



Southern Illinois University

Quarterly Investment Report
March 31, 2019

Market Update

SUMMARY

- U.S. economic conditions are characterized by: (1) moderating gross domestic product (GDP) growth, as the impact of fiscal stimulus wanes; (2) continued strength in the labor market, with a low unemployment rate of 3.8%; (3) improving conditions in the housing market, as mortgage rates have fallen and home price increases have moderated; and (4) potential imbalances, including a growing budget deficit, trade deficit, trade tensions, and challenges over border security funding.
- As abrupt as the widespread risk-off sentiment was that enveloped the final three months of 2018, so too was the rebound to kick off 2019. Equity markets, credit spreads, and volatility all ended the quarter at about where they were six months ago.
- The strength and resiliency of the U.S. economy and capital markets were seemingly overshadowed by international affairs. Dominating the front page were the longest government shutdown in U.S. history, lingering U.S.-China trade disputes, and an increasingly awkward Brexit. Forecasts for global growth continue to be revised lower.
- The Federal Reserve (Fed) left the federal funds target range unchanged at 2.25% to 2.50%. The Fed remains “on hold” while assessing global economic and financial developments and muted inflation pressures to determine what future adjustments to rates might be warranted. This stance shifted the market-implied probability for the next Fed move to be a rate cut rather than a rate hike.
- The S&P 500 Index rebounded strongly in the first quarter, generating a total return of 13.6% – the strongest start to a year since 1998. International indices generally were just as strong in local currencies; however, a modestly stronger dollar muted performance in U.S. dollar terms.

ECONOMIC SNAPSHOT

- Real GDP in the U.S. moderated to an annualized rate of 2.2% in the fourth quarter, following strong second quarter and third quarter figures of 4.2% and 3.4%, respectively. Growth of 3.0% for the year was the strongest calendar year since 2005.
- Strength in the labor market persists, reflected in a low unemployment rate, strong job growth, and jobless claims near multi-decade lows. Over the quarter, non-farm payrolls increased 541,000, below the 2018 quarterly average of 670,000, due largely to the weak February figure impacted by the government shutdown. The unemployment rate ended the quarter at 3.8%, while wage growth moderated a bit.
- U.S. inflation remained in the Fed's comfort zone as they aim to safeguard against runaway inflation, a risk that has yet to appear. Many gauges of price increases remain near the Fed's 2.0% target.

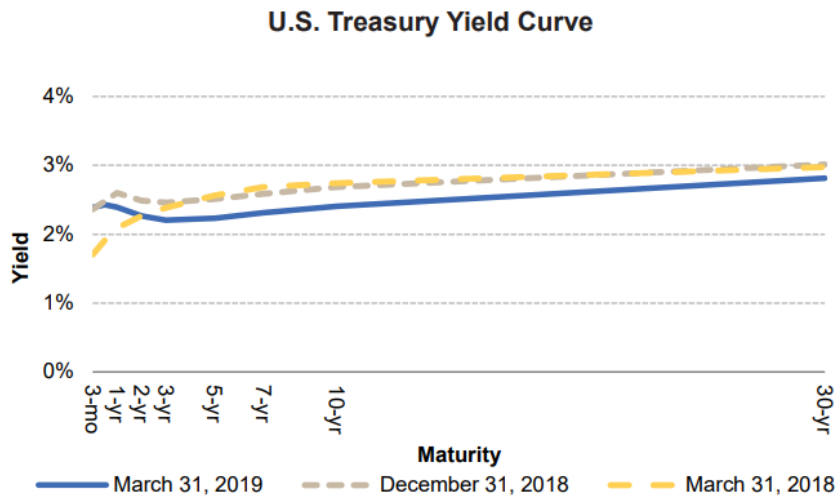
OUTLOOK

- Boosted by lower mortgage rates and slowing home price appreciation, housing sales have rebounded after waning for much of 2018. Manufacturing and consumer confidence gauges remained positive but have recently tapered. While consumer sentiment remains very high, the difference between future and current assessments of economic conditions indicates consumers are less optimistic about the future.
- In short-term markets, money market investors continue to reap the benefits of overnight yields at a decade high. Although yields on short-term commercial paper and bank CDs moderated with the outlook for a patient Fed, yields remain attractive relative to those on short, or even intermediate-term, government securities.

Market Update

INTEREST RATES

- U.S. Treasury yields fell and the yield curve continued to flatten throughout the quarter as maturities beyond one year declined 20-30 basis points (bps) (0.20% to 0.30%). At quarter-end, the yield on a 3-Month Treasury bill stood at 2.38%, the 5-Year note was 2.23%, and the 10-Year note yielded 2.41%.
- For a brief, week-long stint just ahead of quarter-end, the yield spread between 3-Month and 10-Year Treasuries turned negative. Despite the historical interpretation as a recession indicator, other measures of market and economic conditions – such as credit spreads and jobless claims – don't portend a recession near-term.
- The rally in yields during the first quarter generated strong absolute returns for the majority of bond indices, with longer maturities outperforming shorter ones. For example, the 3-Month Treasury Bill Index generated 0.60% of total return, while the 5-Year and 10-Year Treasury Indices returned 1.88% and 3.10%, respectively.



Source: Bloomberg, as of 3/31/2019.

SECTOR PERFORMANCE

- Absolute returns were strong across the board in the first quarter. Diversification in non-Treasury sectors boosted returns, as most sectors tightened from the wider spreads experienced toward the end of 2018.
- Federal agency spreads stayed narrow during the first quarter – less than 5 bps for maturities inside of five years. However, the modest incremental yield relative to Treasuries generated slightly positive excess returns for the quarter. Callable structures slightly underperformed non-callable counterparts of similar maturity due to falling rates. Longer agency indices outperformed shorter indices on an absolute and excess return basis.
- Supranationals also performed well due to modestly higher incremental income and narrowing yield spreads. They can serve as a diversifier for government securities.
- Investment-grade (IG) corporates were one of the best performing fixed income sectors. With falling yields and narrowing yield spreads, longer durations and lower credit quality ruled the day, both on an absolute and excess return basis. By industry, energy and communications led, with utilities and consumer non-cyclicals lagging.
- With the market's "risk on" reversal in the first quarter, mortgage-backed securities (MBS) – regardless of structure, coupon, and collateral type – generated positive excess returns. Agency-backed commercial mortgage-backed securities (CMBS) outperformed the majority of other agency-backed securitized investments.

Summary of Operating Investments

Summary of Operating Investments

Market Value (\$ in millions)*

	3/31/2019
Illinois Funds	\$ 74.0
US Bank Commercial Paper Sweep	25.8
Subtotal Cash & Cash Equivalents	\$ 99.7
 Short Term Portfolio	 46.4
Intermediate Term Portfolio	159.5
Total Portfolio	\$ 305.6

Book Value (\$ in millions)

\$ 304.8

Asset Allocation (\$ in millions)*

Sector	3/31/2019	
Money Market Mutual Funds / LGIP	\$ 74.5	24.4%
U.S. Treasury Bonds/Notes	69.6	22.8%
Federal Agency Bonds/Notes	20.8	6.8%
Federal Agency MBS	23.7	7.8%
Federal Agency CMO	30.0	9.8%
Supra-National Agency Bonds/Notes	23.1	7.6%
Commercial Paper	37.5	12.3%
Commercial Paper Sweep (US Bank)	25.8	8.4%
Subtotal	304.9	99.8%
Accrued Interest	0.7	0.2%
Total	\$ 305.6	100.0%

Current Yields (Annualized)

	3/31/2019
Illinois Funds	2.47%
US Bank Commercial Paper Sweep	1.85%
Benchmark: S&P Rated Government Investment Pool Index	2.30%

Performance Summary (Total Return)**

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	0.74%	2.53%	-	-	-	1.67%
Benchmark: BofA Merrill Lynch 3-Month Treasury Bill Index	0.60%	2.12%	-	-	-	1.37%
 Intermediate Term Portfolio	 1.73%	 3.75%	 1.26%	 -	 -	 1.80%
Benchmark: Barclays Intermediate U.S. Govt. Securities	1.58%	3.79%	0.97%	-	-	1.63%

**Detail may not add to total due to rounding*

***Returns are gross of fees. Current Quarter total return is presented on a periodic basis. Trailing returns are presented, on an annualized basis.*

SIU - Intermediate Term Portfolio

Investment Approach

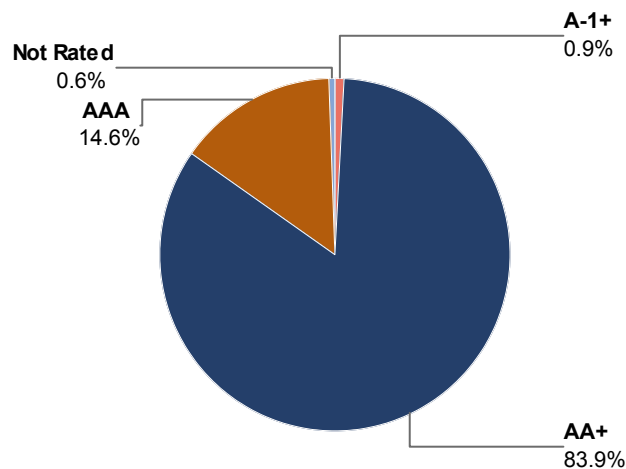
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management, LLC. PFM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore invested in fixed-income securities with maturity dates up to 10 years. This actively managed portfolio generally consists of all securities types available to the University in accordance with the permitted investments as described in the Illinois Public Funds Investment Act and the University's Investment Policy and Guidelines.

Portfolio Statistics

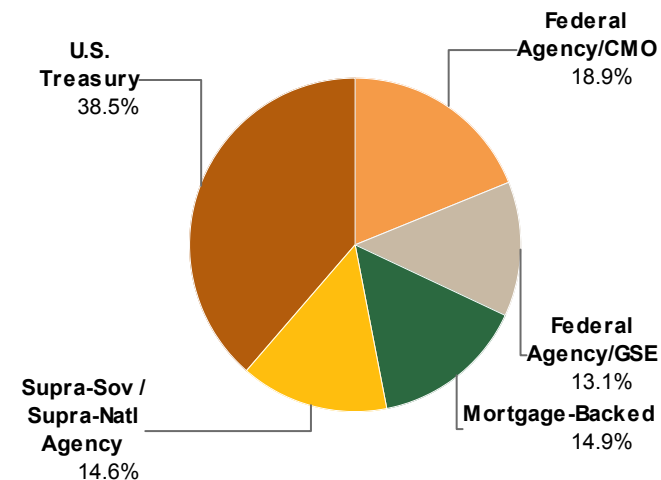
As of March 31, 2019

Par Value:	\$157,420,112
Total Market Value:	\$159,502,413
Security Market Value:	\$158,766,623
Accrued Interest:	\$678,165
Cash:	\$57,625
Amortized Cost:	\$157,949,750
Yield at Market:	2.48%
Yield at Cost:	2.60%
Effective Duration:	3.52 Years
Duration to Worst:	3.77 Years
Average Maturity:	6.97 Years
Average Credit: *	AA

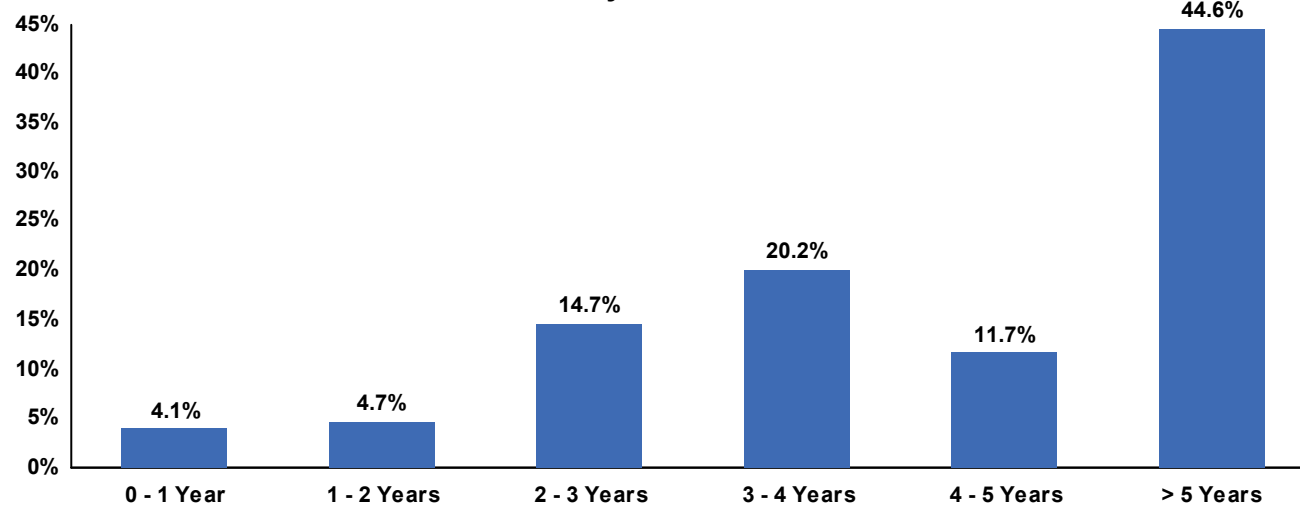
Credit Quality (S&P Ratings)



Sector Allocation



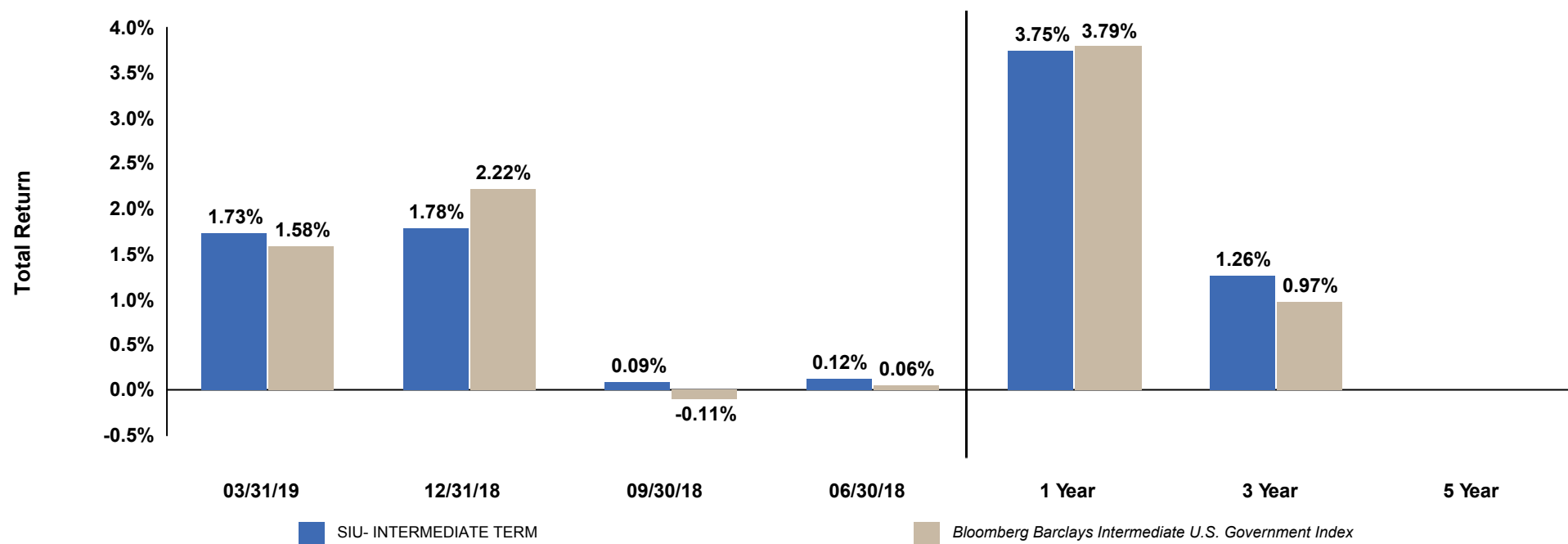
Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		03/31/19	12/31/18	09/30/18	06/30/18	1 Year	3 Year	5 Year
SIU- INTERMEDIATE TERM	3.52	1.73%	1.78%	0.09%	0.12%	3.75%	1.26%	-
<i>Net of Fees **</i>	-	1.71%	1.76%	0.07%	0.10%	3.68%	1.19%	-
Bloomberg Barclays Intermediate U.S. Government Ii	3.69	1.58%	2.22%	-0.11%	0.06%	3.79%	0.97%	-
Difference (Gross)		0.15%	-0.44%	0.20%	0.06%	-0.04%	0.29%	-
Difference (Net)		0.13%	-0.46%	0.18%	0.04%	-0.11%	0.22%	-



Portfolio performance is gross of fees unless otherwise indicated. ** Fees were calculated based on average assets during the period at the contractual rate.

Portfolio Earnings

Quarter-Ended March 31, 2019

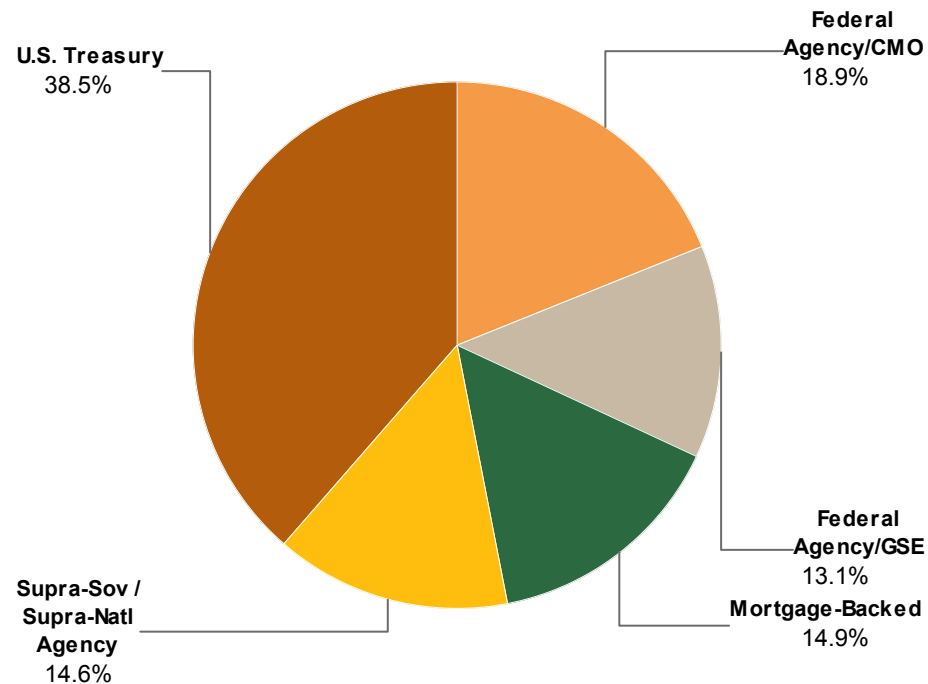
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$154,573,101.71	\$155,484,253.30
Net Purchases/Sales	\$2,512,950.01	\$2,512,950.01
Change in Value	\$1,680,571.42	(\$47,453.09)
Ending Value (03/31/2019)*	\$158,766,623.14	\$157,949,750.22
Interest Earned	\$1,032,951.04	\$1,032,951.04
Portfolio Earnings	\$2,713,522.46	\$985,497.95

*Amount does not include cash/STIF balances and accrued interest.

Sector Allocation

As of March 31, 2019

Sector	Market Value (\$)	% of Portfolio
U.S. Treasury	61,200,619	38.5%
Federal Agency/CMO	29,973,312	18.9%
Mortgage-Backed	23,712,522	14.9%
Supra-Sov / Supra-Natl Agency	23,100,218	14.6%
Federal Agency/GSE	20,779,952	13.1%
Total	\$158,766,623*	100.0%

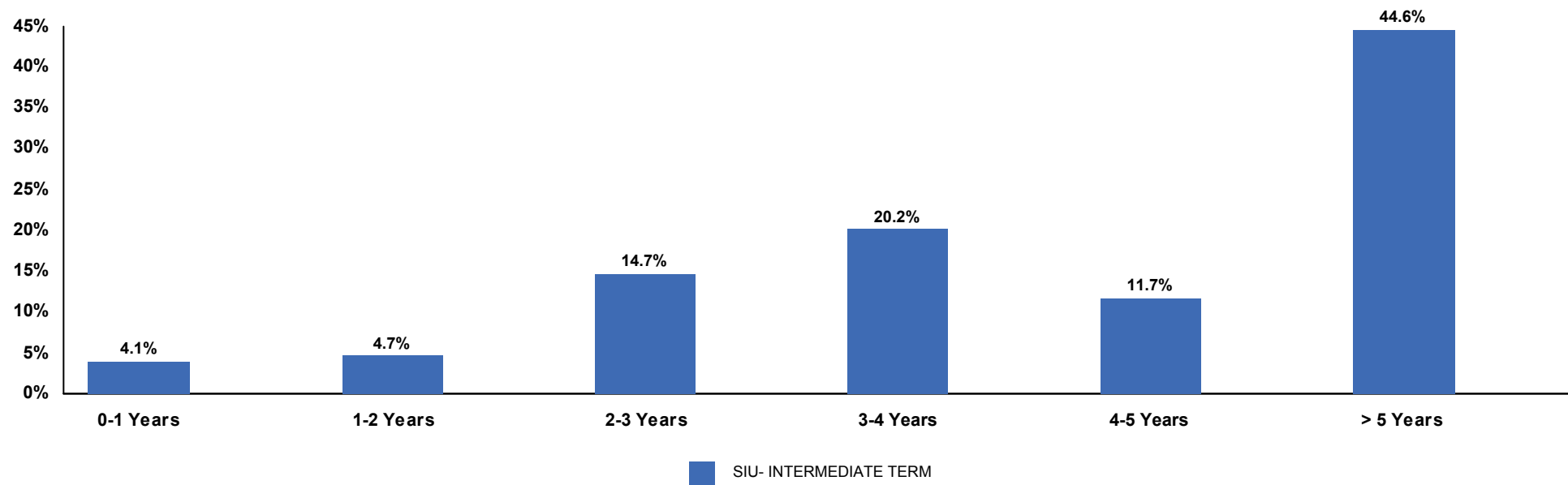


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Maturity Distribution

As of March 31, 2019

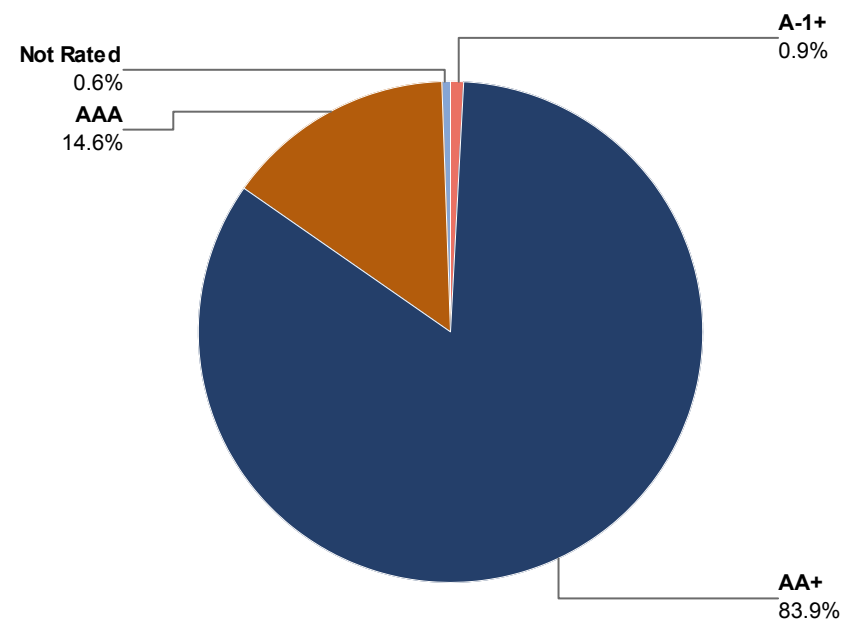
Portfolio	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
SIU- INTERMEDIATE TERM	2.48%	6.97 yrs	4.1%	4.7%	14.7%	20.2%	11.7%	44.6%



Credit Quality

As of March 31, 2019

S&P Rating	Market Value (\$)	% of Portfolio
AA+	\$133,167,667	83.9%
AAA	\$23,100,218	14.6%
A-1+	\$1,499,208	0.9%
Not Rated	\$999,530	0.6%
Totals	\$158,766,623*	100.0%



*Amount does not include cash/STIF balances and accrued interest. Detail may not add to total due to rounding.

Sector/Issuer Distribution

As of March 31, 2019

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Federal Agency/CMO			
FANNIE MAE	6,067,627	20.2%	3.8%
FREDDIE MAC	21,466,751	71.6%	13.5%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	2,438,934	8.1%	1.5%
Sector Total	29,973,312	100.0%	18.9%
Federal Agency/GSE			
AGENCY FOR INTERNATIONAL DEVELOPMENT	3,272,050	15.7%	2.1%
FANNIE MAE	5,929,747	28.5%	3.7%
FEDERAL HOME LOAN BANKS	1,968,258	9.5%	1.2%
FREDDIE MAC	4,011,124	19.3%	2.5%
TENNESSEE VALLEY AUTHORITY	5,598,773	26.9%	3.5%
Sector Total	20,779,952	100.0%	13.1%
Mortgage-Backed			
FANNIE MAE	14,018,065	59.1%	8.8%
FREDDIE MAC	8,783,428	37.0%	5.5%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	911,029	3.8%	0.6%
Sector Total	23,712,522	100.0%	14.9%
Supra-Sov / Supra-Natl Agency			

SIU- INTERMEDIATE TERM

Portfolio Composition

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
AFRICAN DEVELOPMENT BANK	6,503,463	28.2%	4.1%
ASIAN DEVELOPMENT BANK	10,157,904	44.0%	6.4%
INTER-AMERICAN DEVELOPMENT BANK	4,603,120	19.9%	2.9%
INTERNATIONAL FINANCE CORPORATION	1,835,731	7.9%	1.2%
Sector Total	23,100,218	100.0%	14.5%
U.S. Treasury			
UNITED STATES TREASURY	61,200,619	100.0%	38.5%
Sector Total	61,200,619	100.0%	38.5%
Portfolio Total	158,766,623 *	100.0%	100.0%

*Amount does not include cash/STIF balances and accrued interest.

SIU - Short Term Portfolio

Investment Approach

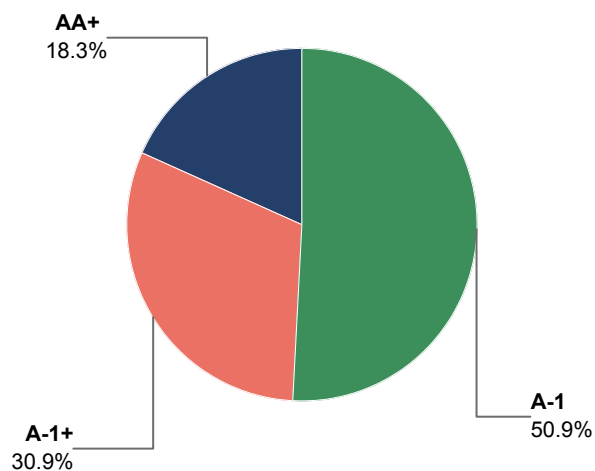
- The University's Short-Term portfolio is actively managed by PFM Asset Management, LLC. The short-term portfolio is structured to match the University's anticipated liquidity needs. The portfolio's duration typically ranges from 0 – 12 months, but is limited to a maximum maturity of 3 years. These funds are designed to be used for specific, predictable cash flows (i.e. payroll, debt service) as well as a liquidity cushion of cash available for any unforeseen expenses. Typical investments include, short-term U.S. Treasuries, short-term Federal Agencies, and commercial paper. Permitted investments are limited to those as described in the Illinois Public Funds Investment Act and the University's Investment Policy and Guidelines.

Portfolio Statistics

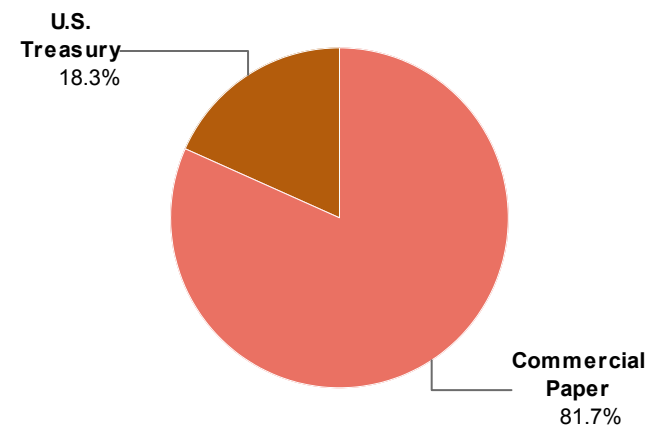
As of March 31, 2019

Par Value:	\$46,375,000
Total Market Value:	\$46,362,271
Security Market Value:	\$45,928,661
Accrued Interest:	\$7,346
Cash:	\$426,264
Amortized Cost:	\$45,914,862
Yield at Market:	2.61%
Yield at Cost:	2.73%
Effective Duration:	0.40 Years
Duration to Worst:	0.40 Years
Average Maturity:	0.40 Years
Average Credit: *	A

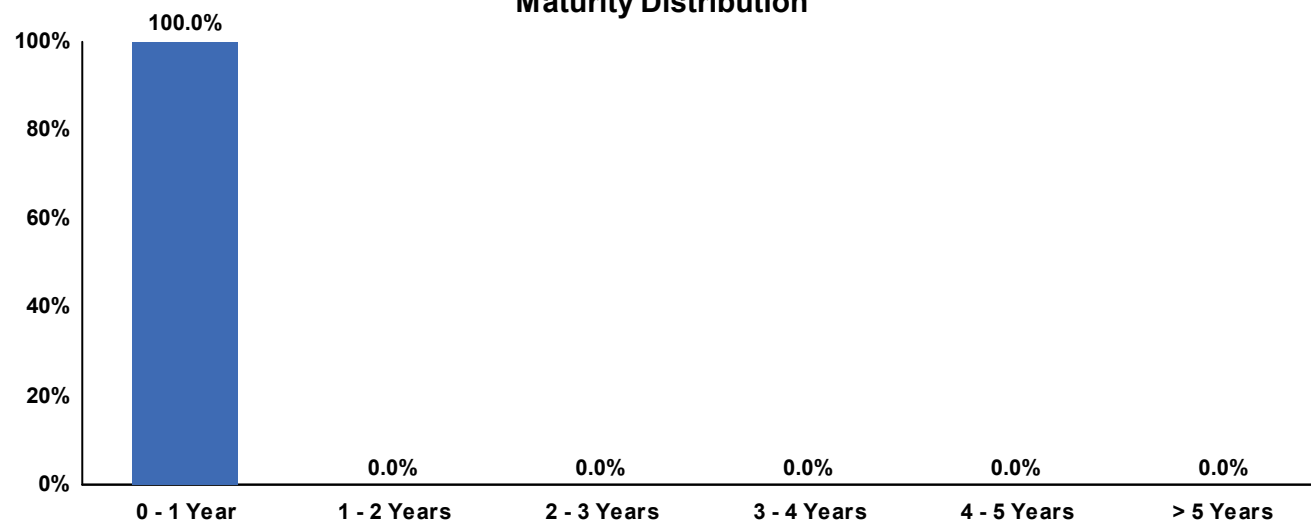
Credit Quality (S&P Ratings)



Sector Allocation



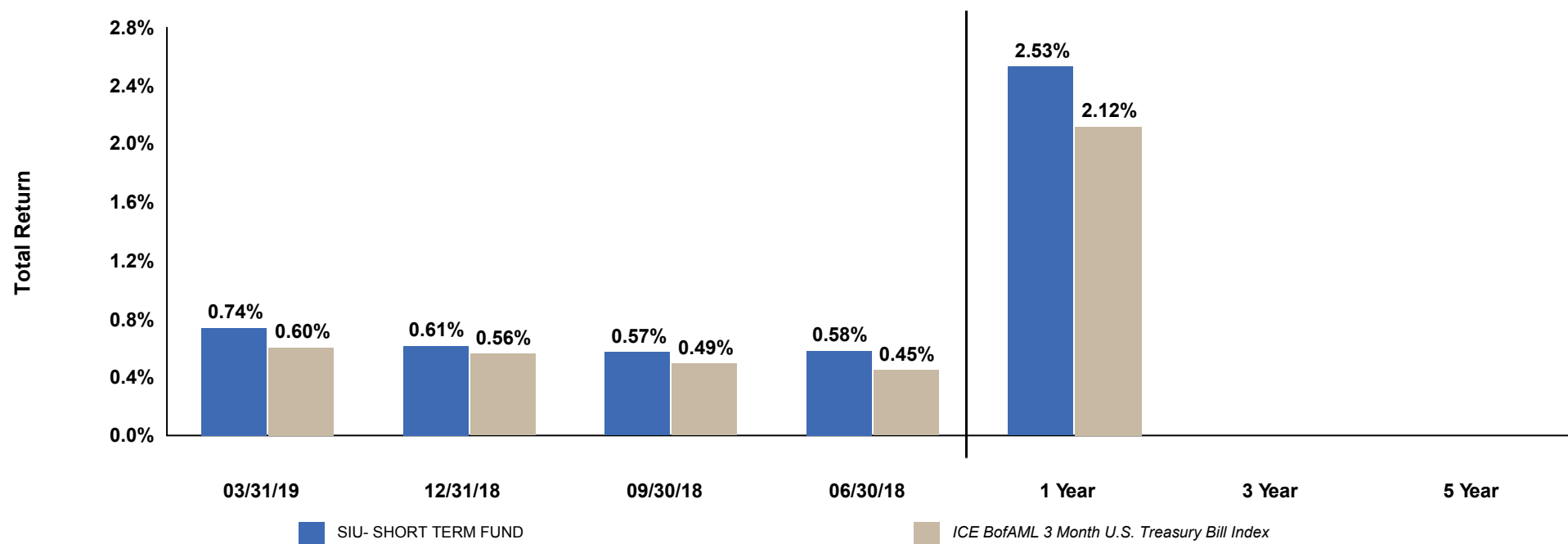
Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		03/31/19	12/31/18	09/30/18	06/30/18	1 Year	3 Year	5 Year
SIU- SHORT TERM FUND	0.40	0.74%	0.61%	0.57%	0.58%	2.53%	-	-
Net of Fees **	-	0.72%	0.59%	0.55%	0.56%	2.46%	-	-
ICE BofAML 3 Month U.S. Treasury Bill Index	0.16	0.60%	0.56%	0.49%	0.45%	2.12%	-	-
Difference (Gross)		0.14%	0.05%	0.08%	0.13%	0.41%	-	-
Difference (Net)		0.12%	0.03%	0.06%	0.11%	0.34%	-	-



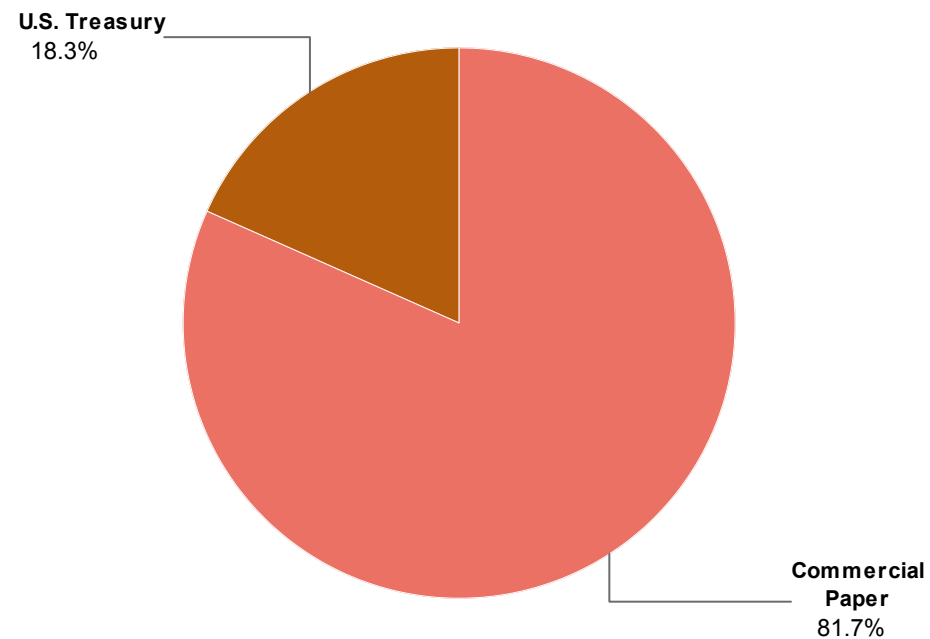
Portfolio performance is gross of fees unless otherwise indicated. ** Fees were calculated based on average assets during the period at the contractual rate.

	Portfolio Earnings	
	Quarter-Ended March 31, 2019	
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2018)	\$31,080,379.44	\$31,083,139.86
Net Purchases/Sales	\$14,596,639.67	\$14,596,639.67
Change in Value	\$251,641.47	\$235,082.95
Ending Value (03/31/2019)*	\$45,928,660.58	\$45,914,862.48
Interest Earned	\$28,433.55	\$28,433.55
Portfolio Earnings	\$280,075.02	\$263,516.50

*Amount does not include cash/STIF balances and accrued interest.

Sector Allocation
As of March 31, 2019

Sector	Market Value (\$)	% of Portfolio
Commercial Paper	37,535,358	81.7%
U.S. Treasury	8,393,302	18.3%
Total	\$45,928,661*	100.0%

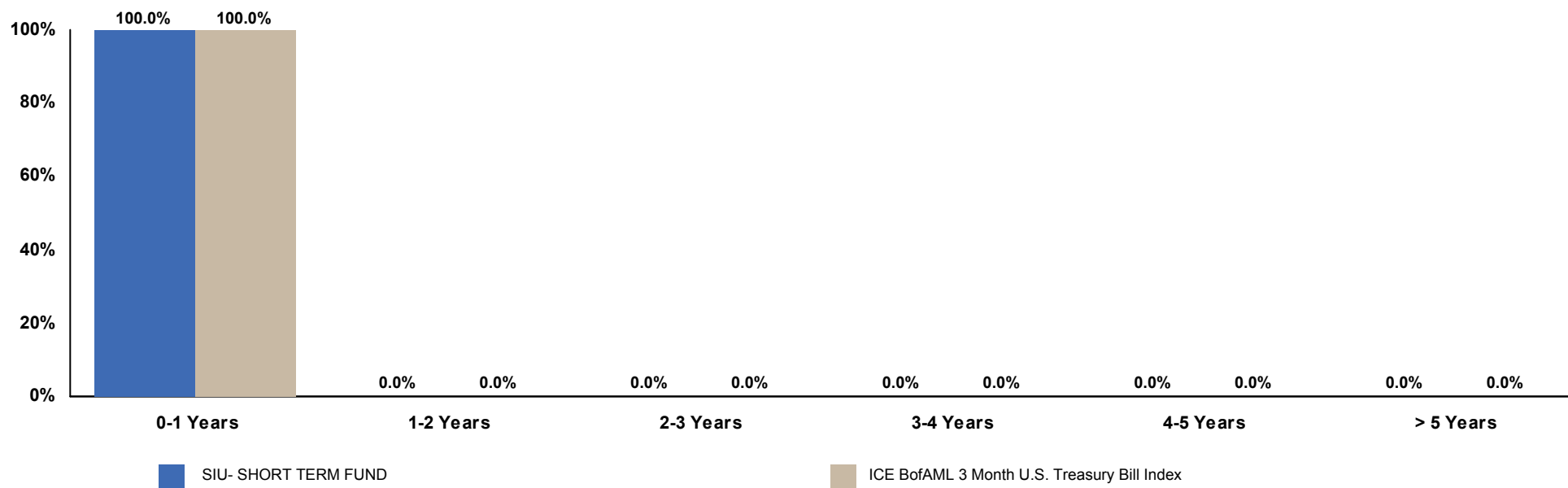


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Maturity Distribution

As of March 31, 2019

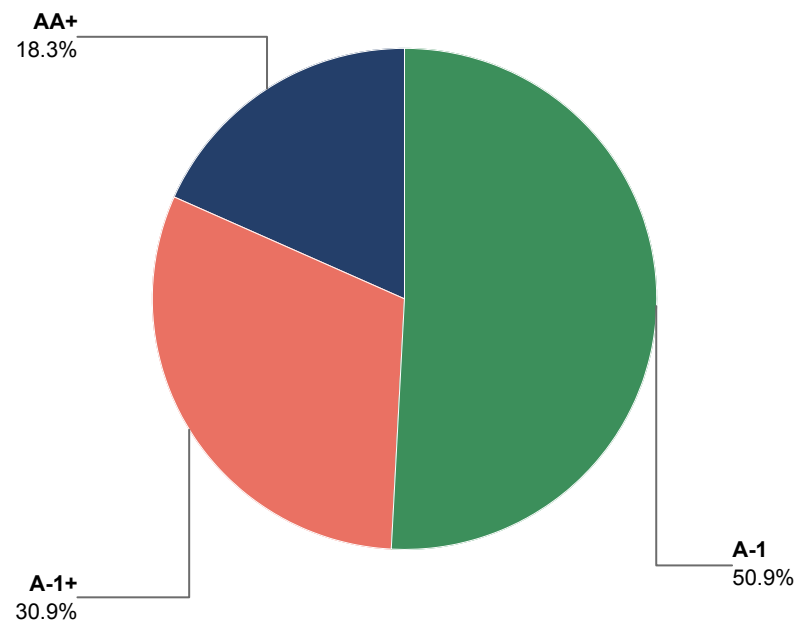
Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
SIU- SHORT TERM FUND	2.61%	0.40 yrs	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ICE BofAML 3 Month U.S. Treasury Bill Index	2.37%	0.24 yrs	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%



Credit Quality

As of March 31, 2019

S&P Rating**	Market Value (\$)	% of Portfolio
A-1	\$23,354,180	50.9%
A-1+	\$14,181,178	30.9%
AA+	\$8,393,302	18.3%
Totals	\$45,928,661*	100.0%



*Amount does not include cash/STIF balances and accrued interest. Detail may not add to total due to rounding.

** Includes short-term and long-term ratings.

Sector/Issuer Distribution

As of March 31, 2019

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Commercial Paper			
ALPINE SECURITIZATION LLC	547,543	1.5%	1.2%
AMERICAN HONDA FINANCE	2,391,036	6.4%	5.2%
APPLE INC	2,365,066	6.3%	5.1%
BEDFORD ROW FUNDING CORP	1,335,084	3.6%	2.9%
BNP PARIBAS	2,324,542	6.2%	5.1%
CANADIAN IMPERIAL BANK OF COMMERCE	281,434	0.7%	0.6%
CISCO SYSTEMS INC	298,723	0.8%	0.7%
COCA-COLA COMPANY	2,373,908	6.3%	5.2%
CREDIT AGRICOLE SA	1,343,801	3.6%	2.9%
CREDIT SUISSE GROUP	1,828,124	4.9%	4.0%
FAIRWAY FINANCE COMPANY LLC	1,039,097	2.8%	2.3%
HSBC HOLDINGS PLC	1,334,679	3.6%	2.9%
ING BANK NV	1,481,234	3.9%	3.2%
JP MORGAN CHASE & CO	1,333,418	3.6%	2.9%
MITSUBISHI UFJ FINANCIAL GROUP INC	2,324,377	6.2%	5.1%
NATIXIS NY BRANCH	2,374,668	6.3%	5.2%
NESTLE SA	2,369,990	6.3%	5.2%
PRUDENTIAL FINANCIAL INC	2,085,421	5.6%	4.5%
RABOBANK NEDERLAND	2,376,322	6.3%	5.2%
ROYAL BANK OF CANADA	1,036,350	2.8%	2.3%
TORONTO-DOMINION BANK	2,324,411	6.2%	5.1%

SIU- SHORT TERM FUND

Portfolio Composition

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
TOYOTA MOTOR CORP	2,366,134	6.3%	5.2%
Sector Total	37,535,358	100.0%	81.7%
U.S. Treasury			
UNITED STATES TREASURY	8,393,302	100.0%	18.3%
Sector Total	8,393,302	100.0%	18.3%
Portfolio Total	45,928,661*	100.0%	100.0%

*Amount does not include cash/STIF balances and accrued interest.

Illinois Funds

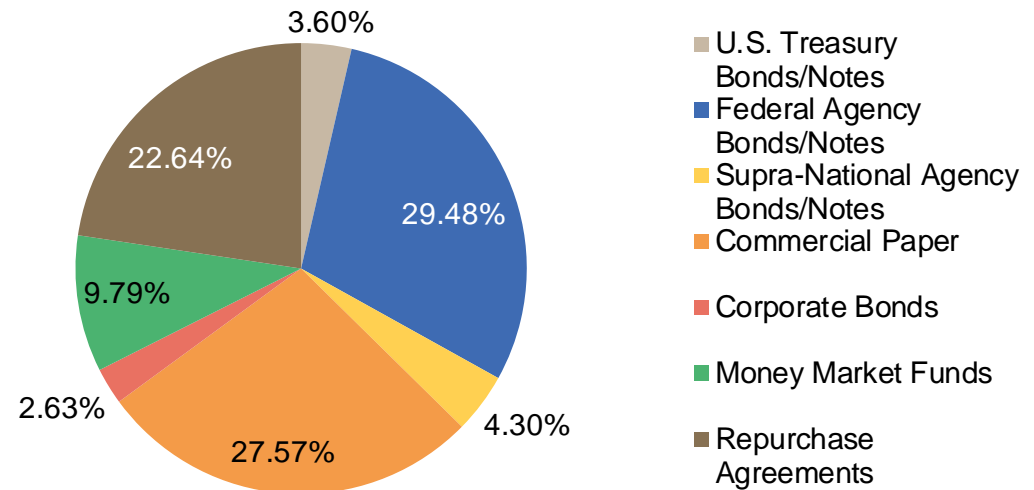
Investment Approach

- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined \$5.5 billion in total assets as of March 31, 2019. The fund is currently rated AAAm by Standard & Poor's.

Illinois Funds Account Overview

Illinois Funds	
Beginning Value (12/31/2018)	\$75,362,027.92
Net Deposits (Withdrawals)	(\$1,986,364.93)
Interest Earned	\$597,173.78
Ending Value (3/31/19)	\$73,972,836.77

**Illinois Funds
Sector Allocation
as of March 31, 2019**



	Current Yield as of 3/31/19
Illinois Funds	2.47%
Benchmark: S&P Rated Government Investment Pool Index	2.30%

Weighted Average Maturity	51 Days
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U.S. Bank Commercial Paper Sweep

Investment Approach

- In lieu of providing collateral on daily operating liquidity balances, US Bank provides a daily commercial paper investment sweep option. Deposits are automatically moved to the sweep account at the end of each business day and invested overnight in US Bank National Association commercial paper, an unsecured, short-term promissory note. Funds from the maturing commercial paper are available on the next business day. US Bank commercial paper carries a credit rating of A-1+ by Standard & Poor's and P-1 by Moody's.

U.S. Bank Commercial Paper Sweep Account Overview

U.S. Bank Commercial Paper Sweep	
Beginning Value (12/31/2018)	\$43,742,441.69
Net Deposits (Withdrawals)	(\$18,081,240.45)
Interest Earned	\$115,099.95
Ending Value (3/31/19)	\$25,776,301.19

	Current Yield as of 3/31/19
U.S. Bank Commercial Paper Sweep	1.85%
Benchmark: S&P Rated Government Investment Pool Index	2.30%

Capital Investments

Capital Investments Position

Investment Balance Market Value (\$ in millions)	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019
Housing & Auxiliary Facilities System					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	25.1	7.1	13.3	15.4	21.7
Debt Service Reserve	8.3	6.1	6.1	6.2	6.2
Total HAFS	33.4	13.2	19.4	21.5	28.0
Medical Facilities System					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	1.7	0.5	0.9	1.3	1.7
Debt Service Reserve	-	-	-	-	-
Total MFS	1.7	0.5	0.9	1.3	1.7
Certificates of Participation					
Construction Proceeds	2.2	1.5	1.1	0.7	0.2
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	2.2	1.5	1.1	0.7	0.2
Total Market Value of Portfolio	\$ 37.3	\$ 15.1	\$ 21.5	\$ 23.6	\$ 29.9
Investment Balance Book Value (\$ in millions)	\$ 37.3	\$ 15.1	\$ 21.6	\$ 23.6	\$ 29.9

**Capital Investments are managed internally and are invested in high quality, low risk government securities. The investment maturity, rate of return and type are limited by covenants in the debt financing documents.*

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 Interactive Data, 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.
- Any information contained in this report pertaining to Illinois Funds, US Bank Commercial Paper Sweep, and the Capital Investments Position were sourced from their respective month end statements. Information for the Intermediate and Short-Term Portfolios was sourced from their respective quarter-end statements provided by PFM.

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.
- **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 DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **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.

GLOSSARY

- **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.
- **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.
- **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.