King County Investment Pool

Portfolio Review

Quarter Ended
June 30, 2023
717.232.2723

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PFM Asset Management LLC

Executive Summary

Purpose, Scope and Approach	• PFM Asset Management LLC ("PFM") prepared this report to update our ongoing analysis and to address any Investment Pool developments since our March 2023 review. Our approach included a detailed portfolio analysis and Investment Policy review, based on the County's Investment Policy, dated July 26, 2017. • Our analysis was based on the Investment Pool's holdings as of June 30, 2023, with reference to holdings in past periods. • The review encompasses all current investments in the County's Investment Pool.
Investment Program and Portfolio Review	• PFM Asset Management reviewed the County's portfolio with respect to Investment Policy Compliance, Sector Allocation, Issuer Concentration, Credit Quality, Maturity Distribution, and Duration Distribution. • The County's Investment Pool appears to provide ample liquidity, is well diversified, and is of sound credit quality. All holdings are investment grade and pose very low risk to principal.

Market Recap	• U.S. economic conditions are characterized by:
	  • Headline inflation numbers trending lower, but the Fed's preferred measure of "suprecore inflation" showing little sign of improvement
	  • A labor market that appears as strong as ever
	  • A more optimistic sentiment around economic growth due to resilient consumer spending
	• Fed temporarily pauses rate hikes
	  • The most aggressive series of interest rate hikes in recent history has come to a temporary pause in June
	  • The Fed's most recent dot plot shows the potential for two additional rate hikes by the end of the year
	  • Yields are elevated on the backs of the markets' "higher-for-longer" mindset
	• Bond markets see continued volatility
	  • The debt ceiling crisis incited market volatility due to concern about a potential U.S. debt default
	  • After plummeting at the end of the first quarter due to volatility in the banking sector, short- and medium-term yields steadily climbed throughout the second quarter
	  • The curve remains near historically extreme levels of inversion

Observations	• The portfolio is of very high credit quality. The majority of securities (approximately 85%) are explicitly guaranteed or carry a high level of support by the U.S. Government (U.S. Treasury, federal agency and U.S. instrumentalities) and/or possess overnight liquidity (Washington State LGIP, bank deposits, and repurchase agreements). • The County maintained broad issuer diversification during the quarter. • The Portfolio's duration decreased over the quarter and stands at 61% of the benchmark's duration. • The County increased its allocation to overnight liquidity, from 11% last quarter to 19% this quarter (or $1.73 billion) invested in a combination of the State LGIP, bank deposits, and repurchase agreements.

Portfolio Review

I. **Investment Policy Summary**

II. **Sector Allocation**

- U.S. Treasuries
- Federal Agencies
- Supranational Agencies
- Commercial Paper
- Corporate Notes
- Repurchase Agreements
- LGIP and Cash Equivalents

III. **Issuer Concentration**

IV. **Overall Credit Quality**

V. **Maturity and Duration Distribution**

Investment Policy Summary

- The Investment Policy summary is based on the current Investment Policy for the County Investment Pool, dated July 26, 2017.

Type	Maximum Portfolio Allocation	Issuer Restrictions	Credit Ratings	Maturity Restrictions
U.S. Treasuries	100%	None	N/A	Up to 5 years
U.S. Agencies	100%	35% exposure to any single Agency	Senior debt obligations issued by any government sponsored enterprise, agency or instrumentality of the United States.	Up to 5 years
Repurchase Agreements – Top Tier Rating (A-1 or P1)	100%	100% for repurchase agreements with the Federal Reserve Bank of New York 25% maximum exposure to any one repo counterparty. For the purposes of aggregating issuers across sectors, overnight repo counterparties are not included.	The counterparty must have: 1. A rating in the highest short-term credit rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO) or possess a guarantee by an entity with such a rating; and 2. A minimum asset and capital size of $5 billion in assets and $175 million in capital	60 days or less
Repurchase Agreements – Second Tier Rating (A-2 or P-2)	10%	5% maximum exposure to any one repo counterparty. For the purposes of aggregating issuers across sectors, overnight repo counterparties shall NOT be included.	1. A rating in the second highest short-term credit rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO) or possesses a guarantee by an entity with such a rating; and 2. A minimum asset and capital size of $5 billion in assets and $175 million in capital	Overnight only
Reverse Repurchase Agreement	20%	5% per investment dealer	1. Rated in the highest short-term credit rating category by at least one NRSRO or possesses a guarantee by an entity with such a rating; and 2. A minimum asset and capital size of $5 billion in assets and $175 million in capital	6 months or less
Local Government Investment Pool ("LGIP")	25%	State of Washington LGIP	N/A	N/A

Investment Policy Summary (cont'd)

Type	Maximum Portfolio Allocation	Issuer Restrictions	Credit Ratings	Maturity Restrictions
Bankers' Acceptances	25% When combined with Term Repos (greater than overnight), Certificates of Deposit, Commercial Paper and Corporate Notes not to exceed 50% of the Pool assets.	Must be issued by a bank organized and operating in the U.S. Maximum 5% per issuer applied across investment types.	Rated in the highest short-term credit rating category by at least two NRSROs.	Up to 180 days
Certificates of Deposit	25% When combined with Banker's Acceptance, Term Repos (greater than overnight), Commercial Paper and Corporate Notes not to exceed 50% of the Pool assets.	Must be a public depository in the State of Washington. Maximum 5% per issuer applied across investment types.	See RCW 39.58 of the state Code. If not 100% collateralized, must be rated in the highest short-term rating category by at least one NRSRO. Those institutions not meeting the 100% collateralization or minimum credit requirements may receive deposits up to the FDIC or federally guaranteed amounts.	Up to 1 year
Commercial Paper	25% of total market value when combined with Corporate Notes. When combined with Banker's Acceptance, Certificates of Deposit, Term Repos (greater than overnight) and Corporate Notes not to exceed 50% of the Pool assets.	Secondary market purchases only. Must be issued by a bank or corporation organized and operating in the U.S. Maximum 3% per issuer in combined categories of commercial paper and corporate notes. Maximum 5% per issuer applied across investment types.	Purchases with greater than 100 days maturity must have an issuer long-term rating in one of the three highest credit rating categories by one major NRSRO. Rated in the highest short-term rating category by at least two major NRSROs. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of the organizations. State law requires that Commercial Paper be purchased only from dealers.	270 days
General Obligation Municipal Bonds	20%	5% of portfolio: bond issues by pool participants must be purchased on the secondary market only	Rated in at least the highest three long-term rating categories by at least one NRSRO.	5 years

Investment Policy Summary (cont'd)

Type	Maximum Portfolio Allocation	Issuer Restrictions	Credit Ratings	Maturity Restrictions
Mortgage-Backed Securities	25%	Must be issued by Federal Agencies of the United States. Investments in MBS will count toward the total that can be invested in any one agency as described in U.S. Agencies above. Full faith and credit MBS are limited to 25%.	Senior debt obligations issued by any government sponsored enterprise, agency or instrumentality of the United States. The securities must pass the Federal Financial Institutions Examination Council ("FFIEC") suitability test, which banks use to determine lowest risk securities.	5 year average life at time of purchase
Corporate Notes	25% of total market value when combined with commercial paper When combined with Banker's Acceptance, Certificates of Deposit, Commercial Paper and Term Repos (greater than overnight) not to exceed 50% of the Pool assets.	3% per issuer rated AA or better. 2% per issuer rated in broad single A category. Split ratings will take most conservative rating. Maximum 3% per issuer in combined categories of commercial paper and corporate notes. Maximum 5% per issuer applied across investment types.	Must be rated at least in the broad single A category or better. Broad single A category with a negative outlook may not be purchased.	5 years The maximum duration of the corporate notes portfolio shall not exceed 3 years.

Additional Notes to the Investment Policy

- The Pool will maintain an effective duration of 1.5 years or less.
- The Pool will maintain at least 40% of its total value in securities having a remaining maturity of 12 months or less.
- Floating rate and variable rate securities are permitted subject to the following criteria:
    1) The rate on the FRN/VRN resets no less frequently than quarterly; and
    2) The FRN/VRN is indexed to a money market rate.
- Major NRSRO is defined as Moody's and Standard & Poor's.
- Purchases prior to 9/15/16 are considered grandfathered in for issuer limit purposes and can be held to maturity.

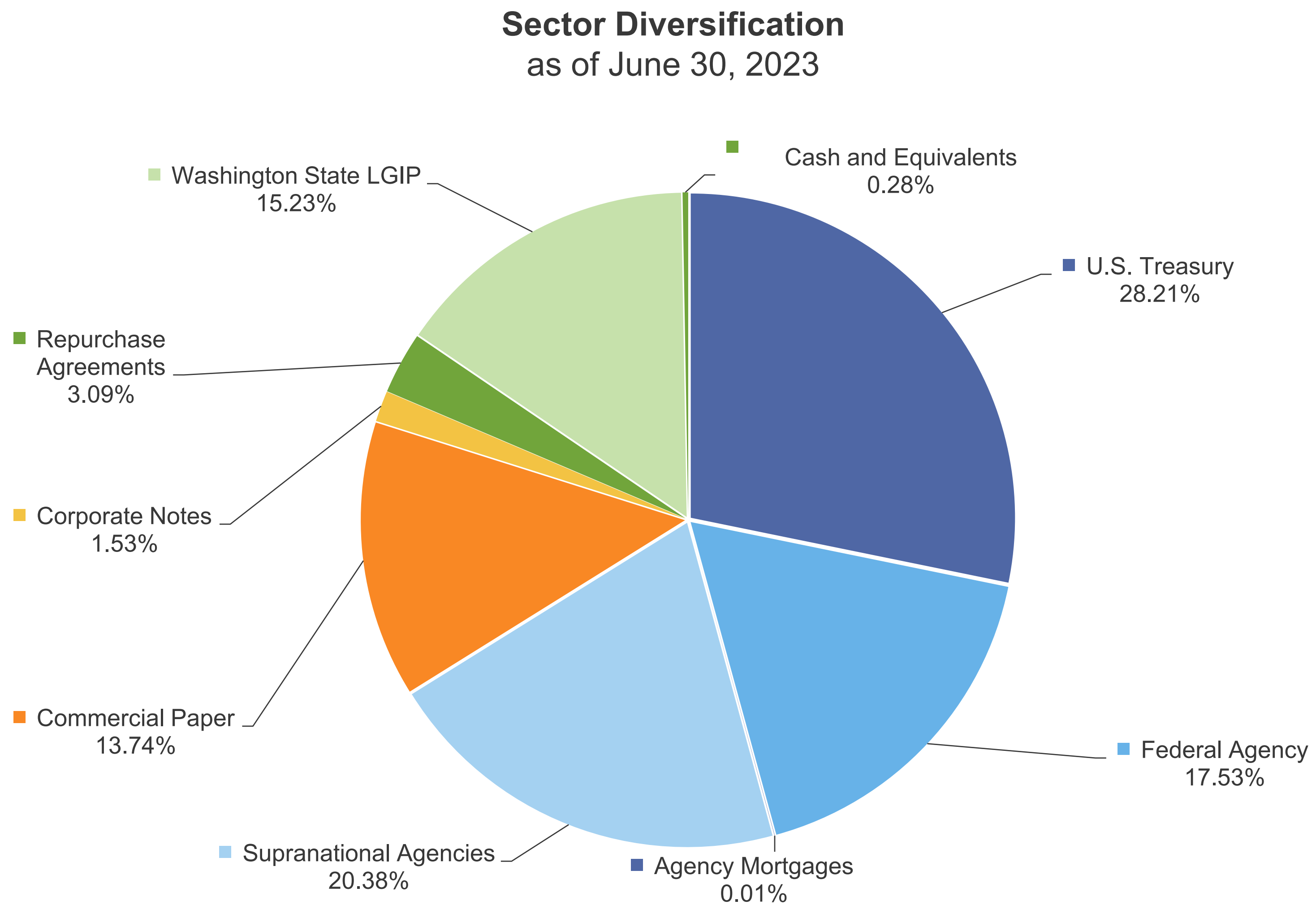
Investment Policy Review

Topic	Observations
Sector Allocation	• All sector allocations fall within the limits set forth by the County's Investment Policy Statement. The Pool is predominantly invested in U.S. government securities which are either explicitly guaranteed or carry a high level of support by the U.S. government. • The County's Investment Pool balance (market value) as of June 30, 2023, was $9.3 billion, a $751 million increase from last quarter. • The County's Investment Pool decreased allocation to U.S. Treasuries (-6.34%), Federal Agencies (-2.47%), Supranational Agencies (-1.94%), and Corporate Notes (-0.74%). • Over the quarter, allocation increased to the following sectors: Commercial Paper (+4.24%), Repurchase Agreements (+0.88%), Cash and Equivalents (+0.14%), and the Washington State LGIP (+6.25%). • All sectors remain within applicable policy limits.
Credit Quality	• Approximately 66% of the County pool's assets are directly guaranteed or supported by the U.S. government and roughly 11% of the assets are indirectly guaranteed via a portion of the State LGIP allocation and its underlying investments. • Combined corporate allocations (both commercial paper and corporate notes) increased to 15.3% of the portfolio from 11.80% last quarter, and all securities remain investment grade. Combined allocations to corporate notes and commercial paper continue to be below the maximum allocation limit of 25%. • Total allocations to corporate related issues also do not exceed the 50% allocation limit set forth in the County's Investment Policy.
Maturity Distribution	• All maturities fall within the limits set forth in the County's Investment Policy. • Approximately 73% of the Pool's assets mature in one year or less, above the minimum of 40% that is mandated by the Investment Policy.

Security Type	Market Value($)	Allocation Percentage	Within Policy Limits	Max Maturity Held	Within Policy Limits
U.S. Treasury	$2,621,153,780	28.21%	✓	2.63 years	✓
Supranational Agencies	$1,893,722,771	20.38%	✓	4.70 years	✓
Corporate Notes	$142,447,892	1.53%	✓	3.87 years	✓
Federal Agency	$1,629,091,649	17.53%	✓	1.94 years	✓
Washington State LGIP	$1,414,939,056	15.23%	✓	1 day	✓
Repurchase Agreement	$287,000,000	3.09%	✓	1 day	✓
Commercial Paper	$1,276,530,294	13.74%	✓	206 days	✓
Cash and Equivalents	$25,866,241	0.28%	✓	1 day	✓
Agency Mortgages	$1,212,903	0.01%	✓	3.32 years (WAL)	✓
TOTAL	**$9,291,964,586**	**100.00%**			

**Percentages may not total to 100% due to rounding.*

Sector Allocation

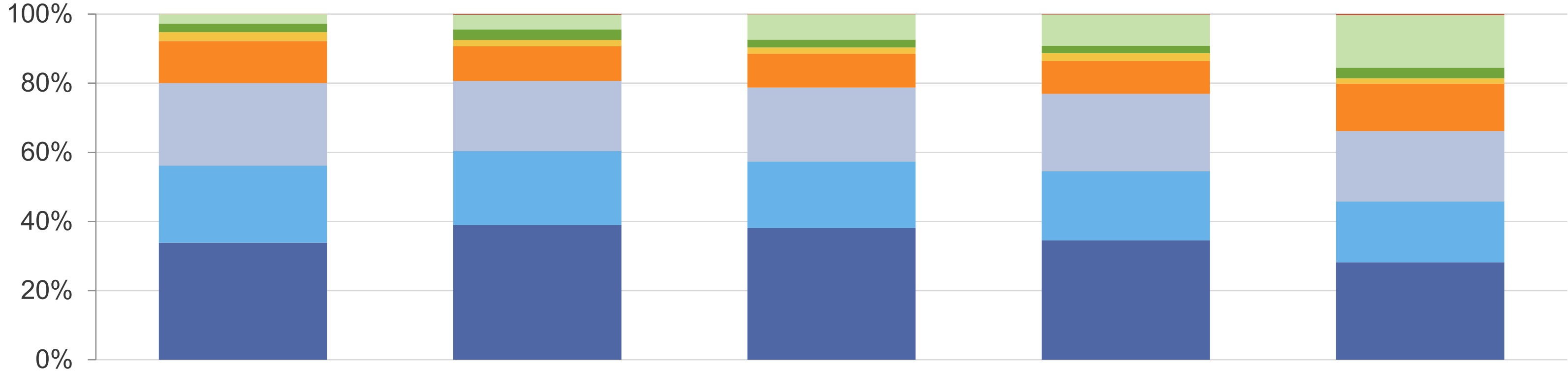


**Percentages may not total to 100% due to rounding.*

Changes In Portfolio Sector Allocation over the Past 12 Months

Changes in Sector Allocation

- The portfolio increased exposure to Commercial Paper (+4.24%), Repurchase Agreements (+0.88%), Cash and Equivalents (+0.14%), and the Washington State LGIP (+6.25%) while decreasing exposure to U.S. Treasuries (-6.34%), Federal Agencies (-2.47%), Supranational Agencies (-1.94%), and Corporate Notes (-0.74%).
- **U.S. Treasuries** During the second quarter, exposure to U.S. Treasuries saw a significant decrease from 34.55% to 28.21%, dipping below the 30% to 40% allocation range that persisted over the last year.
- **Federal Agencies** The allocation to agencies, excluding supranationals and mortgage securities, decreased markedly by 2.47% over the period.
- **Supranational Agencies** Allocation to supranationals decreased by 1.94%, reversing the upward trend from previous quarters.
- **Corporate Notes** The allocation to corporate notes fell over the quarter by 0.74%.
- **Commercial Paper** Commercial paper increased over the period to 13.74% of the portfolio, ending the downward trend from the previous four quarters.
- **Washington State LGIP** The State LGIP saw a significant increase from 8.98% to 15.23% of the portfolio over the quarter.
- **Repurchase Agreements** The portfolio's allocation to repurchase agreements increased from 2.21% to 3.09% of the portfolio.



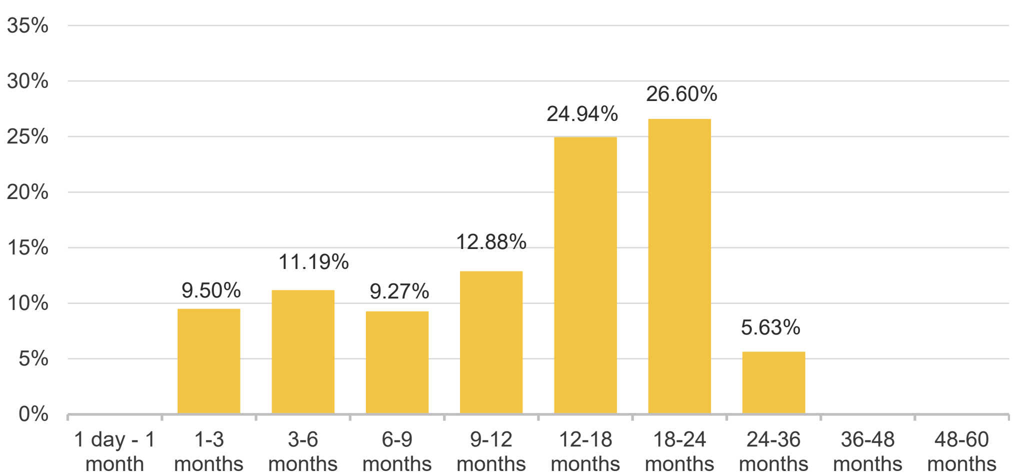
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
U.S. Treasury	33.87%	38.94%	38.11%	34.55%	28.21%
Federal Agencies	22.28%	21.35%	19.24%	20.01%	17.53%
Agency Mortgages	0.02%	0.02%	0.02%	0.02%	0.01%
Supranational Agencies	23.89%	20.34%	21.37%	22.32%	20.38%
Commercial Paper	12.11%	10.06%	9.80%	9.50%	13.74%
Corporate Notes	2.60%	1.81%	1.80%	2.27%	1.53%
Repurchase Agreements	2.44%	3.03%	2.25%	2.21%	3.09%
Washington State LGIP	2.71%	4.28%	7.31%	8.98%	15.23%
Cash and Equivalents	0.08%	0.19%	0.10%	0.14%	0.28%

**Percentages may not total to 100% due to rounding.*

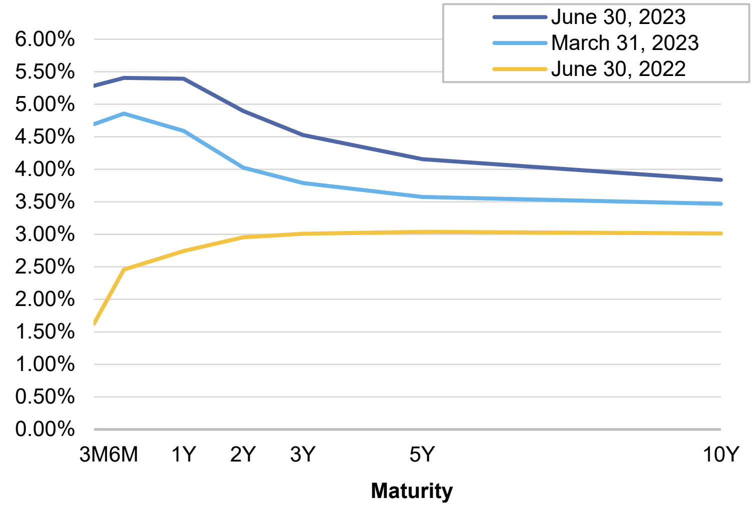
II. Sector Allocation – U.S. Treasury Securities

Topic	Observations
Observations	• The County's balances held in U.S. Treasuries decreased significantly from 34.55% of the total portfolio to 28.21%. • The U.S. Federal Reserve raised its benchmark interest rate by 25 basis points in May of 2023 and paused the rate hike cycle during its June meeting, bringing the federal funds rate to a new target range of 5.00% to 5.25%. Yields on the 2-year and 10-year treasuries rose through the quarter by 87 bps (+0.87%) and 37 bps (+0.37%), respectively. The front end of the curve continues to rise swiftly and significantly on the back of the Fed's rate hikes. Over the last 12 months, the 3-month treasury rose 366 bps (+3.66%) to 5.28%. • Approximately 43% of all Treasury holdings have remaining maturities of one year or less. • The weighted average maturity (WAM) of the County's Treasury allocation decreased over the quarter from 536 days to 413. This decrease can be attributed to the selling and roll-down of longer-dated maturity securities without the purchase of new securities further out on the curve. • The chart on the left below displays the current maturity distribution of the County's allocations to U.S. Treasuries while the chart on the right compares the current shape of the Treasury yield curve to the curve last quarter, and the yield curve one year ago. • The County's Treasury holdings favor short to intermediate-term securities, and treasury yields saw the greatest increases on the short end of the curve.

U.S. Treasury Maturity Distribution
as of June 30, 2023



U.S. Treasury Yield Curve
6/30/22 vs 3/31/23 vs 6/30/23

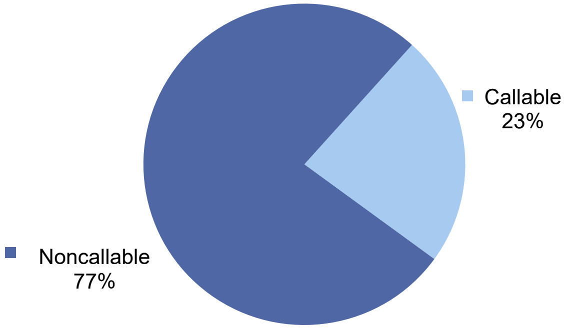


**Percentages may not total to 100% due to rounding.*

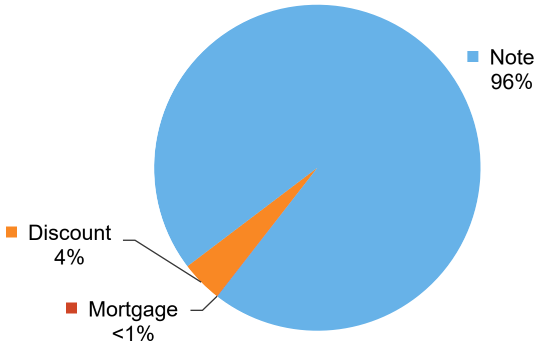
II. Sector Allocation – Federal Agencies

Topic	Observations	
Structure *(as % of Federal Agency Allocations)*	• Non-Callable 76.6% • Callable 23.4%	• Coupon Bearing Notes 95.9% • Discount Notes 4.1% • Agency Mortgage < 0.1%
Diversification *(as % of Federal Agency Allocations)*	• Federal Farm Credit Bank (FFCB)*** 9.3% • Freddie Mac (FHLMC) 11.9% • Federal Home Loan Bank (FHLB)*** 21.0% • Supranational Agencies*** 53.7%	• Fannie Mae (FNMA)*** 4.0% • Fannie Mae Mortgage-Backed (FNR) < 0.1%
Conclusions	• The County's federal agency holdings continue to be well diversified by issuer. All issuer allocations fall within the issuer guidelines and security structures in the County's Investment Policy (max per agency issuer 35%). • The percentage of the portfolio invested in federal agencies, excluding supranationals and mortgage securities, decreased by 2.47% in the quarter from 20.01% to 17.53%. The portion of callable federal agency securities increased to 23.4% this quarter. • All supranational agency holdings are below the 35% issuer limit and represent approximately 20% of the entire portfolio. • The County Pool's only allocation to agency mortgages is in Fannie Mae, totaling approximately 0.01% of the total portfolio.	

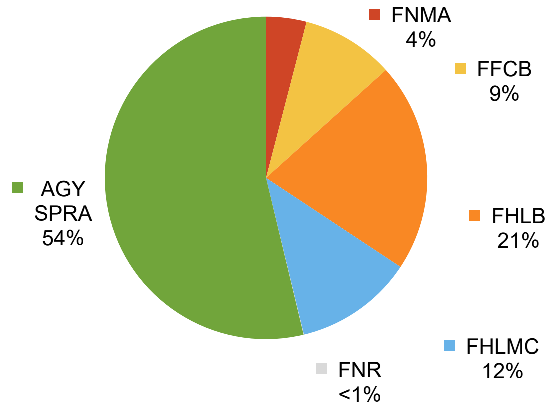
Callable vs. Non-Callable
as of June 30, 2023



Structure Distribution
as of June 30, 2023



Issuer Diversification
as of June 30, 2023

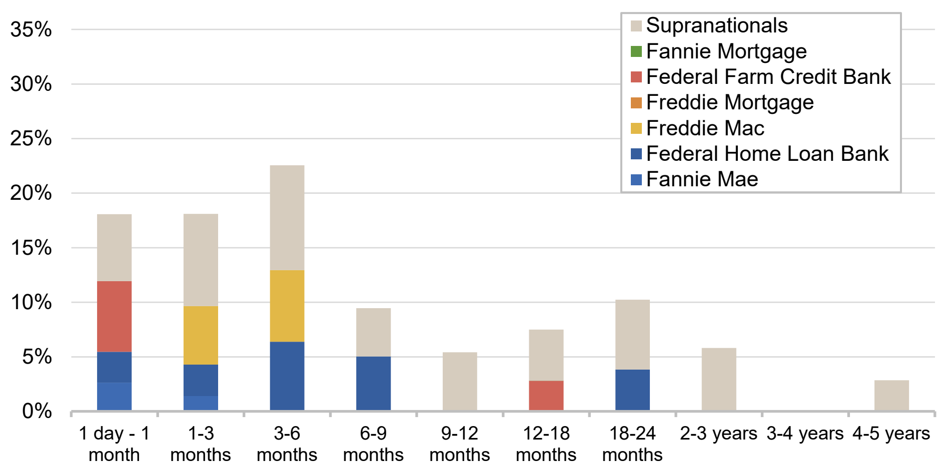


All calculations above are based on total federal agency exposure, not overall Portfolio.
***Percentages may not total to 100% due to rounding.*
****Includes discount notes*

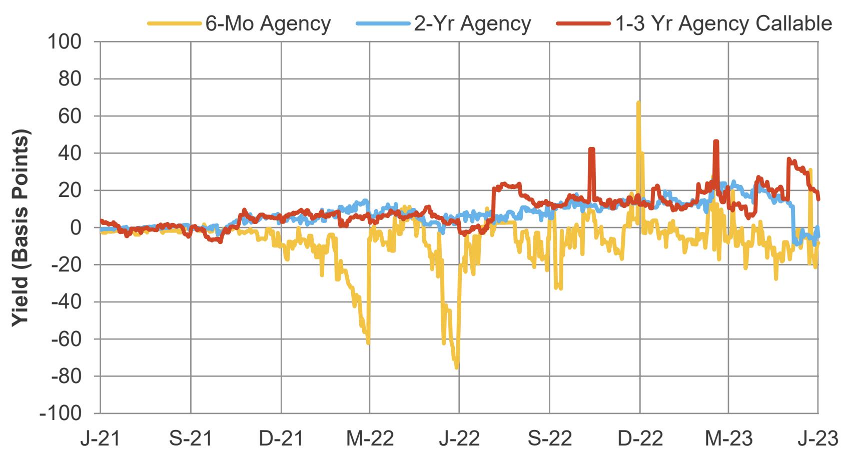
II. Sector Allocation – Federal Agencies

Topic	Observations
Maturity Distribution	• The County's federal agency maturity distribution falls within the limits set forth by the Investment Policy Statement. • Over the quarter, the weighted average maturity (WAM) of the County's federal agency holdings, including supranationals, decreased from 329 days on March 31 to 284 days as of June 30. • The portfolio decreased its allocation to both federal agencies and supranational agencies. – Demand for advances is likely to continue to decline as we near the end of the Fed's rate hiking cycle, which should be supportive of lower FHLB issuance and tighter spread levels. Attractive opportunities are scarcer when compared with the beginning of 2023. – Federal agency yield spreads tightened throughout the quarter as net issuance slowed. Agency discount notes were utilized heavily across the markets as a replacement for U.S. Treasury bills during the height of the debt ceiling uncertainty.

Federal Agency Maturity Distribution by Name
as of June 30, 2023



Federal Agency Yield Spreads to Treasuries
Past 24 Months



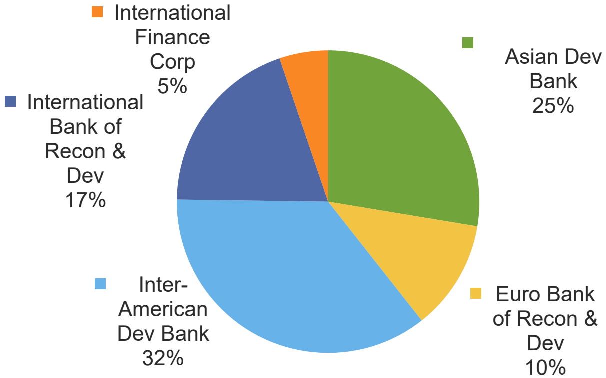
** Source Bloomberg Financial Systems*

- *Agency Mortgage maturities are calculated as average life. Average life data taken from Bloomberg Financial Markets*
- *Callable securities are shown to their next call date.*
- *All other Agency maturities are calculated as days to maturity.*

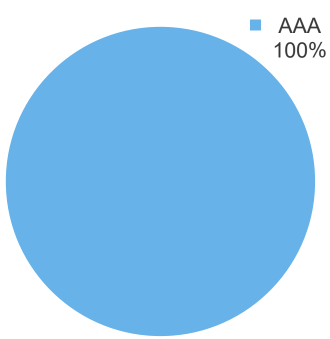
II. Sector Allocation – Supranational Agencies

Topic	Observations
Credit Distribution	• Based on the holdings as of March 31, multiple supranational securities matured through the second quarter and were replaced by new purchases across the curve. • The County maintained its exposure to five supranational issuers, but decreased allocation to the sector by 1.94%. – Issuance was heavier than usual in the first few months of the year which allowed spreads to widen, and sporadic buying opportunities arose. As supply dried, spreads narrowed and traded in a tight range for the balance of the quarter. • By continuing to invest in this sector, the County is diversifying the portfolio and adding to its high credit quality with AAA supranationals, while also capturing additional yield over federal agency and treasury securities further out on the curve. – The portfolio's allocation to supranational agencies is relatively balanced across maturities. However, allocation to supranationals with maturities greater than 1 year decreased over the quarter from 46.8% to 36.7%.
Spread to Agency Rates	• The chart on the right shows the spread between supranational agencies and federal agency securities. – Issuance is expected to be sparser in the short term which will likely pressure spreads near their recent lows and narrow trading range. New issue opportunities and secondary market offerings can be an attractive alternative to federal agencies.

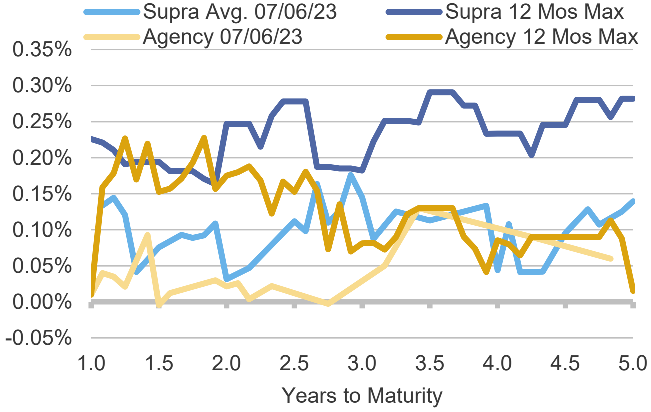
Issuer Distribution
as of June 30, 2023



Credit Distribution
as of June 30, 2023



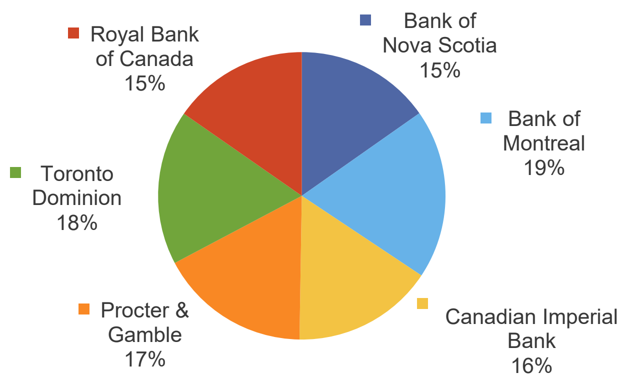
Supranational Agency vs. Federal Agency Yield Spreads



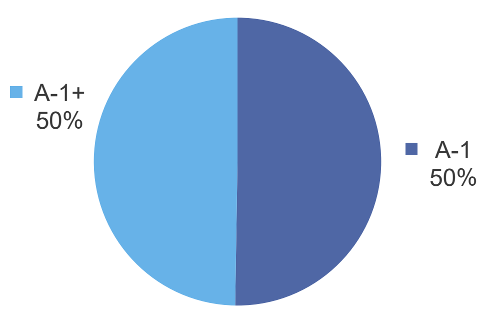
II. Sector Allocation – Commercial Paper

Topic	Observations
Issuer Diversification	• The County's allocation to commercial paper increased by 4.24% over the quarter, ending the period at 13.74% of the total portfolio. • The portfolio holds commercial paper from Toronto-Dominion Bank, the Royal Bank of Canada, Canadian Imperial Bank, Bank of Nova Scotia, Bank of Montreal, and Procter & Gamble. • Short-term credit yields increased during the second quarter of 2023 as the market continued to push back the timeline on expectations for Fed rate cuts. Spreads remained elevated and attractive for most of the quarter.
Credit Distribution	• With the significantly increased exposure to the Royal Bank of Canada's A-1+ rated commercial paper and decreased allocation to the A-1 rated commercial paper of the Bank of Nova Scotia, the overall credit quality of commercial paper in the portfolio has increased.
Conclusions	• Commercial paper spreads are attractive, particularly on maturities further out on the money market yield curve. • From an overall portfolio duration perspective, utilizing short term commercial paper helps the County to offset the purchasing of longer-term securities. These commercial paper investments have historically offered greater yields than other short term treasury securities and overnight investments.

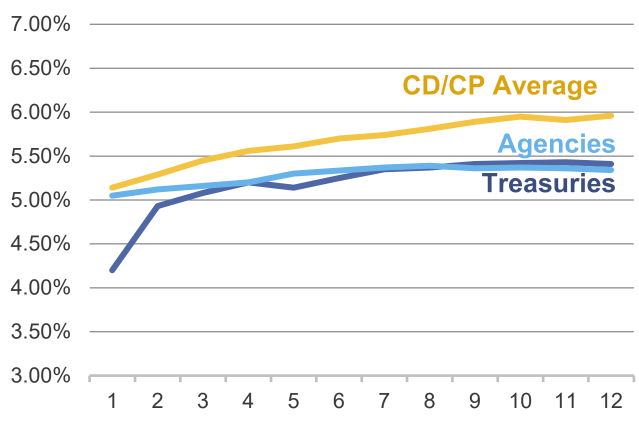
Issuer Distribution
as of June 30, 2023



Credit Distribution
as of June 30, 2023



Current Short-Term Yields
as of July 7, 2023

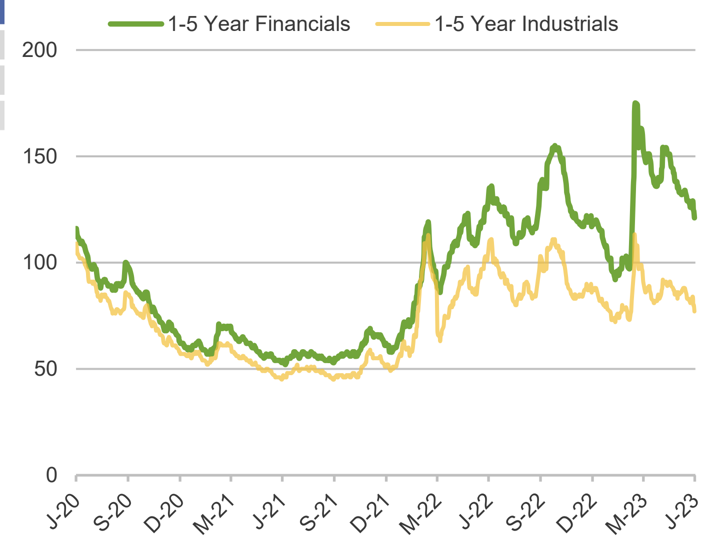


II. Sector Allocation – Corporate Notes

Topic	Observations
Maturity Distribution	• The County's allocation to corporate notes decreased through the quarter from 2.27% to 1.53% of the portfolio. To end the period, the Pool's corporate note holdings were from high quality issuers, with 81% of it's corporate notes carrying a rating of AA+ by S&P. – Callable corporate notes made up 51.3% of the County's corporate sleeve, with most call dates being 1-3 months before maturity. – The weighted average maturity of the corporate note portion of the portfolio is 1.93 years. – The graph on the right below shows the spread for financial corporates and industrial corporates when compared to similar-maturity Treasuries. Investment-grade corporate spreads retraced from their banking crisis highs but remain above longer-term averages. – The outlook for corporate credit remains positive as the risks to the sector have declined on the heels of stronger-than-expected growth and growth expectations. The investment-grade curve flattened during the quarter, resulting in longer durations outperforming and lower quality (BBB) besting their higher quality (A or better) counterparts.

Credit & Issuer Distribution	S&P Short	S&P Long	Moody's Short	Moody's Long	% of Corporate Holdings	% of Portfolio
Apple Inc.	A-1+	AA+	P-1	Aaa	81.3%	1.25%
Microsoft Corp.	A-1+	AAA	P-1	Aaa	4.6%	0.1%
Colgate-Palmolive	A-1+	AA-	P-1	Aa3	14.1%	0.2%

Corporate/Treasury Yield Spreads
June 2020 through June 2023 (in basis points)

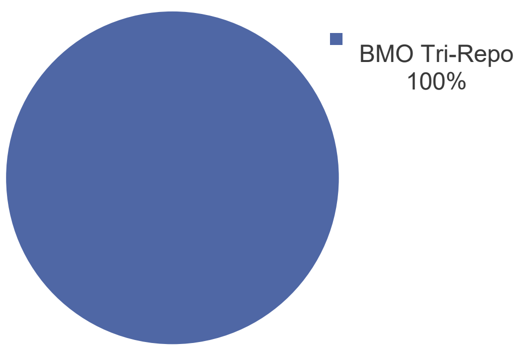


**Source: Bloomberg Financial Systems as of 6/30/2023*
**Percentages may not total to 100% due to rounding.*

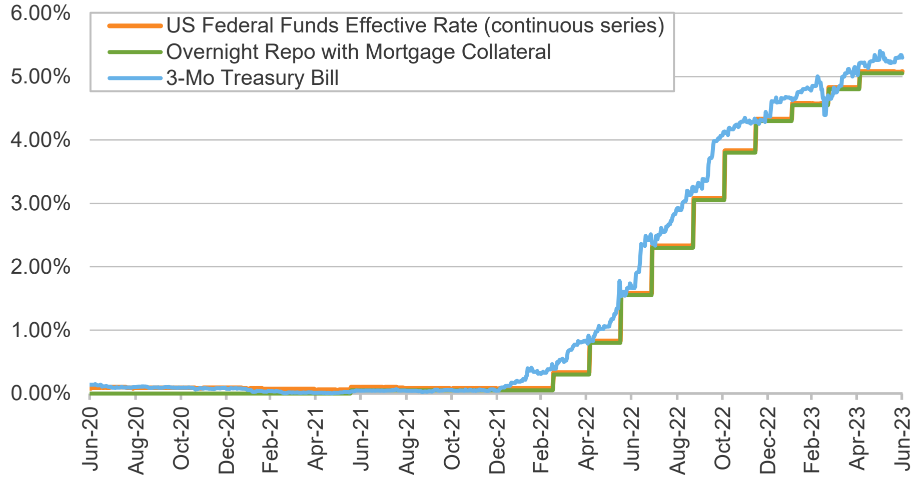
II. Sector Allocation – Repurchase Agreements

Topic	Observations
Issuer Diversification	• The County increased its tri-party repurchase agreement allocation over the quarter by 0.88%. This sector now holds 3.09% allocation in the portfolio compared to the 2.21% allocation at the end of the first quarter of 2023. • At the end of the quarter, the portfolio utilized one repurchase agreement provider, BMO Capital Markets, with an amount of $287 million. • The allocation falls within the permitted investment guidelines of 25% per issuer and 100% maximum to the sector.
Credit Distribution	• Standard & Poor's rates BMO's short-term issuer credit as A-1. • While this issuer has a high-quality rating from S&P, the ultimate quality of the repurchase agreement depends on the underlying collateral.
Conclusions	• As of June 30, 2023, the repurchase agreement sector's weighted-average yield increased compared to the previous quarter. Yields for overnight repurchase agreements rose as the Fed hiked rates again in May of 2023.

Issuer/Credit Distribution
as of June 30, 2023



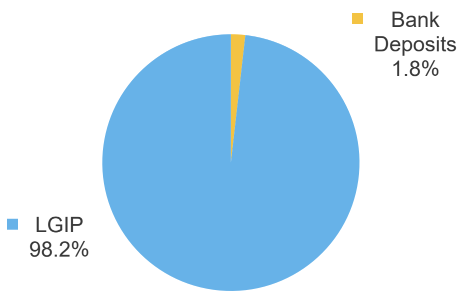
Short-Term Yields
June 2020 through June 2023



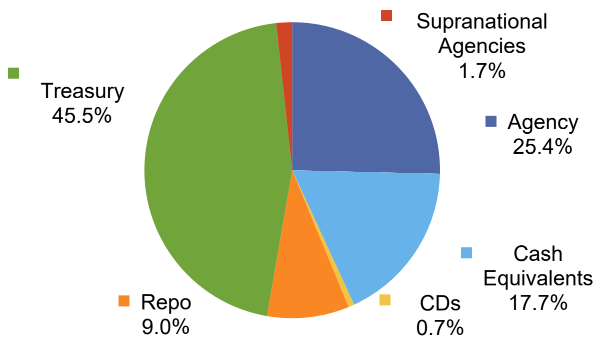
II. Sector Allocation – LGIPs & Cash Equivalents

	Underlying Investments	Rating (Short-Term: S&P/ Moody's/Fitch)	Observations
Washington State LGIP	• U.S. Treasuries 45.4% • Federal Agencies 25.4% • Supranational Agencies 1.7% • Repurchase Agreements 9.0% • Certificates of Deposit 0.7% • Cash Equivalents 17.7% *As of June 30, 2023*	• N/A	• The County currently has allocated about $1.4 billion to the Washington State LGIP, an substantial increase from last quarter's $767 million figure. • The County's allocation to the State LGIP continues to serve as the primary source of overnight liquidity for the portfolio. • During the quarter, the State LGIP increased its allocation to U.S. Treasuries (+19.0%), Supranationals (+0.4%), and Certificates of Deposit (+0.2%) and decreased its allocation to Federal Agencies (-7.7%), Repurchase Agreements (-11.3%), and Term Repurchase Agreements (-0.5%).
Cash Equivalents	• State LGIP 98.2% • U.S. Bank 1.64% • Key Bank 0.13% • Bank of America 0.02%	• U.S. Bank: A-1+/P-1/F1+ • Key Bank: A-2/P-2/F1 • Bank of America: A-1/P-1/F1	• The County's deposit accounts at U.S. Bank, Key Bank, and Bank of America are FDIC-insured up to FDIC limits and are collateralized by the Public Deposit Protection Commission. • The portfolio's cash holdings increased over the quarter, from 0.14% to 0.28% of the total portfolio.

Cash Equivalents Distribution
as of June 30, 2023



Washington State LGIP Sector Distribution
as of June 30, 2023



All calculations above are based on total cash equivalents exposure, not overall Portfolio.
***Percentages may not total to 100% due to rounding.*

III. Issuer Concentration

Issuer Exposure

- The County maintains a well-diversified portfolio by issuer, as shown in the tables and graph below.
- Approximately 66% of the portfolio is allocated directly to U.S. government guaranteed or government supported entities.
- Of the remaining 34% of the portfolio, about 19% is allocated to very short-term or overnight investment vehicles, including the State LGIP, repurchase agreements, and bank deposits. The remaining 15% is allocated to credit issuers, including commercial paper and corporate notes.

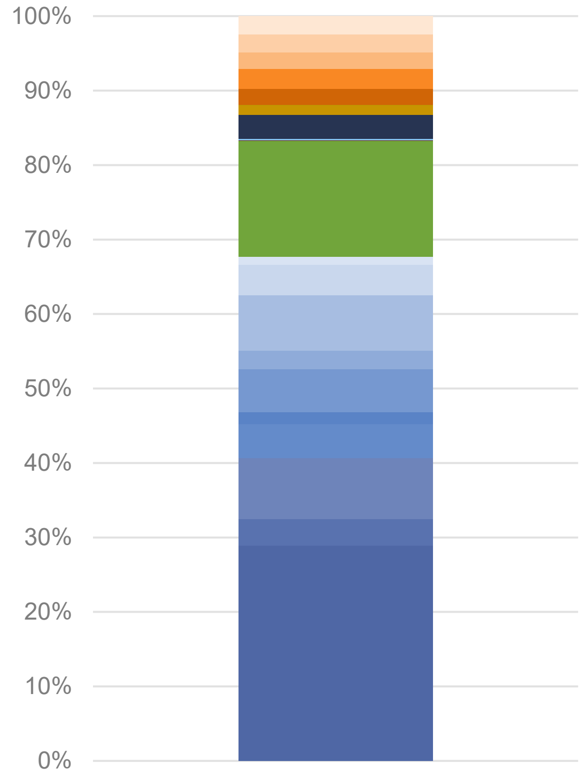
U.S. Treasury (100% Limit)	28.21%

Agency Issuers	Percentage (35% Limit)
FFCB	3.52%
FHLB	7.96%
FHLMC	4.52%
FNMA	1.55%
Asian Development Bank	5.63%
Euro Bank for Recon & Dev	2.40%
Inter-American Dev Bank	7.30%
Intl Bank for Recon & Dev	3.99%
Intl Finance Corporation	1.06%

Washington State LGIP (25% Limit)	15.23%

Overnight Deposits	Percentage (No Limit)
US Bank	0.254%
Bank of America	0.004%
Key Bank	0.021%

Repo Issuers	Percentage (25% Limit)
BMO Capital Markets Corp	3.09%



Corporate Issuers	Percentage (5% Limit)
Apple Inc	1.25%
Colgate-Palmolive Co.	0.22%
Microsoft Corp	0.07%

CP Issuers	Percentage (5% Limit)
Bank of Nova Scotia	2.10%
Bank of Montreal	2.62%
Canadian Imperial Bank	2.19%
Procter & Gamble	2.34%
Toronto Dominion	2.39%
Royal Bank of Canada	2.10%

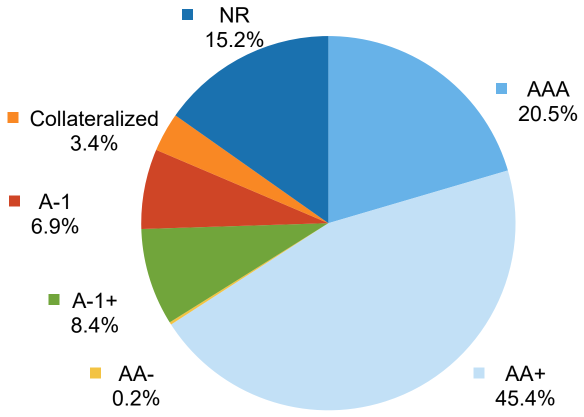
Percentages may not add to 100% due to rounding.
** For the purposes of totaling issuer concentration, issuers are aggregated across all sector types.*
It is noted however that issuers across sector types may maintain separately rated issuer credits.

IV. Overall Credit Quality

County Investment Pool Credit Analysis

- The County Pool's overall average credit position remains very strong and is primarily concentrated in U.S. government guaranteed and/or supported securities which maintain a long-term credit rating of AA+ by Standard & Poor's.
- The County also continued to hold supranational agencies, which are rated AAA.
- The County increased its credit exposure through commercial paper and corporate notes over the quarter, ending at 15.27% of the portfolio, compared to 11.77% last quarter.
  - Commercial paper accounts for 13.74% of the entire portfolio, while corporate notes account for 1.53%.
- Corporate note allocations held throughout the quarter have ratings of AA- or higher.
  - Commercial paper allocations are all rated A-1/P-1 or higher.
- The 15.23% NR allocation represents the County's investment in the Washington State LGIP, which is not currently rated by any ratings agency.
- The County's investment in the Washington LGIP includes indirect corporate exposure:
  - Through the LGIP, 1.46% of the County's Pool is allocated indirectly to corporate securities (repurchase agreements and certificates of deposit).

Total Pool Credit Distribution*
as of June 30, 2023



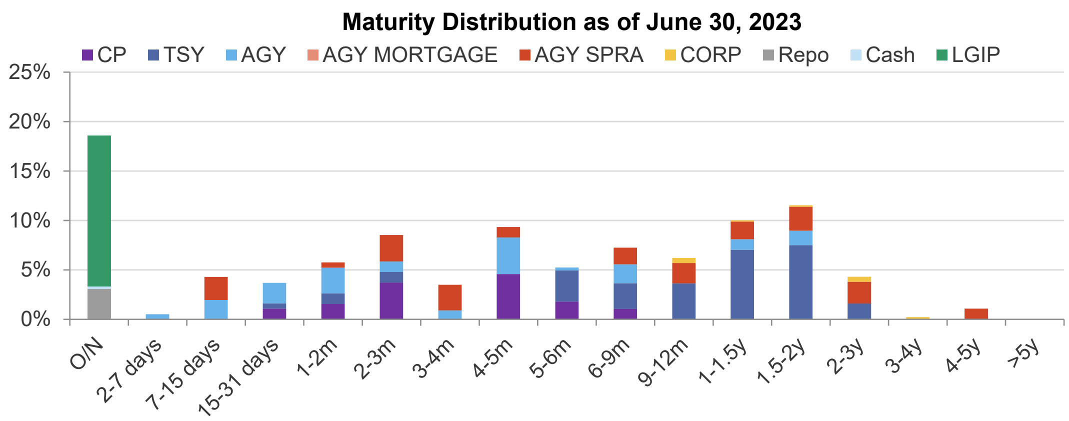
Corporate/CP Issuer Ratings Table
as of June 30, 2023

Issuer Distribution	Sectors Invested	S&P Short*	S&P Long*	Moody's Short*	Moody's Long*
Apple Inc	Corp	A-1+	AA+	P-1	Aaa
Bank of Nova Scotia	CP	A-1	A+	P-1	Aa2
Canadian Imperial Bank	CP	A-1	A+	P-1	Aa2
Royal Bank of Canada	CP	A-1+	AA-	P-1	Aa1
Toronto-Dominion Bank	CP	A-1+	AA-	P-1	Aa2
Colgate-Palmolive	Corp	A-1+	AA-	P-1	Aa3
Procter & Gamble	CP	A-1+	AA-	P-1	Aa2
Bank of Montreal	CP	A-1	A+	P-1	Aa2
Microsoft Corp	Corp	A-1+	AAA	P-1	Aaa

**Source: Bloomberg Financial Services as of 6/30/2023*

V. Maturity Distribution

Maturity Distribution	Observations
Weighted Average Maturity ("WAM")	• The County continues to invest across its permitted maturity range, as seen in the chart below. • About 73% of the portfolio holdings are scheduled to mature within the next twelve months, an increase from the previous quarter-end and well above the 40% mandated by the investment policy. • It appears the County's maturity strategy over the past quarter included: — Allowing previously purchased, longer-dated treasuries to naturally shorten in maturity and roll-down the yield curve with no new treasury purchases. — Targeting the following spaces: o Increasing cash deposits. o Substantially increasing allocation to the Washington State LGIP. o Increasing allocation to Commercial Paper to take advantage of the short-term credit curve. — The WAM of the portfolio, excluding the State LGIP, ended the quarter at 295 days, shorter than the 349 days WAM from the previous quarter. — The change in portfolio WAM can primarily be attributed to the lower contribution of Treasury and Agency securities.
Liquidity	• The County has increased allocation in the portfolio to the combination of the Washington State LGIP, bank deposits, and repurchase agreements (overnight liquidity), from 11% in the previous quarter to 19% this quarter. Another 8% of the portfolio's holdings are scheduled to mature within the next thirty-one days.



Contribution to Maturity

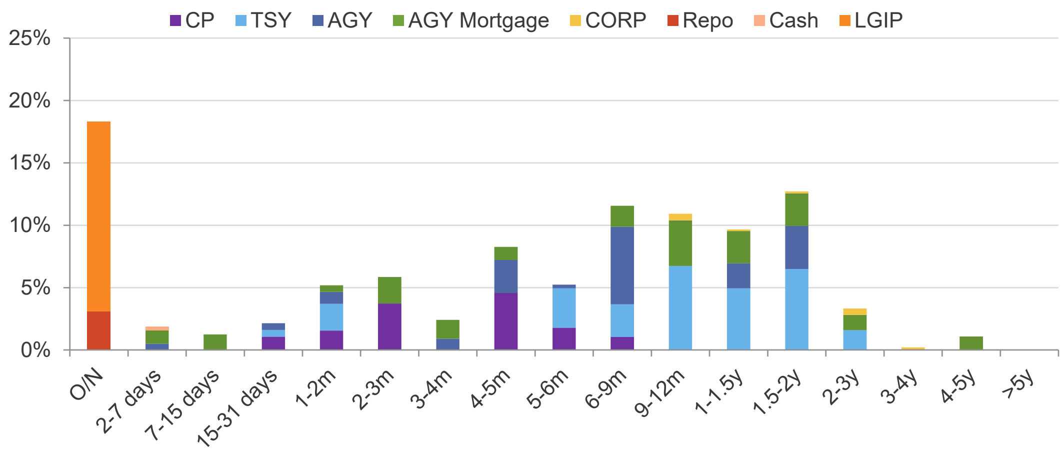
Sector	6/30/2023	3/31/2023
Supranational Agencies	93.05	102.94
Cash	0.00	0.00
Corporate Notes	12.72	13.52
Commercial Paper	17.79	10.21
Federal Agencies	33.97	36.41
The Washington State LGIP	0.00	0.09
Agency Mortgages	0.17	0.16
Repurchase Agreements	0.04	0.02
US Treasuries	137.31	185.30
Maturity:	**295 days**	**349 days**

Agency Mortgage maturities are reported as average life. Average life data taken from Bloomberg Financial Markets. Callable securities shown to their call date. All other security maturities are reported as days to maturity. WA LGIP is excluded from the WAM calculation.

V. Duration Distribution

Duration Distribution	Observations
Definition	• Duration is a measure of the sensitivity of the value of principal of an investment to a change in interest rates. The value of a portfolio with a higher duration is more sensitive to interest rate increases and decreases. • Duration is often quoted in years and is commonly used as a measure of the market risk of a security or portfolio. Duration can be derived in a number of ways; please refer to the notes at the bottom of this page for details.
Duration	• The portfolio's weighted average duration is within the IPS guidelines (no greater than 1.5 years). • As of June 30, the duration of the County Investment Pool was 0.72 years, a decrease from the previous quarter which ended at 0.96 years. — The shortened portfolio duration was driven by increase in overnight liquidity and the rolling down of securities. — The portfolio is measured against a blended benchmark consisting of 40% ICE Bank of America Merrill Lynch 3-Month Treasury Index and 60% ICE Bank of America Merrill Lynch 1-3 Year Treasury & Agency Index. — The overall portfolio duration decreased by 0.24 years, and the benchmark duration decreased by 0.01 years over the quarter. The portfolio's duration decreased from 82% to 61% of the benchmark duration for the period ending June 30.

Duration Distribution as of June 30, 2023



Contribution to Duration		
Sector	**6/30/23**	**3/31/23**
Supranational Agencies	0.21	0.25
Cash	0.00	0.00
Corporate Notes	0.03	0.03
Commercial Paper	0.04	0.03
Federal Agencies	0.14	0.16
The Washington State LGIP	0.00	0.00
Agency Mortgages	0.00	0.00
Repurchase Agreements	0.00	0.00
US Treasuries	0.30	0.48
Duration:	0.72 years	0.96 years

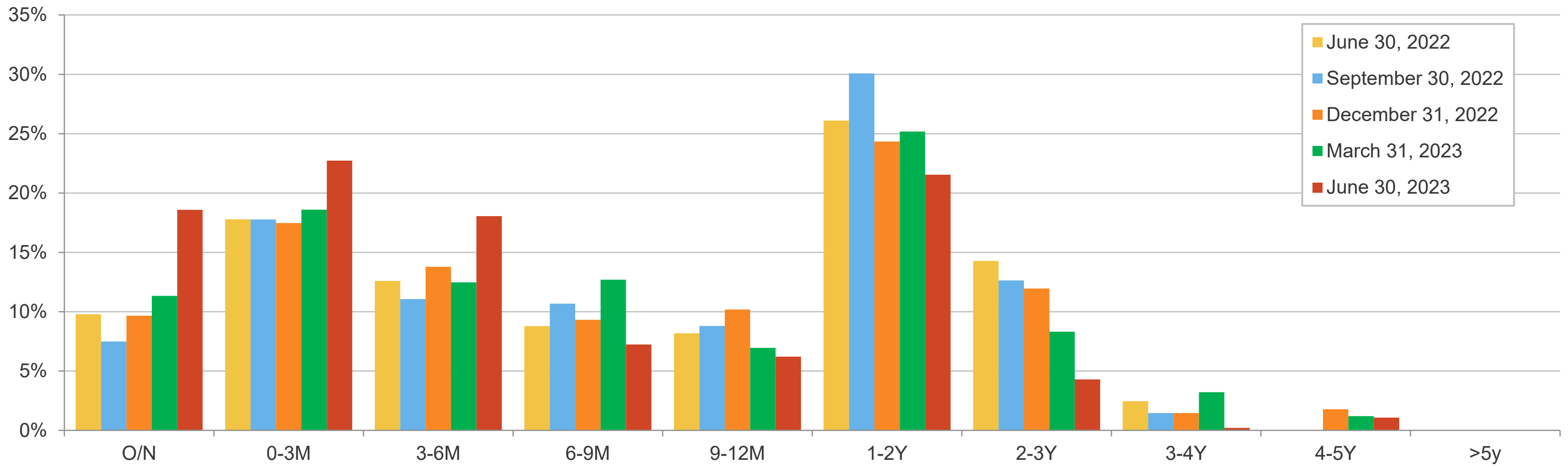
Agency Mortgage durations are shown as effective duration taken from Bloomberg Financial Markets.
Duration for Federal Agency Discount Notes and Repurchase Agreements are calculated as days to maturity.
WA LGIP and bank deposits considered to have a one day duration.
All other security durations are calculated as effective duration as given by Bloomberg Financial Markets.

V. Changes in Portfolio Maturity Distribution

Changes in Portfolio Maturity Distribution

- When viewing the current maturity distribution (red bars) in relation to previous periods, a few primary observations are noted:
  - It appears the County targeted a significant expansion in the overnight maturity bucket through liquid investment vehicles and also in maturities from 0-6 months out.
  - The portfolio is well diversified across maturity buckets under 1 year.
- There is relative value on the short end of the yield curve as it is steeper in the 0–12 month space.
- The Fed's most aggressive series of interest rate hikes in recent history has come to a pause. However, money market rates are elevated and locking in higher yields on the short end of the curve and finding relative value within sectors allows the portfolio to benefit from incremental income in a volatile interest rate environment.

Maturity Distribution June 30, 2022 to June 30, 2023



Agency Mortgage maturities are reported as average life. Average life data taken from Bloomberg Financial Markets
Callable securities shown to their call date.
All other security maturities are calculated as days to maturity. WA LGIP is considered to have a one day maturity.

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