



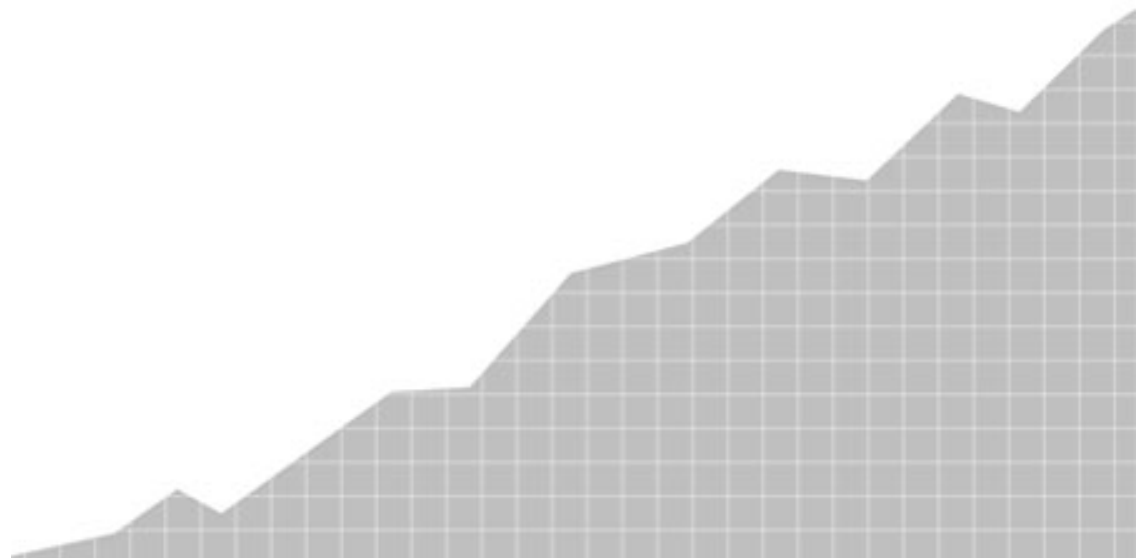
# GOVERNMENT PORTFOLIO ADVISORS

## Monthly Report

### Account

City of Franklin

11/30/2014





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## MONTH END COMMENTARY

November 2014

Even with a string of strong economic data, bond yields dropped in November. Lower inflation expectations and lower global bond rates kept rates on U.S. Treasuries low for the month. Treasury prices rose and two-year notes' yields fell to the lowest levels in 18 months as members of the Fed continued to mention that a global slowdown and a stronger dollar posed potential risks to the U.S. economic outlook. Weak economic data including lower oil and gasoline prices have contributed to fears that the U.S. economy cannot hold up against a global slowdown.

**Non-farm Payrolls/Unemployment:** Treasury prices rose, with 10-year yields falling the most in 3 weeks after a report showed a lower-than-forecast gain in jobs. Nonfarm payrolls increased by 214,000 vs. a Bloomberg survey for 235,000. The unemployment rate fell from 5.9% to 5.8%. Employment increased in food services and drinking places, retail trade, and health care.

**Retail Sales:** U.S. retail sales rose .3% in October relative to the previous month. As expected, the recent decline in the price of gas lowered sales at service stations. On the other hand, if gas prices remain at lower levels, it is assumed that the average household would gain \$700 worth of purchasing power over the coming year. This would translate into stronger spending on other goods and services.

**Housing Data:** Housing starts fell 2.8% in October but September's previously reported 6.3% gain was revised up to 7.8%. With the upward revision, the 3-month moving average of starts has been above 1million for the past 2 months. Permits rose more than expected, climbing 4.8% for the second month in a row. New home sales rose .7%, showing little change. Sales have risen in each of the past three months, however, sales were revised lower by 2.2% for the preceding three months.

**Asset Class Performance:** U.S. equities (Russell 3000) lead the performance among major asset classes in November, posting a total return of 2.4%. U.S. Real Estate investment trusts were second with a 2.00% advance and foreign stock markets returned 1.4%. On the other hand, commodities dipped 4.1%. Much of this loss was due to the 18% drop in the price of crude oil.

**Foreign Outlook:** In a speech to Central Bankers, Fed Chair Janet Yellen told European central bankers they need to do whatever it takes to fight off deflation. European bond yields remain at historically low levels and remain lower than U.S. yields. On the other side of the world, Japanese government bonds traded at a negative yield thanks to the Bank of Japan's massive asset-purchase scheme as it seeks to stoke inflation and revive an economy that slipped into recession in the third-quarter.

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

Maturity	Total Return (trailing 12 months)
3month bill	.05
1 year note	.28
2 year note	.85
3 year note	.86
5 year note	1.96

### GPA STANDARD BENCHMARK TOTAL RETURNS IN MONTH

Benchmark	Period Return	Duration
BAML 0-3 Year Treasury	.09%	1.44 years
BAML 0-5 Year Treasury	.24%	2.24 years

### Changes in the Treasury Market over the past quarter (absolute yield levels):\*

	<u>11/30/13</u>	<u>9/30/14</u>	<u>10/31/14</u>	<u>11/30/14</u>	<u>Change in November</u>	<u>Change from prior year</u>
3month bill	.06	.02	.01	.02	+.01	-.04
6month bill	.11	.04	.05	.07	+.02	-.04
2 year note	.28	.57	.50	.47	-.03	+.19
3 year note	.55	1.04	.92	.85	-.07	+.30
5 year note	1.37	1.76	1.61	1.48	-.13	+.11
10 year bond	2.75	2.49	2.34	2.17	-.17	-.58
30 year bond	3.75	3.20	3.07	2.89	-.18	-.86

\*Source: Bloomberg



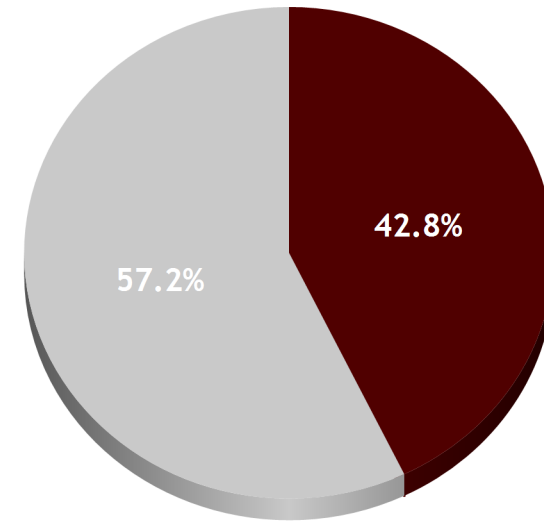
## Weighted Averages at Cost

Book Yield	0.71
Maturity	1.73
Coupon	0.69
Moody	Aaa
S&P	AA+

## Fixed Income Totals at Cost

Par Value	17,500,000.00
Market Value	17,566,527.50
Total Cost	17,497,097.02
Net Gain/Loss	69,430.48
Annual Income	121,250.00

## Fixed Income Allocation



Security Type	Market Value	% Assets
US Agency (USD)	7,524,925.00	42.8
US Treasury (USD)	10,041,602.50	57.2
<b>Fixed Income Total</b>	<b>17,566,527.50</b>	<b>100.0</b>

PORTFOLIO HOLDINGS- SETTLED TRADES

City of Franklin

November 30, 2014

Cusip	Par Value	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	Dur Call
<b>US Treasury</b>															
912828VR8	2,500,000	UNITED STATES TREAS NTS 0.625% Due 08-15-16		03-27-14	100.00	0.62	100.44	0.37	2,510,937.50	4,543.14	2,515,480.64	10,867.46	14.3	1.70	1.70
912828WA4	2,500,000	UNITED STATES TREAS NTS 0.625% Due 10-15-16		03-27-14	99.86	0.70	100.35	0.44	2,508,790.00	1,974.59	2,510,764.59	12,382.62	14.3	1.86	1.86
912828A59	2,500,000	UNITED STATES TREAS NTS 0.625% Due 12-15-16		12-18-13	99.98	0.64	100.23	0.51	2,505,860.00	7,172.13	2,513,032.13	6,459.94	14.3	2.02	2.02
912828SC5	2,500,000	UNITED STATES TREAS NTS 0.875% Due 01-31-17		03-27-14	100.07	0.84	100.64	0.58	2,516,015.00	7,252.04	2,523,267.04	14,375.54	14.3	2.14	2.14
	10,000,000					0.70		0.47	10,041,602.50	20,941.90	10,062,544.40	44,085.55	57.2	1.93	1.93
<b>US Agency Bullet</b>															
313378CN9	2,500,000	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15		03-12-12	99.96	0.66	100.29	0.19	2,507,275.00	4,291.67	2,511,566.67	8,269.26	14.3	0.71	0.71
313380L96	2,500,000	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15		07-11-13	99.99	0.51	100.28	0.21	2,506,970.00	347.22	2,507,317.22	7,215.79	14.3	0.97	0.97
3137EADJ5	2,500,000	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17		12-18-13	100.03	0.99	100.43	0.84	2,510,680.00	8,472.22	2,519,152.22	9,859.88	14.3	2.61	2.61
	7,500,000					0.72		0.41	7,524,925.00	13,111.11	7,538,036.11	25,344.92	42.8	1.43	1.43
<b>TOTAL PORTFOLIO</b>	<b>17,500,000</b>					<b>0.71</b>		<b>0.45</b>	<b>17,566,527.50</b>	<b>34,053.01</b>	<b>17,600,580.51</b>	<b>69,430.48</b>	<b>100.0</b>	<b>1.72</b>	<b>1.72</b>

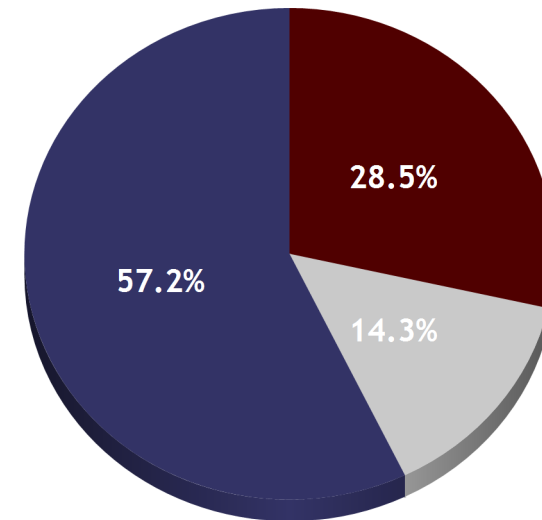


## Total Return for Period

Since 10/31/2014

<b>Beginning Principal Value</b>	<b>17,549,462.50</b>
Accrued Interest	30,448.26
Net Contributions/Withdrawals	-6,250.00
Market Value Change	17,065.00
Interest Earned	9,854.74
<b>Ending Value</b>	<b>17,566,527.50</b>
Accrued Interest	34,053.01
<b>Net Total Return</b>	<b>24,836.41</b>
Management Fees Paid By Client	-2,083.33

## Issuer Distribution as of 11/30/2014



Issuer	Market Value	% Assets	Yield
FEDERAL HOME LOAN BANKS	5,014,245.00	28.5	0.6
FEDERAL HOME LN MTG CORP	2,510,680.00	14.3	1.0
UNITED STATES TREAS NTS	10,041,602.50	57.2	0.7
<b>Total</b>	<b>17,566,527.50</b>	<b>100.0</b>	<b>0.7</b>

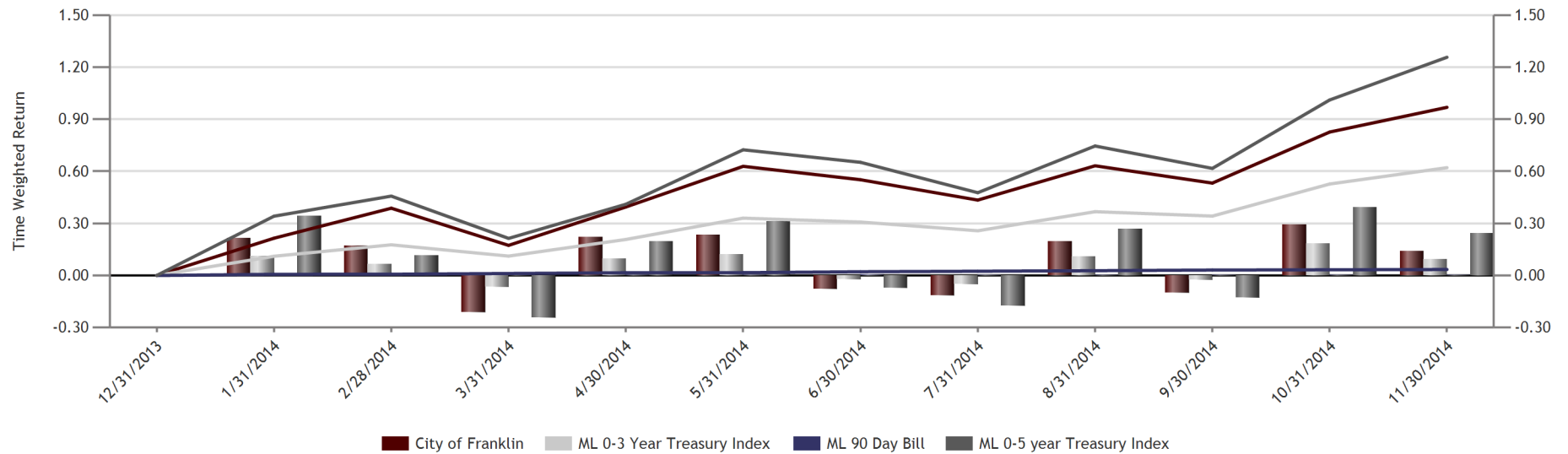


## Performance History

Industry Sector	Month To Date	Quarter To Date	Year To Date	Inception To Date
Treasury	0.15	0.49	1.20	1.20
Agency	0.13	0.37	0.82	0.82
Cash		-0.01	-0.01	-0.01
<b>Account</b>	<b>0.14</b>	<b>0.43</b>	<b>0.97</b>	<b>0.97</b>

Index	Month To Date	Quarter To Date	Year To Date	Inception To Date
ML 0-3 Year Treasury Index	0.09	0.28	0.62	0.62
ML 90 Day Bill	0.00	0.00	0.03	0.03
ML 0-5 year Treasury Index	0.24	0.64	1.26	1.26

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

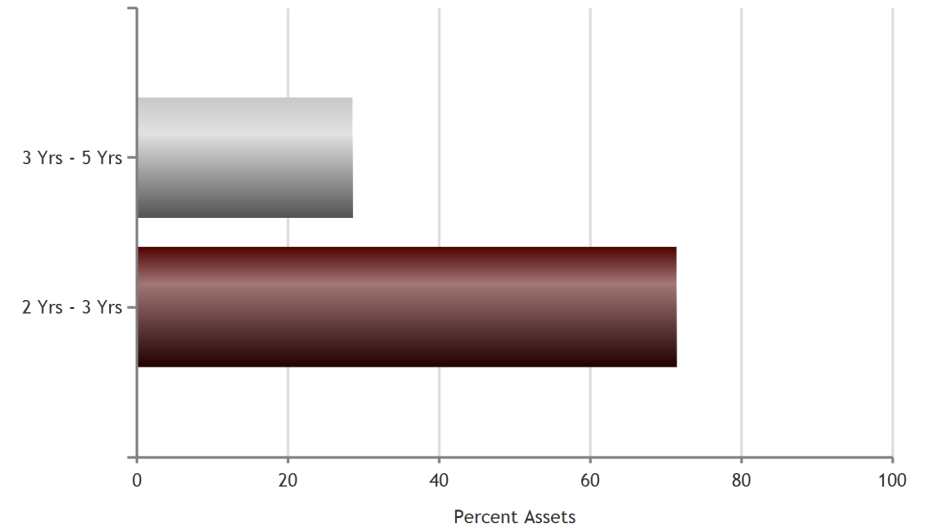




## Distribution by Duration

Duration	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
2 Yrs - 3 Yrs	5	12,548,572.50	71.4	0.7	0.650%	2.6
3 Yrs - 5 Yrs	2	5,017,955.00	28.6	0.8	0.800%	3.5

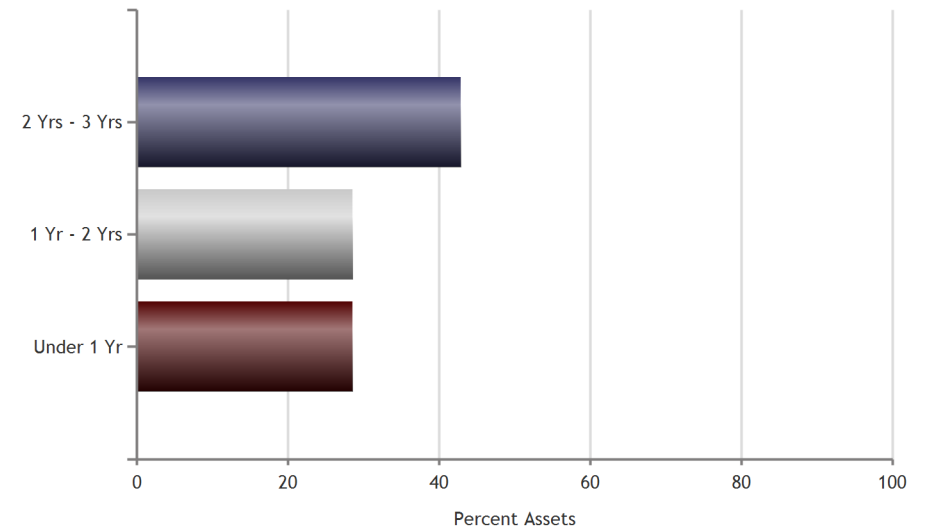
## Distribution by Duration



## Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	2	5,014,245.00	28.5	0.6	0.550%	2.9
1 Yr - 2 Yrs	2	5,019,727.50	28.6	0.7	0.625%	2.4
2 Yrs - 3 Yrs	3	7,532,555.00	42.9	0.8	0.833%	3.1

## Distribution by Maturity



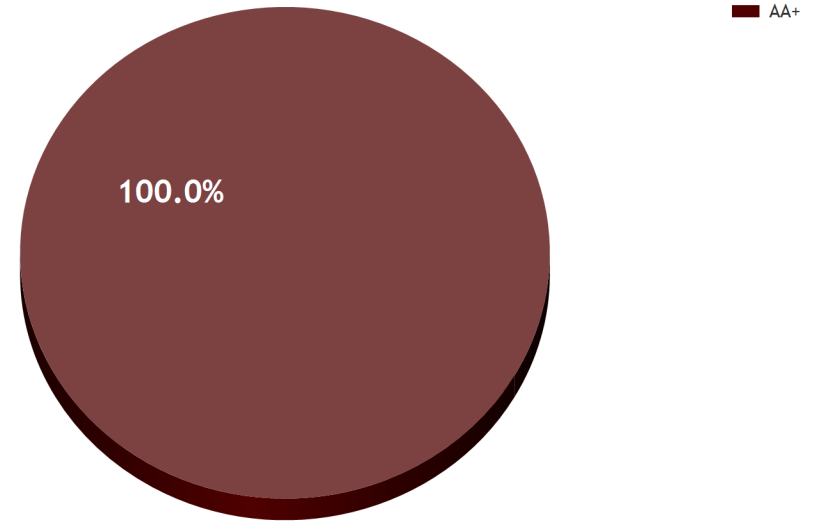




## Distribution by S&P Rating

S&P Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
AA+	7	17,566,527.50	100.0	0.7	0.693%	2.8

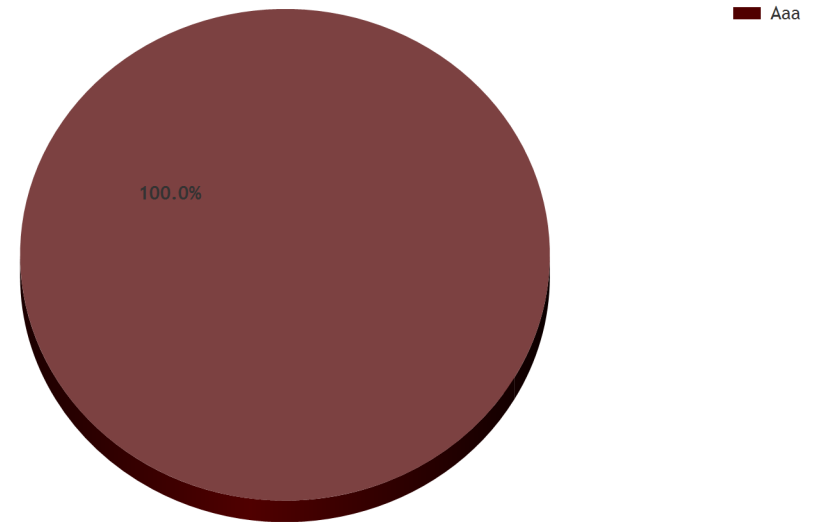
## Distribution by S&P Rating



## Distribution by Moody Rating

Moody Rating	Number	Market Value	% FI Holdings	Average YTM	Average Coupon	Average Duration
Aaa	7	17,566,527.50	100.0	0.7	0.693%	2.8

## Distribution by Moody Rating





City of Franklin

# Transaction Summary

11/1/2014 - 11/30/2014

## Interest

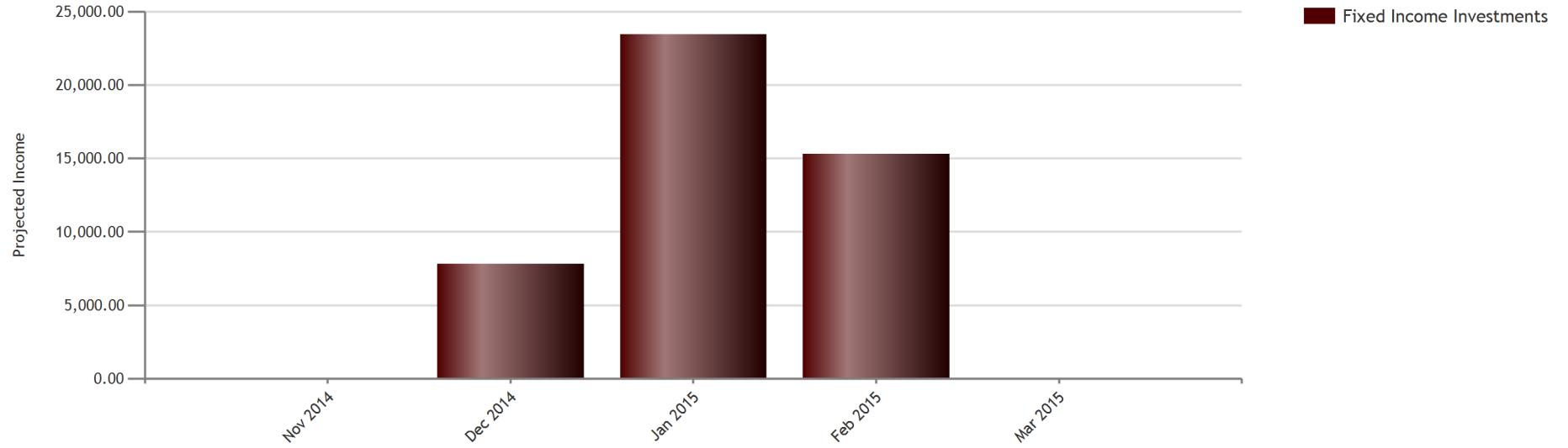
Trade Date	Settle Date	Symbol	Security	Amount
11/20/2014	11/20/2014	313380L96	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15	6,250.00
<b>Total Interest</b>				<b>6,250.00</b>

## Expenses

Trade Date	Settle Date	Symbol	Security	Amount
11/30/2014	11/30/2014	manfee	Management Fee	2,083.33
<b>Total Expenses</b>				<b>2,083.33</b>

Government Portfolio Advisors  
**EARNED INCOME REPORT**  
**City of Franklin**  
From 10-31-14 To 11-30-14

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
<b>US Agency (USD)</b>									
US Agency Bullet									
313378CN9	FEDERAL HOME LOAN BANKS 0.600% Due 08-17-15	3,083.33	0.00	0.00	0.00	4,291.67	1,208.33	115.62	1,323.95
313380L96	FEDERAL HOME LOAN BANKS 0.500% Due 11-20-15	5,590.28	0.00	0.00	-6,250.00	347.22	1,006.94	20.92	1,027.86
3137EADJ5	FEDERAL HOME LN MTG CORP 1.000% Due 07-28-17	6,458.33	0.00	0.00	0.00	8,472.22	2,013.89	-25.02	1,988.87
		15,131.94	0.00	0.00	-6,250.00	13,111.11	4,229.17	111.51	4,340.68
US Agency (USD) Total		15,131.94	0.00	0.00	-6,250.00	13,111.11	4,229.17	111.51	4,340.68
<b>US Treasury (USD)</b>									
US Treasury									
912828VR8	UNITED STATES TREAS NTS 0.625% Due 08-15-16	3,269.36	0.00	0.00	0.00	4,543.14	1,273.78	-3.38	1,270.40
912828WA4	UNITED STATES TREAS NTS 0.625% Due 10-15-16	686.81	0.00	0.00	0.00	1,974.59	1,287.77	157.98	1,445.76
912828A59	UNITED STATES TREAS NTS 0.625% Due 12-15-16	5,891.39	0.00	0.00	0.00	7,172.13	1,280.74	24.19	1,304.93
912828SC5	UNITED STATES TREAS NTS 0.875% Due 01-31-17	5,468.75	0.00	0.00	0.00	7,252.04	1,783.29	-62.32	1,720.96
		15,316.32	0.00	0.00	0.00	20,941.90	5,625.58	116.47	5,742.04
US Treasury (USD) Total		15,316.32	0.00	0.00	0.00	20,941.90	5,625.58	116.47	5,742.04
<b>TOTAL PORTFOLIO</b>		<b>30,448.26</b>	<b>0.00</b>	<b>0.00</b>	<b>-6,250.00</b>	<b>34,053.01</b>	<b>9,854.74</b>	<b>227.98</b>	<b>10,082.72</b>



	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015
Fixed Income Investments	0.00	7,812.50	23,437.50	15,312.50	0.00
US Agency (USD)	0.00	0.00	12,500.00	7,500.00	0.00
US Treasury (USD)	0.00	7,812.50	10,937.50	7,812.50	0.00
<b>Total</b>	<b>0.00</b>	<b>7,812.50</b>	<b>23,437.50</b>	<b>15,312.50</b>	<b>0.00</b>
<b>Grand Total</b>					<b>46,562.50</b>



This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

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#### Account Control

GPA does not have the authority to withdraw funds from or deposit funds to the custodian. Our clients retain responsibility for their deposit funds to the custodian. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

#### 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.

#### Financial Situation

In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

#### Callable Securities

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. These reports do not calculate the effective duration that incorporates callable bonds. GPA will provide this number in the strategic reports.

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#### Rating

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