

Illinois Metropolitan Investment Fund

Comprehensive Annual Financial Report

Year ended September 30, 2016



**Illinois Metropolitan
Investment Fund**

Illinois Metropolitan Investment Fund

Comprehensive Annual Financial Report

Year ended September 30, 2016

**Sofia Anastopoulos
Executive Director
Chief Investment Officer**

ILLINOIS METROPOLITAN INVESTMENT FUND

Comprehensive Annual Financial Report
Year Ended September 30, 2016

Table of Contents

INTRODUCTORY SECTION

Transmittal Letter	i - iv
Board of Trustees	v
Supporting Chicago Area Councils of Government and External Advisors	vi
Organizational Chart	vii
Certificate of Achievement for Excellence in Financial Reporting	viii

FINANCIAL SECTION

Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 8
Basic Financial Statements:	
Combining Statement of Fiduciary Net Position	9
Combining Statement of Changes in Fiduciary Net Position	10
Notes to the Financial Statements	11 - 29
Required Supplementary Information (Unaudited)	
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund	30
Multiyear Schedule of Contributions - Illinois Municipal Retirement Fund	31
Notes to the Required Supplementary Information	32
Other Supplementary Information	
Schedule of Net Position - IMET Administrative Operations	33
Schedule of Changes in Net Position - IMET Administrative Operations	34
Schedule of Administrative and Other Expenses - Budget and Actual	35

(Continued)

ILLINOIS METROPOLITAN INVESTMENT FUND

Comprehensive Annual Financial Report
Year Ended September 30, 2016

Table of Contents (Continued)

INVESTMENT SECTION (Unaudited)

Report on Investment Activity	36 - 39
Select Comparative Data - IMET 1-3 Year Series	40
Select Comparative Data - IMET Convenience Series	41
Schedule of Investments - IMET 1-3 Year Series	42 - 45
Schedule of Cash and Investments - IMET Convenience Series	46 - 49
Schedule of Management Fees	50
Schedule of Participants by Concentration	51
Investment Policy - IMET 1-3 Year Series	52 - 59
Investment Policy - IMET Convenience Series	60 - 67

STATISTICAL SECTION (Unaudited)

Index for Statistical Section	68
Schedule of fiduciary net position - last ten fiscal years	69 - 70
Schedule of changes in fiduciary net position - IMET 1-3 Year Fund - last ten fiscal years	71 - 72
Schedule of changes in fiduciary net position - IMET Convenience Series - last ten fiscal years	73 - 74
Principal employers - State of Illinois - fiscal years 2015 and nine years ago	75
Demographic and economic statistics - State of Illinois - last ten calendar years	76

INTRODUCTORY SECTION



Illinois Metropolitan Investment Fund

Investing together for
our communities

Christy Powell
Superintendent of Finance
& Personnel
Geneva Park District
Chairman

Eileen Santschi
Accounting Manager
South Suburban Mayors and
Managers Association
Vice Chairman

Gary Szott
Director of Finance/Treasurer
Village of Bloomingdale
Treasurer

John Harrington
Director of Finance/Treasurer
Village of Minooka
Secretary

Scott Anderson
Director of Finance/Treasurer
Village of Buffalo Grove
Trustee

Chris Minick
Director of Finance
City of St. Charles
Trustee

Brian Murphy
Village Administrator
Village of Plainfield
Trustee

Sofia Anastopoulos, CFA
Executive Director
Chief Investment Officer

Debra A. Zimmerman
Associate Director

February 13, 2017

Dear IMET Participants:

We hereby submit to you the twentieth Comprehensive Annual Financial Report of the Illinois Metropolitan Investment Fund (IMET), which covers the fiscal year of October 1, 2015 through September 30, 2016. In accordance with the Illinois Compiled Statutes and the Illinois Metropolitan Investment Fund Second Amended and Restated Declaration of Trust, dated as of January 20, 2012, an annual independent audit of all funds and accounts 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, 2016. 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.

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, 2016, 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.

Miller, Cooper & Co., Ltd., Certified Public Accountants, have issued an unmodified opinion on IMET's financial statements, for the fiscal year ended September 30, 2016. 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 is a local government investment pool created in 1996. 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 Chapman & Cutler LLP, 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 exclusively 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 is designed with money market-like characteristics. The CVF 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 has 273 members, as of September 30, 2016.

INVESTMENT POLICIES AND PRACTICES

The primary objectives of the IMET investment pools – the 1-3 Year Series and the 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 the best return while pursuing 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

Volatility continued in 2016 due to national and global economic and political forces. For fiscal year 2016, the 1-3 Year Series had a total return of 0.89% on a gross of fees basis (0.61% net of fees) compared to a return of 0.89% for its benchmark, the Barclay's Capital 1-3 Year Government Bond Index. For fiscal year 2016, the Convenience Series yield was 0.44% (net of fees) compared to a 0.27% yield for its benchmark, the Bank of America Merrill Lynch 91 Day T-Bill Index. Please refer to the Investment Section of this CAFR for additional information on investments for each investment fund.

During 2016, the 1-3 Year Series had a 4.1% increase in assets to \$182.0 million. The Convenience Series had a 6.3% decrease in assets during FY 2016 to \$497.1 million. This decrease was due primarily to the on-going dislocation from the First Farmer's Financial fraud. A victim of this fraud, IMET continues to work diligently with the court appointed Overall Receiver and to explore other avenues with counsel to recover assets for fund participants. The Convenience Series continued to provide solid performance, providing returns that are attractive compared to other Illinois investment pools and very competitive compared to local bank rates. In certain cases, IMET's advantage compared to local bank offerings is the feature for participants to invest in the Convenience Series without restriction, whereas certain banks may offer higher rates, but may place restrictions (such as on amounts or withdrawals). IMET continues to negotiate attractive rates for investments in the Convenience Series for participants, and we expect the Convenience Fund rate to continue to keep pace with the rising rate environment anticipated in 2017. IMET serves more than 270 units of government, including municipalities, pension funds, park districts, library districts, school districts, and other public agencies.

IMET had a productive FY 2016. A major accomplishment of fiscal year 2016 was the selection and appointment of IMET's new Executive Director, Sofia Anastopoulos, after an exhaustive national search. The Executive Director and the IMET Board of Trustees, along with IMET's partners, the Mischler Financial Group Inc., Fifth Third Securities, Associated Bank and US Ameribank continue to position the Convenience Series for continued competitive risk-adjusted rates of return.

IMET's goals for FY 2017 are to continue to add value to our participants in a rising interest rate environment. We will strive to maintain stability and strength in the 1-3 Year Series and Convenience Series, while continuously looking for opportunities to enhance yields for participants without compromising safety. IMET's Trustees wish to secure sustainable growth.

In everything we do, IMET seeks to be a steward for participants, earn their trust and deserve their 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, 2015. This was the fifth 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, audit committee volunteer 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, 2016

ILLINOIS METROPOLITAN INVESTMENT FUND

1220 Oak Brook Road
Oak Brook, Illinois 60523
Telephone: (630) 571-0480, ext. 229
Facsimile: (630) 571-0484

BOARD OF TRUSTEES

Chair: Christy Powell
Geneva Park District

Vice Chair: Eileen Santschi
South Suburban Mayors and Managers Association

Treasurer: Gary Szott
Village of Bloomingdale

Secretary: John Harrington
Village of Minooka

Trustee: Scott Anderson
Village of Buffalo Grove

Trustee: Chris Minick
City of St. Charles

Trustee: Brian Murphy
Village of Plainfield

Executive Director: Sofia Anastopoulos

ILLINOIS METROPOLITAN INVESTMENT FUND

Supporting Chicago Area Councils of Government
and External Advisors
September 30, 2016

SUPPORTING CHICAGO AREA COUNCILS OF GOVERNMENT

DUPAGE MAYORS AND MANAGERS CONFERENCE

Mark Baloga
Executive Director

NORTHWEST MUNICIPAL CONFERENCE

Mark Fowler
Executive Director

SOUTH SUBURBAN MAYORS AND MANAGERS ASSOCIATION

Ed Paesel
Executive Director

WILL COUNTY GOVERNMENTAL LEAGUE

Hugh O'Hara
Executive Director

EXTERNAL ADVISORS

1-3 YEAR SERIES INVESTMENT ADVISOR

JP Morgan Asset Management
Chicago, Illinois
Columbus, Ohio

FUND ACCOUNTANT

ALPS Fund Services, Inc.
Denver, Colorado

1-3 YEAR SERIES EXTERNAL PERFORMANCE MONITORING

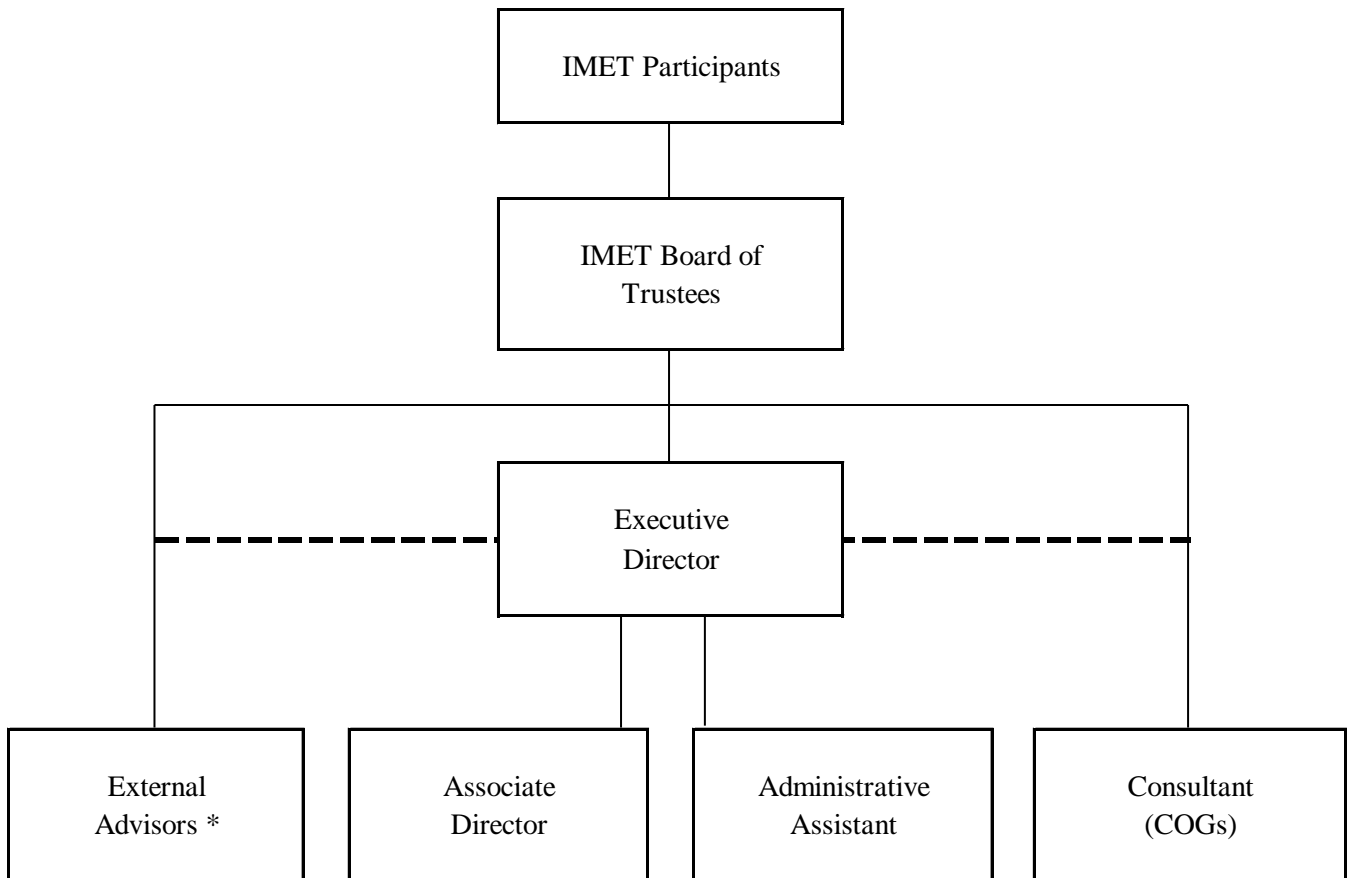
The Consulting Group of Smith Barney
Deerfield, Illinois

LEGAL COUNSEL

Vedder Price
Chicago, Illinois

ILLINOIS METROPOLITAN INVESTMENT FUND

Organizational Chart
September 30, 2016



* 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
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Illinois Metropolitan
Investment Fund**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

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, 2016, 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 opinions 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 opinions.

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of IMET, as of September 30, 2016, and the respective changes in financial position 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 30 through 31, and notes to the required supplementary information on page 32 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 opinions 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, investment section, statistical section, and the other supplementary information, 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 section, investment section, 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.

A handwritten signature in cursive script that reads "Miller, Cooper & Co., Ltd." is written over a horizontal line.

Certified Public Accountants

Deerfield, Illinois
February 13, 2017

ILLINOIS METROPOLITAN INVESTMENT FUND
Management's Discussion and Analysis (Unaudited)
Year ended September 30, 2016

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, 2016. 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, including the IMET 1-3 Year Series, the IMET Convenience Series, and the IMET FFF Account Liquidating Trust) remained relatively flat at September 30, 2016, at \$700,993,525 compared to \$727,070,453, as of the prior year end, September 30, 2015. Total assets of the IMET 1-3 Year Series increased by 4.1% to \$182,248,832 at September 30, 2016 from \$175,145,596 at September 30, 2015; total assets of the IMET Convenience Series decreased by 6.3% to \$497,092,191 at September 30, 2016 from \$530,423,681, as of September 30, 2015; while total assets of the IMET FFF Account Liquidating Trust increased to \$21,652,502 as of September 30, 2016 from a balance of \$21,501,176 as of September 30, 2015.

Participants' net position in IMET was \$700,449,981 (\$181,977,415 in the IMET 1-3 Year Series, \$496,820,064 in the IMET Convenience Series, and \$21,652,502 in the IMET FFF Account Liquidating Trust), as of September 30, 2016. This compares to a net position of \$726,581,668 (\$174,805,471 in the IMET 1-3 Year Series, \$530,275,021 in the IMET Convenience Series, and \$21,501,176 in the IMET FFF Account Liquidating Trust), as of September 30, 2015.

During fiscal year 2016, IMET's 1-3 Year Series had a one-year gross return of 0.89 percent. This compares to the 0.89 percent return of its benchmark, the Barclay's 1-3 Year Government Bond Index, and a return of 0.27 percent for the Bank of America (BofA) Merrill Lynch 91-Day T-Bill Index. During fiscal year 2015, IMET's 1-3 Year Series had a one-year gross return of 0.98 percent compared to a return of 1.20 percent for the benchmark, Barclay's 1-3 Year Government Bond Index, and a return of 0.02 percent for the BofA Merrill Lynch 91-Day T-Bill Index. The IMET Convenience Series provided a competitive risk-adjusted return of 0.44 percent (net of fees), reflecting the increase in the Federal Funds rate which took place in December 2015. This compares to a return of 0.27 percent for the fiscal year ended September 30, 2016 of its benchmark, the BofA Merrill Lynch 91-Day T-Bill Index.

ILLINOIS METROPOLITAN INVESTMENT FUND

Management's Discussion and Analysis

Year ended September 30, 2016

Overview of the Financial Statements

The two basic financial statements of the Fund are the *Combining Statement of Fiduciary Net Position* and the *Combining Statement of Changes in Fiduciary Net Position*, which represent the basic 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 fund's assets, deferred outflows of resources, liabilities, and net position at the close of the fiscal year. Total assets and deferred outflows of resources less total liabilities equal net position held in trust for IMET participants. The following table is a Condensed Statement of Fiduciary Net Position, as of September 30, 2016 and September 30, 2015:

Condensed Statement of Fiduciary Net Position
(\$)

	IMET	IMET	IMET	IMET	IMET	IMET		
	1-3 Year	1-3 Year	Convenience	Convenience	FFF	FFF		
	Series	Series	Series	Series	Liquidating	Liquidating	Total	Total
	2016	2015	2016	2015	Trust	Trust	2016	2015
Total assets and deferred outflows	\$ 182,355,901	\$ 175,221,639	\$ 497,092,191	\$ 530,423,681	\$ 21,652,502	\$ 21,501,176	\$ 701,100,594	\$ 727,146,496
Total liabilities	378,486	416,168	272,127	148,660	-	-	650,613	564,828
Total net position	<u>\$ 181,977,415</u>	<u>\$ 174,805,471</u>	<u>\$ 496,820,064</u>	<u>\$ 530,275,021</u>	<u>\$ 21,652,502</u>	<u>\$ 21,501,176</u>	<u>\$ 700,449,981</u>	<u>\$ 726,581,668</u>

The *Combining Statement of Changes in Fiduciary Net Position* shows purchases to and redemptions (withdrawals) from each fund, 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, 2016 and September 30, 2015.

ILLINOIS METROPOLITAN INVESTMENT FUND

Management's Discussion and Analysis

Year ended September 30, 2016

Overview of the Financial Statements (Continued)

Condensed Statement of Changes in Fiduciary Net Position
(**\$**)

	IMET 1-3 Year Series 2016	IMET 1-3 Year Series 2015	IMET Convenience Series 2016	IMET Convenience Series 2015	IMET FFF Account Liquidating Trust 2016	IMET FFF Account Liquidating Trust 2015	Total 2016	Total 2015
Total additions from operations	\$ 1,575,996	\$ 1,842,053	\$ 2,526,589	\$ 2,781,255	\$ 151,326	\$ -	\$ 4,253,911	\$ 4,623,308
Total operating expenses (net reimbursements)	644,630	636,795	552,159	1,522,159	-	-	1,196,789	2,158,954
Net additions from operations	931,366	1,205,258	1,974,430	1,259,096	151,326	-	3,057,122	2,464,354
Total distributions, losses, and other	-	-	(2,008,242)	(2,097,720)	-	(5,489,304)	(2,008,242)	(7,587,024)
Net additions (deductions) from capital share and individual account transactions	6,240,578	(58,639,143)	(33,421,145)	(1,237,640,948)	-	-	(27,180,567)	(1,296,280,091)
Net increase (decrease)	7,171,944	(57,433,885)	(33,454,957)	(1,238,479,572)	151,326	(5,489,304)	(26,131,687)	(1,301,402,761)
Net position held in trust for participants:								
Beginning of year	174,805,471	232,239,356	530,275,021	1,768,754,593	21,501,176	26,990,480	726,581,668	2,027,984,429
End of year	\$181,977,415	\$174,805,471	\$ 496,820,064	\$ 530,275,021	\$ 21,652,502	\$21,501,176	\$ 700,449,981	\$ 726,581,668

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.

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.

ILLINOIS METROPOLITAN INVESTMENT FUND

Management's Discussion and Analysis

Year ended September 30, 2016

Financial Statement Analysis

Net Position

After one Federal Funds rate increase in December 2015, global fears in Europe resulting from the unexpected Brexit vote and continued low economic growth, as well as uncertainty in the United States in anticipation of federal elections, kept interest rates historically low during fiscal 2016. Combined net position in 2016 decreased \$26,131,687 to \$700,449,981 at September 30, 2016. The minimal movement in net position in 2016 is primarily a result of the interest rate environment providing no impetus for change. The precipitous decrease in net position of the preceding year, fiscal 2015, by \$1,301,402,761 to an ending balance of \$726,581,668, was the direct result of the First Farmers Financial ("FFF") fraud experienced by the Convenience Series. IMET continues to work diligently with the court appointed Overall Receiver, and to explore other potential avenues of recovery, to recover assets for fund participants.

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 Trustees to receive and distribute the recovery of funds on the investments to participants. Management's best estimate as to the value of the recovery of the remaining funds at the time of this report is \$21,652,502 at September 30, 2016. See Note C for additional information.

Operations

During fiscal year ended September 30, 2016, total additions from operations consisted of \$4,329,101 in interest, \$76,201 net depreciation in the fair value of investments, and \$1,011 in other income for total income of \$4,253,911. These amounts may be compared with \$4,309,489 in interest, net appreciation in the fair value of investments of \$313,318, and \$501 in other income, for total income of \$4,623,308 for fiscal year 2015.

Operating expenses of IMET for fiscal year 2016 were \$1,196,789 (comprised of \$522,687 of investment expenses and \$674,102 of administrative and other expenses). This compares to operating expenses of \$2,158,954 (comprised of \$705,039 of investment expenses and \$1,453,915 of administrative expenses) for fiscal year 2015. This decrease in operating expenses was primarily a result of the decrease in investment assets, as transfer agent and fund accounting fees, custody fees, and investment advisory fees (for the 1-3 Year Series) are calculated as a percentage of IMET's fund assets, and to lower administrative expenses. For fiscal 2016, IMET's administrative expenses were approximately 53.6% lower than administrative expenses for the prior year due to insurance reimbursements for legal costs.

ILLINOIS METROPOLITAN INVESTMENT FUND

Management's Discussion and Analysis

Year ended September 30, 2016

Investment Performance

Despite the FFF fraud, IMET's participants enjoy a yield in the Convenience Fund among the highest available in local government investment pools available in the state of Illinois. The 1-3 Year Series continues to offer members competitive risk-adjusted returns with the safety provided by U.S. Government securities. Together, the Convenience Fund Series and the 1-3 Year Series provide members complementary strategies.

During fiscal year 2016, the IMET 1-3 Year Series performed in line with its benchmark on a gross of fees basis, performing 0.89 percent versus 0.89 percent for the benchmark, the Barclay's Capital 1-3 Year Government Bond Index. The 1-3 Year Series meaningfully outperformed the BofA Merrill Lynch 91 Day T-Bill Index which had a performance of 0.27 percent for the year ended September 30, 2016. For the same one-year period ending September 30, 2016, the IMET Convenience Series had a rate of 0.44 percent, outperforming its benchmark, the BofA Merrill Lynch 91 Day T-Bill Index, which had a rate of 0.27 percent.

For additional information regarding performance returns of IMET and asset allocation, please refer to the Investment section beginning on page 36 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: Sofia Anastopoulos, 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, 2016

	IMET 1 - 3 Year Fund	IMET Convenience Series	IMET FFF Account Liquidating Trust	Total
ASSETS				
Cash and short-term investments	\$ 2,598,858	\$ 450,861,310	\$ -	\$ 453,460,168
Interest receivable	459,141	242,752	-	701,893
Other receivables	70,137	-	-	70,137
Investments:				
U.S. Treasury obligations	121,223,097	-	-	121,223,097
U.S. Government agency and agency-guaranteed obligations	50,585,717	45,988,129	-	96,573,846
Asset and mortgage- backed securities	7,170,459	-	-	7,170,459
FFF investment	-	-	21,652,502	21,652,502
Other assets	141,423	-	-	141,423
Total assets	182,248,832	497,092,191	21,652,502	700,993,525
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	107,069	-	-	107,069
LIABILITIES				
Current liabilities:				
Payables:				
Dividends payable to participants	-	215,874	-	215,874
Management fees	25,813	22,186	-	47,999
Consultant fee	35,400	-	-	35,400
Administrative fee	-	33,820	-	33,820
Accounts payable	58,035	-	-	58,035
Other	22,926	247	-	23,173
Non-current liabilities:				
IMRF net pension liability	236,312	-	-	236,312
Total liabilities	378,486	272,127	-	650,613
NET POSITION				
Net position held in trust for participants (units outstanding: 9,373,943, 496,805,311, and 47,932,859 at September 30, 2016 for IMET 1-3 Year Series, IMET Convenience Series, and IMET FFF Account Liquidating Trust, respectively, equivalent to \$19.41, \$1.00, and \$0.45 per unit outstanding at September 30, 2016 for IMET 1-3 Year Series, IMET Convenience Series, and IMET FFF Account Liquidating Trust, respectively				
Total net position	\$ 181,977,415	\$ 496,820,064	\$ 21,652,502	\$ 700,449,981

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, 2016

	IMET 1 - 3 Year Fund	IMET Convenience Series	IMET FFF Account Liquidating Trust	Total
Additions				
Investment income				
Interest	\$ 1,802,512	\$ 2,526,589	\$ -	\$ 4,329,101
Net change in fair value of investments	(227,527)	-	151,326	(76,201)
Other income	1,011	-	-	1,011
Total income	1,575,996	2,526,589	151,326	4,253,911
Investment expenses				
Investment advisory fees	179,112	-	-	179,112
Transfer agent and fund accounting fees	90,700	234,964	-	325,664
Custodial fees	17,911	-	-	17,911
Total investment expenses	287,723	234,964	-	522,687
Net investment income	1,288,273	2,291,625	151,326	3,731,224
Unit transactions				
Proceeds from sale of units to participants	16,135,420	490,842,971	-	506,978,391
Total additions	17,423,693	493,134,596	151,326	510,709,615
Deductions				
Administrative and other expenses:				
Management and administrative services	23,471	18,635	-	42,106
Compensation and related expenses	187,377	148,776	-	336,153
Professional services	48,779	38,730	-	87,509
Insurance	43,921	34,873	-	78,794
Audit	12,681	10,069	-	22,750
Marketing	7,220	5,733	-	12,953
Administrative	33,458	26,567	-	60,025
Legal and other costs, net of insurance reimbursements	-	33,812	-	33,812
Total administrative and other expenses	356,907	317,195	-	674,102
Distributions to participants	-	2,008,242	-	2,008,242
Cost of units redeemed by participants	9,894,842	524,264,116	-	534,158,958
Total deductions	10,251,749	526,589,553	-	536,841,302
Net increase (decrease) in net position held in trust for participants	7,171,944	(33,454,957)	151,326	(26,131,687)
Net position held in trust for participants:				
Beginning of year	174,805,471	530,275,021	21,501,176	726,581,668
End of year	\$ 181,977,415	\$ 496,820,064	\$ 21,652,502	\$ 700,449,981

The accompanying notes are an integral part of this statement.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

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 1-3 Year Series and the Convenience Series. IMET's 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 Convenience Series provides a short-term investment option with total liquidity that operates much like a money market account. IMET also manages the FFF Account Liquidating Trust (see Note B-1, below).

IMET is governed by a Board of Trustees comprised of seven 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 Fund comprises investments in U.S. Treasury obligations, U.S. government agency and agency-backed securities, and asset and mortgage-backed securities 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, 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, 2016

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. New Accounting Pronouncement

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, issued in February 2015, which was implemented by the IMET during the fiscal year ended September 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value investments.

3. Basis of Accounting

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

4. Security Valuation

Investments of the IMET 1-3 Year Fund and the IMET Convenience Series are reported at fair value, as disclosed in the related notes. All investment income for the IMET 1-3 Year Fund 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).

5. 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.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. 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 future periods. At September 30, 2016, 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 reporting period.

7. Subscriptions and Redemptions

Participants may subscribe to either of the funds on any business day. Purchase instructions received by IMET before 12:00 noon central time are credited to accounts at the net asset value as of the close of business that day. Participants may redeem shares of the IMET 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. Participants may redeem from the IMET Convenience Series with same day or next day notice at the current value as of the day of redemption. Redemptions from the IMET Convenience Series that are requested by 12:00 noon central time will be completed on the same day.

8. 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.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, 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.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. 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 Plan 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, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. 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, and Asset / Mortgage-Backed Securities: Valued based on matrix pricing models, maximizing the use of observable inputs for similar securities.

Fidelity Institutional Money Market Fund: Valued at closing price on the active market on which the fund 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 advisor, 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 obtained significant assets of FFF, its chief executive officer Nikesh 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 (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 Liquidating Trust for distribution to Convenience Fund participants of record as of September 30, 2014 (Participants) in accordance with the terms of the 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 Nikesh Patel and Timothy Fisher and other entities they own or control for the ultimate benefit creditors, including IMET.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

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 Repo investment. This estimate is based upon information IMET received from the Overall Receiver, including an estimated recovery for each asset in the Overall Receivership Estate in the Litigation. Based on the information received from the Overall Receiver, the IMET Board of Trustees estimates a recovery of 47.9% which includes amounts which have already been distributed to Participants. As a result, the IMET Board of Trustees has written down IMET's remaining investment in the FFF Investment to \$21,652,502, which is 47.9% of the original value of the FFF Investment of \$50,442,143 less distributions which have been made to Participants.

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 47.9%. The values of many Seized Assets and other potential recoveries are difficult to estimate with precision and many factors may increase or decrease the amount realized for these assets. In addition, there are claims that have been or may be asserted 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 47.9% estimate that may increase the amount IMET may recover, including but not limited to, potential recoveries from: IMET's lawsuit against the USDA (Case No. 16-CV-00294, pending in the Northern District of Florida); IMET's potential claims against third parties, including Pennant; IMET's lawsuit against Federal Insurance Company (Case No. 2016 CV 02137, pending in the Northern District of Illinois); 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, pending in the Northern District of Illinois); potential recoveries that the Overall Receiver may obtain in litigation against third parties; and potential recoveries that the Overall Receiver may obtain from the assets in the Overall Receivership Estate to which the Overall Receiver has been unable to assign a value.

NOTE D - DEPOSITS AND INVESTMENTS

At September 30, 2016, deposits and investments consisted of the following:

	IMET 1-3 Year Fund	IMET Convenience Series	IMET FFF Account Liquidating Trust	Total
Cash and short-term investments*	\$ 2,598,858	\$ 450,861,310	\$ -	\$ 453,460,168
Investments	178,979,273	45,988,129	21,652,502	246,619,904
	<u>\$ 181,578,131</u>	<u>\$ 496,849,439</u>	<u>\$ 21,652,502</u>	<u>\$ 700,080,072</u>

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

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

For disclosure purposes, this amount is segregated as follows:

	Total
Deposits with financial institutions*	\$ 451,354,744
Fidelity Institutional Money Market Fund	2,105,424
FFF investment (Note C)	21,652,502
Other investments	224,967,402
	\$ 700,080,072

* Includes accounts held in demand accounts, and nonparticipating certificates of deposit, which are valued at cost.

At September 30, 2016, 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	\$ 121,223,097	\$ 11,506,906	\$ 109,716,191	\$ -	\$ -
FFCB ¹	20,989,470	-	5,989,470	15,000,000	-
FHLB ²	30,263,726	7,063,357	23,200,369	-	-
FHLMC ³	44,505,128	4,007,774	13,483,234	27,014,120	-
RefCorp ⁴	815,522	-	-	815,522	-
Asset and mortgage- backed securities	7,170,459	17,200	544,815	3,621,622	2,986,822
	\$ 224,967,402	\$ 22,595,237	\$ 152,934,079	\$ 46,451,264	\$ 2,986,822

¹ Federal Farm Credit Bank

² Federal Home Loan Bank

³ Federal Home Loan Mortgage Corporation

⁴ Resolution Funding Corporation

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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 within 25% of that of the Barclay's Capital 1-3 Year Government Bond 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, 2016, the durations of the IMET 1-3 Year Series and the Barclay's Capital 1-3 Year Government Bond Fund were 1.75 years and 1.92 years, respectively.

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 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, 2016, IMET's other investments had ratings with the following nationally recognized statistical rating organizations (NRSROs) as follows.

<u>Investment</u>	<u>Moody's Investor</u>	<u>Standard & Poor's</u>
U.S. Treasury	Aaa	AA+
Federal Farm Credit Bank	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
Federal Home Loan Mortgage Corporation	Aaa	AA+
Resolution Funding Corporation	Aaa	AA+

The investments in asset and mortgage-backed securities are rated in the top rating category issued by NRSROs.

At September 30, 2016, the Fidelity Institutional Money Market was rated AAA-mf by Moody's and AAAm by Standard & Poor's.

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, or mortgage pass-through securities.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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, 2016, the bank balances of IMET's deposits with financial institutions totaled \$451,386,930, all of which was either FDIC-insured, or collateralized in accordance with IMET's investment policies.

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, and asset and mortgage-backed securities that are backed by those agencies. 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, 2016:

	Level 1	Level 2	Level 3	Total
Fidelity Inst. Money Mkt. Fund	\$ 2,105,424	\$ -	\$ -	\$ 2,105,424
Debt securities				
U.S. Treasury	-	121,223,097	-	121,223,097
FFCB	-	20,989,470	-	20,989,470
FHLB	-	30,263,726	-	30,263,726
FHLMC	-	44,505,128	-	44,505,128
RefCorp	-	815,522	-	815,522
Asset and mortgage-				
backed securities	-	7,170,459	-	7,170,459
FFF investment	-	-	21,652,502	21,652,502
	\$ 2,105,424	\$ 224,967,402	\$ 21,652,502	\$ 248,725,328

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

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

The total expenses, including consulting fees, for the IMET 1-3 Year Series were approximately 0.36% of the average daily net position, for the year ended September 30, 2016. The average daily net position of the IMET 1-3 Year Series was approximately \$176.8 million, for the year ended September 30, 2016. The contractually obligated expenses are described below.

1. Fund Management

IMET pays a management fee to JP Morgan Asset Management, which acts as the investment advisor. 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 \$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 Fund and the IMET Convenience Series, as follows:

	<u>Fee Rate</u>
Average daily net position:	
First \$500 million	0.060%
Next \$500 million	0.030%
Amount over \$1 billion	0.020%

IMET has an agreement with BMO Harris Bank 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, 2016, the IMET 1-3 Year Fund incurred expenses of \$179,112 for services provided by JP Morgan Asset Management, \$90,700 for services provided by ALPS Fund Services, and \$17,911 for services provided by BMO Harris Bank.

In addition, for the year ended September 30, 2016, IMET management administrative and operating expenses of \$187,026 were charged to the IMET 1-3 Year Fund.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

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

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. For fiscal year 2016, the IMET 1-3 Year Series' return exceeded the average 90-day Treasury bill rate. Accordingly, IMET incurred consulting fees expense of \$35,400, for the year ended September 30, 2016, which was accrued in the IMET 1-3 Year Fund.

NOTE F - FUND EXPENSES - IMET CONVENIENCE SERIES

The total expenses, including consulting fees, for the IMET Convenience Series, were approximately 0.12% of the average daily net position for the year ended September 30, 2016. The average daily net position of the IMET Convenience Series was approximately \$457.1 million, for the year ended September 30, 2016. 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.

For the year ended September 30, 2016, the IMET Convenience Series incurred expenses of \$234,965 for services provided by ALPS Fund Services.

In addition, for the year ended September 30, 2016, IMET management administrative and operating expenses of \$282,210 were charged to the IMET Convenience Series.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE G - UNIT TRANSACTIONS

A summary of participants' unit transactions for the year ended September 30, 2016 is as follows:

	IMET 1 - 3 Year Series	IMET Convenience Series	IMET FFF Account Liquidating Trust
Unit transactions:			
Issued	836,511	490,842,971	-
Redeemed	<u>(512,573)</u>	<u>(524,264,116)</u>	<u>-</u>
Change in units	323,938	(33,421,145)	-
Unit outstanding:			
Beginning of year	<u>9,050,005</u>	<u>530,226,456</u>	<u>47,932,859</u>
End of year	<u><u>9,373,943</u></u>	<u><u>496,805,311</u></u>	<u><u>47,932,859</u></u>

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.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE H - IMRF NET PENSION LIABILITY (Continued)

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.

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	2
	<hr/>
Total	3
	<hr/> <hr/>

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE H - IMRF NET PENSION LIABILITY (Continued)

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 2015 was 16.72%. For the fiscal year ended September 30, 2016, IMET contributed \$37,130 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, 2015. 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, 2015:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.48%
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Actuarial Assumptions (Continued)

Mortality

For non-disabled retirees, the IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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 2014). 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 2014). 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, 2016

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	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.48% 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 3.57%, and the resulting single discount rate is 7.48%.

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

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, 2015:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 696,308	\$ 544,206	\$ 152,102
Changes for the year:			
Service cost	28,528	-	28,528
Interest on the total pension liability	53,222	-	53,222
Difference between expected and actual experience of the total pension liability	17,815	-	17,815
Changes of assumptions	1,136	-	1,136
Contributions - employer	-	39,174	(39,174)
Contributions - employees	-	10,543	(10,543)
Net Investment Income	-	2,845	(2,845)
Other (net transfer)	-	(36,071)	36,071
Net changes	<u>100,701</u>	<u>16,491</u>	<u>84,210</u>
Balances at December 31, 2015	<u>\$ 797,009</u>	<u>\$ 560,697</u>	<u>\$ 236,312</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 7.48%, 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:

	1% Lower (6.48%)	Current Discount Rate (7.48%)	1% Higher (8.48%)
Net pension liability	\$ 358,774	\$ 236,312	\$ 134,414

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE H - IMRF NET PENSION LIABILITY (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2016, IMET recognized pension expense of \$90,530. At September 30, 2016, IMET reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods	
Differences between expected and actual experience	\$ 23,272
Change of assumptions	21,910
Net difference between projected and actual earnings on pension plan investments	<u>34,914</u>
 Total deferred amounts to be recognized in pension expense in the future periods	 <u>80,096</u>
 Pension contributions made subsequent to the measurement date	 <u>26,973</u>
 Total deferred amounts related to pensions	 <u><u>\$ 107,069</u></u>

Illinois Metropolitan Investment Fund

Notes to the Financial Statements

September 30, 2016

NOTE H - IMRF NET PENSION LIABILITY (Continued)

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

IMET reported \$26,973 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, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 24,579
2017	24,579
2018	21,133
2019	9,805
2020	-
Thereafter	-
Total	<u>\$ 80,096</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 SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Illinois Municipal Retirement Fund

September 30, 2016

Calendar year ended December 31,	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 28,528	\$ 28,682
Interest on the total pension liability	53,222	43,879
Difference between expected and actual experience of the total pension liability	17,815	16,404
Assumption changes	1,136	36,630
Net change in total pension liability	<u>100,701</u>	<u>125,595</u>
Total pension liability, beginning	696,308	570,713
Total pension liability, ending	<u><u>\$ 797,009</u></u>	<u><u>\$ 696,308</u></u>
Plan fiduciary net position		
Contributions, employer	\$ 39,174	\$ 32,481
Contributions, employee	10,543	9,849
Net investment income	2,845	30,123
Other (net transfer)	(36,071)	(900)
Net change in plan fiduciary net position	<u>16,491</u>	<u>71,553</u>
Plan fiduciary net position, beginning	544,206	472,653
Plan fiduciary net position, ending	<u><u>\$ 560,697</u></u>	<u><u>\$ 544,206</u></u>
Net pension liability	<u><u>\$ 236,312</u></u>	<u><u>\$ 152,102</u></u>
Plan fiduciary net position as a percentage of the total pension liability	70.35 %	78.16 %
Covered Valuation Payroll	\$ 234,294	\$ 218,874
Net pension liability as a percentage of covered valuation payroll	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, 2016

<u>Calendar Year</u> Ending December 31,	<u>Actuarially</u> Determined Contribution	<u>Actual</u> Contribution	<u>Contribution</u> Deficiency (Excess)	<u>Covered</u> Valuation Payroll	<u>Actual Contribution</u> as a % of Covered Valuation Payroll
2015	\$ 39,174 *	\$ 39,174	-	\$ 234,294	16.72 %
2014	32,481	32,481	-	218,874	14.84

* Estimated based on contribution rate of 16.72% and covered valuation payroll of \$234,294.

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, 2016

1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 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 2015 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): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.0% - approximate; no explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00%, 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 2011 calculation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

OTHER SUPPLEMENTARY INFORMATION

Illinois Metropolitan Investment Fund
Schedule of Net Position - IMET Administrative Operations
September 30, 2016

ASSETS		
Cash	\$	508,187
Receivables		
Investment fund fees		47,255
Other		39,531
Other assets		<u>141,423</u>
Total assets		<u>736,396</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		<u>107,069</u>
LIABILITIES		
Current liabilities:		
Payables		
Accounts		58,035
Consultant fee		35,400
Other		22,926
Non-current liabilities:		
IMRF net pension liability		<u>236,312</u>
Total liabilities		<u>352,673</u>
NET POSITION	\$	<u><u>490,792</u></u>

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

Illinois Metropolitan Investment Fund

Schedule of Changes in Net Position - IMET Administrative Operations
September 30, 2016

Additions	
Fee income	
1-3 Year Fund	\$ 187,026
Convenience Series	281,210
Interest	2,832
Other income	1,011
	<hr/>
Total additions	472,079
	<hr/>
Deductions	
Administrative and other expenses:	
Management and administrative services	42,106
Compensation and related expenses	336,153
Professional services	87,509
Insurance	78,794
Audit	22,750
Marketing	12,953
Administrative	60,025
Legal and other costs, net of insurance reimbursements	33,812
	<hr/>
Total deductions	674,102
	<hr/>
Net decrease in net position held in trust for participants	(202,023)
Net position held in trust for participants:	
Beginning of year	<hr/> 692,815
End of year	\$ <hr/> <hr/> 490,792

Note: The balances presented above are allocated between the IMET 1-3 Year Fund 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, 2016

	Actual				Variance from Final Budget
	Original and Final Budget	IMET 1-3 Year Fund	IMET Convenience Series	Total	
Management and administrative services					
Accounting services	\$ 6,600	\$ 3,738	\$ 2,968	\$ 6,706	\$ (106)
Consultant repayment	35,000	19,733	15,667	35,400	(400)
Total	41,600	23,471	18,635	42,106	(506)
Compensation and related expenses					
Salary expense	225,616	107,242	85,150	192,392	33,224
Wages	10,920	5,853	4,647	10,500	420
Taxes	17,402	8,331	6,614	14,945	2,457
Insurance benefits	43,440	15,466	12,279	27,745	15,695
IMRF pension	41,463	50,341	39,971	90,312	(48,849)
Other	-	144	115	259	(259)
Total	338,841	187,377	148,776	336,153	2,688
Professional services					
Asset monitoring	15,600	8,361	6,639	15,000	600
Interim Director	-	32,051	25,448	57,499	(57,499)
Legal services	15,000	8,367	6,643	15,010	(10)
Total	30,600	48,779	38,730	87,509	(56,909)
Insurance	81,250	43,921	34,873	78,794	2,456
Audit	22,250	12,681	10,069	22,750	(500)
Marketing	21,810	7,220	5,733	12,953	8,857
Administrative					
Administrative assistance		161	128	289	(289)
Conferences	9,650	1,129	896	2,025	7,625
Dues and publications	11,115	6,011	4,773	10,784	331
Fund rating	19,700	10,981	8,719	19,700	-
Office expense	20,000	8,429	6,692	15,121	4,879
Rent expense	6,000	3,344	2,656	6,000	-
Travel	8,000	3,256	2,586	5,842	2,158
Web site maintenance	600	147	117	264	336
Total	75,065	33,458	26,567	60,025	15,040
Legal and other costs, net of insurance reimbursements	160,280	-	33,812	33,812	126,468
Total administrative and other expenses	\$ 771,696	\$ 356,907	\$ 317,195	\$ 674,102	\$ 97,594

INVESTMENT SECTION (Unaudited)

Illinois Metropolitan Investment Fund

Report on Investment Activity

September 30, 2016

Description of the Investment Funds

The Illinois Metropolitan Investment Fund (IMET) is a quasi-governmental investment fund created under the Illinois Municipal Code. IMET, formed on July 17, 1996, actively manages two investment funds for municipal treasurers, official custodians of municipal funds, and other public agencies in the state of Illinois. These funds are the IMET 1-3 Year Series and the IMET Convenience Series. IMET also offers arbitrage rebate calculation services for participants whose bond proceeds are subject to federal arbitrage restrictions.

The IMET 1-3 Year Series is designed as an investment vehicle for funds not required for immediate use or, generally, for liquidity purposes. Such funds allow for investment in securities with average maturities generally longer than those of money market instruments. Typically, 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 Barclay's 1-3 year Government Bond Index.

The IMET Convenience Series was established on September 2, 2003 as an investment alternative for IMET participants. It is intended for use as a short-term investment for funds that may or may not be needed for near-term disbursement. The IMET Convenience Series is comprised of collateralized and FDIC insured bank deposit products with same day or next day liquidity and U.S. government securities. The Convenience Series currently provides a return that is pegged to the federal funds target interest rate.

The objective of the IMET Convenience Series is to provide safety, liquidity and appropriate risk-adjusted return. It provides a money market like vehicle for the convenient investment of bond proceeds, for the temporary investment of intermediate funds, and/or for cash management and liquidity purposes. As such, the IMET Convenience Series serves as a companion vehicle to the IMET 1-3 Year Series.

Market Review

Markets entered the fourth quarter of 2015 uncertain about the next move by the Federal Reserve (the "Fed") and fearful about the persistent weakness in commodities. However, as the fourth quarter got under way, U.S. labor markets showed strength, inflation stabilized and appeared to resurface in wages, financial conditions improved, and doubts began to fade as the Fed set the stage for a hike in rates at its December 2015 Federal Open Market Committee ("FOMC") meeting. U.S. Treasury yields moved higher as the meeting approached, leading to a muted reaction in the bond market during and after the announcement.

(Continued)

Illinois Metropolitan Investment Fund

Report on Investment Activity (Continued)

September 30, 2016

Market Review (Continued)

While the U.S. embarked on tighter monetary policy, the rest of the major global central banks continued their easing programs. At the beginning of the fourth quarter of 2015, the European Central Bank (“ECB”) President Mario Draghi primed markets for strong stimulus moves by the end of the year to boost low inflation and growth. His announcement later at the December ECB meeting disappointed the market as investors expected a greater reduction than 0.10% in the deposit rate, an increase in the amount of bond purchases per month and a larger extension of the program than the announced six months.

Overall portfolio duration for the 1-3 Year Series remained shorter than duration of its benchmark, which was a positive to performance as short-term rates moved higher during the fourth quarter of 2015.

It was a volatile start to 2016 for global markets as equity prices plunged before rebounding to end the first quarter of 2016 in positive territory, oil prices plummeted to 12-year lows only to reverse course to end slightly above where they began and global growth concerns continued to dampen investors’ outlook. The turmoil during the first half of the quarter can be attributed to China’s accelerated pace of yuan devaluation, persistent oversupply in the oil markets and poor economic data across the globe. At its worst point, the credit markets had priced in recessionary spread levels. The rebound in the second half of the quarter was led by the turnaround in the commodity market. After sinking roughly 29% since the beginning of 2016, crude oil prices rose as the world’s major oil producing countries began talks to curtail production. Furthermore, strong U.S. economic momentum along with a stabilized currency in China added support for the market rebound.

The FOMC decided, as expected, not to raise rates during its March 2016 meeting. The tone of the meeting was dovish as the committee revised down its expectations for the Federal Funds Rate (“FFR”) with the median projection moving from four to two rate hikes for 2016 year, stating that the “global economic and financial developments continue to pose risks.” Outside of the U.S., major central banks remained accommodative as inflation expectations continued to fall and rates moved further into negative territory.

Overall portfolio duration for the 1-3 Year Series remained shorter than its benchmark, which was a detractor from performance as rates moved lower during the first quarter of 2016.

(Continued)

Illinois Metropolitan Investment Fund

Report on Investment Activity (Continued)

September 30, 2016

Market Review (Continued)

Markets started the second quarter of 2016 with a constructive tone as credit spreads tightened, equities rose and U.S. Treasury yields increased. However, equities sold off sharply, credit spreads widened and high quality global government bond yields declined significantly at the end of the quarter in response to ‘Brexit’ as markets had assigned a high probability to a victory for “remain.” When British voters opted to leave the European Union, it came as a shock to markets. However, in the last three trading days of the second quarter of 2016, markets stabilized as fears of an immediate exit of the United Kingdom from the EU diminished and equities rebounded, credit spreads retraced most of their widening since Brexit in industrials and U.S. banks, while Yankee banks remained at the wider levels through quarter end.

U.S. Treasury yields fell across the curve during the second quarter of 2016, with two-year yields finishing the quarter at 0.58%. Overall portfolio duration remained shorter than the benchmark, which was a detractor from performance relative to the benchmark as rates moved continued to move lower during the quarter.

For most of the third quarter of 2016, financial markets were stable and uneventful, with risk assets performing well and U.S. Treasuries selling off. Although the quarter began amid uncertainty surrounding Brexit, the market impact of the United Kingdom vote to exit the EU was fairly muted. U.S. job growth continued on a strong path, while commodities, the U.S. dollar, global growth and China all stabilized.

The more interesting events occurred at the end of the quarter when the decisions of three major central banks – the Bank of Japan (“BoJ”), the European Central Bank (“ECB”) and the Fed – drew investors’ focus. This year, the BoJ and ECB both embarked on negative interest rate policy, which has hurt both savers and financial companies. At its September meetings, the BoJ introduced a new tool, “yield curve control”, with the aim of anchoring the 10-year government bond yield at close to zero percent to ensure an upward-sloping yield curve. The ECB did not extend its asset purchase program past its March 2017 deadline. These announcements caused investors to focus on the limitations of monetary policy, which has so far been ineffective in efforts to reflate the global economies. Finally, the Fed left policy unchanged at its September meeting but prepared the market for one rate hike by the end of the year.

Overall portfolio duration of the 1-3 Year Series remained shorter than the benchmark, which was a slight positive to performance on the quarter.

Because, to a great extent, the Convenience Fund is comprised of collateralized bank deposits, the rates of which are pegged to the FFR, the Convenience Fund tracked that closely during the year, immediately increasing when the Fed raised that rate in December 2015. Unlike some of its competitor funds in the state, the Convenience Fund does not invest in any credit products, such as commercial paper, so its performance did not reflect any contribution from credit exposure.

(Continued)

Illinois Metropolitan Investment Fund

Report on Investment Activity (Continued)

September 30, 2016

Risk Profile

In general, as rates rise, the price of a fixed rate securities will fall, and vice versa. Interest rate risk is commonly measured by duration. The 1-3 Year Series is managed versus the Barclays 1-3 Government Index. The duration of the 1-3 Year as of September 30, 2016 was approximately 1.75. The portfolio was comprised of short maturity investment grade US Government securities. In the context of the broad fixed income market, the portfolio of the 1-3 Year Series has a low risk profile. Investors should remain aware that the Series does have risk to principal when interest rates increase (interest rate risk) and when credit risk or perception of such to the US government and related entities changes.

The Convenience Fund has a very low risk profile. The Convenience Series is managed to maintain a stable \$1.00 share price, although there is no guarantee that it will do so. As of September 30, 2016, the Convenience Series was invested entirely in collateralized and FDIC insured bank obligations and US Government securities.

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.

(Concluded)

Illinois Metropolitan Investment Fund
Select Comparative Data - IMET 1-3 Year Series
September 30, 2016

	<u>One Year *</u>	<u>Three Year *</u>	<u>Five Year *</u>
IMET 1-3 Year Series Net Return	0.61%	0.57%	0.34%
IMET 1-3 Year Series Gross Return**	0.89%	0.82%	0.60%
Barclays Capital 1-3 Year Government Bond Index	0.89%	0.87%	0.72%
BofA Merrill Lynch 91 Day T-Bill Index	0.27%	0.11%	0.10%

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

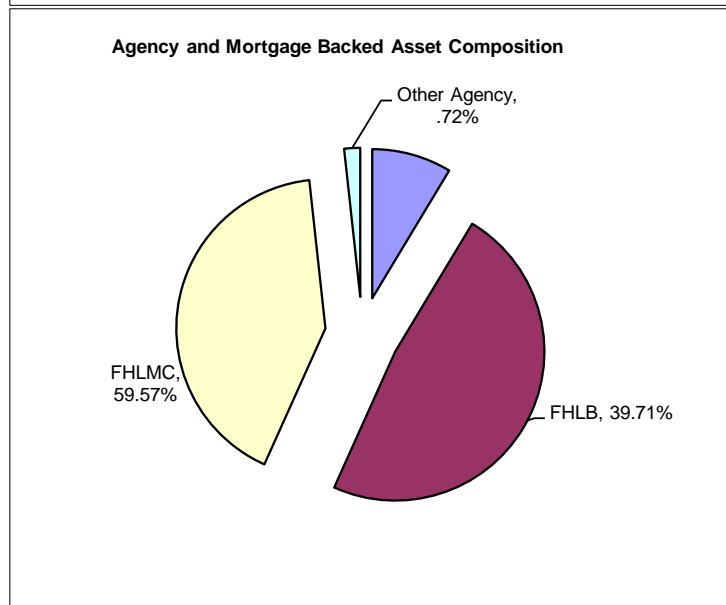
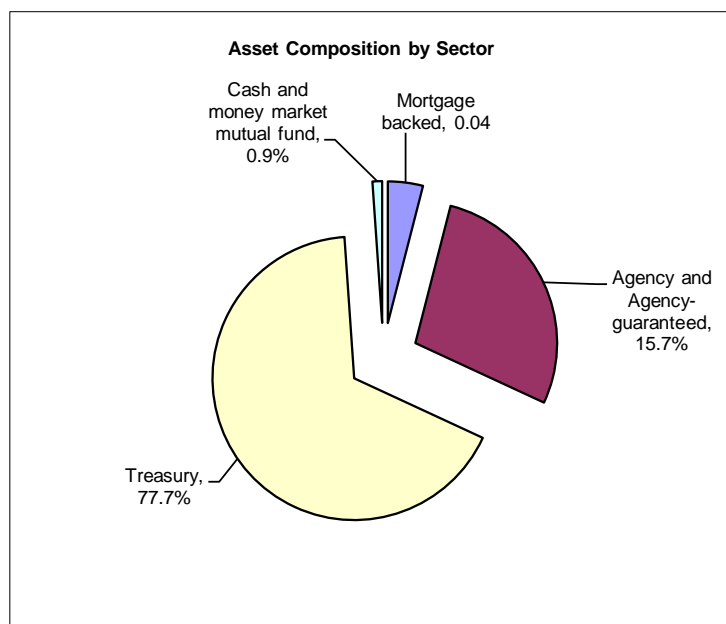
** Returns exclude expenses of the fund

	<u>Fund Profile</u>	<u>Index Profile</u>
Gross yield to maturity	0.82%	0.81%
Duration	1.75 years	1.92 years
Average maturity	1.81 years	1.96 years

<u>Sectors</u>	<u>Fund Profile</u>	<u>Index Profile</u>
Treasury	67.0%	88.7%
Agency and Agency-guaranteed	27.9%	11.3%
Mortgage-backed	4.0%	-
Cash and money market mutual fund	1.1%	-

<u>Quality***</u>	<u>Fund Profile</u>	<u>Index Profile</u>
AAA	100%	100%
AA	-	-

***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.



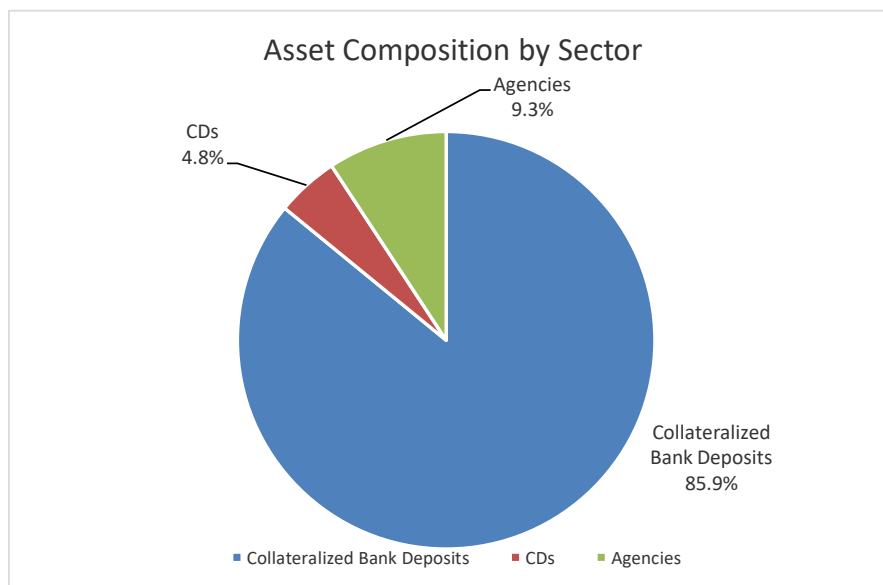
Illinois Metropolitan Investment Fund
 Select Comparative Data - IMET Convenience Series
 September 30, 2016

	<u>One Year *</u>	<u>Three Year *</u>	<u>Five Year*</u>
IMET Convenience Series	0.44%	0.36%	0.34%
IL Funds Money Market Fund Index	0.25%	0.10%	0.09%
BofA Merrill Lynch 91 Day T-Bill Index	0.27%	0.11%	0.10%

* Annualized return. An internal rate of return based on the average annualized monthly yield is the basis for the calculations.

	<u>Fund Profile</u>	<u>IL Funds Profile</u>	<u>BofA Merrill Lynch 91 Day T-Bill Index Profile</u>
Average maturity (days)	166	41	55

<u>Sectors</u>	<u>Fund Profile</u>	<u>IL Funds Profile</u>	<u>BofA Merrill Lynch 91 Day T-Bill Index Profile</u>
Collateralized Bank Deposits	85.9%	0.0%	
Certificates of Deposit	4.8%	0.0%	
Repurchase Agreements	0.0%	30.3%	
Money Market Funds	0.0%	22.8%	
Commercial Paper	0.0%	10.6%	
Agencies	9.3%	30.1%	
Treasuries	0.0%	6.4%	100.0%



Illinois Metropolitan Investment Fund

Schedule of Investments

IMET 1-3 Year Series

September 30, 2016

Units/ par value	Description	Rate	Maturity	Fair value
U.S. Treasury Obligations: 67.7%				
\$ 2,500,000	U.S. Treasury	3.125 %	4/30/2017	\$ 2,537,115
6,500,000	U.S. Treasury	0.625	5/31/2017	6,501,268
2,442,000	U.S. Treasury	1.875	8/31/2017	2,468,523
5,000,000	U.S. Treasury	1.875	9/30/2017	5,058,985
3,500,000	U.S. Treasury	0.750	10/31/2017	3,502,461
1,000,000	U.S. Treasury Strip	None	11/15/2017	992,150
1,000,000	U.S. Treasury	2.250	11/30/2017	1,017,732
1,500,000	U.S. Treasury	0.625	11/30/2017	1,498,829
3,500,000	U.S. Treasury	0.750	12/31/2017	3,501,505
2,000,000	U.S. Treasury	0.875	1/15/2018	2,003,984
4,500,000	U.S. Treasury	2.625	1/31/2018	4,611,974
4,000,000	U.S. Treasury	1.000	2/15/2018	4,015,000
1,000,000	U.S. Treasury	3.500	2/15/2018	1,037,617
1,000,000	U.S. Treasury	2.750	2/28/2018	1,028,125
2,000,000	U.S. Treasury	0.750	2/28/2018	2,000,624
4,750,000	U.S. Treasury	2.875	3/31/2018	4,899,920
4,000,000	U.S. Treasury	0.625	4/30/2018	3,993,436
6,000,000	U.S. Treasury	1.000	5/31/2018	6,023,670
4,000,000	U.S. Treasury	2.250	7/31/2018	4,107,188
1,500,000	U.S. Treasury	1.375	7/31/2018	1,516,230
3,500,000	U.S. Treasury	1.000	8/15/2018	3,514,767
2,000,000	U.S. Treasury	1.375	9/30/2018	2,022,578
2,000,000	U.S. Treasury	0.875	10/15/2018	2,003,282
5,000,000	U.S. Treasury	1.250	11/15/2018	5,045,705
2,000,000	U.S. Treasury	1.250	12/15/2018	2,018,750
2,000,000	U.S. Treasury	1.375	12/31/2018	2,024,376
6,000,000	U.S. Treasury	1.125	1/15/2019	6,040,314
4,500,000	U.S. Treasury	1.500	1/31/2019	4,569,084
1,500,000	U.S. Treasury	1.500	2/28/2019	1,523,438
8,000,000	U.S. Treasury	1.375	2/28/2019	8,101,872
7,800,000	U.S. Treasury	1.625	3/31/2019	7,948,379
4,000,000	U.S. Treasury	0.875	4/15/2019	4,002,656
2,000,000	U.S. Treasury	1.625	4/30/2019	2,038,750
5,000,000	U.S. Treasury	0.875	5/15/2019	5,002,540

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Investments (Continued)

IMET 1-3 Year Series

September 30, 2016

Units/ par value	Description	Rate	Maturity	Fair value
U.S. Treasury Obligations (Continued)				
\$ 3,000,000	U.S. Treasury	1.500 %	5/31/2019	\$ <u>3,050,270</u>
Total U.S. Treasury Obligations				<u>121,223,097</u>
U.S. Government Agency and Agency-Guaranteed Obligations: 28.3%				
4,000,000	Federal Home Loan Bank	1.625	12/9/2016	4,009,348
2,000,000	Federal Home Loan Mortgage Corp.	0.875	2/22/2017	2,003,182
2,000,000	Federal Home Loan Mortgage Corp.	1.000	3/8/2017	2,004,592
1,000,000	Federal Home Loan Bank	4.875	5/17/2017	1,026,633
2,000,000	Federal Home Loan Bank	2.250	9/8/2017	2,027,376
1,000,000	Federal Home Loan Mortgage Corp.	0.750	1/12/2018	999,705
5,000,000	Federal Home Loan Bank	1.250	6/8/2018	5,033,965
5,000,000	Federal Farm Credit Bank	0.750	7/18/2018	4,989,470
7,000,000	Federal Home Loan Bank	1.125	9/14/2018	7,030,632
10,000,000	Federal Home Loan Mortgage Corp.	0.875	10/12/2018	9,995,400
2,000,000	Federal Home Loan Bank	1.500	3/8/2019	2,026,140
1,620,000	Federal Home Loan Bank	0.875	8/5/2019	1,614,012
5,000,000	Federal Home Loan Bank	1.000	9/26/2019	4,995,620
2,000,000	Federal Home Loan Mortgage Corp.	1.250	10/2/2019	2,014,120
500,000	RefCorp Strip	None	10/15/2019	483,566
350,000	RefCorp Strip	None	10/15/2020	<u>331,956</u>
Total U.S. Government Agency and Agency-Guaranteed Obligations				<u>50,585,717</u>
Asset/Mortgage-Backed Securities: 4.0%				
10,489	Federal Govt. Loan Mortgage Corp.	6.000	7/1/2017	10,619
6,508	Federal Govt. Loan Mortgage Corp.	5.500	9/1/2017	6,581
20,490	Federal Govt. Loan Mortgage Corp.	5.500	11/1/2017	20,804
74,647	Federal Govt. Loan Mortgage Corp.	6.000	1/1/2018	75,536
27,470	Federal Govt. Loan Mortgage Corp.	5.500	2/1/2018	27,890
62,280	Federal Govt. Loan Mortgage Corp.	5.500	2/1/2018	63,653
14,058	Federal Govt. Loan Mortgage Corp.	5.000	6/1/2018	14,441
58,330	Federal Govt. Loan Mortgage Corp.	5.500	11/1/2018	60,237
9,251	Federal Govt. Loan Mortgage Corp.	5.500	12/1/2018	9,445

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Investments (Continued)

IMET 1-3 Year Series

September 30, 2016

Units/ par value	Description	Rate	Maturity	Fair value
Asset/Mortgage-Backed Securities (Continued)				
\$ 17,583	Government National Mortgage Assoc.	4.500 %	12/15/2018	\$ 17,935
44,674	Federal Govt. Loan Mortgage Corp.	5.000	1/1/2019	45,995
40,938	Federal Home Loan Mortgage Corp.	4.500	1/1/2019	41,944
161,546	Federal Govt. Loan Mortgage Corp.	5.000	5/1/2019	166,935
21,043	Federal Govt. Loan Mortgage Corp.	5.500	12/1/2019	21,778
32,802	Federal Govt. Loan Mortgage Corp.	5.000	2/1/2020	33,819
36,281	Federal Govt. Loan Mortgage Corp.	5.500	4/1/2020	37,851
52,191	Federal Govt. Loan Mortgage Corp.	6.000	6/1/2020	54,521
58,953	Federal Govt. Loan Mortgage Corp.	5.000	8/1/2020	60,633
167,764	Federal Govt. Loan Mortgage Corp.	5.000	11/1/2020	175,623
60,472	Federal Govt. Loan Mortgage Corp.	5.000	12/1/2020	63,606
54,451	Federal Govt. Loan Mortgage Corp.	5.500	12/1/2020	57,579
84,623	Federal Govt. Loan Mortgage Corp.	5.500	1/1/2021	90,141
69,508	Federal Govt. Loan Mortgage Corp.	5.000	3/1/2021	73,909
43,879	Federal Govt. Loan Mortgage Corp.	5.000	6/1/2021	46,683
18,175	Federal Govt. Loan Mortgage Corp.	7.000	9/1/2021	19,406
62,332	Federal Govt. Loan Mortgage Corp.	5.500	10/1/2021	66,605
86,187	Federal Govt. Loan Mortgage Corp.	5.500	12/1/2021	92,507
87,443	Federal Govt. Loan Mortgage Corp.	5.500	12/1/2021	93,162
165,709	Federal Govt. Loan Mortgage Corp.	5.000	4/1/2022	177,721
81,012	Federal Govt. Loan Mortgage Corp.	5.500	6/1/2022	87,436
20,062	Federal Govt. Loan Mortgage Corp.	6.000	6/1/2022	21,810
78,592	Federal Govt. Loan Mortgage Corp.	5.500	10/1/2022	84,827
166,413	Federal Govt. Loan Mortgage Corp.	5.500	10/1/2022	179,736
120,921	Federal Govt. Loan Mortgage Corp.	5.500	2/1/2023	129,332
116,380	Federal Home Loan Mortgage Corp.	5.500	2/1/2023	123,818
131,332	Federal Govt. Loan Mortgage Corp.	6.500	3/1/2023	142,938
58,412	Federal Govt. Loan Mortgage Corp.	5.000	7/1/2023	62,608
253,305	Federal Govt. Loan Mortgage Corp.	5.500	10/1/2023	273,637
85,946	Federal Govt. Loan Mortgage Corp.	6.000	11/1/2023	93,792
45,737	Federal Govt. Loan Mortgage Corp.	4.500	6/1/2024	49,229
32,785	Federal Govt. Loan Mortgage Corp.	4.500	7/1/2024	34,992
145,861	Federal Govt. Loan Mortgage Corp.	4.500	9/1/2024	157,081
75,833	Federal Govt. Loan Mortgage Corp.	5.500	12/1/2024	81,237

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Investments (Continued)

IMET 1-3 Year Series

September 30, 2016

Units/ par value	Description	Rate	Maturity	Fair value
Asset/Mortgage-Backed Securities (Continued)				
\$ 10,180	Government National Mortgage Assoc.	9.500 %	12/15/2024	\$ 11,457
72,024	Federal Govt. Loan Mortgage Corp.	4.500	03/01/2025	77,323
155,692	Federal Govt. Loan Mortgage Corp.	4.500	04/01/2025	166,281
87,949	Federal Govt. Loan Mortgage Corp.	4.500	05/01/2025	94,174
12,059	Government National Mortgage Assoc.	8.500	05/20/2025	13,650
113,316	Federal Govt. Loan Mortgage Corp.	4.500	08/01/2025	120,911
423,255	Federal Govt. Loan Mortgage Corp.	4.000	06/01/2026	449,806
2,853	Government National Mortgage Assoc.	8.000	11/20/2026	3,488
258,206	Federal Govt. Loan Mortgage Corp.	6.000	09/01/2027	294,538
132,959	Federal Govt. Loan Mortgage Corp.	6.000	11/01/2027	151,667
14,617	Government National Mortgage Assoc.	8.000	11/20/2027	17,181
123,540	Federal Govt. Loan Mortgage Corp.	5.500	12/01/2027	138,544
56,307	Federal Home Loan Mortgage Corp.	Float	12/01/2027	58,868
635,686	Federal Govt. Loan Mortgage Corp.	2.000	03/01/2028	647,135
351	Government National Mortgage Assoc.	8.000	03/20/2028	352
1,230	Government National Mortgage Assoc.	8.000	08/20/2028	1,297
1,653	Government National Mortgage Assoc.	8.000	09/20/2028	1,731
81,257	Federal Govt. Loan Mortgage Corp.	6.500	01/01/2029	94,058
210,788	Federal Govt. Loan Mortgage Corp.	5.500	02/01/2029	236,388
27,173	Federal Home Loan Mortgage Corp.	Float	01/01/2030	28,446
493,084	Federal Home Loan Mortgage Corp.	4.000	08/01/2031	533,572
200,355	Federal Home Loan Mortgage Corp.	Float	12/01/2034	214,173
197,330	Federal Home Loan Mortgage Corp.	Float	03/01/2035	206,567
48,459	Federal Home Loan Mortgage Corp.	Float	01/01/2036	51,649
101,697	Federal Home Loan Mortgage Corp.	Float	05/01/2037	107,478
78,831	Federal Home Loan Mortgage Corp.	Float	07/01/2037	82,631
102,210	Government National Mortgage Assoc.	6.000	09/20/2038	117,059
Total Asset/Mortgage-Backed Securities				<u>7,170,459</u>
Total investments, other than short-term				<u>\$ 178,979,273</u>
Short-Term Investment:				
2,105,424	Fidelity Inst. Money Market Fund	0.010	None	<u>\$ 2,105,424</u>

Float - Security has a floating coupon rate

(Concluded)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2016

Institution	Amount	Maturity
Cash and short-term investments		
Collateralized Money Market Account: 77.8%		
Associated Bank	\$ 386,656,540	None
Collateralized Demand Deposit: 8.1%		
USAmeriBank	40,203,770	None
Certificates of deposit: 4.8%		
Access Natl. Bk. Va	245,000	6/14/2017
Ally Bk Midvale Utah	245,000	8/13/2018
Amboy Natl BK Old Br	245,000	2/17/2017
Apple BK For SVGS	245,000	8/24/2017
Banco Poplar N.A.	245,000	2/10/2017
Bank Baroda NY	245,000	2/10/2017
Bank Hapoalim	245,000	2/17/2017
Bank Leumi USA NY	245,000	4/13/2018
Bank Lexington Inc.	245,000	2/20/2018
Bank North Carlina	245,000	2/28/2018
Bank of China	245,000	2/3/2017
Bank of India	245,000	2/8/2017
Bank Of MO Perryvill	245,000	9/1/2017
Bankers Bk Okla City	245,000	2/16/2018
Bankfinancial FSB	245,000	4/16/2018
Bbcn. Bk. LA	245,000	3/23/2018
Beal Bank Plano TX	245,000	7/5/2017
Beal Bk Las Vegas NV	245,000	7/7/2017
Benchmark BK TX	245,000	2/12/2018
Bmo Harris Bk Natl.	245,000	12/18/2017
BMW BK North Amer	245,000	2/12/2019
Brand Banking Co	205,000	9/26/2017
Bridgewater Bank MN	245,000	2/15/2019
Brookline Bk Mass	245,000	3/12/2018
Buckeye Cmnty. BK	245,000	9/10/2018
CA Rep. Bank Irvine	245,000	2/17/2017
Capital One Bk USA	245,000	5/11/2018
Capital One NA	205,000	9/21/2018
Cardinal BK Natl Va	245,000	8/28/2017
Cmnty Finl Svcs Bk	245,000	7/12/2019

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2016

Institution	Amount	Maturity
Certificates of deposit: (Continued)		
Comenity Cap BK Utah	\$ 245,000	2/22/2019
Community Bank TX	245,000	11/16/2017
Community St Bk	245,000	2/25/2019
Commwece ST BK West	245,000	2/28/2018
Compass Bk	200,000	7/31/2017
Conestoga Bank PA	245,000	3/29/2018
Connectone Bk EWood	245,000	2/28/2018
Cumberland Fed Bk	245,000	2/25/2019
Discover Bk	245,000	7/8/2019
Eaglebank Bethesda	245,000	2/20/2018
Enerbank USA	245,000	2/20/2018
Everbank Jacksonvill	245,000	2/12/2019
First Bk Charleston	245,000	8/28/2018
First Bk Richmond	245,000	7/9/2018
First Fla Integrity	245,000	2/12/2018
First Minnetonka Bk	245,000	6/22/2018
First Natl Bk.	245,000	3/16/2018
First Niagara BK	245,000	2/12/2018
First Svgs BK Clarks	245,000	2/19/2019
First Western Bank	245,000	2/26/2019
Firstbank PR Santurc	245,000	2/12/2019
Flint CmntyBk Albany	245,000	1/14/2019
Georgia Bk Tr Co Aug	245,000	5/24/2017
Goldman Sachs BK	245,000	2/11/2019
Goldman Sachs BK	245,000	5/25/2017
Grand Riv Grandville	245,000	6/7/2018
Independence Bk KY	130,000	7/23/2018
Inland NW Bk WA	245,000	7/15/2019
Interaudi Bank NY	245,000	2/25/2019
Israel Disc BK NY	245,000	4/20/2018
JP Morgan Chase Bank	245,000	7/15/2019
Katahdin TR CO	245,000	8/29/2018
Key BK NATL Assn	245,000	2/19/2019
KS BK Inc	245,000	11/19/2018
Lincoln 1st Bk NJ	245,000	12/29/2017
Luana Savings Bank	245,000	2/19/2019
Main Str. Bk. Corp.	245,000	9/17/2018

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2016

Institution	Amount	Maturity
Certificates of deposit: (Continued)		
MB Finl BK NA Chic.	\$ 245,000	4/17/2017
Medallion Bk Utah	245,000	2/22/2019
Meridian Bk Paoli PA	245,000	7/12/2019
Merlin Bus BK Salt L	245,000	8/24/2017
Merrick Bank	245,000	5/10/2018
Middleburg Natl Bk	245,000	9/14/2018
Middleton Cmnty Bk	245,000	9/11/2018
Old Natl Evansville	245,000	8/29/2017
Oriental B&T SanJuan	245,000	2/20/2018
Pacific Contl Bk	245,000	7/22/2019
Park Sterling Bk	245,000	2/23/2018
Parkway B&T Harwood	231,000	6/28/2017
Prime Alliance BK	245,000	2/12/2019
Private BK Buckhead	245,000	2/16/2018
Reliance BK Farib.	245,000	8/9/2018
Safra Natl BK NY	245,000	2/28/2018
Sallie Mae BK	245,000	2/4/2019
Santander BK NATL	245,000	8/17/2017
Signature BK Natl.	245,000	2/19/2019
SilbergateBk LaJolla	245,000	7/29/2019
Standard Bk & Tr Co	245,000	6/5/2017
Stearns Bank MN	245,000	8/14/2017
Synovus BK Columbus	245,000	5/9/2017
Texas Exchange BK	245,000	3/29/2018
United Bankers BK	245,000	3/29/2018
United Cmnty Bk Nort	245,000	7/13/2018
Webbank Salt Lake UT	245,000	2/26/2019
Webster BK Waterbury	245,000	2/26/2019
Welch St. BK Okla	245,000	2/20/2018
Wells Fargo Bank	245,000	2/26/2019
Wex Bk Midvale UT	245,000	7/9/2018
ZB NA	245,000	2/6/2018
	<u>24,001,000</u>	
Total certificates of deposit	<u>24,001,000</u>	
Total cash and short-term investments	<u>\$ 450,861,310</u>	

Note: Deposits for which the maturity date is listed as "None" have immediate liquidity, and may be withdrawn at any date without penalty.

(Continued)

Illinois Metropolitan Investment Fund

Schedule of Cash and Investments

IMET Convenience Series

September 30, 2016

Institution	Amount	Maturity
Other investments		
U.S. Government Agency Obligations: 9.3%		
Federal Home Loan Mortgage Corp.	\$ 1,173,129	10/27/2017
Federal Home Loan Bank	2,500,000	3/23/2018
Federal Home Loan Mortgage Corp.	1,315,000	4/27/2018
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.	25,000,000	5/17/2021
Total other investments	<u>\$ 45,988,129</u>	

(Concluded)

Illinois Metropolitan Investment Fund

Schedule of Management Fees

Year Ended September 30, 2016

<u>Type</u>	<u>IMET 1-3 Year Series</u>	<u>IMET Convenience Series</u>	<u>Total</u>
Investment advisory	\$ 179,112	\$ -	\$ 179,112
Transfer agent and fund accounting	90,700	234,964	325,664
Custodial	17,911	-	17,911
	<u>\$ 287,723</u>	<u>\$ 234,964</u>	<u>\$ 522,687</u>

Illinois Metropolitan Investment Fund
 Schedule of Participants by Concentration
September 30, 2016

Type	Number of Participants	IMET 1-3 Year Series ²	IMET Convenience Series ²	Total ²
Municipal entities	120	83.0 %	58.9 %	65.4 %
Pension funds	23	0.7	1.3	1.1
Other entities ¹	70	16.3	39.8	33.5
	213	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, 2016

The Illinois Metropolitan Investment Fund (“*IMET*” or “*Fund*”) is an actively managed investment fund for Illinois local governments. The IMET 1-3 Year Fund 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, IMET invests exclusively in government-backed securities (Treasuries, agencies, and municipals) 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

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 advisor who possesses superior capabilities in the management of assets of the Councils of Governments' governmental bodies. The Board further requires the investment advisor 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 advisor'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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

7.0 Authorized Financial Dealers and Institutions

The advisor 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 advisor 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 advisor to the Fund after the date of the security’s reclassification or held to maturity, in either case based on the investment advisor’s discretion.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

8.0 Authorized and Suitable Investments (Continued)

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

- 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

8.0 Authorized and Suitable Investments (Continued)

The advisor shall indemnify and make whole the Fund and its shareholders for any losses incurred by the Fund as a result of the advisor's own or any subadvisor's gross negligence or its failure to comply with the provisions of the Investment Act as those provisions are communicated to the investment advisor 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 within 25% of that of the Barclay's Capital 1-3 Year Government Bond Index under normal conditions; *provided, however*, that the portfolio's dollar weighted-average maturity will not exceed five years under normal conditions. 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

12.0 Internal Control

The advisor 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 advisor 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 advisor 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 advisor 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET 1-3 Year Series (Continued)
September 30, 2016

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 June 19, 2013

Illinois Metropolitan Investment Fund

Investment Policy - IMET Convenience Series

September 30, 2016

The Illinois Metropolitan Investment Fund (“*IMET*” or “*Fund*”) is an actively managed investment fund for Illinois local governments. IMET’s Convenience Series (“Convenience Series”) is a short-term vehicle for use exclusively by members of IMET. This policy applies to the investment of Convenience Series funds. The 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 Convenience Series will conform to Illinois state statutes governing the investment of public funds.

2.0 Funds

Monies invested in this 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 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 Convenience Series. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

4.0 Objective (Continued)

- B. Liquidity: The Convenience Series will seek to remain sufficiently liquid to accommodate Convenience Series members and will otherwise remain sufficiently liquid in accordance with prudent fund management.
- C. Return on Investment: The 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 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 Convenience Series, in accordance with this Investment Policy distributed by IMET, to meet 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 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 Convenience Series.
- C. Additional responsibilities as detailed in each financial institution's agreement with the Board.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

6.0 Ethics and Conflicts of Interest

Officers and employees of the 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 Convenience Series, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the 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 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 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 advisor believes that market conditions indicate that the Convenience Series should adopt a defensive position, the Convenience Series may invest up to one hundred percent (100%) in bank obligations and/or such money market mutual funds.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

8.0 Authorized and Suitable Investments (Continued)

The Convenience Series portfolio is restricted to a maximum dollar weighted-average maturity of one year or less, under normal conditions. The 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 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

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 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

8.0 Authorized and Suitable Investments (Continued)

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

9.0 Collateralization

The obligations of financial institutions with respect to the Convenience Fund's 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 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

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 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 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 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 Convenience Series' investment strategy is designed so that the 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.

Illinois Metropolitan Investment Fund
Investment Policy - IMET Convenience Series (Continued)
September 30, 2016

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 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, 2016

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.

<u>Contents</u>	<u>Page (s)</u>
Financial Trends These schedules contain trend information to help the reader understand how IMET's financial performance and well-being have changed over time.	69 - 74
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.	75 - 76

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

	<u>2016</u>	<u>2015</u>	<u>2014</u> ²	<u>2013</u>
Net position held in trust for participants				
IMET 1-3 Year Fund ¹	\$ 181,977,415	\$ 174,805,471	\$ 232,311,616	\$ 280,917,840
IMET Convenience Series	496,820,064	530,275,021	1,768,754,593	1,390,063,626
IMET Administration Fund ¹	-	-	1,774,377	1,669,020
Total	<u>\$ 678,797,479</u>	<u>\$ 705,080,492</u>	<u>\$ 2,002,840,586</u>	<u>\$ 1,672,650,486</u>
Number of units outstanding				
IMET 1-3 Year Series ¹	9,373,943	9,050,005	12,158,529	14,757,571
IMET Convenience Series	496,805,311	530,226,456	1,768,754,593	1,390,063,626
Total	<u>506,179,254</u>	<u>539,276,461</u>	<u>1,780,913,122</u>	<u>1,404,821,197</u>
Price per unit				
IMET 1-3 Year Series ¹	\$ 19.413	\$ 19.316	\$ 19.107	\$ 19.036
IMET Convenience Series	1.000	1.000	1.000	1.000

¹ IMET's operations activities were included in the 1-3 Year Fund in fiscal years 2007 - 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 1-3 Year Fund and the 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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	334,346,520	\$ 312,144,822	\$ 375,985,312	\$ 319,459,941	\$ 181,920,272	\$ 132,424,610
	1,049,300,081	663,304,925	508,709,545	330,874,968	221,126,359	254,508,762
	<u>1,558,408</u>	<u>54,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>1,385,205,009</u>	<u>\$ 975,504,504</u>	<u>\$ 884,694,857</u>	<u>\$ 650,334,909</u>	<u>\$ 403,046,631</u>	<u>\$ 386,933,372</u>
	17,589,148	16,400,694	19,910,917	17,300,260	10,279,838	7,877,633
	<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>254,508,762</u>
	<u>1,066,889,229</u>	<u>679,705,619</u>	<u>528,620,462</u>	<u>348,175,228</u>	<u>231,406,197</u>	<u>262,386,395</u>
\$	19.009	\$ 19.032	\$ 18.883	\$ 18.466	\$ 17.697	\$ 16.810
	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 FUND
LAST TEN FISCAL YEARS

	2016 ¹	2015 ¹	2014 ¹	2013 ¹
Additions				
Investment income				
Interest	\$ 1,802,512	\$ 1,528,234	\$ 1,597,291	\$ 1,566,463
Net change in fair value of investments	(227,527)	313,318	(101,243)	(427,635)
Other	1,011	501	-	-
Total income	1,575,996	1,842,053	1,496,048	1,138,828
Investment expenses				
Investment advisory fees	179,112	181,915	246,961	302,676
Transfer agent and fund accounting fees	90,700	104,912	141,907	178,221
Custodial fees	17,911	14,845	24,696	30,268
Total investment expenses	287,723	301,672	413,564	511,165
Net investment income	1,288,273	1,540,381	1,082,484	627,663
Unit transactions				
Proceeds from sale of units to participants	16,135,420	29,842,015	8,902,659	28,402,479
Other additions	-	887,188	-	-
Total additions	17,423,693	32,269,584	9,985,143	29,030,142
Deductions				
Administrative and other expenses:				
Management and administrative services	23,471	23,551	136,853	228,570
Compensation and related expenses	187,377	182,776	-	-
Professional services	48,779	25,367	-	-
Insurance	43,921	35,100	-	-
Audit	12,681	12,300	-	-
Marketing	7,220	7,347	-	-
Administrative	33,458	48,682	-	-
Less reimbursement for operating expenses	-	-	-	-
Total administrative and other expenses	356,907	335,123	136,853	228,570
Cost of units redeemed by participants	9,894,842	89,368,346	58,454,514	82,230,252
Total deductions	10,251,749	89,703,469	58,591,367	82,458,822
Transfers out				
Net increase (decrease) in net position held in trust for participants	7,171,944	(57,433,885)	(48,606,224)	(53,428,680)
Net position held in trust for participants:				
Beginning of year	174,805,471	232,239,356 ³	280,917,840	334,346,520
End of year	\$ 181,977,415	\$ 174,805,471	\$ 232,311,616	\$ 280,917,840

¹ IMET's operations activities were included in the 1-3 Year Series in fiscal years 2007 - 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 1-3 Year Fund and the Convenience Series.

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

	2012 ¹	2011 ^{1,2}	2010 ²	2009 ²	2008 ²	2007 ²
\$	2,994,982	\$ 4,742,901	\$ 6,584,917	\$ 7,077,345	\$ 6,752,159	\$ 5,884,703
	(1,099,843)	(1,550,493)	1,486,358	3,023,693	1,771,280	1,646,788
	-	-	-	-	-	-
	1,895,139	3,192,408	8,071,275	10,101,038	8,523,439	7,531,491
	319,746	-	-	-	-	-
	191,848	-	-	-	-	-
	31,977	-	-	-	-	-
	543,571	-	-	-	-	-
	1,351,568	3,192,408	8,071,275	10,101,038	8,523,439	7,531,491
	59,105,373	52,098,847	161,712,850	185,947,494	59,565,003	9,505,793
	-	-	-	-	-	-
	60,456,941	55,291,255	169,784,125	196,048,532	68,088,442	17,037,284
	335,737	845,008	679,686	495,909	331,965	254,613
	-	58,276	256,891	199,779	161,919	222,580
	-	9,684	43,279	34,920	15,000	44,818
	-	7,500	30,049	30,241	33,127	32,836
	-	7,200	20,500	22,150	18,867	16,400
	-	5,615	21,623	31,872	35,648	38,013
	-	20,163	78,911	110,532	81,516	68,194
	-	(223,096)	(743,221)	(295,558)	(245,204)	(271,353)
	335,737	730,350	387,718	629,845	432,838	406,101
	36,584,138	118,401,395	112,871,036	57,879,018	18,159,942	14,971,277
	36,919,875	119,131,745	113,258,754	58,508,863	18,592,780	15,377,378
	(1,335,368)	-	-	-	-	-
	22,201,698	(63,840,490)	56,525,371	137,539,669	49,495,662	1,659,906
	312,144,822	375,985,312	319,459,941	181,920,272	132,424,610	130,764,704
\$	<u>334,346,520</u>	<u>\$ 312,144,822</u>	<u>\$ 375,985,312</u>	<u>\$ 319,459,941</u>	<u>\$ 181,920,272</u>	<u>\$ 132,424,610</u>

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

	2016	2015	2014	2013
Additions				
Investment income				
Interest	\$ 2,526,589	\$ 2,781,255	\$ 6,582,520	\$ 4,897,189
Investment expenses				
Transfer agent and fund accounting fees	234,964	403,367	826,690	650,812
Net investment income	2,291,625	2,377,888	5,755,830	4,246,377
Proceeds from sale of units to participants	490,842,971	487,281,716	1,523,219,269	1,279,047,571
Other additions	-	887,189	-	-
Total additions	493,134,596	490,546,793	1,528,975,099	1,283,293,948
Deductions				
Administrative and other expenses	317,195	1,118,792	577,512	457,330
Distributions to participants	2,008,242	2,097,720	5,178,318	3,789,047
Cost of units redeemed by participants	524,264,116	1,725,809,853	1,094,086,159	938,284,026
Total deductions	526,589,553	1,729,026,365	1,099,841,989	942,530,403
Transfer to Liquidating Trust	-	-	(50,442,143)	-
Net increase (decrease) in net position held in trust for participants	(33,454,957)	(1,238,479,572)	378,690,967	340,763,545
Net position held in trust for participants:				
Beginning of year	530,275,021	1,768,754,593	1,390,063,626	1,049,300,081
End of year	\$ 496,820,064	\$ 530,275,021	\$ 1,768,754,593	\$ 1,390,063,626

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>2012</u>	<u>2011¹</u>	<u>2010¹</u>	<u>2009¹</u>	<u>2008¹</u>	<u>2007¹</u>
\$ 2,913,789	\$ 2,409,716	\$ 2,577,858	\$ 1,687,833	\$ 7,628,873	\$ 12,907,429
443,705	-	-	-	-	-
<u>2,470,084</u>	<u>2,409,716</u>	<u>2,577,858</u>	<u>1,687,833</u>	<u>7,628,873</u>	<u>12,907,429</u>
<u>1,099,511,708</u>	<u>738,779,647</u>	<u>555,213,510</u>	<u>268,647,906</u>	<u>111,365,129</u>	<u>102,887,284</u>
-	-	-	-	-	-
<u>1,101,981,792</u>	<u>741,189,363</u>	<u>557,791,368</u>	<u>270,335,739</u>	<u>118,994,002</u>	<u>115,794,713</u>
353,558	827,559	977,919	438,182	387,639	412,780
2,116,526	1,582,157	1,599,939	1,249,651	7,241,234	12,494,649
<u>713,516,552</u>	<u>584,184,267</u>	<u>377,378,933</u>	<u>158,899,297</u>	<u>144,747,532</u>	<u>67,342,721</u>
<u>715,986,636</u>	<u>586,593,983</u>	<u>379,956,791</u>	<u>160,587,130</u>	<u>152,376,405</u>	<u>80,250,150</u>
-	-	-	-	-	-
385,995,156	154,595,380	177,834,577	109,748,609	(33,382,403)	35,544,563
<u>663,304,925</u>	<u>508,709,545</u>	<u>330,874,968</u>	<u>221,126,359</u>	<u>254,508,762</u>	<u>218,964,199</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>\$ 254,508,762</u>

Illinois Metropolitan Investment Fund
PRINCIPAL EMPLOYERS - STATE OF ILLINOIS
FISCAL YEAR 2015 AND NINE YEARS AGO

2015 *

Employer	Employees	% of Total Employment
State of Illinois	64,470	1.06%
AB Acquisitions LLC	62,016	1.02%
U.S. Government	51,600	0.85%
Wal-Mart	49,672	0.82%
Chicago School Board	38,933	0.64%
Walgreen Co.	31,302	0.52%
City of Chicago	30,345	0.50%
University of Illinois	29,694	0.49%
U.S. Postal Service	28,100	0.46%
USF Holding Corp	26,484	0.44%
	412,616	6.80%

2006

Employer	Employees	% of Total Employment
U.S. Government	88,200	1.46%
State of Illinois	72,903	1.21%
Chicago School Board	41,900	0.69%
Wal-Mart	41,100	0.68%
City of Chicago	38,900	0.64%
Jewel-Osco	33,500	0.56%
University of Illinois	28,500	0.47%
Cook County	25,500	0.42%
Advocate Health Care	25,300	0.42%
Caterpillar Inc.	24,500	0.41%
	420,303	6.96%

* 2015 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, 2015

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

Year	(a) Population	(b) Personal Income	(a) x (b) Per Capita Income	Unemployment Rate
2014 *	12,881,000	\$ 613,671,539,000	\$ 47,642	7.1%
2013	12,891,000	599,118,968,000	46,476	9.2%
2012	12,874,000	593,049,235,000	46,066	8.9%
2011	12,859,000	569,680,879,000	44,302	9.7%
2010	12,840,000	541,261,128,000	42,154	10.5%
2009	12,797,000	531,645,236,000	41,545	10.0%
2008	12,747,000	552,435,750,000	43,338	6.4%
2007	12,696,000	532,587,009,000	41,949	5.1%
2006	12,644,000	504,493,021,000	39,900	4.6%
2005	12,610,000	472,072,676,000	37,436	5.7%

* 2014 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, 2015