

**The School Board of Broward County,
Florida**



**Investment Performance Review
For the Quarter Ended December 31, 2021**

Client Management Team

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Agenda

- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes



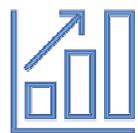
- COVID-19 caseloads reach record highs as the Omicron variant emerges as the dominant strain



- The U.S. economy is characterized by:
 - Rapidly increasing inflation
 - Improved labor market conditions
 - Depressed consumer confidence



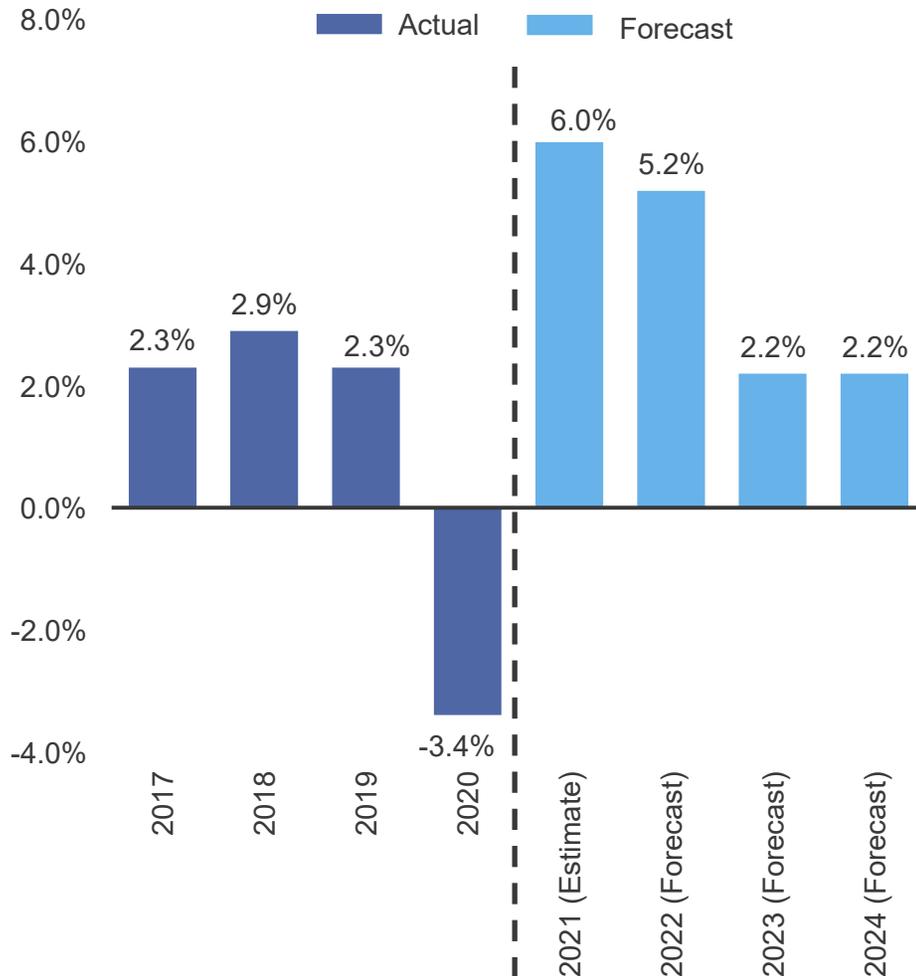
- The Federal Reserve is reducing monetary policy accommodation
 - Accelerated pace of asset purchase tapering
 - Fed expects three rate hikes in 2022
 - Changing composition of FOMC leadership



- 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

Real U.S. GDP



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

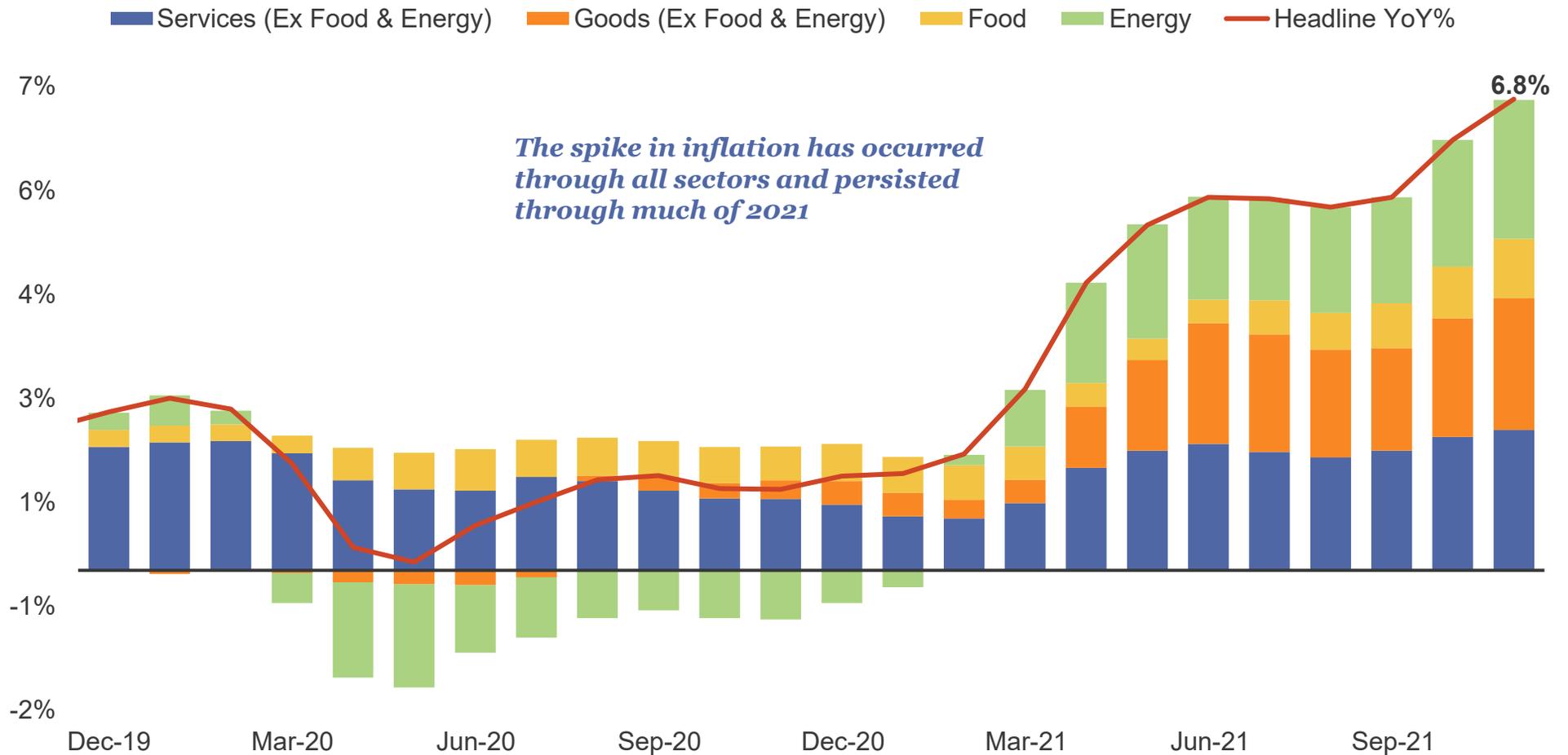
Growth is Expected to Moderate...

- 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

Source: International Monetary Fund, October 2021 World Economic Outlook

Consumer Prices Rise to Four Decade High

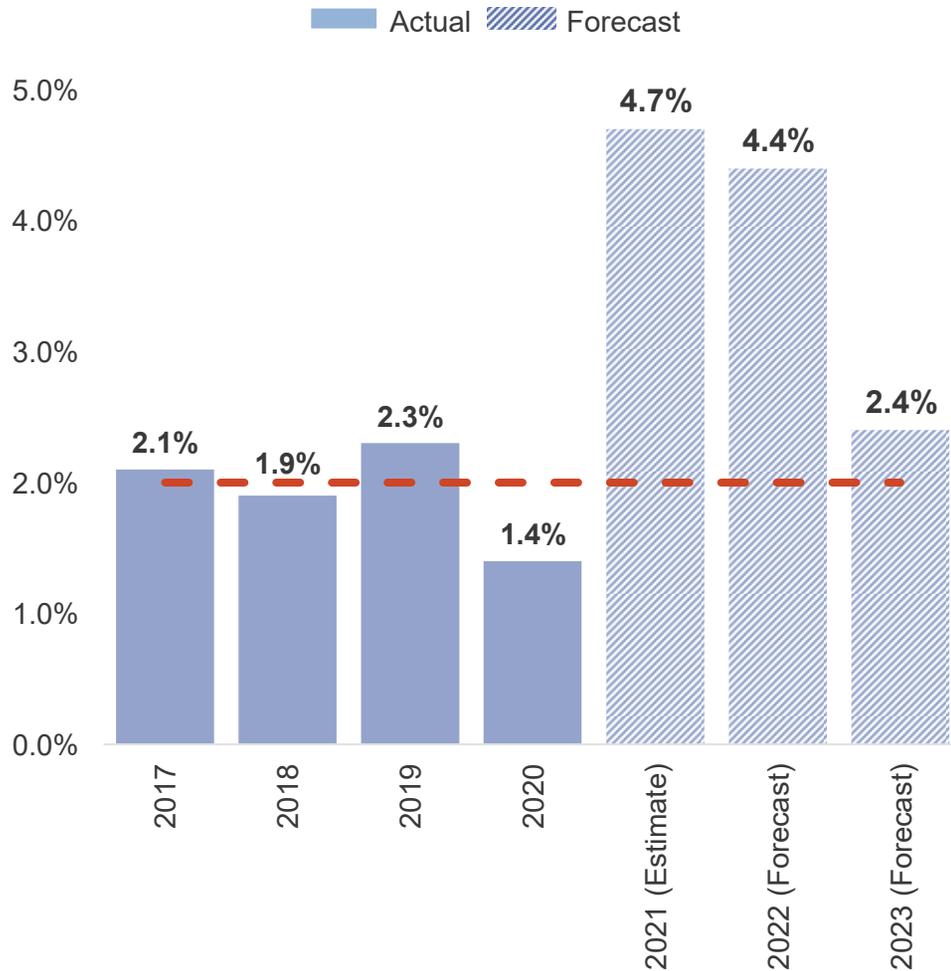
Top-Line Contributions and CPI YoY



Source: Bloomberg, as of November 2021.

Inflation Expected to Moderate over the Long Run

Annual Change in CPI



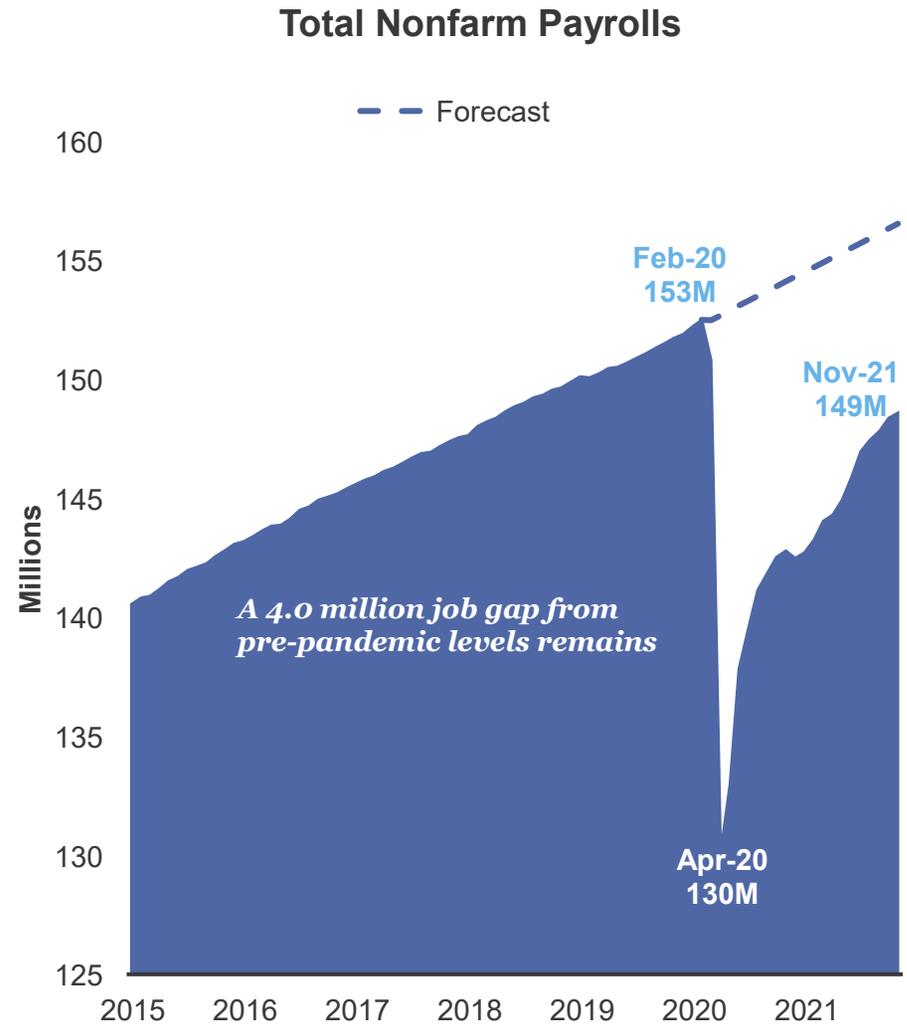
Breakeven Inflation Rates



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

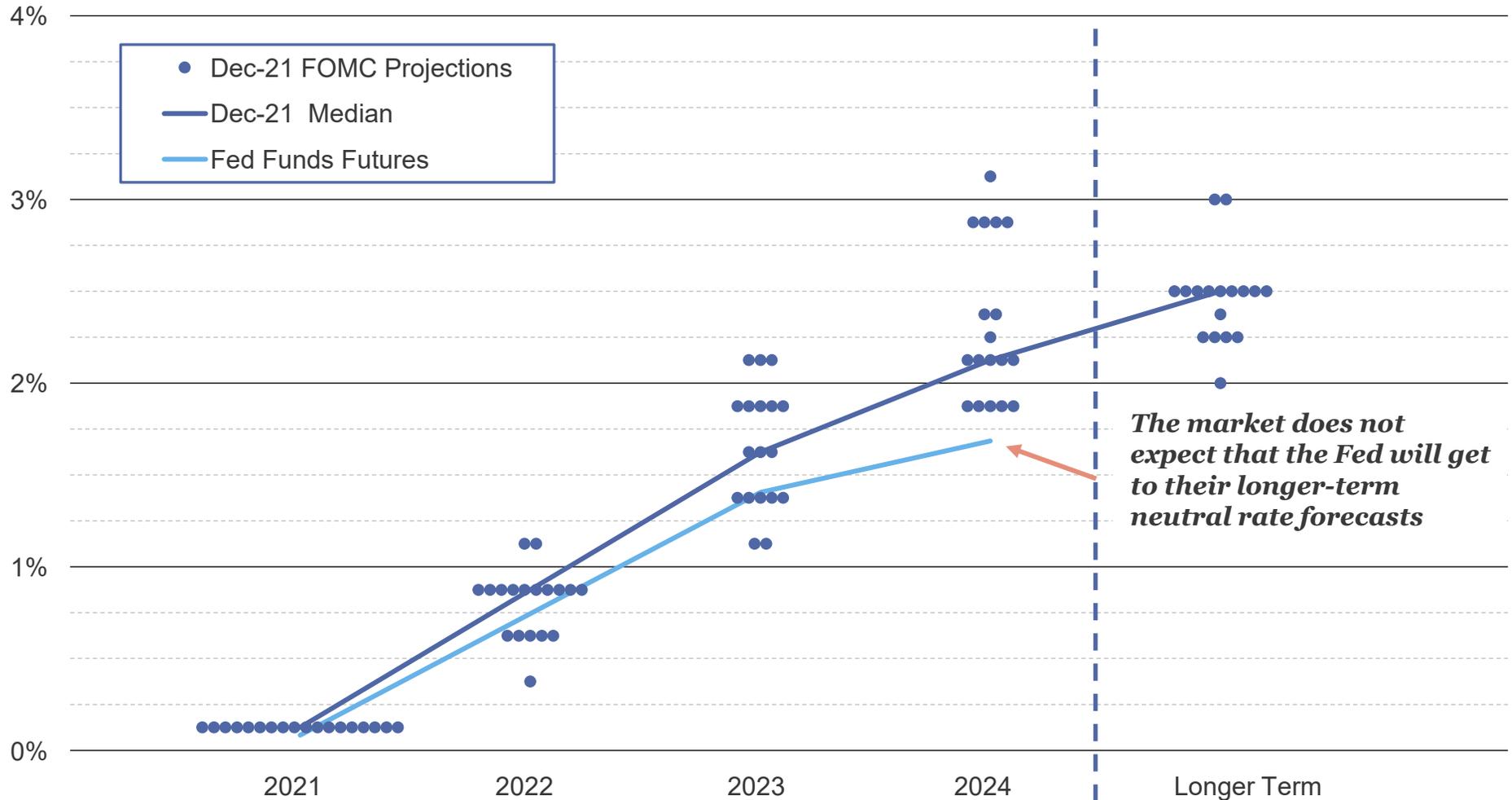
Economic Indicator	Pre-Pandemic	Pandemic Peak/Trough	Current
Unemployment Rate	3.6%	14.7%	3.9%
Labor Force Participation Rate (Total)	63.3%	60.2%	61.9%
Labor Force Participation Rate (Prime Age)	82.9%	79.9%	81.9%
Average Hourly Earnings Growth	2.9%	0.3%	4.7%
Job Opening Level	6.8 MM	4.6 MM	10.6 MM
Turnover 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.

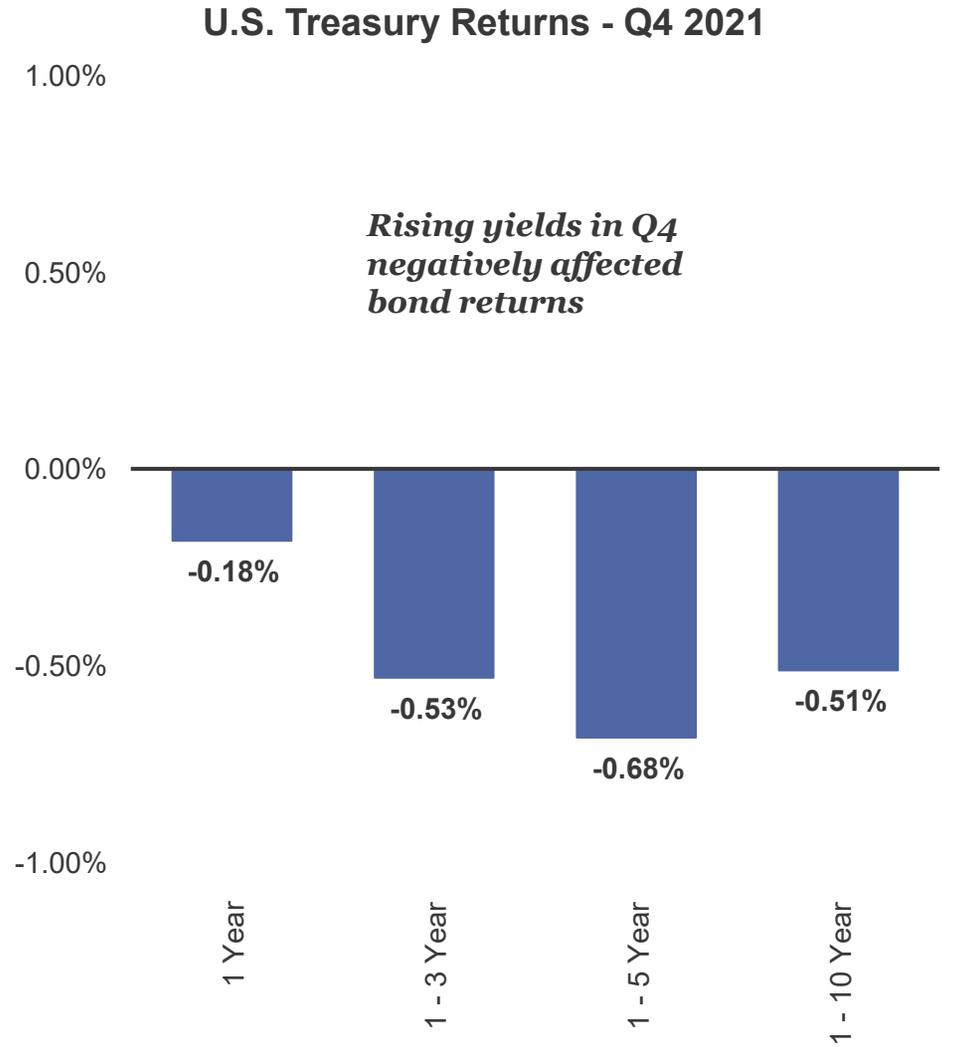
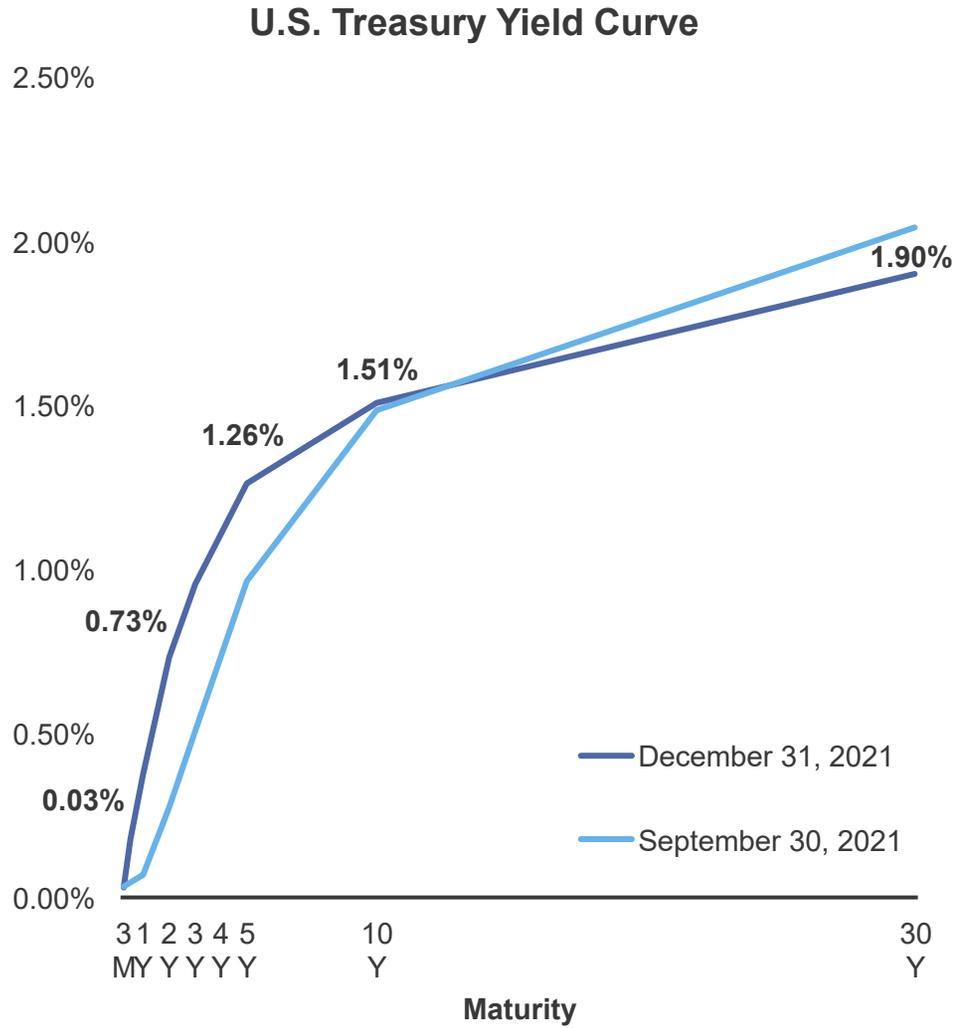
FOMC Accelerates Asset Purchase Tapering and Prepares for Rate Lift-off

Fed Participants' Assessments of 'Appropriate' Monetary Policy



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.

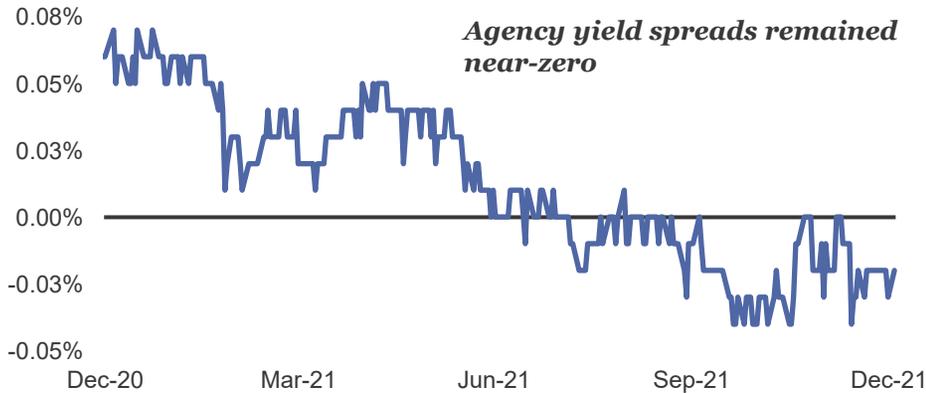
Impact of Curve Flattening on Performance



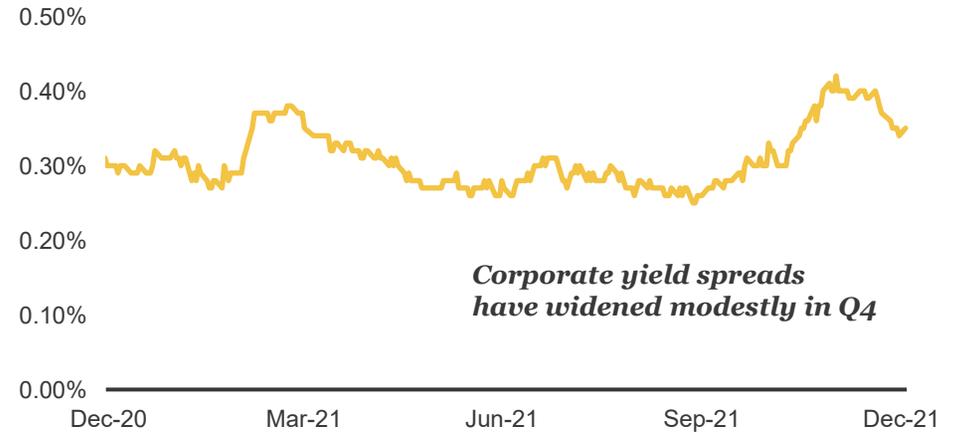
Source: Bloomberg, as of 12/31/2021.

Sector Yield Spreads Widened in Q4

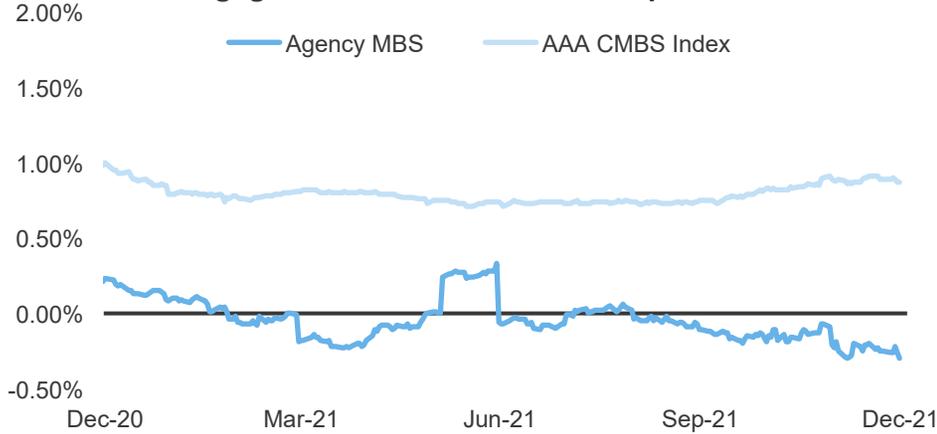
Federal Agency Yield Spreads



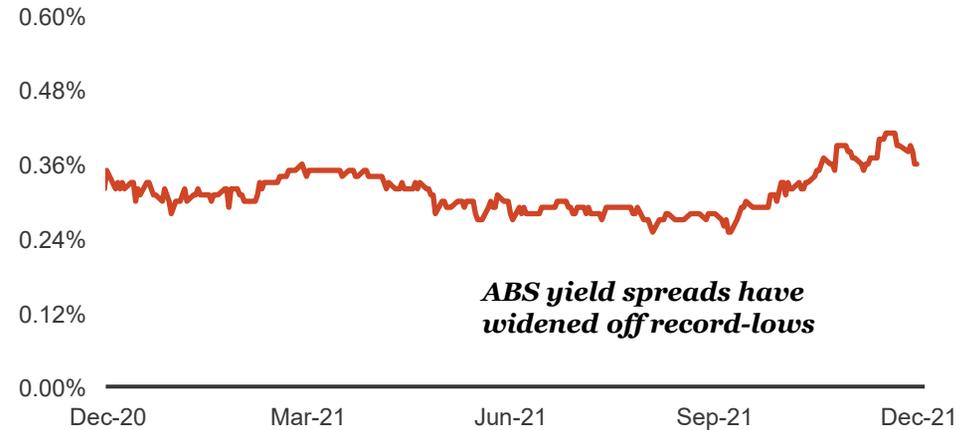
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads

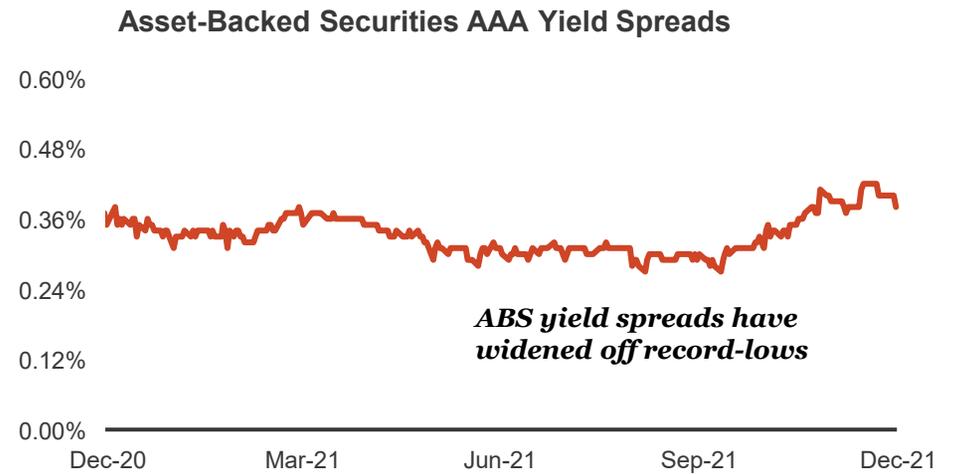
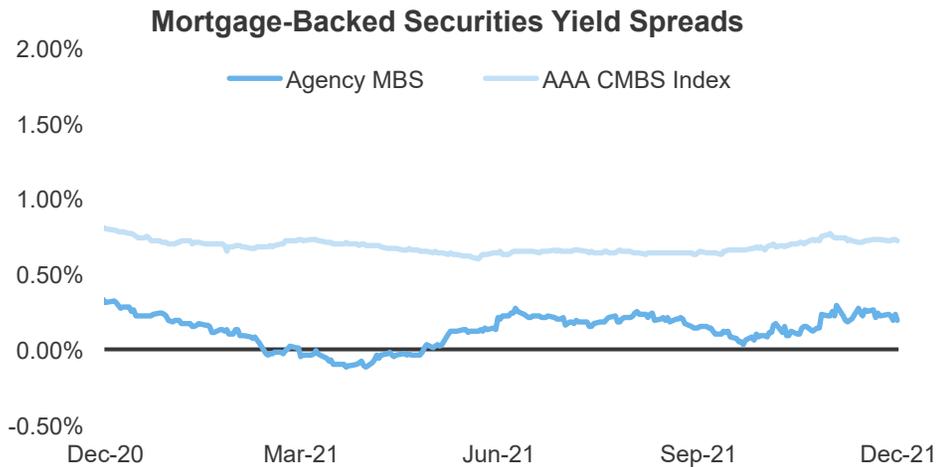
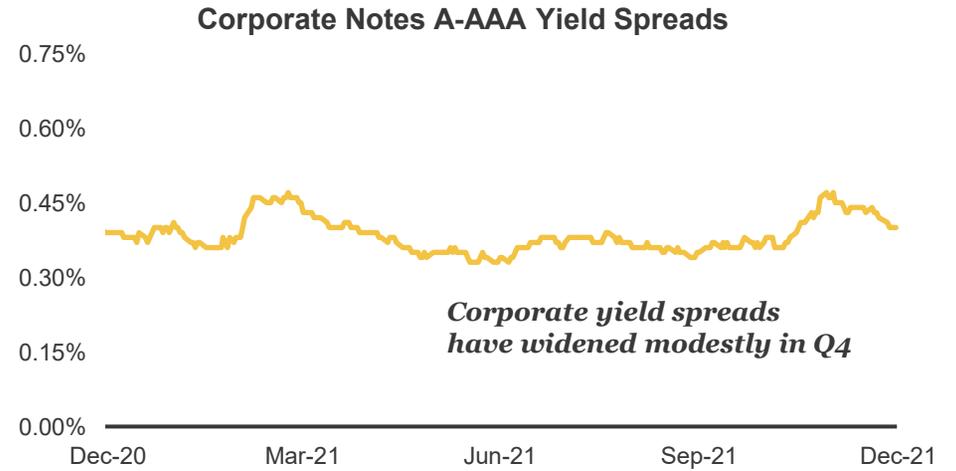
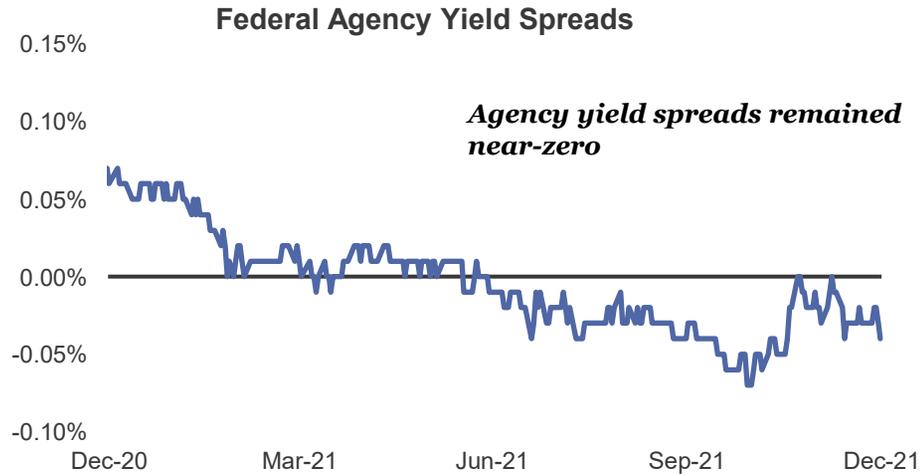


Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-3 year Indices via Bloomberg, MarketAxess and PFM as of 12/31/2021. Spreads on ABS and MBS are option-adjusted spreads of 0-3 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

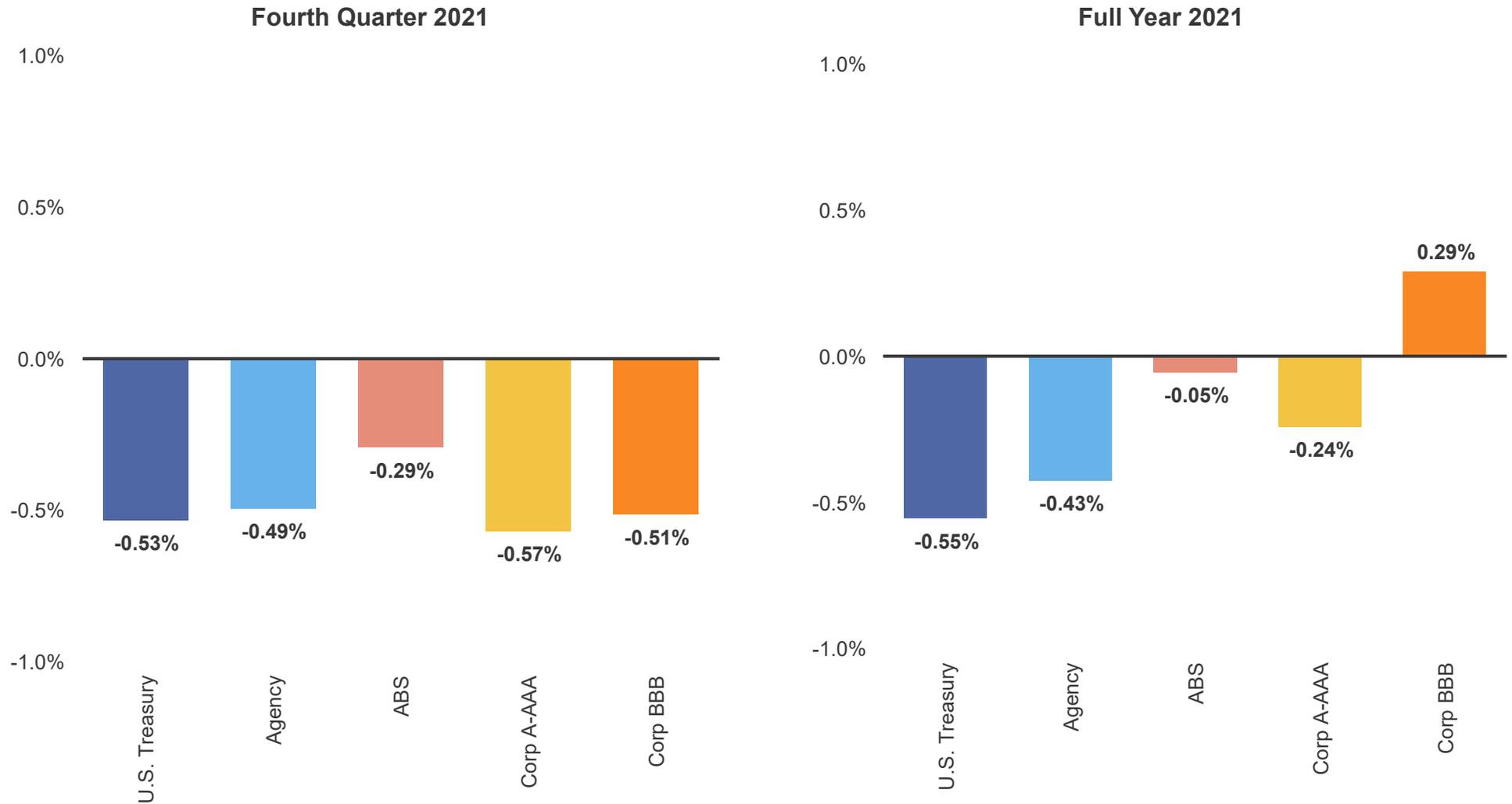
Sector Yield Spreads Widened in Q4



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 12/31/2021. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

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

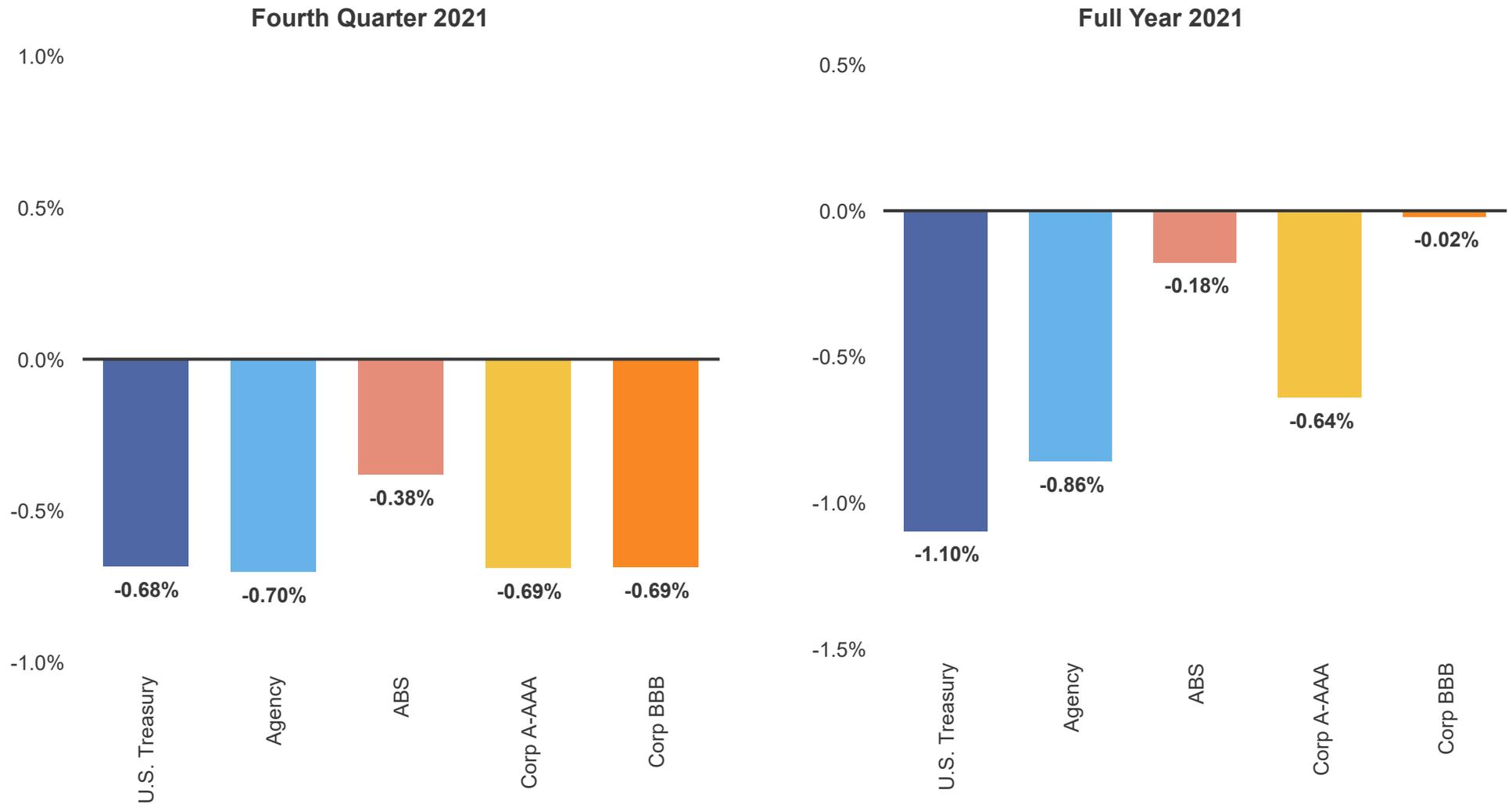
1-3 Year Indices



Source: ICE BofAML Indices. ABS indices are 0-3 year, based on weighted average life. As of 12/31/2021.

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

1-5 Year Indices



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

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	

● Current outlook

○ Outlook one quarter ago



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.

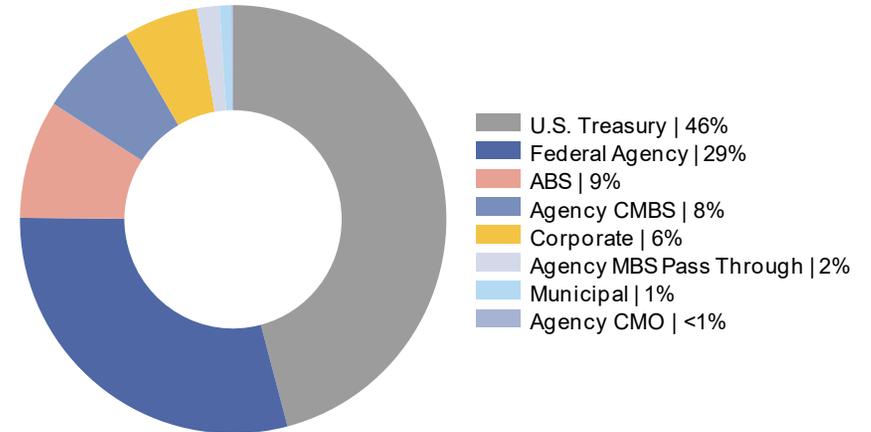
Account Summary

Consolidated Summary

Account Summary¹

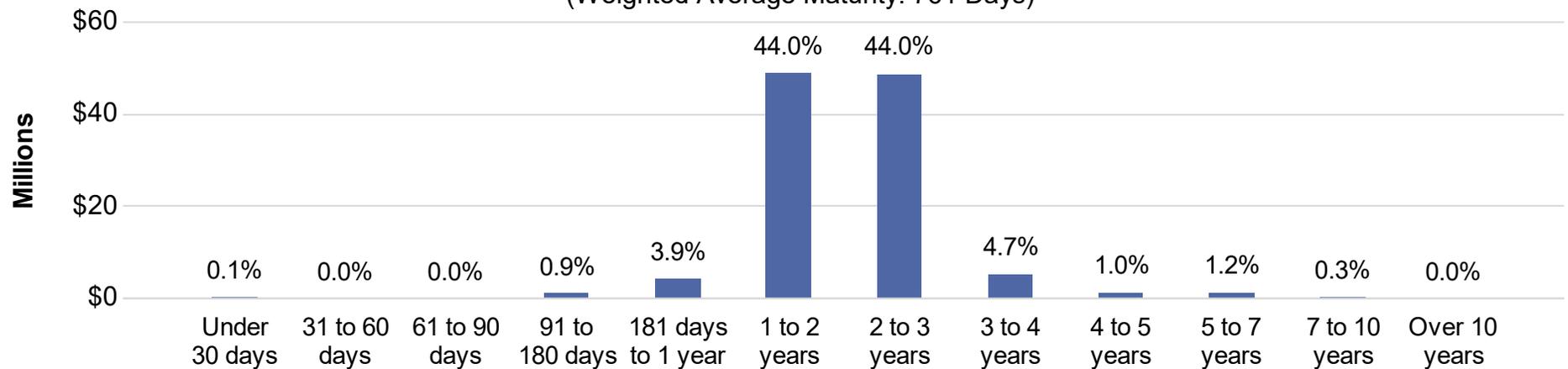
PFMAM Managed Account	\$110,936,183
Total Program	\$110,936,183

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 761 Days)



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

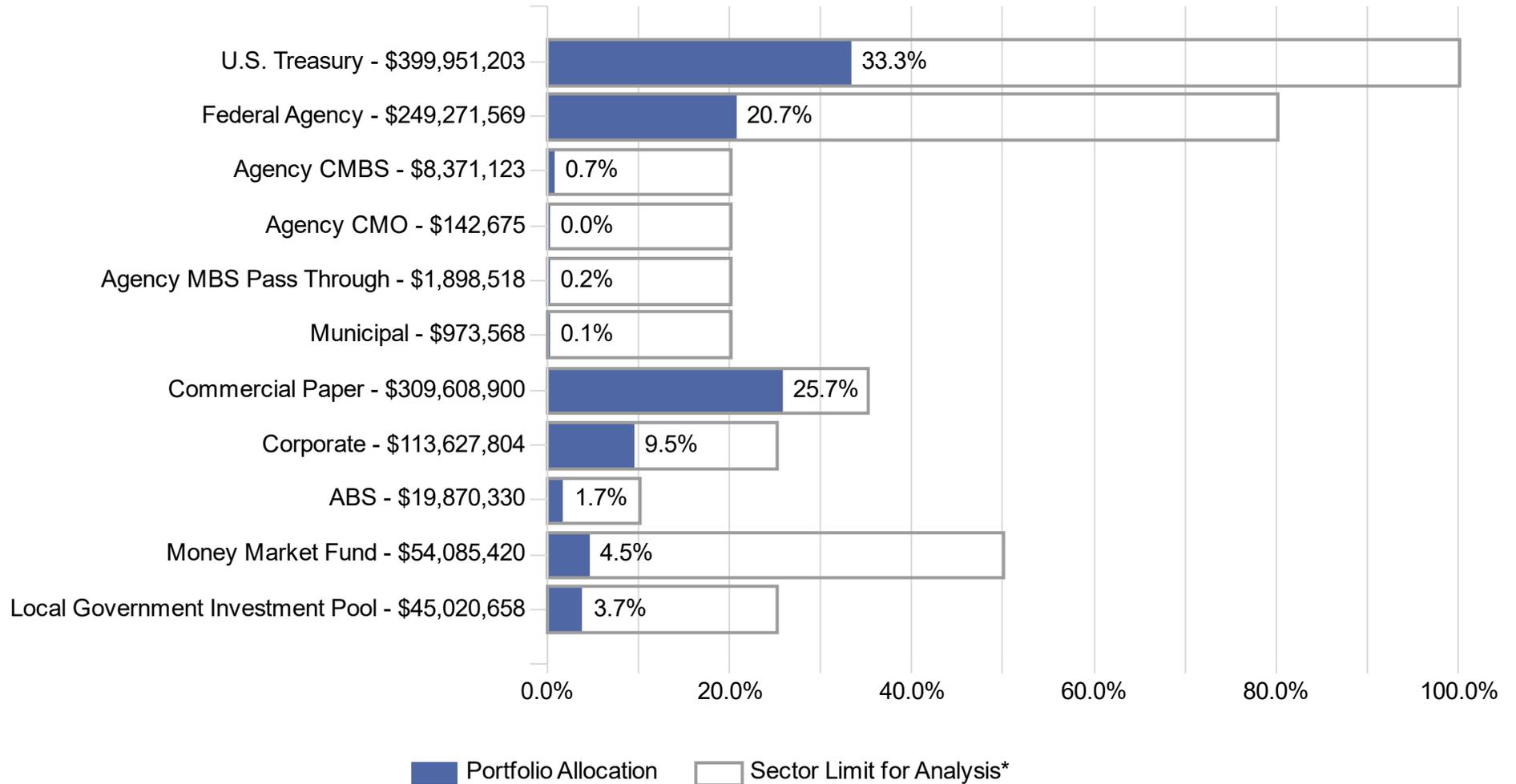
Account Summary

BROWARD SD LONG TERM OPER PORT 1-3 YR			
Portfolio Values	<u>December 31, 2021</u>	Analytics ¹	<u>December 31, 2021</u>
PFMAM Managed Account	\$108,312,213	Yield at Market	0.84%
Amortized Cost	\$108,819,728	Yield on Cost	0.60%
Market Value	\$108,312,213	Portfolio Duration	1.77
Accrued Interest	\$170,764		

BROWARD SD SELF INSURANCE PORT 1-5 YR			
Portfolio Values	<u>December 31, 2021</u>	Analytics ¹	<u>December 31, 2021</u>
PFMAM Managed Account	\$2,623,970	Yield at Market	0.95%
Amortized Cost	\$2,610,922	Yield on Cost	1.45%
Market Value	\$2,623,970	Portfolio Duration	2.43
Accrued Interest	\$7,623		

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	45.9%	
UNITED STATES TREASURY	45.9%	AA / Aaa / AAA
Federal Agency	29.2%	
FANNIE MAE	6.7%	AA / Aaa / AAA
FREDDIE MAC	22.6%	AA / Aaa / AAA
Agency CMBS	7.5%	
FANNIE MAE	0.2%	AA / Aaa / AAA
FREDDIE MAC	7.3%	AA / Aaa / AAA
Agency CMO	0.1%	
FREDDIE MAC	0.1%	AA / Aaa / AAA
Agency MBS Pass Through	1.7%	
FANNIE MAE	1.6%	AA / Aaa / AAA
FREDDIE MAC	0.1%	AA / Aaa / AAA
Municipal	0.9%	
CITY OF TAMPA	0.2%	AAA / Aaa / AAA
STATE OF MINNESOTA	0.7%	AAA / Aa / AAA
Corporate	5.7%	
APPLE INC	0.9%	AA / Aaa / NR
EXXON MOBIL CORP	0.1%	AA / Aa / NR
JOHNSON & JOHNSON	0.5%	AAA / Aaa / NR
MICROSOFT CORP	1.7%	AAA / Aaa / AAA
NESTLE SA	0.9%	AA / Aa / A
WAL-MART STORES INC	1.6%	AA / Aa / AA
ABS	9.0%	
AMERICAN EXPRESS CO	0.6%	NR / Aaa / AAA
BMW FINANCIAL SERVICES NA LLC	0.4%	AAA / Aaa / AAA
BMW VEHICLE OWNER TRUST	0.2%	AAA / NR / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
ABS	9.0%	
CAPITAL ONE FINANCIAL CORP	1.3%	AAA / Aaa / AAA
CARMAX AUTO OWNER TRUST	0.7%	AAA / NR / AAA
CNH EQUIPMENT TRUST	0.3%	AAA / Aaa / AAA
DISCOVER FINANCIAL SERVICES	0.6%	NR / Aaa / AAA
GM FINANCIAL CONSUMER AUTOMOBILE TRUST	0.1%	AAA / Aaa / AAA
GM FINANCIAL LEASINGTRUST	0.6%	AAA / Aaa / AAA
HARLEY-DAVIDSON MOTORCYCLE TRUST	0.1%	NR / Aaa / AAA
HONDA AUTO RECEIVABLES	0.9%	AAA / Aaa / AAA
HYUNDAI AUTO LEASE SECURITIZATION TRUST	0.5%	AAA / Aaa / NR
HYUNDAI AUTO RECEIVABLES	0.7%	AAA / NR / AAA
JOHN DEERE OWNER TRUST	0.5%	NR / Aaa / AAA
MERCEDES-BENZ AUTO LEASE TRUST	0.1%	AAA / NR / AAA
MERCEDES-BENZ AUTO RECEIVABLES	0.2%	AAA / NR / AAA
NISSAN AUTO LEASE TRUST	0.2%	AAA / Aaa / NR
Toyota Lease Owner Trust	0.3%	AAA / Aaa / NR
TOYOTA MOTOR CORP	0.2%	AAA / Aaa / NR
VERIZON OWNER TRUST	0.3%	NR / Aaa / AAA
WORLD OMNI AUTO REC TRUST	0.2%	AAA / NR / 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.

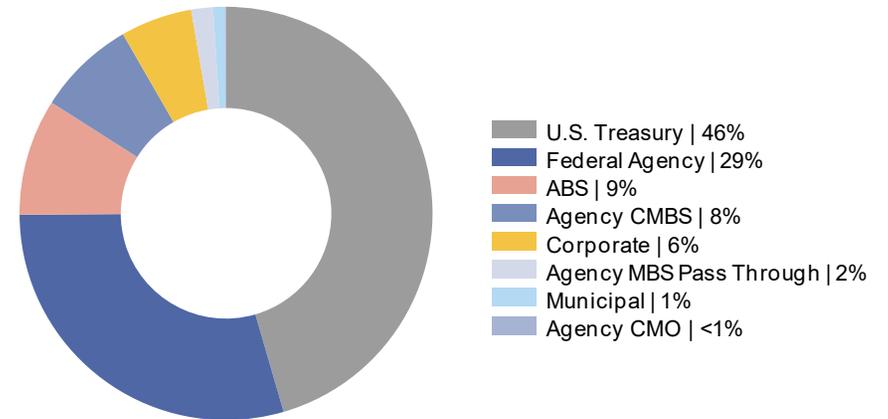
Portfolio Review:
BROWARD SD LONG TERM OPER PORT 1-3 YR

Portfolio Snapshot - BROWARD SD LONG TERM OPER PORT 1-3 YR¹

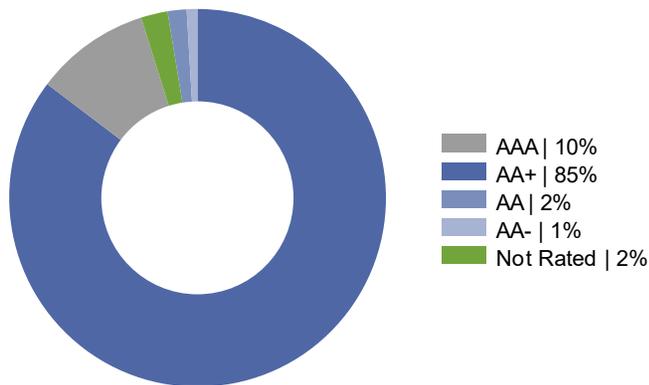
Portfolio Statistics

Total Market Value	\$108,482,976.93
Portfolio Effective Duration	1.77 years
Benchmark Effective Duration	1.81 years
Yield At Cost	0.60%
Yield At Market	0.84%
Portfolio Credit Quality	AA

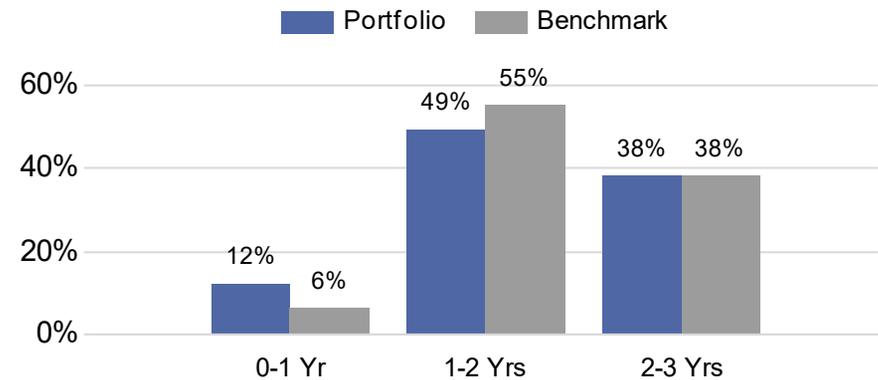
Sector Allocation



Credit Quality - S&P



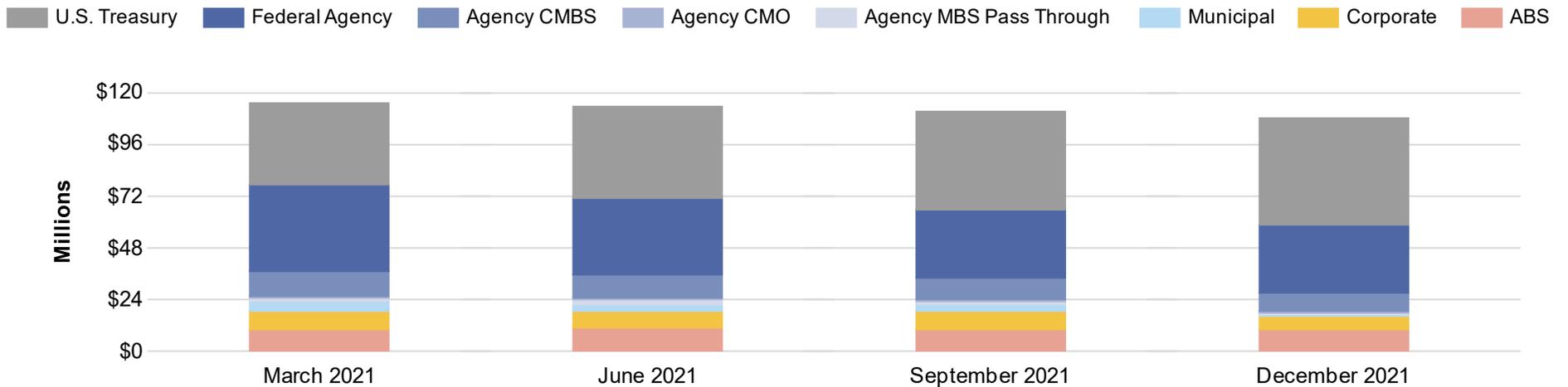
Duration Distribution



1. The portfolio's benchmark is currently the ICE BofAML 1-3 Year U.S Government Index. Prior to 6/30/07 it was the ICE BofAML 1-3 Year U.S Treasury Index. Source: Bloomberg. 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 - BROWARD SD LONG TERM OPER PORT 1-3 YR

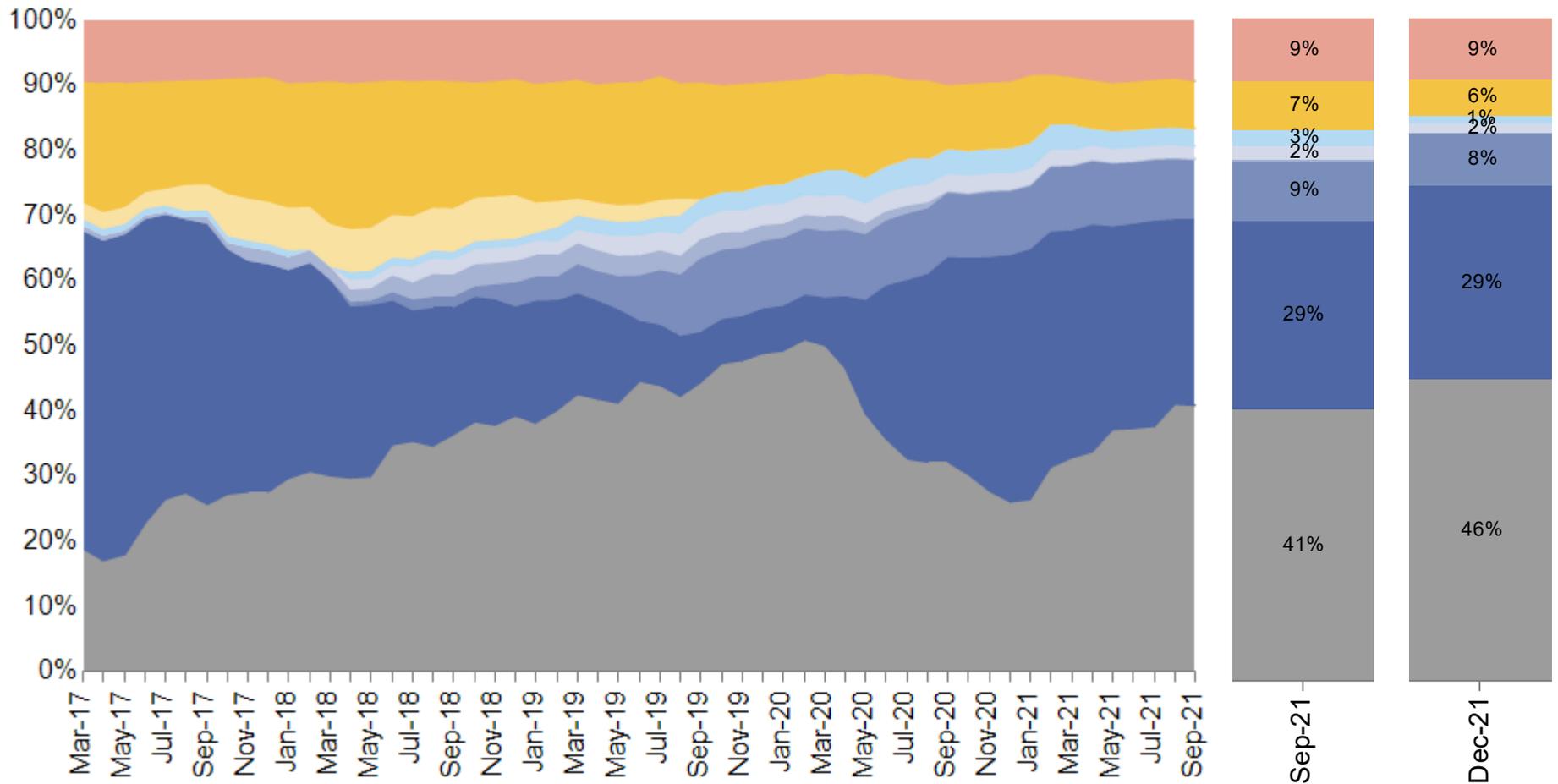
Security Type	Mar-21	% of Total	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total
U.S. Treasury	\$38.0	32.9%	\$42.6	37.4%	\$45.7	40.9%	\$49.3	45.5%
Federal Agency	\$40.3	35.0%	\$35.8	31.5%	\$32.0	28.7%	\$31.8	29.4%
Agency CMBS	\$11.3	9.8%	\$10.7	9.4%	\$10.2	9.1%	\$8.3	7.7%
Agency CMO	\$0.2	0.2%	\$0.2	0.2%	\$0.2	0.1%	\$0.1	0.1%
Agency MBS Pass Through	\$2.7	2.3%	\$2.4	2.1%	\$2.1	1.9%	\$1.9	1.7%
Municipal	\$4.5	3.9%	\$3.0	2.7%	\$3.0	2.7%	\$1.0	0.9%
Corporate	\$8.5	7.3%	\$8.4	7.4%	\$8.2	7.3%	\$6.0	5.6%
ABS	\$10.0	8.6%	\$10.5	9.3%	\$10.4	9.3%	\$9.9	9.1%
Total	\$115.3	100.0%	\$113.5	100.0%	\$111.8	100.0%	\$108.3	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.

Historical Sector Allocation - BROWARD SD LONG TERM OPER PORT 1-3 YR

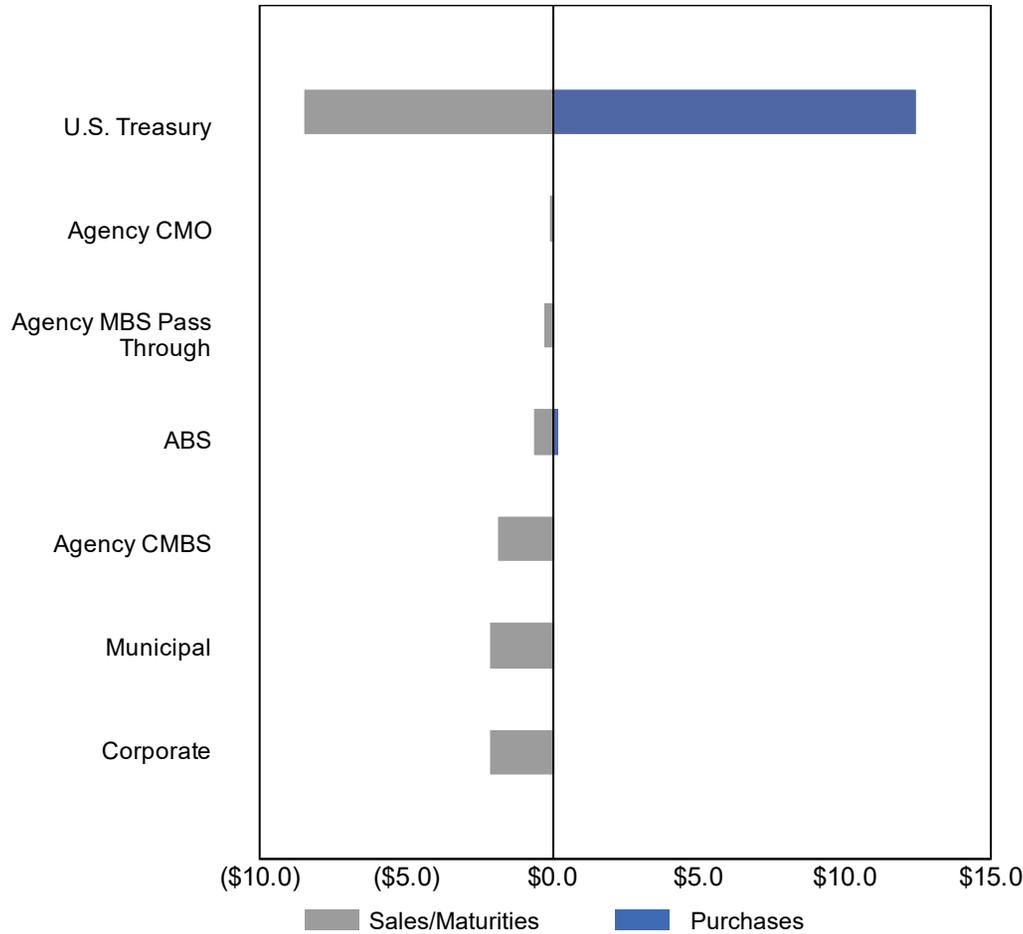
U.S. Treasury
 Agency CMBS
 Agency MBS Pass Through
 Municipal
 Commercial Paper
 Corporate
 ABS
 Federal Agency
 Agency CMO



Only includes investments held within the separately managed account(s).

Portfolio Activity - BROWARD SD LONG TERM OPER PORT 1-3 YR

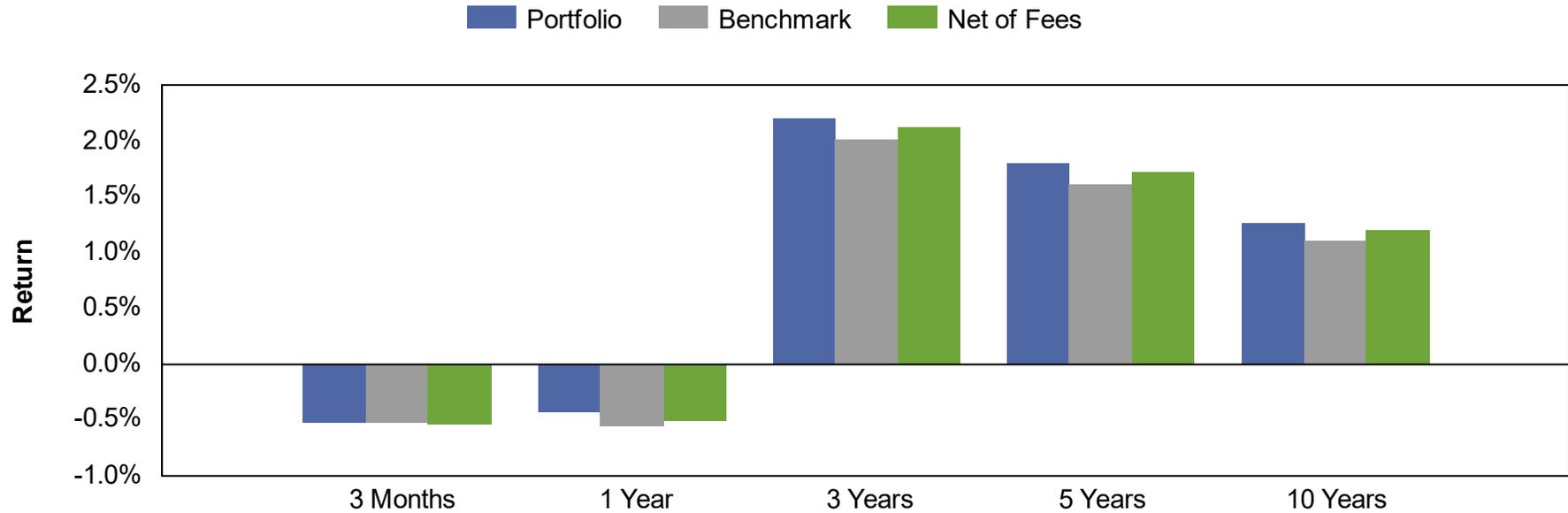
Net Activity by Sector
(\$ millions)



Sector	Net Activity
U.S. Treasury	\$4,009,945
Agency CMO	(\$15,038)
Agency MBS Pass Through	(\$208,648)
ABS	(\$447,068)
Agency CMBS	(\$1,839,716)
Municipal	(\$2,057,844)
Corporate	(\$2,072,301)
Total Net Activity	(\$2,630,670)

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

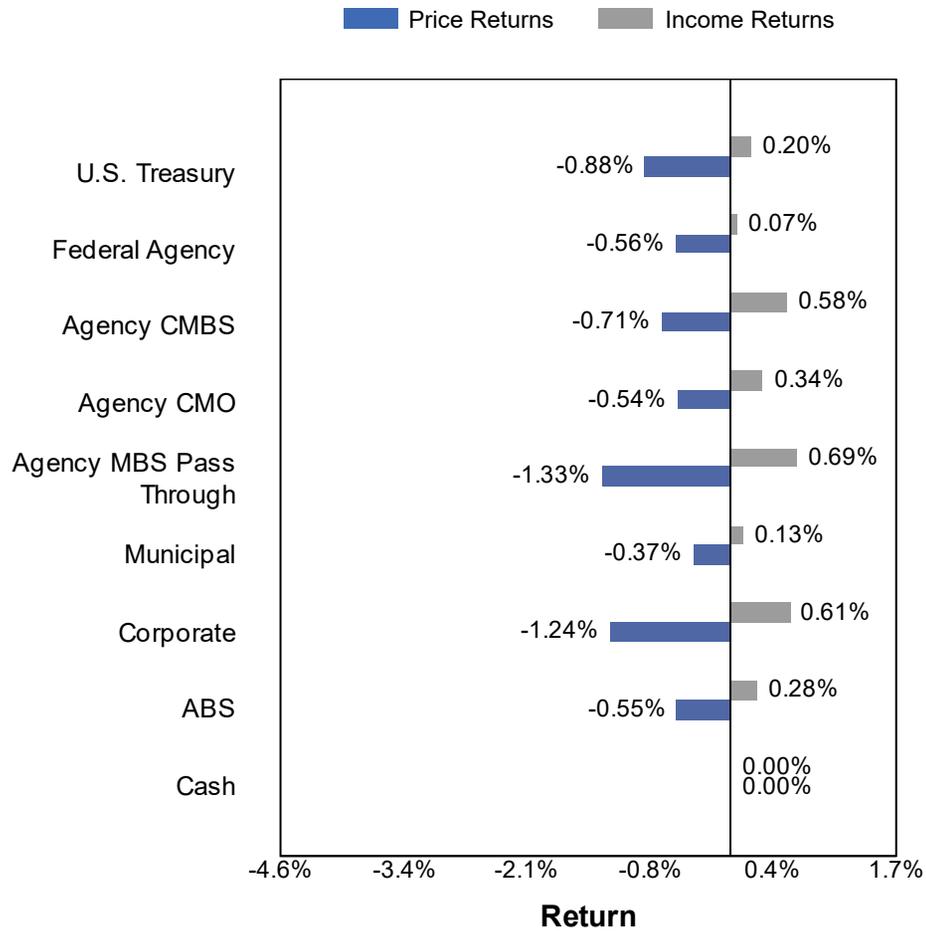


Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years
Interest Earned ²	\$257,845	\$1,260,745	\$4,685,784	\$6,663,452	\$10,238,659
Change in Market Value	(\$844,762)	(\$1,735,192)	\$362,494	\$34,396	(\$829,090)
Total Dollar Return	(\$586,917)	(\$474,447)	\$5,048,279	\$6,697,849	\$9,409,568
Total Return³					
Portfolio	-0.53%	-0.43%	2.20%	1.80%	1.27%
Benchmark ⁴	-0.53%	-0.55%	2.01%	1.61%	1.10%
Basis Point Fee	0.02%	0.08%	0.08%	0.07%	0.06%
Net of Fee Return	-0.55%	-0.51%	2.13%	1.73%	1.21%

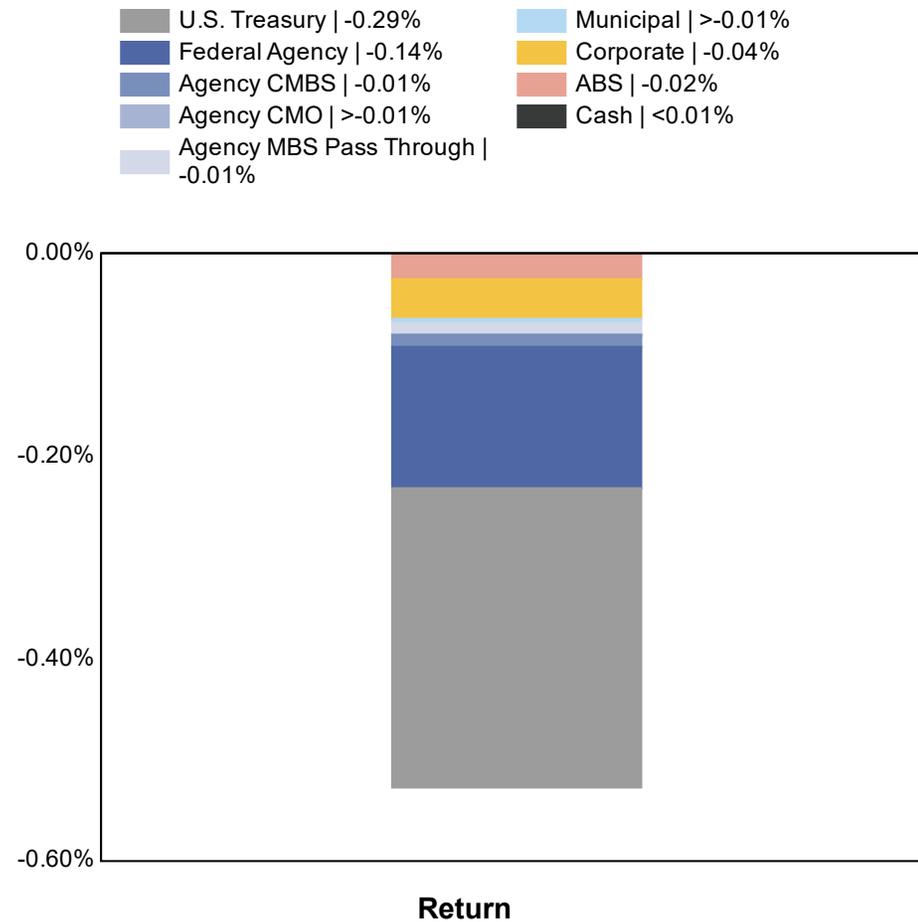
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2007.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns 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 currently the ICE BofAML 1-3 Year U.S Government Index. Prior to 6/30/07 it was the ICE BofAML 1-3 Year U.S Treasury Index. Source: Bloomberg.

Quarterly Sector Performance

Total Return by Sector

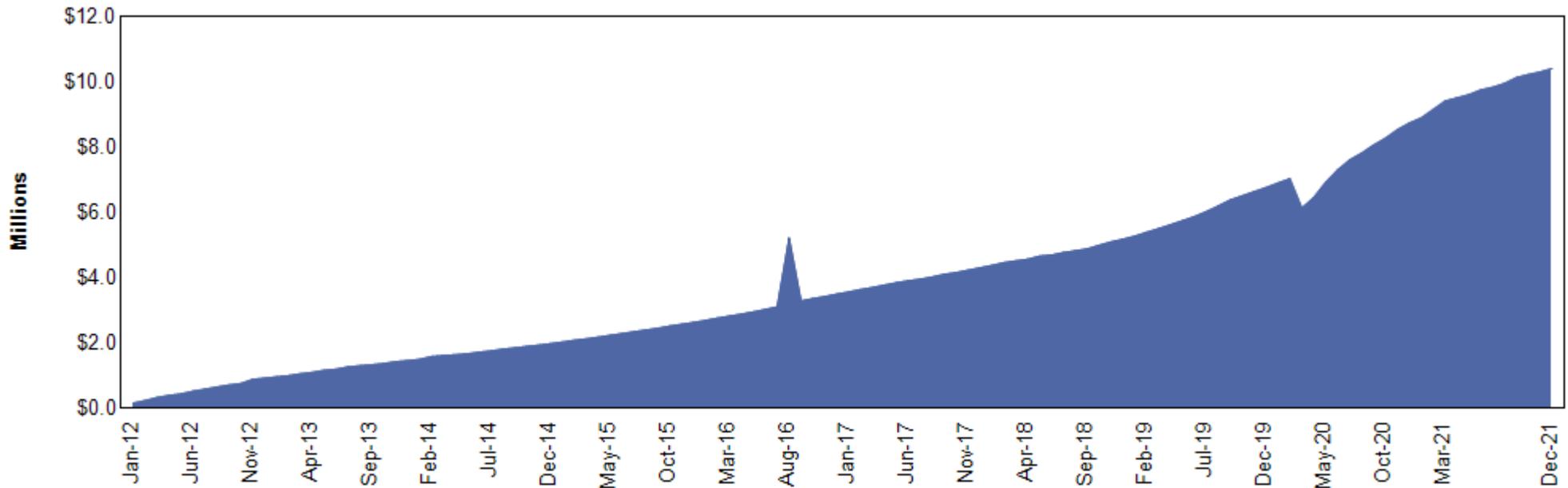


Contribution to Total Return



1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Income returns calculated as interest earned on investments during the period.
3. Price returns calculated as the change in market value of each security for the period.
4. Returns are presented on a periodic basis.

Accrual Basis Earnings - BROWARD SD LONG TERM OPER PORT 1-3 YR



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year
Interest Earned	\$257,845	\$1,260,745	\$4,685,784	\$6,663,452	\$10,238,659
Realized Gains / (Losses)	\$96,398	\$686,335	\$1,836,226	\$1,356,775	\$2,171,998
Change in Amortized Cost	(\$77,791)	(\$276,760)	(\$1,297,054)	(\$1,114,581)	(\$2,001,842)
Total Earnings	\$276,453	\$1,670,320	\$5,224,956	\$6,905,646	\$10,408,815

1. The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2007.
 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.

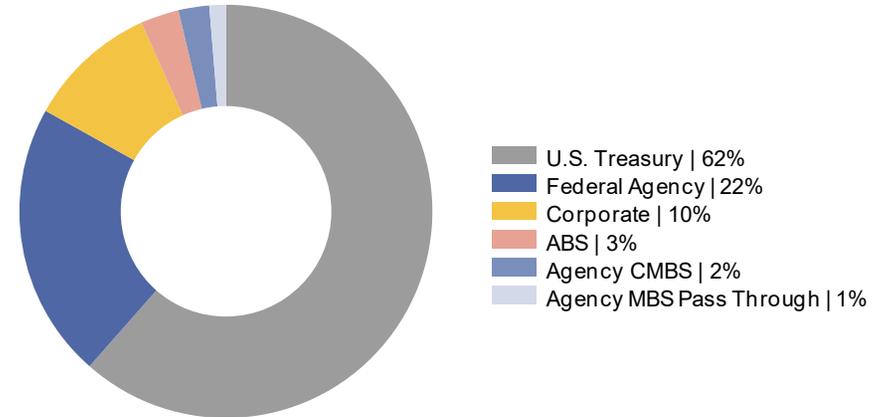
Portfolio Review:
BROWARD SD SELF INSURANCE PORT 1-5 YR

Portfolio Snapshot - BROWARD SD SELF INSURANCE PORT 1-5 YR¹

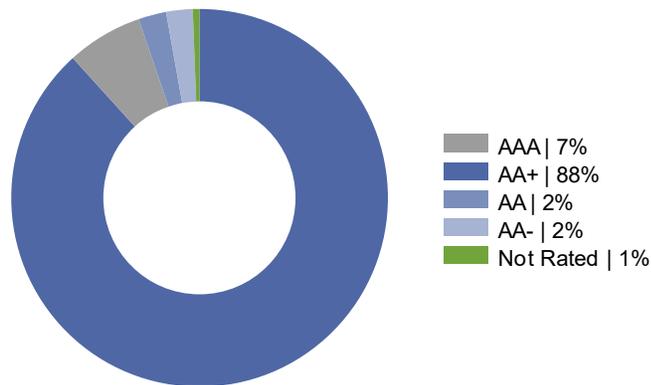
Portfolio Statistics

Total Market Value	\$2,631,593.51
Portfolio Effective Duration	2.43 years
Benchmark Effective Duration	2.57 years
Yield At Cost	1.45%
Yield At Market	0.95%
Portfolio Credit Quality	AA

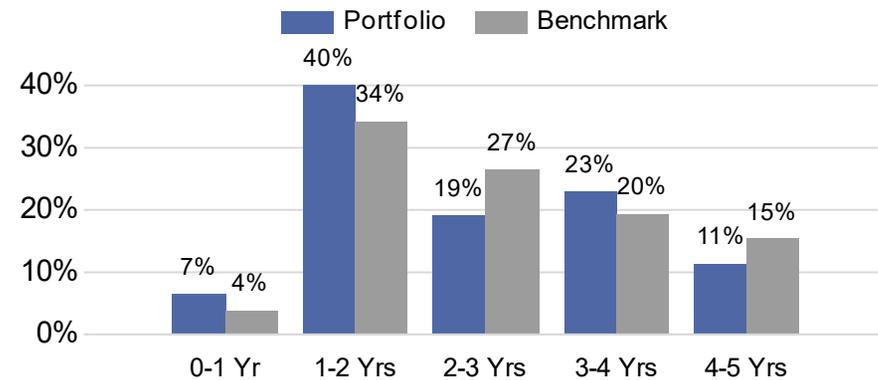
Sector Allocation



Credit Quality - S&P



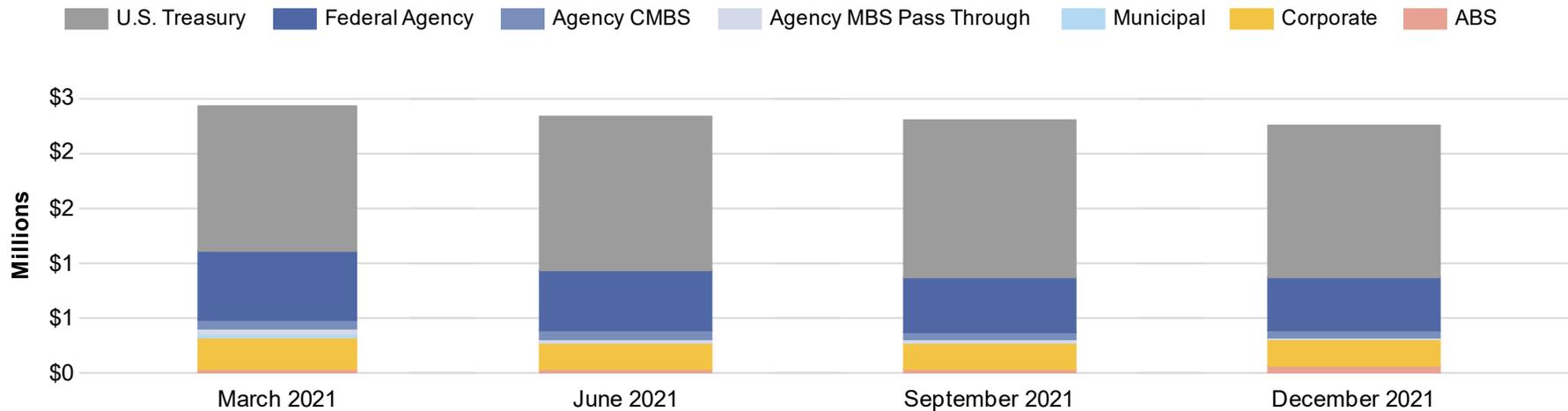
Duration Distribution



1. The portfolio's benchmark is currently the ICE BofAML 1-5 Year U.S Government Index. Prior to 6/30/17 it was the ICE BofAML 1-5 Year U.S Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

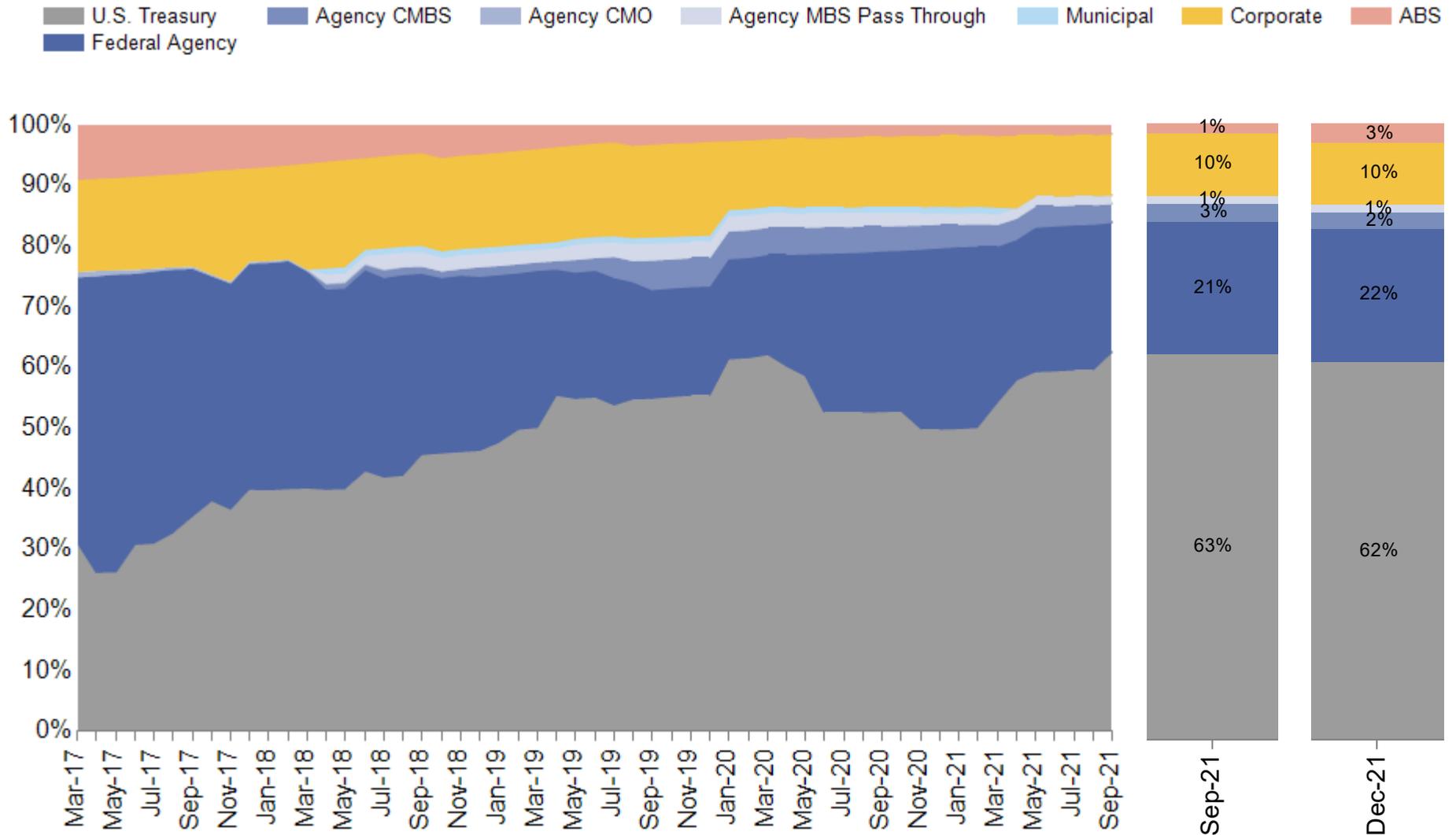
Sector Allocation Review - BROWARD SD SELF INSURANCE PORT 1-5 YR

Security Type	Mar-21	% of Total	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total
U.S. Treasury	\$1.5	54.4%	\$1.6	59.5%	\$1.7	62.6%	\$1.6	61.5%
Federal Agency	\$0.7	25.7%	\$0.6	23.9%	\$0.6	21.4%	\$0.6	21.6%
Agency CMBS	\$0.1	3.6%	\$0.1	3.3%	\$0.1	3.1%	\$0.1	2.4%
Agency MBS Pass Through	\$0.0	1.7%	\$0.0	1.6%	\$0.0	1.4%	\$0.0	1.3%
Municipal	\$0.0	1.1%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Corporate	\$0.3	11.8%	\$0.3	10.1%	\$0.3	10.1%	\$0.3	10.2%
ABS	\$0.0	1.7%	\$0.0	1.6%	\$0.0	1.4%	\$0.1	3.0%
Total	\$2.8	100.0%	\$2.7	100.0%	\$2.7	100.0%	\$2.6	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.

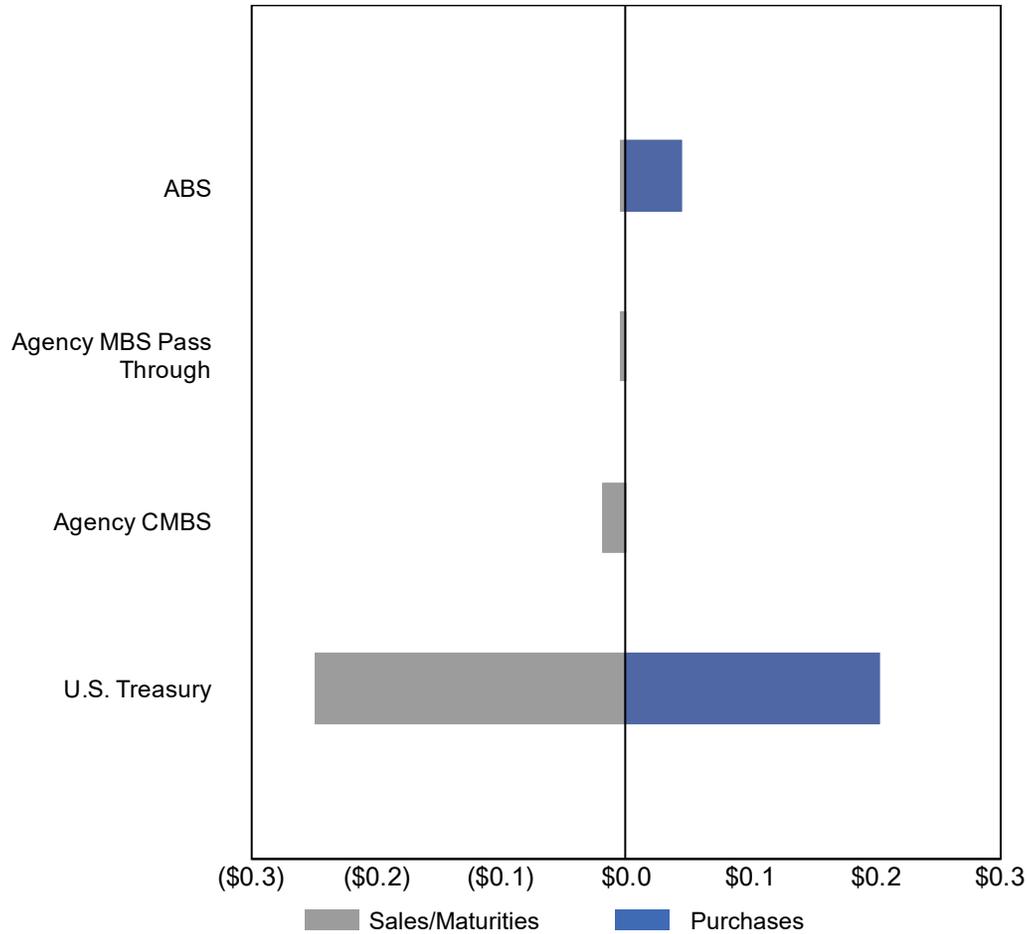
Historical Sector Allocation - BROWARD SD SELF INSURANCE PORT 1-5 YR



Only includes investments held within the separately managed account(s).

Portfolio Activity - BROWARD SD SELF INSURANCE PORT 1-5 YR

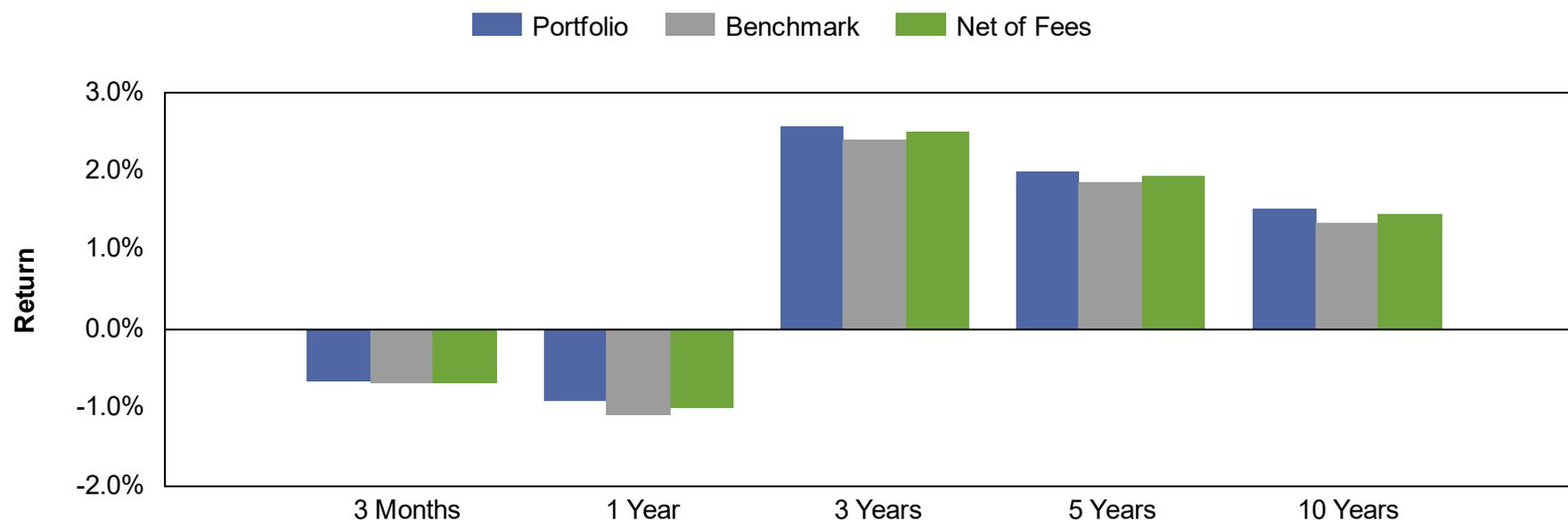
Net Activity by Sector
(\$ millions)



Sector	Net Activity
ABS	\$41,989
Agency MBS Pass Through	(\$3,847)
Agency CMBS	(\$18,469)
U.S. Treasury	(\$45,421)
Total Net Activity	(\$25,749)

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

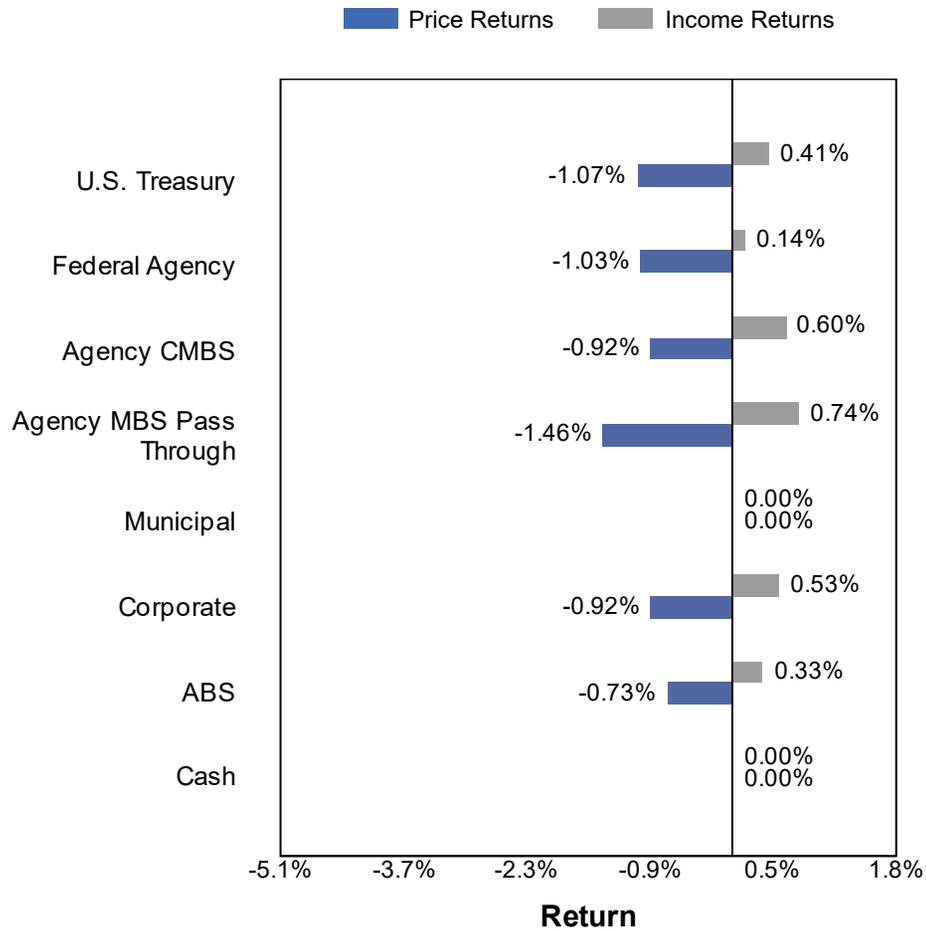


Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years
Interest Earned ²	\$9,800	\$43,989	\$166,085	\$271,106	\$532,301
Change in Market Value	(\$27,801)	(\$68,997)	\$62,126	\$28,645	(\$49,006)
Total Dollar Return	(\$18,001)	(\$25,008)	\$228,211	\$299,751	\$483,295
Total Return³					
Portfolio	-0.67%	-0.92%	2.57%	2.01%	1.52%
Benchmark ⁴	-0.68%	-1.09%	2.41%	1.88%	1.35%
Basis Point Fee	0.02%	0.08%	0.07%	0.07%	0.06%
Net of Fee Return	-0.69%	-1.00%	2.50%	1.94%	1.47%

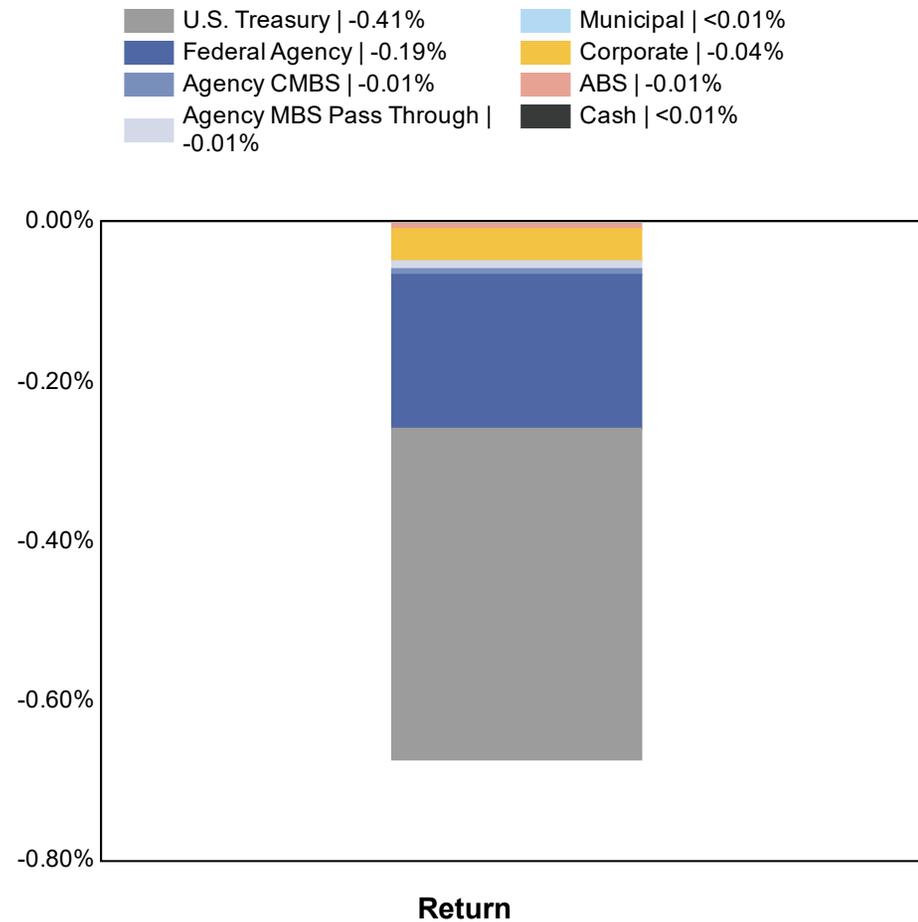
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2006.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns 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 currently the ICE BofAML 1-5 Year U.S Government Index. Prior to 6/30/17 it was the ICE BofAML 1-5 Year U.S Treasury Index. Source: Bloomberg.

Quarterly Sector Performance

Total Return by Sector

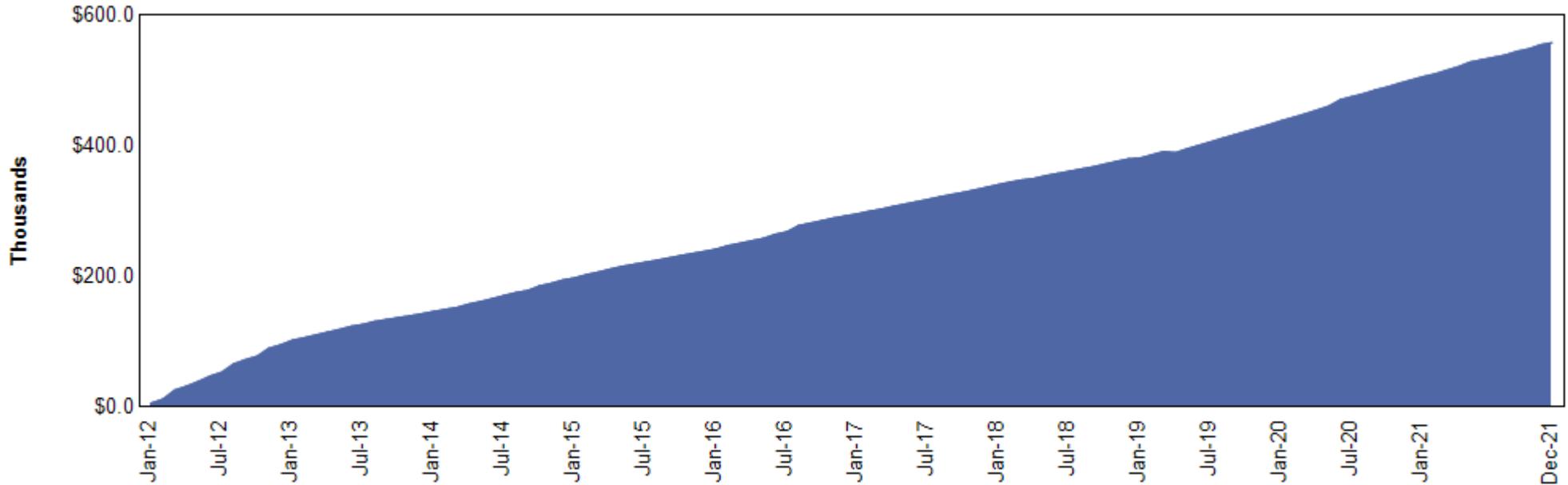


Contribution to Total Return



1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Income returns calculated as interest earned on investments during the period.
3. Price returns calculated as the change in market value of each security for the period.
4. Returns are presented on a periodic basis.

Accrual Basis Earnings - BROWARD SD SELF INSURANCE PORT 1-5 YR



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year
Interest Earned	\$9,800	\$43,989	\$166,085	\$271,106	\$532,301
Realized Gains / (Losses)	\$3,599	\$13,890	\$14,448	\$3,767	\$70,120
Change in Amortized Cost	(\$183)	(\$617)	(\$2,607)	(\$9,944)	(\$44,787)
Total Earnings	\$13,216	\$57,262	\$177,926	\$264,929	\$557,634

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2006.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Realized gains / (losses) are shown on an amortized cost basis.

Important Disclosures

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

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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 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.