



McHenry County College Investment Update

February 19, 2019

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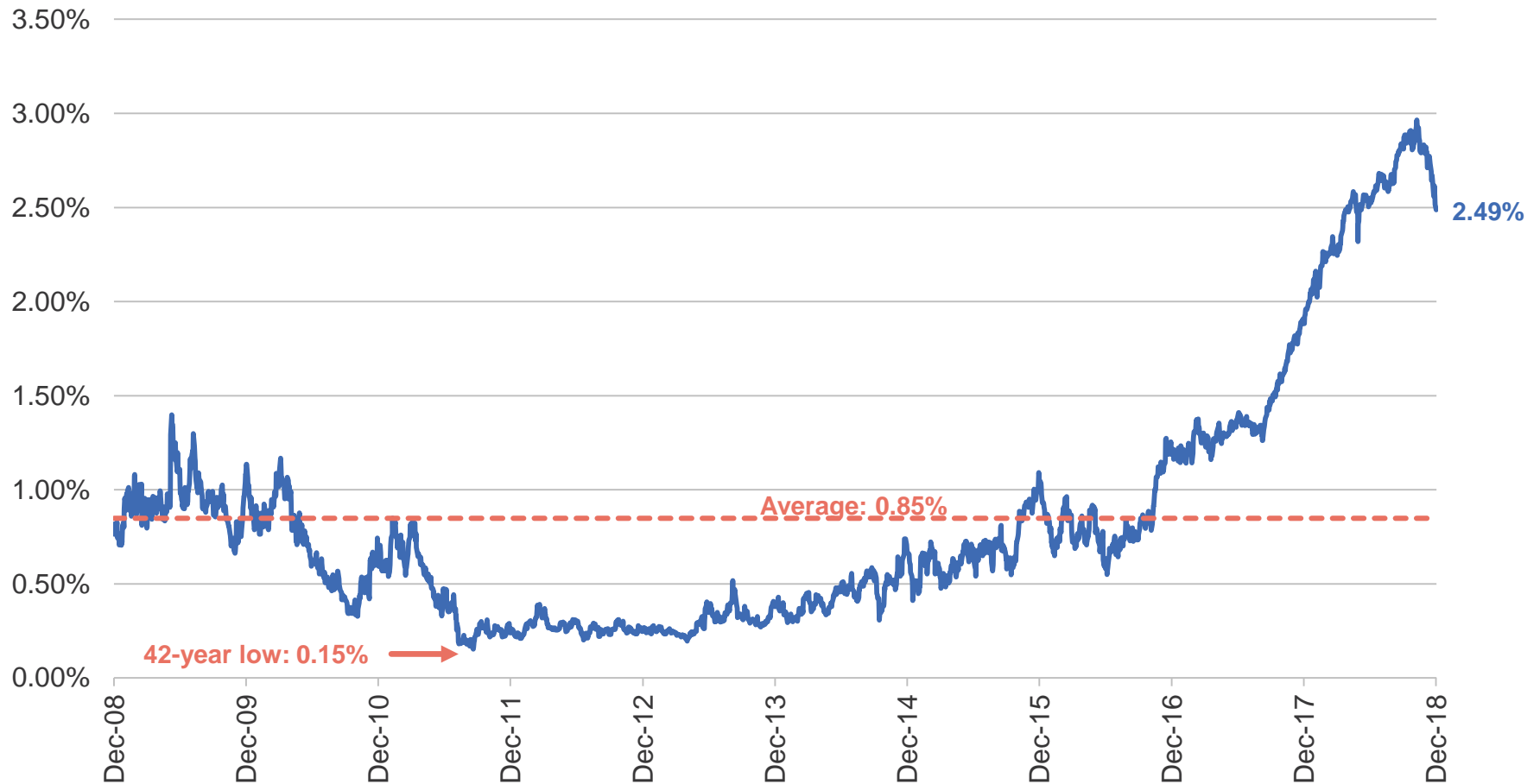
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Market Update



Short-Term Interest Rates Up in 2018 (2-Year U.S. Treasury Yield)

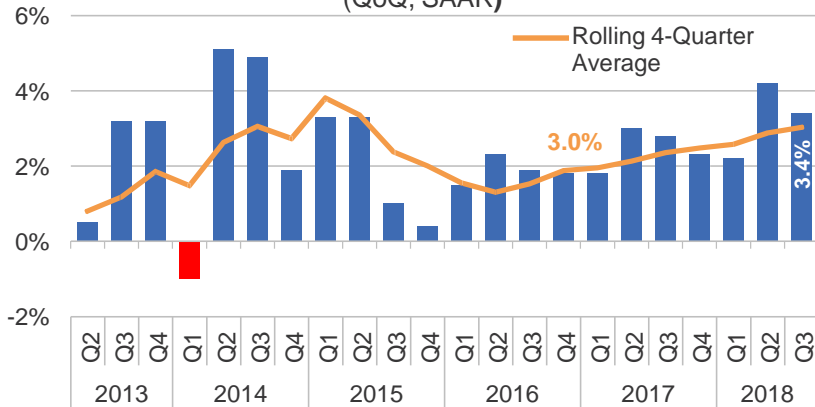


Source: Bloomberg, as of 12/31/18.

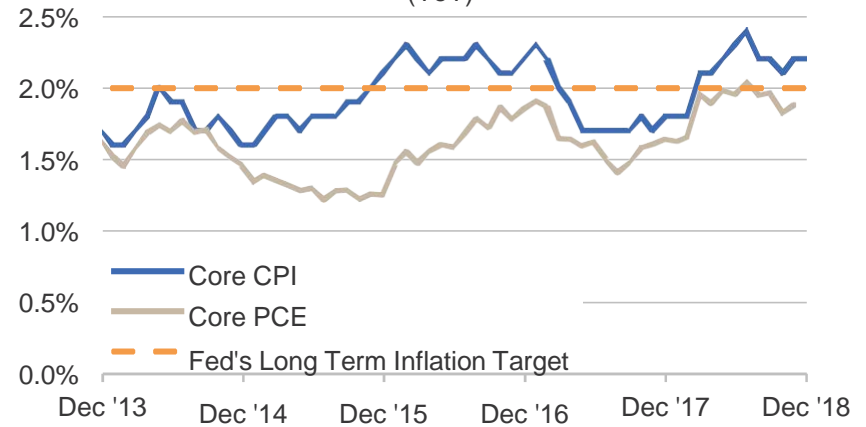


Current Macro-Economic Conditions Are Good

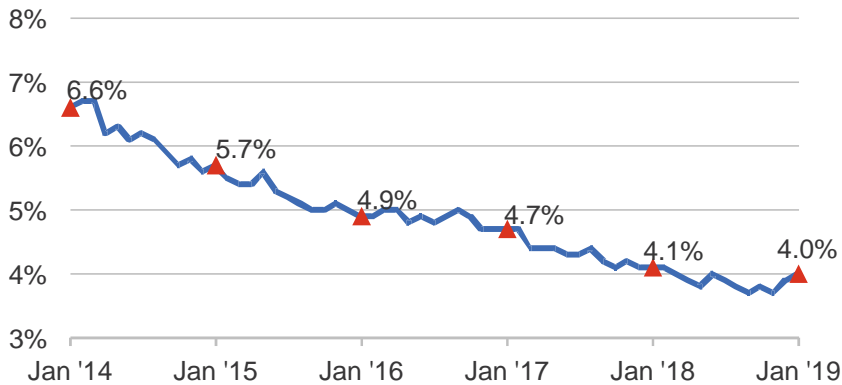
U.S. Real GDP
(QoQ, SAAR)



Inflation Measures
(YoY)



Unemployment Rate



Average Hourly Earnings
(YoY)

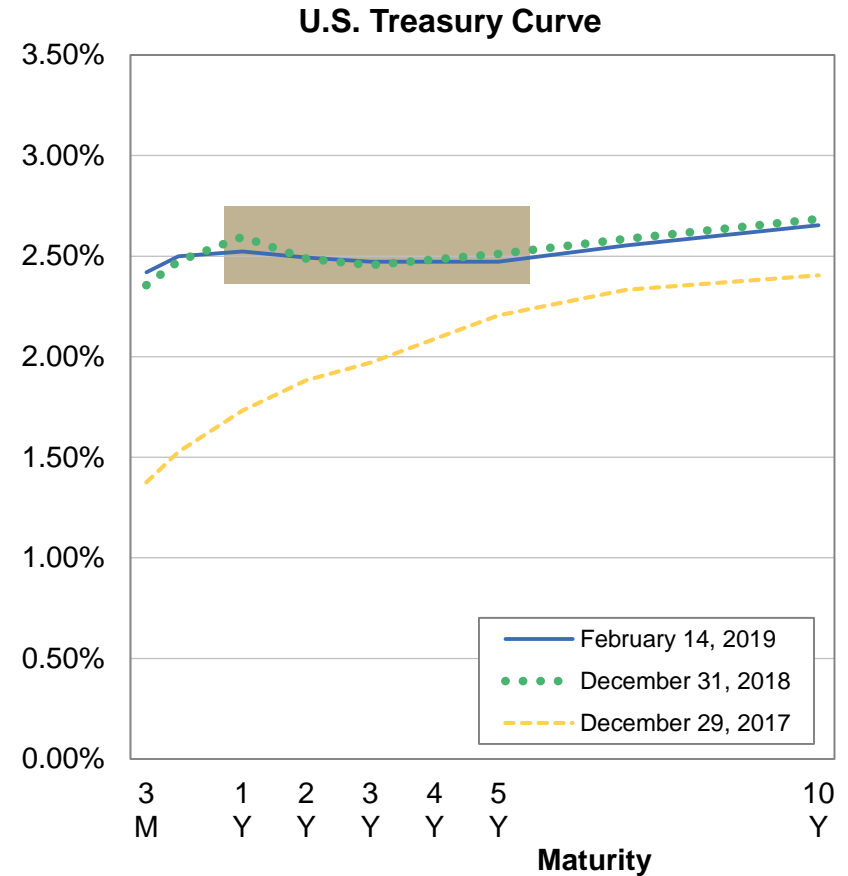


Source: Bloomberg, latest data available as of 2/06/19. SAAR is seasonally adjusted annualized rate.



U.S. Treasury Yield Curve Flat, Inverted in 1 – 5 Year Maturity Range

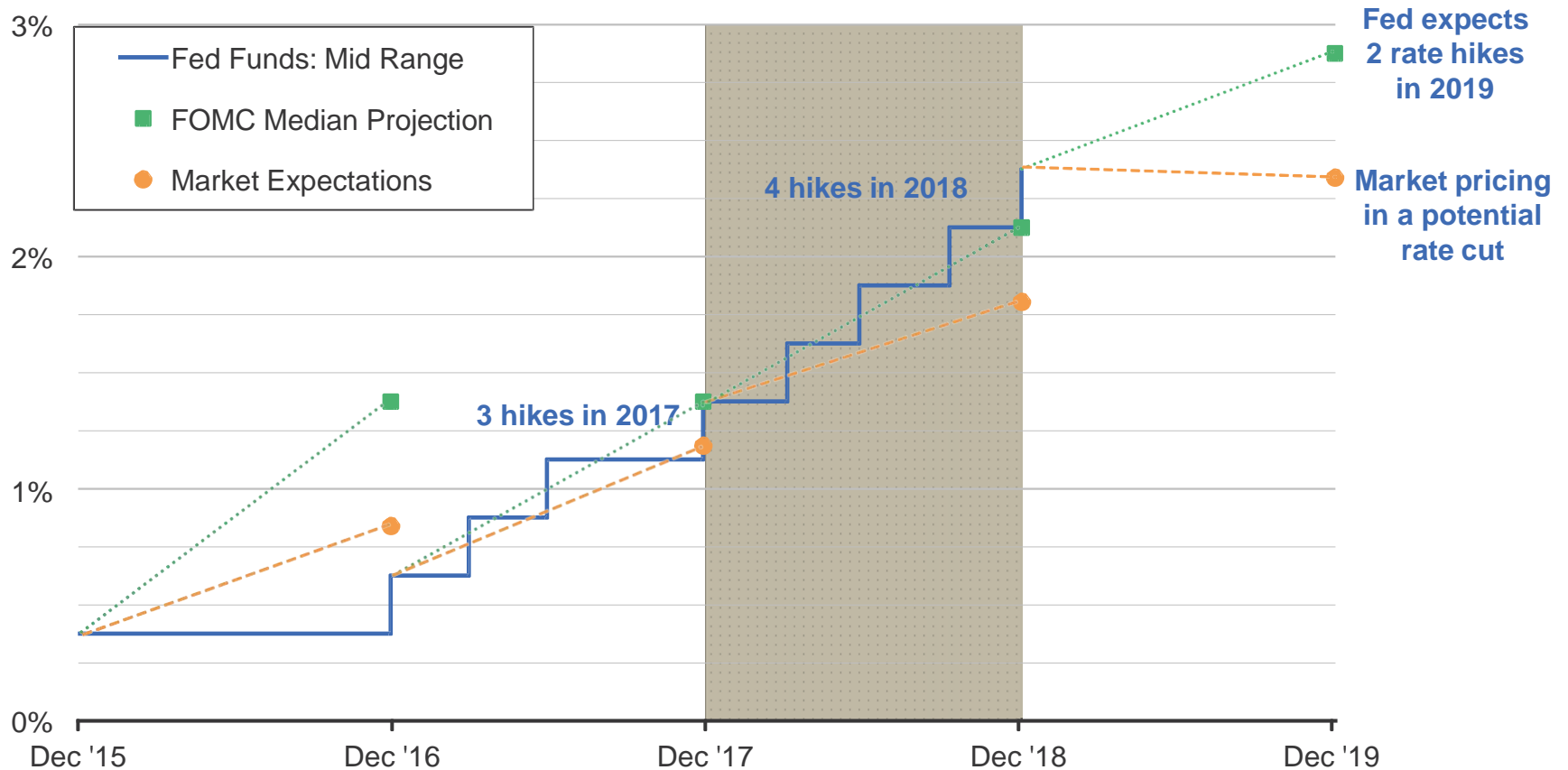
Tenor	Current 2/14/19	Year-End 12/31/2018	Year-End 12/31/17
3 month	2.42%	2.35%	1.38%
6 month	2.50%	2.48%	1.53%
1 year	2.52%	2.60%	1.73%
2 year	2.49%	2.49%	1.88%
3 year	2.47%	2.46%	1.97%
5 year	2.47%	2.51%	2.21%
10 year	2.65%	2.68%	2.41%



Source: Bloomberg, as of 2/14/2019.



Fed Funds Likely Steady in Near Term



Source: Fed expectations from Federal Reserve dot plot as of December 19, 2018. Market expectations as measured by Fed Funds futures as of January 4, 2019.



Portfolio Review

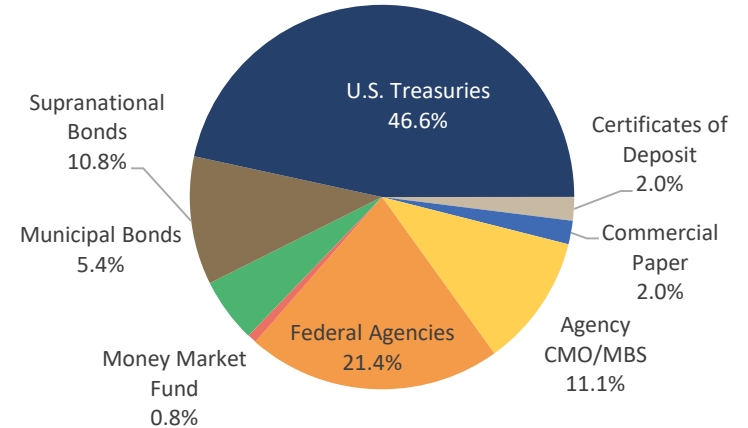


Long-Term Portfolio Characteristics as of December 31, 2018

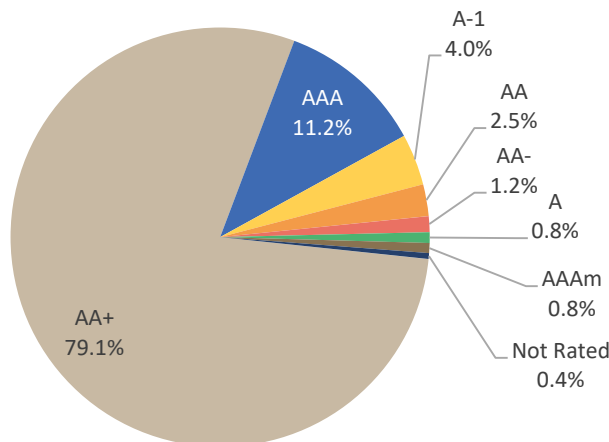
Portfolio Statistics

Total Market Value	\$29,187,385
Effective Duration	1.55 Years
Yield at Cost	2.05%
Yield at Market	2.62%
12-Month MCC Total Return	1.63%
12-Month Benchmark Return (1-3 Yr.)	1.58%
Since Inception MCC Total Return	1.01%
Since Inception Benchmark Return (1-3 Yr.)	0.85%

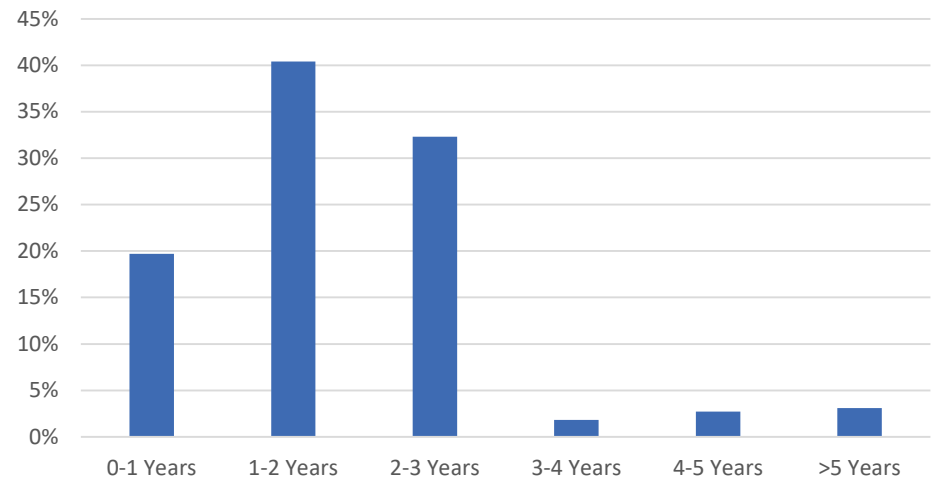
Sector Allocation



Credit Quality



Maturity Distribution



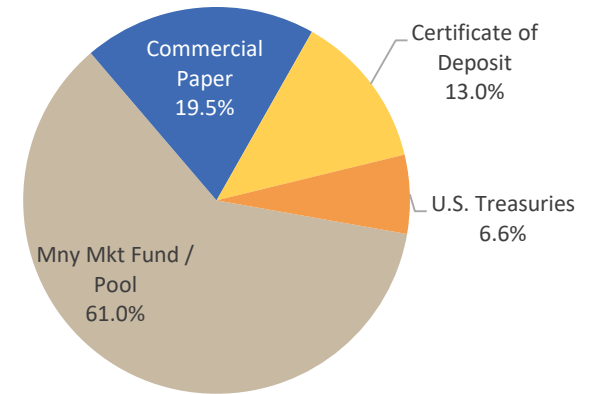


Short-Term Portfolio Characteristics as of December 31, 2018

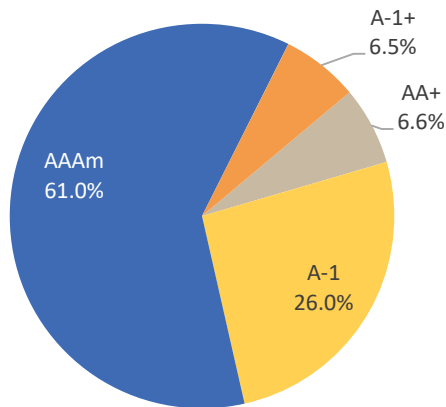
Portfolio Statistics

Total Market Value	\$15,416,928
Effective Duration	0.08 Years
Yield at Cost	2.48%
Yield at Market	2.50%
12-Month MCC Total Return	2.01%
12-Month Benchmark Return (3-mo.)	1.87%
Since Inception MCC Total Return	0.94%
Since Inception Benchmark Return (3-mo.)	0.73%

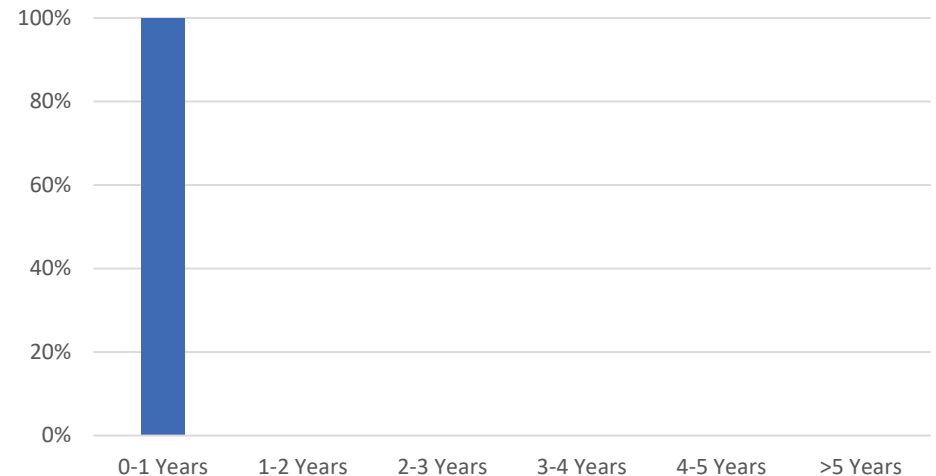
Sector Allocation



Credit Quality



Maturity Distribution





Investment Policy Revision



Public Act 100-0752 (HB 4573)

- Extends maturity length for corporate obligations

In ~~short-term~~ obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than ~~270 days~~ 3 years from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short-term obligations of corporations



Yield Environment

Yield Curves as of February 14, 2019

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
3-Month	2.47%	2.45%	2.57%	2.67%
6-Month	2.51%	2.48%	2.60%	2.71%
1-Year	2.54%	2.53%	2.66%	2.79%
2-Year	2.53%	2.54%	2.74%	2.94%
3-Year	2.50%	2.54%	2.78%	3.00%
5-Year	2.51%	2.63%	2.95%	3.18%

Source: Bloomberg BVAL yield curves for Treasury, Agency and Corporate, as of 2/14/19. 3 and 6 month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.



Disclosures

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