

**ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, February 5, 2020, 5:30 PM.
Assembly Chambers**

I. CALL TO ORDER

II. ROLL CALL

III. ITEMS FOR DISCUSSION

- a. **Introduction of New Investment Manager - Insights Group**
- b. **FY19 Audit Presentation**
- c. **Sales Tax Exemption Discussion**

IV. INFORMATION ITEMS

- a. **Marine Passenger Fee Recommendations**
- b. **Airport Bond Appropriation**
- c. **Gastineau Apartments**
- d. **AFC Meeting Schedule**

V. NEXT MEETING DATE

- a. **Wednesday, March 11, 2020**

VI. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

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City and Borough of Juneau

Jason Celente, CFA, Senior Portfolio Manager

Mary Donovan, CFA, Senior Portfolio Manager

David Witthohn, CFA, CIPM, Senior Portfolio Specialist

August 2019

This document has been prepared by Insight North America LLC (INA), a registered investment adviser under the Investment Advisers Act of 1940 and regulated by the US Securities and Exchange Commission. INA is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited and Insight Investment International Limited. Unless otherwise stated, the performance presented is that of Insight and should not specifically be viewed as the performance of INA. The performance of Insight is being presented to show the historical performance of the portfolio management team responsible for managing the strategy. The track records presented include all accounts managed by Insight with substantially similar investment objectives, policies and strategies for which the strategy management teams were responsible. Advisory services referenced herein are available in the US only through INA. INA and its Insight affiliates are part of the GIPS® firm Insight Investment, which claims compliance with GIPS. Please refer to the important disclosures at the back of this document.

Performance presented is that of Insight Investment and should not specifically be viewed as the performance of Insight North America LLC. Please refer to the important disclosures at the back of this document.

Insight's public sector portfolio management and solutions team

Over 100 years combined experience



David Witthohn, CFA, CIPM

Senior Portfolio Specialist
Dave.Witthohn@InsightInvestment.com



Mary Donovan, CFA

Senior Portfolio Manager
Mary.Donovan@insightinvestment.com



Jason Celente, CFA

Senior Portfolio Manager
Jason.Celente@insightinvestment.com



Gerard Berrigan

Head of Insurance and Intermediate
Gerry.Berrigan@InsightInvestment.com

- **Focused on investment strategies for public sector clients**

- Treasury cash management
- Discretionary and non-discretionary services
- Bond proceeds strategies
- Customized

- **Direct access**

- Investment reviews
- Investment policy recommendations
- Cash flow analysis
- Continuing education training

- **Commitment**

- Innovation
- Oversight
- Reinvestment

Source: Insight Investment. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

Why Insight?

What sets us apart from other investment advisors?

- 1) Scale, scope and stability
- 2) Active management
- 3) Credit expertise
- 4) Trading desk

Adds up to a differentiated, highly competitive proposition for our public sector clients

Competitive advantage: organizational strength

Scale, scope and stability

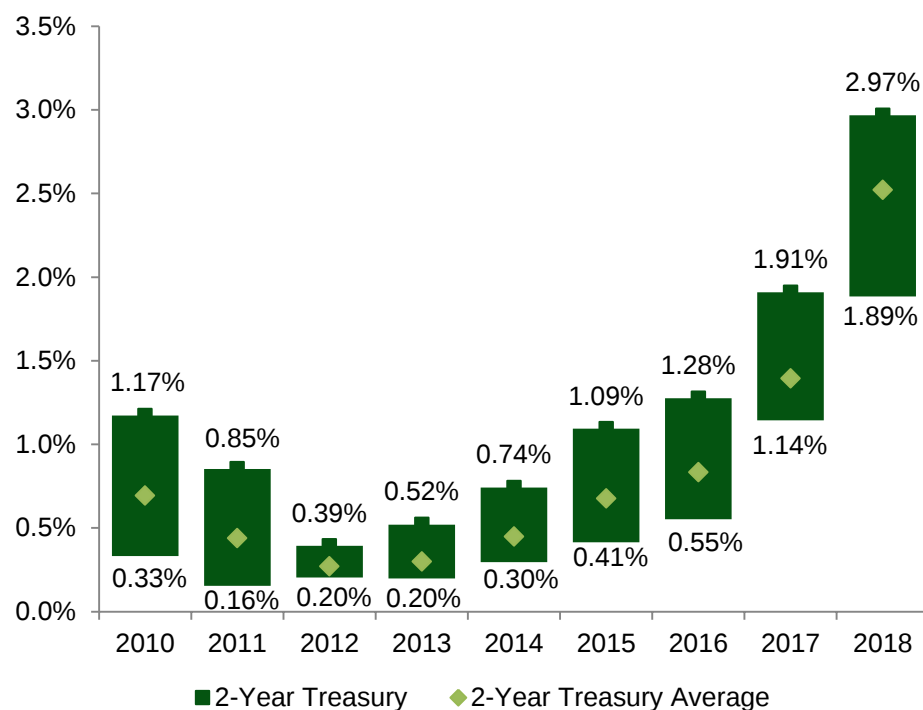
- **Financial stability of the Bank of New York Mellon is impressive**
 - Oldest bank in the US founded in 1784
 - Global systemically important financial institution
- **Size equates to depth of resources**
 - \$844 billion¹ in assets supports trading, credit, compliance and reporting infrastructure
 - Multiple revenue sources provides stability
 - Depth of staff provides for continuity of service
 - Comprehensive reporting
- **Insight encourages direct access**
 - Direct access to the investment team
 - Multiple points of contact to work with staff
 - Customization is standard

Source: Insight Investment ¹As of June 30, 2019. Insight's assets under management (AUM) are represented by the value of cash securities and other economic exposures, and are calculated on a gross notional basis. Insight North America (INA) is part of "Insight" or "Insight Investment", the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited and Insight Investment International Limited. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates.

Competitive advantage: active management

Active portfolio management sources market opportunities

2-Year Treasury



Responsibility to implement best ideas

- Changes in monetary policy impacts short-term yields
- Robust investment process
- Interest rate forecasting

Recognition of Public Sector risk tolerances

- Turnover
- Realized gains and losses
- Accounting impacts
- Cash flow matching

Annual investment policy review

- Discuss with staff potential enhancements and program changes
- Insight red-lines policy statement to propose changes
- Insight available to present accepted changes with Staff

Source: Bloomberg. For illustrative purposes only. As of December 31, 2018.

Competitive advantage: credit expertise

Credit expertise

- **27 analysts dedicated to corporate credit research¹**
 - Annual reviews
 - Internal credit, outlook and performance ratings
 - ESG (Environmental, Social, Governance) scoring
 - Access to company management, over 1300 company contacts in 2018
- **Why is this a competitive advantage**
 - Credit underwriting occurs before market opportunity presents itself
 - Over 150 typically eligible corporate securities covered
 - Second opinion besides portfolio manager
- **20 analysts dedicated to mortgage-backed and asset-backed research¹**
 - Collateral underwriting and stress scenario analysis
 - Skill, experience, and top-tier technology provides independence from ratings agencies

Source: Insight Investment. ¹ Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

Competitive advantage: trading desk

Trading desk

- **Dedicated platform for trade execution**
 - Responsible for achieving best price
 - Reduces conflicts of interest from idea generation
 - Organizes meetings with research and trading staff from counterparties
- **Counterparty credit committee**
 - Regularly reviews credit-worthiness
 - Broker-dealer list maintained for public sector clients
- **Trade advices documenting competitive prices**
- **2018 New York trading statistics for all clients**
 - Traded with 82 counterparties
 - Averaged over 1,400 tickets passed per month



Jamie Anderson, CFA



Thomas VanDermark, CFA

SPECIALTY

Rates

Investment grade

EXPERIENCE

20 years

25 years

IN ADDITION, THE GLOBAL TRADING TEAM IN LONDON INCLUDES 5 TRADERS WITH AN AVERAGE OF 23 YEARS EXPERIENCE.¹

Source: Insight Investment. ¹ Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

The City and Borough's investment program

Our initial observations

- **Responsive client service is important**
 - Team-based approach with layers of support
 - Direct access to portfolio management team
 - What elements of client service does the City and Borough value the most?
- **Specific accounting and reporting requirements**
 - Straight-line accrual, FIFO accounting, Northern Trust valuations
 - Online reporting capabilities
 - What reporting requirements are most important for the City and Borough?
- **A changing investment program**
 - Customized approach
 - Ability to use all fixed income sectors and security types
 - Can you tell us more about your risk tolerances?

Scaled to support your investment program

Direct contact with Public Sector Group team¹ with additional support available

- ClientServiceNA@InsightInvestment.com will aim to acknowledge email receipt within 2 hours
- Onboarding teams to ensure transition of services
- Compliance and reporting oversight separated from portfolio management

Client service and support



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Accounting, compliance, reporting and essential services



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¹ Includes employees of Insight North America LLC (INA) and its affiliates, which provide asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

Reporting capabilities

Insight Investment commits significant resources to client reporting

- Dedicated teams for trade settlement, account reconciliation and investment reporting
- Daily reconciliation of portfolio activity and holdings
- Insight reporting portal for convenient client access

Comprehensive monthly reporting package

- Detailed fair value and amortized cost accounting
- GASB reporting
- Purchase yield reports

Additional information

- Trade tickets provide immediate notification of portfolio activity and competitive prices
- Weekly cash projection
- Quarterly and annual summary performance
- SNL Financial bank credit analysis

Source: Insight Investment.

Insight portal summary page



dave.witthohn@insightinvestment.com | [Log Off](#) | [Contact Us](#)

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Account Activity as of 7/31/2019 - City of

Sector Allocation

Sector	Par/Shares	Amortized Cost	Market Value	Unrealized Gain/Loss	Allocation
Government Agencies	48,000,000.00	48,189,766.12	48,321,609.00	131,842.88	52.28%
Corporate Bonds	28,928,000.00	29,126,297.36	29,169,537.56	43,240.20	31.56%
Government Bonds	15,000,000.00	14,924,008.60	14,930,460.50	6,451.90	16.15%
Cash	9,375.00	9,375.00	9,375.00	0.00	0.01%
Total	91,937,375.00	92,249,447.08	92,430,982.06	181,534.98	100.00%

Leading Portfolio Positions (Top 5)

Issuer Name	Par
Federal Home Loan Banks	20.23%
United States Treasury Note/Bond	16.15%
Federal Farm Credit Banks	15.22%
Federal National Mortgage Association	11.98%
Federal Home Loan Mortgage Cor	4.85%
Total:	68.43%

Source: Insight Investment. For illustrative purposes only. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

Access to detailed data



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Your Accounts:

As Of Date: 07/31/2019

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Holdings -

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▲ Sector* ✕

Cusip	Description	Sector*	Coupon	Maturity	Call	Par Value	Historical Cost	Book Value	Basis CCY*	Market Price	Market Price Date	Market Value	Amortized Cost	Unrealized G/L	Accru Intere
▼ Sector*: Cash															
Cash-USD	Pending Purchases	Cash	0.00%			-4,588,825.56	0.00	-4,588,825.56	USD	0.00	2019-07-31	-4,588,825.56	-4,588,825.56	0.00	
Cash-USD	Cash Account	Cash	0.00%			43,820.53	0.00	43,820.53	USD	1.00	2019-07-31	43,820.53	43,820.53	0.00	
Cash-USD	Pending Sales	Cash	0.00%			2,503,035.10	0.00	2,503,035.10	USD	0.00	2019-07-31	2,503,035.10	2,503,035.10	0.00	
▼ Sector*: Corporate Bonds															
		Corporate Bonds	1.95%	2020-04-17		2,000,000.00	1,986,180.00	1,995,647.38	USD	99.77	2019-07-31	1,995,364.00	1,995,647.38	-283.38	1
		Corporate Bonds	3.40%	2021-07-23	2021-06-23	2,000,000.00	2,024,220.00	2,021,153.79	USD	101.94	2019-07-31	2,038,716.00	2,021,153.79	17,562.21	
		Corporate Bonds	1.80%	2020-05-11		2,000,000.00	2,003,300.00	2,000,876.27	USD	99.74	2019-07-31	1,994,840.00	2,000,876.27	-6,036.27	
		Corporate Bonds	1.65%	2019-09-23	2019-09-03	2,585,000.00	2,576,616.55	2,584,423.77	USD	99.90	2019-07-31	2,582,329.70	2,584,423.77	-2,094.07	1
		Corporate Bonds	2.63%	2022-01-24	2021-12-23	2,500,000.00	2,516,150.00	2,515,265.55	USD	100.79	2019-07-31	2,519,667.50	2,515,265.55	4,401.95	
		Corporate Bonds	1.90%	2020-12-15		2,000,000.00	1,951,000.00	1,968,085.53	USD	99.66	2019-07-31	1,993,232.00	1,968,085.53	25,146.47	

Displaying items 1 - 37 of 37

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Cash flow forecasting tool



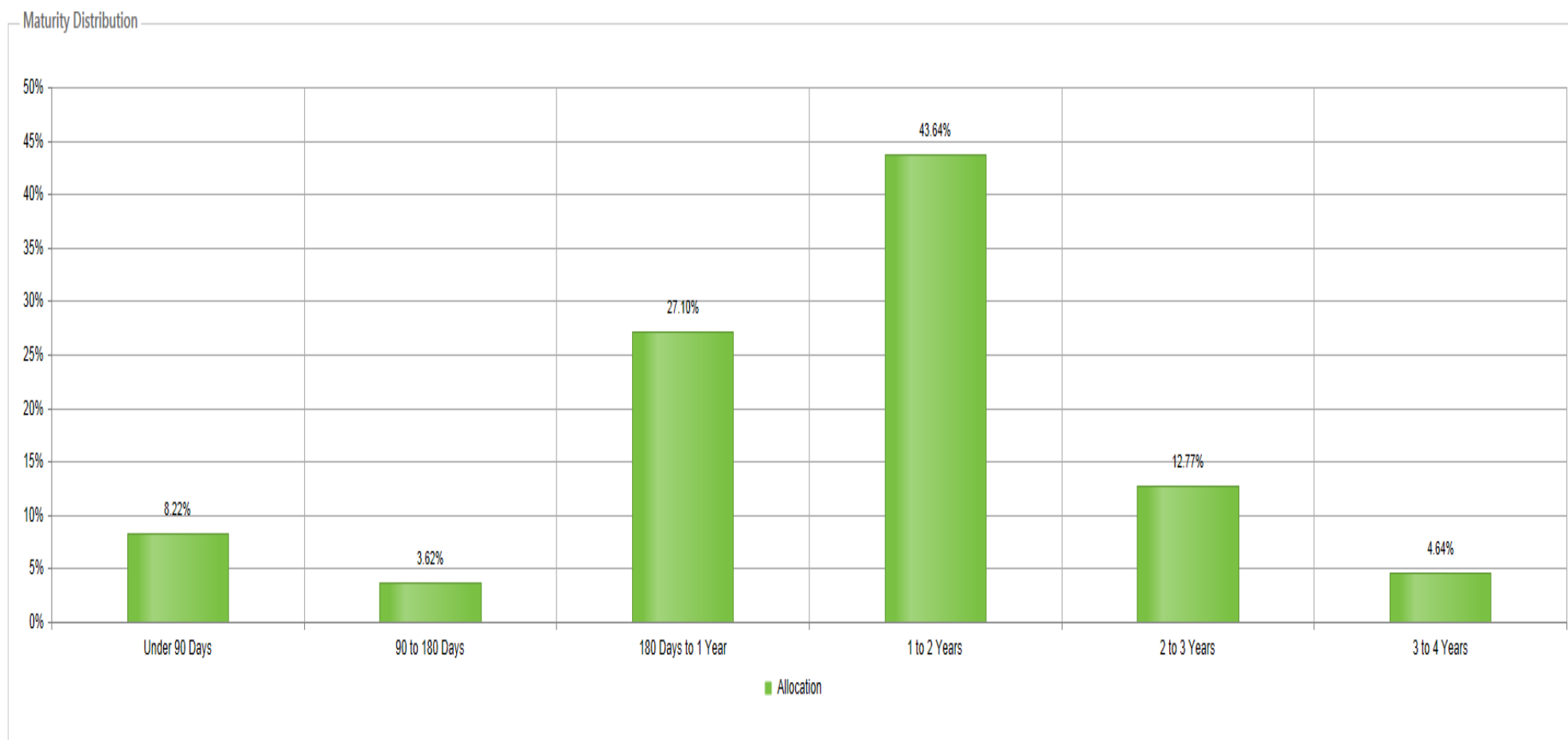
Date	Event Type	Security ID	Description	Coupon	Maturity Date	Next Call Date	Nominal	Transaction Total
07/30/2019	Coupon			2.000	04/30/2021	10/30/2019	5,000,000.00	25,000.00
07/30/2019	Coupon			2.000	07/30/2019		5,000,000.00	50,000.00
07/30/2019	Maturity			2.000	07/30/2019		5,000,000.00	5,000,000.00
07/30/2019	Optional Call			2.000	04/30/2021	10/30/2019	5,000,000.00	
07/31/2019	Coupon			1.375	01/31/2020		5,000,000.00	34,375.00
07/31/2019	Coupon			1.375	01/31/2021		5,000,000.00	34,375.00
08/08/2019	Coupon			1.750	02/08/2021		5,000,000.00	43,750.00
08/12/2019	Coupon			2.125	02/11/2020		5,000,000.00	53,125.00
08/15/2019	Coupon			3.625	02/15/2020		5,000,000.00	90,625.00

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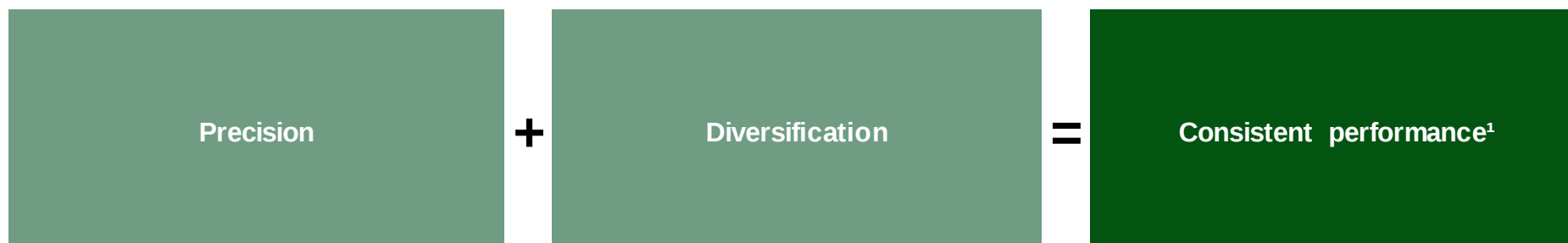
Multiple views available



For illustrative purposes only.

Philosophy and strategy

Insight's investment philosophy



As this philosophy relates to public sector clients

- Any proposed long-term investment strategy should be consistent with meeting the Safety, Liquidity and Yield objectives
- Recognition that striving to deliver “consistent performance” includes the client service and reporting deliverables
- Differences in views often identify risk tolerances to be considered when designing investment policy

Differences in views are welcome and can facilitate a better investment program.

Source: Insight Investment. Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations. The performance results shown are gross of investment management fees and reflect the reinvestment of dividends and/or income and other earnings. Gross of fees performance results do not reflect the deduction of investment advisory fees; as such, client's returns will be reduced by the investment advisory fees and other expenses. Please refer to the important disclosures at the back of this presentation.

¹ Manager makes no assurances that performance targets will be achieved.

Customized portfolio strategy

	Existing portfolio	Proposed portfolio	Benchmark		Existing portfolio	Proposed portfolio	Benchmark
Characteristics				Ratings quality			
Duration	1.5	2.7	2.6	AAA	2.3	5.6	11.7
Yield	2.0	2.2	2.0	AA	67.0	64.6	70.4
				A	20.9	17.0	4.2
Sector Allocation				BBB	9.8	12.7	13.7
Treasury	58.3	35.8	64.0	Total	100.0	100.0	100.0
Agency	0.0	17.5	5.0				
Corporate	<u>39.4</u>	<u>30.3</u>	<u>26.3</u>				
Financial	17.7	14.3	11.1				
Industrial	20.5	9.7	14.1				
Utility	1.2	6.2	1.1				
Securitized	<u>0.0</u>	<u>13.4</u>	<u>0.0</u>				
Agency MBS	0.0	8.7	0.0				
ABS	0.0	4.7	0.0				
Other	2.3	3.1	4.7				
Total	100.0	100.0	100.0				

Strategy highlights:

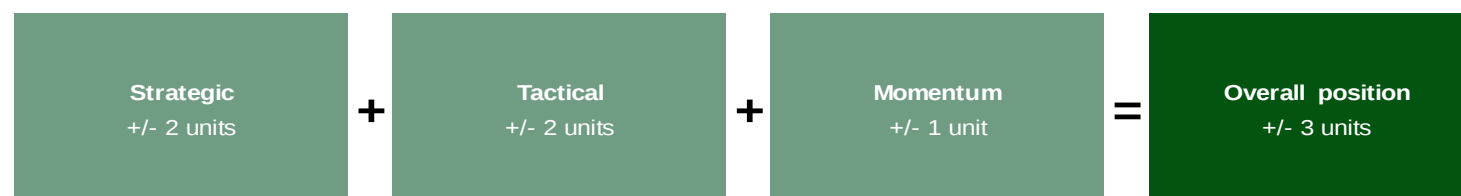
- Extend portfolio duration to actively respond to Fed policy
- Increased and diversified agency exposure
- Underweight industrials versus financial and utility sectors
- MBS and ABS sectors target potential liquidity and yield advantages
- Bloomberg Barclays 1-5 Year Gov/Credit index

Source: Insight Investment, model portfolio constructed as of 6/28/19. Existing portfolio provided by the City and Borough of Juneau, valuations rolled forward to 6/28/19 for comparison. The quoted benchmark is unmanaged and does not reflect actual trading. There could be material factors relevant to any such comparison such as differences in the volatility, and regulatory and legal restrictions between the index shown and the strategy. Investors cannot invest directly in any index. Each account is individually managed, and portfolio allocations could differ from what is presented herein. Proposed portfolio targets provided herein are for illustrative purposes only. Manager makes no assurances that proposed portfolio targets will be achieved.

Managing duration risks

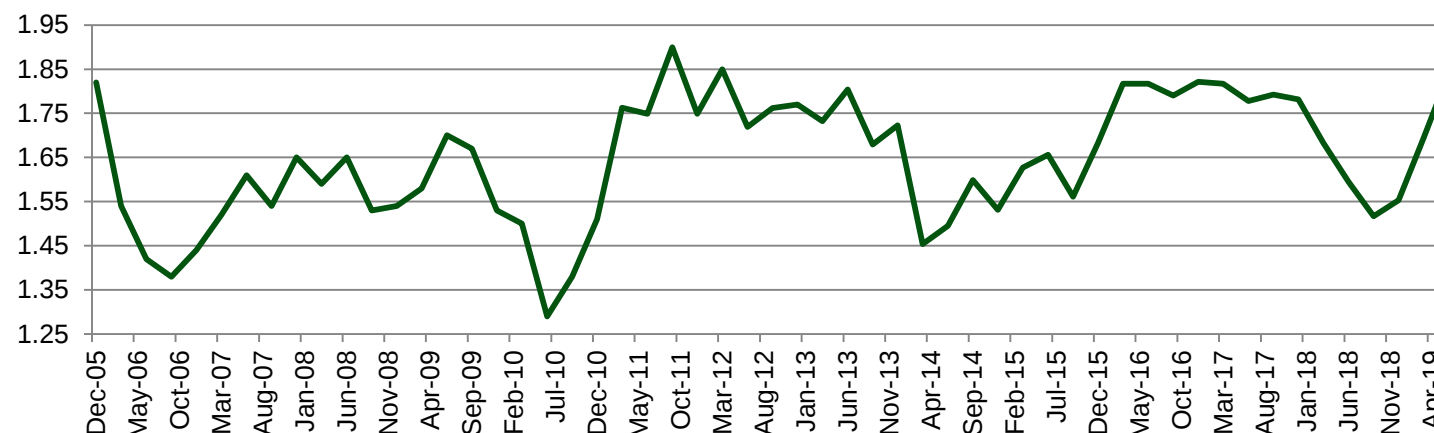
Duration risk management is central to Insight's investment process

Our view has three key drivers



- Long-term forecasts
- Short-term market views
- 'Stop losses' used
- Quantitative models that aim to capture trending markets

Representative public sector strategy (duration in years)

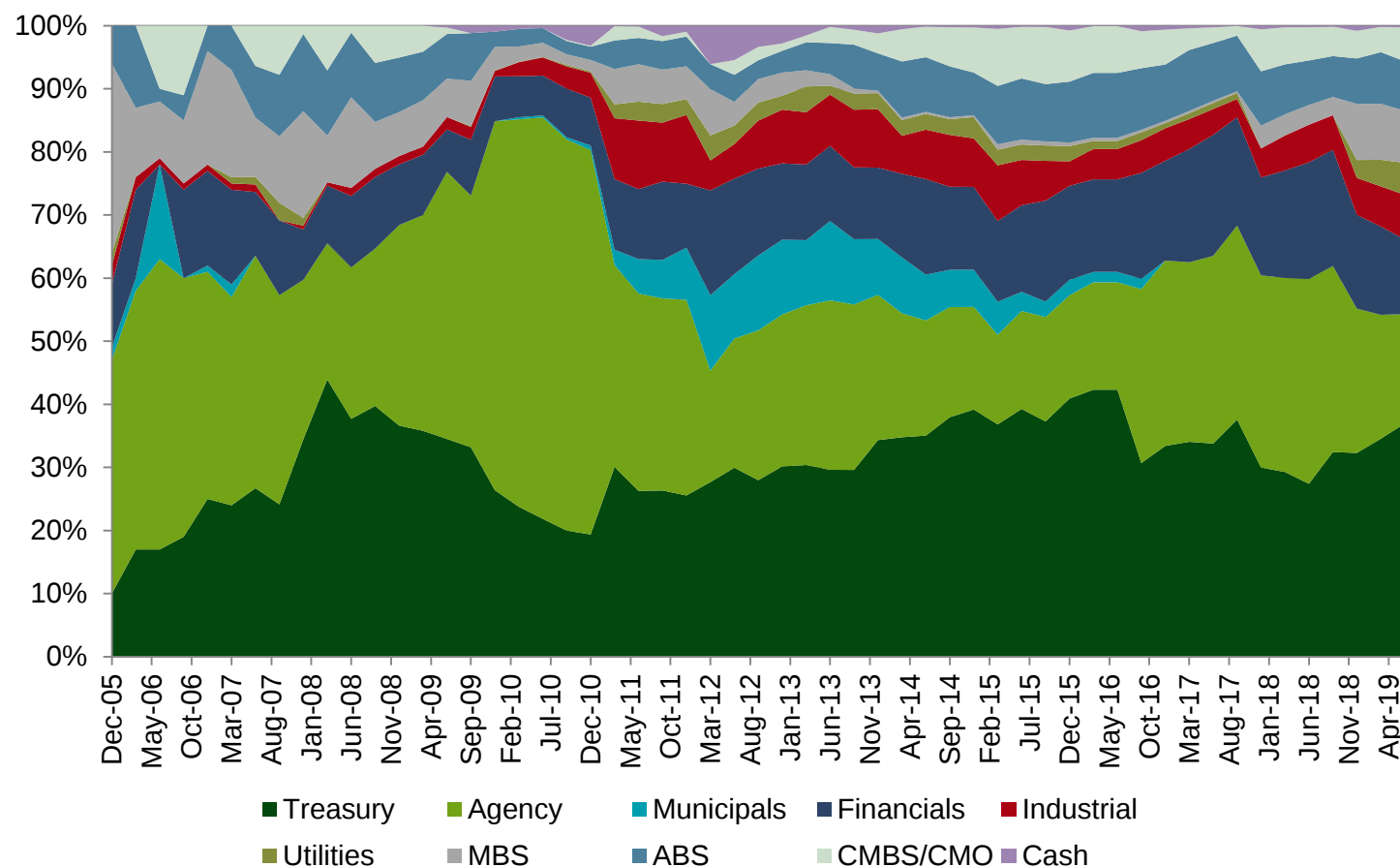


The City and Borough's customized strategy to range between 2.35 and 2.85 years duration (+/- 10% per guidelines)

Source: Insight Investment, as of June 30, 2019. Information provided is for a representative account and for illustrative purposes only. This should not be deemed as a recommendation to buy or sell the strategy. Each investor's portfolio is individually managed and may vary from the information shown.

Managing sector allocation

Representative public sector strategy (asset allocation)



Diversification:

- Requires a deep team of specialists
- Improves the likelihood of achieving Safety, Liquidity and Yield objectives

Source: Insight Investment. The above allocations are only valid as of June 30, 2019, and should not be relied upon as a complete listing of the strategy's past investment decisions. Asset allocations by sector are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations. Information provided is for a representative account and for illustrative purposes only. Diversification cannot ensure a profit or protect against loss in declining markets. All investments involve some level of risk, including loss of principal. Each investor's portfolio is individually managed and may vary from the information shown. Please refer to the important disclosures at the back of this presentation.

Managing agency exposures for the City and Borough

- 40% limit to agency debentures, 20% limit to mortgage-backed
- **Investment philosophy:** Other agencies deserve attention, value to be had in agency mortgage securities
- **Current strategy:** New issue debentures, government guaranteed and well-defined mortgages offer best value

Debentures:

- Fannie Mae, Freddie Mac, Farm Credit & Home Loan Bank
- New issue discount:
 - Buy at the bid-side
 - Earn the carry
 - Sell with Treasury-like liquidity

Other agency types:

- OPIC, HUD, REFCO
- Offers yield and diversification benefits

Agency mortgage:

- Short-maturity prevents extension risk
- Stress interest rate scenarios to determine worst reasonable case
- Compare versus outstanding debentures

Agency types	%MV	Yld Spread to Tsy
Debentures	17.5	12
CMBS	2.0	45
CMO	1.8	36
MBS	4.9	24
Total	26.2	18

Source: Insight Investment. Model portfolio information is provided in response to your request. Model portfolio average spread to Treasury data calculated using June 28, 2019 data. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. Opinions expressed herein are as of August 2019, and are subject to change without notice. Please refer to the important disclosures at the back of this presentation.

Managing credit risks

Issuer	% MV	Yld Spread	Insight Rating	S&P Rating	Perf Rating	ESG
US domestic telecomm	1.85	95	BBB2	BBB	2	4
Information technology and services	1.81	57	A	A	2	1
US investment bank	1.80	84	A	BBB+	1	2
US investment bank	1.64	66	AAA	A-	1	4
US domestic telecomm	1.56	80	BBB2	BBB+	3	3
US investment bank	1.54	80	AA	A-	1	3
Reit	1.44	63	A	A	2	3
Insurance company	1.41	59	A	A-	2	3
Midwest utility	1.41	54	BBB2	A	3	3
US custody bank	1.29	55	AA	A	3	2
Midatlantic utility	1.13	60	BBB2	A	2	2
Southeast pipeline	1.07	100	BBB2	A-	3	2
Texas utility	1.06	49	A	A+	2	5
Global consulting services	1.02	40	BBB1	A-	2	4
US investment bank	1.00	50	AA	A+	1	5
Japanese investment bank	0.98	70	AA	A-	2	3
Southeast utility	0.92	43	BBB2	A	2	3
US investment bank	0.88	51	A	A+	2	3
US biopharmaceutical	0.84	38	BBB2	A	3	1
UK investment bank	0.64	70	AAA	A	3	3
.....						
Average	0.92	78			2	3

Credit research

- Independent fundamental analysis
- Embeds environmental, social and governance factors (ESG) to develop outlook and rating
- Analyst team works with Public Sector Group to identify appropriate investments
- 33 modeled exposures, top 20 represented due to space constraints

Source: Insight Investment. Model portfolio information is provided in response to your request. Model portfolio average spread to Treasury data calculated using June 28, 2019 data. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. Please refer to the important disclosures at the back of this presentation.

Utilizing asset backed securities

Model portfolio ABS issuers

Issuer	Type	Maturity	% MV	Yld Spread
Auto loans 2018-1 A3	Auto	11/15/2022	0.27	34
Credit card receivables 2016-A2 A2	Credit Card	11/20/2023	0.94	34
Equipment receivables 2018-B A3	Equipment	11/15/2023	0.41	37
Equipment receivables 2017-B A3	Equipment	10/15/2021	0.43	34
Auto leases 2018-A A3	Auto Lease	09/15/2021	0.54	45
Auto loans 2017-D A3	Auto	01/18/2022	0.67	25
Auto loans 2017-A A3	Auto	09/15/2022	0.56	30
Auto leases 2018-A A3	Auto Lease	07/15/2021	0.60	38
Auto leases 2018-B A3	Auto Lease	12/15/2021	0.27	38
Average			0.52	35

ABS strategy

- “Blue chip” consumer ABS, AAA
- SEC registered
- Diversification among types
- 25% portfolio limit

Source: Insight Investment. Model portfolio information is provided in response to your request. Model portfolio average spread to Treasury data calculated using June 28, 2019 data. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. Please refer to the important disclosures at the back of this presentation.

Why Insight for the City and Borough of Juneau

Experience

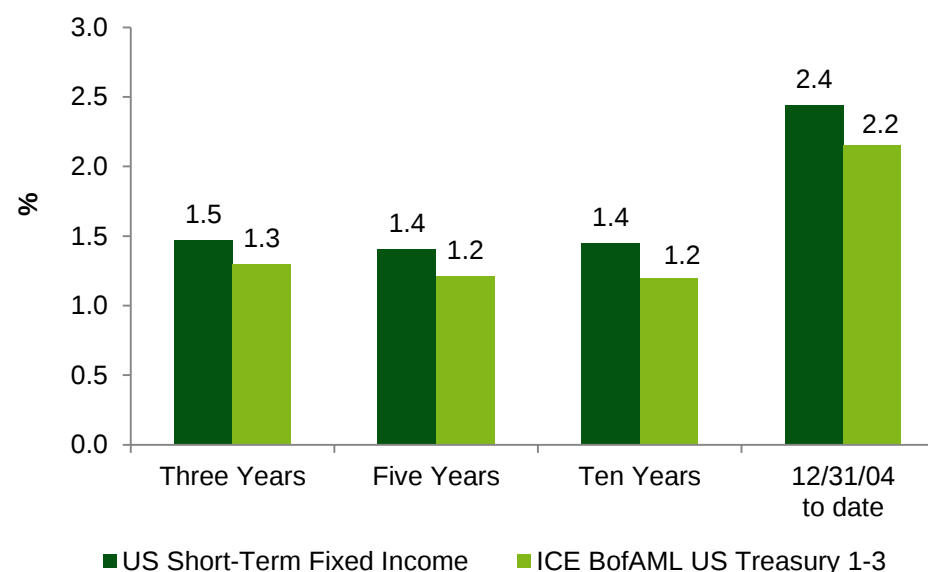
- Over 25 years managing portfolios for public sector clients
- Offers customized, comprehensive investment programs to meet individual client needs

Competitive advantages:

- Significant financial resources, diversification and stability
- An active management approach to changing market conditions
- In-house credit expertise
- Leader in ESG and responsible investment
- Trading desk focused on best execution
- Direct access to investment team
- Competitive fees

Competitive performance:

As of June 30, 2019, excluding management fees



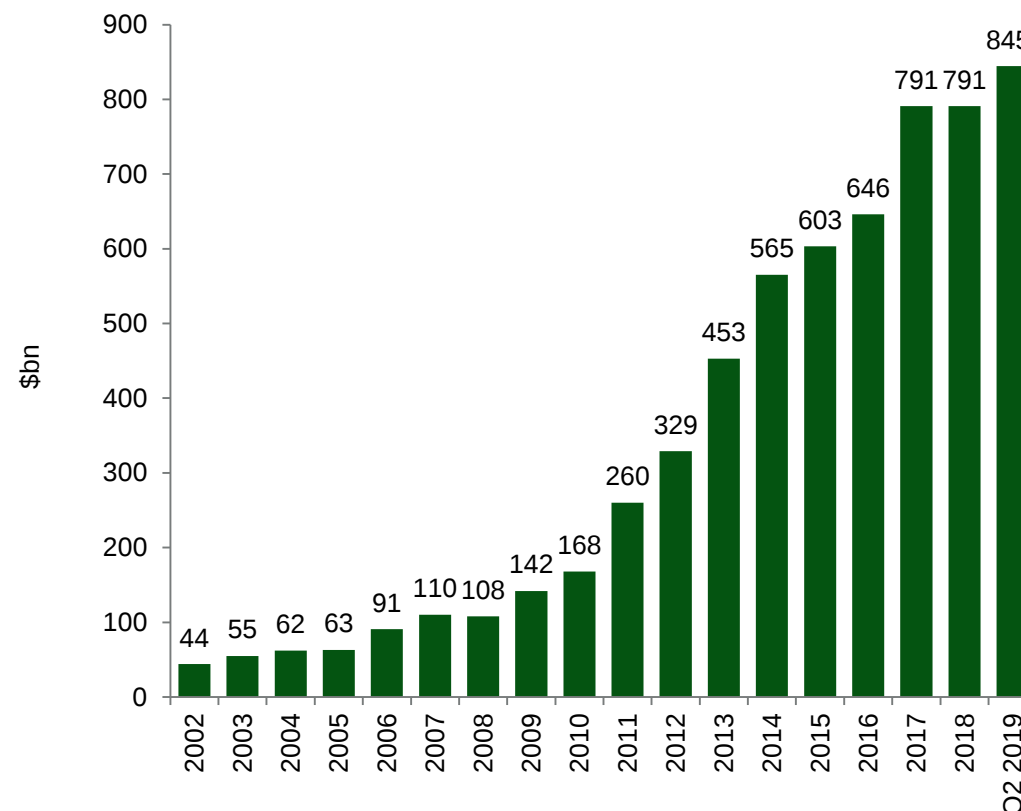
Source: Insight Investment. Past performance is not indicative of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations. The performance results shown are gross of investment management fees and reflect the reinvestment of dividends and/or income and other earnings. Gross of fees performance results do not reflect the deduction of investment advisory fees; as such, client's returns will be reduced by the investment advisory fees and other expenses. The quoted benchmark does not reflect deductions for fees, expenses or taxes. The benchmark is unmanaged and does not reflect actual trading. There could be material factors relevant to any such comparison such as differences in the volatility, and regulatory and legal restrictions between the index shown and the strategy. Investors cannot invest directly in any index. Please refer to the important disclosures at the back of this presentation.

Appendix: competitive advantages

Our credentials

- Asset manager owned by BNY Mellon:
 - based in London, Frankfurt, New York, Sydney and Tokyo
 - over \$840bn in assets under management¹
 - 228 investment professionals, 881 total staff
- Key ingredients of our success:
 - differentiated investment proposition
 - focusing on our strengths
 - partnering with our clients
 - a culture of ownership
- Key areas of specialization:
 - fixed income
 - risk management solutions
 - absolute return

Assets under management²

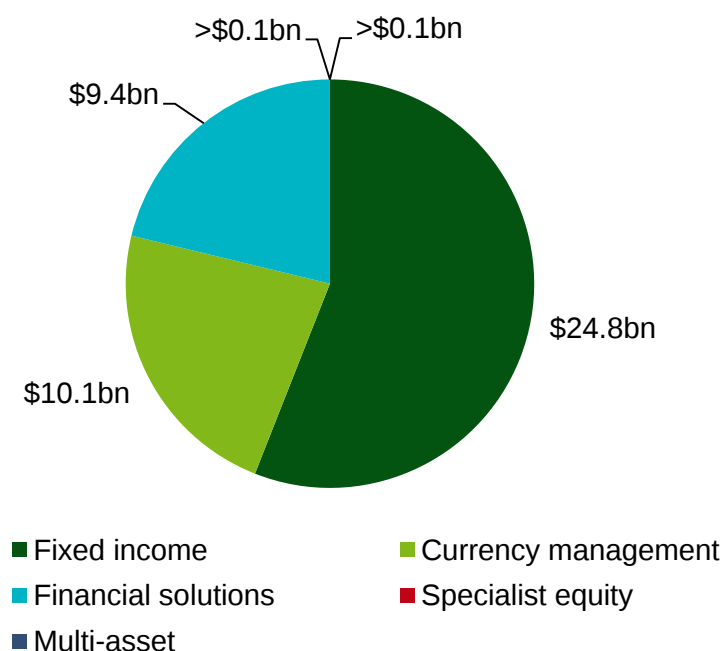


As of June 30, 2019. ¹ Insight's assets under management (AUM) are represented by the value of cash securities and other economic exposures and are calculated on a gross notional basis. Insight North America (INA) is part of 'Insight' or 'Insight Investment', the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited and Insight Investment International Limited. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. ² Excludes previous parent introduced assets prior to 2009.

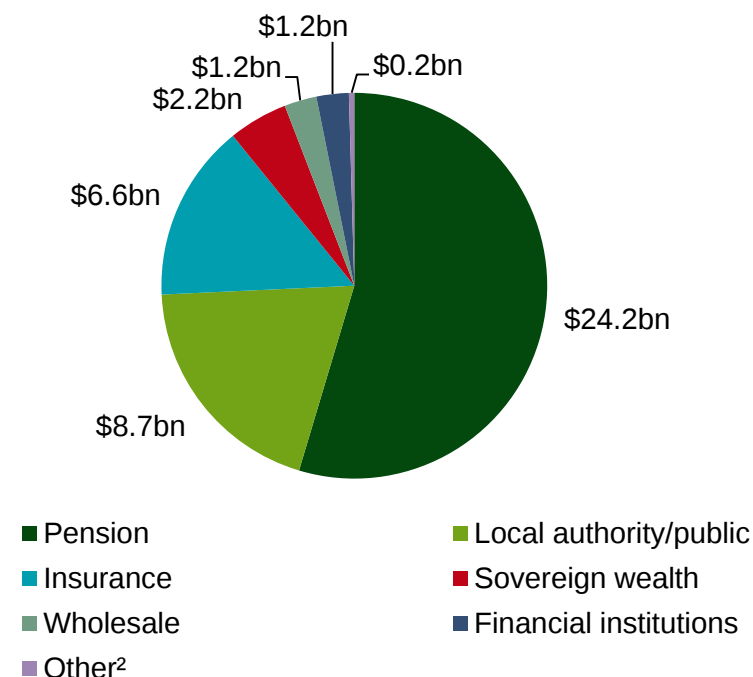
North America assets under management

North America assets: \$44.3bn¹

By investment area



By client type



As of June 30, 2019. ¹ Insight's North American assets under management (AUM) are represented by the value of cash securities and other economic exposures, and are calculated on a gross notional basis. Insight North America (INA) is part of "Insight" or "Insight Investment", the corporate brand for certain asset management companies operated by Insight Investment Management Limited including, among others, Insight Investment Management (Global) Limited and Insight Investment International Limited. Advisory services referenced herein are available in the US only through INA. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. ² Other contains data from corporate, private wealth, endowments and charities.

Investment compliance

Organizational strength

Resources to ensure best practices

- Dedicated team of compliance professionals separate from portfolio management
- Investment guidelines coded into trade order management system
- Pre-trade compliance checks on all proposed investments
- Daily overnight post-trade compliance processing for changing market conditions
- Daily calculation of risk statistics and pricing
- Timely client notification for all compliance issues, regardless of materiality or causality
- Client-approved authorized signatory list
- WestLaw subscription services to monitor changes in state statutes

Source: Insight Investment.

Credit research resources

Analysis



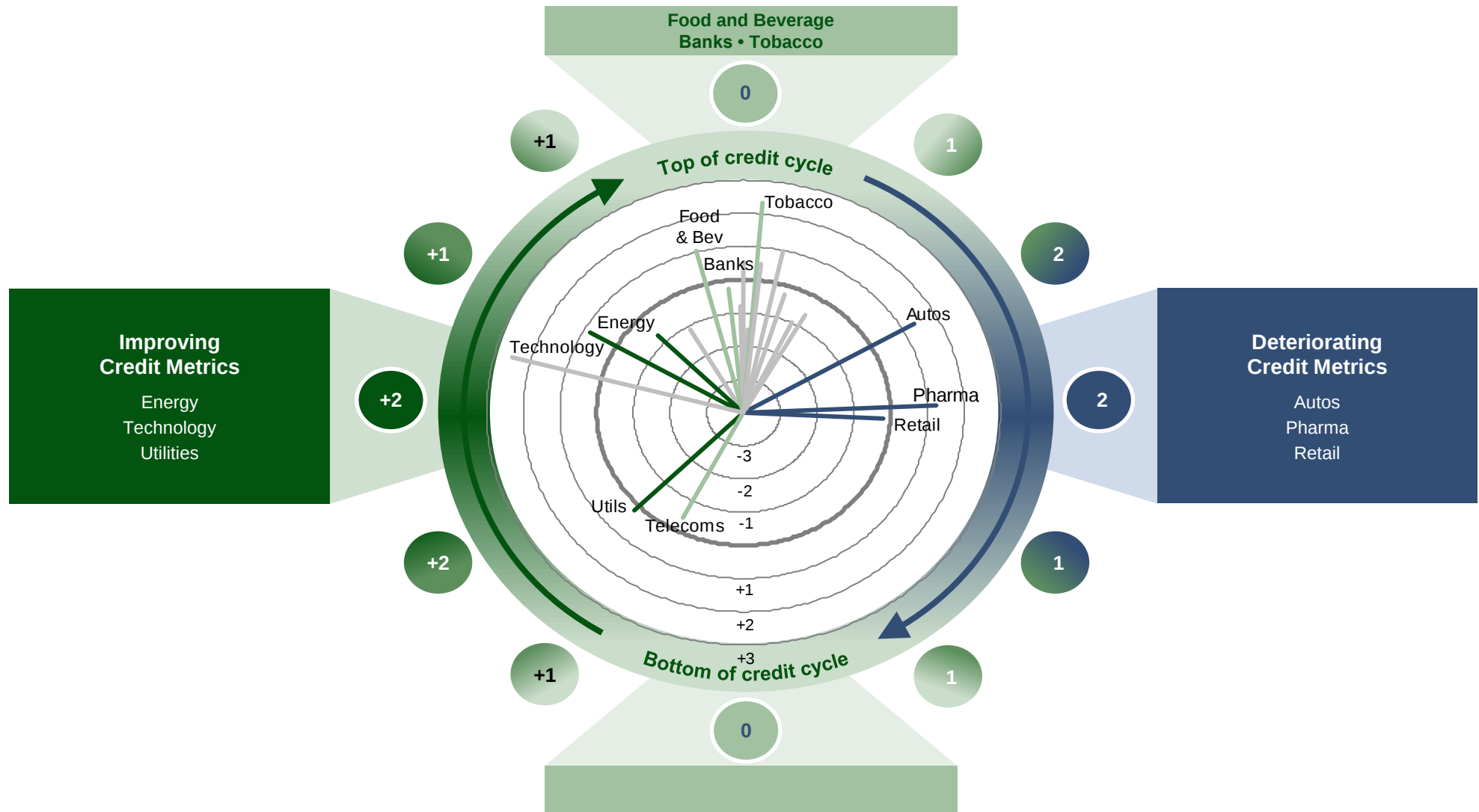
Corporates	David Hamilton Consumer Cyclical, Non-cyclical, Industrials 20 years	Jeff Bernstein Financials 27 years	Brian Carlson Energy Industrials, TMT, Utilities 24 years	John Bluemke Consumer Cyclical and Non-cyclical Industrials 19 years	Cathy Braganza Basics, Energy 26 years	Lionel Trigalou Financials 22 years	Alex Moss Basics, Real estate 31 years	Charles Henri Boivin Transport, Utilities 14 years	David Averre Supras, Sub-sovereigns, Agencies 31 years
	Catherine Welfer Energy, Utilities 23 years	Tim Doherty Energy, Chemicals and Metal & Mining 18 years	Mark Kim Energy, Autos, Industrials 16 years	Christopher Hagens Industrials 8 years	Robert Jones Industrials 27 years	Solena Gloaguen Financials 13 years	Toby Hunston Consumer Cyclical, Non-cyclical 6 years	Giles Haworth Consumer, Industrials 10 years	Joshua Kendall ESG 10 years
	Michal Ostrowski TMT 16 years	Rachel Plevinsky Energy, Chemicals, Metal & Mining 5 years	Oliver Thompson Industrials, Technology 8 years	Drago Dimitrov Industrials 4 years	Waleed Bokhari Healthcare, Industrials 8 years	David Herrington Financials 8 years	Nikolay Menteshashvili Basics, Energy 5 years	Simon Cooke EM corps 8 years	Francesca Turner ESG 2 year
	Shaheer Guirguis Structured credit 19 years	Richard Talmadge Commercial real estate, Esoterics 22 years	Melissa Niu Commercial real estate 19 years	Patrick Wacker Residential credit, Quantitative modelling 10 years	Jason Cameron Structured credit, CLOs 24 years	Jeremy Deacon Residential credit, Consumer credit 28 years	Ranbir Lakhpuri Leveraged finance, CLOs 18 years	Seema Sopal Commercial real estate 16 years	
	Lenny Kushnirsky Residential credit, Quantitative modelling 5 years				Lorraine Specketer Leveraged finance CLOs 17 years	Tristan Teoh Structured credit, Esoterics 13 years	Janko Nedić Structured credit, Esoterics 14 years	Pritesh Solanki Structured credit 9 years	Justyna Kochanska Structured credit, CLOs 12 years
					Alok Bedekar Residential credit, Consumer credit 9 years	Clement Larrue Residential credit, Consumer credit 5 years	Dimitrios Theodorikas Structured credit, Esoterics 3 years	Alejandro Cruz Residential credit Consumer credit 5 years	

US¹ Europe

As of July 2019. Year(s) of industry experience as of June 30, 2019. ¹ Includes employees of Insight North America LLC (INA) which provides asset management services as part of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML).

Top down and bottom up

Not all sectors are created equal



Sources: Insight Investment as of July 12, 2019. For illustrative purposes only. The length of each individual spoke represents that sector's Z-Score of the L-OAS ratio vs index over a 5-year period.

Fundamental analysis

Credit expertise



- **Assessment of business risk profile**

- understanding the industry and business model
- strengths and weaknesses of the company
- opportunities and threats facing it
- how does the company compare with its peers?
- industry reviews undertaken on a regular basis

- **Cash flow modeling for credits covered**

- in-house cash flow template developed
- base case derived from consensus estimates
- supplemented with information gleaned from discussions with company management
- downside case to determine the 'margin of safety'

Large grocery retailer

FORECASTS

End Date First Forecast Year	Jan-2018						
USD m	Actual Jan-2015	Actual Jan-2016	Actual Jan-2017	Jan-2018	Jan-2019	Jan-2020	Jan-2021
Revenue	108,465	109,830	115,337	121,813	124,498	129,669	134,859
EBITDA	5,085	5,665	5,776	5,830	5,922	6,208	6,488
EBIT	3,137	3,576	3,436	3,351	3,298	3,558	3,694
Depreciation & Amortisation	1,948	2,089	2,340	2,479	2,624	2,650	2,794
Sales growth	10.3%	1.3%	5.0%	5.6%	2.2%	4.2%	4.0%
EBITDA margin	4.7%	5.2%	5.0%	4.8%	4.8%	4.8%	4.8%
EBIT margin	2.9%	3.3%	3.0%	2.8%	2.6%	2.7%	2.7%

For Information: Consensus Estimates at:	18/07/2017						
Revenue	121,813						
EBITDA	5,830						
EBIT	3,351						
Number of EBITDA estimates	18						

Div/share:	0.408	0.465	0.515	0.555	0.600	0.600
No. Shares (m)	967.0	924.0	850.72	790.29	738.50	686.71

CASH FLOW & DEBT

	Actual Jan-2016	Actual Jan-2017	Jan-2018	Jan-2019	Jan-2020	Jan-2021
ONGOING EBITDA	5,665	5,776	5,830	5,922	6,208	6,488
Exceptional restr expenses						
Other non-operating cash charges						
New EBITDA	5,665	5,776	5,830	5,922	6,208	6,488
Capex	(3,349)	(3,699)	(3,213)	(3,312)	(3,500)	(3,500)
Working Capital Change	180	(492)	350	200		
Dividends from Associates	0	0				
Exchange movements/other	547	50				
Interest expense						
-> taxable profit						
Cash Tax						
Dividends	(385)	(429)	(438)	(439)	(443)	(412)
Share Buybacks / Capital Increase	(486)	(1,698)	(1,400)	(1,200)	(1,200)	(1,200)
Acquisitions	(168)	(401)	(150)	(200)		
Disposals	45	132	200	200		
Other						
Underlying Free Cashflow (before divs, buybacks, M&A etc)	1,568	573	1,663	1,514	1,342	1,578
Net Free Cashflow	574	(1,823)	(125)	(125)	(301)	(34)
Start year Net Debt / (Net Cash)		11,329	11,802	13,755	13,880	14,005
End year Gross Debt	11,597	12,079	14,077	14,325	14,259	14,559
End year Net Debt / (Net Cash)		11,329	11,802	13,755	13,880	14,005
Reported Net debt / EBITDA:	2.1x	2.4x	2.4x	2.4x	2.3x	2.2x
EBITDA / Net interest expense:	12.0x	11.4x	11.0x	11.0x	11.6x	11.9x

For illustrative purposes only. The above trade examples are subject to change, do not represent past, current or future decisions and should not be construed as an investment recommendation. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

Corporate landmine checklist

Credit expertise



Aims to identify the risks that can lead to a sharp deterioration in an issuer's credit quality

Factor	Example
 Liquidity	Assuming no access to capital markets in the next 24 months, what is the impact on the issuer's liquidity?
 Contingent liabilities	What is the magnitude of the issuer's off balance sheet liabilities such as pension deficits, operating leases etc.?
 Regulatory risk	To what extent is the issuer's industry subject to regulation and changes in regulation?
 Event risk	Does the management have an appetite for debt financed M&A? Is the company's share price underperforming?
 LBO risk	Is the business likely to be subject to an approach from or a bid by private equity?
	Is the issuer properly managing environmental, social and governance risks?

Each factor scored 1 (good) to 5 (bad)

Source: Insight Investment. For illustrative purposes only.

Appendix: ABS information

Evaluating ABS risks

Primary risk breakdown

	Interest Rate	Prepayment	Credit	Liquidity
Treasury Bills				
Treasury Bonds	X			
Corporates	X		X	
MBS Pass-Thrus	X	X		
CMOs	X	~		~
Credit Card ABS	X		X	
Auto ABS	X	X	X	
Other ABS	X	X	X	X

Need to understand primary risks embedded in each asset class

Source: Insight Investment. For illustrative purposes only.

Robustness of US ABS: minimal downgrade risk versus corporates

U.S. ABS ex HEL/MH, five-year rating transition matrix by cohort rating, 1993-2018

From/to	Aaa	Aa	A	Baa	Ba	B	Caa-C
Aaa	93.08%	1.89%	2.37%	1.10%	0.65%	0.48%	0.17%
Aa	4.68%	78.34%	5.26%	5.00%	2.07%	2.06%	1.05%
A	1.27%	1.97%	86.21%	3.20%	2.37%	1.43%	1.66%
Baa	0.93%	0.66%	3.90%	79.73%	3.94%	5.03%	1.84%
Ba	0.22%	0.08%	3.29%	9.21%	66.40%	5.54%	4.82%
B	0.11%	0.23%	1.35%	2.82%	2.48%	59.73%	9.47%
Caa-C	0.08%	0.00%	0.35%	0.04%	0.72%	3.28%	51.58%

Average five-year letter rating migration rates, 1970-2018

From/to	Aaa	Aa	A	Baa	Ba	B	Caa	Ca-C
Aaa	70.74%	23.29%	4.89%	0.63%	0.31%	0.03%	0.04%	0.00%
Aa	2.15%	68.83%	23.66%	3.92%	0.79%	0.26%	0.12%	0.03%
A	0.18%	7.22%	74.06%	14.51%	2.45%	0.74%	0.16%	0.02%
Baa	0.14%	1.00%	12.16%	74.10%	8.01%	2.52%	0.57%	0.09%
Ba	0.03%	0.19%	2.54%	14.36%	62.55%	11.48%	2.06%	0.13%
B	0.02%	0.07%	0.44%	2.38%	7.39%	66.62%	6.34%	0.61%
Caa	0.00%	0.00%	0.11%	0.62%	1.67%	8.14%	63.52%	1.00%
Ca-C	0.00%	0.00%	0.03%	0.85%	1.79%	4.69%	3.14%	53.80%

Source: Moody's, as of December 31, 2018.

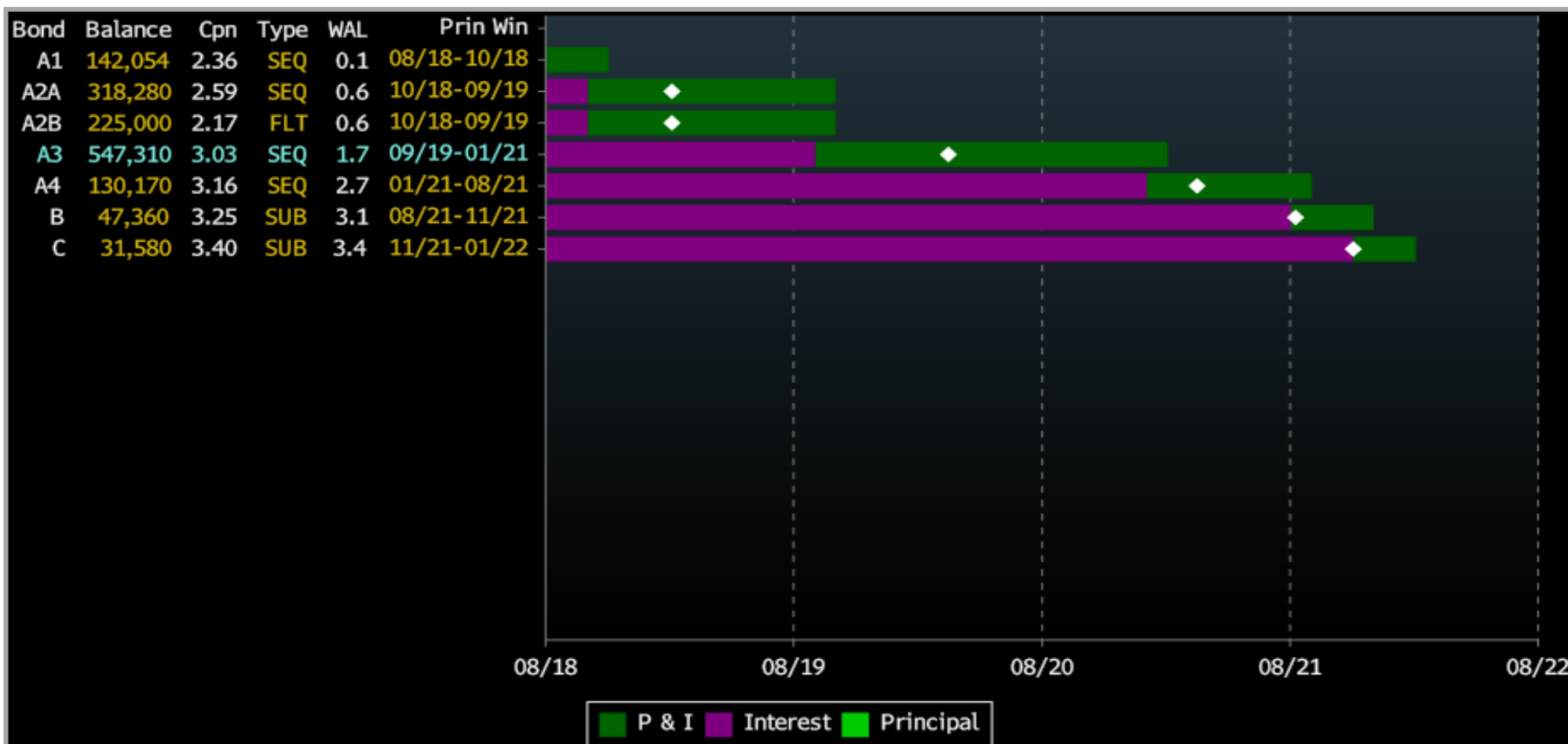
How does that AAA really work?

Subordination and timing of payments

Used car retailer 2017-3 Prime Auto (\$1.1B)	\$SIZE MM	WAL	S/F	BENCH GUID
A-1	\$224.00	0.29	A-1+/F1+	YLD
*A-2A \	\$360.00	1.16	AAA/AAA	EDSF
*A-2B /		1.16	AAA/AAA	1ML
A-3	\$341.00	2.56	AAA/AAA	ISWP
A-4	\$94.00	3.75	AAA/AAA	ISWP
B	\$31.00	3.97	AA/AA	ISWP
C	\$33.00	3.97	A/A	ISWP
D	\$17.00	3.97		ISWP

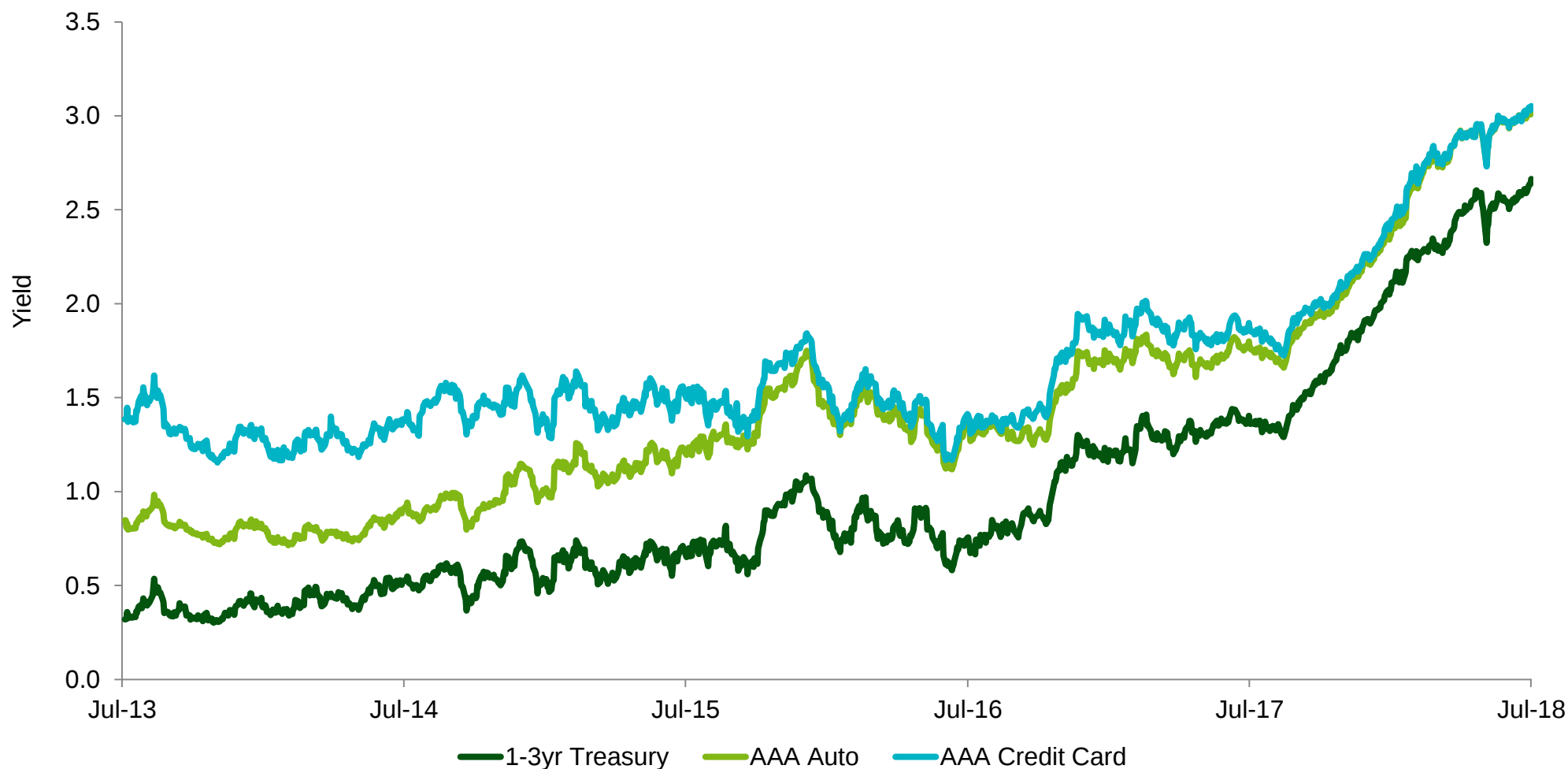
Source: Insight Investment. For illustrative purposes only. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

Illustrative payout profile



Source: Bloomberg, July 27, 2018. For illustrative purposes only. Does not reflect actual trading for client accounts or funds managed by Insight or its affiliates.

Relative yield spread for ABS



Source: Barclays Live, July 27, 2018. For illustrative purposes only. The quoted benchmarks do not reflect deductions for fees, expenses or taxes. The benchmarks are unmanaged and do not reflect actual trading. There could be material factors relevant to any such comparison such as differences in the volatility, and regulatory and legal restrictions between the indexes shown and the strategy. Investors cannot invest directly in any index.

Appendix: responsible investment

What is responsible investment?

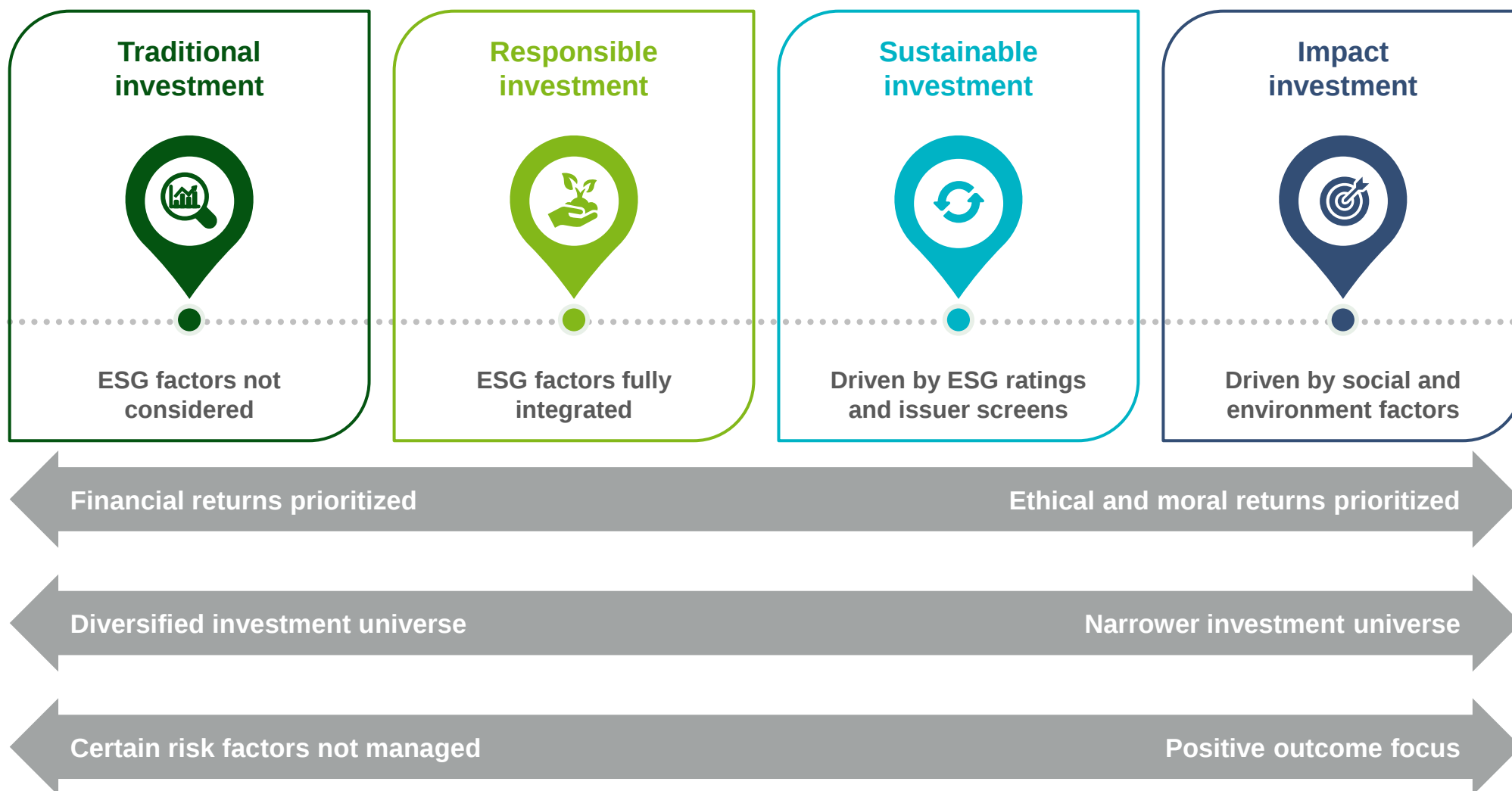
Approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to **better manage risk and help to generate sustainable, long-term returns**

Responsible investment **does not require ruling out investment in any sector or company**

Responsible investment can and should be pursued even by the investor whose **sole purpose is financial return**

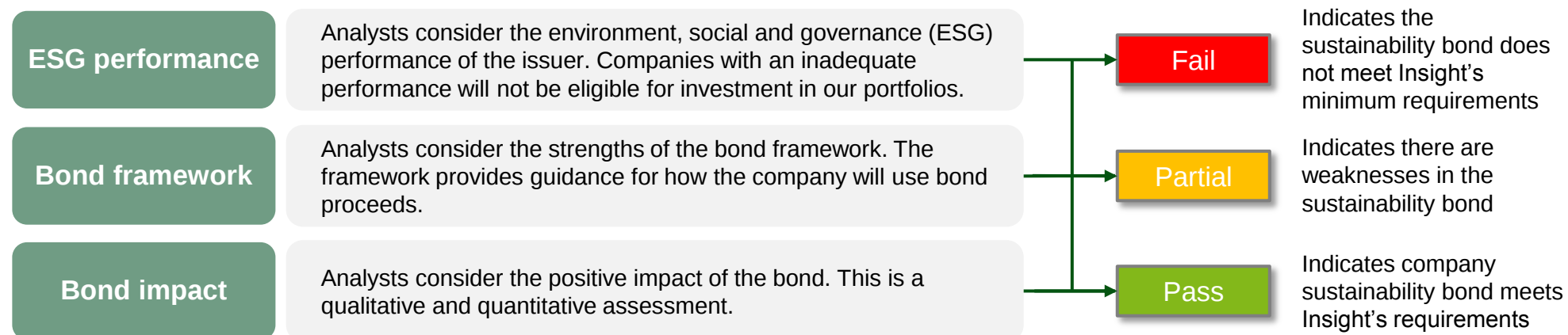
Source: Insight Investment. For illustrative purposes only.

What does responsible investment mean in fixed income?



Source: Insight Investment. For illustrative purposes only.

Framework for assessing green bonds

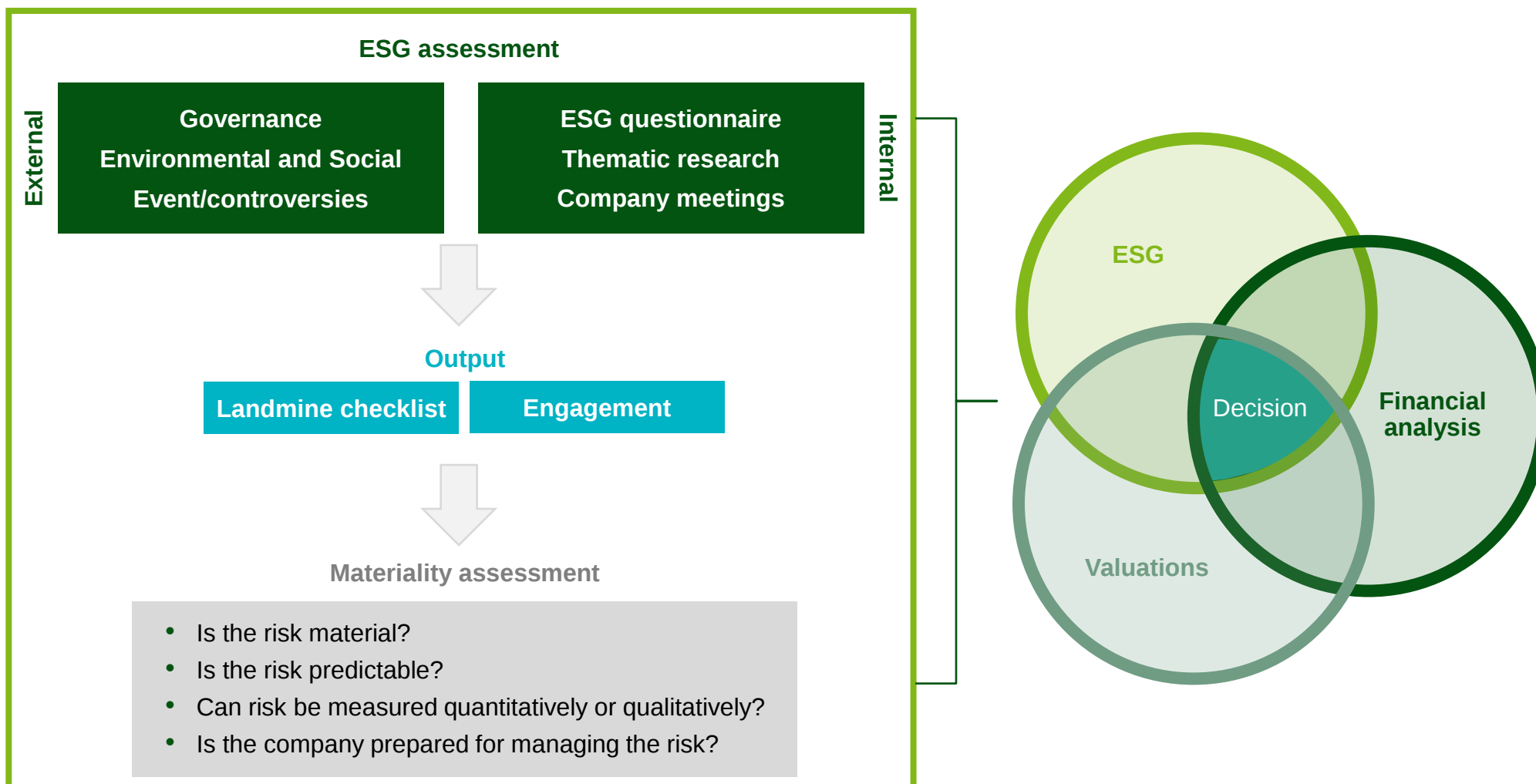


Corp Ticker	ISIN	Date of Assessment	Bond type	ESG performance met?	Bond framework criteria met?	Impact criteria met?	Traffic light score	Analyst assessment
		1/22/2019	Social	Yes	No	Yes	Red	Overall, the framework has to be given a red since there is no extra documentation explaining their social bond framework or second party opinion. The use of proceeds are fairly strong, going towards affordable housing projects and CDFI (organisations who provide financial services to low-income communities) projects. Criteria for eligibility was clear. Selection process was down to CDFI, community development groups and corporate treasury. Management of proceeds don't mention a specific social bond register but that internal records will show the allocations, so doesn't meet best practice. Reporting will be at least annual for allocation but no mention of a commitment to report on impact. Report will include a report from an independent accountant regarding allocation.
		12/27/2018	Green	Yes	Yes	Yes	Amber	UoPs include renewable energy projects and energy storage solutions for corporate facilities and supply chain, energy efficiency of buildings and to eliminate use of toxic substances. Expect to spend full amount within 2 years. Unclear as to how the money will be separately managed from other funding which is a small drawback. However, this is an existing report from the UoPs from the 2016 Green Bond issuance which is detailed and comprehensive. Covers not only Apple's facilities but also that of their supply chain which is positive. Would like to see more detail on how much spending will be allocated to which types of projects. Annual reporting on allocation and impact and second opinion from Sustainalytics. So, overall Amber.
		12/27/2018	Sustainable	Yes	Yes	Yes	Green	SDG bond: eligible sectors include good health and wellbeing, quality education, clean water and sanitation, affordable and clean energy, industry innovation and infrastructure, sustainable cities and communities and climate action. Eligible businesses or projects must derive 90% or more of revenues from the eligible sectors. All projects will be reviewed by green bond committee and the sustainability representatives on this committee will have a veto. Sustainalytics providing a second opinion and reporting is annual. 2018 report shows that, 52% was to new projects, 48% to existing and that 51% went to industry, innovation and infrastructure.

Source: Insight Investment. For illustrative purposes only. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

Core process overview

Environmental, social and governance factors fully integrated into analysis



Source: Insight Investment. For illustrative purposes only.

Appendix: biographies

Biographies



David Witthohn, CFA, CIPM – Senior Portfolio Specialist

David joined Insight's Fixed Income Group as a senior portfolio manager in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). He originally joined Cutwater in 1997 and has worked in the financial services industry since 1982. David's areas of expertise include portfolio management and statistical performance review. He has extensive years of experience in working with public entities on their investment portfolios and has additional experience in the areas of institutional mutual funds and bank portfolio management. He speaks frequently in the US on public funds asset management and is active in many public finance associations across the US. David holds a BA in Business Economics from the University of Pittsburgh and a Master's of Science (MSF) in Finance from the University of Colorado. He is a CFA charterholder and also has the Certification for Investment Performance Measurement (CIPM).



Mary Donovan, CFA – Senior Portfolio Manager

Mary joined Insight's Fixed Income Group as a senior portfolio manager in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). She originally joined Cutwater in 1991 and has worked in the financial services industry since 1989. Mary has responsibilities for the public sector group strategy. Additionally, she monitors the credit markets and economic conditions daily to develop active portfolio management strategies consistent with each client's investment objectives and cash flow needs. Her areas of expertise include US Treasury and high-grade corporate securities and bond swap analytics. Mary is a past president of the Colorado Treasury Management Association. She speaks regularly in the US on public funds asset management and is active in many US public finance associations. She holds a BS degree from the University of Colorado and is a CFA charterholder.

Biographies



Jason Celente, CFA – Senior Portfolio Manager

Jason joined Insight's Fixed Income Group as a senior portfolio manager in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). He originally began his financial services career at Cutwater in 1997 and has been part of the investment management team since 1999. Jason's responsibilities include participating in weekly portfolio strategy meetings and then implementing the investment strategy by determining credit selection and sector allocation. Prior to this, Jason was an investment accountant for Cutwater's asset-liability portfolios and short-term mutual funds. He has a BS degree from Colgate University and an MBA from the Stern School of Business at New York University. Jason holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA) and is a CFA charterholder.



Gerard Berrigan – Head of Insurance and Intermediate

Gerard joined Insight in 1994 (via predecessor company, Cutwater Asset Management). He is Head of Insurance and Intermediate within the Fixed Income Group. He originally joined Cutwater in June 1994 and has worked in the financial services industry since 1984 with specific experience in securities and trading. Gerard's responsibilities include overseeing all aspects of portfolio management for insurance and Public Sector Group clients in North America. Previously, he worked at the Federal National Mortgage Association as a member of the Portfolio Management and Treasury Groups where he developed and applied expertise in ABS, MBS and portfolio hedging. Gerard also worked at First Boston Corp. developing and implementing investment strategies for the firm's public finance clients. He has a BS degree from Bucknell University and an MBA from Columbia University. Gerard holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA).

Appendix: important disclosures

GIPS® firm-wide disclosures

Past performance is not a guide to future performance. Investment in this strategy involves substantial risk of loss. Gross returns do not reflect the deduction of investment advisory fees. Client's returns will be reduced by the investment advisory fees and other expenses. Please refer to the disclosures and index definitions at the back of this presentation.

- The GIPS® firm is defined as Insight Investment and is the corporate brand for the companies managed or administered by Insight Investment Management Limited.
- Since the firm's creation in 2002, the firm has added a number of investment teams under its brand. These include the Pareto brand and the Cutwater Asset Management brand. In all cases, the decision making processes of the investment teams that have transitioned under the brand remain substantially intact and independent within Insight Investment.
- Insight claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Insight has been independently verified for the periods 1 January 1998 to 31 December 2017. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.
- The assets under management figure is the most up-to-date available, and is subject to change. A complete list of composites and their descriptions is available on request.
- Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- The measure of dispersion is represented by the lowest and highest annual returns of accounts that have been included within the composite for a full calendar year. Three-year annualised ex post standard deviation measures are not presented when there are less than 36 monthly observations available.

GIPS® compliant presentation

US Short-Term Fixed Income as of December 31, 2018



Year	Total return (%)				Highest value		Rolling composite 3yr std. dev.	Rolling benchmark 3yr std. dev.	Number of portfolios (throughout period)	Market value at end of period (m)	Total firm assets at end of period (m) ¹
	Composite (weighted average) gross return	Composite (weighted average) net return	Benchmark return	Gross arithmetic difference							
2018	1.66	1.41	1.58	0.08	1.89	1.55	0.65	0.84	14(14)	852	334,545
2017	0.88	0.63	0.42	0.46	1.30	0.64	0.69	0.74	18(18)	898	341,059
2016	1.04	0.79	0.89	0.15	1.73	0.64	0.75	0.75	24(24)	1,231	263,301
2015	0.87	0.62	0.54	0.33	1.20	0.54	0.77	0.56	29(24)	2,009	250,203
2014	1.15	0.90	0.62	0.53	1.74	0.70	0.70	0.43	26(23)	1,902	
2013	0.27	0.02	0.36	-0.09	0.44	-0.02	0.69	0.50	24(20)	2,082	
2012	1.44	1.19	0.43	1.01	2.04	0.85	0.61	0.73	20(18)	1,997	
2011	1.79	1.53	1.55	0.23	2.08	1.15	0.75	1.02	20(16)	1,966	
2010	2.04	1.90	2.35	-0.31	2.48	1.48	1.46	1.74	18(10)	1,111	
2009	2.27	2.14	0.78	1.48	3.74	1.90	1.56	1.93	10(7)	723	

¹ The Cutwater team joined Insight in January 2015 and as such the "Total firm assets" are only applicable since the date of acquisition.

USC5020 - Base Currency USD - Inception Date 31 December 2004 - Creation Date 31 December 2009

- Portfolios included in this Composite permit allocations of 10 percent or more to corporate and/or asset backed sectors. Corporate allocations must permit investments rated AA or below, but may not be permitted to invest significantly in securities rated below single-A. Portfolios within the Short Term Fixed Income Composite must have overall maturity or expected duration characteristics that are consistent with a short term investment strategy. Portfolio duration is generally managed within +/- 20 percent of benchmark duration. Maximum maturities for holdings in these portfolios typically are limited to 5 to 7 years.
- The composite is benchmarked against the BofA Merrill Lynch 1-3 Year US Treasury Index.
- The management fee schedule for this composite is as follows: 0.25% on the first \$25 million, 0.20% on the next \$25 million and 0.15% thereafter. All fees are subject to negotiation and are dependent on account services provided and size of portfolio. Actual investment advisory fees incurred by clients may vary.
- Prior to 1/1/2011, net of fee performance returns were calculated by deducting the highest management fee paid by any account in the composite from the monthly gross composite return. Effective 1/1/2011, composite net of fee returns are calculated by deducting the highest rate from the standard fee schedule shown above from the monthly gross composite returns. Client returns will be reduced by investment management fees. Actual fees for new accounts are dependent upon size and any fee or fee schedule applied to existing or prospective clients is subject to negotiation.

GIPS® compliant presentation

US Intermediate Fixed Income as of December 31, 2018



Year	Total return (%)				Highest value	Lowest value	Rolling composite 3yr std. dev.	Rolling benchmark 3yr std. dev.	Number of portfolios (throughout period)	Market value at end of period (m)	Total firm assets at end of period (m) ¹
	Composite (weighted average) gross return	Composite (weighted average) net return	Benchmark return	Gross arithmetic difference							
2018	0.83	0.52	0.88	-0.05	1.06	0.87	1.97	2.09	2(2)	152	334,545
2017	2.35	2.04	2.14	0.21	2.47	2.18	2.03	2.11	4(3)	137	341,059
2016	1.72	1.42	2.08	-0.36	2.66	2.17	2.17	2.23	4(2)	704	263,301
2015	1.15	0.85	1.07	0.08	1.23	1.00	2.22	2.10	3(2)	44	250,203
2014	3.85	3.54	3.13	0.72	3.95	3.80	2.06	1.94	2(2)	44	
2013	-1.08	-1.38	-0.86	-0.22	-0.98	-1.44	2.23	2.11	5(4)	67	
2012	4.40	4.09	3.89	0.51	4.98	3.99	2.00	2.16	6(3)	49	
2011	6.57	6.25	5.80	0.77	6.61	6.39	2.53	2.55	4(3)	40	
2010	5.77	5.64	5.89	-0.12	6.33	5.31	3.58	3.91	3(2)	31	
2009	8.01	7.70	5.24	2.76	8.90	6.45	3.55	3.82	2(2)	18	

¹ The Cutwater team joined Insight in January 2015 and as such the "Total firm assets" are only applicable since the date of acquisition.

USC5013 - Base Currency USD - Inception Date 31 December 2004 - Creation Date 31 December 2009

- Portfolios included in the intermediate fixed income composite will permit actively managed allocations to all US investment grade sectors. Maximum maturities for holdings in these portfolios are limited to 10 years and portfolio duration is generally managed within +/- 20 percent of benchmark duration. Guidelines for some portfolios may allow for limited (10 percent or less) allocations to out of benchmark sectors. Out of benchmark sectors include, but may not be limited to, high yield, emerging markets, non-dollar, and USTIPS.
- The composite is benchmarked against the Barclays US Intermediate Government/Credit Index.
- The management fee schedule for this composite is as follows: 0.30% on the first \$25 million, 0.25% on the next \$25 million and 0.20% thereafter. All fees are subject to negotiation and are dependent on account services provided and size of portfolio. Actual investment advisory fees incurred by clients may vary.
- Prior to 1/1/2011, net of fee performance returns were calculated by deducting the highest management fee paid by any account in the composite from the monthly gross composite return. Effective 1/1/2011, composite net of fee returns are calculated by deducting the highest rate from the standard fee schedule shown above from the monthly gross composite returns. Client returns will be reduced by investment management fees. Actual fees for new accounts are dependent upon size and any fee or fee schedule applied to existing or prospective clients is subject to negotiation.

Index descriptions

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

Index	Description
BofA Merrill Lynch 1-3 US Year Treasury Index	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.

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City & Borough of Juneau

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December 2019



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Agenda

- Market outlook
- Portfolio update
- GASB 40 Holdings
- Appendix

A large, abstract graphic consisting of a dark green rectangle on the left, a lighter green trapezoid in the middle, and a teal parallelogram on the right, all overlapping to create a sense of depth and movement.

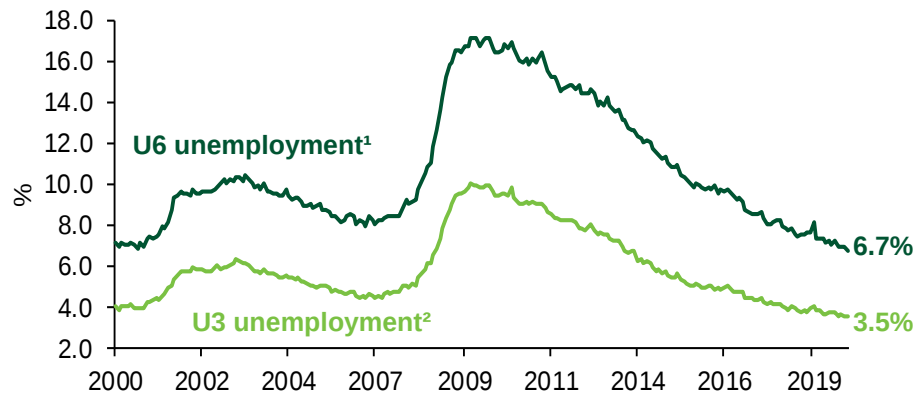
Market outlook

Q4 2019 summary

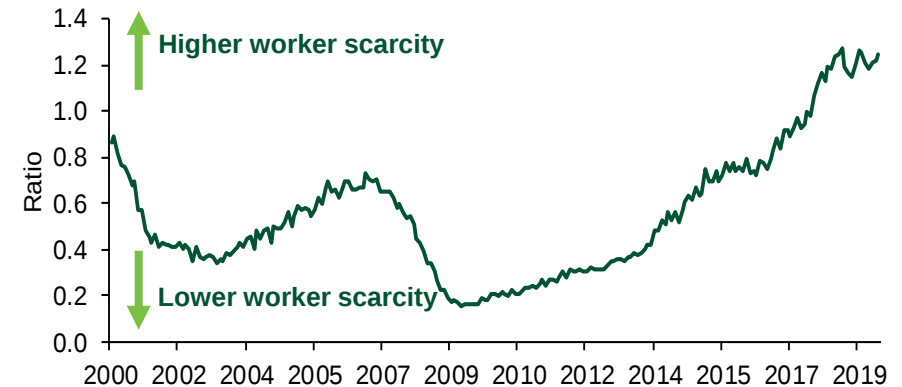
- **Global central bank easing appears to have worked:** With global economic data stabilizing over the quarter and the outlook for inflation still benign, it appears that global central banks may have successfully navigated the economic slowdown. The 'dot plot' released after the December Federal Open Market Committee (FOMC) meeting indicated that most members expect interest rates to remain unchanged through 2020. The committee noted that "the current stance of monetary policy is appropriate to support sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective".
- **Global tail risks have faded:** The US and China have reached a Phase One trade agreement, and while tariff rollback is modest, this agreement stands in strong contrast to the spiraling escalation experienced in Q3. Additionally, an agreement on the USMCA was reached and passed by the House of Representatives. Elections in the UK have also averted a potential crash out Brexit.
- **The yield curve steepened:** The US Treasury curve steepened in Q4, with 2-year Treasury yields falling by 5bp, 10-year yields rising by 25bp and 30-year yields rising by 28bp.
- **Credit outperformed Treasuries:** Corporate credit spreads contracted with the Bloomberg Barclays Corporate Index spread declining from 115bp to 93bp. Spreads at the longer end of the curve outperformed, as the Bloomberg Barclays Long Corporate Index spread contracted by 30bp and the Intermediate Corporate Index spread contracted by 18bp. Within investment grade issuers, BBB-rated issues tightened by 34bp over the quarter and by a significant 76bp over the year.
- **Risk assets continued to rally:** US equity markets performed well, with the S&P 500 Index reaching record highs and experiencing over 30% increase in 2019, buoyed by lower bond yields and monetary stimulus. Equity market volatility remained low.
- **Risks include:**
 - Trade tensions re-escalate to a point where they have a severe impact on the global growth outlook
 - Inflationary pressures unexpectedly turn upwards, forcing the Fed to abruptly change position again
 - European growth slows further, leading to more radical policy responses, with implications for global bond and credit markets

US labor market continues to signal strength...

Level of US unemployment



Job openings per unemployed person



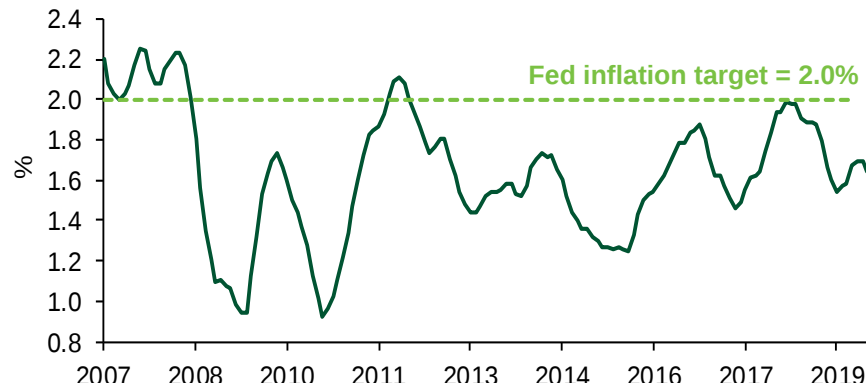
- Labor market has likely reached ‘full employment’:
 - Headline unemployment (U3) has hit a cycle low of 3.5%, and the number of discouraged workers (U6) has hit a new all-time low
 - Monthly payroll growth is likely to continue to slow towards the population trend of 80-100k per month
- Difficulty in sourcing workers is pushing wages higher:
 - With workers increasingly scarce, we expect wage growth to accelerate in 2020, with lower-paid workers likely to see faster wage gains, as was the case in 2019
 - These wage gains may further pressure profit margins, but should support healthy consumption growth

With workers increasingly scarce, payroll growth is likely to slow naturally, while wage growth should strengthen

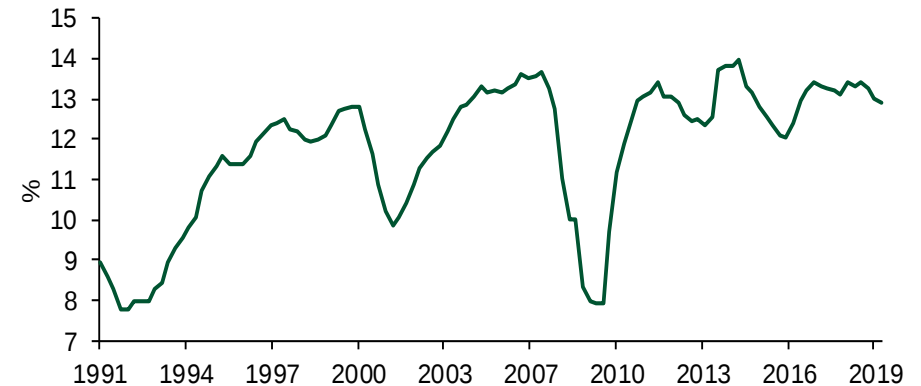
Source: Federal Reserve Bank of St. Louis. US employment (LHS) as of December 31, 2019. Job openings (RHS) as of October 31, 2019. ¹ U6 unemployment rate includes discouraged workers who have quit looking for a job and part-time workers who are seeking full-time employment. ² U3 official unemployment rate.

...despite US inflation remaining below target

3-month Core PCE, YoY change



S&P 500 EBIT margins



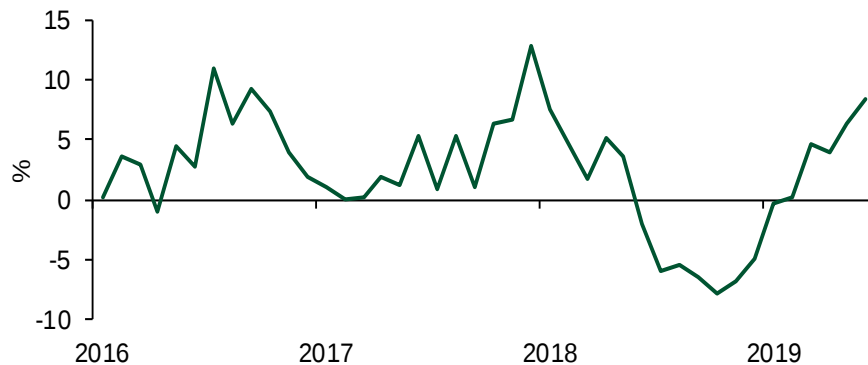
- Core inflation remains stuck below Fed target:
 - Inflation should tick up in 2020, aided by rising healthcare costs and rebounding activity in the housing sector, as well as increasing wage costs
 - the Fed predicts inflation will end 2020 around 1.9%, recognizing the recent undershoots
- Shrinking profit margins could spur inflation:
 - Corporates largely absorbed wage gains in 2019, as lower corporate tax expense created room for higher wage costs, explaining the lack of pass-through to inflation
 - However, with margins steadily shrinking, corporates have thinner 'shock absorbers,' potentially forcing them to pass on costs and boost inflation

Inflation is set to remain below the Fed's target this year, although upside risks are beginning to build

Source: Bloomberg, Federal Reserve Bank of St. Louis. LHS chart as of November 30, 2019. RHS chart as of December 31, 2019.

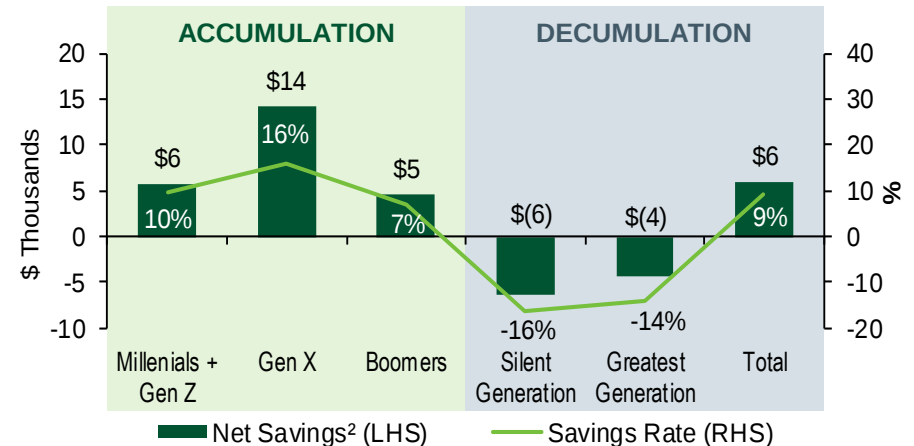
US consumption outlook is healthy

Housing starts, YoY change



- Lower rates have aided housing demand:
 - Housing starts have rebounded dramatically after higher rates softened activity in Q4 2018
 - Homebuilder sentiment sits at a 21-year high with the lack of labor the biggest headwind to housing construction

Generational savings by cohort¹



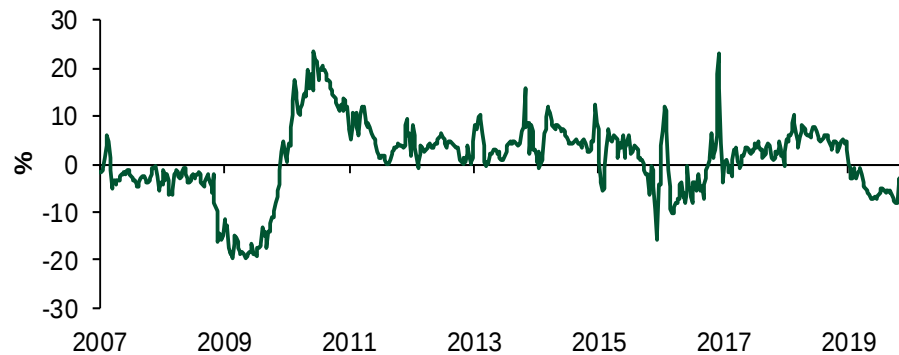
- Savings trends are strong across demographics:
 - All working-age generations are now solidly saving, supporting an 8% national savings rate, which gives consumers ample capacity to boost spending in 2020
 - As boomers increasingly enter the decumulation years of retirement, the structural demand for income-centric investments will likely increase

Consumers are poised continue spending, aided by lower rates and healthy savings

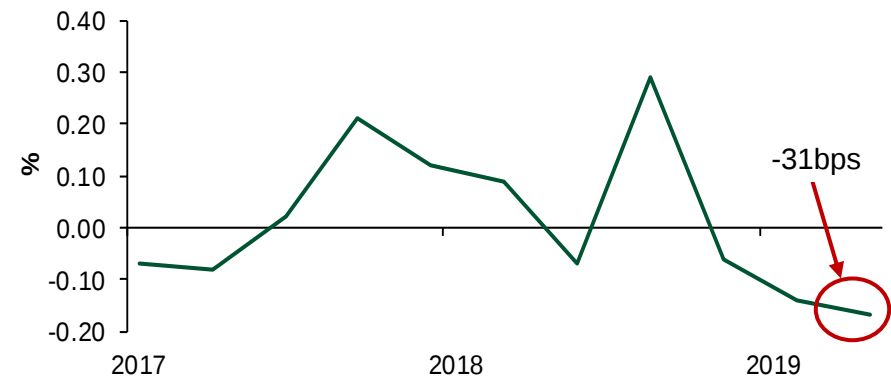
Source: Bloomberg, As of November 30, 2019. ¹ Millennials + Gen Z: 1981–present; Gen X: 1965–1980; Boomers: 1946–1964; Silent Generation: 1928–1945; Greatest Generation: 1927 or earlier.
² Net savings is defined as a households net disposable dollar income saved per month.

US business investment outlook is mixed

Railcar loadings, YoY change



Contributions to percent change in real gross domestic product: Transportation equipment



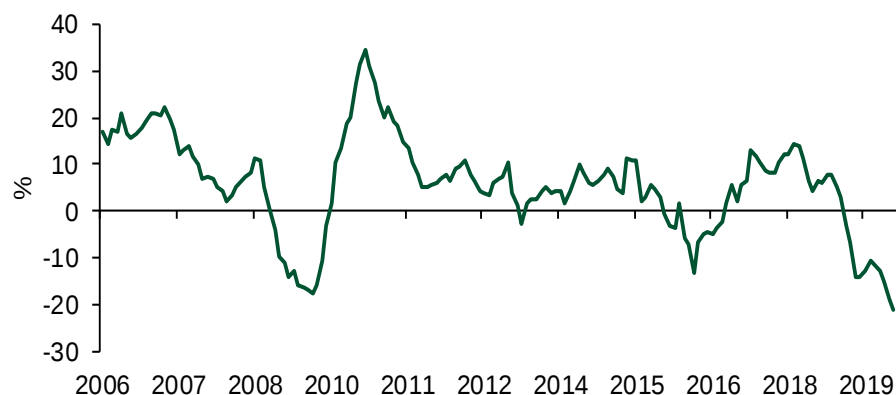
- Railcar volumes speak to tepid business investment:
 - Amid a secular decline in coal and oil-by-rail volumes, weak demand for business equipment and machinery has pushed rail volumes lower for 11 months, nearing crisis lows
 - Rebounding rail volumes will be a critical sign that the business investment outlook is stabilizing
- Aircraft dynamics have distorted business investment data:
 - Idiosyncratic declines in aircraft manufacturing have weighed heavily on business investment and exports, subtracting upwards of 30bp from GDP
 - Should announced production pauses last more than 2-2.25 months, there will be a greater drag to growth in 2020 than 2019

Business investment is likely to remain sluggish in 2020, although idiosyncratic factors may make data worse than reality

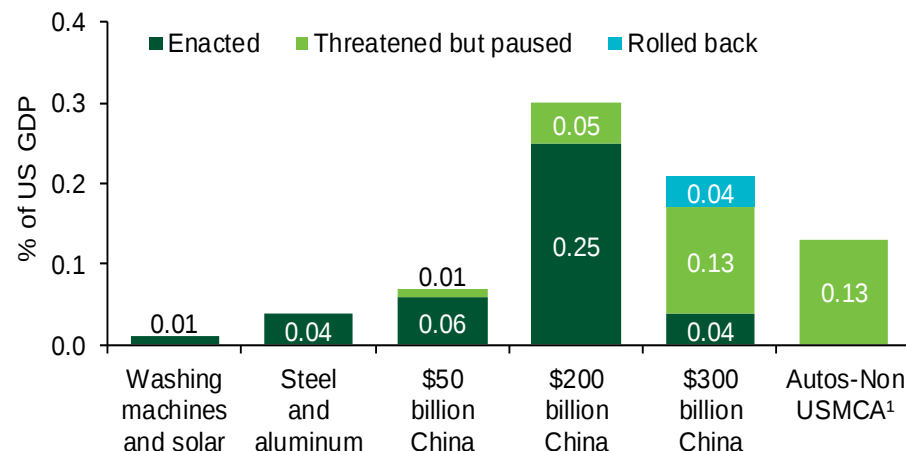
Source: Bloomberg. LHS chart as of December 31, 2019. RHS chart as of July 31, 2019.

Trade impact to reverse in 2020

US imports from China, 3 month average, YoY change



Enacted and proposed tariffs



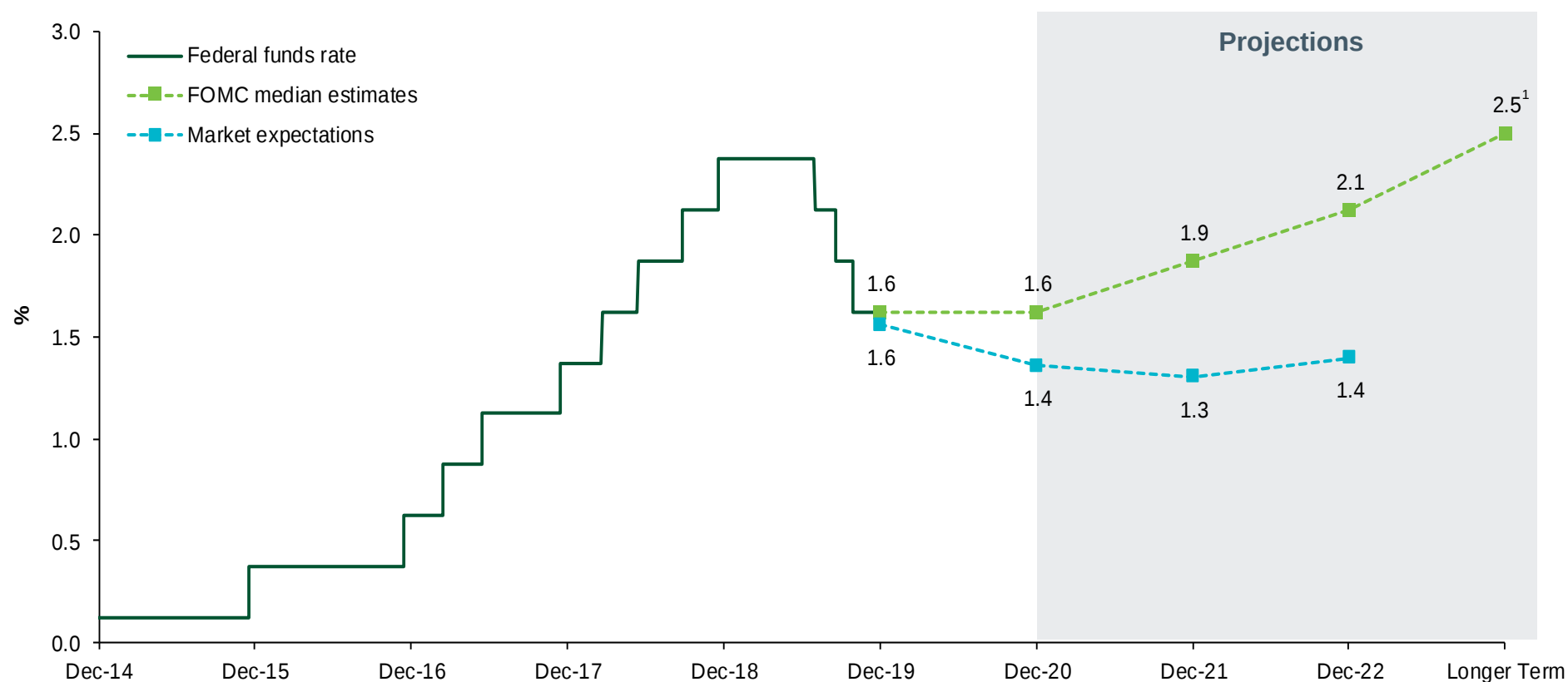
- Tariffs have impacted trade flows:
 - Imports from China are falling at the fastest pace in over 15 years as companies work down inventories, move supply chains to other Asian countries, and boost domestic production, while continued weakness in exports will be a headwind for Chinese growth
 - Lower US trade deficit has a positive impact on US GDP
- The tariff impact has already been felt in GDP:
 - The Phase One trade agreement only has minimal tariff rollback, so its primary impact on growth comes from the signaling effect that trade tensions have passed their near-term peak
 - After Phase One, we expect trade policy to be broadly on hold into the 2020 election

Trade tensions will continue to impact the economy, even as headline risk diminishes

Source: Federal Reserve Bank of St Louis (LHS) as of November 30, 2019. Tariffs (RHS) as of December 31, 2019. ¹ USMCA, formerly NAFTA, pending congressional approval.

Fed forecast versus the futures market

- We expect the Federal Reserve to hold rates steady in 2020 after reducing rates 75bp in 2019
- The Fed's cuts have worked largely as hoped, supporting growth and buoying financial conditions, increasing the hurdle for any further policy accommodation



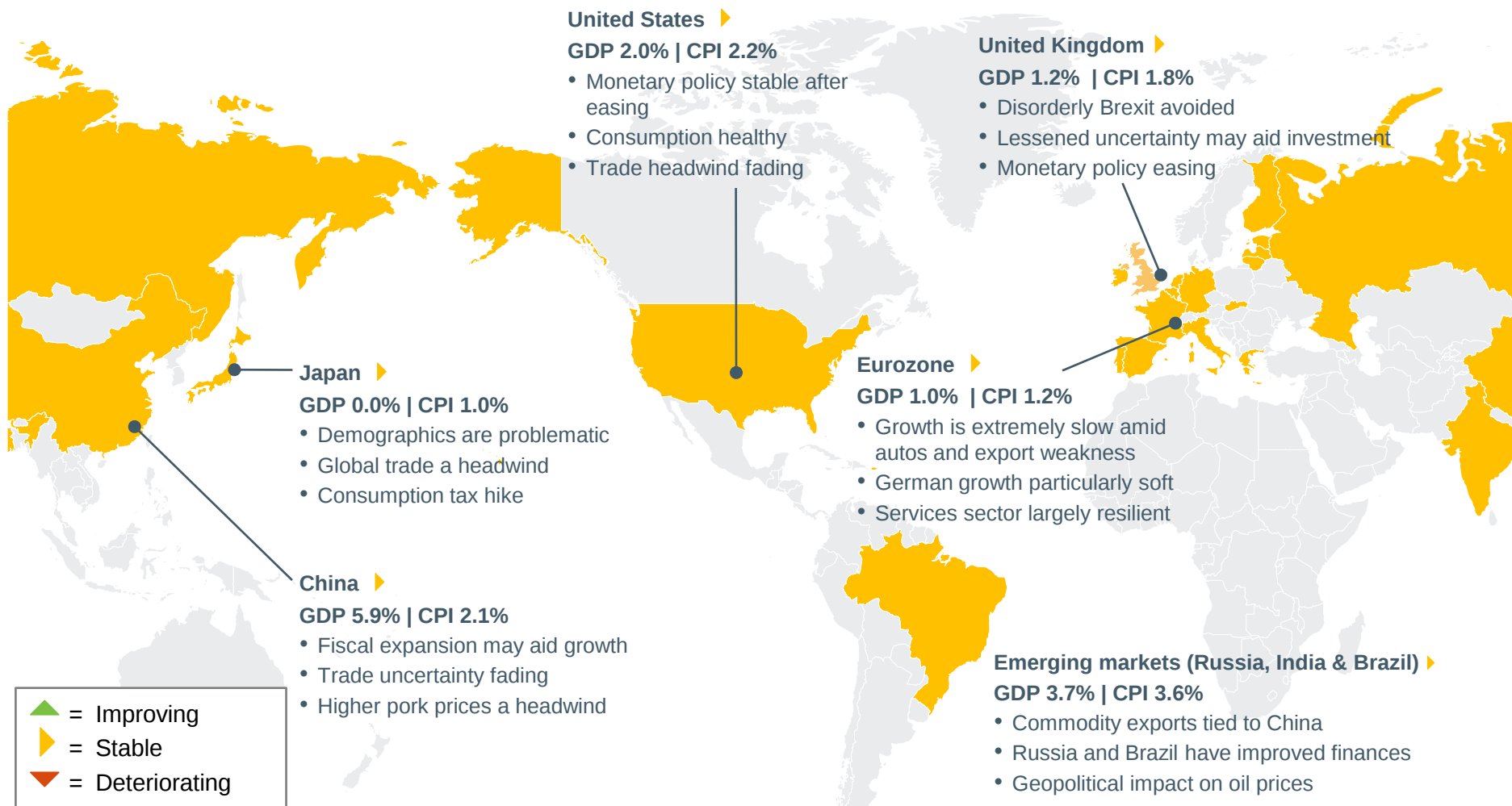
Source: Bloomberg, as of December 11, 2019. Opinions expressed herein are as of the date stated, and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. ¹ 2.1% is the FOMC projection of the longer run neutral Fed Funds Rate. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Please refer to the important disclosures at the back of this presentation.

Insight's 2020 US outlook

- Thanks to diminished 'tail risks' from trade and Brexit, uncertainty around the 2020 economic outlook has fallen, strengthening our conviction in the view that the US expansion will continue, aided by easier financial conditions, though risk markets have largely priced this in
- US growth will be almost entirely dependent on personal and government consumption over the next year; we expect GDP¹ growth to be 2.0% in 2020
- Growth in China and Europe has slowed, though activity appears to broadly be stabilizing at more subdued levels
- Following the "phase one" agreement, we expect the US-China trade relationship to retain its status quo into the election
- We expect the Fed to hold policy steady through 2020 given moderate growth and inflation around trend
- While there clearly are growing upside risks, our central case is for core PCE to remain at or below 2% in 2020
- Corporate earnings growth is expected to be 3-5%, though rising labor costs may pressure margins further
- Relatively high interest rates have made the dollar an attractive 'safe haven' for global investors with foreign demand keeping spreads and US Treasury yields well bid, though an upturn in global growth combined with a Fed 'on hold' could be a headwind for the dollar

Source: Bloomberg, December 31, 2019. ¹ Gross domestic product. The forecast is based on a 12 month time horizon. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Opinions expressed herein are as of the date stated, and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Please see important disclosures for additional information.

Insight's 2020 global outlook



Source: Bloomberg, as of December 31, 2019. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Opinions expressed herein are as of the date stated, and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Please see important disclosures for additional information.

Market forecasts

Major economies: bond yields (%)

Country	Central Bank		2-year		Mkt Fwd	5-year		Mkt Fwd	10-year		Mkt Fwd	30-year		Mkt Fwd
	Forecast	Current	Forecast	Current		Forecast	Current		Forecast	Current		Forecast	Current	
US	1.75	1.75	1.70	1.65	1.73	1.80	1.75	1.86	2.20	1.92	2.03	2.70	2.30	2.39
UK	0.50	0.75	0.50	0.55	0.49	0.70	0.60	0.54	1.00	0.50	0.89	1.40	1.28	1.28
Germany ¹	-0.50	-0.50	-0.70	-0.61	-0.61	-0.50	-0.77	-0.42	-0.10	-0.24	-0.11	0.40	0.29	0.31
Japan ²	-0.10	-0.10	-0.15	-0.09	-0.09	-0.10	-0.08	-0.09	0.00	0.01	0.08	0.60	0.46	0.47

Source: 'Forecast' from Insight; 'Current' and 'Market Forward' from Bloomberg. As of December 31, 2019. ¹ ECB Deposit Rate. ² Bank of Japan Policy Rate. Note: The forecasts are based on a time horizon of 12 months. Forecast returns are estimates based on data that is currently available. As such, they are not a reliable indicator of future performance. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate

Portfolio update

Portfolio highlights

		Market	Positioning	Outlook
Sources of Return	Duration/ Curve	5 yr Treasury @ 1.69% - down 82 bps YTD - up 17 bps since portfolio transition - Survey data indicates neutral market positioning	- Long duration relative to benchmark - Careful consideration to maturities greater than five years	- High hurdle for Fed hikes in the foreseeable future - Risks to steeper curves - inflation - supply - investor rotation
	Sector/ Sub Sector	- Investment grade corporate yield spread finished 2019 at cycle low of 93 bps (index) - Riskiest sectors outperformed for the year - Agency debentures offer less than 10 bps of spread	- Emphasis on agency MBS and ABS instead of corporate - Overweight banking and utility sectors relative to industrials - Underweight BBB	- Valuations are tight and can continue to tighten further in a low volatility, stable economic environment - Underweight to Treasury securities still warranted - Credit market risks likely aligned with foreign influences
	Security Selection	- Risk compression enables outperformance from energy and cyclical issuers - Market penalizes downgrade stories, most recent being Boeing	- Focused on non-cyclical and infrastructure type of issuers - Other government agencies offer yield and diversification benefits	- Remain granular in BBB allocations - Remain vigilant to downgrade risks - Potential for security selection underperformance with continued risk-on

As of 12/31/2019

City & Borough of Juneau

Performance and key characteristics as of December 31, 2019



Total market value \$160,173,183

Total return (gross of fees)

	Since inception % p.a.
Portfolio	0.07
Benchmark	0.14
Relative	-0.07

Key characteristics	Portfolio	Benchmark	Relative
Yield to worst (%)	1.87	1.77	0.10
Yield to maturity (%)	1.90	1.79	0.11
Effective duration (years)	2.66	2.60	0.06
Average coupon	2.47	2.48	-0.01
Convexity	0.05	0.06	-0.01
Number of issuers	51	615	
Average rating	AA	AA	
Average life	2.82	2.72	0.10

Sources: Insight, NT, Rimes, Bloomberg

Inception date: 10/31/2019

Benchmark history:

Bloomberg Barclays 1-5 Yr Gov/Credit: 10/31/2019 - present

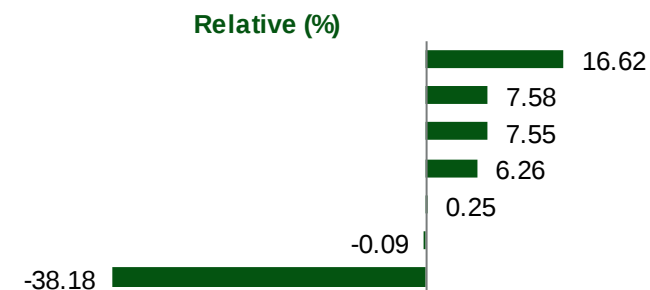
- Began trading portfolio on October 25th
 - Duration and liquid corporate strategies implemented on “day 1”
 - Broadened other corporate and securitized exposures over ensuing weeks
 - Applied October 31st performance start
- Portfolio highlights
 - Built yield advantage
 - Returns were positive despite rising Treasury yields
 - Curve and corporate positioning led to small drag versus benchmark
- Other highlights
 - Provided investment policy statement review
 - Provided Investment report feedback as requested

City & Borough of Juneau

Sector allocation as of December 31, 2019



	Market value (%)	
	Portfolio	Benchmark
Government Mortgage Backed Securities	16.62	0.00
Government Agencies	10.57	2.98
Asset Backed Securities	7.55	0.00
Corporate Bonds	36.66	30.40
Cash & Cash Equivalent	0.25	0.00
Municipal/Provincial Bonds	0.00	0.09
Government Bonds	28.36	66.53
Total	100.00	100.00



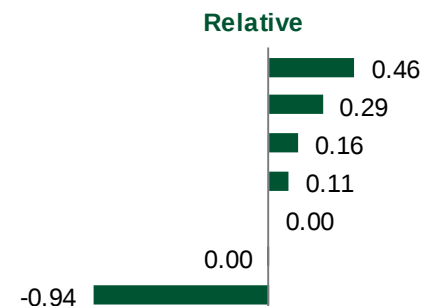
- Sorted by relative positioning
- Small overweight to corporate securities, maintain flexibility to add risk at higher yield spreads

City & Borough of Juneau

Sector contribution to duration as of December 31, 2019



	Contribution to duration	
	Portfolio	Benchmark
Government Mortgage Backed Securities	0.46	0.00
Government Agencies	0.35	0.06
Asset Backed Securities	0.16	0.00
Corporate Bonds	0.89	0.78
Cash & Cash Equivalent	0.00	0.00
Municipal/Provincial Bonds	0.00	0.00
Government Bonds	0.81	1.75
Total	2.66	2.60



- Contribution to duration helps quantify sensitivity to changing yields
- Small relative overweight to corporate securities, underweight to BBB [as seen on next page]

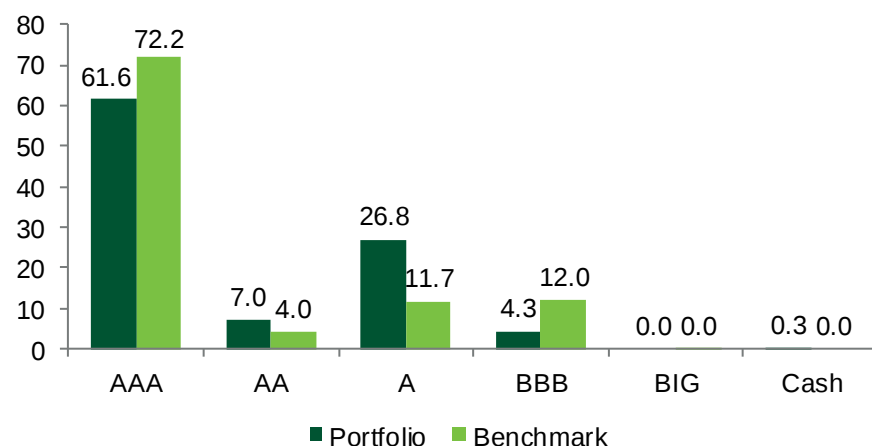
City & Borough of Juneau

Rating summary as of December 31, 2019

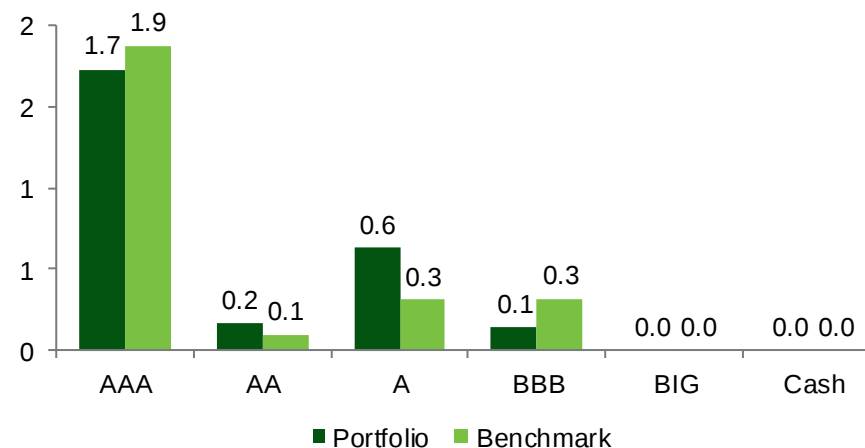


Rating	Market value (%)			Contribution to duration		
	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
AAA	61.59	72.20	-10.61	1.73	1.87	-0.14
AA	6.99	4.01	2.98	0.16	0.10	0.07
A	26.83	11.73	15.09	0.63	0.31	0.32
BBB	4.34	11.98	-7.64	0.14	0.32	-0.17
BIG	0.00	0.04	-0.04	0.00	0.00	0.00
Cash	0.25	0.00	0.25	0.00	0.00	0.00
Total	100.00	100.00		2.66	2.60	

Market value distribution (%)



Contribution to duration



Approach used for credit rating: Average

City & Borough of Juneau

Maturity and duration summary as of December 31, 2019



Maturity	Market value (%)		
	Portfolio	Benchmark	Relative
0 - 1 year	7.63	1.46	6.17
1 - 3 years	33.82	57.61	-23.79
3 - 5 years	38.32	40.93	-2.60
5 - 7 years	8.06	0.00	8.06
7 - 10 years	8.74	0.00	8.74
10 - 15 years	3.42	0.00	3.42
15 - 25 years	0.00	0.00	0.00
25+ years	0.00	0.00	0.00
Total	100.00	100.00	

- Maturity exposure beyond 5yrs is mostly securitized

Duration	Market value (%)			Contribution to duration		
	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
0 - 1 year	6.16	3.08	3.08	0.02	0.03	-0.01
1 - 3 years	62.61	60.65	1.96	1.39	1.18	0.21
3 - 5 years	29.91	36.27	-6.36	1.19	1.39	-0.20
5 - 7 years	1.32	0.00	1.32	0.07	0.00	0.07
7 - 10 years	0.00	0.00	0.00	0.00	0.00	0.00
10 - 15 years	0.00	0.00	0.00	0.00	0.00	0.00
15 - 25 years	0.00	0.00	0.00	0.00	0.00	0.00
25+ years	0.00	0.00	0.00	0.00	0.00	0.00
Total	100.00	100.00		2.66	2.60	

Attribution

As of December 31, 2019



Total performance attribution

Factors	Value added (bps)
Duration and Yield Curve	-8
Allocation	9
Security Selection	-8
Total	-7

Key rate duration exposures (KRDs)

	OAD	6 Mo	1 Yr	2 Yr	5 Yr	7 & Over
Portfolio	2.66	0.03	0.12	1.14	1.23	0.14
Benchmark	2.60	0.00	0.15	1.25	1.19	0.00

- Longer duration key rate exposure detracted from performance as Treasury yields moved higher
- Overweight to non-Treasury sectors added to performance as yield spreads improved
- Higher quality securities underperformed riskier securities within each sector

Sector	Overweight/underweight	Contribution (bps)
Positive contributors		
MBS	7.7	3.6
Treasury	(29.5)	2.2
Corporate	11.3	2.1
CMBS	4.4	1.5
ABS	5.5	0.2
Negative contributors		
Muni	(0.0)	0.0
Others	(0.7)	0.0
Sov_Supra	(2.0)	-0.1
Agency	2.1	-0.3
CMO	1.5	-0.3
Issuer	Overweight/underweight	Contribution (bps)
Positive contributors		
INT DEVELOPMENT FIN CORP	0.6	0.7
AMERICAN INTL GROUP	0.3	0.6
COCA-COLA CO/THE	1.6	0.6
BANK OF AMERICA CORP	1.1	0.4
IBM CORP	1.5	0.3
Negative contributors		
US TREASURY N/B	(29.9)	-0.6
PNC BANK NA	1.6	-0.6
INTEL CORP	1.2	-0.5
TWDC ENTERPRISES 18 CORP	1.1	-0.4
FREDDIE MAC	4.6	-0.4

GASB 40

The following list of holdings is only valid as of December 31, 2019 and should not be relied upon as a complete listing of past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
9128284B3	USA TREASURY 2.375%	2.375	03/15/2021		AA+	Aaa	600,000.00	594,984.40	0.37	605,226.56	0.38	1.17
9128284G2	USA TREASURY 2.375%	2.375	04/15/2021		AA+	Aaa	500,000.00	495,586.00	0.31	504,824.22	0.32	1.26
912828Q78	USA TREASURY 1.375%	1.375	04/30/2021		AA+	Aaa	1,800,000.00	1,782,492.00	1.12	1,794,515.62	1.13	1.31
9128284T4	USA TREASURY 2.625%	2.625	06/15/2021		AA+	Aaa	1,500,000.00	1,495,898.00	0.94	1,521,796.88	0.96	1.42
912828G87	USA TREASURY 2.125%	2.125	12/31/2021		AA+	Aaa	2,150,000.00	2,111,868.81	1.33	2,172,591.79	1.36	1.95
912828U81	USA TREASURY 2%	2.000	12/31/2021		AA+	Aaa	550,000.00	548,990.00	0.35	554,404.30	0.35	1.95
912828V72	USA TREASURY 1.875%	1.875	01/31/2022		AA+	Aaa	1,000,000.00	975,000.00	0.61	1,005,859.38	0.63	2.02
912828XG0	USA TREASURY 2.125%	2.125	06/30/2022		AA+	Aaa	2,150,000.00	2,137,342.06	1.35	2,178,386.71	1.37	2.42
912828XQ8	USA TREASURY 2%	2.000	07/31/2022		AA+	Aaa	5,000,000.00	4,952,148.00	3.12	5,051,562.50	3.17	2.49
912828L24	USA TREASURY 1.875%	1.875	08/31/2022		AA+	Aaa	2,350,000.00	2,325,656.00	1.46	2,367,257.81	1.49	2.57
9128283C2	USA TREASURY 2%	2.000	10/31/2022		AA+	Aaa	3,300,000.00	3,338,940.74	2.10	3,336,222.65	2.09	2.74
912828P38	USA TREASURY 1.75%	1.750	01/31/2023		AA+	Aaa	9,750,000.00	9,757,706.72	6.14	9,790,371.05	6.15	2.97
912828VB3	USA TREASURY 1.75%	1.750	05/15/2023		AA+	Aaa	4,750,000.00	4,773,951.46	3.00	4,768,369.15	2.99	3.25
912828B66	USA TREASURY 2.75%	2.750	02/15/2024		AA+	Aaa	2,025,000.00	2,120,640.57	1.33	2,112,249.03	1.33	3.86
912828D56	USA TREASURY 2.375%	2.375	08/15/2024		AA+	Aaa	3,175,000.00	3,285,887.59	2.07	3,272,234.38	2.05	4.34
912828G38	USA TREASURY 2.25%	2.250	11/15/2024		AA+	Aaa	3,075,000.00	3,167,981.00	1.99	3,155,598.64	1.98	4.60
Issuer total							43,675,000.00	43,865,073.35	27.61	44,191,470.67	27.74	2.90
Fannie Mae Pool												
3140X5FV0	FANNIE MAE FN FM1979	2.000	11/01/2023		AA+	Aaa	2,369,237.17	2,369,052.07	1.49	2,345,112.34	1.47	1.22
3138MRMU	FANNIE MAE FN AQ9370	2.000	01/01/2028		AA+	Aaa	2,889,101.59	2,885,941.64	1.82	2,877,042.36	1.81	2.72
3138ELF24	FANNIE MAE FN AL3784	2.000	07/01/2028		AA+	Aaa	2,752,481.20	2,749,040.60	1.73	2,740,989.29	1.72	2.85
3140X5AD5	FANNIE MAE FN FM1803	3.000	08/01/2031		AA+	Aaa	2,885,286.93	2,966,886.46	1.87	2,968,679.69	1.86	2.81
Issuer total							10,896,106.89	10,970,920.77	6.90	10,931,823.68	6.86	2.45

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Freddie Mac REMICS												
3137ASSN5	FREDDIE MAC FHR 4093	1.750	08/15/2027		AA+	Aaa	2,735,596.00	2,710,697.80	1.71	2,709,862.52	1.70	2.60
3137BYYN4	FREDDIE MAC FHR 4690	3.000	01/15/2032		AA+	Aaa	2,434,004.86	2,500,749.84	1.57	2,497,511.70	1.57	2.92
Issuer total							5,169,600.86	5,211,447.64	3.28	5,207,374.22	3.27	2.75
Freddie Mac Multifamily Structured Pass Through Certificates												
3137BWWD	FHLMC MULTIFAMILY	3.002	01/25/2024		AAA	NR	1,425,000.00	1,479,328.13	0.93	1,471,739.72	0.92	3.74
3137F2L38	FHLMC MULTIFAMILY	2.797	12/25/2026		AA+	Aaa	2,954,859.90	3,063,012.39	1.93	3,034,419.21	1.90	4.34
Issuer total							4,379,859.90	4,542,340.52	2.86	4,506,158.93	2.83	4.14
Federal Farm Credit Banks Funding Corp												
3133EKS7	FEDERAL FARM CREDIT	1.770	06/26/2023		AA+	Aaa	1,890,000.00	1,899,083.34	1.20	1,898,680.60	1.19	3.37
3133ELCP7	FEDERAL FARM CREDIT	1.625	12/03/2024		AA+	Aaa	1,500,000.00	1,497,915.00	0.94	1,488,933.09	0.93	4.71
Issuer total							3,390,000.00	3,396,998.34	2.14	3,387,613.69	2.13	3.96
Federal Home Loan Banks												
3130AHJY0	FEDERAL HOME LOAN	1.625	11/19/2021		AA+	Aaa	935,000.00	933,401.15	0.59	936,127.12	0.59	1.84
3130A4CH3	FEDERAL HOME LOAN	2.375	03/14/2025		AA+	Aaa	2,000,000.00	2,063,140.00	1.30	2,060,785.74	1.29	4.86
Issuer total							2,935,000.00	2,996,541.15	1.89	2,996,912.86	1.88	3.92
Freddie Mac Gold Pool												
3128MFB1	FREDDIE MAC FG G16143	2.500	04/01/2027		AA+	Aaa	2,825,015.83	2,860,438.86	1.80	2,852,141.94	1.79	2.36
Issuer total							2,825,015.83	2,860,438.86	1.80	2,852,141.94	1.79	2.36
Freddie Mac Pool												
3132CWBE3	FREDDIE MAC FR SB0037	2.500	12/01/2027		AA+	Aaa	2,748,395.37	2,779,636.90	1.75	2,789,207.36	1.75	2.41
Issuer total							2,748,395.37	2,779,636.90	1.75	2,789,207.36	1.75	2.41

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
PNC Bank NA												
69353RFP8	PNC BANK NA 2.232%	2.232	07/22/2022	07/22/2021	A	A2	2,750,000.00	2,756,545.00	1.73	2,760,035.93	1.73	1.51
Issuer total							2,750,000.00	2,756,545.00	1.73	2,760,035.93	1.73	1.51
Coca-Cola Co/The												
191216CL2	COCA-COLA CO/THE	1.750	09/06/2024	08/06/2024	A+	A1	2,750,000.00	2,740,347.50	1.72	2,731,169.13	1.71	4.45
Issuer total							2,750,000.00	2,740,347.50	1.72	2,731,169.13	1.71	4.45
Bank of America Corp												
06051GHL6	BANK OF AMERICA CORP	3.864	07/23/2024	07/23/2023	A-	A2	1,250,000.00	1,316,462.50	0.83	1,315,477.90	0.83	3.27
06051GGZ6	BANK OF AMERICA CORP	3.366	01/23/2026	01/23/2025	A-	A2	1,250,000.00	1,303,450.00	0.82	1,307,498.35	0.82	4.59
Issuer total							2,500,000.00	2,619,912.50	1.65	2,622,976.25	1.65	3.93
International Business Machines Corp												
459200JY8	IBM CORP 3%	3.000	05/15/2024		A	A2	2,525,000.00	2,613,097.25	1.64	2,620,239.14	1.64	4.08
Issuer total							2,525,000.00	2,613,097.25	1.64	2,620,239.14	1.64	4.08
JPMorgan Chase & Co												
46623EKG3	JPMORGAN CHASE & CO	2.295	08/15/2021	08/15/2020	A-	A2	1,000,000.00	999,260.00	0.63	1,002,463.85	0.63	0.67
46647PBB1	JPMORGAN CHASE & CO	3.207	04/01/2023	04/01/2022	A-	A2	1,500,000.00	1,535,880.00	0.97	1,535,770.80	0.96	2.15
Issuer total							2,500,000.00	2,535,140.00	1.60	2,538,234.65	1.59	1.57
State Street Corp												
857477AV5	STATE STREET CORP	1.950	05/19/2021		A	A1	1,500,000.00	1,452,780.00	0.91	1,503,109.17	0.94	1.35
857477AL7	STATE STREET CORP 3.1%	3.100	05/15/2023		A-	A2	1,000,000.00	1,029,900.00	0.65	1,031,924.43	0.65	3.18
Issuer total							2,500,000.00	2,482,680.00	1.56	2,535,033.60	1.59	2.11

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Ford Credit Floorplan Master Owner Trust A												
34528QGH1	FORD CREDIT	3.520	10/15/2023		AAA	NR	2,300,000.00	2,362,351.56	1.49	2,359,444.42	1.48	1.73
Issuer total							2,300,000.00	2,362,351.56	1.49	2,359,444.42	1.48	1.73
Public Service Electric & Gas Co												
74456QBC9	PUBLIC SERVICE	2.375	05/15/2023	02/15/2023	A	Aa3	1,700,000.00	1,722,423.00	1.08	1,722,899.34	1.08	3.08
74456QBD7	PUBLIC SERVICE	3.750	03/15/2024	12/15/2023	A	Aa3	599,000.00	638,246.48	0.40	633,862.57	0.40	3.67
Issuer total							2,299,000.00	2,360,669.48	1.49	2,356,761.91	1.48	3.24
Apple Inc												
037833AK6	APPLE INC 2.4%	2.400	05/03/2023		AA+	Aa1	2,250,000.00	2,290,702.50	1.44	2,288,392.88	1.44	3.18
Issuer total							2,250,000.00	2,290,702.50	1.44	2,288,392.88	1.44	3.18
Israel Government AID Bond												
46513EFF4	AID-ISRAEL 5.5%	5.500	09/18/2023		AA+	Aaa	2,000,000.00	2,279,977.54	1.43	2,260,868.04	1.42	3.36
Issuer total							2,000,000.00	2,279,977.54	1.43	2,260,868.04	1.42	3.36
Truist Financial Corp												
05531FAV5	TRUIST FIN CORP 2.05%	2.050	05/10/2021	04/09/2021	A-	A3	940,000.00	932,800.00	0.59	941,980.21	0.59	1.27
867914BM4	TRUIST FIN CORP 2.7%	2.700	01/27/2022	12/27/2021	A-	A3	1,250,000.00	1,222,063.00	0.77	1,267,296.61	0.80	1.93
Issuer total							2,190,000.00	2,154,863.00	1.36	2,209,276.82	1.39	1.64
Verizon Communications Inc												
92343VEN0	VERIZON	3.376	02/15/2025		BBB+	Baa1	2,000,000.00	2,115,260.00	1.33	2,118,617.36	1.33	4.66
Issuer total							2,000,000.00	2,115,260.00	1.33	2,118,617.36	1.33	4.66
Hashemite Kingdom of Jordan Government AID Bond												
418097AF8	AID-JORDAN 3%	3.000	06/30/2025		AA+	Aaa	2,000,000.00	2,126,480.00	1.34	2,112,068.86	1.33	5.08
Issuer total							2,000,000.00	2,126,480.00	1.34	2,112,068.86	1.33	5.08

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Duke Energy Carolinas LLC												
26442CAV6	DUKE ENERGY	3.050	03/15/2023	02/15/2023	A	Aa2	2,000,000.00	2,066,080.00	1.30	2,061,533.74	1.29	2.97
Issuer total							2,000,000.00	2,066,080.00	1.30	2,061,533.74	1.29	2.97
DTE Electric Co												
250847EJ5	DTE ELECTRIC CO 2.65%	2.650	06/15/2022	03/15/2022	A	Aa3	1,000,000.00	1,013,590.00	0.64	1,015,650.29	0.64	2.18
23338VAB2	DTE ELECTRIC CO 3.65%	3.650	03/15/2024	12/15/2023	A	Aa3	975,000.00	1,034,075.25	0.65	1,032,238.71	0.65	3.69
Issuer total							1,975,000.00	2,047,665.25	1.29	2,047,889.00	1.29	2.94
Federal National Mortgage Association												
313560U92	FANNIE MAE 2.625%	2.625	01/11/2022		AA+	Aaa	2,000,000.00	2,042,480.00	1.29	2,040,468.74	1.28	1.95
Issuer total							2,000,000.00	2,042,480.00	1.29	2,040,468.74	1.28	1.95
United States Department of Housing and Urban												
911759MU9	HOUSING URBAN	2.570	08/01/2021		AA+	Aaa	2,000,000.00	2,027,980.00	1.28	2,028,534.30	1.27	1.54
Issuer total							2,000,000.00	2,027,980.00	1.28	2,028,534.30	1.27	1.54
CNH Equipment Trust 2019-B												
12596TAC5	CNH EQUIPMENT TRUST	2.520	08/15/2024		AAA	NR	2,000,000.00	2,020,625.00	1.27	2,019,191.60	1.27	2.51
Issuer total							2,000,000.00	2,020,625.00	1.27	2,019,191.60	1.27	2.51
Intel Corp												
458140AQ3	INTEL CORP 2.45%	2.450	07/29/2020		A+	A1	2,000,000.00	2,035,786.00	1.28	2,007,638.16	1.26	0.57
Issuer total							2,000,000.00	2,035,786.00	1.28	2,007,638.16	1.26	0.57
Overseas Private Investment Corp												
690355AU6	OVERSEAS PRIVATE INV	0.000	07/23/2022		AA+	Aaa	2,000,000.00	2,000,000.00	1.26	1,998,460.00	1.25	2.54
Issuer total							2,000,000.00	2,000,000.00	1.26	1,998,460.00	1.25	2.54

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
TWDC Enterprises 18 Corp												
25468PDR4	TWDC ENTERPRISES 18	2.030	03/04/2020		A	A2	1,800,000.00	1,800,180.00	1.13	1,800,478.49	1.13	0.17
Issuer total							1,800,000.00	1,800,180.00	1.13	1,800,478.49	1.13	0.17
Lowe's Cos Inc												
548661CQ8	LOWE'S COMPANIES INC	4.625	04/15/2020		BBB+	Baa1	1,792,000.00	1,921,237.00	1.21	1,795,499.36	1.13	0.08
Issuer total							1,792,000.00	1,921,237.00	1.21	1,795,499.36	1.13	0.08
Toronto-Dominion Bank/The												
89114QBG2	TORONTO-DOMINION	2.125	04/07/2021		AA-	Aa1	1,700,000.00	1,693,220.00	1.07	1,710,212.07	1.07	1.24
Issuer total							1,700,000.00	1,693,220.00	1.07	1,710,212.07	1.07	1.24
American Express Credit Account Master Trust												
02588QAB4	AMERICAN EXPRESS	2.870	10/15/2024		NR	Aaa	1,665,000.00	1,702,592.58	1.07	1,701,167.80	1.07	2.12
Issuer total							1,665,000.00	1,702,592.58	1.07	1,701,167.80	1.07	2.12
World Omni Auto Receivables Trust 2019-C												
98162RAD0	WORLD OMNI AUTO	1.960	12/16/2024		AAA	NR	1,675,000.00	1,674,873.87	1.05	1,673,772.90	1.05	2.45
Issuer total							1,675,000.00	1,674,873.87	1.05	1,673,772.90	1.05	2.45
GM Financial Consumer Automobile Receivables Trust 2019-1												
36256XAD4	GM FINANCIAL	2.970	11/16/2023		NR	Aaa	1,550,000.00	1,570,669.53	0.99	1,571,294.52	0.99	1.30
Issuer total							1,550,000.00	1,570,669.53	0.99	1,571,294.52	0.99	1.30
AT&T Inc												
00206RC59	AT&T INC 3.6%	3.600	02/17/2023	12/17/2022	BBB	Baa2	750,000.00	783,217.50	0.49	782,847.62	0.49	2.79
00206RCN0	AT&T INC 3.4%	3.400	05/15/2025	02/15/2025	BBB	Baa2	750,000.00	784,335.00	0.49	785,454.35	0.49	4.76
Issuer total							1,500,000.00	1,567,552.50	0.99	1,568,301.97	0.98	3.78

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Toyota Motor Credit Corp												
89233P5T9	TOYOTA MOTOR CREDIT	3.300	01/12/2022		AA-	Aa3	1,500,000.00	1,507,045.00	0.95	1,542,890.69	0.97	1.93
Issuer total							1,500,000.00	1,507,045.00	0.95	1,542,890.69	0.97	1.93
Morgan Stanley												
61744YAN8	MORGAN STANLEY	3.125	01/23/2023		BBB+	A3	1,500,000.00	1,541,040.00	0.97	1,542,128.75	0.97	2.87
Issuer total							1,500,000.00	1,541,040.00	0.97	1,542,128.75	0.97	2.87
Caterpillar Financial Services Corp												
14912L6U0	CATERPILLAR FINL	1.700	08/09/2021		A	A3	1,500,000.00	1,473,675.00	0.93	1,497,844.40	0.94	1.57
Issuer total							1,500,000.00	1,473,675.00	0.93	1,497,844.40	0.94	1.57
Mitsubishi UFJ Financial Group Inc												
606822AT1	MITSUBISHI UFJ FIN GRP	3.455	03/02/2023		A-	A1	1,400,000.00	1,450,544.00	0.91	1,448,962.38	0.91	2.96
Issuer total							1,400,000.00	1,450,544.00	0.91	1,448,962.38	0.91	2.96
Consumers Energy Co												
210518CW4	CONSUMERS ENERGY CO	3.125	08/31/2024	05/31/2024	A	Aa3	1,385,000.00	1,450,122.70	0.91	1,440,930.61	0.90	4.14
Issuer total							1,385,000.00	1,450,122.70	0.91	1,440,930.61	0.90	4.14
Bank of Nova Scotia/The												
064159LG9	BANK OF NOVA SCOTIA	3.125	04/20/2021		A+	Aa2	1,000,000.00	995,580.00	0.63	1,015,795.37	0.64	1.27
064159FL5	BANK OF NOVA SCOTIA	2.800	07/21/2021		A+	Aa2	400,000.00	395,768.00	0.25	406,017.31	0.25	1.50
Issuer total							1,400,000.00	1,391,348.00	0.88	1,421,812.68	0.89	1.34
American International Group Inc												
026874DD6	AMERICAN INTL GROUP	3.750	07/10/2025	04/10/2025	BBB+	Baa1	1,300,000.00	1,387,113.00	0.87	1,391,450.37	0.87	4.78
Issuer total							1,300,000.00	1,387,113.00	0.87	1,391,450.37	0.87	4.78

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
US Bancorp												
91159HHC7	US BANCORP 3%	3.000	03/15/2022	02/15/2022	A+	A1	1,250,000.00	1,232,738.00	0.78	1,278,966.10	0.80	2.05
Issuer total							1,250,000.00	1,232,738.00	0.78	1,278,966.10	0.80	2.05
John Deere Capital Corp												
24422ETL3	JOHN DEERE CAPITAL	2.650	01/06/2022		A	A2	1,250,000.00	1,229,850.00	0.77	1,270,960.96	0.80	1.93
Issuer total							1,250,000.00	1,229,850.00	0.77	1,270,960.96	0.80	1.93
UnitedHealth Group Inc												
91324PBV3	UNITEDHEALTH GROUP	2.875	03/15/2022	12/15/2021	A+	A3	1,000,000.00	990,360.00	0.62	1,019,525.50	0.64	1.91
Issuer total							1,000,000.00	990,360.00	0.62	1,019,525.50	0.64	1.91
Oracle Corp												
68389XBA2	ORACLE CORP 2.8%	2.800	07/08/2021		A+	A1	1,000,000.00	1,025,080.00	0.65	1,015,288.35	0.64	1.47
Issuer total							1,000,000.00	1,025,080.00	0.65	1,015,288.35	0.64	1.47
Wells Fargo & Co												
94974BGN4	WELLS FARGO &	2.833	07/22/2020		A-	A2	1,000,000.00	1,014,255.00	0.64	1,004,190.16	0.63	0.06
Issuer total							1,000,000.00	1,014,255.00	0.64	1,004,190.16	0.63	0.06
Bank of Montreal												
06367TJX9	BANK OF MONTREAL	1.900	08/27/2021		A+	Aa2	1,000,000.00	958,770.00	0.60	1,001,884.80	0.63	1.61
Issuer total							1,000,000.00	958,770.00	0.60	1,001,884.80	0.63	1.61
United States Treasury Floating Rate Note												
912828YN4	US TREASURY FRN FRN	1.826	10/31/2021		AA+	Aaa	1,000,000.00	1,002,013.05	0.63	1,001,680.06	0.63	1.79
Issuer total							1,000,000.00	1,002,013.05	0.63	1,001,680.06	0.63	1.79

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Mercedes-Benz Auto Lease Trust 2019-B												
58769QAC5	MERCEDES-BENZ AUTO	2.000	10/17/2022		AAA	NR	1,000,000.00	999,841.00	0.63	1,000,234.40	0.63	1.56
Issuer total							1,000,000.00	999,841.00	0.63	1,000,234.40	0.63	1.56
Toyota Auto Receivables 2019-D Owner Trust												
89233MAE3	TOYOTA AUTO	1.990	02/18/2025		AAA	Aaa	891,000.00	890,804.07	0.56	889,772.91	0.56	3.08
Issuer total							891,000.00	890,804.07	0.56	889,772.91	0.56	3.08
John Deere Owner Trust 2019-B												
477870AC3	JOHN DEERE OWNER	2.210	12/15/2023		NR	Aaa	850,000.00	852,623.05	0.54	855,559.77	0.54	2.18
Issuer total							850,000.00	852,623.05	0.54	855,559.77	0.54	2.18
MidAmerican Energy Co												
595620AK1	MIDAMERICAN ENERGY	3.700	09/15/2023	06/15/2023	A+	Aa2	730,000.00	767,930.80	0.48	767,715.84	0.48	3.24
Issuer total							730,000.00	767,930.80	0.48	767,715.84	0.48	3.24
Lloyds Bank PLC												
53944VAK5	LLOYDS BANK PLC 2.7%	2.700	08/17/2020		A+	Aa3	750,000.00	743,925.00	0.47	753,297.23	0.47	0.62
Issuer total							750,000.00	743,925.00	0.47	753,297.23	0.47	0.62
Bank of New York Mellon Corp/The												
06406HDD8	BANK OF NY MELLON	2.600	08/17/2020	07/17/2020	A	A1	750,000.00	743,760.00	0.47	753,031.01	0.47	0.54
Issuer total							750,000.00	743,760.00	0.47	753,031.01	0.47	0.54
Burlington Northern Santa Fe LLC												
12189LAF8	BURLINGTN NORTH	3.450	09/15/2021	06/15/2021	A+	A3	700,000.00	728,161.00	0.46	715,956.48	0.45	1.41
Issuer total							700,000.00	728,161.00	0.46	715,956.48	0.45	1.41

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY & BOROUGH OF JUNEAU

As of December 31, 2019

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Fifth Third Bank/Cincinnati OH												
31677QBG3	FIFTH THIRD BANK 2.25%	2.250	06/14/2021	05/15/2021	A-	A3	600,000.00	598,440.00	0.38	603,249.56	0.38	1.36
Issuer total							600,000.00	598,440.00	0.38	603,249.56	0.38	1.36
Cash and Cash Equivalents												
	INVESTED CASH	0.000					398,166.44	398,166.44	0.00	398,166.44	0.25	0.00
Issuer total							398,166.44	398,166.44	0.00	398,166.44	0.25	0.00
NCUA Guaranteed Notes Trust 2011-R2												
62889CAA7	NCUA GUARANTEED	2.113	02/06/2020		AA+	Aaa	169,553.25	169,573.09	0.11	169,553.18	0.11	0.02
Issuer total							169,553.25	169,573.09	0.11	169,553.18	0.11	0.02
NCUA Guaranteed Notes Trust 2011-R1												
62888YAA0	NCUA GUARANTEED	2.163	01/08/2020		AA+	Aaa	109,207.58	109,208.06	0.07	109,209.97	0.07	0.02
Issuer total							109,207.58	109,208.06	0.07	109,209.97	0.07	0.02
Grand total							156,672,906.12	158,888,751.85	100.00	159,294,527.59	100.00	2.67

Appendix

Biographies



Jason Celente, CFA, Senior Portfolio Manager

Jason joined Insight in 1997 (via predecessor company, Cutwater Asset Management). He is a senior portfolio manager overseeing short duration and customized investment strategies for Insight's public sector group. Prior to this, Jason was an investment accountant for Cutwater's asset-liability portfolios and short-term mutual funds. He has a BS degree from Colgate University and an MBA from the Stern School of Business at New York University. Jason holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA) and is a CFA charterholder.



David Witthohn, CFA, CIPM, Senior Portfolio Specialist

David joined Insight in 1997 (via predecessor company, Cutwater Asset Management) and has worked in the financial services industry since 1982. David's areas of expertise include portfolio management and statistical performance review. He has extensive years of experience in working with public entities on their investment portfolios and has additional experience in the areas of institutional mutual funds and bank portfolio management. He speaks frequently in the US on public funds asset management and is active in many public finance associations across the US. David holds a BA in Business Economics from the University of Pittsburgh and a Master of Science (MSF) in Finance from the University of Colorado. He is a CFA charterholder and also has the Certification for Investment Performance Measurement™ (CIPM).

Biographies



Mary Donovan, CFA, Senior Portfolio Manager

Mary joined Insight in 1991 (via predecessor company, Cutwater Asset Management). She is a senior portfolio manager and has worked in the financial services industry since 1989. Mary has responsibilities for the public sector group strategy. Additionally, she monitors the credit markets and economic conditions daily to develop active portfolio management strategies consistent with each client's investment objectives and cash flow needs. Her areas of expertise include US Treasury and high-grade corporate securities and bond swap analytics. Mary is a past president of the Colorado Treasury Management Association. She speaks regularly in the US on public funds asset management and is active in many US public finance associations. She holds a BS degree from the University of Colorado and is a CFA charterholder.



Gerard Berrigan, Senior Portfolio Manager- CDI

Gerard joined Insight in 1994 (via predecessor company, Cutwater Asset Management) and has worked in the financial services industry since 1984. Gerard's responsibilities include overseeing all aspects of portfolio management for insurance and Public Sector Group clients in North America. Previously, he worked at the Federal National Mortgage Association as a member of the Portfolio Management and Treasury Groups where he developed and applied expertise in ABS, MBS and portfolio hedging. Gerard also worked at First Boston Corp. developing and implementing investment strategies for the firm's public finance clients. He has a BS degree from Bucknell University and an MBA from Columbia University. Gerard holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA).

Biographies



Matthew Logan, CFA, CAIA, Client Service Specialist

Matthew joined Insight in February 2017 as a client service specialist, working directly with the client directors and investment teams to support the business in the delivery of exemplary service to a range of North American clients consisting of pension funds, insurance companies, financial institutions and other corporate investors. Prior to Insight, Matthew spent three years at Allianz Global Investors as an assistant vice president within the client service team covering US financial institutions. He has also worked within relationship management at Merrill Lynch and as a portfolio management associate at Empire Asset Management Company. Matthew holds a BS degree in Business Economics from State University of New York, Oneonta, and is a CAIA charterholder. He also holds Series 7, 63 and 65 licenses from the Financial Industry Regulatory Authority (FINRA) and is a CFA charterholder.



Jenna Rivers, Head of Client Service, North America

Jenna joined Insight in June 2018 as Head of Client Service for the North America region responsible for the oversight of client service support provided to the firm's relationship management function. Prior to joining Insight, Jenna spent eight years at Schroder Investment Management North America Inc., as Head of Client Account Management, responsible for managing the client service team which covered US and Canadian institutional clients. Jenna started her career in financial services in 2007 at AG Morgan Financial as a financial advisor to high net worth individuals. Jenna graduated from Michigan State University with a BA in Finance. She also holds Series 6 and 63 licenses from the Financial Industry Regulatory Authority (FINRA) and is a NEC Canadian Registered Representative.



Bertha Lui-McKee, CPA, Senior Client Service Specialist

Bertha joined Insight's Client Service Team in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). As a senior client service specialist, she assists in the creation of a strong and robust client service platform in the US which will have the flexibility and ability to manage global service across the Insight product range. Bertha originally joined Cutwater in 1998 and has over 20 years of experience in the financial services industry. Since 2010, Bertha has been focused on client services, special projects and new product execution. She was also responsible for contract and RFP reviews. Prior to this role, Bertha structured and executed commercial paper and medium-term note transactions for Cutwater's asset-backed conduits. She also supervised the operations for MBIA's 11 funding vehicles. Bertha holds a BS degree in Finance and Accounting from New York University and is a Certified Public Accountant.

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Other disclosures

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City and Borough of Juneau

Fiscal Year 2019 Audit Presentation

February 5, 2020

Karen Tarver, CPA

Elgee Rehfeld, LLC



FY19 Audit Teams

- ▶ **CBJ – Karen Tarver**
 - Adam Sycks, April Conway, Jill Smith, Cody Campbell, William Paneak, Mallorie Fagerstrom

- ▶ **BRH – Sarah Griffith**
 - Adam Sycks, Mallorie Fagerstrom, Tim Lewis, William Paneak

- ▶ **CBJSD – Karen Tarver**
 - April Conway, Jill Smith, Cody Campbell, Mallorie Fagerstrom, William Paneak, Tracy Morrison

When We Audit

City and Borough of Juneau (CBJ)
August and October/November

Bartlett Regional Hospital (BRH)
August and September

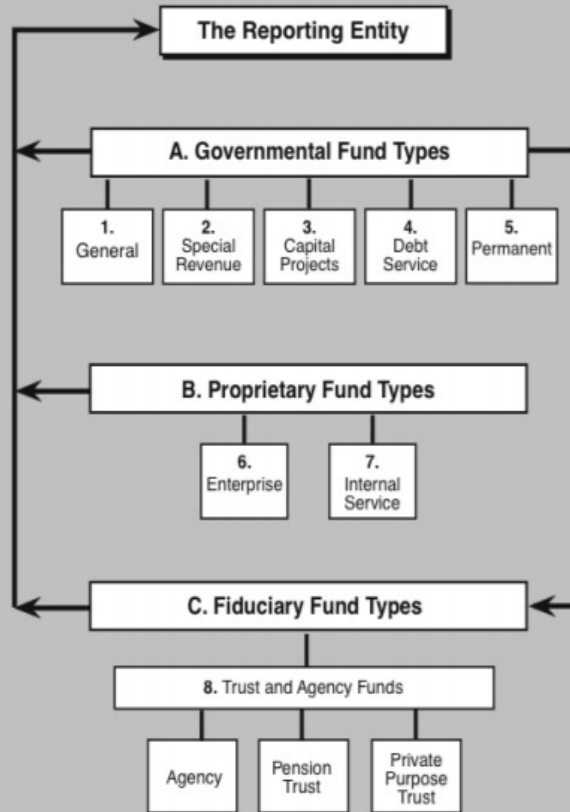
Juneau School District (CBJSD)
July and September



Elgee Rehfeld
Alaska's CPA Firm

What We Audit

Primary Government



CBJ

- Governmental Activities
- Business Type Activities
- Discretely presented component unit (CBJSD)
 - Includes separately issued audit
- Each Major Fund
 - Includes separately issued audit on the Hospital (BRH) Enterprise Fund
- Aggregate Remaining Fund Information
- Federal Major Programs
- State Major Programs

What Our Reports Cover

- ▶ CBJ
 - ▶ CAFR (Comprehensive Annual Financial Report)
 - ▶ Federal and State Major Programs
 - ▶ FAA Passenger Facility Charges Schedule

- ▶ Bartlett Hospital
 - ▶ Financial Statements

- ▶ CBJSD
 - ▶ Financial Statements
 - ▶ Federal and State Major Programs
 - ▶ State of Alaska DEED Tuition Rate Report

Audit Process

Planning and Risk Assessment

Testing of Significant Internal Control

Testing of Balances and Significant Transactions

Concluding on Work Completed

Drafting Reports and Financials

Issuance

Juneau School District Audit Results

- ▶ Unmodified Opinions on Financial Statements and Federal and State major Programs
 - No findings or questioned costs
 - No audit adjustments to the financial statements
- ▶ Recommendations to the School Board
 - No new recommendations for FY19
 - Prior year recommendations all resolved in FY19
 - New Accounting System
 - Online Payment Options and Student Activity Accounting
 - Medicaid Billing
- ▶ Presentation done at School Board Meeting

Bartlett Hospital Audit Results

- ▶ Unmodified Opinion on Financial Statements
- ▶ Recommendations to the Hospital Board
 - No new recommendations for FY19
- ▶ Detailed Presentation with the Finance Committee and Hospital Board

CBJ Audit Results

- ▶ CAFR / Financial Statements
 - Unmodified opinions
- ▶ Federal and State Major Programs (compliance)
 - Unmodified opinions on Federal Major Programs
 - Qualified opinion on BRH's Sobering Center, Withdrawal Management & Residual SUD Treatment Services Program
 - Unmodified opinions on each of the other State Major Programs
- ▶ FAA
 - Passenger facility charges schedule fairly presented

Letter to the Assembly – Significant Accounting Policies

- ▶ Adoption of GASB No. 83, *Certain Asset Retirement Obligations*
- ▶ Adoption of GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- ▶ Changes to CAFR
 - Restatements related to the reclassification of the Building Maintenance Department from the General Fund to the Internal Service Fund



Letter to Assembly - Significant Estimates

- ▶ Pension and OPEB Assets, Liabilities, Deferred In/Outflows
 - Based on information provided by the State of Alaska
- ▶ Accounts, Taxes, Assessments and Other Receivables
 - Based on historical collection, market conditions
 - Assumes ability to collect
 - Accuracy of allowance for doubtful accounts
- ▶ Self-insurance reserves for claims liabilities
 - Represents reserves for reported and unreported losses
 - Based on an estimated (by an actuary) ultimate cost of settling the claims

Letter to the Assembly - Internal Control Matters and Recommendations

Significant Deficiency in Internal Controls over Compliance and Noncompliance – Reporting for State Major Program (BRH grant)

- ▶ We recommend management implement a process to ensure that expenditures reported are supported by the accounting system and reconciliations be maintained if manual changes are made to data for reporting purposes.



Letter to the Assembly – Status of Prior Year Comments

Other Internal Control Matters:

- ▶ **CAFR Formal Review Process**
 - Comment considered resolved.

- ▶ **Further Develop and Document Accounting Procedures**
 - We recommend management complete this documentation by adding the controller's CAFR review procedures.

- ▶ **Aggregate, Record and Disclose CBJ Leases Receivable**
 - Management is addressing in FY20 as they work on preparing for implementation of GASB No. 87, *Leases*, in fiscal year 2021.

Conclusion

- ▶ Thank you to the CBJ Finance and Treasury Departments, JSD Finance, and BRH's Finance staff. All our interactions were professional and we appreciate how seriously each person takes their responsibilities.
- ▶ We are happy to sit down with members of the Assembly to discuss any items related to our audits.
- ▶ Questions?

MEMORANDUM



DATE: January 30, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Consideration of Changes to Sales Tax**

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

Summary

As an outcome of the Fiscal Sustainability Review in 2019, the Assembly Finance Committee expressed a desire to consider revisions to CBJ's sales tax rate and exemptions. Staff noted three areas of Assembly focus:

1. Exemption of sales on-board cruise vessels
2. Exemption of sales by non-profit organizations
3. Exemption of sales tax on food offset by an increase to the sales tax rate (either seasonally or year-round)

Exemption of Sales On-Board Cruise Vessels

Under CBJ 69.05.040(4), sales on-board cruise ships is exempt from the imposition, collection, and remittance of sales taxes. In recent years, the Sales Tax Administrator and his staff have worked through several audits with the cruise industry to improve the accuracy of their reporting of exempted on-board sales.

In CY2019, cruise companies reported \$12.2 million of exempt sales activity, which represents \$610,000 of foregone revenue. Given the challenges with recent audits of these companies, staff believe that these numbers likely significantly under-represent the actual sales activity and foregone revenue. For planning purposes, it is reasonable to assume that revenue received from imposing sales tax on on-board sales would generate \$800,000 to \$1 million per year.

In order to initiate the imposition, collection, and remittance of these sales taxes, an ordinance is required to repeal CBJ 69.05.040(4). Care must be paid to the effective date, as cruise operators may struggle to comply without a sufficient notice period. An option would be to allow the Manager to negotiate a PILT (payment in lieu of taxes) for the initial year of imposition, or perhaps indefinitely. **If a repeal of this exemption is desired, I recommend that the Committee direct staff to draft and introduce an ordinance repealing, or otherwise negating, CBJ 69.05.040(4).**

Exemption of Sales by Non-Profit Organizations

Under CBJ 69.05.040(12), sales to and by non-profit organizations are exempted from sales tax. At this time, the Committee appears to have narrowed its consideration to those sales by non-profits, with the apparent intention to retain the exemption of sales to non-profits.

The Assembly's discussion to-date has focused primarily on the question of sales tax imposition, collection, and remittance by "retail storefronts"—those businesses selling new goods in an ongoing permanent business operation. In these discussions, the Committee has generally expressed a desire retain the current exemption for non-profit sales that are more charitable in their fundamental nature, that are participant-driven fundraisers, and the sales of used goods. Sales in that category appear to include charitable thrift shops such as St Vincent de Paul and Salvation Army, the sale of Girl Scout cookies, the sale of Boy Scout popcorn, etc.

In CY2018, non-profit organizations reported \$26.2 million of exempt sales activity by those organizations, which represents \$1.3 million of foregone revenue. Staff are generally unable to determine how much of that sales activity would be subject to sales tax with a modification of the exemption because the organizations in question are so diverse. For example, the Juneau Arts and Humanities Council reports exempt sales for the total of their ticket sales, services rendered, and retail sales. Coast Alaska and Capital Community Broadcasting report sales exemptions in the non-profit category, but staff cannot determine what portion might be subject to tax under modified exemption language. See the following table of organizations by broad non-profit category:

Non-profit Category	# of Orgs	Sales Exempted	Foregone Tax Revenue
Senior/Disability Services*	6	\$ 13,067,335.89	\$ 653,366.79
Arts/Music/Literature/Cultural	17	\$ 2,899,573.59	\$ 144,978.68
Broadcasting	2	\$ 2,763,816.88	\$ 138,190.84
Education/Youth	14	\$ 2,142,259.43	\$ 107,112.97
Environment/Ecology	15	\$ 1,917,688.78	\$ 95,884.44
Health/Housing/Homelessness	12	\$ 1,418,952.34	\$ 70,947.62
Recreation	23	\$ 1,368,530.71	\$ 68,426.54
Affinity Group	23	\$ 409,269.42	\$ 20,463.47
Other	8	\$ 220,002.75	\$ 11,000.14
Grand Total	120	\$ 26,207,429.79	\$ 1,310,371.49

*The services provided by a single non-profit residential facility for the elderly and disabled represents 85% of sales exempted in this category and 42% of all reported non-profit sales.

This categorization does not identify “thrift store,” “bookstore,” and “art gallery” as categories. That is because those activities are not the underlying non-profit organizational activity—they merely raise funds to support an organization’s charitable purpose. Attempts to differentiate sales activity by organizational type may be fraught. Grey areas will likely require staff to make individual determinations. Imperfect distinctions may also invite claims of discrimination or unequal application of the law.

Another consideration is that many entities currently exempted as non-profit organizations would remain wholly or partially exempt from sales tax because they would be eligible for exemption under other sections of the code—namely medical sales, membership dues, youth camps, and school-approved groups.

In order to initiate the imposition, collection, and remittance of sales taxes on sales by certain non-profit retailers, an ordinance is required to modify CBJ 69.05.040(12). **If a modification of this exemption is desired, I recommend that the Assembly Finance Committee direct staff to draft an ordinance for review.** Staff need as much direction from the Committee as possible about the kinds of non-profit entities/activities/sales to remain exempt and the kinds of non-profit entities/activities/sales to be subject to sales tax.

Additionally, if the Assembly Finance Committee desires to modify the exemption of sales by non-profits, it may also wish to review and consider the exemption of sales by federally recognized Indian tribes under CBJ 69.05.040(13). The services provided under this exemption vary, but include coffee shops, auto services, and catering. This exemption had \$131,000 of sales activity in CY2018 and represents \$7,000 in lost revenue. It is a limited exemption with a small impact. However, these organizations are similarly situated to community non-profit organizations, and the Committee has remarked that the tax-exempt status of these services may give these businesses an unfair competitive advantage over non-exempt entities.

Exemption of Sales Tax on Food Offset by Higher Sales Tax Rate

Food is subject to the imposition, collection, and remittance of sales tax broadly under CBJ 69.05. The Committee has discussed interest in the exemption of food offset by a higher sales tax rate, either seasonally or year-round. At the Committee's request, staff prepared an analysis of the impact of such a change on cost-of-living by income group that was reviewed at the December 4, 2019 Committee meeting. That analysis confirmed what staff and the Committee had suspected: the exemption of food, even with a higher base rate, reduces the tax burden on most or all Juneau residents, and the greatest financial assistance accrues to those in the lowest income categories. This is in accord with the Assembly's stated goal of "reduce the relative cost of living in Juneau where possible."

Rates and exemptions impact sales tax revenues in an interrelated way. As in, with a higher sales tax rate the "cost" of an exemption is higher than it is with a lower sales tax rate, so when considering changes to rates and exemptions simultaneously, the amount of lost or gained revenue is constantly dynamic. Hence, it is imperative to use the Sales Tax Model to account for simultaneous changes to rates and exemptions. The model indicates that the exemption of food with a seasonal 5%/6% rate results in a negligible revenue loss. The model indicates that the exemption of food with a year-round 6% rate results in \$2.6 million of additional sales tax.

In October 2014, the Juneau Chamber of Commerce advocated to the Assembly on the subject of taxes as part of the Tax Exemption Review Committee (TERC). Their position supported the following interrelated positions on sales taxation, and the Chamber has recently indicated that it maintains these positions currently.

1. Exempt food and residential utilities
2. Impose a 6.0% year-round sales tax rate (it opposes a seasonal rate)

The sitting Assembly Finance Committee has not yet discussed or considered exempting residential utilities, but such consideration may be appropriate as part of reducing local cost-of-living. The Sales Tax Office has estimated that residential (not commercial) utilities represent approximately \$40 million of taxable sales annually, which currently generates approximately \$2.0 million in sales tax. This calculation includes heating fuels (oil, propane & pellets), trash/landfill, water/sewer, and electricity. A preliminary model indicates that the exemption of food and residential utilities is equivalently offset by a year-round rate of 6.0%.

Any increase to the sales tax rate must be put before voters as a ballot question. Such a ballot question would require the following time-line:

- Introduction of an ordinance not later than July 13, 2020
- Public Hearing of an ordinance not later than August 3, 2020
- Municipal Election on Ballot Question on October 6, 2020

If the goal is a revenue-neutral change, it will not be necessary for the Committee or Assembly to consider the impact of the change as part of the review and adoption of the FY2021 budget. However, the planned budget review process will fully consume the Committee's time and focus in the months of April and May. Hence, Assembly Finance Committee meetings in March and June will be essential opportunities for advancing this consideration in preparation for a 2020 ballot question.

To further advance the consideration of this subject, the Committee may wish to do any of the following:

- **Discuss desirable outcomes and narrow the range of possible scenarios for consideration**
- **Direct staff to begin drafting ordinance language for a ballot-question that would implement exemptions and adjust the sales tax rate as desired**
- **Direct staff to contract with a professional economist to further refine the sales tax model and the revenue impact of specific scenarios for consideration**
- **Plan a suitable public process including opportunities for public testimony and feedback**

Assembly Finance Committee (AFC)

FY21/22 Proposed Budget Calendar and Key Dates – as of 1/31/2020

Wednesdays at 5:30pm, unless otherwise stated

APRIL 2020

- 1st Special Assembly Meeting – 5:30pm – Followed by Assembly Finance Committee**
 Special Assembly Meeting to Introduce FY21/22 Proposed budget, immediately Followed by Assembly Finance Committee meeting, Chambers
- A. Introduction of the General Operating CBJ Budget Ordinance 2020-09
 - B. Introduction of the General Operating School District Budget Ordinance 2020-10
 - C. Introduction of the Mill Levy Ordinance 2020-08
 - D. Introduction of the CIP Resolution 2877
- 1st AFC Meeting #1 – 5:30pm - Immediately following Special Assembly Meeting**
- A. Distribution of the Operating Budget, Capital Budget and Capital Improvement 6-Year Plan
 - B. FY21/22 Proposed Budget Overview
 - C. School District Budget Presentation
 - D. Capital Improvements Projects Program Budget/Plan
- 8th AFC Meeting #2**
- A. *Juneau International Airport (Patty Wahto, Airport Manager)*
 - B. *Docks & Harbors (Carl Uchtyl, Port Director)*
 - C. *Eaglecrest Ski Area (Dave Scanlan, Eaglecrest General Manager)*
 - D. FY21/22 Budget Overview – Round 2
 - E. Capital Improvements Projects Program Budget/Plan – For Action
- 15th AFC Meeting #3**
- A. *Travel Juneau (JCVB) (Liz Perry, President/CEO)*
 - B. *JEDC (Brian Holst, Executive Director)*
 - C. *Marine Passenger Fee Recommendations – For Review*
 - D. *Childcare*
- 22nd Special Assembly Meeting at 5:30pm - Followed by Assembly Finance Committee**
 Within 30 days after receipt of the (school) budget, the assembly shall determine the amount to be made available from local sources for school purposes, and shall furnish the School board with a statement (motion) of the amount to be made available for FY21 School District operations. (Charter Section 13.6 (b))
- The following actions must be completed by May 1, per Charter Section 9.6.
- A. Public hearing on the General Operating CBJ Budget Ordinance 2020-09
 - B. Public hearing on the General Operating School District Budget Ordinance 2020-10
 - C. Public hearing on the Capital Improvement Program (CIP) Resolution 2877
 - D. Public hearing on the on the Mill Levy Ordinance 2020-08
- 22nd AFC Meeting #4 (Immediately following Special Assembly Meeting)**
- A. *Bartlett Regional Hospital Presentation (Kevin Benson, CFO)*
 - B. *Debt Service Presentation*
 - C. *Proposed Mill Rate Presentation*
 - D. *Childcare*
 - E. School District - Funding “Outside the cap” – For Action
 - F. School Operating Budget – For Action

Assembly Finance Committee (AFC)

FY21/22 Proposed Budget Calendar and Key Dates – as of 1/31/2020

Wednesdays at 5:30pm, unless otherwise stated

29th AFC Meeting #5

- A. *Marine Passenger Fee Recommendations – For Action*
- B. *Youth Activities Board (YAB) Presentation (Tom Rutecki / Dave Pusich)*
- C. *Fleet Consolidation?*
- D. *Requested Budget Increments*
- E. *Pending Items List*

MAY 2020

6th AFC Meeting #6

- A. *Requested Budget Increments*
- B. *Pending Items List*
- C. *FY20 Supplemental Review*

13th AFC Meeting #7

- A. *Fund Balance – Committee Questions*
- B. *Pending Items List – For Final Action*
- C. *Set Mill Rates – For Final Action*
- D. *Final FY21/22 Proposed Budget Decisions –*
 - a. *CIP Resolution 2877*
 - b. *Mill Levy Ordinance 2020-08*
 - c. *General CBJ Operating Ordinance 2020-09*

18th Regular Assembly Meeting – Monday – 7pm

- A. *Adoption of the School District's General Operating Budget Ordinance 2020-10*

20th BREAK – No meeting unless needed for critical items.

27th BREAK – No meeting unless needed for critical items.

By May 31st, the assembly must determine the amount to be made available from local sources for school purposes (Charter Section 13.6 (b))

JUNE 2020

3rd AFC Meeting

- A. *TBD*

8th Regular Assembly Meeting – Monday – 7pm

- A. *Adoption of the General Operating CBJ Budget Ordinance 2020-09*
- B. *Adoption of the CIP Resolution 2877*
- C. *Adoption of the Mill Levy Ordinance 2020-08*

10th BREAK – No meeting unless needed for critical items.

The Charter requires that the following budget actions be made by June 15th:

- **Appropriating Ordinances Adopting a Budget (Charter Section 9.7 (a))**
- **Mill Levy Ordinance (Charter Section 9.7 (b))**
- **CIP by Resolution (Charter Section 9.8)**