



# CITY OF FORT LAUDERDALE

## Investment Performance Review For the Quarter Ended March 31, 2022

### Client Management Team

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**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

## Current Market Themes



- ▶ Invasion of Ukraine impacted the economic landscape
  - ▶ Commodity prices soared, especially energy
  - ▶ Created significant geopolitical uncertainty
  - ▶ Triggered market volatility



- ▶ The U.S. economy is characterized by:
  - ▶ A strong labor market
  - ▶ Inflation at a 40-year high
  - ▶ Depressed consumer confidence



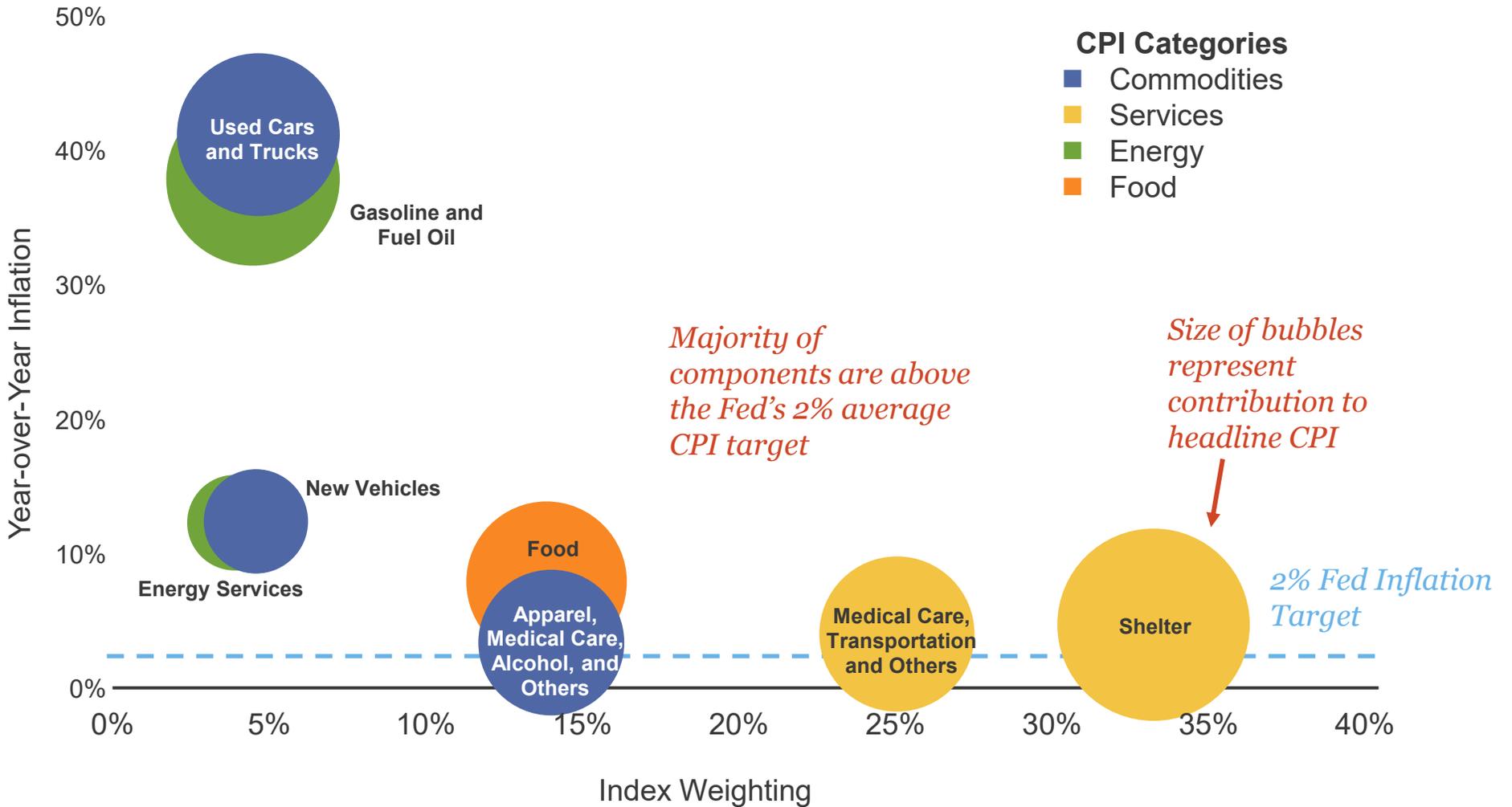
- ▶ The Federal Reserve is tightening monetary policy
  - ▶ Initiated the first of what will be many rate hikes in 2022
  - ▶ Balance sheet reduction likely to start soon



- ▶ U.S. Treasury yield curve has partially inverted
  - ▶ Yield on 2-year Treasury notes rose above the 10-year Treasury
  - ▶ One early, but imperfect warning sign for a future recession

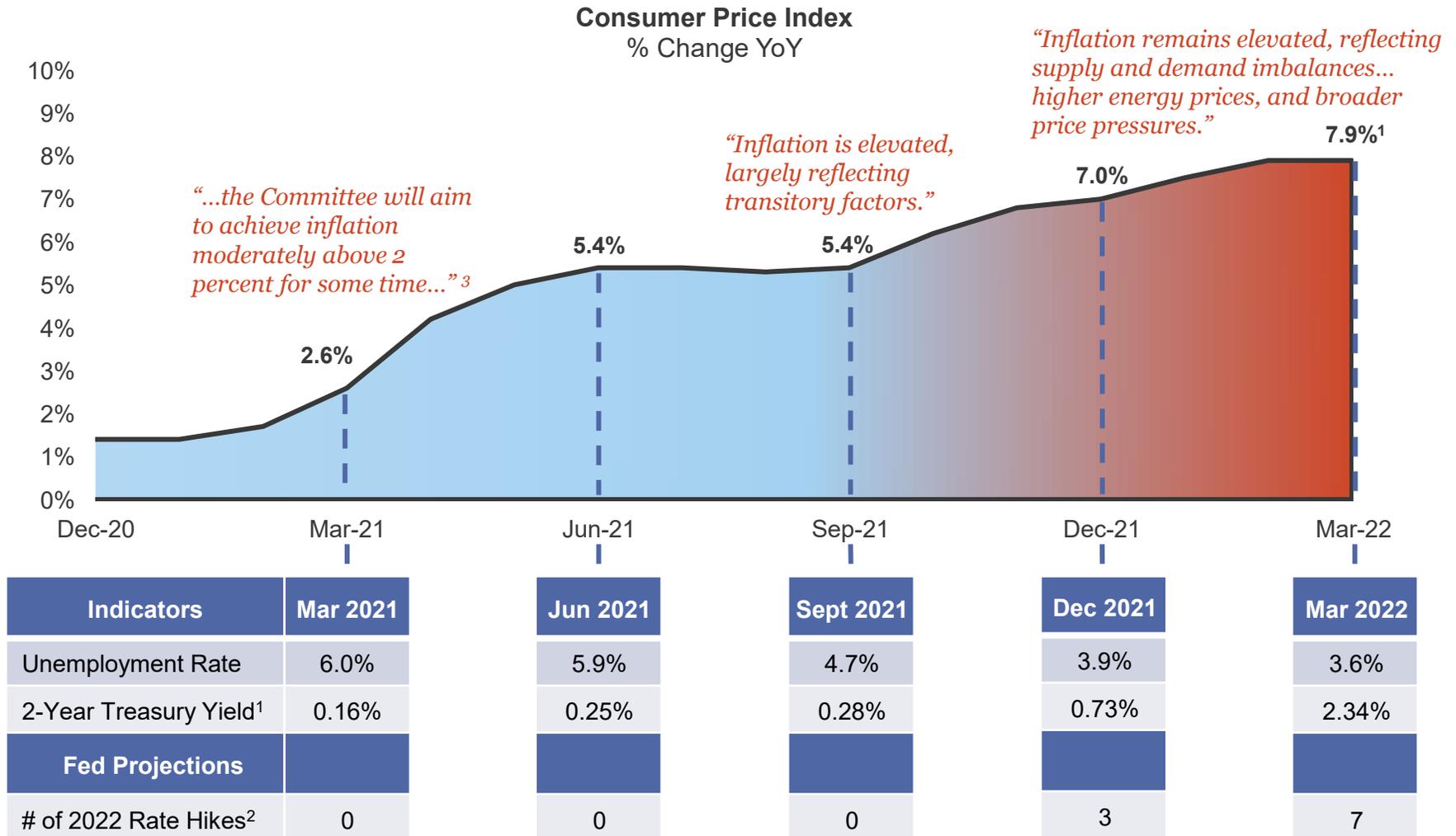
## Inflation is Prevalent Throughout the Economy

### CPI Components



Source: BLS. Gov, data as of February 2022.

## Federal Reserve Policy Has Lagged Surging Inflation



Source: Bloomberg, data as of 4/01/2022.

1. March's CPI is assumed to remain unchanged from February's CPI reading of 7.9%; Treasury yields are as of month-end.

2. Calculated using the 2022 median Federal Funds rate from the FOMC Summary of Economic Projections. Assumes 0.25% rate hikes.

3. Quotes are sourced directly from FOMC press release statements.

## Russia's Invasion of Ukraine Impacts Global Commodity Markets, But Has Limited Impact on U.S. Economy



### Russia (12<sup>th</sup> largest)

#### Global Production Share of Top 5 Exports

Crude Petroleum	11%
Refined Petroleum	10%
Petroleum Gas	9%
Gold	4%
Coal Briquettes	15%

#### Top 5 Trading Partners

China	15%
United Kingdom	8%
Netherlands	7%
Belarus	5%
Germany	4%



### Ukraine (58<sup>th</sup> largest)

#### Global Production Share of Top 5 Exports

Seed Oils	39%
Corn	12%
Wheat	9%
Iron Ore	3%
Semi-Finished Iron	12%

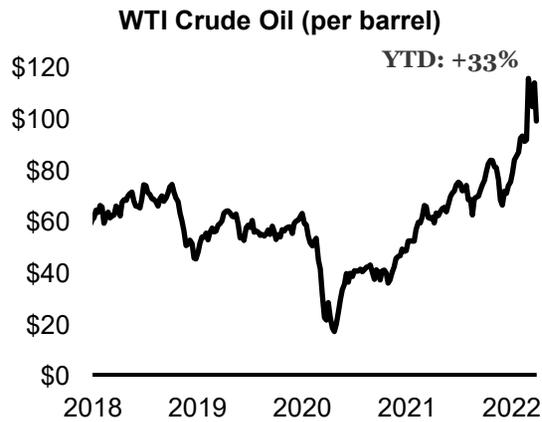
#### Top 5 Trading Partners

China	14%
Poland	6%
Russia	6%
Turkey	5%
Egypt	4%

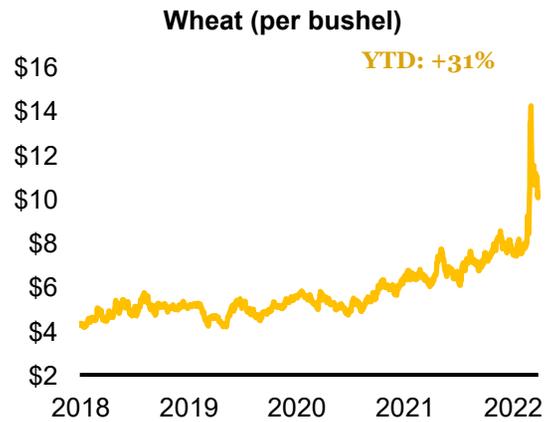
Source: Observatory of Economic Complexity (OEC); as of March 2022.  
Data is based on 2020 exports.

## Invasion Has Put Additional Pressure on Supply Chains and Commodity Prices

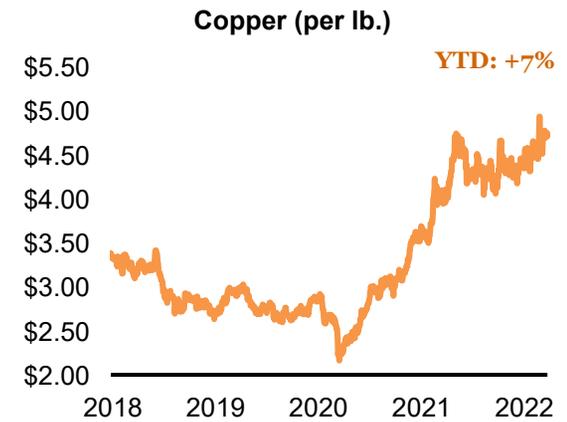
### Energy



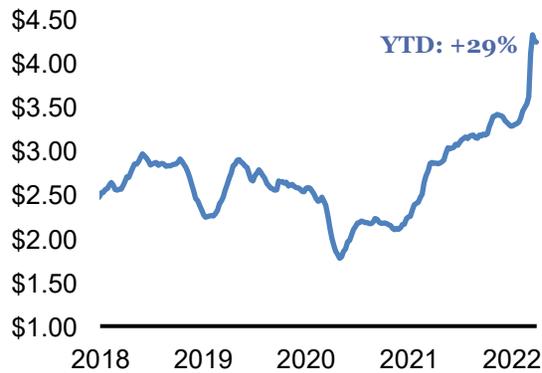
### Agriculture



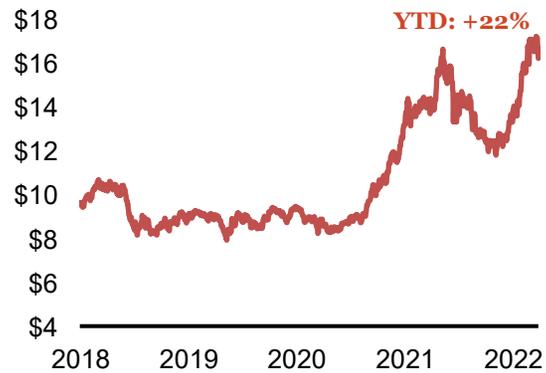
### Industrial Metals



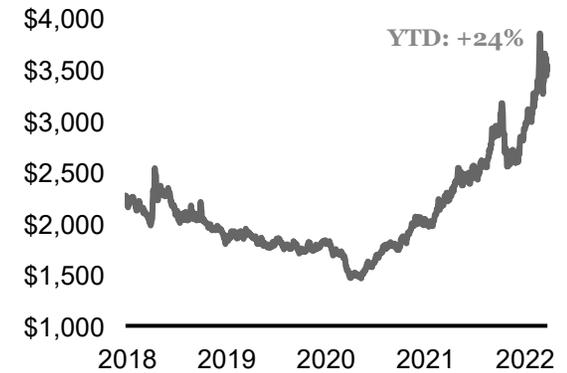
### Retail Gasoline (per gallon)



### Soybean (per bushel)



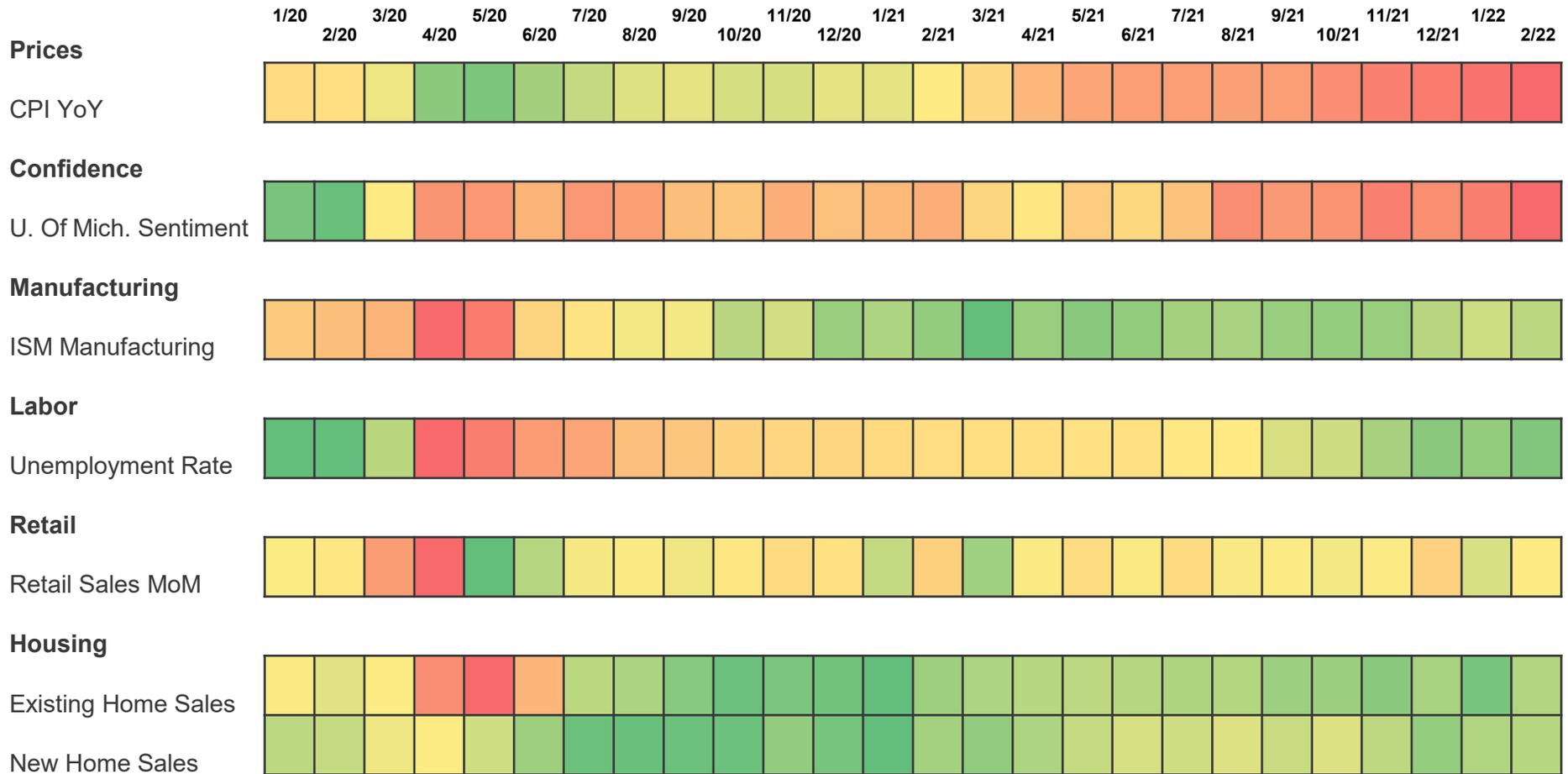
### Aluminum (per metric ton)



Source: Bloomberg, as of 3/31/2022.

### Economic Conditions Are Mixed

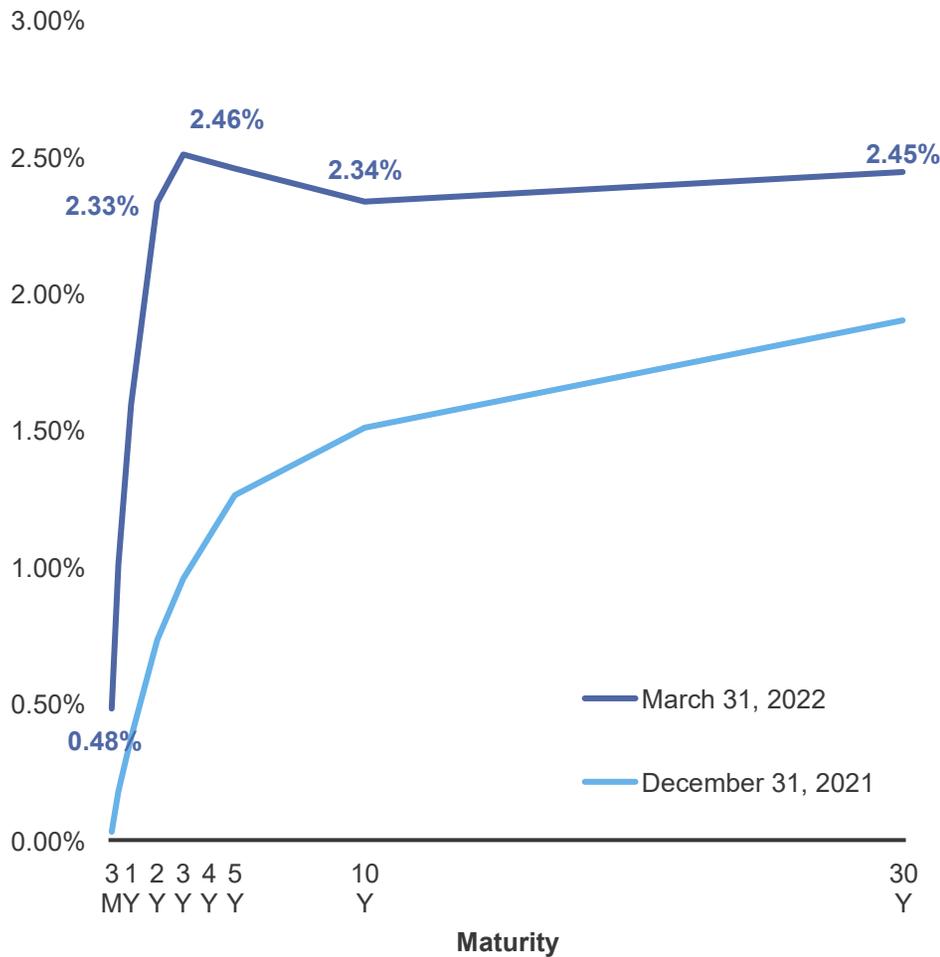
Best  Worst



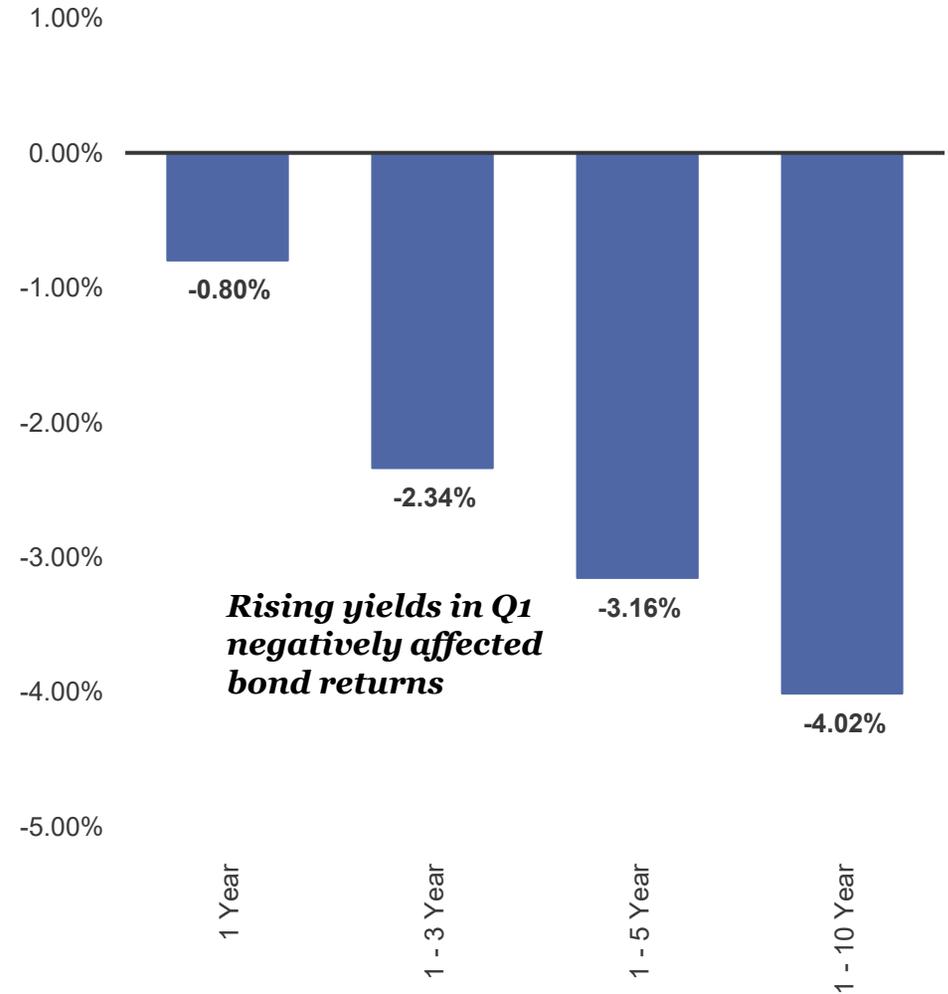
Source: Bloomberg, as of 3/31/2022.  
 \*Shading is based of economic data from 2/28/2012 – 2/28/2022.

## Treasury Yield Curve Partially Inverted; Sharp Rise in Yields Has Negatively Impacted Returns

U.S. Treasury Yield Curve



U.S. Treasury Returns – Q1 2022

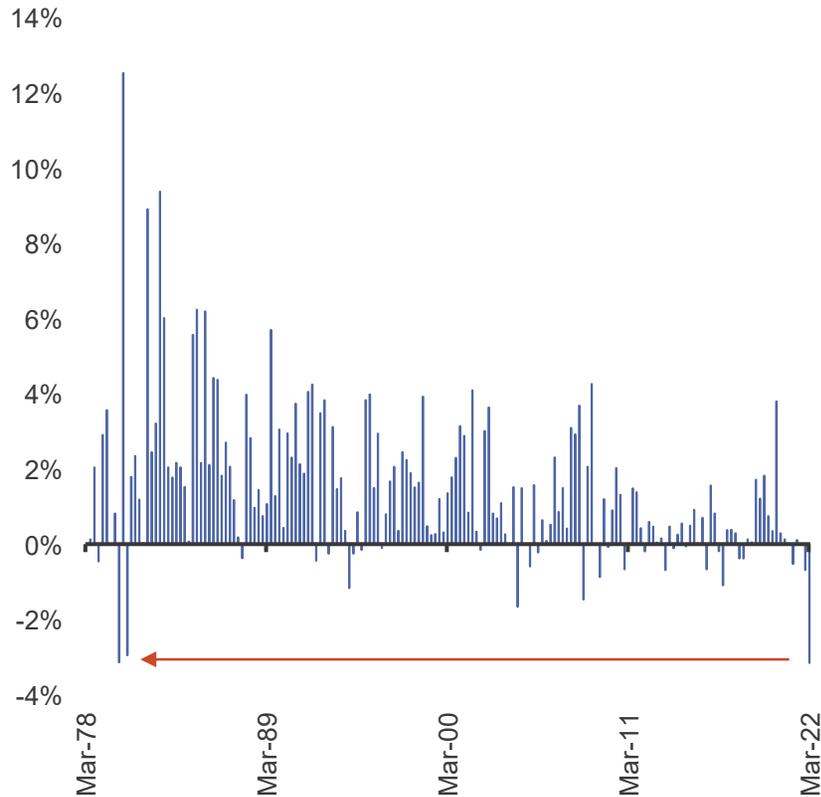


Source: Bloomberg, as of 3/31/2022.

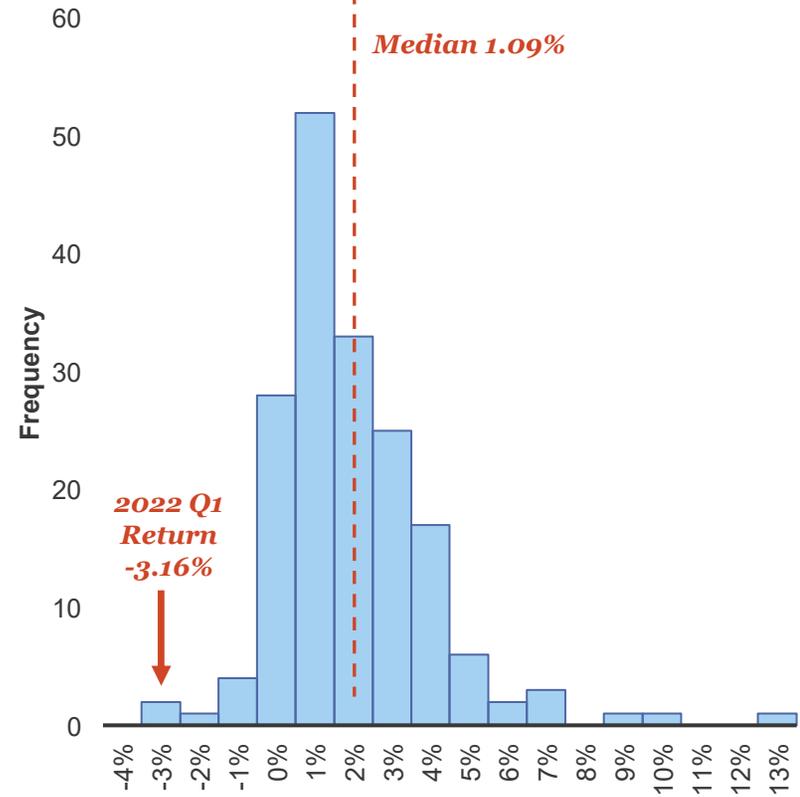
### Worst Performance in Over 40 Years

## ICE BofA 1-5 Year Treasury Index

**Quarterly Performance**  
(3/31/78 - 3/31/22)



**Distribution of Quarterly Returns**  
(3/31/78 - 3/31/22)



Source: Bloomberg, as of 3/31/2022.

## Sector Yield Spreads Have Widened in Q1 2022

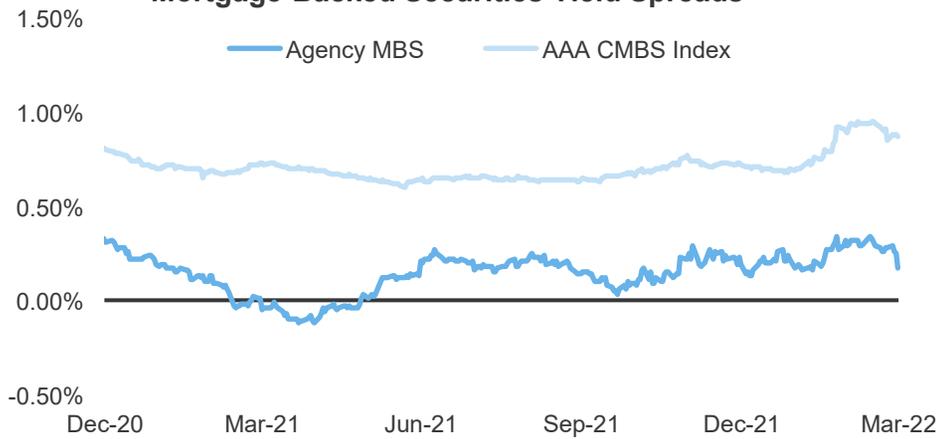
Federal Agency Yield Spreads



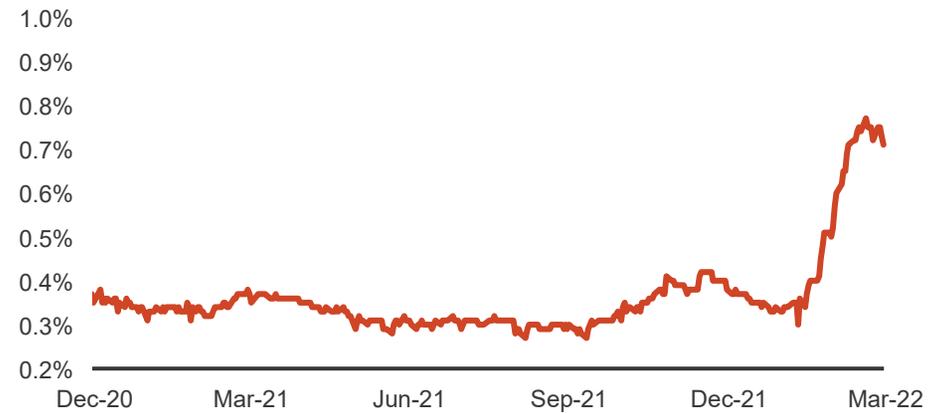
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads



Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 3/31/2022. 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.

## Performance Has Historically Suffered as the Fed Raised Rates

### 3-Year Treasury Yield



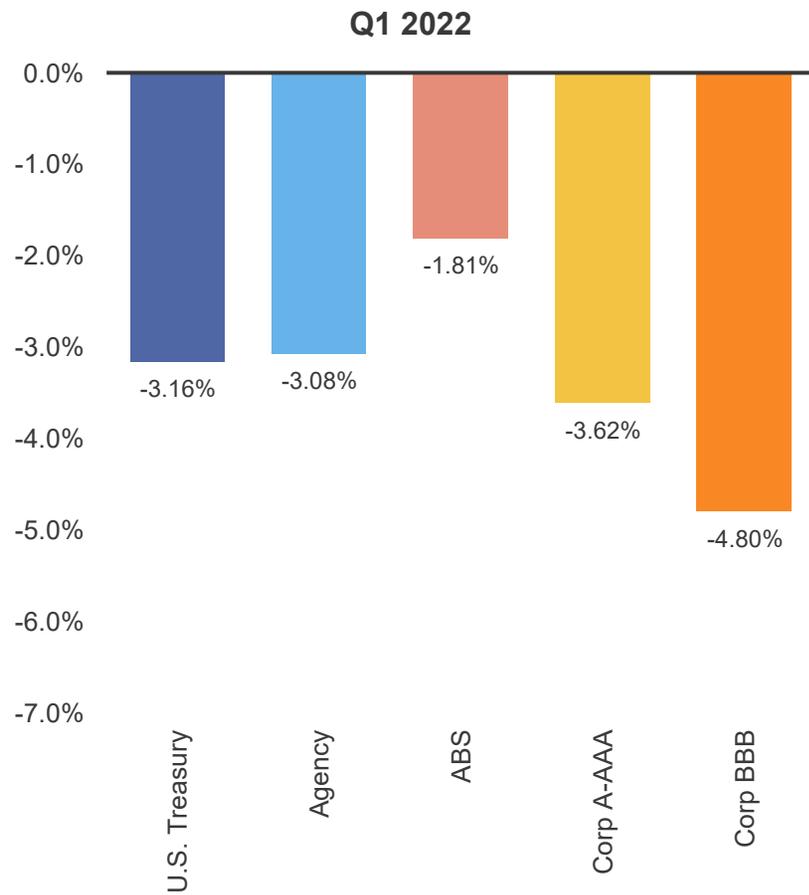
### Annual Returns of the ICE BofAML 1-5 Year Treasury Index

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
0.91%	-0.19%	1.24%	0.98%	1.09%	0.65%	1.52%	4.20%	4.25%	-1.10%	-3.16%

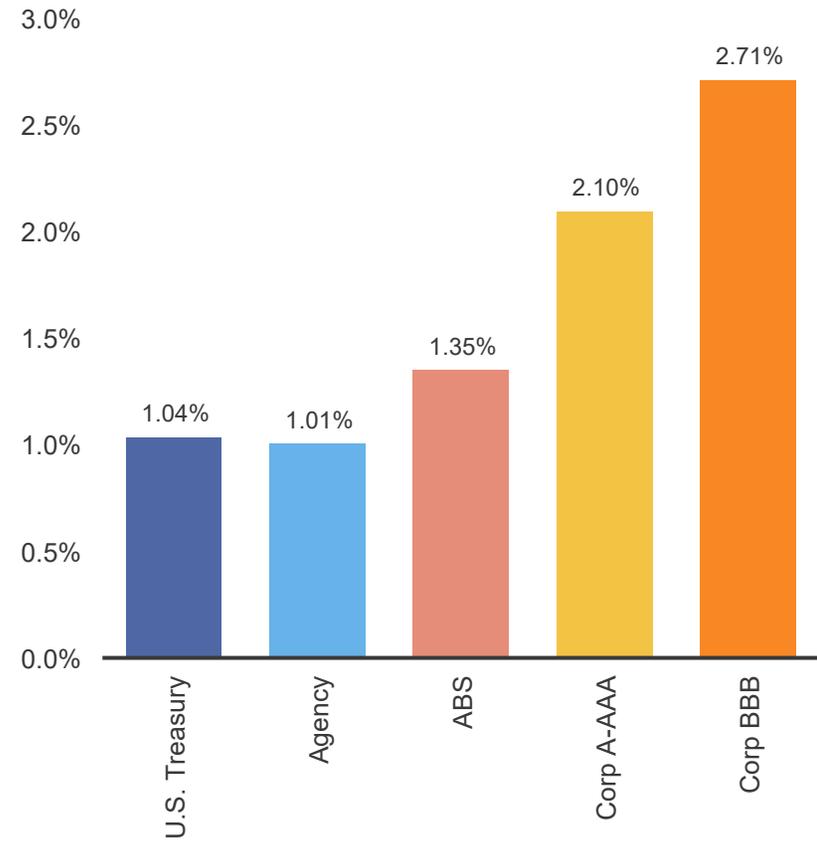
Source (graph): Bloomberg, data as of 3/31/2022. Source (table): ICE BofAML Indices, data as of 3/31/2022.

## Rising Rates and Wider Spreads Hurt Fixed-Income Returns in Q1

### 1-5 Year Indices



### 10 Year Average



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 3/31/2022.

## Fixed-Income Sector Commentary — 1Q 2022

- ▶ **U.S. Treasury** securities generated negative performance as the market repriced for an aggressive Fed rate hike cycle, pushing yields higher across all maturities. By quarter-end, 2-year Treasury yields rose to 2.34%, the highest level since April 2019.
- ▶ **Federal agency** sector remained unattractive given the historically tight yield spreads and minimal pickup vs. Treasuries. While volatility pushed spreads wider on callable structures, the rising rate environment was not favorable for taking on increased optionality risk.
- ▶ **Supranational** spreads remained tight, and supply was limited as issuance lagged projections. New issue opportunities, while sporadic, remained the best entry point.
- ▶ **Corporate** credit spreads widened through the quarter, driven by rising global tensions and a less certain macro-economic environment. Yield spreads reached the widest levels since 2019 despite stable-to-strong fundamentals.
- ▶ **Asset-Backed** AAA-rated auto and credit card yield spreads increased toward 18-month wides. ABS offered relative value compared to corporates as spreads between the two widened during the quarter.
- ▶ **Mortgage-Backed Securities** continued to underperform. Prepayments experienced a material slowdown as rates rose, which lengthened durations and compounded the negative impact. The Federal Reserve is poised to begin reducing their MBS holdings, so weakness in the sector could persist. CMBS valuations remained below historical averages relative to Treasuries as spreads remained tight.
- ▶ **Taxable Municipal** securities deals remain heavily oversubscribed. Valuations remained stretched which warrants some selectivity in the sector.
- ▶ **Commercial Paper and CDs** saw significant repricing to higher yields, especially on maturities greater than six months as issuers sought longer-term funding in response to Fed rate hike expectations.

### Fixed-Income Sector Outlook – 2Q 2022

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



<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> <i>S&amp;P GIP All Gross Yield Index</i>	\$ 308,582,576	0.15% 0.04%	0.19% 0.07%	0.41% 0.12%	
<b>CRA Funds</b> <i>S&amp;P GIP All Gross Yield Index</i>	\$ 79,774,504	0.25% 0.04%	0.58% 0.07%	0.65% 0.12%	
<b>Fixed Income Investment Portfolio - PFMAM</b> <i>ICE BofAML 1-5 Year U.S. Treasury Index</i>	\$ 380,255,984	-3.14% -3.16%	-3.80% -3.82%	-3.59% -3.72%	
<b>Total City of Fort Lauderdale Funds<sup>2</sup></b> <i>City of Fort Lauderdale Blended Benchmark</i>	\$ 768,613,063	-1.47% -1.54%	-1.74% -1.86%	-1.54% -1.78%	
<b>Bond Proceeds<sup>3</sup></b>	\$ 224,683,769	0.21%	0.34%	0.45%	
<b>OPEB Trust Funds<sup>4</sup></b> <i>Benchmark</i>	\$ 48,667,927	-5.60% -5.47%	-1.54% -1.22%	3.67% 3.53%	7.00%
<b>Cemetery Trust Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 32,036,801	-4.91% -5.37%	-1.24% -1.23%	2.82% 3.46%	5.00%
<b>General Employees Retirement System<sup>4</sup></b> <i>Benchmark</i>	\$ 788,521,495	-4.10% -3.90%	0.50% 0.80%	5.90% 6.40%	7.00%
<b>Police &amp; Fire Retirement System<sup>4</sup></b> <i>Benchmark</i>	\$ 1,166,393,239	-3.14% -4.50%	1.00% 0.37%	5.09% 5.75%	7.25%

## 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 Funds, Cemetery Trust Funds, General Employees Retirement System ("GERS"), and Police & Fire Retirement System ("P&F") are derived from their manager reports as of March 31, 2022.

	<u>Market Value as of March 31, 2022</u>	<u>Percent of Portfolio</u>	<u>Market Value as of December 31, 2021</u>	<u>Percent of Portfolio</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	558,255	0.06%	630,768	0.06%
Wells Fargo - Wks Comp	193,374	0.02%	265,150	0.03%
Wells Fargo Govt Ckg - BMPO	57,599	0.01%	57,599	0.01%
Wells Fargo Master Account	28,359,721	2.86%	24,879,787	2.44%
Wells Fargo Utility Account	8,462,170	0.85%	8,368,366	0.82%
Wells Fargo CRA	58,478,343	5.89%	47,819,534	4.70%
Wells Fargo Police Evidence	870,545	0.09%	856,308	0.08%
<b>Total Funds for Liquidity</b>	<b>\$ 96,980,006</b>	<b>9.76%</b>	<b>\$ 82,877,512</b>	<b>8.14%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	380,255,984	38.28%	\$ 392,571,519	38.57%
CRA City Self - Directed Account	21,296,106	2.14%	21,295,827	2.09%
CRA Central Beach	55	0.00%	13,494,118	1.33%
City Self - Directed Account	7,256,743	0.73%	7,256,566	0.71%
FMIT Subsidiary Accounts	130,802	0.01%	133,235	0.01%
FL CLASS	106,373,518	10.71%	106,331,376	10.45%
FL PALM	31,319,848	3.15%	31,310,682	3.08%
FL PALM TERM	125,000,000	12.58%	125,000,000	12.28%
<b>Total Funds for Investment</b>	<b>\$ 671,633,057</b>	<b>67.62%</b>	<b>\$ 697,393,604</b>	<b>68.53%</b>
<b><u>Bond Proceeds</u></b>				
Water & Sewer Bond 2018	74,508,199	7.50%	\$ 80,775,928	7.94%
Parks 2020-A	51,200,606	5.15%	54,733,196	5.38%
Public Safety 2020-B	93,920,402	9.46%	96,712,871	9.50%
FMIT G.O. Series 2011-A	5,054,562	0.51%	5,218,587	0.51%
<b>Total Bond Proceeds</b>	<b>\$ 224,683,769</b>	<b>22.62%</b>	<b>\$ 237,440,581</b>	<b>23.33%</b>
<b>Grand Total</b>	<b>\$ 993,296,832</b>	<b>100.00%</b>	<b>\$ 1,017,711,698</b>	<b>100.00%</b>

## Notes:

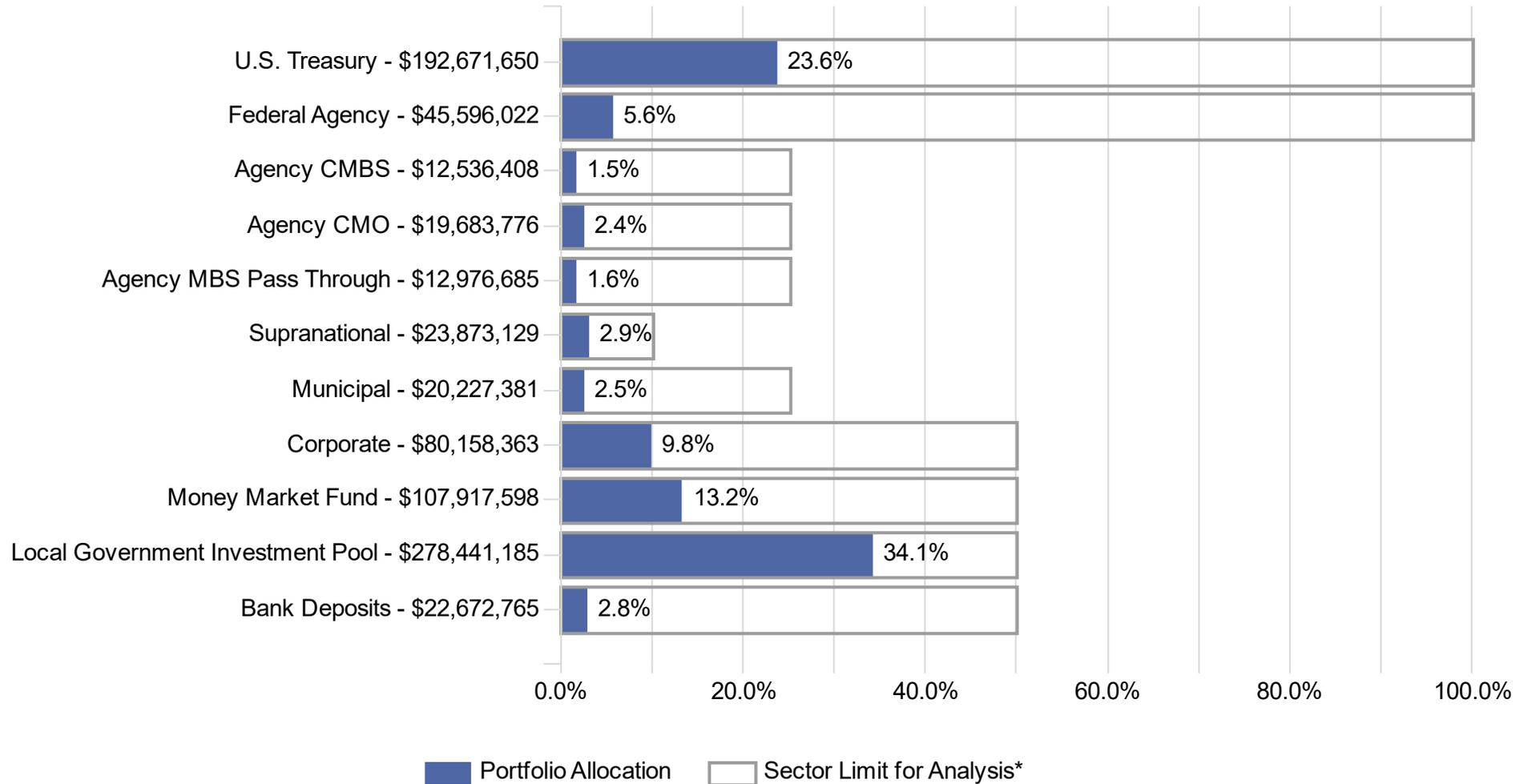
1. Market Values plus accrued interest as of March 31, 2022 and December 31, 2021 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
2. Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

<u>Account Names</u>	<u>Yield to Market as of March 31, 2022</u>	<u>Percent of Portfolio March 31, 2022</u>	<u>Yield to Market as of December 31, 2021</u>	<u>Percent of Portfolio December 31, 2021</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	0.00%	0.06%	0.00%	0.06%
Wells Fargo - Wks Comp	0.31%	0.02%	0.06%	0.03%
Wells Fargo Govt Ckg - BMPO	0.31%	0.01%	0.06%	0.01%
Wells Fargo Master Account	0.31%	2.86%	0.06%	2.44%
Wells Fargo Utility Account	0.00%	0.85%	0.00%	0.82%
Wells Fargo CRA	0.31%	5.89%	0.06%	4.70%
Wells Fargo Police Evidence	0.00%	0.09%	0.00%	0.08%
<b>Total Funds for Liquidity</b>	<b>0.28%</b>	<b>9.76%</b>	<b>0.05%</b>	<b>8.14%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	0.92%	38.28%	0.69%	38.57%
CRA City Self - Directed Account	0.09%	2.14%	0.02%	2.09%
CRA Central Beach	0.00%	0.00%	0.01%	1.33%
City Self - Directed Account	0.01%	0.73%	0.01%	0.71%
FMIT Subsidiary Accounts	2.10%	0.01%	0.80%	0.01%
FL CLASS	0.27%	10.71%	0.10%	10.45%
FL PALM	0.24%	3.15%	0.05%	3.08%
FL PALM TERM	0.18%	12.58%	0.18%	12.28%
<b>Total Funds for Investment</b>	<b>0.61%</b>	<b>67.62%</b>	<b>0.47%</b>	<b>68.53%</b>
<b><u>Bond Proceeds</u></b>				
Water & Sewer Bond 2018	0.01%	7.50%	0.01%	7.94%
Parks 2020-A	0.27%	5.15%	0.20%	5.38%
Public Safety 2020-B	0.26%	9.46%	0.16%	9.50%
FMIT G.O. Series 2011-A	1.70%	0.51%	0.60%	0.51%
<b>Total Bond Proceeds</b>	<b>0.21%</b>	<b>22.62%</b>	<b>0.13%</b>	<b>23.33%</b>
<b>Total Average Yield</b>	<b>0.49%</b>	<b>100.00%</b>	<b>0.36%</b>	<b>100.00%</b>
<b><u>Benchmarks</u></b>				
	<b><u>March 31, 2022</u></b>		<b><u>December 31, 2021</u></b>	
S&P GIP All 30 Day Gross Yield Index	0.22%		0.11%	
BofA Merrill Lynch 1-3 Year Treasury Index	2.22%		0.70%	
BofA Merrill Lynch 1-5 Year Treasury Index	2.32%		0.87%	

## Notes:

- Market Values plus accrued interest as of March 31, 2022 and December 31, 2021 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
- 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.

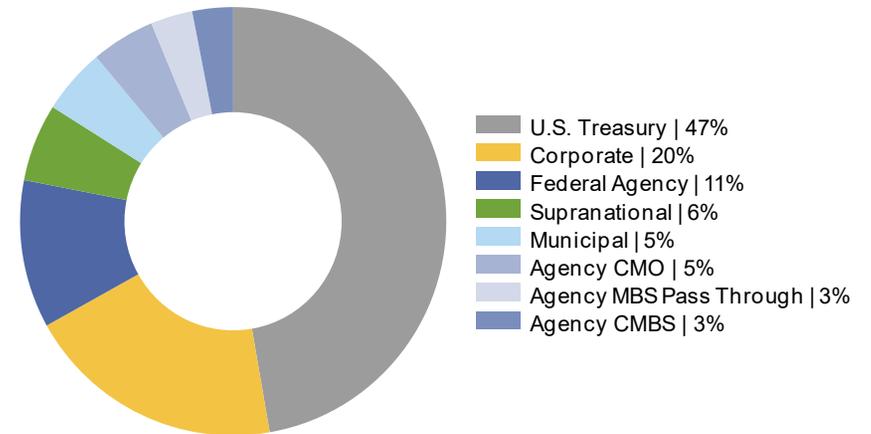
\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

### Consolidated Summary

#### Account Summary

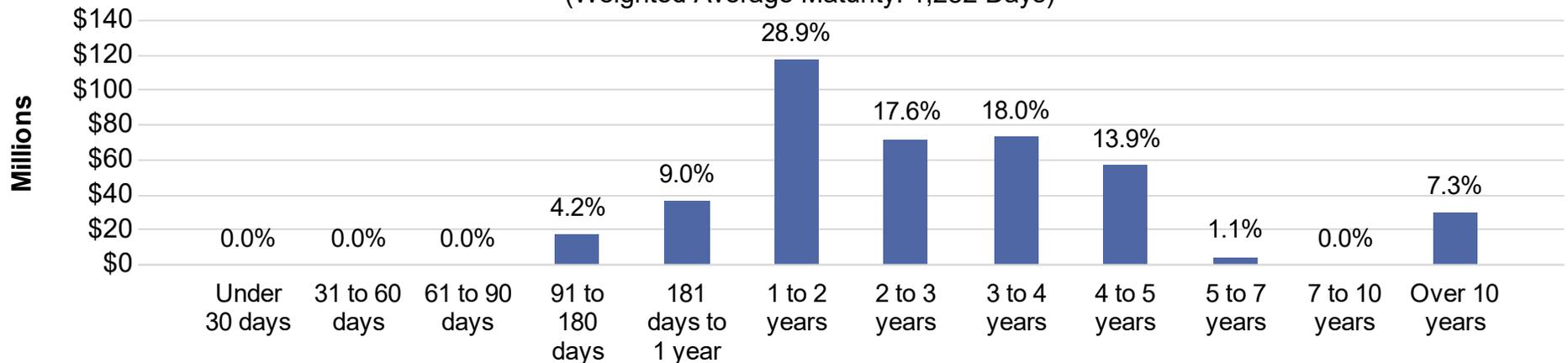
<b>PFMAM Managed Account</b>	\$509,759,975
<b>Total Program</b>	<b>\$509,759,975</b>

#### Sector Allocation



#### Maturity Distribution

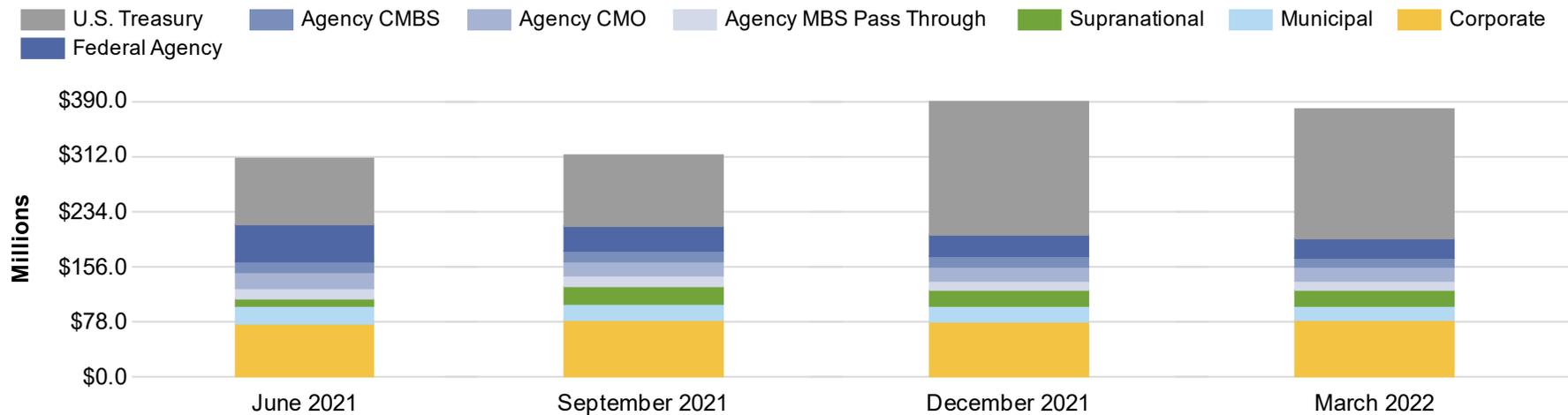
(Weighted Average Maturity: 1,282 Days)



1. Account summary includes market values, accrued interest, cash and cash equivalents. Sector allocation and the maturity distribution include market values and accrued interest.

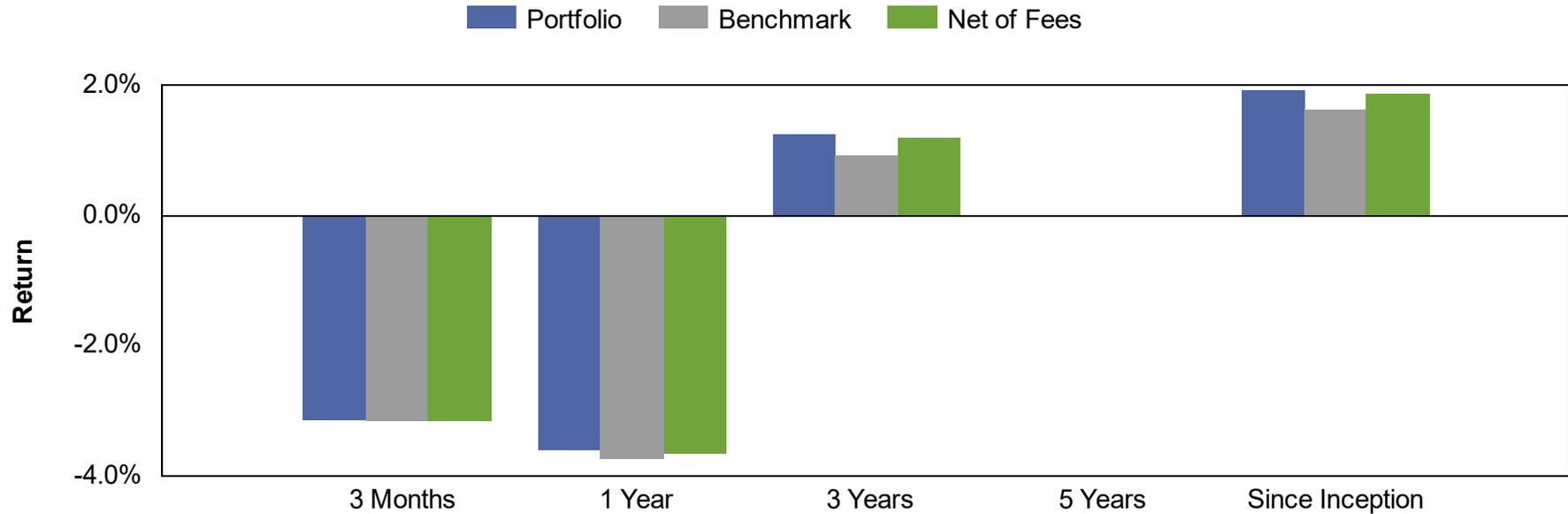
### Sector Allocation Review - CITY OF FORT LAUDERDALE - PFMAM

Security Type	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total
U.S. Treasury	\$94.7	30.4%	\$99.7	31.7%	\$187.7	48.2%	\$181.5	47.9%
Federal Agency	\$51.9	16.7%	\$34.2	10.9%	\$30.8	7.9%	\$28.7	7.6%
Agency CMBS	\$16.3	5.3%	\$15.7	5.0%	\$14.9	3.8%	\$12.5	3.3%
Agency CMO	\$22.5	7.3%	\$20.6	6.6%	\$19.0	4.9%	\$19.6	5.2%
Agency MBS Pass Through	\$14.0	4.5%	\$16.0	5.1%	\$14.5	3.7%	\$12.9	3.4%
Supranational	\$11.1	3.6%	\$23.1	7.4%	\$22.8	5.9%	\$23.8	6.3%
Municipal	\$24.1	7.8%	\$23.0	7.4%	\$22.8	5.8%	\$19.6	5.2%
Corporate	\$75.9	24.4%	\$81.1	25.9%	\$77.0	19.8%	\$79.9	21.1%
<b>Total</b>	<b>\$310.4</b>	<b>100.0%</b>	<b>\$313.4</b>	<b>100.0%</b>	<b>\$389.4</b>	<b>100.0%</b>	<b>\$378.5</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.

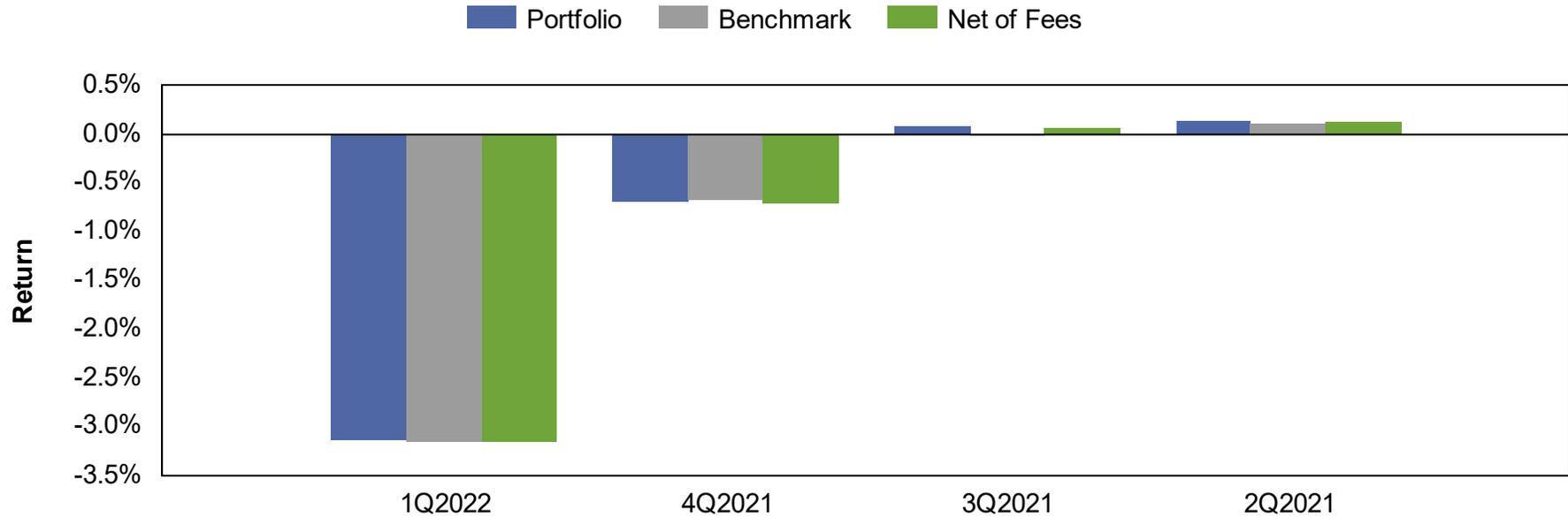
### Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,572,163	\$5,807,513	\$19,896,648	-	\$23,052,349
Change in Market Value	(\$13,887,698)	(\$19,628,377)	(\$11,321,715)	-	(\$6,035,925)
<b>Total Dollar Return</b>	<b>(\$12,315,535)</b>	<b>(\$13,820,864)</b>	<b>\$8,574,933</b>	<b>-</b>	<b>\$17,016,424</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	-3.14%	-3.59%	1.25%	-	1.92%
Benchmark <sup>4</sup>	-3.16%	-3.72%	0.92%	-	1.63%
<b>Basis Point Fee</b>	<b>0.01%</b>	<b>0.06%</b>	<b>0.06%</b>	<b>-</b>	<b>0.06%</b>
<b>Net of Fee Return</b>	<b>-3.15%</b>	<b>-3.64%</b>	<b>1.19%</b>	<b>-</b>	<b>1.86%</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.

### Portfolio Performance



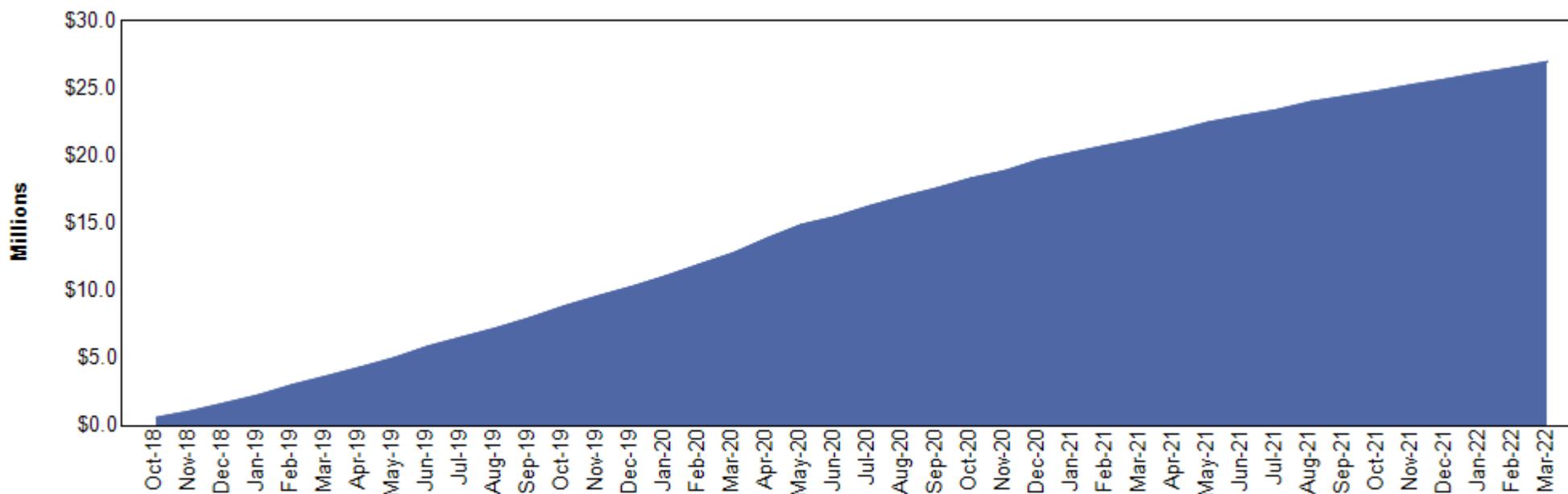
Market Value Basis Earnings	1Q2022	4Q2021	3Q2021	2Q2021
Interest Earned <sup>1</sup>	\$1,572,163	\$1,367,085	\$1,395,175	\$1,473,089
Change in Market Value	(\$13,887,698)	(\$3,585,228)	(\$1,116,447)	(\$1,039,004)
<b>Total Dollar Return</b>	<b>(\$12,315,535)</b>	<b>(\$2,218,143)</b>	<b>\$278,728</b>	<b>\$434,085</b>
<b>Total Return<sup>2</sup></b>				
Portfolio	-3.14%	-0.69%	0.09%	0.14%
Benchmark <sup>3</sup>	-3.16%	-0.68%	0.00%	0.11%
<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>-3.15%</b>	<b>-0.70%</b>	<b>0.07%</b>	<b>0.12%</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>	\$1,572,163	\$5,807,513	\$19,896,648	-	\$23,052,349
Realized Gains / (Losses) <sup>3</sup>	\$115,919	\$1,188,888	\$5,556,229	-	\$5,599,504
Change in Amortized Cost	(\$377,449)	(\$1,285,674)	(\$2,130,504)	-	(\$1,677,468)
<b>Total Earnings</b>	<b>\$1,310,633</b>	<b>\$5,710,726</b>	<b>\$23,322,373</b>	-	<b>\$26,974,385</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 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.