



GOVERNMENT PORTFOLIO ADVISORS

Monthly Report

Account
City of Franklin

7/31/2015

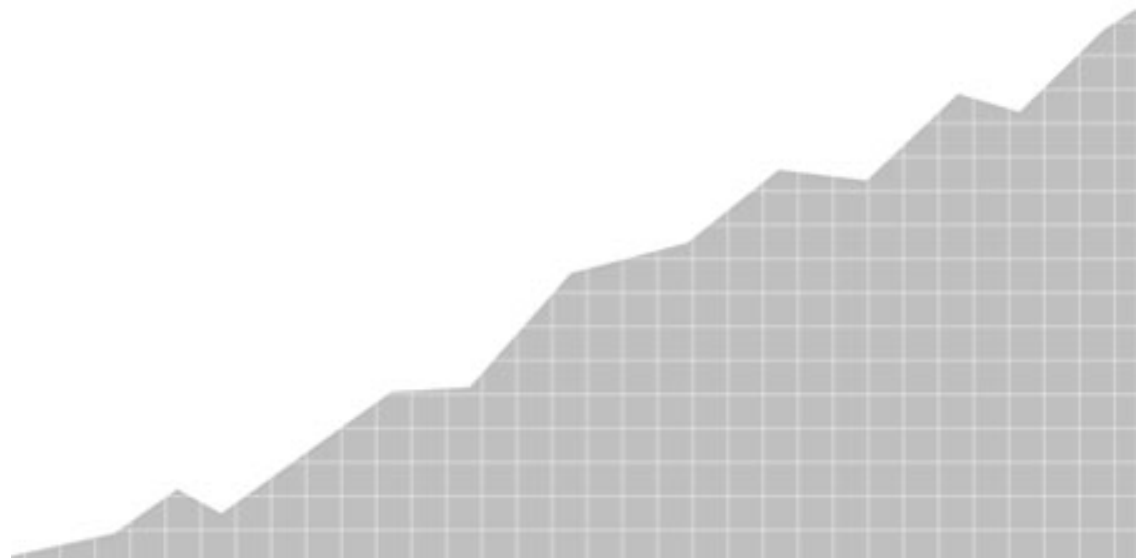




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MONTH END COMMENTARY

JULY 2015

Bond yields were mainly influenced by discussions of U.S. Interest Rate hikes, the Greek Debt crisis and the Chinese stock market volatility. Treasury yields were mixed across the curve in July. Maturities from zero to two years increased in yield, while securities longer than two years dropped in yield. The 30-year bond had the biggest decrease in yield, moving from 3.12% in June to 2.91% in July. The movement in the short end of the curve is partially due to the market consensus that the Fed will raise the Fed Funds target rate in September. The rally in the longer end of the curve can be attributed to global economic concerns, Greece, China and Puerto Rico, in particular.

FOMC: In its latest FOMC policy statement, the Fed did not make it any clearer that a September rate hike is coming. The statement sounded more upbeat on the economy than previous statements. The policy statement was largely unchanged, with only minor changes to acknowledge the improvement in the economic data. The housing sector is described as showing “additional” rather than “some” improvement, jobs gains are now thought to be “solid” and the unemployment rate is “declining” rather than “remained steady” as before. The more positive tone of the statement is a sign that the first rate hike is coming closer, however, Fed Chair Yellen has recently stressed that each meeting is “live” and “data dependent”.

Non-farm Payrolls/Unemployment: Total nonfarm payroll employment increased by 223,000 new jobs in June, weaker than the forecasted 290,000. May’s 280,000 rise was revised down to a gain of 254,000. Average hourly wages were unchanged in June and the annual growth rate fell back to 2% from 2.3% in May. The low increase in nonfarm payrolls was partially offset by a decrease in the unemployment rate, to 5.3% from 5.5%. Bond prices rallied on the news with the 2-year Treasury note moving from .69% to .62%. The ten-year note moved 10 basis points, from 2.38% to 2.28% and the 5-year Treasury note moved 7 basis points, from 1.70% to 1.63%

Other Economic Data: U.S. Retail Sales had a decline of .3% in June. However, real consumption increased by 2.7% annualized over the second quarter. CPI increased .3% which was partly due to a 3.4% increase in gasoline. Industrial Production increased .3% largely due to a rebound in the mining sector.

Global Concerns: Concerns over the Greek exit from the euro and the slump in China’s stock market continue to contribute to the flight to quality to U.S. Treasuries.

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

3month bill	.015
1 year note	.31
2 year note	.95
3 year note	1.69
5 year note	3.15

TREASURY BENCHMARK TOTAL RETURNS IN MONTH

Benchmark	Period Return	Duration
BAML 0-3 Year Treasury	.04%	1.45
BAML 0-5 Year Treasury	.15%	2.20

*Source: Bloomberg

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

	7/31/14	6/30/15	7/31/15	Change in July	Change from Prior Year
3month bill	.02	.01	.06	+.05	+.04
6month bill	.05	.11	.15	+.04	+.10
2 year note	.53	.64	.66	+.02	+.13
3 year note	.99	1.00	.97	-.03	-.02
5 year note	1.75	1.65	1.53	-.12	-.22
10 year	2.56	2.35	2.18	-.17	-.38

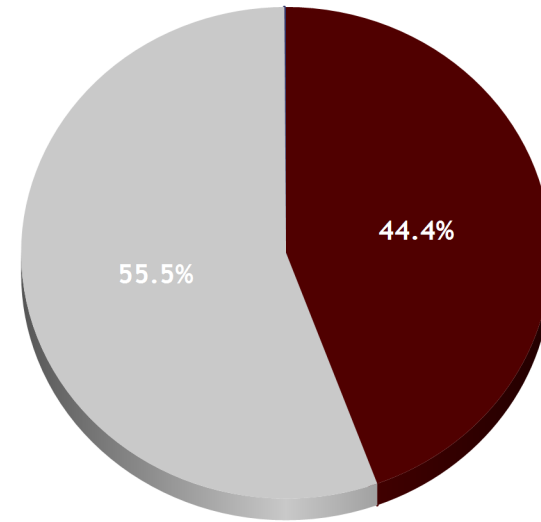
*Source: Bloomberg



Weighted Averages

Book Yield	0.73
Maturity	1.31
Coupon	0.72
Moody	Aaa
S&P	AA+

Fixed Income Allocation



Fixed Income Totals

Par Value	22,523,119.88
Market Value	22,574,004.88
Amortized Book Value	22,524,760.60
Unrealized Gain/Loss	49,244.28
Estimated Annual Cash Flow	161,877.31

Security Type	Market Value	% Assets
US Agency (USD)	10,023,932.50	44.4
US Treasury (USD)	12,526,952.50	55.5
Money Market Bank Deposits (USD)	23,119.88	0.1
Fixed Income Total	22,574,004.88	100.0

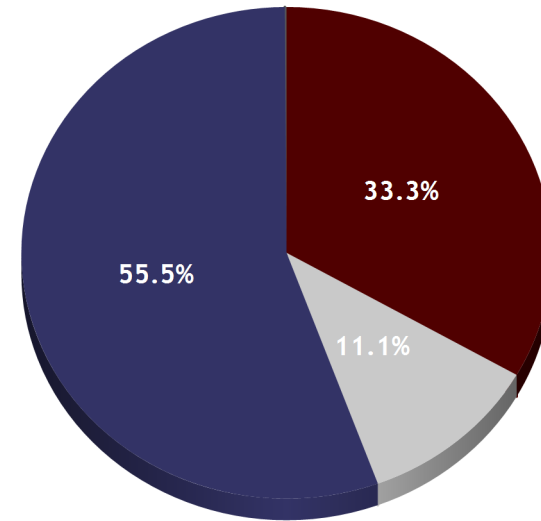


Total Return for Period

Since 6/30/2015

Beginning Principal Value	17,886,931.34
Beginning Accrued Interest	36,262.24
Net Contributions/Withdrawals	4,671,750.00
Market Value Change	-693.13
Interest Earnings	10,718.60
Ending Principal Value	22,574,004.88
Ending Accrued Interest	30,964.18
Net Total Return	7,942.14
Management Fees Paid By Client	-2,083.33

Portfolio Allocation



Issuer	Market Value	% Assets	Book Yield
FEDERAL HOME LOAN BANKS	7,510,875.00	33.3	0.7
FEDERAL HOME LN MTG CORP	2,513,057.50	11.1	1.0
UNITED STATES TREAS NTS	12,526,952.50	55.5	0.7
FIFTH THIRD BK CINCINNATI STN	23,119.88	0.1	0.0
Total	22,574,004.88	100.0	0.7



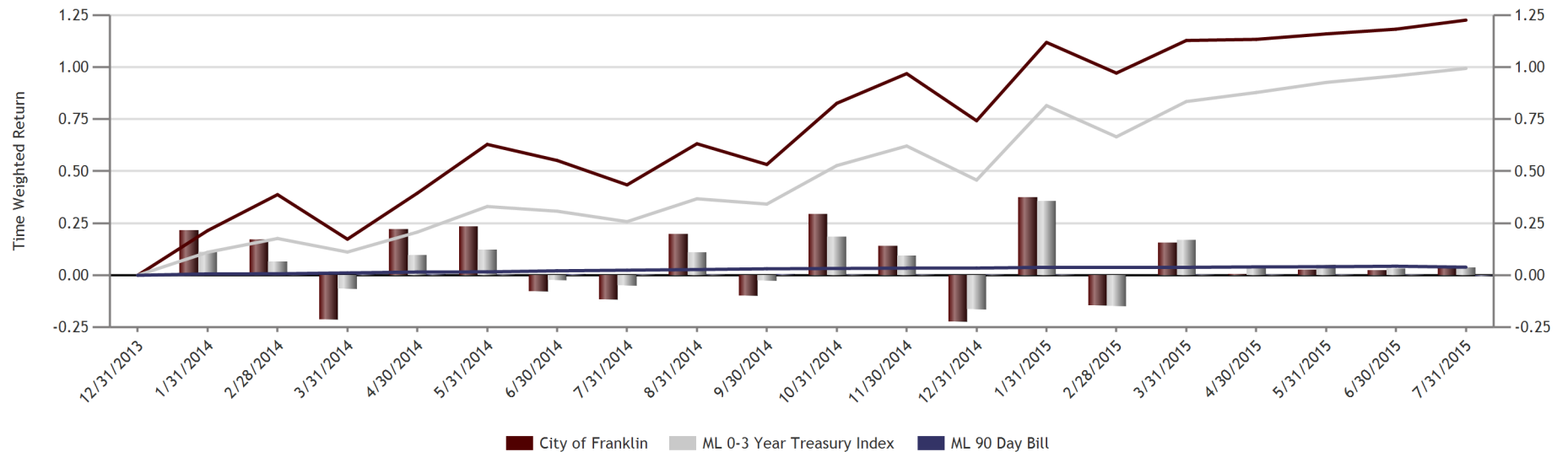
Performance History Inception (12/31/2013) to Date

Portfolio	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Inception To Date
Account	0.04	0.04	0.48	0.79	1.23

Index

ML 0-3 Year Treasury Index	0.04	0.04	0.53	0.73	0.99
ML 90 Day Bill	0.00	0.00	0.00	0.01	0.04

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

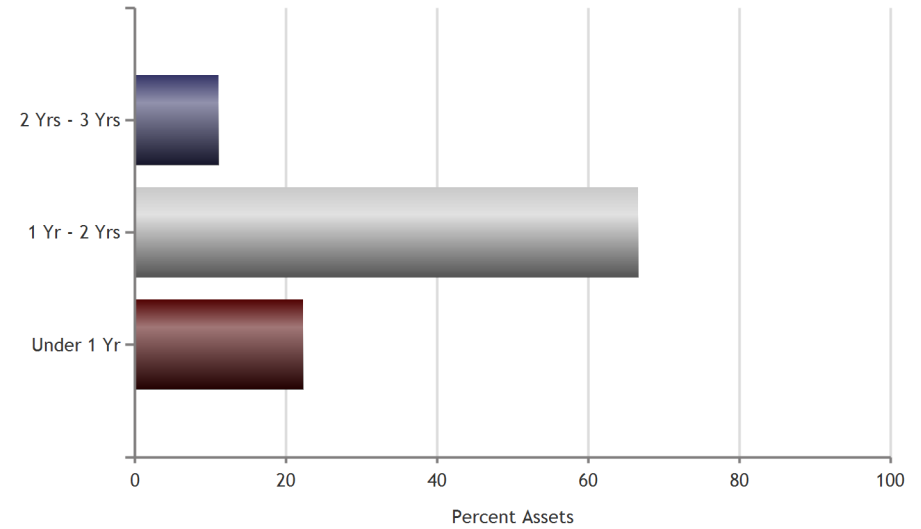




Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	3	5,025,787.38	22.3	0.2	0.547%	0.2
1 Yr - 2 Yrs	6	15,040,010.00	66.6	0.5	0.709%	1.5
2 Yrs - 3 Yrs	1	2,508,207.50	11.1	1.0	1.125%	2.6

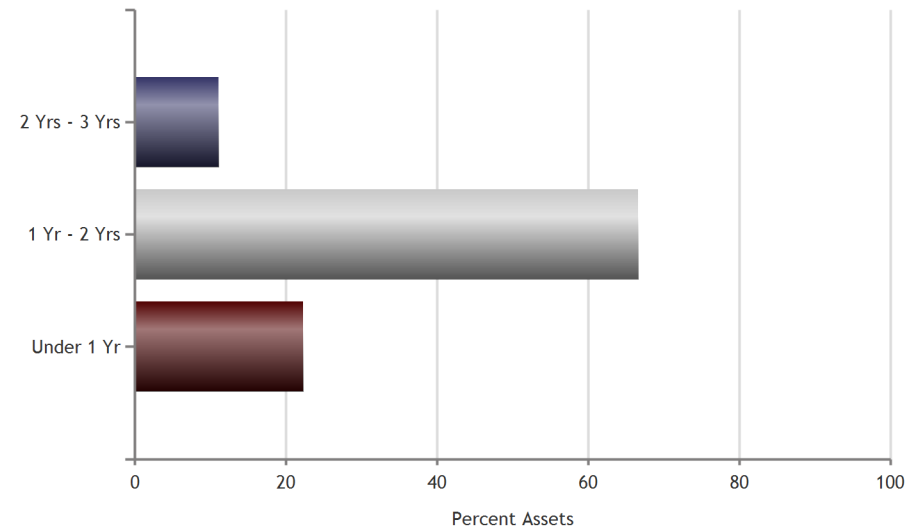
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Distribution by Duration

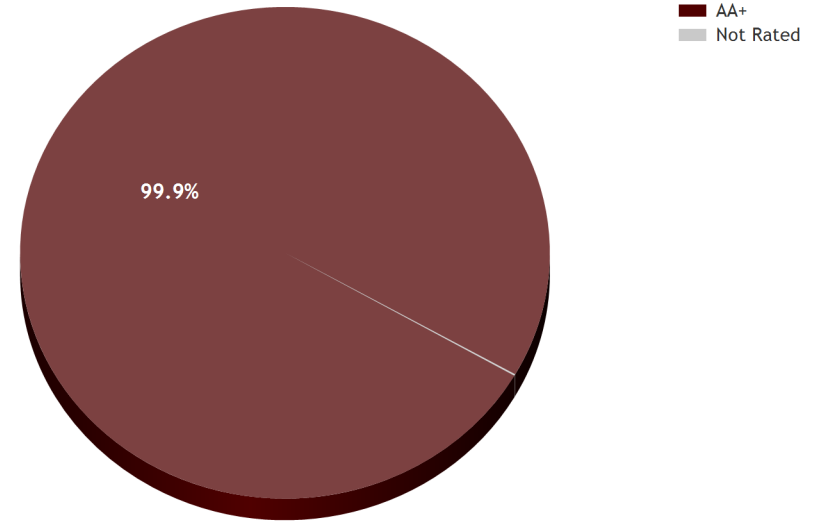




Distribution by S&P Rating

S&P Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
AA+	9	22,550,885.00	99.9	0.7	0.720%	2.7
Not Rated	1	23,119.88	0.1	0.0	0.010%	0.7

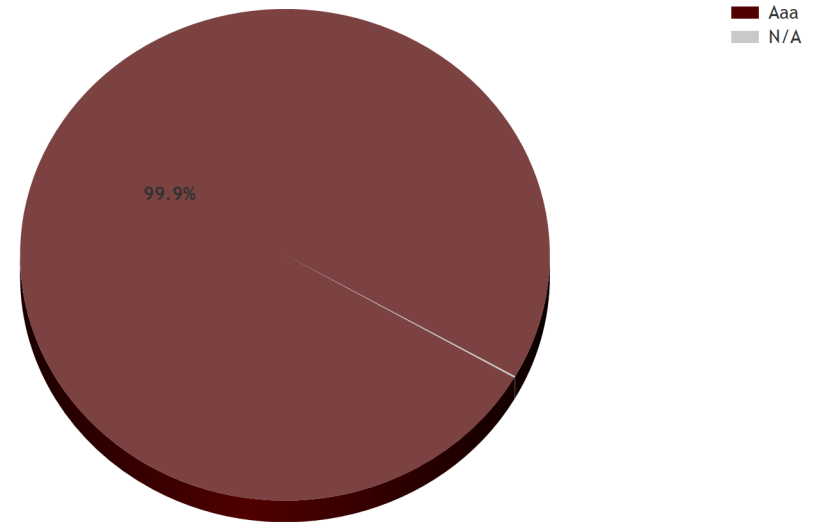
Distribution by S&P Rating

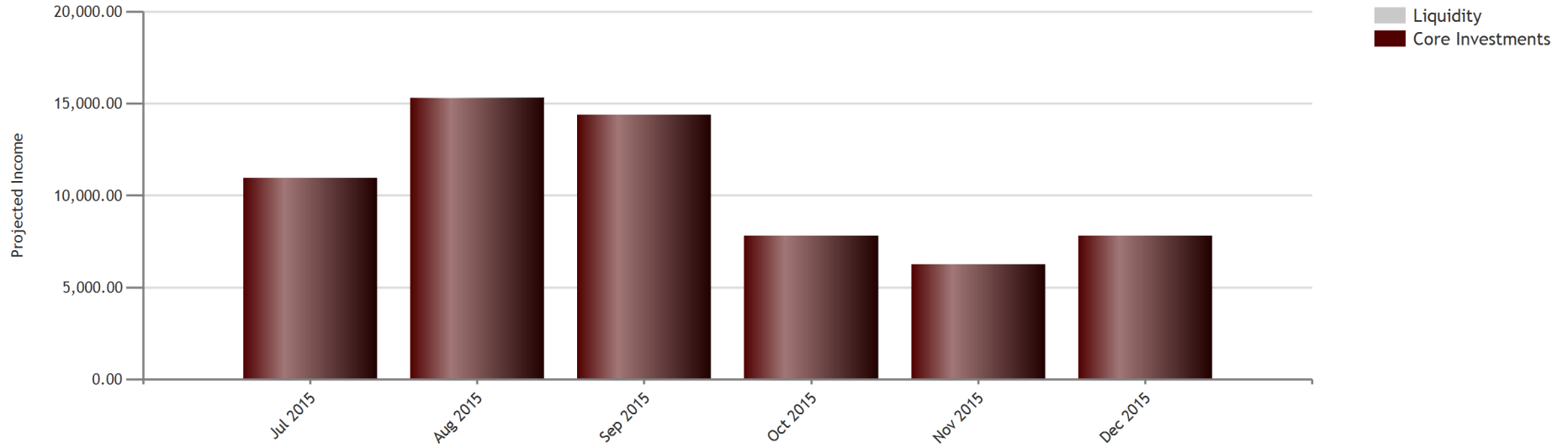


Distribution by Moody Rating

Moody Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Aaa	9	22,550,885.00	99.9	0.7	0.720%	2.7
N/A	1	23,119.88	0.1	0.0	0.010%	0.7

Distribution by Moody Rating





	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	
Core Investments	10,937.50	15,312.50	14,375.00	7,812.50	6,250.00	7,812.50	
US Agency (USD)	0.00	7,500.00	8,125.00	0.00	6,250.00	0.00	
US Treasury (USD)	10,937.50	7,812.50	6,250.00	7,812.50	0.00	7,812.50	
Liquidity	0.00	0.19	0.00	0.00	0.00	0.00	
Money Market Bank Deposits (USD)	0.00	0.19	0.00	0.00	0.00	0.00	
Total	10,937.50	15,312.69	14,375.00	7,812.50	6,250.00	7,812.50	
Grand Total							62,500.19



Purchases

Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost				
7/24/2015	7/28/2015	2,500,000	3130A5PE3	FEDERAL HOME LOAN BANKS 1.125% Due 03-29-18	100.28	2,507,005.00				
7/28/2015	7/28/2015	12,500	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	100.00	12,500.00				
7/28/2015	7/28/2015	4,673,000	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	100.00	4,673,000.00				
7/24/2015	7/28/2015	2,500,000	912828J92	UNITED STATES TREAS NTS 0.500% Due 03-31-17	99.83	2,495,703.13				
7/31/2015	7/31/2015	10,938	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	100.00	10,937.50				
Total Purchases						9,699,145.63				

Sales

Trade Date	Settle Date	Quantity	Symbol	Security	Adj Unit Cost	Adjusted Total Cost	Amort. or Accretion	Unit Price	Proceeds	Gain/Loss
7/22/2015	7/22/2015	1,250	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	100.00	1,250.00		100.00	1,250.00	0.00
7/28/2015	7/28/2015	5,010,132	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	100.00	5,010,131.72		100.00	5,010,131.72	0.00
Total Sales						5,011,381.72			5,011,381.72	0.00

Interest

Trade Date	Settle Date	Symbol	Security	Amount
7/1/2015	7/1/2015	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	2.76
7/28/2015	7/28/2015	3137EADJ5	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17	12,500.00
7/24/2015	7/28/2015	3130A5PE3	FEDERAL HOME LOAN BANKS 1.125% Due 03-29-18	-3,359.38
7/24/2015	7/28/2015	912828J92	UNITED STATES TREAS NTS 0.500% Due 03-31-17	-4,064.21



Interest

Trade Date	Settle Date	Symbol	Security	Amount
7/31/2015	7/31/2015	912828SC5	UNITED STATES TREAS NTS 0.875% Due 01-31-17	10,937.50
Total Interest				16,016.67

Expenses

Trade Date	Settle Date	Symbol	Security	Amount
7/22/2015	7/22/2015	fees	exusfees	1,250.00
7/31/2015	7/31/2015	manfee	Management Fee	2,083.33
Total Expenses				3,333.33

Contributions

Trade Date	Settle Date	Quantity	Symbol	Security	Unit Price	Amount
7/1/2015	7/1/2015	3	0000FIFTH3	FIFTH THIRD BANK MMF 0.010% Due 08-27-15	100.00	2.76
7/28/2015	7/28/2015		cash	CASH ACCOUNT		4,673,000.00
Total Contributions						4,673,002.76

Portfolio Summary

July 31, 2015

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	22,523,120	22,517,994.89	22,524,760.60	22,574,004.88	49,244.28	0.73	1.30	1.29	1.45	BofA Merrill 0-3 Treasury
TOTAL PORTFOLIO	22,523,120	22,517,994.89	22,524,760.60	22,574,004.88	49,244.28	0.73	1.30	1.29	1.45	

Portfolio Holdings

City of Franklin

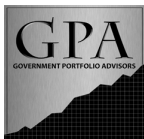
July 31, 2015

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	100.2500	0.38	2,506,250.00	7,165.06	2,513,415.06	6,207.31	11.1	1.03	1.03
912828WA4	2,500,000	UNITED STATES TREAS NTS 0.625% Due 10-15-16		03-27-14	99.91	0.70	100.2344	0.43	2,505,860.00	4,567.96	2,510,427.96	8,174.73	11.1	1.20	1.19
912828A59	2,500,000	UNITED STATES TREAS NTS 0.625% Due 12-15-16		12-18-13	99.98	0.64	100.1719	0.50	2,504,297.50	1,963.80	2,506,261.30	4,701.52	11.1	1.37	1.36
912828SC5	2,500,000	UNITED STATES TREAS NTS 0.875% Due 01-31-17		03-27-14	100.05	0.84	100.5234	0.52	2,513,085.00	0.00	2,513,085.00	11,949.66	11.1	1.49	1.49
912828J92	2,500,000	UNITED STATES TREAS NTS 0.500% Due 03-31-17		07-24-15	99.83	0.60	99.8984	0.56	2,497,460.00	4,166.67	2,501,626.67	1,728.83	11.1	1.65	1.65
	12,500,000					0.68		0.48	12,526,952.50	17,863.48	12,544,815.98	32,762.05	55.5	1.35	1.34
US Agency Bullet															
313378CN9	2,500,000	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15		03-12-12	100.00	0.66	100.0170	0.20	2,500,425.00	6,833.33	2,507,258.33	486.27	11.1	0.05	0.04
313380L96	2,500,000	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15		07-11-13	100.00	0.51	100.0897	0.20	2,502,242.50	2,465.28	2,504,707.78	2,319.02	11.1	0.31	0.30
3137EADJ5	2,500,000	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17		12-18-13	100.02	0.99	100.5223	0.73	2,513,057.50	208.33	2,513,265.83	12,445.77	11.1	1.97	1.96
3130A5PE3	2,500,000	FEDERAL HOME LOAN BANKS 1.125% Due 03-29-18		07-24-15	100.28	1.02	100.3283	1.00	2,508,207.50	3,593.75	2,511,801.25	1,231.18	11.1	2.62	2.61
	10,000,000					0.79		0.54	10,023,932.50	13,100.69	10,037,033.19	16,482.23	44.4	1.24	1.23
Money Market Fund															
0000FIFTH	23,120	FIFTH THIRD BANK MMF 0.010% Due 08-27-15		12-31-14	100.00	0.01	100.0000	0.01	23,119.88	0.00	23,119.88	0.00	0.1	0.07	0.01
TOTAL	22,523,120					0.73		0.50	22,574,004.88	30,964.18	22,604,969.06	49,244.28	100.0	1.30	1.29

MASTER EARNED INCOME REPORT

From 06-30-15 To 07-31-15

Name	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
City of Franklin	36,262.24	7,423.59	0.00	-23,440.26	30,964.18	10,718.60	233.51	10,952.11
TOTAL	36,262.24	7,423.59	0.00	-23,440.26	30,964.18	10,718.60	233.51	10,952.11



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Market Value:

Generally, market prices in GPA's reports are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC - insured bank certificates of deposit are priced at par. Although GPA believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.

Amortized Cost:

The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premiums with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

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Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented. Certain call dates may not show up on the report if the call date has passed and it is continuously callable.

Duration:

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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