Fort Lauderdale Cemetery

As of December 31, 2021

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Executive Summary

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Fourth Quarter 2021 Review

Executive Summary – 4Q2021

- **Despite a second year with COVID-19 as the dominant headline, the S&P 500 turned in a strong return of +11.0% in the fourth quarter**. For calendar year 2021, the S&P 500 gained 28.7%, marking the third consecutive year of double-digit returns. Large Cap outperformed Mid- and Small-Caps for the quarter and the year while Growth outperformed Value. U.S. stocks beat international markets, bolstering our long-standing domestic bias.
- **Just days before year-end, the S&P 500 notched its 70th record close for the year, its second-best year for record highs behind 1995.** The year saw only one pullback in excess of 5% when the market fell -5.2% in September; historically the market experiences such pullbacks every four or five months.
- **Most fixed income assets turned in mildly positive returns for the quarter but finished the year in negative territory other than High Yield.** The Bloomberg Barclays Aggregate Bond Index ended the year down -1.5%, marking only the fourth negative-year return in its 45-year history. The 10-year U.S. Treasury yield fell slightly during the fourth quarter, finishing the year at 1.51%, though this is higher than its yield of 0.91% at the start of the year.
- **The Federal Reserve** announced it would accelerate the pace of its asset-purchase reduction and, in December, indicated there may be three rate hikes in 2022 to counteract persistently higher inflation readings.
- An extremely narrow market breadth – where **a handful of tech/meme stocks were primarily responsible for driving the S&P 500's gains** – impacted our active fund managers' ability to outperform with their higher-quality focus.
- Although challenges remain with regard to COVID and supply chain disruptions, **we see a positive but realistic outlook for stocks and for quality-focused selectivity by active managers.**

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Asset Class Returns Ending December 31, 2021

US EQUITY	4Q2021	2021
Large-Cap (S&P 500)	11.03%	28.71%
Mid-Cap (Russell MidCap)	6.44%	22.58%
Small-Cap (Russell 2000)	2.14%	14.82%
Large-Cap Growth (Russell 1000 Growth)	11.64%	27.60%
Large-Cap Value (Russell 1000 Value)	7.77%	25.16%
All-Cap (Russell 3000)	9.28%	25.66%
NON-US EQUITY		
Developed Large Cap (MSCI EAFE)	2.69%	11.26%
Developed Small Cap (MSCI EAFE Small Cap)	0.07%	10.10%
Emerging Markets (MSCI EM)	-1.31%	-2.54%
US FIXED INCOME		
Core Taxable Bonds (Bloomberg US Agg Bond)	0.01%	-1.54%
US Government (Bloomberg US Govt)	0.15%	-2.28%
Investment Grade (BofA US Corporate)	0.17%	-0.95%
High Yield (BofA US High Yield)	0.66%	5.36%
US Mortgage-Backed (Bloomberg US MBS)	-0.37%	-1.04%
Non-US Developed Bonds (BBg Global Agg)	-1.00%	-6.86%
OTHER		
REITs (FTSE Nareit All Equity REITs)	16.17%	41.30%
Commodities (Bloomberg Commodity)	-1.56%	27.11%
Gold (S&P GSCI Gold)	3.96%	-4.28%
HFRI-I Liquid Alternatives	0.31%	2.66%

LEVELS	12/31/2021	12/31/2020
10-year Treasury	1.51%	0.91%
Crude Oil	$75.21	$48.52
Gold/oz	$1,829	$1,895
CBOE VIX	17.22%	22.75%

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Performance Summary as of December 31, 2021

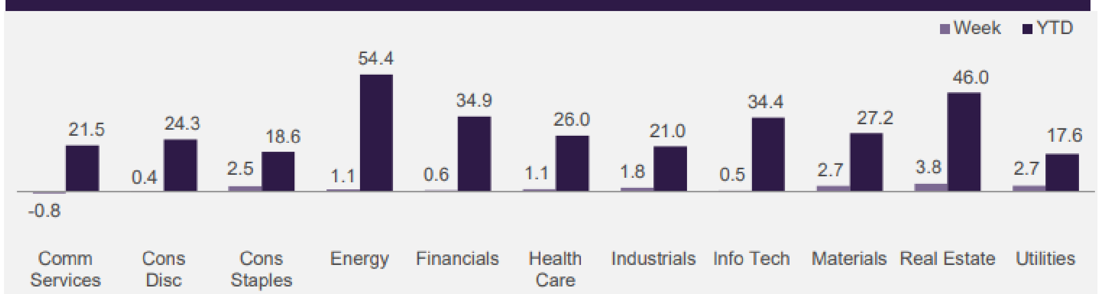
Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	0.82	4.00	6.68	18.46	18.46
S&P 500	0.87	4.48	11.03	28.58	28.58
MSCI EAFE (net)	0.89	5.12	2.69	11.22	11.22
MSCI Emerging Markets (net)	1.04	1.88	-1.31	-2.53	-2.53
Dow Jones Industrials	1.08	5.53	7.87	20.86	20.86
NASDAQ Composite	-0.05	0.69	8.28	21.30	21.30
S&P U.S. REIT	3.17	8.62	16.16	41.57	41.57
Bloomberg Commodity Index	0.28	3.53	-1.56	26.99	26.99
Bloomberg Aggregate	0.16	-0.26	0.01	-1.54	-1.54
ICE BofA US High Yield	0.26	1.88	0.66	5.34	5.34
Bloomberg Municipal Bond Blend 1-15 Year	0.04	0.14	0.38	0.86	0.86
ICE BofA Global Government xUS (USD Unhedged)	-0.12	-0.78	-1.92	-9.63	-9.63
ICE BofA Global Government xUS (USD Hedged)	-0.26	-0.95	0.18	-1.81	-1.81
JP Morgan EMBI Global Diversified	0.28	1.40	-0.44	-1.79	-1.79

Rates (%)	12/31/21	9/30/21	6/30/21	3/31/21	12/31/20
Fed Funds Target	0.25	0.25	0.25	0.25	0.25
Libor, 3-Month	0.20	0.13	0.14	0.19	0.23
T-Bill, 3-Month	0.05	0.03	0.05	0.02	0.07
2-Year Treasury	0.72	0.28	0.25	0.16	0.11
5-Year Treasury	1.26	0.99	0.87	0.93	0.36
10-Year Treasury	1.51	1.52	1.44	1.73	0.91
30-Year Treasury	1.90	2.09	2.06	2.42	1.64
Bloomberg Aggregate (YTW)	1.75	1.56	1.50	1.61	1.12
Bloomberg Municipal Bond Blend 1-15 Year	0.87	0.84	0.76	0.87	0.77
ICE BofA US High Yield	4.31	4.08	3.85	4.27	4.24
Currencies	**12/31/21**	**9/30/21**	**6/30/21**	**3/31/21**	**12/31/20**
Euro ($/€)	1.14	1.16	1.19	1.18	1.22
Yen (¥/$)	115.16	111.57	110.99	110.50	103.25
Pound ($/£)	1.35	1.35	1.38	1.38	1.37
Commodities	**12/31/21**	**9/30/21**	**6/30/21**	**3/31/21**	**12/31/20**
Crude Oil (WTI)	75.21	75.03	73.47	59.16	48.52
Gold	1,829	1,757	1,772	1,716	1,895
Volatility	**12/31/21**	**9/30/21**	**6/30/21**	**3/31/21**	**12/31/20**
CBOE VIX	17.22	23.14	15.83	19.40	22.75

U.S. style % total returns (S&P indexes)

Week Value	Week Core	Week Growth		YTD Value	YTD Core	YTD Growth
1.45	0.87	0.36	Large	24.79	28.58	31.87
1.78	1.69	1.61	Mid	30.52	24.65	18.82
0.76	1.09	1.41	Small	30.81	26.70	22.53

S&P 500 sector % total returns



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Looking Ahead: Key Themes for Portfolio Positioning

Economy & Equities: Hand-in-hand moderation

- We expect above-trend economic growth in 2022, albeit more moderate than 2021 and with reduced policy support
- We remain positive yet realistic on equity returns for 2022, and we expect to see more normal pullbacks
- We remain neutral on growth relative to value styles given an ongoing tug-of-war between above-trend economic growth versus COVID-19 flare-ups and reduced stimulus
- Our take: In an environment with potentially more volatility, we expect higher quality stocks to lead a broader market in 2022. As such, we will overweight stocks over bonds, remain style-neutral, and maintain our positioning in quality-focused managers as security selection once again favors fundamentals

Inflation: Shifting dynamics

- Pandemic-induced inflation resulted from various global supply shutdowns and unprecedented government stimulus programs
- Today's inflation environment is very different from the persistent inflation of the 1970s driven by the dollar's devaluation coming off of the gold standard and OPEC's influence on higher oil prices
- We expect overall inflationary pressures to ease as production and supply chains recover and consumer spending shifts from Goods back toward Services
- Goods inflation was driven by outsized price pressures from supply issues in new and used cars, which should ease
- Our take: Equities have historically been a better inflation hedge than bonds; overweight to equities is providing portfolio protection

Federal Reserve & Bonds: Higher volatility

- The Federal Reserve will be providing much less accommodation throughout 2022, as the end of its asset purchases is likely to be followed by rate hikes
- We expect a shift in Fed policy to inject volatility within financial markets in general and fixed income in particular. While bond yields might remain range-bound, they are likely to settle higher than 2021 levels.
- Although bond yields have potential to rise as the Fed buys fewer Treasuries, strong demand for U.S. Treasuries continues from foreign investors, adding to the expectation for range-bound yields
- Our take: Stocks have generally had positive performance when the Fed is raising rates initially, as this is normally paired with a healthy economy. Near-to-below neutral portfolio duration and an underweight to Treasuries are important ways to position fixed income in this environment

Other policy and/or geopolitical concerns

- Omicron has spiked U.S. virus trends for the start of 2022; while the omicron variant appears more transmissible than prior strains, the symptoms are reportedly milder
- We maintain our base case that the U.S. won't experience further lockdowns due to higher vaccination rates and better therapeutics, though delays in economic activity could persist
- Geopolitical challenges and lagging success on COVID-19 efforts have supported our overweight to U.S. equities; however, U.S. midterm elections could contribute to **volatility**.
- Our take: We maintain our U.S. equity bias given its blue chip status while recognizing that international developed markets have the potential to narrow the differential with better COVID-19 trends. As we look forward we are anticipating another solid year for the U.S. economy and equity markets while recognizing the potential for higher volatility from a variety of risk factors

Asset Class View, Forecasts, and Valuation – January 2022

Tactical outlook (3-12 months)

Asset classes	Less Attractive				More Attractive
Equity				●	
Fixed income	●				
Cash			●		

Global equity	Less Attractive				More Attractive
U.S. large cap					●
U.S. mid cap			●		
U.S. small cap					●
Real estate investment trusts (REITs)***				●	
International developed markets		●			
Emerging markets (EM)	●				
Growth style relative to value			●		

U.S. fixed income	Less Attractive				More Attractive
U.S. government		●			
U.S. mortgage-backed securities		●			
U.S. investment grade corporate (IG)			●		
U.S. high yield corporates (HY)				●	
Leveraged loans				●	
Duration		●			

Long-term capital market assumptions (10 yr)+

Equity	Expected Return	Expected Risk
Global equity	5.75%	16.3%
U.S. large cap	6.00%	15.2%
U.S. small cap	7.50%	19.0%
Real estate investment trusts (REITs)	4.50%	18.0%
International developed markets	5.50%	17.5%
Emerging markets (EM)	5.50%	24.0%

Fixed income	Expected Return	Expected Risk
Intermediate-term municipals	1.25%	3.5%
U.S. core taxable bonds	1.50%	3.4%
U.S. government bonds	1.00%	3.9%
U.S. IG corporate bonds	2.25%	6.0%
U.S. HY corporate bonds	3.75%	9.0%

Key IAG 2022 forecasts

2022 global GDP forecast*	4.9%
U.S. GDP	4.0% - 4.5%
Year-end Fed Funds rate range	0.50% - 0.75%
10-yr U.S. Treasury yield	1.00% - 2.00%
S&P 500 12-month forward EPS**	$227.84

*IMF forecast **FactSet consensus estimates

Global equity market valuation	S&P 500	MSCI ACWI	MSCI EAFE	MSCI EM
Current price-to-earnings (P/E) ratio	20.9x	18.3x	15.3x	12.4x
10-year average P/E ratio	16.6x	15.3x	14.1x	11.6x
10-year high P/E ratio	23.4x	20.8x	18.2x	17.0x
10-year low P/E ratio	11.3x	10.4x	9.7x	8.8x

Past performance does not guarantee future results. Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.
*In this document, we express our high-level investment strategy views without portfolio context constraints. We aim to represent relative opportunities within each broader asset class. This allows us to signal what we are watching and where things are changing at the margin within positions that may differ from our asset allocation guidance and Strategy Portfolios. Long-term expected risk, return and correlation statistics are derived from the Portfolio & Market Strategy team's capital market assumptions process and are not guaranteed. Secular trends, such as demographics, global debt, inflation, etc. are initially assessed to determine the impact on global markets over the next decade. With an understanding of the current stage of the business cycle, a combination of quantitative and fundamental techniques is used to further analyze factors that include, but are not limited to: (1) the outlook for asset class return drivers; (2) the probability of sustained returns; (3) absolute and relative valuation measures; (4) the impact of economic drivers on asset class assumptions and (5) changes in investor sentiment and liquidity. +Capital market assumptions are reviewed and/or modified at least once a year and are currently as of 2021. ***REITs – Our asset class views can differ at times from our sector strategy as the latter has a much heavier emphasis on price momentum, whereas fundamentals play a greater role in our asset class view.

Investment Review

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Activity Summary

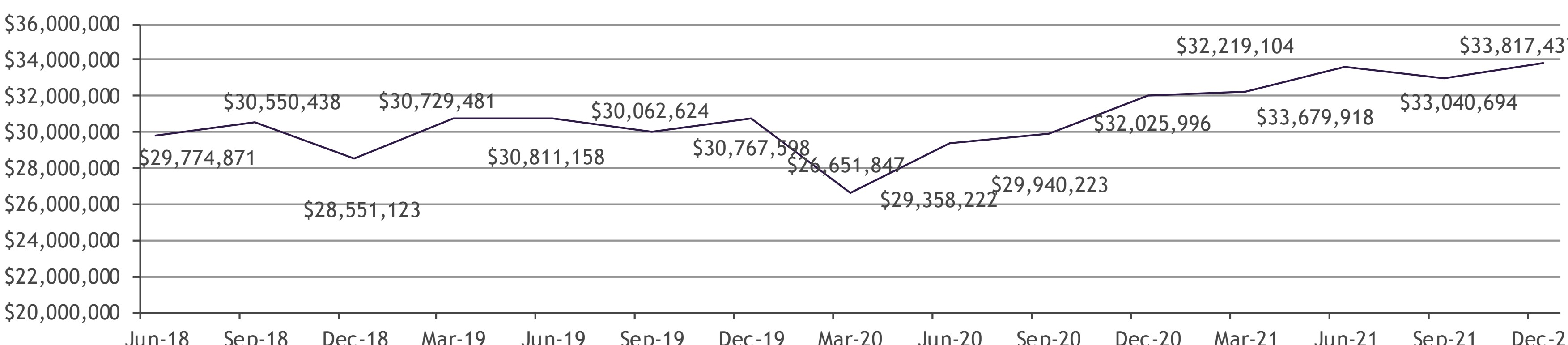
Quarterly

Period Ending December 31, 2021	
Beginning Market Value	**$33,040,694**
Beginning Accrued Income	**$64,295**
Beginning Portfolio Value	$33,104,988
Contributions	$938,168
Withdrawals	($1,439,420)
Gain (Loss)	$529,797
Interest and Dividends	$731,945
Net Accrued Income	($16,254)
Ending Market Value	**$33,817,437**
Ending Accrued Income	**$48,041**
Ending Portfolio Value	**$33,865,478**

Year to Date

Period Ending December 31, 2021	
Beginning Market Value	**$32,025,996**
Beginning Accrued Income	**$44,013**
Beginning Portfolio Value	$32,070,008
Contributions	$2,018,668
Withdrawals	($3,573,139)
Gain (Loss)	$2,079,710
Interest and Dividends	$1,270,231
Net Accrued Income	$4,028
Ending Market Value	**$33,817,437**
Ending Accrued Income	**$48,041**
Ending Portfolio Value	**$33,865,478**

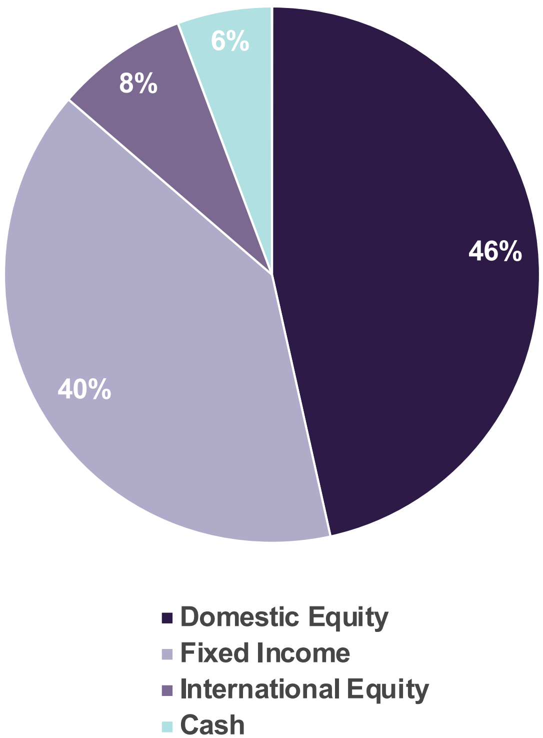
Quarterly Market Value Trends



Excludes accrued income.
Source: First Rate Advisor

Foundations and Endowments Specialty Practice

Portfolio Composition



Period Ending December 31, 2021						
	Vehicle	Current Market Value	Current Allocation	Prior Qtr Allocation	IPS Ranges	Expense Ratio
Total Portfolio		$33,865,478	100.0%	100.0%		0.22%
Total Equities		$18,459,223	54.5%	53.7%	40-60%	
Large Cap Equities		$12,384,712	36.6%	35.2%		
iShares DJ Select Dividend	ETF	$2,332,888	6.9%	6.6%		0.38%
Vanguard Institutional Index	MF	$4,387,311	13.0%	12.3%		0.04%
Edgewood Growth Fund	ETF	$1,857,691	5.5%	5.8%		1.00%
Vanguard Value Index- Admiral	MF	$1,915,860	5.7%	5.3%		0.05%
SPDR S&P Dividend	ETF	$1,890,962	5.6%	5.2%		0.35%
Smid Cap Equities		$1,037,035	3.0%	3.2%		
Eaton Vance Atlanta Capital SMID-Cap R6	MF	$1,037,035	3.0%	3.2%		0.82%
Small Cap Equities		$1,204,091	3.6%	3.7%		
Fidelity Small Cap Index	MF	$1,204,091	3.6%	3.7%		0.03%
Real Estate		$1,128,148	3.3%	2.9%		
SPDR Dow Jones REIT	MF	$1,128,148	3.3%	2.9%		0.25%
International Equities		$2,705,237	8.0%	8.7%	0-10%	
Vanguard International Growth	MF	$1,086,383	3.2%	3.9%		0.32%
iShares Core MSCI EAFE ETF	ETF	$1,618,854	4.8%	4.9%		0.07%
Total Fixed Income		$13,469,731	39.8%	41.2%	40-60%	
Corporate Obligations	MA	$3,527,403	10.4%	10.9%		0.00%
Foreign Bonds	MA	$360,162	1.1%	1.1%		0.00%
U.S. Govt Bds	MA	$522,611	1.5%	1.6%		0.00%
Western Asset Core Plus Bond IS	MF	$2,154,412	6.4%	6.6%		0.42%
Vanguard Total Bond Market	MF	$5,137,282	15.2%	15.6%		0.04%
Neuberger Berman High Income	MF	$1,321,905	3.9%	4.0%		0.70%
Vanguard Short Term Bond	MF	$445,957	1.3%	1.4%		0.05%
Total Cash Equivalents		$1,936,523	5.7%	5.1%	0-25%	

Portfolio Yield	2.092%
Estimated Annual Income	$707,528.13

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Foundations and Endowments Specialty Practice

Investment Performance

Period Ending December 31, 2021						
Account	1 Month	3 Months	YTD/1 Year	3 Years	5 Years	Inception to Date
Total Portfolio	**2.69%**	**3.86%**	**10.74%**	**11.52%**	**8.34%**	**7.69%**
Total Portfolio (Net of Fees)	**2.67%**	**3.79%**	**10.47%**	**11.24%**	**8.06%**	**7.37%**
*Policy Benchmark**	*2.07%*	*4.38%*	*10.43%*	*13.93%*	*10.10%*	*8.27%*
Total Equities	**4.90%**	**7.32%**	**21.98%**	**19.42%**	**13.10%**	**11.36%**
Domestic Equities	5.47%	8.70%	25.71%	20.27%	13.65%	12.17%
S&P 500	*4.48%*	*11.03%*	*28.71%*	*26.07%*	*18.47%*	*15.65%*
DJ US Select Dividend	*7.26%*	*7.75%*	*32.24%*	*15.82%*	*11.02%*	*13.00%*
Russell Mid Cap	*4.08%*	*6.44%*	*22.58%*	*23.29%*	*15.10%*	*13.65%*
Russell 2000	*2.23%*	*2.14%*	*14.82%*	*20.02%*	*12.02%*	*11.96%*
International Equities - Developed	1.87%	0.24%	7.05%	17.69%	11.50%	--
MSCI EAFE	*5.12%*	*2.69%*	*11.26%*	*13.54%*	*9.55%*	*6.04%*
Total Fixed Income	**0.11%**	**-0.21%**	**-1.45%**	**4.49%**	**3.64%**	**4.19%**
Bloomberg Barclays Aggregate	*-0.26%*	*0.01%*	*-1.54%*	*4.79%*	*3.57%*	*3.11%*
Total Short Term	**0.00%**	**0.00%**	**0.01%**	**0.80%**	**0.97%**	**0.49%**

**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

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Exhibit 4

Manager Performance

Period Ending December 31, 2021								
Assets	Ticker Symbol	1 Month	3 Months	YTD/1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
Large Cap Equities								
Edgewood Growth Fund	EGFIX	1.61%	2.29%	23.63%	33.12%	26.61%	21.40%	1.00%
Russell 1000 Growth		*2.11%*	*11.64%*	*27.60%*	*34.08%*	*25.32%*	*19.79%*	--
Vanguard Value Index Adm	VVIAX	6.90%	9.33%	26.49%	17.64%	12.52%	13.74%	0.05%
Russell 1000 Value		*6.31%*	*7.77%*	*25.16%*	*17.64%*	*11.16%*	*12.97%*	--
SPDR S&P Dividend	SDY	7.87%	10.71%	25.37%	16.33%	12.15%	13.33%	0.35%
iShares Dow Jones Select Dividend	DVY	7.22%	7.64%	31.63%	15.37%	10.59%	12.39%	0.38%
Dow Jones US Select Dividend		*7.26%*	*7.75%*	*32.24%*	*15.82%*	*11.02%*	*12.82%*	--
Vanguard Institutional Index	VINIX	4.48%	11.02%	28.67%	26.05%	18.44%	16.52%	0.04%
S&P 500		*4.48%*	*11.03%*	*28.71%*	*26.07%*	*18.47%*	*16.55%*	--
Smid Cap Equities								
Eaton Vance Atlanta Capital SMID-Cap R6	ERASX	7.13%	9.75%	22.33%	22.38%	16.73%	15.80%	0.82%
Russell 2500		*3.28%*	*3.82%*	*18.18%*	*21.91%*	*13.75%*	*14.15%*	--
Small Cap Equities								
Fidelity Small Cap Index	FSSNX	2.21%	2.10%	14.71%	20.05%	12.11%	13.38%	0.03%
Russell 2000		*2.23%*	*2.14%*	*14.82%*	*20.02%*	*12.02%*	*13.23%*	--

Source: Morningstar & First Rate Advisor

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Manager Performance

Period Ending December 31, 2021								
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	9.00%	17.14%	45.50%	16.54%	9.41%	10.43%	0.25%
Down Jones US Select REIT		*9.01%*	*17.22%*	*45.91%*	*16.84%*	*9.65%*	*10.70%*	--
International Equities								
Vanguard International Growth	VWILX	-1.29%	-2.76%	-0.74%	27.75%	21.14%	13.96%	0.32%
MSCI ACWI ex US Growth		*3.01%*	*2.37%*	*5.09%*	*17.82%*	*13.06%*	*9.13%*	--
iShares Core MSCI EAFE ETF	IEFA	4.74%	2.79%	11.29%	14.01%	9.96%	--	0.07%
MSCI EAFE IMI		*5.00%*	*2.28%*	*11.08%*	*13.84%*	*9.76%*	*8.39%*	--
Fixed Income								
Vanguard Short-Term Bond Idx I	VBITX	-0.20%	-0.77%	-1.06%	2.81%	2.19%	1.70%	0.05%
Bloomberg Barclays US 1-5Y GovCredit		*-0.16%*	*-0.72%*	*-0.97%*	*2.88%*	*2.25%*	*1.77%*	--
Vanguard Total Bond Market Index I	VBTIX	-0.40%	-0.08%	-1.65%	4.83%	3.59%	2.87%	0.04%
Western Asset Core Plus Bond IS	WAPSX	0.30%	-0.04%	-1.87%	6.47%	4.94%	4.57%	0.42%
Bloomberg Barclays US Aggregate Bond		*-0.26%*	*0.01%*	*-1.54%*	*4.79%*	*3.57%*	*2.90%*	--
Neuberger Berman High Income	NHILX	2.14%	0.58%	4.56%	8.21%	5.47%	5.91%	0.70%
BofAML US High Yield		*1.88%*	*0.66%*	*5.36%*	*8.57%*	*6.10%*	*6.72%*	--

Source: Morningstar & First Rate Advisor

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Market Review & Outlook

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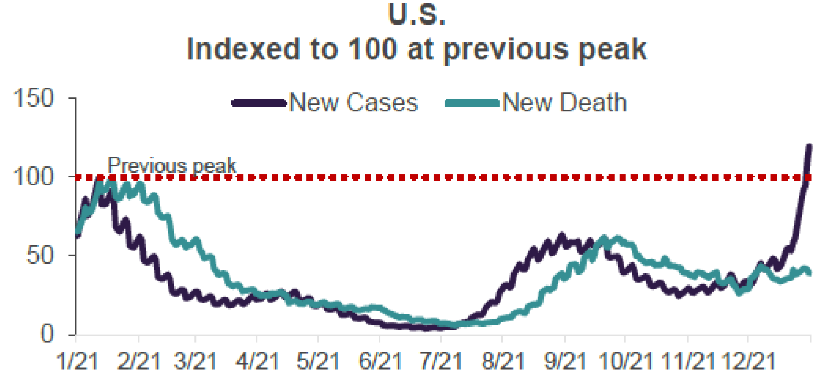
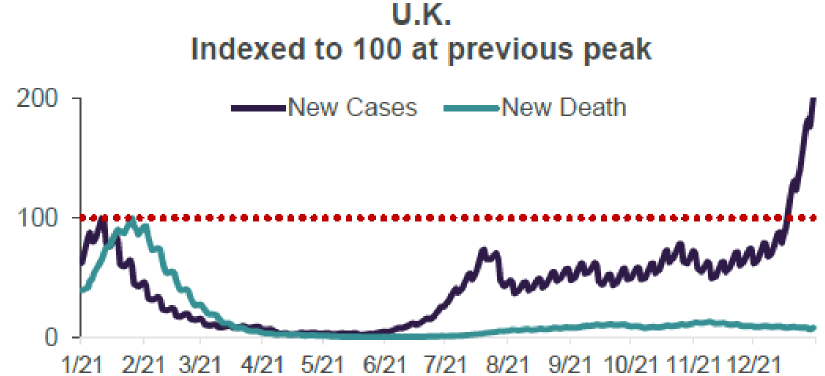
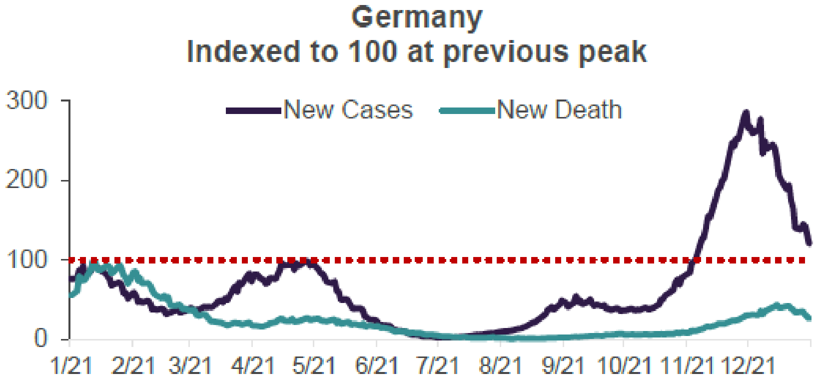
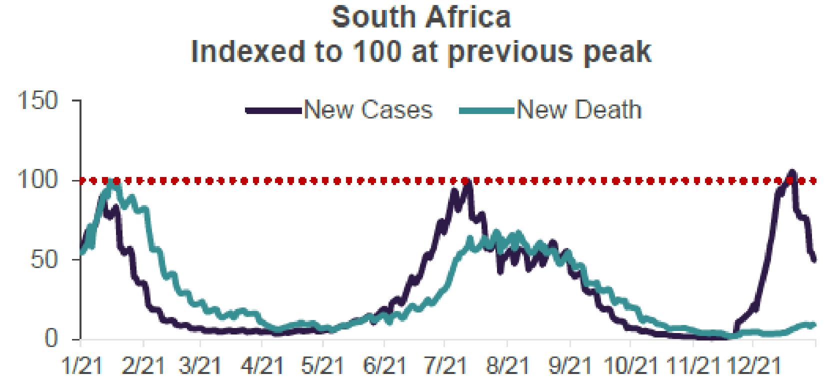
COVID-19 spent a second year as the dominant headline

- New COVID-19 cases are well above prior peaks, but related deaths remain well below
- Each subsequent COVID-19 surge has had a lower economic/financial market impact as the virus becomes more manageable
- Medical care has vastly improved, and businesses and consumer have adapted to flare ups









TRUIST

Sources: Truist IAG, Bloomberg. New cases and deaths (7-day average) through January 2, 2022.

Geo/Political risks to be aware of as COVID-19 risks recede

- Numerous federal elections are set to take place in 2022, particularly with U.S. mid-terms, while other countries have new leaders
- Conflict over Taiwan or failure to achieve a new nuclear accord with Iran could introduce unpredictable risks to the global economy
- Russia invading Ukraine could have devastating consequences for European security

Germany

The leader of the Social Democrats, Olaf Scholz, became Chancellor of Germany with the help of a three-legged coalition including the Green and Free Democrat parties.

U.S.

Mid-term elections, where all seats of the House of Representatives and 34 seats in the Senate will be contested, will be watched for policy implications. Numerous state elections will be conducted as well.

France

President Emmanuel Macron is campaigning for a second term. He is expected to face right-wing candidate Eric Zemmour. According to polls, Macron is favored to win reelection.

Russia

Russia has been building up combat-ready troops along its border with Ukraine. A full-blown war could present a major security crisis for NATO member countries in eastern Europe.

China/Taiwan

"Complete reunification" of China and Taiwan is one of Xi Jinping's main agenda items. On the other hand, according to Taiwan's president, Taiwan's future should be decided by the Taiwanese people.

Iran

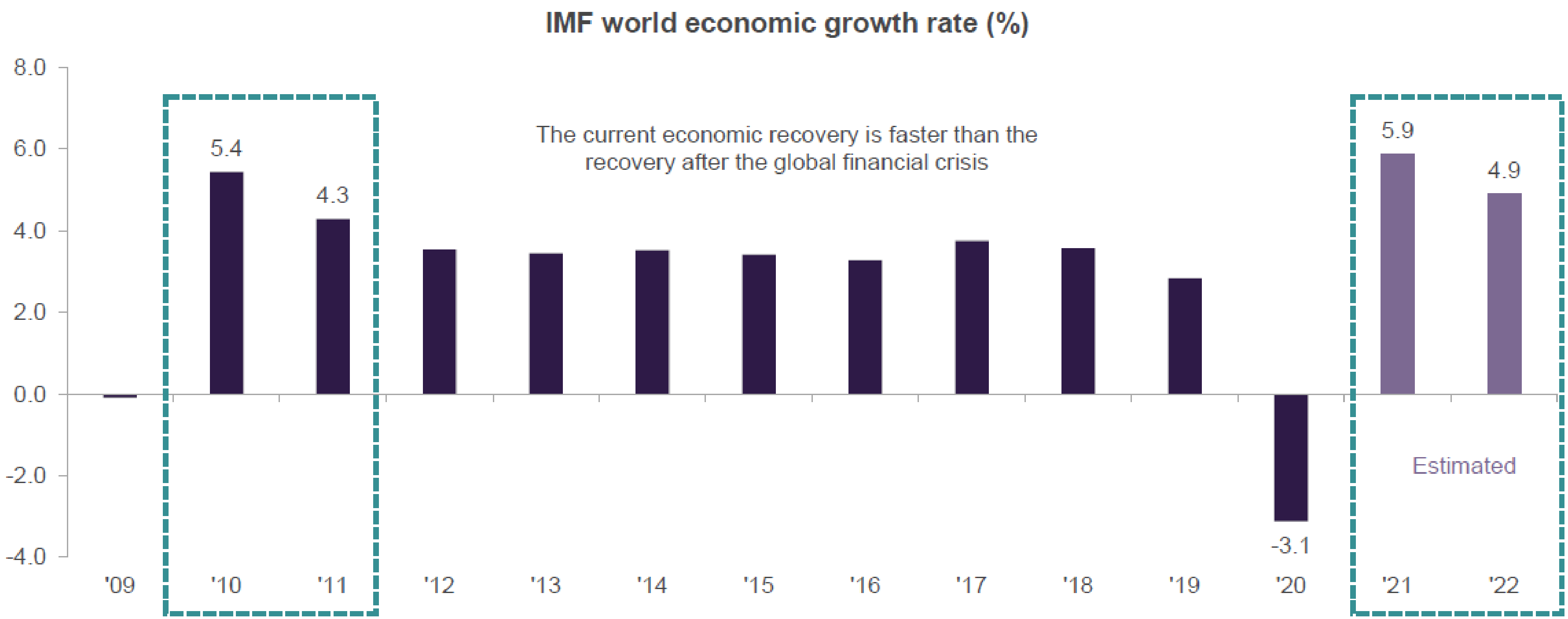
To stop Iran's advance towards nuclear weapons capability, an early nuclear accord is in the works. Tensions could flare as both sides work through the negotiations.

TRUIST

Sources: Truist IAG

The world economy is projected to grow faster than post-GFC

- The world economy is projected to grow 4.9% in 2022, according to estimates from the International Monetary Fund (IMF)
- This is slightly stronger than the rebound coming out of the Global Financial Crisis (GFC) in 2010

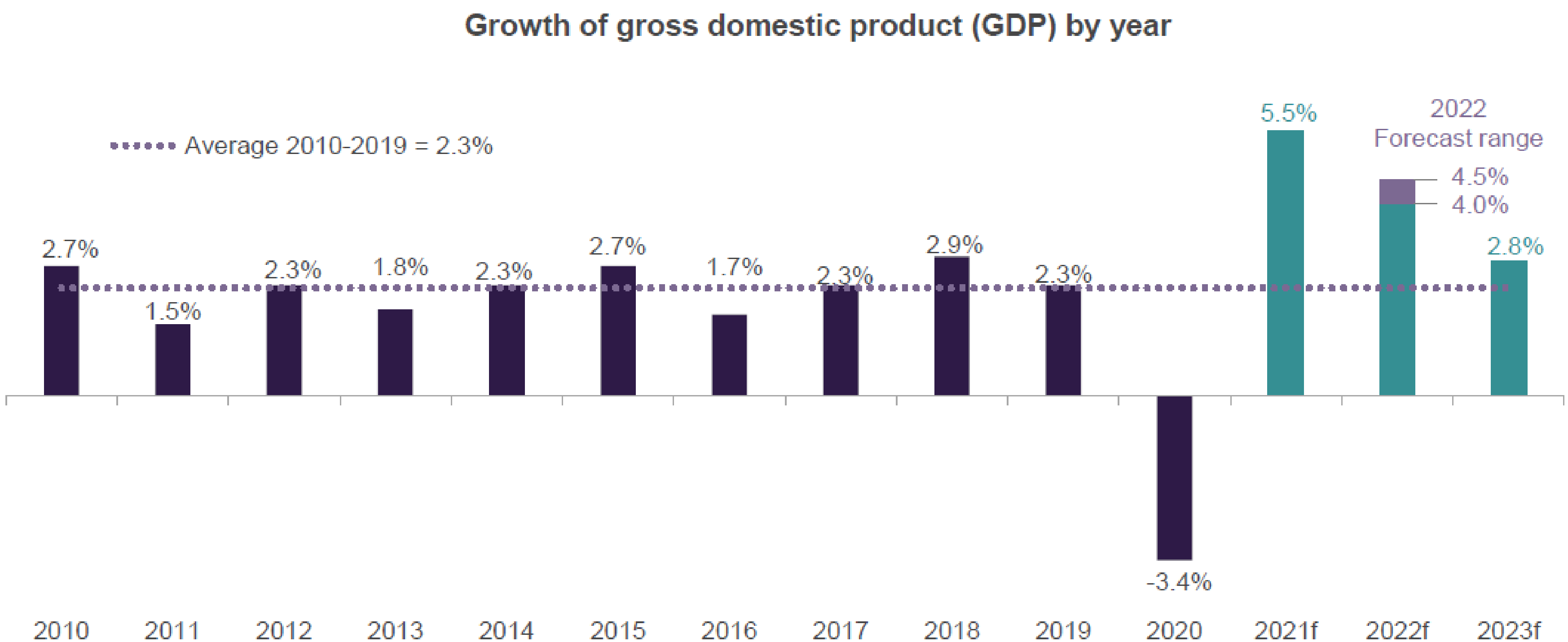


Sources: *Truist IAG, Bloomberg, IMF*

U.S. growth well above pre-pandemic trend through at least 2023

- While growth will step down in 2022 as many pandemic assistance programs end, US economic growth should remain well above the pre-pandemic pace through at least 2023

OUR TAKE: *The economic backdrop continues to be supportive of equities selectively*



Sources: Truist IAG, Bureau of Economic Analysis, IHS Markit. Real GDP, actual for 2014 through 3Q2021. (f) = Truist IAG forecast for 4Q2021 through 2023

Rebuilding of depleted inventories and massive order backlogs are tailwinds for economic growth in 2022

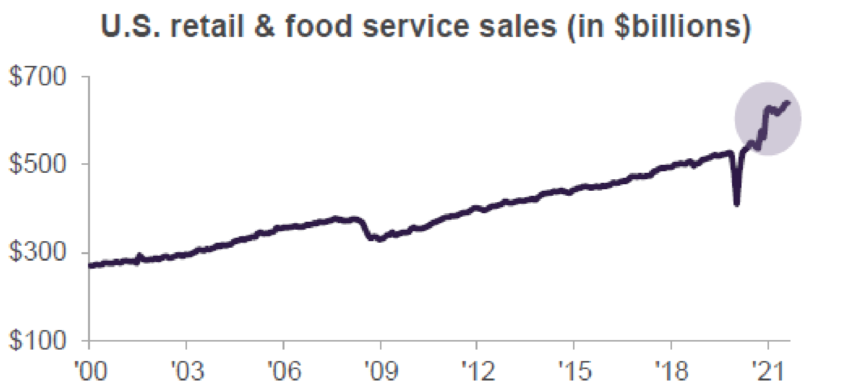
- Business inventories, which ballooned during the 2020 lockdown, quickly plunged as demand came roaring back
- Inventories remain depleted 18 months later by nearly any measure and are hovering near 30-year lows

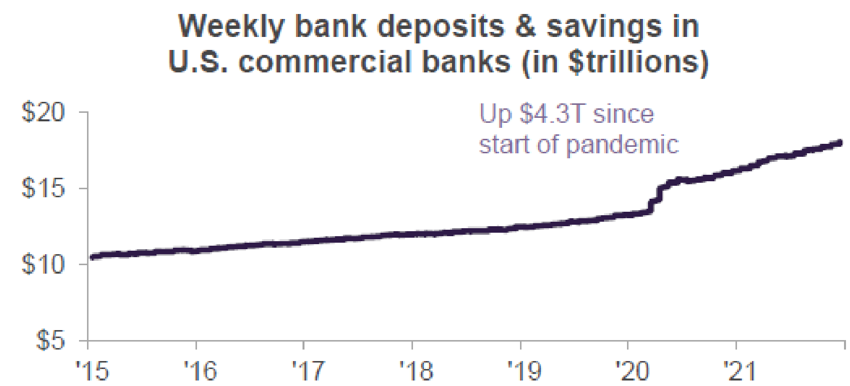
Inventories to sales ratio

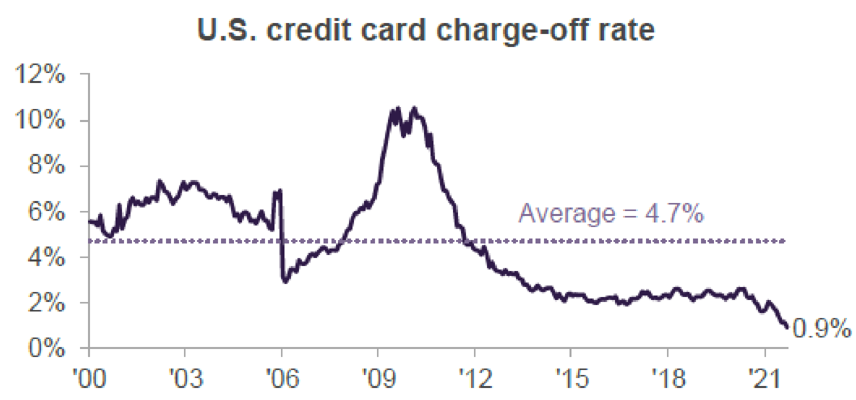
TRUIST

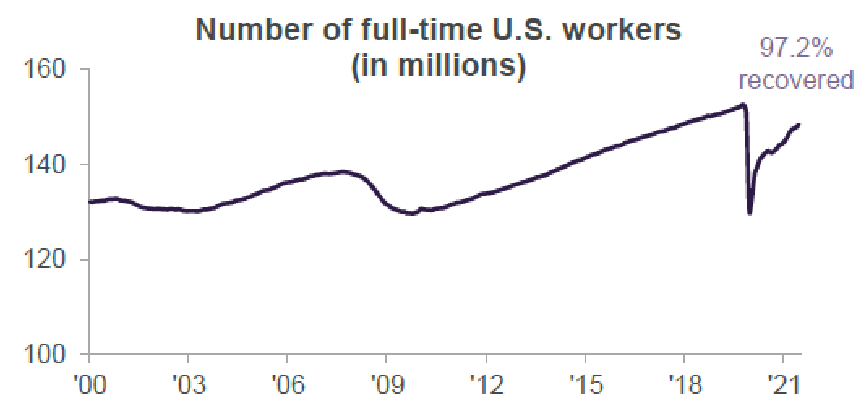
Source: Truist IAG, U.S. Census Bureau, monthly data through October 2021

Consumers – nearly 70% of the U.S. economy – in good shape









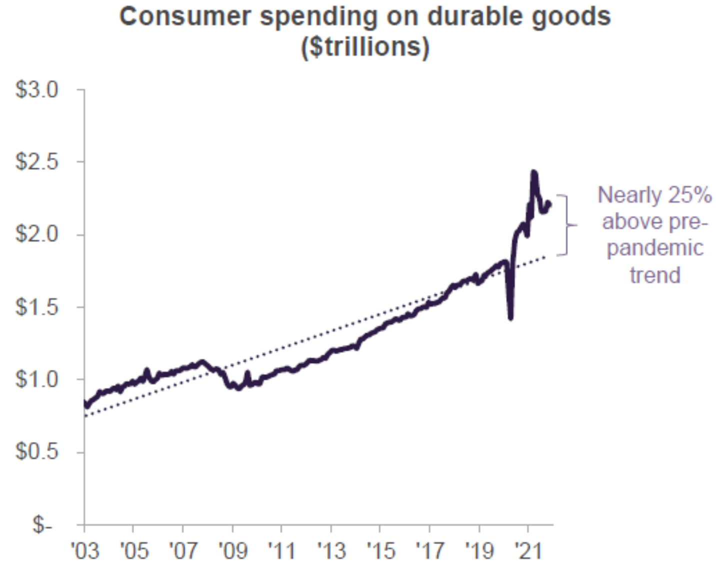
TRUIST

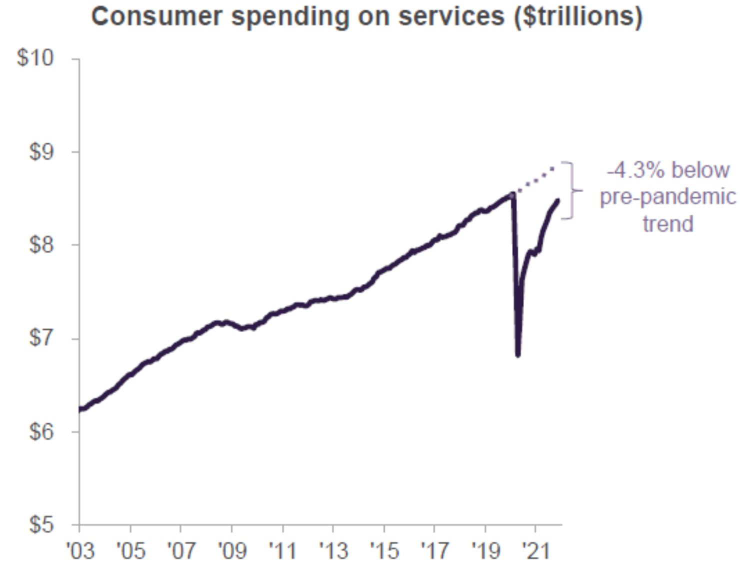
Source: Truist IAG, Bloomberg, Haver, data through November 2021

We expect consumer spending to shift back toward services from goods, helping ease supply chain issues and cool inflation

- Spending on big-ticket items – such as appliances, furniture, and vehicles (i.e. durable goods) – is roughly 20% above pre-pandemic trend
- While still strong, these big-ticket purchases have declined in recent months from their peak

OUR TAKE:
This moderation should gradually ease supply chain challenges and inflationary pressures





TRUIST

Source: Truist IAG, Bloomberg, Bureau of Economic Analysis, Bureau of Labor Statistics; monthly data through November 2021

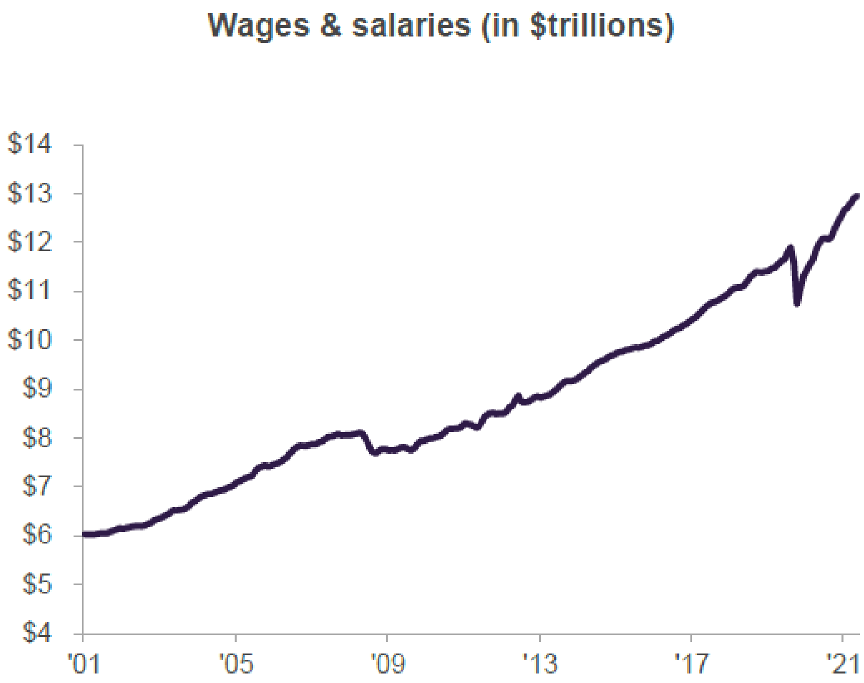
U.S. recovering jobs much faster than prior two recoveries

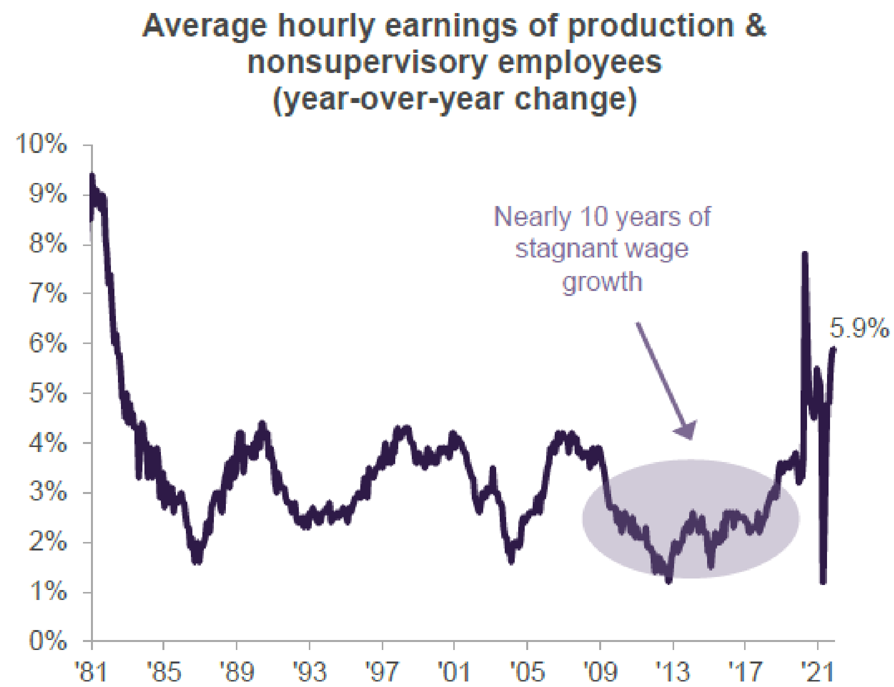
- Although not fully recovered and starting from a much deeper hole, the rebound in jobs has been dramatically faster than the last two recoveries

Source: Truist IAG, Haver, Bureau of Labor Statistics. Monthly data through November 2021

Rising wages are a double-edged sword – pushing inflation, but also driving economic growth

- Rising wages are inflationary, yet wages are also income for workers and are eventually spent on goods/services
- Further, wages are rising for rank and file workers, catching up after a decade of stagnant growth following the global financial crisis





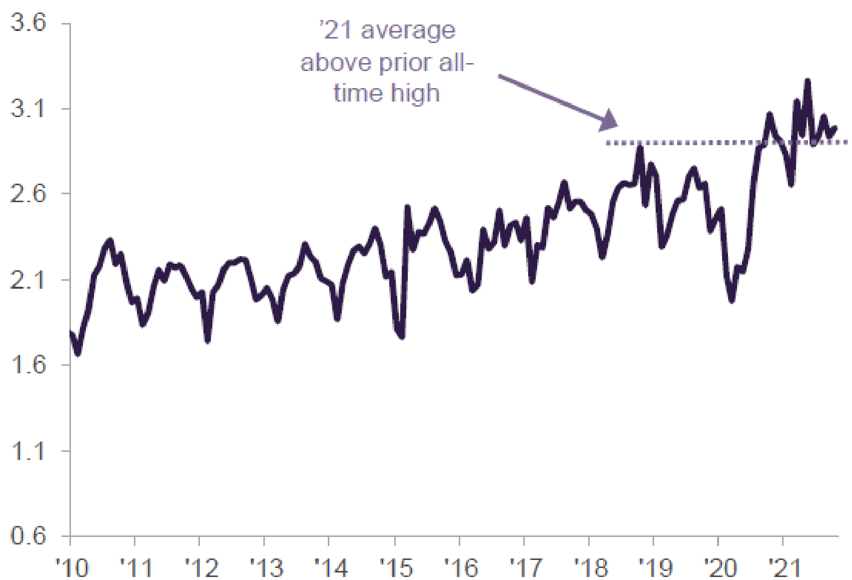
TRUIST

Source: Truist IAG, Bloomberg, Bureau of Economic Analysis, Bureau of Labor Statistics; monthly data through November 2021

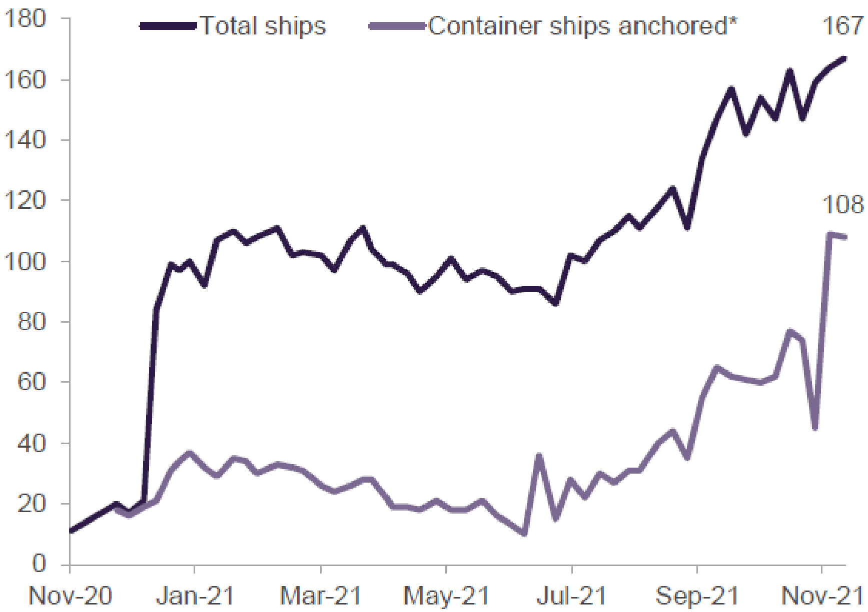
Port bottlenecks partly caused by huge stimulus-induced demand and *just-in-time inventory* systems, but constraints should subside during 2022

- Huge demand is one of the underappreciated reasons behind the supply chain challenges, but this should ease as consumer spending shifts more toward Services in 2022 and as unprecedented levels of COVID-19 fiscal stimulus fade

Total unit volumes at top 5 U.S. ports (in millions)



Ships in port of LA/Long Beach

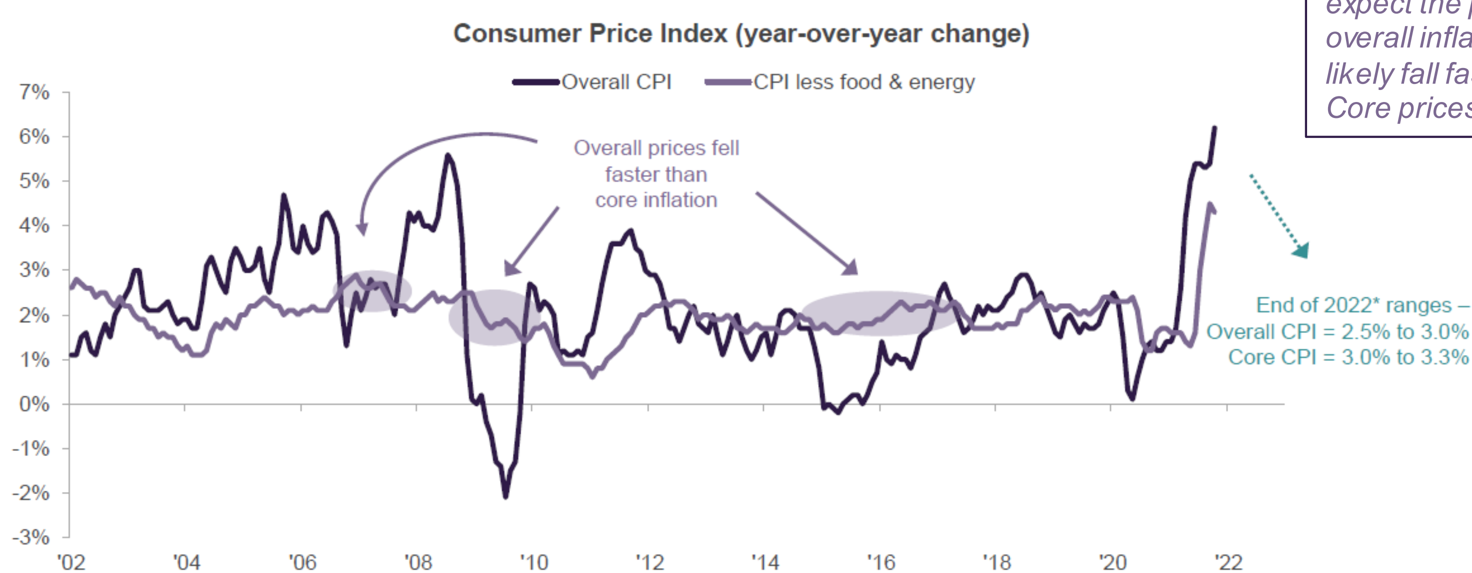


TRUIST

Source: Truist IAG, Bloomberg, monthly data through October 2021. *Container ships anchored includes anchoring, loitering, or in designated drift areas.

Shifting inflation dynamics – Overall inflation will fall faster than Core in 2022

- We expect overall inflationary pressures to ease as production and supply chains recover and consumer spending shifts back toward services
- However, housing prices within CPI, which have an outsized weight in the Core reading (41%), are not expected to fall as quickly
- Accordingly, we expect the pace of *overall* inflation will likely fall as stimulus fades as it did after the Global Financial Crisis fiscal stimulus ended in 2012 and monetary tapering began in 2014



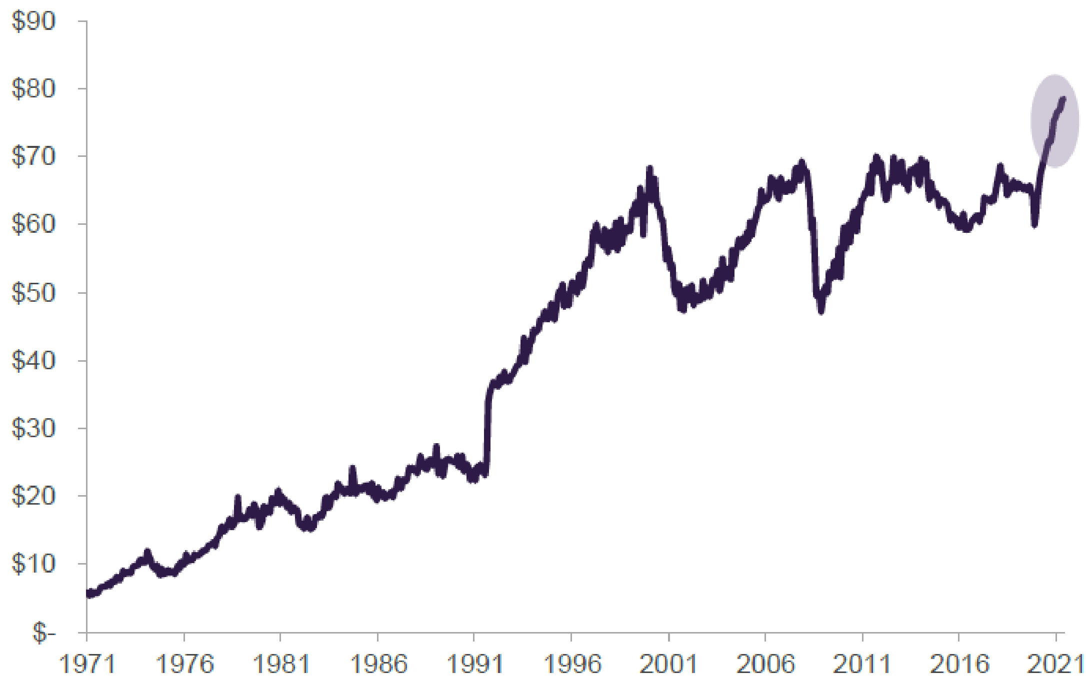
OUR TAKE: *We expect the pace of overall inflation will likely fall faster than Core prices in 2022*

Source: Truist IAG, Haver, Bureau of Labor Statistics, National Association of Realtors, Census Bureau; data through October 2021. Core consumer price index excludes food and energy.
*Truist IAG forecast for 2022.

Surging business spending is another support for growth in 2022

- New orders for core capital goods (buildings, equipment, furniture, machines) have surged to new highs
- These goods are used by businesses to produce other goods
- Record corporate profits and cash levels offer continued support

New orders for core capital goods (excludes aircraft & defense, in $ billions)



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Source: Truist IAG, Bloomberg; monthly data through October 2021

In 2021, the S&P 500 was remarkably strong with shallow pullbacks

- The S&P 500 posted a total return of 29% for 2021
- This marks only the 18th time since 1950 that the market has risen by at least 25%
- Equally impressive, the deepest intra-year market pullback was only 5% versus an historical average of 14%

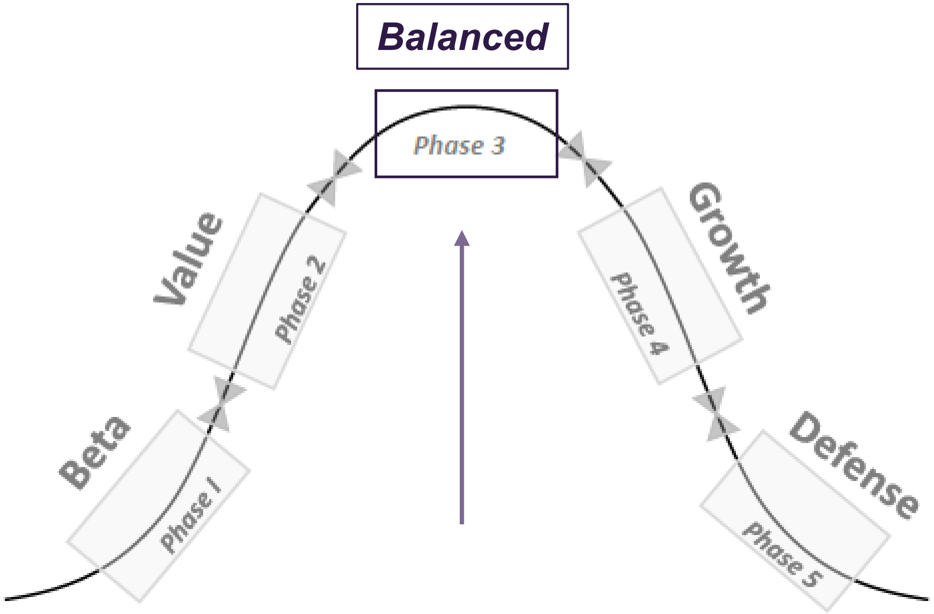
TRUIST

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

The current environment supports a balanced risk profile for equities

- Although acceleration in growth is behind us, neither do we expect a sustained economic slowdown
- We anticipate a push and pull pattern between risk and reward, where quality is likely to be rewarded regardless of Growth/Value style

OUR TAKE : *Phase 3 – the Balanced Phase – tends to favor companies with positive earnings momentum*



Sources: Truist IAG, Cornerstone Macro

CAM 22-0113
Exhibit 4
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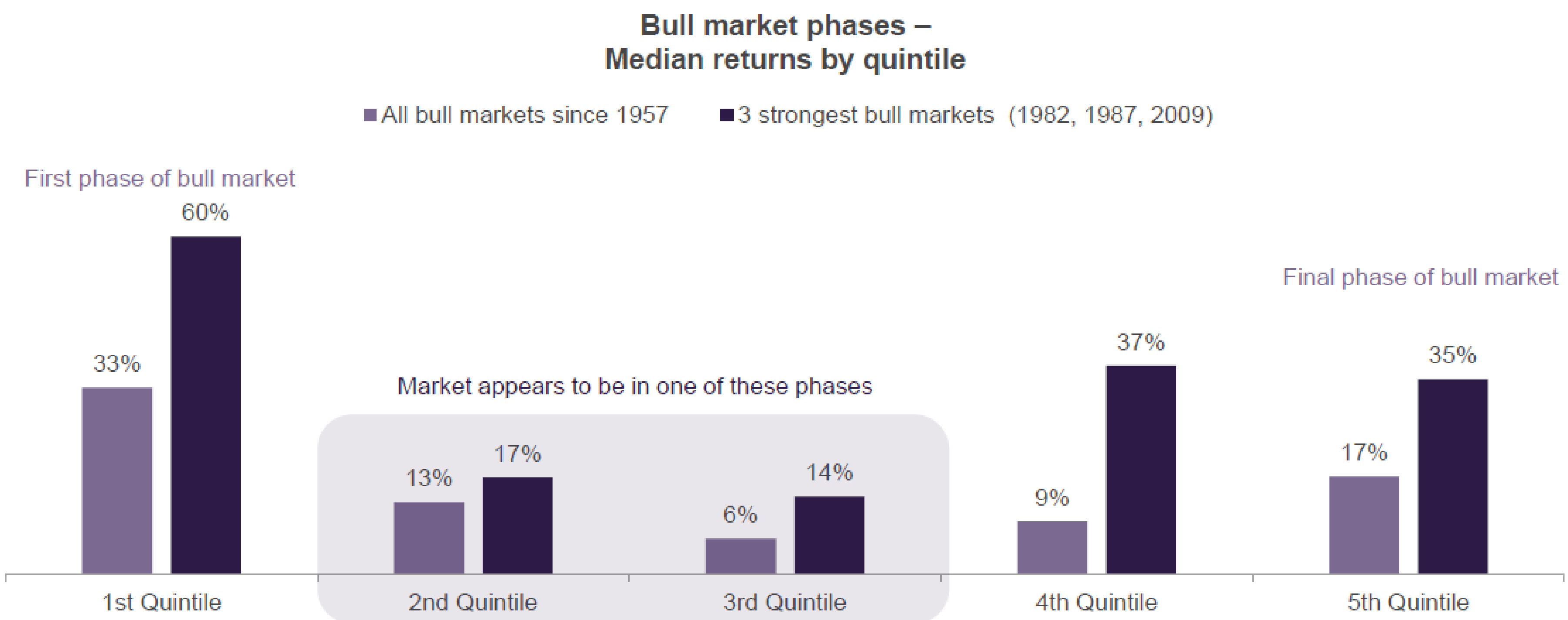
Moderating phase of equity market

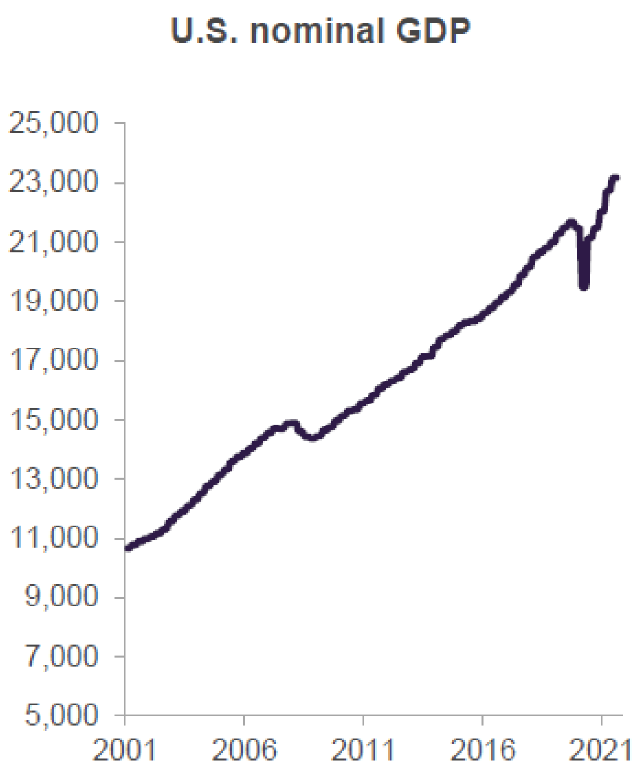
- The first phase of an equity market uptrend tends to see the strongest gains
- In the current phase, we expect positive but moderating returns, sustained by solid fundamentals and earnings

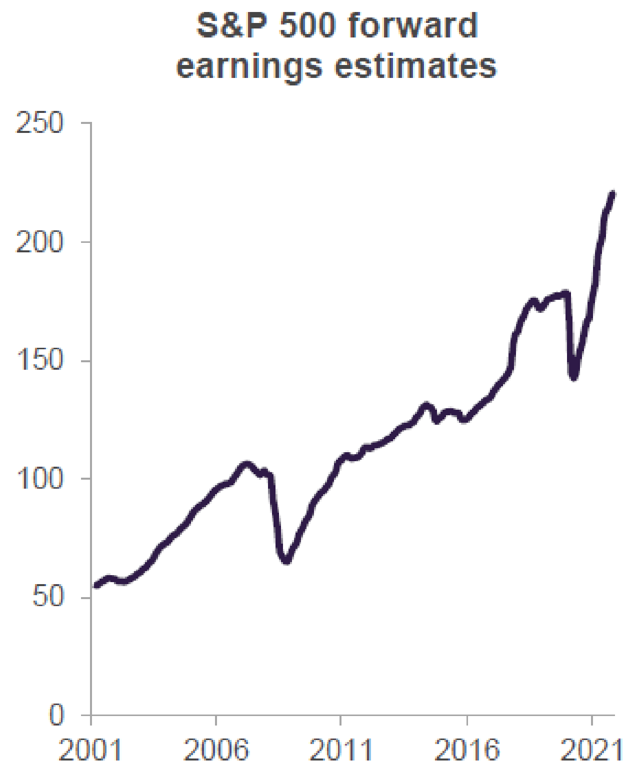


Sources: Truist IAG, Bloomberg. Past performance does not guarantee future results.

We expect the economy, earnings, and stock prices to make fresh highs in 2022, but at a moderating pace

- Importantly, US economic output is at a record level, which has aided corporate profits and ultimately supported stock prices
- We expect these metrics to make fresh records in 2022 but each at a more moderate pace than 2021





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

Historically the first Fed rate hike is not detrimental to equities

- On average, the S&P 500 is up 8.1% in the six months following the first Fed rate hike

S&P 500 Performance Before & After First Fed Tightening

Date of First Hike	-6 Mos.	-3 Mos.	+3 Mos.	+6 Mos.
3/31/1983	30.1%	10.0%	11.1%	11.0%
1/5/1987	1.9%	8.8%	20.0%	23.0%
3/30/1988	-18.4%	5.3%	7.0%	7.4%
2/4/1994	6.2%	3.4%	-3.3%	-1.0%
6/30/1999	12.1%	5.9%	-6.2%	7.4%
6/30/2004	3.7%	1.7%	-1.9%	7.3%
12/16/2015	0.0%	4.5%	-1.6%	1.4%
Average	5.1%	5.7%	3.6%	8.1%
Median	3.7%	5.3%	-1.6%	7.4%

TRUIST

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

Fed rate hikes likely to inject volatility into the market but stocks tend to outperform fixed income during tightening cycles

- Equities have generally had positive performance during periods where the Fed Funds rate is rising
- Rising yield expectations in 2022 suggest core fixed income's performance faces headwinds especially because reduced income in fixed income offers little offset to negative prices in a rising rate environment
- We remain underweight core fixed income relative to equities

OUR TAKE: *A rising Fed funds rate is normally paired with a healthy economy, which favors equities and corporate bonds over U.S. government bonds*

		Annualized returns for periods greater than 12 months				
Periods of rising Fed funds rate		U.S. large cap equity (%)	U.S. small cap equity (%)	U.S. intermediate-term government bonds (%)	U.S. long-term government bonds (%)	Core taxable bonds (%)
8/1954	10/1957	13.7	10.9	0.1	-2.5	
6/1958	11/1959	24.5	31.6	-3.2	-6.4	
8/1961	11/1966	7.0	12.7	2.9	2.2	
8/1967	8/1969	3.7	12.4	2.7	-2.6	
3/1972	7/1974	-8.6	-19.4	2.3	-0.4	
2/1977	6/1981	11.5	34.9	3.7	-1.4	2.5
3/1983	8/1984	13.2	12.3	5.9	1.7	6.5
1/1987	5/1989	16.2	11.1	6.1	5.7	6.9
2/1994	2/1995	4.1	2.2	-2.3	-4.6	0.0
6/1999	5/2000	10.5	20.7	3.1	3.7	2.1
6/2004	6/2006	8.2	13.5	1.8	5.4	3.1
12/2015	12/2018	8.4	5.4	1.5	2.3	1.9
Average		9.4	12.4	2.1	0.3	3.3

TRUIST

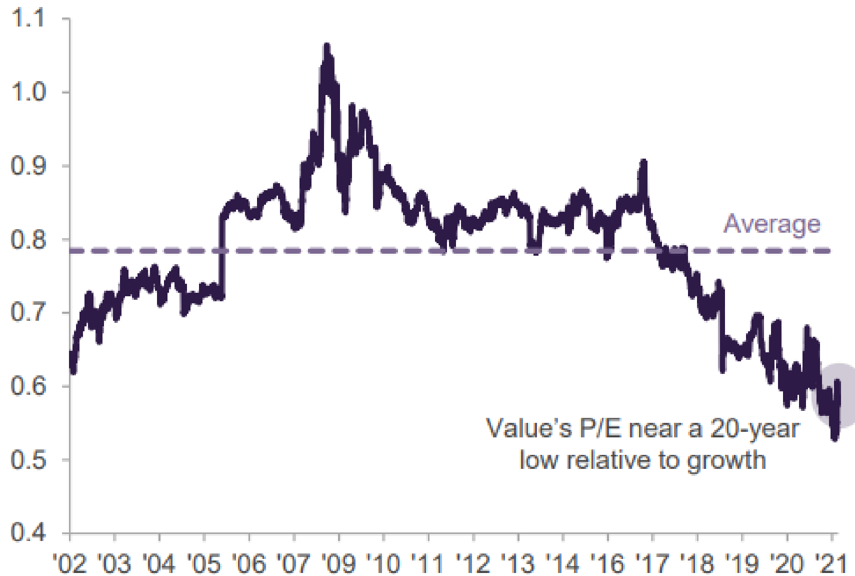
Sources: Truist IAG, Bloomberg, Haver, Morningstar

Stay neutral on Value vs. Growth style

- Our outlook for above-trend economic growth and interest rates, *should* they eventually rise, is historically supportive for Value
- Value style's valuations are at multi-decade lows relative to the Growth style; i.e. Value stocks are currently *cheap* to Growth
- However, relative price trends are weak and comparative earnings trends are still mixed

OUR TAKE: *This argues for a still-neutral style approach between Growth and Value*

Large cap value forward P/E relative to large cap growth



Large cap value price relative to large cap growth

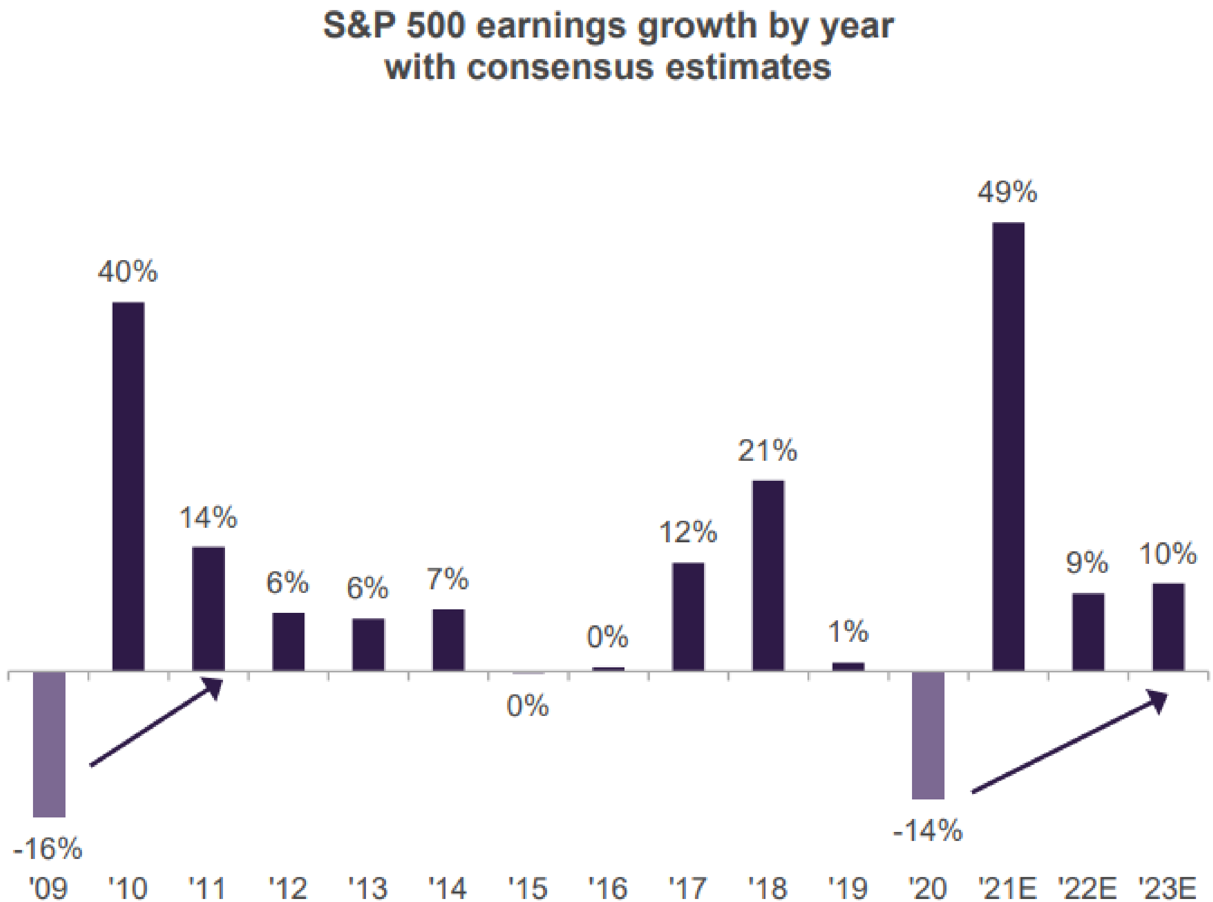
TRUIST

Sources: Truist IAG, FactSet. Sectors represented by S&P style indices. Past performance does not guarantee future results.

Earnings growth trajectory closely tracking the recovery from last recession

- After a steep decline during the first year of the pandemic, corporate profits have rebounded swiftly
- Consensus is estimating between 8% and 9% earnings growth over the next two years

OUR TAKE: *We see upside potential for earnings growth in 2022 given our above-consensus economic outlook*



TRUIST

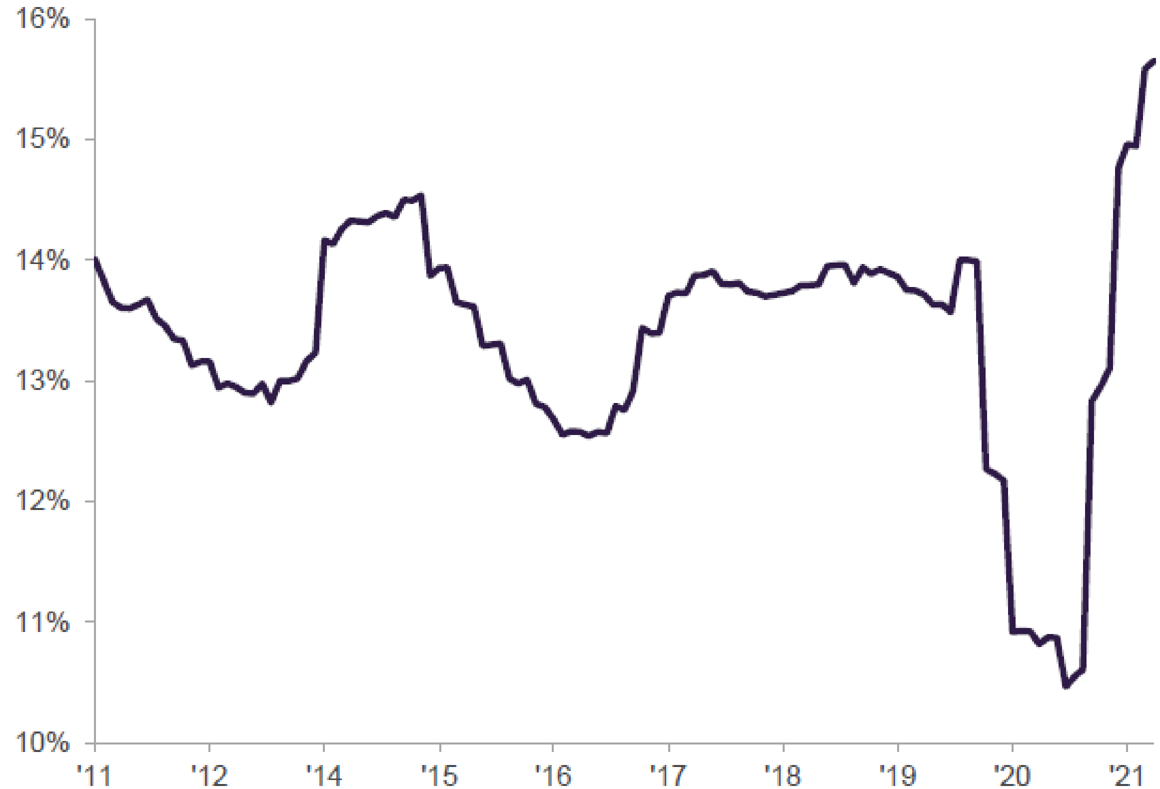
Sources: Truist IAG, FactSet

Corporate margins set to remain strong despite challenges in 2022

- Companies have been able to maintain high profit margins despite challenges from supply chain disruptions, wage increases, and commodity inflation
- This has been aided by pricing power and companies' ability to adapt and become more efficient and productive through the pandemic

OUR TAKE: *Although profit margins are likely to come down from recent elevated levels, we expect that they will stay high, aided by productivity and technology gains that have occurred post-pandemic. Another positive for higher-quality companies in our portfolio.*

S&P 500 trailing 12-month operating margin



TRUIST

Sources: Truist IAG, Strategas

CAM 22-0113
Exhibit 4

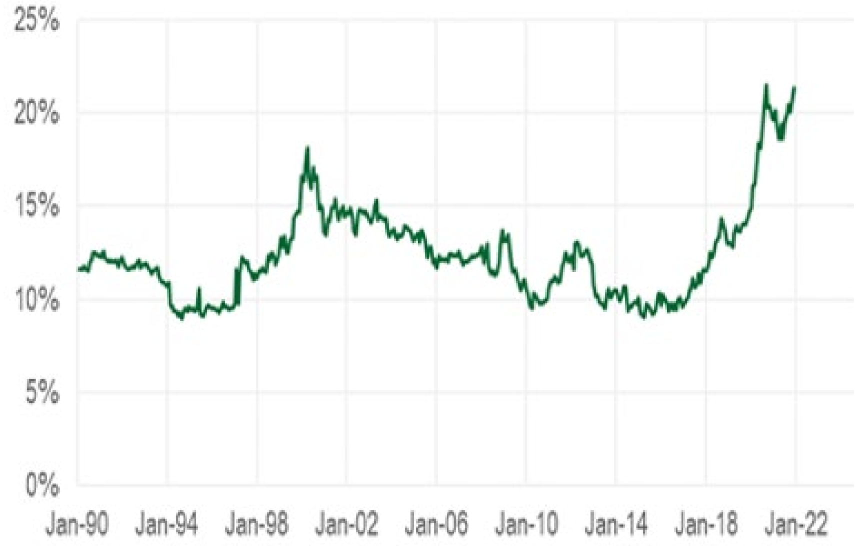
Narrow market leadership has challenged domestic equity managers

- Five mega cap U.S. stocks – Microsoft, Google, Apple, Nvidia, and Tesla – are driving the market higher and accounted for close to one-third of the S&P 500's gain last year
- Active managers will probably not own Tesla with its high 300+ P/E level and will be more diversified compared to the index's weights in these popular mega cap stocks
- These periods of narrow market leadership typically do not persist, but can create challenges for active equity managers who follow a disciplined, diversified approach and select securities with more reasonable valuations.

OUR TAKE: *We expect market breadth to broaden in 2022 and our quality-focused active managers to benefit as security selection once again favors fundamentals*

Top 5 Largest Stocks S&P 500 (rebalanced monthly)

Weight of Top 5 Largest Stocks in S&P 500



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Source: Cornerstone Macro Research LLC. Past performance does not guarantee future results.

Higher quality stocks currently trading at a discount

- Higher quality stocks are trading at a discount to the broad market
- Quality stocks are those firms that have quality earnings, pricing power, return capital to shareholders in a disciplined manner, accounting integrity, and strong cash flows and balance sheets
- Lower quality stocks outperformed across large-, mid-, and small-caps in 2021 as "meme" stocks were included in benchmarks

OUR TAKE: *This should eventually favor active equity managers who have a strong quality bias in stock selection*

TRUIST

Sources: Truist IAG, Strategas

Small Cap Attractive on Risk/Reward and Fundamentals

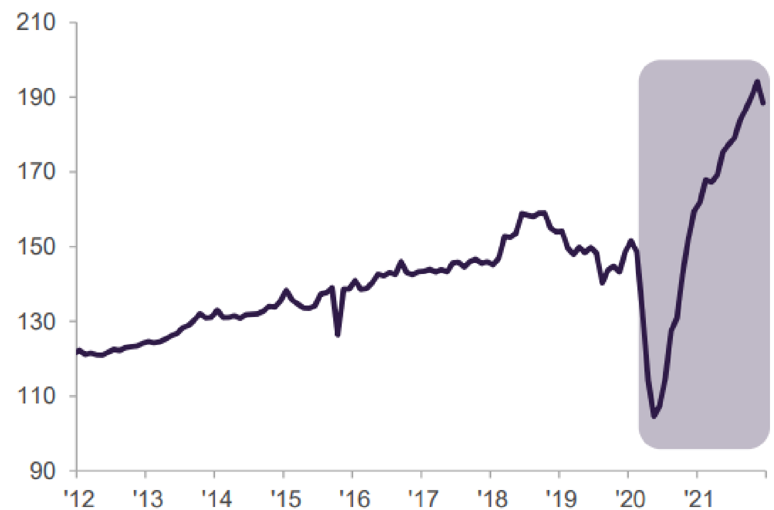
Small caps appear very attractive from a valuation basis

- Fundamentals, too, remain strong with earnings at a cycle high relative to Large caps
- Given our expectation for above-trend economic growth, our work suggests Small caps are poised to outperform

OUR TAKE: *Valuations are very attractive, setting up a favorable risk/reward opportunity for small caps. Selectivity is key*

Small caps' forward P/E near a 20-year low relative to large caps

Small caps' earnings relative to large caps



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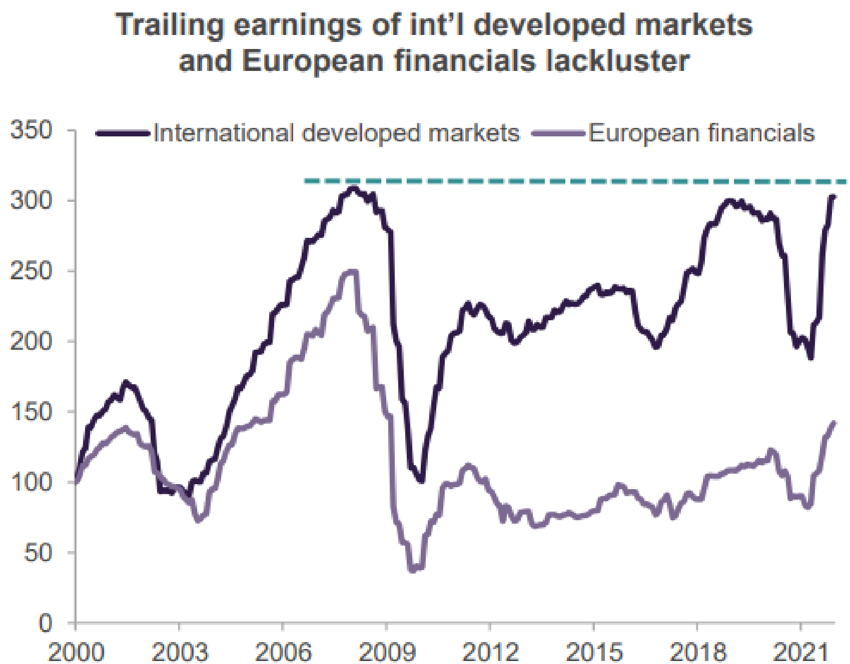
Sources: Truist IAG, FactSet. Small caps = S&P Small Cap 600; Large caps = S&P 500. Past performance does not guarantee future results.

Stay underweight international developed equities until profit trends show improvement relative to the U.S.

- International developed markets' earnings are still below where they were prior to the financial crisis more than a decade ago
- Lagging European banks are one cause of this
- Although valuations are cheap, we expect valuations to remain in a lower range given structural headwinds

OUR TAKE: *We await better relative earnings and price trends before increasing our international exposure*



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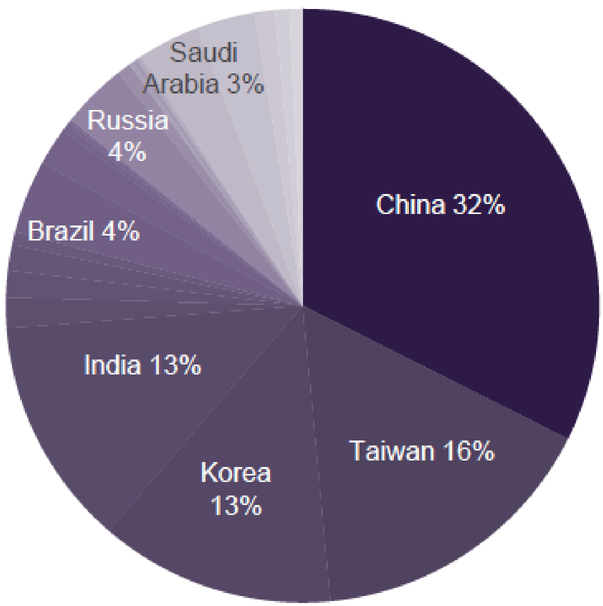
Sources: Truist IAG, FactSet, MSCI. Earnings in local currency. International developed markets = MSCI EAFE; European Financials = MSCI Europe/Financials

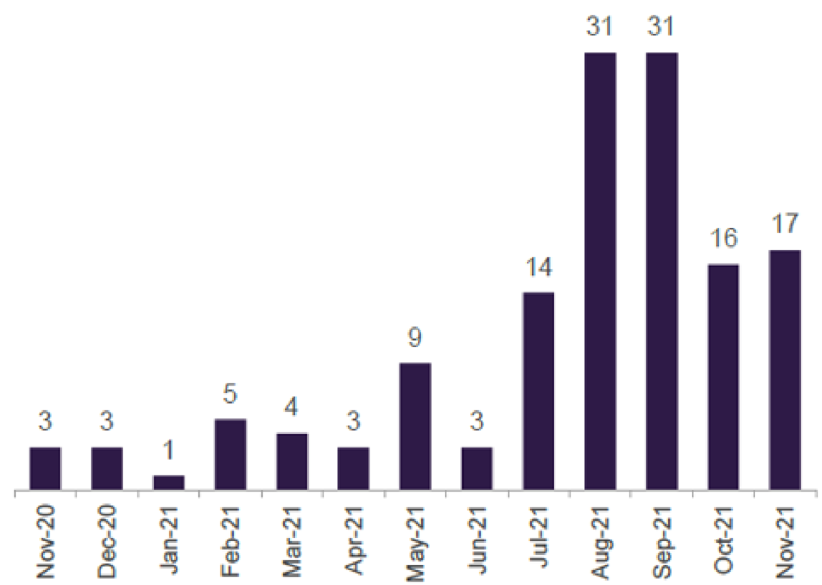
Stay underweight emerging markets given China is the largest weighting

- We downgraded emerging markets earlier in 2021 due to concerns over the crackdown on technology titans by the Chinese government as well as tepid profit trends; our view is this will likely lead to further earnings weakness
- With China accounting for 32% of the EM index, events in China can significantly impact the overall asset class

Countries in the emerging markets universe



China regulatory actions

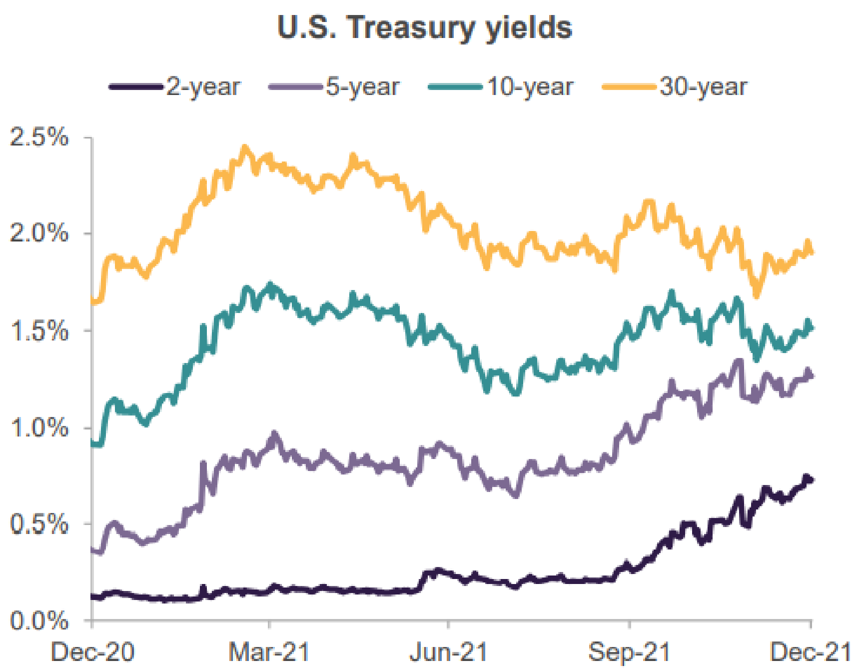


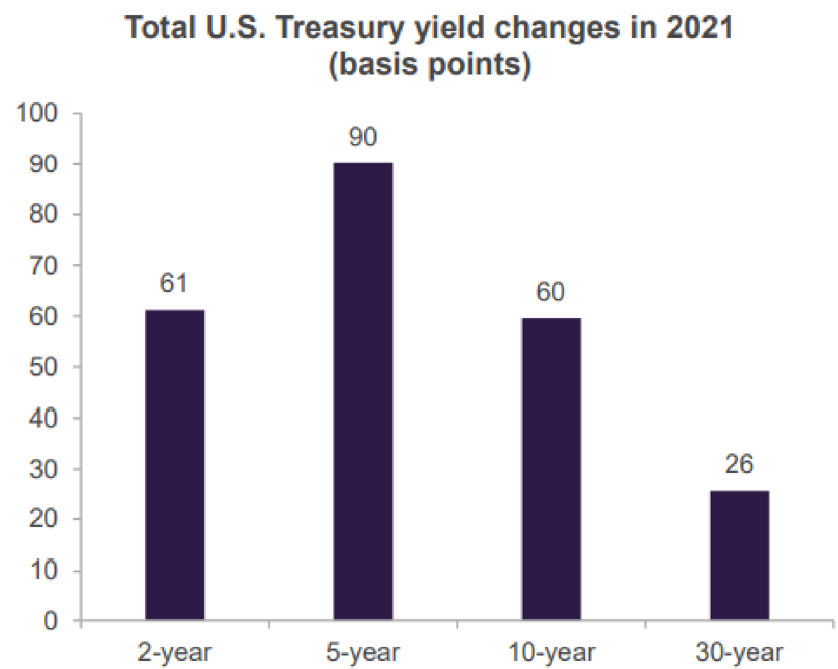
TRUIST

Sources: Truist IAG, Cornerstone Macro, MSCI

U.S. yields remain below pre-pandemic levels

- U.S. Treasury yields have been largely range-bound in 2021 at historically low levels
- Omicron-related concerns have weighed on longer U.S. yields; successful pandemic fight is crucial to steeper yield curvee



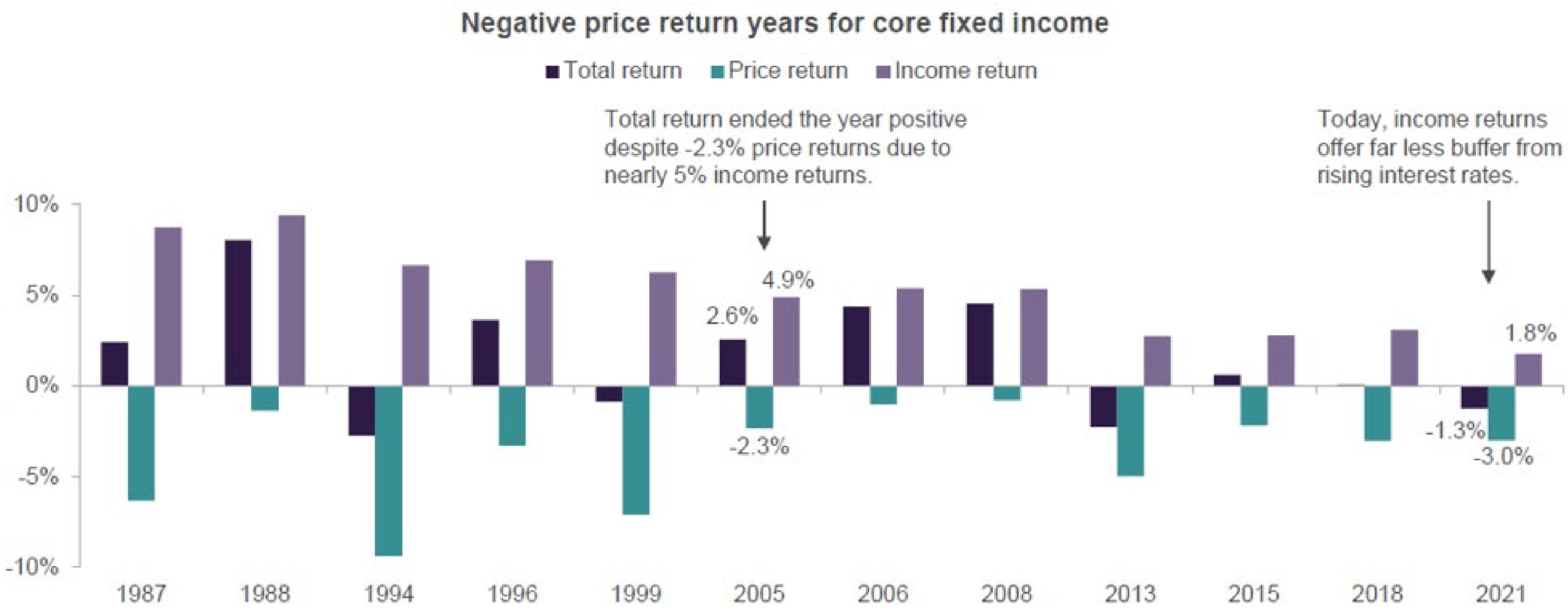


TRUIST

Sources: Truist IAG, Bloomberg; data through 12/31/2021

Stay underweight core fixed income – low yields offer minimal offset to negative bond prices in a rising rate environment

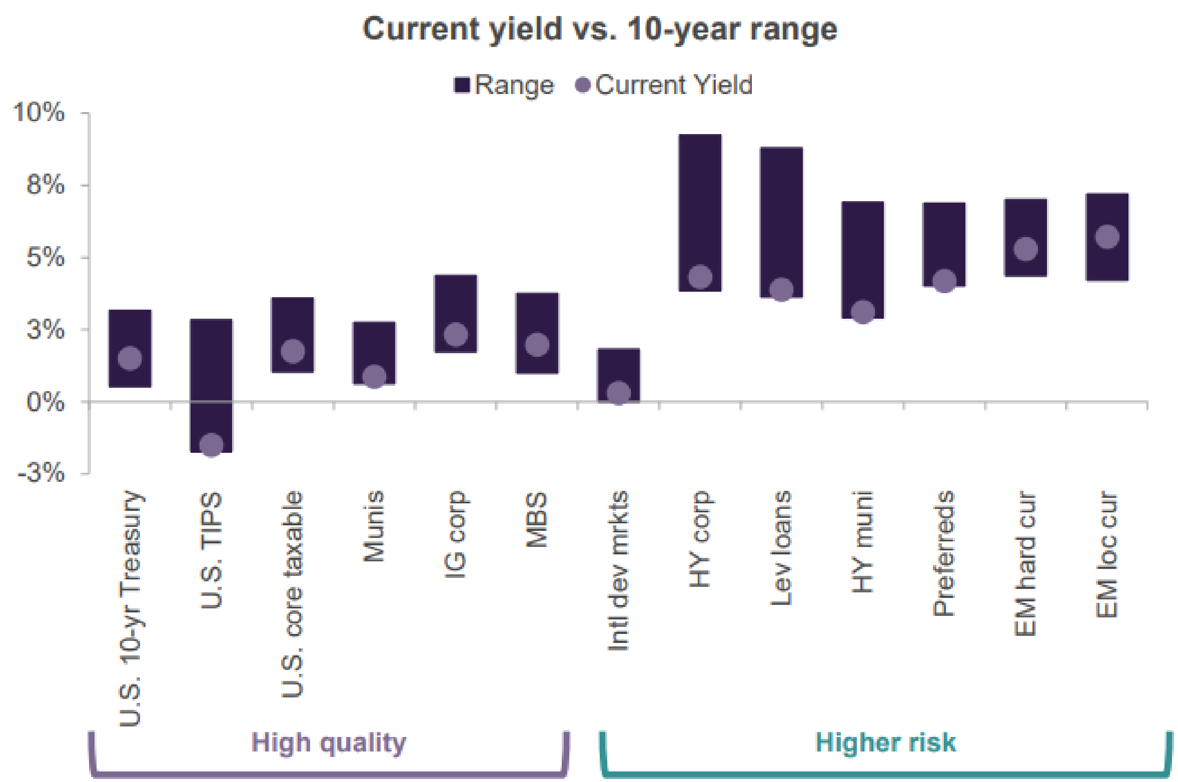
- Rising yield expectations in 2022 suggest core fixed income's price performance faces headwinds
- Compared to past interest rate environments, high quality fixed income is generating the lowest income yet for investors
- As such, reduced income offers little reprieve



Sources: Truist IAG, Bloomberg

Relative Value in Fixed Income

Our constructive expectations for the economy continue to drive our preference for U.S. credit sectors, including leveraged loans and high yield corporate bonds, where incremental yield opportunities exist. Still, high quality fixed income remains an important ballast for portfolios.



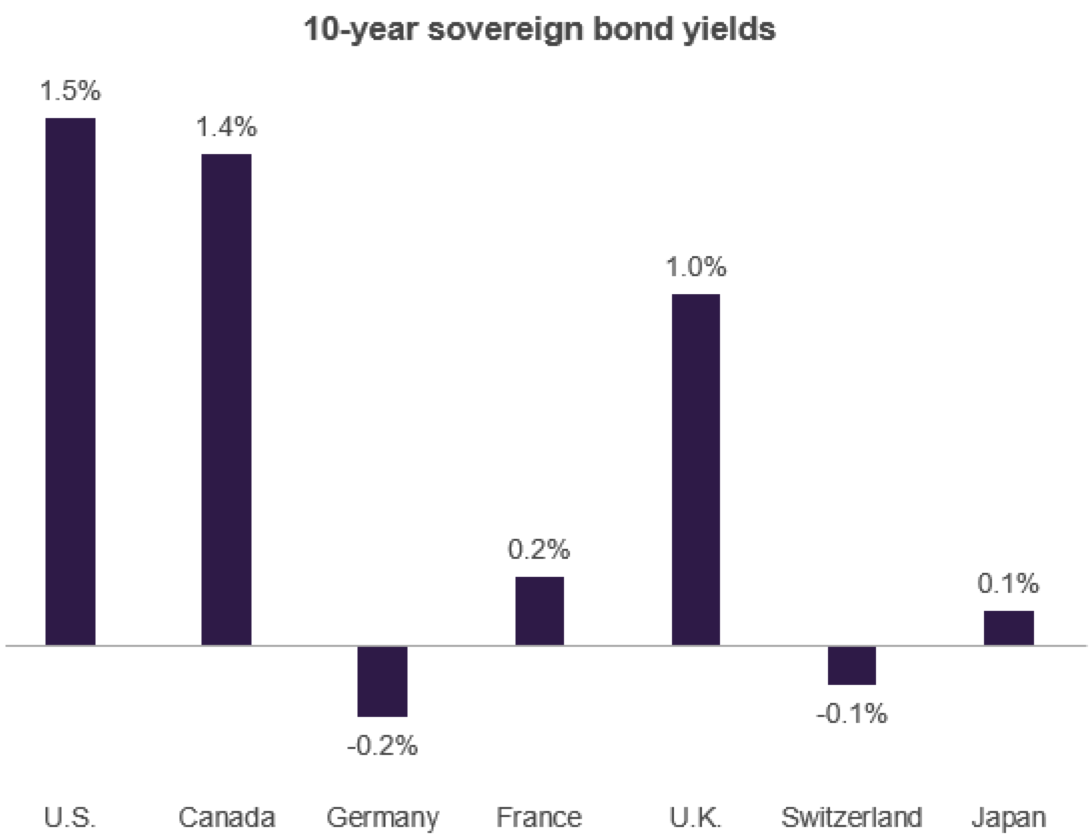
Data Source: Truist IAG; FactSet, BofA; yield to worst shown except for preferreds (yield to maturity)

U.S. 10-Yr Treasury = Bloomberg Barclays U.S. Treasury Bellwethers (10-Yr); U.S. Core Taxable = Bloomberg Barclays U.S. Aggregate; Municipals = Bloomberg Barclays Municipal Bond 1-15 Year; U.S. Corporates = Bloomberg Barclays U.S. Corporate IG; MBS=Bloomberg Barclays 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; HY Muni = Bloomberg Barclays 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.

TRUIST

In addition, lower foreign yields have supported attractiveness of U.S. fixed income, suppressing yields

- International investors have provided a powerful source of demand for U.S. debt given its relatively high yields
- On a relative basis, U.S. yields remain very attractive to a large pool of overseas buyers
- The pace at which international developed countries continue to recover from the pandemic's economic shock could potentially drive global yields higher and gradually decrease overseas demand for U.S. debt



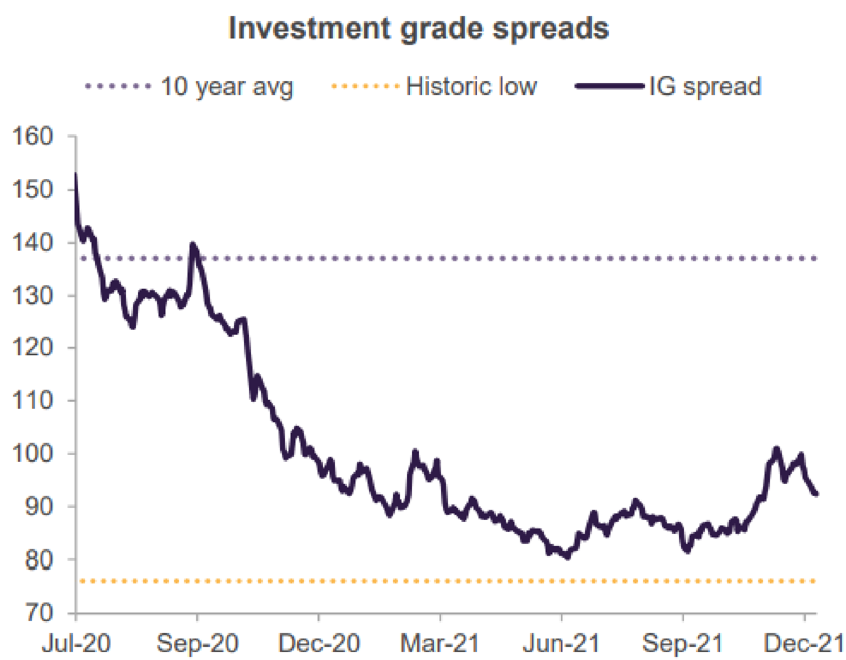
TRUIST

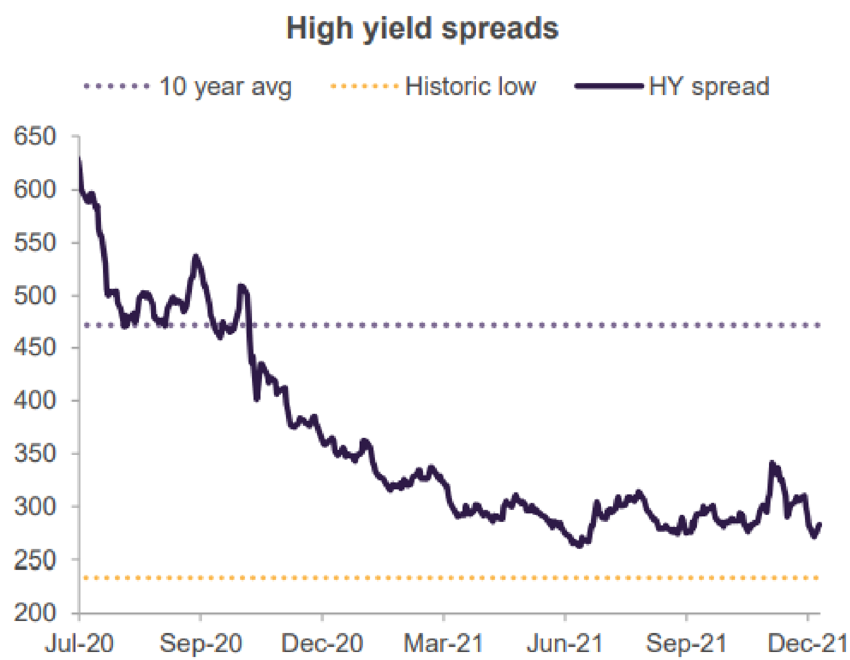
Sources: Truist IAG, Bloomberg. Data as of 12/31/21

Credit sectors tend to outperform in a rising yield environment

- Credit spreads between investment grade and high yield corporate bonds versus U.S. Treasury yields are trading near an historically tight range
- Firm credit spreads are a positive signal of overall economic health and market function
- Corporate bonds continue to attract investors for their incremental yield advantage

OUR TAKE: *Given our outlook for above-trend economic growth, we continue to find value in select areas of U.S. credit, both Investment Grade and High Yield. Our fixed income portfolio composition is overweight in corporate bonds.*





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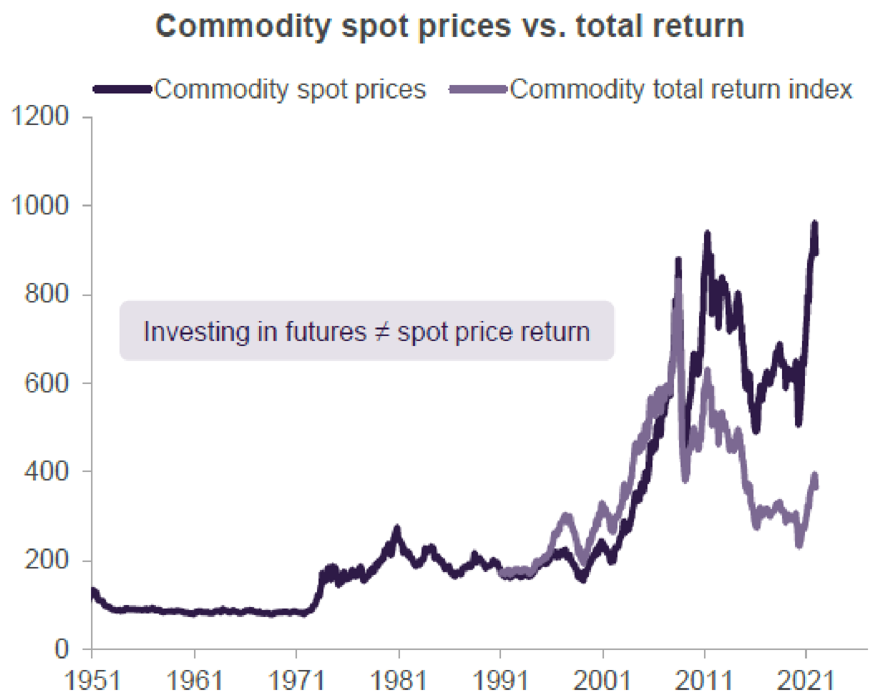
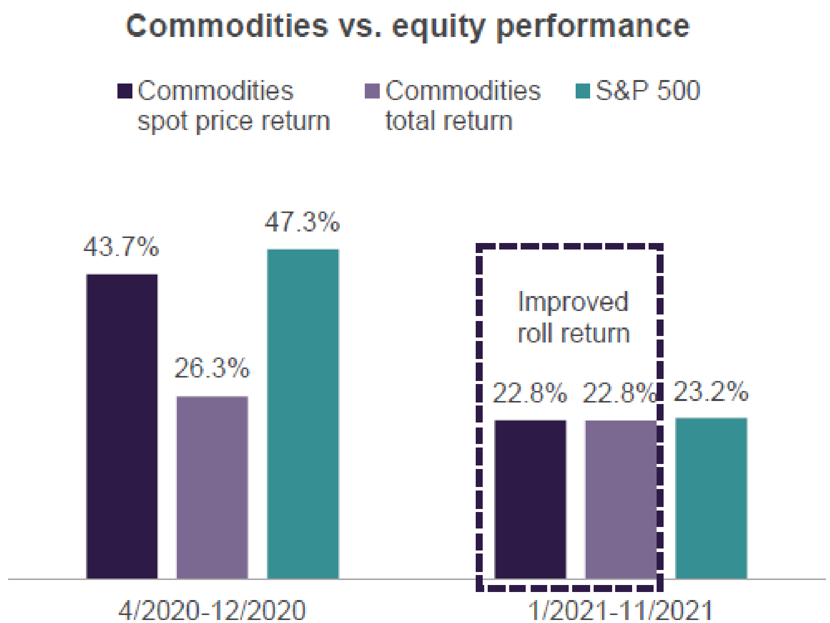
Sources: Truist IAG, Bloomberg. Bond sectors are represented by Bloomberg Barclays indices for Investment Grade and High Yield Corporate bonds.

Supportive conditions for commodities, but return expectations have moved lower

Given global economic growth that is above trend and healthy supply/demand fundamentals, commodities can still provide opportunity over the next 12 months

- Still, commodity prices are up significantly from their lows, and returns are expected to be more modest going forward
- Also, commodities typically experience a great deal of volatility and can be tactically challenging to navigate





TRUIST

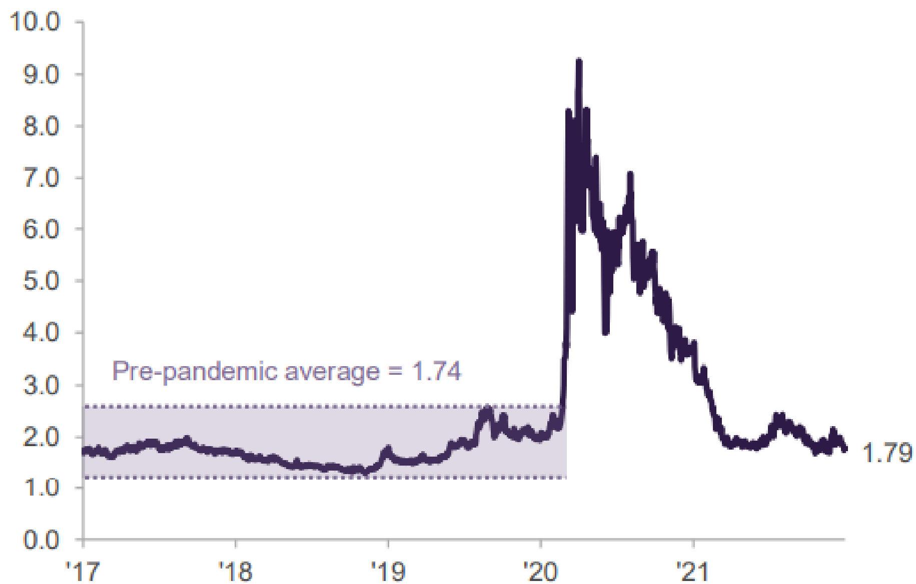
Source: Truist IAG, Morningstar, Haver, Bloomberg

REITs – Sector composition supportive

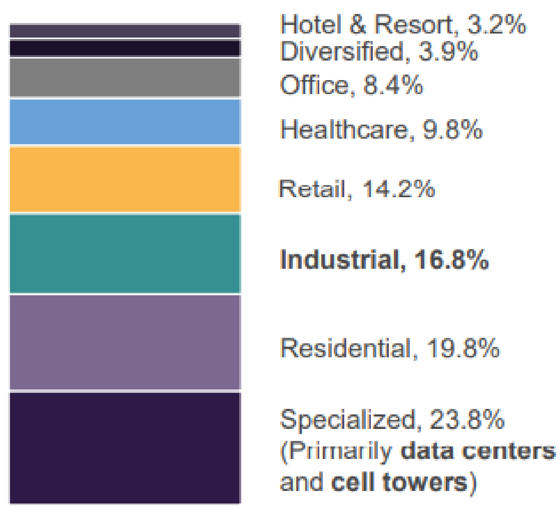
After a strong rebound, REITs still offer a nice balance of exposure to cyclical, secular growth, and defensive sectors

- Moreover, the transformation of the REIT index toward areas that support the digital economy, such as warehouses, distribution centers, cell towers, and data centers is underappreciated

REITs dividend yield relative to the 10-year U.S. Treasury yield



REIT sector breakdown



TRUIST

Source: Truist IAG, FactSet, S&P Dow Jones

Appendix

TRUIST

Manager Risk Statistics

Period Ending December 31, 2021											
Assets	Ticker Symbol	STDev	Sharpe Ratio	Tracking Error	Info Ratio	Up Capture	Down Capture	Alpha	Beta	Corr.	R2
Large Cap Equities											
iShares DJ US Select Dividend	DVY	23.16%	0.37	0.09%	-4.71	98.24%	100.38%	-0.38	1.00	1.00	100.00%
SPDR® S&P Dividend ETF	SDY	21.93%	0.46	4.84%	0.26	95.04%	91.94%	2.40	0.88	0.98	95.74%
Dow Jones US Select Dividend		*22.77%*	*0.39*			*100.00%*	*100.00%*		*1.00*	*0.96*	*100.00%*
Vanguard Value Index	VVIAX	21.31%	0.49	2.17%	0.40	102.26%	98.28%	1.27	0.96	1.00	99.02%
Russell 1000 Value		*21.68%*	*0.44*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
Vanguard Institutional Index	VINIX	21.36%	0.77	0.05%	-0.55	99.91%	100.03%	-0.02	1.00	1.00	100.00%
S&P 500		*21.36%*	*0.77*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
Edgewood Growth Instl	EGFIX	24.27%	0.94	5.73%	0.01	78.60%	77.85%	2.53	0.88	0.97	94.44%
Russell 1000 Growth		*23.25%*	*0.98*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
SMid Cap Equities											
Eaton Vance Atlanta Capital SMID-Cap R6	ERASX	22.77%	0.60	7.40%	0.25	88.40%	86.71%	3.55	0.87	0.95	91.18%
Russell 2500		*24.74%*	*0.47*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
Small Cap Equities											
Fidelity® Small Cap Index	FSSNX	26.95%	0.37	0.34%	0.17	100.27%	99.98%	0.06	1.00	1.00	99.98%
Russell 2000		*26.96%*	*0.36*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*

Source: Morningstar & First Rate Advisor

TRUIST

Foundations and Endowments Specialty Practice

Manager Risk Statistics

Period Ending December 31, 2021											
Assets	Ticker Symbol	STDev	Sharpe Ratio	Tracking Error	Info Ratio	Up Capture	Down Capture	Alpha	Beta	Corr.	R2
Real Estate											
SPDR Dow Jones REIT	RWR	26.13%	0.36	0.09%	-2.68	98.76%	100.02%	-0.19	1.00	1.00	100.00%
DJ US Select REIT		*26.19%*	*0.37*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
International Equities											
Vanguard International Growth Adm	VWILX	21.82%	0.68	15.03%	0.61	145.47%	89.70%	9.33	1.07	0.73	52.70%
MSCI ACWI ex US		*14.84%*	*0.32*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
iShares Core MSCI EAFE ETF	IEFA	15.59%	0.34	3.74%	-0.04	103.59%	101.10%	0.17	1.02	0.97	94.26%
MSCI EAFE NR		*15.13%*	*0.34*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
Fixed Income											
Vanguard Total Bond Market Index	VBTIX	3.80%	0.63	1.34%	0.01	102.46%	104.13%	-0.10	1.03	0.94	87.70%
Western Asset Core Plus Bond IS	WAPSX	4.83%	0.66	2.62%	0.31	138.96%	139.58%	0.17	1.21	0.84	71.17%
Bloomberg Barclays US Agg Bond TR USD		*3.64%*	*0.65*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
Neuberger Berman High Income	NHILX	6.81%	0.62	1.16%	0.02	104.15%	105.40%	-0.37	1.08	0.99	97.10%
iBoxx Liquid High Yield		*6.66%*	*0.62*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*
Vanguard Short-Term Bond Idx I	VBITX	1.59%	0.75	1.04%	0.08	104.12%	108.90%	0.31	0.89	0.78	56.97%
Barclays US 1-5Y GovCredit FlAdj TR USD		*1.11%*	*1.01*			*100.00%*	*100.00%*		*1.00*	*1.00*	*100.00%*

Source: Morningstar & First Rate Advisor

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Portfolio Composition - Morningstar Peer Group Percentile

	Ticker	Morningstar Category	Benchmark	Morningstar Percentile Quarter	1 Year	3 Years	5 Years
LARGE CAP							
Vanguard Institutional Index	VINIX	Large Cap Blend	Russell 1000	24	22	22	17
iShares Core Dividend Growth	DGRO	Large Cap Value	Russell 1000 Value	6	43	10	2
SPDR S&P Dividend	SDY	Large Cap Value	Russell 1000 Value	10	59	71	37
Vanguard Value Index	VVIAX	Large Cap Value	Russell 1000 Value	27	44	49	31
Edgewood Growth Fund	EGFIX	Large Cap Growth	Russell 1000 Growth	85	36	19	12
SMID CAP							
Eaton Vance Atlanta Capital Smid Cap	ERASX	Mid Cap Growth	Russell Mid Cap Growth	4	12	90	81
SMALL CAP							
Fidelity Small Cap Index	FSSNX	Small Cap Blend	Russell 2000	91	90	45	35
INTERNATIONAL EQUITY							
iShares Core MSCI EAFE	IEFA	Foreign Large Blend	MSCI ACWI ex USA	53	34	47	38
Vanguard International Growth	VWILX	Foreign Large Growth	MSCI ACWI ex USA Growth	92	87	4	4
FIXED INCOME							
Western Asset Core Plus Bond	WAPSX	Intermediate Core Plus Bond	BBgBarc US Universal	35	88	15	9
Vanguard Total Bond Index	VBTIX	Intermediate Core Bond	BBgBarc US Aggregate	27	54	54	46
Neuberger Berman High Income	NHILX	High Yield Bond	ICE BofA US High Yield	49	58	36	43
Vanguard Short Term Bond	VBITX	Short Term Bond	BBgBarc US Govt/Credit 1-3Y	87	82	54	54
REAL ESTATE							
SPDR Dow Jones REIT	RWR	Real Estate	S&P US REIT	17	17	85	81

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Important Disclosures

Truist Foundations and Endowments Specialty Practice

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TRUIST

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

Table of Contents

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 hall 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

<u>Balanced Objective</u>

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

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.)

[(Total assets) - (Liabilities)] / (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 actual 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."