



# CITY OF SALEM, OR

## Investment Performance Review For the Quarter Ended September 30, 2021

### Client Management Team

Lauren Brant, Managing Director  
Allison Kaune, Senior Analyst  
Robert Cheddar, CFA, Managing Director

### PFM Asset Management LLC

650 NE Holladay St., Suite 1600  
Portland, OR 97232  
503-837-8445

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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# Market Summary

## SUMMARY

- In Q3, U.S. economic conditions were impacted by: (1) a summer surge of COVID-19 infections driven by the highly contagious delta variant negatively affected consumer and business sentiment; (2) moderating but still above-trend economic growth; (3) higher inflation caused by material increases in the price of energy, other raw materials and various consumer goods and services; (4) continuing supply chain disruptions and shortages; (5) a Federal Reserve (Fed) planning to begin an accelerated pace of asset purchase tapering; (6) political wrangling over both government funding and the expired suspension of the debt ceiling; and (7) a material slowdown in job growth.
- The recovery is continuing, but the economy faces familiar headwinds. The COVID-19 surge in the U.S. that began in July peaked in September before trailing off sharply late in the quarter. The overall toll remains staggering: 44 million cases and over 700,000 deaths in the U.S. The surge impaired economic activity and caused consumer sentiment to fall to its lowest level in over a year. The labor market slowed even with job openings at record levels. Prices remained elevated for both the consumer and the producer, although the Fed views this trend as transitory. The growth outlook has become more uncertain.
- At the Federal Open Market Committee's (FOMC) September meeting, officials hinted that a tapering of bond purchases could begin as soon as November. More importantly, the Fed indicated that a likely path of tapering could conclude around the middle of next year – a faster pace than was expected by analysts. Half of the FOMC participants indicated that they expect to increase short-term rates at least once in 2022, with multiple hikes in place by the end of 2023. In its updated September projections, the Fed also lowered its forecast for GDP growth for 2021 from 7% to 5.9% and increased its forecast for inflation (Core PCE) from 3% to 3.7%. Longer-term projections were relatively unchanged.

## ECONOMIC SNAPSHOT

- Real GDP in the U.S. increased by 6.7% in Q2, following a 6.3% expansion in Q1. Spending was again the primary driver, with consumer spending rising by 12% as public health restrictions eased and businesses reopened earlier in the year. The delta variant triggered a summer slowdown in spending, but consumers remain in a strong position to help power the economic recovery. Nevertheless, the impact of waning monetary and fiscal stimulus creates a larger degree of uncertainty for the economy.
- Job gains disappointed for a second straight month as the U.S. economy added only 366,000 jobs in August and 194,000 jobs in September, far short of expectations and well below the average of 641,000 for the first seven months of the year. Despite the recent weakness, the unemployment rate fell 1.1% to 4.8% in the quarter. The labor force participation rate held steady, but wages continued to rise, up 4.6% over the past year. The number of job openings stood at 10.4 million in August, following a record 11.1 million in July. The “quits rate” – voluntary separations initiated by the employee, serving as a measure of workers' willingness to leave jobs – increased to a series high of 2.9%.
- On the inflation front, the consumer price index (CPI) rose 5.4% for the twelve months through September, up slightly from the prior quarter. Surging prices for energy and new and used cars accounted for more than half the overall gain. The producer price index (PPI) rose for the eighth straight month, reaching a whopping 8.3% increase over the past year ended August as commodity prices remain elevated.

- The frantic and heated housing market showed signs of cooling as existing homes sales declined. The lack of available supply remains a significant constraint. With prices up 20% over the past year and mortgage rates rising, affordability is also impeding further gains.

## INTEREST RATES

- After dipping mid-quarter, U.S. Treasury yields barely changed. The only material changes were 7 to 11 basis point increases in yields on 3- to 10-year maturities. Late surges in rates were driven by inflation worries and the accelerated pace of Fed tapering. Short-term rates remain anchored near rock-bottom lows by the current near-zero rate policy. At quarter-end, the yield on a 3-month U.S. Treasury Bill stood at 0.04%, the 2-year note was 0.28%, the 5-year note was 0.97%, the 10-year note was 1.49% and the 30-year was 2.05%.
- As a result of a modestly steeper curve over the quarter, U.S. Treasury index returns were mixed for the quarter. Shorter-duration U.S. Treasury indices (three years and under) were flat to slightly positive, while indices holding intermediate- and longer-term portions of the yield curve posted negative returns. For example, the 1-year Treasury index returned 0.02% for the quarter, while the 5-year Treasury index returned -0.25% and the 10-year Treasury index returned -0.31%.

## SECTOR PERFORMANCE

- Diversification away from U.S. Treasuries was generally additive to performance in Q3. Broad, global demand for yield has continued to pressure yield spreads, which remained in very low and tight trading ranges. Most investment-grade (IG) sectors produced positive excess returns for Q3 – returns in excess of comparable maturity Treasuries – but at a lesser pace than in recent prior quarters. Low yields mean less income, while narrow spreads mean less opportunity for price gains from further spread compression. Something close to index-level returns is about all that can be expected in upcoming quarters.
- Federal agency spreads were mostly unchanged again, and the sector generated modest positive excess returns. Supranational opportunities were better in Q3 as several attractively priced new issues came to market.
- IG corporates trudged along to slightly positive excess returns, aided by continued economic recovery, improving credit fundamentals, and supportive global monetary policy. Although new issuance has been elevated, insatiable demand resulted in a reasonably strong performance. Valuations are now very rich, with spreads ending the quarter nearer the June 2021 all-time highs. Lower quality corporates led the way, as the incremental income component of total returns remains a driver of overall performance in the current, low spread environment.
- The taxable municipal sector was one of the few IG fixed income sectors to post negative excess returns for Q3. YTD returns remain near the top, despite recent underperformance.
- AAA-rated asset-backed securities (ABS) spreads were stable, and collateral performance has remained strong. Issuance picked up in Q3.
- Agency mortgage-backed securities (MBS) spreads widened but remain susceptible to further duration extension and price deterioration as rates rise. Expectations for Fed tapering is a lingering concern, as the Fed has been the largest buyer in the sector. Excess returns were largely flat to modestly negative, depending on the specific term and collateral type. Lower coupons suffered, while higher coupons performed best. After a strong performance, agency CMBS stumbled notably in Q3. Similar to taxable municipals, the recent

### Economic Snapshot

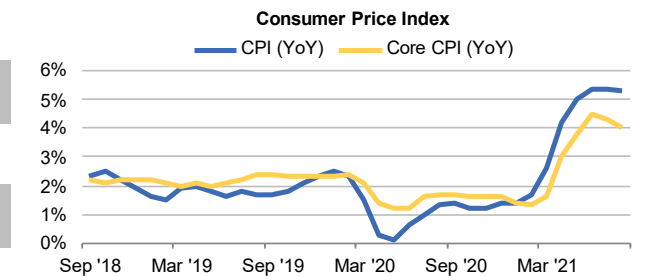
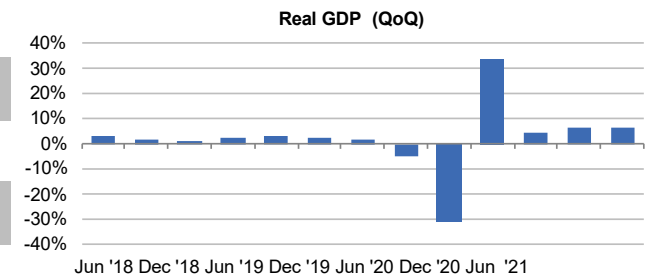
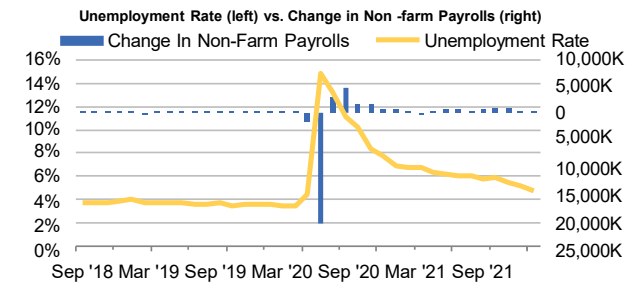
Labor Market		Latest	Jun '21	Sep '20
Unemployment Rate	Sep '21	4.8%	5.9%	7.8%
Change In Non-Farm Payrolls	Sep '21	194,000	962,000	716,000
Average Hourly Earnings (YoY)	Sep '21	4.6%	3.7%	4.8%
Personal Income (YoY)	Aug '21	6.1%	2.5%	6.2%
Initial Jobless Claims (week)	10/2/21	326,000	368,000	803,000

Growth		Latest	Jun '21	Sep '20
Real GDP (QoQ SAAR)	2021Q2	6.7%	6.3% <sup>1</sup>	-31.2% <sup>2</sup>
GDP Personal Consumption (QoQ SAAR)	2021Q2	12.0%	11.4% <sup>1</sup>	-33.4% <sup>2</sup>
Retail Sales (YoY)	Aug '21	15.1%	18.9%	6.0%
ISM Manufacturing Survey (month)	Sep '21	61.1	60.6	55.7
Existing Home Sales SAAR (month)	Aug '21	5.88 mil.	5.87 mil.	6.44 mil.

Inflation / Prices		Latest	Jun '21	Sep '20
Personal Consumption Expenditures (YoY)	Aug '21	4.3%	4.0%	1.4%
Consumer Price Index (YoY)	Aug '21	5.3%	5.4%	1.4%
Consumer Price Index Core (YoY)	Aug '21	4.0%	4.5%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$75.03	\$73.47	\$40.22
Gold Futures (oz.)	Sep 30	\$1,755	\$1,772	\$1,888



1. Data as of First Quarter 2021.

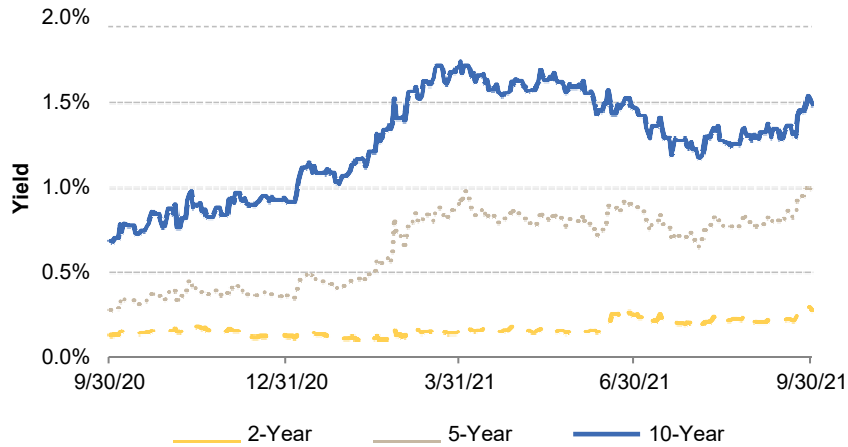
2. Data as of Second Quarter 2020.

Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

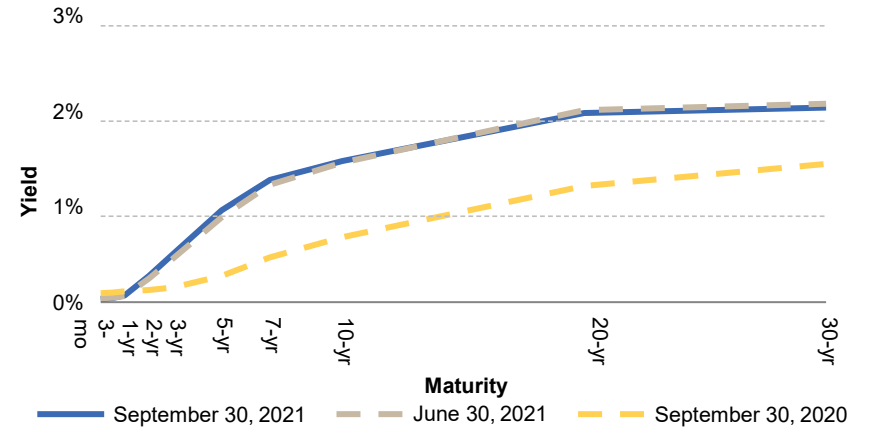
Source: Bloomberg.

### Interest Rate Overview

U.S. Treasury Note Yields



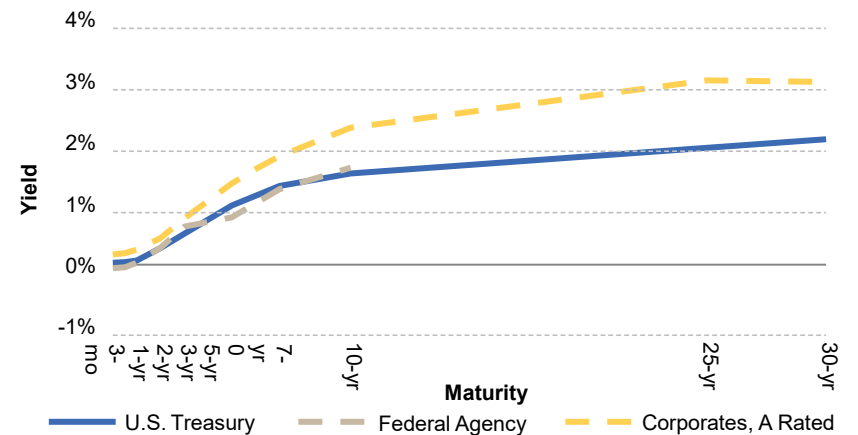
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Sep '21	Jun '21	Change over Quarter	Sep '20	Change over Year
3-Month	0.04%	0.04%	0.00%	0.10%	(0.06%)
1-Year	0.07%	0.07%	0.00%	0.12%	(0.05%)
2-Year	0.28%	0.25%	0.03%	0.13%	0.15%
5-Year	0.97%	0.89%	0.08%	0.28%	0.69%
10-Year	1.49%	1.47%	0.02%	0.69%	0.80%
30-Year	2.05%	2.09%	(0.04%)	1.46%	0.59%

Yield Curves as of 09/30/2021



Source: Bloomberg.

## ICE BofAML Index Returns

September 30, 2021	As of 09/30/2021	Yield	Returns for Periods ended 09/30/2021		
	Duration		3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.90	0.28%	0.06%	0.03%	2.63%
Federal Agency	1.74	0.29%	0.09%	0.20%	2.48%
U.S. Corporates, A-AAA rated	1.89	0.56%	0.14%	0.79%	3.39%
Agency MBS (0 to 3 years)	1.52	0.72%	(0.01%)	(1.64%)	3.44%
Taxable Municipals	1.57	0.47%	0.03%	3.32%	4.11%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.66	0.48%	(0.00%)	(0.40%)	3.24%
Federal Agency	2.33	0.47%	0.10%	0.01%	2.79%
U.S. Corporates, A-AAA rated	2.82	0.88%	0.05%	0.76%	4.23%
Agency MBS (0 to 5 years)	2.56	1.37%	0.25%	(0.52%)	3.37%
Taxable Municipals	2.65	0.79%	0.22%	1.82%	3.97%
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	7.27	1.04%	(0.03%)	(3.60%)	4.94%
Federal Agency	3.99	0.81%	0.01%	(0.75%)	4.23%
U.S. Corporates, A-AAA rated	8.50	1.90%	(0.18%)	0.04%	6.87%
Agency MBS (0 to 30 years)	3.89	1.66%	0.05%	(0.46%)	3.92%
Taxable Municipals	11.26	2.52%	0.33%	2.36%	9.18%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

## DISCLOSURES

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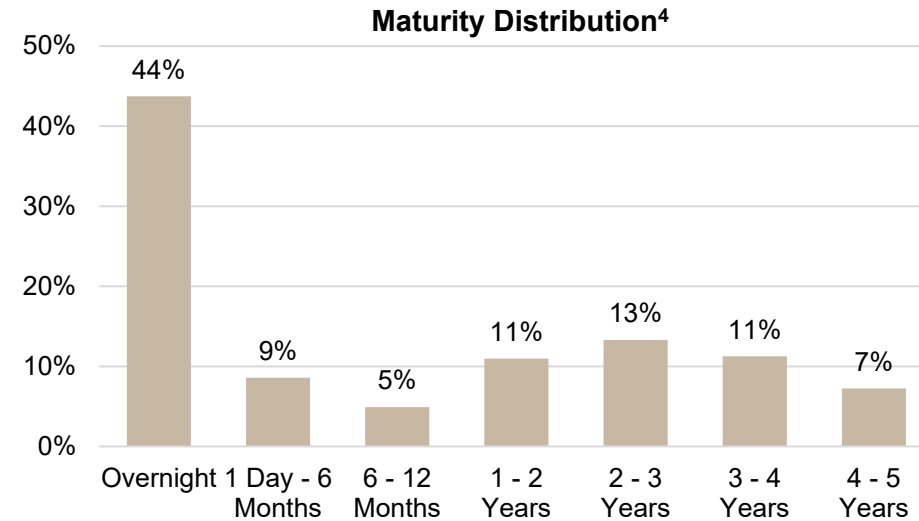
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# Account Summary

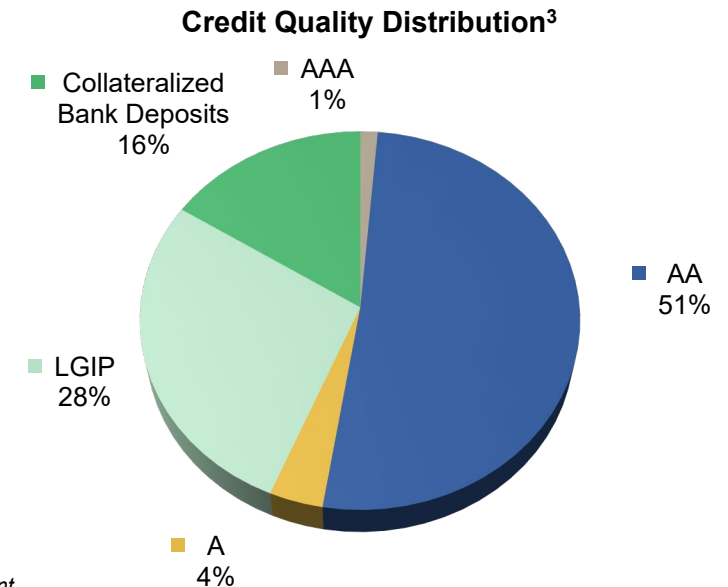


The portfolio is in compliance with applicable state statutes and the City's Investment Policy C-7.

Quarter Ended September 30, 2021 – 3Q21 <sup>1</sup>	
Quarterly Summary	
Market Value (MV)	\$344,026,452
Amortized Cost	\$341,743,141
Portfolio Yield on Cost	1.06%
Weighted Average Maturity	1.29 years
Cash Basis Earnings for Quarter <sup>2</sup>	\$980,323
Accrual Basis Earnings for Quarter <sup>2</sup>	\$721,958
Quarterly Change	
Amortized Cost – 3Q21	\$341,743,141
Beginning MV – 2Q21	\$359,005,504
Net Contributions	(\$7,039,817)
Change in Cash	(8,116,522.92)
Change in MV	\$177,288
Ending MV – 3Q21	\$344,026,452



Sector Distribution <sup>1</sup>				
Sector	Amortized Cost	Market Value	% of Portfolio	Allowed by Policy
U.S. Treasuries	\$132,398,307	\$134,627,974	39%	100%
Federal Agencies	\$18,488,951	\$18,424,679	5%	100%
Corporate Notes	\$40,393,517	\$40,511,433	12%	35%
LGIP	\$95,606,605	\$95,606,605	28%	ORS limit
Collateralized Deposit Accounts	\$54,855,761	\$54,855,761	16%	100%
<b>Total</b>	<b>\$341,743,141</b>	<b>\$344,026,452</b>	<b>100%</b>	



1. Combined portfolio includes funds in the PFM-managed portfolios, funds in the Oregon LGIP, and the City's US Bank account.

Portfolio values are as of September 30, 2021 and exclude accrued interest on the PFM-managed funds.

2. Excludes earnings on LGIP and deposit accounts.

3. Ratings by Standard & Poor's (S&P).

4. Callable securities are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

## Account Summary

CITY OF SALEM LONG-TERM PORTFOLIO			
Portfolio Values	<u>September 30, 2021</u>	Analytics <sup>1</sup>	<u>September 30, 2021</u>
PFM Managed Account	\$184,487,655	Yield at Market	0.49%
Amortized Cost	\$182,221,644	Yield on Cost	1.52%
Market Value	\$184,487,655	Portfolio Duration	2.28
Accrued Interest	\$676,792		

CITY OF SALEM WATER-SEWER REV BOND 2020			
Portfolio Values	<u>September 30, 2021</u>	Analytics <sup>1</sup>	<u>September 30, 2021</u>
PFM Managed Account	\$9,076,431	Yield at Market	0.24%
Amortized Cost	\$9,059,130	Yield on Cost	0.39%
Market Value	\$9,076,431	Portfolio Duration	1.11
Accrued Interest	\$43,254		

1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s).

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>69.6%</b>	
UNITED STATES TREASURY	69.6%	AA / Aaa / AAA
<b>Federal Agency</b>	<b>9.5%</b>	
FANNIE MAE	3.7%	AA / Aaa / AAA
FEDERAL HOME LOAN BANKS	2.4%	AA / Aaa / NR
FREDDIE MAC	3.4%	AA / Aaa / AAA
<b>Corporate</b>	<b>20.9%</b>	
AMAZON.COM INC	2.6%	AA / A / AA
APPLE INC	4.2%	AA / Aa / NR
BANK OF AMERICA CO	1.3%	A / A / AA
BLACKROCK INC	1.1%	AA / Aa / NR
CHEVRON CORPORATION	2.1%	AA / Aa / NR
JOHNSON & JOHNSON	1.3%	AAA / Aaa / NR
JP MORGAN CHASE & CO	2.6%	A / A / AA
MICROSOFT CORP	1.1%	AAA / Aaa / AAA
PROCTER & GAMBLE CO	1.6%	AA / Aa / NR
TORONTO-DOMINION BANK	1.3%	A / A / AA
TOYOTA MOTOR CORP	1.4%	A / A / A
VISA INC	0.3%	AA / Aa / NR
<b>Total</b>	<b>100.0%</b>	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Excludes balances invested in money market funds.

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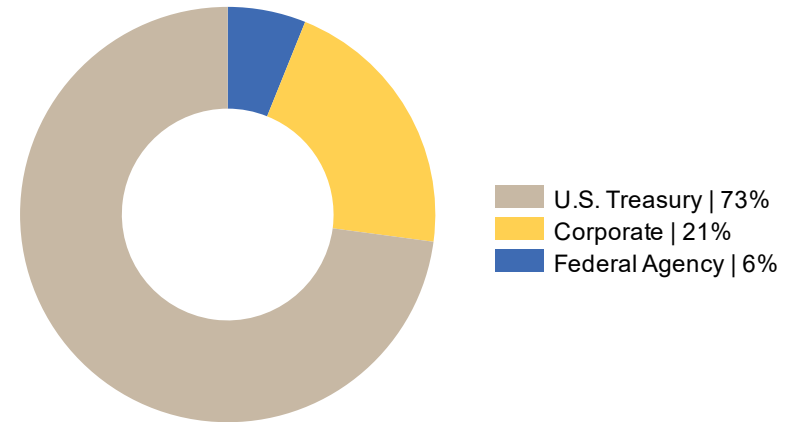
Portfolio Review:  
CITY OF SALEM LONG-TERM PORTFOLIO

## Portfolio Snapshot - CITY OF SALEM LONG-TERM PORTFOLIO<sup>1</sup>

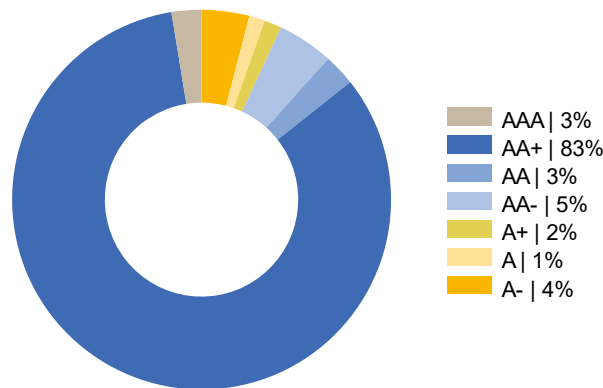
### Portfolio Statistics

<b>Total Market Value</b>	\$185,164,446.70
<b>Portfolio Effective Duration</b>	2.28 years
<b>Benchmark Effective Duration</b>	2.59 years
<b>Yield At Cost</b>	1.52%
<b>Yield At Market</b>	0.49%
<b>Portfolio Credit Quality</b>	AA

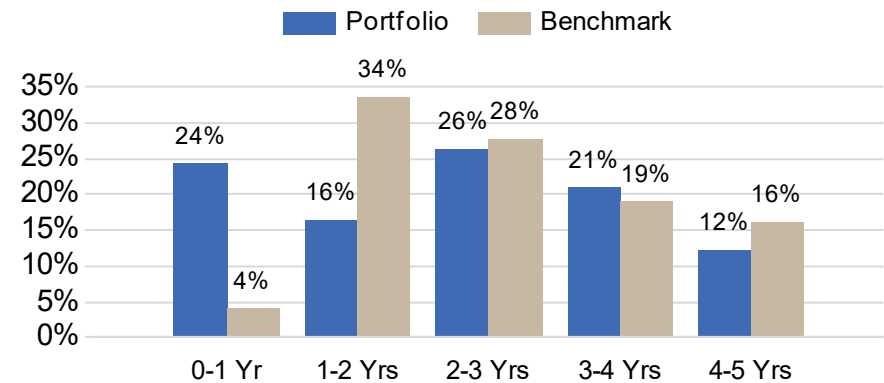
### Sector Allocation



### Credit Quality - S&P



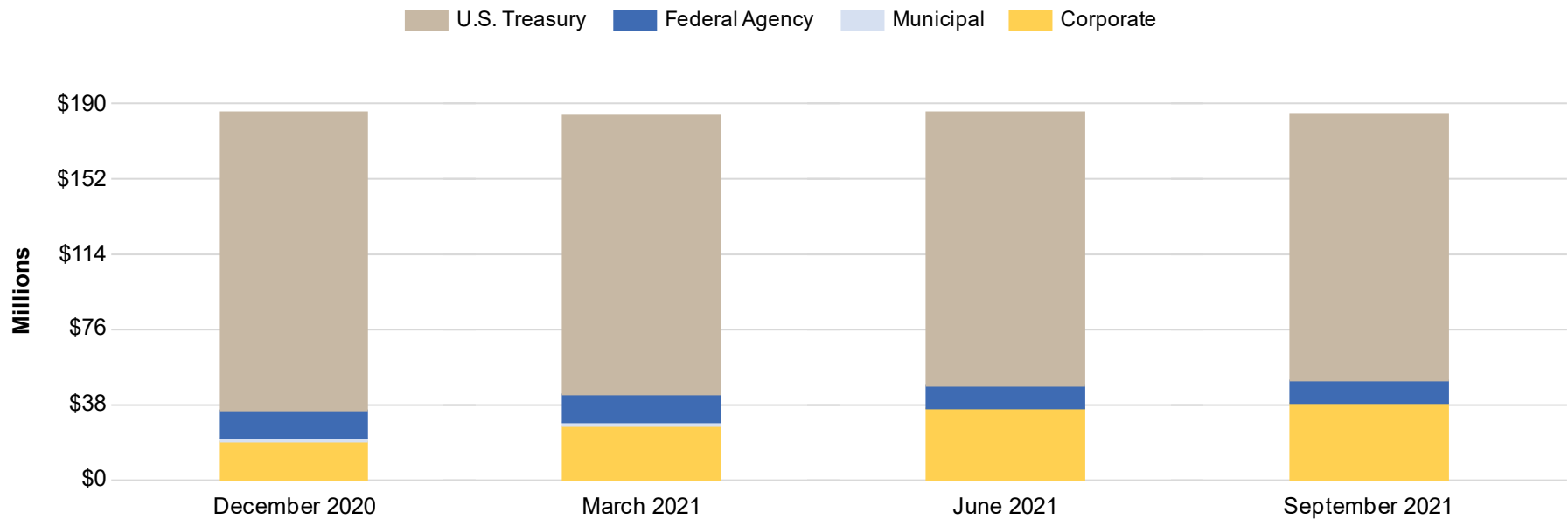
### Duration Distribution



1. The portfolio's benchmark is currently the ICE BofAML 1-5 Year U.S Treasury Index. Prior to 12/31/19 is was the 1-3 Year U.S Treasury Index. Prior to 6/30/16 it was the ICE BofAML 0-3 Year U.S Treasury Index. Source: Bloomberg.  
An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

### Sector Allocation Review - CITY OF SALEM LONG-TERM PORTFOLIO

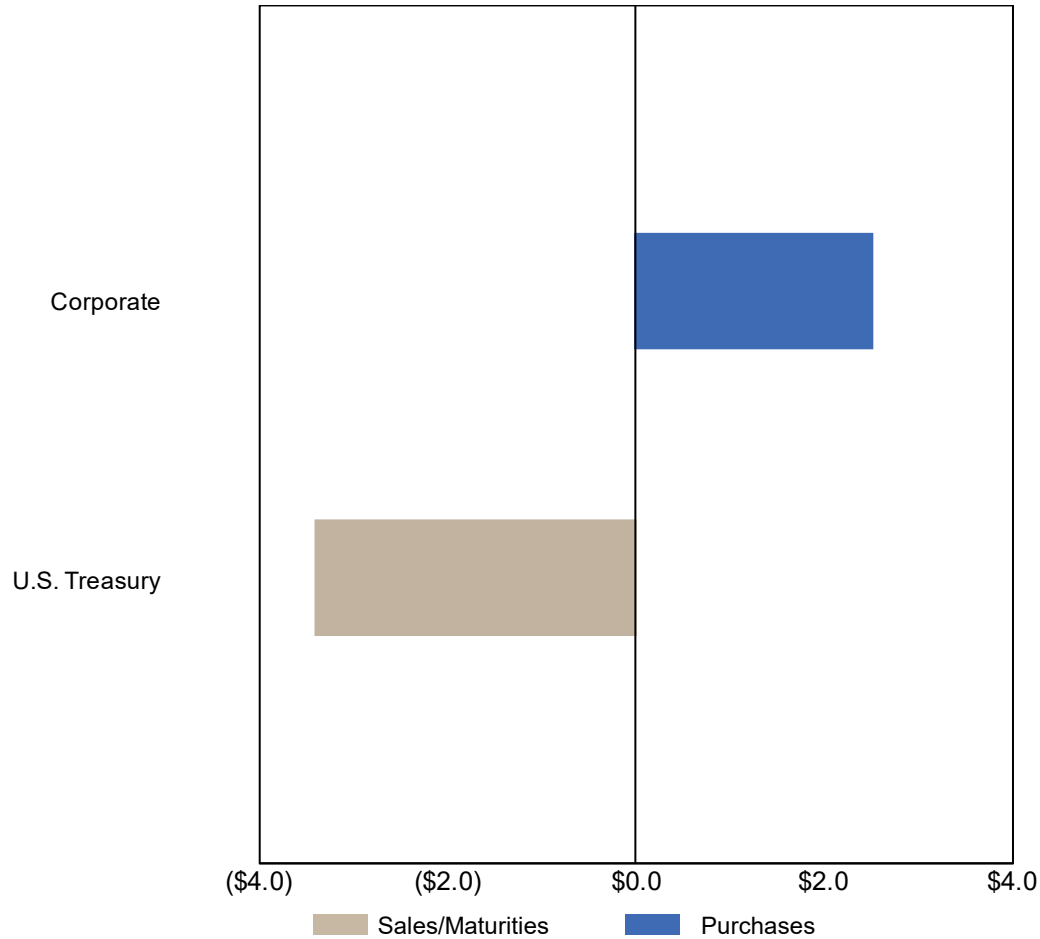
Security Type	Dec-20	% of Total	Mar-21	% of Total	Jun-21	% of Total	Sep-21	% of Total
U.S. Treasury	\$149.9	80.9%	\$141.1	76.6%	\$138.4	74.4%	\$134.6	72.9%
Federal Agency	\$14.5	7.8%	\$14.3	7.8%	\$11.2	6.1%	\$11.2	6.1%
Municipal	\$1.5	0.8%	\$1.5	0.8%	\$0.0	0.0%	\$0.0	0.0%
Corporate	\$19.4	10.5%	\$27.2	14.8%	\$36.3	19.5%	\$38.6	21.0%
<b>Total</b>	<b>\$185.3</b>	<b>100.0%</b>	<b>\$184.1</b>	<b>100.0%</b>	<b>\$185.9</b>	<b>100.0%</b>	<b>\$184.5</b>	<b>100.0%</b>



Market values, excluding accrued interest. Only includes investments held within the separately managed account(s). Detail may not add to total due to rounding.

## Portfolio Activity - CITY OF SALEM LONG-TERM PORTFOLIO

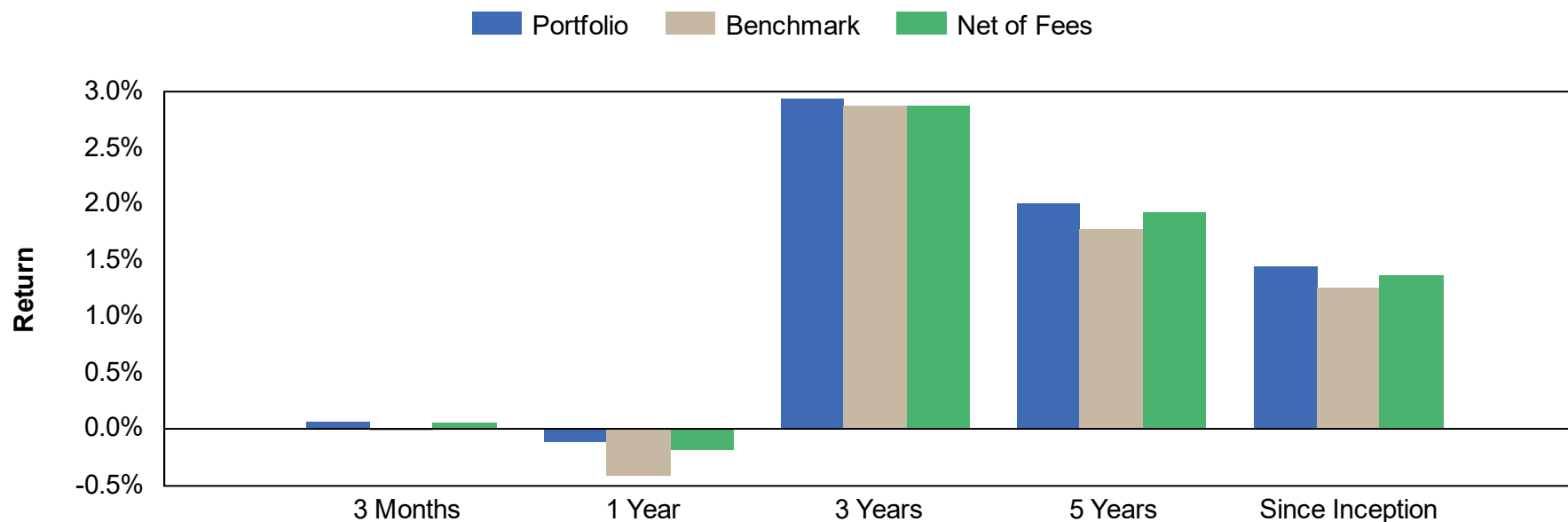
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
Corporate	\$2,510,075
U.S. Treasury	(\$3,393,879)

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$707,045	\$3,134,400	\$8,862,128	\$11,820,902	\$16,430,528
Change in Market Value	(\$578,258)	(\$3,329,045)	\$4,485,147	\$3,019,727	\$1,068,752
<b>Total Dollar Return</b>	<b>\$128,787</b>	<b>(\$194,645)</b>	<b>\$13,347,275</b>	<b>\$14,840,629</b>	<b>\$17,499,280</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	0.07%	-0.11%	2.94%	2.00%	1.44%
Benchmark <sup>4</sup>	-	-0.40%	2.88%	1.77%	1.26%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.07%</b>
<b>Net of Fee Return</b>	<b>0.05%</b>	<b>-0.18%</b>	<b>2.87%</b>	<b>1.93%</b>	<b>1.37%</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2012.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

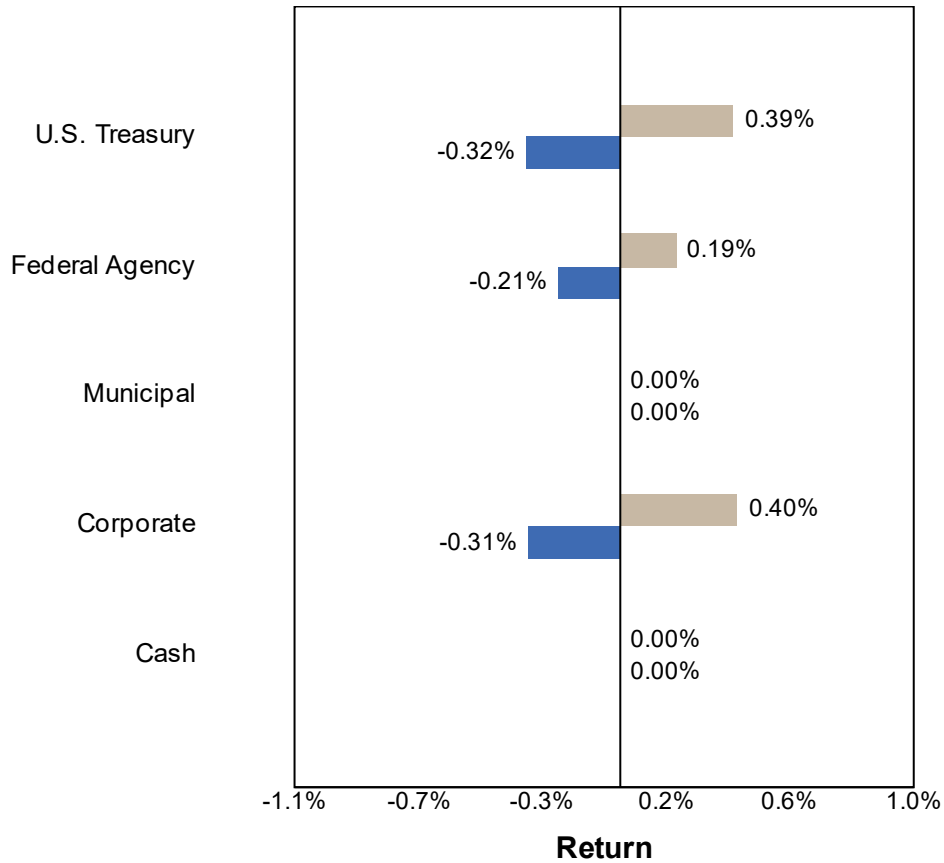
4. The portfolio's benchmark is currently the ICE BofAML 1-5 Year U.S Treasury Index. Prior to 12/31/19 it was the 1-3 Year U.S Treasury Index. Prior to 6/30/16 it was the ICE BofAML 0-3 Year U.S Treasury Index. Source: Bloomberg.



### Quarterly Sector Performance

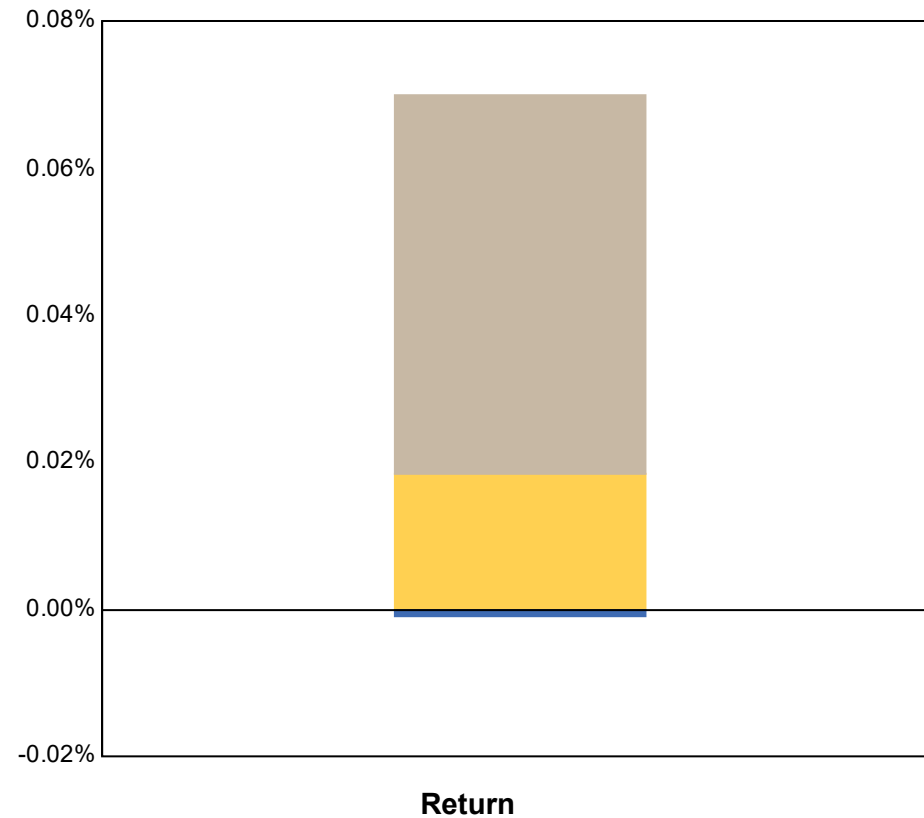
**Total Return by Sector**

Price Returns    Income Returns



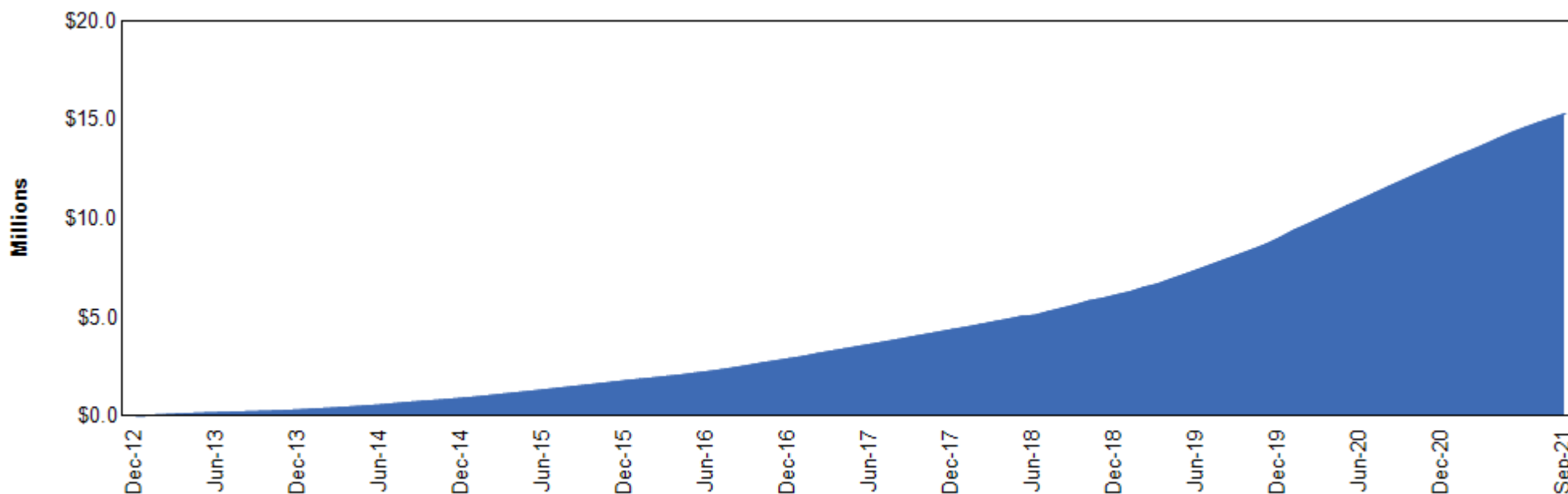
**Contribution to Total Return**

U.S. Treasury | 0.05%    Municipal | 0.00%    Cash | 0.00%  
 Federal Agency | 0.00%    Corporate | 0.02%



1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Income returns calculated as interest earned on investments during the period.
3. Price returns calculated as the change in market value of each security for the period.
4. Returns are presented on a periodic basis.

## Accrual Basis Earnings - CITY OF SALEM LONG-TERM PORTFOLIO



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception
Interest Earned	\$707,045	\$3,134,400	\$8,862,128	\$11,820,902	\$16,430,528
Realized Gains / (Losses)	\$12,993	\$135,069	(\$113,621)	(\$224,106)	(\$102,594)
Change in Amortized Cost	(\$7,824)	\$123,444	\$937,848	\$1,150,601	(\$1,020,872)
<b>Total Earnings</b>	<b>\$712,214</b>	<b>\$3,392,913</b>	<b>\$9,686,355</b>	<b>\$12,747,397</b>	<b>\$15,307,063</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2012.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

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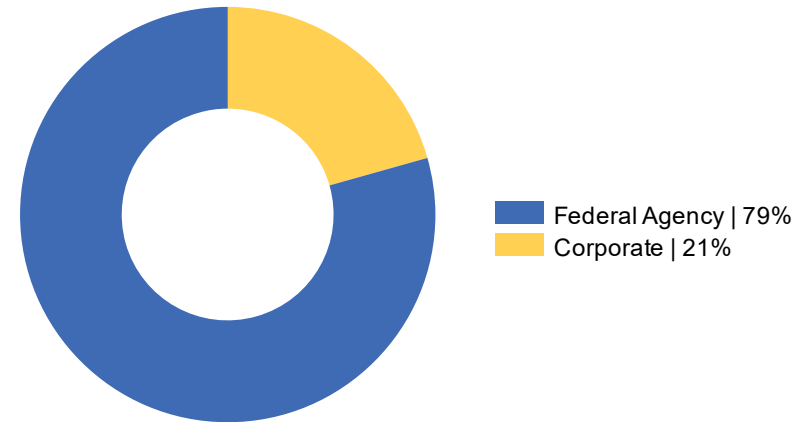
Portfolio Review:  
CITY OF SALEM WATER-SEWER REV BOND 2020

## Portfolio Snapshot - CITY OF SALEM WATER-SEWER REV BOND 2020<sup>1</sup>

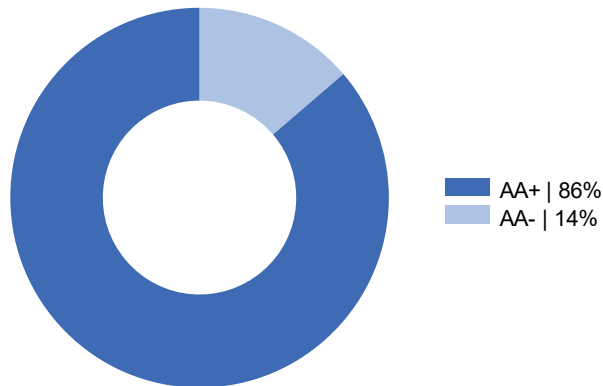
### Portfolio Statistics

<b>Total Market Value</b>	\$9,119,684.65
<b>Portfolio Effective Duration</b>	1.11 years
<b>Yield At Cost</b>	0.39%
<b>Yield At Market</b>	0.24%
<b>Portfolio Credit Quality</b>	AA

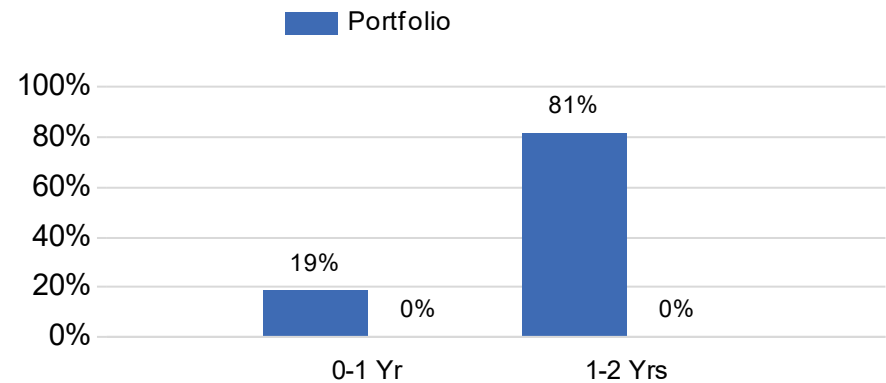
### Sector Allocation



### Credit Quality - S&P



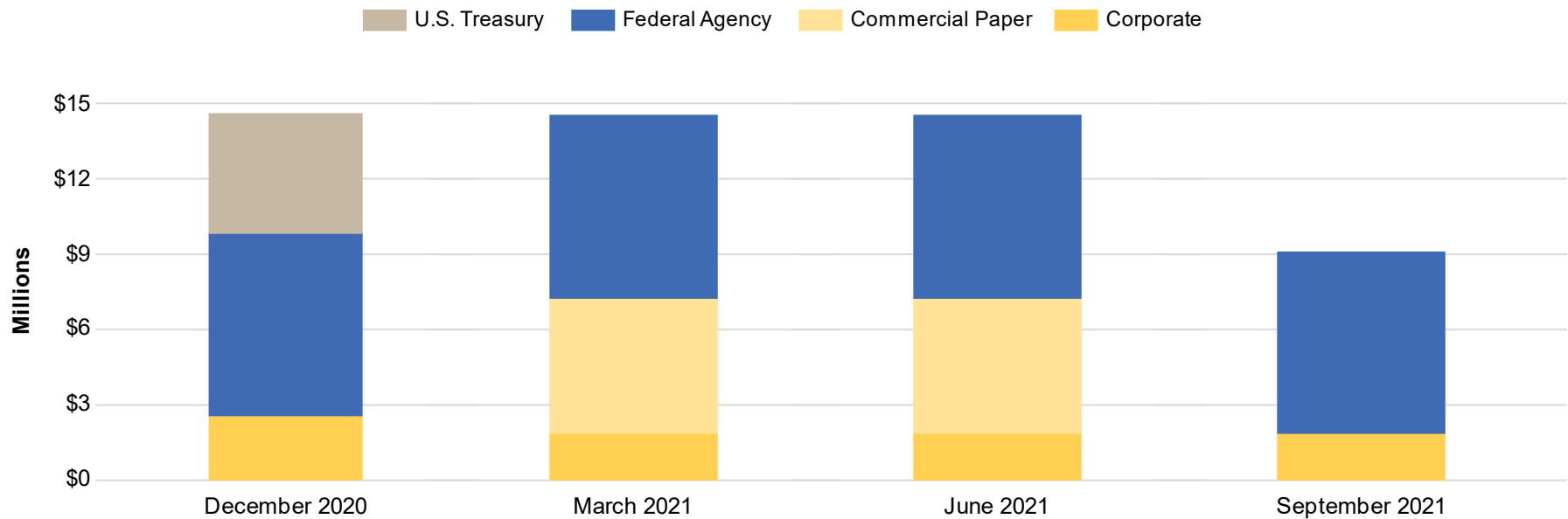
### Duration Distribution



1. The portfolio's benchmark is N/A.. Source: Bloomberg.  
An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

### Sector Allocation Review - CITY OF SALEM WATER-SEWER REV BOND 2020

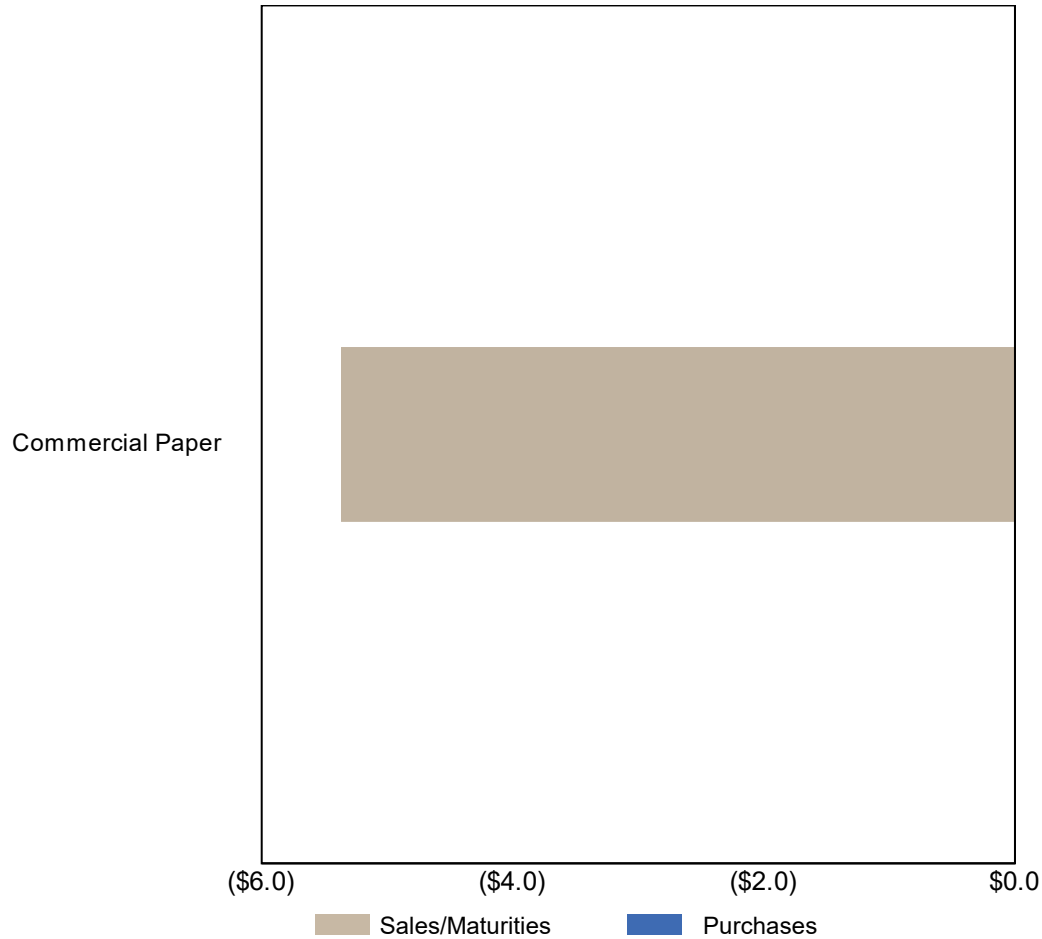
Security Type	Dec-20	% of Total	Mar-21	% of Total	Jun-21	% of Total	Sep-21	% of Total
U.S. Treasury	\$4.7	32.4%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Federal Agency	\$7.3	50.2%	\$7.3	50.1%	\$7.2	50.0%	\$7.2	79.4%
Commercial Paper	\$0.0	0.0%	\$5.4	36.9%	\$5.4	37.0%	\$0.0	0.0%
Corporate	\$2.5	17.4%	\$1.9	13.0%	\$1.9	13.0%	\$1.9	20.6%
<b>Total</b>	<b>\$14.6</b>	<b>100.0%</b>	<b>\$14.5</b>	<b>100.0%</b>	<b>\$14.5</b>	<b>100.0%</b>	<b>\$9.1</b>	<b>100.0%</b>



Market values, excluding accrued interest. Only includes investments held within the separately managed account(s). Detail may not add to total due to rounding.

## Portfolio Activity - CITY OF SALEM WATER-SEWER REV BOND 2020

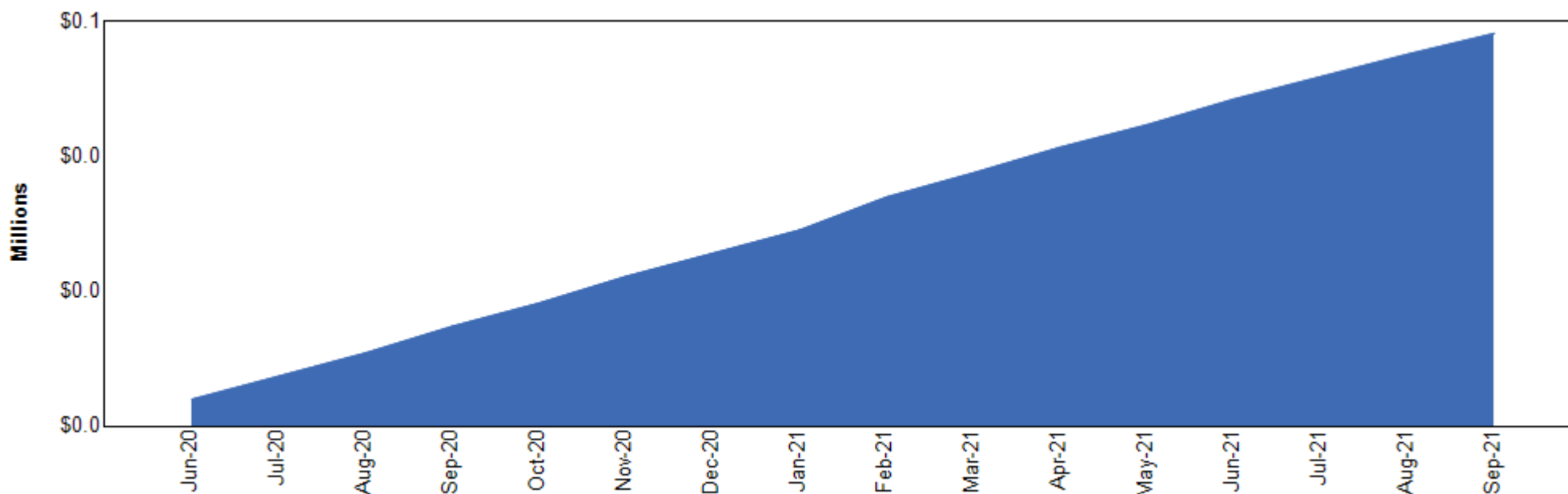
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
Commercial Paper	(\$5,360,000)

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

### Accrual Basis Earnings - CITY OF SALEM WATER-SEWER REV BOND 2020



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception
Interest Earned	\$54,267	\$222,772	-	-	\$280,531
Realized Gains / (Losses)	-	-	-	-	-
Change in Amortized Cost	(\$44,522)	(\$179,351)	-	-	(\$226,279)
<b>Total Earnings</b>	<b>\$9,745</b>	<b>\$43,421</b>	-	-	<b>\$54,252</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is January 1, 1900.  
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.  
 3. Realized gains / (losses) are shown on an amortized cost basis.

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# Portfolio Transactions and Holdings: CITY OF SALEM



## 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>									
7/20/21	7/22/21	2,500,000	06051GJH3	BANK OF AMERICA CORP (CALLABLE) CORPORAT	0.81%	10/24/24	2,510,075.00	0.75%	
<b>Total BUY</b>		<b>2,500,000</b>					<b>2,510,075.00</b>		
<b>INTEREST</b>									
7/11/21	7/11/21	2,750,000	89236TDP7	TOYOTA MOTOR CREDIT CORP BONDS	2.60%	1/11/22	35,750.00		
7/15/21	7/15/21	8,100,000	9128285V8	US TREASURY NOTES	2.50%	1/15/22	101,250.00		
7/21/21	7/21/21	2,850,000	3137EAEU9	FREDDIE MAC NOTES	0.37%	7/21/25	5,343.75		
7/31/21	7/31/21	4,600,000	912828V80	US TREASURY NOTES	2.25%	1/31/24	51,750.00		
7/31/21	7/31/21	5,900,000	91282CBH3	US TREASURY NOTES	0.37%	1/31/26	11,062.50		
7/31/21	7/31/21	3,750,000	912828S92	US TREASURY NOTES	1.25%	7/31/23	23,437.50		
7/31/21	7/31/21	6,000,000	91282CAB7	US TREASURY NOTES	0.25%	7/31/25	7,500.00		
8/8/21	8/8/21	5,000,000	037833EB2	APPLE INC (CALLABLE) CORPORATE NOTES	0.70%	2/8/26	17,500.00		
8/9/21	8/9/21	2,380,000	037833CG3	APPLE INC (CALLABLE) BONDS	3.00%	2/9/24	35,700.00		
8/11/21	8/11/21	2,500,000	742718EU9	PROCTER & GAMBLE CO/THE CORP NOTES	2.15%	8/11/22	26,875.00		
8/17/21	8/17/21	4,500,000	3130AJ7E3	FEDERAL HOME LOAN BANKS NOTES	1.37%	2/17/23	30,937.50		
8/31/21	8/31/21	4,500,000	9128282D1	US TREASURY NOTES	1.37%	8/31/23	30,937.50		
8/31/21	8/31/21	2,665,000	91282CBQ3	US TREASURY NOTES	0.50%	2/28/26	6,662.50		
8/31/21	8/31/21	2,500,000	912828W55	US TREASURY NOTES	1.87%	2/28/22	23,437.50		
8/31/21	8/31/21	5,250,000	912828YE4	US TREASURY NOTES	1.25%	8/31/24	32,812.50		
9/3/21	9/3/21	2,500,000	478160CD4	JOHNSON & JOHNSON CORP NOTES	2.25%	3/3/22	28,125.00		
9/15/21	9/15/21	5,470,000	912828YF1	US TREASURY NOTES	1.50%	9/15/22	41,025.00		
9/15/21	9/15/21	5,000,000	91282CBR1	US TREASURY NOTES	0.25%	3/15/24	6,250.00		
9/18/21	9/18/21	2,000,000	09247XAL5	BLACKROCK INC CORP NOTES	3.50%	3/18/24	35,000.00		
9/23/21	9/23/21	3,900,000	3137EAEX3	FREDDIE MAC NOTES	0.37%	9/23/25	7,312.50		

## CITY OF SALEM LONG-TERM PORTFOLIO

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
9/30/21	9/30/21	3,750,000	912828Q29	US TREASURY NOTES	1.50%	3/31/23	28,125.00		
9/30/21	9/30/21	3,750,000	912828T26	US TREASURY NOTES	1.37%	9/30/23	25,781.25		
9/30/21	9/30/21	4,600,000	912828W71	US TREASURY NOTES	2.12%	3/31/24	48,875.00		
9/30/21	9/30/21	4,600,000	912828YH7	US TREASURY NOTES	1.50%	9/30/24	34,500.00		
<b>Total INTEREST</b>		<b>98,815,000</b>					<b>695,950.00</b>		
<b>MATURITY</b>									
9/30/21	9/30/21	875,000	912828T34	US TREASURY NOTES	1.12%	9/30/21	879,921.88		0.00
<b>Total MATURITY</b>		<b>875,000</b>					<b>879,921.88</b>		<b>0.00</b>
<b>SELL</b>									
7/20/21	7/22/21	2,500,000	912828T34	US TREASURY NOTES	1.12%	9/30/21	2,513,956.84		12,993.02
<b>Total SELL</b>		<b>2,500,000</b>					<b>2,513,956.84</b>		<b>12,993.02</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>INTEREST</b>									
7/11/21	7/11/21	1,080,000	3135G0U92	FANNIE MAE NOTES	2.62%	1/11/22	14,175.00		
7/19/21	7/19/21	5,950,000	3135G0T94	FANNIE MAE NOTES	2.37%	1/19/23	70,656.25		
8/11/21	8/11/21	615,000	742718EU9	PROCTER & GAMBLE CO/THE CORP NOTES	2.15%	8/11/22	6,611.25		
8/23/21	8/23/21	605,000	037833BU3	APPLE CORP NOTES (CALLABLE)	2.85%	2/23/23	8,621.25		
<b>Total INTEREST</b>		<b>8,250,000</b>					<b>100,063.75</b>		
<b>MATURITY</b>									
9/3/21	9/3/21	5,360,000	63873JW30	NATIXIS NY BRANCH COMM PAPER	0.00%	9/3/21	5,360,000.00		0.00
<b>Total MATURITY</b>		<b>5,360,000</b>					<b>5,360,000.00</b>		<b>0.00</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 10/15/2018 2.875% 10/15/2021	9128285F3	7,465,000.00	AA+	Aaa	11/9/2018	11/13/2018	7,440,797.07	2.99	99,099.91	7,464,682.44	7,471,998.44
US TREASURY NOTES DTD 11/30/2016 1.750% 11/30/2021	912828U65	5,000,000.00	AA+	Aaa	12/4/2018	12/7/2018	4,850,390.63	2.80	29,405.74	4,991,757.06	5,013,281.00
US TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	8,100,000.00	AA+	Aaa	1/30/2019	1/31/2019	8,085,761.72	2.56	42,921.20	8,098,602.54	8,156,952.72
US TREASURY NOTES DTD 02/28/2017 1.875% 02/28/2022	912828W55	2,500,000.00	AA+	Aaa	2/26/2019	2/27/2019	2,458,203.13	2.46	4,014.16	2,494,284.84	2,518,750.00
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	5,400,000.00	AA+	Aaa	5/10/2019	5/16/2019	5,348,531.25	2.21	42,370.92	5,389,944.53	5,456,531.52
US TREASURY NOTES DTD 04/30/2015 1.750% 04/30/2022	912828WZ9	1,750,000.00	AA+	Aaa	5/8/2019	5/13/2019	1,726,074.22	2.23	12,815.90	1,745,338.56	1,767,226.65
US TREASURY NOTES DTD 05/31/2017 1.750% 05/31/2022	912828XR6	960,000.00	AA+	Aaa	9/19/2019	9/20/2019	961,312.50	1.70	5,645.90	960,322.79	970,650.05
US TREASURY NOTES DTD 09/15/2019 1.500% 09/15/2022	912828YF1	5,470,000.00	AA+	Aaa	11/13/2019	11/15/2019	5,448,632.81	1.64	3,626.52	5,462,795.02	5,543,503.13
US TREASURY NOTES DTD 11/15/2012 1.625% 11/15/2022	912828TY6	5,000,000.00	AA+	Aaa	11/13/2019	11/15/2019	4,995,117.19	1.66	30,689.54	4,998,173.40	5,084,375.00
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	3,750,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,738,574.22	1.59	154.53	3,744,911.52	3,823,828.13
US TREASURY NOTES DTD 05/02/2016 1.625% 04/30/2023	912828R28	4,500,000.00	AA+	Aaa	1/17/2020	1/22/2020	4,506,503.91	1.58	30,601.22	4,503,137.56	4,600,547.10
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	3,750,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,702,685.55	1.60	7,897.42	3,726,553.37	3,818,554.50
US TREASURY NOTES DTD 08/31/2016 1.375% 08/31/2023	912828D1	4,500,000.00	AA+	Aaa	1/17/2020	1/22/2020	4,466,425.78	1.59	5,298.69	4,482,180.43	4,594,922.10
US TREASURY NOTES DTD 09/30/2016 1.375% 09/30/2023	912828T26	3,750,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,717,480.47	1.61	141.66	3,733,174.78	3,831,445.50
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	3,530,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,619,491.02	1.61	20,072.08	3,578,948.79	3,681,128.13

## 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 01/31/2017 2.250% 01/31/2024	912828V80	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,718,953.13	1.61	17,437.50	4,666,414.20	4,801,968.52
US TREASURY NOTES DTD 03/15/2021 0.250% 03/15/2024	91282CBR1	5,000,000.00	AA+	Aaa	4/15/2021	4/16/2021	4,992,773.44	0.30	552.49	4,993,914.48	4,982,812.50
US TREASURY NOTES DTD 03/31/2017 2.125% 03/31/2024	912828W71	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,698,289.06	1.61	268.54	4,656,519.31	4,796,218.52
US TREASURY N/B NOTES DTD 04/15/2021 0.375% 04/15/2024	91282CBV2	2,500,000.00	AA+	Aaa	4/27/2021	4/28/2021	2,501,464.84	0.36	4,328.89	2,501,253.84	2,497,656.25
US TREASURY NOTES DTD 05/31/2017 2.000% 05/31/2024	912828XT2	5,250,000.00	AA+	Aaa	1/17/2020	1/22/2020	5,333,876.95	1.62	35,286.89	5,301,296.21	5,465,742.45
US TREASURY NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,678,343.75	1.61	23,250.00	4,646,856.76	4,793,343.52
US TREASURY NOTES DTD 08/31/2019 1.250% 08/31/2024	912828YE4	5,250,000.00	AA+	Aaa	1/17/2020	1/22/2020	5,163,457.03	1.62	5,619.82	5,195,235.73	5,364,023.70
US TREASURY NOTES DTD 09/30/2019 1.500% 09/30/2024	912828YH7	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,575,742.19	1.61	189.56	4,584,984.57	4,735,125.00
US TREASURY NOTES DTD 10/31/2019 1.500% 10/31/2024	912828YM6	5,250,000.00	AA+	Aaa	1/17/2020	1/22/2020	5,219,238.28	1.63	32,955.16	5,230,138.94	5,404,218.75
US TREASURY NOTES DTD 11/17/2014 2.250% 11/15/2024	912828G38	4,070,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,192,735.94	1.62	34,589.47	4,147,157.97	4,284,946.88
US TREASURY NOTES DTD 12/31/2019 1.750% 12/31/2024	912828YY0	4,750,000.00	AA+	Aaa	1/17/2020	1/22/2020	4,777,275.39	1.63	21,007.13	4,767,936.78	4,928,866.95
US TREASURY NOTES DTD 07/31/2020 0.250% 07/31/2025	91282CAB7	6,000,000.00	AA+	Aaa	4/15/2021	4/16/2021	5,898,984.38	0.65	2,527.17	5,909,814.39	5,885,625.00
US TREASURY NOTES DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	2,000,000.00	AA+	Aaa	1/15/2021	1/19/2021	1,992,500.00	0.45	1,895.38	1,993,558.38	1,960,000.00
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	5,900,000.00	AA+	Aaa	4/15/2021	4/16/2021	5,790,066.41	0.77	3,727.58	5,800,614.01	5,773,703.42
US TREASURY NOTES DTD 02/28/2021 0.500% 02/28/2026	91282CBQ3	2,665,000.00	AA+	Aaa	3/16/2021	3/18/2021	2,623,255.27	0.82	1,141.09	2,627,803.78	2,620,028.13

## 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>Security Type Sub-Total</b>		<b>132,460,000.00</b>					<b>132,222,937.53</b>	<b>1.66</b>	<b>519,532.06</b>	<b>132,398,306.98</b>	<b>134,627,973.56</b>
<b>Federal Agency Bond / Note</b>											
FEDERAL HOME LOAN BANKS NOTES DTD 02/21/2020 1.375% 02/17/2023	3130AJ7E3	4,500,000.00	AA+	Aaa	4/13/2020	4/15/2020	4,617,990.00	0.44	7,562.50	4,557,289.94	4,572,756.00
FREDDIE MAC NOTES DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	2,850,000.00	AA+	Aaa	11/30/2020	12/1/2020	2,844,129.00	0.42	2,078.13	2,845,183.21	2,806,355.10
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	1,400,000.00	AA+	Aaa	9/29/2020	9/30/2020	1,397,830.00	0.41	116.67	1,398,266.62	1,378,148.80
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	2,500,000.00	AA+	Aaa	11/30/2020	12/1/2020	2,490,025.00	0.46	208.33	2,491,750.90	2,460,980.00
<b>Security Type Sub-Total</b>		<b>11,250,000.00</b>					<b>11,349,974.00</b>	<b>0.44</b>	<b>9,965.63</b>	<b>11,292,490.67</b>	<b>11,218,239.90</b>
<b>Corporate Note</b>											
TOYOTA MOTOR CREDIT CORP BONDS DTD 01/09/2017 2.600% 01/11/2022	89236TDP7	2,750,000.00	A+	A1	1/8/2019	1/10/2019	2,705,972.50	3.16	15,888.89	2,745,906.29	2,767,154.50
JOHNSON & JOHNSON CORP NOTES DTD 03/03/2017 2.250% 03/03/2022	478160CD4	2,500,000.00	AAA	Aaa	3/5/2019	3/7/2019	2,467,900.00	2.70	4,375.00	2,495,502.47	2,516,962.50
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	2,500,000.00	AA-	Aa3	11/13/2019	11/15/2019	2,524,850.00	1.78	7,465.28	2,507,802.90	2,542,802.50
APPLE INC (CALLABLE) BONDS DTD 02/09/2017 3.000% 02/09/2024	037833CG3	2,380,000.00	AA+	Aa1	1/17/2020	1/22/2020	2,477,699.00	1.94	10,313.33	2,435,089.27	2,508,574.74
BLACKROCK INC CORP NOTES DTD 03/18/2014 3.500% 03/18/2024	09247XAL5	2,000,000.00	AA-	Aa3	11/19/2019	11/21/2019	2,130,520.00	1.92	2,527.78	2,074,311.26	2,142,198.00
BANK OF AMERICA CORP (CALLABLE) CORPORAT DTD 10/21/2020 0.810% 10/24/2024	06051GJH3	2,500,000.00	A-	A2	7/20/2021	7/22/2021	2,505,125.00	0.75	8,831.25	2,504,683.40	2,509,632.50
CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	AA-	Aa2	3/11/2021	3/15/2021	2,048,380.00	0.96	12,086.67	2,041,877.31	2,044,526.00

## 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>Corporate Note</b>											
CHEVRON CORP (CALLABLE) NOTES DTD 05/11/2020 1.554% 05/11/2025	166764BW9	2,000,000.00	AA-	Aa2	3/12/2021	3/16/2021	2,041,100.00	1.05	12,086.67	2,035,599.73	2,044,526.00
JPMORGAN CHASE & CO CORPORATE NOTES DTD 06/01/2021 0.824% 06/01/2025	46647PCH7	5,000,000.00	A-	A2	5/25/2021	6/1/2021	5,010,350.00	0.77	13,733.33	5,009,485.73	4,980,250.00
MICROSOFT CORP NOTES DTD 11/03/2015 3.125% 11/03/2025	594918BJ2	2,000,000.00	AAA	Aaa	3/16/2021	3/18/2021	2,186,160.00	1.06	25,694.44	2,164,472.53	2,165,712.00
APPLE INC (CALLABLE) CORPORATE NOTES DTD 02/08/2021 0.700% 02/08/2026	037833EB2	5,000,000.00	AA+	Aa1	2/8/2021	2/10/2021	4,996,800.00	0.71	5,152.78	4,997,208.77	4,940,045.00
AMAZON.COM INC CORPORATE NOTES DTD 05/12/2021 1.000% 05/12/2026	023135BX3	5,000,000.00	AA	A1	6/8/2021	6/10/2021	5,010,400.00	0.96	19,305.56	5,009,746.02	4,994,190.00
TORONTO-DOMINION BANK CORPORATE NOTES DTD 06/03/2021 1.200% 06/03/2026	89114TZD7	2,500,000.00	A	A1	6/16/2021	6/18/2021	2,509,725.00	1.12	9,833.33	2,509,161.15	2,484,867.50
<b>Security Type Sub-Total</b>		<b>38,130,000.00</b>					<b>38,614,981.50</b>	<b>1.35</b>	<b>147,294.31</b>	<b>38,530,846.83</b>	<b>38,641,441.24</b>
<b>Managed Account Sub Total</b>		<b>181,840,000.00</b>					<b>182,187,893.03</b>	<b>1.52</b>	<b>676,792.00</b>	<b>182,221,644.48</b>	<b>184,487,654.70</b>
<b>Securities Sub-Total</b>		<b>\$181,840,000.00</b>					<b>\$182,187,893.03</b>	<b>1.52%</b>	<b>\$676,792.00</b>	<b>\$182,221,644.48</b>	<b>\$184,487,654.70</b>
<b>Accrued Interest</b>											<b>\$676,792.00</b>
<b>Total Investments</b>											<b>\$185,164,446.70</b>

Bolted items are forward settling trades.

## 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 Bond / Note</b>											
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	1,080,000.00	AA+	Aaa	4/27/2020	4/29/2020	1,122,260.40	0.32	6,300.00	1,086,930.16	1,087,666.92
FANNIE MAE NOTES DTD 01/23/2018 2.375% 01/19/2023	3135G0T94	5,950,000.00	AA+	Aaa	4/24/2020	4/28/2020	6,284,509.00	0.30	28,262.50	6,109,529.89	6,118,771.75
<b>Security Type Sub-Total</b>		<b>7,030,000.00</b>					<b>7,406,769.40</b>	<b>0.30</b>	<b>34,562.50</b>	<b>7,196,460.05</b>	<b>7,206,438.67</b>
<b>Corporate Note</b>											
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	615,000.00	AA-	Aa3	4/24/2020	4/28/2020	637,847.25	0.51	1,836.46	623,591.66	625,529.42
VISA INC CORPORATE (CALLABLE) NOTES DTD 12/14/2015 2.800% 12/14/2022	92826CAC6	605,000.00	AA-	Aa3	4/27/2020	4/29/2020	636,490.25	0.79	5,034.94	618,255.36	620,650.14
APPLE CORP NOTES (CALLABLE) DTD 02/23/2016 2.850% 02/23/2023	037833BU3	605,000.00	AA+	Aa1	4/30/2020	5/4/2020	639,013.10	0.82	1,820.04	620,823.33	623,812.48
<b>Security Type Sub-Total</b>		<b>1,825,000.00</b>					<b>1,913,350.60</b>	<b>0.71</b>	<b>8,691.44</b>	<b>1,862,670.35</b>	<b>1,869,992.04</b>
<b>Managed Account Sub Total</b>		<b>8,855,000.00</b>					<b>9,320,120.00</b>	<b>0.39</b>	<b>43,253.94</b>	<b>9,059,130.40</b>	<b>9,076,430.71</b>
<b>Securities Sub-Total</b>		<b>\$8,855,000.00</b>					<b>\$9,320,120.00</b>	<b>0.39%</b>	<b>\$43,253.94</b>	<b>\$9,059,130.40</b>	<b>\$9,076,430.71</b>
<b>Accrued Interest</b>											<b>\$43,253.94</b>
<b>Total Investments</b>											<b>\$9,119,684.65</b>

Bolded items are forward settling trades.



## 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 the accuracy, completeness, or suitability of information provided by third party sources. 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 or Bloomberg. 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.

## 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.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **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 Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **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.
- **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.

## Glossary

- **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.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **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.