REGIONAL TRANSPORTATION COMMISSION OF WASHOE COUNTY (RTC)
INVESTMENT COMMITTEE MEETING

Monday **11:00 a.m.** **January 24, 2022**

PRESENT:

Stephanie Haddock, CGFM, RTC Director of Finance/CFO
Bill Thomas, AICP, RTC Executive Director @ 11:05 a.m.
Jelena Williams, RTC Financial Manager
Nelia Belen, RTC Accountant
Wale Kajopaiye, Senior Managing Consultant, PFM Asset Management LLC

ABSENT:

Monique Spyke, Managing Director, PFM Asset Management LLC

The RTC Investment Committee Meeting was held on January 24, 2022 at 11:00 a.m. via Zoom and was called to order by Stephanie Haddock. The following business was conducted:

ROLL CALL

Present: Stephanie Haddock, Jelena Williams, Nelia Belen, Bill Thomas and Wale Kajopaiye

Absent: Monique Spyke, PFM Asset Management LLC

Item 1 APPROVAL OF AGENDA

Stephanie Haddock opened the meeting and asked for a motion for approval of the Agenda. Jelena Williams moved to approve and Nelia Belen seconded. Motion passed.

Item 2 PUBLIC INPUT

Stephanie Haddock asked if there were any public comments. As there were none, we moved onto the approval of the October 27, 2021 meeting minutes.

Item 3 **APPROVAL OF MINUTES**

Stephanie Haddock asked if everyone had a chance to look at the minutes, and if there were any changes or comments? As there were no change or comments, Jelena Williams moved for approval of the minutes, with Nelia Belen seconding. Motion passed.

Item 4 DISCUSSION OF THE RTC DEBT SERVICE RESERVE INVESTMENT PERFORMANCE AND POSSIBLE APPROVAL OF A RECOMMENDATION TO BE PRESENTED TO THE RTC BOARD OF DIRECTORS

Wale Kajopaiye from PFM Asset Management discussed the Investment Performance Review packet for the Quarter ended December 31, 2021 for the Regional Transportation Commission of Washoe County.

Wale Kajopaiye: Good morning, it is a pleasure to meet everyone. I'm going to run through the quarterly report for the assets that are being managed by PFM. All of the data in this report is as of the end of 4th Quarter, December 31, 2021. The items I will discuss throughout this report are Market Updates, Bond Markets, Account Summary and then the Portfolio Review.

On the Market, the biggest theme that we've seen are the caseloads of COVID-19 spreading to record highs, mostly because of the Omicron variant, which is now the dominant strain. It has affected different sectors of the market differently. Construction jobs have slowed down because of the outbreak throughout the construction workers and we've seen travel decline, as well as supply chain issues that started in 2021.

The US Economy is sort of recovering, but at the same time there are a couple of headwinds that we're starting to see, one of those being increasing rising inflation. Even though the labor market is improving and unemployment rates have been coming down, there are still differences from the COVID highs in comparison to our pre-COVID levels. We are also starting to see depressed consumer confidence in the US Economy, which will slow down GDP.

The Federal Reserve is starting to shift their stance compared to what they did maybe 16-18 months ago. The asset purchasing has slowed down, and they will supposedly stop the asset purchasing sometime in mid-March. After that is completed, the Fed is looking to hike rates in 2022. We are looking at the potential of three rate hikes this year, which are being priced in the bond markets, especially on the short end of the curve.

The Federal community's leadership will have changes. The Fed Chairman, Jerome Powell will be staying put, but other seats will be changing hands in the future.

Short-term yields are continuing to be higher, and with the fear of inflation, we are seeing the same thing on the longer end of the curve as well.

The GDP shows where things were and where we are currently. As we can see, back in 2017-2018-2019, the GDP is what we would normally expect and see, somewhere around 2-3%, which is normal, until 2020 when the Corona Virus hit and we saw a reduction in GDP.

In 2021, we saw the GDP spike up to about 6% and that mainly had to do with the fiscal stimulus going into the economy. In addition, profit margins were fueling the GDP growth.

In 2022, and moving forward, we expect GDP growth to start to slow down and move into more normal levels. A couple of things that are adding to that are household income and savings. Again, with less stimulus going out in the economy and more normal fiscal policies with the Fed decreasing the amount of money that they are currently fueling into the economy. Then also to a normalization of interest rates.

Inflation has been a very hot topic that continues to be rampant in the economy. The Fed originally felt that inflation was transitory, but we can see that inflation has continued to rise significantly over the last few quarters. The year over year inflation number is now around 7%, which is the highest we have seen in a very long time. The areas where we are seeing the most inflation are in the energy sector for some of us, or for many of us who drive, we've seen it at the fuel pumps with gas prices rising. We are also seeing that in food and other goods and services.

As we look at inflation expectations in the long term, forecasts moving forward in 2022 and 2023 are showing that we are expecting inflation to eventually cool off and return to normal levels. These are forecasts or future inflation projections, so as the Fed continues to raise interest rates, we will hopefully see inflation start to slow down.

Stephanie Haddock asked if the 2022 forecast being at 4.4% was at the end of the calendar year? Wale confirmed that it was the end of the 2022 calendar year.

Looking at the Labor Market, as far as unemployment is concerned, it has come down significantly from the pandemic peak of around 14.7%. The current unemployment rate is about 3.9%, which is below the pre-pandemic levels, but usually 4% is where the Fed starts to consider what we call "Full Employment". The things that we're starting to see, that we didn't see in the pre-pandemic levels, is that we have less labor force participation, meaning there are not as many people going back to work or participating in the job markets. We're also starting to see more open jobs than people that are actually looking for work. Factors going into that are families that might require one spouse staying home, because schools are closed, or they may be unable/unwilling to go to work because of the spread of COVID, so those things are adding to those numbers. We are also starting to see higher turnover in Quit Rates. People are leaving their jobs and employers are looking to capture more growth on their earnings. Again, with more job openings than people looking for work, those things are adding a little pressure in the labor market in post-pandemic levels.

Looking at the Feds projection of interest rates on Page 6, this Dot Plot Chart takes a look at where folks who have seats at the Federal Committee level are projecting interest rates will start to move in the future. We know the Fed controls more of the shorter end of the curve, which is the Fed Funds Rates. We can see that in 2021 things stayed where they were for the entire year. Now moving into 2022 and 2023, we start to see that more committee members are in favor of increasing interest rates gradually in the future. We see that we have more dots closer to that 1% level for 2022 and then we start seeing in 2023 and 2024 that Federal Committee Members are in favor of raising interest rates. This is a way of getting an idea of what the Fed is thinking and their projections when we look at interest rate projections on the shorter end of the curve, which is the area that tends to effect short-term bonds that are sitting at that 1-5 year maturity rate.

When looking at the impact of what the Feds projections are, Page 7, we see that the yield curve, especially on treasuries, has steepened from the end of the 3rd Quarter to the 4th Quarter, especially in that three-month to five-year range where interest rates have increased in the 4th Quarter. Since interest rates have a negative impact on the market value of bonds, we can see that US Treasury returns in the 4th Quarter were down. As interest rates move higher, bond prices start to lower, and that is what we've seen pretty much in all of the maturities on the treasury side. From 1 year through 1-10 year, we see the rise in interest rates did have a negative impact in bond values for the quarter.

Looking at the sectors that were effected, see Page 8, pretty much all of the sectors had a negative return in the 4th Quarter. We had US Treasuries down, Agencies were down the most, Asset-Backed securities were slightly down, and Corporates rated A-AAA were down as well. As we look at the full year of 2021, where interest rates started back in January and where they ended in December, interest rates moved up significantly throughout the year and because of that, most bond prices had negative impacts for the year. Corporate BBB were able to hold up a little better, only being down about 2 basis points.

When we look at what PFM is looking at as far as our outlook on the fixed income sector, we pretty much have stayed where we are with the exception of moving from a neutral stance to a slightly positive stance when it comes to commercial paper and when it comes to asset-backed securities. Just like the shift in the yield curve over the last 4th Quarter, PFM has pretty much stayed put as far as the bond markets at the current moment.

Bill Thomas asked which of these are we allowed to make investments.

Wale Kajopaiye: The current portfolio holds Agencies and Treasuries at the moment, but for the most part, all of these sectors within certain maturity levels are allowed in the portfolio, even though there are only two that are currently in there. Stephanie Haddock stated that we can't do Municipals or Supranational, but we can do Commercial Paper and some Corporate.

Page 10 shows a quick summary of the portfolio. Most of the assets in the current portfolio are in the Federal Agency sector. Over the last few quarters we have been adding Treasuries, and if we look at the maturities of where the assets lie in the portfolio, most of the assets will be somewhere in the 181 day range all the way up to the 3-4 year range. Then the bulk of the portfolio somewhere in that 1-2 year range. The weighted average of the portfolio is about 643 days. The current duration of the portfolio is the part that measures interest rate sensitivity, so far the current duration is at 1.74 years. The overall portfolio credit quality is AA, so a very high credit quality.

We've been gradually adding treasuries to the portfolio over the last few quarters. Again, the reason for adding treasuries and not agencies is the tight spreads between those two sectors, and because there isn't much added benefit to adding Federal treasuries. We've been adding to US Treasuries rather than federal agencies in the portfolio because spreads are so tight. The allocations to Federal treasuries has increased from $0 back in March of 2021 to about $2.3 million at the end of the 4th Quarter of 2021.

We can see that we do have positive interest that has been added over the last three months. When we subtract the amortized cost from that, we have a total positive earnings for the Quarter of about $6,394.

There are two components in a portfolio when it comes to bond allocations. One is the interest that has accrued over that period, and the second will be any realized gains and losses from any sales or trades that are done in the portfolio. Since the time of inception, we've had total earnings of about $1.1 million in the portfolio, mostly due to the interest that is being captured based upon today's rates.

One of the things we need to be mindful of over time is that as interest rates continue to improve, that will have a negative impact on the current market value of the bonds in the portfolio. That is something we should expect as interest rates start to increase. On the flip side, the good thing about that is as the shorter end maturities of the portfolio start to mature, you can take that cash and capture yields at higher rates which will add to the potential yield that the portfolio can continue to generate over time. It's hard to see with the naked eye as each rates move up, but remember, as those shorter maturities start to mature, we'll be able to start capturing yields at higher rates and locking those higher yields in.

There are some details about the securities that are currently held in the portfolio now that you can review at your leisure, but that is all I wanted to cover for today.

Stephanie Haddock: Is it still the case that corporates are still difficult to get a hold of? We used to have at least our limit, which was 20% in corporates, but there was no market for us to be able to buy any corporates. Will we be able to look at doing some reinvestment in the next year?

Wale Kajopaiye: Yes, based on the portfolio size, I talked to Monique on Friday about this and there are still some limitations on what you're able to capture at the corporate level. That is something that we are continuing to monitor very regularly, and if there are some opportunities to capture corporates at reasonable levels as spreads start to widen, we'll definitely be looking into doing that. The credit quality on the corporate side has to be very high quality, because it is Government money.

Bill Thomas: Do Treasuries act the same as bonds? In other words, when inflation goes up, are they going down? Also, is the 1.74 the average time of all of our investments?

Wale Kajopaiye: Treasuries are fixed income bond investments, so as inflation goes up, a couple things happen. As the projection of inflation goes up, that tends to affect the longer end of the yield curve. If inflation projections go up, the longer end of the yield curve on the 10 year maturities and higher starts to move. We can see that move has sort of gone down in this 4th Quarter, but that is something that we are projecting will go up. The end of the curve is moving mainly because of what people are projecting the Federal Government will do with short term interest rates, so that's the reason that is moving up.

The 1.74 is the average duration of the bonds in the portfolio. Duration is not just a measure of maturity; it also looks at interest rate sensitivity. As interest rates move up, the longer duration securities you have, the more negative impact happens in the portfolio. When durations are shorter, you have less of a negative impact as interest rates move high. Maturity does play a factor in what the duration is in the portfolio, but it's not the "tell all-be all" of what happens on the bond side.

Bill Thomas: When you look at the information presented at the beginning, one of the questions is what will happen to demand? In other words, there are less people working now, and if that is the new equilibrium, that means theoretically they are getting less income combined with a supply side shortage. Is demand actually going down or is anyone modeling that to see?

Wale Kajopaiye: Correct, that is one of the reasons that we see the GDP forecast moving into 2023 and 2024, as it has substantially come down as far as what people are forecasting what will happen in the future. The reason why we saw that spike in 2021, obviously coming out of a recession and obviously with a lot of fiscal stimulus that was generated from the Federal Government, that is part of the reason why we've seen that. As we see less people participating in the labor markets, and we see a more normal household income and savings trend with less fiscal stimulus, we are expecting GDP to slow down moving into the future forecast.

Stephanie Haddock: Thank you Wale. Without any other questions, I will make the motion to approve Wale's report and that we have no recommendations for changes in the portfolio at this report. Bill Thomas seconded. Motion passes.

Item 5 MEMBER ITEMS

Stephanie Haddock asked if anyone had any member items. Being none, we moved onto public input.

Item 6 PUBLIC INPUT

Stephanie Haddock asked if there was any public input. Being none, we moved to adjournment.

Item 7 ADJOURNMENT

Stephanie Haddock asked for a motion for adjournment. Bill Thomas gave a motion to adjourn, which was seconded by Nelia Belen. Motion carried unanimously and meeting was adjourned.

The meeting adjourned at 11:30 a.m.

Stephanie Haddock
Digitally signed by Stephanie Haddock
Date: 2022.02.09 16:40:18 -08'00'

Stephanie Haddock, CGFM
Director of Finance/CFO
Regional Transportation Commission

pfm asset management

WASHOE COUNTY REGIONAL TRANS COMMISSION

Investment Performance Review
For the Quarter Ended December 31, 2021

Client Management Team **PFM Asset Management LLC**

Monique Spyke, Managing Director
Robert Cheddar, CFA, Managing Director

1 California Street 10th Floor
San Francisco, CA 94111
415-393-7270

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

Agenda

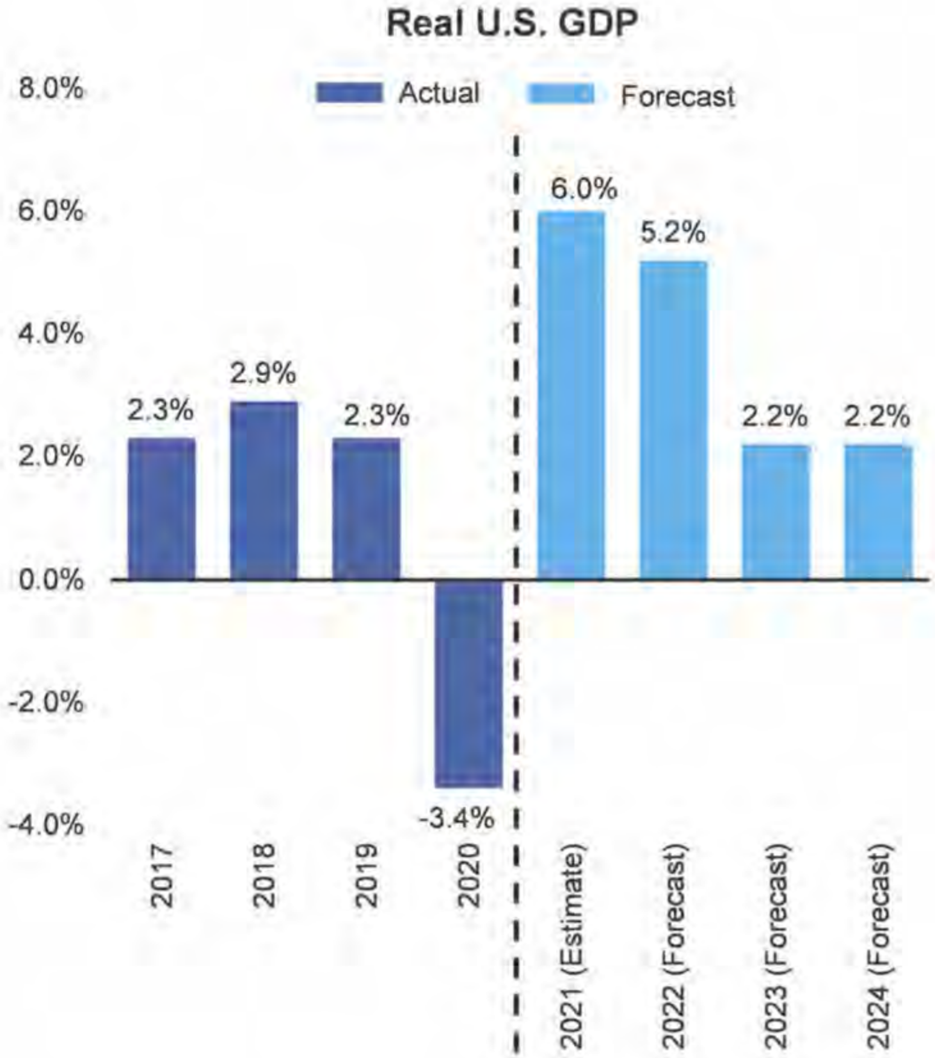
- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes

- COVID-19 caseloads reach record highs as the Omicron variant emerges as the dominant strain
- The U.S. economy is characterized by:
    - Rapidly increasing inflation
    - Improved labor market conditions
    - Depressed consumer confidence
- The Federal Reserve is reducing monetary policy accommodation
    - Accelerated pace of asset purchase tapering
    - Fed expects three rate hikes in 2022
    - Changing composition of FOMC leadership
- The U.S. Treasury yield curve experiences "bear-flattening"
    - Short-term yields shift higher amid rate hike expectations
    - Longer-term yields adjust to evolving inflation and economic growth uncertainties

U.S. GDP Rebounds from Pandemic



Source: International Monetary Fund, October 2021 World Economic Outlook

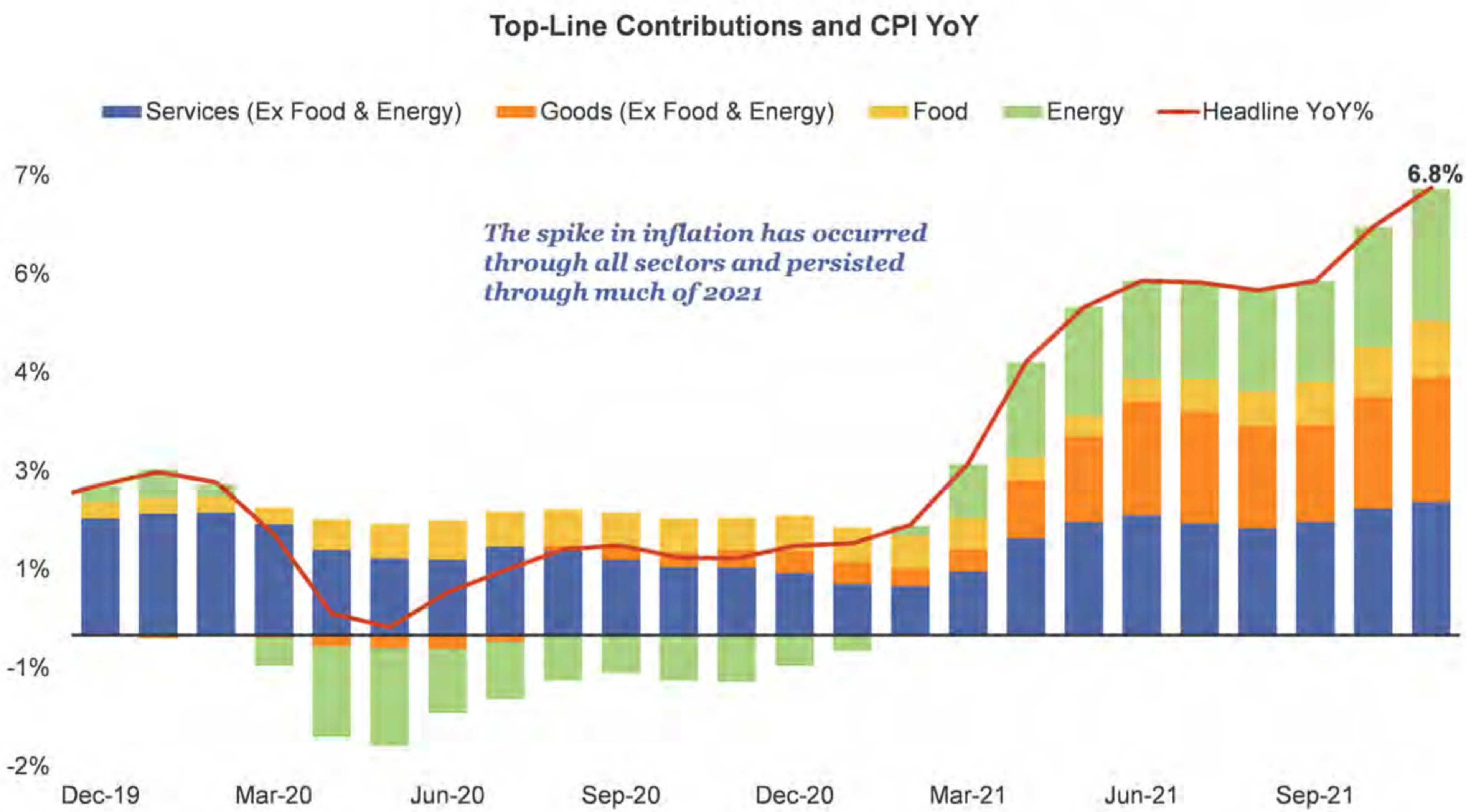
Factors Driving Growth…

- Better-than-expected corporate profit margins fueling equity markets
- Unprecedented accommodative monetary policy and fiscal stimulus
- Access to COVID-19 vaccines and reduction of pandemic-era lockdowns
- Continued adaptation of all sectors of the economy to the challenging health situation

Growth is Expected to Moderate…

- Persistent damage to supply chains continues to disrupt the production and distribution network
- Age-related impacts to labor force growth predating the pandemic
- Return to more normal household income and saving trends
- Normalizing fiscal and monetary policies

Consumer Prices Rise to Four Decade High



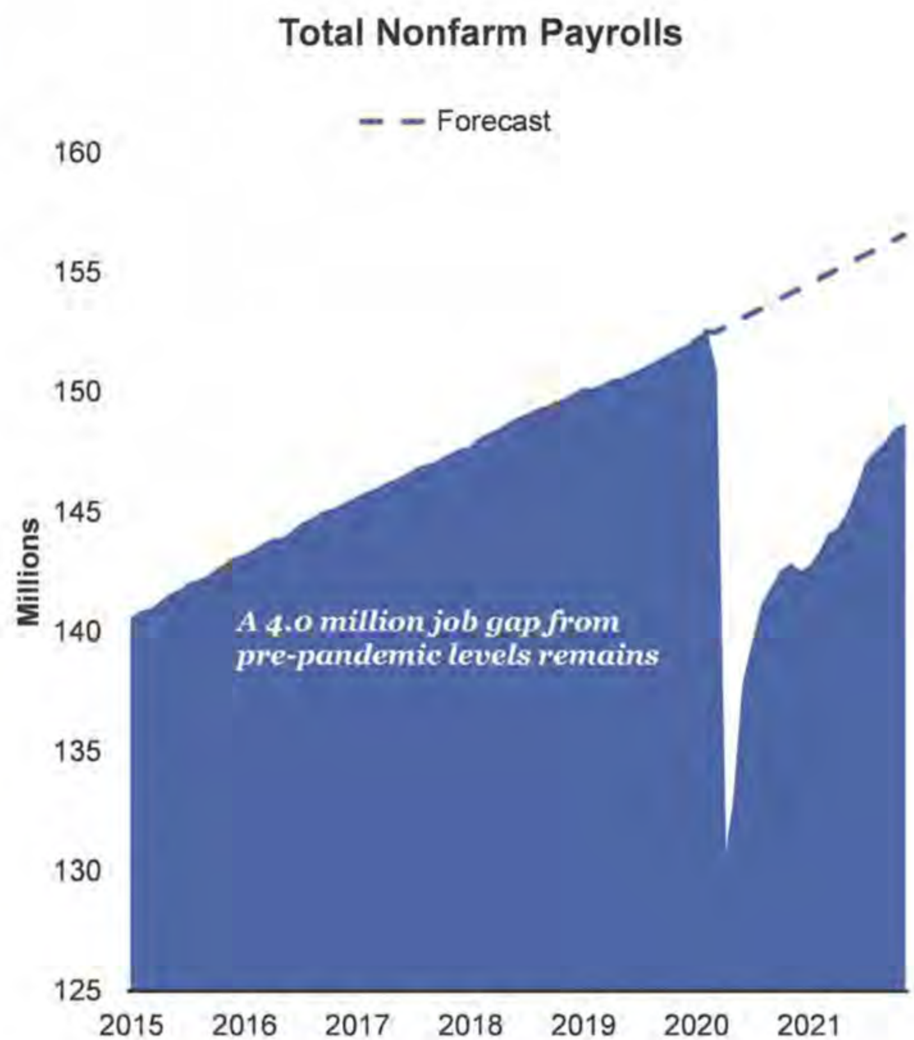
Source: Bloomberg, as of November 2021.

Inflation Expected to Moderate over the Long Run

Source: Bureau of Labor Statistics as of 12/31/2021. Forecasts are represented by the median Bloomberg forecast from 71 contributors (Left). Bloomberg, as of 12/31/2021 (Right).

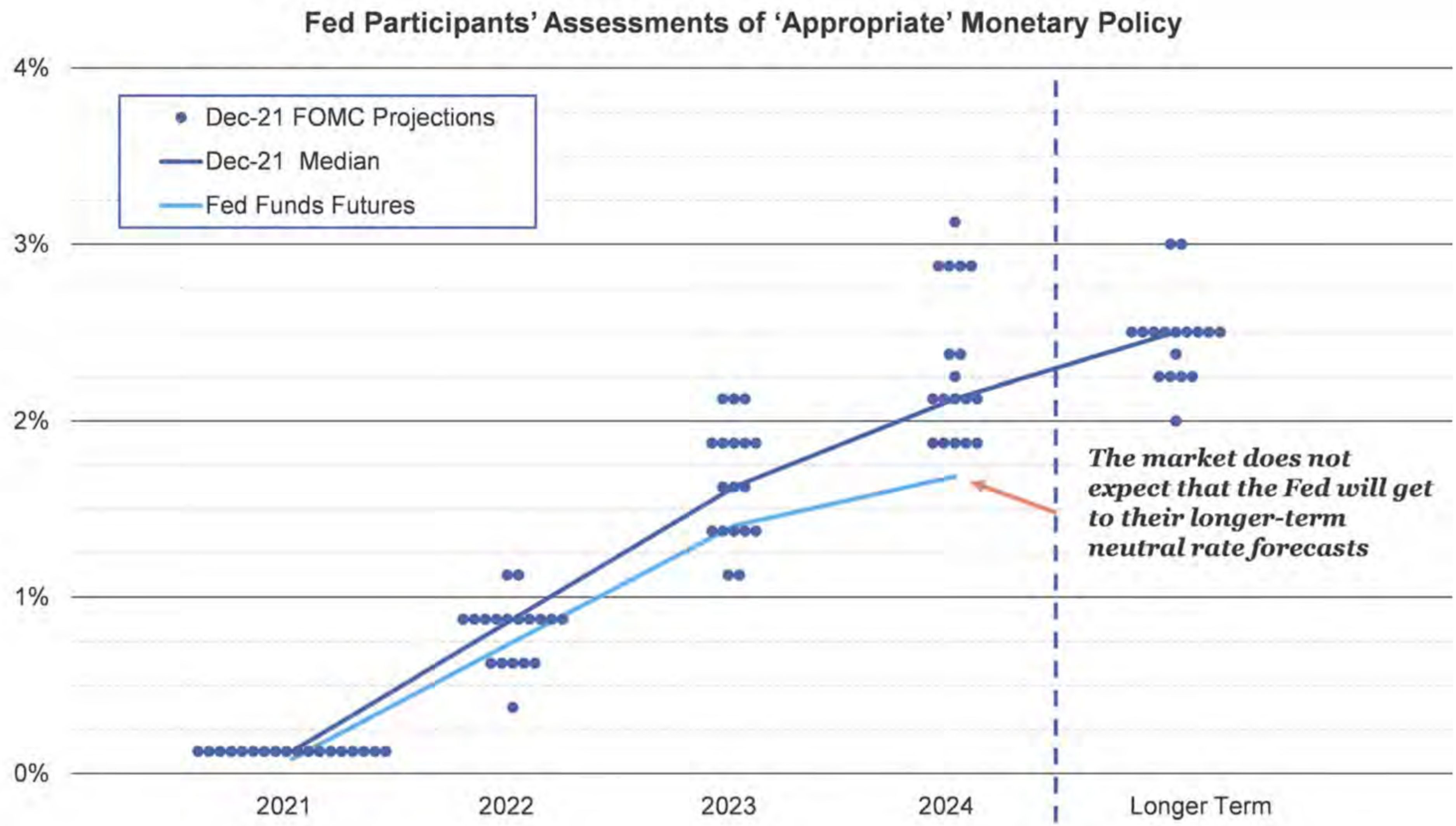
Uneven Labor Market Recovery Post-Pandemic

Economic Indicator	Pre-Pandemic	Pandemic Peak/Trough	Current
Unemployment Rate	3.6%	14.7%	3.9%
Labor Force Participation Rate (Total)	63.3%	60.2%	61.9%
Labor Force Participation Rate (Prime Age)	82.9%	79.9%	81.9%
Average Hourly Earnings Growth	2.9%	0.3%	4.7%
Job Opening Level	6.8 MM	4.6 MM	10.6 MM
Turnover Rate	3.7%	10.8%	4.2%
Quits Rate	2.3%	1.6%	3.0%
Initial Jobless Claims	218 K	6.1 MM	207 K
Continuing Claims	1.8 MM	23.1 MM	1.8 MM



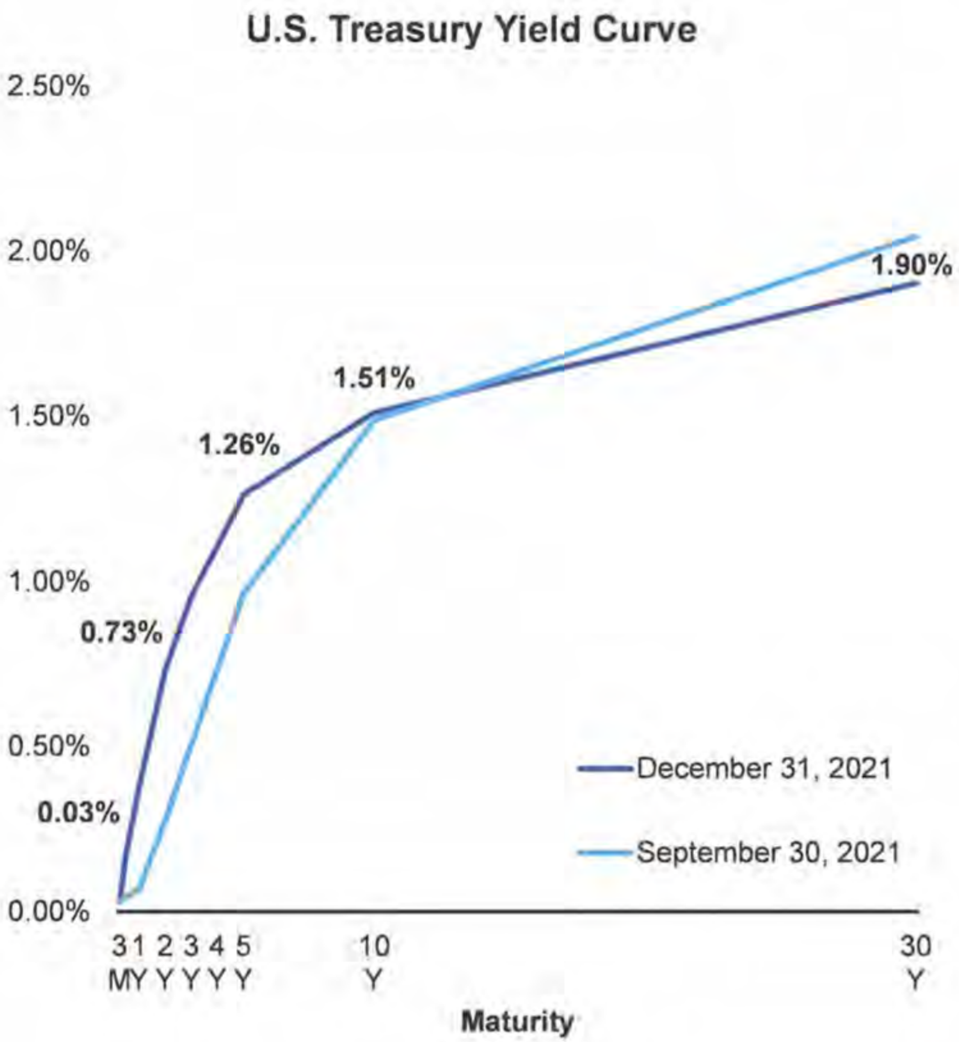
Source: Bureau of Labor Statistics; latest available data as of December 2021; calculation from Bloomberg, pre-pandemic data as of December 2019.

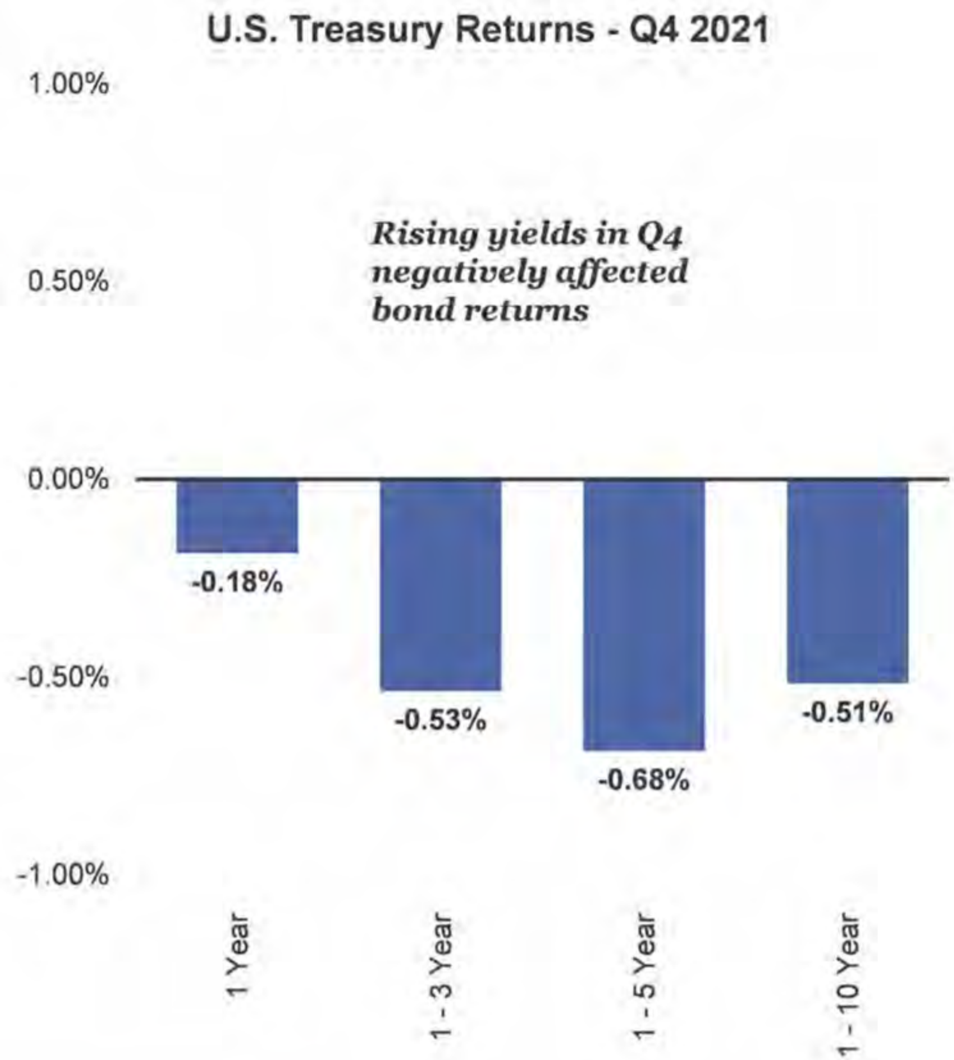
FOMC Accelerates Asset Purchase Tapering and Prepares for Rate Lift-off



Source: Federal Reserve and Bloomberg, as of 12/31/2021. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

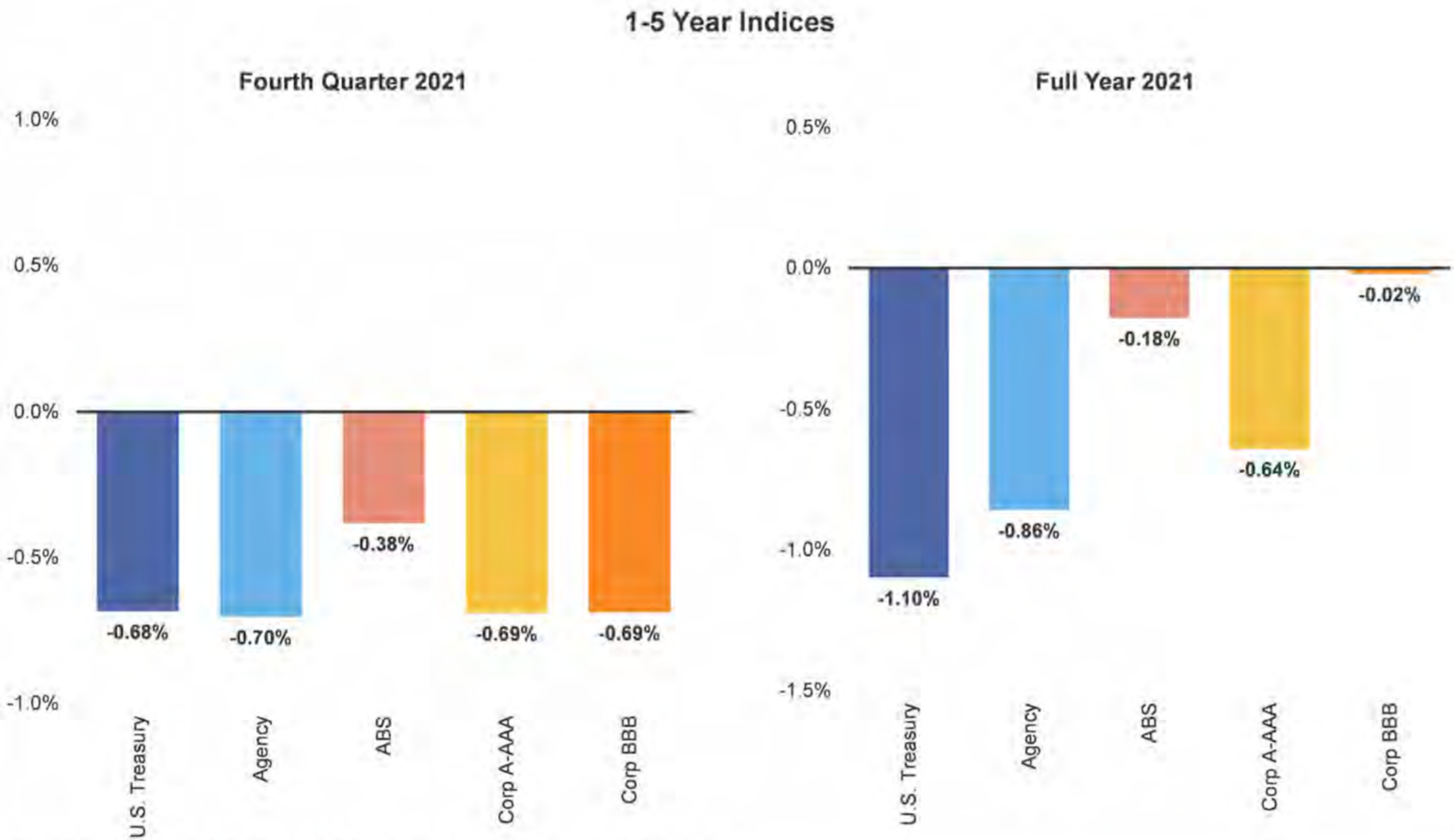
Impact of Curve Flattening on Performance





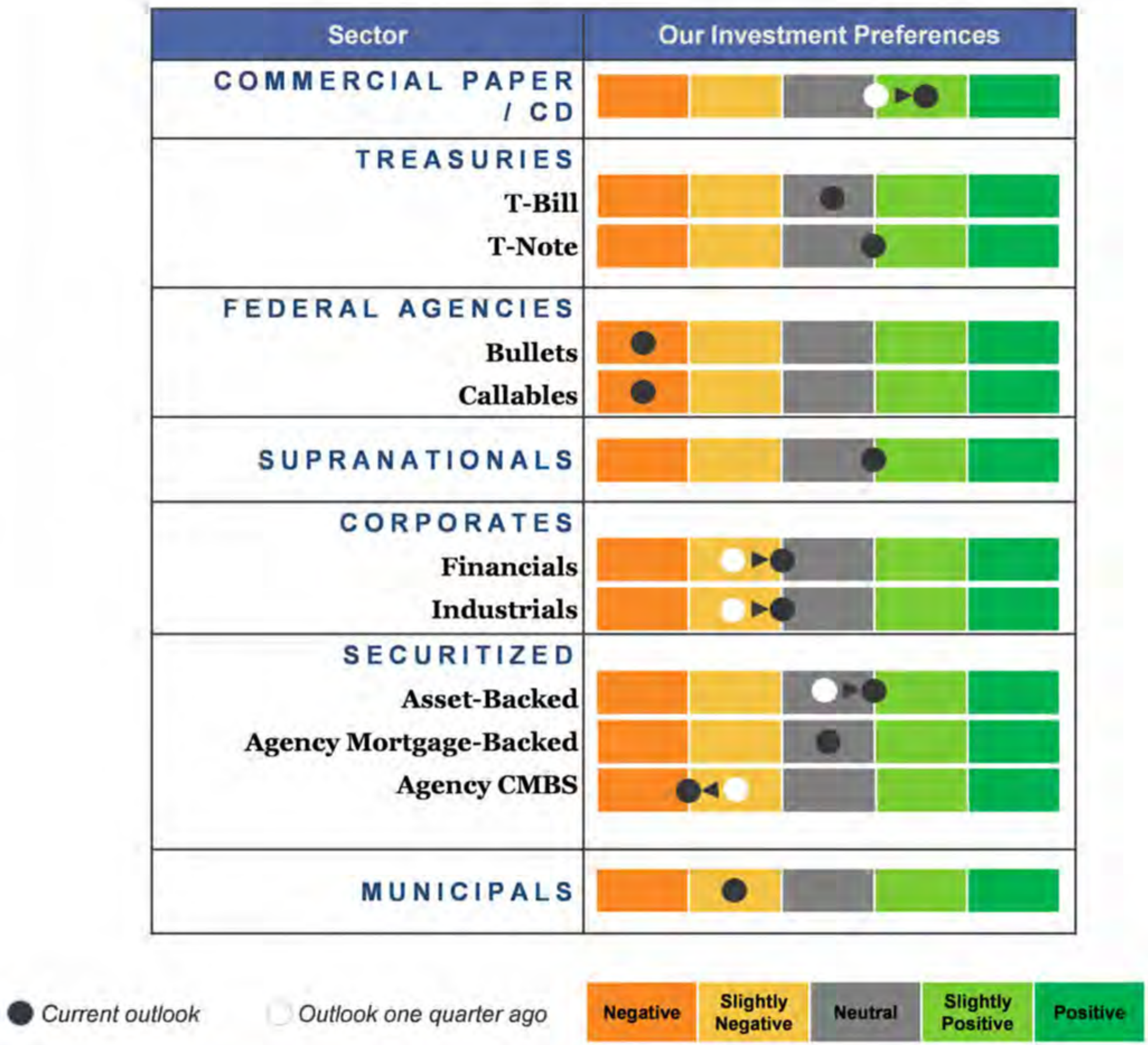
Source: Bloomberg, as of 12/31/2021.

Rising Rates and Wider Spreads Hampered Fixed-Income Returns in Q4



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 12/31/2021.

Fixed-Income Sector Outlook – 4Q 2021



Fixed-Income Sector Commentary – 4Q 2021

- **U.S. Treasury** securities generated negative performance as yields rose across maturities. The higher absolute level of yields support duration extensions and roll-down where the curve is steep.
- **Federal agency** spreads widened modestly, generating slightly negative excess returns. Spreads remain tight by historical standards and opportunities to add will be limited.
- **Supranational** securities performed in line with their federal agency counterparts – supply from seasonal issuance should provide opportunities to add sector exposure.
- **Corporates** underperformed after consistently being one of the top performing sectors in prior quarters. Modestly wider spreads are likely to provide opportunities to increase exposure on an issuer-specific basis.
- **Asset-Backed Securities** issuance remains robust and wider spreads enhance the sector's relative value as collateral performance remains strong.
- **Mortgage-Backed Securities** performance was generally negative across collateral and coupon types with 15-yr MBS pools being the exception. FOMC asset purchase tapering and potential balance sheet reduction will continue to weigh negatively on the sector.
- **Taxable Municipal** securities were one of the best performing sectors in Q4. Limited supply is likely to keep downward pressure on spreads and limit opportunities to increase allocations.
- **Commercial Paper and CD** rates gravitated higher throughout the quarter as market expectations for rate hikes sent short maturities higher, creating opportunities to add.

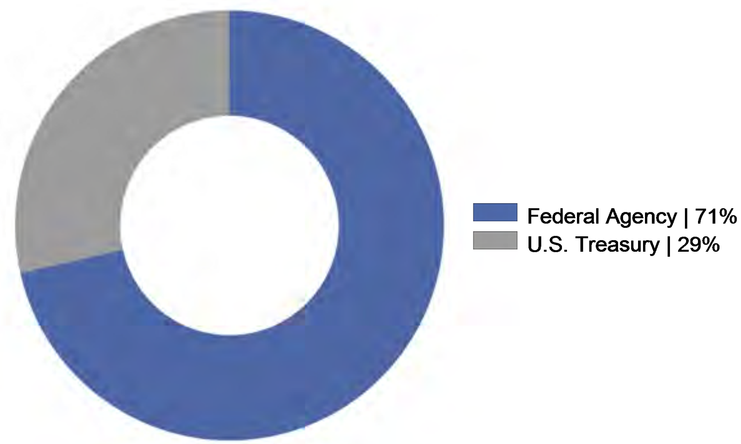
Account Summary

Consolidated Summary

Account Summary[1]

PFM Managed Account	$8,048,242
Total Program	**$8,048,242**

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 643 Days)

1. Market values exclude accrued interest, as of December 31, 2021.

Account Summary

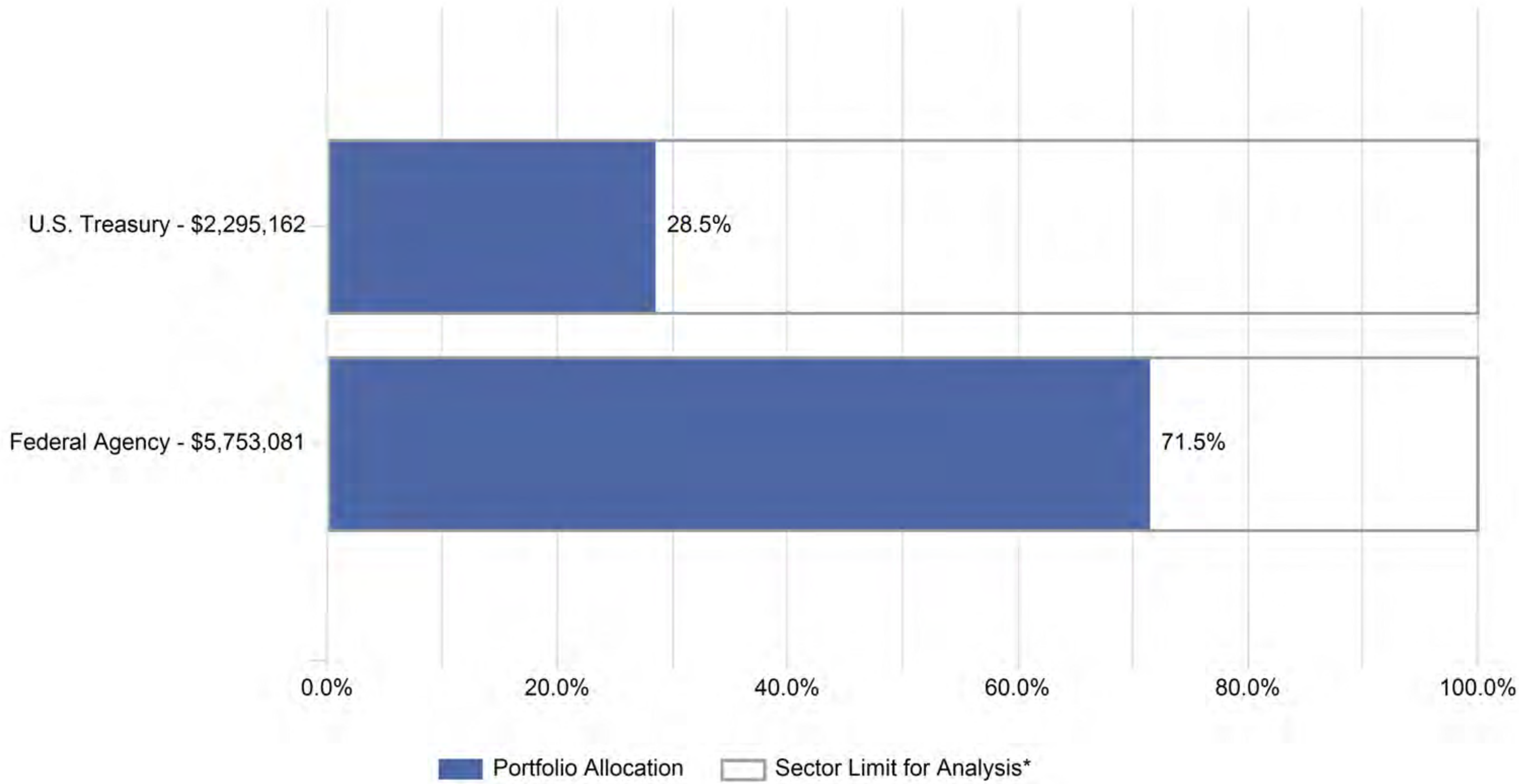
WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Portfolio Values	December 31, 2021
PFM Managed Account	$8,048,242
Amortized Cost	$8,101,669
Market Value	$8,048,242
Accrued Interest	$20,846

Analytics[1]	December 31, 2021
Yield at Market	0.64%
Yield on Cost	0.32%
Portfolio Duration	1.74

1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s).

Sector Allocation Analytics



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

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	**28.5%**	
UNITED STATES TREASURY	28.5%	AA / Aaa / AAA
Federal Agency	**71.5%**	
FANNIE MAE	30.9%	AA / Aaa / AAA
FEDERAL FARM CREDIT BANKS	24.8%	AA / Aaa / AAA
FREDDIE MAC	15.8%	AA / Aaa / AAA
Total	**100.0%**	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Excludes balances invested in money market funds.

Portfolio Review:

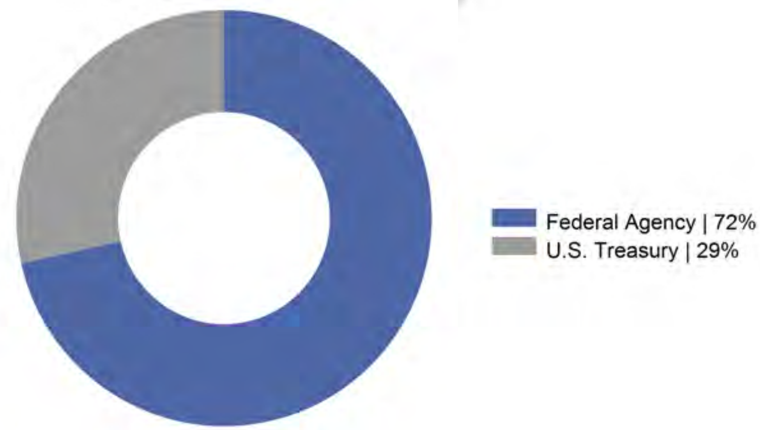
WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Portfolio Snapshot - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO[1]

Portfolio Statistics

Total Market Value	$8,072,454.13
Portfolio Effective Duration	1.74 years
Benchmark Effective Duration	0.00 years
Yield At Cost	0.32%
Yield At Market	0.64%
Portfolio Credit Quality	AA

Sector Allocation



Credit Quality - S&P

Duration Distribution

1. *The portfolio's benchmark is N/A. Source: Bloomberg.*
An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

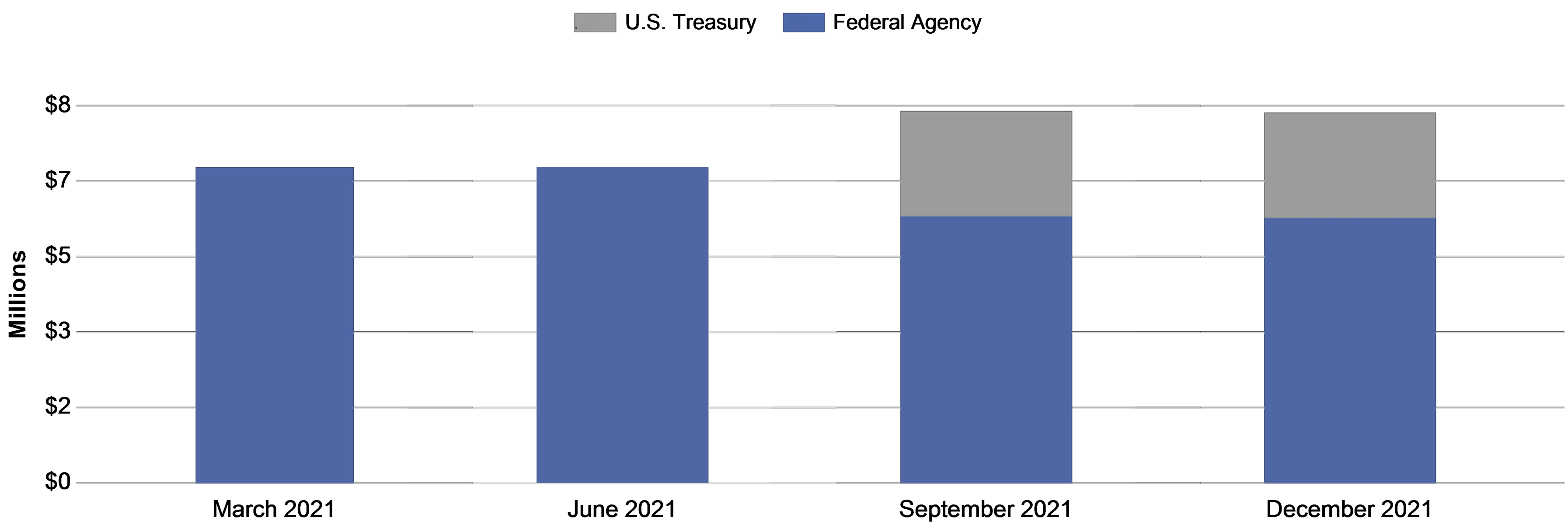
Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	**28.5%**	
UNITED STATES TREASURY	28.5%	AA / Aaa / AAA
Federal Agency	**71.5%**	
FANNIE MAE	30.9%	AA / Aaa / AAA
FEDERAL FARM CREDIT BANKS	24.8%	AA / Aaa / AAA
FREDDIE MAC	15.8%	AA / Aaa / AAA
Total	**100.0%**	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Excludes balances invested in money market funds.

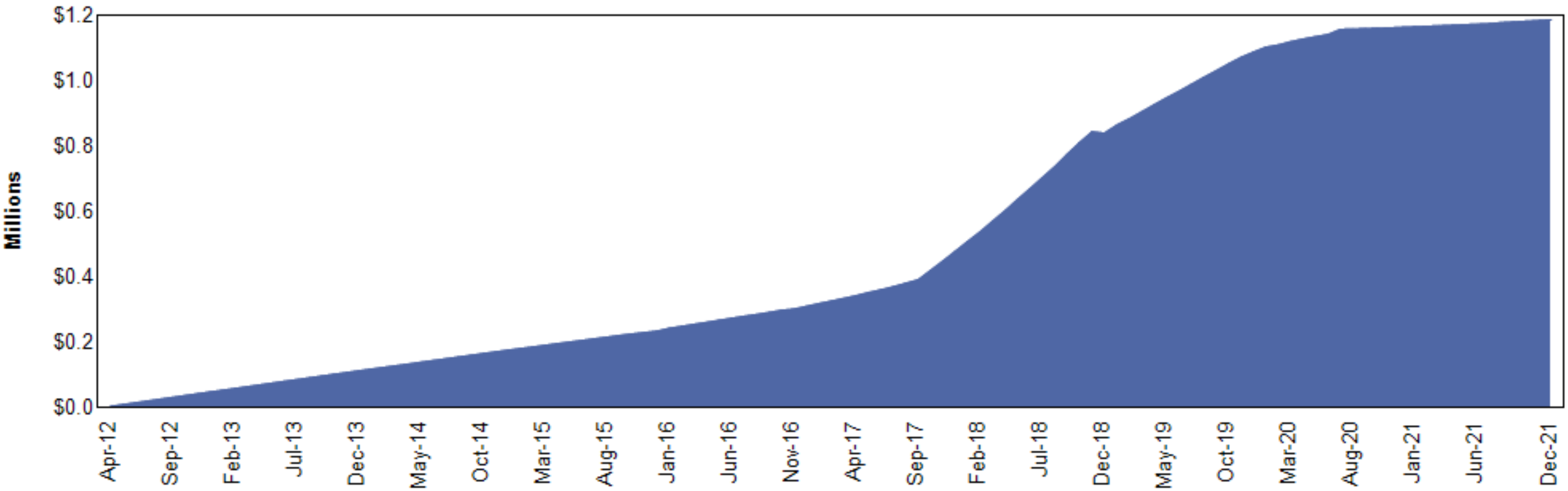
Sector Allocation Review - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Security Type	Mar-21	% of Total	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total
U.S. Treasury	$0.0	0.0%	$0.0	0.0%	$2.3	28.7%	$2.3	28.5%
Federal Agency	$6.9	100.0%	$6.9	100.0%	$5.8	71.3%	$5.8	71.5%
Total	**$6.9**	**100.0%**	**$6.9**	**100.0%**	**$8.1**	**100.0%**	**$8.0**	**100.0%**



Market values, excluding accrued interest. Only includes investments held within the separately managed account(s). Detail may not add to total due to rounding.

Accrual Basis Earnings - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception
Interest Earned	$12,902	$27,963	$277,199	$735,263	$1,225,219
Realized Gains / (Losses)	-	$1,564	$9,695	($26,621)	($25,476)
Change in Amortized Cost	($6,507)	($6,511)	$59,567	$167,406	($12,895)
Total Earnings	**$6,394**	**$23,016**	**$346,461**	**$876,049**	**$1,186,848**

1. *The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2012.*
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.*

Issuer Distribution
As of December 31, 2021

Issuer	Market Value ($)	% of Portfolio
FANNIE MAE	2,486,253	30.89%
UNITED STATES TREASURY	2,295,162	28.52%
FEDERAL FARM CREDIT BANKS	1,996,308	24.80%
FREDDIE MAC	1,270,520	15.79%
Grand Total	**8,048,242**	**100.00%**

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Market Value
U.S. Treasury										
US TREASURY NOTES DTD 07/31/2019 1.750% 07/31/2024	912828Y87	2,245,000.00	AA+	Aaa	8/13/2021	8/16/2021	2,333,309.18	0.41	16,440.96	2,295,161.83
Security Type Sub-Total		**2,245,000.00**					**2,333,309.18**	**0.41**	**16,440.96**	**2,295,161.83**
Federal Agency										
FFCB NOTES DTD 11/23/2020 0.125% 11/23/2022	3133EMGX4	2,000,000.00	AA+	Aaa	11/16/2020	11/23/2020	1,996,180.00	0.22	263.89	1,996,308.00
FANNIE MAE NOTES DTD 07/10/2020 0.250% 07/10/2023	3135G05G4	2,500,000.00	AA+	Aaa	7/9/2020	7/10/2020	2,495,350.00	0.31	2,968.75	2,486,252.50
FREDDIE MAC NOTES DTD 08/21/2020 0.250% 08/24/2023	3137EAEV7	1,000,000.00	AA+	Aaa	8/25/2020	8/26/2020	998,810.00	0.29	881.94	993,573.00
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	285,000.00	AA+	Aaa	9/23/2020	9/25/2020	284,142.15	0.44	290.94	276,947.04
Security Type Sub-Total		**5,785,000.00**					**5,774,482.15**	**0.28**	**4,405.52**	**5,753,080.54**
Managed Account Sub Total		**8,030,000.00**					**8,107,791.33**		**20,846.48**	**8,048,242.37**
Securities Sub Total		**$8,030,000.00**					**$8,107,791.33**		**$20,846.48**	**$8,048,242.37**
Accrued Interest										**$20,846.48**
Total Investments										**$8,069,088.85**

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount ($)	Yield at Market	Realized G/L (BV)
INTEREST									
10/1/2021	10/1/2021		MONEY0002	MONEY MARKET FUND			0.01		
11/1/2021	11/1/2021		MONEY0002	MONEY MARKET FUND			0.01		
11/23/2021	11/23/2021	2,000,000.00	3133EMGX4	FFCB NOTES	0.12%	11/23/2022	1,250.00		
12/1/2021	12/1/2021		MONEY0002	MONEY MARKET FUND			0.01		
Total INTEREST		**2,000,000.00**					**1,250.03**		**0.00**

Important Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. 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. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- 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.