



# CITY OF FORT LAUDERDALE

## Investment Performance Review For the Quarter Ended June 30, 2024

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Exhibit 1

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## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Moderating economic growth following two quarters of exceptional strength
  - ▶ Recent inflation prints resuming the path towards the Federal Reserve (Fed)'s 2% target
  - ▶ Labor markets continuing to show strength while unemployment has ticked up modestly
  - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation



- ▶ Federal Reserve pushes out rate cuts
  - ▶ Fed revises expectations from 3 rate cuts in 2024 to 1 by year end following a lack of progress in the fight against inflation
  - ▶ Market continues to expect 1 or 2 rate cuts in 2024
  - ▶ Fed officials note that the risks to its “dual mandate” of stable inflation and maximum employment are becoming more balanced

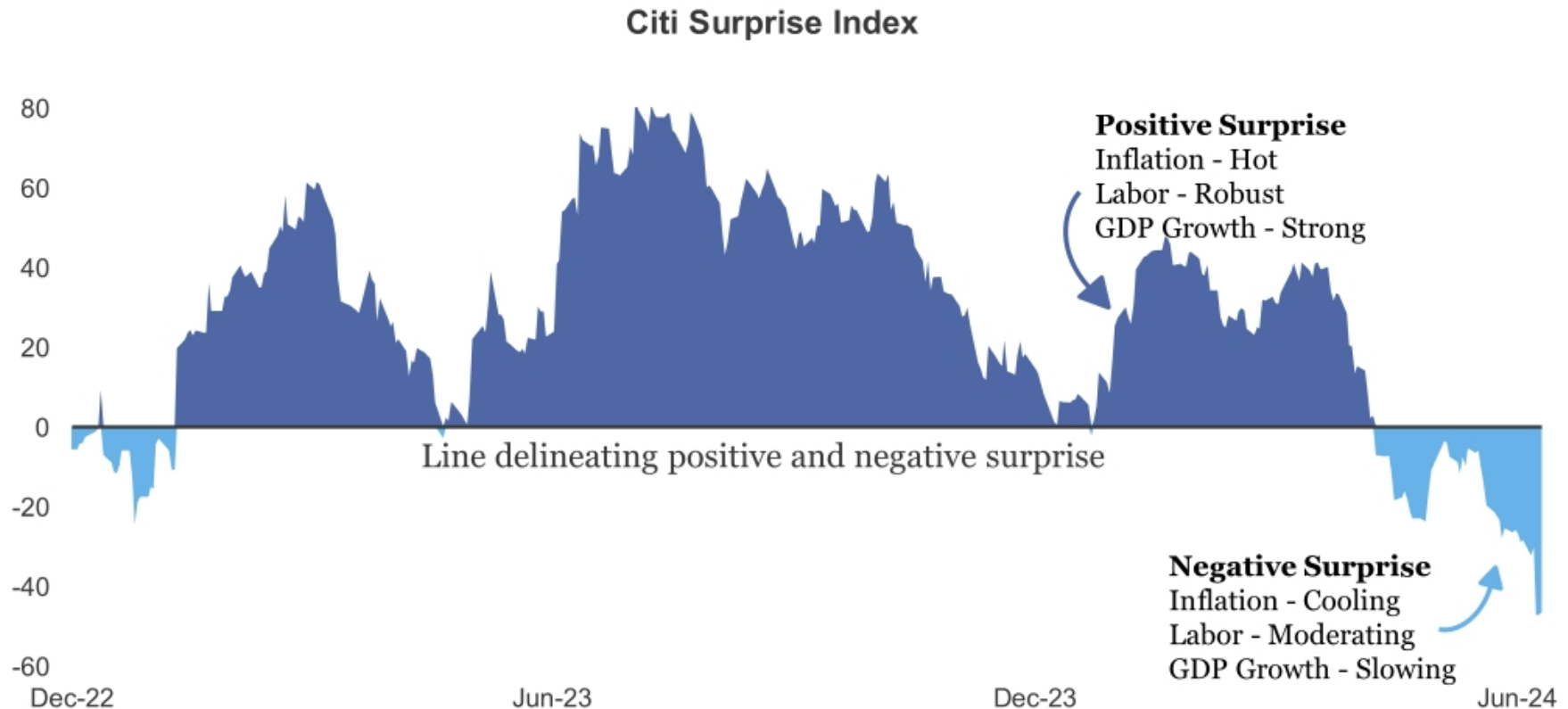


- ▶ Treasury yields increase in response to economic data over the quarter
  - ▶ Yields on maturities between 2 and 10 years rose 13-20 basis points during the quarter
  - ▶ The yield curve has now been inverted for 24 months, the longest period in history
  - ▶ Spreads across most sectors remain near multi-year tight and represent market expectations for a soft landing

## Recent Economic Data Points to Moderation

The Citi Surprise Index measures various economic readings relative to market expectations.

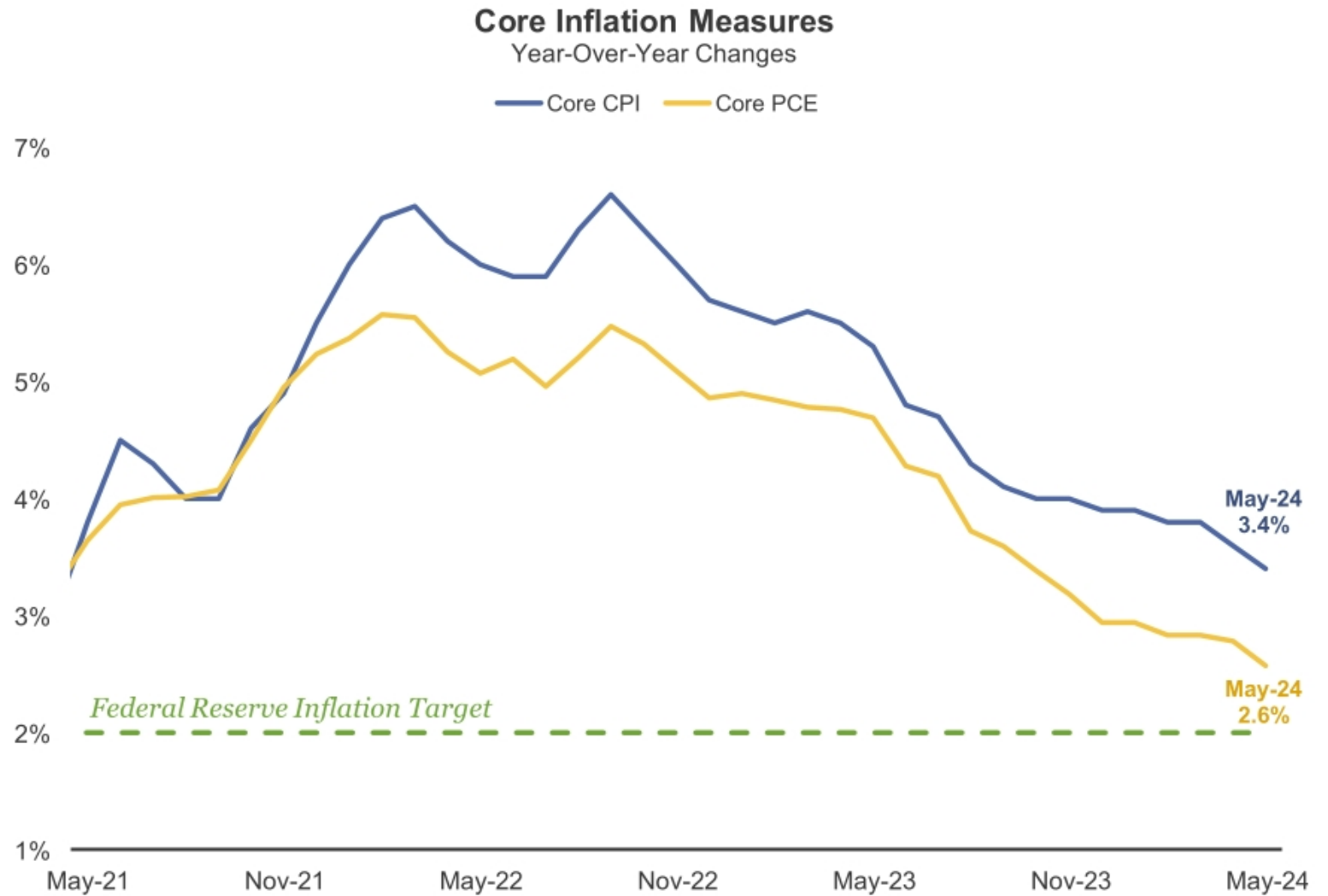
- **A positive reading** means that data releases have been **greater than market expectations**
- **A negative reading** means that data releases have been **less than expected**



Source: Bloomberg, as of 7/5/2024.

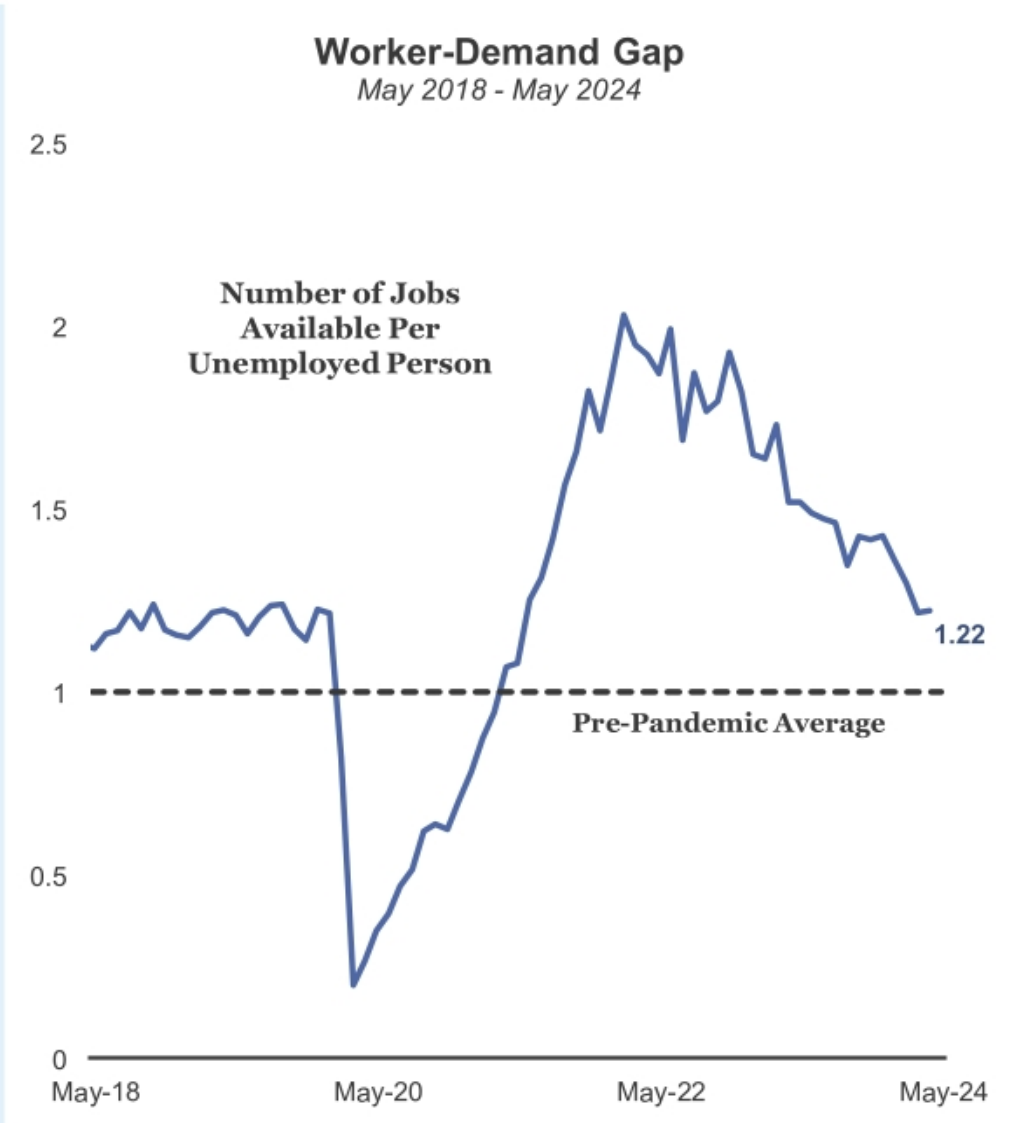
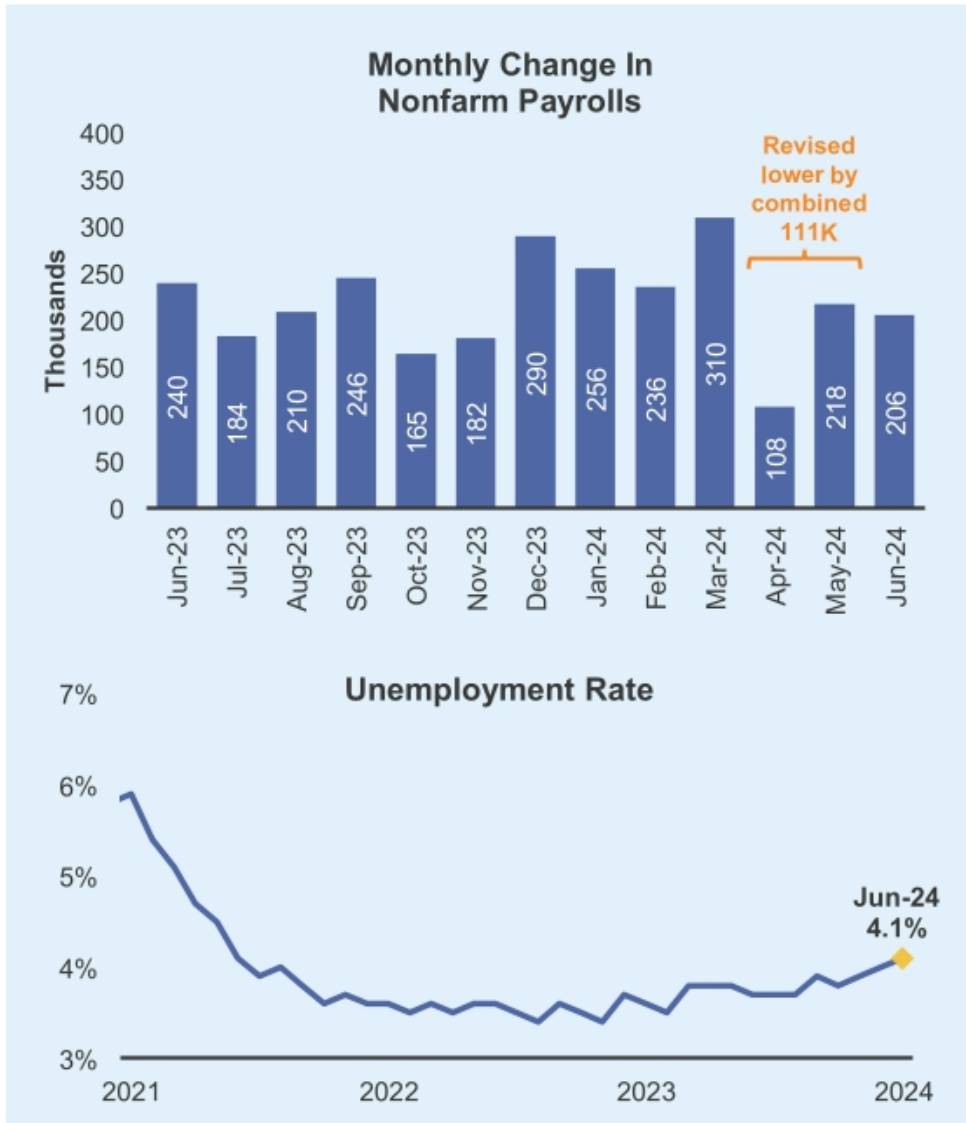
### Fed's Preferred Inflation Measure Shows Progress

Core CPI and PCE strips out the volatile food and energy components.



Source: Bureau of Labor Statistics, Bureau of Economic Analysis, and Bloomberg. As of May 2024.

### Labor Market Moves Into Better Balance



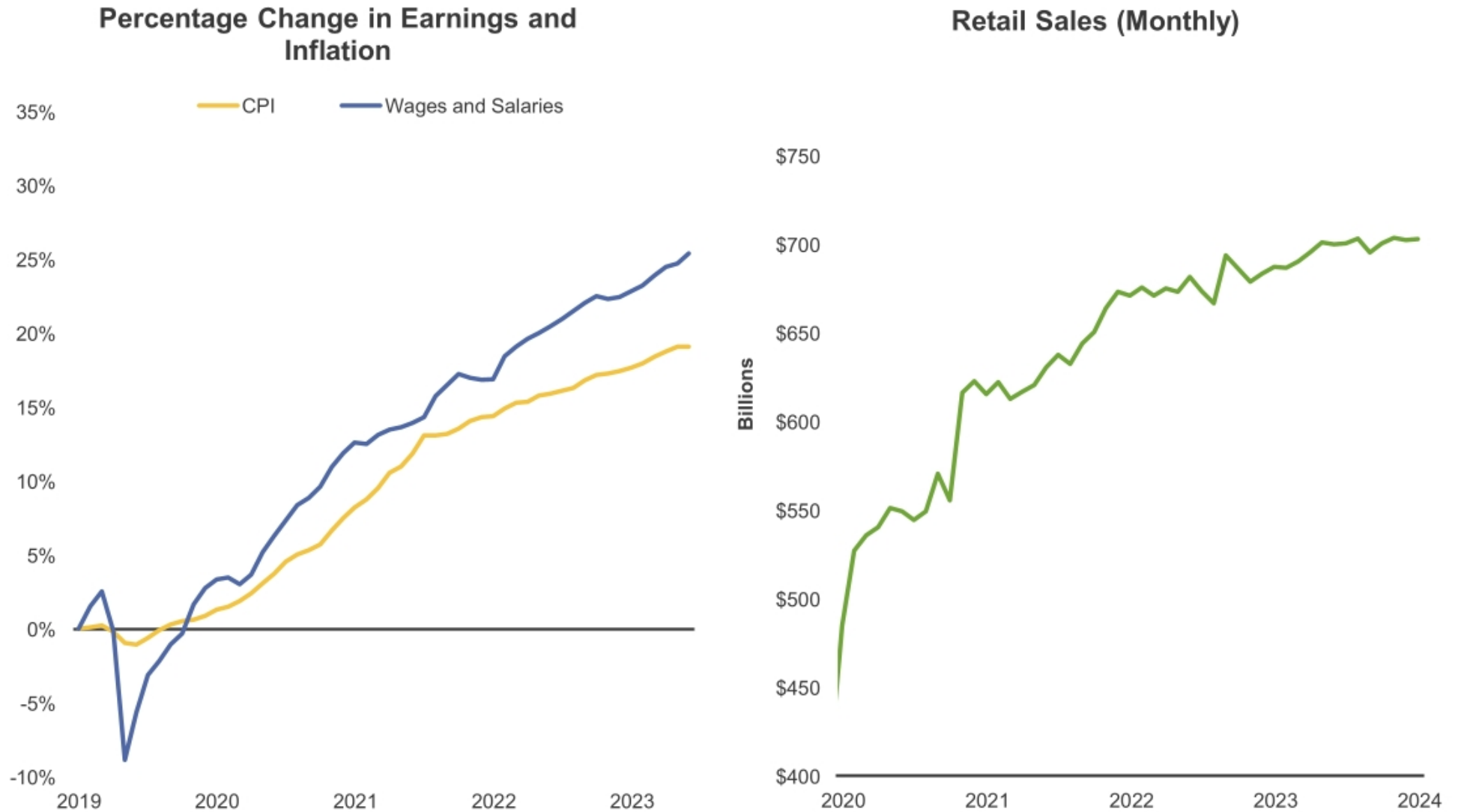
Source: Bloomberg, Bureau of Labor Statistics. Monthly change in nonfarm payrolls and unemployment rate as of June 2024. Data is seasonally adjusted (left). Worker demand gap as of May 2024. Pre-pandemic average from February 2016 – February 2020 (right).

### Economic Incentive to Switch Jobs is Declining



Source: Bloomberg, Federal Reserve Bank of Atlanta as of March 2024.

### The Consumer Moderates But Remains Well Positioned Given Strong Wage Growth



Source: Bloomberg, U.S. Census Bureau, Bureau of Economic Analysis as of May 2024 (left). Bloomberg, U.S. Census Bureau as of May 2024 (right).

### Markets Reflect a “Soft Landing”



Investment Universe Pricing										
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Median, 20-Year
Investment Grade Spreads	149	151	126	136	119	118	97	85	86	118
High Yield Spreads	587	543	479	458	405	403	334	312	318	449
S&P 500 Dividend Yield	1.70%	1.85	1.76%	1.68%	1.55%	1.61%	1.49%	1.36%	1.33%	1.94%

**Lower Prices/Cheaper | Higher Prices/More Expensive**

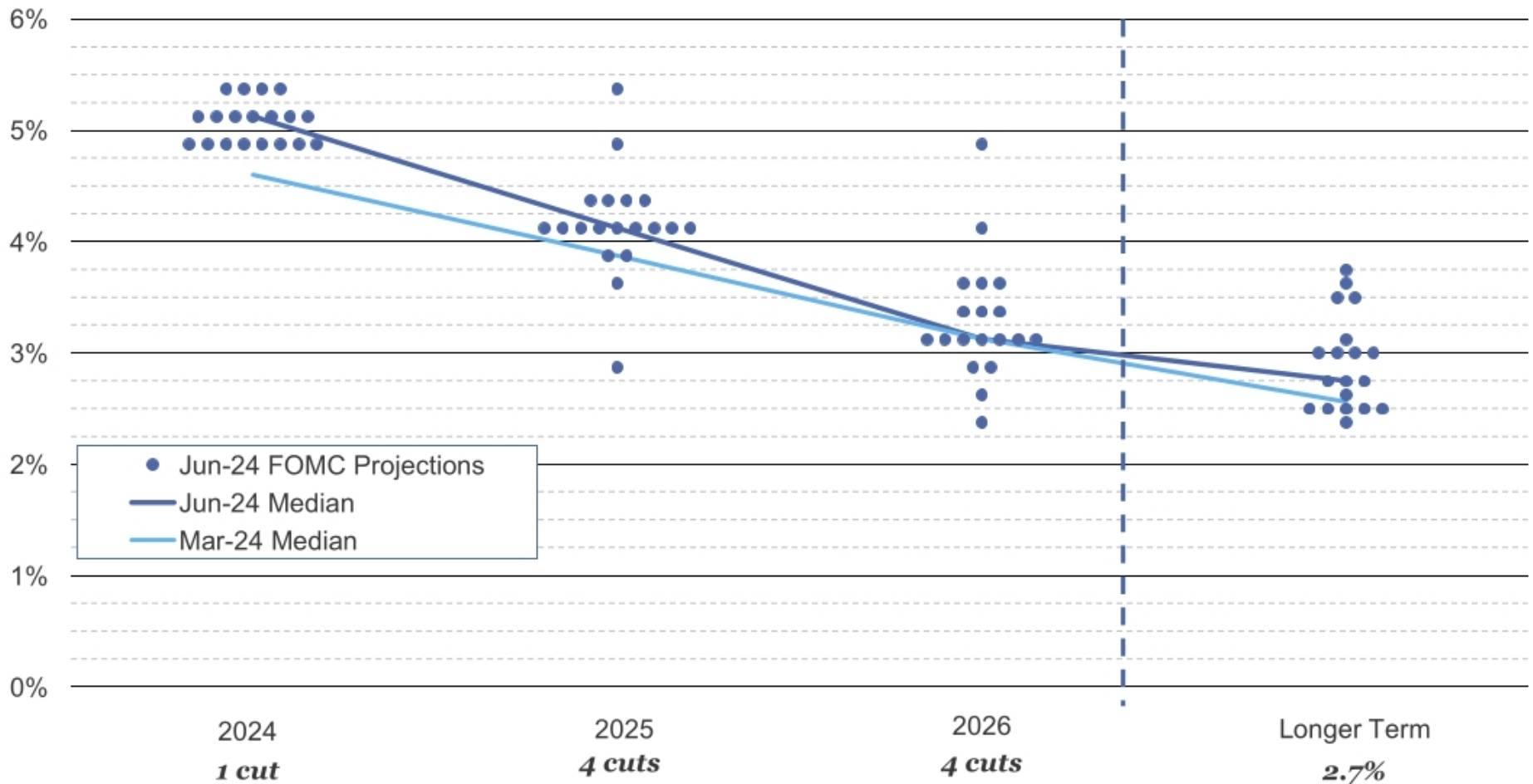
Source: Bloomberg, ICE BofA Indices, and S&P 500 as of June 28, 2024.

Green = wider spreads/higher dividend yield and Red = tighter spreads/lower dividend yield. Gradient color based on 1st and 3rd quartile of data series over the past 20 years.



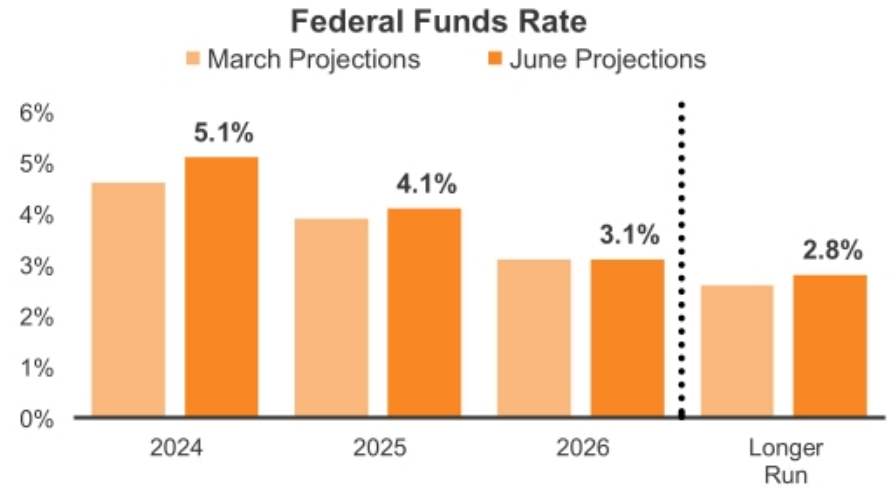
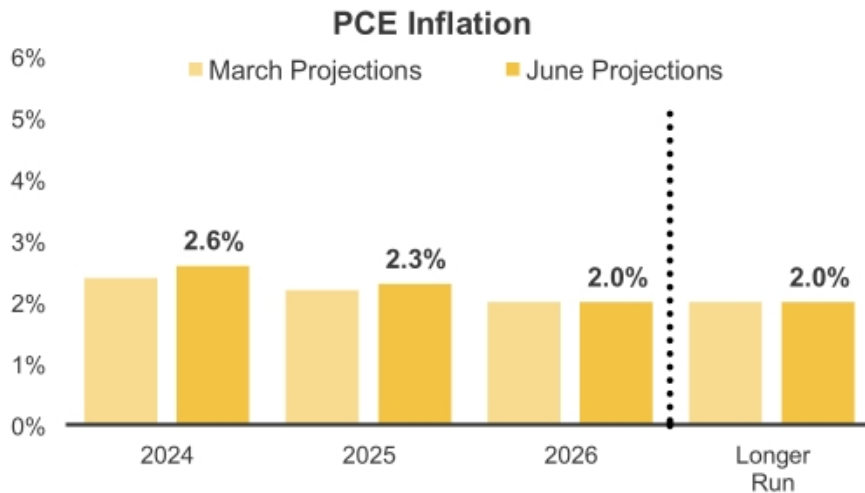
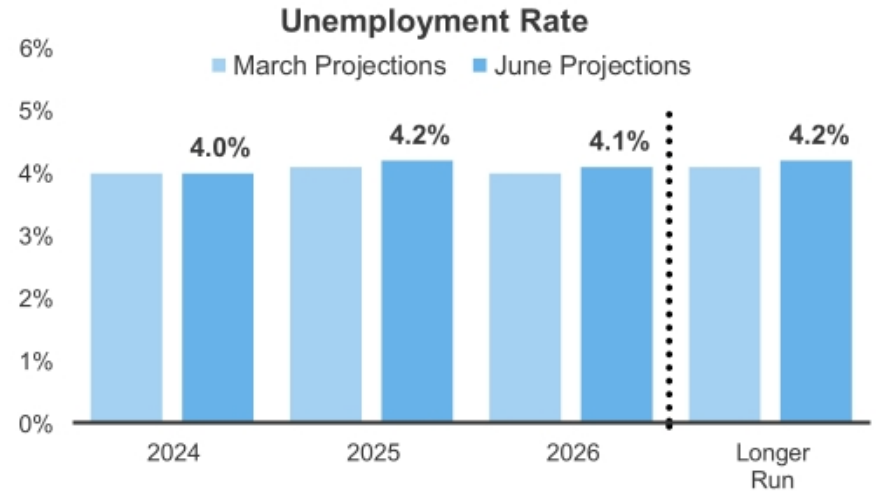
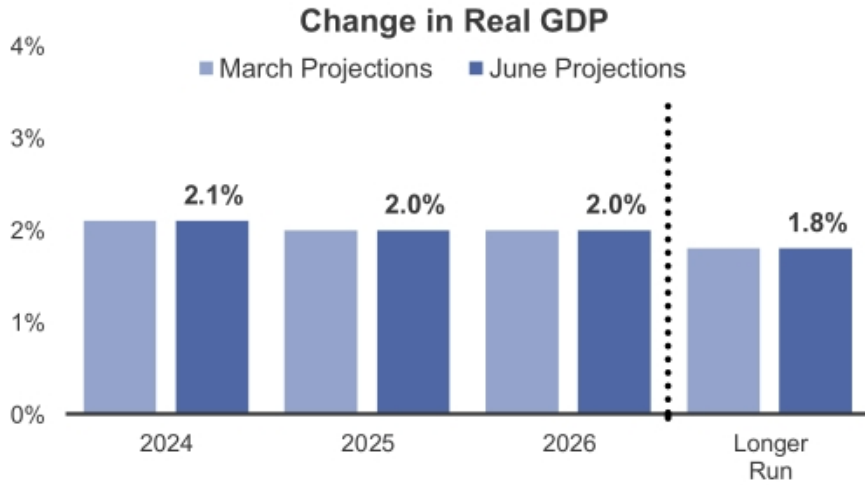
## The Fed's Latest "Dot Plot" Shows Only One Rate Cut In 2024

### 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.

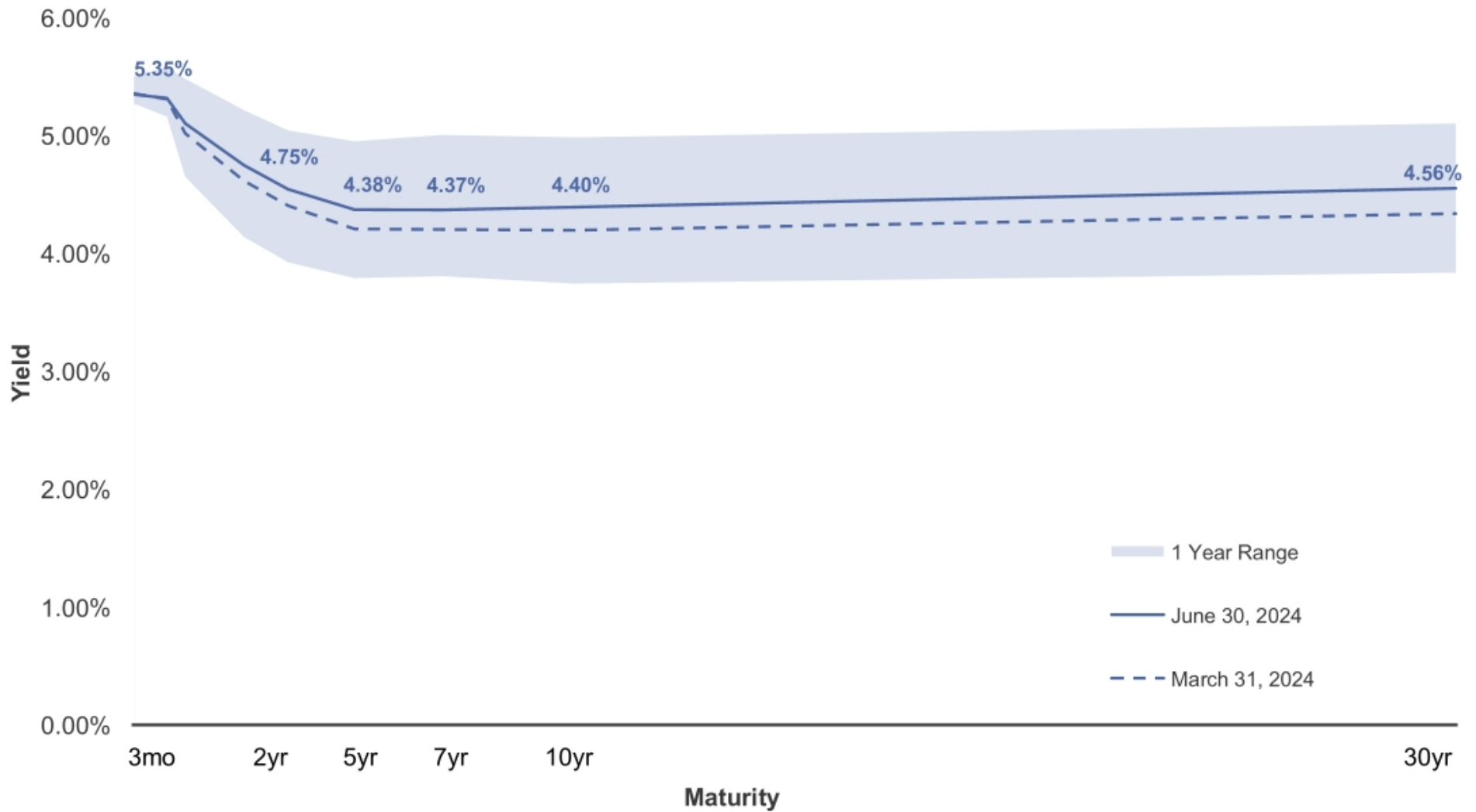
## Fed's Updated June Projections Reflect Stable Economic Expectations for 2024



Source: Federal Reserve, latest economic projections as of June 2024.

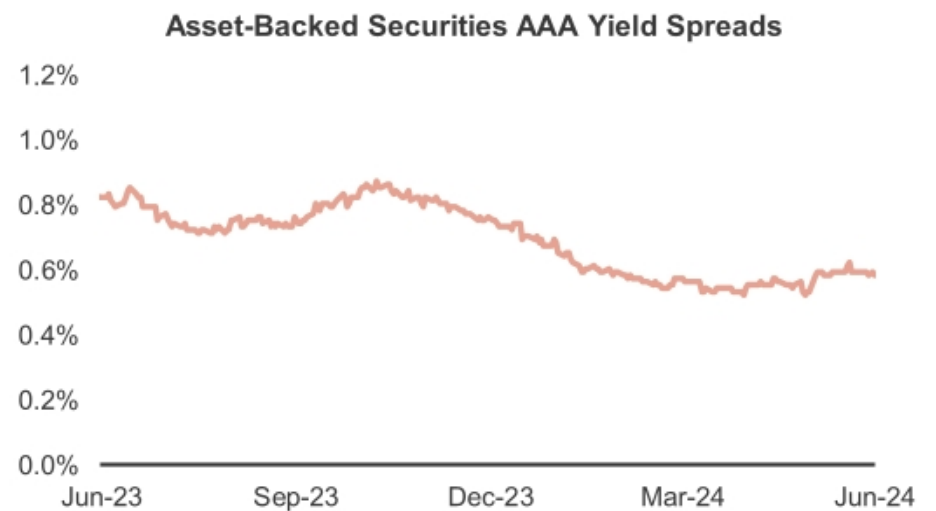
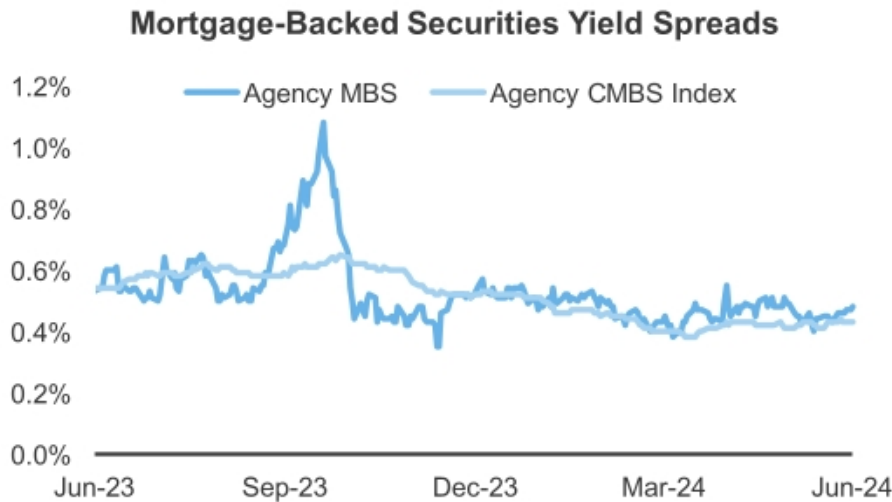
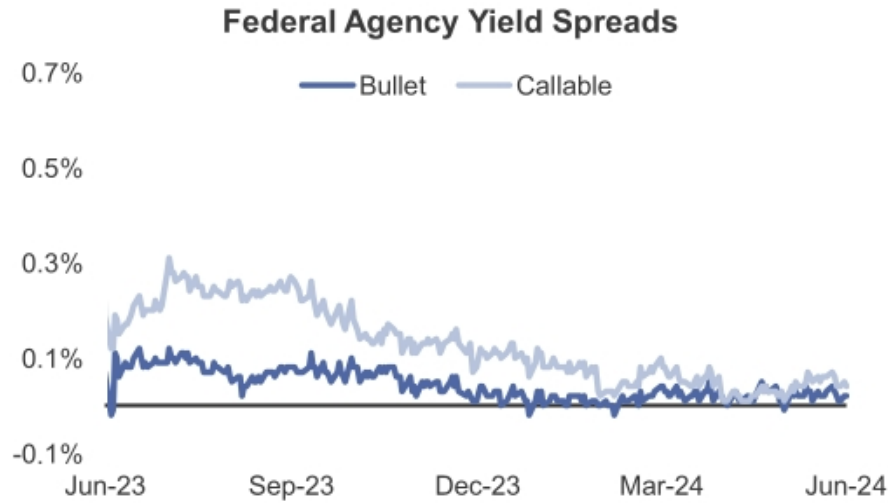
### Treasury Yields Move Higher as Market Evolves to Revised Fed Expectations

#### U.S. Treasury Yield Curve



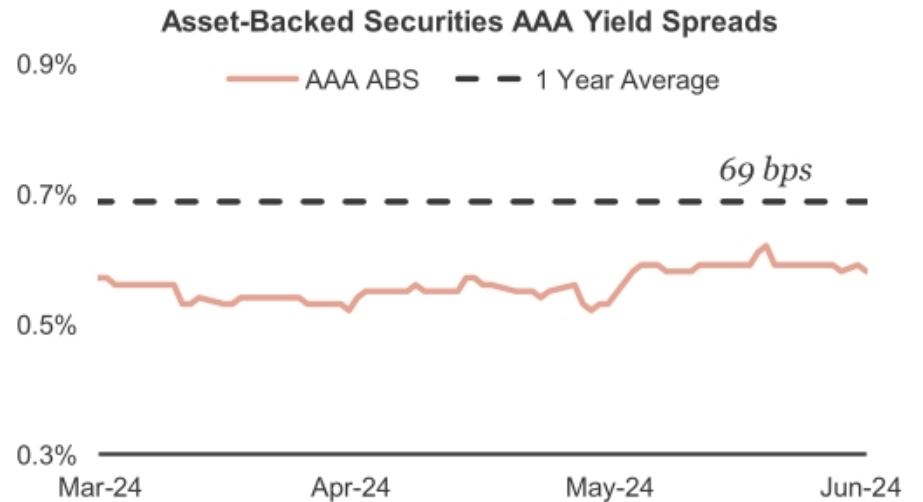
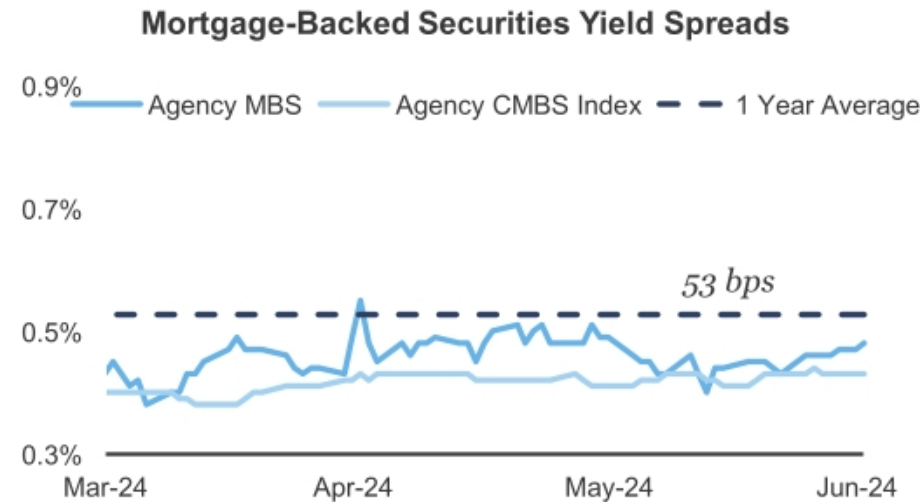
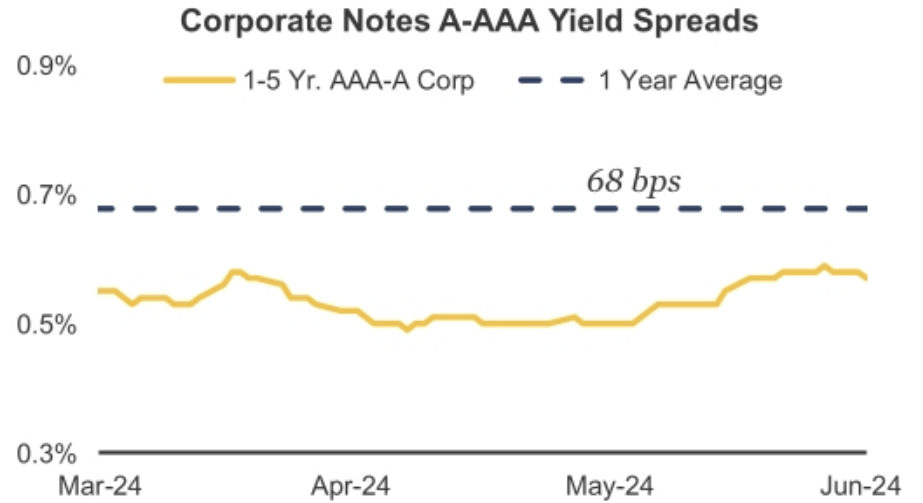
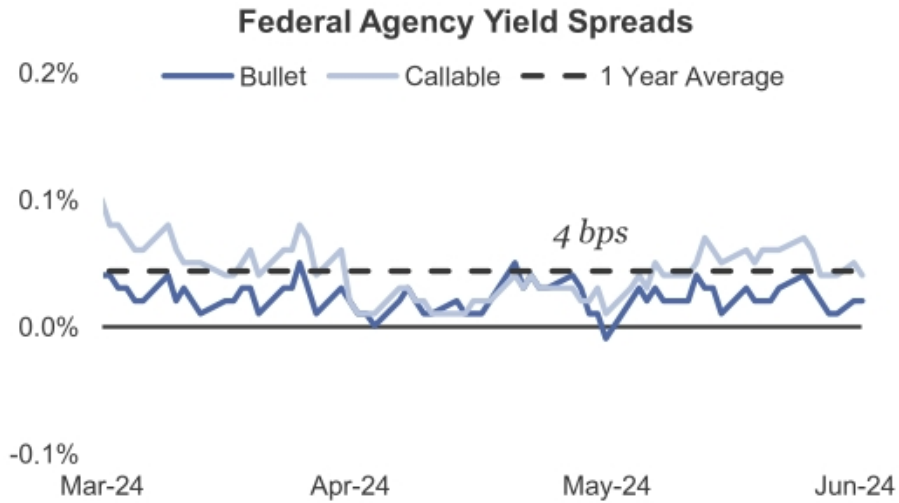
Source: Bloomberg, as of 6/30/2024.

## Sector Yield Spreads



Source: ICE BofA 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of June 30, 2024. 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 and represented by the ICE BofA Agency CMBS Index.

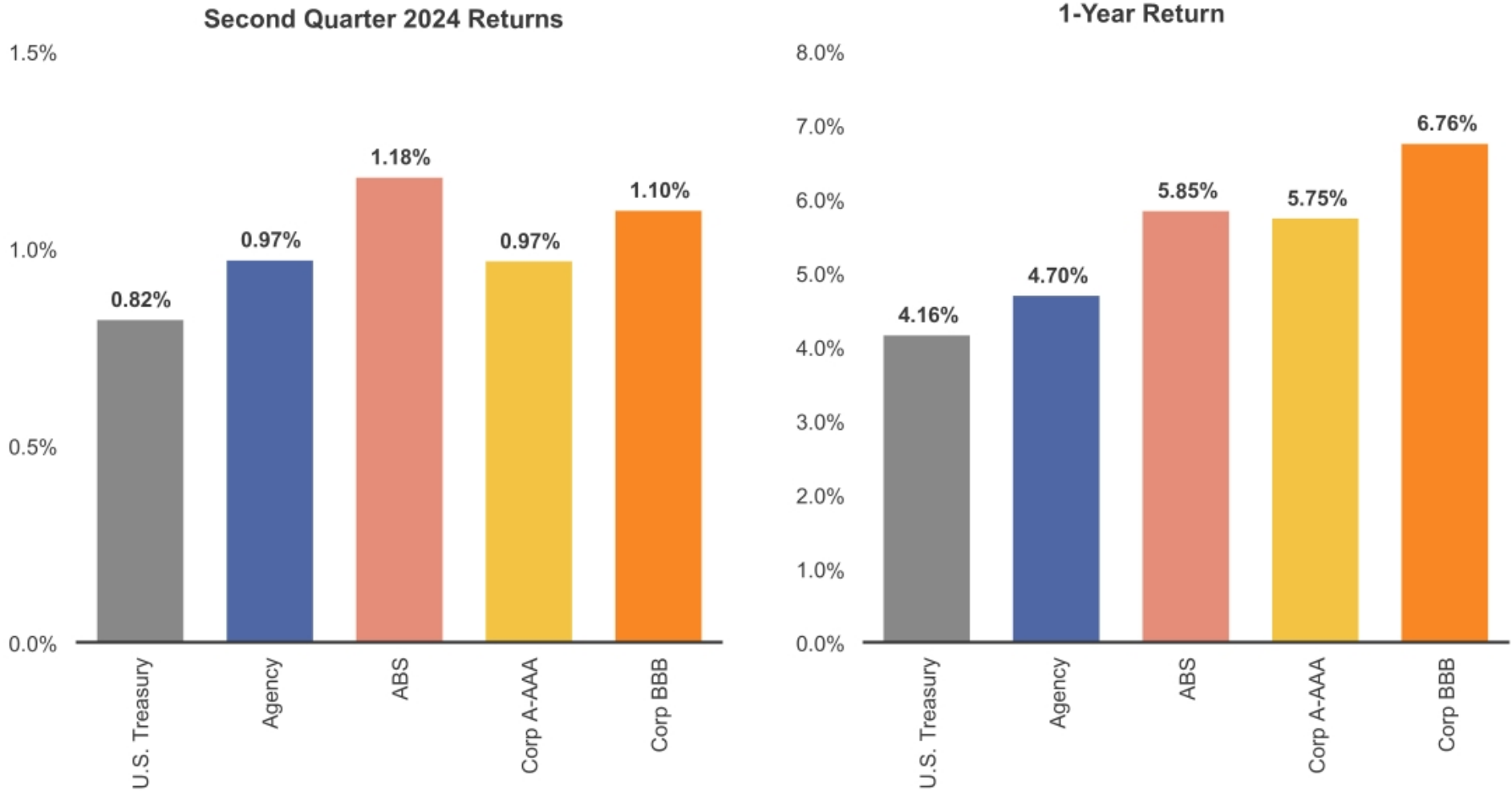
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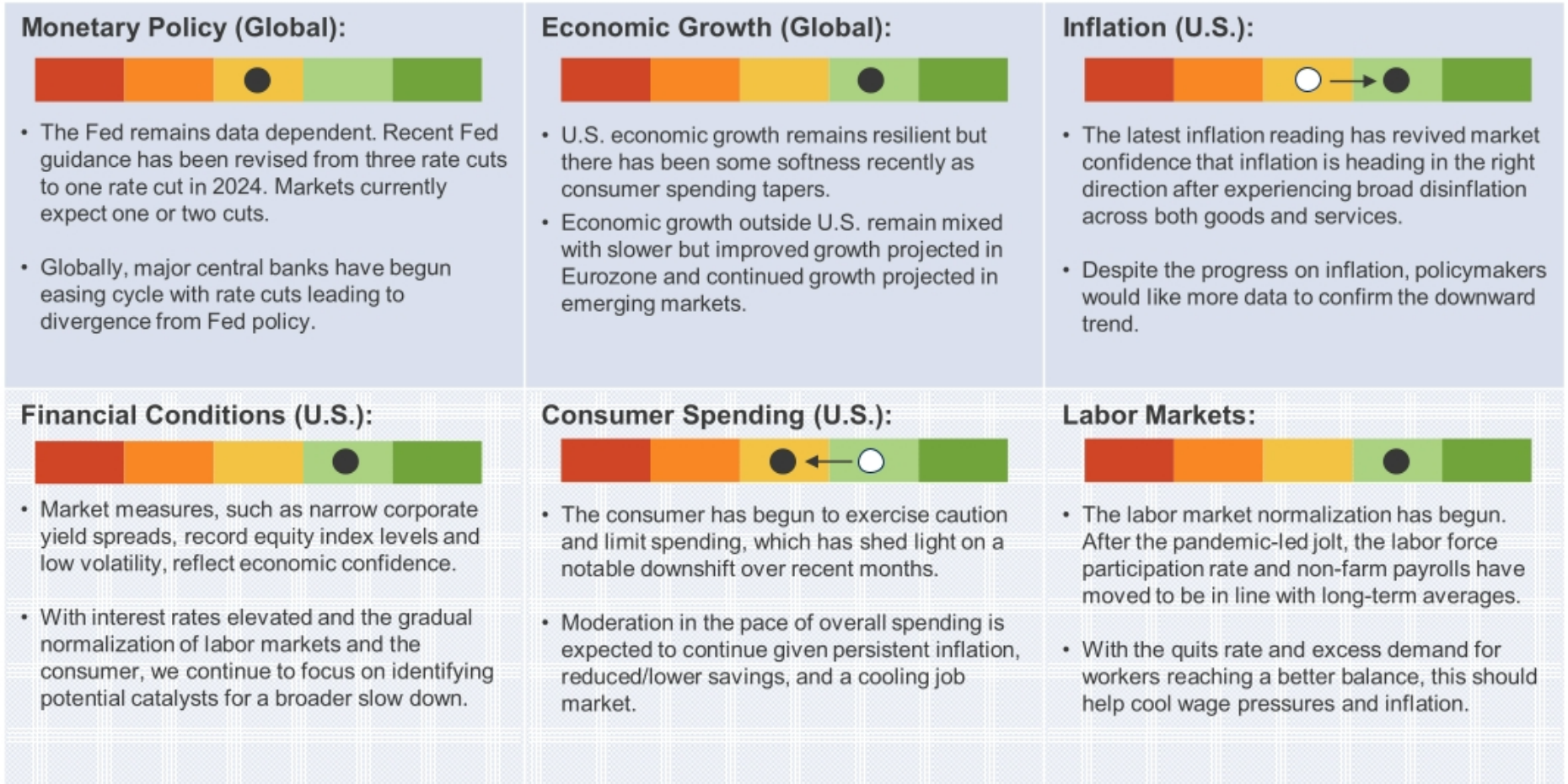
## Fixed-Income Index Total Returns in 2Q 2024

### 1-5 Year Indices



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of June 30, 2024.

### Factors to Consider for 6-12 Months



● Current outlook    ○ Outlook one quarter ago



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (6/30/2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.

## Fixed-Income Sector Commentary – 2Q 2024

- ▶ **U.S. Treasury** yields once again rose over the quarter, reflecting the market adjusting to delayed rate cut expectations, but remained largely range-bound following the June Fed meeting. Despite higher yields, U.S. Treasury indexes less than 10 years posted positive returns as higher income more than offset the negative price effects.
- ▶ **Federal Agency** spreads remained in a narrow, tight range over the quarter driven by limited supply. Limited value, tight spreads, and normalized liquidity are likely to remain features of this sector absent an unexpected increase in new issuance. Callables, specifically, longer lockout structures with limited call options, can add value selectively in government-only accounts.
- ▶ **Supranational** spreads tightened on maturities on the short end of the curve, bringing the entire supranational yield curve into rich valuations.
- ▶ **Investment-Grade (IG) Corporates** continued to perform exceedingly well for the majority of the quarter, as strong performance in April and May offset modest weakness in June. Lower rated issuers and longer-duration securities performed best. Given strong trailing performance and spreads near their two-year tights, selective trimming in favor of increased portfolio liquidity or new issues offered at attractive concessions remains appropriate.
- ▶ **Asset-Backed Securities** continued to generate strong returns, as spreads in the sector flatlined in a tight range near their multi-year lows for most of Q2. Despite modest weakening in market confidence of consumer fundamentals and moderating personal consumption, new issuance remained well-digested by investors.
- ▶ **Mortgage-Backed Securities** ended the quarter with flat excess returns as a selloff in the 30-year U.S. Treasury over the final week of Q2 erased the strong performance of MBS in May and June. Several new issue opportunities in agency commercial mortgage-backed securities offered selective new buying opportunities.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yield spreads continue to tighten closer to similar maturity USTs. However, the sector can selectively provide value with incremental yields ranging 20 to 25 basis point in 9- to 12-month maturities.



### Fixed-Income Sector Outlook – 3Q 2024

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	



<u>Portfolios</u>	<u>Market Value</u>	<u>Current Quarter</u>	<u>Fiscal Year To Date</u>	<u>Trailing 12 Months</u>	<u>Accrual Basis Earnings</u>
<b>City Operating Funds - Self-Directed<sup>1</sup></b> <i>S&amp;P GIP All 30 Day Gross Yield Index</i>	\$ 439,688,093	1.29% 1.36%	3.94% 4.19%	5.19% 5.34%	\$16,281,155.00
<b>CRA Funds</b> <i>S&amp;P GIP All 30 Day Gross Yield Index</i>	\$ 66,683,209	1.33% 1.36%	4.01% 4.19%	5.39% 5.34%	\$609,367.25
<b>Fixed Income Investment Portfolio - PFMAM<sup>4</sup></b> <i>ICE BofA 1-5 Year U.S. Treasury Index</i>	\$ 466,819,149	0.88% 0.82%	3.88% 3.32%	4.79% 4.16%	\$8,003,747.75
<b>Total City of Fort Lauderdale Funds<sup>2</sup></b> <i>City of Fort Lauderdale Blended Benchmark</i>	\$ 973,190,450	1.10% 1.10%	3.91% 3.77%	5.01% 4.78%	\$24,894,270.00
<b>Bond Proceeds<sup>3</sup></b>	\$ 684,782,977	0.49%	1.28%	2.05%	
					<u>Assumed Rate of Return</u>
<b>OPEB Trust Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 43,903,767	1.51% 1.49%	16.11% 16.28%	12.20% 12.30%	7.00%
<b>OPEB Post Retirement Pay Steps Plan Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 9,157,171	1.51% 1.49%	14.22% 16.28%	10.39% 12.30%	7.00%
<b>Cemetery Trust Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 34,419,631	1.31% 2.05%	5.68% 5.55%	11.59% 13.11%	5.00%
<b>General Employees Retirement System<sup>4</sup></b> <i>Benchmark</i>	\$ 728,297,201	-0.50% 0.80%	11.20% 12.80%	7.60% 9.10%	6.75%
<b>Police &amp; Fire Retirement System<sup>4</sup></b> <i>Benchmark</i>	\$ 1,181,599,880	-0.12% 0.63%	11.36% 11.99%	8.38% 8.84%	7.20%

## 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 June 30, 2024.

	<u>Market Value as of June 30, 2024</u>	<u>Percent of Portfolio</u>	<u>Market Value as of March 31, 2024</u>	<u>Percent of Portfolio</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	727,291	0.04%	1,473,901	0.08%
Wells Fargo - Wks Comp	319,037	0.02%	273,012	0.02%
Wells Fargo Govt Ckg - BMPO	2,892,656	0.17%	2,142,656	0.12%
Wells Fargo Master Account	52,887,694	3.19%	73,393,435	4.13%
Wells Fargo Utility Account	8,535,749	0.51%	8,452,361	0.48%
Wells Fargo CRA	66,683,209	4.02%	90,588,434	5.10%
Wells Fargo Police Evidence	1,475,794	0.09%	1,470,354	0.08%
Wells Fargo Grants	5,411,232	0.33%	5,411,232	0.30%
<b>Total Funds for Liquidity</b>	<b>\$ 138,932,662</b>	<b>8.38%</b>	<b>\$ 183,205,385</b>	<b>10.32%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	466,819,149	28.16%	462,753,074	26.07%
FL CLASS	158,803,412	9.58%	156,693,016	8.83%
FL PALM	148,635,228	8.96%	115,765,762	6.52%
FL PALM TERM	60,000,000	3.62%	90,000,000	5.07%
<b>Total Funds for Investment</b>	<b>\$ 834,257,789</b>	<b>50.32%</b>	<b>\$ 825,211,852</b>	<b>46.49%</b>
<b><u>Bond Proceeds</u></b>				
Stormwater Bonds	53,276,096	3.21%	56,955,020	3.21%
Water & Sewer Bonds	488,883,423	29.49%	551,631,713	31.07%
Parks 2020-A	40,469,596	2.44%	41,550,148	2.34%
Public Safety 2020-B	31,922,581	1.93%	47,345,535	2.67%
FMIT G.O. Series 2011-A	5,238,606	0.32%	5,177,879	0.29%
FL CLASS GOB 2022A-Parks	64,992,676	3.92%	64,128,964	3.61%
<b>Total Bond Proceeds</b>	<b>\$ 684,782,977</b>	<b>41.30%</b>	<b>\$ 766,789,259</b>	<b>43.19%</b>
<b>Grand Total</b>	<b>\$ 1,657,973,428</b>	<b>100.00%</b>	<b>\$ 1,775,206,495</b>	<b>100.00%</b>

Notes:

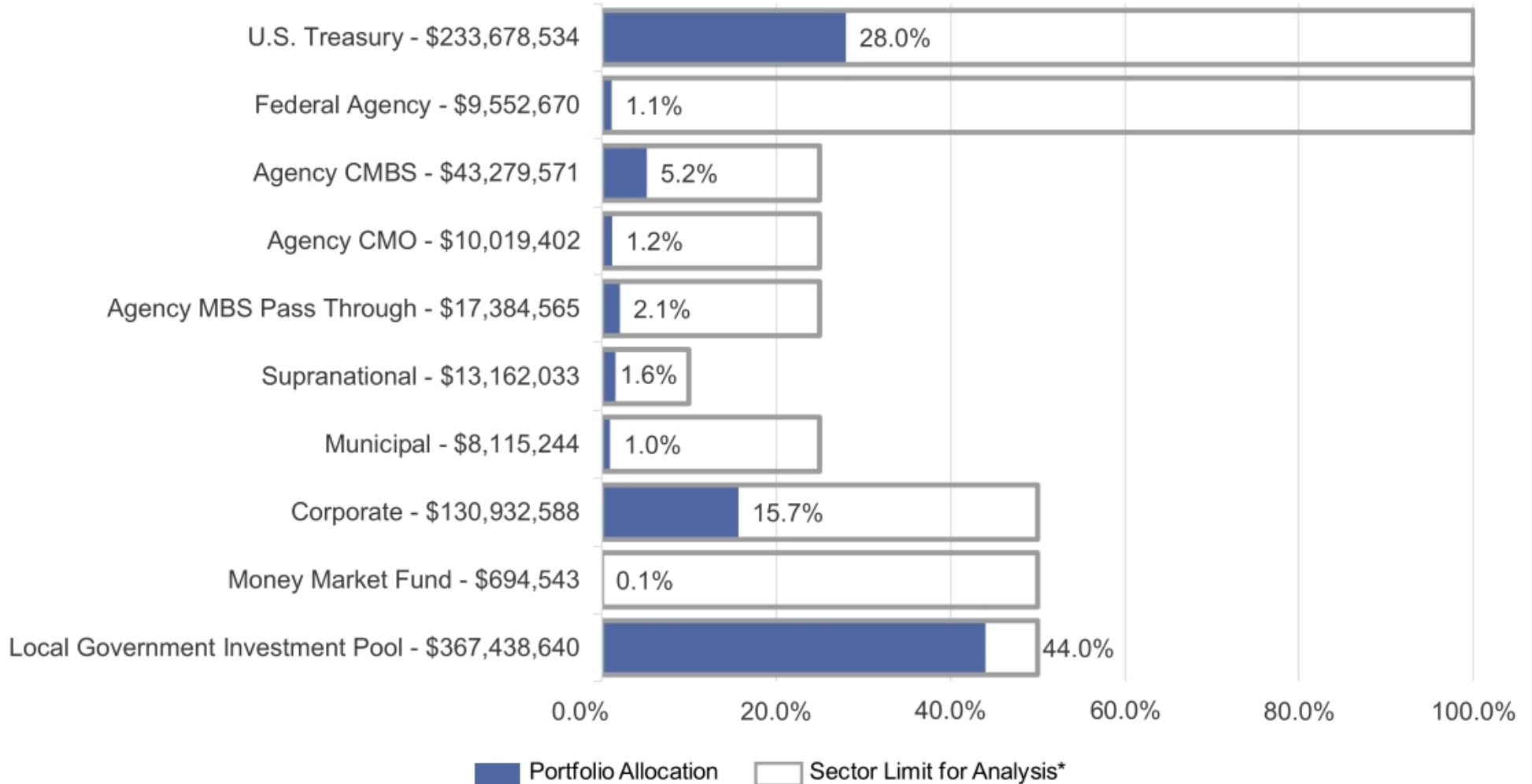
1. Market Values plus accrued interest as of June 30, 2024 and March 31, 2024 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
2. Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.
3. Percentages and totals may be off due to rounding.

<u>Account Names</u>	<u>Yield to Market as of June 30, 2024</u>	<u>Percent of Portfolio June 30, 2024</u>	<u>Yield to Market as of March 31, 2024</u>	<u>Percent of Portfolio March 31, 2024</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	0.00%	0.04%	0.00%	0.08%
Wells Fargo - Wks Comp	5.31%	0.02%	5.31%	0.02%
Wells Fargo Govt Ckg - BMPO	5.31%	0.17%	5.31%	0.12%
Wells Fargo Master Account	5.31%	3.19%	5.31%	4.13%
Wells Fargo Utility Account	0.00%	0.51%	0.00%	0.48%
Wells Fargo CRA	5.31%	4.02%	5.31%	5.10%
Wells Fargo Police Evidence	0.00%	0.09%	0.00%	0.08%
Wells Fargo Grants	0.00%	0.33%	0.00%	0.30%
<b>Total Funds for Liquidity</b>	<b>4.69%</b>	<b>8.38%</b>	<b>4.82%</b>	<b>10.32%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	5.03%	28.16%	4.97%	26.07%
FMIT Subsidiary Accounts	5.20%	0.00%	5.10%	0.00%
FL CLASS	5.38%	9.58%	5.41%	8.83%
FL PALM	5.41%	8.96%	5.44%	6.52%
FL PALM TERM	5.24%	3.62%	5.44%	5.07%
<b>Total Funds for Investment</b>	<b>5.18%</b>	<b>50.32%</b>	<b>5.17%</b>	<b>46.49%</b>
<b><u>Bond Proceeds</u></b>				
Stormwater Bonds	1.08%	3.21%	1.08%	3.21%
Water & Sewer Bonds	1.08%	29.49%	1.08%	31.07%
Parks 2020-A	5.41%	2.44%	5.44%	2.34%
Public Safety 2020-B	5.41%	1.93%	5.44%	2.67%
FMIT G.O. Series 2011-A	5.40%	0.32%	5.30%	0.29%
FL CLASS GOB 2022A-Parks	5.38%	3.92%	5.41%	3.61%
<b>Total Bond Proceeds</b>	<b>1.98%</b>	<b>41.30%</b>	<b>1.13%</b>	<b>43.19%</b>
<b>Total Average Yield</b>	<b>3.82%</b>	<b>100.00%</b>	<b>3.39%</b>	<b>100.00%</b>
<b><u>Benchmarks</u></b>				
	<b><u>June 30, 2024</u></b>		<b><u>March 31, 2024</u></b>	
S&P GIP All 30 Day Gross Yield Index	5.47%		5.49%	
ICE BofA 1-3 Year U.S. Treasury Index	4.80%		4.72%	
ICE BofA 1-5 Year U.S. Treasury Index	4.65%		4.56%	

## Notes:

1. Market Values plus accrued interest as of June 30, 2024 and March 31, 2024 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.
3. Percentages and totals may not equal 100 due to rounding.

### Sector Allocation Analytics



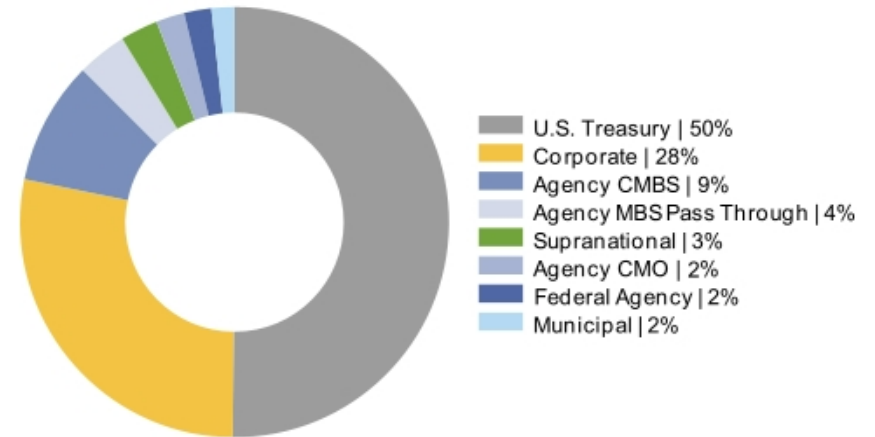
*For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.  
 \*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

### Consolidated Summary

#### Account Summary

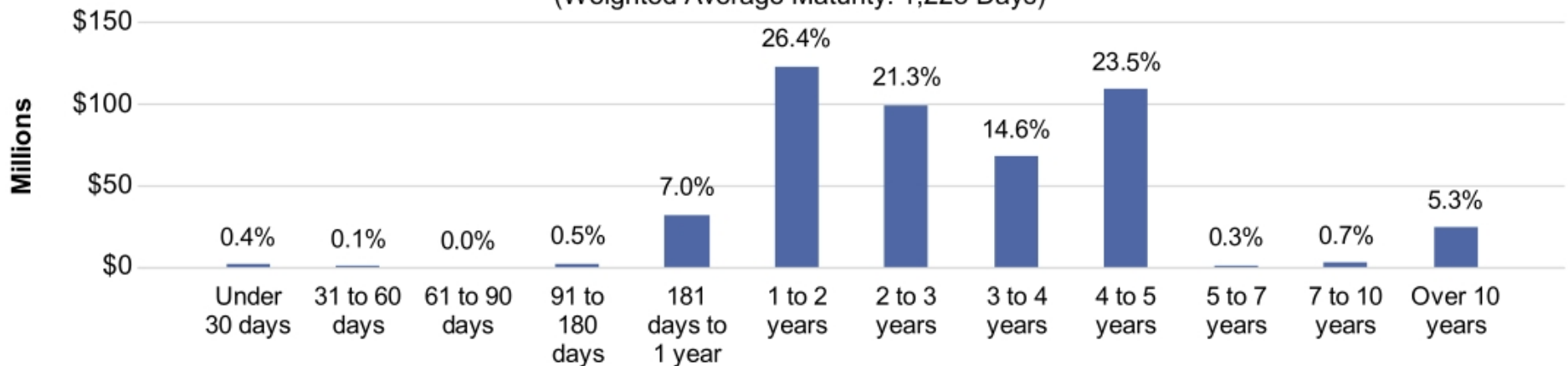
<b>PFMAM Managed Account</b>	\$466,819,149
<b>Total Program</b>	<b>\$466,819,149</b>

#### Sector Allocation



#### Maturity Distribution

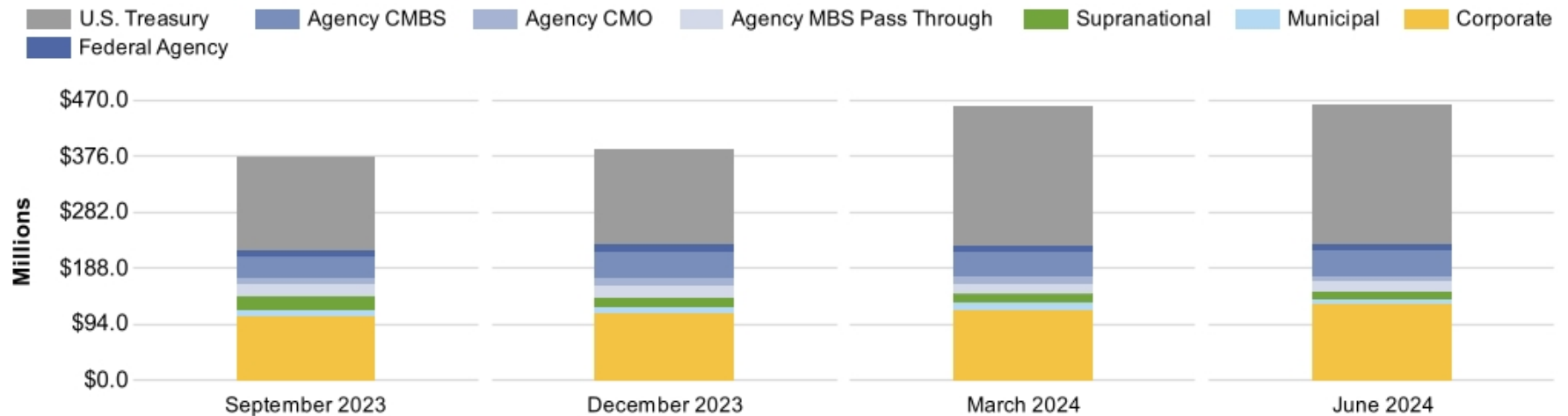
(Weighted Average Maturity: 1,228 Days)



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

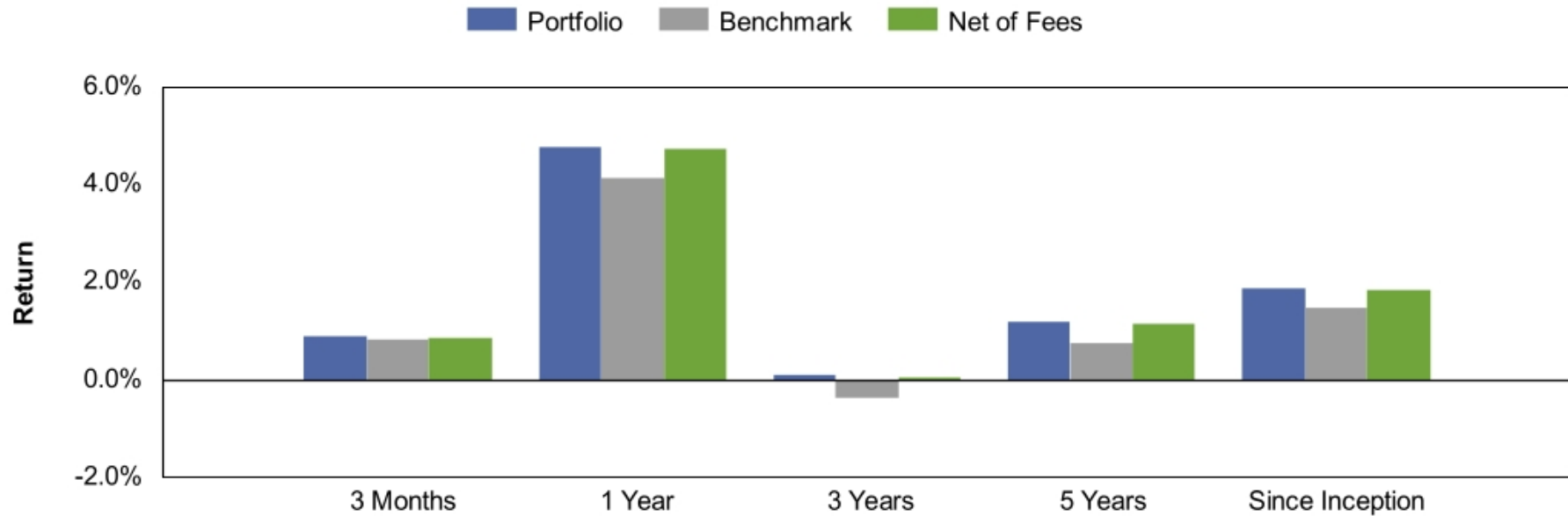
### Sector Allocation Review - CITY OF FORT LAUDERDALE - PFM

Security Type	Sep-23	% of Total	Dec-23	% of Total	Mar-24	% of Total	Jun-24	% of Total
U.S. Treasury	\$151.8	40.7%	\$159.3	40.9%	\$230.8	50.1%	\$232.4	50.1%
Federal Agency	\$11.7	3.2%	\$10.8	2.8%	\$9.0	2.0%	\$9.5	2.1%
Agency CMBS	\$33.9	9.1%	\$46.0	11.8%	\$43.8	9.5%	\$43.1	9.3%
Agency CMO	\$11.2	3.0%	\$11.1	2.9%	\$10.5	2.3%	\$10.0	2.2%
Agency MBS Pass Through	\$19.3	5.2%	\$19.3	5.0%	\$18.3	4.0%	\$17.3	3.7%
Supranational	\$24.0	6.4%	\$15.9	4.1%	\$15.9	3.5%	\$13.1	2.8%
Municipal	\$12.3	3.3%	\$11.8	3.0%	\$11.9	2.6%	\$8.1	1.8%
Corporate	\$108.4	29.1%	\$114.6	29.5%	\$119.6	26.0%	\$129.6	28.0%
<b>Total</b>	<b>\$372.7</b>	<b>100.0%</b>	<b>\$388.8</b>	<b>100.0%</b>	<b>\$459.8</b>	<b>100.0%</b>	<b>\$463.1</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

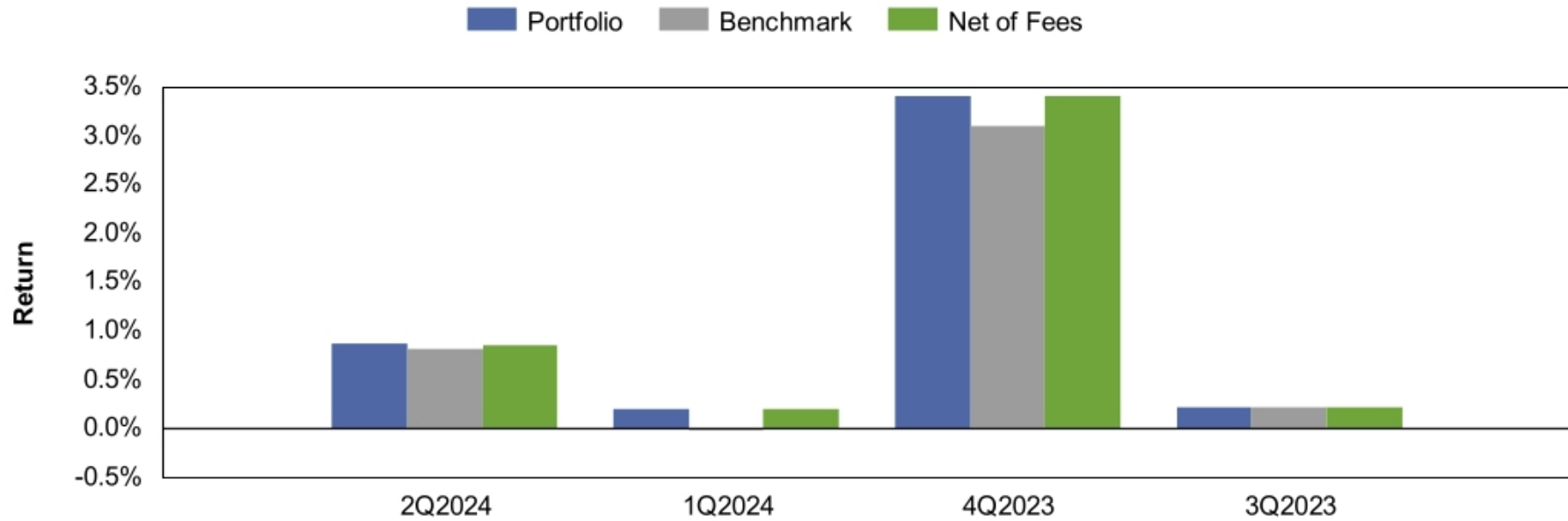


Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$3,515,581	\$11,043,526	\$24,312,419	\$38,070,713	\$43,030,345
Change in Market Value	\$550,494	\$7,769,881	(\$22,002,669)	(\$18,400,986)	(\$9,449,221)
<b>Total Dollar Return</b>	<b>\$4,066,075</b>	<b>\$18,813,407</b>	<b>\$2,309,750</b>	<b>\$19,669,727</b>	<b>\$33,581,124</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	0.88%	4.79%	0.10%	1.20%	1.89%
Benchmark <sup>4</sup>	0.82%	4.16%	-0.35%	0.76%	1.49%
<b>Basis Point Fee</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.05%</b>	<b>0.06%</b>	<b>0.06%</b>
<b>Net of Fee Return</b>	<b>0.87%</b>	<b>4.74%</b>	<b>0.04%</b>	<b>1.14%</b>	<b>1.83%</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 BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg.



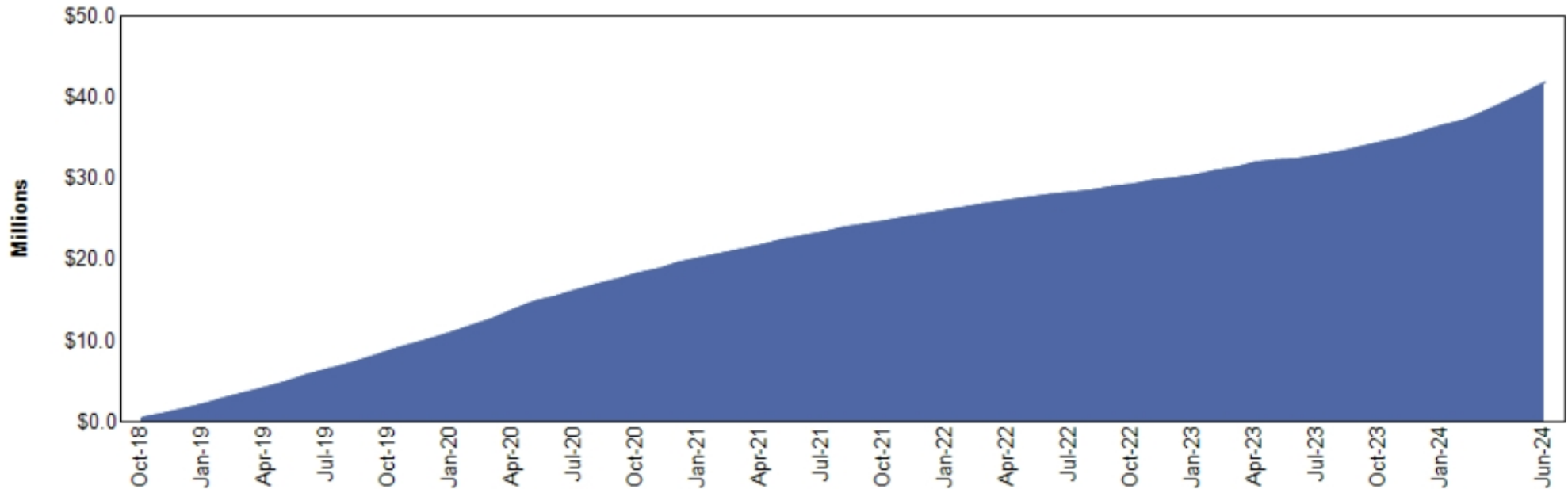
### Portfolio Performance



Market Value Basis Earnings	2Q2024	1Q2024	4Q2023	3Q2023
Interest Earned <sup>1</sup>	\$3,515,581	\$2,782,300	\$2,509,053	\$2,236,592
Change in Market Value	\$550,494	(\$1,854,867)	\$10,442,676	(\$1,368,422)
<b>Total Dollar Return</b>	<b>\$4,066,075</b>	<b>\$927,433</b>	<b>\$12,951,729</b>	<b>\$868,170</b>
<b>Total Return<sup>2</sup></b>				
Portfolio	0.88%	0.21%	3.42%	0.23%
Benchmark <sup>3</sup>	0.82%	-0.02%	3.10%	0.23%
<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>0.87%</b>	<b>0.20%</b>	<b>3.41%</b>	<b>0.22%</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 BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg.

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



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$3,515,581	\$11,043,526	\$24,312,419	\$38,070,713	\$43,030,345
Realized Gains / (Losses) <sup>3</sup>	(\$522,130)	(\$3,131,669)	(\$5,238,234)	(\$652,573)	(\$309,217)
Change in Amortized Cost	\$684,583	\$1,527,783	(\$132,760)	(\$1,394,664)	(\$819,759)
<b>Total Earnings</b>	<b>\$3,678,034</b>	<b>\$9,439,639</b>	<b>\$18,941,425</b>	<b>\$36,023,476</b>	<b>\$41,901,369</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.