

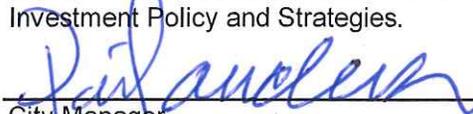


## QUARTERLY INVESTMENT REPORT

For the Quarter Ended  
**September 30, 2017**

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.

## Annual Comparison of Portfolio Performance

### FYE Results by Investment Category:

| Asset Type   | September 30, 2017   |                      |            | September 30, 2016   |                      |            |
|--|----------------------|----------------------|------------|----------------------|----------------------|------------|
|  | Book Value           | Market Value         | Ave. Yield | Book Value           | Market Value         | Ave. Yield |
| Pools/Bank DDA                                       | \$ 15,803,784        | \$ 15,803,784        | 0.45%      | \$ 13,541,143        | \$ 13,541,143        | 0.55%      |
| Texpool  | 264,899              | 264,899              | 1.02%      | 263,071              | 263,071              | 0.38%      |
| Securities/CDs                                       | 247,767              | 247,767              | 0.65%      | 245,550              | 245,550              | 0.65%      |
| <b>Totals</b>  | <b>\$ 16,316,450</b> | <b>\$ 16,316,450</b> |            | <b>\$ 15,442,431</b> | <b>\$ 15,442,431</b> |            |
| Fourth Quarter-End Yield                             |                      |                      | 0.46%      |                      |                      | 0.55%      |
| <b>Average Quarter-End Yields - Fiscal Year (1):</b> |                      |                      |            |                      |                      |            |
| Anna   |                      |                      | 0.53%      |                      |                      | 0.55%      |
| Rolling Three Month Treasury                         |                      |                      | 0.75%      |                      |                      | 0.25%      |
| Rolling Six Month Treasury                           |                      |                      | 0.78%      |                      |                      | 0.37%      |
| TexPool  |                      |                      | 0.74%      |                      |                      | 0.31%      |
| Fiscal YTD Interest Earnings                         |                      | \$ 71,661            |            |                      | \$ 87,077            |            |

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

## Summary

### Quarter End Results by Investment Category:

| Asset Type       | Ave. Yield | September 30, 2017   |                      | June 30, 2017        |                      |
|------------------|------------|----------------------|----------------------|----------------------|----------------------|
|                  |            | Book Value           | Market Value         | Book Value           | Market Value         |
| Bank DDA/MMA/NOW | 0.45%      | \$ 15,803,784        | \$ 15,803,784        | \$ 15,999,783        | \$ 15,999,783        |
| TexPool          | 1.02%      | 264,899              | 264,899              | 264,235              | 264,235              |
| Securities/CDs   | 0.65%      | 247,767              | 247,767              | 247,213              | 247,213              |
| <b>Totals</b>    |            | <b>\$ 16,316,450</b> | <b>\$ 16,316,450</b> | <b>\$ 16,511,231</b> | <b>\$ 16,511,231</b> |

#### Current Quarter Average Yield (1)

Total Portfolio 0.46%

Rolling Three Mo. Treas. Yield 1.05%

Rolling Six Mo. Treas. Yield 1.09%

Quarterly Interest Income \$ 19,316

Year-to-date Interest Income \$ 71,661

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

Total Portfolio 0.53%

Rolling Three Mo. Treas. Yield 0.75%

Rolling Six Mo. Treas. Yield 0.78%

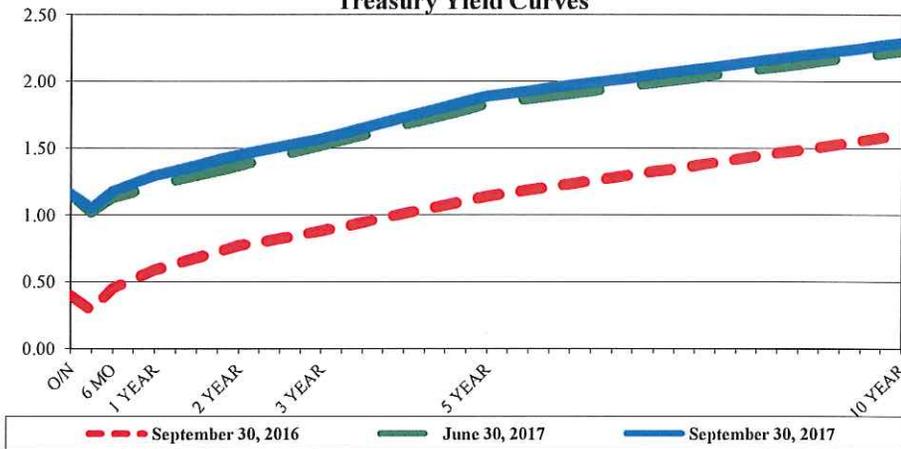
Quarterly TexPool Yield 0.74%

(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.

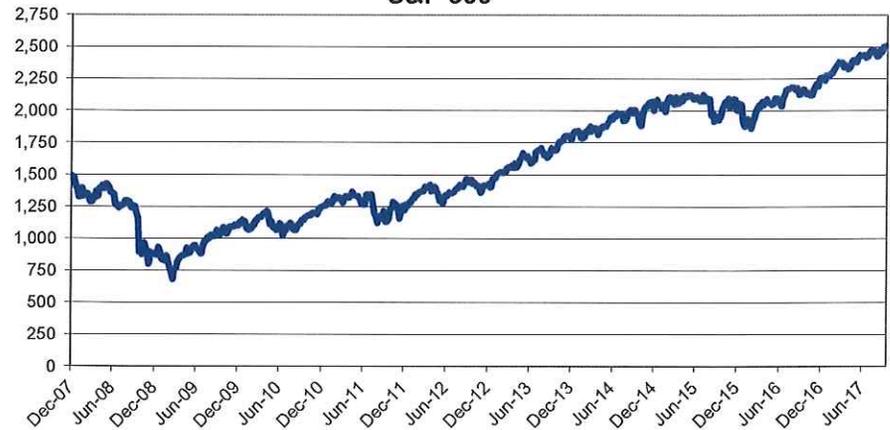
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 1.00% - 1.25% (Effective Fed Funds are trading +/-1.16%) since the June FOMC meeting. Recent announcements have increased the probability of a December rate increase. The FOMC announced a gradual portfolio reduction by limiting reinvestment of maturing holdings. Second Quarter 2017 GDP was revised to 3.1%. September Non Farm Payroll data was a storm influenced negative 33k, with downward revisions to August and July. Other US data generally showed positive with a few negative numbers. The Stock Markets achieved new highs. Monitoring estimated balances and needs will determine laddering opportunities.

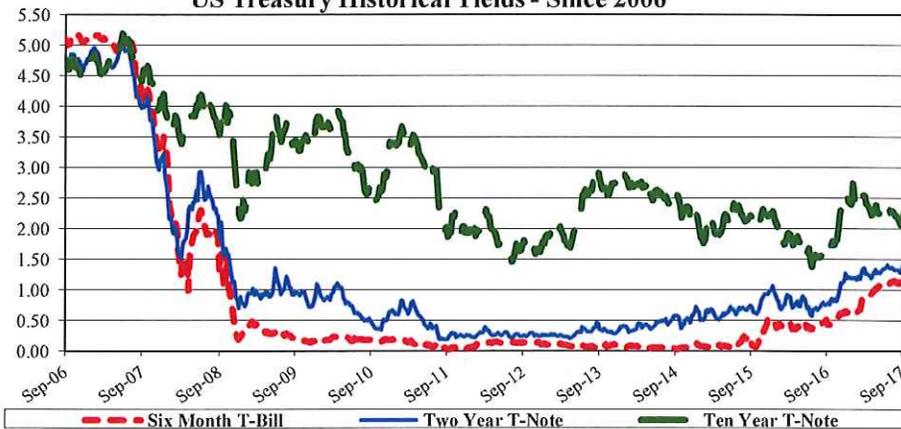
Treasury Yield Curves



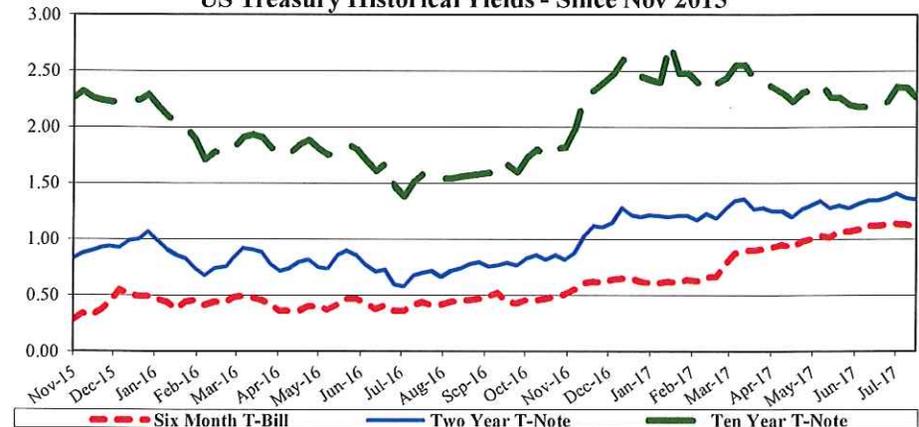
S&P 500



US Treasury Historical Yields - Since 2006



US Treasury Historical Yields - Since Nov 2015



## Investment Holdings

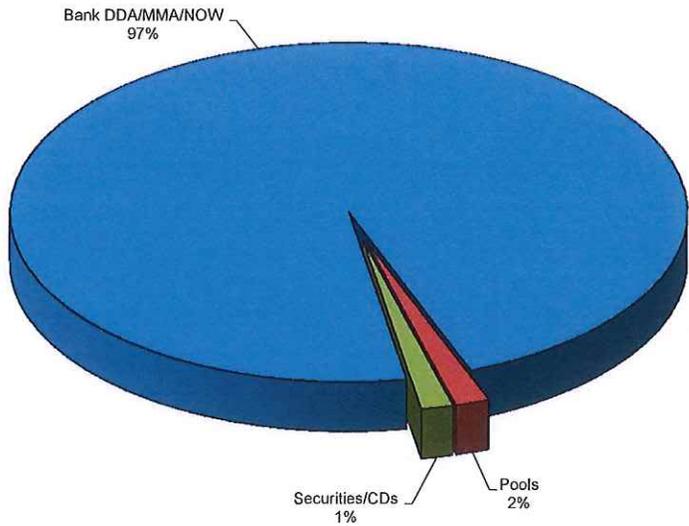
September 30, 2017

| Description        | Ratings | Coupon/<br>Discount | Maturity<br>Date | Settlement<br>Date | Par Value            | Book<br>Value        | Market<br>Price | Market<br>Value      | Life<br>(days) | Yield        |
|--------------------|---------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| Independent Bank   |         | 0.45%               | 10/01/17         | 09/30/17           | \$ 15,803,784        | \$ 15,803,784        | 1.000           | \$ 15,803,784        | 1              | 0.45%        |
| TexPool            | AAAm    | 1.02%               | 10/01/17         | 09/30/17           | 264,899              | 264,899              | 1.000           | 264,899              | 1              | 1.02%        |
| Texas Star Bank CD |         | 0.65%               | 04/07/18         | 04/07/16           | 247,767              | 247,767              | 100.00          | 247,767              | 189            | 0.65%        |
|                    |         |                     |                  |                    | <u>\$ 16,316,450</u> | <u>\$ 16,316,450</u> |                 | <u>\$ 16,316,450</u> | <u>4</u>       | <u>0.46%</u> |
|                    |         |                     |                  |                    |                      |                      |                 |                      | (1)            | (2)          |

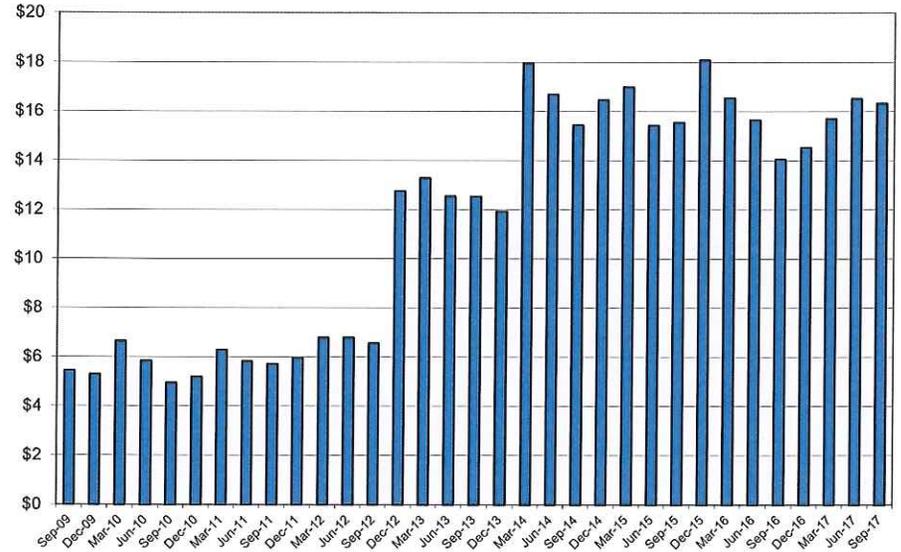
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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.

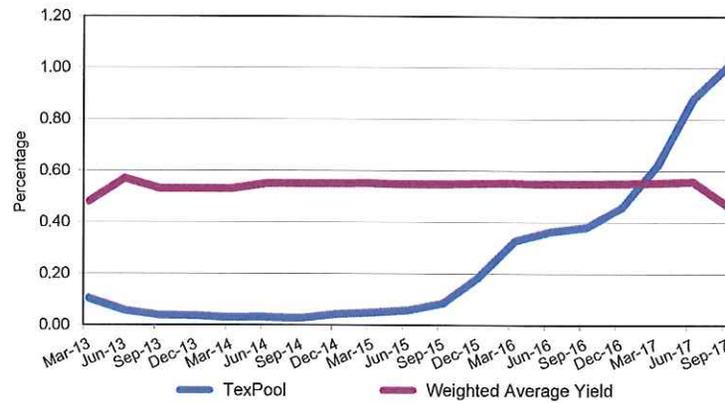
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



### Book Value Comparison

| Description        | Coupon/<br>Discount | Maturity<br>Date | June 30, 2017        |                      | Purchases/<br>Adjustments | Sales/Adjust/<br>Maturities | September 30, 2017   |                      |
|--------------------|---------------------|------------------|----------------------|----------------------|---------------------------|-----------------------------|----------------------|----------------------|
|                    |                     |                  | Par Value            | Book Value           |                           |                             | Par Value            | Book Value           |
| Independent Bank   | 0.45%               | 10/01/17         | \$ 15,999,783        | \$ 15,999,783        | \$ -                      | \$ (196,000)                | \$ 15,803,784        | \$ 15,803,784        |
| TexPool            | 1.02%               | 10/01/17         | 264,235              | 264,235              | 663                       |                             | 264,899              | 264,899              |
| Texas Star Bank CD | 0.65%               | 04/07/18         | 247,213              | 247,213              | 555                       |                             | 247,767              | 247,767              |
| <b>TOTAL</b>       |                     |                  | <b>\$ 16,511,231</b> | <b>\$ 16,511,231</b> | <b>\$ 1,218</b>           | <b>\$ (196,000)</b>         | <b>\$ 16,316,450</b> | <b>\$ 16,316,450</b> |

### Market Value Comparison

| Description        | Maturity<br>Date | June 30, 2017        |                 |                      | Qtr to Qtr<br>Change | September 30, 2017   |                 |                      |
|--------------------|------------------|----------------------|-----------------|----------------------|----------------------|----------------------|-----------------|----------------------|
|                    |                  | Par Value            | Market<br>Price | Market Value         |                      | Par Value            | Market<br>Price | Market Value         |
| Independent Bank   | 10/01/17         | \$ 15,999,783        | 1.00            | \$ 15,999,783        | \$ (196,000)         | \$ 15,803,784        | 1.00            | \$ 15,803,784        |
| TexPool            | 10/01/17         | 264,235              | 1.00            | 264,235              | 663                  | 264,899              | 1.00            | 264,899              |
| Texas Star Bank CD | 04/07/18         | 247,213              | 100.00          | 247,213              | 555                  | 247,767              | 100.00          | 247,767              |
| <b>TOTAL</b>       |                  | <b>\$ 16,511,231</b> |                 | <b>\$ 16,511,231</b> | <b>\$ (194,782)</b>  | <b>\$ 16,316,450</b> |                 | <b>\$ 16,316,450</b> |

**Allocation**

**September 30, 2017**

| <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               | \$ 15,803,784        | \$ 3,298,148             | \$ 9,778                         | \$ 482,992                         | \$ 735,868                      | \$ 6,074,201               | \$ 4,403,028                        | \$ 327,424        | \$ 472,345        |
| TexPool                        | 264,899              | 207,810                  |                                  |                                    |                                 |                            | 57,089                              |                   |                   |
| Texas Star Bank CD             | 247,767              | 123,884                  |                                  |                                    |                                 | 123,884                    |                                     |                   |                   |
| <b>Totals</b>                  | <b>\$ 16,316,450</b> | <b>\$ 3,629,841</b>      | <b>\$ 9,778</b>                  | <b>\$ 482,992</b>                  | <b>\$ 735,868</b>               | <b>\$ 6,198,085</b>        | <b>\$ 4,460,117</b>                 | <b>\$ 327,424</b> | <b>\$ 472,345</b> |

**Allocation**

**June 30, 2017**

| <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               | \$ 15,999,783        | \$ 2,427,560             | \$ 65,809                        | \$ 588,294                         | \$ 1,447,655                    | \$ 5,966,216               | \$ 4,811,689                        | \$ 337,147        | \$ 355,414        |
| TexPool                        | 264,235              | 207,290                  |                                  |                                    |                                 |                            | 56,946                              |                   |                   |
| Texas Star Bank CD             | 247,213              | 123,606                  |                                  |                                    |                                 | 123,606                    |                                     |                   |                   |
| <b>Totals</b>                  | <b>\$ 16,511,231</b> | <b>\$ 2,758,456</b>      | <b>\$ 65,809</b>                 | <b>\$ 588,294</b>                  | <b>\$ 1,447,655</b>             | <b>\$ 6,089,822</b>        | <b>\$ 4,868,635</b>                 | <b>\$ 337,147</b> | <b>\$ 355,414</b> |