



QUARTERLY INVESTMENT REPORT
For the Quarter Ended

December 31, 2018

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of White Settlement is in compliance with the Public Funds Investment Act and the Investment Policy and its incorporated strategies.

[Signature] 1/22/19
City Manager

[Signature] 1/22/19
Finance Director

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

Summary

Quarter End Results by Investment Category:

| Asset Type | September 30, 2018 | | December 31, 2018 | |
|----------------|----------------------|----------------------|----------------------|----------------------|
| | Book Value | Market Value | Book Value | Market Value |
| Pools/Bank/MMA | \$ 21,251,093 | \$ 21,251,093 | \$ 20,491,909 | \$ 20,491,909 |
| Securities/CDs | 20,358,957 | 20,358,957 | 24,418,167 | 24,418,167 |
| Totals | \$ 41,610,050 | \$ 41,610,050 | \$ 44,910,076 | \$ 44,910,076 |

Quarter End Average Yield (1)

| | |
|------------------------------|-------|
| Total Portfolio | 2.24% |
| Rolling Three Month Treasury | 2.37% |
| Rolling Six Month Treasury | 2.39% |

Interest Revenue

| | |
|------------------------------|------------|
| Quarterly Interest Income | \$ 237,065 |
| Year-to-date Interest Income | \$ 237,065 |

Fiscal Year-to-Date Average Yield (2)

| | |
|------------------------------|-------|
| Total Portfolio | 2.24% |
| Rolling Three Month Treasury | 2.37% |
| Rolling Six Month Treasury | 2.39% |
| Quarterly TexPool Yield | 2.29% |

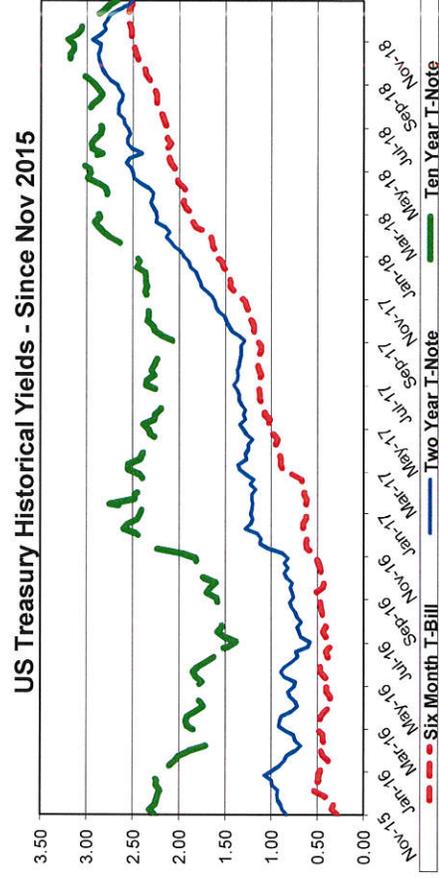
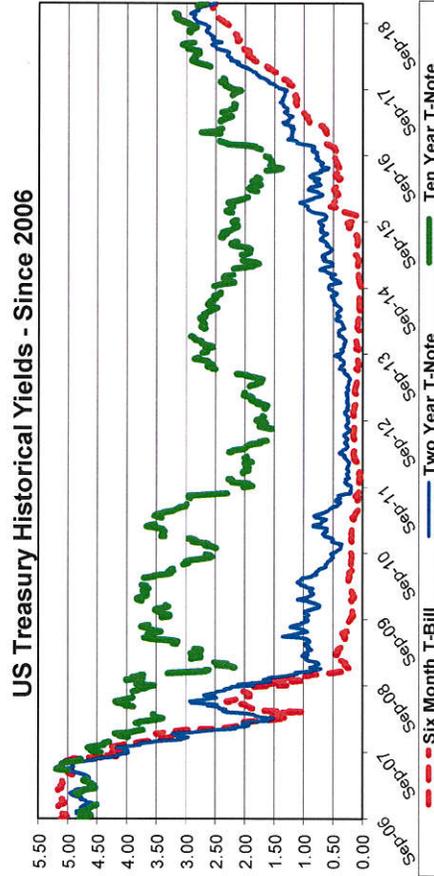
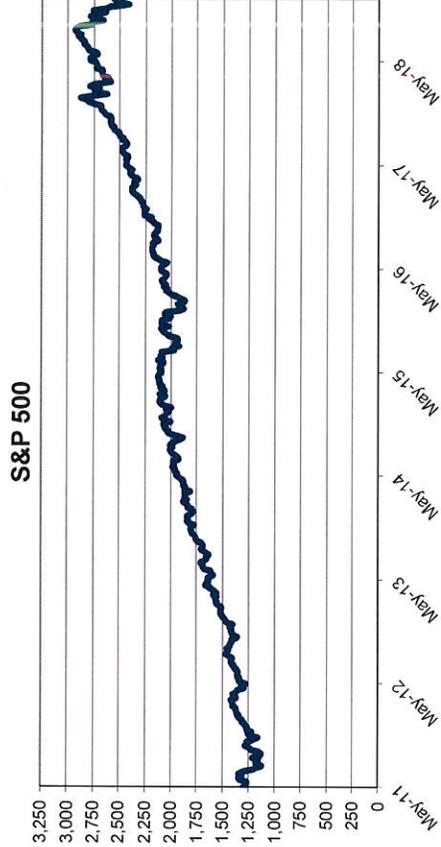
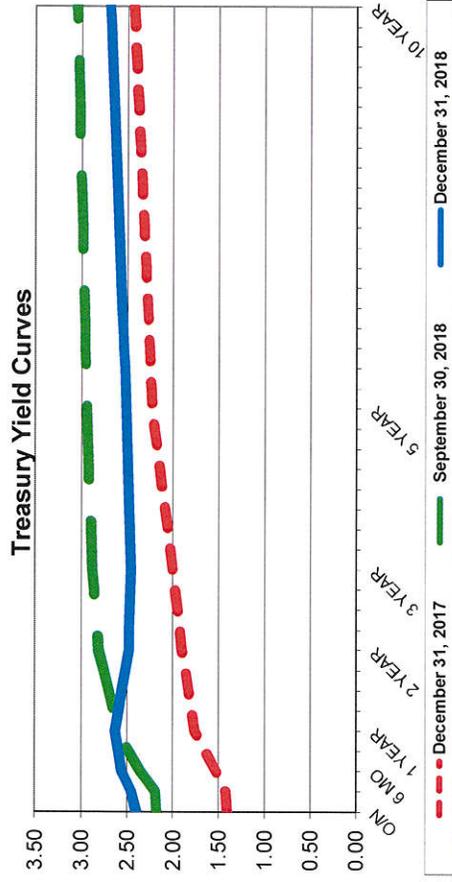
(1) Quarter end Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

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

Economic Overview

12/31/2018

The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The official outlook calls for two additional increases during 2019. However, the market is currently projecting zero 2019 increases. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings. Third Quarter GDP grew 3.4% (final). Employment/ Unemployment remain solid with December adding 312k new jobs and a 254k three month average. Crude oil decreased below +/-50. The Stock Markets drifted slightly higher than recent lows. Housing continues to weaken. The mid-maturity yield curve flattened.



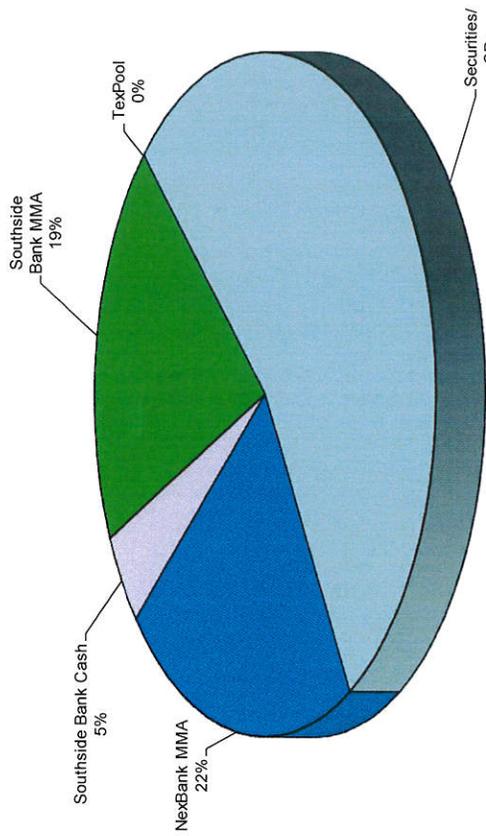
**Investment Holdings
December 31, 2018**

| Description | Ratings | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (Days) | Yield |
|--------------------------|---------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| Southside Bank Cash | | 0.44% | 01/01/19 | 12/31/18 | \$ 2,019,262 | \$ 2,019,262 | 1.00 | \$ 2,019,262 | 1 | 0.44% |
| Southside Bank MMA | | 2.49% | 01/01/19 | 12/31/18 | 8,637,604 | 8,637,604 | 1.00 | 8,637,604 | 1 | 2.49% |
| NexBank MMA | | 2.56% | 01/01/19 | 12/31/18 | 9,833,407 | 9,833,407 | 1.00 | 9,833,407 | 1 | 2.56% |
| TexPool | AAA-m | 2.29% | 01/01/19 | 12/31/18 | 1,636 | 1,636 | 1.00 | 1,636 | 1 | 2.29% |
| LegacyTexas Bank CD | | 1.40% | 01/25/19 | 01/25/17 | 3,081,473 | 3,081,473 | 100 | 3,081,473 | 25 | 1.41% |
| East West Bank CD | | 2.08% | 02/21/19 | 02/21/18 | 1,018,054 | 1,018,054 | 100 | 1,018,054 | 52 | 2.10% |
| Southside Bank CD | | 1.50% | 04/15/19 | 04/14/17 | 2,045,466 | 2,045,466 | 100 | 2,045,466 | 105 | 1.51% |
| East West Bank CD | | 2.60% | 04/17/19 | 10/17/18 | 1,005,428 | 1,005,428 | 100 | 1,005,428 | 107 | 2.63% |
| BBVA Compass Bank CD | | 1.50% | 05/12/19 | 05/12/17 | 3,045,338 | 3,045,338 | 100 | 3,045,338 | 132 | 1.51% |
| East West Bank CD | | 2.14% | 05/21/19 | 02/21/18 | 1,023,842 | 1,023,842 | 100 | 1,023,842 | 141 | 2.16% |
| East West Bank CD | | 2.68% | 06/14/19 | 09/14/18 | 1,512,053 | 1,512,053 | 100 | 1,512,053 | 165 | 2.72% |
| Lubbock National Bank CD | | 1.75% | 07/13/19 | 07/13/17 | 3,582,685 | 3,582,685 | 100 | 3,582,685 | 194 | 1.76% |
| East West Bank CD | | 2.83% | 10/17/19 | 10/17/18 | 1,005,910 | 1,005,910 | 100 | 1,005,910 | 290 | 2.87% |
| East West Bank CD | | 2.83% | 10/17/19 | 10/17/18 | 1,005,910 | 1,005,910 | 100 | 1,005,910 | 290 | 2.87% |
| East West Bank CD | | 2.85% | 11/28/19 | 11/28/18 | 1,002,658 | 1,002,658 | 100 | 1,002,658 | 332 | 2.89% |
| East West Bank CD | | 2.89% | 02/28/20 | 11/28/18 | 1,002,696 | 1,002,696 | 100 | 1,002,696 | 424 | 2.93% |
| East West Bank CD | | 2.94% | 04/17/20 | 10/17/18 | 1,006,140 | 1,006,140 | 100 | 1,006,140 | 473 | 2.98% |
| East West Bank CD | | 2.94% | 04/17/20 | 10/17/18 | 1,006,140 | 1,006,140 | 100 | 1,006,140 | 473 | 2.98% |
| LegacyTexas Bank CD | | 2.90% | 06/12/20 | 06/13/18 | 2,074,374 | 2,074,374 | 100 | 2,074,374 | 529 | 2.94% |
| Total | | | | | \$ 44,910,076 | \$ 44,910,076 | | \$ 44,910,076 | 119 | 2.24% |

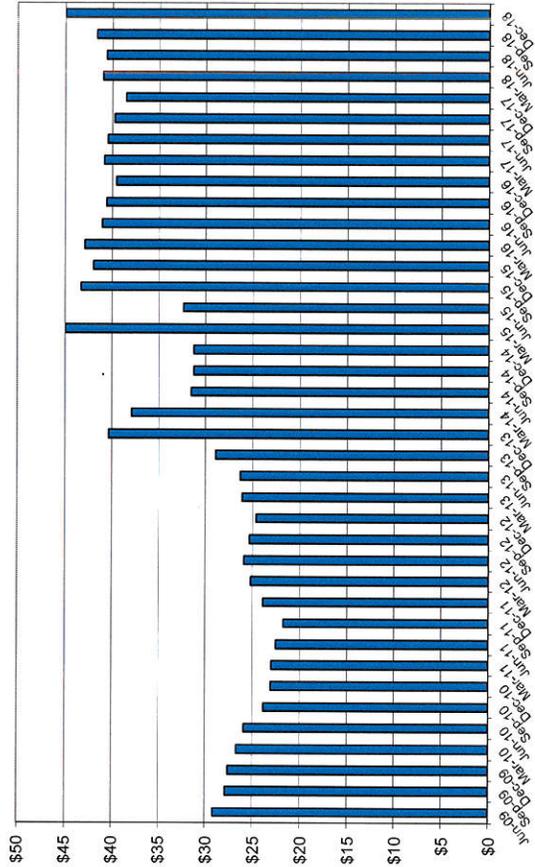
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

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

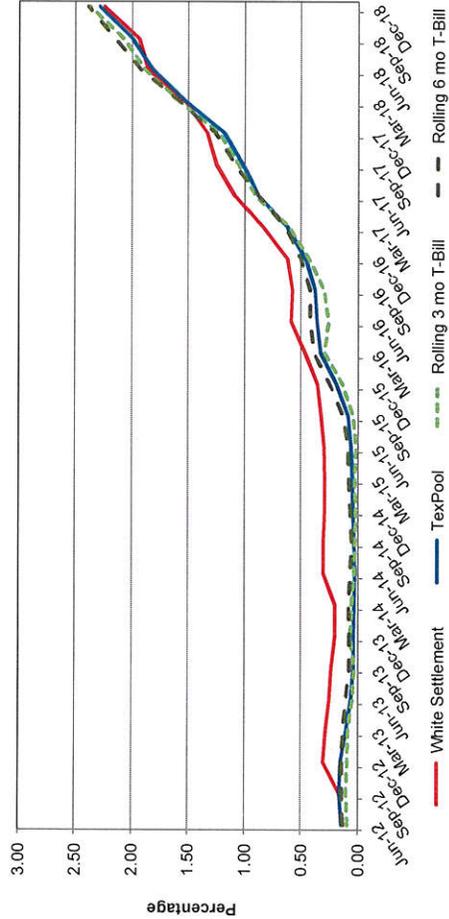
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

| Description | Coupon/ Discount | Maturity Date | September 30, 2018 | | | December 31, 2018 | | |
|--------------------------|---------------------|------------------|----------------------|----------------------|---------------------------|-----------------------------|----------------------|----------------------|
| | | | Par Value | Book Value | Purchases/ Adjustments | Sales/Adjust/ Maturities | Par Value | Book Value |
| Southside Bank Cash | 0.44% | 01/01/19 | \$ 2,140,705 | \$ 2,140,705 | \$ - | (121,443) | \$ 2,019,262 | \$ 2,019,262 |
| Southside Bank MMA | 2.49% | 01/01/19 | 9,336,282 | 9,336,282 | - | (698,678) | 8,637,604 | 8,637,604 |
| NexBank MMA | 2.56% | 01/01/19 | 9,772,480 | 9,772,480 | 60,927 | | 9,833,407 | 9,833,407 |
| TexPool | 2.29% | 01/01/19 | 1,627 | 1,627 | 9 | | 1,636 | 1,636 |
| Southside Bank CD | 1.32% | 10/15/18 | 2,033,200 | 2,033,200 | | | - | - |
| East West Bank CD | 2.03% | 11/21/18 | 1,012,423 | 1,012,423 | | | - | - |
| LegacyTexas Bank CD | 1.40% | 01/25/19 | 3,070,742 | 3,070,742 | 10,731 | | 3,081,473 | 3,081,473 |
| East West Bank CD | 2.08% | 02/21/19 | 1,012,731 | 1,012,731 | 5,323 | | 1,018,054 | 1,018,054 |
| Southside Bank CD | 1.50% | 04/15/19 | 2,037,761 | 2,037,761 | 7,704 | | 2,045,466 | 2,045,466 |
| East West Bank CD | 2.60% | 04/17/19 | - | - | 1,005,428 | | 1,005,428 | 1,005,428 |
| BBVA Compass Bank CD | 1.50% | 05/12/19 | 3,045,338 | 3,045,338 | | | 3,045,338 | 3,045,338 |
| East West Bank CD | 2.14% | 05/21/19 | 1,018,364 | 1,018,364 | 5,479 | | 1,023,842 | 1,023,842 |
| East West Bank CD | 2.68% | 06/14/19 | 1,501,873 | 1,501,873 | 10,179 | | 1,512,053 | 1,512,053 |
| Lubbock National Bank CD | 1.75% | 07/13/19 | 3,567,076 | 3,567,076 | 15,609 | | 3,582,685 | 3,582,685 |
| East West Bank CD | 2.83% | 10/17/19 | - | - | 1,005,910 | | 1,005,910 | 1,005,910 |
| East West Bank CD | 2.83% | 10/17/19 | - | - | 1,005,910 | | 1,005,910 | 1,005,910 |
| East West Bank CD | 2.85% | 11/28/19 | - | - | 1,002,658 | | 1,002,658 | 1,002,658 |
| East West Bank CD | 2.89% | 02/28/20 | - | - | 1,002,696 | | 1,002,696 | 1,002,696 |
| East West Bank CD | 2.94% | 04/17/20 | - | - | 1,006,140 | | 1,006,140 | 1,006,140 |
| East West Bank CD | 2.94% | 04/17/20 | - | - | 1,006,140 | | 1,006,140 | 1,006,140 |
| LegacyTexas Bank CD | 2.90% | 06/12/20 | 2,059,448 | 2,059,448 | 14,926 | | 2,074,374 | 2,074,374 |
| TOTAL | | | \$ 41,610,050 | \$ 41,610,050 | \$ 7,165,769 | \$ (3,865,744) | \$ 44,910,076 | \$ 44,910,076 |

Market Value Comparison

| Description | Coupon/ Discount | Maturity Date | September 30, 2018 | | | December 31, 2018 | | |
|--------------------------|---------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| | | | Par Value | Market Value | Qtr to Qtr Change | Par Value | Market Value | |
| Southside Bank Cash | 0.44% | 01/01/19 | \$ 2,140,705 | \$ 2,140,705 | — | 2,019,262 | \$ 2,019,262 | |
| Southside Bank MMA | 2.49% | 01/01/19 | 9,336,282 | 9,336,282 | (698,678) | 8,637,604 | 8,637,604 | |
| NexBank MMA | 2.56% | 01/01/19 | 9,772,480 | 9,772,480 | 60,927 | 9,833,407 | 9,833,407 | |
| TexPool | 2.29% | 01/01/19 | 1,627 | 1,627 | 9 | 1,636 | 1,636 | |
| Southside Bank CD | 1.32% | 10/15/18 | 2,033,200 | 2,033,200 | (2,033,200) | — | — | |
| East West Bank CD | 2.03% | 11/21/18 | 1,012,423 | 1,012,423 | (1,012,423) | — | — | |
| LegacyTexas Bank CD | 1.40% | 01/25/19 | 3,070,742 | 3,070,742 | 10,731 | 3,081,473 | 3,081,473 | |
| East West Bank CD | 2.08% | 02/21/19 | 1,012,731 | 1,012,731 | 5,323 | 1,018,054 | 1,018,054 | |
| Southside Bank CD | 1.50% | 04/15/19 | 2,037,761 | 2,037,761 | 7,704 | 2,045,466 | 2,045,466 | |
| East West Bank CD | 2.60% | 04/17/19 | — | — | 1,005,428 | 1,005,428 | 1,005,428 | |
| BBVA Compass Bank CD | 1.50% | 05/12/19 | 3,045,338 | 3,045,338 | 3,045,338 | 3,045,338 | 3,045,338 | |
| East West Bank CD | 2.14% | 05/21/19 | 1,018,364 | 1,018,364 | 5,479 | 1,023,842 | 1,023,842 | |
| East West Bank CD | 2.68% | 06/14/19 | 1,501,873 | 1,501,873 | 10,179 | 1,512,053 | 1,512,053 | |
| Lubbock National Bank CD | 1.75% | 07/13/19 | 3,567,076 | 3,567,076 | 15,609 | 3,582,685 | 3,582,685 | |
| East West Bank CD | 2.83% | 10/17/19 | — | — | 1,005,910 | 1,005,910 | 1,005,910 | |
| East West Bank CD | 2.83% | 10/17/19 | — | — | 1,005,910 | 1,005,910 | 1,005,910 | |
| East West Bank CD | 2.85% | 11/28/19 | — | — | 1,002,658 | 1,002,658 | 1,002,658 | |
| East West Bank CD | 2.89% | 02/28/20 | — | — | 1,002,696 | 1,002,696 | 1,002,696 | |
| East West Bank CD | 2.94% | 04/17/20 | — | — | 1,006,140 | 1,006,140 | 1,006,140 | |
| East West Bank CD | 2.94% | 04/17/20 | — | — | 1,006,140 | 1,006,140 | 1,006,140 | |
| LegacyTexas Bank CD | 2.90% | 06/12/20 | 2,059,448 | 2,059,448 | 14,926 | 2,074,374 | 2,074,374 | |
| TOTAL | | | \$ 41,610,050 | \$ 41,610,050 | \$ 3,300,025 | \$ 44,910,076 | \$ 44,910,076 | |