



Milford City Hall Council Chambers 201 South Walnut Street Milford DE 19963

Finance & Audit Committee Meeting Agenda Monday, April 28, 2025

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Call 301 715 8592 Webinar ID: 922 0747 0768

5:00 PM

15-Minute Public Comment Period*

Virtual attendees must register prior to start time of meeting by calling 302-422-1111 Extension 1300 or 1303, or by sending an email to cityclerk@milford-de.gov and providing your name, address, phone number, and item name and/or description you wish to comment on. Persons in attendance wishing to speak must sign up prior to the start of the Council Meeting.

Page

1. Public Comment

2. Call to Order – Chair Jason James, Sr.

3. Investment Update

- a. [Quarterly Investment Report - Ended 20250331](#) 

3 - 24

4. Financial Report Services Contract

5. Adjournment

All items on the Meeting Agenda are subject to a potential vote.

SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE

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*Time Limit is three minutes per speaker, not to exceed a total of fifteen minutes for all speakers prior to start of meeting/workshop.

Ⓢ Designated Items only; Public Comment, up to three minutes per person will be accepted.

042125



CITY OF MILFORD, DELAWARE

Investment Performance Review For the Quarter Ended March 31, 2025

Client Management Team

Marty Hammond, Managing Director
Kecia Vaughn, Key Account Manager

PFM Asset Management A division of U.S. Bancorp Asset Management, Inc

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Agenda

- Market Summary
- Account Summary
- Portfolio Review

Market Summary

Summary

- ▶ The first quarter of 2025 was characterized by uncertainty and worsening consumer sentiment due to the volatile rollout of the new administration's policies. Pro-growth fiscal policies proposed on the campaign trail including tax cuts and deregulation have yet to be realized, leaving rapidly changing tariff policy to weigh on growth prospects. Escalating trade tensions from tariffs have increased the probability of a U.S. economic recession in 2025.
- ▶ Progress towards the Federal Reserve's (Fed) 2% target remains stalled with goods inflation moving higher even before tariff policies were enacted. Fed Chair Powell noted economic data has not yet reflected tariffs and reiterated it will be difficult to directly project the impact of these policies on prices. Tariff concerns among consumers appear to be rising, as expectations for inflation over the next 12 months reached their highest levels since early 2023.
- ▶ The labor market remains surprisingly resilient with both initial jobless claims and the unemployment rate at historically low levels. Additionally, monthly job gains continue to keep pace with labor force growth. With quits and hiring rates low, any acceleration in layoffs may result in job seekers remaining unemployed for longer. Federal job cuts and funding freezes could impact the hiring plans of sectors such as healthcare and higher education which rely on government funding. The impact of immigration policy remains unknown.
- ▶ The Fed left the overnight policy rate range unchanged at 4.25% - 4.50%. While the Fed's updated March "dot plot" continues to suggest 50 basis points (bps) of rate cuts in 2025, Fed Chair Powell indicated there is heightened risk and more uncertainty due to the new administration's policies.
- ▶ Sentiment has meaningfully deteriorated as consumers expect higher prices and weaker labor market conditions as tariffs weigh on the pace of economic growth. A material deterioration of labor market conditions remains the biggest risk factor to consumer spending. Other headwinds include slower real wage growth and a reduced willingness and ability to spend as prices move higher due to tariffs.

Economic Snapshot

- ▶ U.S. inflation readings remained 'sticky' during Q1 and did not show meaningful progress towards the Fed's 2% target. Goods inflation, which had been a detractor from inflation, increased at the beginning of the year and will continue to be a headwind given the expected impact of tariffs on goods prices. Core CPI, which excludes the volatile food and energy components, remained above 3% and ended the quarter at 3.1% annualized YoY while headline CPI sits at 2.8%.
 - ▶ U.S. real gross domestic product (GDP) remained strong in Q4, with final estimates showing growth of 2.4%. Personal consumption remained strong and grew at the fastest pace in years. The implementation of expansive tariff policy serves as a headwind moving forward, with many Wall Street firms forecasting lower growth and higher inflation for the balance of the year.

Interest Rates

- ▶ U.S. Treasury yields moved lower in response to deteriorating growth expectations over the near term. While the Fed held rates steady over the quarter, futures markets are pricing in four 25 bps rate cuts for 2025.
- ▶ The yield on the 2-, 5-, and 10-year Treasuries ended the quarter at 3.88%, 3.95%, and 4.21%. This represents a decline of 36 bps, 43 bps, and 36 bps, respectively. The 3-month Treasury was relatively unchanged given no rate cuts from the Fed.
- ▶ As a result of lower yields, U.S. Treasury indexes generated positive total returns for the quarter. The ICE BofA 2-, 5-, and 10-year U.S. Treasury indexes returned 1.56%, 2.93%, and 4.01% for the quarter, while the shorter-duration ICE BofA 3-month U.S. Treasury index returned 1.02%.

Sector Performance

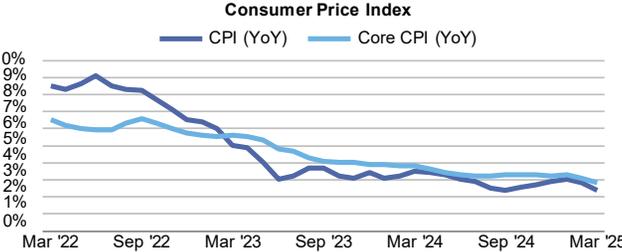
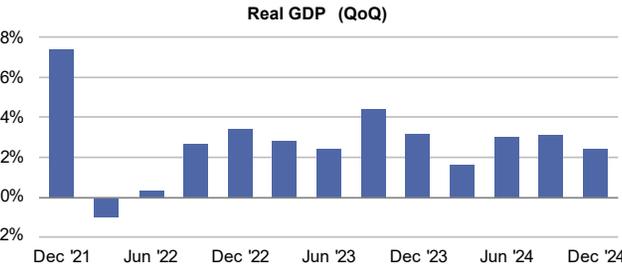
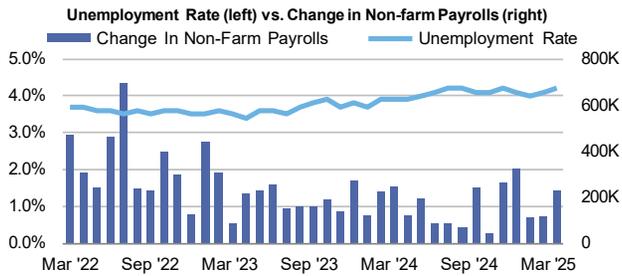
- ▶ Excess returns were mixed across investment grade sectors as wider economic uncertainty opened the door for modest spread widening off recent lows despite strong investor demand.
- ▶ Federal agency & supranational spreads remained low and rangebound throughout Q1. Federal agencies produced modestly negative excess returns while supranationals were slightly positive. Issuance remained light and incremental income from the sectors is near zero.
- ▶ Investment-grade (IG) corporate bonds inside 10 years produced positive excess returns as much of the spread widening seen during the second half of the quarter was offset by higher incremental income. Excess returns of financial and banking issuers continued to lead most other industries during the quarter.
- ▶ Asset-backed securities (ABS) spreads widened modestly from the impact of heavy new issuance and a moderate deterioration of credit fundamentals. ABS spreads widened more than corporate spreads, resulting in worse performance over the quarter, but better relative value going forward. ABS excess returns were generally negative for the quarter, with credit cards outperforming automobile collateral.
- ▶ Mortgage-backed securities (MBS) performance was mixed across structure and coupon during Q1 as heightened rate volatility persisted. Shorter, 15-year collateral MBS posted positive excess returns while longer, 30-year collateral MBS were firmly negative during Q1. Agency-backed commercial MBS (CMBS) saw positive excess returns across collateral and coupon structures.
- ▶ Short-term credit (commercial paper and negotiable bank CDs) yields on the front end fell in response to downward pressure from a paydown in the supply of U.S. Treasury Bills. Yield spreads tightened over the quarter in response to moderated issuance and strong demand.

Economic Snapshot

| Labor Market | Latest | Dec '24 | Mar '24 | |
|-------------------------------|--------|---------|---------|---------|
| Unemployment Rate | Mar-25 | 4.2% | 4.1% | 3.9% |
| Change In Non-Farm Payrolls | Mar-25 | 228,000 | 323,000 | 246,000 |
| Average Hourly Earnings (YoY) | Mar-25 | 3.8% | 4.0% | 4.2% |
| Personal Income (YoY) | Feb-25 | 4.6% | 4.9% | 5.9% |
| Initial Jobless Claims (week) | 4/5/25 | 223,000 | 209,000 | 223,000 |

| Growth | Latest | Dec '24 | Mar '24 | |
|-------------------------------------|--------|-----------|-------------------|-------------------|
| Real GDP (QoQ SAAR) | 2025Q4 | 2.4% | 3.1% ¹ | 3.2% ² |
| GDP Personal Consumption (QoQ SAAR) | 2025Q4 | 4.0% | 3.7% ¹ | 3.5% ² |
| Retail Sales (YoY) | Feb-25 | 3.1% | 4.4% | 3.6% |
| ISM Manufacturing Survey (month) | Mar-25 | 49.0 | 49.2 | 49.8 |
| Existing Home Sales SAAR (month) | Feb-25 | 4.26 mil. | 4.29 mil. | 4.12 mil. |

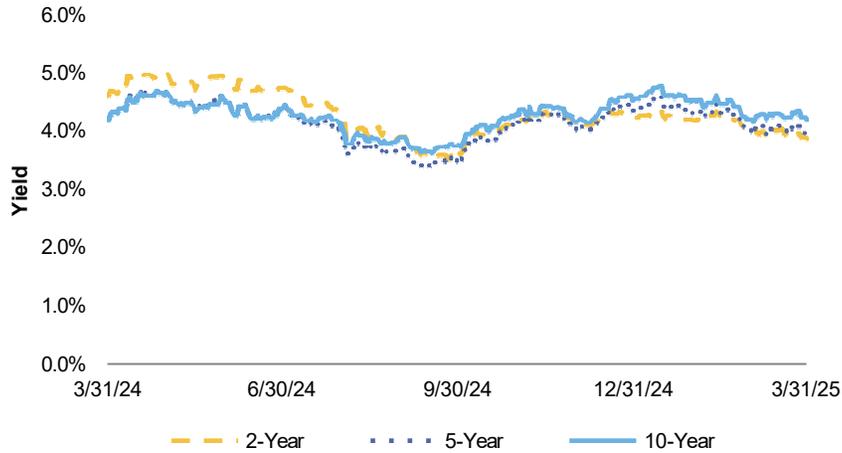
| Inflation/Prices | Latest | Dec '24 | Mar '24 | |
|---|--------|---------|---------|---------|
| Personal Consumption Expenditures (YoY) | Feb-25 | 2.5% | 2.6% | 2.8% |
| Consumer Price Index (YoY) | Mar-25 | 2.4% | 2.9% | 3.5% |
| Consumer Price Index Core (YoY) | Mar-25 | 2.8% | 3.2% | 3.8% |
| Crude Oil Futures (WTI, per barrel) | Mar 31 | \$71.48 | \$71.72 | \$83.17 |
| Gold Futures (oz.) | Mar 31 | \$3,123 | \$2,641 | \$2,217 |



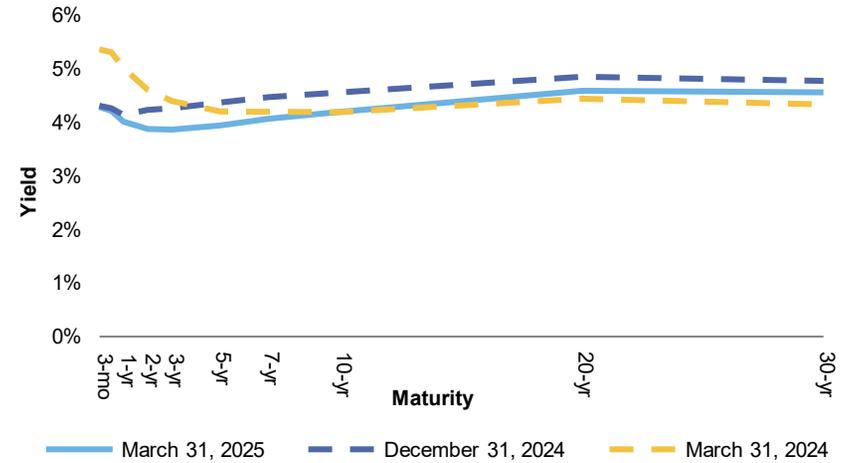
1. Data as of Third Quarter 2024.
 2. Data as of Fourth Quarter 2023.
 Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.
 Source: Bloomberg Finance L.P.

Interest Rate Overview

U.S. Treasury Note Yields



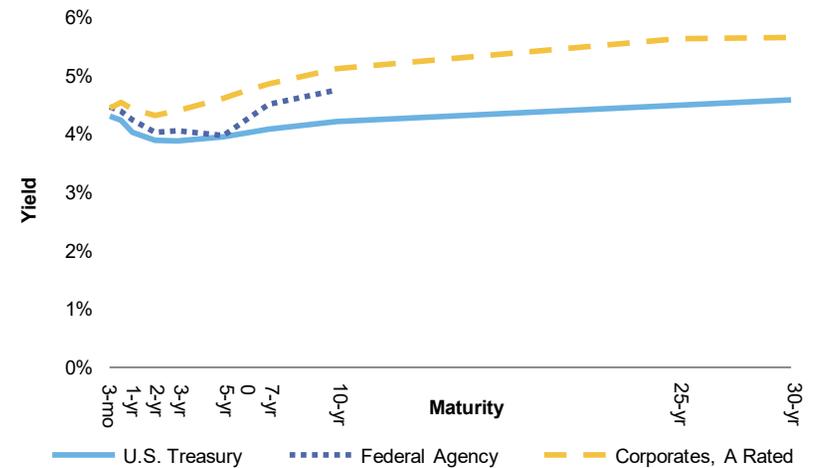
U.S. Treasury Yield Curve



U.S. Treasury Yields

| Maturity | Mar '25 | Dec '24 | Change over Quarter | Mar '24 | Change over Year |
|----------|---------|---------|---------------------|---------|------------------|
| 3-Month | 4.30% | 4.32% | (0.02%) | 5.37% | (1.07%) |
| 1-Year | 4.03% | 4.15% | (0.12%) | 5.03% | (1.00%) |
| 2-Year | 3.89% | 4.24% | (0.35%) | 4.62% | (0.73%) |
| 5-Year | 3.95% | 4.38% | (0.43%) | 4.21% | (0.26%) |
| 10-Year | 4.21% | 4.57% | (0.36%) | 4.20% | 0.01% |
| 30-Year | 4.57% | 4.78% | (0.21%) | 4.34% | 0.23% |

Yield Curves as of March 31, 2025



Source: Bloomberg Finance L.P.

ICE BofA Index Returns

| March 31, 2025 | As of 03/31/2025 | | Returns for Periods ended 03/31/2025 | | |
|--|------------------|-------|--------------------------------------|--------|---------|
| | Duration | Yield | 3 Month | 1 Year | 3 Years |
| 1-3 Year Indices | | | | | |
| U.S. Treasury | 1.82 | 3.94% | 1.59% | 5.43% | 2.84% |
| Federal Agency | 1.56 | 3.97% | 1.44% | 5.33% | 2.95% |
| U.S. Corporates, A-AAA rated | 1.83 | 4.49% | 1.66% | 6.11% | 3.65% |
| Agency MBS (0 to 3 years) | 1.78 | 4.68% | 1.86% | 5.75% | 3.09% |
| Taxable Municipals | 1.79 | 4.28% | 1.65% | 5.59% | 3.24% |
| 1-5 Year Indices | | | | | |
| U.S. Treasury | 2.54 | 3.93% | 2.00% | 5.50% | 2.49% |
| Federal Agency | 2.01 | 3.94% | 1.72% | 5.41% | 2.68% |
| U.S. Corporates, A-AAA rated | 2.56 | 4.56% | 2.01% | 6.30% | 2.34% |
| Agency MBS (0 to 5 years) | 2.83 | 4.72% | 2.54% | 6.15% | 2.54% |
| Taxable Municipals | 2.37 | 4.38% | 1.77% | 5.47% | 2.92% |
| Master Indices (Maturities 1 Year or Greater) | | | | | |
| U.S. Treasury | 6.16 | 4.12% | 3.01% | 4.51% | (0.26%) |
| Federal Agency | 3.44 | 4.07% | 2.11% | 5.27% | 1.95% |
| U.S. Corporates, A-AAA rated | 6.68 | 4.97% | 2.42% | 4.87% | 0.96% |
| Agency MBS (0 to 30 years) | 5.42 | 5.00% | 2.97% | 5.47% | 0.55% |
| Taxable Municipals | 8.83 | 5.21% | 2.93% | 3.60% | (0.53%) |

Returns for periods greater than one year are annualized.

Source: ICE BofA Indices.

Disclosures

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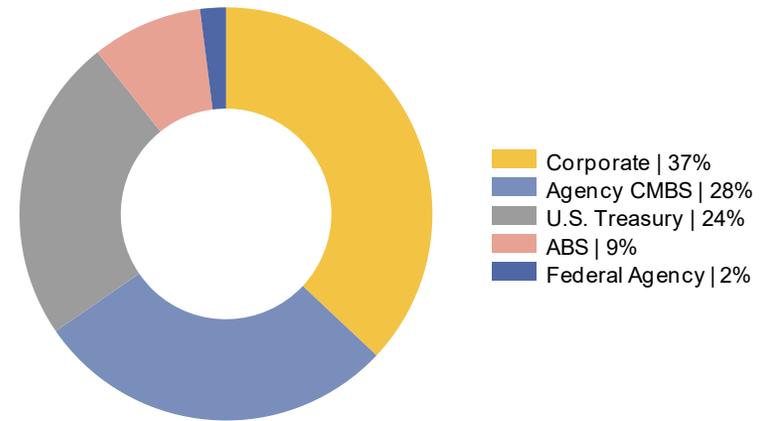
Portfolio Review: CITY OF MILFORD, DELAWARE

Portfolio Snapshot - CITY OF MILFORD, DELAWARE¹

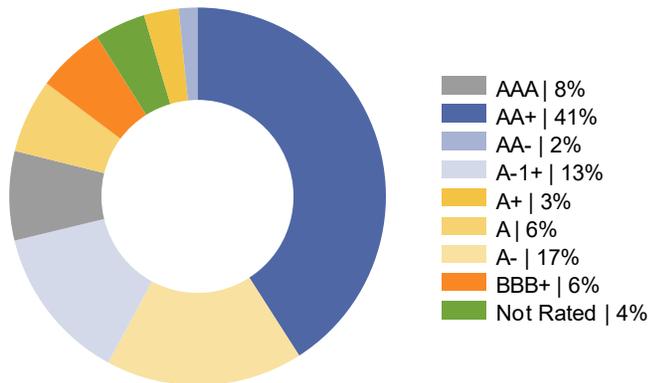
Portfolio Statistics

| | |
|-------------------------------------|-----------------|
| Total Market Value | \$36,437,041.12 |
| <i>Securities Sub-Total</i> | \$36,089,301.72 |
| <i>Accrued Interest</i> | \$189,726.93 |
| <i>Cash</i> | \$158,012.47 |
| Portfolio Effective Duration | 1.85 years |
| Benchmark Effective Duration | 2.04 years |
| Yield At Cost | 4.41% |
| Yield At Market | 4.48% |
| Portfolio Credit Quality | AA |

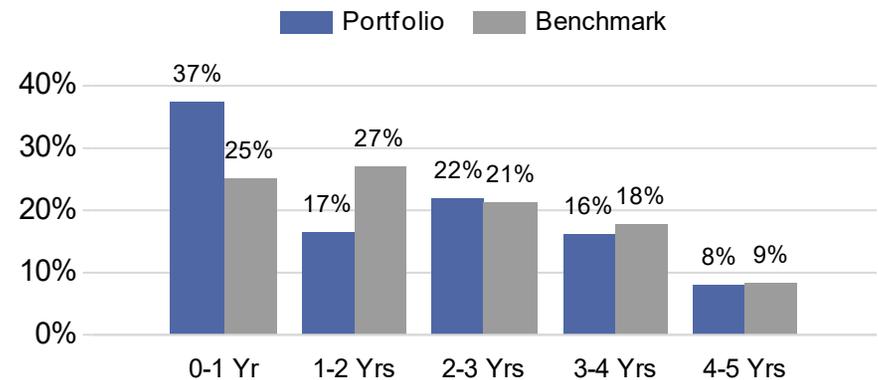
Sector Allocation



Credit Quality - S&P



Duration Distribution



Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP. 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 | 23.9% | |
| United States Treasury | 23.9% | AA / Aa / AA |
| Federal Agency | 2.0% | |
| Federal Home Loan Banks | 1.0% | AA / Aaa / NR |
| Federal Home Loan Mortgage Corp | 1.0% | AA / Aaa / AA |
| Agency CMBS | 28.3% | |
| Federal Home Loan Mortgage Corp | 26.0% | AA / Aaa / AA |
| Federal National Mortgage Association | 2.3% | AA / Aaa / AA |
| Corporate | 37.1% | |
| AbbVie Inc | 0.5% | A / A / NR |
| Accenture PLC | 0.3% | AA / Aa / A |
| American Express Co | 0.5% | A / A / A |
| Analog Devices Inc | 0.3% | A / A / A |
| AstraZeneca PLC | 0.3% | A / A / A |
| Bank of America Corp | 2.8% | A / A / AA |
| Bank of Montreal | 0.3% | A / A / AA |
| Bank of New York Mellon Corp | 1.1% | A / Aa / AA |
| Bank of Nova Scotia | 0.5% | A / A / AA |
| Boston Scientific Corp | 0.2% | A / Baa / A |
| BP PLC | 1.1% | A / A / A |
| Bristol-Myers Squibb Co | 0.6% | A / A / NR |
| Canadian Imperial Bank of Commerce | 0.7% | A / A / AA |
| Cisco Systems Inc | 0.6% | AA / A / NR |
| Citigroup Inc | 2.1% | A / A / A |
| Commonwealth Bank of Australia | 0.7% | AA / Aa / AA |
| Eli Lilly & Co | 0.4% | A / Aa / NR |
| Goldman Sachs Group Inc | 1.8% | BBB / A / A |

| Security Type / Issuer | Market Value (%) | S&P / Moody's / Fitch |
|---|------------------|-----------------------|
| Corporate | 37.1% | |
| Hershey Co | 0.4% | A / A / NR |
| Honda Motor Co Ltd | 0.7% | A / A / NR |
| Hormel Foods Corp | 0.2% | A / A / NR |
| HSBC Holdings PLC | 1.5% | A / A / A |
| Huntington Bancshares Inc/OH | 0.7% | A / A / A |
| International Business Machines Corp | 0.5% | A / A / A |
| Johnson & Johnson | 1.5% | AAA / Aaa / NR |
| JPMorgan Chase & Co | 2.1% | A / A / AA |
| KeyCorp | 0.7% | BBB / Baa / BBB |
| Lowe's Cos Inc | 0.2% | BBB / Baa / NR |
| Microsoft Corp | 1.5% | AAA / Aaa / NR |
| Mizuho Financial Group Inc | 1.9% | A / A / NR |
| Morgan Stanley | 2.9% | A / Aa / AA |
| National Bank of Canada | 0.7% | BBB / A / A |
| National Rural Utilities Cooperative Fi | 0.9% | A / A / A |
| Nucor Corp | 0.6% | A / Baa / A |
| PNC Financial Services Group Inc | 1.0% | A / A / A |
| Royal Bank of Canada | 0.6% | A / A / AA |
| State Street Corp | 1.5% | A / Aa / AA |
| Stryker Corp | 0.5% | BBB / Baa / NR |
| Toronto-Dominion Bank | 0.8% | A / A / AA |
| Waste Management Inc | 0.5% | A / A / A |
| Wells Fargo & Co | 0.7% | BBB / A / A |
| ABS | 8.7% | |
| American Express Co | 0.7% | AAA / NR / AAA |
| Capital One Financial Corp | 1.6% | AAA / Aaa / AAA |

Rating 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. Includes accrued interest and excludes balances invested in overnight funds.

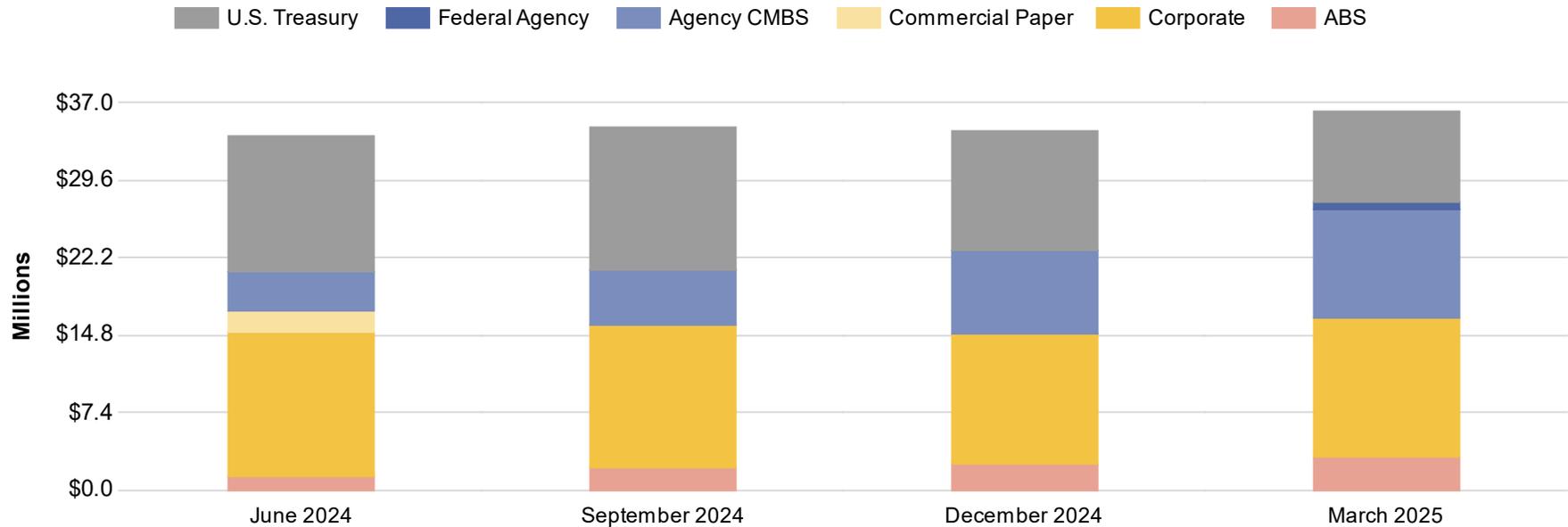
Issuer Diversification

| Security Type / Issuer | Market Value (%) | S&P / Moody's / Fitch |
|-------------------------------------|------------------|-----------------------|
| ABS | 8.7% | |
| CNH Equipment Trust | 0.5% | NR / Aaa / AAA |
| Discover Card Execution Note Trust | 1.0% | NR / Aaa / AAA |
| Ford Credit Auto Owner Trust | 0.7% | NR / Aaa / AAA |
| Harley-Davidson Inc | 0.7% | NR / Aaa / AAA |
| Honda Auto Receivables Owner Trust | 0.6% | AAA / Aaa / NR |
| Hyundai Auto Receivables Trust | 0.7% | AAA / NR / AAA |
| Nissan Auto Receivables Owner Trust | 0.4% | NR / Aaa / AAA |
| Verizon Master Trust | 0.7% | NR / Aaa / AAA |
| World Omni Auto Trust | 1.0% | AAA / NR / AAA |
| Total | 100.0% | |

atings 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, xcluding 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. Includes accrued interest and excludes balances ived in overnight funds.

Sector Allocation Review - CITY OF MILFORD, DELAWARE

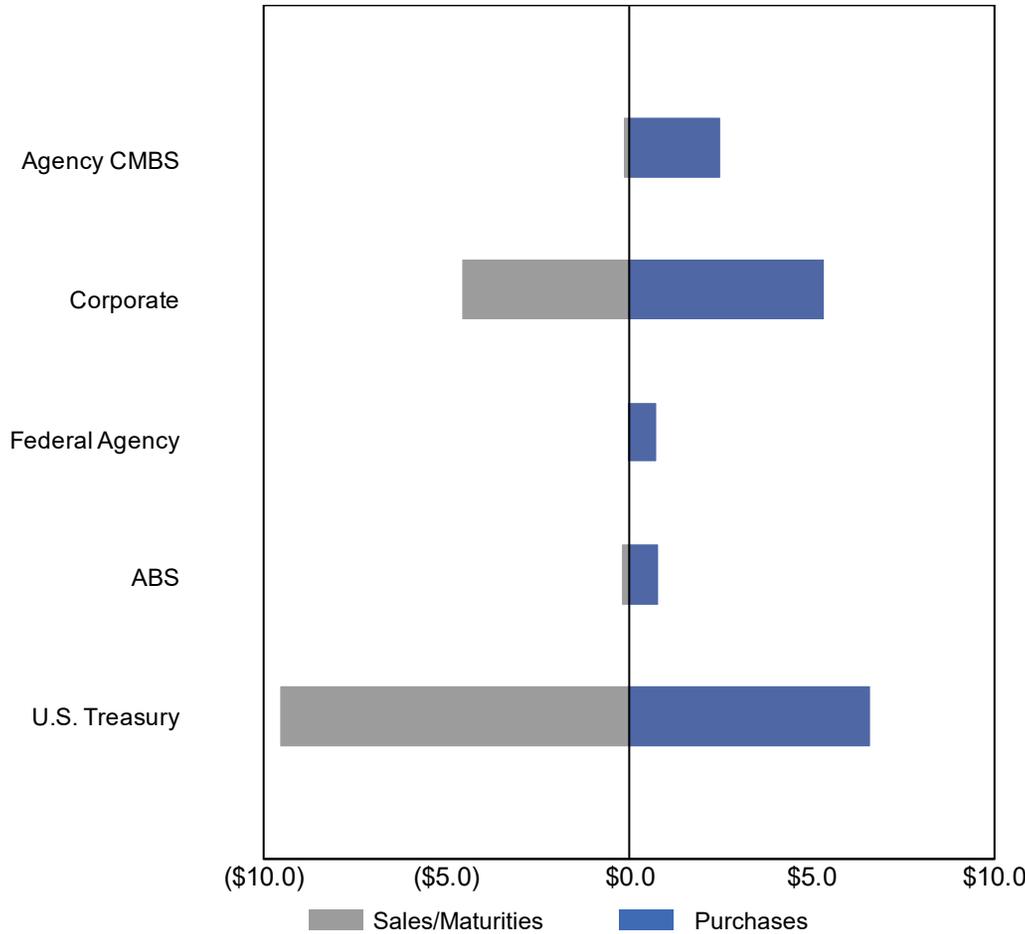
| Security Type | Jun-24 | % of Total | Sep-24 | % of Total | Dec-24 | % of Total | Mar-25 | % of Total |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| U.S. Treasury | \$13.0 | 38.3% | \$13.6 | 39.3% | \$11.5 | 33.4% | \$8.6 | 23.9% |
| Federal Agency | \$0.0 | 0.0% | \$0.0 | 0.0% | \$0.0 | 0.0% | \$0.7 | 2.0% |
| Agency CMBS | \$3.8 | 11.3% | \$5.4 | 15.5% | \$7.9 | 22.9% | \$10.3 | 28.4% |
| Commercial Paper | \$2.0 | 5.9% | \$0.0 | 0.0% | \$0.0 | 0.0% | \$0.0 | 0.0% |
| Corporate | \$13.7 | 40.6% | \$13.5 | 38.8% | \$12.5 | 36.4% | \$13.4 | 37.0% |
| ABS | \$1.3 | 3.9% | \$2.2 | 6.4% | \$2.5 | 7.3% | \$3.1 | 8.7% |
| Total | \$33.8 | 100.0% | \$34.7 | 100.0% | \$34.3 | 100.0% | \$36.1 | 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 Activity - CITY OF MILFORD, DELAWARE

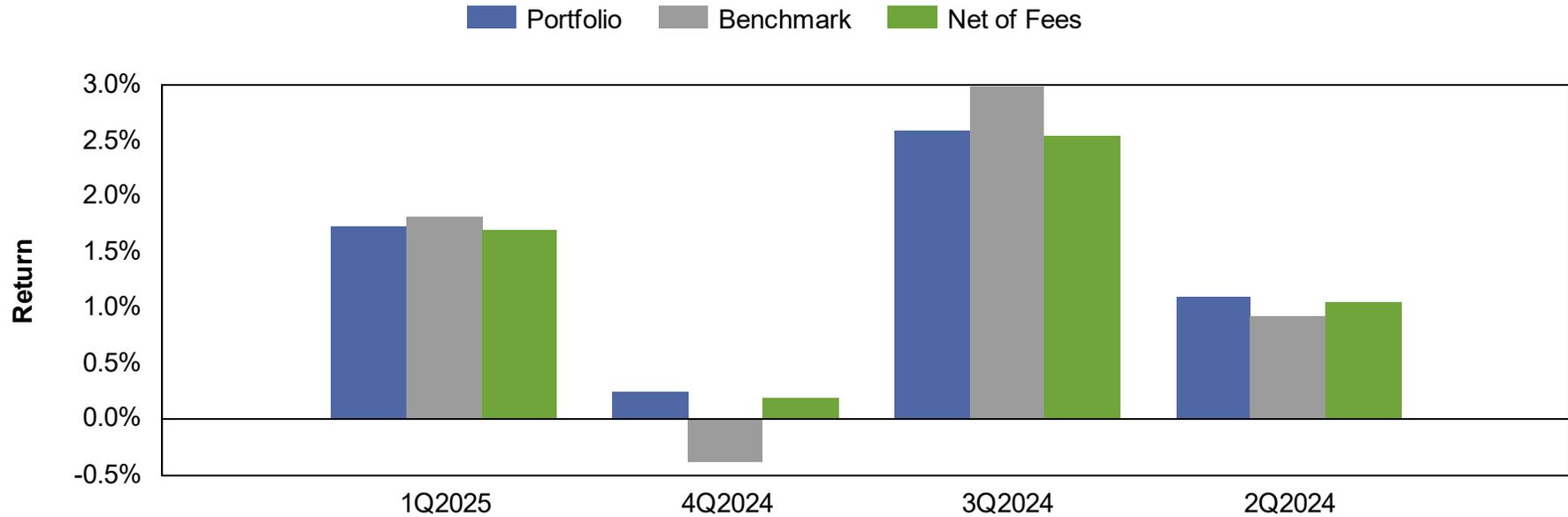
Net Activity by Sector
(\$ millions)



| Sector | Net Activity |
|---------------------------|--------------------|
| Agency CMBS | \$2,311,983 |
| Corporate | \$736,026 |
| Federal Agency | \$714,726 |
| ABS | \$614,938 |
| U.S. Treasury | (\$2,973,417) |
| Total Net Activity | \$1,404,256 |

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance



| Market Value Basis Earnings | 1Q2025 | 4Q2024 | 3Q2024 | 2Q2024 |
|---------------------------------|------------------|-----------------|------------------|------------------|
| Interest Earned ¹ | \$288,582 | \$269,534 | \$239,071 | \$218,441 |
| Change in Market Value | \$332,190 | (\$185,318) | \$637,303 | \$150,073 |
| Total Dollar Return | \$620,772 | \$84,216 | \$876,374 | \$368,514 |
| Total Return² | | | | |
| Portfolio | 1.73% | 0.24% | 2.58% | 1.09% |
| Benchmark ³ | 1.81% | -0.37% | 2.99% | 0.93% |
| Basis Point Fee | 0.04% | 0.04% | 0.04% | 0.04% |
| Net of Fee Return | 1.70% | 0.20% | 2.55% | 1.06% |

Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 Returns are presented on a periodic basis.
 The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

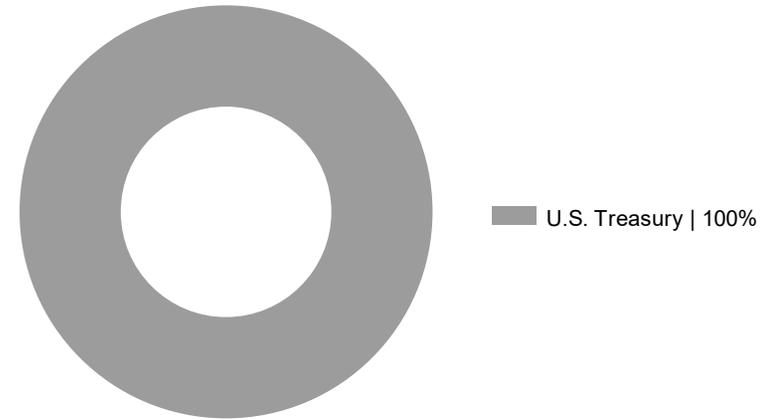
Portfolio Review:
CITY OF MILFORD CASHFLOW ACCOUNT

Portfolio Snapshot - CITY OF MILFORD CASHFLOW ACCOUNT¹

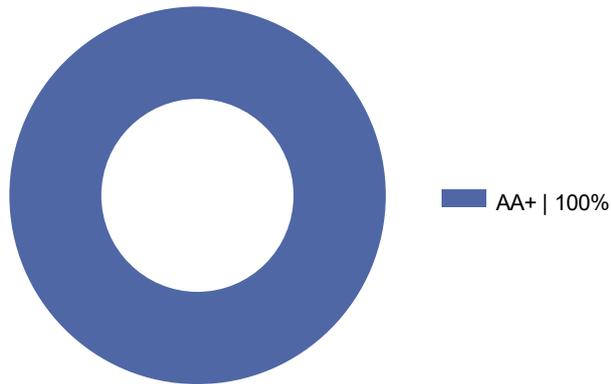
Portfolio Statistics

| | |
|-------------------------------------|----------------|
| Total Market Value | \$4,287,609.88 |
| <i>Securities Sub-Total</i> | \$4,275,063.76 |
| <i>Accrued Interest</i> | \$12,546.12 |
| <i>Cash</i> | \$0.00 |
| Portfolio Effective Duration | 3.37 years |
| Yield At Cost | 4.64% |
| Yield At Market | 4.05% |
| Portfolio Credit Quality | AA |

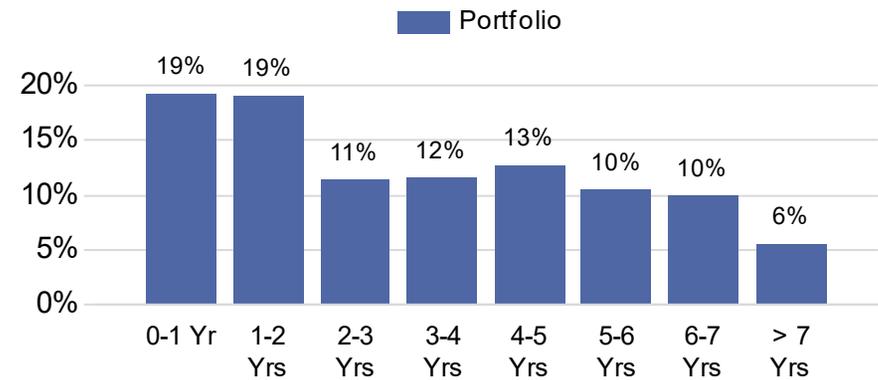
Sector Allocation



Credit Quality - S&P



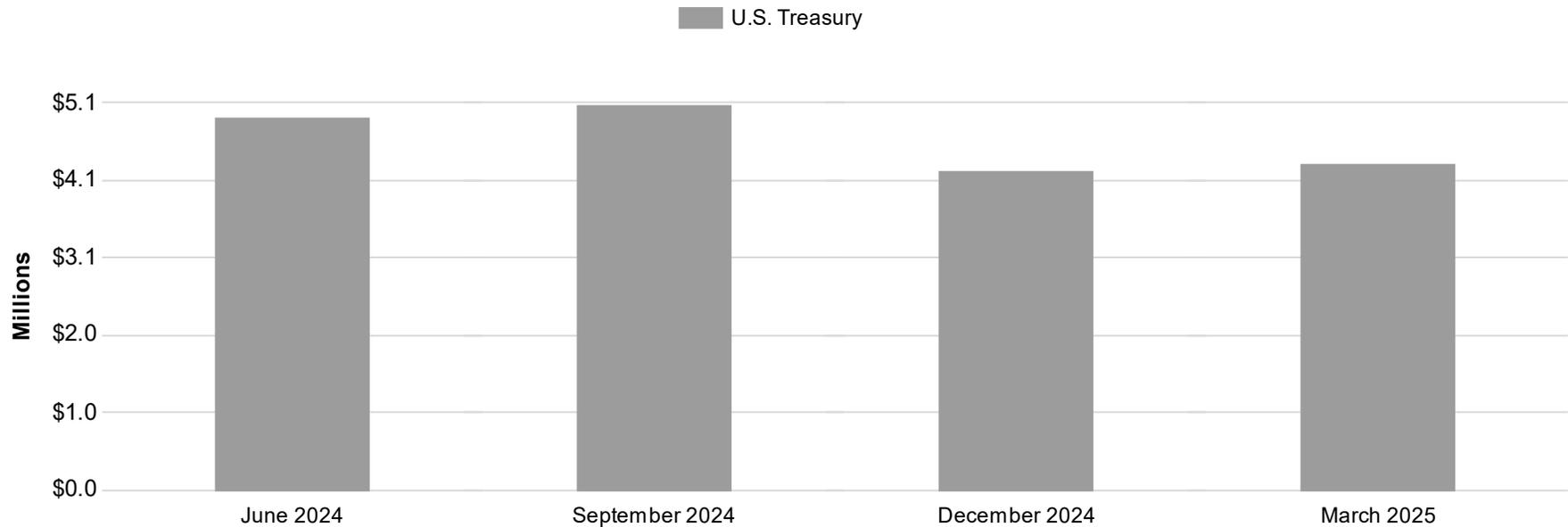
Duration Distribution



¹Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Sector Allocation Review - CITY OF MILFORD CASHFLOW ACCOUNT

| Security Type | Jun-24 | % of Total | Sep-24 | % of Total | Dec-24 | % of Total | Mar-25 | % of Total |
|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
| U.S. Treasury | \$4.9 | 100.0% | \$5.1 | 100.0% | \$4.2 | 100.0% | \$4.3 | 100.0% |
| Total | \$4.9 | 100.0% | \$5.1 | 100.0% | \$4.2 | 100.0% | \$4.3 | 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.

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- 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.**
- ICE Bank of America 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.