TrustINdiana: An Alternative Investment Option for Local Governments

Presented by
Cindy Barger
Director, TrustINdiana
Indiana State Treasurer’s Office

Summary

- Program Highlights
- LGIP Overview
- Portfolio Update
- Market Outlook
General Information

- Authorized by the Indiana General Assembly’s passage of Indiana Code 5-13-9-11 during its 2007 session
- TrustINdiana opened in February 2008 after an extensive due diligence and development process
- TrustINdiana is open to all local units of government including the State of Indiana
- Participants share a common pool of investments which stresses:
  - Safety – preservation of principal
  - Liquidity – same day access to funds
  - Yield – maximizes returns using economies of scale

Safety

With TrustINdiana, the SAFETY of public funds is paramount

- Invests strictly in securities allowable by Indiana law
- Assets held by a third-party custodian (Bank of New York)
- Fund portfolio managed by professional team with over 20 years of experience
- Annual audit performed by an independent auditing firm
- At least 50% of portfolio funds held in Indiana banks
Program Highlights

Liquidity

TrustINdiana offers daily LIQUIDITY to all Participants

- Actively managed to ensure that cash is readily available
- Dollars invested today are available tomorrow with interest
- No withdrawal penalties
- No transaction or wire fees*
- Maximum weighted average maturity (WAM) of 60 days or less

* You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no fees charged from TrustINdiana for such transactions.

Program Highlights

Yield

Program optimizes YIELD while maintaining safety

- TrustINdiana has maintained a competitive yield despite recent economic turbulence
- Serves as a diversification tool and offers larger scale investment options to smaller entities
- Portfolio managers have extensive fixed income/public sector expertise
- Returns are calculated and paid daily
Program Highlights

Convenience

TrustINdiana was designed with CONVENIENCE in mind

- MYACCESS feature allows for fast, safe and secure online transaction processing and reporting access
- Funds transferrable via wire or ACH
- Experienced and professional client service team
- Monthly reporting, newsletters, economic updates and yield information all available online or via email

TrustINdiana Daily Yield (May 2015 – April 2016)*

*Past performance does not guarantee future results, yields can vary over time. Daily yield is the dividend factor multiplied by the number of days in the year. Any financial and/or investment decision may incur losses.

Source: Public Trust Advisors
TrustINdiana Daily Rate for May 27, 2016:

0.45%*

TrustINdiana

*Past performance does not guarantee future results, yields can vary over time. Daily yield is the dividend factor multiplied by the number of days in the year. Any financial and/or investment decision may incur losses.

How to open Your TrustINdiana Account

- No Resolution or Ordinance required
- See Registration Forms in packet provided (or online), and complete:
  - Account Setup, Key Contact/Authorized Signers, Bank Authorization, Subaccounts
  - Finalize with authorized signature and email or fax paperwork to Client Services
- Account can be ready for use as soon as the next business day

For questions about the Registration Process, please contact:

Cindy Barger
Director, TrustINdiana
200 W. Washington St., Suite 242
Indianapolis, IN 46204
Phone: 888-860-6242
Email: cbarger@tos.in.gov
Investment Update

Economic Overview

- The Federal Reserve increased its target rate to a range of 0.25% to 0.50% on December 16, 2015
- The Fed’s Mandate: maximum employment and price stability
- Since the 2007-2008 Global Financial Crisis the Fed has lowered interest rates to promote borrowing for capital investments and spending on goods and service

Source: Bloomberg
Money Market Yield Curves

- Yield spread between Treasuries and Discount Notes remains historically tight
- Adding credit in the form of commercial paper can enhance the yield of the portfolio
- Money market yields have risen following the FOMC rate increase in December 2015
Economic Overview

- The unemployment rate is at 4.9% which is the lowest since February 2008
- Despite the improving labor market, wage inflation is still increasing at a moderate pace

Source: Bloomberg

---

Indiana vs. U.S. Unemployment Rate

Seasonally Adjusted

Source: Wells Fargo
Indiana Employment Growth By Industry

Year-over-Year Percent Change, 3-MMA

![Bar chart showing employment growth by industry in Indiana as of February 2016. The chart includes sectors such as Education & Health Services, Government, Leisure and Hospitality, Manufacturing, Trade, Jans, & Utilities, Construction, Information, Other Services, Financial Activities, and Professional & Business Services. The bars indicate the change in percent of employees in each sector.]

Source: Wells Fargo

Indiana Unemployment & Labor Force

Percent, Thousands of Workers, Seasonally Adjusted

![Line chart showing unemployment and employment in Indiana from 1990 to 2016. The chart indicates the percentage of unemployed workers and the number of employed workers. The right axis shows the number of unemployed workers with February 2016 at 157.4 thousand, and the number of employed workers with February 2016 at 3,165.8 thousand. The left axis shows the unemployment rate with February 2016 at 4.7%.]

Source: Wells Fargo
Asset Allocation as of March 31, 2016

Lake City Bank 2%
Fifth Third Bank, N.A. 17%
Commercial Paper A1/P1 13%
Key Bank 15%
PNC Bank 29%
GS Financial Square Government Fund 1%

TrustINdiana vs. S&P AAA/AA GIP* - Comparison of 30 Day Net Yields

*The benchmark, the S&P US AAA & AA Rated GIP All 30 Day Net Yield (LGIPG30D) is a performance indicator of rated GIPs that maintain a stable net asset value of $1.00 per share and is an unmanaged market index representative of the GIP universe. The S&P benchmark utilized in this comparison is a composite of all rated stable net asset value pools. GIPs in the index include only those rated based on Standard & Poor’s money market criteria. Pools rated ‘AAAm’ provide excellent safety and a superior capacity to maintain principal value while those rated ‘AAm’ offer very good safety and a strong capacity to maintain principal value (Source: Standard & Poor’s website, 9/27/2013.) The comparison between this index and the portfolios may differ in holdings, duration and percentage composition of each holding. Such differences may account for variations in yield. Public Trust Advisors, LLC took over the management and advisory services effective May 1, 2015. All data prior to this date is from the previous Investment Advisor. As both Investment Advisors adhered to the investment policy there may be variances in yield, weighted average maturities and portfolio composition due to differing investment styles. Past Performance is no guarantee of future results. Any financial and/or investment decision may incur losses.

Source: MFact and Bloomberg
Participant Accounts by Entity Type as of March 31, 2016

- Municipalities: 35.11%
- Schools: 24.47%
- State: 1.06%
- Libraries: 14.89%
- Counties: 15.96%
- Townships: 3.19%
- Other: 5.32%

Source: MFact

Questions/Comments

Cindy Barger
Director, TrustIndiana
Office of the Treasurer of Indiana
200 W Washington St., 242
Indianapolis, IN 46204
888-860-6242
cbarger@tos.in.gov
www.trustindiana.in.gov

Matt Starr
Vice President
Public Trust Advisors, LLC
717 17th Street, Suite 1850
Denver, CO 80202
914-301-4070
matt.starr@publictrustadvisors.com
www.publictrustadvisors.com
Disclaimer

The materials in this presentation are opinions of TrustINdiana and Public Trust Advisors (the administrator) and should not be construed as investment advice.

The investment advisor providing these services is Public Trust Advisors, LLC (PTA), an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. Additionally, this registration provides no guarantee of return or protection against loss.

The information presented is unaudited and is deemed to be accurate to the best of our knowledge.

Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Past Performance is no guarantee of future results. Any financial and/or investment decision may incur losses.