

City of Cupertino

Period Ending March 31, 2019

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



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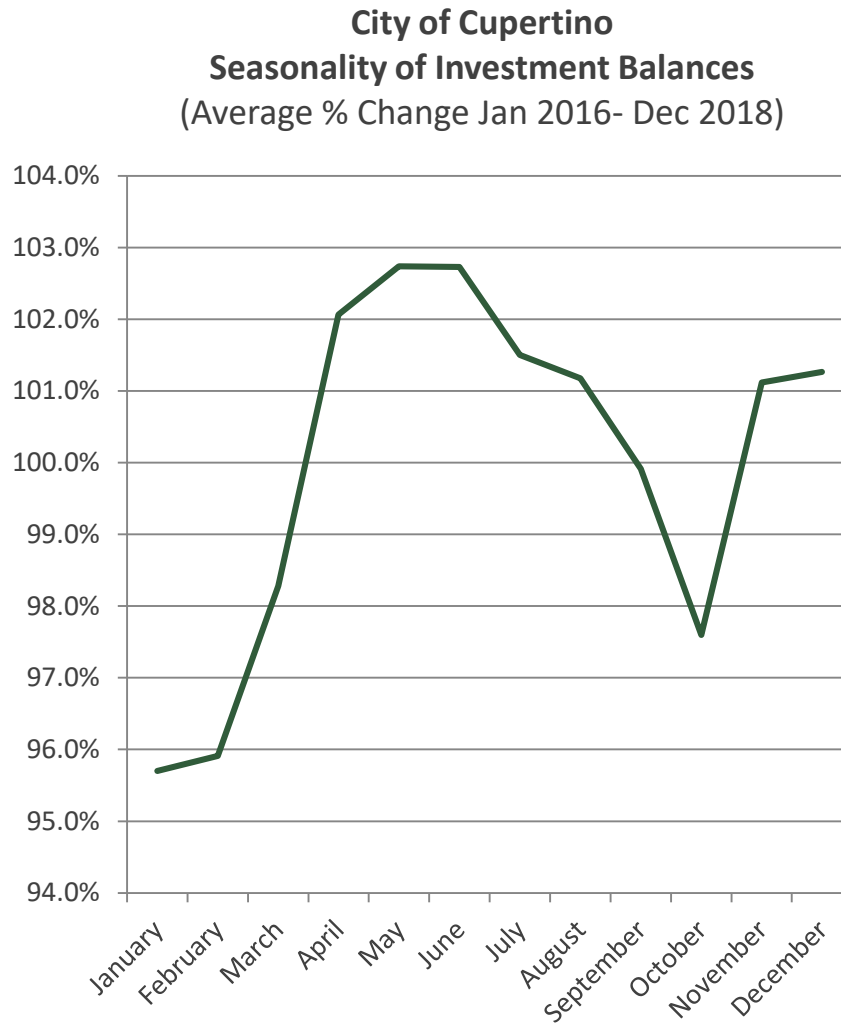


Section 1 | City Investment Milestones

- Connected Chandler Operations to City's portfolio at Custodian for daily reconciliation
- Performed formal Investment Policy review for Committee consideration
- Conducted Cash Flow Analysis for Account Optimization
- Held study session on strategy development and benchmark selection
- Developed custom strategy for City's investments
- Implementation of strategy is progressing at a measured pace

Cash Flow Study

Identifying Seasonality to the City's Balances



Seasonality Analysis

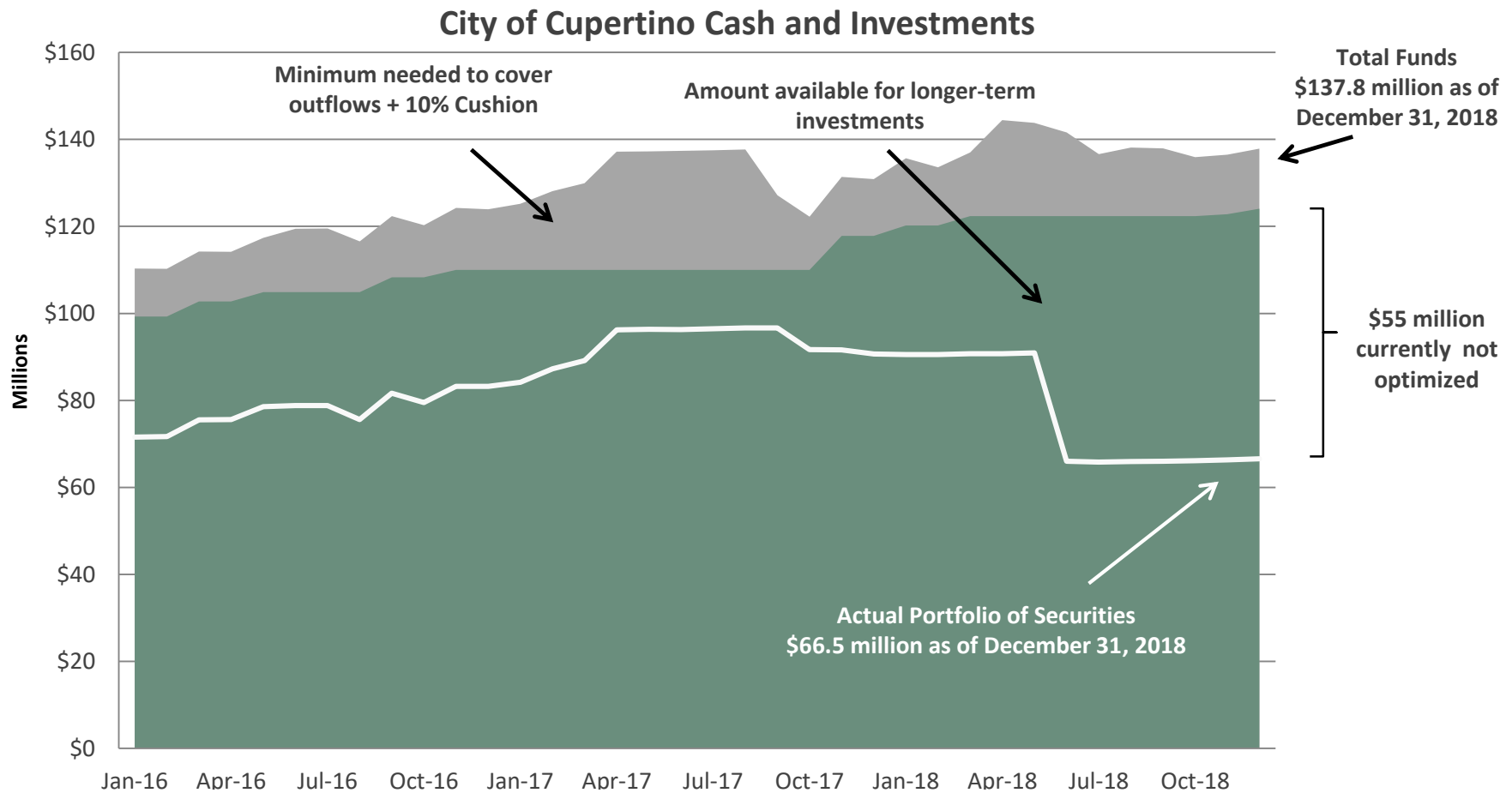
	Monthly Average	% of Average
Average	129,260,574.82	100.0%
January	123,703,482.36	95.7%
February	123,975,131.36	95.9%
March	127,038,404.57	98.3%
April	131,929,419.60	102.1%
May	132,801,619.79	102.7%
June	132,790,478.38	102.7%
July	131,204,998.72	101.5%
August	130,779,923.71	101.2%
September	129,145,984.04	99.9%
October	126,154,156.76	97.6%
November	130,705,489.20	101.1%
December	130,897,809.30	101.3%

Source: City of Cupertino Treasurer Reports

Cash Flow Study

City's Historical Balances

- City's cash and investments increased at a compound annual growth rate of 6.44% over past 3 years
- City currently maintains approximately \$66.5 million invested in longer-term securities
- Approximately \$55 million more is available for investment in longer-maturity securities

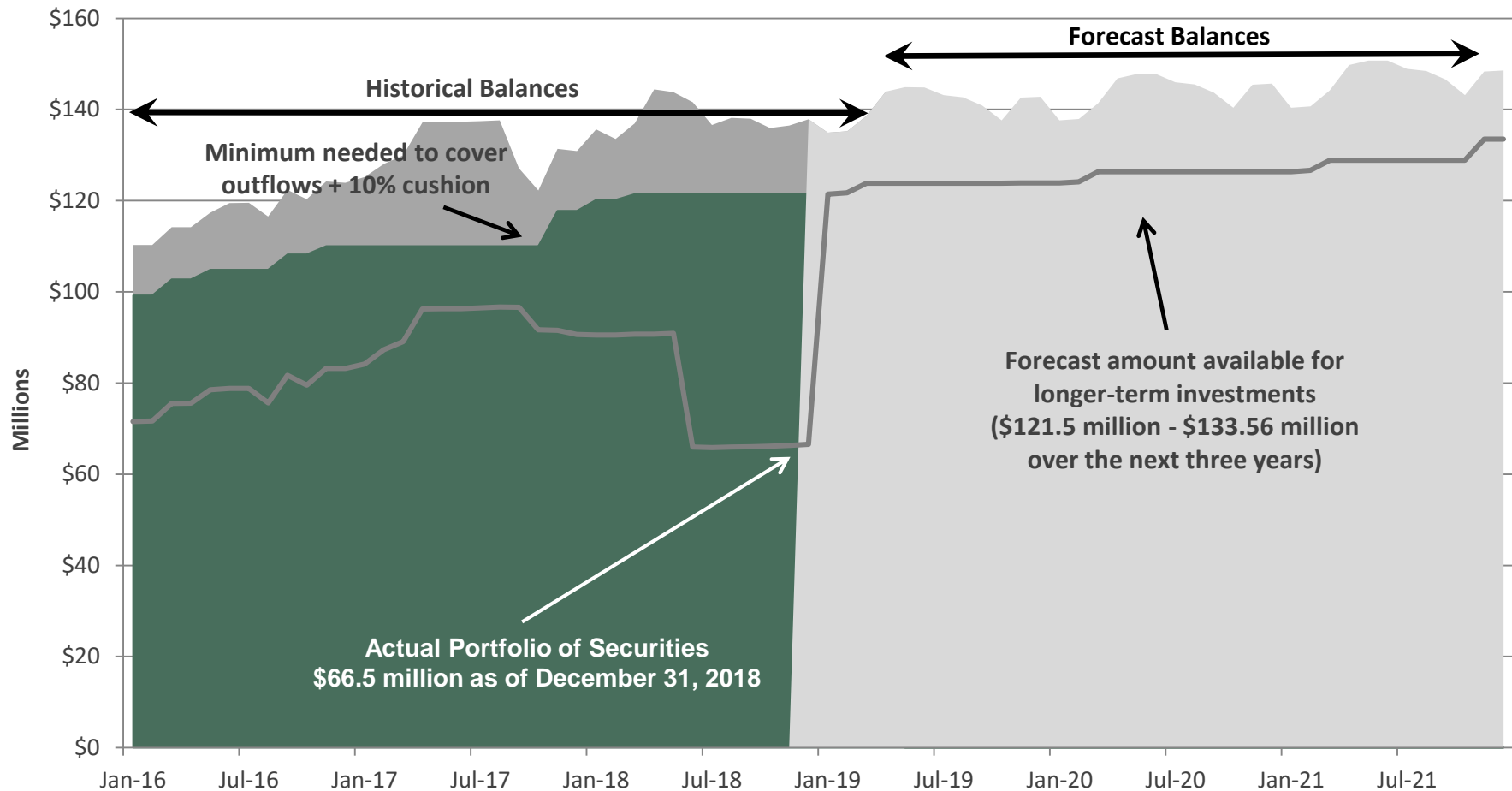


Source: City of Cupertino Treasurer Reports

Cash Flow Study

3-Year Forecast of Balances

- Assuming 2% annual growth, total balances are expected to reach as high as \$150 million over the next 36 months
- Funds available for longer-term investments will range between \$121 million to \$134 million



Source: City of Cupertino Treasurer Reports

Understanding Risk and Return for Select Strategies

Annual Benchmark Study: Period Ending December 31, 2018

	ICE BAML 0-3 Yr US Treasury Index	ICE BAML 1-3 Yr US Treasury/Agency Index	ICE BAML 0-5 Yr US Treasury Index	ICE BAML 1-5 Yr US Treasury/Agency Index	ICE BAML 1-10 Yr US Treasury/Agency Index
0-6 months	14.62%	100.00%	10.11%	61.09%	43.81%
6-12 months	17.18%		11.87%		
1-3 years	68.20%		47.13%		
3-5 years			30.90%		
5-10 years					
Treasury	100.00%	94.92%	100.00%	96.00%	96.78%
Agency		5.08%		4.00%	3.22%
Corporate					
Modified Duration 12/31/2018	1.43	1.87	2.15	2.60	3.64
10 Year Annualized Total Return	0.82%	1.01%	1.17%	1.38%	1.85%
10 Year Standard Deviation	1.46%	1.84%	2.05%	2.36%	3.43%
Sharpe Ratio	0.31	0.34	0.39	0.43	0.43
Qualitative Risk Objective	12/31/1992 - 12/31/2018	12/31/1988 - 12/31/2018	12/31/1992 - 12/31/2018	12/31/1988 - 12/31/2018	12/31/1988 - 12/31/2018
Negative Quarterly Return Occurrences	11	13	18	23	33
2 Consecutive Negative Quarterly Return Occurrences	1	2	3	3	7
Negative Return For Year Occurrences	0	0	1	2	3
Worst Year Total Return	0.00%	0.37%	-0.12%	-0.63%	-1.61%

Source: ICE BAML Indices. Please see Benchmark disclosures; Past performance is not indicative of future results. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. It is not possible to invest directly on an index.

- Current market environment presents some challenges
- City continues to rebalance accounts for optimal structure
- We anticipate reaching target duration range within the next 3-6 weeks

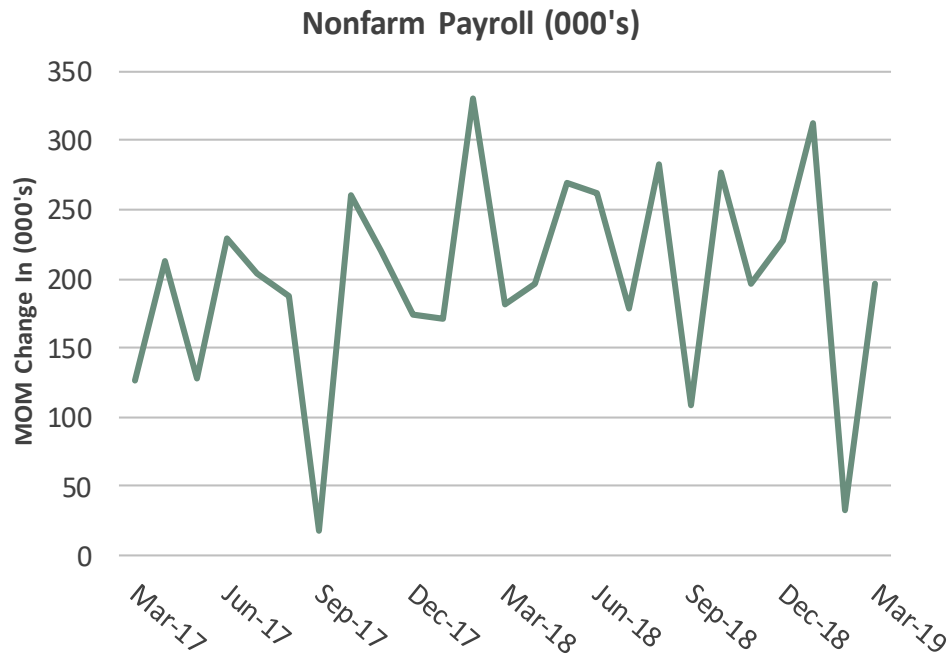


Section 2 | Economic Update

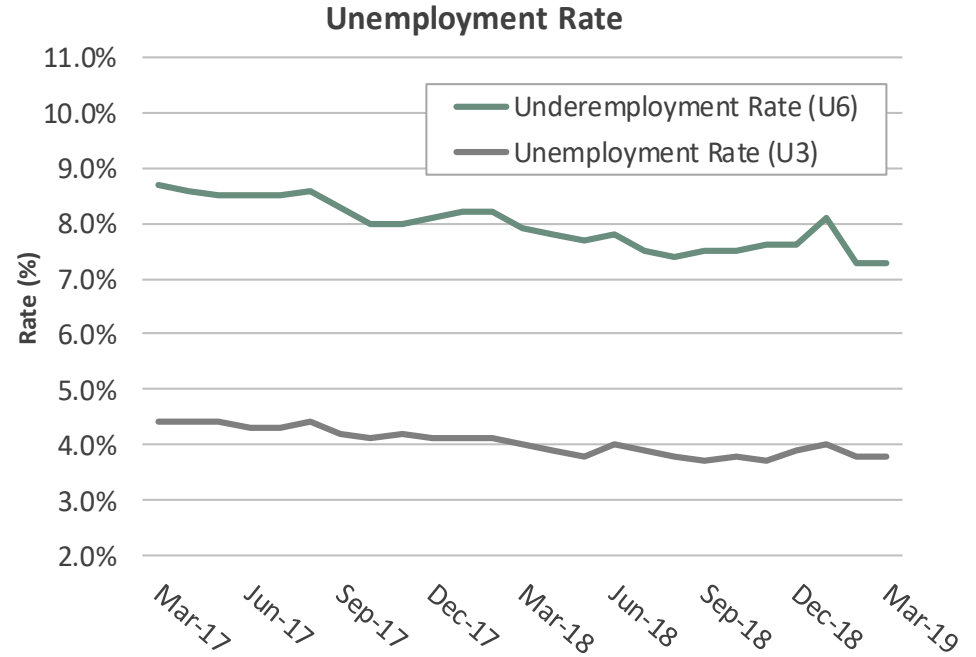
Economic Update

- The Federal Open Market Committee kept the target fed funds rate unchanged in March at a range of 2.25%-2.50%. However, the Fed's economic projections, along with the tone of the policy statement and the Fed Chair's press conference, were more dovish than expected. The Fed's median forecast now calls for a target fed funds rate of 2.4% at year-end, which implies that there will be no further rate hikes this year. The Fed is projecting one rate hike in 2020 (to an effective rate of 2.6%) and then expects to keep policy on hold in 2021. The Fed's longer-run fed funds rate target is still 2.8%. This implies that the Fed intends to keep the target fed funds rate below the neutral rate for the foreseeable future. Furthermore, the Fed announced that they will 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.
- Domestic and global economic growth has slowed and inflation pressures remain muted. However, the labor market remains a bright spot in the US economy. We believe some of the factors hindering current economic growth (trade disputes, recent government shutdown, Brexit uncertainty) may be somewhat transitory. While economic growth is likely to remain under pressure over the near-term, we believe a strong labor market coupled with an increasingly dovish Fed may lead to better than expected economic growth later this year. Overall, the economy is expected to grow 2.0%-2.5% this year versus 2.9% in 2018.
- The yield curve inverted in March with the 10-year Treasury yield temporarily falling below the 3-month T-bill yield. At month-end, the 3-month T-bill yield was down 5 basis points to 2.38%, the 2-year Treasury yield was down about 25 basis points to 2.26%, and the 10-year Treasury yield was down 31 basis points to 2.41%. The spread between 2- and 10-year Treasury yields was less than 15 basis points at March month-end. An inversion of the yield curve in which the 10-year Treasury yield is lower than the 3-month T-bill is generally viewed as a powerful predictive signal of an upcoming recession. However, our 6-month economic forecast does not call for a recession.

Employment



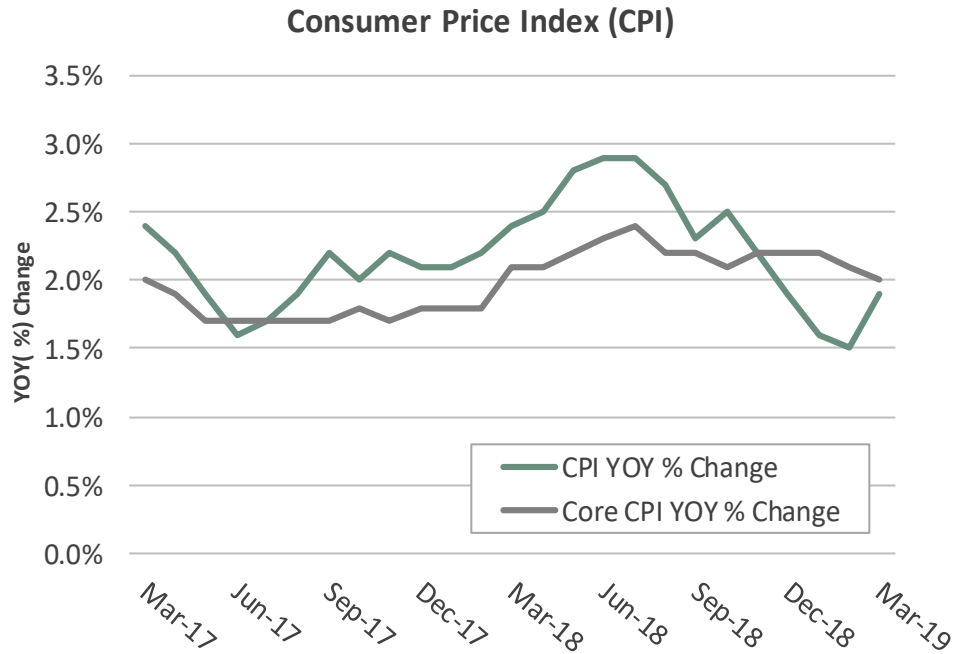
Source: US Department of Labor



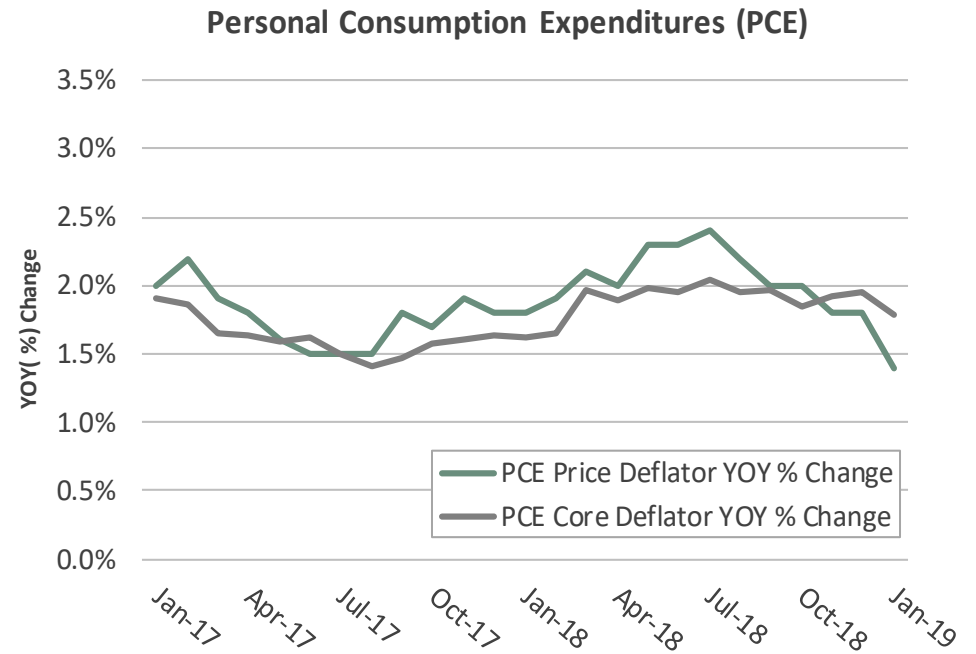
Source: US Department of Labor

U.S. payrolls rose by 196,000 in March, exceeding the consensus forecast of 177,000. February payrolls were revised up modestly to 33,000 from 20,000. On a trailing 3-month and 6-month basis payrolls increased an average of 180,000 and 207,000 per month, respectively. The unemployment rate was unchanged at 3.8% in March, as expected. 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, was also unchanged at 7.3%. The labor participation rate edged down to 63.0% from 63.2%. The weakest aspect of the employment report was wages which rose just 0.1% in March (slightly below expectations of 0.2%), following a 0.4% increase in February. On a year-over-year basis, wages were up 3.2% in March, versus up 3.4% in February.

Inflation



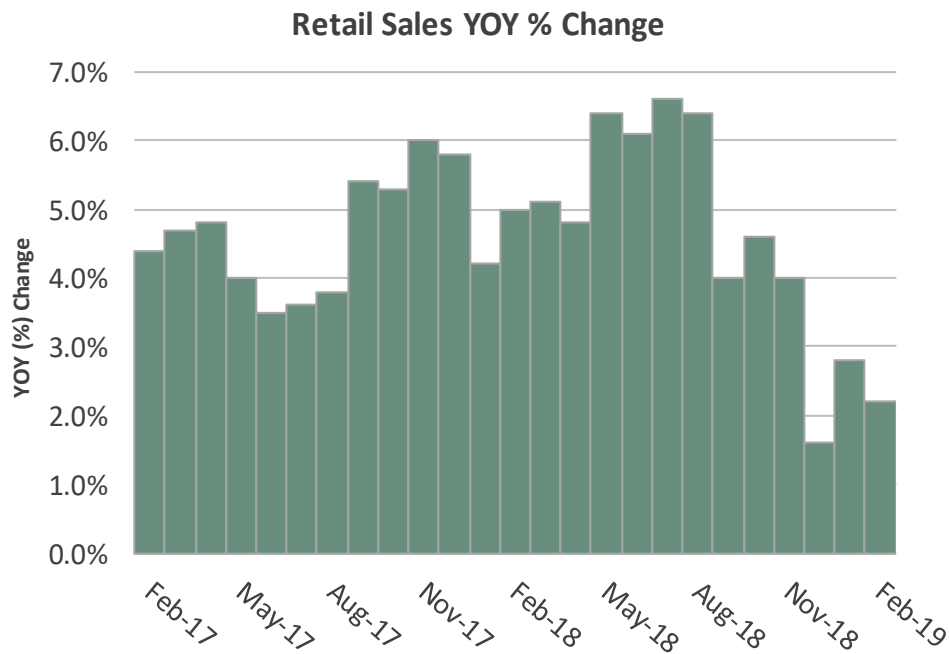
Source: US Department of Labor



Source: US Department of Commerce

Headline inflation picked up in March fueled by higher energy prices, but core data remains at or slightly below the Fed's target. The Consumer Price Index (CPI) was up 1.9% year-over-year in March, versus up 1.5% year-over-year in February. Core CPI (CPI less food and energy) was up 2.0% year-over-year in March, versus up 2.1% year-over-year in February. The Personal Consumption Expenditures (PCE) index was up just 1.4% year-over-year in January, versus up 1.8% year-over-year in December. Core PCE eased to 1.8% year-over-year in January from 2.0% in December, falling below the Fed's 2.0% inflation target.

Consumer



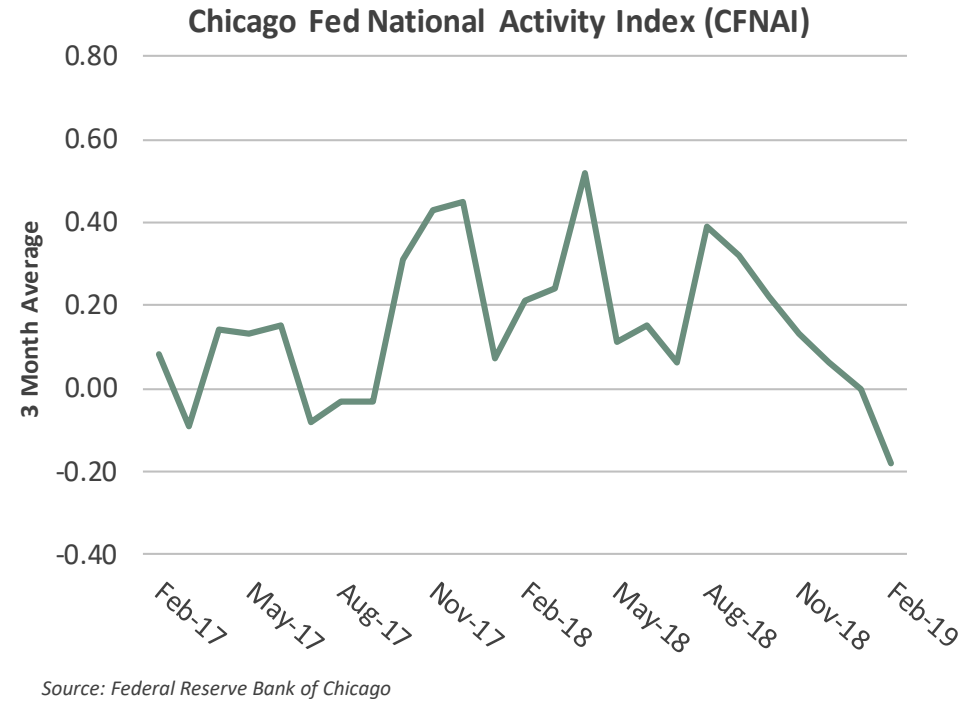
Source: US Department of Commerce



Source: The Conference Board

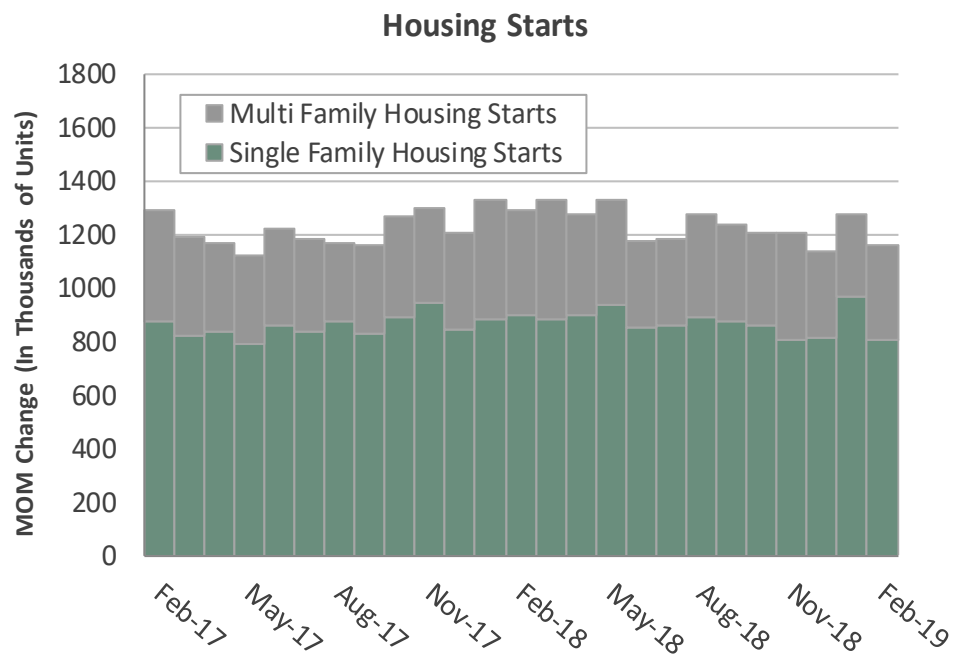
Retail sales were disappointing in February, but the results for January were revised higher. On a year-over-year basis, retail sales were up 2.2% in February, versus up 2.8% year-over-year in January. On a month-over-month basis, retail sales fell 0.2% in February, below expectations for 0.3% growth, following an upwardly revised 0.7% increase in January. Excluding autos and gas, retail sales fell 0.6% in February, month-over-month, well below the 0.4% growth expectation. However, this decline followed upwardly revised growth of 1.7% in January. The Consumer Confidence Index eased to 124.1 in March from a very strong level of 131.4 in February, missing expectations. Consumers were less upbeat about the labor market in the latest survey, potentially because of the weak headline non-farm payrolls report in February.

Economic Activity

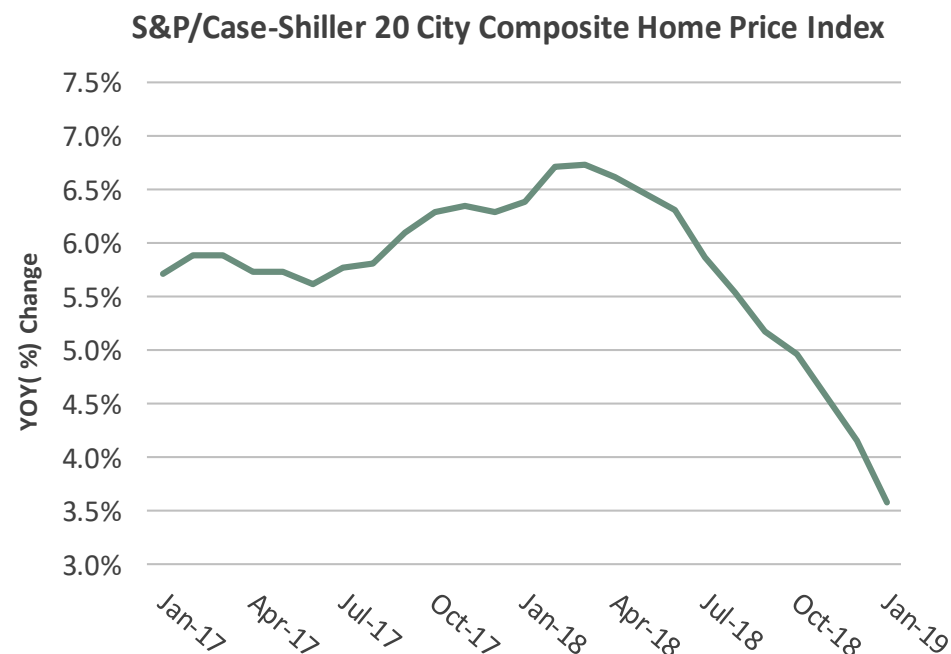


The Leading Economic Index (LEI) rose 0.2% in February, on a month-over-month basis, following no change in January. The Conference Board believes that the economy will continue to expand in the near-term but growth may decelerate by year-end. The Chicago Fed National Activity Index (CFNAI) decreased to -0.29 in February from an upwardly-revised -0.25 in January. On a 3-month moving average basis, the index declined to -0.18 from zero. The CFNAI suggests that the economy is slowing down but is not indicative of a recession. Periods of economic contraction have historically been associated with values below -0.70 on a 3-month moving average basis.

Housing



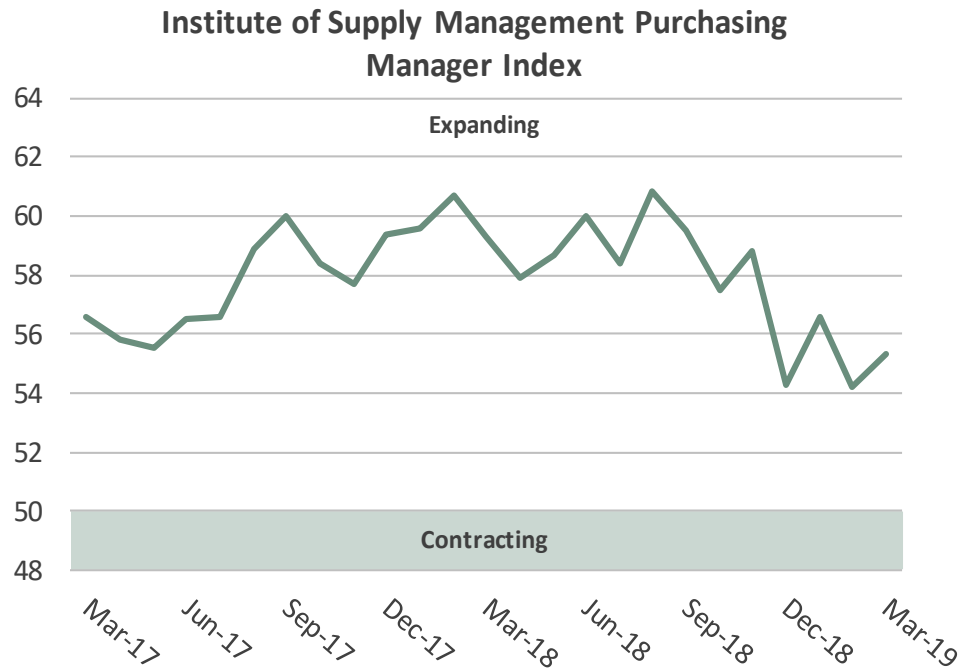
Source: US Department of Commerce



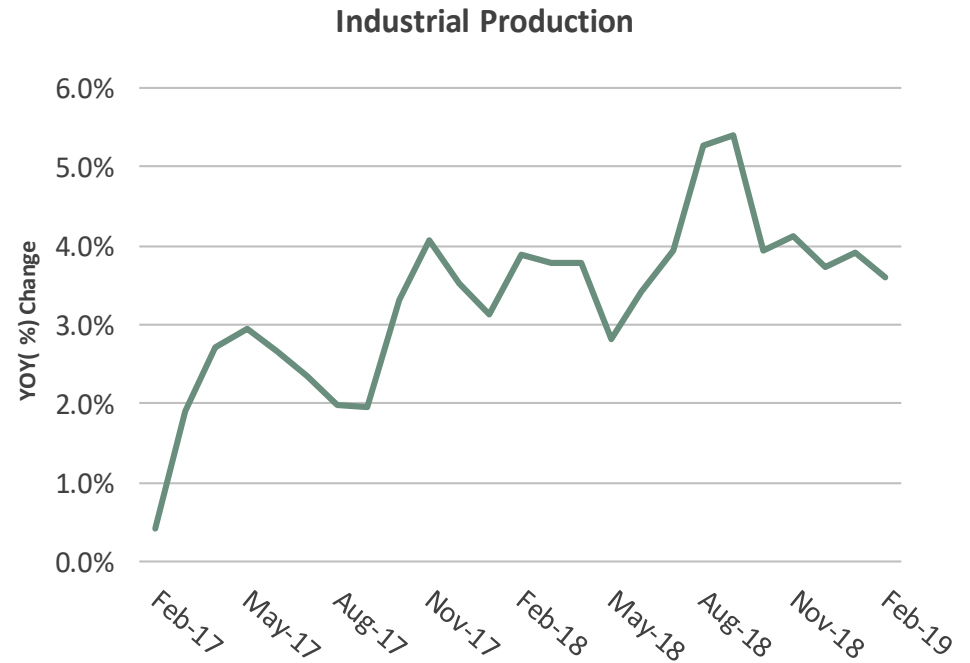
Source: S&P

In February, total housing starts were weaker than expected, down 8.7% to a 1.162 million annualized rate. However, this follows growth of 11.7% in the prior month. Multi-family starts rose 17.8% in February to 357,000, following a 7.1% decline in January. Single-family starts fell 17.0% in February to 805,000, following a 19.2% increase in January. According to the Case-Shiller 20-City home price index, home prices were up just 3.6% year-over-year in January, versus up 4.1% in December. Home price appreciation has slowed over the past year.

Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

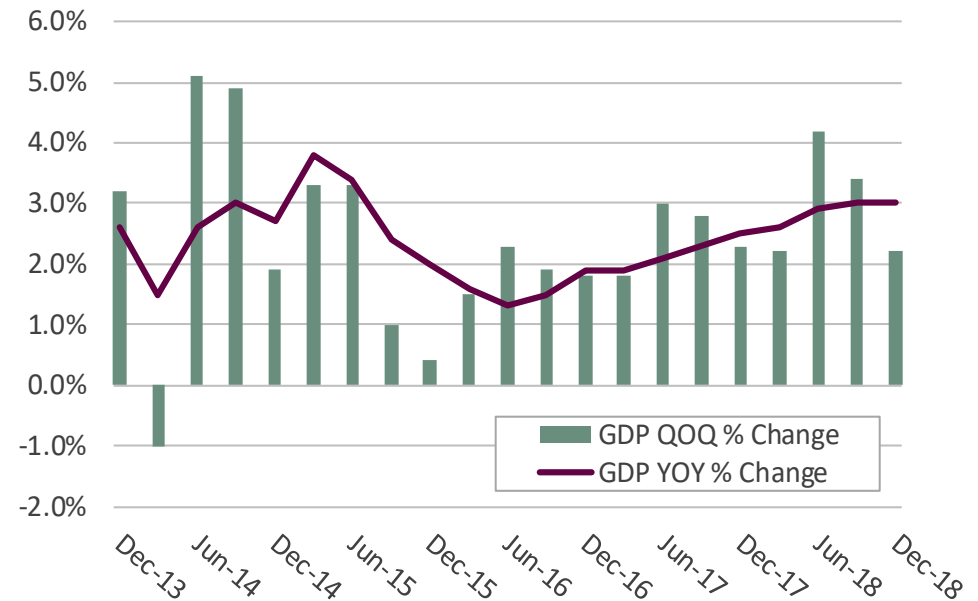
The Institute for Supply Management (ISM) manufacturing index increased to 55.3 in March from 54.2 in February. A reading above 50.0 suggests the manufacturing sector is expanding. The Industrial Production index was up 3.5% year-over-year in February versus up 3.9% year-over-year in January. On a month-over-month basis, the manufacturing component of the index fell 0.4% in February, following a 0.5% decrease in January. Capacity Utilization declined to 78.2% in February from 78.3% in January, and remains below the long-run average of 79.8% indicating there is still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	3/18	6/18	9/18	12/18
Personal Consumption Expenditures	0.4%	2.6%	2.4%	1.7%
Gross Private Domestic Investment	1.6%	-0.1%	2.5%	0.7%
Net Exports and Imports	0.0%	1.2%	-2.0%	-0.1%
Federal Government Expenditures	0.2%	0.2%	0.2%	0.1%
State and Local (Consumption and Gross Investment)	0.1%	0.2%	0.2%	-0.1%
Total	2.2%	4.2%	3.4%	2.2%

Source: US Department of Commerce

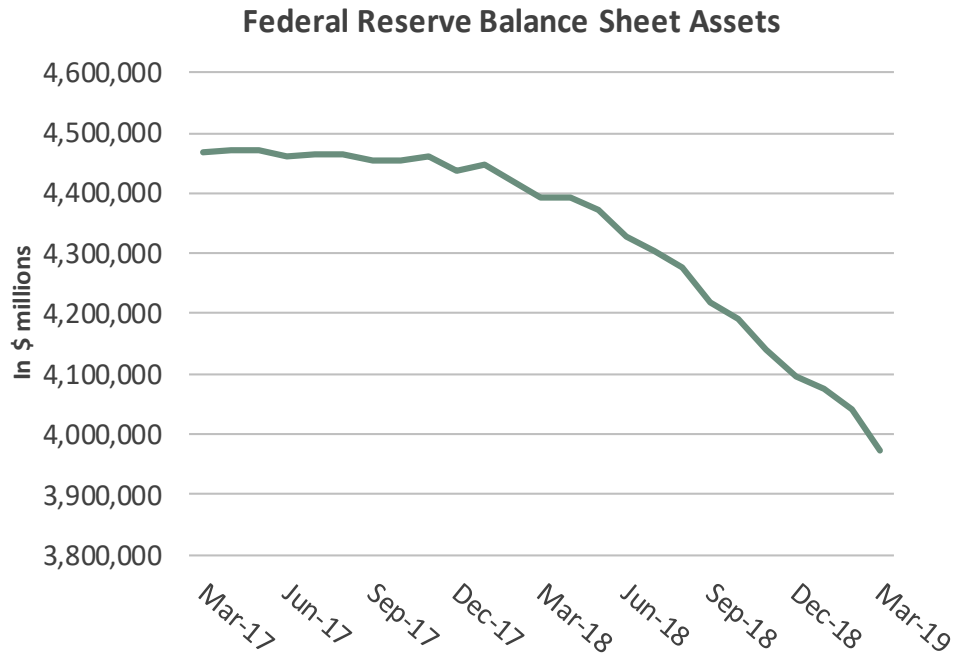
Gross Domestic Product (GDP)



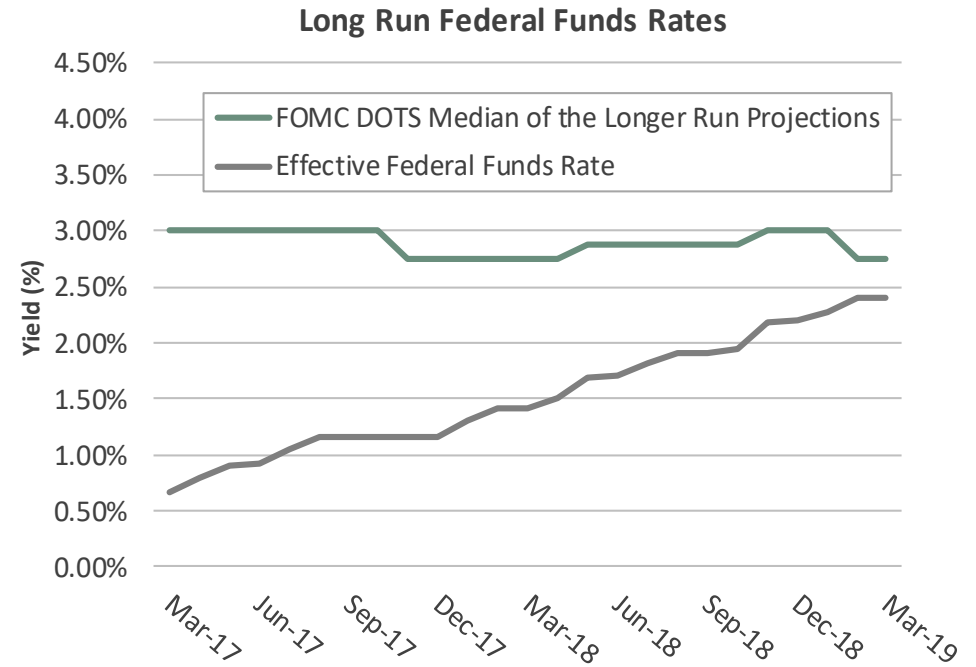
Source: US Department of Commerce

Fourth quarter GDP growth was revised down as expected to an annualized rate of 2.2%, from the advance estimate of 2.6%. This follows GDP growth of 3.4% in the third quarter and 4.2% in the second quarter. Although consumer spending was less robust than the previous two quarters, it continued to fuel overall economic growth. The consensus forecast calls for a more pronounced slowdown in economic growth in the first quarter of 2019 to 1.5%. Overall, GDP growth is expected to slow this year to 2.0%-2.5% from 2.9% last year, according to the consensus.

Federal Reserve



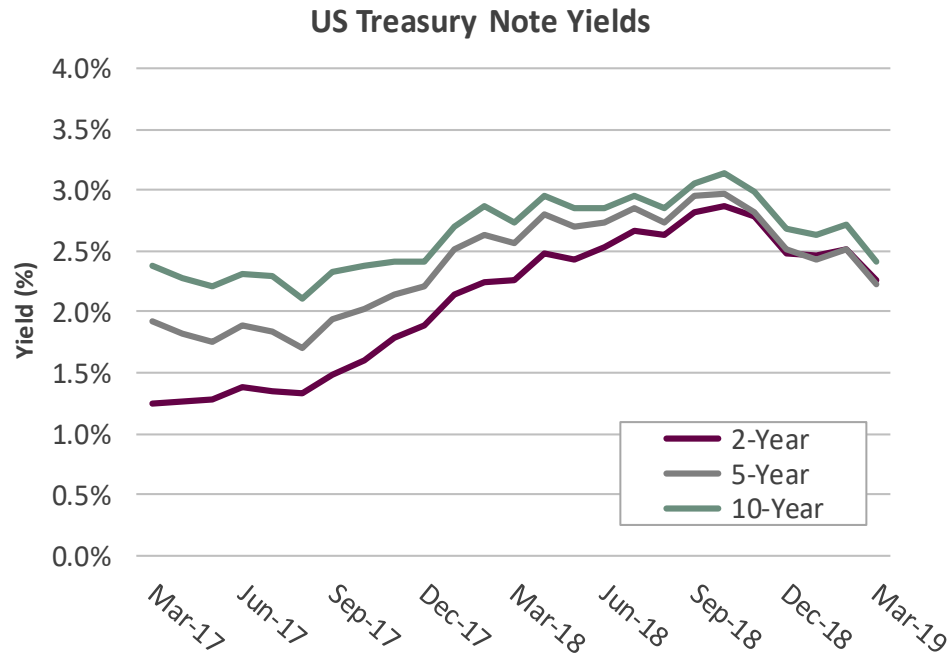
Source: Federal Reserve



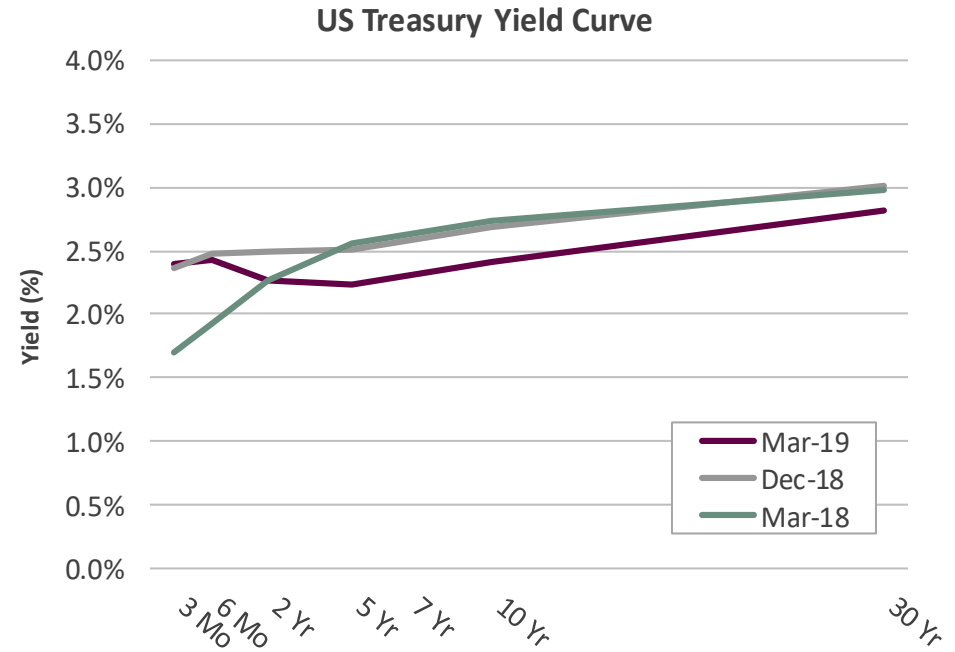
Source: Bloomberg

The Fed signaled that it plans to keep the federal funds target rate unchanged at a range of 2.25%-2.50% for the near-term. The Fed's long-run median federal funds rate target is 2.8%. 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

On a year-over-year basis at the end of March, the Treasury yield curve flattened with short-term rates higher and long-term rates lower on a year-over-year basis. The yield on 3-month T-bills rose nearly 70 basis points year-over-year, 2-Year Treasury yields were essentially flat, and the yield on 10-Year Treasuries declined more than 33 basis points. The spread between 2-Year and 10-year Treasury yields narrowed from 47 basis points to less than 15 basis points, year-over-year. Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while slower global economic growth, subdued inflation expectations, and a flight to quality have put downward pressure on longer-term rates.



Section 3 | 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	Complies
Agency Issues	Obligations issued by GNMA, FFCB, FHLB, FNMA, SLMA, and FHLMC	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
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.	Complies
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	Complies
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	Complies
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	Complies
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	Complies
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.	Complies
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF; Not used by investment adviser	Complies
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	Complies
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.	Complies
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)	Complies
Maximum maturity	5 years	Complies

Portfolio Characteristics

As of March 31, 2019

City of Cupertino

	3/31/2019	1/31/2019
	Benchmark*	Portfolio
Average Maturity (yrs)	2.65	0.63
Average Modified Duration	2.53	0.62
Average Purchase Yield	n/a	1.55%
Average Market Yield	2.29%	2.27%
Average Quality**	AAA	AAA/Aaa
Total Market Value		66,831,682

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

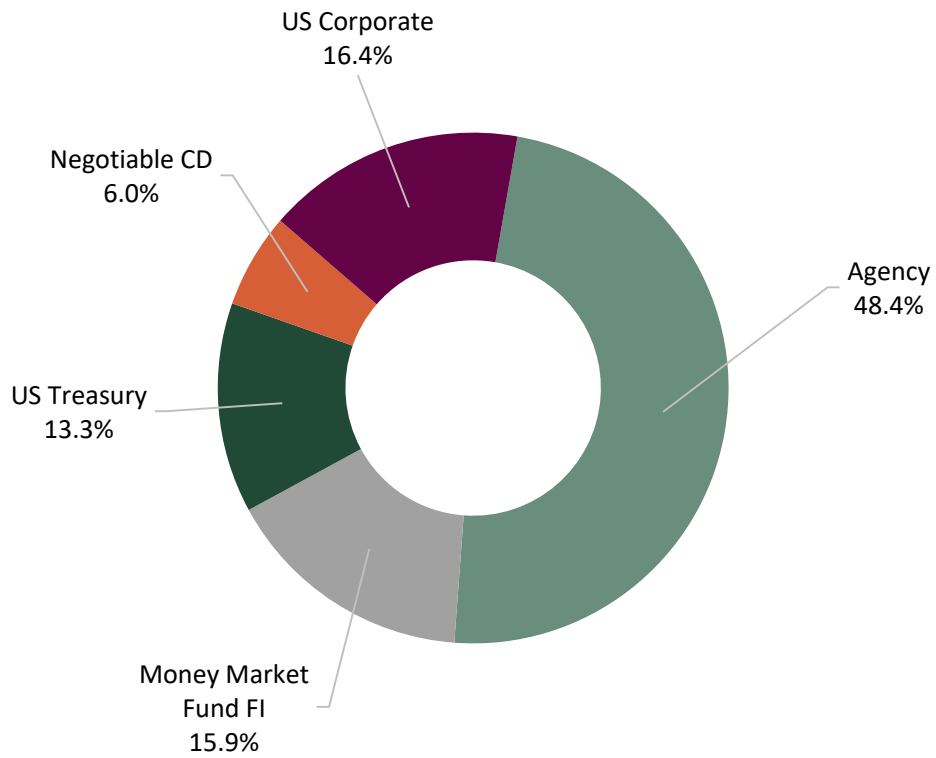
**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

Sector Distribution

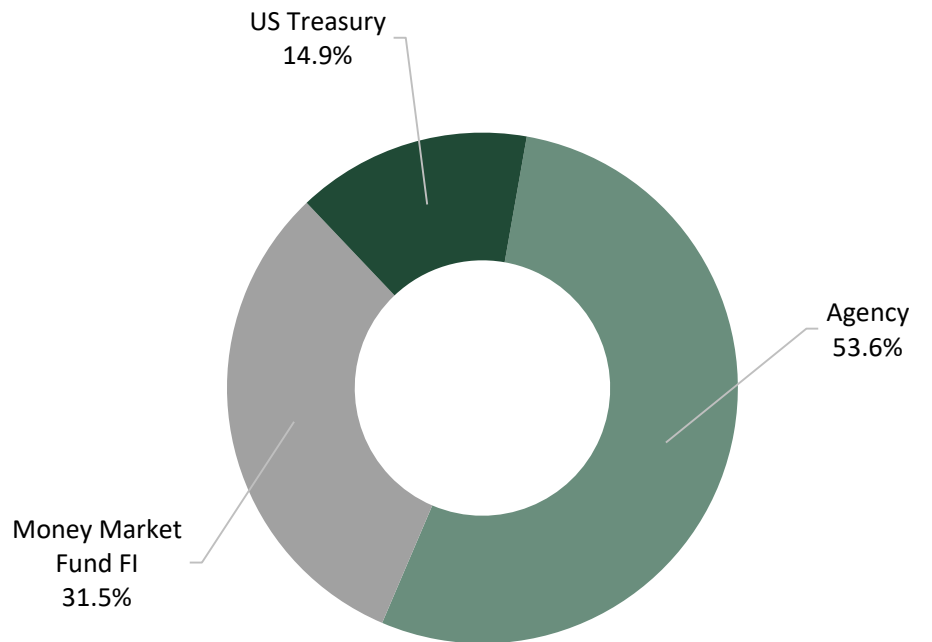
As of March 31, 2019

City of Cupertino

March 31, 2019



January 31, 2019



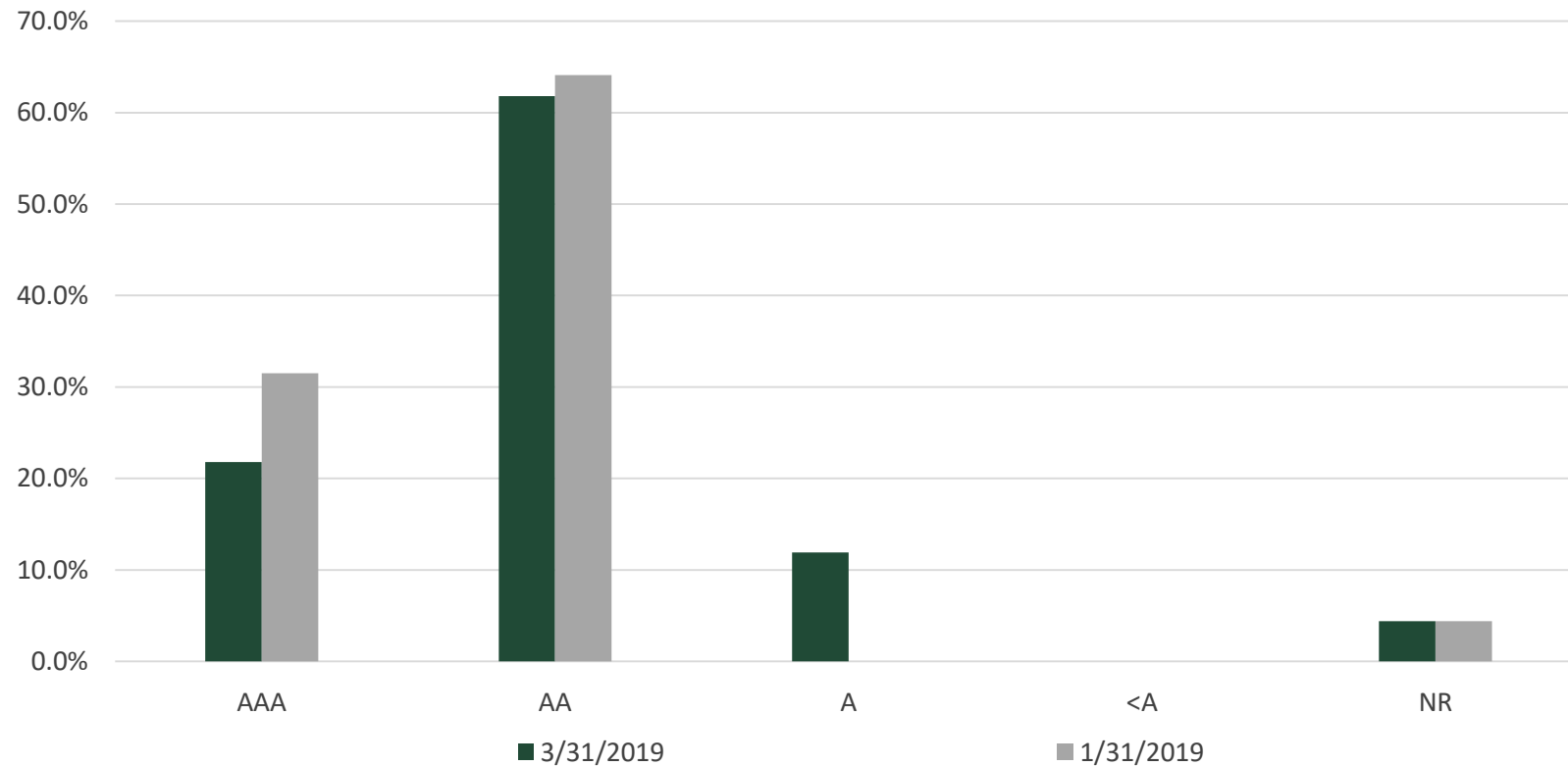
City of Cupertino – Account #10659

Issue Name	Investment Type	% Portfolio
Federal Home Loan Mortgage Corp	Agency	19.25%
Federal Home Loan Bank	Agency	18.80%
Wells Fargo 100% Treasury MMKT Fund	Money Market Fund FI	15.88%
Government of United States	US Treasury	13.32%
Federal National Mortgage Association	Agency	7.39%
Nordea Bank ABP New York	Negotiable CD	2.98%
Toronto Dominion Holdings	Negotiable CD	2.98%
Federal Farm Credit Bank	Agency	2.97%
Honda Motor Corporation	US Corporate	1.57%
Bank of New York	US Corporate	1.55%
Wal-Mart Stores	US Corporate	1.55%
General Dynamics Corp	US Corporate	1.52%
Bank of America Corp	US Corporate	1.52%
Toyota Motor Corp	US Corporate	1.50%
Deere & Company	US Corporate	1.50%
JP Morgan Chase & Co	US Corporate	1.50%
Apple Inc	US Corporate	1.49%
Wells Fargo Corp	US Corporate	1.48%
Chubb Corporation	US Corporate	1.27%
TOTAL		100.00%

Quality Distribution

As of March 31, 2019

City of Cupertino
March 31, 2019 vs. January 31, 2019



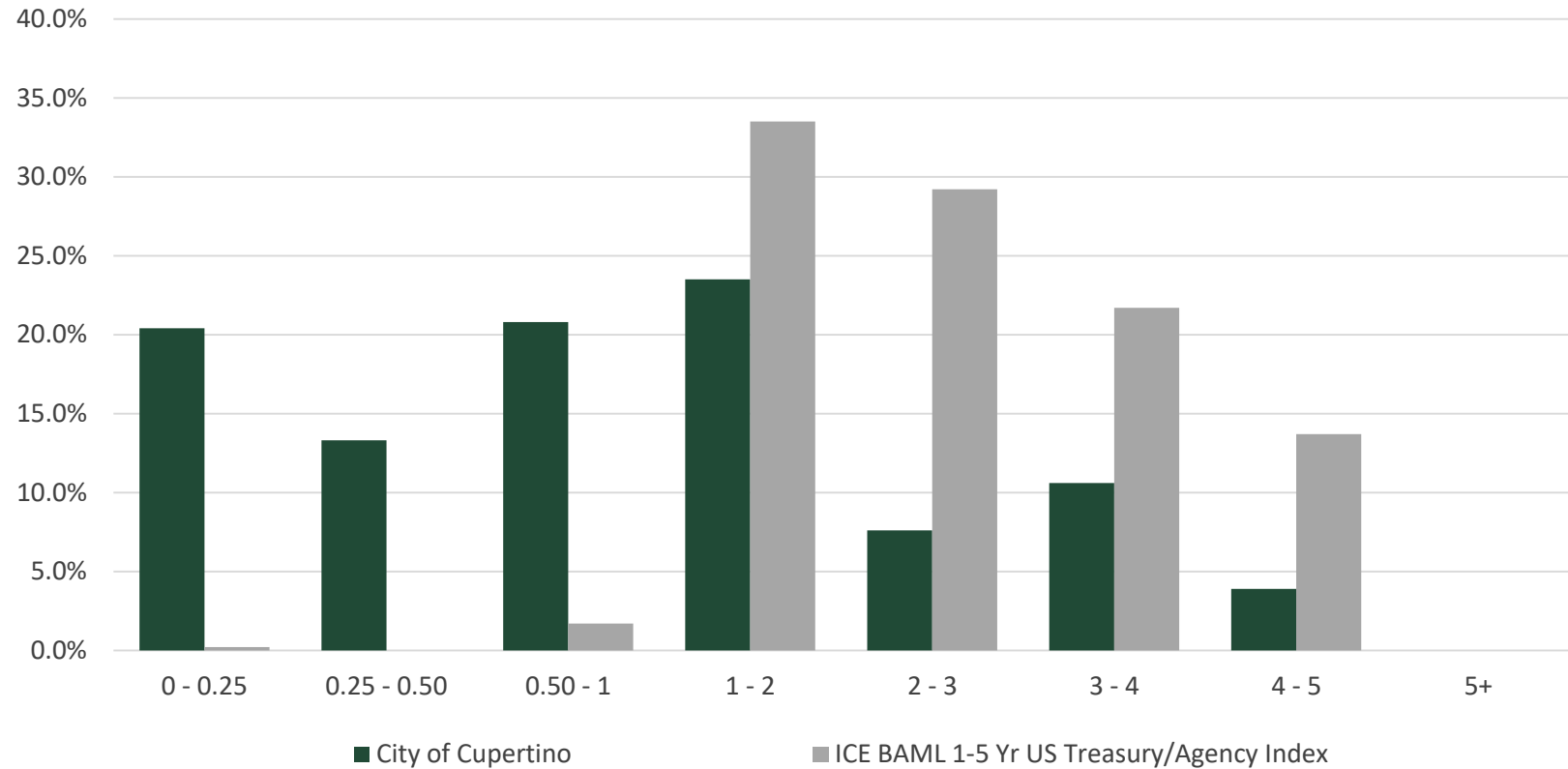
	AAA	AA	A	<A	NR
03/31/19	21.8%	61.8%	11.9%	0.0%	4.4%
01/31/19	31.5%	64.1%	0.0%	0.0%	4.4%

Source: S&P Ratings

Duration Distribution

As of March 31, 2019

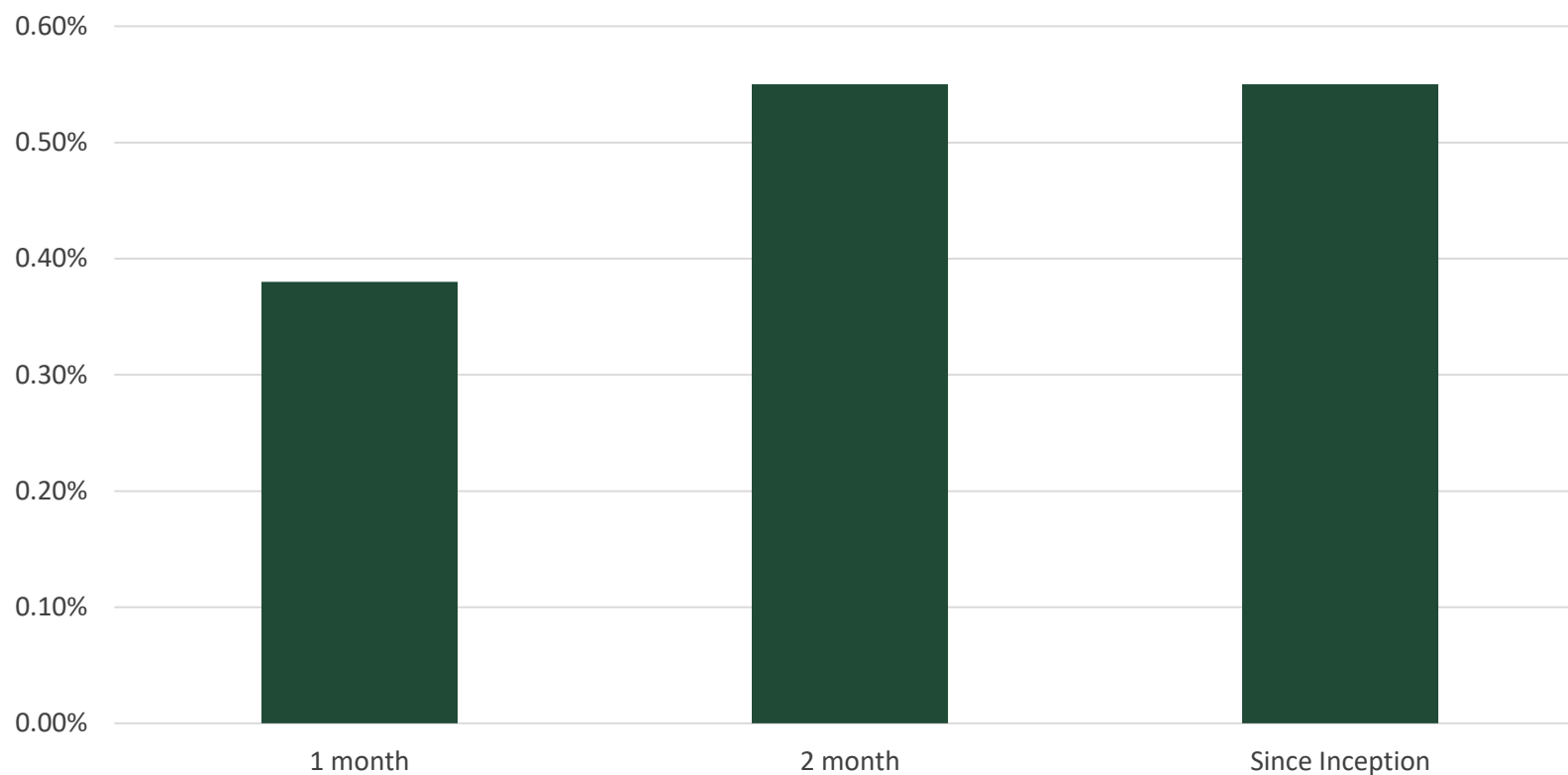
City of Cupertino
Portfolio Compared to the Benchmark as of March 31, 2019



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	20.4%	13.3%	20.8%	23.5%	7.6%	10.6%	3.9%	0.0%
Benchmark*	0.2%	0.0%	1.7%	33.5%	29.2%	21.7%	13.7%	0.0%

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

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

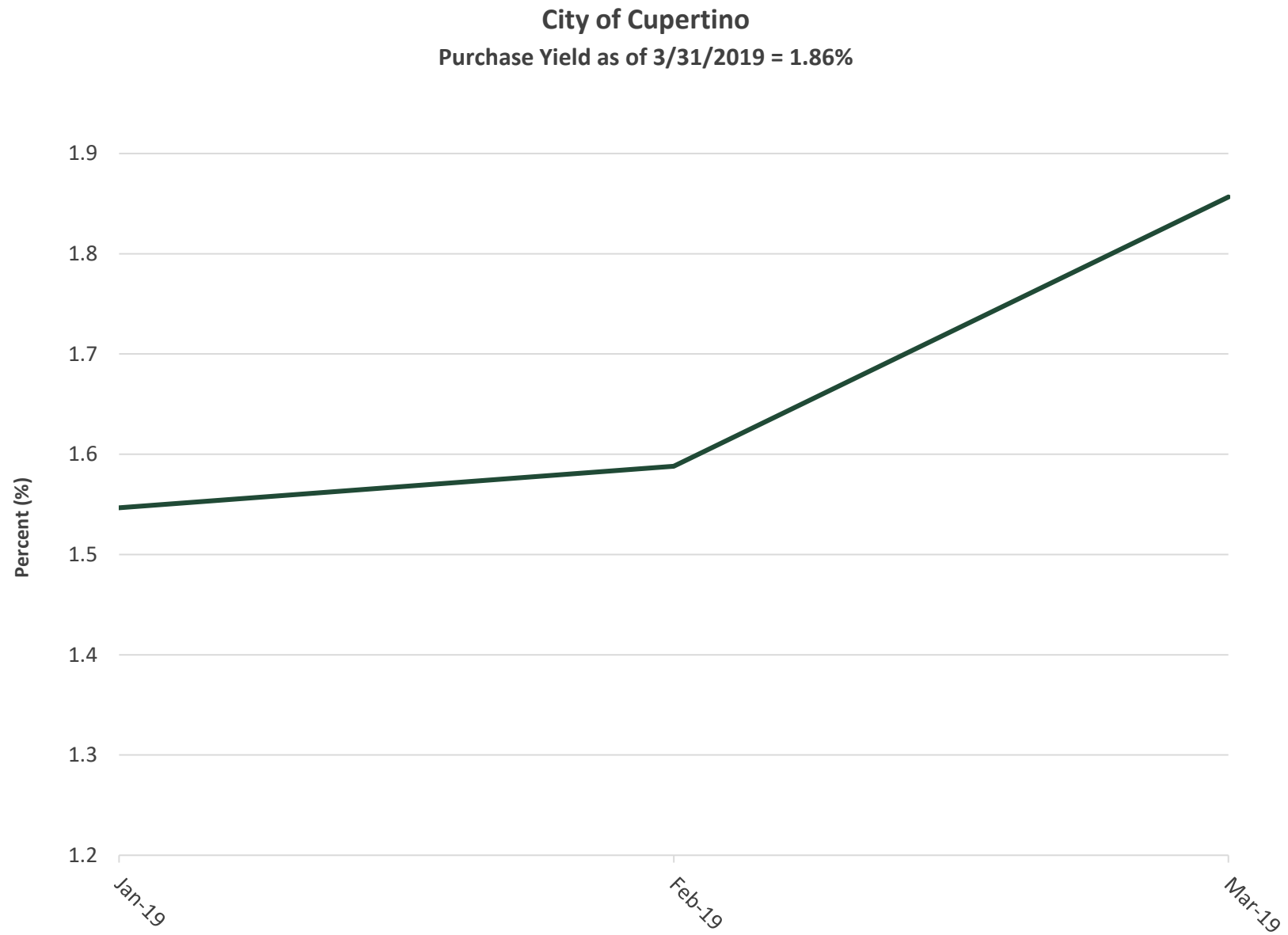


TOTAL RATE OF RETURN	1 month	2 month	Since Inception
City of Cupertino	0.38%	0.55%	0.55%

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 March 31, 2019





Section 4 | Portfolio Holdings

Holdings Report

As of March 31, 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									
3134G9MU8	FHLMC Callable Note Qrtly 8/24/2016 1.300% Due 05/24/2019	3,000,000.00	11/23/2016 1.30%	3,000,000.00 3,000,000.00	99.83 2.42%	2,995,029.00 13,758.33	4.48% (4,971.00)	Aaa / AA+ AAA	0.15 0.15
313383VN8	FHLB Note 2.000% Due 09/13/2019	2,000,000.00	10/16/2015 1.21%	2,060,000.00 2,006,932.77	99.78 2.48%	1,995,692.00 2,000.00	2.97% (11,240.77)	Aaa / AA+ AAA	0.45 0.45
313378UP4	FHLB Note 2.000% Due 10/11/2019	2,000,000.00	06/22/2017 1.43%	2,025,840.00 2,005,929.99	99.76 2.45%	1,995,268.00 18,888.89	3.00% (10,661.99)	Aaa / AA+ NR	0.53 0.52
3133EGJ30	FFCB Note 1.100% Due 11/18/2019	2,000,000.00	11/23/2016 1.36%	1,984,760.00 1,996,770.24	99.22 2.36%	1,984,360.00 8,127.78	2.97% (12,410.24)	Aaa / AA+ AAA	0.64 0.62
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	99.27 2.49%	2,978,061.00 125.00	4.43% (21,939.00)	Aaa / AA+ AAA	0.75 0.74
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	98.91 2.49%	2,967,348.00 7,735.00	4.43% (32,652.00)	Aaa / AA+ AAA	0.75 0.74
3130ABGP5	FHLB Note 1.500% Due 05/19/2020	2,000,000.00	06/22/2017 1.58%	1,995,580.00 1,998,276.95	98.91 2.48%	1,978,292.00 11,000.00	2.96% (19,984.95)	Aaa / AA+ NR	1.14 1.11
3136G3QB4	FNMA Callable Note 1X 5/26/2017 1.375% Due 05/26/2020	2,000,000.00	05/26/2016 1.38%	2,000,000.00 2,000,000.00	98.81 2.43%	1,976,218.00 9,548.61	2.96% (23,782.00)	Aaa / AA+ AAA	1.16 1.13
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	98.80 2.41%	1,975,990.00 9,375.00	2.95% (24,010.00)	Aaa / AA+ AAA	1.16 1.13
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	98.86 2.43%	1,977,226.00 7,583.33	2.95% (22,774.00)	Aaa / AA+ AAA	1.25 1.22
313370US5	FHLB Note 2.875% Due 09/11/2020	2,000,000.00	03/29/2019 2.38%	2,014,100.00 2,014,020.49	100.66 2.41%	2,013,230.00 3,194.44	3.00% (790.49)	Aaa / AA+ AAA	1.45 1.41
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	98.69 2.31%	2,960,724.00 15,750.00	4.43% (39,276.00)	NR / NR AAA	1.66 1.61
313376C94	FHLB Note 2.625% Due 12/10/2021	3,000,000.00	01/19/2017 1.90%	3,100,890.00 3,055,585.53	100.87 2.29%	3,026,115.00 24,281.25	4.54% (29,470.53)	Aaa / AA+ AAA	2.70 2.57
3130A0XE5	FHLB Note 3.250% Due 03/08/2024	1,500,000.00	03/28/2019 2.27%	1,568,115.00 1,568,001.85	104.24 2.34%	1,563,552.00 3,114.58	2.33% (4,449.85)	Aaa / AA+ NR	4.94 4.55
TOTAL Agency		32,500,000.00	1.52%	32,749,285.00 32,645,517.82	2.41%	32,387,105.00 134,482.21	48.40% (258,412.82)	Aaa / AA+ Aaa	1.27 1.22

Holdings Report

As of March 31, 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	10,671,898.36	Various 1.97%	10,671,898.36 10,671,898.36	1.00 1.97%	10,671,898.36 0.00	15.88% 0.00	Aaa / AAA NR	0.00 0.00
TOTAL Money Market Fund FI		10,671,898.36	1.97%	10,671,898.36 10,671,898.36	1.97%	10,671,898.36 0.00	15.88% 0.00	Aaa / AAA NR	0.00 0.00
Negotiable CD									
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 1,613.33	2.98% 0.00	P-1 / A-1+ F-1+	0.98 0.97
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 1,601.11	2.98% 0.00	P-1 / A-1+ F-1+	1.01 1.00
TOTAL Negotiable CD		4,000,000.00	2.63%	4,000,000.00 4,000,000.00	2.63%	4,000,000.00 3,214.44	5.96% 0.00	Aaa / AAA Aaa	0.99 0.98
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%	841,840.00 842,176.08	99.50 2.62%	845,780.60 8,037.22	1.27% 3,604.52	A3 / A A	1.60 1.53
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	1,000,000.00	03/11/2019 2.76%	1,004,920.00 1,004,801.67	100.90 2.56%	1,009,032.00 11,666.67	1.52% 4,230.33	A2 / A+ NR	2.12 2.01
89236TDP7	Toyota Motor Credit Corp Note 2.600% Due 01/11/2022	1,000,000.00	03/05/2019 2.89%	992,200.00 992,387.32	100.05 2.58%	1,000,498.00 5,777.78	1.50% 8,110.68	Aa3 / AA- A+	2.79 2.65
95000U2B8	WELLS FARGO & COMPANY Note 2.625% Due 07/22/2022	1,000,000.00	03/26/2019 2.80%	994,380.00 994,398.55	99.26 2.86%	992,642.00 5,031.25	1.48% (1,756.55)	A2 / A- A+	3.31 3.13
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%	994,370.00 994,446.19	99.96 2.98%	999,582.00 6,274.22	1.50% 5,135.81	A2 / A- AA-	3.80 3.09
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 1,007,564.19	100.40 2.69%	1,003,972.00 1,944.44	1.50% (3,592.19)	A2 / A A	3.93 3.69
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 1,013,424.45	102.54 2.83%	1,025,435.00 14,875.00	1.55% 12,010.55	A1 / A AA-	4.08 3.73
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	1,000,000.00	03/11/2019 2.79%	984,840.00 985,030.50	99.03 2.65%	990,348.00 9,866.67	1.49% 5,317.50	Aa1 / AA+ NR	4.09 3.83
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 1,023,367.96	102.96 2.64%	1,029,630.00 8,972.22	1.55% 6,262.04	Aa2 / AA AA	4.24 3.83
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	1,000,000.00	03/19/2019 2.99%	1,027,000.00 1,026,821.51	103.55 2.79%	1,035,470.00 17,218.75	1.57% 8,648.49	A2 / A NR	4.53 4.09

Holdings Report

As of March 31, 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
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.550% Due 03/05/2024	1,000,000.00	03/06/2019 3.45%	1,003,850.00 1,003,786.63	101.55 3.12%	1,015,514.00 2,563.89	1.52% 11,727.37	A2 / A- A+	4.93 3.64
TOTAL US Corporate		10,850,000.00	2.93%	10,888,260.00 10,888,205.05	2.76%	10,947,903.60 92,228.11	16.43% 59,698.55	A1 / A+ A+	3.62 3.23
US Treasury									
912828TH3	US Treasury Note 0.875% Due 07/31/2019	3,000,000.00	03/31/2017 1.32%	2,969,062.50 2,995,606.29	99.46 2.47%	2,983,944.00 4,350.83	4.45% (11,662.29)	Aaa / AA+ AAA	0.33 0.33
912828B5	US Treasury Note 0.750% Due 08/15/2019	2,000,000.00	09/12/2016 0.84%	1,995,000.00 1,999,362.70	99.35 2.49%	1,986,954.00 1,864.64	2.96% (12,408.70)	Aaa / AA+ AAA	0.38 0.37
912828TR1	US Treasury Note 1.000% Due 09/30/2019	2,000,000.00	03/30/2017 1.42%	1,979,375.00 1,995,893.05	99.27 2.48%	1,985,390.00 54.64	2.96% (10,503.05)	Aaa / AA+ AAA	0.50 0.49
912828K58	US Treasury Note 1.375% Due 04/30/2020	2,000,000.00	05/07/2015 1.54%	1,984,062.50 1,996,541.04	98.90 2.41%	1,978,046.00 11,546.96	2.96% (18,495.04)	Aaa / AA+ AAA	1.08 1.06
TOTAL US Treasury		9,000,000.00	1.29%	8,927,500.00 8,987,403.08	2.46%	8,934,334.00 17,817.07	13.32% (53,069.08)	Aaa / AA+ Aaa	0.55 0.54
TOTAL PORTFOLIO		67,021,898.36	1.86%	67,236,943.36 67,193,024.31	2.42%	66,941,240.96 247,741.83	100.00% (251,783.35)	Aa1 / AA+ Aaa	1.34 1.25
TOTAL MARKET VALUE PLUS ACCRUALS						67,188,982.79			



Section 5 | Transactions

Transaction Ledger

As of March 31, 2019

City of Cupertino - Account #10659

January 31, 2019 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	03/07/2019	00440EAT4	850,000.00	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due: 11/03/2020	99.040	2.90%	841,840.00	6,733.89	848,573.89	0.00
Purchase	03/07/2019	06406RAG2	1,000,000.00	Bank of NY Mellon Corp Note 3.5% Due: 04/28/2023	101.365	3.15%	1,013,650.00	12,541.67	1,026,191.67	0.00
Purchase	03/07/2019	89236TDP7	1,000,000.00	Toyota Motor Credit Corp Note 2.6% Due: 01/11/2022	99.220	2.89%	992,200.00	4,044.44	996,244.44	0.00
Purchase	03/08/2019	06051GHF9	1,000,000.00	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due: 03/05/2024	100.385	3.47%	1,003,850.00	295.84	1,004,145.84	0.00
Purchase	03/13/2019	037833AK6	1,000,000.00	Apple Inc Note 2.4% Due: 05/03/2023	98.484	2.79%	984,840.00	8,666.67	993,506.67	0.00
Purchase	03/13/2019	369550BE7	1,000,000.00	General Dynamics Corp Note 3% Due: 05/11/2021	100.492	2.76%	1,004,920.00	10,166.67	1,015,086.67	0.00
Purchase	03/13/2019	48128BAB7	1,000,000.00	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due: 01/15/2023	99.437	3.13%	994,370.00	4,788.22	999,158.22	0.00
Purchase	03/15/2019	931142EK5	1,000,000.00	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due: 06/26/2023	102.363	2.81%	1,023,630.00	7,461.11	1,031,091.11	0.00
Purchase	03/21/2019	02665WCQ2	1,000,000.00	American Honda Finance Note 3.625% Due: 10/10/2023	102.700	2.99%	1,027,000.00	16,211.81	1,043,211.81	0.00
Purchase	03/21/2019	65558TFW0	2,000,000.00	Nordea Bank ABP New York Yankee CD 2.64% Due: 03/23/2020	100.000	2.64%	2,000,000.00	0.00	2,000,000.00	0.00
Purchase	03/22/2019	89114MYP6	2,000,000.00	Toronto Dominion Bank Yankee CD 2.62% Due: 04/02/2020	100.000	2.62%	2,000,000.00	145.56	2,000,145.56	0.00
Purchase	03/28/2019	95000U2B8	1,000,000.00	WELLS FARGO & COMPANY Note 2.625% Due: 07/22/2022	99.438	2.80%	994,380.00	4,812.50	999,192.50	0.00
Purchase	03/29/2019	24422ETG4	1,000,000.00	John Deere Capital Corp Note 2.8% Due: 03/06/2023	100.758	2.60%	1,007,580.00	1,788.89	1,009,368.89	0.00
Purchase	03/29/2019	3130A0XE5	1,500,000.00	FHLB Note 3.25% Due: 03/08/2024	104.541	2.27%	1,568,115.00	2,843.75	1,570,958.75	0.00

Transaction Ledger

As of March 31, 2019

City of Cupertino - Account #10659

January 31, 2019 through March 31, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Purchase	03/29/2019	313370US5	2,000,000.00	FHLB Note 2.875% Due: 09/11/2020	100.705	2.38%	2,014,100.00	2,875.00	2,016,975.00	0.00
Subtotal			18,350,000.00				18,470,475.00	83,376.02	18,553,851.02	0.00
TOTAL ACQUISITIONS			18,350,000.00				18,470,475.00	83,376.02	18,553,851.02	0.00
DISPOSITIONS										
Maturity	02/01/2019	3133EG5Q4	3,000,000.00	FFCB Note 1.3% Due: 02/01/2019	100.000		3,000,000.00	0.00	3,000,000.00	0.00
Maturity	02/27/2019	3136FTP37	1,000,000.00	FNMA Callable Note 1X 2/27/2014 1.68% Due: 02/27/2019	100.000		1,000,000.00	0.00	1,000,000.00	0.00
Maturity	03/22/2019	3134G9SB4	3,000,000.00	FHLMC Callable Note 1X 3/22/2017 1.25% Due: 03/22/2019	100.000		3,000,000.00	0.00	3,000,000.00	0.00
Maturity	03/31/2019	912828W97	1,000,000.00	US Treasury Note 1.25% Due: 03/31/2019	100.000		1,000,000.00	0.00	1,000,000.00	0.00
Subtotal			8,000,000.00				8,000,000.00	0.00	8,000,000.00	0.00
TOTAL DISPOSITIONS			8,000,000.00				8,000,000.00	0.00	8,000,000.00	0.00

Important Disclosures

As of March 31, 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 0-3 Year US Treasury Index

The ICE BAML 0-3 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publicly issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than three years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. (Index: G1QA. Please visit www.mlindex.ml.com for more information).

ICE BAML 1-3 Year US Treasury & Agency Index

The ICE BAML 1-3 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 three 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: G1A0. Please visit www.mlindex.ml.com for more information).

ICE BAML 0-5 Year US Treasury Index

The ICE BAML 0-5 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publicly issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than five years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. (Index: GVQA. Please visit www.mlindex.ml.com for more information).

ICE BAML 1-5 Year 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: GVA0. Please visit www.mlindex.ml.com for more information).

ICE BAML 1-10 Year US Treasury/Agency Index

The ICE BAML 1-10 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 ten 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: G5A0. Please visit www.mlindex.ml.com for more information).