

Quarterly Investment Portfolio Report



City of Manitowoc, Wisconsin

Quarter Ending December 30, 2017

ICM

Institutional Capital Management, Inc.

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11) View 12) Actions 13) Settings 14) Trade Simulation Portfolio & Risk Analytics

Characteristics Holdings Performance Attribution Tracking Error/Volatility VaR Scenarios Intraday

Main View Summary Cash Flows Liquidity Risk Key Rates

Port CITY OF MANI vs Default (None) by Security Type in USD

As Of 03/28/17

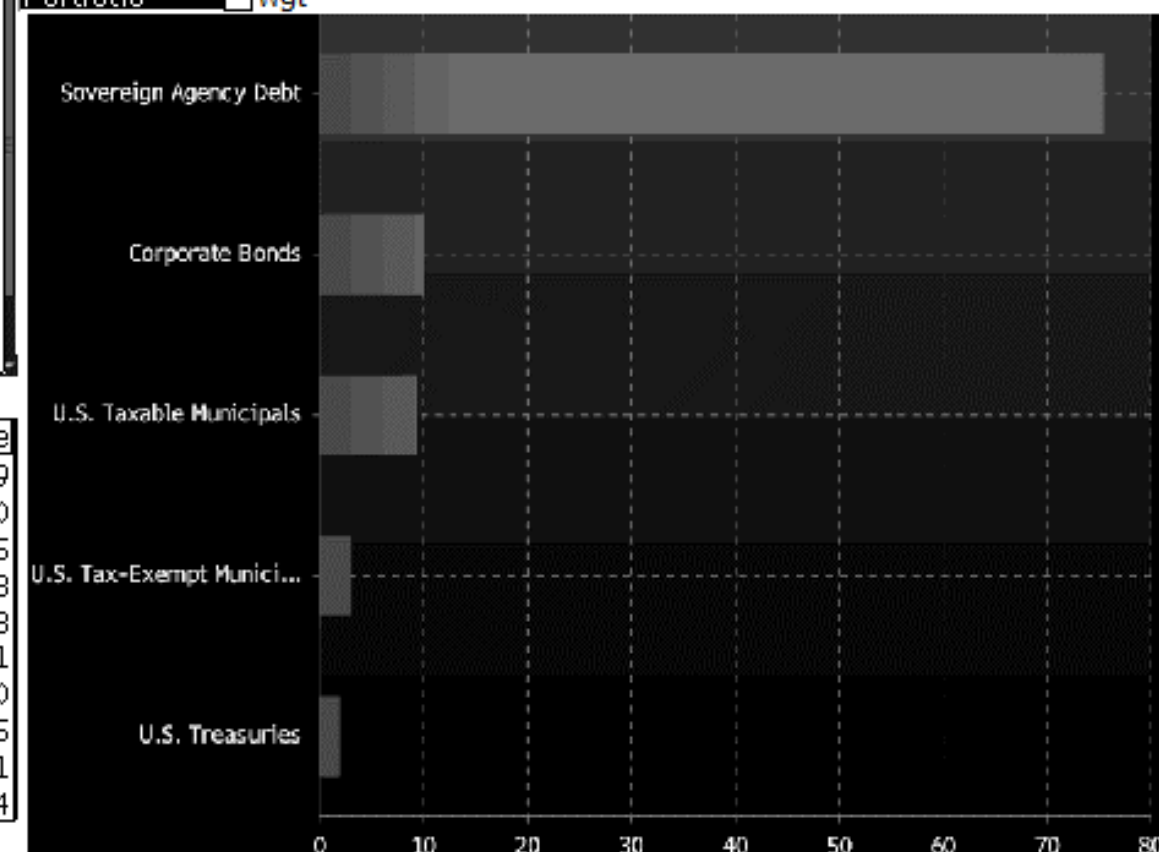
© Date ○ Trend

Characteristic	Port
Wgt	100.00
Position	
Market Value	8.55MM
Closing Price	
Fixed Income	
Coupon	1.56
Bloomberg Composite Rating	AA+
Effective Maturity/Workout (Years)	3.00
Modified Duration	2.87
Yield to Maturity	1.74

Top 10 Wgt

Instrument	Value
FFCB 2.05 10/05/22	16.09
FNMA 1 3/4 06/22/20	14.00
FFCB 1.17 10/03/19	10.25
USB 1 3/8 09/11/17	8.08
FFCB 1.16 09/26/19	7.78
FNMA 1.4 11/26/19	7.21
FNMA 1 3/4 09/20/19	5.80
FHLB 1.35 12/13/19	5.25
MLW 1.954 12/01/20	4.51
FHLMC 2.2 12/29/21	3.84

Portfolio Wgt



Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000

Japan 81 3 3201 8900

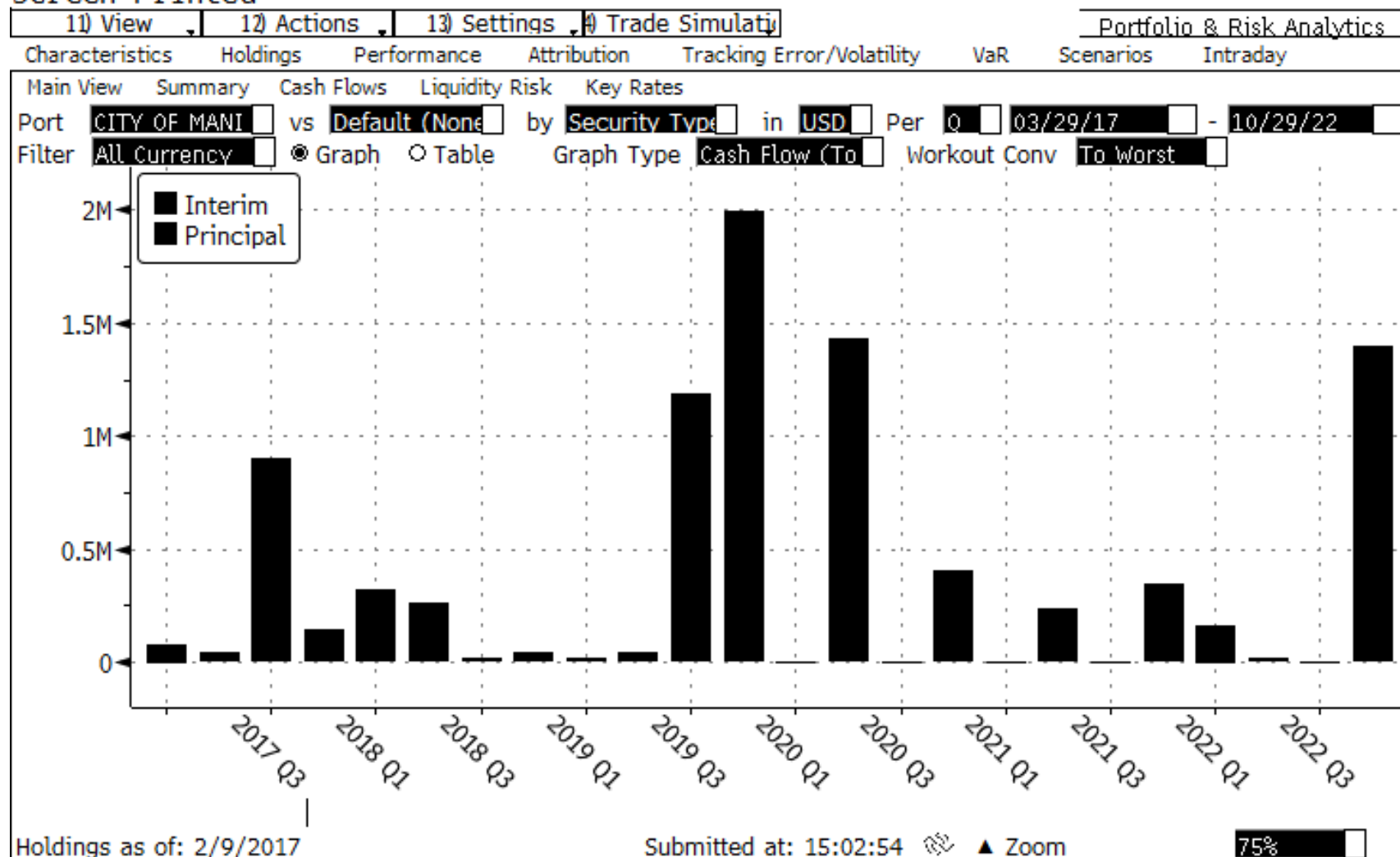
Singapore 65 6212 1000

U.S. 1 212 318 2000

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The Political Economy

- The interplay of Political and Economic Theory in the pursuit of financial interests and power to influence policy.
- The Role of Government – The size of Government – how, when and how much – market intervention.
- The choice of Policy Transfer Mechanisms
 - Fiscal – taxes and programs
 - Monetary – interest rates/money supply
 - Weighted combination

Transfer mechanisms influence the economy and markets with varying costs, benefits and consequences.

Financial Repression

The Ultimate Imbalance

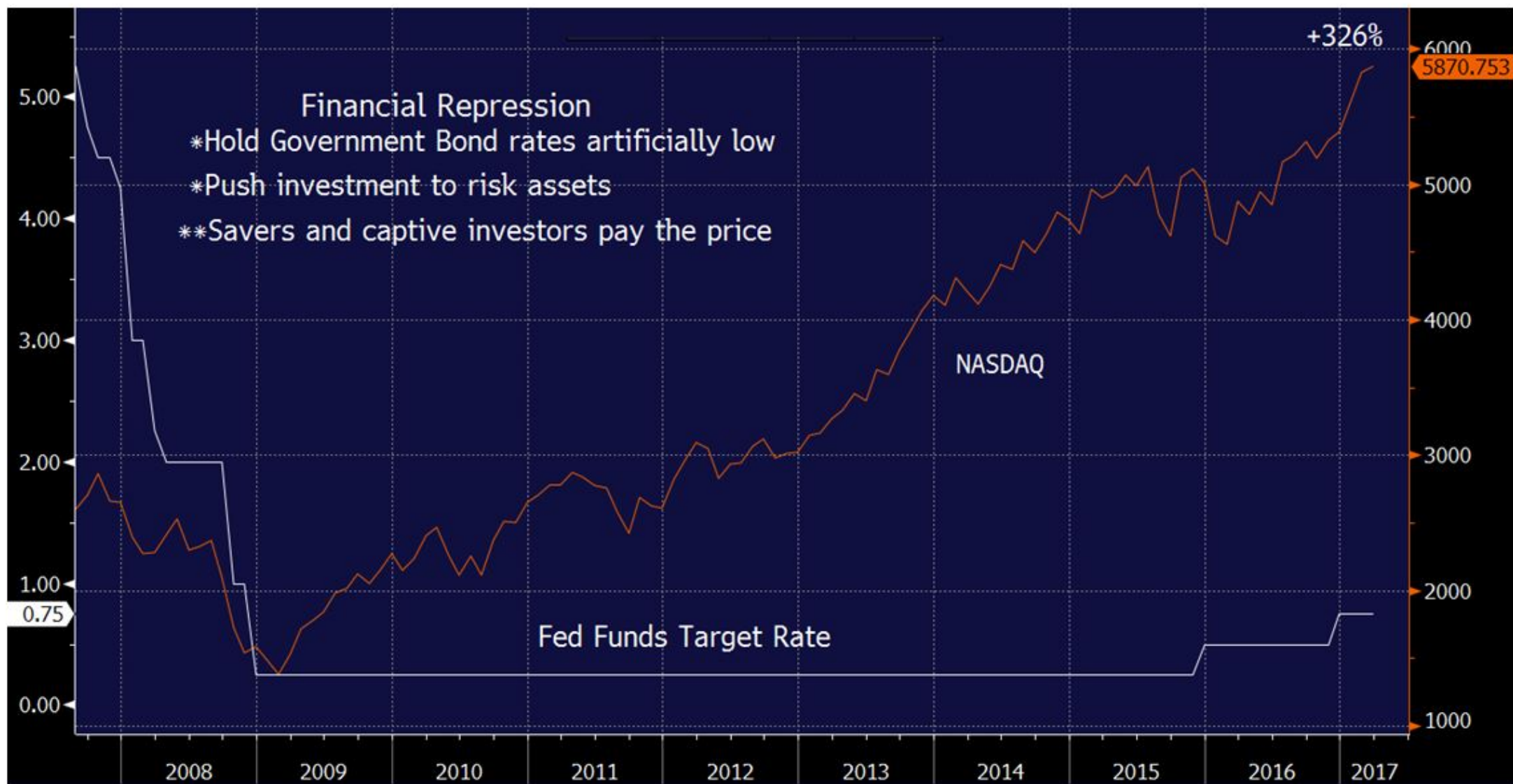
Savers are forced to subsidize inflated asset prices through policy engineered low interest rates.

One man's borrowing cost is another man's interest income.

Pushes investment from safe to risk assets to finance growth – increasing risk in both

Very tight credit spreads – 2008 and 2015

Harming valid business models – insurance, pension funds, local governments
-Zombie companies, obsolete business models survive



FDTR 0.25% For Sep 17 Next Release 28 Oct 14:00 Survey 0.50%

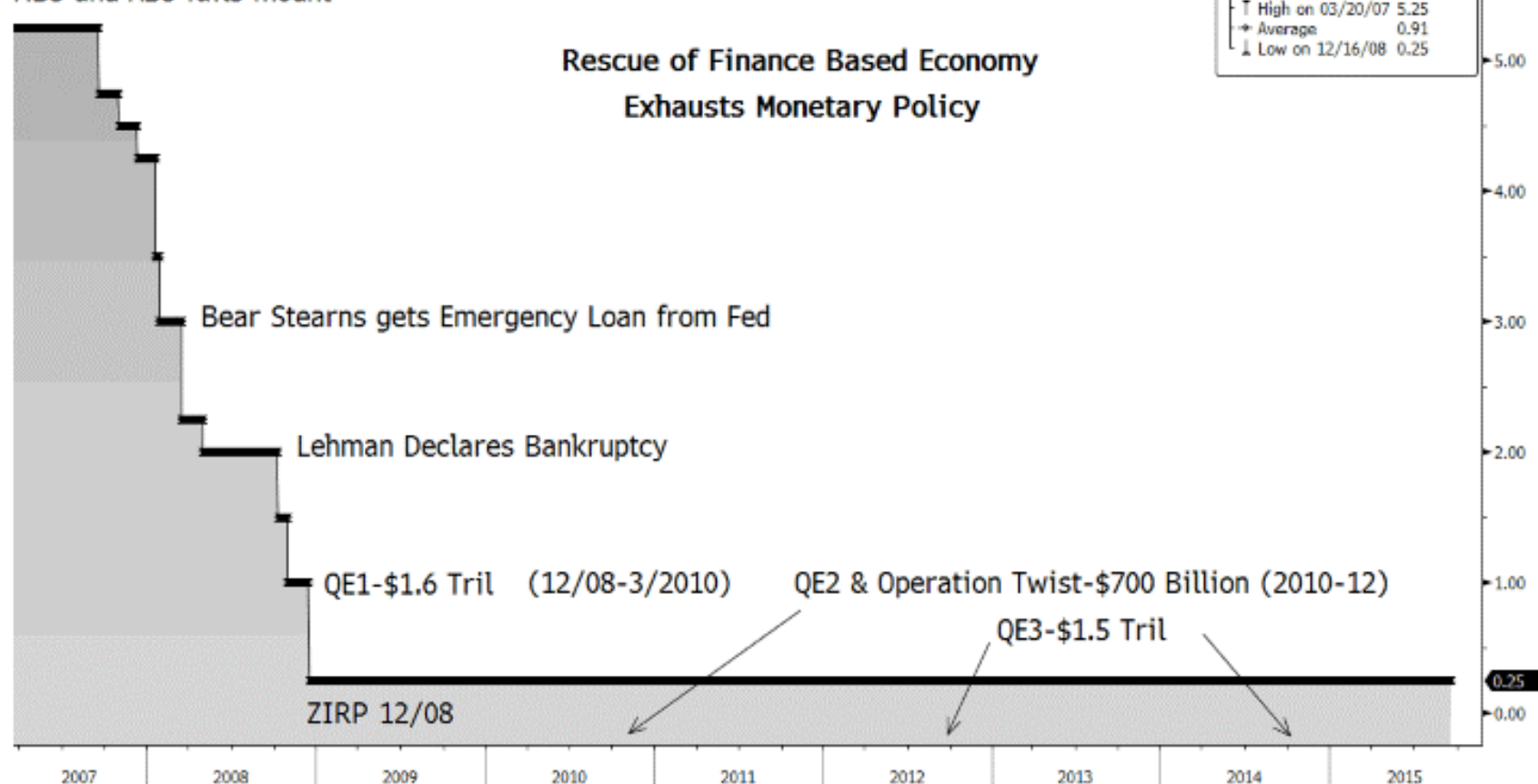
Federal Funds Target Rate - Upper Bound Federal Reserve

FDTR Index 95 Save As... 96 Actions 97 Edit 98 Table Line Chart

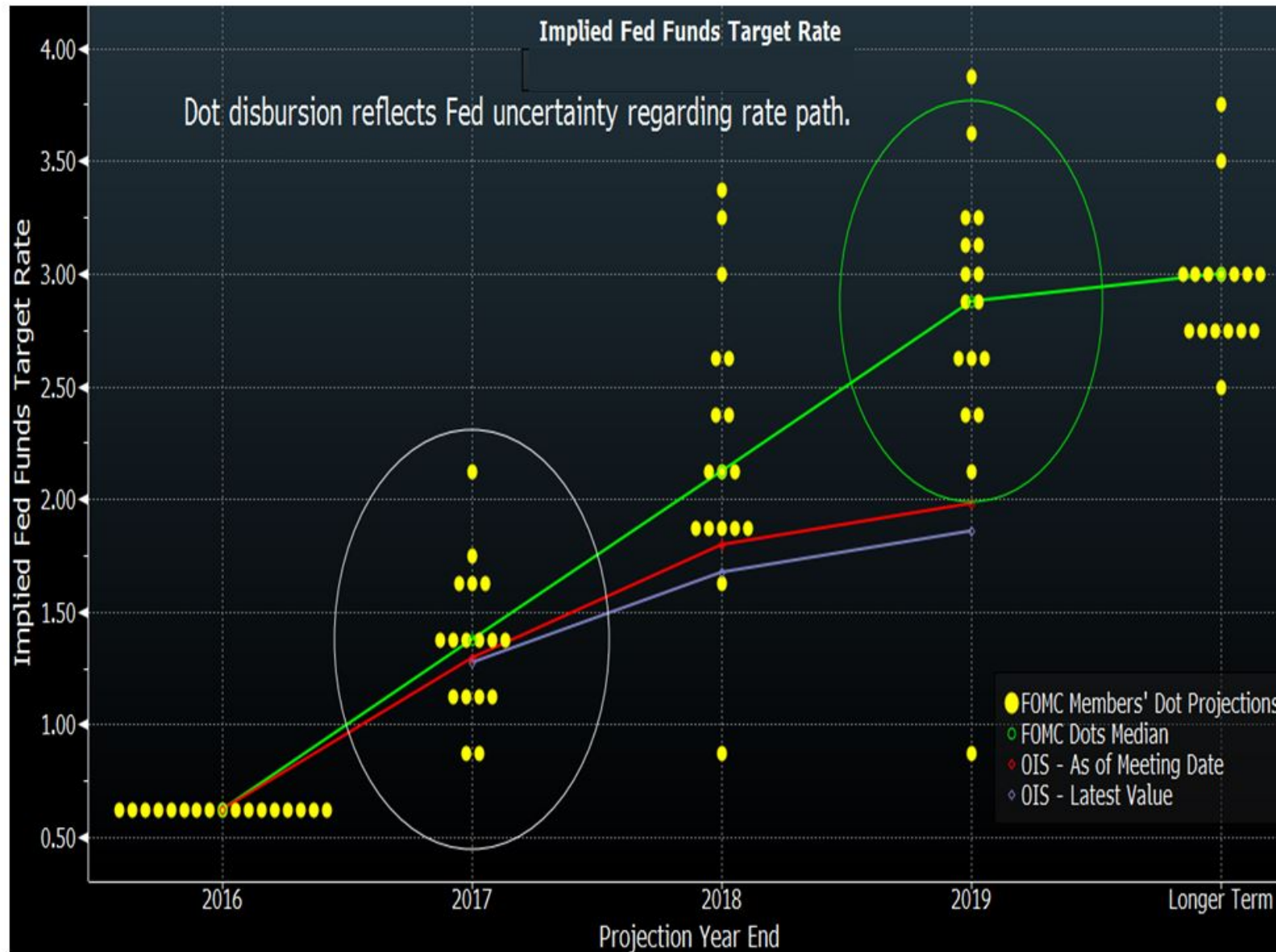
03/20/2007 - 09/20/2015 Mid Yield 11 Compare Mov. Avgs No Lower Chart USD

1D 3D 1M 6M YTD 1Y 5Y Max Daily Security/Study Event

MBS and ABS fails mount

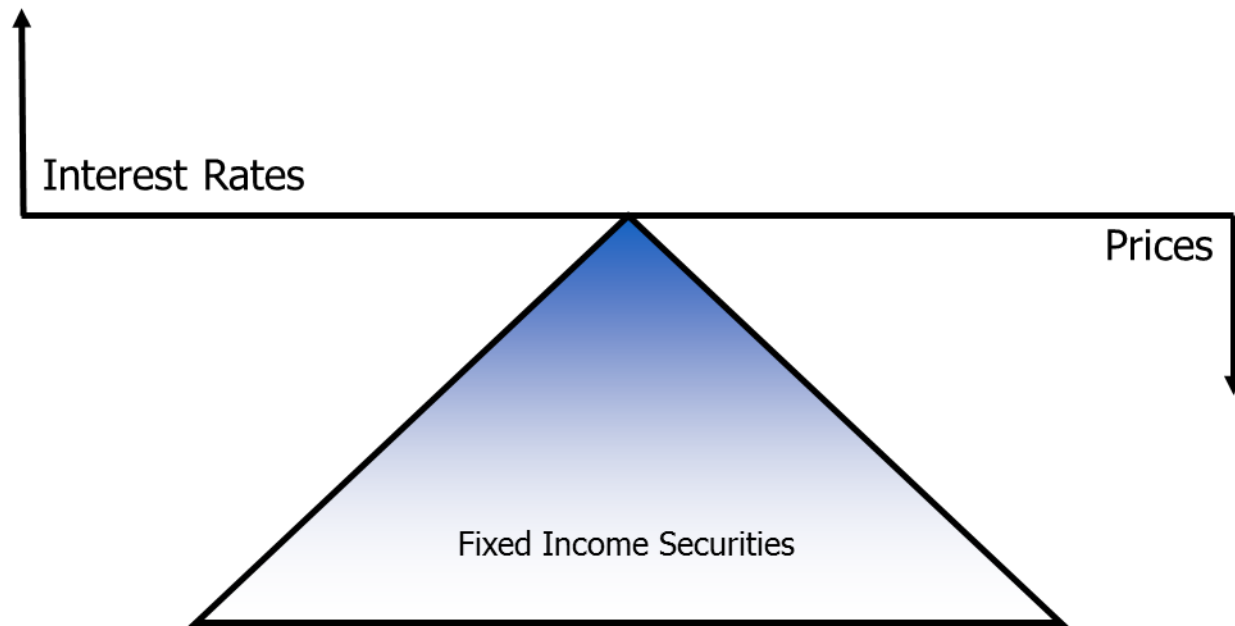


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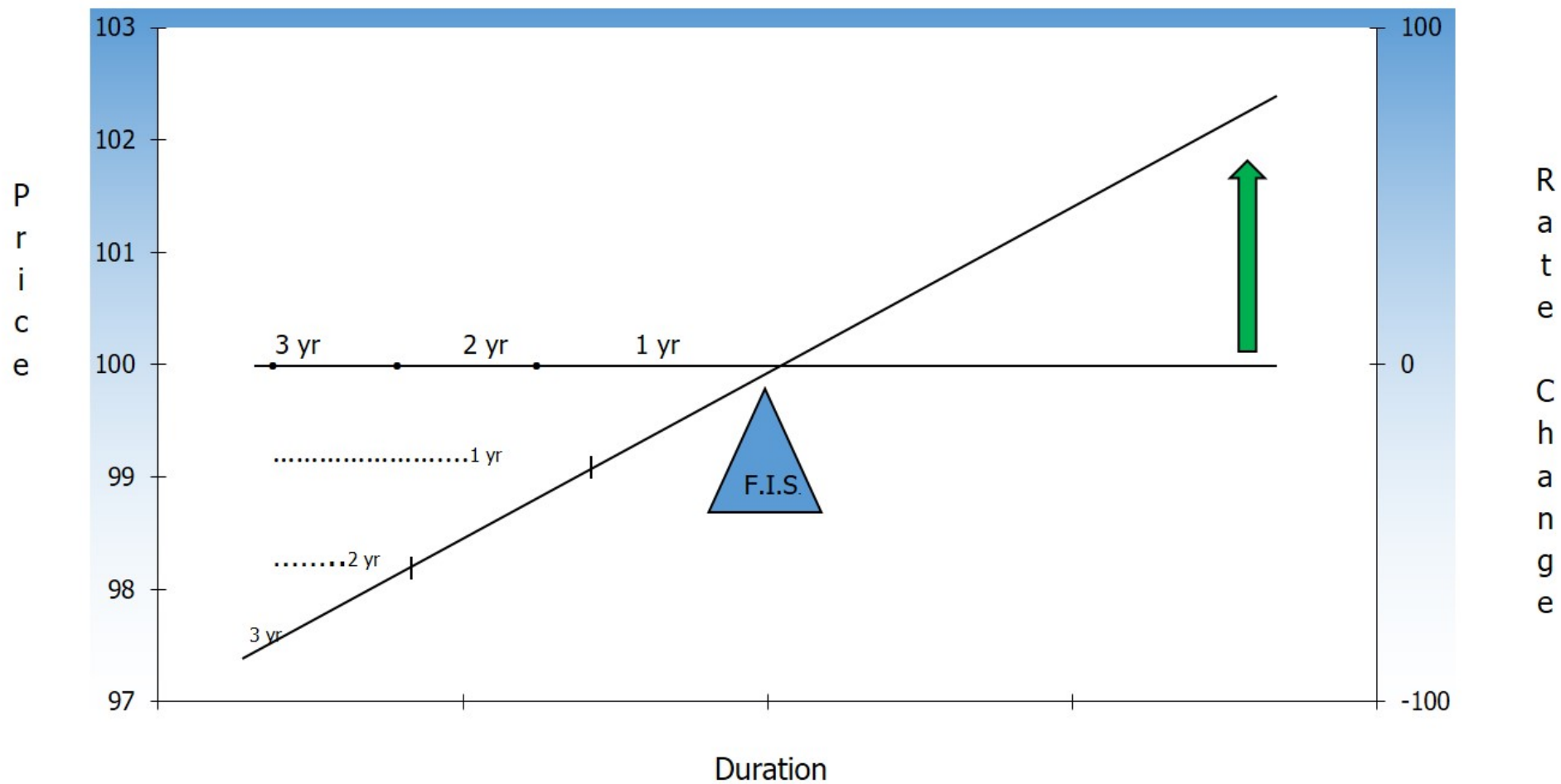
Bond Prices and Interest Rates

There is an inverse relationship between bond prices and interest rates.



Duration and Bond Price Volatility

There is a positive relationship between a bonds duration and its price volatility.



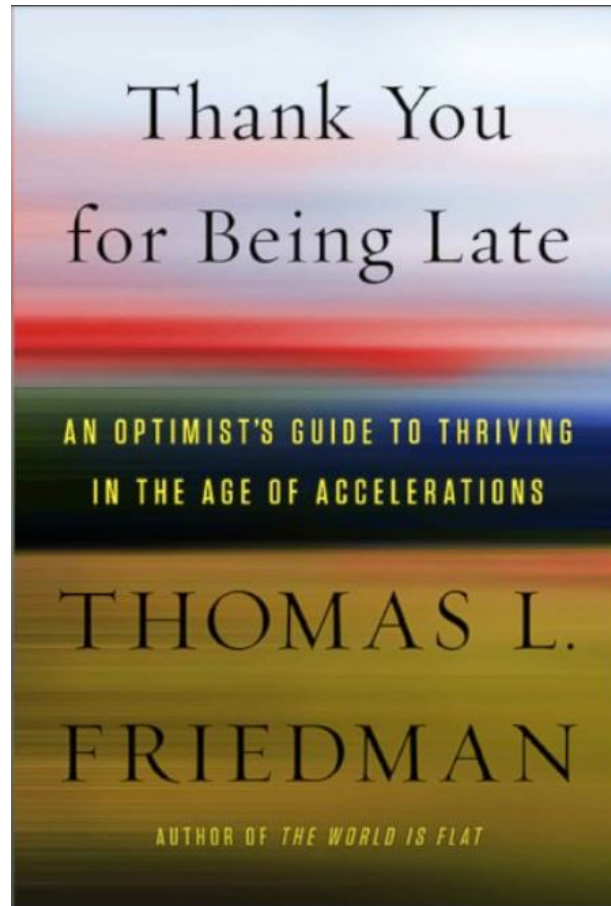
2 Year US Treasury Yield History 1980-Present

30 year bull market covers many mistakes

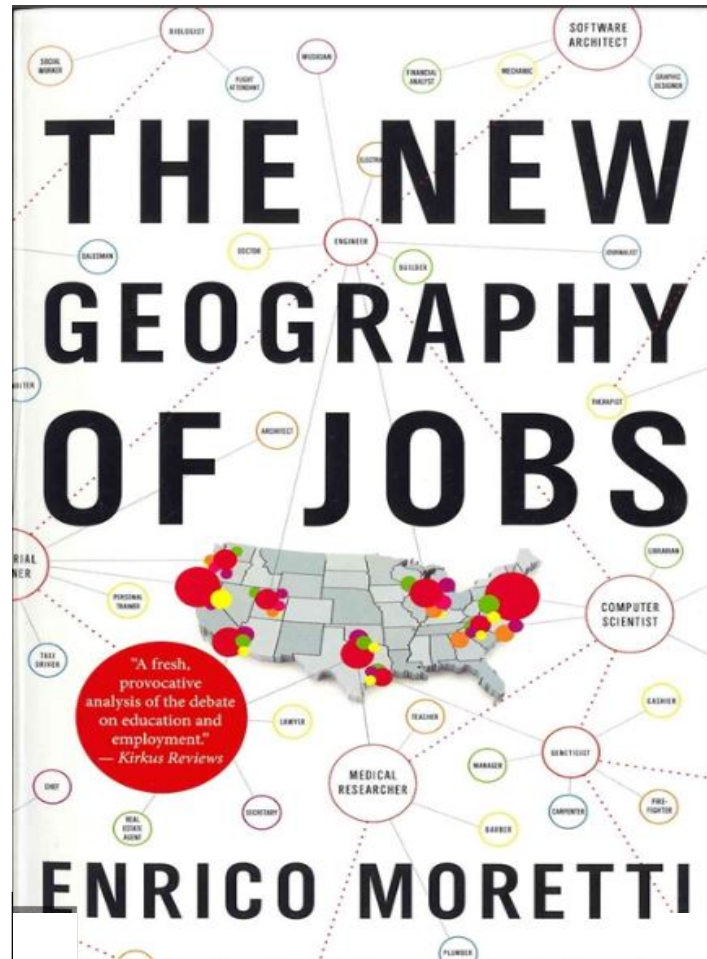
Yields Down/ Prices Up



“An optimist’s guide to thriving in the age of accelerations.”



- Something Big is going on
- Moore’s Law – technology
- Globalization – markets
- Climate Change and Biodiversity
- The Supernova
- Dynamic Stability vs Active Inertia



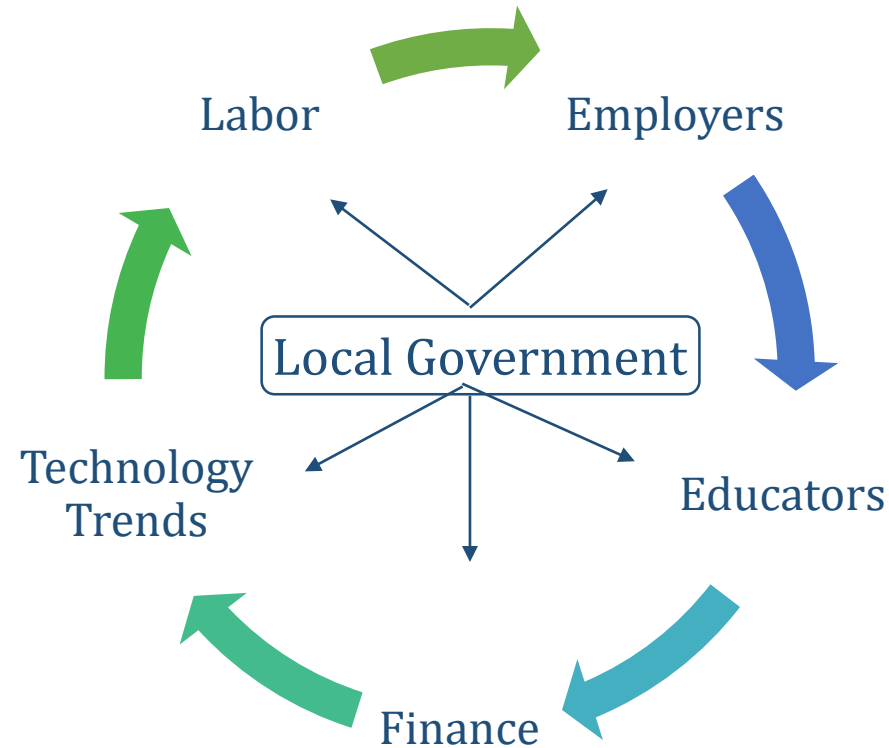
The New Geography of Jobs

“The Great Divergence”

- 30 – 40 Year Trend
- Bifurcation of American Economy
- Innovation Clusters Attract Innovators

Economic Growth and Sustainability of Revenue

Local Government as Facilitator



- Diversification of Revenue Streams
- Evolution of Local Economy