

Moulton Niguel Water District

Period Ending
September 30, 2017



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SECTION 1

Consolidated Information

Investment Objectives

Safety – Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure to preservation of capital in the overall portfolio.

Liquidity – The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return – The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

Chandler Asset Management Performance Objective

The performance objective for the District is to earn a return in excess of the strategy benchmarks:

Liquid Fund: Bank of America Merrill Lynch 3-Month US Treasury Bill Index.

Limited Maturity Fund: Bank of America Merrill Lynch 0-3 Yr US Treasury/Agency Index.

Operating Reserve Fund: Bank of America Merrill Lynch 1-10 Yr Treasury/Agency Index.

Bond Reserves: To earn a commensurate rate of return over market cycles while ensuring compliance with the District's indentured funds.



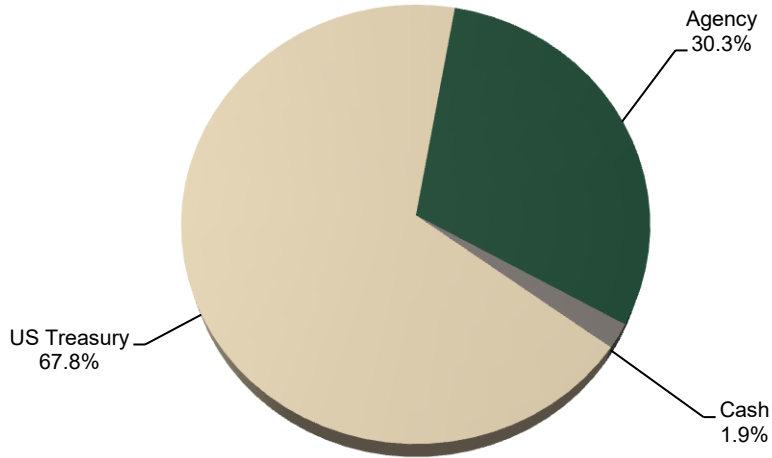
Moulton Niguel Water District Bond Reserves

	9/30/2017	6/30/2017
	Portfolio	Portfolio
Average Maturity (yrs)	3.25	2.99
Modified Duration	3.13	2.88
Average Purchase Yield	1.32%	1.20%
Average Market Yield	1.66%	1.55%
Average Quality	AA+/Aaa	AA+/Aaa
Total Market Value	7,302,315	7,654,158

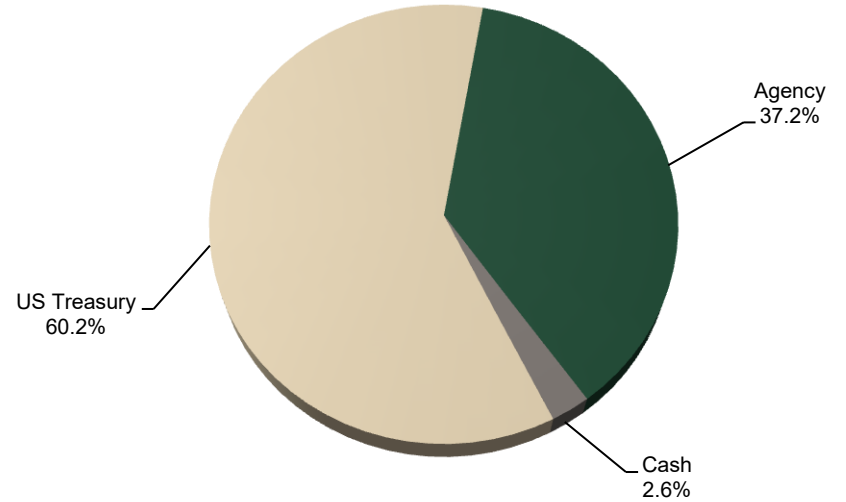


Moulton Niguel Water District Bond Reserves

September 30, 2017



June 30, 2017





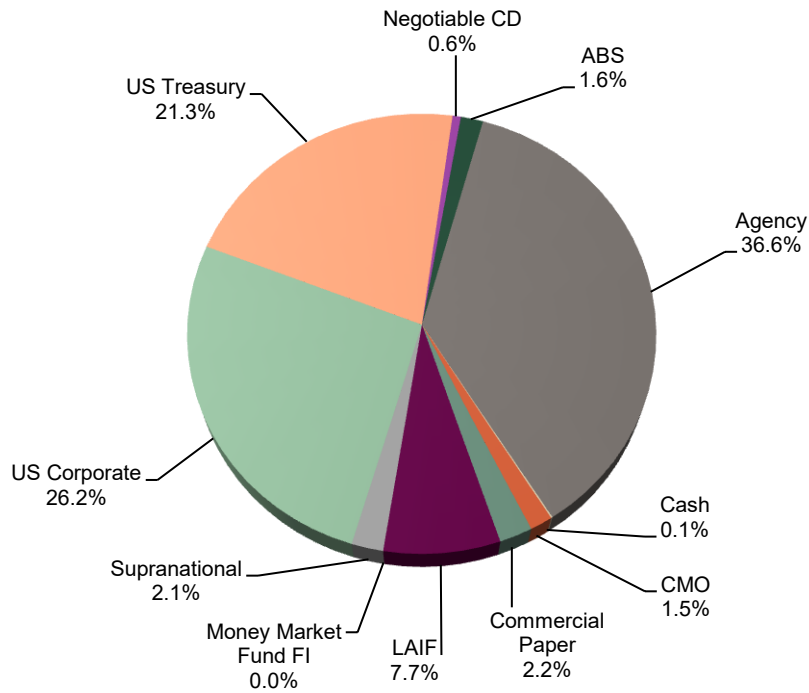
Moulton Niguel Water District Consolidated

	9/30/2017	6/30/2017
	Portfolio	Portfolio
Average Maturity (yrs)	3.00	2.80
Modified Duration	2.80	2.61
Average Purchase Yield	1.98%	1.86%
Average Market Yield	1.76%	1.64%
Average Quality	AA/Aa1	AA/Aa1
Total Market Value	116,421,157	125,901,422

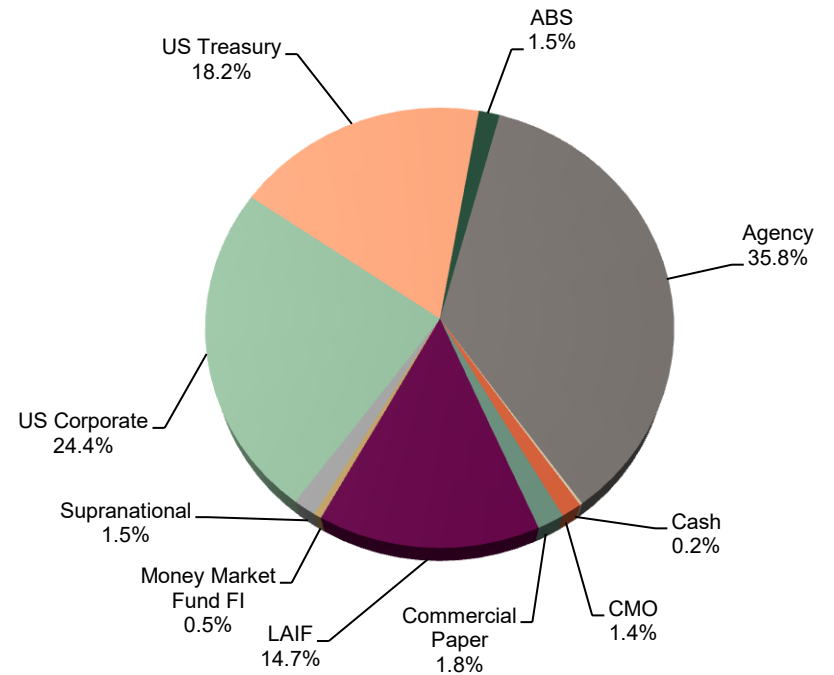


Moulton Niguel Water District Consolidated

September 30, 2017



June 30, 2017



Moulton Niguel Water District Consolidated – Account #43
As of 9/30/2017

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	1.86%	4.58	21.33%
Federal Home Loan Bank	Agency	1.77%	3.46	11.72%
Federal National Mortgage Association	Agency	1.97%	5.05	10.59%
Local Agency Investment Fund	LAIF	1.12%	0.00	7.69%
Federal Home Loan Mortgage Corp	Agency	1.70%	3.07	7.13%
Tennessee Valley Authority	Agency	1.77%	3.18	5.57%
Inter-American Dev Bank	Supranational	2.03%	4.46	2.13%
Charles Schwab Corp/The	US Corporate	1.44%	0.53	1.84%
HSBC USA Corp	US Corporate	1.64%	0.83	1.76%
ChevronTexaco Corp	US Corporate	1.55%	0.51	1.67%
Bank of Tokyo-Mit UFJ	Commercial Paper	1.34%	0.08	1.60%
Federal Farm Credit Bank	Agency	1.52%	1.86	1.58%
Qualcomm Inc	US Corporate	1.73%	2.13	1.57%
US Bancorp	US Corporate	1.79%	2.16	1.55%
JP Morgan Chase & Co	US Corporate	3.16%	0.93	1.49%
Federal Home Loan Mortgage Corp	CMO	1.75%	0.90	1.46%
Bank of New York	US Corporate	1.87%	1.95	1.43%
Paccar Financial	US Corporate	1.68%	1.53	1.40%
Honda Motor Corporation	US Corporate	1.55%	1.03	1.40%
Oracle Corp	US Corporate	2.09%	3.96	1.15%
State Street Bank	US Corporate	2.14%	3.64	1.08%
Exxon Mobil Corp	US Corporate	1.99%	3.42	1.07%
JP Morgan ABS	ABS	1.45%	2.54	1.07%
Toyota Motor Corp	US Corporate	1.70%	1.30	1.04%
Cisco Systems	US Corporate	1.58%	1.42	1.04%
Deere & Company	US Corporate	1.64%	1.20	1.01%
Berkshire Hathaway	US Corporate	1.99%	3.46	0.90%
Apple Inc	US Corporate	2.25%	4.95	0.90%
Pepsico Inc	US Corporate	1.82%	2.58	0.84%
Microsoft	US Corporate	2.03%	3.86	0.74%

Moulton Niguel Water District Consolidated – Account #43
As of 9/30/2017

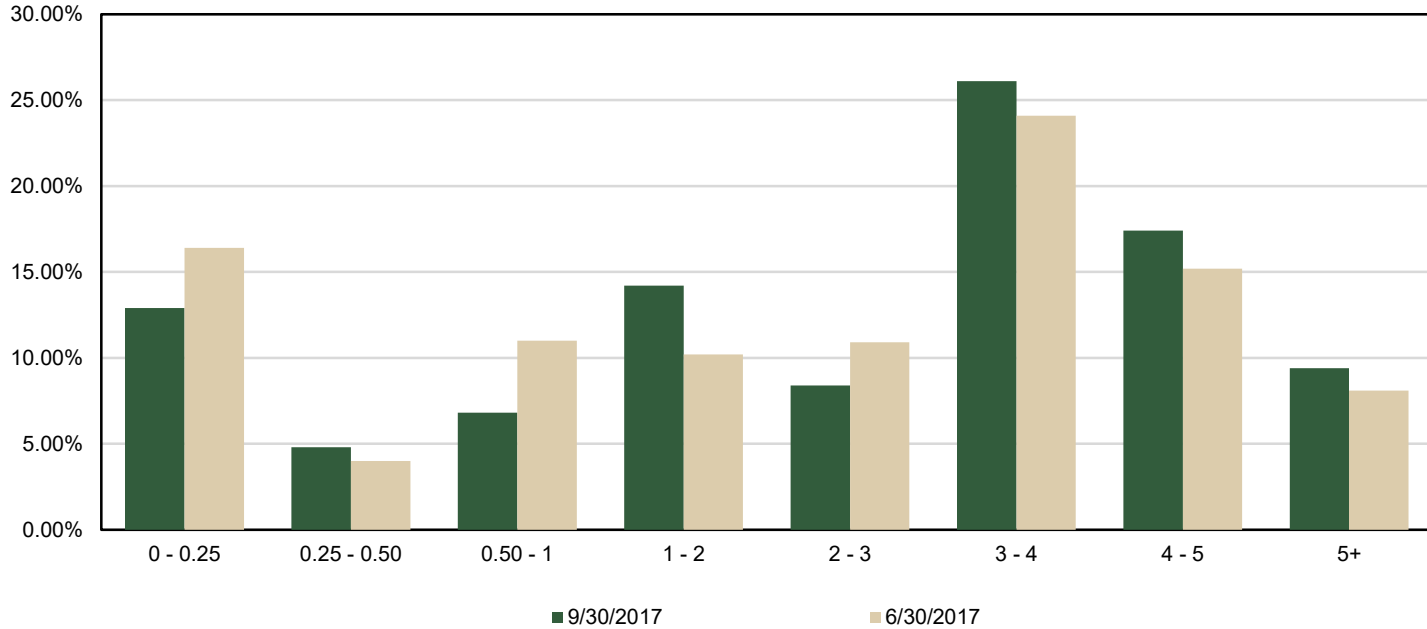
Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
PNC Financial Services Group	US Corporate	2.35%	4.39	0.71%
Intel Corp	US Corporate	1.28%	0.21	0.71%
Bank of Nova Scotia Houston	Negotiable CD	1.65%	0.98	0.64%
Toyota Motor Corp	Commercial Paper	1.36%	0.28	0.56%
John Deere ABS	ABS	1.75%	3.31	0.39%
Wells Fargo Corp	US Corporate	1.48%	0.30	0.34%
General Electric Co	US Corporate	1.59%	1.29	0.33%
Air Products & Chemicals	US Corporate	1.47%	0.04	0.26%
Bank Cash Account	Cash	0.00%	0.00	0.12%
Honda ABS	ABS	1.45%	1.39	0.10%
Toyota ABS	ABS	1.36%	1.38	0.07%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.73%	0.00	0.03%
Total		1.76%	3.00	100%



Duration Distribution

Moulton Niguel Water District Consolidated

September 30, 2017 vs. June 30, 2017



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
09/30/17	12.9%	4.8%	6.8%	14.2%	8.4%	26.1%	17.4%	9.4%
06/30/17	16.4%	4.0%	11.0%	10.2%	10.9%	24.1%	15.2%	8.1%

SECTION 2

Account Profile



Bond Reserves

	Bond Reserves	
	9/30/2017	6/30/2017
Portfolio book value	\$7,376,898	\$7,719,643
Market value	\$7,302,316	\$7,654,158
Net Contribution/Withdrawal for the Period	-\$374,436	--
Average book yield	1.32%	1.20%
Average maturity (yrs)	3.25	3.00
Modified duration	3.13	2.88
\$ change in value for 1% change in rates	\$228,588	\$220,699
% maturing within two years	11.0%	14.4%
Average credit quality	AA+/Aaa	AA+/Aaa



Liquid Fund

	BAML 3-Month US Treasury Bill Index	Liquid Fund	
	9/30/2017	9/30/2017	6/30/2017
Portfolio book value	--	\$8,918,020	\$18,471,152
Market value	--	\$8,954,758	\$18,518,300
Net Contribution/Withdrawal for the Period	--	(\$9,600,000)	--
Average book yield	--	1.12%	1.01%
Average maturity (yrs)	0.16	0.00	0.00
Modified duration	0.16	0.00	0.00
\$ change in value for 1% change in rates	--	\$0	\$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated



Limited Maturity Fund

	BAML 0-3 Yr US Treasury Index	Limited Maturity Fund	
	9/30/2017	9/30/2017	6/30/2017
Portfolio book value	--	\$17,357,326	\$17,440,556
Market value	--	\$17,189,886	\$17,125,870
Net Contribution/Withdrawal for the Period	--	\$0	--
Average book yield	--	1.98%	1.95%
Average maturity (yrs)	1.41	0.92	1.16
Modified duration	1.38	0.73	0.93
\$ change in value for 1% change in rates	--	\$125,486	\$159,271
% maturing within two years	69.2%	92.7%	75.9%
Average credit quality	AAA	AA/Aa2	AA/Aa2



Operating Reserve Fund

	BAML 1-10 Yr US Treasury/Agency Index	Operating Reserve Fund	
	9/30/2017	9/30/2017	6/30/2017
Portfolio book value	--	\$82,010,755	\$81,446,467
Market value	--	\$82,974,198	\$82,603,095
Net Contribution/Withdrawal for the Period	--	(\$1,875)	--
Average book yield	--	2.13%	2.09%
Average maturity (yrs)	3.88	3.74	3.74
Modified duration	3.64	3.50	3.51
\$ change in value for 1% change in rates	--	\$2,904,097	\$2,899,369
% maturing within two years	23.4%	19.9%	19.8%
Average credit quality	AAA	AA/Aa1	AA/Aa1

SECTION 3

Economic Update



■ Federal Open Market Committee (FOMC)

- The FOMC left the fed funds target rate unchanged at a range of 1.00%-1.25% at the September 19-20 meeting. As expected, the Committee announced plans to initiate the balance sheet normalization program in October.

■ Labor Markets

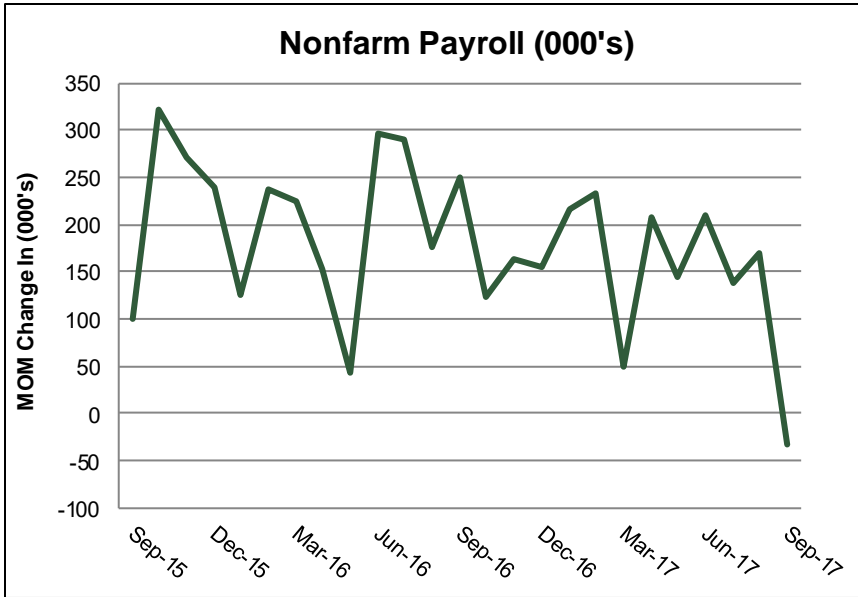
- U.S. Payrolls declined 33,000 in September, well below the +80,000 consensus estimate. However, September payrolls were likely significantly distorted by the hurricanes. The unemployment rate decreased to 4.2% in September from 4.4% in August, and the labor participation rate increased to 63.1% from 62.9%.

■ Inflation

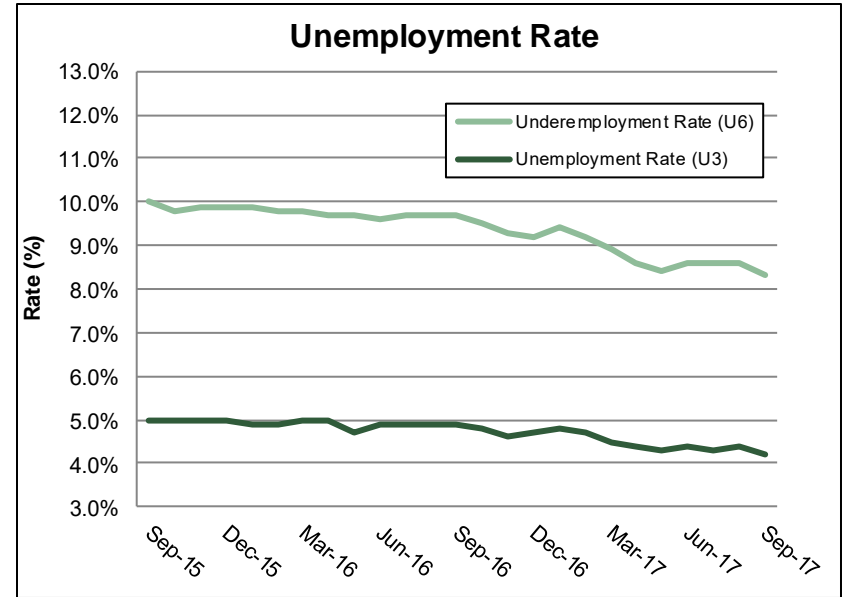
- Core Personal Consumption Expenditures (PCE; excluding food and energy) was up just 1.4% year-over-year in August, unchanged from June or July.

■ Economic growth

- GDP grew by 3.1% in the second quarter, following growth of 1.2% in the first quarter.

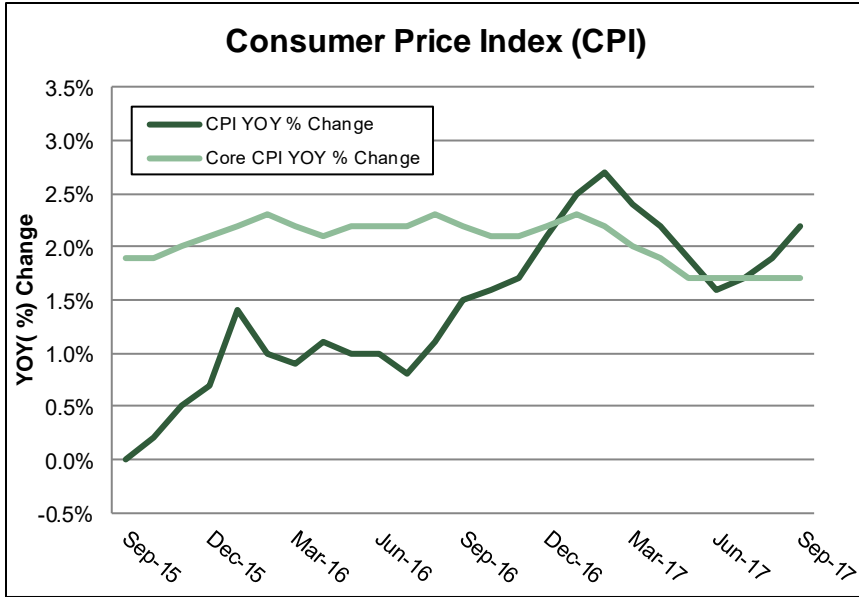


Source: US Department of Labor

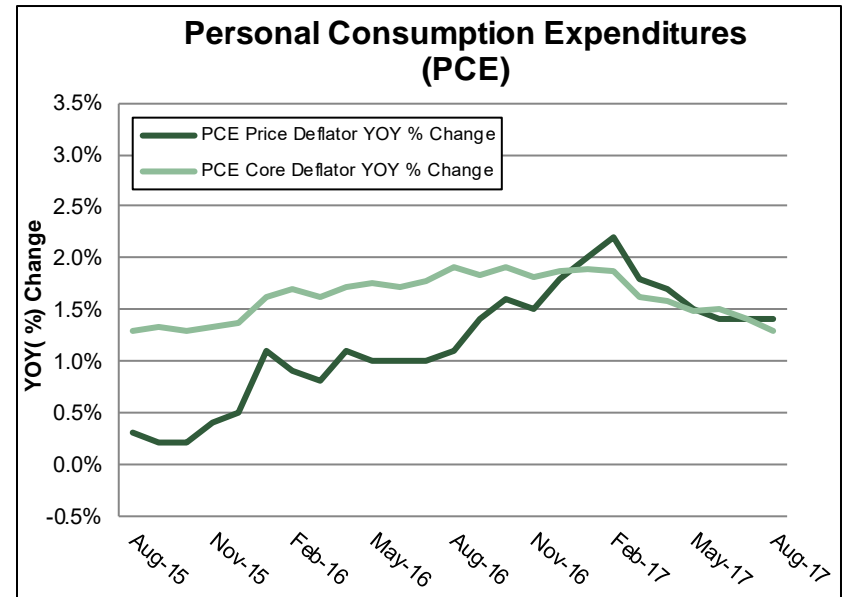


Source: US Department of Labor

U.S. payrolls declined 33,000 in September, well below the +80,000 consensus estimate. However, September payrolls were likely significantly distorted by the hurricanes. The unemployment rate decreased to 4.2% in September from 4.4% in August, and the labor participation rate increased to 63.1% from 62.9%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 8.3% from 8.6%. Wages jumped 0.5% in September. On a year-over-year basis wages were up 2.9% in September, versus up 2.7% year-over-year in August.

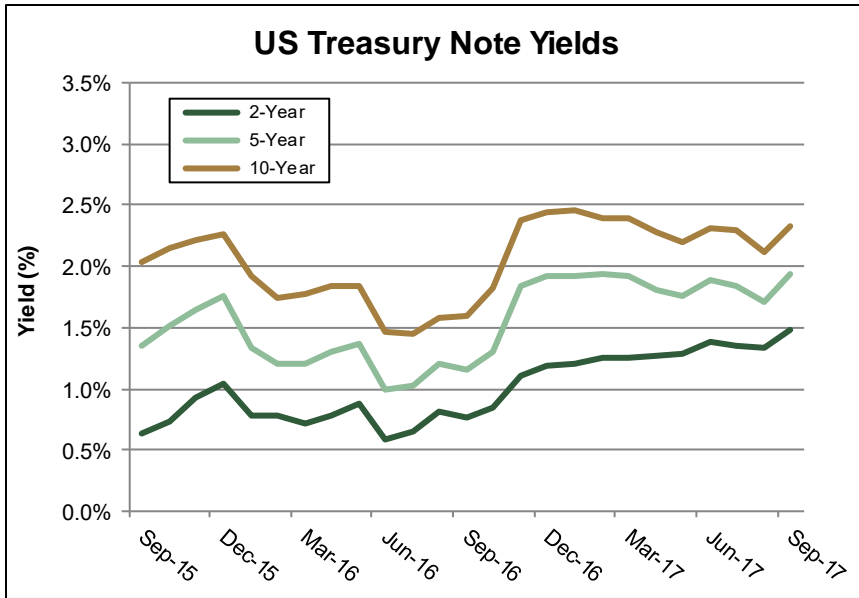


Source: US Department of Labor

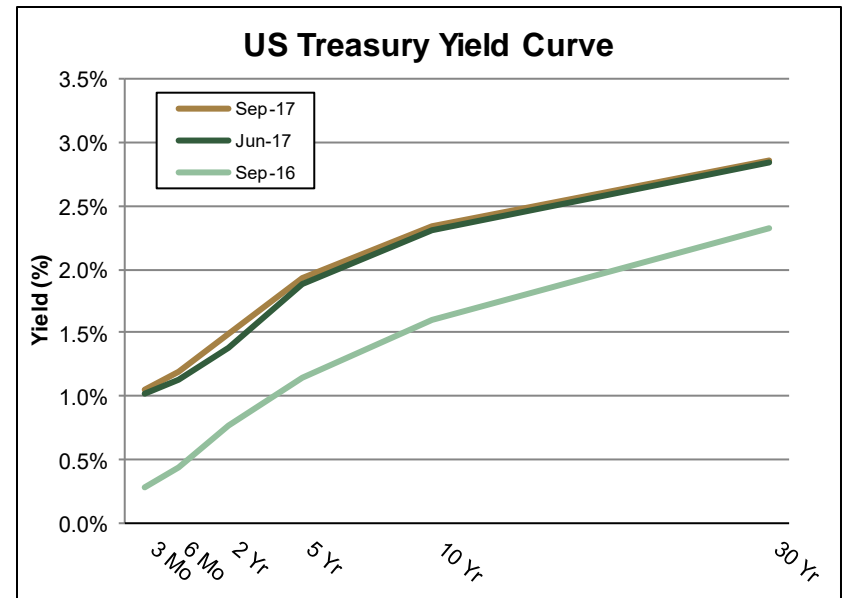


Source: US Department of Labor

The Consumer Price Index (CPI) was up 2.2% year-over-year in September, versus up 1.9% year-over-year in August. Core CPI (CPI less food and energy) was up just 1.7% year-over-year in September, unchanged for the past five consecutive months. The increase in headline CPI inflation was driven in part by an increase in energy prices following the hurricanes. The Personal Consumption Expenditures (PCE) index was up 1.4% year-over-year in August, unchanged from June or July. Core PCE (excluding food and energy) was up just 1.3% year-over-year in August, versus up 1.4% year-over-year in July. Inflation remains below the Fed's 2.0% target.



Source: Bloomberg



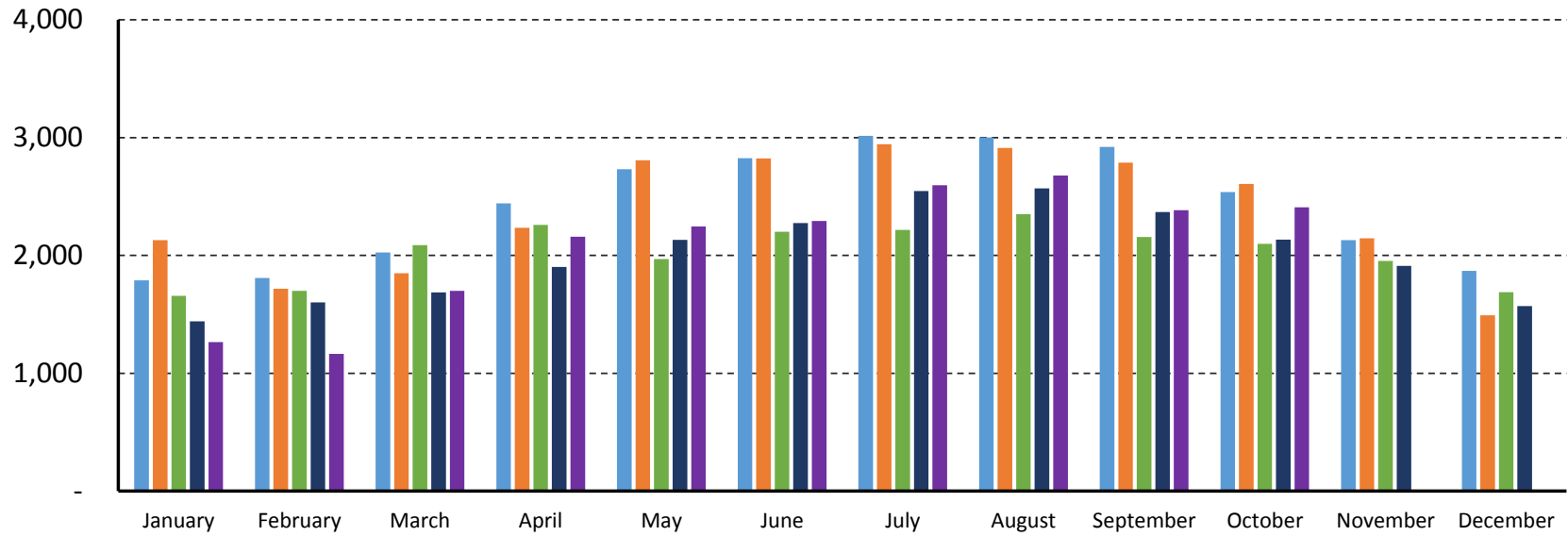
Source: Bloomberg

The yield curve has flattened meaningfully this year. The spread between 2-year and 10-year Treasury yields was just 85 basis points at the end of September, compared to 126 at the end of 2016. In the three months ending in September, the 2-year Treasury yield increased about ten basis points while the 10-year Treasury yield increased just three basis points. Immediately following the US Presidential election last fall, the Treasury yield curve steepened meaningfully, driven by heightened expectations for tax reform, fiscal stimulus, and above-trend economic growth under the Trump administration. However, market participants are skeptical the Trump administration will deliver on their legislative agenda.



Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

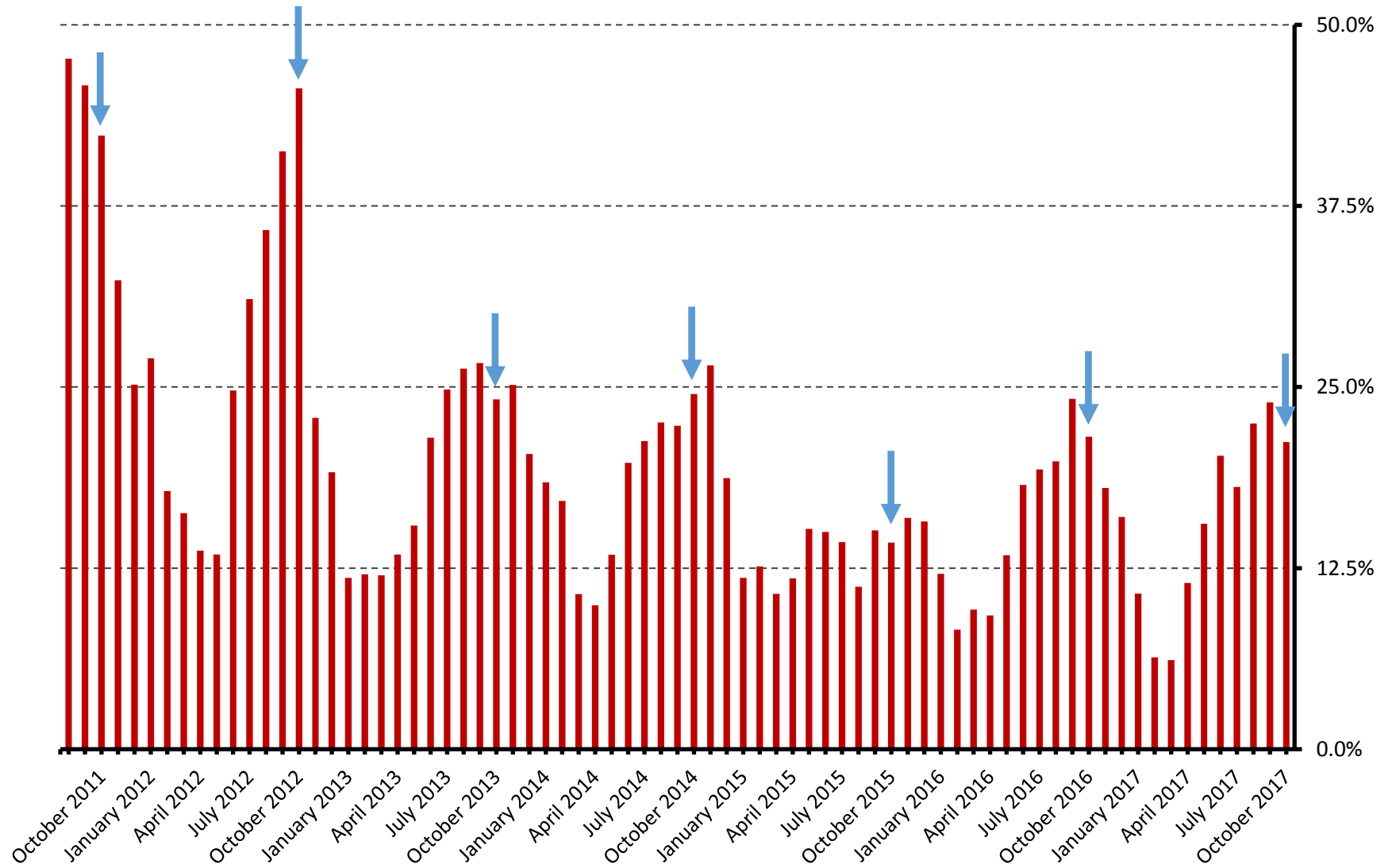
AF Historical Monthly MNWD Water Purchases & Evapotranspiration



Year	ET (Inches)												
2013	2.54	2.88	4.08	4.79	5.99	6.07	5.81	6.53	5.26	3.92	2.52	2.49	
2014	2.82	2.64	4.09	5.54	6.39	6.45	6.54	6.23	5.21	3.94	3.16	1.91	
2015	2.52	3.02	4.96	5.31	4.48	5.75	5.69	6.27	5	3.88	3.24	2.35	
2016	1.87	3.82	3.98	5.16	4.63	5.77	6.77	5.97	4.51	3.23	2.75	1.89	
2017	1.96	1.75	4.24	5.17	4.7	5.24	6.36	6.18	4.8	3.44			

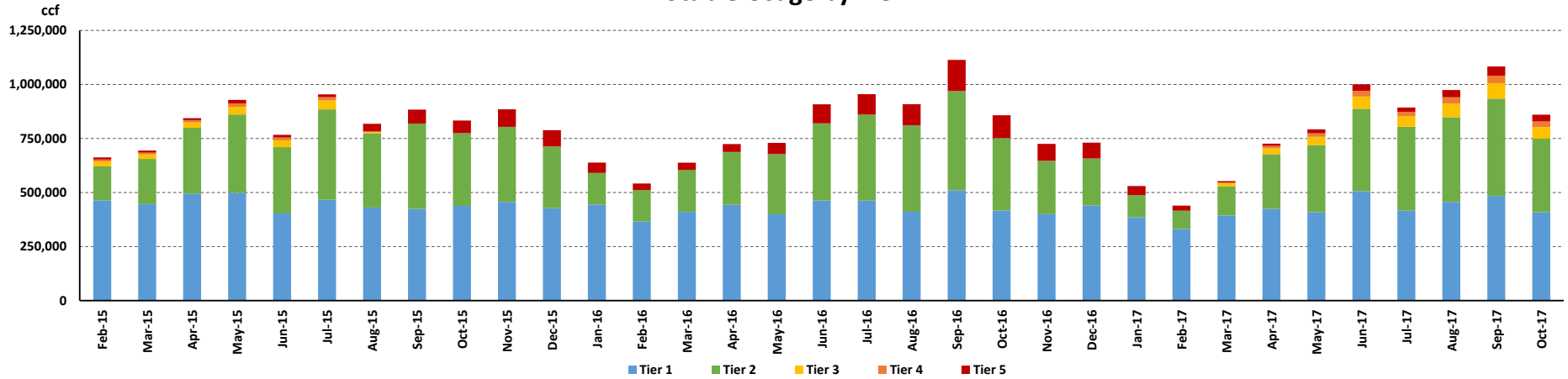
November 15, 2017

Single Family Residential Accounts Above Tier 2



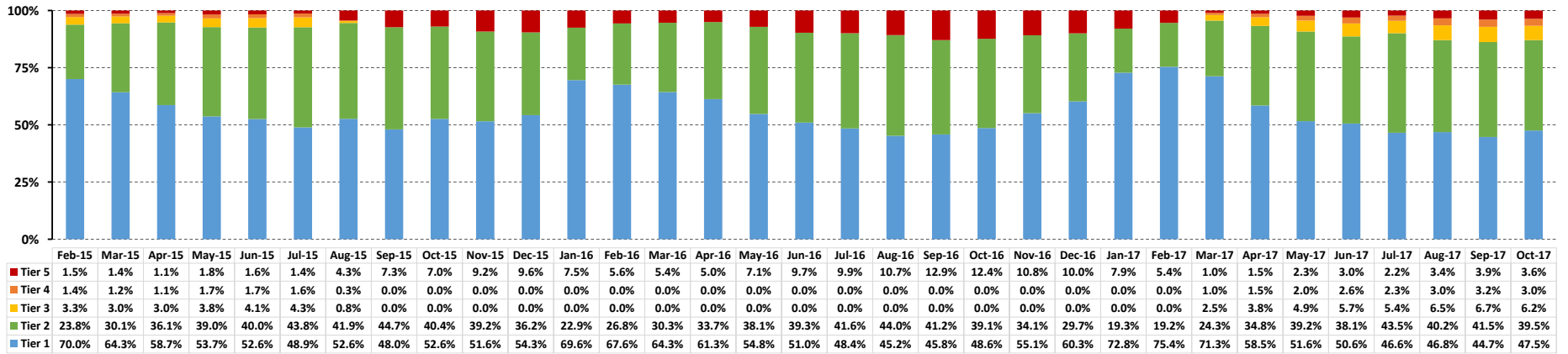
November 15, 2017

Potable Usage by Tier



AF in Tier 3, 4, 5	94	89	101	154	131	159	102	148	134	187	173	110	70	78	83	119	202	218	224	331	243	180	167	96	54	56	112	167	260	204	289	343	255
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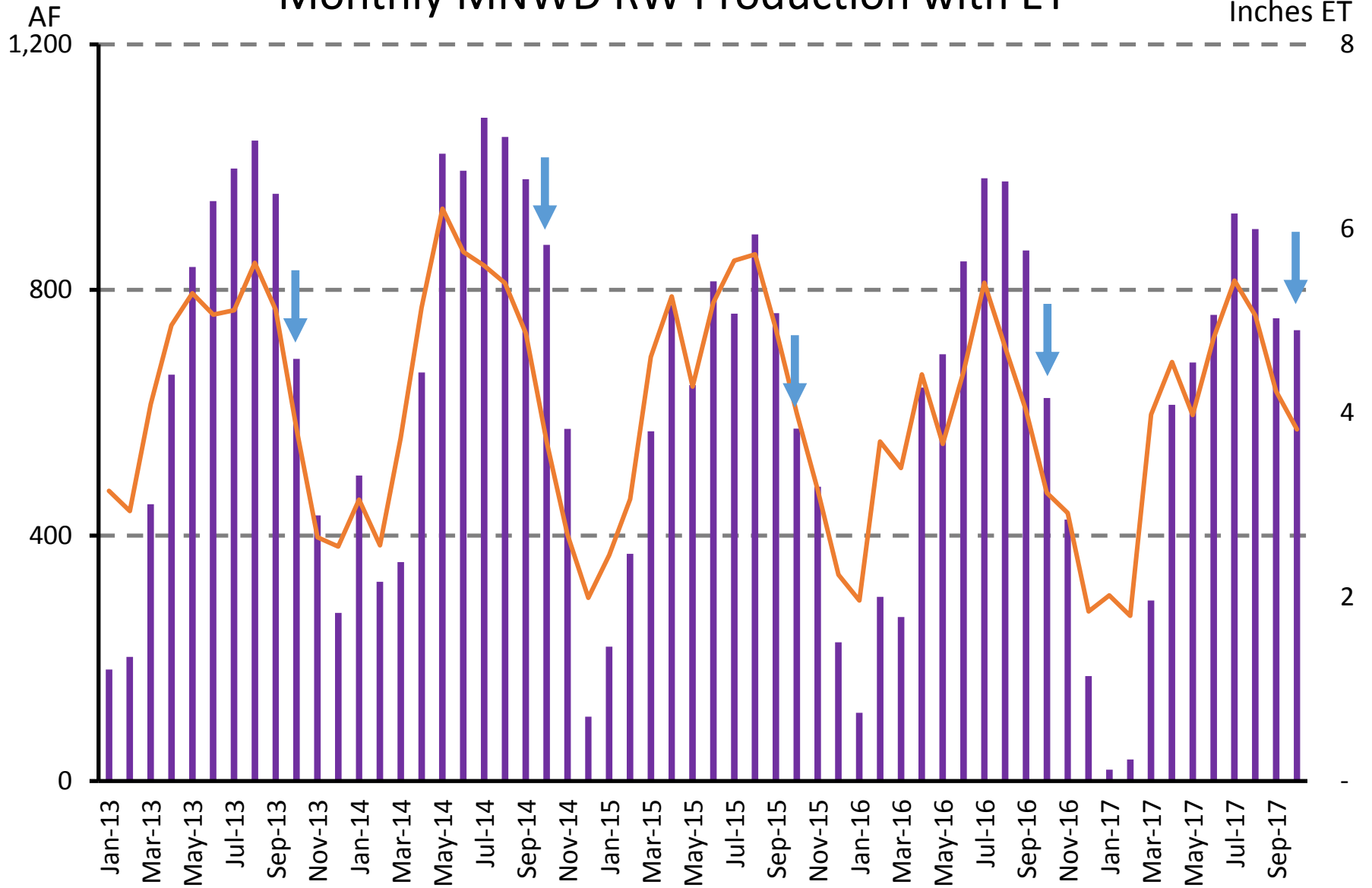
Percent Potable Usage by Tier



Tier 1 Tier 2 Tier 3 Tier 4 Tier 5

November 15, 2017

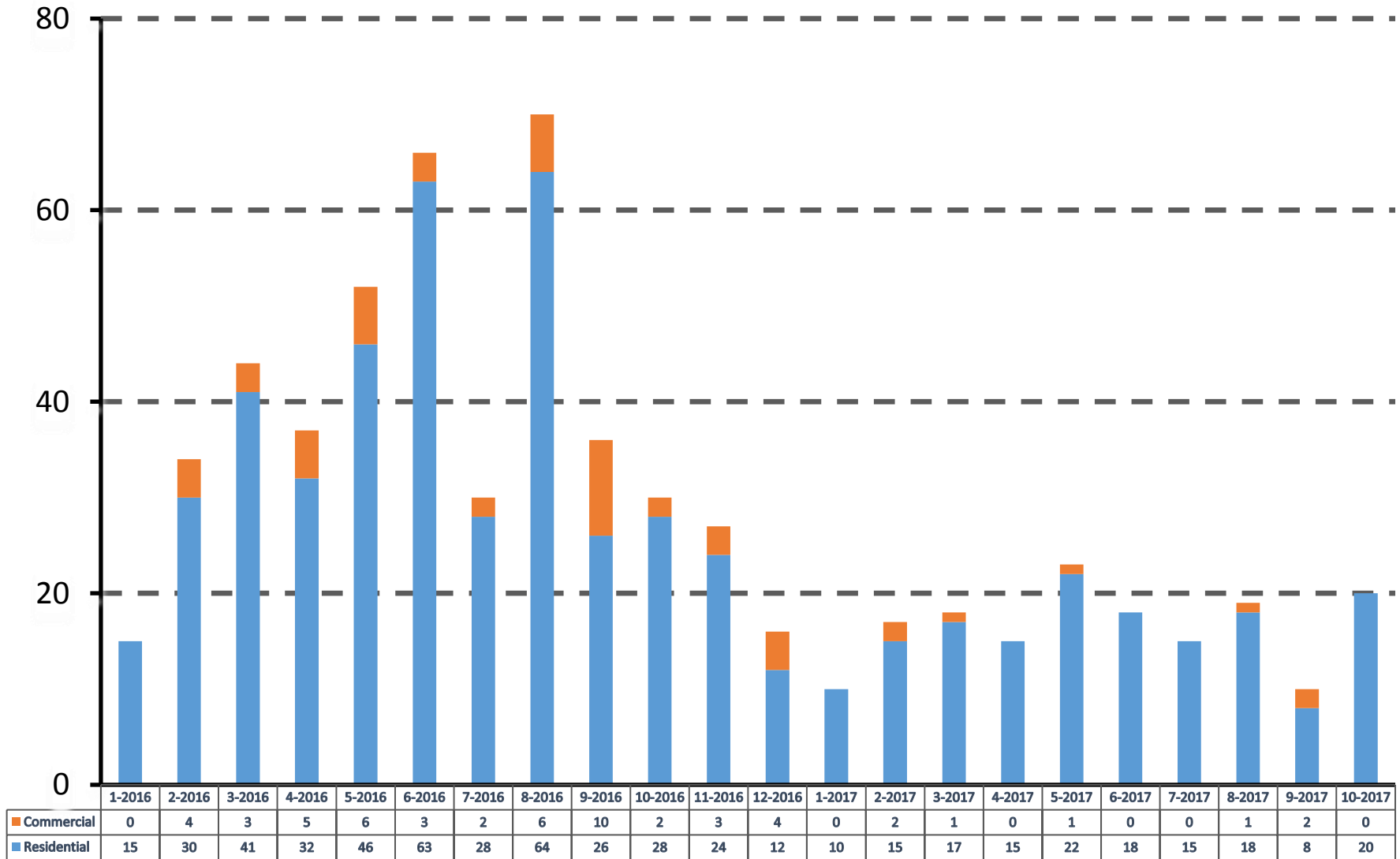
Monthly MNWD RW Production with ET



November 15, 2017

Total Turf Removal Applications by Month

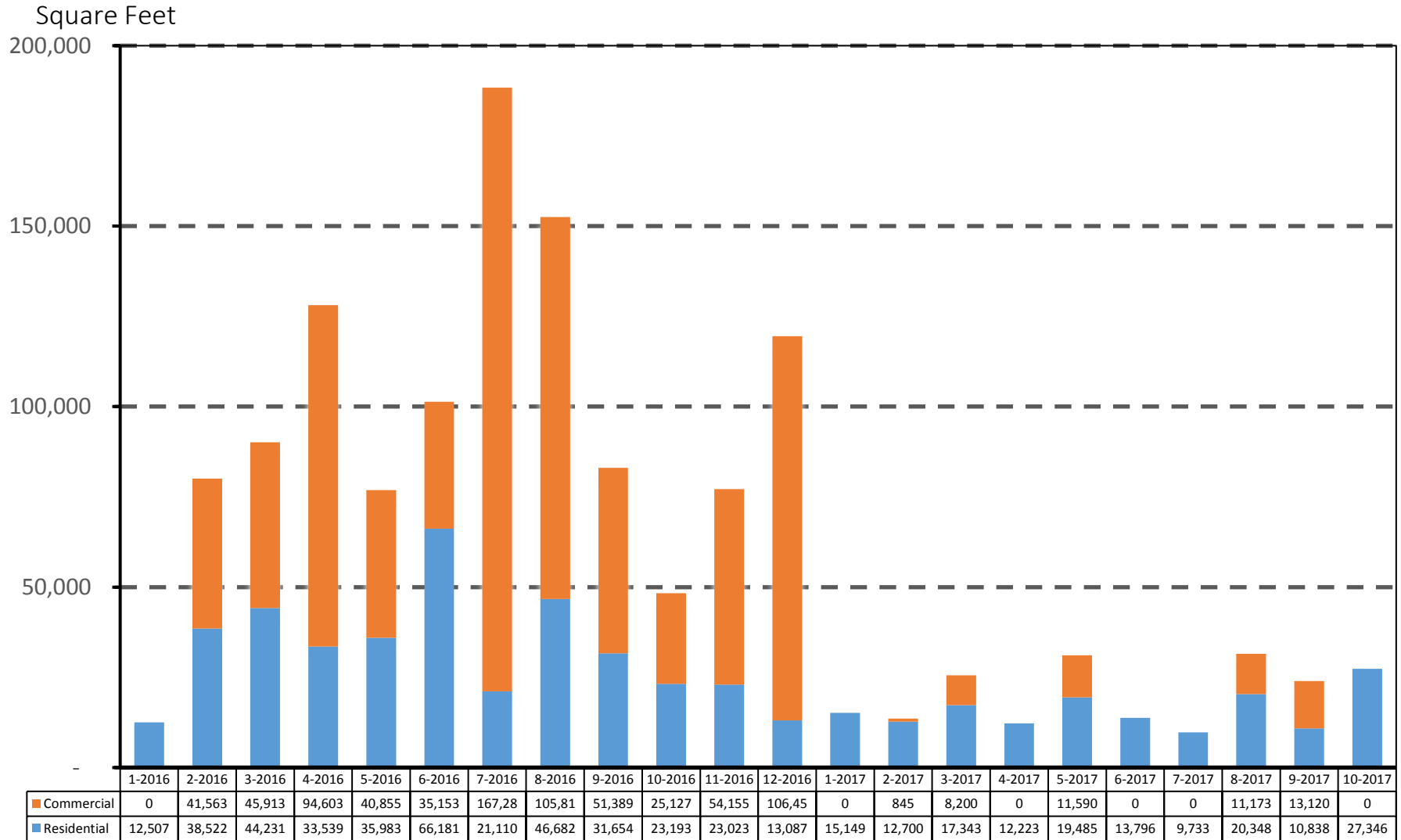
Applications



■ Residential ■ Commercial

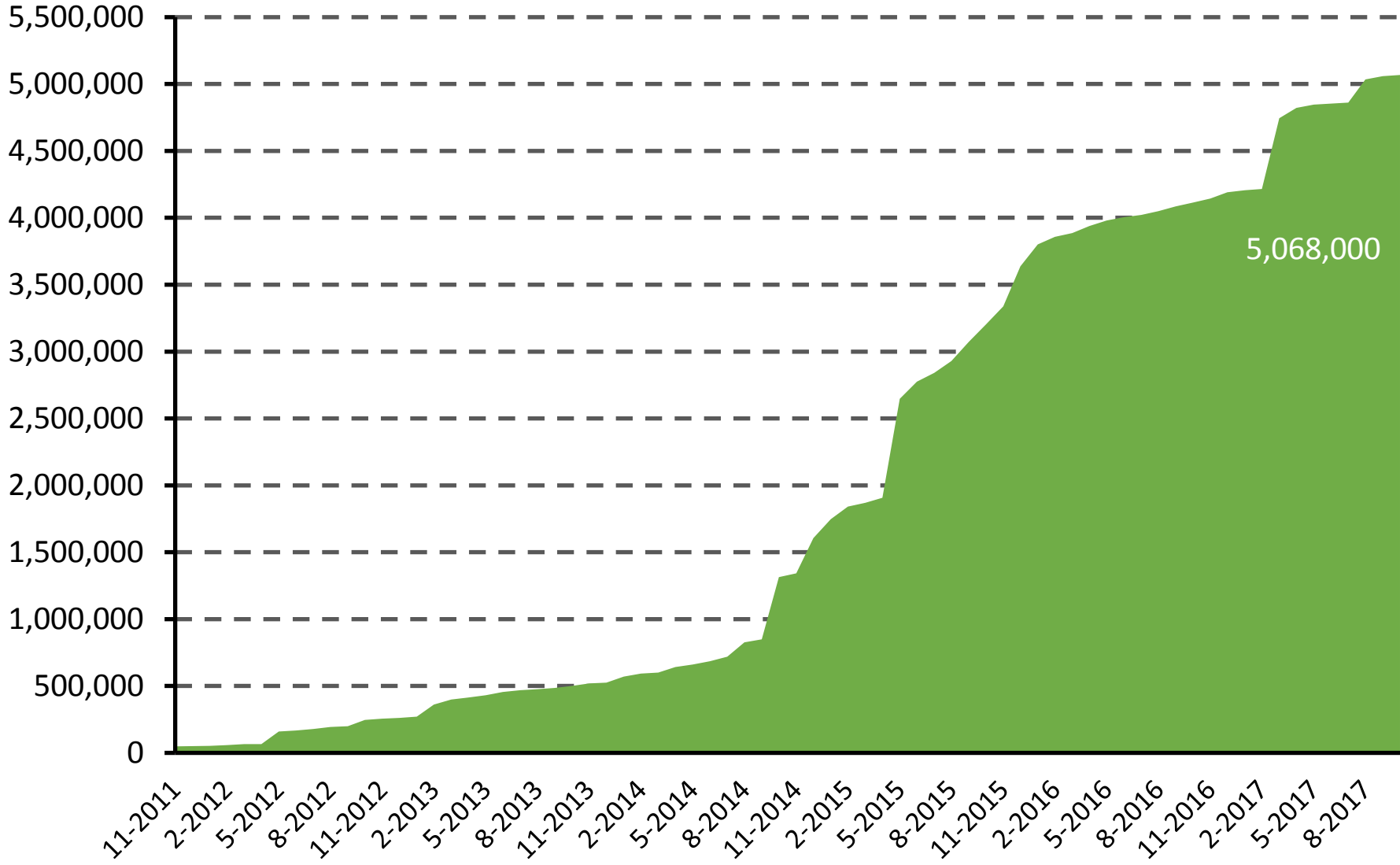
November 15, 2017

Total Turf Removal Application Size by Month



Square Feet

Total Turf Removed



November 15, 2017