

FOR PROFESSIONAL CLIENTS ONLY  
NOT TO BE DISTRIBUTED TO RETAIL CLIENTS

THIS DOCUMENT SHOULD NOT BE REPRODUCED IN  
ANY FORM WITHOUT PRIOR WRITTEN APPROVAL

# CITY OF COLORADO SPRINGS

December 2016

➤ A BNY MELLON COMPANY<sup>SM</sup>



# ACTIVITY AND PERFORMANCE SUMMARY

For the period October 1, 2016 - December 31, 2016

<u>Amortized Cost Basis Activity Summary</u>	
<b>Opening balance</b>	96,962,597.51
Income received	323,610.00
<b>Total receipts</b>	323,610.00
<b>Total disbursements</b>	0.00
Interportfolio transfers	(5,830,360.00)
<b>Total Interportfolio transfers</b>	(5,830,360.00)
Realized gain (loss)	0.00
<b>Total amortization expense</b>	(63,942.58)
<b>Total OID/MKT accretion income</b>	4,293.12
Return of capital	0.00
<b>Closing balance</b>	91,396,198.05
<b>Ending fair value</b>	90,791,766.10
Unrealized gain (loss)	(604,431.95)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Corporate Bonds	104,924.48	(10,466.03)	0.00	94,458.45
Government Agencies	156,283.25	(25,769.14)	0.00	130,514.11
Government Bonds	67,706.27	(23,414.29)	0.00	44,291.98
<b>Total</b>	<b>328,914.00</b>	<b>(59,649.46)</b>	<b>0.00</b>	<b>269,264.54</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* Three month trailing
Fed Funds	0.40	0.21	0.11
Overnight Repo	0.45	0.23	0.10
Merrill Lynch 3m US Treas Bill	0.30	0.17	0.10
Merrill Lynch 6m US Treas Bill	0.41	0.23	0.13
ML 1 Year US Treasury Note	0.61	0.33	0.19
ML 2 Year US Treasury Note	0.84	0.44	0.25
ML 5 Year US Treasury Note	1.34	0.69	0.40

\* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	328,914.00
Accretion (amortization)	(59,649.46)
Realized gain (loss) on sales	0.00
Total income on portfolio	269,264.54
Average daily amortized cost	93,247,137.68
Period return (%)	0.29
YTD return (%)	1.13
Weighted average final maturity in days	650

# ACTIVITY AND PERFORMANCE SUMMARY

For the period October 1, 2016 - December 31, 2016

<u>Fair Value Basis Activity Summary</u>		
<b>Opening balance</b>		97,065,601.15
Income received	323,610.00	
<b>Total receipts</b>		323,610.00
<b>Total disbursements</b>		0.00
Interportfolio transfers	(5,830,360.00)	
<b>Total Interportfolio transfers</b>		(5,830,360.00)
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		(767,085.05)
<b>Ending fair value</b>		90,791,766.10

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Corporate Bonds	104,924.48	(138,555.10)	(33,630.62)
Government Agencies	156,283.25	(547,632.45)	(391,349.20)
Government Bonds	67,706.27	(80,897.50)	(13,191.23)
<b>Total</b>	<b>328,914.00</b>	<b>(767,085.05)</b>	<b>(438,171.05)</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* Three month trailing
Fed Funds	0.40	0.21	0.11
Overnight Repo	0.45	0.23	0.10
Merrill Lynch 3m US Treas Bill	0.33	0.18	0.09
Merrill Lynch 6m US Treas Bill	0.67	0.26	0.13
ML 1 Year US Treasury Note	0.76	0.10	0.05
ML US Treasury 1-3	0.89	(0.54)	(0.43)
ML US Treasury 1-5	1.09	(1.27)	(1.09)

\* rates reflected are cumulative

<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	328,914.00
Change in fair value	(767,085.05)
Total income on portfolio	(438,171.05)
Average daily total value *	93,206,921.60
Period return (%)	(0.47)
YTD return (%)	0.71
Weighted average final maturity in days	650

\* Total value equals market value and accrued interest

# ADDITIONAL INFORMATION

## As of December 31, 2016

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

Investment advisory services in North America are provided through four different SEC-registered investment advisers using the brand Insight Investment: Cutwater Asset Management Corp. (CAMC), Cutwater Investor Services Corp. (CISC), Insight North America LLC (INA) and Pareto Investment Management Limited (PIML). The North American investment advisers are associated with a broader group of global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as Insight, Insight Group or Insight Investment.

Both CISC and CAMC are investment advisers registered with the Securities and Exchange Commission (SEC), under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. You may request, without charge, additional information about Insight. Moreover, specific information relating to Insights strategies, including investment advisory fees, may be obtained from CAMCs and CISCs Forms ADV Part 2A, which are available without charge upon request.

Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. CAMC and CISC charge management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with either CAMC or CISC, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. CAMCS and CISC's investment advisory fees are discussed in Part 2A of the Firms Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S Treasury and U.S agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategys holdings may differ substantially from the securities that comprise the indices shown.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

# ADDITIONAL INFORMATION

## As of December 31, 2016

Insight is a group of wholly owned subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of The Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction. Unless you are notified to the contrary, the products and services mentioned are not insured by the FDIC (or by any governmental entity) and are not guaranteed by or obligations of The Bank of New York Mellon Corporation or any of its affiliates. The Bank of New York Corporation assumes no responsibility for the accuracy or completeness of the above data and disclaims all expressed or implied warranties in connection therewith.

© 2016 Insight Investment. All rights reserved.