

City of Peoria

Quarterly Investment Report

March 31, 2024

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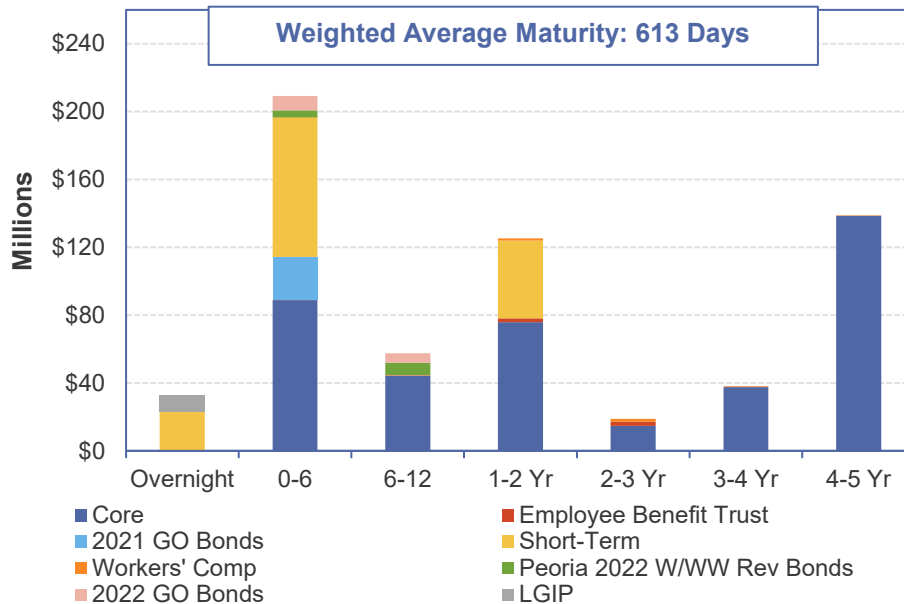
PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

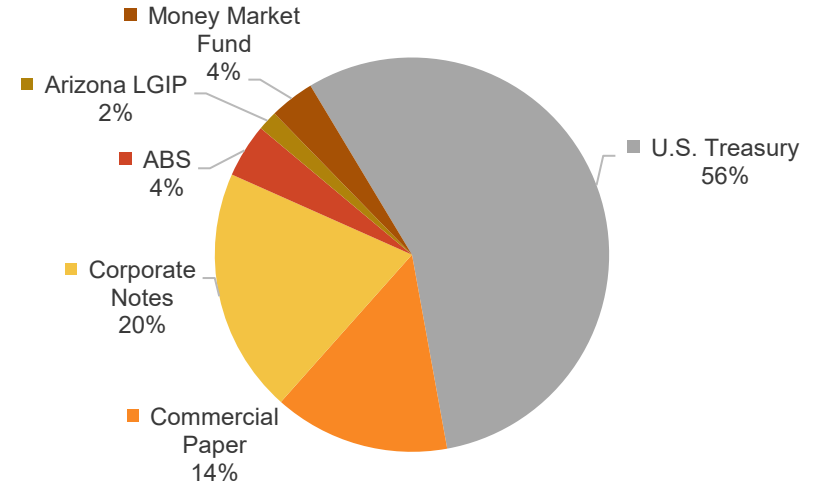
Executive Summary^{1,2,3}

Account Summary	Ending Values as of 12/31/23	Ending Values as of 3/31/24
Market Value	\$628,429,918	\$615,774,649
Book Value	\$632,027,718	\$620,728,398
Unrealized Gain/(Loss)	(\$3,597,799)	(\$4,953,749)
Weighted Avg. YTM	4.80%	5.18%
Weighted Avg. YTC	3.58%	3.88%

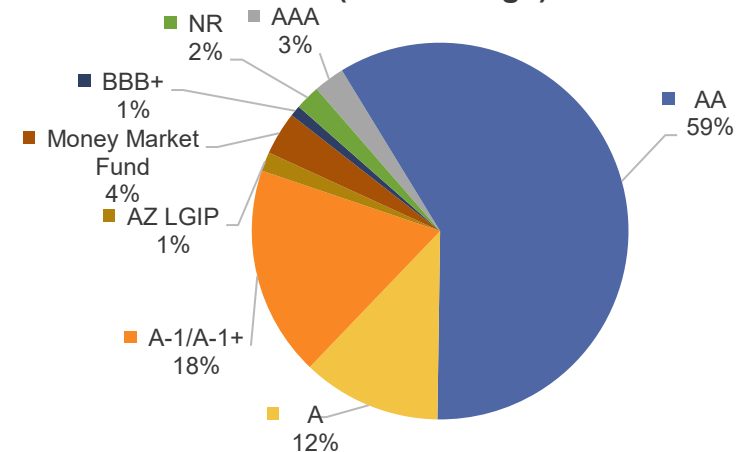
Maturity Distribution



Allocation by Security Type



Credit Quality (S&P Ratings)



1. These balances include \$10,106,988 invested with the AZ State Local Government Investment Pool as of 3/31/2024.
2. Weighted average maturity includes all liquid and LGIP balances and uses book values for weighting.
3. Bank Notes are included with Corporate Note figures, and Discount Notes are included with Federal Agency figures.

Security Type and Issuer Distribution^{1,2,3}

Security Type	Book Value	% of Portfolio	Policy Limit
U.S. Treasury	\$346,060,013	56%	80%
Corporate Note	\$124,694,182	20%	35%
Commercial Paper	\$89,596,499	14%	35%
ABS	\$27,445,225	4%	35%
AZ LGIP	\$10,106,988	2%	35%
Money Market Fund	\$22,825,491	4%	35%
Total Book Value	\$620,728,398	100%	

Accrual Basis Earnings	1/1/24 through 3/31/24
Estimated Earnings	\$5,593,430
Total Estimated Earnings	\$5,693,430

Other Investment Policy Requirements

Policy Limit - At least 20% of portfolio to mature in less than one year.

Current portfolio maturing in less than one year = **48%**

Maturity	Book Value	% of Portfolio	Policy Limit
Overnight	\$32,932,479	5%	No Limit
0-6 Months	\$209,246,788	34%	No Limit
6-12 Months	\$57,645,831	9%	No Limit
1-2 Years	\$125,274,487	20%	No Limit
2-3 Years	\$18,858,157	3%	No Limit
3-4 Years	\$38,094,418	6%	No Limit
4-5 Years	\$138,676,238	22%	No Limit
Total Book Value	\$620,728,398	100%	

1. These balances include \$10,106,988 invested with the AZ State Local Government Investment Pool as of 3/31/2024.
2. Weighted average maturity includes all liquid and LGIP balances and uses book values for weighting.
3. Bank Notes are included with Corporate Note figures, and Discount Notes are included with Federal Agency figures.

Holdings by Issuer

Issuer	Book Value	% of Portfolio	Policy Limit
United States Treasury	\$346,060,013	56%	80%
Money Market Fund	\$22,825,492	4%	35%
Royal Bank Of Canada	\$19,579,511	3%	5%
Mitsubishi Ufj Financial Group Inc	\$15,124,200	2%	10%
Credit Agricole SA	\$14,679,503	2%	10%
Natixis NY Branch	\$13,468,179	2%	10%
BNP Paribas	\$12,991,810	2%	10%
AZ State LGIP	\$10,106,988	2%	35%
BofA Securities Inc	\$9,898,667	2%	10%
Toyota Motor Corp	\$6,330,007	1%	5%
Toronto-Dominion Bank	\$6,283,277	1%	5%
Amazon.Com Inc	\$4,495,535	1%	5%
Bank Of Montreal	\$4,064,603	1%	5%
Hershey Company	\$4,020,255	1%	5%
Rabobank Nederland	\$3,976,939	1%	5%
The Bank Of New York Mellon Corporation	\$3,822,622	1%	5%
National Australia Bank Ltd	\$3,792,046	1%	5%
Apple Inc	\$3,512,992	1%	5%
Metlife Inc	\$3,494,211	1%	5%
ANZ Banking Group Ltd	\$3,486,251	1%	5%
Kubota Credit	\$3,479,590	1%	10%
JPMorgan Chase & Co	\$3,278,915	1%	5%

Holdings by Issuer

Issuer	Book Value	% of Portfolio	Policy Limit
USAA Owners Trust	\$3,094,515	<1%	10%
American Express Co	\$3,089,875	<1%	10%
MassMutual Global	\$2,994,141	<1%	5%
Automatic Data Processing Corp	\$2,969,450	<1%	5%
Deere & Company	\$2,842,039	<1%	5%
Roche Holdings	\$2,740,724	<1%	5%
Gm Financial Securitized Term	\$2,722,612	<1%	10%
National Rural Utilities Co Finance Corp	\$2,706,050	<1%	5%
Citigroup Inc	\$2,654,122	<1%	5%
Goldman Sachs Group Inc	\$2,539,995	<1%	5%
Westpac Banking Corp	\$2,495,491	<1%	5%
Linde Inc.	\$2,423,535	<1%	5%
Caterpillar Inc	\$2,365,838	<1%	5%
Nissan Auto Receivables	\$2,239,685	<1%	10%
Nestle	\$2,232,383	<1%	5%
Fifth Third Auto Trust	\$2,179,881	<1%	10%
Discover Financial Services	\$2,119,901	<1%	10%
Bmw Financial Services Na Llc	\$2,050,806	<1%	5%
New York Life Insurance Company	\$2,008,955	<1%	5%
Air Products & Chemicals	\$1,998,614	<1%	5%
Exxon Mobil Corp	\$1,991,962	<1%	5%
General Dynamics Corp	\$1,962,359	<1%	5%

Holdings by Issuer

Issuer	Book Value	% of Portfolio	Policy Limit
Wells Fargo & Company	\$1,833,809	<1%	5%
Svenska Handelsbanken AB	\$1,830,523	<1%	5%
Pacific Life GF	\$1,806,128	<1%	5%
Honeywell International	\$1,783,007	<1%	5%
Northern Trust	\$1,760,340	<1%	5%
Sumitomo Mitsui Financial Group Inc	\$1,755,240	<1%	5%
American Honda Finance	\$1,746,838	<1%	5%
Paccar Financial Corp	\$1,590,503	<1%	5%
Morgan Stanley	\$1,549,978	<1%	5%
Mastercard Inc	\$1,528,842	<1%	5%
Bank Of America Co	\$1,499,949	<1%	5%
UBS AG	\$1,494,102	<1%	5%
Bank Of Nova Scotia	\$1,492,953	<1%	5%
Mercedes-Benz Fin NA	\$1,459,722	<1%	5%
Meta Platforms Inc	\$1,448,456	<1%	5%
Ally Auto Receivables Trust	\$1,414,794	<1%	10%
Honda Auto Receivables	\$1,329,825	<1%	10%
Kenvue Inc.	\$1,279,994	<1%	5%
Unitedhealth Group Inc	\$1,249,570	<1%	5%
Medtronic Global Holdings	\$1,245,933	<1%	5%
Home Depot Inc	\$1,194,903	<1%	5%
Harley-Davidson Motorcycle Trust	\$1,174,909	<1%	10%

Holdings by Issuer

Issuer	Book Value	% of Portfolio	Policy Limit
Hyundai Auto Receivables	\$1,149,915	<1%	10%
Comcast Corp	\$1,128,211	<1%	5%
IBM Corp	\$1,126,725	<1%	5%
USAA Capital Corp	\$1,078,698	<1%	5%
State Street Corporation	\$1,012,074	<1%	5%
Nordea Bank Ab	\$999,919	<1%	5%
Westpac New Zealand LTD	\$940,000	<1%	5%
Ford Credit Auto Owner Trust	\$934,923	<1%	10%
Nordea Bank ABP	\$794,866	<1%	10%
John Deere Owner Trust	\$704,901	<1%	10%
Texas Instruments Inc	\$697,476	<1%	5%
Bmw Vehicle Owner Trust	\$669,899	<1%	10%
Bristol-Myers Squibb Co	\$588,529	<1%	5%
Protective Life Global	\$560,000	<1%	5%
Macquarie Bank	\$487,983	<1%	10%
Northwestern Mutual GLBL	\$364,960	<1%	5%
PNC Financial Services Group	\$230,000	<1%	5%
Canadian Imperial Bank Of Commerce	\$196,059	<1%	5%
BB&T Corporation	\$188,559	<1%	5%
Cisco Systems Inc	\$74,905	<1%	5%
Pepsico Inc	\$64,976	<1%	5%
Eli Lilly & Co	\$39,980	<1%	5%

Holdings by Issuer

Issuer	Book Value	% of Portfolio	Policy Limit
Wal-Mart Stores Inc	\$14,996	<1%	5%
Hormel Foods Corp	\$14,986	<1%	5%
Total Book Value	\$620,728,398	100.00%	

Current Market Themes

- ▶ The U.S. economy is characterized by:
 - ▶ Robust growth that continues to show surprising strength
 - ▶ Moderating inflation that remains above the Federal Reserve's (The Fed's) 2% target
 - ▶ Labor markets continuing to show impressive job gains and low unemployment
 - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation
- ▶ Federal Reserve reaffirms rate cut expectations
 - ▶ Forecast of 75-basis point rate cut by end of 2024
 - ▶ After entering the year expecting 6 cuts in 2024, markets have adjusted their expectations to only 2 to 3 cuts in 2024
 - ▶ Fed officials reaffirm that restoring price stability is the priority, but further confidence in inflation moving toward the 2% target is needed, which may delay the timing of rate cuts
- ▶ Treasury yields increase following the change in market expectations
 - ▶ Yields on maturities between 2 and 10 years rose 30-40 basis points during the quarter
 - ▶ Yield curve inversion persists
 - ▶ Spreads in most sectors fell to multi-year lows given the strong economic environment

Investment Strategy Outlook

- ▶ The Fed left the target rate unchanged at its current range of 5.25% to 5.50% following the March FOMC meeting.
- ▶ Stubborn inflation and stronger fundamental economic data will likely delay any rate cuts until later in the year.
- ▶ Fed guidance continues to suggest lower short-term rates over the course of the year, if inflation continues to ease as expected, although perhaps at a slower pace.
- ▶ As a result, we seek to maintain neutral portfolio durations relative to benchmarks.

Treasury Yields Increased as Markets Adjusted Rate Cut Assumptions

- ▶ The 2-year Treasury increased by 36 basis points during the past quarter, as markets adjusted their rate cut assumptions.

**2-Year Treasury Yields
March 2022 – March 2024**



Source: Bloomberg, as of 3/31/2024.

Disclaimer

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