



City of Naperville

City of Naperville
Executive Summary

December 31, 2018

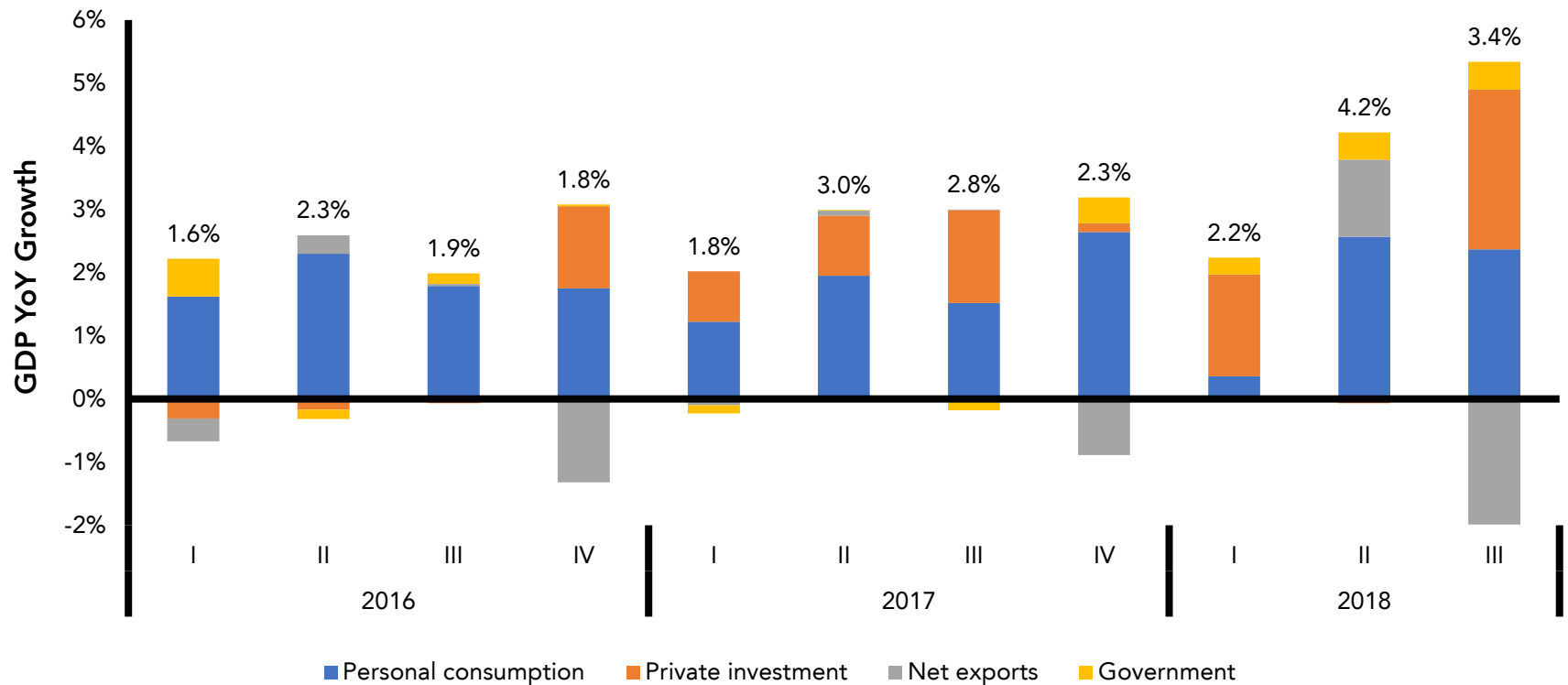
Market Environment

U.S. economy overview

- 3Q GDP grew 3.4% thanks to private domestic investment rising an impressive 12%
- The unemployment rate rose to 3.9% in December with 312K nonfarm jobs added
- CPI increased 2.2% over the trailing 12 months, with energy rising 3.1% and food prices growing 1.4%
- The Federal Government is partially shutdown as Trump and Democrats remain divided on border wall funding.
- 420,000 essential government employees are working without pay while another 380,000 are on unpaid leave

Strong growth in spite of trade woes

4Q GDP forecasted at 2.8%

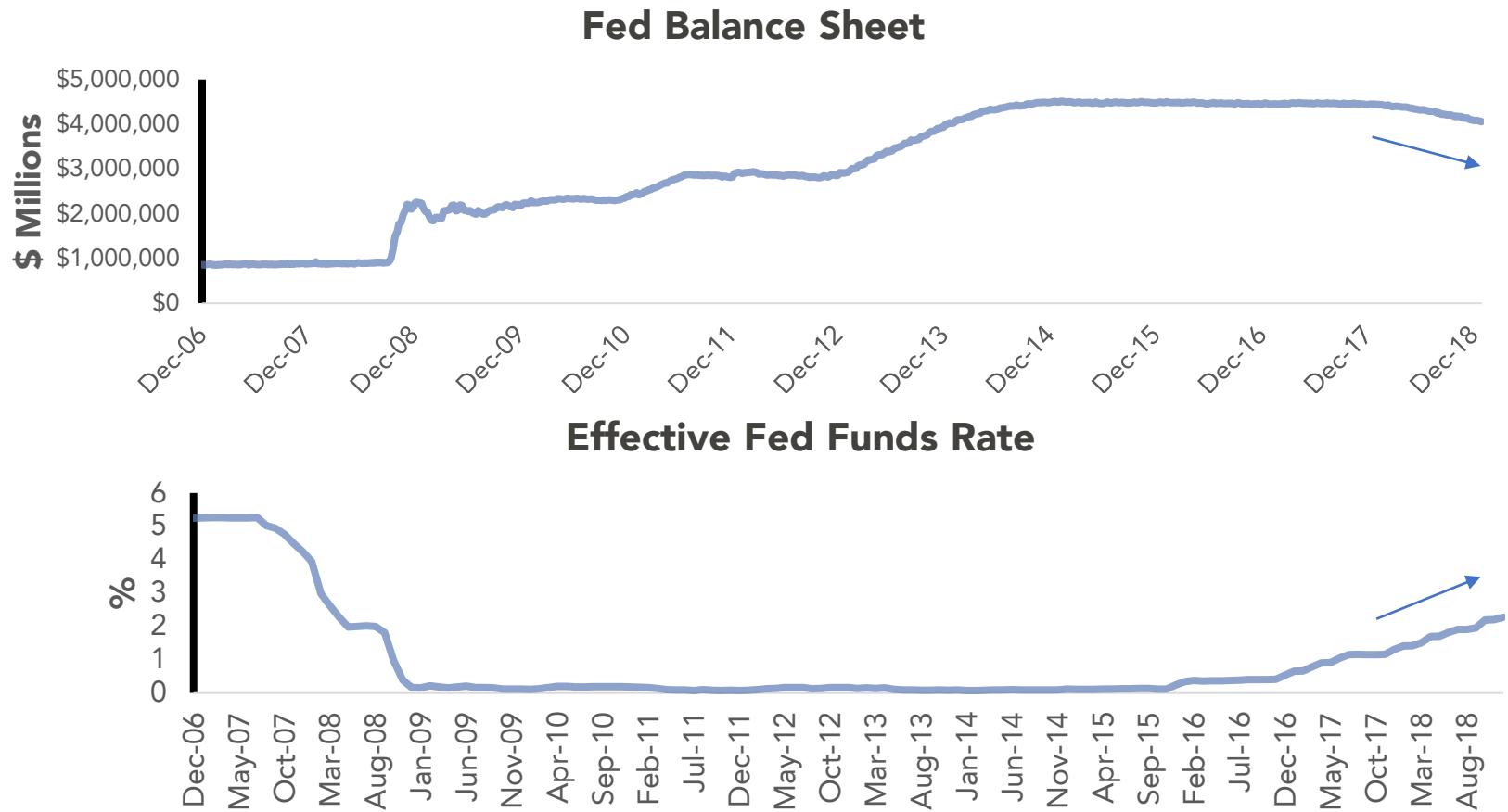


Source: U.S. Bureau of Economic Analysis

What caused the sell-off in risk assets?

- Many potential reasons, but some primary themes have come forward:
 - the end of accommodative global monetary policy ...
 - combined with a slowdown in global growth,
 - high relative valuations across many risk assets, and
 - elevated geopolitical risks

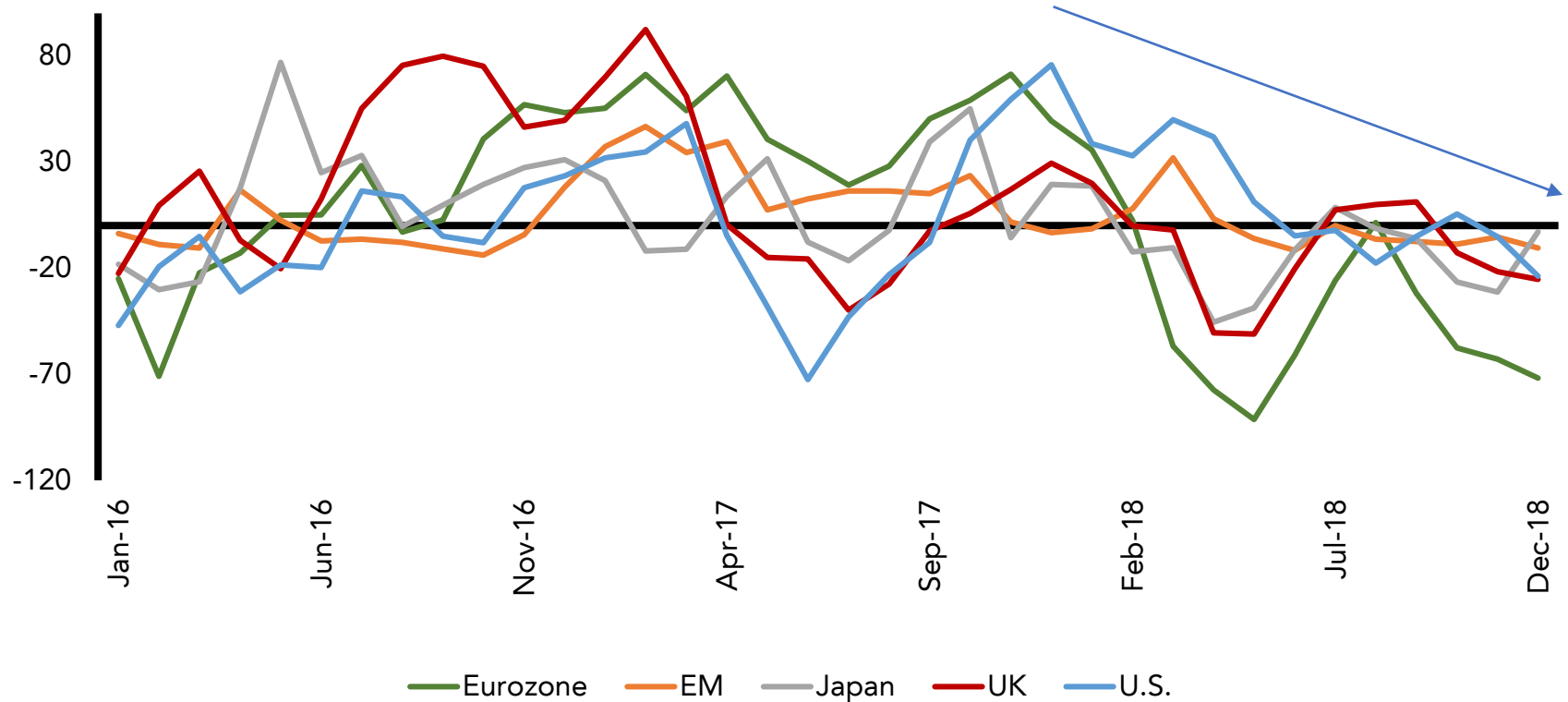
The end of accommodative monetary policy



Source: St. Louis Federal Reserve

combined with slowdown in economic momentum

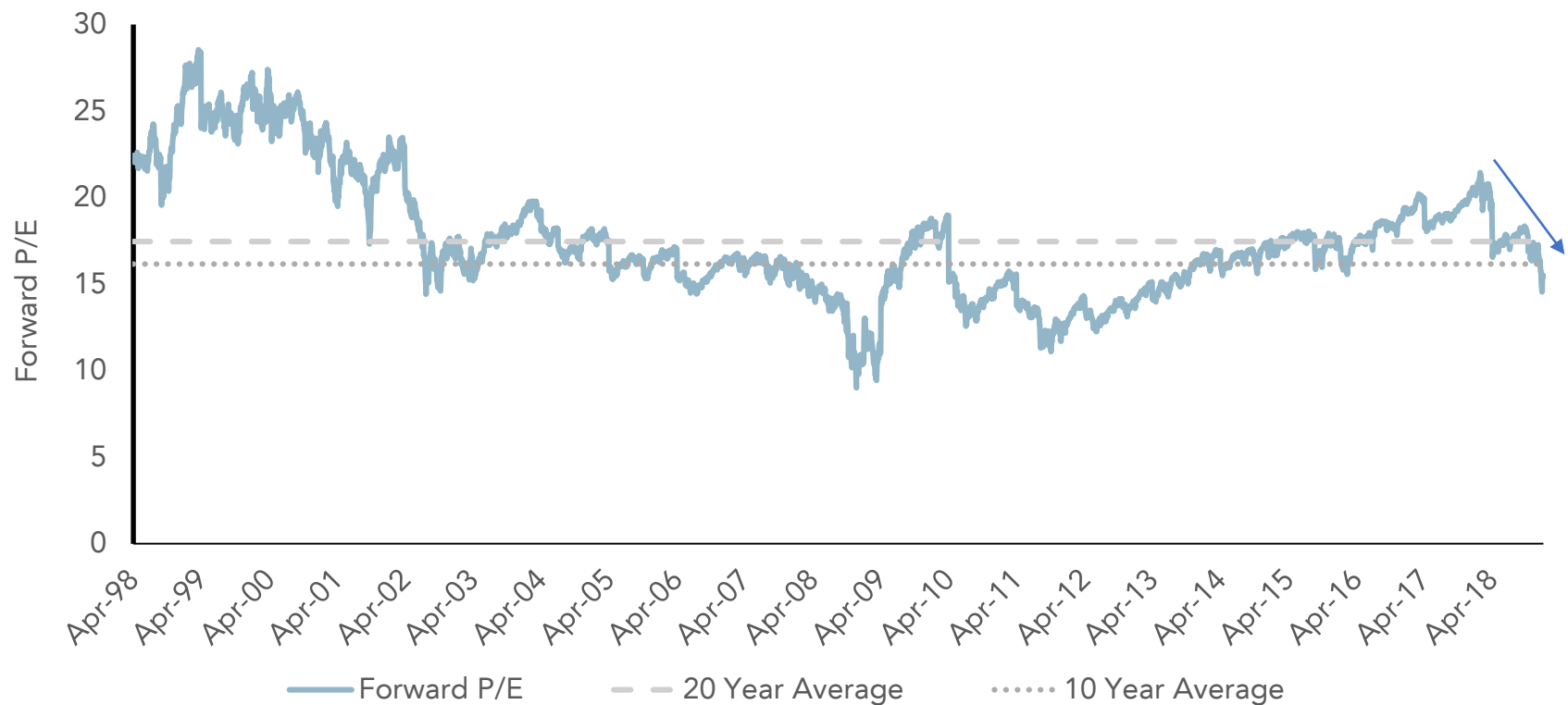
CITI Economic Surprise Index



Source: Bloomberg

and with valuations peaking

S&P 500 now below long-term averages



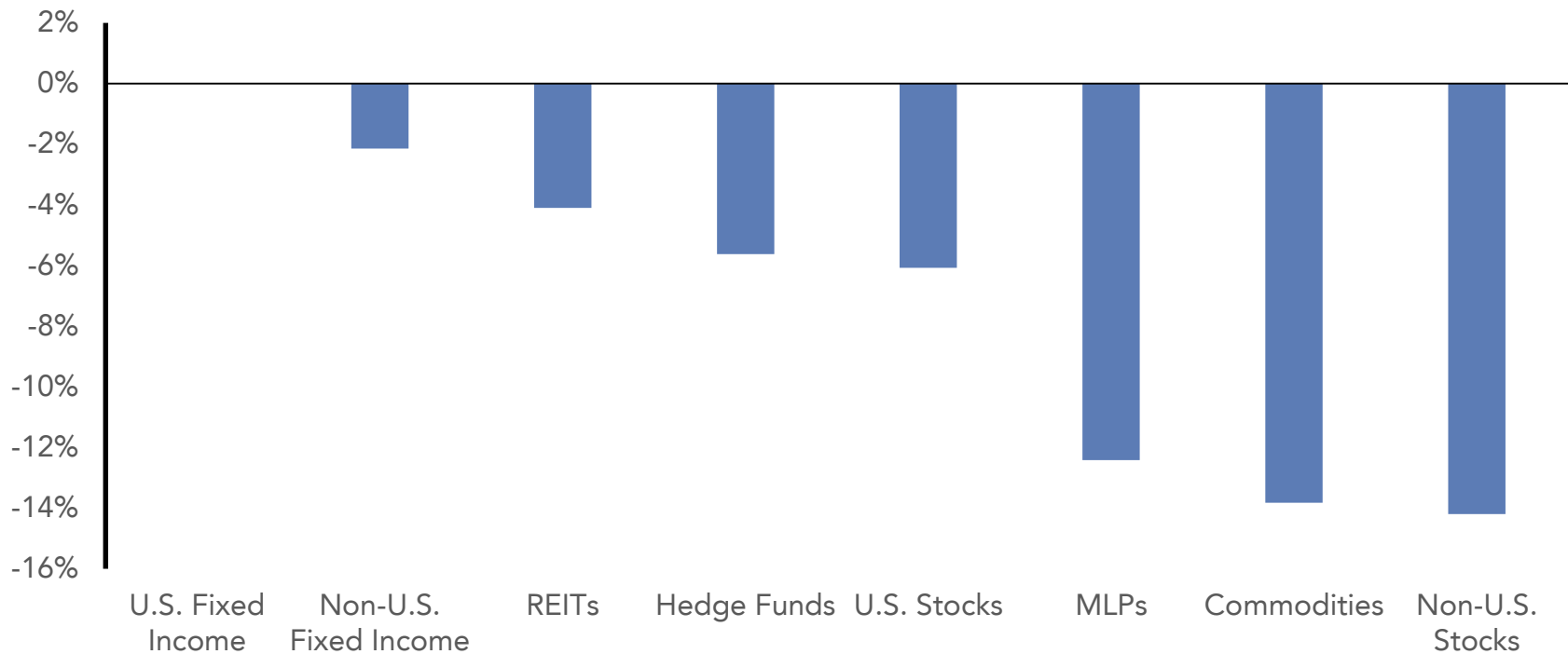
Source: Bloomberg as of December 31, 2018

and with elevated geopolitical tensions

- Ongoing trade and tariff conflicts
- Risks of a “hard” Brexit
- “Yellow vest” protests in France
- EU growth concerns (German GDP contraction, French PMI contraction, Italian recession risks)
- Others (North Korea, Iran, Russia/Ukraine, etc.)

caused extreme market volatility in 2018

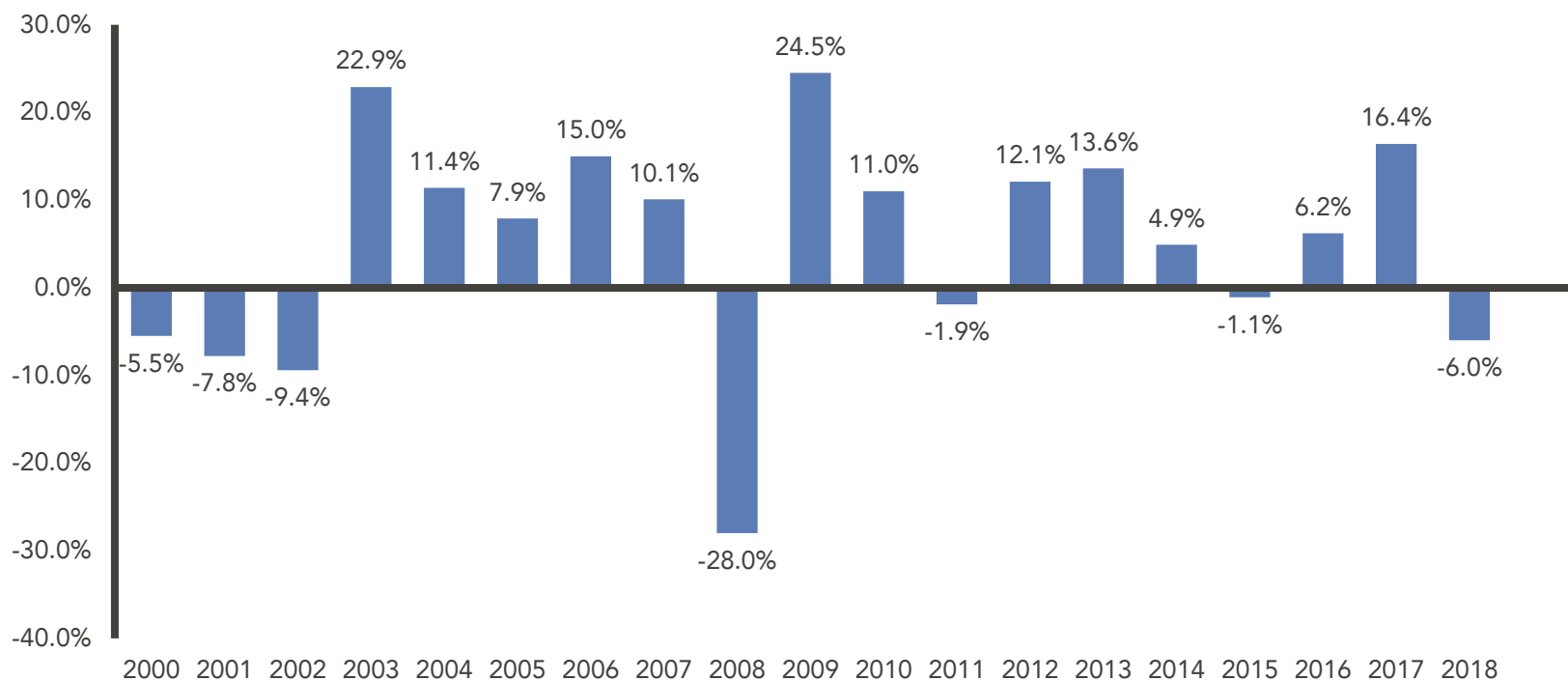
More major asset classes were negative in 2018 than almost any other year in history



Source: Bloomberg

Historical stock and bond portfolio returns

2018 was the worst calendar year for a moderate stock and bond portfolio* since 2008



*65% MSCI ACWI, 35% Bloomberg Barclays Aggregate Index.

Attractive equity valuations

U.S. equities remain slightly above and International equities below historical averages

Valuation Metrics	S&P 500		MSCI EAFE		MSCI EM		MSCI EAFE SC	
	Current	Historical Percentile (%)	Current	Historical Percentile (%)	Current	Historical Percentile (%)	Current	Historical Percentile (%)
P/E	17.0	42	12.1	9	11.0	29	12.8	22
Forward P/E	15.4	44	12.7	26	11.3	37	15.9	28
P/B	3.0	71	1.4	11	1.5	30	1.3	41
P/S	1.9	79	1.0	48	1.1	51	0.8	77
P/CF	11.3	50	8.5	33	7.6	51	9.7	60
EV/EBITDA	11.8	58	3.4	12	7.6	54	9.6	16
Average		57		23		42		41

Source: Bloomberg through December 31, 2018; as of January 7, 2018.

P/E is adjusted for negative earnings; percentiles are based on data going back to 1999 except for FP/E which goes back to 2005.

Total Fund Composite

Manager Status

Market Value: \$112.3 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
BMO/TCH	Int. Govt. Fixed Income	In Compliance	---
PFM	Int. Govt. Fixed Income	In Compliance	---
City-Managed IMET	Cash & Equivalents	In Compliance	---
Concentration Account	Cash & Equivalents	In Compliance	---

Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

In Compliance – The investment manager states it is acting in accordance with the Investment Policy Guidelines.

Alert – The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

On Notice – The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination.

Termination – The Trustees have decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

Total Fund Composite

Market Values

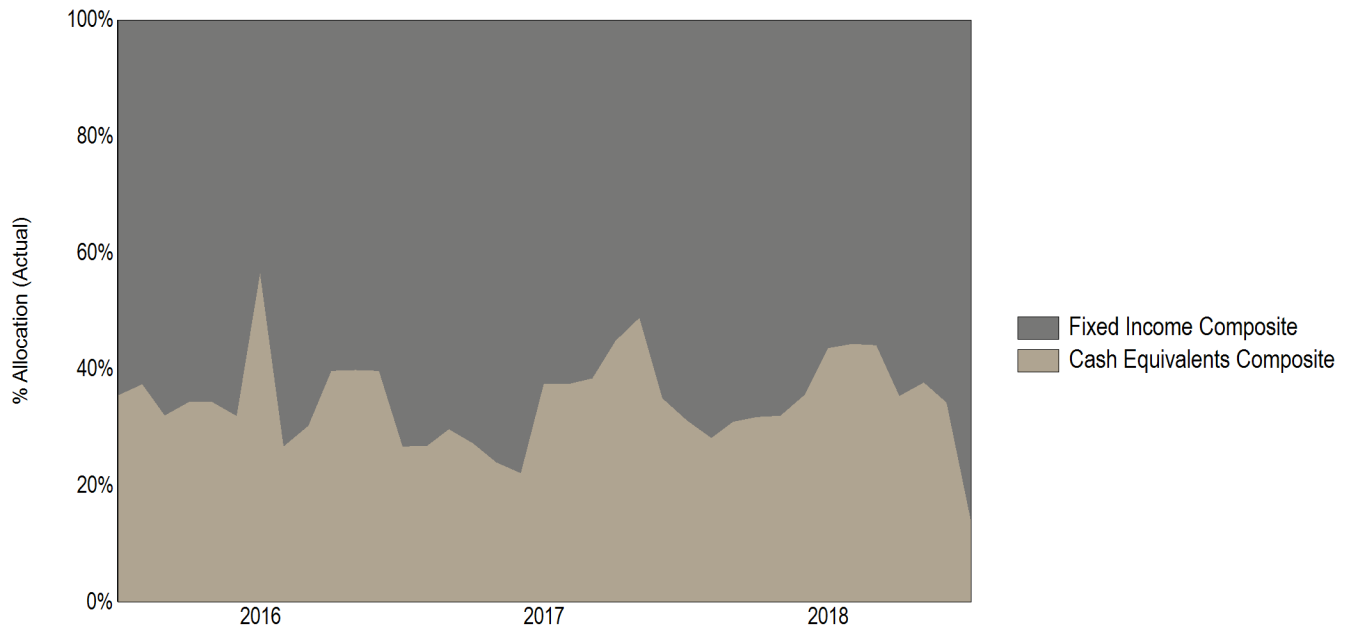
Market Value: \$112.3 Million and 100.0% of Fund

Ending December 31, 2018

	Asset Class	Market Value (\$)	3 Mo Net Cash Flows (\$)	% of Portfolio
Total Fund Composite		112,294,151	-5,724,152	100.0
Fixed Income Composite		96,521,714	19,987,920	86.0
BMO/TCH	Int. Govt. Fixed Income	47,828,316	9,998,459	42.6
PFM	Int. Govt. Fixed Income	48,693,399	9,998,420	43.4
Cash Equivalents Composite		15,772,437	-25,721,031	14.0
City-Managed IMET	Cash & Equivalents	13,065	0	0.0
Concentration Account	Cash & Equivalents	15,759,372	-25,721,031	14.0

Market Value: \$112.3 Million and 100.0% of Fund

Historic Asset Allocation



Total Fund Composite

Market Value History

Market Value: \$112.3 Million and 100.0% of Fund

Summary of Cash Flows

	Fourth Quarter	Year-To-Date	One Year	Three Years
Beginning Market Value	\$116,756,352.59	\$86,716,430.09	\$86,716,430.09	\$49,432,800.67
Contributions	\$78,441,738.79	\$229,884,588.32	\$229,884,588.32	\$478,370,961.72
Withdrawals	-\$84,165,891.22	-\$205,271,695.05	-\$205,271,695.05	-\$417,238,776.98
Net Cash Flow	-\$5,724,152.43	\$24,612,893.27	\$24,612,893.27	\$61,132,184.74
Net Investment Change	\$1,261,951.10	\$964,827.90	\$964,827.90	\$1,729,165.85
Ending Market Value	\$112,294,151.26	\$112,294,151.26	\$112,294,151.26	\$112,294,151.26
Net Change	-\$4,462,201.33	\$25,577,721.17	\$25,577,721.17	\$62,861,350.59

Total Fund Composite

Annualized Performance (Gross of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

Ending December 31, 2018

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	1.1	0.7	0.7	0.9	0.9	0.9	1.1	0.9	1.9
<i>Policy Benchmark</i>	2.0	1.5	1.5	1.3	1.2	1.1	1.3	1.0	1.6
Fixed Income Composite	1.5	0.9	0.9	1.2	1.2	1.2	1.6	1.3	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--
<i>91 Day T-Bills</i>	0.5	1.9	1.9	1.4	1.0	0.8	0.6	0.5	0.4

Total Fund Composite

Calendar Performance (Gross of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

	Calendar Year								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund Composite	0.7	1.2	0.7	0.9	2.2	-0.9	1.8	5.3	5.3
<i>Policy Benchmark</i>	1.5	1.1	0.9	1.0	2.1	-1.1	1.5	5.2	4.2
Fixed Income Composite	0.9	1.6	1.3	1.2	2.9	-1.2	2.3	6.2	5.7
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<i>91 Day T-Bills</i>	1.9	0.9	0.3	0.0	0.0	0.0	0.1	0.0	0.1

Total Fund Composite

Calendar Performance (Gross of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

	Fiscal Year										
	YTD	2018	2017	5/1/15 - 12/31/15	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total Fund Composite	0.7	0.7	1.2	0.0	1.6	2.1	-0.5	1.6	4.9	4.4	3.2
<i>Policy Benchmark</i>	1.5	1.5	1.1	0.0	2.0	2.3	-0.7	1.5	4.7	3.5	2.0
Fixed Income Composite	0.9	0.9	1.6	0.1	2.5	2.8	-0.7	2.1	5.8	4.7	--
<i>BBgBarc US Govt Int TR</i>	1.4	1.4	1.1	0.0	2.3	2.7	-0.8	1.8	5.6	4.1	2.3
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	--
<i>91 Day T-Bills</i>	1.9	1.9	0.9	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1

Please note that the above table reflects a May 1 fiscal year for all but the first four columns, which reflect the newly implemented January 1 fiscal year.

Investment Manager

Annualized Performance (Gross of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

Ending December 31, 2018

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	1.1	0.7	0.7	0.9	0.9	0.9	1.1	0.9	1.9
<i>Policy Benchmark</i>	2.0	1.5	1.5	1.3	1.2	1.1	1.3	1.0	1.6
Fixed Income Composite	1.5	0.9	0.9	1.2	1.2	1.2	1.6	1.3	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
BMO/TCH	1.5	0.8	0.8	1.2	1.2	1.2	1.6	1.2	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
PFM	1.5	1.1	1.1	1.3	--	--	--	--	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--
<i>91 Day T-Bills</i>	0.5	1.9	1.9	1.4	1.0	0.8	0.6	0.5	0.4
City-Managed IMET	0.5	1.8	1.8	1.4	1.1	0.9	0.8	0.7	--
<i>91 Day T-Bills</i>	0.5	1.9	1.9	1.4	1.0	0.8	0.6	0.5	0.4

Investment Manager

Calendar Performance (Gross of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

	Calendar Year								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund Composite	0.7	1.2	0.7	0.9	2.2	-0.9	1.8	5.3	5.3
<i>Policy Benchmark</i>	1.5	1.1	0.9	1.0	2.1	-1.1	1.5	5.2	4.2
Fixed Income Composite	0.9	1.6	1.3	1.2	2.9	-1.2	2.3	6.2	5.7
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
BMO/TCH	0.8	1.7	1.1	1.2	2.9	-1.5	2.2	6.3	5.3
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
PFM	1.1	1.4	--	--	--	--	--	--	--
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<i>91 Day T-Bills</i>	1.9	0.9	0.3	0.0	0.0	0.0	0.1	0.0	0.1
City-Managed IMET	1.8	1.0	0.5	0.3	0.4	0.3	0.3	--	--
<i>91 Day T-Bills</i>	1.9	0.9	0.3	0.0	0.0	0.0	0.1	0.0	0.1

Total Fund Composite

Annualized Performance (Net of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

Ending December 31, 2018

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	1.1	0.6	0.6	0.9	0.8	0.8	1.0	0.8	1.8
<i>Policy Benchmark</i>	2.0	1.5	1.5	1.3	1.2	1.1	1.3	1.0	1.6
Fixed Income Composite	1.4	0.8	0.8	1.1	1.1	1.1	1.4	1.1	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
<i>InvestorForce Public DB US Fix Inc Net Rank</i>	--	--	--	--	--	--	--	--	--
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--
<i>91 Day T-Bills</i>	0.5	1.9	1.9	1.4	1.0	0.8	0.6	0.5	0.4

Total Fund Composite

Calendar Performance (Net of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

	Calendar Year								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund Composite	0.6	1.1	0.6	0.7	2.1	-1.0	1.7	5.2	5.2
<i>Policy Benchmark</i>	1.5	1.1	0.9	1.0	2.1	-1.1	1.5	5.2	4.2
Fixed Income Composite	0.8	1.4	1.1	1.1	2.7	-1.4	2.2	6.1	5.5
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
<i>InvestorForce Public DB US Fix Inc Net Rank</i>	--	97	97	14	85	62	92	52	60
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<i>91 Day T-Bills</i>	1.9	0.9	0.3	0.0	0.0	0.0	0.1	0.0	0.1

Total Fund Composite

Calendar Performance (Net of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

Fiscal Year

	YTD	2018	2017	5/1/15 - 12/31/15	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total Fund Composite	0.6	0.6	1.1	0.0	0.0	1.5	2.0	-0.6	1.5	4.8	4.2	3.0
<i>Policy Benchmark</i>	1.5	1.5	1.1	0.0	0.0	2.0	2.3	-0.7	1.5	4.7	3.5	2.0
Fixed Income Composite	0.8	0.8	1.4	0.0	-0.1	2.4	2.6	-0.8	1.9	5.7	4.5	--
<i>BBgBarc US Govt Int TR</i>	1.4	1.4	1.1	0.0	-0.1	2.3	2.7	-0.8	1.8	5.6	4.1	2.3
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	--
<i>91 Day T-Bills</i>	1.9	1.9	0.9	0.0	0.4	0.1	0.0	0.0	0.1	0.0	0.1	0.1

Please note that the above table reflects a May 1 fiscal year for all but the first four columns, which reflect the newly implemented January 1 fiscal year.

Investment Manager

Annualized Performance (Net of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

Ending December 31, 2018

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	1.1	0.6	0.6	0.9	0.8	0.8	1.0	0.8	1.8
<i>Policy Benchmark</i>	2.0	1.5	1.5	1.3	1.2	1.1	1.3	1.0	1.6
Fixed Income Composite	1.4	0.8	0.8	1.1	1.1	1.1	1.4	1.1	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
<i>InvestorForce Public DB US Fix Inc Net Rank</i>	--	--	--	--	--	--	--	--	--
BMO/TCH	1.4	0.6	0.6	1.1	1.0	1.0	1.4	1.0	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
<i>eV US Government Fixed Inc Net Rank</i>	--	--	--	--	--	--	--	--	--
PFM	1.5	1.0	1.0	1.2	--	--	--	--	--
<i>BBgBarc US Govt Int TR</i>	2.2	1.4	1.4	1.3	1.2	1.2	1.5	1.1	1.8
<i>eV US Government Fixed Inc Net Rank</i>	--	--	--	--	--	--	--	--	--
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--
<i>91 Day T-Bills</i>	0.5	1.9	1.9	1.4	1.0	0.8	0.6	0.5	0.4
City-Managed IMET	0.5	1.8	1.8	1.4	1.1	0.9	0.8	0.7	--
<i>91 Day T-Bills</i>	0.5	1.9	1.9	1.4	1.0	0.8	0.6	0.5	0.4

Investment Manager

Calendar Performance (Net of Fees)

Market Value: \$112.3 Million and 100.0% of Fund

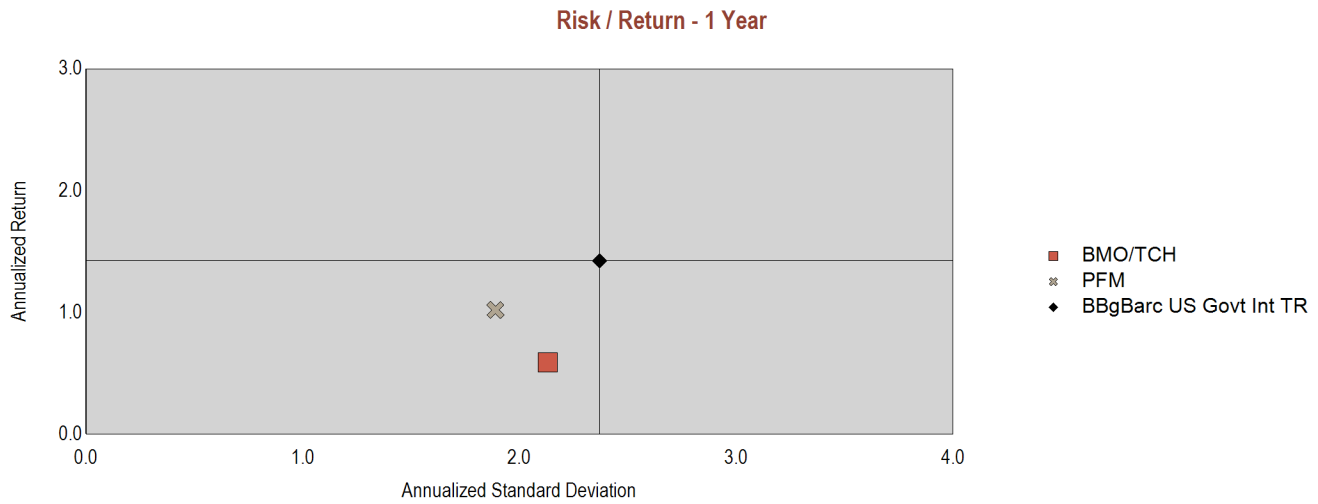
	Calendar Year								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund Composite	0.6	1.1	0.6	0.7	2.1	-1.0	1.7	5.2	5.2
<i>Policy Benchmark</i>	1.5	1.1	0.9	1.0	2.1	-1.1	1.5	5.2	4.2
Fixed Income Composite	0.8	1.4	1.1	1.1	2.7	-1.4	2.2	6.1	5.5
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
<i>InvestorForce Public DB US Fix Inc Net Rank</i>	--	97	97	14	85	62	92	52	60
BMO/TCH	0.6	1.5	1.0	1.0	2.8	-1.7	2.1	6.1	5.2
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
<i>eV US Government Fixed Inc Net Rank</i>	--	68	77	26	58	65	64	39	42
PFM	1.0	1.3	--	--	--	--	--	--	--
<i>BBgBarc US Govt Int TR</i>	1.4	1.1	1.1	1.2	2.5	-1.2	1.7	6.1	5.0
<i>eV US Government Fixed Inc Net Rank</i>	--	73	--	--	--	--	--	--	--
Cash Equivalents Composite	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<i>91 Day T-Bills</i>	1.9	0.9	0.3	0.0	0.0	0.0	0.1	0.0	0.1
City-Managed IMET	1.8	1.0	0.5	0.3	0.4	0.3	0.3	--	--
<i>91 Day T-Bills</i>	1.9	0.9	0.3	0.0	0.0	0.0	0.1	0.0	0.1

Fixed Income Composite

As of December 31, 2018

Characteristics

Market Value: \$96.5 Million and 86.0% of Fund



Characteristics

	Portfolio	Index
	Q4-18	Q4-18
Yield to Maturity	3.0%	2.5%
Avg. Eff. Maturity	3.9 yrs.	4.0 yrs.
Avg. Duration	3.5 yrs.	3.8 yrs.
Avg. Quality	AA	--

Region	Number Of Assets
North America ex U.S.	3
United States	216
United Kingdom	5
Japan	1
Emerging Markets	2
Other	3

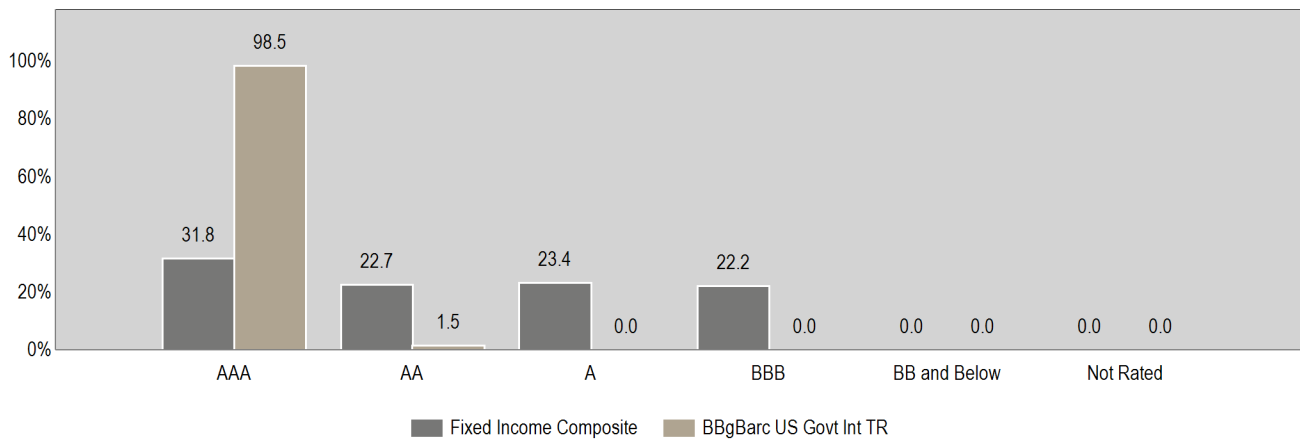
Sector

	Portfolio	Index
	Q4-18	Q4-18
UST/Agency	43.5%	100.0%
Corporate	30.7%	--
MBS	19.4%	--
ABS	--	--
Foreign	6.4%	--
Muni	--	--
Other	--	--

Maturity

	Q4-18
<1 Year	3.5%
1-3 Years	34.9%
3-5 Years	33.1%
5-7 Years	18.6%
7-10 Years	9.8%
10-15 Years	0.0%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

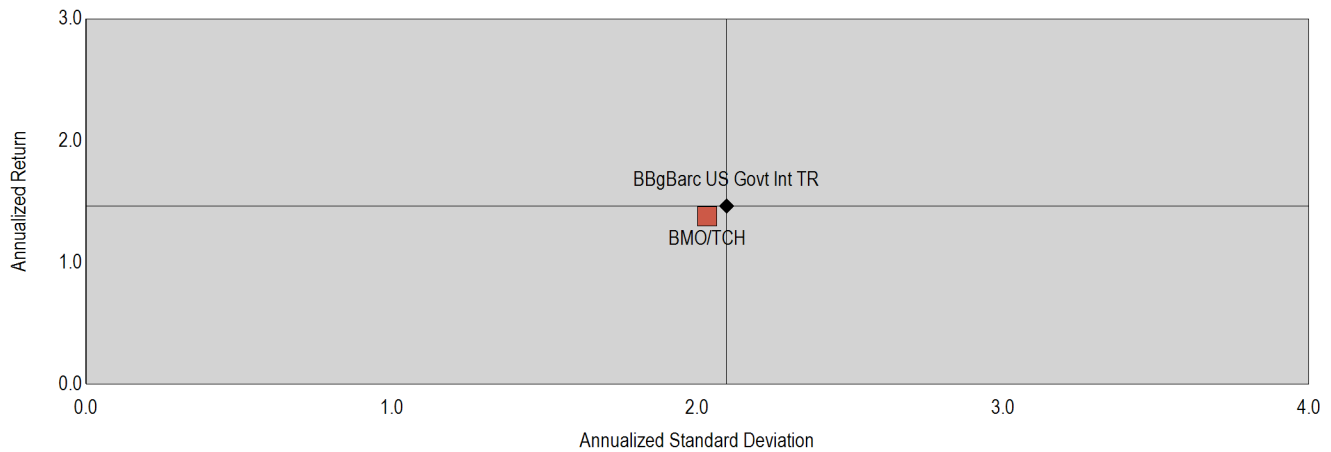
Quality Distribution



As of December 31, 2018

Market Value: \$47.8 Million and 42.6% of Fund

Risk / Return - 5 Years



Characteristics

	Portfolio	Index
	Q4-18	Q4-18
Yield to Maturity	3.0%	2.5%
Avg. Eff. Maturity	4.4 yrs.	4.0 yrs.
Avg. Duration	3.7 yrs.	3.8 yrs.
Avg. Quality	AA	--
Region	Number Of Assets	
United States	73	
United Kingdom	2	
Japan	1	
Other	0	
Total	76	

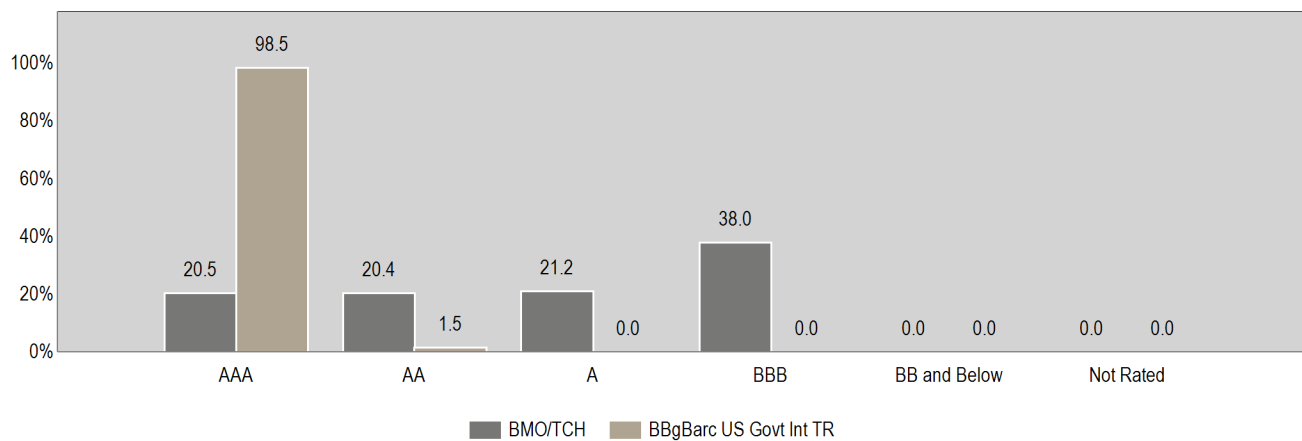
Sector

	Portfolio	Index
	Q4-18	Q4-18
UST/Agency	55.0%	100.0%
Corporate	26.8%	--
MBS	17.7%	--
ABS	--	--
Foreign	0.5%	--
Muni	--	--
Other	--	--

Maturity

	Q4-18
<1 Year	4.0%
1-3 Years	35.1%
3-5 Years	22.1%
5-7 Years	19.0%
7-10 Years	19.7%
10-15 Years	0.0%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

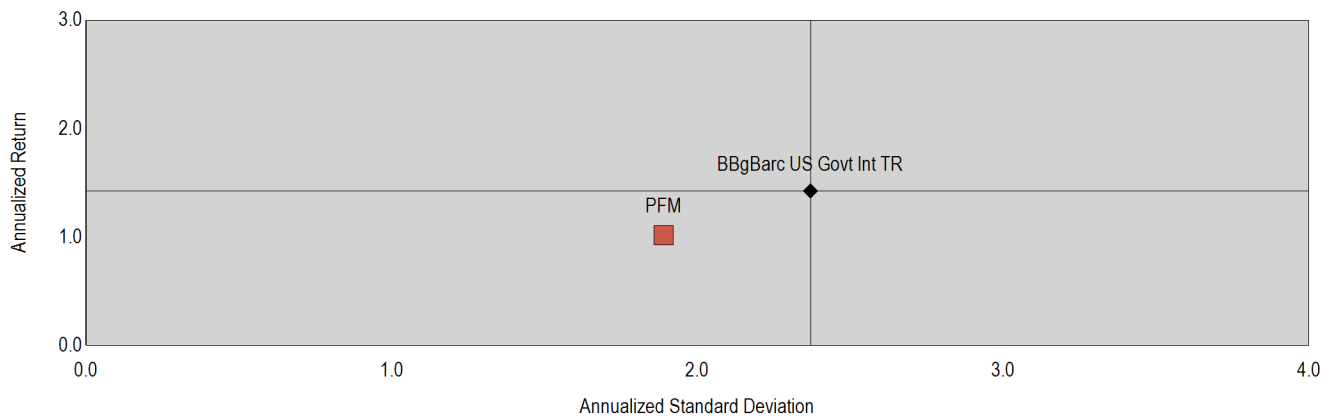
Quality Distribution



As of December 31, 2018

Market Value: \$48.7 Million and 43.4% of Fund

Risk / Return - 1 Year



Characteristics

	Portfolio Q4-18	Index Q4-18
Yield to Maturity	3.0%	2.5%
Avg. Eff. Maturity	3.5 yrs.	4.0 yrs.
Avg. Duration	3.2 yrs.	3.8 yrs.
Avg. Quality	AA	--

Sector

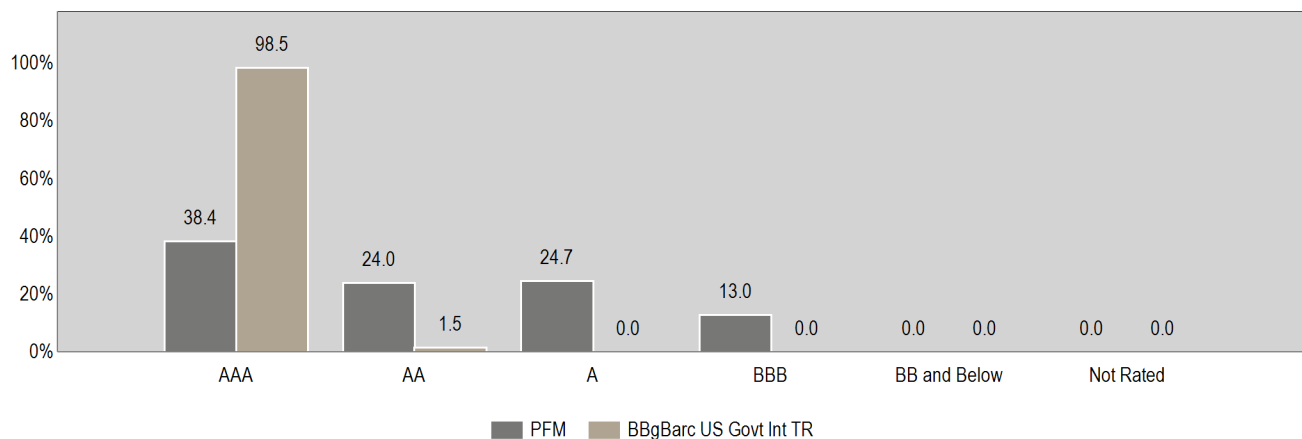
	Portfolio Q4-18	Index Q4-18
UST/Agency	32.1%	100.0%
Corporate	34.6%	--
MBS	21.2%	--
ABS	--	--
Foreign	12.2%	--
Muni	--	--
Other	--	--

Maturity

	Q4-18
<1 Year	3.0%
1-3 Years	34.8%
3-5 Years	44.0%
5-7 Years	18.2%
7-10 Years	0.0%
10-15 Years	0.0%
15-20 Years	0.0%
>20 Years	0.0%
Not Rated/Cash	0.0%

Region	Number of Assets
North America ex U.S.	3
United States	145
United Kingdom	3
Emerging Markets	2
Other	3
Total	156

Quality Distribution



Total Fund Composite

Fee Schedule

Market Value: \$112.3 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee ¹	Industry Average ²
Int. Govt. Fixed Income	BMO/TCH	0.15% on the Balance	0.15% \$71,742	0.25%
Int. Govt. Fixed Income	PFM	0.10% on the first \$25 million 0.08% on the next \$25 million 0.07% on the next \$50 million 0.06% on the balance	0.09% \$43,955	0.25%
Total Investment Management Fees			0.10% \$115,697	0.22%
Investment Consultant	Marquette Associates, Inc.	\$25,000 Annual Fee	0.02% \$25,000	N/A
Total Fund			0.13% \$140,697	

¹ Expense Ratio & Estimated Annual Fee are Based on Market Value at Quarter End.

² Source: 2016 Marquette Associates Investment Management Fee Study.

City of Naperville

Q4 2018 Investment Review

Presented by:

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Vice President, Relationship Management
(312) 461-3633

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Managing Director, Senior Portfolio Manager
(305) 379-2100

Table of Contents

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- I. Firm Overview
 - II. Market Update
 - III. Portfolio Review

Firm Overview

Firm Profile

Facts at a glance

\$258 Billion AUM¹

Investing since **1925²**

20 offices in **14** countries

Top 100³ Money Managers

What sets us apart

Global presence

Part of the BMO Financial Group — one of North America's largest financial institutions

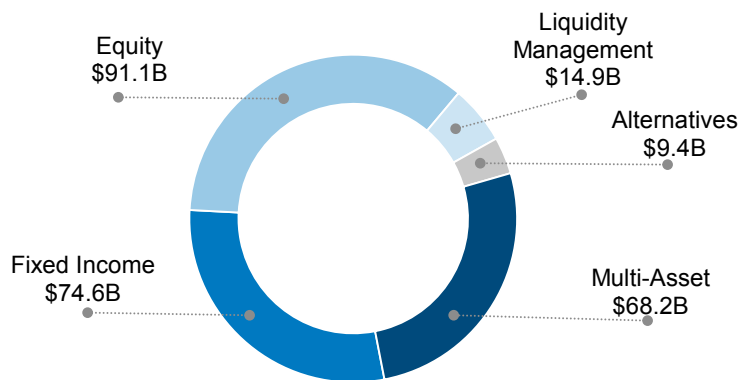
Specialized investment teams

Independent teams that are empowered to deliver strong, consistent results while minimizing unnecessary risk

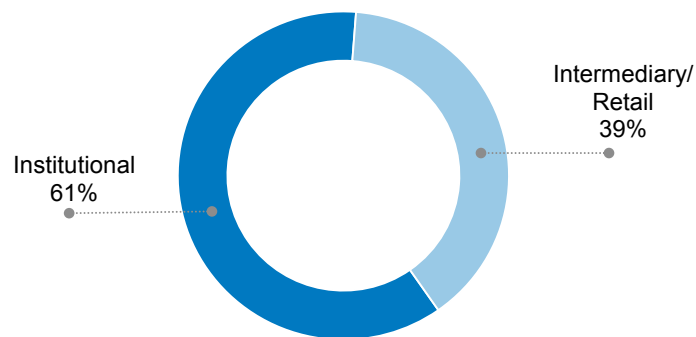
Culture of partnership and innovation

Working in partnership with clients to create and deliver innovative solutions

Expertise across asset classes



Client breakdown



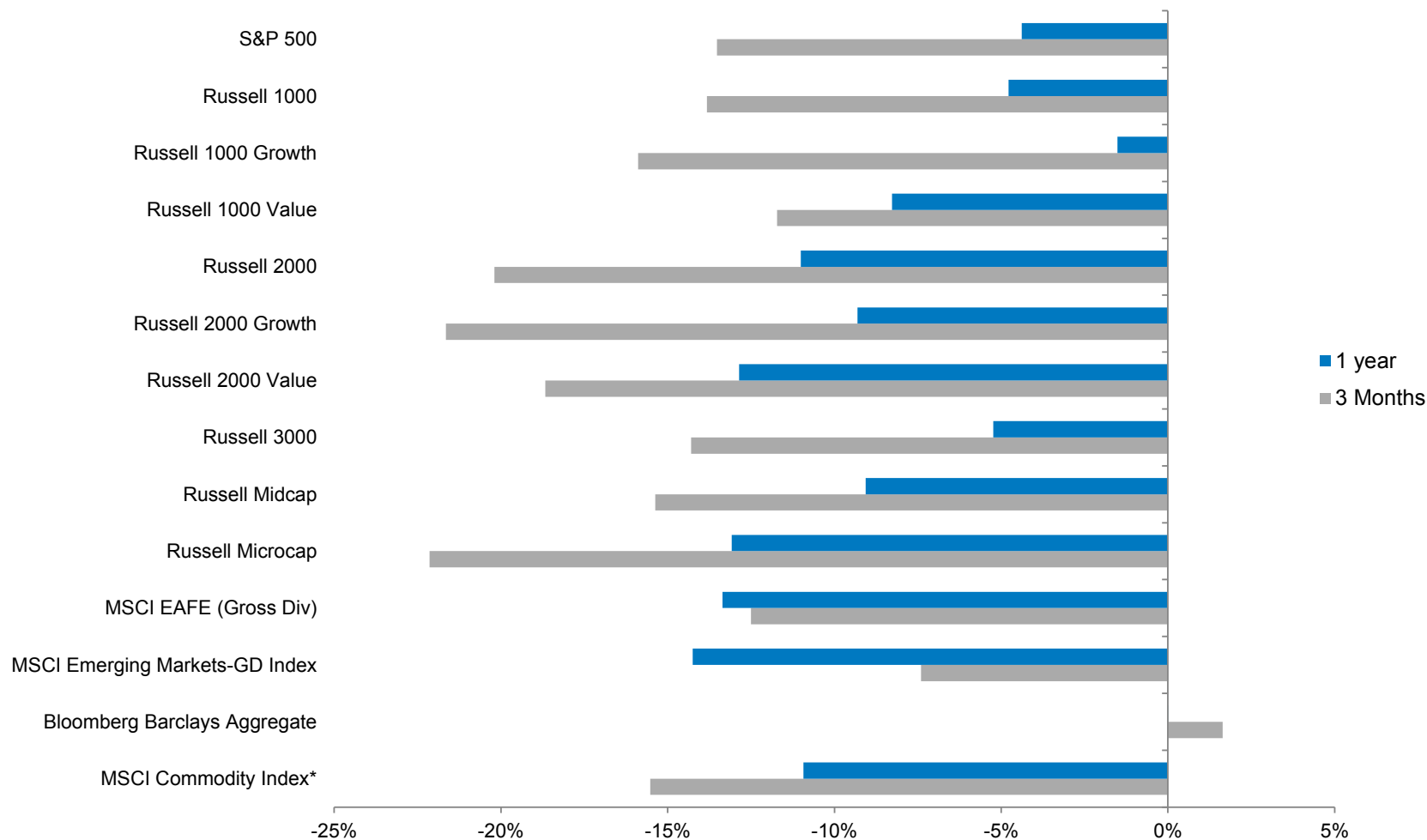
¹Assets under management reported as of September 30, 2018 and includes BMO Global Asset Management (Canada), BMO Global Asset Management (U.S.), BMO Global Asset Management (EMEA) along with three investment teams: LGM Investments, Pyrford International and Taplin, Canida & Habacht. AUM includes discretionary and non-discretionary AUM. All figures are in U.S. dollars.

²Our roots trace back to 1925, when the Bank of Montreal began offering investment services. BMO Financial Group is a part of the Bank of Montreal (NYSE, TSX:BMO), a Canadian-based organization founded in 1817.

³BMO Global Asset Management has been recognized by Pensions & Investments as one of the Top 100 Money Managers based on worldwide institutional assets under management as of December 31, 2017.

Market Update

Benchmark Performance Summary as of December 31, 2018



Overview

Positioning and Rationale

YIELD CURVE ANALYSIS

- Fed and market views diverged during the 4th quarter on a number of topics– including the stage of the U.S. expansion and the future path of monetary policy
- Divergence between the Fed and markets persist, as the latter now pricing no 2019 rate hikes; Chairman Powell recently stated that the Fed's balance sheet will be substantially smaller, also odds with market forecasts
- Volatility throughout financial markets surged as investors re-centered on global economic and geopolitical issues
- The policy divergence between the Fed and ECB has widened to its most extreme level since the financial crisis
- Measure of U.S. financial conditions tightened during the 4th quarter as risk-off patterns coincided with a seasonal illiquidity
- Duration construction: It is worth noting the increase in downside risk factors; however, the most pronounced have been sentiment driven, rather than fundamental; U.S. Treasury rates appear fully-valued

SECTOR OUTLOOK

- Investment Grade Credit: Volatility-driven dislocations have created opportunities in secondary markets, particularly in lower-quality investment grade; structural dislocations across the front end, such as the fixed vs. float relationship, are also compelling
- Securitized: Favor CMBS dupers and high-quality consumer ABS for high quality carry; agency MBS valuations remain unremarkable on a cross-sector basis
- "Beta" Sectors: The risk-off environment reset beta relationships to more attractive levels, most notably within U.S. high yield, the BB/B corridor; select opportunities within hard currency EMD have also surfaced

QUALITY DECISIONS

- Lower quality underperformed during 4Q 2018 as geopolitics, global trade tensions and wariness towards economic policies converged on the markets; concerns over ratings migration further exacerbated the negative sentiment, resulting in opportunistic dislocations
- Following the market disruption, relative value opportunities exist across credit curves, though may differ greatly by issuer even within the same sector

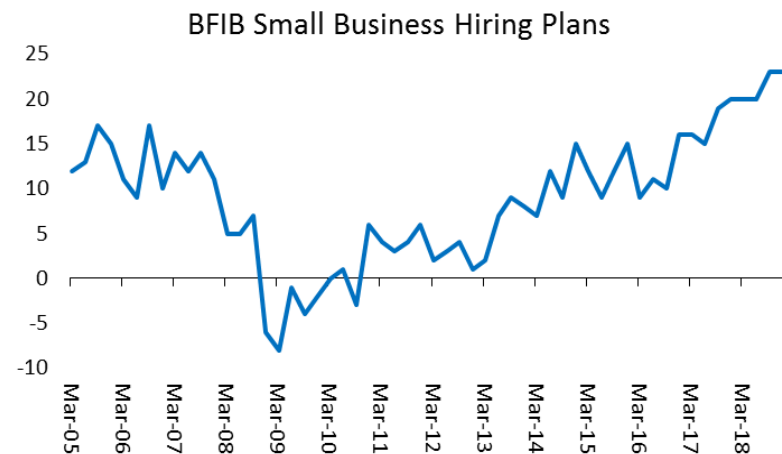
SECURITY SELECTION

- Sentiment-driven sell-offs still lack differentiation, particularly when reacting to headlines; in cases where reactions exceed what is justified by fundamentals, significant relative value opportunities for nimble capital persist
- Given a shift higher in the volatility regime will likely persist, so too will dramatic swings in fund flows; accordingly relative value opportunities will likely favor secondary over primary markets

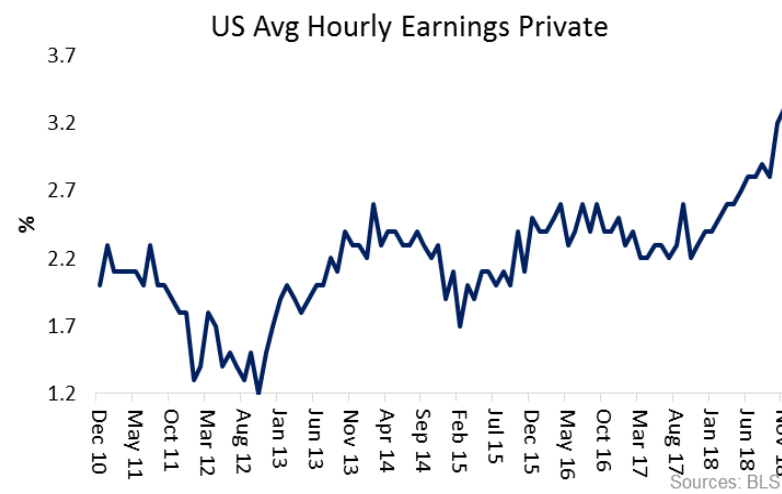
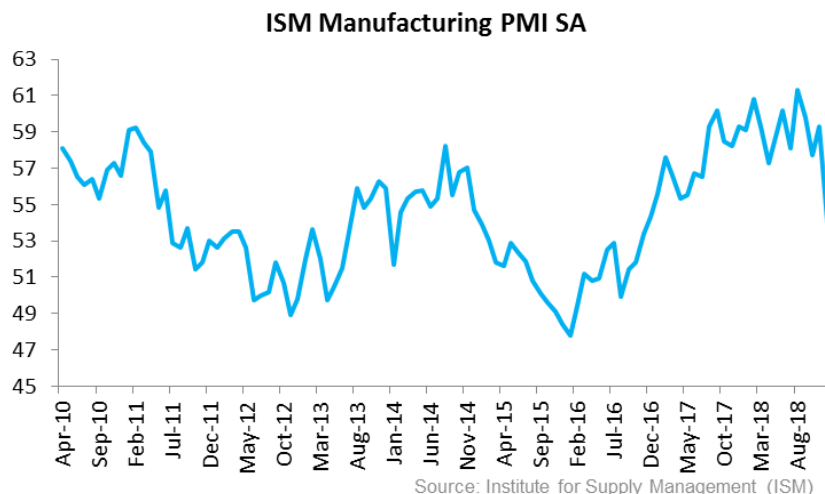
U.S. Economic Outlook

U.S. economic growth on firmer footing than markets may imply

- U.S. small business hiring plans remain robust despite global trade tensions and surging market volatility
- Weakness in ISM should prove temporary as financial market volatility has incentivized all parties to forsake stubbornness for positive economic growth
- Continued upward trends in labor costs may be helpful for talking down earnings expectations, but there is little negative takeaway from the U.S. economic perspective



Sources: Bloomberg L.P., TCH, LLC

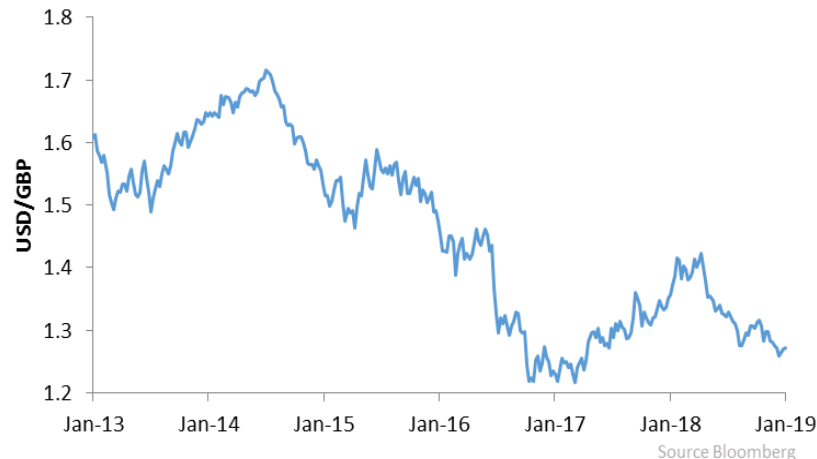


Global Economic Outlook

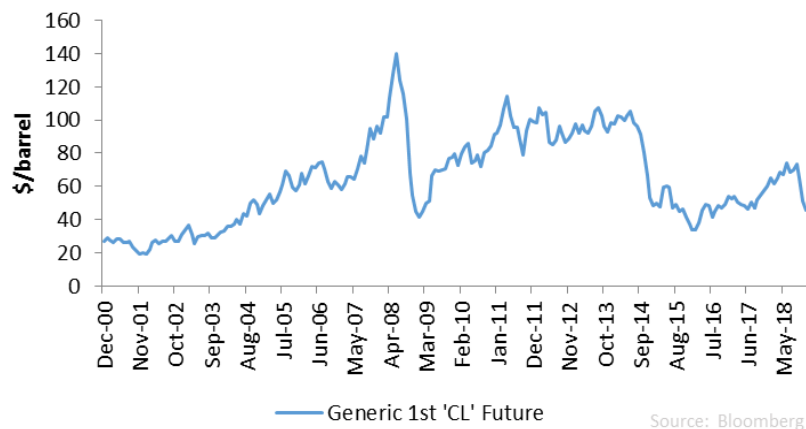
The global “synchronized growth” story remains elusive

- While continued “Brexit” headlines introduce further economic uncertainty, the global markets’ attention span towards the matter appears to be shrinking
- Production related policies from OPEC should provide stability to oil prices, though a recovery may face additional headwinds now that the U.S. is a net exporter
- The resiliency of the U.S. financial markets to trade-related tensions was tested during the 4th quarter, which in turn has increased the incentive for both parties to further discussions

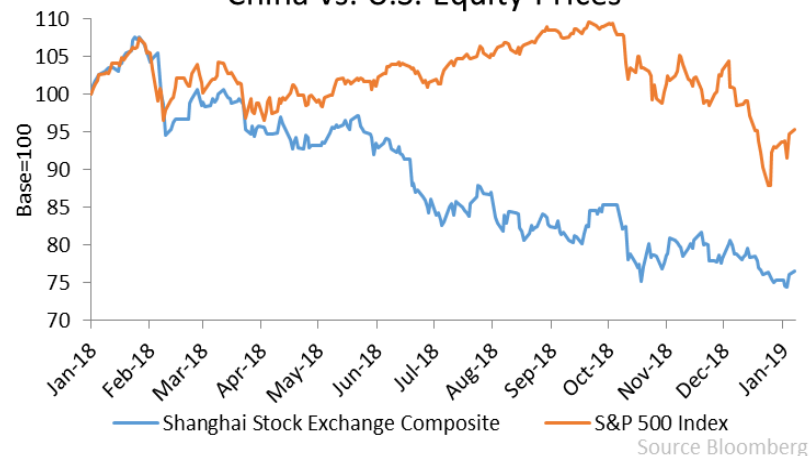
British Pound/ Dollar Spot Rate



Oil Price



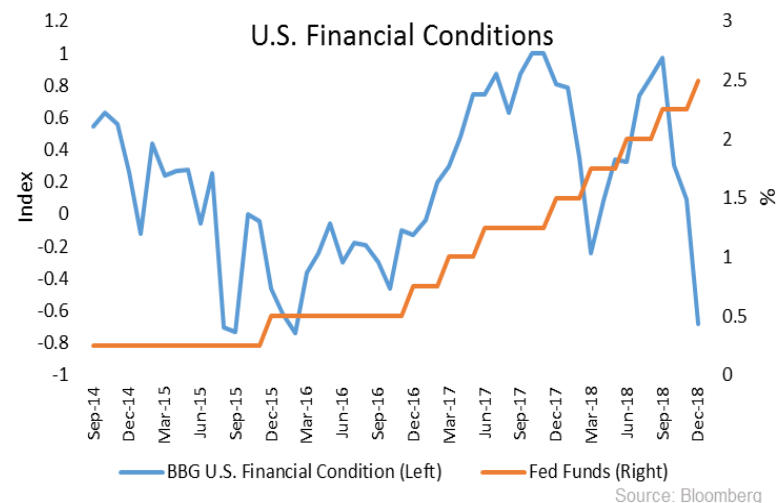
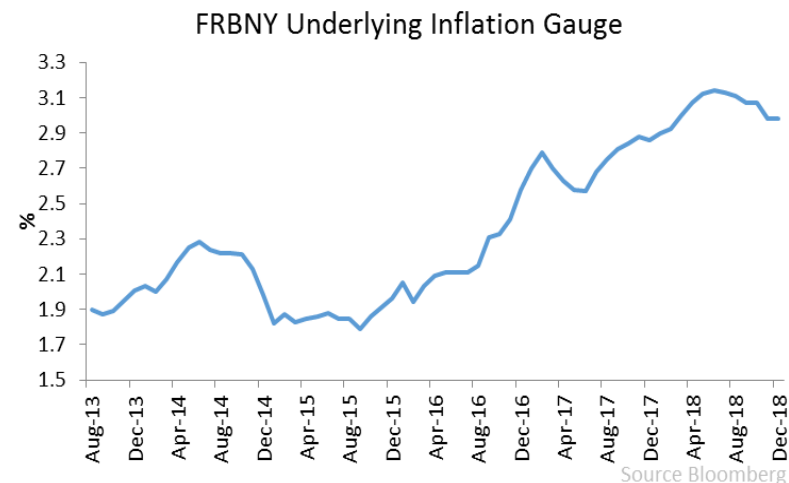
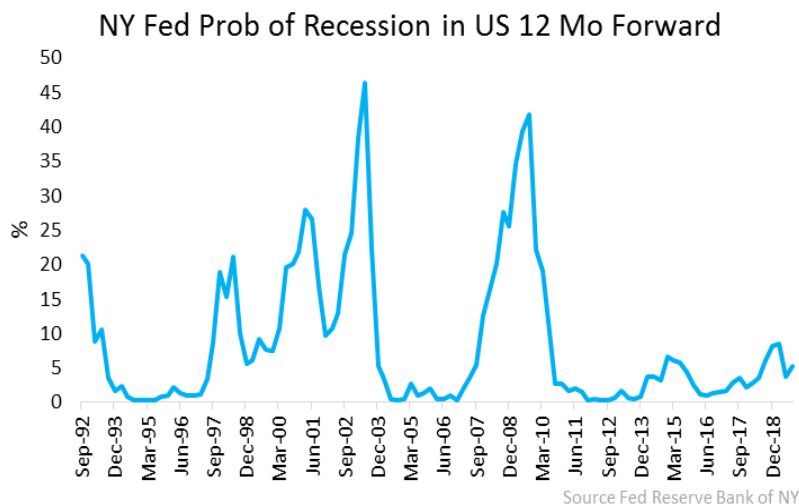
China vs. U.S. Equity Prices



Fed Outlook

The Fed tipped their caps to the doves, but they weren't looking

- The Fed's underlying inflation gauges have trended higher, but overall, inflationary pressures, such as core PCE (1.9% y/y) remain, "comfortably numb"
- Financial conditions, which had weathered Fed tightening quite well, quickly reversed as surging volatility and widening credit spreads tightened financial conditions
- Fed models indicate a low probability for a near-term recession as overall economic indicators continue their trend towards a positive growth environment

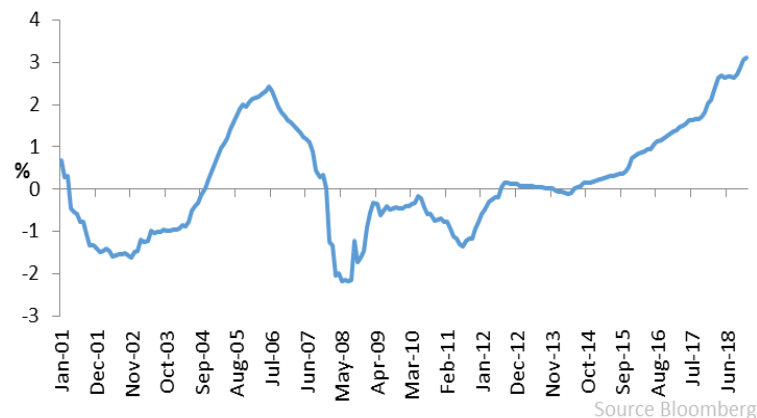


U.S. Interest Rate Outlook

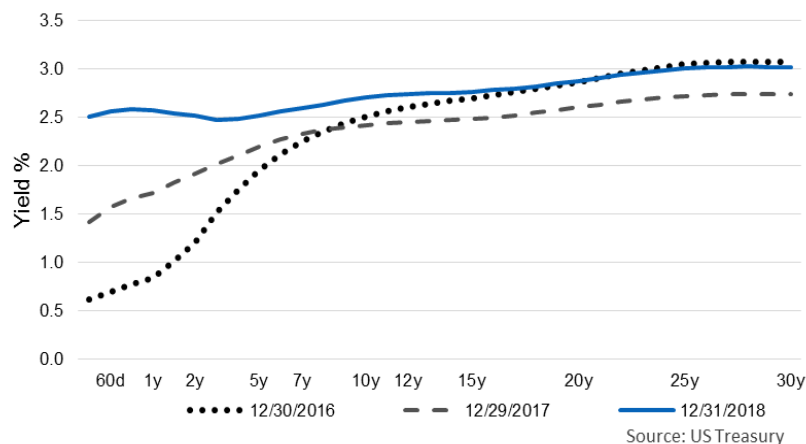
U.S. Treasury rates appear fully valued, inversions appear technical

- Despite the markets' insistence that the U.S. economy revert towards a slower globalized growth rate, we view this scenarios as unlikely during 2019
- The policy divergence between the Fed and ECB have reached their wider level in nearly two decades, and show few signs of reverting
- The flatness of the U.S. term structure, and the further decline in term premium, likely reflect a number of factors, including having absorbed too much negativity over the short-term

LIBOR/EURIBOR Spread



U.S. Treasury Curve



US Treasury 10 Yr Term Premium

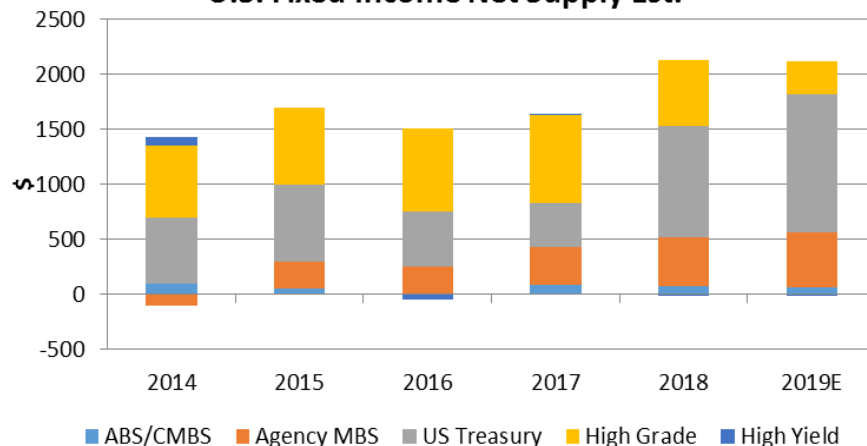


Spread Sector Outlook

Despite the poor 4Q 2018 sentiment, 1Q 2019 fundamentals on firm footing

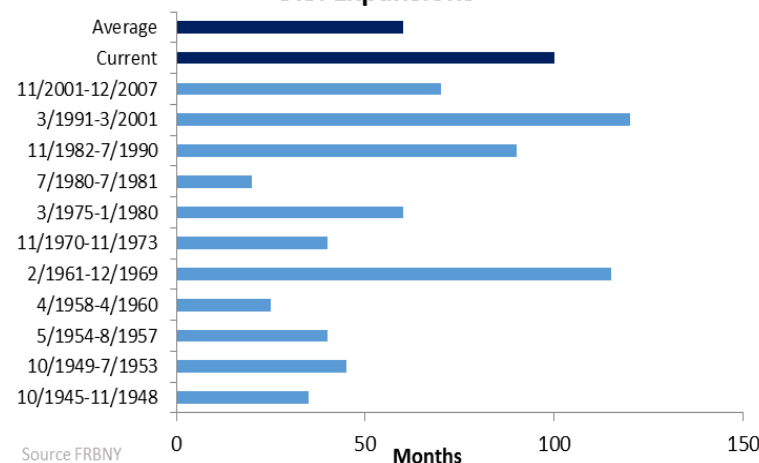
- While the current expansion is the third longest on record, there is no meaningful average for an expansion by which markets should become concerned
- Net supply forecasts provide a favorable backdrop for U.S. credit relative to other sectors; January saw first HY new issue in 60 days
- Elevated volatility has created structural dislocations such as U.S. investment grade floating notes yielding more than the “Agg”

U.S. Fixed Income Net Supply Est.



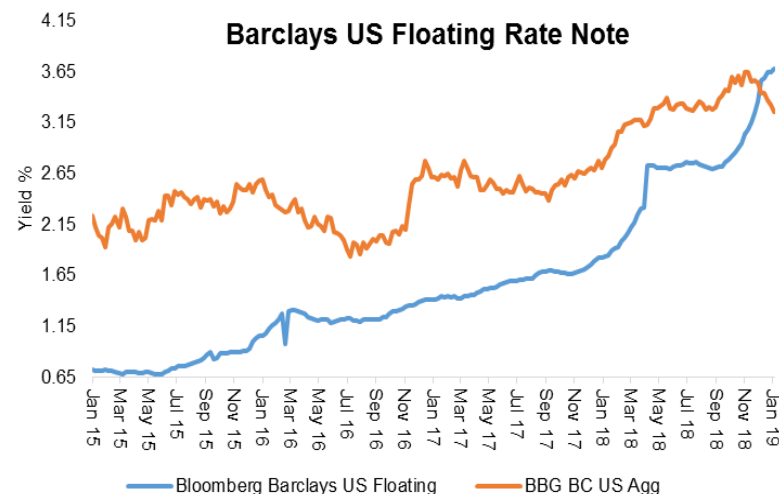
Sources: SIFMA, Barclays, BofA

U.S. Expansions



Source FRBNY

Barclays US Floating Rate Note



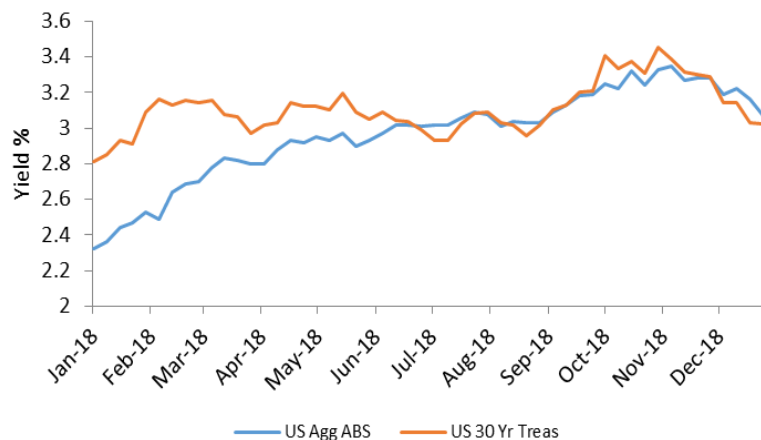
Source Barclays

Securitized Outlook

Supply dynamics and volatility favor ABS and CMBS

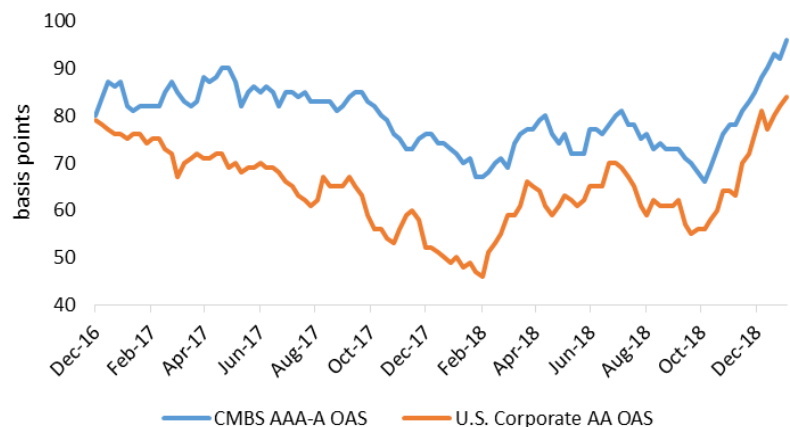
- Within high quality allocations, CMBS dupers offer value relative to similarly-rated cross sector opportunities
- The expected decline in agency MBS demand from “quantitative tightening” could put slightly more pressure on spreads
- Another structural opportunity for high quality carry is consumer ABS

ABS vs. Treasury



Source Bloomberg

AAA-A CMBS vs. AA Corporate OAS



Source: Bloomberg, BAML

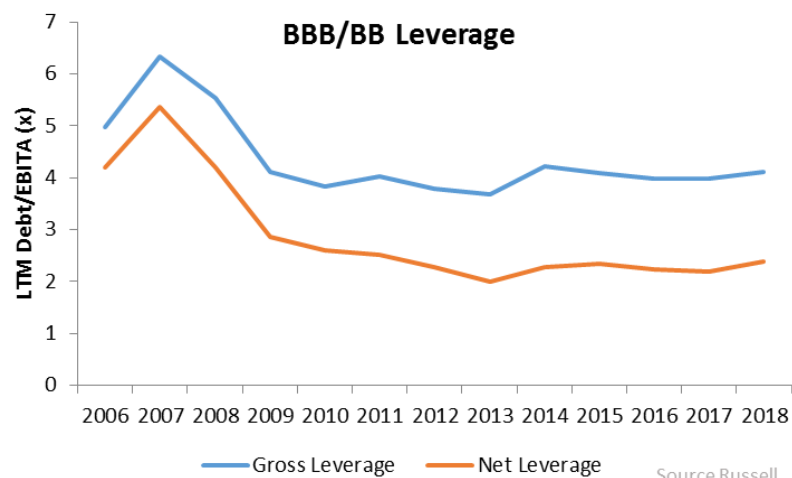
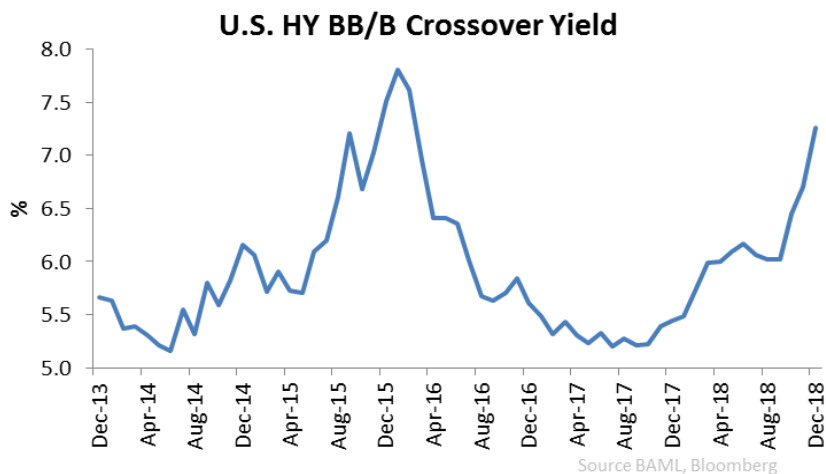
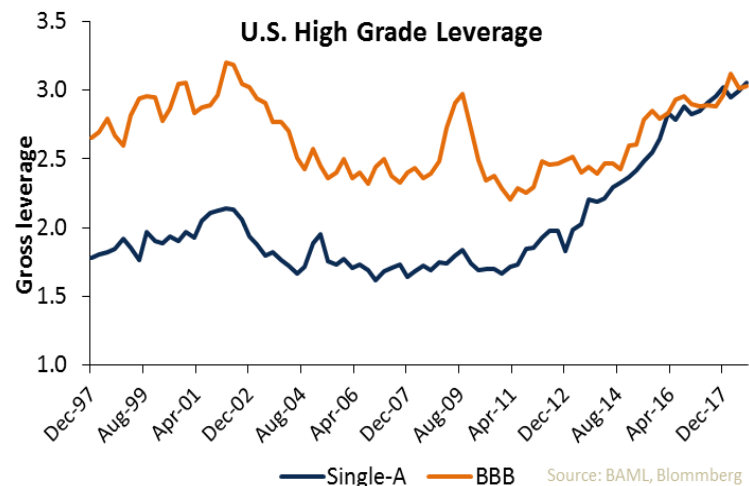
Total	2012	2013	2014	2015	2016	2017	2018	2019 (proj)
Gross Issuance	1,664	1,544	923	1,251	1,472	1,304	1,184	1,150
Net Issuance	30	232	69	163	229	315	275	250
Demand								
GSEs	-85	-83	-46	-42	-43	-7	-10	-5
Overseas	5	-53	44	31	107	62	135	100
Fed + Tsy	89	564	247	10	-6	24	-150	-180
Banks	126	2	24	178	220	146	101	150
REITs	123	-91	8	-18	-1	40	15	25
MMs/Other	-228	-107	-208	4	-48	50	184	160
Net Demand ex Fed/GSE	26	-249	-132	195	278	298	435	435

Source SIFMA, RBC, Bloomberg

Credit Market Outlook

Overall, a well-managed credit cycle

- Though BBB rated securities have captured the headlines, the relative increases in corporate leverage has been consistent
- It is noteworthy that lower-quality issuers have raised liquidity to offset higher gross borrowings
- Lower quality securities are now pricing in a higher default rate than implied but underlying credit worthiness



Credit Market Outlook

Credit migration has been mischaracterized as a BBB issue

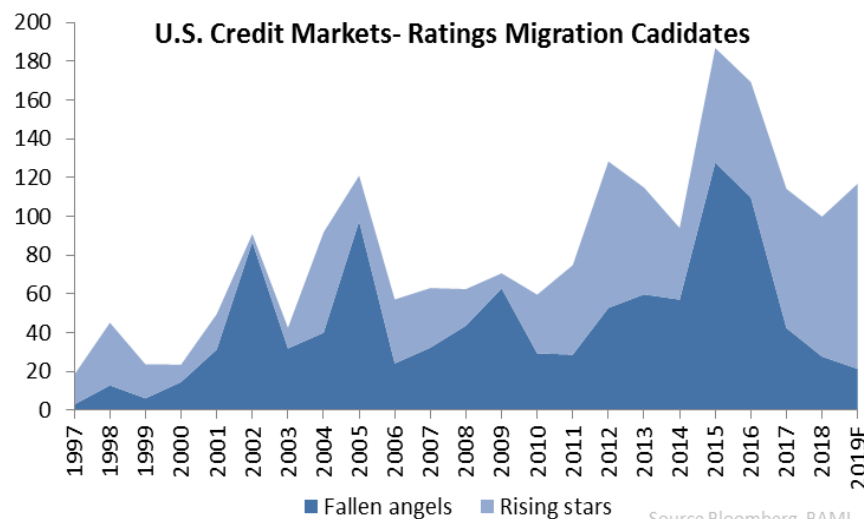
- Ratings do not always provide a clear picture of creditworthiness, as many financials have been downgraded despite carrying their lowest risk profile in decades
- Rising stars, those issuers within one notch of investment grades, outnumber fallen angels nearly 2-to-1
- The notional principal of securities associated with improving credit fundamentals is near the highest on record

US HG Financials Average Ratings



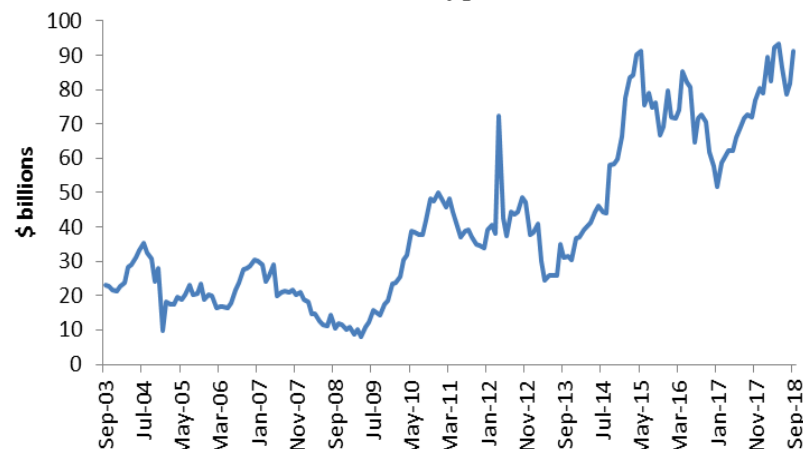
Source Bloomberg, BAML

U.S. Credit Markets- Ratings Migration Candidates



Source Bloomberg, BAML

HY Notional One Upgrade From IG



Source Bloomberg, BAML

Portfolio Review

City of Naperville: Q4 Activity

Market Value Reconciliation: Q4 2018		
Ending Market Value: September 30, 2018*	\$	37,223,176.37
Contributions/Withdrawals	\$	10,000,000.00
Net Invested Funds	\$	47,223,176.37
Net Income	\$	191,308.72
Unrealized Gain/Loss	\$	506,694.74
Net Realized Gain/Loss	\$	(98,797.00)
Ending Market Value: December 31, 2018*	\$	47,822,382.83

* Market values include accrued income

Performance & Market Value as of December 31, 2018

	QTD	1 Year	3 Years	5 Years	Since Inception*
Portfolio (Gross)	1.49%	0.82%	1.23%	1.58%	2.15%
Portfolio (Net)	1.45%	0.67%	1.08%	1.42%	1.99%
<i>Barclays Govt Int</i>	2.22%	1.43%	1.21%	1.46%	1.97%

Market Value (including accruals)

\$47,822,383

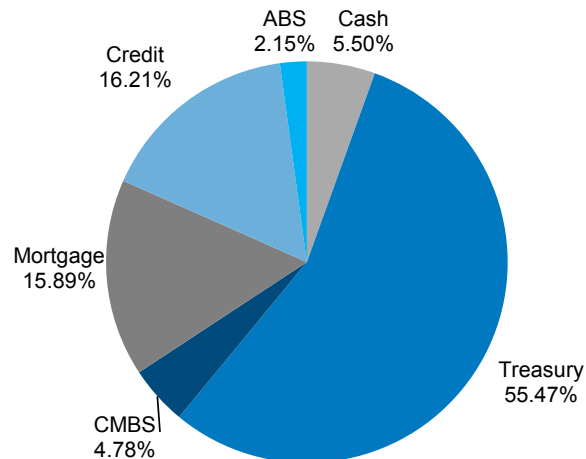
* Inception Date: October 1, 2009

Fixed Income Profile as of September 30, 2018

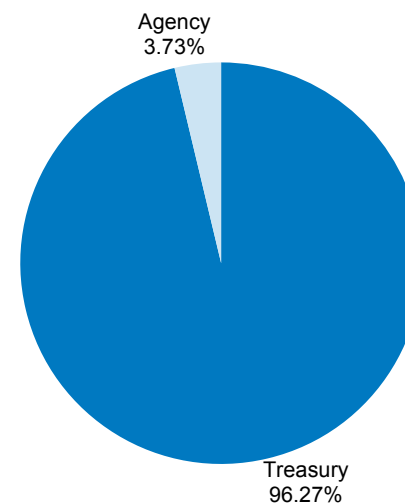
	Avg. Coupon	Yield to Maturity	Avg. Quality	Avg. Duration	Avg. Maturity
City of Naperville	2.42%	3.10%	Aa2	3.53 yrs	4.06 yrs
Barclays Intermediate Government	2.12%	2.90%	Aaa	3.74 yrs	4.03 yrs

Market Value Diversification

City of Naperville



Barclays Intermediate Government



Source: BondEdge

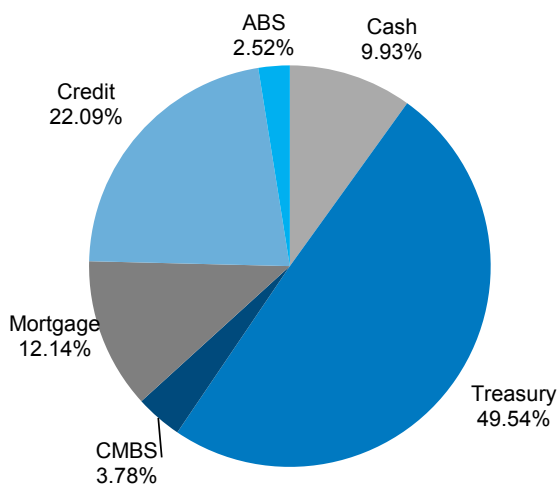
Note: Totals may not be exact due to rounding.

Fixed Income Profile as of December 31, 2018

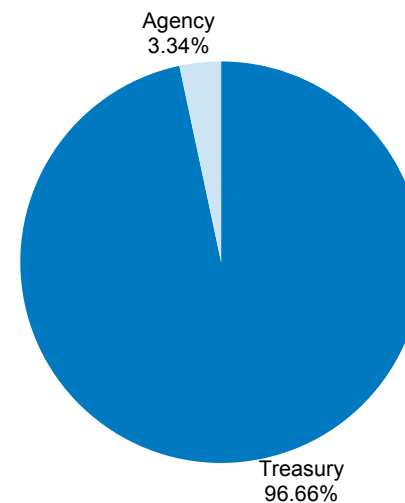
	Avg. Coupon	Yield to Maturity	Avg. Quality	Avg. Duration	Avg. Maturity
City of Naperville	2.52%	2.97%	Aa2	3.28 yrs	3.93 yrs
Barclays Intermediate Government	2.20%	2.54%	Aaa	3.76 yrs	4.05 yrs

Market Value Diversification

City of Naperville



Barclays Intermediate Government



Source: BondEdge

Note: Totals may not be exact due to rounding.

Mortgage Allocation as of December 31, 2018

Issuer	% Held	Type
FNMA 2010-025- ND	0.03	FIXED
FHLMC 4182- VB	1.30	FIXED
FNMA 2011-027- DB	2.11	FIXED
FHLMC K062- A2	1.06	FIXED
FHLMC K-066- A2	1.03	FIXED
FHLMC K-068- A2	1.04	FIXED
FNMA POOL - AP7831	1.28	FIXED
FHLMC GOLD POOL - G14713	0.84	FIXED
FHLMC 2973- EB	0.11	FIXED
FNMA 2012-021- PJ	0.77	FIXED
FNMA 2012-028- PT	0.23	FIXED
GNMA2 POOL - MA1996	0.15	FIXED
GNMA2 POOL - MA2149	0.31	FIXED
GNMA2 POOL - 626912	0.88	FIXED
FNMA POOL - AY6521	0.26	FIXED
FNMA POOL - AS5444	0.75	FIXED
FNMA POOL - AS6815	0.35	FIXED
FNMA POOL - MA2771	0.60	FIXED
FNMA POOL - MA2806	0.43	FIXED
FNMA POOL - AS8483	0.45	FIXED
FHLMC GOLD POOL - G08775	1.28	FIXED
CITIGROUP MTG 2018-B2- A4	0.53	FIXED
GNMA 2011-042- B	0.11	FLOAT
Total	15.93%	

Source: BondEdge

Note: Totals may not be exact due to rounding.

Maturity Breakdown – Sector Type as of December 31, 2018

Maturity/Sector	Treasury	Financial	Industrial	MBS	CMBS	ABS	Cash	Total
<1.00	3.12	--	--	0.03	--	0.41	9.93	13.49
1.00 - 2.99	21.99	0.62	5.44	3.52	0.11	1.26	--	32.94
3.00 - 4.99	7.78	4.47	2.67	2.89	--	0.85	--	18.65
5.00 - 6.99	10.29	0.47	4.14	1.58	--	--	--	16.48
7.00 - 9.99	6.53	1.94	2.34	4.13	3.67	--	--	18.44
Total	49.53	7.50	14.59	12.15	3.78	2.52	9.93	100.00

Source: BondEdge

Note: Totals may not be exact due to rounding.

Q4 Commentary

During the fourth quarter an additional contribution was received in the account. This capital was deployed to increase the allocation to corporates and in particularly lower quality investment grade (BBB rated corporates.) Corporate securities were added to the guidelines recently, while the benchmark remains government only. Given tight spread levels when this change was made, we had been deliberate about allocating to corporates at a measured pace. With the pronounced spread widening seen in the quarter, the December landscape offered an opportunity to increase this allocation at more attractive valuations relative to earlier periods.

These changes, along with the shifts in the market environment, allowed the portfolio to increase its yield advantage over the benchmark from 20 to 40 basis points.

Source: BondEdge

Note: Totals may not be exact due to rounding.

Appendix

Holdings

PORTFOLIO APPRAISAL
City of Naperville
130
December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
CORPORATE BONDS									
300,000	CVS HEALTH CORP 3.125% Due 03-09-20	99.95	299,856	99.80	299,406	0.6	3.125	9,375	3.1
150,000	IBM CREDIT CORP 3.450% Due 11-30-20	99.92	149,882	100.52	150,776	0.3	3.450	5,175	3.4
400,000	ANHEUSER-BUSCH INBEV FIN 2.650% Due 02-01-21	98.45	393,804	98.34	393,358	0.8	2.650	10,600	2.7
250,000	KELLOGG CO. 3.250% Due 05-14-21	99.91	249,780	99.04	247,592	0.5	3.250	8,125	3.3
250,000	CATERPILLAR FINANCIAL SERVICE 3.150% Due 09-07-21	99.92	249,808	100.26	250,659	0.5	3.150	7,875	3.1
250,000	AMERICAN EXPRESS CO. 2.500% Due 08-01-22	96.59	241,485	96.52	241,295	0.5	2.500	6,250	2.6
500,000	JP MORGAN CHASE & CO. 3.375% Due 05-01-23	98.06	490,285	97.81	489,066	1.0	3.375	16,875	3.5
300,000	ABBVIE, INC. 2.850% Due 05-14-23	97.10	291,294	96.36	289,074	0.6	2.850	8,550	3.0
400,000	MORGAN STANLEY 4.100% Due 05-22-23	100.67	402,660	100.14	400,578	0.8	4.100	16,400	4.1
400,000	FISERV INC 3.800% Due 10-01-23	99.95	399,816	100.62	402,491	0.8	3.800	15,200	3.8
100,000	ABBVIE, INC. 3.750% Due 11-14-23	99.87	99,872	99.49	99,495	0.2	3.750	3,750	3.8
300,000	ANHEUSER-BUSCH INBEV WOR 3.500% Due 01-12-24	99.51	298,521	97.81	293,444	0.6	3.500	10,500	3.6
250,000	CBS CORP. 3.700% Due 08-15-24	96.84	242,098	97.18	242,942	0.5	3.700	9,250	3.8
400,000	MARATHON OIL CORP. 3.625% Due 09-15-24	97.36	389,424	97.30	389,218	0.8	3.625	14,500	3.7
400,000	ENTERPRISE PRODUCTS 3.750% Due 02-15-25	99.00	396,000	98.95	395,783	0.8	3.750	15,000	3.8

PORTFOLIO APPRAISAL

City of Naperville

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December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
300,000	ACTAVIS FUNDING SCS 3.800% Due 03-15-25	98.33	294,981	97.62	292,867	0.6	3.800	11,400	3.9
250,000	GE CAPITAL INTL FUNDING 3.373% Due 11-15-25	96.59	241,468	88.83	222,077	0.5	3.373	8,433	3.8
300,000	TIME WARNER, INC. 3.800% Due 02-15-27	96.88	290,643	93.83	281,491	0.6	3.800	11,400	4.0
250,000	KIMCO REALTY CORP. 3.800% Due 04-01-27	97.66	244,143	96.17	240,418	0.5	3.800	9,500	4.0
300,000	MID-AMERICA APARTMENTS 3.600% Due 06-01-27	97.56	292,674	96.50	289,507	0.6	3.600	10,800	3.7
400,000	BANK OF AMERICA CORP. 3.824% Due 01-20-28	97.92	391,668	97.01	388,040	0.8	3.824	15,296	3.9
300,000	KINDER MORGAN, INC. 4.300% Due 03-01-28	98.25	294,753	97.87	293,621	0.6	4.300	12,900	4.4
250,000	MPLX LP 4.000% Due 03-15-28	98.41	246,023	93.73	234,313	0.5	4.000	10,000	4.3
300,000	NUCOR CORP 3.950% Due 05-01-28	99.19	297,579	98.90	296,706	0.6	3.950	11,850	4.0
	Accrued Interest				71,191	0.1			
			7,188,514		7,195,405	15.0		259,004	3.6
CORPORATE BONDS--FLOATING RATE									
250,000	IBM CREDIT CORP 2.742% Due 02-05-21	100.07	250,185	98.92	247,309	0.5	2.742	6,854	2.8
200,000	CVS HEALTH CORP. 3.487% Due 03-09-21	99.39	198,785	99.19	198,388	0.4	3.487	6,974	3.5
300,000	LLOYDS BANK PLC 3.079% Due 05-07-21	100.00	300,000	98.99	296,976	0.6	3.079	9,238	3.1
200,000	GLAXOSMITHKLINE CAPITAL 2.964% Due 05-14-21	100.00	200,000	99.32	198,631	0.4	2.964	5,928	3.0
600,000	HP ENTERPRISE CO. 3.059% Due 10-05-21	99.15	594,888	99.13	594,779	1.2	3.059	18,353	3.1

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December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
500,000	MIZUHO FINANCIAL GROUP 3.647% Due 02-28-22	99.95	499,757	99.95	499,758	1.0	3.647	18,234	3.6
500,000	FORD MOTOR CREDIT CO. LLC 4.083% Due 03-28-22	98.81	494,039	95.55	477,764	1.0	4.083	20,417	4.3
500,000	GOLDMAN SACHS GROUP 4.306% Due 11-29-23	100.08	500,422	99.10	495,507	1.0	4.306	21,530	4.3
350,000	COMCAST CORP 3.065% Due 04-15-24	100.00	350,000	97.71	341,972	0.7	3.065	10,728	3.1
	Accrued Interest				15,231	0.0			
			3,388,074		3,366,314	7.0		118,255	3.5
U.S. GOVERNMENT AND AGENCY BONDS									
1,465,000	U.S. TREASURY 3.625% Due 08-15-19	105.48	1,545,353	100.63	1,474,271	3.1	3.625	53,106	3.6
2,200,000	U.S. TREASURY 1.375% Due 10-31-20	97.45	2,143,905	97.97	2,155,314	4.5	1.375	30,250	1.4
945,000	U.S. TREASURY 2.625% Due 11-15-20	95.92	906,400	100.18	946,735	2.0	2.625	24,806	2.6
750,000	U.S. TREASURY NOTES 2.000% Due 11-30-20	101.64	762,307	99.07	743,057	1.6	2.000	15,000	2.0
1,000,000	U.S. TREASURY 1.625% Due 11-30-20	99.90	999,027	98.35	983,516	2.1	1.625	16,250	1.7
2,300,000	U.S. TREASURY 1.375% Due 01-31-21	101.29	2,329,726	97.71	2,247,261	4.7	1.375	31,625	1.4
3,500,000	U.S. TREASURY 1.375% Due 05-31-21	99.19	3,471,765	97.43	3,410,040	7.1	1.375	48,125	1.4
3,850,000	U.S. TREASURY 1.500% Due 02-28-23	95.80	3,688,109	96.07	3,698,857	7.7	1.500	57,750	1.6
4,000,000	U.S. TREASURY 2.250% Due 12-31-23	98.30	3,932,188	98.73	3,949,376	8.3	2.250	90,000	2.3
500,000	U.S. TREASURY 2.000% Due 02-15-25	99.98	499,902	96.73	483,653	1.0	2.000	10,000	2.1

PORTFOLIO APPRAISAL

City of Naperville

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December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
500,000	U.S. TREASURY 2.000% Due 08-15-25	94.86	474,318	96.41	482,031	1.0	2.000	10,000	2.1
1,350,000	U.S. TREASURY 1.625% Due 02-15-26	101.07	1,364,455	93.61	1,263,727	2.6	1.625	21,938	1.7
500,000	U.S. TREASURY NOTES 2.875% Due 05-15-28	99.29	496,465	101.54	507,676	1.1	2.875	14,375	2.8
450,000	U.S. TREASURY NOTES 2.875% Due 08-15-28	98.46	443,092	101.55	456,961	1.0	2.875	12,938	2.8
	Accrued Interest				89,940	0.2			
			23,057,011		22,892,413	47.9		436,163	1.9
TREASURY INFLATION PROTECTED SECURITIES (TIPS)									
523,415.00	TREASURY INFLATION PROTECTED SECURITIES (TIPS) 0.375% Due 01-15-27	98.81	517,199	94.98	497,156	1.0	0.375	1,963	0.4
302,217.00	TREASURY INFLATION PROTECTED SECURITIES (TIPS) 0.750% Due 07-15-28	100.11	302,537	97.88	295,807	0.6	0.750	2,267	0.8
	Accrued Interest				1,942	0.0			
			819,736		794,905	1.7		4,229	0.5
MORTGAGE-BACKED SECURITIES									
618,719.82	FNCI POOL #AP7831 2.500% Due 09-01-27	103.84	642,502	98.66	610,429	1.3	2.500	15,468	2.5
404,921.19	FGLMC POOL #G14713 2.500% Due 04-01-28	103.45	418,904	98.89	400,410	0.8	2.500	10,123	2.5
69,524.06	G2SF POOL #MA1996 4.000% Due 06-20-44	106.05	73,728	103.16	71,720	0.1	4.000	2,781	3.9
144,802.97	G2SF POOL #MA2149 4.000% Due 08-20-44	106.90	154,792	102.76	148,794	0.3	4.000	5,792	3.9

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December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
427,584.93	GNSF POOL #626912 3.000% Due 02-20-45	103.09	440,813	98.62	421,697	0.9	3.000	12,828	3.0
123,976.38	FNCL POOL #AY6521 3.500% Due 04-01-45	104.05	128,994	100.12	124,123	0.3	3.500	4,339	3.5
366,010.04	FNCL POOL #AS4720 3.000% Due 07-01-45	99.44	363,951	97.85	358,134	0.7	3.000	10,980	3.1
172,869.44	FNCL POOL #AS6815 3.000% Due 03-01-46	101.91	176,165	97.53	168,596	0.4	3.000	5,186	3.1
293,538.17	FNCL POOL #MA2771 3.000% Due 10-01-46	104.20	305,864	97.53	286,282	0.6	3.000	8,806	3.1
211,638.71	FNCL POOL #MA2806 3.000% Due 11-01-46	100.58	212,862	97.53	206,407	0.4	3.000	6,349	3.1
218,679.29	FNCL POOL #AS8483 3.000% Due 12-01-46	99.84	218,321	97.53	213,274	0.4	3.000	6,560	3.1
600,178.81	FGLMC POOL #G08775 4.000% Due 08-01-47	104.89	629,531	102.02	612,308	1.3	4.000	24,007	3.9
	Accrued Interest				9,435	0.0			
			3,766,427		3,631,608	7.6		113,220	3.1
COMMERCIAL MORTGAGE-BACKED SECURITIES									
500,000.00	FHLMC MULTIFAMILY STRUCTURED PASSTHROUGH SERIES K062 CLASS A2 3.413% Due 12-25-26	103.00	514,989	101.11	505,535	1.1	3.413	17,065	3.4
500,000.00	FHLMC MULTIFAMILY STRUCTURED PASSTHROUGH SERIES K063 CLASS A2 3.117% Due 06-25-27	103.00	514,976	98.86	494,295	1.0	3.117	15,585	3.2

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December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
500,000.00	FHLMC MULTIFAMILY STRUCTURED PASSTHROUGH SERIES K068 CLASS A2 3.244% Due 08-25-27 Accrued Interest	103.00	514,984	99.57	497,870	1.0	3.244	16,220	3.3
					4,073	0.0			
			1,544,948		1,501,773	3.1		48,870	3.3
COMMERCIAL MORTGAGE-BACKED SECURITIES--FLOATING									
53,442.72	GNR SERIES 2011-42 CLASS B 3.623% Due 07-16-47 Accrued Interest	101.24	54,107	99.82	53,348	0.1	3.623	1,936	3.6
					161	0.0			
			54,107		53,509	0.1		1,936	3.6
ASSET-BACKED SECURITIES									
198,527.10	HONDA AUTO RECEIVABLES OWNER TRUST SERIES 2018-2 CLASS A2 2.660% Due 12-18-20	100.00	198,527	99.77	198,072	0.4	2.660	5,281	2.7
300,000.00	ALLY AUTO RECEIVABLES TRUST SERIES 2018-3 CLASS A3 3.000% Due 01-17-23	99.99	299,979	99.92	299,754	0.6	3.000	9,000	3.0
300,000.00	CARMAX AUTO OWNER TRUST SERIES 2018-2 CLASS A3 2.980% Due 01-17-23	100.00	299,988	100.58	301,749	0.6	2.980	8,940	3.0

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December 31, 2018

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Unit Income	Annual Income	Cur. Yield
400,000.00	HONDA AUTO RECEIVABLES OWNER TRUST SERIES 2018-4 CLASS A4 3.300% Due 07-15-25 Accrued Interest	99.97	399,887	101.22	404,868	0.8	3.300	13,200	3.3
					1,476	0.0			
			1,198,382		1,205,920	2.5		36,421	3.0
CMO'S									
12,358.79	FNMA REMIC TRUST 2010-25 3.500% Due 03-25-25	107.25	13,255	99.73	12,326	0.0	3.500	433	3.5
612,614.59	FGHL SERIES 4182 CLASS VB 3.500% Due 03-15-26	104.80	642,001	101.24	620,205	1.3	3.500	21,442	3.5
1,000,000.00	FNMA REMIC TRUST 2011-27 3.000% Due 04-25-26	105.25	1,052,500	100.47	1,004,680	2.1	3.000	30,000	3.0
52,163.77	FHLMC REMIC SERIES 2973 5.500% Due 04-15-35	100.49	52,418	103.64	54,060	0.1	5.500	2,869	5.3
357,248.01	FNR 2012-21 PJ 4 4.000% Due 03-25-41	105.19	375,780	102.98	367,876	0.8	4.000	14,290	3.9
107,285.94	FANNIE MAE SERIES 2012-28 CLASS PT 4.000% Due 03-25-42	103.94	111,510	104.18	111,768	0.2	4.000	4,291	3.8
250,000.00	CGCMT 2018-B2 A4 4.009% Due 03-10-51 Accrued Interest	101.84	254,600	101.88	254,703	0.5	4.009	10,023	3.9
					6,946	0.0			
			2,502,065		2,432,564	5.1		83,347	3.4
CASH AND EQUIVALENTS									
	MONEY-MARKET ACCRUAL		8,580		8,580	0.0	0.204	17	0.2
	MONEY-MARKET FUNDS		4,739,393		4,739,393	9.9	0.204	9,662	0.2
			4,747,973		4,747,973	9.9		9,680	0.2

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December 31, 2018

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Unit Income</u>	<u>Annual Income</u>	<u>Cur. Yield</u>
TOTAL PORTFOLIO			48,267,237		47,822,383	100.0		1,111,124	2.3

Disclosure

For institutional use only.

This is not intended to serve as a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. Information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy. This publication is prepared for general information only. This presentation may contain targeted returns and forward-looking statements. "Forward-looking statements," can be identified by the use of forward-looking terminology such as "may", "should", "expect", "anticipate", "outlook", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof, or variations thereon, or other comparable terminology. Investors are cautioned not to place undue reliance on such returns and statements, as actual returns and results could differ materially due to various risks and uncertainties. This material does not constitute investment advice and is not intended as an endorsement of any specific investment. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investment involves risk. Market conditions and trends will fluctuate. The value of an investment as well as income associated with investments may rise or fall. Accordingly, investors may receive back less than originally invested. Investments cannot be made in an index. **Past performance is not necessarily a guide to future performance.**

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CITY OF NAPERVILLE

Investment Performance Review For the Quarter Ended December 31, 2018

Client Management Team

PFM Asset Management LLC

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Jeffrey K. Schroeder, Managing Director
Michael P. Downs, Portfolio Manager
Amber Cannegieter, Key Account Manager

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Q4 2018 Commentary

The ongoing trade disputes and corresponding concerns over the pace of global economic growth caused the bond market to rally, the 5-yr. to 10-yr. Treasury yield curve to steepen, and yield spreads in non-government sectors to significantly widen during the fourth quarter. Our modestly short duration position negatively affected performance, as the yield on the 5-yr. Treasury note fell 44 basis points. Conversely, our underweighting of longer maturity securities provided a positive contribution to performance, given that the 7-yr. to 10-yr. Treasury yield spread widened 6 basis points. However, our allocations to the MBS and corporate sectors detracted from the portfolio's performance, as those sectors generated negative 53 and negative 157 basis point excess returns, respectively, during the fourth quarter. For all of 2018, the MBS sector underperformed Treasuries by 59 basis points, while the corporate sector trailed Treasuries by 130 basis points, both annual worsts since 2011.

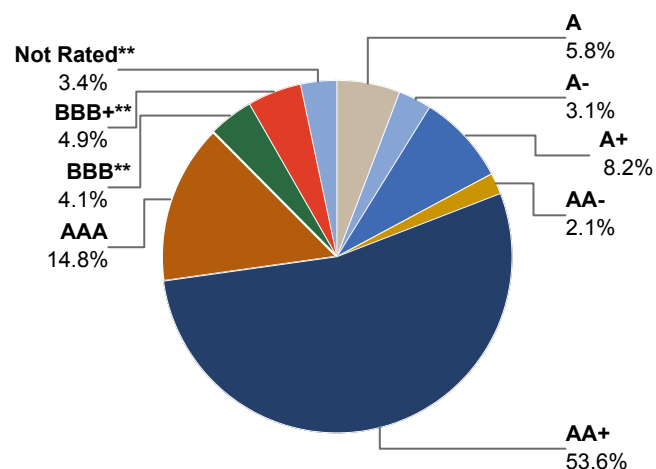
We believe that the risk aversion-driven decrease in Treasury yields as well as widening yield spreads in the MBS and corporate sectors during the fourth quarter were exaggerated. While we concede that U.S. economic growth is moderating, the likelihood of a recession over the next 12 months is extremely remote. Therefore, we are maintaining our slightly short duration position, as we expect Treasury yields to move higher over the intermediate term. In addition, we believe that the 7-yr. to 10-yr. Treasury yield curve will modestly steepen over the next two quarters. Therefore, we anticipate retaining our underweight position in the 8-yr. to 10-yr. part of the curve. Finally, we expect rational valuations to return to non-government sectors and spreads will narrow in 2019. As a result, we are maintaining our current allocations to the MBS and corporate sectors.

Portfolio Statistics

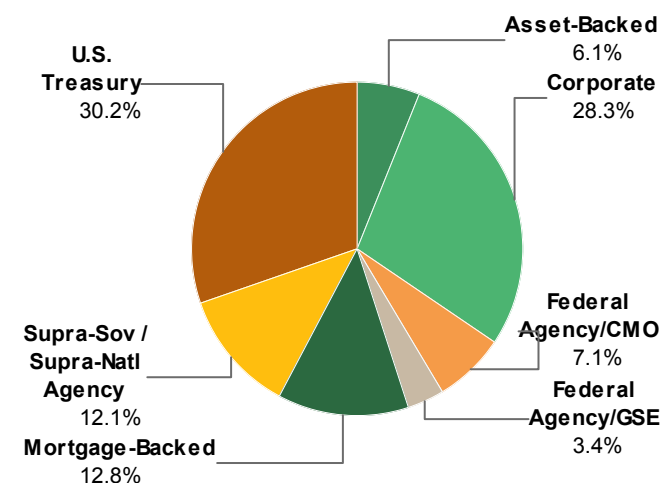
As of December 31, 2018

Par Value:	\$44,449,433
Total Market Value:	\$43,911,407
Security Market Value:	\$43,731,855
Accrued Interest:	\$179,552
Cash:	-
Amortized Cost:	\$44,120,889
Yield at Market:	2.98%
Yield at Cost:	2.76%
Effective Duration:	3.31 Years
Duration to Worst:	3.40 Years
Average Maturity:	5.74 Years
Average Credit: *	AA

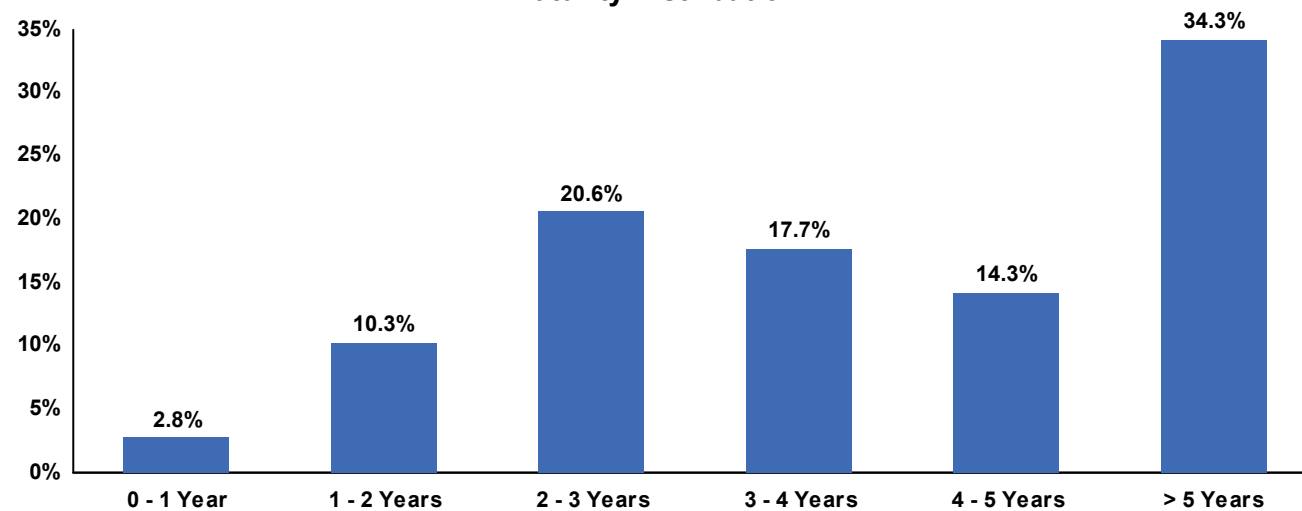
Credit Quality (S&P Ratings)*



Sector Allocation



Maturity Distribution

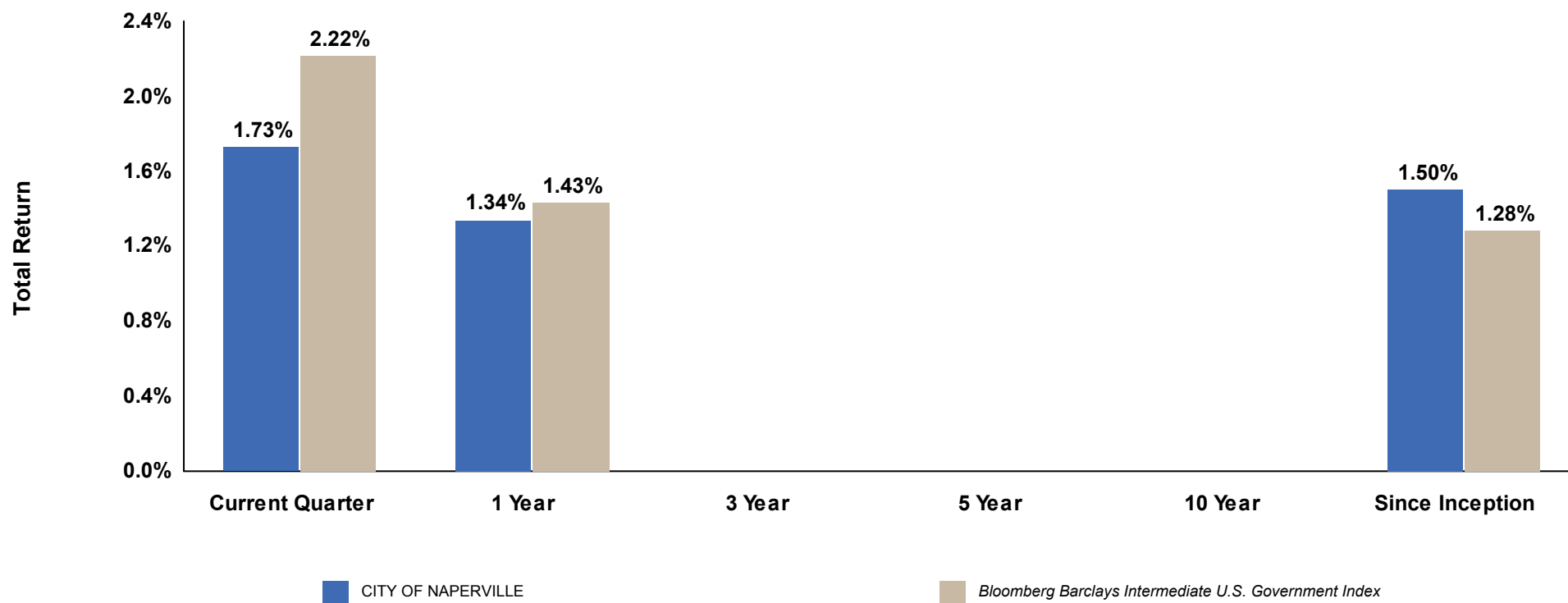


* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

** Securities held in the City's portfolio are in compliance with the City's investment policy dated February 2018.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return			
				3 Year	5 Year	10 Year	Since Inception (12/31/16)
CITY OF NAPERVILLE	3.31	1.73%	1.34%	-	-	-	1.50%
Bloomberg Barclays Intermediate U.S. Government Index	3.68	2.22%	1.43%	-	-	-	1.28%
Difference		-0.49%	-0.09%	-	-	-	0.22%



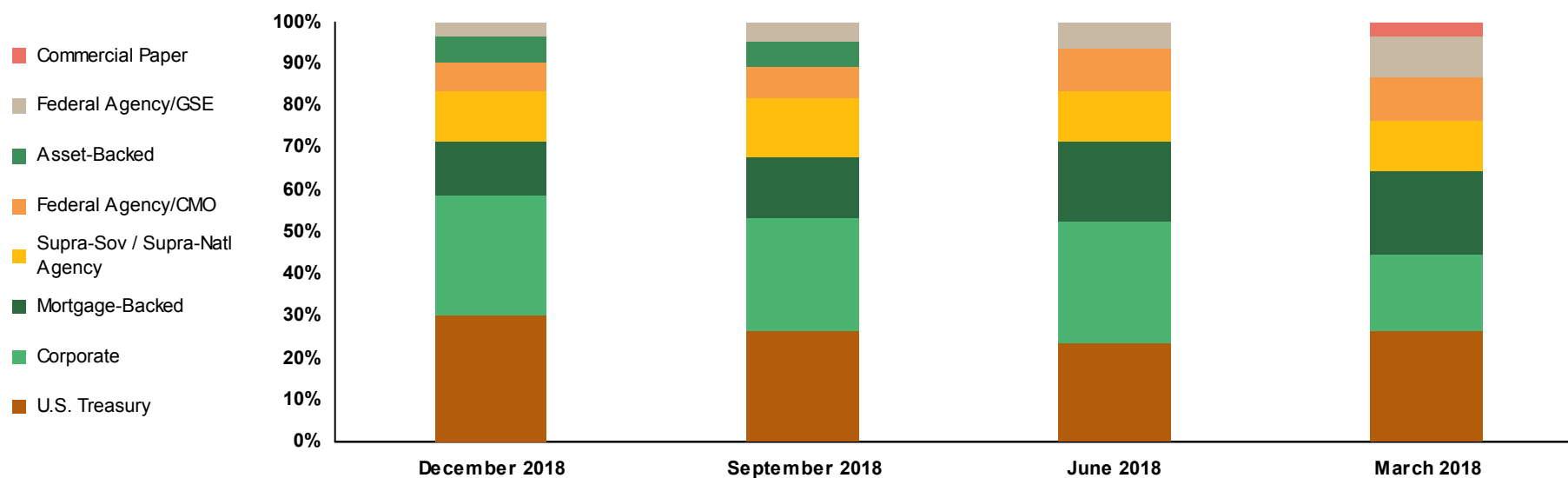
Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Earnings**Quarter-Ended December 31, 2018**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2018)	\$37,272,603.67	\$38,063,541.99
Net Purchases/Sales	\$6,056,918.13	\$6,056,918.13
Change in Value	\$402,333.66	\$428.51
Ending Value (12/31/2018)	\$43,731,855.46	\$44,120,888.63
Interest Earned	\$247,245.42	\$247,245.42
Portfolio Earnings	\$649,579.08	\$247,673.93

Sector Allocation

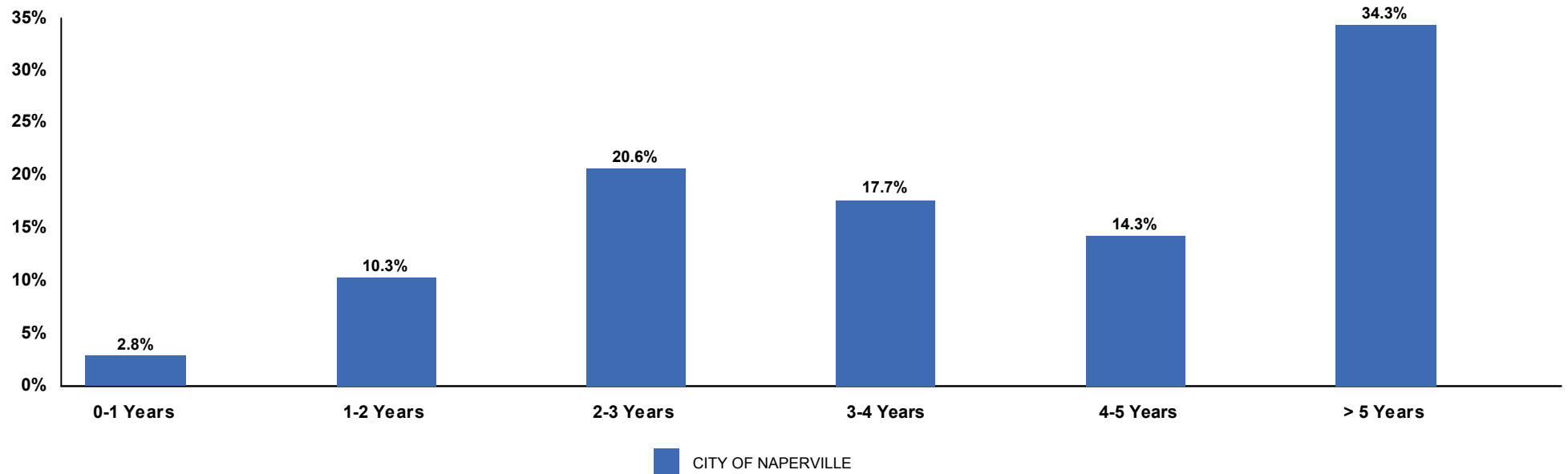
Sector	December 31, 2018		September 30, 2018		June 30, 2018		March 31, 2018	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	13.2	30.2%	9.9	26.6%	6.8	23.7%	7.7	26.5%
Corporate	12.4	28.3%	9.9	26.4%	8.3	28.9%	5.3	18.1%
Mortgage-Backed	5.6	12.8%	5.4	14.6%	5.4	18.7%	5.7	19.7%
Supra-Sov / Supra-Natl Agency	5.3	12.1%	5.2	14.0%	3.5	12.2%	3.5	12.0%
Federal Agency/CMO	3.1	7.1%	2.8	7.6%	2.9	10.3%	3.0	10.4%
Asset-Backed	2.6	6.1%	2.2	6.0%	0.0	0.0%	0.0	0.0%
Federal Agency/GSE	1.5	3.4%	1.8	4.8%	1.8	6.2%	2.9	9.9%
Commercial Paper	0.0	0.0%	0.0	0.0%	0.0	0.0%	1.0	3.4%
Total	\$43.7	100.0%	\$37.3	100.0%	\$28.7	100.0%	\$29.2	100.0%



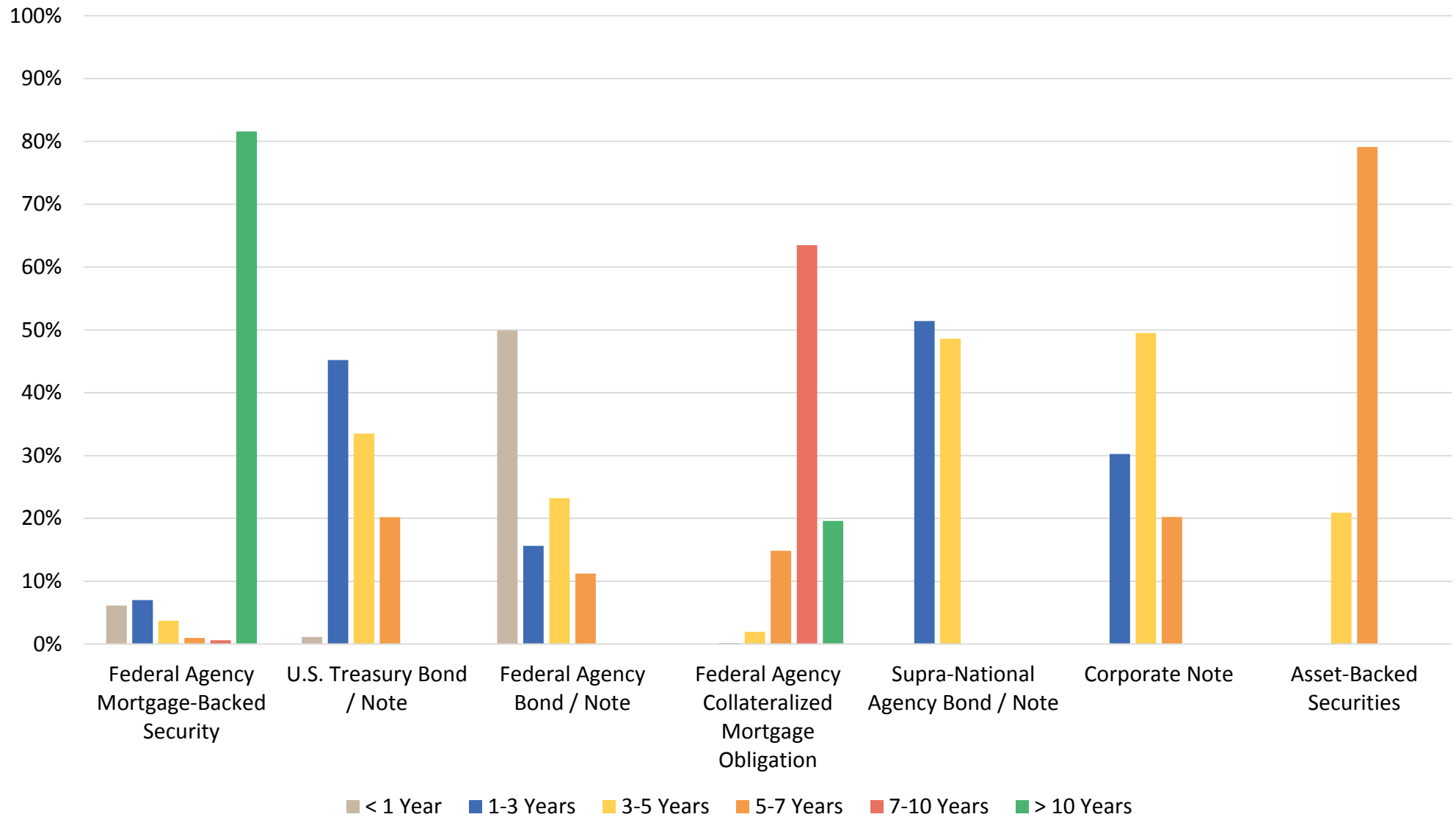
Detail may not add to total due to rounding.

Maturity Distribution**As of December 31, 2018**

Portfolio	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF NAPERVILLE	2.98%	5.74 yrs	2.8%	10.3%	20.6%	17.7%	14.3%	34.3%



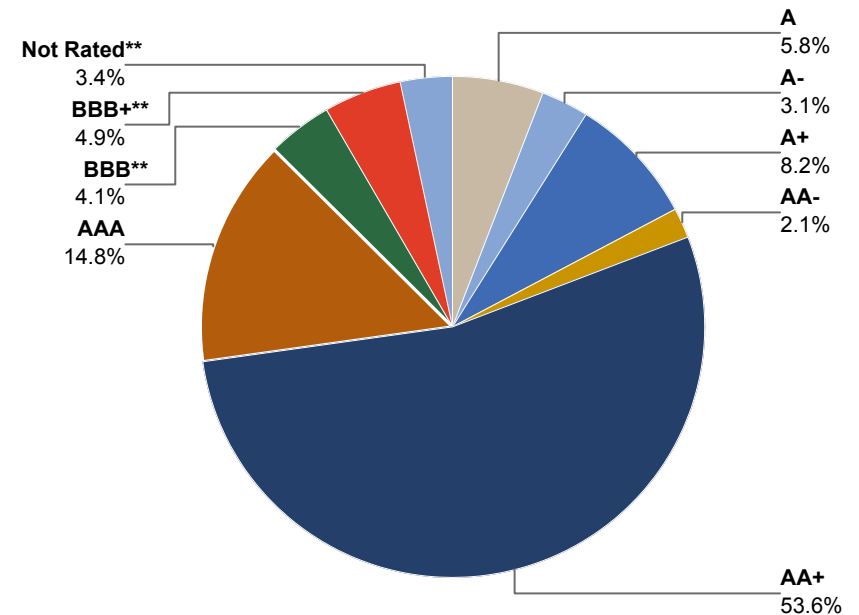
Maturity Distribution By Sector



Credit Quality

As of December 31, 2018

S&P Rating	Market Value (\$)	% of Portfolio
AA+	\$23,431,434	53.6%
AAA	\$6,452,601	14.8%
A+	\$3,601,156	8.2%
A	\$2,552,743	5.8%
BBB+	\$2,142,622	4.9%
BBB	\$1,794,933	4.1%
Not Rated	\$1,480,417	3.4%
A-	\$1,350,998	3.1%
AA-	\$924,952	2.1%
Totals	\$43,731,855	100.0%

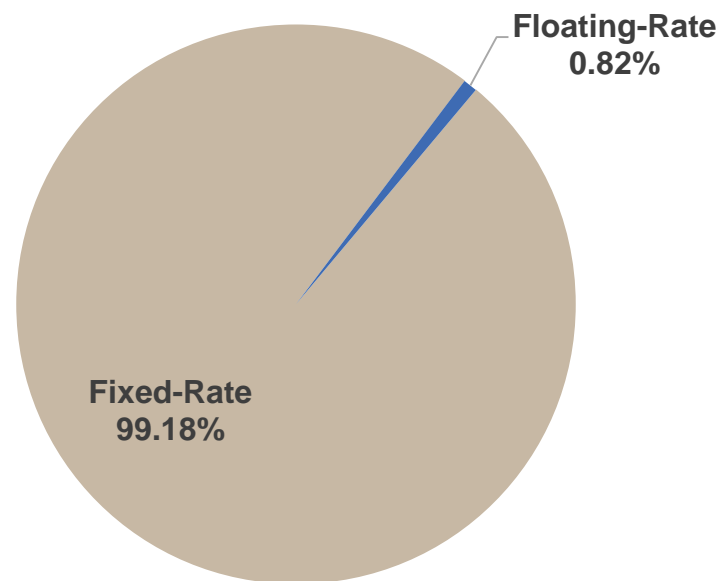


Detail may not add to total due to rounding.

** Securities held in the City's portfolio are in compliance with the City's investment policy dated February 2018.

Mortgage Sector Overview

Type	Market Value	%
Fixed-Rate	\$8,601,016	99.18%
Floating-Rate	\$71,075	0.82%
Total	\$8,672,091	100.00%



Sector/Issuer Distribution

As of December 31, 2018

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
CARMAX AUTO OWNER TRUST	181,793	6.9%	0.4%
CITIGROUP INC	303,069	11.5%	0.7%
CNH EQUIPMENT TRUST	734,074	27.7%	1.7%
FORD CREDIT AUTO LEASE TRUST	276,818	10.5%	0.6%
GM FINANCIAL AUTO LEASING TRUST	275,997	10.4%	0.6%
GM FINANCIAL SECURITIZED TERM	403,833	15.3%	0.9%
JOHN DEERE OWNER TRUST	166,456	6.3%	0.4%
WORLD OMNI AUTO REC TRUST	304,113	11.5%	0.7%
Sector Total	2,646,153	100.0%	6.1%
Corporate			
ABBVIE INC	273,610	2.2%	0.6%
AIR LEASE CORP	189,581	1.5%	0.4%
AMAZON.COM INC	435,681	3.5%	1.0%
AMERICAN EXPRESS CO	300,868	2.4%	0.7%
AMERICAN INTERNATIONAL GROUP	207,505	1.7%	0.5%
AMGEN INC	201,373	1.6%	0.5%
AT&T	197,397	1.6%	0.5%
BANCO SANTANDER SA	298,536	2.4%	0.7%
BANK OF AMERICA CO	296,372	2.4%	0.7%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
BANK OF MONTREAL	654,671	5.3%	1.5%
BANK OF NOVA SCOTIA	648,975	5.2%	1.5%
BARCLAYS PLC	272,679	2.2%	0.6%
BB&T CORPORATION	378,155	3.1%	0.9%
BP PLC	200,963	1.6%	0.5%
CANADIAN IMPERIAL BANK OF COMMERCE	650,477	5.3%	1.5%
CATERPILLAR INC	299,787	2.4%	0.7%
CHARLES SCHWAB	175,854	1.4%	0.4%
CITIGROUP INC	300,842	2.4%	0.7%
CVS HEALTH CORP	197,859	1.6%	0.5%
DEERE & COMPANY	299,194	2.4%	0.7%
FORD MOTOR COMPANY	188,782	1.5%	0.4%
GATX CORP	279,465	2.3%	0.6%
GENERAL MOTORS CORP	193,412	1.6%	0.4%
GOLDMAN SACHS GROUP INC	271,363	2.2%	0.6%
HARTFORD FINL SVCS GRP	209,655	1.7%	0.5%
HP ENTERPRISE CO	275,757	2.2%	0.6%
JP MORGAN CHASE & CO	270,593	2.2%	0.6%
LLOYDS BANKING GROUP PLC	358,908	2.9%	0.8%
MCDONALD'S CORPORATION	109,444	0.9%	0.3%
MORGAN STANLEY	273,686	2.2%	0.6%
NATIONAL RURAL UTILITIES CO FINANCE CORP	199,089	1.6%	0.5%
PRUDENTIAL FINANCIAL INC	276,509	2.2%	0.6%
THE BANK OF NEW YORK MELLON CORPORATION	802,401	6.5%	1.8%
TORONTO-DOMINION BANK	489,271	4.0%	1.1%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
UNILEVER PLC	298,556	2.4%	0.7%
UNION PACIFIC CORP	201,898	1.6%	0.5%
UNITEDHEALTH GROUP INC	201,724	1.6%	0.5%
US BANCORP	787,844	6.4%	1.8%
VERIZON COMMUNICATIONS	198,667	1.6%	0.5%
Sector Total	12,367,403	100.0%	28.3%
Federal Agency/CMO			
FANNIE MAE	1,613,290	52.0%	3.7%
FREDDIE MAC	1,134,144	36.5%	2.6%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	355,718	11.5%	0.8%
Sector Total	3,103,152	100.0%	7.1%
Federal Agency/GSE			
FANNIE MAE	166,156	11.1%	0.4%
FEDERAL FARM CREDIT BANKS	200,150	13.4%	0.5%
FEDERAL HOME LOAN BANKS	830,347	55.4%	1.9%
FREDDIE MAC	302,550	20.2%	0.7%
Sector Total	1,499,202	100.0%	3.4%
Mortgage-Backed			
FANNIE MAE	4,489,365	80.2%	10.3%
FREDDIE MAC	991,075	17.7%	2.3%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	115,846	2.1%	0.3%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Sector Total	5,596,287	100.0%	12.8%
Supra-Sov / Supra-Natl Agency			
AFRICAN DEVELOPMENT BANK	1,893,775	35.8%	4.3%
ASIAN DEVELOPMENT BANK	1,179,852	22.3%	2.7%
INTER-AMERICAN DEVELOPMENT BANK	1,722,401	32.6%	3.9%
INTL BANK OF RECONSTRUCTION AND DEV	490,838	9.3%	1.1%
Sector Total	5,286,866	100.0%	12.1%
U.S. Treasury			
UNITED STATES TREASURY	13,232,793	100.0%	30.3%
Sector Total	13,232,793	100.0%	30.3%
Portfolio Total	43,731,855	100.0%	100.0%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/15/2016 0.875% 04/15/2019	912828Q52	150,000.00	AA+	Aaa	7/13/2016	7/13/2016	150,486.33	0.76	281.25	150,050.87	149,340.90
US TREASURY NOTES DTD 01/31/2013 1.375% 01/31/2020	912828UL2	250,000.00	AA+	Aaa	1/7/2016	1/7/2016	248,798.83	1.50	1,438.52	249,673.57	246,728.50
US TREASURY STRIPS DTD 02/15/1990 0.000% 02/15/2020	912833KY5	300,000.00	AA+	Aaa	7/12/2016	7/12/2016	290,349.00	0.91	0.00	296,951.87	291,492.00
US TREASURY STRIPS DTD 08/15/1990 0.000% 08/15/2020	912833LA6	400,000.00	AA+	Aaa	8/17/2011	8/17/2011	328,560.00	2.20	0.00	386,054.72	383,854.80
US TREASURY STRIPS DTD 08/15/1990 0.000% 08/15/2020	912833LA6	400,000.00	AA+	Aaa	9/3/2014	9/3/2014	355,416.00	2.00	0.00	387,313.65	383,854.80
US TREASURY STRIPS DTD 08/15/1990 0.000% 08/15/2020	912833LA6	100,000.00	AA+	Aaa	9/15/2011	9/15/2011	83,106.00	2.09	0.00	96,688.89	95,963.70
US TREASURY STRIPS DTD 08/15/1990 0.000% 08/15/2020	912833LA6	100,000.00	AA+	Aaa	10/14/2011	10/14/2011	81,996.00	2.26	0.00	96,421.55	95,963.70
US TSY INFL IX BONDS DTD 01/31/2011 1.125% 01/15/2021	912828PP9	385,052.50	AA+	Aaa	11/17/2011	11/17/2011	481,783.78	0.12	2,313.24	454,197.67	443,079.89
US TREASURY STRIPS DTD 05/15/1991 0.000% 05/15/2021	912833LD0	150,000.00	AA+	Aaa	11/29/2016	11/30/2016	138,060.00	1.87	0.00	143,529.54	141,347.10
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	4,000,000.00	AA+	Aaa	12/28/2018	12/31/2018	3,895,156.25	2.50	4,835.16	3,895,272.72	3,897,188.00
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	2,500,000.00	AA+	Aaa	9/13/2018	9/14/2018	2,417,382.81	2.84	8,028.31	2,423,923.25	2,452,147.50
US TREASURY STRIPS (I) DTD 11/16/1992 0.000% 11/15/2022	912833LK4	650,000.00	AA+	Aaa	7/12/2016	7/12/2016	598,360.51	1.31	0.00	617,982.51	589,294.55
US TREASURY STRIPS DTD 02/15/1993 0.000% 02/15/2023	912833LL2	850,000.00	AA+	Aaa	7/12/2016	7/12/2016	778,209.00	1.34	0.00	804,375.99	765,668.10
US TREASURY STRIPS DTD 08/15/1994 0.000% 05/15/2023	912833LN8	100,000.00	AA+	Aaa	6/11/2014	6/11/2014	78,826.00	2.68	0.00	89,004.71	89,476.70
US TREASURY STRIPS DTD 08/15/1994 0.000% 05/15/2023	912833LN8	50,000.00	AA+	Aaa	5/29/2014	5/29/2014	40,100.00	2.48	0.00	44,899.56	44,738.35

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 STRIPS DTD 08/15/1994 0.000% 05/15/2023	912833LN8	500,000.00	AA+	Aaa	6/12/2014	6/12/2014	393,915.00	2.69	0.00	444,888.88	447,383.50
US TREASURY STRIPS DTD 08/15/1994 0.000% 05/15/2023	912833LN8	50,000.00	AA+	Aaa	6/16/2014	6/16/2014	39,542.00	2.65	0.00	44,565.80	44,738.35
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	350,000.00	AA+	Aaa	9/13/2018	9/14/2018	334,003.91	2.89	1,198.90	334,797.11	340,757.90
US TREASURY STRIPS DTD 08/15/1994 0.000% 11/15/2024	912833LT5	500,000.00	AA+	Aaa	11/23/2015	11/23/2015	404,520.00	2.37	0.00	435,308.71	429,662.50
US TREASURY STRIPS DTD 08/15/1994 0.000% 11/15/2024	912833LT5	250,000.00	AA+	Aaa	12/9/2015	12/9/2015	203,357.50	2.32	0.00	218,280.79	214,831.25
US TREASURY STRIPS DTD 08/15/1994 0.000% 11/15/2024	912833LT5	250,000.00	AA+	Aaa	12/3/2015	12/3/2015	201,375.00	2.43	0.00	216,937.01	214,831.25
US TREASURY STRIPS DTD 08/15/1995 0.000% 08/15/2025	912833LW8	250,000.00	AA+	Aaa	8/31/2016	8/31/2016	216,430.00	1.62	0.00	224,718.12	210,064.25
US TREASURY STRIPS DTD 08/15/1995 0.000% 08/15/2025	912833LW8	250,000.00	AA+	Aaa	4/4/2016	4/4/2016	209,415.00	1.90	0.00	220,567.28	210,064.25
US TREASURY STRIPS DTD 08/15/1995 0.000% 08/15/2025	912833LW8	250,000.00	AA+	Aaa	7/6/2016	7/6/2016	218,980.00	1.46	0.00	227,046.86	210,064.25
US TREASURY STRIPS DTD 08/15/1995 0.000% 08/15/2025	912833LW8	1,000,000.00	AA+	Aaa	7/12/2016	7/12/2016	867,730.00	1.57	0.00	901,838.00	840,257.00
Security Type Sub-Total		14,035,052.50					13,055,858.92	2.17	18,095.38	13,405,289.63	13,232,793.09
Supra-National Agency Bond / Note											
AFRICAN DEVELOPMENT BANK NOTE DTD 03/16/2017 1.875% 03/16/2020	00828ECA5	650,000.00	AAA	Aaa	3/8/2017	3/16/2017	649,038.00	1.93	3,554.69	649,606.05	642,922.80
ASIAN DEVELOPMENT BANK NOTE DTD 05/05/2017 1.625% 05/05/2020	045167DZ3	350,000.00	AAA	Aaa	4/26/2017	5/5/2017	349,216.00	1.70	884.72	349,643.84	345,491.30
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	500,000.00	AAA	Aaa	9/12/2017	9/19/2017	498,800.00	1.64	2,363.18	499,309.37	490,838.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	1,000,000.00	AAA	Aaa	9/21/2018	9/25/2018	983,680.00	2.92	3,069.44	985,694.01	990,667.00
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	250,000.00	AAA	Aaa	10/2/2017	10/10/2017	252,317.28	1.81	767.36	251,411.85	247,666.75
ASIAN DEVELOPMENT BANK NOTE DTD 02/16/2017 2.000% 02/16/2022	045167DX8	850,000.00	AAA	Aaa	2/9/2017	2/16/2017	845,189.00	2.12	6,375.00	846,934.42	834,360.85
INTER-AMERICAN DEVEL BANK DTD 09/14/2017 1.750% 09/14/2022	4581X0CZ9	500,000.00	AAA	Aaa	9/7/2017	9/14/2017	498,240.00	1.82	2,600.69	498,681.58	484,067.00
AFRICAN DEVELOPMENT BANK NOTE DTD 11/16/2017 2.125% 11/16/2022	00828ECW7	500,000.00	AAA	Aaa	11/9/2017	11/16/2017	498,725.00	2.18	1,328.13	499,000.08	490,614.50
AFRICAN DEVELOPMENT BANK BOND DTD 09/20/2018 3.000% 09/20/2023	00828EDC0	750,000.00	AAA	Aaa	9/14/2018	9/20/2018	748,582.50	3.04	6,312.50	748,656.74	760,237.50
Security Type Sub-Total		5,350,000.00					5,323,787.78	2.27	27,255.71	5,328,937.94	5,286,865.70
Federal Agency Mortgage-Backed Security											
FNMA POOL #742078 DTD 03/01/2004 4.500% 03/01/2019	31402YM35	760.97	AA+	Aaa	3/24/2004	3/24/2004	760.97	4.46	2.85	760.97	775.04
FNMA POOL #116612 DTD 03/01/1991 3.625% 03/01/2019	31364TN56	20.08	AA+	Aaa	1/2/1997	1/2/1997	20.08	2.26	0.06	20.08	20.06
FHLMC POOL #B14961 DTD 06/01/2004 4.500% 06/01/2019	312967QN5	1,265.30	AA+	Aaa	10/14/2004	10/14/2004	1,423.87	2.72	4.74	1,271.28	1,288.66
FNMA POOL #AM1719 DTD 12/01/2012 1.470% 12/01/2019	3138L14D8	345,853.93	AA+	Aaa	11/15/2012	12/1/2012	347,501.79	1.31	423.67	345,853.93	341,708.75
FHLMC SERIES 77 H DTD 08/15/1989 8.500% 09/15/2020	31340YM30	8.74	AA+	Aaa	9/11/2002	9/11/2002	8.74	8.40	0.03	8.74	8.74
FHLMC POOL #G11884 DTD 01/01/2006 5.500% 12/01/2020	31336WCU1	15,821.96	AA+	Aaa	2/17/2016	2/17/2016	16,805.50	2.86	72.52	16,247.53	16,032.38

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 Mortgage-Backed Security											
FNMA POOL #468651 DTD 07/01/2011 3.990% 07/01/2021	31381RTG9	366,053.68	AA+	Aaa	8/11/2011	8/11/2011	389,579.30	2.63	1,217.13	370,461.70	375,304.19
FNMA POOL #555791 DTD 09/01/2003 6.500% 12/01/2022	31385XNG8	5,452.35	AA+	Aaa	9/8/2003	9/8/2003	5,779.07	5.70	29.53	5,562.06	5,855.05
FNMA POOL #AM4716 DTD 12/01/2013 3.380% 12/01/2023	3138L5G20	196,857.74	AA+	Aaa	10/6/2014	10/6/2014	204,916.60	2.43	554.48	200,847.54	201,049.84
GNMA SERIES #783490 DTD 12/01/2011 6.000% 02/01/2024	36241L2X3	34,807.67	AA+	Aaa	5/26/2016	5/26/2016	38,175.95	3.41	174.04	37,307.72	35,912.25
GNMA SERIES #378308 DTD 01/01/1995 5.500% 04/01/2024	36204SGR1	13,365.10	AA+	Aaa	2/28/2000	2/28/2000	13,365.10	5.48	61.26	13,365.10	14,191.07
GNMA POOL #8528 DTD 10/01/1994 3.125% 10/01/2024	36202KPM1	3,326.67	AA+	Aaa	1/2/1997	1/2/1997	3,436.47	1.74	8.66	3,350.58	3,404.54
FNMA POOL #543110 DTD 06/01/2000 9.500% 04/01/2025	31385FKX3	1,077.37	AA+	Aaa	6/13/2000	6/13/2000	1,265.92	7.50	8.53	1,144.35	1,080.51
GNMA POOL #2022 DTD 06/01/1995 9.000% 06/01/2025	36202CG72	739.97	AA+	Aaa	1/2/1997	1/2/1997	739.97	8.95	5.55	739.97	794.60
GNMA POOL #2285 DTD 09/01/1996 8.000% 09/01/2026	36202CRE5	1,964.86	AA+	Aaa	1/2/1997	1/2/1997	2,110.84	7.22	13.10	2,054.90	2,250.55
GNMA POOL #2324 DTD 11/01/1996 8.000% 11/01/2026	36202CSM6	2,404.27	AA+	Aaa	1/2/1997	1/2/1997	2,595.37	7.17	16.03	2,522.38	2,697.68
GNMA POOL #2549 DTD 02/01/1998 7.500% 02/01/2028	36202CZN6	1,176.22	AA+	Aaa	2/1/1998	2/1/1998	1,274.81	6.66	7.35	1,242.21	1,286.34
GNMA POOL #2647 DTD 09/01/1998 8.000% 09/01/2028	36202C5G4	2,394.27	AA+	Aaa	9/1/1998	9/1/1998	2,394.27	7.96	15.96	2,394.27	2,449.79
GNMA POOL #486631 DTD 10/01/1998 6.500% 10/01/2028	36210ASU2	6,089.12	AA+	Aaa	1/31/2000	1/31/2000	6,089.12	6.48	32.98	6,089.12	6,557.55
FNMA POOL #755973 DTD 12/01/2003 8.000% 11/01/2028	31403R2E7	16,156.01	AA+	Aaa	1/7/2004	1/7/2004	15,825.61	8.18	107.71	15,889.60	18,243.99
FNMA POOL #252211 DTD 12/01/1998 6.000% 01/01/2029	31371HDQ8	3,413.83	AA+	Aaa	5/16/2000	5/16/2000	3,413.83	5.96	17.07	3,413.83	3,719.19

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 Mortgage-Backed Security											
FANNIE MAE POOL AS2235 DTD 03/01/2014 3.500% 04/25/2029	3138WBPV1	584,287.36	AA+	Aaa	11/20/2017	11/22/2017	606,745.90	2.38	1,704.17	605,600.86	592,088.84
GNMA SERIES #783964 DTD 02/01/2015 4.000% 01/01/2030	3622A2MM1	45,078.70	AA+	Aaa	1/20/2016	1/20/2016	49,075.28	2.66	150.26	48,436.06	46,301.87
FNMA POOL #598451 DTD 07/01/2001 8.000% 06/01/2030	31387YZQ9	2,968.34	AA+	Aaa	7/11/2001	7/11/2001	3,265.28	6.96	19.79	3,180.80	3,100.19
FNMA SERIES 2011-69 CB DTD 06/01/2011 3.500% 07/01/2030	3136A0BE6	115,811.24	AA+	Aaa	7/18/2016	7/18/2016	120,481.72	2.86	337.78	120,134.54	116,775.00
FNMA POOL #AL3209 DTD 03/01/2013 4.500% 09/01/2031	3138EKR72	133,498.97	AA+	Aaa	7/13/2016	7/13/2016	148,410.98	2.93	500.62	147,292.50	139,562.99
FHLMC POOL #G30628 DTD 02/01/2013 4.000% 10/01/2032	3128CUVV5	35,348.80	AA+	Aaa	2/8/2016	2/8/2016	38,450.96	2.87	117.83	38,246.51	36,673.77
FN CA1455 DTD 03/01/2018 4.000% 03/25/2033	3140Q8TM7	714,915.69	AA+	Aaa	12/20/2018	12/21/2018	733,514.67	3.29	2,383.05	733,514.67	733,668.97
FNMA POOL #254693 DTD 03/01/2003 5.500% 04/01/2033	31371K3A7	11,917.45	AA+	Aaa	11/3/2005	11/3/2005	11,383.36	5.91	54.62	11,412.21	12,787.76
FHLMC POOL #V70026 DTD 05/01/2013 3.500% 05/01/2033	3132KSA38	30,446.10	AA+	Aaa	4/27/2016	4/27/2016	32,223.93	2.75	88.80	32,118.11	31,038.21
FNMA POOL #770377 DTD 03/01/2004 3.732% 04/01/2034	31404J2J3	28,523.74	AA+	Aaa	10/11/2006	10/11/2006	27,310.66	2.90	88.71	27,823.41	29,538.21
FNMA SERIES 2005-68 PG DTD 07/01/2005 5.500% 08/01/2035	31394E7B8	46,594.72	AA+	Aaa	8/17/2005	8/17/2005	48,627.86	5.09	213.56	48,219.23	50,209.17
FNMA POOL #888481 DTD 06/01/2007 5.500% 12/01/2035	31410GCS0	47,976.25	AA+	Aaa	9/27/2010	9/27/2010	51,353.76	4.78	219.89	51,255.47	51,669.79
FHLMC POOL #H00105 DTD 12/01/2005 5.500% 12/01/2035	3128MSDJ6	84,561.38	AA+	Aaa	9/2/2011	9/2/2011	91,566.21	4.66	387.57	91,399.51	89,050.35
FNMA POOL #849215 DTD 01/01/2006 6.500% 01/01/2036	31408EN81	8,915.63	AA+	Aaa	10/24/2006	10/24/2006	9,792.01	5.57	48.29	9,614.11	9,511.22
FNMA POOL #888209 DTD 02/01/2007 5.500% 05/01/2036	31410FYE9	63,814.82	AA+	Aaa	8/9/2011	8/9/2011	70,273.67	4.49	292.48	70,051.15	68,679.32

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 Mortgage-Backed Security											
FNMA POOL #886320 DTD 07/01/2006 6.500% 07/01/2036	31410DVM9	6,386.29	AA+	Aaa	10/24/2006	10/24/2006	6,386.29	6.46	34.59	6,386.29	6,655.74
FNMA POOL #898179 DTD 09/01/2006 3.782% 09/01/2036	31410U2L5	35,993.82	AA+	Aaa	7/17/2009	7/17/2009	38,919.56	1.62	113.44	38,570.38	36,865.26
FHLMC POOL #1B7163 DTD 10/01/2006 4.940% 10/01/2036	3128QPK35	1,525.81	AA+	Aaa	10/19/2006	10/19/2006	1,552.43	5.73	12.62	1,525.81	1,550.36
FHLMC POOL #C02641 DTD 10/01/2006 7.000% 10/01/2036	31292J5A4	6,995.78	AA+	Aaa	10/30/2006	10/30/2006	6,995.78	6.97	40.81	6,995.78	7,774.51
FHLMC POOL #C02660 DTD 11/01/2006 6.500% 11/01/2036	31292J5V8	14,447.62	AA+	Aaa	11/14/2006	11/14/2006	15,947.70	5.56	78.26	15,629.82	16,517.82
FNMA POOL #960150 DTD 11/01/2007 6.000% 11/01/2037	31414AEX6	37,890.63	AA+	Aaa	9/20/2011	9/20/2011	42,200.70	4.90	189.45	42,149.26	41,183.42
FNMA SERIES 2011-104 KH DTD 09/01/2011 2.000% 03/01/2039	3136A1DD4	102,364.66	AA+	Aaa	7/12/2016	7/12/2016	103,681.54	1.87	170.61	103,670.42	100,695.92
FHLMC SERIES 3804 PW DTD 02/01/2011 4.500% 03/01/2040	3137A7F39	134,773.28	AA+	Aaa	9/21/2015	9/21/2015	145,428.79	3.74	505.40	145,313.60	138,174.19
FHLMC SERIES 4011 DB DTD 03/01/2012 4.000% 09/01/2041	3137AMXK8	76,938.21	AA+	Aaa	7/15/2016	7/15/2016	85,401.48	3.02	256.46	85,286.33	79,184.77
FNMA SERIES 2012-57 JW DTD 05/01/2012 4.500% 10/01/2041	3136A6HC1	104,049.91	AA+	Aaa	7/22/2016	7/22/2016	112,550.32	3.73	390.19	112,528.59	108,373.33
FNMA POOL #AL1107 DTD 11/01/2011 4.500% 11/01/2041	3138EHGR7	127,635.59	AA+	Aaa	7/14/2016	7/14/2016	139,944.60	3.60	478.63	139,866.03	133,632.05
FNMA POOL #AK9382 DTD 04/01/2012 4.000% 04/01/2042	3138EEM89	102,710.04	AA+	Aaa	8/8/2016	8/8/2016	111,371.62	3.24	342.37	111,285.70	105,611.87
FNMA POOL #MA1125 DTD 06/01/2012 4.000% 07/01/2042	31418AHB7	139,174.81	AA+	Aaa	7/12/2016	7/12/2016	152,108.33	3.17	463.92	151,892.28	142,746.74
FNMA POOL #MA1213 DTD 09/01/2012 3.500% 10/01/2042	31418AK31	27,170.07	AA+	Aaa	6/21/2016	6/21/2016	28,891.32	2.94	79.25	28,860.17	27,330.78
FNMA POOL #AP8813 DTD 11/01/2012 3.500% 11/01/2042	3138MCYK4	15,905.26	AA+	Aaa	7/8/2016	7/8/2016	17,039.55	2.88	46.39	17,015.64	15,999.27

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 Mortgage-Backed Security											
FHLMC SERIES G07289 DTD 02/01/2013 3.000% 11/01/2042	3128M9NE8	50,169.46	AA+	Aaa	6/9/2016	6/9/2016	52,179.30	2.65	125.42	52,122.21	49,275.79
FNMA SERIES 2015-72 PC DTD 09/01/2015 3.000% 10/01/2043	3136AQAP5	97,190.26	AA+	Aaa	7/12/2016	7/12/2016	100,719.13	2.68	242.98	100,467.98	96,988.52
FNMA POOL #AL6167 DTD 12/01/2014 3.500% 01/01/2044	3138ENZ93	46,929.08	AA+	Aaa	7/18/2016	7/18/2016	49,880.92	2.96	136.88	49,798.88	47,207.05
FANNIE MAE POOL AS5675 DTD 07/01/2015 4.500% 08/25/2045	3138WFJV9	476,415.80	AA+	Aaa	11/20/2017	11/22/2017	513,561.33	2.71	1,786.56	513,561.34	497,499.12
FNMA POOL #AL9274 DTD 10/01/2016 4.000% 09/01/2046	3138ERJU5	364,845.93	AA+	Aaa	11/29/2016	11/30/2016	387,449.27	3.49	1,216.15	384,609.32	373,227.81
FG Q55747 DTD 04/01/2018 5.000% 05/01/2048	3132XYL54	495,224.93	AA+	Aaa	9/20/2018	9/25/2018	525,093.18	3.83	2,063.44	524,367.11	524,505.87
Security Type Sub-Total		5,438,406.54					5,737,262.57	3.08	18,154.49	5,700,749.94	5,596,286.62
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 1990-8 G DTD 01/01/1990 6.000% 01/01/2020	313603RN4	655.23	AA+	Aaa	2/28/2000	2/28/2000	655.23	5.95	3.28	655.23	658.72
FNMA SERIES 1190-106 J DTD 09/01/1990 8.500% 09/01/2020	31358E7X4	2,913.88	AA+	Aaa	7/18/2002	7/18/2002	3,539.20	5.73	20.64	3,049.96	2,999.23
FNMA SERIES G92-12 B DTD 02/01/1992 7.700% 02/01/2022	31358LTT3	62.43	AA+	Aaa	2/1/1992	2/1/1992	62.43	7.65	0.40	62.43	62.77
FNMA SERIES 1993-25 J DTD 03/01/1993 7.500% 03/01/2023	31358TWE5	6,201.64	AA+	Aaa	9/9/2003	9/9/2003	7,022.51	5.83	38.76	6,619.11	6,575.55
FHLMC SERIES 2595 CD DTD 04/01/2003 5.000% 04/01/2023	31393PCJ1	52,715.55	AA+	Aaa	9/17/2015	9/17/2015	57,607.97	2.51	219.65	55,756.61	53,726.40
FHLMC SERIES 1671 L DTD 02/01/1994 7.000% 02/01/2024	3133T36F0	4,013.10	AA+	Aaa	12/14/2000	12/14/2000	4,044.43	6.88	23.41	4,026.67	4,490.41
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2017 2.951% 02/25/2024	3137FCM35	292,465.67	AA+	Aaa	12/15/2017	12/22/2017	298,304.75	2.24	719.22	297,326.91	292,540.92

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Federal Agency Collateralized Mortgage Obligation											
FHLMC SERIES 1694 PK DTD 03/01/1994 6.500% 03/01/2024	3133T4NE2	13,282.16	AA+	Aaa	7/7/2004	7/7/2004	13,282.16	6.47	71.95	13,282.16	13,991.17
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 03/01/2018 3.452% 09/24/2024	3137FEU99	147,477.68	AA+	Aaa	2/28/2018	3/13/2018	150,423.11	2.76	424.24	150,051.94	149,913.52
FNMA SERIES 2016-M12 A1 DTD 11/01/2016 2.132% 09/01/2026	3136AUKW0	455,569.67	AA+	Aaa	11/3/2016	11/30/2016	460,103.42	1.90	809.40	459,019.24	438,556.42
FNA 2016-M13 A1 DTD 12/01/2016 2.479% 09/25/2026	3136AUZB0	318,397.15	AA+	Aaa	12/7/2016	12/29/2016	318,590.15	2.43	657.76	318,397.15	315,791.01
FANNIEMAE-ACES POOL DTD 06/01/2017 2.595% 12/25/2026	3136AV7F0	236,583.26	AA+	Aaa	6/9/2017	6/30/2017	238,947.19	2.34	511.61	238,545.88	234,919.13
FNA 2017-M8 A1 DTD 07/01/2017 2.654% 12/25/2026	3136AWZ91	208,385.30	AA+	Aaa	7/12/2017	7/28/2017	210,461.80	2.40	460.88	210,123.66	207,583.31
FNA 2017-M15 ATS1 DTD 12/01/2017 2.987% 11/25/2027	3136AY6T5	197,860.13	AA+	Aaa	11/30/2017	12/29/2017	200,827.65	2.63	492.51	200,525.03	197,926.93
FHLMC MULTIFAMILY STRUCTURED P DTD 12/01/2018 3.671% 12/25/2027	3137FKSG2	150,000.00	AA+	Aaa	12/19/2018	12/28/2018	152,996.55	3.15	458.88	152,996.55	154,197.53
FHMS K084 A1 DTD 11/01/2018 3.780% 08/25/2028	3137FJZ85	374,350.09	AA+	Aaa	11/16/2018	11/27/2018	379,256.70	3.44	1,179.20	379,241.69	386,293.09
FNMA SERIES 2011-40 CA DTD 04/01/2011 3.500% 12/01/2028	31397SWX8	35,322.84	AA+	Aaa	7/12/2016	7/12/2016	36,146.70	3.07	103.02	36,060.01	35,309.31
FNMA POOL #650236 DTD 12/01/2002 5.000% 12/01/2032	31390MLR3	620.45	AA+	Aaa	7/19/2005	7/19/2005	620.45	4.97	2.59	620.45	627.88
FNMA SERIES 2009-57 TP DTD 07/01/2009 4.500% 02/01/2037	31396QSZ3	61,844.67	AA+	Aaa	6/3/2016	6/3/2016	67,033.35	3.57	231.92	66,981.22	63,620.26
FNMA SERIES 2009-92 AD DTD 10/01/2009 6.000% 11/01/2039	31398FVM0	101,283.24	AA+	Aaa	8/9/2011	8/9/2011	112,452.24	4.98	506.42	112,171.06	108,659.32
GNMA SERIES 2010-158 CT DTD 12/01/2010 4.500% 12/01/2040	38377RFR1	119,833.10	AA+	Aaa	7/12/2016	7/12/2016	131,334.57	3.59	449.37	131,223.91	128,428.96
FHLMC SERIES T-54 2A DTD 02/01/2003 6.500% 02/01/2043	31393LKF4	69,096.39	AA+	Aaa	2/1/2003	2/1/2003	76,535.50	5.66	374.27	74,434.21	78,990.53

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Federal Agency Collateralized Mortgage Obligation											
GNR SERIES 2017-149 JA DTD 10/01/2017 2.500% 03/20/2046	38380HQL9	232,040.20	AA+	Aaa	11/6/2017	11/9/2017	231,840.78	2.49	483.42	231,840.79	227,289.29
Security Type Sub-Total		3,080,973.83					3,152,088.84	2.81	8,242.80	3,143,011.87	3,103,151.66
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 07/19/2017 1.375% 08/15/2019	3137EAEH8	305,000.00	AA+	Aaa	7/18/2017	7/19/2017	304,551.65	1.45	1,584.31	304,863.75	302,549.63
FEDERAL HOME LOAN BANK NOTES DTD 10/13/2017 1.500% 10/21/2019	3130ACM92	450,000.00	AA+	Aaa	10/12/2017	10/13/2017	449,203.50	1.59	1,312.50	449,679.61	445,808.25
FHLB TAP BONDS DTD 11/09/2005 5.250% 12/11/2020	3133XDVS7	65,000.00	AA+	Aaa	7/12/2016	7/12/2016	76,428.95	1.15	189.58	70,106.23	68,257.09
FNMA (EX-CALLABLE) NOTES DTD 11/07/2012 1.600% 05/07/2021	3136G02F7	170,000.00	AA+	Aaa	7/12/2016	7/12/2016	172,896.80	1.23	408.00	171,434.26	166,155.96
FHLB NOTES DTD 08/10/2015 2.250% 09/09/2022	3130A6AP2	150,000.00	AA+	Aaa	9/28/2015	9/28/2015	151,782.00	2.07	1,050.00	150,978.13	147,848.25
FFCB NOTES DTD 06/26/2013 2.750% 06/26/2023	3133ECSY1	200,000.00	AA+	Aaa	9/28/2015	9/28/2015	207,530.00	2.22	76.39	204,520.04	200,150.20
FHLB NOTES DTD 05/08/2014 2.875% 06/14/2024	3130A1XJ2	60,000.00	AA+	Aaa	7/15/2016	7/15/2016	65,133.00	1.71	81.46	63,610.59	60,325.80
FHLB NOTES DTD 10/13/2009 4.375% 09/13/2024	3133XVDG3	100,000.00	AA+	Aaa	6/2/2016	6/2/2016	118,158.00	1.99	1,312.50	112,815.10	108,107.30
Security Type Sub-Total		1,500,000.00					1,545,683.90	1.67	6,014.74	1,528,007.71	1,499,202.48
Corporate Note											
AT&T CORPORATE (CALLABLE) NOTES DTD 05/04/2015 2.450% 06/30/2020	00206RCL4	200,000.00	BBB	Baa2	3/5/2018	3/7/2018	198,076.00	2.88	13.61	198,743.26	197,397.40
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	300,000.00	A	A2	3/8/2018	3/13/2018	299,796.00	2.90	2,611.46	299,848.67	299,194.20

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Corporate Note											
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	200,000.00	A	A2	4/12/2018	4/19/2018	199,154.00	3.05	1,707.78	199,353.90	199,089.40
CATERPILLAR FINANCIAL SERVICES CORP NOTE DTD 03/15/2018 2.900% 03/15/2021	14913Q2G3	300,000.00	A	A3	3/12/2018	3/15/2018	299,838.00	2.92	2,561.67	299,879.59	299,786.70
UNILEVER CAPITAL CORP NOTES DTD 03/22/2018 2.750% 03/22/2021	904764AZ0	300,000.00	A+	A1	3/19/2018	3/22/2018	298,467.00	2.93	2,268.75	298,850.75	298,555.80
TORONTO DOMINION CORP NOTE DTD 04/07/2016 2.125% 04/07/2021	89114QBG2	500,000.00	AA-	Aa1	3/9/2018	3/13/2018	487,510.00	2.98	2,479.17	490,666.80	489,271.00
BANK OF MONTREAL CHICAGO CORP NOTES DTD 04/13/2018 3.100% 04/13/2021	06367T4W7	375,000.00	A+	Aa2	9/19/2018	9/21/2018	373,815.00	3.23	2,518.75	373,943.79	374,811.75
BANK OF MONTREAL CHICAGO CORP NOTES DTD 04/13/2018 3.100% 04/13/2021	06367T4W7	280,000.00	A+	Aa2	4/10/2018	4/13/2018	279,672.40	3.14	1,880.67	279,748.00	279,859.44
LLOYDS BANK PLC DTD 05/08/2018 3.300% 05/07/2021	53944VAP4	360,000.00	A+	Aa3	5/1/2018	5/8/2018	359,560.80	3.34	1,782.00	359,651.89	358,908.12
CHARLES SCHWAB CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	175,000.00	A	A2	5/17/2018	5/22/2018	174,994.75	3.25	631.94	174,995.68	175,854.00
SANTANDER UK PLC CORP NOTES DTD 06/01/2018 3.400% 06/01/2021	80283LAT0	300,000.00	A	Aa3	5/23/2018	6/1/2018	299,439.00	3.47	850.00	299,543.71	298,536.30
HP ENTERPRISE CO DTD 09/19/2018 3.500% 10/05/2021	42824CBC2	275,000.00	BBB	Baa2	9/13/2018	9/19/2018	275,052.25	3.49	2,727.08	275,049.31	275,757.35
US BANCORP (CALLABLE) NOTES DTD 01/24/2017 2.625% 01/24/2022	91159HHP8	800,000.00	A+	A1	12/20/2018	12/24/2018	784,808.00	3.28	9,158.33	784,901.90	787,844.00
VERIZON COMMUNICATIONS CORP NOTES DTD 03/16/2017 3.125% 03/16/2022	92343VDW1	200,000.00	BBB+	Baa1	3/5/2018	3/7/2018	198,622.00	3.31	1,822.92	198,888.38	198,666.80
FORD MOTOR CREDIT CO LLC (CALLABLE) NOTE DTD 03/31/2017 3.339% 03/28/2022	345397YL1	200,000.00	BBB	Baa3	3/5/2018	3/7/2018	196,796.00	3.77	1,725.15	197,405.83	188,782.40

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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
GENERAL MOTORS FINL CO CORP NOTES DTD 04/10/2015 3.450% 04/10/2022	37045XAW6	200,000.00	BBB	Baa3	3/5/2018	3/7/2018	198,774.00	3.61	1,552.50	199,008.65	193,412.20
HARTFORD FINL SVCS GRP CORP NOTES DTD 04/05/2012 5.125% 04/15/2022	416518AB4	200,000.00	BBB+	Baa1	3/13/2018	3/15/2018	213,832.00	3.30	2,163.89	211,285.23	209,654.80
AMGEN INC CORP (CALLABLE) NOTES DTD 05/15/2012 3.625% 05/15/2022	031162BN9	200,000.00	A	Baa1	3/9/2018	3/13/2018	202,388.00	3.32	926.39	201,931.86	201,372.60
AMERICAN INTL GROUP CORP NOTES DTD 05/24/2012 4.875% 06/01/2022	026874CU9	200,000.00	BBB+	Baa1	3/5/2018	3/7/2018	211,514.00	3.40	812.50	209,425.74	207,505.40
AIR LEASE CORP (CALLABLE) NOTES DTD 06/12/2017 2.625% 07/01/2022	00912XAW4	200,000.00	BBB	NR	3/5/2018	3/7/2018	193,446.00	3.45	2,625.00	194,617.20	189,580.80
BARCLAYS PLC CORP NOTE DTD 11/15/2018 4.610% 02/15/2023	06738EBE4	275,000.00	BBB	Baa3	11/7/2018	11/15/2018	274,947.75	4.61	1,619.90	274,956.72	272,679.28
AMAZON.COM INC BONDS DTD 06/06/2018 2.400% 02/22/2023	023135AW6	450,000.00	AA-	A3	12/20/2018	12/24/2018	434,245.50	3.31	3,870.00	434,315.52	435,681.00
CVS HEALTH CORP NOTES DTD 03/09/2018 3.700% 03/09/2023	126650CV0	200,000.00	BBB	Baa2	3/6/2018	3/9/2018	198,208.00	3.90	2,302.22	198,476.09	197,859.00
MCDONALD'S CORP DTD 03/16/2018 3.350% 04/01/2023	58013MFE9	110,000.00	BBB+	Baa1	3/14/2018	3/16/2018	109,958.20	3.36	921.25	109,963.32	109,443.73
BANK OF NY MELLON CORP DTD 04/30/2018 3.500% 04/28/2023	06406RAG2	350,000.00	A	A1	12/20/2018	12/24/2018	349,597.50	3.53	2,143.75	349,599.78	351,050.35
BANK OF NY MELLON CORP DTD 04/30/2018 3.500% 04/28/2023	06406RAG2	450,000.00	A	A1	4/23/2018	4/30/2018	449,509.50	3.52	2,756.25	449,569.83	451,350.45
UNITEDHEALTH GROUP INC CORP NOTES DTD 06/19/2018 3.500% 06/15/2023	91324PDJ8	200,000.00	A+	A3	6/14/2018	6/19/2018	199,900.00	3.51	311.11	199,909.30	201,724.40

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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											
AMERICAN EXPRESS CREDIT CORP NOTES DTD 08/03/2018 3.700% 08/03/2023	025816BW8	300,000.00	BBB+	A3	7/31/2018	8/3/2018	299,688.00	3.72	4,563.33	299,711.58	300,867.60
CANADIAN IMPERIAL BANK DTD 09/13/2018 3.500% 09/13/2023	13607RAD2	400,000.00	A+	Aa2	9/6/2018	9/13/2018	399,308.00	3.54	4,200.00	399,346.32	400,293.60
CANADIAN IMPERIAL BANK DTD 09/13/2018 3.500% 09/13/2023	13607RAD2	250,000.00	A+	Aa2	9/13/2018	9/17/2018	249,082.50	3.58	2,625.00	249,131.94	250,183.50
ABBVIE INC DTD 09/18/2018 3.750% 11/14/2023	00287YBC2	275,000.00	A-	Baa2	9/13/2018	9/18/2018	274,648.00	3.78	2,950.52	274,673.37	273,609.88
BB&T CORPORATION DTD 12/06/2018 3.750% 12/06/2023	05531FBF9	375,000.00	A-	A2	11/29/2018	12/6/2018	374,422.50	3.78	976.56	374,429.86	378,155.25
GATX CORP CORP NOTES DTD 11/05/2018 4.350% 02/15/2024	361448BD4	275,000.00	BBB	Baa2	11/1/2018	11/5/2018	274,824.00	4.36	1,860.83	274,824.00	279,464.63
GOLDMAN SACHS CORP NOTES DTD 03/03/2014 4.000% 03/03/2024	38141GVM3	275,000.00	BBB+	A3	3/6/2018	3/8/2018	280,117.75	3.65	3,605.56	279,485.67	271,362.85
BANK OF AMERICA CORP NOTE DTD 03/05/2018 3.550% 03/05/2024	06051GHF9	300,000.00	A-	A3	3/6/2018	3/8/2018	300,081.00	3.54	3,431.67	300,071.63	296,371.80
MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	275,000.00	BBB+	A3	3/6/2018	3/8/2018	278,049.75	3.67	1,835.24	277,691.87	273,685.78
PRUDENTIAL FUNDING LLC CORP NOTES DTD 05/15/2014 3.500% 05/15/2024	74432QBZ7	275,000.00	A	Baa1	3/7/2018	3/9/2018	276,025.75	3.43	1,229.86	275,911.42	276,509.20
CITIGROUP INC DTD 05/22/2018 4.044% 06/01/2024	172967LZ2	300,000.00	BBB+	Baa1	5/15/2018	5/22/2018	300,000.00	4.04	1,011.00	300,000.00	300,841.50
JPMORGAN CHASE & CO BONDS DTD 09/10/2014 3.875% 09/10/2024	46625HJY7	275,000.00	BBB+	A3	3/6/2018	3/8/2018	276,966.25	3.75	3,285.68	276,745.65	270,593.40
UNION PACIFIC CORP CORP NOTES DTD 06/08/2018 3.750% 07/15/2025	907818ES3	200,000.00	A-	Baa1	6/5/2018	6/8/2018	199,992.00	3.75	3,458.33	199,992.00	201,897.80
BP CAP MARKETS AMERICA DTD 09/21/2018 3.796% 09/21/2025	10373QAB6	200,000.00	A-	A1	9/18/2018	9/21/2018	200,000.00	3.80	2,108.89	200,000.00	200,963.00

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		11,775,000.00					11,745,127.15	3.47	93,886.51	11,746,546.01	11,718,428.46
Bank Note											
BANK OF NOVA SCOTIA BANK NOTE DTD 04/20/2018 3.125% 04/20/2021	064159LG9	500,000.00	A+	Aa2	4/17/2018	4/20/2018	499,050.00	3.19	3,081.60	499,263.10	499,211.50
BANK OF NOVA SCOTIA BANK NOTE DTD 04/20/2018 3.125% 04/20/2021	064159LG9	150,000.00	A+	Aa2	9/13/2018	9/17/2018	149,224.50	3.33	924.48	149,310.57	149,763.45
Security Type Sub-Total		650,000.00					648,274.50	3.22	4,006.08	648,573.67	648,974.95
Asset-Backed Security / Collateralized Mortgage Obligation											
FORD CREDIT AUTO LEASE TRUST DTD 09/21/2018 3.300% 02/15/2022	34531LAE0	275,000.00	NR	Aaa	9/18/2018	9/21/2018	274,986.53	3.30	403.33	274,987.68	276,817.81
GMALT 2018-3 A4 DTD 09/26/2018 3.300% 07/20/2022	36256GAE9	275,000.00	AAA	Aaa	9/18/2018	9/26/2018	274,964.97	3.31	277.29	274,967.31	275,996.66
CARMAX AUTO OWNER TRUST DTD 07/25/2018 3.270% 03/15/2024	14313FAE9	180,000.00	AAA	NR	7/18/2018	7/25/2018	179,983.35	3.51	261.60	179,984.64	181,792.82
CNH 2018-B A4 DTD 09/26/2018 3.370% 05/15/2024	12596EAD6	725,000.00	NR	Aaa	9/18/2018	9/26/2018	724,942.51	3.37	1,085.89	724,944.23	734,074.25
GMCAR 2018-4 A4 DTD 10/10/2018 3.320% 06/16/2024	38013FAE1	400,000.00	AAA	Aaa	10/2/2018	10/10/2018	399,986.08	3.32	553.33	399,986.88	403,832.52
WORLD OMNI AUTO RECEIVABLES TR DTD 08/01/2018 3.270% 09/15/2024	98163EAE6	300,000.00	AAA	NR	7/24/2018	8/1/2018	299,981.34	3.27	436.00	299,982.91	304,113.21
CCCIT 2018-A6 A6 DTD 08/17/2018 3.210% 12/07/2024	17305EGR0	300,000.00	NR	Aaa	8/10/2018	8/17/2018	299,949.18	3.21	642.00	299,959.46	303,068.97
JDOT 2018-B A4 DTD 07/25/2018 3.230% 06/15/2025	47788EAD0	165,000.00	NR	Aaa	7/18/2018	7/25/2018	164,955.68	3.24	236.87	164,958.75	166,456.26
Security Type Sub-Total		2,620,000.00					2,619,749.64	3.32	3,896.31	2,619,771.86	2,646,152.50
Managed Account Sub Total		44,449,432.87					43,827,833.30	2.76	179,552.02	44,120,888.63	43,731,855.46

CITY OF NAPERVILLE

Portfolio Holdings

Securities Sub-Total	\$44,449,432.87	\$43,827,833.30	2.76%	\$179,552.02	\$44,120,888.63	\$43,731,855.46
Accrued Interest						\$179,552.02
Total Investments						\$43,911,407.48

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

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

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

GLOSSARY

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

GLOSSARY

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