# King County Investment Pool

## Portfolio Review

June 30, 2025

# Executive Summary

| | |
|---|---|
| **Purpose, Scope and Approach** | • PFM Asset Management, a division of U.S. Bancorp Asset Management ("PFMAM") prepared this report to update our ongoing analysis and to address any Investment Pool developments since our March 2025 review. Our approach included a detailed portfolio analysis and Investment Policy review, based on the County's Investment Policy, dated July 26, 2017.<br>• Our analysis was based on the Investment Pool's holdings as of June 30, 2025, with reference to holdings in past periods.<br>• The review encompasses all current investments in the County's Investment Pool. |
| **Investment Program and Portfolio Review** | • PFMAM reviewed the County's portfolio with respect to Investment Policy Compliance, Sector Allocation, Issuer Concentration, Credit Quality, Maturity Distribution, and Duration Distribution.<br>• 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. economy is resilient but showing signs of cooling<br>    • Headline employment data belies underlying weakening<br>    • Inflation remained rangebound but does not yet reflect the full impact of tariffs<br>    • Fiscal policy uncertainty and volatile tariff rollouts weigh on consumer sentiment<br>• Fed remains on hold but may cut rates later this year<br>    • The Fed's June "dot plot" implies 50 bps of cuts in the back half of 2025 but members are split between 0 and 2 cuts this year<br>    • Fed Chair Powell stated the effect, size, and duration of tariffs are all highly uncertain making staying on hold the appropriate thing to do as they wait to learn more<br>• Treasury yields whipsawed by tariff announcements in Q2<br>    • Concerns over the budget bill, debt ceiling, and monetary policy added to volatility<br>    • The yield curve continued to steepen between 2 years and 10 years<br>    • Credit spreads widened sharply following tariff fears but tightened to levels near historic tights by quarter end |
| **Observations** | • The portfolio is of very high credit quality. The majority of securities (approximately 87%) 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).<br>• The County maintained broad issuer diversification during the quarter.<br>• The Portfolio's duration decreased over the quarter and stands at 102% of the benchmark's duration. |

*Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of June 30, 2025.*

# Portfolio Review

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II. **Sector Allocation**

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

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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<br><br>25% maximum exposure to any one repo counterparty.<br><br>For the purposes of aggregating issuers across sectors, overnight repo counterparties are not included. | The counterparty must have:<br>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<br>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.<br>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<br>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<br>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%<br><br>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.<br><br>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%<br><br>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.<br><br>Maximum 5% per issuer applied across investment types. | See RCW 39.58 of the state Code.<br><br>If not 100% collateralized, must be rated in the highest short-term rating category by at least one NRSRO.<br><br>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.<br><br>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.<br><br>Must be issued by a bank or corporation organized and operating in the U.S.<br><br>Maximum 3% per issuer in combined categories of commercial paper and corporate notes.<br><br>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.<br><br>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.<br><br>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)

| | Maximum Portfolio Allocation | Issuer Restrictions | Credit Ratings | Maturity Restrictions |
|---|---|---|---|---|
| **Mortgage-Backed Securities** | 25% | Must be issued by Federal Agencies of the United States.<br><br>Investments in MBS will count toward the total that can be invested in any one agency as described in U.S. Agencies above.<br><br>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.<br><br>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<br><br>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.<br><br>2% per issuer rated in broad single A category.<br><br>Split ratings will take most conservative rating.<br><br>Maximum 3% per issuer in combined categories of commercial paper and corporate notes.<br><br>Maximum 5% per issuer applied across investment types. | Must be rated at least in the broad single A category or better.<br><br>Broad single A category with a negative outlook may not be purchased. | 5 years<br><br>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

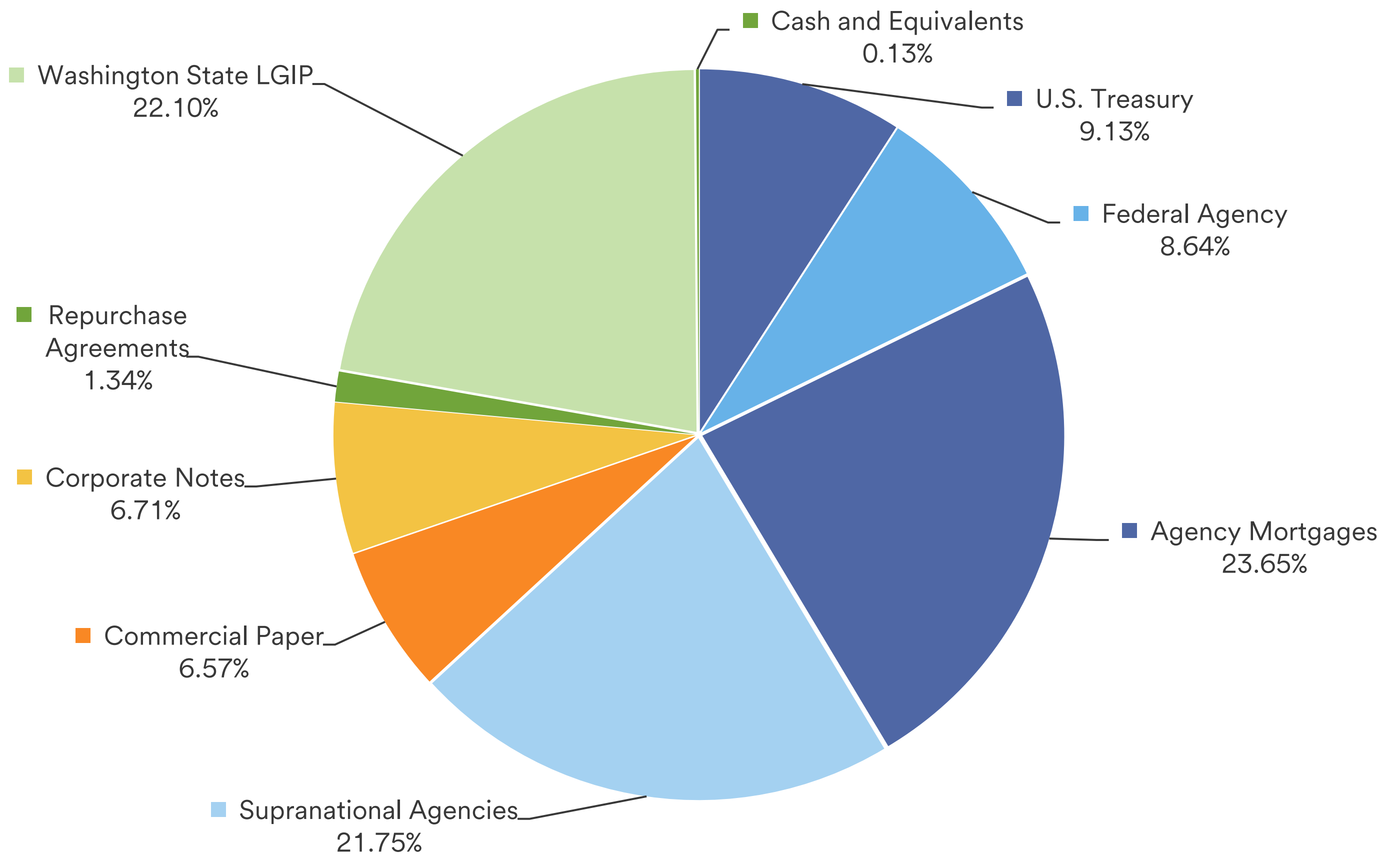
| Topic | Observations |
|---|---|
| **Sector Allocation** | • All sector allocations fall within the limits set forth by the County's Investment Policy Statement. The Pool is predominantly invested in U.S. government securities which are either explicitly guaranteed or carry a high level of support by the U.S. government.<br>• The County's Investment Pool balance (market value) as of June 30, 2025 was $10.3 billion, a $598 million increase from last quarter.<br>• The County's Investment Pool decreased allocation to Commercial Paper (-1.32%), U.S. Treasury (-0.64%), Repurchase Agreement (-0.53%), Agency Mortgages (-0.27%), Cash and Equivalents (-0.11%), and Corporate Bank Notes (-0.10%).<br>• The County's Investment Pool increased allocations to Federal Agency (+1.29%), Washington State LGIP (+0.98%), and Supranational Agencies (+0.67%),<br>• All sectors remain within applicable policy limits. |
| **Credit Quality** | • Approximately 63% of the County pool's assets are directly guaranteed or supported by the U.S. government and roughly 12% of the assets are indirectly guaranteed via a portion of the state LGIP allocation and its underlying investments.<br>• Combined corporate allocations (both commercial paper and corporate notes) decreased to 13.3% of the portfolio from 14.7% 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%.<br>• 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.<br>• Approximately 53% 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 | $940,867,600.00 | 9.13% | ✓ | 3.25 years | ✓ |
| Federal Agency | $890,224,000.00 | 8.64% | ✓ | 1.28 years | ✓ |
| Agency Mortgages | $2,437,384,196.52 | 23.65% | ✓ | 2.83 years (WAL) | ✓ |
| Supranational Agencies | $2,241,493,610.68 | 21.75% | ✓ | 4.30 years | ✓ |
| Commercial Paper | $676,769,399.00 | 6.57% | ✓ | 255 days | ✓ |
| Corporate Notes | $691,859,418.96 | 6.71% | ✓ | 3.10 years | ✓ |
| Repurchase Agreements | $138,000,000.00 | 1.34% | ✓ | 1 day | ✓ |
| Washington State LGIP | $2,277,644,559.26 | 22.10% | ✓ | 1 day | ✓ |
| Cash and Equivalents | $13,115,485.97 | 0.13% | ✓ | 1 day | ✓ |
| **TOTAL** | **$10,307,358,270.39** | **100.00%** | | | |

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

# Sector Allocation

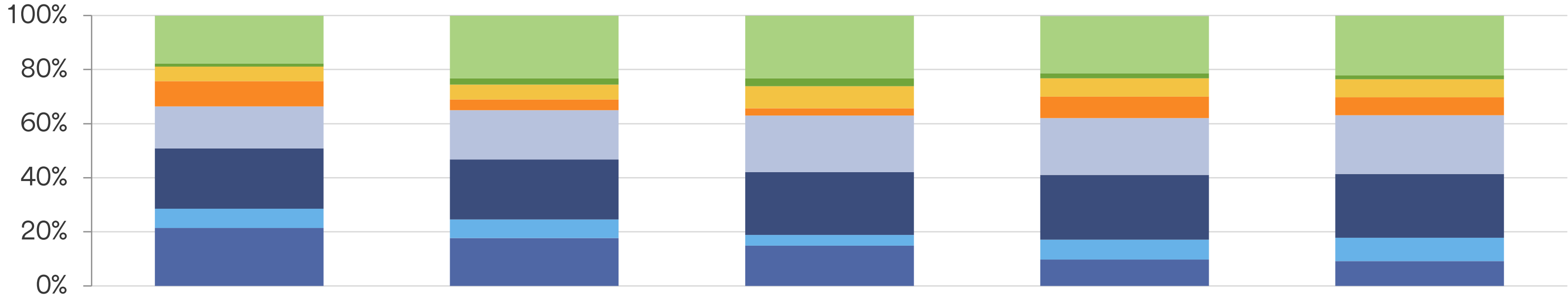
**Sector Diversification**
as of June 30, 2024



# Changes In Portfolio Sector Allocation over the Past 12 Months

**Changes in Sector Allocation**

- Over the past 12 months, the portfolio has increased exposure to Supranational Agencies (+6.25%), Washington State LGIP (+4.42%), Federal Agency (+1.43%), Corporate Bank Notes (+1.41%), Agency Mortgages (+1.33%), Repurchase Agreement (+0.13%), and Cash and Equivalents (+0.07%) while decreasing exposure to U.S. Treasury (-12.26%), Commercial Paper (-2.80%).
- **During the second quarter:**
  - **U.S. Treasuries** Exposure to U.S. Treasuries decreased -0.64% from 9.76% to 9.13%.
  - **Federal Agencies** The allocation to agencies, excluding supranationals and mortgage securities, increased by 1.29% over the quarter.
  - **Agency Mortgages** Allocation to agency mortgages decreased slightly by -0.27%, ending the second quarter at 23.65%.
  - **Supranational Agencies** Allocation to supranationals increased slightly by 0.67% over the period.
  - **Commercial Paper** Commercial paper allocation decreased moderately by -1.32%.
  - **Corporate Notes** The allocation to corporate notes decreased over the quarter to -0.10%.
  - **Repurchase Agreements** The portfolio's allocation to repurchase agreements decreased -0.53% from 1.86% to 1.33% of the portfolio.
  - **Washington State LGIP** The State LGIP increased 0.98% from 21.11% to 22.10% of the portfolio over the quarter.

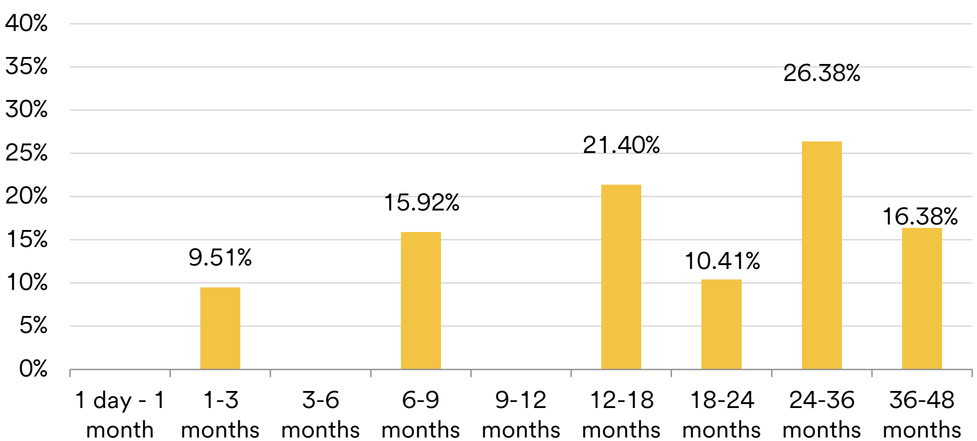



| | June 30, 2024 | September 30, 2024 | December 31, 2024 | March 31, 2025 | June 30, 2025 |
|---|---|---|---|---|---|
| **U.S. Treasury** | 21.39% | 17.68% | 14.91% | 9.76% | 9.13% |
| **Federal Agencies** | 7.21% | 6.90% | 4.00% | 7.34% | 8.64% |
| **Agency Mortgages** | 22.31% | 22.21% | 23.17% | 23.91% | 23.65% |
| **Supranational Agencies** | 15.49% | 18.21% | 20.88% | 21.07% | 21.75% |
| **Commercial Paper** | 9.36% | 3.99% | 2.75% | 7.88% | 6.57% |
| **Corporate Notes** | 5.30% | 5.45% | 8.15% | 6.81% | 6.71% |
| **Repurchase Agreements** | 1.20% | 2.31% | 2.96% | 1.86% | 1.34% |
| **Washington State LGIP** | 17.67% | 23.11% | 23.05% | 21.11% | 22.10% |
| **Cash and Equivalents** | 0.05% | 0.15% | 0.13% | 0.24% | 0.13% |

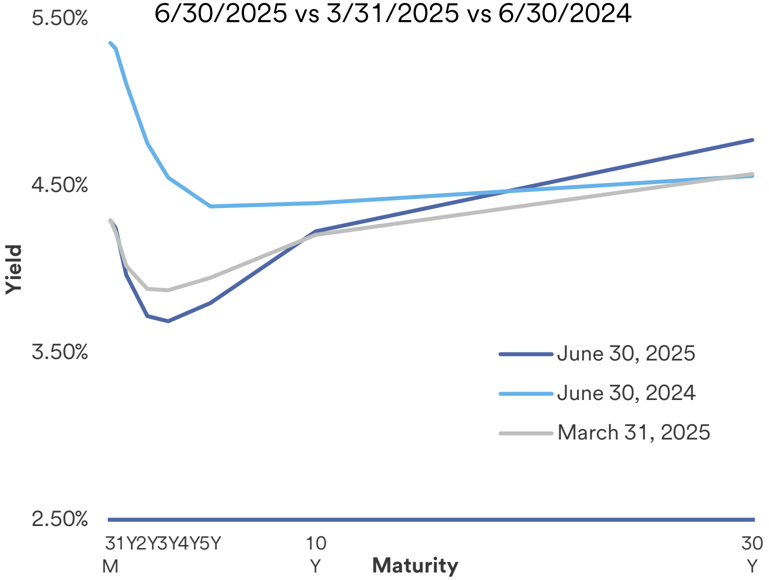
# II. Sector Allocation – U.S. Treasury Securities

| Topic | Observations |
| --- | --- |
| Observations | • The County's balances held in U.S. Treasuries decreased from 9.76% of the total portfolio to 9.13%.<br>• The Federal Open Market Committee (FOMC) opted to maintain the target range for the federal funds rate unchanged at 4.25-4.5% as a result of the effect, size, and duration of tariffs being highly uncertain.<br>• Approximately 25% of all Treasury holdings have remaining maturities of one year or less.<br>• The weighted average maturity (WAM) of the County's Treasury allocation decreased over the quarter from 670 days to 638 days as a result of presumed roll off from maturities.<br>• 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.<br>• The County's Treasury holdings are laddered out along the yield curve, favoring the 12-18 month and 24-36 month portions of the yield curve. |

**Portfolio's U.S. Treasury Maturity Distribution**
as of June 30, 2025



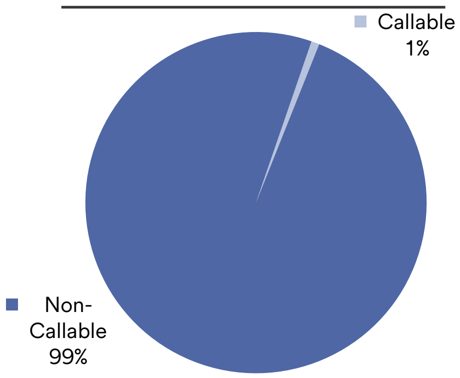

**U.S. Treasury Yield Curve**
6/30/2025 vs 3/31/2025 vs 6/30/2024



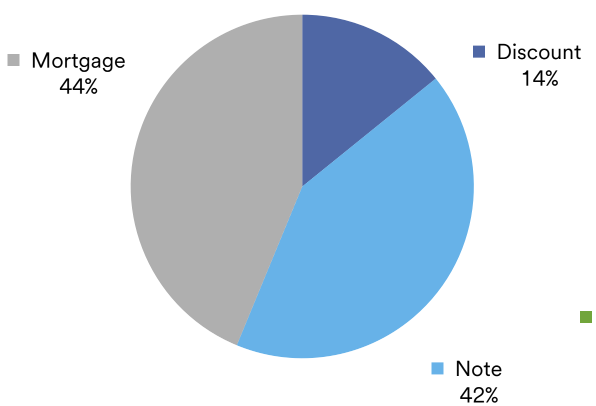
# II. Sector Allocation – Federal Agencies

| Topic | Observations | |
|---|---|---|
| **Structure** *(as % of Federal Agency Allocations)* | • Non-Callable 99.2%<br>• Callable 0.8% | • Coupon Bearing Notes 42.0%<br>• Discount Notes 14.2%<br>• Agency Mortgage 43.8% |
| **Diversification** *(as % of Federal Agency Allocations)* | • Freddie Mac (FHLMC) 13.5%<br>• Federal Home Loan Bank (FHLB)* 1.8%<br>• Supranational Agencies* 40.2% | • Fannie Mae (FNMA)* 15.9%<br>• Government Nat'l Mtg Association 14.3%<br>• IBRD Discount Notes 14.2% |
| **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%).<br>• The percentage of the portfolio invested in federal agencies, excluding supranationals and mortgage securities, increased by 1.29% in the quarter from 7.34% to 8.64%. The portion of callable federal agency securities decreased to .8% this quarter.<br>• All supranational agency holdings are below the 35% issuer limit and represent approximately 21.7% of the entire portfolio.<br>• The County Pool's allocation to agency mortgages is approximately 23.6% of the total portfolio. | |

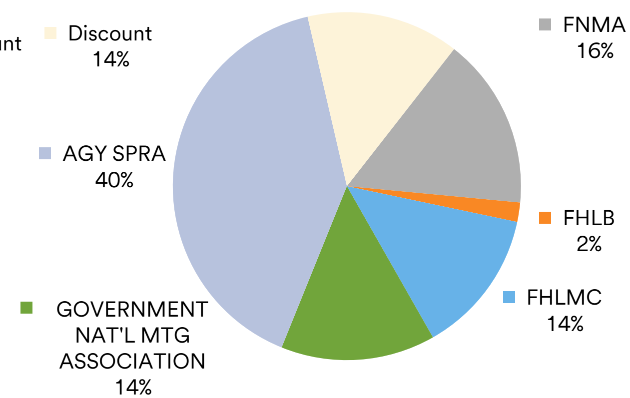
**Callable vs. Non-Callable**
As of June 30, 2025




**Structure Distribution**
As of June 30, 2025

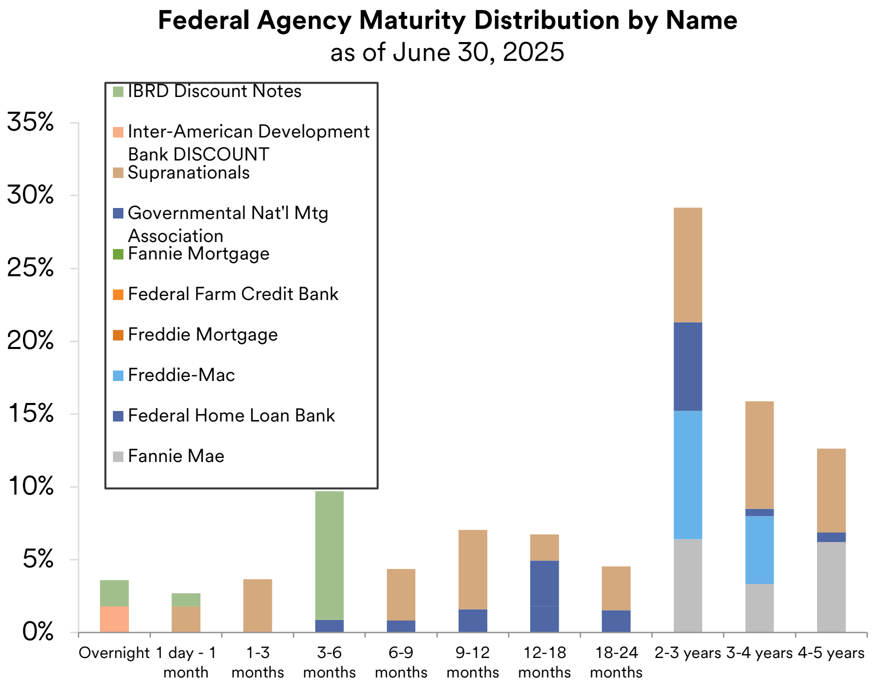


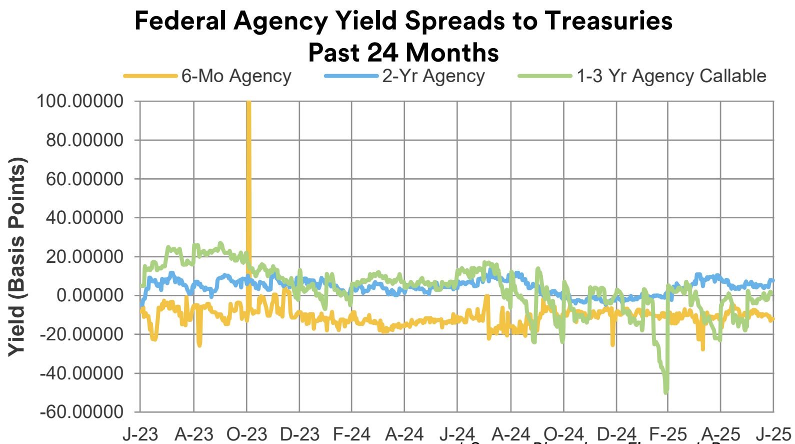

**Issuer Diversification**
As of June 30, 2025



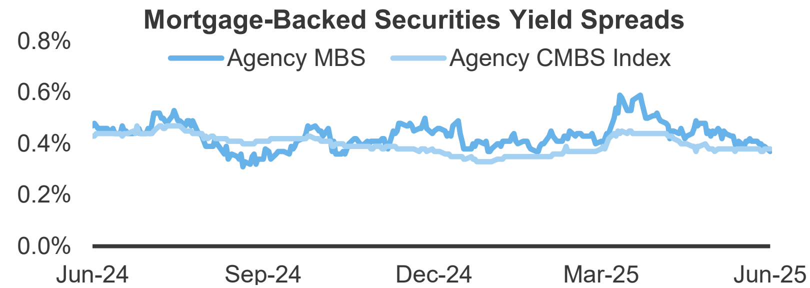

*All calculations are based on total federal agency exposure, not overall exposure.*
*Percentages may not total to 100% due to rounding.*
**Includes discount notes.*

| Topic | Observations |
|---|---|
| **Maturity Distribution** | • The County's federal agency maturity distribution falls within the limits set forth by the Investment Policy Statement.<br>• Over the quarter, the weighted average maturity (WAM) of the County's federal agency holdings, including supranationals, increased from 737 days on March 31 to 771 days as of June 30.<br>• The portfolio increased its allocation to federal agencies and increased its allocation to supranational agencies.<br>• Federal agency spreads remained low and range bound throughout the quarter with no significant changes or new issuance expected in the near term. |




* Source Bloomberg Finance L.P

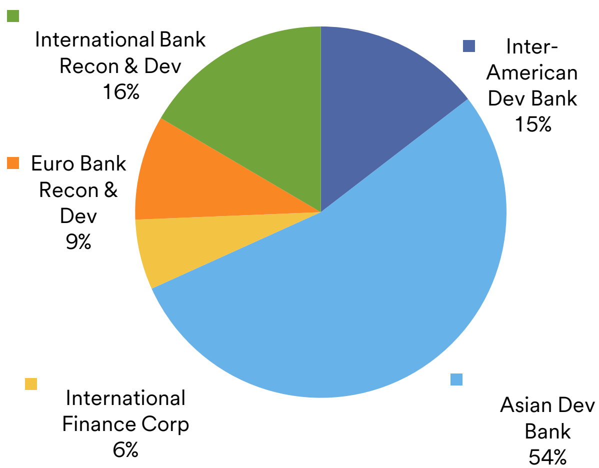



*Agency Mortgage maturities are calculated as average life. Average life data taken from Bloomberg Finance LP.*
*Callable securities are shown to their next call date.*
*All other Agency maturities are calculated as days to maturity.*
*Spreads on MBS are option-adjusted spreads of 0-5 year indices based on weighted average life via Bloomberg Finance LP. as of June 30, 2025.*

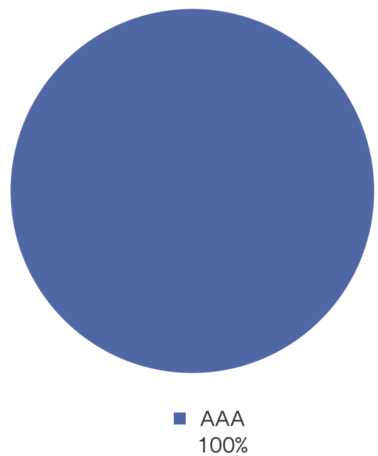
# II. Sector Allocation – Supranational Agencies

| Topic | Observations |
|---|---|
| **Credit Distribution** | • Based on the holdings as of March 31, 2025, six supranational security matured through the second quarter.<br>• The County maintained its exposure to five supranational issuers and increased allocation to the sector by 0.67%.<br>— Supranational spreads across the curve remain tight on a historical basis, and the district increased allocation.<br>— 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 74.6% to 64.1%. |
| **Spread to Agency Rates** | • The chart on the right shows the spread between supranational agencies and federal agency securities.<br>• Supranational spreads remained low throughout Q2. Issuance remained light and the incremental income from the sectors is near zero. |

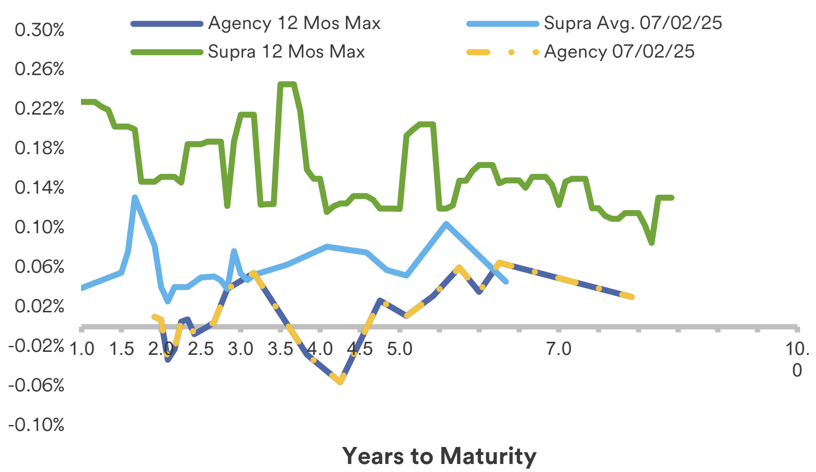
**Issuer Distribution**
As of June 30, 2025




**Credit Distribution**
As of June 30, 2025




**Supranational Agency vs. Federal Agency Yield Spreads**

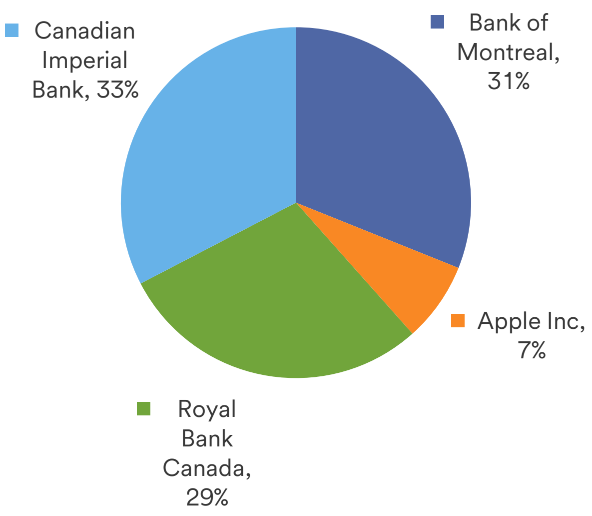



*Source: Bloomberg Finance L.P. as of 6/30/2025*

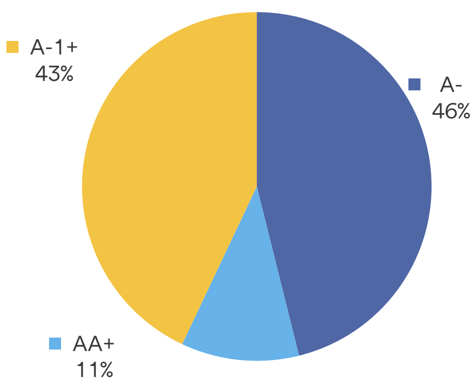
# II. Sector Allocation – Commercial Paper

| Topic | Observations |
|---|---|
| **Issuer Diversification** | • The County's allocation to commercial paper decreased by -1.32% over the quarter, ending the period at 6.57% of the total portfolio.<br>• The portfolio holds commercial paper from Royal Bank Canada, Bank of Montreal, Apple Inc., and Canadian Imperial Bank. Johnson & Johnson position is out of the portfolio. |
| **Credit Distribution** | • The overall credit quality of commercial paper in the portfolio has stayed the same over the second quarter. |
| **Conclusions** | • A reduction in the supply of U.S. Treasury Bills continues to put downward pressure on the money market yield curve. Meanwhile, credit spreads in the short end of the curve have stabilized during the month of June, allowing selective attractive adds across tenors. |

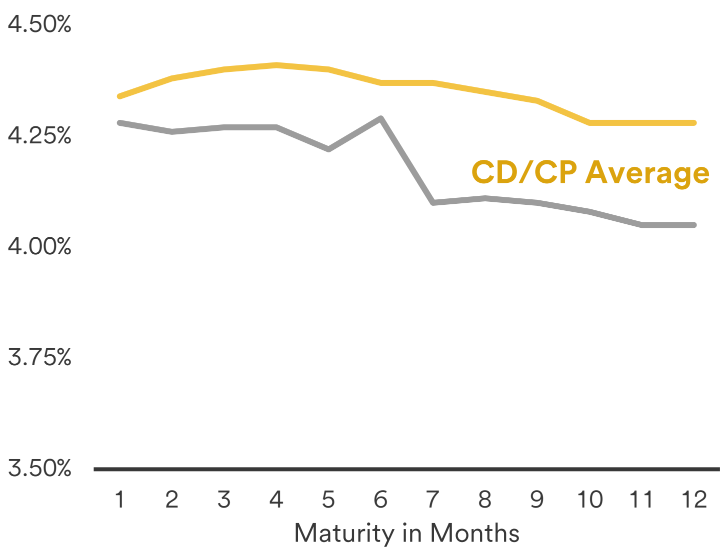
**Issuer Distribution**
As of June 30, 2025




**Credit Distribution**
As of June 30, 2025




**Current Short-Term Yields**
as of June 30, 2025



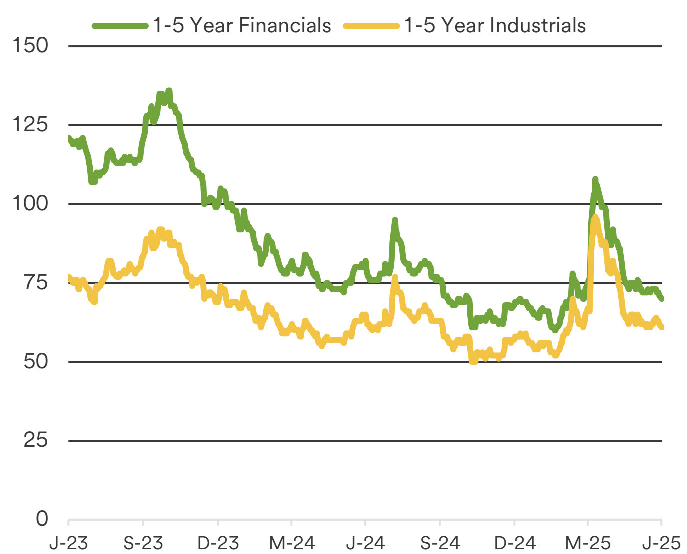

*Source: Bloomberg Finance L.P., as of 7/07/2025*

# II. Sector Allocation – Corporate Notes

| Topic | Observations |
|---|---|
| **Maturity Distribution** | • The County's allocation to corporate notes decreased from 6.81% to 6.71% of the portfolio. To end the period, the Pool's corporate note holdings were from high quality issuers, with 100% of it's corporate notes carrying a rating of A- or better by S&P Global Ratings.<br>— Callable corporate notes made up 78.75% of the County's corporate sleeve, with most call dates being 1-3 months before maturity.<br>— The weighted average maturity of the corporate note portion of the portfolio is 1.00 years.<br>— The graph on the right below shows the spread for financial corporates and industrial corporates when compared to similar-maturity Treasuries.<br>— Investment-grade (IG) corporate bond spreads inched tighter through June following notable retracement from prior months and now sit below their multi-year averages.<br>— Fundamentals and technicals remain favorable as credit market have seemingly shrugged off the risk of conflict in the Middle East. |

| 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 | 17.7% | 1.2% |
| Bank of America | A-1 | A+ | P-1 | Aa2 | 11.7% | 0.8% |
| Bank of Montreal | A-1 | A+ | P-1 | Aa2 | 10.3% | 0.7% |
| Canadian Imperial Bank | A-1 | A+ | P-1 | Aa2 | 0.7% | 0.05% |
| Colgate-Palmolive Co. | A-1 | A+ | P-1 | Aa3 | 2.9% | 0.2% |
| Microsoft Corp | A-1+ | AAA | P-1 | Aaa | 19.9% | 1.3% |
| Royal Bank Canada | A-1+ | AA- | P-1 | Aa1 | 7.3% | 0.5% |
| Wells Fargo Bank | A-1 | A+ | P-1 | Aa2 | 29.4% | 2.0% |

**Corporate/Treasury Yield Spreads**
June 2023 through June 2025 (in basis points)

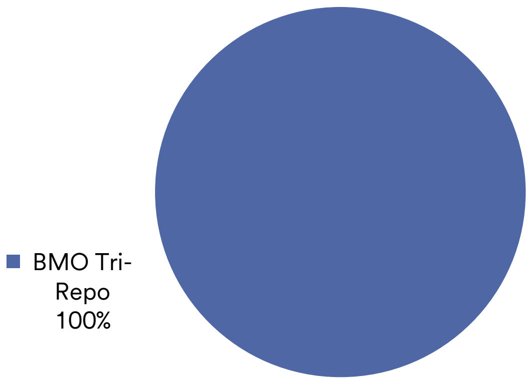



*Source: Bloomberg Finance L.P., as of 6/30/2025*
**Percentages may not total to 100% due to rounding.*

| Topic | Observations |
|---|---|
| Issuer Diversification | • The County decreased its tri-party repurchase agreement allocation over the quarter by -0.53%. This sector now holds 1.34% allocation in the portfolio compared to the 1.86% allocation at the end of the first quarter of 2025.<br>• At the end of the quarter, the portfolio utilized one repurchase agreement provider, BMO Capital Markets, with an amount of $138 million.<br>• The allocation falls within the permitted investment guidelines of 25% per issuer and 100% maximum to the sector. |
| Credit Distribution | • S&P Global Ratings rates BMO's short-term issuer credit as A-1.<br>• While this issuer has a high-quality rating from S&P Global Ratings, the ultimate quality of the repurchase agreement depends on the underlying collateral. |
| Conclusions | • Short-term credit yields on the front end of the yield curve rose slightly in response to the approaching Treasury "X-Date" (estimated date for Treasury to exhaust funds under the debt ceiling) while yields fell modestly on the long end as demand shifted into longer-term Treasury notes. Yield spreads tightened over the quarter in response to moderated issuance and strong demand. |

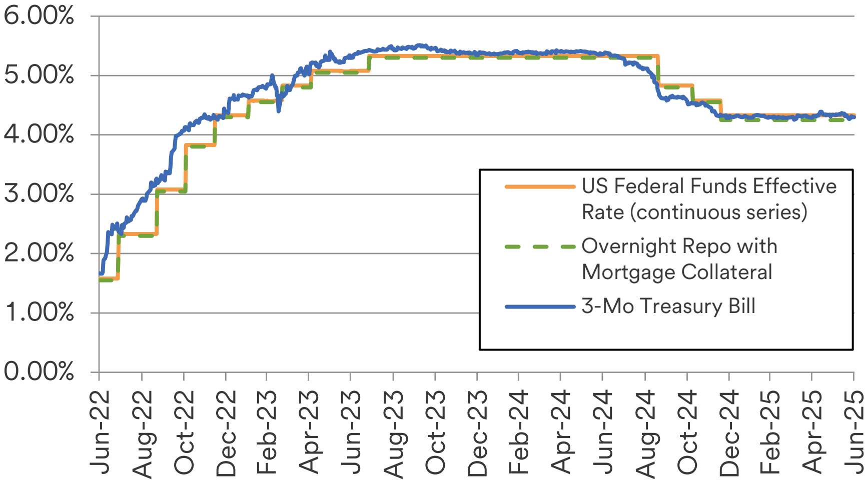
**Issuer/Credit Distribution**

As of June 30, 2025




**Short-Term Yields**

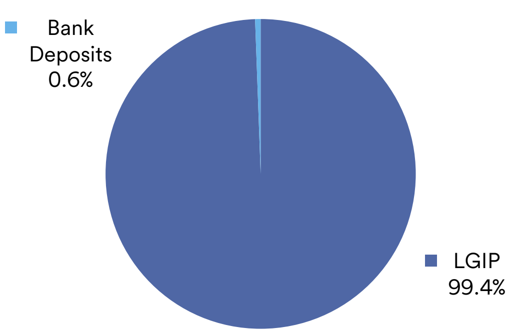
June 2022 through June 2025



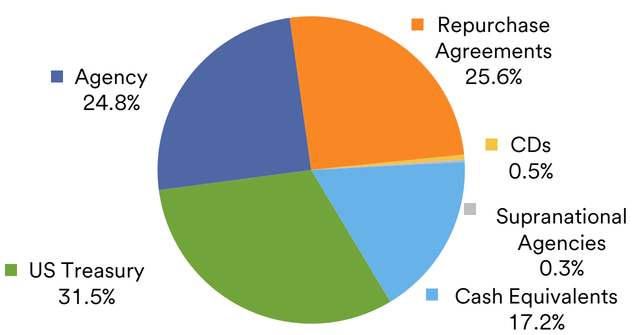
# II. Sector Allocation – LGIPs & Cash Equivalents

| | Underlying Investments | Rating (Short-Term: S&P/ Moody's/Fitch) | Observations |
|---|---|---|---|
| **Washington State LGIP** | • U.S. Treasuries 31.58%<br>• Federal Agencies 24.83%<br>• Supranational Agencies 0.27%<br>• Repurchase Agreements 25.62%<br>• Certificates of Deposit 0.49%<br>• Cash Equivalents 17.21%<br>*As of June 30, 2025* | • N/A | • The County currently has allocated about $2.28 billion to the Washington State LGIP, an increase from last quarter's $2.05 billion figure.<br>• The County's allocation to the State LGIP continues to serve as the primary source of overnight liquidity for the portfolio.<br>• During the quarter, the State LGIP increased its allocation to Repurchase Agreements (+8.47%), Federal Agencies (+2.41%), and Certificates of Deposit (+0.13%) while decreasing exposure to US Treasury (-7.26%), Supranationals (-2.70%), Cash Equivalents (-1.13%). |
| **Cash Equivalents** | • State LGIP 99.43%<br>• U.S. Bank 0.39%<br>• Key Bank 0.06%<br>• Bank of America 0.12% | • U.S. Bank: A-1+/P-1/F1+<br>• Key Bank: A-2/P-2/F1<br>• 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.<br>• The portfolio's cash holdings decreased over the quarter from 0.24% to 0.13% of the total portfolio. |

**Cash Equivalents Distribution**
As of June 30, 2025




**Washington State LGIP Sector Distribution**
As of June 30, 2025




**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**

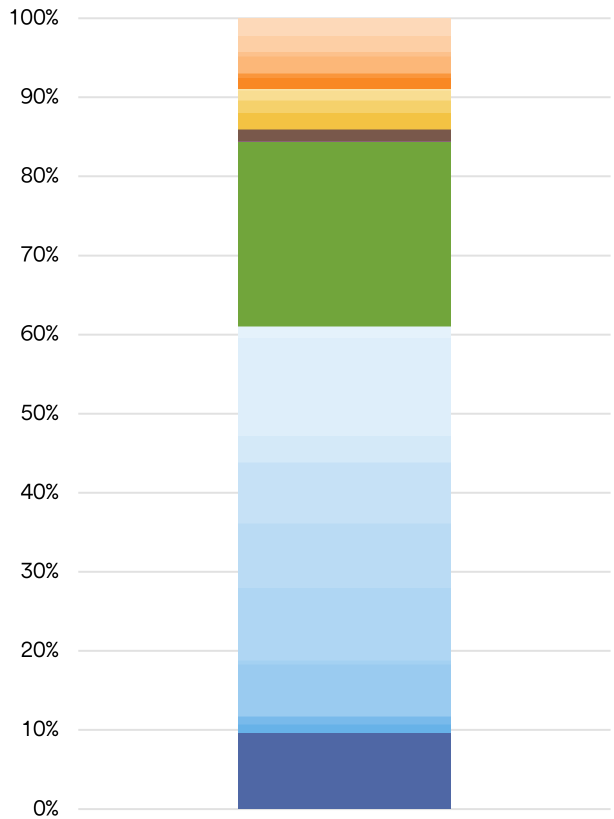
- The County maintains a well-diversified portfolio by issuer, as shown in the tables and graph below.
- Approximately 58% of the portfolio is allocated directly to U.S. government guaranteed or government supported entities.
- Of the remaining 42% of the portfolio, about 24% is allocated to very short-term or overnight investment vehicles, including the State LGIP, repurchase agreements, and bank deposits. The remaining 19% is allocated to credit issuers, including commercial paper and corporate notes.

| U.S. Treasury (100% Limit) | 9.13% |
|---|---|

| Agency Issuers | Percentage (35% Limit) |
|---|---|
| Asia Dev Bank | 11.67% |
| Euro Bank Recon & Dev | 1.98% |
| FHLB | 0.97% |
| FHLB Discount Notes | 0.48% |
| FHLMC | 7.28% |
| FNMA | 8.62% |
| Govt Natl MTG Association | 7.75% |
| IBRD Discount Notes | 6.22% |
| Int Bank Recon & Dev | 3.60% |
| Inter-American Dev Bank Disc | 0.97% |
| Inter-American Dev Bank | 3.17% |
| International Finance Corp | 1.33% |

| Washington State LGIP (25% Limit) | 22.10% |
|---|---|

| Overnight Deposits | Percentage (No Limit) |
|---|---|
| Bank of America | 0.014% |
| Key Bank | 0.026% |
| U.S. Bank | 0.087% |




| Repo Issuers | Percentage (25% Limit) |
|---|---|
| BMO Capital Markets Corp | 1.34% |

| Corporate Issuers | Percentage (5% Limit) |
|---|---|
| Apple Inc | 1.19% |
| Bank of America | 0.78% |
| Bank of Montreal | 0.69% |
| Canadian Imperial Bank | 0.05% |
| Colgate-Palmolive Co. | 0.19% |
| Microsoft Corp | 1.34% |
| Royal Bank Canada | 0.49% |
| Wells Fargo Bank | 1.98% |

| CP Issuers | Percentage (5% Limit) |
|---|---|
| Apple Inc | 0.48% |
| Bank of Montreal | 2.04% |
| Canadian Imperial Bank | 2.14% |
| Royal Bank Canada | 1.90% |

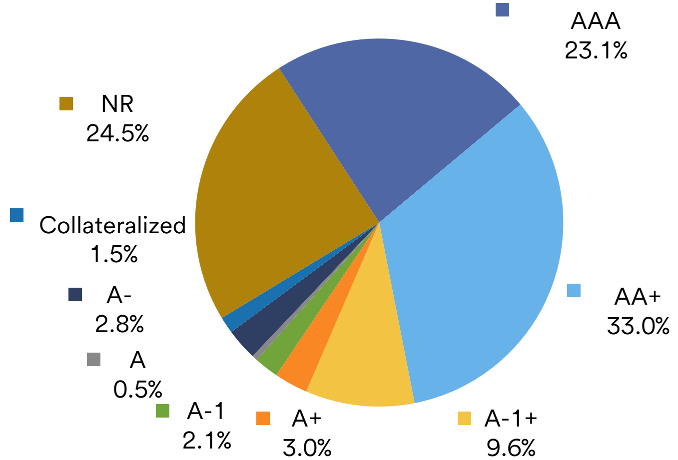
*Percentages may not add to 100% due to rounding.*
** For the purposes of totaling issuer concentration, issuers are aggregated across all sector types. It is noted however that issuers across sector types may maintain separately rated issuer credits.*

# 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 S&P Global Ratings.
- The County also continued to hold supranational agencies, which are rated AAA.
- The County decreased its credit exposure (commercial paper and corporate notes) with allocations to credit ending at 13.28% of the portfolio, compared to 14.69% last quarter.
    - Commercial paper accounts for 6.57% of the entire portfolio, while corporate notes account for 6.71%.
- Corporate note allocations held throughout the quarter have ratings of A- or higher.
    - Commercial paper allocations are all rated A-1/P-1 or higher.
- The 24.51% 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, 5.77% 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, 2025



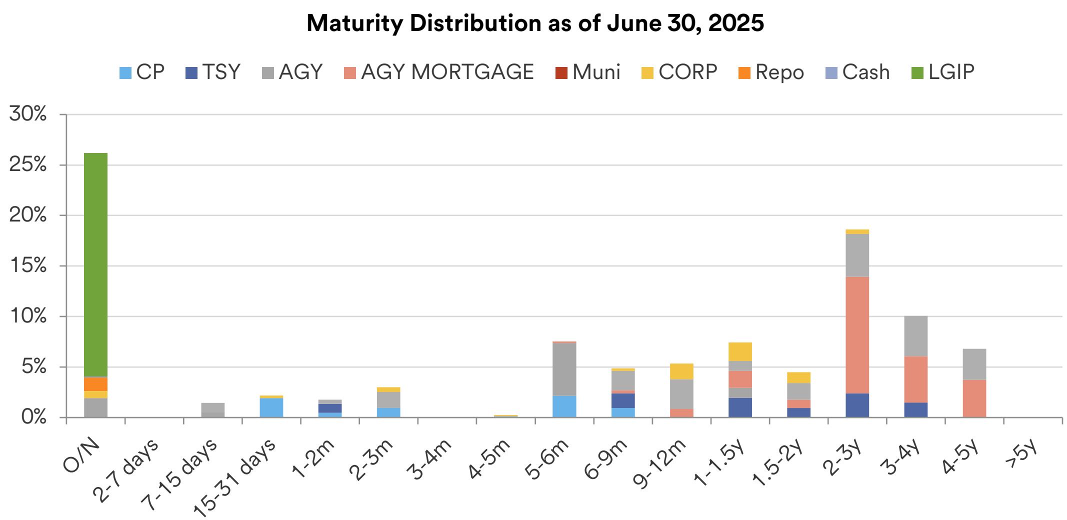

**Corporate/CP Issuer Ratings Table**
as of June 30, 2025

| Issuer Distribution | Sectors Invested | S&P Short* | S&P Long* | Moody's Short* | Moody's Long* |
|---|---|---|---|---|---|
| Apple Inc | CP/Corp | A-1+ | AA+ | P-1 | Aaa |
| Wells Fargo Bank | Corp | A-1 | A+ | P-1 | Aa2 |
| Bank of America | Corp | A-1 | A+ | P-1 | Aa1 |
| Bank of Montreal | CP/Corp | A-1 | A+ | P-1 | Aa2 |
| Colgate-Palmolive Co. | Corp | A-1 | A+ | P-1 | Aa3 |
| Microsoft Corp | Corp | A-1+ | AAA | P-1 | Aaa |
| Royal Bank Canada | CP/Corp | A-1+ | AA- | P-1 | Aa1 |
| Canadian Imperial Bank | CP/Corp | A-1 | A+ | P-1 | Aa2 |

*Source: Bloomberg Finance L.P., as of 6/30/2025*

# 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.<br>• About 53% of the portfolio holdings are scheduled to mature within the next twelve months, well above the 40% mandated by the investment policy.<br>• It appears the County's maturity strategy over the past quarter included:<br>— Targeting the following spaces:<br>○ Increasing allocation to average maturity of Federal Agencies.<br>○ Increasing allocations to Agency Mortgages.<br>— Continuing to allow previously purchased, longer-dated treasuries to naturally shorten in maturity and roll-down the yield curve and repurchasing new longer duration treasury securities.<br>— The WAM of the portfolio, excluding the State LGIP, ended the quarter at 507 days, slightly longer than the 489 days WAM from the previous quarter. |
| **Liquidity** | • The County has similar allocation in the portfolio to the combination of the Washington State LGIP, bank deposits, and repurchase agreements (overnight liquidity), from 23% in the previous quarter to 23% this quarter. Another 6% of the portfolio's holdings are scheduled to mature within the next thirty-one days. |



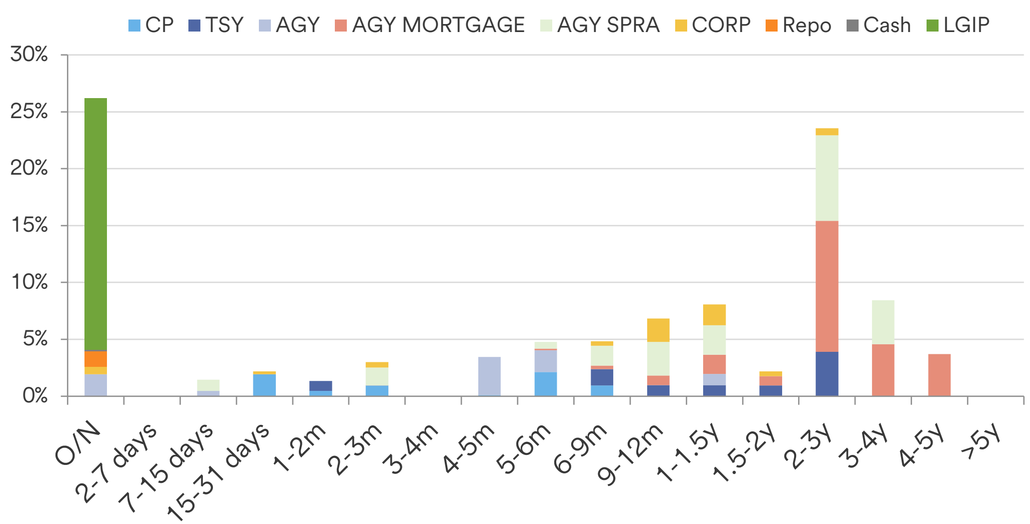

| Contribution to Maturity | | |
|---|---|---|
| **Sector** | **6/30/2025** | **3/31/2025** |
| Supranational Agencies | 159.08 | 174.89 |
| Cash | 0.00 | 0.00 |
| Corporate Notes | 24.46 | 29.62 |
| Commercial Paper | 7.35 | 8.27 |
| Federal Agencies | 12.93 | 9.60 |
| The Washington State LGIP | 0.22 | 0.21 |
| Agency Mortgages | 244.55 | 211.08 |
| Repurchase Agreements | 0.01 | 0.02 |
| US Treasuries | 58.24 | 65.43 |
| **Maturity:** | **507 days** | **489 days** |

*Agency Mortgage maturities are reported as average life. Average life data taken from Bloomberg Finance L.P.. 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.<br>• 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).<br>• As of June 30, the duration of the County Investment Pool was 1.21 years, a decrease from the previous quarter which ended at 1.30 years.<br>— The portfolio is measured against a blended benchmark consisting of 40% ICE Bank of America 3-Month Treasury Index and 60% ICE Bank of America 1-3 Year Treasury & Agency Index.<br>— The overall benchmark duration increased by 0.01 years, to 1.19 years. The portfolio's duration decreased from 109% to 102% of the benchmark duration for the period ending June 30. |

**Duration Distribution as of June 30, 2025**




| Contribution to Duration | | |
|---|---|---|
| **Sector** | **6/30/2025** | **3/31/2025** |
| Supranational Agencies | 0.40 | 0.44 |
| Cash | 0.00 | 0.00 |
| Corporate Notes | 0.07 | 0.08 |
| Commercial Paper | 0.02 | 0.02 |
| Federal Agencies | 0.03 | 0.03 |
| The Washington State LGIP | 0.00 | 0.00 |
| Agency Mortgages | 0.53 | 0.55 |
| Repurchase Agreements | 0.00 | 0.00 |
| US Treasuries | 0.15 | 0.17 |
| **Maturity:** | **1.21** | **1.30** |

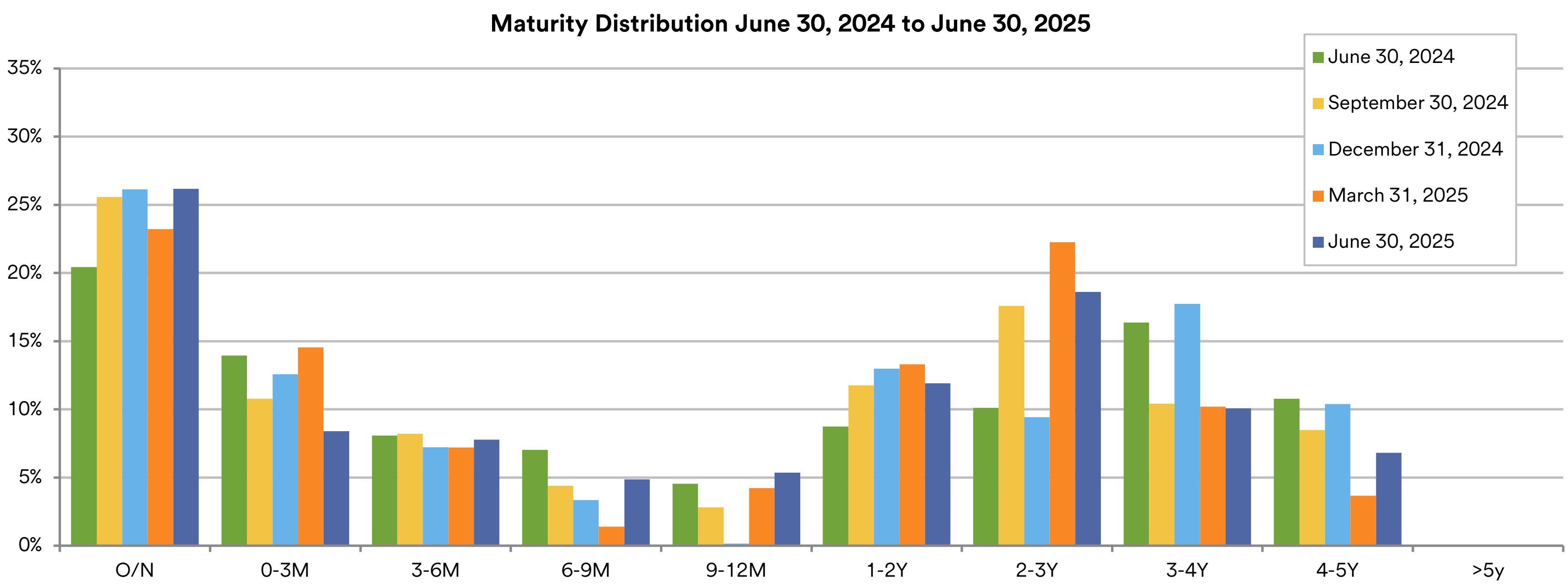
*Agency Mortgage durations are shown as effective duration taken from Bloomberg Finance L.P.*
*Duration for Federal Agency Discount Notes and Repurchase Agreements are calculated as days to maturity.*
*WA LGIP and bank deposits considered to have a one day duration.*
*All other security durations are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

# V. Changes in Portfolio Maturity Distribution

| Changes in Portfolio Maturity Distribution | |
|---|---|

**Changes in Portfolio Maturity Distribution**

- When viewing the current maturity distribution (blue bars) in relation to previous periods, a few primary observations are noted:
  - It appears the County has targeted additional investments in the overnight, 6-9 month bucket and the 4-5 year bucket.
  - The portfolio is well diversified across maturity buckets under 1 year.
- U.S. Treasury yields between two years and seven years moved lower over the quarter. The change in yields reflected ongoing market sensitivity to domestic policy uncertainty, with a continued focus on the potential impacts of taxes, tariffs, immigration, and deregulation.
- June yields fell modestly across the curve in response to tariff news and remaining uncertainty. Yields on 3-month, 2-year, and 10-year U.S. Treasuries ended June at 4.29%, 3.72%, and 4.23%, representing decreases of -4 bps, -18 bps, and -17 bps, respectively.




*Agency Mortgage maturities are reported as average life. Average life data taken from Bloomberg Finance L.P.*
*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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