

**City of Peoria**



**For the Quarter Ended**

**March 31, 2016**

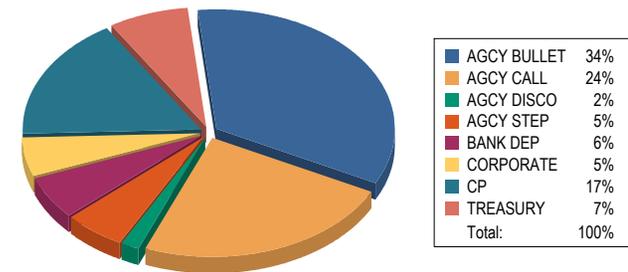
**Account Summary**

**Allocation by Security Type**

Beginning Values as of 12/31/15

Ending Values as of 03/31/16

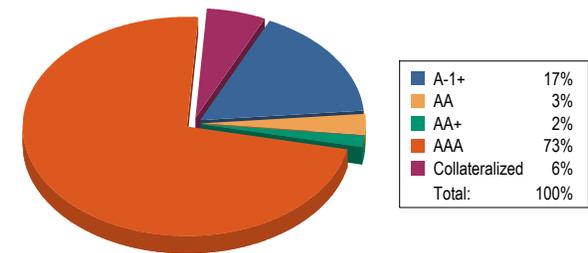
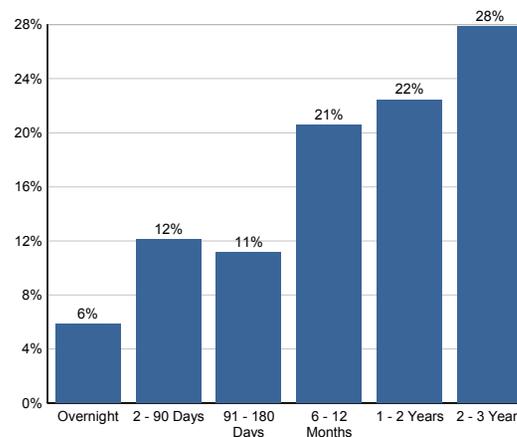
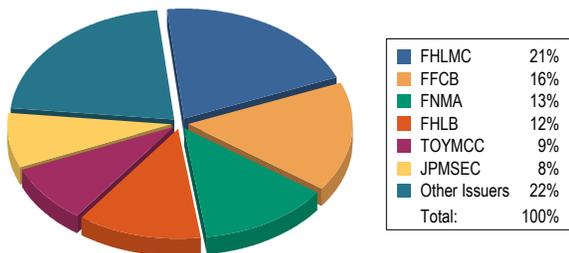
Par Value	318,346,266.23	322,371,040.25
Market Value	318,109,899.83	322,974,703.75
Book Value	318,615,431.00	322,576,286.78
Unrealized Gain/(Loss)	(505,531.17)	398,416.97
<b>Market Value %</b>	<b>99.84%</b>	<b>100.12%</b>
Weighted Avg. YTW	0.663%	0.807%
Weighted Avg. YTM	0.680%	0.877%



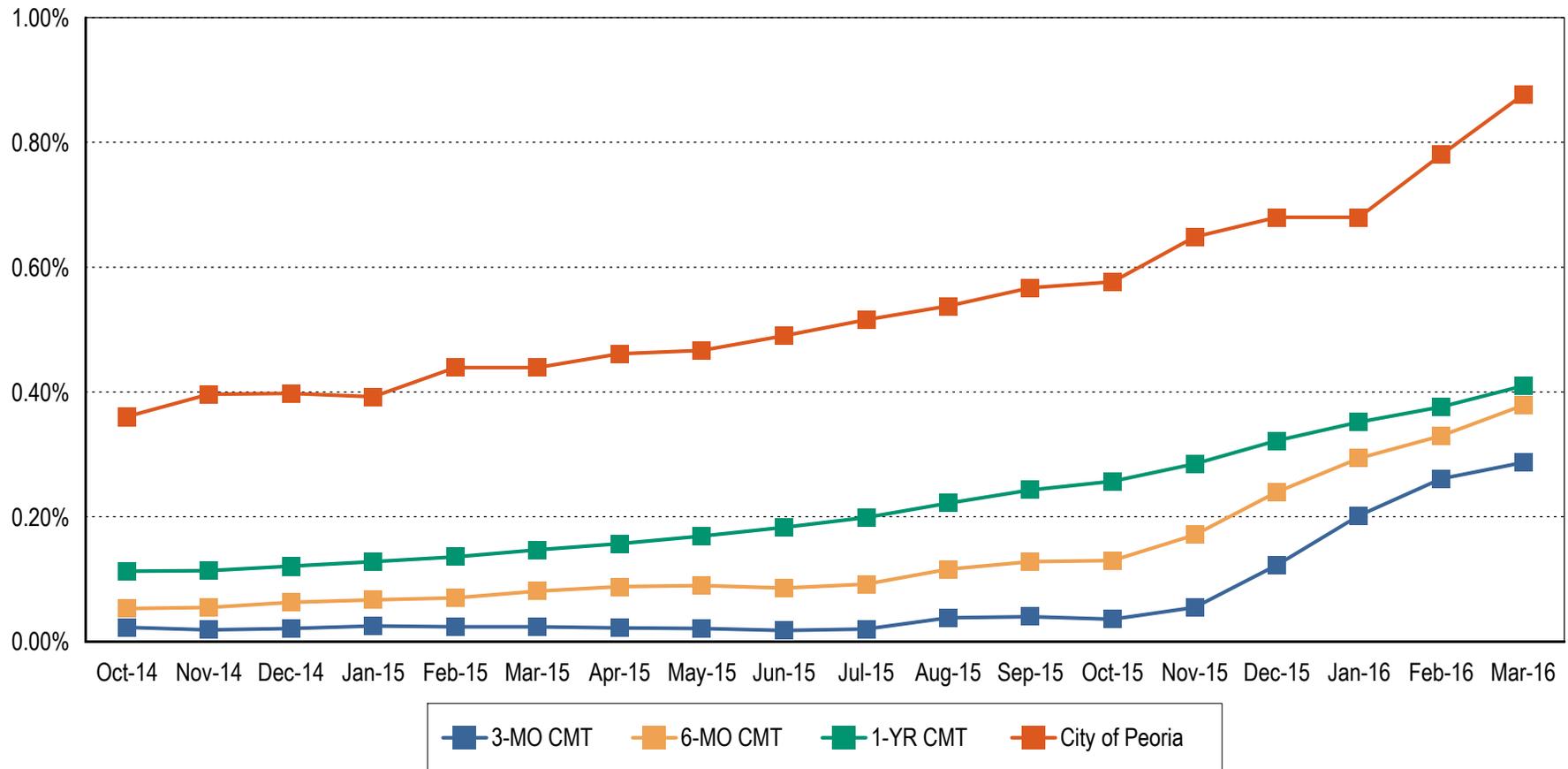
**Allocation by Issuer**

**Maturity Distribution %**

**Credit Quality**



**Weighted Average Days to Maturity: 455**



**Note 1:** CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

<b>Investment Type Allocation:</b>	<b>Book Value</b>	<b>Percent</b>	<b>Policy Maximum</b>	<b>Pass / Fail?</b>
Money Market Funds	18,946,040.26	5.9%	35.00%	Pass
Agencies	209,640,840.10	65.0%	80.00%	Pass
Commercial Paper	53,752,418.41	16.7%	35.00%	Pass
U.S. Treasury	23,154,444.19	7.2%	80.00%	Pass
Corporates	17,082,543.83	5.3%	35.00%	Pass
	<b>322,576,286.79</b>	<b>100.00%</b>		

<b>Maturity Breakdown:</b>	<b>Book Value</b>	<b>Percent</b>	<b>Policy Maximum</b>	<b>Pass / Fail?</b>
Less Than 90 Days	58,046,830.80	18.0%	No Limit	
90 to 180 Days	35,916,195.26	11.1%	No Limit	
181 to 365 Days	66,383,054.50	20.6%	No Limit	
1 to 2 Years	72,438,874.07	22.5%	No Limit	
2 to 3 Years	89,791,332.16	27.8%	No Limit	
More Than 3 Years	-	0.0%	20.00%	Pass
	<b>322,576,286.79</b>	<b>100.00%</b>		

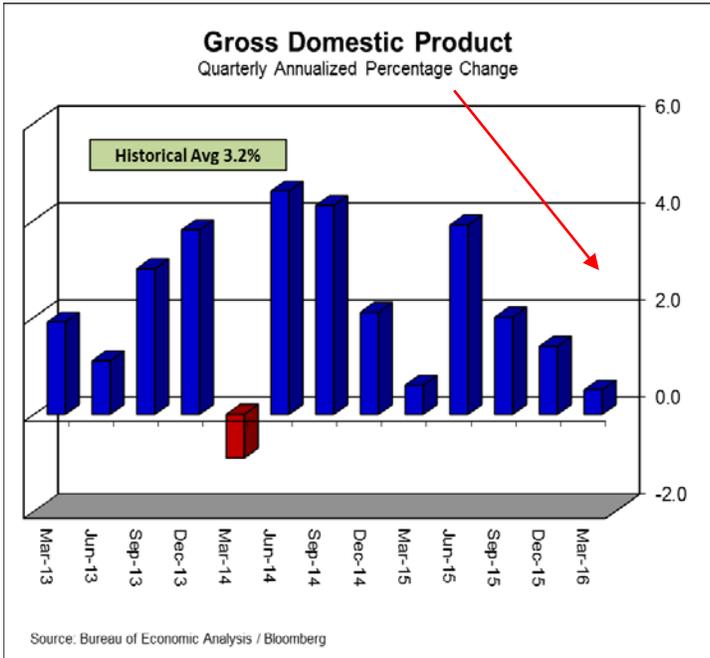
<b>Issuer Allocation:</b>	<b>Book Value</b>	<b>Percent</b>	<b>Policy Maximum</b>	<b>Pass / Fail?</b>
Fannie Mae	41,591,106.41	12.9%	40.00%	Pass
Freddie Mac	66,608,815.56	20.6%	40.00%	Pass
FHLB	39,027,649.35	12.1%	40.00%	Pass
Federal Farm Credit	51,493,461.71	16.0%	40.00%	Pass
U.S. Treasury	23,154,444.19	7.2%	80.00%	Pass
Wells Fargo & Co	10,919,807.07	3.4%	10.00%	Pass
Citigroup (FDIC)	-	0.0%	10.00%	Pass
FCAR Owner Trust	-	0.0%	10.00%	Pass
Toyota Mtr Cr	27,844,991.71	8.6%	10.00%	Pass
GE Capital Corp	-	0.0%	10.00%	Pass
Apple Inc	5,000,197.45	1.6%	5.00%	Pass
Wal-Mart Stores Inc.	10,081,131.90	3.1%	5.00%	Pass
Exxon Mobil	2,001,214.48	0.6%	5.00%	Pass
	<b>322,576,286.79</b>	<b>100.00%</b>		

<b>Other Policy Tests:</b>	<b>Pass / Fail?</b>
Policy requires at least 35% of portfolio to mature in less than one year. Current Portfolio Maturing in Less Than One Year = <b>49.7%</b>	Pass
Policy sets a maximum weighted average maturity of 3 years (1095 days). Current Portfolio Weighted Average Maturity = <b>455</b>	Pass

<b>Investment Income for the Period From 1/1/2016 through 3/31/2016:</b>	
Interest Income	593,290.19
Realized Gains/Losses	-
<b>Net Investment Income</b>	<b>593,290.19</b>

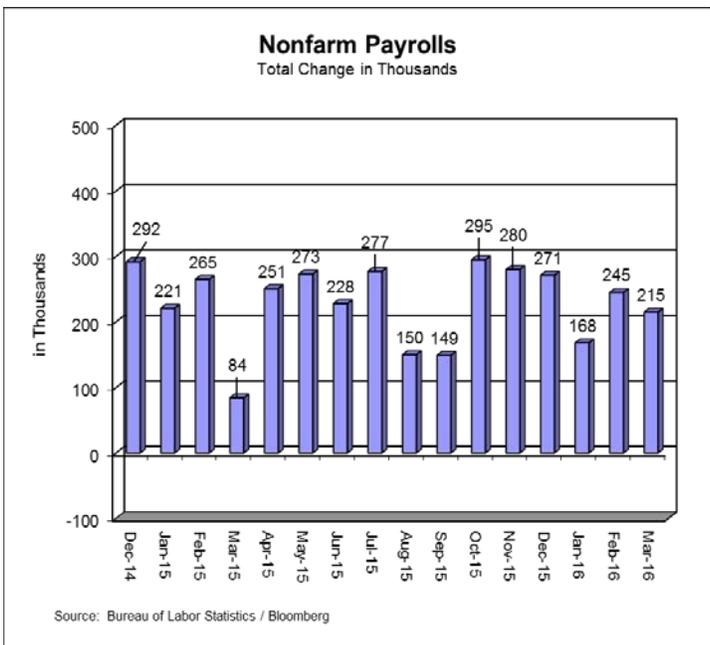
## National Economic Trends

Period ending March 31, 2016



### Gross Domestic Product (GDP)

Annualized GDP rose by just +0.5% in the first quarter of 2016, the slowest growth rate in two years and down significantly from the anemic +1.4% pace in the fourth quarter of 2015. The key consumer spending component fell below +2.0% for the first time since the first quarter of last year. The quarter was decidedly weak, as has been the case each of the last three years. However, this time is different - both 2014 and 2015 were blamed on harsh weather and significant rebounds followed as the ice thawed (up +4.5% and +3.9% in the following quarter). This year, the weather was usually mild, *which should have actually boosted growth*. Thus, pent-up consumer demand is unlikely this time. So far in Q2 2016, GDP is tracking at around +1.5%, far from the accustomed spring rebound. In the context of what's shaping up to be the slowest first half in five years, the Fed's case to raise rates in June is losing credibility.



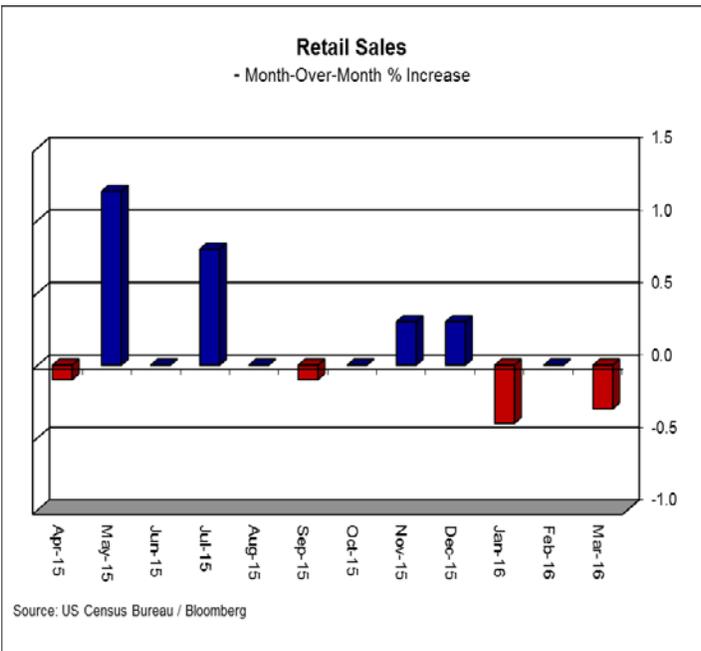
### Nonfarm Payrolls

The unemployment rate rose from an eight-year low of 4.9% to 5.0% as the number of Americans reentering the workforce during the month exceeded the number who actually found jobs. U.S. company payrolls rose by +215k in March, while January and February payrolls increased by +168k and +245k respectively. Media headlines reported that job growth over the last 24 months was the strongest in 17 years. Although the raw numbers support this claim, the *types* of jobs Americans hold aren't quite what they used to be. In March, the number of part-time workers who would prefer to work full-time, increased by 135k to 6.1 million. Since the Bureau of Labor Statistics (BLS) doesn't distinguish between full and part-time employment, the large number of part-time workers has a tendency to distort the true labor picture.



**Housing**

Housing starts fell -8.8% in March while building permits (a leading indicator) dropped -7.7%. The odd thing about the declining starts and permits is that available housing supply is low which has pushed home prices to new highs in many parts of the country. These are big incentives for builders. Adding supply would probably boost sales while easing a bit of price pressure, but builders are cautious. Sales of existing homes (which make up more than 90% of the residential market) rose by 5.1% in March to a 5.33 million annualized rate, while the median price rose 5.7% over the past year to \$222,700. At the current sales pace, there's a 4.5 month supply on hand. Less than five months is considered to be a tight market. Mortgage rates moved within 36 bps of a record low during the quarter.



**Retail Sales**

Consumer spending was a disappointment throughout the first quarter. The headline figure for March retail sales unexpectedly fell -0.3% versus a forecasted gain of +0.1%. The headline decline was driven by falling auto sales (-2.1%) and food service (-0.8%) and came despite the fact that 9 of the 13 categories actually increased. If the declines in vehicle sales and food service are stripped out, sales gained +0.4% in March. Digging deeper, sales ex-autos and gas were up just +0.1% but the February gain was revised upward from +0.3% to +0.6%. The retail sales control group, (which is used in GDP calculations) rose just +0.1% in March, but upward revisions to the previous months improved the overall picture. The February control group was revised higher, from +0.1% to +0.4%, and January from -0.1% to +0.1%; both still reflect an anemic spending pace.

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