



GOVERNMENT PORTFOLIO ADVISORS

Monthly Report

Account

1/31/2016

City of Franklin - Core Investment Fund

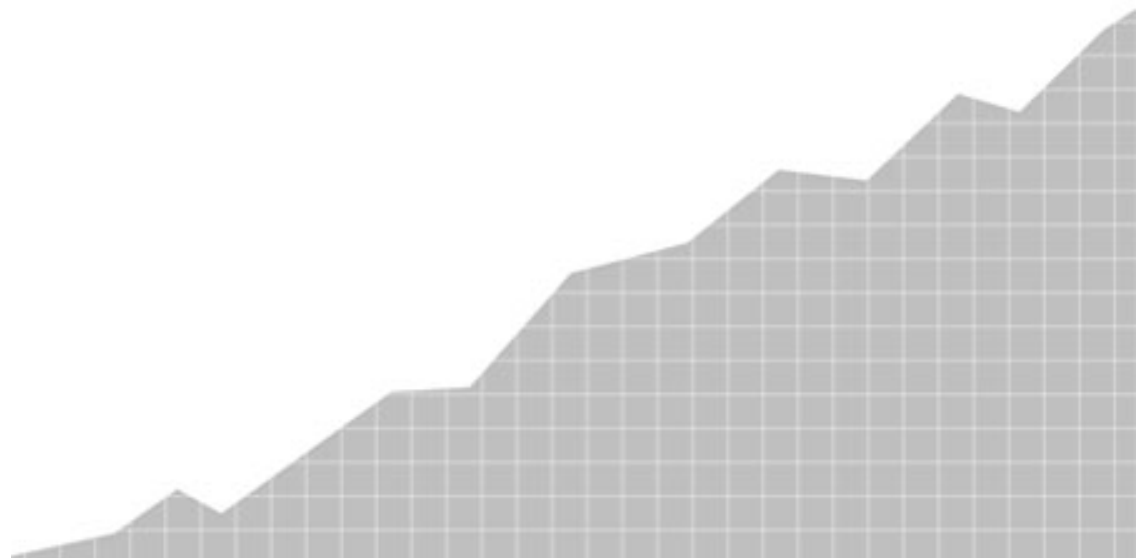




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MONTH END COMMENTARY – JANUARY 2016

Bond yields dropped in the first month of the year as stocks plummeted, Japan adopted a negative interest-rate policy and the Fed released dovish minutes from the January meeting. The only part of the curve that saw an increase in rates were maturities three months and shorter. The start to 2016 proved to be bearish for stocks. The Dow Jones, the NASDAQ and the S&P 500 were 5.5%, 7.9% and 5.1% lower respectively to begin the year. Concerns about slowing output in China, sharply falling oil prices and weak U.S. industrial and manufacturing data contributed to the January decline in equities and the flight to quality to U.S. Treasuries. With the conditions in January, bond market participants are concerned that the Fed may be slower to raise rates than had been anticipated. While a March rate hike is expected, rates fell in response to falling equities and global concerns. The 2-year Treasury fell from 1.05% to .78% and the 3-year Treasury fell from 1.31% on December 31st to .97% on January 31st.

January FOMC Statement: The January FOMC statement came out slightly more dovish than expected. The Fed acknowledged the recent weakening of some key economic indicators, downgraded their inflation forecast and mentioned concerns about the turmoil in global financial markets. On inflation, they downgraded their near-term forecast by adding that inflation is expected to “remain low in the near term, in part because of further declines in energy prices...” To increase rates in March, The Fed will need to see a rebound in the markets and economic fundamentals in the weeks ahead.

Bank of Japan goes to negative rates: In a surprise announcement, the Bank of Japan voted to put an interest rate of minus .1% on accounts held at the central bank. This is the first time Japan has gone negative. Global bonds dropped in yields in reaction to this aggressive move by the Japanese Central Bank.

Non-farm Payrolls/Unemployment: Total nonfarm payrolls grew 292,000, beating market expectations of 200,000. There was also a revision to the previous month’s number, from 211,000 to 252,000. The unemployment rate remained at 5.0%. Employment gains were led by professional and business services, construction, health care, and food services. Mining employment continues to decline.

The Price of Oil: Oil has declined by over 70% (from 107 dollars to 29 dollars per barrel) since June 2014. This has been the cause of the significant dislocation in the financial markets in January. The decline has been sudden and will most likely take a significant amount of time to stabilize and recover from the recent selloff.

Economic Recovery in China: China consumes over 50% of the world’s iron ore, steel, coal, and over 40% of the world’s copper. The slowing Chinese economy has had a considerable impact on the world’s commodity prices. Excess capacity in China will take time to correct and recover. Commodities will most likely stay under pressure until this capacity is reduced.

Treasury Yield Curve Total Returns over the last 12 months:*

3month bill	.05
1 year note	.44
2 year note	.58
3 year note	.94
5 year note	1.29

TREASURY BENCHMARK TOTAL RETURNS IN MONTH

Benchmark	Period Return	Duration
BAML 0-3 Year Treasury	.43%	1.40
BAML 0-5 Year Treasury	.86%	2.20
BAML 1-3 Year Treasury	.61%	1.85
BAML 1-5 Year Treasury	1.06%	2.65

*Source: Bloomberg

Changes in the Treasury Market (absolute yield levels):*

	01/31/15	12/31/15	01/31/16	Change in January	Change from Prior Year
3 month bill	.00	.16	.31	+.15	+.31
6 month bill	.05	.48	.43	-.05	+.38
2 year note	.45	1.05	.78	-.27	+.33
3 year note	.74	1.31	.97	-.34	+.23
5 year note	1.15	1.76	1.33	-.43	+.18
10 year	1.64	2.27	1.92	-.35	+.28

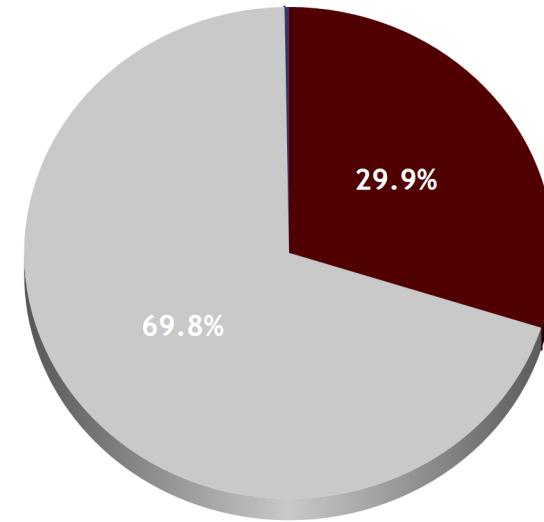
*Source: Bloomberg



Weighted Averages

Book Yield	0.87
Maturity	1.62
Coupon	0.91
Moody	Aaa
S&P	AA+

Fixed Income Allocation



Fixed Income Totals

Par Value	25,068,242
Market Value	25,148,782.15
Amortized Book Value	25,102,708.14
Unrealized Gain/Loss	46,074.01
Estimated Annual Cash Flow	228,131.82

Security Type	Market Value	% Fixed Income	% Assets
US Agency (USD)	7,527,097.50	29.9	29.9
US Treasury (USD)	17,553,442.50	69.8	69.8
Bank Deposit (USD)	68,242.15	0.3	0.3
Fixed Income Total	25,148,782.15	100.0	100.0

Portfolio Summary

January 31, 2016

Portfolio Name	Par Amount	Total Original Cost	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Mod Dur	Eff Dur	Bench Dur	Benchmark
City of Franklin - Core Investment Fund	25,068,242	25,104,065.60	25,102,708.14	25,148,782.15	46,074.01	0.87	1.59	1.59	1.40	BofA Merrill 0-3 Treasury
TOTAL PORTFOLIO	25,068,242	25,104,065.60	25,102,708.14	25,148,782.15	46,074.01	0.87	1.59	1.59	1.40	

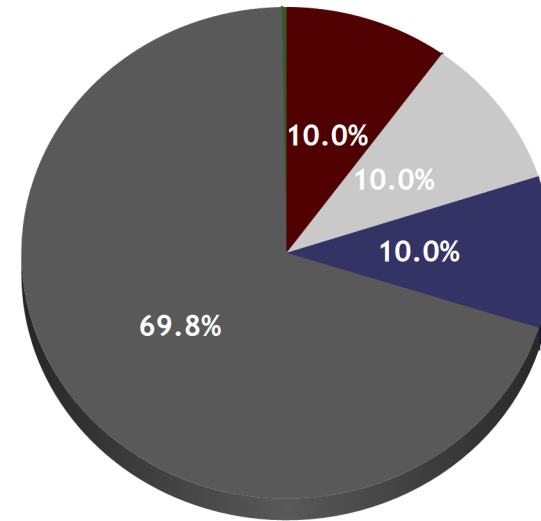


Total Return For Period

Since 12/31/2015

Beginning Principal Value	25,015,209.24
Beginning Accrued Interest	56,159.75
Net Contributions/Withdrawals	-12,187.50
Market Value Change	122,322.50
Interest Earnings	19,194.21
Ending Principal Value	25,148,782.15
Accrued Interest	51,916.05
Total Return	141,516.71
Advisory Fees for Period	-2,083.33
Net Total Return	139,433.38

Portfolio Allocation as of 1/31/2016



Issuer	Market Value	% Assets	Yield
FEDERAL NATL MTG ASSN	2,507,580.00	10.0	1.0
FEDERAL HOME LOAN BANKS	2,510,845.00	10.0	1.0
FEDERAL HOME LN MTG CORP	2,508,672.50	10.0	1.0
UNITED STATES TREAS NTS	17,553,442.50	69.8	0.8
FIFTH THIRD BK CINCINNATI STN	68,242.15	0.3	0.0
Total	25,148,782.15	100.0	0.9



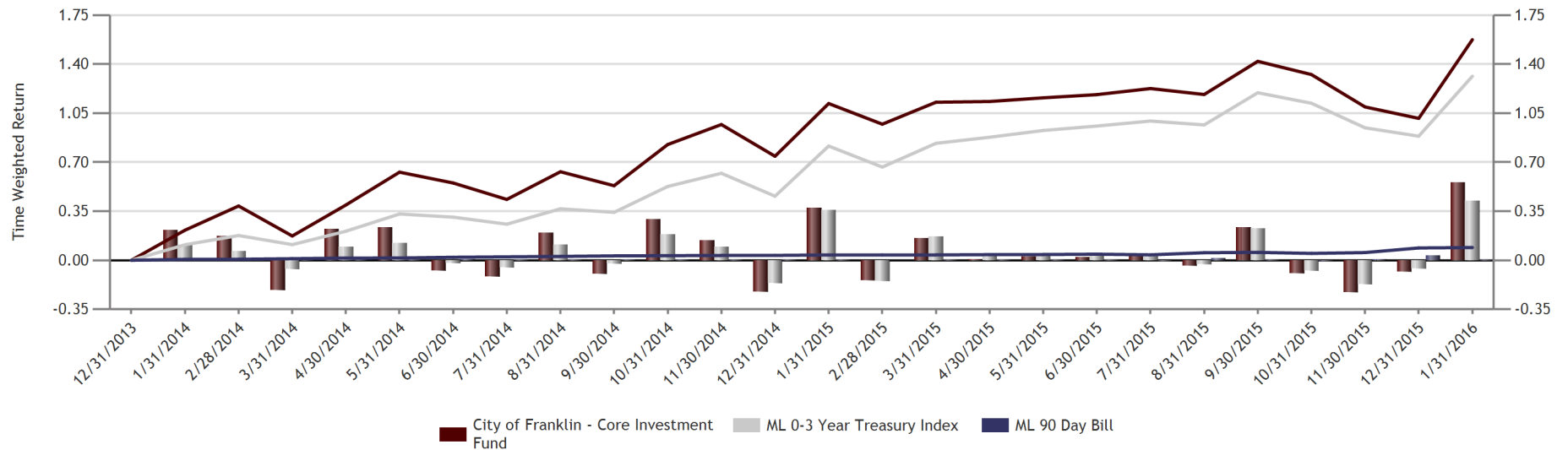
Performance History

Portfolio	Month To Date	Quarter To Date	Fiscal Year To Date	Latest 1 Year	Inception To Date
Account	0.56	0.56	0.56	0.45	1.57

Index

ML 0-3 Year Treasury Index	0.42	0.42	0.42	0.49	1.31
ML 90 Day Bill	0.00	0.00	0.00	0.05	0.09

Time Weighted Return Inception (12/31/2013) to Date

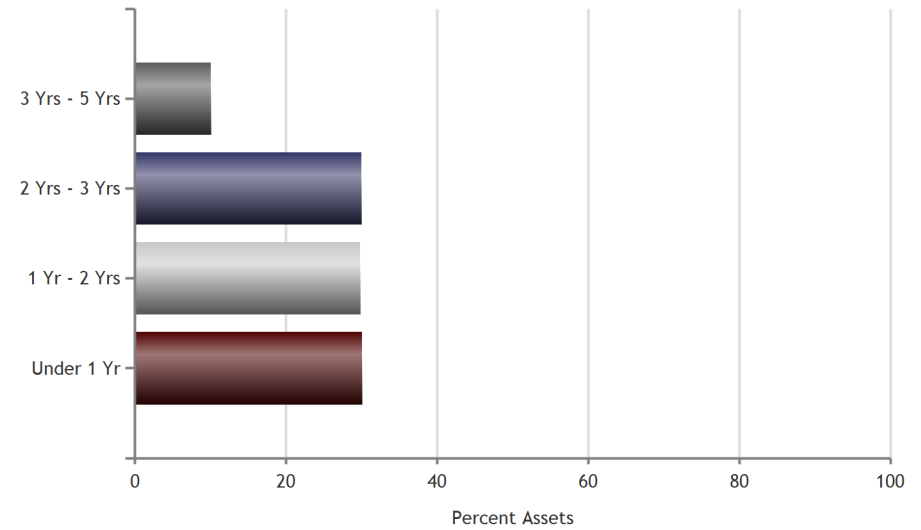




Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average Curr. Yld	Average Coupon	Average Duration
Under 1 Yr	4	7,570,414.65	30.1	0.6	0.619%	0.7
1 Yr - 2 Yrs	3	7,508,672.50	29.9	0.8	0.792%	1.2
2 Yrs - 3 Yrs	3	7,533,367.50	30.0	1.1	1.125%	2.4
3 Yrs - 5 Yrs	1	2,536,327.50	10.1	1.5	1.500%	3.1

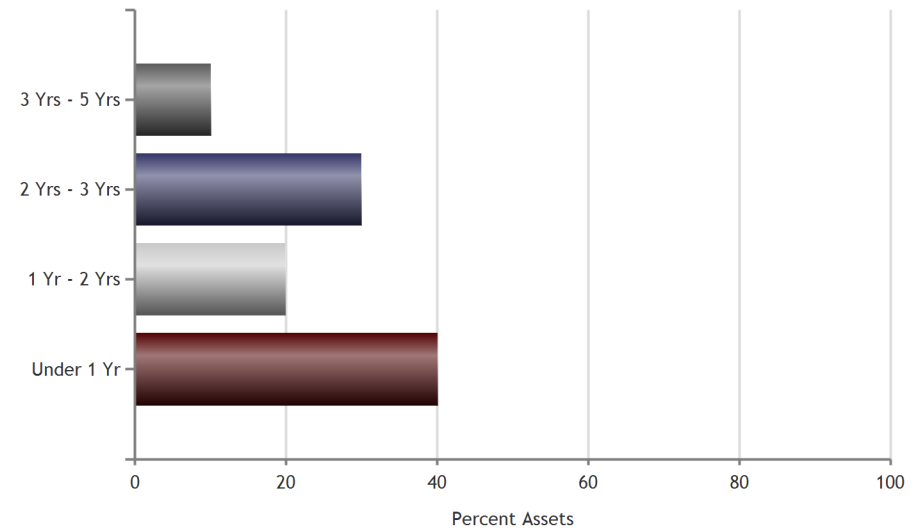
Distribution by Maturity



Distribution by Duration

Duration	Number	Market Value	% FI Holdings	Average Curr. Yld	Average Coupon	Average Duration
Under 1 Yr	5	10,075,784.65	40.1	0.7	0.683%	0.8
1 Yr - 2 Yrs	2	5,003,302.50	19.9	0.7	0.751%	1.3
2 Yrs - 3 Yrs	3	7,533,367.50	30.0	1.1	1.125%	2.4
3 Yrs - 5 Yrs	1	2,536,327.50	10.1	1.5	1.500%	3.1

Distribution by Duration

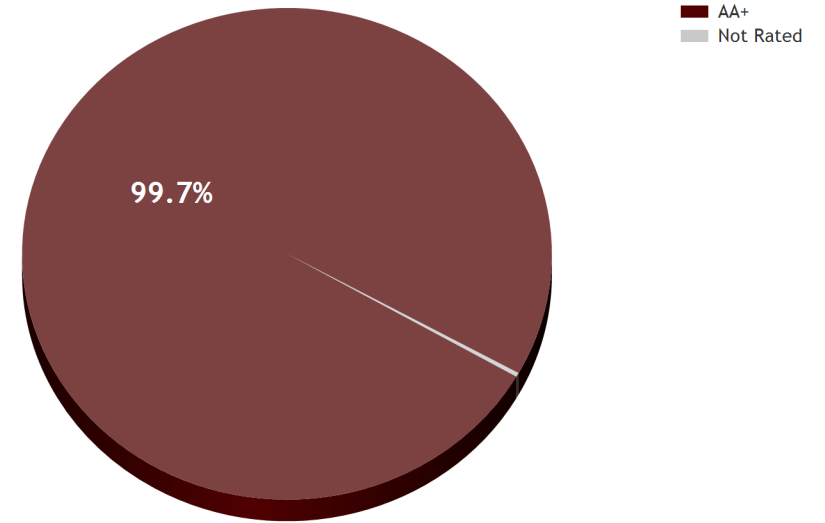




Distribution by S&P Rating

S&P Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
AA+	10	25,080,540.00	99.7	0.9	0.914%	2.7
Not Rated	1	68,242.15	0.3	0.0	0.010%	0.1

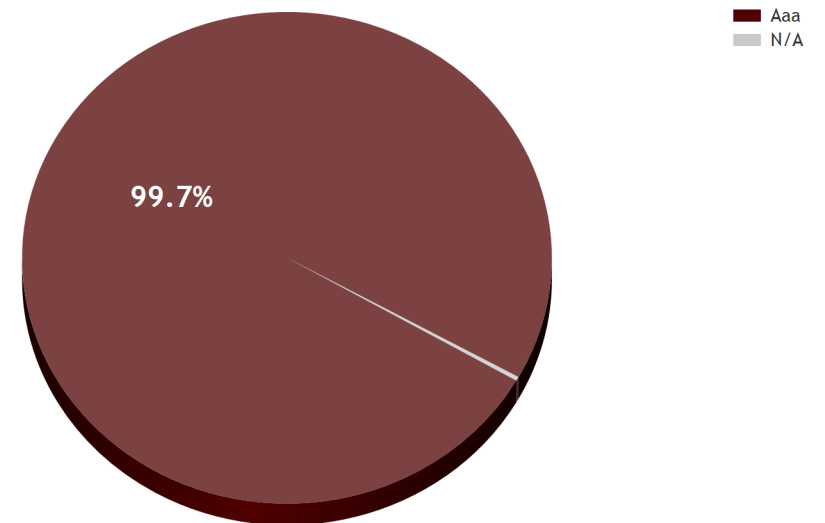
Distribution by S&P Rating

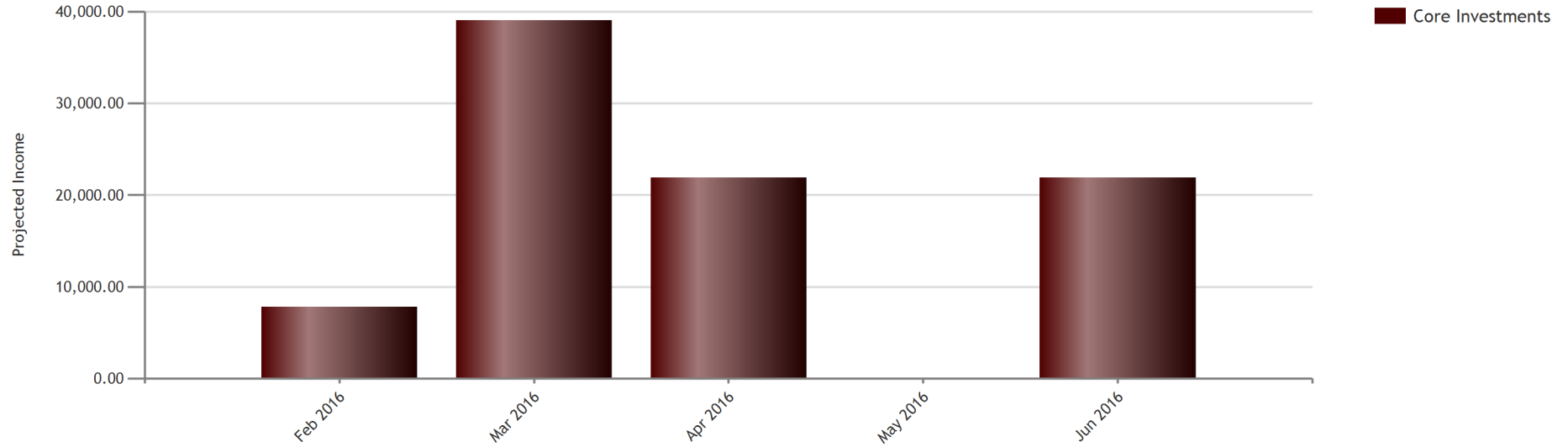


Distribution by Moody Rating

Moody Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Aaa	10	25,080,540.00	99.7	0.9	0.914%	2.7
N/A	1	68,242.15	0.3	0.0	0.010%	0.1

Distribution by Moody Rating





	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016
Core Investments	7,812.50	39,062.50	21,875.00	0.00	21,875.00
US Agency (USD)	0.00	14,062.50	14,062.50	0.00	0.00
US Treasury (USD)	7,812.50	25,000.00	7,812.50	0.00	21,875.00
Total	7,812.50	39,062.50	21,875.00	0.00	21,875.00
Grand Total	90,625.00				



Purchases

Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost
1/31/2016	1/31/2016	68,242	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 02-28-16	100.00	68,242
Total Purchases						68,242

Sales

Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost	Amort. or Accretion	Unit Price	Proceeds	Gain/Loss
1/1/2016	1/1/2016	56,992	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 02-28-16	100.00	56,992		100.00	56,992	0
Total Sales						56,992			56,992	0

Interest

Trade Date	Settle Date	Symbol	Security	Amount
1/4/2016	1/4/2016	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 02-28-16	0
1/28/2016	1/28/2016	3137EADJ5	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17	12,500
1/31/2016	1/31/2016	912828SC5	UNITED STATES TREAS NTS 0.875% Due 01-31-17	10,938
Total Interest				23,438

Expenses

Trade Date	Settle Date	Symbol	Security	Amount
1/21/2016	1/21/2016	fees	exusfees	1,250
1/31/2016	1/31/2016	manfee	Management Fee	2,083
Total Expenses				3,333

Withdrawals

Trade Date	Settle Date	Quantity	Symbol	Security	Unit Price	Amount
1/31/2016	1/31/2016		cash	CASH ACCOUNT		10,938
Total Withdrawals						10,938

Portfolio Holdings

City of Franklin - Core Investment Fund

January 31, 2016

Cusip	Quantity	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Eff Dur
US Treasury															
912828VR8	2,500,000	UNITED STATES TREAS NTS 0.625% Due 08-15-16		03-27-14	100.00	0.62	100.0556	0.52	2,501,390.00	7,175.61	2,508,565.61	1,367.99	9.9	0.54	0.53
912828WA4	2,500,000	UNITED STATES TREAS NTS 0.625% Due 10-15-16		03-27-14	99.95	0.70	100.0352	0.57	2,500,880.00	4,610.66	2,505,490.66	2,228.42	9.9	0.70	0.70
912828A59	2,500,000	UNITED STATES TREAS NTS 0.625% Due 12-15-16		12-18-13	99.99	0.64	99.9961	0.63	2,499,902.50	2,006.49	2,501,908.99	158.25	9.9	0.87	0.87
912828SC5	2,500,000	UNITED STATES TREAS NTS 0.875% Due 01-31-17		03-27-14	100.03	0.84	100.2148	0.66	2,505,370.00	0.00	2,505,370.00	4,615.87	10.0	0.99	0.99
912828J92	2,500,000	UNITED STATES TREAS NTS 0.500% Due 03-31-17		07-24-15	99.88	0.60	99.7852	0.69	2,494,630.00	4,200.82	2,498,830.82	-2,391.03	9.9	1.16	1.15
912828XF2	2,500,000	UNITED STATES TREAS NTS 1.125% Due 06-15-18		08-18-15	100.25	1.02	100.5977	0.87	2,514,942.50	3,611.68	2,518,554.18	8,789.21	10.0	2.33	2.34
912828SN1	2,500,000	UNITED STATES TREAS NTS 1.500% Due 03-31-19		11-16-15	100.63	1.30	101.4531	1.03	2,536,327.50	12,602.46	2,548,929.96	20,618.71	10.1	3.07	3.08
	17,500,000					0.82		0.71	17,553,442.50	34,207.72	17,587,650.22	35,387.42	69.8	1.38	1.38
US Agency Bullet															
3137EADJ5	2,500,000	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17		12-18-13	100.02	0.99	100.3469	0.76	2,508,672.50	208.33	2,508,880.83	8,215.55	10.0	1.48	1.48
3130A5PE3	2,500,000	FEDERAL HOME LOAN BANKS 1.125% Due 03-29-18		07-24-15	100.23	1.02	100.4338	0.92	2,510,845.00	9,531.25	2,520,376.25	5,187.96	10.0	2.13	2.12
3135G0E58	2,500,000	FEDERAL NATL MTG ASSN 1.125% Due 10-19-18		10-06-15	100.41	0.97	100.3032	1.01	2,507,580.00	7,968.75	2,515,548.75	-2,716.92	10.0	2.66	2.67
	7,500,000					0.99		0.90	7,527,097.50	17,708.33	7,544,805.83	10,686.59	29.9	2.09	2.09
Money Market Fund															
0000FIFTH	68,242	FIFTH THIRD BANK MMF 0.010% Due 02-28-16		01-31-16	100.00	0.01	100.0000	0.01	68,242.15	0.00	68,242.15	0.00	0.3	0.08	0.01

Portfolio Holdings

City of Franklin - Core Investment Fund
January 31, 2016

Cusip	Quantity	Security	Call Date	Trade Date	Amor Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Eff Dur
TOTAL	25,068,242					0.87		0.77	25,148,782.15	51,916.05	25,200,698.20	46,074.01	100.0	1.59	1.59



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Market Value:

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The duration listed on the reports is duration to maturity and duration to call. Effective duration is calculated on Bloomberg and imported into these reports and reflects the OAS duration which incorporates the probability of the bond being called. Effective duration is what GPA compares to the benchmark to reflect current market risk.

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The benchmark duration is the historical weighted average of the benchmark duration over monthly periods. GPA is reporting this number as a static amount period over period.

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Oftentimes, coupon payments and maturities will occur on a weekend or holiday. GPA will track these payments on an accrual basis, while the custodian bank may track on a cash basis. The accrual basis allocates the earnings in the period earned.