

# CITY OF FORT LAUDERDALE

## Investment Performance Review For the Quarter Ended March 31, 2023

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## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Lingering inflation that remains well above the Fed's long-term inflation target
  - ▶ A labor market showing the first signs of moderation
  - ▶ Greater economic uncertainty following the surprise failure of Silicon Valley Bank and Signature Bank



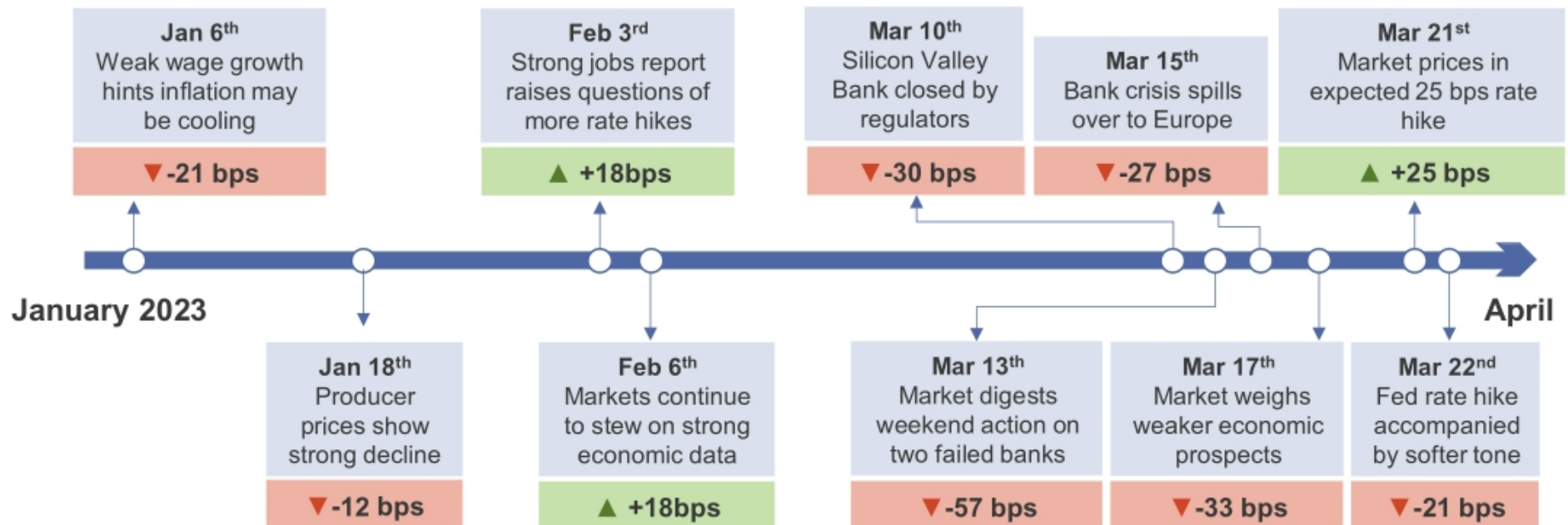
- ▶ Fed policy tightening may be nearly complete
  - ▶ The most recent FOMC statement noted that “some additional policy firming may be appropriate,” but the need for more rate hikes has become less clear
  - ▶ Although the Fed acknowledged the impact of the recent bank failures, their March updated Summary of Economic Projections were little changed from December
  - ▶ The Fed has maintained that they will keep rates elevated for some time, but the market is pricing in rate cuts beginning mid-year



- ▶ Bond markets saw unprecedented volatility in March
  - ▶ In a classic “flight to quality,” Treasury yields fell sharply, with the 2-year Treasury yield falling from 5.07% on March 8 to under 4.00% on March 17
  - ▶ The curve inversion from 3 months to 10 years reached the deepest levels in over 40 years
  - ▶ Credit yield spreads widened, especially those on banks, but not nearly to levels seen during the global financial crisis

## Market Events Drive Large Yield Moves

### Major Economic and Market Events and the Daily Change in the 2-Year U.S. Treasury Yield



▼/▲ Changes in 2-Year Treasury

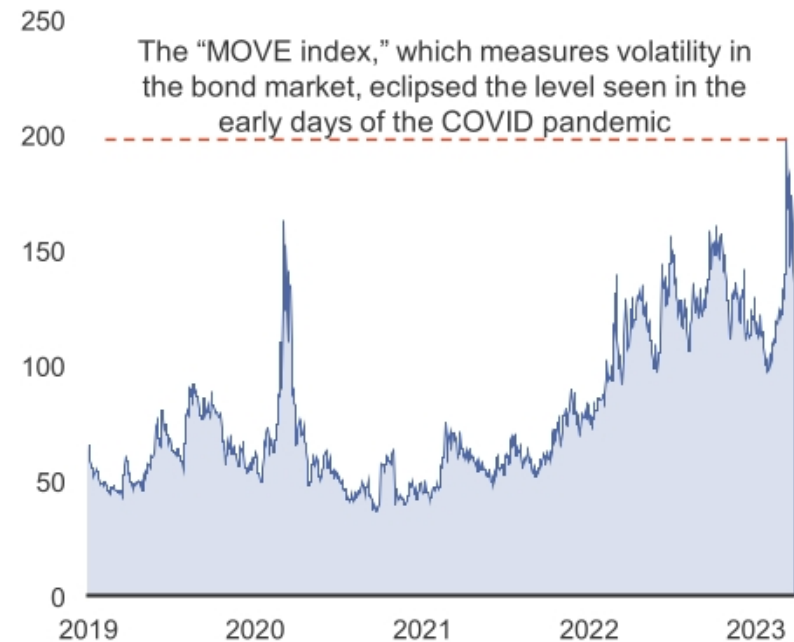
## Bond Markets Saw Unprecedented Volatility in March

The surprise failure of two large U.S. banks caused volatility in the markets. In a classic “flight to quality”, Treasury yields fell sharply, with the 2-year Treasury yield falling from 5.07% on March 8 to 4.03% on March 31.

**2-Year Treasury**  
*Daily High and Low Yield*

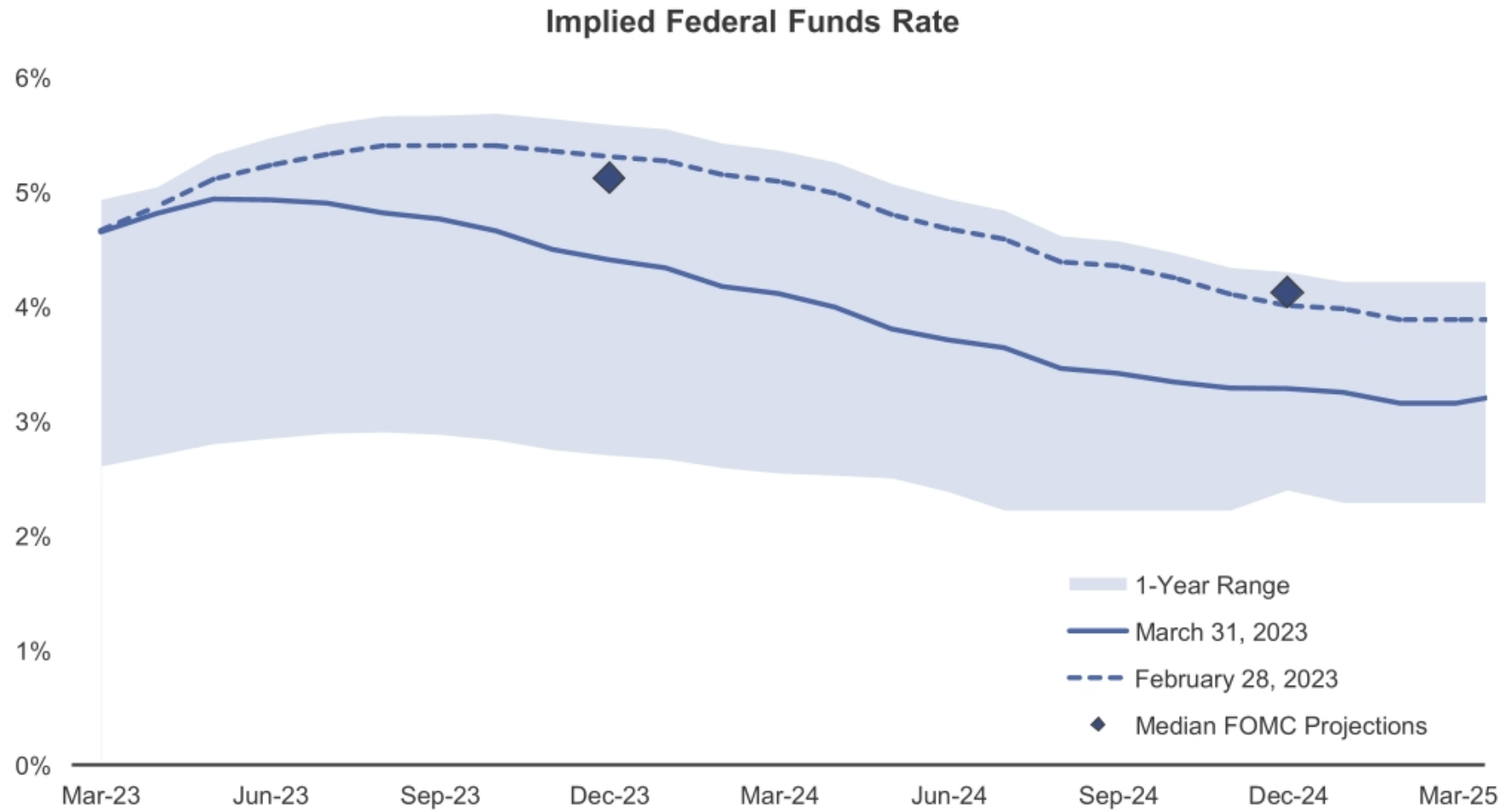


**Fixed Income Market Volatility**  
*ICE BofA MOVE Index*



Source: Bloomberg, ICE BofA Indices. As of 03/31/2023.

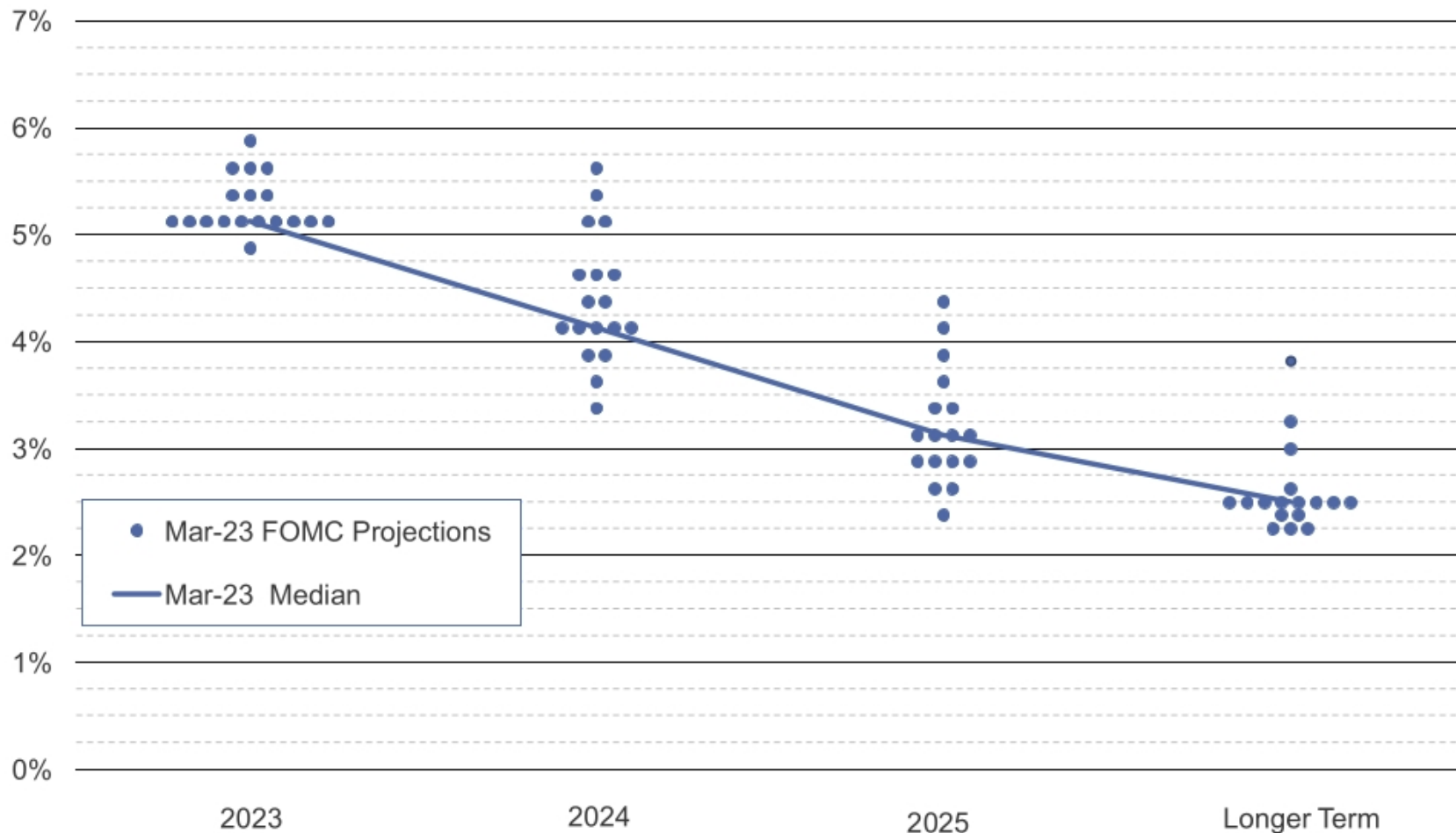
## Market Expectations Evolve Amid Changing Policy Environment



Source: Bloomberg, Federal Reserve latest economic projection as of 03/31/2023.

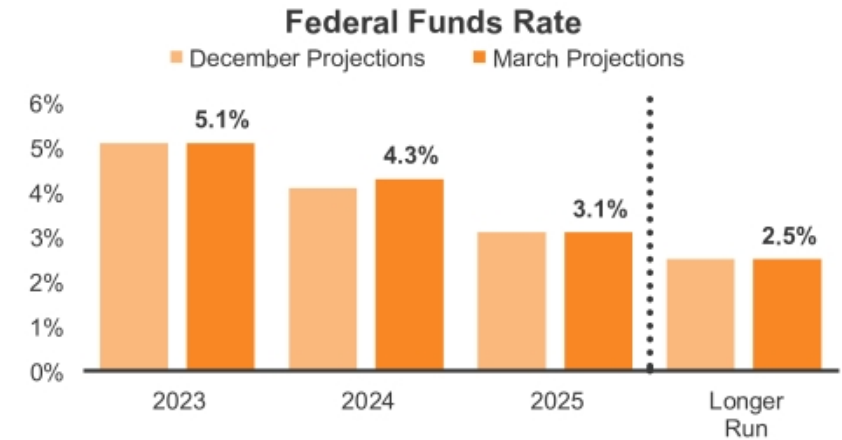
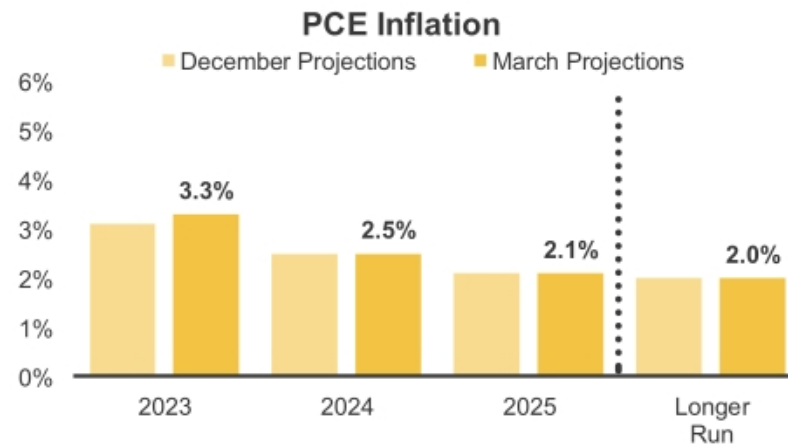
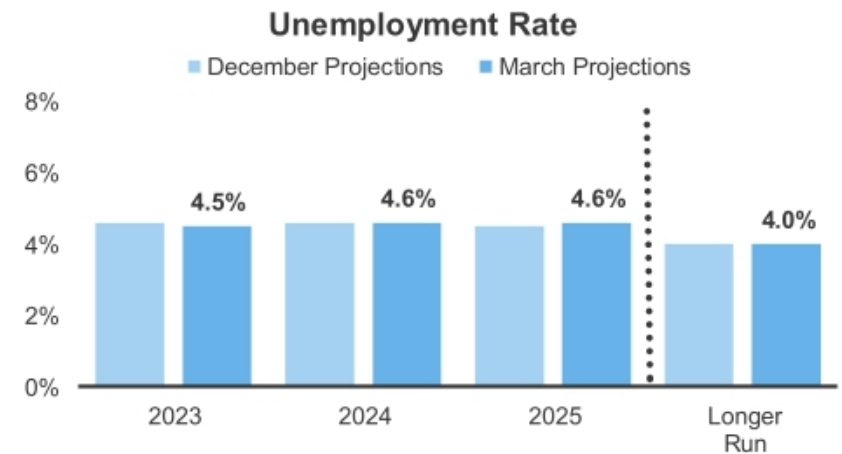
## Fed's "Dot Plot" Indicates We Are Nearing Sufficiently Restrictive Territory

### Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

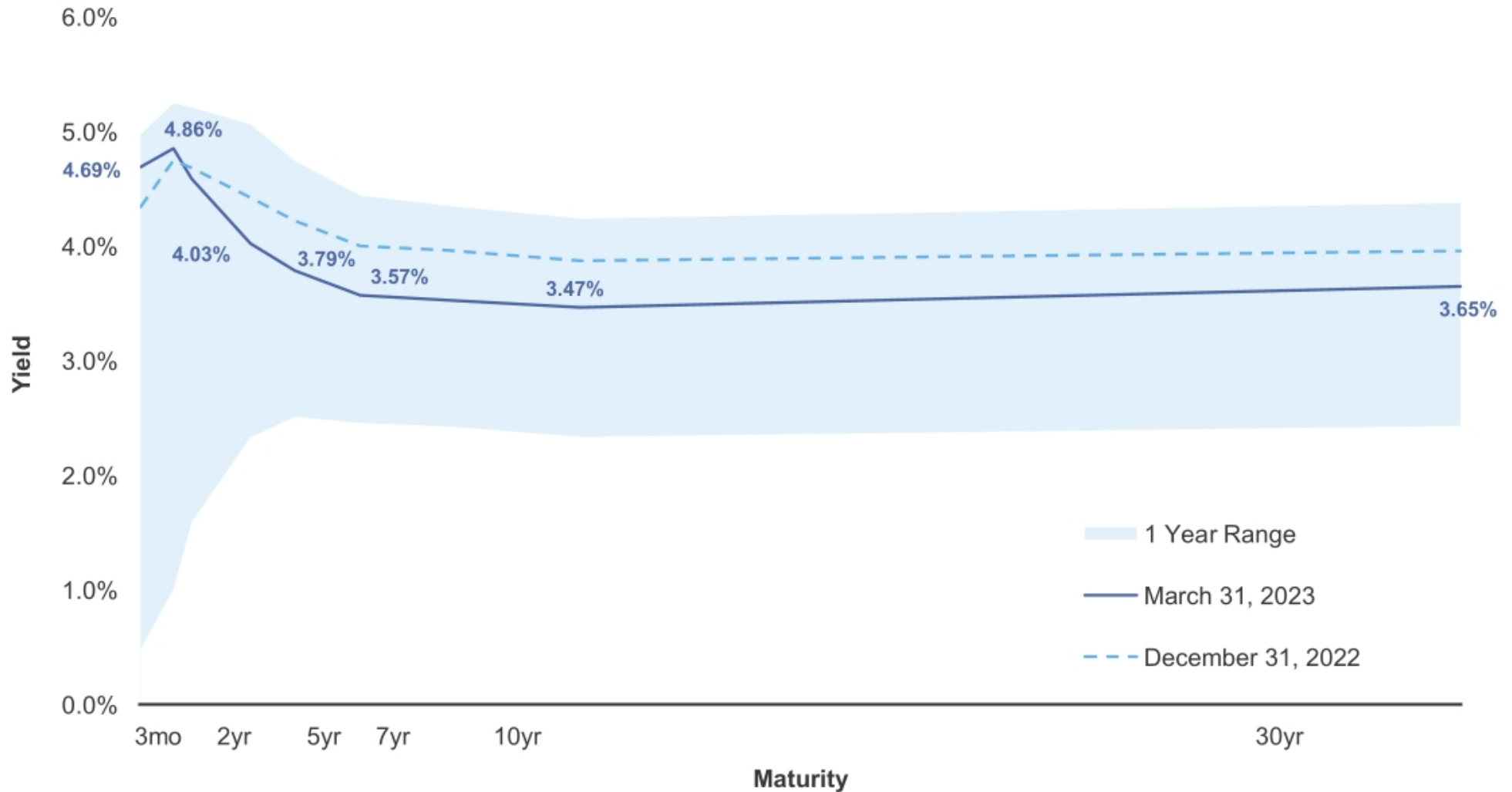
## Fed's Updated Projections Reflect Little Change From December



Source: Federal Reserve, latest economic projections as of March 2023.

## As Economic Uncertainty Increased, Longer-Term Interest Rates Fell

### U.S. Treasury Yield Curve



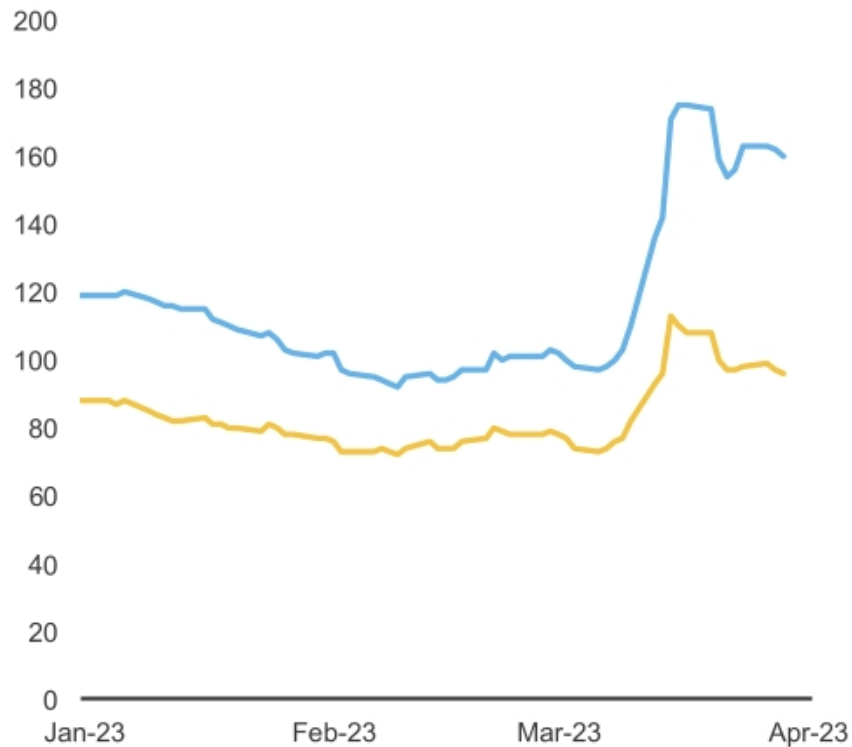
Source: Bloomberg, as of 03/31/2022.

## Corporate Yield Spreads Modestly Wider, Led By Financials

### Investment Grade Corporate Spreads

1-5 Year U.S. Corporate Index

Financials Industrials



### Difference Between Financial and Industrial Corporate Yield Spreads

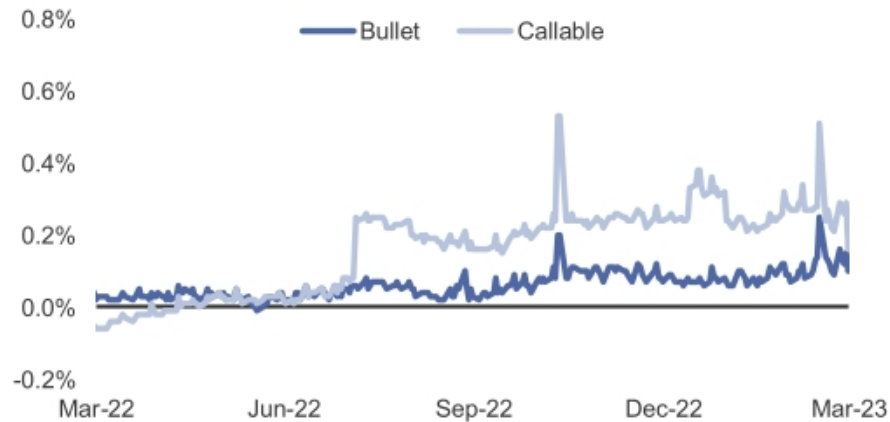
1-5 Year U.S. Corporate Index



Source: Bloomberg, ICE BofA Indices as of 03/31/2023.

## Sector Yield Spreads

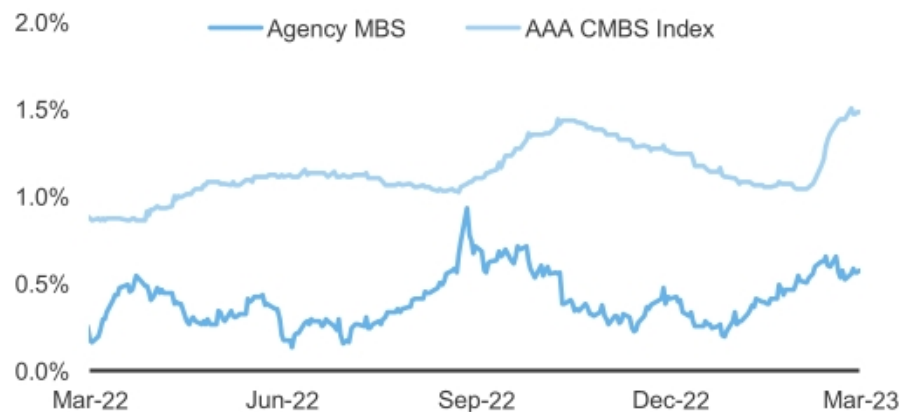
### Federal Agency Yield Spreads



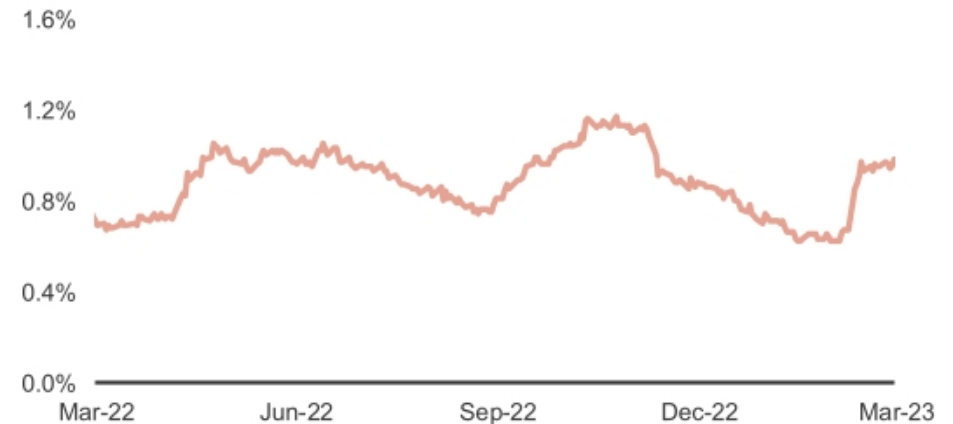
### Corporate Notes A-AAA Yield Spreads



### Mortgage-Backed Securities Yield Spreads

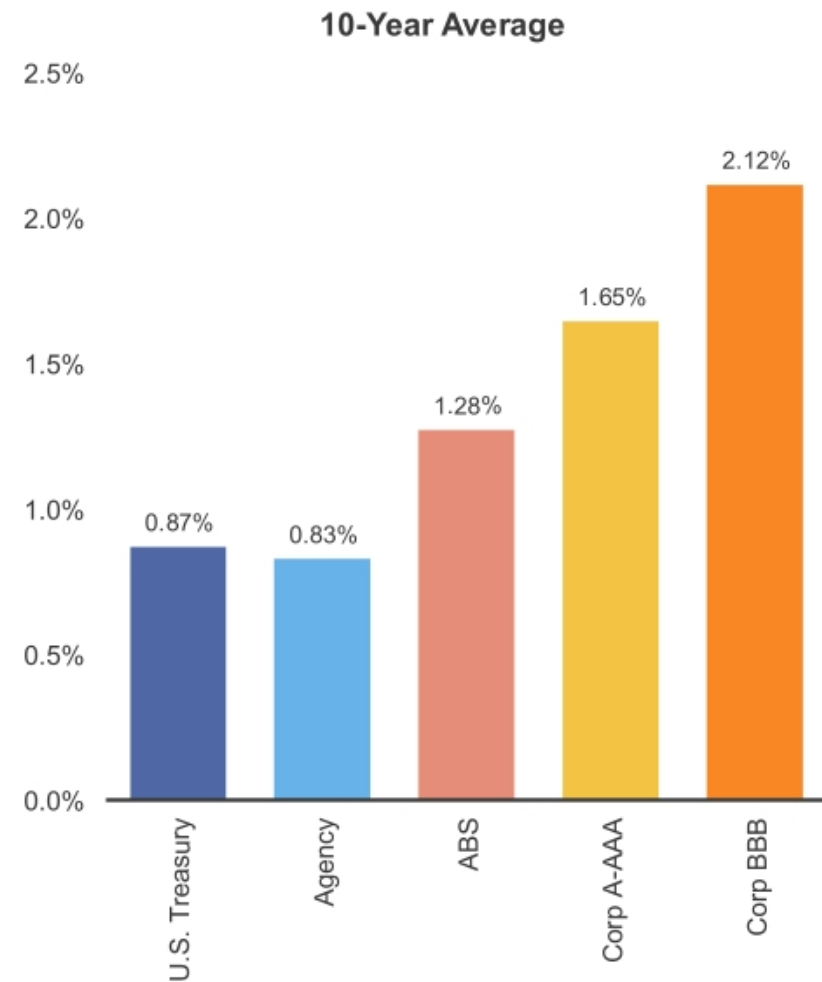
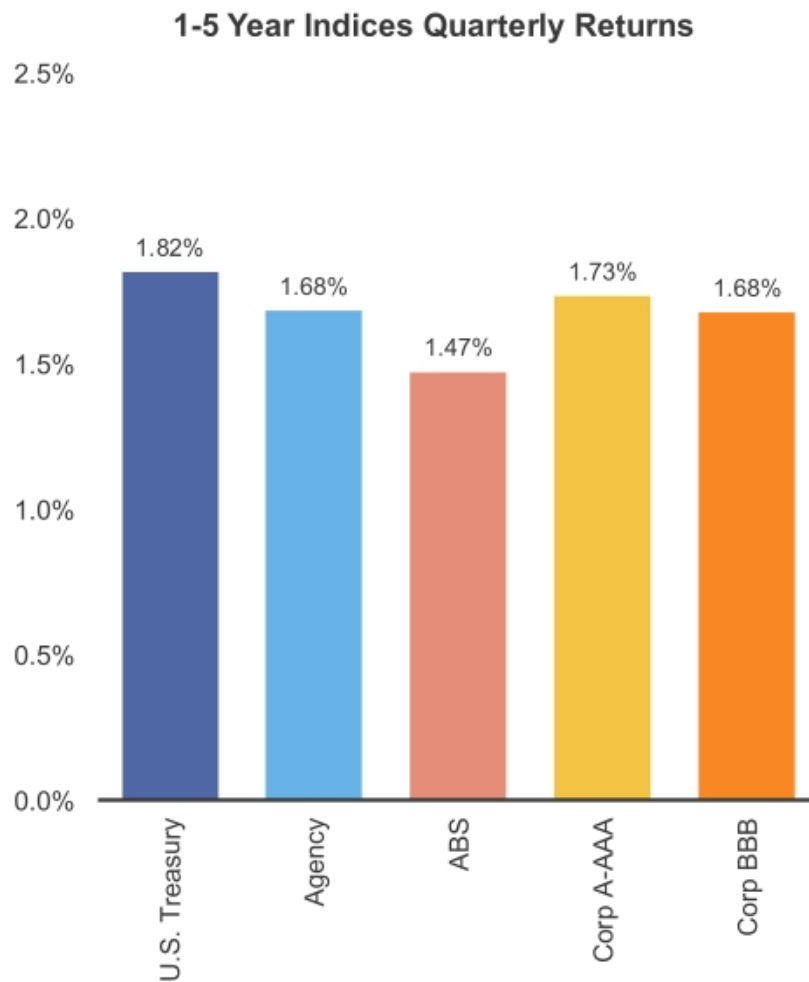


### Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of 03/31/2023. 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.

## Fixed-Income Markets in Q1 2023



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 03/31/2023.

## Fixed-Income Sector Commentary – 1Q 2023

- ▶ **U.S. Treasury** experienced a classic “flight-to-quality” in March which caused 2-Year U.S. Treasury yields to plummet by more than 100 basis points in the biggest 3-day slide since 1987. Yields across the curve followed suit and shifted lower, further inverting the yield curve.
- ▶ **Federal agency** yield spreads widened this quarter as interest rates fell and new issuance was heavy. Callable agency spreads also widened for certain structures with the surge in market volatility.
- ▶ **Supranational** issuance experienced a strong start to the year as the value of U.S. dollar funding levels improved throughout Q1 vs. the Euro. Spreads ended the quarter tighter and the sector generated strong excess returns vs. other fixed income sectors.
- ▶ **Investment-Grade Corporate** fundamentals were stable to start the year, with yield spreads priced for continued economic growth and benign credit markets. However, spreads ended the quarter markedly wider, led by financials, in response to concerns in the banking sector. Spreads on industrial issues widened less, but appeared attractive relative to recent levels when considering the strength of their fundamentals.
- ▶ **Asset-Backed Security** fundamentals remain positive for prime deals. Collateral performance has slightly deteriorated, but remains well within typical historical norms. The new issue market has been active, causing spreads to touch multi-month wides near quarter-end.
- ▶ **Mortgage-Backed Securities** underperformed Treasuries for the quarter after outperforming during the first two months of the year. Elevated mortgage rates are leading to slower refinancings and prepayments while volatility led to wider spreads.
- ▶ **Taxable Municipal** saw little activity in Q1 and what issuance occurred was heavily oversubscribed. The secondary market had few opportunities as spreads were generally unattractive favoring sells over buys.
- ▶ **Short-term credit** (commercial paper and CDs) was impacted by the debt ceiling impasse to start the quarter and spreads narrowed. Along with the broad risk-off widening of credit in Q1, however, there were large dislocations between primary (new issue) and secondary offerings and a wide dispersion between financial and non-financial names. Short-term rates remain near the highest level in 15 years.

## Fixed-Income Sector Outlook – 2Q 2023

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago

Negative

Slightly Negative

Neutral

Slightly Positive

Positive

<u>Portfolios</u>	<u>Market Value</u>	<u>Current Quarter</u>	<u>Fiscal Year To Date</u>	<u>Trailing 12 Months</u>	<u>Assumed Rate of Return</u>
<b>City Operating Funds - Self-Directed<sup>1</sup></b>	<b>\$ 432,210,981</b>	<b>3.38%</b>	<b>6.54%</b>	<b>10.06%</b>	
<i>S&amp;P GIP All Gross Yield Index</i>		1.17%	2.09%	2.80%	
<b>CRA Funds</b>	<b>\$ 87,940,319</b>	<b>4.71%</b>	<b>9.16%</b>	<b>13.68%</b>	
<i>S&amp;P GIP All Gross Yield Index</i>		1.17%	2.09%	2.80%	
<b>Fixed Income Investment Portfolio - PFMAM<sup>4</sup></b>	<b>\$ 379,677,413</b>	<b>1.85%</b>	<b>2.86%</b>	<b>-0.15%</b>	
<i>ICE BofAML 1-5 Year U.S. Treasury Index</i>		1.82%	2.78%	-0.38%	
<b>Total City of Fort Lauderdale Funds<sup>2</sup></b>	<b>\$ 899,828,713</b>	<b>2.86%</b>	<b>5.24%</b>	<b>6.10%</b>	
<i>City of Fort Lauderdale Blended Benchmark</i>		1.44%	2.38%	1.46%	
<b>Bond Proceeds<sup>3</sup></b>	<b>\$ 266,548,324</b>	<b>3.44%</b>	<b>7.12%</b>	<b>11.12%</b>	
<b>OPEB Trust Fund<sup>4</sup></b>	<b>\$ 39,629,779</b>	<b>5.24%</b>	<b>11.64%</b>	<b>-6.46%</b>	<b>7.00%</b>
<i>Benchmark</i>		5.31%	11.93%	-6.48%	
<b>OPEB Post Retirement Pay Steps Plan Fund<sup>4</sup></b>	<b>\$ 5,830,102</b>	<b>5.35%</b>	<b>11.74%</b>	<b>-6.52%</b>	<b>7.00%</b>
<i>Benchmark</i>		5.31%	11.93%	-6.48%	
<b>Cemetery Trust Fund<sup>4</sup></b>	<b>\$ 30,486,614</b>	<b>2.91%</b>	<b>10.06%</b>	<b>-5.52%</b>	<b>5.00%</b>
<i>Benchmark</i>		5.15%	10.95%	-5.66%	
<b>General Employees Retirement System<sup>4</sup></b>	<b>\$ 714,675,486</b>	<b>4.20%</b>	<b>10.20%</b>	<b>-4.00%</b>	<b>7.00%</b>
<i>Benchmark</i>		4.00%	9.80%	-5.80%	
<b>Police &amp; Fire Retirement System<sup>4</sup></b>	<b>\$ 1,087,524,992</b>	<b>3.65%</b>	<b>8.76%</b>	<b>-3.32%</b>	<b>7.20%</b>
<i>Benchmark</i>		4.15%	9.84%	-3.77%	

## Notes:

1. City Operating Funds – Self-Directed performance is calculated based on the weighted average yield of the City Self – Directed Account portfolio and the self-directed bank accounts, as well as the Florida CLASS and FL PALM Holdings.
2. Total City of Fort Lauderdale Funds calculated as the weighted average return of City Operating Funds - Self Directed, CRA Funds, and Fixed Income Investment Portfolio – PFMAM
3. Bond Proceeds balance includes all bond proceeds portfolios. Current quarter yields estimated based on all bond proceeds holdings. Fiscal Year to Date and Trailing 12 Month yields are estimated based on current quarter yields and 2018 Water & Sewer bond yield data.
4. Performance and Market Values from Fixed Income Investment Portfolio – PFMAM, OPEB Trust Fund, OPEB Post Retirement Pay Steps Plan Fund, Cemetery Trust Fund, General Employees Retirement System ("GERS"), and Police & Fire Retirement System ("P&F") are derived from their manager reports as of March 31, 2023.

	Market Value as of March 31, 2023	Percent of Portfolio	Market Value as of December 31, 2022	Percent of Portfolio
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	1,125,805	0.10%	776,750	0.07%
Wells Fargo - Wks Comp	76,837	0.01%	384,885	0.03%
Wells Fargo Govt Ckg - BMPO	57,599	0.00%	57,599	0.00%
Wells Fargo Master Account	64,249,211	5.51%	72,021,452	6.14%
Wells Fargo Utility Account	8,772,777	0.75%	8,756,604	0.75%
Wells Fargo CRA	66,119,723	5.67%	69,888,239	5.96%
Wells Fargo Police Evidence	899,582	0.08%	875,698	0.07%
<b>Total Funds for Liquidity</b>	<b>\$ 141,301,535</b>	<b>12.11%</b>	<b>\$ 152,761,225</b>	<b>13.03%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	379,677,413	32.55%	372,791,744	31.80%
CRA City Self - Directed Account	21,820,596	1.87%	21,594,765	1.84%
City Self - Directed Account	7,425,221	0.64%	7,351,010	0.63%
FMIT Subsidiary Accounts	131,547	0.01%	129,886	0.01%
FL CLASS	163,713,650	14.04%	161,826,830	13.80%
FL PALM	68,758,751	5.90%	67,970,715	5.80%
FL PALM TERM	117,000,000	10.03%	117,000,000	9.98%
<b>Total Funds for Investment</b>	<b>\$ 758,527,178</b>	<b>65.03%</b>	<b>\$ 748,664,949</b>	<b>63.86%</b>
<b><u>Bond Proceeds</u></b>				
Water & Sewer Bond 2018	64,176,086	5.50%	67,735,265	5.78%
Parks 2020-A	42,653,323	3.66%	45,019,953	3.84%
Public Safety 2020-B	93,952,459	8.06%	93,072,652	7.94%
FMIT G.O. Series 2011-A	4,992,250	0.43%	4,940,155	0.42%
FL CLASS GOB 2022A-Parks	60,774,207	5.21%	60,073,776	5.12%
<b>Total Bond Proceeds</b>	<b>\$ 266,548,324</b>	<b>22.85%</b>	<b>\$ 270,841,802</b>	<b>23.10%</b>
<b>Grand Total</b>	<b>\$ 1,166,377,037</b>	<b>100.00%</b>	<b>\$ 1,172,267,976</b>	<b>100.00%</b>

## Notes:

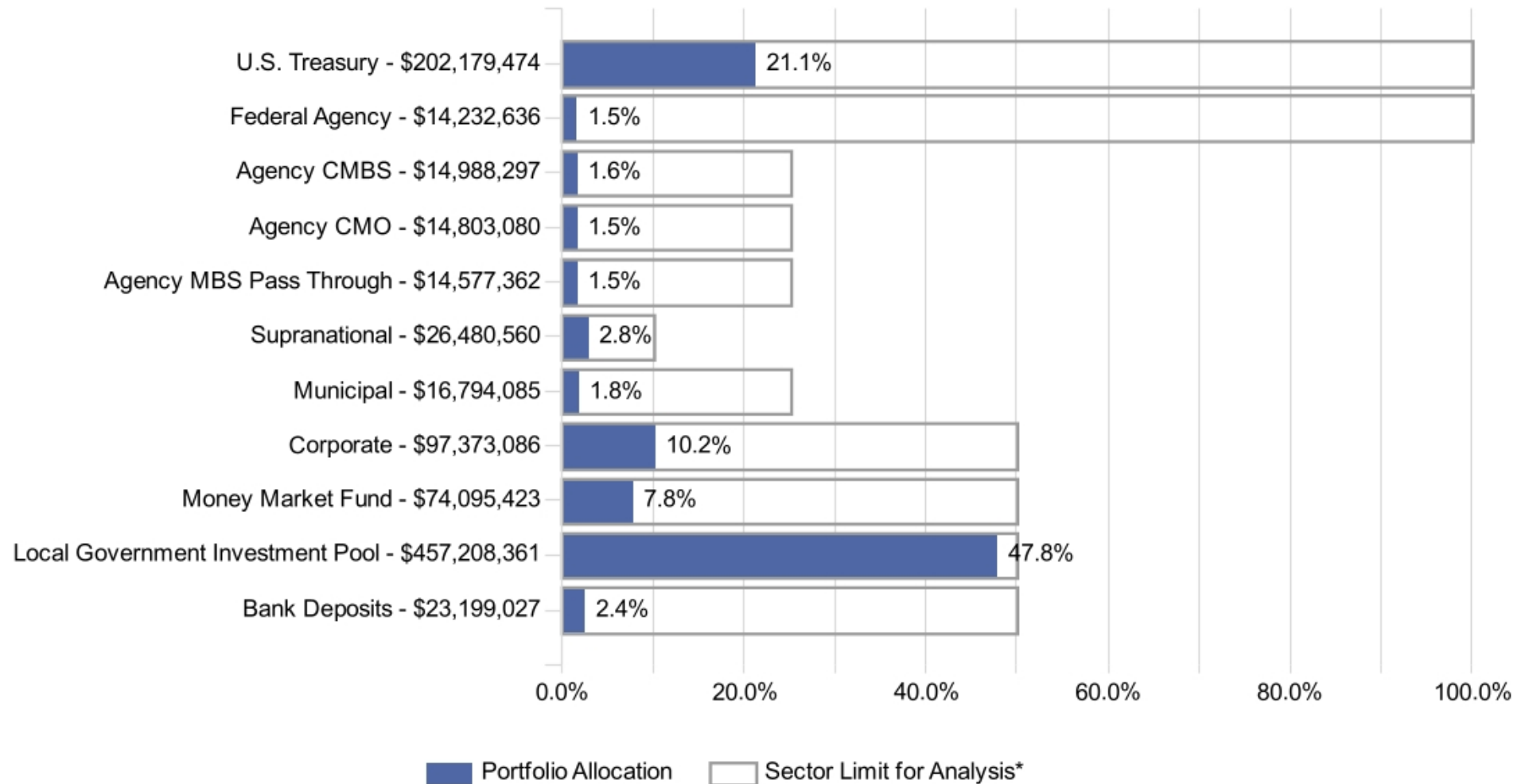
1. Market Values plus accrued interest as of March 31, 2023 and December 31, 2022 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
2. Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

<u>Account Names</u>	<u>Yield to Market as of March 31, 2023</u>	<u>Percent of Portfolio March 31, 2023</u>	<u>Yield to Market as of December 31, 2022</u>	<u>Percent of Portfolio December 31, 2022</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	0.00%	0.10%	0.00%	0.07%
Wells Fargo - Wks Comp	4.81%	0.01%	4.31%	0.03%
Wells Fargo Govt Ckg - BMPO	4.81%	0.00%	4.31%	0.00%
Wells Fargo Master Account	4.81%	5.51%	4.31%	6.14%
Wells Fargo Utility Account	0.00%	0.75%	0.00%	0.75%
Wells Fargo CRA	4.81%	5.67%	4.31%	5.96%
Wells Fargo Police Evidence	0.00%	0.08%	0.00%	0.07%
<b>Total Funds for Liquidity</b>	<b>4.44%</b>	<b>12.11%</b>	<b>4.02%</b>	<b>13.03%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	4.54%	32.55%	4.50%	31.80%
CRA City Self - Directed Account	4.39%	1.87%	4.08%	1.84%
City Self - Directed Account	4.19%	0.64%	3.94%	0.63%
FMIT Subsidiary Accounts	4.70%	0.01%	4.70%	0.01%
FL CLASS	4.82%	14.04%	4.33%	13.80%
FL PALM	4.80%	5.90%	4.31%	5.80%
FL PALM TERM	5.02%	10.03%	5.02%	9.98%
<b>Total Funds for Investment</b>	<b>4.69%</b>	<b>65.03%</b>	<b>4.51%</b>	<b>63.86%</b>
<b><u>Bond Proceeds</u></b>				
Water & Sewer Bond 2018	4.19%	5.50%	3.94%	5.78%
Parks 2020-A	3.17%	3.66%	3.15%	3.84%
Public Safety 2020-B	2.09%	8.06%	2.89%	7.94%
FMIT G.O. Series 2011-A	5.00%	0.43%	4.80%	0.42%
FL CLASS GOB 2022A-Parks	4.82%	5.21%	4.33%	5.12%
<b>Total Bond Proceeds</b>	<b>3.44%</b>	<b>22.85%</b>	<b>3.55%</b>	<b>23.10%</b>
<b>Total Average Yield</b>	<b>4.38%</b>	<b>100.00%</b>	<b>4.22%</b>	<b>100.00%</b>
<b><u>Benchmarks</u></b>				
	<b><u>March 31, 2023</u></b>		<b><u>December 31, 2022</u></b>	
S&P GIP All 30 Day Gross Yield Index	4.81%		4.19%	
BofA Merrill Lynch 1-3 Year Treasury Index	4.17%		4.49%	
BofA Merrill Lynch 1-5 Year Treasury Index	3.99%		4.33%	

## Notes:

1. Market Values plus accrued interest as of March 31, 2023 and December 31, 2022 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
2. Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

## Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

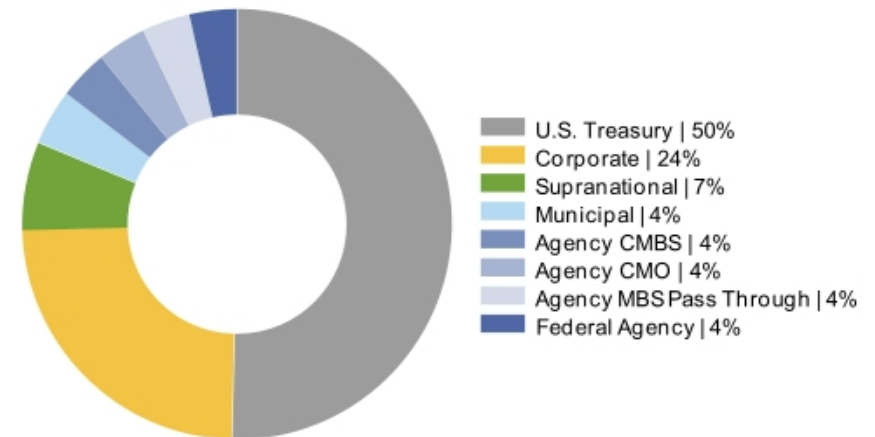
\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

## Consolidated Summary

## Account Summary

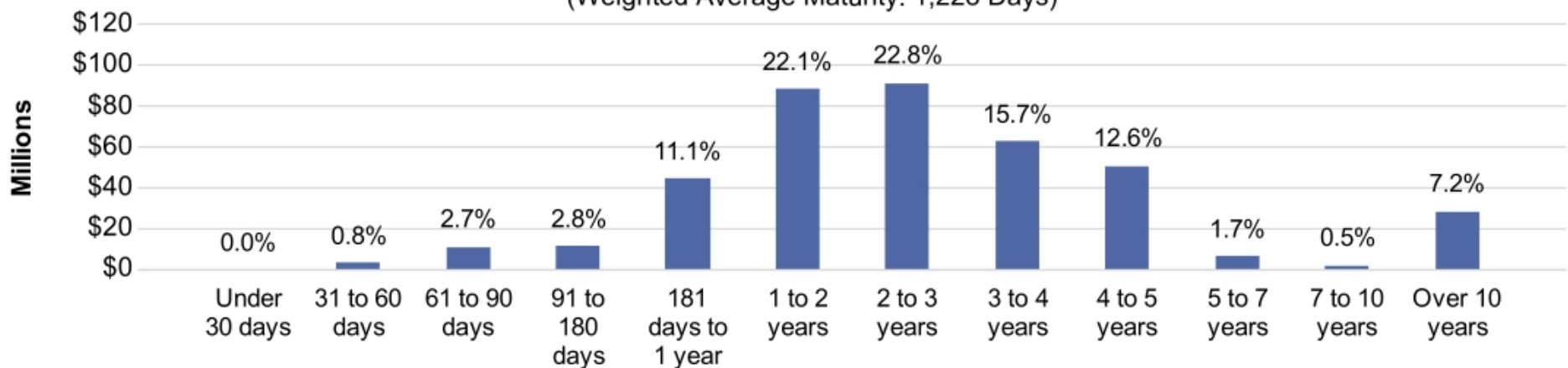
PFMAM Managed Account	\$469,452,988
<b>Total Program</b>	<b>\$469,452,988</b>

## Sector Allocation



## Maturity Distribution

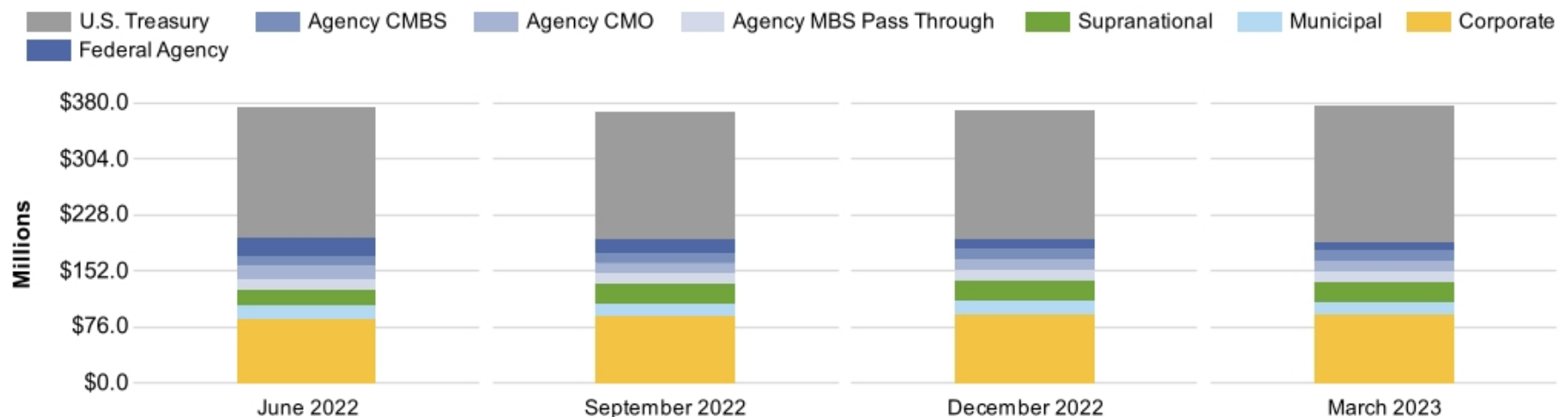
(Weighted Average Maturity: 1,228 Days)



1. Account summary and sector allocation include market values, accrued interest, and overnight balances. Maturity distribution includes market values and excludes accrued interest and overnight balances

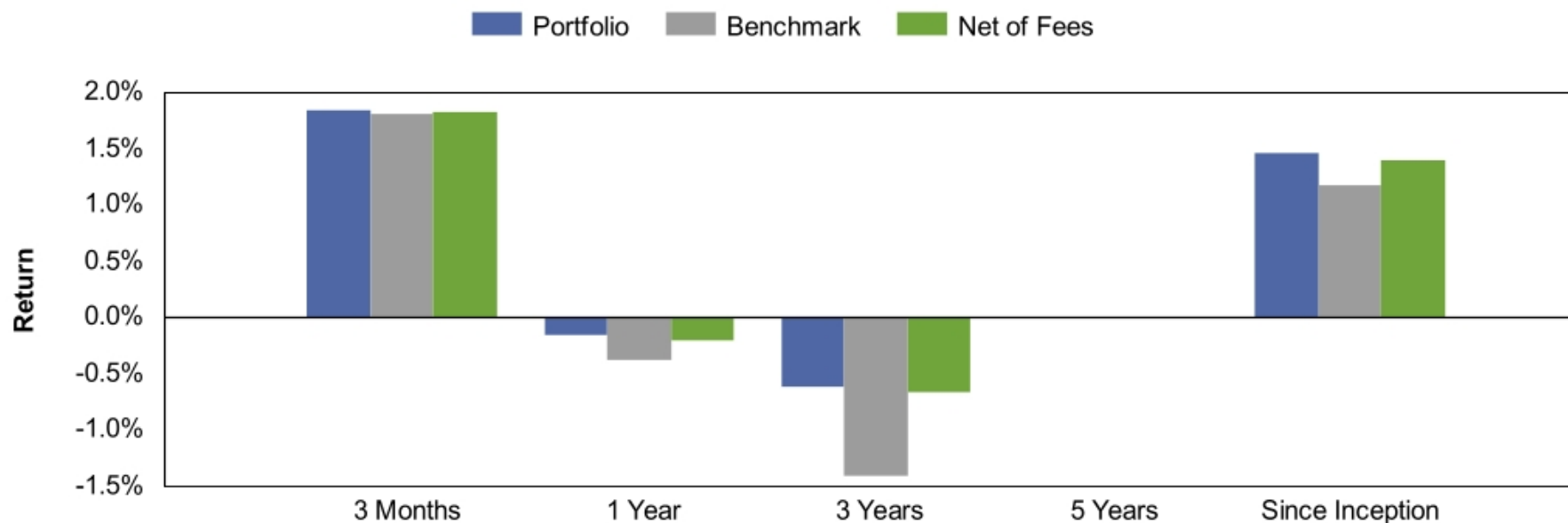
## Sector Allocation Review - CITY OF FORT LAUDERDALE - PFMAM

Security Type	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total	Mar-23	% of Total
U.S. Treasury	\$175.6	46.8%	\$170.2	46.4%	\$173.7	47.0%	\$182.2	48.3%
Federal Agency	\$24.6	6.6%	\$17.2	4.7%	\$11.1	3.0%	\$13.4	3.6%
Agency CMBS	\$11.9	3.2%	\$13.6	3.7%	\$15.9	4.3%	\$14.9	4.0%
Agency CMO	\$17.9	4.8%	\$16.2	4.4%	\$15.3	4.1%	\$14.8	3.9%
Agency MBS Pass Through	\$14.8	4.0%	\$13.3	3.6%	\$13.7	3.7%	\$14.5	3.9%
Supranational	\$23.6	6.3%	\$25.9	7.1%	\$26.0	7.0%	\$26.4	7.0%
Municipal	\$19.5	5.2%	\$19.1	5.2%	\$19.2	5.2%	\$16.7	4.4%
Corporate	\$86.2	23.1%	\$91.1	24.9%	\$95.2	25.7%	\$94.1	24.9%
<b>Total</b>	<b>\$374.1</b>	<b>100.0%</b>	<b>\$366.6</b>	<b>100.0%</b>	<b>\$369.9</b>	<b>100.0%</b>	<b>\$377.1</b>	<b>100.0%</b>



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

## Portfolio Performance



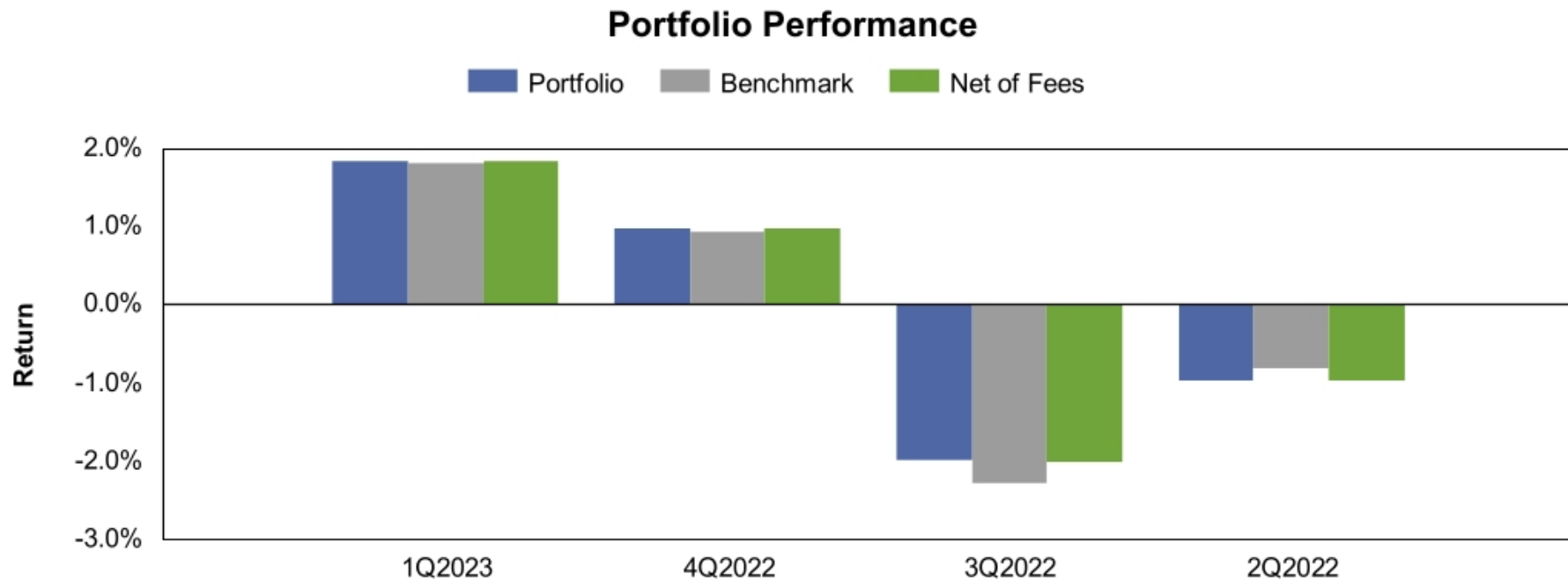
Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,886,404	\$6,925,459	\$19,480,252	-	\$29,977,808
Change in Market Value	\$4,999,265	(\$7,502,487)	(\$27,757,872)	-	(\$13,538,411)
<b>Total Dollar Return</b>	<b>\$6,885,669</b>	<b>(\$577,028)</b>	<b>(\$8,277,620)</b>	<b>-</b>	<b>\$16,439,397</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	1.85%	-0.15%	-0.61%	-	1.46%
Benchmark <sup>4</sup>	1.82%	-0.38%	-1.41%	-	1.18%
<b>Basis Point Fee</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.06%</b>	<b>-</b>	<b>0.06%</b>
<b>Net of Fee Return</b>	<b>1.83%</b>	<b>-0.21%</b>	<b>-0.67%</b>	<b>-</b>	<b>1.40%</b>

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2018.

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 the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg.



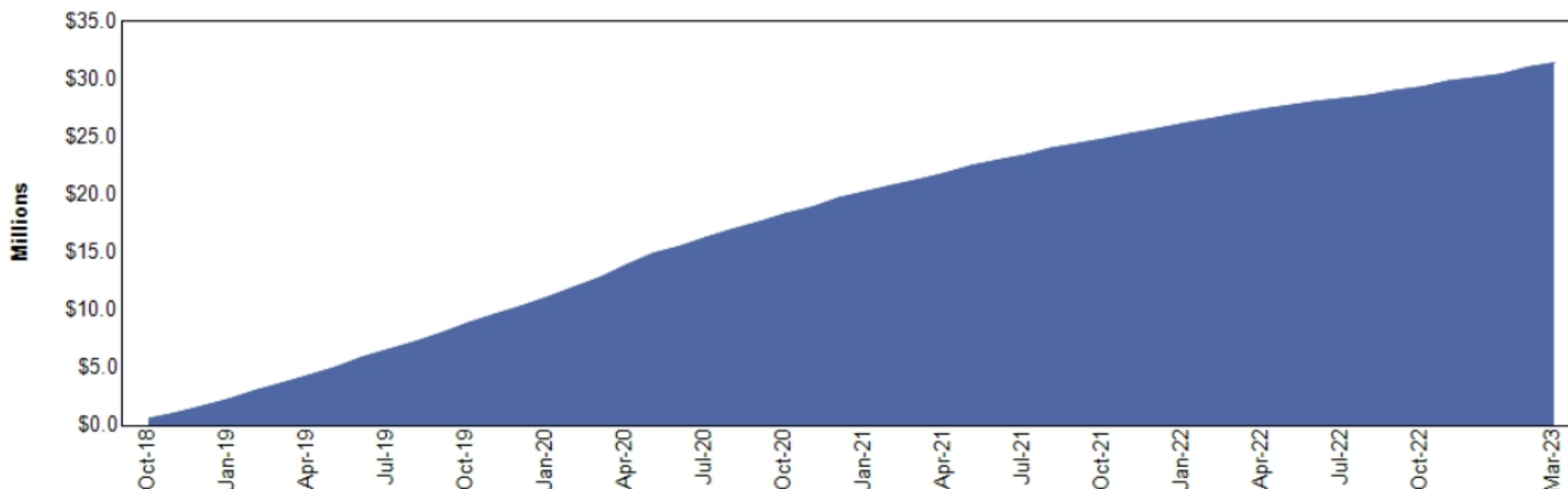
Market Value Basis Earnings	1Q2023	4Q2022	3Q2022	2Q2022
Interest Earned <sup>1</sup>	\$1,886,404	\$1,790,619	\$1,696,277	\$1,552,158
Change in Market Value	\$4,999,265	\$1,862,976	(\$9,158,345)	(\$5,206,382)
<b>Total Dollar Return</b>	<b>\$6,885,669</b>	<b>\$3,653,595</b>	<b>(\$7,462,068)</b>	<b>(\$3,654,224)</b>
<b>Total Return<sup>2</sup></b>				
Portfolio	1.85%	0.99%	-1.98%	-0.96%
Benchmark <sup>3</sup>	1.82%	0.95%	-2.28%	-0.81%
<b>Basis Point Fee</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>
<b>Net of Fee Return</b>	<b>1.83%</b>	<b>0.98%</b>	<b>-2.00%</b>	<b>-0.97%</b>

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

2. Returns are presented on a periodic basis.

3. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg.

## Accrual Basis Earnings - CITY OF FORT LAUDERDALE - PFMAM



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,886,404	\$6,925,459	\$19,480,252	-	\$29,977,808
Realized Gains / (Losses) <sup>3</sup>	(\$582,523)	(\$1,752,654)	\$2,064,490	-	\$3,846,850
Change in Amortized Cost	(\$10,974)	(\$762,444)	(\$2,956,028)	-	(\$2,439,913)
<b>Total Earnings</b>	<b>\$1,292,907</b>	<b>\$4,410,361</b>	<b>\$18,588,714</b>	<b>-</b>	<b>\$31,384,746</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2018.

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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## Important Disclosures

- 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.

## 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 or 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.