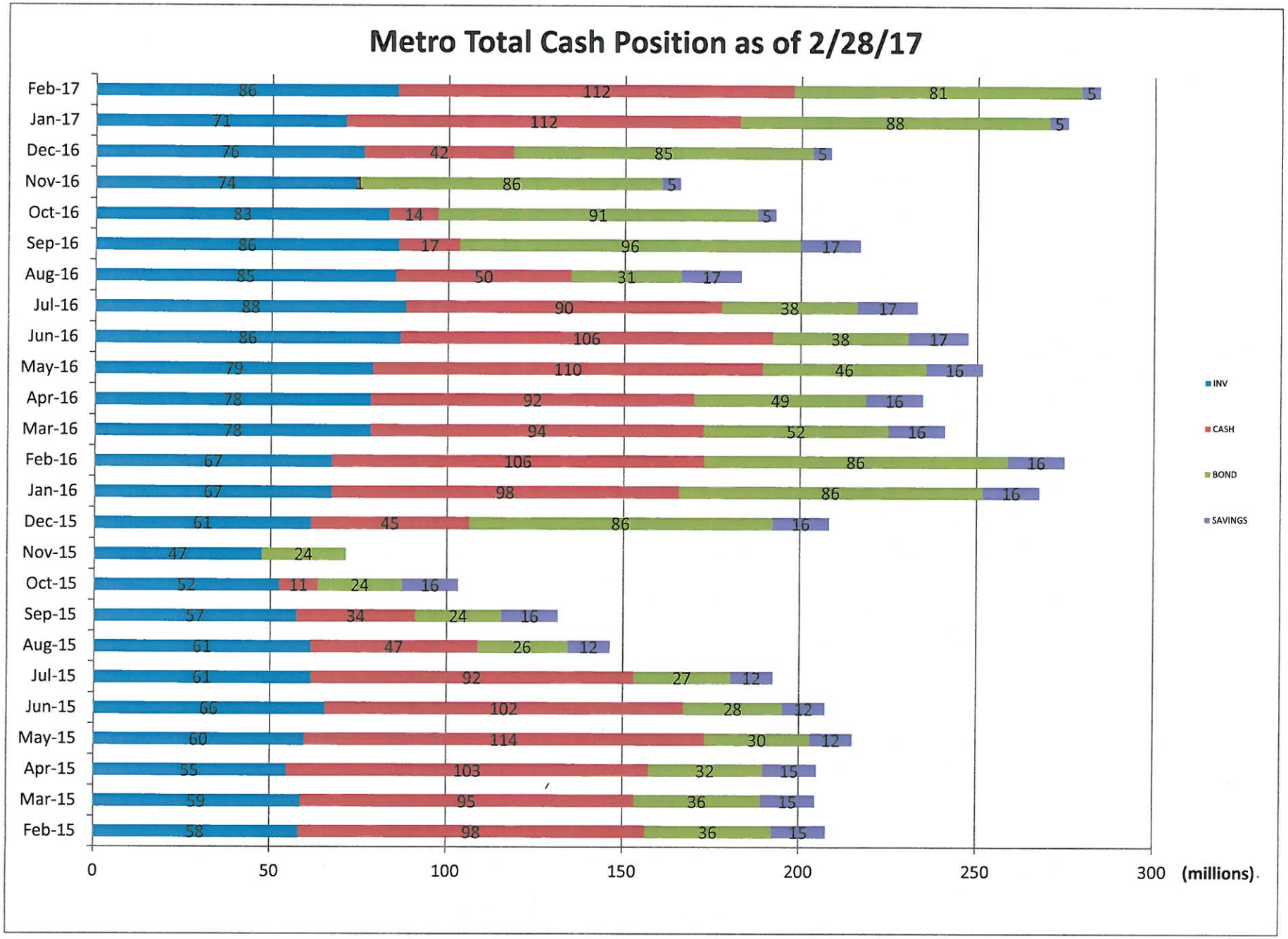
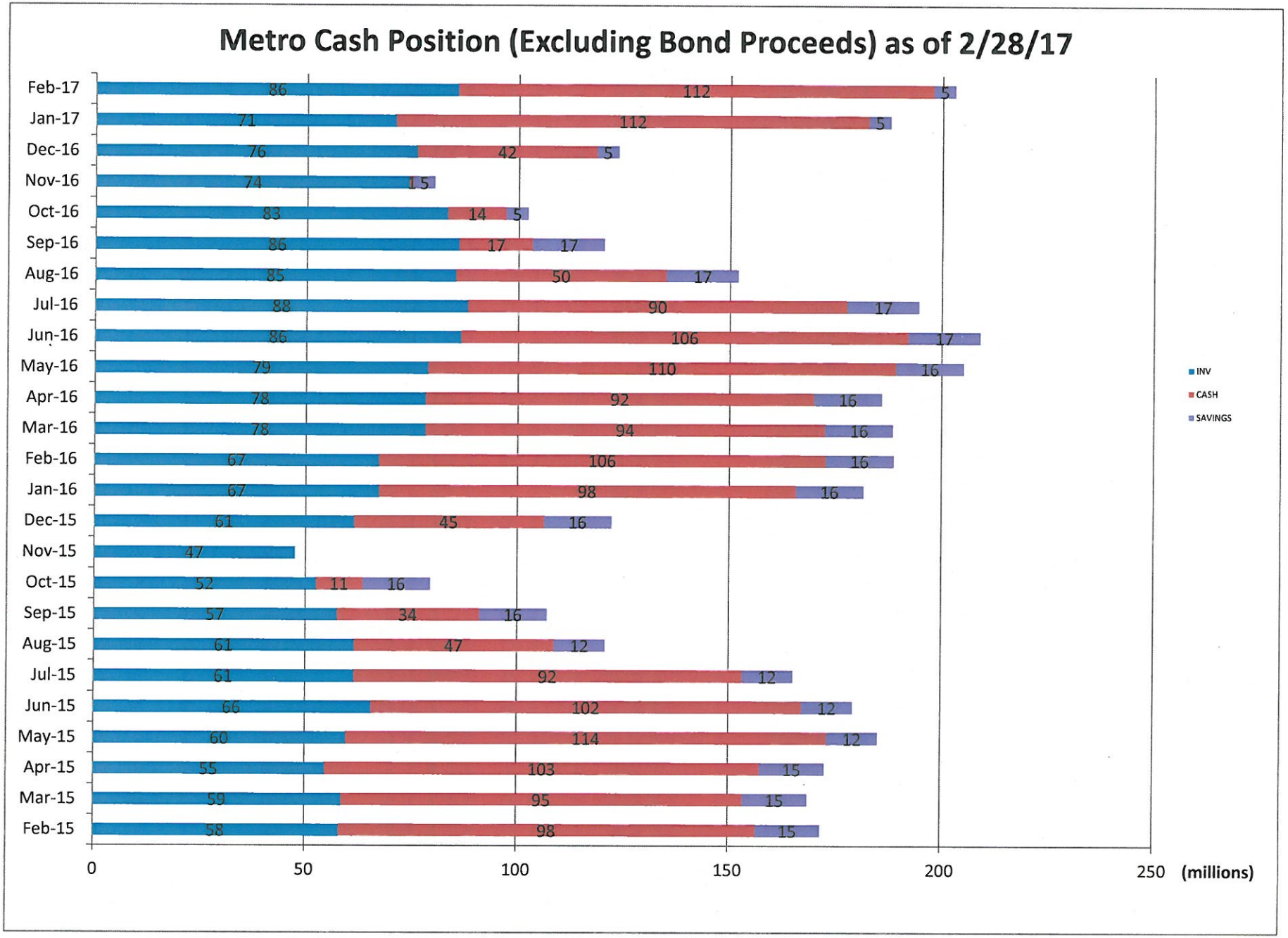
Louisville Metro Investment Council

Louisville METRO

March 14, 2017

PORTFOLIO COMPOSITION


Metro Total Cash Position as of 2/28/17
Feb-17 86 112 81 5
Jan-17 71 112 88 5
Dec-16 76 42 85 5
Nov-16 74 1 86 5
Oct-16 83 14 91 5
Sep-16 86 17 96 17
Aug-16 85 50 31 17
Jul-16 88 90 38 17
Jun-16 86 106 38 17
May-16 79 110 46 16
Apr-16 78 92 49 16
Mar-16 78 94 52 16
Feb-16 67 106 86 16
Jan-16 67 98 86 16
Dec-15 61 45 86 16
Nov-15 47 24
Oct-15 52 11 24 16
Sep-15 57 34 24 16
Aug-15 61 47 26 12
Jul-15 61 92 27 12
Jun-15 66 102 28 12
May-15 60 114 30 12
Apr-15 55 103 32 15
Mar-15 59 95 36 15
Feb-15 58 98 36 15
0
50
100
150
200
250
300
(millions)
INV
CASH
BOND
SAVINGS


Metro Cash Position (Excluding Bond Proceeds) as of 2/28/17
Feb-17
Jan-17
Dec-16
Nov-16
Oct-16
Sep-16
Aug-16
Jul-16
Jun-16
May-16
Apr-16
Mar-16
Feb-16
Jan-16
Dec-15
Nov-15
Oct-15
Sep-15
Aug-15
Jul-15
Jun-15
May-15
Apr-15
Mar-15
Feb-15
86 112 5
71 112 5
76 42 5
74 15
83 14 5
86 17 17
85 50 17
88 90 17
86 106 17
79 110 16
78 92 16
78 94 16
67 106 16
67 98 16
61 45 16
47
52 11 16
57 34 16
61 47 12
61 92 12
66 102 12
60 114 12
55 103 15
59 95 15
58 98 15
0
50
100
150
200
250
(millions)
INV
CASH
SAVINGS

Acc Int / Amort / Mkt Val

Lou / Jeff Cty Metro Finance

Effective Interest - Callable Life

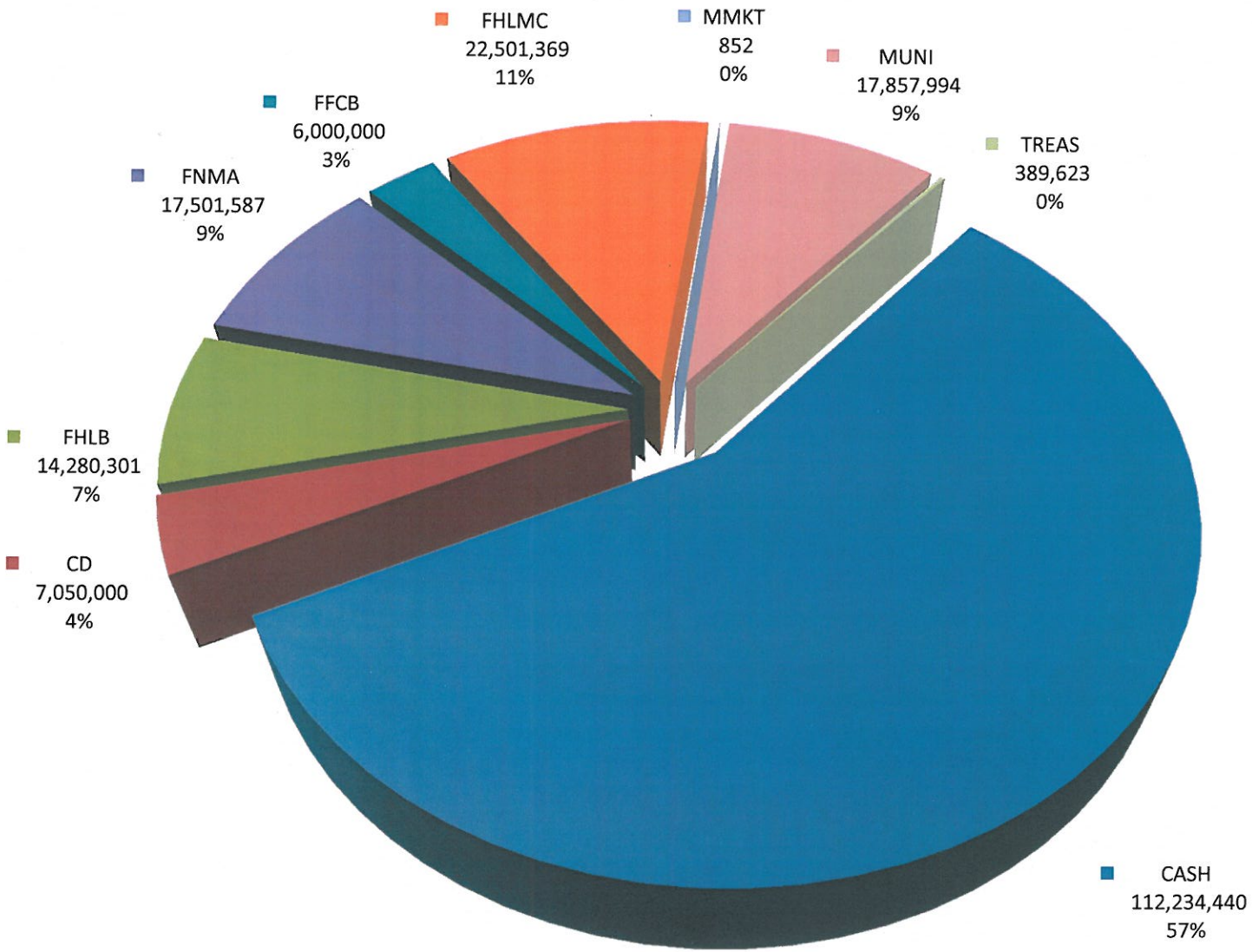
Receipts in Period

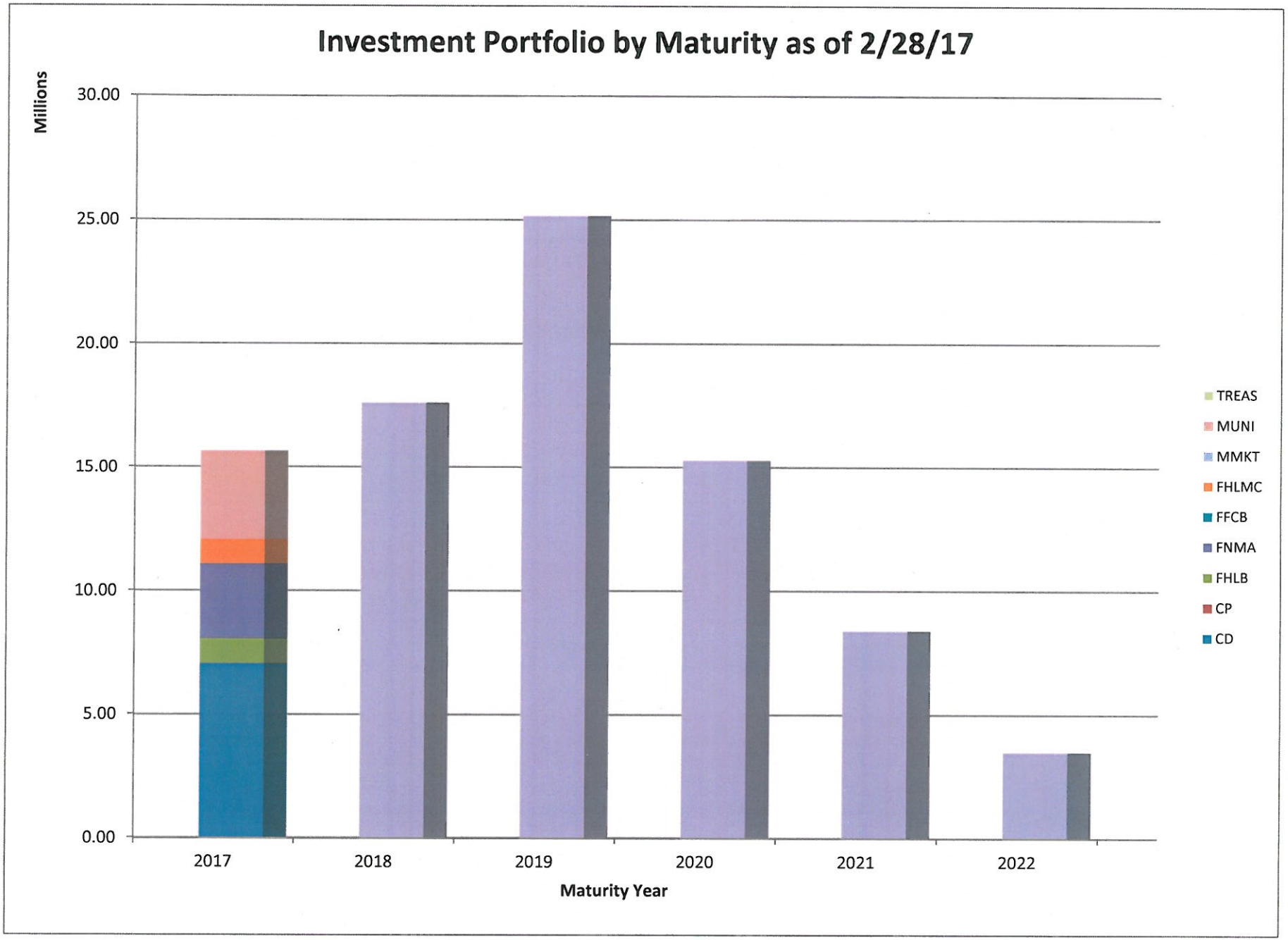
2/28/2017

	Invest Number	CUSIP	Security Description	Call Date	Purchase Date	Ending Par Val/Shares	Ending Amor Val/Cost	Ending Market Val	Amortization Purch/Date	PTD Purch Received	Int/Div Rec Purch/Date	Int/Div Accrued Purch/Date	Purch Int + Acc Int
Cash	AR-0035	TARC OPS FED - 4537544	Cash Account	Open	04/02/03	3,347,165.00	3,347,165.00	3,347,165.00	0.00	0.00	0.00	0.00	0.00
	AR-0043	INV CLEAR JPM - 707637716	Cash Account	Open	07/01/06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0046	METRO CONC 53- 714868609	Cash Account	Open	09/22/08	105,550,257.56	105,550,257.56	105,550,257.56	0.00	0.00	621,355.33	0.00	0.00
	AR-0047	LAGIT 53 - 714868674	Cash Account	Open	10/01/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0049	REVCOM 53- 7141868757	Cash Account	Open	11/01/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0052	METRO CHASE SAV 2950930897	Cash Account	Open	09/22/10	2,910,782.19	2,910,782.19	2,910,782.19	0.00	0.00	372,516.48	0.00	0.00
	AR-0053	REVCOM CHASE SAV 2950930772	Cash Account	Open	09/14/10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AR-0054	METRO SAFEKEEPING - 1050996303	Cash Account	Open	12/30/16	426,235.58	426,235.58	426,235.58	0.00	0.00	0.00	0.00	0.00
	Cash Total					**112,234,440.33**	**112,234,440.33**	**112,234,440.33**	**0.00**	**0.00**	**993,871.81**	**0.00**	**0.00**
Certificate of Deposit	16-0040	CD423	METRO 0.50 05/07/17	Open	05/10/16	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	3,780.84	291.67	291.67
	16-0047	CD864	COMM 0.60 05/16/17	Open	05/16/16	200,000.00	200,000.00	200,000.00	0.00	0.00	907.40	40.00	40.00
	16-0057	CD075	METRO 0.50 06/07/17	Open	06/07/16	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	3,356.18	291.67	291.67
	17-0007	CD0695	COMM 0.60 07/09/17	Open	07/09/16	4,500,000.00	4,500,000.00	4,500,000.00	0.00	0.00	15,875.03	1,425.00	1,425.00
	17-0031	CD0772	METRO 0.50 10/07/17	Open	10/07/16	100,000.00	100,000.00	100,000.00	0.00	0.00	168.51	29.17	29.17
	17-0044	CD1499	YCB 0.1499 11/23/17	Open	12/23/16	250,000.00	250,000.00	250,000.00	0.00	0.00	31.80	37.48	37.48
	Certificate of Deposit Total					**7,050,000.00**	**7,050,000.00**	**7,050,000.00**	**0.00**	**0.00**	**24,119.76**	**2,114.99**	**2,114.99**
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	07/27/17	07/27/16	3,000,000.00	3,000,000.00	2,920,140.00	0.00	0.00	19,800.00	3,740.00	3,740.00
	17-0022	3133EGVJ1	FFCB 1.16 09/26/19	09/26/17	09/27/16	3,000,000.00	3,000,000.00	2,971,890.00	0.00	0.00	0.00	14,886.67	14,983.34
	FFCB Total					**6,000,000.00**	**6,000,000.00**	**5,892,030.00**	**0.00**	**0.00**	**19,800.00**	**18,626.67**	**18,723.34**
FHLB	16-0063	313383EP2	FHLB 1.25 06/20/18	09/20/16	06/20/16	2,975,776.00	2,975,776.00	2,972,740.71	-5,951.55	0.00	18,598.56	7,336.11	7,336.11
	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	06/30/17	06/30/16	2,900,000.00	2,900,000.00	2,860,763.00	0.00	0.00	17,690.00	5,994.94	5,994.94
	17-0005	3130A0HY9	FHLB 1.25 12/26/17	Open	07/20/16	1,000,000.00	1,004,411.33	1,002,360.00	-3,288.67	833.33	6,250.00	2,256.94	3,090.27
	17-0034	3130A8RP0	FHLB 1.05 10/26/18	10/26/16	10/11/16	2,000,000.00	2,000,000.00	1,994,740.00	400.00	4,812.50	5,250.00	7,291.67	11,666.67
	17-0046	3130AAQV3	FHLB 1.67 04/30/20	01/30/18	02/02/17	2,400,000.00	2,400,000.00	2,399,208.00	0.00	0.00	0.00	3,228.67	3,451.34
	17-0049	3130A4Z54	FHLB 0.95 04/27/18	Open	02/06/17	1,000,000.00	1,000,113.92	999,410.00	-6.08	0.00	0.00	659.72	3,272.22
	17-0066	3130AAQB7	FHLB 2.00 08/16/21	02/16/18	02/16/17	2,000,000.00	2,000,000.00	1,998,740.00	0.00	0.00	0.00	1,666.67	1,666.67
	FHLB Total					**14,275,776.00**	**14,280,301.25**	**14,227,961.71**	**-8,846.30**	**5,645.83**	**47,788.56**	**28,434.72**	**36,478.22**
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	08/26/16	05/26/16	1,500,000.00	1,500,000.00	1,485,600.00	525.00	0.00	10,125.00	5,343.75	5,343.75
	16-0052	3134G9KW6	FHLMC 1.35 11/26/19	08/26/16	05/26/16	2,000,000.00	2,000,000.00	1,987,060.00	2,200.00	0.00	13,500.00	7,125.00	7,125.00
	16-0053	3134G9NL7	FHLMC 1.18 05/31/19	05/24/17	05/31/16	2,000,000.00	2,000,000.00	1,983,900.00	0.00	63.37	11,406.66	5,965.56	5,965.56
	16-0059	3134G9NE3	FHLMC 1.20 06/14/19	06/14/17	06/14/16	2,000,000.00	2,000,000.00	1,978,400.00	0.00	0.00	12,000.00	5,133.33	5,133.33
	16-0066	3134G9XB8	FHLMC 1.00 12/28/18	12/28/16	06/28/16	2,000,000.00	2,000,000.00	1,990,380.00	500.00	0.00	10,000.00	3,500.00	3,500.00
	16-0068	3134G9VS3	FHLMC 1.00 12/28/18	12/28/16	06/28/16	1,000,000.00	1,000,000.00	995,510.00	0.00	0.00	5,000.00	1,750.00	1,750.00
	16-0070	3134G9WJ2	FHLMC 1.20 09/30/19	09/30/16	06/30/16	1,000,000.00	1,000,000.00	987,640.00	0.00	0.00	3,000.00	5,033.33	5,033.33
	16-0072	3134G9YA9	FHLMC 1.01 09/28/18	12/28/16	06/30/16	2,000,000.00	2,000,000.00	1,991,280.00	0.00	2,581.11	5,050.00	8,585.00	8,641.11
	17-0006	3134G45U8	FHLMC 0.85 12/12/17	Open	07/20/16	1,000,000.00	1,001,368.94	1,000,810.00	-1,071.06	897.22	4,250.00	1,865.28	2,762.50
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	11/10/16	08/10/16	1,500,000.00	1,500,000.00	1,477,995.00	0.00	0.00	10,875.00	1,268.75	1,268.75
	17-0035	3134GAPV0	FHLMC 1.03 10/12/18	01/12/17	10/12/16	2,000,000.00	2,000,000.00	1,988,300.00	0.00	0.00	0.00	7,953.89	7,953.89
	17-0038	3134GATS3	FHLMC 0.00 10/26/18	04/26/17	11/01/16	2,000,000.00	2,000,000.00	1,998,960.00	0.00	0.00	0.00	4,166.67	4,166.67
	17-0061	3134GAR89	FHLMC 2.25 02/14/22	08/14/17	02/14/17	2,500,000.00	2,500,000.00	2,491,300.00	0.00	0.00	0.00	2,656.25	2,656.25
	FHLMC Total					**22,500,000.00**	**22,501,368.94**	**22,357,135.00**	**2,153.94**	**3,541.70**	**85,206.66**	**60,346.81**	**61,300.14**
FNMA	16-0024	3135G0PP2	FNMA 1.00 09/20/17	Open	03/11/16	3,000,000.00	3,001,649.46	3,004,260.00	-2,880.54	14,250.00	30,000.00	13,416.67	27,666.67
	16-0046	3135G0J95	FNMA 1.35 10/28/19	10/28/16	05/19/16	1,000,000.00	1,000,000.00	993,550.00	1,000.00	787.50	6,750.00	4,612.50	5,400.00
	16-0048	3136G3MQ5	FNMA 1.30 11/25/19	11/25/16	05/25/16	2,000,000.00	2,000,000.00	1,983,900.00	0.00	0.00	13,000.00	6,933.33	6,933.33
	16-0067	3136G3TR6	FNMA 1.05 06/28/19	06/28/17	06/28/16	2,000,000.00	2,000,000.00	1,974,300.00	0.00	0.00	10,500.00	3,675.00	3,675.00
	17-0011	3136G3L37	FNMA 1.125 10/28/19	07/28/17	07/28/16	2,000,000.00	2,000,000.00	1,967,920.00	0.00	0.00	11,250.00	2,062.50	2,062.50
	17-0025	3136G34K8	FNMA 1.125 09/09/19	03/09/17	09/28/16	2,500,000.00	2,499,937.89	2,463,375.00	1,187.89	0.00	0.00	11,953.13	13,437.51
	17-0048	3136G4KD4	FNMA 1.75 06/29/20	06/29/17	02/03/17	2,000,000.00	2,000,000.00	1,999,280.00	0.00	0.00	0.00	2,722.22	6,027.78
	17-0067	3136G4KV4	FNMA 2.05 05/17/21	08/17/17	02/17/17	3,000,000.00	3,000,000.00	3,000,270.00	0.00	0.00	0.00	4,783.33	4,783.33
	FNMA Total					**17,500,000.00**	**17,501,587.35**	**17,386,855.00**	**-692.65**	**15,037.50**	**71,500.00**	**50,158.68**	**69,986.12**
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	158.35	158.35	158.35	0.00	0.00	1,652,552.68	0.06	0.06
	AR-0006	TARC FED - 4485281	Money Market	Open	07/01/99	0.00	0.00	0.00	0.00	0.00	30.61	0.00	0.00
	AR-0025	MMKT JPM - 468885	Money Market	Open	09/19/02	693.95	693.95	693.95	0.00	0.00	1,339,160.99	0.30	0.30
	Money Market Total					**852.30**	**852.30**	**852.30**	**0.00**	**0.00**	**2,991,744.28**	**0.36**	**0.36**
Municipal Bond	13-0025	76221RTS2	RHODE ISLAND 1.551 10/01/17	Open	02/25/13	825,000.00	825,721.33	824,670.00	-4,806.17	177.72	46,242.41	5,331.56	5,509.28
	15-0023	468714EA4	JACEDU 1.693 03/01/18	Open	02/26/15	1,000,000.00	1,001,896.51	1,003,750.00	-3,733.49	0.00	26,147.38	8,465.00	8,465.00
	15-0025	581760AC9	MCLAREN CNTY MI 1.964 05/15/18	Open	04/02/15	730,000.00	734,002.97	728,773.60	-6,217.03	0.00	23,297.95	4,221.51	4,301.16

	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	508,247.05	510,870.00	-5,002.95	1,830.00	18,300.00	4,066.67	5,896.67
	16-0007	650035J58	NY URBAN DEV TXBL 1.65 03/15/18	Open	12/08/15	500,000.00	501,280.42	501,675.00	-1,489.58	1,902.08	8,250.00	3,804.17	5,706.25
	16-0065	64971WF39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,357,149.83	1,317,870.00	-1,206.67	4,999.58	17,744.99	1,901.25	5,830.50
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	740,531.63	729,187.20	-4,437.97	2,440.96	8,615.17	4,338.00	6,796.20
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	448,956.15	439,161.00	-3,609.35	2,104.72	6,314.17	3,187.50	5,312.50
	17-0027	64990E4G9	NY DORM AUTH C-TXBL 1.10 02/15/20	Open	09/30/16	1,000,000.00	1,000,000.00	978,500.00	0.00	1,138.20	4,552.78	488.89	916.67
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,044,445.37	1,990,020.00	-4,454.63	0.00	0.00	17,784.44	19,551.11
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,642,538.89	2,573,550.00	-2,096.11	4,162.27	12,698.44	2,953.13	3,740.63
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	408,770.23	400,680.00	-905.77	2,831.62	4,045.17	2,053.00	4,744.71
	17-0037	64972CXJ7	NYC HSG DEV 0.85 05/01/17	Open	10/18/16	2,000,000.00	2,000,000.00	1,999,420.00	0.00	0.00	0.00	5,857.51	5,857.51
	17-0042	49130TUS3	KENTUCKY ST HSG CORP 1.10 07/01/17	Open	12/02/16	760,000.00	760,475.07	759,855.60	-353.33	0.00	0.00	2,066.78	2,090.00
	17-0043	57420WDP3	MARYLAND ST DEPT OF TRANS 5.00 06/15/20	Open	12/15/16	1,000,000.00	1,095,012.96	1,104,310.00	-5,907.04	0.00	0.00	10,555.56	10,555.56
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	997,418.78	1,001,820.00	38.78	0.00	0.00	1,909.72	2,368.05
	17-0059	485429Y32	KANSAS ST DEV AUTH 2.608 04/15/20	Open	02/08/17	775,000.00	791,546.56	788,771.75	-325.19	0.00	0.00	1,291.32	7,635.64
	Municipal Bond Total					**17,610,000.00**	**17,857,993.75**	**17,652,884.15**	**-44,506.50**	**21,587.15**	**176,208.46**	**80,276.01**	**105,277.44**
Treasury Note	14-0020	912828VK3	Treasury Note 1.375 06/30/18	Open	04/29/14	390,000.00	389,622.87	391,766.70	780.68	1,762.81	16,087.50	888.81	2,651.62
	Treasury Note Total					**390,000.00**	**389,622.87**	**391,766.70**	**780.68**	**1,762.81**	**16,087.50**	**888.81**	**2,651.62**
	Investment Total					**197,561,068.63**	**197,816,166.79**	**197,193,925.19**	**-51,110.83**	**47,574.99**	**4,426,327.03**	**240,847.05**	**296,532.23**

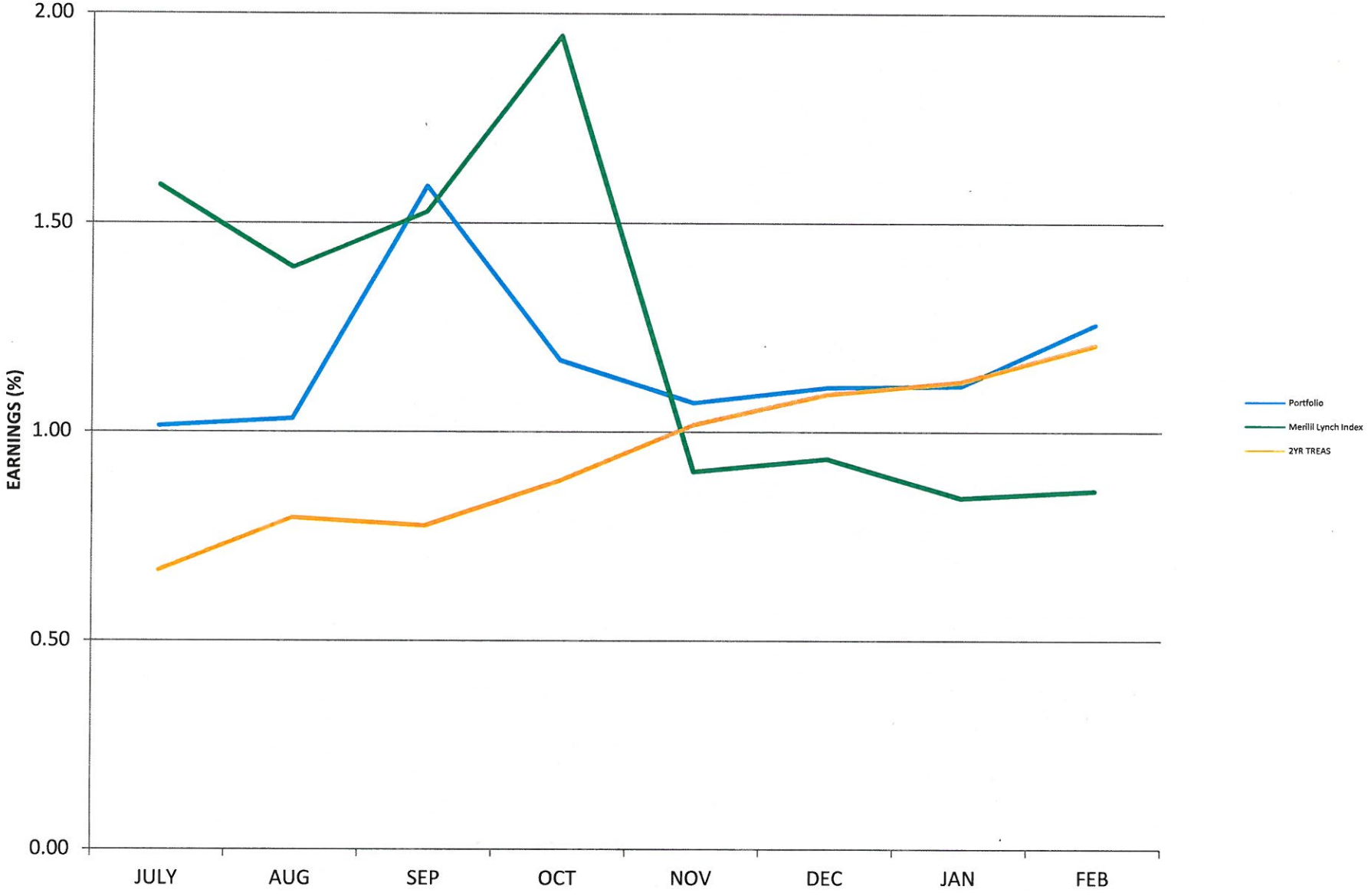
Total Portfolio Asset Allocation as of 2/28/2017




Investment Portfolio by Maturity as of 2/28/17
Millions
30.00
25.00
20.00
15.00
10.00
5.00
0.00
2017
2018
2019
2020
2021
2022
Maturity Year
TREAS
MUNI
MMKT
FHLMC
FFCB
FNMA
FHLB
CP
CD

PORTFOLIO PERFORMANCE

Portfolio Performance as of 2/28/17



DATA ANALYSIS

Metro Cash Position

We have now added a chart to help illustrate Metro's cash position without bond proceeds added in. Those funds have a designated use and we want to avoid the perception that we are overstating our cash balance. Having said that, there were increases in the actual cash and investment portfolio balances year-over-year for February.

There has been an increase in funds we've received from the Revenue Commission in the past year and that continued to be the case for February. The same applies to the property taxes collected by the Sheriff's Office. More recently, we had some maturities in December that we were delayed in reinvesting due to the required change in safekeeping services.

We've since been able to reinvest the matured funds and increased revenues which explains why we were able to keep cash at comparable levels to January 2017 while increasing the size of our investment portfolio. The other item of note would pertain to the decrease in bond funds suggesting that projects are starting to see significant activity.

Asset Allocation

With the new safekeeping agreement in place, February saw roughly $15 million in trade activity. The majority of which was in agencies while roughly $1 million was invested in municipal bonds. The specific agencies saw the approximate increases to allocation:

- FHLB $5.5 million
- FHLMC $2.5 million
- FNMA $5 million
- MUNI $1.5 million

Maturity Distribution

With the recent purchase activity, there was a change to maturity distribution. There were no changes to the front end of the portfolio (2017 – 2019), however there were increases to the years 2020 – 2022. The specific activity is:

- 2020 – increase $6 million
- 2021 – increase $5 million
- 2022 – increase $4 million

These figures are approximate values but more importantly illustrates our attempt for a more balanced laddered approach which will help minimize interest rate risk going forward. In terms of our weighted average maturity, we moved from 2.1 yrs for January to 2.45 yrs for February. This figure can be expected to increase as we continue to invest funds in the 3-5 yr maturity range.

Portfolio Performance

As shown, we are still closely aligned with the 2-yr Treas rate. With our funds now reinvested in longer maturities it is expected that the gap will widen slightly in the coming months. It will also be interesting to see the impact of the Fed's decision to raise rates. There is already evidence of the curve beginning to flatten which would lead one to believe that the spread would increase as well.

ECONOMIC UPDATE

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February was been a busy month in terms of economic data and news. Job numbers were solid, the unemployment rate dropped and while it has yet to translate in customer spending, there is more increased optimism from both consumers and business. What does this mean for rates? Quite a bit considering that we started the month with a 32% chance of a rate hike occurring in March and we ended it with an 82% chance of a rate hike.

Even Chair Yellen did nothing to dissuade the notion of a rate hike which was confirmed at the March meeting. At the last Fed meeting, it was projected that one could expect 2 rate hikes beginning in June with the potential to see a total of 3-4. The Fed is now continuing with that narrative and expect to raise rates again in June with another 2 rate hikes coming later this year. The rate hikes are expected to continue at this pace in 2018 as well as Trump will have appointed a majority of the Board of Governs (including the Chair) by this time next year.

While all of this signals optimism, it is important to note one negative trend in regards to GDP. Fed Models continue to show falling economic growth in their 1st quarter forecasts. They have currently downgraded that forecast to 1.2% from a high of 3.4% on February 1. This is not expected to continue but is something worth watching as it could likely impact the number of rate hikes expected should the trend continue. It is important to keep an eye on this but as the chart below indicates, it's likely that rates will rise several more times this year.

99) Export Data

World Interest Rate Probability

United States

Instrument Futures: Fed Funds

FED Effective Rate 0.66

1) Overview 2) Future Implied Probability

Current Implied Probabilities

3) Add/Remove F

Dates ◉ Meeting ○ Calculation

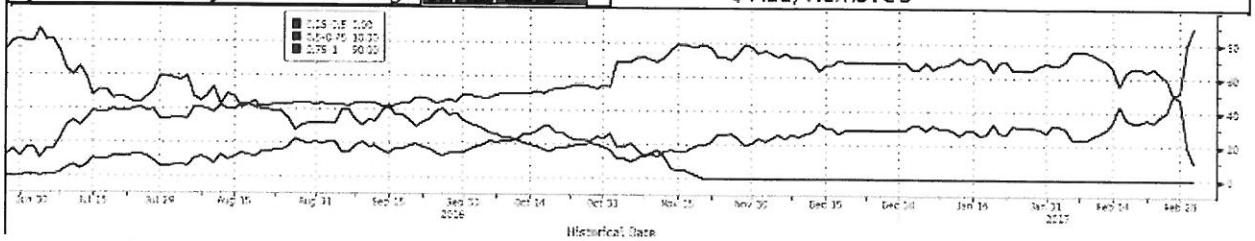
Calculated 03/02/2017

Based on rate 0.50-0.75

Meeting	Prob Of Hike	Prob of Cut	0.5-0.75	0.75-1	1-1.25	1.25-1.5	1.5-1.75	1.75-2	2-2.25
03/15/2017	90.0%	0.0%	10.0%	90.0%	0.0%	0.0%	0.0%	0.0%	0.0%
05/03/2017	91.3%	0.0%	8.7%	79.4%	12.0%	0.0%	0.0%	0.0%	0.0%
06/14/2017	95.7%	0.0%	4.3%	44.0%	45.7%	6.0%	0.0%	0.0%	0.0%
07/26/2017	96.2%	0.0%	3.8%	39.0%	45.5%	11.0%	0.8%	0.0%	0.0%
09/20/2017	97.7%	0.0%	2.3%	24.9%	42.9%	24.8%	4.9%	0.3%	0.0%
11/01/2017	98.0%	0.0%	2.0%	22.1%	40.6%	27.0%	7.3%	0.9%	0.0%
12/13/2017	99.1%	0.0%	0.9%	11.3%	30.7%	34.3%	17.9%	4.3%	0.5%
01/31/2018	99.2%	0.0%	0.8%	10.5%	29.1%	34.0%	19.2%	5.4%	0.8%

Historical Analysis for Meeting 03/15/2017

4) Add/Remove S



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Total Portfolio Shock Table

Lou / Jeff Cty Metro Finance

Effective Interest - Actual Life

Receipts in Period

2/28/2017

Data Category	Down 300	Down 200	Down 100	Current	Up 100	Up 200	Up 300
Current Par	85,325,776.00	85,325,776.00	85,325,776.00	85,325,776.00	85,325,776.00	85,325,776.00	85,325,776.00
Amor. Cost	85,580,153.73	85,580,153.73	85,580,153.73	85,580,153.73	85,580,153.73	85,580,153.73	85,580,153.73
Market Value	84,702,655.23	84,787,981.01	84,873,306.78	84,958,632.56	85,043,958.33	85,129,284.11	85,214,609.89
% Change	-0.30 (0.10)	-0.20 (0.10)	-0.10 (0.10)	0.00 (0.10)	0.10 (0.10)	0.20 (0.10)	0.30 (0.10)
Market Price	99.27	99.37	99.47	99.57	99.67	99.77	99.87
Market Yield	1.8029	1.7367	1.6706	1.6045	1.5386	1.4728	1.4071
Gain / Loss	-877,498.50	-792,172.72	-706,846.95	-621,521.17	-536,195.40	-450,869.62	-365,543.84

The table above represents the interest rate risk of the investment portfolio of individual fixed incomesecurities. By adjusting current market rates and by using the matrix pricing technique, the portfolio wassubjected to an immediate interest rate shock of plus or minus 300 basis points. The results in weightedaverage total is presented above which details the projected market value, market price, total unrealizedgain (loss) and percentage market value change from the current interest rate environment.