



CITY OF DIXON

Investment Performance Review For the Quarter Ended June 30, 2017

Client Management Team

Sarah Meacham, Managing Director
Allison Kaune, Senior Managing Consultant

50 California Street, Suite 2300
San Francisco, CA 94111
415-982-5544

PFM Asset Management LLC

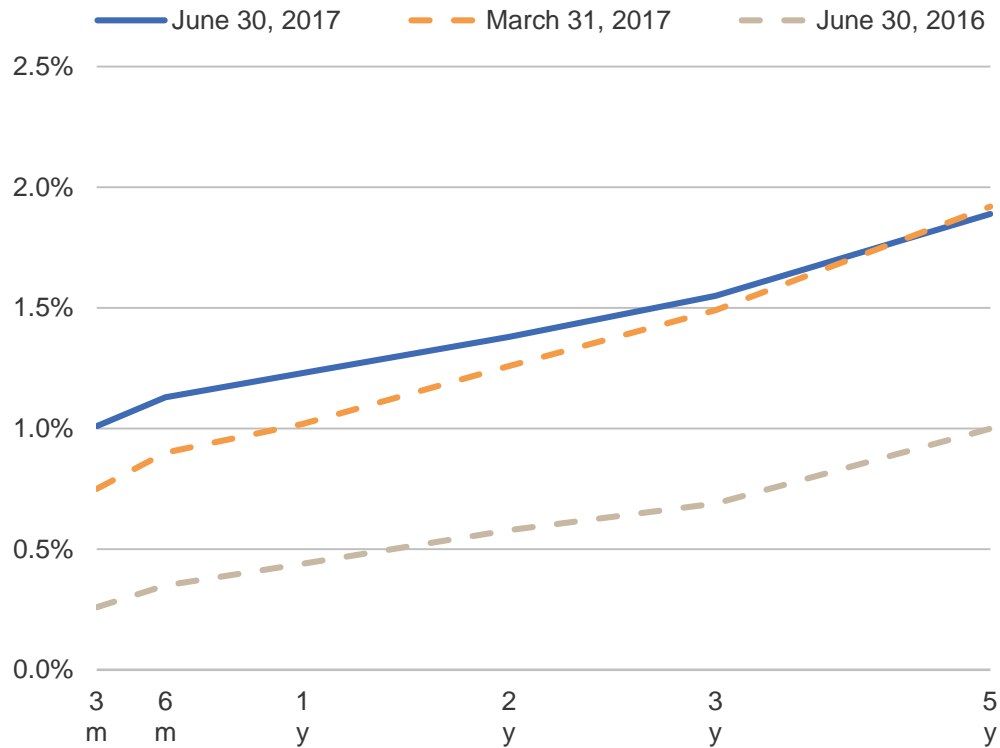
One Keystone Plaza, Suite 300
Harrisburg, PA 17101-2044
717-232-2723

Market Update

Short-Term Yields Higher, but Curve Flatter in Second Quarter

- Treasury yields are substantially higher compared to a year ago; with short-term yields rising in response to the Fed raising rates to normalize policy, while longer-term yields have come down in response to lower inflation expectations.

U.S. Treasury Yield Curve

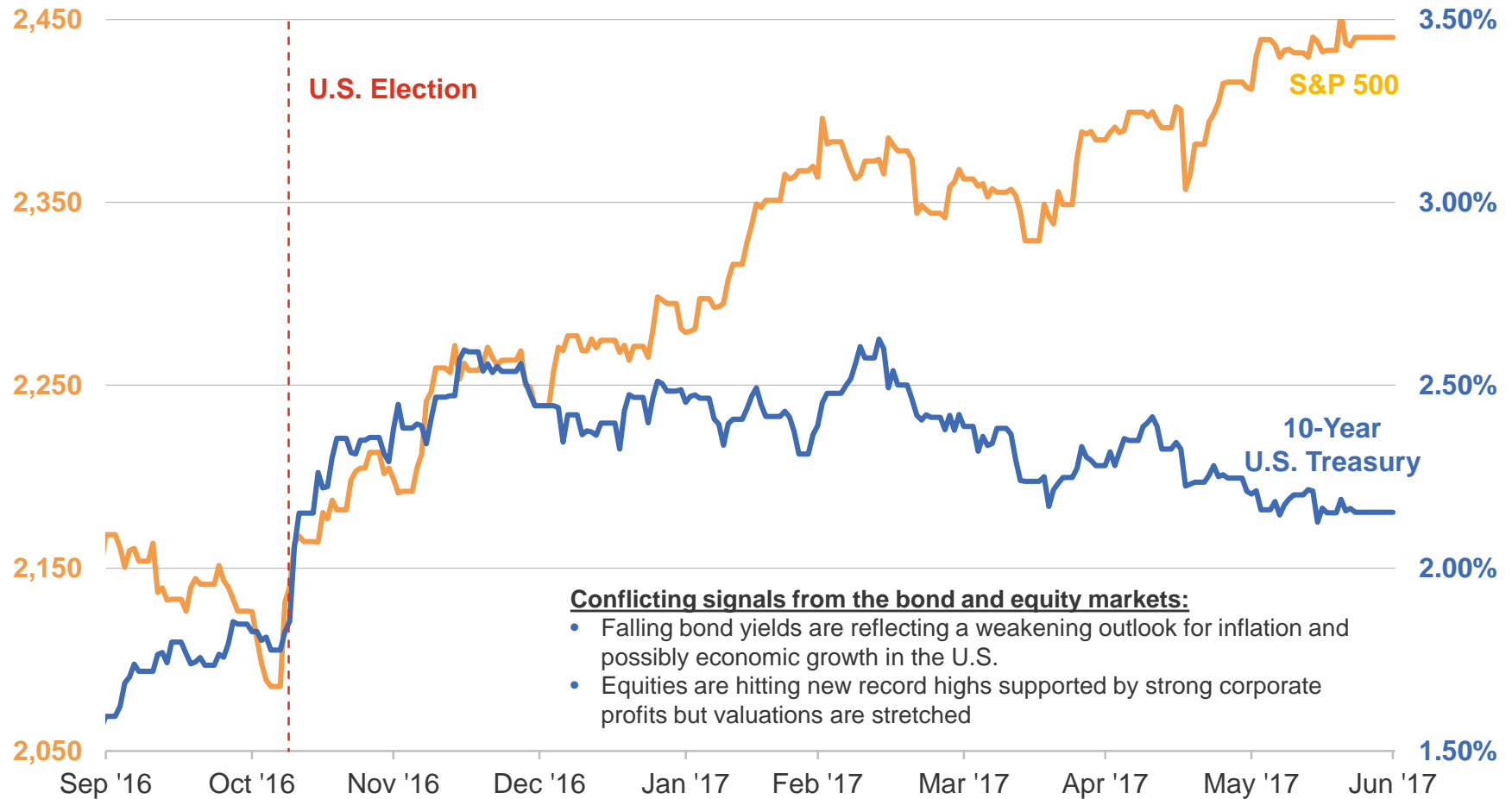


Yield Curve History

Maturity	03/31/17	06/30/17	Change
3-Mo.	0.75	1.01	0.26
6-Mo.	0.90	1.13	0.23
1-Yr.	1.02	1.23	0.21
2-Yr.	1.26	1.38	0.12
3-Yr.	1.49	1.55	0.06
5-Yr.	1.92	1.89	-0.03
10-Yr.	2.39	2.31	-0.08
20-Yr.	2.76	2.61	-0.15
30-Yr.	3.02	2.84	-0.18

Source: Bloomberg, as of 6/30/17.

A Tale of Two Markets

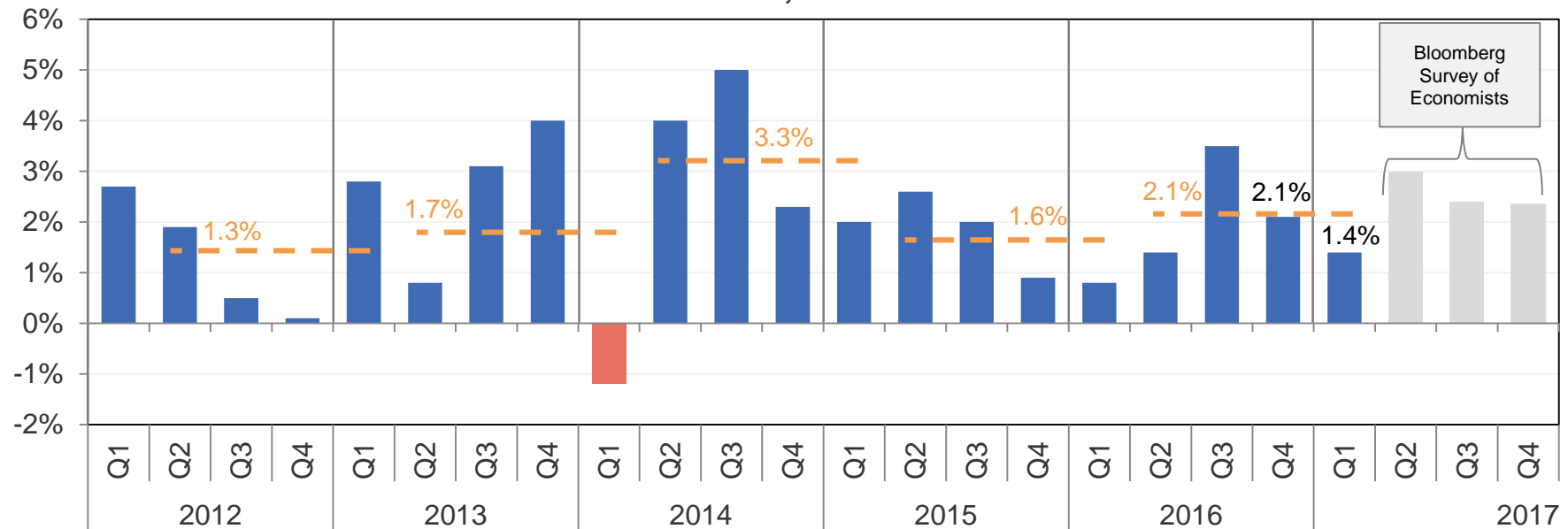


Source: The WSJ Daily Shot, Bloomberg, as of 6/30/17.

U.S. Economic Growth

- The third and final estimate of first quarter 2017 gross domestic product (GDP) indicated an increase of an annualized rate of 1.4%, resulting in an average growth of 2.1% over the last four quarters.
- The weaker GDP growth, largely expected to be transitory, was dragged down by a fall in consumer spending as motor vehicle and retail sales softened in the first three months of the year, while warm weather also induced lower energy consumption.

U.S. Real GDP
QoQ, SAAR

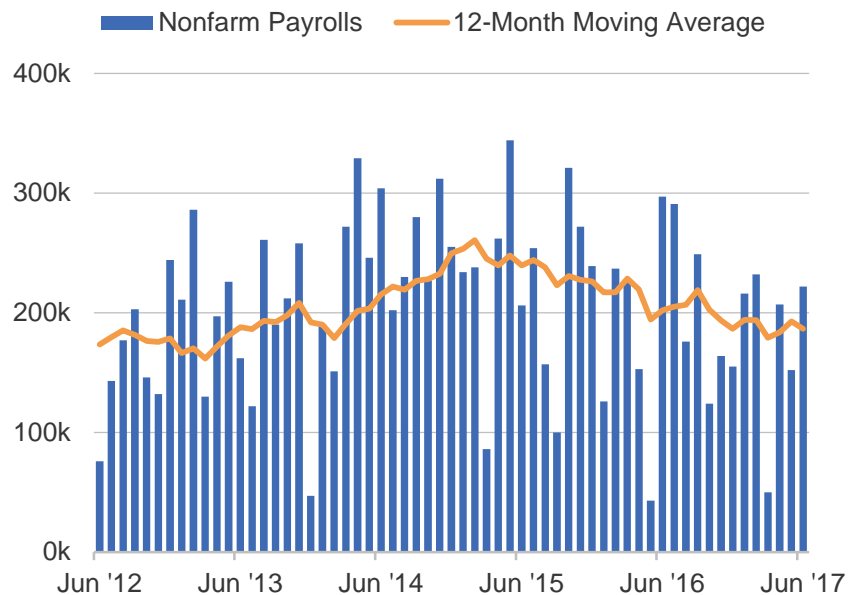


Source: Bloomberg, as of 6/30/17. SAAR is seasonally adjusted annualized rate. Orange dashes denotes rolling four-quarter averages.

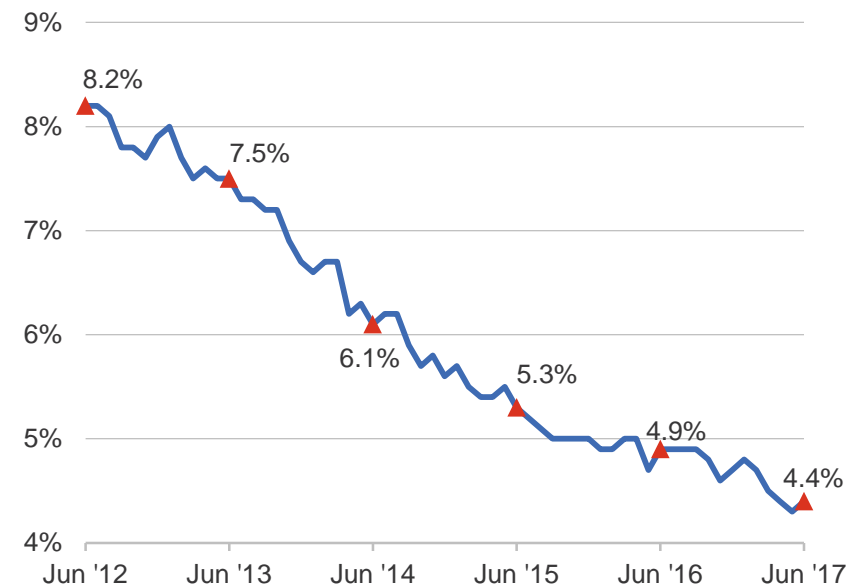
Labor Market Strength Continues

- The U.S. labor market continued to improve, adding 581,000 jobs in the second quarter and an average of 187,000 jobs per month over the past year.
- The headline unemployment rate and participation rate ticked up to 4.4%, as did the labor force participation rate at 62.8%. The U-6 rate, which includes underemployed and discouraged workers, ended the quarter at 8.6% — the lowest since 2007.
- Average hourly earnings – an important gauge of wage growth – grew 2.5% over the past 12 months.

Monthly Change in Nonfarm Payrolls

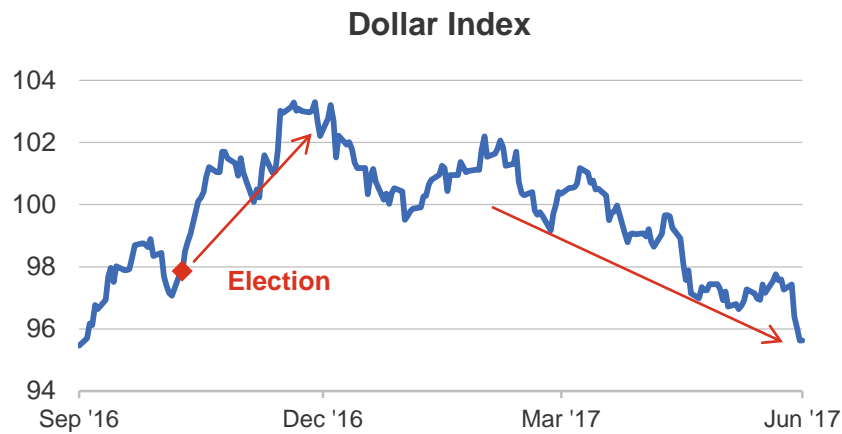
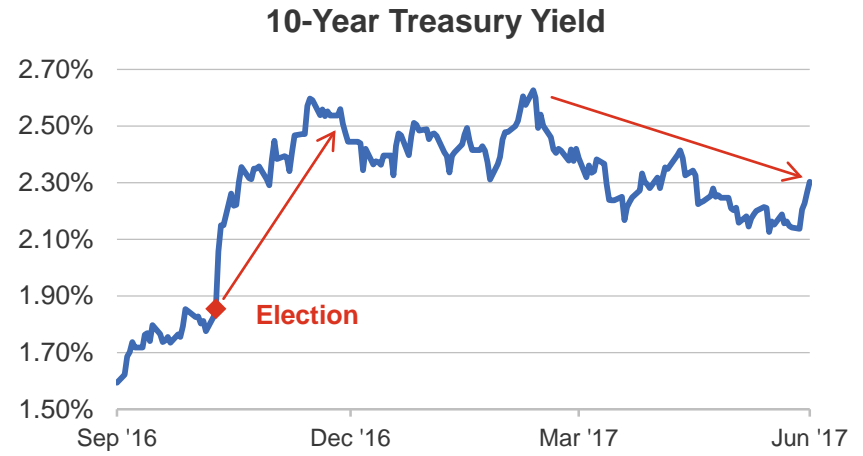
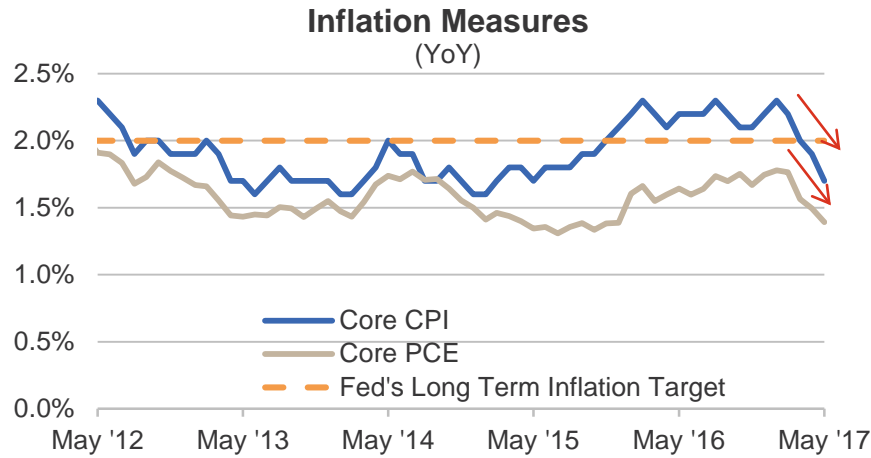


Unemployment Rate



Source: Bloomberg, as of 6/30/17.

Inflation Trend Reverses



Source: Bloomberg, as of 6/30/17. Post-election period is 11/08/16-1/20/17, post-inauguration period is 1/20/17-6/30/17.

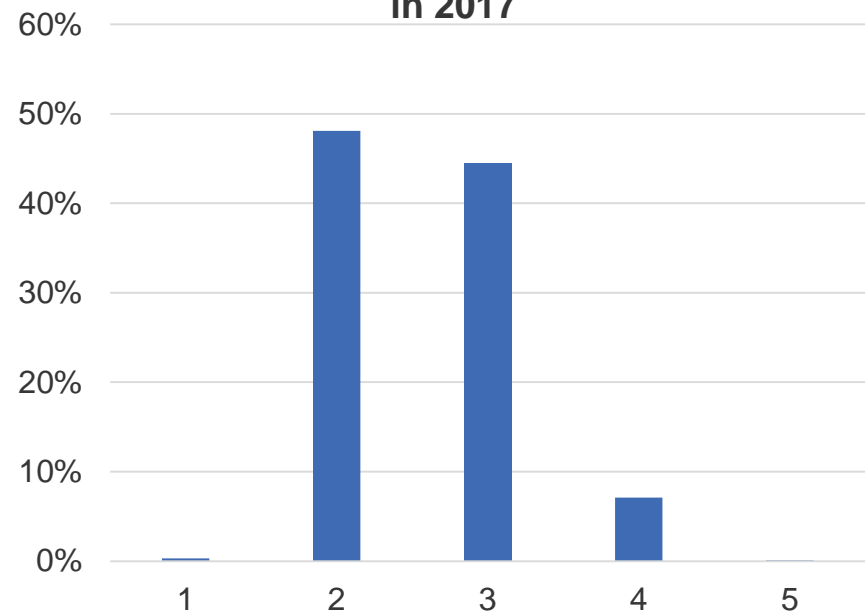
Fed Rate Hikes Expected in 2017

- On June 14, the Federal Open Market Committee (FOMC) raised rates for the fourth time since the recession by 25bps, lifting its target rate to 1.00% - 1.25%.
- Market implied probabilities indicate that there is a 52% chance of the Fed raising rates at their December meeting. Additionally, the market has priced in roughly 45% chance of one more hike this year.

Probability of Fed Rate Hike

Meeting	6/30/2017
7/26/2017	0%
9/20/2017	16%
11/1/2017	17%
12/13/2017	52%
1/31/2018	53%

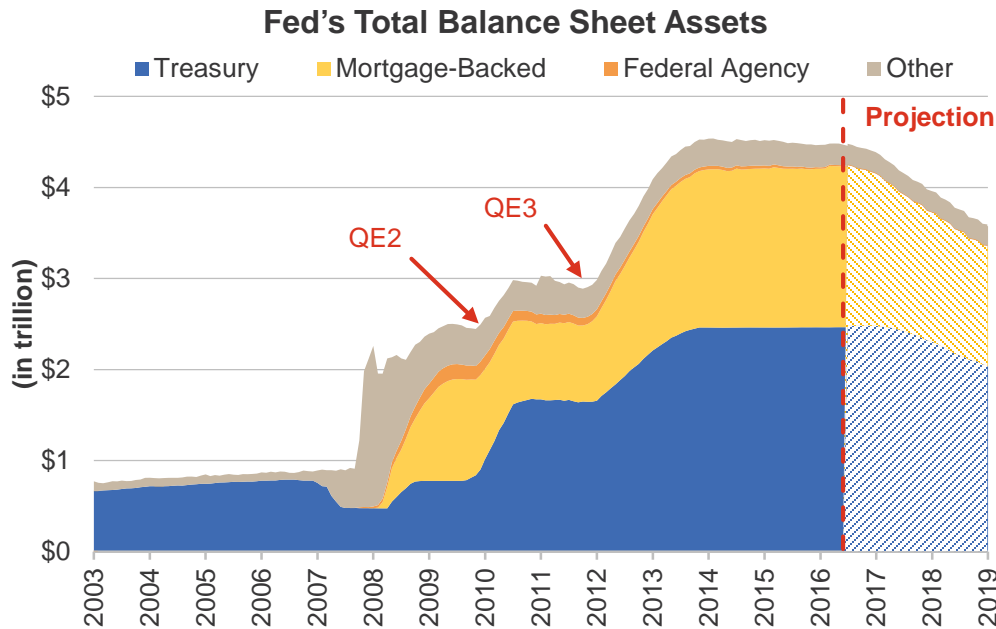
Number of Total Rate Hikes Expected in 2017



Source: Bloomberg, based on Fed Funds Futures (Effective rate) by Bloomberg.

Fed's Balance Sheet Normalization Plan

- At the June FOMC meeting, the Federal Reserve laid out its plan to reduce the size of its balance sheet, which stands at \$4.5 trillion after multiple rounds of quantitative easing following the 2007 financial crisis. Fed officials expect to begin implementing the program this year, provided the economy evolves broadly as anticipated.
- The Fed plans to gradually reduce its holdings by decreasing reinvestments of principal payments on its U.S. Treasury and agency mortgage-backed securities. The pace of this decline will be limited by a cap that starts at \$10 billion per month, increasing every three months until it reaches \$50 billion per month.



(in billion)	Treasury Holdings	Agency MBS Holdings	Total Fed Assets
Dec 2017	\$2,465	\$1,770	\$4,470
Dec 2019 (Projected)	\$2,035	\$1,410*	\$3,680
Difference:	\$430	\$360*	\$790

*MBS projection assumes that principal payments will always exceed the cap over the horizon period (i.e. the monthly run off amount is equal to the cap).

Source: Bloomberg, The Federal Reserve, FRB of St. Louis, as of 6/15/17. Projection is based on maturity schedule of Fed's Treasury holdings and caps on reinvestments as described in FOMC's June 2017 addendum to the Policy Normalization Principles and Plans, assuming normalization begins in January 2018.

Investment Strategy

Portfolio Recap

- Despite tepid growth, and political and policy difficulties in the U.S., market conditions seem to be characterized by optimism amid very low volatility.
- For the second time this year, the Federal Open Market Committee (FOMC) raised the federal funds rate by 0.25%, setting a new target range of 1.00% to 1.25% for the overnight benchmark rate. Perhaps just as important, the Fed announced plans to begin reducing the size of their balance sheet. They will start by not reinvesting up to \$10 billion per month, escalating the amount every three months by an additional \$10 billion each month until they reach \$50 billion per month.
- Short-term yields ended the second quarter higher, reflecting the Fed's June rate hike, while medium to long-term yields declined amid subdued inflation expectations and fading prospects for near-term stimulus from tax reform or infrastructure spending.
- For much of the past quarter, we maintained a duration position generally neutral to the City's performance benchmark.
- Federal agency yield spreads ground tighter during the quarter as demand continued to outpace supply. The sector modestly outperformed comparable duration Treasuries for the fourth quarter in a row.
- Yield spreads on certificates of deposit (CDs) relative to Treasuries continued to narrow from their exceptionally wide levels of late 2016 and early 2017. CD spreads offer a modest incremental yield over Treasuries, therefore we slightly added to the position.
- We maintained corporate allocations, as the sector continued to provide incremental income and "roll-down". The sector generated strong outperformance relative to comparable maturity Treasuries, for its seventh straight quarter of outperformance.

Investment Strategy Outlook

- As the prospects for bold policy actions by the Trump administration diminish, financial markets may continue a period of range-bound movement.
- Following the June FOMC rate increase, we expect the Fed to possibly be on track to make one more additional rate hike in 2017, matching the three 2017 hikes projected in the Committee's "dot plot".
- We expect the main drivers of interest rates over the next quarter to be: (i) the actions of the Fed with regard to both rates and balance sheet reduction, (ii) inflation expectations, and (iii) fiscal and regulatory policy actions.
- Since we do not see any strong catalyst for a significant change to the current yield environment, we are positioning the portfolio's duration near the benchmark.
- Federal Agency spreads remain at or near historically tight levels as demand remains strong while supply is minimal. Unless we find an issue with appropriate yield spread, our strategy will generally favor U.S. Treasuries over agencies.
- In the corporate sector, current yield spreads are tight causing us to approach the sector with additional caution. We plan to be more selective in our choice of industries, issuers and maturities.
- We continue to evaluate AAA-rated tranches of new issue ABS to capture incremental yield.
- Negotiable CD and commercial paper yields represent fair value when compared to similar maturity government obligations, but far less than a few months ago. Given the flatness of the yield curve, CDs and CP still offer a shorter-duration alternative to one- and two-year government securities by providing higher yields with less market risk.
- We will continue to monitor incoming economic data, the Fed's action on raising rates and the unwinding of their balance sheet, and market conditions, adjusting the portfolio positioning as needed.

Investment Performance Review

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

<u>Security Type¹</u>	<u>Market Value as of June 30, 2017</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>	<u>In Compliance</u>
U.S. Treasury	\$3,185,923	9%	100%	✓
Federal Agency/GSE	\$4,900,484	14%	100%	✓
Federal Agency/CMO	\$79,160	<1%	100%	✓
Commercial Paper	\$298,740	1%	25%	✓
Negotiable CDs	\$3,284,733	10%	30%	✓
Corporate Notes	\$3,452,814	10%	30%	✓
Supra-National Agency	\$527,152	2%	30%	✓
Security Sub-Total	\$15,729,005	46%		
Accrued Interest	\$58,166			
Securities Total	\$15,787,171			
LAIF	\$15,375,695	45%	\$5 million	✓
CAMP	\$3,058,435	9%	\$65 million	✓
Money Market Fund	\$31,481	<1%	20%	✓
Total Investments	\$34,252,782	100%		

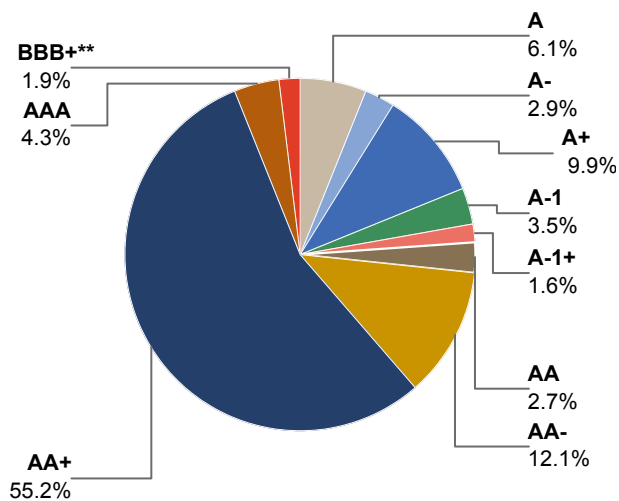
1. End of quarter trade-date market values of portfolio holding, including accrued interest.

Portfolio Statistics

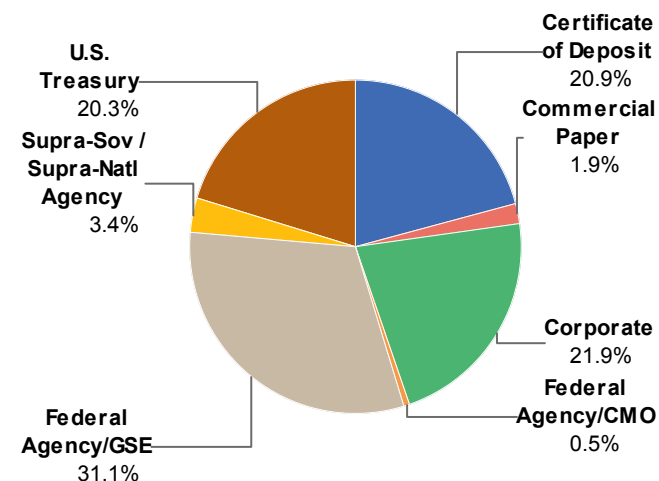
As of June 30, 2017

Par Value:	\$15,769,075
Total Market Value:	\$15,818,652
Security Market Value:	\$15,729,005
Accrued Interest:	\$58,166
Cash:	\$31,481
Amortized Cost:	\$15,767,466
Yield at Market:	1.52%
Yield at Cost:	1.44%
Effective Duration:	1.82 Years
Duration to Worst:	1.83 Years
Average Maturity:	1.87 Years
Average Credit: *	AA

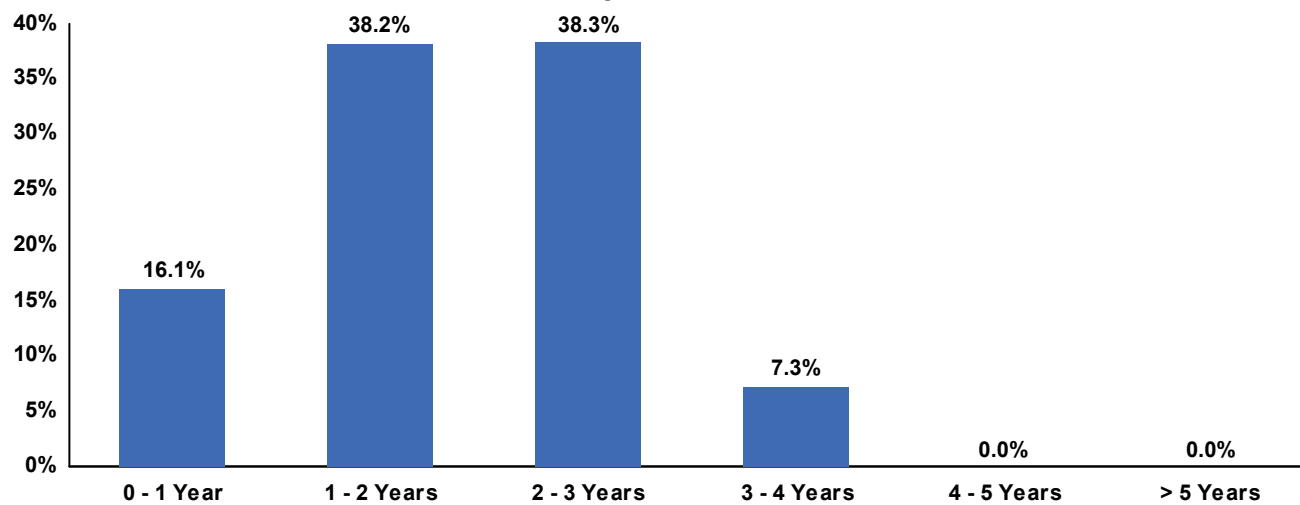
Credit Quality (S&P Ratings)



Sector Allocation



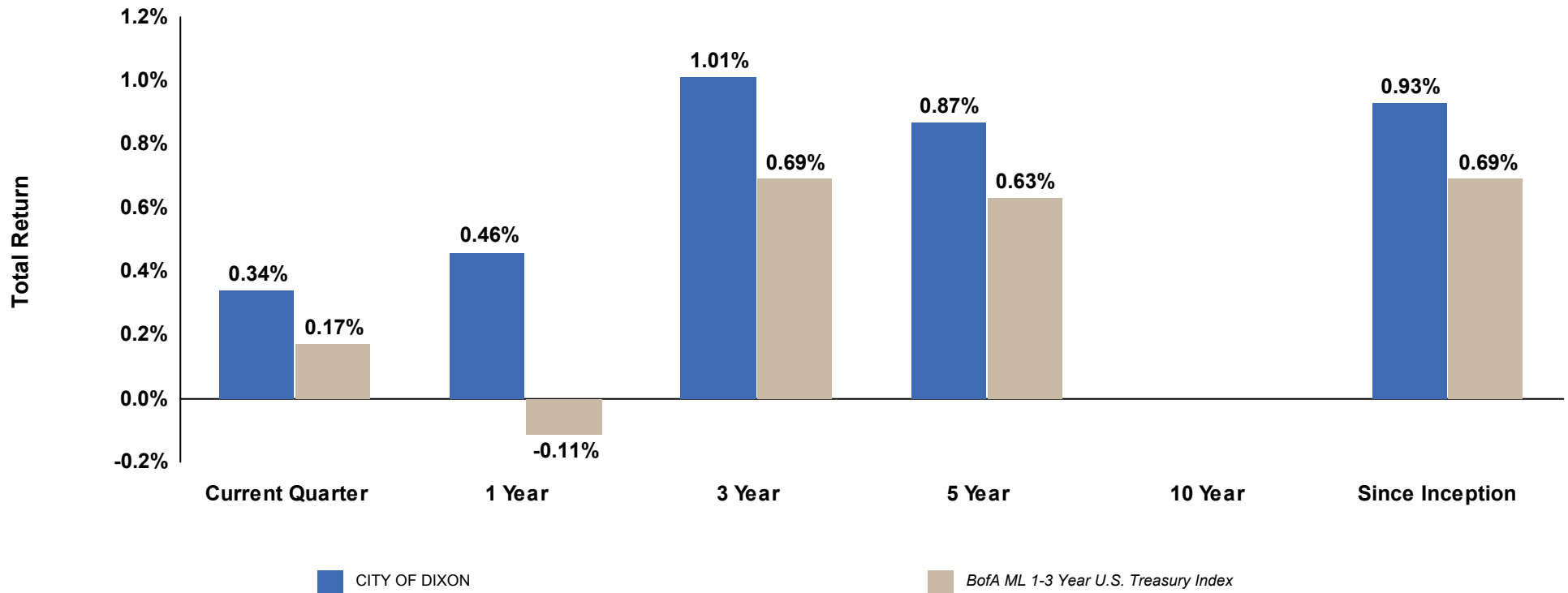
Maturity Distribution



*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio. **Securities rated BBB+ by S&P are rated A-, or the equivalent or better, by Moody's and/or Fitch.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (09/30/10)
			1 Year	3 Year	5 Year	10 Year	
CITY OF DIXON	1.82	0.34%	0.46%	1.01%	0.87%	-	0.93%
BofA ML 1-3 Year U.S. Treasury Index	1.82	0.17%	-0.11%	0.69%	0.63%	-	0.69%
Difference		0.17%	0.57%	0.32%	0.24%	-	0.24%



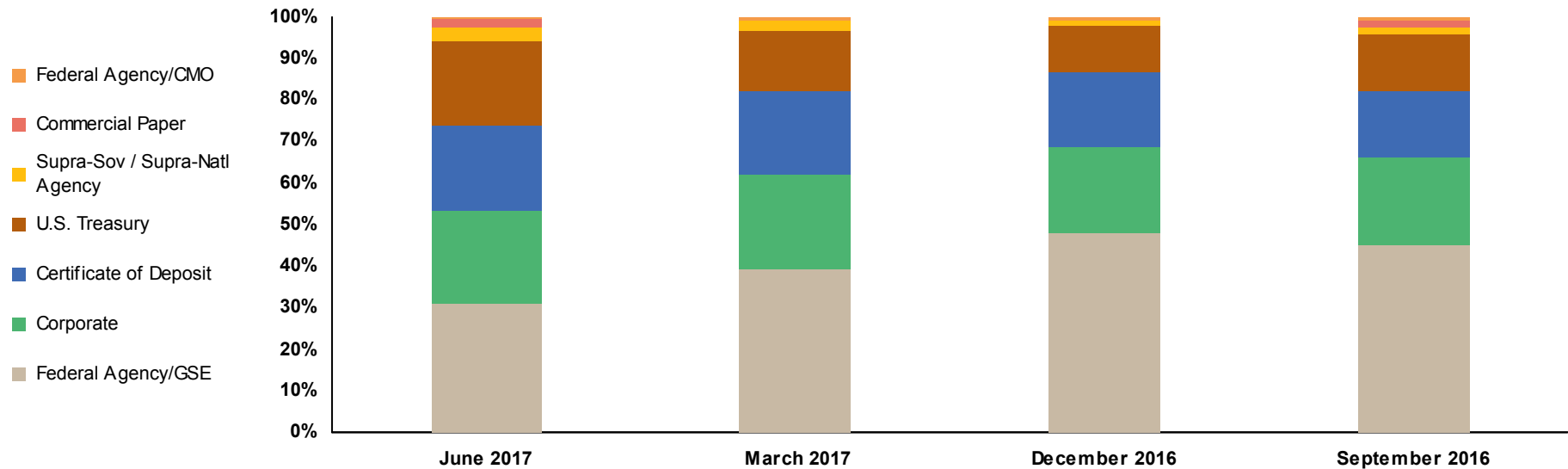
Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Earnings*Quarter-Ended June 30, 2017*

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/30/2017)	\$14,701,778.45	\$14,744,426.01
Net Purchases/Sales	\$1,026,743.23	\$1,026,743.23
Change in Value	\$483.44	(\$3,702.99)
Ending Value (06/30/2017)	\$15,729,005.12	\$15,767,466.25
Interest Earned	\$52,467.01	\$52,467.01
Portfolio Earnings	\$52,950.45	\$48,764.02

Sector Allocation

Sector	June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Federal Agency/GSE	4.9	31.1%	5.8	39.1%	6.9	47.8%	6.6	45.2%
Corporate	3.5	21.9%	3.4	22.9%	3.0	20.5%	3.0	20.7%
Certificate of Deposit	3.3	20.9%	2.9	20.0%	2.6	18.2%	2.4	16.4%
U.S. Treasury	3.2	20.3%	2.2	14.7%	1.6	11.2%	2.0	13.4%
Supra-Sov / Supra-Natl Agency	0.5	3.4%	0.4	2.5%	0.2	1.5%	0.2	1.5%
Commercial Paper	0.3	1.9%	0.0	0.0%	0.0	0.0%	0.3	2.0%
Federal Agency/CMO	0.1	0.5%	0.1	0.8%	0.1	0.8%	0.1	0.8%
Total	\$15.7	100.0%	\$14.7	100.0%	\$14.5	100.0%	\$14.7	100.0%

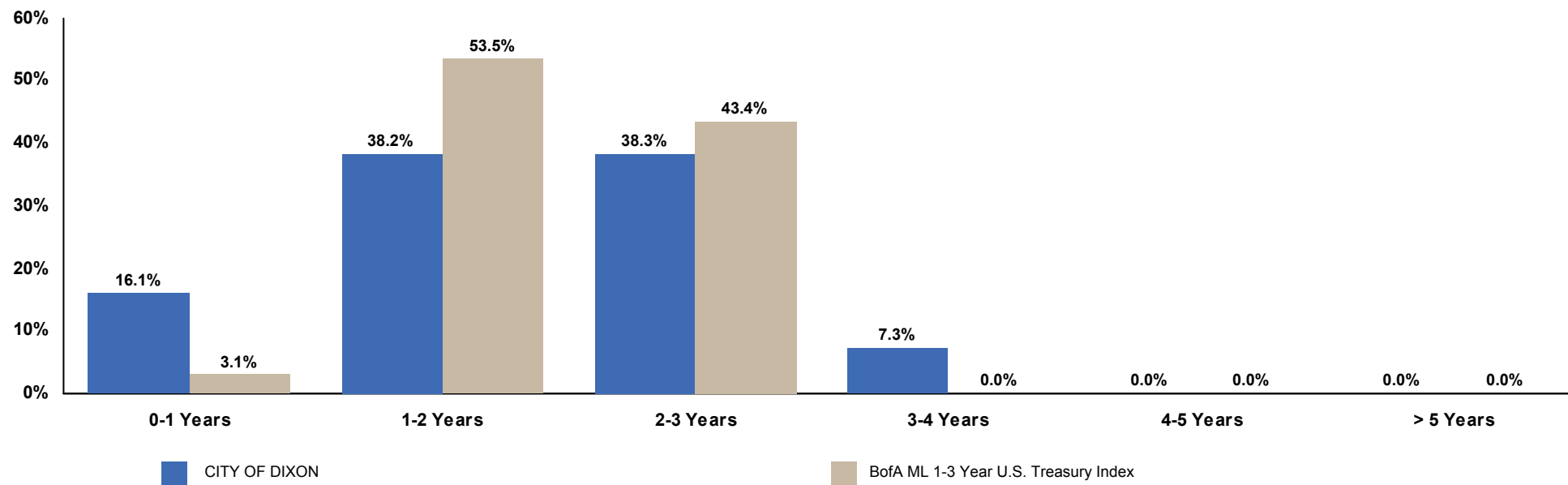


Detail may not add to total due to rounding.

Maturity Distribution

As of June 30, 2017

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 DIXON	1.52%	1.87 yrs	16.1%	38.2%	38.3%	7.3%	0.0%	0.0%
BofA ML 1-3 Year U.S. Treasury Index	1.40%	1.94 yrs	3.1%	53.5%	43.4%	0.0%	0.0%	0.0%



Issuer Distribution

As of June 30, 2017

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	3,185,923	20.3%
FANNIE MAE	2,692,799	17.1%
FEDERAL HOME LOAN BANKS	1,458,161	9.3%
FREDDIE MAC	828,684	5.3%
PFIZER INC	378,943	2.4%
INTL BANK OF RECONSTRUCTION AND DEV	367,569	2.3%
TORONTO-DOMINION BANK	350,841	2.2%
SUMITOMO MITSUI FINANCIAL GROUP INC	310,471	2.0%
MITSUBISHI UFJ FINANCIAL GROUP INC	298,740	1.9%
BANK OF MONTREAL	291,686	1.9%
BANK OF NOVA SCOTIA	289,829	1.8%
SKANDINAVISKA ENSKILDA BANKEN AB	279,878	1.8%
SVENSKA HANDELSBANKEN AB	279,240	1.8%
EXXON MOBIL CORP	275,367	1.8%
THE BANK OF NEW YORK MELLON CORPORATION	270,142	1.7%
NORDEA BANK AB	251,047	1.6%
CANADIAN IMPERIAL BANK OF COMMERCE	251,047	1.6%
JP MORGAN CHASE & CO	250,500	1.6%

Top 5 = 54.3%

Top 10 = 64.6%

Issuer	Market Value (\$)	% of Portfolio
HSBC HOLDINGS PLC	250,184	1.6%
CREDIT SUISSE GROUP	250,069	1.6%
US BANCORP	250,024	1.6%
CHEVRON CORPORATION	239,301	1.5%
APPLE INC	238,510	1.5%
ROYAL BANK OF CANADA	230,418	1.5%
INTER-AMERICAN DEVELOPMENT BANK	159,583	1.0%
STATE STREET CORPORATION	152,817	1.0%
BB&T CORPORATION	151,676	1.0%
THE WALT DISNEY CORPORATION	150,468	1.0%
GOLDMAN SACHS GROUP INC	150,410	1.0%
CISCO SYSTEMS INC	150,298	1.0%
INTEL CORPORATION	150,041	1.0%
MICROSOFT CORP	148,942	1.0%
TOYOTA MOTOR CORP	144,649	0.9%
DEERE & COMPANY	140,583	0.9%
AMERICAN HONDA FINANCE	139,302	0.9%
HOME DEPOT INC	80,037	0.5%
MORGAN STANLEY	70,738	0.5%
CITIGROUP INC	70,421	0.5%
BERKSHIRE HATHAWAY INC	49,940	0.3%

Issuer	Market Value (\$)	% of Portfolio
AMERICAN EXPRESS CO	49,731	0.3%
Grand Total:	15,729,005	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									
4/3/17	4/5/17	175,000	30231GAG7	EXXON MOBIL CORP NOTE	1.91%	3/6/20	175,967.79	1.77%	
4/3/17	4/5/17	200,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	200,388.21	1.51%	
4/5/17	4/6/17	290,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	290,000.00	1.91%	
4/5/17	4/12/17	160,000	4581X0CX4	INTER-AMERICAN DEVEL BK NOTE	1.62%	5/12/20	159,620.80	1.70%	
4/11/17	4/17/17	70,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	69,967.80	1.97%	
4/13/17	4/13/17	250,000	22549VN58	CREDIT SUISSE NEW YORK CERT DEPOS	1.46%	11/21/17	250,000.00	1.46%	
4/24/17	4/25/17	270,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	272,583.87	1.21%	
4/24/17	4/25/17	300,000	3137EAEF2	FHLMC AGENCY NOTES	1.37%	4/20/20	298,641.29	1.54%	
4/24/17	4/27/17	120,000	25468PDP8	WALT DISNEY COMPANY CORP NOTES	1.95%	3/4/20	120,978.30	1.76%	
4/25/17	4/26/17	300,000	06538BXQ1	BANK OF TOKYO MITSUBISHI UFJ LTD CP	0.00%	10/24/17	297,918.50	1.39%	
5/3/17	5/4/17	310,000	86563YVN0	SUMITOMO MITSUI BANK NY CD	2.05%	5/3/19	310,000.00	2.05%	
5/8/17	5/11/17	150,000	458140AZ3	INTEL CORP NOTES	1.85%	5/11/20	149,943.00	1.86%	
5/24/17	6/5/17	80,000	437076BQ4	HOME DEPOT INC CORP NOTES	1.80%	6/5/20	79,953.60	1.82%	
6/8/17	6/13/17	150,000	857477AS2	STATE STREET CORP NOTES	2.55%	8/18/20	154,032.88	1.94%	
6/19/17	6/22/17	20,000	24422ETS8	JOHN DEERE CAPITAL CORP NOTES	1.95%	6/22/20	19,987.80	1.97%	
6/26/17	6/28/17	1,000,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	1,011,628.97	1.50%	
Total BUY		3,845,000					3,861,612.81		

INTEREST

4/1/17	4/1/17	500,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	2,187.50		
4/1/17	4/1/17	200,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	875.00		
4/1/17	4/25/17	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	163.63		
4/3/17	4/3/17	0	MONEY0002	MONEY MARKET FUND			5.00		
4/12/17	4/12/17	315,000	3137EAE7	FHLMC REFERENCE NOTE	0.87%	10/12/18	1,577.19		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/15/17	4/15/17	80,000	24422ETM1	JOHN DEERE CAPITAL CORP	1.65%	10/15/18	363.00		
4/18/17	4/18/17	75,000	89236TDH5	TOYOTA MOTOR CORP NOTES	1.55%	10/18/19	581.25		
4/30/17	4/30/17	60,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	375.00		
4/30/17	4/30/17	50,000	0258M0EC9	AMERICAN EXPRESS CREDIT CORP	1.70%	10/30/19	425.00		
4/30/17	4/30/17	200,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	1,375.00		
4/30/17	4/30/17	30,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	187.50		
4/30/17	4/30/17	250,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	1,562.50		
5/1/17	5/1/17	0	MONEY0002	MONEY MARKET FUND			60.07		
5/1/17	5/25/17	110,000	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	231.63		
5/16/17	5/16/17	240,000	166764BH2	CHEVRON CORP NOTES	1.56%	5/16/19	1,873.20		
5/22/17	5/22/17	270,000	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.60%	5/22/18	2,160.00		
5/30/17	5/30/17	250,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	2,151.11		
5/30/17	5/30/17	250,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	2,138.89		
5/31/17	5/31/17	580,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	4,350.00		
5/31/17	5/31/17	200,000	912828A34	US TREASURY NOTES	1.25%	11/30/18	1,250.00		
6/1/17	6/1/17	0	MONEY0002	MONEY MARKET FUND			8.45		
6/1/17	6/25/17	81,034	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	137.38		
6/3/17	6/3/17	300,000	717081DU4	PFIZER INC CORP NOTES	1.45%	6/3/19	2,175.00		
6/13/17	6/13/17	150,000	38145GAJ9	GOLDMAN SACHS GROUP INC BONDS	2.30%	12/13/19	1,725.00		
6/15/17	6/15/17	150,000	17275RAU6	CISCO SYSTEMS INC CORP NOTE	1.65%	6/15/18	1,237.50		
6/15/17	6/15/17	80,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	770.67		
6/21/17	6/21/17	250,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	1,406.25		
6/21/17	6/21/17	380,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	2,137.50		
6/23/17	6/23/17	100,000	40434CAA3	HSBC USA INC	1.30%	6/23/17	650.00		
6/30/17	6/30/17	1,000,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	8,125.00		
6/30/17	6/30/17	270,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	2,025.00		
6/30/17	6/30/17	210,000	912828A75	US TREASURY NOTES	1.50%	12/31/18	1,575.00		
Total INTEREST		6,741,034					45,865.22		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
MATURITY									
6/23/17	6/23/17	100,000	40434CAA3	HSBC USA INC	1.30%	6/23/17	100,000.00		0.00
Total MATURITY		100,000					100,000.00		0.00
PAYDOWNS									
5/1/17	5/25/17	28,966	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	28,965.84		0.00
6/1/17	6/25/17	1,959	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1,959.25		0.00
Total PAYDOWNS		30,925					30,925.09		0.00
SELL									
4/3/17	4/5/17	200,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	198,743.39	1.18%	(972.16)
4/3/17	4/5/17	175,000	30231GAL6	EXXON MOBIL CORP NOTES	1.30%	3/6/18	175,120.97	1.34%	(63.00)
4/5/17	4/6/17	250,000	06417GAS7	BANK OF NOVA SCOTIA HOUSTON YCD	1.56%	11/6/17	251,950.00	1.31%	325.00
4/5/17	4/6/17	40,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	39,733.37	1.21%	(210.63)
4/5/17	4/12/17	160,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	159,498.52	1.45%	283.64
4/12/17	4/17/17	70,000	912828UV0	US TREASURY NOTES	1.12%	3/31/20	69,377.60	1.45%	503.20
4/13/17	4/13/17	250,000	21684BXH2	RABOBANK NEDERLAND NV CERT DEPOS	1.07%	4/21/17	251,281.67	1.00%	3.61
5/3/17	5/4/17	120,000	14912L6D8	CATERPILLAR FINANCIAL SE	1.25%	8/18/17	120,289.07	1.33%	(21.72)
5/3/17	5/4/17	175,000	459200HZ7	IBM CORP NOTES	1.12%	2/6/18	175,280.00	1.28%	(65.04)
5/8/17	5/11/17	100,000	459200HZ7	IBM CORP NOTES	1.12%	2/6/18	100,161.88	1.31%	(59.16)
5/11/17	5/11/17	10,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	9,999.44	1.28%	(18.32)
5/11/17	5/11/17	30,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	29,998.32	1.28%	(75.02)
6/5/17	6/5/17	30,000	912828WD8	US TREASURY NOTES	1.25%	10/31/18	30,039.02	1.24%	(37.79)
6/8/17	6/13/17	150,000	912828G61	US TREASURY NOTES	1.50%	11/30/19	150,454.92	1.40%	219.60
6/19/17	6/22/17	20,000	24422ETM1	JOHN DEERE CAPITAL CORP	1.65%	10/15/18	20,081.02	1.57%	29.38

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
6/26/17	6/28/17	500,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	498,357.29	1.31%	(2,494.81)
6/26/17	6/28/17	200,000	3130A9AE1	FHLB GLOBAL NOTE	0.87%	10/1/18	199,342.92	1.31%	(1,027.99)
6/26/17	6/28/17	220,000	3130A8PK3	FHLB NOTES	0.62%	8/7/18	218,912.74	1.30%	(1,182.99)
Total SELL		2,700,000					2,698,622.14		-4,864.20

Account Holdings



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	60,000.00	AA+	Aaa	03/30/16	03/31/16	60,560.16	0.88	126.36	60,290.42	59,929.68
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	210,000.00	AA+	Aaa	11/05/15	11/09/15	210,590.62	1.15	442.26	210,266.84	209,753.88
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	200,000.00	AA+	Aaa	11/20/15	11/23/15	200,007.81	1.25	211.75	200,003.77	199,734.40
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	210,000.00	AA+	Aaa	12/01/15	12/04/15	211,771.87	1.22	8.56	210,871.78	210,459.48
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	270,000.00	AA+	Aaa	04/24/17	04/25/17	271,297.27	1.21	11.01	271,157.12	270,590.76
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	430,000.00	AA+	Aaa	12/01/16	12/05/16	430,537.50	1.46	546.31	430,436.73	430,403.34
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	120,000.00	AA+	Aaa	01/03/17	01/05/17	119,034.37	1.52	625.69	119,185.16	119,264.04
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	490,000.00	AA+	Aaa	03/15/17	03/17/17	481,635.55	1.70	1,385.66	482,417.11	484,927.52
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	200,000.00	AA+	Aaa	04/03/17	04/05/17	199,203.13	1.51	463.32	199,264.17	199,101.60
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	1,000,000.00	AA+	Aaa	06/26/17	06/28/17	1,003,593.75	1.50	44.16	1,003,584.43	1,001,758.00
Security Type Sub-Total		3,190,000.00					3,188,232.03	1.43	3,865.08	3,187,477.53	3,185,922.70
Supra-National Agency Bond / Note											
INTL BANK OF RECON AND DEV SN NOTE DTD 07/13/2016 0.875% 08/15/2019	459058FK4	220,000.00	AAA	Aaa	07/06/16	07/13/16	219,953.80	0.88	727.22	219,967.91	216,866.76
INTL BK RECON & DEVELOP NOTES DTD 03/21/2017 1.875% 04/21/2020	459058FZ1	150,000.00	AAA	Aaa	03/14/17	03/21/17	149,869.50	1.90	781.25	149,881.48	150,702.15
INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	160,000.00	AAA	Aaa	04/05/17	04/12/17	159,620.80	1.70	570.56	159,647.55	159,583.04



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

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

Security Type Sub-Total		530,000.00					529,444.10	1.42	2,079.03	529,496.94	527,151.95
--------------------------------	--	-------------------	--	--	--	--	-------------------	-------------	-----------------	-------------------	-------------------

Federal Agency Collateralized Mortgage Obligation

FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	79,074.91	AA+	Aaa	06/09/16	06/30/16	79,865.62	1.05	117.62	79,548.70	79,159.80
--	-----------	-----------	-----	-----	----------	----------	-----------	------	--------	-----------	-----------

Security Type Sub-Total		79,074.91					79,865.62	1.05	117.62	79,548.70	79,159.80
--------------------------------	--	------------------	--	--	--	--	------------------	-------------	---------------	------------------	------------------

Federal Agency Bond / Note

FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	315,000.00	AA+	Aaa	09/15/16	09/16/16	314,864.55	0.90	604.84	314,915.78	313,079.76
FHLB NOTES DTD 12/08/2016 1.250% 01/16/2019	3130AAE46	105,000.00	AA+	Aaa	12/07/16	12/08/16	104,995.80	1.25	601.56	104,996.66	104,786.43
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	450,000.00	AA+	Aaa	05/17/16	05/18/16	449,644.50	1.03	1,562.50	449,787.73	446,996.25
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	500,000.00	AA+	Aaa	05/20/16	05/23/16	498,485.00	1.11	1,736.11	499,087.87	496,662.50
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	540,000.00	AA+	Aaa	09/01/16	09/02/16	540,194.40	0.99	1,875.00	540,130.03	536,395.50
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	250,000.00	AA+	Aaa	06/28/16	06/29/16	252,127.50	0.84	78.13	251,415.01	248,595.50
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	380,000.00	AA+	Aaa	06/02/16	06/03/16	379,840.40	1.14	118.75	379,895.82	377,865.16
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	220,000.00	AA+	Aaa	07/19/16	07/20/16	219,467.60	0.96	866.25	219,634.22	217,378.26
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	800,000.00	AA+	Aaa	07/29/16	08/02/16	798,656.00	0.93	2,897.22	799,061.54	790,382.40
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	300,000.00	AA+	Aaa	08/03/16	08/04/16	299,424.00	0.94	1,064.58	299,596.55	296,333.10



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	125,000.00	AA+	Aaa	10/03/16	10/05/16	124,925.00	1.02	420.14	124,944.03	123,778.75
FHLB GLOBAL NOTES DTD 09/09/2016 1.000% 09/26/2019	3130A9EP2	435,000.00	AA+	Aaa	09/08/16	09/09/16	434,621.55	1.03	1,147.92	434,720.82	430,581.27
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	220,000.00	AA+	Aaa	02/24/17	02/28/17	219,859.20	1.52	1,127.50	219,874.93	219,423.38
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	300,000.00	AA+	Aaa	04/24/17	04/25/17	298,584.00	1.54	813.54	298,669.35	298,225.50
Security Type Sub-Total		4,940,000.00					4,935,689.50	1.06	14,914.04	4,936,730.34	4,900,483.76

Corporate Note											
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	100,000.00	A-	A3	02/25/15	03/02/15	99,974.00	1.71	566.67	99,994.10	100,034.50
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	100,000.00	AA+	Aaa	03/04/15	03/06/15	100,000.00	1.31	416.88	100,000.00	99,939.40
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	270,000.00	A	A1	05/22/15	05/29/15	269,975.70	1.60	468.00	269,992.52	270,141.75
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	150,000.00	AA-	A1	06/10/15	06/17/15	149,974.50	1.66	110.00	149,991.71	150,297.75
BERKSHIRE HATHAWAY INC GLOBAL NOTES DTD 08/15/2016 1.150% 08/15/2018	084670BX5	30,000.00	AA	Aa2	08/08/16	08/15/16	29,996.40	1.16	130.33	29,997.97	29,892.18
JOHN DEERE CAPITAL CORP DTD 01/06/2017 1.650% 10/15/2018	24422ETM1	60,000.00	A	A2	01/03/17	01/06/17	59,961.00	1.69	209.00	59,971.20	60,027.90
AMERICAN HONDA FINANCE CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	02665WBA8	60,000.00	A+	A1	02/18/16	02/23/16	59,988.00	1.71	365.50	59,993.35	60,067.38
APPLE INC CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	037833BQ2	80,000.00	AA+	Aa1	02/16/16	02/23/16	79,986.40	1.71	483.56	79,992.47	80,219.92



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

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											
BERKSHIRE HATHAWAY INC NOTES DTD 03/15/2016 1.700% 03/15/2019	084664CG4	20,000.00	AA	Aa2	03/08/16	03/15/16	19,984.80	1.73	100.11	19,991.27	20,047.54
CHEVRON CORP NOTES DTD 05/16/2016 1.561% 05/16/2019	166764BH2	240,000.00	AA-	Aa2	05/09/16	05/16/16	240,000.00	1.56	468.30	240,000.00	239,300.88
PFIZER INC CORP NOTES DTD 06/03/2016 1.450% 06/03/2019	717081DU4	300,000.00	AA	A1	06/21/16	06/24/16	300,861.00	1.35	338.33	300,566.90	298,815.60
AMERICAN HONDA FINANCE DTD 07/12/2016 1.200% 07/12/2019	02665WBE0	80,000.00	A+	A1	07/07/16	07/12/16	79,920.00	1.23	450.67	79,945.53	79,235.04
APPLE INC CORP NOTES DTD 08/04/2016 1.100% 08/02/2019	037833CB4	160,000.00	AA+	Aa1	07/28/16	08/04/16	159,840.00	1.13	718.67	159,887.98	158,290.56
MICROSOFT CORP NOTES DTD 08/08/2016 1.100% 08/08/2019	594918BN3	100,000.00	AAA	Aaa	08/01/16	08/08/16	99,897.00	1.14	436.94	99,927.45	98,814.80
TOYOTA MOTOR CORP NOTES DTD 10/18/2016 1.550% 10/18/2019	89236TDH5	75,000.00	AA-	Aa3	10/13/16	10/18/16	74,962.50	1.57	235.73	74,971.13	74,670.45
AMERICAN EXPRESS CREDIT CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	50,000.00	A-	A2	10/26/16	10/31/16	49,940.50	1.74	144.03	49,953.52	49,730.50
GOLDMAN SACHS GROUP INC BONDS DTD 12/13/2016 2.300% 12/13/2019	38145GAJ9	150,000.00	BBB+	A3	12/08/16	12/13/16	149,887.50	2.33	172.50	149,907.56	150,409.65
PFIZER INC CORP NOTE DTD 11/21/2016 1.700% 12/15/2019	717081EB5	80,000.00	AA	A1	11/14/16	11/21/16	79,942.40	1.72	60.44	79,953.99	80,127.12
CITIGROUP INC DTD 01/10/2017 2.450% 01/10/2020	172967LF6	70,000.00	BBB+	Baa1	01/04/17	01/10/17	69,972.00	2.46	814.63	69,976.30	70,420.84
BB&T CORP NOTE DTD 12/08/2014 2.450% 01/15/2020	05531FAS2	150,000.00	A-	A2	02/02/17	02/07/17	151,485.00	2.10	1,694.58	151,288.93	151,675.65
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	150,000.00	A-	A3	03/16/17	03/21/17	150,079.50	2.23	1,481.25	150,073.30	150,465.30
MORGAN STANLEY CORP BONDS DTD 01/27/2015 2.650% 01/27/2020	61747YDW2	70,000.00	BBB+	A3	01/31/17	02/03/17	70,605.50	2.35	793.53	70,524.60	70,738.15



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

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											
MICROSOFT CORP DTD 02/06/2017 1.850% 02/06/2020	594918BV5	50,000.00	AAA	Aaa	01/30/17	02/06/17	49,966.50	1.87	372.57	49,970.89	50,127.45
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	30,000.00	A+	A2	03/01/17	03/06/17	29,992.20	1.96	186.88	29,993.00	30,093.66
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	120,000.00	A+	A2	04/24/17	04/27/17	120,646.80	1.76	747.50	120,607.80	120,374.64
EXXON MOBIL CORP NOTE DTD 03/06/2015 1.912% 03/06/2020	30231GAG7	175,000.00	AA+	Aaa	04/03/17	04/05/17	175,698.25	1.77	1,068.86	175,642.85	175,427.18
JOHN DEERE CAPITAL CORP CORP NOTES DTD 03/15/2017 2.200% 03/13/2020	24422ETO2	60,000.00	A	A2	03/10/17	03/15/17	59,953.20	2.23	388.67	59,957.66	60,502.80
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	70,000.00	AA-	Aa3	04/11/17	04/17/17	69,967.80	1.97	280.58	69,969.95	69,978.37
INTEL CORP NOTES DTD 05/11/2017 1.850% 05/11/2020	458140AZ3	150,000.00	A+	A1	05/08/17	05/11/17	149,943.00	1.86	385.42	149,945.58	150,041.40
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	80,000.00	A	A2	05/24/17	06/05/17	79,953.60	1.82	104.00	79,954.69	80,036.56
JOHN DEERE CAPITAL CORP NOTES DTD 06/22/2017 1.950% 06/22/2020	24422ETS8	20,000.00	A	A2	06/19/17	06/22/17	19,987.80	1.97	9.75	19,987.90	20,052.12
STATE STREET CORP NOTES DTD 08/18/2015 2.550% 08/18/2020	857477AS2	150,000.00	A	A1	06/08/17	06/13/17	152,811.00	1.94	1,413.13	152,768.63	152,816.70
Security Type Sub-Total		3,450,000.00					3,456,153.85	1.72	15,617.01	3,455,700.73	3,452,813.74
Commercial Paper											
BANK OF TOKYO MITSUBISHI UFJ LTD CP DTD 04/26/2017 0.000% 10/24/2017	06538BXO1	300,000.00	A-1	P-1	04/25/17	04/26/17	297,918.50	1.39	0.00	298,677.50	298,740.30
Security Type Sub-Total		300,000.00					297,918.50	1.39	0.00	298,677.50	298,740.30
Certificate of Deposit											



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	250,000.00	AA-	Aa1	09/09/14	09/11/14	249,597.50	1.41	1,050.35	249,973.56	250,023.50
SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 11/17/2015 1.480% 11/16/2017	83050FBG5	280,000.00	A+	Aa3	11/16/15	11/17/15	280,000.00	1.48	2,613.02	280,000.00	279,878.20
HSBC BANK USA NA CD DTD 11/18/2015 1.540% 11/17/2017	40428AR58	250,000.00	A-1+	P-1	11/17/15	11/18/15	250,000.00	1.54	6,320.42	250,000.00	250,183.50
CREDIT SUISSE NEW YORK CERT DEPOS DTD 04/13/2017 1.460% 11/21/2017	22549VN58	250,000.00	A-1	P-1	04/13/17	04/13/17	250,000.00	1.46	800.97	250,000.00	250,068.53
ROYAL BANK OF CANADA NY CD DTD 03/15/2016 1.700% 03/09/2018	78009NZZ2	230,000.00	AA-	Aa3	03/11/16	03/15/16	230,000.00	1.69	1,216.44	230,000.00	230,417.91
TORONTO DOMINION BANK NY CD DTD 03/14/2016 1.720% 03/14/2018	89113E5E2	350,000.00	AA-	Aa1	03/14/16	03/16/16	350,000.00	1.72	1,822.72	350,000.00	350,841.05
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	250,000.00	A+	Aa3	12/01/16	12/05/16	249,805.00	1.78	378.89	249,860.95	251,047.25
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	250,000.00	AA-	Aa3	12/01/16	12/05/16	250,000.00	1.74	391.11	250,000.00	251,047.25
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	280,000.00	AA-	Aa2	01/10/17	01/12/17	280,000.00	1.91	2,499.00	280,000.00	279,239.52
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	290,000.00	A+	Aa3	02/08/17	02/09/17	290,000.00	1.90	2,150.51	290,000.00	291,685.77
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	290,000.00	A+	A1	04/05/17	04/06/17	290,000.00	1.91	1,323.21	290,000.00	289,829.19
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	310,000.00	A	A1	05/03/17	05/04/17	310,000.00	2.05	1,006.21	310,000.00	310,471.20
Security Type Sub-Total		3,280,000.00					3,279,402.50	1.73	21,572.85	3,279,834.51	3,284,732.87
Managed Account Sub-Total		15,769,074.91					15,766,706.10	1.44	58,165.63	15,767,466.25	15,729,005.12



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2017**

CITY OF DIXON

Securities Sub-Total	\$15,769,074.91	\$15,766,706.10	1.44%	\$58,165.63	\$15,767,466.25	\$15,729,005.12
Accrued Interest						\$58,165.63
Total Investments						\$15,787,170.75

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.