)
10-Year	2.41%	2.69%	(0.28%)	2.74%	(0.33%)
30-Year	2.82%	3.02%	(0.20%)	2.97%	(0.15%)

Yield Curves as of 3/31/19



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

March 31, 2019	As of 3/31/19		Returns for Periods ended 3/31/19		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	2.32%	0.98%	2.72%	0.99%
Federal Agency	1.69	2.35%	0.97%	2.79%	1.17%
U.S. Corporates, A-AAA rated	1.90	2.76%	1.64%	3.73%	1.89%
Agency MBS (0 to 3 years)	3.97	2.87%	2.19%	3.98%	1.78%
Taxable Municipals	1.91	2.67%	1.51%	3.61%	2.51%
1-5 Year Indices					
U.S. Treasury	2.62	2.29%	1.22%	3.14%	0.97%
Federal Agency	1.98	2.33%	1.11%	3.03%	1.18%
U.S. Corporates, A-AAA rated	2.64	2.83%	2.27%	4.29%	2.05%
Agency MBS (0 to 5 years)	3.57	2.89%	1.95%	3.42%	1.43%
Taxable Municipals	2.40	2.91%	1.90%	4.03%	2.58%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.46	2.39%	2.18%	4.25%	1.07%
Federal Agency	4.09	2.48%	1.83%	3.77%	1.57%
U.S. Corporates, A-AAA rated	7.19	3.32%	4.44%	5.09%	2.94%
Agency MBS (0 to 30 years)	4.38	3.08%	2.27%	4.55%	1.81%
Taxable Municipals	10.57	3.73%	5.09%	5.77%	4.77%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

QUARTERLY MARKET SUMMARY

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Portfolio Recap

- Continuing the trend from the fourth quarter of 2018, interest rates moved lower during the first quarter of 2019, as the Fed stated it has no plans for further rate action in 2019. However, in a strong reversal from the prior quarter, equity markets rebounded, credit spreads tightened and volatility decreased.
- U.S. Treasury yields with maturities beyond one year fell 20-30 basis points (0.20% to 0.30%). In the last week of the quarter, the 3-month to 10-year part of the yield curve inverted temporarily, renewing concerns about a possible recession.
- Our portfolio strategy included the following elements:
 - Because of the maturity of the current business cycle, slower growth prospects, and a Fed now on hold for further rate hikes, we removed our defensive bias with regard to portfolio duration (duration positioning short of the benchmark), a strategy that had been in place for much of 2017-18 while rates were rising. We are now targeting a duration that is in line with the benchmark.
 - Sector allocation strategy continued to favor broad diversification, generally including the widest range of permitted investments. While the fourth quarter flight to safer assets resulted in Treasuries being the best performing sector, the first quarter's rebound generated strong excess returns for the portfolio as most fixed income sectors outperformed similar duration Treasuries.
 - With agency spreads near historic lows, we continued to favor Treasuries in the government space. We found some value in agencies, primarily with new issues that offered wider than average yield spreads. As an alternative, we continued to evaluate supranationals, but the expected increase in supply never materialized, keeping yield spreads narrow.
 - After corporate yield spreads increased to their widest levels in over two years in the fourth quarter, we sought opportunities in the sector as spreads moved tighter throughout the first quarter.

Investment Strategy Outlook

- With the Fed on hold and the market's current outlook for lower future interest rates, we will maintain a neutral duration posture in the portfolio relative to the benchmark.
- As a result of the outlook for slower economic growth, we continue to recommend maintaining diversification among investment grade sectors with a tilt toward higher grade corporate bonds given their income-producing potential.
- Our outlook for each of the major investment-grade fixed-income sectors is as follows:
 - As federal agency spreads remain very tight, we expect agency purchases to be minimal, seeking better value in either Treasuries or other sectors. Given the inverted-to-flat yield curve, we will also evaluate callable agencies for their incremental yield.
 - In supranationals, we will wait for the expected increase in supply to drive spreads wider. Until then, we will generally remain on the sidelines.
 - In the corporate sector, yield spreads have narrowed, settling in around longer-term, post-recession historical averages. Although the Treasury yield curve is flat, the corporate spread curve remains positively sloped, offering value for extending maturities. But, given international growth concerns, we remain diligent in our issuer and security selection process.
 - Short-term, high quality credit in the form of negotiable certificates of deposit and commercial paper offer good income potential, especially in light of the partially inverted Treasury yield curve.

Sector Allocation and Compliance

- The portfolio is in compliance with the Town's Investment Policy and Arizona Revised Statutes.

Security Type	Market Value	% of Portfolio	% Change vs. 12/31/18	Permitted by Policy	In Compliance
U.S. Treasury	\$3,059,056	26.1%	-1.8%	100%	✓
Federal Agency	\$3,606,823	30.8%	-0.1%	100%	✓
Supranationals	\$594,761	5.1%	-	100%	✓
Negotiable CDs	\$1,366,149	11.7%	+4.3%	30%	✓
Corporate Notes	\$2,126,566	18.2%	-	30%	✓
Commercial Paper	\$945,283	8.1%	-2.2%	30%	✓
Securities Sub-Total	\$11,698,639	99.9%			
Accrued Interest	\$42,297				
Securities Total	\$11,740,935				
Money Market Fund	\$8,335	0.1%	-0.1%	100%	✓
Total Investments	\$11,749,271	100.0%			

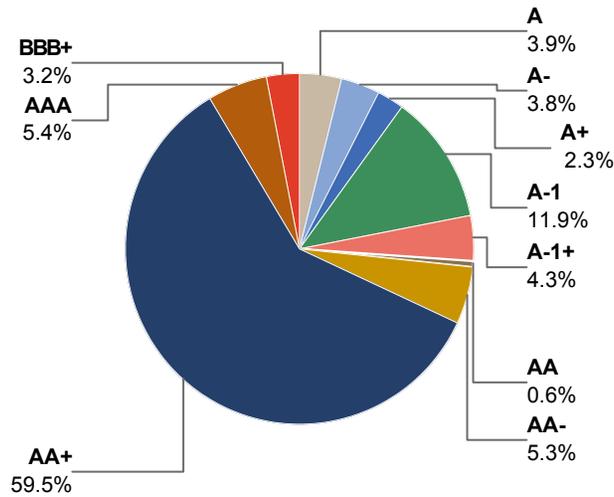
Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of April, 2017.

Portfolio Statistics

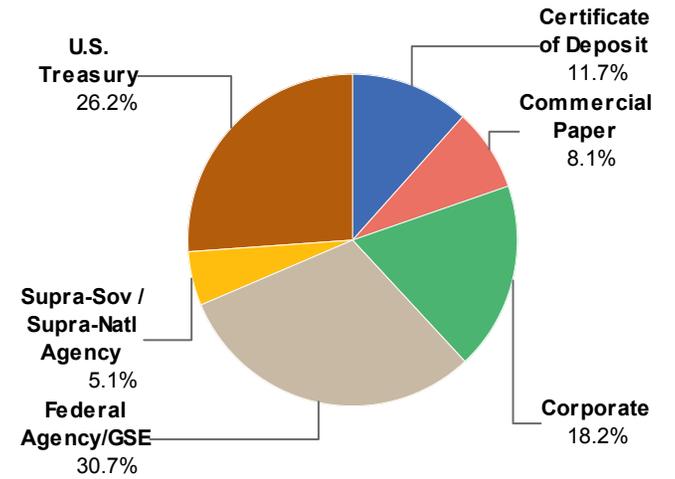
As of March 31, 2019

Par Value:	\$11,770,000
Total Market Value:	\$11,749,271
Security Market Value:	\$11,698,639
Accrued Interest:	\$42,297
Cash:	\$8,335
Amortized Cost:	\$11,756,585
Yield at Market:	2.49%
Yield at Cost:	1.76%
Effective Duration:	0.69 Years
Duration to Worst:	0.71 Years
Average Maturity:	0.72 Years
Average Credit: *	AA

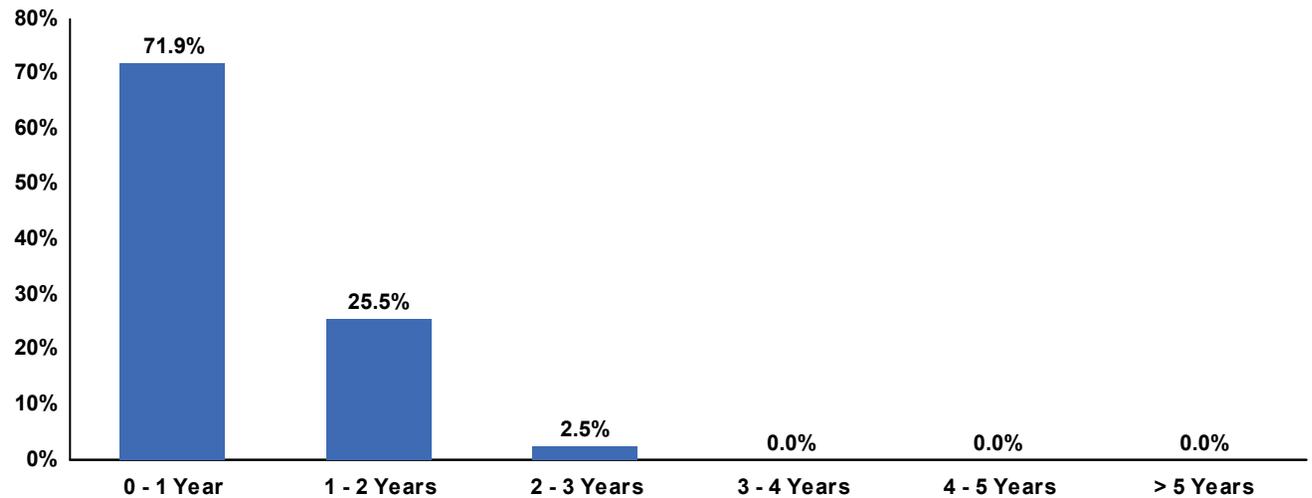
Credit Quality (S&P Ratings)**



Sector Allocation



Maturity Distribution

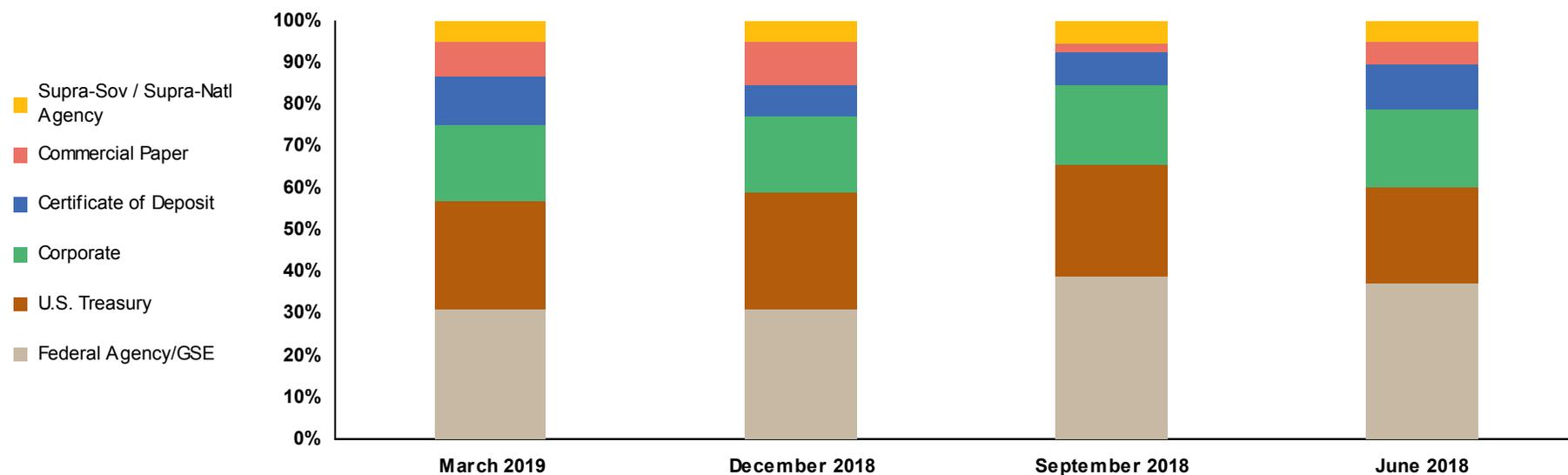


*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Securities held in the Town's portfolio are in compliance with Arizona Revised Statutes and the Town's investment policy dated April, 2017.

Sector Allocation

Sector	March 31, 2019		December 31, 2018		September 30, 2018		June 30, 2018	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	3.6	30.7%	3.6	31.0%	4.3	38.9%	4.3	37.2%
U.S. Treasury	3.1	26.2%	3.2	28.0%	2.9	26.5%	2.6	23.1%
Corporate	2.1	18.2%	2.1	18.2%	2.1	19.2%	2.1	18.4%
Certificate of Deposit	1.4	11.7%	0.9	7.4%	0.9	7.8%	1.3	11.0%
Commercial Paper	0.9	8.1%	1.2	10.3%	0.2	2.3%	0.6	5.2%
Supra-Sov / Supra-Natl Agency	0.6	5.1%	0.6	5.1%	0.6	5.3%	0.6	5.1%
Total	\$11.7	100.0%	\$11.6	100.0%	\$11.0	100.0%	\$11.5	100.0%

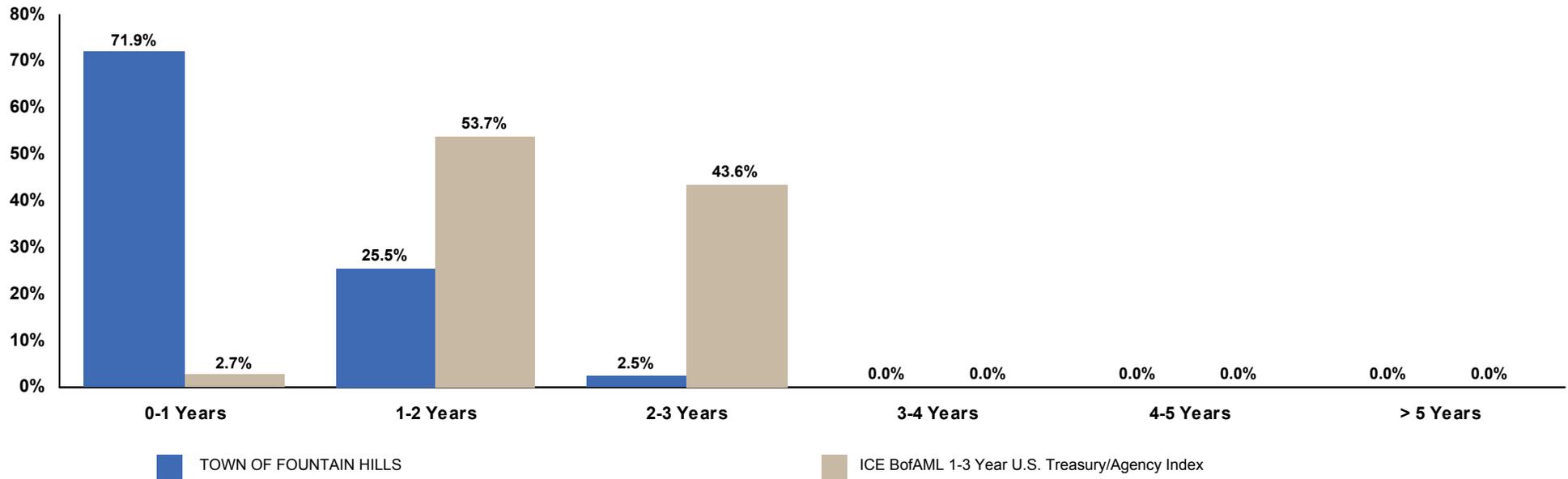


Detail may not add to total due to rounding.

Maturity Distribution

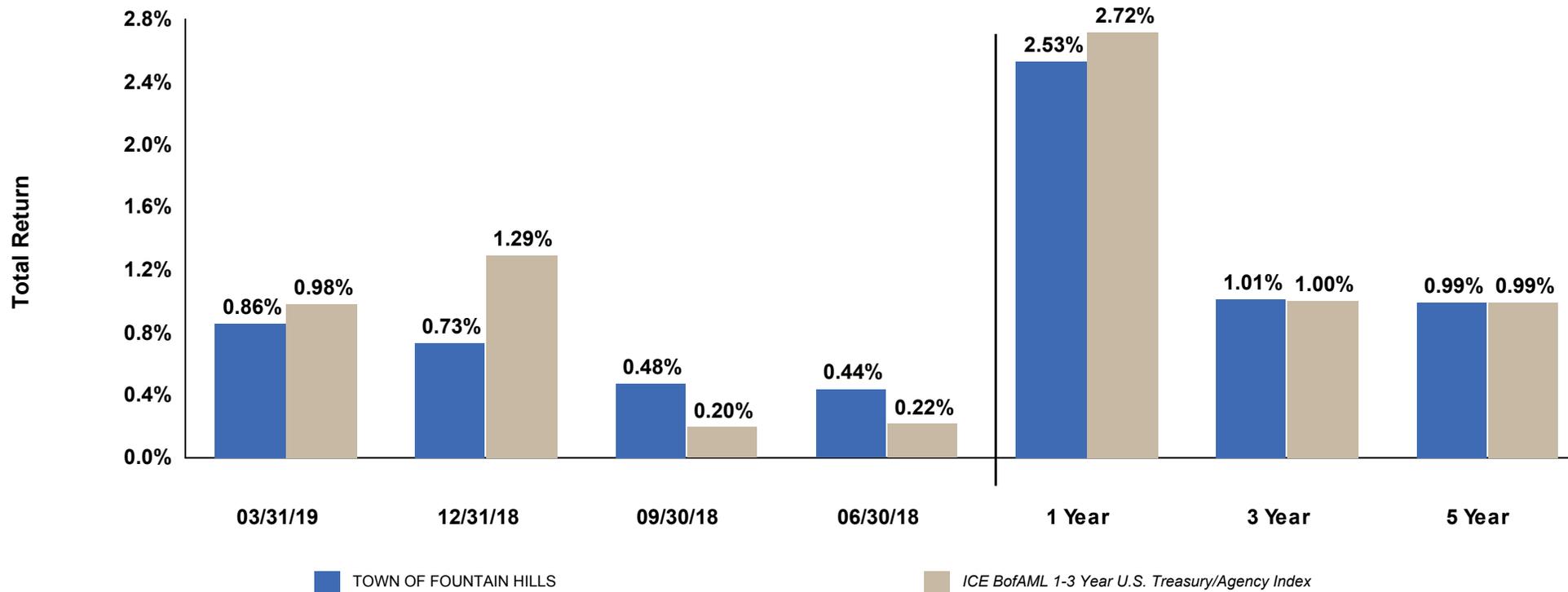
As of March 31, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
TOWN OF FOUNTAIN HILLS	2.49%	0.72 yrs	71.9%	25.5%	2.5%	0.0%	0.0%	0.0%
ICE BofAML 1-3 Year U.S. Treasury/Agency Index	2.32%	1.94 yrs	2.7%	53.7%	43.6%	0.0%	0.0%	0.0%



Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				1 Year	Annualized Return	
		03/31/19	12/31/18	09/30/18	06/30/18		3 Year	5 Year
TOWN OF FOUNTAIN HILLS	0.69	0.86%	0.73%	0.48%	0.44%	2.53%	1.01%	0.99%
ICE BofAML 1-3 Year U.S. Treasury/Agency Index	1.80	0.98%	1.29%	0.20%	0.22%	2.72%	1.00%	0.99%
Difference		-0.12%	-0.56%	0.28%	0.22%	-0.19%	0.01%	0.00%



Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Earnings
Quarter-Ended March 31, 2019

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$11,588,013.89	\$11,696,342.01
Net Purchases/Sales	\$49,261.75	\$49,261.75
Change in Value	\$61,362.99	\$10,981.47
Ending Value (03/31/2019)	\$11,698,638.63	\$11,756,585.23
Interest Earned	\$39,267.41	\$39,267.41
Portfolio Earnings	\$100,630.40	\$50,248.88

Sector/Issuer Distribution

As of March 31, 2019

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Certificate of Deposit			
MITSUBISHI UFJ FINANCIAL GROUP INC	149,438	10.9%	1.3%
MIZUHO FINANCIAL GROUP INC.	250,090	18.3%	2.1%
SKANDINAVISKA ENSKILDA BANKEN AB	299,211	21.9%	2.6%
SWEDBANK AB	148,827	10.9%	1.3%
US BANCORP	250,098	18.3%	2.1%
WESTPAC BANKING CORP	268,486	19.7%	2.3%
Sector Total	1,366,149	100.0%	11.7%
Commercial Paper			
BNP PARIBAS	449,429	47.5%	3.8%
DEXIA GROUP	246,999	26.1%	2.1%
NATIXIS NY BRANCH	248,855	26.3%	2.1%
Sector Total	945,283	100.0%	8.1%
Corporate			
AMERICAN EXPRESS CO	148,842	7.0%	1.3%
AMERICAN HONDA FINANCE	149,011	7.0%	1.3%
APPLE INC	148,918	7.0%	1.3%
BANK OF AMERICA CO	148,605	7.0%	1.3%
BB&T CORPORATION	148,592	7.0%	1.3%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
CATERPILLAR INC	113,709	5.3%	1.0%
EXXON MOBIL CORP	149,097	7.0%	1.3%
GENERAL ELECTRIC CO	71,332	3.4%	0.6%
GOLDMAN SACHS GROUP INC	149,592	7.0%	1.3%
HONEYWELL INTERNATIONAL	39,803	1.9%	0.3%
IBM CORP	148,338	7.0%	1.3%
INTEL CORPORATION	74,416	3.5%	0.6%
JOHNSON & JOHNSON	34,735	1.6%	0.3%
JP MORGAN CHASE & CO	144,471	6.8%	1.2%
PACCAR FINANCIAL CORP	39,651	1.9%	0.3%
PEPSICO INC	49,572	2.3%	0.4%
TOYOTA MOTOR CORP	149,332	7.0%	1.3%
UNITED PARCEL SERVICE INC	99,116	4.7%	0.8%
VISA INC	49,780	2.3%	0.4%
WAL-MART STORES INC	69,655	3.3%	0.6%
Sector Total	2,126,566	100.0%	18.2%
Federal Agency/GSE			
FANNIE MAE	795,444	22.1%	6.8%
FEDERAL HOME LOAN BANKS	847,586	23.5%	7.2%
FREDDIE MAC	1,963,793	54.4%	16.8%
Sector Total	3,606,823	100.0%	30.8%
Supra-Sov / Supra-Natl Agency			
AFRICAN DEVELOPMENT BANK	74,513	12.5%	0.6%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
INTER-AMERICAN DEVELOPMENT BANK	149,271	25.1%	1.3%
INTL BANK OF RECONSTRUCTION AND DEV	370,976	62.4%	3.2%
Sector Total	594,761	100.0%	5.1%
U.S. Treasury			
UNITED STATES TREASURY	3,059,056	100.0%	26.1%
Sector Total	3,059,056	100.0%	26.1%
Portfolio Total	11,698,639	100.0%	100.0%

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/31/19	1/4/19	250,000	63873KT49	NATIXIS NY BRANCH COMM PAPER	0.00%	6/4/19	247,042.92	2.85%	
1/23/19	1/24/19	250,000	25214W3X4	DEXIA CREDIT LOCAL SA NY COMM PAPER	0.00%	9/16/19	245,495.83	2.81%	
1/30/19	1/30/19	250,000	90333VZL7	US BANK NA CINCINNATI CERT DEPOS	2.81%	5/23/19	252,064.00	2.62%	
1/31/19	1/31/19	250,000	62479MQV8	MUFG BANK LTD/NY COMM PAPER	0.00%	3/29/19	248,990.63	2.56%	
1/31/19	1/31/19	250,000	60700A6Y5	MIZUHO BANK LTD/NY CERT DEPOS	2.66%	5/29/19	250,044.91	2.65%	
1/31/19	2/1/19	250,000	89233HQV9	TOYOTA MOTOR CREDIT CORP COMM PAPER	0.00%	3/29/19	249,016.11	2.54%	
2/27/19	2/28/19	325,000	912828F39	US TREASURY NOTES	1.75%	9/30/19	325,886.72	2.53%	
3/27/19	3/29/19	520,000	912828F62	US TREASURY NOTES	1.50%	10/31/19	520,366.75	2.44%	
Total BUY		2,345,000					2,338,907.87		
INTEREST									
1/2/19	1/2/19	0	MONEY0002	MONEY MARKET FUND			29.82		
1/17/19	1/17/19	550,000	3137EAEE5	FREDDIE MAC NOTES	1.50%	1/17/20	4,125.00		
1/19/19	1/19/19	150,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	656.25		
1/19/19	1/19/19	550,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	2,406.25		
1/20/19	1/20/19	65,000	02665WBT7	AMERICAN HONDA FINANCE CORP NOTES	1.95%	7/20/20	633.75		
1/23/19	1/23/19	145,000	46625HKA7	JPMORGAN CHASE & CO (CALLABLE)	2.25%	1/23/20	1,631.25		
1/23/19	1/23/19	55,000	38141GWP5	GOLDMAN SACHS GROUP INC CORP NOTE	1.95%	7/23/19	536.25		
1/31/19	1/31/19	850,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	5,312.50		
2/1/19	2/1/19	70,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	752.50		
2/1/19	2/1/19	80,000	05531FAZ6	BRANCH BANKING & TRUST (CALLABLE) NOTES	2.15%	2/1/21	860.00		
2/1/19	2/1/19	0	MONEY0002	MONEY MARKET FUND			26.53		
2/2/19	2/2/19	325,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	1,421.88		
2/4/19	2/4/19	300,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	2,852.00		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/7/19	2/7/19	270,000	96121T4A3	WESTPAC BANKING CORP NY CD	2.05%	8/3/20	2,767.50		
2/28/19	2/28/19	300,000	912828W30	US TREASURY NOTES	1.12%	2/28/19	1,687.50		
2/28/19	2/28/19	350,000	912828J50	US TREASURY NOTES	1.37%	2/29/20	2,406.25		
2/28/19	2/28/19	105,000	912828L32	US TREASURY NOTES	1.37%	8/31/20	721.88		
2/28/19	2/28/19	475,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	2,375.00		
3/1/19	3/1/19	0	MONEY0002	MONEY MARKET FUND			48.23		
3/4/19	3/4/19	75,000	459058GA5	INTL BANK OF RECON AND DEV GLOBAL NOTES	1.62%	9/4/20	609.75		
3/4/19	3/4/19	115,000	14913Q2A6	CATERPILLAR FINL SERVICE NOTE	1.85%	9/4/20	1,063.75		
3/6/19	3/6/19	150,000	30231GAG7	EXXON MOBIL (CALLABLE) CORP NOTE	1.91%	3/6/20	1,434.00		
3/12/19	3/12/19	150,000	89236TCF0	TOYOTA MOTOR CORP NOTES	2.15%	3/12/20	1,612.50		
3/12/19	3/12/19	150,000	45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	1.56%	9/12/20	1,171.50		
3/16/19	3/16/19	70,000	36962G4R2	GENERAL ELECTRIC CAPITAL CORP CORP NOTE	4.37%	9/16/20	1,531.25		
3/20/19	3/20/19	75,000	00828EBQ1	AFRICAN DEVELOPMENT BANK NOTE	1.12%	9/20/19	421.88		
3/31/19	3/31/19	325,000	912828F39	US TREASURY NOTES	1.75%	9/30/19	2,843.75		
3/31/19	3/31/19	525,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	2,953.13		
Total INTEREST		6,275,000					44,891.85		

MATURITY

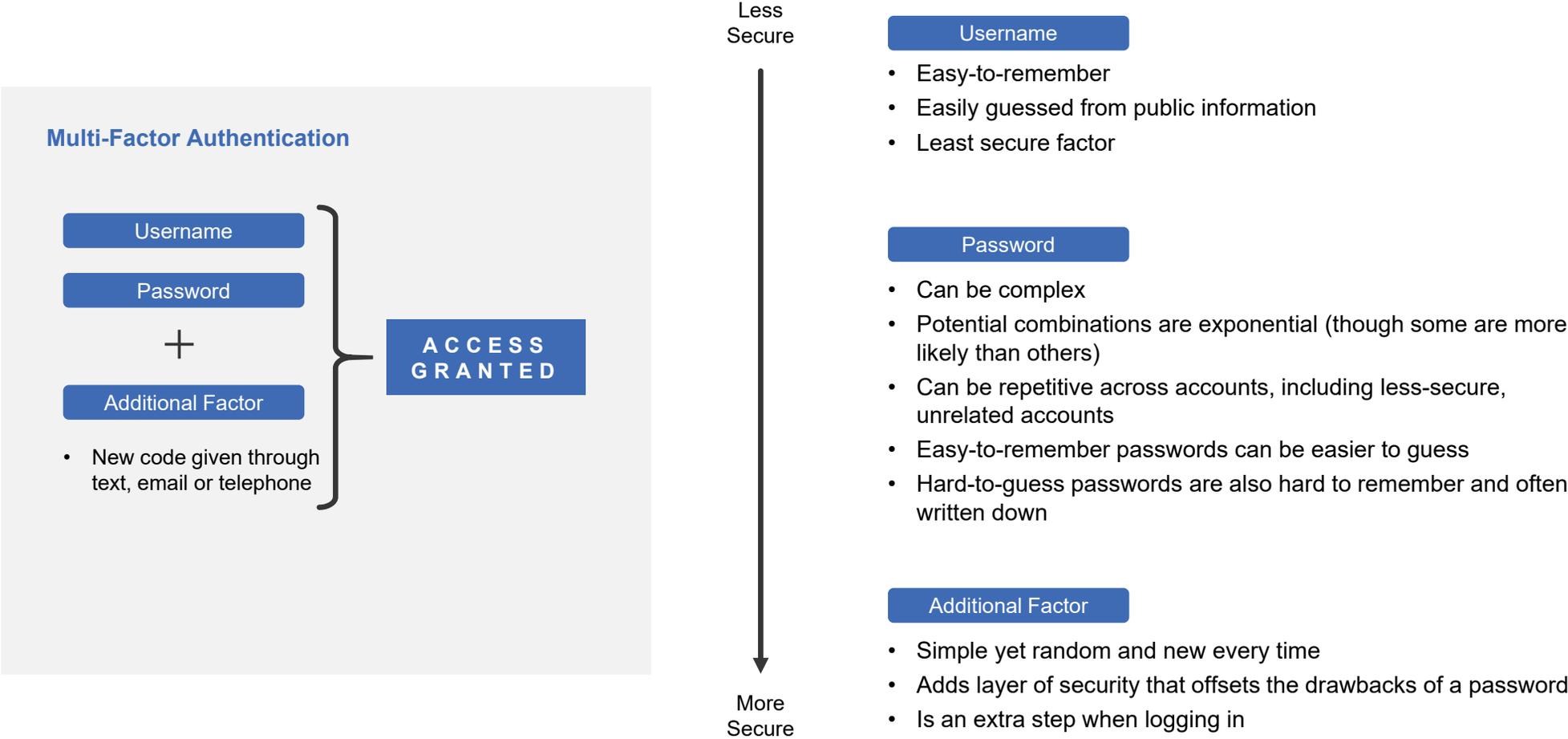
1/31/19	1/31/19	250,000	62479MNX7	MUFG BANK LTD/NY COMM PAPER	0.00%	1/31/19	250,000.00		0.00
1/31/19	1/31/19	250,000	89233HNX8	TOYOTA MOTOR CREDIT CORP COMM PAPER	0.00%	1/31/19	250,000.00		0.00
2/1/19	2/1/19	250,000	22533UP15	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	2/1/19	250,000.00		0.00
2/28/19	2/28/19	300,000	912828W30	US TREASURY NOTES	1.12%	2/28/19	300,000.00		0.00
3/29/19	3/29/19	250,000	62479MQV8	MUFG BANK LTD/NY COMM PAPER	0.00%	3/29/19	250,000.00		0.00
3/29/19	3/29/19	250,000	89233HQV9	TOYOTA MOTOR CREDIT CORP COMM PAPER	0.00%	3/29/19	250,000.00		0.00
Total MATURITY		1,550,000					1,550,000.00		0.00

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
SELL									
1/3/19	1/4/19	240,000	912828SX9	US TREASURY NOTES	1.12%	5/31/19	238,975.25	2.46%	29.87
1/23/19	1/24/19	245,000	912828SX9	US TREASURY NOTES	1.12%	5/31/19	244,306.31	2.43%	48.93
1/30/19	1/30/19	250,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	250,523.19	2.42%	(846.93)
Total SELL		735,000					733,804.75		-768.13

Multi-Factor Authentication

What is Multi-Factor Authentication?

Multi-Factor Authentication (MFA) is a protocol that requires verification factors to supplement a username and password. We are excited to offer MFA for EON. It is another step in our efforts to provide our clients with simple, secure and effective account access.



To learn more or enroll in MFA, please review the alert on the homepage of your EON account or select "Update Profile" and change your preferences. Please contact your client representative if you have any questions.

Why Use Multi-Factor Authentication?

1

It can protect against some of the most common types of attacks.

Hackers can leverage any public information, from personnel listings on websites to social media and compromised databases to guess a password or username. No firewall can prevent these types of attacks; only better processes.

3

It's simple to set up and easy to use.

Enrollment is simple and can be set up by following the instructions posted to your EON account under the EON Enhancements link, or by contacting PFM directly. Once enrolled in MFA, access to your online account(s) will only be granted after you successfully complete two measures of identity verification: (1) providing your username and password, and (2) entering the auto-generated one-time passcode.

2

It's a benefit of working with PFM.

We strongly encourage your participation as MFA is a safety feature designed to meet your individual needs.

Multi-Factor Authentication



Makes it difficult to impersonate a user or share login credentials



Requires multiple methods for determining a user's identity



Provides protection against cyber attacks and data breaches

To learn more or enroll in MFA, please review the alert on the homepage of your EON account or select "Update Profile" and change your preferences. Please contact your client representative if you have any questions.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	115,000.00	AA+	Aaa	11/10/2016	11/14/2016	116,572.27	1.06	784.67	115,051.71	114,923.53
US TREASURY NOTES DTD 05/31/2012 1.125% 05/31/2019	912828SX9	175,000.00	AA+	Aaa	12/27/2018	12/31/2018	174,015.62	2.49	659.86	174,608.86	174,613.78
US TREASURY NOTES DTD 09/30/2014 1.750% 09/30/2019	912828F39	325,000.00	AA+	Aaa	2/27/2019	2/28/2019	323,527.34	2.53	15.54	323,749.36	323,819.28
US TREASURY NOTES DTD 10/31/2014 1.500% 10/31/2019	912828F62	520,000.00	AA+	Aaa	3/27/2019	3/29/2019	517,156.25	2.44	3,275.14	517,196.34	517,095.28
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	850,000.00	AA+	Aaa	1/3/2017	1/5/2017	843,226.56	1.52	1,761.05	848,130.16	841,732.05
US TREASURY NOTES DTD 03/02/2015 1.375% 02/29/2020	912828J50	350,000.00	AA+	Aaa	2/1/2017	2/3/2017	347,880.86	1.58	418.48	349,359.38	346,664.15
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	525,000.00	AA+	Aaa	3/15/2017	3/17/2017	515,956.05	1.71	16.14	521,980.27	518,498.93
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	105,000.00	AA+	Aaa	8/31/2017	9/1/2017	104,799.02	1.44	125.54	104,904.20	103,523.49
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	120,000.00	AA+	Aaa	10/3/2017	10/5/2017	119,034.38	1.64	692.82	119,497.34	118,185.96
Security Type Sub-Total		3,085,000.00					3,062,168.35	1.86	7,749.24	3,074,477.62	3,059,056.45
Supra-National Agency Bond / Note											
AFRICAN DEVELOPMENT BANK NOTE DTD 09/20/2016 1.125% 09/20/2019	00828EBQ1	75,000.00	AAA	Aaa	8/30/2017	8/31/2017	74,426.25	1.50	25.78	74,867.29	74,513.48
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 10/27/2016 1.125% 11/27/2019	459058FS7	150,000.00	AAA	Aaa	8/28/2017	8/30/2017	148,720.50	1.51	581.25	149,621.81	148,711.20
INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	75,000.00	AAA	Aaa	8/22/2017	8/29/2017	74,984.25	1.63	91.41	74,992.43	74,190.60

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	150,000.00	AAA	Aaa	9/12/2017	9/19/2017	149,640.00	1.64	123.58	149,822.94	148,074.60
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	150,000.00	AAA	Aaa	10/2/2017	10/10/2017	151,390.37	1.81	1,257.29	150,734.64	149,270.85
Security Type Sub-Total		600,000.00					599,161.37	1.64	2,079.31	600,039.11	594,760.73
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	400,000.00	AA+	Aaa	3/30/2016	3/31/2016	400,952.00	1.05	2,075.00	400,012.34	399,792.40
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	600,000.00	AA+	Aaa	6/27/2016	6/29/2016	605,438.09	0.82	1,875.00	600,409.96	598,296.00
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	250,000.00	AA+	Aaa	7/6/2016	7/8/2016	252,600.00	0.77	781.25	250,197.54	249,290.00
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	550,000.00	AA+	Aaa	7/19/2016	7/20/2016	548,669.00	0.96	962.50	549,865.18	547,378.70
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	150,000.00	AA+	Aaa	9/1/2016	9/2/2016	149,278.50	1.04	262.50	149,923.95	149,285.10
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	325,000.00	AA+	Aaa	7/29/2016	8/2/2016	324,454.00	0.93	466.06	324,938.11	323,281.40
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	475,000.00	AA+	Aaa	8/31/2016	9/2/2016	474,259.00	1.05	435.42	474,897.42	472,162.83
FREDDIE MAC NOTES DTD 01/17/2017 1.500% 01/17/2020	3137EAEE5	550,000.00	AA+	Aaa	4/3/2017	4/5/2017	549,758.00	1.52	1,695.83	549,931.04	545,867.85
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	325,000.00	AA+	Aaa	4/19/2017	4/20/2017	323,888.50	1.49	1,998.52	324,604.35	321,468.88
Security Type Sub-Total		3,625,000.00					3,629,297.09	1.08	10,552.08	3,624,779.89	3,606,823.16

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
GOLDMAN SACHS GROUP INC CORP NOTE DTD 07/24/2017 1.950% 07/23/2019	38141GWP5	55,000.00	BBB+	A3	7/19/2017	7/24/2017	54,993.40	1.96	202.58	54,998.95	54,861.13
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.750% 10/09/2019	931142DY6	70,000.00	AA	Aa2	10/11/2017	10/20/2017	69,998.60	1.75	585.28	69,999.58	69,654.97
HONEYWELL INTERNATIONAL CORP NOTES DTD 10/30/2017 1.800% 10/30/2019	438516BQ8	40,000.00	A	A2	10/23/2017	10/30/2017	39,968.80	1.84	302.00	39,990.83	39,803.08
AMERICAN HONDA FINANCE DTD 11/16/2017 2.000% 11/13/2019	02665WBZ3	85,000.00	A	A2	11/13/2017	11/16/2017	84,952.40	2.03	651.67	84,985.05	84,665.61
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	145,000.00	A-	A2	7/7/2017	7/12/2017	145,394.40	2.14	616.25	145,119.90	144,471.04
EXXON MOBIL (CALLABLE) CORP NOTE DTD 03/06/2015 1.912% 03/06/2020	30231GAG7	150,000.00	AA+	Aaa	7/5/2017	7/10/2017	150,292.50	1.84	199.17	150,098.79	149,097.00
TOYOTA MOTOR CORP NOTES DTD 03/12/2015 2.150% 03/12/2020	89236TCF0	150,000.00	AA-	Aa3	8/24/2017	8/25/2017	151,377.00	1.78	170.21	150,519.45	149,331.75
GOLDMAN SACHS GROUP INC CORP NOTES DTD 01/23/2015 2.600% 04/23/2020	38148LAA4	95,000.00	BBB+	A3	11/1/2017	11/3/2017	95,716.30	2.28	1,084.06	95,312.45	94,730.49
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	75,000.00	A+	A1	7/7/2017	7/12/2017	74,960.25	1.87	539.58	74,984.44	74,416.13
IBM CREDIT CORPORATE NOTE DTD 05/07/2013 1.625% 05/15/2020	459200HM6	150,000.00	A	A1	7/7/2017	7/12/2017	148,735.50	1.93	920.83	149,493.07	148,338.00
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	65,000.00	A	A2	7/17/2017	7/20/2017	64,934.35	1.98	249.98	64,971.03	64,345.26
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	115,000.00	A	A3	9/5/2017	9/7/2017	114,903.40	1.88	159.56	114,953.28	113,708.67

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
GENERAL ELECTRIC CAPITAL CORP CORP NOTE DTD 09/16/2010 4.375% 09/16/2020	36962G4R2	70,000.00	BBB+	Baa1	8/30/2017	8/31/2017	75,236.00	1.84	127.60	72,546.68	71,332.10
AMERICAN EXPRESS CO CORP (CALLABLE) NOTE DTD 10/30/2017 2.200% 10/30/2020	025816BP3	150,000.00	BBB+	A3	10/23/2017	10/30/2017	149,805.00	2.25	1,384.17	149,895.66	148,841.70
JOHNSON & JOHNSON CORP NOTE DTD 11/10/2017 1.950% 11/10/2020	478160CH5	35,000.00	AAA	Aaa	11/8/2017	11/10/2017	34,962.55	1.99	267.31	34,979.65	34,734.60
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	40,000.00	A+	A1	11/6/2017	11/13/2017	39,996.40	2.05	314.33	39,998.03	39,650.96
APPLE INC DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	150,000.00	AA+	Aa1	11/6/2017	11/13/2017	149,874.00	2.03	1,150.00	149,931.17	148,918.35
VISA INC (CALLABLE) CORP NOTES DTD 12/14/2015 2.200% 12/14/2020	92826CAB8	50,000.00	AA-	A1	8/25/2017	8/30/2017	50,546.00	1.86	326.94	50,280.25	49,780.00
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	70,000.00	A-	A2	11/16/2017	11/20/2017	69,636.00	2.32	250.83	69,787.74	69,342.77
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	80,000.00	A-	A2	10/23/2017	10/26/2017	79,963.20	2.17	286.67	79,978.36	79,248.88
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	100,000.00	A+	A1	11/9/2017	11/14/2017	99,842.00	2.10	1,025.00	99,904.60	99,116.30
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	50,000.00	A+	A1	10/5/2017	10/10/2017	49,990.00	2.01	461.11	49,994.07	49,572.00
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	150,000.00	A-	A2	11/27/2017	11/29/2017	149,293.50	2.46	1,746.00	149,533.96	148,604.85
Security Type Sub-Total		2,140,000.00					2,145,371.55	2.03	13,021.13	2,142,256.99	2,126,565.64

Commercial Paper

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
BNP PARIBAS NY BRANCH COMM PAPER DTD 10/19/2018 0.000% 04/17/2019	09659CRH3	450,000.00	A-1	P-1	10/19/2018	10/19/2018	443,925.00	2.74	0.00	449,460.00	449,428.95
NATIXIS NY BRANCH COMM PAPER DTD 12/06/2018 0.000% 06/04/2019	63873KT49	250,000.00	A-1	P-1	1/3/2019	1/4/2019	247,042.92	2.85	0.00	248,746.67	248,855.00
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 01/24/2019 0.000% 09/16/2019	25214W3X4	250,000.00	A-1+	P-1	1/23/2019	1/24/2019	245,495.83	2.81	0.00	246,780.00	246,999.25
Security Type Sub-Total		950,000.00					936,463.75	2.79	0.00	944,986.67	945,283.20
Certificate of Deposit											
US BANK NA CINCINNATI CERT DEPOS DTD 10/23/2018 2.810% 05/23/2019	90333VZL7	250,000.00	A-1+	P-1	1/30/2019	1/30/2019	250,132.12	2.62	3,122.22	250,060.80	250,097.88
MIZUHO BANK LTD/NY CERT DEPOS DTD 01/29/2019 2.660% 05/29/2019	60700A6Y5	250,000.00	A-1	P-1	1/31/2019	1/31/2019	250,007.97	2.65	1,145.28	250,003.92	250,089.75
SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	300,000.00	A-1	P-1	8/3/2017	8/4/2017	299,883.00	1.85	889.33	299,980.23	299,211.30
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	150,000.00	A-1	P-1	9/25/2017	9/27/2017	150,000.00	2.07	1,621.50	150,000.00	149,438.25
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	270,000.00	AA-	Aa3	8/3/2017	8/7/2017	270,000.00	2.05	830.25	270,000.00	268,485.57
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	150,000.00	AA-	Aa2	11/16/2017	11/17/2017	150,000.00	2.30	1,286.33	150,000.00	148,826.70
Security Type Sub-Total		1,370,000.00					1,370,023.09	2.25	8,894.91	1,370,044.95	1,366,149.45
Managed Account Sub Total		11,770,000.00					11,742,485.20	1.76	42,296.67	11,756,585.23	11,698,638.63

TOWN OF FOUNTAIN HILLS

Portfolio Holdings

Securities Sub-Total	\$11,770,000.00	\$11,742,485.20	1.76%	\$42,296.67	\$11,756,585.23	\$11,698,638.63
Accrued Interest						\$42,296.67
Total Investments						\$11,740,935.30

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

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

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

GLOSSARY

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

GLOSSARY

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