

Federally Insured by
NCUA



**Lufthansa Employee
Federal Credit Union**

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June, 2018

Dear Friends,

As expected, in June the Federal Reserve inched towards higher interest rates. It is expected that two more rate hikes will take place before year end. During a rising rate environment, the values of fixed-rate investments go in the opposite direction!

Consequently, we have established a low five figure allowance for investment losses as well as a mark down on certain investments, although we do not expect to sustain any losses in this regard.


For the next twelve months we will refrain from buying U.S. Government securities until we have a clearer picture where inflation is going.

In view of the above uncertainties, we have refrained from making an extra dividend payout in June and instead transferred \$100,000.00 to our reserve account.

On behalf of our Board of Directors, we enclose our semi annual financials and thank you for your trust.

Sincerely,

Lufthansa Employee
Federal Credit Union


Franz Herzig
Treasurer