Southern Illinois University

Quarterly Investment Report
June 30, 2020

Market Update

SUMMARY

- In Q2, U.S. economic conditions were characterized by: (1) unprecedented deterioration in economic fundamentals due to broad lockdowns and stay-at-home orders; (2) economic indicators bottoming out in April and sharply rebounding off historical lows, yet still trailing pre-crisis levels; (3) equity markets posting strong quarterly performance on a positive forward outlook; (4) improving bond market dynamics as the Federal Reserve (Fed) continued to flood the market with liquidity; and (5) COVID-19 hotspots (re)appearing around the nation, raising concerns that the economic recovery may slow.

- The Fed spent the second quarter mobilizing and refining its arsenal of emergency lending programs to provide liquidity and stabilize financial markets. At its two meetings over the quarter, the central bank left the target range for the federal funds rate unchanged at 0% to 0.25%. Released at its June policy meeting, the Federal Open Market Committee's updated economic projections now anticipate a long, slow recovery, with persistently high unemployment, and short-term rates pegged at near 0%.

- Treasury yields were largely range-bound over the second quarter after plummeting to all-time lows in Q1. Returns on Treasuries were muted in Q2, while yield spreads in all other sectors significantly retraced their Q1 widening, resulting in strongly positive excess returns. Diversification was once again a strong benefit in Q2 as diversified portfolios largely recouped the bulk of Q1 underperformance.

- Many nations began to gradually re-open their economies after seemingly containing the spread of the coronavirus. Equity indices, on a global scale, responded positively to the developments and reported solid Q2 returns. U.S. equities performed particularly well, with major indices posting their best quarterly performance in over 20 years.

ECONOMIC SNAPSHOT

- The U.S. economy contracted at 5.0% in Q1 as the pandemic-induced economic shutdown negatively affected most businesses. The American consumer, generally the driving force behind gross domestic product figures, was the largest detractor in Q1 as consumer spending and confidence experienced record drops.

- The U.S. labor market continued to battle the economic slowdown in Q2. While weekly initial jobless claims readings leveled off from the record-breaking 6.9 million claims at the end of March, the indicator was greater than one million in each week of Q2, which is much larger than any pre-coronavirus reading on record dating back to 1967. Despite surprisingly strong jobs gains in May and June, total employment still fell by about 17 million jobs in Q2, with the unemployment rate ending the quarter at 11.1%, the highest rate in over 50 years.

- Earlier in the quarter, U.S. manufacturing and services activity fell materially as lockdowns were enacted by state and local authorities to control the spread of COVID-19. In April, the Markit manufacturing PMI reached its lowest level since 2009 due to customers canceling or postponing orders. The services sector faced similar issues with temporary closures. By the end of the quarter, the manufacturing and services sectors stabilized considerably as COVID-19 restrictions eased, with both indices teetering between contraction and expansion levels.

OUTLOOK

- A cloud of uncertainty hangs over the U.S. and global economies entering the second half of 2020. Economic data has rebounded significantly from the April lows, but remains well below pre-pandemic levels. To recapture previous economic highs, it will be important that COVID-19 hotspots are contained so that public confidence can be restored.

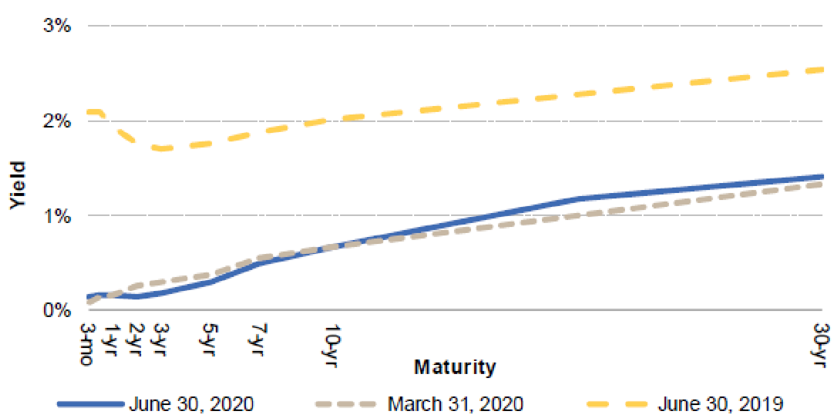
INTEREST RATES

- U.S. Treasury yields remained near their low levels reached by the end of Q1 while trading in a relatively tight range. By the end of Q2, short-term rates (with maturities less than 6-months) had increased modestly by 4 to 7 basis points (bps) as yields were nudged higher on massive Treasury Bill issuance to finance the stimulus packages. The longest-maturity Treasuries (20 and 30 years), which had fallen to record lows in Q1, rose by 9 to 15 bps. Intermediate-term yields, with maturities between 2 and 7 years, declined between 7 and 10 bps, largely on prospects of potential Fed yield curve control —the targeting by the Fed of specific yields on specific maturities.

- At quarter-end, the yield on a 3-month Treasury bill stood at 0.14%, the 3-year note was 0.17%, the 5-year note was 0.29%, the 10-year note was 0.66%, and the 30-year Treasury ended the quarter at 1.41%.

- As a result of low rates and modest curve steepening, Treasury index returns were mixed for the quarter. For example, the 3-month and 2-year Constant Maturity U.S. Treasury Indices returned 0.02% and 0.10%, respectively. Meanwhile, the 5-year and 30-year indices returned 0.55% and -0.81%.

U.S. Treasury Yield Curve



Source: Bloomberg, as of 6/30/2020.

SECTOR PERFORMANCE

- In contrast to Q1, most non-U.S. Treasury fixed income investment-grade (IG) sectors generated positive excess returns, making up most of the Q1 underperformance, though most sectors still trailed Treasuries' strong year-to-date returns. Diversification away from Treasuries was significantly additive to fixed income portfolios during Q2.

- Throughout much of the quarter, federal agency spreads remained elevated relative to recent historical levels. Agency yield spreads eventually normalized closer to pre-crisis levels, particularly for securities maturing in three years or less. While the agency spread curve steepened by quarter-end, the general tightening across the board resulted in similar return attributes for fixed-rate maturities less than five years.

- The IG corporate sector was one of the best performing sectors in Q2 as spreads snapped back toward pre-crisis levels. The Fed's corporate bond support programs kicked off in earnest, with the Fed buying both IG ETFs and a broad range of individual corporate bonds in the secondary market. Although longer-duration and lower-quality issues outperformed shorter-duration and higher-quality issues on an absolute basis in Q2, the latter recouped a greater percentage of their relative underperformance in Q1.

- The federal agency mortgage-backed security sector (MBS) continued to battle record low mortgage rates, which led to increased refinancing activity and elevated prepayments. The sector also contended with heightened levels of forbearance, which permitted borrowers to defer mortgage payments. The Fed's unwavering support of the market through unlimited bond purchases supported the sector as spreads tightened from March wides.

Summary of Operating Investments

Summary of Operating Investments

Market Value ($ in millions)*

	6/30/2020
Illinois Funds	$ 91.7
US Bank Commercial Paper Sweep	31.3
Subtotal Cash & Cash Equivalents	$ 122.9
Short Term Portfolio	5.2
Intermediate Term Portfolio	143.9
Total Portfolio	$ 272.1

Book Value ($ in millions) $ 264.2

Asset Allocation ($ in millions)*

Sector	6/30/2020	
Money Market Mutual Funds / LGIP	$ 97.9	36.0%
U.S. Treasury Bonds/Notes	45.2	16.6%
Federal Agency Bonds/Notes	17.4	6.4%
Federal Agency MBS	25.9	9.5%
Federal Agency CMO	29.2	10.7%
Supra-National Agency Bonds/Notes	6.3	2.3%
Corporate Notes	18.3	6.7%
Commercial Paper Sweep (US Bank)	31.3	11.5%
Subtotal	**271.4**	**99.8%**
Accrued Interest	0.7	0.2%
Total	**$ 272.1**	**100.0%**

Current Yields (Annualized)

	6/30/2020
Illinois Funds	0.33%
US Bank Commercial Paper Sweep	0.01%
Benchmark: S&P Rated Government Investment Pool Index	0.22%

Performance Summary (Total Return)**

	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Portfolio	0.55%	2.18%	2.09%	-	-	1.88%
Benchmark: BofA Merril Lynch 3-Month Treasury Bill Index	0.02%	1.63%	1.77%	-	-	1.52%
Intermediate Term Portfolio	1.48%	6.73%	4.07%	3.11%	-	2.96%
Benchmark: Barclays Intermediate U.S. Govt. Securities	0.55%	7.01%	4.09%	2.97%	-	2.89%

**Detail may not add to total due to rounding*
***Returns are gross of fees. Current Quarter total return is a presented on a periodic basis. Trailing returns are presented, on an annualized basis.*

SIU - Intermediate Term Portfolio

Investment Approach

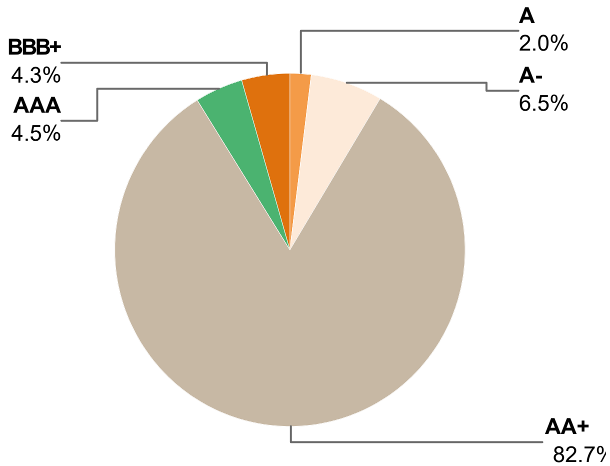
- The University's Intermediate Term portfolio is actively managed by PFM Asset Management, LLC. PFM seeks to add value by strategically buying or selling high-quality, fixed-income securities. Funds in the core portfolio are typically not needed over an intermediate- or long- term horizon and are therefore 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

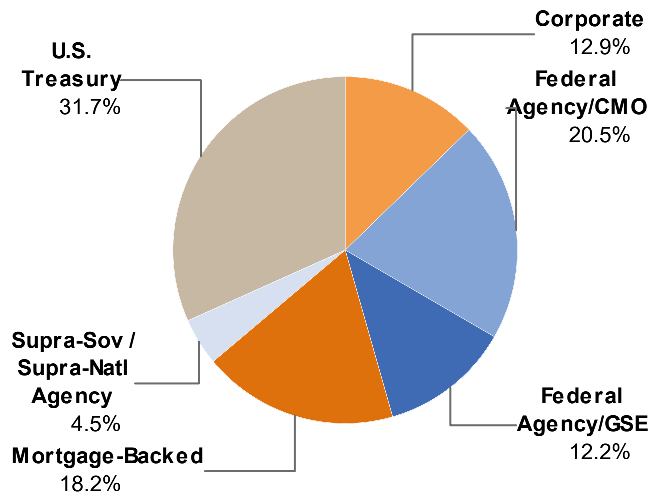
As of June 30, 2020

Par Value:	$131,233,799
Total Market Value:	$143,945,807
Security Market Value:	$142,236,297
Accrued Interest:	$671,642
Cash:	$1,037,868
Amortized Cost:	$134,290,786
Yield at Market:	1.36%
Yield at Cost:	2.60%
Effective Duration:	3.68 Years
Average Maturity:	7.98 Years
Average Credit: *	AA

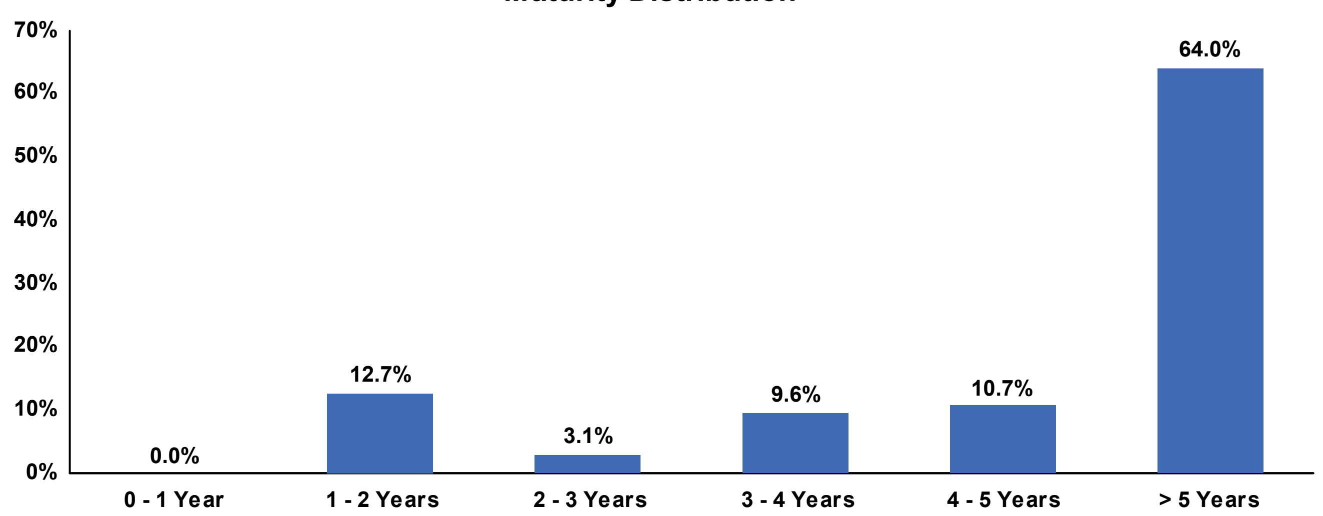
Credit Quality (S&P Ratings)



Sector Allocation



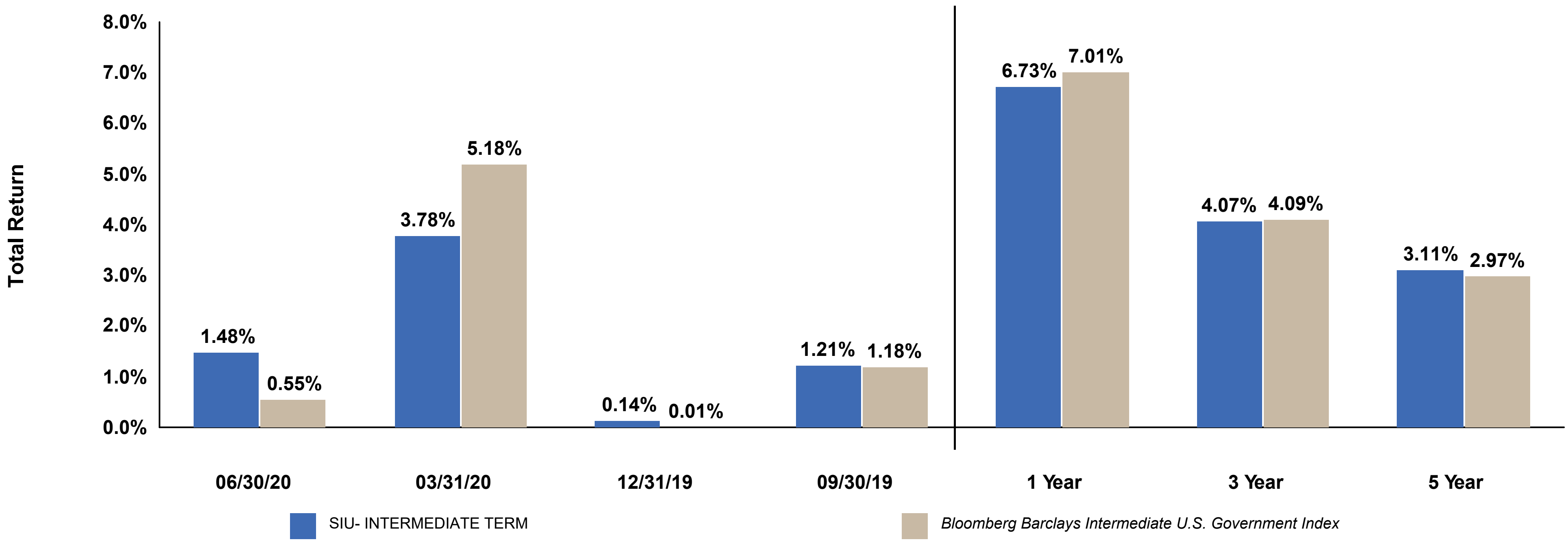
Maturity Distribution



** 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 06/30/20	03/31/20	12/31/19	09/30/19	1 Year	Annualized Return 3 Year	5 Year
SIU- INTERMEDIATE TERM	3.68	1.48%	3.78%	0.14%	1.21%	6.73%	4.07%	3.11%
Net of Fees **	-	1.46%	3.76%	0.12%	1.19%	6.66%	4.00%	3.04%
Bloomberg Barclays Intermediate U.S. Government Index	3.84	0.55%	*5.18%*	*0.01%*	*1.18%*	*7.01%*	*4.09%*	*2.97%*
Difference (Gross)		0.93%	-1.40%	0.13%	0.03%	-0.28%	-0.02%	0.14%
Difference (Net)		0.91%	-1.42%	0.11%	0.01%	-0.35%	-0.09%	0.07%



*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 June 30, 2020

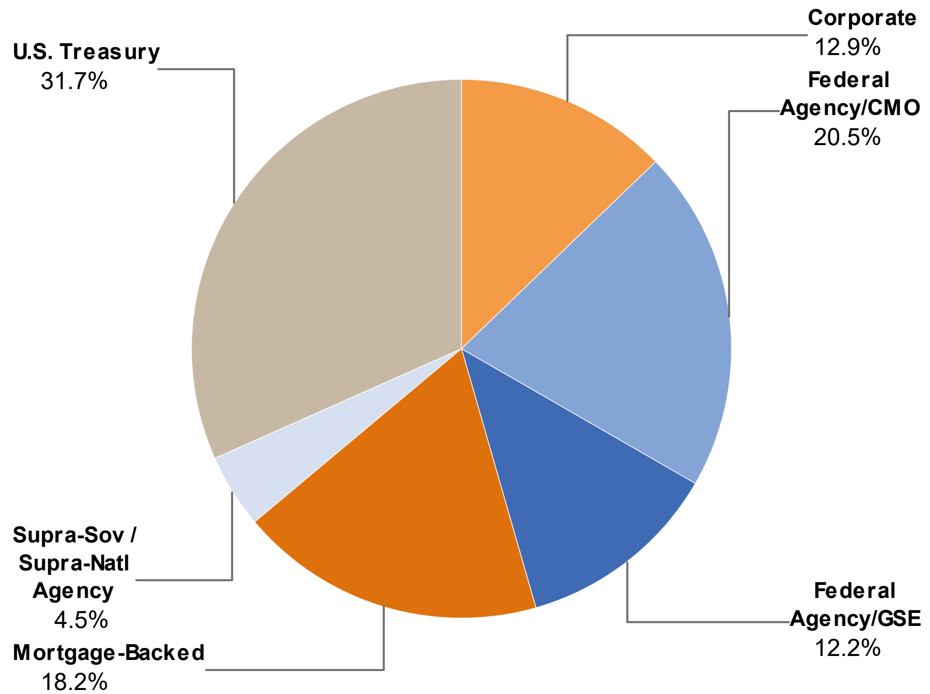
	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/31/2020)	$170,701,375.71	$162,614,772.27
Net Purchases/Sales	($29,832,314.33)	($29,832,314.33)
Change in Value	$1,367,235.41	$1,508,327.79
Ending Value (06/30/2020)*	$142,236,296.79	$134,290,785.73
Interest Earned	$1,052,149.85	$1,052,149.85
Portfolio Earnings	$2,419,385.26	$2,560,477.64

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

Sector Allocation

As of June 30, 2020

Sector	Market Value ($)	% of Portfolio
U.S. Treasury	45,175,719	31.7%
Federal Agency/CMO	29,197,114	20.5%
Mortgage-Backed	25,868,538	18.2%
Corporate	18,296,114	12.9%
Federal Agency/GSE	17,364,638	12.2%
Supra-Sov / Supra-Natl Agency	6,334,174	4.5%
Total	**$142,236,297***	**100.0%**

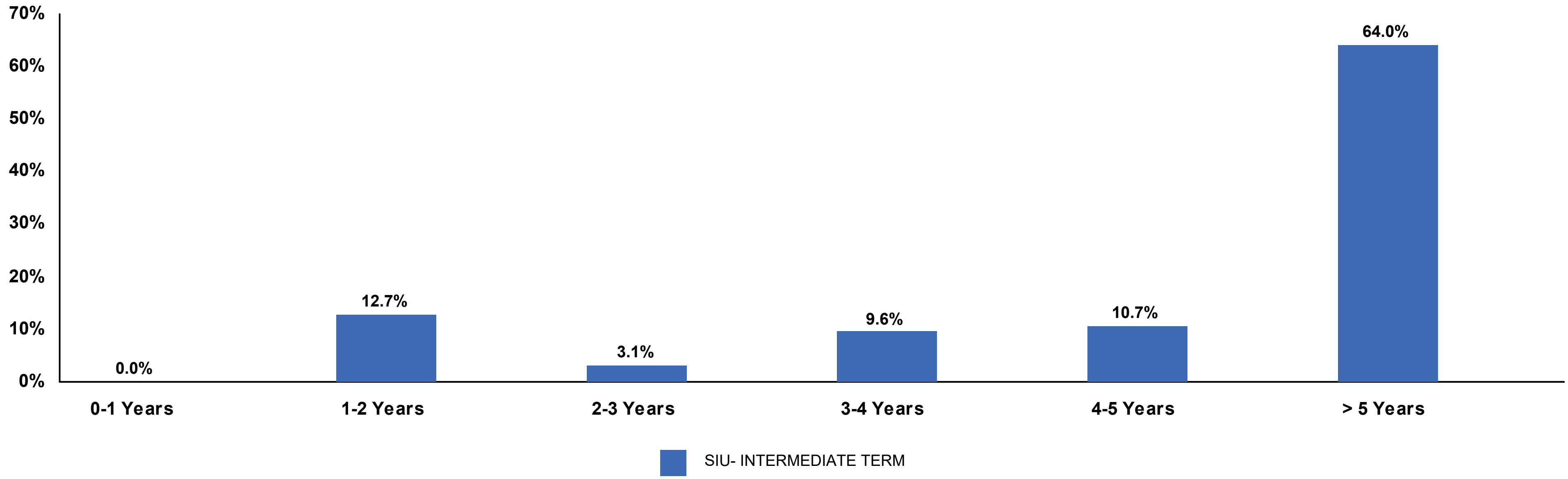


**Amount does not include cash/STIF balances and accrued interest. Detail may not add to total due to rounding.*

Maturity Distribution

As of June 30, 2020

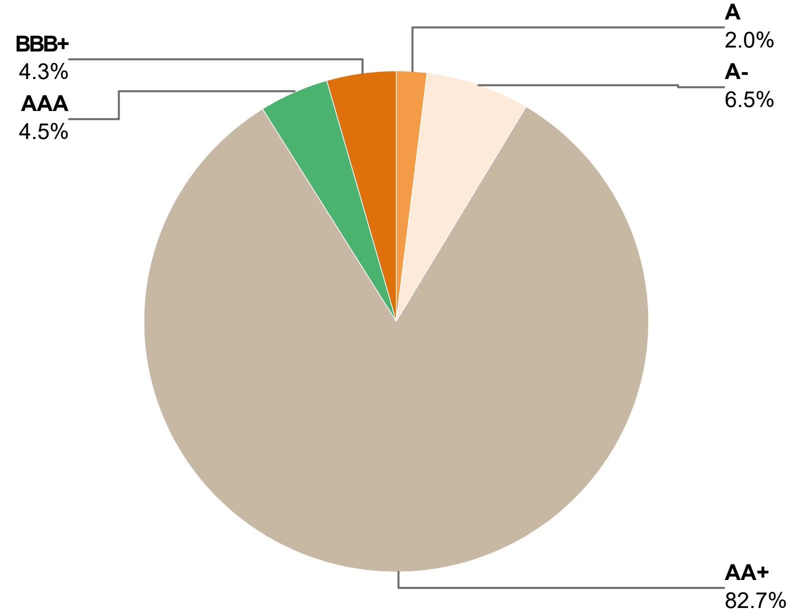
Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
SIU- INTERMEDIATE TERM	1.36%	7.98 yrs	0.0%	12.7%	3.1%	9.6%	10.7%	64.0%



Credit Quality

As of June 30, 2020

S&P Rating	Market Value ($)	% of Portfolio
AA+	$117,606,009	82.7%
A-	$9,216,069	6.5%
AAA	$6,334,174	4.5%
BBB+	$6,189,204	4.4%
A	$2,890,840	2.0%
Totals	**$142,236,297**	**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 June 30, 2020

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Corporate			
AMERICAN EXPRESS CO	1,556,093	8.5%	1.1%
AMERICAN HONDA FINANCE	1,541,045	8.4%	1.1%
BANK OF AMERICA CO	1,657,110	9.1%	1.2%
CITIGROUP INC	1,554,311	8.5%	1.1%
GOLDMAN SACHS GROUP INC	1,520,784	8.3%	1.1%
JP MORGAN CHASE & CO	2,877,022	15.7%	2.0%
MORGAN STANLEY	1,558,017	8.5%	1.1%
THE BANK OF NEW YORK MELLON CORPORATION	2,890,840	15.8%	2.0%
TRUIST FIN CORP	1,569,620	8.6%	1.1%
WELLS FARGO & COMPANY	1,571,273	8.6%	1.1%
Sector Total	**18,296,114**	**100.0%**	**12.9%**
Federal Agency/CMO			
FANNIE MAE	5,179,367	17.7%	3.6%
FREDDIE MAC	22,165,468	75.9%	15.6%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	1,852,279	6.3%	1.3%
Sector Total	**29,197,114**	**100.0%**	**20.5%**
Federal Agency/GSE			
AGENCY FOR INTERNATIONAL DEVELOPMENT	2,344,412	13.5%	1.6%

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
FANNIE MAE	4,673,614	26.9%	3.3%
FEDERAL HOME LOAN BANKS	2,100,846	12.1%	1.5%
FREDDIE MAC	2,263,794	13.0%	1.6%
TENNESSEE VALLEY AUTHORITY	5,981,972	34.4%	4.2%
Sector Total	**17,364,638**	**100.0%**	**12.2%**
Mortgage-Backed			
FANNIE MAE	15,953,301	61.7%	11.2%
FREDDIE MAC	9,340,475	36.1%	6.6%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	574,761	2.2%	0.4%
Sector Total	**25,868,538**	**100.0%**	**18.2%**
Supra-Sov / Supra-Natl Agency			
AFRICAN DEVELOPMENT BANK	758,911	12.0%	0.5%
ASIAN DEVELOPMENT BANK	2,344,302	37.0%	1.6%
INTER-AMERICAN DEVELOPMENT BANK	1,508,727	23.8%	1.1%
INTL BANK OF RECONSTRUCTION AND DEV	1,722,234	27.2%	1.2%
Sector Total	**6,334,174**	**100.0%**	**4.5%**
U.S. Treasury			
UNITED STATES TREASURY	45,175,719	100.0%	31.8%
Sector Total	**45,175,719**	**100.0%**	**31.8%**

Portfolio Total	**142,236,297***	**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.

- Due to the University's liquidity needs, the majority of the short-term portfolio was spent down during the quarter. The following pages 17, 20, 22 and 23 appear blank because all remaining short-term funds were held in cash as of 6/30/2020.

Portfolio Statistics

As of June 30, 2020

Par Value:	
Total Market Value:	$5,218,326
Security Market Value:	-
Accrued Interest:	-
Cash:	$5,218,326
Amortized Cost:	-
Yield at Market:	0.00%
Yield at Cost:	0.00%
Effective Duration:	0.00 Years
Average Maturity:	0.00 Years
Average Credit: *	

Credit Quality (S&P Ratings)

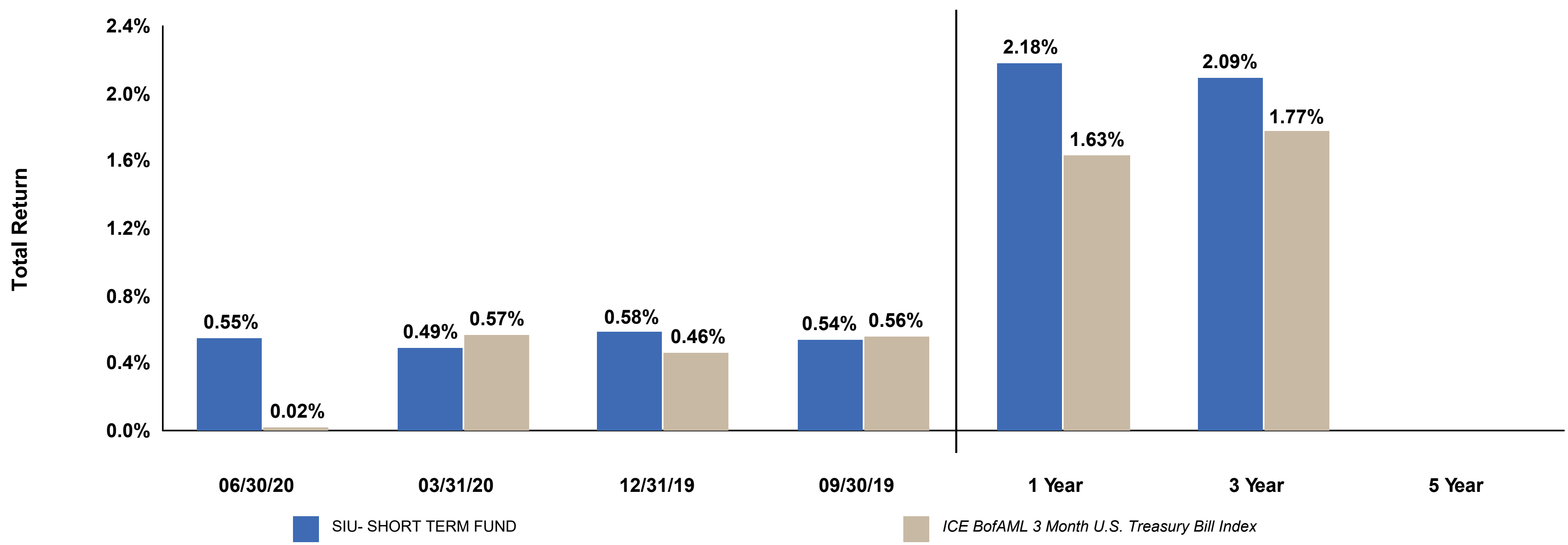
Sector Allocation

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	
		06/30/20	03/31/20	12/31/19	09/30/19	1 Year	3 Year	5 Year
SIU- SHORT TERM FUND	0.00	0.55%	0.49%	0.58%	0.54%	2.18%	2.09%	-
Net of Fees **	-	0.53%	0.47%	0.56%	0.52%	2.11%	2.02%	-
ICE BofAML 3 Month U.S. Treasury Bill Index	0.16	0.02%	*0.57%*	*0.46%*	*0.56%*	*1.63%*	*1.77%*	-
Difference (Gross)		0.53%	-0.08%	0.12%	-0.02%	0.55%	0.32%	-
Difference (Net)		0.51%	-0.10%	0.10%	-0.04%	0.48%	0.25%	-



*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 June 30, 2020

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/31/2020)	$23,797,676.00	$23,789,822.36
Net Purchases/Sales	($23,869,300.00)	($23,869,300.00)
Change in Value	$71,624.00	$79,477.64
Ending Value (06/30/2020)*	$0.00	$0.00
Interest Earned	$501.31	$501.31
Portfolio Earnings	$72,125.31	$79,978.95

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

Sector Allocation

As of June 30, 2020

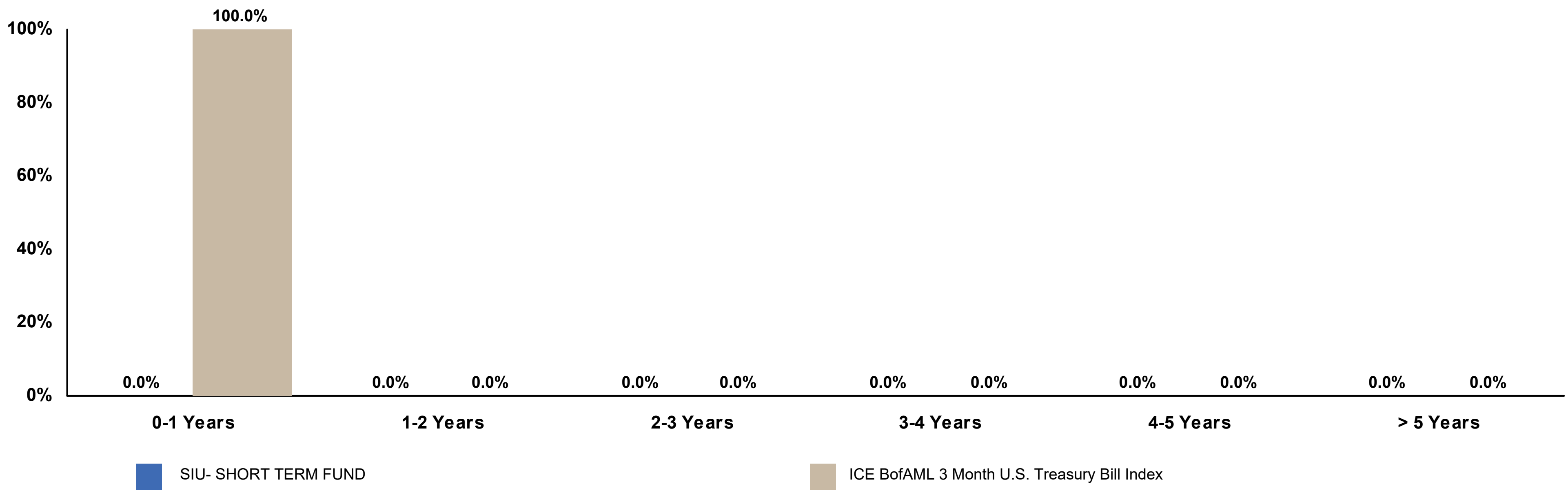
Sector	Market Value ($)	% of Portfolio
Total*		

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

Maturity Distribution

As of June 30, 2020

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	0.00%	0.00 yrs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ICE BofAML 3 Month U.S. Treasury Bill Index	*0.15%*	*0.24 yrs*	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*



Credit Quality

As of June 30, 2020

S&P Rating	Market Value ($)	% of Portfolio
Totals*		

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

Sector/Issuer Distribution

As of June 30, 2020

Sector / Issuer	Market Value ($)	% of Sector	% of Total Portfolio
Sector Total			
Portfolio Total*		**100.0%**	

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

Illinois Funds

Investment Approach

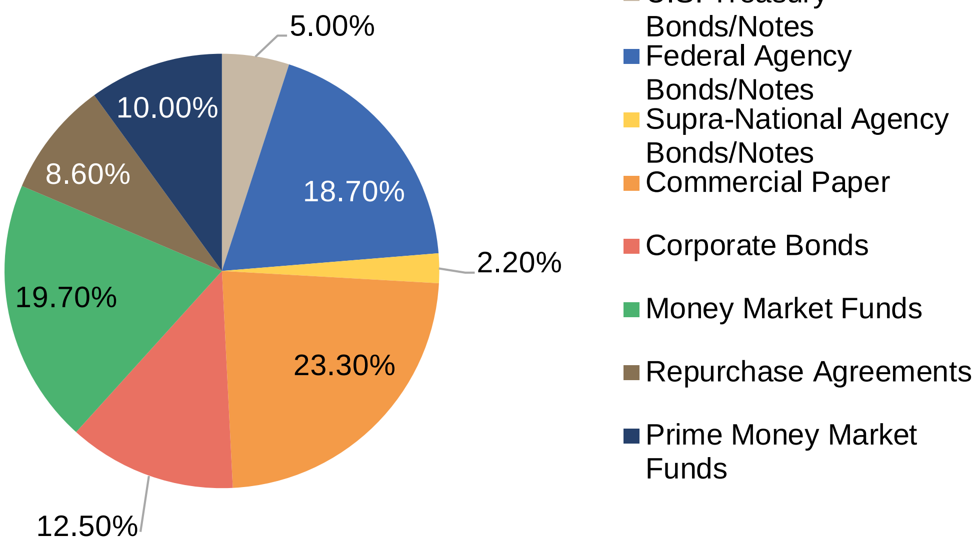
- The Illinois Funds is a Local Government Investment Pool (LGIP) operated by the Illinois State Treasurer's Office. The Illinois Funds strives to provide an inexpensive investment vehicle that features safety, daily liquidity and yield for Illinois public funds programs. The fund is managed by the Office of the State Treasurer in Springfield, Illinois, and contained a combined $7.0 billion in total assets as of June 30, 2020. The fund is currently rated AAAm by Standard & Poor's.

Illinois Funds Account Overview

Illinois Funds	
Beginning Value (3/31/2020)	$40,815,648.99
Net Deposits (Withdrawals)	$50,769,299.63
Interest Earned	$93,298.67
Ending Value (6/30/20)	$91,678,247.29

	Current Yield as of 6/30/20
Illinois Funds	0.33%
Benchmark: S&P Rated Government Investment Pool Index	0.22%

Illinois Funds Sector Allocation as of June 30, 2020



Weighted Average Maturity	58 Days

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 (3/31/2020)	$55,417,277.36
Net Deposits (Withdrawals)	($24,172,262.56)
Interest Earned	$8,659.92
Ending Value (6/30/20)	$31,253,674.72

	Current Yield as of 6/30/20
U.S. Bank Commercial Paper Sweep	0.01%
Benchmark: S&P Rated Government Investment Pool Index	0.22%

Capital Investments

Investment Approach

- PFM Asset Management LLC actively manages the Interest Sinking Fund accounts. The Interest Sinking Fund accounts are managed to follow a cash flow driven strategy that is based on the University's debt service collection schedule and bondholder payment dates.

- PFM Asset Management LLC actively manages the Debt Service Reserve Fund. The Debt Service Reserve Fund is generally managed to a duration of between 1 and 3 years depending on prevailing market conditions. Breakeven and sensitivity analyses are used to determine duration targets in an attempt to minimize downside and replenishment risk.

- Construction proceeds are invested in accordance with the anticipated drawdown schedule of the project(s) being financed and in accordance with debt financing documents.

Capital Investments Position

Investment Balance **Market Value ($ in millions)**	**6/30/2019**	**9/30/2019**	**12/31/2019**	**3/31/2020**	**6/30/2020**
Housing & Auxiliary Facilities System					
Construction Proceeds	4.7	2.2	0.7	0.4	0.4
Interest Sinking Fund	7.1	13.7	16.1	22.5	7.2
Debt Service Reserve	6.2	6.2	6.1	6.2	6.2
Total HAFS	18.1	22.1	22.9	29.2	13.8
Medical Facilities System					
Construction Proceeds	-	-	-	-	-
Interest Sinking Fund	0.5	0.9	1.3	1.8	0.5
Debt Service Reserve	-	-	-	-	-
Total MFS	0.5	0.9	1.3	1.8	0.5
Certificates of Participation					
Construction Proceeds	0.1	-	-	-	4.3
Interest Sinking Fund	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-
Total COPS	0.1	-	-	-	4.3
Total Market Value of Portfolio	$ 18.6	$ 23.1	$ 24.2	$ 31.0	$ 18.6
Investment Balance **Book Value ($ in millions)**	$ 18.6	$ 23.0	$ 24.2	$ 30.9	$ 18.5

**Capital Investments 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 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.
- Any information contained in this report pertaining to Illinois Funds, US Bank Commecial 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 or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO 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.
- **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.
- **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.