

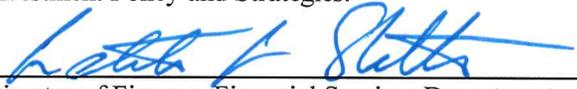
City of DeSoto
QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2017

Prepared by
Valley View Consulting, L.L.C.

The investment portfolio of the City of DeSoto is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.



Director of Finance, Financial Services Department



City Manager



Director of Budget, Financial Services Department



Assistant City Managers

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.

City of DeSoto, Texas Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	September 30, 2017			September 30, 2016		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA	0.00%	\$ 500,000	\$ 500,000	0.00%	\$ 500,000	\$ 500,000
MMA/NOW	0.73%	37,982,724	37,982,724	0.27%	30,856,490	30,856,490
Pools	1.25%	16,999,210	16,999,210	0.77%	10,955,113	10,955,113
CDs/Securities	1.23%	12,973,339	12,973,339	0.96%	15,914,658	15,914,928
Totals		\$ 68,455,273	\$ 68,455,273		\$ 58,226,261	\$ 58,226,531
Fourth Quarter-End Yield	0.97%			0.54%		
Average Quarter-End Yields - Fiscal Year (1):						
DeSoto	0.76%			0.48%		
Rolling Three Mo. Treas. Yield	0.75%			0.25%		
Rolling Six Mo. Treas. Yield	0.78%			0.37%		
Quarterly TexPool Yield	0.74%			0.31%		
Fiscal Year-to-Date Interest		\$ 478,637			\$ 290,094	

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>September 30, 2017</u>		<u>June 30, 2017</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA	0.00%	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
MMA/NOW	0.73%	37,982,724	37,982,724	39,942,262	39,942,262
Pools	1.25%	16,999,210	16,999,210	17,356,357	17,356,357
CDs/Securities	1.23%	12,973,339	12,973,339	15,082,716	15,082,716
Totals		\$ 68,455,273	\$ 68,455,273	\$ 72,881,336	\$ 72,881,336

Average Yield - Current Quarter (1)

Total Portfolio 0.97%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.76%

Rolling Three Mo. Treas. Yield 1.05%

Rolling Three Mo. Treas. Yield 0.75%

Rolling Six Mo. Treas. Yield 1.09%

Rolling Six Mo. Treas. Yield 0.78%

Quarterly TexPool Yield 0.74%

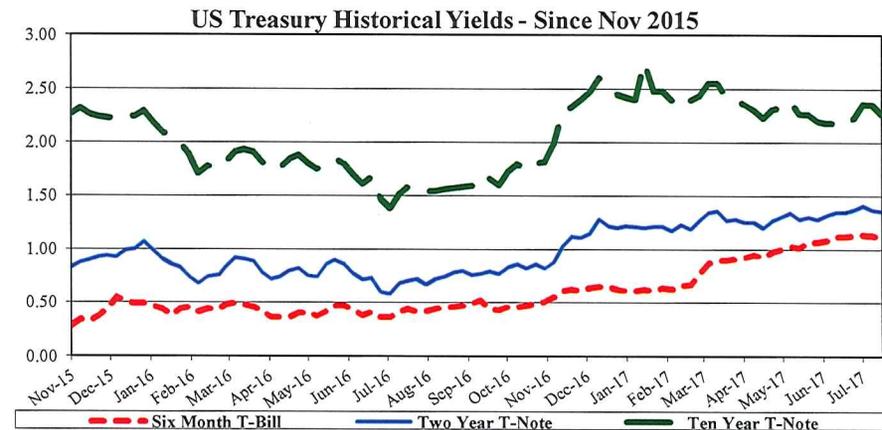
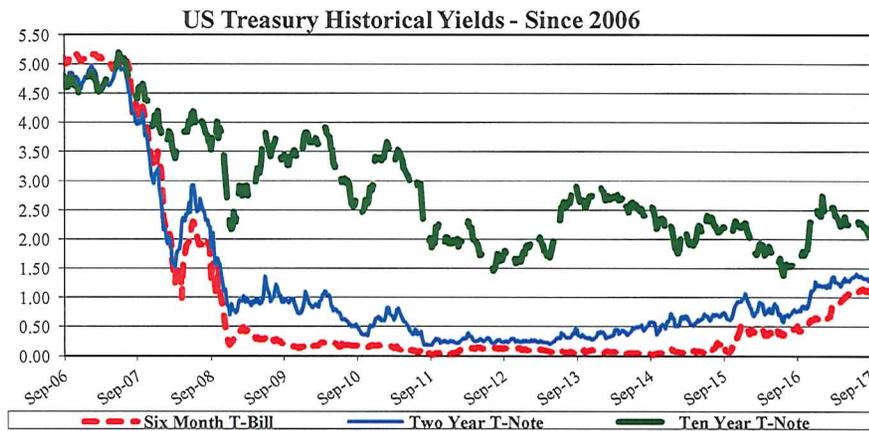
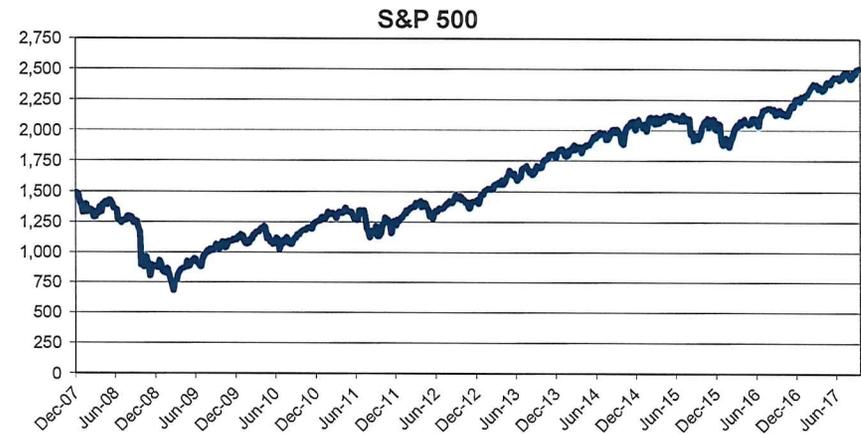
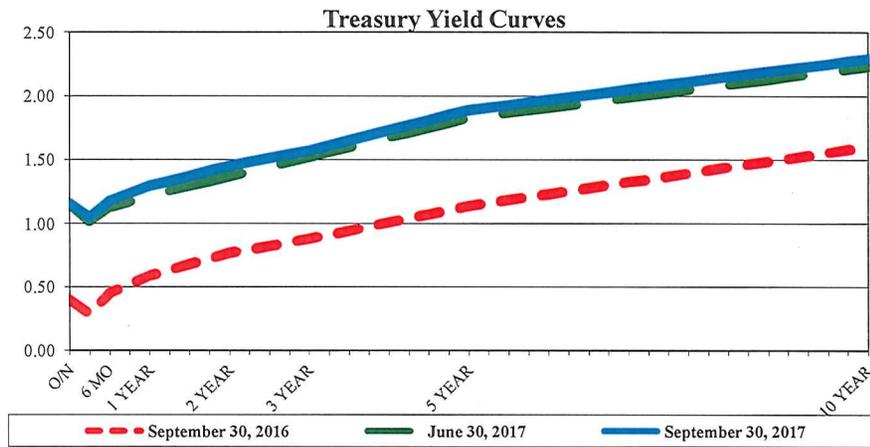
Quarterly Interest Income \$ 171,118 Approximate

Year-to-date Interest Income \$ 478,637 Approximate

(1) 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.

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 1.00% - 1.25% (Effective Fed Funds are trading +/-1.16%) since the June FOMC meeting. Recent announcements have increased the probability of a December rate increase. The FOMC announced a gradual portfolio reduction by limiting reinvestment of maturing holdings. Second Quarter 2017 GDP was revised to 3.1%. September Non Farm Payroll data was a storm influenced negative 33k, with downward revisions to August and July. Other US data generally showed positive with a few negative numbers. The Stock Markets achieved new highs. Monitoring estimated balances and needs will determine laddering opportunities.



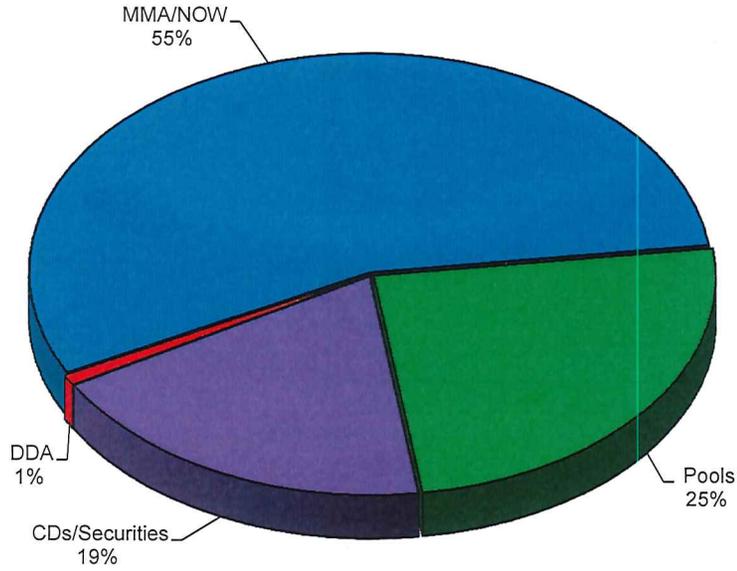
Investment Holdings
September 30, 2017

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo DDA		0.00%	10/01/17	09/30/17	\$ 500,000	\$ 500,000	1	\$ 500,000	1	0.00%
Wells Fargo MMA		0.10%	10/01/17	09/30/17	17,656,203	17,656,203	1	17,656,203	1	0.10%
BTH Bank MMA		1.49%	10/01/17	09/30/17	245,298	245,298	1	245,298	1	1.49%
BTH Bank ICS		1.49%	10/01/17	09/30/17	1,762,102	1,762,102	1	1,762,102	1	1.49%
Southside Bank MMA		1.17%	10/01/17	09/30/17	8,251,901	8,251,901	1	8,251,901	1	1.17%
NexBank MMA		1.47%	10/01/17	09/30/17	9,066,662	9,066,662	1	9,066,662	1	1.47%
Green Bank MMA		1.21%	10/01/17	01/00/00	1,000,559	1,000,559	1	1,000,559	1	1.21%
Texas Class	AAAm	1.25%	10/01/17	09/30/17	16,839,928	16,839,928	1	16,839,928	1	1.25%
TexPool	AAAm	1.02%	10/01/17	09/30/17	159,282	159,282	1	159,282	1	1.02%
Herring Bank CDARS		1.00%	11/09/17	11/10/16	1,009,023	1,009,023	100.00	1,009,023	40	1.00%
Texas Security Bank CD		1.15%	11/25/17	08/25/15	1,000,000	1,000,000	100.00	1,000,000	56	1.15%
Landmark Bank CD		0.94%	02/08/18	11/08/16	1,007,047	1,007,047	100.00	1,007,047	131	0.94%
LegacyTexas Bank CD		1.20%	03/15/18	03/15/17	100,606	100,606	100.00	100,606	166	1.20%
LegacyTexas Bank CD		1.25%	06/18/18	03/16/17	3,421,481	3,421,481	100.00	3,421,481	261	1.25%
Landmark Bank CD		1.03%	08/08/18	11/08/16	1,007,724	1,007,724	100.00	1,007,724	312	1.03%
Texas Security Bank CD		1.45%	09/14/18	09/14/17	1,900,000	1,900,000	100.00	1,900,000	349	1.45%
LegacyTexas Bank CD		1.30%	09/17/18	03/15/17	754,929	754,929	100.00	754,929	352	1.30%
Herring Bank CDARS		1.14%	11/15/18	11/17/16	1,009,888	1,009,888	100.00	1,009,888	411	1.14%
LegacyTexas Bank CD		1.40%	12/17/18	03/15/17	755,309	755,309	100.00	755,309	443	1.40%
LegacyTexas Bank CD		1.45%	03/15/19	03/15/17	1,007,332	1,007,332	100.00	1,007,332	531	1.45%
					\$ 68,455,273	\$ 68,455,273		\$ 68,455,273	54	0.97%
									(1)	(2)

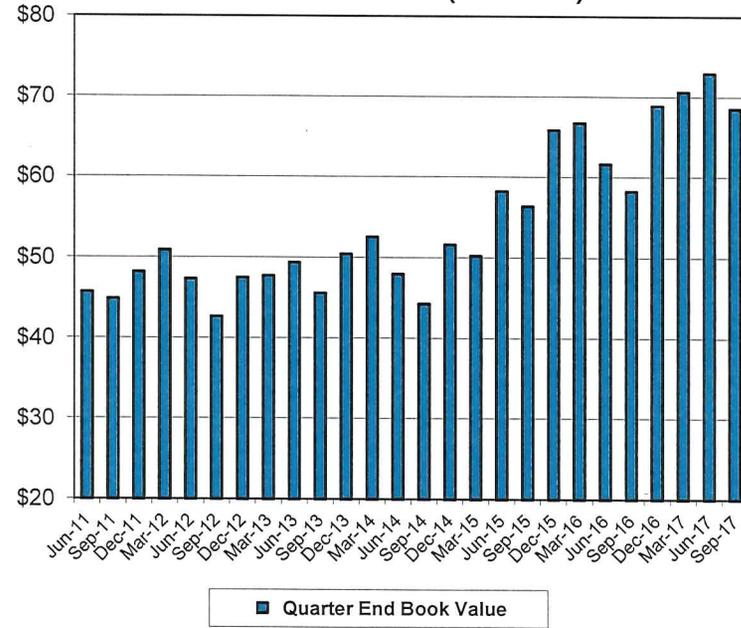
(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

(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 bank accounts, pools and money market funds.

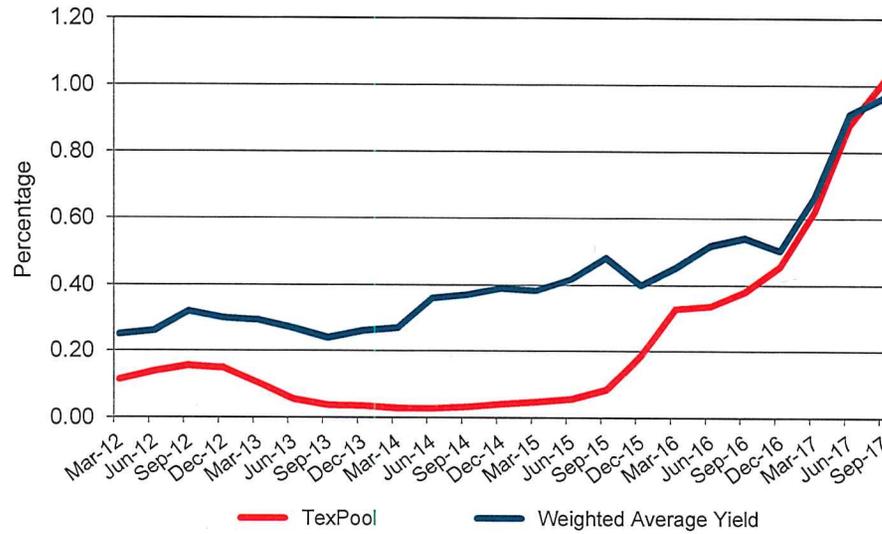
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2017		Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	September 30, 2017	
			Par Value	Book Value			Par Value	Book Value
Wells Fargo DDA	0.00%	10/01/17	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000
Wells Fargo MMA	0.10%	10/01/17	17,188,684	17,188,684	467,519		17,656,203	17,656,203
BTH Bank MMA	1.49%	10/01/17	245,286	245,286	12		245,298	245,298
BTH Bank ICS	1.49%	10/01/17	1,754,631	1,754,631	7,471		1,762,102	1,762,102
Southside Bank MMA	1.17%	10/01/17	8,726,850	8,726,850		(474,950)	8,251,901	8,251,901
NexBank MMA	1.47%	10/01/17	12,026,811	12,026,811		(2,960,149)	9,066,662	9,066,662
Green Bank MMA	1.21%	10/01/17	-	-	1,000,559		1,000,559	1,000,559
Texas Class	1.25%	10/01/17	17,197,547	17,197,547		(357,618)	16,839,928	16,839,928
TexPool	1.02%	10/01/17	158,811	158,811	471		159,282	159,282
BTH Bank CDARS	0.86%	08/18/17	1,007,497	1,007,497		(1,007,497)	-	-
Texas Security Bank CD	1.10%	08/25/17	1,000,000	1,000,000		(1,000,000)	-	-
Independent Bank CD	0.85%	08/28/17	1,006,371	1,006,371		(1,006,371)	-	-
Comerica Bank CD	1.13%	09/13/17	1,025,794	1,025,794		(1,025,794)	-	-
Herring Bank CDARS	1.00%	11/09/17	1,006,372	1,006,372	2,651		1,009,023	1,009,023
Texas Security Bank CD	1.15%	11/25/17	1,000,000	1,000,000			1,000,000	1,000,000
Landmark Bank CD	0.94%	02/08/18	1,004,667	1,004,667	2,380		1,007,047	1,007,047
LegacyTexas Bank CD	1.20%	03/15/18	100,303	100,303	304		100,606	100,606
LegacyTexas Bank CD	1.25%	06/18/18	3,410,724	3,410,724	10,757		3,421,481	3,421,481
Landmark Bank CD	1.03%	08/08/18	1,005,114	1,005,114	2,609		1,007,724	1,007,724
Texas Security Bank CD	1.45%	09/14/18	-	-	1,900,000		1,900,000	1,900,000
LegacyTexas Bank CD	1.30%	09/17/18	752,460	752,460	2,468		754,929	754,929
Herring Bank CDARS	1.14%	11/15/18	1,007,105	1,007,105	2,783		1,009,888	1,009,888
LegacyTexas Bank CD	1.40%	12/17/18	752,650	752,650	2,659		755,309	755,309
LegacyTexas Bank CD	1.45%	03/15/19	1,003,659	1,003,659	3,673		1,007,332	1,007,332
TOTAL			\$ 72,881,336	\$ 72,881,336	\$ 3,406,316	\$ (7,832,379)	\$ 68,455,273	\$ 68,455,273

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2017		Qtr to Qtr Change	September 30, 2017	
			Par Value	Market Value		Par Value	Market Value
Wells Fargo DDA	0.00%	10/01/17	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Wells Fargo MMA	0.10%	10/01/17	17,188,684	17,188,684	467,519	17,656,203	17,656,203
BTH Bank MMA	1.49%	10/01/17	245,286	245,286	12	245,298	245,298
BTH Bank ICS	1.49%	10/01/17	1,754,631	1,754,631	7,471	1,762,102	1,762,102
Southside Bank MMA	1.17%	10/01/17	8,726,850	8,726,850	(474,950)	8,251,901	8,251,901
NexBank MMA	1.47%	10/01/17	12,026,811	12,026,811	(2,960,149)	9,066,662	9,066,662
Green Bank MMA	1.21%	10/01/17	-	-	1,000,559	1,000,559	1,000,559
Texas Class	1.25%	10/01/17	17,197,547	17,197,547	(357,618)	16,839,928	16,839,928
TexPool	1.02%	10/01/17	158,811	158,811	471	159,282	159,282
BTH Bank CDARS	0.86%	08/18/17	1,007,497	1,007,497	(1,007,497)	-	-
Texas Security Bank CD	1.10%	08/25/17	1,000,000	1,000,000	(1,000,000)	-	-
Independent Bank CD	0.85%	08/28/17	1,006,371	1,006,371	(1,006,371)	-	-
Comerica Bank CD	1.13%	09/13/17	1,025,794	1,025,794	(1,025,794)	-	-
Herring Bank CDARS	1.00%	11/09/17	1,006,372	1,006,372	2,651	1,009,023	1,009,023
Texas Security Bank CD	1.15%	11/25/17	1,000,000	1,000,000	-	1,000,000	1,000,000
Landmark Bank CD	0.94%	02/08/18	1,004,667	1,004,667	2,380	1,007,047	1,007,047
LegacyTexas Bank CD	1.20%	03/15/18	100,303	100,303	304	100,606	100,606
LegacyTexas Bank CD	1.25%	06/18/18	3,410,724	3,410,724	10,757	3,421,481	3,421,481
Landmark Bank CD	1.03%	08/08/18	1,005,114	1,005,114	2,609	1,007,724	1,007,724
Texas Security Bank CD	1.45%	09/14/18	-	-	1,900,000	1,900,000	1,900,000
LegacyTexas Bank CD	1.30%	09/17/18	752,460	752,460	2,468	754,929	754,929
Herring Bank CDARS	1.14%	11/15/18	1,007,105	1,007,105	2,783	1,009,888	1,009,888
LegacyTexas Bank CD	1.40%	12/17/18	752,650	752,650	2,659	755,309	755,309
LegacyTexas Bank CD	1.45%	03/15/19	1,003,659	1,003,659	3,673	1,007,332	1,007,332
TOTAL			\$ 72,881,336	\$ 72,881,336	\$ (4,426,063)	\$ 68,455,273	\$ 68,455,273

**Fund Allocation - Book Value
September 30, 2017**

	Maturity	Total	Concentration Fund	Capital Projects	Health Facilities Corporation	Housing Finance Corporation	Industrial Development Authority
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA		17,656,203	17,656,203				
BTH Bank MMA		245,298	245,298				
BTH Bank ICS		1,762,102	1,762,102				
Southside Bank MMA		8,251,901	7,232,746	1,019,155			
NexBank MMA		9,066,662	9,066,662				
Green Bank MMA		1,000,559	1,000,559				
Texas Class		16,839,928	255,279	16,584,649			
TexPool		159,282	116,351	8,119	13,220		21,592
Herring Bank CDARS	11/09/17	1,009,023	1,009,023				
Texas Security Bank CD	11/25/17	1,000,000	1,000,000				
Landmark Bank CD	02/08/18	1,007,047	1,007,047				
LegacyTexas Bank CD	03/15/18	100,606	100,606				
LegacyTexas Bank CD	06/18/18	3,421,481	3,421,481				
Landmark Bank CD	08/08/18	1,007,724	1,007,724				
Texas Security Bank CD	09/14/18	1,900,000	1,900,000				
LegacyTexas Bank CD	09/17/18	754,929	754,929				
Herring Bank CDARS	11/15/18	1,009,888	1,009,888				
LegacyTexas Bank CD	12/17/18	755,309	755,309				
LegacyTexas Bank CD	03/15/19	1,007,332	1,007,332				
Total		\$ 68,455,273	\$ 50,808,538	\$ 17,611,923	\$ 13,220	\$ -	\$ 21,592

**Fund Allocation - Market Value
September 30, 2017**

	Maturity	Total	Concentration Fund	Capital Projects	Health Facilities Corporation	Housing Finance Corporation	Industrial Development Authority
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA		17,656,203	17,656,203				
BTH Bank MMA		245,298	245,298				
BTH Bank ICS		1,762,102	1,762,102				
Southside Bank MMA		8,251,901	7,232,746	1,019,155			
NexBank MMA		9,066,662	9,066,662				
Green Bank MMA		1,000,559	1,000,559				
Texas Class		16,839,928	255,279	16,584,649			
TexPool		159,282	116,351	8,119	13,220		21,592
Herring Bank CDARS	11/09/17	1,009,023	1,009,023				
Texas Security Bank CD	11/25/17	1,000,000	1,000,000				
Landmark Bank CD	02/08/18	1,007,047	1,007,047				
LegacyTexas Bank CD	03/15/18	100,606	100,606				
LegacyTexas Bank CD	06/18/18	3,421,481	3,421,481				
Landmark Bank CD	08/08/18	1,007,724	1,007,724				
Texas Security Bank CD	09/14/18	1,900,000	1,900,000				
LegacyTexas Bank CD	09/17/18	754,929	754,929				
Herring Bank CDARS	11/15/18	1,009,888	1,009,888				
LegacyTexas Bank CD	12/17/18	755,309	755,309				
LegacyTexas Bank CD	03/15/19	1,007,332	1,007,332				
Total		\$ 68,455,273	\$ 50,808,538	\$ 17,611,923	\$ 13,220	\$ -	\$ 21,592

**Fund Allocation - Book Value
June 30, 2017**

	Maturity	Total	Concentration Fund	Capital Projects	Health Facilities Corporation	Housing Finance Corporation	Industrial Development Authority
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA		17,188,684	17,188,684				
BTH Bank MMA		245,286	245,286				
BTH Bank ICS		1,754,631	1,754,631				
Southside Bank MMA		8,726,850	7,710,621	1,016,230			
NexBank MMA		12,026,811	12,026,811				
Texas Class		17,197,547	33,894	17,163,652			
TexPool		158,811	115,987	8,098	13,187		21,538
BTH Bank CDARS	08/18/17	1,007,497	1,007,497				
Texas Security Bank CD	08/25/17	1,000,000	1,000,000				
Independent Bank CD	08/28/17	1,006,371	1,006,371				
Comerica Bank CD	09/13/17	1,025,794	923,215			102,579	
Herring Bank CDARS	11/09/17	1,006,372	1,006,372				
Texas Security Bank CD	11/25/17	1,000,000	1,000,000				
Landmark Bank CD	02/08/18	1,004,667	1,004,667				
LegacyTexas Bank CD	03/15/18	100,303	100,303				
LegacyTexas Bank CD	06/18/18	3,410,724	3,410,724				
Landmark Bank CD	08/08/18	1,005,114	1,005,114				
LegacyTexas Bank CD	09/17/18	752,460	752,460				
Herring Bank CDARS	11/15/18	1,007,105	1,007,105				
LegacyTexas Bank CD	12/17/18	752,650	752,650				
LegacyTexas Bank CD	03/15/19	1,003,659	1,003,659				
Total		\$ 72,881,336	\$ 54,556,051	\$ 18,187,981	\$ 13,187	\$ 102,579	\$ 21,538

**Fund Allocation - Market Value
June 30, 2017**

	Maturity	Total	Concentration Fund	Capital Projects	Health Facilities Corporation	Housing Finance Corporation	Industrial Development Authority
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA		17,188,684	17,188,684				
BTH Bank MMA		245,286	245,286				
BTH Bank ICS		1,754,631	1,754,631				
Southside Bank MMA		8,726,850	7,710,621	1,016,230			
NexBank MMA		12,026,811	12,026,811				
Texas Class		17,197,547	33,894	17,163,652			
TexPool		158,811	115,987	8,098	13,187		21,538
BTH Bank CDARS	08/18/17	1,007,497	1,007,497				
Texas Security Bank CD	08/25/17	1,000,000	1,000,000				
Independent Bank CD	08/28/17	1,006,371	1,006,371				
Comerica Bank CD	09/13/17	1,025,794	923,215			102,579	
Herring Bank CDARS	11/09/17	1,006,372	1,006,372				
Texas Security Bank CD	11/25/17	1,000,000	1,000,000				
Landmark Bank CD	02/08/18	1,004,667	1,004,667				
LegacyTexas Bank CD	03/15/18	100,303	100,303				
LegacyTexas Bank CD	06/18/18	3,410,724	3,410,724				
Landmark Bank CD	08/08/18	1,005,114	1,005,114				
LegacyTexas Bank CD	09/17/18	752,460	752,460				
Herring Bank CDARS	11/15/18	1,007,105	1,007,105				
LegacyTexas Bank CD	12/17/18	752,650	752,650				
LegacyTexas Bank CD	03/15/19	1,003,659	1,003,659				
Total		\$ 72,881,336	\$ 54,556,051	\$ 18,187,981	\$ 13,187	\$ 102,579	\$ 21,538