

IPAIT BULLETIN

APRIL 2017

U.S. ECONOMY CONTINUES TO STRENGTHEN AS INVESTORS AWAIT FISCAL POLICY DECISIONS

Economic indicators continue to show strength while fiscal policy expectations have moderated. While the consumer has been a key driver of the recovery since the financial crisis, business sentiment and results are starting to reflect the improved environment as well. While the consumer and business create tailwinds for the economy, the delay in healthcare reform has tempered market expectations for drastic, near-term fiscal policy changes, resulting in range bound equity markets and interest rates.

The Federal Reserve met twice during the first quarter and after signaling that a rate hike was imminent, the Fed raised the Federal Funds rate by 0.25% at the March meeting. A revised dot plot was also released, which revealed median and terminal rate expectations that were mostly unchanged. However, the details were indicative of a slightly more hawkish committee. Conversations regarding the Fed's balance sheet, specifically the mortgage-backed bond exposure, are beginning to emerge and most investors expect a tapering of the reinvestment in 2018.

Fixed income markets were mostly range-bound during first quarter with little change in most of the major market indicators. Volatility remained relatively low for most of the quarter as the push and pull of politics, Federal Reserve policy, and economic data provided mixed signals to market participants.

Interest rates move within a fairly narrow range and ended the quarter at similar levels to where they ended 2016. Rates, as measured by the 10 year U.S. Treasury yield, started the quarter at 2.45%, reached a high of 2.63% in mid-March, and fished the quarter back at 2.39%. Only short term interest rates, responding to the Fed funds rate increase in mid-March, increased during the quarter.

U.S. GDP growth for the fourth quarter finished at 2.1%, more than double that of the same quarter in 2015. Consumer sentiment continues to increase on housing market strength, record equity prices, and a labor market that is nearing full employment. Strong consumer sentiment is beginning to result in strength in manufacturing and service sectors. Fourth quarter earnings are consistent with these expectations as both revenues and earnings from the period beat market expectations. Consistent with this data and our longer-term view, we continue to believe that GDP growth will remain steady in the coming quarters and are forecasting the GDP growth rate to be 2.0% to 2.5% in the coming quarters.

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INVESTMENT YIELD SUMMARY

(7-Day Average)
AS OF 04/3/17
0.423%

For current rates, a 12-month history of our daily rates, or investment assistance, please visit our website or call us toll free. The above daily rate is calculated based on a 365-day annualized factor.

Past performance does not guarantee future results.

UPDATES: WEBSITE & FUND RATE

New Website Launching

We are excited to announce that we are launching an updated IPAIT website on April 13. Our simple goal was to provide an improved experience and an easier way for you, our participants, to find the information you need. Therefore, in addition to refreshed branding, our site includes improved navigation and highlighted materials to help you more easily find the content that matters to you. Please contact us with any questions.

IPAIT Diversified Fund Rate Update

The most recent rate increase on March 15th, 2017, came after promising economic news. Given the positive momentum, we could see two more rate increases before year end.

IPAIT continues to focus on safety of invested principal, maintenance of liquidity, and provision of yield. However, due to the IPAIT Diversified Fund's investments in short-term securities, **the rate often adjusts as the Fed Funds rate does. This means we are continually able to both invest your assets, and pass along improved yields. Check out the net yield today!**

Fund portfolio management is led by Scott McEachron, CFA. Scott continues to enhance the cash flow analysis of the portfolio and our investment relationships to help ensure we remain fully invested and capitalize on increased yields. Prior to joining us, he was an investment analyst with the Reinsurance Group of America. He also earned his B.S. degree from ISU and his M.B.A. from Creighton University.

A few fun facts about Scott are that he enjoys spending the majority of his time outside of work with his wife and daughters (3 years and 5 months old) and his number one hobby is traveling. In addition, as you might expect given his alma mater, he is an avid Cyclone fan.

We appreciate your continued support of the IPAIT program. Please let us know if there is anything we can do for you.

Please contact your IPAIT representative at (800) 872-4024 or fundservices@miles-capital.com

EVENTS

April 19-21

IMFOA Spring Conference

May 17-19

ICTEA May School

June 26

IAMU Golfin' Fore Safety

HOLIDAYS

Fund closed to transactions and participant inquiries.

Friday, April 14

Good Friday

Monday, May 29

Memorial Day

Tuesday, July 4

Independence Day

IPAIT'S SPONSORING ASSOCIATIONS

Iowa Association of Municipal Utilities
1735 NE 70th Avenue
Ankeny, IA 50021-9353
www.iamu.org



Iowa Association
of Municipal Utilities

Iowa League of Cities
500 SW 7th Street, Suite 101
Des Moines, IA 50309
www.iowaleague.org



Iowa State Association of Counties
5500 Westown Parkway, Suite 190
West Des Moines, IA 50266
www.iowacounties.org



IPAIT DISCLOSURES

IPAIT was established in 1987. IPAIT's unique, internet-based proprietary reporting system offers real-time account inquiry, and transaction capabilities via the internet. Participants may invest, withdraw funds, check balances and transaction history, and make vendor payments with this service. There is also toll-free phone access to experienced administrators who can personally assist you with any IPAIT-related inquiry.

There is no limit on the number of individual accounts, no minimum balance requirement, and no limits on the number of transactions per month. Please contact us today to learn more about the additional benefits IPAIT has to offer you.

An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00/share, it is possible to lose money by investing in the Fund. This newsletter must be accompanied by the Information Statement prior to investing. The Information Statement is available at www.IPAIT.org.

Market commentary presented herein reflects our opinion as of the date of this material, is subject to change without notice, and is provided for information purposes only.

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