



IMET UPDATE

Issued January 2015

IMET CONTINUES TO PROVIDE STRONG PERFORMANCE, SAFETY, AND LIQUIDITY TO MEMBERS

IMET's 1-3 Year Fund performance for the **12-month period ending December 31, 2014, provided a total return of .69% on a gross of fee basis.** Our benchmark, Barclay's Capital 1-3 Year Government Index provided a .64% total return for the same period. The performance objective for this portfolio is to meet or exceed the Barclay's Capital 1-3 Year Government Bond Index over time and prior to payment of Fund expenses. Since inception IMET's total return has been 3.89% on a gross of fee basis compared to the benchmark, which also provided a total return of 3.88% for the same time period. **IMET's net of fees return for the last 12 months was .47%.**

IMET has consistently served – and continues to serve – as a solid intermediate-term investment for its members. IMET's 1-3 Year Fund continues to invest exclusively in US Government Securities including Treasuries, Agencies, and Agency mortgage backed securities, only the safest investments permissible under the IL Public Funds Investment Act. IMET is proud to continue to offer our members the highest level of safety and liquidity to meet member's investment needs.

IMET's Convenience Fund continued to provide an excellent, competitive rate to IMET members as the Convenience Fund posted an **average daily yield for the month of .27%**, and a **net one-year return of .36%** as of December 31, 2014.

The IMET Convenience Fund currently consists of bank deposits that are collateralized via FDIC Insurance, the FHLB LOC Program, and Government Securities at a margin of 110%.

For portfolio collateral and holdings reports, please call the IMET office at the following contact information.

FIRST FARMERS REPO RECOVERY EFFORTS

IMET has been actively monitoring the recovery efforts of both Pennant and the Receiver. IMET is also working with the Illinois Government Finance Officers

Association's Technical Accounting Review Committee with regard to the financial disclosures of Participants concerning the First Farmers Financial ("FFF") repo.

The Receiver has already liquidated all of the personal property of Nikesh Patel which was seized (i.e. cars, boat, watches, gold coins, etc.). In addition, Pennant continues to actively pursue recovery against Tim Fisher, a partner of Nikesh Patel. Fisher has been cooperating with Pennant in the transfer of his ownership interests in various entities and other assets which have been frozen pursuant to a Court order.

Pennant is also working on selling the 5 hotel properties and is engaged in active negotiations with Continental Property Acquisitions, a subsidiary of HostMark, which is a major player in the hospitality industry. The initial offer of Continental (of approximately \$78 million) was rejected by Pennant and we understand that Continental is in the process of making a revised offer. Other parties have also expressed an interest in the hotel properties. In addition, Pennant is attempting to sell certain real property which has been turned over to Pennant by Patel for the benefit of investors.

Pennant is also looking to sell the approximate \$17 million in loans in which FFF owned at the time the fraud was uncovered. Pennant has confirmed that these are legitimate loans with legitimate borrowers. Pennant has also issued approximately 100 plus subpoenas to third parties that Pennant believes may have received monies from FFF which may be subject to recovery.

Finally, Pennant is actively pursuing its claim with the USDA and is waiting for a decision from the USDA National Appeals Division.

The liquidating trust participant statements should be available very soon. If you have additional questions, please feel free to call the IMET offices.

IMET CONTACT INFORMATION

IMET Offices: Feel free to email Executive Director, Laura Allen, at lallen@investIMET.com or call anytime at (815) 735-3534 and Associate Director, Deb Zimmerman, at dazimmerman@investIMET.com or call (618) 665-IMET (4638) for the downstate office.

IMET 1-3 Yr Fund Performance Compared to Index

12/31/2014	Net 1-3 Year Fund Returns*	Gross 1-3 Year Fund Returns*	Barclays 1-3 Yr. Govt Index
Month	-0.19	-0.17	-0.24
Latest 1 yr.	0.47	0.69	0.64
Since Inception**	3.57	3.89	3.88
Yield to Maturity	0.59	0.59	0.70
Wtd. Avg. Mat.	1.62 yrs	1.62 yrs	1.97 yrs
Duration	1.52 yrs	1.52 yrs	1.92 yrs

* IMET returns are calculated based on beginning period and ending period NAVs.

** Since Inception returns are calculated from July 1996 through the most recent month end.

IMET Convenience Fund Performance

12/31/2014	IMET Convenience Fund	S&P GIP Index*	IL Funds Avg. Yield**
Month	0.02	0.002	0.001
Avg. Daily Yield for Mth.	0.27	0.03	0.02
Latest 1 yr.	0.36	0.02	0.01
Since Inception***	1.67	N/A	1.48
Wtd. Avg. Mat.	17 days	44 days	53 days

The IMET Convenience Fund was established in September 2003.

* S&P GIP Index GOVT rate as disclosed is the 7-day net yield.

** IL Funds rate as disclosed on the IL State Treasurer's website for the Money Market Fund.

*** Since Inception returns are based on the inception of the convenience fund and are calculated from September 2003 through the most recent month end.