

City of Cupertino

Period Ending June 30, 2019

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com



SECTION 1	Economic Update
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Transactions

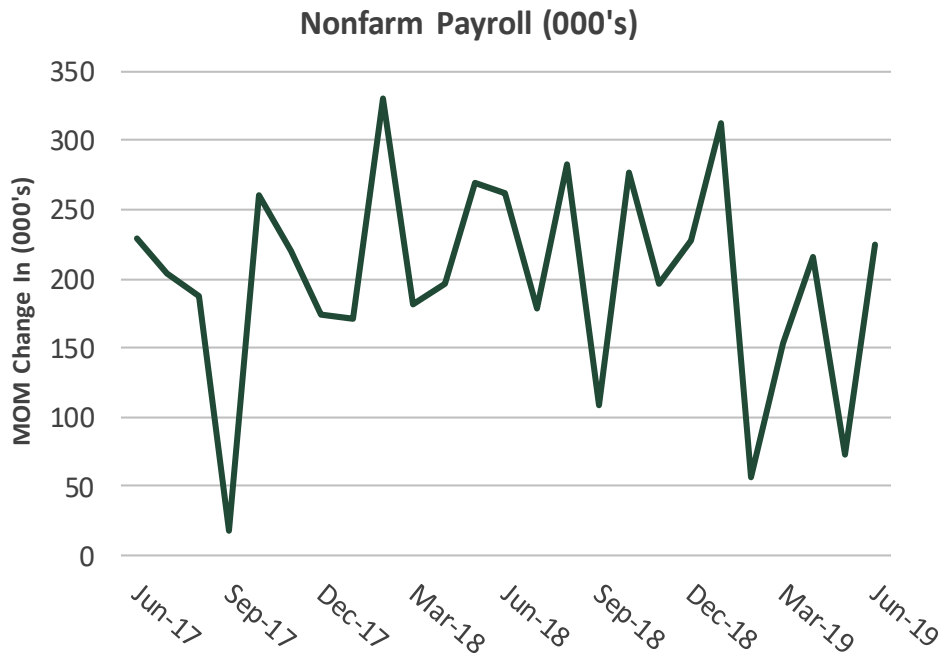
Section 1 | Economic Update

Economic Update

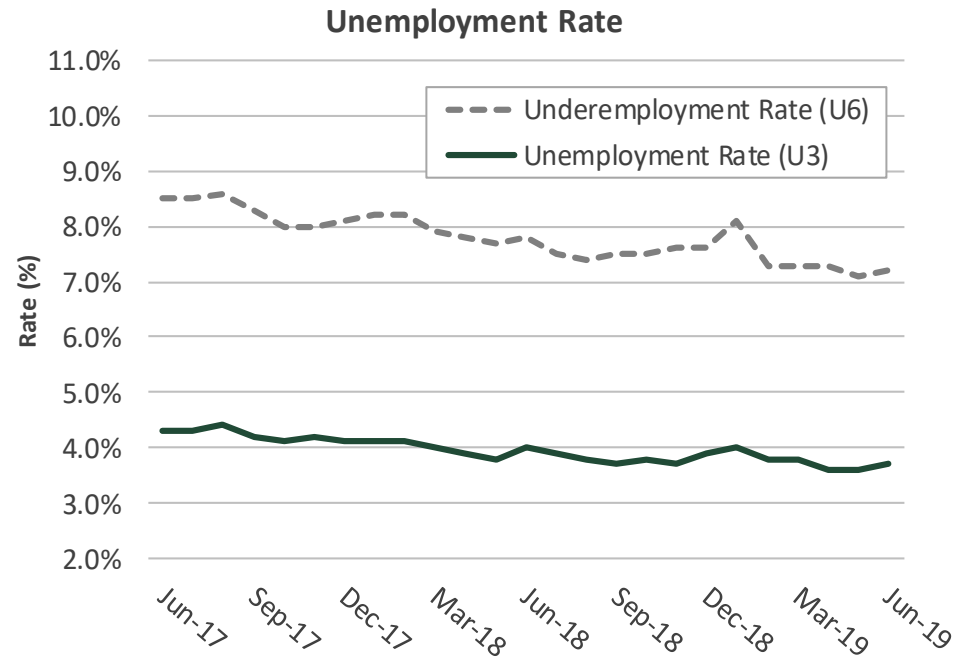
- In our view, US domestic economic data remains consistent with a slow growth environment; the US labor market is strong, wages are growing modestly, and inflation remains contained. However, headwinds to the economy have increased. Ongoing global trade disputes, slowing global economic growth, an uncertain outlook for Brexit, and geopolitical tensions have made the outlook uncertain. The trajectory of economic growth is likely to hinge on the outcome of ongoing trade negotiations as well as policy action by the major global central banks. We believe there is a high level of political pressure to make progress toward a trade agreement with China before the election cycle heats up this fall. We also believe a dovish collective stance by major global central banks should help to combat the headwinds to global economic growth.
- The Federal Open Market Committee (FOMC) kept the target fed funds rate unchanged in June at a range of 2.25%-2.50%. In the policy statement, the Fed noted that market-based measures of inflation have declined and uncertainties about the economic outlook have increased. With regard to future policy adjustments, the Fed removed the word “patient” from the policy statement, and indicated they are prepared to act as appropriate to incoming data in order to sustain the economic expansion. The Fed did not make any changes to their balance sheet normalization program, and the runoff remains on track to end in September. There was one dissenting vote amongst the FOMC members, James Bullard, who was in favor of lowering the fed funds rate by 25 basis points.
- Treasury yields declined further in June. At month-end, the 3-month T-bill yield was down 25 basis points to 2.09%, the 2-year Treasury yield was down 17 basis point to 1.76%, and the 10-year Treasury yield was down 12 basis points to 2.01%. An inversion of the yield curve in which the 10-year Treasury yield is lower than the 3-month T-bill yield is generally viewed as a powerful predictive signal of an upcoming recession. Although our 6-month forecast does not call for a recession, we believe downside risks to the economy are building. Notably, sovereign 10-year bond yields around the world were under pressure in June and the yields on both the 10-year German Bund and 10-year Japanese Government Bond remained negative at month-end.

Source: Bloomberg

Employment



Source: US Department of Labor

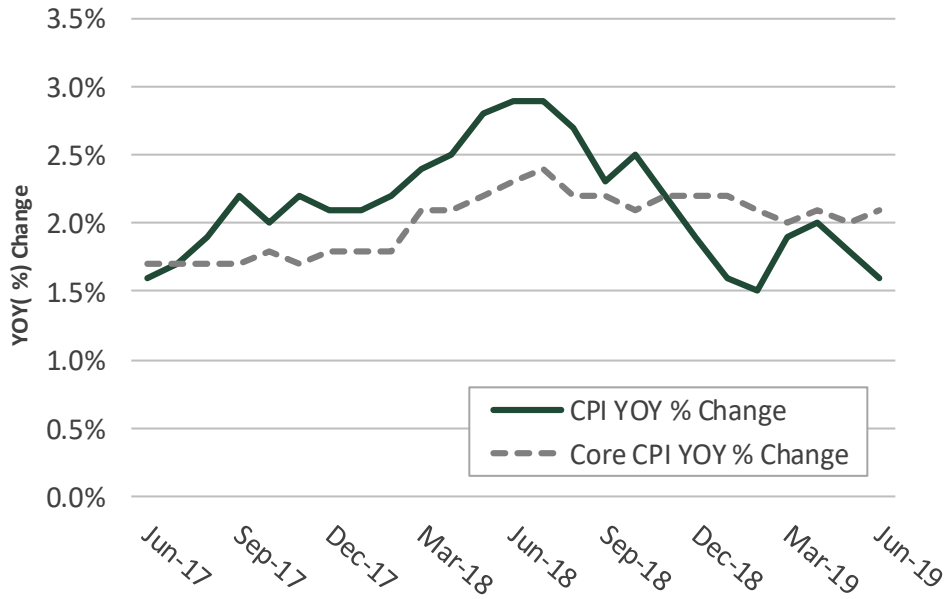


Source: US Department of Labor

U.S. nonfarm payrolls rose by 224,000 in June, well above the consensus forecast of 165,000. April and May payrolls were revised down by a total of just 11,000. On a trailing 3-month basis payrolls increased an average of 171,000, more than enough to absorb new entrants into the labor market. The unemployment rate ticked up to 3.7% in June from 3.6% in May as the participation rate also increased to 62.9% from 62.8%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, also edged up to 7.2% in June from 7.1% in May. Wages rose 0.2% in June (slightly below expectations), following and upwardly revised 0.3% increase in May. On a year-over-year basis, wages were up 3.1% in June, versus up 3.2% in May.

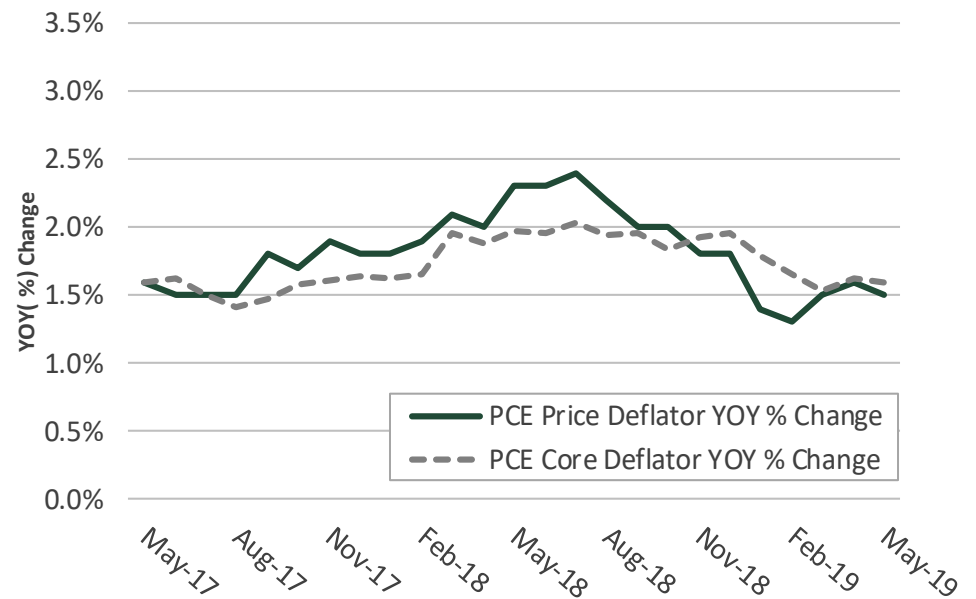
Inflation

Consumer Price Index (CPI)



Source: US Department of Labor

Personal Consumption Expenditures (PCE)

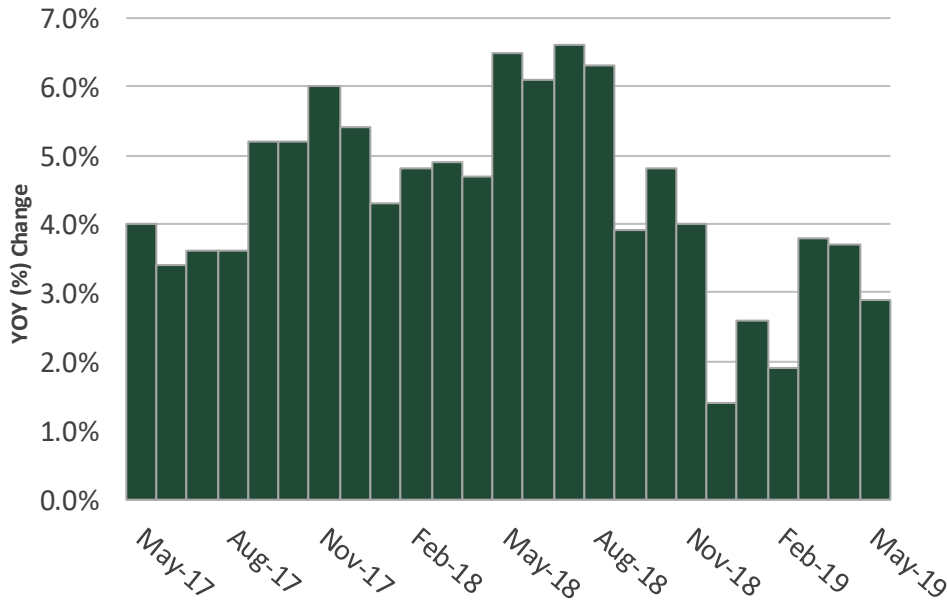


Source: US Department of Commerce

The Consumer Price Index (CPI) was up just 1.6% year-over-year in June, versus up 1.8% year-over-year in May. Core CPI (CPI less food and energy) was up 2.1% year-over-year in June, versus up 2.0% year-over-year in May. The Personal Consumption Expenditures (PCE) index was up 1.5% year-over-year in May, versus up 1.6% year-over-year in April. Core PCE, which is the Fed's primary inflation gauge, was up 1.6% year-over-year in May, unchanged from April, remaining below the Fed's 2.0% inflation target.

Consumer

Retail Sales YOY % Change



Source: US Department of Commerce

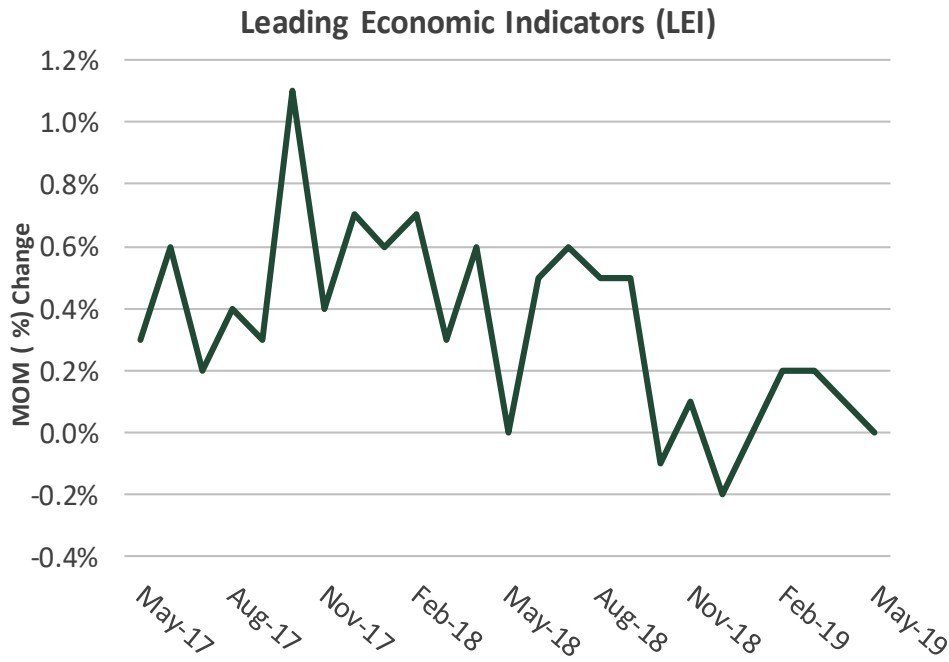
Consumer Confidence



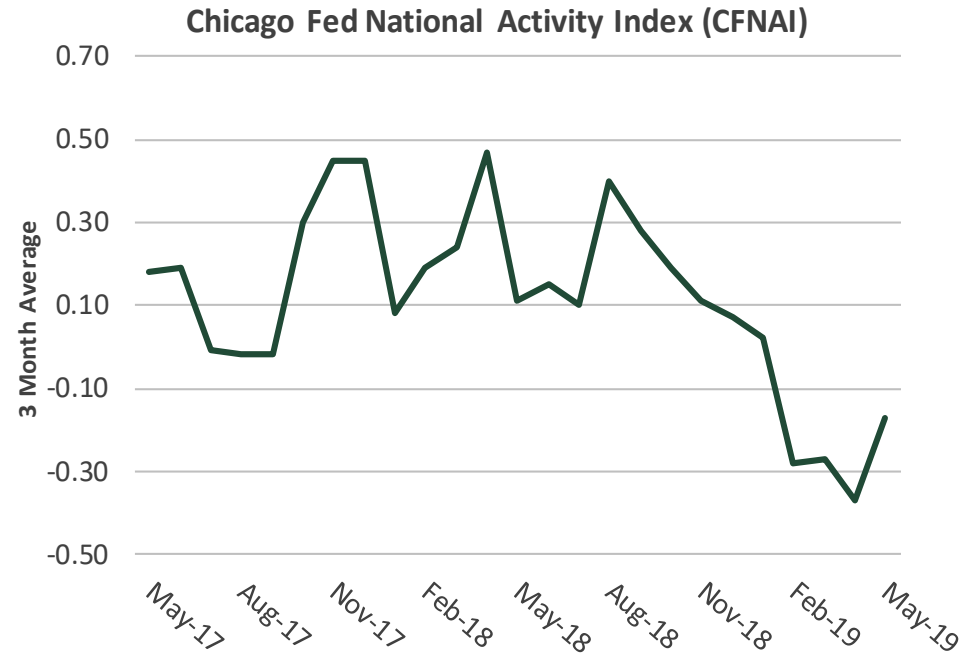
Source: The Conference Board

On a year-over-year basis, retail sales were up 3.2% in May, versus up 3.7% year-over-year in April. On a month-over-month basis, retail sales increased 0.5% in May, and sales growth for April was revised up to 0.3% from -0.2%. Retail sales excluding autos and gas were up 0.5% in May, better than expectations of 0.4%. Solid growth in May, and upward revisions to April, indicate that consumer spending trends remain favorable. The Consumer Confidence Index declined to 121.5 in June from 131.3 in May, falling below expectations, largely driven by concerns regarding the escalation in trade and tariff tensions. Despite the sharp decline in confidence in June, the index remains strong relative to longer-term historical levels.

Economic Activity



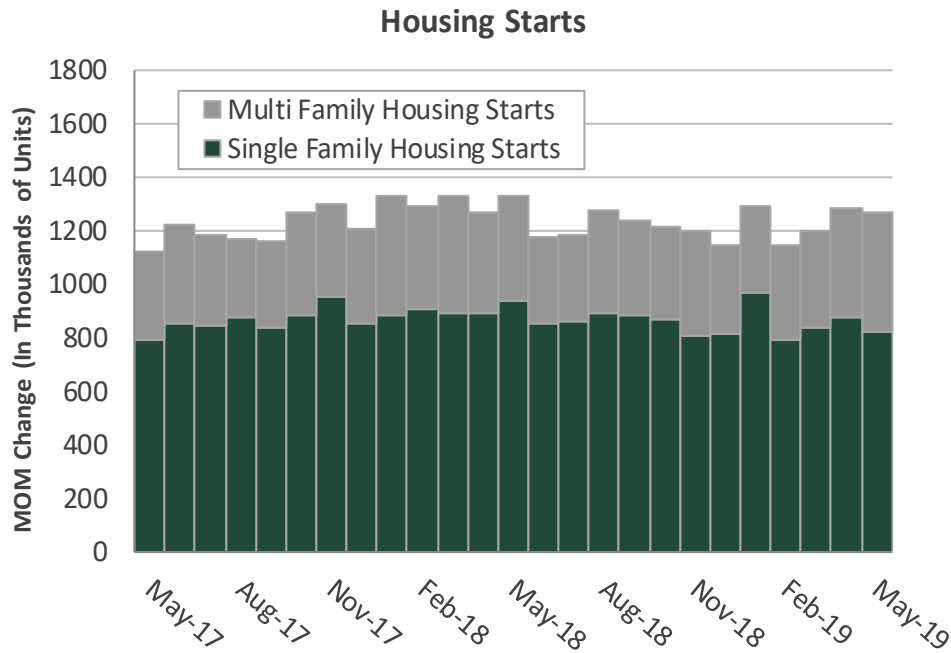
Source: The Conference Board



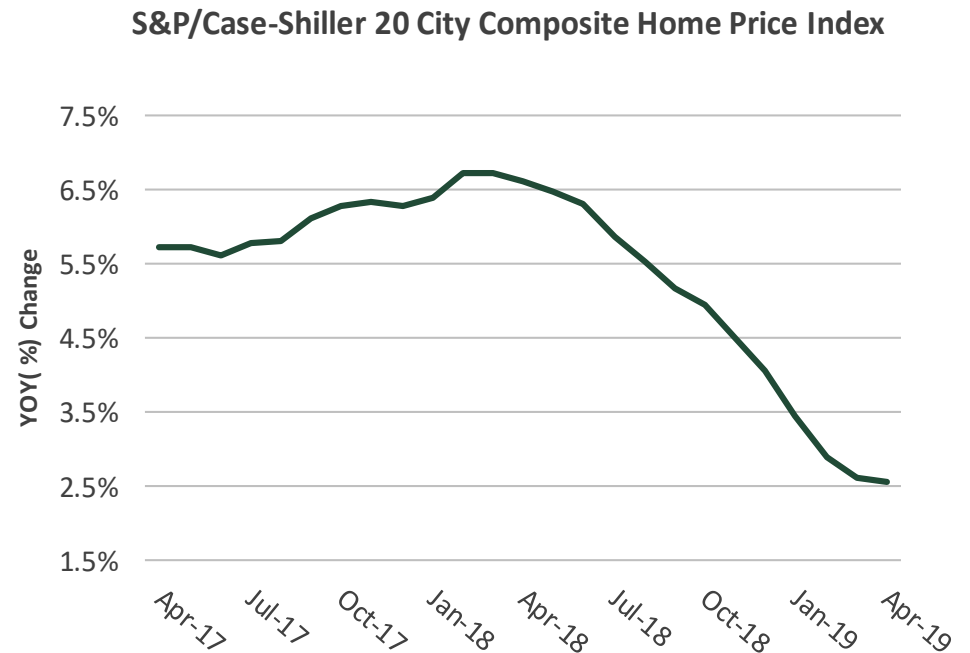
Source: Federal Reserve Bank of Chicago

The Leading Economic Index (LEI) was flat in May, on a month-over-month basis, following a 0.1% increase in April. The Conference Board believes that the economy will continue to grow but the pace of growth is likely to moderate to 2% by year-end. The Chicago Fed National Activity Index (CFNAI) improved to -0.05 in May from -0.48 in April. On a 3-month moving average basis, the index improved to -0.17 from -0.37. The CFNAI suggests that the economy is slowing but is not indicative of a recession. Negative values are generally consistent with below-average growth. Periods of economic contraction have historically been associated with values below -0.70 on a 3-month moving average basis.

Housing



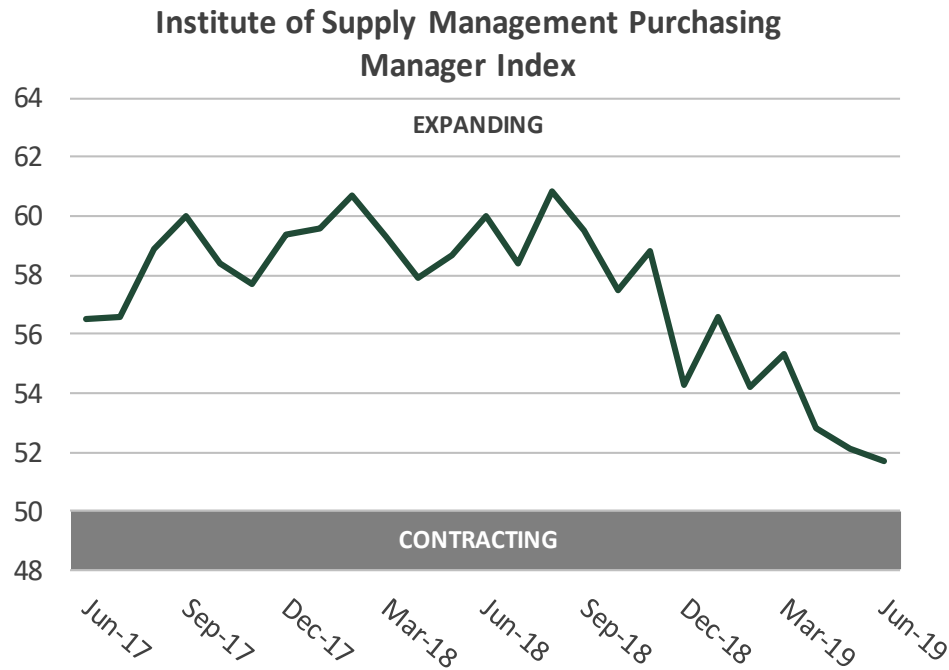
Source: US Department of Commerce



Source: S&P

Housing starts were stronger than expected in May, down slightly to a 1.269 million annual rate from an upwardly revised annual rate of 1.281 million in April. Multi-family starts jumped 10.9% to an annualized rate of 449,000, but single-family starts fell 6.4% to an annualized rate of 820,000. On a year-over-year basis, total housing starts were down 4.7% in May. According to the Case-Shiller 20-City home price index, home prices were up just 2.5% year-over-year in April, versus up 2.6% in March. The year-over-year pace of growth is at a 7-year low.

Manufacturing



Source: Institute for Supply Management



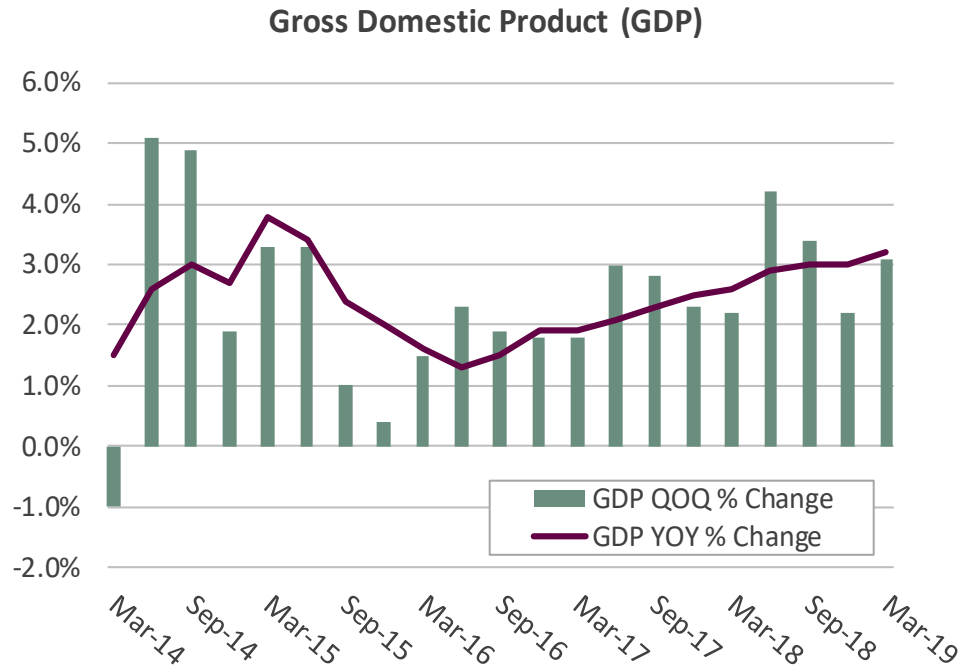
Source: Federal Reserve

The Institute for Supply Management (ISM) manufacturing index decreased to 51.7 in June from 52.1 in May. The June reading was slightly better than expected but still came in at the lowest level since October 2016. Nevertheless, a reading above 50.0 suggests the manufacturing sector is expanding. The Industrial Production index was up 2.1% year-over-year in May versus up 0.9% year-over-year in April. On a month-over-month basis, production was up 0.4%, exceeding the consensus forecast of 0.2%. The manufacturing component of the index increased 0.2% in May, after declining 0.5% in April. Capacity Utilization increased to 78.1% in May from 77.9% in April, but remains below the long-run average of 79.8% indicating there is still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	6/18	9/18	12/18	3/19
Personal Consumption Expenditures	2.6%	2.4%	1.7%	0.6%
Gross Private Domestic Investment	-0.1%	2.5%	0.7%	1.1%
Net Exports and Imports	1.2%	-2.0%	-0.1%	0.9%
Federal Government Expenditures	0.2%	0.2%	0.1%	0.0%
State and Local (Consumption and Gross Investment)	0.2%	0.2%	-0.1%	0.5%
Total	4.2%	3.4%	2.2%	3.1%

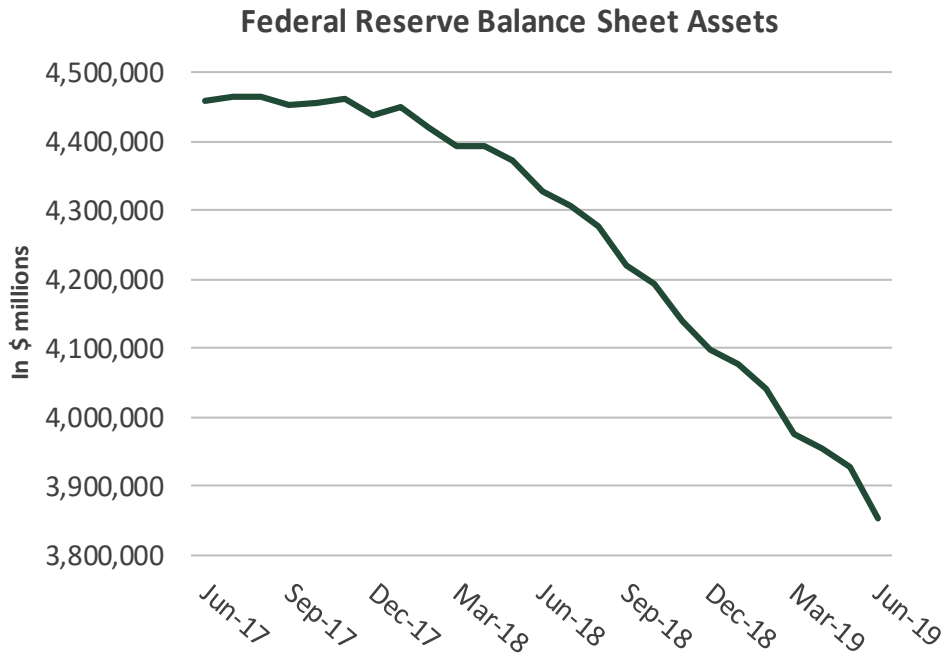
Source: US Department of Commerce



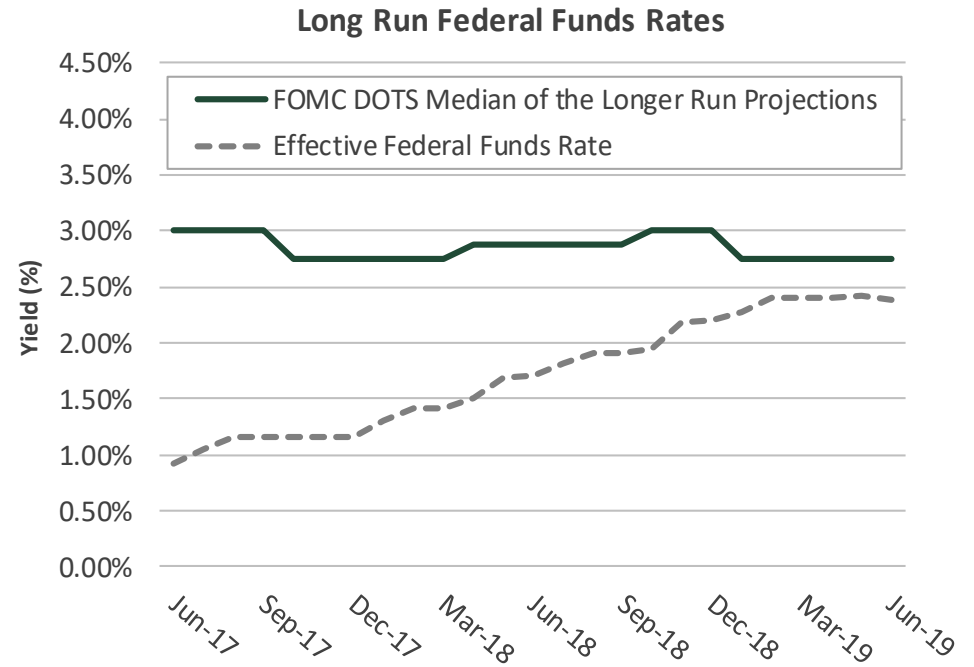
Source: US Department of Commerce

According to the third estimate, first quarter GDP grew at an annualized pace of 3.1%, unchanged from the second estimate and in line with the consensus. Despite the government shutdown and ongoing global trade disputes, GDP growth accelerated in the first quarter from 2.2% in the fourth quarter. Net exports and state and local government spending advanced in the first quarter, while consumer spending and business investment moderated. Residential investment contracted in the quarter. The consensus estimate for second quarter GDP growth is 1.8%. Overall, the consensus view calls for GDP growth of 2.5% this year versus 2.9% last year, which is consistent with moderate economic growth.

Federal Reserve



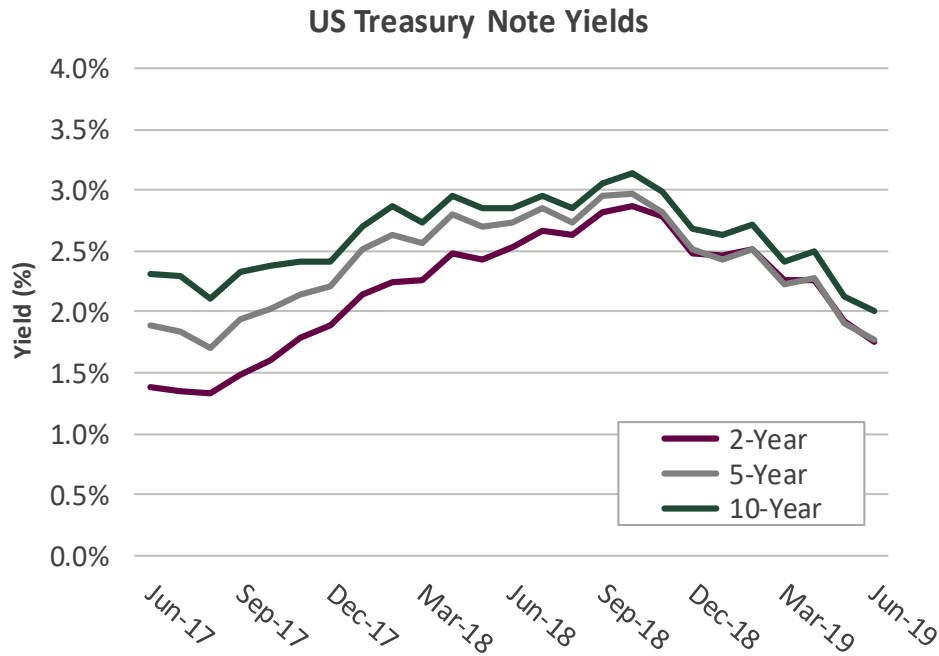
Source: Federal Reserve



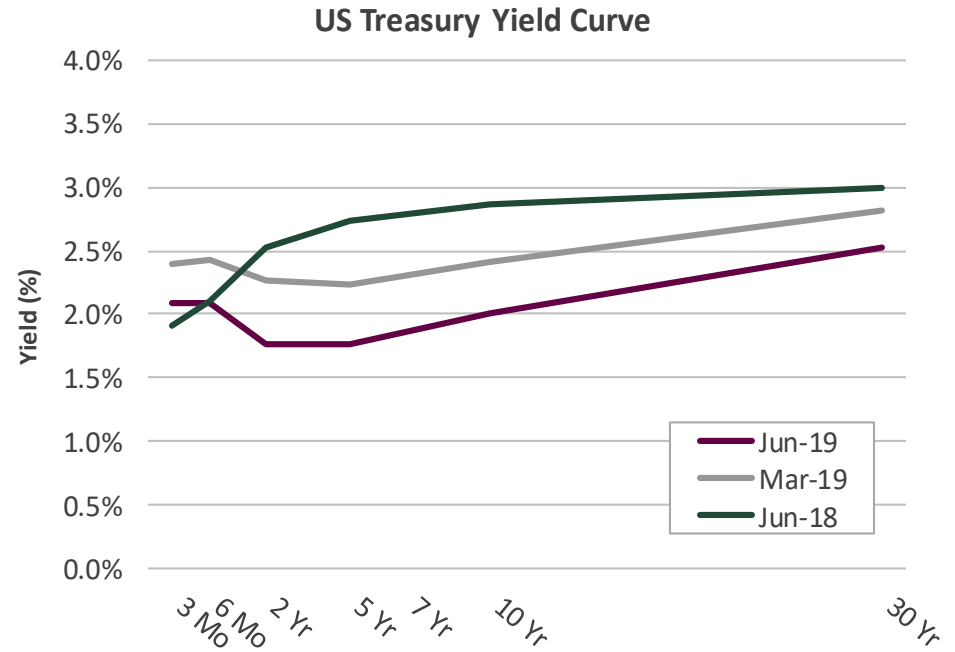
Source: Bloomberg

Fed policymakers have signaled they are prepared to act as appropriate to incoming data in order to sustain the economic expansion. Many policymakers are now anticipating a rate cut by year-end. The FOMC lowered its long-run median federal funds rate target in June to 2.5%. The Fed has been normalizing the size of its balance sheet since October 2017, by allowing a specified amount of Treasury, mortgage-backed, and agency securities to roll off each month. In March 2019, the Fed announced plans to begin slowing down the reduction of their balance sheet and conclude their balance sheet reduction program at the end of September 2019. This will leave the Fed with a larger balance sheet (slightly higher than \$3.5 trillion) than they originally expected.

Bond Yields



Source: Bloomberg



Source: Bloomberg

The shape of the Treasury yield curve has changed significantly on a year-over-year basis. As of month-end in June, the 3-month T-bill yield was up nearly 18 basis points, the 2-Year Treasury yield was down 77 basis points, and the 10-Year Treasury yield was down nearly 86 basis points, year-over-year. The current shape of the yield curve implies that market participants are pricing-in multiple rate cuts. We believe the decline in long-term Treasury yields reflects a high level of market participants' nervousness about the outlook for global economic growth and a decline in global inflation expectations.

Section 2 | Account Profile

Investment Objectives

The City of Cupertino's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed incomes securities consistent with the investment policy and California Government Code.

City of Cupertino

Assets managed by Chandler Asset Management are in full compliance with state law and with the City's investment policy.

Category	Standard	Comment
Treasury Issues	No Limitation	<i>Complies</i>
Agency Issues	Obligations issued by GNMA, FFCB, FHLB, FNMA, SLMA, and FHLMC	<i>Complies</i>
Banker's Acceptances	40% maximum; 180 days max maturity	<i>Complies</i>
Commercial Paper	A-1+ or P-1 short term debt rated or better by S&P or Moody's; and AA long-term debt issuer rated or better by a S&P or Moody's; 25% maximum; 10% max per issuer name (of the cost value of the portfolio); 5% max per issuer (of the issuer's net worth); 270 days max maturity; Issued by domestic corporations with assets > \$500 million; 10% max outstanding paper of the issuing corporation.	<i>Complies</i>
Negotiable Certificates of Deposit (NCDs)	30% maximum; 10% max per issuer name (of the cost value of the portfolio); 5% max per issuer (of the issuer's net worth); Issued by nationally or state chartered banks, state or federal savings institutions, or state or federal credit unions; Institutions may use a private sector entity to assist in the placement of the certificates of deposit under the conditions specified by California Government Code; 5 years max maturity	<i>Complies</i>
Certificates of Deposit (CDs)/Time Deposit (TDs)	30% maximum; 10% max per issuer name (of the cost value of the portfolio); 5% max per issuer (of the issuer's net worth); Certificates of Deposit, Time Deposit, non-negotiable, and collateralized in accordance with California Government Code	<i>Complies</i>
Corporate Medium Term Notes	A rated or better by Moody's or S&P ; 30% maximum; 10% max per issuer name (of the cost value of the portfolio); 5% max per issuer (of the issuer's net worth); Issued by corporations organized and operating in the U.S.; 5 years max maturity	<i>Complies</i>
Municipal Issues	Bonds issued by local agency, including bonds payable solely out of the revenues from a revenue producing property owned, controlled or operated by the local agency or by a department, board, agency, or authority of the local agency; Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue producing property owned, controlled or operated by the state or by a department, board, agency or authority of the state; Bonds, notes, warrants or other evidences of indebtedness of any local agency within this state	<i>Complies</i>
Money Market Funds	20% maximum; Daily money market funds administered for or by trustees, paying agents and custodian banks contracted by a City of Cupertino as allowed under California Government Code; Only funds holding U.S. Treasury obligations, government agency obligations or repurchase agreements collateralized by U.S. Treasury or Government agency obligations can be utilized.	<i>Complies</i>
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF; Not used by investment adviser	<i>Complies</i>
Repurchase Agreements	10% max per issuer name (of the cost value of the portfolio); 5% max per issuer (of the issuer's net worth); 1 year max maturity; 102% collateralized; A PSA Master Repurchase Agreement is required between City of Cupertino and the broke/dealer or financial institution for all repurchase agreements; Not used by investment adviser	<i>Complies</i>
Prohibited Securities	Reverse Repurchase Agreement; Common stocks; Long-term (> 5 years maturity) notes and bonds; Special circumstances arise that necessitate purchase of securities beyond the 5-year limitation. On such occasions, request must be approved by City Council prior to purchase.	<i>Complies</i>
Max Per Issuer	10% max per issuer name (of the cost value of the portfolio); 5% max per issuer (of the issuer's net worth)	<i>Complies</i>
Maximum maturity	5 years	<i>Complies</i>

City of Cupertino

	6/30/2019		3/31/2019
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.65	2.24	1.34
Average Modified Duration	2.53	2.09	1.25
Average Purchase Yield	n/a	2.01%	1.86%
Average Market Yield	1.78%	2.10%	2.42%
Average Quality**	AAA	AA/Aa1	AA+/Aa1
Total Market Value		68,116,368	67,188,983

*ICE BAML 1-5 Yr US Treasury/Agency Index

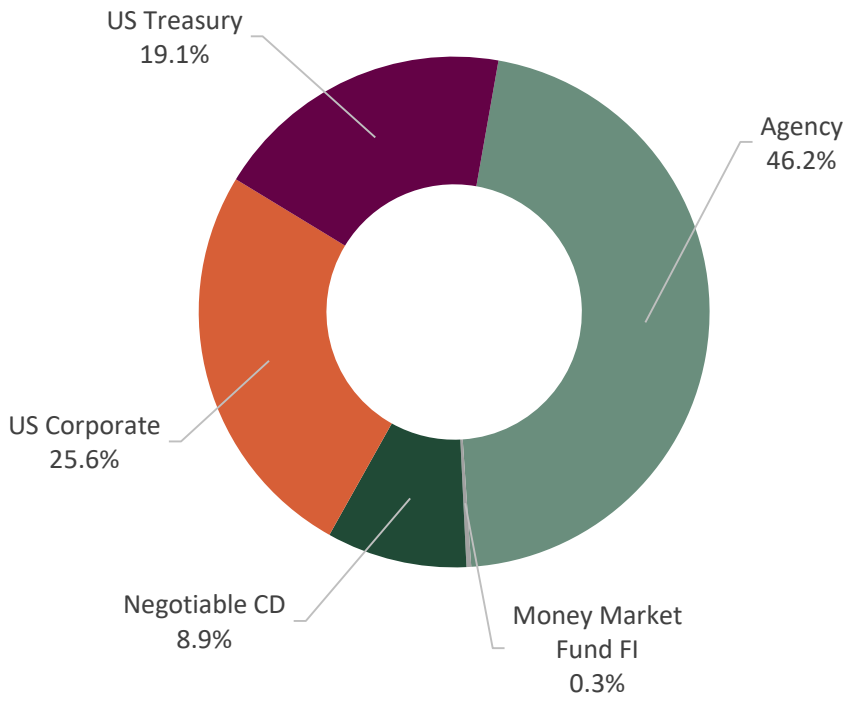
**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

Sector Distribution

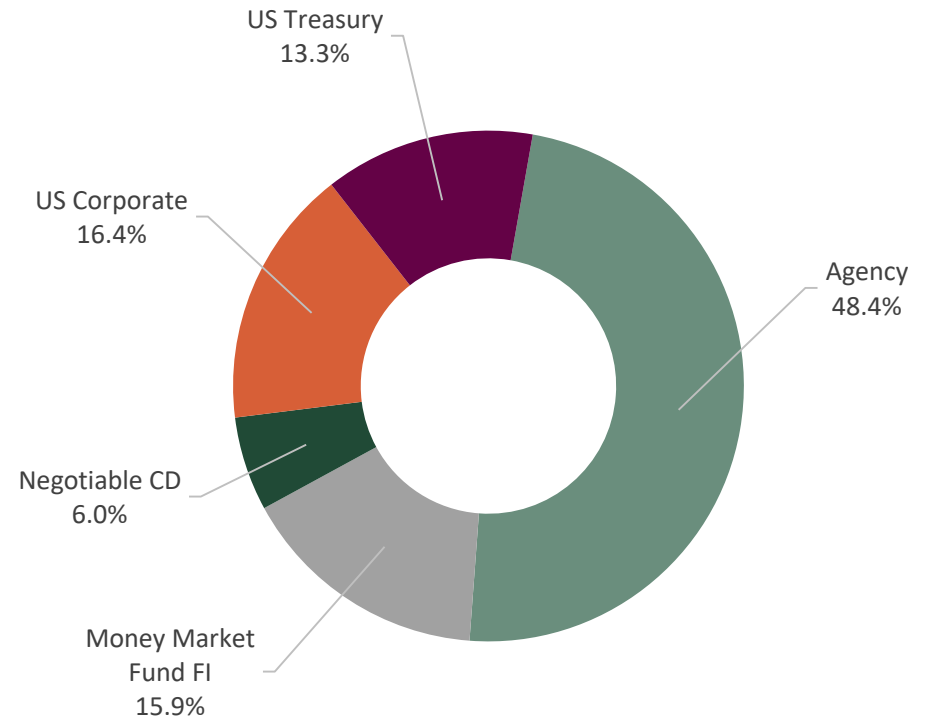
As of June 30, 2019

City of Cupertino

June 30, 2019



March 31, 2019



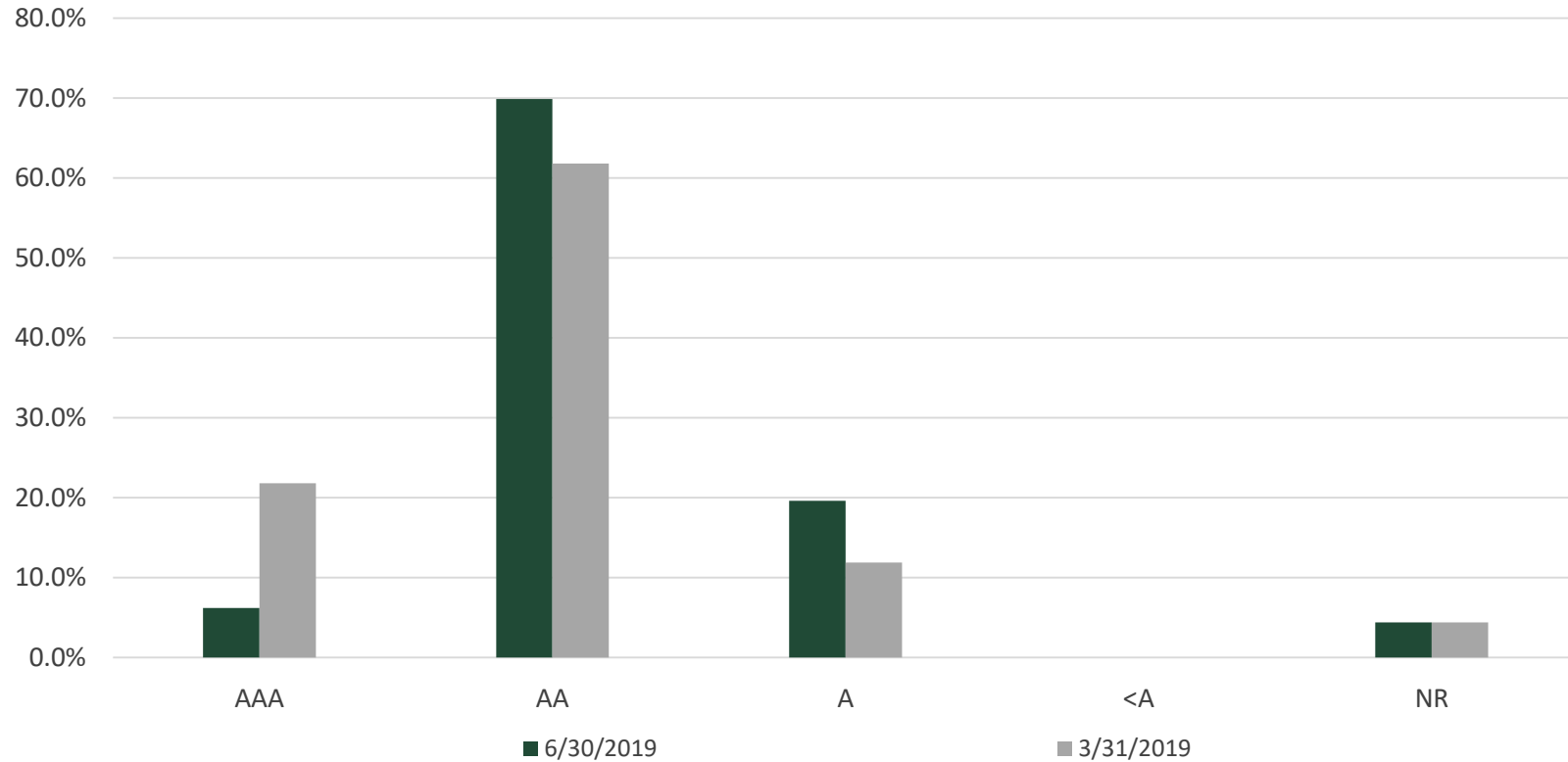
City of Cupertino – Account #10659

Issue Name	Investment Type	% Portfolio
Federal Home Loan Mortgage Corp	Agency	19.17%
Government of United States	US Treasury	19.09%
Federal Home Loan Bank	Agency	17.40%
Federal National Mortgage Association	Agency	6.70%
Bank of Nova Scotia Houston	Negotiable CD	2.96%
Nordea Bank ABP New York	Negotiable CD	2.96%
Toronto Dominion Holdings	Negotiable CD	2.96%
Federal Farm Credit Bank	Agency	2.93%
IBM Corp	US Corporate	2.21%
PNC Financial Services Group	US Corporate	1.80%
Honda Motor Corporation	US Corporate	1.56%
Wal-Mart Stores	US Corporate	1.54%
Bank of New York	US Corporate	1.54%
Bank of America Corp	US Corporate	1.54%
Deere & Company	US Corporate	1.51%
JP Morgan Chase & Co	US Corporate	1.51%
Charles Schwab Corp/The	US Corporate	1.50%
Toyota Motor Corp	US Corporate	1.50%
General Dynamics Corp	US Corporate	1.50%
Wells Fargo Corp	US Corporate	1.50%
Apple Inc	US Corporate	1.49%
Oracle Corp	US Corporate	1.47%
State Street Bank	US Corporate	1.47%
Chubb Corporation	US Corporate	1.25%
Paccar Financial	US Corporate	0.67%
Wells Fargo 100% Treasury MMKT Fund	Money Market Fund FI	0.28%
TOTAL		100.00%

Quality Distribution

As of June 30, 2019

City of Cupertino
June 30, 2019 vs. March 31, 2019



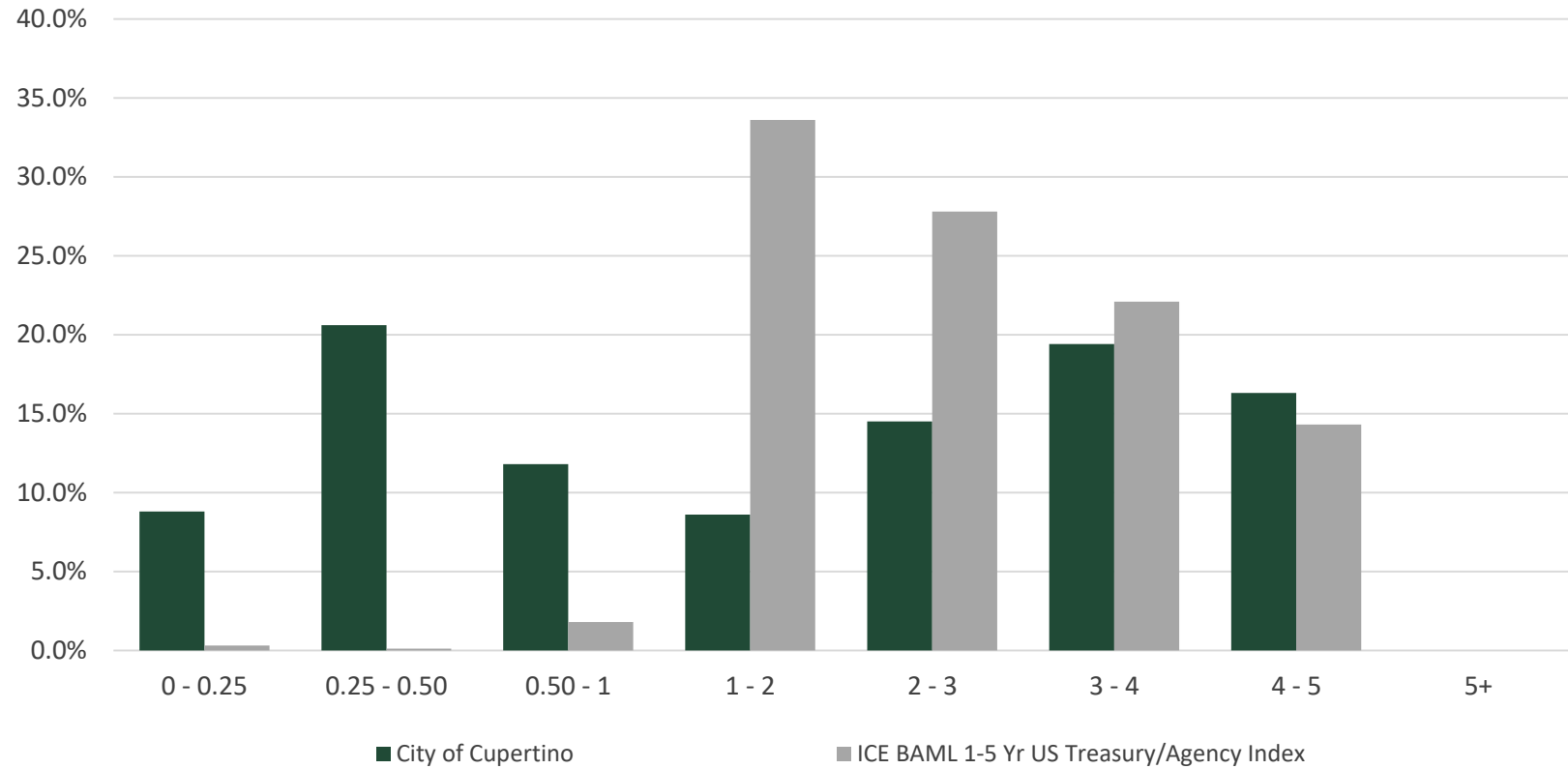
	AAA	AA	A	<A	NR
06/30/19	6.2%	69.9%	19.6%	0.0%	4.4%
03/31/19	21.8%	61.8%	11.9%	0.0%	4.4%

Source: S&P Ratings

Duration Distribution

As of June 30, 2019

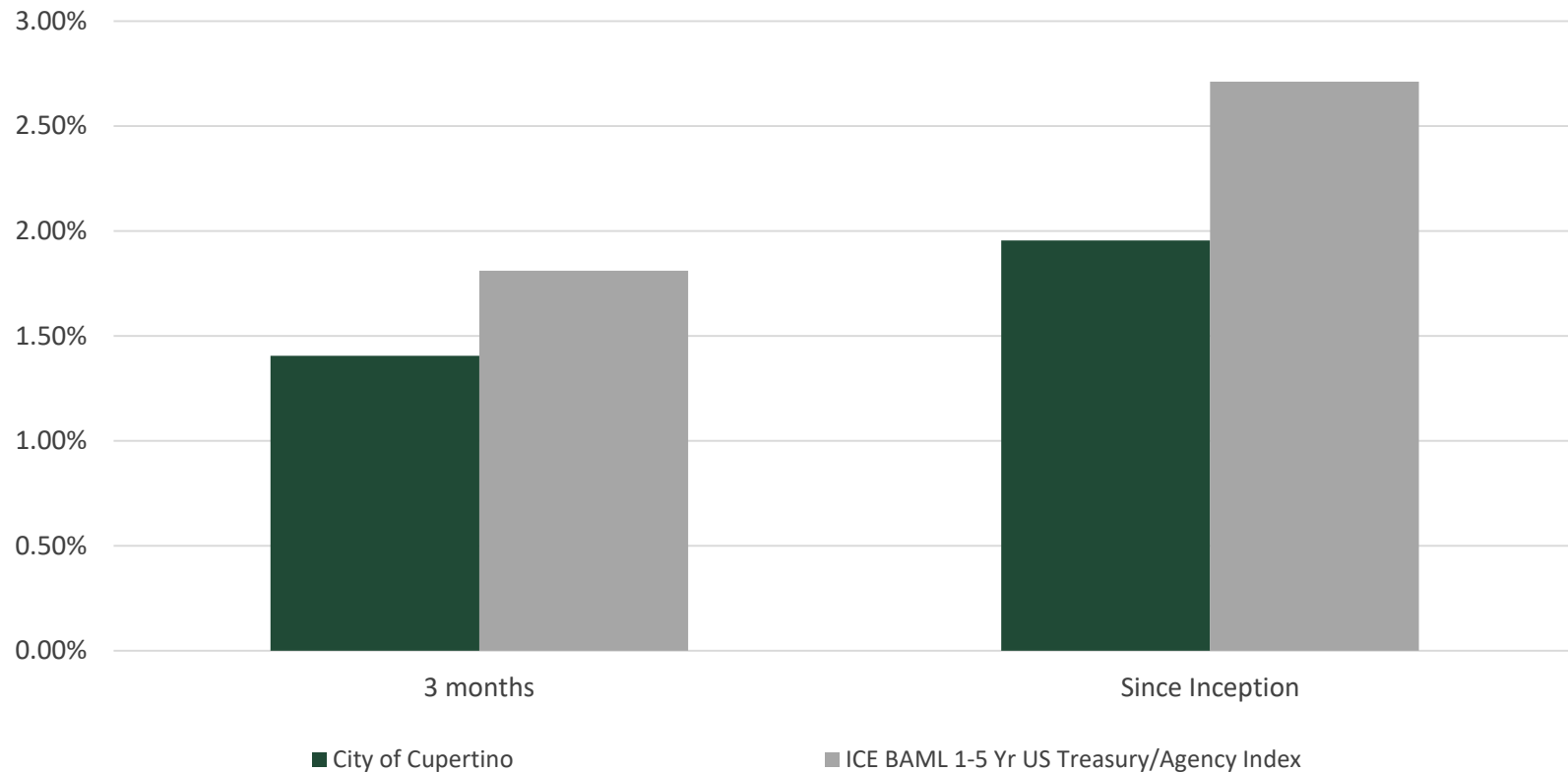
City of Cupertino
Portfolio Compared to the Benchmark as of June 30, 2019



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	8.8%	20.6%	11.8%	8.6%	14.5%	19.4%	16.3%	0.0%
Benchmark*	0.3%	0.1%	1.8%	33.6%	27.8%	22.1%	14.3%	0.0%

*ICE BAML 1-5 Yr US Treasury/Agency Index

City of Cupertino Total Rate of Return Since Inception 01/31/2019



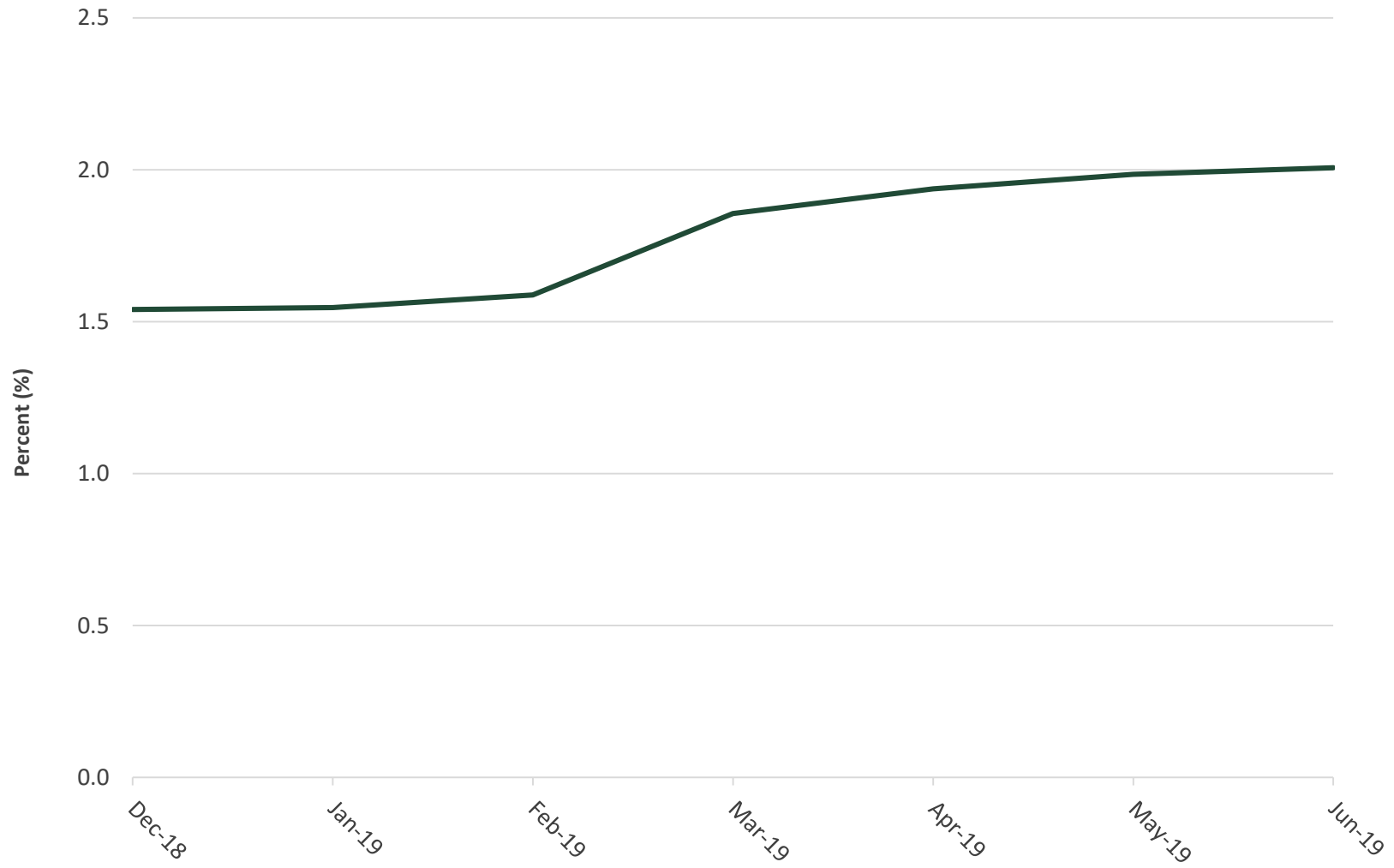
TOTAL RATE OF RETURN	Latest 3 months	Since Inception
City of Cupertino	1.40%	1.95%
ICE BAML 1-5 Yr US Treasury/Agency Index	1.81%	2.71%

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Historical Average Purchase Yield

As of June 30, 2019

City of Cupertino
Purchase Yield as of 6/30/2019 = 2.01%





Section 3 | Portfolio Holdings

Holdings Report

As of June 30, 2019

City of Cupertino - Account #10659

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Agency									
313383VN8	FHLB Note 2.000% Due 09/13/2019	2,000,000.00	10/16/2015 1.21%	2,060,000.00 2,003,109.24	99.94 2.26%	1,998,898.00 12,000.00	2.95% (4,211.24)	Aaa / AA+ AAA	0.21 0.20
313378UP4	FHLB Note 2.000% Due 10/11/2019	2,000,000.00	06/22/2017 1.43%	2,025,840.00 2,003,133.98	99.94 2.22%	1,998,744.00 8,888.89	2.95% (4,389.98)	Aaa / AA+ NR	0.28 0.28
3133EGJ30	FFCB Note 1.100% Due 11/18/2019	2,000,000.00	11/23/2016 1.36%	1,984,760.00 1,998,042.57	99.64 2.04%	1,992,820.00 2,627.78	2.93% (5,222.57)	Aaa / AA+ AAA	0.39 0.38
3134G8S83	FHLMC Callable Note 1X 3/30/2017 1.500% Due 12/30/2019	3,000,000.00	03/30/2016 1.50%	3,000,000.00 3,000,000.00	99.65 2.21%	2,989,473.00 11,375.00	4.41% (10,527.00)	Aaa / AA+ AAA	0.50 0.49
3134G9G43	FHLMC Callable Note 1X 12/30/2016 1.020% Due 12/30/2019	3,000,000.00	06/30/2016 1.02%	3,000,000.00 3,000,000.00	99.41 2.21%	2,982,348.00 85.00	4.38% (17,652.00)	Aaa / AA+ AAA	0.50 0.49
3134G9MW4	FHLMC Callable Note 1X 5/26/2017 1.350% Due 05/26/2020	2,000,000.00	05/31/2016 1.35%	2,000,000.00 2,000,000.00	99.49 1.92%	1,989,864.00 2,625.00	2.93% (10,136.00)	Aaa / AA+ AAA	0.91 0.89
3134G9SK4	FHLMC Callable Note 1X 6/30/2017 1.500% Due 06/30/2020	2,000,000.00	06/30/2016 1.50%	2,000,000.00 2,000,000.00	99.58 1.93%	1,991,542.00 83.33	2.92% (8,458.00)	Aaa / AA+ AAA	1.00 0.99
3136G3QQ1	FNMA Callable Note 1X 5/25/2017 1.500% Due 11/25/2020	3,000,000.00	05/25/2016 1.50%	3,000,000.00 3,000,000.00	99.48 1.88%	2,984,283.00 4,500.00	4.39% (15,717.00)	NR / NR AAA	1.41 1.38
313376C94	FHLB Note 2.625% Due 12/10/2021	3,000,000.00	01/19/2017 1.90%	3,100,890.00 3,050,445.00	101.88 1.84%	3,056,265.00 4,593.75	4.49% 5,820.00	Aaa / AA+ AAA	2.45 2.36
3137EADB2	FHLMC Note 2.375% Due 01/13/2022	1,500,000.00	06/21/2019 1.84%	1,520,100.00 1,519,949.36	101.48 1.78%	1,522,161.00 16,625.00	2.26% 2,211.64	Aaa / AA+ AAA	2.54 2.43
3137EAEN5	FHLMC Note 2.750% Due 06/19/2023	1,500,000.00	06/21/2019 1.83%	1,553,100.00 1,552,844.71	103.54 1.82%	1,553,092.50 1,375.00	2.28% 247.79	Aaa / AA+ AAA	3.97 3.75
3135G0U43	FNMA Note 2.875% Due 09/12/2023	1,500,000.00	06/21/2019 1.89%	1,559,805.00 1,559,533.34	104.15 1.84%	1,562,239.50 13,057.29	2.31% 2,706.16	Aaa / AA+ AAA	4.21 3.92
3130A0F70	FHLB Note 3.375% Due 12/08/2023	1,500,000.00	04/29/2019 2.36%	1,565,940.00 1,563,510.84	106.39 1.87%	1,595,806.50 3,234.38	2.35% 32,295.66	Aaa / AA+ AAA	4.44 4.12
3130A0XE5	FHLB Note 3.250% Due 03/08/2024	1,500,000.00	03/28/2019 2.27%	1,568,115.00 1,564,569.70	105.72 1.97%	1,585,848.00 15,302.08	2.35% 21,278.30	Aaa / AA+ NR	4.69 4.31
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	1,500,000.00	06/18/2019 1.96%	1,564,890.20 1,564,462.83	104.71 1.87%	1,570,699.51 2,036.46	2.31% 6,236.68	Aaa / AA+ NR	4.96 4.61
TOTAL Agency		31,000,000.00	1.61%	31,503,440.20 31,379,601.57	1.99%	31,374,084.01 98,408.96	46.20% (5,517.56)	Aaa / AA+ Aaa	1.89 1.79

Holdings Report

As of June 30, 2019

City of Cupertino - Account #10659

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund FI									
94975H270	Wells Fargo 100% Treasury Money Mkt Fund	187,898.97	Various 1.84%	187,898.97 187,898.97	1.00 1.84%	187,898.97 0.00	0.28% 0.00	Aaa / AAA NR	0.00 0.00
TOTAL Money Market Fund FI		187,898.97	1.84%	187,898.97	1.84%	187,898.97	0.28%	Aaa / AAA	0.00
Negotiable CD									
06417G5Q7	Bank of Nova Scotia Yankee CD 2.610% Due 12/23/2019	2,000,000.00	04/04/2019 2.57%	2,000,538.93 2,000,358.60	100.02 2.57%	2,000,358.60 14,645.00	2.96% 0.00	P-1 / A-1 F-1+	0.48 0.48
65558TFW0	Nordea Bank ABP New York Yankee CD 2.640% Due 03/23/2020	2,000,000.00	03/21/2019 2.64%	2,000,000.00 2,000,000.00	100.00 2.64%	2,000,000.00 14,960.00	2.96% 0.00	P-1 / A-1+ F-1+	0.73 0.72
89114MYP6	Toronto Dominion Bank Yankee CD 2.620% Due 04/02/2020	2,000,000.00	03/21/2019 2.62%	2,000,000.00 2,000,000.00	100.00 2.62%	2,000,000.00 14,846.67	2.96% 0.00	P-1 / A-1+ F-1+	0.76 0.75
TOTAL Negotiable CD		6,000,000.00	2.61%	6,000,538.93	2.61%	6,000,358.60	8.87%	Aaa / AAA	0.66
US Corporate									
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.300% Due 11/03/2020	850,000.00	03/05/2019 2.90%	841,840.00 843,399.41	100.04 2.26%	850,363.80 3,149.72	1.25% 6,964.39	A3 / A A	1.35 1.23
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	1,000,000.00	03/11/2019 2.76%	1,004,920.00 1,004,234.94	101.62 2.11%	1,016,192.00 4,166.67	1.50% 11,957.06	A2 / A+ NR	1.87 1.80
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	1,000,000.00	Various 2.65%	986,055.00 987,234.51	99.74 2.09%	997,394.00 2,275.00	1.47% 10,159.49	A1 / A AA-	1.89 1.84
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.900% Due 09/15/2021	1,000,000.00	04/11/2019 2.66%	982,320.00 983,860.00	99.49 2.14%	994,938.00 5,594.44	1.47% 11,078.00	A1 / AA- A	2.21 2.14
89236TDP7	Toyota Motor Credit Corp Note 2.600% Due 01/11/2022	1,000,000.00	03/05/2019 2.89%	992,200.00 993,069.16	101.05 2.17%	1,010,463.00 12,277.78	1.50% 17,393.84	Aa3 / AA- A+	2.54 2.41
95000U2B8	Wells Fargo & Company Note 2.625% Due 07/22/2022	1,000,000.00	03/26/2019 2.80%	994,380.00 994,820.51	100.72 2.38%	1,007,218.00 11,593.75	1.50% 12,397.49	A2 / A- A+	3.06 2.89
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.450% Due 07/28/2022	1,200,000.00	06/20/2019 2.16%	1,210,236.00 1,210,170.86	101.03 2.09%	1,212,393.60 12,495.00	1.80% 2,222.74	A2 / A A+	3.08 2.85
44932HAC7	IBM Credit Corp Note 2.200% Due 09/08/2022	1,500,000.00	Various 2.88%	1,467,755.00 1,469,109.85	99.75 2.28%	1,496,289.00 10,358.34	2.21% 27,179.15	A1 / A A	3.19 3.04
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 01/15/2023	1,000,000.00	03/11/2019 3.13%	994,370.00 994,811.10	101.45 2.38%	1,014,513.00 13,704.22	1.51% 19,701.90	A2 / A- AA-	3.55 2.95

Holdings Report

As of June 30, 2019

City of Cupertino - Account #10659

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.650% Due 01/25/2023	1,000,000.00	04/22/2019 2.80%	994,630.00 994,896.15	101.24 2.28%	1,012,439.00 11,483.33	1.50% 17,542.85	A2 / A A	3.58 3.28
24422ETG4	John Deere Capital Corp Note 2.800% Due 03/06/2023	1,000,000.00	03/28/2019 2.60%	1,007,580.00 1,007,084.51	102.15 2.19%	1,021,526.00 8,944.44	1.51% 14,441.49	A2 / A A	3.68 3.46
06406RAG2	Bank of NY Mellon Corp Note 3.500% Due 04/28/2023	1,000,000.00	03/05/2019 3.15%	1,013,650.00 1,012,603.47	104.29 2.32%	1,042,905.00 6,125.00	1.54% 30,301.53	A1 / A AA-	3.83 3.56
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	1,000,000.00	03/11/2019 2.79%	984,840.00 985,942.91	100.99 2.13%	1,009,902.00 3,866.67	1.49% 23,959.09	Aa1 / AA+ NR	3.84 3.64
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.400% Due 06/26/2023	1,000,000.00	03/13/2019 2.80%	1,023,630.00 1,021,965.26	105.10 2.03%	1,051,028.00 472.22	1.54% 29,062.74	Aa2 / AA AA	3.99 3.66
69371RP59	Paccar Financial Corp Note 3.400% Due 08/09/2023	435,000.00	06/18/2019 2.56%	449,315.85 449,211.63	103.47 2.51%	450,089.72 5,833.83	0.67% 878.09	A1 / A+ NR	4.11 3.78
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	1,000,000.00	03/19/2019 2.99%	1,027,000.00 1,025,344.95	105.24 2.33%	1,052,414.00 8,156.25	1.56% 27,069.05	A2 / A NR	4.28 3.93
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.550% Due 03/05/2024	1,000,000.00	03/06/2019 3.42%	1,003,850.00 1,003,607.26	103.67 2.50%	1,036,679.00 11,438.89	1.54% 33,071.74	A2 / A- A+	4.68 3.41
TOTAL US Corporate		16,985,000.00	2.82%	16,978,571.85 16,981,366.48	2.24%	17,276,747.12 131,935.55	25.56% 295,380.64	A1 / A+ A+	3.22 2.93
US Treasury									
912828TH3	US Treasury Note 0.875% Due 07/31/2019	1,800,000.00	03/31/2017 1.32%	1,781,437.50 1,799,346.39	99.89 2.20%	1,797,955.20 6,569.75	2.65% (1,391.19)	Aaa / AA+ AAA	0.08 0.09
912828B5	US Treasury Note 0.750% Due 08/15/2019	2,000,000.00	09/12/2016 0.84%	1,995,000.00 1,999,789.13	99.81 2.23%	1,996,240.00 5,635.36	2.94% (3,549.13)	Aaa / AA+ AAA	0.13 0.13
912828TR1	US Treasury Note 1.000% Due 09/30/2019	2,000,000.00	03/30/2017 1.42%	1,979,375.00 1,997,946.53	99.71 2.14%	1,994,296.00 5,027.32	2.94% (3,650.53)	Aaa / AA+ AAA	0.25 0.25
912828N30	US Treasury Note 2.125% Due 12/31/2022	850,000.00	06/26/2019 1.75%	860,757.81 860,724.27	101.36 1.72%	861,588.05 49.08	1.26% 863.78	Aaa / AA+ AAA	3.51 3.36
912828T91	US Treasury Note 1.625% Due 10/31/2023	1,500,000.00	05/29/2019 2.05%	1,472,988.28 1,473,523.50	99.50 1.75%	1,492,500.00 4,106.66	2.20% 18,976.50	Aaa / AA+ AAA	4.34 4.15
912828V23	US Treasury Note 2.250% Due 12/31/2023	1,500,000.00	06/21/2019 1.80%	1,529,472.66 1,529,347.70	102.16 1.75%	1,532,343.00 91.71	2.25% 2,995.30	Aaa / AA+ AAA	4.51 4.27
912828B66	US Treasury Note 2.750% Due 02/15/2024	1,500,000.00	04/29/2019 2.31%	1,529,648.44 1,528,599.24	104.42 1.75%	1,566,328.50 15,497.24	2.32% 37,729.26	Aaa / AA+ AAA	4.63 4.30

Holdings Report

As of June 30, 2019

City of Cupertino - Account #10659

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828X70	US Treasury Note 2.000% Due 04/30/2024	1,700,000.00	06/10/2019 1.92%	1,705,976.56 1,705,909.60	101.09 1.76%	1,718,526.60 5,728.26	2.53% 12,617.00	Aaa / AA+ AAA	4.84 4.58
TOTAL US Treasury		12,850,000.00	1.63%	12,854,656.25 12,895,186.36	1.94%	12,959,777.35 42,705.38	19.09% 64,590.99	Aaa / AA+ Aaa	2.54 2.40
TOTAL PORTFOLIO		67,022,898.97	2.01%	67,525,106.20 67,444,411.98	2.10%	67,798,866.05 317,501.56	100.00% 354,454.07	Aa1 / AA Aaa	2.24 2.09
TOTAL MARKET VALUE PLUS ACCRUALS						68,116,367.61			



Section 4 | Transactions

Transaction Ledger

As of June 30, 2019

City of Cupertino - Account #10659

March 31, 2019 through June 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/04/2019	06417G5Q7	2,000,000.00	Bank of Nova Scotia Yankee CD 2.61% Due: 12/23/2019	100.027	2.57%	2,000,538.93	1,885.00	2,002,423.93	0.00
Purchase	04/15/2019	674599CK9	1,145,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	99.825	2.66%	1,142,996.25	0.00	1,142,996.25	0.00
Purchase	04/15/2019	68389XBK0	1,000,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due: 09/15/2021	98.232	2.66%	982,320.00	1,583.33	983,903.33	0.00
Purchase	04/18/2019	44932HAC7	500,000.00	IBM Credit Corp Note 2.2% Due: 09/08/2022	97.729	2.91%	488,645.00	1,222.22	489,867.22	0.00
Purchase	04/24/2019	808513AT2	1,000,000.00	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due: 01/25/2023	99.463	2.80%	994,630.00	6,551.39	1,001,181.39	0.00
Purchase	04/25/2019	857477AV5	500,000.00	State Street Bank Note 1.95% Due: 05/19/2021	98.571	2.66%	492,855.00	4,225.00	497,080.00	0.00
Purchase	04/30/2019	3130A0F70	1,500,000.00	FHLB Note 3.375% Due: 12/08/2023	104.396	2.36%	1,565,940.00	19,968.75	1,585,908.75	0.00
Purchase	04/30/2019	912828B66	1,500,000.00	US Treasury Note 2.75% Due: 02/15/2024	101.977	2.31%	1,529,648.44	8,432.32	1,538,080.76	0.00
Purchase	05/02/2019	857477AV5	500,000.00	State Street Bank Note 1.95% Due: 05/19/2021	98.640	2.64%	493,200.00	4,414.58	497,614.58	0.00
Purchase	05/23/2019	44932HAC7	1,000,000.00	IBM Credit Corp Note 2.2% Due: 09/08/2022	97.911	2.87%	979,110.00	4,583.34	983,693.34	0.00
Purchase	05/30/2019	912828T91	1,500,000.00	US Treasury Note 1.625% Due: 10/31/2023	98.199	2.05%	1,472,988.28	1,987.09	1,474,975.37	0.00
Purchase	06/11/2019	912828X70	1,700,000.00	US Treasury Note 2% Due: 04/30/2024	100.352	1.92%	1,705,976.56	3,880.43	1,709,856.99	0.00
Purchase	06/19/2019	3130A1XJ2	565,000.00	FHLB Note 2.875% Due: 06/14/2024	104.331	1.96%	589,470.15	225.61	589,695.76	0.00
Purchase	06/19/2019	3130A1XJ2	935,000.00	FHLB Note 2.875% Due: 06/14/2024	104.323	1.96%	975,420.05	373.35	975,793.40	0.00
Purchase	06/20/2019	69371RP59	435,000.00	Paccar Financial Corp Note 3.4% Due: 08/09/2023	103.291	2.56%	449,315.85	5,381.92	454,697.77	0.00

Transaction Ledger

As of June 30, 2019

City of Cupertino - Account #10659

March 31, 2019 through June 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Purchase	06/24/2019	3135G0U43	1,500,000.00	FNMA Note 2.875% Due: 09/12/2023	103.987	1.89%	1,559,805.00	12,218.75	1,572,023.75	0.00
Purchase	06/24/2019	3137EADB2	1,500,000.00	FHLMC Note 2.375% Due: 01/13/2022	101.340	1.84%	1,520,100.00	15,932.29	1,536,032.29	0.00
Purchase	06/24/2019	3137EAENS	1,500,000.00	FHLMC Note 2.75% Due: 06/19/2023	103.540	1.83%	1,553,100.00	572.92	1,553,672.92	0.00
Purchase	06/24/2019	69353RFE3	1,200,000.00	PNC Bank Callable Note Cont 6/28/2022 2.45% Due: 07/28/2022	100.853	2.16%	1,210,236.00	11,923.33	1,222,159.33	0.00
Purchase	06/24/2019	912828V23	1,500,000.00	US Treasury Note 2.25% Due: 12/31/2023	101.965	1.80%	1,529,472.66	16,315.61	1,545,788.27	0.00
Purchase	06/27/2019	912828N30	850,000.00	US Treasury Note 2.125% Due: 12/31/2022	101.266	1.75%	860,757.81	8,881.56	869,639.37	0.00
Subtotal			23,830,000.00				24,096,525.98	130,558.79	24,227,084.77	0.00
TOTAL ACQUISITIONS			23,830,000.00				24,096,525.98	130,558.79	24,227,084.77	0.00
DISPOSITIONS										
Sale	06/13/2019	674599CK9	390,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	99.475	2.79%	387,952.50	1,633.67	389,586.17	-1,401.74
Sale	06/19/2019	912828K58	400,000.00	US Treasury Note 1.375% Due: 04/30/2020	99.375	2.11%	397,500.00	747.28	398,247.28	-1,946.57
Sale	06/19/2019	912828TH3	1,200,000.00	US Treasury Note 0.875% Due: 07/31/2019	99.848	2.18%	1,198,171.88	4,031.77	1,202,203.65	-1,218.08
Sale	06/24/2019	3130ABGP5	2,000,000.00	FHLB Note 1.5% Due: 05/19/2020	99.494	2.07%	1,989,880.00	2,916.67	1,992,796.67	-8,746.55
Sale	06/24/2019	313370US5	2,000,000.00	FHLB Note 2.875% Due: 09/11/2020	101.102	1.95%	2,022,040.00	16,451.39	2,038,491.39	10,245.83
Sale	06/24/2019	3136G3QB4	2,000,000.00	FNMA Callable Note 1X 5/26/2017 1.375% Due: 05/26/2020	99.371	2.07%	1,987,420.00	2,138.89	1,989,558.89	-12,580.00

Transaction Ledger

As of June 30, 2019

City of Cupertino - Account #10659

March 31, 2019 through June 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Sale	06/24/2019	674599CK9	390,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	100.232	2.51%	390,904.80	1,943.50	392,848.30	1,543.71
Sale	06/24/2019	912828K58	1,600,000.00	US Treasury Note 1.375% Due: 04/30/2020	99.469	2.01%	1,591,500.00	3,288.04	1,594,788.04	-6,321.29
Sale	06/25/2019	674599CK9	365,000.00	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due: 04/15/2022	100.072	2.57%	365,262.80	1,845.28	367,108.08	860.17
Subtotal			10,345,000.00				10,330,631.98	34,996.49	10,365,628.47	-19,564.52
Maturity	05/24/2019	3134G9MU8	3,000,000.00	FHLMC Callable Note Qrtly 8/24/2016 1.3% Due: 05/24/2019	100.000		3,000,000.00	0.00	3,000,000.00	0.00
Subtotal			3,000,000.00				3,000,000.00	0.00	3,000,000.00	0.00
TOTAL DISPOSITIONS			13,345,000.00				13,330,631.98	34,996.49	13,365,628.47	-19,564.52

Important Disclosures

As of June 30, 2019

2019 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

ICE BAML 1-5 Yr US Treasury/Agency Index

The ICE BAML 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies. (Index: GVAO. Please visit www.mlindex.ml.com for more information)