

Illinois Metropolitan Investment Fund

Comprehensive Annual Financial Report

Year ended September 30, 2018



**Illinois Metropolitan
Investment Fund**

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Comprehensive Annual Financial Report

Year ended September 30, 2018

**Sofia Anastopoulos
Executive Director
Chief Investment Officer**

ILLINOIS METROPOLITAN INVESTMENT FUND

Comprehensive Annual Financial Report
Year Ended September 30, 2018

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ILLINOIS METROPOLITAN INVESTMENT FUND

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INTRODUCTORY SECTION (Unaudited)



Illinois Metropolitan Investment Fund

Investing together for
our communities

Christy Powell

Superintendent of Finance
& Personnel
Geneva Park District
Chairman

March 5, 2019

Brian Murphy

Village Administrator
Village of Plainfield
Vice Chairman

Dear IMET Participants:

Gary Szott

Director of Finance/Treasurer
Village of Bloomingdale
Treasurer

We hereby submit to you the twenty second Comprehensive Annual Financial Report of the Illinois Metropolitan Investment Fund (IMET), which covers the fiscal year of October 1, 2017 through September 30, 2018. In accordance with the Illinois Compiled Statutes and the Illinois Metropolitan Investment Fund Third Amended and Restated Declaration of Trust, dated as of January 20, 2012, an annual independent audit of all funds of IMET shall be conducted by certified public accountants licensed to practice public accounting in the State of Illinois. This report is published to fulfill that requirement, for the fiscal year ended September 30, 2018. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Board of Trustees and Executive Director, and is based upon a comprehensive framework of internal controls that is established for this purpose.

John Harrington

Director of Finance/Treasurer
Village of Minooka
Secretary

Scott Anderson

Director of Finance & General
Services
Village of Buffalo Grove
Trustee

To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and changes in financial position of IMET in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America, by a firm of licensed certified public accountants. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability of assets and to permit preparation of financial statements in accordance with GAAP. We believe the internal controls in effect during the fiscal year ended September 30, 2018, adequately safeguard IMET's assets and provide reasonable assurance regarding the proper recording of financial transactions. All disclosures necessary to enable the reader to gain an understanding of IMET's financial activities have been included. The data presented in the Investment Section is prepared on a basis consistent with the other sections of the report using data provided by reliable third party sources.

Chris Minick

Director of Finance
City of St. Charles
Trustee

Lynn McCammon

Finance Director
Village of Winfield
Trustee

Betty Zigras

Finance Director
Village of Olympia Fields
Trustee

Sofia Anastopoulos

Executive Director
Chief Investment Officer

Debra A. Zimmerman

Associate Director

Miller, Cooper & Co., Ltd., Certified Public Accountants, has issued an unmodified opinion on IMET's financial statements, for the fiscal year ended September 30, 2018. The independent auditors' report is located at the front of the Financial Section of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. IMET's MD&A can be found immediately following the report of the independent auditors.

IMET PROFILE

IMET, a quasi-governmental entity created under the Intergovernmental Cooperation Act and the Illinois Municipal Code in 1996, is a local government investment pool. In the early 1990's, the idea to develop an intermediate term investment fund was formed out of the discussions of various individuals who were not satisfied with the low returns being earned on the investments then currently available to public funds managers. Changes were occurring on the permissible investments for pension funds and the time seemed appropriate to research and create an investment vehicle to meet the needs for public funds managers. A committee was formed by five Chicago Metro Councils of Government (COGs) - the Will County Governmental League, West Central Municipal Conference, DuPage Mayors and Managers Conference, South Suburban Mayors and Managers Association, and the Northwest Municipal Conference to evaluate various strategies for the creation of the investment fund. The newly formed committee received legal assistance and direction from legal counsel, in the creation of the investment fund. After numerous committee meetings over the course of a few years, the Illinois Metropolitan Investment Fund (IMET) was established, as a not-for-profit investment fund under the Intergovernmental Cooperation Act and the Illinois Municipal Code, on July 1, 1996. The investment fund, called the IMET 1-3 Year Series, was designed as a pooled, intermediate term investment vehicle intended for funds that could be invested for more than one year. The Series was structured with a fluctuating Net Asset Value (NAV) and an average maturity of one-to-three years, with investments primarily in U.S. government backed securities (Treasuries and agencies). Each of the five founding COGs secured commitments from at least one of their respective members for an initial deposit into the fund. In September 2003, a second investment option was developed for IMET members. This second investment option, called the Convenience Series (CVF), was created to provide members with an additional asset allocation option for their public funds and with money market-like characteristics. The IMET Convenience Series is managed to maintain a stable \$1.00 share price and holds deposits and investments authorized by the Illinois Public Funds Investment Act. IMET is available to all governmental units in the State of Illinois for the purpose of jointly investing the funds of which the governmental unit treasurer has custody. IMET had approximately 210 members, as of September 30, 2018.

INVESTMENT POLICIES AND PRACTICES

The primary objectives of the IMET investment funds – the IMET 1-3 Year Series and the IMET Convenience Series, as set forth in their respective Investment Policies included in the Investment Section, are preservation of principal, liquidity, and return on investment. It is the policy of IMET to invest public funds of Illinois governments in a manner that seeks to provide an attractive risk-adjusted return consistent with the preservation of capital. IMET investment funds conform to Illinois state statutes governing the investment of public funds. The standard of prudence used for all investment activities is the “prudent person” standard and is applied in conducting all investment transactions. Investments are made with the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable preservation of their capital as well as the probable income to be derived thereof.

YEAR END REPORT

Fiscal year 2018 was defined largely by effects of the Tax Reform Act, which was signed into law on December 22, 2017, and unsettled geopolitical and political landscapes as the Trump administration turned away from past accords (Iran Nuclear, Paris Climate), held ongoing, and sometimes contentious, trade and tariff discussions (NAFTA, China, EU), and battled political discord at home. A return to volatility characterized both equity and fixed income markets. The positive effects of the Tax Reform Act evidenced by stronger Gross Domestic Product (GDP) growth, enhanced productivity, and lower unemployment rates were tempered by persistent global tensions, trade unease and fractured politics.

The Federal Open Market Committee raised rates four times during the fiscal year ended September 30, 2018 (FYE 2018): by 25 basis points (bps) in December 2017, 25 bps at its March 2018 meeting, another 25 bps at its June 2018 meeting, and another 25 bps at the September 2018 meeting, bringing the target Federal Funds Rate range to 2.00 to 2.25% at the end of September 2018.

A major accomplishment for 2018 was undertaking a Request for Proposal process which led to the engagement of Meeder Public Funds as the investment adviser to the IMET 1-3 Year Series. The RFP process, a GFOA best practice for government vendors/providers every three to five years, underpinned a thorough review and rigorous evaluation process to select and engage an appropriate and worthy adviser. Meeder Public Funds, a division of Meeder Investment Management, has served the investment needs of public funds for over 25 years. At December 31, 2017, Meeder had over \$10 billion assets under management. Meeder also has served as adviser and administrator to STAR Ohio, an LGIP with over \$10.5 billion in assets at February 28, 2018.

Working with its newly engaged investment adviser, IMET has started implementing modifications to protect the IMET 1-3 Year Series on the downside in the long-awaited rising interest rate environment such as shortening duration and adding an allocation to commercial paper for diversification.

For fiscal year 2018, the 1-3 Year Series had a total return of 0.33% on a gross of fees basis (0.06% net of fees) compared to a return of -0.01% for its benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index (this name replaced earlier versions of the name with the acquisition by Bloomberg of the Barclay's Index family in 2016). The FFF fraud refers to the fraudulent investment transactions IMET was victimized by in 2014. For fiscal year 2018, the Convenience Series had an annualized yield of 1.93% compared to the effective Federal Funds Rate average for the year of 1.58%. Over the one year ending September 30, 2018, the target Federal Funds Rate ranged between 1.00 to 1.25% and 2.00 to 2.25%. The interest rate environment during the fiscal year ending September 30, 2018 was characterized by rising interest rates in which shorter-term investments, such as the IMET Convenience Series outperforming intermediate and longer-term vehicles, including the IMET 1-3 Year Series and its benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index.

Please refer to the Investment Section of this CAFR for additional information on investments for each investment fund.

During fiscal year 2018, total assets of the 1-3 Year Series decreased by 16.3% to \$146,950,699 at September 30, 2018 from \$175,476,138 at September 30, 2017. This decrease in assets for the 1-3 Year Series was a continuation of the trend in redemptions that had emerged in the preceding fiscal year as participants continued to redeem shares in the IMET 1-3 Year Series. During FYE2018, the interest rate environment continued to be characterized by rising interest rates and a flattening yield curve. Securities in the IMET 1-3 Year Series enjoyed higher income, but the higher income was not large enough to offset the negative movements in NAVs that tend to accompany interest rate increases. The IMET Convenience Series increased by 8.1% to \$536,836,363 at September 30, 2018, from \$496,496,303 at September 30, 2017. Growth in assets of the IMET Convenience Series offset the decrease in assets in the IMET 1-3 Year Series for the one year ending September 30, 2018. In establishing the IMET Convenience Series, it was the intention of the Board of Trustees of IMET to offer participants an alternative to the IMET 1-3 Year Series and for the two Series to act as complements to each other. The asset trends of fiscal year 2018 are confirmation that the Series continue to behave as intended.

Historic fund behaviors continue to overtake any remaining impact of the FFF fraud. IMET continues to work diligently with the court appointed Overall Receiver, the other investors and its legal counsel to explore all avenues to recover assets for fund participants. During FYE 2018, distributions from proceeds of the settlement IMET and the other investors reached with Pennant and its insurance carriers, and proceeds from IMET's settlement with its own fidelity bond carrier, were made.

The Executive Director and the IMET Board of Trustees, along with IMET's external partners, continue to position both IMET Series for ongoing competitive risk-adjusted rates of return.

IMET's goals for FY 2019 are to continue to find ways to add value to our participants in a rising interest rate environment. We will strive to maintain stability and strength in the IMET 1-3 Year Series and the IMET Convenience Series. We will seek to identify partners competitively who will help us add value, while continuously looking for opportunities to enhance yields for participants without compromising safety. IMET's Board of Trustees strives to secure sustainable growth for IMET in both its investment Series. IMET will continue to research and develop tools, products and services for participants, adding to the Arbitrage Rebate Calculation Services offered at attractive pricing, and the newly added Cash Flow Forecast Model available on a complimentary basis.

In everything we do, IMET seeks to be a steward for participants, to earn your trust and deserve your confidence.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Illinois Metropolitan Investment Fund for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. This was the seventh consecutive year that IMET has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Each member of the Board, each volunteer on IMET's standing committees, and each participant makes IMET the strong, creative, and cooperative membership organization that it is today and will continue to be. Your continued participation in this joint endeavor is welcome and sincerely embraced.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedication and hard work of the Board of Trustees, our Audit standing committee and staff. Each member of the Board of Trustees, volunteer audit standing committee and staff has our sincere appreciation for the contributions made in the preparation of this report. In addition, our appreciation is made to the independent auditors who have contributed to making this report possible.

On behalf of the IMET Board of Trustees and staff, we look forward to continuing to work with participants for the long-term success of IMET. We are proud to offer IMET's services to all units of government in the state of Illinois.

In service with you,



Christy Powell
IMET Chairman



Sofia Anastopoulos, CFA
IMET Executive Director

ILLINOIS METROPOLITAN INVESTMENT FUND

Board of Trustees
September 30, 2018

ILLINOIS METROPOLITAN INVESTMENT FUND

1220 Oak Brook Road
Oak Brook, Illinois 60523
Telephone: (630) 571-0480, ext. 229

BOARD OF TRUSTEES

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Geneva Park District

Vice Chair: Brian Murphy
Village of Plainfield (WCGL)

Treasurer: Gary Szott
Village of Bloomingdale (DMMC)

Secretary: John Harrington
Village of Minooka

Trustee: Scott Anderson
Village of Buffalo Grove (NWMC)

Trustee: Chris Minick
City of St. Charles

Trustee: Lynn McCammon
Village of Winfield

Trustee: Betty Zigras
Village of Olympia Fields

Executive Director: Sofia Anastopoulos

ILLINOIS METROPOLITAN INVESTMENT FUND

Supporting Chicago Area Councils of Government
and External Advisers
September 30, 2018

SUPPORTING CHICAGO AREA COUNCILS OF GOVERNMENT

DUPAGE MAYORS AND MANAGERS CONFERENCE

Suzette Quintell
Executive Director

NORTHWEST MUNICIPAL CONFERENCE

Mark Fowler
Executive Director

SOUTH SUBURBAN MAYORS AND MANAGERS ASSOCIATION

Kristi DeLaurentiis
Executive Director

WILL COUNTY GOVERNMENTAL LEAGUE

Hugh O'Hara
Executive Director

EXTERNAL ADVISERS

Meeder Public Funds, Inc., an SEC registered adviser, (the "Adviser") and
Meeder Investment Management (the "Parent")
Dublin, Ohio

FUND ACCOUNTANT/TRANSFER AGENT

ALPS Fund Services, Inc.
Denver, Colorado

CUSTODIAN

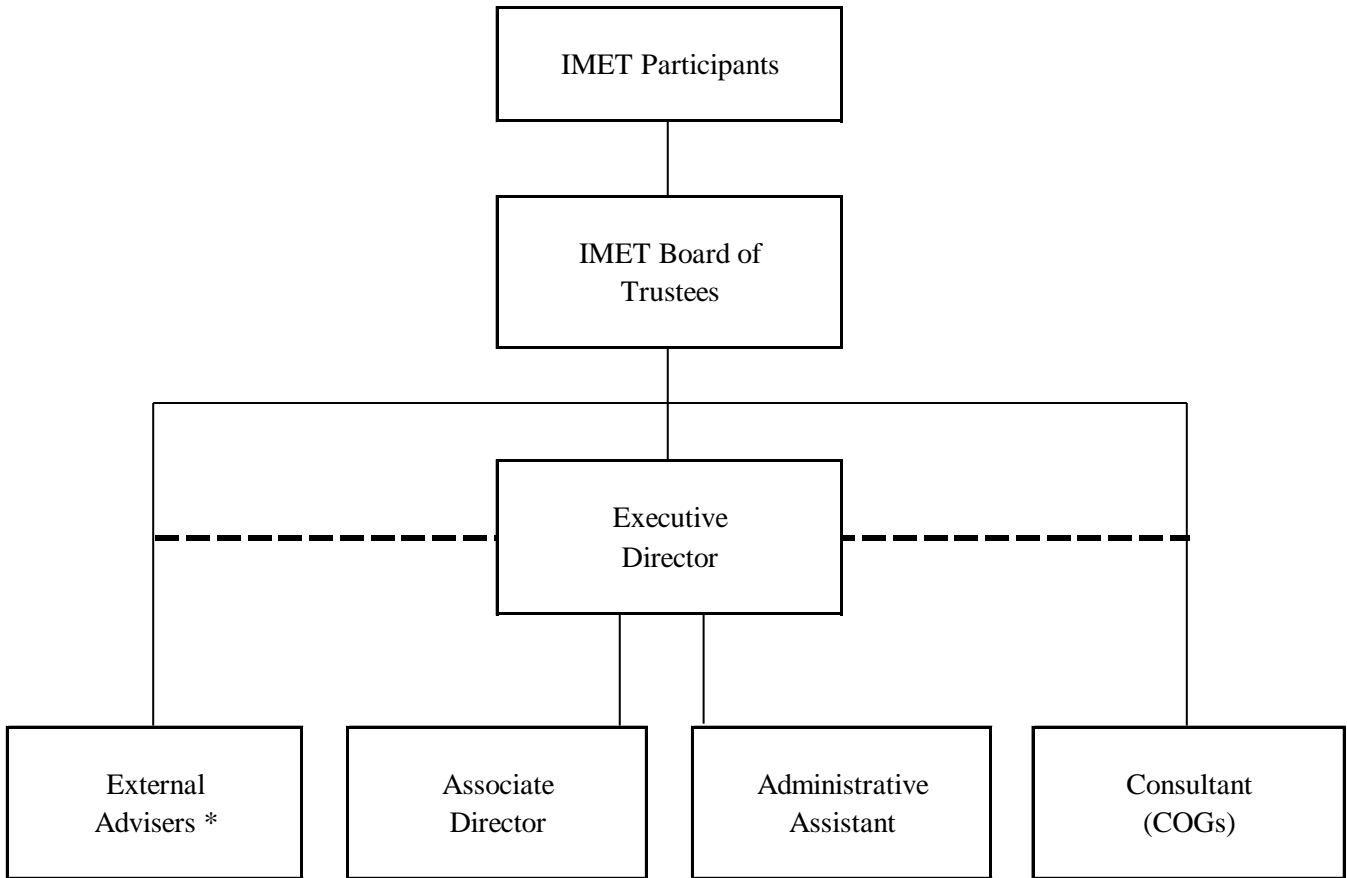
BMO Harris Bank, N.A.
Chicago, Illinois

LEGAL COUNSEL

Vedder Price
Chicago, Illinois

ILLINOIS METROPOLITAN INVESTMENT FUND

Organizational Chart
September 30, 2018



* Please refer to the Schedule of Fees within the Investment Section of this report for a summary of fees paid both internally and externally.



Government Finance Officers Association

Certificate of
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in Financial
Reporting

Presented to

Illinois Metropolitan Investment Fund

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Members of the Board of Trustees
Illinois Metropolitan Investment Fund
Oak Brook, Illinois

Report on the Financial Statements

We have audited the accompanying combining statements of fiduciary net position and changes in fiduciary net position of the Illinois Metropolitan Investment Fund (IMET), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise IMET's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

IMET's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMET, as of September 30, 2018, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, the Illinois Municipal Retirement Fund pension data on pages 31 through 32, and notes to the required supplementary information on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise IMET's basic financial statements. The other information listed in the table of contents, including the introductory section, the investment section, the other supplementary information, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, investment, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
March 5, 2019

ILLINOIS METROPOLITAN INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
Year ended September 30, 2018

Management is pleased to provide this discussion and analysis of the financial activities of the Illinois Metropolitan Investment Fund (IMET) for the year ended September 30, 2018. Readers are encouraged to consider the information presented here, in conjunction with the additional information that is furnished in the letter of transmittal. Further, this correspondence is intended to serve as an introduction to IMET's basic financial statements, which are comprised of the fund financial statements and notes to the financial statements. The Comprehensive Annual Financial Report (CAFR) also contains other information in addition to the basic financial statements. The financial statements begin on page 9 of the report.

Financial Highlights

Total assets, which include the IMET 1-3 Year Series, the IMET Convenience Series, and the IMET FFF Account Liquidating Trust, remained relatively stable at September 30, 2018, increasing slightly by 1% to \$705,108,984 from \$698,267,116 at the preceding year end, September 30, 2017. Total assets of the 1-3 Year Series decreased by 16.3% to \$146,950,699 at September 30, 2018 from \$175,476,138 at September 30, 2017. This decrease in assets for the 1-3 Year Series was a continuation of the trend in redemptions that had emerged in the preceding fiscal year as participants continued to redeem shares in the IMET 1-3 Year Series. During fiscal year 2018, the interest rate environment continued to be characterized by rising interest rates and a flattening yield curve. Securities in the IMET 1-3 Year Series enjoyed higher income, but the higher income was not large enough to offset the negative movements in NAVs that tend to accompany interest rate increases. Total assets of the IMET Convenience Series increased by 8.1% to \$536,836,363 at September 30, 2018, an increase of \$40,340,060 over total assets of \$496,496,303 at September 30, 2017. Growth in assets of the IMET Convenience Series offset the decrease in assets in the IMET 1-3 Year Series for the year ended September 30, 2018. In establishing the IMET Convenience Series, it was the intention of the Board of Trustees of IMET to offer participants an alternative to the IMET 1-3 Year Series and for the two Series to act as complements to each other. The asset trends of fiscal year 2018 are confirmation that the Series continue to behave as intended. Total assets of the IMET FFF Account Liquidating Trust decreased 18.9% to \$21,321,922 at September 30, 2018 from \$26,294,675 as of September 30, 2017. This decrease in the IMET FFF Account Liquidating Trust is attributable primarily to two distributions that took place during fiscal year 2018, of which approximately \$2.5 million is attributable to the proceeds from the settlement reached with Pennant and its insurance providers, and approximately \$2.0 million to the proceeds of IMET's settlement with its fidelity bond carrier. As well, the value of a restitution fund that had been established by Nikesh Patel was reassessed to the downside.

In the preceding year, total assets, including assets of the IMET 1-3 Year Series, the IMET Convenience Series, and the IMET FFF Account Liquidating Trust, remained relatively flat at September 30, 2017 at \$698,267,116, compared to \$700,993,525 as of September 30, 2016. Total assets of the IMET 1-3 Year Series decreased by 3.7% to \$175,476,138 at September 30, 2017, as a result of the interest rate environment in which the higher income from rising interest rates did not offset the movements in the NAV of the 1-3 Year Series, resulting in participant redemptions. Total assets of the IMET Convenience Series remained flat at \$496,496,303 as of September 30, 2017, as compared to total assets of \$497,092,191 at September 30, 2016. Total assets of the IMET FFF Account Liquidating Trust increased to \$26,294,675 as of September 30, 2017 compared to \$21,652,502 at September 30, 2016. This increase in the IMET FFF Account Liquidating Trust is attributable to the addition of proceeds from certain real estate asset recoveries, proceeds from the settlement that IMET and the other investors reached with Pennant and its insurance providers, a restitution fund established for the benefit of investors by Nikesh Patel, and certain other potential recoveries.

ILLINOIS METROPOLITAN INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
Year ended September 30, 2018

Financial Highlights (Continued)

Participants' net position in IMET was \$703,967,431 (\$146,739,051 in the IMET 1-3 Year Series, \$535,906,458 in the IMET Convenience Series, and \$21,321,922 in the IMET FFF Account Liquidating Trust) as of September 30, 2018. This compares to a net position of \$697,325,430 (\$175,073,212 in the IMET 1-3 Year Series, \$495,957,543 in the IMET Convenience Series, and \$26,294,675 in the IMET FFF Account Liquidating Trust) as of September 30, 2017.

During fiscal year 2018, IMET's 1-3 Year Series had a one-year gross return of 0.33%. This compares to a (0.01)% return for its benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index. During the preceding fiscal year, 2017, the IMET 1-3 Year Series had a one-year gross return of 0.42%, which compares to a 0.27% return for its benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index. The IMET Convenience Series provided a competitive risk-adjusted return of 1.56% for the year ending September 30, 2018. This compares to a return of 1.52% for the Bloomberg Barclay's US Treasury Bills 1-3 Month Index, a comparable liquidity benchmark. During the one-year period ending September 30, 2018, the Standard & Poor's Government Investment Pool Index, another index of investment grade local government investment pools, had a return of 1.40%. The S&P GIP index represents comparable funds and provides an indication of performance of alternatives. Over the year ending September 30, 2018, the target Federal Funds Rate ranged between 1.00 to 1.25% and 2.00 to 2.25%. The interest rate environment during the fiscal year ending September 30, 2018 was characterized by rising interest rates in which shorter-term investments, such as the IMET Convenience Series outperformed intermediate and longer-term vehicles, including the IMET 1-3 Year Series and its benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index.

Overview of the Financial Statements

The two basic financial statements of IMET are the *Combining Statement of Fiduciary Net Position* and the *Combining Statement of Changes in Fiduciary Net Position*, which represent the entity-wide financial statements. The statements are prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units.

The *Combining Statement of Fiduciary Net Position* is a measure of each Series' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the close of the fiscal year. Total assets and deferred outflows of resources less total liabilities and deferred inflows of resources equal net position held in trust for IMET participants. The following table is a Condensed Statement of Fiduciary Net Position, for the years ended September 30, 2018 and September 30, 2017.

ILLINOIS METROPOLITAN INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
Year ended September 30, 2018

Overview of the Financial Statements (Continued)

Condensed Statement of Fiduciary Net Position
at September 30,

	IMET		IMET		IMET		IMET	
	1-3 Year Series	1-3 Year Series	Convenience Series	Convenience Series	FFF Account Liquidating Trust	FFF Account Liquidating Trust	Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
Assets	\$146,950,699	\$175,476,138	\$536,836,363	\$496,496,303	\$21,321,922	\$26,294,675	\$705,108,984	\$698,267,116
Deferred Outflows of Resources	\$ 112,911	\$ 150,458	\$ -	\$ -	\$ -	\$ -	\$ 112,911	\$ 150,458
Total Assets & Deferred Outflows of Resources	\$147,063,610	\$175,626,596	\$536,836,363	\$496,496,303	\$21,321,922	\$26,294,675	\$705,221,895	\$698,417,574
Liabilities	\$ 252,735	\$ 553,384	\$ 929,905	\$ 538,760	\$ -	\$ -	\$ 1,182,640	\$ 1,092,144
Deferred Inflows of Resources	\$ 71,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,824	\$ -
Total Liabilities & Deferred Inflows of Resources	\$ 324,559	\$ 553,384	\$ 929,905	\$ 538,760	\$ -	\$ -	\$ 1,254,464	\$ 1,092,144
Total net position	\$146,739,051	\$175,073,212	\$535,906,458	\$495,957,543	\$21,321,922	\$26,294,675	\$703,967,431	\$697,325,430

The *Combining Statement of Changes in Fiduciary Net Position* shows purchases to and redemptions (withdrawals) from each Series, as well as additions and deductions due to operations during the fiscal year. The net increase or decrease in net position is the change in net position owned by participants since the end of the previous fiscal year. The following table is a Condensed Statement of Changes in Fiduciary Net Position, for the years ended September 30, 2018 and September 30, 2017.

Condensed Statement of Changes in Fiduciary Position
For period ending September 30,

	IMET		IMET		IMET		IMET	
	1-3 Year Series	1-3 Year Series	Convenience Series	Convenience Series	FFF Account Liquidating Trust	FFF Account Liquidating Trust	Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
Additions - income (loss)	\$ 546,027	\$ 747,165	\$ 8,067,213	\$ 4,135,840	\$ (472,753)	\$ 4,642,173	\$ 8,140,487	\$ 9,525,178
Total operating expenses (net reimbursements)	\$ 356,093	\$ 412,234	\$ 765,596	\$ 780,096	\$ -	\$ -	\$ 1,121,689	\$ 1,192,330
Net additions from operations	\$ 189,934	\$ 334,931	\$ 7,301,617	\$ 3,355,744	\$ (472,753)	\$ 4,642,173	\$ 7,018,798	\$ 8,332,848
Total distributions, losses, and other	\$ -	\$ -	\$ (7,363,765)	\$ -	\$ (4,500,000)	\$ -	\$ (11,863,765)	\$ (7,140,518)
Net additions (deductions) from capital share and individual account transactions	\$ (28,524,095)	\$ (7,239,134)	\$ 40,011,063	\$ (4,218,265)	\$ -	\$ 4,642,173	\$ 11,486,968	\$ -
Net increase (decrease)	\$ (28,334,161)	\$ (6,904,203)	\$ 39,948,915	\$ (862,521)	\$ (4,972,753)	\$ 4,642,173	\$ 6,642,001	\$ (3,124,551)
<i>Net position held in trust for participants:</i>								
Beginning of year	\$175,073,212	\$ 181,977,415	\$ 495,957,543	\$496,820,064	\$ 26,294,675	\$ 21,652,502	\$ 697,325,430	\$700,449,981
End of year	\$146,739,051	\$ 175,073,212	\$ 535,906,458	\$495,957,543	\$ 21,321,922	\$ 26,294,675	\$ 703,967,431	\$697,325,430

The Notes to the Financial Statements are a fundamental part of the financial statements and provide important information to augment the figures in the financial statements. The notes describe accounting policies and other financial information.

ILLINOIS METROPOLITAN INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
Year ended September 30, 2018

Overview of the Financial Statements (Continued)

Schedules of Investments are included in the Investment Section to detail the types and amounts of investment instruments held by the IMET 1-3 Year Series and the IMET Convenience Series.

Financial Statement Analysis

Net Position

Defining events of the year ending September 30, 2018 included the Tax Reform Act, signed into law in December 2017, and an unsettled geopolitical and political landscapes as the new administration pursued different directions from past administrations on Iran, Climate Change, NAFTA, China, the EU, the US debt ceiling and the economy, among other categories. Against this backdrop of a return to volatility in both equity and fixed income markets, stronger Gross Domestic Product (GDP) growth, enhanced productivity, and lower unemployment rates, the FOMC continued to raise interest rates, raising the target Federal Funds Rate four times (at meetings in December 2017, and at the March, June, and September 2018 meetings) from a range of 1.00 to 1.25% to 2.00 to 2.25%.

The net position of the IMET FFF Account Liquidating Trust represents the net realizable value of the Trust established on September 30, 2014 by IMET and its Board of Trustees to receive and distribute the recovery of funds on the investments to participants. The total estimated recoveries of IMET is \$28,314,835, which includes IMET's estimated share of the Overall Receivership assets of \$23,124,618, the \$2,940,217 Pennant Settlement Proceeds and the \$2,250,000 proceeds from the settlement with IMET's fidelity bond carrier. An estimated recovery of \$28,314,835 represents 56.1% of its original value of \$50,442,143. Management's best estimate as to the value of the recovery of the remaining funds at the time of this report is \$21,321,922 as of September 30, 2018.

Operations

During fiscal year ended September 30, 2018, total additions from operations consisted of \$10,570,167 in interest, net depreciation in the fair value of investment of \$(2,447,038), and other income of \$17,358. These amounts may be compared with \$6,283,374 in interest, net depreciation in the fair value of investments of \$3,240,287, and other income of \$1,517 during the prior fiscal year ending September 30, 2017. Total income amounted to \$8,140,487 for fiscal year 2018 compared to total income of \$9,525,178. Total income between fiscal year 2018 and fiscal year 2017 increased primarily due to higher interest rates, which were somewhat muted by the approximately \$4.6 million net increase in the fair value of investments in the IMET FFF Account Liquidating Trust in the prior fiscal year.

Operating expenses of IMET for fiscal year ending September 30, 2018 were \$1,121,689 (comprised of \$496,699 investment expenses and \$624,990 administrative expenses). Operating expenses of IMET for fiscal year ending September 30, 2017 were \$1,192,330 (comprised of \$518,209 of investment expenses and \$674,121 of administrative expenses). The 5.9% decrease in operating expenses between 2018 and 2017 was due to the decrease in assets in the IMET 1-3 Year Series which was somewhat offset by the increase in assets of the IMET Convenience Series. Custody fees, and investment advisory fees (for the IMET 1-3 Year Series) are calculated as a percentage of fund assets. Investment expenses fell approximately 4.2% from September 30, 2017 to the end of the fiscal year 2018, and administrative expenses decreased approximately 7.3% during fiscal year ending September 30, 2018. As the FFF fraud works closer to resolution, IMET insurance and legal costs continue to decrease significantly.

ILLINOIS METROPOLITAN INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
Year ended September 30, 2018

Investment Performance

During fiscal year 2018, the IMET 1-3 Year Series outperformed its benchmark on a gross of fees basis, performing 0.33% versus (0.01)% for the benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index. In the interest of providing further context, the performance of an additional index is provided. The IMET 1-3 Year Series underperformed the Bloomberg Barclay's US Treasury Bills 3-6 Month Index which had a performance of 1.57% for the one year ending September 30, 2018.

The IMET Convenience Series return for the period of one year ending September 30, 2018 was 1.56%. This compares to comparable liquidity benchmarks such as the Bloomberg Barclay's US Treasury 1-3 Month Index with a total return of 1.52% over the one year ending September 30, 2018, and also the S&P GIP Index with a total one-year return of 1.40% for the one year ending September 30, 2018. At September 30, 2018, the IMET Convenience Series had an annualized yield of 1.93%. Over the same period, the target Federal Funds Rate ranged between 1.00 to 1.25% and 2.00 to 2.25%. The interest rate environment for the fiscal year ending September 30, 2018 was characterized by rising interest rates and a flattening yield curve, in which shorter-term investments, such as investments with maturities between one and six months, which characterizes the primary maturities in the IMET Convenience Series, outperformed intermediate and investments and intermediate and longer-term funds, including the IMET 1-3 Year Series Fund, and its benchmark, the Bloomberg Barclay's 1-3 Year Government Total Return Index, which are comprised of intermediate to longer maturity investments.

For additional information regarding performance returns of IMET, asset allocation and collateral, please refer to the Investment section beginning on page 37 of this report.

Requests for Information

Questions about any information provided in this report should be addressed to:

The Illinois Metropolitan Investment Fund (IMET)
ATTN: Executive Director
1220 Oak Brook Road
Oak Brook, IL 60523

BASIC FINANCIAL STATEMENTS

Illinois Metropolitan Investment Fund

Combining Statement of Fiduciary Net Position
September 30, 2018

	IMET 1 - 3 Year Fund	IMET Convenience Series	IMET FFF Account Liquidating Trust	Total
ASSETS				
Cash and short-term investments	\$ 980,266	\$ 465,503,332	\$ 706,588	\$ 467,190,186
Interest receivable	600,946	622,739	-	1,223,685
Other receivables	75,743	1,057,292	-	1,133,035
Investments:				
U.S. Treasury obligations	45,219,264	-	-	45,219,264
U.S. Government agency and agency-guaranteed obligations	82,072,288	41,000,000	-	123,072,288
Asset and mortgage- backed securities	3,331,927	-	-	3,331,927
Commercial paper	14,541,767	-	-	14,541,767
Negotiable certificates of deposit	-	28,653,000	-	28,653,000
FFF investment	-	-	20,615,334	20,615,334
Prepaid items	128,498	-	-	128,498
Total assets	146,950,699	536,836,363	21,321,922	705,108,984
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	112,911	-	-	112,911
LIABILITIES				
Current liabilities:				
Payables:				
Dividends payable to participants	-	852,466	-	852,466
Management fees	18,268	23,721	-	41,989
Administrative fee	-	53,718	-	53,718
Accounts payable and other	35,461	-	-	35,461
Non-current liabilities:				
IMRF net pension liability	172,571	-	-	172,571
Other	26,435	-	-	26,435
Total liabilities	252,735	929,905	-	1,182,640
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	71,824	-	-	71,824
NET POSITION				
Net position held in trust for participants (units outstanding: 7,526,478, 535,731,480, and 43,432,859 at September 30, 2018 for IMET 1-3 Year Series, IMET Convenience Series, and IMET FFF Account Liquidating Trust, respectively, equivalent to \$19.50, \$1.00, and \$0.49 per unit outstanding at September 30, 2018 for IMET 1-3 Year Series, IMET Convenience Series, and IMET FFF Account Liquidating Trust, respectively				
Total net position	\$ 146,739,051	\$ 535,906,458	\$ 21,321,922	\$ 703,967,431

The accompanying notes are an integral part of this statement.

Illinois Metropolitan Investment Fund
Combining Statement of Changes in Fiduciary Net Position
Year ended September 30, 2018

	IMET 1 - 3 Year Fund	IMET Convenience Series	IMET FFF Account Liquidating Trust	Total
Additions				
Investment income				
Interest	\$ 2,502,954	\$ 8,067,213	\$ -	\$ 10,570,167
Net change in fair value of investments	(1,957,915)	-	(489,123)	(2,447,038)
Other income	988	-	16,370	17,358
Total income (loss)	546,027	8,067,213	(472,753)	8,140,487
Investment expenses				
Investment advisory fees	149,080	-	-	149,080
Transfer agent and fund accounting fees	79,443	246,418	-	325,861
Custodial fees	15,001	6,757	-	21,758
Total investment expenses	243,524	253,175	-	496,699
Net investment income	302,503	7,814,038	(472,753)	7,643,788
Unit transactions				
Proceeds from sale of units to participants	5,200,000	645,388,210	-	650,588,210
Total additions	5,502,503	653,202,248	(472,753)	658,231,998
Deductions				
Administrative and other expenses:				
Management and administrative services	1,350	5,400	-	6,750
Compensation and related expenses	71,785	287,138	-	358,923
Professional services	1,356	5,424	-	6,780
Insurance	12,756	51,024	-	63,780
Audit	5,100	20,400	-	25,500
Marketing	3,046	12,182	-	15,228
Administrative	17,176	68,706	-	85,882
Legal and other costs, net of insurance reimbursements	-	62,147	-	62,147
Total administrative and other expenses	112,569	512,421	-	624,990
Distributions to participants	-	7,363,765	4,500,000	11,863,765
Cost of units redeemed by participants	33,724,095	605,377,147	-	639,101,242
Total deductions	33,836,664	613,253,333	4,500,000	651,589,997
Net increase (decrease) in net position held in trust for participants	(28,334,161)	39,948,915	(4,972,753)	6,642,001
Net position held in trust for participants:				
Beginning of year	175,073,212	495,957,543	26,294,675	697,325,430
End of year	\$ 146,739,051	\$ 535,906,458	\$ 21,321,922	\$ 703,967,431

The accompanying notes are an integral part of this statement.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE A - NATURE OF OPERATIONS

The Illinois Metropolitan Investment Fund (IMET) is an actively managed investment fund for Illinois units of local government and for other official custodians of public funds. IMET offers two investment options, the IMET 1-3 Year Series and the IMET Convenience Series. The IMET 1-3 Year Series is designed as an investment vehicle for funds not required to be spent in the short term and which are available for investment in securities with average maturities and returns generally greater than those for money market instruments. The IMET Convenience Series provides a short-term investment option with total liquidity that operates much like a money market account. IMET also manages the IMET FFF Account Liquidating Trust (see Note B-1, below).

IMET is governed by a Board of Trustees comprised of eight Illinois public officials representing the Fund's investors. The Board meets no less than ten times during the year to review goals, objectives, and the direction of the Fund. Participants also benefit from IMET's standing committees, which include Audit, New Products, and Vendor Selection. IMET's committees consist of Trustees as well as at-large participants.

The authority for the creation and continued existence of the Fund comes from the Illinois Municipal Code, which specifically includes the Intergovernmental Cooperation Act, and the Local Government Debt Reform Act, as amended, which provides that each official custodian of a governmental unit may jointly invest with other official custodians of other governmental units the funds of the respective governmental unit.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Illinois Metropolitan Investment Fund (IMET) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of IMET's accounting policies are described below.

1. Reporting Entity

Based upon the required GASB criteria, IMET has no component units and is not a component unit of any other entity. The following is a brief description of IMET's funds:

The IMET 1-3 Year Series comprises investments in U.S. Treasury obligations, U.S. government agency and agency-backed securities, asset and mortgage-backed securities, and commercial paper, made on behalf of its participants. The Fund also comprises cash and money market mutual funds.

The IMET Convenience Series comprises investments in bank and money market accounts, certificates of deposit, and shorter-term U.S. government agency obligations made on behalf of its participants.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Reporting Entity (Continued)

The IMET FFF Account Liquidating Trust was established during the fiscal year ended September 30, 2014, for the purpose described in Note C.

2. Basis of Accounting

The IMET 1-3 Year Series, IMET Convenience Series, and IMET FFF Account Liquidating Trust operate as fiduciary (trust) funds, and report on the accrual basis of accounting.

3. Security Valuation

Investments of the IMET 1-3 Year Series and the IMET Convenience Series are reported at fair value, as disclosed in the related notes, other than investments in commercial paper with maturities of less than one year, which are reported at amortized cost. All investment income for the IMET 1-3 Year Series and the IMET Convenience Series, including changes in the fair value of investments, has been recognized as income in the combining statement of changes in net position.

The IMET FFF Account Liquidating Trust's investments are reported at the estimated net realizable value of assets seized for the purpose of liquidating the related investments (see Note C).

4. Security Transactions and Income

Security transactions are accounted for no later than one business day after the securities are purchased or sold. Gains and losses on investments are realized at the time of the sale, and the cost of securities sold is determined on the first-in, first-out basis. Interest income from fixed income and money market investments is accrued on a daily basis. Discounts and premiums on all fixed income securities are amortized or accreted on a constant-yield basis.

5. Deferred Outflows / Deferred Inflows

In addition to assets, the combining statement of fiduciary net position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period. At September 30, 2018, IMET had deferred outflows of resources related to pensions. In addition to liabilities, IMET may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future period. At September 30, 2018, IMET had deferred inflows of resources related to pensions.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Subscriptions and Redemptions

Participants may subscribe to either of the funds on any business day. For the 1-3 Year Fund, purchase requests received by IMET before noon CT are credited to accounts at the net asset value as of the close of business that day. Notice of redemptions of the 1-3 Year Fund also must be made before 3:00 pm CT. Participants may redeem shares of the 1-3 Year Fund with five days' notice at the net asset value as of the close of business on the third business day following the day of notification. For the Convenience Fund, purchase requests made by 3:00 pm CT are credited to accounts at the net asset value as of the close of business that day. Participants may redeem from the Convenience Fund with same day notice at the current value as of the day of redemption as long as notice is made by 3:00 pm CT. Redemptions with notice after 3:00 pm CT will be redeemed on the following business day.

7. Compensated Absences

Permanent full-time employees earn vacation at a rate of ten days per year in the first year of service, fifteen days in the second through fifth years, and twenty days in the sixth and subsequent years. No more than one year's vacation may be carried over to the following year. Upon voluntary or involuntary termination, the employee is entitled to be paid out for all earned but unpaid vacation, subject to the foregoing limitation.

Permanent full-time employees also earn sick leave at a rate of twelve days per year. No more than one hundred and thirty days of sick leave may be accumulated. One third of accrued, unused sick days may be paid, at the employee's option, at the time of retirement. Remaining unpaid sick days may be applied towards IMRF credit upon retirement or the death of the employee, if surviving spouse benefits are payable.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources, pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Use of Estimates

In preparing IMET's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, the disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

10. Fair Value Measurements

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for IMET's investments measured at fair value.

U.S. Treasury Securities, U.S. Government Agency Obligations, Asset / Mortgage-Backed Securities, and negotiable certificates of deposit: Valued based on matrix pricing models, maximizing the use of observable inputs for similar securities.

Fidelity Institutional Money Market Fund, Invesco STIT Treasury Portfolio Money Market Fund, and commercial paper: Valued at closing price on the active market on which the asset is traded.

FFF investment: As described in Note C.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while IMET believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE C - IMET FFF ACCOUNT LIQUIDATING TRUST

The IMET Convenience Series invested in certain First Farmers Financial, LLC (FFF) repurchase agreement transactions (the FFF Investment) through its investment adviser, Pennant Management Inc. (Pennant) that FFF represented as being backed by guarantees from the United States Department of Agriculture (USDA). On September 29, 2014, IMET was notified by Pennant that the loans underlying the FFF Investment were fraudulently made. IMET later learned that FFF falsified certain documentation pertaining to USDA guarantees and misappropriated the proceeds from the FFF Investment.

On September 29, 2014, Pennant initiated a lawsuit in the United States District Court for the Northern District of Illinois, Case No. 14 cv 07581 (the Litigation) where Pennant froze and later seized certain assets of FFF, its chief executive officer Nimesh Patel, and other interested parties (the Seized Assets). Effective September 30, 2014, IMET and its Trustees executed a liquidating trust agreement, whereby the IMET FFF Account Liquidating Trust was established. Recoveries that IMET receives from the Litigation or from other IMET claims relating to the FFF Investment will be deposited in the IMET FFF Account Liquidating Trust for distribution to IMET Convenience Series participants of record as of September 30, 2014 (Participants) in accordance with the terms of the IMET FFF Account Liquidating Trust. On April 23, 2015, an overall receiver was appointed in the Litigation (Overall Receiver) to, among other things, take possession and oversee the liquidation of the Seized Assets as well as to marshal and monetize other assets of Nimesh Patel and Timothy Fisher and other entities they own or control for the ultimate benefit of creditors, including IMET.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE C - IMET FFF ACCOUNT LIQUIDATING TRUST (Continued)

The IMET Board of Trustees has estimated the net realizable value of the anticipated recoveries from its FFF Investment. This estimate is based upon information IMET received from the Overall Receiver, including an estimated total recovery by the Overall Receivership Estate less estimated expenses. This estimate is also based on monies IMET received in connection with a settlement of its claims against Pennant as well as a settlement of its fidelity bond claim against Federal Insurance Company. The IMET Board of Trustees estimates a recovery of 56.1% which includes partial distributions which have already been made to Participants. As a result, the IMET Board of Trustees has written down IMET's investment in the FFF Investment to \$28,314,835 (gross of distributions made to participants in fiscal year 2018 and prior years), which is 56.1% of the original value of the FFF Investment of \$50,442,143.

It is important to note that there can be no assurance that the amount IMET ultimately receives will equal the estimated net realizable value of 56.1%. The Overall Receiver is engaged in certain litigation with third parties which may increase or decrease the amount realized for these assets. In addition, there are claims that have been or may be asserted against the Overall Receivership Estate by the Internal Revenue Service, the USDA, and/or various state taxing authorities which, if proven, may take priority over IMET's claim and therefore reduce the amount ultimately distributed to IMET. Further, there are additional claims which are not included in the 56.1% estimate that may increase the amount IMET may recover, including but not limited to, potential recoveries from: IMET's lawsuit against the USDA in which the court subsequently ruled in favor of the USDA (Case No. 16-CV-00294, Northern District of Florida, on appeal); and criminal restitution IMET may receive as a victim from Nikesh Patel and/or Timothy Fisher from the criminal proceedings against them (Case No. 14-CR-546 and 16-CR-717).

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE D - DEPOSITS AND INVESTMENTS

At September 30, 2018, deposits and investments consisted of the following:

	<u>IMET 1-3 Year Series</u>	<u>IMET Convenience Series</u>	<u>IMET FFF Account Liquidating Trust</u>	<u>Total</u>
Cash and short-term investments *	\$ 980,266	\$ 465,503,332	\$ 706,588	\$ 467,190,186
Investments	<u>145,165,246</u>	<u>69,653,000</u>	<u>20,615,334</u>	<u>235,433,580</u>
	<u>\$ 146,145,512</u>	<u>\$ 535,156,332</u>	<u>\$ 21,321,922</u>	<u>\$ 702,623,766</u>

* Short-term investments include the Fidelity Institutional Money Market Fund.

For disclosure purposes, this amount is segregated as follows:

	<u>Total</u>
Deposits with financial institutions **	\$ 466,195,638
Fidelity Institutional Money Market Fund	719,009
Invesco STIT Treasury Portfolio Money Market Fund	275,539
FFF investment (Note C)	20,615,334
Other investments	<u>214,818,246</u>
	<u>\$ 702,623,766</u>

** Includes accounts held in money market and demand accounts, and non-negotiable certificates of deposit.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

At September 30, 2018, other investments consisted of the following fixed income holdings:

Investment Type	Fair Value	Investment Maturity			
		Less than One Year	One to Three Years	Three to Ten Years	More than Ten Years
Debt securities					
U.S. Treasury \$	45,219,264	\$ 9,841,903	\$ 30,751,492	\$ 4,625,869	\$ -
FFCB ¹	26,384,376	1,000,000	25,384,376	-	-
FHLB ²	40,420,440	37,961,991	2,458,449	-	-
FHLMC ³	48,516,925	-	23,516,925	25,000,000	-
RefCorp ⁴	7,750,547	-	329,771	7,420,776	-
Asset and mortgage- backed securities	3,331,927	26,315	200,624	2,192,477	912,511
Commercial paper	14,541,767	14,541,767	-	-	-
Negotiable certifi- cates of deposit	<u>28,653,000</u>	<u>9,564,000</u>	<u>19,089,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 214,818,246</u>	<u>\$ 72,935,976</u>	<u>\$ 101,730,637</u>	<u>\$ 39,239,122</u>	<u>\$ 912,511</u>

¹ Federal Farm Credit Bank

² Federal Home Loan Bank

³ Federal Home Loan Mortgage Corporation

⁴ Resolution Funding Corporation

1. Interest Rate Risk

For the IMET 1-3 Year Series, IMET manages its exposure to fair value losses arising from increasing interest rates in accordance with its investment policy, by limiting the duration of its investment portfolio to no greater than 25% above or 50% below that of the Bloomberg Barclays 1-3 Year Government Total Return Index, under normal conditions. The duration for total investments represents the weighted average of the durations for the respective categories of investments. As of September 30, 2018, the durations of the IMET 1-3 Year Series and the Bloomberg Barclays 1-3 Year Government Total Return Index were 1.25 years and 1.84 years, respectively.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

1. Interest Rate Risk (Continued)

For the IMET Convenience Series, IMET manages interest rate risk in accordance with its investment policy by requiring at least 50 percent of the fund's investments to mature in 397 days or less, and limiting the dollar-weighted average portfolio maturity of the fund to one year under normal conditions. Individual securities may have remaining maturities of greater than one year, but in any event not greater than five years from the date of the IMET Convenience Series' purchase thereof.

2. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. IMET's investment policies limit investments to those investments specifically authorized in the Public Investment Act of the State of Illinois (30 ILCS 235/1).

As of September 30, 2018, IMET's investments in asset and mortgage-backed securities were rated Aaa by Moody's, AA+ by Standard & Poor's, and AAA by Fitch.

At September 30, 2018, the Fidelity Institutional Money Market was rated AAA-mf by Moody's and AAAm by Standard & Poor's.

At September 30, 2018, the Invesco STIT Treasury Portfolio was rated AAA-mf by Moody's, AAAm by Standard & Poor's, and AAAmmf by Fitch.

At September 30, 2018, the commercial paper was rated P-1 or P-2 by Moody's, A-1 or A-1+ by Standard & Poor's, and F-1 by Fitch.

IMET's investments in negotiable certificates of deposit are unrated.

3. Concentration of Credit Risk

IMET's investment policies for the IMET 1-3 Year Series and IMET Convenience Series do not restrict the allowable concentration of total assets invested in the securities of the United States Government, its agencies, mortgage pass-through securities, or commercial paper.

4. Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, IMET's deposits may not be returned to it. IMET's investment policy for the IMET Convenience Series limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral, in an amount equal to at least 105% of the overage amount. At September 30, 2018, the bank balances of IMET's deposits with financial institutions totaled \$466,191,276, all of which was either FDIC-insured, collateralized, or secured in accordance with IMET's investment policies.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

4. Custodial Credit Risk (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, IMET will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A significant source of credit risk in securities settlement is the principal risk associated with the settlement date. IMET responds to this risk by investing in obligations of the United States Government, its agencies, asset and mortgage-backed securities that are backed by those agencies, and commercial paper. In addition, IMET utilizes the delivery versus payment (DVP) settlement system for the majority of all investments whereby the payments for securities coincide with the delivery of such instruments.

5. Fair Value Measurement of Investments

IMET categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. IMET has the following recurring fair value measurements as of September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fidelity Inst. Money Mkt. Fund	\$ 719,009	\$ -	\$ -	\$ 719,009
Invesco STIT Treas Portfolio				
Money Market	275,539	-	-	275,539
Debt securities				
U.S. Treasury	-	45,219,264	-	45,219,264
FFCB	-	26,384,376	-	26,384,376
FHLB	-	40,420,440	-	40,420,440
FHLMC	-	48,516,925	-	48,516,925
RefCorp	-	7,750,547	-	7,750,547
Asset and mortgage-				
backed securities	-	3,331,927	-	3,331,927
Commercial paper	14,541,767	-	-	14,541,767
Negotiable certificates of				
deposit	-	28,653,000	-	28,653,000
FFF investment	-	-	20,615,334	20,615,334
	<u>\$ 15,536,315</u>	<u>\$ 200,276,479</u>	<u>\$ 20,615,334</u>	<u>\$ 236,428,128</u>

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE E - FUND EXPENSES - IMET 1-3 YEAR SERIES

The total expenses, including consulting fees, for the IMET 1-3 Year Series were approximately 0.23% of the average daily net position, for the year ended September 30, 2018. The average daily net position of the IMET 1-3 Year Series was approximately \$151.9 million, for the year ended September 30, 2018. The contractually obligated expenses are described below.

1. Fund Management

IMET pays a management fee to Meeder Investment Management, which acts as the investment adviser (effective July 1, 2018). The management fee is calculated each day and paid monthly based upon the average daily net position of the fund as follows:

	<u>Fee Rate</u>
Average daily net position:	
First \$250 million	0.07%
Next \$250 million	0.05%
Amount over \$500 million	0.03%

Previously, IMET paid a management fee to JP Morgan Asset Management, which acted as the investment adviser through June 30, 2018. The management fee was calculated each day and paid monthly based upon the average daily net position of the fund as follows:

	<u>Fee Rate</u>
Average daily net position:	
First \$350 million	0.10%
Next \$150 million	0.08%
Amount over \$500 million	0.06%

IMET has an agreement with ALPS Fund Service, to provide administrative services including fund accounting and transfer agent services. The fee is calculated each day and paid monthly based upon the combined average daily net position of the IMET 1-3 Year Series and the IMET Convenience Series, as follows:

	<u>Fee Rate</u>
Average daily net position:	
First \$500 million	0.06%
Next \$500 million	0.03%
Amount over \$1 billion	0.02%

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE E - FUND EXPENSES - IMET 1-3 YEAR SERIES (Continued)

1. Fund Management (Continued)

IMET has an agreement with BMO to provide custody services. The fee associated with these services is calculated at an annual rate of 0.01% of the average daily net position within the fund.

For the year ended September 30, 2018, the IMET 1-3 Year Series incurred expenses of \$149,080 for services provided by its investment advisers, \$79,443 for services provided by ALPS Fund Services, and \$15,001 for services provided by BMO.

In addition, for the year ended September 30, 2018, IMET management administrative and operating expenses of \$160,258 were charged to the IMET 1-3 Year Series.

2. Consultant

The DuPage Mayors and Managers Conference, Northwest Municipal Conference, South Suburban Mayors and Managers Association, and the Will County Governmental League act collectively as the IMET 1-3 Year Series' Consultant. Services provided by the Consultant typically include identification and solicitation of potential investors. IMET pays the Consultant an annual fee in arrears equal to 0.02% of the IMET 1-3 Year Series' average daily net position for each fiscal year, not to exceed \$125,000 in any fiscal year. No annual fee shall be payable for any fiscal year unless the assets of the IMET 1-3 Year Series exceed \$100 million for at least 31 consecutive calendar days during such fiscal year and the total return to fund participants for such fiscal year equals or exceeds the average 90-day Treasury bill rate during such fiscal year. No annual fee was accrued for fiscal year 2018.

NOTE F - FUND EXPENSES - IMET CONVENIENCE SERIES

The total expenses, including consulting fees, for the IMET Convenience Series, were approximately 0.17% of the average daily net position for the year ended September 30, 2018. The average daily net position of the IMET Convenience Series was approximately \$453.0 million, for the year ended September 30, 2018. The contractually obligated expenses are described below.

1. Fund Management

IMET has an agreement with ALPS Fund Services, to provide administrative services including fund accounting and transfer agent services. The fees associated with these services are calculated at annual rates as described in Note E-1, above.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE F - FUND EXPENSES - IMET CONVENIENCE SERIES (Continued)

1. Fund Management (Continued)

For the year ended September 30, 2018, the IMET Convenience Series incurred expenses of \$246,418 for services provided by ALPS Fund Services.

IMET has an agreement with BMO to provide custody services. The fee associated with these services is calculated at an annual rate of 0.01% of the average daily net position of the custodial portion of the fund. For the year ended September 30, 2018, the IMET Convenience Series incurred expenses of \$6,757 for services provided by BMO.

In addition, for the year ended September 30, 2018, IMET management administrative and operating expenses of \$564,373 were charged to the IMET Convenience Series.

NOTE G - UNIT TRANSACTIONS

A summary of participants' unit transactions for the year ended September 30, 2018 is as follows:

	<u>IMET 1 - 3 Year Fund</u>	<u>IMET Convenience Series</u>	<u>IMET FFF Account Liquidating Trust</u>
Unit transactions:			
Issued	269,140	645,036,106	-
Redeemed	<u>(1,743,789)</u>	<u>(605,377,147)</u>	<u>(4,500,000)</u>
Change in units	(1,474,649)	39,658,959	(4,500,000)
Unit outstanding:			
Beginning of year	<u>9,001,127</u>	<u>496,072,521</u>	<u>47,932,859</u>
End of year	<u><u>7,526,478</u></u>	<u><u>535,731,480</u></u>	<u><u>43,432,859</u></u>

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY

Plan Description

IMET's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. IMET's plan is managed with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent, multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the Benefits Provided section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>2</u>
Total	<u><u>4</u></u>

Contributions

As set by statute, IMET's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. IMET's annual contribution rate for calendar year 2017 was 19.47%. For the fiscal year ended September 30, 2018, IMET contributed \$39,741 to the plan. IMET also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

IMET's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.50%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Actuarial Assumptions (Continued)

Mortality

For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65% - 7.35%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.49%.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in IMET's net pension liability for the calendar year ended December 31, 2017:

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances at December 31, 2016	\$ 899,491	\$ 642,812	\$ 256,679
Changes for the year:			
Service cost	17,559	-	17,559
Interest on the total pension liability	66,470	-	66,470
Difference between expected and actual experience of the total pension liability	8,006	-	8,006
Changes of assumptions	(20,761)	-	(20,761)
Benefit payments, including refunds of employee contributions	(39,276)	(39,276)	-
Contributions - employer	-	39,811	(39,811)
Contributions - employees	-	9,202	(9,202)
Net investment income	-	120,189	(120,189)
Other (net transfer)	-	(13,820)	13,820
Net changes	<u>31,998</u>	<u>116,106</u>	<u>(84,108)</u>
Balances at December 31, 2017	<u>\$ 931,489</u>	<u>\$ 758,918</u>	<u>\$ 172,571</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	<u>1% Lower (6.49%)</u>	<u>Current Discount Rate (7.49%)</u>	<u>1% Higher (8.49%)</u>
Net pension liability	\$ 285,131	\$ 172,571	\$ 77,834

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2018, IMET recognized pension expense of \$64,928. At September 30, 2018, IMET reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 48,969	\$ -
Change of assumptions	5,802	14,119
Net difference between projected and actual earnings on pension plan investments	<u>25,792</u>	<u>57,705</u>
 Total deferred amounts to be recognized in pension expense in the future periods	 <u>80,563</u>	 <u>71,824</u>
 Pension contributions made subsequent to the measurement date	 <u>32,348</u>	 <u>-</u>
 Total deferred amounts related to pensions	 <u>\$ 112,911</u>	 <u>\$ 71,824</u>

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2018

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions (Continued)

IMET reported \$32,348 of deferred outflows of resources related to pensions resulting from IMET's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the reporting year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Net Deferred</u> <u>Outflows (Inflows)</u> <u>of Resources</u>
2018	\$ 20,893
2019	9,565
2020	(7,292)
2021	(14,427)
2022	-
Thereafter	-
Total	<u>\$ 8,739</u>

NOTE I - CONTINGENCIES

In the normal course of operations, IMET is subject to various claims and potential litigation. The outcome of these matters is not presently determinable.

IMET has entered into various tolling agreements which toll applicable statutes of limitation relating to potential claims against IMET arising out of IMET's investments in the FFF Repo while the parties focus on recovery efforts against FFF, its principals and affiliated entities.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Illinois Metropolitan Investment Fund
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Illinois Municipal Retirement Fund
September 30, 2018

Calendar year ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 17,559	\$ 30,349	\$ 28,528	\$ 28,682
Interest on the total pension liability	66,470	58,794	53,222	43,879
Difference between expected and actual experience of the total pension liability	8,006	65,677	17,815	16,404
Assumption changes	(20,761)	-	1,136	36,630
Benefit payments and refunds	(39,276)	(52,338)	-	-
Net change in total pension liability	<u>31,998</u>	<u>102,482</u>	<u>100,701</u>	<u>125,595</u>
Total pension liability, beginning	899,491	797,009	696,308	570,713
Total pension liability, ending	<u>\$ 931,489</u>	<u>\$ 899,491</u>	<u>\$ 797,009</u>	<u>\$ 696,308</u>
Plan fiduciary net position				
Contributions, employer	\$ 39,811	\$ 38,466	\$ 39,174	\$ 32,481
Contributions, employee	9,202	9,144	10,543	9,849
Net investment income	120,189	29,008	2,845	30,123
Benefit payments and refunds	(39,276)	(52,338)	-	-
Other (net transfer)	(13,820)	57,835	(36,071)	(900)
Net change in plan fiduciary net position	<u>116,106</u>	<u>82,115</u>	<u>16,491</u>	<u>71,553</u>
Plan fiduciary net position, beginning	642,812	560,697	544,206	472,653
Plan fiduciary net position, ending	<u>\$ 758,918</u>	<u>\$ 642,812</u>	<u>\$ 560,697</u>	<u>\$ 544,206</u>
Net pension liability	<u>\$ 172,571</u>	<u>\$ 256,679</u>	<u>\$ 236,312</u>	<u>\$ 152,102</u>
Plan fiduciary net position as a percentage of the total pension liability	81.47 %	71.46 %	70.35 %	78.16 %
Covered Valuation Payroll	\$ 204,479	\$ 203,200	\$ 234,294	\$ 218,874
Net pension liability as a percentage of covered valuation payroll	84.40 %	126.32 %	100.86 %	69.49 %

Note: IMET implemented GASB 68 beginning with its fiscal year ended September 30, 2015; therefore, 10 years of information is not available.

Illinois Metropolitan Investment Fund
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
September 30, 2018

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2018	\$ 39,741	\$ 39,741	\$ -	\$ 234,406	16.95 %
2017	43,988	43,988	-	227,609	19.33
2016	37,130	37,130	-	203,227	18.27
2015	36,840	36,840	-	225,549	16.33

Note: IMET implemented GASB 68 beginning with its fiscal year ended September 30, 2015; therefore, 10 years of information is not available.

Illinois Metropolitan Investment Fund
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2018

1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2017 IMRF CONTRIBUTION RATE*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine the 2017 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular members): 26-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation.

OTHER SUPPLEMENTARY INFORMATION

Illinois Metropolitan Investment Fund
Schedule of Net Position - IMET Administrative Operations
September 30, 2018

ASSETS	
Cash	\$ 527,601
Receivables	
Investment fund fees	66,314
Other	22,024
Prepaid items	<u>128,498</u>
Total assets	<u>744,437</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>112,911</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	26,376
Accrued payroll and related expenses	9,141
 Non-current liabilities:	
IMRF net pension liability	172,571
Other	<u>26,435</u>
Total liabilities	<u>234,523</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>71,824</u>
 NET POSITION	 \$ <u><u>551,001</u></u>

Note: The balances presented above are allocated between the IMET 1-3 Year Series and the IMET Convenience Series, for reporting purposes.

Illinois Metropolitan Investment Fund

Schedule of Changes in Net Position - IMET Administrative Operations
September 30, 2018

Additions	
Fee income	
IMET 1-3 Year Series	\$ 160,258
IMET Convenience Series	564,177
Interest	7,455
Other income	988
	<hr/>
Total additions	732,878
	<hr/>
Deductions	
Administrative and other expenses:	
Management and administrative services	6,750
Compensation and related expenses	358,923
Professional services	6,780
Insurance	63,780
Audit	25,500
Marketing	15,228
Administrative	85,882
Legal and other costs, net of insurance reimbursements	62,147
	<hr/>
Total deductions	624,990
	<hr/>
Net increase in net position held in trust for participants	107,888
Net position held in trust for participants:	
Beginning of year	443,113
	<hr/>
End of year	\$ 551,001
	<hr/> <hr/>

Note: The balances presented above are allocated between the IMET 1-3 Year Series and the IMET Convenience Series, for reporting purposes.

Illinois Metropolitan Investment Fund
Schedule of Administrative and Other Expenses - Budget and Actual
Year Ended September 30, 2018

	Actual			Variance from Final Budget	
	Original and Final Budget	IMET 1-3 Year Series	IMET Convenience Series		Total
Management and administrative services					
Accounting services	\$ 6,600	\$ 1,350	\$ 5,400	\$ 6,750	\$ (150)
Consultant repayment	35,000	-	-	-	35,000
Total	41,600	1,350	5,400	6,750	34,850
Compensation and related expenses					
Salary expense	234,467	47,964	191,853	239,817	(5,350)
Wages	11,680	2,250	8,998	11,248	432
Taxes	18,204	3,596	14,385	17,981	223
Insurance benefits	32,640	4,734	18,937	23,671	8,969
IMRF pension	48,163	13,001	52,005	65,006	(16,843)
Other	1,200	240	960	1,200	-
Total	346,354	71,785	287,138	358,923	(12,569)
Professional services					
Consulting	-	56	224	280	(280)
Legal services	20,000	1,300	5,200	6,500	13,500
Total	20,000	1,356	5,424	6,780	13,220
Insurance	80,000	12,756	51,024	63,780	16,220
Audit	25,500	5,100	20,400	25,500	-
Marketing	25,000	3,046	12,182	15,228	9,772
Administrative					
Conferences	5,075	1,124	4,495	5,619	(544)
Dues and publications	11,885	2,817	11,268	14,085	(2,200)
Fund rating	18,000	3,600	14,400	18,000	-
Office expense	15,000	2,296	9,184	11,480	3,520
Rent expense	6,000	1,272	5,088	6,360	(360)
Travel	16,000	3,546	14,186	17,732	(1,732)
Web site maintenance	500	72	288	360	140
Other	-	2,449	9,797	12,246	(12,246)
Total	72,460	17,176	68,706	85,882	(13,422)
Legal and other costs, net of insurance reimbursements	60,700	-	62,147	62,147	(1,447)
Total administrative and other expenses	\$ 671,614	\$ 112,569	\$ 512,421	\$ 624,990	\$ 46,624

INVESTMENT SECTION (Unaudited)

Illinois Metropolitan Investment Fund

Report on Investment Activity

September 30, 2018

Description of the Investment Funds

The Illinois Metropolitan Investment Fund (IMET) is a quasi-governmental entity created under the Intergovernmental Cooperation Act and the Illinois Municipal Code. IMET was formed on July 17, 1996 to provide Illinois government agencies with safe, liquid, attractive investment alternatives. IMET offers two separate investment funds for municipal treasurers, official custodians of municipal funds, and other local government entities or public agencies in the state of Illinois to meet their investment needs. These funds are the IMET 1-3 Year Series and the IMET Convenience Series. IMET also offers services that participants may find helpful in their investment process. IMET offers access to arbitrage rebate calculation services for participants whose bond proceeds are subject to federal arbitrage restrictions. As well, IMET participants have access to a simplified cash flow forecast model that projects revenues, expenditures and associated balances into the future. This tool helps identify liquid and core segments of portfolios and may help participants enhance investment earnings. On an on-going basis, IMET considers and/or develops tools and services that Illinois government entities and public agencies may find of benefit for their investment needs.

The IMET 1-3 Year Series is designed for public funds that may be invested for longer than one year. Such funds allow for investment in securities with average maturities generally longer than those of money market instruments. Typically, over time, longer maturities have greater returns.

The objectives of the IMET 1-3 Year Series are to provide safety, liquidity and appropriate risk-adjusted return (high current yield). This is accomplished through a diversified portfolio of investment grade fixed income instruments as permitted under the Public Funds Investment Act of the State of Illinois. The benchmark for the IMET 1-3 Year Series is the Bloomberg Barclays's 1-3 year Government Total Return Index.

The IMET 1-3 Year Series carries the highest rating (AAAf/bf) assigned by Moody's for funds in this category.

The IMET Convenience Series was established on September 2, 2003 as an investment alternative for IMET participants. It is intended to accommodate funds requiring high liquidity, including short term cash management programs and temporary investment of bond proceeds. It is comprised of collateralized and/or Federal Home Loan Bank Letter of Credit supported bank deposits, FDIC insured certificates of deposit and U.S. government securities. The return of the IMET Convenience Series is largely pegged to the target Federal Funds Rate (target FFR). The objectives of the IMET Convenience Series are to provide safety, liquidity and appropriate risk-adjusted return. Because of its shorter maturity profile, it serves as a companion vehicle to the IMET 1-3 Year Series.

Market Review

Defining events of the four quarters of fiscal year 2018 were the Tax Reform Act which was signed into law on December 22, 2017, and an unsettled geopolitical landscape as the Trump administration pursued courses different from past accords (Iran Nuclear, Paris Climate) and held contentious trade and tariff discussions (NAFTA, China, EU). A return to volatility characterized both equity and fixed income markets. The positive effects of the Tax Reform Act evidenced by stronger Gross Domestic Product (GDP) growth, enhanced productivity, and lower unemployment rates were tempered by persistent global tensions and trade unease.

Illinois Metropolitan Investment Fund

Report on Investment Activity

September 30, 2018

4Q 2017

During the fourth quarter of 2017, the U.S. economy saw significant jumps in both GDP and manufacturing activity. The Bureau of Labor Statistics released an annualized quarter-over-quarter GDP growth rate of 3% for the fourth quarter 2017. Additionally, the Institute for Supply Management's (ISM) Manufacturing Index, an index that monitors employment, production, inventories, new orders and supplier deliveries, maintained an average index level of 58.87 during the fourth quarter 2017, well above a reading of 50 that indicates an expanding manufacturing sector.

The Federal Open Market Committee (FOMC) raised the target Federal Funds Rate 0.25 percent at its December 2017 meeting, setting the target Federal Funds Rate range between 1.25 and 1.50 percent. In the press conference following the rate hike decision, Chairwomen Janet Yellen spoke confidently about the U.S. economy, stating "the economy continues to remain close to full employment, with higher levels of inflation on the horizon for 2018." Other favorable economic indicators that were released in the press conference included a strong increase in nonfarm payrolls for November and October of 2017. The unemployment rate also came in at a favorable 4.1%.

Lastly, the tax reform bill having passed through both the House and Senate, was signed into law by President Trump on December 22, 2017.

The IMET Convenience Series, benchmarked against the target FFR, directly benefited from the December 2017 target FFR 25 basis point increase.

1Q 2018

The positive results of 2017 continued to bleed into the beginning of the first quarter 2018. Primary economic indicators such as: Consumer Confidence, Durable Goods Orders, and the ISM Manufacturing Index all exceeded expectations. Further, although it was revealed during the first quarter 2018 that New Home Sales for December 2017 had decreased relative to November 2017 figures, they still remained higher than survey estimates.

The 2018 first quarter positive start was quickly extinguished as volatility played the leading villain for both the equity and fixed income markets at the beginning of February 2018. A slightly more hawkish and optimistic Federal Reserve seemed to trigger a swift equity market repricing. The Dow plummeted more than 2,000 points in one week alone, marking the Dow's worst week in two years. However, this performance was quickly followed by the Dow's best week performance in five years. A new phase of volatility was ushered in. In the first quarter 2018, markets pushed Treasury yields higher, with the ten-year note peaking near 3.00%. With the announcement that the U.S. would implement trade tariffs of \$60 billion on Chinese manufactured goods, the market continued to spiral out of control in March. Later that month, the FOMC implemented another rate hike, 0.25%, marking the first interest rate increase for 2018, and bringing the target FFR range to 1.50 and 1.75 percent.

The IMET Convenience Series, benchmarked against the target FFR, directly benefited from the 25 basis point increase that took place in March 2018.

Illinois Metropolitan Investment Fund

Report on Investment Activity

September 30, 2018

2Q 2018

During the second quarter of 2018, an unsettling geopolitical backdrop continued to create volatility within the markets. U.S., Eurozone, Japanese, and United Kingdom equity markets all made gains, while U.S. bond and Emerging Market equities markets continued to struggle. The U.S. 10-year Treasury yield rose significantly in April 2018 and touched a seven year high in mid-May 2018. Two notable events during the second quarter 2018 that sparked volatility in the markets were: the U.S. withdrawal from the Iran nuclear accord and continued talks of imposing tariffs on Chinese imports. Positive economic data released during the second quarter helped balance out much of the geopolitical tensions. With the help of the Tax Reform Act, Americans were able to bring home more household income. Not only had the tax cuts helped consumer spending, they assisted in propelling U.S. productivity to surge at a 2.9% annual rate for the second quarter. Consumer confidence remained strong, year over year Personal Consumption Expenditures (PCE) statistic was up 4.85%, quarter-over-quarter GDP growth came in at 2.3%, and the unemployment rate reached an 18 year low of 3.8%.

On June 13, 2018, the FOMC fulfilled investor's expectations by increasing the target FFR by 0.25 percent to a range of 1.75 to 2.00 percent. The short end of the yield curve experienced the largest moves from this action, with the U.S. 2 year Treasury yield climbing approximately 3.8% during the month, and ending at a level of 2.52%. Conversely, the U.S. 10 year Treasury yield fell roughly 0.77% throughout the month, settling at 2.83%. This resulted in a flattening yield curve.

The IMET Convenience Series directly benefited from the 25 basis point target FFR increase, marking the third increase for the fiscal year 2018.

Overall portfolio duration of the IMET 1-3 Year Series remained shorter than the duration of the benchmark, which was a positive for performance relative to the benchmark as short end rates continued to move higher over the quarter. Along with maintaining a shorter duration profile, the utilization of commercial paper provided higher income relative to alternative securities.

3Q 2018

The U.S. economy grew at a strong 3.5% for the third quarter 2018. Although economic growth had dipped from the second quarter's rate of 4.2%, the economy still displayed its best back-to-back quarters in four years. This was mainly driven by consumer spending, an increase in net exports, and government spending. With the help of the Tax Reform Act, Americans continued to bring home higher household income. The third quarter 2018 saw a continuation of companies' ability to use money saved on tax expenses to invest in new machinery and equipment. Such investment increased productivity and efficiency, effectively decreasing all around labor costs. Additionally, the Consumer Confidence Index rose to 133.4 during the third quarter 2018, which is the highest level since October of 2000.

During the third quarter 2018, Federal Reserve Chairman Jerome Powell stated that the strong growth that characterized both the second and third quarters of 2018 was a major reason that the Central Bank planned to continue to raise rates. He also said that he expected rate hikes to stay on pace every three months going forward. On September 26, 2018, the FOMC once again raised the target FFR by 0.25% to a target range of 2.00 to 2.25 percent.

The IMET Convenience Series saw a rate uptick as a consequence of the 25 basis points target FFR increase.

Illinois Metropolitan Investment Fund

Report on Investment Activity

September 30, 2018

Overall portfolio duration for the IMET 1-3 Year Series, remained shorter than the duration of its benchmark, which again was a key driver for positive performance relative to the benchmark as short end rates continued to move higher over the quarter. The continued use of commercial paper also contributed greater income to the IMET 1-3 Year Series compared to income from Treasury and other alternative securities.

Risk Profile of the IMET Convenience Series and the IMET 1-3 Year Series

The IMET Convenience Series is managed against the target Federal Funds Rate. In the context of the broad fixed income market, the IMET Convenience Series has a low risk profile. Because the Series is short term, under one year, it carries no interest rate risk. Credit risk to the bank deposit providers is mitigated by collateral, FHLB Letters of Credit and FDIC coverage. The U.S. Government Agency bond allocation is subject to credit risk of the U.S. government.

The IMET 1-3 Year Series is managed versus the Bloomberg Barclays 1-3 Year Government Total Return Index. At September 30, 2018, the IMET 1-3 Year Series portfolio had an interest rate duration of approximately 1.25 years. Accordingly, it was positioned for lower interest rate risk than the benchmark. In the context of the broad fixed income market, the IMET 1-3 Year Series portfolio has a low risk profile. Investors should remain aware the IMET 1-3 Year Series does have risk to principal when interest rates increase (interest rate risk) and credit risk to the U.S. government, U.S. Government Agencies, and short-term corporate credit, in the form of commercial paper.

Basis of Presentation

The Investment Section has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Illinois Metropolitan Investment Fund
 Select Comparative Data – IMET 1-3 Year Series
September 30, 2018

Select Return Data

	<u>3 months</u>	<u>One Year *</u>	<u>Three Year *</u>	<u>Five Year *</u>
IMET 1-3 Year Series Net Return	0.03%	0.06%	0.27%	0.38%
IMET 1-3 Year Series Gross Return**	0.05%	0.33%	0.55%	0.64%
Bloomberg Barclays 1-3 Year Government Total Return Index	0.20%	-0.01%	0.38%	0.57%

* Annualized return. A time-weighted rate of return based on the market rate of return is the basis for the calculations.

** Returns exclude expenses of the fund

Portfolio Statistics

	<u>IMET 1-3 Year Series Profile</u>	<u>Benchmark Profile</u>
Weighted Average Yield	1.34%	1.91%
Duration	1.25 years	1.84 years
Weighted Average Yield	2.71%	2.80%

Sector Distribution

	<u>IMET 1-3 Year Series Profile</u>	<u>Benchmark Profile</u>
Treasuries	31.13%	93.9%
US Agencies	56.43%	6.1%
Mortgage-backed securities	2.29%	0.0%
Commercial paper	9.96%	0.0%
Cash and MMFs	<u>0.19%</u>	<u>0.0%</u>
	100.0%	100.0%

Quality Distribution

	<u>IMET 1-3 Year Series Profile</u>	<u>Benchmark Profile</u>
<u>Quality***</u>		
AAA	100%	100%

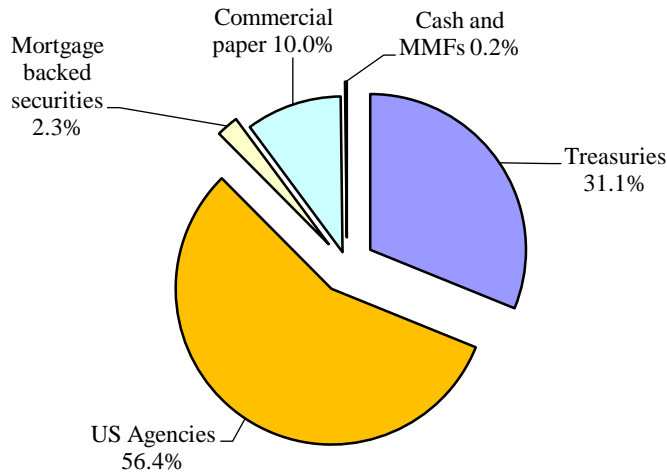
***In August 2011, Standard and Poor's downgraded U.S. Government and agency obligations to AA+ while other credit rating agencies maintained a rating of AAA quality.

Illinois Metropolitan Investment Fund
 Select Comparative Data – IMET 1-3 Year Series
September 30, 2018

Quality Distribution

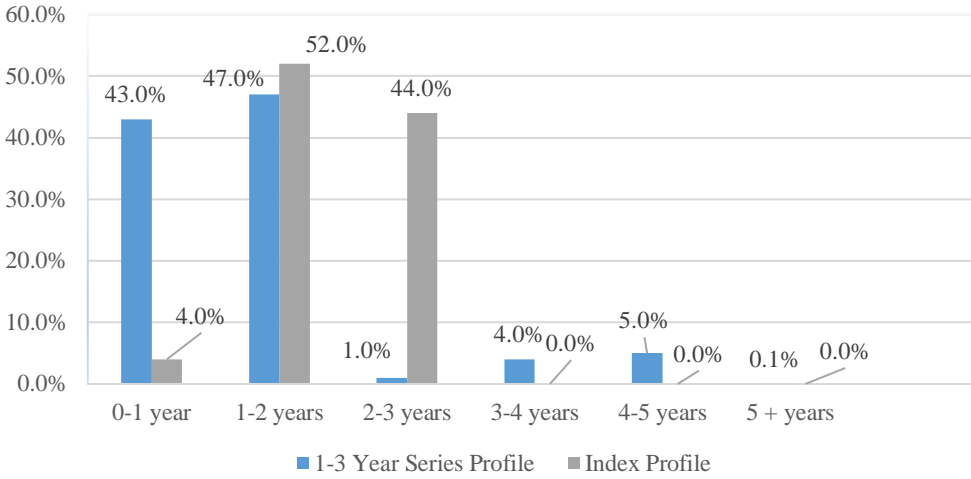
Quality	IMET 1-3 Year Series Profile	Benchmark Profile
Government / Agency	90%	100%
Commercial Paper		
A-1+/F1	4%	0%
A-1/P-1/F1	4%	0%
A-1/P-2/F1	<u>2%</u>	<u>0%</u>
	100%	100%

Asset Allocation by Sector
 IMET 1-3 Year Series

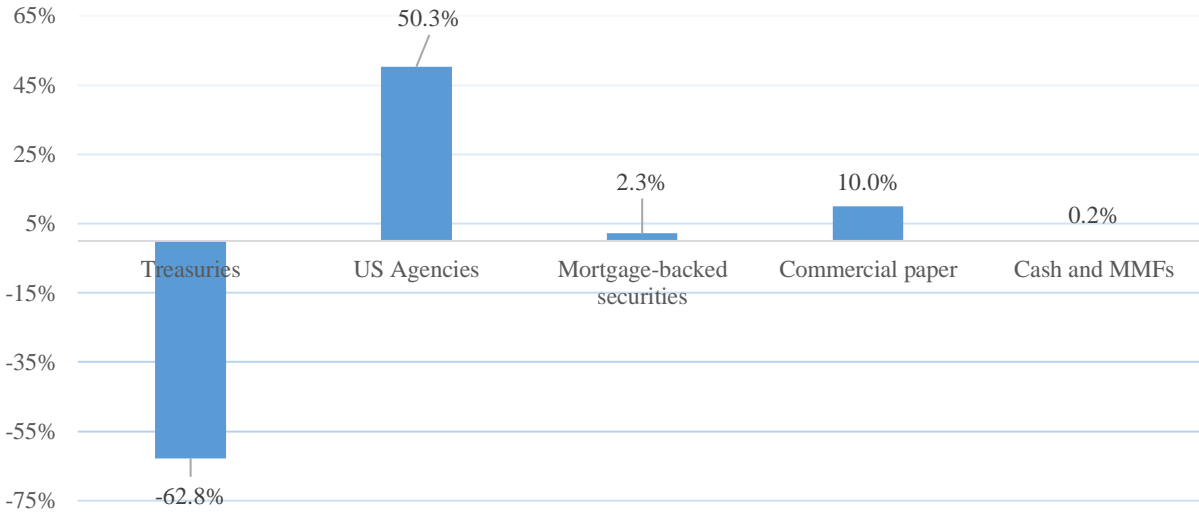


Illinois Metropolitan Investment Fund
 Select Comparative Data – IMET 1-3 Year Series
September 30, 2018

Maturity Distribution
 IMET 1-3 Year Series vs Benchmark



Portfolio Allocation +/- Benchmark Allocation
 IMET 1-3 Year Series

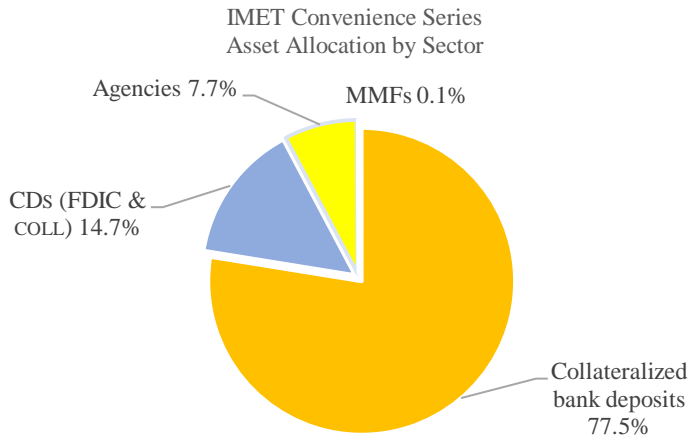


Illinois Metropolitan Investment Fund
 Select Comparative Data – IMET Convenience Series
September 30, 2018

Select Return Data

	Ann Yield	Total Return		
		One Month	One Year	Since Inception*
IMET Convenience Series	1.93%	0.16%	1.56%	2.00%
FFR	1.58%			
Bloomberg Barclays US Treasury Bills, 1-3 Month Index		0.16%	1.52%	1.23%
Bloomberg Barclays US Treasury Bills, 3-6 Month Index		0.17%	1.57%	1.43%

* Annualized return. A time-weighted rate of return based on the market rate of return is the basis for the calculations.



Illinois Metropolitan Investment Fund

Schedule of Investments

IMET 1-3 Year Series

September 30, 2018

Units/ par value	Description	Rate	Maturity	Fair value
U.S. Treasury Obligations: 31.1%				
\$ 5,400,000	U.S. Treasury	1.625 %	4/30/2019	\$ 5,374,266
2,500,000	U.S. Treasury	1.500	5/31/2019	2,483,496
2,000,000	U.S. Treasury	1.625	7/31/2019	1,984,141
6,000,000	U.S. Treasury	1.500	10/31/2019	5,924,297
4,300,000	U.S. Treasury	1.375	1/31/2020	4,224,246
2,500,000	U.S. Treasury	1.500	4/15/2020	2,452,344
500,000	U.S. Treasury	1.375	4/30/2020	489,160
2,200,000	U.S. Treasury	1.500	6/15/2020	2,152,906
7,700,000	U.S. Treasury	1.625	7/31/2020	7,536,977
8,000,000	U.S. Treasury	2.625	8/15/2020	7,971,562
4,750,000	U.S. Treasury	2.000	10/31/2021	4,625,869
Total U.S. Treasury Obligations				45,219,264
U.S. Government Agency and Agency-Guaranteed Obligations: 56.4%				
7,000,000	Federal Home Loan Bank	1.750	12/14/2018	6,993,238
10,000,000	Federal Home Loan Bank	1.250	1/16/2019	9,970,370
2,000,000	Federal Home Loan Bank	1.500	3/8/2019	1,992,626
10,580,000	Federal Home Loan Bank	1.625	6/14/2019	10,513,357
1,620,000	Federal Home Loan Bank	0.875	8/5/2019	1,596,708
2,000,000	Federal Home Loan Bank	1.375	9/13/2019	1,976,692
5,000,000	Federal Home Loan Bank	1.000	9/26/2019	4,919,000
2,000,000	Federal Home Loan Mortgage Corp.	1.250	10/2/2019	1,972,442
500,000	RefCorp Strip	None	10/15/2019	486,007
5,500,000	Federal Home Loan Mortgage Corp.	1.625	10/25/2019	5,439,175
2,000,000	Federal Home Loan Bank	2.375	12/13/2019	1,992,004
3,000,000	Federal Home Loan Mortgage Corp.	1.500	1/17/2020	2,953,197
12,000,000	Federal Farm Credit Bank	2.375	4/13/2020	11,924,640
5,000,000	RefCorp Strip	None	7/15/2020	4,752,445
7,000,000	Federal Home Loan Bank	1.625	9/11/2020	6,839,840
350,000	RefCorp Strip	None	10/15/2020	329,771
3,780,000	Federal Farm Credit Bank	2.660	1/30/2023	3,712,894
3,750,000	Federal Farm Credit Bank	2.800	9/5/2023	3,707,882
Total U.S. Government Agency and Agency-Guaranteed Obligations				82,072,288

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Investments (Continued)

IMET 1-3 Year Series

September 30, 2018

Units/ par value	Description	Rate	Maturity	Fair value
Asset/Mortgage-Backed Securities: 2.3%				
\$ 2,411	Federal Home Loan Mortgage Corp.	5.500 %	11/1/2018	\$ 2,411
423	Government National Mortgage Assoc.	4.500	12/15/2018	425
2,770	Federal Home Loan Mortgage Corp.	5.000	1/1/2019	2,806
910	Federal Home Loan Mortgage Corp.	4.500	1/1/2019	922
19,433	Federal Home Loan Mortgage Corp.	5.000	5/1/2019	19,751
1,315	Federal Home Loan Mortgage Corp.	5.500	12/1/2019	1,319
5,093	Federal Home Loan Mortgage Corp.	5.000	2/1/2020	5,176
6,876	Federal Home Loan Mortgage Corp.	5.500	4/1/2020	6,929
14,725	Federal Home Loan Mortgage Corp.	6.000	6/1/2020	14,864
17,391	Federal Home Loan Mortgage Corp.	5.000	8/1/2020	17,488
40,001	Federal Home Loan Mortgage Corp.	5.000	11/1/2020	40,223
19,349	Federal Home Loan Mortgage Corp.	5.000	12/1/2020	19,510
15,142	Federal Home Loan Mortgage Corp.	5.500	12/1/2020	15,373
27,930	Federal Home Loan Mortgage Corp.	5.500	1/1/2021	28,453
24,900	Federal Home Loan Mortgage Corp.	5.000	3/1/2021	25,476
15,889	Federal Home Loan Mortgage Corp.	5.000	6/1/2021	16,094
9,513	Federal Home Loan Mortgage Corp.	7.000	9/1/2021	9,719
23,468	Federal Home Loan Mortgage Corp.	5.500	10/1/2021	23,939
34,579	Federal Home Loan Mortgage Corp.	5.500	12/1/2021	35,358
34,337	Federal Home Loan Mortgage Corp.	5.500	12/1/2021	35,072
72,066	Federal Home Loan Mortgage Corp.	5.000	4/1/2022	73,511
36,200	Federal Home Loan Mortgage Corp.	5.500	6/1/2022	37,164
8,338	Federal Home Loan Mortgage Corp.	6.000	6/1/2022	8,519
32,432	Federal Home Loan Mortgage Corp.	5.500	10/1/2022	33,174
75,550	Federal Home Loan Mortgage Corp.	5.500	10/1/2022	77,569
40,754	Federal Home Loan Mortgage Corp.	5.500	2/1/2023	41,699
38,928	Federal Home Loan Mortgage Corp.	5.500	2/1/2023	39,661
58,194	Federal Home Loan Mortgage Corp.	6.500	3/1/2023	59,669
29,753	Federal Home Loan Mortgage Corp.	5.000	7/1/2023	30,882
128,463	Federal Home Loan Mortgage Corp.	5.500	10/1/2023	132,196
45,493	Federal Home Loan Mortgage Corp.	6.000	11/1/2023	46,730
23,252	Federal Home Loan Mortgage Corp.	4.500	6/1/2024	24,011
17,327	Federal Home Loan Mortgage Corp.	4.500	7/1/2024	17,915
95,211	Federal Home Loan Mortgage Corp.	4.500	9/1/2024	98,472
31,732	Federal Home Loan Mortgage Corp.	5.500	12/1/2024	32,570

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Investments (Continued)

IMET 1-3 Year Series

September 30, 2018

Units/ par value	Description	Rate	Maturity	Fair value
Asset/Mortgage-Backed Securities (Continued)				
\$ 6,147	Government National Mortgage Assoc.	9.500	% 12/15/2024	\$ 6,456
29,013	Federal Home Loan Mortgage Corp.	4.500	3/1/2025	29,987
84,998	Federal Home Loan Mortgage Corp.	4.500	4/1/2025	87,898
48,653	Federal Home Loan Mortgage Corp.	4.500	5/1/2025	50,317
7,303	Mortgage Related	8.500	5/20/2025	7,786
66,359	Federal Home Loan Mortgage Corp.	4.500	8/1/2025	68,624
258,642	Federal Home Loan Mortgage Corp.	4.000	6/1/2026	264,779
1,981	Mortgage Related	8.000	11/20/2026	2,208
164,359	Federal Home Loan Mortgage Corp.	6.000	9/1/2027	178,563
90,363	Federal Home Loan Mortgage Corp.	6.000	11/1/2027	98,172
9,750	Mortgage Related	8.000	11/20/2027	10,704
33,857	Federal Home Loan Mortgage Corp.	4.107	12/1/2027	34,782
75,997	Federal Home Loan Mortgage Corp.	5.500	12/1/2027	80,937
437,120	Federal Home Loan Mortgage Corp.	2.000	3/1/2028	420,509
298	Mortgage Related	8.000	3/20/2028	299
1,033	Mortgage Related	8.000	8/20/2028	1,063
1,251	Mortgage Related	8.000	9/20/2028	1,282
51,389	Federal Home Loan Mortgage Corp.	6.500	1/1/2029	56,851
127,827	Federal Home Loan Mortgage Corp.	5.500	2/1/2029	136,188
15,302	Federal Home Loan Mortgage Corp.	4.281	1/1/2030	15,884
324,116	Federal Home Loan Mortgage Corp.	4.000	8/1/2031	329,858
120,344	Federal Home Loan Mortgage Corp.	3.744	12/1/2034	126,349
92,706	Federal Home Loan Mortgage Corp.	3.588	3/1/2035	95,989
19,500	Federal Home Loan Mortgage Corp.	3.560	1/1/2036	20,554
49,012	Federal Home Loan Mortgage Corp.	3.766	5/1/2037	51,307
12,387	Federal Home Loan Mortgage Corp.	4.522	7/1/2037	12,952
61,280	Mortgage Related	6.000	9/20/2038	66,579
Total Asset/Mortgage-Backed Securities				3,331,927

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Investments (Continued)

IMET 1-3 Year Series

September 30, 2018

<u>Units/ par value</u>	<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Fair value</u>
Commercial Paper: 10.0%				
\$ 3,010,000	Caterpillar Finl Svcs Corp	None	10/16/2018	\$ 3,006,453
2,900,000	Toyota Motor Credit Corp	None	1/4/2019	2,881,551
2,900,000	Toyota Motor Credit Corp	None	1/29/2019	2,876,081
5,830,000	JPMorgan Securities LLC	None	2/8/2019	<u>5,777,682</u>
				<u>14,541,767</u>
Total investments, other than short-term				<u>\$ 145,165,246</u>

(Concluded)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2018

Institution	Amount	Maturity
Cash and short-term investments		
Collateralized Demand Deposit Account: 69.7%		
Associated Bank	\$ 324,210,460	None
Collateralized Money Market Accounts: 19.5%		
Chemical Bank	60,356,123	
First Bank of Highland Park	30,394,866	None
	<u>90,750,989</u>	
Non-negotiable Certificates of Deposit: 10.7%		
Associated Bank	<u>50,000,000</u>	
Other: 0.1%		
Fidelity Institutional Money Market Fund	<u>541,883</u>	None
Total cash and short-term investments	<u><u>\$ 465,503,332</u></u>	
<p>Note: Accounts for which the maturity date is listed as "None" have immediate liquidity, and may be withdrawn at any date without penalty.</p>		
Other investments		
U.S. Government Agency Obligations: 58.9%		
Federal Farm Credit Bank	\$ 1,000,000	7/12/2019
Federal Farm Credit Bank	5,000,000	7/20/2020
Federal Farm Credit Bank	5,000,000	10/19/2020
Federal Farm Credit Bank	5,000,000	1/19/2021
Federal Home Loan Mortgage Corp.	<u>25,000,000</u>	12/9/2021
Total U.S. Government Agency Obligations	<u>41,000,000</u>	
Negotiable certificates of deposit: 41.1%		
Access National Bank	245,000	7/26/2021
Ally Bank Midvale Utah	245,000	8/16/2021
Amer Expr Bank FSB	245,000	5/18/2020
Amer Expr Centur	245,000	11/25/2019
American Bank Ctr	245,000	11/9/2018
Anchor D Bank Texhoma Oklahoma	245,000	9/21/2021
Ban Bnklms	248,000	3/12/2021
Banco Popular NA NY	245,000	3/22/2021

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2018

Institution	Amount	Maturity
Negotiable certificates of deposit (Continued):		
Bank Buffalo KY	\$ 245,000	12/21/2020
Bank Princeton New Jersey	248,000	4/27/2021
Bar Harbor Bank&Tr	248,000	3/29/2021
Barclays Bank Del	200,000	7/27/2020
Belmont Svgs	245,000	11/23/2020
Berkshire Bank/Pit	245,000	2/28/2020
BMW Bank Of NA	245,000	2/12/2019
Bridgewater Bank	245,000	2/15/2019
Bris BrisBank	248,000	4/19/2021
Capitol Bank	248,000	11/27/2020
Cathay Bank LA	248,000	11/10/2020
Central Fed Svgs & Ln Assn	248,000	6/28/2021
Charter Bank Eau	248,000	11/3/2020
Citibank National Association	248,000	3/29/2021
Comenity Capital Ads	245,000	2/22/2019
Comm Finl Svcs B	245,000	7/12/2019
Comm State Bank	245,000	2/25/2019
Commercial Bank Harrogate TN	248,000	2/26/2021
Connectone Bank NJ	245,000	3/15/2021
Covenant Bank	248,000	11/30/2020
Crossfirst Bank ToctBank	245,000	2/28/2020
Cumberland Fed	245,000	2/25/2019
Discover Bank	245,000	7/8/2019
Dnb First NA	245,000	3/29/2021
Eaglebank Bethesda MD	245,000	9/29/2021
East Boston Svgs	245,000	11/19/2018
Empire St Bank NA	248,000	2/23/2021
Enerbank USA Cms	245,000	3/16/2021
Enterprise Bank Allison Pk PA	245,000	8/17/2021
Everbank FL	245,000	2/12/2019
Evergreen Bank Grp	245,000	7/26/2021
Fir FstBank	248,000	3/16/2021
First Bank Highland	248,000	8/17/2020
First Credit Bank	245,000	9/28/2021
First Finl Northwest Bank Renton	245,000	7/13/2021
First Priority Bank Malvern	248,000	11/10/2020
First Source Bank	245,000	5/17/2019
First Svgs Bank IN	245,000	2/19/2019

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2018

Institution	Amount	Maturity
Negotiable certificates of deposit (Continued):		
First Western Bank	\$ 245,000	2/26/2019
Firstbank Puerto	245,000	2/12/2019
Firsttrust Svgs Bank PA	248,000	3/12/2021
Flint Comm Bank GA	245,000	1/14/2019
Gold Coast Bank Chicago	248,000	11/9/2020
Goldman Sachs Bank	245,000	2/11/2019
Greenfield Svgs	248,000	2/16/2021
Guaranty Bank&Tr CO Denver Colo	245,000	3/18/2021
Horicon Bank Horicon Wis	245,000	5/17/2021
Horizon Bank National Assn	248,000	5/4/2021
Inland Nw Bank	245,000	7/15/2019
Interaudi Bank	245,000	2/25/2019
Investors Bank Short Hills NJ	245,000	12/28/2020
Investors Com Bank	248,000	5/28/2020
Iroquois Fed Savings	248,000	5/14/2021
Jackson County Bank	245,000	8/31/2020
Jefferson Bank Greenville MS	248,000	3/8/2021
JP Morgan Chase	245,000	7/15/2019
Kearny Bank New Jersey	248,000	11/16/2020
Key Bank NA	245,000	2/19/2019
KS Bank Inc	245,000	11/19/2018
Lakeside Bank	245,000	5/14/2020
Landmark Comm Bank Memphis	245,000	9/3/2019
Live Oak Banking Co NC	248,000	3/9/2021
Luana Savings Bank	245,000	2/19/2019
Marlin Business Bank	245,000	11/13/2020
MB Financial Bank NA	245,000	8/28/2020
Medallion Bank UT	245,000	2/22/2019
Merchantil Commercebank	248,000	3/2/2020
Merchants & Mfrs	248,000	2/16/2021
Meridian Bank Berw	245,000	7/12/2019
Merrick Bank South Jordan UT	245,000	7/20/2021
Morgan Stanley Bank NA Utah	248,000	8/19/2019
Morgan Stanley Pvt Bank	248,000	8/19/2019
Morton Comm Bank	245,000	8/16/2019
Mountainone Bank Mass	248,000	2/16/2021
Northern Bank Tr	205,000	9/29/2020
Northfield Bank	248,000	2/16/2021

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2018

Institution	Amount	Maturity
Negotiable certificates of deposit (Continued):		
Pacific Continen	\$ 245,000	7/22/2019
Pacific Premier Bank CA	248,000	2/22/2021
Partners Bank CA	245,000	11/19/2018
Peoples Sec Bank &Tr	245,000	8/31/2021
Pinnacle Bank TN	245,000	8/31/2020
Prime All Bank	245,000	2/12/2019
Ran Ransvg	248,000	3/9/2021
Saco And Biddeford Svgs	245,000	9/28/2021
Sallie Mae Bank	245,000	2/4/2019
Security Bank & Tr Co Miami OK	245,000	9/28/2021
Security First Bank Sydney	248,000	4/26/2021
Security St Bk NE	248,000	3/29/2021
Security St Bank Farwell TX	245,000	8/9/2021
Signature Bank NA	245,000	2/19/2019
Sout Sownat	248,000	4/19/2021
State Bank India New York NY	248,000	2/16/2018
Stearns Bank NA	248,000	11/3/2020
Steuben Tr Co Hornell	248,000	5/3/2021
Stock Yards Bank	245,000	8/6/2021
Synchrony Bank	245,000	5/26/2020
Third Federal Savings	240,000	9/15/2020
Townebank Portsmouth VA	248,000	4/27/2021
Tristate Cap Bnk	248,000	3/29/2021
Two River Cmnty Bank Mddltwn NJ	248,000	2/26/2021
UBS Bank USA Salt Lake City	245,000	6/14/2021
United Bankers Bank Cll	245,000	9/28/2021
Webbank Corp	245,000	2/26/2019
Webster Bank	245,000	2/26/2019
Welch St Bank OK	245,000	8/31/2021
Wells Fargo Bank	245,000	2/26/2019
Whitney Bank Gulfport	245,000	4/22/2019
Woori Amer Bank	245,000	2/24/2019
Worlds Foremost Cab	200,000	2/10/2020
	28,653,000	
Total negotiable certificates of deposit	28,653,000	
Total other investments	\$ 69,653,000	

(Concluded)

Illinois Metropolitan Investment Fund

Schedule of Management Fees

Year Ended September 30, 2018

<u>Type</u>	<u>IMET 1-3 Year Series</u>	<u>IMET Convenience Series</u>	<u>Total</u>
Investment advisory	\$ 149,080	\$ -	\$ 149,080
Transfer agent and fund accounting	79,443	246,418	325,861
Custodial	15,001	6,757	21,758
	<u>\$ 243,524</u>	<u>\$ 253,175</u>	<u>\$ 496,699</u>

Illinois Metropolitan Investment Fund
 Schedule of Participants by Concentration
September 30, 2018

Type	Number of Participants	IMET 1-3 Year Series ²	IMET Convenience Series ²	Total ²
Municipal entities	116	89.3 %	63.2 %	68.8 %
Pension funds	23	0.7	1.3	1.2
Other entities ¹	61	10.0	35.5	30.0
	200	100.0 %	100.0 %	100.0 %

¹ Includes townships, school districts, park districts, public library districts, and various local agencies and special districts.

² Percentages are based on the dollar amounts invested with IMET by its participants.

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

The Illinois Metropolitan Investment Fund (“IMET” or “Fund”) is an actively managed investment fund for Illinois local governments. The IMET 1-3 Year Series has a fluctuating net asset value and an average maturity of one-to-three years. Designed for public funds that may be invested for more than one year, the IMET 1-3 Year Series invests primarily in government-backed securities (Treasuries, agencies, and municipals). IMET invests only in investments that are permissible under the IL Public Funds Investment Act.

1.0 Policy

It is the policy of IMET to invest public funds of Illinois governments in a manner which seeks to provide the best return while pursuing the preservation of capital. IMET is designed as an investment vehicle for funds not required to be spent immediately and available for investment in securities with maturities and returns generally greater than those for money market instruments. IMET will conform to Illinois state statutes governing the investment of public funds.

2.0 Funds

Monies invested in this Fund will be those of participating Illinois governments whose treasurers become members of the Fund. Any funds that an Illinois government can invest in under Illinois state statutes are eligible for investment in IMET. This is an intermediate investment fund, however, and short-term cash monies which are needed for immediate liquidity demands will not be encouraged to be invested in this Fund.

3.0 Prudence

The standard of prudence to be used for all investment activities shall be the following “prudent person” standards, as stated below, and shall be applied while conducting all investment transactions.

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable preservation of their capital as well as the probable income to be derived."

4.0 Objective

This actively managed portfolio will be invested in certain fixed income securities and cash equivalents. In summary, the investment objectives of IMET are:

- A. Preservation of Principal: Preservation of principal is the foremost objective of IMET. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

4.0 Objective (Continued)

- B. Liquidity: IMET will seek to remain sufficiently liquid to allow for withdrawals by Fund members with five business days' notice of that withdrawal to the Fund, and will otherwise remain sufficiently liquid in accordance with prudent fund management.
- C. Return on Investment: IMET's assets will be invested with the objective of obtaining an appropriate market rate of return in relation to the prevailing monetary environment. See also "Performance Standards" herein.

5.0 Delegation of Authority

The Board of Trustees of IMET (the "*Board*") seeks to employ an investment adviser who possesses superior capabilities in the management of assets of the Councils of Governments' governmental bodies. The Board further requires the investment adviser selected and working on its behalf to meet the following set of conditions.

- A. To take, in its discretion, actions which in its best professional judgment are in the best interests of IMET, in accordance with this Investment Policy and the Investment Circular distributed by the Fund, to meet IMET investment objectives. Such actions include but are not limited to (A) the allocation of funds among alternative types of investments; (B) specific investment opportunities regarding the acquisition, retention, or disposition of investments; and (C) the recommendation of the addition, deletion, or modification of authorized investments.
- B. To execute all investment transactions on behalf of the Fund at the best net price, utilizing such brokers and dealers as they deem appropriate to obtain the best execution capabilities and/or valuable information with respect to the economy and the affairs of corporations at the lowest cost to the Fund.
- C. Additional responsibilities as detailed in each investment adviser's agreement with the Board.

6.0 Ethics and Conflicts of Interest

Officers and employees of the Fund involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the IMET chairperson any material financial interests in financial institutions that conduct business with IMET, and they shall further disclose any large personal financial/investment positions that could be related to the performance of IMET, particularly with regard to the time of purchases and sales.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

7.0 Authorized Financial Dealers and Institutions

The adviser will make investments only in those investments specifically authorized in the Public Investment Act of the State of Illinois (30 ILCS 235/1) (the “*Investment Act*”). The administrator shall perform its duties in conformance with the Declaration of Trust, By-Laws, and Investment Circular of the Fund. The distributor shall be competent and fully qualified under federal and state securities laws and the rules and regulations of the Comptroller of the Currency or the National Association of Securities Dealers, as applicable, to engage in marketing and sales efforts.

8.0 Authorized and Suitable Investments

All investments shall be made in compliance with the Investment Act, including, without limitation, the definition of “agency” contained therein. In seeking to achieve its investment objective, the Fund intends to invest under normal market conditions at least fifty percent (50%) in (i) obligations issued or secured by the U.S. Government and/or its agencies and/or (ii) money market mutual funds that are permitted investments under the Investment Act, and/or (iii) interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. In extraordinary circumstances, such as when the investment adviser believes that market conditions indicate that the Fund should adopt a temporary defensive position, the Fund may invest up to one hundred percent (100%) in cash and/or such money market mutual funds.

The Fund portfolio is restricted to a maximum dollar weighted-average maturity of five years or less, under normal conditions. The net asset value will fluctuate on a daily basis according to the change in market value of its underlying portfolio obligations.

The following are additional investment restrictions:

- (i) All fixed income securities (other than obligations of the U.S. or its agencies or obligations of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or any other state, or of any political subdivision or agency of the State of Illinois or of any other state) at the time of purchase shall be rated at the highest rating classification established by at least two standard rating services (without regard to any refinement or gradation of rating category by numerical modifier or otherwise). However, issues that are reclassified after purchase so that they are no longer at the highest classifications established by at least two standard rating services may be sold by the adviser to the Fund after the date of the security’s reclassification or held to maturity, in either case based on the investment adviser’s discretion.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

8.0 Authorized and Suitable Investments (Continued)

- (ii) All interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or any political subdivision or agency of the State of Illinois or any other state, whether the interest earned thereon is taxable or tax-exempt under federal law at the time of purchase shall be rated within the four highest general classifications (i.e. obligations rated A or higher by Standard & Poor's or A or higher by Moody's, without regard to any refinement or gradation of rating category by numerical modifier or otherwise) established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
- (iii) Mortgage pass-through securities must be issued by an agency of the United States government. There are three major types of such agency pass-throughs, guaranteed by three organizations: Government National Mortgage Association ("*Ginnie Mae*"), Federal Home Loan Mortgage Corporation ("*Freddie Mac*"), and Federal National Mortgage Association ("*Fannie Mae*"). Pass-through securities or collateralized mortgage obligations of Fannie Mae are not permitted investments under Illinois law. In addition, privately structured and issued mortgage pass-through securities or collateralized mortgage obligations are not permitted investments.
- (iv) All investments are required to be made in compliance with the Investment Act, including, without limitation, the definition of "agency" contained therein.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

8.0 Authorized and Suitable Investments (Continued)

The following transactions are prohibited in the portfolio managed by the investment adviser.

- 1) Reverse repurchase agreements.
- 2) Common or preferred stocks.
- 3) Futures and options.
- 4) Margin purchases or intentional use of leverage.
- 5) Private or direct placements.
- 6) Commodities.
- 7) Direct ownership of real estate or mortgages.
- 8) Non-U.S. dollar-denominated securities.
- 9) Stripped mortgage-backed securities (*i.e.*, interest-only (IO) and principal-only (PO) securities).
- 10) Convertible notes or bonds.
- 11) Purchase, participation, or other direct interest in gas, oil, or other mineral exploration or development programs.
- 12) Collateralized mortgage obligations.
- 13) Lending of Fund securities.
- 14) Structured notes—however, the Portfolio may invest in federal government agency securities whose coupon rates are scheduled to “step up” (*i.e.* increase) one or more times before they mature.
- 15) Investments not allowed under the Investment Act.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

8.0 Authorized and Suitable Investments (Continued)

The adviser shall indemnify and make whole the Fund and its shareholders for any losses incurred by the Fund as a result of the adviser's own or any subadviser's gross negligence or its failure to comply with the provisions of the Investment Act as those provisions are communicated to the investment adviser in writing by IMET or by IMET's legal counsel.

9.0 Safekeeping and Custody

Securities purchased for IMET, as well as collateral for repurchase agreements, shall be delivered against payment and held in a custodial safekeeping account with a broker or bank acting as custodian. The custodian will be designated by the Board and all transactions will be evidenced by safekeeping receipts or confirmations.

10.0 Diversification

Fixed income securities in the Fund will have the following characteristics:

- A) United States Treasury, agency, and agency mortgage pass-through securities may be used without limitation. Under normal market conditions, such obligations, along with money market mutual funds that are permitted investments under the Investment Act, will constitute at least 50% of the portfolio.
- B) Commercial paper investment, pursuant to Illinois law, must mature within 180 days from the date of purchase and cannot exceed 10% of the corporation's total commercial paper. The Fund will have no more than one-third of its monies invested in commercial paper.
- C) At no time may the portfolio own more than 5% of the outstanding amount of any one fixed income issue (other than securities of the United States Government or its agencies) or have more than 7% of its total assets invested in the securities (including cash equivalents) of any permissible fixed income issuer (other than securities of the United States government or its agencies) without prior notification and approval of the Board.

11.0 Maturities

Portfolio duration is to be maintained at no greater 25% above or 50% below that of the Barclays Capital 1-3 Year Government Bond Index. The portfolio's dollar weighted-average maturity will not exceed five years. Individual securities may have remaining maturities of greater than five years, but in any event not greater than ten years from the date of the Fund's purchase thereof. The remaining life of any agency mortgage pass-through security will be determined based on the weighted-average life of the security.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

12.0 Internal Control

The adviser shall establish a system of internal controls, which shall be documented in writing. The controls shall be annually reviewed by their auditor and shall be designed to prevent losses of public funds arising from failure to comply with the provisions of the Investment Act, fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the firm. The adviser shall at all times have in place a fidelity bond or bonds covering the actions of its employees and officers relating to fraud, theft, dishonesty, and other willful acts which may result in the loss of Fund assets. Such bond or bonds shall be maintained in amounts not less than \$5,000,000 per occurrence and \$10,000,000 in the annual aggregate, covering its duties. The adviser will also maintain a fidelity bond against employee theft, dishonesty, and related risk, and cover its duties in an amount not less than \$10,000,000 in the annual aggregate.

13.0 Performance Standards

IMET's investment strategy is targeted active management. The performance objective for this portfolio is to meet or exceed the Lehman Brothers 1-3 Year Government Bond Index (the benchmark) prior to payment of Fund expenses.

14.0 Reporting

The adviser shall report to the Board at least quarterly on:

- A) Performance as compared to the benchmark.
- B) Asset allocation and duration as compared to the benchmark.
- C) Any deviation from the guidelines herein established.
- D) Significant changes in the portfolio under their management during the quarter.
- E) Economic and investment outlook for the near and long term.
- F) Monthly purchase and sale transactions.
- G) Any change in key personnel.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET 1-3 Year Series

September 30, 2018

15.0 Investment Policy Adoption

IMET's investment policy shall be adopted by resolution of the Board. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

(Concluded)

Last amended December 13, 2018

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

The Illinois Metropolitan Investment Fund (“*IMET*” or “*Fund*”) is an actively managed investment fund for Illinois local governments. The IMET Convenience Series is a short-term vehicle for use exclusively by members of IMET. This policy applies to the investment of IMET Convenience Series funds. The IMET Convenience Series is designed as an investment vehicle for: a) near-term investment of funds intended for eventual placement into the IMET 1-3 Year Series, b) the investment of bond proceeds, and c) any purpose deemed necessary and beneficial by Fund participants.

1.0 Governing Authority

It is the policy of IMET to invest public funds of Illinois governments in a manner which seeks to provide the best return while pursuing the preservation of capital. The IMET Convenience Series will conform to Illinois state statutes governing the investment of public funds.

2.0 Funds

Monies invested in the IMET Convenience Series will be those of participating Illinois governments whose treasurers are members of the IMET. Any funds that an Illinois government can invest in under Illinois state statutes are eligible for investment in the IMET Convenience Series.

3.0 Prudence

The standard of prudence to be used for all investment activities shall be the following “prudent person” standards, as stated below, and shall be applied while conducting all investment transactions.

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable preservation of their capital as well as the probable income to be derived."

4.0 Objective

This portfolio will be invested in certain fixed income securities and cash equivalents. In summary, the investment objectives of the Convenience Series are:

- A. Preservation of Principal: Preservation of principal is the foremost objective of the IMET Convenience Series. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

4.0 Objective (Continued)

- B. Liquidity: The Convenience Series will seek to remain sufficiently liquid to accommodate IMET Convenience Series members and will otherwise remain sufficiently liquid in accordance with prudent fund
- C. Return on Investment: The IMET Convenience Series' assets will be invested with the objective of obtaining an appropriate market rate of return in relation to the prevailing monetary environment. See also "Performance Standards" herein.

5.0 Delegation of Authority

The Board of Trustees of IMET and of the IMET Convenience Series (the "*Board*") seeks to employ financial institutions possessing established capabilities in the management of assets of the Councils of Governments' governmental bodies. The Board further requires the financial institution(s) selected and working on its behalf to meet the following set of conditions.

- A. To take, in its discretion, to the extent allowed by the financial institution's agreement with IMET, actions which in its best professional judgment are in the best interests of the IMET Convenience Series, in accordance with this Investment Policy distributed by IMET, to meet IMET Convenience Series investment objectives. Such actions include but are not limited to (A) the allocation of funds among alternative types of investments; (B) specific investment opportunities regarding the acquisition, retention, or disposition of investments; and (C) the recommendation of the addition, deletion, or modification of authorized investments.
- B. To execute all investment transactions on behalf of the IMET Convenience Series at the best net price, utilizing such brokers and dealers as deemed appropriate to obtain the best execution capabilities and/or valuable information with respect to the economy and the affairs of corporations at the lowest cost to the IMET Convenience Series.
- C. Additional responsibilities as detailed in each financial institution's agreement with the Board.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

6.0 Ethics and Conflicts of Interest

Officers and employees of the IMET Convenience Series involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board chairperson any material financial interests in financial institutions that conduct business with IMET and the IMET Convenience Series, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the IMET Convenience Series, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions

The financial institution(s) will make investments only in those investments specifically authorized by the Public Investment Act of the State of Illinois (30 ILCS 235/1) (the “*Investment Act*”) and by this Investment Policy. The financial institution(s) shall perform its duties in conformance with the IMET Declaration of Trust, the IMET By-Laws, and the IMET Convenience Series Investment Policy. The distributor shall be competent and fully qualified under federal and state securities laws and the rules and regulations of the Comptroller of the Currency or the National Association of Securities Dealers, as applicable, to engage in marketing and sales efforts.

8.0 Authorized and Suitable Investments

The investments permitted by this policy are those defined by the Investment Act, including, without limitation, the definition of “agency” contained therein. In seeking to achieve its investment objective, the IMET Convenience Series intends to invest under normal market conditions at least fifty percent (50%) in (i) interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, or (ii) money market mutual funds that are permitted investments under the Investment Act, or (iii) securities now or hereafter issued that constitute direct obligations of the U.S. Treasury which are guaranteed by the full faith and credit of the United States of America as to principal and interest, or (iv) other similar obligations of the United States of America or its agencies, or (v) interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. In circumstances when the investment adviser believes that market conditions indicate that the IMET Convenience Series should adopt a defensive position, the IMET Convenience Series may invest up to one hundred percent (100%) in bank obligations and/or such money market mutual funds.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

8.0 Authorized and Suitable Investments (Continued)

The IMET Convenience Series portfolio is restricted to a maximum dollar weighted-average maturity of one year or less, under normal conditions. The IMET Convenience Series will be managed so as to maintain a stable \$1.00 share price, although there is no guarantee that it will do so.

The following are additional investment restrictions:

- (i) All fixed income securities (other than obligations of the U.S., treasury, agencies, instrumentalities, repurchase agreements, or obligations of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or any other state, or of any political subdivision or agency of the State of Illinois or of any other state) at the time of purchase shall be rated at the highest rating classification established by at least two standard rating services (without regard to any refinement or gradation of rating category by numerical modifier or otherwise). However, issues that are reclassified after purchase so that they are no longer at the highest classifications established by at least two standard rating services may be sold by the financial institution(s) maintaining the IMET Convenience Series after the date of the security's reclassification or held to maturity, in either case based on the financial institutions' discretion.
- (ii) All interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, or any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law at the time of purchase shall be rated within the four highest general classifications (i.e. obligations rated A or higher by Standard & Poor's or A or higher by Moody's, without regard to any refinement or gradation of rating category by numerical modifier or otherwise) established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
- (iii) Mortgage pass-through securities must be issued by an agency of the United States government and must have a liquid market with a readily determinable market value. There are three major types of such agency pass-throughs, guaranteed by three organizations: Government National Mortgage Association ("*Ginnie Mae*"), Federal Home Loan Mortgage Corporation ("*Freddie Mac*"), and Federal National Mortgage Association ("*Fannie Mae*"). Pass-through securities or collateralized mortgage obligations of Fannie Mae are not permitted investments under Illinois law. In addition, privately structured and issued mortgage pass-through securities or collateralized mortgage obligations are not permitted investments.
- (iv) All investments are required to be made in compliance with the Investment Act, including, without limitation, the definition of "agency" contained therein.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

8.0 Authorized and Suitable Investments (Continued)

The following transactions are prohibited in the portfolio:

- 1) Reverse repurchase agreements.
- 2) Common or preferred stocks.
- 3) Futures and options.
- 4) Margin purchases or intentional use of leverage.
- 5) Private or direct placements.
- 6) Commodities.
- 7) Direct ownership of real estate or mortgages.
- 8) Non-U.S. dollar-denominated securities.
- 9) Stripped mortgage-backed securities (*i.e.*, interest-only (IO) and principal-only (PO) securities).
- 10) Convertible notes or bonds.
- 11) Purchase, participation, or other direct interest in gas, oil, or other mineral exploration or development programs.
- 12) Collateralized mortgage obligations.
- 13) Lending of IMET Convenience Series securities.
- 14) Structured notes—however, the Portfolio may invest in federal government agency securities whose coupon rates are scheduled to “step up” (*i.e.* increase) one or more times before they mature.
- 15) Investments not allowed under the Investment Act.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

8.0 Authorized and Suitable Investments (Continued)

The adviser shall indemnify and make whole the IMET Convenience Series and its shareholders for any losses incurred by the IMET Convenience Series as a result of the adviser's own or any subadviser's gross negligence or its failure to comply with the provisions of the Investment Act as those provisions are communicated to the investment adviser in writing by the IMET Convenience Series or by the IMET Convenience Series' legal counsel.

9.0 Collateralization

The obligations of financial institutions with respect to the IMET Convenience Series' deposits which exceed the sum of the Federal Deposit Insurance Corporation's insurance limitation (the "Overage Amounts") that are collateralized by government securities will be collateralized by such financial institutions in an amount equal to at least 105% of such Overage Amount.

Other collateral used by financial institutions for such purposes shall be in a form and amount (but not less than 100%) deemed acceptable by the Board, including, but not limited to, letters of credit, guaranteed loan pools and FDIC insurance. The financial institution will monitor the collateral on at least a daily basis, and make adjustments as necessary.

10.0 Safekeeping and Custody

Securities purchased for the IMET Convenience Series, as well as collateral for repurchase agreements, shall be delivered against payment and held in a custodial safekeeping account with a broker or bank acting as custodian. The custodian will be designated by the Board and all transactions will be evidenced by safekeeping receipts or confirmations.

11.0 Diversification

Fixed income securities in the Convenience Series will have the following characteristics:

- a) No more than 50 percent of the portfolio may be invested beyond 12 months, and the weighted-average maturity of the portfolio generally shall not exceed one year.
- b) The following instruments may be used without limitation:
 - i) Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

11.0 Diversification (Continued)

- ii) Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations of the U.S. Treasury and its agencies as defined by Illinois law.

12.0 Maturities

At least 50 percent of the Fund's investments are expected to mature in the short-term (397 days or less), and the dollar-weighted average portfolio maturity of the IMET Convenience Series will not exceed one year under normal conditions. Individual securities may have remaining maturities of greater than one year, but in any event not greater than five years from the date of the IMET Convenience Series' purchase thereof. The remaining life of any agency mortgage pass-through security will be determined based on the weighted-average life of the security.

13.0 Internal Control

The financial institution(s) shall establish a system of internal controls, which shall be documented in writing. The controls shall be annually reviewed by their auditor and shall be designed to prevent losses of public funds arising from failure to comply with the provisions of the Investment Act, fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the firm. The financial institution(s) shall at all times have in place a fidelity bond or bonds covering the actions of its employees and officers relating to fraud, theft, dishonesty, and other willful acts which may result in the loss of IMET Convenience Series assets. Such bond or bonds shall be maintained in amounts not less than \$5,000,000 per occurrence and \$10,000,000 in the annual aggregate, covering its duties. The financial institution(s) will also maintain a fidelity bond against employee theft, dishonesty, and related risk, and cover its duties in an amount not less than \$10,000,000 in the annual aggregate.

14.0 Performance Standards

The IMET Convenience Series' investment strategy is designed so that the IMET Convenience Series may maintain a stable \$1.00 per share price, although there is no guarantee that it will do so. The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio shall be designed with the objective of regularly meeting or exceeding the selected performance benchmark of Fed Funds, gross of fees. This index is considered a benchmark for lower risk investment transactions and, therefore, comprises an appropriate standard for the portfolio's rate of return.

(Continued)

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2018

15.0 Reporting

The financial institution(s) shall report to the Board at least quarterly on:

- a. Performance as compared to the benchmark.
- b. Asset allocation and duration as compared to the benchmark.
- c. Any deviation from the guidelines herein established.
- d. Significant changes in the portfolio under their management during the quarter.
- e. Economic and investment outlook for the near and long term.
- f. Monthly purchase and sale transactions.
- g. Any change in key personnel.

16.0 Investment Policy Adoption

The IMET Convenience Series' investment policy shall be adopted by resolution of the Board. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

(Concluded)

Last amended May 16, 2014

STATISTICAL SECTION (Unaudited)

Illinois Metropolitan Investment Fund

Index for Statistical Section

September 30, 2018

This part of the Illinois Metropolitan Investment Fund's (IMET's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about IMET's overall financial health. Revenue capacity, debt capacity, and operating information are not applicable to IMET.

Contents

Page (s)

Financial Trends

These schedules contain trend information to help the reader understand how IMET's financial performance and well-being have changed over time.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which IMET's activities take place.

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Illinois Metropolitan Investment Fund
SCHEDULE OF FIDUCIARY NET POSITION
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net position held in trust for participants				
IMET 1-3 Year Series ¹	\$ 146,739,051	\$ 175,073,212	\$ 181,977,415	\$ 174,805,471
IMET Convenience Series	535,906,458	495,957,543	496,820,064	530,275,021
IMET Administration Fund ¹	-	-	-	-
Total	<u>\$ 682,645,509</u>	<u>\$ 671,030,755</u>	<u>\$ 678,797,479</u>	<u>\$ 705,080,492</u>
Number of units outstanding				
IMET 1-3 Year Series ¹	7,526,478	9,001,127	9,373,943	9,050,005
IMET Convenience Series	<u>535,731,480</u>	<u>496,072,521</u>	<u>496,805,311</u>	<u>530,226,456</u>
Total	<u>543,257,958</u>	<u>505,073,648</u>	<u>506,179,254</u>	<u>539,276,461</u>
Price per unit				
IMET 1-3 Year Series ¹	\$ 19.496	\$ 19.450	\$ 19.413	\$ 19.316
IMET Convenience Series	1.000	1.000	1.000	1.000

¹ IMET's operations activities were included in the IMET 1-3 Year Series in fiscal years 2009 - 2010 and, in fiscal year 2011, through December 31, 2010. Effective January 1, 2011 through September 30, 2014, those activities were reported separately in the Administration Fund. Beginning in fiscal year 2015, administrative expenses were allocated between the IMET 1-3 Year Series and the IMET Convenience Series.

² As originally stated. These amounts were not restated for the implementation of GASB Statements No. 68 and 71.

Data Source: Illinois Metropolitan Investment Fund Comprehensive Annual Financial Reports

Note: Data pertaining to the IMET FFF Account Liquidating Trust is not presented above, due to the nature of that fund. See Note C in the Notes to the financial statements.

<u>2014²</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 232,311,616	\$ 280,917,840	\$ 334,346,520	\$ 312,144,822	\$ 375,985,312	\$ 319,459,941
1,768,754,593	1,390,063,626	1,049,300,081	663,304,925	508,709,545	330,874,968
<u>1,774,377</u>	<u>1,669,020</u>	<u>1,558,408</u>	<u>54,757</u>	<u>-</u>	<u>-</u>
<u>\$ 2,002,840,586</u>	<u>\$ 1,672,650,486</u>	<u>\$ 1,385,205,009</u>	<u>\$ 975,504,504</u>	<u>\$ 884,694,857</u>	<u>\$ 650,334,909</u>
12,158,529	14,757,571	17,589,148	16,400,694	19,910,917	17,300,260
<u>1,768,754,593</u>	<u>1,390,063,626</u>	<u>1,049,300,081</u>	<u>663,304,925</u>	<u>508,709,545</u>	<u>330,874,968</u>
<u>1,780,913,122</u>	<u>1,404,821,197</u>	<u>1,066,889,229</u>	<u>679,705,619</u>	<u>528,620,462</u>	<u>348,175,228</u>
\$ 19.107	\$ 19.036	\$ 19.009	\$ 19.032	\$ 18.883	\$ 18.466
1.000	1.000	1.000	1.000	1.000	1.000

Illinois Metropolitan Investment Fund
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - IMET 1-3 Year Series
LAST TEN FISCAL YEARS

	2018 ¹	2017 ¹	2016 ¹	2015 ¹
Additions				
Investment income				
Interest	\$ 2,502,954	\$ 2,147,534	\$ 1,802,512	\$ 1,528,234
Net change in fair value of investments	(1,957,915)	(1,401,886)	(227,527)	313,318
Other	988	1,517	1,011	501
Total income	<u>546,027</u>	<u>747,165</u>	<u>1,575,996</u>	<u>1,842,053</u>
Investment expenses				
Investment advisory fees	149,080	180,426	179,112	181,915
Transfer agent and fund accounting fees	79,443	97,757	90,700	104,912
Custodial fees	15,001	17,872	17,911	14,845
Total investment expenses	<u>243,524</u>	<u>296,055</u>	<u>287,723</u>	<u>301,672</u>
Net investment income	<u>302,503</u>	<u>451,110</u>	<u>1,288,273</u>	<u>1,540,381</u>
Unit transactions				
Proceeds from sale of units to participants	5,200,000	10,301,773	16,135,420	29,842,015
Other additions	-	-	-	887,188
Total additions	<u>5,502,503</u>	<u>10,752,883</u>	<u>17,423,693</u>	<u>32,269,584</u>
Deductions				
Administrative and other expenses:				
Management and administrative services	1,350	1,471	23,471	23,551
Compensation and related expenses	71,785	70,054	187,377	182,776
Professional services	1,356	2,683	48,779	25,367
Insurance	12,756	19,360	43,921	35,100
Audit	5,100	5,335	12,681	12,300
Marketing	3,046	1,992	7,220	7,347
Administrative	17,176	15,284	33,458	48,682
Less reimbursement for operating expenses	-	-	-	-
Total administrative and other expenses	<u>112,569</u>	<u>116,179</u>	<u>356,907</u>	<u>335,123</u>
Cost of units redeemed by participants	<u>33,724,095</u>	<u>17,540,907</u>	<u>9,894,842</u>	<u>89,368,346</u>
Total deductions	<u>33,836,664</u>	<u>17,657,086</u>	<u>10,251,749</u>	<u>89,703,469</u>
Transfers out	-	-	-	-
Net increase (decrease) in net position held in trust for participants	<u>(28,334,161)</u>	<u>(6,904,203)</u>	<u>7,171,944</u>	<u>(57,433,885)</u>
Net position held in trust for participants:				
Beginning of year	<u>175,073,212</u>	<u>181,977,415</u>	<u>174,805,471</u>	<u>232,239,356</u> ³
End of year	<u>\$ 146,739,051</u>	<u>\$ 175,073,212</u>	<u>\$ 181,977,415</u>	<u>\$ 174,805,471</u>

¹ IMET's operations activities were included in the IMET 1-3 Year Series in fiscal years 2009 - 2010 and, in fiscal year 2011, through December 31, 2010. Effective January 1, 2011 through September 30, 2014, those activities were reported separately in the Administration Fund. Beginning in fiscal year 2015, administrative expenses were allocated between the IMET 1-3 Year Series and the IMET Convenience

² For fiscal years 2011 and prior, investment advisory fees, transfer agent and fund accounting fees, and custodial fees were included in management and administrative services expense.

³ As restated for the implementation of GASB Statements No. 68 and 71.

Data Source: Illinois Metropolitan Investment Fund Comprehensive Annual Financial Reports

	2014 ¹	2013 ¹	2012 ¹	2011 ^{1,2}	2010 ²	2009 ²
\$	1,597,291	\$ 1,566,463	\$ 2,994,982	\$ 4,742,901	\$ 6,584,917	\$ 7,077,345
	(101,243)	(427,635)	(1,099,843)	(1,550,493)	1,486,358	3,023,693
	-	-	-	-	-	-
	1,496,048	1,138,828	1,895,139	3,192,408	8,071,275	10,101,038
	246,961	302,676	319,746	-	-	-
	141,907	178,221	191,848	-	-	-
	24,696	30,268	31,977	-	-	-
	413,564	511,165	543,571	-	-	-
	1,082,484	627,663	1,351,568	3,192,408	8,071,275	10,101,038
	8,902,659	28,402,479	59,105,373	52,098,847	161,712,850	185,947,494
	-	-	-	-	-	-
	9,985,143	29,030,142	60,456,941	55,291,255	169,784,125	196,048,532
	136,853	228,570	335,737	845,008	679,686	495,909
	-	-	-	58,276	256,891	199,779
	-	-	-	9,684	43,279	34,920
	-	-	-	7,500	30,049	30,241
	-	-	-	7,200	20,500	22,150
	-	-	-	5,615	21,623	31,872
	-	-	-	20,163	78,911	110,532
	-	-	-	(223,096)	(743,221)	(295,558)
	136,853	228,570	335,737	730,350	387,718	629,845
	58,454,514	82,230,252	36,584,138	118,401,395	112,871,036	57,879,018
	58,591,367	82,458,822	36,919,875	119,131,745	113,258,754	58,508,863
	-	-	(1,335,368)	-	-	-
	(48,606,224)	(53,428,680)	22,201,698	(63,840,490)	56,525,371	137,539,669
	280,917,840	334,346,520	312,144,822	375,985,312	319,459,941	181,920,272
\$	<u>232,311,616</u>	<u>\$ 280,917,840</u>	<u>\$ 334,346,520</u>	<u>\$ 312,144,822</u>	<u>\$ 375,985,312</u>	<u>\$ 319,459,941</u>

Illinois Metropolitan Investment Fund
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - IMET CONVENIENCE SERIES
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Additions				
Investment income				
Interest	\$ 8,067,213	\$ 4,135,840	\$ 2,526,589	\$ 2,781,255
Investment expenses				
Fund accounting and custodial fees	253,175	222,154	234,964	403,367
Net investment income	7,814,038	3,913,686	2,291,625	2,377,888
Proceeds from sale of units to participants	645,388,210	422,379,146	490,842,971	487,281,716
Other additions	-	-	-	887,189
Total additions	653,202,248	426,292,832	493,134,596	490,546,793
Deductions				
Administrative and other expenses	512,421	557,942	317,195	1,118,792
Distributions to participants	7,363,765	3,485,475	2,008,242	2,097,720
Cost of units redeemed by participants	605,377,147	423,111,936	524,264,116	1,725,809,853
Total deductions	613,253,333	427,155,353	526,589,553	1,729,026,365
Transfer to Liquidating Trust	-	-	-	-
Net increase (decrease) in net position held in trust for participants	39,948,915	(862,521)	(33,454,957)	(1,238,479,572)
Net position held in trust for participants:				
Beginning of year	495,957,543	496,820,064	530,275,021	1,768,754,593
End of year	\$ 535,906,458	\$ 495,957,543	\$ 496,820,064	\$ 530,275,021

¹ For fiscal years 2011 and prior, transfer agent and fund accounting fees were included in management and administrative services expense.

Data Source: Illinois Metropolitan Investment Fund Comprehensive Annual Financial Reports

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011¹</u>	<u>2010¹</u>	<u>2009¹</u>
\$ <u>6,582,520</u>	\$ <u>4,897,189</u>	\$ <u>2,913,789</u>	\$ <u>2,409,716</u>	\$ <u>2,577,858</u>	\$ <u>1,687,833</u>
<u>826,690</u>	<u>650,812</u>	<u>443,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,755,830</u>	<u>4,246,377</u>	<u>2,470,084</u>	<u>2,409,716</u>	<u>2,577,858</u>	<u>1,687,833</u>
<u>1,523,219,269</u>	<u>1,279,047,571</u>	<u>1,099,511,708</u>	<u>738,779,647</u>	<u>555,213,510</u>	<u>268,647,906</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,528,975,099</u>	<u>1,283,293,948</u>	<u>1,101,981,792</u>	<u>741,189,363</u>	<u>557,791,368</u>	<u>270,335,739</u>
<u>577,512</u>	<u>457,330</u>	<u>353,558</u>	<u>827,559</u>	<u>977,919</u>	<u>438,182</u>
<u>5,178,318</u>	<u>3,789,047</u>	<u>2,116,526</u>	<u>1,582,157</u>	<u>1,599,939</u>	<u>1,249,651</u>
<u>1,094,086,159</u>	<u>938,284,026</u>	<u>713,516,552</u>	<u>584,184,267</u>	<u>377,378,933</u>	<u>158,899,297</u>
<u>1,099,841,989</u>	<u>942,530,403</u>	<u>715,986,636</u>	<u>586,593,983</u>	<u>379,956,791</u>	<u>160,587,130</u>
<u>(50,442,143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>378,690,967</u>	<u>340,763,545</u>	<u>385,995,156</u>	<u>154,595,380</u>	<u>177,834,577</u>	<u>109,748,609</u>
<u>1,390,063,626</u>	<u>1,049,300,081</u>	<u>663,304,925</u>	<u>508,709,545</u>	<u>330,874,968</u>	<u>221,126,359</u>
\$ <u><u>1,768,754,593</u></u>	\$ <u><u>1,390,063,626</u></u>	\$ <u><u>1,049,300,081</u></u>	\$ <u><u>663,304,925</u></u>	\$ <u><u>508,709,545</u></u>	\$ <u><u>330,874,968</u></u>

Illinois Metropolitan Investment Fund
PRINCIPAL EMPLOYERS - STATE OF ILLINOIS
STATE'S FISCAL YEAR 2017 AND NINE YEARS AGO

2017 *

Employer	Employees	% of Total Employment
State of Illinois	62,081	1.01%
Albertson's Companies	59,305	0.96%
U.S. Government	51,500	0.84%
Wal-Mart	47,018	0.76%
Chicago School Board	35,862	0.58%
City of Chicago	30,754	0.50%
University of Illinois	29,553	0.48%
Presence Health Network	29,035	0.47%
U.S. Postal Service	28,500	0.46%
US Foods Holding Corp.	26,471	0.43%
	<u>400,079</u>	<u>6.49%</u>

2008

Employer	Employees	% of Total Employment
State of Illinois	70,144	1.10%
U.S. Government	47,763	0.75%
Wal-Mart	45,300	0.71%
Chicago School Board	44,806	0.70%
City of Chicago	40,207	0.63%
U.S. Postal Service	31,540	0.50%
Jewel-Osco	29,700	0.47%
University of Illinois	29,403	0.46%
Cook County	24,700	0.39%
Caterpillar	24,208	0.38%
	<u>387,771</u>	<u>6.09%</u>

* 2017 information is the most recent information available.

Note: Information presented is representative of the State of Illinois as a whole.

Data Source: State of Illinois Comprehensive Annual Financial Report June 30, 2017

Illinois Metropolitan Investment Fund
 DEMOGRAPHIC AND ECONOMIC STATISTICS - STATE OF ILLINOIS
 LAST TEN CALENDAR YEARS

Year	(a) Population	(b) Personal Income	(b) / (a) Per Capita Income	Unemployment Rate
2016 *	12,802,000	\$ 663,338,023,000	\$ 51,815	5.9%
2015	12,839,000	652,685,245,000	50,836	5.9%
2014	12,868,000	628,783,275,000	48,864	7.1%
2013	12,880,000	600,782,652,000	46,645	9.1%
2012	12,871,000	587,601,163,000	45,653	9.0%
2011	12,862,000	562,292,466,000	43,717	9.7%
2010	12,840,000	541,261,128,000	42,154	10.4%
2009	12,797,000	531,645,236,000	41,545	10.2%
2008	12,747,000	552,435,750,000	43,338	6.3%
2007	12,696,000	532,587,009,000	41,949	5.0%

* 2016 information is the most recent information available.

Note: Information presented is representative of the State of Illinois as a whole.

Data Source: State of Illinois Comprehensive Annual Financial Report June 30, 2017