

City of Fort Lauderdale



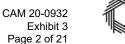
Investment Performance Review For the Quarter Ended September 30, 2020

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CAM 20-0932 Exhibit 3 Page 1 of 21 **Executive Summary**

Financial Markets Review

Combined OPEB Executive Summary



The City of Fort Lauderdale (the "City") OPEB Trust returned 4.93% (net of mutual fund fees) in the 3rd quarter of 2020, underperforming its policy benchmark return of 5.06% by 0.13%. In the trailing 12 months, the portfolio returned 9.11%, underperforming its 9.30% benchmark return by 0.19%. In dollar terms, the portfolio gained \$1,738,119 in return on investment over the quarter and gained \$3,104,725 in the trailing 12 months.

The City's OPEB Post Retirement Pay Steps Plan returned 4.88% (net of mutual fund fees) in the 3rd quarter of 2020, underperforming its policy benchmark return of 5.06% by 0.18%. In dollar terms, the portfolio gained \$153,420 in return on investment over the quarter and gained \$163,732 in the trailing 12 months.

The S&P posted a return of 8.93% for the quarter, a near reversal from the first quarter. It benefited from the \$2.2 trillion stimulus package and states reopening from the COVID-19 pandemic shut down. Markets outside the United States, as measured by the MSCI ACWI ex-U.S. Index, slightly lagged their domestic equity counterparts, returning 6.25% for the third quarter. The U.S. bond market, as represented by the Bloomberg Barclays U.S. Aggregate (Aggregate) Index, returned 2.9%.

Economic data has rebounded significantly from the April lows, but remains well below pre-pandemic levels. Our view is that equities will generally continue to trade at a premium relative to historical levels mainly due to an extended low-interest rate environment as mandated by the Fed. With fixed income returns expected to be challenged in this environment, we maintain a constructive longer-term view on equities. Given the City's goals and objectives are long-term in nature, therefore the portfolio continues to be appropriately diversified and in compliance with its investment policy targets and guidelines.



CAM 20-0932

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OPEB Executive Summary

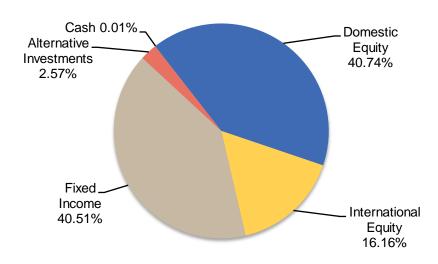
Current Asset Allocation

Asset Class	Market Value	Pct (%)
Cash	\$6,016	0.01%
Domestic Equity	16,566,772	40.74%
International Equity	6,572,824	16.16%
Fixed Income	16,471,033	40.51%
Alternative Investments	1,047,006	2.57%
Total	\$40,663,651	100.0%

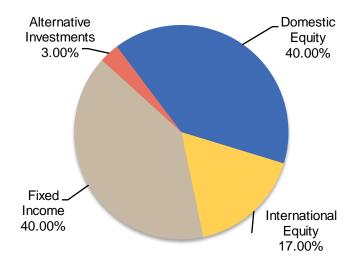
Target Asset Allocation

Asset Class	Market Value	Pct (%)
Cash	-	0.00%
Domestic Equity	16,265,460	40.00%
International Equity	6,912,821	17.00%
Fixed Income	16,265,460	40.00%
Alternative Investments	1,219,910	3.00%
Total	\$40,663,651	100%

Current Asset Allocation



Target Asset Allocation





Markets & Economy



QUARTERLY MARKET SUMMARY

Market Index Performance

As of September 30, 2020

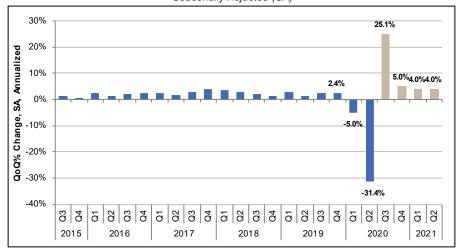
	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY							
S&P 500	8.93%	5.57%	15.15%	12.28%	14.15%	12.68%	13.74%
Russell 3000 Index	9.21%	5.41%	15.00%	11.65%	13.69%	12.11%	13.48%
Russell 1000 Value Index	5.59%	-11.58%	-5.03%	2.63%	7.66%	7.35%	9.95%
Russell 1000 Growth Index	13.22%	24.33%	37.53%	21.67%	20.10%	17.39%	17.25%
Russell Midcap Index	7.46%	-2.35%	4.55%	7.13%	10.13%	9.37%	11.76%
Russell 2500 Index	5.88%	-5.82%	2.22%	4.45%	8.97%	7.70%	10.81%
Russell 2000 Value Index	2.56%	-21.54%	-14.88%	-5.13%	4.11%	3.27%	7.09%
Russell 2000 Index	4.93%	-8.69%	0.39%	1.77%	8.00%	6.42%	9.85%
Russell 2000 Growth Index	7.16%	3.88%	15.71%	8.18%	11.42%	9.22%	12.34%
INTERNATIONAL EQUITY							
MSCI EAFE (Net)	4.80%	-7.09%	0.49%	0.62%	5.26%	3.01%	4.62%
MSCI AC World Index (Net)	8.13%	1.37%	10.44%	7.12%	10.30%	7.84%	8.55%
MSCI AC World ex USA (Net)	6.25%	-5.44%	3.00%	1.16%	6.23%	3.18%	4.00%
MSCI AC World ex USA Small Cap (Net)	10.50%	-3.64%	6.97%	0.93%	6.80%	4.49%	5.31%
MSCI EM (Net)	9.56%	-1.16%	10.54%	2.42%	8.97%	3.74%	2.51%
ALTERNATIVES							
FTSE NAREIT Equity REIT Index	1.44%	-17.54%	-18.16%	0.20%	3.95%	6.05%	7.90%
FTSE EPRA/NAREIT Developed Index	2.33%	-19.09%	-17.50%	-0.51%	2.98%	3.59%	5.62%
Bloomberg Commodity Index Total Return	9.07%	-12.08%	-8.20%	-4.18%	-3.09%	-7.24%	-6.03%
FIXED INCOME							
Blmbg. Barc. U.S. Aggregate	0.62%	6.79%	6.98%	5.24%	4.18%	3.97%	3.64%
Blmbg. Barc. U.S. Government/Credit	0.78%	8.04%	8.03%	5.86%	4.66%	4.30%	3.87%
Blmbg. Barc. Intermed. U.S. Government/Credit	0.61%	5.92%	6.32%	4.43%	3.39%	3.12%	2.91%
Blmbg. Barc. U.S. Treasury: 1-3 Year	0.10%	3.11%	3.64%	2.66%	1.81%	1.54%	1.29%
Blmbg. Barc. U.S. Corp: High Yield	4.60%	0.62%	3.25%	4.21%	6.79%	5.33%	6.47%
Credit Suisse Leveraged Loan index	4.13%	-0.82%	0.84%	3.16%	4.03%	3.67%	4.44%
ICE BofAML Global High Yield Constrained (USD)	4.90%	0.41%	3.83%	3.61%	6.63%	4.79%	6.07%
Blmbg. Barc. Global Aggregate Ex USD	4.14%	4.77%	5.48%	3.07%	3.60%	1.28%	1.35%
JPM EMBI Global Diversified	2.32%	-0.51%	1.29%	3.49%	6.15%	5.64%	5.43%
CASH EQUIVALENT							
90 Day U.S. Treasury Bill	0.04%	0.64%	1.10%	1.69%	1.18%	0.85%	0.62%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.



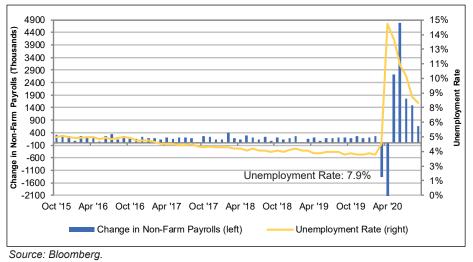
THE ECONOMY

- The COVID-19 pandemic continues to dominate the news and strongly influence the path of economic recovery. September 28 marked the grim milestone of one million deaths worldwide attributed to the virus. We will likely continue to experience significant disruptions in economic activity until a vaccine is widely available.
- The revised estimate of second-quarter gross domestic product (GDP) announced on September 30 reflected a slightly smaller contraction than initially announced in July. Based on the revision, economic activity dropped by -31.4% from the previous quarter by an annualized rate. Third-quarter GDP is likely to reflect a sharp increase in the range of 20-30%.
- The overall employment situation has improved rapidly over the months since the peak in unemployment in April. The unemployment rate declined from 14.7% in April to 7.9% in September. The speed of job recovery from now on will likely depend on the evolution of the virus and policymakers' response. Factors include the degree of social distancing measures and the extent to which policymakers continue to provide income support to unemployed workers.
- Equity markets focused on mostly favorable data throughout the summer months. Macro data improved as multiple drug companies claimed to have fasttracked versions of a vaccine in the works, earnings looked to have bottomed and another fiscal stimulus package appeared forthcoming. The S&P 500 Index (S&P) lost some steam during September after school openings caused numerous COVID-19 hot spots across the country and medical experts indicated that a vaccine would not likely be available until summer 2021. The fiscal stimulus deal was less likely, or at least delayed.
- Corporate earnings are expected to fall. According to FactSet's earnings insight, the S&P's expected gains for the third quarter are higher today than at the start of the quarter. Despite this increase, the index is still likely to report the secondlargest year-over-year decline in earnings over the past 10 years, mainly due to the negative impact of COVID-19 on numerous industries. Companies have not regained lost sales.



U.S. Real GDP Growth Seasonally Adjusted (SA)

Source: Bloomberg. Blue bars indicate actual numbers; taupe bars indicate forecasted estimates.



Change in Non-Farm Payrolls



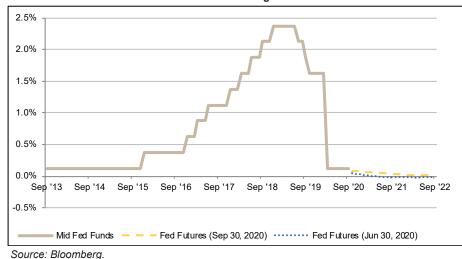
WHAT WE'RE WATCHING

- Domestically, the beginning of the summer started with a sharp rise in the number of people hospitalized with COVID-19, but since late July, that number has declined sharply. Hospitalizations had been very low for most of the summer in Europe and the UK, but have started to rise since people went on holiday during August. Increased movement and lower restrictions have prompted concerns that hospitalizations and deaths could increase more meaningfully as temperatures fall in the coming months.
- A return to normalcy must include a vaccine, and as such, its development has been vigilantly observed. Though it has been discovered that some drugs speed up recovery times or decrease the chance of death, researchers have not found a cure or prevention for the disease. Vaccine researchers have been working with their country regulators at a blistering pace, and most timelines put the widespread availability of a vaccine in the first half of 2021. This timeframe is just a fraction of the usual timeframe for vaccine development.
- The U.S. is less than one month away from its presidential election. Both major party candidates are touting their ability to lead the country out of the pandemic and ensuing economic situation. The next presidential term will be focused on rebuilding the economy while taking on immense federal debt and running budget deficits. Incumbent presidents have typically won reelection unless there was a recession during their term, but current circumstances are far from typical, casting doubt on an outcome.
- Fiscal and monetary policies have played a vital role in response to the COVID-19 pandemic. The Central Banks' monetary policy response to the economic crisis has included lowering interest rates to at or below zero for some countries while governments provide additional fiscal stimulus. Globally this helped stem a deeper recession, but with the possible consequence of lower near-term growth rates because the increase in debt levels may constrain budgets.
- The end of the year-long transition period for the UK to leave the EU (Brexit) is looming at year-end. During the 11-month long transition period, the UK still follows EU rules. It continues to pay into the EU budget despite no longer having voting rights in the EU's political institutions. As of January 1, 2021, the UK will automatically drop out of the EU's primary trading arrangements.







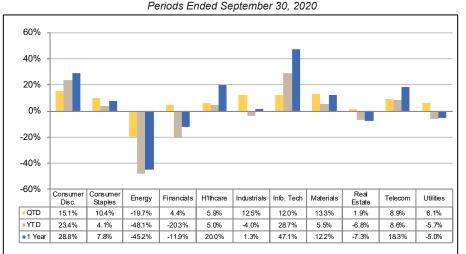


Federal Funds Target Rate



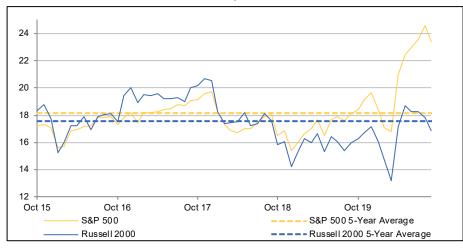
DOMESTIC EQUITY

- The S&P posted a return of 8.9% for the quarter, benefiting from the reopening of businesses and increased hours of operations, the continuation of the technology rally, decreasing COVID-19 related hospitalizations in the U.S., CARES Act relief and discussions of additional fiscal stimulus.
- Within the S&P, 10 of the 11 sectors earned positive returns, with Consumer Discretionary (+15.1%), Materials (+13.3%), Industrials (+12.5%) and Information Technology (+12.0%) leading the way. Energy (-19.7%) was the worst-performing sector due to pandemic induced lower demand for fuel.
- Value stocks, as represented by the Russell 1000 Value Index, returned 5.6%, lagging growth stocks, as represented by the Russell 1000 Growth Index, which returned 13.2%. Russell 1000 Value outperformed Russell 1000 Growth during September, a slight departure from the overall trend. Within small- and mid-cap, growth continues to outperform their value counterparts.
- Small-caps, as represented by the Russell 2000 Index, returned 4.9% during the quarter and lagged both mid- and large- caps. The Russell Midcap and Russell 1000 Indices returned 7.5% and 9.5%, respectively. This quarter, larger capitalization along with momentum and growth led performance.



S&P 500 Index Performance by Sector

Source: Bloomberg.



P/E Ratios of Major Stock Indices*

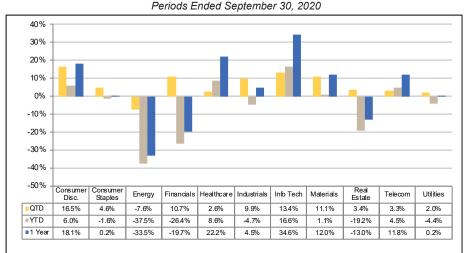
Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.



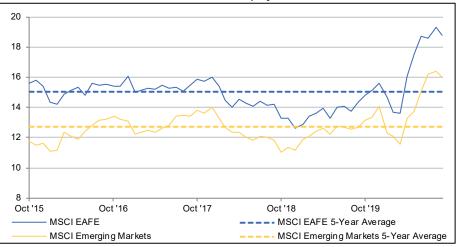
NON-U.S. EQUITY

- International markets, as measured by the MSCI ACWI ex-U.S. Index, slightly lagged their U.S. counterparts, returning 6.3% for the quarter. Consumer Discretionary was the best-performing sector returning 16.5%, while Energy was the worst-performing sector returning -7.6%.
- Emerging markets (EM), as represented by MSCI Emerging Market Index, outperformed developed ex-U.S. markets, represented by the MSCI EAFE Index, returning 9.6% versus 4.8% for the quarter. EM Asia continued to be a strong performer over the quarter, returning 11.9%.
- Value continued to underperform growth for the quarter across the international markets (MSCI AC World ex-USA Growth 10.2% versus MSCI AC World ex-USA Value 2.4%).
- Small-caps performed well within the international equity markets, returning 10.5% for the quarter, as represented by MSCI ACWI ex-U.S. Small Cap Index.



MSCI ACWI ex-U.S. Sectors

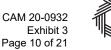
Source: Bloomberg.



P/E Ratios of MSCI Equity Indices*

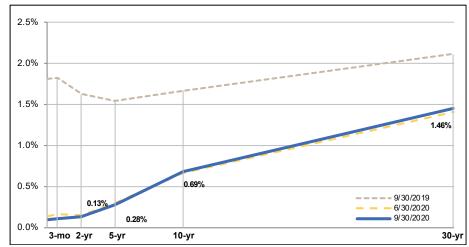
Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.



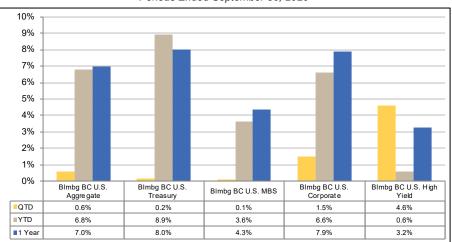
FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg Barclays U.S. Aggregate (Aggregate) Index, returned 0.6%.
- Long-term rates rose slightly compared to the previous quarter-end, with much of the movement taking place in August. The 5-year Treasury decreased by one basis point (bp) while the 10-year and 30-year rates increased by three and five bps, respectively. Much of the Aggregate return came from spread compression in corporate and mortgage credit.
- Corporate credit had another solid quarter on the back of liquidity support and bond-buying programs from the Federal Reserve. July was a strong month, but the rallies faded towards quarter-end. Overall, investment-grade (IG) corporate spreads declined during the quarter. The Bloomberg Barclays U.S. Corporate Index gained 1.5%, despite negative returns in August and September. High yield bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield (HY) Index, had stronger performance, gaining 4.6% with positive returns in two out of three months. The strongest returns were in the lowest ratings by quality, where the yield advantage partially offset a rise in rates.
- The fixed-rate mortgage market, as measured by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, had a muted return of just 0.1%. Meanwhile, the Bloomberg Barclays U.S. Agency CMBS Index (measuring commercial MBS) gained 0.5%. At the same time, non-index mezzanine tranches of CMBS remained stressed with office and retail shutdowns and hotels facing lower demand.
- EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, gained 2.3% as some of the top-weighted index countries performed well (Mexico, Indonesia, Saudi Arabia).



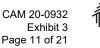
U.S. Treasury Yield Curve

Source: Bloomberg.



Returns for Fixed-Income Segments Periods Ended September 30. 2020

Source: Bloomberg. "Blmbg BC" is Bloomberg Barclays.

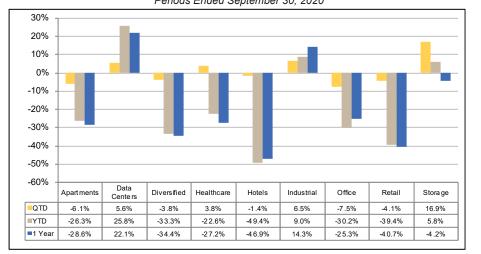


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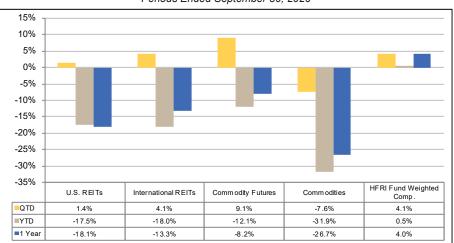
ALTERNATIVES

- REITs, as measured by the FTSE NAREIT Equity REIT Index, returned 1.4% in the third quarter, compared to an 11.8% return in the prior quarter. Five out of 11 major sectors posted moderate to large gains in the third quarter. The gains were again led by the Self-Storage sector, which posted a return of 16.9% over the quarter. Office and Apartment sectors were the worst-performing sectors during the third quarter, fell 7.5% and 6.1%, respectively.
- Private real estate, as measured by the NCREIF Property Index, fell 1.0% in the second quarter, resulting in a 2.7% return over the last 12-month period. Industrial properties continued to be the top-performing sector, with a total return of 1.0% in the second quarter. Hotel properties were the worstperforming sector in the second quarter with a total return of -16.6%, comprised of -0.5% in income return and -16.1% in appreciation return.
- Hedge funds generated positive returns in the third quarter, with the HFRI Fund Weighted Composite Index returning 4.1%. During the same period, the HFRI Macro (Total) Index returned 1.0%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned 5.8% and 4.2%, respectively.
- In the second quarter, private capital fundraising was led by private equity funds, which closed on \$116 billion, followed by \$39 billion raised by private real estate funds, \$34 billion raised by private debt funds and \$12 billion raised by infrastructure funds. Private equity dry powder, which accounts for the bulk of private capital dry powder, reached \$1.45 trillion as of June. According to Cambridge Associates, U.S. private equity generated a 13.1% return for the five years ended Q1 2020. According to Cliffwater Direct Lending Index, U.S. middle-market loans, a proxy for private debt, generated a return of 7.1% for the five years ended Q2 2020.
- Commodity futures, represented by the Bloomberg Commodity Total Return Index, returned 9.1% in the third quarter. The U.S. Dollar Index (DXY) fell 3.6% over the same period. Gold spot price finished the quarter at \$1,885.82 per ounce, representing a 5.9% gain over the period. The West Texas Intermediate (WTI) Crude Oil spot price increased 2.4%, from \$39.27 to \$40.22 during the third quarter.

FTSE NAREIT Sectors Periods Ended September 30, 2020

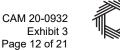


Source: Bloomberg.



Returns for Alternative Assets Periods Ended September 30, 2020

Sources: Bloomberg and Hedge Fund Research, Inc.



Total Fund - OPEB Trust



Asset Allocation & Performance

	Allocat	ion		Perf	ormance(%)	
	Market Value (\$)	%	Current Quarter	Year To Date	Trailing 12-months	Fiscal Year To Date
Total Fund	37,387,757	100.00	4.93	3.55	9.11	9.11
Blended Benchmark			5.06	3.95	9.30	9.30
Domestic Equity	15,218,469	40.70	9.27	5.41	14.66	14.66
Vanguard Total Stock Mkt Index Fund	15,218,469	40.70	9.21	5.50	15.00	15.00
Russell 3000 Index			9.21	5.41	15.00	15.00
International Equity	6,050,740	16.18	6.49	-4.75	4.47	4.47
Vanguard Total Intl Stock Index Fund	6,050,740	16.18	6.48	-4.80	3.77	3.77
MSCI AC World ex USA (Net)			6.25	-5.44	3.00	3.00
Real Estate	966,802	2.59	1.45	-12.63	-12.09	-12.09
Vanguard Real Estate Index Fund	966,802	2.59	1.33	-12.74	-12.19	-12.19
FTSE NAREIT Equity REIT Index			1.44	-17.54	-18.16	-18.16
Fixed Income	15,151,744	40.53	0.61	6.64	6.97	6.97
Vanguard Total Bond Mkt Index Fund	15,151,744	40.53	0.61	7.00	7.03	7.03
Blmbg. Barc. U.S. Aggregate			0.62	6.79	6.98	6.98
Cash Equivalent	2	0.00	0.02	0.32	0.72	0.72
Wells Fargo 100% Treasury Money Market	2	0.00	0.02	0.32	0.72	0.72

Returns are net of fees and are expressed as percentages. Segment data excludes cash position(s) and is net of fees. Asset class level returns may vary from individual underlying manager returns due to cash flows.





Financial Reconciliation

Current Quarter				
	Market Value As of 07/01/2020	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	35,247,880	401,758	1,738,119	37,387,757

YTD	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	35,716,481	391,758	1,279,519	37,387,757

Fiscal Year To Date				
	Market Value As of 10/01/2019	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	33,896,318	386,714	3,104,725	37,387,757

1 Year	Market Value As of 10/01/2019	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	33,896,318	386,714	3,104,725	37,387,757



City of Fort Lauderdale OPEB Trust

Historical Hybrid Composition

Benchmark Allocation	Weight (%)
Oct-2017	
Russell 3000 Index	55.0
Blmbg. Barc. U.S. Aggregate	45.0
Jul-2019	
Russell 3000 Index	40.0
MSCI AC World ex USA (Net)	17.0
FTSE NAREIT Equity REIT Index	3.0
Blmbg. Barc. U.S. Aggregate	40.0



Total Fund - OPEB Post Retirement Pay Steps Plan



Asset Allocation & Performance

	Allocat	tion		Perf	ormance(%)	
	Market Value (\$)	%	Current Quarter	Year To Date	Trailing 12-months	Fiscal Year To Date
Total Fund	3,275,894	100.00	4.88	3.66	9.01	9.01
Blended Benchmark			5.06	3.95	9.30	9.30
Domestic Equity	1,348,303	41.16	9.20	5.49	14.99	14.99
Vanguard Total Stock Market Index	1,348,303	41.16	9.20	5.49	14.99	14.99
Russell 3000 Index			9.21	5.41	15.00	15.00
International Equity	522,084	15.94	6.48	-4.80	3.78	3.78
Vanguard Total International Stock Index Fund	522,084	15.94	6.48	-4.80	3.78	3.78
MSCI AC World ex USA (Net)			6.25	-5.44	3.00	3.00
Real Estate	80,204	2.45	1.33	-12.74	-12.19	-12.19
Vanguard Real Estate Index Fund	80,204	2.45	1.33	-12.74	-12.19	-12.19
FTSE NAREIT Equity REIT Index			1.44	-17.54	-18.16	-18.16
Fixed Income	1,319,289	40.27	0.44	6.82	6.85	6.85
Vanguard Total Bond Market Index	1,319,289	40.27	0.44	6.82	6.85	6.85
Blmbg. Barc. U.S. Aggregate			0.62	6.79	6.98	6.98
Cash Equivalent	6,015	0.18	0.00	0.23	0.63	0.63
Wells Fargo 100% Treasury Money Market	6,015	0.18	0.00	0.23	0.63	0.63
ICE BofAML 3 Month U.S. T-Bill			0.04	0.64	1.10	1.10

Segment data excludes cash position(s) and is net of fees. Asset class level returns may vary from individual underlying manager returns due to cash flows.



Financial Reconciliation

Current Quarter				
	Market Value As of 07/01/2020	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	3,130,351	(7,876)	153,420	3,275,894

YTD	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	1,537,572	1,650,374	87,948	3,275,894

Fiscal Year To Date				
	Market Value As of 10/01/2019	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	1,462,005	1,650,157	163,732	3,275,894

1 Year	Market Value As of 10/01/2019	Net Flows	Return On Investment	Market Value As of 09/30/2020
Total Fund	1,462,005	1,650,157	163,732	3,275,894



3.2

As of September 30, 2020

Historical Hybrid Composition

Benchmark Allocation	Weight (%)	
Oct-2019		
Russell 3000 Index	40.0	
MSCI AC World ex USA (Net)	17.0	
FTSE NAREIT Equity REIT Index	3.0	
Blmbg. Barc. U.S. Aggregate	40.0	



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