

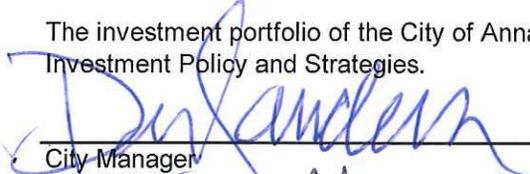


## QUARTERLY INVESTMENT REPORT

For the Quarter Ended  
**December 31, 2016**

Prepared by  
Valley View Consulting, L.L.C.

The investment portfolio of the City of Anna is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

  
\_\_\_\_\_  
City Manager

  
\_\_\_\_\_  
Finance Director

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

## Summary

### Quarter End Results by Investment Category:

Asset Type	Ave. Yield	December 31, 2016		September 30, 2016	
		Book Value	Market Value	Book Value	Market Value
Bank DDA/MMA/NOW	0.55%	\$ 14,017,132	\$ 14,017,132	\$ 13,541,143	\$ 13,541,143
TexPool	0.46%	263,345	263,345	263,071	263,071
Securities/CDs	0.65%	246,107	246,107	245,550	245,550
<b>Totals</b>		<b>\$ 14,526,584</b>	<b>\$ 14,526,584</b>	<b>\$ 14,049,763</b>	<b>\$ 14,049,763</b>

#### Current Quarter Average Yield (1)

Total Portfolio 0.55%

Rolling Three Mo. Treas. Yield 0.30%

Rolling Six Mo. Treas. Yield 0.42%

Quarterly Interest Income \$ 15,932

Year-to-date Interest Income \$ 15,932

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.55%

Rolling Three Mo. Treas. Yield 0.43%

Rolling Six Mo. Treas. Yield 0.50%

Quarterly TexPool Yield 0.46%

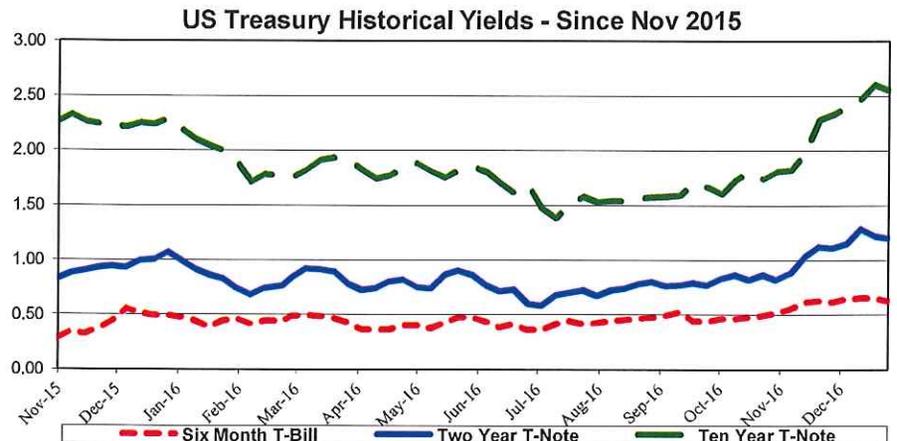
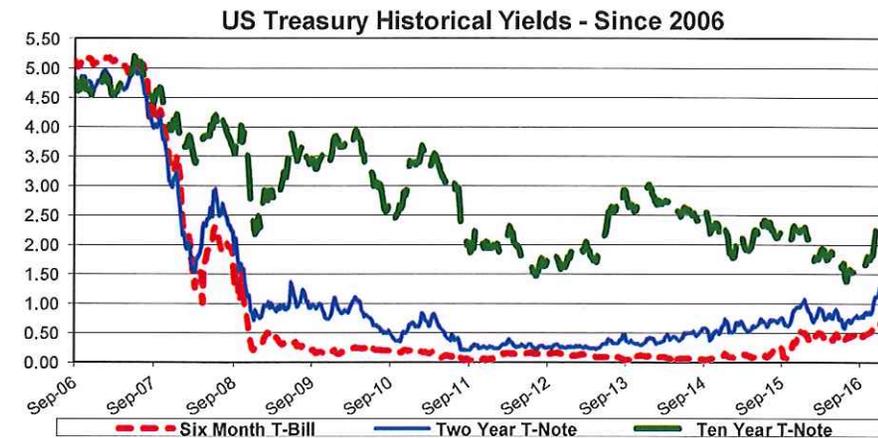
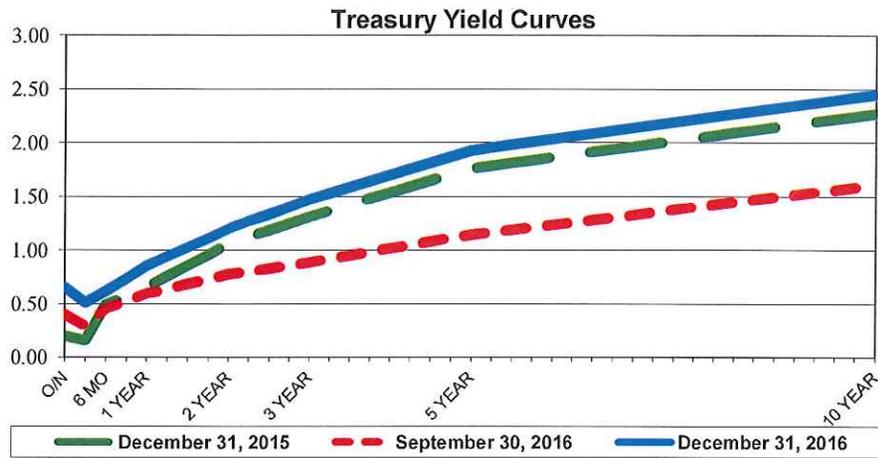
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

**Economic Overview**

12/31/2016

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 0.50% - 0.75% (actual Fed Funds currently trading +/-65 bps). The FOMC also projected the possibility of three additional increases during 2017. Third Quarter US GDP revised up to 3.5%. Other economic data recorded mixed results. December Non Farm Payroll Employment provided 156,000 new jobs. The US Stock markets recorded record highs. Treasury yields peaked and settled slightly lower. When available, CD and Taxable Municipal yields generally exceed government securities. The banks' reactions to recent market movements will determine if MMAs and CDs continue to be attractive.



## Investment Holdings

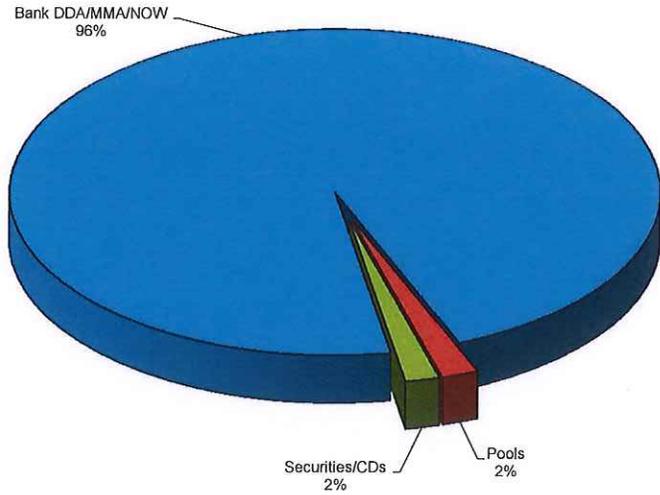
December 31, 2016

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Independent Bank		0.55%	01/01/17	12/31/16	\$ 14,017,132	\$ 14,017,132	1.000	\$ 14,017,132	1	0.55%
TexPool	AAAm	0.46%	01/01/17	12/31/16	263,345	263,345	1.000	263,345	1	0.46%
Texas Star Bank CD		0.65%	04/07/18	04/07/16	246,107	246,107	1.000	246,107	462	0.65%
					<u>\$ 14,526,584</u>	<u>\$ 14,526,584</u>		<u>\$ 14,526,584</u>	<u>9</u>	<u>0.55%</u>
									(1)	(2)

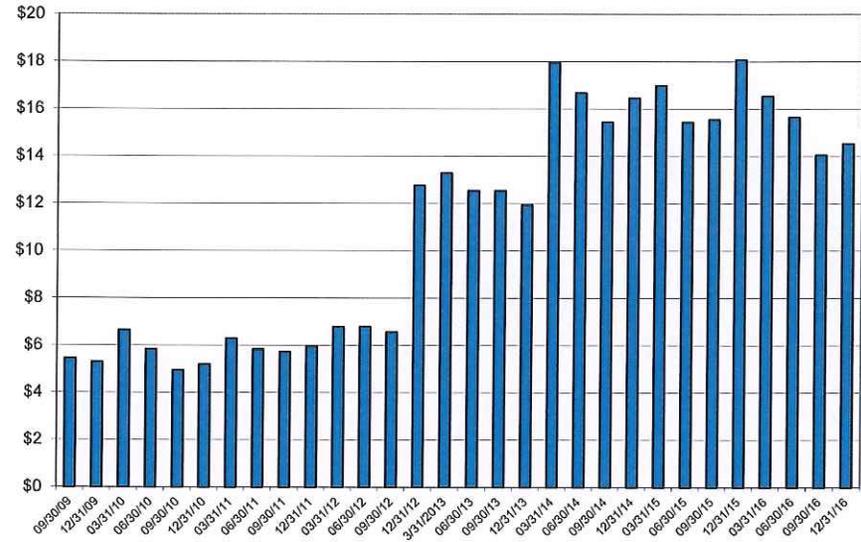
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for pool and bank account investments.

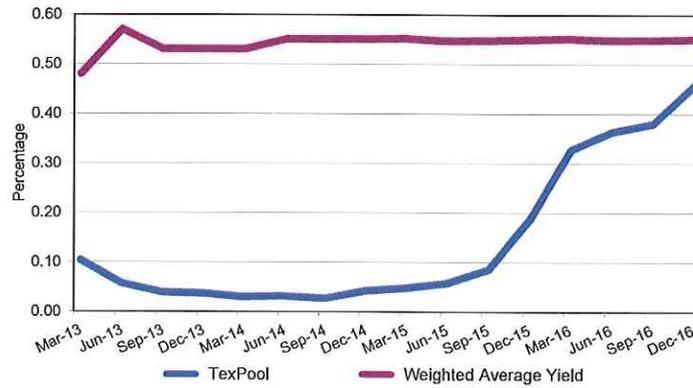
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



### Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2016				December 31, 2016	
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
Independent Bank	0.55%	01/01/17	\$ 13,541,143	\$ 13,541,143	\$ 475,989	\$ -	\$ 14,017,132	\$ 14,017,132
TexPool	0.46%	01/01/17	263,071	263,071	274		263,345	263,345
Texas Star Bank CD	0.65%	04/07/18	245,550	245,550	557		246,107	246,107
<b>TOTAL</b>			<b>\$ 14,049,763</b>	<b>\$ 14,049,763</b>	<b>\$ 476,820</b>	<b>\$ -</b>	<b>\$ 14,526,584</b>	<b>\$ 14,526,584</b>

### Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2016		Qtr to Qtr Change	December 31, 2016	
			Par Value	Market Value		Par Value	Market Value
Independent Bank	0.55%	01/01/17	\$ 13,541,143	\$ 13,541,143	\$ 475,989	\$ 14,017,132	\$ 14,017,132
TexPool	0.46%	01/01/17	263,071	263,071	274	263,345	263,345
Texas Star Bank CD	0.65%	04/07/18	245,550	245,550	557	246,107	246,107
<b>TOTAL</b>			<b>\$ 14,049,763</b>	<b>\$ 14,049,763</b>	<b>\$ 476,820</b>	<b>\$ 14,526,584</b>	<b>\$ 14,526,584</b>

**Allocation**

**December 31, 2016**

<b>Book &amp; Market Value</b>	<b>Total</b>	<b>General Operating</b>	<b>General Fund - Restricted</b>	<b>Debt Service Fund - General</b>	<b>General Capital Projects</b>	<b>Utilities Operating</b>	<b>Utilities Funds - Restricted</b>	<b>EDC</b>	<b>CDC</b>
Independent Bank	\$ 14,017,132	\$ 2,665,714	\$ 55,669	\$ 495,979	\$ 773,050	\$ 4,641,235	\$ 4,896,737	\$ 190,201	\$ 298,547
TexPool	263,345	206,591					56,754		
Texas Star Bank CD	246,107	123,053				123,053			
<b>Totals</b>	<b>\$ 14,526,584</b>	<b>\$ 2,995,358</b>	<b>\$ 55,669</b>	<b>\$ 495,979</b>	<b>\$ 773,050</b>	<b>\$ 4,764,289</b>	<b>\$ 4,953,491</b>	<b>\$ 190,201</b>	<b>\$ 298,547</b>

**Allocation**

**September 30, 2016**

<b>Book &amp; Market Value</b>	<b>Total</b>	<b>General Operating</b>	<b>General Fund - Restricted</b>	<b>Debt Service Fund - General</b>	<b>General Capital Projects</b>	<b>Utilities Operating</b>	<b>Utilities Funds - Restricted</b>	<b>EDC</b>	<b>CDC</b>
Independent Bank	\$ 13,541,143	\$ 1,093,210	\$ 71,795	\$ 2,848	\$ 804,545	\$ 4,854,205	\$ 5,304,274	\$ 846,402	\$ 563,865
TexPool	263,071	206,376					56,695		
Texas Star Bank CD	245,550	122,775				122,775			
<b>Totals</b>	<b>\$ 14,049,763</b>	<b>\$ 1,422,360</b>	<b>\$ 71,795</b>	<b>\$ 2,848</b>	<b>\$ 804,545</b>	<b>\$ 4,976,980</b>	<b>\$ 5,360,969</b>	<b>\$ 846,402</b>	<b>\$ 563,865</b>