



IMET UPDATE

Issued June 2017

IMPORTANT PROCESS CHANGE REMINDER

IMET wants to remind all participants of **IMPORTANT CHANGES** in the processing trades. There are 3 ways to do it:

1) **PHONE** - By calling the IMET Operations Desk
1-888-288-4638

2) **EMAIL** - By emailing IMET staff
IMET.Purchase.Redem@investimet.com

We encourage everyone to use this email address as it goes to the entire IMET staff and ensures that your request is addressed timely.

3) **ONLINE** - By initiating the redemption online through the IMET website: www.investIMET.com

FAX IS NO LONGER AN OPTION to transact with IMET.

IMET's Convenience Fund currently consists of bank deposits supported by FDIC Insurance or collateralized at a margin of at least 110%, and U.S. Government securities.

We invite you to review holdings and applicable collateral at [IMET Financial Reports](#).

The **1-3 Year Fund** is comprised exclusively of U.S. Government securities including Treasuries, Agencies, and Agency mortgage backed securities, only the safest investments permissible under the IL Public Funds Investment Act.

ECONOMIC UPDATE

In May, political uncertainty in the U.S. continued as distractions from Washington persisted. There is little expectation that any of the "Big Three" pro-business agenda items - tax reform, infrastructure spending and deregulation - will see much progress before the end of the year.

Meanwhile, the U.S. Federal Reserve left rates unchanged at its May FOMC meeting. However, the minutes of the meeting indicated that "most participants" thought it would "soon be appropriate" to raise rates again, supporting expectations for a June rate hike. It appears that economic growth is in line with Fed expectations and that the slowdown in inflation was viewed as transitory. The minutes also provided more detail regarding normalization of the Fed's balance sheet, proposing the use of monthly caps, which could be adjusted quarterly, as a limit on the amount of proceeds that will be allowed to run off and not be re-invested.

In Europe, Emmanuel Macron won the French presidential election, providing stability and calm to the markets. A Macron victory should help to boost Eurozone growth. The strengthening economic environment and robust outlook may inspire the European Central Bank (ECB) to taper and begin raising rates ahead of schedule, but they will likely want to see an increase in inflation before taking action.

SOFIA'S SPOT

Fiduciary duty explained

In investing, certain professionals are considered fiduciaries, and, as such, are subject to the highest duty of loyalty and due care for clients. They are required to act in the **best interest** of their clients. Not all professionals who help investors are held to this standard of care.

This article addresses questions regarding fiduciaries.

Is the "fiduciary rule" applicable to public sector investors and their everyday funds?

Recently, there has been much press surrounding the "fiduciary rule" created under the Obama administration and which took effect on June 9, 2017. This rule applies strictly to professionals who work with retirement plans or provide retirement planning advice.



Professionals that help the public sector in investing liquidity and general funds fall in two camps:

Investment advisers are individuals or firms that provide advice about securities/investments. They are required to register with the Securities and Exchange Commission or a state's securities agency. They must adhere to a fiduciary standard of care laid out in the U.S. Investment Advisers Act of 1940. This standard requires these professionals to act and serve a client's best interest.

Broker/dealers are not held to the fiduciary standard.

To what standard are broker/dealers held?

Broker/dealers are held to a different standard, that is they are required to recommend securities that are "suitable" for clients. The suitability standard requires certain professionals to make reasonable efforts to obtain client information, including: investment objectives, risk tolerance, and other reasonable information, and to use this information to make suitable recommendations.

How does the fiduciary standard differ from the suitability standard?

While fiduciaries must make recommendations in the client's best interest, those held to the suitability standard, must only make recommendations that are suitable.

Must all professionals who provide advice put the client's interest first?

Only fiduciaries have a responsibility to put the client's benefit foremost.

Does poor investment performance indicate fiduciary imprudence?

Not necessarily! Fulfilling one's fiduciary duty is about the process- not automatically the results. Decisions do not have to be perfect or to result in perfect performance, but the process must be prudent.

Are lower cost options always safer, or the most prudent course?

Fiduciaries should focus on value for cost. Fees should not be evaluated in a vacuum.

Is there one "right" way to invest?

Investing is not one-size-fits all. Investors of government funds have different goals, requirements, and constraints. Accordingly, their investment programs will differ.

Know what type of professional you are engaging and their obligations to your government.

AUDIT CONFIRMATION REQUESTS

Please note the addresses below for sending Audit Confirmation requests:

REGULAR MAIL:

IMET FUNDS
ATTN: PROCESSING TEAM 2
P.O. BOX 1920
DENVER, CO 80201

OVERNIGHT MAIL:

IMET FUNDS
ATTN: PROCESSING TEAM 2
1290 BROADWAY, SUITE 1100
DENVER, CO 80203

IMET staff contact information

Please feel free to email or call!

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Illinois Metropolitan Investment Fund

IMET 1-3 Yr Fund Performance Compared to Index

5/31/2017	Net 1-3 Year Fund Returns*	Gross 1-3 Year Fund Returns*	Barclays 1-3 Yr. Govt Index
Month	0.10	0.13	0.15
Latest 1 yr.	0.36	0.63	0.59
Since Inception**	3.22	3.53	3.52
Yield to Maturity	1.36	1.36	1.30
Wtd. Avg. Mat.	1.82 yrs	1.82 yrs	2.00 yrs
Duration	1.77	1.77	1.95

* IMET returns are calculated based on beginning period and ending period NAVs.

IMET Convenience Fund Performance

5/31/2017	IMET Convenience Fund	S&P GIP Index*, **	Illinois Funds
Month	0.08	0.065*	0.07
Avg. Daily Yield for Mth.	0.96	0.64	0.79
Latest 1 yr.	0.66	0.33	0.36
Since Inception**	2.13	N/A	1.31
Wtd. Avg. Maturity	204	67 days	51 days

The IMET Convenience Fund was established in September 2003.

* S&P GIP Index GOVT rate as disclosed is the 7-day net yield.

** Since Inception returns are based on the inception of the convenience fund and are calculated from September 2003 through the most recent month end.

** S&P GIP Index data is as of March 31, 2017.