



CaITRUST

February 28, 2018

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BLACKROCK®

Market Review

Macro Overview

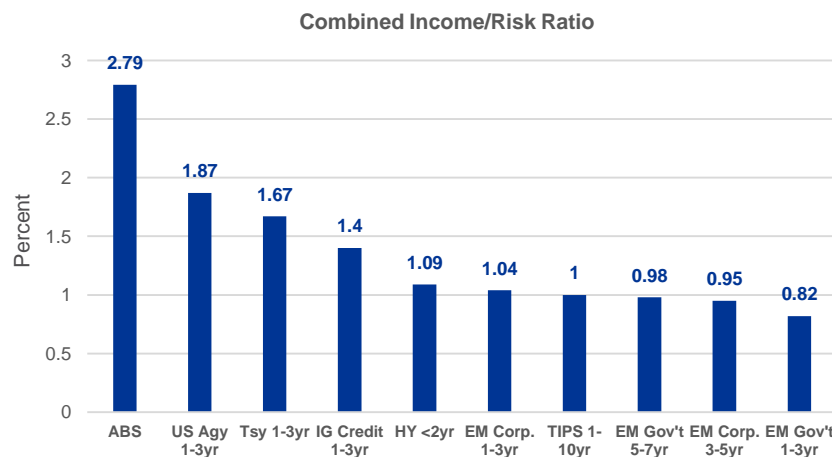
- February Non-Farm Payroll:** The US labor market continues to thrive after the February non-farm payroll showed a 313k monthly increase (the strongest monthly gain since mid-2016) along with a 54k upward revision for the previous two months. In addition, participation rate jumped 0.3% to 63, the highest since September 2017 and reflective continued reduction in labor market slack. The only dampening effect from the report was the average hourly earnings, which grew 0.15% over the month in February, with January and December revised down to leave the year-on-year gain at 2.6%.
- Federal Reserve:** While the January Fed Minutes showed participants seeing more favorable outlook for supporting gradual rate hikes, the landscape has changed with more stimulus and at least tentative evidence of stronger wage and inflation data. Also, Fed Chair Powell's inaugural semi-annual monetary policy testimony before US Congress saw a greater resolve by Powell about raising rates more quickly than
- US Economy:** The latest economic data shows continued growth momentum in the US after another stellar US labor report, rising confidence indices as reported by the Michigan Confidence and the Conference Board Confidence indices and a robust yet gradual rise in headline and core inflation. Combined these data points have led various economic surprise indices into positive territory.
- US Tariffs:** President Trump enacted tariffs on imported steel and aluminum with the exception of imports from Canada and Mexico. We believe Domestic metal producers should benefit while the rest of the economy could feel the negative repercussion of higher input prices. While the current policy is unlikely to have a big impact, there remains the tail risk of a trade war which would have larger negative consequences.
- US Short Duration:** After a quickened flattening of the US yield curve in Q4, 2017 and at the beginning of this year, US fixed income short duration assets have become one of the most sought-after fixed income allocations given their attractive risk-adjusted income potential relative to other

Since 2010 the average monthly gain in the US labor market has been 187k with 96 consecutive months of rising employment



Source: Barclays Global Research. Report as of 9 March 2018.
See appendix for information on economic data sources

Shorter duration assets in the US continue to offer a far more attractive income/risk ratio compared to other sectors/regions



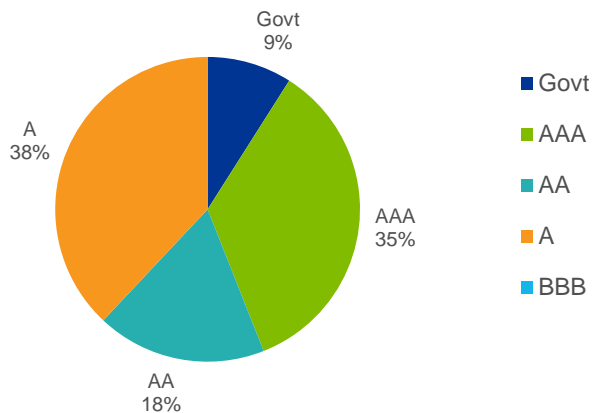
Source: JPMorgan. Data as of 9 March, 2018.

Portfolio Review

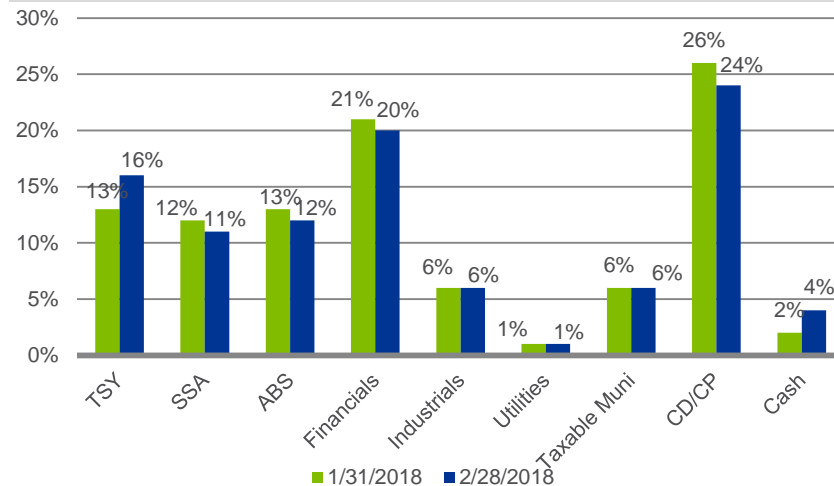
CalTRUST Short Term Bond Fund Portfolio Composition

February 2018

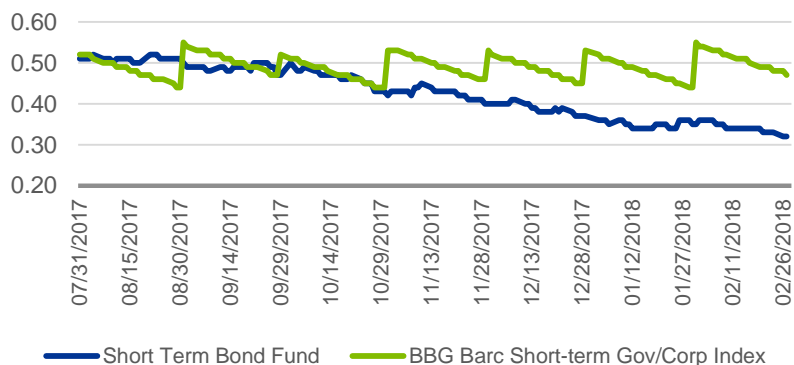
Credit Quality (% NAV)



Sector Allocation Changes (%NAV)



Portfolio duration vs. benchmark (Years)



Portfolio characteristics

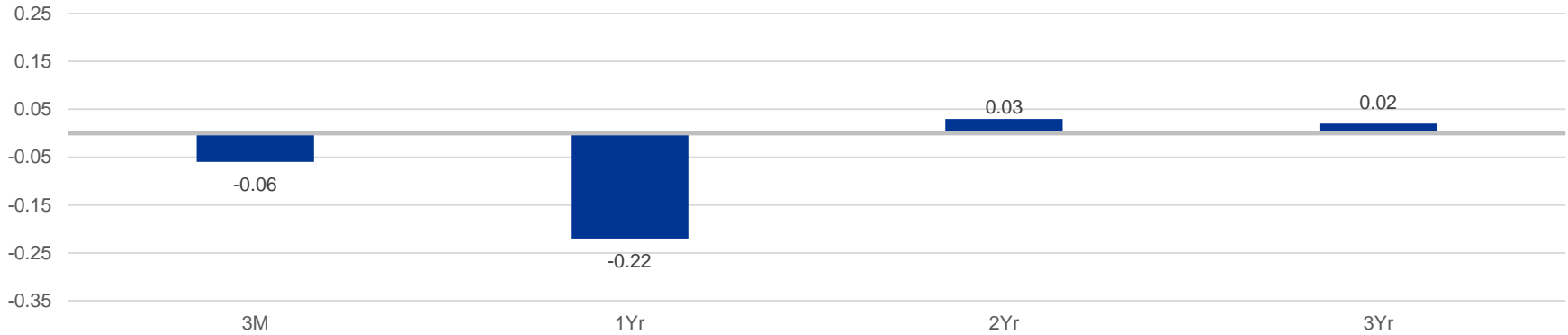
	Portfolio	Benchmark	Difference
Effective Duration (yrs.)	0.32	0.55	-0.23
Spread Duration	0.60	0.15	0.45
Convexity	0.00	0.01	-0.01
Yield (%)	2.05	2.01	0.04
Avg Credit Qual (Mdy/S&P)	Aa2/AA-	Aa1/AA	-
Floating Rate Bonds (%)	32%	-	-

Source: BlackRock

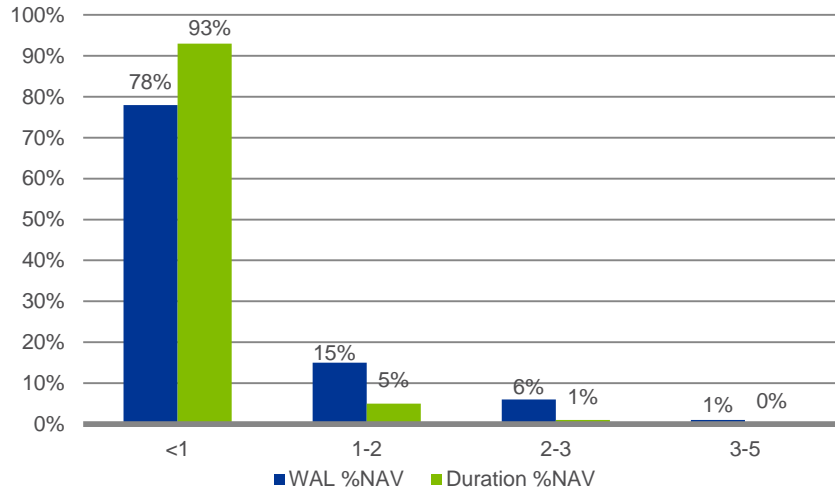
CalTrust Short Term Bond Fund Positioning

February 2018

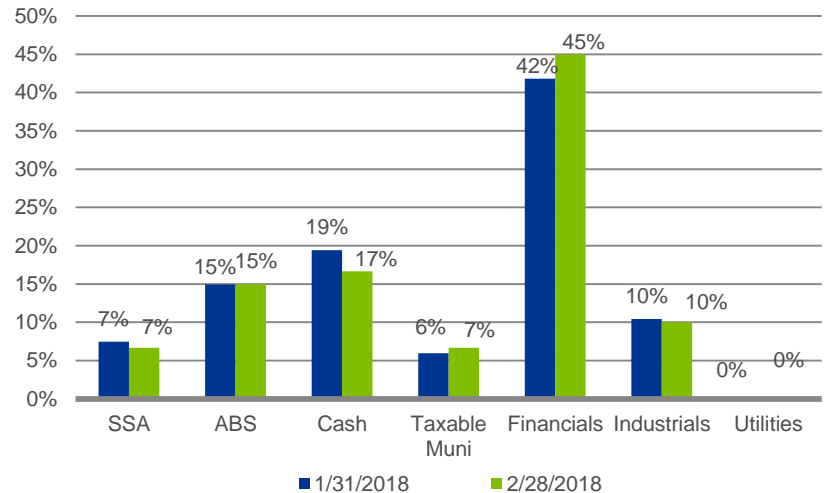
Active Portfolio Yield Curve Positioning (years)



Effective Duration and WAL Breakdown (% NAV)



Spread Duration Change (% NAV)

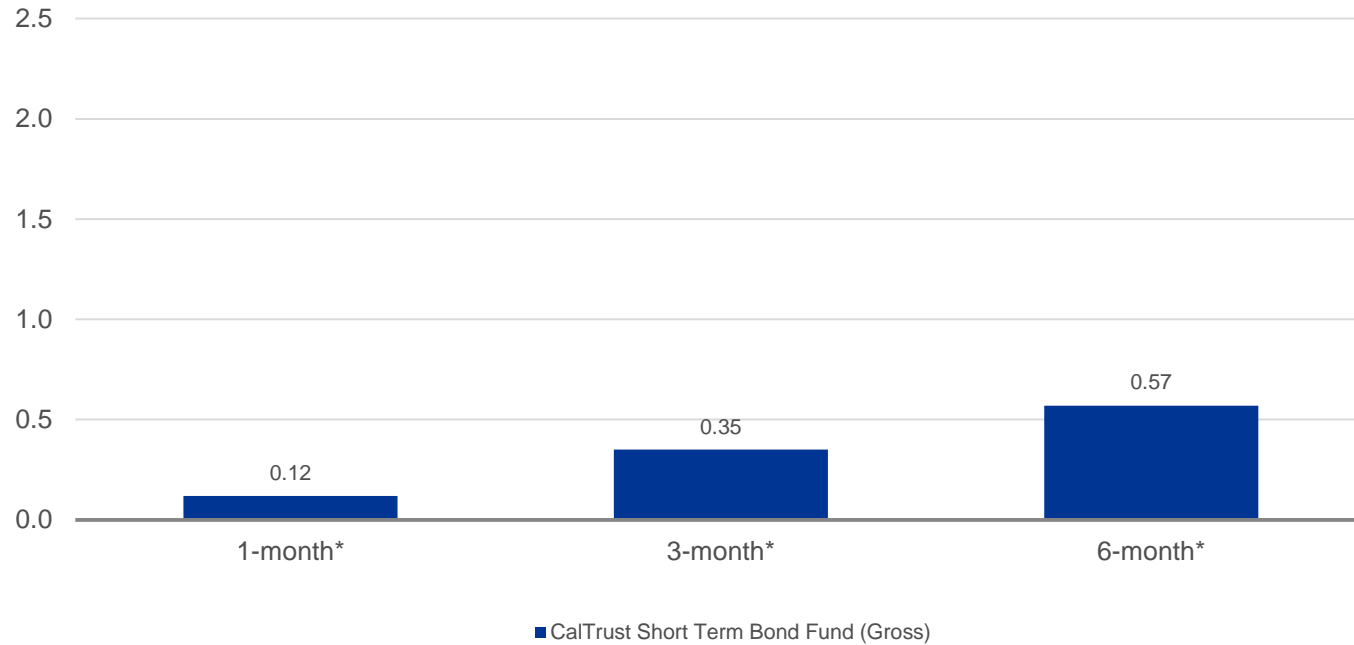


Source: BlackRock

CalTrust Short Term Bond Fund Performance Summary

As of February 28, 2018

Gross total return in USD (annualized %)



	1-Month*	3-Month*	6-Month*
Active Return	0.01	0.02	-0.04

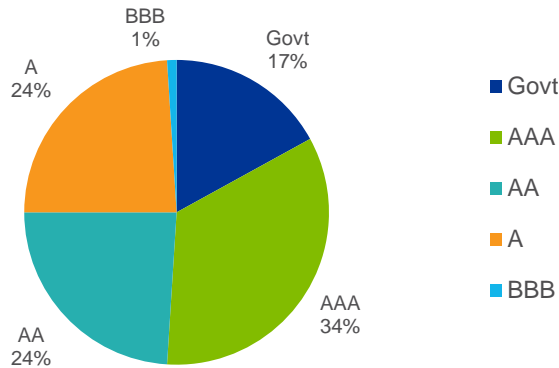
*unannualized

Unless otherwise noted, results do not reflect the deduction of management/advisory fees; management/advisory fees and other expenses will reduce a client's return. For example, assuming an annual gross return of 8% and an annual management/advisory fee of 0.25%, the net annualized total return of the portfolio would be 7.74% over a 5-year period. Fees are described in Part II of BlackRock's Form ADV. Past results are not necessarily indicative of future results.

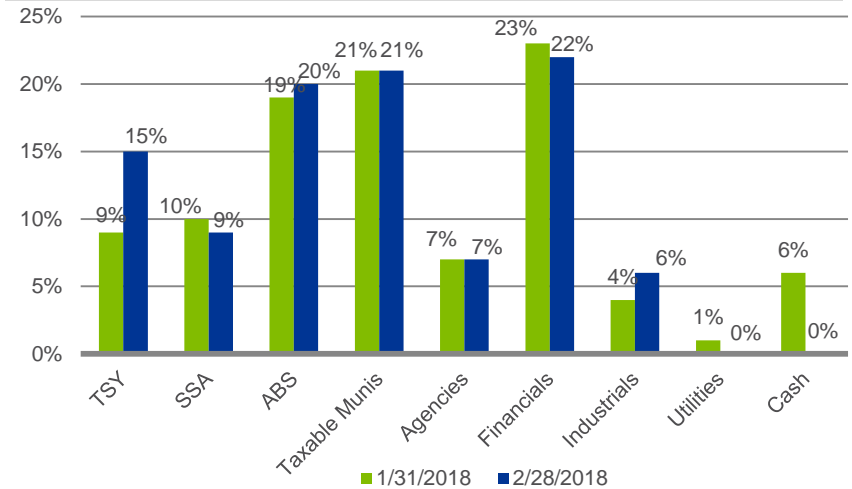
CalTRUST Medium Term Bond Fund Portfolio Composition

February 2018

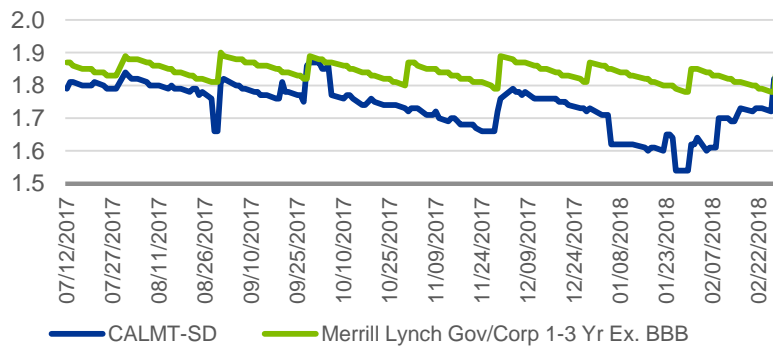
Credit Quality (% NAV)



Sector Allocation Changes (%NAV)



Portfolio duration vs. benchmark (Years)



Portfolio characteristics

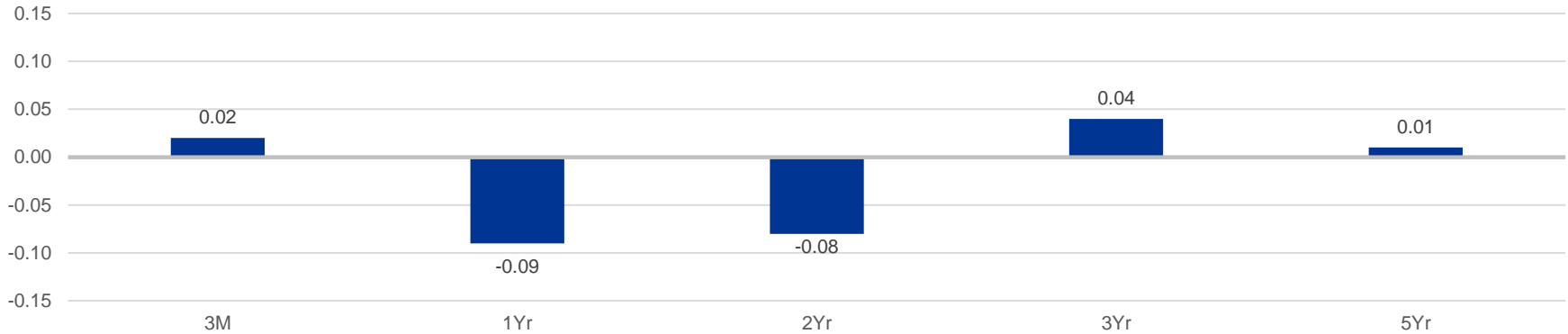
	Portfolio	Benchmark	Difference
Effective Duration (yrs.)	1.78	1.88	-0.10
Spread Duration	1.54	0.60	0.94
Convexity	0.04	0.05	-0.01
Yield (%)	2.51	2.39	0.12
Avg Credit Qual (Mdy/S&P)	Aa2/AA	Aa1/AA	-
Floating Rate Bonds (%)	4%	-	-

Source: BlackRock

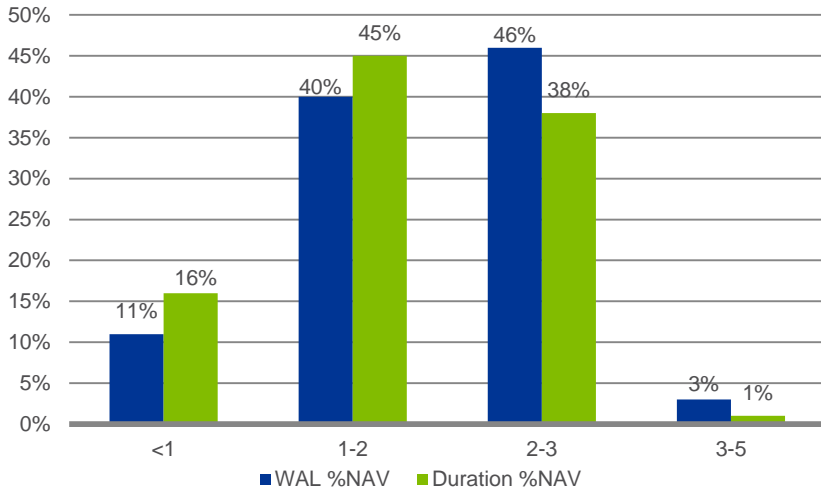
CalTRUST Medium Term Bond Fund Positioning

February 2018

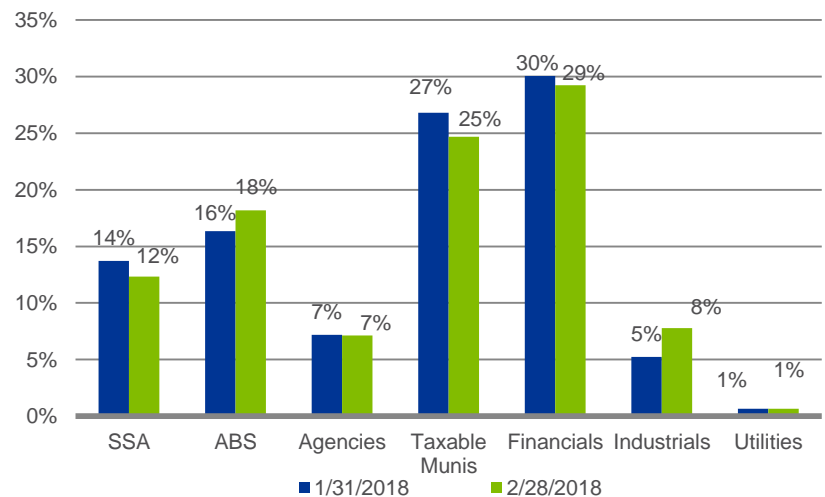
Active Portfolio Yield Curve Positioning (years)



Effective Duration and WAL Breakdown (% NAV)



Spread Duration Change (% NAV)

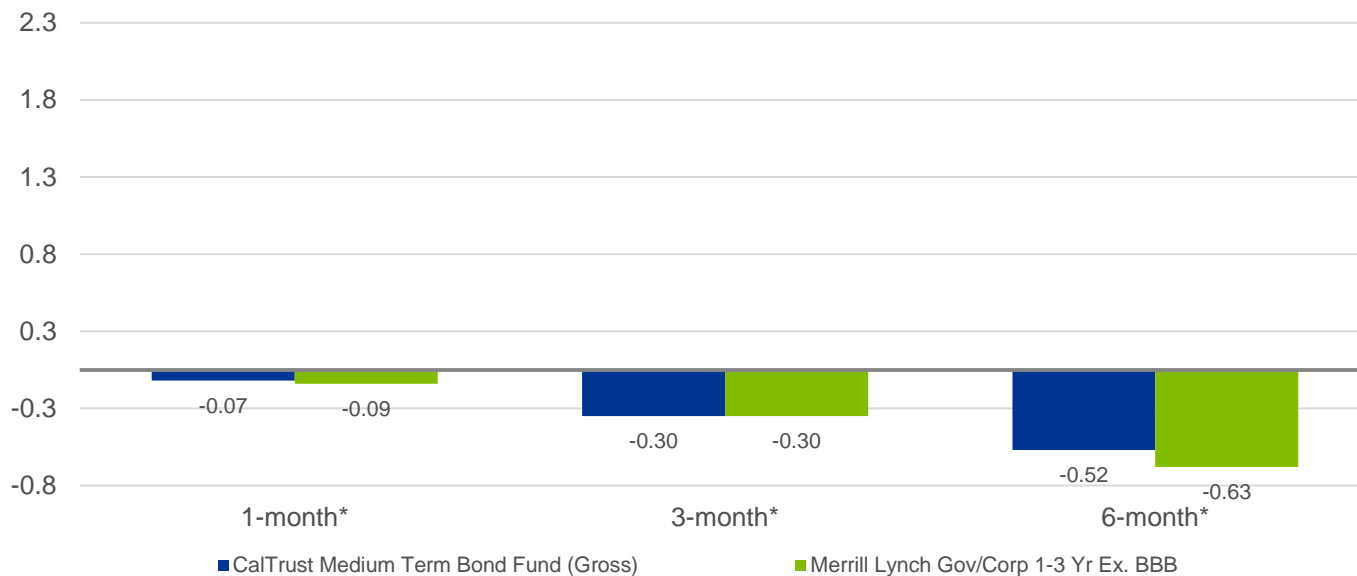


Source: BlackRock

CalTRUST Medium Term Bond Fund Performance Summary

As of February 28, 2018

Gross total return in USD (annualized %)



	1-Month*	3-Month*	6-Month*
Active Return	0.02	0.00	0.11

*unannualized

Unless otherwise noted, results do not reflect the deduction of management/advisory fees; management/advisory fees and other expenses will reduce a client's return. For example, assuming an annual gross return of 8% and an annual management/advisory fee of 0.25%, the net annualized total return of the portfolio would be 7.74% over a 5-year period. Fees are described in Part II of BlackRock's Form ADV. Past results are not necessarily indicative of future results.

GASB Model Portfolio

BlackRock Cash Management 60-Day Duration Sample Model Portfolio

As of 3/13/2018, based on GASB 79 requirements as requested by CalTRUST

Portfolio Objectives: The sample strategy below seeks to achieve a high level of current income consistent with the maintenance of liquidity and the preservation of capital by investing in high quality fixed income securities. A BlackRock separate account will be customized based on the clients' unique risk profile and investment goals.

Allowable Investments: Allocation to fixed income instruments consists of U.S. Treasuries, U.S. government agencies, commercial paper, certificates of deposit, corporate financials, industrials, utilities, asset-backed securities, and municipal obligations.

Portfolio Characteristics*

Average Yield	1.79%
Average Maturity	25 days
Average Effective Duration	0.07 years
Minimum Credit Quality	A-1/P-1

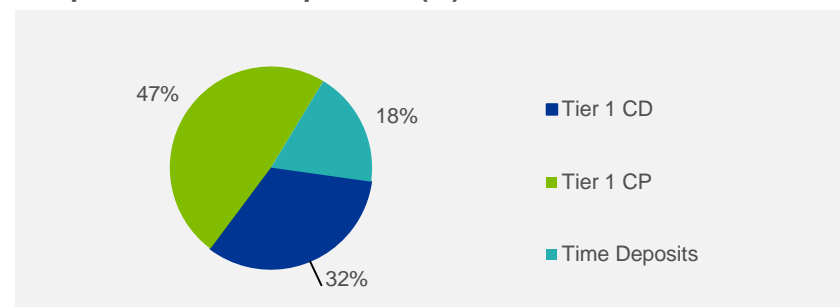
*The average yield, maturity, and effective duration are weighted averages as of the date noted. The average maturity and effective duration are weighted averages as of the reset dates. The minimum credit quality reflects the minimum permitted credit rating of an issuer.

Maturity Distribution**

0 to 90 days	70%
3 to 6 months	19%
6 to 12 months	11%
1 to 2 years	0%
2 to 3 years	0%

**The maturity distribution is measured to final maturity date.

Sample Portfolio Composition (%)



Average Yield Per Sector

	Tier 1 CP/CDs: Fixed Rate	Tier 1 CP/CDs: Floating Rate	Corporate Bonds: Financial	Corporate Bonds: Non-Financial
0 to 180 Days	1.89%	1.87%	2.2%	2.1%
181 to 360 Days	2.31%	2.09%	2.35%	2.25%
1 to 1.5 Years	2.45%	2.14%	2.58%	2.5%
1.5 to 2 Years	N/A	2.18%	2.85%	2.8%
2 to 3 Years	N/A	N/A	3.14%	3.1%

Note: The yields for each sector are calculated as follows: With respect to fixed Tier 1 commercial paper and certificates of deposit, the average of LIBOR rates over the specified maturity ranges was used. With respect to floating-rate Tier 1 commercial paper and certificates of deposit, the 3-month LIBOR rate was used and the dealers' offered spread was added to calculate an average rate of all the offerings over the specified maturity ranges. Data shown is for illustrative purposes only and is not an actual portfolio. The model portfolio's Sector Allocation, Current Yield, Duration and Dollar Weighted Average Life are based on current market conditions and investment strategy. Actual investment outcomes may vary, and a client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account. Investment advisory fees are described in Part 2 of BlackRock's Form ADV. BlackRock cannot be held responsible for any direct or incidental loss resulting from applying any of the information provided herein. Portfolio composition subject to change based on specific client guidelines.

Appendix

Important Notes

Data Sources:

Unless otherwise noted, all information pertaining to Treasury yields, inflation, breakeven levels and economic data releases are sourced from Bloomberg as of the date/ month referenced on each respective slide. Unless otherwise noted, option adjusted spreads and excess returns are sourced from Barclays. Information provided in the “Market color” and “Issuance” sections of the corporate, ABS and CMBS slides is calculated internally from the BlackRock trading desk. Information pertaining to the FOMC can be found on the Federal Market Committee website.

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Important Notes

Index

It is not possible to directly invest in an unmanaged index.

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