

Everett School
Employee Benefit Trust
September 30, 2017 Performance Report

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Everett School Employee Benefit Trust

As of September 30, 2017

PORTFOLIO REVIEW CRITERIA

The Trustees of the Everett School Employee Benefit Trust have retained the Hyas Group to independently monitor and evaluate the quality of investment implementation in accordance to the Trust's current IPS. Becker Capital Management is the sole investment manager hired on behalf of the Trust. Our review criteria are based on the Trust's IPS and the general risk and return objectives established and communicated by the Trustees. Our analysis includes reviews of the following criteria:

- Portfolio Valuation & Investment Performance
- Diversification Characteristics
- Portfolio Liquidity & Term Structure
- Credit & Interest Rate Risk

The Trust continues its high credit quality focus and conservative duration exposure in order to reduce liquidity and interest rate risk. The revised/current IPS is included in this report.

FINANCE

Investment Guidelines

Role of Trustees

The Trustees are responsible to ensure that the Trust fund is managed:

- Effectively and prudently, in full compliance with the law and the Trust; and
- For the exclusive purposes of providing benefits to participants in the Trust and defraying the costs of administering the Trust.

The Trustees will select, retain, and replace an Investment Consultant, one or more Investment Managers and may select other professional service providers in connection with the investment of the Trust funds.

Objectives

The investment objectives of the Trust funds shall be the following, in the order given:

1. Preservation of principle.
2. Meeting the liquidity needs of the Trust to pay claims and other expenses.
3. Diversification of investment to minimize the risk of large losses, within the permissible investment parameters of the Trust.

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In that regard, the Investment Manager will manage a diversified portfolio of cash, U.S.

government treasury bonds (hereinafter “Treasury”), U.S. government agency bonds (hereinafter “Agency”) and bank issued FDIC insured Certificates of Deposit with the goal of meeting the expenditure needs of the Trust. The strategy will be implemented via a portfolio that seeks to manage security purchases and maturities such that the Trust is able to maintain on account, available for immediate use, the equivalent of two (2) months of expenditure requirements, as directed from time to time by the Trustees. Additionally, the Treasury portion of the portfolio will also be structured to hold assets equal to at least two (2) months of projected net expenditures in order to provide added liquidity in the event of an unforeseen expenditure event. To the extent that expected Trust expenditures over the prospective two (2) month period require immediate, unencumbered liquidity, Trust funds will be invested in a designated cash account and held in a money market fund rather than in individual bonds. Investments in this money market fund will also be considered Treasury securities for purposes of the allocation targets of these Investment Guidelines.

Investment Consultant

The Investment Consultant ("Investment Consultant") shall be selected by the Trustees. The Investment Consultant is responsible to monitor and evaluate the conduct and performance of the Trust's Investment Managers on a periodic basis as directed by the Trustees. The Investment Consultant shall be completely independent of the Investment Managers. The Investment Consultant's review of the performance of the Investment Manager shall include, among other things, an evaluation of the Investment Manager's compliance with these Investment Guidelines and of the results of the Investment Manager in comparison to the benchmark index and with the performance of funds with similar investment strategies to the Trust. The review may also include recommendations on changes to the Permitted Investments or other portions of these Investment Guidelines. The Investment Consultant shall report the results of its independent monitoring and evaluation to the Trustees on an annual basis, or as otherwise directed by the Trustees. The Investment Consultant also may be asked to provide educational meetings or seminars on financial, fiduciary, investment, or similar matters to the Trustees.

Investment Manager

The Trust fund shall be invested by one or more professional investment managers or management companies selected by the Trustees ("Investment Manager"). The day-to-day decisions concerning investments shall be made by the Investment Manager, who shall be a fiduciary of the Trust funds and who shall make such investments in accordance with these Investment Guidelines. The Investment Manager shall provide monthly, quarterly, annual, and other reports on the investments as required in the contract between the Trust and the Investment Manager.

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The Trustees shall consider a variety of factors in selecting an Investment Manager, including costs and fees, past performance, prior experience with the investment of funds similar to the Trust, responsiveness, technical capabilities, experience and reputation of personnel, decision structure, and any other matter deemed relevant by the Trustees. The Investment Manager is required to report to the Trustees any material changes in the following which occur while the Investment Manager has been retained by the Trust:

- Material changes in the Investment Manager's investment decision structure or process.
- Changes in organization of the Investment Manager, including mergers and acquisitions.
- Any change in key personnel of the Investment Manager responsible for the formulation and execution of investment strategy.

The Investment Consultant shall review the performance of the Investment Manager annually or otherwise as directed by the Trustees. The Trustees may, but need not, consult with other investment professionals concerning such performance as necessary or desirable. The Trustees may replace the Investment Manager or add additional Investment Managers at any time in their discretion. The Investment Manager may be selected by a request for proposal or other process on a periodic basis and as determined by the Trustees.

Liquidity Needs

It is acknowledged that the liquidity needs of the Trust fund will vary from time to time depending upon circumstances then prevailing. Thus the administrative agent shall keep the Investment Manager informed on a periodic basis of the expected liquidity needs of the Trust.

Periodic Review of Guidelines

The circumstances that bear on these Investment Guidelines may change from time to time. The Trustees, in consultation with the Investment Consultant, will review these Investment Guidelines at least once annually.

Portfolio Guidelines

The Trust portfolio will be benchmarked against the Bank of America/Merrill Lynch 0-5 Year US Treasury Index and as such should generally be structured with similar credit and interest rate characteristics. Average portfolio duration is to be managed within 1-3 years and average credit quality at A+ or higher by Standard & Poor's rating agency (or equivalent Moody's rating) with no individual securities rated lower than BBB-. In addition, to insure appropriate diversification no single issuer, with the exception of government and agency issuers, shall exceed 3% of the portfolio at purchase. No single credit industry shall exceed 15% of the portfolio at purchase.

Permitted Investments

The Investment Manager may select from the following permitted investments. These investments should have varying maturity dates as necessary to comply with liquidity needs, manage interest rate risk, to and in order to achieve diversification of the Trust funds. Provided, however, that the maturity date for any permitted investment will not be longer than ten (10) years. The Trustees, in consultation with the Investment Consultant, may establish additional maturity and asset allocation parameters for each type of permitted investment.

Total Portfolio Benchmark	Bank of America/Merrill Lynch 0-5 Year US Treasury Index
Permitted Investment	Criteria
Cash/Money Market Funds	<p>The money market fund is invested in the highest quality debt with a weighted average maturity of 90 days or less.</p> <p>The fund is registered with and regulated by the Securities and Exchange Commission.</p> <p>The fund is rated by at least one nationally recognized rating firm of not less than AAA or its equivalent.</p> <p>The fund shall not be subject to any sales loads or other such contingent charges.</p>

Permitted Investment	Criteria
U.S. Government Fixed Income	Invested in public obligations of the U.S. Treasury including U.S. Treasury Notes, Bonds and other issues backed by the full faith and credit of the U.S. Government.
U.S. Government Agency Fixed Income	Invested in issues of federal agencies of the U.S. Government, including FNMA, federal land banks, federal intermediate credit banks, federal farm credit banks, federal home loan banks, FHLMC, any agency created by Act of Congress that is authorized to issue direct debt obligations of the U.S. Government.
Domestic Certificates of Deposit	Invested in certificates issued or endorsed by a domestic bank or a savings and loan association, organized and supervised under federal laws in which principal and interest are fully insured and unconditionally guaranteed by the U.S. Government. Certificates will be rated by at least one nationally recognized rating firm of not less than A-1 or P-1.

Legal Reference: [WAC 200-110-090](#)

(Applies only if the Trust self-insures any Trust benefits.) Standards for management—
Standards for operations—Financial plans

Adopted: August 29, 2005
 Revised: December 8, 2008
 Revised: January 24, 2011
 Updated: February, 2011
 Revised: December 12, 2011
 Updated: October 16, 2013
 Revised: May 13, 2015
 Revised: January 20, 2016
 Revised: November 16, 2016



GLOBAL REVIVAL

Post the Great Recession of 2008, global markets looked to the US economy and financial markets for leadership. For nearly a decade the US economy and markets have provided that leadership, albeit at a slower pace than policy makers would like. This leadership has taken a toll, largely in the form of extended central bank balance sheets and stretched financial asset valuations. Now, faced with the prospect of further interest rate hikes, the normalization of central bank balance sheets and the lack of slack in domestic labor markets, the US expansion is likely to face headwinds going forward.

Fortunately, there are increasing signs of a broader global economic revival beyond the US. Developed markets are currently seeing broad-based improvement, driven by improving corporate fundamentals and receding political uncertainty. Many of these markets look to be in the early stages of an economic cycle with corporate profit cycles still in their earliest stages. This would appear to provide for significant upside to both profits and margins. Leading economic indicators have been on an upward trend since early 2016, with gains in industrial production and exports driving capacity utilization higher. In addition, labor markets have steadily improved. Eurozone unemployment peaked at over 12% in 2014, but now resides at 9.3%. While much progress has been made, significant labor market slack provides for an extended run of growth before any significant wage pressures are expected.

One of the most compelling indicators of broad-based growth lies in the Global Purchasing Manager's Index (PMI) for manufacturing. A PMI rating below 50 indicates a decelerating or slowing manufacturing sector. A rating above 50 reflects a growing or accelerating environment. Developed markets have steadily climbed from 50 (no acceleration) in early 2016 to nearly 55 at the end of 3Q2017. Importantly, this index reflects widespread participation in the economic upturn. The largest economies, including the UK, Germany, France and Canada are all trending significantly higher. The lone exception within the developed markets remains Japan, with a PMI rating flatlined at 53 reflecting acceleration but at a more modest level. Emerging markets, while demonstrating much higher levels of dispersion, have also shown significant improvement. China had a PMI rating of 48 (deceleration) at the beginning of 2016 and currently stands at 51. Russia and Brazil, both large EM economies, have transitioned into accelerating economies as well.

While the US economic cycle looks to be showing its age, there is increasing evidence of a broad-based revival in both developed and emerging markets on a global basis. After nearly a decade of leadership and slow growth here in the US, the global acceleration is a welcomed trend that may lay the groundwork for an extended, positive economic cycle on a global basis.

GLOBAL ECONOMIC LANDSCAPE

- The current economic expansion started in July 2009, reflecting a current expansion over 99 months. The longest expansion on record is 120 months.
- The unemployment rate remains at historically low levels. The current 4.4% rate compares to a 50-year average of 6.2%.
- Inflation remains subdued. Both Headline and Core CPI growth remain under 2% on a year-over-year basis.
- US economic indicators were mixed this quarter. The most recent (September) jobs report indicated the first negative payroll growth since 2010. Yet, average hourly earnings jumped 2.9% year-over-year, the strongest growth since 2009. These conflicting signals have both been largely discounted in the marketplace due to hurricane distortions.
- The Fed continues to consider one additional rate hike in 2017. At the beginning of the quarter, markets put the probability of a December rate hike at only 40%. Markets are now pricing in a 90% probability of a December rate hike based on modestly stronger economic indicators.
- The breadth of participation in global growth across economies has continued to expand including housing, consumption, manufacturing and services.
- Nearly all countries (94% globally) have been generating positive economic growth year-over-year. More than half of all countries (61%) are experiencing acceleration in year-over-year growth.

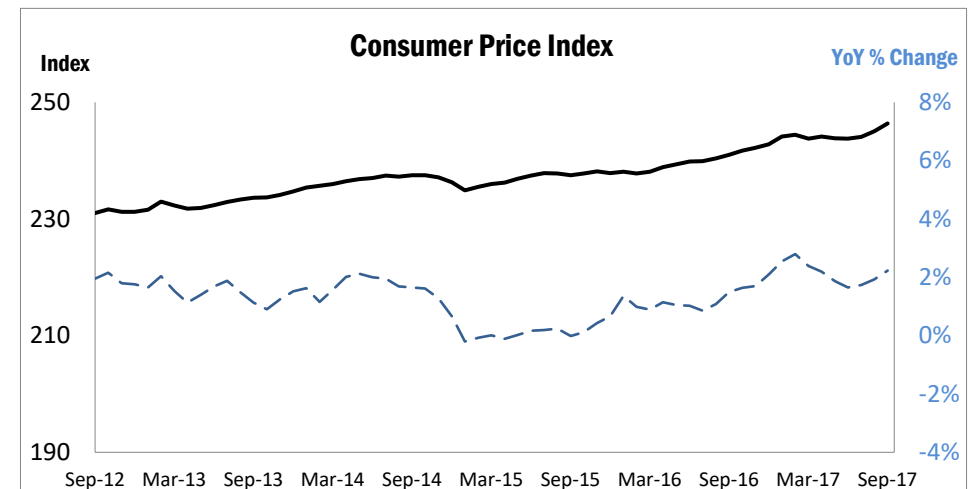
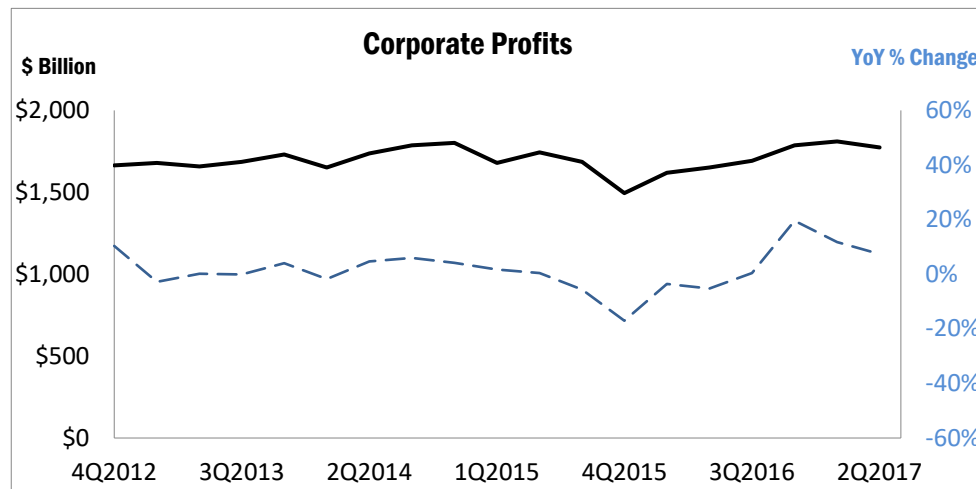
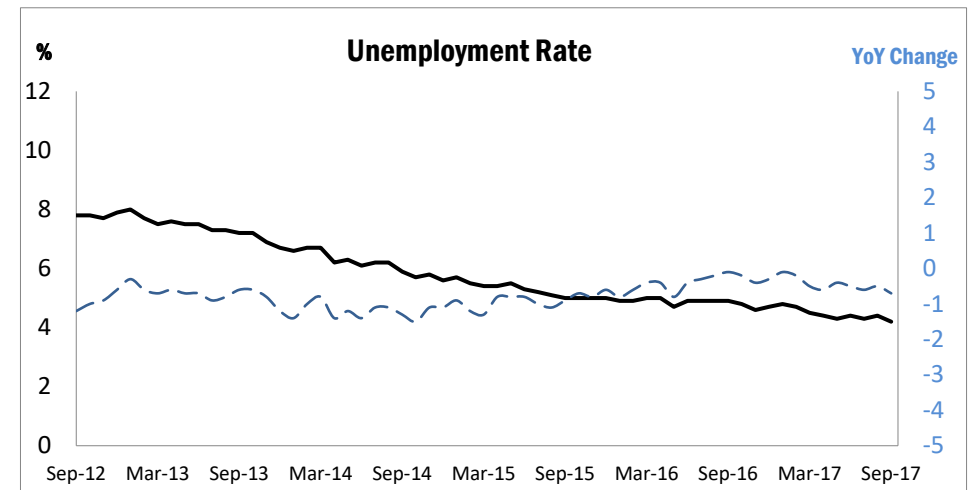
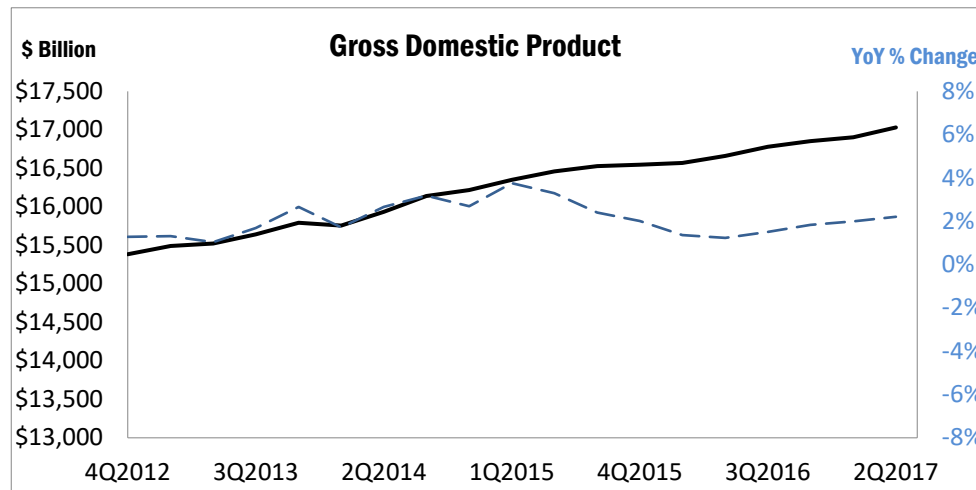
GLOBAL FINANCIAL MARKETS

- US corporate earnings stood at all-time highs at the end of 2Q2017. Energy sector earnings turned sharply positive after nearly two years of flat-to-negative results
- The extreme popularity of passive investing is reflected in the fact that we now have more reported indices than we do individual stocks in the domestic stock market. In 2016, there were 167 new ETFs created. In 2017, we've eclipsed that record number in the first 9 months of the year!
- The duration (measure of interest rate risk) of the widely tracked Barclays US Aggregate Bond Index is at its highest level in 30 years. Current duration stands at 6.0 years. The 30-year average duration of the Index is 4.8 years. Based on current duration, a 1% rise in interest rates would result in a decline of nearly 6% for the Index.
- High yield bond spreads have declined sharply since the Great Recession in 2008, having declined from over 16% to 4.2%. Current spreads are near historical lows and well below the 30-year average of 5.8%. At the same time default rates are nearing historical lows. The current default rate is 1.1% compared to the 30-year historical average of 3.9%.
- Global equity market correlations (1-year rolling) peaked at 0.77 in September 2009. They have since declined dramatically to 0.35. The decoupling of correlations provides investors with increased diversification benefits from a globally diversified portfolio. In addition, it is generally viewed as a favorable environment for active management.
- Developed international equity valuations remain below those of the US with the EAFE Index trading at a forward P/E ratio of 14.8x vs. 17.7x for the S&P 500. However, this remains above the 15-year historical average. The same can be said for emerging markets, which trade at 12.5x vs. 11.1x their historical average. One of the few global exceptions is Russia, which trades at 6.7x and below its 7.2x average.

This report is being provided for informational purposes only. The information and opinions presented in this report do not constitute investment advice and have been obtained from sources believed by Hyas Group to be reliable. Hyas Group makes no representation as to their accuracy or completeness. All opinions expressed herein are subject to change.

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3Q2017 Economic Data



Labor Market Statistics (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	5-Yr Avg.	Date
Jobs Added/Lost Monthly	-33,000	344,000	-33,000	201,817	Sep-17
Unemployment Rate	4.2%	8.0%	4.2%	5.8%	Sep-17
Median Unemployment Length (Weeks)	10.3	20.3	7.6	13.2	Sep-17
Average Hourly Earnings	\$26.55	\$26.55	\$23.57	\$24.94	Sep-17

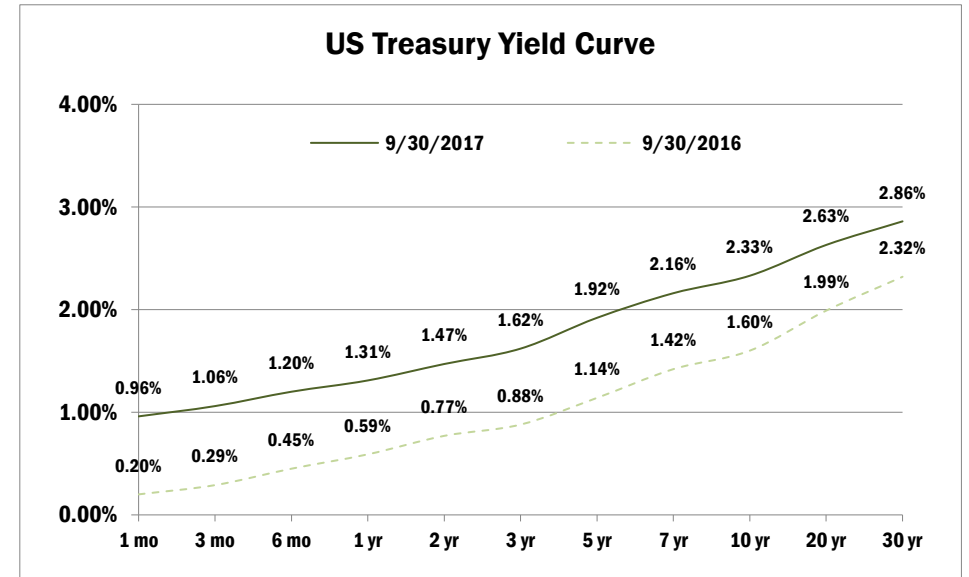
Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

Other Prices and Indexes (Monthly)					
Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	\$2.69	\$3.71	\$1.79	-27.6%	Sep-17
Spot Oil	\$49.82	\$106.57	\$30.32	-53.3%	Sep-17
Case-Shiller Home Price Index	199.4	199.4	142.8	39.6%*	Jul-17
Medical Care CPI	476.7	477.0	419.1	13.8%*	Sep-17

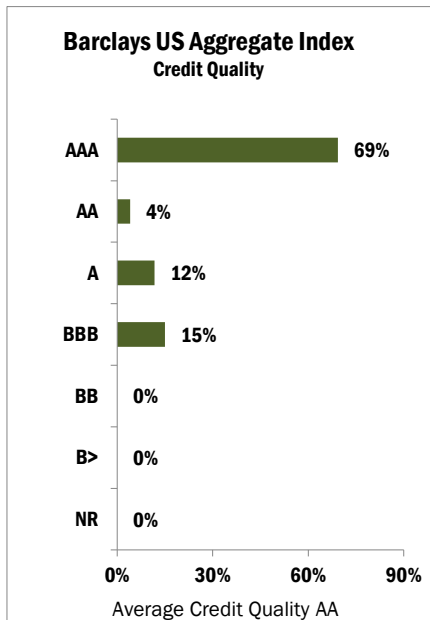
*% Off Low

3Q2017 Bond Market Data

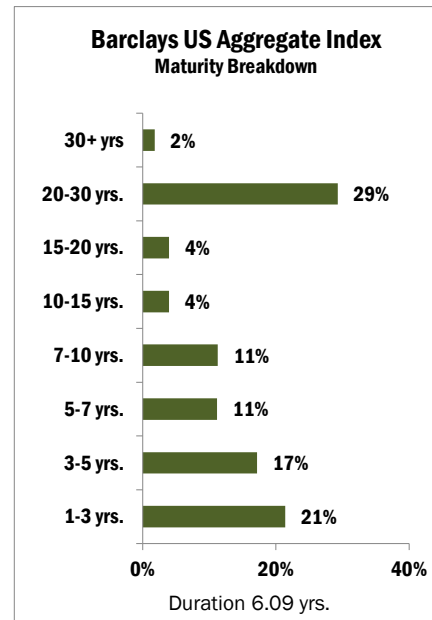
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.25%	0.50%	0.57%	0.26%	0.19%	0.45%
Barclays US Aggregate	0.85%	3.14%	0.07%	2.71%	2.06%	4.27%
Barclays Short US Treasury	0.28%	0.58%	0.67%	0.41%	0.30%	0.65%
Barclays Int. US Treasury	0.34%	1.56%	-0.73%	1.59%	1.00%	3.15%
Barclays Long US Treasury	0.58%	6.02%	-6.35%	4.85%	2.84%	6.89%
Barclays US TIPS	0.86%	1.72%	-0.73%	1.62%	0.02%	3.90%
Barclays US Credit	1.35%	5.08%	1.96%	3.87%	3.23%	5.54%
Barclays US Mortgage-Backed	0.96%	2.32%	0.30%	2.44%	1.96%	4.13%
Barclays US Asset-Backed	0.42%	1.56%	0.86%	1.80%	1.33%	2.88%
Barclays US 20-Yr Municipal	1.51%	5.59%	0.81%	4.05%	3.78%	5.28%
Barclays US High Yield	1.98%	7.00%	8.88%	5.83%	6.36%	7.84%
Barclays Global	1.76%	6.25%	-1.26%	1.30%	0.48%	3.31%
Barclays International	2.48%	8.74%	-2.42%	0.20%	-0.73%	2.57%
Barclays Emerging Market	2.27%	7.50%	4.70%	5.55%	4.42%	7.16%



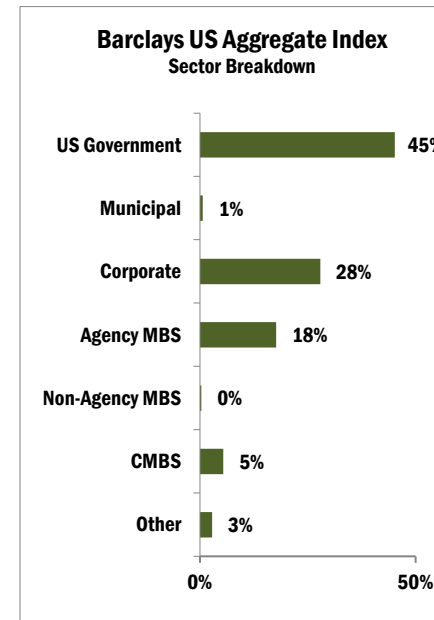
Source: Department of US Treasury



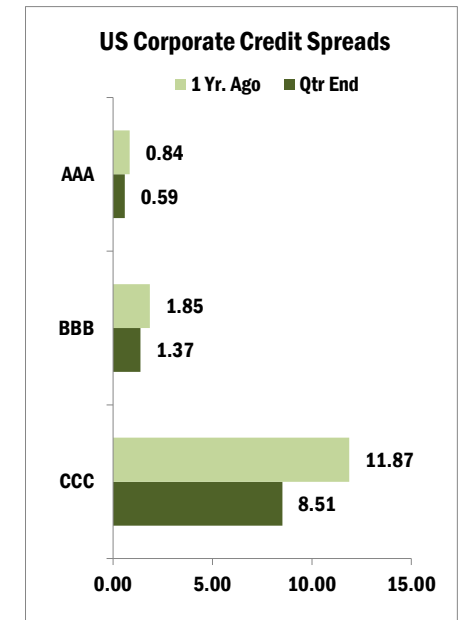
Source: Morningstar



Source: Morningstar



Source: Morningstar



Source: Federal Reserve / Bank of America

Everett School Employee Benefit Trust

As of September 30, 2017

TOTAL ACCOUNT PERFORMANCE (as of September 30, 2017)

	QTR	YTD	1-Year	3-Year	Since Inception ²
Everett School Employee Benefit Trust ^{1,3}	0.30%	0.74%	0.23%	1.15%	1.30%
B of A ML 0-5 Yr US Treasury Index ³	0.28%	0.95%	0.10%	1.03%	1.25%
B of A ML 1-Yr US Treasury Note Index ³	0.24%	0.55%	0.59%	0.49%	0.46%

¹Performance results are gross of investment advisory fees.

²Inception date is 9/03/2009

³Policy Benchmark Revised May 2015

Portfolio Statistics as of September 30, 2017

Number of Holdings:	24
Average Duration (Years):	1.57
Average Yield-to-Worst:	1.44%
Average Maturity:	1.62
Average Credit Quality:	Aaa

Beginning Market Value⁴: \$5,173,124

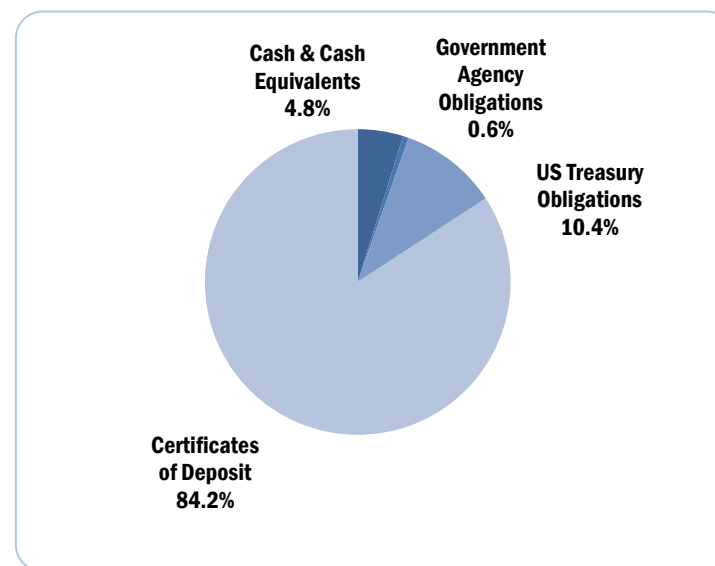
Contributions: \$0

Distributions: \$1,300,000

Gains/Losses: \$6,874

Total Market Value: \$3,879,998

Sector Breakdown as of September 30, 2017



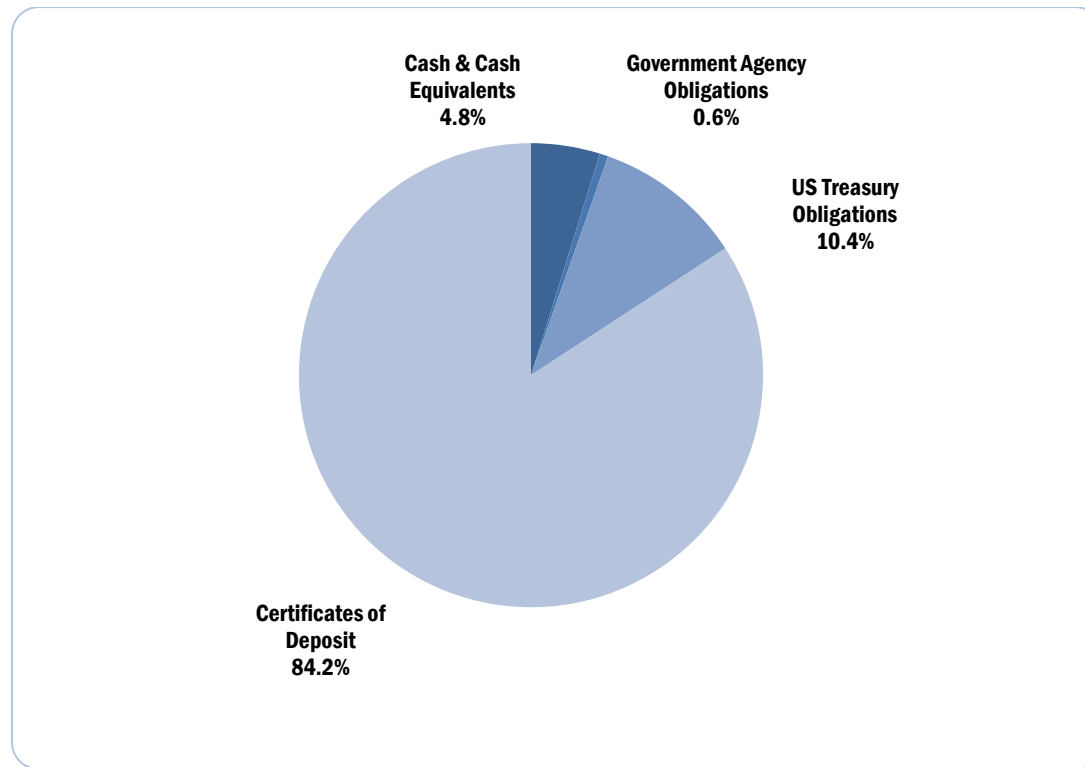
⁴As of September 30, 2016

Everett School Employee Benefit Trust

As of September 30, 2017

DIVERSIFICATION CHARACTERISTICS

The IPS provides the manager with latitude to operate within four broad asset class categories that include: Cash & Cash Equivalents (Money Market Funds), US Treasury Securities, US Government Agency Securities and Domestic Certificates of Deposit (CDs). The following chart indicates the actual percentage allocation of Trust dollars across these four broad categories as of September 30, 2017. At the present time, there is no specified guideline or limitation to the percentage allocations across the broad sector categories. However, in aggregate, Becker Capital is expected to take credit and duration risks in-line with the B of A ML 0-5 Yr US Treasury Index.



Everett School Employee Benefit Trust

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Overall, the portfolio retains a very high credit quality focus with the overwhelming majority of the portfolio backed directly or indirectly by the full faith and credit of the US Government which minimizes concentration risks. However, the chart below highlights the portfolio's allocation to CDs and reviews the diversification within the CD sector.

One of the key stipulations within the IPS is that Certificates of Deposit must be fully insured and unconditionally guaranteed by the US Government. The Federal Deposit Insurance Corporation (FDIC) is a United States government corporation that guarantees deposits in member banks. Until fairly recently, the FDIC guaranteed deposits up to \$100,000 per depositor. In 2013, Congress approved a permanent increase to \$250,000.

Based on the current FDIC program, it is essential that the investment manager only retain CDs issued by member firms and that investments remain below the guaranteed thresholds. We have listed the ten largest CD investments in the current portfolio as of September, 2017. At the time of this report, all CD allocations were at or below the \$250,000 limit.

Issuer	Market Value
DISCOVER BK GREE CD 2.200% 10/21/20	\$252,135.00
BMW BANK NA CD 2.000% 11/18/19	\$251,312.50
CAPITAL ONE BANK CD 1.450% 2/04/19	\$251,255.00
PARTNERS BANK CA CD 1.500% 9/30/19	\$251,232.50
WELLS FARGO BANK CD 1.500% 1/22/19	\$251,045.00
ALLY BANK MIDVAL CD 1.600% 1/22/19	\$250,847.50
ORIENTAL BANK CD 1.750% 12/17/18	\$250,287.50
AMERICAN EXPR BK CD 1.450% 11/06/17	\$250,112.50
SALLIE MAE BANK CD 1.450% 11/13/17	\$250,072.50
CONNECTONE BANK CD 1.350% 7/09/18	\$250,022.50

Everett School Employee Benefit Trust

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Per a prior report, we had Becker Capital review and verify/confirm that each CD is in fact issued by a FDIC member firm and covered under the current FDIC program. Becker was able to confirm nearly all the CDs were issued by FDIC member firms and we recommended selling those issues that couldn't be confirmed.

Diversification by individual issue and issuer are additional key elements of proper portfolio construction. The following table lists the fifteen largest issues as of September 30, 2017.

Asset Name	Market Value	% of Portfolio
U S TREASURY NT 2.750% 2/28/18	\$301,899.00	7.8%
DISCOVER BK GREE CD 2.200% 10/21/20	\$252,135.00	6.5%
BMW BANK NA CD 2.000% 11/18/19	\$251,312.50	6.5%
CAPITAL ONE BANK CD 1.450% 2/04/19	\$251,255.00	6.5%
PARTNERS BANK CA CD 1.500% 9/30/19	\$251,232.50	6.5%
WELLS FARGO BANK CD 1.500% 1/22/19	\$251,045.00	6.5%
ALLY BANK MIDVAL CD 1.600% 1/22/19	\$250,847.50	6.5%
ORIENTAL BANK CD 1.750% 12/17/18	\$250,287.50	6.5%
AMERICAN EXPR BK CD 1.450% 11/06/17	\$250,112.50	6.5%
SALLIE MAE BANK CD 1.450% 11/13/17	\$250,072.50	6.5%
CONNECTONE BANK CD 1.350% 7/09/18	\$250,022.50	6.5%
COMENITY CAP BK CD 1.500% 3/18/20	\$249,777.50	6.5%
KS STATEBANK CD 1.750% 8/20/21	\$247,945.00	6.4%
DREYFUS TREAS SEC CASH MGMT INST	\$184,326.74	4.8%
GOLDMAN SACHS BK CD 1.950% 11/04/19	\$150,954.00	3.9%

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Issue size and diversification within US Treasuries is considered largely irrelevant as it relates to credit risk. The embedded assumption is that all Treasury securities would be treated equally under the unlikely scenario whereby the Treasury could not meet its obligation on any of its securities. Hence, the large allocations to any specific Treasury issue would not appear to subject the Trust to any inappropriate credit risk. That said, we would stress that a large allocation to a specific Treasury issue does have significant impact on the portfolio's overall duration (interest rate risk) profile. Government agency debentures are generally viewed in the same light as US Treasuries, with individual issue size largely irrelevant as it relates to credit risk.

While the current money market allocation is modest, it represents a critical component of managing liquidity and cashflows within the portfolio. The money market option within the portfolio was transitioned from Fidelity Instl Government Money Market Fund (FIGXX) to the Dreyfus Treasury Securities Cash Management (DIRXX). Both funds are considered "government money market funds" as defined in Rule 2a-7 under the Investment Company Act of 1940 (as recently amended). The IPS stipulates that cash and money market funds be rated Aaa by at least one rating firm. The new money market fund is restricted to investing only in government securities, thereby meeting/exceeding your IPS credit quality requirements. In addition, the weighted average maturity of the portfolio is 36 days, well within the 90-day maximum established in the current IPS.

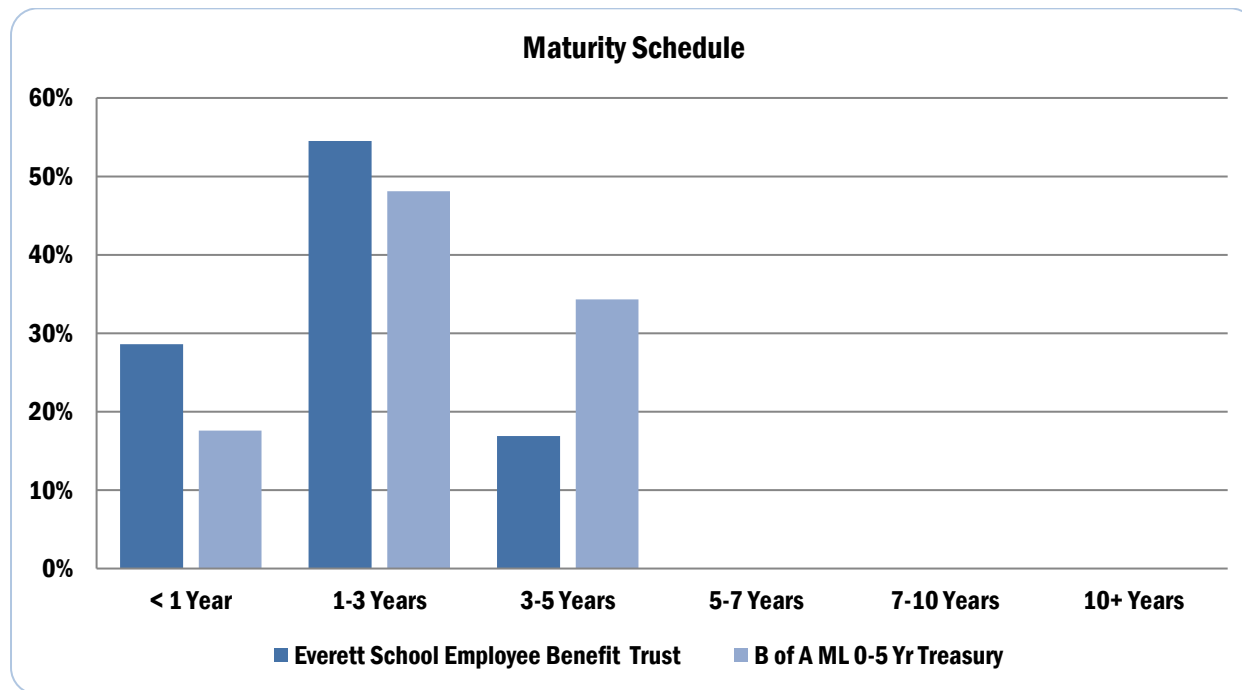
It is important to highlight that the IPS does not specifically prohibit Becker from investing in US Agency mortgage backed securities (MBS). However, the Hyas Group has directed them to be more strict in their interpretation of the IPS and refrain from investing in MBS securities. The portfolio retains only modest legacy exposure to Agency MBS.

Everett School Employee Benefit Trust

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PORTFOLIO LIQUIDITY & TERM STRUCTURE

The current investment policy identifies a general desire to construct a portfolio that provides high levels of liquidity to meet unpredictable cash flow needs and manage interest-rate risk within the portfolio. The following charts indicate that the portfolio is heavily focused on the short-end of the yield curve with nearly 30% of the portfolio demonstrating maturities of less than 1-year and over 80% of the portfolio with maturities less than three years. We wish to highlight that while no new securities with extended maturity dates have been added to the portfolio, Becker Capital has assumed a limited number (<1%) of legacy securities that retain extended maturities. In addition, the portfolio remains highly liquid based on trade date availability of proceeds.



Everett School Employee Benefit Trust

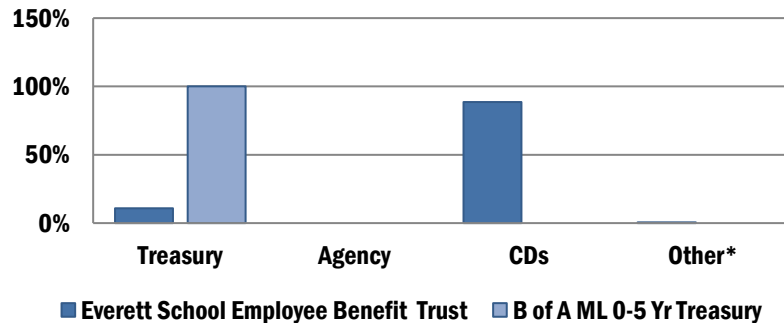
As of September 30, 2017

CREDIT & INTEREST RATE RISK

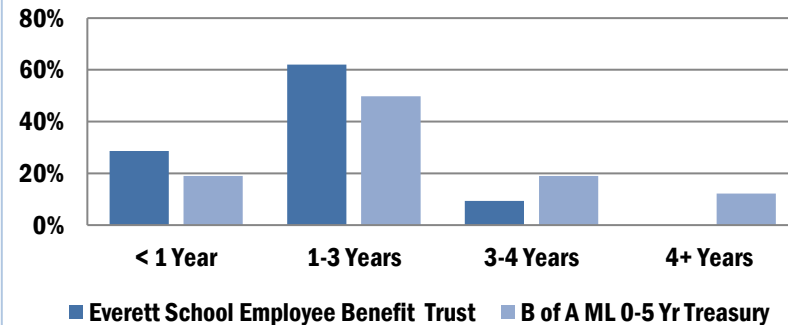
The Trust is managed under an extremely conservative mandate focused primarily on preservation of capital. While there are no specific policy guidelines established at the total portfolio level, the following charts confirm the conservative nature in which the portfolio is currently structured and managed. Interest rate risk is modest with total portfolio duration at 1.57 years and the average quality of the portfolio as defined by the Moody's rating agency is "Aaa".

Characteristics	Everett School Employee Benefit Trust	B of A ML 0-5 Yr Treasury
Average Quality	Aaa	Aaa
Effective Duration	1.57 Years	2.29 Years

Quality Schedule



Duration Schedule



Everett School Employee Benefit Trust

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SUMMARY & RECOMMENDATIONS

In our opinion, the portfolio's overall allocation, credit quality, duration (interest rate risk) and general portfolio diversification are consistent with the Trust's investment objectives and policy. The primary objectives under the current IPS are preservation of principal and liquidity. This objective can be further broken down into the management of two primary components: credit risk and interest rate risk. The current IPS guidelines place extremely strict limitations on the credit quality of individual securities that Becker Capital Management (Becker) may purchase on behalf of the Trust. Based on our review, Becker is adhering to the IPS guidelines and credit risk is tightly constrained. With duration now under 2 years, the portfolio has modest interest rate risk.

During Becker's tenure on the portfolio the fixed income market has faced the backdrop of historically low interest rates and highly accommodative U.S. monetary policy. However, monetary policy has seen several short-term interest rate hikes from the Federal Reserve. These hikes have led to meaningfully higher short-term yields. At the end of the third quarter, the 1-Year Treasury Bond was yielding 1.31% vs. 0.59% a year ago and the 3-Year Treasury now yields 1.62% up from 0.88%. Despite the increases, rates continue to be well below historical averages and we stress that return expectations for the portfolio should remain modest.

Action Items:

- Please refer to meeting agenda for specific action items.

PORTFOLIO SUMMARY
Everett School Employee Benefit Trust
September 30, 2017

Security Type	Total Cost	Market Value	Pct Assets	Est. Annual Income	Yield	Yield To Mat
Fixed Income						
GOVERNMENT BONDS						
TSY	<u>415,419.92</u>	<u>402,179.60</u>	<u>10.4</u>	<u>9,875.00</u>	<u>2.5</u>	<u>1.28</u>
	<u>415,419.92</u>	<u>402,179.60</u>	<u>10.4</u>	<u>9,875.00</u>	<u>2.5</u>	<u>1.28</u>
GNMA						
PASS	<u>21,814.02</u>	<u>22,590.52</u>	<u>0.6</u>	<u>1,064.68</u>	<u>4.7</u>	<u>0.00</u>
	<u>21,814.02</u>	<u>22,590.52</u>	<u>0.6</u>	<u>1,064.68</u>	<u>4.7</u>	<u>0.00</u>
CERTIFICATES OF DEPOSIT	3,250,000.00	3,257,221.10	83.9	53,675.00	1.6	1.45
Accrued Interest		13,361.10	0.3			
Fixed Income Total	<u>3,687,233.94</u>	<u>3,695,352.32</u>	<u>95.2</u>	<u>64,614.68</u>	<u>1.8</u>	<u>1.42</u>
Cash and Equiv.						
CASH AND EQUIVALENTS	<u>184,645.63</u>	<u>184,645.63</u>	<u>4.8</u>	<u>18.46</u>	<u>0.0</u>	
Cash and Equiv. Total	<u>184,645.63</u>	<u>184,645.63</u>	<u>4.8</u>	<u>18.46</u>	<u>0.0</u>	<u>0.00</u>
TOTAL PORTFOLIO	<u>3,871,879.57</u>	<u>3,879,997.95</u>	<u>100.0</u>	<u>64,633.15</u>	<u>1.7</u>	<u>1.42</u>

Account statements are sent directly to clients by the custodian on at least a quarterly basis. Clients are encouraged to compare the statements received from their custodians with the statements they receive from BCM. If you are not receiving statements directly from your custodian, please contact Stephanie Moyer at 503-223-1720.



PORTFOLIO APPRAISAL - CASH ASSETS
Everett School Employee Benefit Trust
September 30, 2017

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Annual Income</u>	<u>Yield To Mat</u>	<u>Pct. Assets</u>
CASH AND EQUIVALENTS								
	MONEY MARKET FUND			184,645.63	184,645.63	18.46		4.8
TOTAL FIXED INCOME ASSETS				184,645.63	184,645.63	18.46	0.00	4.8

PORTFOLIO APPRAISAL - FIXED INCOME ASSETS

Everett School Employee Benefit Trust

September 30, 2017

Quantity	Security	Unit Cost	Price	Total Cost	Market Value	Total Adjusted Cost	Annual Income	Yield To Mat	Pct. Assets
CERTIFICATES OF DEPOSIT									
250,000	AMERICAN EXPRESS BK FSB CD 1.450% Due 11-06-17	100.00	100.05	250,000.00	250,113.00	250,000.00	3,625.00	0.94	6.4
250,000	SALLIE MAE BANK UT 1.450% Due 11-13-17	100.00	100.03	250,000.00	250,071.25	250,000.00	3,625.00	1.16	6.4
250,000	CONNECTONE BANK 1.350% Due 07-09-18	100.00	100.01	250,000.00	250,023.50	250,000.00	3,375.00	1.34	6.4
250,000	ORIENTAL BANK CD 1.750% Due 12-17-18	100.00	100.11	250,000.00	250,287.00	250,000.00	4,375.00	1.65	6.5
250,000	ALLY BANK CD 1.600% Due 01-22-19	100.00	100.34	250,000.00	250,848.25	250,000.00	4,000.00	1.33	6.5
250,000	WELLS FARGO BANK NA CD 1.500% Due 01-22-19	100.00	100.42	250,000.00	251,045.25	250,000.00	3,750.00	1.18	6.5
250,000	CAPITAL ONE BANK CD 1.450% Due 02-04-19	100.00	100.50	250,000.00	251,253.75	250,000.00	3,625.00	1.07	6.5
250,000	PARTNERS BANK CA CD 1.500% Due 09-30-19	100.00	100.49	250,000.00	251,232.75	250,000.00	3,750.00	1.25	6.5
150,000	GOLDMAN SACHS BANK USA CD 1.950% Due 11-04-19	100.00	100.64	150,000.00	150,953.70	150,000.00	2,925.00	1.64	3.9
250,000	BMW BANK OF NORTH AMERICA CD 2.000% Due 11-18-19	100.00	100.53	250,000.00	251,312.75	250,000.00	5,000.00	1.74	6.5
250,000	COMENITY CAPITAL BANK CD 1.500% Due 03-18-20	100.00	99.91	250,000.00	249,777.75	250,000.00	3,750.00	1.54	6.4
250,000	DISCOVER BANK CD 2.200% Due 10-21-20	100.00	100.85	250,000.00	252,135.25	250,000.00	5,500.00	1.91	6.5
100,000	GOLDMAN SACHS BANK USA CD 2.000% Due 02-03-21	100.00	100.22	100,000.00	100,220.90	100,000.00	2,000.00	1.93	2.6
250,000	KS STATEBANK CD 1.750% Due 08-20-21	100.00	99.18	250,000.00	247,946.00	250,000.00	4,375.00	1.98	6.4
	Accrued Interest				11,940.41				0.3
	TOTAL CERTIFICATES OF DEPOSIT			3,250,000.00	3,269,161.51	3,250,000.00	53,675.00	1.45	84.3
GNMA									
45,000	GNMA POOL 476724 6.000% Due 12-15-23	101.12	112.71	1,987.18	2,215.08	1,987.18	117.91	?	0.1
45,000	GNMA POOL 2629M 6.000% Due 08-20-28	135.86	113.81	966.62	809.71	966.62	42.69	?	0.0
60,000	GNMA POOL 2671 6.000% Due 11-20-28	112.93	113.88	903.47	911.04	903.47	48.00	?	0.0

PORTFOLIO APPRAISAL - FIXED INCOME ASSETS

Everett School Employee Benefit Trust

September 30, 2017

Quantity	Security	Unit Cost	Price	Total Cost	Market Value	Total Adjusted Cost	Annual Income	Yield To Mat	Pct. Assets
35,556	GNMA POOL 3259 5.500% Due 07-20-32	122.59	111.82	1,942.13	1,771.41	1,942.13	87.13	?	0.0
63,000	GNMA POOL 3345 5.000% Due 02-20-33	107.08	110.33	3,374.93	3,477.38	3,374.93	157.59	?	0.1
25,000	GNMA POOL 3359 5.000% Due 03-20-33	104.57	110.27	1,291.51	1,361.99	1,291.51	61.75	?	0.0
125,702	GNMA POOL 3414 5.000% Due 07-20-33	103.42	109.29	8,105.45	8,565.06	8,105.45	391.85	?	0.2
40,110	GNMA POOL 3458 5.000% Due 10-20-33	102.78	110.26	3,242.73	3,478.85	3,242.73	157.75	?	0.1
	Accrued Interest				34.17				0.0
	TOTAL GNMA			21,814.02	22,624.69	21,814.02	1,064.68	0.00	0.6
GOVERNMENT BONDS									
300,000	UNITED STATES TREAS NTS 2.750% Due 02-28-18	105.01	100.63	315,029.30	301,898.40	302,272.80	8,250.00	1.22	7.8
100,000	UNITED STATES TREAS NTS 1.625% Due 04-30-19	100.39	100.28	100,390.62	100,281.20	100,151.33	1,625.00	1.44	2.6
	Accrued Interest				1,386.52				0.0
	TOTAL GOVERNMENT BONDS			415,419.92	403,566.12	402,424.13	9,875.00	1.28	10.4
TOTAL FIXED INCOME ASSETS				3,687,233.94	3,695,352.32	3,674,238.15	64,614.68	1.42	95.2