# IOWA PUBLIC AGENCY INVESTMENT TRUST

## DIVERSIFIED PORTFOLIO
## ANNUAL FINANCIAL REPORT

### FISCAL YEAR ENDING JUNE 30, 2018

The Fund is distributed by Miles Capital, Inc.

Shares of the Fund are NOT INSURED BY THE FDIC. Investment products involve investment risk, including the possible loss of principal. Past performance is not predictive of future results, and the composition of the Fund's portfolio is subject to change.

This annual report is not authorized for distribution unless accompanied or preceded by a current Information Statement also known as a prospectus. An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the Fund's Information Statement. To obtain more information, please call 800-872-4024 or visit the website IPAIT.org. Please read the Information Statement carefully before investing.

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IPAIT
IOWA PUBLIC AGENCY INVESTMENT TRUST

# TABLE OF CONTENTS

## INTRODUCTORY SECTION


Letter from the Chair ..... 2
Board of Trustees ..... 4
Service Providers ..... 6
Organization Chart ..... 7


## FINANCIAL SECTION


Report of Independent Auditor ..... 8
Management's Discussion and Analysis ..... 10
Schedule of Investments ..... 13
Statement of Net Assets ..... 14
Statements of Operations ..... 15
Statements of Changes in Net Assets ..... 16
Notes to Financial Statements ..... 17
Financial Highlights ..... 20


## INVESTMENT SECTION


Fund Facts Summary ..... 21
Introduction ..... 22
Risk Profile ..... 23
Performance Summary ..... 24
Fund Expenses ..... 25
Additional Information ..... 27
Investment Commentary ..... 28
IPAIT Investment Policy ..... 29
Investing and Non-Investing Participants ..... 33


## STATISTICAL SECTION


Statistical Information ..... 35
Changes in Net Assets ..... 37
Glossary of Investment Terms ..... 38

IPAIT
IOWA PUBLIC AGENCY INVESTMENT TRUST

# LETTER FROM THE CHAIR (unaudited)

August 29, 2018

Dear Fellow IPAIT Participants:

The Iowa Public Agency Investment Trust ("IPAIT") is pleased to submit the Diversified Portfolio Annual Financial Report for the Fiscal Year ended June 30, 2018.

IPAIT is a rated Fund and obtains an annual rating from S&P Global Ratings ("S&P"). According to S&P, a fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by S&P. This is accomplished through conservative investment practices and strict internal controls. The portfolio is monitored on a weekly basis by S&P.

## ABOUT THE REPORT

While IPAIT's financial statements and the related financial data contained in this report have been prepared in conformity with U.S. generally accepted accounting principles and have been audited by IPAIT's Independent Auditor, KPMG LLP, the ultimate accuracy and validity of this information is the responsibility of IPAIT's Board of Trustees. To carry out this responsibility, the Board of Trustees maintains financial policies, procedures, accounting systems and internal controls which the Board believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investment assets are safeguarded.

In addition, the three ex-officio non-voting Trustees meet with the Program's service providers and legal counsel to review all aspects of IPAIT performance each month. The Board of Trustees meets quarterly to similarly review Program performance and compliance. In addition, the IPAIT Board of Trustees regularly subjects IPAIT to a comprehensive review of all services and costs of operation.

In the Board's opinion, IPAIT's internal controls are adequate to ensure that the financial information in this report presents fairly the IPAIT Diversified Portfolio operations and financial condition.

The Federal Reserve ("Fed") raised interest rates three times during the past fiscal year putting the Fed Funds target range at 1.75 - 2.00 percent at year end. IPAIT fund yields experienced an increase as a result of the Fed Funds increases. There is more detail on the economic environment in the Investment Commentary from our registered investment advisor found later in this report.

## INVESTMENT POLICIES AND STRATEGIES

IPAIT was created pursuant to Iowa Code Chapter 28E in 1987 to enable eligible Iowa public agencies to effectively invest their available operating and reserve funds in a competitive rate environment that focuses on safety of principal and liquidity. The Diversified Portfolio follows money market mutual fund investment parameters per GASB 79 and has maintained a $1 per unit net asset value since inception.

## INVESTMENT SAFEGUARDS

The Fund continues to be focused on the investment objectives as stated in the IPAIT Investment Policy. These goals, in order of priority are: safety of invested principal, maintenance of liquidity, and maximum yield. Within these objectives, the Fund strives to provide participants with the best available rate of return for legally authorized investments. All security settlements within the Fund are settled on a delivery-versus-payment (DVP) basis. DVP settlements greatly reduce the possibility of inappropriate transmission of funds or securities.

## RELIABILITY OF INVESTMENT SECTION

All commentary and displays in the Investment Section were prepared by IPAIT's service provider, Miles Capital, the program's Investment Adviser and Administrative Services provider. Miles Capital has provided services to the IPAIT program since the program's inception in 1987. All services provided by IPAIT to participants are subject to rigorous and regular verification.Miles Capital and IPAIT have designed internal controls and procedures to ensure that material information is made known to the principal executive officers, David Miles (Chief Executive Officer), Gwen Gosselink (Chief Compliance Officer), and Amy Mitchell (Chief Financial Officer), respectively during the reporting period for the semi-annual and annual report to shareholders. These individuals are required to report any deficiencies and any actual or alleged fraud to the Fund Auditor and to the Executive Committee immediately upon discovery.

## PARTICIPANT MEETINGS

IPAIT had a participant meeting during the fiscal year with four proposals considered, election of the Board of Trustees, ratification of the selection of program auditors, amendments to the Restated Joint Powers Agreement & Declaration of Trust, and amendments to the IPAIT Investment Policy. Details of the meeting results and proposal responses can be found later in this report.

## SUMMARY

On behalf of the Board of Trustees, sponsoring associations and service providers, we thank you for your continued support of IPAIT. We encourage you to contact us with comments and suggestions regarding any improvements to the operation of IPAIT. Your involvement in IPAIT is essential in its ability to provide a competitive investment alternative, and ongoing program opportunities for association members.

# LETTER FROM THE CHAIR (cont.) (unaudited)

As we begin Fiscal Year 2018-2019, IPAIT will continue to be guided by its objectives of safety of principal, liquidity, and competitive return. In addition, IPAIT will be an excellent resource as a user-friendly investment alternative and also an educational resource. The IPAIT.org website provides monthly updates as well as access to the secure IPASonline system. We collectively pledge to continue working together to provide a viable investment option for every participant.

Respectfully,

Craig Anderson
Chair, Board of Trustees

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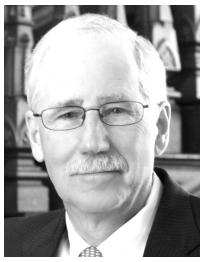
IOWA PUBLIC AGENCY INVESTMENT TRUST

# BOARD OF TRUSTEES
(unaudited)

Alan Kemp
Executive Director,
Iowa League of Cities
IPAIT Secretary to the Board



William Peterson
Executive Director,
Iowa State Association of Counties
IPAIT Treasurer to the Board

Troy DeJoode
Executive Director,
Iowa Association of Municipal Utilities
IPAIT Assistant Secretary to the Board

Brent Hinson
City Administrator
City of Washington

Michelle Weidner
Chief Financial Officer
City of Waterloo

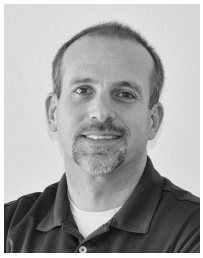
Tim Stiles
Finance Director
City of West Des Moines

Craig Anderson
Board of Supervisors
Plymouth County

Renee Twedt
County Treasurer
Story County

Randy Jacobsma
County Treasurer
Sioux County

Steven Pick
General Manager
Spencer Municipal Utilities



Greg Fritz
Chief Executive Officer
NIMECA

Jerry Gowey
Director, Finance and Administrative Services
Muscatine Power and Water

The trustees and officers are not compensated for Board service. Expenses incurred in attending meetings are paid by the Trust.

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# BOARD OF TRUSTEES
(unaudited)

| Name | Address | Age | Position held with IPAIT | Term of Office | Length of Time Served | Principal Occupation During Past Five Years | Number of Portfolios Overseen by Trustee | Outside Directorships Past 5 Years |
|---|---|---|---|---|---|---|---|---|
| Craig Anderson | 215 4th Avenue SE<br>LeMars, IA 51031 | 65 | Trustee Chair | Term Ending 2018 | Since 2013 | Plymouth County Board of Supervisors<br>Self-employed Farmer | 1 | None |
| Greg Fritz | 1011 12th Ave. North<br>Humboldt, IA 52353 | 46 | Trustee<br>Vice Chair | Term Ending 2020 | Since 2013 | Chief Executive Officer, NIMECA | 1 | None |
| Michelle Weidner | 715 Mulberry Street<br>Waterlo, IA 50703 | 57 | Trustee<br>Second Vice Chair | Term Ending 2020 | Since 2013 | Chief Financial Officer, City of Waterloo | 1 | None |
| Brent Hinson | 215 E Washington St<br>Washington, IA 52353 | 40 | Trustee | Term Ending 2019 | Since 2010 | City Administrator<br>City of Washington | 1 | None |
| Randy Jacobsma | 104 1st Street SE<br>Orange City, IA 51041 | 53 | Trustee | Term Ending 2019 | Since 2015 | Sioux County Treasurer | 1 | None |
| Jerry Gowey | 3205 Cedar Street<br>Muscatine, IA 52761 | 57 | Trustee | Term Ending 2018 | Since 2018 | Director, Finance & Administrative Services<br>Muscatine Power & Water | 1 | None |
| Steven Pick | 520 2nd Ave E<br>Suite 1<br>Spencer, IA 51301 | 44 | Trustee | Term Ending 2019 | Since 2014 | General Manager, Spencer Municipal Utilities | 1 | None |
| Tim Stiles | 4200 Mills Civic Pkwy<br>West Des Moines, IA 50265 | 50 | Trustee | Term Ending 2018 | Since 2015 | Finance Director, City of West Des Moines | 1 | None |
| Renee Twedt | 900 Sixth Street<br>Nevada, IA 50201 | 49 | Trustee | Term Ending 2020 | Since 2015 | Story County Treasurer | 1 | None |
| Alan Kemp<br>Ex Officio Non-Voting Trustee | 500 SW 7th St<br>Suite 101<br>Des Moines, IA 50309 | 57 | IPAIT Secretary | | Since 2007 | Iowa League of Cities<br>Executive Director | | |
| William Peterson<br>Ex Officio Non-Voting Trustee | 5500 Westown Pkwy<br>Ste 190<br>West Des Moines, IA 50266 | 68 | IPAIT Treasurer | | Since 1994 | Iowa State Association of Counties<br>Executive Director | | |
| Troy DeJoode<br>Ex Officio Non-Voting Trustee | 1735 NE 70th Ave<br>Ankeny, IA 50021 | 47 | IPAIT Assistant Secretary | | Since 2014 | Iowa Association of Municipal Utilities<br>Executive Director | | |

The trustees and officers are not compensated for Board service. Expenses incurred in attending meetings are paid by the Trust.

# SERVICE PROVIDERS (unaudited)

## Sponsoring Associations

IOWA ASSOCIATION OF MUNICIPAL UTILITIES

Iowa Association of Municipal Utilities
1735 NE 70th Avenue
Ankeny, IA 50021-9353
Troy DeJoode, Executive Director
tdejoode@iamu.org
515-289-1999

Iowa State Association of Counties
5500 Westown Parkway, Suite 190
West Des Moines, IA 50266-8202
William Peterson, Executive Director
bpeterson@iowacounties.org
515-244-7181

Iowa League of Cities
500 SW 7th Street, Suite 101
Des Moines, IA 50309
Alan Kemp, Executive Director
alankemp@iowaleague.org
515-244-7282

## Legal Counsel

AHLERS & COONEY, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309
Elizabeth Grob 515-246-0305
egrob@ahlerslaw.com

## Investment Adviser | Administrator

Miles Capital
Century II Building
1415 28th Street, Suite 200
West Des Moines, IA 50266-1461

Walt Stubbings 515-224-2719
wstubbings@miles-capital.com

Amy Mitchell 515-224-2720
amitchell@miles-capital.com

Anita Tracy 515-224-2725
atracy@miles-capital.com

Gwen Gosselink 515-224-2716
ggosselink@miles-capital.com

## Marketer

PMA Financial Network, Inc.
2335 City Gate Lane, 7th Fl
Naperville, IL 60563
Paul L. Kruse 515-554-1555
pkruse@pmanetwork.com

## Custodian

Wells Fargo Bank, N.A.
MAC N9300-060
600 S. 4th Street, 6th Floor
Minneapolis, MN 55479

Brent Jordahl 612-316-0112
brent.m.jordahl@wellsfargo.com

Jenny Blankenship 515-245-3409
jenny.blankenship@wellsfargo.com

## Independent Auditor

KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309
William S. Long 612-305-5009
wslong@kpmg.com

IPAIT
IOWA PUBLIC AGENCY INVESTMENT TRUST

# ORGANIZATION CHART
(unaudited)

## IPAIT Board of Trustees

Craig Anderson, Chair and Trustee
Greg Fritz, Vice Chair & Trustee
Michelle Weidner, Second Vice Chair & Trustee
Jerry Gowey, Trustee
Brent Hinson, Trustee
Randy Jacobsma, Trustee
Tim Stiles, Trustee
Renee Twedt, Trustee
Steven Pick, Trustee

## IPAIT Sponsoring Association

Iowa League of Cities
Alan Kemp

Iowa State Association of Counties
William Peterson

Iowa Association of Municipal Utilities
Troy DeJoode

## IPAIT Custodian

Wells Fargo Bank, N.A.
Brent Jordahl
Jenny Blankenship

## IPAIT Investment Adviser

Miles Capital
Walt Stubbings

## IPAIT Administrator

Miles Capital
Amy Mitchell
Anita Tracy
Gwen Gosselink

## IPAIT Marketer

PMA Financial Network
Paul Kruse

## IPAIT Legal Counsel

Ahlers & Cooney, P.C.
Elizabeth Grob

## IPAIT Independent Auditor

KPMG LLP
William S. Long

KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

# Independent Auditors' Report

The Board of Trustees and Participants
Iowa Public Agency Investment Trust:

## Report on the Financial Statements

We have audited the accompanying financial statements of Iowa Public Agency Investment Trust, which comprise the statement of net assets, and the schedule of investments, as of June 30, 2018, the statements of operations and changes in net assets for each of the years in the two-year period then ended, the financial highlights for each of the years in the five-year period then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements and financial highlights in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and financial highlights that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 and financial highlights. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and financial highlights, 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 and financial highlights.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Iowa Public Agency Investment Trust as of June 30, 2018, the results of its

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

operations for each of the years in the two-year period the ended, and the financial highlights for each of the years in the five-year period then ended in accordance with U.S. generally accepted accounting principles.

**Other Matters**

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 10-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, 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 with 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.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section has 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 it.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 29, 2018 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

KPMG LLP

Des Moines, Iowa
August 29, 2018

# MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

This section of the IPAIT Diversified Portfolio's Comprehensive Annual Financial Report presents management's discussion and analysis of the financial position and results of operations as of and for the fiscal years ended June 30, 2018 (FY 18) and 2017 (FY 17). This information is being presented to provide additional information regarding the activities of IPAIT, pursuant to the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures (Statements Nos. 34, 37, and 38). This discussion and analysis should be read in conjunction with the basic financial statements of IPAIT's Diversified Portfolio.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis provides an introduction to and overview of the basic financial statements of IPAIT's Diversified Portfolio. The following components comprise the financial statements: 1) Schedule of Investments, 2) Statement of Net Assets, 3) Statements of Operations, 4) Statements of Changes in Net Assets, and 5) Notes to Financial Statements.

- The Schedule of Investments lists each security held by the portfolio as of the date of the current fiscal year end.
- The Statement of Net Assets shows the financial position (assets and liabilities) of the portfolio as of the date of the current fiscal year end.
- The Statements of Operations display the results of operations (income and expenses) of the portfolio for the two most recent fiscal years.
- The Statements of Changes in Net Assets display the results of additions (net investment income, unit sales, and reinvestments) and deductions (dividends and unit redemptions) of the portfolio for the two most recent fiscal years.
- The Notes to Financial Statements describe significant accounting policies and disclose summary security transaction amounts of the portfolio and other information required by U.S. generally accepted accounting principles.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year-over-year changes in most financial statement amounts reported in IPAIT's Diversified Portfolio are most significantly impacted by the level of average net assets (which fluctuates based on the overall levels of pool participant/unitholder invested balances). The pool is the portfolio. Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned by the portfolio. Over the twelve months ended June 30, 2018, the Federal Reserve's Federal Open Market Committee increased the Fed Funds rate by 0.25 percent three times. The Fed Funds rate increases were on December 13, 2017 to 1.50 percent, March 21, 2018 to 1.75 percent and June 13, 2018 to 2.00 percent.

Condensed financial information and variance explanations for FY 18, as compared to FY 17, follow.

| Net Assets | June 30, 2018 | Percent Change | June 30, 2017 |
|---|---|---|---|
| Total Investments | $ 368,044,144 | -2% | $ 374,276,378 |
| Excess of other assets over total liabilities | 26,212 | -91% | 290,360 |
| Net assets held in trust for pool participants | 368,070,326 | -2% | 374,566,738 |
| Average Net Assets | $ 377,865,880 | 20% | $ 315,551,694 |

Total investments and net assets decreased 2 percent, comparing June 30, 2018 and June 30, 2017 amounts due to lower participant investments in the Diversified Portfolio at the end of FY 18. During FY 18, participant investments were significantly higher in January through March compared to the same period in FY 17 resulting in a 20 percent increase in average net assets in FY 18. The decrease in other assets over liabilities during FY 18 was due to an increase in the dividends payable to participants at June 30, 2018.

| Change in Net Assets for the years ended | June 30, 2018 | Percent Change | June 30, 2017 |
|---|---|---|---|
| Investment Income | $ 5,312,787 | 158% | $ 2,059,919 |
| Total Net Expenses | (1,338,364) | 16% | (1,151,653) |
| Dividends to unitholders from net investment income | (3,974,423) | 338% | (908,266) |
| Net increase (decrease) in net assets | (6,496,412) | -106% | 119,087,120 |
| Net assets at beginning of year | 374,566,738 | 47% | 255,479,618 |
| Net assets at end of year | $ 368,070,326 | -2% | $ 374,566,738 |

During the 12-month periods in FY 18 and FY 17, the Fed Funds target rate increased from 1.25 to 2.00 percent along with a 20 percent increase in the average net assets resulting in increases in investment income of 158 percent and dividends to unitholders of 338 percent. The Fed Funds target rate is an economic indicator for short-term investments which significantly impacts the investment income earned by the Diversified Portfolio. Total net expenses are derived based on net assets held by the Fund and the effect of any fee waivers in place. These expenses increased 16 percent during FY 18 compared to FY 17 due to the increase in average net assets.

Condensed financial information and variance explanations for FY 17, as compared to FY 16, follow.

| Net Assets | June 30, 2017 | Percent Change | June 30, 2016 |
|---|---|---|---|
| Total Investments | $ 374,276,378 | 47% | $ 255,341,402 |
| Excess of other assets over total liabilities | 290,360 | 110% | 138,216 |
| Net assets held in trust for pool participants | 374,566,738 | 47% | 255,479,618 |
| Average Net Assets | $ 315,551,694 | 0% | $ 316,833,988 |

Total investments and net assets increased 47 percent, comparing June 30, 2017 and June 30, 2016 amounts due to additional participant investments as the yield paid to participants has increased significantly. During FY 17, there was no significant change in average net assets compared to FY16. The increase in other assets over liabilities during FY 17 was due to an increase in the interest receivable resulting from higher investment returns at June 30, 2017.

| Change in Net Assets for the years ended | June 30, 2017 | Percent Change | June 30, 2016 |
|---|---|---|---|
| Investment Income | $ 2,059,919 | 105% | $ 1,003,713 |
| Total Net Expenses | (1,151,653) | 23% | (934,494) |
| Dividends to unitholders from net investment income | (908,266) | 1,212% | (69,219) |
| Net increase (decrease) in net assets | 119,087,120 | 385% | (41,717,586) |
| Net assets at beginning of year | 255,479,618 | -14% | 297,197,204 |
| Net assets at end of year | $ 374,566,738 | 47% | $ 255,479,618 |

During the 12-month periods in FY 17 and FY 16, the Fed Funds target rate increased from 0.50 to 1.25 percent resulting in increases in investment income of 105 percent and dividends to unitholders of 1,212 percent. The Fed Funds target rate is an economic indicator for short-term investments and had been at the same 0.25 percent rate from December 2008 until December 2015 when it increased to 0.50 percent. Total net expenses are derived based on net assets held by the Fund and the effect of any fee waivers in place. These expenses increased 23 percent during FY 17 compared to FY 16 due to a reduction in the percentage of fees waived by service providers.

## Iowa Public Agency Investment Trust - Diversified Portfolio
## Schedule of Investments - June 30, 2018

| Par Value | Description | Yield at Time of Purchase | Due Date | Amortized Cost |
|---|---|---|---|---|
| **U.S. GOVERNMENT AGENCIES (38.56%)** | | | | |
| $ 30,000,000 | U.S. Treasury | 2.06% | 07/12/18 | $ 29,982,562 |
| 5,000,000 | U.S. Treasury | 2.32% | 07/31/18 | 5,000,185 |
| 4,000,000 | U.S. Treasury | 1.30% | 07/31/18 | 3,998,078 |
| 35,000,000 | U.S. Treasury | 2.08% | 07/31/18 | 35,010,273 |
| 2,500,000 | Federal Farm Credit Bank | 2.05% | 08/01/18 | 2,500,711 |
| 8,500,000 | Federal Farm Credit Bank | 1.95% | 08/08/18 | 8,500,820 |
| 8,000,000 | U.S. Treasury | 1.88% | 08/09/18 | 7,983,488 |
| 4,000,000 | U.S. Treasury | 1.32% | 08/31/18 | 4,000,941 |
| 15,000,000 | U.S. Treasury | 1.93% | 09/27/18 | 14,929,722 |
| 30,000,000 | U.S. Treasury | 2.09% | 10/31/18 | 30,024,335 |
| | Total (cost - $141,931,115) | | | 141,931,115 |
| **DEPOSIT ACCOUNTS (25.63%)** | | | | |
| 250,000 | Great Western Bank DDA | 2.08% | | 250,000 |
| 10,025,760 | Community State Bank ICS - Savings | 2.13% | | 10,025,760 |
| 15,000,000 | Great Western Bank ICS - Demand | 2.08% | | 15,000,000 |
| 25,079,156 | Great Western Bank ICS - Savings | 2.08% | | 25,079,156 |
| 43,957,298 | FNB Omaha ICS - Demand | 2.08% | | 43,957,298 |
| | Total (cost - $94,312,214) | | | 94,312,214 |
| **REPURCHASE AGREEMENTS (35.81%)** | | | | |
| 66,300,785 | RBC Capital Markets LLC | 2.07% | 07/02/18 | 66,300,785 |
| 65,500,000 | BMO Capital Markets LLC | 2.07% | 07/02/18 | 65,500,000 |
| | Total (cost - $131,800,785) | | | 131,800,785 |
| | (purchased on 6/29/18; proceeds at maturity $131,823,521; collateralized by $1,156,095,202 U.S. Government Agencies with maturities ranging from 07/27/18 to 06/01/48, collateral worth $134,436,801) | | | |
| **TOTAL INVESTMENTS (cost - $368,044,114)** | | | | $ 368,044,114 |

See accompanying notes to financial statements.

## Iowa Public Agency Investment Trust - Diversified Portfolio
## Statement of Net Assets - June 30, 2018

| | | |
|---|---|---|
| ASSETS | | |
| Investments in securities, at amortized cost | | |
| Government Securities | $ | 141,931,115 |
| Deposit Accounts | | 94,312,214 |
| Repurchase Agreements | | 131,800,785 |
| Total investments in securities | | 368,044,114 |
| Cash | | 1 |
| Interest receivable | | 610,808 |
| Total assets | | 368,654,923 |
| LIABILITIES | | |
| Investment advisory fees payable | | 22,281 |
| Administrative fees payable | | 27,132 |
| Marketing fees payable | | 18,254 |
| Custody fees payable | | 9,127 |
| Sponsorship fees payable | | 22,817 |
| Dividends payable | | 484,986 |
| Total liabilities | | 584,597 |
| NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS | $ | 368,070,326 |
| Units of beneficial interest outstanding | | 368,070,326 |
| Net asset value - offering and redemption price per share | $ | 1.00 |

See accompanying notes to financial statements.

## Iowa Public Agency Investment Trust - Diversified Portfolio
## Statements of Operations for the Years Ended June 30,

| | 2018 | 2017 |
|---|---|---|
| INVESTMENT INCOME | | |
| Interest | $ 5,312,787 | $ 2,059,919 |
| EXPENSES | | |
| Investment advisory fees | 275,326 | 241,054 |
| Administrative fees | 335,899 | 289,164 |
| Marketing fees | 226,720 | 189,331 |
| Custody fees | 113,360 | 94,665 |
| Sponsorship fees | 283,399 | 236,664 |
| Audit and tax expenses | 27,114 | 23,761 |
| Insurance expenses | 21,288 | 19,319 |
| Legal fees | 27,606 | 24,524 |
| Rating fees | 22,692 | 30,626 |
| Other fees and expenses | 4,960 | 5,430 |
| Total expenses | 1,338,364 | 1,154,538 |
| Less: Expenses voluntarily reduced/waived | | |
| Investment advisory fees | 0 | (1,570) |
| Administrative fees | 0 | (781) |
| Marketing fees | 0 | (534) |
| Custody fees | 0 | 0 |
| Distribution fees | 0 | 0 |
| Total expenses voluntarily reduced/waived | 0 | (2,885) |
| Net expenses | 1,338,364 | 1,151,653 |
| NET INVESTMENT INCOME | $ 3,974,423 | $ 908,266 |

See accompanying notes to financial statements.

## Iowa Public Agency Investment Trust - Diversified Portfolio
## Statement of Changes in Net Assets for the Years Ended June 30,

| | 2018 | 2017 |
|---|---|---|
| ADDITIONS | | |
| From investment activities: | | |
| Net investment income | $ 3,974,423 | $ 908,266 |
| From unit transactions: | | |
| (at constant net asset value of $1 per unit) | | |
| Units sold | 921,202,171 | 826,913,086 |
| Units issued in reinvestment of dividends from net investment income | 3,666,977 | 730,610 |
| Total additions | 928,843,571 | 828,551,962 |
| DEDUCTIONS | | |
| Dividends to unitholders from: | | |
| Net investment income | (3,974,423) | (908,266) |
| From unit transactions | | |
| Units redeemed | (931,365,560) | (708,556,576) |
| Total deductions | (935,339,983) | (709,464,842) |
| Net increase (decrease) in net assets | (6,496,412) | 119,087,120 |
| Net assets held in trust for pool participants at beginning of period | 374,566,738 | 255,479,618 |
| Net assets held in trust for pool participants at end of period | $ 368,070,326 | $ 374,566,738 |

See accompanying notes to financial statements.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ORGANIZATION

Iowa Public Agency Investment Trust (IPAIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Sections 331.555 and 384.21, Iowa Code (1987), as amended, which authorizes Iowa public agencies to jointly invest monies pursuant to a joint investment agreement. IPAIT is an S&P Global Ratings rated money market fund pursuant to the requirements of Iowa Code 12B.10. IPAIT was established by the adoption of a Joint Powers Agreement and Declaration of Trust as of October 1, 1987, and commenced operations on November 13, 1987. The Joint Powers Agreement and Declaration of Trust was amended September 1, 1988, May 1, 1993, and again on September 1, 2005. The accompanying financial statements include activities of the Diversified Portfolio. The objective of the portfolio is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa public agencies under Iowa law. Wells Fargo Bank, N.A. (Wells Fargo) serves as the Custodian. PMA Financial Network serves as the Marketer. Miles Capital, Inc. (Miles Capital) serves as the Investment Adviser and Administrator.

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net investment income during the year. Actual results could differ from those estimates.

IPAIT is exposed to various risks in connection with operation of the Diversified Portfolio and adheres to policies which attempt to mitigate market risk in the portfolio and maintains insurance coverage for fidelity and errors and omissions exposures. IPAIT has had no claims or settlements under its insurance coverage since its organization in 1987.

### INVESTMENTS IN SECURITIES

The Diversified Portfolio consists of cash and short-term investments valued at amortized cost, which approximates fair value, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 79. This involves valuing a portfolio security at its original cost on the date of purchase, and thereafter amortizing any premium or discount on the interest method. Investment policies are followed to maintain a constant net asset value of $1.00 per unit for the portfolio.

Security transactions are accounted for on the trade date. Interest income, including the accretion of discount and amortization of premium, is accrued daily as earned.

IPAIT is authorized by investment policy and statute to invest public funds in obligations of the U.S. government, its agencies and instrumentalities; certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12B of the Code of Iowa; federally insured depository institutions through the Insured Cash Sweep (ICS) service regardless of location pursuant to Chapter 12C of the Code of Iowa; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and that IPAIT's custodian takes delivery of the collateral either directly or through an authorized custodian.

In connection with transactions in repurchase agreements, it is IPAIT's policy that the underlying collateral securities value exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller were to default on its repurchase obligation and the value of the collateral declines, realization of the collateral by IPAIT may be delayed or limited. At June 30, 2018 and 2017, the securities purchased under overnight agreements to resell were collateralized by U.S. Government Agency Securities with a fair value of $134,436,801 and of $115,456,550, respectively with maturities ranging from 07/27/18 to 06/01/48.

ICS is a network of banks offering demand deposit accounts below the standard FDIC insurance maximum so that principal and interest are eligible for full FDIC insurance. As of June 30, 2018, the portfolio held $94,062,214 in the ICS program.

Under GASB Statement No. 40 addressing credit risk, IPAIT's investments in securities in the Diversified Portfolio held securities whose S&P credit ratings were 56.6 percent AA+, 17.7 percent AA- and 25.7 percent not rated (representing all Certificates of Deposit and Deposit Accounts from Iowa financial institutions).

Management attempts to limit the Diversified Portfolio's exposure to interest rate risk and believes this is addressed by the fact that securities are limited by S&P Global guidelines as well as by investment policy to investments of high quality with durations not to exceed 397 days. Hence it is not expected that any significant change in market interest rates would present long-term risk to the Diversified Portfolio.

### UNIT ISSUES, REDEMPTIONS AND DISTRIBUTIONS

IPAIT determines the net asset value of the Diversified Portfolio daily. Units are issued and redeemed daily at the daily net asset value. Dividends from net investment income are declared daily and distributed monthly.

### INCOME TAXES

IPAIT is exempt from both state and federal income taxes pursuant to Section 115 of the Internal Revenue Code.

### FEES AND EXPENSES

Miles Capital receives 0.190 percent of the average daily net asset value up to $150 million, 0.160 percent from $150 to $250 million, and 0.130 percent exceeding $250 million for investment adviser and administrative fees. In addition, Miles Capital received 0.060 percent of the average daily net asset value for marketing fees through June 30, 2017. For the years ended June 30, 2018 and 2017, the Diversified Portfolio paid $611,225 and $714,773, respectively, to Miles Capital for services provided net of waivers. For the years ended June 30, 2018 and 2017, Miles Capital voluntarily waived $0 and $2,885 of fees, respectively. Future waivers may not be required and are determined on market yields and other market considerations.

Effective July 1, 2017, PMA Financial Network started receiving 0.060 percent of the average daily net asset value of the portfolio for marketing fees. For the year ended June 30, 2018, the Diversified Portfolio paid $226,720 to PMA for services provided.

Wells Fargo receives 0.030 percent of the average daily net asset value of the portfolio for custody fees. For the years ended June 30, 2018 and 2017, the Diversified Portfolio paid $113,360 and $94,665, respectively, to Wells Fargo for services provided.

Under a distribution plan, the public agency associations collectively receive an annual fee of 0.075 percent of the average daily net asset value for sponsorship fees. For the years ended June 30, 2018 and 2017, the Diversified Portfolio paid $118,133 and $86,342 to the Iowa League of Cities, $116,423 and $118,388 to the Iowa State Association of Counties, and $48,843 and $31,435 to the Iowa Association of Municipal Utilities, respectively.

IPAIT is responsible for other fees and expenses incurred directly by IPAIT. The other fees and expenses accrual is based on the annual estimated other fees and expenses incurred by IPAIT. The other fees and expenses have averaged between 0.02 and 0.04 percent of the average daily net asset value, and totaled $103,660 and $109,345 for the years ended June 30, 2018 and 2017, respectively.

All fees are computed daily and paid monthly. Fees waived in prior periods cannot be recovered in future periods.

### FAIR VALUE MEASUREMENT

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Diversified Portfolio meets all of the necessary criteria in GASB Statement No. 79 to elect to measure all of the investments in the Diversified Portfolio at amortized cost, which approximates fair value.

## (2) SECURITIES TRANSACTIONS

Purchases of portfolio securities for the Diversified Portfolio aggregated $25,281,839,647 and $25,688,134,845 for the years ended June 30, 2018 and 2017, respectively. Proceeds from the maturity and sale of securities for the Diversified Portfolio aggregated $25,287,097,690 and $25,566,000,107 for the years ended June 30, 2018 and 2017, respectively.

## (3) DIRECT GOVERNMENT OBLIGATIONS PORTFOLIO

In 2010, the Board of Trustees approved a resolution ceasing the investment operations of the Direct Government Obligation Portfolio and transferring assets to the Diversified Portfolio. The transfer was facilitated through SEC Rule 17a-7 at fair value. The Portfolio remains available for future investment if IPAIT participants should request it in the future.

## (4) SUBSEQUENT EVENTS

IPAIT has evaluated the effects of events that occurred subsequent to June 30, 2018, and there have been no material events that would require recognition in the financial statements or disclosure in the notes to the financial statements.

## Selected Data for Each Unit of Portfolio Outstanding Through Each Year Ended June 30

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Net Asset Value, Beginning of Period | $1.0000 | $1.0000 | $1.0000 | $1.0000 | $1.0000 |
| Net Investment Income | 0.0105 | 0.0029 | 0.0002 | 0.0001 | 0.0001 |
| Dividends Distributed | (0.0105) | (0.0029) | (0.0002) | (0.0001) | (0.0001) |
| Net Asset Value, End of Period | $1.0000 | $1.0000 | $1.0000 | $1.0000 | $1.0000 |
| Total Return* | 1.06% | 0.26% | 0.02% | 0.01% | 0.01% |
| Ratio of Expenses to Average Net Assets, After Waivers | 0.35% | 0.36% | 0.29% | 0.18% | 0.12% |
| Ratio of Net Investment Income to Average Net Assets, After Waivers | 1.05% | 0.29% | 0.02% | 0.01% | 0.01% |
| Ratio of Expenses to Average Net Assets, Before Waivers | 0.35% | 0.37% | 0.36% | 0.36% | 0.35% |
| Ratio of Net Investment Income to Average Net Assets, Before Waivers | 1.05% | 0.29% | (0.05%) | (0.17%) | (0.22%) |
| Net Assets, End of Period (000 Omitted) | $368,070 | $374,567 | $255,480 | $297,197 | $315,578 |

* Total return is calculated by taking the ending value of an initial $1,000 investment including monthly reinvested dividends, minus the initial investment, divided by the initial $1,000 investment.

## Diversified Portfolio Facts
## as of June 30, 2018
## (unaudited)

Investment Strategy/Goals: To provide a safe, liquid, effective investment alternative for the operating funds, reserve funds, and bond proceeds for Iowa's municipalities, counties, municipal utilities and other eligible public agencies by jointly investing participant funds in a professionally managed portfolio of short-term, high-quality, legally authorized, marketable securities.

Date of Inception: November 13, 1987

Total Net Assets: $368 million

Benchmarks: Money Market Index, Iowa Code Chapter 74A 32-89 day Public Funds Rates, and Iowa Code Chapter 74A 90-179 day Public Funds Rates.

Performance Objective: To provide the highest level of current income from investment in a portfolio of U.S. government and agency securities, certificates of deposit in Iowa financial institutions, and other authorized securities collateralized by U.S. government and agency securities as is consistent with, in order of priority, preservation of principal and provision of necessary liquidity.

Investment Adviser: Miles Capital

Management Fees:
Sliding scale from nine basis points (0.09%) to five and one-half basis points (0.055%)

Total Expense Ratio:
Sliding scale from thirty-eight basis points (0.38%) to thirty-two basis points (0.32%)

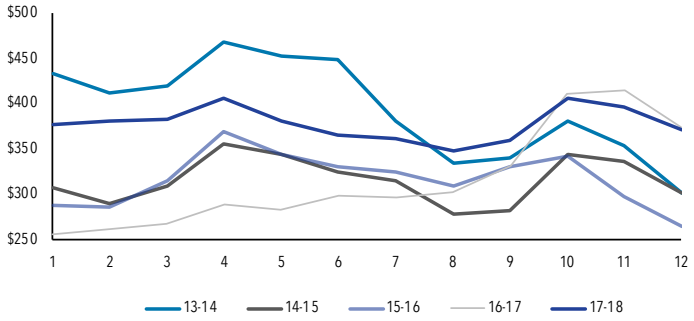
Actual Expense Ratio FYE 2018: The actual fee ratio charged during FYE 2018 was thirty five basis points (0.35%).

## INTRODUCTION

The IPAIT Diversified Portfolio (the "Fund") is a short-term investment pool of high-quality money market instruments. The Fund has been rated since 2016 and obtains an annual rating from S&P Global Ratings ("S&P").

The Fund is made up of a professionally managed portfolio of FDIC-insured demand deposits, U.S. government and federal agency securities, and fully collateralized repurchase agreements, the latter collateralized by U.S. government and federal agency securities. The Fund is typically used for the investment of public funds subject to the Iowa public funds statutory provisions invested by a participant unless other participant-specific investment restrictions exist.

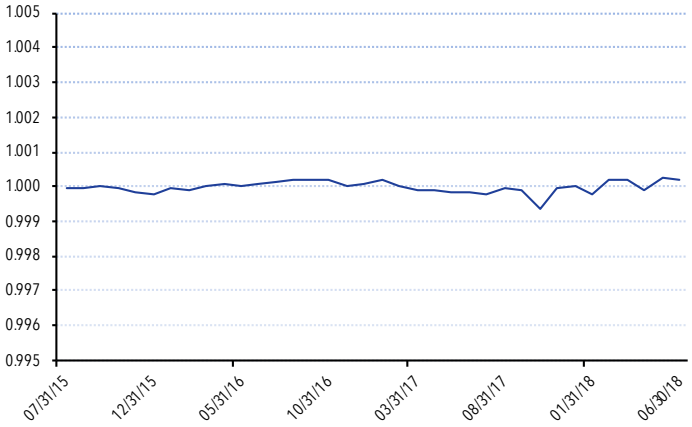
**HISTORICAL PORTFOLIO CASH FLOW (expressed in millions)**
IPAIT DIVERSIFIED PORTFOLIO




The Fund has been managed by Miles Capital, IPAIT's West Des Moines, Iowa-based investment adviser, since inception. Aggregate cash flows are monitored daily and compared to respective Fund cash flow patterns of previous periods. Fund cash flow patterns throughout the fiscal period, as compared to previous years, have traditionally been repetitive. Over thirty years of operating history create a very helpful tool to gauge necessary pool liquidity needs.

The investment objective of the Fund is to provide as high a level of current income as is consistent with preservation of invested principal and provision of adequate liquidity to meet participants' daily cash flow needs. As a general policy, all purchased securities will be held until they mature. Summaries of all security trades for the Fund are provided quarterly to the IPAIT Board of Trustees for review.

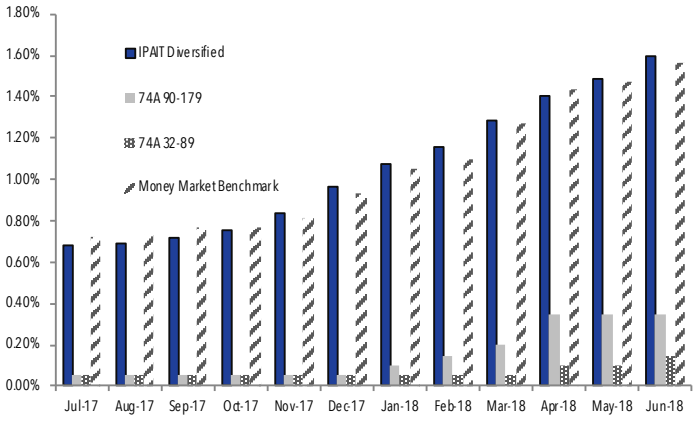
**AMORTIZED COST VS. MARKET VALUE PER SHARE**
**JULY 2015 - JUNE 2018**
IPAIT DIVERSIFIED PORTFOLIO




The Fund accrues interest income daily and pays accrued income monthly to participant accounts. Interest is paid on the first business day of the month following accrual. Daily income amounts and investment returns are calculated using the interest method. Under this method, a security is initially valued at cost on the date of purchase and, thereafter, any premium or discount is amortized using the interest method.

The IPAIT Adviser values the Fund's portfolio weekly at current fair value, based upon actual market quotations. The Fund's current market valuation is compared to that Fund's current amortized cost basis. IPAIT uses the Amortized Cost Method of Valuation along with IPAIT's internal controls and procedures, any deviation in net asset value based upon available market quotations from the Fund's $1.00 amortized cost per unit is carefully monitored. Deviations may never exceed 0.5 percent. Illustrated above is the amortized cost versus market value per unit comparison for the past three fiscal years.

**IPAIT DIVERSIFIED PORTFOLIO VS. IOWA CHAPTER 74A (90-179 & 32-89 DAY) & MONEY MARKET BENCHMARK**
US GOVERNMENT & AGENCY JULY 2017 - JUNE 2018




The Fund's investment performance is regularly compared to three established benchmarks, the Money Market Benchmark average rate for money market funds investing in U.S. government securities and the Iowa Code Chapter 74A rate for 32-89, and 90-179 day certificates of deposit issued by Iowa financial institutions for public funds in the state.

The Iowa Code Chapter 74A rates are distributed monthly by the state Treasurer's office for various investment periods and are intended to be the minimum rates at which Iowa financial institutions can accept public funds for timed deposits. While a public body must commit funds for minimum periods of time to access Chapter 74A rates, IPAIT may offer rates at or above the Chapter 74A benchmarks with complete daily liquidity.

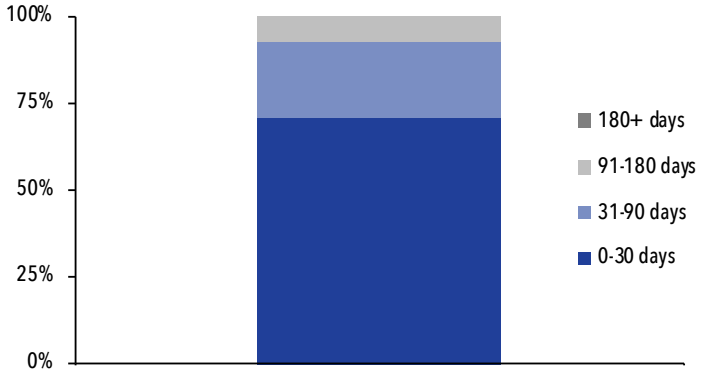
## RISK PROFILE

The Fund is low in risk profile. Portfolio investments are limited to:

1. No single portfolio investment may exceed the 397 days to maturity as outlined in GASB Statement No. 79.
2. The weighted average maturity (WAM) of the portfolio may never exceed 60 days.

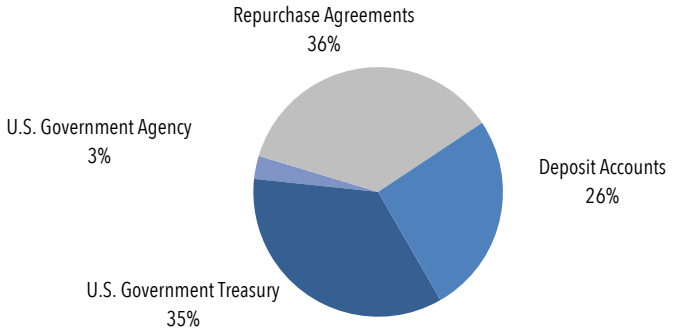
In addition to the above investment maturity restrictions, the Fund limits itself to U.S. government and federal agency securities, perfected repurchase agreements collateralized by U.S. government and federal agency securities, Iowa financial institution certificates of deposit and other evidences of deposit, and shares of an SEC-registered government money market fund. This combination of those average maturities and high-quality credit instruments provides eligible Iowa public fund investors with a safe, effective investment alternative.

**MATURITY ANALYSIS AS OF JUNE 30, 2018**
IPAIT DIVERSIFIED PORTFOLIO




As noted previously, the Fund carefully limits itself to high credit-quality securities. In addition, IPAIT monitors a broad array of economic indicators as well as activities of the Federal Open Market Committee to be able to position the Fund's WAM to take advantage of projected interest rate environments.

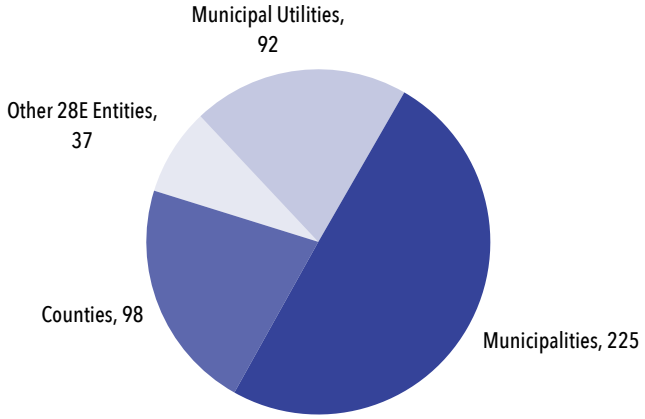
**DISTRIBUTION BY SECURITY TYPE AS OF JUNE 30, 2018**
IPAIT DIVERSIFIED PORTFOLIO



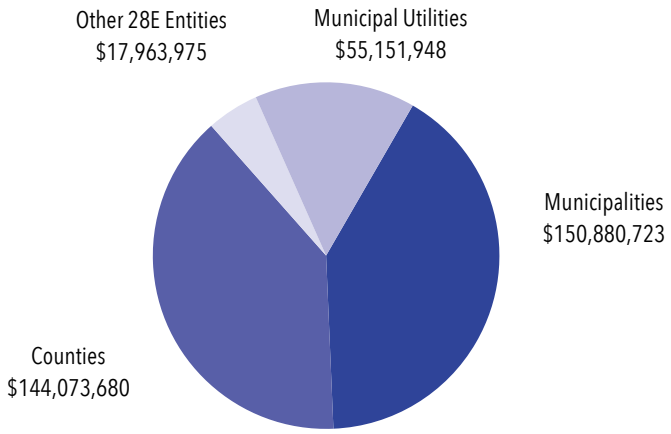

It is important to note that portfolio liquidity needs for IPAIT must control evaluation of alternative portfolio management opportunities at all times. For example, if historical cash flow analysis indicates that participants will need to withdraw funds, material extension of the Fund's portfolio is not a viable alternative.

Participation membership by affiliation concentration is illustrated in the following graph.

**PARTICIPANT MEMBERSHIP AS OF JUNE 30, 2018**
IPAIT DIVERSIFIED PORTFOLIO



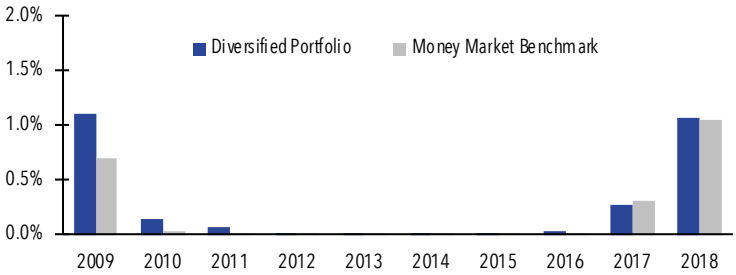

**OWNERSHIP ANALYSIS AS OF JUNE 30, 2018**
IPAIT DIVERSIFIED PORTFOLIO




## PERFORMANCE SUMMARY

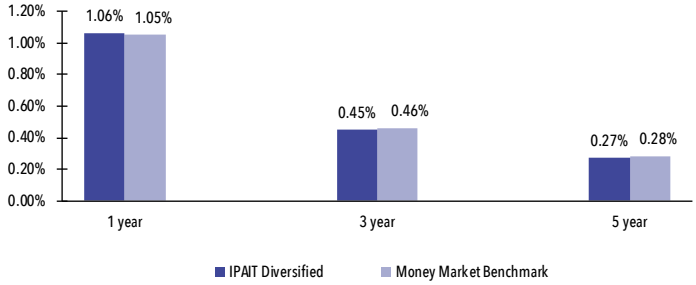
For the one-year period ended June 30, 2018, the Fund reported a ratio of net investment income to average net assets of 1.06 percent, net of all operating expenses. These figures compare relative to the money market benchmark average, which returned 1.05 percent for the fiscal period.

**ANNUAL TOTAL RETURNS**
IPAIT DIVERSIFIED PORTFOLIO VS.
MONEY MARKET BENCHMARK




Also illustrated below are the historical returns for the Fund for the most recent one, three, and five year periods.

**ANNUALIZED TOTAL RETURNS**
IPAIT DIVERSIFIED PORTFOLIO VS.
MONEY MARKET BENCHMARK



## FUND EXPENSES

It is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the fund, you incur ongoing costs, including management fees, distribution and service fees, and other fund expenses. Expenses, which are deducted from a fund's investment income, directly reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and compare these costs with those of other mutual funds. The examples are based on an investment of $1,000 made at the beginning of the period and held for the entire period from January 1, 2018 to June 30, 2018. The table illustrates your fund's costs in two ways:

### 1. BASED ON ACTUAL FUND RETURN.

This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with $1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

### 2. BASED ON HYPOTHETICAL 5 PERCENT RETURN.

This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a return of 5 percent before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5 percent return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Your fund does not carry a "sales load" or transaction fee. The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and timing of any purchases or redemptions.

You can find more information about the fund's expenses, including annual expense ratios for the past five years, in the Financial Highlights section of this report. For additional information on operating expenses and other shareholder costs, please refer to the Information Statement.

| Example | Beginning Account Value 1/01/2018 | Ending Account Value 6/30/18 | Expenses Paid During Period 1/01/18 to 6/30/18 | Annualized Expense Ratio |
|---|---|---|---|---|
| ***Based on Actual Fund Return*** | | | | |
| IPAIT Diversified Portfolio | $1,000.00 | $1,006.64 | $1.77 | 0.36% |
| ***Based on Hypothetical 5 Percent Return*** | | | | |
| IPAIT Diversified Portfolio | $1,000.00 | $1,023.03 | $1.78 | 0.36% |

Expenses are equal to the fund's annualized expense ratio listed in the table above, multiplied by the average account value over the period, multiplied by 181, the number of days in the most recent fiscal half-year, divided by 365, to reflect the one-half year period.

## FEES AND EXPENSES
## as of June 30, 2018

All fees are calculated by basis points per net assets.

| Entity | Fee Type | Fee | |
|---|---|---|---|
| Miles Capital, Inc. | Advisor | 0.090% | up to $150MM; |
| | | 0.070% | on $150 - $250MM; |
| | | 0.055% | on assets exceeding $250MM |
| Miles Capital, Inc. | Administrator | 0.100% | up to $150MM; |
| | | 0.090% | on $150 - $250MM; |
| | | 0.075% | on assets exceeding $250MM |
| PMA Financial Network, Inc. (PMA) | Marketer | 0.060% | |
| Sponsoring Associations[1] | Sponsoring Associations | 0.075% | |
| Wells Fargo | Custody | 0.030% | |
| Administration Fund | Other fees & expenses | 0.025% | |

[1]Includes Iowa League of Cities, Iowa State Association of Counties, Iowa Association of Municipal Utilities

This fiscal year's actual expense ratio for the IPAIT Diversified portfolio was 0.35 percent of average net assets based on a sliding fee scale.

### ACTUAL:

For the fiscal year ended June 30, 2018, the following actual expenses were incurred by the Fund:

| | Diversified Portfolio |
|---|---|
| Adviser | $ 275,326 |
| Administrator | 335,899 |
| Marketing | 226,720 |
| Sponsoring Associations | 283,399 |
| Custody | 113,360 |
| Other fees and expenses | 103,660 |
| Total | $ 1,338,364 |

## OTHER INFORMATION

Units of IPAIT's Diversified Portfolio are not insured by the FDIC or the U.S. Government. Investment products involve investment risk, including the possible loss of principal. Past performance is not predictive of future results, and the composition of the Fund's portfolio is subject to change.

## PARTICIPANT MEETING RESULTS

On August 30, 2017, a participant meeting was held at the Iowa Association of Municipal Utilities in Ankeny, Iowa for election of trustees and the selection of auditors. The proposals were approved by the participants:

| | YES | NO | ABSTAIN |
|---|---|---|---|
| Trustee Election: | 100.00% | 0.00% | 0.00% |
| Selection of Auditors: | 97.68% | 0.00% | 2.32% |
| Restated Joint Powers: | 94.73% | 0.00% | 5.32% |
| IPAIT Investment Policy: | 96.92% | 0.00% | 3.08% |

## Market Volatility is Picking Up and Investors Have Plenty to Keep an Eye On

Financial market volatility picked up late in 2017 and early 2018 and remains a focus for investors as they decipher the effects of tax stimulus, the acceleration of fiscal spending, trade wars and related rhetoric, and possible inflationary pressures emerging. Nevertheless, the U.S. economy is showing strong resilience and could average 3 percent growth in 2018.

Consumer activity, which represents approximately two-thirds of the U.S. Gross Domestic Product (GDP), has displayed confidence and strength in this economy. Consumer spending and home buying have remained strong, and the housing supply remains tight. However, consumer saving is a relatively low rate of 3 percent, which suggests people are spending their income. Labor markets have continued to strengthen over the past year with approximately 3.8 percent unemployment and we may be seeing the start for sustainable wage growth ahead. First quarter 2018 corporate earnings were up nearly 25 percent and revenues were up 8 percent, which is high relative to an average earnings increase of 6 percent for the period of 2010-2017.

The Federal Reserve (Fed) raised rates once in late 2017 and again in March and June 2018 and is expected to do so one to two more times in 2018. These moves are pushing up short term interest rates while longer term rates have been more sluggish to move higher. The difference between short term and long term rates has narrowed to levels not seen in nearly a decade and is driving more investors to shorter-term securities. We believe this flattening of the yield curve is likely to slow in the coming quarters. Market participants are closely watching for signs that the Fed may raise rates at a different pace than anticipated due to changes in the economy or inflation.

While China is the largest overall trading partner and garners the most news attention, Canada and Mexico are both nearly as large and receive more U.S. exports. For this reason, discussions around NAFTA are impactful to U.S. markets. The overall magnitude of the tariffs announced to date is very small relative to the overall U.S. economy. The potential risk is that further retaliatory tariffs and other barriers to commerce may be put into place which may have far wider implications.

There are several risks to the economy that we are monitoring including trade concerns, unexpected inflation, diminishing global growth, and yield curve flattening. While risks abound as always, we remain optimistic for the economy for the remainder of the year.

We appreciate the opportunity to manage the IPAIT Diversified Portfolio and look forward to serving your investment needs in the new fiscal year.

Walt Stubbings, CFA
Senior Fixed Income Portfolio Manager
Miles Capital, Inc.

The views expressed herein are provided for informational purposes only and are believed to be correct, but accuracy and completeness cannot be guaranteed and should not be relied upon for legal or investment decision purposes. All expressions of opinion and predictions presented are subject to change without notice. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is not a guarantee of future results.

## SECTION 1 - SCOPE OF INVESTMENT POLICY

The Investment Policy of the Iowa Public Agency Investment Trust (IPAIT) shall apply to all funds invested on behalf of participants accounted for in the IPAIT financial statements. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

This Investment Policy is intended to comply with Iowa Code chapters 28E, 12B, 12C and sections 331.555 and 384.21.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:

1. The IPAIT Board of Trustees.
2. All IPAIT depository institutions or fiduciaries.
3. The auditor engaged to audit any fund of IPAIT.

## SECTION 2 – FUNDAMENTAL INVESTMENT RESTRICTIONS

**A. Unless otherwise specified below, none of the portfolios will:**

1. Invest more than 5 percent of the value of their total assets in the securities of any one federally insured Iowa depository institution (other than securities of the U.S. government or its agencies or instrumentalities).
2. Invest 25 percent or more of the value of their total assets in the securities of issuers conducting their principal business activities in any one industry, including financial institutions. This restriction does not apply to securities of the U.S. Government or its agencies and instrumentalities and repurchase agreements relating thereto.
3. Mortgage, pledge or hypothecate their assets.
4. Make short sales of securities or maintain a short position.
5. Purchase any securities on margin.
6. Write, purchase or sell puts, calls or combinations thereof.
7. Purchase or sell real estate or real estate mortgage loans.
8. Invest in restricted securities or invest more than 10 percent of the Portfolio's net assets in repurchase agreements with a maturity of more than seven days, and other liquid assets, such as securities with no readily available market quotation.
9. Underwrite the securities of other issuers.

**B. Prohibited Investments**

Assets of IPAIT shall not be invested in the following:

1. Reverse repurchase agreements.
2. Futures and options contracts.
3. Any security with a remaining maturity exceeding 397 days.

**C. Prohibited Investment Practices**

The following investment practices are prohibited:

1. Trading of securities for speculation or the realization of short-term trading gains.
2. Investing pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.

3. If a fiduciary or other third party with custody of public investment transaction records of IPAIT fails to produce requested records when requested by IPAIT or its agents within a reasonable time, IPAIT shall make no new investment with or through the fiduciary or third party and shall not renew maturity investments with or through the fiduciary or third party.

**D. Management Policies and Procedures**
Following are the fundamental management policies and procedures for IPAIT. All investments shall be maintained in separate IPAIT custodial accounts, segregated by Portfolio on behalf of IPAIT Participants.

1. Each purchase or sale of a security must be handled on a delivery versus payment (DVP) basis. Funds for the purchase of an investment shall not be released to the seller until the security is delivered to the IPAIT Custodian. Conversely, a sold security shall not be released to the buyer until funds for the purchase price of the security have been received by the IPAIT Custodian.

2. "Free delivery" transactions are prohibited. The Custodian shall never release assets from the IPAIT custodial accounts until the funds for the investment are delivered.

3. Any material deviation (greater than 0.5 percent) from the amortized cost of investments shall be promptly reported by the Adviser to the Board of Trustees. If such deviation exceeds 0.5 percent, the Adviser will consider what action, if any, should be initiated to reasonably eliminate or reduce material dilution or other unfair results to Participants. Such action may include redemption of Trust Units in kind, selling portfolio securities prior to maturity, withholding distributions or utilizing a net asset value per Trust Unit based upon available market quotations.

4. The frequent trading of securities, including day trading for the purpose of realizing short-term gains, the purchase and sale of futures and options to buy or sell authorized investments, reverse repurchase agreements, and other similar speculative transactions are expressly prohibited.

5. IPAIT may not make any investment other than Permitted Investments authorized by the provisions of the law applicable to the investment of funds by the Participants, as such laws may be amended from time to time.

6. IPAIT may not purchase any Permitted Investment if the effect of such purchase by IPAIT would be to make the average dollar weighted maturity of a portfolio greater than sixty (60) days.

7. IPAIT may not borrow money or incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments.

8. IPAIT may not make loans, provided that IPAIT may make Permitted Investments.

The restrictions set forth above are fundamental to the operation and activities of IPAIT and may not be changed without the affirmative approval, in writing, of a majority of the Participants entitled to vote, except that such restrictions may be changed by the Trustees so as to make them more restrictive when necessary to confirm the investment program and activities of IPAIT to the laws of the State of Iowa and the United States of America as they may from time to time be amended.

The above investment restrictions shall not be changed without the vote of a majority of the Participants in a Portfolio. "Majority" means the lesser of (a) 67 percent of the Trust's or a Portfolio's outstanding Trust Units voting at a meeting of the Participants at which more than 50 percent of the outstanding Trust Units are represented in person or by proxy or (b) a majority of the Trust's or a Portfolio's outstanding Trust Units.

Provided, however, the Trust may invest Portfolio assets pursuant to the maximum extent possible by Iowa law governing investments by public agencies and any change in the restrictions of the Iowa law governing investments by public agencies shall be deemed to be adopted by the Trust, and such change shall not require the approval of the Participants.

Any investment restrictions or limitations referred to above which involves a maximum percentage of securities or assets shall not be considered to be violated unless an excess over the percentage occurs immediately after an acquisition of securities or utilization of assets and results there from.

## SECTION 3 – DELEGATION OF AUTHORITY

The responsibility for conducting IPAIT investment transactions resides with the IPAIT Board of Trustees. Certain responsibilities have been delegated to the Administrator(s), the Adviser(s), and the Custodian (the "Service Providers") pursuant to the Administrator Agreement(s), the Adviser Agreement(s), the Custodian Agreement, with amendments as may be adopted from time to time, and the current Information Statement (the "Documents").

Each Service Provider shall individually notify the IPAIT Board of Trustees in writing within thirty days of receipt of all communications from the auditor of any Service Provider or any regulatory authority of the existence of a material weakness in internal control structure of the Service Provider or regulatory orders or sanctions regarding the type of services being provided to IPAIT by the Service Provider.

The records of investment transactions made by or on behalf of IPAIT are public records and are the property of IPAIT whether in the custody of IPAIT or in the custody of a fiduciary or other third party.

## SECTION 4 – OBJECTIVES OF INVESTMENT POLICY

The primary objectives, in order of priority, of all investment activities involving the financial assets of IPAIT shall be the following:

1. **Safety:** Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. **Liquidity:** Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
3. **Return:** Obtaining a reasonable return is the third investment objective.

## SECTION 5 – PRUDENCE

The Board of Trustees, when providing for the investment of deposit of public funds in the IPAIT program, shall exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the Section 4 investment objectives.

## SECTION 6 – INSTRUMENTS ELIGIBLE FOR INVESTMENT

Assets of IPAIT may be invested in the following, all as more fully described in the IPAIT Information Statement:

- Obligations of the United States government, its agencies and instrumentalities.
- Certificates of deposit ("CDs") and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to chapter 12C.
- Repurchase agreements, provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and that the Custodian takes delivery of the collateral either directly or through a third party custodian.
- Insured deposits or certificates of deposit, invested pursuant to Iowa Code Section 12B10(7), in an amount above any insured portion of the public funds on deposit at a federally insured Iowa depository institution approved and secured pursuant to Iowa Code chapter 12C.
- Shares of a "government only" open-end management investment company registered with the federal securities and exchange commission under the federal investment Company Act of 1940, 15 U.S.C.§80a-1, and operating in accordance with 17 C.F.R. §270.2a-7.

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 7, Diversification and Investment Maturity Limitations.

## SECTION 7 – DIVERSIFICATION AND INVESTMENT MATURITY LIMITATIONS

It is the policy of IPAIT to diversify portfolio investments in the Diversified Portfolio. As described in the Information Statement, portfolio investments in the Diversified Portfolio are limited to the following:

1. No individual investment with maturity in excess of 397 days.

2. The maximum average maturity of all portfolio investments may not exceed 60 days. Pursuant to IPAIT policies as disclosed in the Documents, Participants may also individually invest in Fixed Term Program investments.

## SECTION 8 – SAFEKEEPING AND CUSTODY

All invested assets of Participants in the Portfolios or in the Fixed Term Program shall be held in accordance with the Custodian Agreement.

All invested assets eligible for physical delivery shall be secured by having them held at a third party custodian. All purchased investments shall be held pursuant to a written third party custodial agreement requiring delivery versus payment. No assets may be delivered out of the IPAIT account without full payment (no "free deliveries" shall be permitted).

## SECTION 9 – REPORTING

The Service Providers shall submit all reports required in the Documents.

## SECTION 10 – INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed annually or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

## SECTION 11 – EFFECTIVE DATE

This Investment Policy shall be effective as of September 1, 2017.
Passed and approved this 30th day of August, 2017.

Amended effective November 1, 2003, August 26, 2009, August 25, 2010, August 28, 2013, and August 30, 2017.

IPAIT
IOWA PUBLIC AGENCY INVESTMENT TRUST

# INVESTING AND NON-INVESTING PARTICIPANTS DIVERSIFIED PORTFOLIO (unaudited)

**$0-$50,000 Assets Invested**
Cascade Municipal Utilities
City of Afton
City of Ankeny
City of Auburn
City of Badger
City of Bellevue
City of Breda
City of Carson
City of Cedar Rapids
City of Clarinda
City of Coralville
City of Davenport
City of Earlville
City of Elk Horn
City of Grundy Center
City of Jefferson
City of Lovilla
City of Manchester
City of Marengo
City of Martensdale
City of Melcher-Dallas
City of Monroe
City of New London
City of New Virginia
City of Panora
City of Polk City
City of Ringsted
City of Springbrook
City of Storm Lake
City of Walnut
City of Wellman
City of West Liberty
City Utility of Lake Mills
City Utility of Martensdale
City Utility of New Hampton
City Utility of Orient
City Utility of Pella
County of Cedar
County of Des Moines
County of Dickinson
County of Fremont
County of Greene
County of Hardin
County of Howard
County of Mills
County of Monona
County of Story
Des Moines County Regional Solid Waste C
Durant Municipal Electric Plant
Fontanelle Municipal Utility
Gowrie Municipal Utilities
Lamoni Municipal Utilities
Manning Municipal Gas Department
North Central Iowa Regional SWA
Orange City Area Health System
Southeast Iowa Regional Planning Commiss
Spencer Municipal Utility
Stuart Municipal Utilities
Urbandale Sanitary Sewer District
Webster County Telecommunications Board
Winterset Municipal Utilities

**$50,000-$250,000 Assets Invested**
Central IA Reg Trans Planning Alliance
City of Boone
City of Clinton
City of Dike
City of Fairbank
City of Grant
City of Grimes
City of Indianola
City of Keystone
City of Lake Mills
City of Lewis
City of Mason City
City of Maynard
City of Montezuma
City of Morning Sun
City of Moulton
City of Nora Springs
City of Orange City
City of Parnell
City of Red Oak
City of Riverdale
City of Shelby
City of Shenandoah
City of Wesley
City of West Des Moines
City Utility of Eagle Grove
City Utility of Fredericksburg
City Utility of Melcher-Dallas
City Utility of Middletown
City Utility of Montezuma
City Utility of Traer
City Utility of Urbandale
Corning Municipal Utilities
County of Audubon
County of Boone
County of Butler
County of Carroll
County of Crawford
County of Kossuth
Fifth Judicial District
Hiawatha Water Department
IPAIT Administration Fund
Knoxville Utility
La Porte City Utility
Lenox Municipal Utilities
Montezuma Municipal Light and Power
Villisca Municipal Power Plant
Warren County

**$250,000-$500,000 Assets Invested**
Algona Municipal Utilities
City of Adel
City of Algona
City of Early
City of Pella
City of Readlyn
City Utility of Dike
City Utility of Readlyn
County of Adair
County of Tama
Grundy Center Municipal Utilities
South Iowa Area Crime Commission

**$500,000-$1,000,000 Assets Invested**
City of Clive
City of Colfax
City of Eagle Grove
City of Griswold
City of Independence
City of Mitchellville
City of Orleans
City of Windsor Heights
City Utility of Shelby
County of Osceola
County of Wayne
County of Wright
Dallas County
Iowa Public Power Agency
Lakewood Benefited Rec. Lake District
SIMECA
South Iowa Detention Service Agency

**$1,000,000-$5,000,000 Assets Invested**
City of Altoona
City of Bondurant
City of Denison
City of Fort Dodge
City of Keokuk
City of Knoxville
City of Marion
City of Mount Pleasant
City of Ottumwa
City of Prairie City
City of Traer
City of Washington
City of Waverly
County of Calhoun
County of Cass
County of Dubuque
County of Emmet
County of Franklin
County of Hamilton
County of Henry
County of Marshall
County of Muscatine
County of O'Brien
County of Plymouth
County of Poweshiek
County of Ringgold
County of Washington
County of Winneshiek
Denison Municipal Utilities
Des Moines Area MPO
Hawarden Regional Healthcare
IAMU Insurance Trust
Lucas County
Madison County Memorial Hospital
NIMECA
Northwest Iowa Area Solid Waste Agency
Resale Power Group of Iowa
Ringgold County Hospital
Southwest Iowa Planning Council
Waterloo Water Works
West Des Moines Water Works
Xenia Rural Water District

**Over $5,000,000 Assets Invested**
Broadlawns Medical Center
Buena Vista Regional Medical Center
Cedar Falls Utilities
City of Council Bluffs
City of Hiawatha
City of Iowa City
City of Johnston
City of Muscatine
City of Oskaloosa
City of Sioux City
City of Urbandale
City of Waterloo
County of Appanoose
County of Black Hawk
County of Buchanan
County of Jackson
County of Louisa
County of Madison
County of Sioux
County of Wapello
IMWCA Group C
Muscatine Power and Water

**Non-Investing Participants**
Alta Municipal Utilities
Anita Municipal Utilities
Audubon County Memorial Hospital
Brooklyn Municipal Utilities
Buena Vista County Solid Waste Commiss
Cass County Environment Control Agency
Cedar Rapids/Linn County SWA
Central IA Juvenille Detention Commission
City of Ackley
City of Agency
City of Albert City
City of Alton
City of Ames
City of Anamosa
City of Anthon
City of Atlantic
City of Audubon
City of Bedford
City of Bettendorf

# INVESTING AND NON-INVESTING PARTICIPANTS DIVERSIFIED PORTFOLIO (cont.) (unaudited)

**Non-Investing Participants (cont.)**
City of Bloomfield
City of Brandon
City of Burlington
City of Burt
City of Bussey
City of Callender
City of Camanche
City of Carlisle
City of Carter Lake
City of Cascade
City of Cedar Falls
City of Center Point
City of Centerville
City of Central City
City of Charles City
City of Cherokee
City of Clear Lake
City of Colo
City of Corning
City of Correctionville
City of Corydon
City of Creston
City of Cumming
City of Dallas Center
City of Dayton
City of Denver
City of Des Moines
City of DeWitt
City of Dubuque
City of Dunkerton
City of Dyersville
City of Dysart
City of Earlham
City of Eldon
City of Eldridge
City of Elk Run Heights
City of Ellsworth
City of Ely
City of Epworth
City of Evansdale
City of Fairfield
City of Forest City
City of Fort Madison
City of Garner
City of Gilbertville
City of Gilmore City
City of Grand Mound
City of Grand River
City of Greenfield
City of Grinnell
City of Guttenberg
City of Harlan
City of Hartley
City of Hawarden
City of Hazleton
City of Hospers
City of Hudson
City of Humboldt
City of Huxley
City of La Porte City
City of Lamont
City of Lehigh
City of Lenox
City of Leon
City of Letts
City of Lisbon
City of Livermore
City of Lohrville
City of Mallard
City of Manning
City of Maquoketa
City of Marble Rock
City of Marshalltown
City of Massena
City of McCausland
City of Missouri Valley
City of Montezuma Fire Department
City of Mount Vernon
City of Murray
City of Nevada
City of New Hampton
City of Newton
City of Oelwein
City of Osage
City of Osceola
City of Ossian
City of Peosta
City of Perry
City of Pleasant Hill
City of Pleasantville
City of Pocahontas
City of Prescott
City of Preston
City of Rockwell City
City of Ruthven
City of Sac City
City of Sageville
City of Sheldon
City of Shueyville
City of Slater
City of Spencer
City of Spirit Lake
City of Spragueville
City of St. Charles
City of State Center
City of Stratford
City of Sumner
City of Tiffin
City of Tipton
City of Treynor
City of Underwood
City of Urbana
City of Van Meter
City of Villisca
City of Vinton
City of Webster City
City of West Branch
City of West Burlington
City of Westfield
City of Wilton
City of Woodbine
City Utility of Alton
City Utility of Ames
City Utility of Anamosa
City Utility of Anthon
City Utility of Aplington
City Utility of Bloomfield
City Utility of Coon Rapids
City Utility of Corydon
City Utility of Creston
City Utility of Denver
City Utility of Epworth
City Utility of Fairbank
City Utility of Graettinger
City Utility of Harlan
City Utility of Hawarden
City Utility of Laurens
City Utility of LeClaire
City Utility of Lohrville
City Utility of Maquoketa
City Utility of Murray
City Utility of Prairie City
City Utility of Preston
City Utility of Sac City
City Utility of Sanborn
City Utility of Slater
City Utility of St. Charles
City Utility of Story City
City Utility of Vinton
City Utility of Wahpeton
Clay County
Clayton County
Clear Lake Sanitary District
Clinton County Area Solid Waste Agency
Council Bluffs Airport Authority
County of Buena Vista
County of Cerro Gordo
County of Chickasaw
County of Clarke
County of Clinton
County of Davis
County of Decatur
County of Floyd
County of Greene-Medical Center
County of Grundy
County of Hancock
County of Harrison
County of Iowa
County of Jasper
County of Johnson
County of Jones
County of Linn
County of Lyon
County of Marion
County of Mitchell
County of Monroe
County of Page
County of Pocahontas
County of Polk
County of Sac
County of Scott
County of Union
County of Webster
County of Winnebago
County of Worth
Crawford County Memorial Hospital
Dallas County Hospital
Des Moines Metropolitan Transit Authorit
Des Moines Utility
Eighth Judicial Dist. Dept. of Correct.
Evansdale Water Works
Fort Madison Utility
Geode Resource Conserv. & Devlp., Inc.
Gilbertville Community Day, Inc.
Greenfield Municipal Utilities
Gurthire County
Heart of Iowa Reg. Transit Agency
Ida County
Iowa Agency for Municipal Wind
Iowa Lakes Regional Water
Iowa Northland Reg. Council of Gov.
Jefferson County Hospital
Johnson Township Barnum Community Fire D
Lee County
Manilla Municipal Gas Dept.
Manning Municipal Utilities
Mid Iowa Regional Housing Authority
Midas Council of Governments
Mid-Iowa Development Association COG
Missouri River Energy Services
Mitchell County Regional Health Center
Monroe County Hospital
Montgomery County
Mt. Pleasant Municipal Utilities
Newton Waterworks
North Central Reg. Emerg. Resp. Com.
North Iowa Area Council of Govts.
Ogden Municipal Utility
Page County Landfill Association
Palo Alto County Hospital
Plymouth County Solid Waste Agency
Pottawattamie County
Poweshiek Water Association
Second Judicial Dist Dept. of Correct
Seventh Judicial District
Third Judicial District
Van Buren County Hospital
Washington County Hospital
Waverly Health Center
Waverly Light and Power
Webster County Solid Waste Commission
Wilton Municipal Light and Power

## MAJOR PARTICIPANTS

| | Top Ten Participants | | Top Twenty Participants | | Top Fifty Participants | |
|---|---|---|---|---|---|---|
| | Percent | Total Assets | Percent | Total Assets | Percent | Total Assets |
| 2018 | 46% | $ 168,416,226 | 65% | $ 240,333,289 | 90% | $ 329,536,816 |
| 2017 | 57% | 215,009,724 | 76% | 284,390,898 | 93% | 349,860,884 |
| 2016 | 57% | 145,931,857 | 74% | 189,449,434 | 91% | 232,777,667 |
| 2015 | 61% | 180,639,805 | 75% | 222,927,515 | 91% | 269,435,729 |
| 2014 | 59% | 186,561,809 | 75% | 236,583,802 | 91% | 286,164,072 |
| 2013 | 66% | 299,996,375 | 78% | 353,591,054 | 93% | 421,950,854 |
| 2012 | 73% | 393,342,100 | 82% | 445,695,043 | 94% | 509,409,879 |
| 2011 | 70% | 366,772,444 | 80% | 417,092,754 | 92% | 484,160,277 |
| 2010 | 68% | 297,982,346 | 78% | 339,077,179 | 91% | 397,601,718 |
| 2009 | 61% | 293,717,646 | 71% | 340,178,059 | 87% | 417,691,066 |

## INVESTMENT ADVISER

Miles Capital has served as the Investment Adviser to IPAIT's Diversified Fund since the program's inception in 1987. As of June 30, 2018 Miles Capital had a total of $4.38 billion in assets under management, representing a diverse group of institutional and individual clients.

## CONSULTANTS

IPAIT does not employ the use of any professional consultants beyond those service providers detailed in the Notes to Financial Statement Section.

## BROKERS

IPAIT does not employ the use of brokers in the operation of its various investment alternatives.

## CHANGES IN PARTICIPANT NET ASSETS UNDER MANAGEMENT

| | Diversified Portfolio | Annual Change | | Diversified Portfolio | Annual Change |
|---|---|---|---|---|---|
| 06/18 | $ 368,070,326 | -1.73% | 06/13 | $ 455,697,315 | -15.97% |
| 03/18 | 406,990,284 | -1.46% | 03/13 | 514,663,471 | -0.62% |
| 12/17 | 371,057,747 | 22.84% | 12/12 | 494,742,322 | -6.04% |
| 09/17 | 418,190,545 | 36.70% | 09/12 | 509,924,527 | -0.28% |
| 06/17 | 374,566,738 | 46.61% | 06/12 | 542,322,659 | 3.49% |
| 03/17 | 413,014,790 | 13.17% | 03/12 | 517,894,507 | 1.09% |
| 12/16 | 302,073,072 | -7.62% | 12/11 | 526,528,050 | 17.33% |
| 09/16 | 305,913,700 | -16.02% | 09/11 | 511,342,006 | 2.58% |
| 06/16 | 255,479,618 | -14.04% | 06/11 | 524,016,990 | 20.27% |
| 03/16 | 364,963,704 | 10.20% | 03/11 | 512,301,188 | -8.29% |
| 12/15 | 326,977,936 | 1.05% | 12/10 | 448,774,035 | -15.38% |
| 09/15 | 364,276,704 | 8.96% | 09/10 | 498,458,887 | -2.03% |
| 06/15 | 297,197,204 | -5.82% | 06/10 | 435,708,180 | -9.49% |
| 03/15 | 331,184,599 | -11.49% | 03/10 | 558,584,374 | 3.06% |
| 12/14 | 323,576,257 | -29.38% | 12/09 | 530,312,284 | 37.40% |
| 09/14 | 334,312,995 | -25.80% | 09/09 | 508,783,012 | 29.70% |
| 06/14 | 315,577,872 | -30.75% | 06/09 | 481,402,637 | 35.46% |
| 03/14 | 374,179,071 | -27.30% | 03/09 | 542,002,661 | 63.25% |
| 12/13 | 458,174,841 | -7.39% | 12/08 | 385,961,736 | 34.00% |
| 09/13 | 450,571,900 | -11.64% | 09/08 | 392,271,966 | 44.78% |

## MONTHLY AVERAGE YIELD COMPARISON

| Date | Diversified Portfolio Net Rate | Money Market Benchmark | Chapter 74A 32-89 Day | Chapter 74A 90-179 Day |
|---|---|---|---|---|
| 06/2018 | 1.60% | 1.57% | 0.15% | 0.35% |
| 05/2018 | 1.49% | 1.48% | 0.10% | 0.35% |
| 04/2018 | 1.40% | 1.43% | 0.10% | 0.35% |
| 03/2018 | 1.29% | 1.27% | 0.05% | 0.20% |
| 02/2018 | 1.15% | 1.10% | 0.05% | 0.15% |
| 01/2018 | 1.08% | 1.05% | 0.05% | 0.10% |
| 12/2017 | 0.97% | 0.93% | 0.05% | 0.05% |
| 11/2017 | 0.84% | 0.81% | 0.05% | 0.05% |
| 10/2017 | 0.75% | 0.77% | 0.05% | 0.05% |
| 09/2017 | 0.72% | 0.77% | 0.05% | 0.05% |
| 08/2017 | 0.69% | 0.73% | 0.05% | 0.05% |
| 07/2017 | 0.68% | 0.73% | 0.05% | 0.05% |

## AVERAGE ANNUAL YIELD COMPARISON

| | Diversified Portfolio Net Rate | Money Market Benchmark |
|---|---|---|
| 2018 | 1.05% | 1.05% |
| 2017 | 0.29% | 0.31% |
| 2016 | 0.02% | 0.02% |
| 2015 | 0.01% | 0.01% |
| 2014 | 0.01% | 0.01% |
| 2013 | 0.01% | 0.01% |
| 2012 | 0.02% | 0.01% |
| 2011 | 0.06% | 0.01% |
| 2010 | 0.13% | 0.02% |
| 2009 | 1.01% | 0.70% |

## TOTAL NET INVESTMENT INCOME FOR THE FISCAL YEARS ENDED JUNE 30,

| | Diversified Portfolio |
|---|---|
| 2018 | $ 3,974,423 |
| 2017 | 908,266 |
| 2016 | 69,219 |
| 2015 | 31,597 |
| 2014 | 39,545 |
| 2013 | 50,683 |
| 2012 | 81,377 |
| 2011 | 280,265 |
| 2010 | 625,355 |
| 2009 | 4,311,687 |

IPAIT
IOWA PUBLIC AGENCY INVESTMENT TRUST

# CHANGE IN NET ASSETS
(unaudited)

## FOR THE YEARS ENDED JUNE 30,
(dollars in thousands)

| DIVERSIFIED PORTFOLIO | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| ADDITIONS | | | | | |
| From investment activities | | | | | |
| Net investment income | $ 3,974 | $ 908 | $ 69 | $ 32 | $ 40 |
| From unit transactions: | | | | | |
| Units sold | 921,202 | 826,913 | 707,855 | 778,834 | 794,889 |
| Units issued in reinvestment of dividends from net investment income | 3,667 | 731 | 60 | 29 | 40 |
| Total additions | 928,843 | 828,552 | 707,984 | 778,895 | 794,969 |
| DEDUCTIONS | | | | | |
| Dividends to unitholders from: | | | | | |
| Net investment income | (3,974) | (908) | (69) | (32) | (40) |
| From unit transactions: | | | | | |
| Units redeemed | (931,366) | (708,557) | (749,632) | (797,244) | (935,048) |
| Total deductions | (935,340) | (709,465) | (749,701) | (797,276) | (935,088) |
| Changes in net assets | (6,497) | 119,087 | (41,717) | (18,381) | (140,119) |
| Net assets at beginning of period | 374,567 | 255,480 | 297,197 | 315,578 | 455,697 |
| Net assets at end of period | $ 368,070 | $ 374,567 | $ 255,480 | $ 297,197 | $ 315,578 |

| DIVERSIFIED PORTFOLIO | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| ADDITIONS | | | | | |
| From investment activities: | | | | | |
| Net investment income | $ 51 | $ 81 | $ 280 | $ 625 | $ 4,312 |
| From unit transactions: | | | | | |
| Units sold | 791,827 | 959,524 | 1,203,124 | 1,015,718 | 1,404,293 |
| Units transferred from DGO on 09/09/2010* | -- | -- | 67,592 | -- | -- |
| Units issued in reinvestment of dividends from net investment income | 51 | 95 | 279 | 681 | 4,689 |
| Total additions | 791,929 | 959,700 | 1,271,275 | 1,017,024 | 1,413,294 |
| DEDUCTIONS | | | | | |
| Dividends to unitholders from: | | | | | |
| Net investment income | (51) | (81) | (280) | (625) | (4,312) |
| From unit transactions: | | | | | |
| Units redeemed | (878,504) | (941,313) | (1,182,686) | (1,062,094) | (1,282,970) |
| Total deductions | (878,555) | (941,394) | (1,182,966) | (1,062,719) | (1,287,282) |
| Changes in net assets | (86,626) | 18,306 | 88,309 | (45,695) | 126,012 |
| Net assets at beginning of period | 542,323 | 524,017 | 435,708 | 481,403 | 355,391 |
| Net assets at end of period | $ 455,697 | $ 542,323 | $ 524,017 | $ 435,708 | $ 481,403 |

*DGO refers to the Direct Government Obligation Portfolio

## GLOSSARY OF INVESTMENT TERMS

**Accrued interest -** interest accumulated on all securities in a portfolio since the most recent payment date for each security.

**Administrator -** entity that carries out IPAIT policies and provides participant recordkeeping services.

**Amortized Cost -** method of accounting that gradually reduces a security's discount or premium on a straight-line basis.

**Assets -** items in financial statement with current market value owned by IPAIT.

**Certificate of Deposit -** debt instrument issued by a financial institution with an interest rate set by competitive forces in the marketplace.

**Collateral -** U.S. government or agency securities pledged to IPAIT until investment is repaid. For instance, the security for a collateralized certificate of deposit issued by an Iowa financial institution.

**Compound Rate -** interest calculation based upon investment of principal plus reinvestment of interest earned from previous period(s). IPAIT portfolio interest is compounded or reinvested monthly.

**Custodian -** bank that maintains custody of all IPAIT assets.

**Discount -** the dollar amount by which the par value of a bond exceeds its market price.

**Diversified -** spreading of risk by investing assets in several different categories of investment and assorted maturities within those categories.

**Investment Adviser -** Securities and Exchange Commission registered firm that provides investment advice to IPAIT.

**Iowa Code Chapter 74A Rates -** Minimum rates at which Iowa financial institutions may accept deposits of public funds for various periods.

**Liabilities -** claims on the assets of IPAIT.

**Fair Value -** the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Net Investment Income -** income from IPAIT investments distributed to participants after payment of program operating expenses.

**Nominal Rate -** simple interest calculation based only upon the principal amount invested without reinvestment of earned interest.

**Par Value -** value of IPAIT investments at maturity.

**Portfolio -** all investments owned by IPAIT.

**Premium -** the dollar amount by which the market price of a bond exceeds its par value.

**Redemptions -** withdrawal of funds by participants from IPAIT.

**Repurchase Agreement -** agreement between IPAIT and a seller of U.S. government securities, whereby the seller agrees to repurchase the securities at an agreed upon price at a stated time. The transaction is collateralized by U.S. government or U.S. agency securities with a market value of at least 102% of the value of the repurchase agreement.

**Straight-Line -** conservative accounting procedure to reduce a security's premium or discount in equal daily increments over its remaining period to maturity.

**U.S. Government Agencies -** securities issued by U.S. government sponsored corporations such as the Federal Home Loan Bank and Federal National Mortgage Association.

**U.S. Government Securities -** direct obligations of the U.S. government, such as Treasury bills, notes and bonds.

**Yield Curve -** graph plotting yields of securities of similar quality on vertical axis and maturities ranging from shortest to longest on horizontal axis.

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