

Fort Lauderdale Cemetery

As of December 31, 2022

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Executive Summary

Performance Summary as of December 31, 2022

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.03	-3.94	9.76	-18.36	-18.36
S&P 500	-0.11	-5.76	7.56	-18.11	-18.11
MSCI EAFE (net)	0.06	0.08	17.34	-14.45	-14.45
MSCI Emerging Markets (net)	0.30	-1.41	9.70	-20.09	-20.09
Dow Jones Industrials	-0.17	-4.09	16.01	-6.86	-6.86
Bloomberg Commodity Index	0.31	-2.45	2.22	16.09	16.09
Bloomberg Aggregate	-0.65	-0.45	1.87	-13.01	-13.01
ICE BofA US High Yield	-0.97	-0.76	3.98	-11.22	-11.22
Bloomberg Municipal Bond Blend 1-15 Year	-0.13	0.47	3.59	-5.95	-5.95
ICE BofA Global Government xUS (USD Unhedged)	-0.18	1.02	7.28	-21.70	-21.70
ICE BofA Global Government xUS (USD Hedged)	-0.56	-2.61	-0.55	-11.62	-11.62
JP Morgan EMBI Global Diversified	-0.59	0.33	8.11	-17.78	-17.78

Rates (%)	12/30/22	9/30/22	6/30/22	3/31/22	12/31/21
Fed Funds Target	4.50	3.25	1.75	0.50	0.25
Libor, 3-Month	4.76	3.75	2.28	0.96	0.20
T-Bill, 3-Month	4.41	3.23	1.64	0.51	0.05
2-Year Treasury	4.41	4.20	2.93	2.28	0.72
5-Year Treasury	4.00	4.03	3.00	2.42	1.26
10-Year Treasury	3.87	3.79	2.97	2.32	1.51
30-Year Treasury	3.96	3.76	3.12	2.45	1.90
Bloomberg Aggregate (YTW)	4.68	4.75	3.72	2.92	1.75
Bloomberg Municipal Bond Blend 1-15 Year	3.18	3.73	2.82	2.36	0.87
ICE BofA US High Yield	8.95	9.58	8.93	6.02	4.31
Currencies	12/30/22	9/30/22	6/30/22	3/31/22	12/31/21
Euro (\$/€)	1.07	0.98	1.05	1.11	1.14
Yen (¥/\$)	131.95	144.75	135.86	121.37	115.16
Pound (\$/£)	1.20	1.12	1.21	1.32	1.35
Commodities	12/30/22	9/30/22	6/30/22	3/31/22	12/31/21
Crude Oil (WTI)	80.26	79.49	105.76	100.28	75.21
Gold	1,826	1,672	1,807	1,954	1,829
Volatility	12/30/22	9/30/22	6/30/22	3/31/22	12/31/21
CBOE VIX	21.67	31.62	28.71	20.56	17.22

U.S. style % total returns (S&P indexes)					
Week			YTD		
Value	Core	Growth	Value	Core	Growth
0.27	-0.11	-0.46	-5.22	-18.11	-29.41
0.30	-0.13	-0.54	-6.93	-13.06	-18.96
0.16	-0.20	-0.54	-11.04	-16.10	-21.08



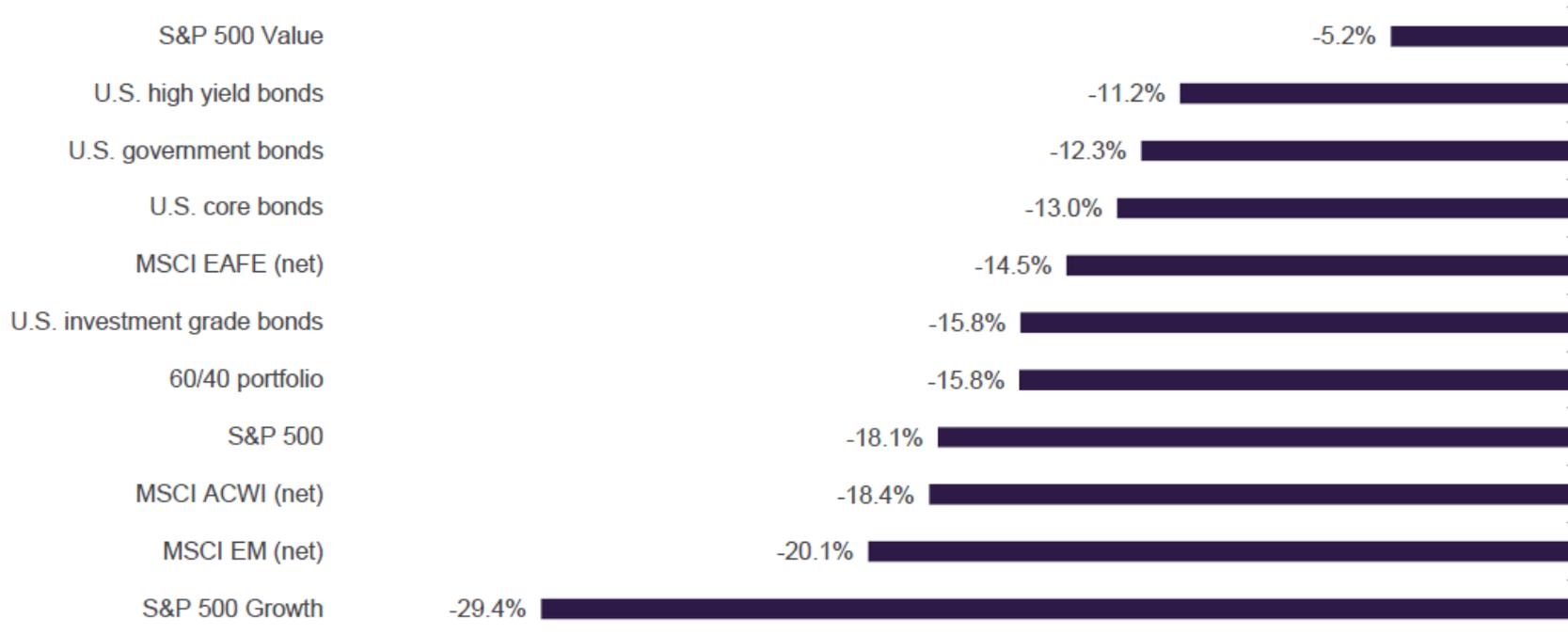
Data Source: Truist IAG, FactSet.

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2022 Review: Asset classes were broadly down throughout the year

Select asset class total return in 2022

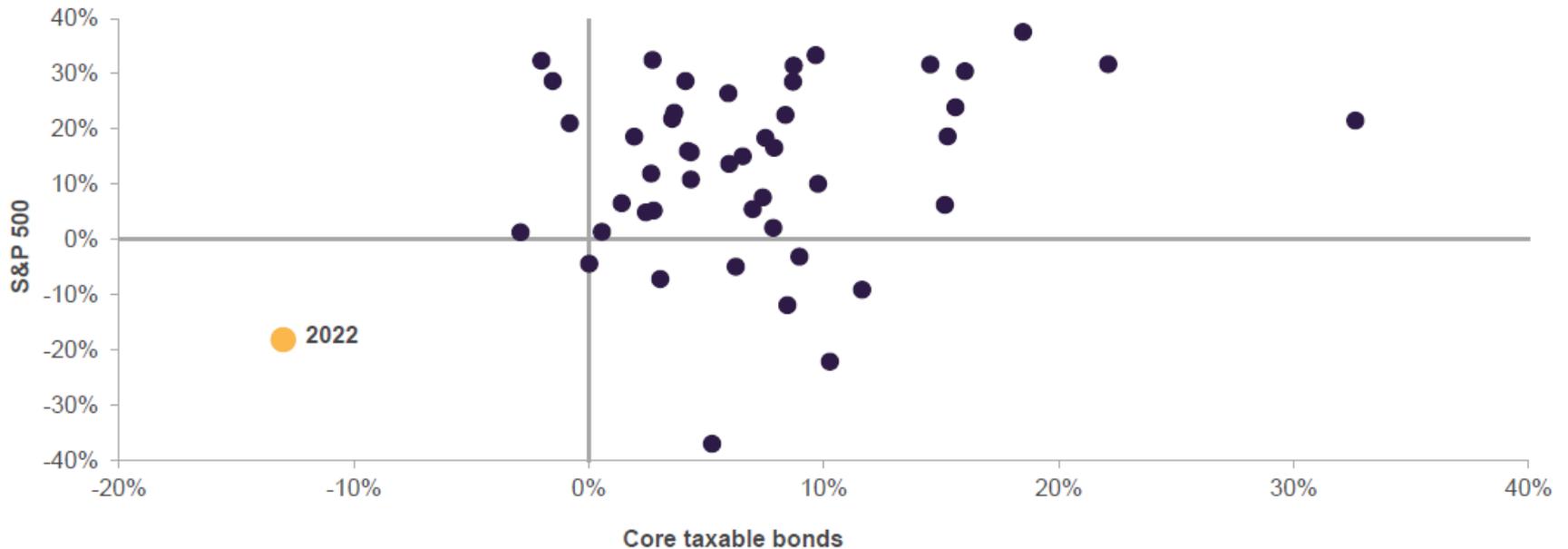


2022 is the only year since 1976 to see stocks and bonds decline together

- The Fed's most aggressive tightening cycle in 40 years to combat inflation weighed heavily on both stocks and bonds

OUR TAKE: Markets now at a better starting point for long-term investors

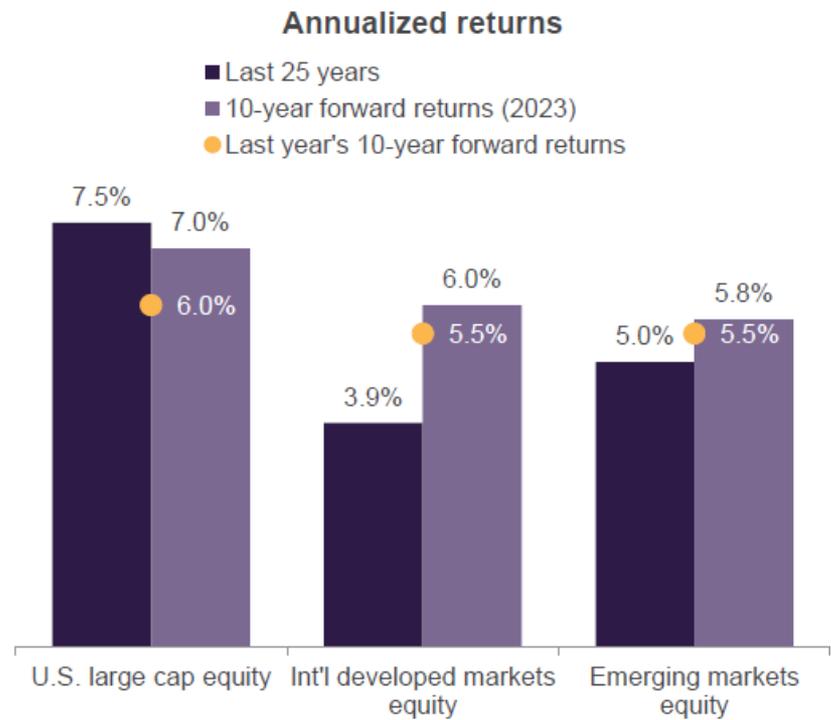
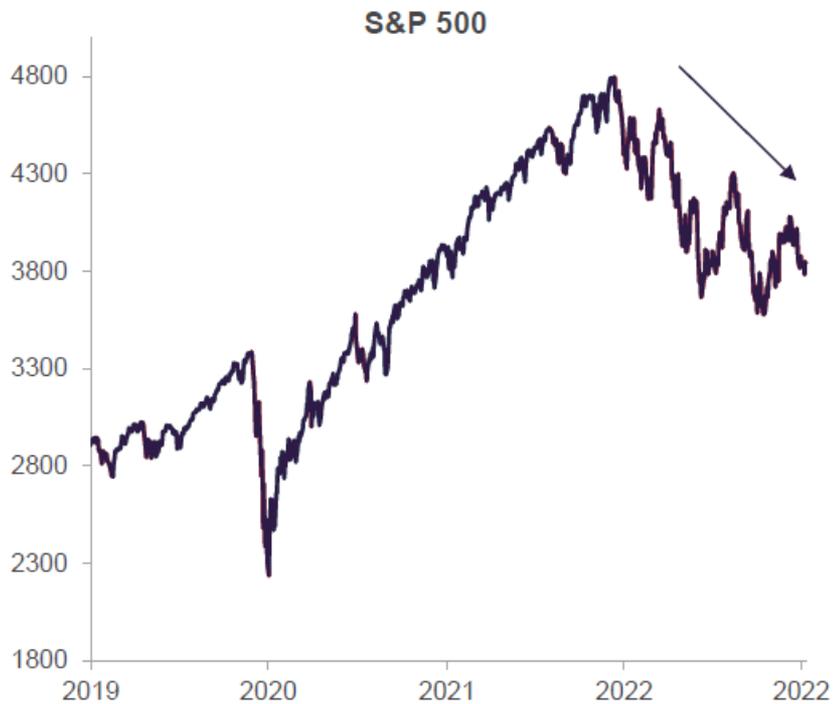
Annual stock and bond total returns (1976-2022)



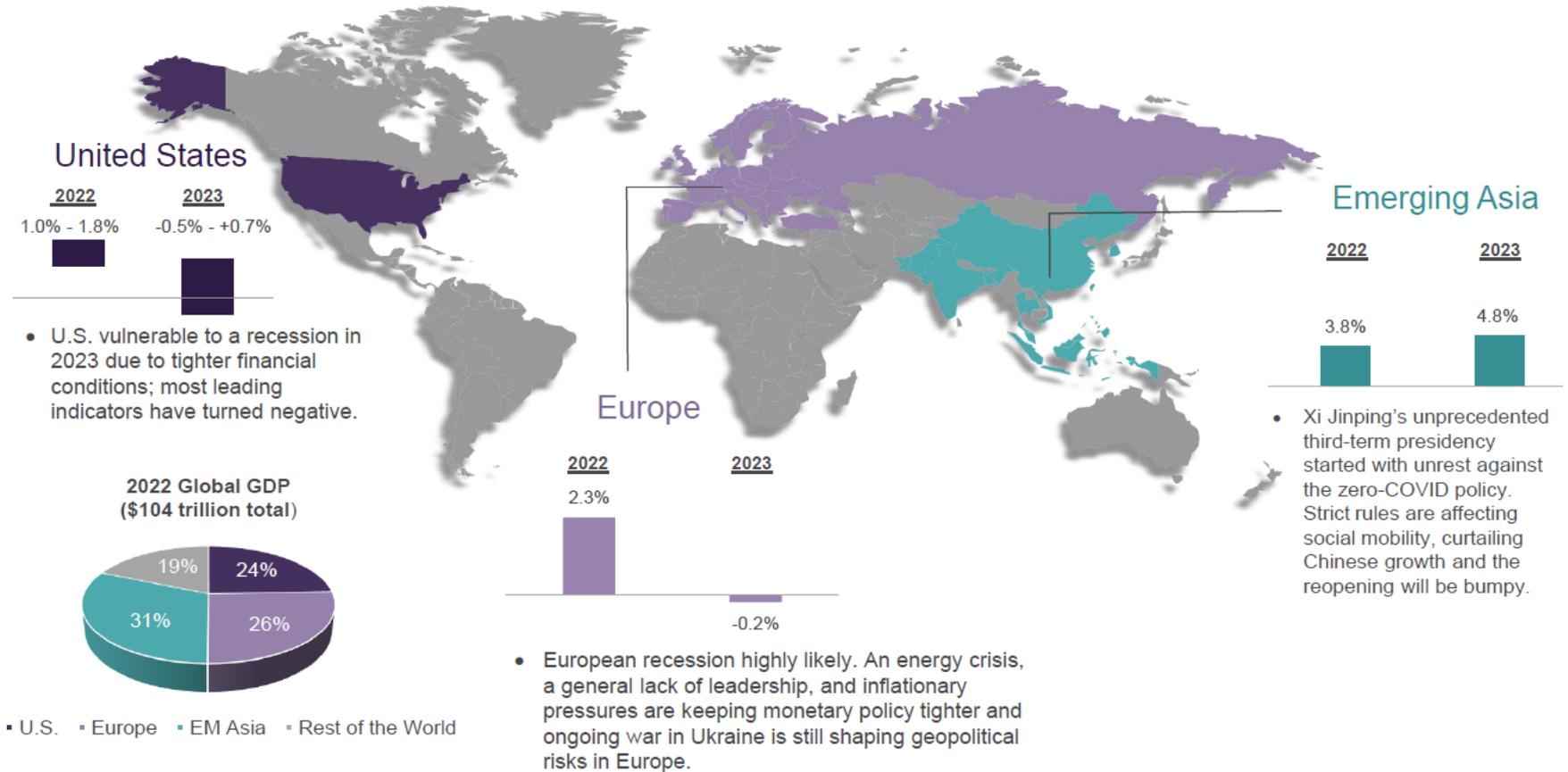
Better starting points for long-term investors but expect near-term challenges

- After 2022's stock market selloff, better starting points provide a silver lining; expect the near-term to remain challenging

OUR TAKE: Stocks are down double-digit from their high, but our forward-looking returns are now higher following the selloff



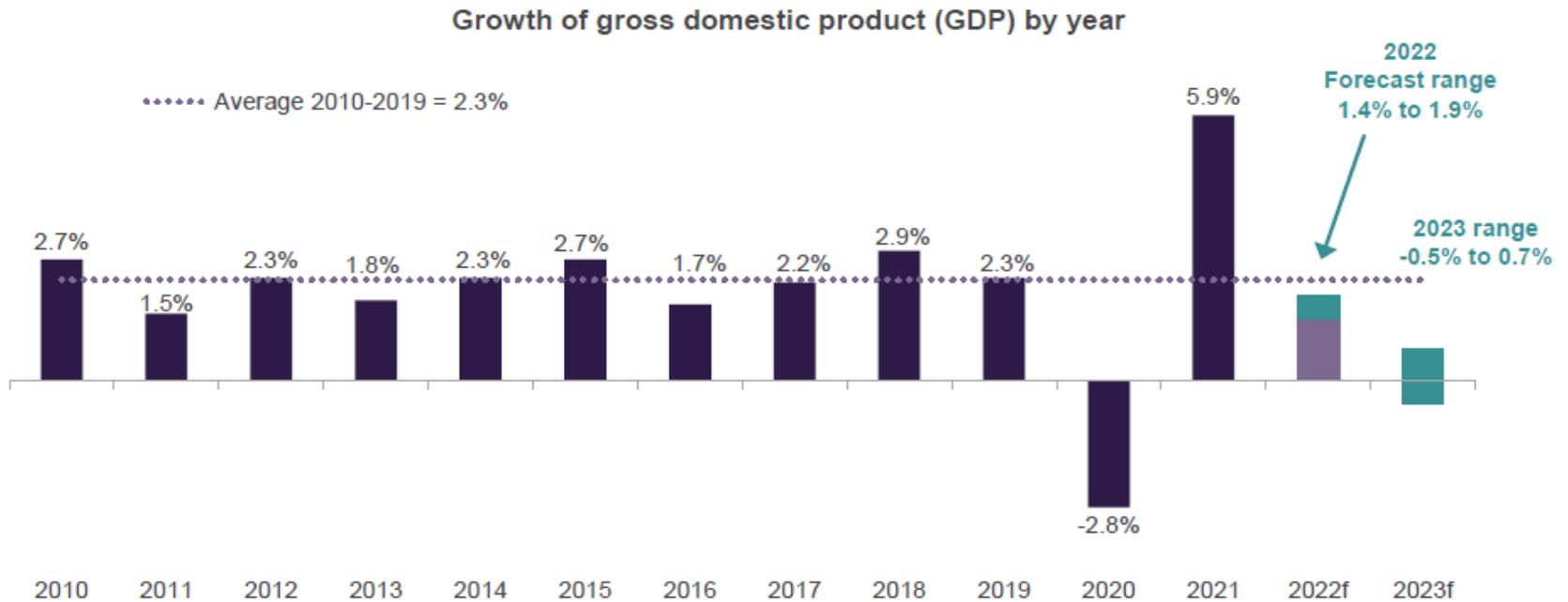
Global growth – Many countries feeling recessionary pressures



U.S. economy: Tightening financial conditions weigh on growth

- Financial conditions have quickly tightened as the Fed has dramatically increased interest rates to combat inflation

OUR TAKE: Expect slower growth through at least 2023; making U.S. vulnerable to a recession within the next year



U.S. recession risks for next 12 months have risen sharply

- Below are some of the most common recession flags and their current status
- Relative to earlier this year, majority of these flags now signaling a higher probability of recession in next 12-months

Select indicators	Recession condition flag	1Q22	2Q22	4Q22
Yield curve (3M/10Yr Treasuries)	Inversion (3-month yield greater than 10-year)	●	●	●
Intermediate yield curve (2/10Yr)	Inversion (2-year yield greater than 10-year)	●	●	●
Change in Fed funds rate	Year-over-year increase with a 12-month lag	●	●	●
Credit spreads	Increases for 3 months in a row	●	●	●
ISM Manufacturing Index	Activity contracts for 3 months in a row	●	●	●
New building permits	Year-over-year declines > 9% for 3 months	●	●	●
Leading Economic Indicators	Declines four consecutive months	●	●	●
Unemployment rate	Increases for 3 months in a row	●	●	●
Weekly jobless claims	Year-over-year increase greater than 20%	●	●	●
Crude oil	Year-over-year increase greater than 50%	●	●	●



Market Outlook: Risks and rewards / challenges and opportunities

Global Economy: Fading growth / easing inflation

- Many countries, including the U.S., are set to experience recessionary pressures as supersized rate hikes of 2022 start to take stronger hold, though directional shifts in Ukraine crisis, European energy dynamics, and China's reopening have conflicting implications
- Slowing economic growth should result in easing pockets of inflation, albeit remaining above pre-pandemic levels and the Fed's target
- ***Our take: The post-pandemic backdrop is unprecedented, and the historical playbook may be challenged. The path for a soft landing appears narrow given lagged effect of aggressive monetary policy***

Equity Markets: Choppy waters for a bit longer

- If the economy continues to weaken, as widely expected, that will likely put pressure on corporate profits and asset prices
- However, if the economy stays stronger, supported by the consumer and the labor market, that will likely keep wage inflation firmer and, as such, keep the Fed's monetary policy tighter for longer
- ***Our take: Continued macro challenges expected to keep pressure on risk/reward outcomes with potential headwinds for investors near-term. Our focus is on potential catalysts for market trajectory***

Fixed Income: Providing portfolio ballast again

- Significantly higher interest rates in 2022 resulted in a historically sharp decline in fixed income returns but also provided attractive yields
- ***Our take: Looking forward, the resulting higher yields for bonds means that fixed income is now more capable of providing critical income and portfolio stability again; maintain high quality focus***

Our Focus for 2023

While 2022 was one of the most challenging years in history for capital markets, we now see the potential for opportunities amid choppiness in 2023

Maintain *diversification*

Recession risk is elevated but correlation among asset classes is evolving with meaningful implications for portfolio allocations

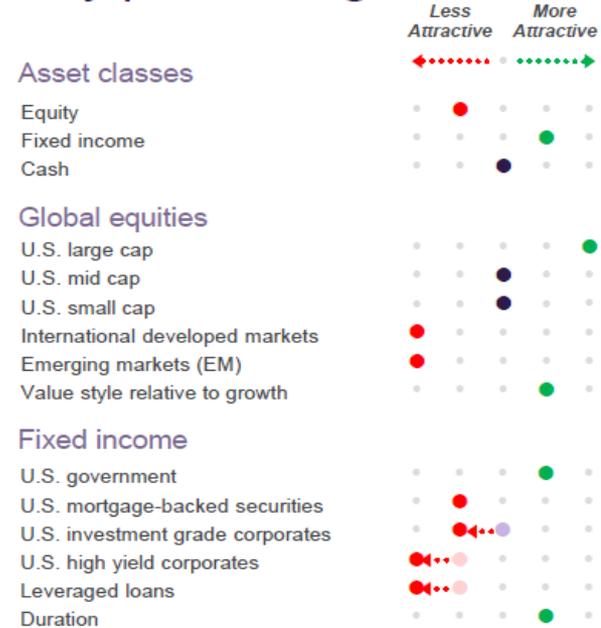
Remain *tactical*

The historical playbook may be challenged, and a wide range of potential outcomes persists

Look for *catalysts*

We expect volatile markets that will provide investment opportunities following the reset in asset valuations

Key positioning



Key forecasted ranges

U.S. GDP	-0.5%	to	+0.7%
S&P 500	3400	to	4300
10-year U.S. Treasury	2.75%	to	4.25%
Fed funds rate (year end)	4.50%	to	4.75%

Wide ranges are not year-end targets.

- Instead, they are *used to guide tactical allocation* given our expectation for wide price swings.
- For example, our initial estimated 2023 S&P 500 range is 3400 to 4300 relative to the November closing level of 4080. This is *consistent with the average annual spread of 27% between a market high and low* since 1950.

Investment Review

Activity Summary

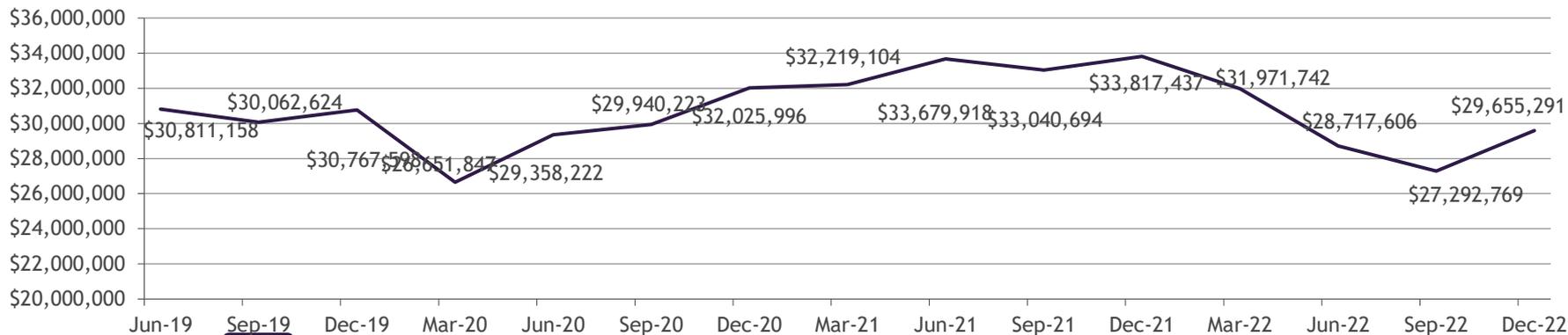
Quarterly

Period Ending December 31, 2022	
Beginning Market Value	\$27,292,769
Beginning Accrued Income	\$75,063
Beginning Portfolio Value	\$27,367,832
Contributions	\$546,917
Withdrawals	(\$169,102)
Gain (Loss)	\$1,564,729
Interest and Dividends	\$344,915
Net Accrued Income	(\$16,799)
Ending Market Value	\$29,597,028
Ending Accrued Income	\$58,264
Ending Portfolio Value	\$29,655,291

Year to Date

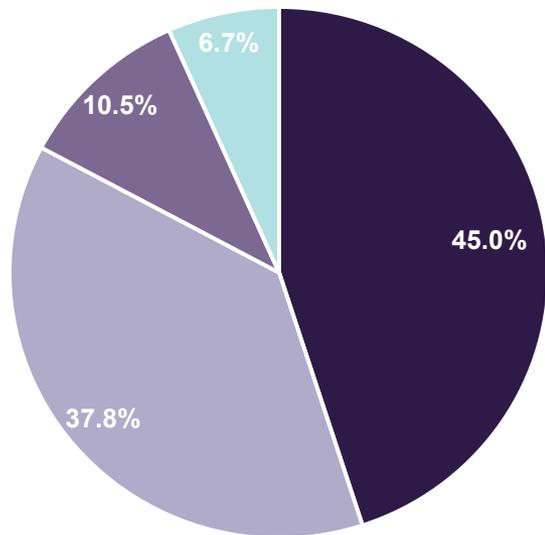
Period Ending December 31, 2022	
Beginning Market Value	\$33,817,437
Beginning Accrued Income	\$48,041
Beginning Portfolio Value	\$33,865,478
Contributions	\$1,060,333
Withdrawals	(\$1,010,553)
Gain (Loss)	(\$5,181,567)
Interest and Dividends	\$921,601
Net Accrued Income	\$10,223
Ending Market Value	\$29,597,028
Ending Accrued Income	\$58,264
Ending Portfolio Value	\$29,655,291

Quarterly Market Value Trends



Excludes accrued income.
Source: First Rate Advisor

Foundations and Endowments Specialty Practice
Portfolio Composition



- Domestic Equity
- Fixed Income
- Cash
- International Equity



Period Ending December 31, 2022						
	Vehicle	Current Market Value	Current Allocation	Prior Qtr Allocation	IPS Ranges	Expense Ratio
Total Portfolio		\$29,655,291	100.0%	100.0%		0.13%
Total Equities		\$15,347,803	51.7%	50.9%	40-60%	
Large Cap Equities		\$10,732,139	36.3%	35.5%		
iShares DJ Select Dividend	ETF	\$2,295,018	7.7%	7.5%		0.35%
Vanguard Institutional Index	MF	\$2,238,698	7.7%	7.7%		0.04%
iShares Core High Dividend	ETF	\$1,458,005	4.9%	4.7%		0.08%
Vanguard Value Index- Admiral	MF	\$1,828,381	6.2%	5.9%		0.05%
Vanguard Russell 1000 Growth ETF	MF	\$1,079,801	3.6%	3.9%		0.08%
SPDR S&P Dividend	ETF	\$1,832,236	6.2%	6.0%		0.35%
Smid Cap Equities		\$860,291	2.9%	3.1%		
Eaton Vance Atlanta Capital SMID-Cap R6	MF	\$860,291	2.9%	3.1%		0.04%
Small Cap Equities		\$937,882	3.2%	3.2%		
iShares Core S&P Small-Cap	ETF	\$937,882	3.2%	3.2%		0.06%
Real Estate		\$804,830	2.7%	2.8%		
SPDR Dow Jones REIT	MF	\$804,830	2.7%	2.8%		0.25%
International Equities		\$2,012,661	6.7%	6.3%	0-10%	
iShares Core MSCI EAFE ETF	ETF	\$1,334,937	4.5%	4.2%		0.07%
Artisan International Value Instl	MF	\$677,724	2.2%	2.2%		1.02%
Total Fixed Income		\$11,199,660	37.8%	41.2%	40-60%	
Corporate Obligations	MA	\$2,878,916	9.7%	11.1%		0.00%
Foreign Bonds	MA	\$288,647	1.0%	1.0%		0.00%
U.S. Govt Bds	MA	\$473,518	1.6%	1.7%		0.00%
DFA Intermediate Govt Fixed-Income I		\$1,099,182	3.7%	0.0%		0.12%
Western Asset Core Plus Bond IS	MF	\$1,694,018	5.7%	6.1%		0.42%
Vanguard Total Bond Market	MF	\$4,762,898	16.1%	15.8%		0.04%
Neuberger Berman High Income	MF	\$2,309	0.0%	3.9%		0.69%
Vanguard Short Term Bond	MF	\$171	0.0%	1.5%		0.05%
Total Cash Equivalents		\$3,107,829	10.5%	7.9%	0-25%	

Portfolio Yield	2.761%
Estimated Annual Income	\$817,214.35

Investment Performance

Period Ending December 31, 2022							
Account	1 Month	3 Months	YTD / 1 Year	3 Years	5 Years	10 Years	Inception to Date
Total Portfolio	-2.38%	6.95%	-12.70%	1.57%	3.01%	5.41%	5.73%
Total Portfolio (Net of Fees)	-2.40%	6.88%	-12.92%	1.32%	2.75%	5.10%	5.41%
<i>Policy Benchmark*</i>	-2.50%	5.52%	-15.31%	1.56%	3.70%	5.76%	5.81%
Total Equities	-4.06%	11.65%	-14.20%	5.17%	5.79%	9.35%	8.84%
Domestic Equities	-4.46%	10.74%	-13.64%	5.79%	6.74%	10.15%	9.63%
<i>S&P 500</i>	-5.76%	7.56%	-18.11%	7.66%	9.42%	12.56%	12.21%
<i>DJ US Select Dividend</i>	-3.05%	13.77%	2.31%	8.89%	8.38%	11.92%	12.02%
<i>Russell Mid Cap</i>	-5.40%	9.18%	-17.32%	5.88%	7.10%	10.96%	10.53%
<i>Russell 2000</i>	-6.49%	6.23%	-20.44%	3.10%	4.13%	9.01%	8.66%
International Equities - Developed	-1.33%	18.12%	-17.34%	5.47%	2.16%	--	--
<i>MSCI EAFE</i>	0.08%	17.34%	-14.45%	0.87%	1.54%	4.67%	4.06%
Total Fixed Income	-0.67%	2.31%	-12.50%	-2.96%	-0.18%	1.39%	2.61%
<i>Bloomberg Barclays Aggregate</i>	-0.45%	1.87%	-13.01%	-2.71%	0.02%	1.06%	1.58%
Total Short Term	0.34%	0.88%	1.54%	0.63%	1.13%	0.66%	0.58%

*Policy Benchmark consists of 38% S&P 500, 12% MSCI ACWI ex US, 50% Bloomberg Barclays Aggregate.
 Inception begins August 1, 2011
 Returns greater than one year are annualized
 Source: First Rate Advisor

Manager Performance

Period Ending December 31, 2022								
Assets	Ticker Symbol	1 Month	3 Months	YTD / 1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
Large Cap Equities								
Vanguard Russell 1000 Growth ETF	VONG	-7.65%	2.19%	-29.18%	7.70%	10.87%	13.98%	0.08%
<i>Russell 1000 Growth</i>		-7.66%	2.20%	-29.14%	7.79%	10.96%	14.10%	--
Vanguard Value Index Adm	VVIAX	-3.37%	14.66%	-2.08%	8.21%	8.56%	11.91%	0.05%
iShares Core High Dividend ETF	HDV	-2.68%	15.44%	7.06%	6.13%	6.91%	9.78%	0.08%
<i>Russell 1000 Value</i>		-4.03%	12.42%	-7.54%	5.96%	6.67%	10.29%	--
SPDR S&P Dividend	SDY	-4.01%	13.09%	-0.51%	8.28%	8.78%	12.04%	0.35%
iShares Dow Jones Select Dividend	DVY	-3.08%	13.65%	1.92%	8.46%	7.96%	11.49%	0.38%
<i>Dow Jones US Select Dividend</i>		-3.05%	13.77%	2.31%	8.89%	8.38%	11.92%	--
Vanguard Institutional Index	VINIX	-5.77%	7.55%	-18.14%	7.64%	9.40%	12.53%	0.04%
<i>S&P 500</i>		-5.76%	7.56%	-18.11%	7.66%	9.42%	12.56%	--
Smid Cap Equities								
Eaton Vance Atlanta Capital SMID-Cap R6	ERASX	-5.77%	7.55%	-18.14%	7.64%	9.40%	12.53%	0.04%
<i>Russell 2500</i>		-5.95%	7.43%	-18.37%	5.00%	5.89%	10.03%	--
Small Cap Equities								
iShares Core S&P Small-Cap	IJR	-6.72%	9.15%	-16.20%	5.70%	5.84%	10.78%	0.06%
<i>Russell 2000</i>		-6.49%	6.23%	-20.44%	3.10%	4.13%	9.01%	--

Source: Morningstar & First Rate Advisor

Manager Performance

Period Ending December 31, 2022								
Assets	Ticker Symbol	1 Month	3 Months	YTD / 1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
Real Estate								
SPDR Dow Jones REIT	RWR	-5.23%	4.70%	-26.12%	-1.60%	2.27%	5.48%	0.25%
<i>S&P United States REIT</i>		-5.14%	5.27%	-24.36%	0.02%	3.68%	6.37%	--
International Equities								
Artisan International Value Instl	APHKX	-0.59%	19.01%	-6.80%	5.86%	4.50%	7.69%	1.02%
<i>MSCI EAFE</i>		0.08%	17.34%	-14.45%	0.87%	1.54%	4.67%	--
iShares Core MSCI EAFE ETF	IEFA	-1.72%	17.96%	-15.13%	0.83%	1.53%	5.05%	0.07%
<i>MSCI EAFE IMI</i>		-1.36%	9.50%	-19.83%	-1.82%	-1.10%	1.64%	--
Fixed Income								
Vanguard Short-Term Bond Idx I	VBITX	-0.04%	1.07%	-5.52%	-0.71%	0.80%	0.91%	0.05%
<i>Barclays US 1-5Y GovCredit FlAdj TR USD</i>		0.05%	1.20%	-5.50%	-0.67%	0.85%	0.98%	--
DFA Intermediate Govt Fixed-Income I	DFIGX	-1.06%	0.59%	-13.12%	-2.81%	-0.13%	0.59%	0.12%
<i>Barclays US Government</i>		-0.50%	0.72%	-12.32%	-2.57%	-0.06%	0.60%	--
Vanguard Total Bond Market Index I	VBTIX	-0.60%	1.67%	-13.15%	-2.73%	0.01%	1.02%	0.04%
Western Asset Core Plus Bond IS	WAPSX	-1.10%	3.25%	-18.83%	-4.45%	-0.70%	1.58%	0.42%
<i>Bloomberg Barclays US Aggregate Bond</i>		-0.45%	1.87%	-13.01%	-2.71%	0.02%	1.06%	--
Neuberger Berman High Income	NHILX	-0.95%	3.91%	-11.72%	-0.60%	1.78%	3.18%	0.69%
<i>BofAML US High Yield Master II Constrained</i>		-0.75%	3.98%	-11.21%	-0.26%	2.10%	3.94%	--

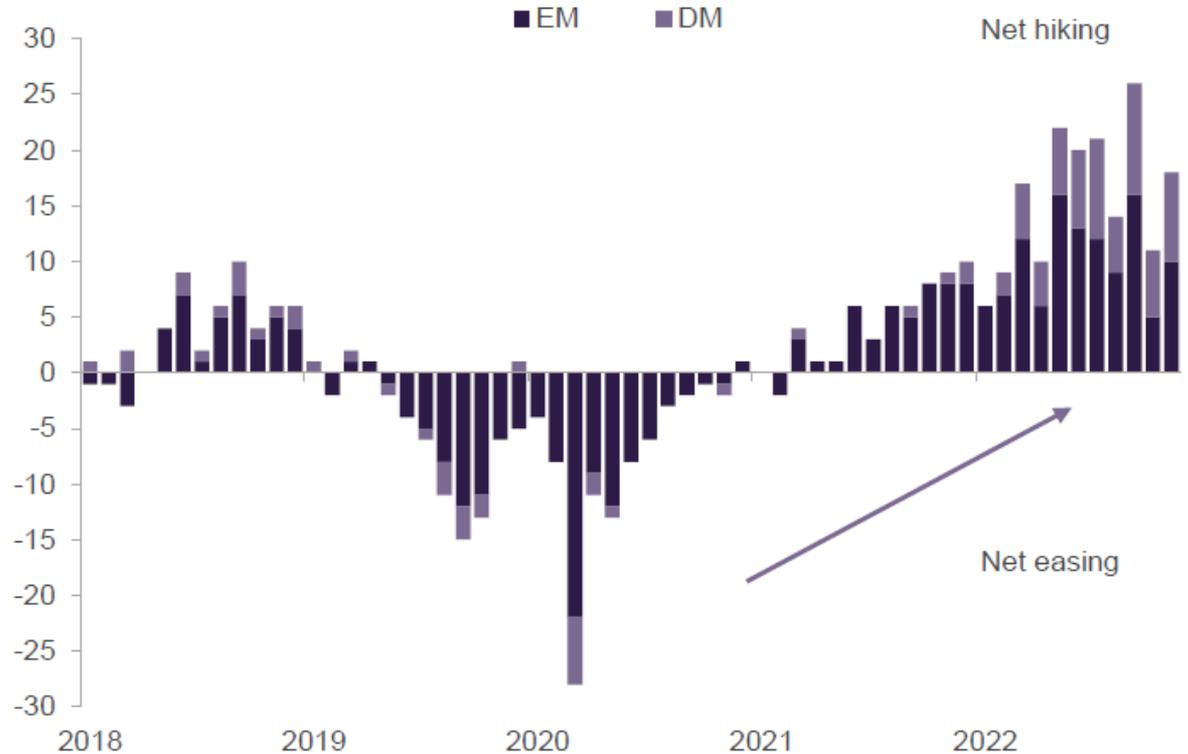
Source: Morningstar & First Rate Advisor

Market Review & Outlook

Aggressive global monetary tightening cycle to weigh on growth in 2023

OUR TAKE: *The underappreciated lagged effect from broad-based aggressive tightening is expected to keep pressure on the global economy*

Number of central banks hiking minus easing

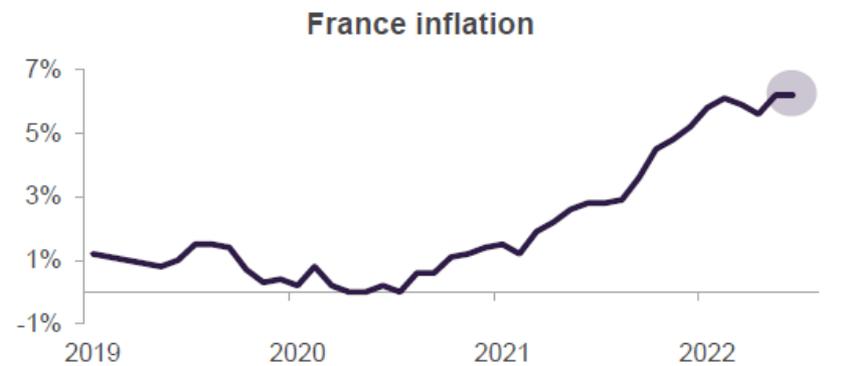
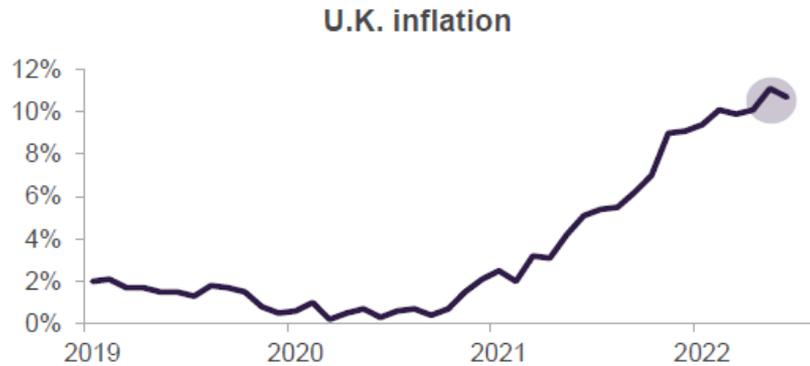
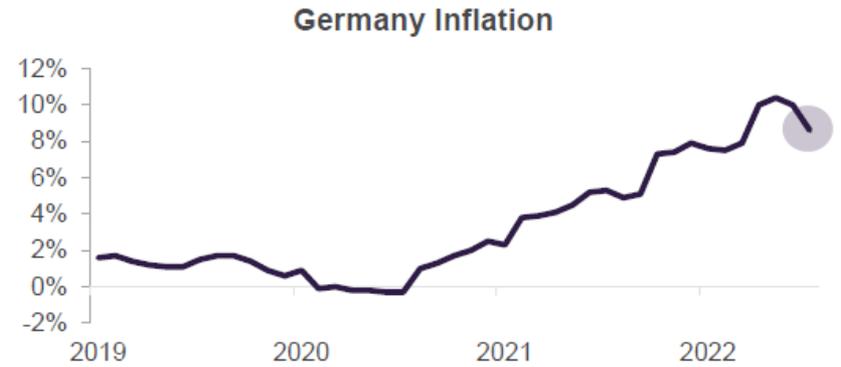
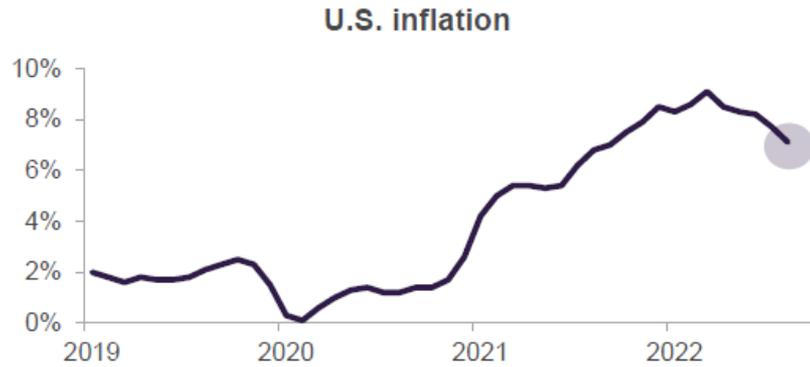


Global growth – Global manufacturing expected to weaken further

Manufacturing surveys – % of countries in expansion



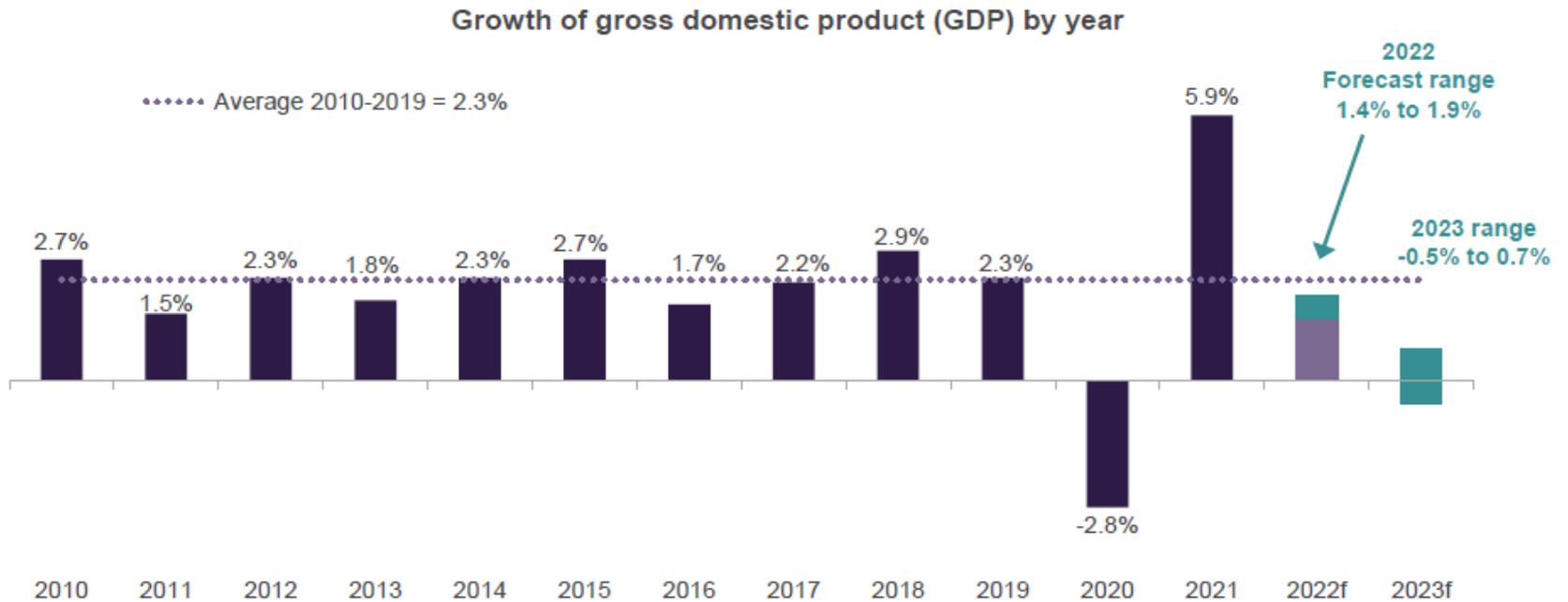
Global inflation elevated but should cool alongside fading economic growth



U.S. economy: Tightening financial conditions weigh on growth

- Financial conditions have quickly tightened as the Fed has dramatically increased interest rates to combat inflation

OUR TAKE: Expect slower growth through at least 2023; making U.S vulnerable to a recession within the next year

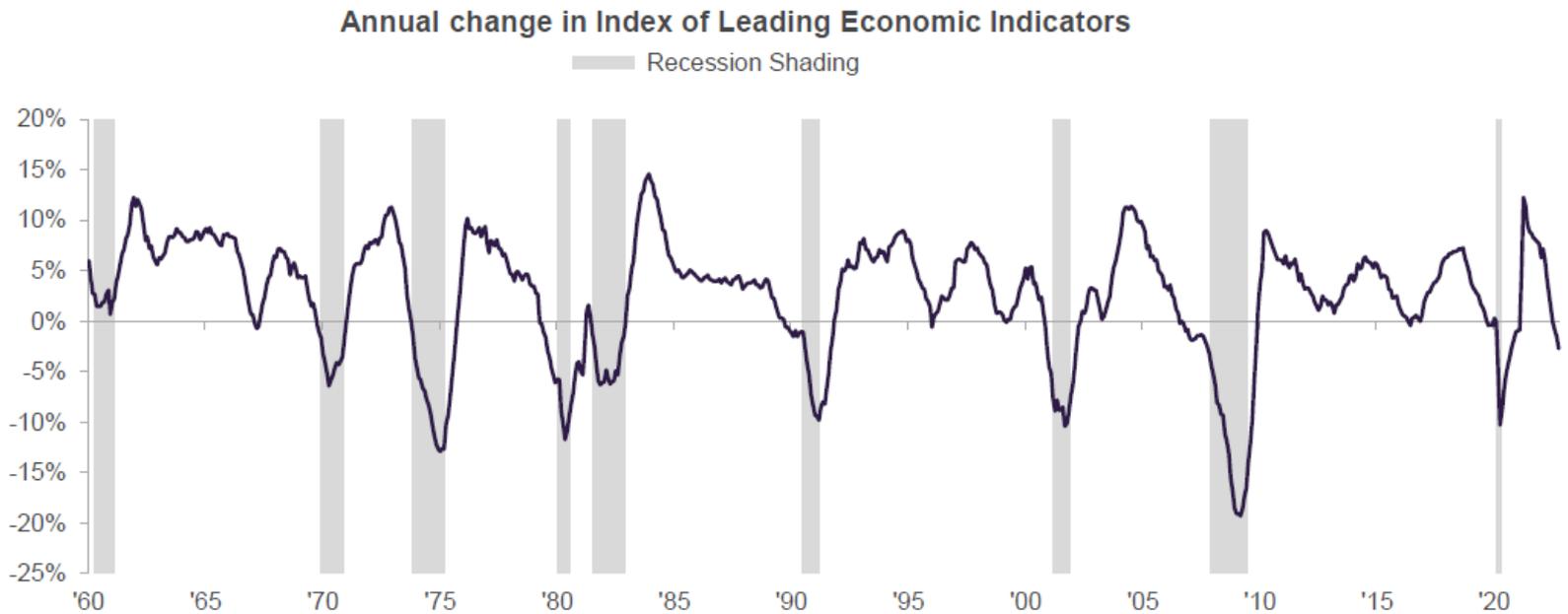


Leading indicators are flagging recessionary concerns

- Conference Board's Index of Leading Indicators (LEI) – a composite of 10 economic indicators that tend to lead turning points in the business cycle
- Over past eight recessions, on average, the LEI has peaked 12 months before the onset of a recession

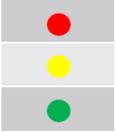
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●	<i>This measure is flashing red and is now negative on a year-over-year basis</i>
●	
●	



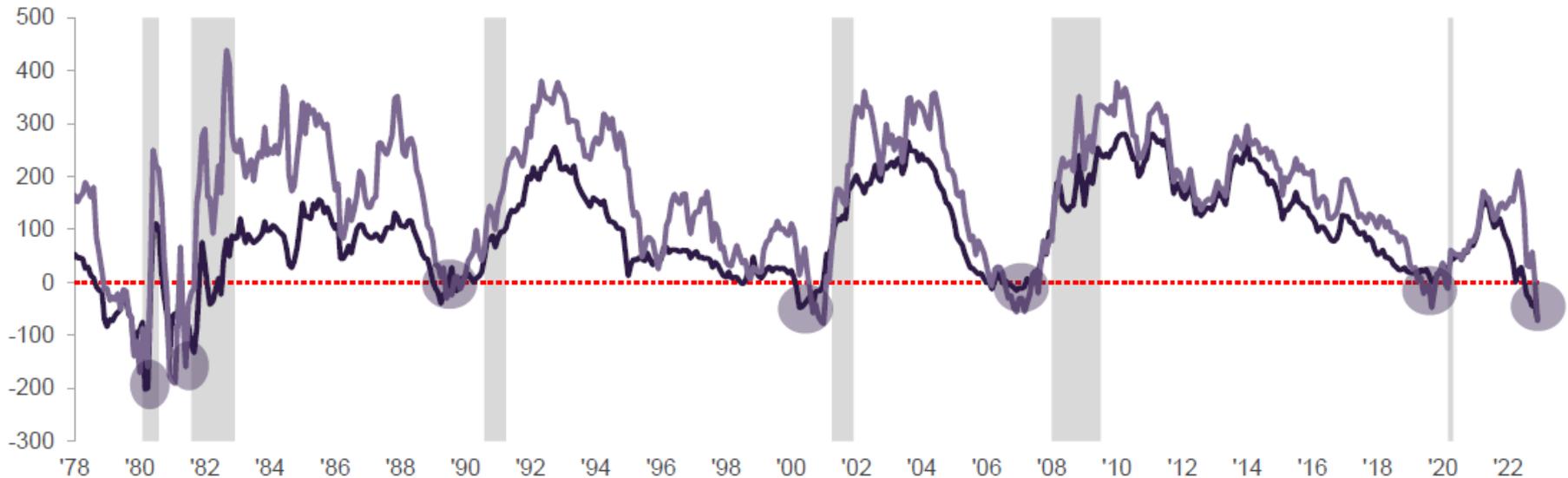
Yield curve inversions suggest elevated recession risk

- The 3-month/10-year yield curve, the Fed's preferred curve-gauge, inverted in late October for the first time this cycle
- The 2-year/10-year yield curve is enduring its deepest inversion since 1981

➔  *The yield curves are flashing red. On average, inverted yield curves have preceded the previous six recessions by roughly 16 months*

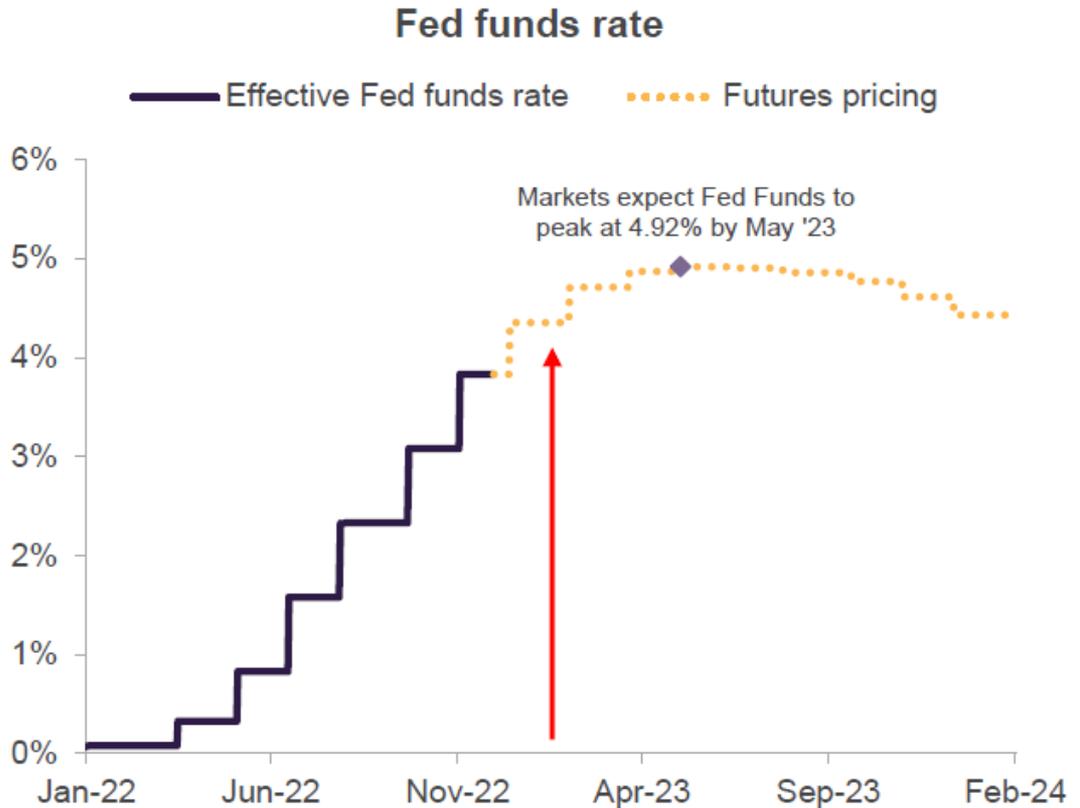
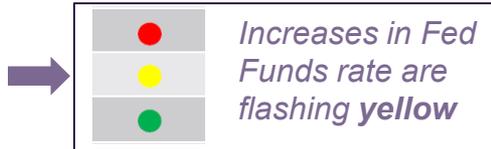
U.S. Treasury yield curves (basis points)

Recessions 2/10-year 3-month/10-year



Fed delivered aggressive rate hikes in 2022 to fight inflation

- The Fed increased its federal funds target rate to 4.00%-4.25% in 2022 from a starting point of 0%
- Fed is expected to raise the Fed Funds rate near 5% and then hold policy steady until inflation consistently moves lower



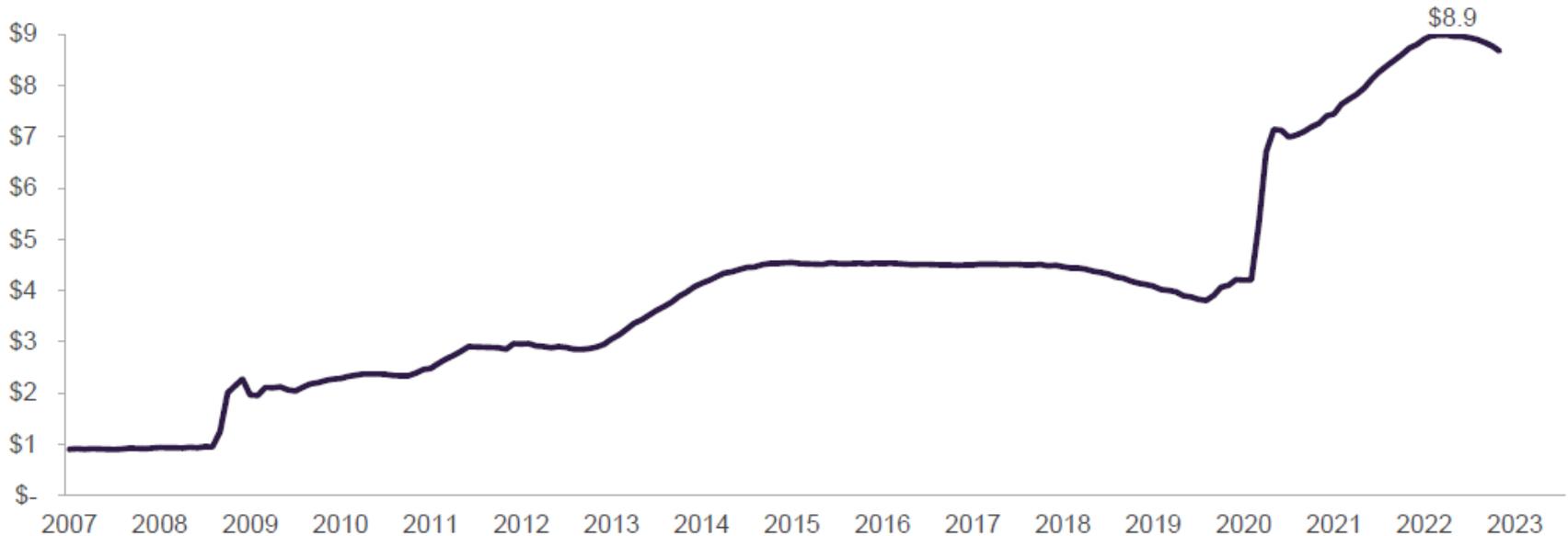
Fed to continue balance sheet reductions, removing outsized liquidity

- Fed officials are drawing down holdings in U.S. Treasuries and mortgage-backed securities by \$95 billion per month
- Fed's aggressive policy tightening throughout 2022 has led to the highest mortgage rates since 2000



Total Fed balance sheet holdings (in trillions)

— Total Fed balance sheet (\$)

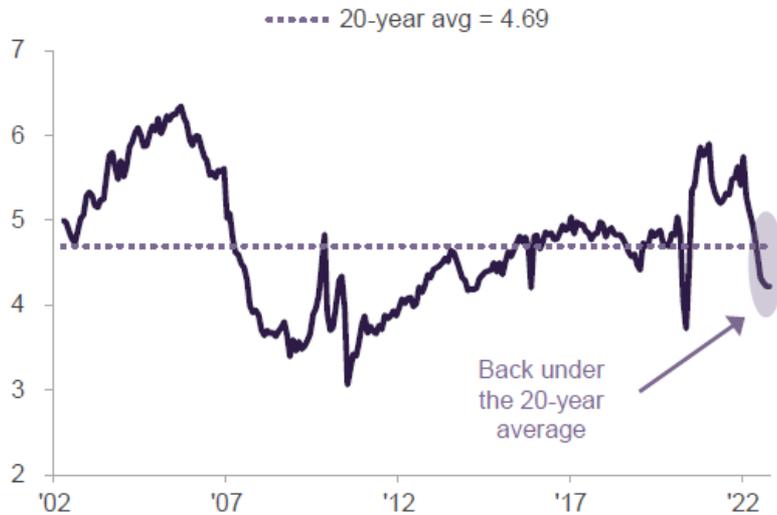


Higher rates are hitting housing – sales and prices slipping

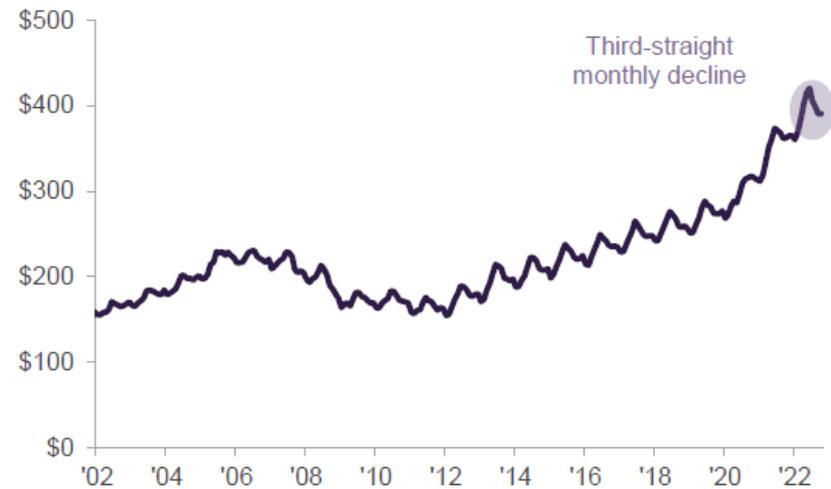
➔

●	Areas of the housing market are flashing red
●	
●	

Existing single-family home sales (units in millions, SAAR)



Median sales price of existing single-family homes (in thousands)



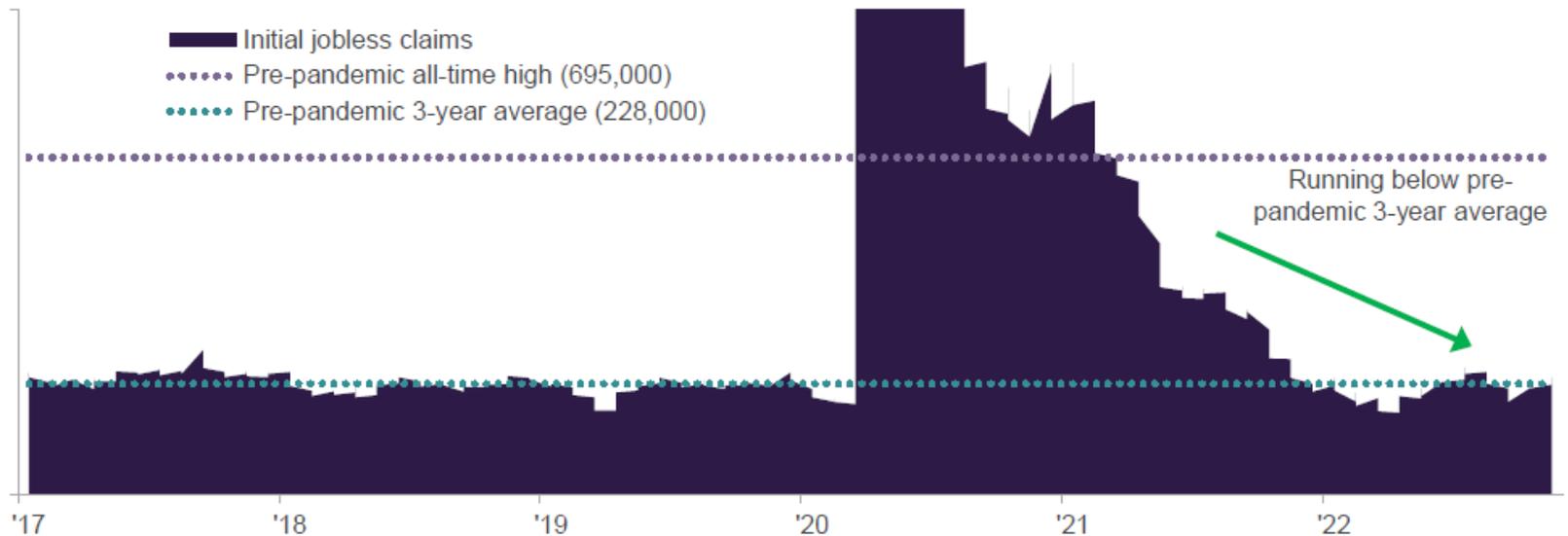
Job market strength – Simply a lagging indicator or a boost to wages?

- Unemployment tends to be a lagging indicator, typically one of the last to show deterioration going into a recession
- Nonetheless, the Federal Reserve is keeping an eye on labor market strength, particularly its influence on wage inflation

➔

●	Many pockets of the labor market continue to flash green
●	
●	

U.S. initial jobless claims



Inflation gauge still uncomfortably higher than Fed's 2% target

- The Fed's recent rhetoric suggests its greater concern is how higher wages will impact this Core PCE price measure
- Not wanting to abandon its war on inflation prematurely, the Fed will want to see meaningful and sustainable progress

The Core PCE Deflator, at 4.7% has trended down from its February high of 5.4%, but is still uncomfortably above the Fed's 2% target

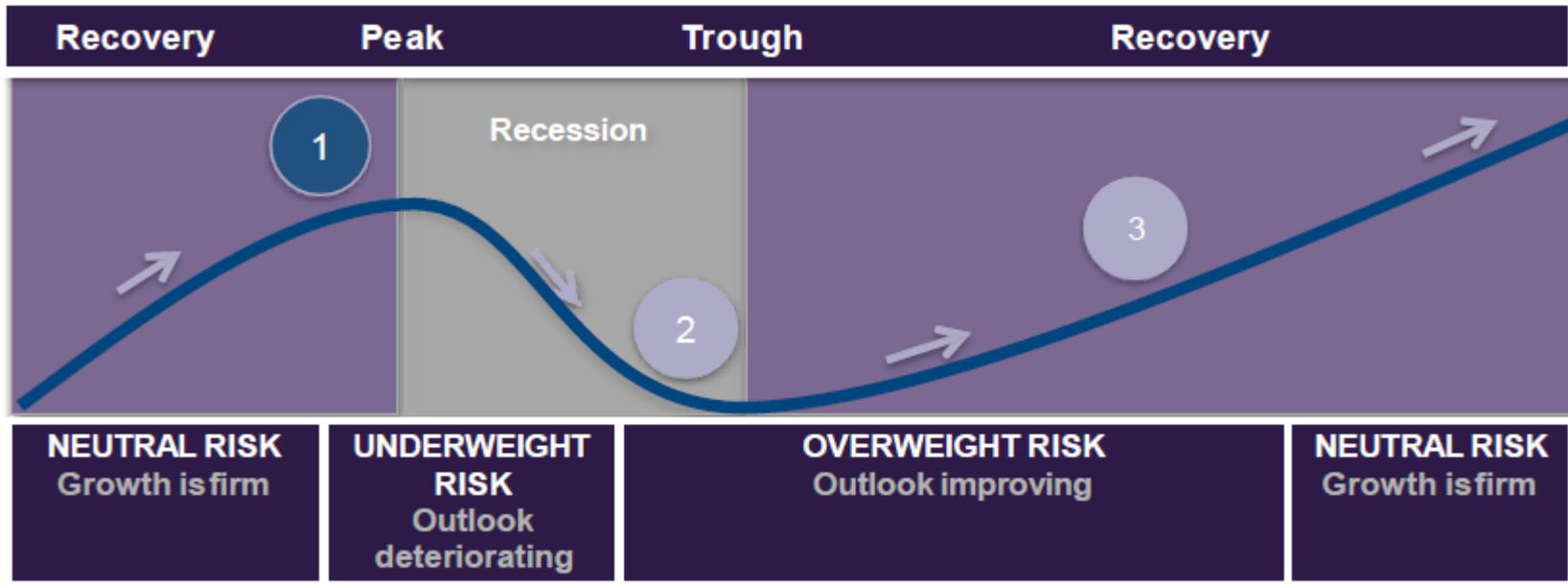
Core Personal Consumption Expenditures (PCE) Deflator
Year-over-year change



Maintain cautious portfolio posturing shorter-term given elevated risks ...

- Heading into 2023, our current cautious positioning continues to reflect the uncertainty of the risk-reward environment

OUR TAKE: *The stock market appears to be pricing in the recessionary stage of the business cycle*

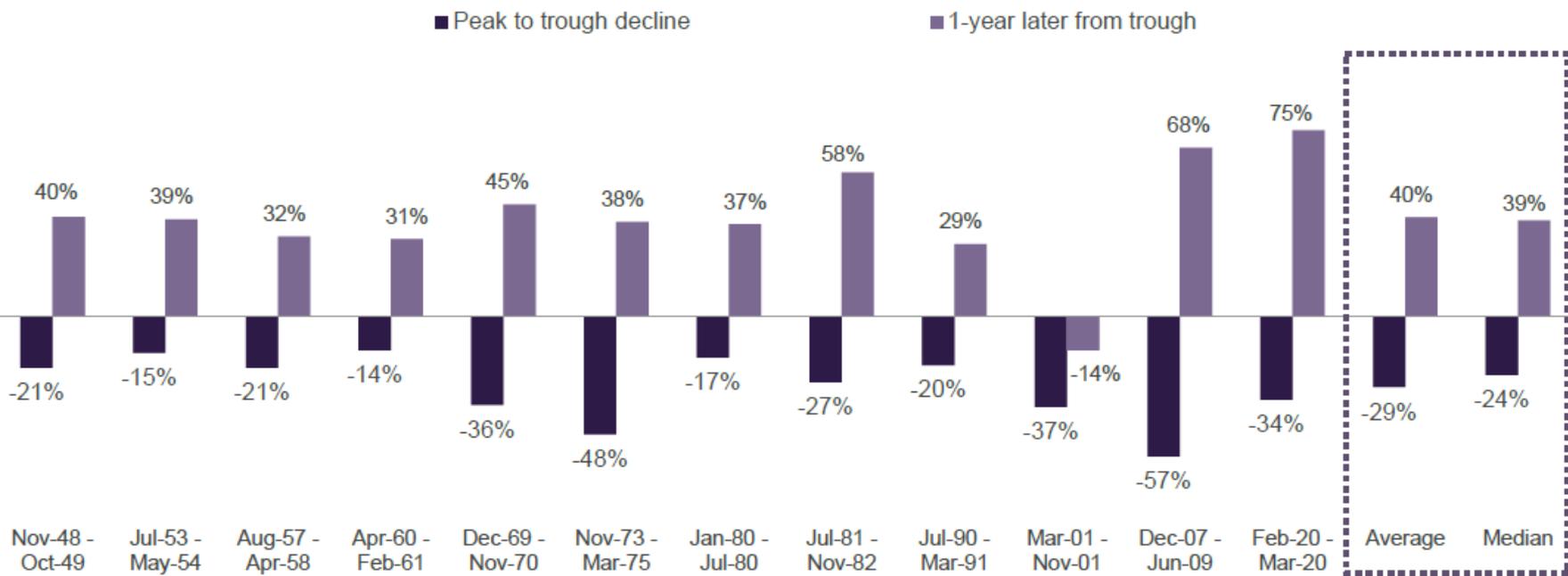


... but prepared to move tactically as catalysts for improvement emerge

- At its worst point, 2022 saw a 25% decline in the S&P 500, similar to historical patterns in recessionary periods

OUR TAKE: Stocks tend to bottom well before a recession ends and the snapback can be sharp

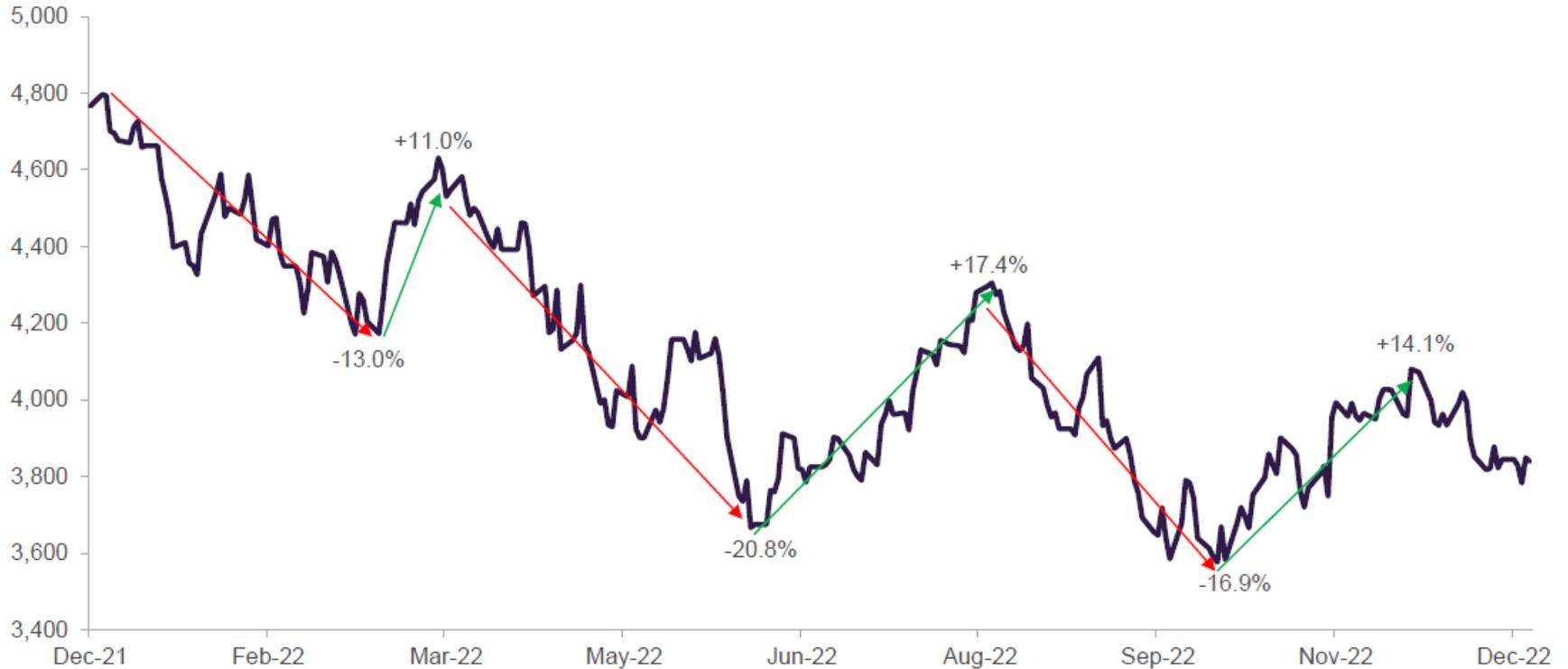
S&P 500 returns around recessions



Sources: Truist IAG, FactSet, Past performance does not guarantee future results.

Remain tactical in 2023 as we expect wide swings to continue

S&P 500



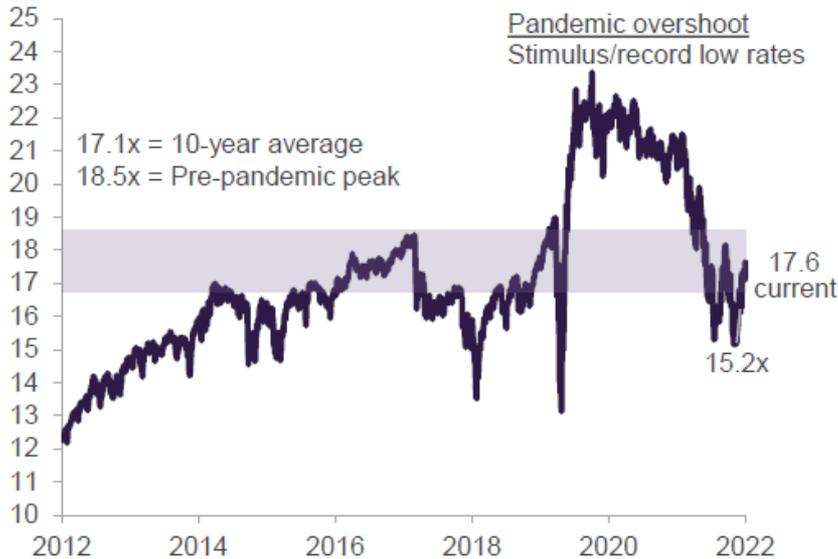
Sources: Truist IAG, FactSet, Past performance does not guarantee future results.

Equities are vulnerable to downside earnings risks amid high valuations

- Corporate earnings remain above their long-term trend yet historically decline in the double-digits around recessions
- Moreover, the S&P 500's forward P/E has rebounded to 17.6x, slightly above its 10-year average

OUR TAKE: *The market rarely sustains a P/E >18x. Earnings risk has the potential to bring equity valuations even lower*

S&P forward P/E likely capped in the 17.5x-18.5x range



S&P 500 earnings above historical trend



Although competitive bond yields giving stocks some relative competition ...

- The gap between bond yields and earnings yield has closed dramatically
- This simply means that there is now more competition for stocks than there's been for more than a decade

OUR TAKE: *This is yet another downward pressure on equity valuations*

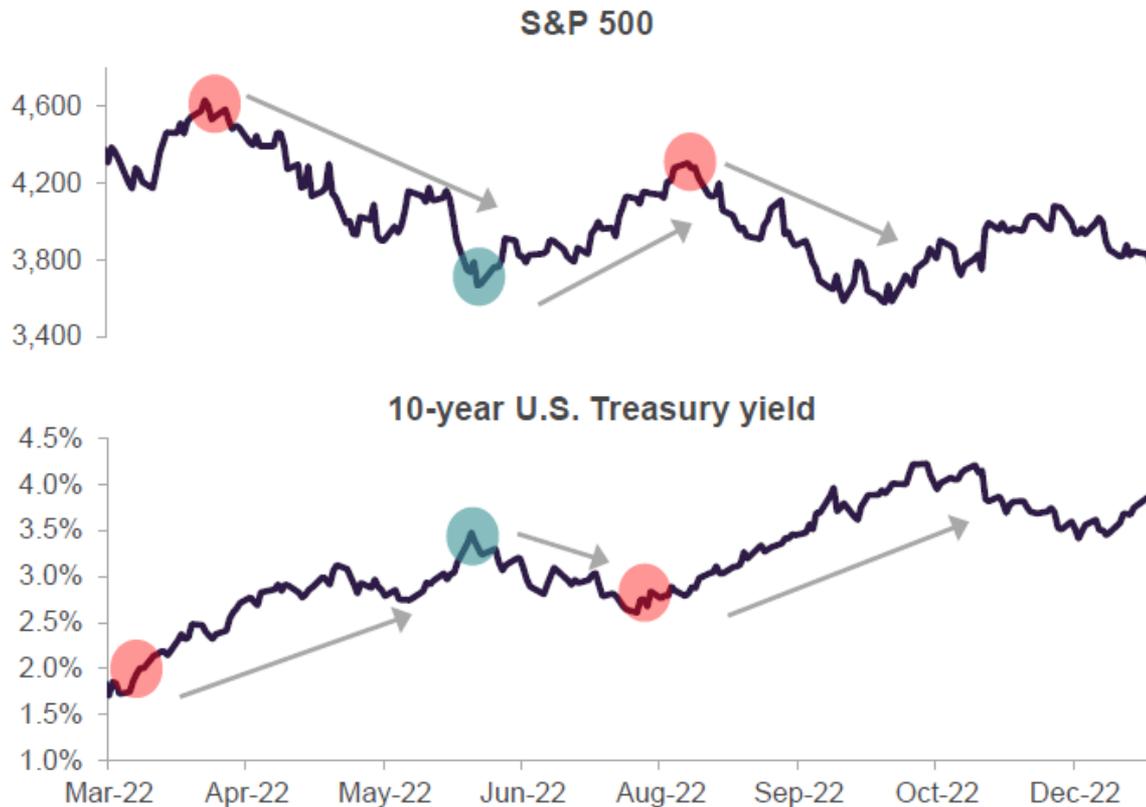
Bond yields are now competitive with earnings yields



... but we expect the inverse relationship between yields/stocks to break

- Over the past year, stocks tended to decline as interest rates rose, reflecting more concern over inflation than growth
- However, as we move through 2023, expect the market focus to shift from inflation to slowing growth and earnings

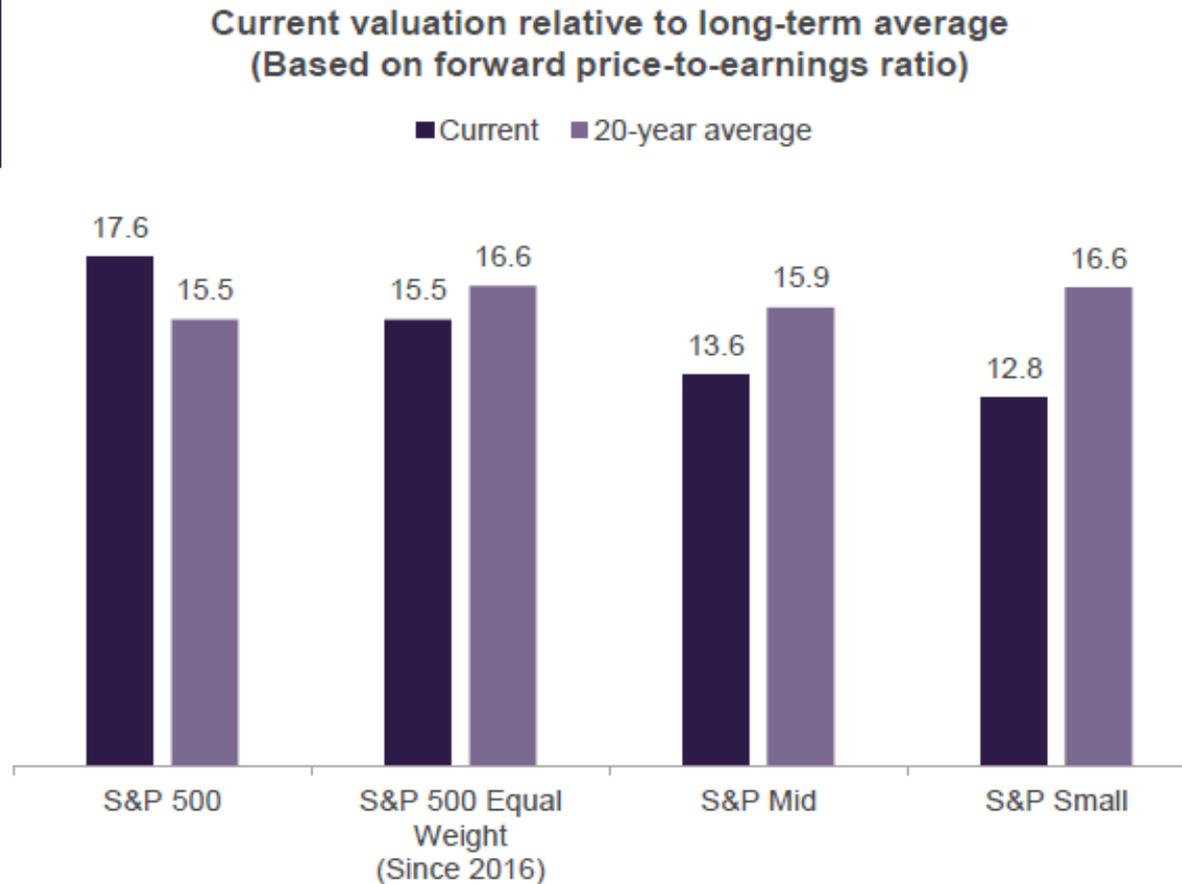
OUR TAKE: As markets focus on slowing growth from inflation, this will likely put downward pressure on interest rates. The magnitude of a slowdown will determine how this affects stocks, all else equal



Relative value exists beyond the market-weighted S&P 500

- When looking beyond the S&P 500, many segments of the market are trading at attractive valuations relative to history

OUR TAKE: *Below-average valuations provide selective tactical opportunities among our active managers*

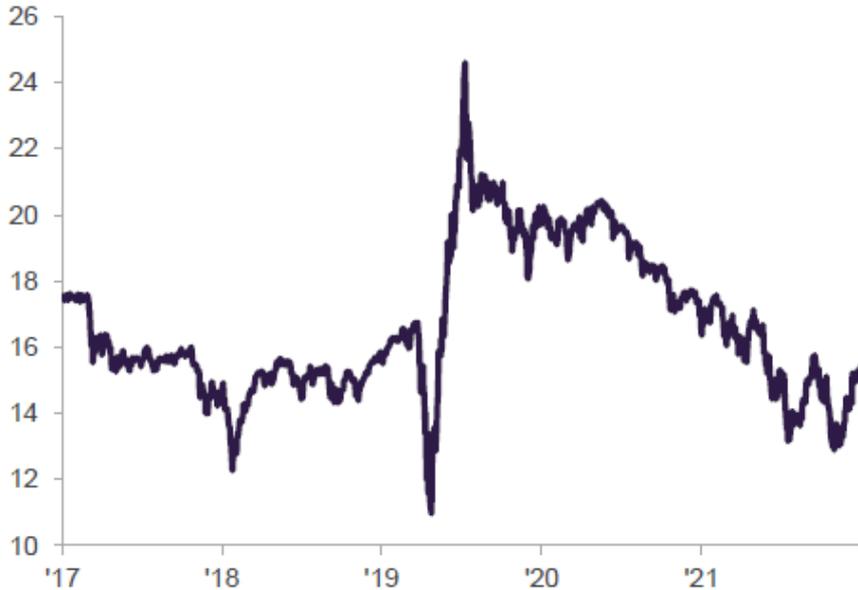


Relative value exists beyond the market-weighted S&P 500

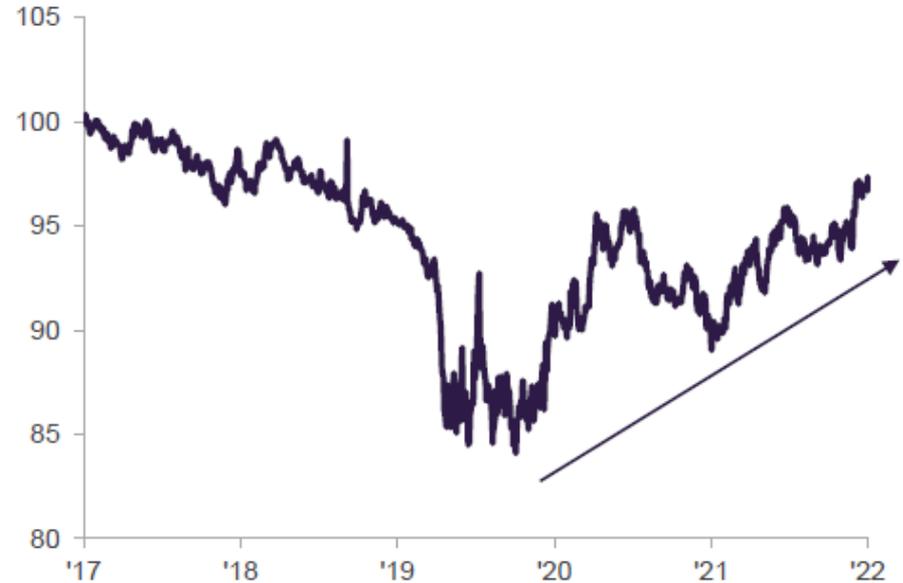
- The “average” stock, as proxied by the S&P 500 Equal Weight Index, is trading at an attractive valuation and performance

OUR TAKE: *By giving an equal weighting to each stock in the index, this investment choice is less influenced by the few mega cap growth stocks that are negatively influencing the S&P 500 index*

S&P 500 Equal Weight Index – forward P/E



S&P 500 Equal Weight Index price relative to S&P 500 at multi-year high

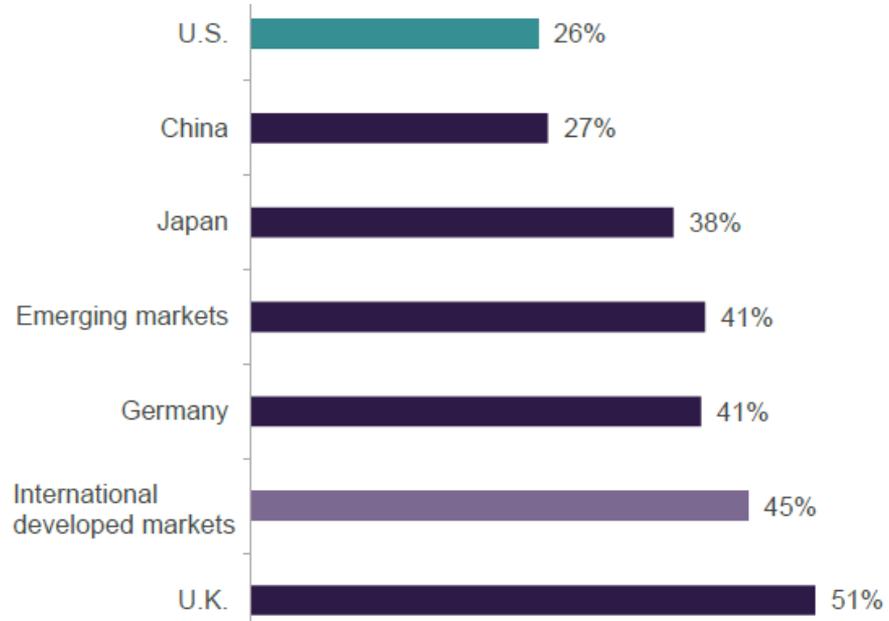


Stay with U.S. bias given its higher quality and lower risk profile

- Overseas markets remain cheap on a relative basis, but given the weak global economic backdrop a U.S. bias is warranted
- U.S. market generally has higher-quality companies and less cyclical exposure relative to other global markets

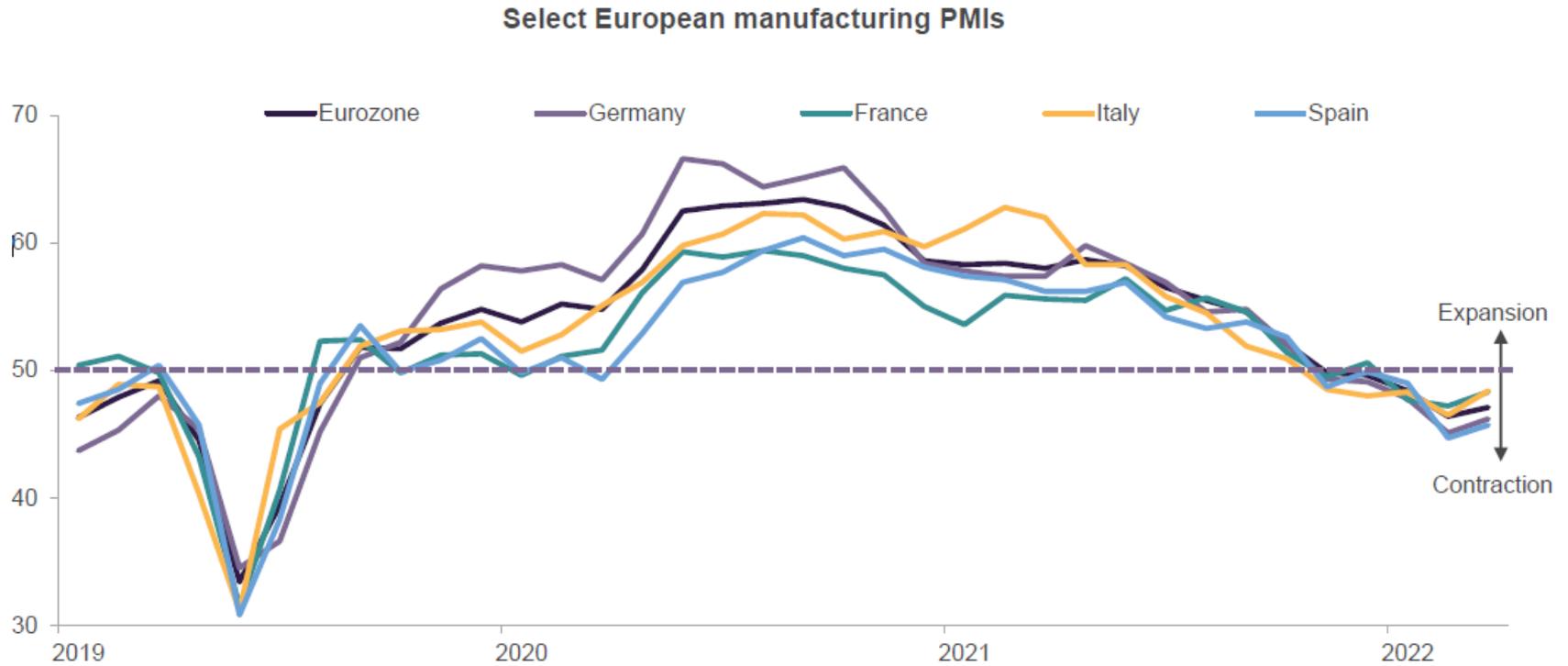
OUR TAKE: *International developed stocks bested U.S. in 2022 due to a surge in 4Q. To be sustained, however, we're looking for a more favorable global economic recovery and a falling U.S. dollar as catalysts to narrow our underweight*

Cyclical sector exposure – Financials, industrials, energy & materials



Manufacturing surveys pointing to imminent European recession

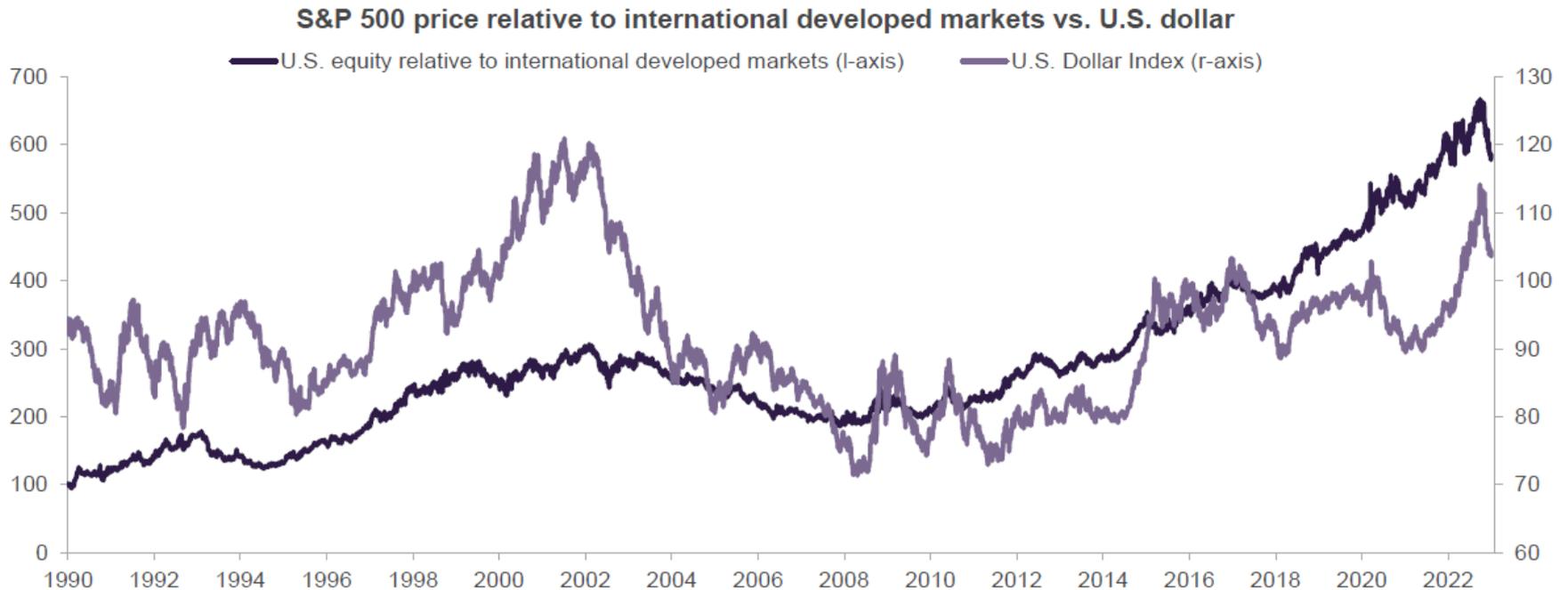
- Major European economies are moving quickly into a recession as manufacturing surveys point to contraction



U.S. dollar should remain strong, supported by higher relative interest rates

- Strong U.S. dollar typically bodes well for U.S. versus international equity performance

OUR TAKE: *We expect the dollar should remain well supported given the weak global economic backdrop and positive interest rate differentials, but are mindful of shifting geopolitical risk dynamics*

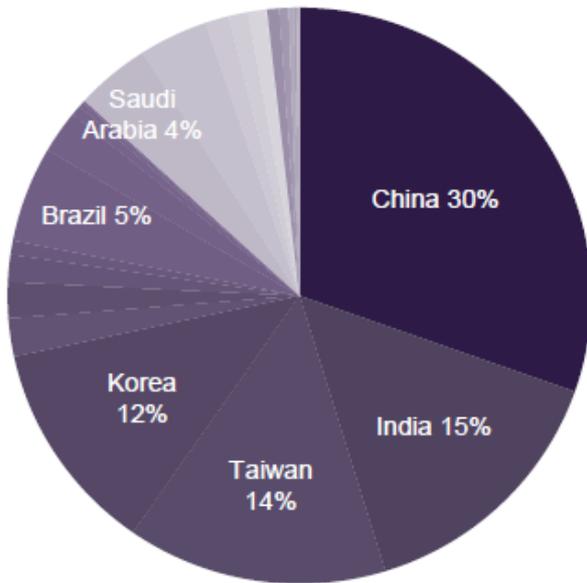


China's government moves to shore up economy, though headwinds persist

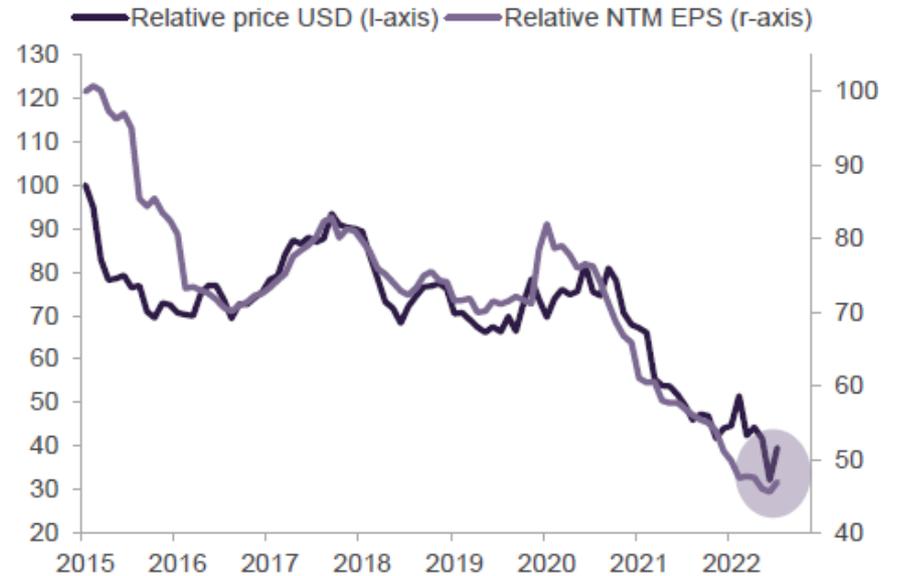
- China, at one-third of the emerging markets index, remains key to the outlook for EM more broadly
- Recently, earnings estimates showed some improvement along with positive policy changes with COVID and real estate

OUR TAKE: *The environment provides opportunity if China succeeds in promoting common prosperity, but also remains challenging with several headwinds for the global economy, impacting global trade which is a key to China's growth*

Countries in the emerging markets universe



China's price and earnings relative to the U.S. are stabilizing

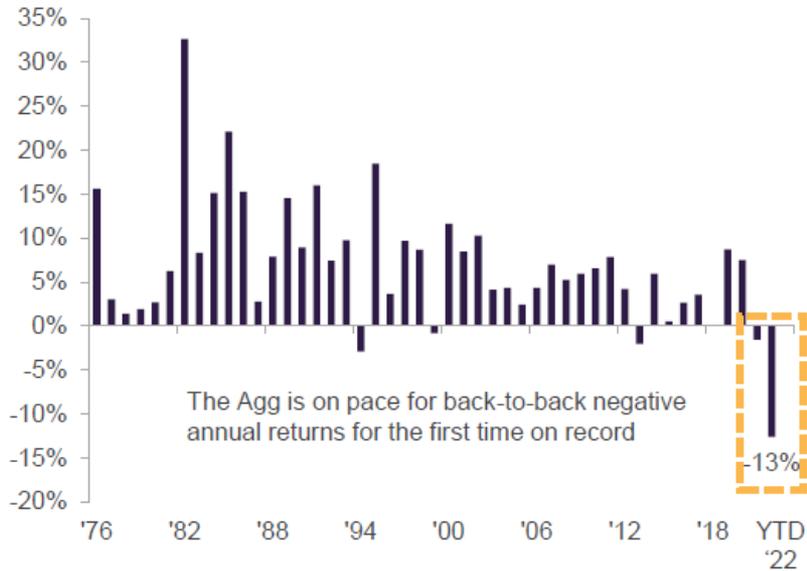


Attractive bond yields capable of providing critical income to portfolios

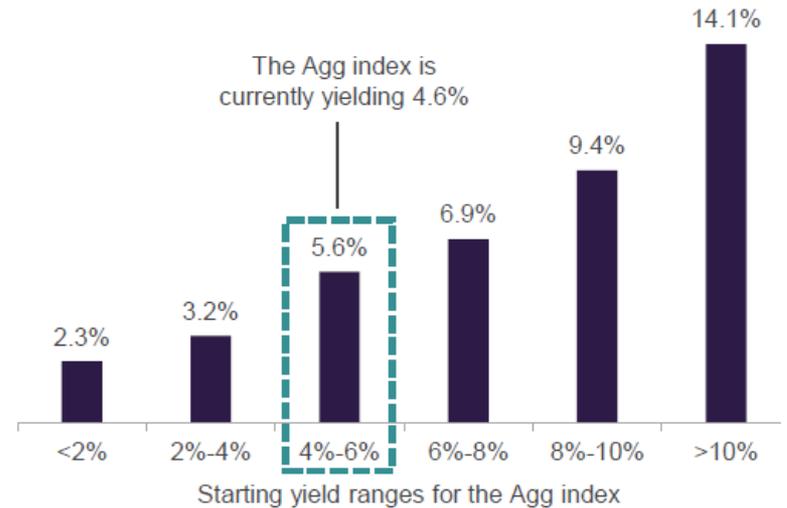
- The move to higher bond yields has come at a severe cost – the sharpest drawdown for the Bloomberg U.S. Aggregate Bond Index since its inception in 1976
- Going forward, the total return outlook for bonds is closely related to their starting yields, and the Aggregate’s current yield of 4.6% is its first time above 4% since 2009

OUR TAKE: *Fixed income is more capable of providing critical income and portfolio stability going forward*

U.S. Agg annual returns



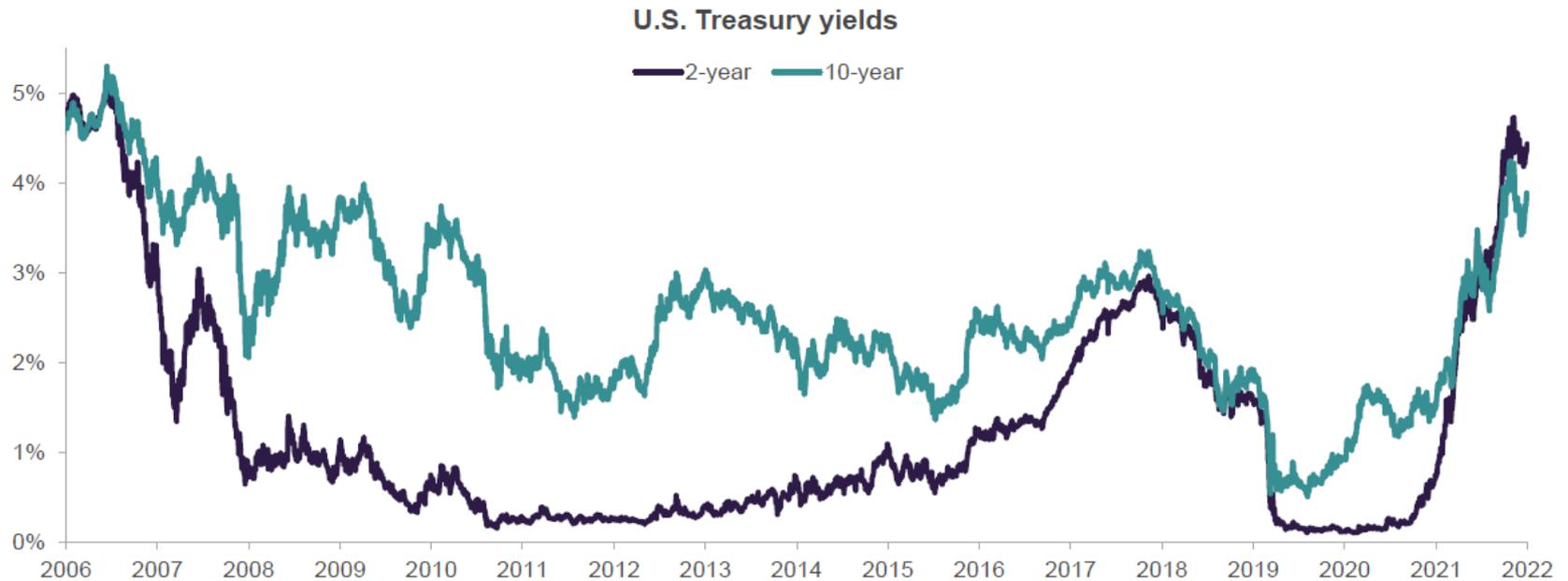
U.S. Agg 5-year average returns by starting yield range



U.S. Treasury yields at highest levels in more than a decade

- In 2023, however, longer-dated U.S. Treasury yields likely to fall as the impact of the Fed's tightening more fully emerges
- Yields in the short-end of the curve, however, likely to remain at higher levels as Fed holds policy rates firm for longer

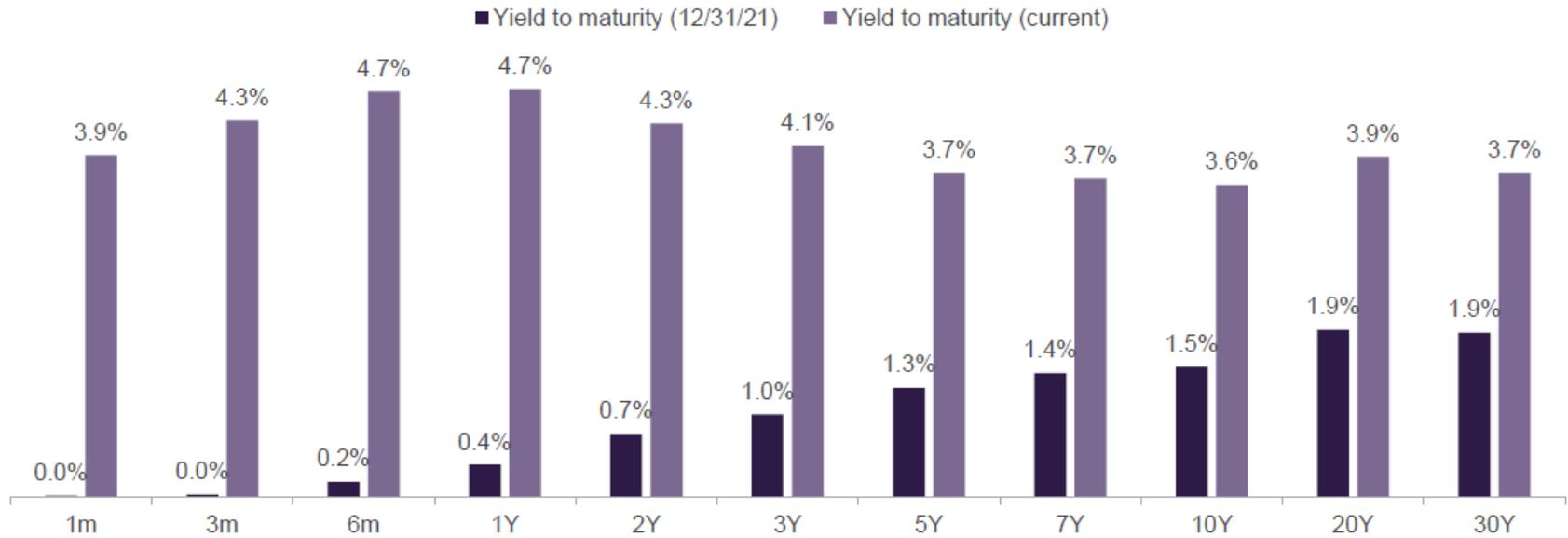
OUR TAKE: We believe the majority of the yield rise this cycle has peaked as slower economic growth, a pause in Fed rate hikes, and easing inflation all contribute to lower yields in 2023



U.S. Treasury yields providing high-quality income for portfolios

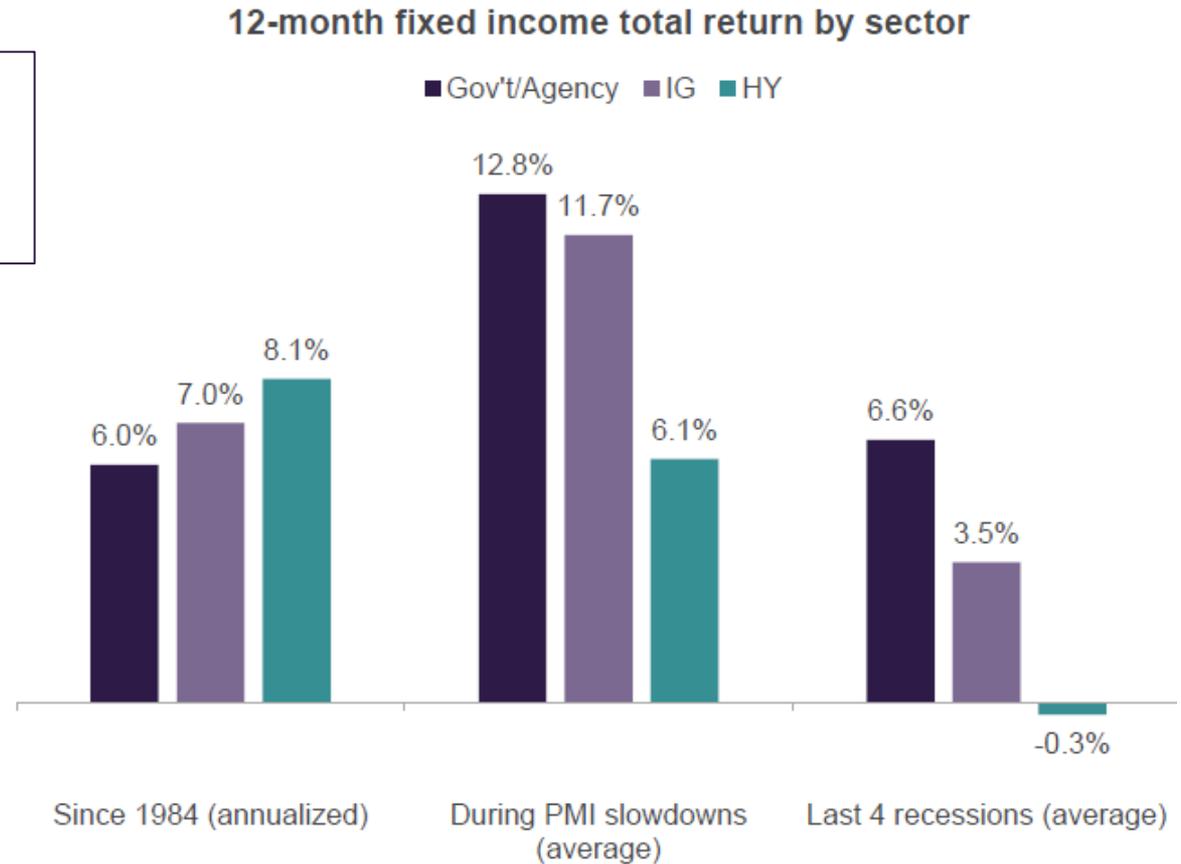
OUR TAKE: *In this still-challenging environment for investment portfolios, U.S. Treasuries generating the highest income stream in nearly 15 years and providing an important source of ballast for portfolios*

U.S. Treasury yields



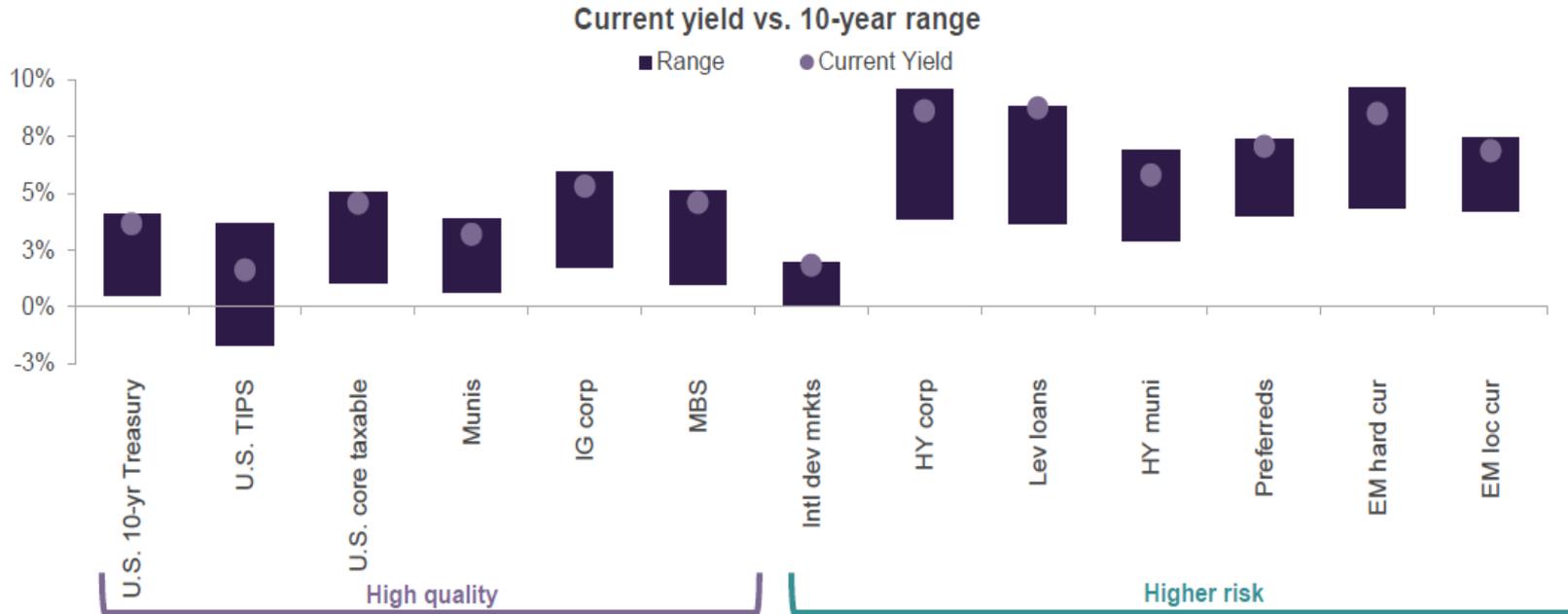
Rising recession risks support emphasis on higher quality fixed income

OUR TAKE: Even during periods marked by slowdowns where the U.S. economy avoided a recession, higher quality bonds outperformed



Relative value in fixed income: Attractive yields support for high-quality focus

OUR TAKE: As yields have become more attractive, the growing risks to the U.S. economy keep us focused on higher quality fixed income, all else equal



U.S. 10-Yr Treasury = Bloomberg U.S. Treasury Bellwethers (10-Yr), U.S. Core Taxable = Bloomberg U.S. Aggregate, Municipals = Bloomberg Municipal Bond 1-15 Year, U.S. Corporates = Bloomberg U.S. Corporate IG, MBS = Bloomberg U.S. MBS, Intl Dev Mkts = ICE BofA Global Government ex U.S. (U.S.D hedged), HY Corp = ICE BofA U.S. High Yield, Lev Loans = S&P/LSTA U.S. Leveraged Loan 100 Index, HY Muni = Bloomberg Municipal High Yield, Preferreds = ICE BofA Fixed Rate Preferred, EM Hard Cur = JP Morgan EMBI Global Diversified, EM Loc Cur = JP Morgan GBI-EM Global Diversified. Past performance does not guarantee future results. Investing in the bond market is subject to certain risks, including market, interest rate, issuer and inflation risk – investments may be worth more or less than the original cost when redeemed. The value of most bond strategies and fixed income securities are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and more volatile than securities with shorter durations – bond prices generally fall as interest rates rise, and values rise when interest rates decline. Past performance does not guarantee future results.

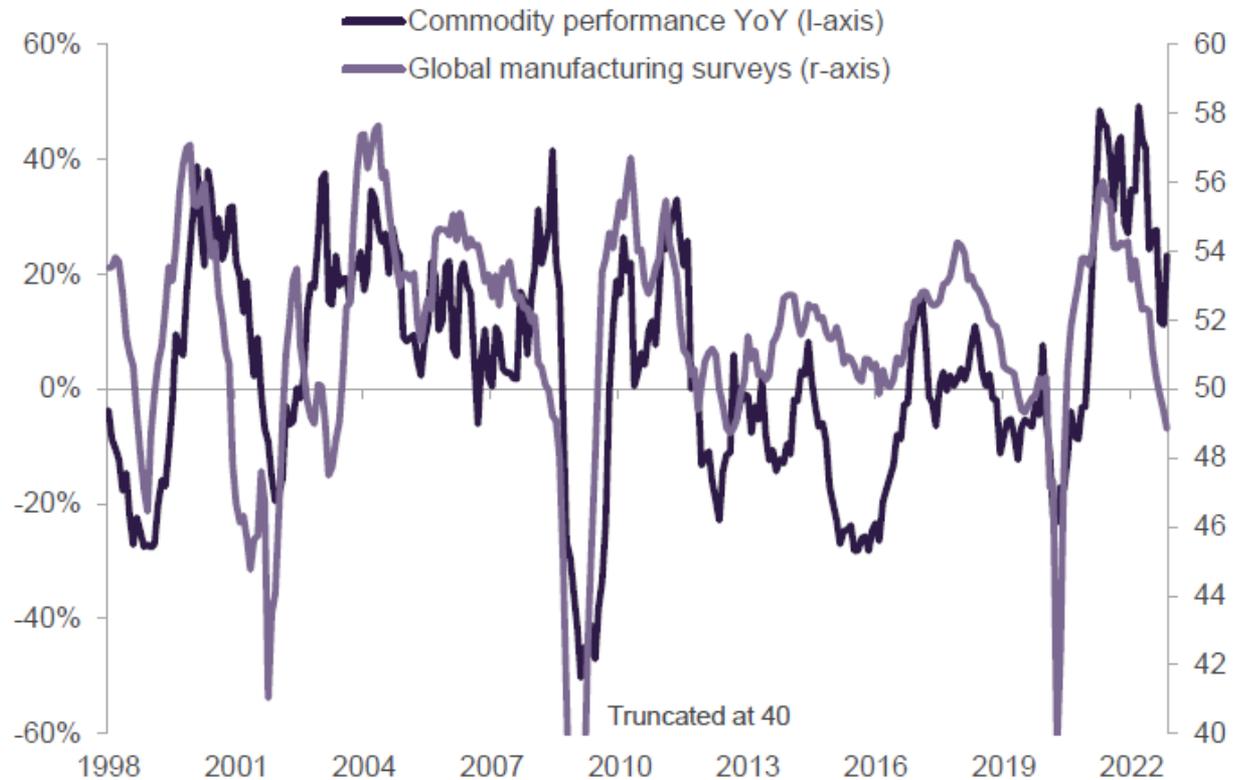


Commodities – tug of war between global slowing and China reopening

- Slowing global growth will impact commodities, which are highly leveraged to the global business cycle
- However, there could be positive offsets if China reopens more fully along with additional sanctions on Russian energy

Commodities are leveraged to the global economy

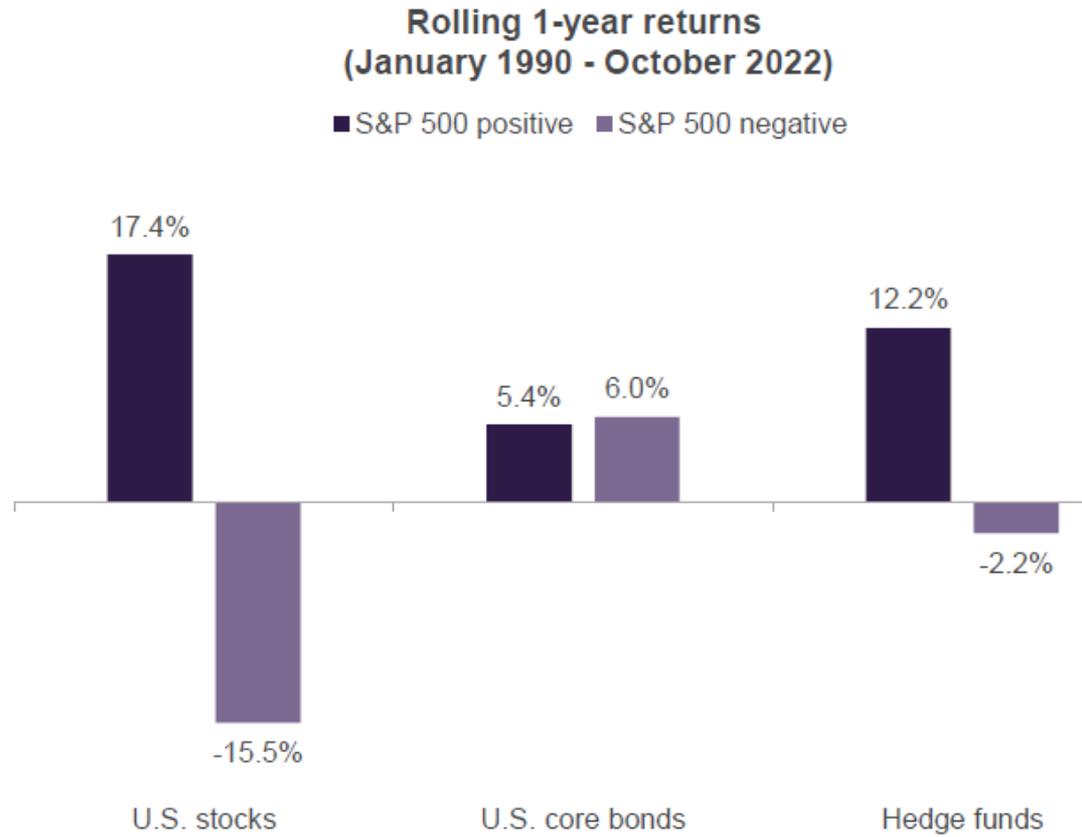
OUR TAKE: As with equities, commodity prices are expected to remain volatile on concerns over demand and supply dislocations. Tactical exposure can improve portfolio diversification



Alternatives' diversification benefits tend to increase in challenging markets

- Historically, during periods when the S&P 500 has fallen, alternatives have tended to outperform stocks, on average
- Conversely, when the S&P 500 has risen, alternatives have tended to outperform bonds, on average
- *Within the alternatives space, we favor more defensive / reduced-leverage / diversifying strategies given our view for wider dispersion among asset class returns and the continued prominence of geopolitical risk*

OUR TAKE: *In 2023, given our expectation for choppy markets, alternatives are likely to continue to provide diversification benefits for portfolios, requiring a keen focus on asset allocation*



Appendix

Important Disclosures

Truist Foundations and Endowments Specialty Practice

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**INVESTMENT POLICY
MUNICIPAL CEMETERY SYSTEM
PERPETUAL CARE TRUST FUND
REVISION EFFECTIVE - JANUARY 21, 2021**

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Investment Policy Statement (IPS) for City of Fort Lauderdale Cemetery Trust Fund

I. PURPOSE

The purpose of this Investment Policy Statement (IPS) is to establish cash management and investment guidelines for the City of Fort Lauderdale Cemetery Perpetual Trust Fund.

II. SCOPE

The City Cemetery System Rules and Regulations (Regulations) established a Perpetual Care Trust to provide for the on-going care of all plots, crypts, niches, markers and memorials sold and installed in the Cemetery System. The same Regulations designate the Cemetery System Board of Trustees (Board) as trustor of the Perpetual Care Trust Fund (Trust Fund).

The Board has adopted these guidelines for the investment of the Trust Fund to be administered in accordance with applicable Florida State Statutes and City Ordinances. To that end, this policy is intended to set forth the procedures, investment objectives and parameters for the management of the Trust Fund in a manner designed to fulfill the requirements of the Board's fiduciary responsibilities.

In accordance with the Regulations, a trustee to manage the Trust Fund (Managing Trustee) has been recommended to and approved by the City Commission. The Managing Trustee is, and future Managing Trustees must be, a bank or other investment counselor licensed by the state to handle the investment of fiduciary funds.

III. DELEGATION OF AUTHORITY

Section 10-46(a) of the Code of Ordinances of the City of Fort Lauderdale, Florida provides that the Cemetery System Board of Trustees shall be the trustor of and shall recommend to the City Commission a trustee to manage the Perpetual Care Trust Fund. The managing trustee shall be a bank or other investment counselor licensed by the State to handle the investment of fiduciary funds.

IV. INVESTMENT PHILOSOPHY & OBJECTIVES

Balanced Objective

The foremost objective of this investment program is the safety and preservation of the corpus of the fund. Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve the corpus of the

fund, understanding that losses may occur in individual securities and in any one particular year.

The definition of Balanced objective is as follows: This Balanced approach is designed to offer the potential for capital appreciation and current income through a 40% to 60% allocation to equities (long term target of 50%) and 40% to 60% allocation to fixed-income securities (long term target 50%).

The City's goal is to achieve an equal balance between maintaining purchasing power through principal appreciation of the trust fund and generating income to support its expenditures. All management fees are charged to income as they are incurred.

Maintenance of Liquidity

The Board determines eligible re-imbursement payments to the City on a bi-monthly basis. Since reimbursements are limited to the dividend and interest income of the Trust Fund, the Managing Trustee is able to determine the maximum liquidity position required to meet the bi-monthly (every two months) reimbursement requirements. It is the responsibility of the City to provide the Managing Trustee with any extraordinary disbursement projections in sufficient time to meet liquidity needs. The portfolios shall be managed by the Managing Trustee with the understanding that funds are to be available to meet reasonably anticipated cash flow requirements in an orderly manner.

The Regulations explicitly mandate that only the income generated by the Trust Fund can be expended. Deposits into the Trust Fund from Cemetery System sales make up the Corpus of the Trust Fund and no part of the Corpus can be expended. Accumulated earnings for all years, which include gains and losses, are not considered to be part of the corpus and may be used for expenditures as described in Section 10-47 of the Code of Ordinances of the City of Fort Lauderdale, provided that such expenditures have been approved by the Board and City Commission, as necessary.

Investment Income

Through a diversification of investments across various asset classes detailed in Section VIII, the investment income goals are two-fold:

- 1) Capital Appreciation of the Trust Fund which is essential to meeting future financial responsibilities.
- 2) Maximizing dividend and interest income, which is primarily used to reimburse the City (see Maintenance of Liquidity above), in order to maintain the cemeteries in top condition and promote a sound business relationship with the public.

V. PERFORMANCE MEASUREMENTS

- A. The Measures of Investment Performance of investment returns on the various asset categories are as follows:

1. The Trust Funds' fixed income portfolio will be compared to the weighted average return of the Barclay's Aggregate Bond Index.
 2. The Trust Funds' domestic equity portfolio will be compared to the weighted average return of the Standard & Poor's 500 Index (S&P 500).
 3. Except for emerging markets, the Trust Funds' international portfolio will be compared to the weighted average return of the Morgan Stanley Europe, Australia, & Far East (EAFE) Index.
 4. The Trust Funds' emerging markets portfolio will be compared to the weighted average return of the MSCI Index for Emerging Markets.
- B. On a quarterly basis, the Board shall evaluate the current and historical performance of the Trust Fund to determine:
1. If the Managing Trustee has performed according to these Policy guidelines; and
 2. How the Managing Trustee has performed in relation to the Measures of Investment Performance for their asset class.

VI. PRUDENCE AND ETHICAL STANDARDS: Pursuant to Florida Probate Statute 518.11

- A. The Board will adhere to the standard of a Prudent Investor within the context of the overall management of the Cemetery Trust Fund investment program.
- B. Any person or firm, such as the Managing Trustee, retained concerning the investment, monitoring, or advisement of Trust Fund assets will be held to the highest standard of Prudent Investor. Such person or firm will exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

VII. AUTHORIZED INVESTMENTS

- A. Trust Fund placed with the Managing Trustee is to be invested only in those authorized classes of investment as contained in this Policy. Investments should be made subject to Trust Fund cash flow needs and such cash flows are subject to revision due to changes in Trust Fund needs and market conditions.
- B. The authorized classes of investments for the Trust Fund are as follows:
 1. Bonds, securities, and certificates of indebtedness of the United States government;

2. Obligations guaranteed as to principal and interest by the United States government;
3. Obligations guaranteed as to principal and interest by government sponsored agencies of the United States government;
4. The Florida Local Government Surplus Funds Trust Fund (SBA);
5. Commercial Paper rated A-1 or P-1 by a nationally recognized rating service. If the Commercial Paper is backed by a Letter of Credit (LOC), the long-term debt of the LOC provider must be rated A or better by at least two nationally recognized rating services;
6. Bankers Acceptances of United States banks or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, rated A-1 or P-1 by a nationally recognized rating service;
7. Corporate bonds or notes (other than high yield bond funds authorized in 14 below), registered or unregistered under Rule 144A, issued by firms organized and operating within the United States or by depository institutions licensed by the United States rated A or better by a nationally recognized rating service at the time of purchase. (Rule 144A bonds or notes must include rights of registration. Any bond or note that falls below investment quality must be eliminated expeditiously unless the Board is notified for the reason or rational to be held);
8. General Obligation and/or Revenue Bonds of state or local government taxable or tax-exempt debt rated A or higher, for long term debt, by a nationally recognized rating service or rated at least MIG-2 or SP-2, for short term debt, by a nationally recognized rating service;
9. Intergovernmental investment pools authorized pursuant to the Florida Inter-local Cooperation Act, provided in Section 163.01, Florida Statutes.
10. Common and preferred stocks from domestic and foreign corporations;
11. Mutual Funds and co-mingled Trust Funds, including real estate investment trusts (REITs), providing the underlying investments meet the minimum quality standards of trust investments;
12. Repurchase agreements composed of only those investments authorized in numbers 1, 2, and 3 (above) (All firms are required to sign the Trust Funds' Master Repurchase Agreement prior to the execution of a repurchase agreement transaction); and

13. High Yield Bond Mutual Funds not to exceed 5% of the total portfolio value of the Trust Fund.

VIII. MATURITY AND LIQUIDATION REQUIREMENTS

- A. The maximum maturity of Trust Fund investments will be as follows:
 1. For certificates of deposit, 1 year or less from the date of purchase.
 2. For commercial paper, 180 days or less from the date of purchase.
 3. For banker's acceptances, 180 days or less from the date of purchase.
 4. For money market funds, 120 days or less from the date of purchase.
 5. For repurchase agreements, 90 days or less from the date of purchase.
- B. To the extent possible, every attempt should be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

IX. PORTFOLIO COMPOSITION

- A. The Managing Trustee will adhere to the following specific guidelines for the investment of Trust Fund assets:
 1. A maximum of 60% of the Trust Fund is to be invested in equity securities; the long-term targeted range is 50%.
 2. A minimum of 40% of the Trust Fund is to be invested in fixed income securities; the long-term targeted range is 50%, and Barclay's Aggregate Bond Index.
 3. A maximum of 25% and a minimum of 0% of the Trust Fund are to be invested in cash equivalents.
 4. A maximum of 5% of the Trust Fund may be invested in High Yield Bond Mutual Funds.
- B. The Board will consider changes to the investment category ranges based on changes in contractual obligations of the Cemetery System, market environment or other conditions making such consideration appropriate toward administering this investment policy.

X. RISK AND DIVERSIFICATION

- A. The Board has adopted a strategy, described in Sections V, VI and VII, whereby the Trust Fund portfolio will be diversified to the extent practicable to control the risk of loss which might result from an over-concentration of investments in a specific security, maturity, issuer, dealer, or bank through which financial instruments are bought or sold.
- B. In a further effort to control the risk of loss and assure adequate diversification, the following limitations are imposed upon the investment of Trust Funds:
1. A maximum of 5% investment in the outstanding common stock of any one company or organization;
 2. A maximum of 5% investment in the outstanding debt issuance of any one company or organization except for U.S. Government Securities or Agencies; and
 3. In International equities, a maximum of 20% of the total international portfolio investment in any foreign country.
 4. A maximum of 25% investment in any one mutual fund.

XI. THIRD-PARTY CUSTODIAL AGREEMENTS

All securities will be held with the Custodial Bank (Bank) under a contractual agreement with the Board. All securities purchased by and all collateral obtained by the Investment Manager or the Board is designated as assets of the Trust Fund. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by authorization of the Board. Securities transactions between a broker-dealer and the Bank involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the Bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

XII. MASTER REPURCHASE AGREEMENT

All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

XIII. BID REQUIREMENTS

The Managing Trustee shall obtain competitive bids and offers on investment transactions to the fullest extent possible.

XIV. INTERNAL CONTROLS

- A. The Director of Finance shall establish a system of internal controls and written operational procedures to be a part of the operational procedures of the Trust Fund. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and “delivery vs. payment” procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.
- B. Independent auditors, as a normal part of their annual financial audits, may conduct a review of the system of internal controls to ensure compliance with policies and procedures.

XV. CONTINUING EDUCATION

Any designated City officials responsible for making investment decisions related to this policy have the responsibility for completing 8 hours of continuing education annually in subjects or courses related to investment practices and products.

XVI. REPORTING

The Managing Trustee shall provide periodic reports, which are to include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be made available for submission to the City Commission, the Board and shall be available to the public.

XVIII. EXHIBITS

- 1. Portfolio Guidelines Page 11
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CEMETERY TRUST FUND PORTFOLIO GUIDELINES

Asset Class	Target	Range	Benchmark	Morningstar Peer Group
TOTAL EQUITY	50%	40-60%		
DOMESTIC	38%	25-60%		
Large Cap	29%	20-60%	S&P 500	Large-Cap Blend Equity
Mid Cap	5%	0-10%	Russell Mid Cap	Mid-Cap Equity
Small Cap	4%	0-10%	Russell 2000	Small-Cap Equity
US REITs	0%	0-10%	NAREIT Equity	Real Estate
INTERNATIONAL	12%	0-25%		
Developed	8%	0-25%	MSCI EAFE	Foreign Large Blend
Emerging	4%	0-10%	MSCI Emerging Markets	Diversified Emerging Markets
FIXED INCOME	50%	40-60%		
Core Investment Grade	48%	35-60%	Barclays Aggregate	Intermediate-Term Bond
Asset Class	Target	Range	Benchmark	Morningstar Peer Group
High Yield	2%	0-10%	Barclays US Corporate High Yield	High Yield Bond
International Developed	0%	0-10%	JPM GBI Global Bond (hedged)	World Bond
International Emerging	0%	0-10%	JPM GBI - EM Global Diversified (un-hedged)	Emerging Markets Bond
ALTERNATIVES	0%	0-10%		
Commodities	0%	0-10%	DJ UBS Commodity Index	Commodities
CASH	0%	0-25%		

Policy Benchmark – the policy benchmark is a passive blended benchmark of:
38% S&P 500
12% MSCI All Country World Index (ACWI) Ex US
50% Barclays US Aggregate

INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by Resolution. The Director of Finance will review the policy annually for modifications and make recommendations to the City Manager. The City Commission shall approve any necessary modifications.

APPROVED AND ADOPTED BY THE CITY COMMISSION ON _____.

Glossary of Terms

Accrued Income: Income earned but not yet paid.

Accrued Interest. Interest earned but which has not yet been paid or received.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Callable: Redeemable by the issuer before the scheduled maturity date.

Common Trust Fund: A fund maintained by a bank or trust company exclusively for the collective investment of money contributed to the fund by customers of its trust department.

Cost Basis: The original cost of an asset.

Coupon: The interest rate, expressed as a percentage of the face amount, that the issuer of a bond will pay to the bondholder.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price) but does not accurately reflect a bond's true yield level.

Cusip number: An alpha-numeric code used in the securities industry to identify specific issues of securities. SunTrust also uses this field to identify other kinds of assets which are not recognized by the securities industry.

Custody. Safekeeping services offered by a bank, financial institution or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Dealer. A dealer acts as a principal in all transactions, buying and selling for his own account.

Delivery vs. Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and Depository Trust Company (DTC), are done DVP as a protection for both the buyer and seller of securities.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. A method of reducing risk by investing in a variety of assets.

Duration. The weighted average maturity of a security's or portfolio's cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAulay Duration, Modified Duration).

Ex-date (ex-dividend date): Literally "without dividend," or the date on which a stock trades without the value of the dividend being contemplated in the price.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (The Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven-member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Internal Controls. An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1. the cost of a control should not exceed the benefits likely to be derived and 2. the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Manager. A company that actively manages fixed income portfolios which include operating funds, capital reserves, insurance reserves, proceeds from the sale of bonds and other funds.

Investment Grade. Bonds considered suitable for preservation of invested capital; bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida PRIME).

Market Value. The fair market value of a security or commodity. The price at which a willing buyer would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Bond Market Association (BMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements.

Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMFs are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

$$\frac{[(\text{Total assets}) - (\text{Liabilities})]}{(\text{Number of shares outstanding})}$$

NRSRO. A "Nationally Recognized Statistical Rating Organization." A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, S&P, Fitch and Duff & Phelps.

Open Market Operations. Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value: The face amount of a bond.

Pending Trade: A trade that has been placed but not yet settled (see settlement date").

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Pre-refunded: A bond for which the issuer has raised the funds necessary to call the bond by issuing another bond that generally pays a lower coupon.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are "realized" when the security is actual sold, as compared to "unrealized" gains/losses which are based on current market value. See "Unrealized Gains (Losses)."

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third-party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Settlement Date: The date by which the property must be delivered, and cash must be paid for an asset traded.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Symbol: The alpha-numeric code used to identify the asset within various pricing services.

Tax cost basis: The original cost of an investment, adjusted for any activity that is incorporated into the calculation of capital gain or loss.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Trade date: The date an asset is traded for later settlement.

Trade date accounting: Uses the trade date as the date upon which to include an asset or cash from a sale in the calculation of market value.

Treasuries. Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, Treasury Inflation- Protected Securities (TIPS) and Treasury bonds. Also, a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills, or T-bills, are sold in terms ranging from a few days to 52 weeks. Bills are typically sold at a discount from the par amount (also called face value). For instance, you might pay \$990 for a \$1,000 bill. When the bill matures, you would be paid \$1,000. The difference between the purchase price and face value is interest. It is possible for a bill auction to result in a price equal to par, which means that Treasury will issue and redeem the securities at par value.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. Government. Issued Treasury bonds pay a fixed rate of interest every six months until they mature and are issued in a term of 30 years.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. Treasury Notes earn a fixed rate of interest every six months until maturity. Notes are issued in terms of 2, 3, 5, 7, and 10 years.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to ensure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a timeline. The traditional yield curve depicts yields on Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or "inverted" (uncommon) where longer-term investments have lower yields than shorter ones.

Yield at Market. The percentage return on an investor's money in terms of current prices calculated by dividing the annual income produced by the investment by its current market value.

Yield to Maturity. The rate of return the Investor earns from payments of principal and interest, with interest compounded semi-annually and assuming the bond will be held until maturity (this maturity date is changed and, therefore, the calculation changes when a bond is declared to be “pre-funded”).

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call" and "Yield to Maturity."