



## Fort Lauderdale, Florida



### **Investment Performance Review For the Quarter Ended March 31, 2019**

#### Investment Advisors

Steven Alexander, CTP, CGFO, CPPT, Managing Director  
Meredith LaBuda Sullivan, Portfolio Manager  
Richard Pengelly, CFA, CTP, Director  
Jason Human, Client Manager  
Sean Gannon, CTP, Senior Analyst

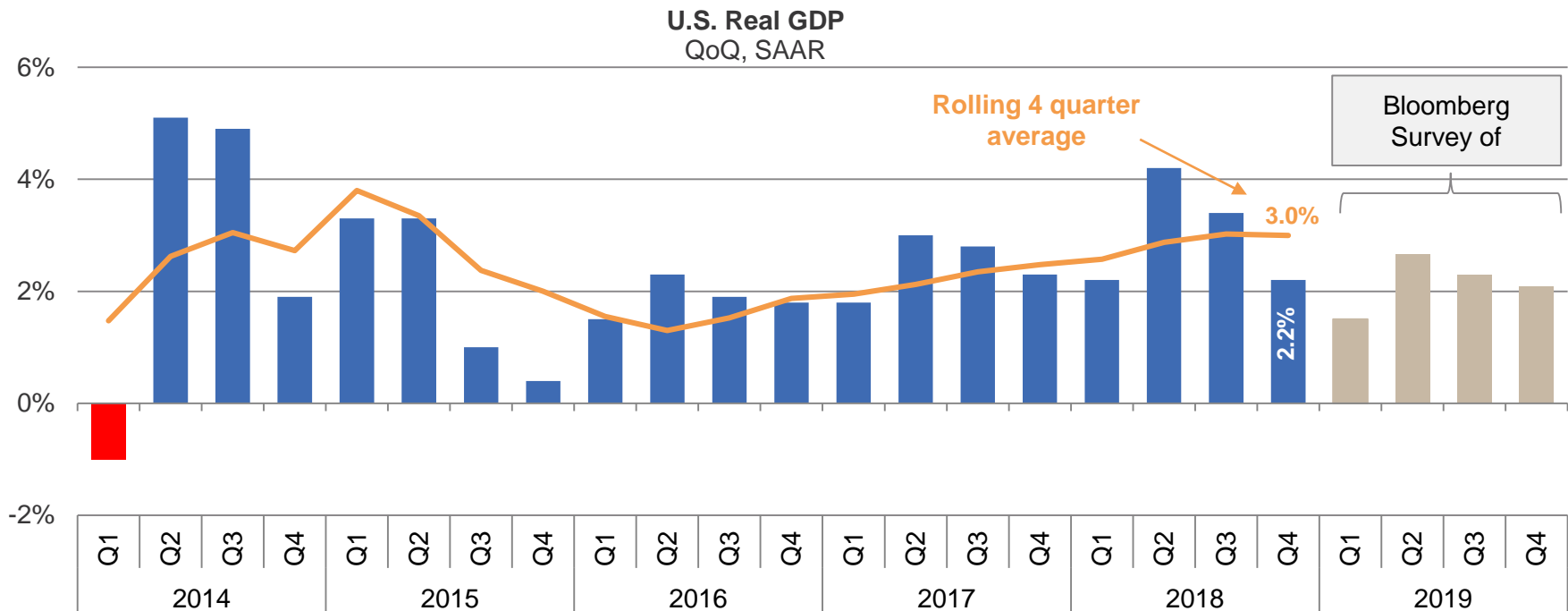
#### PFM Asset Management LLC

213 Market Street  
Harrisburg, PA 17101  
717.232.2723  
717.233.6073 fax

300 South Orange Avenue  
Suite 1170  
Orlando, FL 32801  
407.648.2208  
407.648.1323 fax

## Economic Growth Declines in the Fourth Quarter

- U.S. economic activity experienced moderate growth during the fourth quarter.
  - GDP grew at a 2.2% annual rate, marking a slowdown from the 2nd and 3rd quarters, which were the best back-to-back quarters since 2014.
  - This slowing GDP growth occurred as the impact of the 2018 tax cuts and increased federal government spending waned.
- Growth is projected to further decline in 2019.
  - Potential imbalances, including a growing budget deficit, and challenges over trade and border security funding lead to uncertainty surrounding future growth.

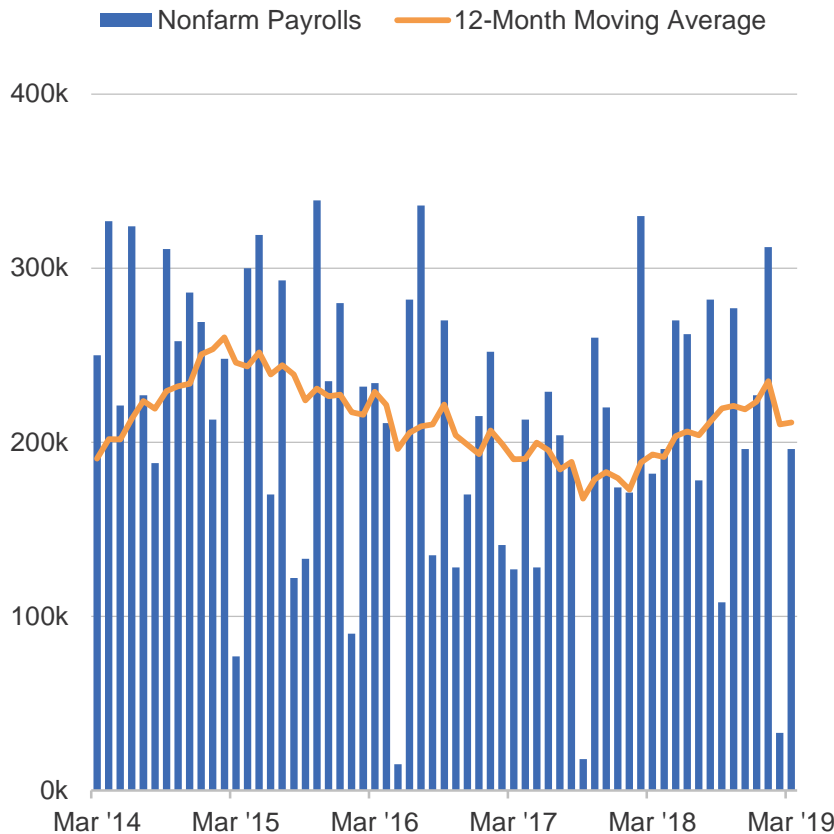


Source: Bloomberg, as of Q1 2019, first growth estimate. SAAR is seasonally adjusted annualized rate. Orange denotes rolling four-quarter averages.

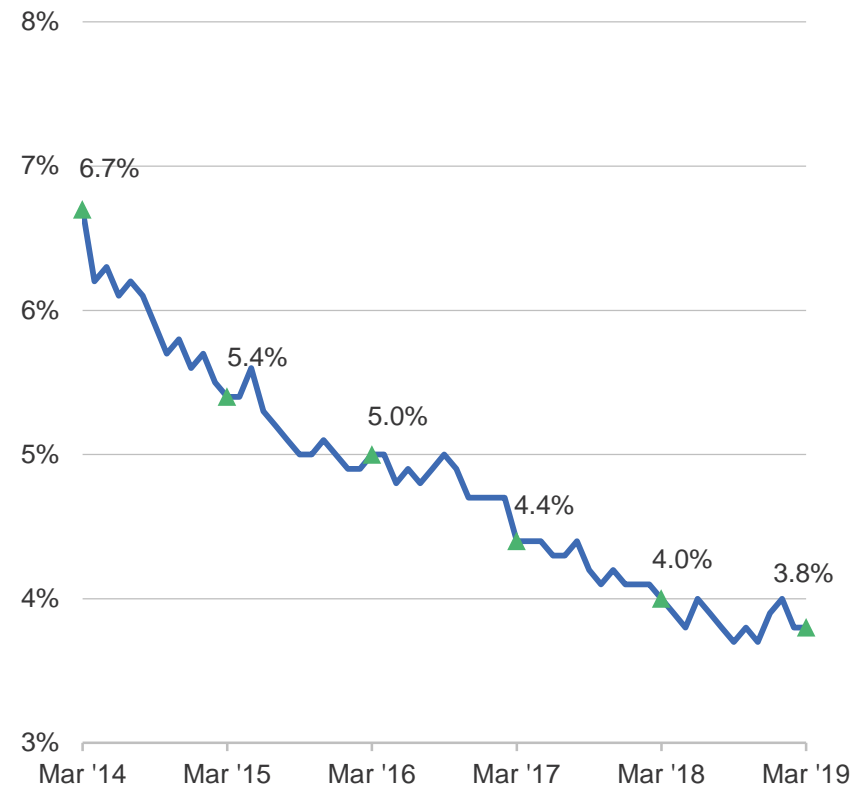
## U.S. Job Growth Rebounds in March

- The U.S. economy added 196,000 jobs in March, a rebound from February's small gain of 33,000.
  - The unemployment rate remains very low, unchanged at 3.8% in March.
  - Average hourly earnings YoY fell to 3.2% in March, still near cyclical highs.
- For the year, job gains have averaged a solid 180,000.

Monthly Change in Nonfarm Payrolls



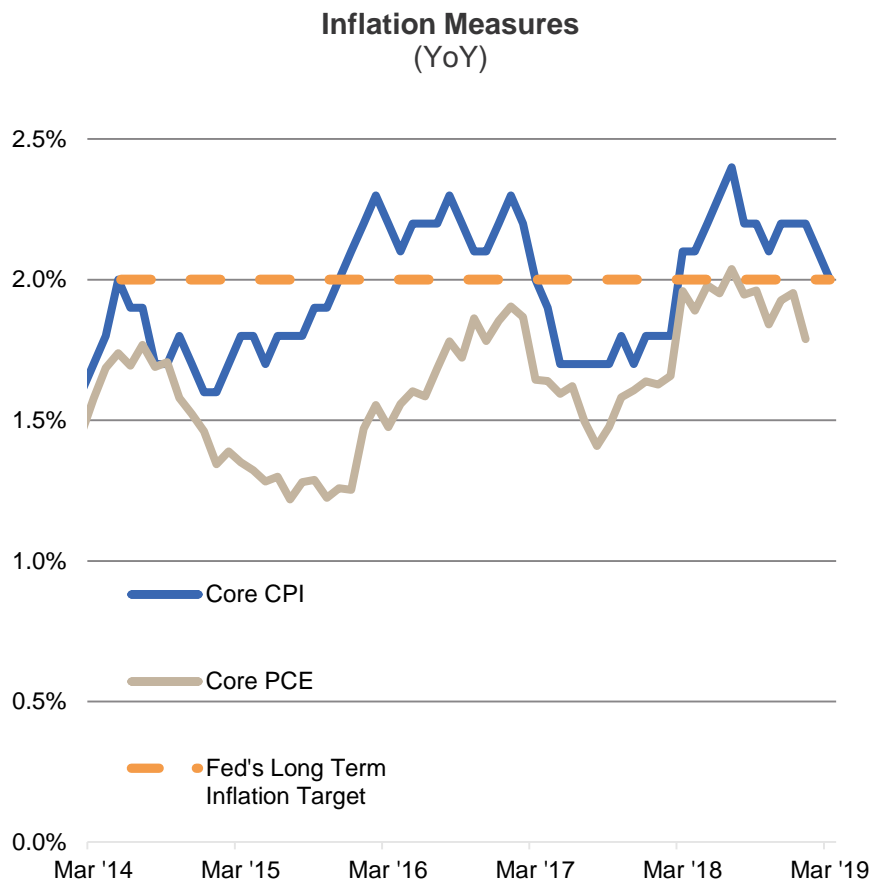
Unemployment Rate



Source: Bloomberg, as of March 2019.

## Core Inflation Continues to Hover Around the Fed's 2% Target

- ◆ The Fed's preferred measure of inflation, the year-over-year change in the Core PCE Price Index, stands at 1.8% as of the most recent release, just below the Fed's 2% target. However, forward-looking inflation expectations increased in Q1. The Fed has stated that there will most likely be no additional rate hikes in 2019.



Source: Bloomberg, latest data available as of March 31, 2019. Inflation expectations based on yield difference between 5-year Treasury note and 5-year Treasury Inflation Protected Securities (TIPS).

## Yields Have Fallen Sharply Over the Past Five Months

### 2-Year Treasury



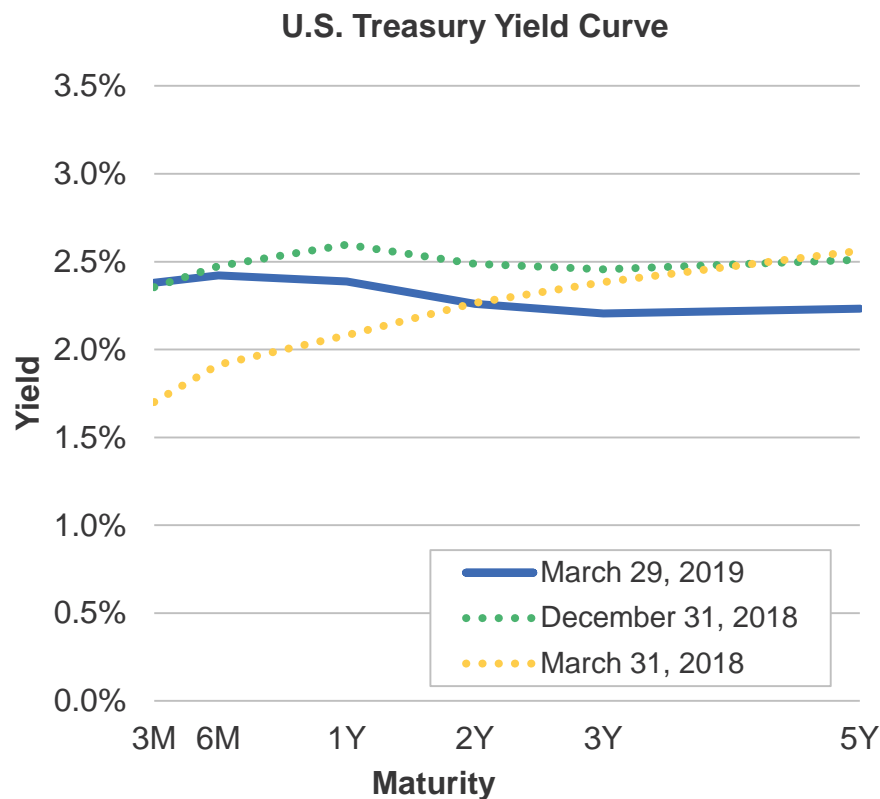
### 10-Year Treasury



Source: Bloomberg, as of March 31, 2019.

## U.S. Yield Curve Inversion Continues

- During the first quarter of 2019, the U.S. Treasury yield curve inverted between 2- and 5-year maturities for the first time since March 2007. Short-term yields moved higher to parallel the December Fed rate hike, but yields on longer maturities plunged by up to 44 basis points (0.44%) as the market reassessed the trajectory for the U.S. economy and its implication for future Fed action.



Yield Curve History

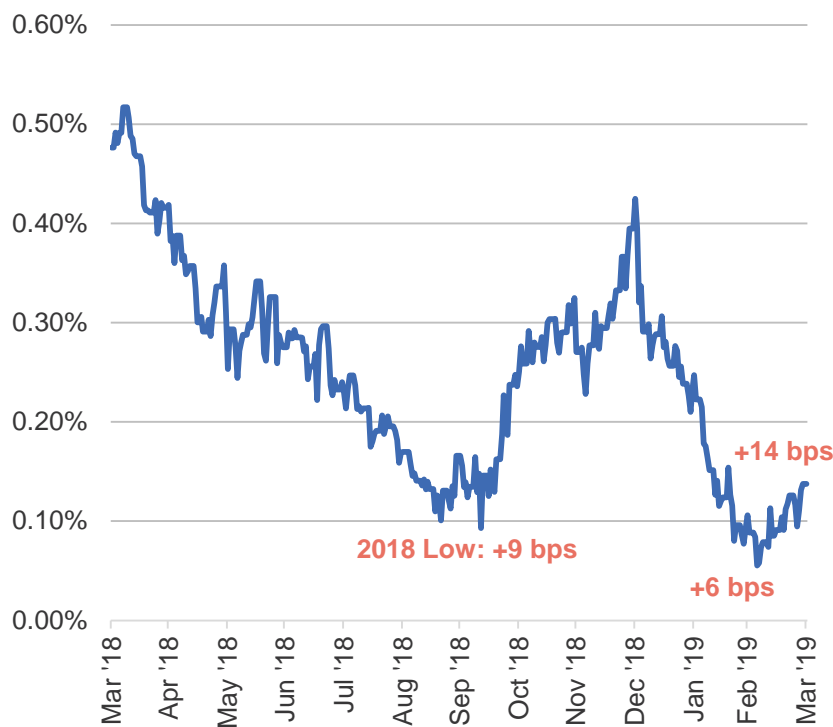
| Maturity | 3/29/2019 | 12/31/2018 | 3/31/2018 |
|----------|-----------|------------|-----------|
| 3-Mo.    | 2.38%     | 2.35%      | 1.71%     |
| 6-Mo.    | 2.42%     | 2.48%      | 1.92%     |
| 1-Yr.    | 2.39%     | 2.60%      | 2.09%     |
| 2-Yr.    | 2.26%     | 2.49%      | 2.27%     |
| 3-Yr.    | 2.20%     | 2.46%      | 2.38%     |
| 5-Yr.    | 2.23%     | 2.51%      | 2.56%     |
| 7-Yr.    | 2.32%     | 2.60%      | 2.69%     |
| 10-Yr.   | 2.41%     | 2.68%      | 2.74%     |

Source: Bloomberg, as of March 31, 2019.

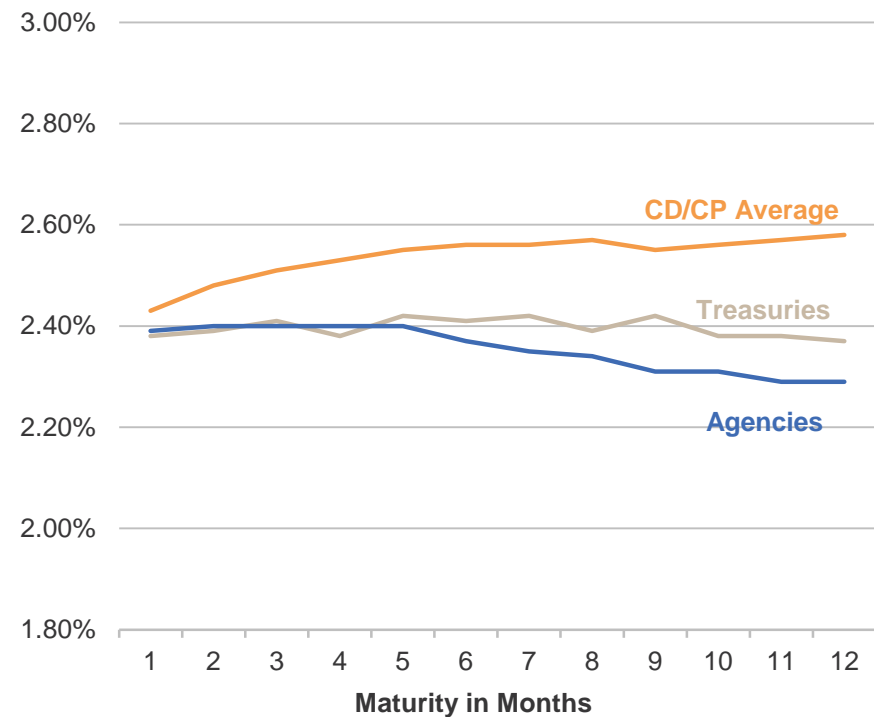
## Short-Term Credit Spreads Begin to Widen After Q1 2019 Lows

- Commercial paper and bank certificate of deposit (CP/CD) yield spreads widened slightly during March.
- Treasuries continue to be relatively attractive versus agency discount notes, especially in 7 to 12 month maturity range.

**Yield Spread on 6-month Commercial Paper over T-Bill**



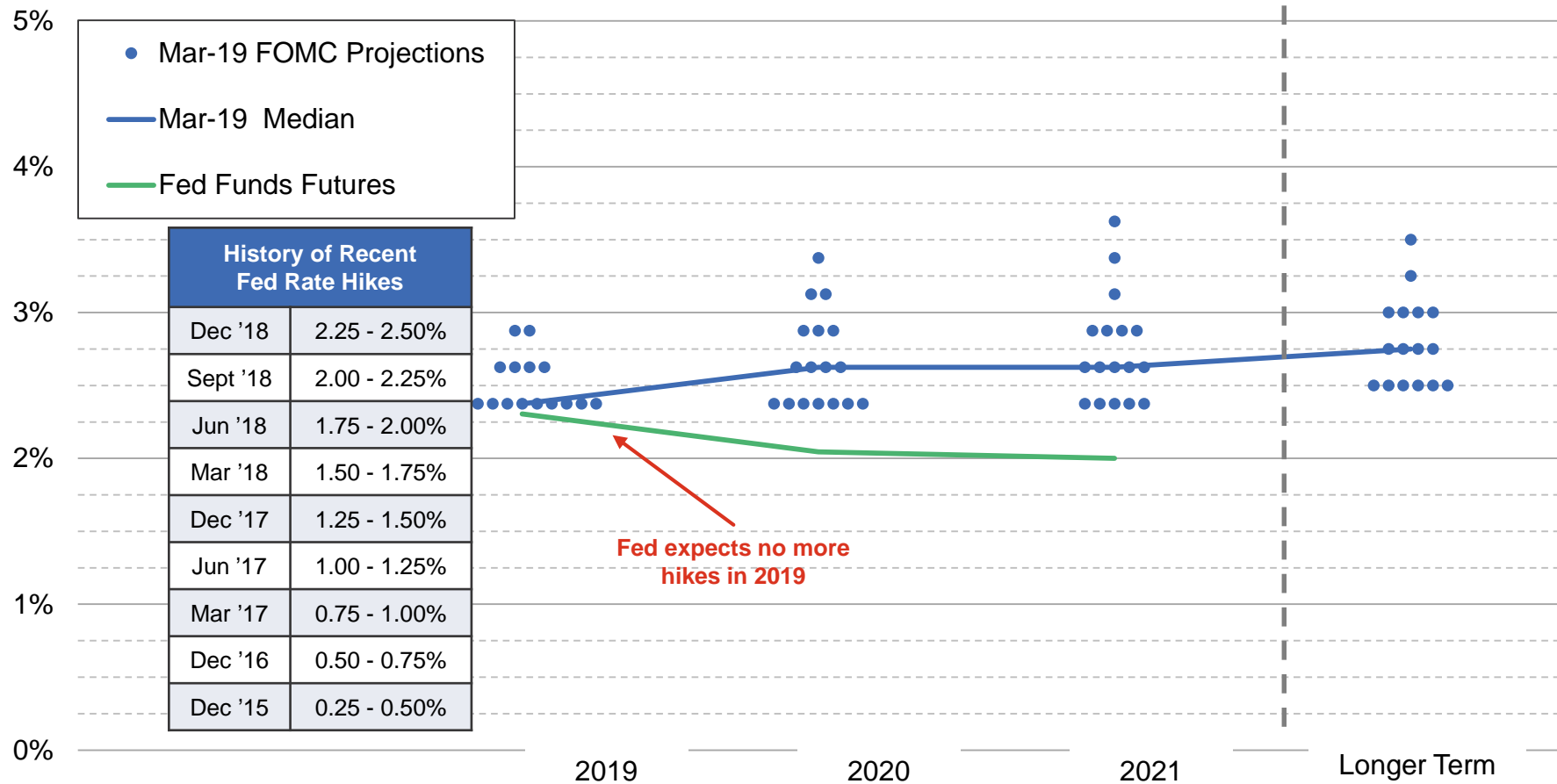
**Money Market Yield Curves**



Source: Bloomberg, PFMAM Trading Desk, as of 3/31/2019. Not a specific recommendation. 6-mo CP yield spread based on A1/P1 rated CP index.

## FOMC's March "Dot Plot" Shift To No Hike in 2019

### Fed Participants' Assessments of 'Appropriate' Monetary Policy

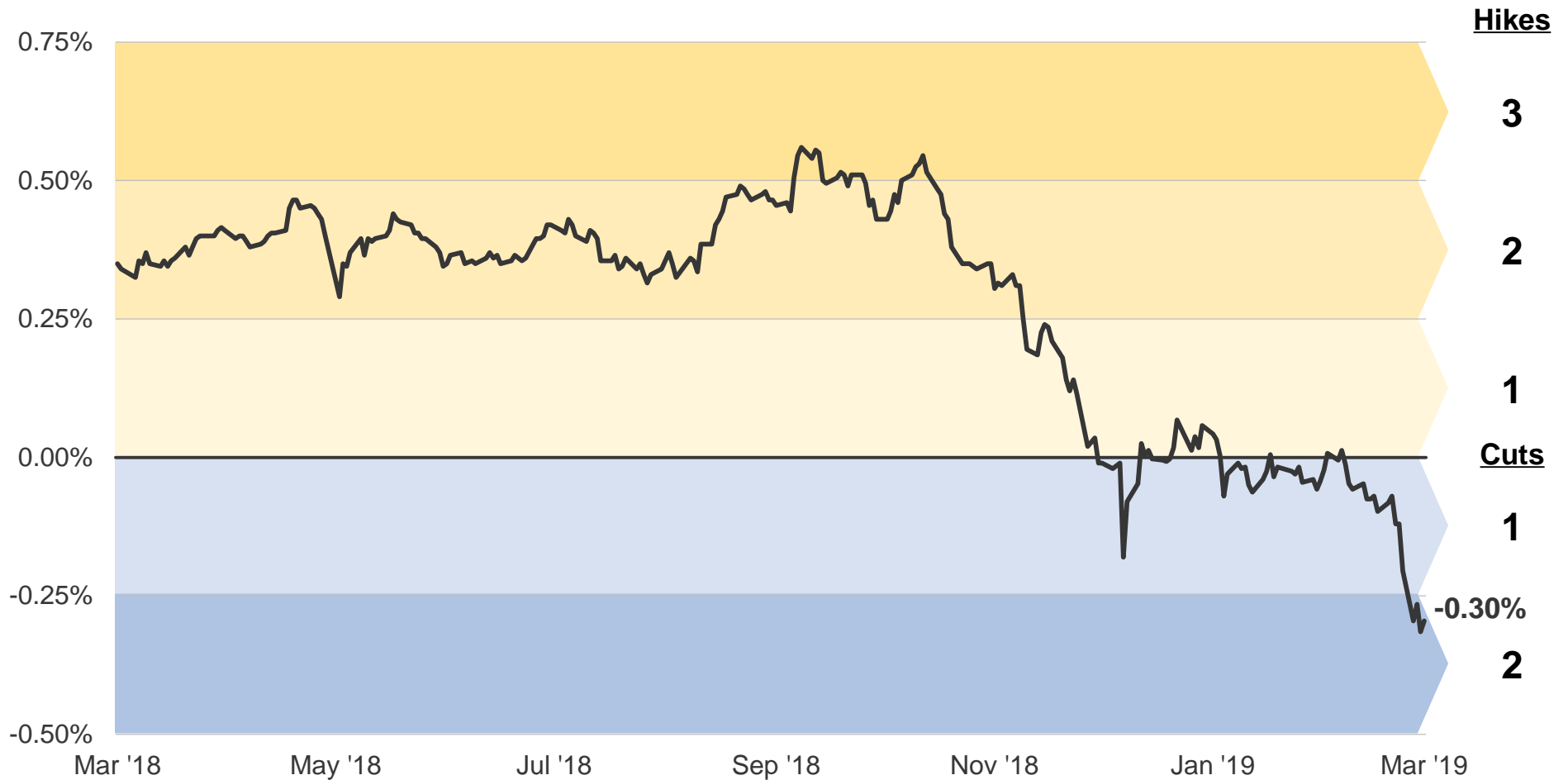


Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 3/20/19.



## But, the Market Expects a Rate Cut by Year End

### 2019 Rate Moves Priced into the Futures Market



Source: Bloomberg, as of 3/28/2019.

## Fixed-Income Index Returns

| March 31, 2019  | Effective Duration | Yield | YTD   | 1 Month | 3 Month | 1 Year | 3 Years | 5 Years |
|---|--------------------|-------|-------|---------|---------|--------|---------|---------|
| <b>1-3 Year Indices</b>                               |                    |       |       |         |         |        |         |         |
| <b>U.S. Treasury</b>                                  | 1.81               | 2.32% | 0.98% | 0.61%   | 0.98%   | 2.72%  | 0.99%   | 0.98%   |
| <b>Agency</b>   | 1.64               | 2.35% | 0.97% | 0.56%   | 0.97%   | 2.79%  | 1.17%   | 1.12%   |
| <b>Corp A-AAA</b>                                     | 1.78               | 2.75% | 1.64% | 0.70%   | 1.64%   | 3.73%  | 1.89%   | 1.72%   |
| <b>MBS (0 to 3 Years)</b>                             | 3.97               | 2.86% | 2.19% | 1.69%   | 2.19%   | 3.98%  | 1.78%   | 1.67%   |
| <b>ABS (0 to 3 Years)</b>                             | 1.09               | 2.73% | 1.09% | 0.44%   | 1.09%   | 3.02%  | 1.71%   | 1.42%   |
| <b>1-5 Year Indices</b>                               |                    |       |       |         |         |        |         |         |
| <b>U.S. Treasury</b>                                  | 2.56               | 2.29% | 1.22% | 0.85%   | 1.22%   | 3.14%  | 0.97%   | 1.29%   |
| <b>Agency</b>   | 1.91               | 2.30% | 1.11% | 0.68%   | 1.11%   | 3.03%  | 1.18%   | 1.35%   |
| <b>Corp A-AAA</b>                                     | 2.53               | 2.82% | 2.27% | 0.98%   | 2.27%   | 4.29%  | 2.05%   | 2.15%   |
| <b>MBS (0 to 5 Years)</b>                             | 3.49               | 2.79% | 1.95% | 1.20%   | 1.95%   | 3.42%  | 1.43%   | 1.98%   |
| <b>ABS (0 to 5 Years)</b>                             | 1.35               | 2.75% | 1.17% | 0.53%   | 1.17%   | 3.14%  | 1.74%   | 1.53%   |
| <b>Master Indices (Maturities 1 Year and Greater)</b> |                    |       |       |         |         |        |         |         |
| <b>U.S. Treasury</b>                                  | 6.38               | 2.39% | 2.18% | 1.99%   | 2.18%   | 4.25%  | 1.07%   | 2.34%   |
| <b>Agency</b>   | 3.98               | 2.45% | 1.83% | 1.41%   | 1.83%   | 3.77%  | 1.57%   | 2.12%   |
| <b>Corp A-AAA</b>                                     | 7.06               | 3.30% | 4.44% | 2.31%   | 4.44%   | 5.09%  | 2.94%   | 3.56%   |
| <b>MBS (0 to 30 Years)</b>                            | 4.38               | 3.07% | 2.27% | 1.49%   | 2.27%   | 4.55%  | 1.81%   | 2.65%   |
| <b>Municipals</b>                                     | 6.78               | 2.43% | 2.95% | 1.60%   | 2.95%   | 5.22%  | 2.71%   | 3.82%   |

Source: ICE BofAML Indices. Returns greater than one year are annualized.

- The Investment Portfolio is of high credit quality and invested in U.S. Treasury, federal agency/GSE, mortgage-backed, municipal, and corporate notes securities.
- The Investment Portfolio's quarterly total return performance of 1.51% outperformed the benchmark performance of 1.22% by 0.29%.
- In a strong reversal, equity markets, credit spreads and volatility all reversed their sharp sell-off from the 4th quarter, ending the 1st quarter nearly back to where they were six months ago. But, interest rates continued to move lower and the yield curve inverted.
- Economic conditions, which remain solid, were characterized by:
  - U.S. GDP growth slowed to a pace of 2.2% in Q4, following Q2 and Q3 figures of 4.2% and 3.4%, respectively;
  - Inflation metrics hovered near the Fed's target of 2%, but wage growth continued to improve, reaching 3.4% year-over-year, the largest gain in nearly a decade;
  - The unemployment rate improved to 3.8% in February, but job gains were volatile, perhaps impacted by the government shutdown;
  - Consumer sentiment metrics firmed in Q1 on the heels of equity market strength and a resolution to the government's longest shut down in history; and
  - The Fed held short-term rates unchanged at the current target range of 2.25% to 2.50% but shifted to a "patient" stance on future rate actions, which drove market expectations that the Fed's next move will be a rate cut rather than a hike.
- Our sector allocation strategy continued to favor broad diversification, generally including the widest range of permitted investments. While Q4's market de-risking strongly favored Treasuries, Q1's rebound generated strong excess returns for portfolios that included corporates and other spread product as most fixed income sectors outperformed similar duration Treasuries.

| <b>Portfolios</b>   | <b>Market Value</b> | <b>Current Quarter</b> | <b>Fiscal Year To Date</b> | <b>Trailing 12 Months</b> | <b>Fiscal Year Projected Rate of Return</b> |
|---|---------------------|------------------------|----------------------------|---------------------------|---|
| <b>City Operating Funds - Self-Directed</b>                       | \$ 234,519,204      | 1.30%                  | 1.92%                      | 2.90%                     |   |
| <b>Bond Proceeds</b>  | \$ 193,088,156      | 1.44%                  | 2.12%                      | 3.10%                     |   |
| <b>CRA Funds</b>  | \$ 88,433,501       | 1.13%                  | 1.91%                      | 2.87%                     |   |
| <b>Fixed Income Investment Portfolio - PFM</b>                    | \$ 290,214,103      | 1.51%                  | 2.97%                      | N/A                       |   |
| <i>BofA Merrill Lynch 1-5 Year Treasury Index</i>                 |                     | 1.22%                  | 2.96%                      | N/A                       |   |
| <b>Total City of Fort Lauderdale Funds</b>                        | \$ 806,254,964      | 1.39%                  | 2.34%                      | 1.90%                     | 1.56%                                       |
| <b>OPEB Trust Fund</b>  | \$ 26,618,705       | 8.09%                  | -0.19%                     | 4.28%                     | 7.00%                                       |
| <i>Russell 3000 55% / Barclays Agg Bond Index 45%<sup>1</sup></i> |                     | 8.99%                  | 1.09%                      | 7.18%                     |   |
| <b>Cemetery Trust Funds</b>                                       | \$ 30,214,099       | 7.26%                  | 0.74%                      | 4.02%                     | 5.00%                                       |
| <i>Benchmark</i>  |                     | 8.24%                  | 1.69%                      | 7.29%                     |   |
| <b>General Employees Retirement System</b>                        | \$ 670,029,717      | 9.00%                  | -0.60%                     | 3.80%                     | 7.50%                                       |
| <i>Benchmark</i>  |                     | 8.80%                  | -0.80%                     | 3.90%                     |   |
| <b>Police &amp; Fire Retirement System</b>                        | \$ 935,973,178      | 8.02%                  | -0.01%                     | 4.80%                     | 7.50%                                       |
| <i>Benchmark</i>  |                     | 8.79%                  | 0.09%                      | 5.51%                     |   |

## Notes:

1. The Russell 3000 55%, Barclays Agg Bond Index 45% is the City's benchmark by Policy.

Performance and market value for the Cemetery Trust Funds, General Employee Retirement System and Police & Fire Retirement System portfolios are derived from their manager reports. PFM calculated the performance for the OPEB Trust Fund from the data provided on the custody statements. The performance for the CRA Funds and City Self-Directed are calculated from the custody statements. The Bond Proceeds returns are calculated as a weighted average of the return from the FMIT portfolios. The performance of the CRA fund is a weighted average of the Cental Beach, Self-Directed, and CRA cash held at Wells Fargo.

**PFM Asset Management LLC**

| <u>Account Names</u>                    | <u>Yield to Market as of<br/>March 31, 2019</u> | <u>Percent of Portfolio<br/>March 31, 2019</u> | <u>Yield to Market as of<br/>December 31, 2018</u> | <u>Percent of Portfolio<br/>December 31, 2018</u> |
|---|---|--|--|---|
| <b><u>Funds Held for Liquidity</u></b>  |   |  |  |   |
| City National Bank                      | 2.48%   | 1.36%  | 2.33%  | 1.31%   |
| CitiBank - Health Ins                   | 0.00%   | 0.14%  | 0.00%  | 0.03%   |
| Wells Fargo - Wks Comp                  | 2.31%   | 0.04%  | 2.31%  | 0.02%   |
| Wells Fargo Govt Ckg - BMPO             | 2.31%   | 0.13%  | 2.31%  | 0.12%   |
| Wells Fargo Master Account              | 2.31%   | 0.75%  | 2.31%  | 4.17%   |
| Wells Fargo Utility Account             | 0.00%   | 0.96%  | 0.00%  | 0.94%   |
| Wells Fargo CRA                         | 2.31%   | 2.24%  | 2.31%  | 2.76%   |
| Wells Fargo Midgard                     | 0.00%   | 0.00%  | 0.00%  | 0.00%   |
| Wells Fargo Police Evidence             | 0.00%   | 0.08%  | 0.00%  | 0.08%   |
| <b>Total Funds for Liquidity</b>        | <b>1.87%</b>                                    | <b>5.70%</b>                                   | <b>2.06%</b>                                       | <b>9.43%</b>                                      |
| <b><u>Funds Held for Investment</u></b> |   |  |  |   |
| PFM Investment Portfolio                | 2.48%   | 36.00%   | 2.71%  | 34.54%  |
| CRA City Self - Directed Account        | 2.90%   | 2.75%  | 3.03%  | 2.67%   |
| CRA Central Beach                       | 2.59%   | 5.97%  | 3.41%  | 5.78%   |
| City National CD                        | N/A   | 0.00%  | N/A  | 0.00%   |
| City Self - Directed Account            | 2.49%   | 25.57%   | 2.57%  | 23.81%  |
| FMIT Subsidiary Accounts                | 2.53%   | 0.06%  | 2.80%  | 0.06%   |
| <b>Total Funds for Investment</b>       | <b>2.51%</b>                                    | <b>70.35%</b>                                  | <b>2.73%</b>                                       | <b>66.86%</b>                                     |
| <b><u>Bond Proceeds</u></b>             |   |  |  |   |
| Water & Sewer Bond 2018                 | 2.52%   | 22.75%   | 2.62%  | 22.47%  |
| FMIT Spl Ob Loans 2011A                 | N/A   | 0.00%  | N/A  | 0.00%   |
| FMIT G.O. Series 2011-A                 | 2.57%   | 1.19%  | 2.80%  | 1.23%   |
| <b>Total Bond Proceeds</b>              | <b>2.52%</b>                                    | <b>23.95%</b>                                  | <b>2.63%</b>                                       | <b>23.71%</b>                                     |
| <b>Total Average Yield</b>              | <b>2.48%</b>                                    | <b>100.00%</b>                                 | <b>2.64%</b>                                       | <b>100.00%</b>                                    |

| <u>Benchmarks</u>                              | <u>March 31, 2019</u> | <u>December 31, 2018</u> |
|--|-----------------------|--------------------------|
| BofA Merrill Lynch 3 Month Treasury Bill Index | 2.35%                 | 2.39%                    |
| BofA Merrill Lynch 1-3 Year Treasury Index     | 2.32%                 | 2.53%                    |
| BofA Merrill Lynch 1-5 Year Treasury Index     | 2.29%                 | 2.51%                    |

## Notes:

Yields as of March 31, 2019 and December 31, 2018 are derived from their respective statements from Wells Fargo, PFM, City National, or FMIT.

**PFM Asset Management LLC**

|   | <b>Market Value as of<br/>March 31, 2019</b> | <b>Percent of<br/>Portfolio</b> | <b>Market Value as of<br/>December 31, 2018</b> | <b>Percent of<br/>Portfolio</b> |
|---|--|---------------------------------|---|---------------------------------|
| <b><u>Funds Held for Liquidity</u></b>  |  |                                 |   |                                 |
| City National Bank                      | \$ 10,937,732                                | 1.36%                           | \$ 10,873,378                                   | 1.31%                           |
| CitiBank - Health Ins                   | 1,113,642                                    | 0.14%                           | 270,983   | 0.03%                           |
| Wells Fargo - Wks Comp                  | 326,655                                      | 0.04%                           | 151,375   | 0.02%                           |
| Wells Fargo Govt Ckg - BMPO             | 1,017,251                                    | 0.13%                           | 1,017,251                                       | 0.12%                           |
| Wells Fargo Master Account              | 6,039,489                                    | 0.75%                           | 34,482,364                                      | 4.17%                           |
| Wells Fargo Utility Account             | 7,774,223                                    | 0.96%                           | 7,771,953                                       | 0.94%                           |
| Wells Fargo CRA                         | 18,063,523                                   | 2.24%                           | 22,878,518                                      | 2.76%                           |
| Wells Fargo Midgard                     | -  | 0.00%                           | -   | 0.00%                           |
| Wells Fargo Police Evidence             | 655,170                                      | 0.08%                           | 646,634   | 0.08%                           |
| <b>Total Funds for Liquidity</b>        | <b>\$ 45,927,686</b>                         | <b>5.70%</b>                    | <b>\$ 78,092,456</b>                            | <b>9.43%</b>                    |
| <b><u>Funds Held for Investment</u></b> |  |                                 |   |                                 |
| PFM Investment Portfolio                | \$ 290,214,103                               | 36.00%                          | \$ 285,895,388                                  | 34.54%                          |
| CRA City Self - Directed Account        | 22,209,773                                   | 2.75%                           | 22,062,694                                      | 2.67%                           |
| CRA Central Beach                       | 48,160,205                                   | 5.97%                           | 47,861,787                                      | 5.78%                           |
| City National CD                        | -  | 0.00%                           | -   | 0.00%                           |
| City Self - Directed Account            | 206,156,530                                  | 25.57%                          | 197,109,342                                     | 23.81%                          |
| FMIT Subsidiary Accounts                | 498,511                                      | 0.06%                           | 493,440   | 0.06%                           |
| <b>Total Funds for Investment</b>       | <b>\$ 567,239,122</b>                        | <b>70.35%</b>                   | <b>\$ 553,422,651</b>                           | <b>66.86%</b>                   |
| <b><u>Bond Proceeds</u></b>             |  |                                 |   |                                 |
| Water & Sewer Bond 2018                 | \$ 183,457,778                               | 22.75%                          | \$ 186,029,260                                  | 22.47%                          |
| FMIT Spl Ob Loans 2011A                 | -  | 0.00%                           | -   | 0.00%                           |
| FMIT G.O. Series 2011-A                 | 9,630,378                                    | 1.19%                           | 10,192,479                                      | 1.23%                           |
| <b>Total Bond Proceeds</b>              | <b>\$ 193,088,156</b>                        | <b>23.95%</b>                   | <b>\$ 196,221,739</b>                           | <b>23.71%</b>                   |
| <b>Grand Total</b>                      | <b>\$ 806,254,964</b>                        | <b>100.00%</b>                  | <b>\$ 827,736,845</b>                           | <b>100.00%</b>                  |

## Notes:

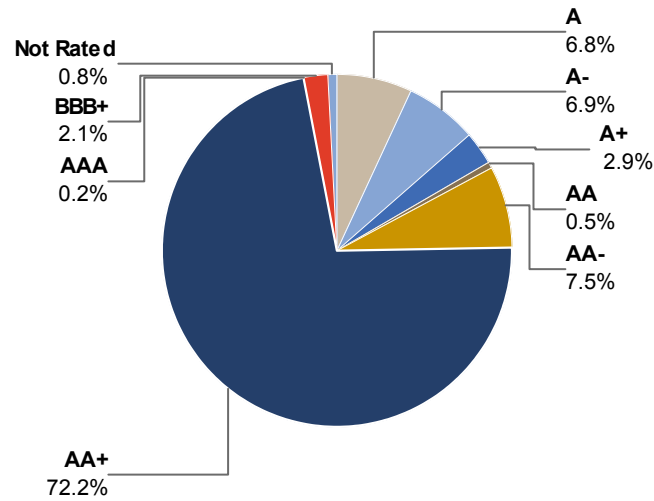
Market values as of March 31 and December 31 are derived from their respective statements from Wells Fargo, PFM, City National, or FMIT.

**Portfolio Statistics**

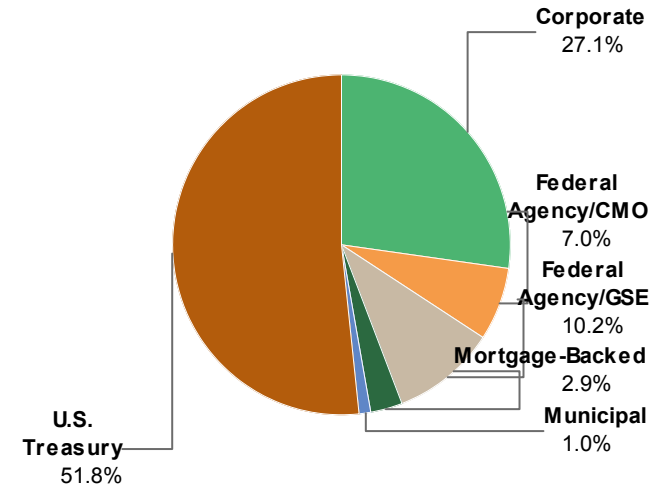
As of March 31, 2019

|                               |               |
|-------------------------------|---------------|
| <b>Par Value:</b>             | \$289,766,174 |
| <b>Total Market Value:</b>    | \$292,180,247 |
| <b>Security Market Value:</b> | \$290,214,103 |
| <b>Accrued Interest:</b>      | \$1,298,101   |
| <b>Cash:</b>                  | \$668,044     |
| <b>Amortized Cost:</b>        | \$288,468,465 |
| <b>Yield at Market:</b>       | 2.48%         |
| <b>Yield at Cost:</b>         | 2.62%         |
| <b>Effective Duration:</b>    | 2.55 Years    |
| <b>Duration to Worst:</b>     | 2.67 Years    |
| <b>Average Maturity:</b>      | 3.69 Years    |
| <b>Average Credit: *</b>      | AA            |

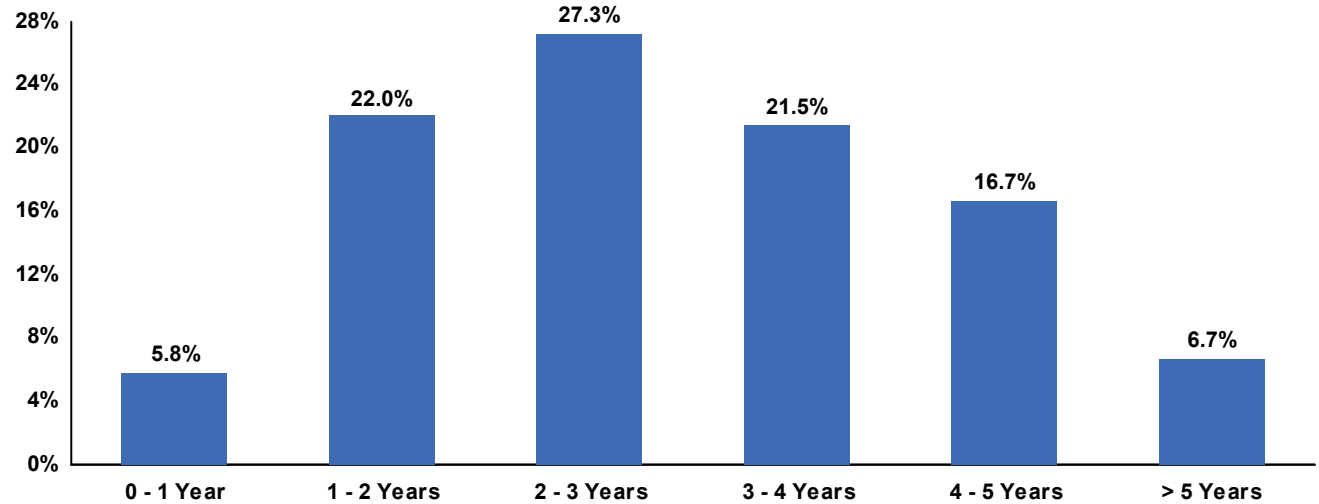
**Credit Quality (S&P Ratings)**



**Sector Allocation**



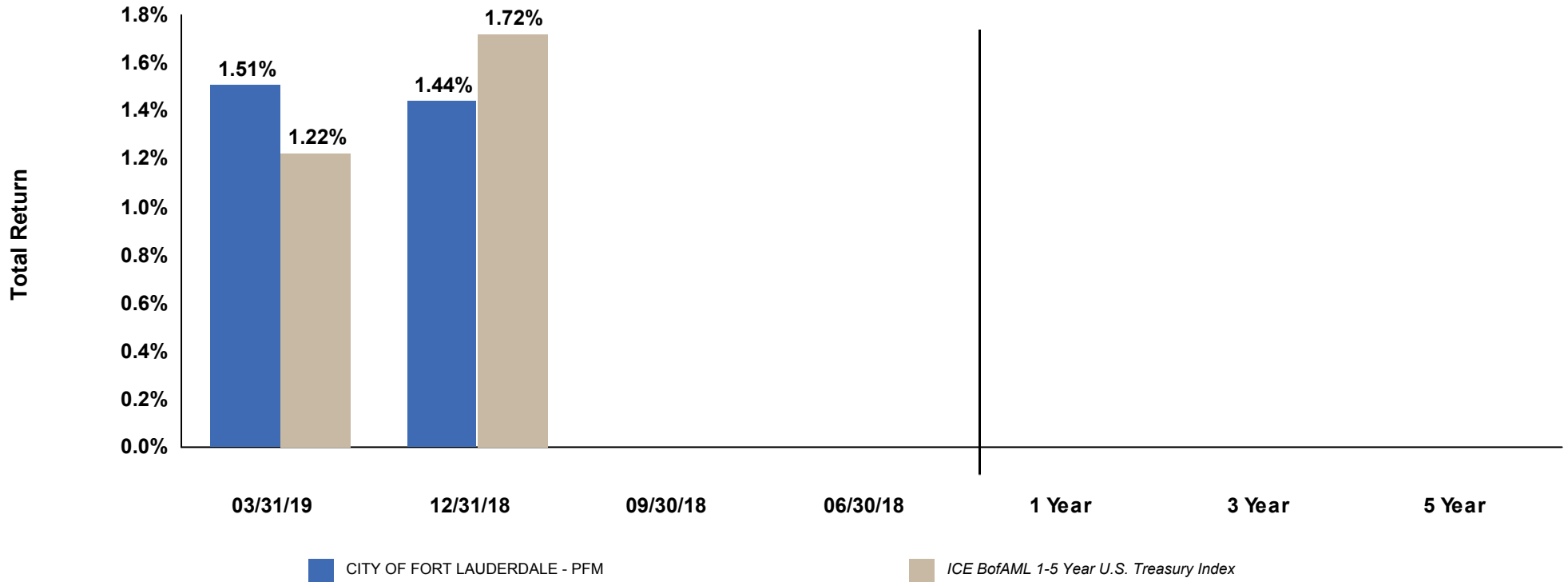
**Maturity Distribution**



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

Portfolio Performance (Total Return)

| Portfolio/Benchmark                     | Effective Duration | Quarter Ended |          |          |          | 1 Year | Annualized Return |        |
|---|--------------------|---------------|----------|----------|----------|--------|-------------------|--------|
|   |                    | 03/31/19      | 12/31/18 | 09/30/18 | 06/30/18 |        | 3 Year            | 5 Year |
| CITY OF FORT LAUDERDALE - PFM           | 2.55               | 1.51%         | 1.44%    | -        | -        | -      | -                 | -      |
| ICE BofAML 1-5 Year U.S. Treasury Index | 2.56               | 1.22%         | 1.72%    | -        | -        | -      | -                 | -      |
| Difference                              |                    | 0.29%         | -0.28%   | -        | -        | -      | -                 | -      |



Portfolio performance is gross of fees unless otherwise indicated.

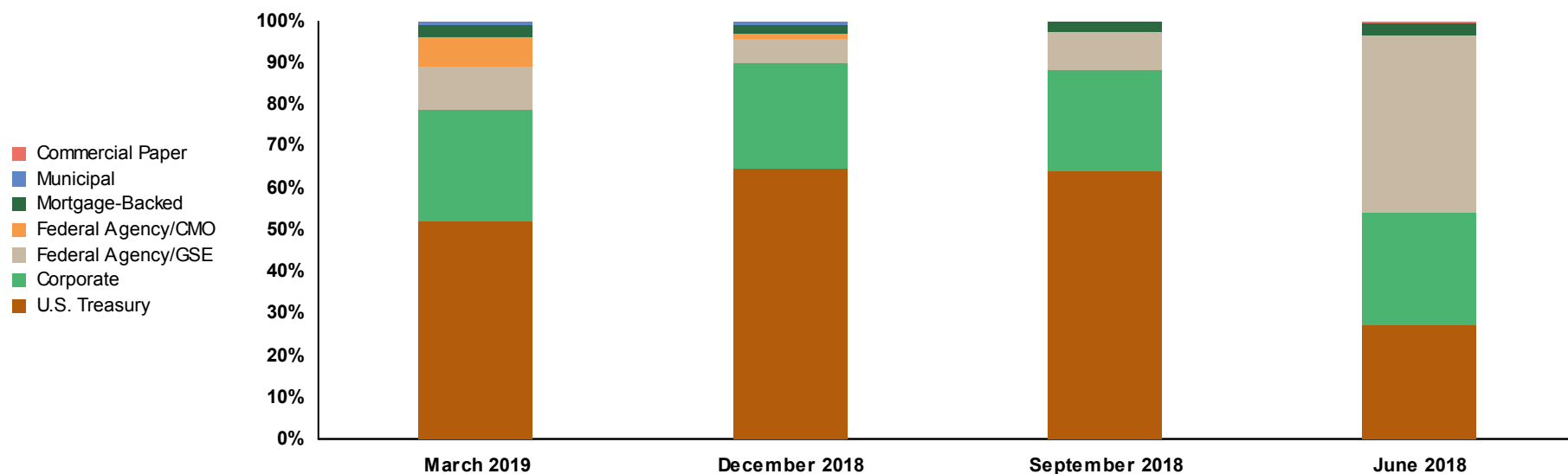


**Portfolio Earnings**  
**Quarter-Ended March 31, 2019**

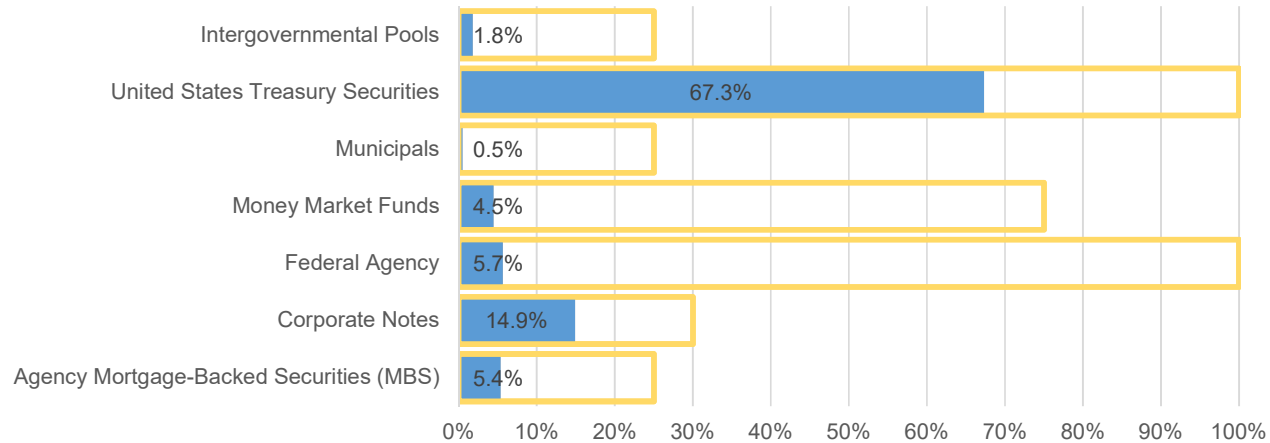
|                                     | <b>Market Value Basis</b> | <b>Accrual (Amortized Cost) Basis</b> |
|-------------------------------------|---------------------------|---------------------------------------|
| <b>Beginning Value (12/31/2018)</b> | \$285,895,387.57          | \$286,513,968.90                      |
| <b>Net Purchases/Sales</b>          | \$1,606,294.45            | \$1,606,294.45                        |
| <b>Change in Value</b>              | \$2,712,420.53            | \$348,201.99                          |
| <b>Ending Value (03/31/2019)</b>    | \$290,214,102.55          | \$288,468,465.34                      |
| <b>Interest Earned</b>              | \$1,645,805.35            | \$1,645,805.35                        |
| <b>Portfolio Earnings</b>           | \$4,358,225.88            | \$1,994,007.34                        |

### Sector Allocation

| Sector             | March 31, 2019 |               | December 31, 2018 |               | September 30, 2018 |               | June 30, 2018  |               |
|--------------------|----------------|---------------|-------------------|---------------|--------------------|---------------|----------------|---------------|
|                    | MV (\$MM)      | % of Total    | MV (\$MM)         | % of Total    | MV (\$MM)          | % of Total    | MV (\$MM)      | % of Total    |
| U.S. Treasury      | 150.7          | 51.8%         | 185.6             | 64.8%         | 180.3              | 63.9%         | 72.7           | 27.4%         |
| Corporate          | 78.6           | 27.1%         | 71.9              | 25.2%         | 68.4               | 24.2%         | 71.2           | 26.8%         |
| Federal Agency/GSE | 29.5           | 10.2%         | 16.8              | 5.9%          | 26.4               | 9.4%          | 113.2          | 42.5%         |
| Federal Agency/CMO | 20.3           | 7.0%          | 3.0               | 1.1%          | 0.0                | 0.0%          | 0.0            | 0.0%          |
| Mortgage-Backed    | 8.3            | 2.9%          | 5.7               | 2.0%          | 6.2                | 2.2%          | 6.8            | 2.6%          |
| Municipal          | 2.8            | 1.0%          | 2.8               | 1.0%          | 0.9                | 0.3%          | 0.9            | 0.3%          |
| Commercial Paper   | 0.0            | 0.0%          | 0.0               | 0.0%          | 0.0                | 0.0%          | 1.0            | 0.4%          |
| <b>Total</b>       | <b>\$290.2</b> | <b>100.0%</b> | <b>\$285.9</b>    | <b>100.0%</b> | <b>\$282.1</b>     | <b>100.0%</b> | <b>\$265.8</b> | <b>100.0%</b> |



Detail may not add to total due to rounding.



| Security Type                                | Amortized Cost<br>(Includes Interest) | Allocation<br>Percentage | Permitted by<br>Policy | In Compliance |
|--|---------------------------------------|--------------------------|------------------------|---------------|
| Florida Prime (SBA)                          | -                                     | 0.00%                    | 25%                    | YES           |
| United States Treasury Securities            | 380,036,877.60                        | 67.29%                   | 100%                   | YES           |
| Federal Agency                               | 31,967,076.30                         | 5.66%                    | 100%                   | YES           |
| Corporate Notes                              | 84,162,993.25                         | 14.90%                   | 30%                    | YES           |
| Municipals                                   | 2,812,630.88                          | 0.50%                    | 25%                    | YES           |
| Agency Mortgage-Backed Securities (MBS)      | 30,400,068.42                         | 5.38%                    | 25%                    | YES           |
| Certificates of Deposit and Savings Accounts | -                                     | 0.00%                    | 10%                    | YES           |
| Commercial Paper                             | -                                     | 0.00%                    | 25%                    | YES           |
| Bankers' Acceptances                         | -                                     | 0.00%                    | 10%                    | YES           |
| Repurchase Agreements                        | -                                     | 0.00%                    | 20%                    | YES           |
| Money Market Funds                           | 25,255,053.78                         | 4.47%                    | 75%                    | YES           |
| Intergovernmental Pools                      | 10,128,888.86                         | 1.79%                    | 25%                    | YES           |

End of month trade-date amortized cost of portfolio holdings, including accrued interest. This analysis includes the City's Fixed Income Investment Portfolio, the FMIT Subsidiary Accounts and Series 2011-A G.O. Bonds, the Central Beach CRA, the CRA Self-Directed and the City Self-Directed Accounts. Excess sweep deposits and projected outflows for pending trades in the CRA Central Beach, CRA Self-Directed, and City Self-Directed portfolios are not included. Investments in the 2018 Water & Sewer Bonds are not included since they are managed by their indenture language.

| Sector                  | Individual Issuer Breakdown         | Amortized Cost<br>(Includes Interest) | Allocation<br>Percentage | Permitted<br>by Policy | In Compliance |
|-------------------------|-------------------------------------|---------------------------------------|--------------------------|------------------------|---------------|
| Us Tsy Bond/Note        | UNITED STATES TREASURY              | 150,361,384.66                        | 26.62%                   | 100%                   | YES           |
| US Tsy Bond/Note        | U.S. TREASURY SECURITIES            | 229,675,492.94                        | 40.67%                   | 100%                   | YES           |
| Muni Bond/Note          | NASSAU CNTY NY                      | 509,380.21                            | 0.09%                    | 10%                    | YES           |
| Muni Bond/Note          | NEW YORK ST DORM AUTH ST PERSO      | 2,303,250.67                          | 0.41%                    | 10%                    | YES           |
| Mny Mkt/Mutual Fnd      | MONEY MARKET FUNDS                  | 25,255,053.78                         | 4.52%                    | 25%                    | YES           |
| Mbs / Cmo               | FANNIE MAE                          | 13,571,132.14                         | 2.40%                    | 15%                    | YES           |
| Mbs / Cmo               | FHLMC MULTIFAMILY STRUCTURED P      | 6,810,530.18                          | 1.21%                    | 15%                    | YES           |
| Mbs / Cmo               | FREDDIE MAC                         | 7,056,119.08                          | 1.25%                    | 15%                    | YES           |
| Mbs / Cmo               | GOVERNMENT NATIONAL MORTGAGE ASSOC  | 2,962,287.02                          | 0.52%                    | 15%                    | YES           |
| Intergovernmental Pools | FMIT SUBSIDIARY ACCOUNTS            | 498,511.23                            | 0.09%                    | 25%                    | YES           |
| Intergovernmental Pools | FMIT G.O. SERIES 2011-A             | 9,630,377.63                          | 1.71%                    | 25%                    | YES           |
| Fed Agy Bond/Note       | FEDERAL HOME LOAN BANKS             | 12,017,231.87                         | 2.13%                    | 25%                    | YES           |
| Fed Agy Bond/Note       | FANNIE MAE                          | 13,197,304.01                         | 2.34%                    | 25%                    | YES           |
| Fed Agy Bond/Note       | FREDDIE MAC                         | 4,247,946.46                          | 0.75%                    | 25%                    | YES           |
| Fed Agy Bond/Note       | FEDERAL AGENCY SECURITIES           | 2,504,593.96                          | 0.44%                    | 25%                    | YES           |
| Corporate Note          | AMERICAN HONDA FINANCE              | 2,680,727.30                          | 0.47%                    | 5%                     | YES           |
| Corporate Note          | BANK OF AMERICA CORP                | 3,190,000.38                          | 0.56%                    | 5%                     | YES           |
| Corporate Note          | MORGAN STANLEY                      | 2,756,567.98                          | 0.49%                    | 5%                     | YES           |
| Corporate Note          | BRANCH BANKING & TRUST              | 2,876,919.34                          | 0.51%                    | 5%                     | YES           |
| Corporate Note          | CATERPILLAR FINANCIAL SERVICES CORP | 1,437,109.51                          | 0.25%                    | 5%                     | YES           |
| Corporate Note          | JOHN DEERE CAPITAL CORP             | 2,678,496.76                          | 0.47%                    | 5%                     | YES           |
| Corporate Note          | GOLDMAN SACHS GROUP INC             | 2,859,006.72                          | 0.51%                    | 5%                     | YES           |
| Corporate Note          | 3M COMPANY                          | 1,119,694.22                          | 0.20%                    | 5%                     | YES           |
| Corporate Note          | TOYOTA MOTOR CREDIT CORP            | 5,582,074.45                          | 0.99%                    | 5%                     | YES           |
| Corporate Note          | UNILEVER CAPITAL CORP               | 1,481,894.54                          | 0.26%                    | 5%                     | YES           |
| Corporate Note          | PROCTER & GAMBLE CO/THE             | 759,071.91                            | 0.13%                    | 5%                     | YES           |
| Corporate Note          | WAL-MART STORES INC                 | 908,483.71                            | 0.16%                    | 5%                     | YES           |
| Corporate Note          | AMERICAN EXPRESS CREDIT CORP        | 1,542,488.20                          | 0.27%                    | 5%                     | YES           |
| Corporate Note          | MELLON BANK                         | 2,519,852.22                          | 0.45%                    | 5%                     | YES           |
| Corporate Note          | CHEVRON CORP                        | 657,957.00                            | 0.12%                    | 5%                     | YES           |
| Corporate Note          | CITIGROUP INC                       | 1,120,344.71                          | 0.20%                    | 5%                     | YES           |
| Corporate Note          | PACCAR FINANCIAL CORP               | 1,051,594.51                          | 0.19%                    | 5%                     | YES           |
| Corporate Note          | WELLS FARGO & COMPANY               | 958,072.17                            | 0.17%                    | 5%                     | YES           |
| Corporate Note          | IBM CORP                            | 864,275.55                            | 0.15%                    | 5%                     | YES           |
| Corporate Note          | ORACLE CORP                         | 488,631.53                            | 0.09%                    | 5%                     | YES           |
| Corporate Note          | CHARLES SCHWAB CORP                 | 1,294,689.55                          | 0.23%                    | 5%                     | YES           |
| Corporate Note          | HOME DEPOT INC                      | 1,400,274.74                          | 0.25%                    | 5%                     | YES           |
| Corporate Note          | JPMORGAN CHASE & CO                 | 4,793,801.04                          | 0.85%                    | 5%                     | YES           |
| Corporate Note          | FIFTH THIRD BANK                    | 2,094,974.50                          | 0.37%                    | 5%                     | YES           |
| Corporate Note          | BLACKROCK INC                       | 3,098,567.58                          | 0.55%                    | 5%                     | YES           |
| Corporate Note          | UNITEDHEALTH GROUP INC              | 1,714,021.20                          | 0.30%                    | 5%                     | YES           |

| Sector         | Individual Issuer Breakdown | Amortized Cost<br>(Includes Interest) | Allocation<br>Percentage | Permitted<br>by Policy | In Compliance |
|----------------|-----------------------------|---------------------------------------|--------------------------|------------------------|---------------|
| Corporate Note | MANUF & TRADERS TRUST CO    | 1,703,698.53                          | 0.30%                    | 5%                     | YES           |
| Corporate Note | GENERAL ELEC CAP CORP       | 586,977.86                            | 0.10%                    | 5%                     | YES           |
| Corporate Note | PNC BANK NA                 | 601,363.72                            | 0.11%                    | 5%                     | YES           |
| Corporate Note | STATE STREET BANK & TR      | 552,713.17                            | 0.10%                    | 5%                     | YES           |
| Corporate Note | VISA INC                    | 1,542,598.98                          | 0.27%                    | 5%                     | YES           |
| Corporate Note | GOOGLE INC                  | 813,912.97                            | 0.14%                    | 5%                     | YES           |
| Corporate Note | CISCO SYSTEMS               | 4,439,755.13                          | 0.79%                    | 5%                     | YES           |
| Corporate Note | COSTCO WHOLESALE CORP       | 756,427.71                            | 0.13%                    | 5%                     | YES           |
| Corporate Note | WALT DISNEY COMPANY/THE     | 2,214,282.32                          | 0.39%                    | 5%                     | YES           |
| Corporate Note | EMERSON ELECTRIC COMPANY    | 907,641.53                            | 0.16%                    | 5%                     | YES           |
| Corporate Note | INTEL CORP                  | 1,833,260.27                          | 0.32%                    | 5%                     | YES           |
| Corporate Note | STATE STREET CORPORATION    | 246,695.88                            | 0.04%                    | 5%                     | YES           |
| Corporate Note | US BANK NA CINCINNATI       | 5,225,593.43                          | 0.93%                    | 5%                     | YES           |
| Corporate Note | WELLS FARGO BANK NA         | 4,152,336.57                          | 0.74%                    | 5%                     | YES           |
| Corporate Note | KEY BANK NA                 | 1,012,126.99                          | 0.18%                    | 5%                     | YES           |
| Corporate Note | MICROSOFT CORP              | 702,503.91                            | 0.12%                    | 5%                     | YES           |
| Corporate Note | WALT DISNEY COMPANY         | 3,620,015.37                          | 0.64%                    | 5%                     | YES           |
| Corporate Note | SOUTHERN CAL EDISON         | 633,340.50                            | 0.11%                    | 5%                     | YES           |
| Corporate Note | AMERICAN EXPRESS            | 201,001.31                            | 0.04%                    | 5%                     | YES           |
| Corporate Note | GENERAL ELECTRIC CORP       | 183,753.53                            | 0.03%                    | 5%                     | YES           |

End of month trade-date amortized cost of portfolio holdings, including accrued interest. This analysis includes the City's Fixed Income Investment Portfolio, the FMIT Subsidiary Accounts and Series 2011-A G.O. Bonds, the Central Beach CRA, the CRA Self-Directed and the City Self-Directed Accounts. Excess sweep deposits and projected outflows for pending trades in the CRA Central Beach, CRA Self-Directed, and City Self-Directed portfolios are not included. Investments in the 2018 Water & Sewer Bonds are not included since they are managed by their indenture language.

## 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.