



ALACHUA COUNTY CLERK OF COURT BOARD OF COUNTY COMMISSIONERS

Investment Performance Review For the Year Ended September 30, 2023

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Agenda

- Market Update
- Summary
- Portfolio Review

Market Update

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▷ Stronger than expected growth, supported by a resilient consumer
 - ▷ Inflation that remains stubbornly above the Federal Reserve's ("Fed") target range
 - ▷ Continued creation of new jobs by the labor market, albeit at a moderating pace



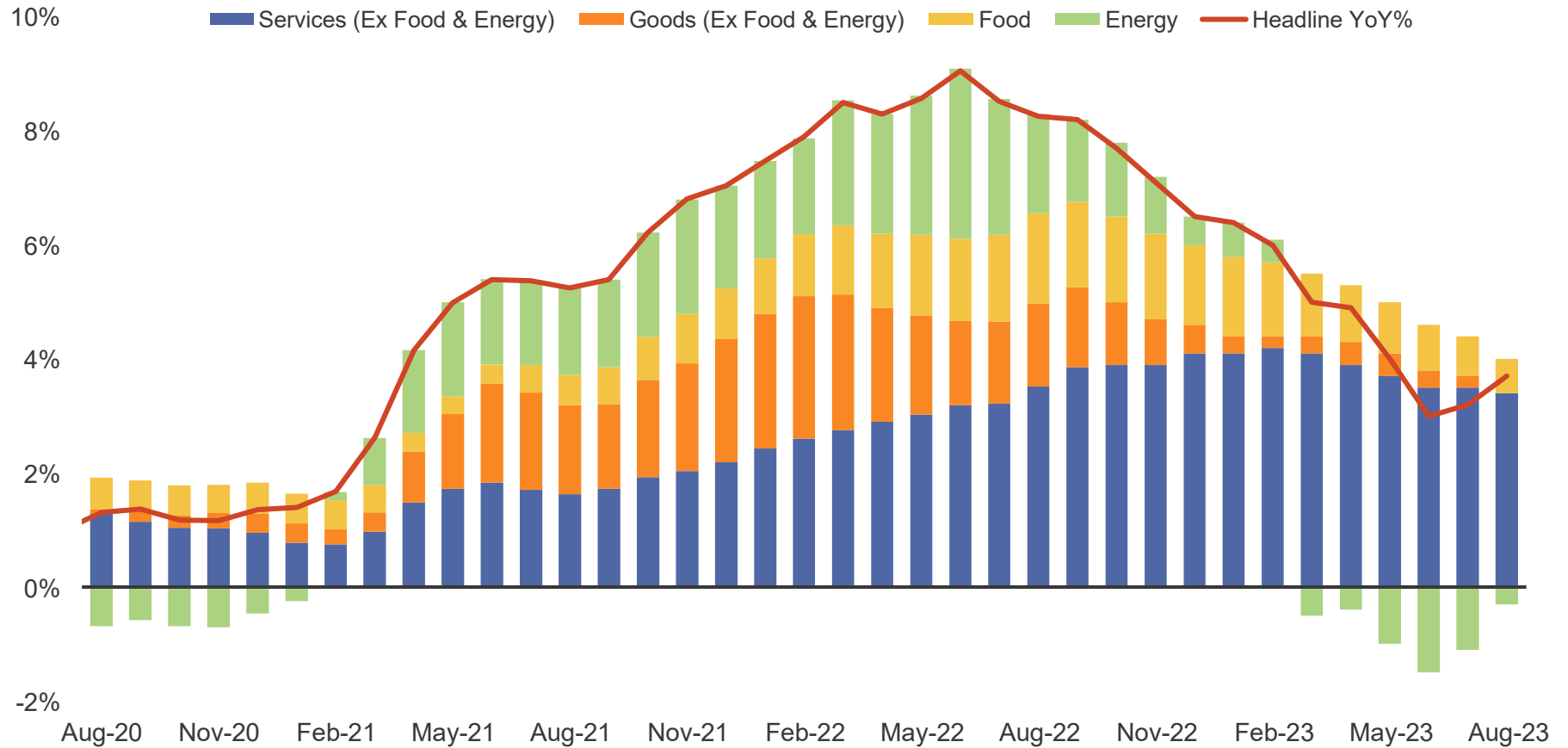
- ▶ Fed pauses again in rate hike campaign
 - ▷ After hiking in July, the Federal Reserve held rates steady at the September FOMC meeting as expected
 - ▷ The Fed's most recent "dot plot" indicated one more rate hike for 2023 and set the stage for interest rates to remain "higher-for-longer"
 - ▷ Updated FOMC economic projections point to stronger GDP growth expectations, higher inflation, and slightly lower unemployment for the remainder of 2023 and into 2024



- ▶ Interest rates reached their highest levels since 2006-7
 - ▷ The U.S. government rating downgrade by Fitch had little impact, although it highlighted growing worry about the erosion of governance standards and fiscal irresponsibility
 - ▷ Treasury yields across the curve rose during Q3. Sticky inflation, a "higher for longer" market consensus, increased Treasury borrowing, and reduced Treasury holdings by China and Japan weighed especially on the long end of the curve
 - ▷ The next concern is the annual federal budget process and potential for a government shutdown

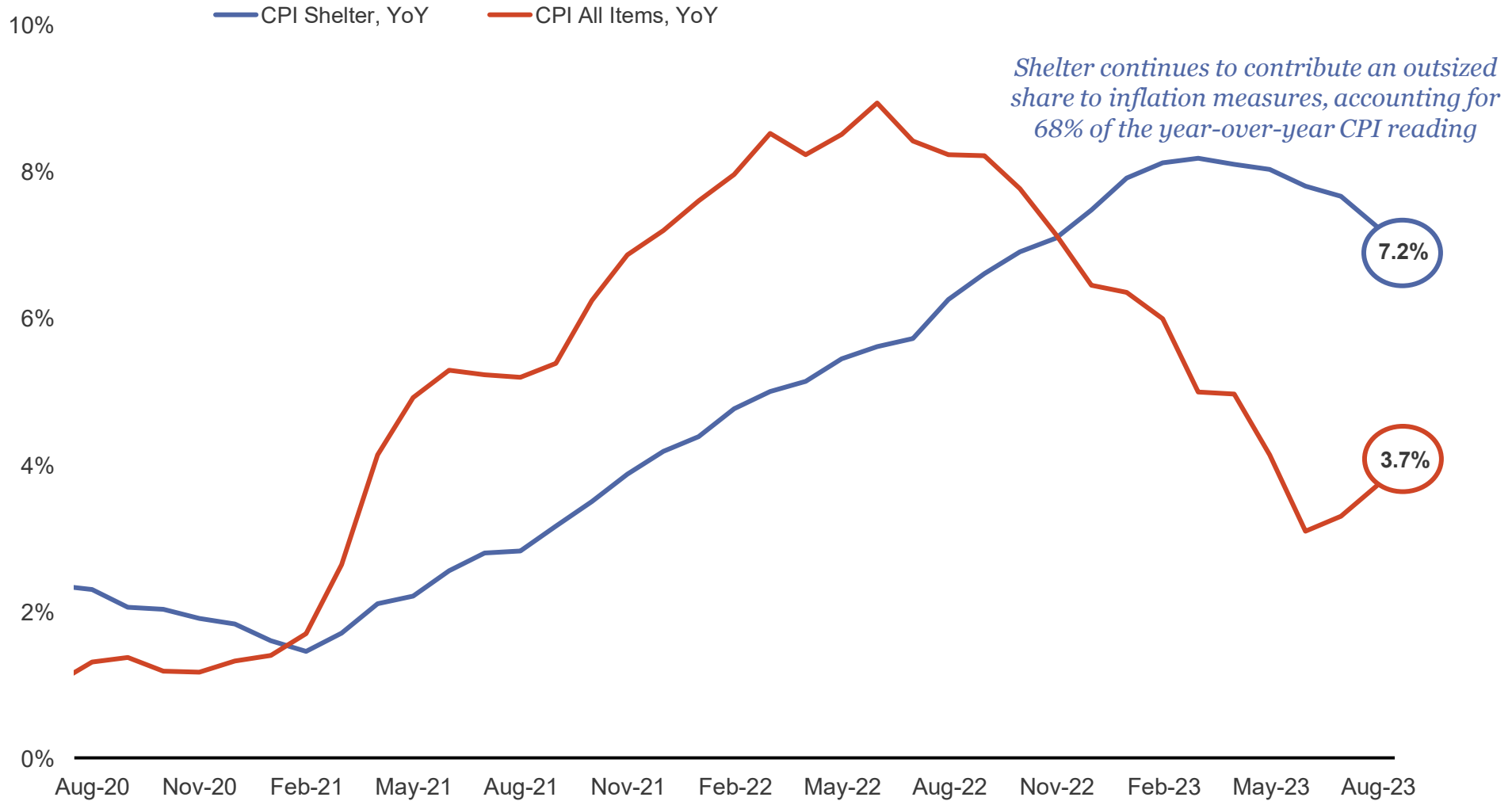
Inflation Gradually Falling, But Sensitive to Recently Rising Energy Prices

Factors Contributing to the Consumer Price Index (CPI YoY)



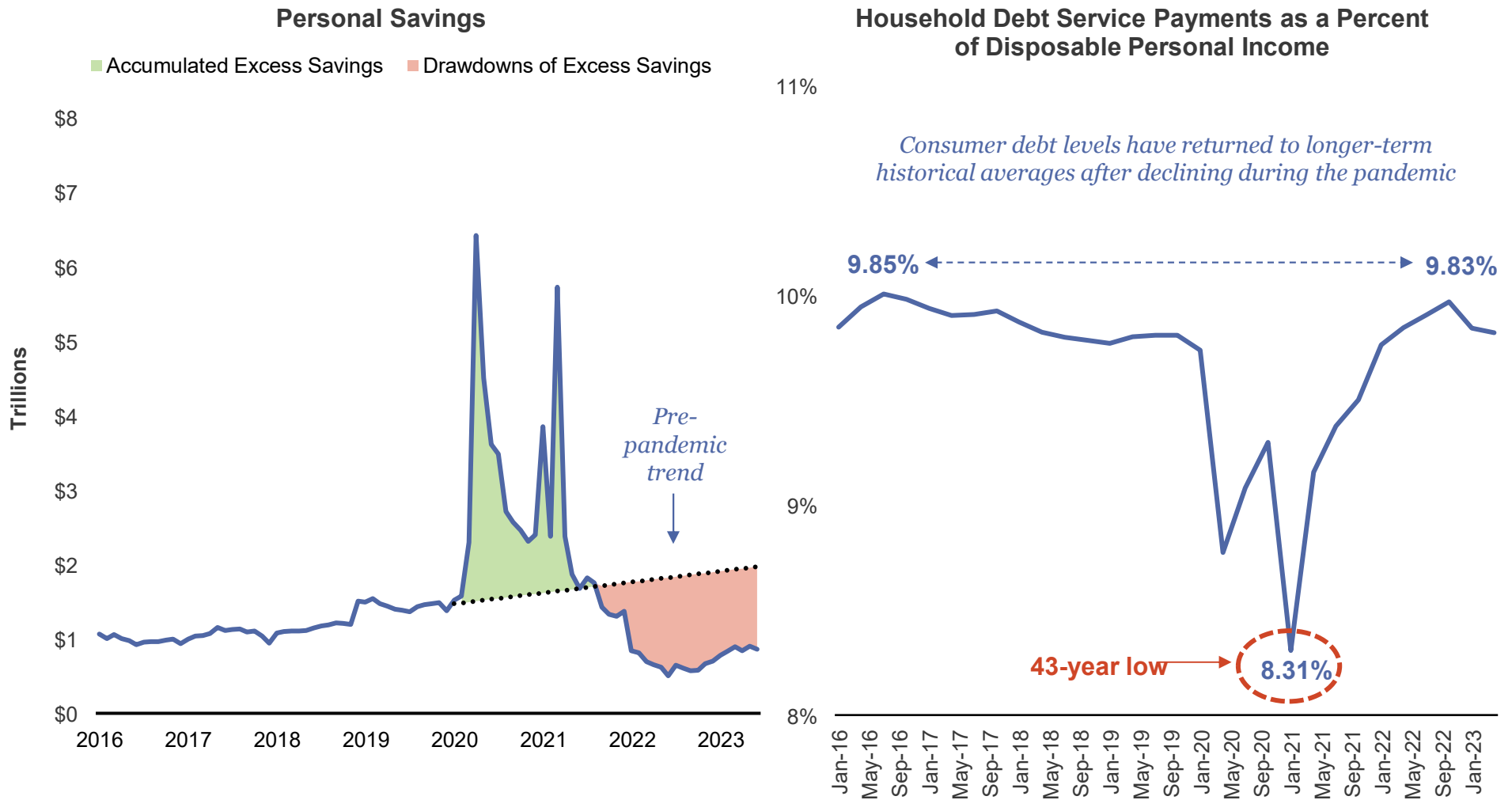
Source: Bloomberg, as of August 2023.

Shelter Component of CPI Remains Elevated



Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics, as of August 2023.

Personal Savings and Consumer Debt Have Returned to Pre-Pandemic Levels



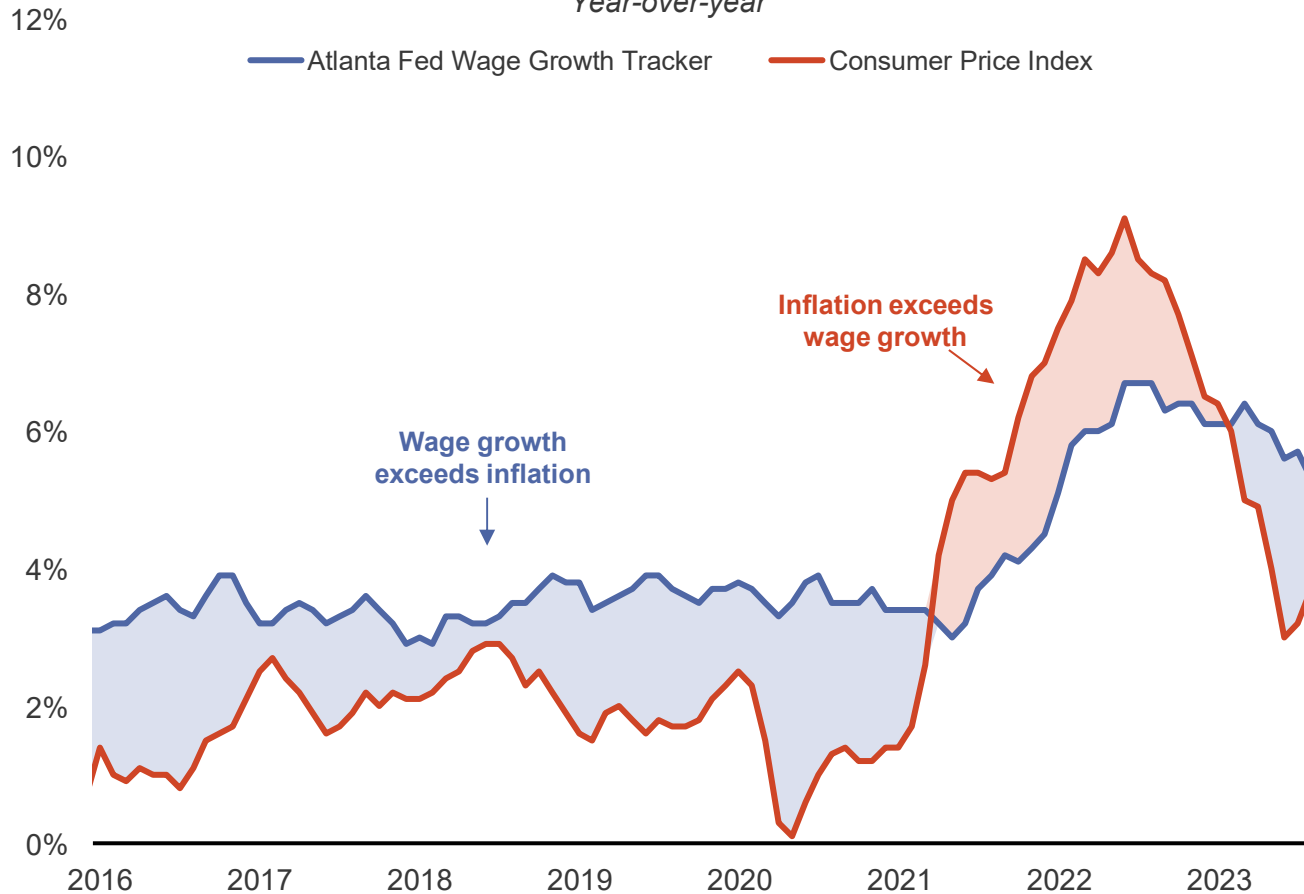
Source: Bloomberg and New York Fed Household Debt and Credit Report. Data as of June 30, 2023. (Left chart)

Source: Federal Reserve Bank of St. Louis. Data as of April 1, 2023. (Right chart)

Wages Have Caught Up to Inflation Once Again

Wage Growth vs. Inflation

Year-over-year



Labor Market Stats

Unemployment Rate (Sept.) 3.8%

Peaked during COVID at 14.7%

Excess Job Openings (Sept.) 3 mil.

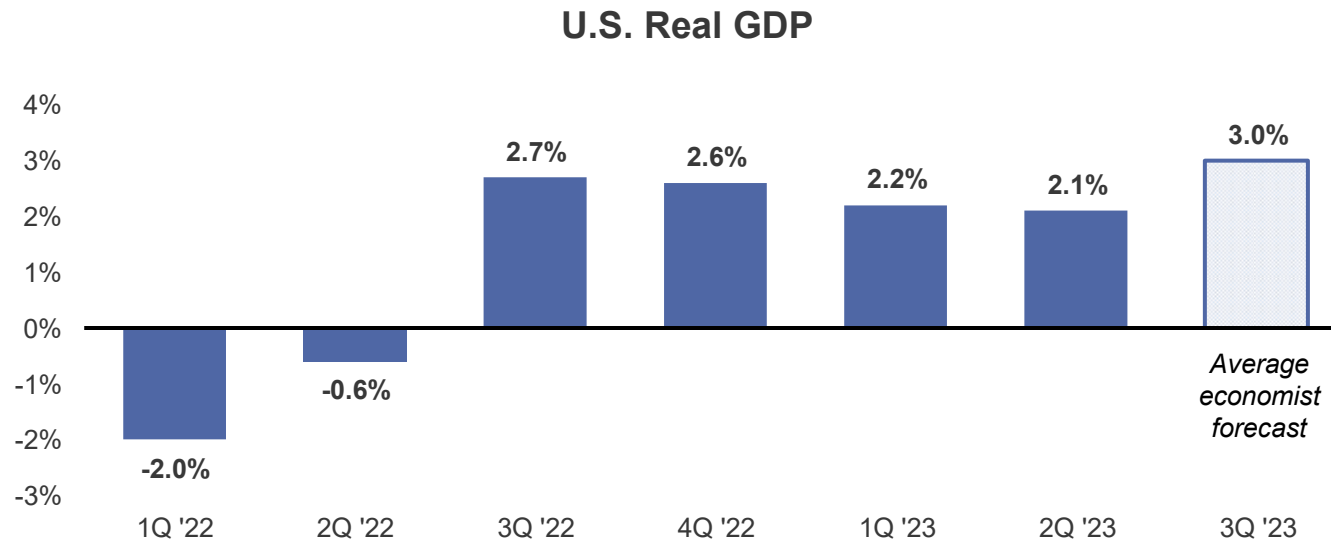
For each unemployed worker, there are approximately 1.5 job openings

Nonfarm Payrolls (Sept.) 336,000

Although the pace has declined, the economy continues to create jobs at a healthy pace

Source: As of September 2023. St. Louis Federal Reserve Economic Data. Excess job openings refers to the difference in job openings, as reported by JOLTS, and the total number of unemployed workers as reported by the Bureau of Labor Statistics.

GDP Remains Surprisingly Robust



GDP Contributors

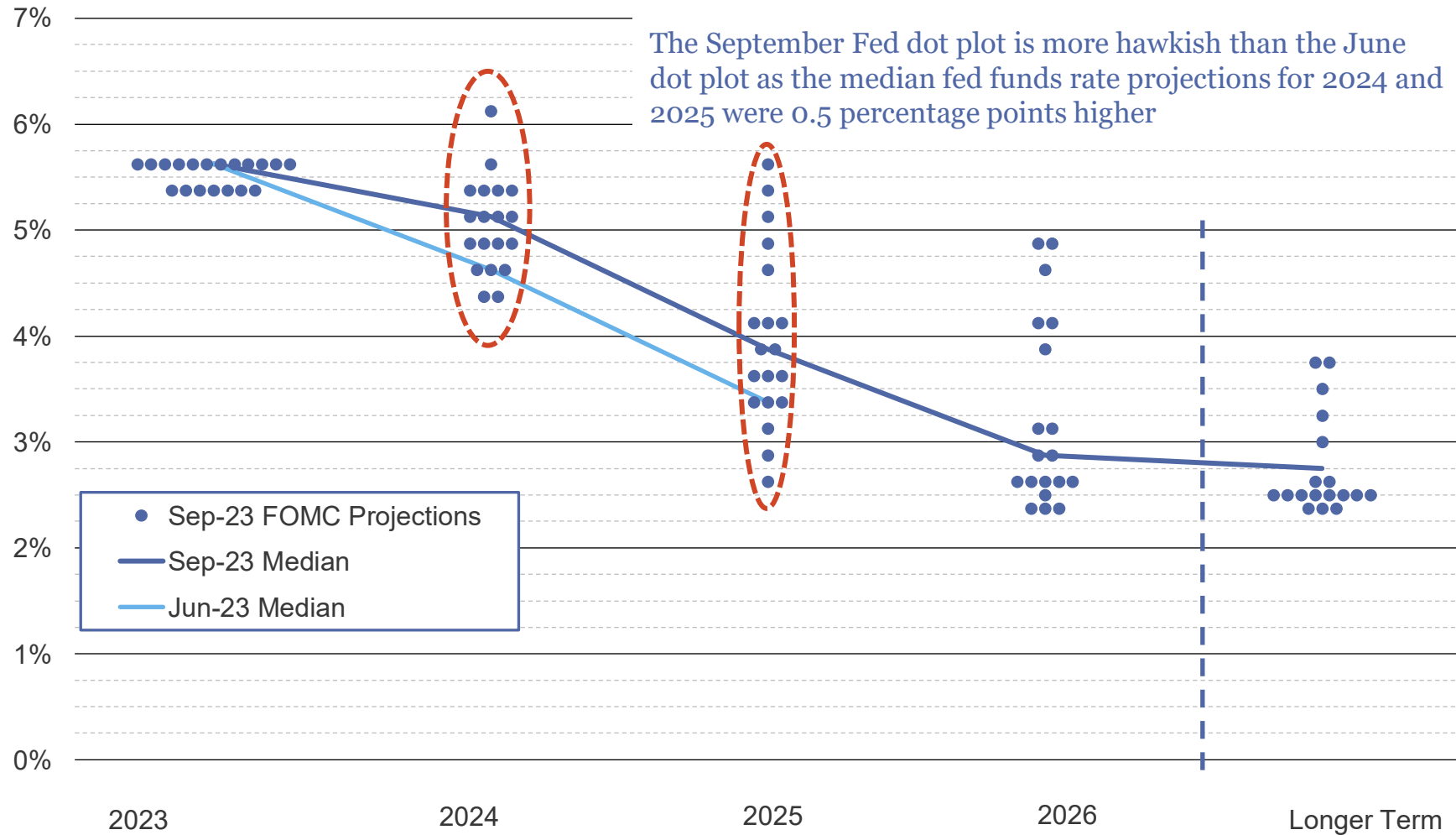
	1Q '22	2Q '22	3Q '22	4Q '22	1Q '23	2Q '23
Real GDP	-2.0%	-0.6%	2.7%	2.6%	2.2%	2.1%
Personal Consumption	0.0%	1.3%	1.1%	0.8%	2.5%	0.6%
Private Investment	1.2%	-2.1%	-1.5%	0.6%	-1.7%	0.9%
Net Exports	-2.6%	0.6%	2.6%	0.3%	0.6%	0.0%
Gov't Expenditures	-0.5%	-0.3%	0.6%	0.9%	0.8%	0.6%

The U.S. Consumer has been the backbone of economic growth; historically being the largest contributor

Source: St. Louis Federal Reserve Economic Data, Bureau of Economic Analysis. Average economist forecast sourced from Bloomberg.

Fed's Updated "Dot Plot" Projects Rates To Be "Higher for Longer"

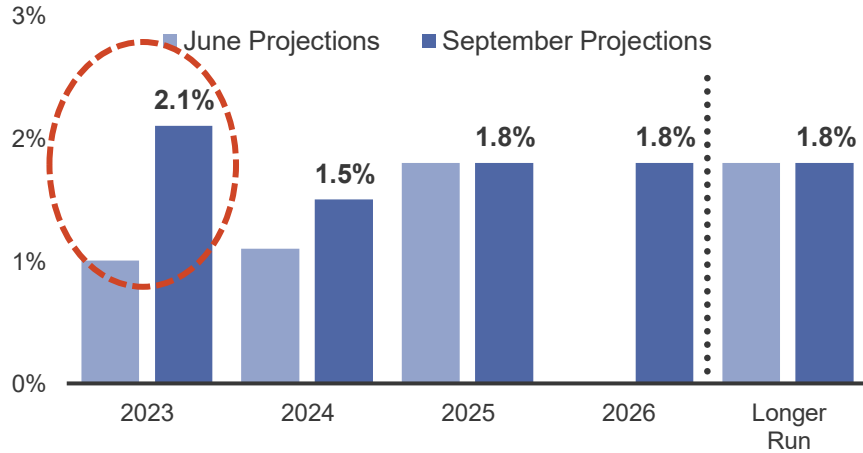
Fed Participants' Assessments of 'Appropriate' Monetary Policy



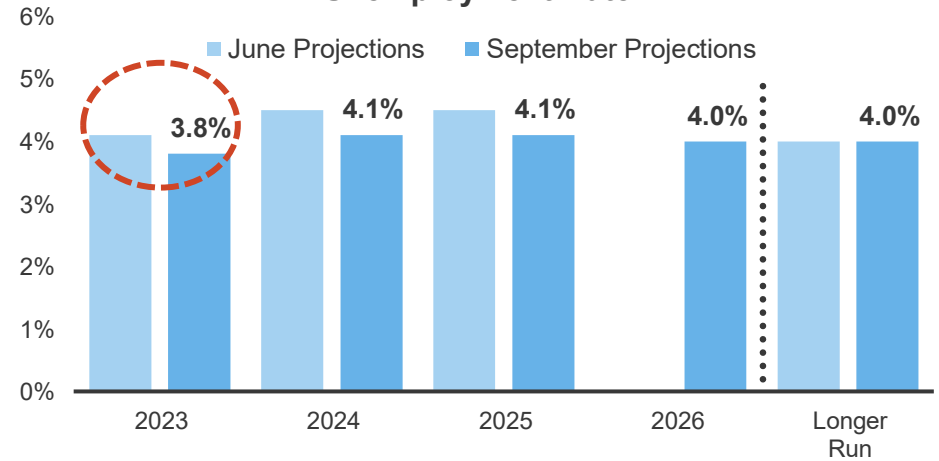
Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

The Fed's Projections for Growth and Employment Were More Upbeat

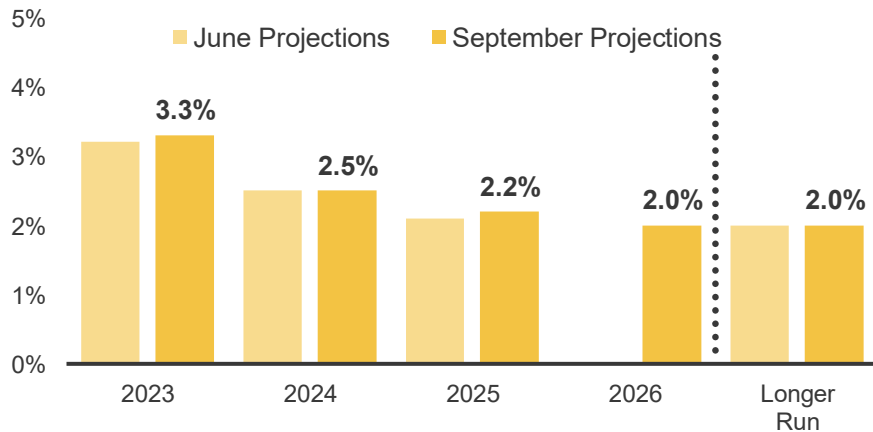
Change in Real GDP



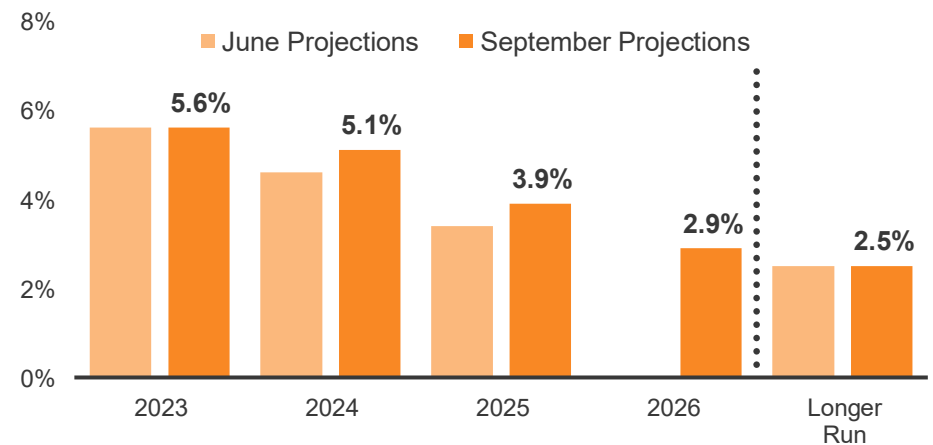
Unemployment Rate



PCE Inflation



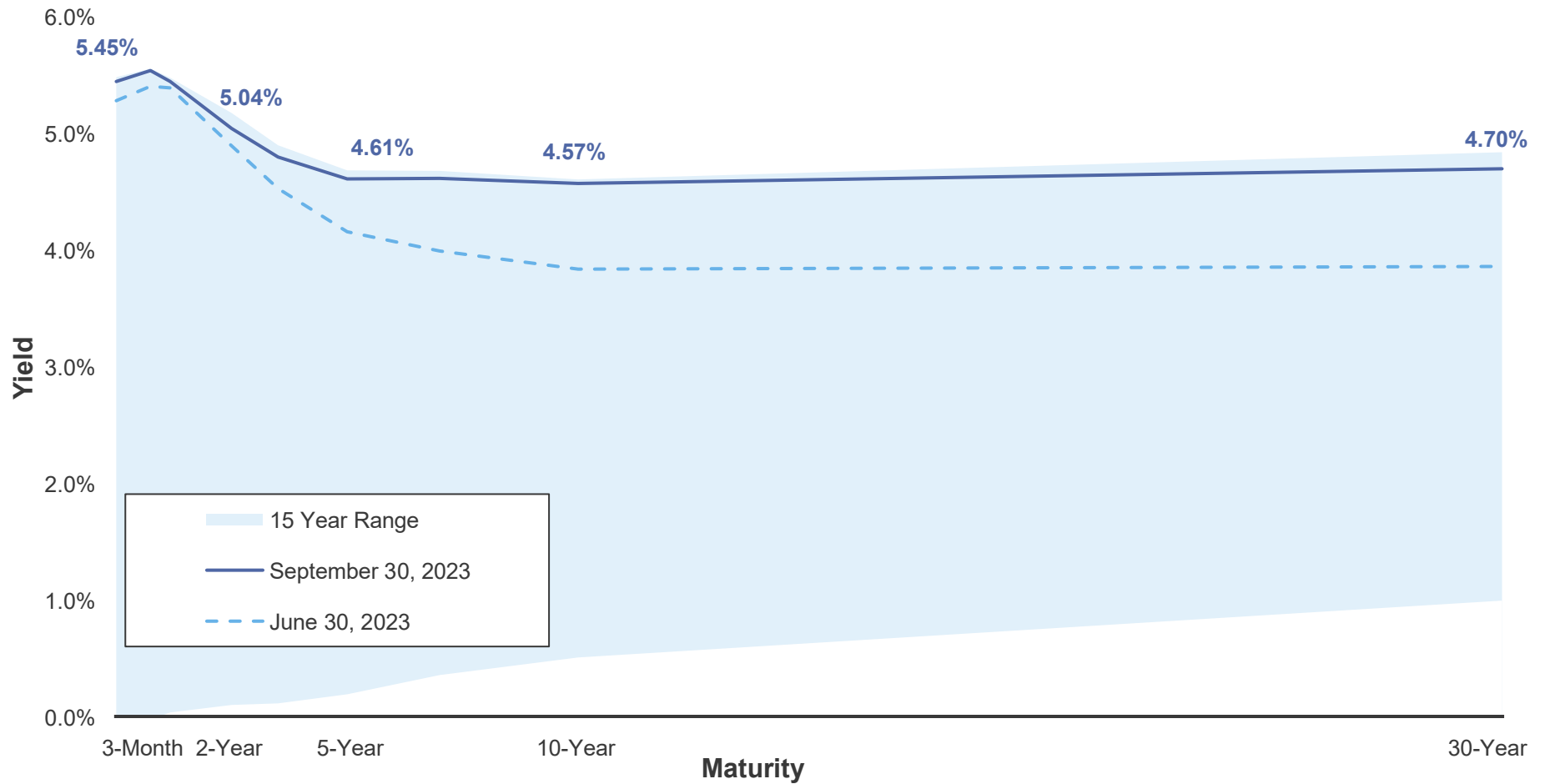
Federal Funds Rate



Source: Federal Reserve, latest economic projections as of September 2023.

Interest Rates Are At Their Highest Levels Since 2006-07

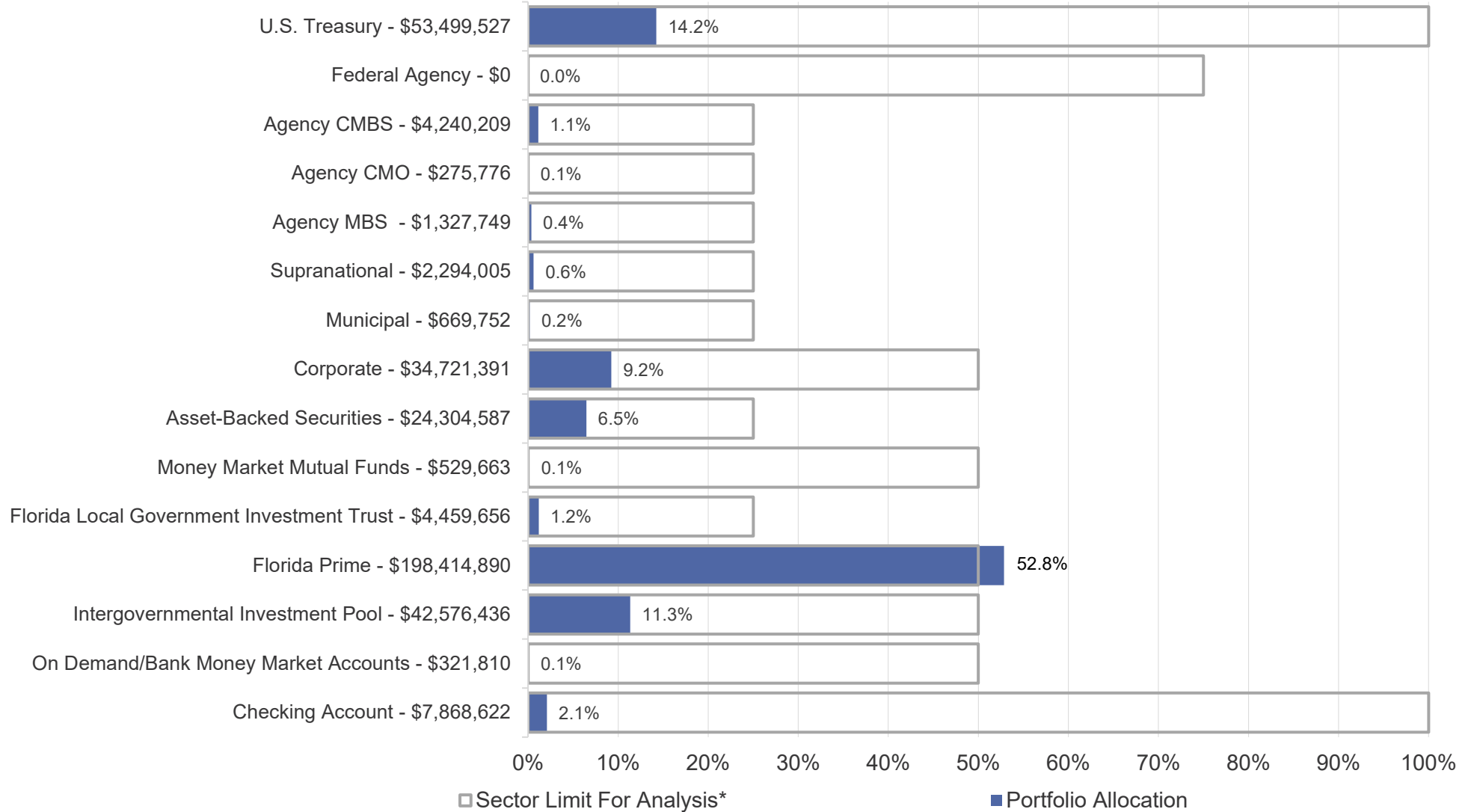
U.S. Treasury Yield Curve



Source: Bloomberg, as of September 30, 2023.

Summary

Sector Allocation Analytics



*For informational/analytical purposes only and is not provided for compliance assurance.
 Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy.

ALACHUA COUNTY CLERK OF COURT, FLORIDA

All Assets Portfolio Statistics

Account Name	Amortized Cost ¹	Amortized Cost	Market Value ¹	Market Value ¹	Duration (Years)
	September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023	September 30, 2023
BOCC Core 1-3 Year Portfolio	124,790,121	124,733,645	121,332,995	120,826,663	1.72
Bank of America Checking	7,868,622	6,751,283	7,868,622	6,751,283	0.003
Truist MMA	228,551	228,548	228,551	228,548	0.003
TD Bank MMA	18,097	17,950	18,097	17,950	0.003
PNC Bank MMA	75,162	74,643	75,162	74,643	0.003
Ameris MMA	-	-	-	-	0.003
Ameris Certificate of Deposit	-	-	-	-	N/A
South State (CenterState) Bank	-	-	-	-	0.003
Regions Sweep Account (Fidelity Money Market Fund)	529,663	53,670	529,663	53,670	0.003
FL SAFE	10,512,000	10,370,155	10,512,000	10,370,155	0.003
Florida Prime Fund ^{2,4}	198,414,890	226,845,764	198,414,890	226,845,764	36 Days
Florida PALM ²	10,907,252	10,759,368	10,907,252	10,759,368	43 Days
Florida PALM Term ²	-	-	-	-	0 Days
Florida FIT - Cash Pool ²	5,535,291	5,460,891	5,535,291	5,460,891	94 Days
Florida FIT - Enhanced Cash ²	15,621,893	15,441,227	15,621,893	15,441,227	245 Days
Florida Local Government Investment Trust FLGIT ³	2,206,063	2,182,183	2,206,063	2,182,183	1.84
Florida Local Government Investment Trust D2D ^{2,3}	2,253,593	2,223,900	2,253,593	2,223,900	38 Days
Total	\$378,961,198	\$405,143,227	\$375,504,072	\$401,236,245	

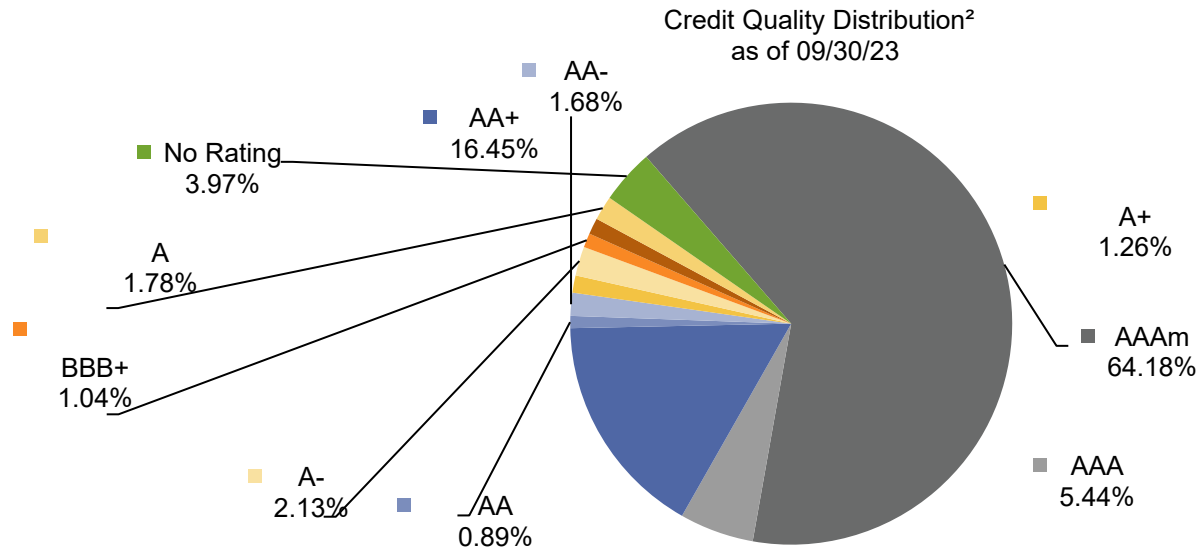
Account Name	Yield to Maturity at Cost ²	Yield to Maturity at Cost	Yield to Maturity at Market	Yield to Maturity at Market	Duration (Years)
	September 30, 2023	June 30, 2023	September 30, 2023	June 30, 2023	June 30, 2023
BOCC Core 1-3 Year Portfolio	3.31%	2.82%	5.03%	4.78%	1.74
Bank of America Checking	2.52%	2.52%	2.52%	2.52%	0.003
Truist MMA	0.15%	0.15%	0.15%	0.15%	0.003
TD Bank MMA	3.20%	3.20%	3.20%	3.20%	0.003
PNC Bank MMA	2.68%	2.68%	2.68%	2.68%	0.003
Ameris MMA	N/A	N/A	N/A	N/A	0.003
Ameris Certificate of Deposit	N/A	N/A	N/A	N/A	N/A
South State (CenterState) Bank	N/A	N/A	N/A	N/A	0.003
Regions Sweep Account (Fidelity Money Market Fund)	5.03%	5.03%	5.03%	5.03%	0.003
FL SAFE	0.00%	5.21%	0.00%	5.21%	0.003
Florida Prime Fund ^{2,4}	5.33%	5.33%	5.33%	5.33%	37 Days
Florida PALM ²	5.22%	5.22%	5.22%	5.22%	28 Days
Florida PALM Term	N/A	N/A	N/A	N/A	0 Days
Florida FIT - Cash Pool ²	5.17%	5.17%	5.17%	5.17%	86 Days
Florida FIT - Enhanced Cash ²	4.72%	4.72%	4.72%	4.72%	214 Days
Florida Local Government Investment Trust FLGIT ³	4.72%	4.50%	4.72%	4.50%	1.88
Florida Local Government Investment Trust D2D ³	5.45%	5.11%	5.45%	5.11%	40 Days
Weighted Average Yield	4.42%	4.47%	4.99%	5.07%	

Benchmarks	September 30, 2023	June 30, 2023
Merrill Lynch 3 Month U.S. Treasury Bill Index ⁷	5.33%	5.11%

Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
- Weighted Average Maturity (represented in days)
- SEC Yield and duration, Source <http://www.floridatrusionline.com/funds-reports>.
- Florida Prime information source is <https://www.sbafla.com/prime/>.
- Past performance is not indicative of future results.
- Seven-day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.
- Monthly yield. Source Bloomberg.

<u>Security Type¹</u>	<u>September 30, 2023</u>	<u>% of Portfolio</u>	<u>June 30, 2023</u>	<u>% of Portfolio</u>
U.S. Treasuries	53,499,527	14.25%	52,016,515	12.96%
Federal Agencies	-	0.00%	-	0.00%
Supranationals	2,294,005	0.61%	4,233,632	1.06%
Corporate Notes	34,721,391	9.25%	33,896,838	8.45%
Municipal Obligations	669,752	0.18%	1,964,500	0.49%
Mortgage-Backed Securities	5,843,735	1.56%	6,218,042	1.55%
Asset-Backed Securities	24,304,587	6.47%	22,497,136	5.61%
Commercial Paper	-	0.00%	-	0.00%
Bank of America Checking	7,868,622	2.10%	6,751,283	1.68%
Truist (SunTrust Muni-Now)	228,551	0.06%	228,548	0.06%
TD Bank MMA	18,097	0.00%	17,950	0.00%
Ameris MMA	-	0.00%	-	0.00%
South State (CenterState) Bank	-	0.00%	-	0.00%
Florida SAFE	10,512,000	2.80%	10,370,155	2.58%
BBVA Bank	75,162	0.02%	74,643	0.02%
Regions Sweep Account (Fidelity Money Market Fund)	529,663	0.14%	53,670	0.01%
Florida PALM	10,907,252	2.90%	10,759,368	2.68%
Florida FIT	21,157,184	5.63%	20,902,118	5.21%
Florida Prime Fund	198,414,890	52.84%	226,845,764	56.54%
Florida Local Government Investment Trust	4,459,656	1.19%	4,406,083	1.10%
Totals	\$375,504,072	100.0%	\$401,236,245	100.0%



Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.

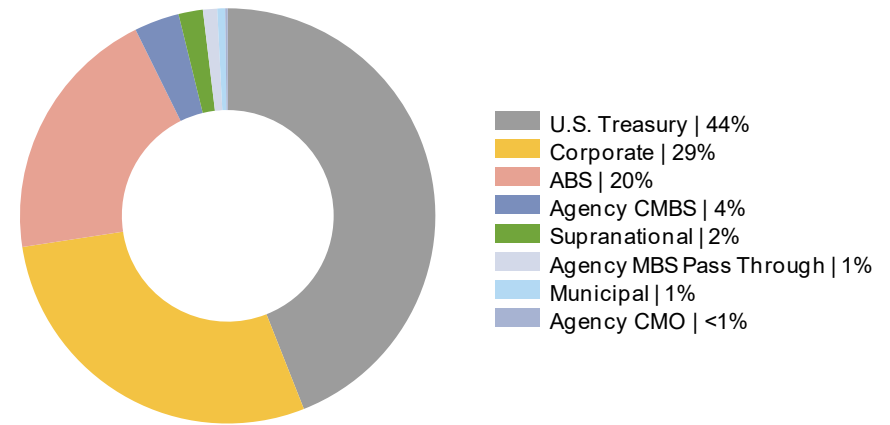
Portfolio Review:
ALACHUA COUNTY BOCC CORE 1-3 YEAR

Portfolio Snapshot - ALACHUA COUNTY BOCC CORE 1-3 YEAR¹

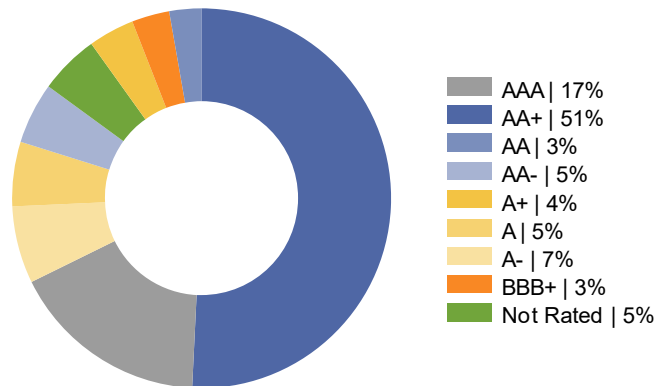
Portfolio Statistics

Total Market Value	\$121,862,658.92
<i>Securities Sub-Total</i>	\$120,496,812.39
<i>Accrued Interest</i>	\$836,183.09
<i>Cash</i>	\$529,663.44
Portfolio Effective Duration	1.72 years
Benchmark Effective Duration	1.74 years
Yield At Cost	3.31%
Yield At Market	5.03%
Portfolio Credit Quality	AA

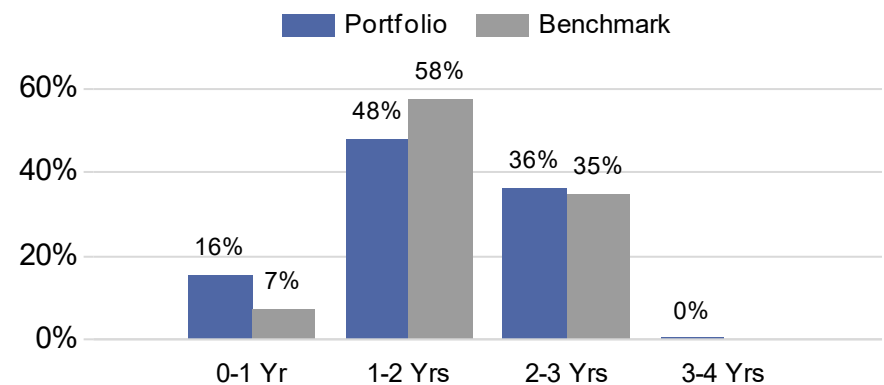
Sector Allocation



Credit Quality - S&P



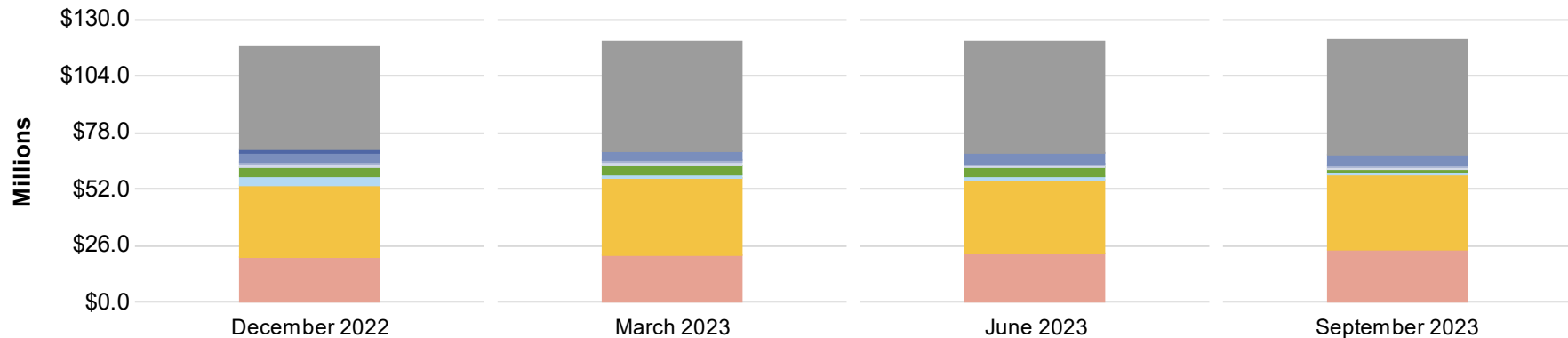
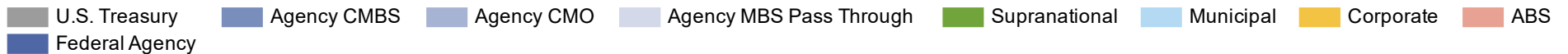
Duration Distribution



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. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

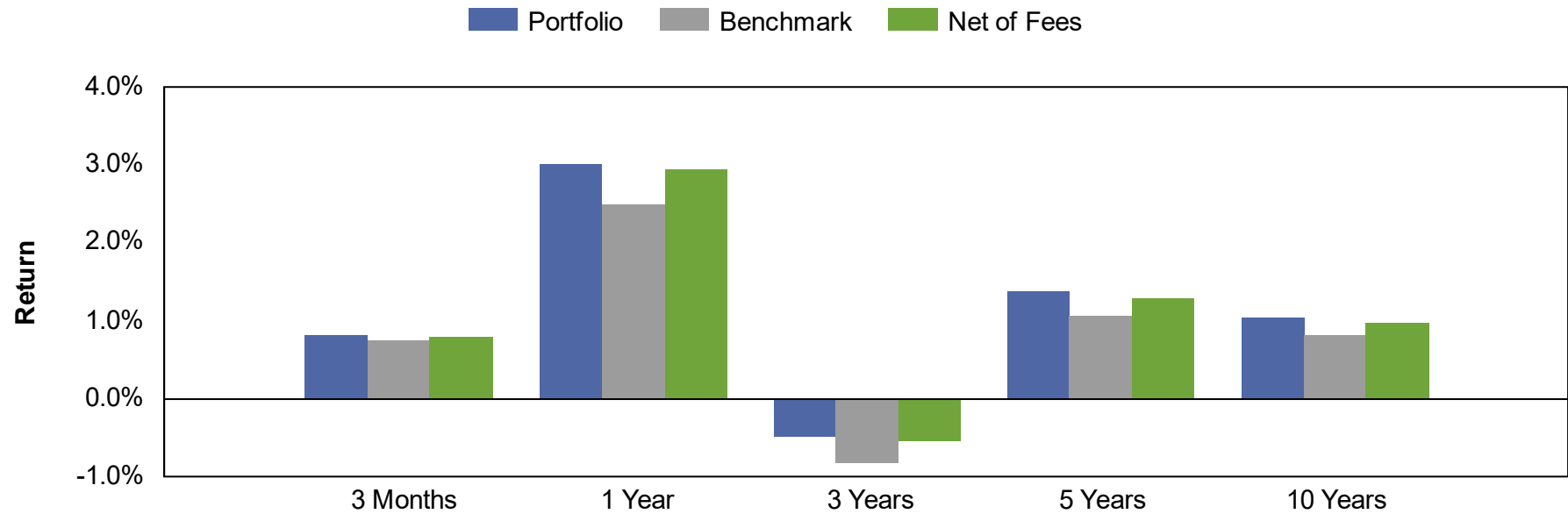
Sector Allocation Review - ALACHUA COUNTY BOCC CORE 1-3 YEAR

Security Type	Dec-22	% of Total	Mar-23	% of Total	Jun-23	% of Total	Sep-23	% of Total
U.S. Treasury	\$47.4	40.3%	\$50.5	42.1%	\$51.6	43.0%	\$53.0	44.0%
Federal Agency	\$1.6	1.3%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Agency CMBS	\$4.1	3.5%	\$4.6	3.8%	\$4.4	3.7%	\$4.2	3.5%
Agency CMO	\$0.4	0.3%	\$0.3	0.3%	\$0.3	0.3%	\$0.3	0.2%
Agency MBS Pass Through	\$1.7	1.4%	\$1.6	1.3%	\$1.5	1.2%	\$1.3	1.1%
Supranational	\$4.2	3.6%	\$4.2	3.5%	\$4.2	3.5%	\$2.3	1.9%
Municipal	\$4.1	3.5%	\$1.9	1.6%	\$2.0	1.6%	\$0.7	0.6%
Corporate	\$33.5	28.5%	\$35.4	29.4%	\$33.7	28.0%	\$34.5	28.6%
ABS	\$20.7	17.6%	\$21.7	18.0%	\$22.5	18.7%	\$24.3	20.1%
Total	\$117.6	100.0%	\$120.3	100.0%	\$120.1	100.0%	\$120.5	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

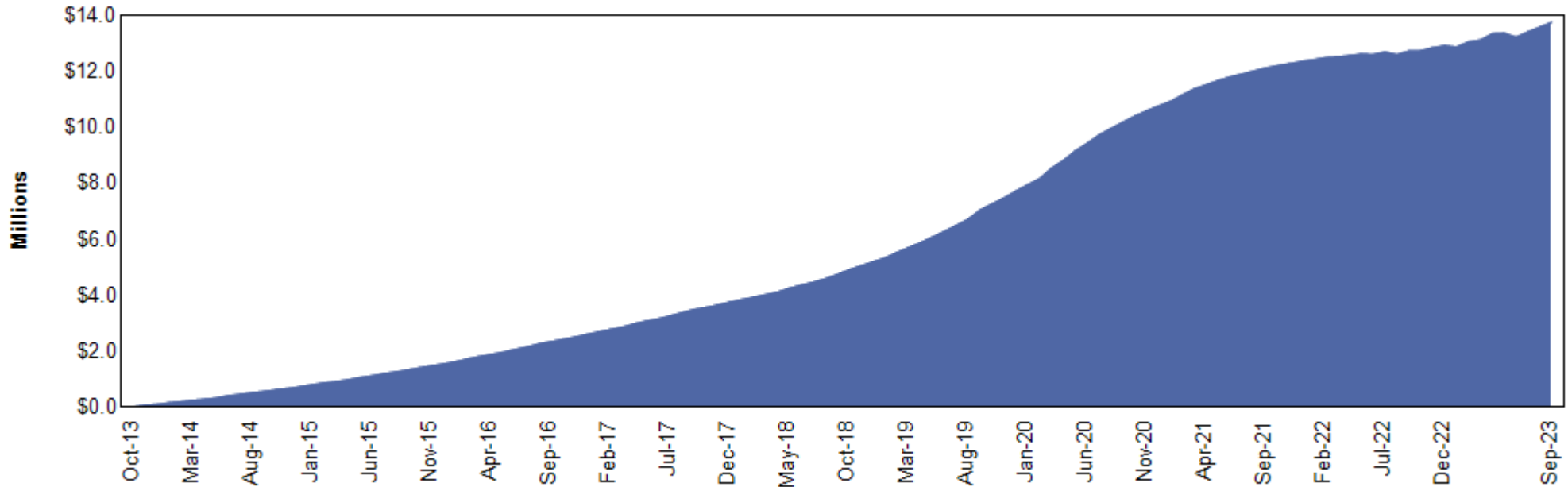
Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years
Interest Earned ²	\$931,151	\$2,918,082	\$5,676,040	\$10,237,349	\$16,076,473
Change in Market Value	\$51,176	\$648,327	(\$7,468,755)	(\$3,449,481)	(\$5,810,815)
Total Dollar Return	\$982,327	\$3,566,409	(\$1,792,715)	\$6,787,868	\$10,265,658
Total Return³					
Portfolio	0.81%	3.01%	-0.47%	1.37%	1.04%
Benchmark ⁴	0.74%	2.49%	-0.83%	1.06%	0.82%
Basis Point Fee	0.02%	0.07%	0.07%	0.07%	0.07%
Net of Fee Return	0.80%	2.94%	-0.54%	1.30%	0.97%

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, 2008.
 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.

Accrual Basis Earnings - ALACHUA COUNTY BOCC CORE 1-3 YEAR



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year ¹
Interest Earned ²	\$931,151	\$2,918,082	\$5,676,040	\$10,237,349	\$16,076,473
Realized Gains / (Losses) ³	(\$418,317)	(\$1,804,759)	(\$1,494,070)	(\$731,423)	(\$821,445)
Change in Amortized Cost	\$19,636	(\$81,565)	(\$611,585)	(\$491,269)	(\$1,494,493)
Total Earnings	\$532,470	\$1,031,758	\$3,570,384	\$9,014,657	\$13,760,535

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2008.
 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.

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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Important Disclosures

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.