CITY OF ROCKVILLE, MARYLAND

Investment Performance Review

For the Quarter Ended December 31, 2019

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- Portfolio Recap & Strategy
- Investment Portfolio Review

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- Important Disclosures
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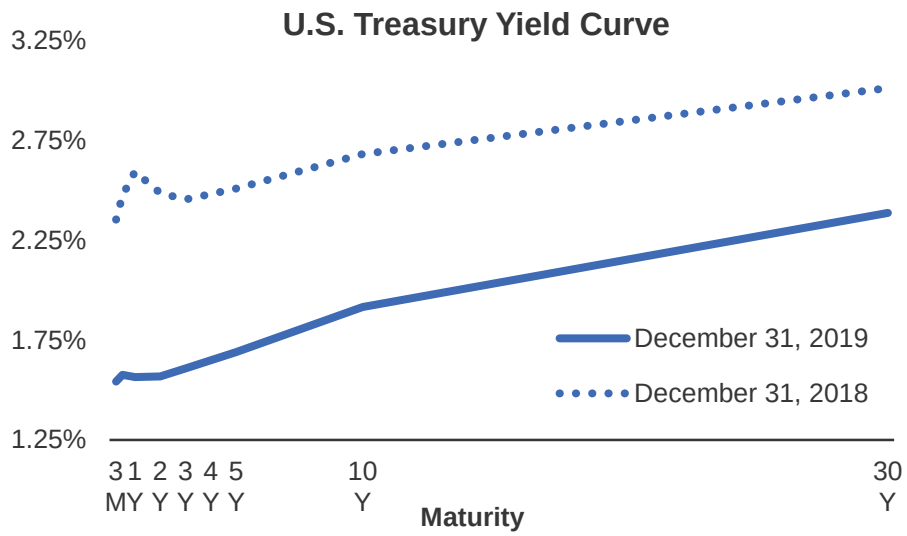
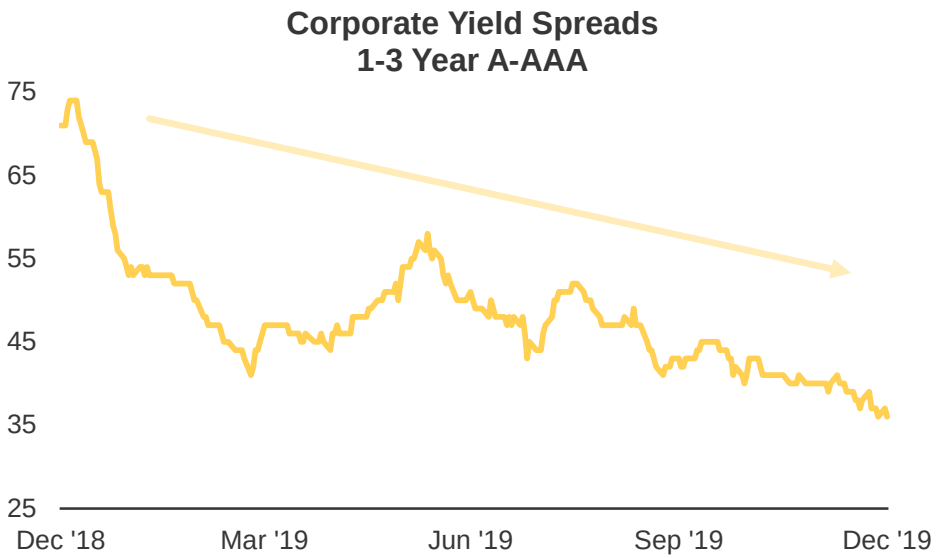
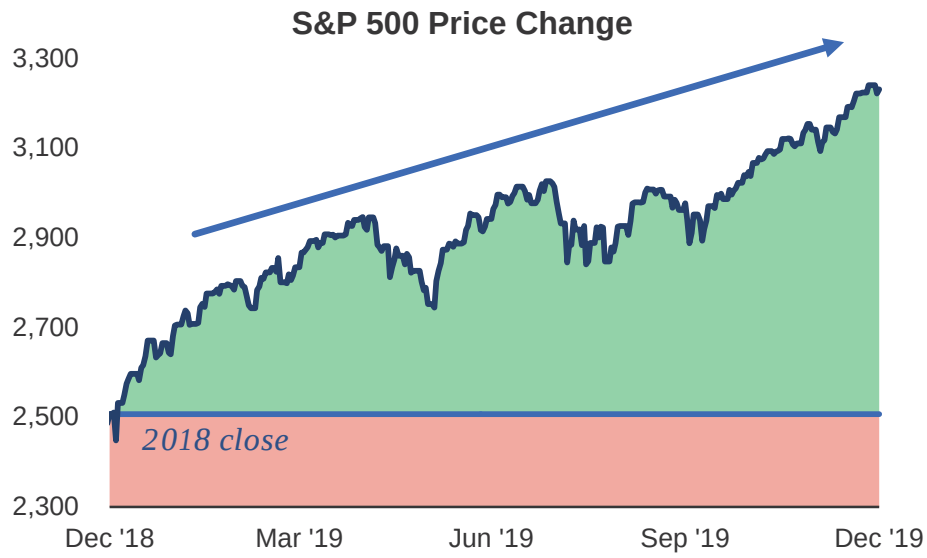
Tab I

Major Moves in 2019

Federal Funds Target Range			
Year	**Starting Range**	**Ending Range**	**# of Hikes/Cuts**
2015	0.00%-0.25%	0.25%-0.50%	1 hike
2016	0.25%-0.50%	0.50%-0.75%	1 hike
2017	0.50%-0.75%	1.25%-1.50%	3 hikes
2018	1.25%-1.50%	2.25%-2.50%	4 hikes
2019	**2.25%-2.50%**	**1.50%-1.75%**	**3 cuts**

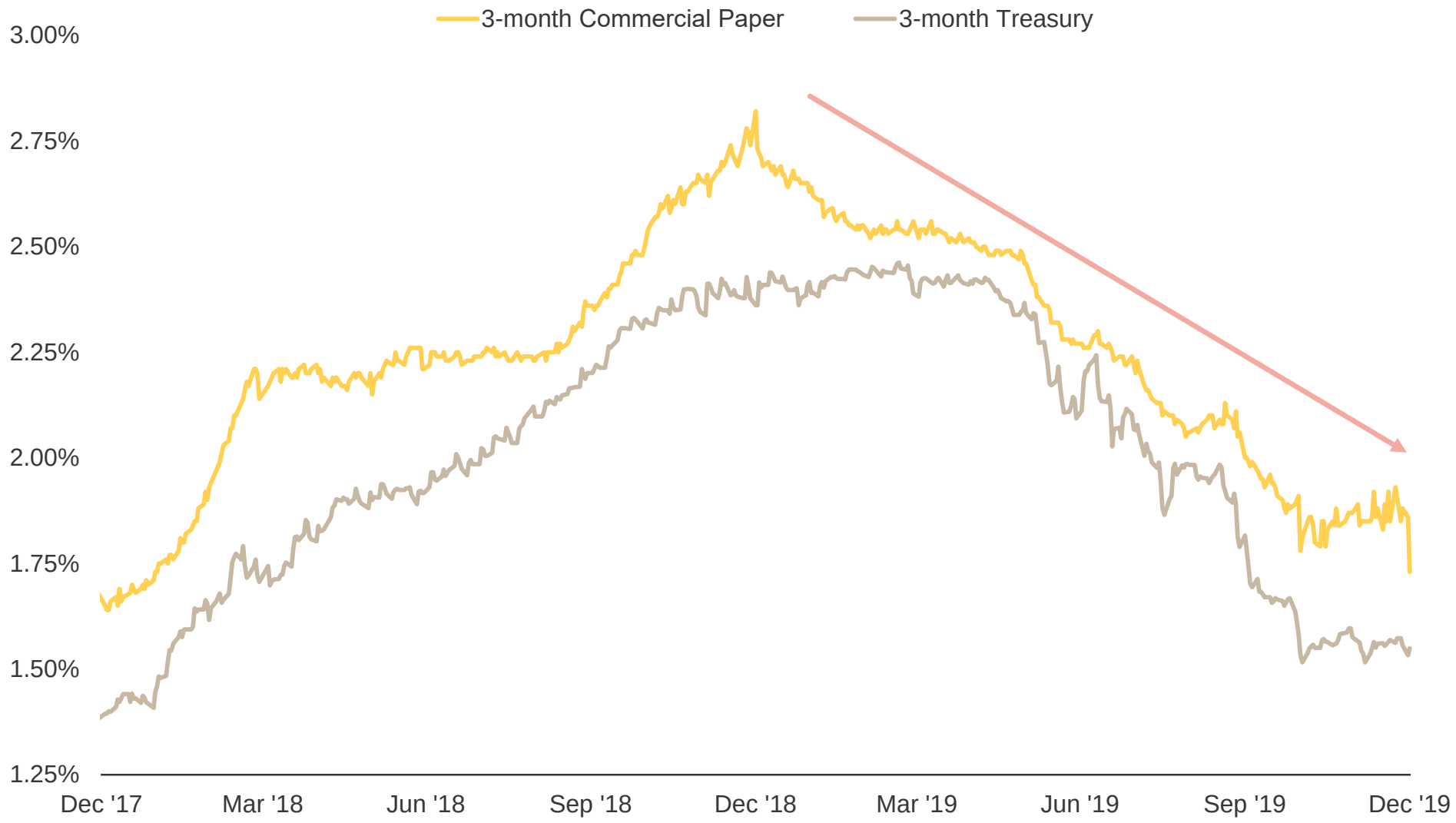






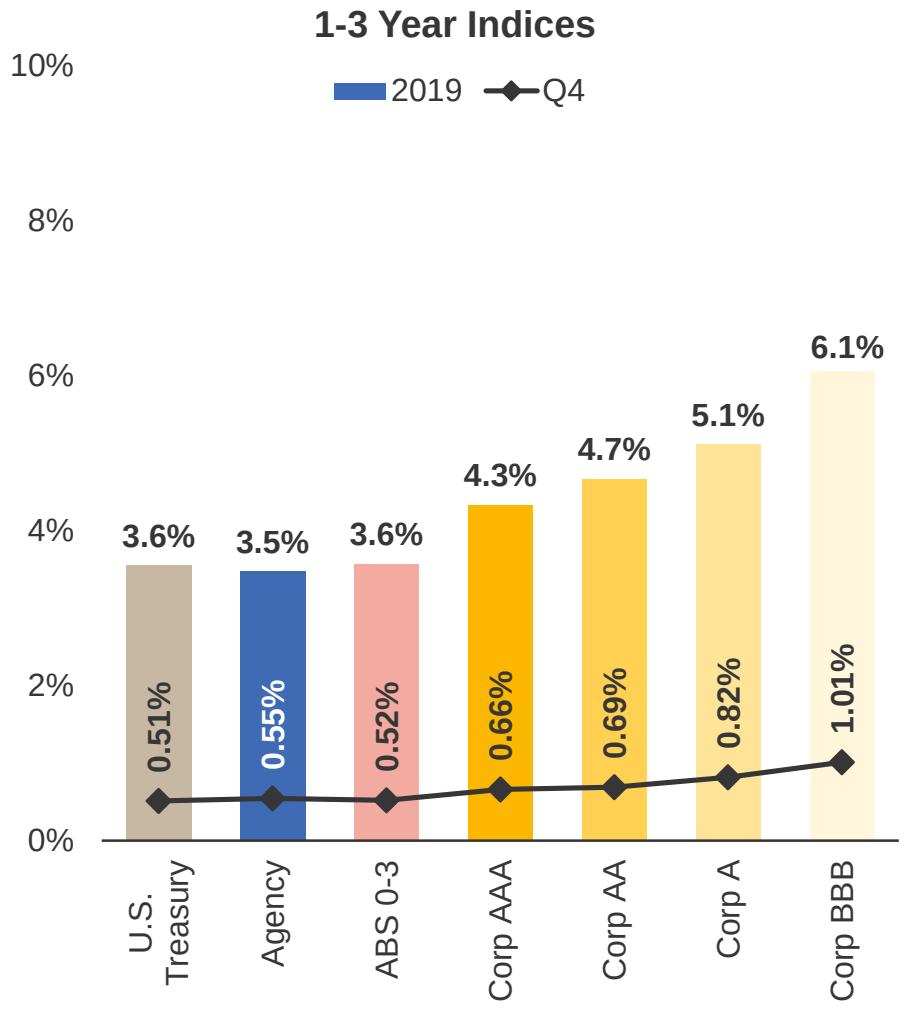
Source: Bloomberg, as of December 31, 2019.

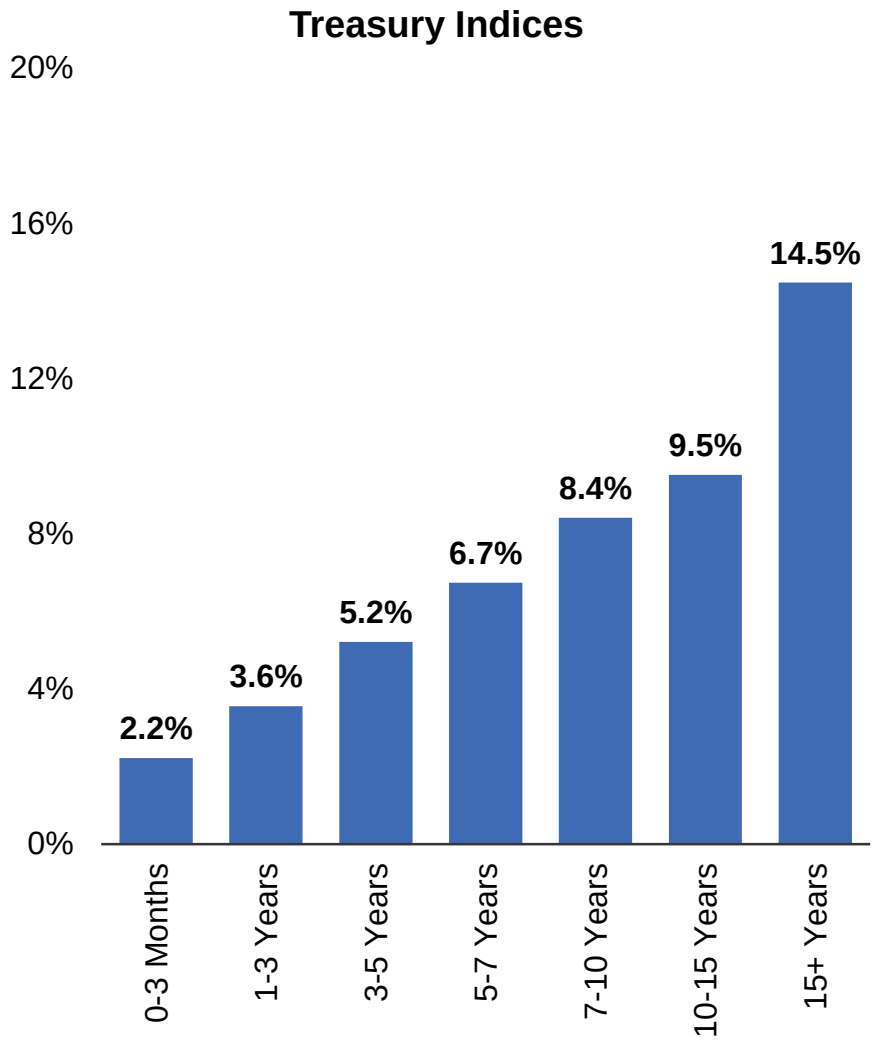
Short-Term Yields Dropped Significantly in 2019



Source: Bloomberg, PFM Trading Desk, as of December 31, 2019. Not a specific recommendation. 3-mo CP yield spread based on A1/P1 rated CP index.

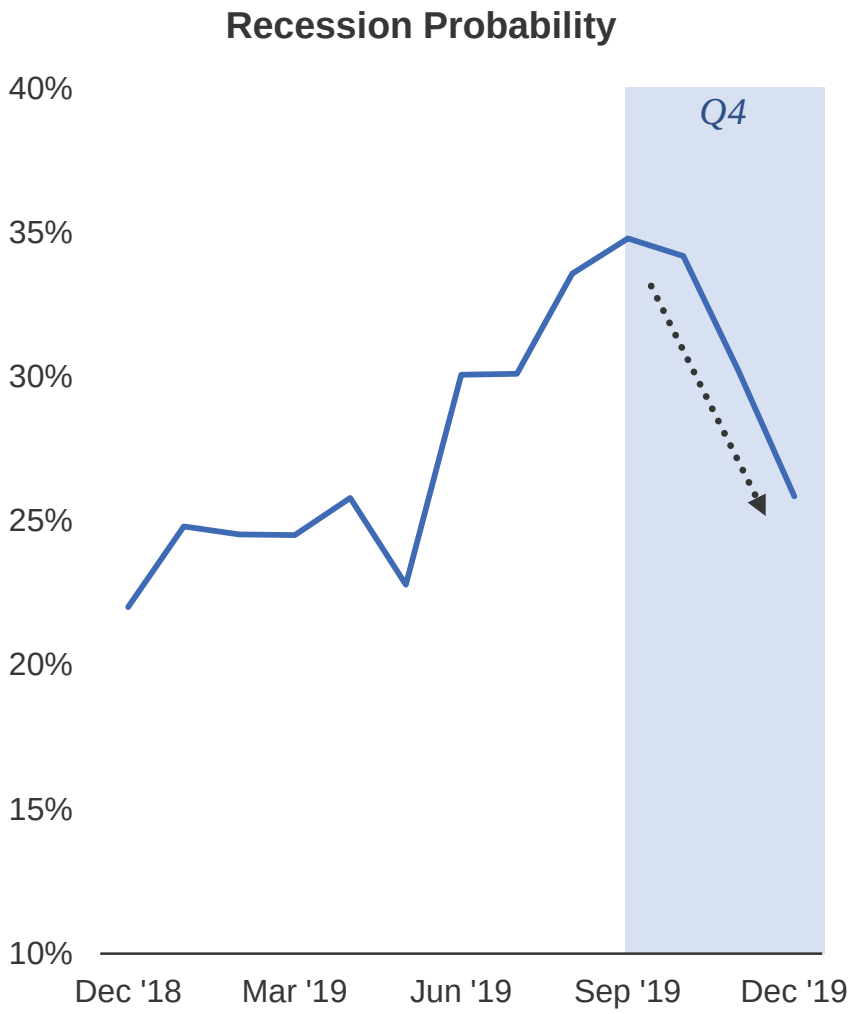
Fixed Income Performance Strong for the Year

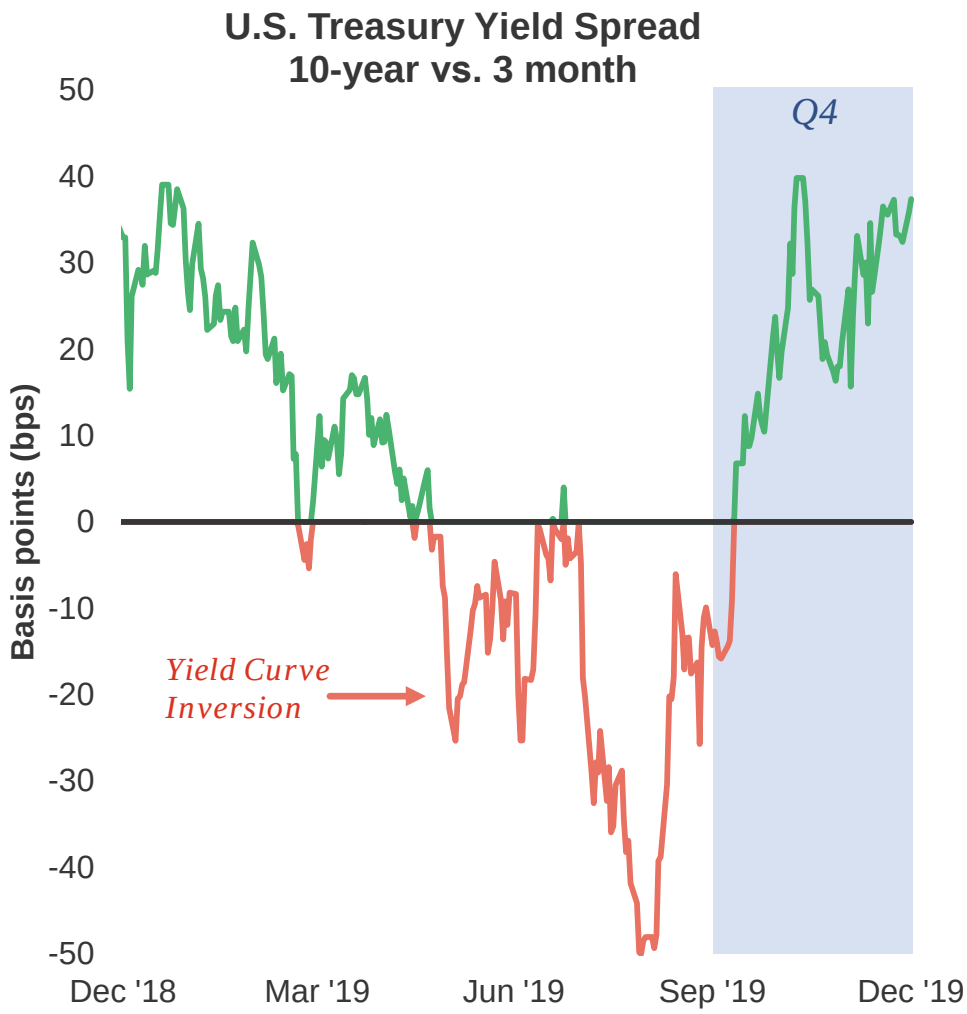




Source: Bloomberg, as of December 31, 2019.

Recession Fears Subsided and Yield Curve Un-Inverted in Fourth Quarter

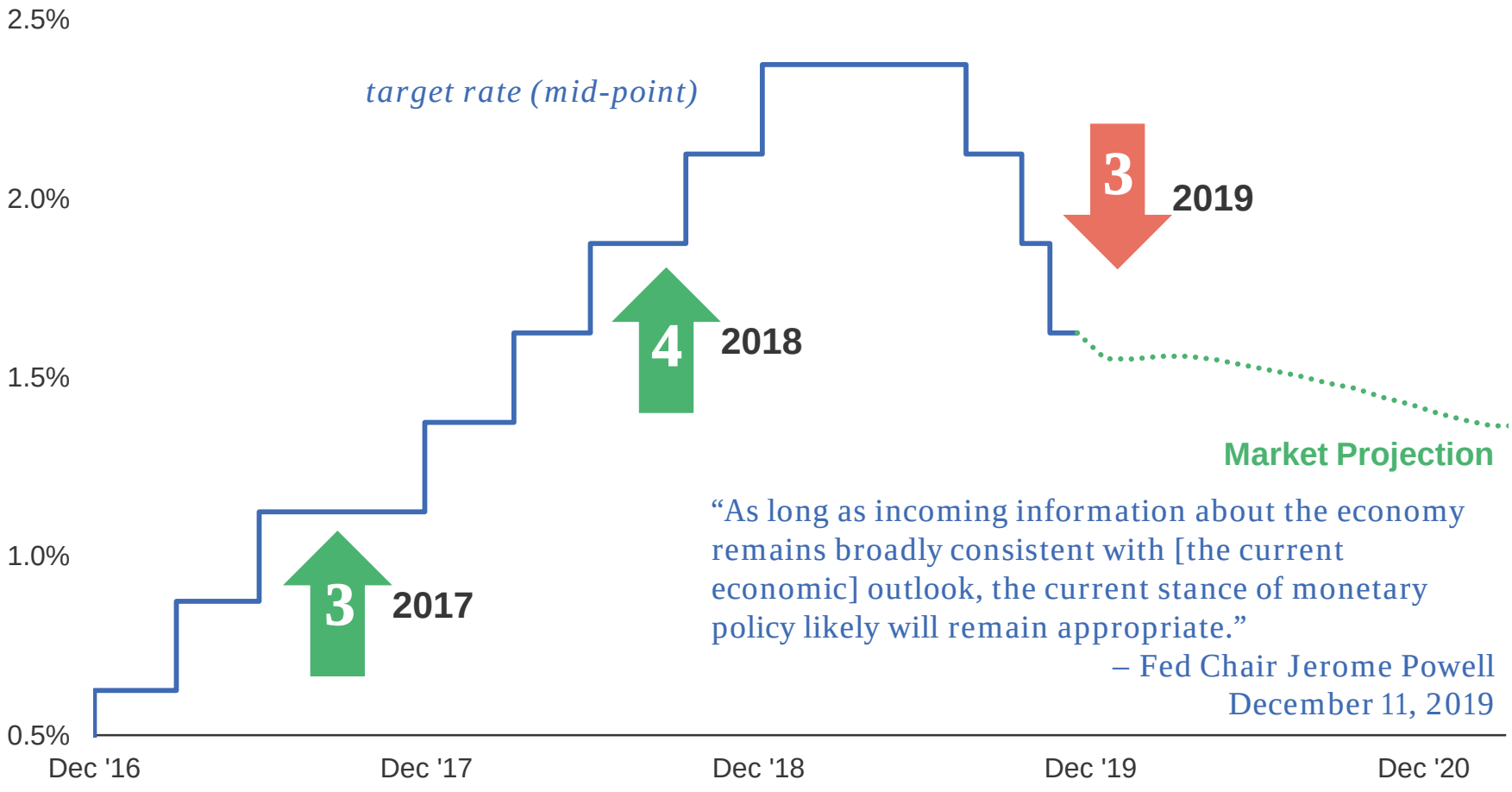




Source: Data as of December 31, 2019. Wall Street Journal Economic Forecasting Survey (left); Bloomberg (right).

The Fed Signals It Is Likely on Hold for an Extended Period of Time

Federal Reserve Target Overnight Rate



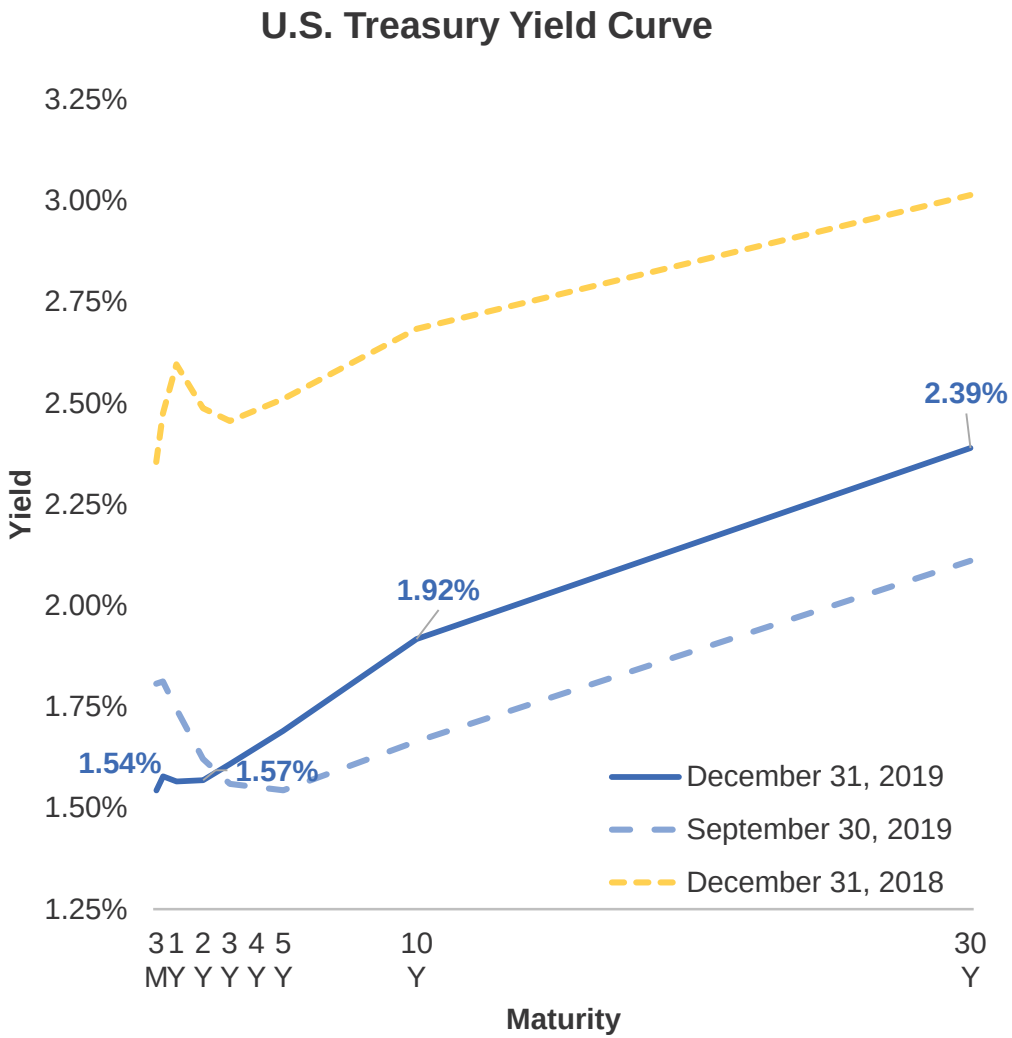
Source: Bloomberg. Market Projection as of December 31, 2019.

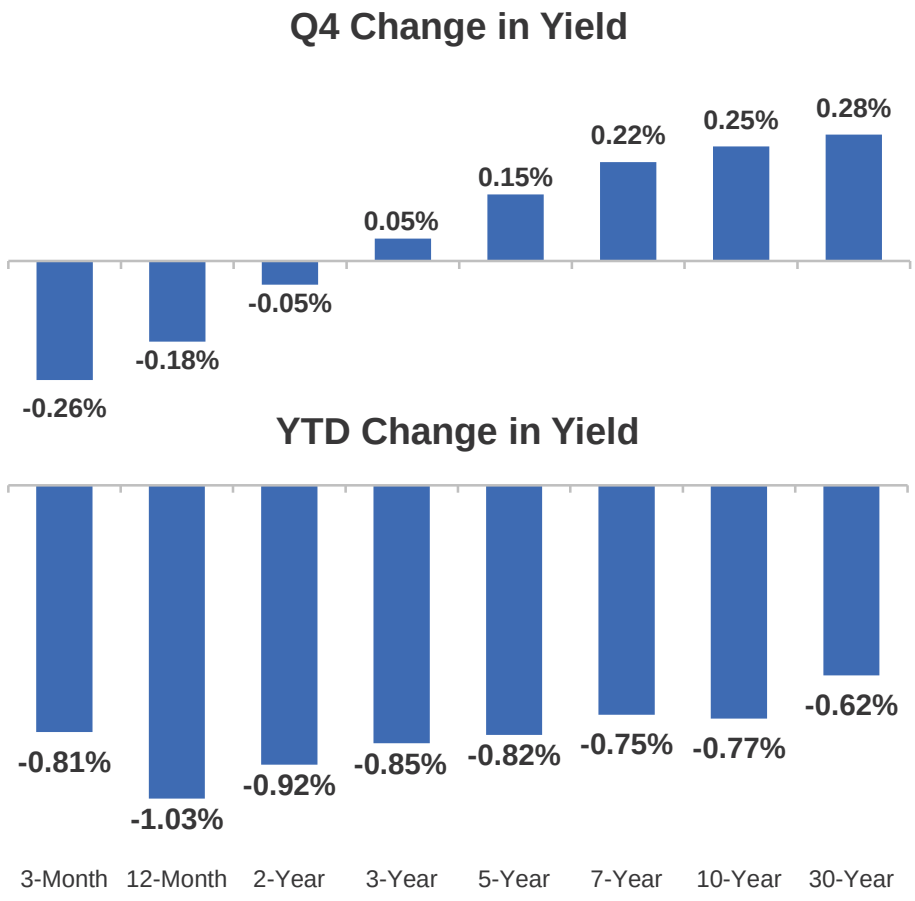
Treasury Yields Have Settled into a New, Lower Range

3-Year U.S. Treasury Bill

Source: Bloomberg, as of December 31, 2019.

Yields Fell in 2019 and the Curve Steepened in the Fourth Quarter

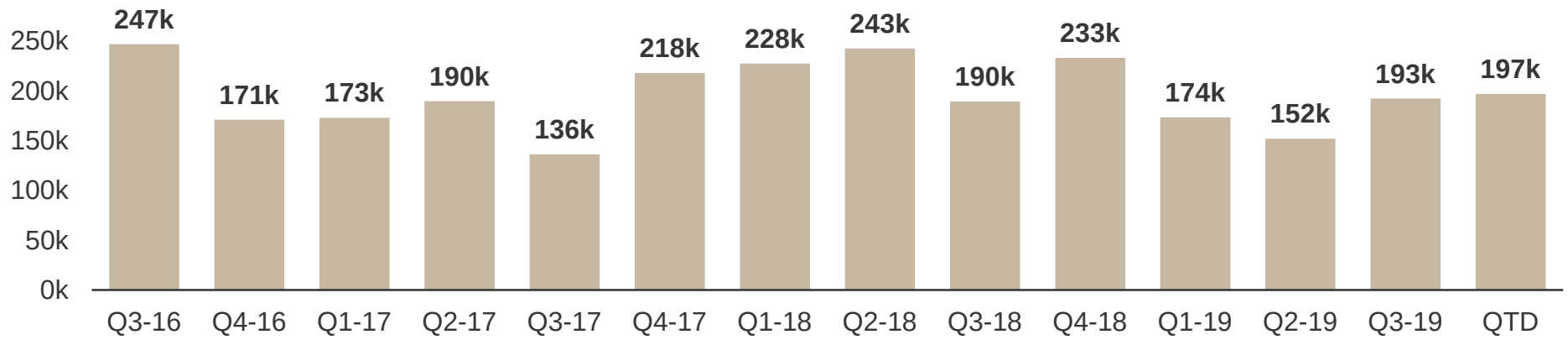




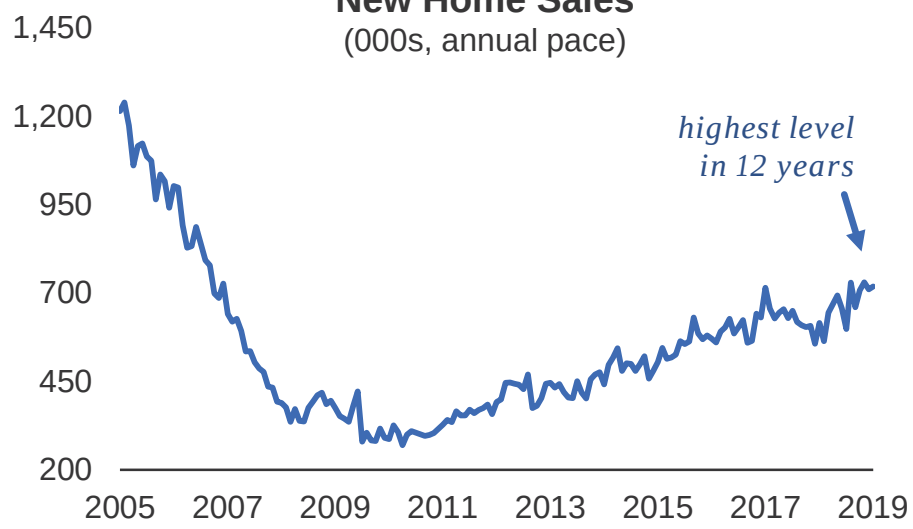
Source: Bloomberg, as of December 31, 2019.

Improving Economic Data Supports the Fed's Hold

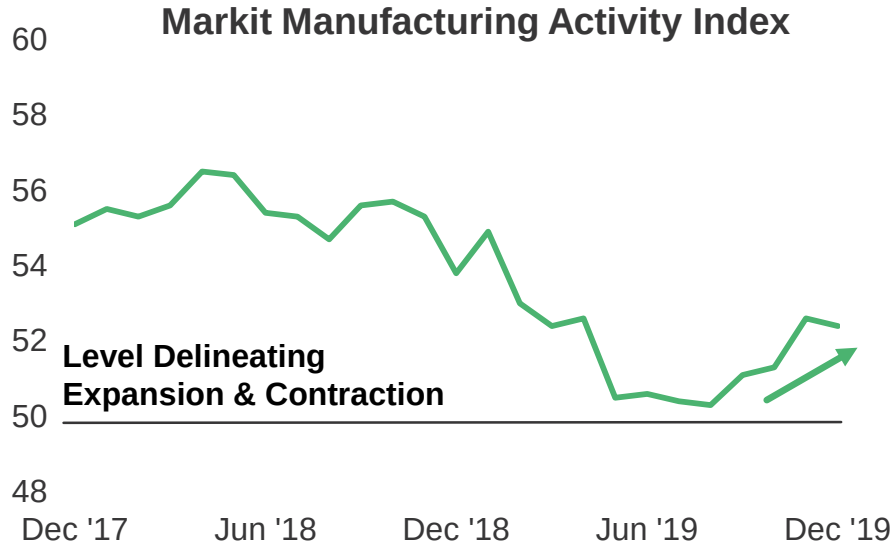
Average Monthly Job Growth



New Home Sales
(000s, annual pace)

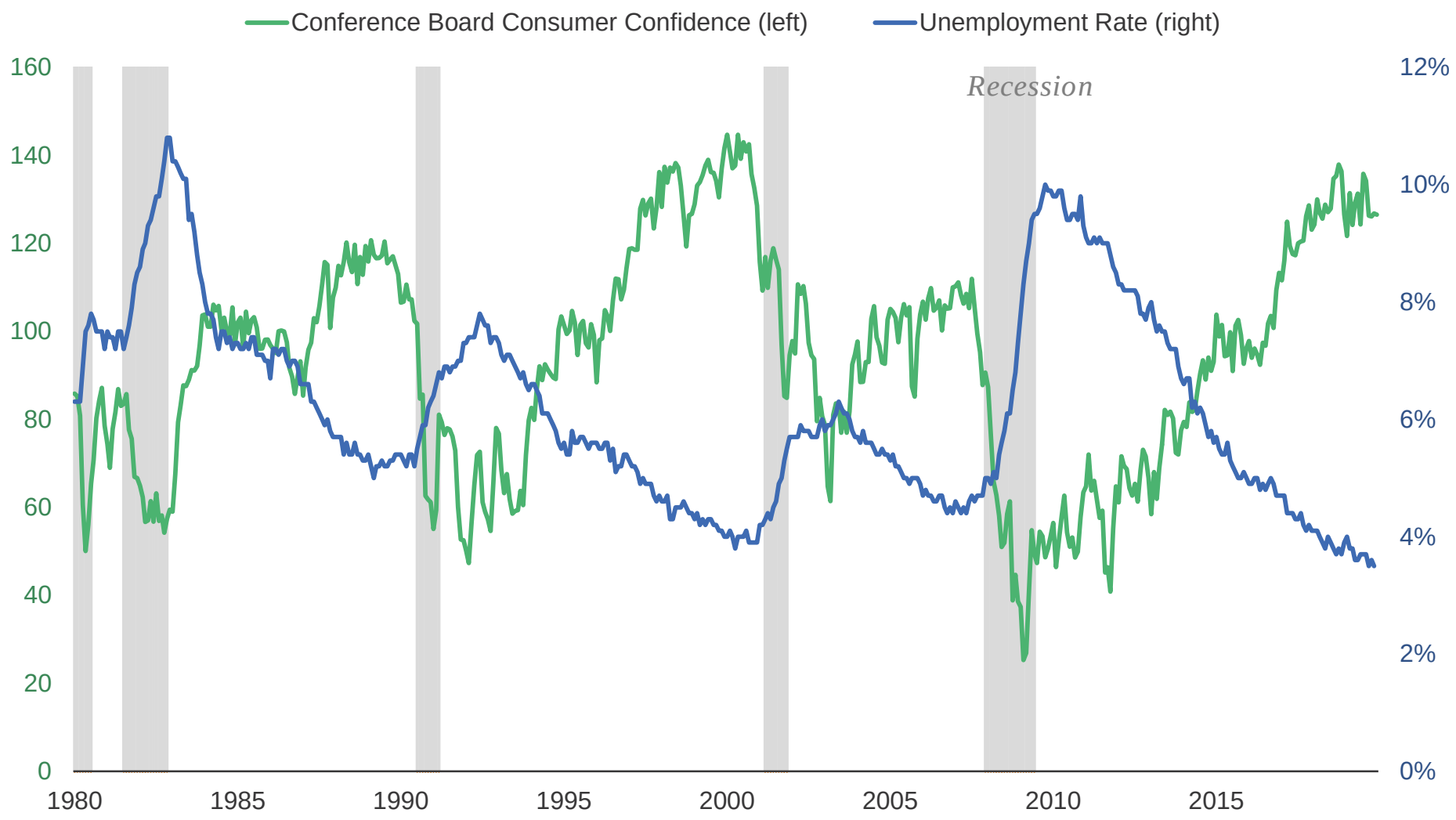


Markit Manufacturing Activity Index



Source: Bloomberg, as of December 31, 2019. QTD includes data for October and November.

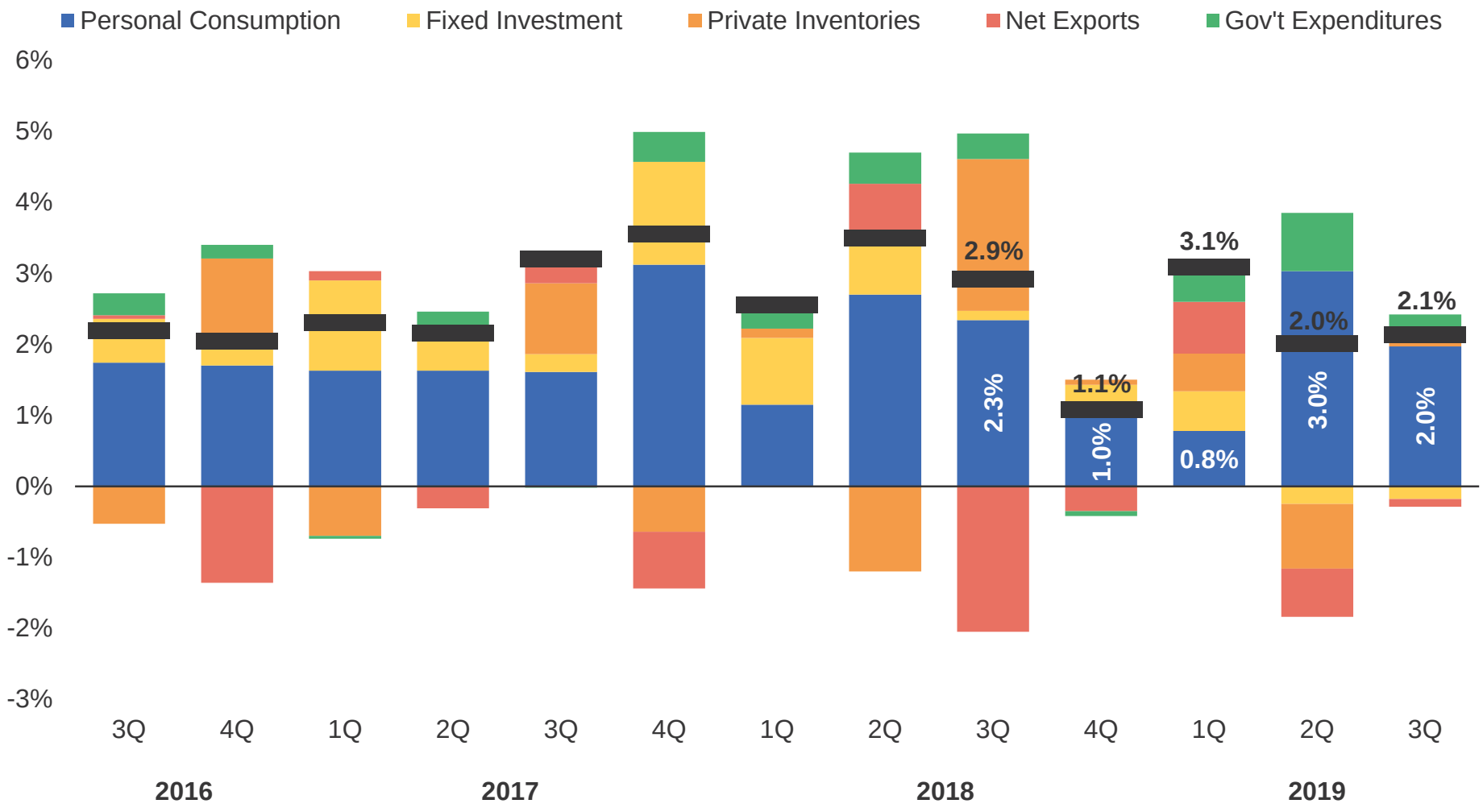
Falling Unemployment Supports Improved Consumer Confidence



Source: Bloomberg, as of December 31, 2019.

The Consumer Remains the Main Driver of Economic Growth

Components of U.S. GDP



Source: Bureau of Economic Analysis.

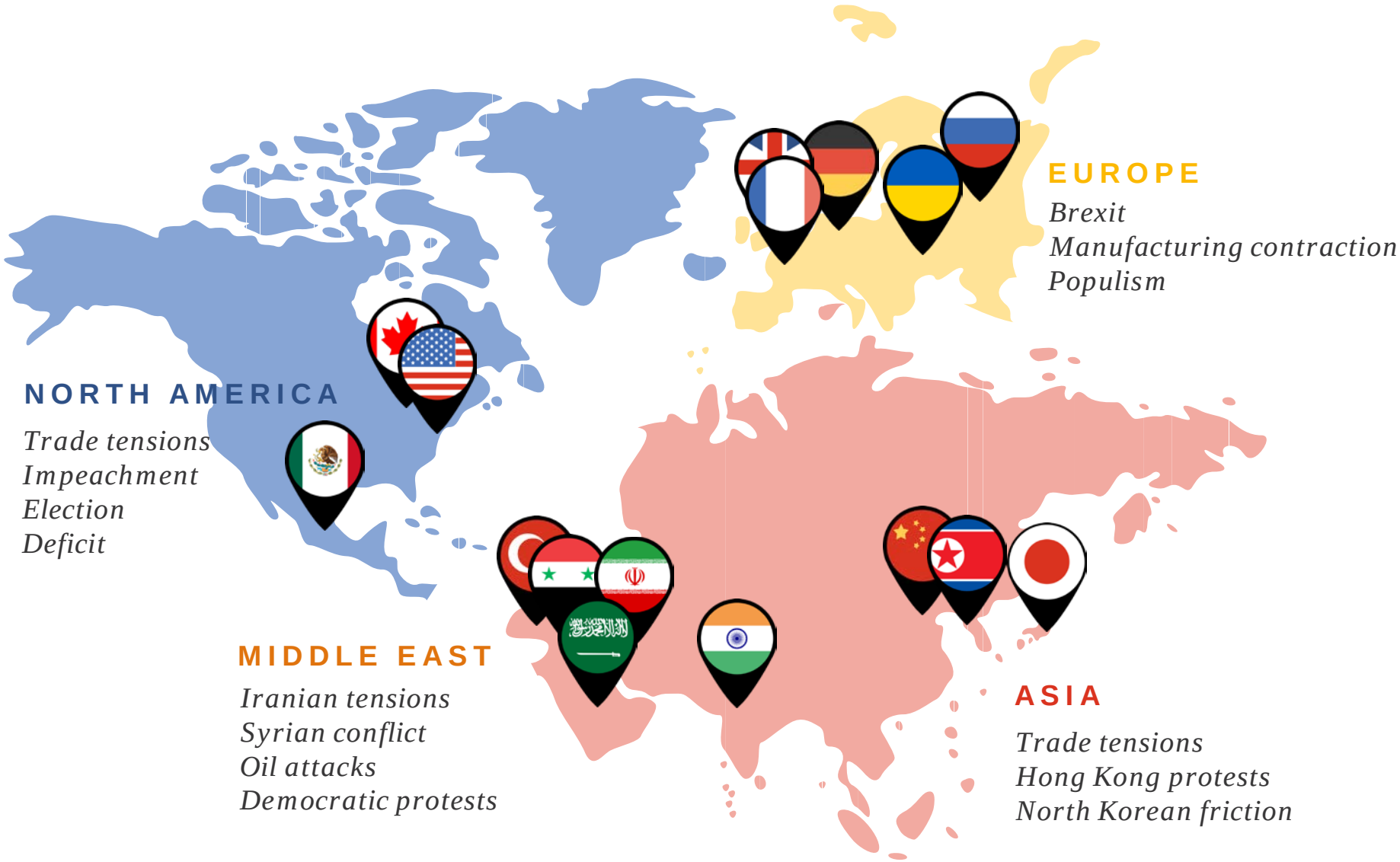
Fixed Income Sector Outlook – January 2020

Sector	Our Investment Preferences	Comments
COMMERCIAL PAPER / CD		• Money market credit spreads remain attractive. New issue supply may increase in the new year.
TREASURIES T-Bill T-Note		• T-Bills have rallied further on Fed purchases and low repo rates. Other short-term instruments remain relatively more attractive. • T-Notes offer attractive yield pickup vs. T-Bills in certain maturities.
FEDERAL AGENCIES Bullets Callables		• Bullet valuations remain near historical tights across the curve and continue to trade in a relatively narrow range. New issues should be evaluated for opportunities to add relative value; otherwise, Treasuries should be preferred. • Redemptions remained elevated during Q4 but have started to slow as rates have begun to stabilize. As a result, new issue supply has slowed as well. Spread pickup vs. bullets remains well below YTD averages, with little chance for outperformance. Accounts should favor bulleted structures vs. callable.
SUPRANATIONALS		• Spreads remain anchored across the curve. Expect modestly wider spreads in Q1 on account of higher issuer funding targets and favorable USD basis. New issues should be evaluated for opportunities to add relative value.
CORPORATES Financials Industrials		• Solid economic data, an accommodative Fed, and positive technicals continue to support the corporate sector. Tight valuations limit the potential for outperformance in 2020. A growing list of uncertainties and pending supply could result in wider spreads and better buying opportunities.
SECURITIZED Asset-Backed Agency Mortgage-Backed Agency CMBS		• AAA-rated ABS yield spreads widened during December and are currently near their 3-year historic average. Broad measures of auto ABS spreads are comparable to spreads on high-quality corporate securities. • Q4 saw strong excess returns from MBS as spreads narrowed significantly. Buyers were enticed by higher spreads, lower volatility, and the expectation that the Fed is on hold. • Agency CMBS spreads widened in December. The sector has good relative value compared to less structured MBS and other government sectors.
MUNICIPALS		• Value remains in new issue taxable deals which continue to be driven by the surge in taxable issuance, an alternative to tax-exempt advance refundings.

● *Current outlook* ○ *Outlook one month ago*

Negative | Slightly Negative | Neutral | Slightly Positive | Positive

Trade Is Foremost among Many Global Concerns



Tab II

PORTFOLIO RECAP

- The portfolio is invested in U.S. Treasuries, Federal Agencies/GSE, and Federal Agency/CMO securities. As of December 31, 2019, the portfolio has an average credit quality of AA+.
- Following three consecutive Fed rate cuts, we continued to maintain portfolio durations in line with benchmarks for the quarter as market expectations called for stable rates well into 2020.
- We continued to de-emphasize agencies and supranationals, generally reducing allocations in favor of other sectors. Value in federal agency and supranational issuers remained extremely limited, largely on scarce supply. Spreads remained near historically tight levels, capping both sectors' excess returns in Q4. In some instances, agencies were trading at yields less than similar maturity Treasuries. We also largely avoided callable agencies during the quarter as early redemption risk remained elevated.
- Following a volatile Q3 in which we opportunistically added to mortgage-backed security (MBS) allocations, Q4 saw a retracement of both volatility and spreads. As a result, the prior period purchases were a boon for portfolio performance as MBS generated relatively attractive excess returns in the quarter
- As of December 31, 2019, the City's portfolio returned 0.36% for the fourth quarter, outperforming the benchmark's performance of 0.35%.
- Exclusive of funds in money market vehicles, the City's portfolio duration and yield to maturity at cost ended 4Q19 at 2.54 years and 2.05%, respectively.

PORTFOLIO STRATEGY

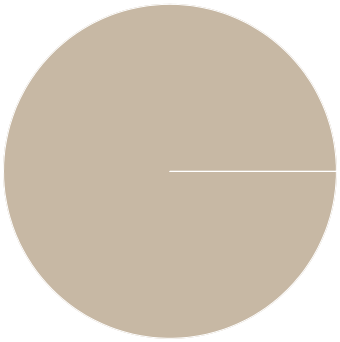
- We expect the Fed to remain on hold for an extended period and rates to remain mostly range-bound in the near-term. As a result, we plan to continue a duration-neutral strategy relative to benchmarks.
- Federal agency yield spreads remain very tight after trading in a close range for most of 2019. We do not expect this to change. We continue to favor further reductions in agency holdings as their benefit and upside is limited.
- A seasonal slowdown and a more stable rate environment are expected to restrain mortgage-backed securities (MBS) prepayments, improving their risk-adjusted return prospects. Although we continue to favor structures that are less sensitive to interest rate movements, like commercial MBS (CMBS) and well-seasoned mortgage pools, the spread environment across structures and coupons make the sector more broadly attractive for longer-term allocations.

Portfolio Statistics

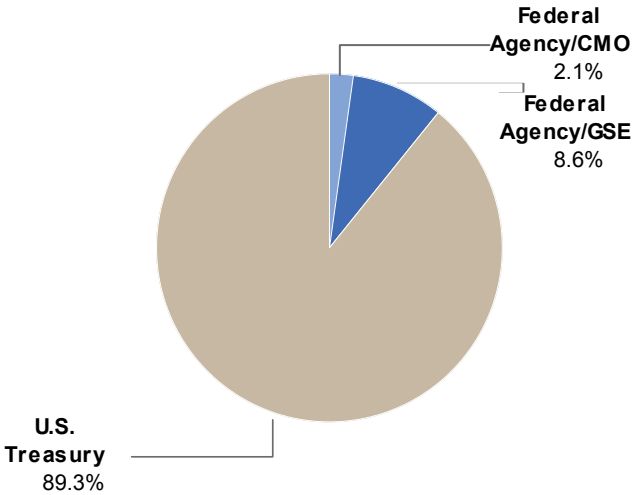
As of December 31, 2019

Par Value:	$30,189,827
Total Market Value:	$30,828,624
Security Market Value:	$30,640,050
Accrued Interest:	$129,452
Cash:	$59,122
Amortized Cost:	$30,383,364
Yield at Market:	1.62%
Yield at Cost:	2.05%
Effective Duration:	2.54 Years
Duration to Worst:	2.52 Years
Average Maturity:	2.66 Years
Average Credit: *	AA+

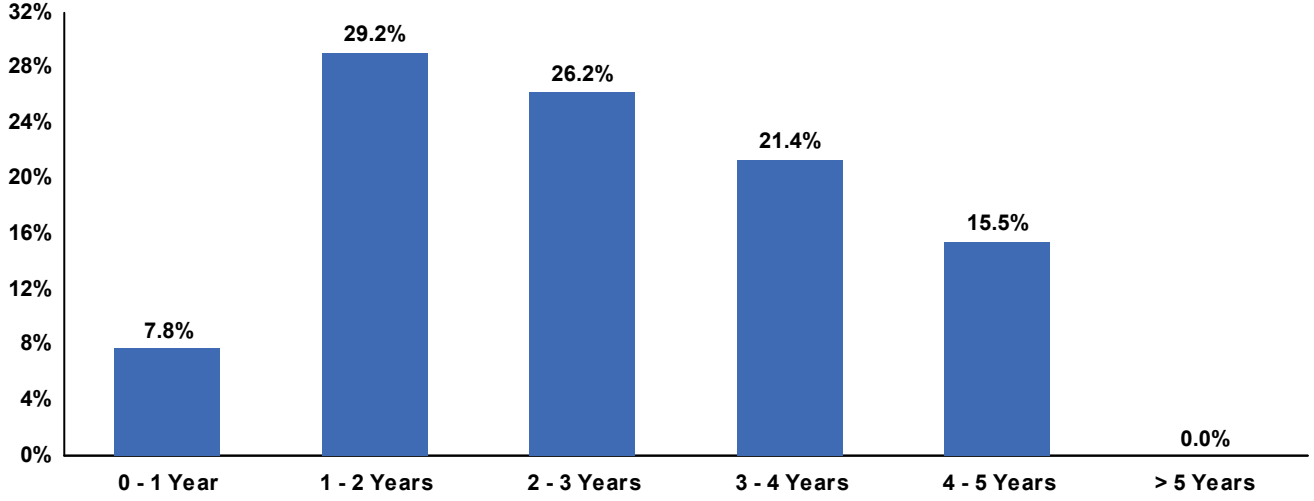
Credit Quality (S&P Ratings)



Sector Allocation



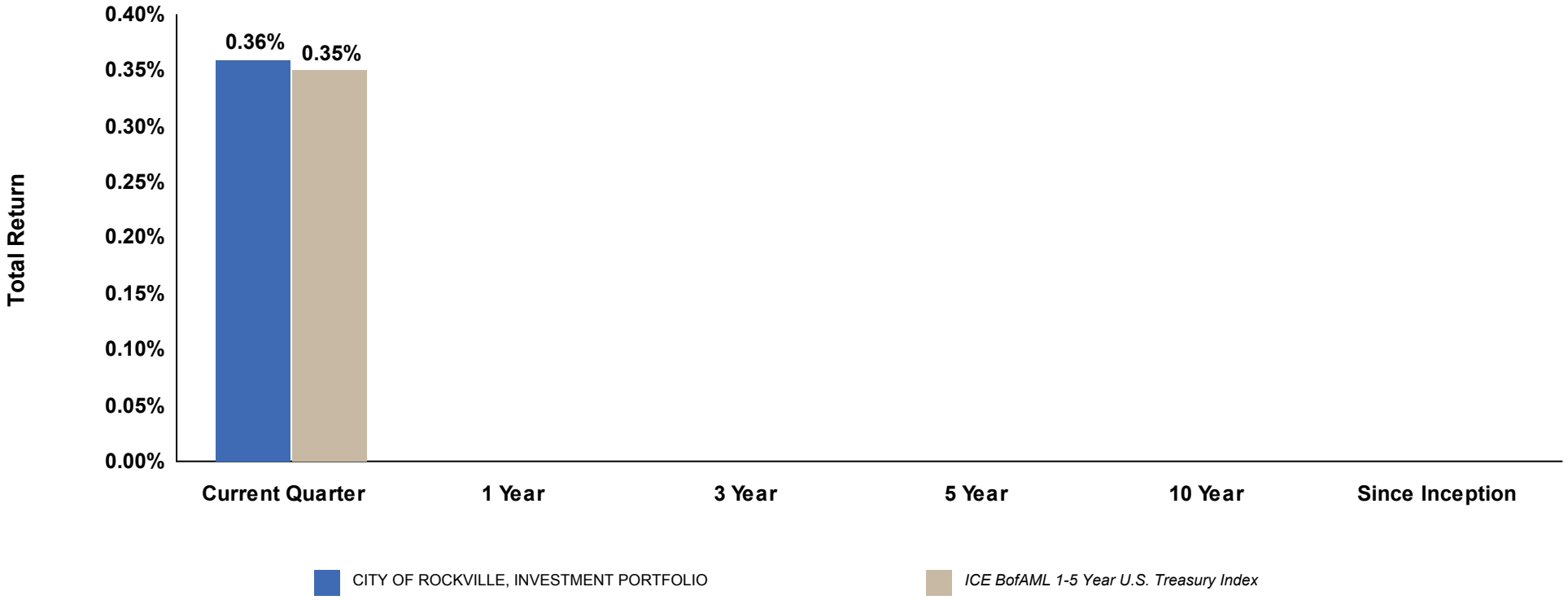
Maturity Distribution



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

Portfolio Performance (Total Return)

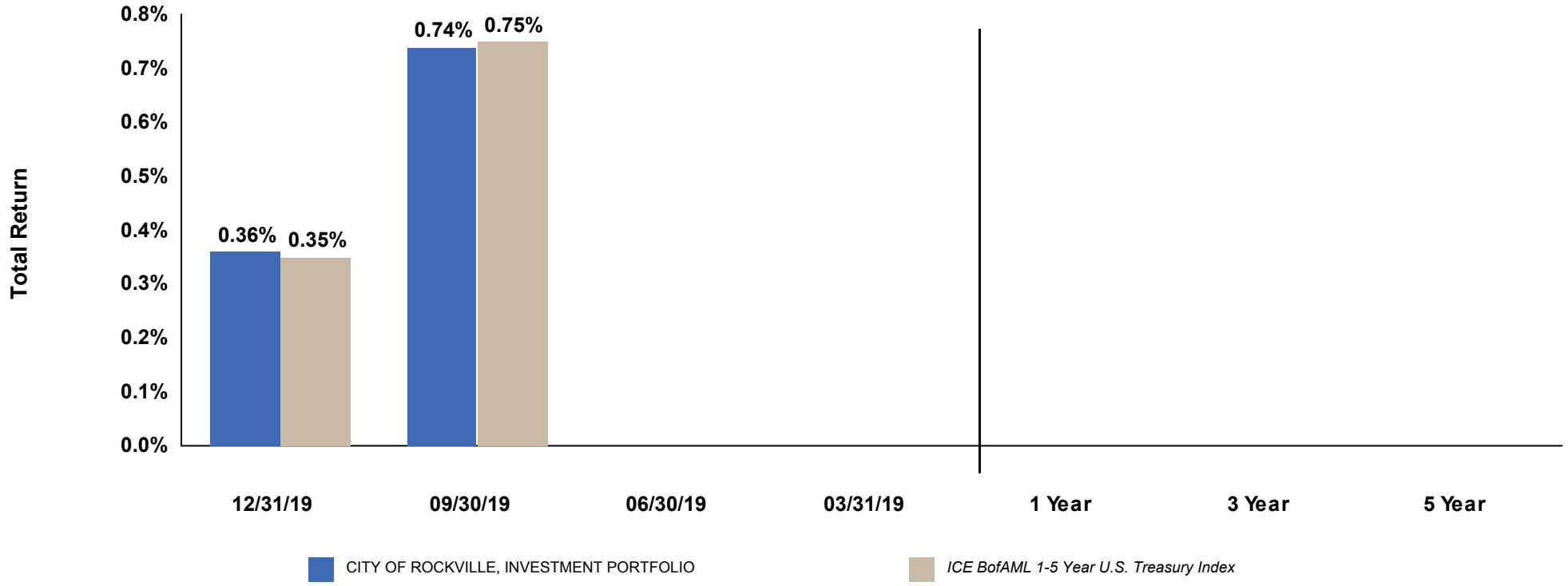
Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return 3 Year	5 Year	10 Year	Since Inception (06/30/19) **
CITY OF ROCKVILLE, INVESTMENT PORTFOLIO	2.54	0.36%	-	-	-	-	-
ICE BofAML 1-5 Year U.S. Treasury Index	*2.55*	*0.35%*	-	-	-	-	-
Difference		0.01%	-	-	-	-	-



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

Portfolio Performance (Total Return)

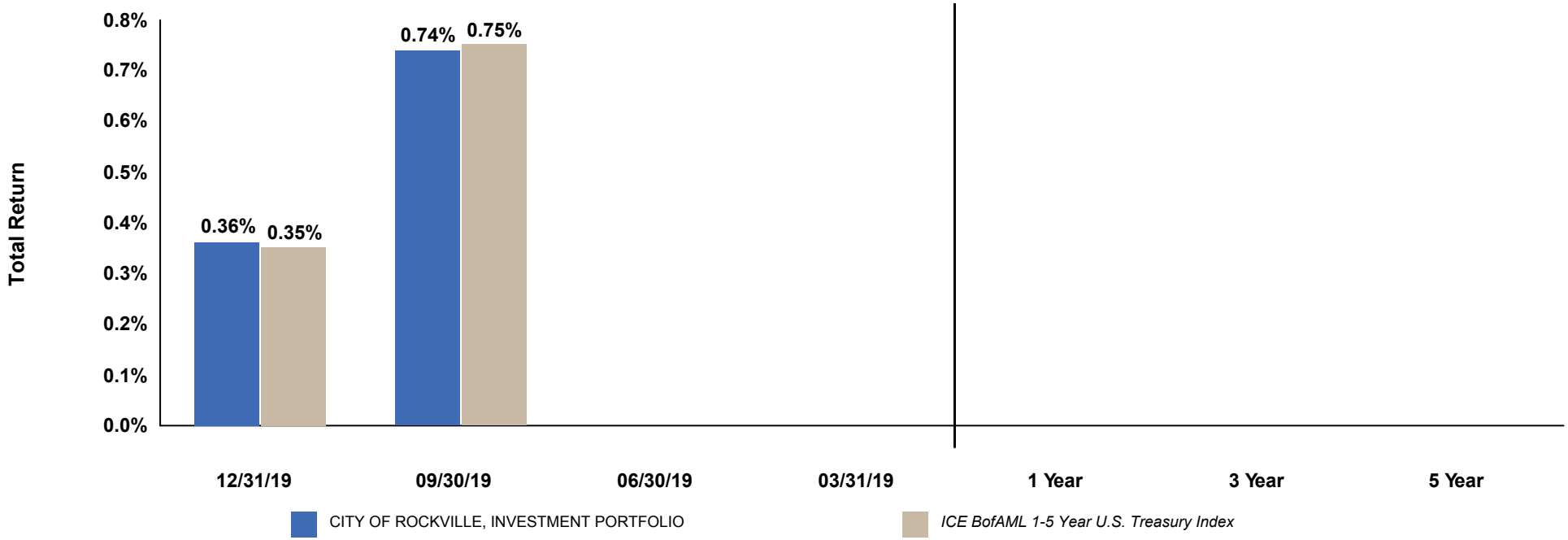
Portfolio/Benchmark	Effective Duration	Quarter Ended 12/31/19	09/30/19	06/30/19	03/31/19	1 Year	Annualized Return 3 Year	5 Year
CITY OF ROCKVILLE, INVESTMENT PORTFOLIO	2.54	0.36%	0.74%	-	-	-	-	-
ICE BofAML 1-5 Year U.S. Treasury Index	*2.55*	*0.35%*	*0.75%*	-	-	-	-	-
Difference		0.01%	-0.01%	-	-	-	-	-



Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended 12/31/19	09/30/19	06/30/19	03/31/19	1 Year	Annualized Return 3 Year	5 Year
CITY OF ROCKVILLE, INVESTMENT PORTFOLIO	2.54	0.36%	0.74%	-	-	-	-	-
Net of Fees **	-	0.34%	0.72%	-	-	-	-	-
ICE BofAML 1-5 Year U.S. Treasury Index	2.55	0.35%	*0.75%*	-	-	-	-	-
Difference (Gross)		0.01%	-0.01%	-	-	-	-	-
Difference (Net)		-0.01%	-0.03%	-	-	-	-	-



*Portfolio performance is gross of fees unless otherwise indicated. ** Fees were calculated based on average assets during the period at the contractual rate.*

Portfolio Earnings

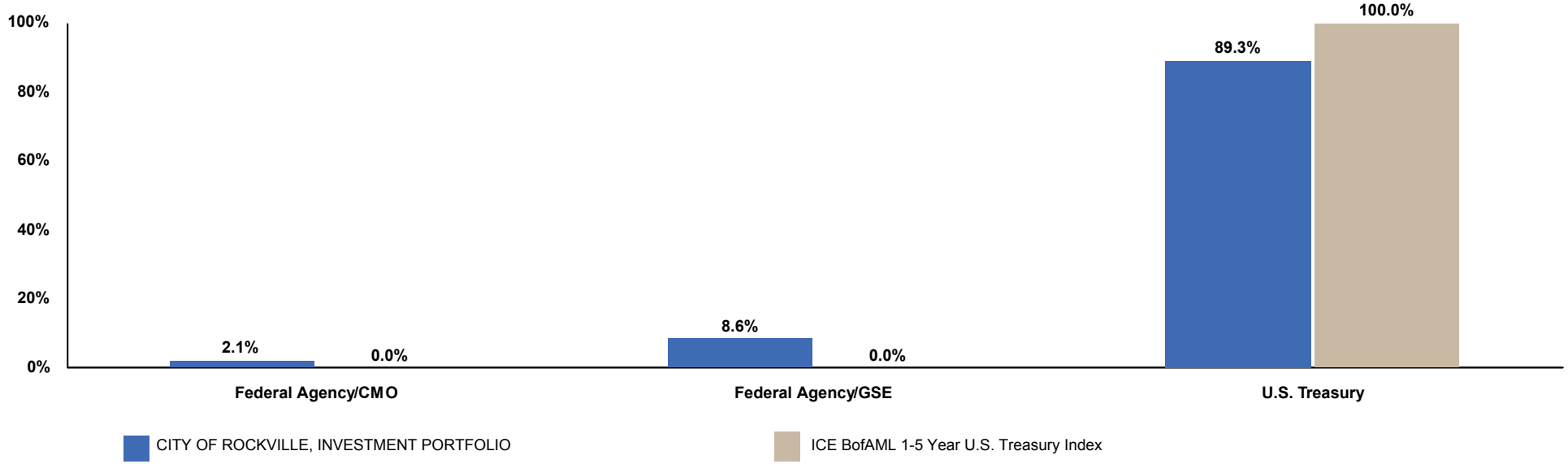
Quarter-Ended December 31, 2019

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	$30,473,312.27	$30,143,043.33
Net Purchases/Sales	$216,798.68	$216,798.68
Change in Value	($50,060.62)	$23,522.27
Ending Value (12/31/2019)	$30,640,050.33	$30,383,364.28
Interest Earned	$159,312.51	$159,312.51
Portfolio Earnings	$109,251.89	$182,834.78

Sector Allocation

As of December 31, 2019

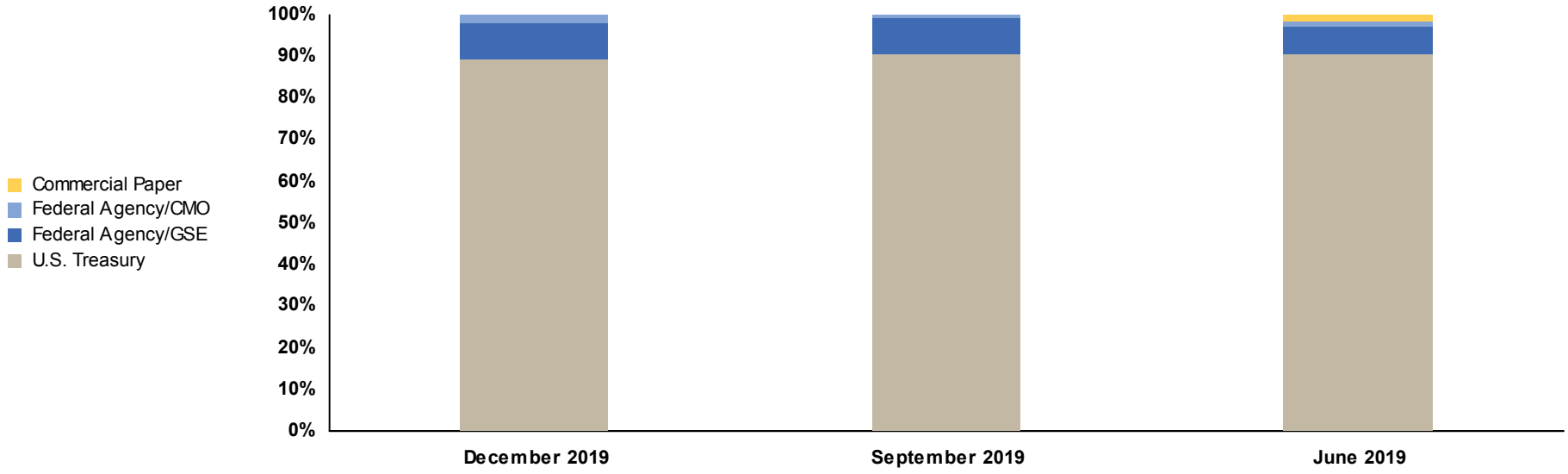
Sector	Market Value ($)	% of Portfolio	% of Benchmark
U.S. Treasury	27,341,484	89.3%	*100.0%*
Federal Agency/GSE	2,645,587	8.6%	-
Federal Agency/CMO	652,979	2.1%	-
Total	**$30,640,050**	**100.0%**	***100.0%***



Detail may not add to total due to rounding.

Sector Allocation

Sector	December 31, 2019 MV ($MM)	December 31, 2019 % of Total	September 30, 2019 MV ($MM)	September 30, 2019 % of Total	June 30, 2019 MV ($MM)	June 30, 2019 % of Total	March 31, 2019 MV ($MM)	March 31, 2019 % of Total
U.S. Treasury	27.3	89.3%	27.5	90.3%	27.5	90.5%	0.0	0.0%
Federal Agency/GSE	2.6	8.6%	2.6	8.7%	2.0	6.5%	0.0	0.0%
Federal Agency/CMO	0.7	2.1%	0.3	1.0%	0.3	1.0%	0.0	0.0%
Commercial Paper	0.0	0.0%	0.0	0.0%	0.6	2.0%	0.0	0.0%
Total	**$30.6**	**100.0%**	**$30.5**	**100.0%**	**$30.4**	**100.0%**	**$0.0**	**0.0%**

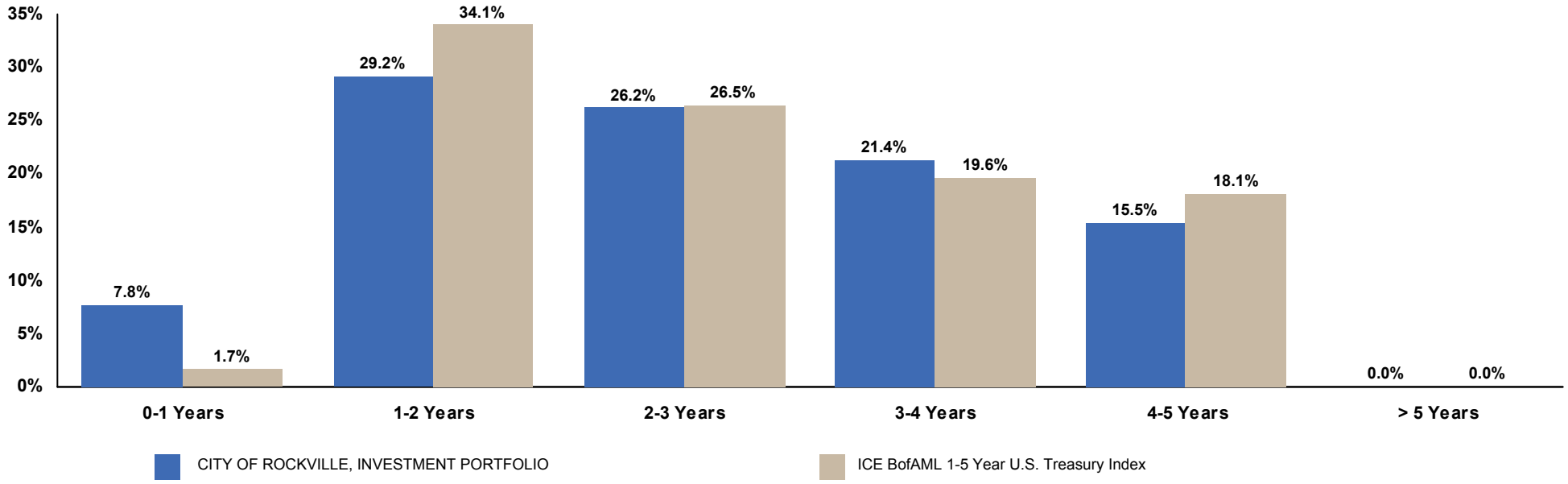


Detail may not add to total due to rounding.

Maturity Distribution

As of December 31, 2019

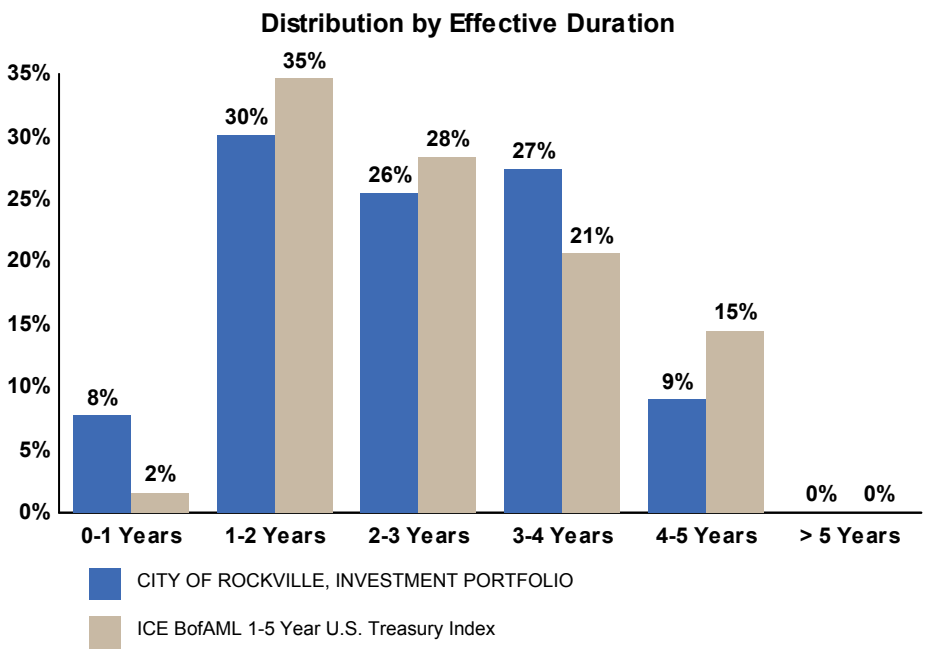
Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF ROCKVILLE, INVESTMENT PORTFOLIO	1.62%	2.66 yrs	7.8%	29.2%	26.2%	21.4%	15.5%	0.0%
ICE BofAML 1-5 Year U.S. Treasury Index	*1.62%*	*2.72 yrs*	*1.7%*	*34.1%*	*26.5%*	*19.6%*	*18.1%*	*0.0%*

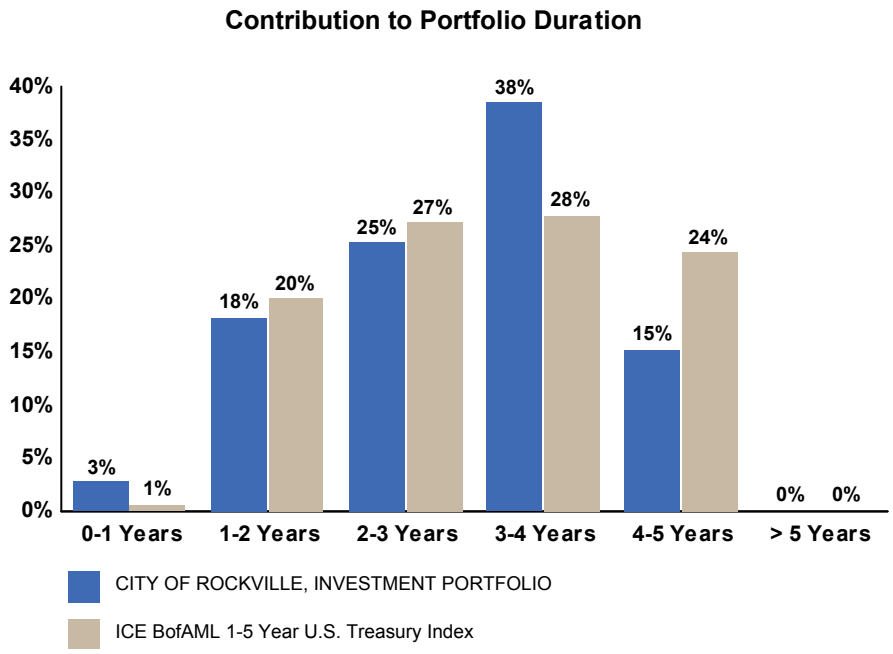


Duration Distribution

As of December 31, 2019

Portfolio / Benchmark	Effective Duration	0-1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
CITY OF ROCKVILLE, INVESTMENT PORTFOLIO	2.54	7.8%	30.2%	25.6%	27.4%	9.0%	0.0%
ICE BofAML 1-5 Year U.S. Treasury Index	*2.55*	*1.7%*	*34.7%*	*28.4%*	*20.7%*	*14.5%*	*0.0%*





Issuer Distribution

As of December 31, 2019

Issuer	Market Value ($)	% of Portfolio
UNITED STATES TREASURY	27,341,484	89.2%
FEDERAL HOME LOAN BANKS	2,198,548	7.2%
FANNIE MAE	686,813	2.2%
FREDDIE MAC	413,206	1.4%
Grand Total:	**30,640,050**	**100.0%**

Sector/Issuer Distribution

As of December 31, 2019

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Federal Agency/CMO			
FANNIE MAE	239,773	36.7%	0.8%
FREDDIE MAC	413,206	63.3%	1.3%
Sector Total	**652,979**	**100.0%**	**2.1%**
Federal Agency/GSE			
FANNIE MAE	447,039	16.9%	1.5%
FEDERAL HOME LOAN BANKS	2,198,548	83.1%	7.2%
Sector Total	**2,645,587**	**100.0%**	**8.6%**
U.S. Treasury			
UNITED STATES TREASURY	27,341,484	100.0%	89.2%
Sector Total	**27,341,484**	**100.0%**	**89.2%**
Portfolio Total	**30,640,050**	**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									
9/30/19	10/3/19	950,000	9128284A5	US TREASURY N/B NOTES	2.62%	2/28/23	984,842.85	1.59%	
10/31/19	11/4/19	120,000	9128282Y5	US TREASURY NOTES	2.12%	9/30/24	123,417.29	1.56%	
10/31/19	11/4/19	475,000	9128282S8	US TREASURY NOTES	1.62%	8/31/22	477,565.85	1.53%	
10/31/19	11/4/19	300,000	912828S35	US TREASURY NOTES	1.37%	6/30/23	299,642.32	1.54%	
10/31/19	11/4/19	100,000	9128285L0	UNITED STATES TREASURY NOTES	2.87%	11/15/21	103,960.94	1.56%	
11/1/19	11/4/19	225,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	223,563.14	1.58%	
11/20/19	11/26/19	110,000	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	110,157.17	2.03%	
12/2/19	12/4/19	500,000	9128282Y5	US TREASURY NOTES	2.12%	9/30/24	512,160.39	1.68%	
12/2/19	12/4/19	400,000	9128284S6	US TREASURY N/B NOTES	2.75%	5/31/23	414,995.22	1.65%	
12/13/19	12/18/19	230,000	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	241,539.96	1.04%	
Total BUY		**3,410,000**					**3,491,845.13**		
INTEREST									
10/1/19	10/1/19	0	MONEY0002	MONEY MARKET FUND			16.33		
10/1/19	10/25/19	300,000	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
10/15/19	10/15/19	4,000,000	9128285F3	UNITED STATES TREASURY NOTES	2.87%	10/15/21	57,500.00		
10/31/19	10/31/19	305,000	912828X70	US TREASURY N/B NOTES	2.00%	4/30/24	3,050.00		
10/31/19	10/31/19	3,200,000	9128283C2	US TREASURY N/B NOTES	2.00%	10/31/22	32,000.00		
10/31/19	10/31/19	3,500,000	9128285K2	US TREASURY N/B	2.87%	10/31/23	50,312.50		
10/31/19	10/31/19	3,550,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	33,281.25		
11/1/19	11/25/19	300,000	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
11/1/19	11/1/19	0	MONEY0002	MONEY MARKET FUND			135.31		
11/15/19	11/15/19	800,000	912828WJ5	US TREASURY NOTES	2.50%	5/15/24	10,000.00		
11/15/19	11/15/19	100,000	9128285L0	UNITED STATES TREASURY NOTES	2.87%	11/15/21	1,437.50		

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
11/30/19	11/30/19	2,380,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	19,337.50		
11/30/19	11/30/19	420,000	912828U57	US TREASURY NOTES	2.12%	11/30/23	4,462.50		
12/1/19	12/25/19	110,000	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	191.77		
12/1/19	12/25/19	300,000	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
12/2/19	12/2/19	0	MONEY0002	MONEY MARKET FUND			50.20		
12/9/19	12/9/19	1,000,000	3133834G3	FEDERAL HOME LOAN BANKS NOTES	2.12%	6/9/23	10,625.00		
12/31/19	12/31/19	300,000	912828S35	US TREASURY NOTES	1.37%	6/30/23	2,062.50		
12/31/19	12/31/19	200,000	912828XX3	US TREASURY N/B NOTES	2.00%	6/30/24	2,000.00		
Total INTEREST		**20,765,000**					**228,555.61**		
PAYDOWNS									
12/1/19	12/25/19	173	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	172.90		0.00
Total PAYDOWNS		**173**					**172.90**		**0.00**
SELL									
9/30/19	10/3/19	1,000,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	1,003,518.61	1.80%	6,119.17
10/31/19	11/4/19	1,000,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	1,007,126.88	1.61%	7,700.77
11/20/19	11/26/19	110,000	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	112,999.32	1.58%	3,185.20
12/2/19	12/4/19	925,000	912828Q37	US TREASURY NOTES	1.25%	3/31/21	921,597.40	1.70%	7,122.29
12/13/19	12/18/19	240,000	9128285K2	US TREASURY N/B	2.87%	10/31/23	251,841.14	1.65%	5,691.93
Total SELL		**3,275,000**					**3,297,083.35**		**29,819.36**

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 11/30/2015 1.625% 11/30/2020	912828M98	2,380,000.00	AA+	Aaa	5/6/2019	5/7/2019	2,353,875.78	2.34	3,381.42	2,364,674.66	2,379,443.08
US TREASURY NOTES DTD 03/31/2016 1.250% 03/31/2021	912828Q37	3,285,000.00	AA+	Aaa	5/6/2019	5/7/2019	3,221,224.81	2.30	10,433.91	3,242,880.68	3,269,987.55
US TREASURY N/B NOTES DTD 08/31/2016 1.125% 08/31/2021	9128282F6	300,000.00	AA+	Aaa	9/3/2019	9/5/2019	298,031.25	1.46	1,140.45	298,349.15	297,691.50
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	4,000,000.00	AA+	Aaa	5/6/2019	5/7/2019	4,056,250.00	2.28	24,508.20	4,041,508.48	4,089,688.00
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	225,000.00	AA+	Aaa	11/1/2019	11/4/2019	223,532.23	1.58	479.05	223,648.45	223,646.40
UNITED STATES TREASURY NOTES DTD 11/15/2018 2.875% 11/15/2021	9128285L0	100,000.00	AA+	Aaa	10/31/2019	11/4/2019	102,609.38	1.56	371.22	102,407.75	102,359.40
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	3,550,000.00	AA+	Aaa	5/6/2019	5/7/2019	3,510,201.17	2.27	11,337.57	3,518,683.64	3,573,018.20
US TREASURY NOTES DTD 08/31/2017 1.625% 08/31/2022	9128282S8	475,000.00	AA+	Aaa	10/31/2019	11/4/2019	476,187.50	1.53	2,608.26	476,123.20	475,389.50
US TREASURY N/B NOTES DTD 10/31/2017 2.000% 10/31/2022	9128283C2	3,200,000.00	AA+	Aaa	5/6/2019	5/7/2019	3,171,750.00	2.27	10,901.10	3,176,879.07	3,235,126.40
US TREASURY N/B NOTES DTD 02/28/2018 2.625% 02/28/2023	9128284A5	950,000.00	AA+	Aaa	9/30/2019	10/3/2019	982,582.03	1.59	8,426.68	980,278.67	979,391.10
US TREASURY N/B NOTES DTD 05/31/2018 2.750% 05/31/2023	9128284S6	400,000.00	AA+	Aaa	12/2/2019	12/4/2019	414,875.00	1.65	961.75	414,556.89	414,750.00
US TREASURY NOTES DTD 06/30/2016 1.375% 06/30/2023	912828S35	300,000.00	AA+	Aaa	10/31/2019	11/4/2019	298,218.75	1.54	11.33	298,295.16	297,386.70
US TREASURY N/B DTD 10/31/2018 2.875% 10/31/2023	9128285K2	3,260,000.00	AA+	Aaa	5/6/2019	5/7/2019	3,341,882.03	2.28	15,964.15	3,330,488.50	3,407,335.70
US TREASURY NOTES DTD 11/30/2016 2.125% 11/30/2023	912828U57	420,000.00	AA+	Aaa	8/1/2019	8/5/2019	425,315.63	1.82	780.33	424,836.06	427,481.04
US TREASURY N/B NOTES DTD 02/28/2017 2.125% 02/29/2024	912828W48	1,500,000.00	AA+	Aaa	9/3/2019	9/5/2019	1,550,625.00	1.35	10,770.95	1,547,065.17	1,527,832.50

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 02/28/2017 2.125% 02/29/2024	912828W48	90,000.00	AA+	Aaa	5/6/2019	5/7/2019	89,314.45	2.29	646.26	89,404.28	91,669.95
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	305,000.00	AA+	Aaa	6/3/2019	6/5/2019	306,370.12	1.90	1,039.01	306,218.46	309,181.86
US TREASURY NOTES DTD 05/15/2014 2.500% 05/15/2024	912828WJ5	800,000.00	AA+	Aaa	9/3/2019	9/5/2019	842,125.00	1.34	2,582.42	839,322.25	827,781.60
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	200,000.00	AA+	Aaa	7/1/2019	7/3/2019	202,148.44	1.77	10.99	201,944.05	202,773.40
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	560,000.00	AA+	Aaa	9/3/2019	9/5/2019	587,628.13	1.34	5,023.64	585,890.72	577,150.00
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	9128282Y5	120,000.00	AA+	Aaa	10/31/2019	11/4/2019	123,173.44	1.56	647.95	123,074.73	122,400.00
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	9128282Y5	500,000.00	AA+	Aaa	12/2/2019	12/4/2019	510,273.44	1.68	2,699.80	510,117.65	510,000.00
Security Type Sub-Total		**26,920,000.00**					**27,088,193.58**	**2.08**	**114,726.44**	**27,096,647.67**	**27,341,483.88**
Federal Agency Collateralized Mortgage Obligation											
FHLMC MULTIFAMILY STRUCTURED P DTD 05/01/2015 2.791% 01/25/2022	3137BHXY8	300,000.00	AA+	Aaa	5/16/2019	5/21/2019	301,875.00	2.20	697.75	301,390.09	303,851.52
FANNIEMAE-ACES DTD 04/01/2014 3.346% 03/25/2024	3136AJB54	230,000.00	AA+	Aaa	12/13/2019	12/18/2019	241,176.56	1.04	641.29	241,176.56	239,773.18
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	109,827.10	AA+	Aaa	11/20/2019	11/26/2019	109,824.46	2.03	191.47	109,824.46	109,354.73
Security Type Sub-Total		**639,827.10**					**652,876.02**	**1.75**	**1,530.51**	**652,391.11**	**652,979.43**
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANKS NOTES DTD 06/07/2019 1.875% 07/07/2021	3130AGLD5	955,000.00	AA+	Aaa	6/6/2019	6/7/2019	954,150.05	1.92	8,654.69	954,373.60	959,099.82

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FANNIE MAE NOTES DTD 09/06/2019 1.375% 09/06/2022	3135G0W33	450,000.00	AA+	Aaa	9/5/2019	9/6/2019	448,434.00	1.49	1,976.56	448,597.67	447,039.45
FEDERAL HOME LOAN BANKS NOTES DTD 05/09/2013 2.125% 06/09/2023	3133834G3	1,000,000.00	AA+	Aaa	6/17/2019	6/18/2019	1,007,870.00	1.92	1,298.61	1,006,844.69	1,016,187.00
FEDERAL HOME LOAN BANKS NOTES DTD 08/16/2019 1.500% 08/15/2024	3130AGWK7	225,000.00	AA+	Aaa	8/15/2019	8/16/2019	224,471.25	1.55	1,265.63	224,509.54	223,260.75
Security Type Sub-Total		**2,630,000.00**					**2,634,925.30**	**1.82**	**13,195.49**	**2,634,325.50**	**2,645,587.02**
Managed Account Sub Total		**30,189,827.10**					**30,375,994.90**	**2.05**	**129,452.44**	**30,383,364.28**	**30,640,050.33**
Securities Sub-Total		**$30,189,827.10**					**$30,375,994.90**	**2.05%**	**$129,452.44**	**$30,383,364.28**	**$30,640,050.33**
Accrued Interest											**$129,452.44**
Total Investments											**$30,769,502.77**

Bolded items are forward settling trades.

Tab III

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 or 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.