



# CITY OF FORT LAUDERDALE

## Investment Performance Review For the Quarter Ended June 30, 2023

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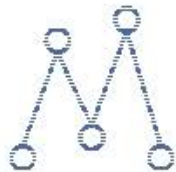
## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Headline inflation numbers trending lower, but the Fed's current focus, "supercore inflation," is showing little sign of slowing
  - ▶ A labor market that has proven to be exceptionally strong
  - ▶ A more optimistic sentiment around economic growth due to resilient consumer spending



- ▶ Fed temporarily pauses rate hikes
  - ▶ The most aggressive series of interest rate hikes in recent history has come to a temporary pause in June
  - ▶ The Fed's most recent dot plot shows the potential for two additional rate hikes by the end of the year
  - ▶ Rates have moved up due to the Fed's rate trajectory shifting higher, the economy remaining stronger than expected, persistent inflation, and the market's "higher-for-longer" mindset

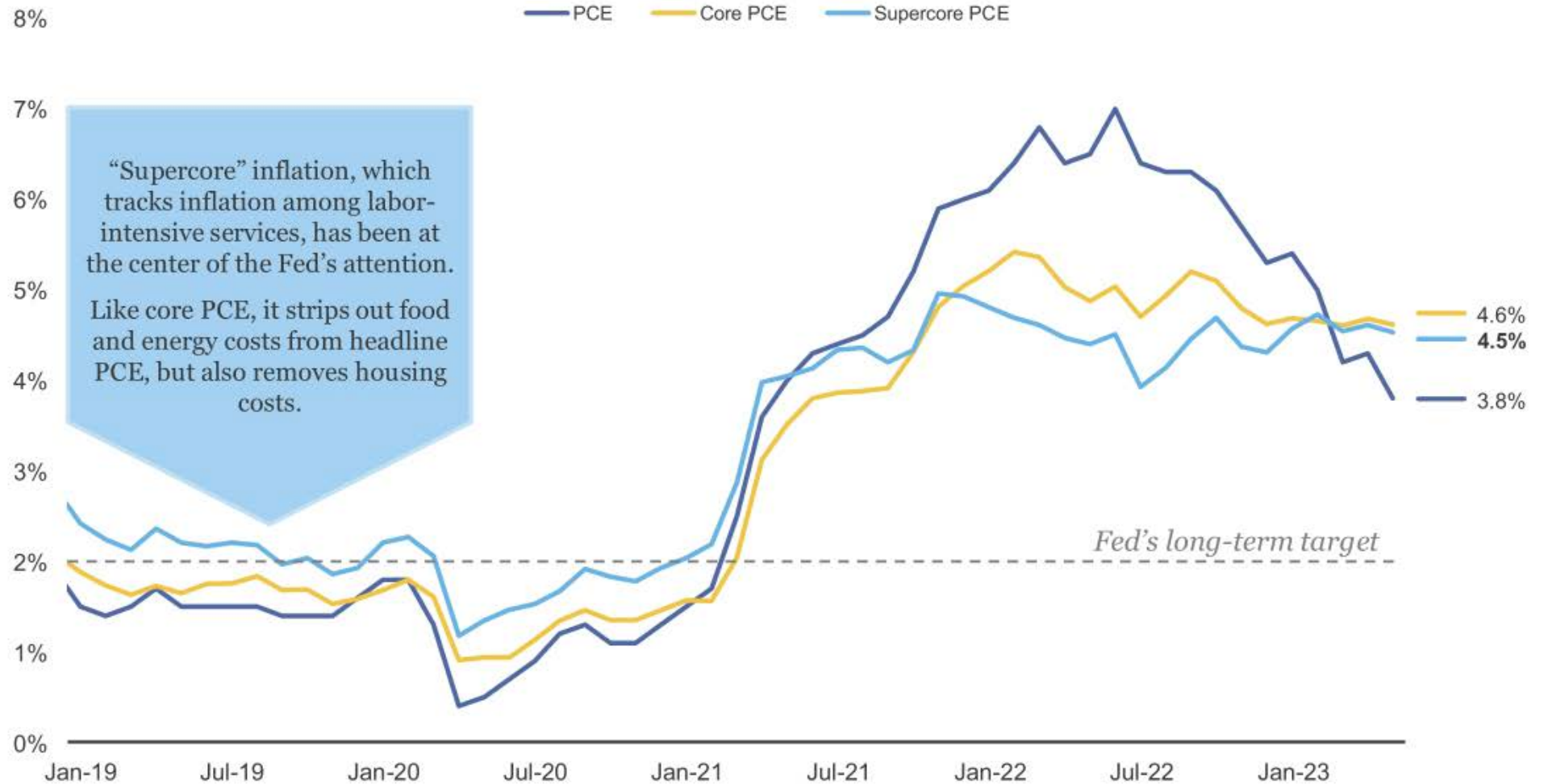


- ▶ Bond markets see continued volatility
  - ▶ The debt ceiling saga incited a separate spate of market volatility due to concern about a potential U.S. default
  - ▶ After plummeting at the end of Q1 due to volatility in the banking sector, short and medium-term yields steadily climbed throughout the quarter, with the 2-year rising over 100 basis points
  - ▶ The curve inversion fell dramatically at the start of Q2, but moved toward historic levels in June

## Inflation Measures Remain Above Fed's Target

### The Fed's Key Inflation Rate

Personal Consumption Expenditure Price Index, Year-over-year

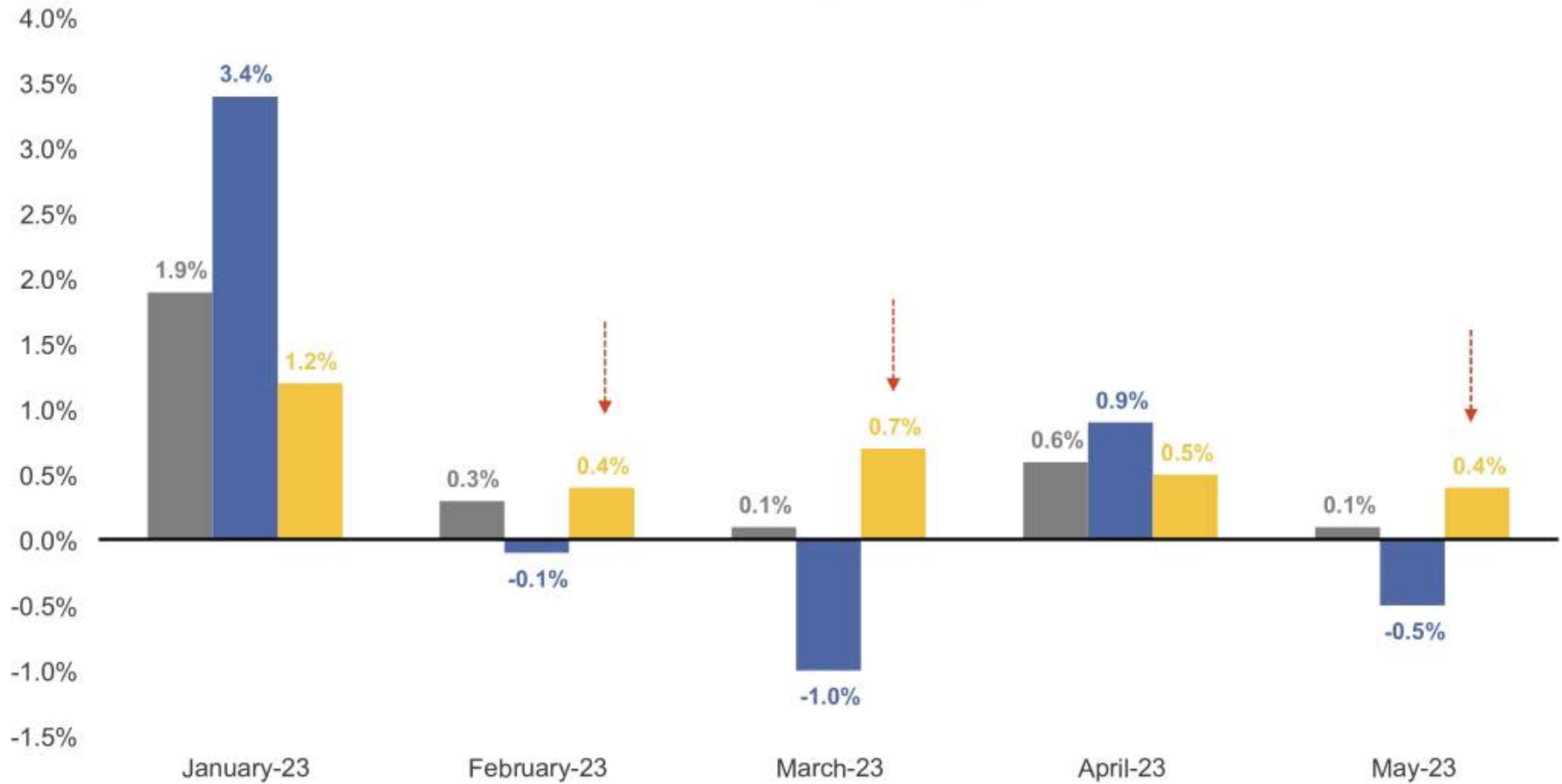


Source: Federal Reserve, Bloomberg, Bureau of Economic Analysis as of May 2023.

## Consumers Have Been Spending More on Services

### Change in Consumer Spending Month-over-month

■ Consumer Spending ■ Goods ■ Services



Source: Bloomberg, Bureau of Economic Analysis as of May 2023.

## Treasury Issuance Expected to Surge Following Debt Ceiling Deal

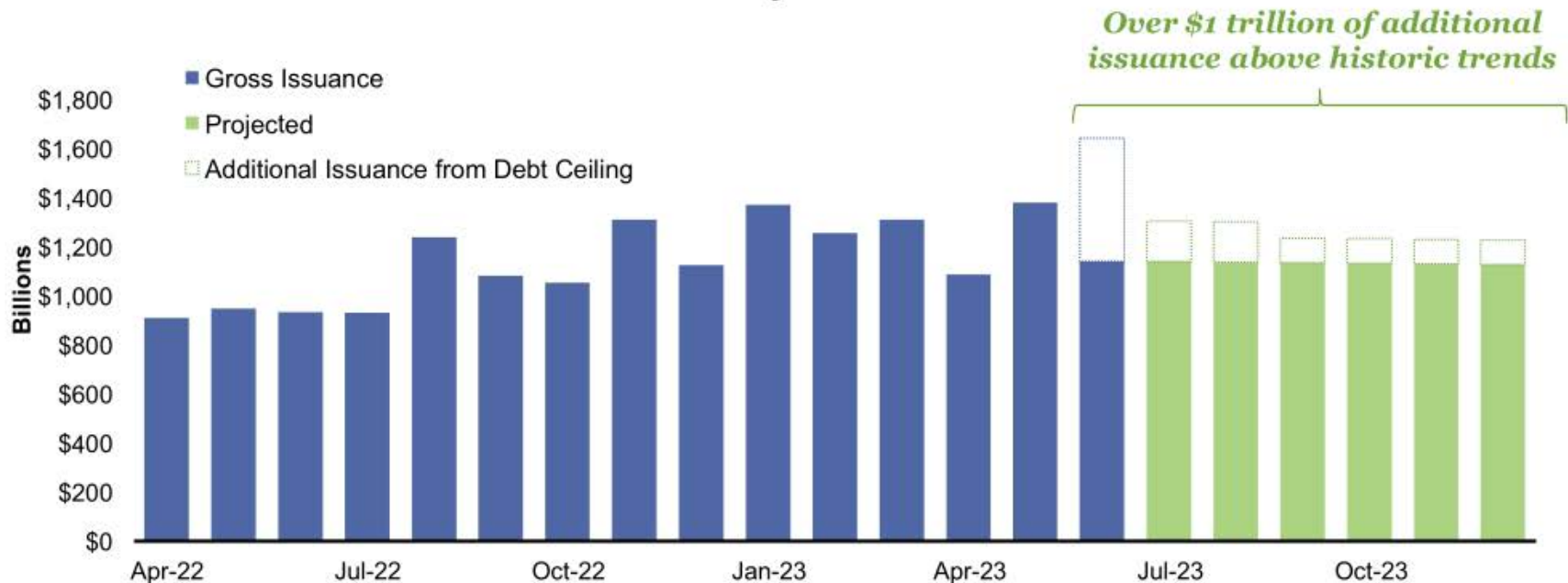
### The Reason

The U.S. Treasury needs to refill its depleted general fund while also covering higher outflows and lower tax receipts

### The Impact

The net new issuance is expected to pull liquidity out of other markets and place upward pressure on short-term Treasury yields and on other sectors

### U.S. Treasury Bills Issuance

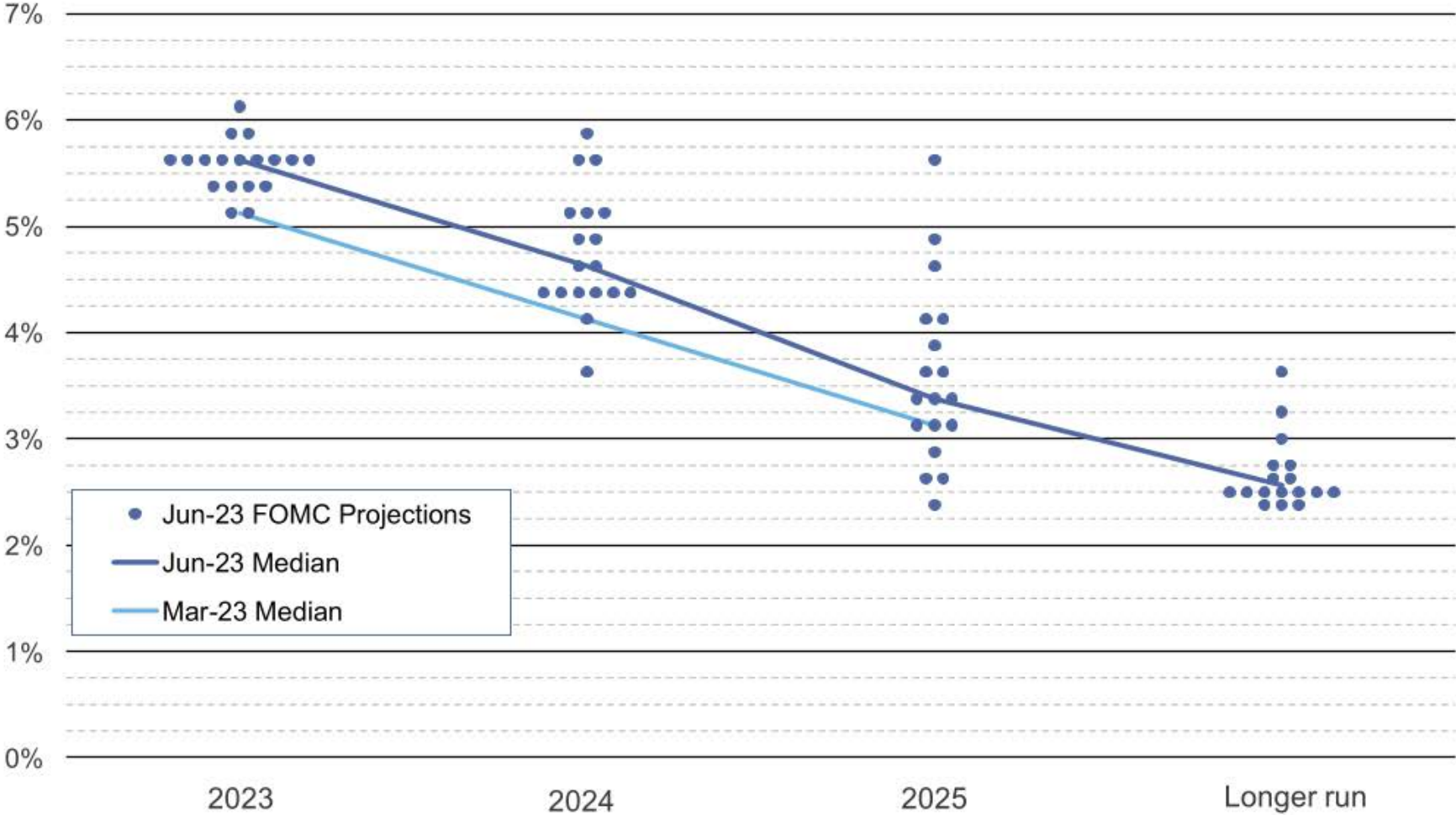


Source: Bloomberg, SIFMA, U.S. Treasury, Bank of America Global Strategy for U.S. Treasury issuance projections as of June 2023.



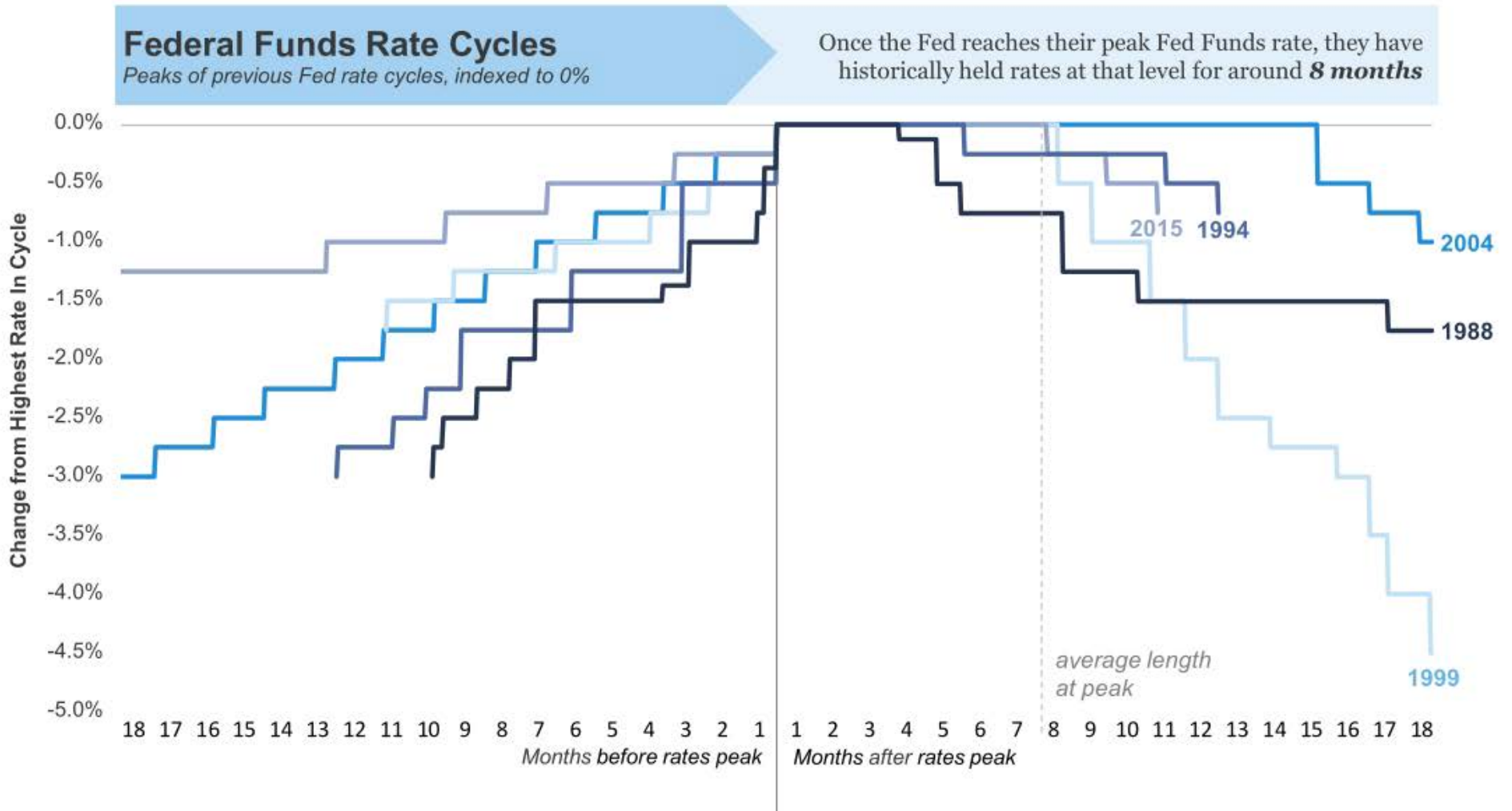
## Fed's "Dot Plot" Shows We Are Nearing Sufficiently Restrictive Territory

### Fed Participants' Assessments of 'Appropriate' Monetary Policy



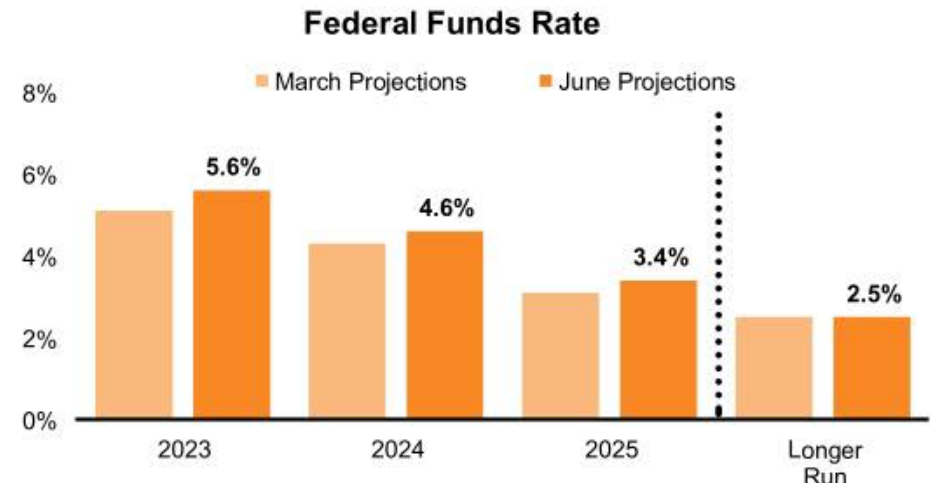
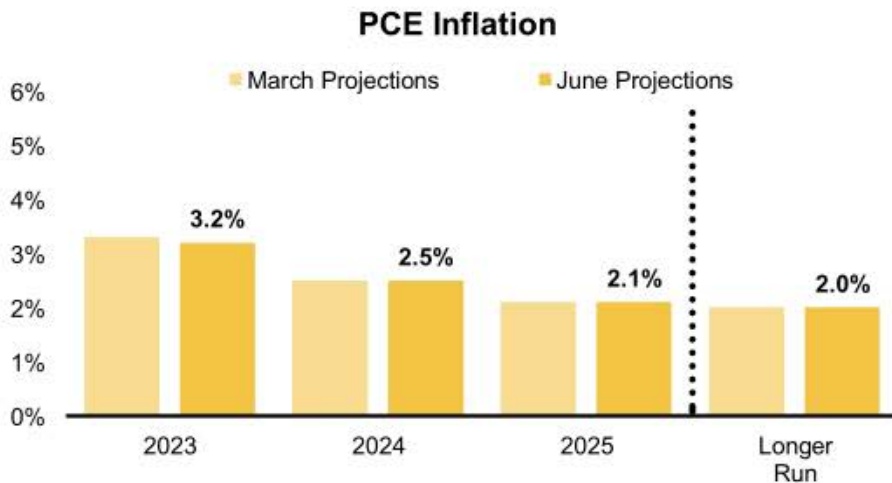
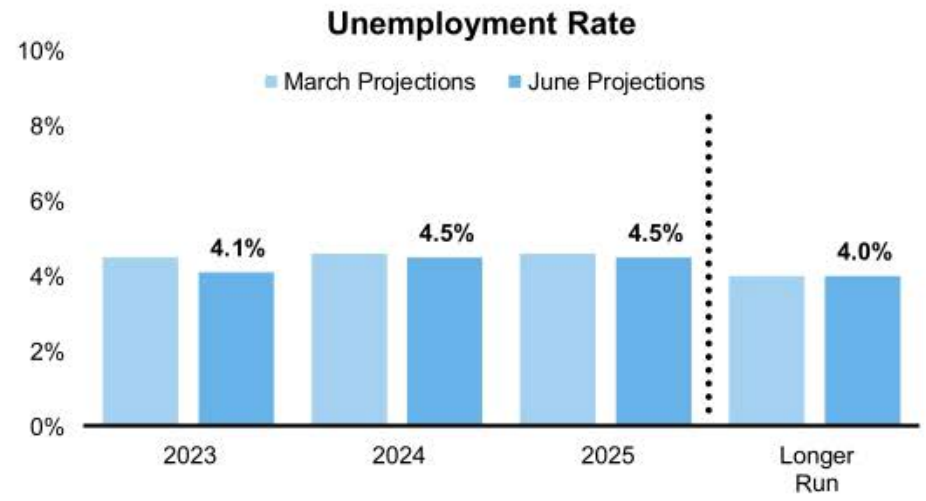
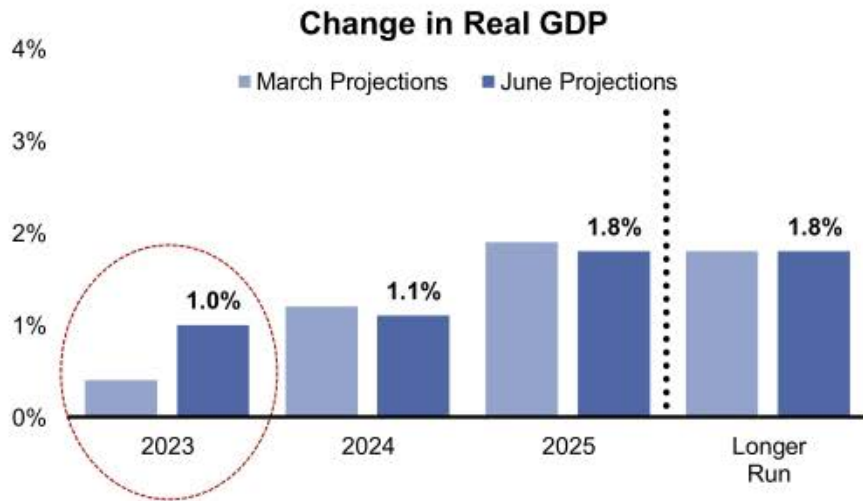
Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

## How Long Have Rates Stayed at the Peak?



Source: Federal Reserve, Bloomberg.

## Fed's Updated June Projections Reflect Stronger Economic Expectations for 2023

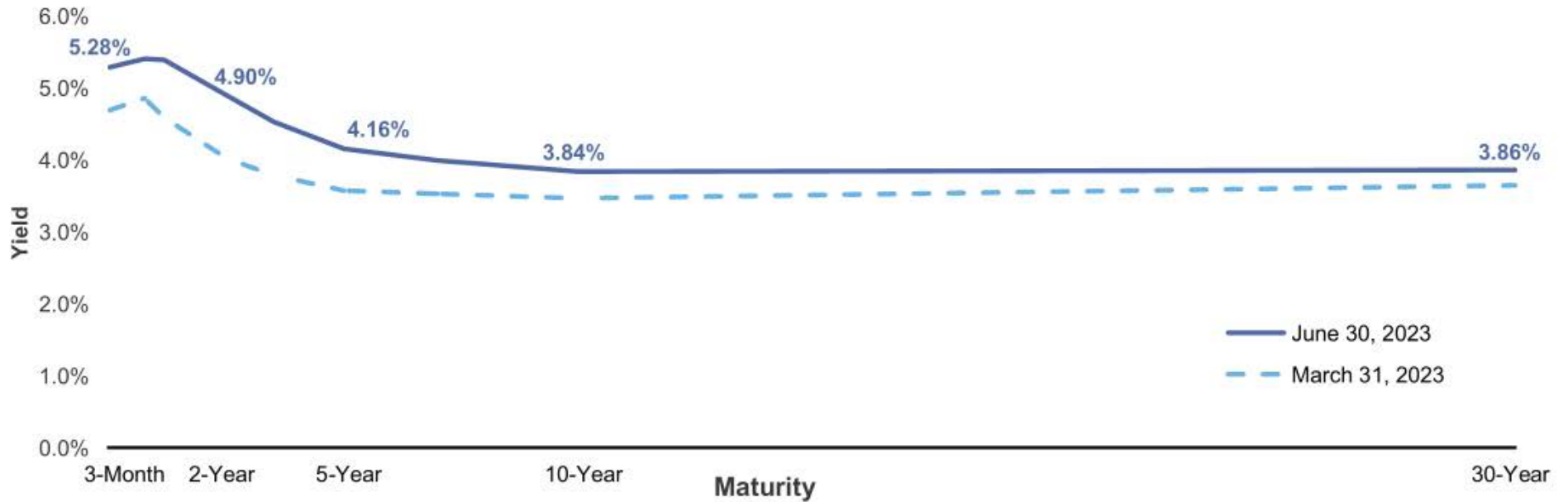


Source: Federal Reserve, latest economic projections as of June 2023.



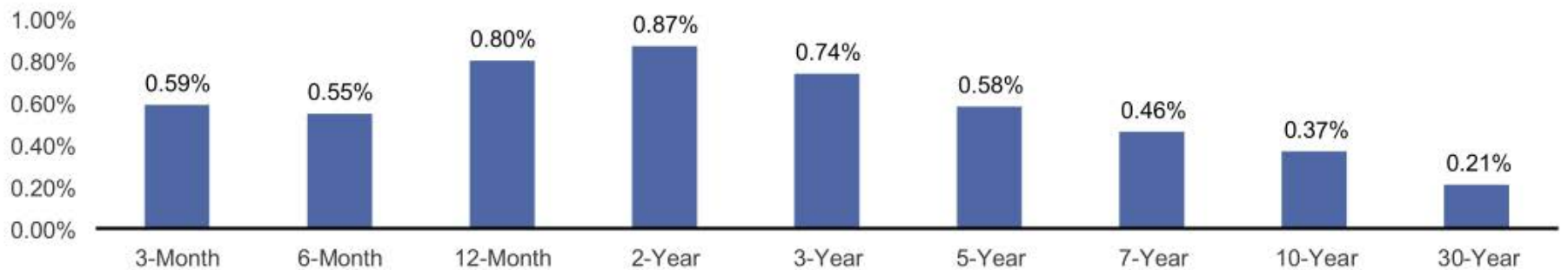
## Interest Rates Rise as “Higher-for-Longer” Mantra Sets In

### U.S. Treasury Yield Curve



### Yield Changes by Maturity

from March 31 – June 30, 2023



Source: Bloomberg, as of 06/30/2023.

### Treasury Yields Move Upward on Expectation for Future Rate Increases

2-Year Treasury Yield



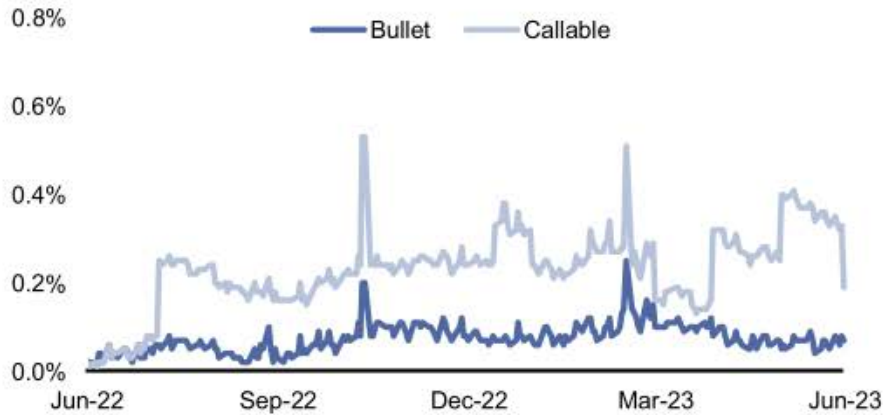
10-Year Treasury Yield



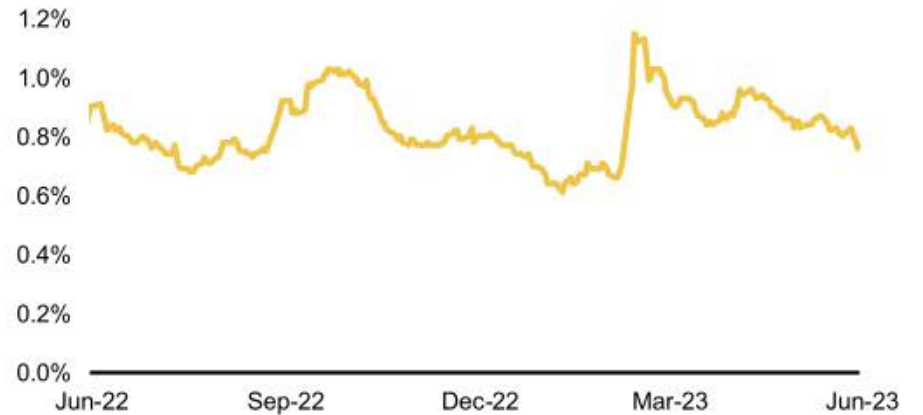
Source: Bloomberg, as of 06/30/2023.

## Sector Yield Spreads

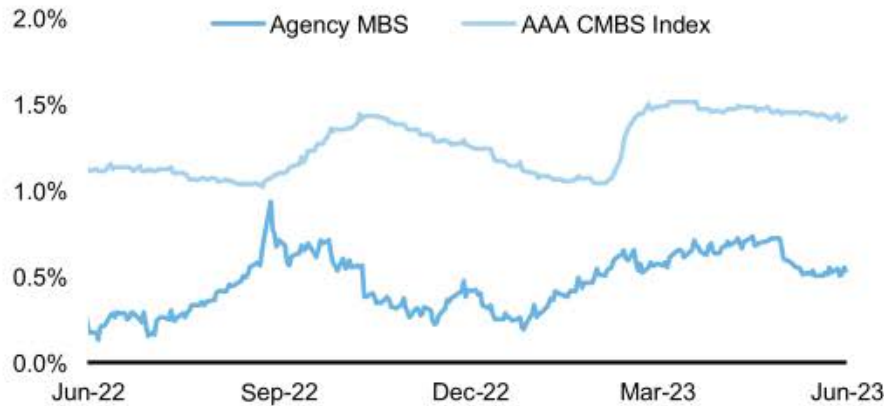
### Federal Agency Yield Spreads



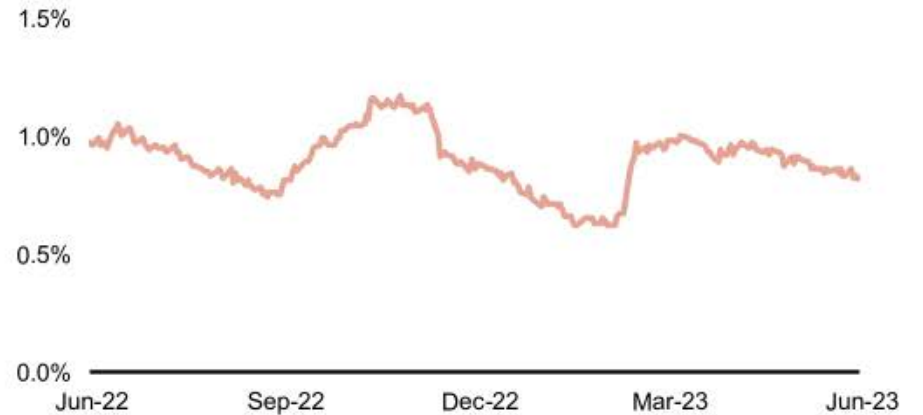
### Corporate Notes A-AAA Yield Spreads



### Mortgage-Backed Securities Yield Spreads



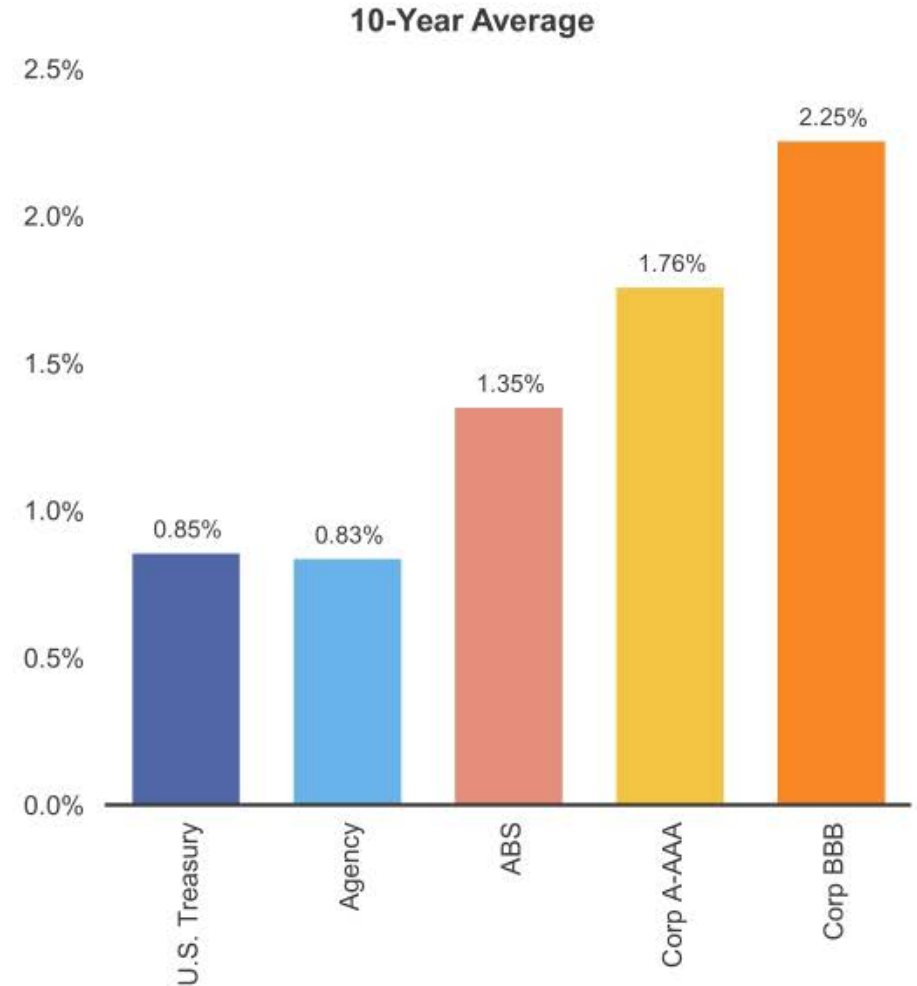
### Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of 06/30/2023. 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.

## Fixed-Income Markets in Q2 2023

### 1-5 Year Indices



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 6/30/2023.



## Fixed-Income Sector Commentary – 2Q 2023

- ▶ **U.S. Treasuries:** After plummeting at the end of Q1 due to volatility in the banking sector, short and medium-term yields steadily climbed throughout the quarter, with the 2-year rising over 100 basis points.
- ▶ **Federal agency** yield spreads tightened during the quarter. Agency discount notes were favored over U.S. Treasury bills during the debt ceiling impasse; however, during Q1 value waned and callable spreads moved to the tighter end of their historical range.
- ▶ **Supranational** issuance was heavier than usual in the first couple months of the year which allowed spreads to widen and sporadic buying opportunities to arise. As supply dried up, spreads narrowed and traded in a tight range for the balance of the quarter.
- ▶ **Investment-Grade Corporate** spreads continued to retrace from their Q1 wides but remained above longer-term averages. Following the “risk-on” theme in the latter part of Q2, the IG curve flattened, resulting in longer durations and lower quality (BBB) performing best. Although the spread between financials and industrials remained well above typical levels, financials outperformed in Q2 as retracement from the exceptionally wide spreads in Q1 was significant.
- ▶ **Asset-Backed Security** spreads also retraced from mid-March wides, but not nearly to the extent as in corporates. Auto ABS issuance increased during Q2, which was a function of pent-up consumer demand.
- ▶ **Mortgage-Backed Securities** whipsawed in Q2 as a steep tightening of spreads through the second half of the quarter more than offset the steady and consistent widening through April. As a result, the sector generated attractive excess returns for the quarter. Strong returns were driven largely by the risk-on sentiment through much of the quarter and a modest decline in supply due to a drop in existing home sales and refinancings.
- ▶ **Taxable Municipals** issuance remained heavily oversubscribed due to a lack of new issuance. The secondary market had sporadic but limited opportunities that offered an attractive pickup versus industrial corporates.
- ▶ **Short-term credit** (commercial paper and CDs) yields increased during Q2 as the market repriced to actual Fed rate increases and reduced expectations for Fed rate cuts in late 2023. Spreads in short credit remained elevated and attractive for most of Q2 and added notable incremental income to shorter-term portfolios and liability-matching strategies inside of 12-month maturities.



### Fixed-Income Sector Outlook – 3Q 2023

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>
<b>City Operating Funds - Self-Directed<sup>1</sup></b> <i>S&amp;P GIP All 30 Day Gross Yield Index</i>	\$ 408,947,010	3.18% 1.29%	9.93% 3.40%	12.72% 3.94%	
<b>CRA Funds</b> <i>S&amp;P GIP All 30 Day Gross Yield Index</i>	\$ 88,270,674	5.00% 1.29%	14.62% 3.40%	17.82% 3.94%	
<b>Fixed Income Investment Portfolio - PFMAM<sup>4</sup></b> <i>ICE BofA 1-5 Year U.S. Treasury Index</i>	\$ 378,005,742	-0.44% -0.86%	2.40% 1.89%	0.37% -0.43%	
<b>Total City of Fort Lauderdale Funds<sup>2</sup></b> <i>City of Fort Lauderdale Blended Benchmark</i>	\$ 875,223,426	1.80% 0.36%	7.15% 2.75%	7.90% 2.05%	
<b>Bond Proceeds<sup>3</sup></b>	\$ 268,217,376	4.60%	12.04%	14.64%	
<b>OPEB Trust Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 40,423,078	3.52% 3.49%	15.57% 15.84%	9.32% 9.34%	7.00%
<b>OPEB Post Retirement Pay Steps Plan Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 6,039,314	3.59% 3.49%	15.75% 15.84%	9.21% 9.34%	7.00%
<b>Cemetery Trust Fund<sup>4</sup></b> <i>Benchmark</i>	\$ 31,225,430	1.59% 3.76%	11.81% 15.13%	6.23% 9.57%	5.00%
<b>General Employees Retirement System<sup>4</sup></b> <i>Benchmark</i>	\$ 721,481,429	2.40% 3.10%	13.00% 13.50%	8.20% 8.40%	7.00%
<b>Police &amp; Fire Retirement System<sup>4</sup></b> <i>Benchmark</i>	\$ 1,113,932,523	2.76% 2.85%	11.79% 12.98%	7.36% 8.70%	7.20%

## Notes:

1. City Operating Funds – Self-Directed performance is calculated based on the weighted average yield of the City Self – Directed Account portfolio and the self-directed bank accounts, as well as the Florida CLASS and FL PALM Holdings.
2. Total City of Fort Lauderdale Funds calculated as the weighted average return of City Operating Funds - Self Directed, CRA Funds, and Fixed Income Investment Portfolio – PFMAM
3. Bond Proceeds balance includes all bond proceeds portfolios. Current quarter yields estimated based on all bond proceeds holdings. Fiscal Year to Date and Trailing 12 Month yields are estimated based on current quarter yields and 2018 Water & Sewer bond yield data.
4. Performance and Market Values from Fixed Income Investment Portfolio – PFMAM, OPEB Trust Fund, OPEB Post Retirement Pay Steps Plan Fund, Cemetery Trust Fund, General Employees Retirement System ("GERS"), and Police & Fire Retirement System ("P&F") are derived from their manager reports as of June 30, 2023.

	<u>Market Value as of June 30, 2023</u>	<u>Percent of Portfolio</u>	<u>Market Value as of March 31, 2023</u>	<u>Percent of Portfolio</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	840,399	0.07%	1,125,805	0.10%
Wells Fargo - Wks Comp	300,622	0.03%	76,837	0.01%
Wells Fargo Govt Ckg - BMPO	57,599	0.01%	57,599	0.00%
Wells Fargo Master Account	36,790,018	3.22%	64,249,211	5.51%
Wells Fargo Utility Account	8,639,690	0.76%	8,772,777	0.75%
Wells Fargo CRA	66,193,690	5.79%	66,119,723	5.67%
Wells Fargo Police Evidence	913,570	0.08%	899,582	0.08%
<b>Total Funds for Liquidity</b>	<b>\$ 113,735,589</b>	<b>9.95%</b>	<b>\$ 141,301,535</b>	<b>12.11%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	378,005,742	33.06%	379,677,413	32.55%
CRA City Self - Directed Account	22,076,983	1.93%	21,820,596	1.87%
City Self - Directed Account	7,510,210	0.66%	7,425,221	0.64%
FMIT Subsidiary Accounts	131,483	0.01%	131,547	0.01%
FL CLASS	165,815,216	14.50%	163,713,650	14.04%
FL PALM	40,948,202	3.58%	68,758,751	5.90%
FL PALM TERM	147,000,000	12.86%	117,000,000	10.03%
<b>Total Funds for Investment</b>	<b>\$ 761,487,837</b>	<b>66.60%</b>	<b>\$ 758,527,178</b>	<b>65.03%</b>
<b><u>Bond Proceeds</u></b>				
Water & Sewer Bond 2018	64,910,598	5.68%	64,176,086	5.50%
Parks 2020-A	42,205,566	3.69%	42,653,323	3.66%
Public Safety 2020-B	94,516,416	8.27%	93,952,459	8.06%
FMIT G.O. Series 2011-A	5,030,441	0.44%	4,992,250	0.43%
FL CLASS GOB 2022A-Parks	61,554,355	5.38%	60,774,207	5.21%
<b>Total Bond Proceeds</b>	<b>\$ 268,217,376</b>	<b>23.46%</b>	<b>\$ 266,548,324</b>	<b>22.85%</b>
<b>Grand Total</b>	<b>\$ 1,143,440,802</b>	<b>100.00%</b>	<b>\$ 1,166,377,037</b>	<b>100.00%</b>

Notes:  
 1. Market Values plus accrued interest as of June 30, 2023 and March 31, 2023 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.  
 2. Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

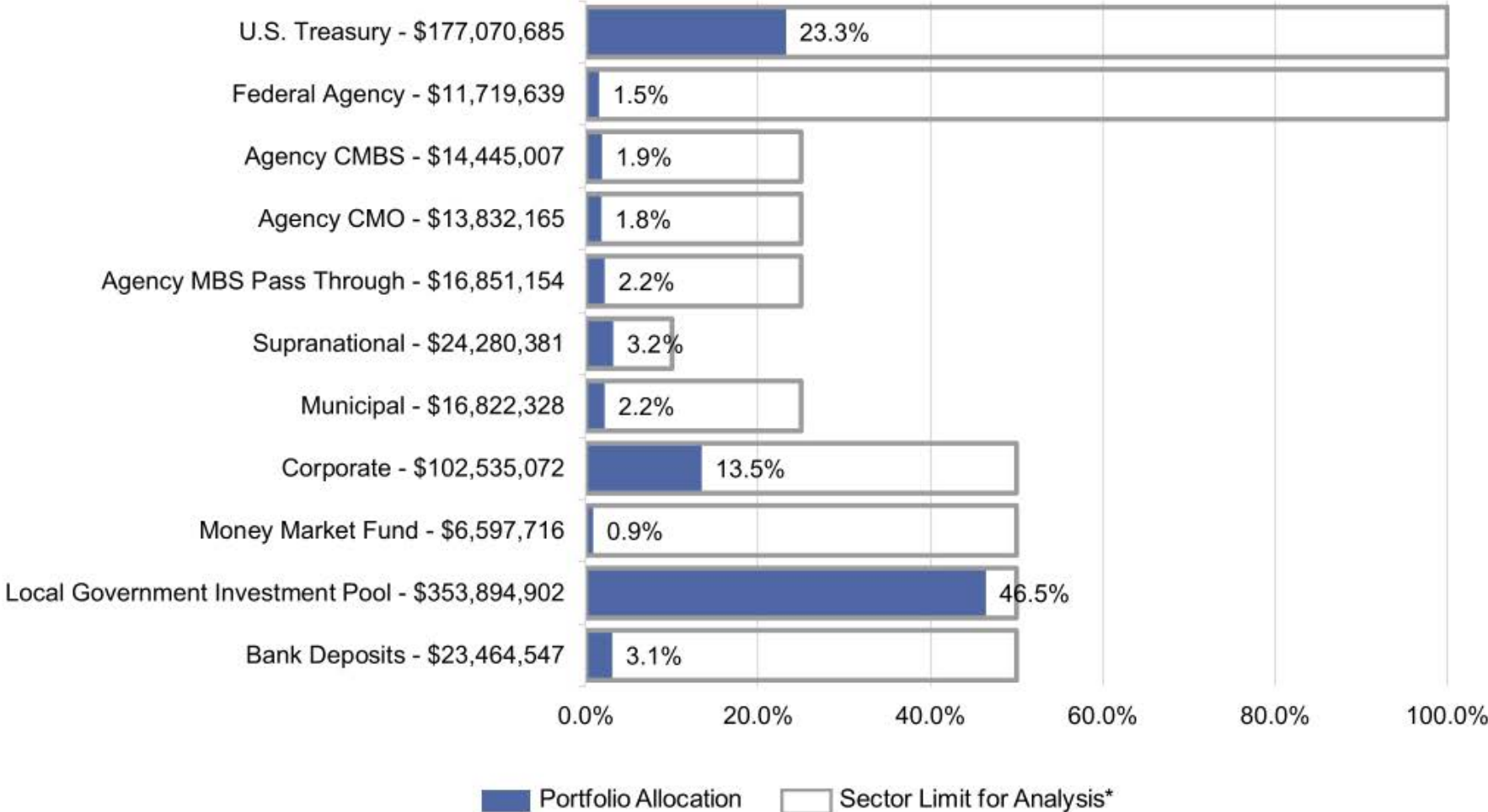


<u>Account Names</u>	<u>Yield to Market as of June 30, 2023</u>	<u>Percent of Portfolio June 30, 2023</u>	<u>Yield to Market as of March 31, 2023</u>	<u>Percent of Portfolio March 31, 2023</u>
<b><u>Funds Held for Liquidity</u></b>				
CitiBank - Health Ins	0.00%	0.07%	0.00%	0.10%
Wells Fargo - Wks Comp	5.06%	0.03%	4.81%	0.01%
Wells Fargo Govt Ckg - BMPO	5.06%	0.01%	4.81%	0.00%
Wells Fargo Master Account	5.06%	3.22%	4.81%	5.51%
Wells Fargo Utility Account	0.00%	0.76%	0.00%	0.75%
Wells Fargo CRA	5.06%	5.79%	4.81%	5.67%
Wells Fargo Police Evidence	0.00%	0.08%	0.00%	0.08%
<b>Total Funds for Liquidity</b>	<b>4.60%</b>	<b>9.95%</b>	<b>4.44%</b>	<b>12.11%</b>
<b><u>Funds Held for Investment</u></b>				
PFMAM Investment Portfolio	5.01%	33.06%	4.54%	32.55%
CRA City Self - Directed Account	4.81%	1.93%	4.39%	1.87%
City Self - Directed Account	4.68%	0.66%	4.19%	0.64%
FMIT Subsidiary Accounts	5.40%	0.01%	4.70%	0.01%
FL CLASS	5.22%	14.50%	4.82%	14.04%
FL PALM	5.22%	3.58%	4.80%	5.90%
FL PALM TERM	5.17%	12.86%	5.02%	10.03%
<b>Total Funds for Investment</b>	<b>5.09%</b>	<b>66.60%</b>	<b>4.69%</b>	<b>65.03%</b>
<b><u>Bond Proceeds</u></b>				
Water & Sewer Bond 2018	4.68%	5.68%	4.19%	5.50%
Parks 2020-A	4.68%	3.69%	3.17%	3.66%
Public Safety 2020-B	4.05%	8.27%	2.09%	8.06%
FMIT G.O. Series 2011-A	5.60%	0.44%	5.00%	0.43%
FL CLASS GOB 2022A-Parks	5.22%	5.38%	4.82%	5.21%
<b>Total Bond Proceeds</b>	<b>4.60%</b>	<b>23.46%</b>	<b>3.44%</b>	<b>22.85%</b>
<b>Total Average Yield</b>	<b>4.92%</b>	<b>100.00%</b>	<b>4.38%</b>	<b>100.00%</b>
<b><u>Benchmarks</u></b>				
	<b>June 30, 2023</b>		<b>March 31, 2023</b>	
S&P GIP All 30 Day Gross Yield Index	5.24%		4.81%	
ICE BofA 1-3 Year U.S. Treasury Index	4.98%		4.17%	
ICE BofA 1-5 Year U.S. Treasury Index	4.71%		3.99%	

## Notes:

1. Market Values plus accrued interest as of June 30, 2023 and March 31, 2023 are derived from their respective statements from Wells Fargo, PFMAM, City National, or FMIT.
2. Bond Proceeds balances for Parks 2020-A and Public Safety 2020-B include cash balances, FL PALM balances, and FL PALM Term balances.

### Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

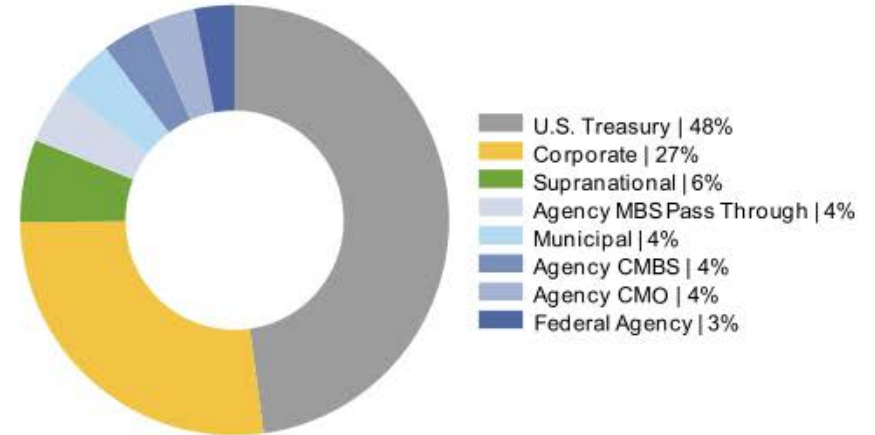


### Consolidated Summary

#### Account Summary

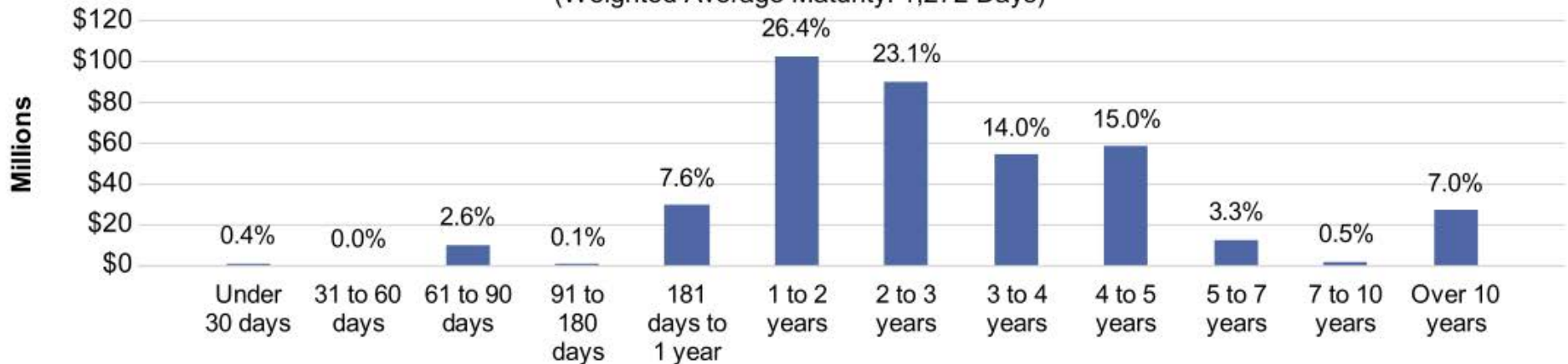
<b>PFMAM Managed Account</b>	\$416,169,558
<b>Total Program</b>	<b>\$416,169,558</b>

#### Sector Allocation



#### Maturity Distribution

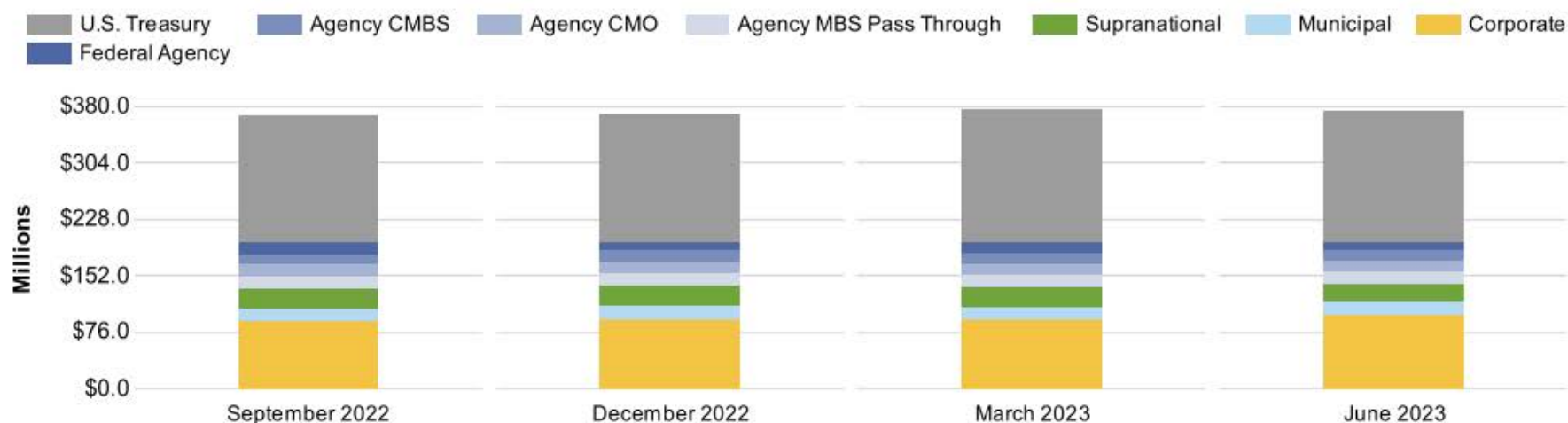
(Weighted Average Maturity: 1,272 Days)



1. Account summary and sector allocation include market values, accrued interest, and overnight balances. Maturity distribution includes market values and excludes accrued interest and overnight balances

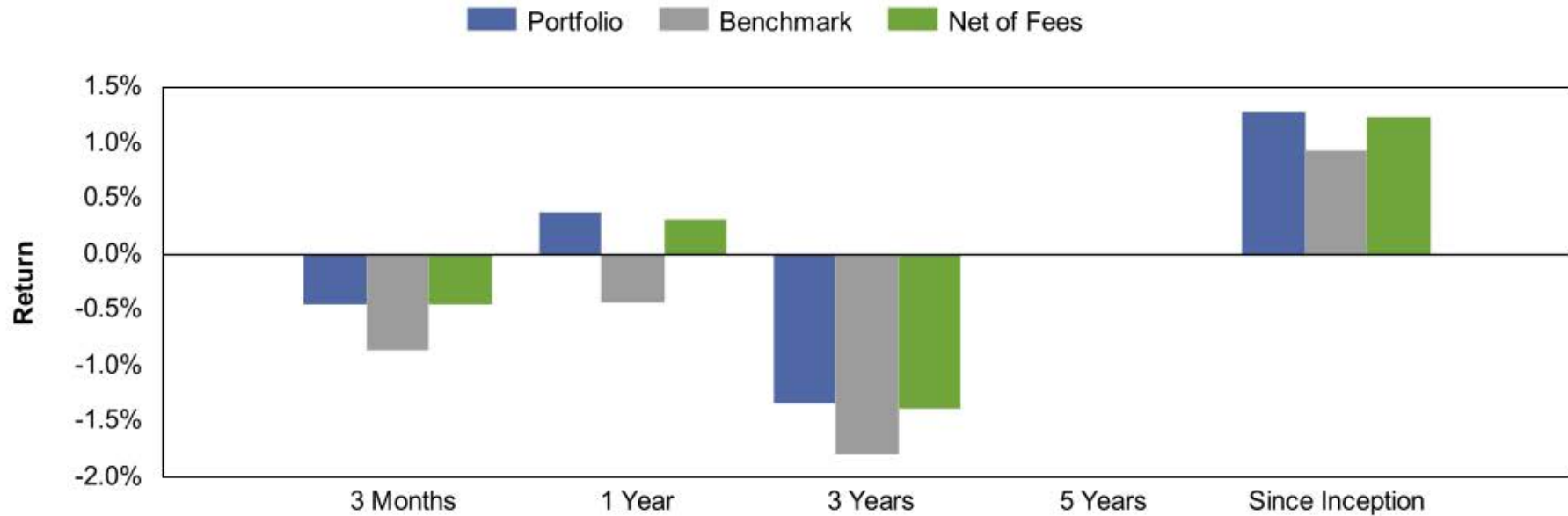
### Sector Allocation Review - CITY OF FORT LAUDERDALE - PFMAM

Security Type	Sep-22	% of Total	Dec-22	% of Total	Mar-23	% of Total	Jun-23	% of Total
U.S. Treasury	\$166.9	45.5%	\$170.3	46.1%	\$179.0	47.5%	\$176.3	46.8%
Federal Agency	\$17.2	4.7%	\$11.1	3.0%	\$13.4	3.6%	\$11.7	3.1%
Agency CMBS	\$13.6	3.7%	\$15.9	4.3%	\$14.9	4.0%	\$14.4	3.8%
Agency CMO	\$16.2	4.4%	\$15.3	4.1%	\$14.8	3.9%	\$13.8	3.7%
Agency MBS Pass Through	\$16.6	4.5%	\$17.0	4.6%	\$17.8	4.7%	\$16.8	4.5%
Supranational	\$25.9	7.1%	\$26.0	7.0%	\$26.4	7.0%	\$24.2	6.5%
Municipal	\$19.1	5.2%	\$19.2	5.2%	\$16.7	4.4%	\$16.7	4.5%
Corporate	\$91.1	24.9%	\$95.2	25.7%	\$94.1	24.9%	\$101.8	27.1%
<b>Total</b>	<b>\$366.6</b>	<b>100.0%</b>	<b>\$369.9</b>	<b>100.0%</b>	<b>\$377.1</b>	<b>100.0%</b>	<b>\$375.7</b>	<b>100.0%</b>



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

### Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$2,009,011	\$7,382,311	\$19,667,660	-	\$31,986,819
Change in Market Value	(\$3,680,691)	(\$5,976,795)	(\$35,045,412)	-	(\$17,219,102)
<b>Total Dollar Return</b>	<b>(\$1,671,680)</b>	<b>\$1,405,516</b>	<b>(\$15,377,752)</b>	<b>-</b>	<b>\$14,767,717</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	-0.44%	0.37%	-1.33%	-	1.29%
Benchmark <sup>4</sup>	-0.86%	-0.43%	-1.79%	-	0.94%
<b>Basis Point Fee</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.06%</b>	<b>-</b>	<b>0.06%</b>
<b>Net of Fee Return</b>	<b>-0.45%</b>	<b>0.32%</b>	<b>-1.39%</b>	<b>-</b>	<b>1.23%</b>

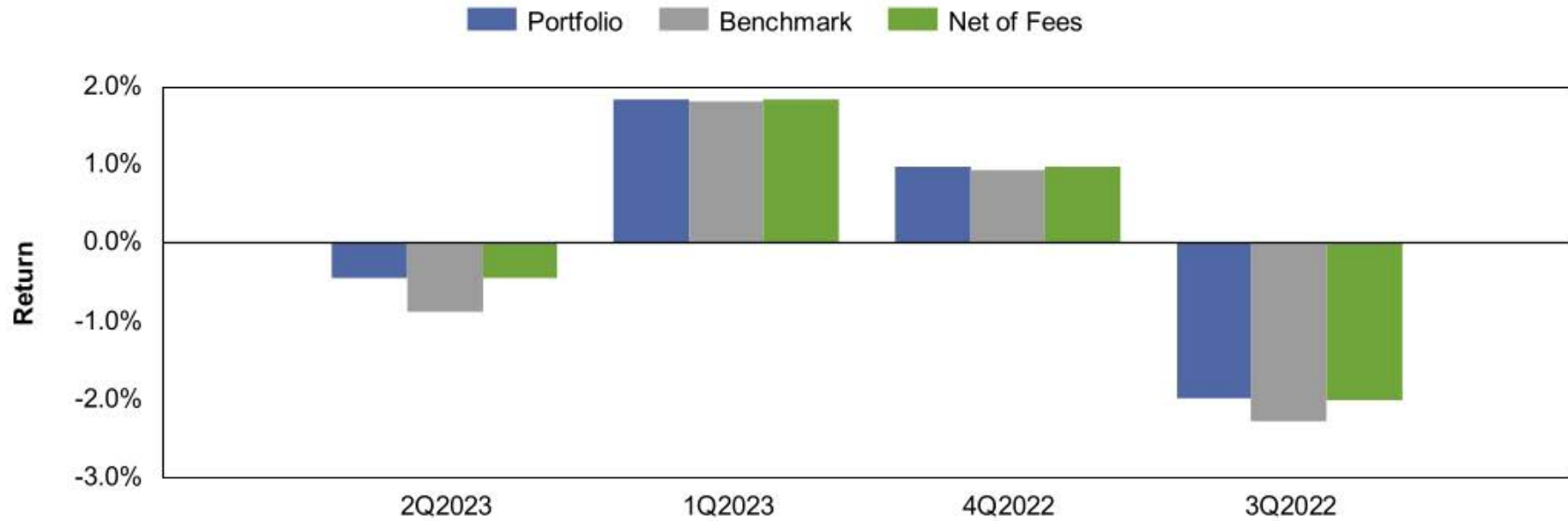
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2018.

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

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

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

### Portfolio Performance



Market Value Basis Earnings	2Q2023	1Q2023	4Q2022	3Q2022
Interest Earned <sup>1</sup>	\$2,009,011	\$1,886,404	\$1,790,619	\$1,696,277
Change in Market Value	(\$3,680,691)	\$4,999,265	\$1,862,976	(\$9,158,345)
<b>Total Dollar Return</b>	<b>(\$1,671,680)</b>	<b>\$6,885,669</b>	<b>\$3,653,595</b>	<b>(\$7,462,068)</b>
<b>Total Return<sup>2</sup></b>				
Portfolio	-0.44%	1.85%	0.99%	-1.98%
Benchmark <sup>3</sup>	-0.86%	1.82%	0.95%	-2.28%
<b>Basis Point Fee</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>
<b>Net of Fee Return</b>	<b>-0.45%</b>	<b>1.83%</b>	<b>0.98%</b>	<b>-2.00%</b>

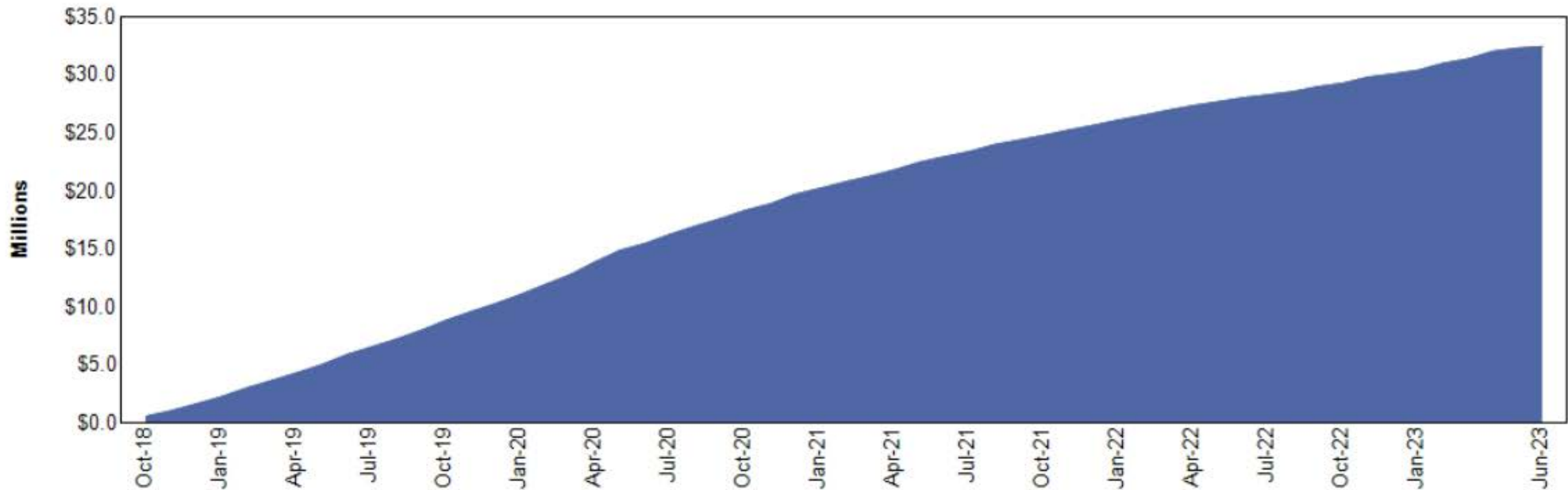
1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Returns are presented on a periodic basis.

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



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



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$2,009,011	\$7,382,311	\$19,667,660	-	\$31,986,819
Realized Gains / (Losses) <sup>3</sup>	(\$1,024,398)	(\$2,630,803)	(\$33,682)	-	\$2,822,452
Change in Amortized Cost	\$92,371	(\$335,455)	(\$2,653,226)	-	(\$2,347,542)
<b>Total Earnings</b>	<b>\$1,076,983</b>	<b>\$4,416,053</b>	<b>\$16,980,752</b>	<b>-</b>	<b>\$32,461,729</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2018.

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

3. Realized gains / (losses) are shown on an amortized cost basis.



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## Important Disclosures

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

## Glossary

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



## Glossary

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