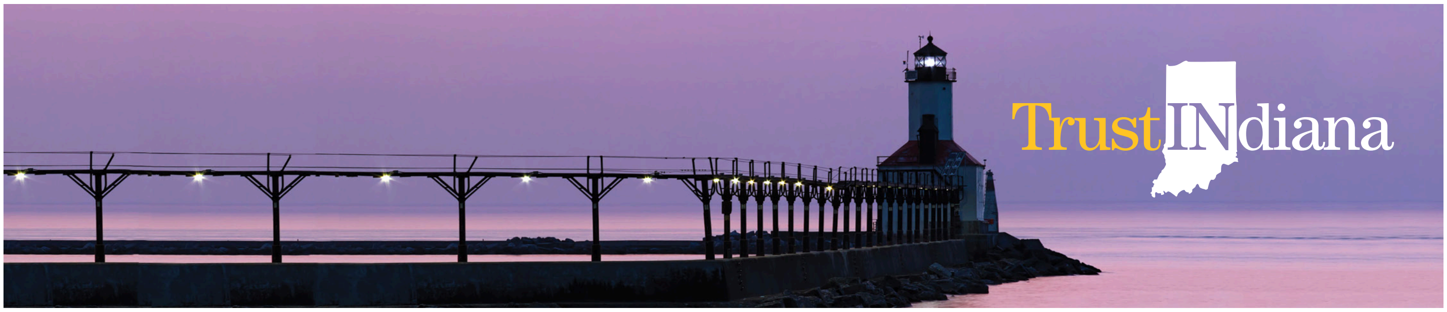
TheINVESTOR

August 2016

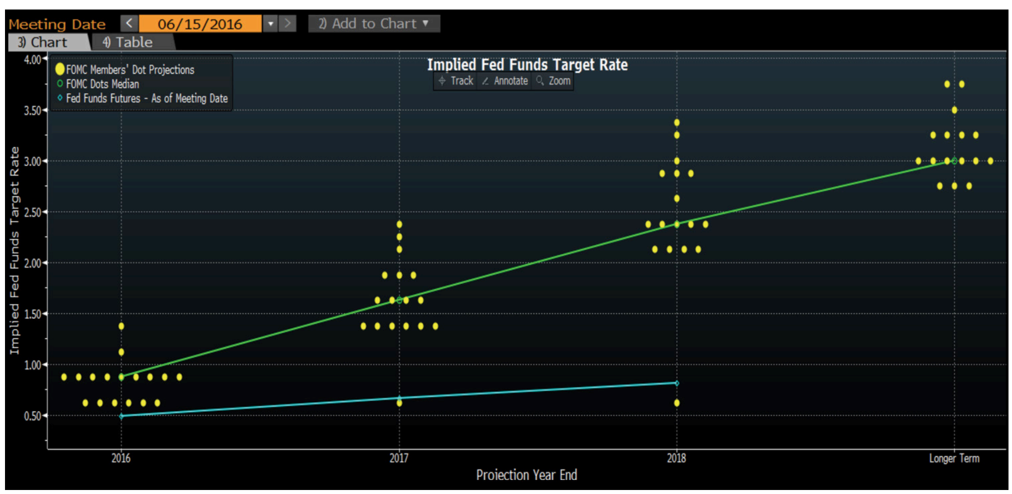


Local Government Investment Pool

What You Need to Know About the TrustINdiana Yield

Wondering when the Fed Reserve and its Federal Open Market Committee (FOMC) will execute another increase in the federal funds (fed funds) target rate? As you may recall, when the FOMC increased the fed funds target rate by 25 basis points on December 16, 2015, many market participants predicted at least four more 25 basis point increases this calendar year.

Eight months into 2016 and the FOMC has yet to increase the fed funds target having taken a pass at the last five meetings. Does the lack of an increase mean the FOMC is on hold for the remainder of the year? And if the FOMC is waiting for better economic data, does this mean that the TrustINdiana yield will flatten-out until the next move by the FOMC? Or are there other market forces in play that might impact the TrustINdiana yield? Here is what you need to know about what is impacting the TrustINdiana daily yield.



Source: Bloomberg

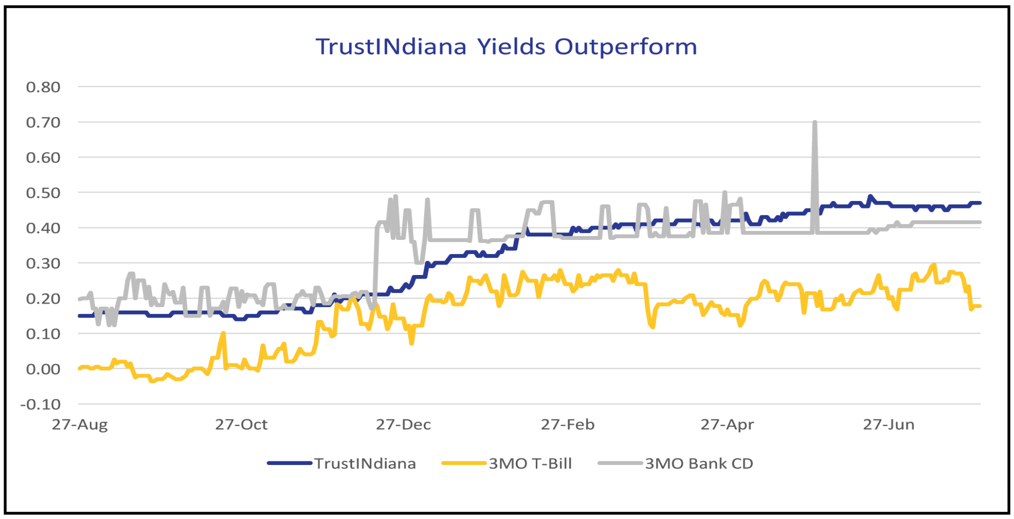
Is the FOMC on Hold?

In the chart, each yellow dot represents the year-end projection of each individual FOMC member for the fed funds target rate. By this chart, the median projection for the federal funds target rate at year end is approximately 90 basis points. This implies one or two more 25 basis point rate hikes this year. Does this mean approximately 40 basis points of tightening is coming? To date, the answer is no. A data-driven FOMC has not seen sufficient economic indicators to justify an increase, even after the past two stellar jobs reports. Fear of market turmoil, particularly in the aftermath of the June 23rd "Brexit" referendum has likely kept the FOMC on hold. And the calendar might be against any movement this year. If the FOMC does increase the federal funds target rate this year, it will need to do so at one of the three remaining two-day meetings this year: September 20-21; November 1-2; or December 13-14.

Certainly strong economic indicators could push the FOMC to move rates again, just as they did at the end of year in 2015. But the bond market is less optimistic about a rate increase. The light blue line in the above chart graphs Fed Funds Futures contracts. These contracts represent the market's (and not the FOMC's) expectation for activity this year and it clearly deviates from the FOMC member projections (dot plot) with only a slight 10 basis point increase predicted by year-end 2017. Taken together, these data points do not provide much clarity regarding fed funds rate direction and potential big yield movement in TrustINdiana. Add to the analysis that official communication from the FOMC lacks clear direction and it seems the FOMC is on-hold this year.

A Market-Driven Rate Increase?

Maybe when it comes to LGIP rate increases, it is just not about the FOMC this time. As illustrated by the chart below, the TrustINdiana yield continues to move upward, outpacing other public funds investment options, even as expectations for a fed funds rate have flattened. What market-forces are driving this divergence?



Source: Public Trust Advisors, LLC

The driver here is the movement of hundreds of billions in assets from institutional prime-style (commercial paper and corporate debt) United States Securities and Exchange Commission (SEC) registered money market funds converting to government-style (US government debt) in order maintain a $1 net asset value (NAV) before an October 16, 2016 deadline. These money fund conversions are creating less demand for commercial paper as these huge money market fund firms pivot to US government debt, which is forcing commercial paper issuers to offer higher yields to attract buyers. And since TrustINdiana is not regulated by the SEC, and can continue to invest in commercial paper and offer a $1 NAV, we are well positioned to take advantage of these higher commercial paper yields as a pass-through to you, the TrustINdiana Participants.

TheECONOMY

Job Hiring Strong

Payrolls in July increased by 255,000, this compares to the market expectation of 180,000. In addition, the June number was revised to 292,000 from the previously reported 287,000 increase. The unemployment rate held steady at 4.9%, as the participation rate increased to 62.8% from 62.7% the previous month. The June and July numbers offset the May lull which saw anemic job creation of 24,000. These numbers will stir up the rate increase debate once again.

Current Fed fund futures indicate less than a 50% chance of an increase in 2016. The probability does not crest 50% until the second quarter of 2017.

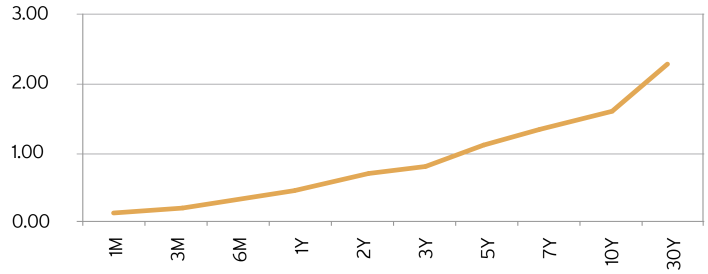
The pending SEC money market reform that is effective as of October 14, 2016 is creating opportunity within the market. In effect, the movement out of corporate and bank issuers has prompted higher rates as money flows into government securities ahead of the reform. Interbank lending, as indicated through LIBOR level, clearly displays this trend. For instance, three-month LIBOR has seen a steady increase from 0.67% on July 11, 2016 to a current level of 0.80% as of August 8, 2016. This is effectively raising rates for some issuers without the Fed lifting a finger. PTA remains cognizant of market fluctuations and continues to monitor the market imbalances.

Portfolio Strategy

The Fed has been in a holding pattern for the past five meetings after raising rates late last year. The potential for further rate hikes in addition to October's pending money-market reform may provide market opportunities for the remainder of the year.

**LIBOR is the London Interbank Offered Rate and is a benchmark short-term interest rate banks charge each other for short-term loans.*

US Treasury Curve



Source: Bloomberg

Treasury Yields

MATURITY	8/8/16	7/8/16	CHANGE
3 Month	0.278%	0.274%	0.004%
6 Month	0.426%	0.367%	0.059%
1 -Year	0.543%	0.458%	0.085%

Source: Bloomberg

Agency Yields

MATURITY	8/8/16	7/8/16	CHANGE
3 Month	0.326%	0.312%	0.014%
6 Month	0.386%	0.361%	0.025%
1 -Year	0.513%	0.468%	0.045%

Source: Bloomberg

Commercial Paper Yields (A-1/P-1)

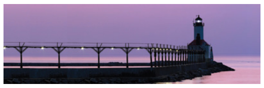
MATURITY	8/8/16	7/8/16	CHANGE
1 Month	0.500%	0.530%	-0.030%
3 Month	0.770%	0.650%	0.120%
6 Month	1.120%	0.870%	0.250%
9 Month	1.260%	1.040%	0.220%

Source: Bloomberg

Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q2 '16	1.20%
US Unemployment	Jul '16	4.90%
ISM Manufacturing	Jul '16	52.60
PPI YoY	Jun '16	-2.00%
CPI YoY	Jun '16	1.00%
Fed Funds Target	Aug 10 '16	0.25% - 0.50%

Source: Bloomberg



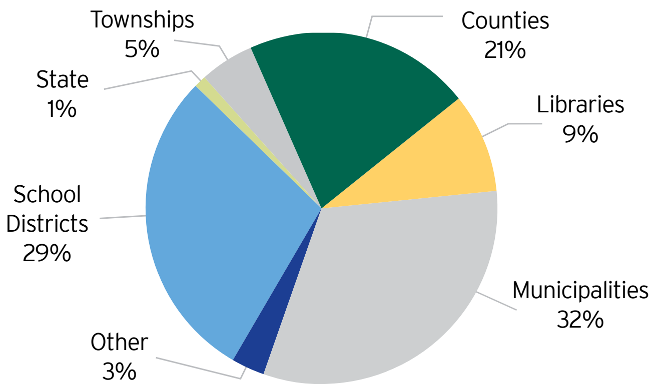
TrustINdiana™

TheINVESTOR August 2016

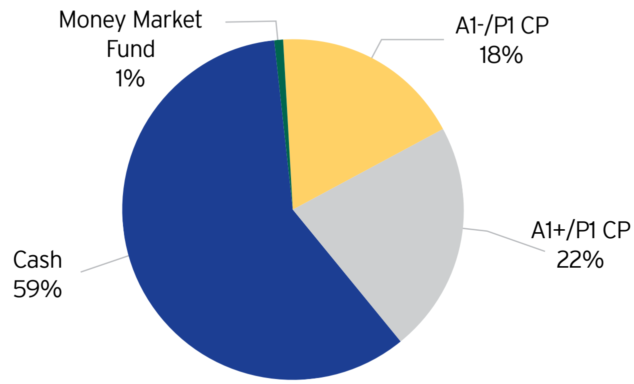
TheFUND

Fund Highlights as of July 31, 2016 (Unaudited)

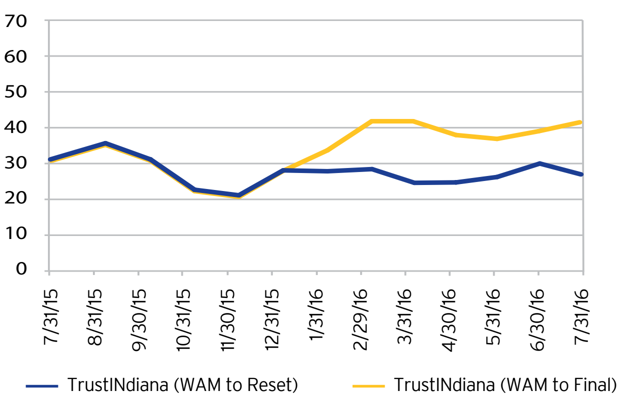
Participant Breakdown



Portfolio Distribution

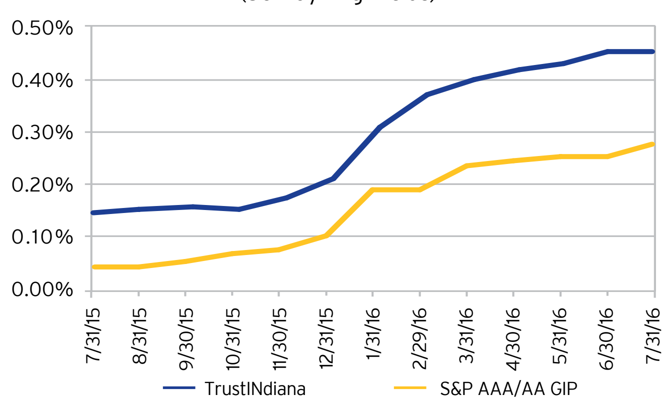


Weighted Average Maturity



TrustINdiana vs S&P AAA/AA GIP*

(30 Day Avg Yields)



Month	Avg Daily Yields**	WAM (to Reset)***	NAV	Month Ending Net Assets
May-16	0.43%	27	1.00	$554,902,954.86
Jun-16	0.46%	30	1.00	$559,090,117.94
Jul-16	0.46%	27	1.00	$577,058,297.21

*** 30 day yield as of the last day of the month* **** As of the end of the last day of the month*

Public Trust Advisors, LLC took over the management and advisory services effective May 1, 2015. All data prior to this date is from the previous Investment Advisor. As both Investment Advisors adhered to the investment policy there may be variances in yield, weighted average maturities and portfolio composition due to differing investment style.

Data Unaudited. All comments and discussion presented are purely based on opinion and assumptions, not fact, and these assumptions may or may not be correct based on foreseen and unforeseen events. The information above is not a recommendation to buy, sell, implement or change any securities or investment strategy, function or process. Any financial and/or investment decision should be made only after considerable research, consideration and involvement with an experienced professional engaged for the specific purpose. Additionally, past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.

*The benchmark, the S&P US AAA & AA Rated GIP All 30 Day Net Yield (LGIP30D) is a performance indicator of rated GIPs that maintain a stable net asset value of $1.00 per share and is an unmanaged market index representative of the LGIP universe. The S&P benchmark utilized in this comparison is a composite of all rated stable net asset value pools. GIPs in the index include only those rated based on Standard & Poor's money market criteria. Pools rated 'AAAm' provide excellent safety and a superior capacity to maintain principal value while those rated 'AAm' offer very good safety and a strong capacity to maintain principal value (Source: Standard & Poor's website.) The comparison between this index and the portfolio may differ in holdings, duration and percentage composition of each holding. Such differences may account for variances in yield.