



Quarterly Investment Report
Ending June 30, 2020

PATTERSON & ASSOCIATES



INVESTMENT PROFESSIONALS

Re-Open, Re-Close, Repeat

Rising virus cases and risk aversion go together. The broad resurgence of Covid-19 cases, as governments and businesses attempt to reopen and regain some normalcy, is a constant threat to the economy and the all-important consumer spending which drives it. But the government and businesses have to keep trying to re-open. Unfortunately, when the re-open was attempted in June, a major resurgence of the virus occurred and every such reversal tends to threaten the longevity of the ultimate rebound.

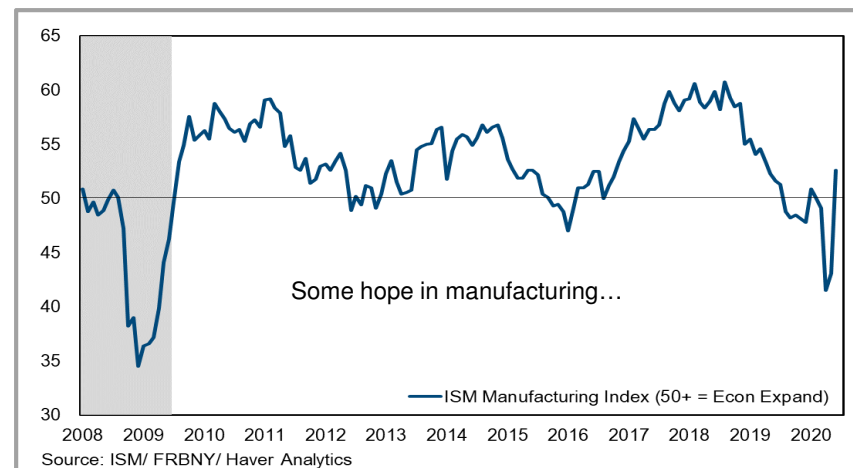
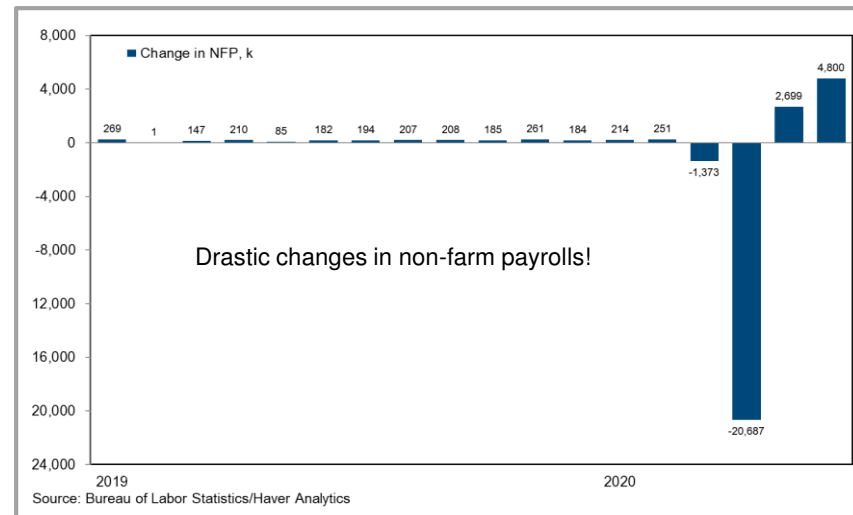
The debate on the V recovery has subtly changed to the depth of a U shape. It is clear that the overall recovery will be bumpier and more complex than anticipated. Before the strong resurgence of Covid-19 cases in June, we temporarily saw a major resurgence in the economy that would seem to indicate that it will be possible to get things moving again once somewhat normalized.

The hope of re-opening brought personal spending back by a record 8.2% after a disastrous decline in April. It was a mirrored comparison to income, which rose in April and declined in May. It appears when consumers get money they spend it! Retail spending hit a record 17.7% increase in May before its backtracking in June. This is a cycle that will probably repeat itself in future months.

Manufacturing made surprising gains as did housing permits and starts. It is retail and service industries which continue to falter.

Obviously payrolls have been the hardest hit, but in June the economy did add 4.8 million jobs – the largest gain on record and the unemployment rate dropped to 11.1% (from 15%). Even more important the underemployment number dropped from 21.2% to 18%. Job separation continues to stay high, but it was offset with an inflow of jobs re-added with the re-opening. The slow rate of re-openings, or a major resurgence of the virus, will raise the risk of a slower job growth for the rest of 2020.

Meanwhile, Congress continues to CARE(S) with stimulus programs for small business and households and that is expected to continue as we begin to approach WWII levels.



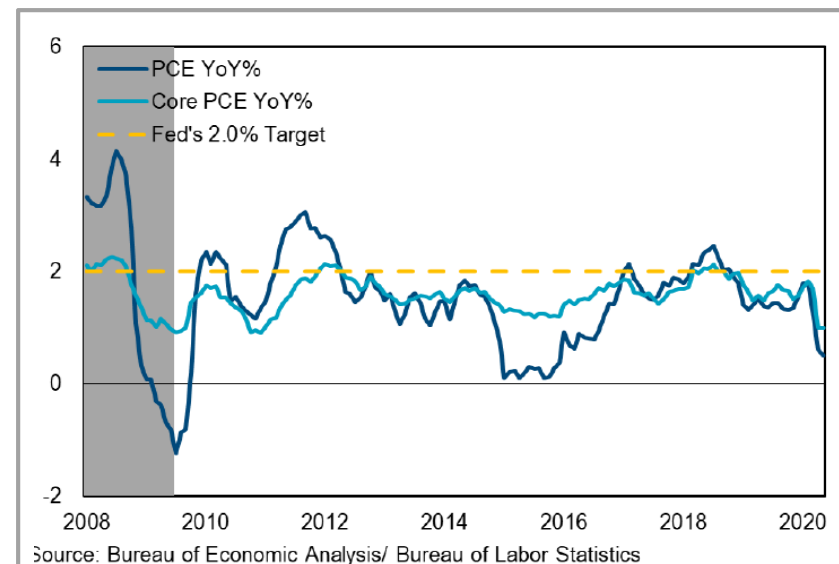
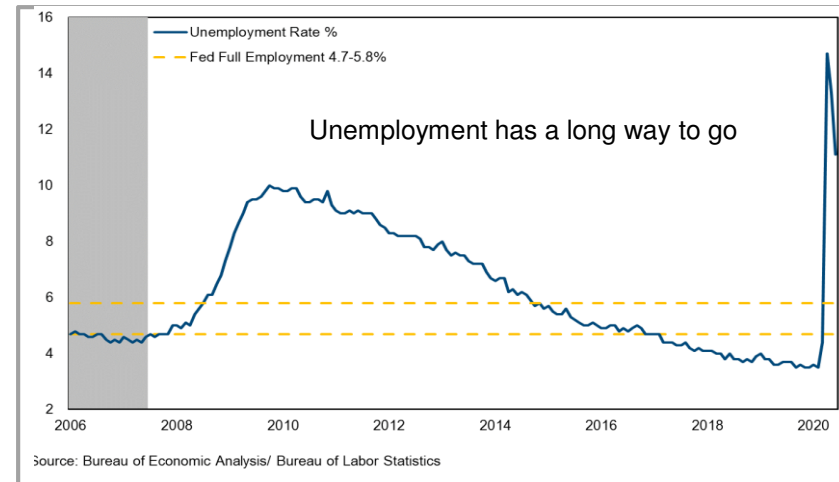
Monetary and Fiscal Efforts

Along with Congress' support efforts, the Fed's FOMC is taking unprecedented actions to combat the impact of the virus. Despite the fact that market liquidity has improved, they have rolled out more programs to support business and move funds into the economy. St. Louis Fed President Bullard has been speaking a lot about the possible wave of bankruptcies, which would then feed into a wider financial crisis. The extreme support for business and government does raise the question of an asset bubble as a possible side effect from the measures. The Fed is trying to prevent a replay of the financial crisis (and conditions in March) when traders wouldn't buy at any price, but appear to be buying everything in sight.

The Fed's PMCCF (Primary Market Corporate Credit Facility), rolled out in June, has again raised these questions as the Fed is trying to provide a backstop for corporate debt to eligible issuers. The Fed will now buy whole corporate issues and up to 25% of bonds in syndicate. The program is designed to minimize disruptions, which have been felt by even highly rated companies that need liquidity in order to pay off maturing debt and sustain themselves, until economic conditions normalize. Their *Secondary Market* support will also buy individual bonds and ETFs in the secondary market.

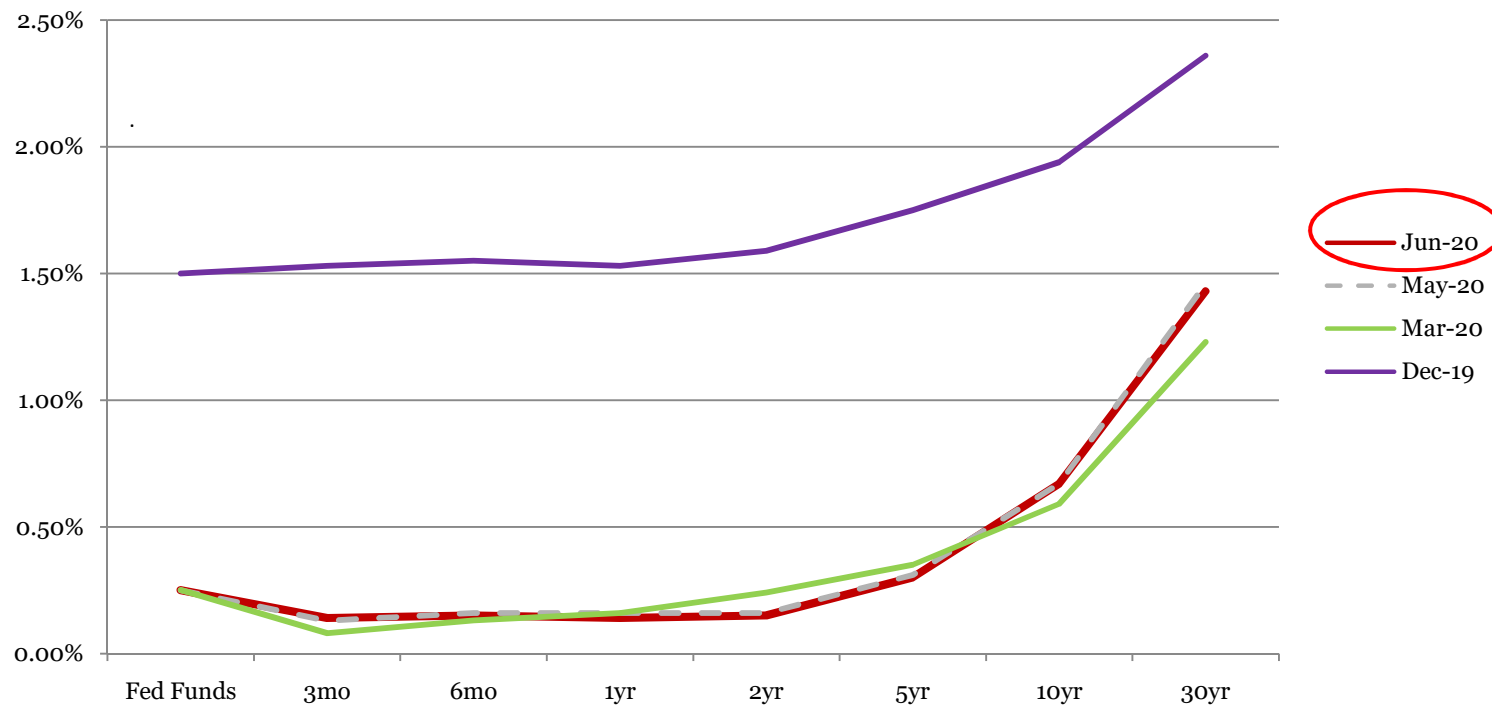
Obviously, the Fed is pushing to keep liquidity in all markets. (Even China is officially calling for a strong market!) The same type of support was rolled out earlier for local and state governments. The Fed wants to keep interest rates low, though on record, and not take the overnight rates negative, it does appear to want the whole curve as flat as possible to sustain make borrowing. These purchases and the lower rates may be one of the factors driving investors into the stock market and driving a healthy bullish move. Investors are driven to find any yield.

These purchases have inevitably led to the topic of YCT (Yield Curve Targets), a topic which has been raised at the FOMC. The controversial process has been proven to control governmental rates (such as after WWI) and even pass that impact through to corporate rates. But without a clear and proven exit strategy, it appears to be a scary *QE Forever* type approach, which could compromise normal market movements and normal debt management operations and goals. It is a trend worth watching.



Is Flatter Better?

- Fed actions and market fears around the world have caused Treasury and agency rates to remain at the lower (dismal) levels seen for the last three months.
- Fear increases the demand for safe havens and the safest are the U.S. Treasury and the USD dollar. The purchasing of short-term securities to wait out the virus has driven prices up and rates down. Without any change in outlook, this will not change with the resurgence or perhaps even the waning of the virus.
- The market remains slightly optimistic as seen in the longer end of the curve (higher rates), but the curve is very flat out to the two year.
- Expect rates to stay low for possibly throughout 2020 as the globe fights – and destroys – this virus. Since it may last a long while, the value beyond the two year is worth considering. The IMF has essentially downgraded the world and expects only a negative 4.9% growth rate in 2020 – although they do call for a 5.4% growth in 2021 at this point



End of Month Rates - Full Yield Curve – Fed Funds to 30yr

Judson Independent School District
 Quarterly Investment Report
 April 1, 2020 – June 30, 2020

Portfolio Summary Management Report

This quarterly report is prepared in compliance with the Investment Policy and Strategy of the District and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

<u>Portfolio as of 03/31/20:</u>		<u>Portfolio as of 06/30/20:</u>	
Beginning Book Value	\$ 258,935,570	Ending Book Value	\$ 223,690,194
Beginning Market Value	\$ 258,935,570	Ending Market Value	\$ 223,690,194
		Investment Income for quarter	\$ 213,924
		Unrealized Gain/Loss	\$ 0
WAM at Beginning Period Date ¹	1 day	WAM at Ending Period Date ¹	1 day
		Change in Market Value ²	\$ (35,245,376)
		Average Yield to Maturity for period	0.364%
		Average Yield 90-Day Treasury Bill for period	0.140%

 William Atkins, Chief Financial Officer
 Judson ISD

 Nicole Dean, Director of Accounting
 Judson ISD



 Linda T. Patterson, President
 Patterson & Associates as Investment Advisor, JISD

 Leesa Roberts, Accountant II
 Judson ISD

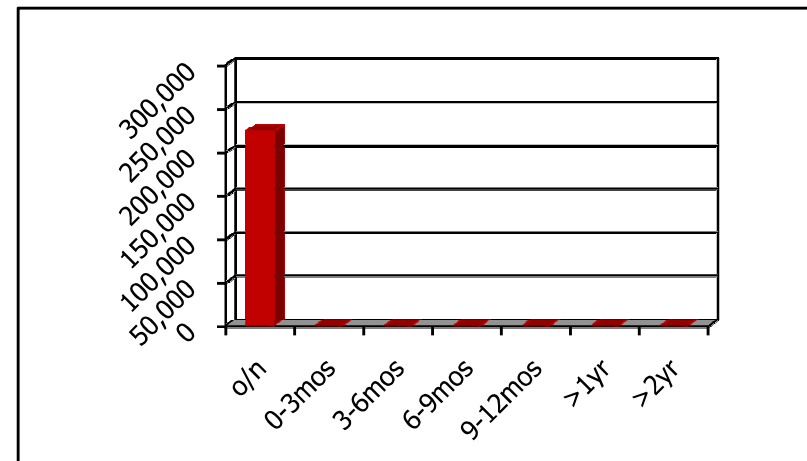
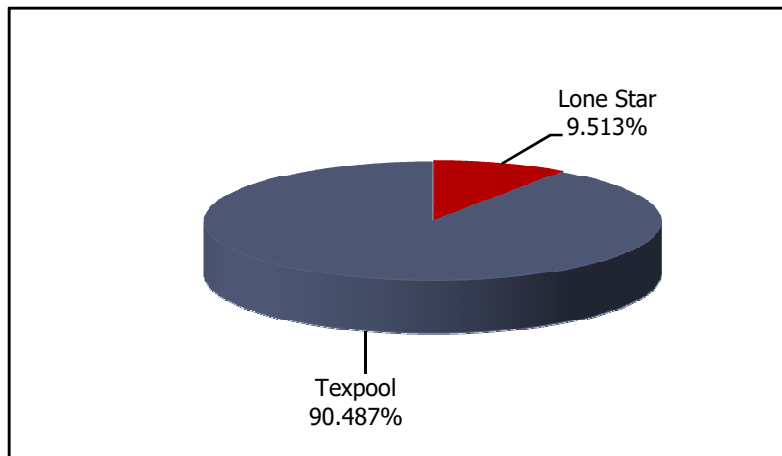
¹ WAM – weighted average maturity

² “Change in Market Value” is required data, but will primarily reflect the receipt and expenditure of the District’s funds from month to month. Patterson & Associates has assisted in the preparation of this consolidated investment report, with additional input provided by JISD.

Your Portfolio

As of June 30, 2020

- P&A constantly reviews your portfolio for optimal asset allocation and a controlled average maturity because a diversified portfolio can better adjust to volatile market conditions.
- The graphs below show asset allocations by market sector and by maturity in your portfolio. They do reflect our expectation of continuing low rates but also our attempts to use all authorized maturities to capture yield available. As Fed actions are introduced some normalcy will return as different market sectors respond. This is what we are watching for and acting on.





**Judson ISD
Portfolio Management
Portfolio Summary
June 30, 2020**

Patterson & Associates
901 S. MoPac
Suite 195
Austin, TX 78746

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Lone Star	21,280,327.23	21,280,327.23	21,280,327.23	9.51	1	1	0.560
Texpool	202,409,867.14	202,409,867.14	202,409,867.14	90.49	1	1	0.217
Investments	223,690,194.37	223,690,194.37	223,690,194.37	100.00%	1	1	0.249

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	45,398.51	3,615,375.26	3,615,375.26

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Gov't Code 2256). The reports also offer supplemental information not required by the Act in order to fully inform the governing body of Judson ISD of the position and activity within the District's portfolio of investment. The reports include a management summary overview, a detailed inventory report for the end of the period, a transaction report, as well as graphic representations of the portfolio to provide full disclosure to the governing body.

William Atkins, CFO



**Judson ISD
Summary by Type
June 30, 2020
Grouped by Fund**

Patterson & Associates
901 S. MoPac
Suite 195
Austin, TX 78746
-

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Construction Series 2013						
Texpool	1	433,384.25	433,384.25	0.19	0.216	1
Subtotal	1	433,384.25	433,384.25	0.19	0.216	1
Fund: Construction Series 2016						
Texpool	1	86,026,878.94	86,026,878.94	38.46	0.216	1
Subtotal	1	86,026,878.94	86,026,878.94	38.46	0.216	1
Fund: Construction Series 2017						
Texpool	1	22,670,463.89	22,670,463.89	10.13	0.216	1
Subtotal	1	22,670,463.89	22,670,463.89	10.13	0.216	1
Fund: Food Service						
Texpool	1	2,018,403.08	2,018,403.08	0.90	0.217	1
Subtotal	1	2,018,403.08	2,018,403.08	0.90	0.217	1
Fund: General/Local Maintenance						
Lone Star	2	21,280,327.23	21,280,327.23	9.51	0.560	1
Texpool	1	62,209,827.89	62,209,827.89	27.81	0.217	1
Subtotal	3	83,490,155.12	83,490,155.12	37.32	0.304	1
Fund: Interest & Sinking						
Texpool	1	26,694,615.72	26,694,615.72	11.93	0.216	1
Subtotal	1	26,694,615.72	26,694,615.72	11.93	0.216	1
Fund: Tax Collections						
Texpool	1	2,356,293.37	2,356,293.37	1.05	0.216	1
Subtotal	1	2,356,293.37	2,356,293.37	1.05	0.216	1
Total and Average	9	223,690,194.37	223,690,194.37	100.00	0.249	1



Judson ISD
Fund CON13 - Construction Series 2013
Investments by Fund
June 30, 2020

Patterson & Associates
 901 S. MoPac
 Suite 195
 Austin, TX 78746
 -

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Texpool										
150000011	10005	Texpool	04/01/2019	433,384.25	433,384.25	433,384.25	0.217	0.213	0.216	1
Subtotal and Average				433,384.25	433,384.25	433,384.25		0.214	0.217	1
Total Investments and Average				433,384.25	433,384.25	433,384.25		0.214	0.217	1

Fund CON16 - Construction Series 2016
Investments by Fund
June 30, 2020

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Texpool										
150000012	10006	Texpool	04/01/2019	86,026,878.94	86,026,878.94	86,026,878.94	0.217	0.213	0.216	1
Subtotal and Average				86,026,878.94	86,026,878.94	86,026,878.94		0.214	0.217	1
Total Investments and Average				86,026,878.94	86,026,878.94	86,026,878.94		0.214	0.217	1

Fund CON17 - Construction Series 2017
Investments by Fund
June 30, 2020

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Texpool										
150000014	10008	Texpool	04/01/2019	22,670,463.89	22,670,463.89	22,670,463.89	0.217	0.213	0.216	1
Subtotal and Average				22,670,463.89	22,670,463.89	22,670,463.89		0.214	0.217	1
Total Investments and Average				22,670,463.89	22,670,463.89	22,670,463.89		0.214	0.217	1

**Fund FS - Food Service
Investments by Fund
June 30, 2020**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Texpool										
150000001	10002	Texpool	04/01/2019	2,018,403.08	2,018,403.08	2,018,403.08	0.217	0.213	0.216	1
Subtotal and Average				2,018,403.08	2,018,403.08	2,018,403.08		0.214	0.217	1
Total Investments and Average				2,018,403.08	2,018,403.08	2,018,403.08		0.214	0.217	1

**Fund GEN - General/Local Maintenance
Investments by Fund
June 30, 2020**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Lone Star										
15916A	10000	Lone Star Corp ON	04/01/2019	21,271,899.81	21,271,899.81	21,271,899.81	0.560	0.552	0.560	1
15916B	10001	Lone Star Gov't ON	04/01/2019	8,427.42	8,427.42	8,427.42	0.190	0.187	0.190	1
Subtotal and Average				21,280,327.23	21,280,327.23	21,280,327.23		0.552	0.560	1
Texpool										
150000005	10003	Texpool	04/01/2019	62,209,827.89	62,209,827.89	62,209,827.89	0.217	0.213	0.216	1
Subtotal and Average				62,209,827.89	62,209,827.89	62,209,827.89		0.214	0.217	1
Total Investments and Average				83,490,155.12	83,490,155.12	83,490,155.12		0.300	0.304	1

**Fund IS - Interest & Sinking
Investments by Fund
June 30, 2020**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Texpool										
150000006	10004	Texpool	04/01/2019	26,694,615.72	26,694,615.72	26,694,615.72	0.217	0.213	0.216	1
Subtotal and Average				26,694,615.72	26,694,615.72	26,694,615.72	0.214	0.217		1
Total Investments and Average				26,694,615.72	26,694,615.72	26,694,615.72	0.214	0.217		1

**Fund TAX - Tax Collections
Investments by Fund
June 30, 2020**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
Texpool										
150000013	10007	Texpool	04/01/2019	2,356,293.37	2,356,293.37	2,356,293.37	0.217	0.213	0.216	1
Subtotal and Average				2,356,293.37	2,356,293.37	2,356,293.37		0.214	0.217	1
Total Investments and Average				2,356,293.37	2,356,293.37	2,356,293.37		0.214	0.217	1



Judson ISD
Interest Earnings
Sorted by Fund - Fund
April 1, 2020 - June 30, 2020
Yield on Average Book Value

Patterson & Associates
901 S. MoPac
Suite 195
Austin, TX 78746

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Adjusted Interest Earnings			
									Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Construction Series 2013												
150000011	10005	CON13	RR2	433,384.25	433,605.08	433,371.43		0.217	0.313	338.17	0.00	338.17
			Subtotal	433,384.25	433,605.08	433,371.43			0.313	338.17	0.00	338.17
Fund: Construction Series 2016												
150000012	10006	CON16	RR2	86,026,878.94	91,719,264.29	89,954,746.11		0.217	0.314	70,526.64	0.00	70,526.64
			Subtotal	86,026,878.94	91,719,264.29	89,954,746.11			0.314	70,526.64	0.00	70,526.64
Fund: Construction Series 2017												
150000014	10008	CON17	RR2	22,670,463.89	27,129,009.74	24,996,474.37		0.217	0.319	19,884.42	0.00	19,884.42
			Subtotal	22,670,463.89	27,129,009.74	24,996,474.37			0.319	19,884.42	0.00	19,884.42
Fund: Food Service												
150000001	10002	FS	RR2	2,018,403.08	2,725,207.88	2,242,890.44		0.217	0.327	1,830.26	0.00	1,830.26
			Subtotal	2,018,403.08	2,725,207.88	2,242,890.44			0.327	1,830.26	0.00	1,830.26
Fund: General/Local Maintenance												
150000005	10003	GEN	RR2	62,209,827.89	88,921,989.45	70,300,082.86		0.217	0.328	57,461.37	0.00	57,461.37
15916A	10000	GEN	RRP	21,271,899.81	21,229,099.56	21,247,246.72		0.560	0.808	42,800.25	0.00	42,800.25
15916B	10001	GEN	RRP	8,427.42	8,420.00	8,423.45		0.190	0.353	7.42	0.00	7.42
			Subtotal	83,490,155.12	110,159,509.01	91,555,753.03			0.439	100,269.04	0.00	100,269.04
Fund: Interest & Sinking												
150000006	10004	IS	RR2	26,694,615.72	26,074,647.52	26,436,890.59		0.217	0.312	20,580.20	0.00	20,580.20
			Subtotal	26,694,615.72	26,074,647.52	26,436,890.59			0.312	20,580.20	0.00	20,580.20
Fund: Tax Collections												
150000013	10007	TAX	RR2	2,356,293.37	694,326.76	696,030.80		0.217	0.285	494.90	0.00	494.90
			Subtotal	2,356,293.37	694,326.76	696,030.80			0.285	494.90	0.00	494.90
			Total	223,690,194.37	258,935,570.28	236,316,156.78			0.363	213,923.63	0.00	213,923.63



Judson ISD
Texas Compliance Change in Val Report
Sorted by Fund
April 1, 2020 - June 30, 2020

Patterson & Associates
 901 S. MoPac
 Suite 195
 Austin, TX 78746
 -

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
Fund: Construction Series									
10005	TXPOOL	CON13	04/01/2019	338.17	433,605.08	338.17	559.00	-220.83	433,384.25
150000011	433,384.25	0.216	/ /	338.17	433,605.08	338.17	559.00	-220.83	433,384.25
Sub Totals For: Fund: Construction Series				338.17	433,605.08	338.17	559.00	-220.83	433,384.25
				338.17	433,605.08	338.17	559.00	-220.83	433,384.25
Fund: Construction Series									
10006	TXPOOL	CON16	04/01/2019	70,526.64	91,719,264.29	311,996.18	6,004,381.53	-5,692,385.35	86,026,878.94
150000012	86,026,878.94	0.216	/ /	70,526.64	91,719,264.29	311,996.18	6,004,381.53	-5,692,385.35	86,026,878.94
Sub Totals For: Fund: Construction Series				70,526.64	91,719,264.29	311,996.18	6,004,381.53	-5,692,385.35	86,026,878.94
				70,526.64	91,719,264.29	311,996.18	6,004,381.53	-5,692,385.35	86,026,878.94
Fund: Construction Series									
10008	TXPOOL	CON17	04/01/2019	19,884.42	27,129,009.74	19,884.42	4,478,430.27	-4,458,545.85	22,670,463.89
150000014	22,670,463.89	0.216	/ /	19,884.42	27,129,009.74	19,884.42	4,478,430.27	-4,458,545.85	22,670,463.89
Sub Totals For: Fund: Construction Series				19,884.42	27,129,009.74	19,884.42	4,478,430.27	-4,458,545.85	22,670,463.89
				19,884.42	27,129,009.74	19,884.42	4,478,430.27	-4,458,545.85	22,670,463.89
Fund: Food Service									
10002	TXPOOL	FS	04/01/2019	1,830.26	2,725,207.88	1,531,694.41	2,238,499.21	-706,804.80	2,018,403.08
150000001	2,018,403.08	0.216	/ /	1,830.26	2,725,207.88	1,531,694.41	2,238,499.21	-706,804.80	2,018,403.08
Sub Totals For: Fund: Food Service				1,830.26	2,725,207.88	1,531,694.41	2,238,499.21	-706,804.80	2,018,403.08
				1,830.26	2,725,207.88	1,531,694.41	2,238,499.21	-706,804.80	2,018,403.08
Fund: General/Local Mainte									
10000	LSCO	GEN	04/01/2019	42,800.25	21,229,099.56	42,800.25	0.00	42,800.25	21,271,899.81
15916A	21,271,899.81	0.560	/ /	42,800.25	21,229,099.56	42,800.25	0.00	42,800.25	21,271,899.81

Judson ISD
Texas Compliance Change in Val Report
April 1, 2020 - June 30, 2020

Inv #	Issuer	Fund	Purch Date	Interest Accrual	Beginning Book Value	Purchases/ Additions	Redemptions	Change in Value	Ending Book Value
Cusip	Par Value	YTM	Mat Date	Interest Received	Beginning Market Value				Ending Market Value
10001	LSGO	GEN	04/01/2019	7.42	8,420.00	7.42	0.00	7.42	8,427.42
15916B	8,427.42	0.190	/ /	7.42	8,420.00	7.42	0.00	7.42	8,427.42
10003	TXPOOL	GEN	04/01/2019	57,461.37	88,921,989.45	25,880,186.04	52,592,347.60	-26,712,161.56	62,209,827.89
150000005	62,209,827.89	0.216	/ /	57,461.37	88,921,989.45	25,880,186.04	52,592,347.60	-26,712,161.56	62,209,827.89
Sub Totals For: Fund: General/Local Mainte				100,269.04	110,159,509.01	25,922,993.71	52,592,347.60	-26,669,353.89	83,490,155.12
				100,269.04	110,159,509.01	25,922,993.71	52,592,347.60	-26,669,353.89	83,490,155.12
Fund: Interest & Sinking									
10004	TXPOOL	IS	04/01/2019	20,580.20	26,074,647.52	620,966.95	998.75	619,968.20	26,694,615.72
150000006	26,694,615.72	0.216	/ /	20,580.20	26,074,647.52	620,966.95	998.75	619,968.20	26,694,615.72
Sub Totals For: Fund: Interest & Sinking				20,580.20	26,074,647.52	620,966.95	998.75	619,968.20	26,694,615.72
				20,580.20	26,074,647.52	620,966.95	998.75	619,968.20	26,694,615.72
Fund: Tax Collections									
10007	TXPOOL	TAX	04/01/2019	494.90	694,326.76	3,764,731.29	2,102,764.68	1,661,966.61	2,356,293.37
150000013	2,356,293.37	0.216	/ /	494.90	694,326.76	3,764,731.29	2,102,764.68	1,661,966.61	2,356,293.37
Sub Totals For: Fund: Tax Collections				494.90	694,326.76	3,764,731.29	2,102,764.68	1,661,966.61	2,356,293.37
				494.90	694,326.76	3,764,731.29	2,102,764.68	1,661,966.61	2,356,293.37
Report Grand Totals:				213,923.63	258,935,570.28	32,172,605.13	67,417,981.04	-35,245,375.91	223,690,194.37
				213,923.63	258,935,570.28	32,172,605.13	67,417,981.04	-35,245,375.91	223,690,194.37