



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2018

Prepared by
Valley View Consulting, L.L.C.

The investment portfolio of the City of Keller is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Director of Finance - Investment Officer

Mayor

City Manager

Council Member

Assistant Director of Finance - Investment Officer

Council Member

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	September 30, 2017			September 30, 2018		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	1.23%	\$ 1,117,126	\$ 1,117,126	2.05%	\$ 1,046,550	\$ 1,046,550
NOW/MMA/Pools	1.19%	47,877,898	47,877,898	2.06%	44,321,068	44,321,068
Securities/CDs	1.26%	33,291,864	33,291,864	2.21%	51,923,440	51,923,440
Totals		\$ 82,286,888	\$ 82,286,888		\$ 97,291,058	\$ 97,291,058
Fourth Quarter-End Yield	1.22%			2.14%		

Average Quarter-End Yields (1):

	2017 Fiscal Year	2018 Fiscal Year
Keller	1.00%	1.79%
Rolling Three Month Treasury	0.75%	1.69%
Rolling Six Month Treasury	0.78%	1.73%
TexPool	0.74%	1.62%
Fiscal YTD Interest Earnings	\$ 717,480	\$ 1,582,568

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

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2018			September 30, 2018		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	1.58%	\$ 1,730,237	\$ 1,730,237	2.05%	\$ 1,046,550	\$ 1,046,550
NOW/MMA/Pools	1.68%	52,688,812	52,688,812	2.06%	44,321,068	44,321,068
Securities/CDs	1.76%	46,364,577	46,364,577	2.21%	51,923,440	51,923,440
Totals		\$ 100,783,625	\$ 100,783,625		\$ 97,291,058	\$ 97,291,058

Average Yield - Current Quarter (1)

Total Portfolio	2.14%
Rolling Three Mo. Treas. Yield	2.08%
Rolling Six Mo. Treas. Yield	2.15%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	1.79%
Rolling Three Mo. Treas. Yield	1.69%
Rolling Six Mo. Treas. Yield	1.73%
Quarterly TexPool Yield	1.62%

Interest Income

Quarterly Interest Income	\$ 498,734	Approximate
Year-to-date Interest Income	\$ 1,582,568	Approximate

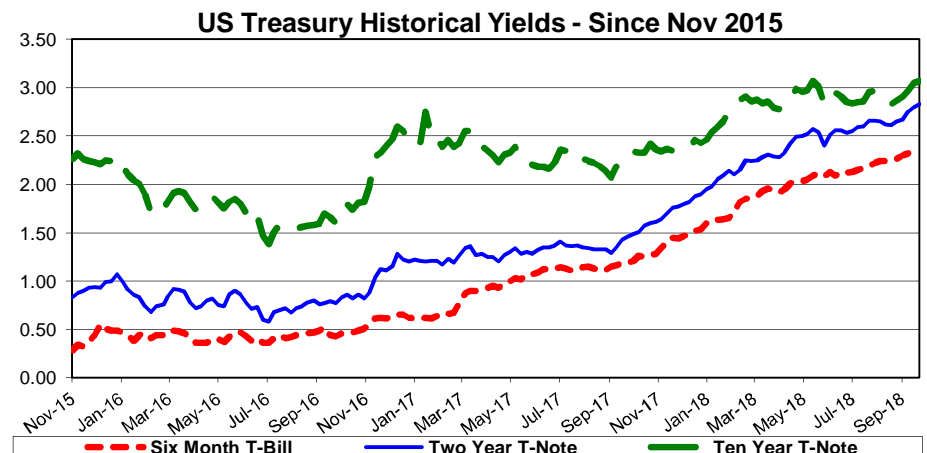
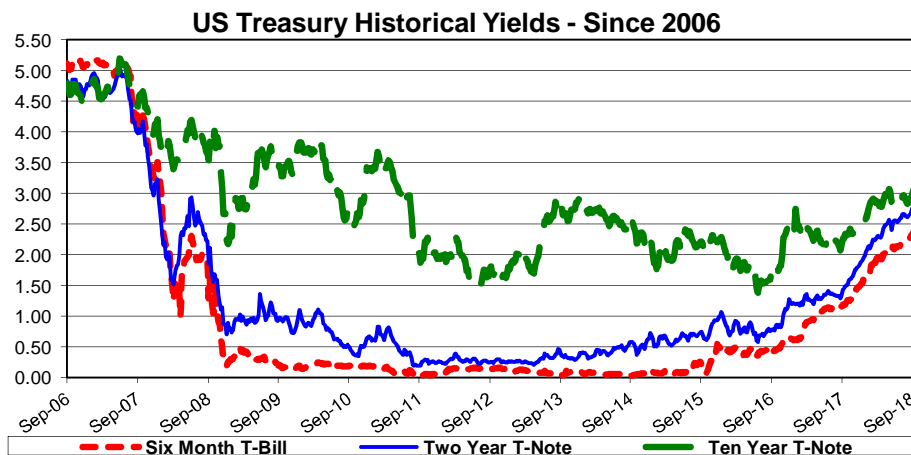
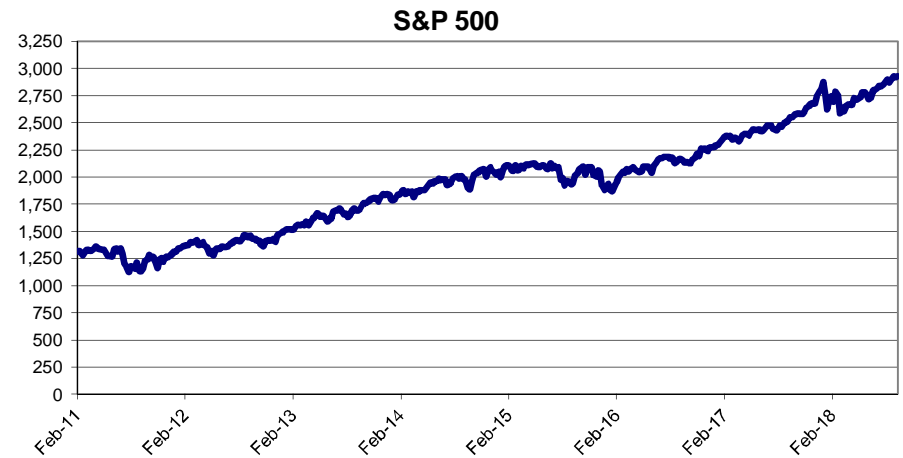
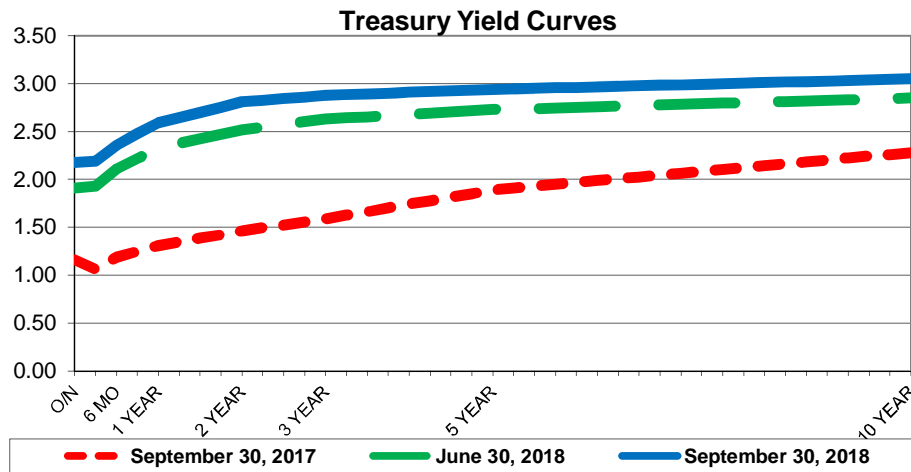
Bank Fee Offset

Current Quarter Bank Fee Offset	\$ 6,713
Year-to-Date Bank Fee Offset	\$ 21,668

(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

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

The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 2.00% - 2.25% (Effective Fed Funds are trading +/-2.18%). Additional range increases are still projected for Dec 2018 and 2019. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings. Second Quarter grew 4.2% (final estimate). Employment/ Unemployment continues to strong levels. WTI Crude oil increased above +/--\$70. The Stock Markets reached new highs. Consumer Confidence is strong. Personal Income is improving. The flattening yield curve may or may not impact long range FOMC actions.



**Investment Holdings
September 30, 2018**

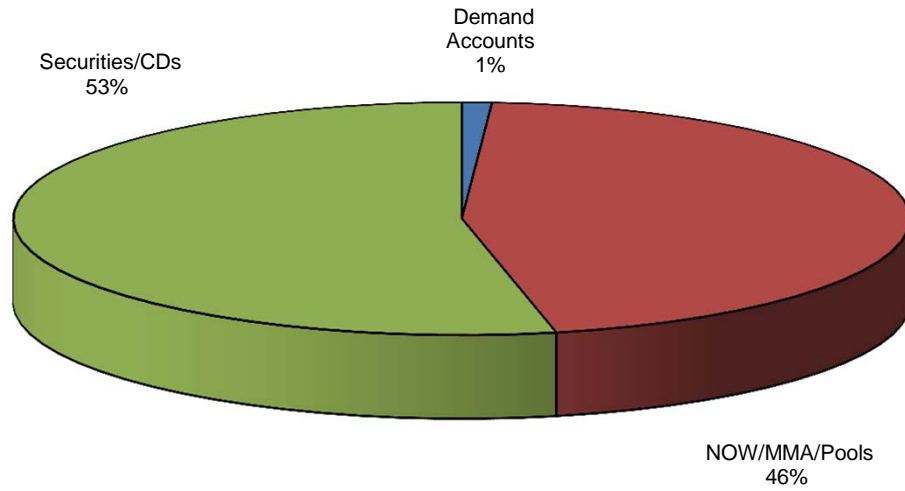
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Frost DDA (3)		2.12%	10/01/18	09/30/18	\$ 812,667	\$ 812,667	1.00	\$ 812,667	1	2.12%
Simmons Bank DDA		1.82%	10/01/18	09/30/18	233,882	233,882	1.00	233,882	1	1.82%
Simmons Bank ICS		1.82%	10/01/18	09/30/18	6,962,676	6,962,676	1.00	6,962,676	1	1.82%
SSB MMA 1332		2.14%	10/01/18	09/30/18	2,817,829	2,817,829	1.00	2,817,829	1	2.14%
SSB MMA 7888		2.14%	10/01/18	09/30/18	577,548	577,548	1.00	577,548	1	2.14%
NexBank MMA		2.22%	10/01/18	09/30/18	229,154	229,154	1.00	229,154	1	2.22%
NexBank ICS Savings		2.20%	10/01/18	09/30/18	19,185,035	19,185,035	1.00	19,185,035	1	2.20%
Goldman Sachs Gov't MMF	AAAm	1.71%	10/01/18	09/30/18	1,558,674	1,558,674	1.00	1,558,674	1	1.71%
TexPool	AAAm	2.00%	10/01/18	09/30/18	12,990,152	12,990,152	1.00	12,990,152	1	2.00%
SUBTOTAL					\$ 45,367,618	\$ 45,367,618		\$ 45,367,618	1	2.06%
									(1)	(2)
Third Coast Bank CD		1.41%	10/01/18	03/31/17	2,500,000	2,500,000	100.00	2,500,000	1	1.41%
Southside Bank CD		1.70%	12/10/18	12/08/17	2,532,040	2,532,040	100.00	2,532,040	71	1.70%
LegacyTexas Bank CD		1.60%	12/20/18	06/20/17	2,040,442	2,040,442	100.00	2,040,442	81	1.60%
East West Bank CD		2.19%	12/27/18	03/27/18	1,000,000	1,000,000	100.00	1,000,000	88	2.19%
East West Bank CD		2.30%	02/10/19	05/10/18	1,513,672	1,513,672	100.00	1,513,672	133	2.30%
Wallis State Bank CD		1.55%	03/13/19	03/13/17	2,047,083	2,047,083	100.00	2,047,083	164	1.55%
LegacyTexas Bank CD		1.55%	03/29/19	09/29/17	2,031,221	2,031,221	100.00	2,031,221	180	1.55%
InterBank CDARS		2.38%	04/04/19	04/05/18	1,880,000	1,880,000	100.00	1,880,000	186	2.38%
InterBank CDARS		2.35%	04/04/19	04/05/18	2,880,000	2,880,000	100.00	2,880,000	186	2.35%
InterBank CD		2.35%	04/05/19	04/05/18	120,000	120,000	100.00	120,000	187	2.35%
InterBank CD		2.35%	04/05/19	04/05/18	120,000	120,000	100.00	120,000	187	2.35%
Wallis State Bank CD		2.00%	04/18/19	01/19/18	2,019,885	2,019,885	100.00	2,019,885	200	2.00%
LegacyTexas Bank CD		1.80%	05/31/19	12/01/17	1,013,594	1,013,594	100.00	1,013,594	243	1.80%
LegacyTexas Bank CD		1.80%	06/06/19	12/06/17	5,067,969	5,067,969	100.00	5,067,969	249	1.80%
Texas Bank Fin CDARS		2.81%	07/25/19	07/26/18	2,010,342	2,010,342	100.00	2,010,342	298	2.81%
East West Bank CD		2.38%	09/26/19	03/26/18	3,543,167	3,543,167	100.00	3,543,167	361	2.38%
Texas Bank Fin CDARS		2.86%	10/24/19	07/26/18	2,010,527	2,010,527	100.00	2,010,527	389	2.86%
Origin Bank CD		1.94%	12/07/19	12/07/17	2,536,585	2,536,585	100.00	2,536,585	433	1.94%
LegacyTexas Bank CD		2.20%	01/17/20	01/17/18	3,044,222	3,044,222	100.00	3,044,222	474	2.20%
Texas Bank Fin CDARS		2.91%	01/23/20	07/26/18	2,010,711	2,010,711	100.00	2,010,711	480	2.91%
East West Bank CD		2.83%	03/14/20	09/14/18	1,501,978	1,501,978	100.00	1,501,978	531	2.83%
Texas Security Bank CD		2.50%	03/22/20	03/27/18	3,500,000	3,500,000	100.00	3,500,000	539	2.50%
LegacyTexas Bank CD		2.88%	06/15/20	09/14/18	2,500,000	2,500,000	100.00	2,500,000	624	2.88%
Third Coast Bank CD		2.96%	09/14/20	09/14/18	2,500,000	2,500,000	100.00	2,500,000	715	2.96%
SUBTOTAL					\$ 51,923,440	\$ 51,923,440		\$ 51,923,440	315	2.21%
									(1)	(2)
TOTAL					\$ 97,291,058	\$ 97,291,058		\$ 97,291,058	169	2.14%
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

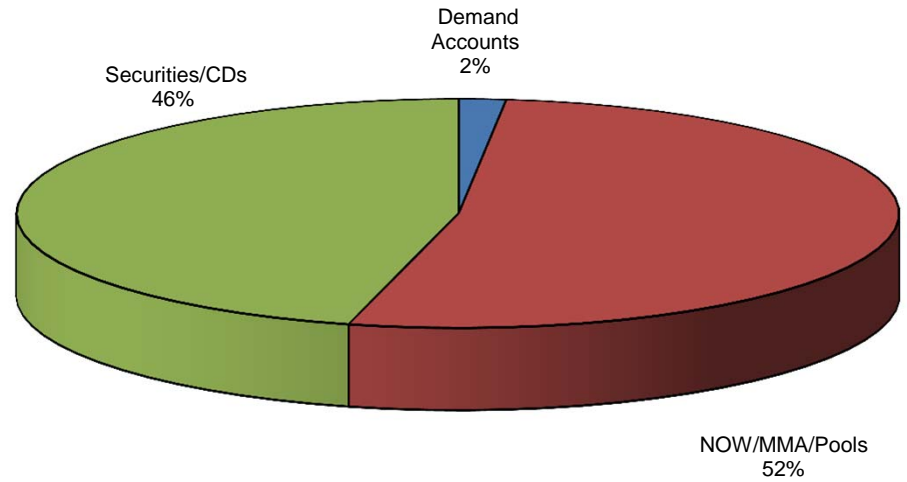
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

(3) **Earnings Credit Rate** - The City's Frost DDA accrues earnings credit to offset service charges and fees. No hard interest is paid.

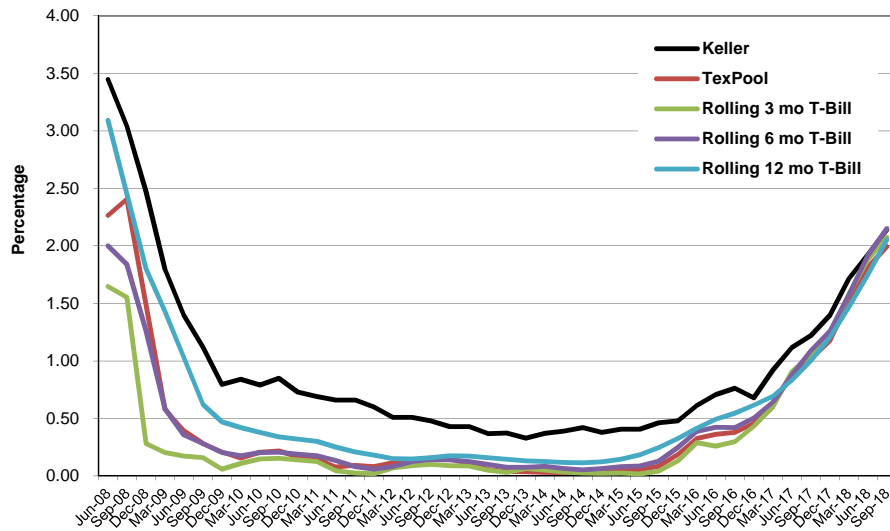
**Portfolio Composition
Current Quarter**



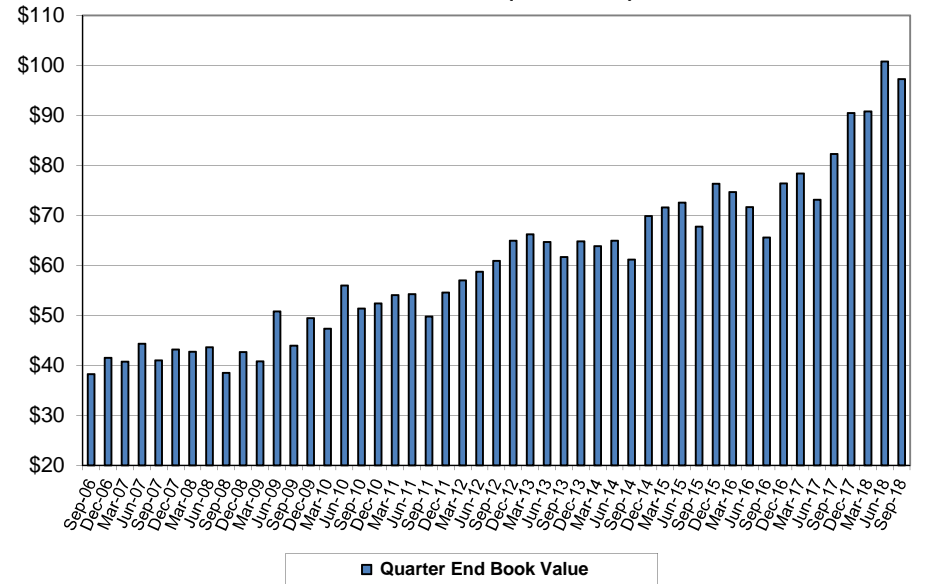
**Portfolio Composition
Previous Quarter**



Historical Yields



Total Portfolio (in Millions)



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2018				September 30, 2018	
			Face Amount/ Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	Face Amount/ Par Value	Book Value
Frost DDA	2.12%	10/01/18	\$ 1,477,245	\$ 1,477,245	\$ -	\$ (664,578)	\$ 812,667	\$ 812,667
Simmons Bank DDA	1.82%	10/01/18	252,991	252,991		(19,109)	233,882	233,882
Simmons Bank ICS	1.82%	10/01/18	6,911,210	6,911,210	51,466		6,962,676	6,962,676
SSB MMA 1332	2.14%	10/01/18	2,803,154	2,803,154	14,675		2,817,829	2,817,829
SSB MMA 7888	2.14%	10/01/18	574,540	574,540	3,008		577,548	577,548
NexBank MMA	2.22%	10/01/18	227,903	227,903	1,251		229,154	229,154
NexBank ICS Savings	2.20%	10/01/18	19,080,627	19,080,627	104,408		19,185,035	19,185,035
Goldman Sachs Gov't MMF	1.71%	10/01/18	539,588	539,588	1,019,087		1,558,674	1,558,674
TexPool	2.00%	10/01/18	22,551,791	22,551,791		(9,561,639)	12,990,152	12,990,152
Southside Bank CD	1.27%	07/02/18	2,032,005	2,032,005		(2,032,005)	-	-
LegacyTexas Bank CD	1.28%	08/08/18	1,000,000	1,000,000		(1,000,000)	-	-
Wallis State Bank CD	1.39%	09/13/18	2,035,050	2,035,050		(2,035,050)	-	-
BTH Bank CD	1.11%	09/22/18	2,039,165	2,039,165		(2,039,165)	-	-
Third Coast Bank CD	1.41%	10/01/18	2,500,000	2,500,000			2,500,000	2,500,000
Southside Bank CD	1.70%	12/10/18	2,521,237	2,521,237	10,803		2,532,040	2,532,040
LegacyTexas Bank CD	1.60%	12/20/18	2,032,236	2,032,236	8,207		2,040,442	2,040,442
East West Bank CD	2.19%	12/27/18	1,000,000	1,000,000			1,000,000	1,000,000
East West Bank CD	2.30%	02/10/19	1,504,923	1,504,923	8,750		1,513,672	1,513,672
Wallis State Bank CD	1.55%	03/13/19	2,039,116	2,039,116	7,967		2,047,083	2,047,083
LegacyTexas Bank CD	1.55%	03/29/19	2,023,306	2,023,306	7,915		2,031,221	2,031,221
InterBank CDARS	2.38%	04/04/19	1,880,000	1,880,000			1,880,000	1,880,000
InterBank CDARS	2.35%	04/04/19	2,880,000	2,880,000			2,880,000	2,880,000
InterBank CD	2.35%	04/05/19	120,000	120,000			120,000	120,000
InterBank CD	2.35%	04/05/19	120,000	120,000			120,000	120,000
Wallis State Bank CD	2.00%	04/18/19	2,009,863	2,009,863	10,022		2,019,885	2,019,885
LegacyTexas Bank CD	1.80%	05/31/19	1,009,009	1,009,009	4,585		1,013,594	1,013,594
LegacyTexas Bank CD	1.80%	06/06/19	5,045,045	5,045,045	22,924		5,067,969	5,067,969
Texas Bank Fin CDARS	2.81%	07/25/19	-	-	2,010,342		2,010,342	2,010,342
East West Bank CD	2.38%	09/26/19	3,521,977	3,521,977	21,191		3,543,167	3,543,167
Texas Bank Fin CDARS	2.86%	10/24/19	-	-	2,010,527		2,010,527	2,010,527
Origin Bank CD	1.94%	12/07/19	2,524,242	2,524,242	12,343		2,536,585	2,536,585
LegacyTexas Bank CD	2.20%	01/17/20	3,027,404	3,027,404	16,819		3,044,222	3,044,222
Texas Bank Fin CDARS	2.91%	01/23/20	-	-	2,010,711		2,010,711	2,010,711
East West Bank CD	2.83%	03/14/20	-	-	1,501,978		1,501,978	1,501,978
Texas Security Bank CD	2.50%	03/22/20	3,500,000	3,500,000			3,500,000	3,500,000
LegacyTexas Bank CD	2.88%	06/15/20	-	-	2,500,000		2,500,000	2,500,000
Third Coast Bank CD	2.96%	09/14/20	-	-	2,500,000		2,500,000	2,500,000
TOTAL			\$ 100,783,625	\$ 100,783,625	\$ 13,858,978	\$ (17,351,546)	\$ 97,291,058	\$ 97,291,058

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2018		Qtr to Qtr Change	September 30, 2018	
			Face Amount/ Par Value	Market Value		Face Amount/ Par Value	Market Value
Frost DDA	2.12%	10/01/18	\$ 1,477,245	\$ 1,477,245	\$ (664,578)	\$ 812,667	\$ 812,667
Simmons Bank DDA	1.82%	10/01/18	252,991	252,991	(19,109)	233,882	233,882
Simmons Bank ICS	1.82%	10/01/18	6,911,210	6,911,210	51,466	6,962,676	6,962,676
SSB MMA 1332	2.14%	10/01/18	2,803,154	2,803,154	14,675	2,817,829	2,817,829
SSB MMA 7888	2.14%	10/01/18	574,540	574,540	3,008	577,548	577,548
NexBank MMA	2.22%	10/01/18	227,903	227,903	1,251	229,154	229,154
NexBank ICS Savings	2.20%	10/01/18	19,080,627	19,080,627	104,408	19,185,035	19,185,035
Goldman Sachs Gov't MMF	1.71%	10/01/18	539,588	539,588	1,019,087	1,558,674	1,558,674
TexPool	2.00%	10/01/18	22,551,791	22,551,791	(9,561,639)	12,990,152	12,990,152
Southside Bank CD	1.27%	07/02/18	2,032,005	2,032,005	(2,032,005)	–	–
LegacyTexas Bank CD	1.28%	08/08/18	1,000,000	1,000,000	(1,000,000)	–	–
Wallis State Bank CD	1.39%	09/13/18	2,035,050	2,035,050	(2,035,050)	–	–
BTH Bank CD	1.11%	09/22/18	2,039,165	2,039,165	(2,039,165)	–	–
Third Coast Bank CD	1.41%	10/01/18	2,500,000	2,500,000		2,500,000	2,500,000
Southside Bank CD	1.70%	12/10/18	2,521,237	2,521,237	10,803	2,532,040	2,532,040
LegacyTexas Bank CD	1.60%	12/20/18	2,032,236	2,032,236	8,207	2,040,442	2,040,442
East West Bank CD	2.19%	12/27/18	1,000,000	1,000,000		1,000,000	1,000,000
East West Bank CD	2.30%	02/10/19	1,504,923	1,504,923	8,750	1,513,672	1,513,672
Wallis State Bank CD	1.55%	03/13/19	2,039,116	2,039,116	7,967	2,047,083	2,047,083
LegacyTexas Bank CD	1.55%	03/29/19	2,023,306	2,023,306	7,915	2,031,221	2,031,221
InterBank CDARS	2.38%	04/04/19	1,880,000	1,880,000		1,880,000	1,880,000
InterBank CDARS	2.35%	04/04/19	2,880,000	2,880,000		2,880,000	2,880,000
InterBank CD	2.35%	04/05/19	120,000	120,000		120,000	120,000
InterBank CD	2.35%	04/05/19	120,000	120,000		120,000	120,000
Wallis State Bank CD	2.00%	04/18/19	2,009,863	2,009,863	10,022	2,019,885	2,019,885
LegacyTexas Bank CD	1.80%	05/31/19	1,009,009	1,009,009	4,585	1,013,594	1,013,594
LegacyTexas Bank CD	1.80%	06/06/19	5,045,045	5,045,045	22,924	5,067,969	5,067,969
Texas Bank Fin CDARS	2.81%	07/25/19	–	–	2,010,342	2,010,342	2,010,342
East West Bank CD	2.38%	09/26/19	3,521,977	3,521,977	21,191	3,543,167	3,543,167
Texas Bank Fin CDARS	2.86%	10/24/19	–	–	2,010,527	2,010,527	2,010,527
Origin Bank CD	1.94%	12/07/19	2,524,242	2,524,242	12,343	2,536,585	2,536,585
LegacyTexas Bank CD	2.20%	01/17/20	3,027,404	3,027,404	16,819	3,044,222	3,044,222
Texas Bank Fin CDARS	2.91%	01/23/20	–	–	2,010,711	2,010,711	2,010,711
East West Bank CD	2.83%	03/14/20	–	–	1,501,978	1,501,978	1,501,978
Texas Security Bank CD	2.50%	03/22/20	3,500,000	3,500,000		3,500,000	3,500,000
LegacyTexas Bank CD	2.88%	06/15/20	–	–	2,500,000	2,500,000	2,500,000
Third Coast Bank CD	2.96%	09/14/20	–	–	2,500,000	2,500,000	2,500,000
TOTAL			\$ 100,783,625	\$ 100,783,625	\$ (3,492,568)	\$ 97,291,058	\$ 97,291,058

Allocation

September 30, 2018

Book and Market Value	Investment Total	Consolidated (Pooled)	CCPD	Non-Profit Trust	2015 CO's	2016 SWIRFT Bonds	2017 CO's	Unreimbursed Medical
Frost DDA	\$ 812,667	\$ 621,547	\$ -	\$ 155,917	\$ -	\$ -	\$ -	\$ 35,203
Southwest Bank DDA	233,882	233,882						
Southwest Bank ICS	6,962,676	6,962,676						
SSB MMA 1332	2,817,829		2,817,829					
SSB MMA 7888	577,548	577,548						
NexBank MMA	229,154	118,524					110,630	
NexBank ICS Savings	19,185,035	12,175,838					7,009,196	
Goldman Sachs Gov't MMF	1,558,674					1,558,674		
TexPool	12,990,152	6,214,555	3,812,697	252,852	2,095,326		614,721	
10/01/18-Third Coast Bank CD	2,500,000	2,500,000						
12/10/18-Southside Bank CD	2,532,040	2,532,040						
12/20/18-LegacyTexas Bank CD	2,040,442	2,040,442						
12/27/18-East West Bank CD	1,000,000					1,000,000		
02/10/19-East West Bank CD	1,513,672					1,513,672		
03/13/19-Wallis State Bank CD	2,047,083	2,047,083						
03/29/19-LegacyTexas Bank CD	2,031,221						2,031,221	
04/04/19-InterBank CDARS	1,880,000		1,880,000					
04/04/19-InterBank CDARS	2,880,000	2,880,000						
04/05/19-InterBank CD	120,000		120,000					
04/05/19-InterBank CD	120,000	120,000						
04/18/19-Wallis State Bank CD	2,019,885	2,019,885						
05/31/19-LegacyTexas Bank CD	1,013,594	1,013,594						
06/06/19-LegacyTexas Bank CD	5,067,969	5,067,969						
07/25/19-Texas Bank Fin CDARS	2,010,342	2,010,342						
09/26/19-East West Bank CD	3,543,167	3,543,167						
10/24/19-Texas Bank Fin CDARS	2,010,527	2,010,527						
12/07/19-Origin Bank CD	2,536,585	2,536,585						
01/17/20-LegacyTexas Bank CD	3,044,222	3,044,222						
01/23/20-Texas Bank Fin CDARS	2,010,711	2,010,711						
03/14/20-East West Bank CD	1,501,978	1,501,978						
03/22/20-Texas Security Bank CD	3,500,000	3,500,000						
06/15/20-LegacyTexas Bank CD	2,500,000	2,500,000						
09/14/20-Third Coast Bank CD	2,500,000	2,500,000						
Totals	\$ 97,291,058	\$ 72,283,117	\$ 8,630,526	\$ 408,769	\$ 2,095,326	\$ 4,072,347	\$ 9,765,769	\$ 35,203

Allocation
June 30, 2018

Book and Market Value	Investment Total	Consolidated (Pooled)	CCPD	Non-Profit Trust	2015 CO's	2016 SWIRFT Bonds	2017 CO's	Unreimbursed Medical
Frost DDA	\$ 1,477,245	\$ 1,444,073	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 32,672
Southwest Bank DDA	252,991	252,991						
Southwest Bank ICS	6,911,210	6,911,210						
SSB MMA 1332	2,803,154		2,803,154					
SSB MMA 7888	574,540	574,540						
NexBank MMA	227,903	117,877					110,026	
NexBank ICS Savings	19,080,627	12,109,576					6,971,051	
Goldman Sachs Gov't MMF	539,588					539,588		
TexPool	22,551,791	16,059,319	3,411,325	384,271	2,085,143		611,733	
07/02/18-Southside Bank CD	2,032,005	2,032,005						
08/08/18-LegacyTexas Bank CD	1,000,000					1,000,000		
09/13/18-Wallis State Bank CD	2,035,050	2,035,050						
09/22/18-BTH Bank CD	2,039,165	2,039,165						
10/01/18-Third Coast Bank CD	2,500,000	2,500,000						
12/10/18-Southside Bank CD	2,521,237	2,521,237						
12/20/18-LegacyTexas Bank CD	2,032,236	2,032,236						
12/27/18-East West Bank CD	1,000,000					1,000,000		
02/10/19-East West Bank CD	1,504,923					1,504,923		
03/13/19-Wallis State Bank CD	2,039,116	2,039,116						
03/29/19-LegacyTexas Bank CD	2,023,306						2,023,306	
04/04/19-InterBank CDARS	1,880,000		1,880,000					
04/04/19-InterBank CDARS	2,880,000	2,880,000						
04/05/19-InterBank CD	120,000		120,000					
04/05/19-InterBank CD	120,000	120,000						
04/18/19-Wallis State Bank CD	2,009,863	2,009,863						
05/31/19-LegacyTexas Bank CD	1,009,009	1,009,009						
06/06/19-LegacyTexas Bank CD	5,045,045	5,045,045						
09/26/19-East West Bank CD	3,521,977	3,521,977						
12/07/19-Origin Bank CD	2,524,242	2,524,242						
01/17/20-LegacyTexas Bank CD	3,027,404	3,027,404						
03/22/20-Texas Security Bank CD	3,500,000	3,500,000						
Totals	\$ 100,783,625	\$ 76,305,934	\$ 8,214,478	\$ 384,771	\$ 2,085,143	\$ 4,044,511	\$ 9,716,117	\$ 32,672