



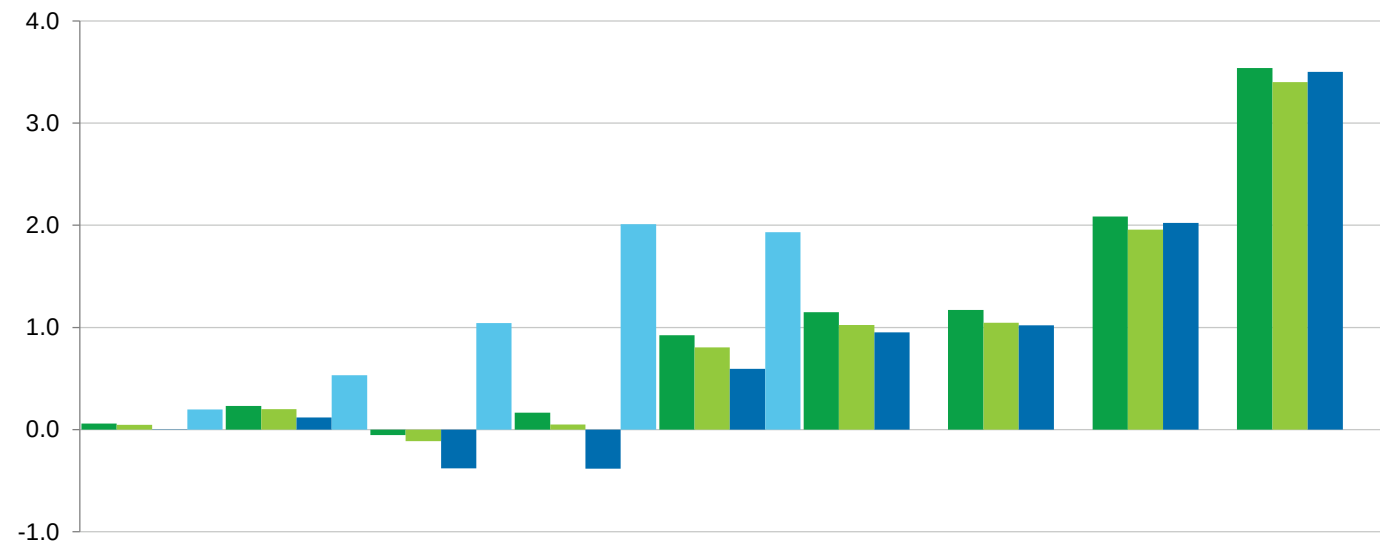
City of Shakopee

Quarterly Portfolio Report as of June 30, 2018

2018
2Q



Performance Summary



Inception Date: 07/31/1999

Returns for periods greater than one year are annualized.

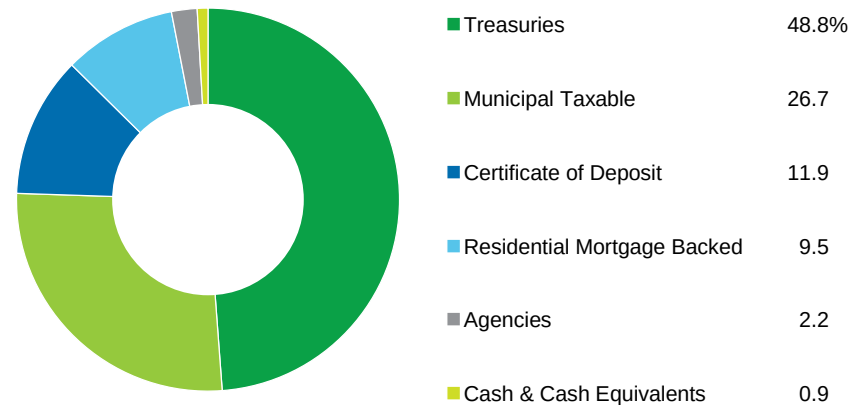


Portfolio Composition

Portfolio Activity

	Amount	Market Value
Beginning Market Value		\$47,471,554
Income Received (net of expenses)	\$238,650	
Market Appreciation	-67,313	
Net Additions/Withdrawals	-1,650,000	
Realized Gain/Loss	-61,011	
Amortization/Accretion	-6,679	
Total Changes	-\$1,546,353	-\$1,546,353
Total Market Value		\$45,925,201

Asset Allocation



Portfolio Composition

Asset Type	Market Value	% of Portfolio
Cash	\$413,449	0.90%
Fixed Income	45,306,201	98.65
Accrued Income	205,550	0.45
Open Income Receivables	0	0.00
Total Market Value	\$45,925,201	100.00%

Slight discrepancies may appear due to rounding.

† Total Market Value includes accrued interest.



Portfolio Composition (continued)

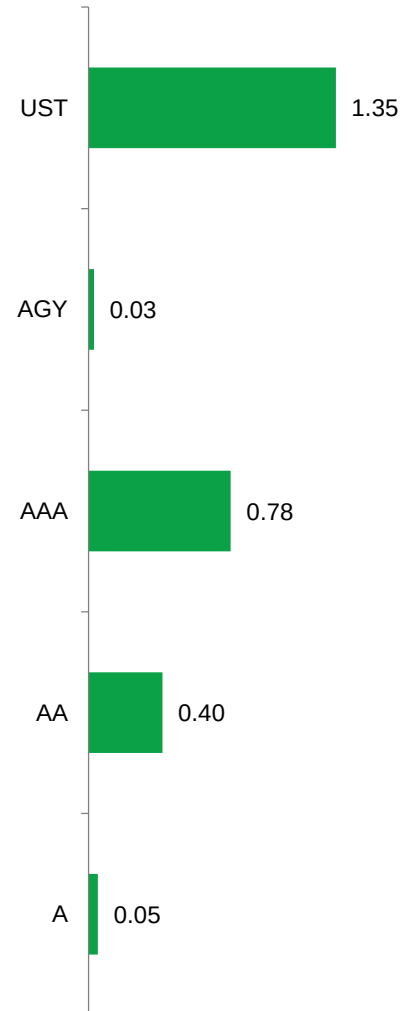
Characteristics

	Portfolio	Benchmark
Effective Duration	2.61	2.86
Convexity	0.07	0.05
Average Quality	AAA	AAA
Acquisition Yield	2.09%	N/A
Yield to Maturity	2.70%	2.68%
Modified Duration	2.63	2.86

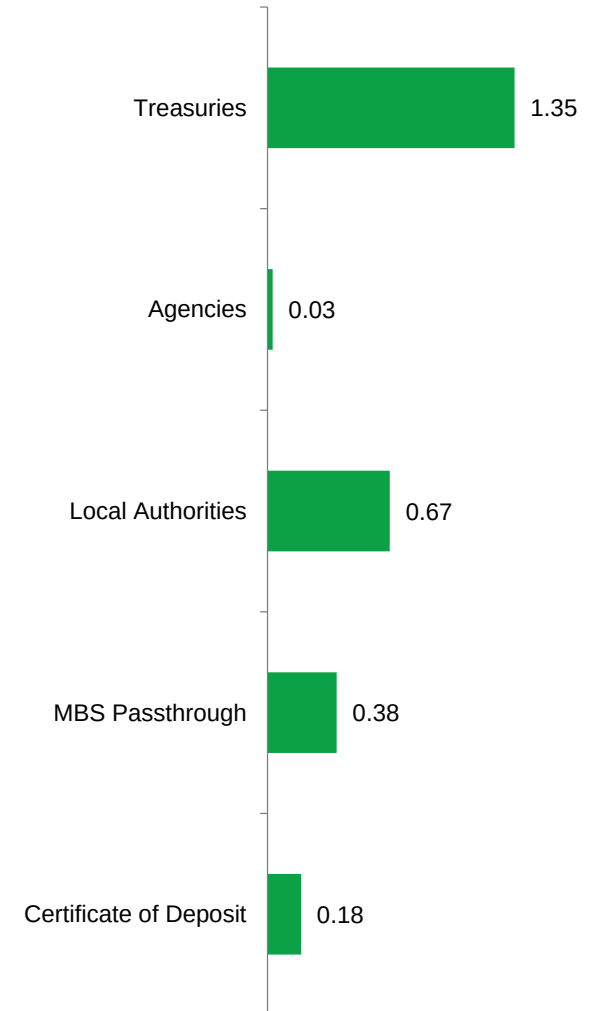
Duration Distribution

Duration	Portfolio	Benchmark
Less than 2	30.78%	27.62%
2-4	54.50	51.39
4-6	14.49	21.00
6-8	0.23	0.00
8-10	0.00	0.00
10+	0.00	0.00

Credit Quality Contribution to Duration



Sector Contribution to Duration



Benchmark = 80% Bloomberg Barclays 1-5 Yr Treasury 20% MBS 15 Yr Index
Slight discrepancies may appear due to rounding.

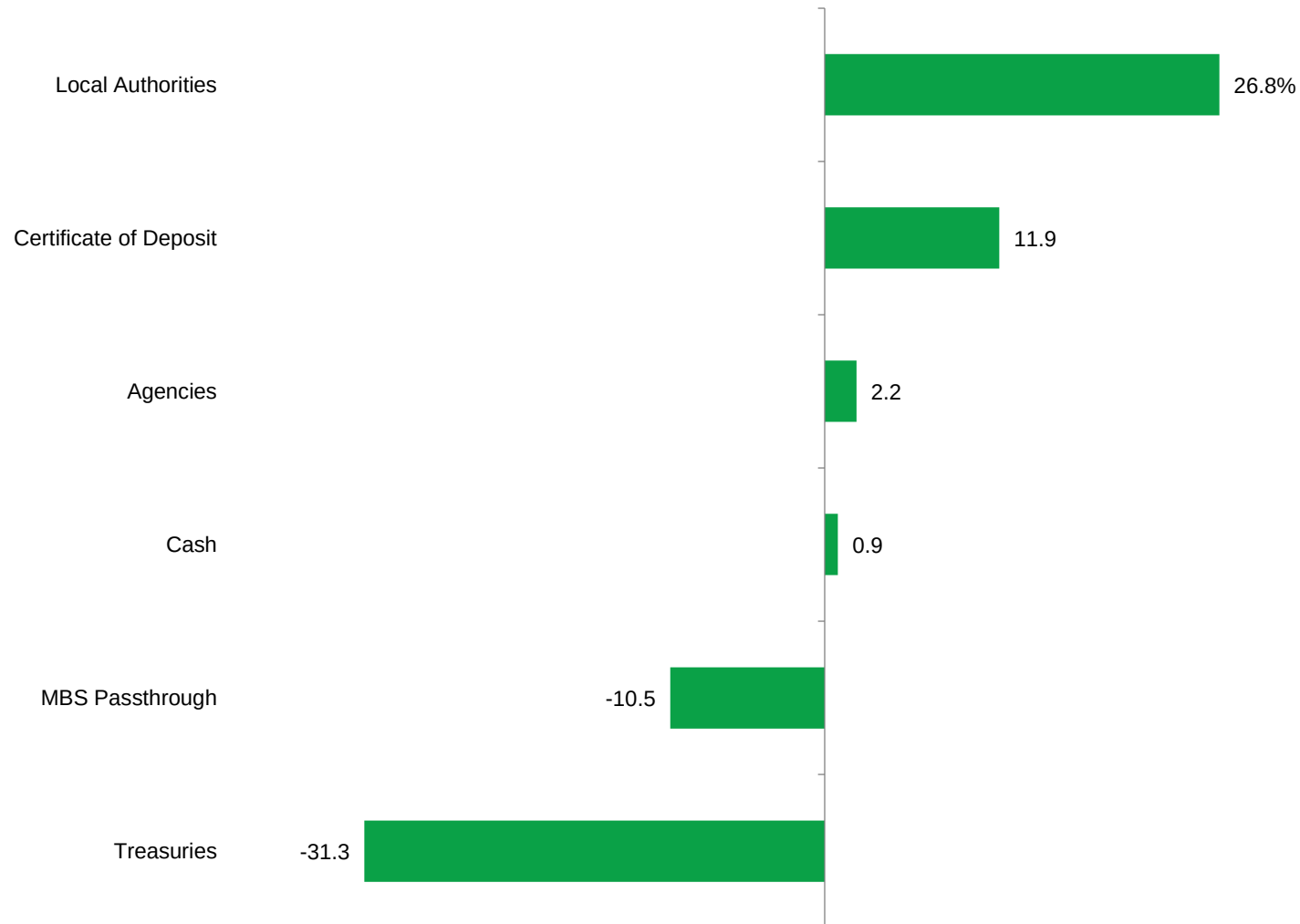


Sector Allocation

Market Value: **\$45,719,651**

as of 06/30/18

Relative To 80% Bloomberg Barclays 1-5 Yr Treasury 20% MBS 15 Yr Index





Top 10 Holdings

Number of Securities: **109**

CUSIP	Issue Name	Maturity Date	Coupon	Par Value	Market Value	% of Portfolio	Moody's	S&P	Fitch
912828N48	United States Treasury Note/Bond	12/31/2020	1.750%	\$1,600,000	\$1,567,563	3.43%	Aaa	AA+*	AAA*
3128MMTW3 FG G18564		03/15/2030	2.500	1,310,957	1,274,973	2.79	Aaa*	AA+*	AAA*
912828U65	United States Treasury Note/Bond	11/30/2021	1.750	1,250,000	1,213,086	2.65	Aaa	AA+*	AAA*
912828S76	United States Treasury Note/Bond	07/31/2021	1.125	1,250,000	1,194,434	2.61	Aaa	AA+*	AAA*
912828XW5	United States Treasury Note/Bond	06/30/2022	1.750	1,200,000	1,156,969	2.53	Aaa*	AA+*	AAA*
912828Q52	United States Treasury Note/Bond	04/15/2019	0.875	1,125,000	1,112,476	2.43	Aaa	AA+*	AAA*
31418B2N5	FN MA2580	11/25/2030	2.500	1,071,737	1,043,839	2.28	Aaa*	AA+*	AAA*
3138WAQH3	FN AS1355	05/25/2028	2.500	1,060,045	1,038,028	2.27	Aaa*	AA+*	AAA*
9128284L1	United States Treasury Note/Bond	04/30/2023	2.750	1,000,000	1,000,977	2.19	Aaa	AA+*	AAA*
29270CL52	Energy Northwest	07/01/2020	2.117	1,000,000	987,060	2.16	Aa1	AA-	AA

* Ratings provided for this security are the ratings assigned to the Issuer (or guarantor) of the security.



Transaction Summary

Purchases

	Par Value	Principal	Acq Yield*	Accrued Interest
Current Quarter	\$7,625,000	\$7,433,917	2.68%	\$24,913
2018 YTD	11,650,000	11,389,618	2.50	35,489
2017	24,918,000	24,921,363	1.37	27,526
2016	30,641,119	30,683,752	1.26	55,107

Sales

	Par Value	Principal	Market Yield*	Accrued Interest
Current Quarter	\$6,375,000	\$6,315,482	2.27%	\$16,447
2018 YTD	8,625,000	8,554,348	2.20	23,455
2017	13,050,000	13,051,705	1.29	43,461
2016	23,430,000	23,511,622	0.92	74,163

Other Disposals - Current Quarter

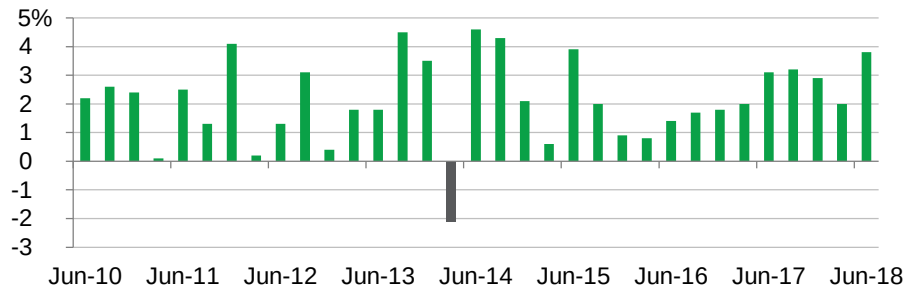
	Par Value	Principal	Market Yield*	Accrued Interest
Called	\$10,351	\$10,351	2.17%	\$0
Matured	2,550,000	2,550,000	1.54	0

* Weighted average.



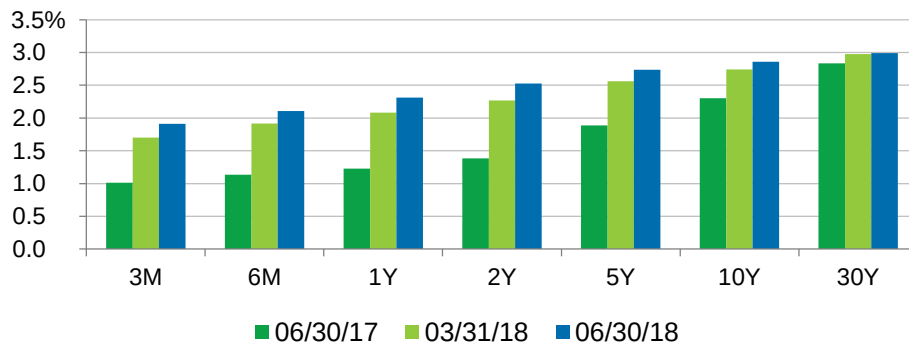
Economic Overview

GDP Growth (YoY)



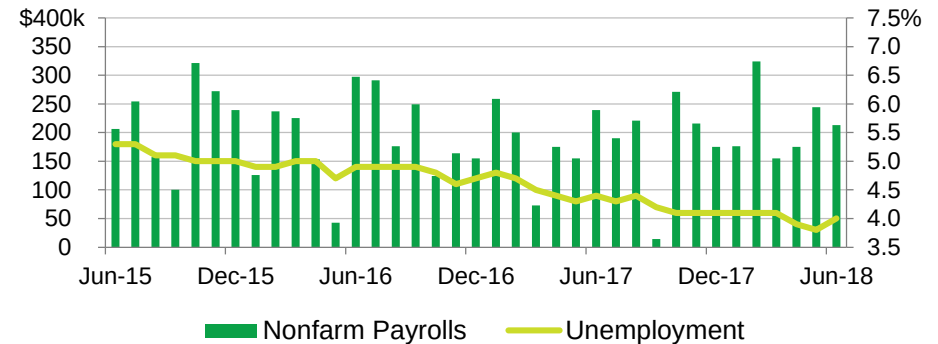
- Second quarter GDP increased from 2.0% during the first quarter at an estimated 3.8% rate, as forecasted by the Atlanta Fed.
- Growth is supported by increased consumer spending and a gradual improvement in housing.

Yield Curve



- The yield curve moved higher as the Fed raised the Fed Funds Rate 25 basis points.
- Flattening of the yield curve continues, increasing the concern for a yield curve inversion potentially forecasting slower future growth.

Employment



- The labor market continues to strengthen with nonfarm payrolls increasing by over 200,000 monthly.
- The unemployment rate shows steady improvement, and is currently at 4.0%.

FOMC Economic Projection Summary

	2018	2019	2020	Longer Run
Real GDP (Q4/Q4)				
June 2018	2.8	2.4	2.0	1.8
March 2018	2.7	2.4	2.0	1.8
Unemployment Rate (Avg. 4Q)				
June 2018	3.6	3.5	3.5	4.5
March 2018	3.8	3.6	3.6	4.5
Core PCE Inflation (% Change)				
June 2018	2.0	2.1	2.1	2.0
March 2018	1.9	2.1	2.1	2.0

Source: FOMC 06/13/2018.

- The FOMC is projecting improving GDP growth for June versus March, along with lower unemployment and an inflation forecast that matches their long-term goal of 2.0%.