

City of Palm Coast

Annual Presentation to the Council

April 22, 2025

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Our Perspectives Align with Your Goals

Philosophy

- Safety*** Preserve capital with high-quality investments
- Liquidity*** Plan for and provide liquidity as needed
- Yield*** Seek to increase earnings through disciplined portfolio strategy

Approach

Portfolios are designed to match our clients' specific investment needs.

We seek to achieve strong results by:

- 1 Understanding our clients' investment objectives
- 2 Carefully matching maturities to the client's cash flow needs
- 3 Limiting investments to those of high quality
- 4 Selecting investments based on relative value
- 5 Utilizing low-risk portfolio management techniques to add value



Investment Policy Review Process and Scope

**PFMAM's review framework
consists of three components**



Initially

Examine current policy in relation to:

- Industry standards and best practices
- Code requirements
- Diversification and maturity standards
- Risk tolerance and preferences
- Reporting standards and requirements

Annually

- Review and address changes to Code
- Re-evaluate authorized list of investments
- Re-evaluate maturity limits and benchmark
- Discuss strategy implementation

Ongoing

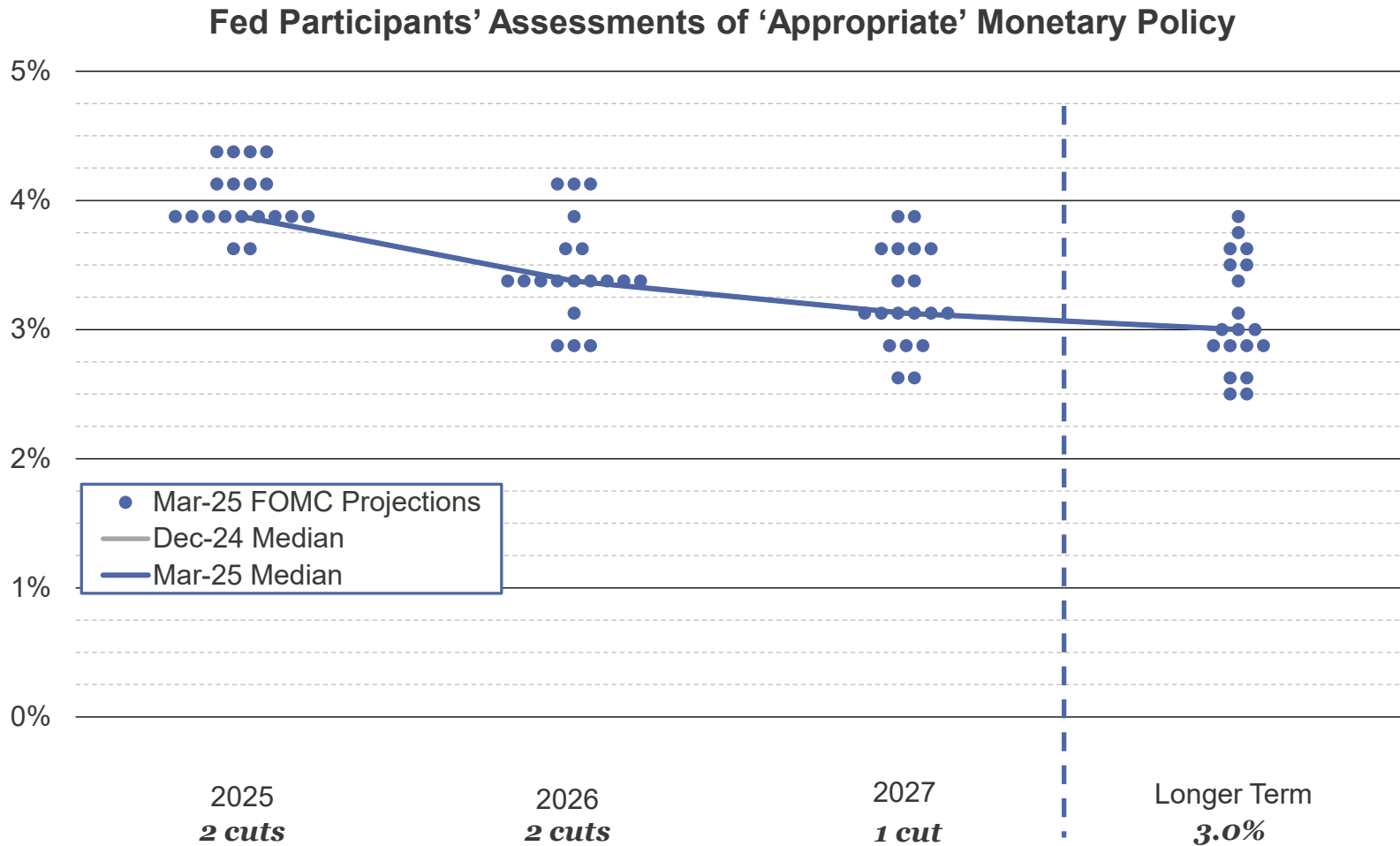
- Monitor and enforce compliance
- Monitor changes to Code and best practices
- Provide accurate and timely information

1. See [flsenate.gov](https://www.flsenate.gov) for details on Chapter 218, Section 415: Local Government Investment Policies
2. <https://aptusc.memberclicks.net/investment-policy-certification>
3. <https://www.gfoa.org/materials/investment-policy>

Economic Update

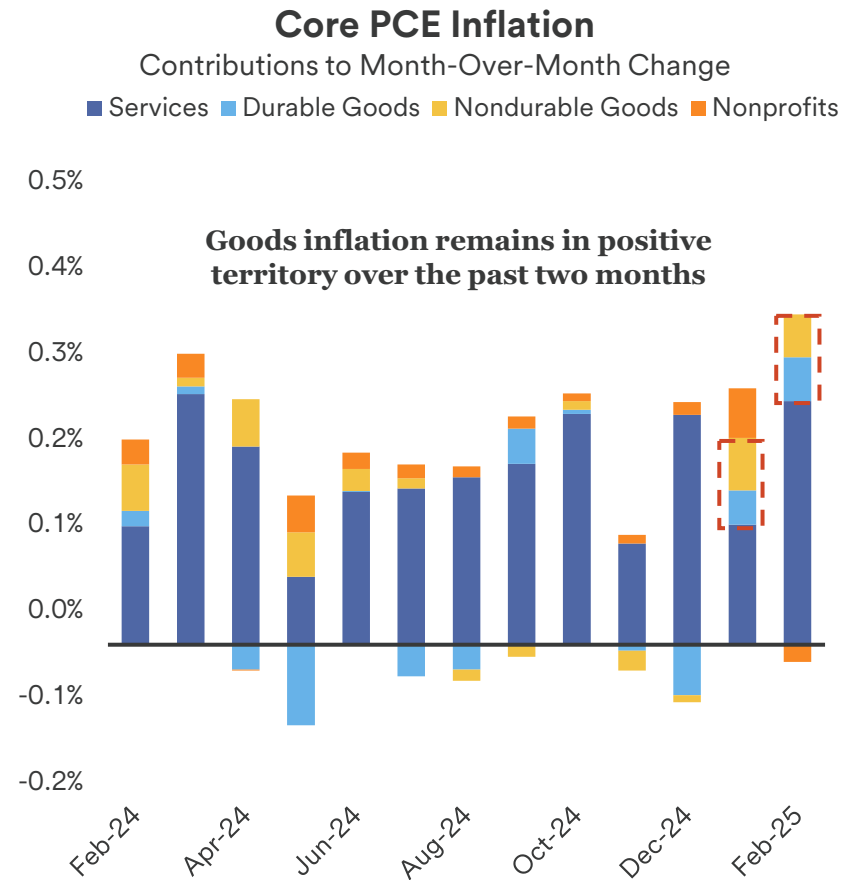
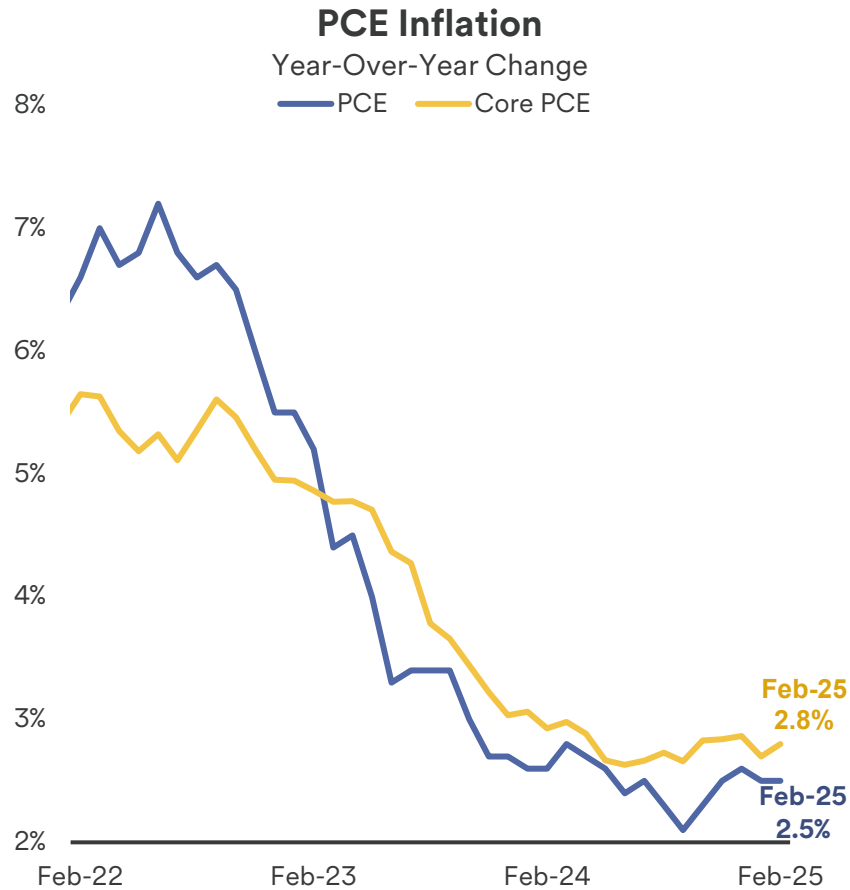


The Latest Fed “Dot Plot”



Source: Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of March 2025.

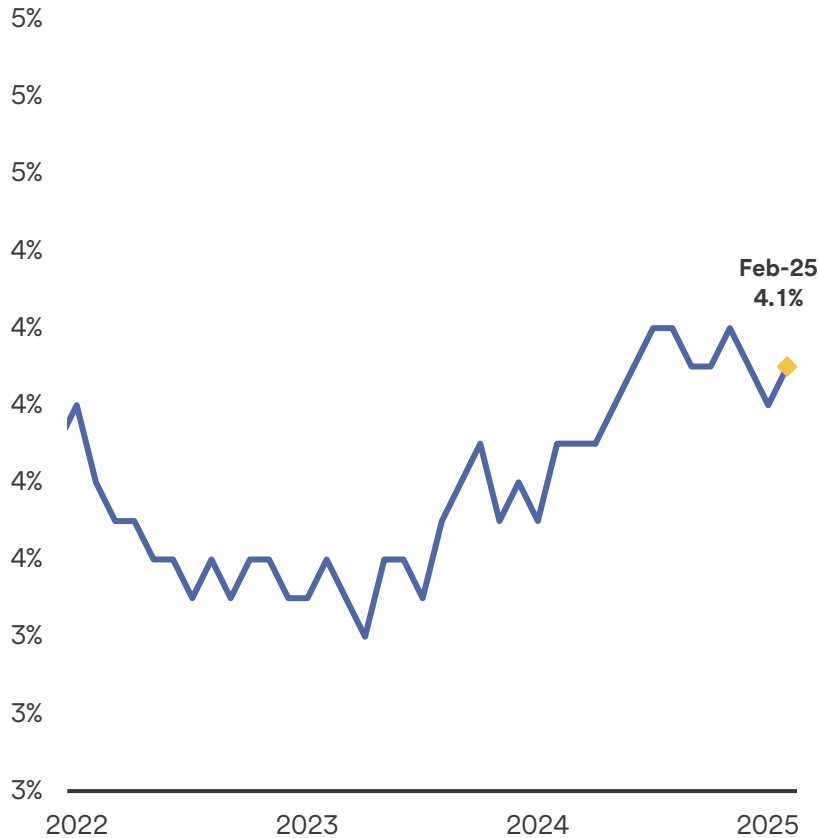
PCE Inflation Remains Above Fed Target



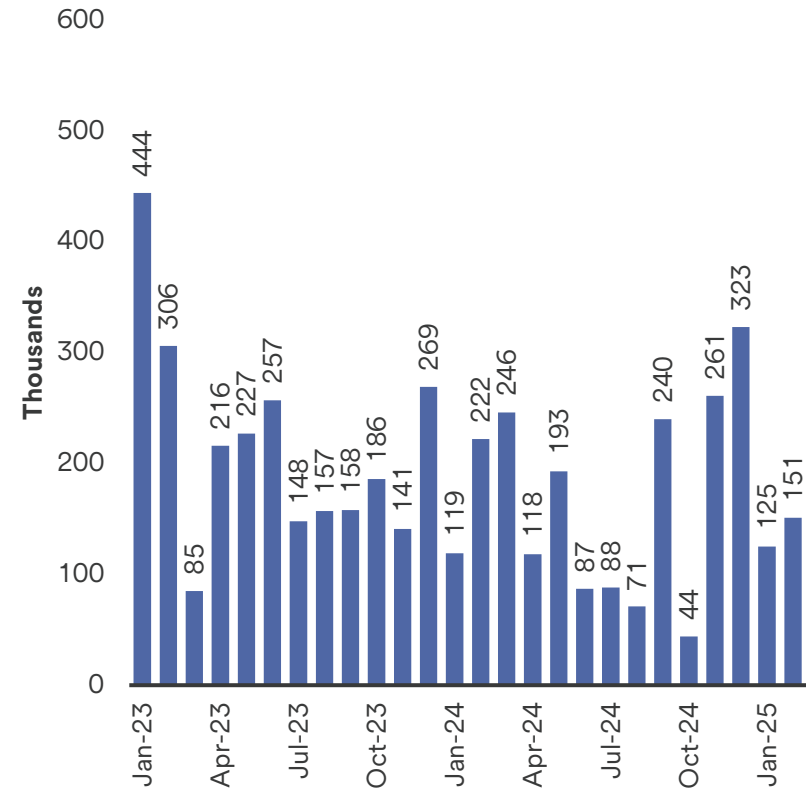
Sources: Bloomberg Finance L.P. and Bureau of Economic Analysis, as of February 2025.

Labor Market: Unemployment and Changes to Nonfarm Payrolls

Unemployment Rate

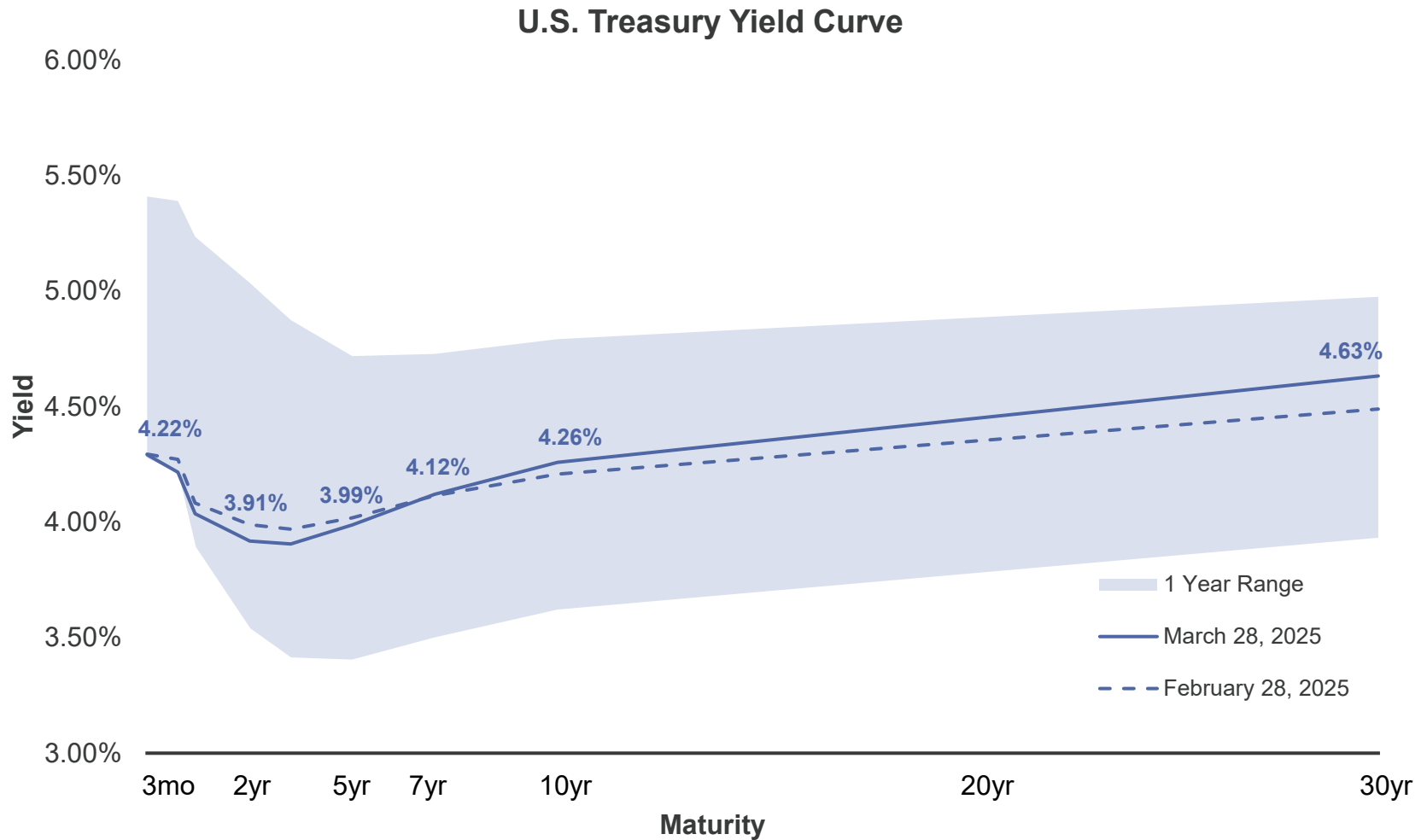


Monthly Change In Nonfarm Payrolls



Source: Bureau of Labor Statistics and Bloomberg Finance L.P., Department of Labor as of February 2025. Monthly change in nonfarm payrolls as of February 2025. Data is seasonally adjusted.

Treasury Curve



Source: Bloomberg Finance L.P., as of 03/28/2025.

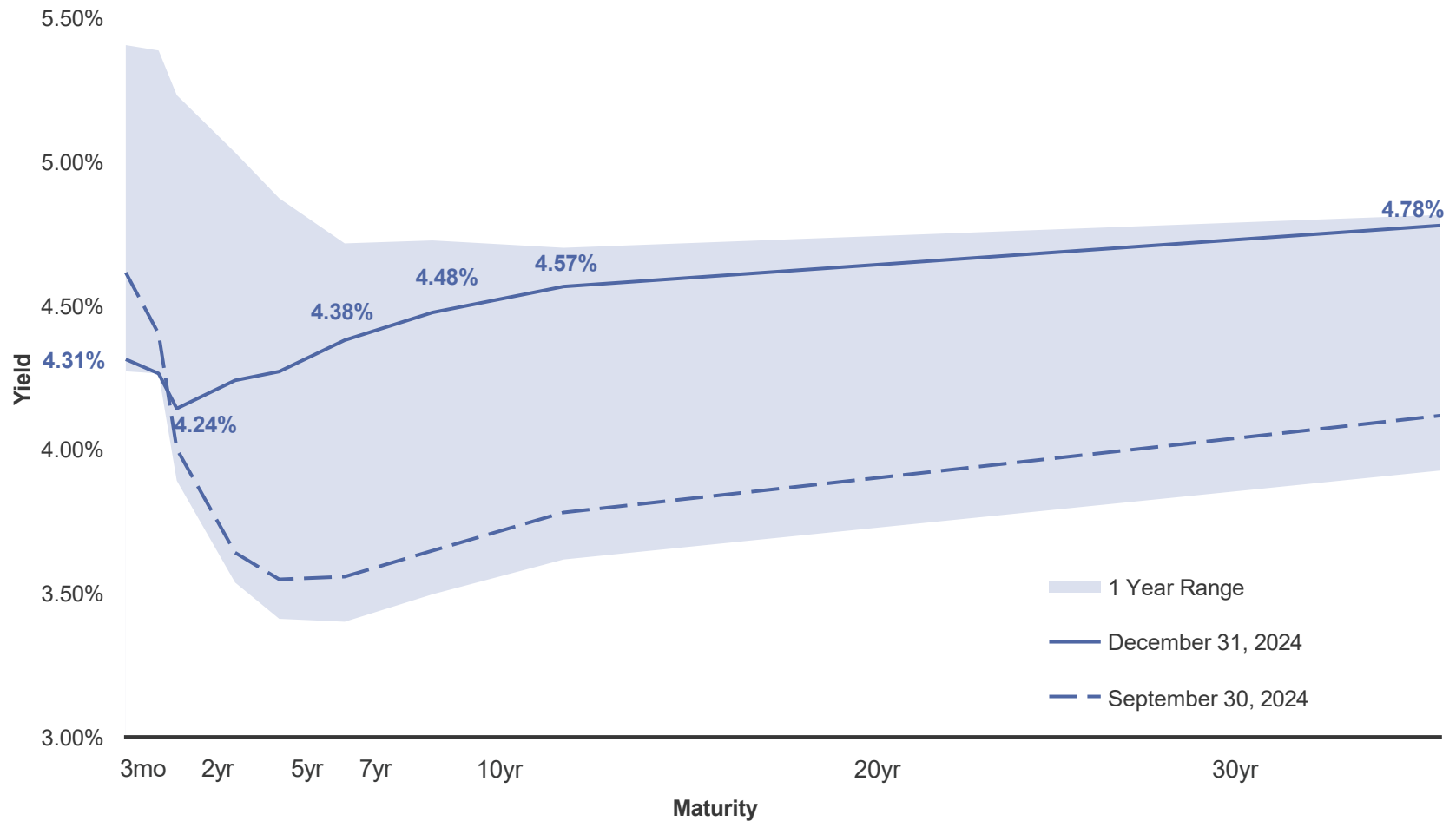
Portfolio Review

December 31, 2024



U.S. Treasury Yield Curve Steepens

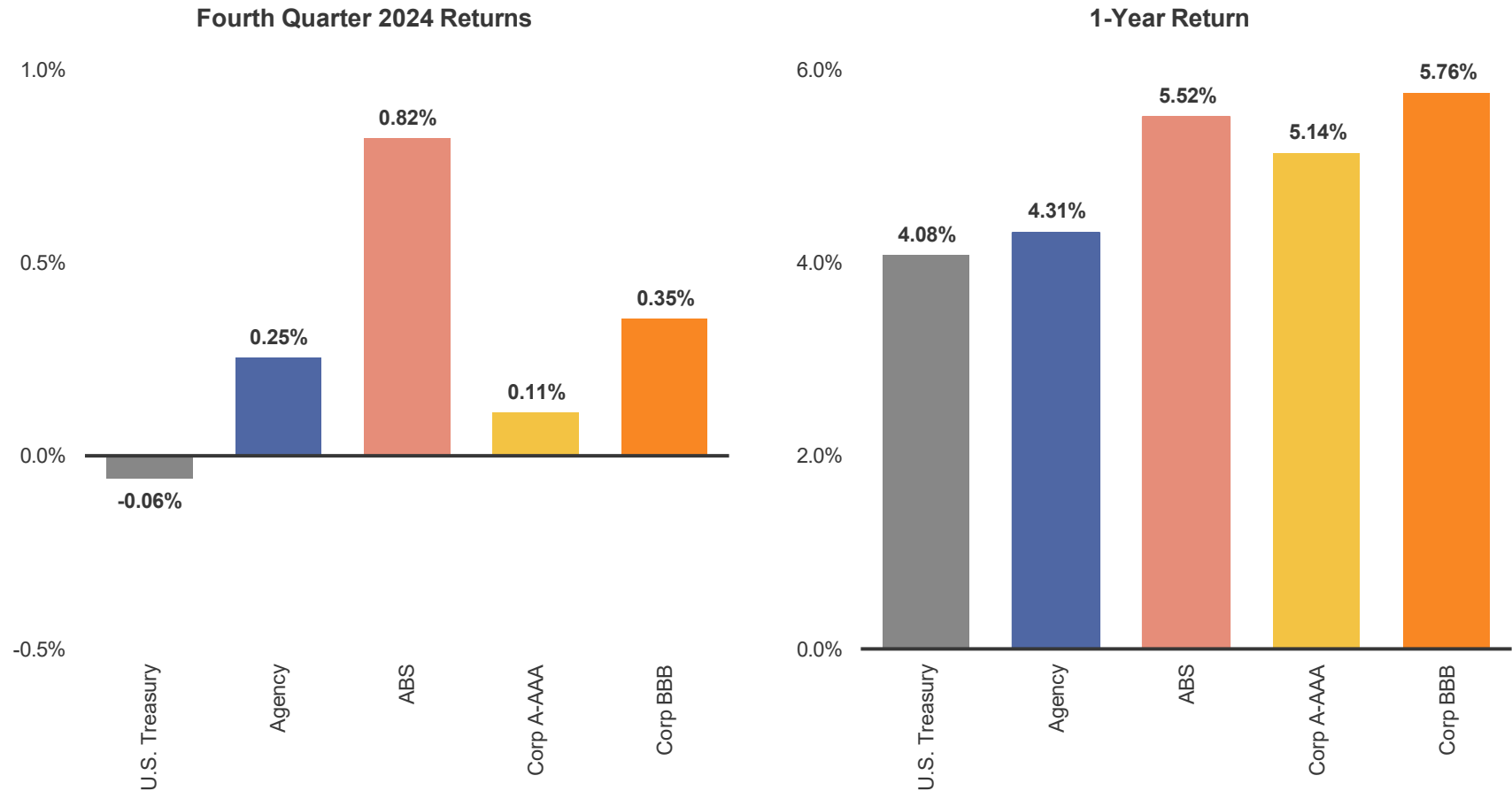
U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of December 31, 2024.

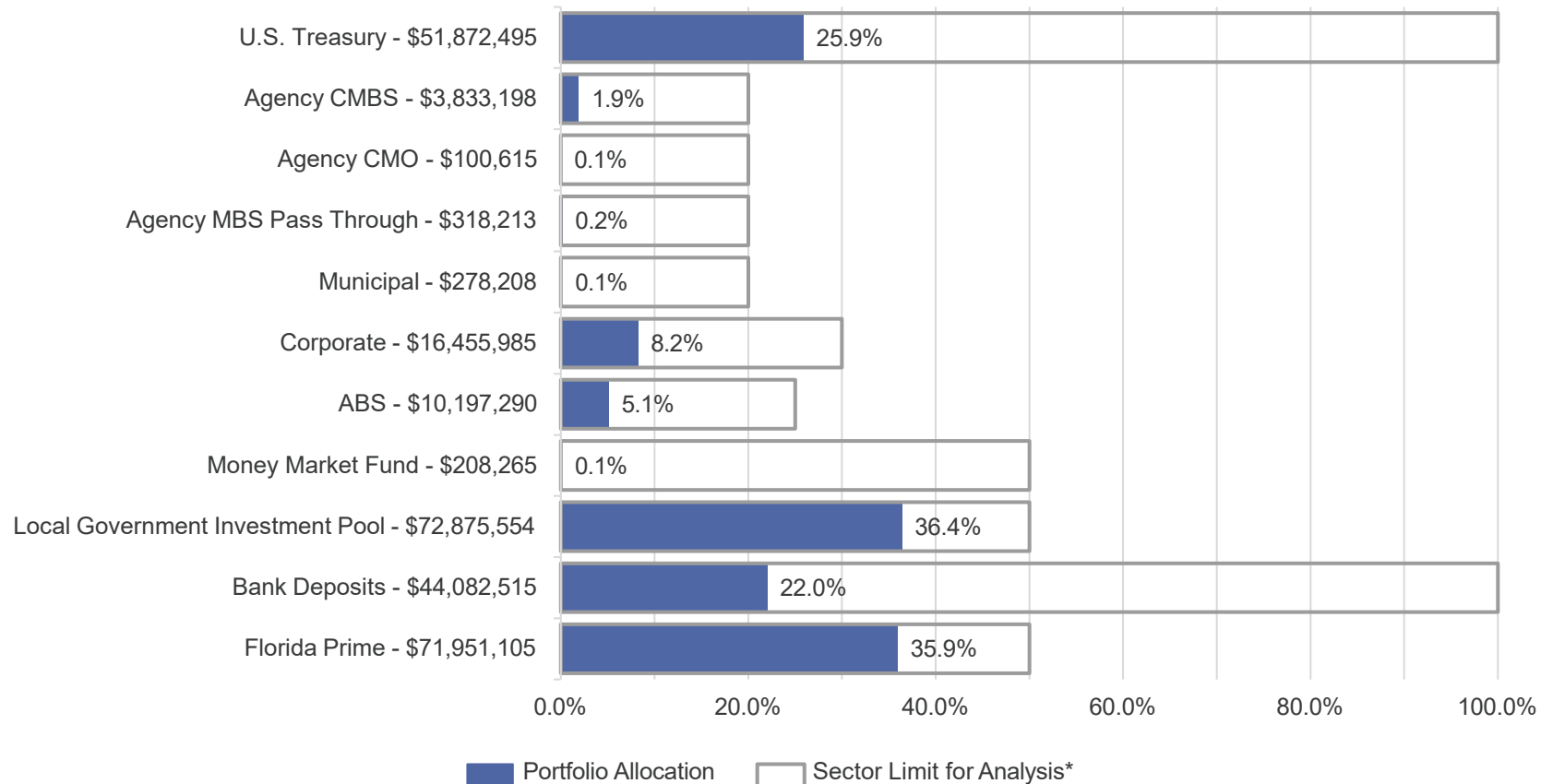
Fixed-Income Index Total Returns in 4Q 2024

1-3 Year Indices



Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. As of December 31, 2024.

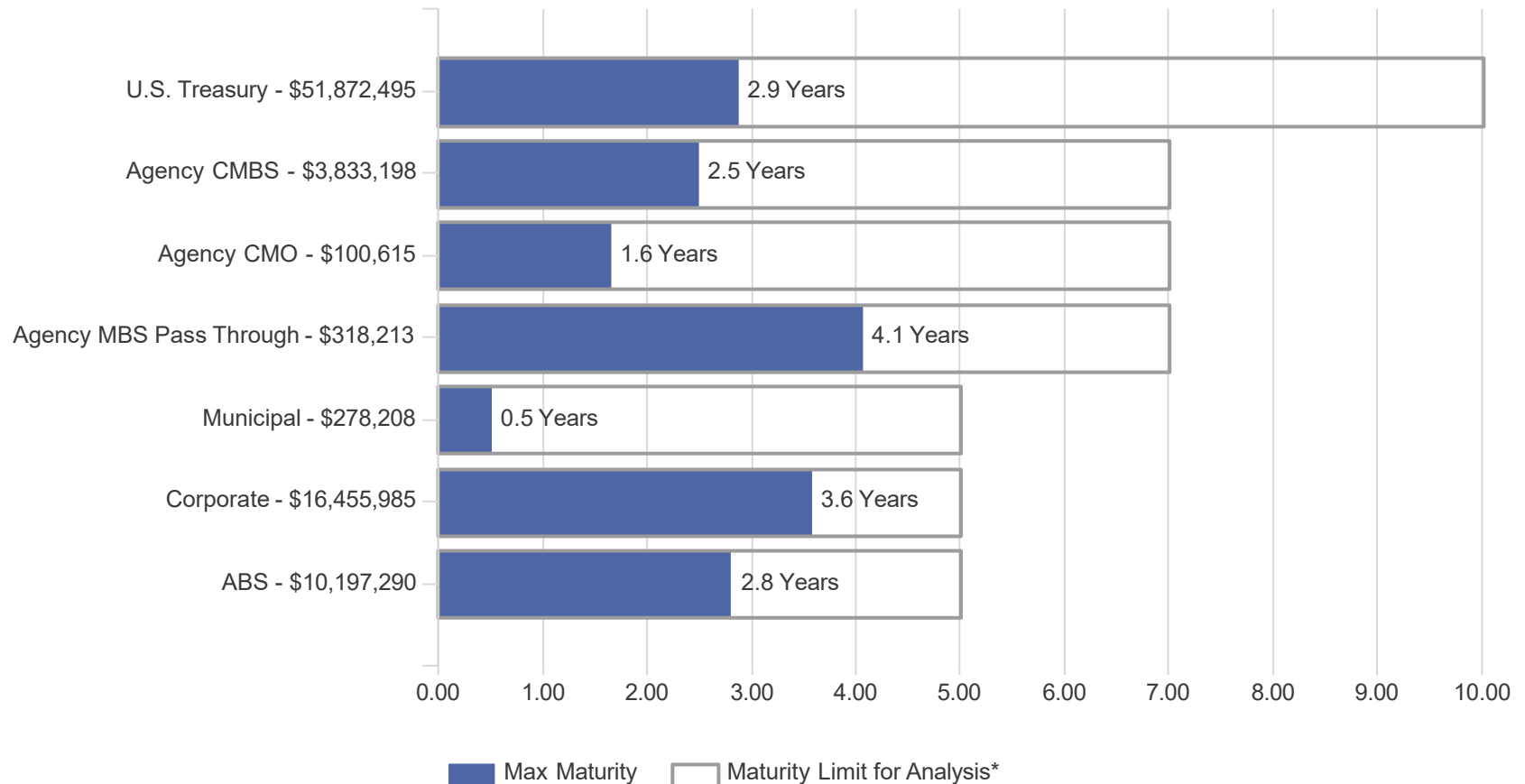
Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

Max Maturity Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest and excludes balances invested in overnight funds.

*Maturity Limit for Analysis is derived from our interpretation of your most recent Investment Policy as provided.

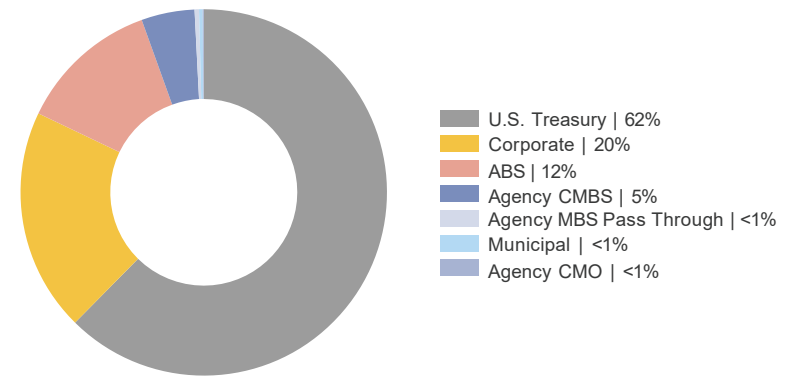
Mortgage-backed securities and asset-backed securities, if any, limit is based on weighted average life, if applicable. Callable securities, if any, limit is based on maturity date.

Portfolio Snapshot - CITY OF PALM COAST¹

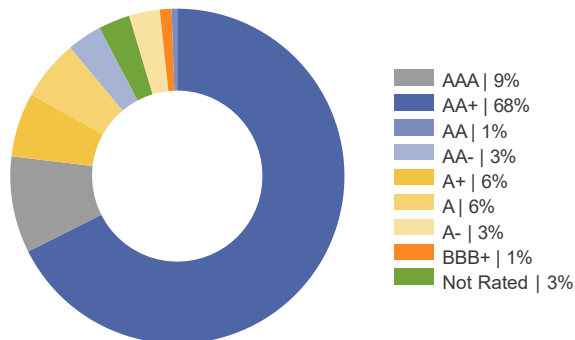
Portfolio Statistics

Total Market Value	\$83,264,267.99
Securities Sub-Total	\$82,278,270.41
Accrued Interest	\$777,732.39
Cash	\$208,265.19
Portfolio Effective Duration	1.75 years
Benchmark Effective Duration	1.74 years
Yield At Cost	4.43%
Yield At Market	4.39%
Portfolio Credit Quality	AA

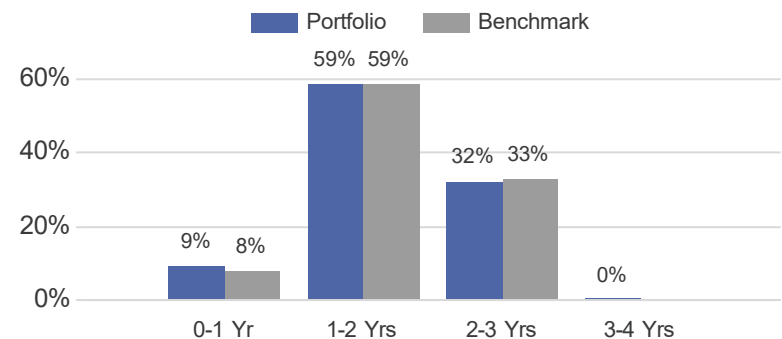
Sector Allocation



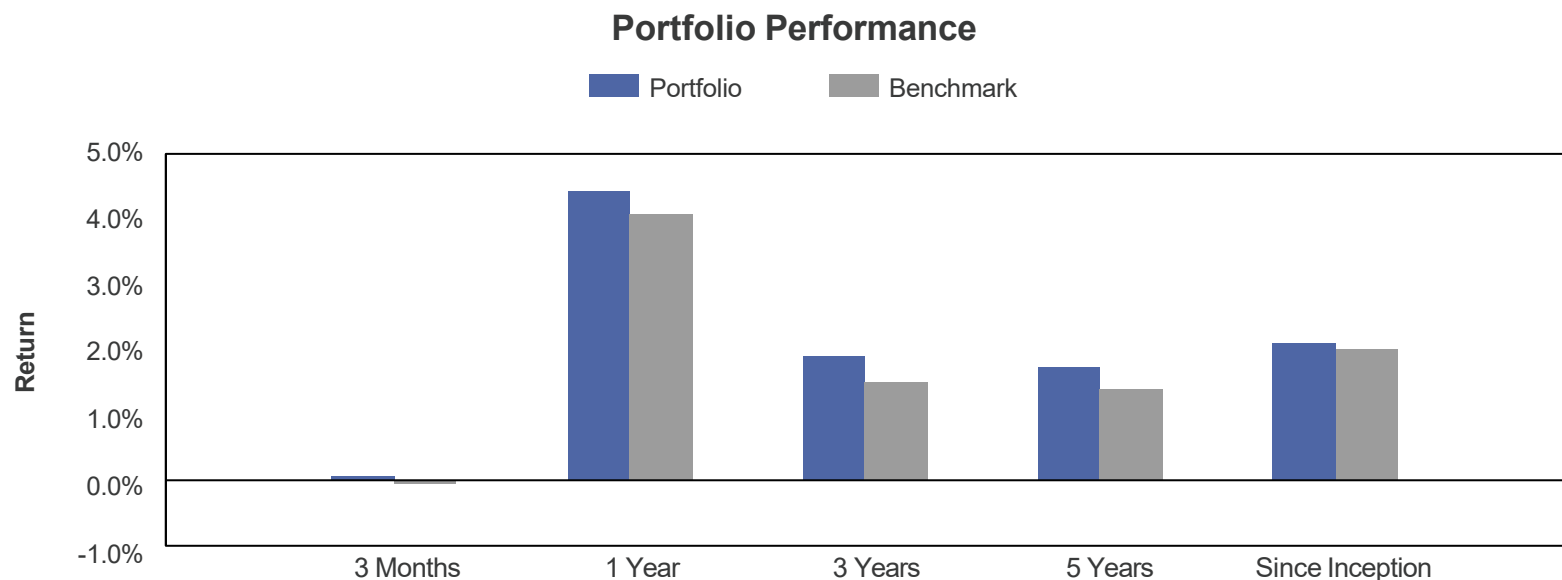
Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury/Agency Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$726,118	\$2,675,065	\$5,136,672	\$6,599,633	\$8,616,997
Change in Market Value	(\$637,360)	\$255,346	(\$1,342,706)	(\$1,479,793)	(\$1,105,978)
Total Dollar Return	\$88,758	\$2,930,411	\$3,793,966	\$5,119,840	\$7,511,019
Total Return³					
Portfolio	0.07%	4.42%	1.90%	1.73%	2.11%
Benchmark ⁴	-0.05%	4.09%	1.50%	1.40%	2.03%

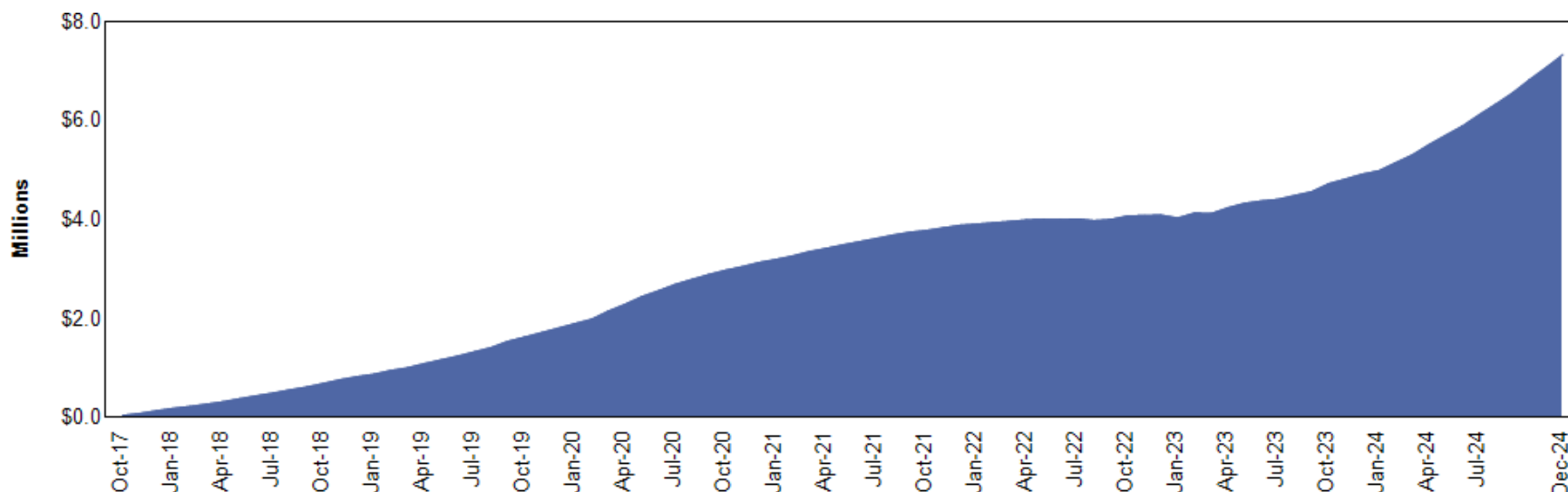
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2017.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury/Agency Index. Source: Bloomberg Financial LP.

Accrual Basis Earnings - CITY OF PALM COAST



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$726,118	\$2,675,065	\$5,136,672	\$6,599,633	\$8,616,997
Realized Gains / (Losses) ³	\$13,348	(\$382,584)	(\$1,714,087)	(\$950,394)	(\$1,169,600)
Change in Amortized Cost	\$30,679	\$123,854	\$28,216	(\$120,549)	(\$110,845)
Total Earnings	\$770,145	\$2,416,335	\$3,450,800	\$5,528,691	\$7,336,552

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2017.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

Appendix



Permitted Investments and Requirements

Authorized Investment- Sector Type	Maximum Allocation	Individual Issuer Limit
Cash and Cash Equivalents	100%	N/A
Florida PRIME Fund	50%	N/A
United States Government Securities	100%	N/A
United States Government Agencies	75%	50%
Supranationals (where U.S. is a shareholder and voting member)	25%	10%
Federal Instrumentalities (United States Government Sponsored Enterprises "GSE")	80%(1)	40%
Mortgage Backed Securities "MBS"	20%(1)	15%
Interest Bearing Time Deposit or Savings Accounts	25%	15%
Repurchase Agreements	50%	25%
Commercial Paper	30%(2)	10%
Corporate Notes	30%(2)	5%
Asset-Backed Securities (ABS)	25%(2)	5%
Bankers' Acceptances	30%	10%
State and/or Local Government Taxable and/or Tax-Exempt Debt	20%	5%
Registered Investment Companies (Money Market Mutual Funds)	50%	25%
Intergovernmental Investment Pools	50%	N/A

(1) Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS is 40%.

(2) Maximum allocation to all corporate and bank credit instruments is 40% combined.

As found on page 8 of the City's investment policy dated August 26, 2022.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	62.5%	
United States Treasury	62.5%	AA / Aaa / AA
Agency CMBS	4.6%	
Federal Home Loan Mortgage Corp	3.6%	AA / Aaa / AA
Federal National Mortgage Association	1.0%	AA / Aaa / AA
Agency CMO	0.1%	
Federal Home Loan Mortgage Corp	0.0%	AA / Aaa / AA
Federal National Mortgage Association	0.1%	AA / Aaa / AA
Agency MBS Pass Through	0.4%	
Federal Home Loan Mortgage Corp	0.1%	AA / Aaa / AA
Federal National Mortgage Association	0.3%	AA / Aaa / AA
Municipal	0.3%	
State Board of Administration Finance C	0.1%	AA / Aa / AA
State of Connecticut	0.2%	AA / Aa / AA
Corporate	19.8%	
3M Co	0.2%	BBB / A / A
Accenture PLC	0.1%	AA / Aa / A
Adobe Inc	0.2%	A / A / NR
American Express Co	0.1%	A / A / A
ANZ Group Holdings Ltd	1.0%	AA / Aa / AA
AstraZeneca PLC	0.3%	A / A / A
Bank of America Corp	0.6%	A / A / AA
Bank of New York Mellon Corp	0.5%	A / Aa / AA
Bayerische Motoren Werke AG	0.6%	A / A / NR
BlackRock Inc	0.4%	AA / Aa / NR
BP PLC	0.5%	A / A / A
Bristol-Myers Squibb Co	0.1%	A / A / NR

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	19.8%	
Caterpillar Inc	0.6%	A / A / A
Cintas Corp	0.2%	A / A / NR
Cisco Systems Inc	0.4%	AA / A / NR
Citigroup Inc	0.9%	A / A / A
Commonwealth Bank of Australia	0.3%	AA / Aa / AA
Cooperatieve Rabobank UA	0.6%	A / Aa / AA
Deere & Co	0.5%	A / A / A
Eli Lilly & Co	0.4%	A / A / NR
Goldman Sachs Group Inc	0.6%	BBB / A / A
Home Depot Inc	0.4%	A / A / A
Honda Motor Co Ltd	0.5%	A / A / A
Honeywell International Inc	0.4%	A / A / A
Hormel Foods Corp	0.2%	A / A / NR
JPMorgan Chase & Co	0.8%	A / A / AA
Linde PLC	0.6%	A / A / NR
Mastercard Inc	0.2%	A / Aa / NR
Mercedes-Benz Group AG	0.6%	A / A / A
Morgan Stanley	0.8%	A / Aa / AA
National Australia Bank Ltd	1.0%	AA / Aa / AA
National Rural Utilities Cooperative Fi	0.4%	A / A / A
PACCAR Inc	0.6%	A / A / NR
PepsiCo Inc	0.1%	A / A / NR
PNC Financial Services Group Inc	0.4%	A / A / A
State Street Corp	0.8%	A / Aa / AA
Texas Instruments Inc	0.4%	A / Aa / NR
Toyota Motor Corp	0.6%	A / A / A

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	19.8%	
Truist Financial Corp	0.1%	A / Baa / A
United Services Automobile Association	0.4%	AA / Aa / NR
UnitedHealth Group Inc	0.6%	A / A / A
Wells Fargo & Co	1.0%	A / Aa / AA
ABS	12.3%	
Ally Auto Receivables Trust	0.5%	AAA / Aaa / AAA
American Express Co	1.5%	AAA / NR / AAA
BA Credit Card Trust	0.7%	AAA / Aaa / NR
BMW Vehicle Lease Trust	0.1%	AAA / NR / AAA
Capital One Financial Corp	0.8%	AAA / Aaa / AAA
Chase Auto Owner Trust	0.2%	AAA / NR / AAA
Daimler Trucks Retail Trust	0.4%	NR / Aaa / AAA
Fifth Third Auto Trust	0.5%	AAA / Aaa / NR
Ford Credit Auto Owner Trust	1.1%	AAA / Aaa / AAA
GM Financial Consumer Automobile Receiv	1.0%	AAA / Aaa / NR
Honda Auto Receivables Owner Trust	0.5%	NR / Aaa / AAA
Hyundai Auto Receivables Trust	0.7%	AAA / NR / AAA
John Deere Owner Trust	1.1%	NR / Aaa / AAA
JPMorgan Chase & Co	0.6%	AAA / NR / AAA
Kubota Credit Owner Trust	0.2%	NR / Aaa / AAA
Nissan Auto Receivables Owner Trust	0.5%	NR / Aaa / AAA
Toyota Auto Receivables Owner Trust	0.4%	AAA / NR / AAA
USAA Auto Owner Trust	0.4%	AAA / Aaa / NR
Volkswagen Auto Loan Enhanced Trust	0.0%	AAA / Aaa / NR
WF Card Issuance Trust	0.8%	AAA / Aaa / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
ABS	12.3%	
World Omni Auto Trust	0.2%	AAA / NR / AAA
Total	100.0%	

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