

Annual Presentation To The City of Winter Springs

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PFM Asset Management LLC

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Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ Slowing annual rate of inflation at 6%, but still three times above the Fed's target of 2%
 - ▶ Continued strength in the labor market, 815K jobs added YTD
 - ▶ Retail sales continue to expand although weak in Feb 2023, strong YTD
 - ▶ Expectations for modest growth in mid to late 2023, which leads to an economic downturn



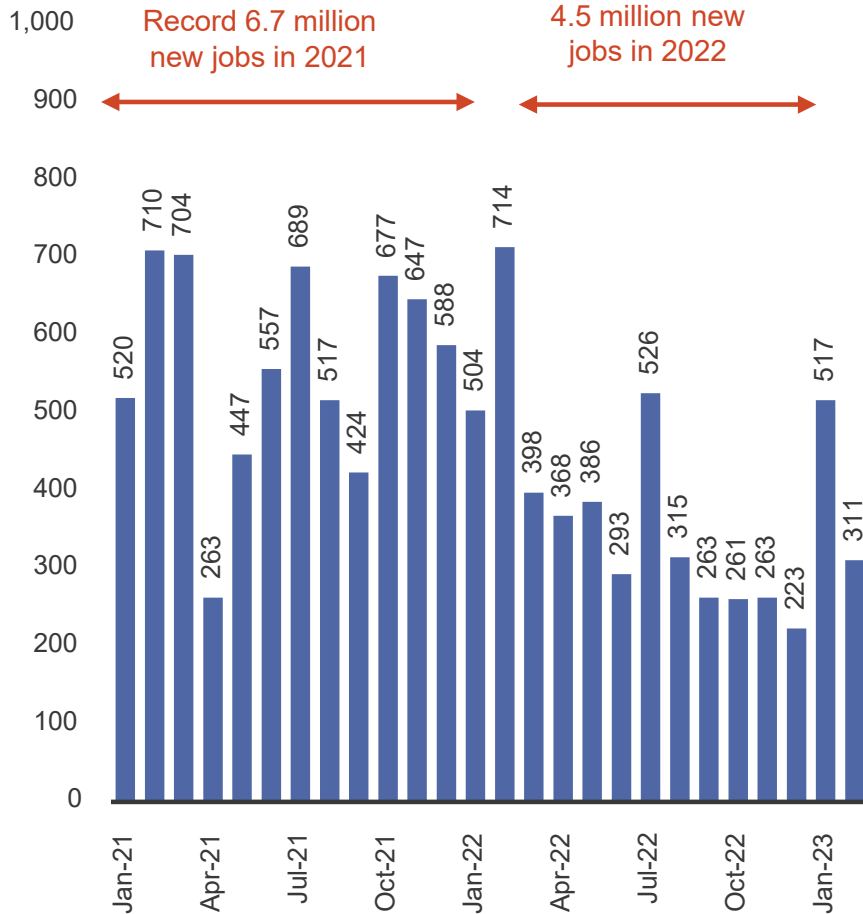
- ▶ The Federal Reserve is expected to wrap up their normalization process
 - ▶ Slowing pace of rate hikes, hiked by 25bps to 4.75%-5% target in March 2023
 - ▶ Fed projecting short-term fed funds rate to reach 5.00% to 5.25% by year-end, with markets expecting rate cuts in the second half of 2023
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority, remaining above risks of financial instability which Fed programs are countering



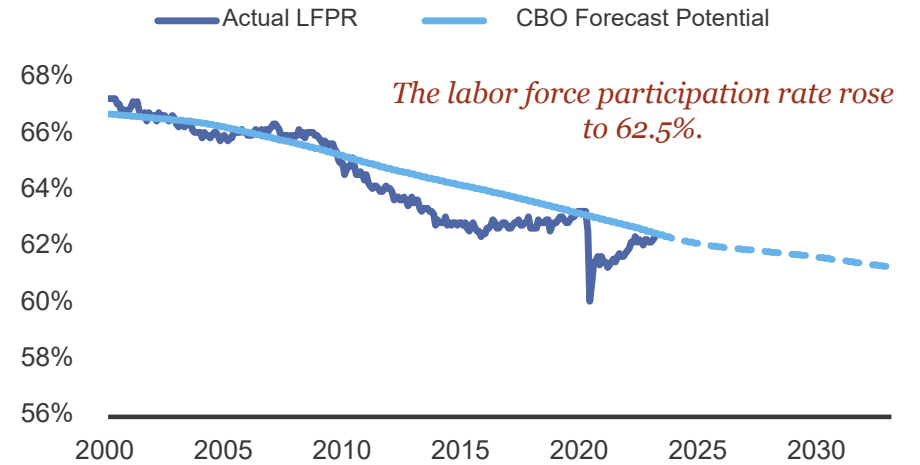
- ▶ Volatile markets remain in 2023
 - ▶ Treasury yields of shorter tenors have moved abruptly as the turmoil in the banking industry unfolds
 - ▶ Yield curve inversions has erased some gains, as short end yields fell in anticipation of lower hikes as monetary policy tightening affects the economy
 - ▶ Volatility in markets is high, but the Fed is addressing it as well as inflation

U.S. Economy Added 311,000 Jobs in February; Unemployment Rate Rose to 3.6%

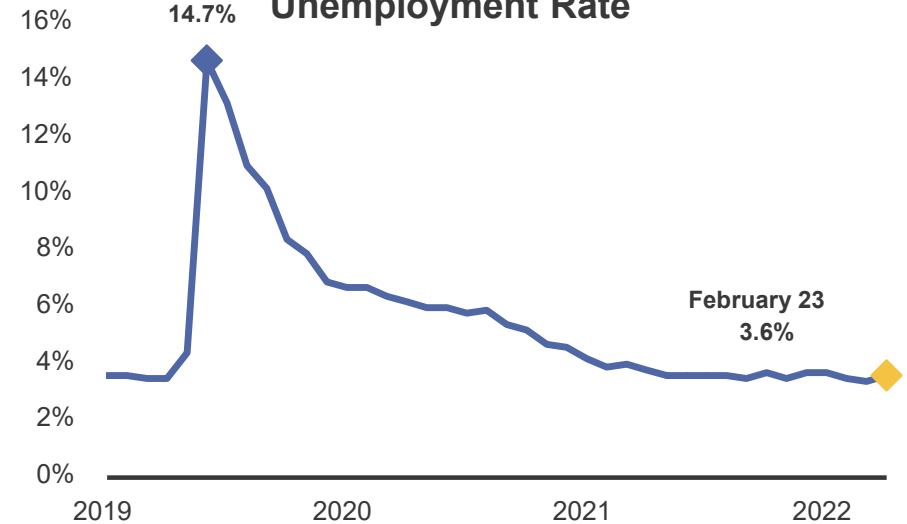
Monthly Change In Nonfarm Payrolls



Labor Force Participation Rate



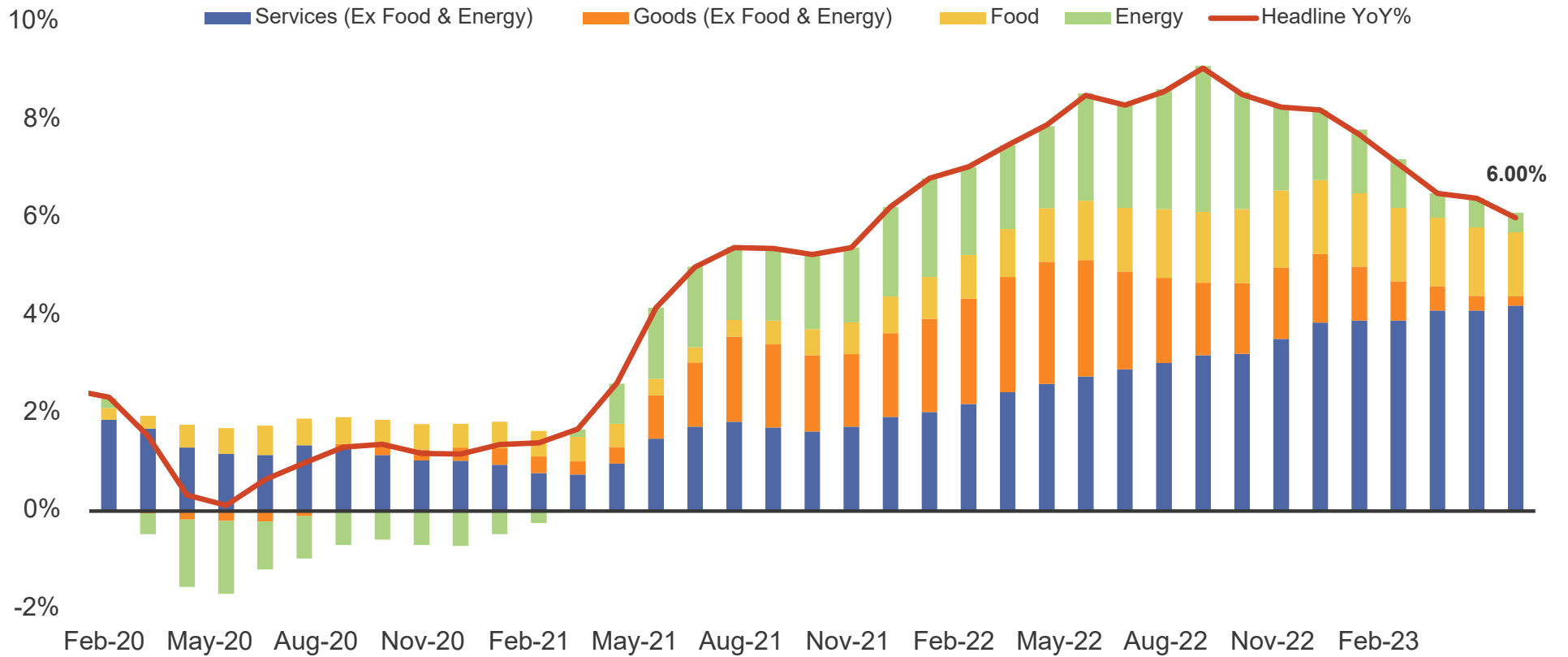
Unemployment Rate



Source: Congressional Budget Office February 2023 economic projections, Bureau of Labor Statistics, Bloomberg, as of February 2023. Data is seasonally adjusted.

Inflation Declines Moderate

Factors Contributing to the Consumer Price Index (CPI YoY)



Source: Source: Bloomberg, as of February 2023.

Rates Remain Sensitive to Fed and Inflation

2-Year US Treasury Yield



The 2-year Treasury is commonly used to gauge market reactions and near-term policy expectations

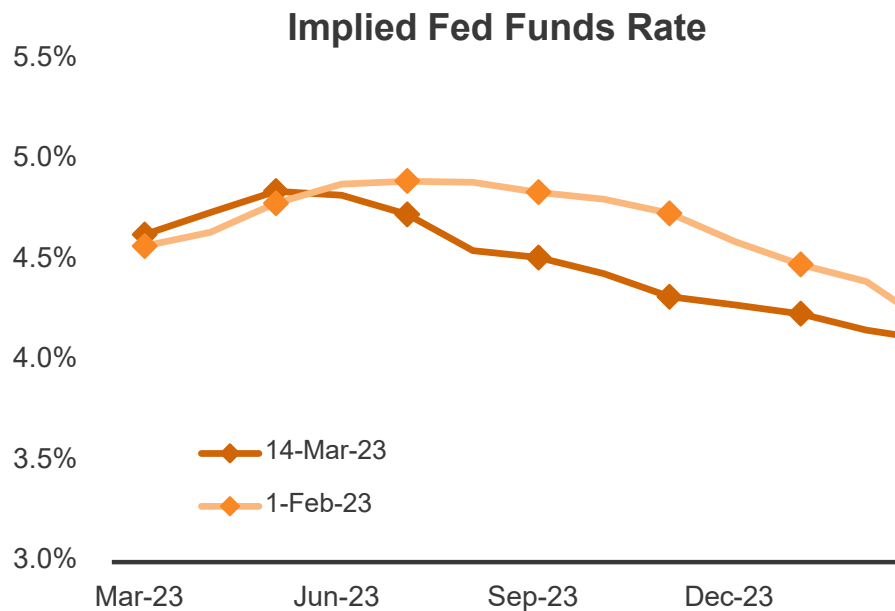
Source: Bloomberg, as of 2/27/2023.

Powell’s Remarks Opened the Door to a Return of 50bps Hike - Recent News Changed Market View

**March 7
Senate
Banking
Committee
Testimony**

“The latest economic data have come in stronger than expected, which suggests that *the ultimate level of interest rates is likely to be higher than previously anticipated.*”

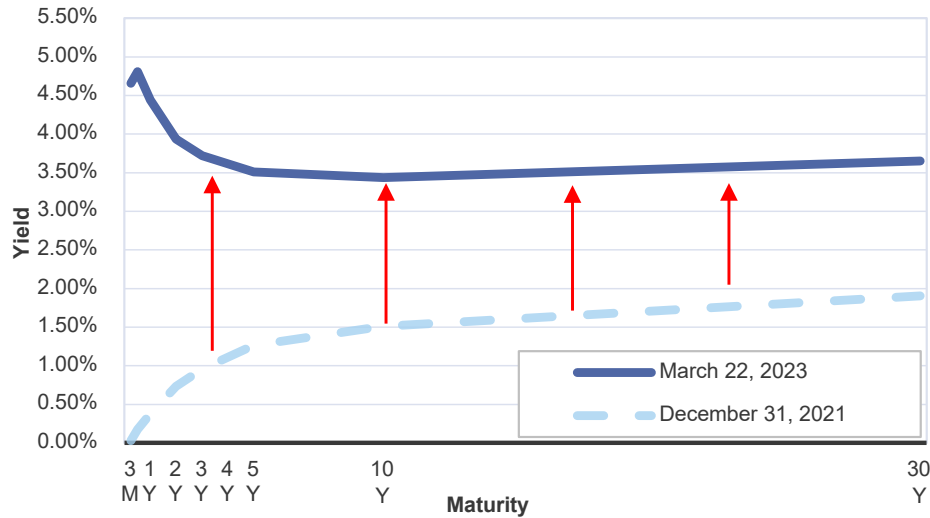
“If the totality of the data were to indicate that faster tightening is warranted, *we would be prepared to increase the pace of rate hikes.*”



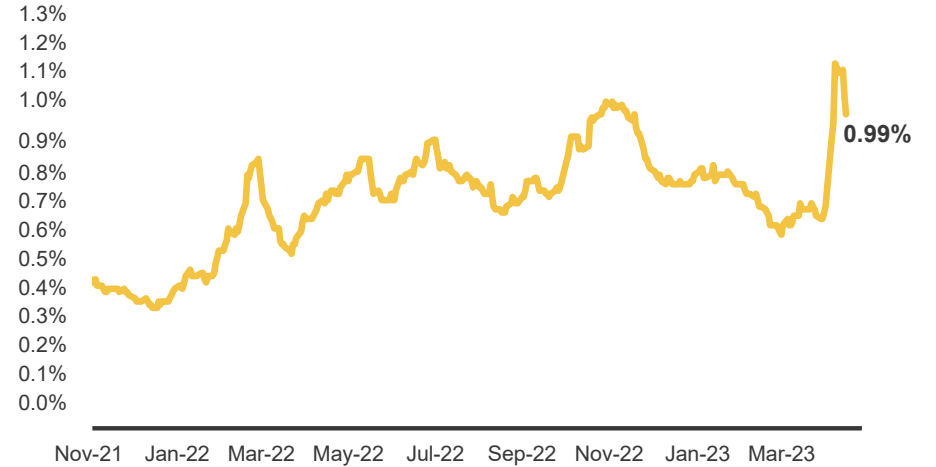
Source: Federal Reserve and Bloomberg.

Sector Yield Spreads Amid Market Conditions

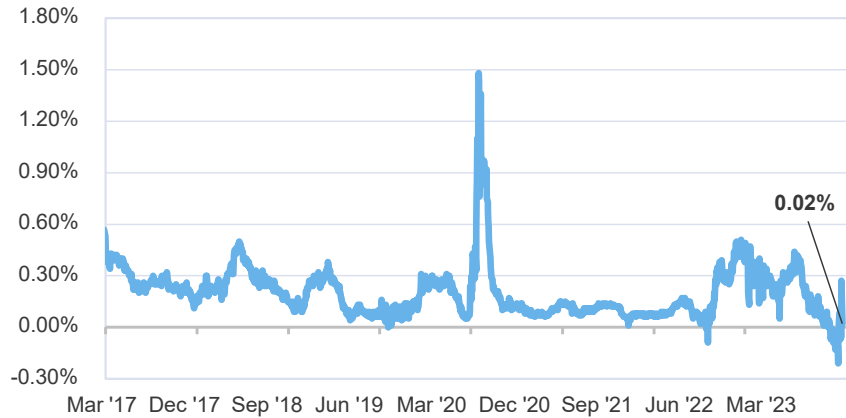
U.S. Treasury Yield Curve



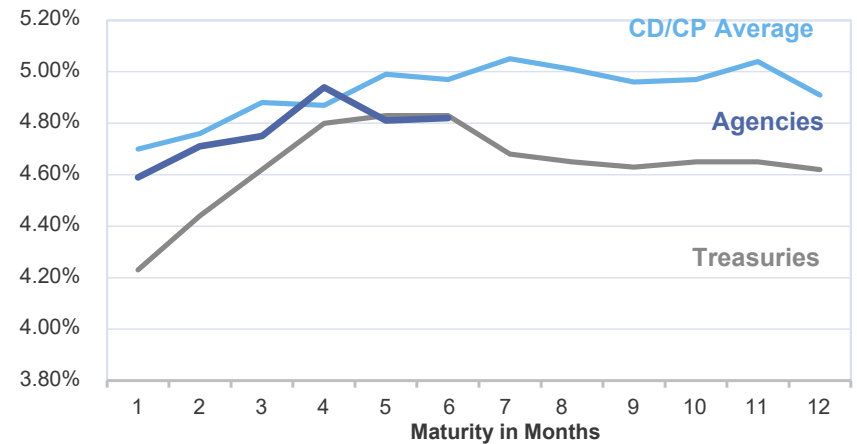
Corporate Yield Spreads 1-5 Year A-AAA (OAS)



Yield Spread on 6-month Commercial Paper over T-Bill



Money Market Yield Curves



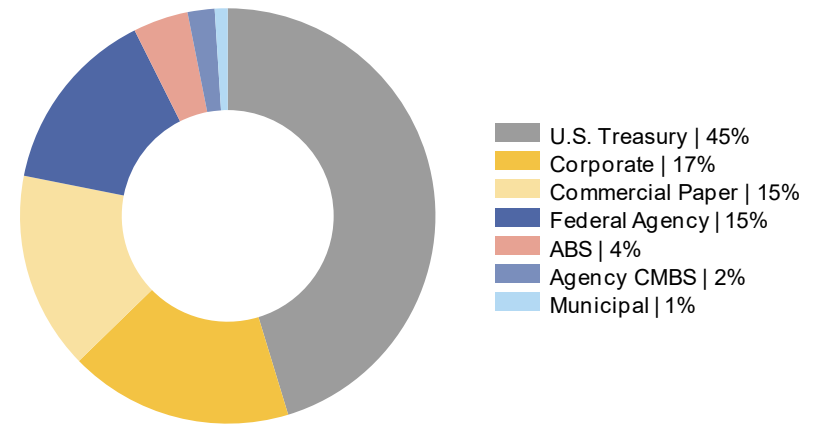
Source: Bloomberg & PFAM Trading Desk, as of 3/22/2023. 6-mo CP yield spread based on A1/P1 rated CP index (left). PFAM Trading Desk, as of 3/22/2023 (right).

Portfolio Snapshot - WINTER SPRINGS GENERAL CITY ACCOUNT¹

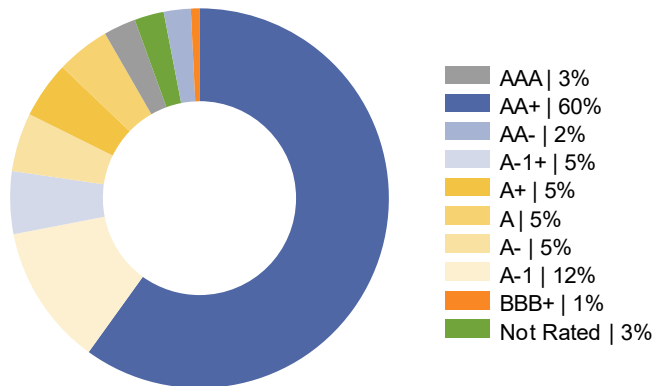
Portfolio Statistics

Total Market Value	\$87,025,674.90
<i>Securities Sub-Total</i>	\$86,570,200.54
<i>Accrued Interest</i>	\$243,643.93
<i>Cash</i>	\$211,830.43
Portfolio Effective Duration	0.81 years
Benchmark Effective Duration	0.89 years
Yield At Cost	2.20%
Yield At Market	4.74%
Portfolio Credit Quality	AA

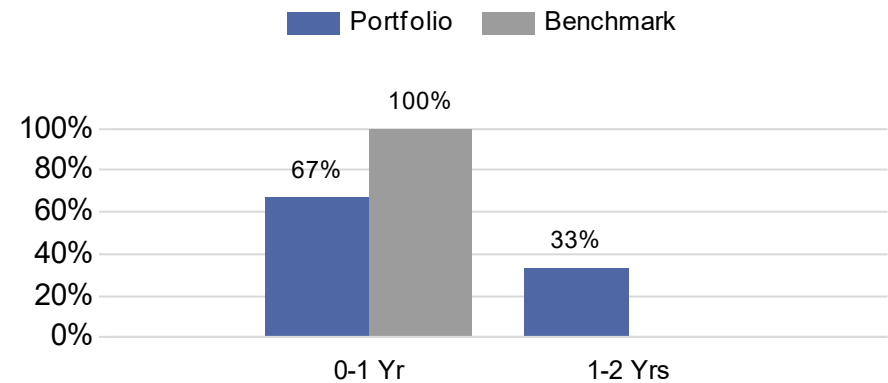
Sector Allocation



Credit Quality - S&P

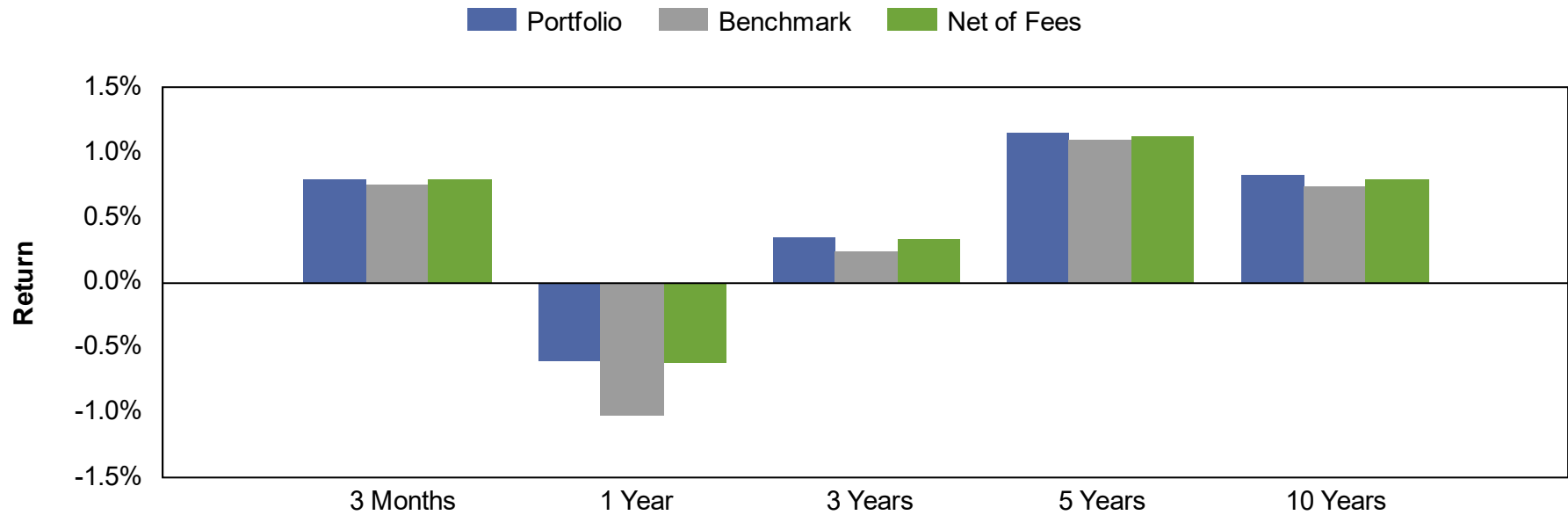


Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is currently the ICE BofAML 1 Year U.S. Treasury Index. Prior to 6/30/11 it was the ICE BofAML 1-3 Year Government 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.

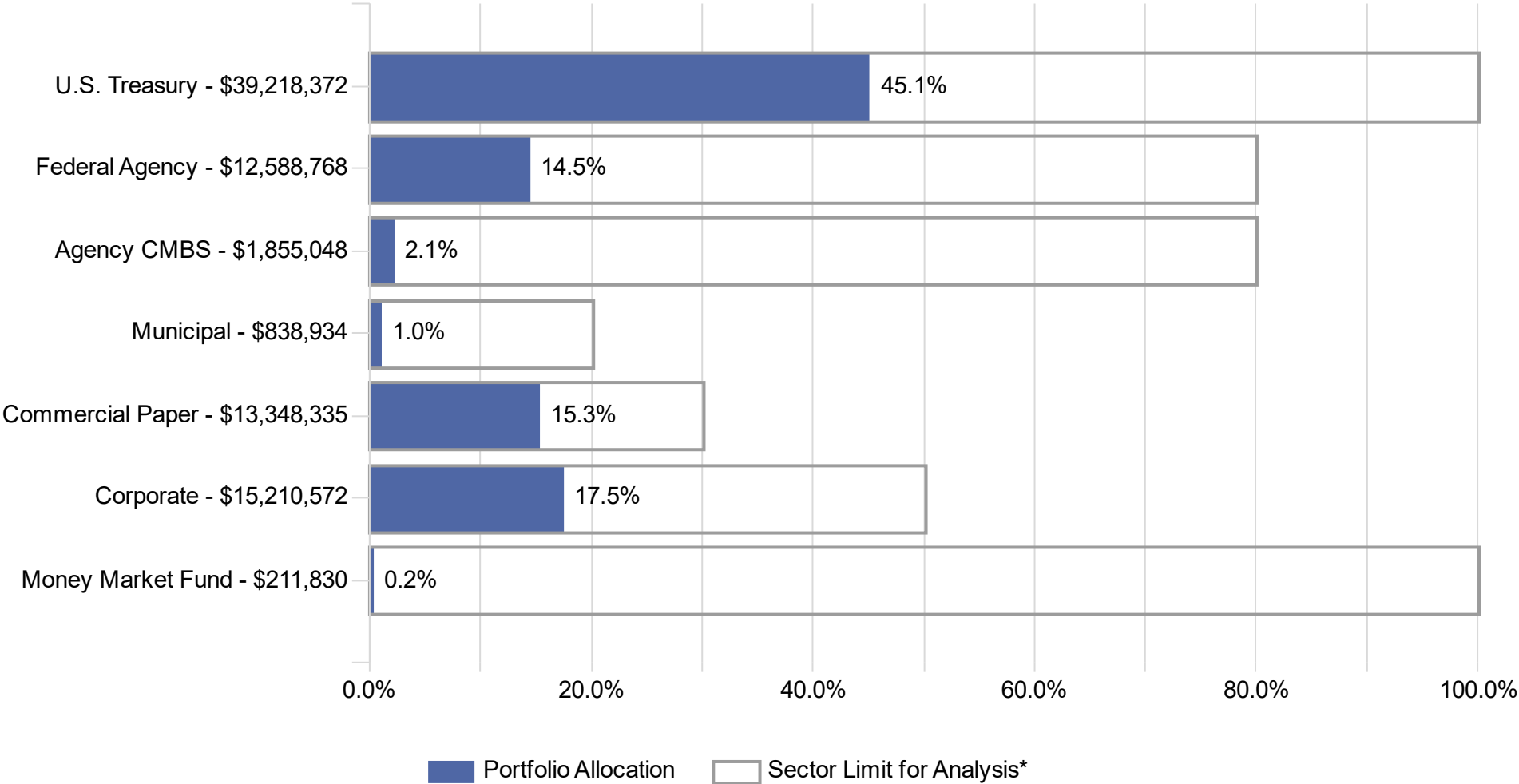
Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years
Interest Earned ²	\$291,608	\$714,189	\$1,806,905	\$3,285,490	\$4,913,932
Change in Market Value	\$398,651	(\$1,240,773)	(\$1,162,452)	\$117,119	(\$475,784)
Total Dollar Return	\$690,259	(\$526,584)	\$644,453	\$3,402,609	\$4,438,148
Total Return³					
Portfolio	0.80%	-0.60%	0.35%	1.14%	0.82%
Benchmark ⁴	0.76%	-1.02%	0.23%	1.09%	0.74%
Basis Point Fee	-	0.02%	0.02%	0.02%	0.02%
Net of Fee Return	0.79%	-0.62%	0.33%	1.12%	0.80%

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, 2011.
 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 Year U.S Treasury Index. Prior to 6/30/11 it was the ICE BofAML 1-3 Year Government Index. Source: Bloomberg.

Sector Allocation Analytics



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

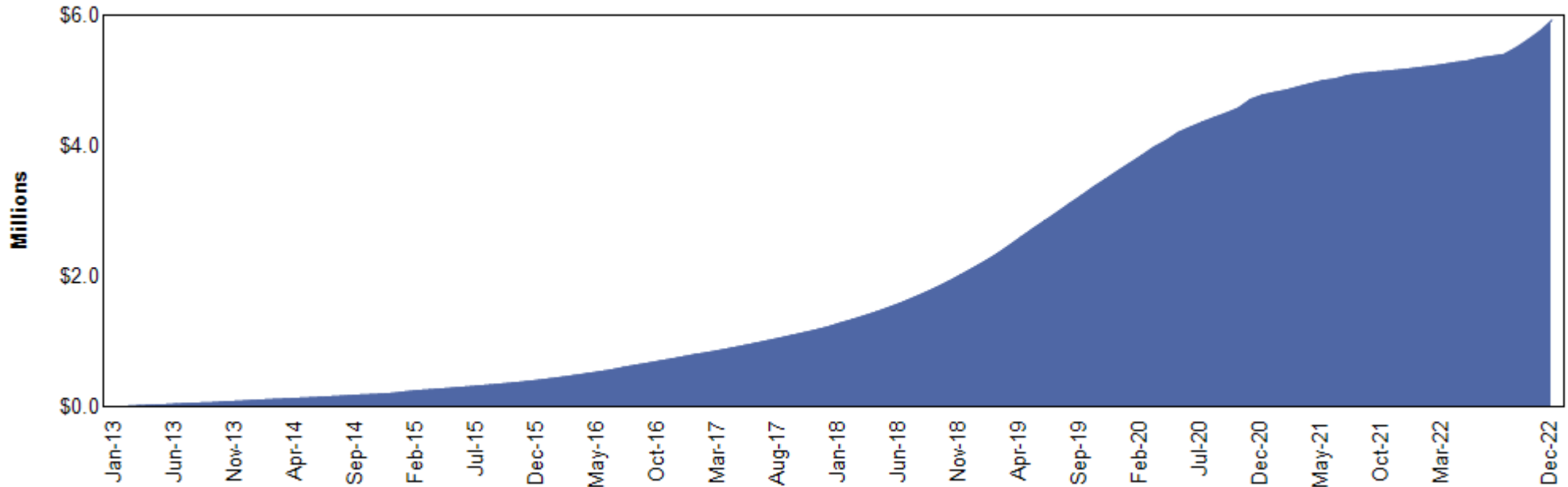
Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	45.2%	
UNITED STATES TREASURY	45.2%	AA / Aaa / AAA
Federal Agency	14.5%	
FANNIE MAE	2.4%	AA / Aaa / AAA
FEDERAL FARM CREDIT BANKS	6.6%	AA / Aaa / AAA
FEDERAL HOME LOAN BANKS	4.7%	AA / Aa / NR
FREDDIE MAC	0.7%	AA / Aaa / AAA
Agency CMBS	2.1%	
FREDDIE MAC	2.1%	AA / Aaa / AAA
Municipal	1.0%	
Commonwealth of Massachusetts	1.0%	NR / Aa / AAA
Commercial Paper	15.4%	
AMAZON.COM INC	3.4%	AA / Aa / AA
BNP PARIBAS	2.0%	A / Aa / AA
CITIGROUP INC	2.8%	A / Aa / A
LMA AMERICAS LLC	1.7%	A / Aa / AA
MITSUBISHI UFJ FINANCIAL GROUP INC	2.8%	A / Aa / A
NATIXIS NY BRANCH	2.6%	A / Aa / AA
Corporate	17.5%	
AMERICAN EXPRESS CO	0.7%	BBB / A / A
AMERICAN HONDA FINANCE	0.7%	A / A / A
BANK OF AMERICA CO	0.7%	A / A / AA
CATERPILLAR INC	0.7%	A / A / A
CISCO SYSTEMS INC	2.3%	AA / A / NR
COMCAST CORP	0.7%	A / A / A
DEERE & COMPANY	0.5%	A / A / A
HONEYWELL INTERNATIONAL	0.5%	A / A / A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	17.5%	
HSBC HOLDINGS PLC	0.7%	A / A / A
IBM CORP	0.7%	A / A / NR
JP MORGAN CHASE & CO	0.7%	A / A / AA
MORGAN STANLEY	0.7%	A / A / A
PACCAR FINANCIAL CORP	0.7%	A / A / NR
PEPSICO INC	0.7%	A / A / NR
PRAXAIR INC	0.8%	A / A / NR
RABOBANK NEDERLAND	1.4%	A / Aa / AA
TEXAS INSTRUMENTS INC	0.1%	A / Aa / NR
TORONTO-DOMINION BANK	1.5%	A / A / AA
TOYOTA MOTOR CORP	1.1%	A / A / A
TRUIST FIN CORP	0.7%	A / A / A
UNILEVER PLC	0.7%	A / A / A
ABS	4.3%	
CAPITAL ONE FINANCIAL CORP	0.5%	AAA / Aaa / NR
CARMAX AUTO OWNER TRUST	0.6%	AAA / NR / AAA
Daimler Trucks Retail Trust	0.5%	NR / Aaa / AAA
HONDA AUTO RECEIVABLES	0.3%	AAA / NR / AAA
HYUNDAI AUTO RECEIVABLES	0.4%	AAA / NR / AAA
JOHN DEERE OWNER TRUST	1.0%	NR / Aaa / AAA
MERCEDES-BENZ AUTO RECEIVABLES	0.6%	AAA / Aaa / NR
WORLD OMNI AUTO REC TRUST	0.5%	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. Includes accrued interest and excludes balances invested in overnight funds.

Accrual Basis Earnings - WINTER SPRINGS GENERAL CITY ACCOUNT



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year ¹
Interest Earned ²	\$291,608	\$714,189	\$1,806,905	\$3,285,490	\$4,913,932
Realized Gains / (Losses) ³	(\$9,884)	(\$150,185)	\$119,982	\$99,324	\$165,746
Change in Amortized Cost	\$141,022	\$184,537	\$379,487	\$1,308,280	\$844,851
Total Earnings	\$422,746	\$748,540	\$2,306,374	\$4,693,093	\$5,924,529

1. The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2011.
 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

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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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.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. 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. Opinions and data presented are not necessarily indicative of future events or expected performance.

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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.