



CITY OF FORT LAUDERDALE

Investment Performance Review For the Quarter Ended June 30, 2022

Client Management Team

Scott Sweeten, BCM, CFS, Sr. Managing Consultant
Ed Polansky, Key Account Manager
Richard Pengelly, CFA, CIMA, CTP, Managing Director
Sean Gannon, CTP, Sr. Managing Consultant

PFM Asset Management LLC

225 E. Robinson Street
Orlando, FL 32801
407-406-5754

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ High inflation
 - ▶ A strong labor market
 - ▶ Depressed consumer confidence
 - ▶ Growing potential for economic recession



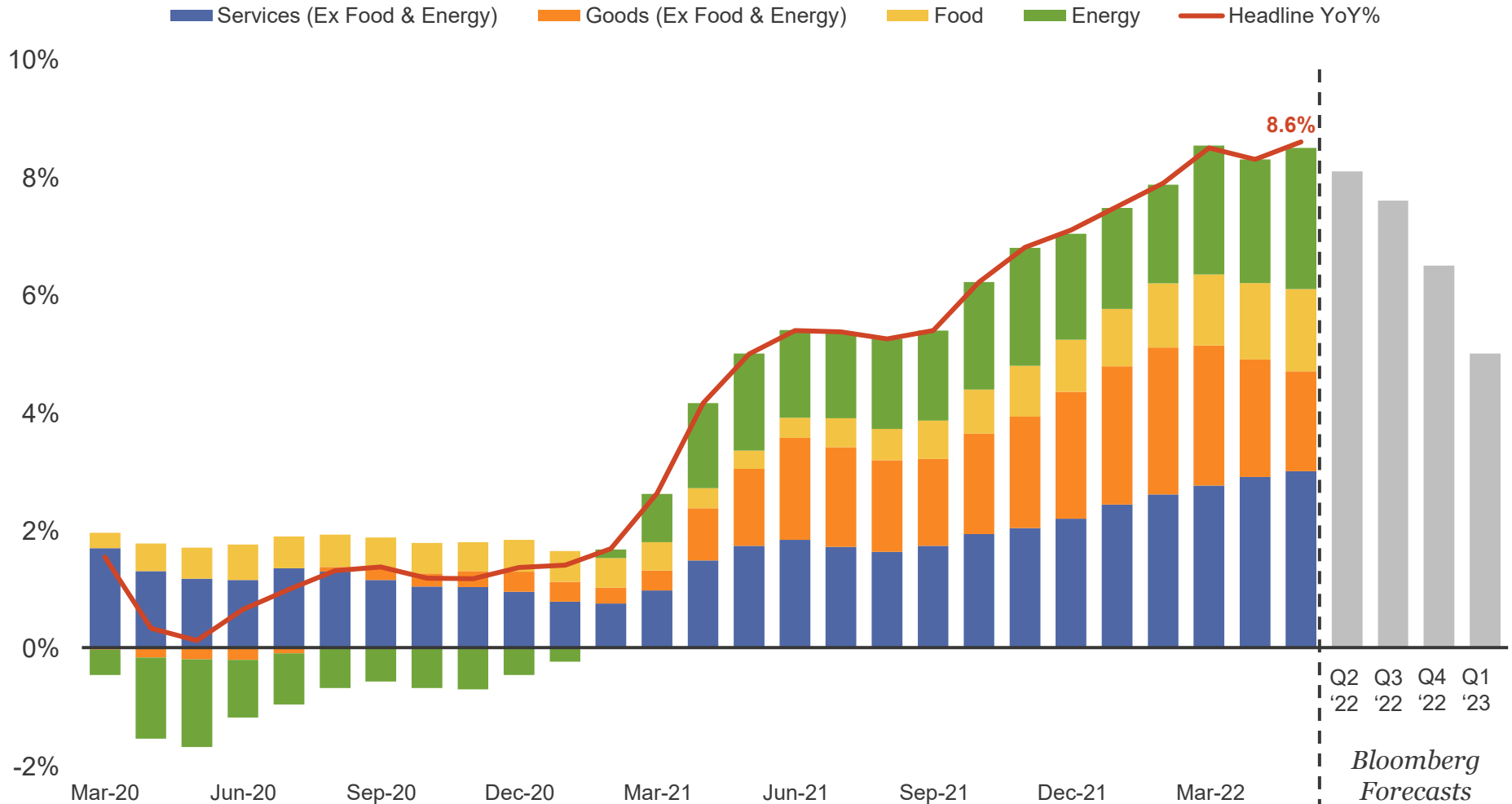
- ▶ The Federal Reserve is tightening monetary policy
 - ▶ More aggressive rate hikes to battle persistent inflation
 - ▶ Short-term fed funds rate projected to reach 3.25% to 3.75% by year-end
 - ▶ Start of balance sheet reduction; pace to double beginning in September



- ▶ Asset prices have fallen sharply in 2022 as a result of:
 - ▶ The impact of higher rates on bond prices and equity valuations
 - ▶ Wider credit spreads
 - ▶ High commodity prices, rising labor costs, and the continuing conflict in Ukraine
 - ▶ High levels of volatility and uncertainty

U.S. Inflation Hit a New Four-Decade High in May

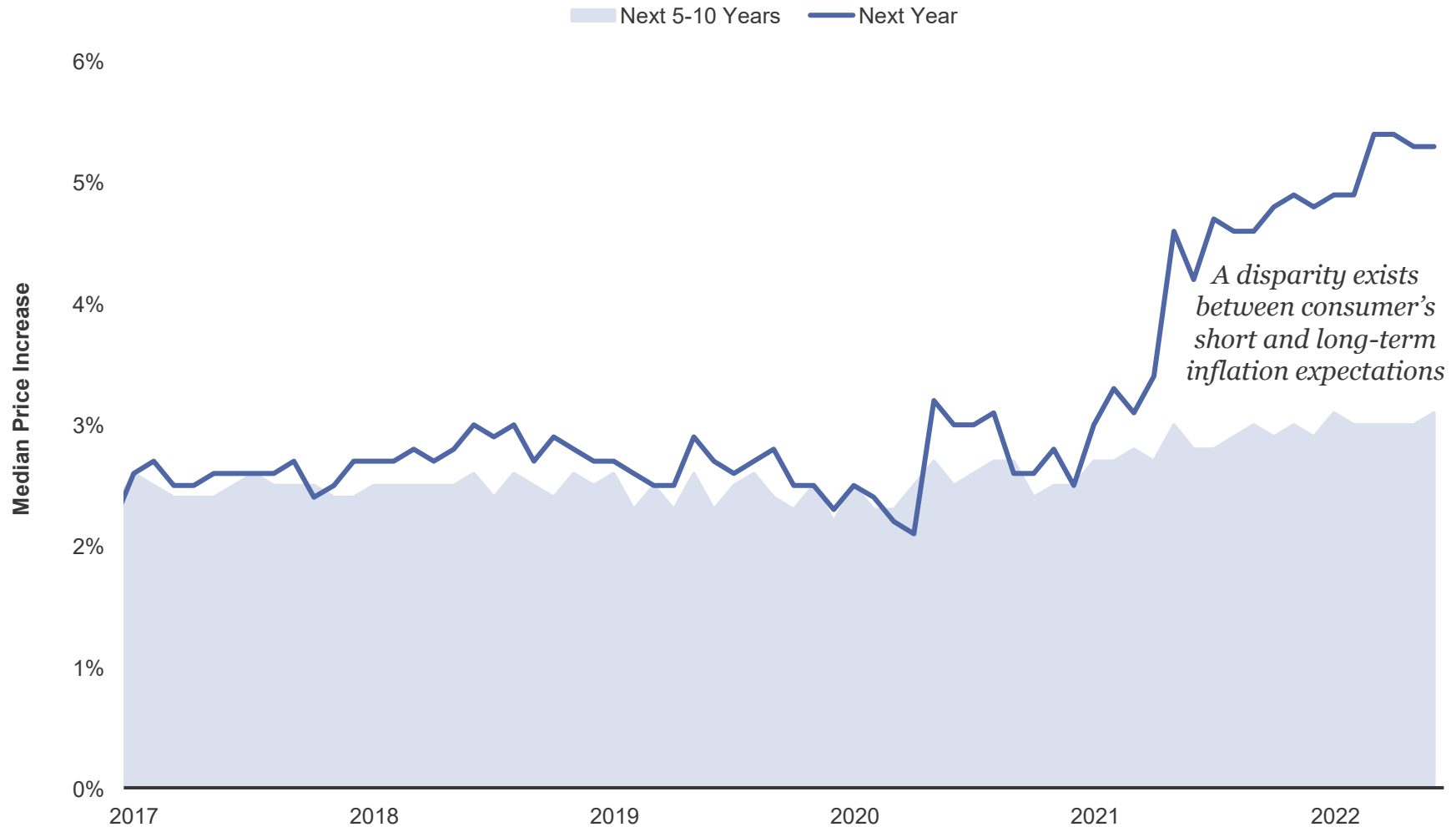
Consumer Prices (CPI) Top-Line Contributions and Year-over-Year Reading



Source: Bloomberg, as of May 2022.

Consumers Expect High Inflation in the Near Term, But Moderation Longer Term

University of Michigan Survey of Consumers Expected Change in Prices

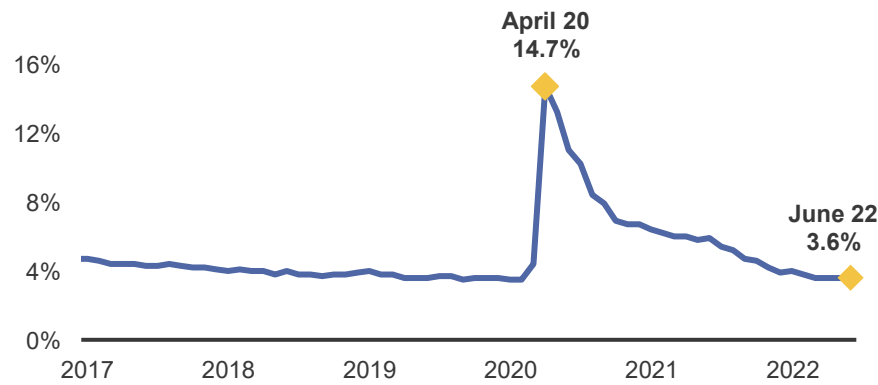


Source: Bloomberg, as of June 2022.

Strong Labor Market and Spending Provide Momentum Against Signs of Economic Slowing

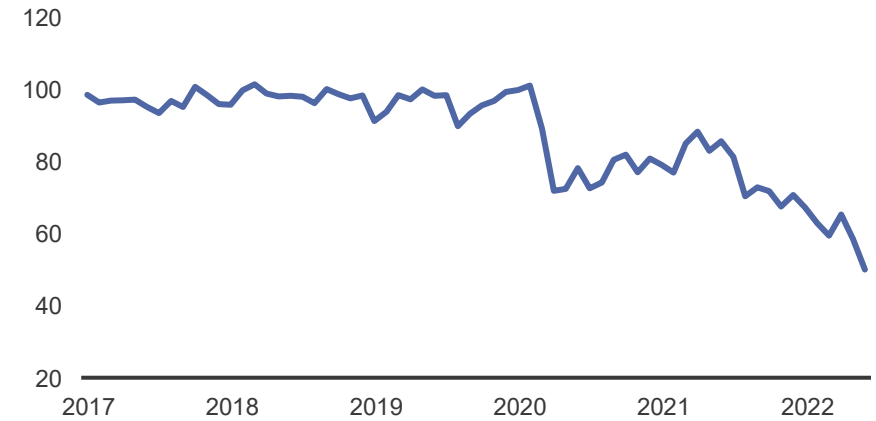
Tailwinds

U.S. Unemployment Rate

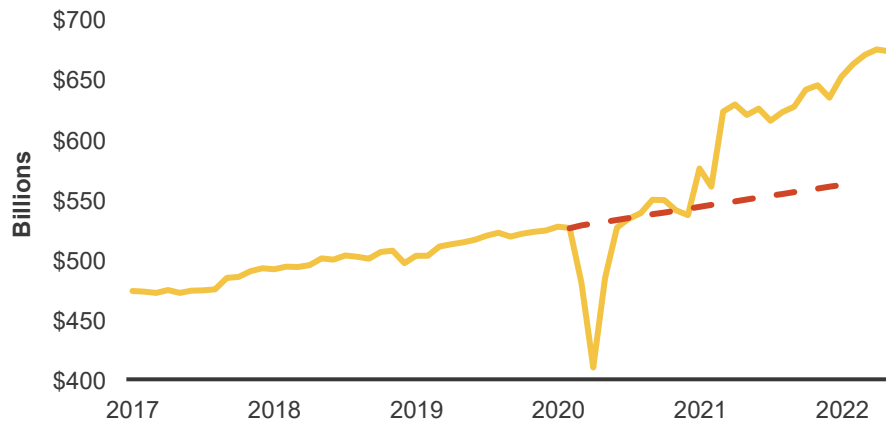


Headwinds

Index of Consumer Sentiment



Retail Sales (Monthly)



Existing Home Sales



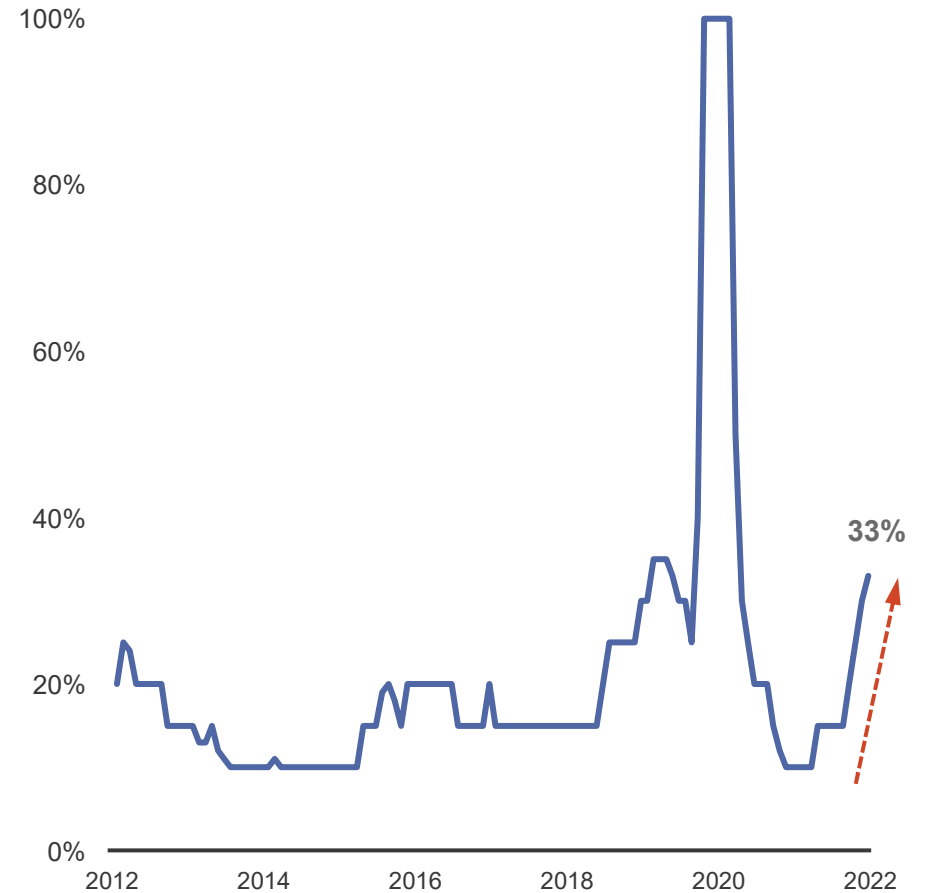
Source: Bloomberg, as of June 2022.

Uncertainty Grows Around Economic Outlook

GDP Contributors

	Q2 2021	Q3 2021	Q4 2021	Q1 2022
U.S. Real GDP	6.7%	2.3%	6.9%	-1.6%
<i>Personal Consumption</i>	7.9%	1.4%	1.8%	1.2%
<i>Fixed Investment</i>	0.6%	-0.2%	0.5%	1.3%
<i>Private Inventories</i>	-1.3%	2.2%	5.3%	-0.4%
<i>Net Exports</i>	-0.2%	-1.3%	-0.2%	-3.2%
<i>Gov't Expenditures</i>	-0.3%	0.2%	-0.5%	-0.5%

U.S. 1-Year Recession Probability (Bloomberg Median Economist Forecast)

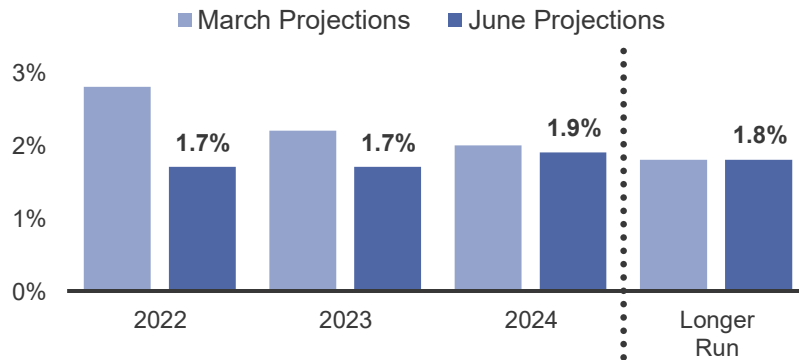


Following a negative Q1 reading, economists expect positive yet decelerating growth amid an increasingly cautious consumer

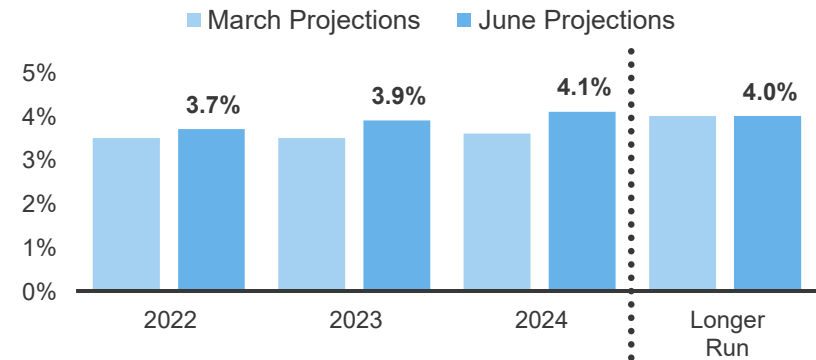
Source: Bloomberg, as of June 2022.

Fed's Updated Projections Show More Expected Inflation, Lower Growth

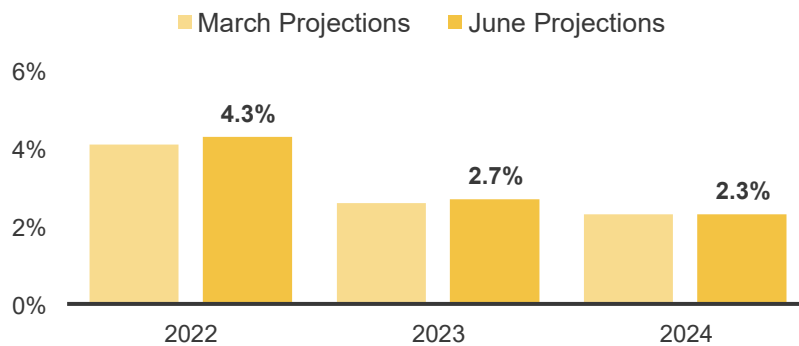
Change in Real GDP



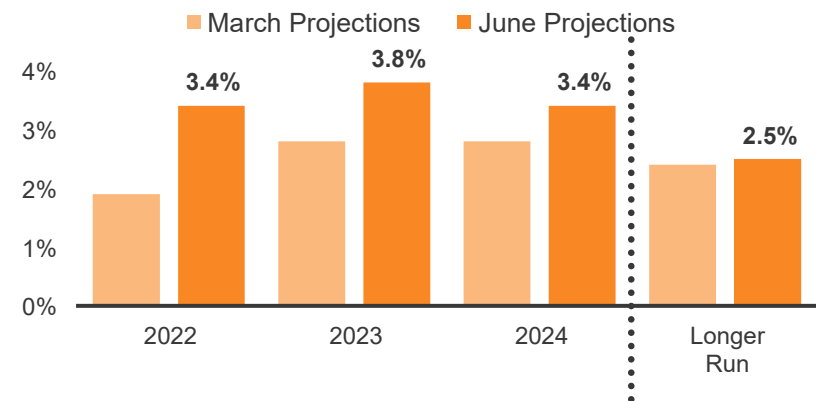
Unemployment Rate



Core PCE Inflation



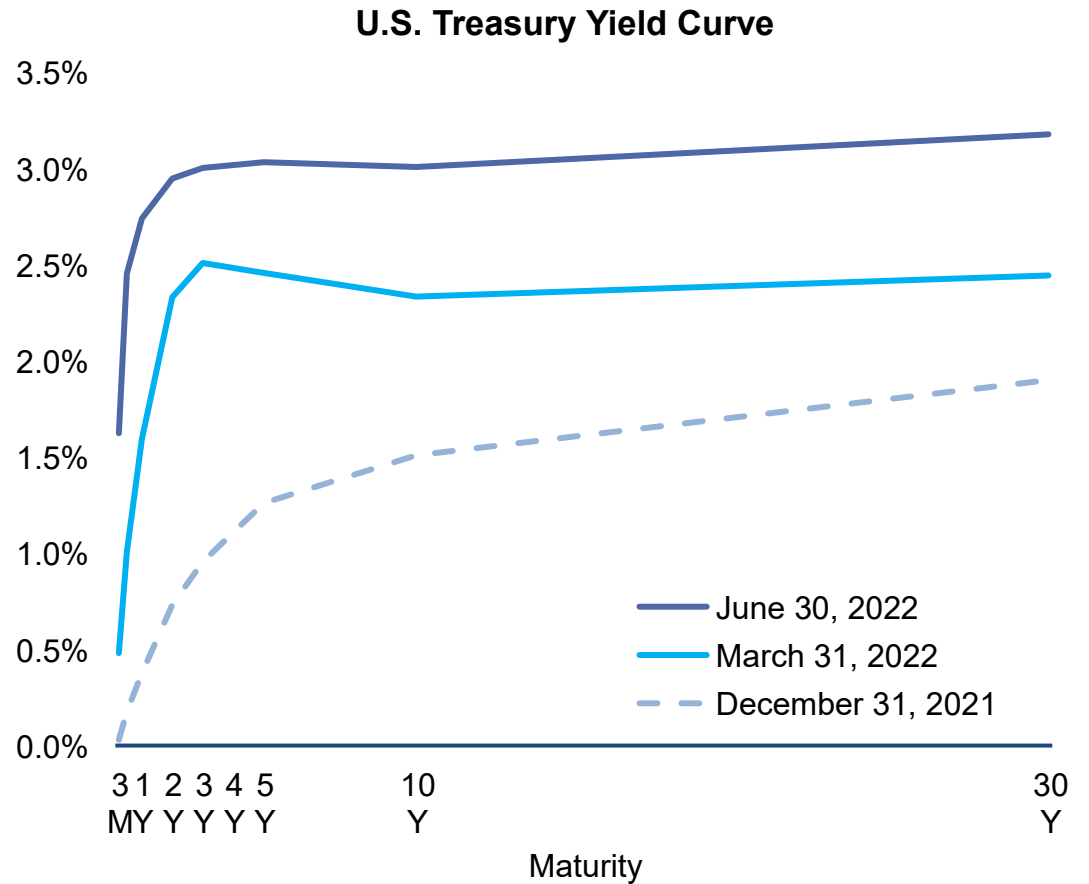
Federal Funds Rate



Source: Federal Reserve, latest economic projections as of June 2022.

Treasury Yields Move Higher Across the Curve; Curve Remains Flat Beyond 2-Years

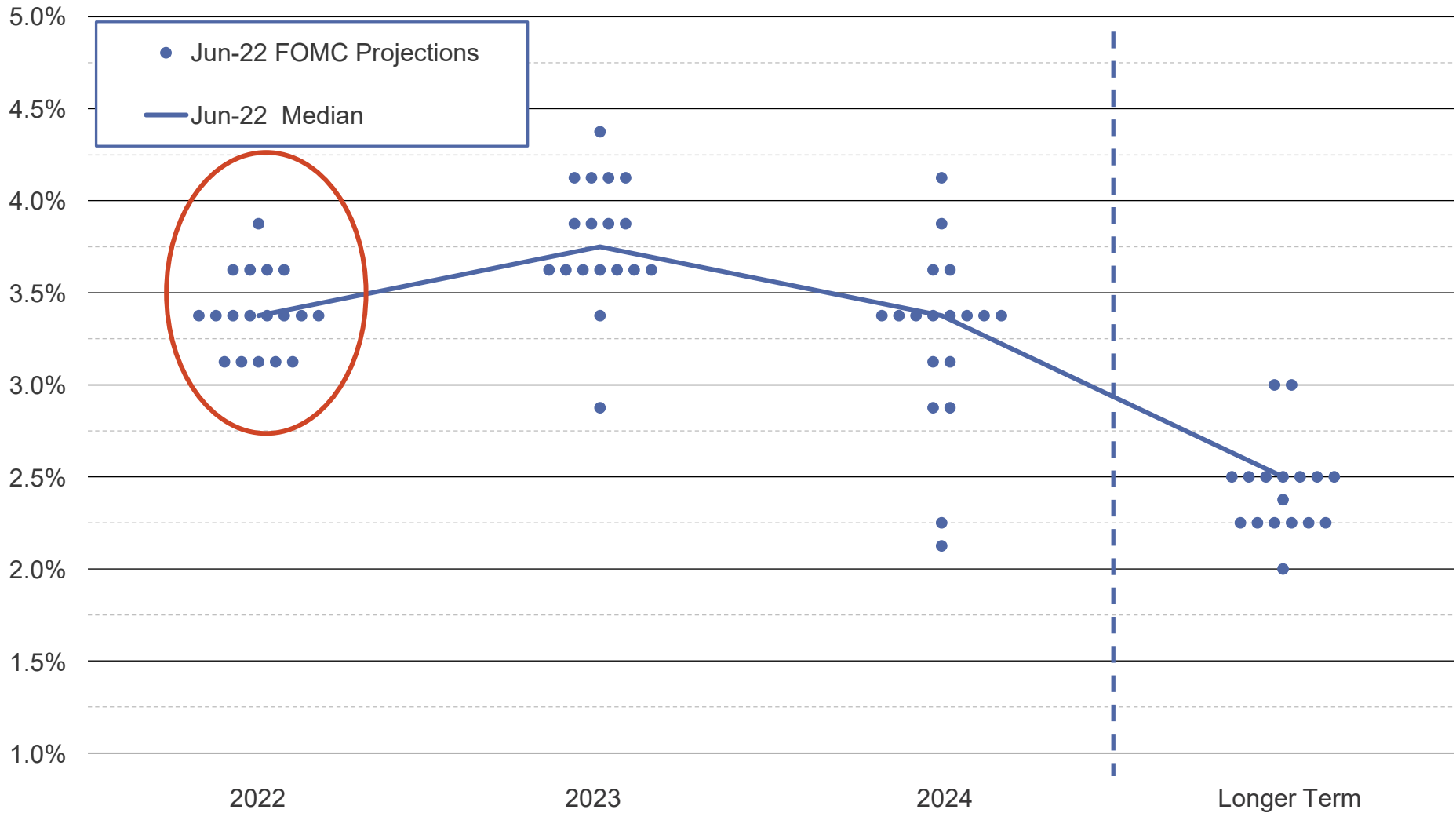
	2Q2022 6/30/22	1Q2022 3/31/22	QoQ Change
3-month	1.63%	0.48%	+1.15%
1-year	2.74%	1.60%	+1.14%
2-year	2.95%	2.33%	+0.62%
3-year	3.01%	2.51%	+0.50%
5-year	3.04%	2.46%	+0.58%
10-year	3.01%	2.34%	+0.67%
30-year	3.18%	2.45%	+0.73%



Source: Bloomberg, as of 6/30/2022.

Federal Reserve Officials Project 1.75% More in Rate Hikes in 2022

Fed Participants' Assessments of 'Appropriate' Monetary Policy

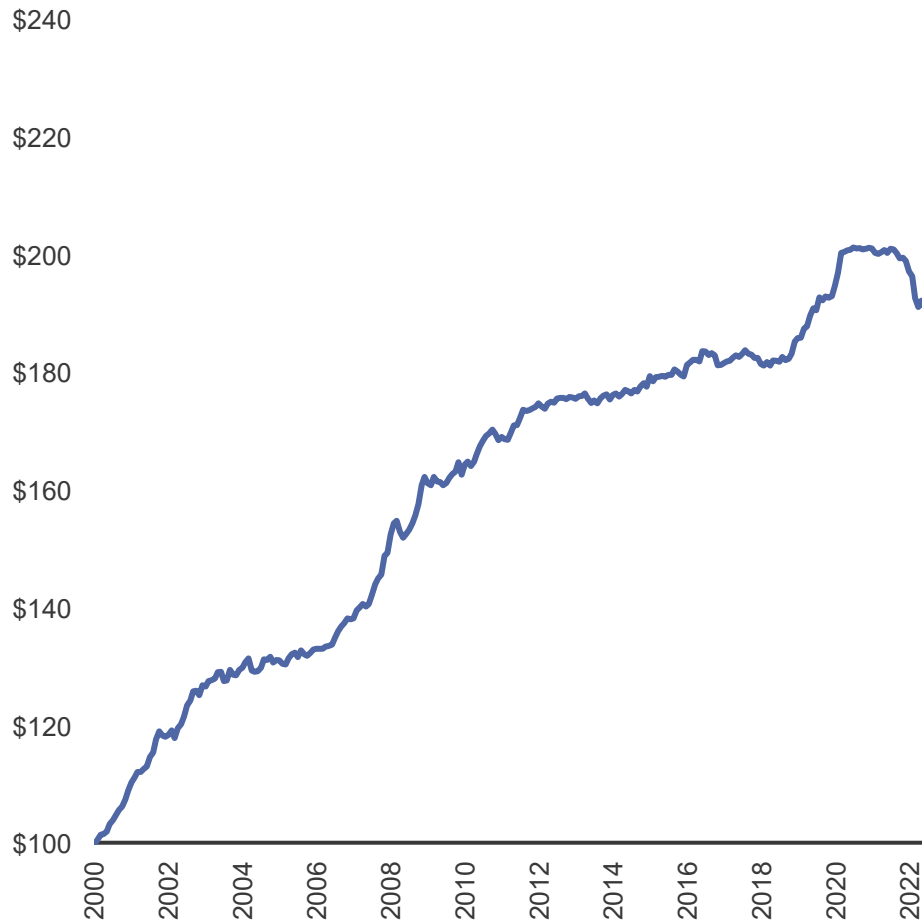


Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

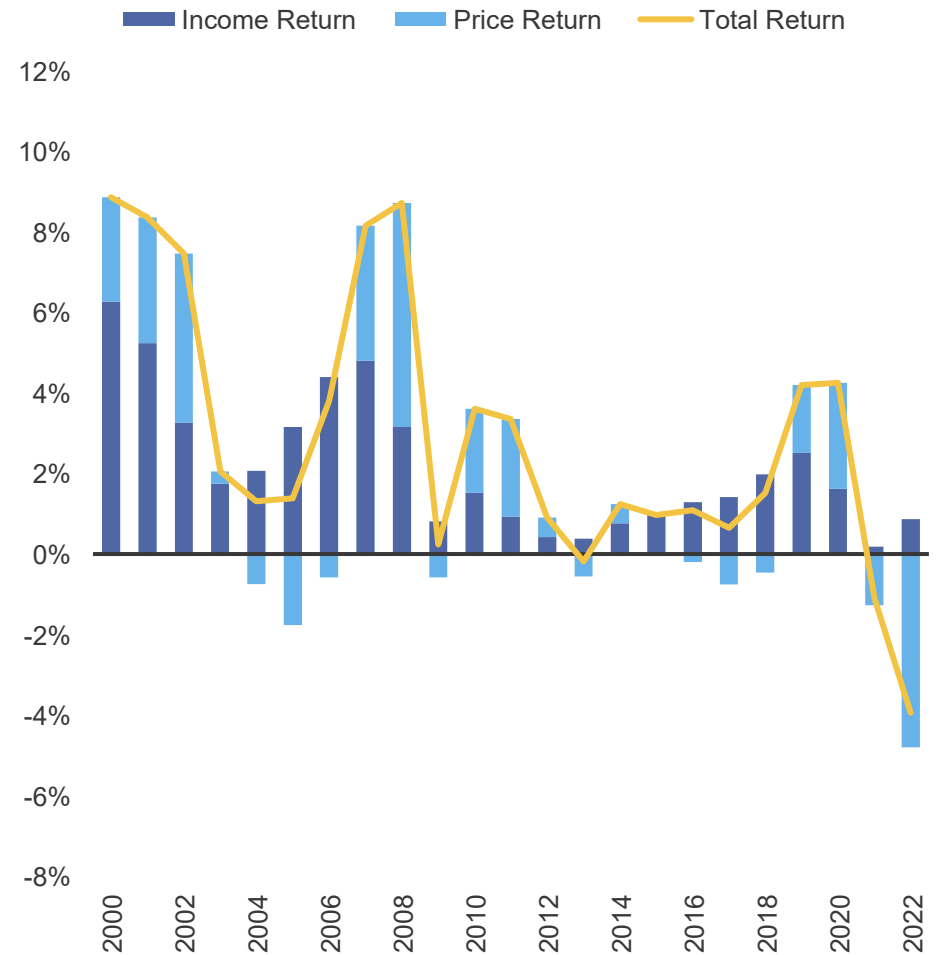
Surging Yields Give Back Pandemic Gains

ICE BofA 1-5 Year Treasury Index

Growth of \$100
(1/1/2000 - 6/30/2022)



Annual Price & Income Returns

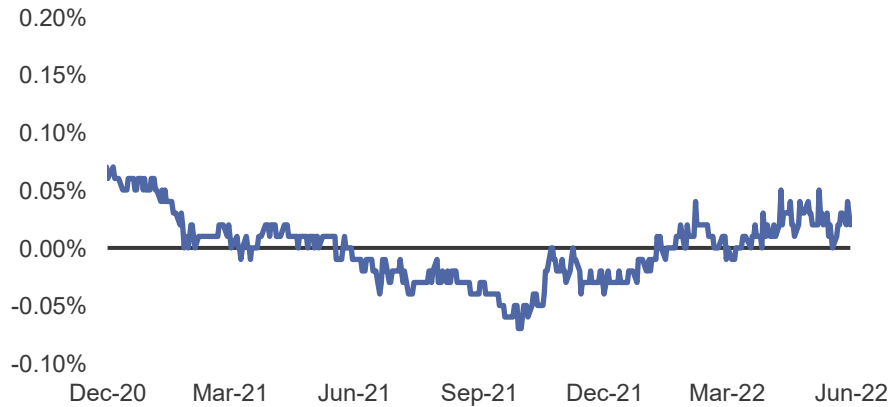


Source: ICE BofAML Indices via Bloomberg, as of 6/30/2022; PFMAM calculations. 2022 Price, income, and total return is YTD as of 6/30/2022.

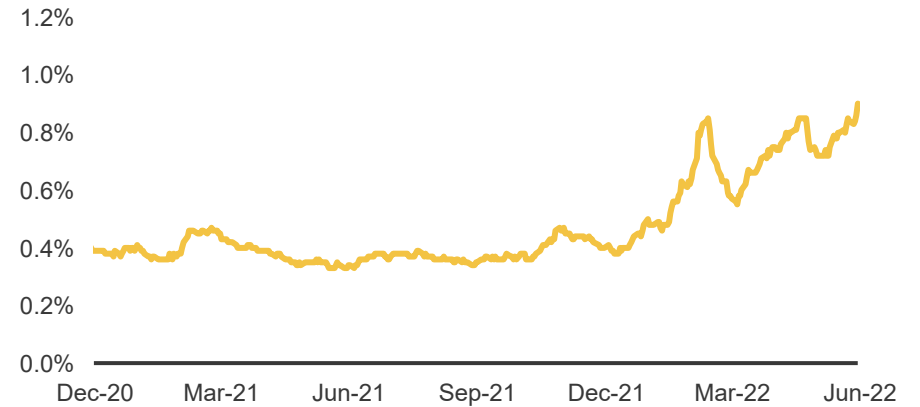
Sector Yield Spreads Widened in Q2 2022

1-5 Year Indices

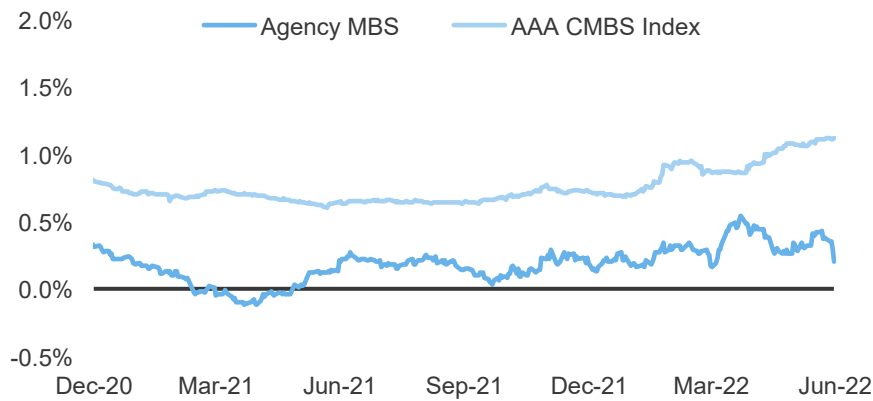
Federal Agency Yield Spreads



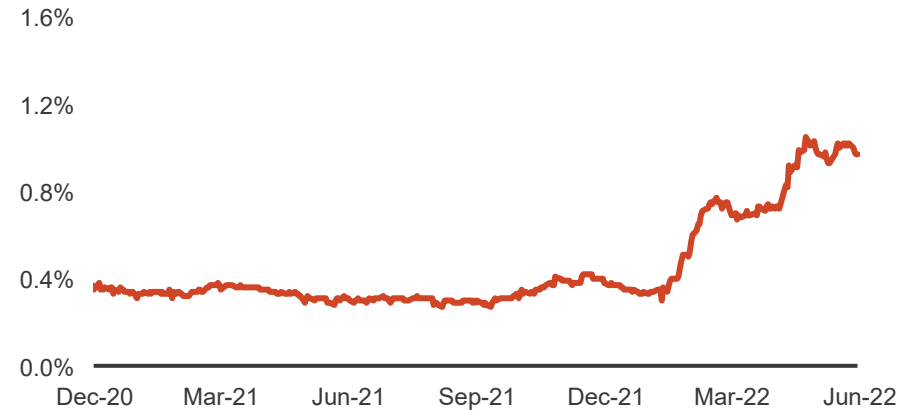
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads



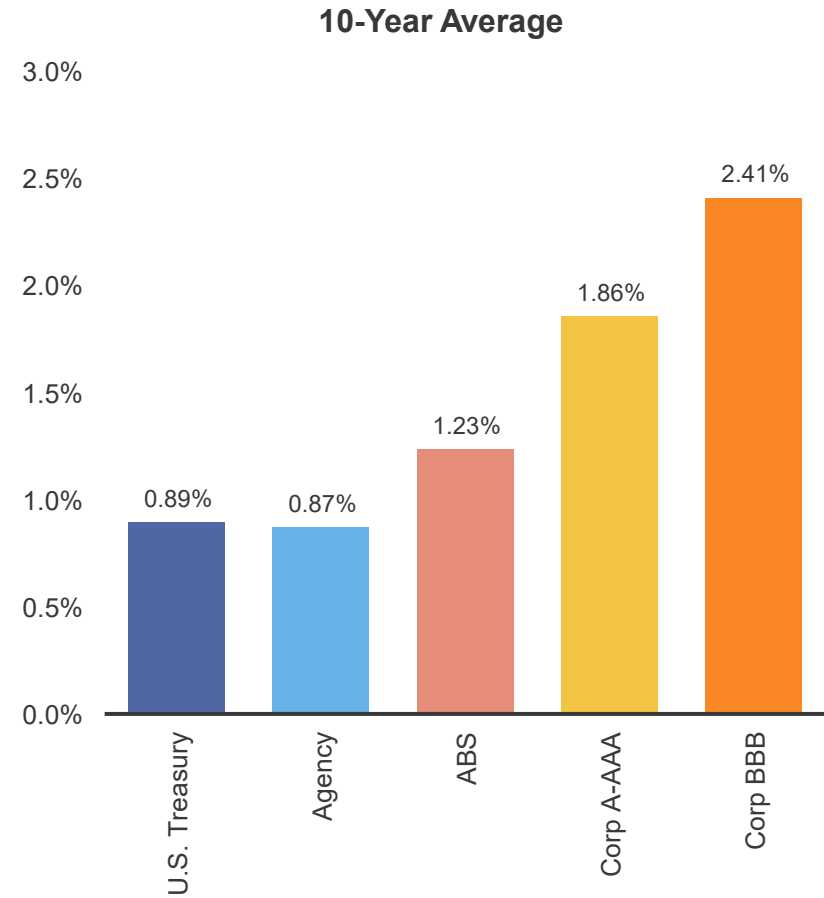
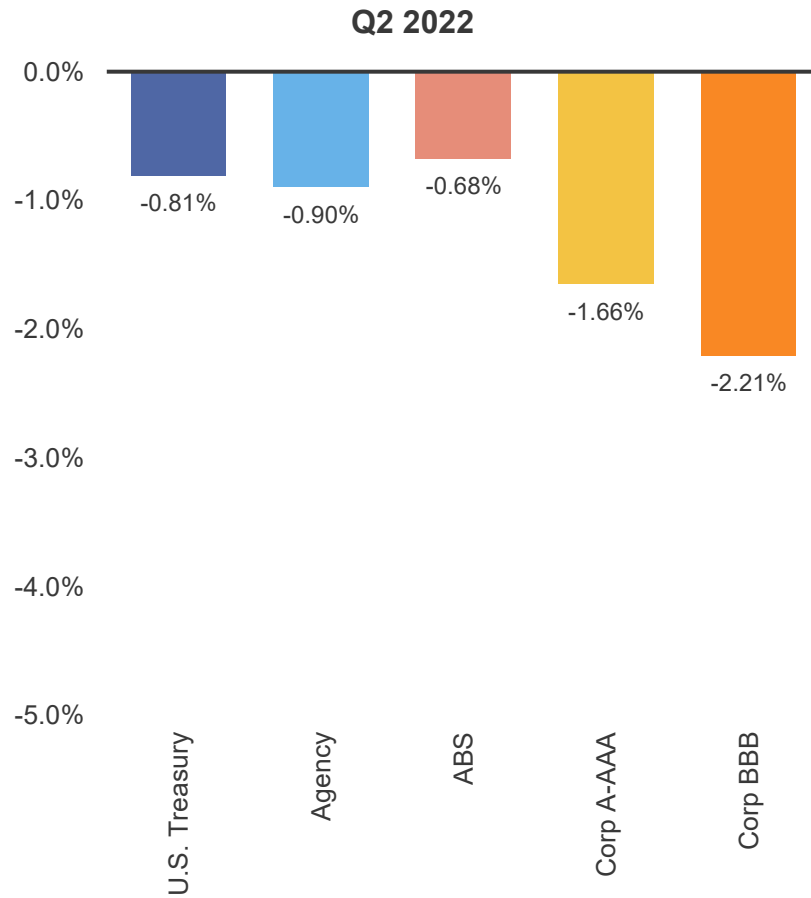
Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of 6/30/2022. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Rising Rates and Wider Spreads Hurt Fixed-Income Returns in Q2 2022

1-5 Year Indices



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 6/30/2022.

Fixed-Income Sector Commentary — 2Q 2022

- ▶ **U.S. Treasury** securities posted negative returns for more than two quarters. Yields continued to move higher on surging inflation data and expectations for aggressive Fed rate hikes over the course of 2022.
- ▶ The **Federal Agency** sector generated modest incremental returns over Treasuries in Q2 but continue to offer narrow yield spreads and limited value.
- ▶ **Supranational** spreads are elevated for shorter maturities but remained historically tight further out the curve. Issuance has been relatively light year-to-date which has helped keep downward pressure on yield spreads.
- ▶ Investment grade **Corporates** appear to have priced in a recession on the horizon, however, fundamentals and ratings are expected to stabilize while also carrying a low default rate. Yield spreads have been driven wider to historically attractive levels as uncertainties persist.
- ▶ **Asset-Backed** yield spreads widened after a volatile start to the year. Some measures of collateral performance are trending worse, but overall are in a good position from a historical perspective and remain within rating agency expectations.
- ▶ **Mortgage-Backed Securities** were hampered by soaring mortgage rates and the looming reduction to the Fed's balance sheet. The sector will likely remain under pressure for the foreseeable future as it faces a myriad of headwinds.
- ▶ **Taxable Municipals** were one of the few investment grade sectors that performed well during the quarter. But while issuance has slowed despite appearing at attractive levels, deals remain heavily oversubscribed, pressuring spreads lower.
- ▶ **Commercial Paper and CD** spreads remain elevated and attractive, particularly on maturities near nine months which have heightened value and a steeper curve.

Fixed-Income Sector Outlook – 3Q 2022

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



<u>Portfolios</u>	<u>Market Value</u>	<u>Current Quarter</u>	<u>Fiscal Year To Date</u>	<u>Trailing 12 Months</u>	<u>Assumed Rate of Return</u>
City Operating Funds - Self-Directed¹ <i>S&P GIP All Gross Yield Index</i>	\$ 322,548,212	0.75% 0.18%	0.94% 0.25%	1.04% 0.27%	
CRA Funds <i>S&P GIP All Gross Yield Index</i>	\$ 70,124,755	1.31% 0.18%	1.90% 0.25%	1.93% 0.27%	
Fixed Income Investment Portfolio - PFMAM <i>ICE BofAML 1-5 Year U.S. Treasury Index</i>	\$ 376,601,755	-0.96% -0.81%	-4.73% -4.61%	-4.65% -4.61%	
Total City of Fort Lauderdale Funds² <i>City of Fort Lauderdale Blended Benchmark</i>	\$ 769,274,722	-0.04% -0.31%	-1.75% -2.13%	-1.66% -2.12%	
Bond Proceeds³	\$ 217,853,203	1.39%	1.74%	1.79%	
OPEB Trust Funds⁴ <i>Benchmark</i>	\$ 42,566,934	-11.42% -11.48%	-12.78% -12.56%	-13.05% -12.98%	7.00%
Cemetery Trust Fund⁴ <i>Benchmark</i>	\$ 28,765,367	-9.65% -10.11%	-10.77% -11.21%	-11.40% -11.28%	5.00%
General Employees Retirement System⁴ <i>Benchmark</i>	\$ 709,717,124	-8.80% -9.80%	-8.00% -9.10%	-7.90% -9.40%	7.00%
Police & Fire Retirement System⁴ <i>Benchmark</i>	\$ 1,064,823,383	-7.46% -10.62%	-6.54% -10.29%	-6.50% -10.07%	7.25%

Notes:

1. City Operating Funds – Self-Directed performance is calculated based on the weighted average yield of the City Self – Directed Account portfolio and the self-directed bank accounts, as well as the Florida CLASS and FL PALM Holdings.
2. Total City of Fort Lauderdale Funds calculated as the weighted average return of City Operating Funds - Self Directed, CRA Funds, and Fixed Income Investment Portfolio – PFMAM
3. Bond Proceeds includes all bond proceeds portfolios. Current quarter yields estimated based on all bond proceeds holdings. Fiscal Year to Date and Trailing 12 Month yields are estimated based on current quarter yields and 2018 Water & Sewer bond yield data.
4. Performance and Market Values from Fixed Income Investment Portfolio – PFMAM, OPEB Trust Funds, Cemetery Trust Funds, General Employees Retirement System ("GERS"), and Police & Fire Retirement System ("P&F") are derived from their manager reports as of June 30, 2022.

	<u>Market Value as of June 30, 2022</u>	<u>Percent of Portfolio</u>		<u>Market Value as of March 31, 2022</u>	<u>Percent of Portfolio</u>
<u>Funds Held for Liquidity</u>					
CitiBank - Health Ins	1,074,101	0.11%		558,255	0.06%
Wells Fargo - Wks Comp	801,873	0.08%		193,374	0.02%
Wells Fargo Govt Ckg - BMPO	57,599	0.01%		57,599	0.01%
Wells Fargo Master Account	40,891,371	4.14%		28,359,721	2.86%
Wells Fargo Utility Account	8,475,060	0.86%		8,462,170	0.85%
Wells Fargo CRA	48,808,249	4.94%		58,478,343	5.89%
Wells Fargo Police Evidence	871,201	0.09%		870,545	0.09%
Total Funds for Liquidity	\$ 100,979,453	10.23%		\$ 96,980,006	9.76%
<u>Funds Held for Investment</u>					
PFMAM Investment Portfolio	376,601,755	38.15%	\$	380,255,984	38.28%
CRA City Self - Directed Account	21,316,506	2.16%		21,296,106	2.14%
CRA Central Beach	-	0.00%		55	0.00%
City Self - Directed Account	7,261,566	0.74%		7,256,743	0.73%
FMIT Subsidiary Accounts	130,201	0.01%		130,802	0.01%
FL CLASS	106,576,018	10.80%		106,373,518	10.71%
FL PALM	48,909,223	4.95%		31,319,848	3.15%
FL PALM TERM	107,500,000	10.89%		125,000,000	12.58%
Total Funds for Investment	\$ 668,295,269	67.70%	\$	671,633,057	67.62%
<u>Bond Proceeds</u>					
Water & Sewer Bond 2018	71,319,973	7.22%	\$	74,508,199	7.50%
Parks 2020-A	48,294,067	4.89%		51,200,606	5.15%
Public Safety 2020-B	93,234,362	9.45%		93,920,402	9.46%
FMIT G.O. Series 2011-A	5,004,801	0.51%		5,054,562	0.51%
Total Bond Proceeds	\$ 217,853,203	22.07%	\$	224,683,769	22.62%
Grand Total	\$ 987,127,925	100.00%	\$	993,296,832	100.00%

Notes:

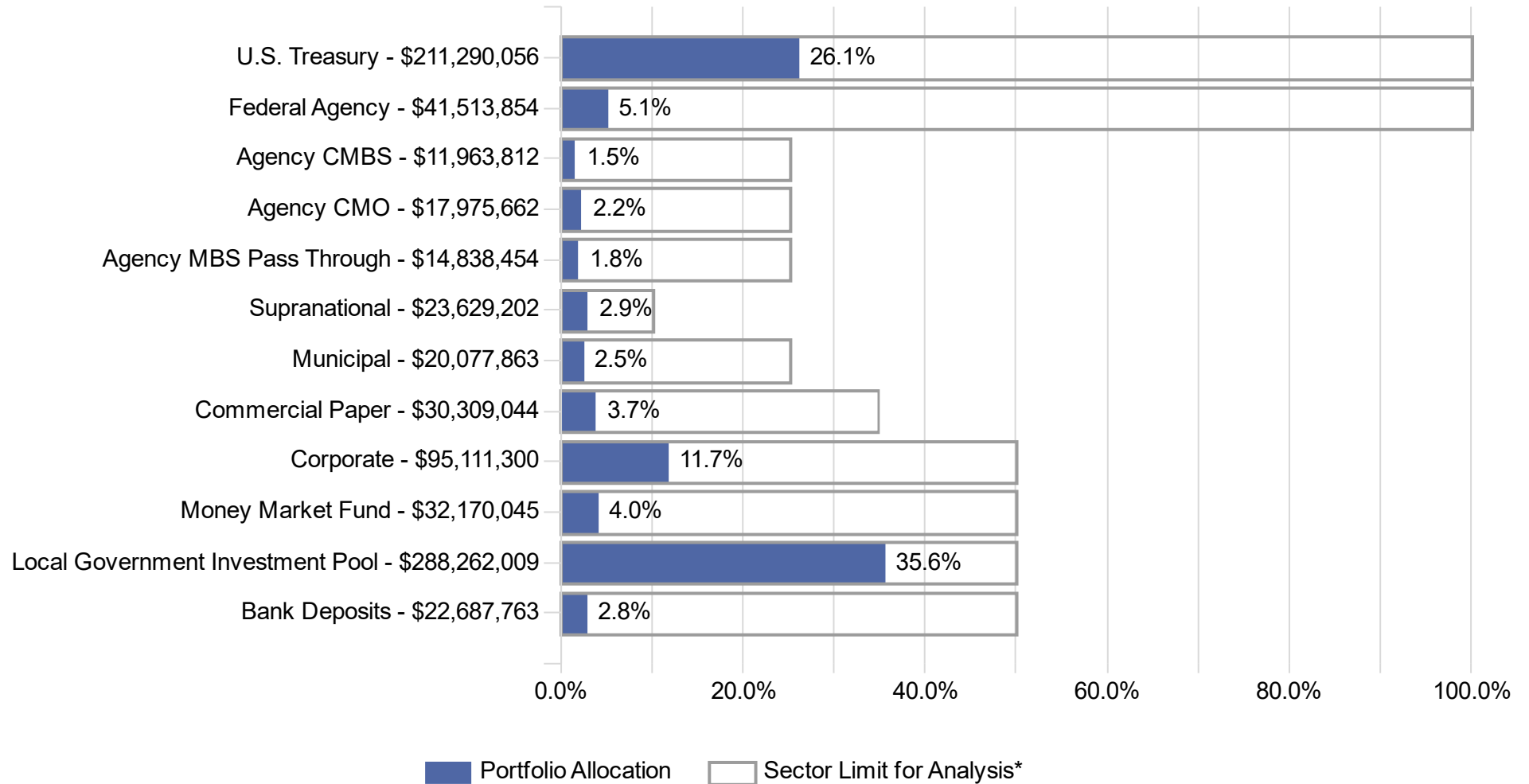
- Market Values plus accrued interest as of June 30, 2022 and March 31, 2022 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
- Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

<u>Account Names</u>	<u>Yield to Market as of June 30, 2022</u>	<u>Percent of Portfolio June 30, 2022</u>	<u>Yield to Market as of March 31, 2022</u>	<u>Percent of Portfolio March 31, 2022</u>
<u>Funds Held for Liquidity</u>				
CitiBank - Health Ins	0.00%	0.11%	0.00%	0.06%
Wells Fargo - Wks Comp	1.56%	0.08%	0.31%	0.02%
Wells Fargo Govt Ckg - BMPO	1.56%	0.01%	0.31%	0.01%
Wells Fargo Master Account	1.56%	4.14%	0.31%	2.86%
Wells Fargo Utility Account	0.00%	0.86%	0.00%	0.85%
Wells Fargo CRA	1.56%	4.94%	0.31%	5.89%
Wells Fargo Police Evidence	0.00%	0.09%	0.00%	0.09%
Total Funds for Liquidity	1.40%	10.23%	0.28%	9.76%
<u>Funds Held for Investment</u>				
PFMAM Investment Portfolio	2.10%	38.15%	0.92%	38.28%
CRA City Self - Directed Account	0.74%	2.16%	0.09%	2.14%
CRA Central Beach	0.00%	0.00%	0.00%	0.00%
City Self - Directed Account	0.45%	0.74%	0.01%	0.73%
FMIT Subsidiary Accounts	3.10%	0.01%	2.10%	0.01%
FL CLASS	1.07%	10.80%	0.27%	10.71%
FL PALM	1.17%	4.95%	0.24%	3.15%
FL PALM TERM	0.17%	10.89%	0.18%	12.58%
Total Funds for Investment	1.50%	67.70%	0.61%	67.62%
<u>Bond Proceeds</u>				
Water & Sewer Bond 2018	0.45%	7.22%	0.01%	7.50%
Parks 2020-A	1.13%	4.89%	0.27%	5.15%
Public Safety 2020-B	2.17%	9.45%	0.26%	9.46%
FMIT G.O. Series 2011-A	2.90%	0.51%	1.70%	0.51%
Total Bond Proceeds	1.39%	22.07%	0.21%	22.62%
Total Average Yield	1.46%	100.00%	0.49%	100.00%
<u>Benchmarks</u>				
	<u>June 30, 2022</u>		<u>March 31, 2022</u>	
S&P GIP All 30 Day Gross Yield Index	1.02%		0.22%	
BofA Merrill Lynch 1-3 Year Treasury Index	2.95%		2.22%	
BofA Merrill Lynch 1-5 Year Treasury Index	2.98%		2.32%	

Notes:

- Market Values plus accrued interest as of June 30, 2022 and March 31, 2022 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
- Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

Sector Allocation Analytics



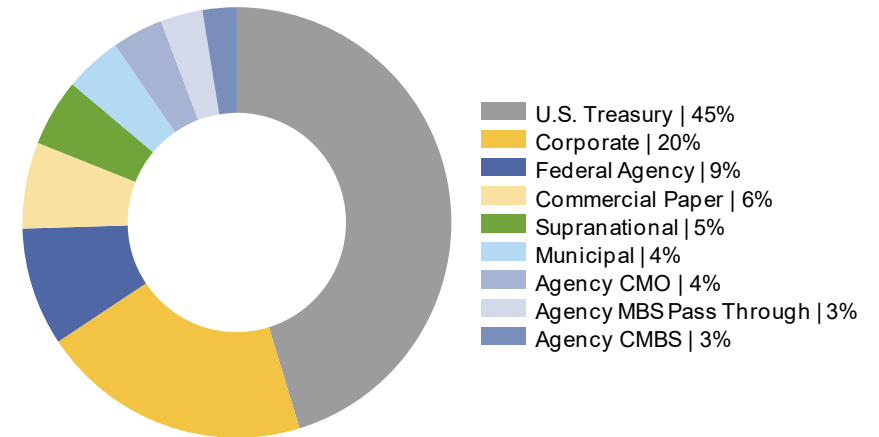
*For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.
 Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

Consolidated Summary

Account Summary

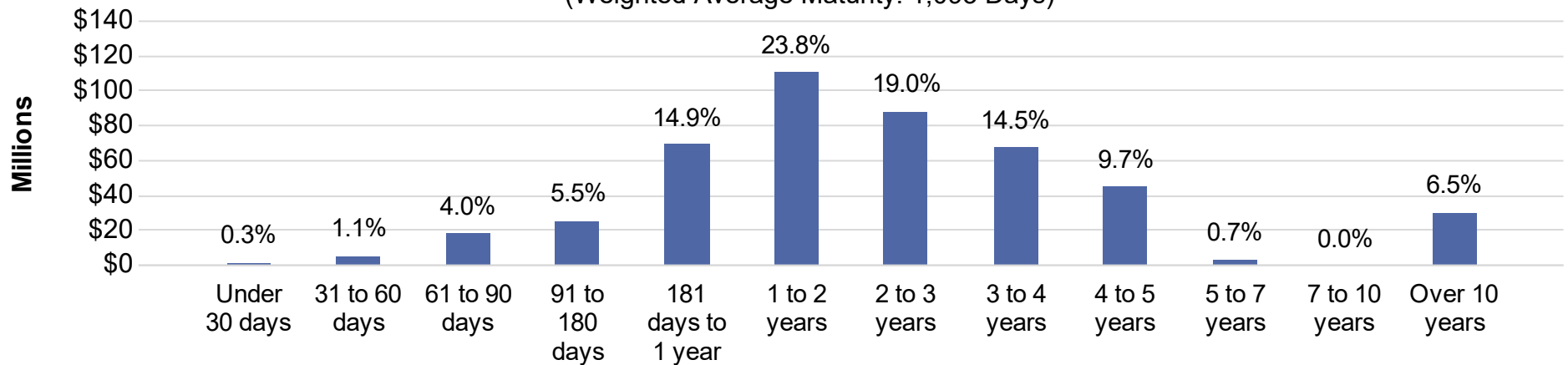
PFMAM Managed Account	\$492,983,622
Total Program	\$492,983,622

Sector Allocation



Maturity Distribution

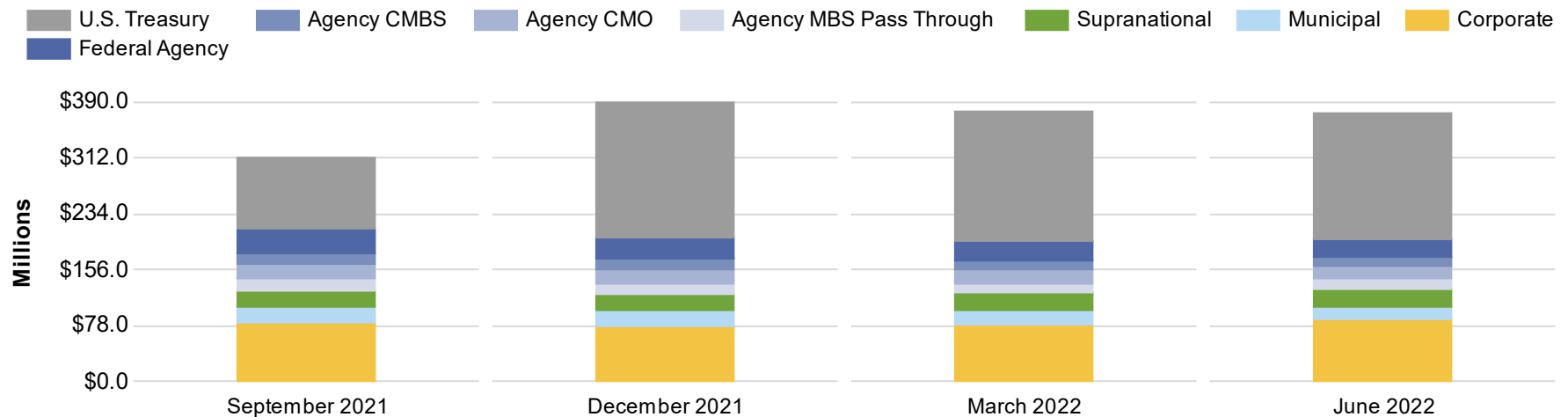
(Weighted Average Maturity: 1,093 Days)



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

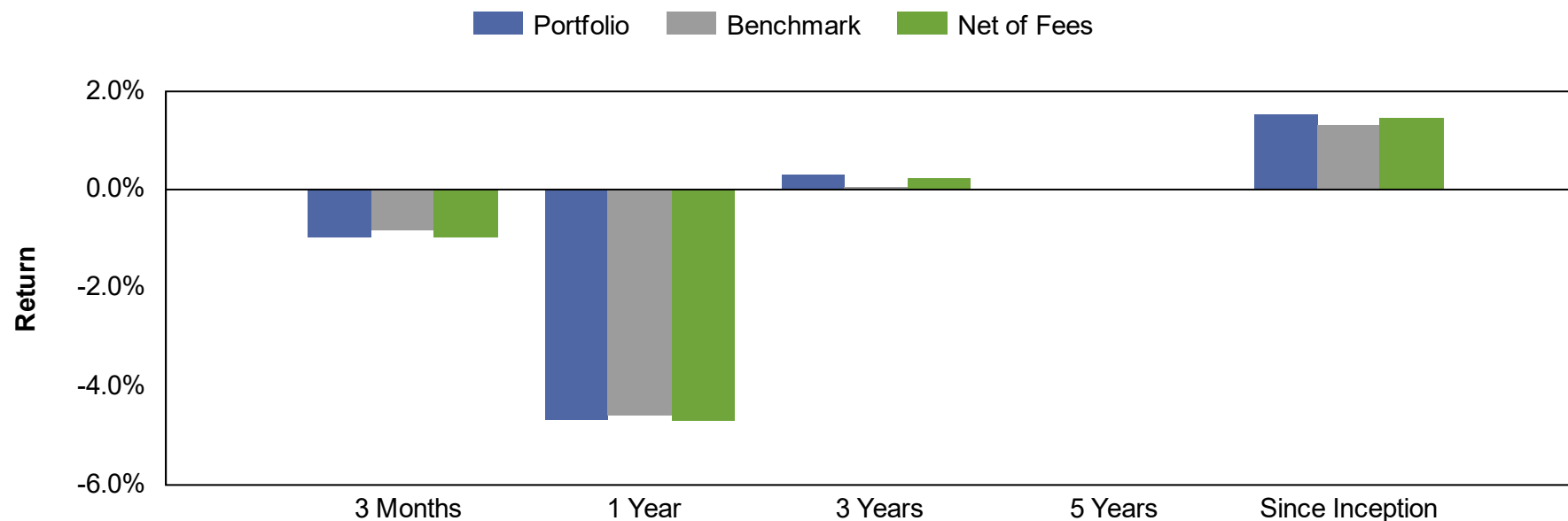
Sector Allocation Review - CITY OF FORT LAUDERDALE - PFMAM

Security Type	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total	Jun-22	% of Total
U.S. Treasury	\$99.7	31.7%	\$187.7	48.2%	\$181.5	47.9%	\$175.6	46.8%
Federal Agency	\$34.2	10.9%	\$30.8	7.9%	\$28.7	7.6%	\$24.6	6.6%
Agency CMBS	\$15.7	5.0%	\$14.9	3.8%	\$12.5	3.3%	\$11.9	3.2%
Agency CMO	\$20.6	6.6%	\$19.0	4.9%	\$19.6	5.2%	\$17.9	4.8%
Agency MBS Pass Through	\$16.0	5.1%	\$14.5	3.7%	\$12.9	3.4%	\$14.8	4.0%
Supranational	\$23.1	7.4%	\$22.8	5.9%	\$23.8	6.3%	\$23.6	6.3%
Municipal	\$23.0	7.4%	\$22.8	5.8%	\$19.6	5.2%	\$19.5	5.2%
Corporate	\$81.1	25.9%	\$77.0	19.8%	\$79.9	21.1%	\$86.2	23.1%
Total	\$313.4	100.0%	\$389.4	100.0%	\$378.5	100.0%	\$374.1	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$1,552,158	\$5,886,581	\$19,644,875	-	\$24,604,507
Change in Market Value	(\$5,206,382)	(\$23,795,755)	(\$20,194,072)	-	(\$11,242,307)
Total Dollar Return	(\$3,654,224)	(\$17,909,174)	(\$549,197)	-	\$13,362,200
Total Return³					
Portfolio	-0.96%	-4.65%	0.30%	-	1.53%
Benchmark ⁴	-0.81%	-4.61%	0.04%	-	1.30%
Basis Point Fee	0.01%	0.06%	0.06%	-	0.06%
Net of Fee Return	-0.97%	-4.70%	0.25%	-	1.47%

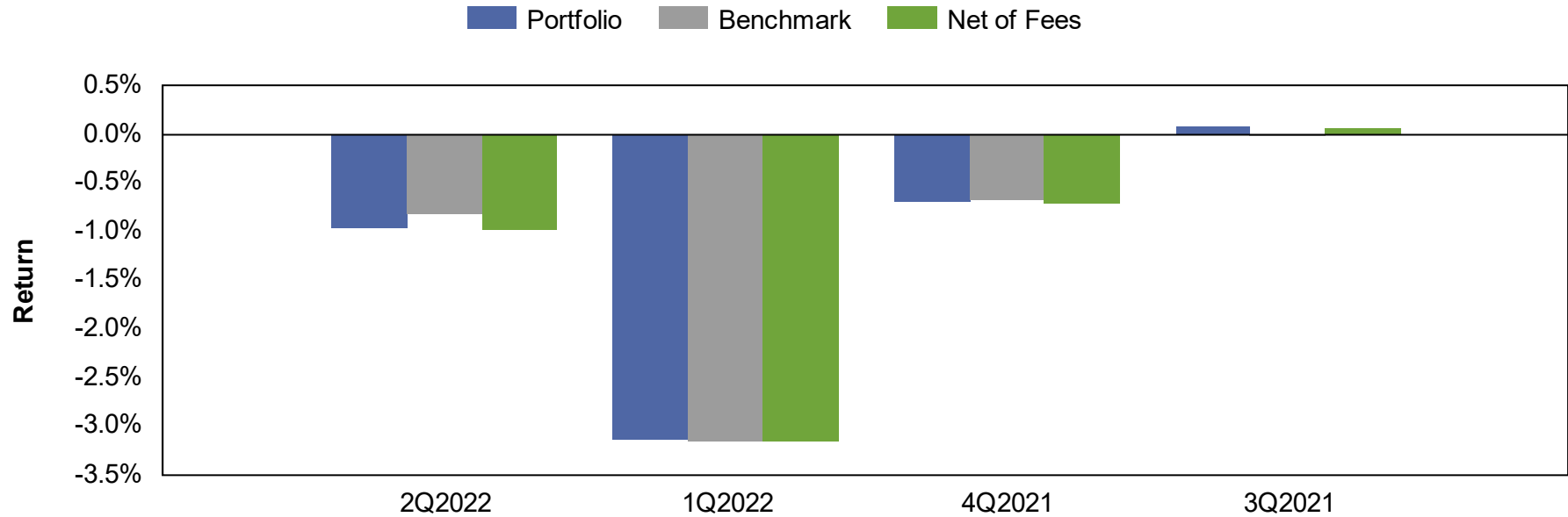
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2018.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg.

Portfolio Performance



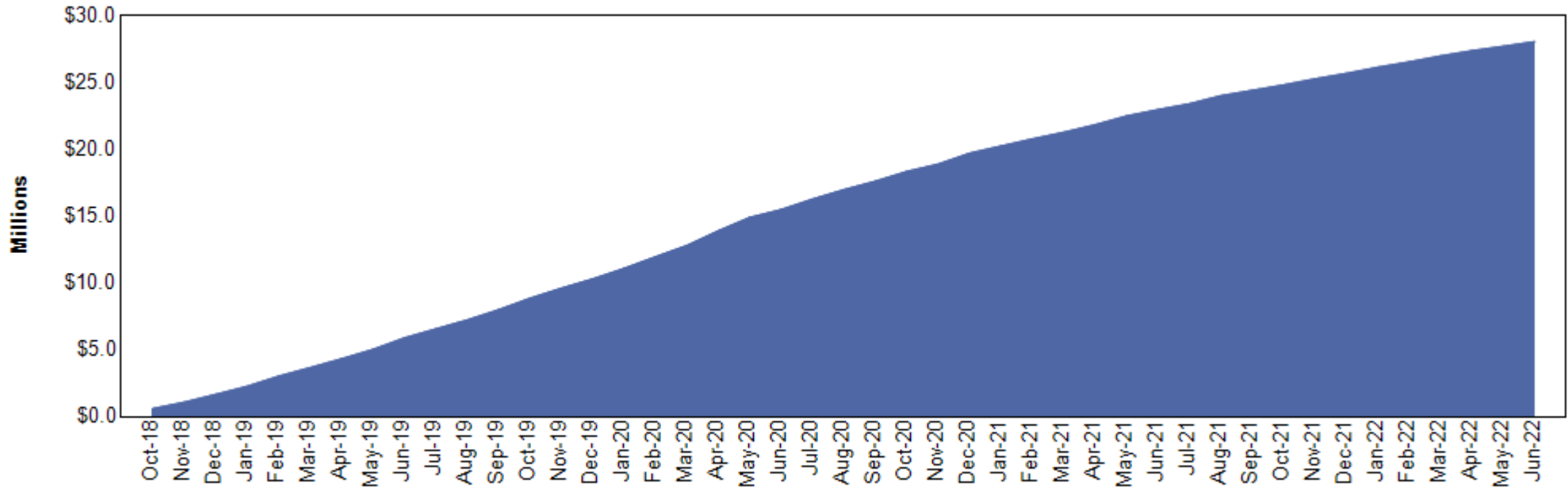
Market Value Basis Earnings	2Q2022	1Q2022	4Q2021	3Q2021
Interest Earned ¹	\$1,552,158	\$1,572,163	\$1,367,085	\$1,395,175
Change in Market Value	(\$5,206,382)	(\$13,887,698)	(\$3,585,228)	(\$1,116,447)
Total Dollar Return	(\$3,654,224)	(\$12,315,535)	(\$2,218,143)	\$278,728
Total Return²				
Portfolio	-0.96%	-3.14%	-0.69%	0.09%
Benchmark ³	-0.81%	-3.16%	-0.68%	0.00%
Basis Point Fee	0.01%	0.01%	0.01%	0.01%
Net of Fee Return	-0.97%	-3.15%	-0.70%	0.07%

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Returns are presented on a periodic basis.

3. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg.

Accrual Basis Earnings - CITY OF FORT LAUDERDALE - PFMAM



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$1,552,158	\$5,886,581	\$19,644,875	-	\$24,604,507
Realized Gains / (Losses) ³	(\$146,249)	\$524,238	\$5,109,899	-	\$5,453,255
Change in Amortized Cost	(\$334,619)	(\$1,325,087)	(\$2,586,992)	-	(\$2,012,087)
Total Earnings	\$1,071,291	\$5,085,732	\$22,167,783	-	\$28,045,676

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2018.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Realized gains / (losses) are shown on an amortized cost basis.

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

For more information regarding PFMAM's services or entities, please visit www.pfmam.com.

© 2022 PFM Asset Management LLC. Further distribution is not permitted without prior written consent.

Important Disclosures

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.