King County Investment Pool

Portfolio Review

Quarter Ended
March 31, 2023
717.232.2723

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PFM Asset Management LLC

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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 December 2022 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 March 31, 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:
	    • Lingering inflation that remains well above the Fed's long-term inflation target
	    • A labor market showing the first signs of moderation
	    • Greater economic uncertainty following the surprise failure of Silicon Valley Bank and Signature Bank
	• Fed policy tightening may be nearly complete
	    • The most recent FOMC statement noted that "some additional policy firming may be appropriate," but the need for more rate hikes has become less clear
	    • Although the Fed acknowledged the impact of recent bank failures, their March updated Summary of Economic Projections were little changed from December
	    • The Fed has maintained that they will keep rates elevated for some time, but the market is pricing in rate cuts beginning mid-year
	• Bond markets saw unprecedented volatility in March
	    • In a classic "flight to quality," Treasury yields fell sharply, with the 2-year Treasury yield falling from 5.07% on March 8 to under 4.00% on March 17
	    • The curve inversion from 3 months to 10 years reached the deepest levels in over 40 years
	    • Credit yield spreads widened, especially those on banks, but not nearly to levels seen during the global financial crisis

Observations	• The portfolio is of very high credit quality. The majority of securities (approximately 88%) 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 over the quarter was 82% of the benchmark's duration. • The County increased its allocation to overnight liquidity, from 10% last quarter to 11% this quarter (or $968.3 million) 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.

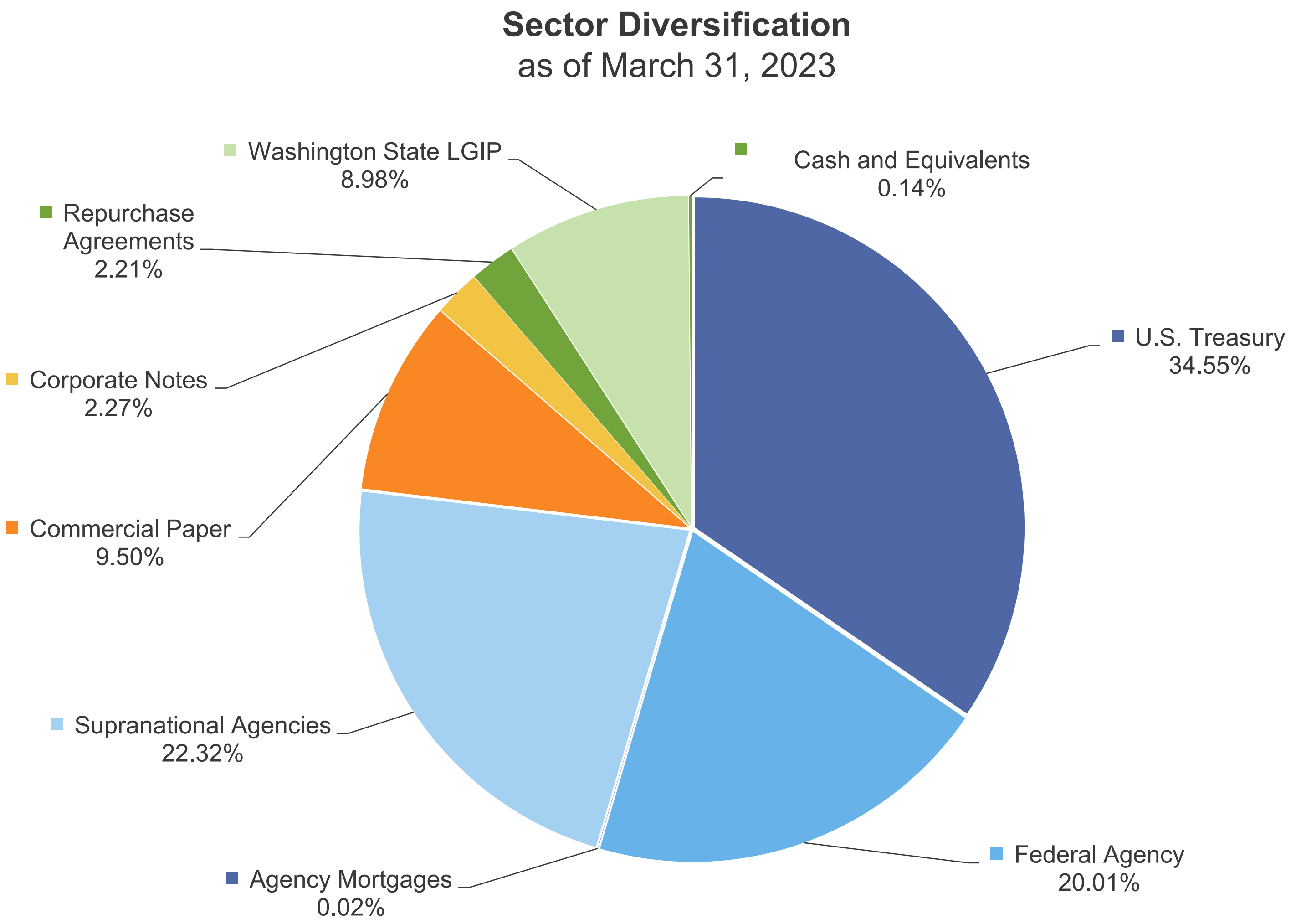
Investment Policy Review

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 March 31, 2023, was $8.5 billion, a $0.03 billion decrease from last quarter. • The County's Investment Pool decreased allocation to U.S. Treasuries (-3.56%), Commercial Paper (-0.30%), and Repurchase Agreements (-0.04%). • Over the quarter, allocation increased to the following sectors: Federal Agencies (+0.77%), Supranational Agencies (+0.95%), Corporates (+0.47%), the Washington State LGIP (+1.67%), and Cash (+0.04%). • All sectors remain within applicable policy limits.
Credit Quality	• Approximately 77% of the County pool's assets are directly guaranteed or supported by the U.S. government and roughly 6% 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 slightly to 11.77% of the portfolio from 11.60% 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 62% 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	$2,950,972,555	34.55%	✓	3.88 years	✓
Supranational Agencies	$1,906,514,238	22.32%	✓	4.95 years	✓
Corporate Notes	$194,102,596	2.27%	✓	4.12 years	✓
Federal Agency	$1,708,844,154	20.01%	✓	2.02 years	✓
Washington State LGIP	$767,230,614	8.98%	✓	1 day	✓
Repurchase Agreement	$189,000,000	2.21%	✓	1 day	✓
Commercial Paper	$811,270,714	9.50%	✓	234 days	✓
Cash and Equivalents	$12,106,574	0.14%	✓	1 day	✓
Agency Mortgages	$1,300,130	0.02%	✓	2.95 years (WAL)	✓
TOTAL	**$8,541,341,575**	**100.00%**			

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

Sector Allocation

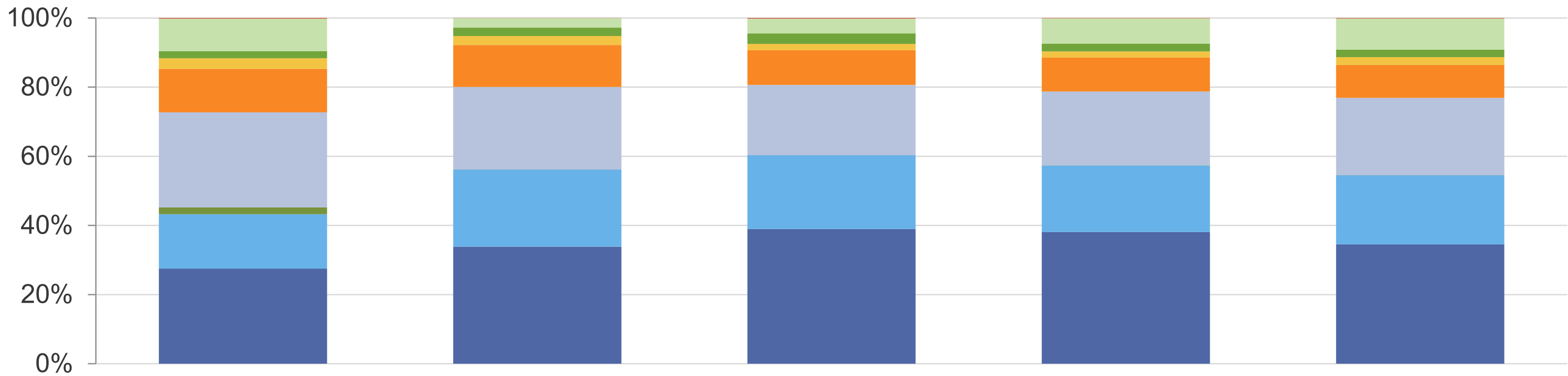


**Percentages may not total to 100% due to rounding.*

Changes In Portfolio Sector Allocation over the Past 12 Months

Changes in Sector Allocation

- The portfolio increased exposure to Federal Agencies (+0.77%), Supranational Agencies (+0.95%), Corporate Notes (+0.47%), the Washington State LGIP (+1.67%), and Cash (+0.04%) while decreasing its exposure to U.S. Treasuries (-3.56%), Commercial Paper (-0.30%), and Repurchase Agreements (-0.04%).
- **U.S. Treasuries** During the fourth quarter, exposure to U.S. Treasuries saw a significant decrease from 38.11% to 34.55%. However, the county remains within the 30% to 40% allocation range that existed prior to the pandemic.
- **Federal Agencies** The allocation to agencies, excluding supranationals and mortgage securities, increased by 0.77% over the period.
- **Supranational Agencies** Allocation to supranationals increased by 0.95%, continuing an upward trend from the previous quarter.
- **Corporate Notes** The allocation to corporate notes increased over the quarter by 0.47%, reversing a downward trend from previous quarters.
- **Commercial Paper** Commercial paper decreased over the period from 9.80% to 9.50% of the portfolio.
- **Washington State LGIP** Allocation to the State LGIP increased by 1.67% during the quarter, adding more liquidity to the portfolio.
- **Repurchase Agreements** The portfolio's allocation to repurchase agreements decreased from 2.25% to 2.21% of the portfolio.



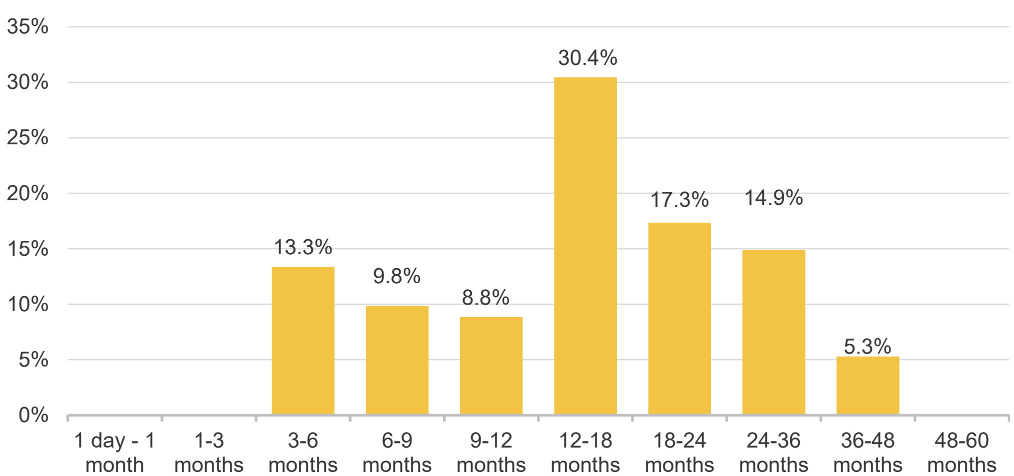
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
U.S. Treasury	28.07%	33.87%	38.94%	38.11%	34.55%
Federal Agencies	16.02%	22.28%	21.35%	19.24%	20.01%
Agency Mortgages	0.02%	0.02%	0.02%	0.02%	0.02%
Supranational Agencies	28.05%	23.89%	20.34%	21.37%	22.32%
Commercial Paper	12.86%	12.11%	10.06%	9.80%	9.50%
Corporate Notes	3.11%	2.60%	1.81%	1.80%	2.27%
Repurchase Agreements	2.09%	2.44%	3.03%	2.25%	2.21%
Washington State LGIP	9.56%	2.71%	4.28%	7.31%	8.98%
Cash and Equivalents	0.22%	0.08%	0.19%	0.10%	0.14%

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

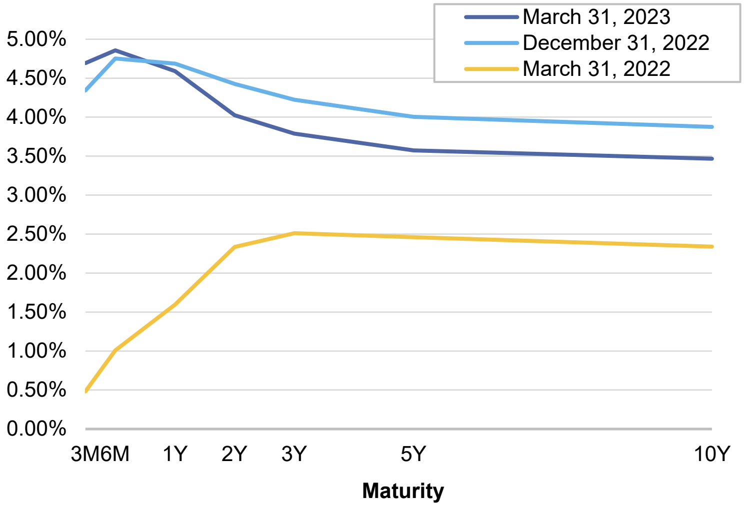
II. Sector Allocation – U.S. Treasury Securities

Topic	Observations
Observations	• The County's balances held in U.S. Treasuries decreased significantly from 38.11% of the total portfolio to 34.55%. • The U.S. Federal Reserve raised its benchmark interest rate by 25 basis points in February of 2023 and again in March of 2023, bringing the federal funds rate to a new target range of 4.75% to 5.00%. Yields on the 2-year and 10-year treasuries fell through the quarter by 40 bps (-0.40%) and 41 bps (-0.41%), respectively. However, the front end of the curve continues to rise on the back of the Fed's rate hikes. The 3-month treasury rose 35 bps (0.35%) to 4.69% from its fourth quarter level. • Approximately 32% of all Treasury holdings have remaining maturities of one year or less. • The weighted average maturity (WAM) of the County's Treasury allocation increased over the quarter from 516 days to 536 days as a result of a new security purchase within the 24-36 months maturity bucket. • 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 increase on the short end of the curve.

U.S. Treasury Maturity Distribution
as of March 31, 2023



U.S. Treasury Yield Curve
3/31/22 vs 12/31/22 vs 3/31/23

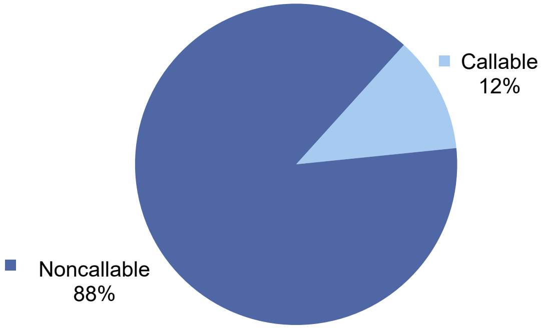


Percentages may not total to 100% due to rounding.

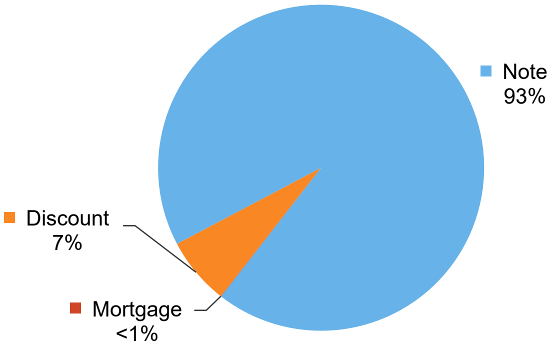
II. Sector Allocation – Federal Agencies

Topic	Observations			
Structure *(as % of Federal Agency Allocations)*	• Non-Callable • Callable	88.3% 11.7%	• Coupon Bearing Notes • Discount Notes • Agency Mortgage	93.3% 6.7% < 0.1%
Diversification *(as % of Federal Agency Allocations)*	• Federal Farm Credit Bank (FFCB)*** • Freddie Mac (FHLMC) • Federal Home Loan Bank (FHLB)*** • Supranational Agencies***	11.1% 14.3% 16.5% 52.7%	• Fannie Mae (FNMA)*** • Fannie Mae Mortgage-Backed (FNR)	5.3% < 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, increased by 0.77% in the quarter from 19.24% to 20.01%. The portion of callable federal agency securities decreased slightly from 12.0% to 11.7% this quarter. • All supranational agency holdings are below the 35% issuer limit and represent approximately 22% of the entire portfolio. • The County Pool's only allocation to agency mortgages is in Fannie Mae, totaling approximately 0.02% of the total portfolio.			

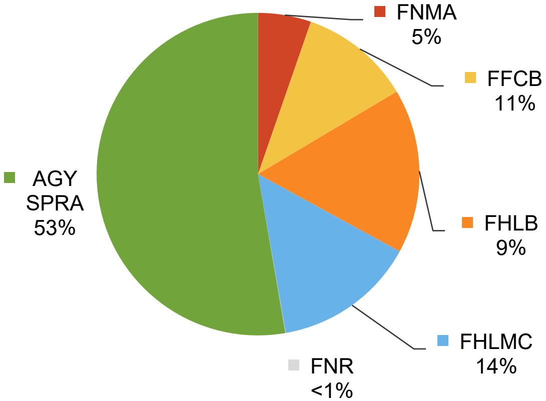
Callable vs. Non-Callable
as of March 31, 2023



Structure Distribution
as of March 31, 2023



Issuer Diversification
as of March 31, 2023

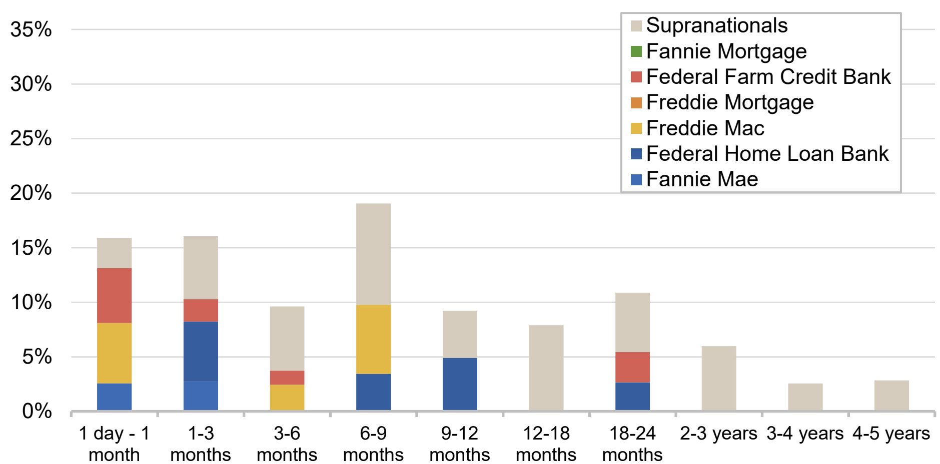


**All calculations above are based on total federal agency exposure, not overall Portfolio.*
***Percentages may not total to 100% due to rounding.*
****Includes discount notes*

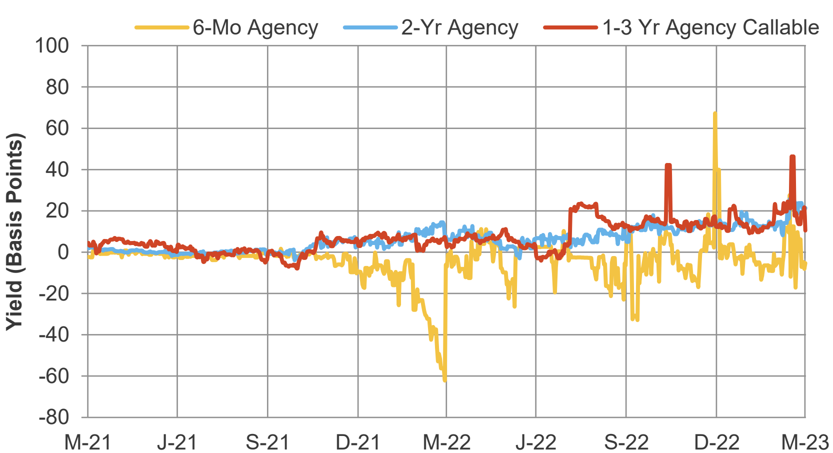
II. Sector Allocation – Federal Agencies

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 340 days on December 31st to 329 days as of March 31st. • The portfolio increased its allocation to both federal agencies and supranational agencies. – Liquidity challenges persist in the agency sector but have shown signs of improvement. Callable agency spreads widened with the uptick in market volatility for certain structures and continue to offer a decent yield pick up versus similar duration bullet agencies. – Bullet spreads widened this quarter as interest rates fell and new issuance was incredibly busy, supporting wider spreads in the front end of the curve. The 2-year federal agency spread ended at 21 bps (0.21%) as of March 31st.

Federal Agency Maturity Distribution by Name
as of March 31, 2023



Federal Agency Yield Spreads to Treasuries
Past 24 Months



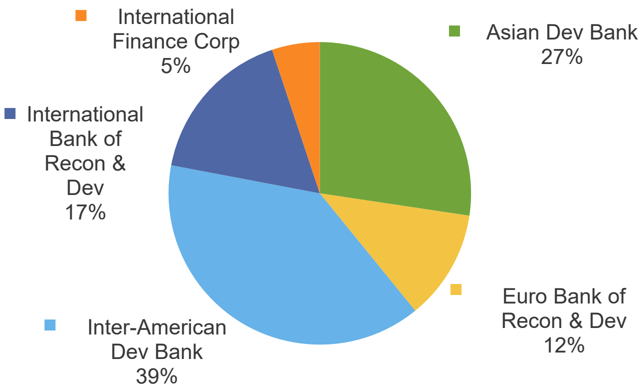
** Source Bloomberg Financial Systems*

- *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.*

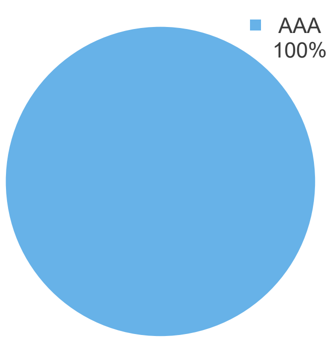
II. Sector Allocation – Supranational Agencies

Topic	Observations
Credit Distribution	• Based on the holdings as of December 31st, one supranational security matured through the first quarter. • The County maintained its exposure to five supranational issuers, but increased allocation to the sector by 0.95% while issuance saw a strong start to the year. – The value of the U.S. Dollar funding levels improved throughout the first quarter against its Euro counterpart. Accordingly, the percentage of USD issuance from global supranational banks rose from the sluggish level seen in 2022 presenting new opportunities to participate. • 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 50.9% to 46.8%.
Spread to Agency Rates	• The chart on the right shows the spread between supranational agencies and federal agency securities. – Supranational spreads ended the quarter tighter compared to US Treasuries, and as a result, generated relatively attractive excess returns versus many other fixed income sectors.

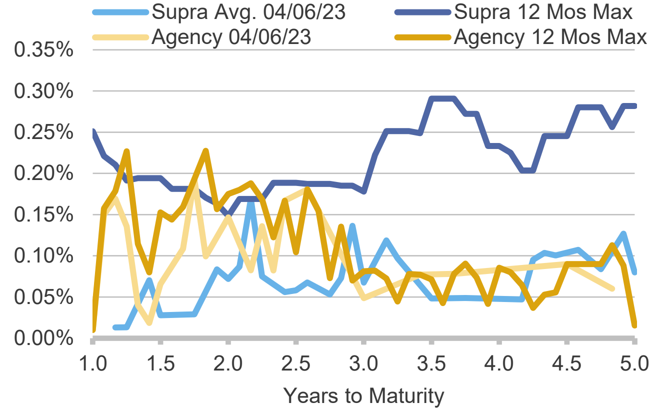
Issuer Distribution
as of March 31, 2023



Credit Distribution
as of March 31, 2023



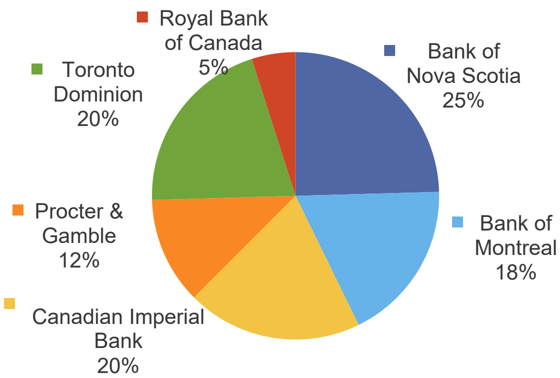
Supranational Agency vs. Federal Agency Yield Spreads



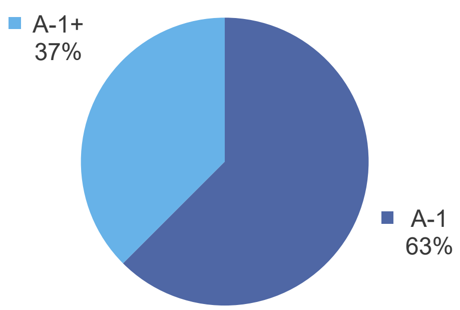
II. Sector Allocation – Commercial Paper

Topic	Observations
Issuer Diversification	• The County's allocation to commercial paper decreased by 0.30% over the quarter, ending the period at 9.50% 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. • Due to the Fed's continuous series of rate hikes throughout 2022 and into 2023 and investors becoming generally more cautious, short-term credit spreads climbed from upward pressure. • Along with broad, risk-off widening of investment grade credit in the first quarter, there were large dislocations between primary and secondary offerings and a wide dispersion between financial and non-financial names.
Credit Distribution	• With the increased exposure to the Canadian Imperial Bank's A-1 rated commercial paper and decreased allocation to the A-1+ rated commercial paper of TD Bank and Procter & Gamble, the overall credit quality of commercial paper in the portfolio has decreased.
Conclusions	• Commercial paper spreads are attractive, particularly on maturities near nine months which have heightened value compared to like-duration treasuries. • 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.

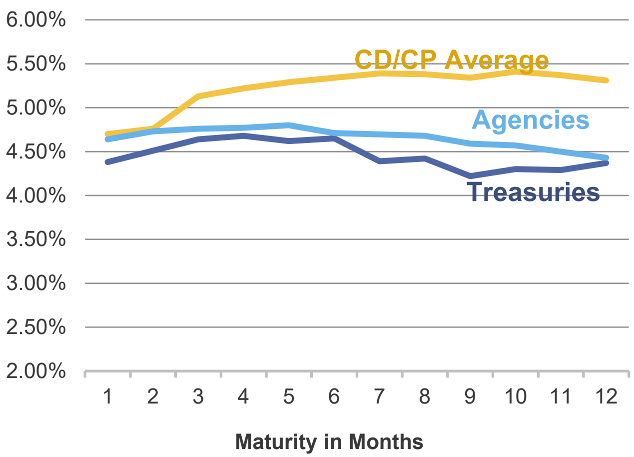
Issuer Distribution
as of March 31, 2023



Credit Distribution
as of March 31, 2023



Current Short-Term Yields
as of April 6, 2023

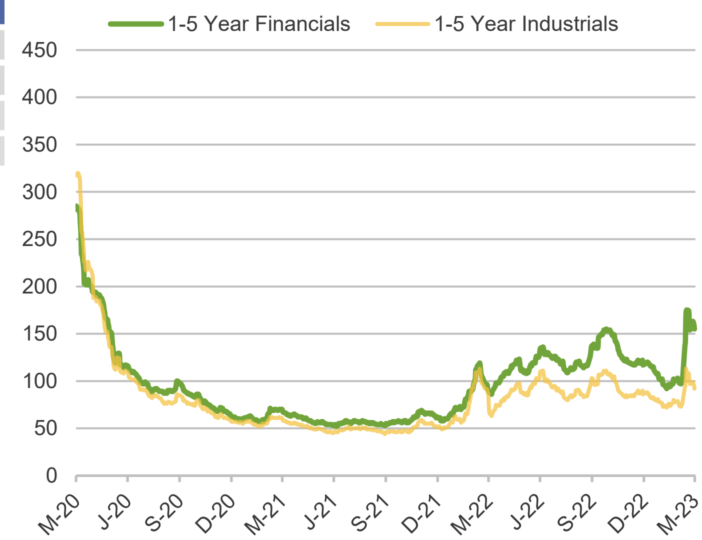


II. Sector Allocation – Corporate Notes

Topic	Observations
Maturity Distribution	• The County's allocation to corporate notes increased through the quarter from 1.80% to 2.27% of the portfolio. To end the period, the Pool's corporate note holdings were from high quality issuers, with 68% of it's corporate notes carrying a rating of AA+ by S&P. — Callable corporate notes made up 38% 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 1.63 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 bond spreads closed the first quarter significantly elevated compared to the fourth quarter of 2022. Financials closed the quarter wider than industrials. — Investment-grade corporate fundamentals were strong to start the year, with spreads priced for continued economic growth. However, corporate credit spreads ended the quarter markedly wider, led by the financial sector as banking concerns rippled through markets. For the industrial sector, when compared to historical ranges, spread levels appeared attractive, especially when considering the strength of fundamentals in the industrial sector.

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	68.0%	1.6%
Microsoft Corp.	A-1+	AAA	P-1	Aaa	3.5%	0.1%
Canadian Imperial Bank	A-1	A+	P-1	Aa2	18.0%	0.4%
Colgate-Palmolive	A-1+	AA-	P-1	Aa3	10.5%	0.2%

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

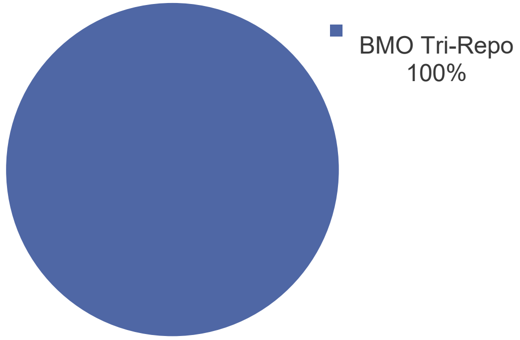


**Source: Bloomberg Financial Systems as of 3/31/2023*
**Percentages may not total to 100% due to rounding.*

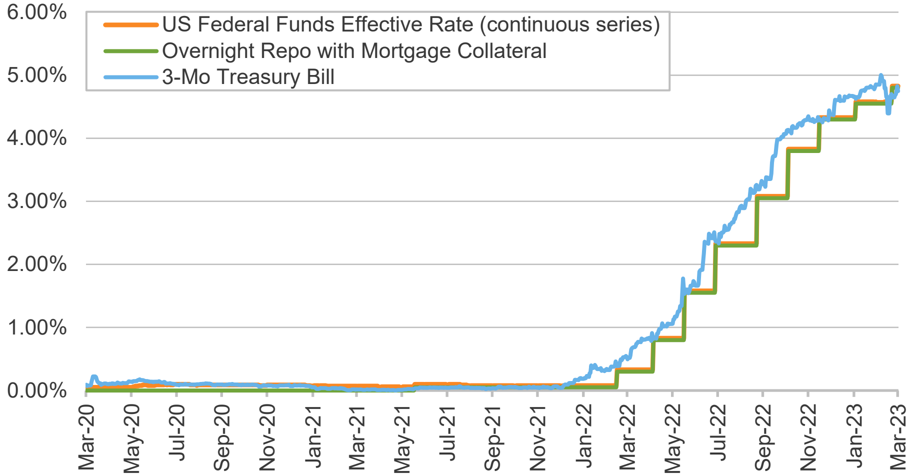
II. Sector Allocation – Repurchase Agreements

Topic	Observations
Issuer Diversification	• The County decreased its tri-party repurchase agreement allocation over the quarter by 0.04%. This sector now holds 2.21% allocation in the portfolio compared to the 2.25% allocation at the end of the fourth quarter of 2022. • At the end of the quarter, the portfolio utilized one repurchase agreement provider, BMO Capital Markets, with an amount of $189 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 March 31, 2023, the repurchase agreement sector's weighted-average yield increased compared to the previous quarter. Yields for overnight repurchase agreements have risen as the Fed funds target rate increases on a continuous basis with rate hikes.

Issuer/Credit Distribution
as of March 31, 2023



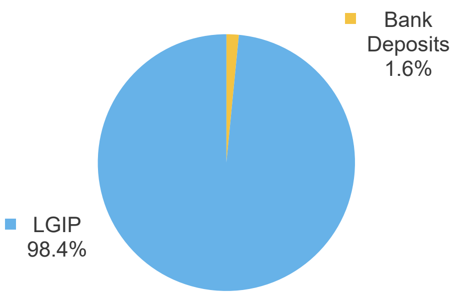
Short-Term Yields
March 2020 through March 2023



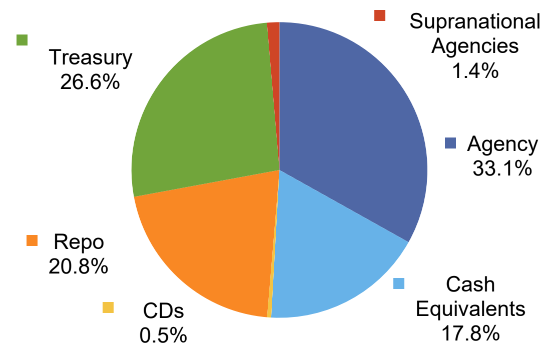
II. Sector Allocation – LGIPs & Cash Equivalents

	Underlying Investments	Rating (Short-Term: S&P/ Moody's/Fitch)	Observations
Washington State LGIP	• U.S. Treasuries 26.6% • Federal Agencies 33.1% • Supranational Agencies 1.4% • Repurchase Agreements 20.8% • Certificates of Deposit 0.5% • Cash Equivalents 17.8% *As of March 31, 2023*	• N/A	• The County currently has allocated about $767 million to the Washington State LGIP, an increase from last quarter's $627 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 Treasuries (+3.0%), Cash (+3.2%), and Certificates of Deposit (+0.2%) while decreasing allocation to Federal Agencies (-2.7%), Repurchase Agreements (-1.0%), and Supranationals (-2.7%).
Cash Equivalents	• State LGIP 98.4% • U.S. Bank 1.47% • Key Bank 0.06% • Bank of America 0.03%	• 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 0.10% to 0.14% of the total portfolio.

Cash Equivalents Distribution
as of March 31, 2023



Washington State LGIP Sector Distribution
as of March 31, 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 77% of the portfolio is allocated directly to U.S. government guaranteed or government supported entities.
- Of the remaining 24% of the portfolio, about 11% is allocated to very short-term or overnight investment vehicles, including the State LGIP, repurchase agreements, and bank deposits. The remaining 12% is allocated to credit issuers, including commercial paper and corporate notes.

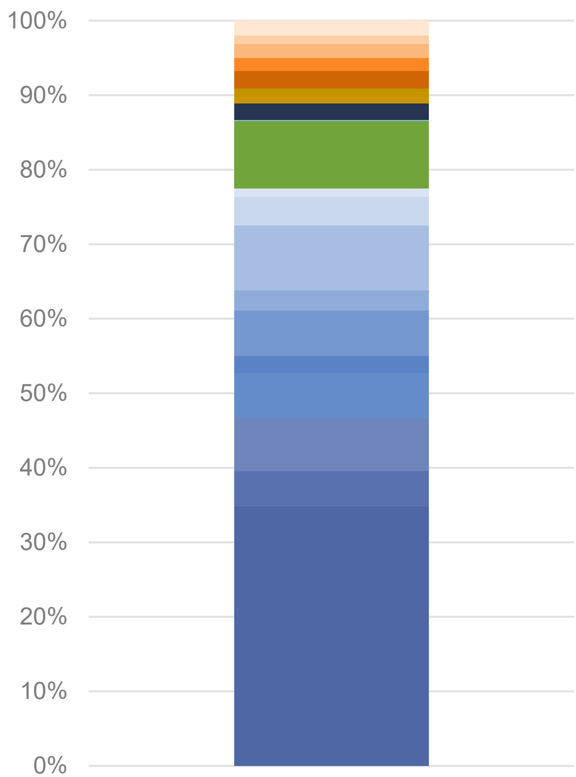
U.S. Treasury (100% Limit)	34.55%

Agency Issuers	Percentage (35% Limit)
Asian Dev Bank	6.11%
Inter-American Dev Bk	8.67%
Intn'l Bk of Recon & Dev	3.77%
FFCB	4.72%
FHLMC	6.05%
FNMA	2.26%
Euro Bk of Recon & Dev	2.63%
FHLB	6.99%
International Finance Corp	1.14%

Washington State LGIP (25% Limit)	8.98%

Overnight Deposits	Percentage (No Limit)
US Bank	0.134%
Bank of America	0.002%
Key Bank	0.006%

Repo Issuers	Percentage (25% Limit)
BMO Capital Markets Corp	2.21%



Corporate Issuers	Percentage (5% Limit)
Apple Inc	1.55%
Colgate-Palmolive Co.	0.24%
Canadian Imperial Bank	0.41%
Microsoft Corp	0.08%

CP Issuers	Percentage (5% Limit)
Toronto Dominion	1.95%
Royal Bank of Canada	0.47%
Bank of Nova Scotia	2.33%
Canadian Imperial Bank	1.88%
Procter & Gamble	1.14%
Bank of Montreal	1.73%

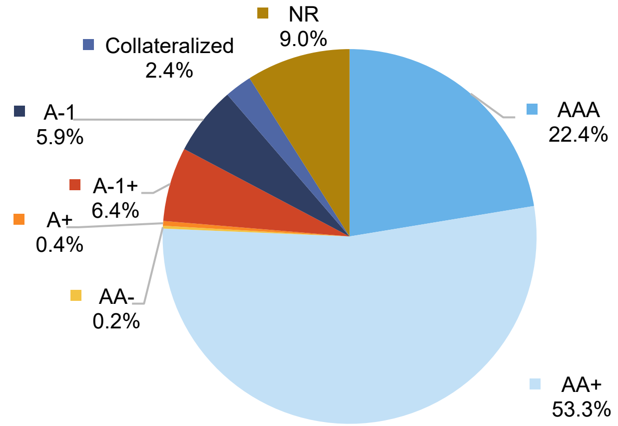
Percentages may not add to 100% due to rounding.
** For the purposes of totaling issuer concentration, issuers are aggregated across all sector types.*
It is noted however that issuers across sector types may maintain separately rated issuer credits.

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 largely maintained its credit exposure through commercial paper and corporate notes over the quarter, ending at 11.77% of the portfolio, compared to 11.60% last quarter.
  - Commercial paper accounts for 9.50% of the entire portfolio, while corporate notes account for 2.27%.
- 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 8.98% 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, 1.90% of the County's Pool is allocated indirectly to corporate securities (repurchase agreements and certificates of deposit).

Total Pool Credit Distribution*
as of March 31, 2023



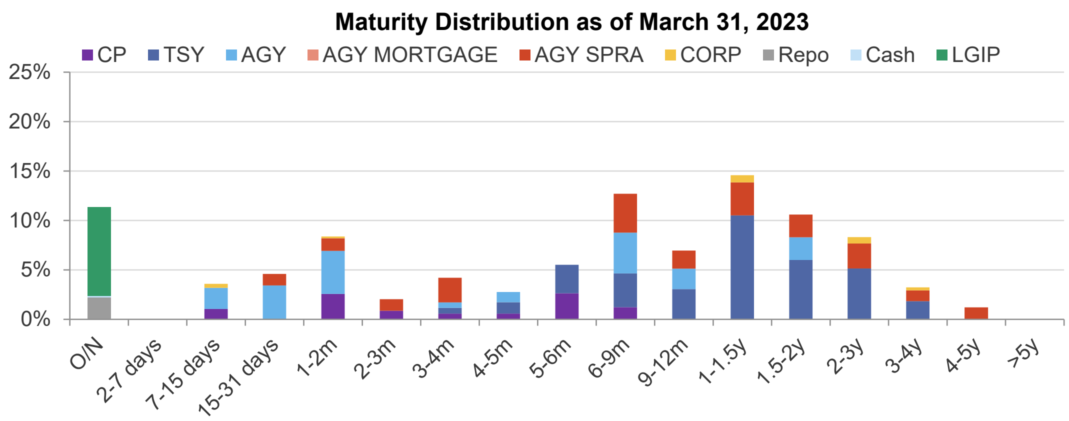
Corporate/CP Issuer Ratings Table
as of March 31, 2023

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	Corp/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 3/31/2023*

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 62% 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: – Continuing to allow previously purchased, longer-dated investments to naturally shorten in maturity and roll-down the yield curve with few purchases beyond a 1-year maturity. – Targeting the following spaces: o maintaining allocation to Commercial Paper to take advantage of the short-term credit curve. o Increasing cash deposits. o Increasing allocation to the Washington State LGIP. – The WAM of the portfolio ended the quarter at 349 days, shorter than the 376 days WAM from the previous quarter. – The change in portfolio WAM can primarily be attributed to the increased allocation to overnight liquidity and the lower contribution of Treasuries and Federal Agencies.
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 10% in the previous quarter to 11% this quarter. Another 8% of the portfolio's holdings are scheduled to mature within the next thirty-one days.



Contribution to Maturity

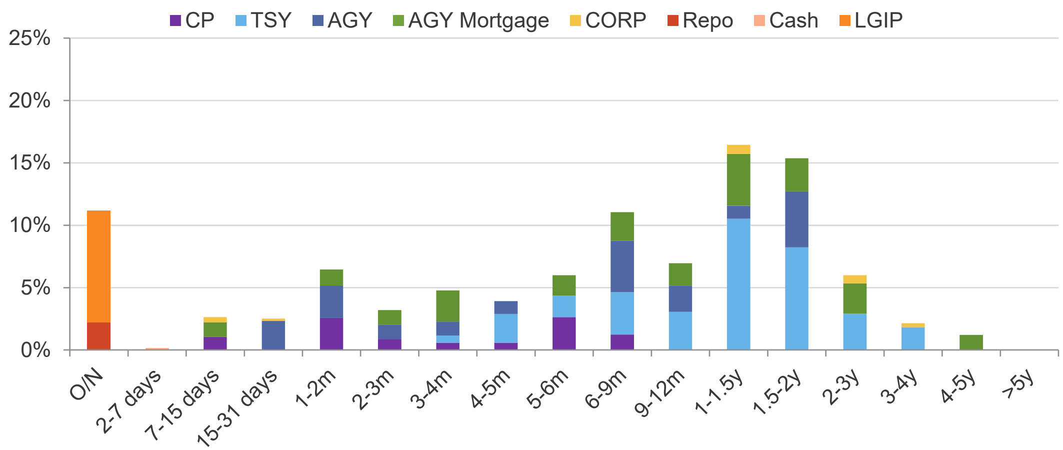
Sector	3/31/2023	12/31/2022
Supranational Agencies	102.94	98.91
Cash	0.00	0.00
Corporate Notes	13.52	7.66
Commercial Paper	10.21	9.09
Federal Agencies	36.41	63.04
The Washington State LGIP	0.09	0.07
Agency Mortgages	0.16	0.59
Repurchase Agreements	0.02	0.02
US Treasuries	185.30	196.50
Maturity:	**349 days**	**376 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 considered to have a one -day maturity.

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 March 31, the duration of the County Investment Pool was 0.96 years, a decrease from the previous quarter which ended at 0.98 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 0.02 years, and the benchmark duration decreased by 0.01 years over the quarter. The portfolio's duration decreased from 83% to 82% of the benchmark duration for the period ending March 31.

Duration Distribution as of March 31, 2023



Contribution to Duration		
Sector	**3/31/23**	**12/31/22**
Supranational Agencies	0.25	0.26
Cash	0.00	0.00
Corporate Notes	0.03	0.02
Commercial Paper	0.03	0.02
Federal Agencies	0.16	0.17
The Washington State LGIP	0.00	0.00
Agency Mortgages	0.00	0.00
Repurchase Agreements	0.00	0.00
US Treasuries	0.48	0.51
Duration:	0.96 years	0.98 years

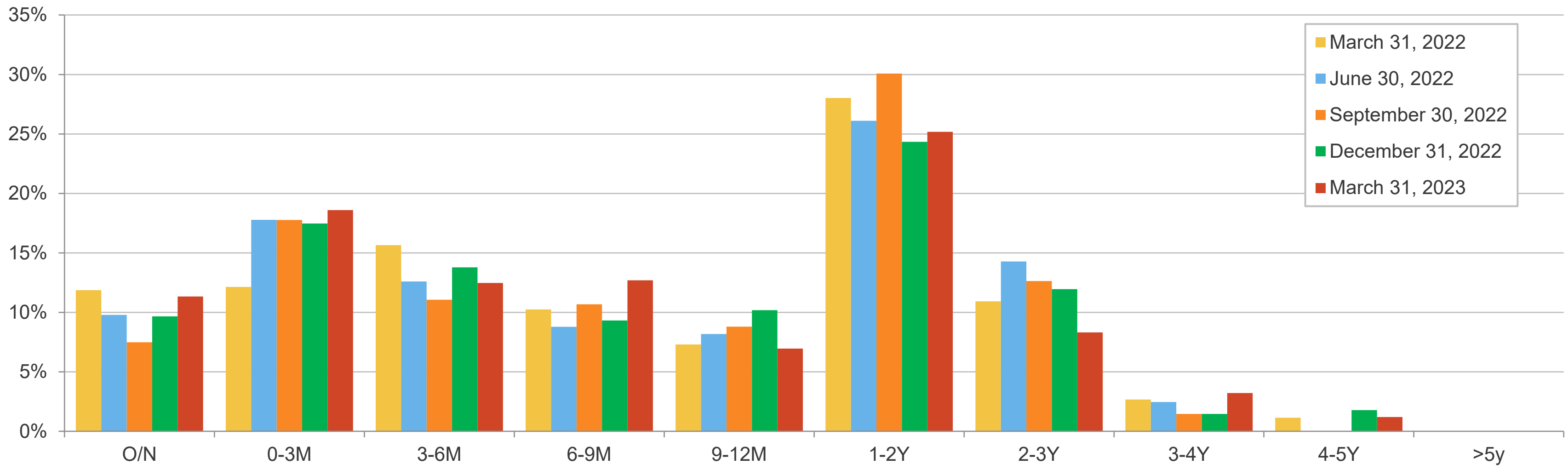
Agency Mortgage durations are shown as effective duration taken from Bloomberg Financial Markets.
Duration for Federal Agency Discount Notes and Repurchase Agreements are calculated as days to maturity.
WA LGIP and bank deposits considered to have a one day duration.
All other security durations are 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 and the 6-9 month maturity bucket.
  - 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 0-9 month space. Additionally, longer-term yields retracted to levels lower than the previous quarter.
  - Locking in the 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 March 31, 2022 to March 31, 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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