King County Investment Pool

Portfolio Review

Quarter Ended
March 31, 2024
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 December 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 March 31, 2024, 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	• The U.S. economy is characterized by:
	  • Robust growth that continues to show surprising strength
	  • Sticky inflation that remains above the Federal Reserve (Fed)'s 2% target
	  • Labor markets continuing to show impressive job gains and low unemployment
	  • Resilient consumer spending supported by wage growth that is outpacing inflation
	• Federal Reserve reaffirms rate cut expectations
	  • Forecast of 75 basis points of cuts this year
	  • After entering the year expecting 6 cuts in 2024, markets have adjusted their expectations to only 2 to 3 cuts in 2024
	  • Fed officials reaffirm that restoring price stability is the priority, but further confidence in inflation moving toward the 2% target is needed, which may delay the timing of rate cuts
	• Treasury yields increase following the change in market expectations
	  • Yields on maturities between 2 and 10 years rose 30-40 basis points during the quarter
	  • Yield curve inversion persists
	  • Spreads in most sectors fell to multi-year lows given the strong economic environment

Observations	• The portfolio is of very high credit quality. The majority of securities (approximately 82%) 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 increased over the quarter and stands at 100% of the benchmark's duration. • The County increased its allocation to agency mortgages, from 9% last quarter to 22% this quarter (or $1.95 billion).

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

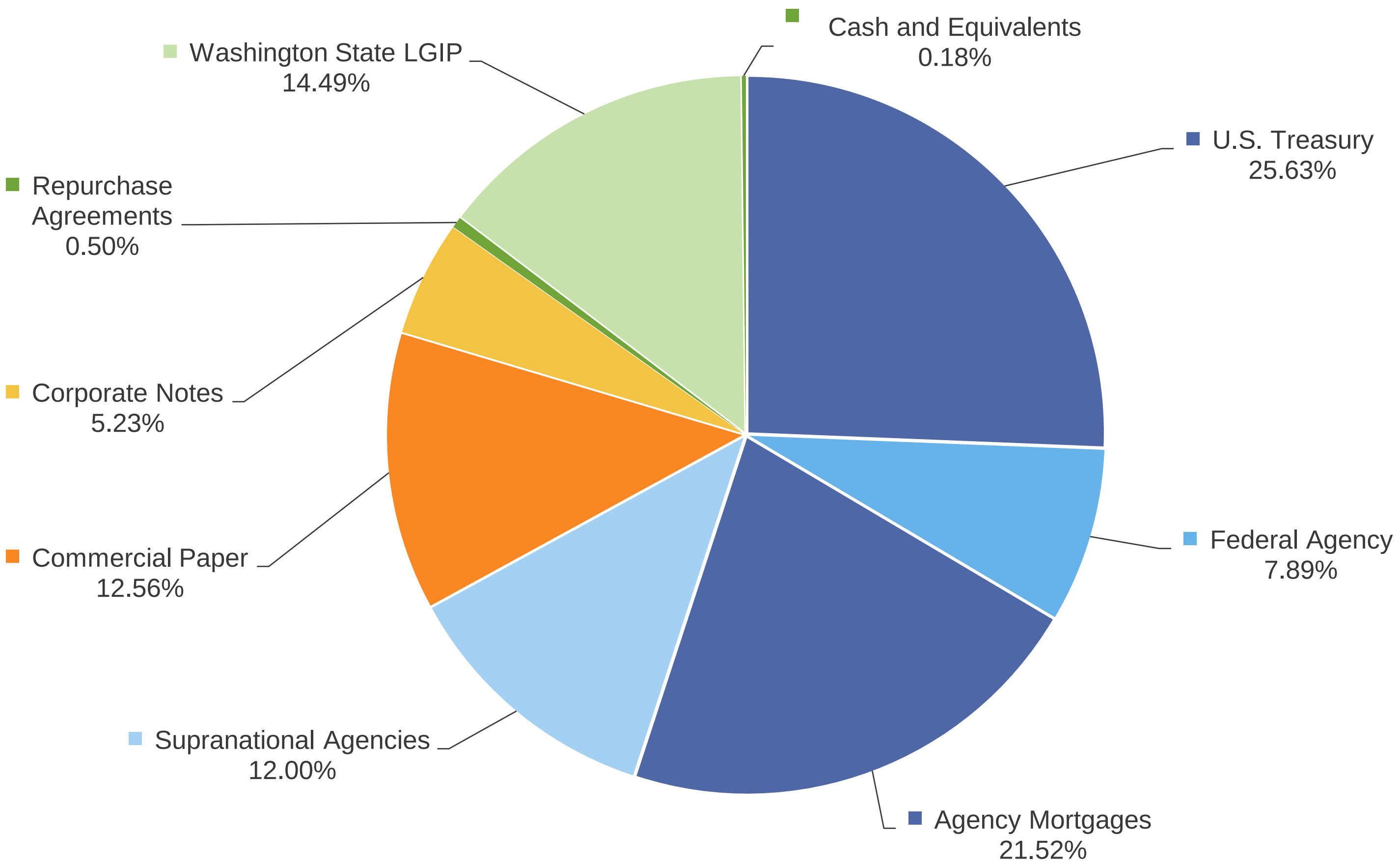
Topic	Observations
Sector Allocation	• All sector allocations fall within the limits set forth by the County's Investment Policy Statement. The Pool is predominantly invested in U.S. government securities which are either explicitly guaranteed or carry a high level of support by the U.S. government. • The County's Investment Pool balance (market value) as of March 31, 2024, was $9.1 billion, a $498 million decrease from last quarter. • The County's Investment Pool decreased allocation to Federal Agencies (-3.61%), Supranational Agencies (-2.59%), Corporate Notes (-0.29%), Repurchase Agreements (-3.13%), and the Washington State LGIP (-3.54%). • Over the quarter, allocation increased to the following sectors: Agency Mortgages (+12.07%), Commercial Paper (+0.57%), and Cash and Equivalents (+0.15%). • All sectors remain within applicable policy limits.
Credit Quality	• Approximately 67% of the County pool's assets are directly guaranteed or supported by the U.S. government and roughly 8% 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 17.8% of the portfolio from 17.5% 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 58% 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	$2,322,649,150	25.63%	✓	4.92 years	✓
Supranational Agencies	$1,087,195,832	12.00%	✓	4.41 years	✓
Corporate Notes	$473,938,824	5.23%	✓	4.35 years	✓
Federal Agency	$714,975,147	7.89%	✓	1.18 years	✓
Washington State LGIP	$1,313,201,258	14.49%	✓	1 day	✓
Repurchase Agreement	$45,000,000	0.50%	✓	1 day	✓
Commercial Paper	$1,138,415,800	12.56%	✓	1024 days	✓
Cash and Equivalents	$16,535,433	0.18%	✓	1 day	✓
Agency Mortgages	$1,949,760,984	21.52%	✓	3.30 years (WAL)	✓
TOTAL	**$9,061,672,429**	**100.00%**			

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

Sector Allocation

Sector Diversification
as of March 31, 2024

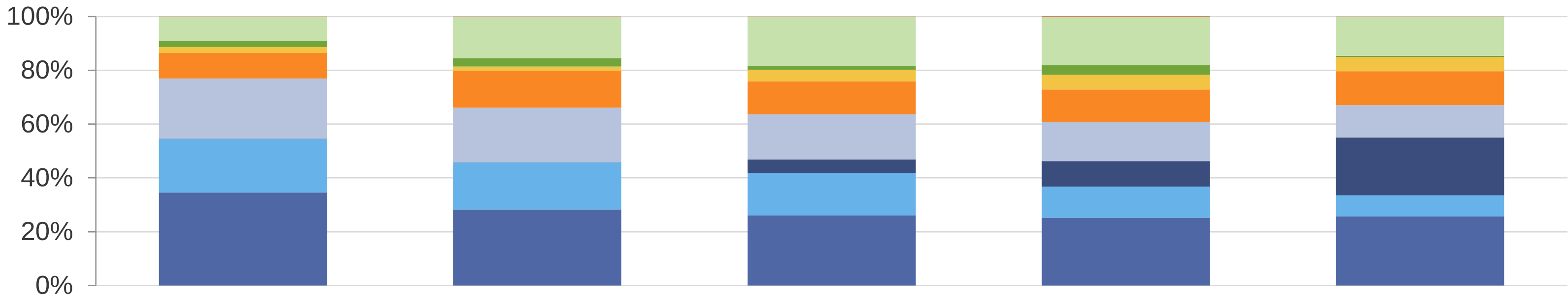


*Percentages may not total to 100% due to rounding.

Changes In Portfolio Sector Allocation over the Past 12 Months

Changes in Sector Allocation

- Over the past 12 months, the portfolio increased exposure to Agency Mortgages (+21.50%), Corporate Notes (+2.96%), Commercial Paper (+3.06%), the Washington State LGIP (+5.51%), and Cash and Equivalents (+0.04%) while decreasing exposure to U.S. Treasuries (-8.92%), Federal Agencies (-12.12%), Supranational Agencies (-10.32%), Repurchase Agreements (-1.72%).
- **During the first quarter:**
  - **U.S. Treasuries** Exposure to U.S. Treasuries increased from 25.26% to 25.63%.
  - **Federal Agencies** The allocation to agencies, excluding supranationals and mortgage securities, continued to decrease by 3.61% over the quarter.
  - **Agency Mortgages** Allocation to agency mortgages has increased substantially over the past three quarters, ending the first quarter at 21.52%.
  - **Supranational Agencies** Allocation to supranationals decreased moderately by 2.59% over the period.
  - **Corporate Notes** The allocation to corporate notes decreased slightly over the quarter, from 5.52% to 5.23%.
  - **Commercial Paper** Commercial paper allocation increased by 0.57%.
  - **Washington State LGIP** The State LGIP continued to decrease from 18.03% to 14.49% of the portfolio over the quarter.
  - **Repurchase Agreements** The portfolio's allocation to repurchase agreements decreased from 3.63% to 0.50% of the portfolio.



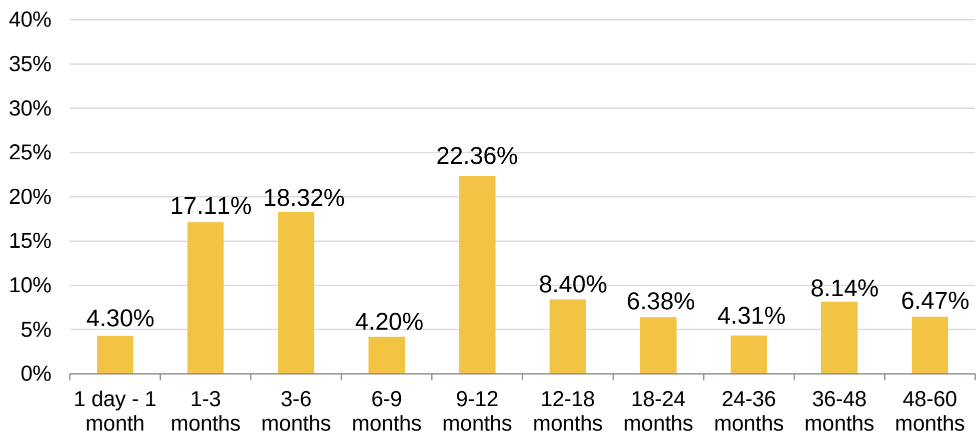
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
U.S. Treasury	34.55%	28.21%	25.99%	25.26%	25.63%
Federal Agencies	20.01%	17.53%	15.77%	11.50%	7.89%
Agency Mortgages	0.02%	0.01%	5.10%	9.44%	21.52%
Supranational Agencies	22.32%	20.38%	16.72%	14.59%	12.00%
Commercial Paper	9.50%	13.74%	12.26%	12.00%	12.56%
Corporate Notes	2.27%	1.53%	4.34%	5.52%	5.23%
Repurchase Agreements	2.21%	3.09%	1.33%	3.63%	0.50%
Washington State LGIP	8.98%	15.23%	18.34%	18.03%	14.49%
Cash and Equivalents	0.14%	0.28%	0.14%	0.03%	0.18%

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

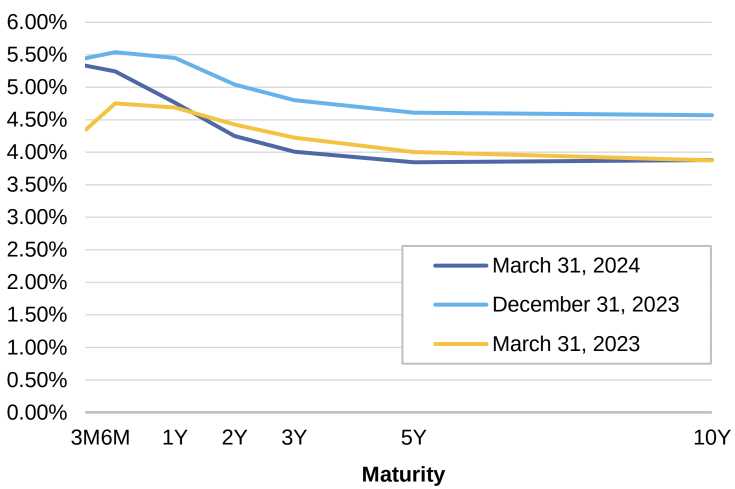
II. Sector Allocation – U.S. Treasury Securities

Topic	Observations
Observations	• The County's balances held in U.S. Treasuries decreased from 25.26% of the total portfolio to 25.63%. • The U.S. Federal Reserve remained on pause and kept the overnight target rate at its current range of 5.25% to 5.50%. U.S. Treasury markets spent the quarter adjusting its expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. Yields reflected the repricing and are higher by over 30 basis points for maturities greater than a year. • Approximately 66% of all Treasury holdings have remaining maturities of one year or less. • The weighted average maturity (WAM) of the County's Treasury allocation increased slightly over the quarter from 420 days to 461 days as a result of new security purchases within the 18-24 month, 36-48 month, and 48-60 month maturity buckets. • 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, however the yield curve decreased the least for shorter-term securities.

U.S. Treasury Maturity Distribution
as of March 31, 2024



U.S. Treasury Yield Curve
3/31/2023 vs 12/31/2023 vs 3/31/2024

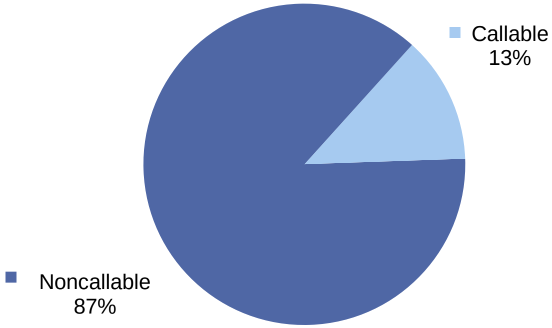


**Percentages may not total to 100% due to rounding.*

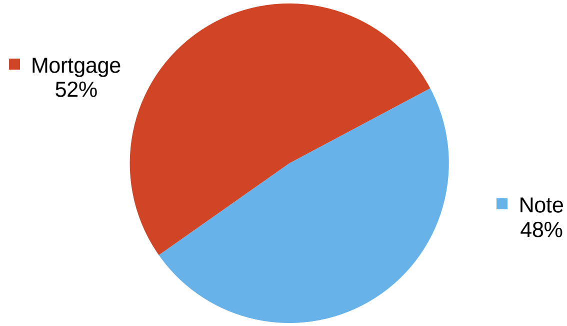
II. Sector Allocation – Federal Agencies

Topic	Observations	
Structure *(as % of Federal Agency Allocations)*	• Non-Callable 87.2% • Callable 12.8%	• Coupon Bearing Notes 48.0% • Discount Notes 0.0% • Agency Mortgage 52.0%
Diversification *(as % of Federal Agency Allocations)*	• Federal Farm Credit Bank (FFCB)*** 7.7% • Freddie Mac (FHLMC) 6.5% • Federal Home Loan Bank (FHLB)*** 8.8% • Supranational Agencies*** 29.0%	• Fannie Mae (FNMA)*** 2.6% • Fannie Mae Mortgage-Backed (FNR) 14.9% • Government Nat'l Mtg Association 30.6%
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 3.61% in the quarter from 11.50% to 7.89%. The portion of callable federal agency securities decreased to 12.8% this quarter. • All supranational agency holdings are below the 35% issuer limit and represent approximately 12% of the entire portfolio. • The County Pool's allocation to agency mortgages is approximately 21.5% of the total portfolio.	

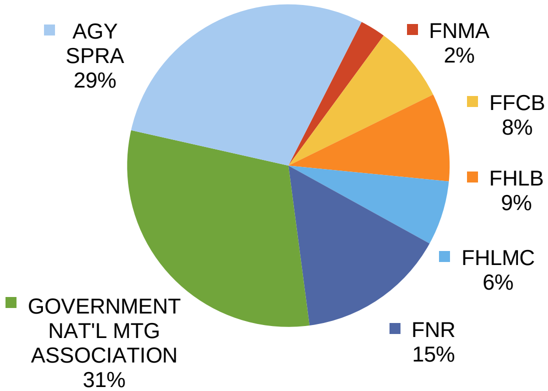
Callable vs. Non-Callable
as of March 31, 2024



Structure Distribution
as of March 31, 2024



Issuer Diversification
as of March 31, 2024

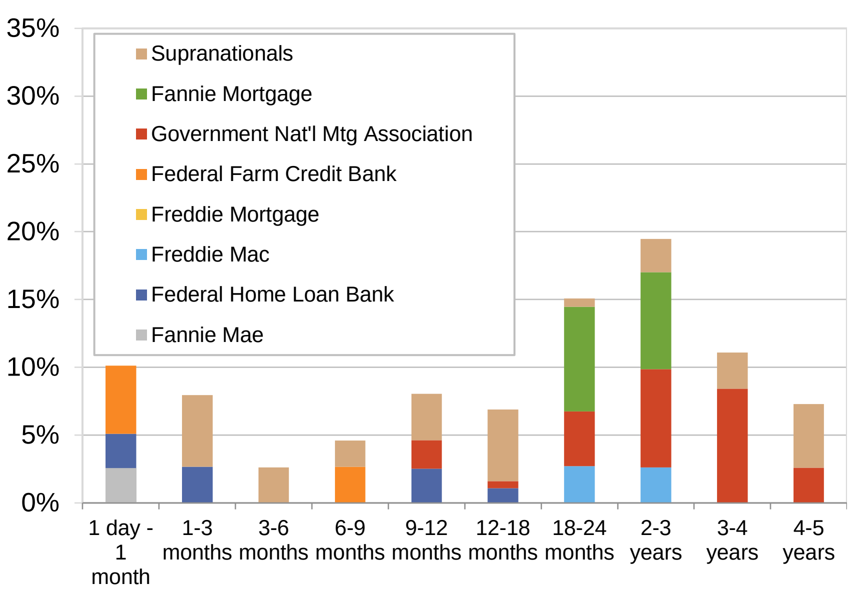


**All calculations above are based on total federal agency exposure, not overall Portfolio.*
***Percentages may not total to 100% due to rounding.*
****Includes discount notes*

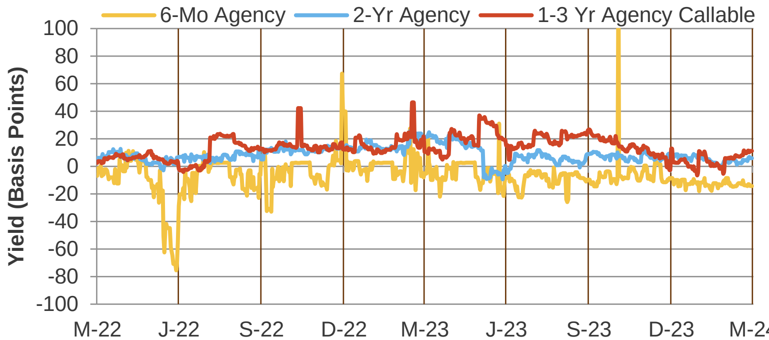
II. Sector Allocation – Federal Agencies

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 slightly from 966 days on December 31 to 955 days as of March 31. • The portfolio decreased its allocation to both federal agencies and supranational agencies. – Federal agency spreads remained anchored during Q1, driven by negative net supply. Allocations to the sector were further reduced as holdings matured. Limited value, tight spreads, and normalized liquidity are likely to remain features of this sector absent an unexpected increase in new issuance. – Expectations for the sector remain unchanged: lackluster issuance levels and further decline in FHLB advances render the sector range bound in 2024.

Federal Agency Maturity Distribution by Name
as of March 31, 2024

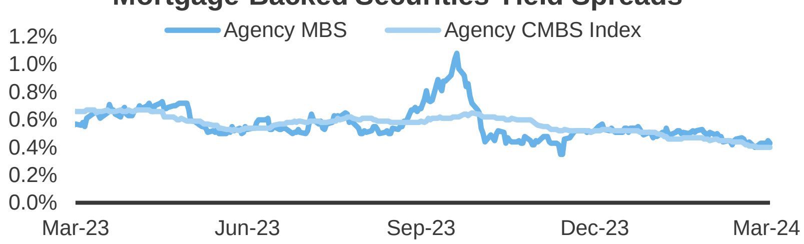


Federal Agency Yield Spreads to Treasuries
Past 24 Months



** Source Bloomberg Financial Systems*

Mortgage-Backed Securities Yield Spreads

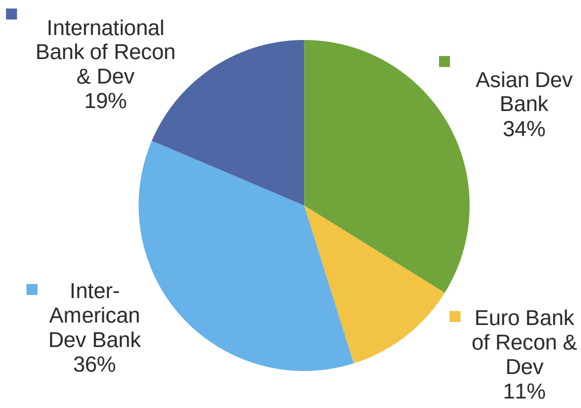


- *Agency Mortgage maturities are calculated as average life. Average life data taken from Bloomberg Financial Markets*
- *Callable securities are shown to their next call date.*
- *All other Agency maturities are calculated as days to maturity.*
- *Spreads on MBS are option-adjusted spreads of 0-5 year indices based on weighted average life via Bloomberg as of March 31, 2024.*

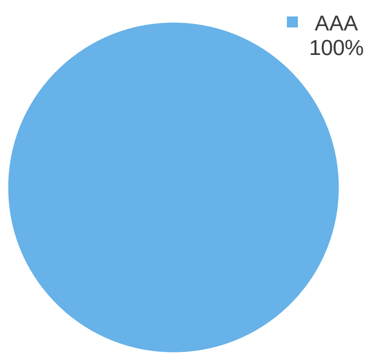
II. Sector Allocation – Supranational Agencies

Topic	Observations
Credit Distribution	• Based on the holdings as of December 31, multiple supranational securities matured through the first quarter. • The County maintained its exposure to four supranational issuers, but decreased allocation to the sector by 2.59%. – Supranational spreads, similar to agencies, remained low and range bound despite record issuance levels in January and February. We continued to trim allocations and utilize the sector to help fund purchases in other, more favorable sectors. – The portfolio's allocation to supranational agencies is relatively balanced across maturities. However, allocation to supranationals with maturities greater than 1 year increased over the quarter from 51.7% to 54.3%.
Spread to Agency Rates	• The chart on the right shows the spread between supranational agencies and federal agency securities. – Federal agency, municipal, and supranational spreads remained low and range bound throughout Q1. These sectors eked out positive excess returns, mostly from their modest incremental income. Callable agencies outperformed bullet agencies as bond market volatility waned from recent multi-year highs.

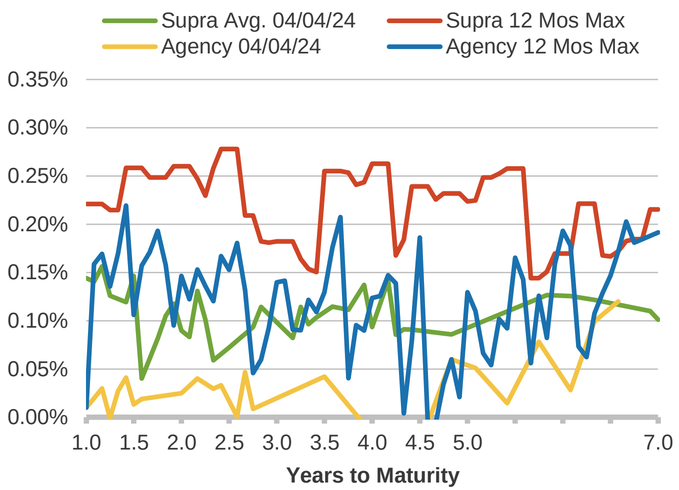
Issuer Distribution
as of March 31, 2024



Credit Distribution
as of March 31, 2024

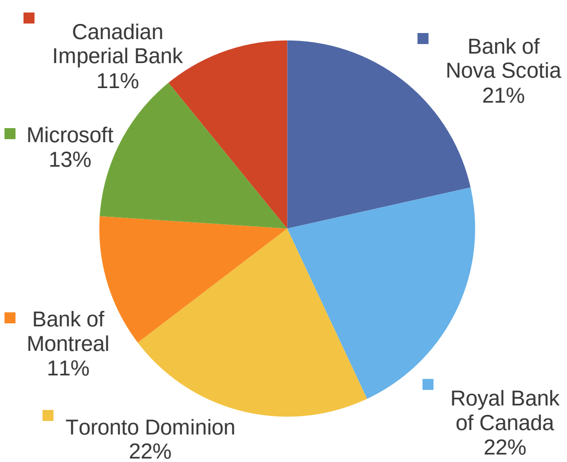


Supranational Agency vs. Federal Agency Yield Spreads

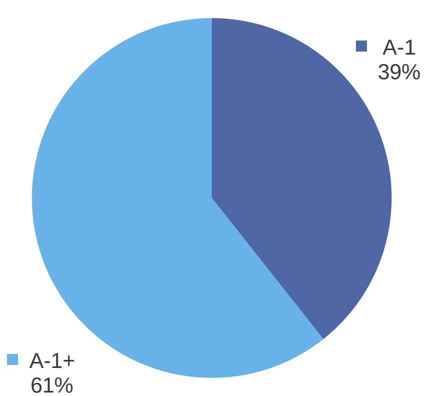


Topic	Observations
Issuer Diversification	• The County's allocation to commercial paper increased by 0.57% over the quarter, ending the period at 12.56% of the total portfolio. • The portfolio holds commercial paper from Toronto-Dominion Bank, the Royal Bank of Canada, Canadian Imperial Bank, Bank of Nova Scotia, Bank of Montreal, and Microsoft.
Credit Distribution	• The overall credit quality of commercial paper in the portfolio has stayed relatively the same.
Conclusions	• Short-term credit spreads remain near the lower end of their 12-month range through Q1. • Short-term credit is still a good alternative to similar maturity U.S. Treasuries with incremental yield in the 25 to 35 basis point range. Given the steep short-term credit curve, we continue to target issuers in 6- to 9-month maturities compared to those same issuers with less than four months to maturity at spreads less than 10 basis points.

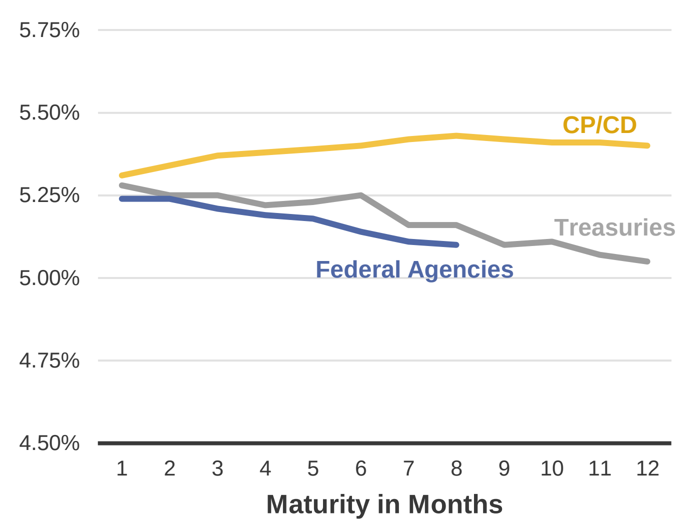
Issuer Distribution
as of March 31, 2024



Credit Distribution
as of March 31, 2024



Current Short-Term Yields
as of March 31, 2024

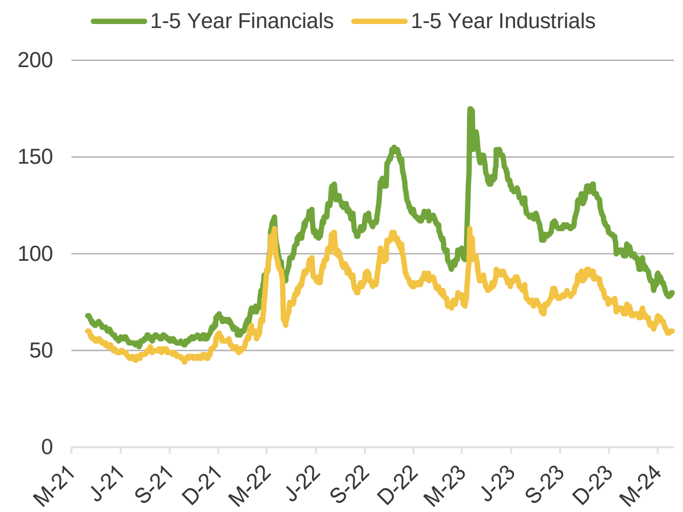


II. Sector Allocation – Corporate Notes

Topic	Observations
Maturity Distribution	• The County's allocation to corporate notes decreased through the quarter from 5.52% to 5.23% 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. – Callable corporate notes made up 85.2% 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 (IG) corporates produced strong excess returns on robust market demand and continued yield spread tightening. IG corporates finished the quarter at their lowest spread in over two years. As a result of historically tight spreads, value in the sector is now more opportunistic. – Yield spreads across most investment grade sectors continued to tighten throughout Q1, resulting in positive excess returns on corporates and most other non-government fixed income sectors. Diversification across these "spread sectors" helped bolster relative performance given the absolute back-up in yields to start the year.

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	40.2%	2.1%
Microsoft Corp.	A-1+	AAA	P-1	Aaa	1.4%	0.1%
Colgate-Palmolive	A-1+	AA-	P-1	Aa3	4.2%	0.2%
Wells Fargo Bank	A-1	A+	P-1	Aa2	37.1%	1.9%
Bank of America	A-1	A+	P-1	Aa1	17.1%	0.9%

Corporate/Treasury Yield Spreads
March 2021 through March 2024 (in basis points)

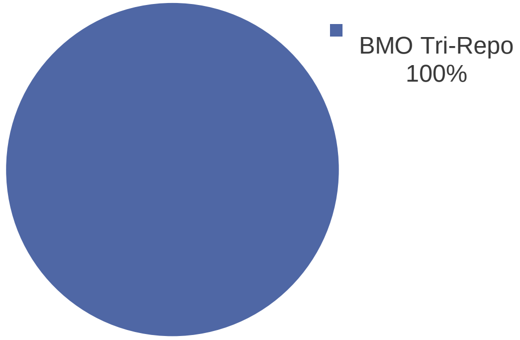


**Source: Bloomberg Financial Systems as of 3/31/2024*
**Percentages may not total to 100% due to rounding.*

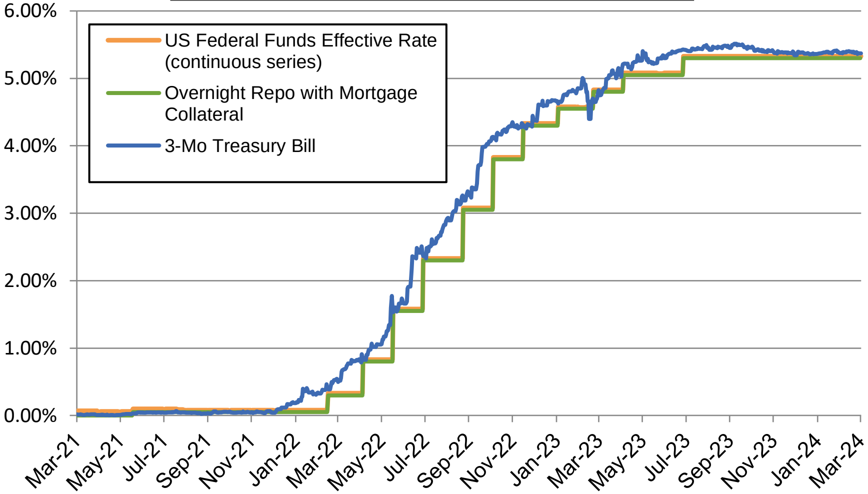
II. Sector Allocation – Repurchase Agreements

Topic	Observations
Issuer Diversification	• The County decreased its tri-party repurchase agreement allocation over the quarter by 3.13%. This sector now holds 0.50% allocation in the portfolio compared to the 3.63% allocation at the end of the fourth quarter of 2023. • At the end of the quarter, the portfolio utilized one repurchase agreement provider, BMO Capital Markets, with an amount of $45 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	• Overnight repurchase agreements remain an attractive option to invest excess cash.

Issuer/Credit Distribution
as of March 31, 2024



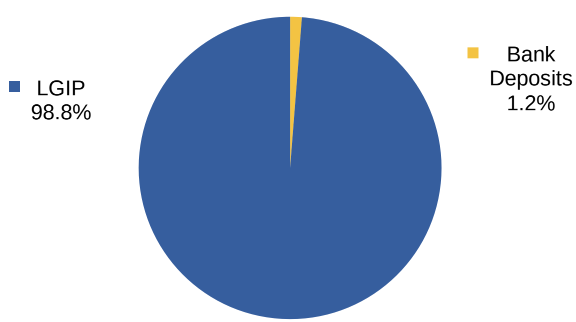
Short-Term Yields
March 2021 through March 2024



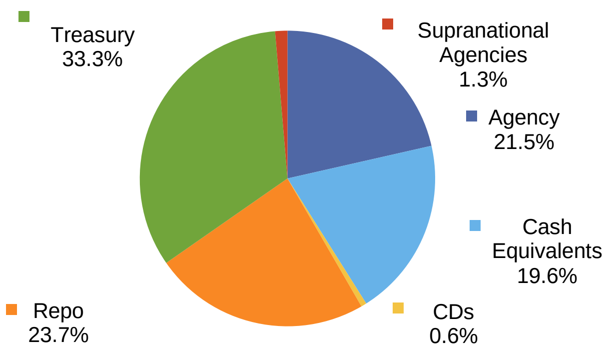
II. Sector Allocation – LGIPs & Cash Equivalents

	Underlying Investments	Rating (Short-Term: S&P/ Moody's/Fitch)	Observations
Washington State LGIP	• U.S. Treasuries 33.3% • Federal Agencies 21.5% • Supranational Agencies 1.3% • Repurchase Agreements 23.7% • Certificates of Deposit 0.6% • Cash Equivalents 19.6% *As of March 31, 2024*	• N/A	• The County currently has allocated about $1.31 billion to the Washington State LGIP, an decrease from last quarter's $1.72 billion 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 Federal Agencies (+3.6%), Cash Equivalents (+3.1%), and U.S. Treasuries (+1.2%), and decreased its allocation to Certificates of Deposit (-0.1%), Repurchase Agreements (-1.2%), and Supranationals (-1.6%).
Cash Equivalents	• State LGIP 98.8% • U.S. Bank 1.10% • Key Bank 0.13% • Bank of America 0.01%	• 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 0.03% to 0.18% of the total portfolio.

Cash Equivalents Distribution
as of March 31, 2024



Washington State LGIP Sector Distribution
as of March 31, 2024



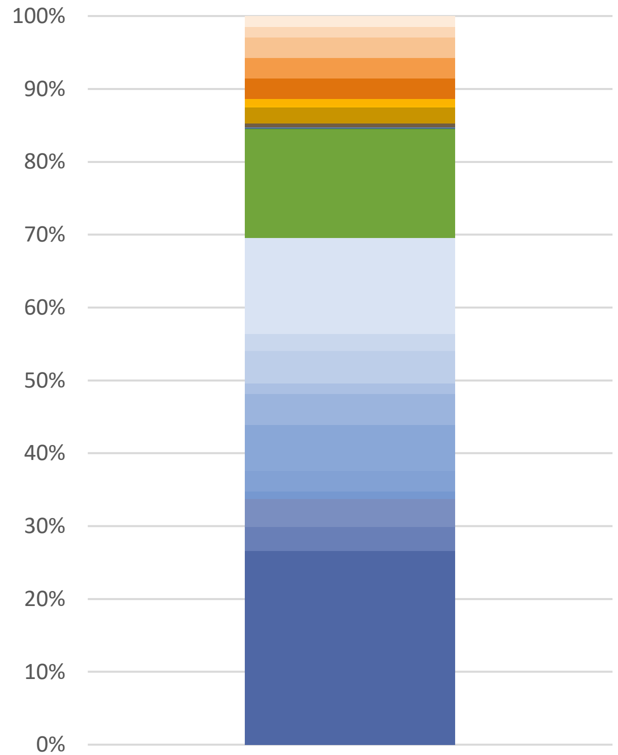
**All calculations above are based on total cash equivalents exposure, not overall Portfolio.*
***Percentages may not total to 100% due to rounding.*

III. Issuer Concentration

Issuer Exposure

- The County maintains a well-diversified portfolio by issuer, as shown in the tables and graph below.
- Approximately 67% of the portfolio is allocated directly to U.S. government guaranteed or government supported entities.
- Of the remaining 33% of the portfolio, about 15% is allocated to very short-term or overnight investment vehicles, including the State LGIP, repurchase agreements, and bank deposits. The remaining 18% is allocated to credit issuers, including commercial paper and corporate notes.

U.S. Treasury (100% Limit)	25.63%
Agency Issuers	**Percentage (35% Limit)**
FFCB	3.18%
FHLB	3.65%
FHLMC	2.68%
FNMA	1.06%
Asian Development Bank	4.06%
Euro Bank for Recon & Dev	1.36%
Inter-American Dev Bank	4.35%
Intl Bank for Recon & Dev	2.23%
FNR	6.16%
Govt Nat'l Mtg Association	12.68%
Washington State LGIP (25% Limit)	**14.49%**
Overnight Deposits	**Percentage (No Limit)**
US Bank	0.161%
Bank of America	0.002%
Key Bank	0.019%
Repo Issuers	**Percentage (25% Limit)**
BMO Capital Markets Corp	0.50%



Corporate Issuers	Percentage (5% Limit)
Apple Inc	2.10%
Colgate-Palmolive Co.	0.22%
Microsoft Corp	0.07%
Wells Fargo Bank	1.94%
Bank of America	0.89%
CP Issuers	**Percentage (5% Limit)**
Bank of Nova Scotia	2.70%
Bank of Montreal	1.43%
Canadian Imperial Bank	1.37%
Toronto Dominion	2.72%
Microsoft Corp	1.64%
Royal Bank of Canada	2.70%

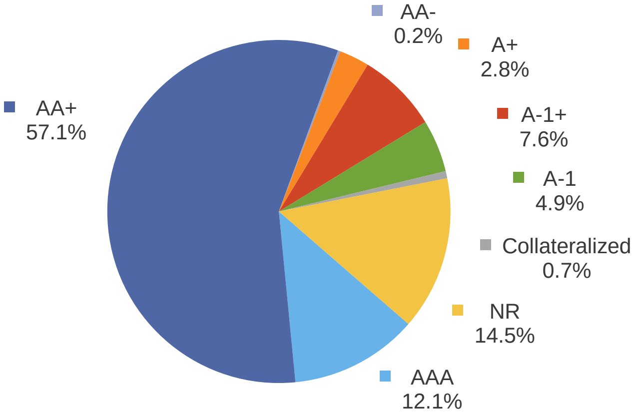
Percentages may not add to 100% due to rounding.
** For the purposes of totaling issuer concentration, issuers are aggregated across all sector types.*
It is noted however that issuers across sector types may maintain separately rated issuer credits.

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 (commercial paper and corporate notes) slightly through adding to corporate notes over the quarter, with allocations to credit ending at 17.79% of the portfolio, compared to 17.51% last quarter.
  - Commercial paper accounts for 12.56% of the entire portfolio, while corporate notes account for 5.23%.
- 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 14.5% 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, 3.52% 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, 2024



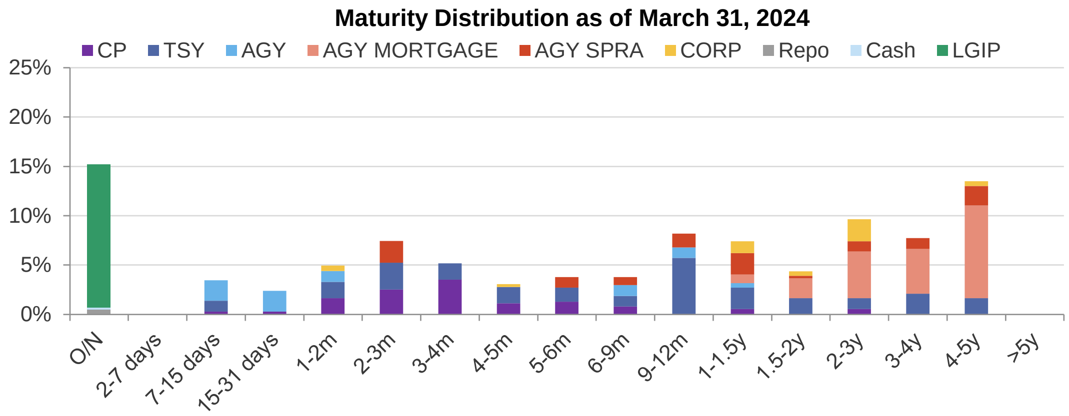
Corporate/CP Issuer Ratings Table
as of March 31, 2024

Issuer Distribution	Sectors Invested	S&P Short*	S&P Long*	Moody's Short*	Moody's Long*
Bank of Nova Scotia	CP	A-1	A+	P-1	Aa2
Bank of Montreal	CP	A-1	A+	P-1	A2
Microsoft Corp	CP/Corp	A-1+	AAA	P-1	Aaa
Toronto-Dominion Bank	CP	A-1+	AA-	P-1	Aa2
Canadian Imperial Bank	CP	A-1	A+	P-1	Aa2
Apple Inc	Corp	A-1+	AA+	P-1	Aaa
Royal Bank of Canada	CP	A-1+	AA-	P-1	Aa1
Wells Fargo Bank	Corp	A-1	A+	P-1	Aa2
Bank of America	Corp	A-1	A+	P-1	Aa1
Colgate-Palmolive	Corp	A-1+	AA-	P-1	Aa3

Source: Bloomberg Financial Services as of 3/31/2024

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 57% of the portfolio holdings are scheduled to mature within the next twelve months, well above the 40% mandated by the investment policy. • It appears the County's maturity strategy over the past quarter included: – Targeting the following spaces: ○ Increasing allocations to longer-dated Agency Mortgages. ○ Decreasing allocations to Repurchase Agreements, Supranationals, and Federal Agencies. – Continuing to allow previously purchased, longer-dated treasuries and federal agencies to naturally shorten in maturity and roll-down the yield curve and repurchasing new treasury and federal agency securities. – The WAM of the portfolio, excluding the State LGIP, ended the quarter at 571 days, substantially longer than the 360 days WAM from the previous quarter. – The change in portfolio WAM can primarily be attributed to the higher contribution of Agency Mortgages.
Liquidity	• The County has decreased allocation in the portfolio to the combination of the Washington State LGIP, bank deposits, and repurchase agreements (overnight liquidity), from 22% in the previous quarter to 15% this quarter. Another 6% of the portfolio's holdings are scheduled to mature within the next thirty-one days.



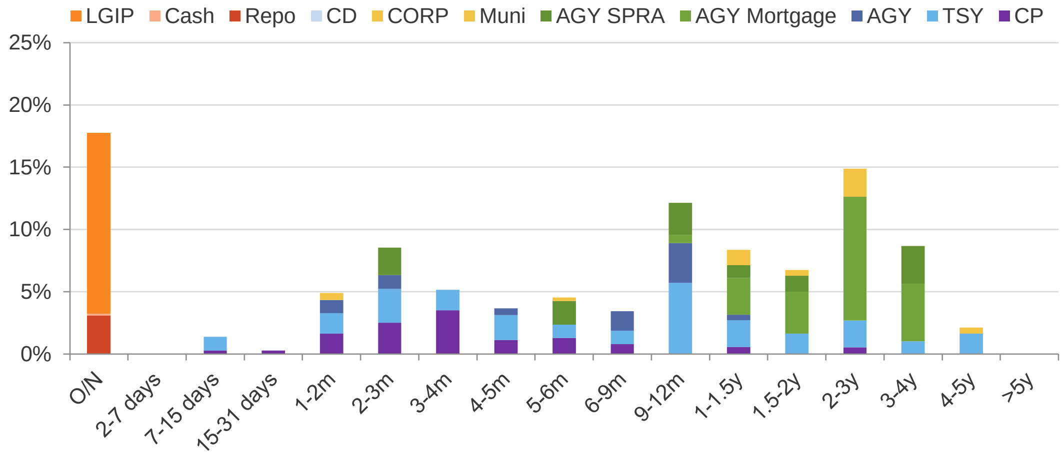
Contribution to Maturity		
Sector	**3/31/2024**	**12/31/2023**
Supranational Agencies	74.74	83.91
Cash	0.00	0.00
Corporate Notes	44.58	33.09
Commercial Paper	12.50	18.23
Federal Agencies	9.30	12.62
The Washington State LGIP	0.14	0.18
Agency Mortgages	311.36	86.31
Repurchase Agreements	0.00	0.04
US Treasuries	118.23	106.04
Maturity:	**571 days**	**340 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 March 31, the duration of the County Investment Pool was 1.19 years, an increase from the previous quarter which ended at 0.82 years. – 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 increased by 0.37 years, and the benchmark duration increased slightly from 1.18 to 1.19 years. The portfolio's duration increased from 69% to 100% of the benchmark duration for the period ending March 31.

Duration Distribution as of March 31, 2024



Contribution to Duration		
Sector	**3/31/24**	**12/31/23**
Supranational Agencies	0.19	0.22
Cash	0.00	0.00
Corporate Notes	0.12	0.10
Commercial Paper	0.03	0.05
Federal Agencies	0.05	007
The Washington State LGIP	0.00	0.00
Agency Mortgages	0.50	0.11
Repurchase Agreements	0.00	0.00
US Treasuries	0.30	0.27
Duration:	**1.19 Years**	**0.82 Years**

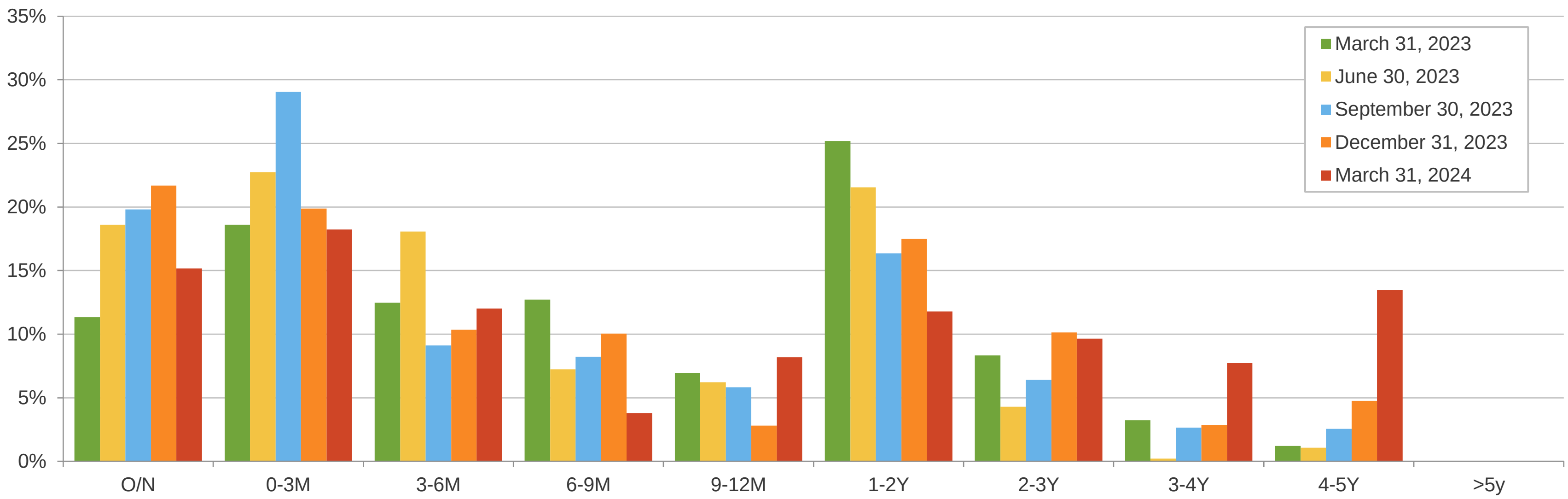
Agency Mortgage durations are shown as effective duration taken from Bloomberg Financial Markets.
Duration for Federal Agency Discount Notes and Repurchase Agreements are calculated as days to maturity.
WA LGIP and bank deposits considered to have a one day duration.
All other security durations are 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 has targeted additional investments in the 3-4 year and 4-5 year buckets.
  - The portfolio is well diversified across maturity buckets under 1 year.
- The market spent the majority of Q1 adjusting its expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. As a result, fed funds futures recalibrated expectations throughout the quarter and are now priced for the first rate cut to occur in July, a four-month delay from expectations at the beginning of the year.
- As a result of higher absolute yields, U.S. Treasury indexes with longer durations generated negative returns, with the breakeven point around the two-year maturity.

Maturity Distribution March 31, 2023 to March 31, 2024



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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