pfm asset management

King County Investment Pool

Portfolio Review

Quarter Ended
September 30, 2024
717.232.2723

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PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

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 June 2024 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 September 30, 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:
	    • A labor market that reached better balance and support consumer activity
	    • Inflation that has made meaningful progress towards the Federal Reserve's (Fed) 2% target, although shelter costs remain a headwind
	    • Resilient economic growth and consumer spending that support the 'soft landing' scenario
	• Fed begins the easing cycle
	    • The Fed cut the federal funds target rate by 50 basis points (bps) to 4.75% - 5.00% at its September FOMC meeting
	    • Fed officials note they have gained greater confidence the risks to their dual mandate are "roughly" in balance
	    • The Fed's September "dot plot" implies 50 bps of additional cuts in 2024 and 100 bps through 2025
	• Treasury yields continued their descent
	    • Yields on maturities between 3 months and 10 years fell 62-112 bps during the 3rd quarter
	    • The yield curve began to disinvert in the 3rd quarter as the spread between the 2-year and 10-year Treasury reached positive territory for the first time in over 2 years
	    • Despite intra-quarter spread widening, yield spreads across most credit sectors were range bound at tight levels, reflecting the strength of the economy

Observations	• The portfolio is of very high credit quality. The majority of securities (approximately 91%) are explicitly guaranteed or carry a high level of support by the U.S. Government (U.S. Treasury, federal agency and U.S. instrumentalities) and/or possess overnight liquidity (Washington State LGIP, bank deposits, and repurchase agreements). • The County maintained broad issuer diversification during the quarter. • The Portfolio's duration decreased over the quarter and stands at 109% of the benchmark's duration.

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.

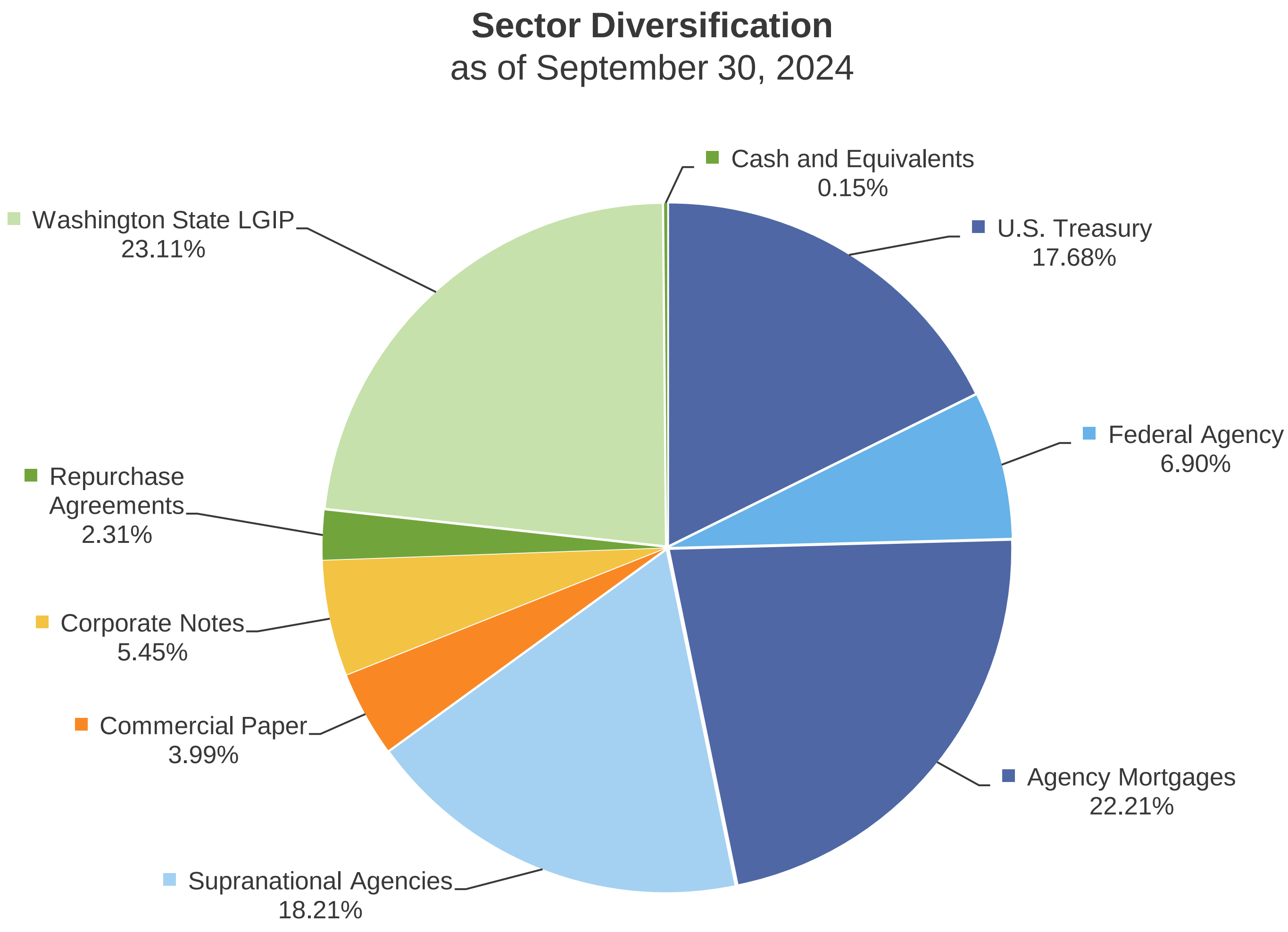
Investment Policy Review

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 September 30, 2024 was $9.8 billion, a $157.5 million decrease from last quarter. • The County's Investment Pool decreased allocation to U.S. Treasury (-3.71%), Federal Agency (-0.31%), Agency Mortgages (-0.11%), and Commercial Paper (-5.37%). • Over the quarter, the County's Investment Pool increased allocations to Supranational Agencies (+2.71%), Corporate Notes (+0.14%), Repurchase Agreement (+1.11%), Washington State LGIP (+5.44%), and Cash and Equivalents (+0.09%). • All sectors remain within applicable policy limits.
Credit Quality	• Approximately 65% 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. • Combined corporate allocations (both commercial paper and corporate notes) decreased to 9.4% 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%. • 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 52% 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	$1,733,753,375.00	17.68%	✓	4.84 years	✓
Supranational Agencies	$1,785,434,817.94	18.21%	✓	4.91 years	✓
Corporate Notes	$534,245,976.25	5.45%	✓	3.85 years	✓
Federal Agency	$1,270,034,213.08	12.95%	✓	0.68 years	✓
Washington State LGIP	$2,266,429,236.69	23.11%	✓	1 day	✓
Repurchase Agreement	$227,000,000.00	2.31%	✓	1 day	✓
Commercial Paper	$391,650,450.00	3.99%	✓	102 days	✓
Cash and Equivalents	$14,303,227.62	0.15%	✓	1 day	✓
Agency Mortgages	$1,584,316,340.13	16.15%	✓	2.38 years (WAL)	✓
TOTAL	**$9,807,167,636.71**	**100.00%**			

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

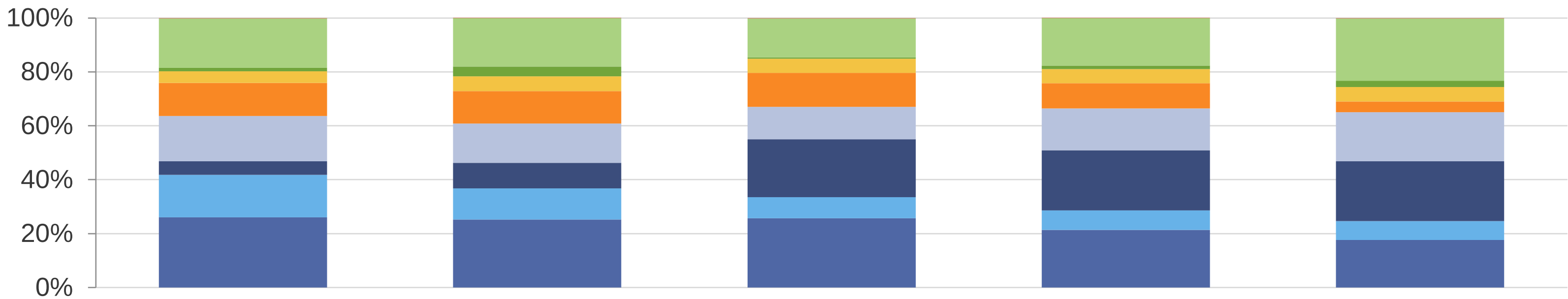
Sector Allocation



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 Agency Mortgages (+17.10%), Supranational Agencies (+1.49%), Corporate Notes (+1.11%), Repurchase Agreements (+0.99%), Washington State LGIP (+4.77%), and Cash and Equivalents (+0.01%) while decreasing exposure to U.S. Treasury (-8.31%), Federal Agency (-8.88%), and Commercial Paper (-8.27%).
- **During the third quarter:**
  - **U.S. Treasuries** Exposure to U.S. Treasuries decreased from 21.39% to 17.68%.
  - **Federal Agencies** The allocation to agencies, excluding supranationals and mortgage securities, continued to decrease by 0.31% over the quarter.
  - **Agency Mortgages** Allocation to agency mortgages decreased slightly, ending the third quarter at 22.21%.
  - **Supranational Agencies** Allocation to supranationals increased moderately by 2.71% over the period.
  - **Corporate Notes** The allocation to corporate notes increased slightly over the quarter to 5.45%.
  - **Commercial Paper** Commercial paper allocation decreased by 5.37%.
  - **Washington State LGIP** The State LGIP increased from 17.67% to 23.11% of the portfolio over the quarter.
  - **Repurchase Agreements** The portfolio's allocation to repurchase agreements increased from 1.20% to 2.31% of the portfolio.

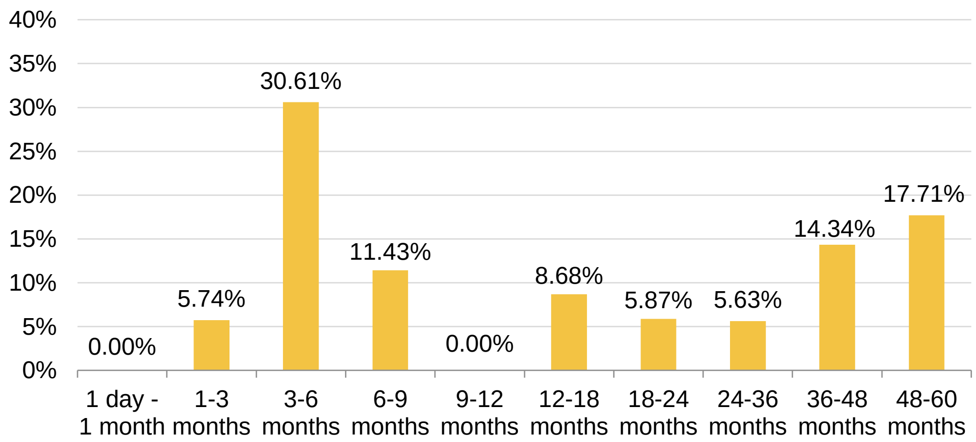


	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
U.S. Treasury	25.99%	25.26%	25.63%	21.39%	17.68%
Federal Agencies	15.77%	11.50%	7.89%	7.21%	6.90%
Agency Mortgages	5.10%	9.44%	21.52%	22.31%	22.21%
Supranational Agencies	16.72%	14.59%	12.00%	15.49%	18.21%
Commercial Paper	12.26%	12.00%	12.56%	9.36%	3.99%
Corporate Notes	4.34%	5.52%	5.23%	5.30%	5.45%
Repurchase Agreements	1.33%	3.63%	0.50%	1.20%	2.31%
Washington State LGIP	18.34%	18.03%	14.49%	17.67%	23.11%
Cash and Equivalents	0.14%	0.03%	0.18%	0.05%	0.15%

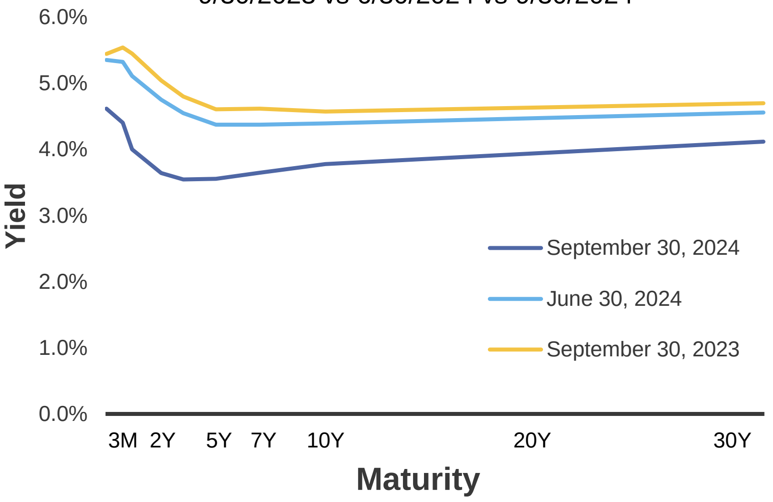
II. Sector Allocation – U.S. Treasury Securities

Topic	Observations
Observations	• The County's balances held in U.S. Treasuries decreased from 21.39% of the total portfolio to 17.69%. • The Fed cut the overnight policy rate by 50 bps (0.50%) to a new target range of 4.75% to 5.00% at its September 18 meeting, marking the first rate cut in over four years. Furthermore, the Fed's updated "dot plot" implied an additional 50 bps of rate cuts through the balance of 2024 and 100 bps of cuts in 2025. The Fed expects to reach the longer run "neutral" policy rate of 2.875% by the end of 2026. • U.S. Treasury yields fell sharply throughout Q3, reflecting the imminent outset of the Fed's cutting cycle. • Approximately 48% 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 498 days to 686 days as a result of new security purchases within the 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 are laddered out along the yield curve, favoring the 3-6 month and 36-60 month portions of the yield curve.

U.S. Treasury Maturity Distribution
as of September 30, 2024



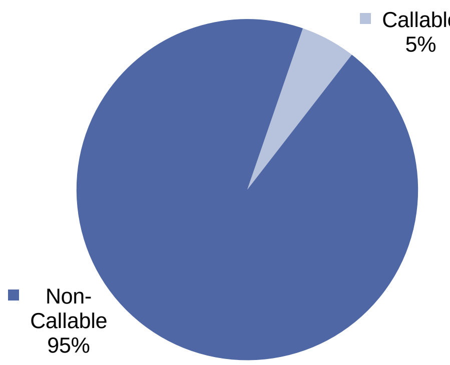
U.S. Treasury Yield Curve
9/30/2023 vs 6/30/2024 vs 9/30/2024



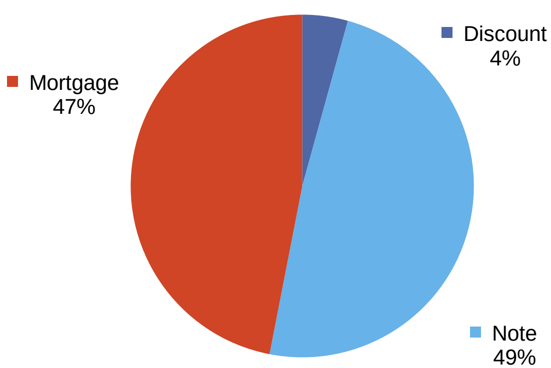
II. Sector Allocation – Federal Agencies

Topic	Observations	
Structure *(as % of Federal Agency Allocations)*	• Non-Callable 94.8% • Callable 5.2%	• Coupon Bearing Notes 48.8% • Discount Notes 4.3% • Agency Mortgage 46.9%
Diversification *(as % of Federal Agency Allocations)*	• Federal Farm Credit Bank (FFCB)* 5.2% • Freddie Mac (FHLMC) 11.6% • Federal Home Loan Bank (FHLB)* 7.2% • Supranational Agencies* 38.5%	• Fannie Mae (FNMA)* 2.1% • Fannie Mae Mortgage-Backed (FNR) 12.8% • Government Nat'l Mtg Association 22.5%
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 0.3% over the quarter from 7.2% to 6.9%. The portion of callable federal agency securities decreased to 5.2% this quarter. • All supranational agency holdings are below the 35% issuer limit and represent approximately 18.2% of the entire portfolio. • The County Pool's allocation to agency mortgages is approximately 22.2% of the total portfolio.	

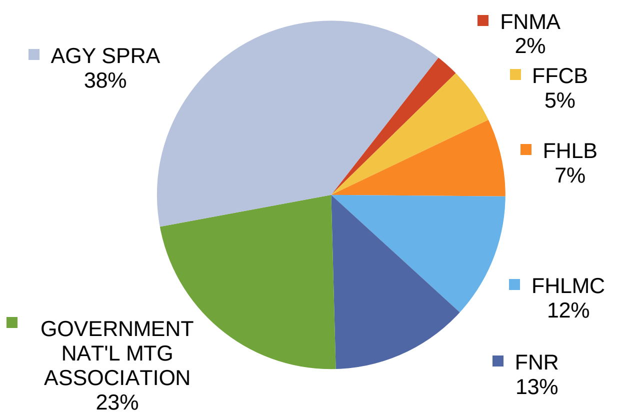
Callable vs. Non-Callable
As of September 30, 2024



Structure Distribution
As of September 30, 2024



Issuer Diversification
As of September 30, 2024

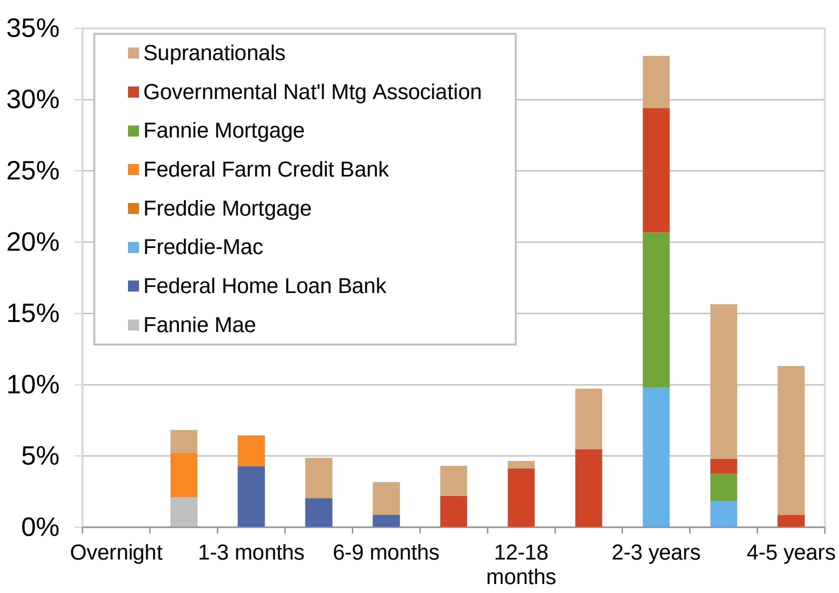


All calculations are based on total federal agency exposure, not overall exposure.
Percentages may not total to 100% due to rounding.
**Includes discount notes.*

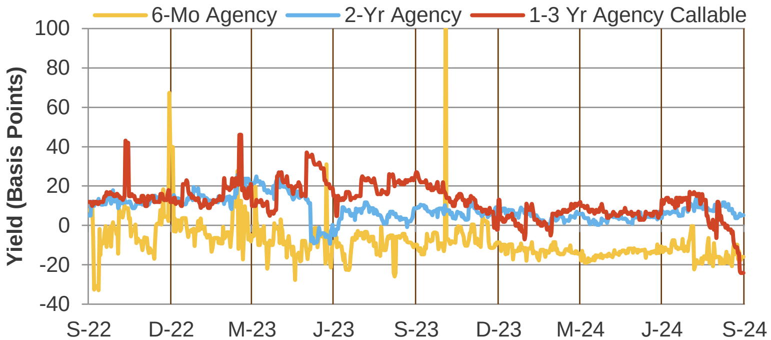
II. Sector Allocation – Federal Agencies

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 944 days on June 30 to 814 days as of September 30. • The portfolio decreased its allocation to federal agencies and increased its allocation to supranational agencies. – Federal agency spreads remained low and rangebound throughout Q3. This sector produced muted excess returns relative to other investment grade fixed income sectors as issuance remained quite light and the incremental income from the sectors was near zero – Our assessment for the agency sector remain unchanged: we believe lackluster issuance levels compounded by a further decline in FHLB advances will render the sector range-bound and of limited value for the remainder of 2024.

Federal Agency Maturity Distribution by Name
as of September 30, 2024

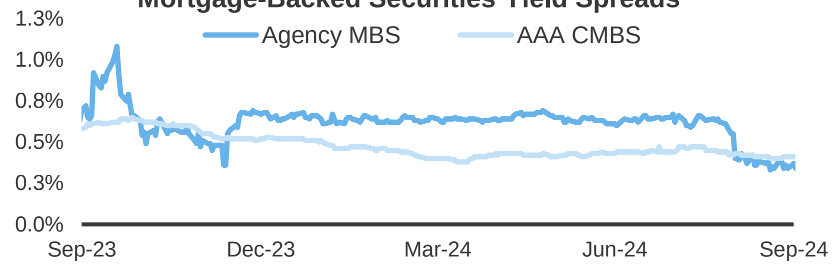


Federal Agency Yield Spreads to Treasuries
Past 24 Months



** Source Bloomberg Financial Systems*

Mortgage-Backed Securities Yield Spreads

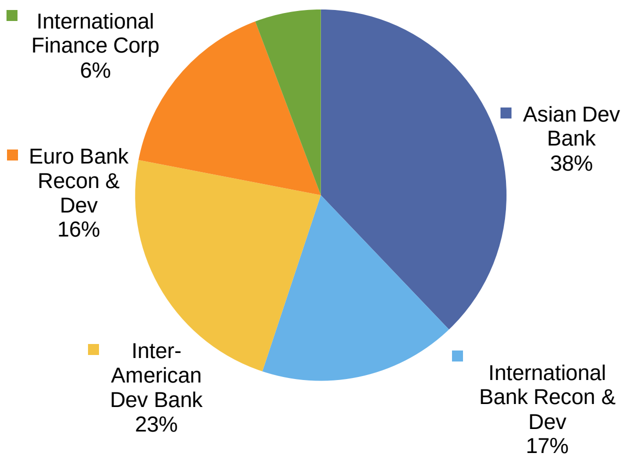


Agency Mortgage maturities are calculated as average life. Average life data taken from Bloomberg Finance LP.
Callable securities are shown to their next call date.
All other Agency maturities are calculated as days to maturity.
Spreads on MBS are option-adjusted spreads of 0-5 year indices based on weighted average life via Bloomberg as of September 30, 2024.

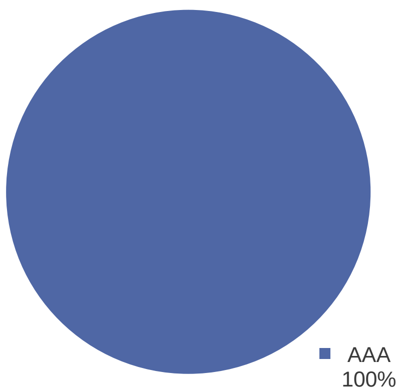
II. Sector Allocation – Supranational Agencies

Topic	Observations
Credit Distribution	• Based on the holdings as of June 30, one supranational security matured through the third quarter. • The County increased its exposure to five supranational issuers and increased allocation to the sector by 2.71%. – Supranational spreads across the curve remain tight on a historical basis, and we continued to trim allocations in favor of other 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 73.7% to 77.1%.
Spread to Agency Rates	• The chart on the right shows the spread between supranational agencies and federal agency securities. – Supranationals produced muted excess returns relative to other investment grade fixed income sectors as issuance has remained quite light and the incremental income from the sectors is near zero.

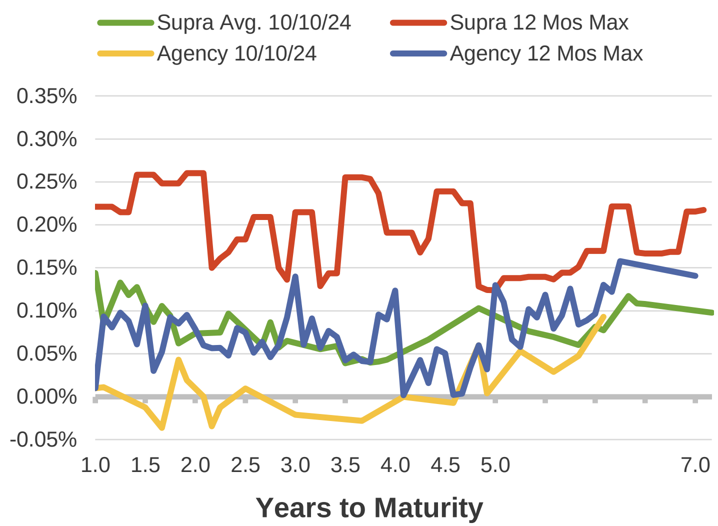
Issuer Distribution
As of September 30, 2024



Credit Distribution
As of September 30, 2024



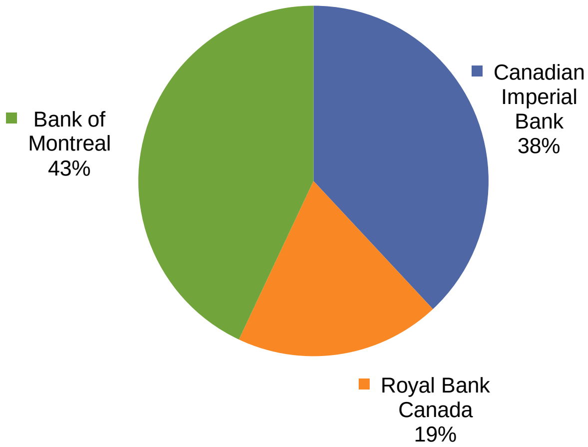
Supranational Agency vs. Federal Agency Yield Spreads



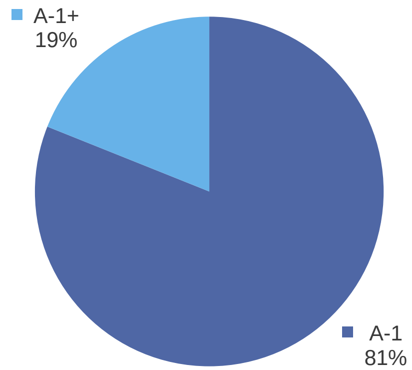
II. Sector Allocation – Commercial Paper

Topic	Observations
Issuer Diversification	• The County's allocation to commercial paper decreased by 5.37% over the quarter, ending the period at 3.99% of the total portfolio. • The portfolio holds commercial paper from Canadian Imperial Bank, Royal Bank Canada, and Bank of Montreal.
Credit Distribution	• The overall credit quality of commercial paper in the portfolio has stayed relatively the same.
Conclusions	• Short-term credit yield spreads offer good relative value to similar maturity U.S. Treasuries with incremental yields of 20 to 30 basis points in the 6- to 12-month maturity range.

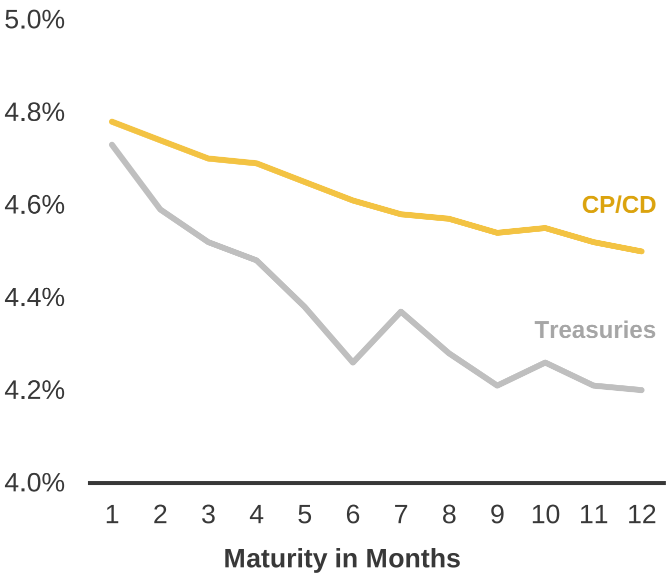
Issuer Distribution
As of September 30, 2024



Credit Distribution
As of September 30, 2024



Current Short-Term Yields
as of September 30, 2024



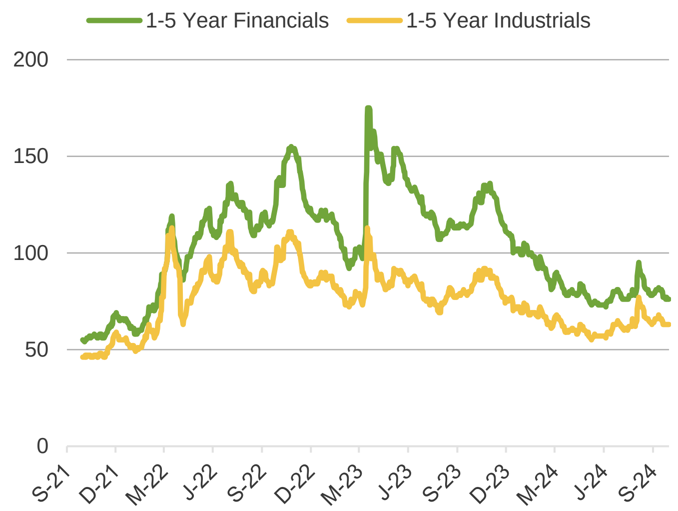
Source: Bloomberg Finance L.P., as of 9/30/2024

II. Sector Allocation – Corporate Notes

Topic	Observations
Maturity Distribution	• The County's allocation to corporate notes increased from 5.3% to 5.5% 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 72.2% 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 1.71 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 posted a strong quarter as sustained high issuance carried over from Q1 and Q2 was well-absorbed by robust investor demand. As a result, spreads ended the quarter very near their two-year lows. – Sustained investor appetite continued to pressure yield spreads near multi-year lows across most investment grade sectors throughout Q3, resulting in firmly positive excess returns on corporates sectors.

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	22.3%	1.2%
Wells Fargo Bank	A-1	A+	P-1	Aa2	33.3%	1.8%
Bank of America	A-1	A+	P-1	Aa1	15.3%	0.8%
Bank of Montreal	A-1	A+	P-1	Aa2	13.5%	0.7%
Colgate-Palmolive Co.	A-1	A+	P-1	Aa3	3.8%	0.2%
Microsoft Corp	A-1+	AAA	P-1	Aaa	1.3%	0.1%
Royal Bank Canada	A-1+	AA-	P-1	Aa1	9.5%	0.5%
Canadian Imperial Bank	A-1	A+	P-1	Aa2	1.0%	0.1%

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

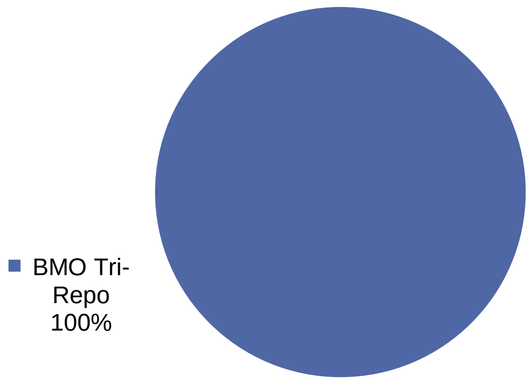


Source: Bloomberg Finance L.P., as of 9/30/2024
**Percentages may not total to 100% due to rounding.*

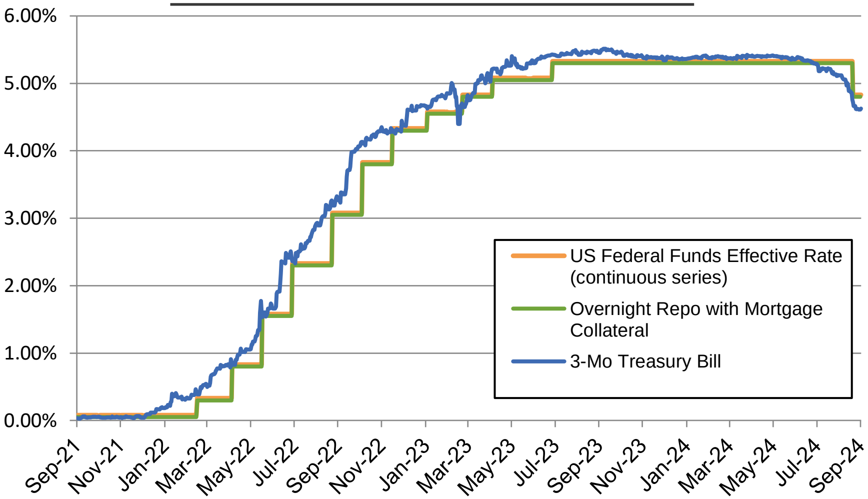
II. Sector Allocation – Repurchase Agreements

Topic	Observations
Issuer Diversification	• The County increased its tri-party repurchase agreement allocation over the quarter by 1.11%. This sector now holds 2.31% allocation in the portfolio compared to the 1.20% allocation at the end of the second quarter of 2024. • At the end of the quarter, the portfolio utilized one repurchase agreement provider, BMO Capital Markets, with an amount of $227 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 September 30, 2024



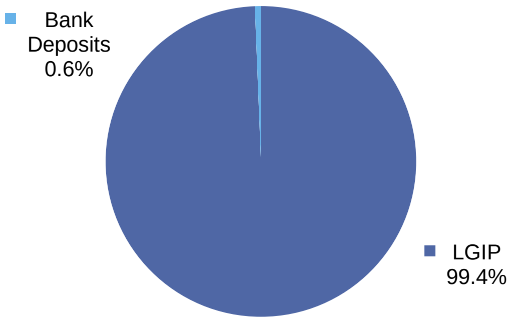
Short-Term Yields
September 2021 through September 2024



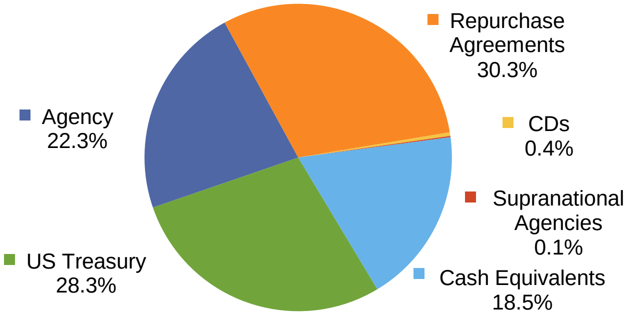
II. Sector Allocation – LGIPs & Cash Equivalents

	Underlying Investments	Rating (Short-Term: S&P/ Moody's/Fitch)	Observations
Washington State LGIP	• U.S. Treasuries 28.34% • Federal Agencies 22.32% • Supranational Agencies 0.13% • Repurchase Agreements 30.32% • Certificates of Deposit 0.38% • Cash Equivalents 18.50% *As of September 30, 2024*	• N/A	• The County currently has allocated about $2.27 billion to the Washington State LGIP, an increase from last quarter's $1.76 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 (+3.26%), Repurchase Agreements (+3.38%), and Cash Equivalents (+1.37%) while decreasing exposure to US Treasury (-7.40%), Certificates of Deposit (-0.13%), and Supranationals (-1.01%).
Cash Equivalents	• State LGIP 99.37% • U.S. Bank 0.57% • Key Bank 0.02% • Bank of America 0.04%	• 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 0.05% to 0.15% of the total portfolio.

Cash Equivalents Distribution
As of September 30, 2024



Washington State LGIP Sector Distribution
As of September 30, 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 65% of the portfolio is allocated directly to U.S. government guaranteed or government supported entities.
- Of the remaining 36% of the portfolio, about 26% is allocated to very short-term or overnight investment vehicles, including the State LGIP, repurchase agreements, and bank deposits. The remaining 10% is allocated to credit issuers, including commercial paper and corporate notes.

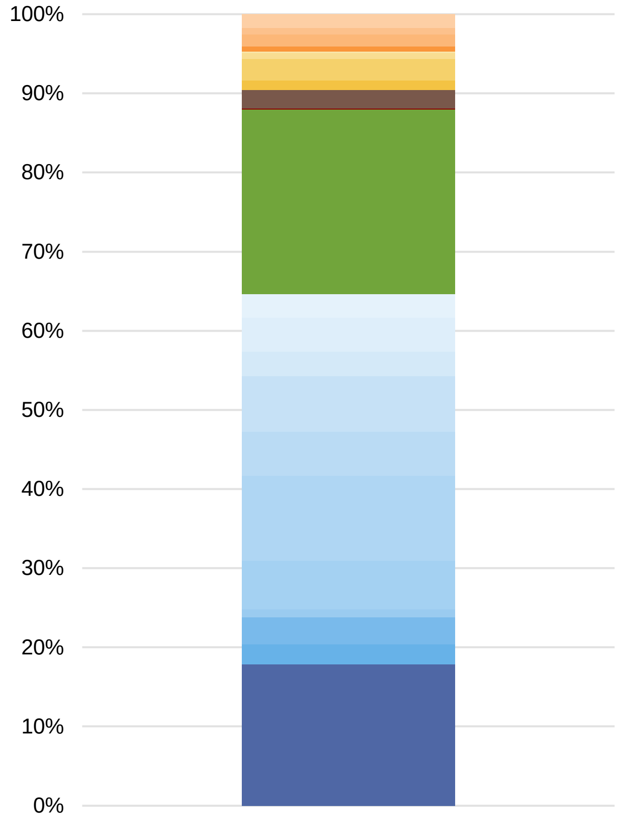
U.S. Treasury (100% Limit)	17.68%

Agency Issuers	Percentage (35% Limit)
FFCB	2.48%
FHLB	3.42%
FNMA	1.01%
FNR	6.05%
Govt Nat'l Mtg Association	10.64%
FHLMC	5.51%
Asia Dev Bank	6.90%
Int Bank Recon & Dev	3.14%
Inter-American Dev Bank	4.18%
Euro Bank Recon & Dev	2.95%
International Finance Corp	1.05%

Washington State LGIP (25% Limit)	23.11%

Overnight Deposits	Percentage (No Limit)
US Bank	0.004%
Bank of America	0.009%
Key Bank	0.133%

Repo Issuers	Percentage (25% Limit)
BMO Capital Markets Corp	2.31%



Corporate Issuers	Percentage (5% Limit)
Apple Inc	1.21%
Wells Fargo Bank	1.82%
Bank of America	0.83%
Bank of Montreal	0.74%
Colgate-Palmolive Co.	0.21%
Microsoft Corp	0.07%
Royal Bank Canada	0.52%
Canadian Imperial Bank	0.05%

CP Issuers	Percentage (5% Limit)
Canadian Imperial Bank	1.52%
Royal Bank Canada	0.76%
Bank of Montreal	1.72%

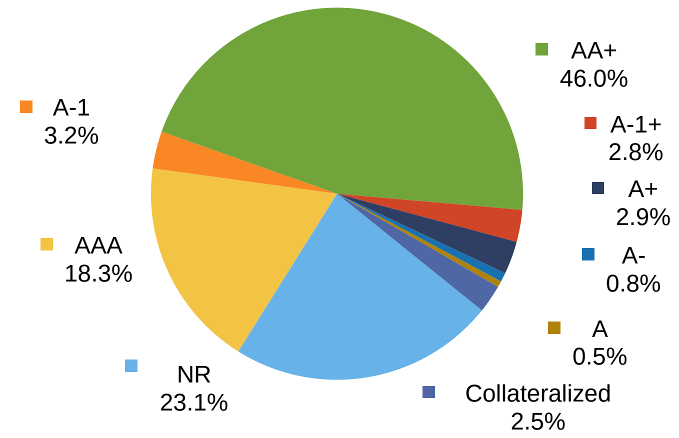
Percentages may not add to 100% due to rounding.
** For the purposes of totaling issuer concentration, issuers are aggregated across all sector types.*
It is noted however that issuers across sector types may maintain separately rated issuer credits.

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 decreased its credit exposure (commercial paper and corporate notes) with allocations to credit ending at 9.44% of the portfolio, compared to 14.66% last quarter.
  - Commercial paper accounts for 3.99% of the entire portfolio, while corporate notes account for 5.45%.
- 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 23.11% 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, 6.34% of the County's Pool is allocated indirectly to corporate securities (repurchase agreements and certificates of deposit).

Total Pool Credit Distribution*
As of September 30, 2024



Corporate/CP Issuer Ratings Table
as of September 30, 2024

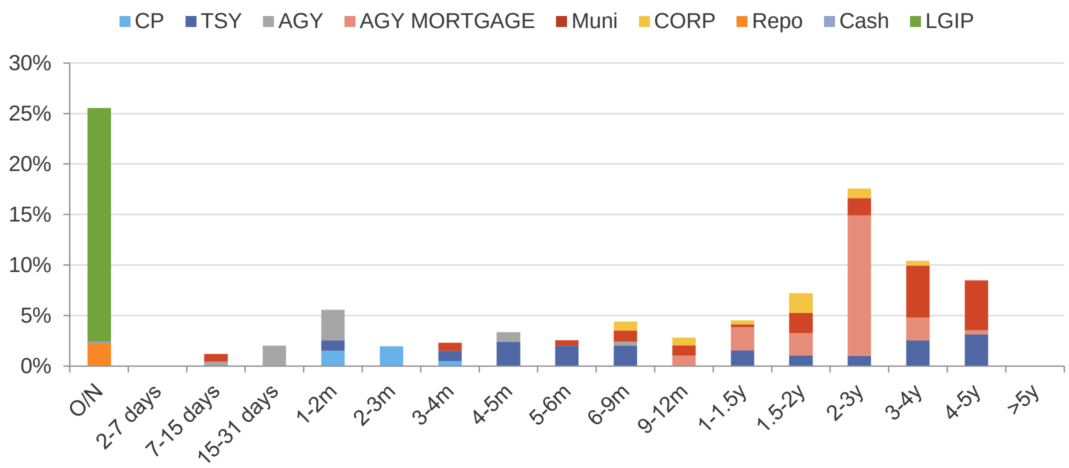
Issuer Distribution	Sectors Invested	S&P Short*	S&P Long*	Moody's Short*	Moody's Long*
Apple Inc	Corp	A-1+	AA+	P-1	Aaa
Wells Fargo Bank	Corp	A-1	A+	P-1	Aa2
Bank of America	Corp	A-1	A+	P-1	Aa1
Bank of Montreal	CP/Corp	A-1	A+	P-1	Aa2
Colgate-Palmolive Co.	Corp	A-1	A+	P-1	Aa3
Microsoft Corp	Corp	A-1+	AAA	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 9/30/2024

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 52% 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 overnight obligations, namely Repurchase Agreements and LGIP. ○ Decreasing allocations to Commercial Paper and U.S. Treasuries. – 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 federal agency securities. – The WAM of the portfolio, excluding the State LGIP, ended the quarter at 543 days, slightly shorter than the 579 days WAM from the previous quarter.
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 19% in the previous quarter to 25% this quarter. Another 3% of the portfolio's holdings are scheduled to mature within the next thirty-one days.

Maturity Distribution as of September 30, 2024



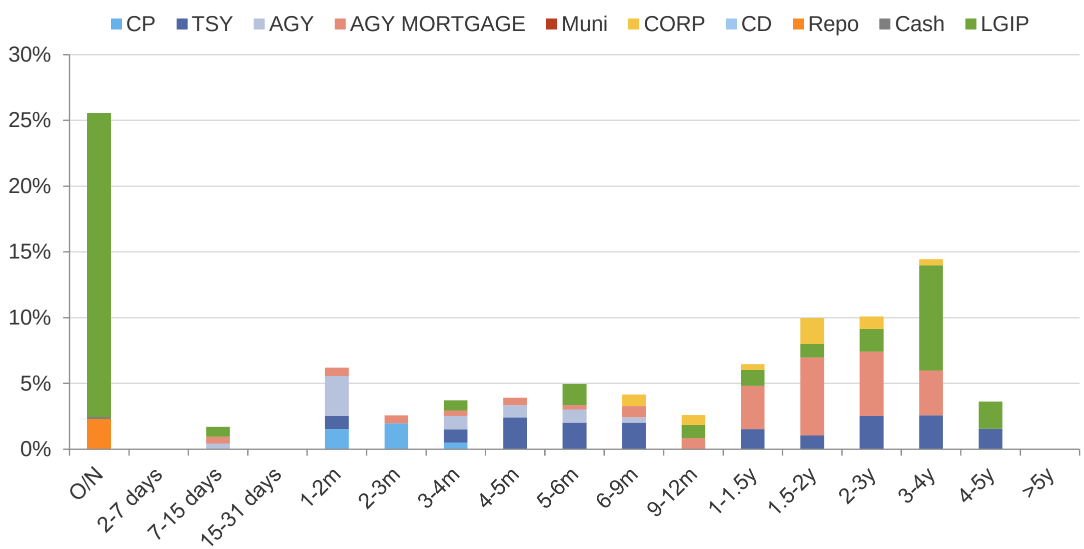
Contribution to Maturity		
Sector	**9/30/2024**	**6/30/2024**
Supranational Agencies	187.12	151.59
Cash	0.00	0.00
Corporate Notes	33.92	35.15
Commercial Paper	2.67	8.33
Federal Agencies	4.61	8.67
The Washington State LGIP	0.23	0.18
Agency Mortgages	193.15	268.22
Repurchase Agreements	0.02	0.04
US Treasuries	121.27	106.55
Maturity:	**543 days**	**580 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. • 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 September 30, the duration of the County Investment Pool was 1.29 years, a decrease from the previous quarter which ended at 1.33 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 decreased by 0.05 years, and the benchmark duration stayed the same at 1.18 years. The portfolio's duration decreased from 113% to 109% of the benchmark duration for the period ending September 30.

Duration Distribution as of September 30, 2024



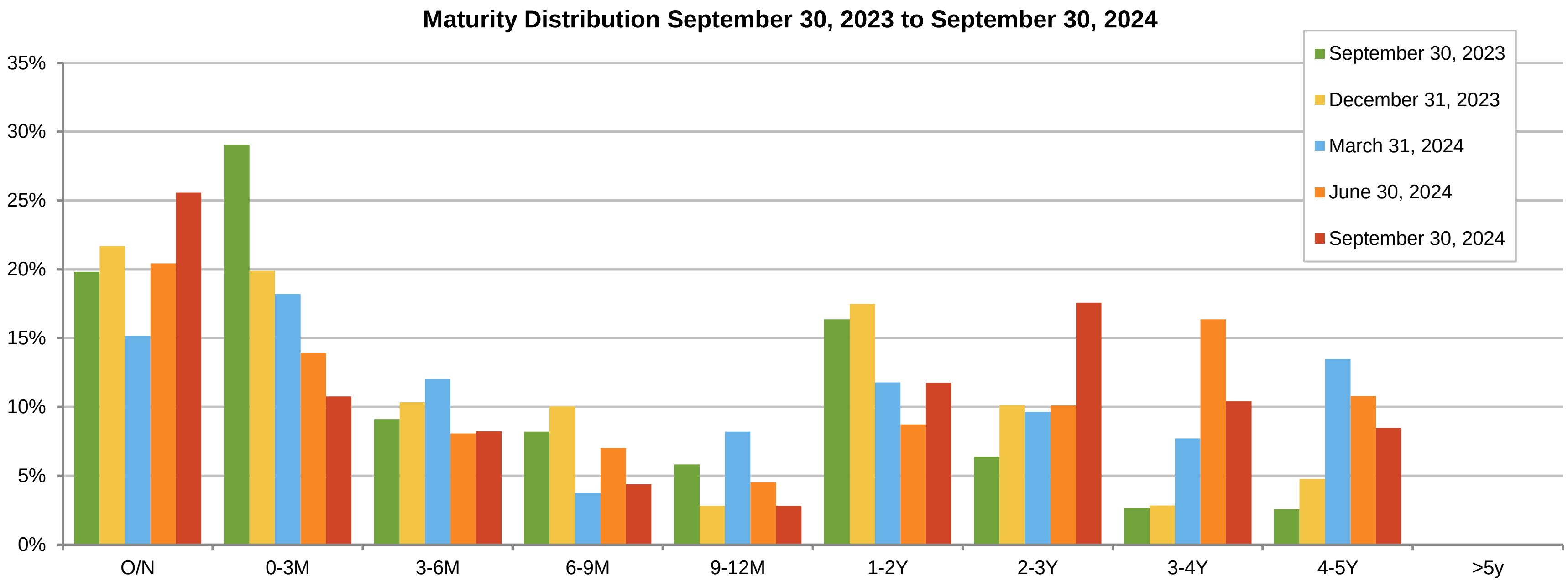
Contribution to Duration		
Sector	**9/30/24**	**6/30/24**
Supranational Agencies	0.47	0.37
Cash	0.00	0.00
Corporate Notes	0.09	0.09
Commercial Paper	0.01	0.02
Federal Agencies	0.02	0.04
The Washington State LGIP	0.00	0.00
Agency Mortgages	0.39	0.54
Repurchase Agreements	0.00	0.00
US Treasuries	0.31	0.27
Duration:	**1.29 Years**	**1.33 Years**

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

- 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 overnight and 2-3 year bucket.
  - The portfolio is well diversified across maturity buckets under 1 year.
- The market spent most of the quarter preparing for the first rate cut in September, after the Fed noted in July that the risks to jobs and prices have come into better balance. The Fed delivered the much-anticipated interest rate cut at its September meeting and reduced the overnight rate by 50 bps, which was on the high side of expectations.
- U.S. Treasury yields fell sharply throughout Q3, reflecting the imminent outset of the Fed's cutting cycle. The yield on the 2-year, 5-year, and 10-year U.S. Treasuries ended the quarter at 3.64%, 3.56%, and 3.78%. This represented decreases of 111 bps, 82 bps, and 62 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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