

Your MMDT Quarterly Update

Summer 2018

Fed Watch: A plain spoken, slightly hawkish message

June 13th, 2018

The Federal Reserve raised the fed funds target range by 25 basis points to a range of 1.75-2%, as anticipated. The Fed also made an expected technical adjustment to the way in which it implements policy. It will establish the rate of interest it pays on excess bank reserves (IOER) at 5 basis points below the upper end of the target range, or 1.95% at present. This adjustment has no policy implications other than to increase the probability that fed funds continue to trade within the established target range.

The median dot edged up for 2018 and 2019, with incremental shifts in projections for some participants tipping the scales in

favor of another two policy moves this year, followed by three more in 2019. This change, driven by policymakers' generally upbeat take on the economy, is being viewed as slightly hawkish by market participants.

Chair Jerome Powell began his press conference with what he termed as a "Plain English" summary of the economy, what the Fed is doing and why. He also said the Fed will move to holding press conferences at every meeting.

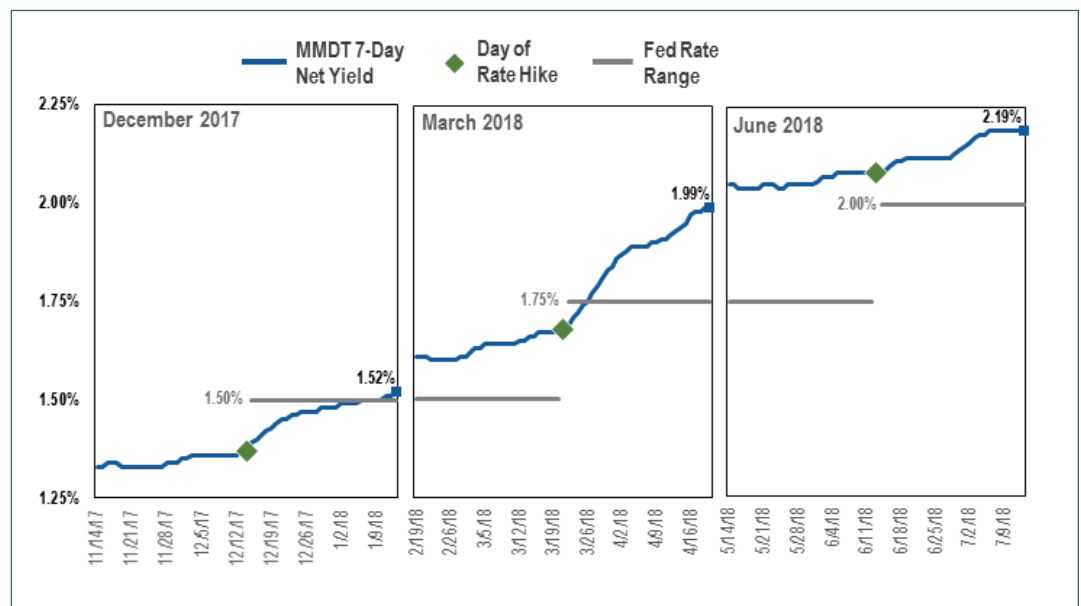
Leveraging the Rising Rate Environment

Impact of a Fed Rate Hike

After each of the last three rate hikes, the 7-day net yield for the MMDT Cash Portfolio has risen to and exceeded the upper end of the new rate range within the month following the Fed announcement.

For the most recent rate hike, MMDT was able to hit the upper end prior to the June announcement, crossing the 2.00% target in late April and moving to 2.19% on July 13th.

Yields on short-term interest rates have risen dramatically in response to the return of more normal monetary policy, and investors are starting to recognize the attractive earnings potential of liquidity and short-term bond funds.



Performance quoted represents past performance, which is no guarantee of future results. Investment return will vary. The value of an investment when redeemed, may be worth more or less than the original cost.

Sources: Federated Investors, Bloomberg;

7-day net yield as of 7/19/18 is 2.19%. Past performance is no guarantee of future results.

Fed Rate Watch

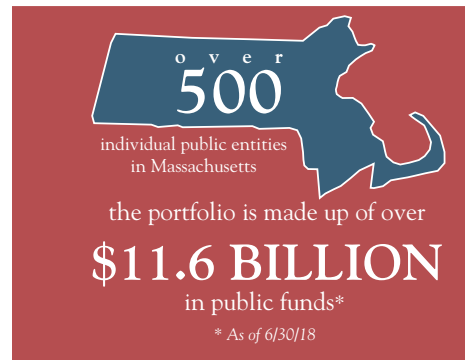
Upcoming Fed meetings:

Jul/Aug	31-1
September	25-26
November	7-8
December	18-19

Outlook:

Anticipating 2 More Rate Hikes in 2018

Cash Portfolio Overview



Eligibility extends to all Massachusetts public entities including:



- state agencies and quasi corporations
- state universities and colleges
- community colleges
- cities and towns
- regional school districts and chartered schools
- housing authorities
- water, fire, and sewer districts
- planning commissions
- education collaboratives

What are the BENEFITS?

- Daily liquidity
- Competitive yield
- No minimums
- No ACH or wire fees
- Unlimited transactions
- Vendor payment
- Check writing privileges

What types of assets are invested?



OPERATING CASH | BOND PROCEEDS | STATE AID
GENERAL FUNDS | TRUST FUNDS | STABILIZATION FUNDS

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Wayne is responsible for managing the MMDT Participant Services team from the High Street office.

Are you taking advantage of all of the features available from MMDT?

- No fee wire/ACH transactions
- Future date trading
- Vendor payments
- Internal MMDT participant to participant transfers
- Dual authorization trading
- Unlimited number of transactions
- Online tutorials

Upcoming Events

We look forward to meeting with MMDT participants at these events:

- Aug 14, 2018 - Aug 16, 2018, University of Massachusetts at Amherst, Amherst 2018 MCTA Annual School Conference

Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Investments in the Cash Portfolio and Short Term Bond Portfolio are not deposits of a bank and are neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The Portfolios' yields will vary from day to day based on changes in interest rates and market changes. Although the Cash Portfolio seeks to preserve the value of your investment at \$1.00 per unit, it is possible to lose money by investing in the Portfolio.

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