



# CITY OF ROCKVILLE, MARYLAND

## **Investment Performance Review For the Quarter Ended March 31, 2020**

Client Management Team

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## **Tab I**

- ◆ Market Update

## **Tab II**

- ◆ Portfolio Recap & Strategy
- ◆ Investment Portfolio Review

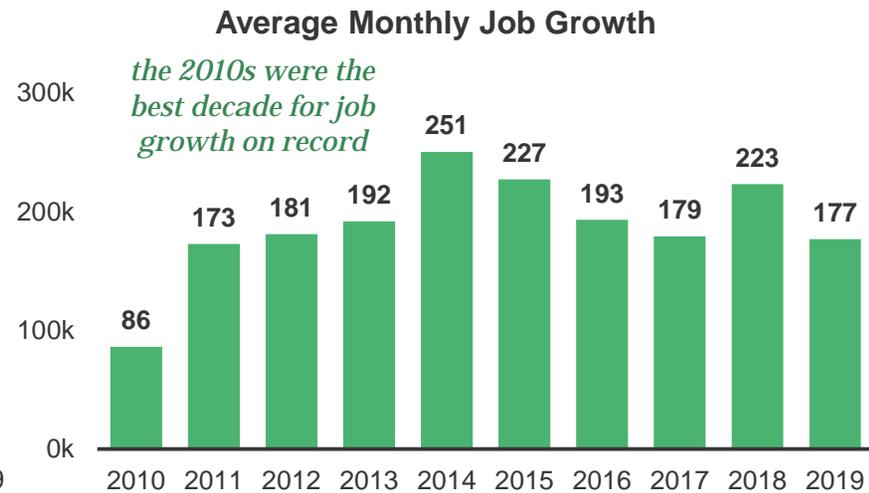
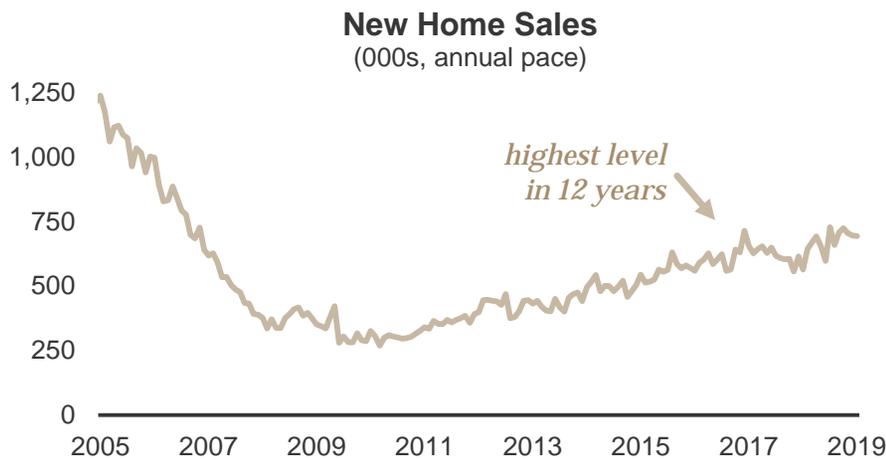
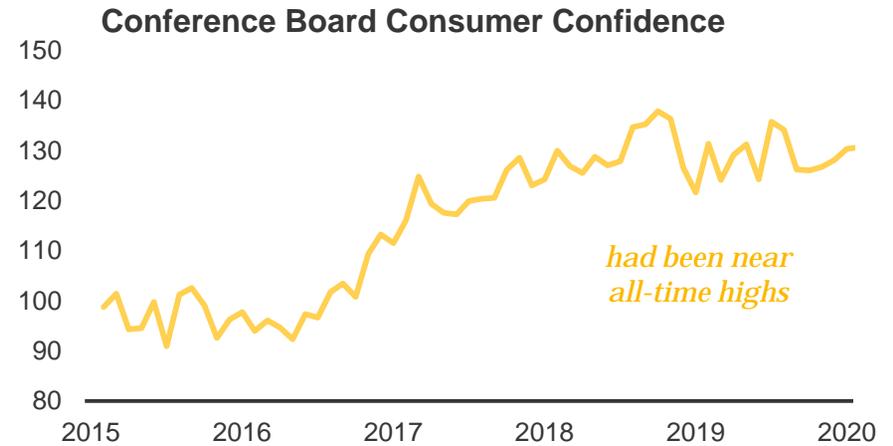
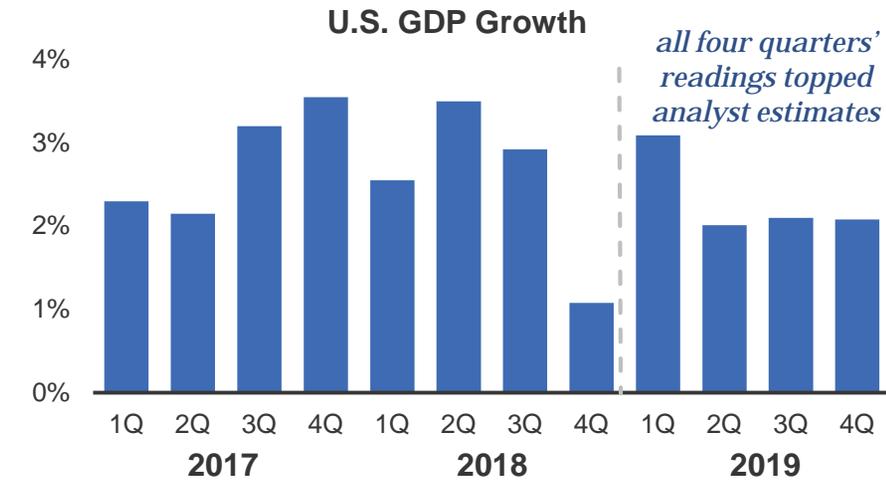
## **Tab III**

- ◆ Important Disclosures
- ◆ Glossary

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# Tab I

## Domestic Data Was Strong Prior to Coronavirus Outbreak



Source: Bloomberg, latest data available as of 2/29/2020.

## COVID-19: A Three-Pronged Crisis



### **Health Crisis Pandemic**

*The rapidly spreading coronavirus is overwhelming healthcare facilities around the world as the number of cases and deaths related to the virus continue to grow.*



### **Effects on the Economy**

*With businesses forced to close their doors and consumers stuck at home “social distancing,” the economy has come to a near standstill over a very short period of time.*

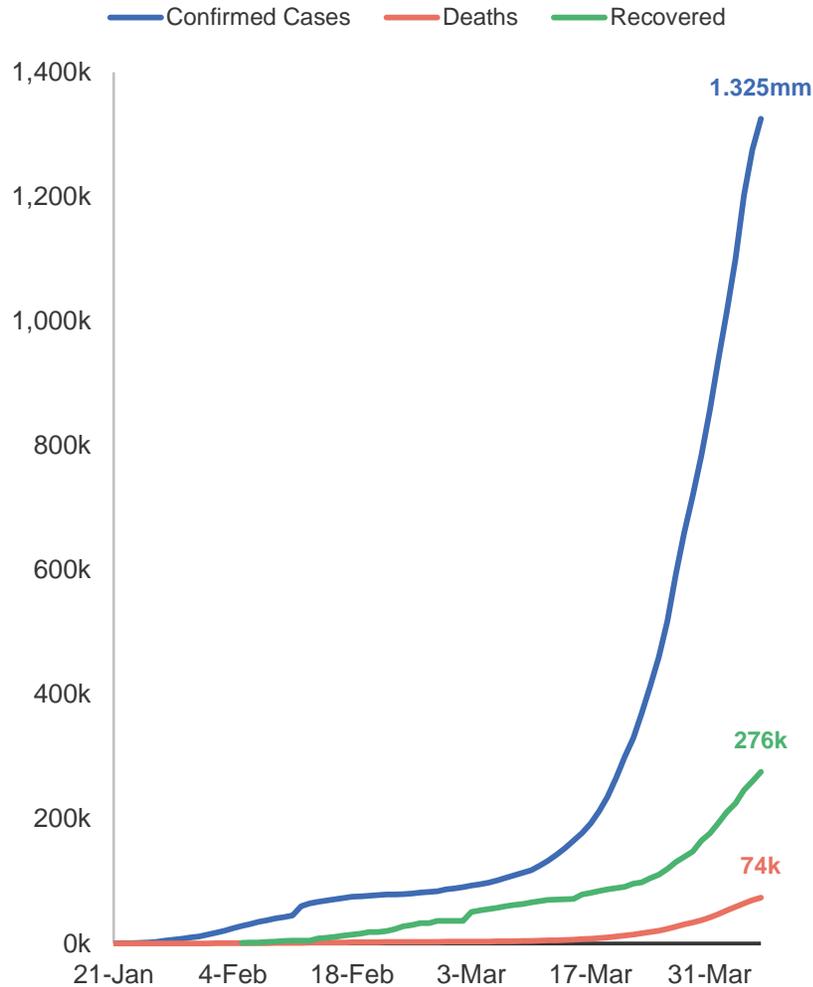


### **Effects on Financial Markets**

*Treasury yields and stock prices have plummeted while credit spreads and volatility have soared in reaction to the uncertainty created by the pandemic.*

## COVID-19 Pandemic Spans the Globe and Is Still Growing

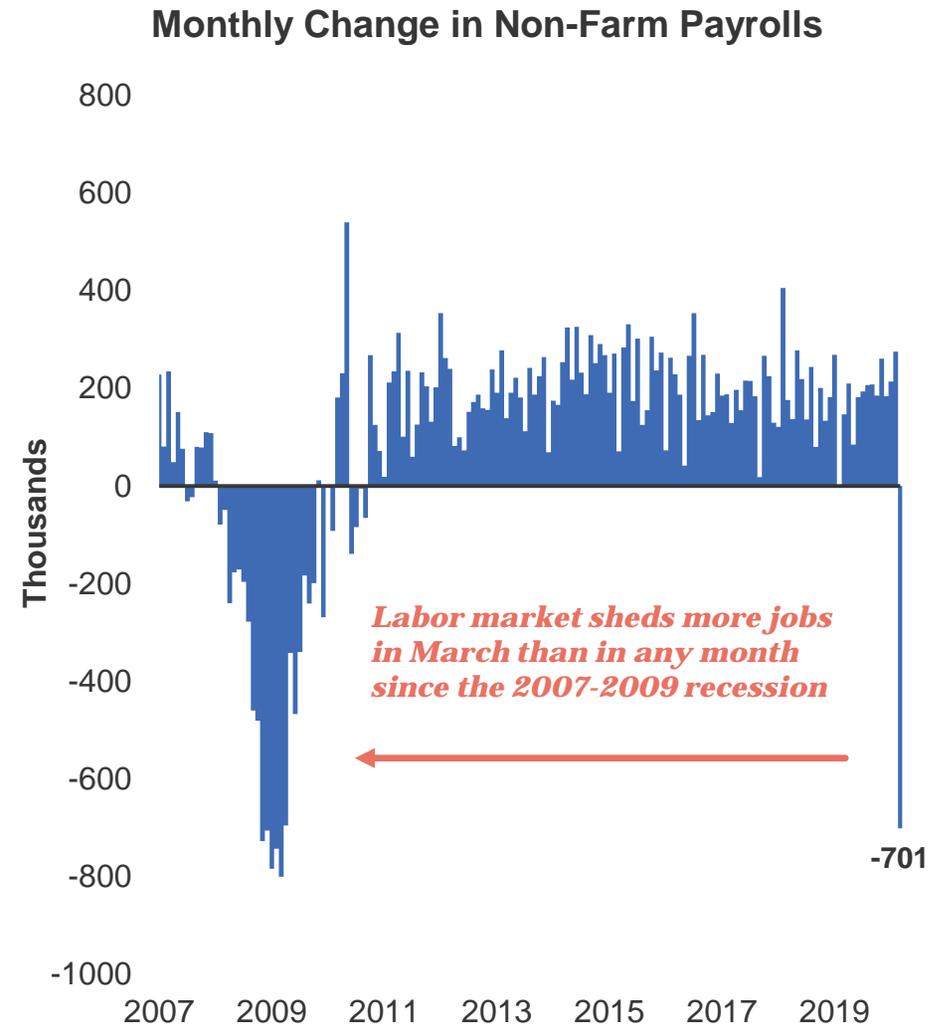
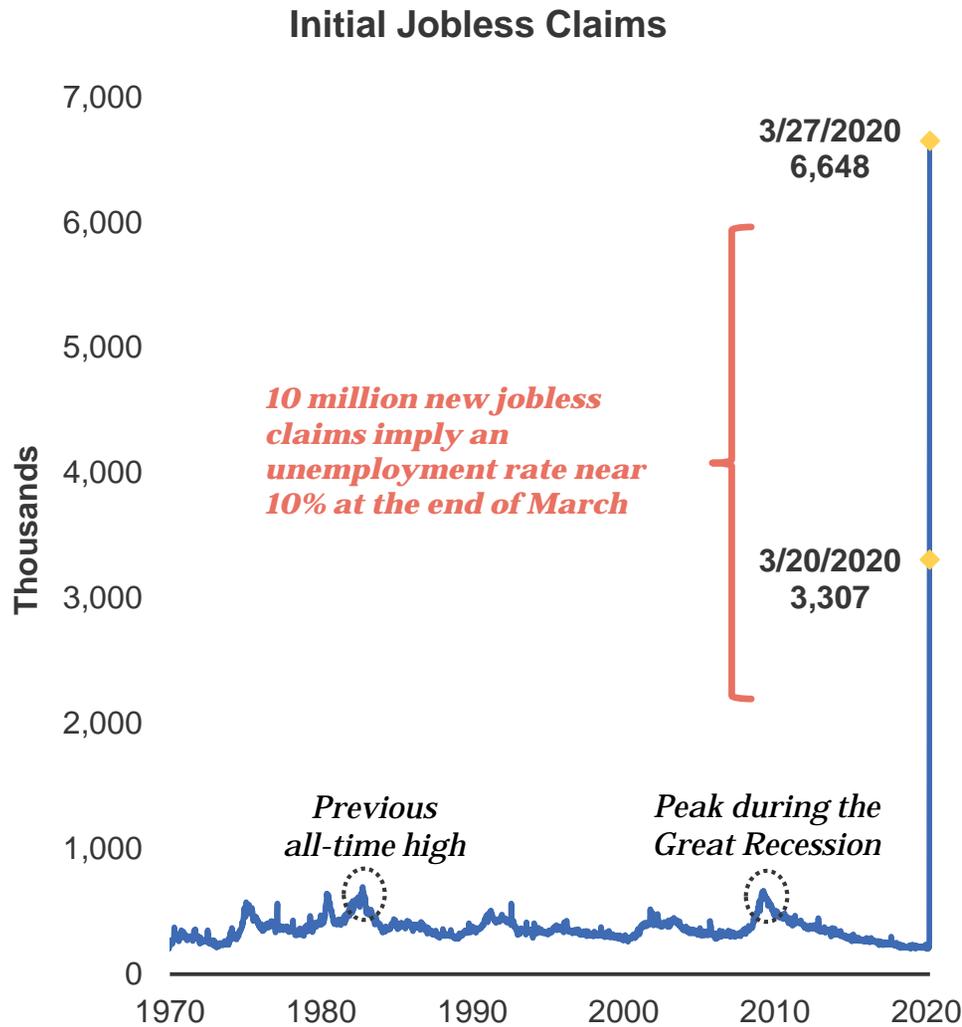
### Coronavirus Cases



Rank*	Country	# Cases	# Deaths	Death Rate
1	United States	352,546	10,389	2.9%
2	China	82,665	3,335	4.0%
3	Japan	3,654	85	2.3%
4	Germany	101,558	1,662	1.6%
5	India	4,778	136	2.8%
6	United Kingdom	52,274	5,383	10.3%
7	France	98,956	8,926	9.0%
8	Italy	132,547	16,523	12.5%
10	Canada	15,940	294	1.8%
12	South Korea	10,284	186	1.8%
13	Spain	135,032	13,169	9.8%
14	Australia	5,797	40	0.7%
15	Mexico	2,143	94	4.4%
20	Switzerland	21,652	762	3.5%
25	Iran	60,500	3,739	6.2%

Source: Bloomberg data compiled from Johns Hopkins University, the World Health Organization, and other sources. \*By size of economy, estimates by IMF for 2019. Data as of 4/06/2020.

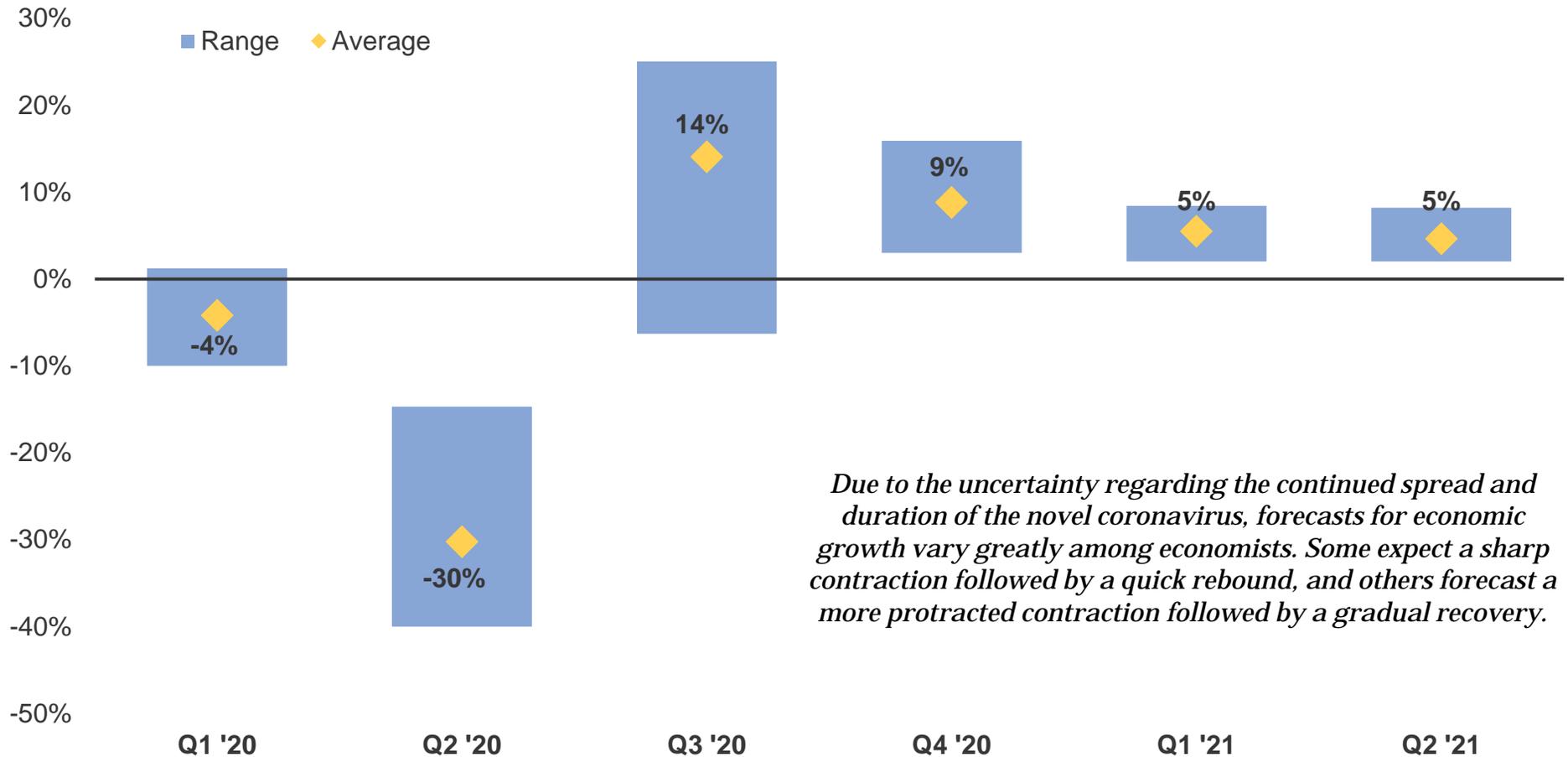
## U.S. Economy Posts Massive Job Losses in March



Source: Bloomberg, as of 4/3/2020. Data is seasonally adjusted.

## Economists Expect a Significant, Immediate Downturn in the U.S. Economy

### U.S. GDP Forecasts

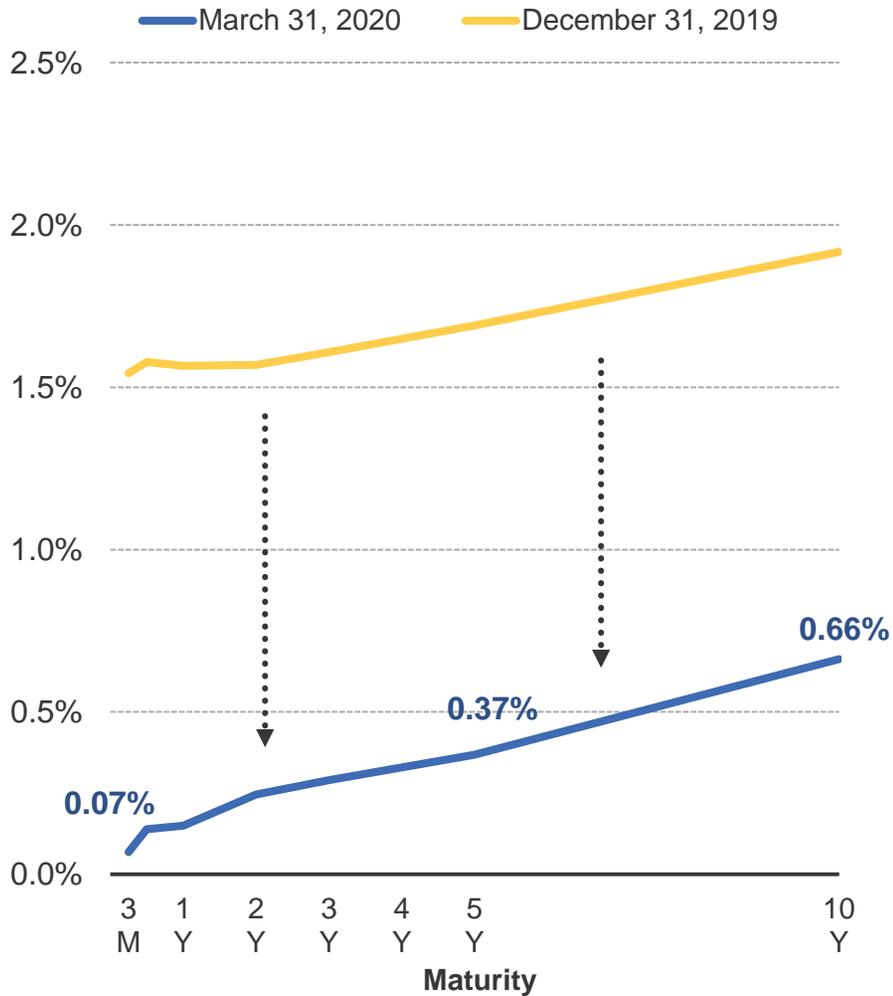


*Due to the uncertainty regarding the continued spread and duration of the novel coronavirus, forecasts for economic growth vary greatly among economists. Some expect a sharp contraction followed by a quick rebound, and others forecast a more protracted contraction followed by a gradual recovery.*

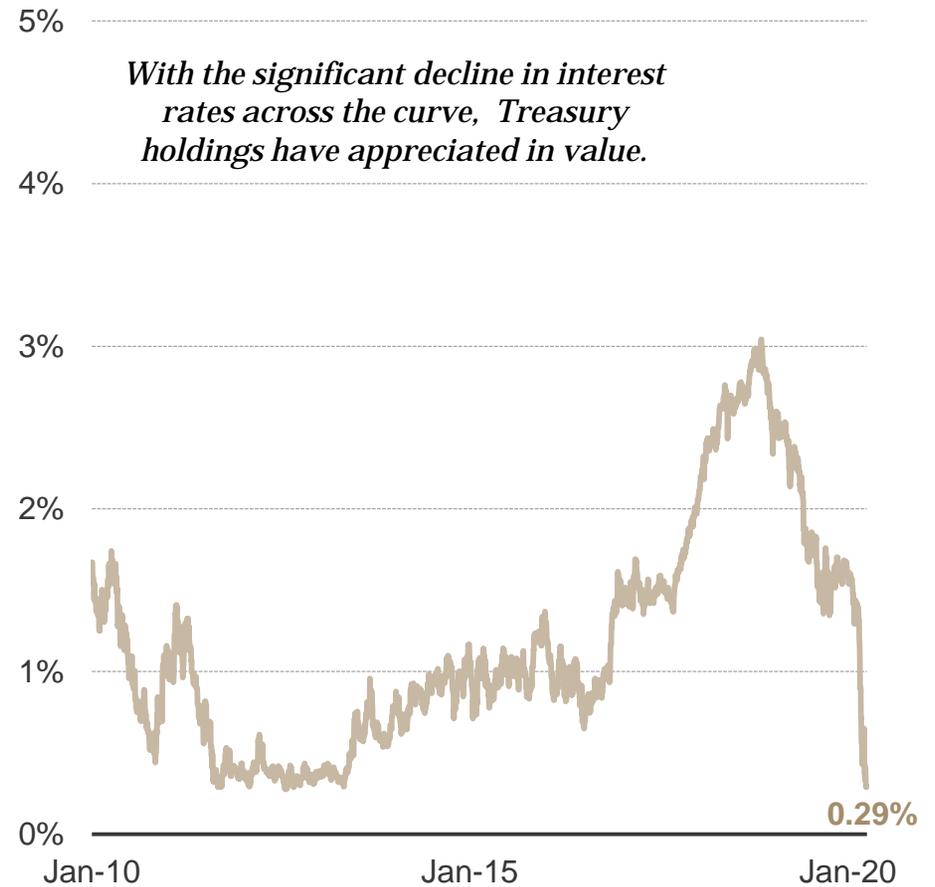
Source: Bloomberg. Forecasts made from 3/25/2020 through 4/3/2020 by ING Group, Morgan Stanley, Deutsche Bank, Goldman Sachs Group, Barclays, JPMorgan Chase, UBS, TD Bank, and Wells Fargo.

## Interest Rates Plunge; Likely to Stay Ultra-Low Through the Crisis

### US Treasury Yield Curve

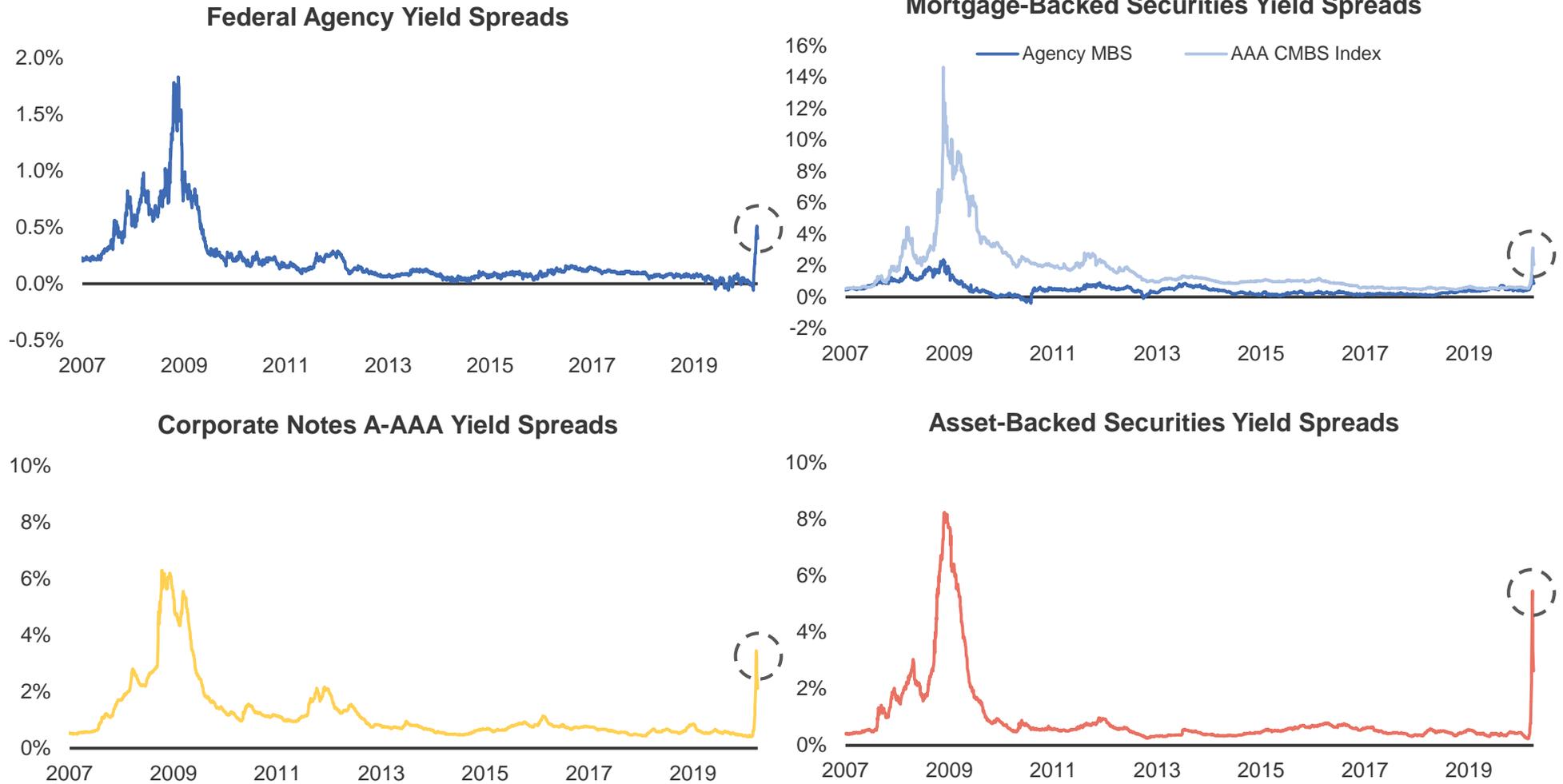


### 3-Year Treasury Yield



Source: Bloomberg as of 3/31/2020.

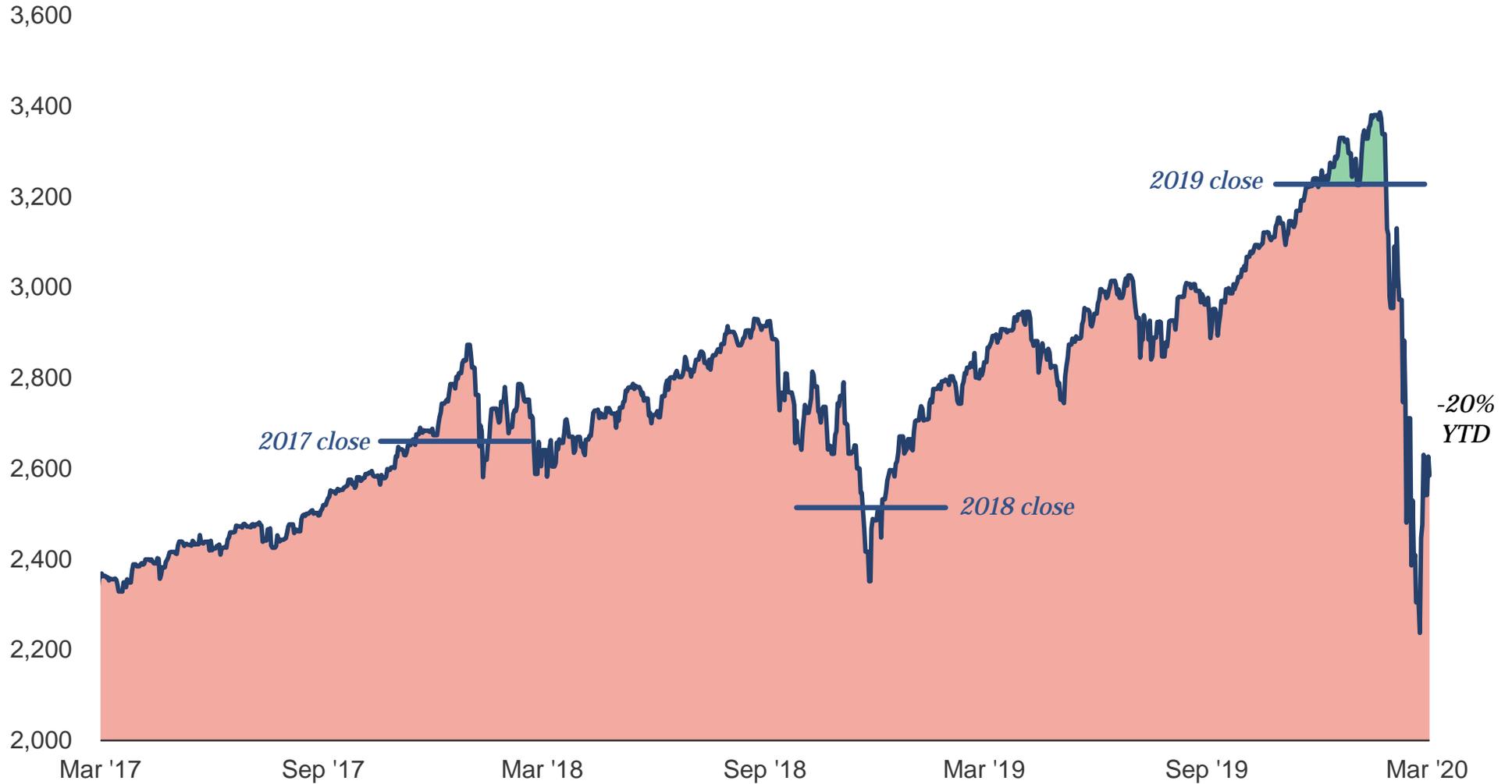
## Sector Spreads Spike to Levels Not Seen Since the Great Recession



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 3/31/20. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

## Stocks Plummet From All-Time Highs During a Volatile Quarter

### S&P Price Change



Source: Bloomberg as of 3/31/2020.

## Federal Reserve Broadens Tool Kit to Support Markets

### **Zero Interest Rates**

*Cut rates by 150 bps at two emergency meetings in March*

### **Asset Purchase Programs**

*Treasury and Agency MBS purchase program*

### **U.S. Dollar Swap Lines**

*Expanded swap lines with additional foreign central banks*

### **Liquidity Support**

*Funding for CP, corporate bonds, ABS, MMF & primary dealers*

### **Discount Window**

*Decreased rate charged and extended term of loans*

### **Repurchase Agreements**

*Increased the amount offered in repurchase operations*

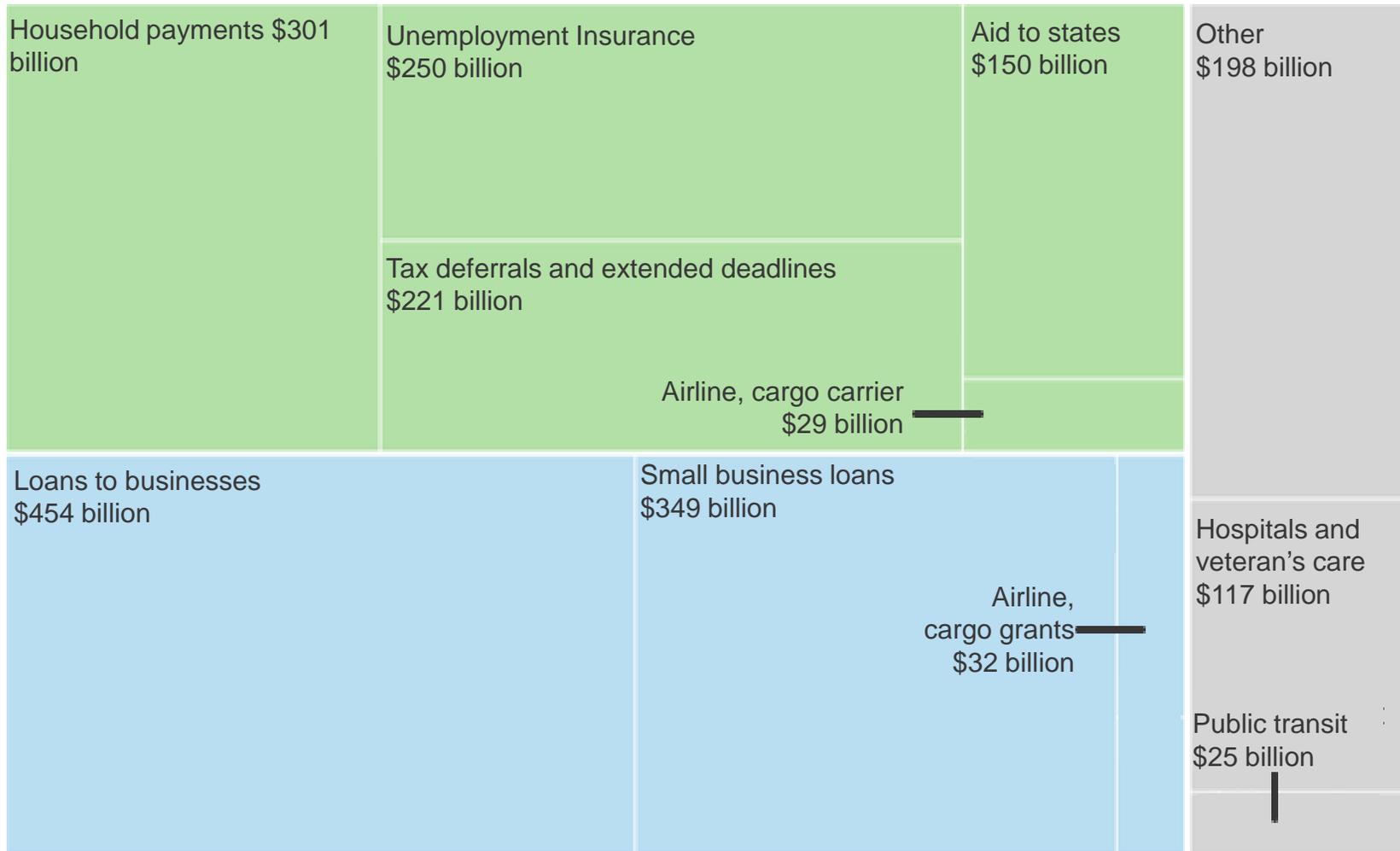
### **Regulatory Relief**

*Moved reserve requirement to 0, extended the filing deadline for 3/31 financial statements, and eased capital liquidity restraints*

## Congress Passes \$2 Trillion Stimulus Package

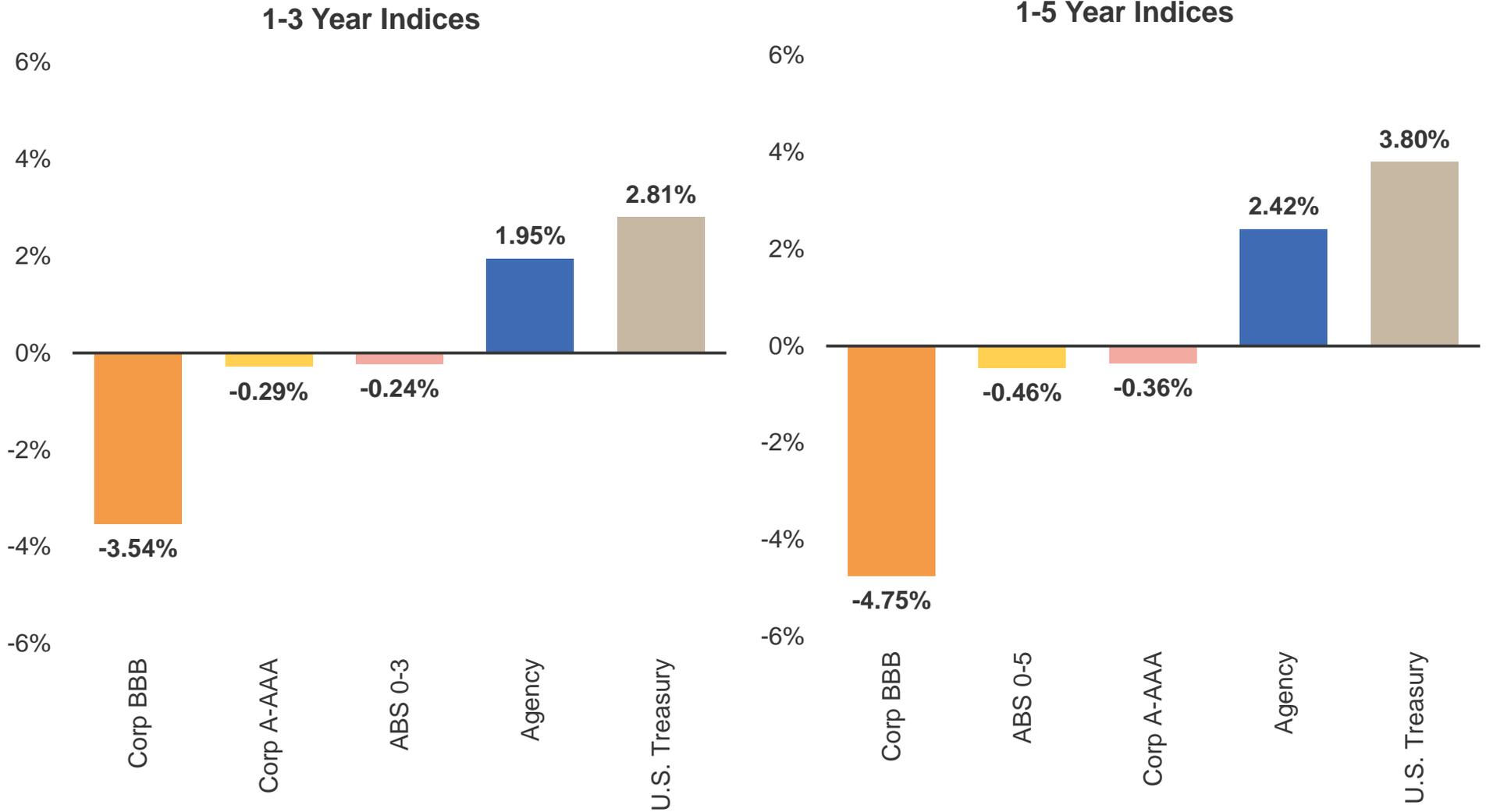
### Coronavirus Aid, Relief, and Economic Security (CARES) Act

■ Direct Relief   
 ■ Loans   
 ■ Supplemental



Source: NPR, as of 3/31/2020.

### Government Sectors Outperform in the First Quarter



Source: Bloomberg, as of 3/31/2020

### Fixed-Income Sector Outlook – April 2020

Sector	Our Investment Preferences	Comments
<b>COMMERCIAL PAPER / CD</b>		<ul style="list-style-type: none"> <li>Money market credit spreads have come in but are still wide from a historic perspective. Fed action has gradually improved liquidity but varies by issuer.</li> </ul>
<b>TREASURIES</b> <b>T-Bill</b> <b>T-Note</b>		<ul style="list-style-type: none"> <li>T-Bills are attractive in the near term with overnight repo trading near zero and scarce agency discount note supply. Issuance is expected to increase.</li> <li>During times of extreme volatility, Treasuries typically have value as a safe haven. Recent market turmoil has strained the sector's liquidity as seen in wider bid/ask spreads; Fed facilities have improved the sector's functioning and liquidity is expected to further improve.</li> </ul>
<b>FEDERAL AGENCIES</b> <b>Bullets</b> <b>Callables</b>		<ul style="list-style-type: none"> <li>Federal Agency bullet spreads have gapped tighter by 3-15 bps across the curve from the move wider two weeks ago. Bullets still offer relative value vs Treasuries and should be considered for reinvestment of cash or UST.</li> <li>Callable spreads to like maturity Treasuries have widened over the week. Value is available on a structure by structure basis.</li> </ul>
<b>SUPRANATIONALS</b>		<ul style="list-style-type: none"> <li>Supranational spreads are at their widest levels since 2016. Despite the move wider, secondary offerings are still in line with similar maturity GSEs. Accounts should favor GSEs over secondary SSA's to enhance liquidity.</li> <li>New issues may benefit from their concession to existing supply.</li> </ul>
<b>CORPORATES</b> <b>Financials</b> <b>Industrials</b>		<ul style="list-style-type: none"> <li>Fed actions helped calm credit markets, allowing companies to bring a record month of bond issuance to shore up liquidity. The fiscal stimulus package should also help blunt the negative impact of the pandemic on the economy.</li> <li>We still remain cautious given an uncertain timeline to contain the virus, making it difficult to assess the potential damage to corporate balance sheets.</li> </ul>
<b>SECURITIZED</b> <b>Asset-Backed</b> <b>Agency Mortgage-Backed</b> <b>Agency CMBS</b>		<ul style="list-style-type: none"> <li>ABS yield spreads widened significantly. There is a high level of uncertainty regarding the consumer's ability and/or willingness to make payments.</li> <li>Lower volatility and the Fed's ability to buy an unlimited amount of MBS has reduced the sector's spreads. Recent Fed action has also supported liquidity. Prepayment risk should be reduced in the near term.</li> <li>Agency CMBS spreads widened. The sector was added in the MBS purchase program which should provide support but renters' ability to pay is a question.</li> </ul>
<b>MUNICIPALS</b>		<ul style="list-style-type: none"> <li>Taxable, tax-exempt and pre-refunded bonds offer relative value. We remain cautious on certain sub-sectors given potential risks from Covid-19.</li> </ul>

● Current outlook

○ Outlook one month ago

Negative

Slightly Negative

Neutral

Slightly Positive

Positive

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# Tab II

## PORTFOLIO RECAP

- The portfolio is invested in U.S. Treasuries, Federal Agencies/GSE, and Federal Agency/CMO securities. As of March 31, 2020, the portfolio has an average credit quality of AA.
- Although the U.S. economy entered the year on a strong footing, that deteriorated quickly as the COVID-19 pandemic took hold across the globe, including the U.S. This created a threefold crisis: (1) a global health crisis, (2) a virtual economic shutdown in the U.S. and elsewhere, and (3) unprecedented moves in the financial markets.
- The Federal Reserve responded aggressively by cutting rates at two emergency meetings to a new target range of 0% - 0.25%, initiating bond buying of various security types, and restarting market support programs from the last financial crisis.
- Treasury yields plunged in response to the Fed's new zero interest rate policy, with longer-term Treasury yields reaching new historic lows. These moves led to positive returns on Treasury indexes. However, in a move reminiscent of 2008, yield spreads on all other asset classes spiked as investors grappled with unprecedented uncertainty. Credit allocations were a significant detractor of performance during the first quarter.
- As of March 31, 2020, the City's portfolio returned 3.53% for the first quarter, underperforming the benchmark's performance of 3.80%.
- Exclusive of funds in money market vehicles, the City's portfolio duration and yield to maturity at cost ended 1Q20 at 2.55 years and 1.87%, respectively.

## PORTFOLIO STRATEGY

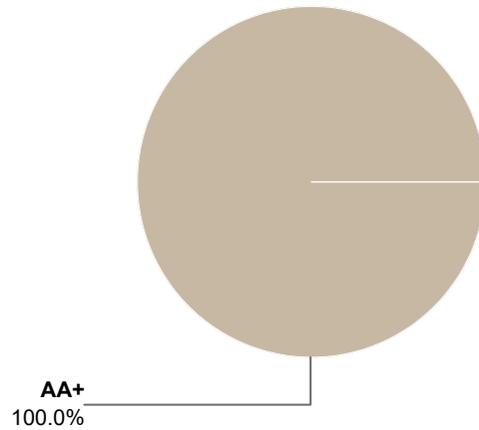
- U.S. economic fundamentals are expected to deteriorate significantly in Q2 as the full effect of COVID-19 materializes. The real question is the duration of the economic shutdown and the speed and trajectory of the eventual recovery. As a result of this uncertainty, we plan to maintain neutral portfolio durations relative to their respective benchmarks into April as we monitor guidance from index vendors regarding future rebalancing.
- During times of extreme volatility, Treasuries typically have value as a safe haven. Recent market turmoil has strained the sector's liquidity as seen in wider bid/ask spreads; Fed facilities have improved the sector's functioning and liquidity is expected to further improve.
- Federal Agency bullet spreads have gapped tighter by 3-15 bps across the curve from the move wider two weeks ago. Bullets still offer relative value vs Treasuries and should be considered for reinvestment of cash or UST.

**Portfolio Statistics**

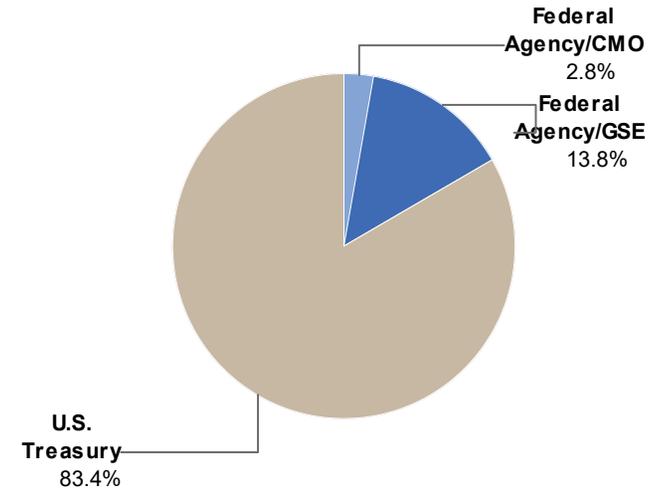
As of March 31, 2020

<b>Par Value:</b>	\$30,321,475
<b>Total Market Value:</b>	\$31,910,703
<b>Security Market Value:</b>	\$31,685,206
<b>Accrued Interest:</b>	\$174,376
<b>Cash:</b>	\$51,120
<b>Amortized Cost:</b>	\$30,615,682
<b>Yield at Market:</b>	0.35%
<b>Yield at Cost:</b>	1.87%
<b>Effective Duration:</b>	2.55 Years
<b>Duration to Worst:</b>	2.51 Years
<b>Average Maturity:</b>	2.65 Years
<b>Average Credit: *</b>	AA

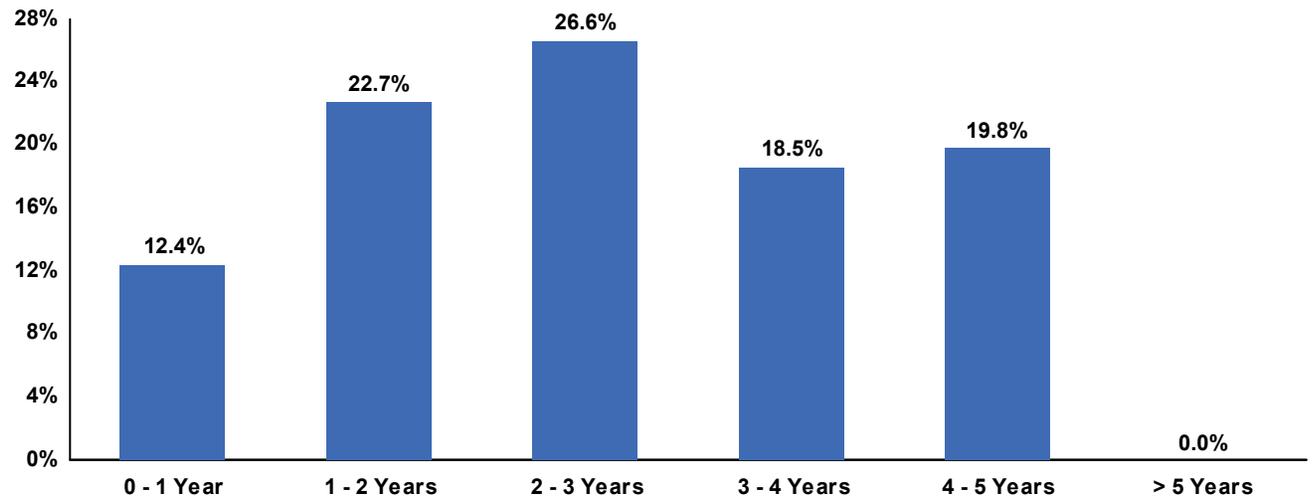
**Credit Quality (S&P Ratings)**



**Sector Allocation**



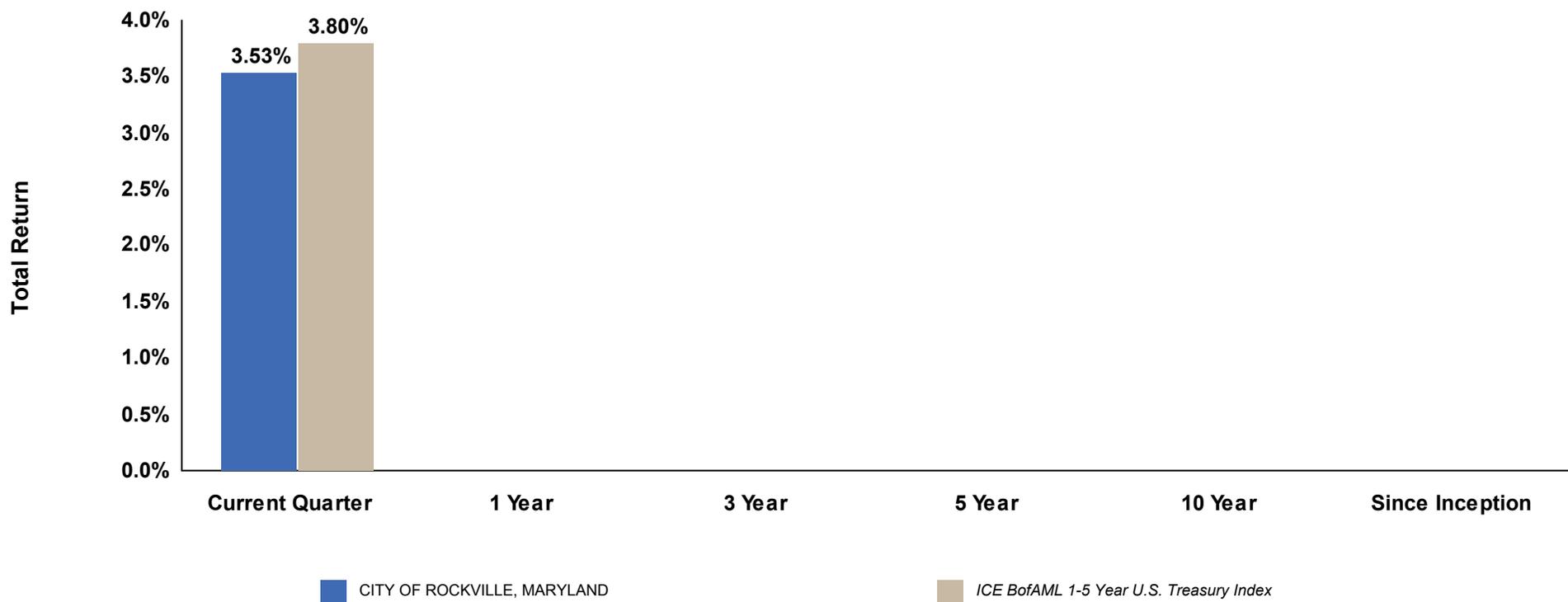
**Maturity Distribution**



\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

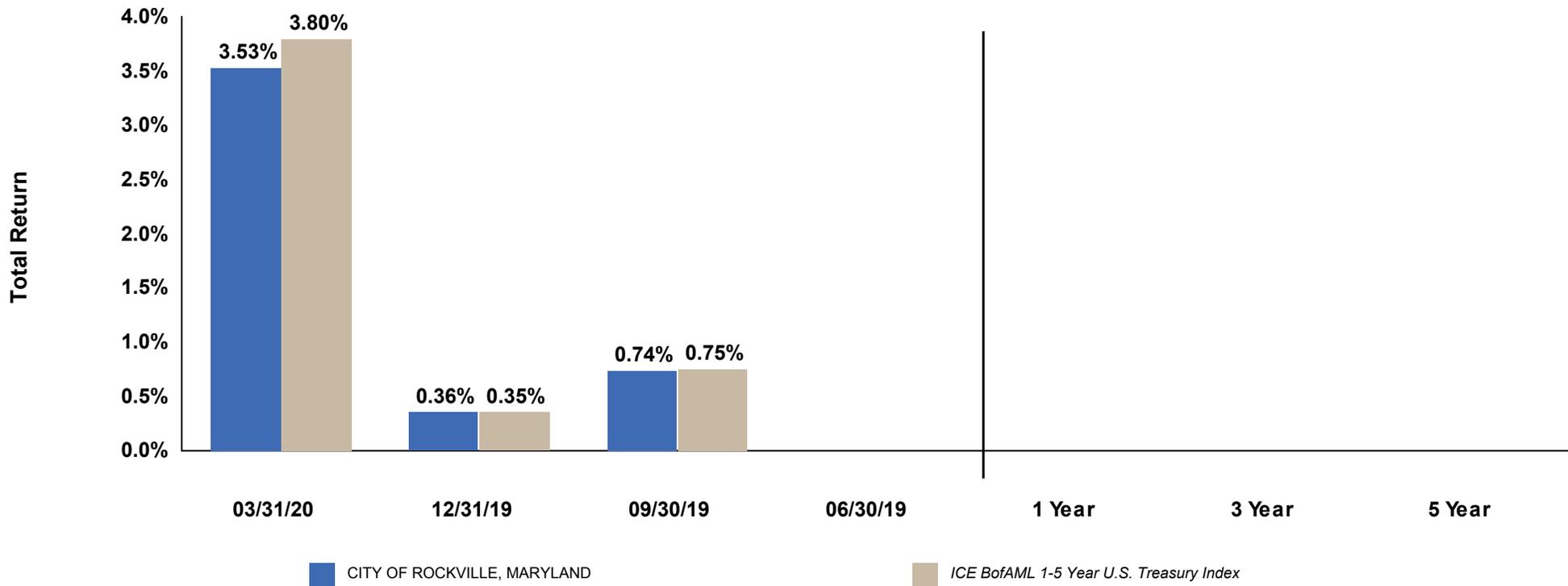
Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (06/30/19) **
			1 Year	3 Year	5 Year	10 Year	
CITY OF ROCKVILLE, MARYLAND	2.55	3.53%	-	-	-	-	-
ICE BofAML 1-5 Year U.S. Treasury Index	2.58	3.80%	-	-	-	-	-
Difference		-0.27%	-	-	-	-	-



Portfolio performance is gross of fees unless otherwise indicated. \*\*Since Inception performance is not shown for periods less than one year.

Portfolio Performance (Total Return)

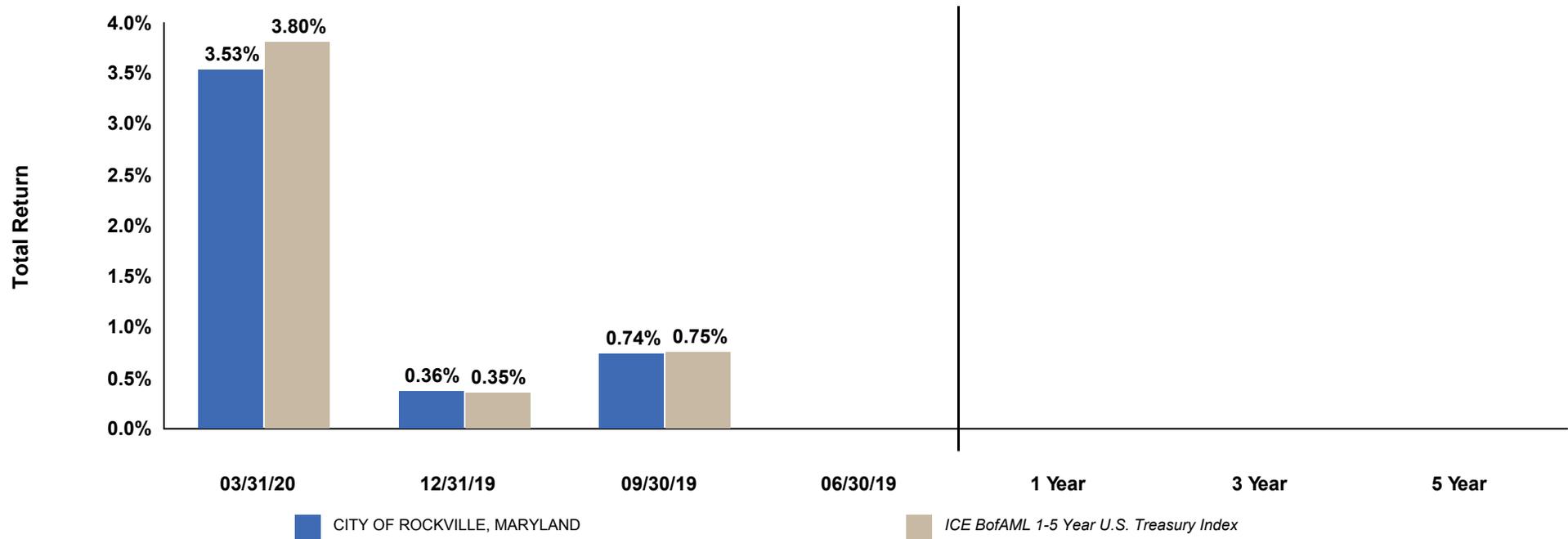
Portfolio/Benchmark	Effective Duration	Quarter Ended				1 Year	Annualized Return	
		03/31/20	12/31/19	09/30/19	06/30/19		3 Year	5 Year
CITY OF ROCKVILLE, MARYLAND	2.55	3.53%	0.36%	0.74%	-	-	-	-
ICE BofAML 1-5 Year U.S. Treasury Index	2.58	3.80%	0.35%	0.75%	-	-	-	-
Difference		-0.27%	0.01%	-0.01%	-	-	-	-



Portfolio performance is gross of fees unless otherwise indicated.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		03/31/20	12/31/19	09/30/19	06/30/19	1 Year	3 Year	5 Year
<b>CITY OF ROCKVILLE, MARYLAND</b>	2.55	3.53%	0.36%	0.74%	-	-	-	-
<i>Net of Fees **</i>	-	3.51%	0.34%	0.72%	-	-	-	-
<b>ICE BofAML 1-5 Year U.S. Treasury Index</b>	2.58	3.80%	0.35%	0.75%	-	-	-	-
<b>Difference (Gross)</b>		-0.27%	0.01%	-0.01%	-	-	-	-
<b>Difference (Net)</b>		-0.29%	-0.01%	-0.03%	-	-	-	-



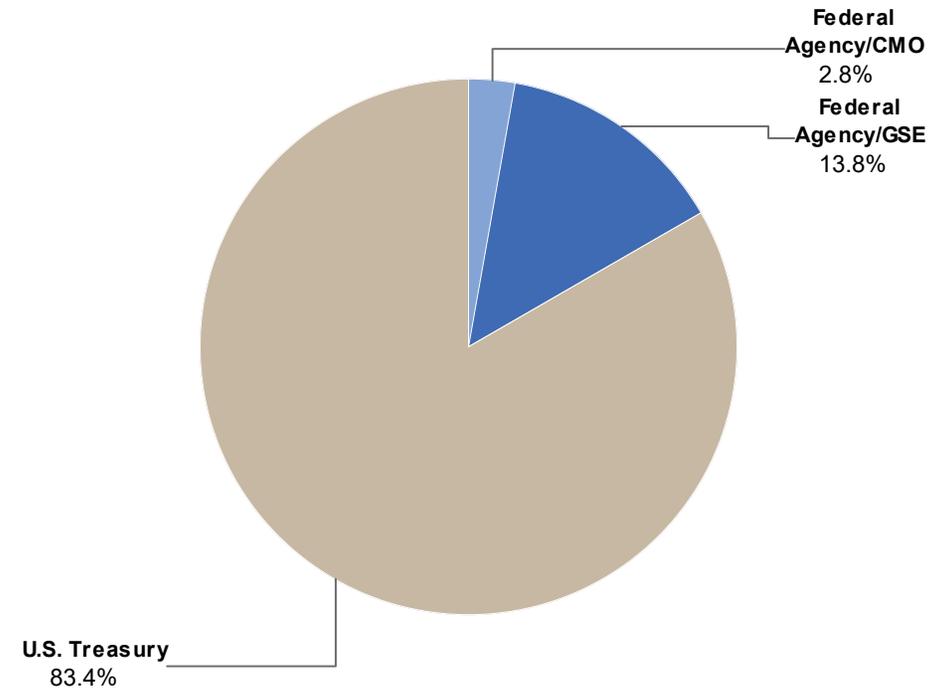
Portfolio performance is gross of fees unless otherwise indicated. \*\* Fees were calculated based on average assets during the period at the contractual rate.

**Portfolio Earnings****Quarter-Ended March 31, 2020**

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (12/31/2019)</b>	\$30,640,050.33	\$30,383,364.28
<b>Net Purchases/Sales</b>	\$113,706.23	\$113,706.23
<b>Change in Value</b>	\$931,449.75	\$118,611.16
<b>Ending Value (03/31/2020)</b>	\$31,685,206.31	\$30,615,681.67
<b>Interest Earned</b>	\$157,465.79	\$157,465.79
<b>Portfolio Earnings</b>	\$1,088,915.54	\$276,076.95

**Sector Allocation**  
As of March 31, 2020

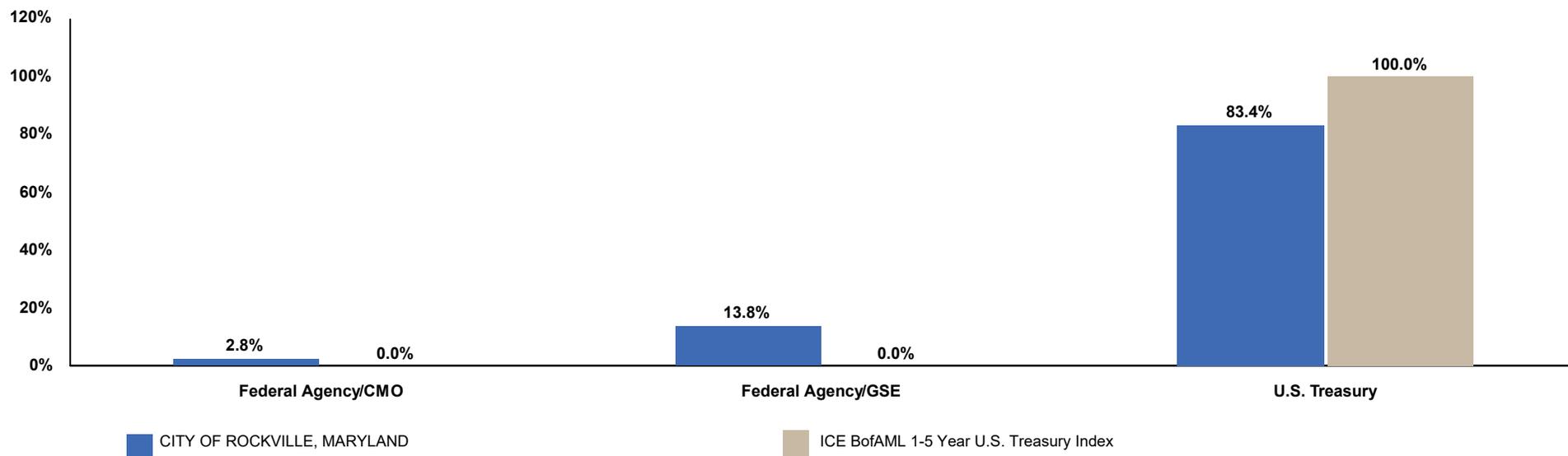
Sector	Market Value (\$)	% of Portfolio
U.S. Treasury	26,415,195	83.4%
Federal Agency/GSE	4,379,875	13.8%
Federal Agency/CMO	890,136	2.8%
<b>Total</b>	<b>\$31,685,206</b>	<b>100.0%</b>



Detail may not add to total due to rounding.

**Sector Allocation**  
*As of March 31, 2020*

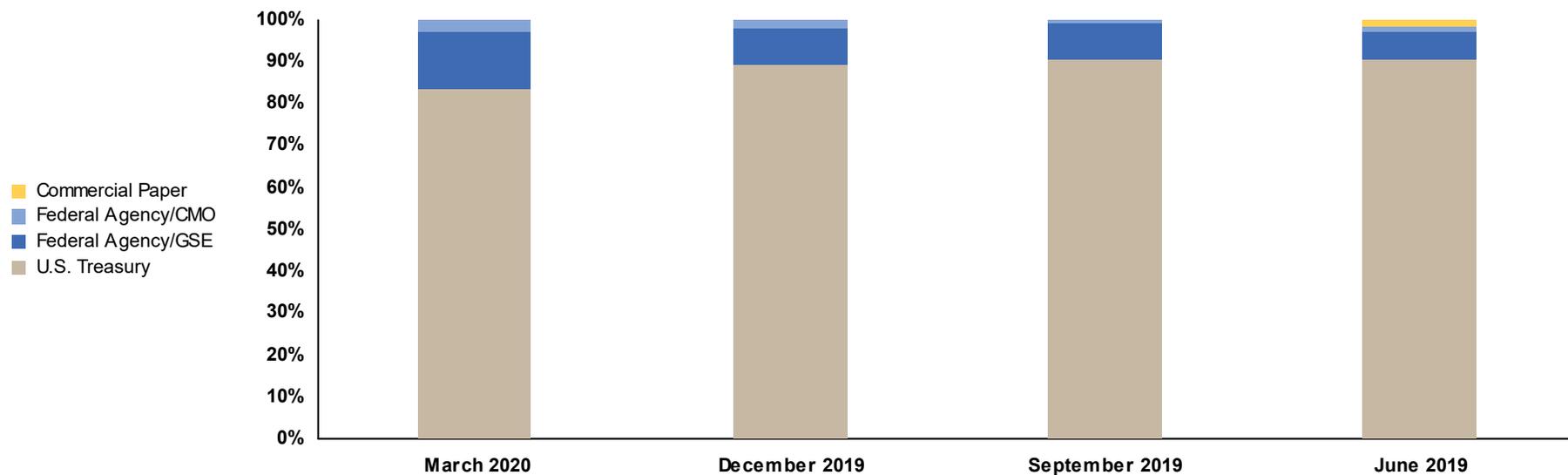
Sector	Market Value (\$)	% of Portfolio	% of Benchmark
U.S. Treasury	26,415,195	83.4%	100.0%
Federal Agency/GSE	4,379,875	13.8%	-
Federal Agency/CMO	890,136	2.8%	-
<b>Total</b>	<b>\$31,685,206</b>	<b>100.0%</b>	<b>100.0%</b>



Detail may not add to total due to rounding.

Sector Allocation

Sector	March 31, 2020		December 31, 2019		September 30, 2019		June 30, 2019	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	26.4	83.4%	27.3	89.3%	27.5	90.3%	27.5	90.5%
Federal Agency/GSE	4.4	13.8%	2.6	8.6%	2.6	8.7%	2.0	6.5%
Federal Agency/CMO	0.9	2.8%	0.7	2.1%	0.3	1.0%	0.3	1.0%
Commercial Paper	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.6	2.0%
<b>Total</b>	<b>\$31.7</b>	<b>100.0%</b>	<b>\$30.6</b>	<b>100.0%</b>	<b>\$30.5</b>	<b>100.0%</b>	<b>\$30.4</b>	<b>100.0%</b>

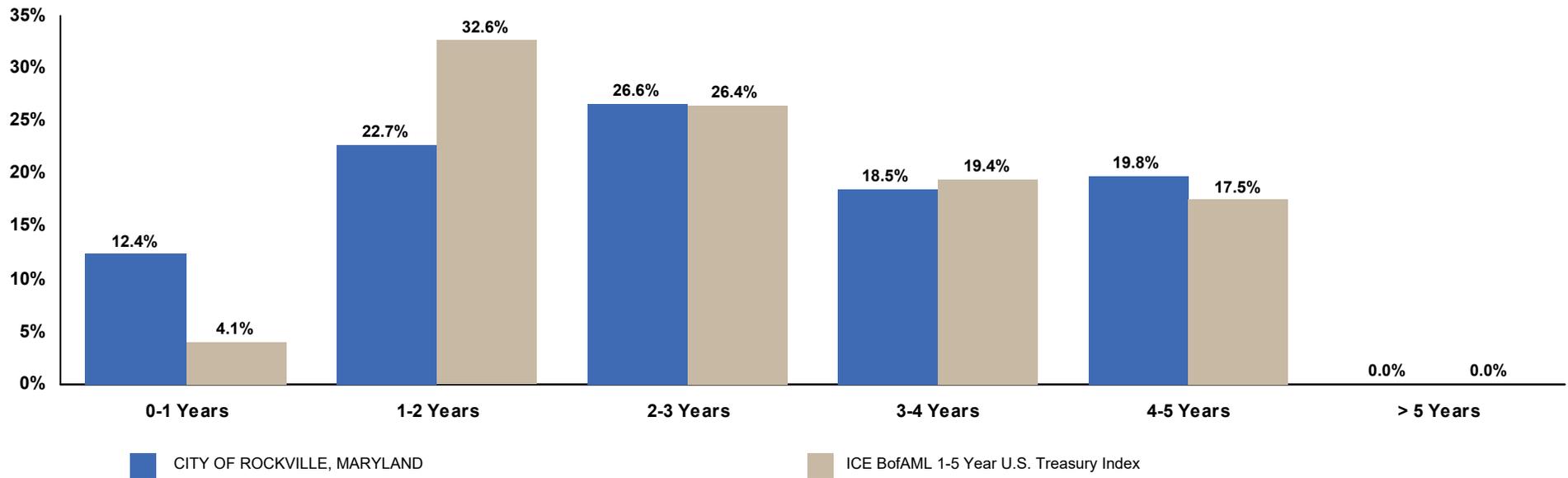


Detail may not add to total due to rounding.

**Maturity Distribution**

*As of March 31, 2020*

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF ROCKVILLE, MARYLAND	0.35%	2.65 yrs	12.4%	22.7%	26.6%	18.5%	19.8%	0.0%
ICE BofAML 1-5 Year U.S. Treasury Index	0.25%	2.67 yrs	4.1%	32.6%	26.4%	19.4%	17.5%	0.0%

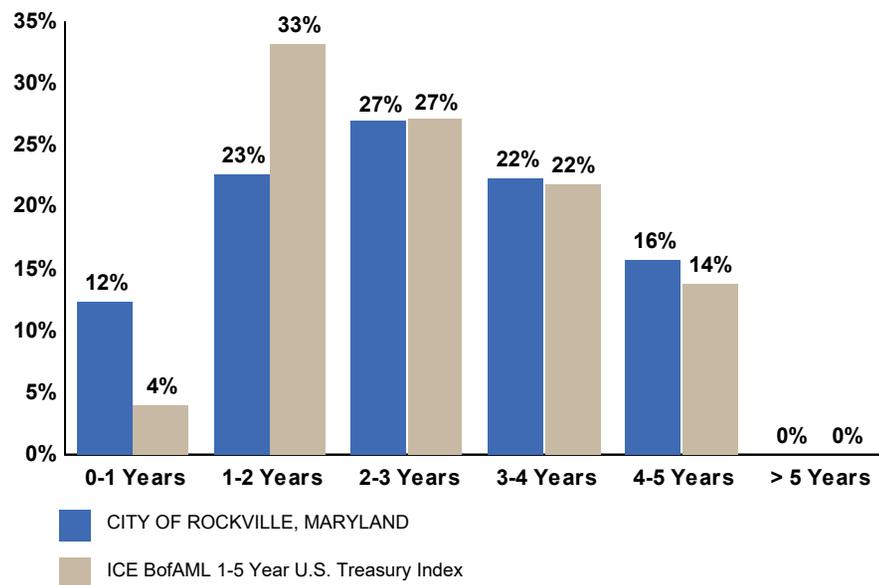


### Duration Distribution

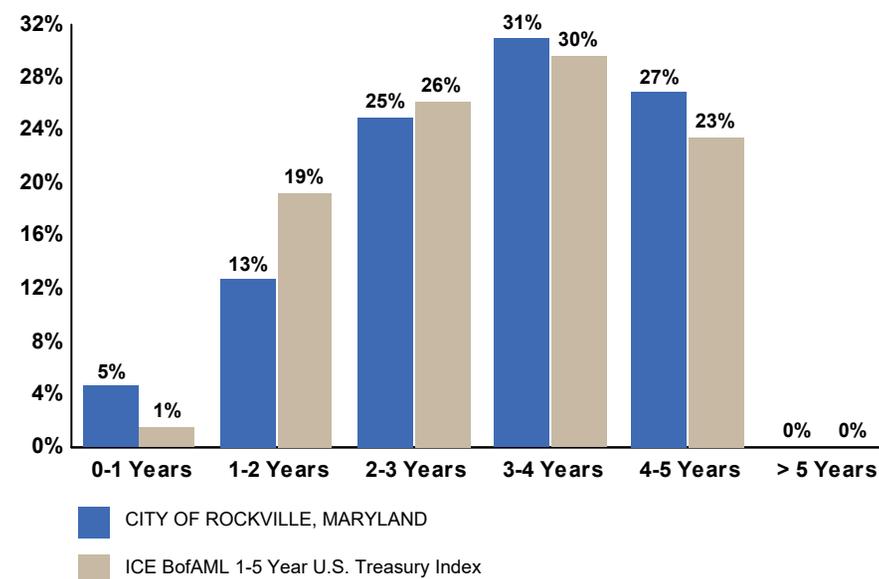
As of March 31, 2020

Portfolio / Benchmark	Effective Duration	0-1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
CITY OF ROCKVILLE, MARYLAND	2.55	12.4%	22.7%	26.9%	22.3%	15.7%	0.0%
ICE BofAML 1-5 Year U.S. Treasury Index	2.58	4.1%	33.2%	27.0%	21.8%	13.8%	0.0%

Distribution by Effective Duration



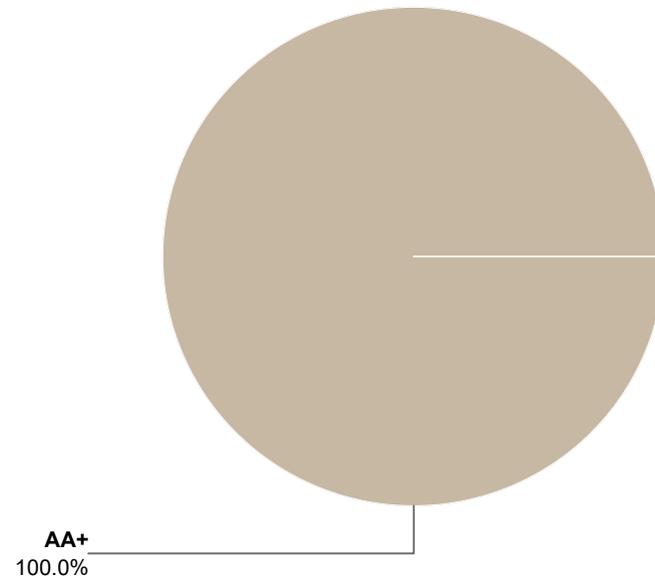
Contribution to Portfolio Duration



**Credit Quality**

*As of March 31, 2020*

<b>S&amp;P Rating</b>	<b>Market Value (\$)</b>	<b>% of Portfolio</b>
<b>AA+</b>	\$31,685,206	100.0%
<b>Totals</b>	<b>\$31,685,206</b>	<b>100.0%</b>



*Detail may not add to total due to rounding.*

**Issuer Distribution**

*As of March 31, 2020*

<b>Issuer</b>	<b>Market Value (\$)</b>	<b>% of Portfolio</b>
UNITED STATES TREASURY	26,415,195	83.4%
FEDERAL HOME LOAN BANKS	2,565,152	8.1%
FANNIE MAE	1,591,525	5.0%
FREDDIE MAC	1,113,335	3.5%
<b>Grand Total:</b>	<b>31,685,206</b>	<b>100.0%</b>

## Sector/Issuer Distribution

As of March 31, 2020

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Federal Agency/CMO</b>			
FANNIE MAE	244,800	27.5%	0.8%
FREDDIE MAC	645,336	72.5%	2.0%
<b>Sector Total</b>	<b>890,136</b>	<b>100.0%</b>	<b>2.8%</b>
<b>Federal Agency/GSE</b>			
FANNIE MAE	1,346,725	30.7%	4.3%
FEDERAL HOME LOAN BANKS	2,565,152	58.6%	8.1%
FREDDIE MAC	467,998	10.7%	1.5%
<b>Sector Total</b>	<b>4,379,875</b>	<b>100.0%</b>	<b>13.8%</b>
<b>U.S. Treasury</b>			
UNITED STATES TREASURY	26,415,195	100.0%	83.4%
<b>Sector Total</b>	<b>26,415,195</b>	<b>100.0%</b>	<b>83.4%</b>
<b>Portfolio Total</b>	<b>31,685,206</b>	<b>100.0%</b>	<b>100.0%</b>

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
1/2/20	1/6/20	1,100,000	9128287A2	US TREASURY N/B	1.62%	6/30/21	1,100,939.17	1.58%	
1/2/20	1/6/20	750,000	912828D56	US TREASURY NOTES	2.37%	8/15/24	780,788.47	1.66%	
1/2/20	1/6/20	800,000	9128283J7	US TREASURY N/B	2.12%	11/30/24	819,062.33	1.66%	
1/8/20	1/10/20	525,000	3135G0X24	FANNIE MAE NOTES	1.62%	1/7/25	523,325.25	1.69%	
2/3/20	2/5/20	400,000	9128287C8	UNITED STATES TREASURY NOTES	1.75%	7/15/22	404,263.23	1.35%	
2/3/20	2/5/20	500,000	9128283V0	UNITED STATES TREASURY NOTES	2.50%	1/31/25	527,495.92	1.36%	
2/13/20	2/14/20	450,000	3137EAEP0	FREDDIE MAC NOTES	1.50%	2/12/25	449,653.50	1.52%	
2/20/20	2/21/20	300,000	3130AJ7E3	FEDERAL HOME LOAN BANKS NOTES	1.37%	2/17/23	299,448.00	1.44%	
3/2/20	3/4/20	310,000	912828Y87	UNITED STATES TREASURY NOTES	1.75%	7/31/24	322,698.08	0.84%	
3/2/20	3/4/20	645,000	9128285Z9	UNITED STATES TREASURY NOTES	2.50%	1/31/24	687,933.36	0.83%	
3/3/20	3/4/20	315,000	3135G0V34	FANNIE MAE NOTES	2.50%	2/5/24	335,756.58	0.84%	
3/19/20	3/25/20	235,000	3137BGK24	FHMS K043 A2	3.06%	12/25/24	247,119.55	0.94%	
<b>Total BUY</b>		<b>6,330,000</b>					<b>6,498,483.44</b>		
<b>INTEREST</b>									
1/1/20	1/25/20	230,000	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	641.29		
1/1/20	1/25/20	300,000	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
1/1/20	1/25/20	109,827	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	204.37		
1/2/20	1/2/20	0	MONEY0002	MONEY MARKET FUND			62.29		
1/7/20	1/7/20	955,000	3130AGLD5	FEDERAL HOME LOAN BANKS NOTES	1.87%	7/7/21	8,953.13		
2/1/20	2/25/20	300,000	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
2/1/20	2/25/20	230,000	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	641.29		
2/1/20	2/25/20	108,160	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	381.64		
2/3/20	2/3/20	0	MONEY0002	MONEY MARKET FUND			73.80		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
2/15/20	2/15/20	750,000	912828D56	US TREASURY NOTES	2.37%	8/15/24	8,906.25		
2/15/20	2/15/20	225,000	3130AGWK7	FEDERAL HOME LOAN BANKS NOTES	1.50%	8/15/24	1,678.13		
2/15/20	2/15/20	560,000	912828D56	US TREASURY NOTES	2.37%	8/15/24	6,650.00		
2/29/20	2/29/20	1,500,000	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	15,937.50		
2/29/20	2/29/20	475,000	9128282S8	US TREASURY NOTES	1.62%	8/31/22	3,859.38		
2/29/20	2/29/20	90,000	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	956.25		
2/29/20	2/29/20	300,000	9128282F6	US TREASURY N/B NOTES	1.12%	8/31/21	1,687.50		
2/29/20	2/29/20	950,000	9128284A5	US TREASURY N/B NOTES	2.62%	2/28/23	12,468.75		
3/1/20	3/25/20	86,652	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	151.06		
3/1/20	3/25/20	230,000	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	641.29		
3/1/20	3/25/20	300,000	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
3/2/20	3/2/20	0	MONEY0002	MONEY MARKET FUND			44.77		
3/6/20	3/6/20	450,000	3135G0W33	FANNIE MAE NOTES	1.37%	9/6/22	3,093.75		
3/31/20	3/31/20	120,000	9128282Y5	US TREASURY NOTES	2.12%	9/30/24	1,275.00		
3/31/20	3/31/20	3,285,000	912828Q37	US TREASURY NOTES	1.25%	3/31/21	20,531.25		
3/31/20	3/31/20	500,000	9128282Y5	US TREASURY NOTES	2.12%	9/30/24	5,312.50		
<b>Total INTEREST</b>		<b>12,054,638</b>					<b>96,244.44</b>		
<b>PAYDOWNS</b>									
1/1/20	1/25/20	1,667	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	1,667.38		0.00
2/1/20	2/25/20	21,508	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	21,508.14		0.00
3/1/20	3/25/20	176	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	176.37		0.00
<b>Total PAYDOWNS</b>		<b>23,352</b>					<b>23,351.89</b>		<b>0.00</b>
<b>SELL</b>									
1/2/20	1/6/20	1,100,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	1,101,764.07	1.63%	6,934.81

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
1/2/20	1/6/20	1,500,000	9128285K2	US TREASURY N/B	2.87%	10/31/23	1,576,726.90	1.63%	36,467.27
1/8/20	1/10/20	525,000	9128283J7	US TREASURY N/B	2.12%	11/30/24	538,697.98	1.62%	1,090.77
2/3/20	2/5/20	380,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	381,367.90	1.55%	2,429.63
2/3/20	2/5/20	465,000	9128285K2	US TREASURY N/B	2.87%	10/31/23	494,337.35	1.35%	15,962.57
2/13/20	2/14/20	450,000	9128285K2	US TREASURY N/B	2.87%	10/31/23	477,427.67	1.41%	14,224.70
2/20/20	2/21/20	300,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	304,793.10	1.40%	5,537.99
3/2/20	3/4/20	600,000	9128283C2	US TREASURY N/B NOTES	2.00%	10/31/22	622,964.63	0.80%	22,921.61
3/2/20	3/4/20	310,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	319,007.38	0.81%	9,547.71
3/3/20	3/4/20	300,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	302,882.56	0.89%	3,186.91
3/19/20	3/25/20	155,000	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	163,076.69	0.81%	3,251.07
3/19/20	3/25/20	90,000	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	94,689.70	0.81%	5,124.06
<b>Total SELL</b>		<b>6,175,000</b>					<b>6,377,735.93</b>		<b>126,679.10</b>

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	1/1/20	1/25/20	230,000.00	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	641.29		
INTEREST	1/1/20	1/25/20	300,000.00	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
INTEREST	1/1/20	1/25/20	109,827.10	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	204.37		
PAYDOWNS	1/1/20	1/25/20	1,667.38	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	1,667.38		0.00
INTEREST	1/2/20	1/2/20	0.00	MONEY0002	MONEY MARKET FUND			62.29		
BUY	1/2/20	1/6/20	1,100,000.00	9128287A2	US TREASURY N/B	1.62%	6/30/21	(1,100,939.17)	1.58%	
BUY	1/2/20	1/6/20	750,000.00	912828D56	US TREASURY NOTES	2.37%	8/15/24	(780,788.47)	1.66%	
BUY	1/2/20	1/6/20	800,000.00	9128283J7	US TREASURY N/B	2.12%	11/30/24	(819,062.33)	1.66%	
SELL	1/2/20	1/6/20	1,100,000.00	912828M98	US TREASURY NOTES	1.62%	11/30/20	1,101,764.07	1.63%	6,934.81
SELL	1/2/20	1/6/20	1,500,000.00	9128285K2	US TREASURY N/B	2.87%	10/31/23	1,576,726.90	1.63%	36,467.27
INTEREST	1/7/20	1/7/20	955,000.00	3130AGLD5	FEDERAL HOME LOAN BANKS NOTES	1.87%	7/7/21	8,953.13		
BUY	1/8/20	1/10/20	525,000.00	3135G0X24	FANNIE MAE NOTES	1.62%	1/7/25	(523,325.25)	1.69%	
SELL	1/8/20	1/10/20	525,000.00	9128283J7	US TREASURY N/B	2.12%	11/30/24	538,697.98	1.62%	1,090.77
INTEREST	2/1/20	2/25/20	300,000.00	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
INTEREST	2/1/20	2/25/20	230,000.00	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	641.29		
INTEREST	2/1/20	2/25/20	108,159.72	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	381.64		
PAYDOWNS	2/1/20	2/25/20	21,508.14	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	21,508.14		0.00
INTEREST	2/3/20	2/3/20	0.00	MONEY0002	MONEY MARKET FUND			73.80		
BUY	2/3/20	2/5/20	400,000.00	9128287C8	UNITED STATES TREASURY NOTES	1.75%	7/15/22	(404,263.23)	1.35%	
BUY	2/3/20	2/5/20	500,000.00	9128283V0	UNITED STATES TREASURY NOTES	2.50%	1/31/25	(527,495.92)	1.36%	

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
SELL	2/3/20	2/5/20	380,000.00	912828M98	US TREASURY NOTES	1.62%	11/30/20	381,367.90	1.55%	2,429.63
SELL	2/3/20	2/5/20	465,000.00	9128285K2	US TREASURY N/B	2.87%	10/31/23	494,337.35	1.35%	15,962.57
BUY	2/13/20	2/14/20	450,000.00	3137EAEP0	FREDDIE MAC NOTES	1.50%	2/12/25	(449,653.50)	1.52%	
SELL	2/13/20	2/14/20	450,000.00	9128285K2	US TREASURY N/B	2.87%	10/31/23	477,427.67	1.41%	14,224.70
INTEREST	2/15/20	2/15/20	750,000.00	912828D56	US TREASURY NOTES	2.37%	8/15/24	8,906.25		
INTEREST	2/15/20	2/15/20	225,000.00	3130AGWK7	FEDERAL HOME LOAN BANKS NOTES	1.50%	8/15/24	1,678.13		
INTEREST	2/15/20	2/15/20	560,000.00	912828D56	US TREASURY NOTES	2.37%	8/15/24	6,650.00		
BUY	2/20/20	2/21/20	300,000.00	3130AJ7E3	FEDERAL HOME LOAN BANKS NOTES	1.37%	2/17/23	(299,448.00)	1.44%	
SELL	2/20/20	2/21/20	300,000.00	912828X47	US TREASURY NOTES	1.87%	4/30/22	304,793.10	1.40%	5,537.99
INTEREST	2/29/20	2/29/20	1,500,000.00	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	15,937.50		
INTEREST	2/29/20	2/29/20	475,000.00	9128282S8	US TREASURY NOTES	1.62%	8/31/22	3,859.38		
INTEREST	2/29/20	2/29/20	90,000.00	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	956.25		
INTEREST	2/29/20	2/29/20	300,000.00	9128282F6	US TREASURY N/B NOTES	1.12%	8/31/21	1,687.50		
INTEREST	2/29/20	2/29/20	950,000.00	9128284A5	US TREASURY N/B NOTES	2.62%	2/28/23	12,468.75		
INTEREST	3/1/20	3/25/20	86,651.58	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	151.06		
INTEREST	3/1/20	3/25/20	230,000.00	3136AJB54	FANNIEMAE-ACES	3.34%	3/25/24	641.29		
INTEREST	3/1/20	3/25/20	300,000.00	3137BHXY8	FHLMC MULTIFAMILY STRUCTURED P	2.79%	1/25/22	697.75		
PAYDOWNS	3/1/20	3/25/20	176.37	3137FQ3V3	FHMS KJ27 A1	2.09%	7/25/24	176.37		0.00
INTEREST	3/2/20	3/2/20	0.00	MONEY0002	MONEY MARKET FUND			44.77		
BUY	3/2/20	3/4/20	310,000.00	912828Y87	UNITED STATES TREASURY NOTES	1.75%	7/31/24	(322,698.08)	0.84%	
BUY	3/2/20	3/4/20	645,000.00	9128285Z9	UNITED STATES TREASURY NOTES	2.50%	1/31/24	(687,933.36)	0.83%	
SELL	3/2/20	3/4/20	600,000.00	9128283C2	US TREASURY N/B NOTES	2.00%	10/31/22	622,964.63	0.80%	22,921.61

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
SELL	3/2/20	3/4/20	310,000.00	912828X47	US TREASURY NOTES	1.87%	4/30/22	319,007.38	0.81%	9,547.71
BUY	3/3/20	3/4/20	315,000.00	3135G0V34	FANNIE MAE NOTES	2.50%	2/5/24	(335,756.58)	0.84%	
SELL	3/3/20	3/4/20	300,000.00	912828M98	US TREASURY NOTES	1.62%	11/30/20	302,882.56	0.89%	3,186.91
INTEREST	3/6/20	3/6/20	450,000.00	3135G0W33	FANNIE MAE NOTES	1.37%	9/6/22	3,093.75		
BUY	3/19/20	3/25/20	235,000.00	3137BGK24	FHMS K043 A2	3.06%	12/25/24	(247,119.55)	0.94%	
SELL	3/19/20	3/25/20	155,000.00	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	163,076.69	0.81%	3,251.07
SELL	3/19/20	3/25/20	90,000.00	912828W48	US TREASURY N/B NOTES	2.12%	2/29/24	94,689.70	0.81%	5,124.06
INTEREST	3/31/20	3/31/20	120,000.00	912828Y5	US TREASURY NOTES	2.12%	9/30/24	1,275.00		
INTEREST	3/31/20	3/31/20	3,285,000.00	912828Q37	US TREASURY NOTES	1.25%	3/31/21	20,531.25		
INTEREST	3/31/20	3/31/20	500,000.00	912828Y5	US TREASURY NOTES	2.12%	9/30/24	5,312.50		
<b>TOTALS</b>								<b>(1,151.18)</b>		<b>126,679.10</b>

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	600,000.00	AA+	Aaa	5/6/2019	5/7/2019	593,414.06	2.34	3,276.64	597,182.39	605,718.72
US TREASURY NOTES DTD 03/31/2016 1.250% 03/31/2021	912828Q37	3,285,000.00	AA+	Aaa	5/6/2019	5/7/2019	3,221,224.81	2.30	112.19	3,251,171.89	3,318,363.12
US TREASURY N/B DTD 07/01/2019 1.625% 06/30/2021	9128287A2	1,100,000.00	AA+	Aaa	1/2/2020	1/6/2020	1,100,644.53	1.58	4,517.86	1,100,543.06	1,119,250.00
US TREASURY N/B NOTES DTD 08/31/2016 1.125% 08/31/2021	9128282F6	300,000.00	AA+	Aaa	9/3/2019	9/5/2019	298,031.25	1.46	293.48	298,593.96	303,421.86
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	4,000,000.00	AA+	Aaa	5/6/2019	5/7/2019	4,056,250.00	2.28	53,101.09	4,035,842.08	4,158,750.00
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	225,000.00	AA+	Aaa	11/1/2019	11/4/2019	223,532.23	1.58	1,182.18	223,830.81	228,304.69
UNITED STATES TREASURY NOTES DTD 11/15/2018 2.875% 11/15/2021	9128285L0	100,000.00	AA+	Aaa	10/31/2019	11/4/2019	102,609.38	1.56	1,089.97	102,090.02	104,187.50
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	2,940,000.00	AA+	Aaa	5/6/2019	5/7/2019	2,907,039.84	2.27	23,170.67	2,916,781.11	3,034,171.73
UNITED STATES TREASURY NOTES DTD 07/15/2019 1.750% 07/15/2022	9128287C8	400,000.00	AA+	Aaa	2/3/2020	2/5/2020	403,859.38	1.35	1,480.77	403,619.86	412,937.52
US TREASURY NOTES DTD 08/31/2017 1.625% 08/31/2022	9128282S8	475,000.00	AA+	Aaa	10/31/2019	11/4/2019	476,187.50	1.53	671.20	476,021.56	489,769.56
US TREASURY N/B NOTES DTD 10/31/2017 2.000% 10/31/2022	9128283C2	2,600,000.00	AA+	Aaa	5/6/2019	5/7/2019	2,577,046.87	2.27	21,857.14	2,582,824.87	2,712,531.12
US TREASURY N/B NOTES DTD 02/28/2018 2.625% 02/28/2023	9128284A5	950,000.00	AA+	Aaa	9/30/2019	10/3/2019	982,582.03	1.59	2,168.48	977,951.19	1,012,937.50
US TREASURY N/B NOTES DTD 05/31/2018 2.750% 05/31/2023	9128284S6	400,000.00	AA+	Aaa	12/2/2019	12/4/2019	414,875.00	1.65	3,696.72	413,523.02	430,375.00
US TREASURY NOTES DTD 06/30/2016 1.375% 06/30/2023	912828S35	300,000.00	AA+	Aaa	10/31/2019	11/4/2019	298,218.75	1.54	1,042.58	298,414.24	309,750.00
US TREASURY N/B DTD 10/31/2018 2.875% 10/31/2023	9128285K2	845,000.00	AA+	Aaa	5/6/2019	5/7/2019	866,224.02	2.28	10,211.38	862,126.90	920,521.88

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 11/30/2016 2.125% 11/30/2023	912828U57	420,000.00	AA+	Aaa	8/1/2019	8/5/2019	425,315.63	1.82	2,999.39	424,538.60	446,775.00
UNITED STATES TREASURY NOTES DTD 01/31/2019 2.500% 01/31/2024	9128285Z9	645,000.00	AA+	Aaa	3/2/2020	3/4/2020	686,471.48	0.83	2,702.27	685,667.59	697,305.50
US TREASURY N/B NOTES DTD 02/28/2017 2.125% 02/29/2024	912828W48	1,345,000.00	AA+	Aaa	9/3/2019	9/5/2019	1,390,393.75	1.35	2,485.33	1,384,743.63	1,435,997.59
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	305,000.00	AA+	Aaa	6/3/2019	6/5/2019	306,370.12	1.90	2,564.01	306,150.84	324,872.64
US TREASURY NOTES DTD 05/15/2014 2.500% 05/15/2024	912828WJ5	800,000.00	AA+	Aaa	9/3/2019	9/5/2019	842,125.00	1.34	7,582.42	837,134.38	869,500.00
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	200,000.00	AA+	Aaa	7/1/2019	7/3/2019	202,148.44	1.77	1,010.99	201,839.76	213,562.50
UNITED STATES TREASURY NOTES DTD 07/31/2019 1.750% 07/31/2024	912828Y87	310,000.00	AA+	Aaa	3/2/2020	3/4/2020	322,206.25	0.84	909.13	321,997.00	328,212.50
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	560,000.00	AA+	Aaa	9/3/2019	9/5/2019	587,628.13	1.34	1,680.77	584,538.44	608,300.00
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	750,000.00	AA+	Aaa	1/2/2020	1/6/2020	773,818.36	1.66	2,251.03	772,650.81	814,687.50
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	9128282Y5	500,000.00	AA+	Aaa	12/2/2019	12/4/2019	510,273.44	1.68	29.03	509,611.26	538,750.00
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	9128282Y5	120,000.00	AA+	Aaa	10/31/2019	11/4/2019	123,173.44	1.56	6.97	122,919.84	129,300.00
US TREASURY N/B DTD 11/30/2017 2.125% 11/30/2024	9128283J7	275,000.00	AA+	Aaa	1/2/2020	1/6/2020	280,961.91	1.66	1,963.88	280,687.54	296,785.17
UNITED STATES TREASURY NOTES DTD 01/31/2018 2.500% 01/31/2025	9128283V0	500,000.00	AA+	Aaa	2/3/2020	2/5/2020	527,324.22	1.36	2,094.78	526,506.85	550,156.25
<b>Security Type Sub-Total</b>		<b>25,250,000.00</b>					<b>25,499,949.82</b>	<b>1.92</b>	<b>156,152.35</b>	<b>25,499,503.50</b>	<b>26,415,194.85</b>

## Federal Agency Collateralized Mortgage Obligation

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FHLMC MULTIFAMILY STRUCTURED P DTD 05/01/2015 2.791% 01/25/2022	3137BHXY8	300,000.00	AA+	Aaa	5/16/2019	5/21/2019	301,875.00	2.20	697.75	301,171.66	305,018.12
FANNIEMAE-ACES DTD 04/01/2014 3.346% 03/25/2024	3136AJB54	230,000.00	AA+	Aaa	12/13/2019	12/18/2019	241,176.56	1.04	641.29	240,523.97	244,799.73
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	86,475.21	AA+	Aaa	11/20/2019	11/26/2019	86,473.13	2.03	150.76	86,473.13	88,394.30
FHMS K043 A2 DTD 03/01/2015 3.062% 12/25/2024	3137BGK24	235,000.00	AA+	Aaa	3/19/2020	3/25/2020	246,639.84	0.94	599.64	246,639.84	251,923.93
<b>Security Type Sub-Total</b>		<b>851,475.21</b>					<b>876,164.53</b>	<b>1.51</b>	<b>2,089.44</b>	<b>874,808.60</b>	<b>890,136.08</b>
<b>Federal Agency Bond / Note</b>											
FEDERAL HOME LOAN BANKS NOTES DTD 06/07/2019 1.875% 07/07/2021	3130AGLD5	955,000.00	AA+	Aaa	6/6/2019	6/7/2019	954,150.05	1.92	4,178.13	954,475.82	972,269.27
FANNIE MAE NOTES DTD 09/06/2019 1.375% 09/06/2022	3135G0W33	450,000.00	AA+	Aaa	9/5/2019	9/6/2019	448,434.00	1.49	429.69	448,726.01	459,529.20
FEDERAL HOME LOAN BANKS NOTES DTD 02/21/2020 1.375% 02/17/2023	3130AJ7E3	300,000.00	AA+	Aaa	2/20/2020	2/21/2020	299,448.00	1.44	458.33	299,468.12	307,545.60
FEDERAL HOME LOAN BANKS NOTES DTD 05/09/2013 2.125% 06/09/2023	3133834G3	1,000,000.00	AA+	Aaa	6/17/2019	6/18/2019	1,007,870.00	1.92	6,611.11	1,006,361.47	1,051,549.00
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	315,000.00	AA+	Aaa	3/3/2020	3/4/2020	335,122.20	0.84	1,225.00	334,742.96	338,537.75
FEDERAL HOME LOAN BANKS NOTES DTD 08/16/2019 1.500% 08/15/2024	3130AGWK7	225,000.00	AA+	Aaa	8/15/2019	8/16/2019	224,471.25	1.55	431.25	224,535.18	233,788.28
FANNIE MAE NOTES DTD 01/10/2020 1.625% 01/07/2025	3135G0X24	525,000.00	AA+	Aaa	1/8/2020	1/10/2020	523,325.25	1.69	1,919.53	523,397.79	548,658.08
FREDDIE MAC NOTES DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	450,000.00	AA+	Aaa	2/13/2020	2/14/2020	449,653.50	1.52	881.25	449,662.22	467,998.20
<b>Security Type Sub-Total</b>		<b>4,220,000.00</b>					<b>4,242,474.25</b>	<b>1.67</b>	<b>16,134.29</b>	<b>4,241,369.57</b>	<b>4,379,875.38</b>

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Managed Account Sub Total</b>		<b>30,321,475.21</b>					<b>30,618,588.60</b>	<b>1.87</b>	<b>174,376.08</b>	<b>30,615,681.67</b>	<b>31,685,206.31</b>
<b>Securities Sub-Total</b>		<b>\$30,321,475.21</b>					<b>\$30,618,588.60</b>	<b>1.87%</b>	<b>\$174,376.08</b>	<b>\$30,615,681.67</b>	<b>\$31,685,206.31</b>
<b>Accrued Interest</b>											<b>\$174,376.08</b>
<b>Total Investments</b>											<b>\$31,859,582.39</b>

Bolded items are forward settling trades.

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# Tab III

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**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

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## GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

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## GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.