



Investment Performance Review For the Quarter Ended September 30, 2018

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QUARTERLY MARKET SUMMARY

SUMMARY

- U.S. growth remained healthy in the third quarter as the unemployment rate hit historical lows, confidence rose further and stocks surged. This occurred despite ongoing concerns about a trade war with China, a disorderly Brexit, Italian budget concerns, Iran sanctions, a Turkish debt crisis and other geopolitical risks.
- Positive domestic economic data included strong readings on the labor market, auto sales, industrial production, manufacturing and service sector purchasing manager surveys and consumer sentiment. On the weaker side, residential housing has slowed due to escalating prices and higher mortgage rates. Broad measures of inflation also moderated a bit during the quarter. Lastly, the twin deficits – the federal budget deficit and trade deficit – both portend long-term imbalances that could be problematic for sustainable long-term growth of the U.S. economy.
- Amid strong economic fundamentals, the Federal Reserve (Fed) stayed the course, raising the federal funds rate by 0.25% to a new target range of 2.00% to 2.25%. Despite the removal of longstanding language from the Federal Open Market Committee (FOMC) statement that previously characterized the stance of monetary policy as “accommodative,” updated FOMC forecasts indicated an additional 0.25% hike is expected in December, followed by two to four more hikes in 2019.
- The S&P 500 Index (S&P) soared by 7.7% during the quarter, lifting the year-to-date (YTD) return to 10.6%. But, prices may have gotten ahead of themselves, increasing the risk of a near-term pullback. International indices also posted healthy gains, despite a few struggling emerging market (EM) economies.

ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) in the U.S. grew at an annualized rate of 4.2% in the second quarter, the fastest pace since 2014. Growth in the third quarter is expected to slow a bit, but remains healthy.
- U.S. labor market conditions remained strong during the quarter. The U.S. economy has added an average of more than 200,000 jobs per month this year, and the unemployment rate dropped to a 48-year low of 3.7%. Although there are a record number of job openings in the U.S., strong employment reports continue to suggest that the job market remains tight.
- On the inflation front, many gauges are now at or near the Fed’s 2% target. While job growth is solid, wage growth has been slower than in previous expansionary cycles, as companies continue to resist raising wages. Tariffs could, however, push prices higher as a result of the increased cost of raw materials and growing supply bottlenecks. Rising oil prices may nudge overall prices higher in coming quarters.

INTEREST RATES

- U.S. Treasury yields rose by 20-30 basis points (bps) (0.20% to 0.30%) in the quarter, with short-term yields outpacing longer-term yields. For example, the yield on the two-year Treasury note rose 29 bps to 2.82%, while the yield on the 10-year note rose 20 bps to end the quarter at 3.06%. The result was a flatter yield curve over the quarter, but the pace of flattening moderated near quarter-end.

- The yield curve remains very flat from a historical perspective (less incentive for investors to increase maturity). The yield difference between 10-year and two-year U.S. Treasury notes ended the quarter at 24 bps (0.24%), only 8 bps off of the decade low. While a flattening curve is not a foolproof indicator of future recession, it is one of many signals investors look at for indications of the future economy.
- As a result of rising yields, shorter Treasury indices outperformed longer-maturity ones. Although longer maturities provided higher yields, the small incremental benefit due to a flat yield curve was not sufficient to offset the adverse impact on market values due to increasing yields. For example, the three-month Treasury bill index generated a return of 0.49% for the quarter, while the five- and 10-year Treasury returned -0.26% and -1.1%, respectively.

SECTOR PERFORMANCE

- Although Treasury returns were muted by rising rates during the quarter, diversification into other sectors added value as most other investment-grade (IG), fixed-income asset classes outperformed Treasuries. Corporates and asset-backed securities (ABS) performed well, generating strong, positive excess returns.
- Despite very narrow spreads available in the federal agency sector, returns in the sector generated excess returns near double digits for the third quarter. Because of their incremental yield and shorter durations, callable agencies accounted for the majority of the excess returns from the sector.
- Supranational securities performed well, as the combination of tighter spreads and incremental income led to the sector posting attractive returns relative to both Treasuries and agencies.
- The corporate sector benefitted the most from incremental income, posting attractive excess returns for the third quarter. Record earnings, stable credit fundamentals and a generally positive economic environment continued to serve as tailwinds to the sector. Specifically, one- to three-year BBB-rated corporate issuers were one of the best-performing segments of the IG market during the third quarter.
- Similarly, AAA-rated ABS were a positive contributor to performance for the third quarter, posting excess returns on average in the 25-30 bps range.
- Mortgage-backed securities (MBS) generated positive excess returns for the second consecutive quarter, despite still being in the red YTD. Longer was better for the third quarter, as 30-year collateral pools outperformed their 15-year counterparts. Meanwhile, agency-backed commercial MBS (CMBS) was the best segment of the securitized asset class, as these structures are less sensitive to increasing interest rates.
- Commercial paper and certificate of deposit yield spreads grinded to one-year lows over the quarter. As a result, short-term credit instruments now look more expensive relative to U.S. Treasuries. Still, they offer incrementally higher yields relative to similar-maturity government alternatives.

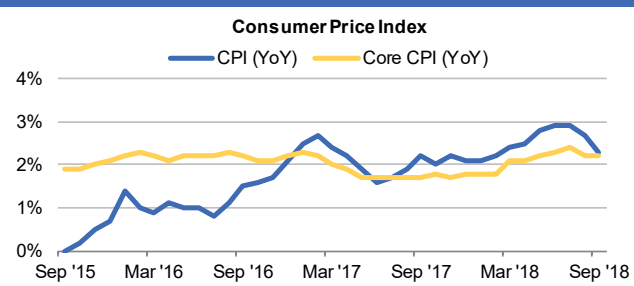
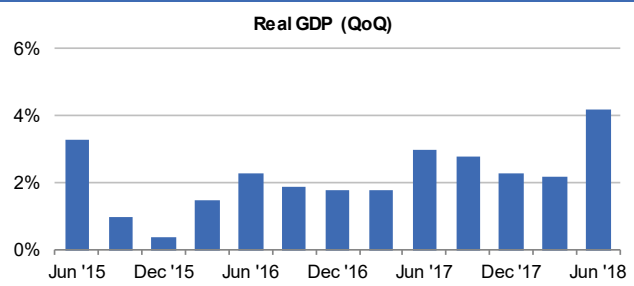
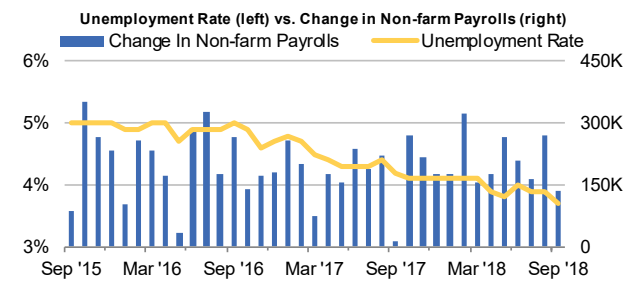
QUARTERLY MARKET SUMMARY

Economic Snapshot

Labor Market		Latest	Jun '18	Sep '17
Unemployment Rate	Sep'18	3.7%	4.0%	4.2%
Change In Non-farm Payrolls	Sep'18	134,000	208,000	14,000
Average Hourly Earnings (YoY)	Sep'18	2.8%	2.8%	2.8%
Personal Income (YoY)	Aug'18	4.7%	4.9%	4.6%
Initial Jobless Claims (week)	10/6/18	214,000	232,000	254,000

Growth		Latest	Jun '18	Sep '17
Real GDP (QoQ SAAR)	2018Q2	4.2%	2.2% ¹	3.0% ²
GDP Personal Consumption (QoQ SAAR)	2018Q2	3.8%	0.5% ¹	2.9% ²
Retail Sales (YoY)	Sep'18	4.7%	6.1%	5.2%
ISM Manufacturing Survey (month)	Sep'18	59.8	60.2	60.2
Existing Home Sales SAAR (month)	Aug'18	5.34 mil.	5.38 mil.	5.37 mil.

Inflation / Prices		Latest	Jun '18	Sep '17
Personal Consumption Expenditures (YoY)	Aug'18	2.2%	2.3%	1.8%
Consumer Price Index (YoY)	Sep'18	2.3%	2.9%	2.2%
Consumer Price Index Core (YoY)	Sep'18	2.2%	2.3%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$73.25	\$74.15	\$51.67
Gold Futures (oz.)	Sep 30	\$1,192	\$1,255	\$1,282



1. Data as of First Quarter 2018.

2. Data as of Second Quarter 2017.

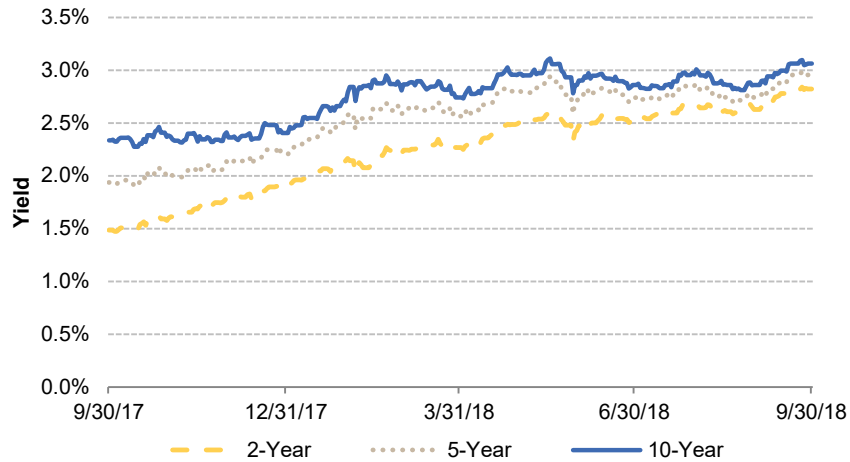
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

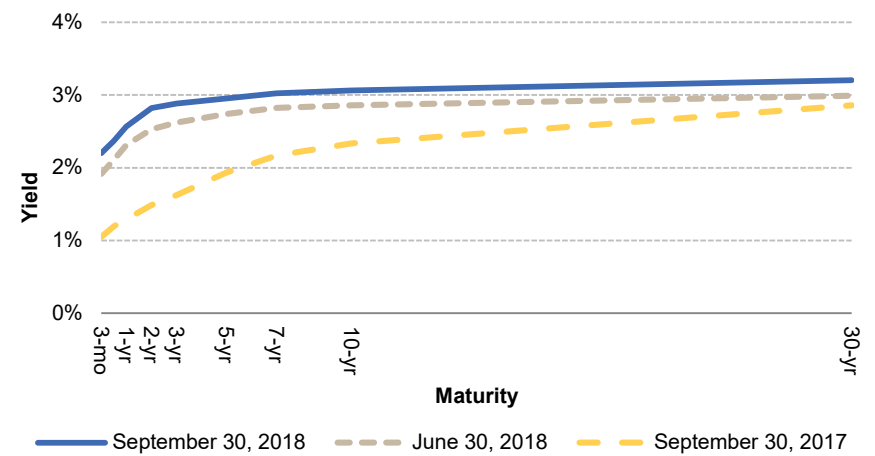
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



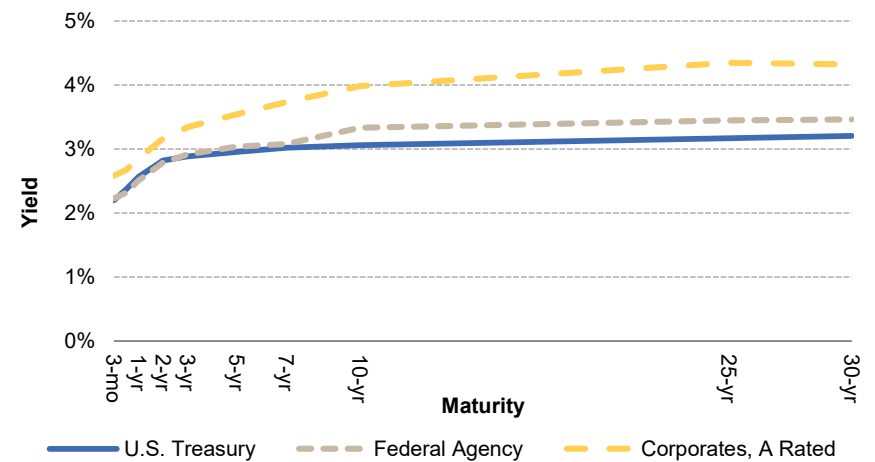
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Sep '18	Jun '18	Change Over Quarter	Sep '17	Change Over Year
3-month	2.20%	1.92%	0.28%	1.05%	1.15%
1-year	2.57%	2.31%	0.26%	1.29%	1.28%
2-year	2.82%	2.53%	0.29%	1.49%	1.33%
5-year	2.95%	2.74%	0.21%	1.94%	1.01%
10-year	3.06%	2.86%	0.20%	2.33%	0.73%
30-year	3.21%	2.99%	0.22%	2.86%	0.35%

Yield Curves as of 9/30/18



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

September 30, 2018	As of 9/30/18		Returns for Periods ended 9/30/18		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.81	2.80%	0.19%	0.04%	0.38%
Federal Agency	1.69	2.80%	0.32%	0.34%	0.59%
U.S. Corporates, A-AAA-rated	1.83	3.21%	0.67%	0.67%	1.38%
Agency MBS (0 to 3 years)	4.53	3.45%	(0.37%)	(0.38%)	0.82%
Taxable Municipals	1.80	3.06%	0.60%	1.32%	2.14%
1-5 Year Indices					
U.S. Treasury	2.58	2.85%	0.05%	(0.58%)	0.29%
Federal Agency	2.03	2.84%	0.26%	0.03%	0.59%
U.S. Corporates, A-AAA-rated	2.59	3.35%	0.66%	0.06%	1.47%
Agency MBS (0 to 5 years)	3.65	3.30%	0.11%	(0.82%)	0.81%
Taxable Municipals	2.41	3.38%	0.57%	1.08%	2.15%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.13	2.95%	(0.66%)	(1.64%)	0.28%
Federal Agency	3.89	2.99%	(0.01%)	(0.56%)	0.80%
U.S. Corporates, A-AAA-rated	6.82	3.79%	0.67%	(1.29%)	2.43%
Agency MBS (0 to 30 years)	5.11	3.56%	(0.12%)	(0.88%)	1.00%
Taxable Municipals	10.33	4.19%	(0.67%)	(0.38%)	4.67%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

QUARTERLY MARKET SUMMARY

DISCLOSURES

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Tab II

- The Portfolios are of high credit quality and invested in U.S. Treasury, federal agency, and commercial paper securities.
- The Long Term Fund Portfolio's quarterly total return performance of 0.29% outperformed the benchmark performance of 0.19% by 0.10%. For the last 12 months the Portfolio's total return performance of 0.34% outperformed the benchmark performance of 0.04%.
- We positioned portfolios with a defensive duration posture for the majority of the past two quarters in light of the Fed's impact on short-term rates. This has benefited portfolio returns as yields across the curve approached new highs for this cycle. Economic Conditions were characterized by:
 - The yield on the 2-year Treasury note rising by 29 basis points to end the quarter at 2.82%,
 - A robust labor market, with the U.S. unemployment rate near 48 year lows,
 - Core inflation near the Fed's 2% target, while oil prices surged and wages trended higher,
 - Consumer confidence is at a near two-decade high, while measures of manufacturing activity are also very strong,
 - As well as, an escalating trade war with China, weakness in emerging market economies and currencies, and political uncertainty.
- While the Fed's policy actions will depend on future economic data, we believe the current strength of the U.S. economy, coupled with a strong labor market and rising inflation, will cause the Fed to continue raising rates at a pace of about one ¼ percent hike per quarter well into 2019. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to benchmarks.

Summary Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3}</u>		<u>Market Value^{1,2,3}</u>		<u>Duration (Years) September 30, 2018</u>
	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	
Pooled Funds	\$0	\$0	\$0	\$0	0.000
Long Term Pooled Fund	23,209,747	23,236,725	22,982,680	23,055,025	1.500
TexPool	51,310,468.04	34,349,869.83	51,310,468	34,349,870	0.003
American National Bank of Texas	9,605,881.00	7,711,259.01	9,605,881	7,711,259	0.003
Total	\$84,126,096	\$65,297,854	\$83,899,029	\$65,116,154	0.413

<u>Account Name</u>	<u>Yield to Maturity at Cost⁴</u>		<u>Yield to Maturity at Market</u>		<u>Duration (Years) June 30, 2018</u>
	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	
Pooled Funds	0.00%	0.00%	0.00%	0.00%	0.000
Long Term Pooled Fund	1.95%	1.91%	2.71%	2.50%	1.680
TexPool⁵	2.07%	1.92%	2.07%	1.92%	0.003
American National Bank of Texas	0.00%	0.00%	0.00%	0.00%	0.003
Weighted Average YTM	1.80%	1.69%	2.01%	1.90%	0.597

Monthly Interest earnings YTD^{6,7}

October 2017	\$29,480.29	April 2018	\$52,260.31
November 2017	\$10,670.76	May 2018	\$110,128.39
December 2017	\$51,196.84	June 2018	\$69,333.65
January 2018	\$33,038.08	July 2018	\$56,074
February 2018	\$50,350.92	August 2018	\$136,420
March 2018	\$85,103.02	September 2018	\$71,224

Total Fiscal Year Net Earnings \$755,281

Notes:

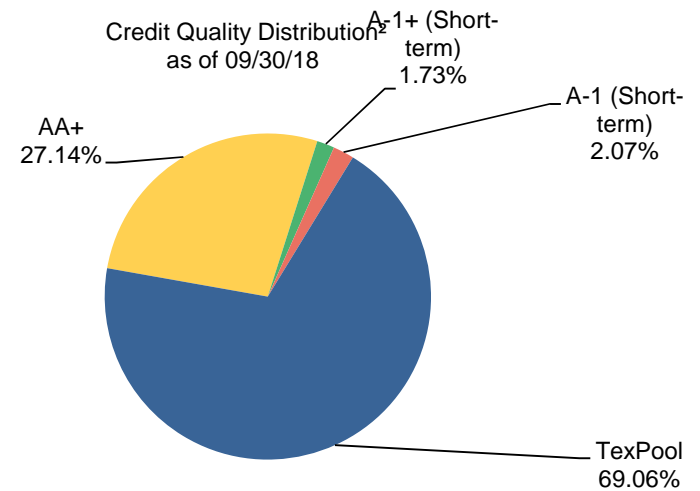
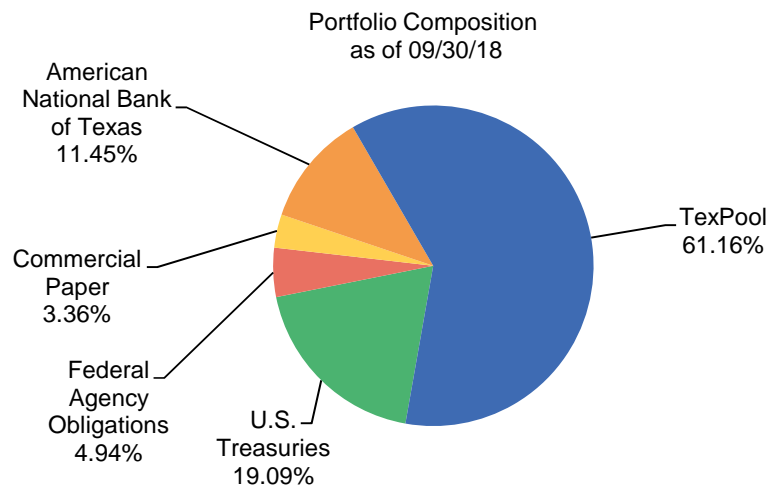
1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Past performance is not indicative of future results.
5. TexPool yield is obtained from www.texpool.com.
6. Earnings are calculated on a cash basis and are subject to the receipt of coupon payments, maturities within the portfolio, and money market fund balances.

Summary Portfolio Amortized Cost and Market Value Analysis

BANK/MONEY MARKET FUNDS	CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	6/30/2018	6/30/2018	6/30/2018	9/30/2018	9/30/2018	9/30/2018	CHANGE IN
						ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE	MARKET VALUE
TEXPOOL	TEXPOOL					\$0.00	\$34,349,869.83	\$34,349,869.83	\$0.00	\$51,310,468.04	\$51,310,468.04	49.38%
BANK ACCT	AMERICAN NATIONAL BANK OF TEXAS					0.00	7,711,259.01	7,711,259.01	0.00	9,605,881.00	9,605,881.00	24.57%
TOTAL						\$0.00	\$42,061,128.84	\$42,061,128.84	\$0.00	\$60,916,349.04	\$60,916,349.04	44.83%
POOLED FUNDS												
COMMERCIAL PAPER												
06538CF89	BANK OF TOKYO MITS UFJ LTD COMM PAPER		0.00	0.000	01/00/00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
09659CF86	BNP PARIBARS COMM PAPER		0.00	0.000	01/00/00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
			\$0			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	100.00%
TOTAL			\$0			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	100.000%
LONG TERM POOLED FUND												
COMMERCIAL PAPER												
22533UG64	Credit Agricole Cib Ny Comm Paper		425,000.00	0.000	7/6/2018	0.00	424,892.57	424,852.10	0.00	-	-	0.00%
46640QM32	Jp Morgan Securities Llc Comm Paper		425,000.00	0.000	12/3/2018	0.00	420,498.54	420,486.93	0.00	423,170.38	423,209.48	0.65%
25214PHM8	Dexia Credit Local Sa Ny Comm Paper		600,000.00	0.000	2/26/2019	0.00	590,080.00	589,904.40	0.00	593,882.66	593,902.20	0.68%
46640QQ12	Jp Morgan Securities Llc Comm Paper		700,000.00	0.000	3/1/2019	0.00	688,045.75	687,780.80	0.00	692,571.64	692,540.80	0.69%
89233HQ15	Toyota Motor Credit Corp Comm Paper		700,000.00	0.000	3/1/2019	0.00	688,423.75	688,304.40	0.00	692,806.53	692,639.50	0.63%
62479MR21	Mufg Bank Ltd/Ny Comm Paper		425,000.00	0.000	4/2/2019	0.00	0.00	0.00	0.00	419,534.14	419,381.08	0.00%
			\$2,850,000			\$0	\$2,811,941	\$2,811,329	\$0	\$2,821,965	\$2,821,673	0.37%
FED AGY BOND/NOTE												
3137EADZ9	FREDDIE MAC NOTES		500,000	1.125	4/15/2019	1,187.50	500,646.80	495,390.50	2,593.75	500,442.45	496,465.00	0.22%
3135G0ZE6	FNMA NOTES		600,000	1.750	6/20/2019	320.83	604,477.38	596,296.20	2,945.83	603,325.65	596,712.60	0.07%
3137EAE81	FHLMC REFERENCE NOTE		600,000	0.875	7/19/2019	2,362.50	599,065.40	590,521.80	1,050.00	599,287.21	592,106.40	0.27%
3135G0N33	FNMA BENCHMARK NOTE		600,000	0.875	8/2/2019	2,172.92	598,991.06	590,027.40	860.42	599,222.44	591,580.20	0.26%
3135G0P49	FNMA NOTES		900,000	1.000	8/28/2019	3,075.00	899,174.84	885,280.50	825.00	899,352.05	887,028.30	0.20%
3130ACE26	FHLB NOTES		1,000,000	1.750	9/28/2020	3,552.08	997,629.55	972,250.00	114.58	997,889.64	971,845.00	-0.04%
			\$4,200,000			\$12,670.83	\$4,199,985.03	\$4,129,766.40	\$8,389.58	\$4,199,519.44	\$4,135,737.50	0.14%
US TSY BOND/NOTE												
912828SH4	US TREASURY NOTES		1,950,000	1.375	2/28/2019	8,961.79	1,955,065.22	1,938,803.10	2,296.10	1,953,156.41	1,942,001.10	0.16%
912828WL0	US TREASURY NOTES		435,000	1.500	5/31/2019	552.66	437,279.09	431,720.54	2,192.83	436,654.76	432,128.13	0.09%
912828G61	US TREASURY NOTES		880,000	1.500	11/30/2019	1,118.03	881,122.28	868,140.24	4,436.07	880,924.44	867,934.32	-0.02%
912828J84	US TREASURY NOTES		800,000	1.375	3/31/2020	2,765.03	795,720.64	784,437.60	30.22	796,327.06	783,750.40	-0.09%
912828XE5	US TREASURY NOTES		1,000,000	1.500	5/31/2020	1,270.49	981,695.20	980,703.00	5,040.98	984,052.29	979,062.00	-0.17%
912828XM7	US TREASURY NOTES		3,000,000	1.625	7/31/2020	20,334.94	2,946,545.85	2,943,516.00	8,213.32	2,952,881.58	2,936,484.00	-0.24%
912828XM7	US TREASURY NOTES		1,640,000	1.625	7/31/2020	11,116.44	1,640,971.68	1,609,122.08	4,489.95	1,640,856.03	1,605,277.92	-0.24%
912828M98	US TREASURY NOTES		1,000,000	1.625	11/30/2020	1,376.37	995,287.26	977,578.00	5,461.07	995,768.55	974,492.00	-0.32%
912828N89	US TREASURY NOTES		490,000	1.375	1/31/2021	2,810.39	481,137.31	475,051.08	1,135.12	481,979.82	473,673.20	-0.29%
9128284B3	US TREASURY N/B NOTES		1,000,000	2.375	3/15/2021	6,970.11	994,550.71	993,945.00	1,049.72	995,052.86	988,633.00	-0.53%
912828WG1	US TREASURY NOTES		450,000	2.250	4/30/2021	1,705.84	447,767.55	445,500.00	4,237.09	447,958.41	443,091.60	-0.54%
912828WY2	US TREASURY N/B		3,100,000	2.250	7/31/2021	29,094.61	3,064,576.46	3,064,883.20	11,751.36	3,067,390.33	3,046,717.20	-0.59%
912828WY2	US TREASURY N/B		500,000	2.250	7/31/2021	0.00	0.00	0.00	1,895.38	494,640.85	491,406.00	0.00%
912828N63	US TREASURY N/B		500,000	1.125	1/15/2019	2,594.96	499,737.96	497,187.50	0.00	0.00	0.00	
			\$16,745,000.00	1.759		\$90,671.66	\$16,121,457.21	\$16,010,587.34	\$52,229.21	\$16,127,643.39	\$15,964,650.87	-0.29%
TOTAL			\$23,795,000.00			\$103,342.49	\$23,133,382.85	\$22,951,682.37	\$60,618.79	\$23,149,128.18	\$22,922,061.43	-0.129%
TOTAL PORTFOLIO			\$23,795,000			\$103,342.49	\$65,194,511.69	\$65,012,811.21	\$60,618.79	\$84,065,477.22	\$83,838,410.47	28.96%

Summary Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2018</u>	<u>% of Portfolio</u>	<u>June 30, 2018</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$16,016,880	19.1%	\$16,101,259	24.7%
Federal Agencies	\$4,144,127	4.9%	4,142,437	6.4%
Commercial Paper	\$2,821,673	3.4%	2,811,329	4.3%
Certificates of Deposit	\$0	0.0%	0	0.0%
Bankers Acceptances	\$0	0.0%	0	0.0%
Repurchase Agreements	\$0	0.0%	0	0.0%
Municipal Obligations	\$0	0.0%	0	0.0%
Corporate Notes/Bonds	\$0	0.0%	0	0.0%
American National Bank of Texas	9,605,881	11.45%	7,711,259	11.8%
TexPool	51,310,468	61.2%	34,349,870	52.8%
Totals	\$83,899,029	100.0%	\$65,116,154	100.0%

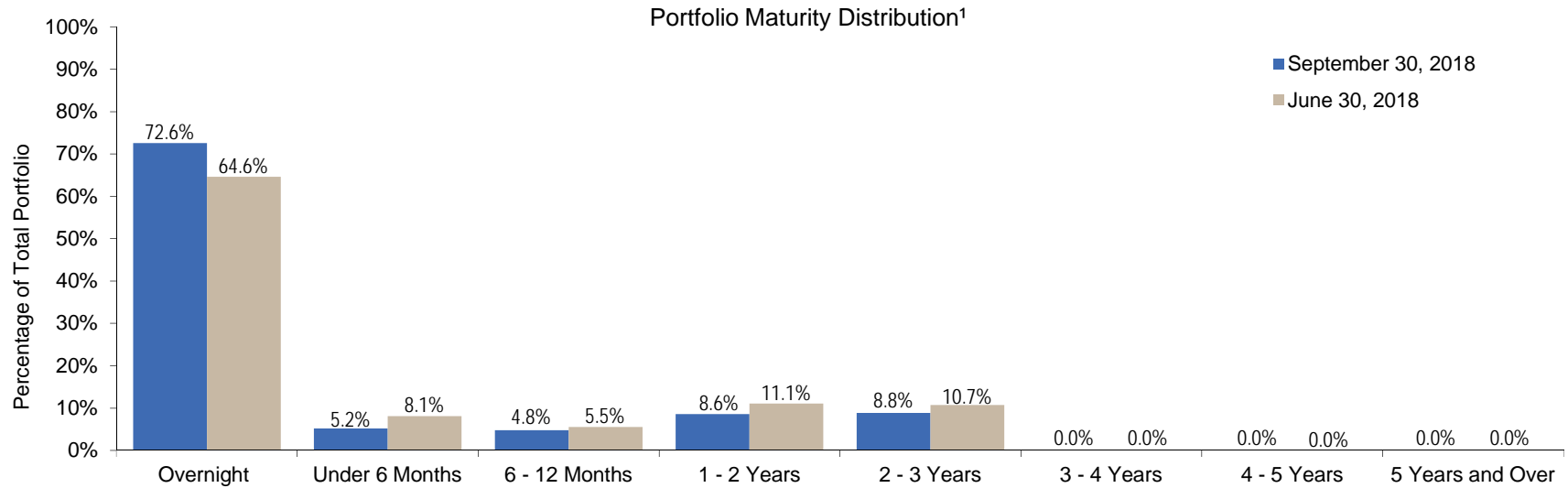


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund, bank or LGIP. Standard & Poor's is the source of the credit ratings.

Summary Portfolio Maturity Distribution

<u>Maturity Distribution</u> ¹	<u>September 30, 2018</u>	<u>June 30, 2018</u>
Overnight (Money Market Fund)	\$60,916,349	\$42,061,129
Under 6 Months	4,346,589	5,258,876
6 - 12 Months	4,025,870	3,598,908
1 - 2 Years	7,194,719	7,222,524
2 - 3 Years	7,415,502	6,974,717
3 - 4 Years	0	0
4 - 5 Years	0	0
5 Years and Over	0	0
Totals	\$83,899,029	\$65,116,154



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Summary Portfolio General Ledger Entries¹

Earnings Calculation	Market Value Basis	Source Document
7/31/2018		
July Market Value	50,959,238.59	1 Account Summary Page
July Accrued Interest	49,685.56	2 Account Summary Page
Less (Purchases & Deposits)	(1,555,694.15)	3 Security Transactions & Interest
Less Purchased Interest	-	4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	7,925,121.61	5 Security Transactions & Interest
Add Interest Receipts	84,193.75	6 Security Transactions & Interest
Less June Market Value	(57,301,552.20)	7 Account Summary Page
Less June Accrued Interest	(103,342.49)	8 Account Summary Page
Earnings	57,650.67	

Change in Investment Market Value	(6,342,313.61)	(1 - 7)
Change in Accrued Interest	(53,656.93)	(2 - 8)
Change in Cash	6,453,621.21	(sum 3 thru 6)

Investment Entries			
<i>To Record Investment Activity</i>	Debit	Credit	Source Document
Cash	6,369,427.46		Security Transactions & Interest
Investments		6,342,313.61	Amortization/Accretion
Investment Income		27,113.85	Earnings
To record investment income/changes			
Cash	84,193.75		Security Transactions & Interest
Accrued Interest		53,656.93	Accrued Interest Difference
Investment Income		30,536.82	Earnings
To record interest income/changes			

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Summary Portfolio General Ledger Entries¹

Earnings Calculation	Market Value Basis	Source Document
8/31/2018		
August Market Value	74,827,034.82	1 Account Summary Page
August Accrued Interest	57,374.18	2 Account Summary Page
Less (Purchases & Deposits)	(27,156,150.68)	3 Security Transactions & Interest
Less Purchased Interest	-	4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	3,398,130.97	5 Security Transactions & Interest
Add Interest Receipts	20,531.25	6 Security Transactions & Interest
Less July Market Value	(50,959,238.59)	7 Account Summary Page
Less July Accrued Interest	(49,685.56)	8 Account Summary Page
Earnings	137,996.39	

Change in Investment Market Value	23,867,796.23	(1 - 7)
Change in Accrued Interest	7,688.62	(2 - 8)
Change in Cash	(23,737,488.46)	(sum 3 thru 6)

Investment Entries			
<i>To Record Investment Activity</i>		Debit	Credit
Cash			23,758,019.71
Investments	23,867,796.23		
Investment Income			109,776.52
To record investment income/changes			
Cash		20,531.25	
Accrued Interest		7,688.62	
Investment Income			28,219.87
To record interest income/changes			

Notes:

1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Summary Portfolio General Ledger Entries¹

Earnings Calculation	Market Value Basis	Source Document
9/30/2018		
September Market Value	74,232,529.47	1 Account Summary Page
September Accrued Interest	60,618.79	2 Account Summary Page
Less (Purchases & Deposits)	(4,423,790.85)	3 Security Transactions & Interest
Less Purchased Interest	-	4 Security Transactions & Interest
Add (Sales, Maturities, Paydowns, Withdrawals)	5,063,551.91	5 Security Transactions & Interest
Add Interest Receipts	24,250.00	6 Security Transactions & Interest
Less August Market Value	(74,827,034.82)	7 Account Summary Page
Less August Accrued Interest	(57,374.18)	8 Account Summary Page
Earnings	72,750.32	

Change in Investment Market Value	(594,505.35)	(1 - 7)
Change in Accrued Interest	3,244.61	(2 - 8)
Change in Cash	664,011.06	(sum 3 thru 6)

Investment Entries			
<i>To Record Investment Activity</i>	Debit	Credit	Source Document
Cash	639,761.06		Security Transactions & Interest
Investments		594,505.35	Amortization/Accretion
Investment Income		45,255.71	Earnings
To record investment income/changes			
Cash	24,250.00		Security Transactions & Interest
Accrued Interest	3,244.61		Accrued Interest Difference
Investment Income		27,494.61	Earnings
To record interest income/changes			

Notes:

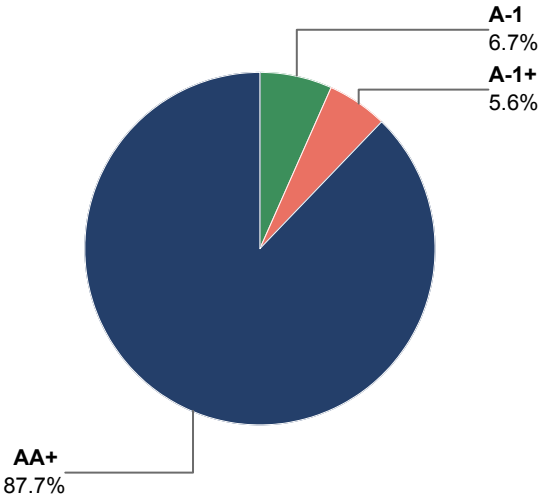
1. Earnings are calculated using Market Value. This includes unrealized gains and losses, and income.

Portfolio Statistics

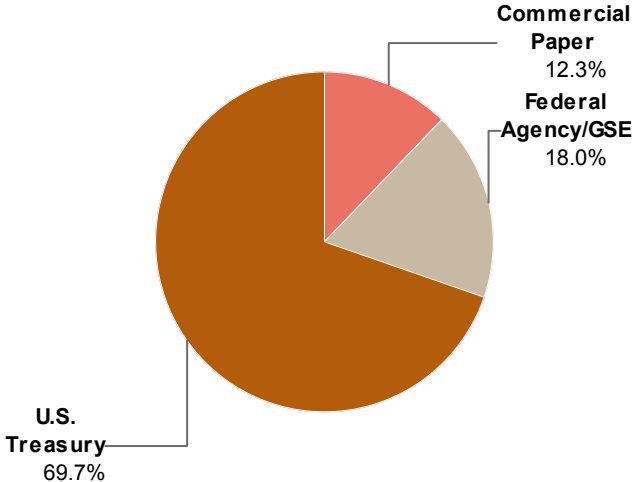
As of September 30, 2018

Par Value:	\$23,295,000
Total Market Value:	\$22,982,680
Security Market Value:	\$22,922,061
Accrued Interest:	\$60,619
Cash:	-
Amortized Cost:	\$23,149,128
Yield at Market:	2.71%
Yield at Cost:	1.95%
Effective Duration:	1.50 Years
Duration to Worst:	1.50 Years
Average Maturity:	1.55 Years
Average Credit: *	AA

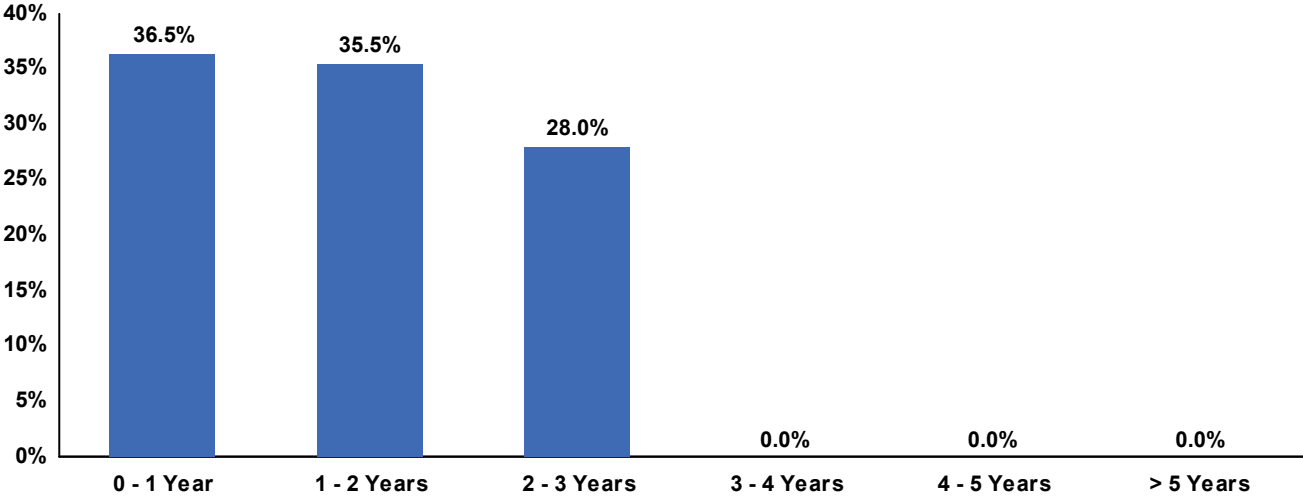
Credit Quality (S&P Ratings)



Sector Allocation



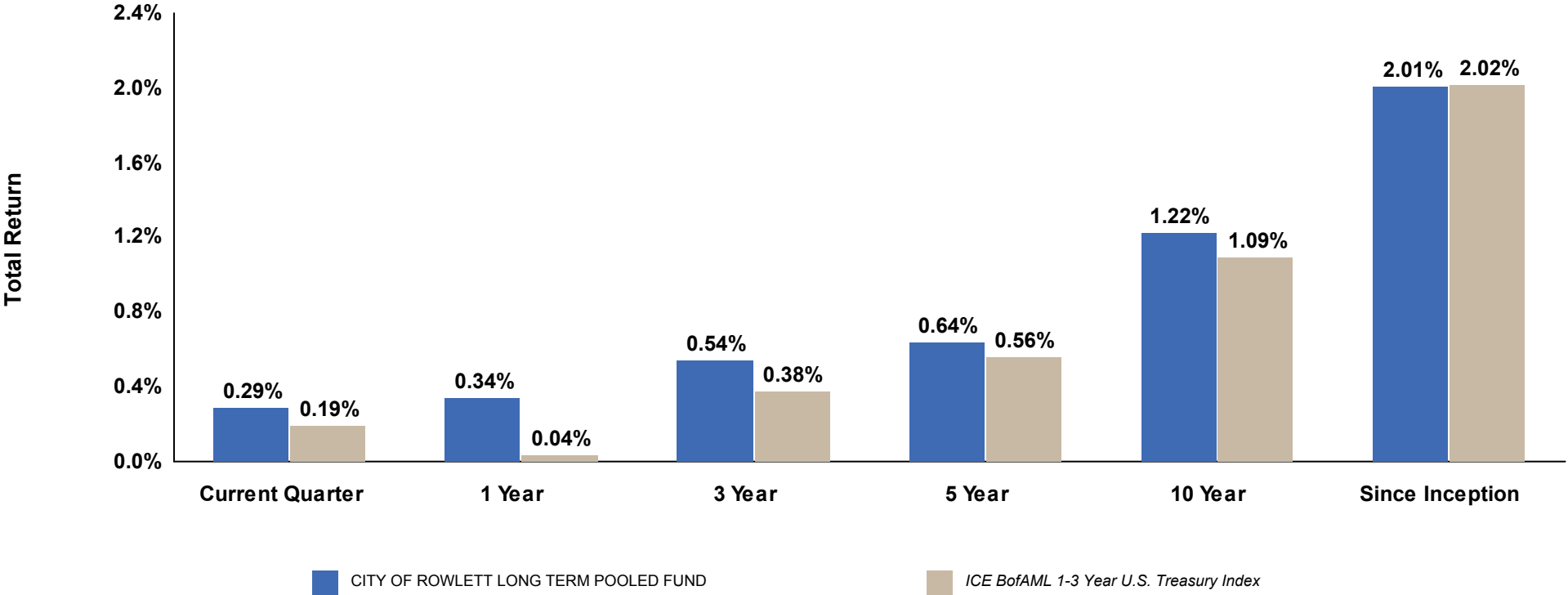
Maturity Distribution



* 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)

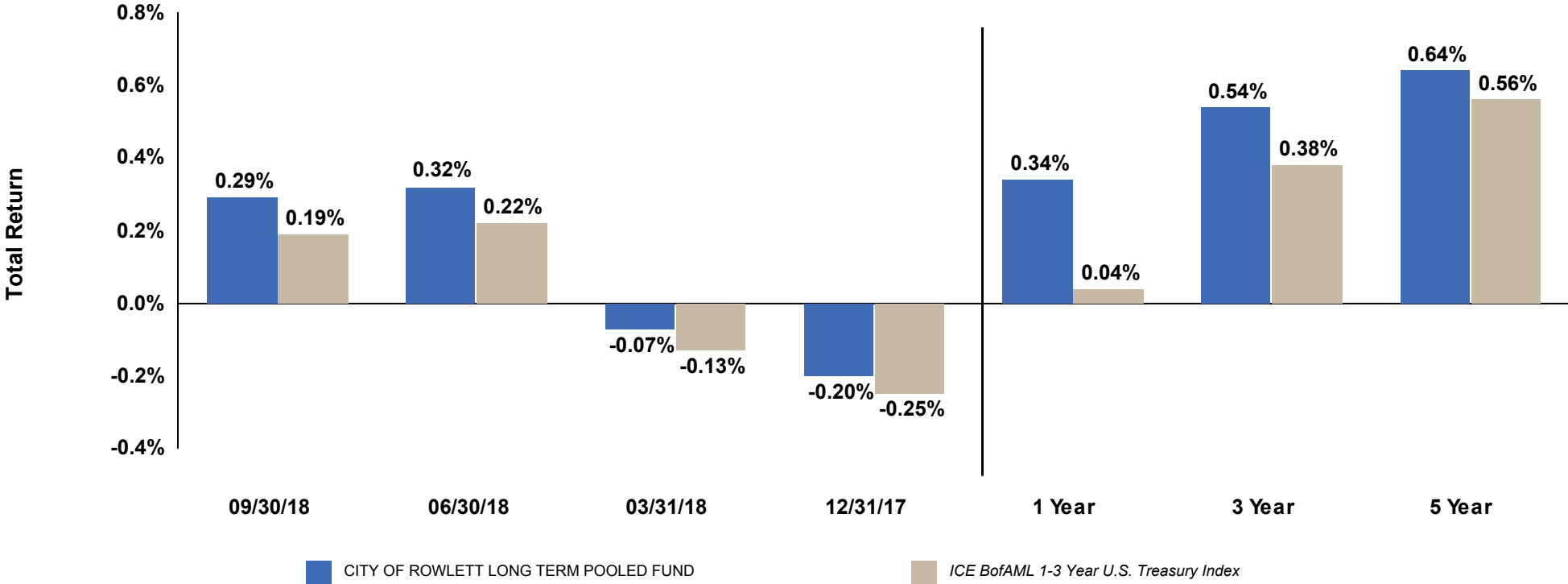
Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/06) **
			1 Year	3 Year	5 Year	10 Year	
CITY OF ROWLETT LONG TERM POOLED FUND	1.50	0.29%	0.34%	0.54%	0.64%	1.22%	2.01%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	0.19%	0.04%	0.38%	0.56%	1.09%	2.02%
Difference		0.10%	0.30%	0.16%	0.08%	0.13%	-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)

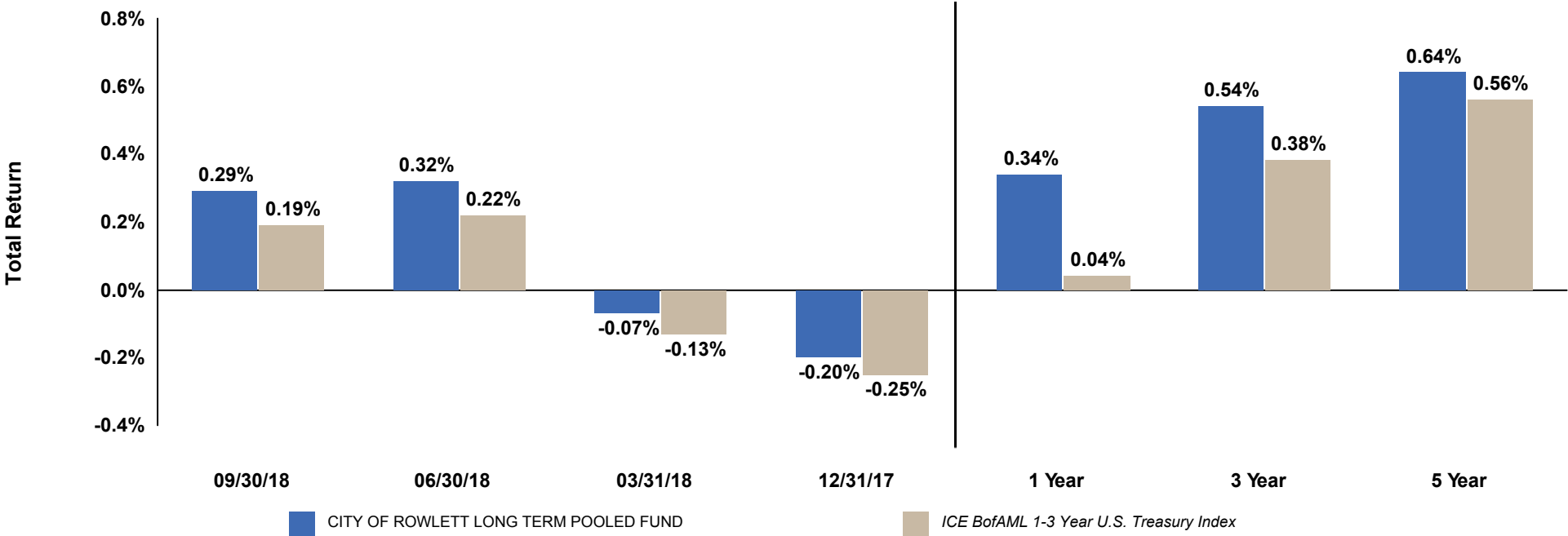
Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		09/30/18	06/30/18	03/31/18	12/31/17	1 Year	3 Year	5 Year
CITY OF ROWLETT LONG TERM POOLED FUND	1.50	0.29%	0.32%	-0.07%	-0.20%	0.34%	0.54%	0.64%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	0.19%	0.22%	-0.13%	-0.25%	0.04%	0.38%	0.56%
Difference		0.10%	0.10%	0.06%	0.05%	0.30%	0.16%	0.08%



Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		09/30/18	06/30/18	03/31/18	12/31/17	1 Year	3 Year	5 Year
CITY OF ROWLETT LONG TERM POOLED FUND	1.50	0.29%	0.32%	-0.07%	-0.20%	0.34%	0.54%	0.64%
<i>Net of Fees **</i>	-	0.27%	0.30%	-0.09%	-0.22%	0.26%	0.46%	0.56%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	0.19%	0.22%	-0.13%	-0.25%	0.04%	0.38%	0.56%
Difference (Gross)		0.10%	0.10%	0.06%	0.05%	0.30%	0.16%	0.08%
Difference (Net)		0.08%	0.08%	0.04%	0.03%	0.22%	0.08%	0.00%



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

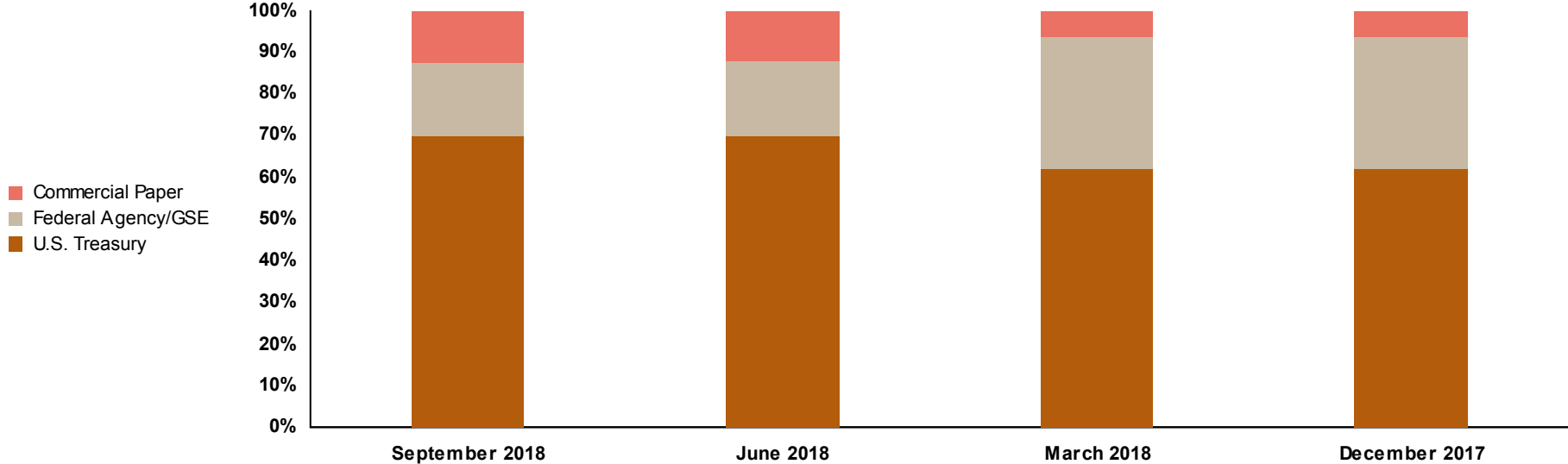
Portfolio Earnings

Quarter-Ended September 30, 2018

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value (06/30/2018)	\$22,951,682.37	\$23,133,382.85
Net Purchases/Sales	(\$11,158.36)	(\$11,158.36)
Change in Value	(\$18,462.58)	\$26,903.69
Ending Value (09/30/2018)	\$22,922,061.43	\$23,149,128.18
Interest Earned	\$84,029.27	\$84,029.27
Portfolio Earnings	\$65,566.69	\$110,932.96

Sector Allocation

Sector	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	16.0	69.7%	16.0	69.7%	8.0	61.8%	8.1	61.8%
Federal Agency/GSE	4.1	18.0%	4.1	18.0%	4.1	31.7%	4.1	31.7%
Commercial Paper	2.8	12.3%	2.8	12.3%	0.8	6.5%	0.8	6.5%
Total	\$22.9	100.0%	\$23.0	100.0%	\$13.0	100.0%	\$13.1	100.0%

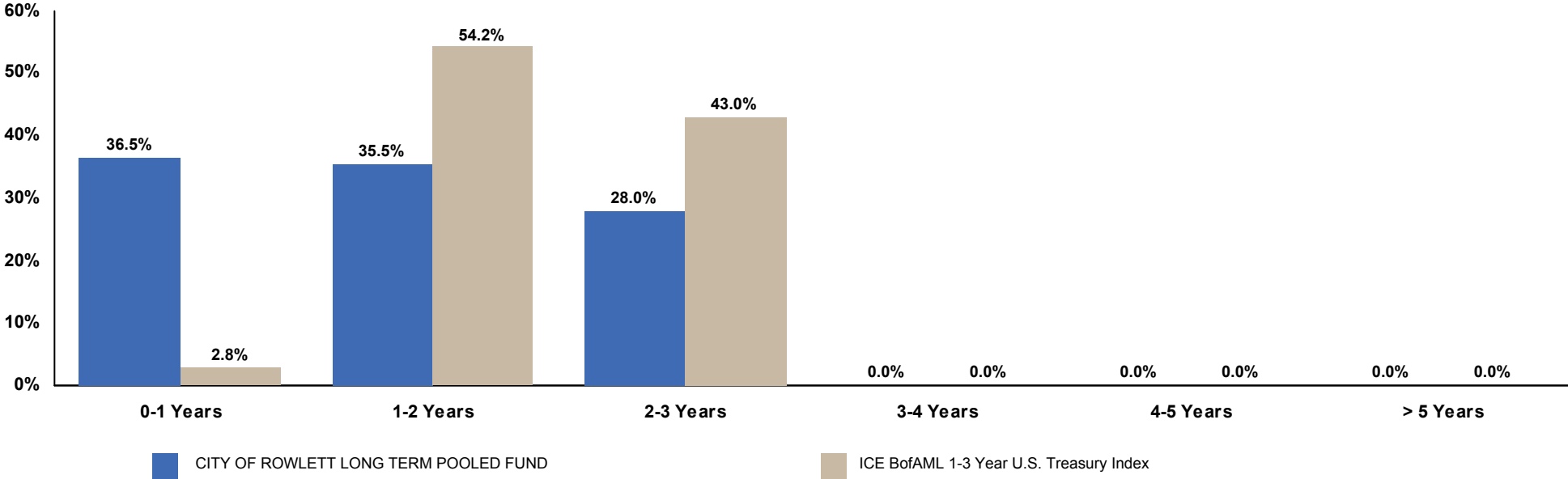


Detail may not add to total due to rounding.

Maturity Distribution

As of September 30, 2018

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 ROWLETT LONG TERM POOLED FUND	2.71%	1.55 yrs	36.5%	35.5%	28.0%	0.0%	0.0%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	2.81%	1.94 yrs	2.8%	54.2%	43.0%	0.0%	0.0%	0.0%

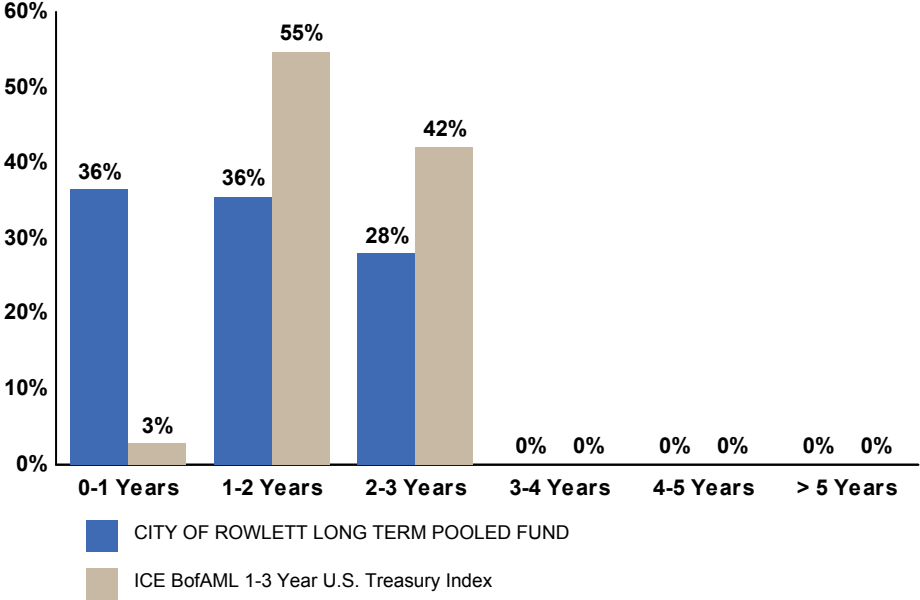


Duration Distribution

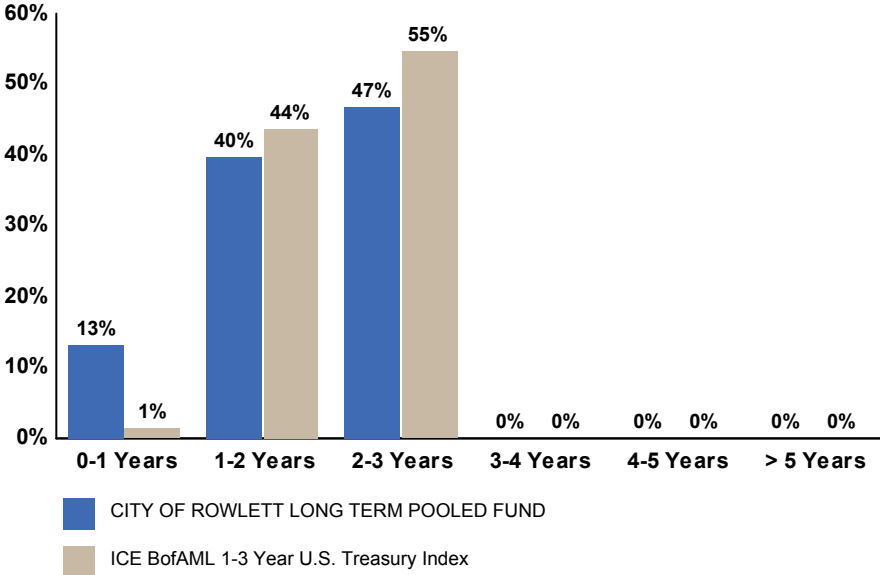
As of September 30, 2018

Portfolio / Benchmark	Effective Duration	0-1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
CITY OF ROWLETT LONG TERM POOLED FUND	1.50	36.5%	35.5%	28.0%	0.0%	0.0%	0.0%
ICE BofAML 1-3 Year U.S. Treasury Index	1.80	2.8%	54.9%	42.3%	0.0%	0.0%	0.0%

Distribution by Effective Duration

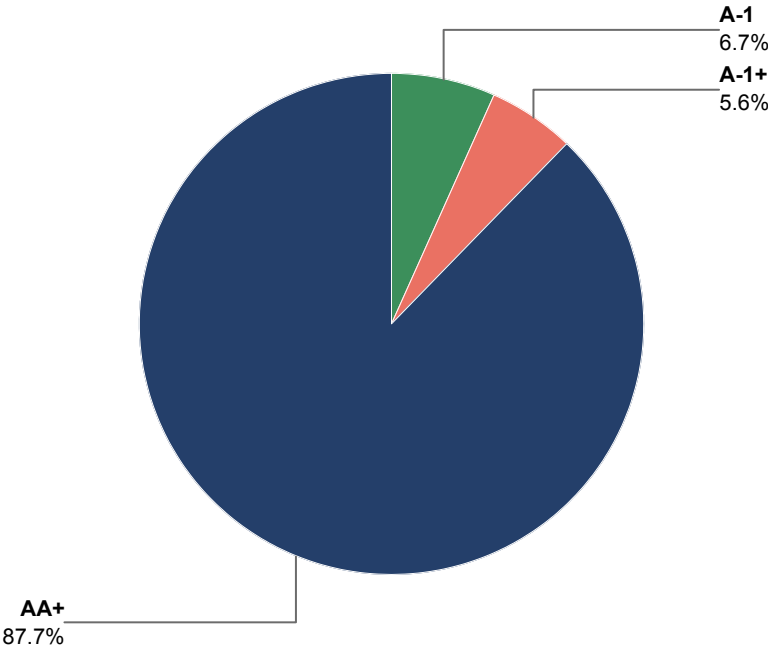


Contribution to Portfolio Duration



Credit Quality
As of September 30, 2018

S&P Rating	Market Value (\$)	% of Portfolio
AA+	\$20,100,388	87.7%
A-1	\$1,535,131	6.7%
A-1+	\$1,286,542	5.6%
Totals	\$22,922,061	100.0%



Detail may not add to total due to rounding.

Issuer Distribution
As of September 30, 2018

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	15,964,651	69.7%
FANNIE MAE	2,075,321	9.1%
JP MORGAN CHASE & CO	1,115,750	4.9%
FREDDIE MAC	1,088,571	4.8%
FEDERAL HOME LOAN BANKS	971,845	4.2%
TOYOTA MOTOR CORP	692,640	3.0%
DEXIA GROUP	593,902	2.6%
MITSUBISHI UFJ FINANCIAL GROUP INC	419,381	1.8%
Grand Total:	22,922,061	100.0%

Sector/Issuer Distribution
As of September 30, 2018

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Commercial Paper			
DEXIA GROUP	593,902	21.0%	2.6%
JP MORGAN CHASE & CO	1,115,750	39.5%	4.9%
MITSUBISHI UFJ FINANCIAL GROUP INC	419,381	14.9%	1.8%
TOYOTA MOTOR CORP	692,640	24.5%	3.0%
Sector Total	2,821,673	100.0%	12.3%
Federal Agency/GSE			
FANNIE MAE	2,075,321	50.2%	9.1%
FEDERAL HOME LOAN BANKS	971,845	23.5%	4.2%
FREDDIE MAC	1,088,571	26.3%	4.7%
Sector Total	4,135,738	100.0%	18.0%
U.S. Treasury			
UNITED STATES TREASURY	15,964,651	100.0%	69.6%
Sector Total	15,964,651	100.0%	69.6%
Portfolio Total	22,922,061	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									
7/6/18	7/9/18	425,000	62479MR21	MUFG BANK LTD/NY COMM PAPER	0.00%	4/2/19	417,025.23	2.58%	
7/6/18	7/9/18	500,000	912828WY2	US TREASURY N/B	2.25%	7/31/21	499,160.05	2.65%	
Total BUY		925,000					916,185.28		
INTEREST									
7/19/18	7/19/18	600,000	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	2,625.00		
7/31/18	7/31/18	3,000,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	24,375.00		
7/31/18	7/31/18	3,100,000	912828WY2	US TREASURY N/B	2.25%	7/31/21	34,875.00		
7/31/18	7/31/18	490,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	3,368.75		
7/31/18	7/31/18	500,000	912828WY2	US TREASURY N/B	2.25%	7/31/21	5,625.00		
7/31/18	7/31/18	1,640,000	912828XM7	US TREASURY NOTES	1.62%	7/31/20	13,325.00		
8/2/18	8/2/18	600,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	2,625.00		
8/28/18	8/28/18	900,000	3135G0P49	FNMA NOTES	1.00%	8/28/19	4,500.00		
8/31/18	8/31/18	1,950,000	912828SH4	US TREASURY NOTES	1.37%	2/28/19	13,406.25		
9/15/18	9/15/18	1,000,000	9128284B3	US TREASURY N/B NOTES	2.37%	3/15/21	11,875.00		
9/28/18	9/28/18	1,000,000	3130ACE26	FHLB NOTES	1.37%	9/28/20	6,875.00		
9/30/18	9/30/18	800,000	912828J84	US TREASURY NOTES	1.37%	3/31/20	5,500.00		
Total INTEREST		15,580,000					128,975.00		
MATURITY									
7/6/18	7/6/18	425,000	22533UG64	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	7/6/18	425,000.00		0.00

CITY OF ROWLETT LONG TERM POOLED FUND

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
Total MATURITY		425,000					425,000.00		0.00
SELL									
7/6/18	7/9/18	500,000	912828N63	US TREASURY N/B	1.12%	1/15/19	500,121.61	2.14%	(2,346.31)
Total SELL		500,000					500,121.61		-2,346.31

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
MATURITY	7/6/18	7/6/18	425,000.00	22533UG64	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	7/6/18	425,000.00		0.00
BUY	7/6/18	7/9/18	425,000.00	62479MR21	MUFG BANK LTD/NY COMM PAPER	0.00%	4/2/19	(417,025.23)	2.58%	
BUY	7/6/18	7/9/18	500,000.00	912828WY2	US TREASURY N/B	2.25%	7/31/21	(499,160.05)	2.65%	
SELL	7/6/18	7/9/18	500,000.00	912828N63	US TREASURY N/B	1.12%	1/15/19	500,121.61	2.14%	(2,346.31)
INTEREST	7/19/18	7/19/18	600,000.00	3137EAEB1	FHLMC REFERENCE NOTE	0.87%	7/19/19	2,625.00		
INTEREST	7/31/18	7/31/18	3,000,000.00	912828XM7	US TREASURY NOTES	1.62%	7/31/20	24,375.00		
INTEREST	7/31/18	7/31/18	3,100,000.00	912828WY2	US TREASURY N/B	2.25%	7/31/21	34,875.00		
INTEREST	7/31/18	7/31/18	490,000.00	912828N89	US TREASURY NOTES	1.37%	1/31/21	3,368.75		
INTEREST	7/31/18	7/31/18	500,000.00	912828WY2	US TREASURY N/B	2.25%	7/31/21	5,625.00		
INTEREST	7/31/18	7/31/18	1,640,000.00	912828XM7	US TREASURY NOTES	1.62%	7/31/20	13,325.00		
INTEREST	8/2/18	8/2/18	600,000.00	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	2,625.00		
INTEREST	8/28/18	8/28/18	900,000.00	3135G0P49	FNMA NOTES	1.00%	8/28/19	4,500.00		
INTEREST	8/31/18	8/31/18	1,950,000.00	912828SH4	US TREASURY NOTES	1.37%	2/28/19	13,406.25		
INTEREST	9/15/18	9/15/18	1,000,000.00	9128284B3	US TREASURY N/B NOTES	2.37%	3/15/21	11,875.00		
INTEREST	9/28/18	9/28/18	1,000,000.00	3130ACE26	FHLB NOTES	1.37%	9/28/20	6,875.00		
INTEREST	9/30/18	9/30/18	800,000.00	912828J84	US TREASURY NOTES	1.37%	3/31/20	5,500.00		
TOTALS								137,911.33		(2,346.31)

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 02/29/2012 1.375% 02/28/2019	912828SH4	1,950,000.00	AA+	Aaa	2/2/2016	2/4/2016	1,973,080.08	0.98	2,296.10	1,953,156.41	1,942,001.10
US TREASURY NOTES DTD 06/02/2014 1.500% 05/31/2019	912828WL0	435,000.00	AA+	Aaa	5/3/2016	5/4/2016	442,578.52	0.92	2,192.83	436,654.76	432,128.13
US TREASURY NOTES DTD 12/01/2014 1.500% 11/30/2019	912828G61	880,000.00	AA+	Aaa	12/6/2016	12/7/2016	882,337.50	1.41	4,436.07	880,924.44	867,934.32
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	800,000.00	AA+	Aaa	3/9/2017	3/10/2017	792,593.75	1.69	30.22	796,327.06	783,750.40
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	1,000,000.00	AA+	Aaa	6/5/2018	6/6/2018	981,054.69	2.48	5,040.98	984,052.29	979,062.00
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	3,000,000.00	AA+	Aaa	6/5/2018	6/6/2018	2,944,804.69	2.51	8,213.32	2,952,881.58	2,936,484.00
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	1,640,000.00	AA+	Aaa	7/10/2017	7/11/2017	1,641,409.38	1.60	4,489.95	1,640,856.03	1,605,277.92
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	1,000,000.00	AA+	Aaa	11/15/2017	11/16/2017	994,101.56	1.83	5,461.07	995,768.55	974,492.00
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	490,000.00	AA+	Aaa	1/8/2018	1/9/2018	479,549.22	2.10	1,135.12	481,979.82	473,673.20
US TREASURY N/B NOTES DTD 03/15/2018 2.375% 03/15/2021	9128284B3	1,000,000.00	AA+	Aaa	6/5/2018	6/6/2018	994,414.06	2.58	1,049.72	995,052.86	988,633.00
US TREASURY NOTES DTD 04/30/2014 2.250% 04/30/2021	912828WG1	450,000.00	AA+	Aaa	4/6/2018	4/9/2018	447,591.80	2.43	4,237.09	447,958.41	443,091.60
US TREASURY N/B DTD 07/31/2014 2.250% 07/31/2021	912828WY2	500,000.00	AA+	Aaa	7/6/2018	7/9/2018	494,218.75	2.65	1,895.38	494,640.85	491,406.00
US TREASURY N/B DTD 07/31/2014 2.250% 07/31/2021	912828WY2	3,100,000.00	AA+	Aaa	6/5/2018	6/6/2018	3,063,792.97	2.64	11,751.36	3,067,390.33	3,046,717.20
Security Type Sub-Total		16,245,000.00					16,131,526.97	2.06	52,229.21	16,127,643.39	15,964,650.87

Federal Agency Bond / Note

Managed Account Detail of Securities Held

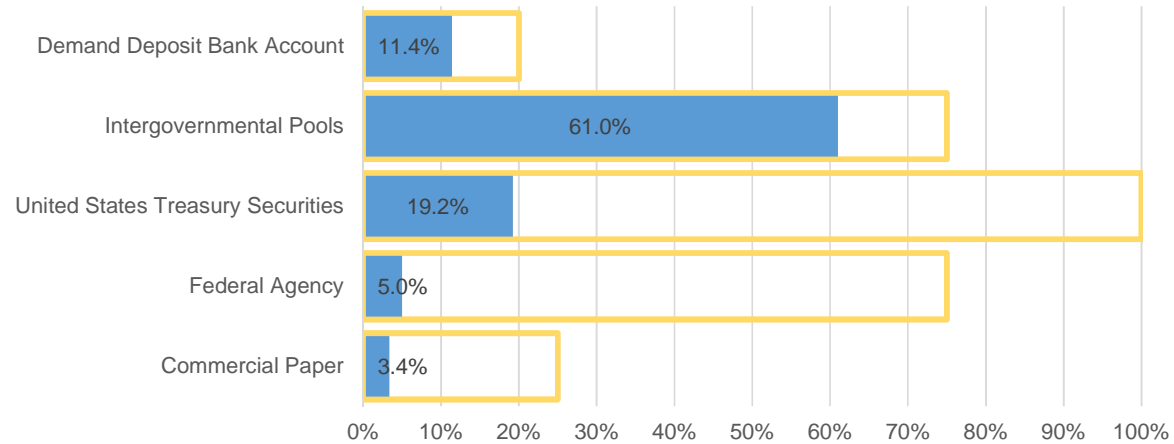
Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	500,000.00	AA+	Aaa	4/5/2016	4/6/2016	502,455.00	0.96	2,593.75	500,442.45	496,465.00
FNMA NOTES DTD 05/12/2014 1.750% 06/20/2019	3135G0ZE6	600,000.00	AA+	Aaa	8/31/2016	9/1/2016	612,828.00	0.97	2,945.83	603,325.65	596,712.60
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	600,000.00	AA+	Aaa	8/31/2016	9/1/2016	597,456.00	1.02	1,050.00	599,287.21	592,106.40
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	600,000.00	AA+	Aaa	8/31/2016	9/1/2016	597,312.00	1.03	860.42	599,222.44	591,580.20
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	900,000.00	AA+	Aaa	10/6/2016	10/7/2016	897,957.00	1.08	825.00	899,352.05	887,028.30
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	1,000,000.00	AA+	Aaa	9/7/2017	9/8/2017	996,790.00	1.48	114.58	997,889.64	971,845.00
Security Type Sub-Total		4,200,000.00					4,204,798.00	1.13	8,389.58	4,199,519.44	4,135,737.50
Commercial Paper											
JP MORGAN SECURITIES LLC COMM PAPER DTD 03/08/2018 0.000% 12/03/2018	46640QM32	425,000.00	A-1	P-1	4/6/2018	4/9/2018	418,088.08	2.50	0.00	423,170.38	423,209.48
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 06/06/2018 0.000% 02/26/2019	25214PHM8	600,000.00	A-1+	P-1	6/5/2018	6/6/2018	589,046.67	2.53	0.00	593,882.66	593,902.20
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 06/04/2018 0.000% 03/01/2019	89233HQ15	700,000.00	A-1+	P-1	6/5/2018	6/6/2018	687,232.78	2.50	0.00	692,806.53	692,639.50
JP MORGAN SECURITIES LLC COMM PAPER DTD 06/04/2018 0.000% 03/01/2019	46640QQ12	700,000.00	A-1	P-1	6/5/2018	6/6/2018	686,815.89	2.58	0.00	692,571.64	692,540.80
MUFG BANK LTD/NY COMM PAPER DTD 07/06/2018 0.000% 04/02/2019	62479MR21	425,000.00	A-1	P-1	7/6/2018	7/9/2018	417,025.23	2.58	0.00	419,534.14	419,381.08

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
Security Type Sub-Total		2,850,000.00					2,798,208.65	2.54	0.00	2,821,965.35	2,821,673.06
Managed Account Sub Total		23,295,000.00					23,134,533.62	1.95	60,618.79	23,149,128.18	22,922,061.43
Securities Sub-Total		\$23,295,000.00					\$23,134,533.62	1.95%	\$60,618.79	\$23,149,128.18	\$22,922,061.43
Accrued Interest											\$60,618.79
Total Investments											\$22,982,680.22

Bolded items are forward settling trades.

Tab III



Security Type	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
United States Treasury Securities	16,179,872.60	19.23%	100%	YES
Federal Agency	4,207,909.02	5.00%	75%	YES
Municipals	-	0.00%	25%	YES
Agency Mortgage-Backed Securities (MBS)	-	0.00%	20%	YES
Demand Deposit Bank Account	9,605,881.00	11.42%	20%	YES
Commercial Paper	2,821,965.35	3.35%	25%	YES
Bankers' Acceptances	-	0.00%	25%	YES
Repurchase Agreements	-	0.00%	20%	YES
Money Market Funds	-	0.00%	50%	YES
Intergovernmental Pools	51,310,468.04	60.99%	75%	YES

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Us Tsy Bond/Note	UNITED STATES TREASURY	16,179,872.60	19.23%	100%	YES
Intergovernmental Pools	TEXPOOL	51,310,468.04	60.99%	75%	YES
Fed Agy Bond/Note	FANNIE MAE	2,106,531.39	2.50%	75%	YES
Fed Agy Bond/Note	FEDERAL HOME LOAN BANKS	998,004.22	1.19%	75%	YES
Fed Agy Bond/Note	FREDDIE MAC	1,103,373.41	1.31%	75%	YES
Demand Deposit Bank Account	AMERICAN NATIONAL BANK OF TEXAS	9,605,881.00	11.42%	20%	YES
Commercial Paper	TOYOTA MOTOR CREDIT CORP	692,806.53	0.82%	5%	YES
Commercial Paper	JP MORGAN SECURITIES LLC	1,115,742.02	1.33%	5%	YES
Commercial Paper	DEXIA CREDIT LOCAL SA NY	593,882.66	0.71%	5%	YES
Commercial Paper	MUFG BANK LTD/NY	419,534.14	0.50%	5%	YES

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

Investment Officer's Certification

This report is prepared for City of Rowlett (the "City") in accordance with Chapter 2256 of the Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report which covers the month ended September 30, 2018, is signed by the City's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the City's approved Investment Policy and Strategy throughout the month. All investment transactions made in the City's portfolio during this month were made on behalf of the City and were made in full compliance with the PFIA and the City's approved Investment Policy.

Wendy Badgett Digitally signed by Wendy Badgett
DN: cn=Wendy Badgett, o=Rowlett, TX, ou=Finance,
email=wbadgett@rowlett.com, c=US
Date: 2018.11.07 11:24:00 -0600

Wendy Badgett, Assistant Director of Financial Services

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.