

### Treasury Group

To: Deborah Kafoury – Chair, Board of County Commissioners  
Marissa Madrigal - Chief Operating Officer  
Investment Advisory Board Members (IAB)  
Eric Arellano – Chief Financial Officer  
Jennifer McGuirk - County Auditor

From: Jeff DeCosta, County Treasury

Date: August 19, 2019

Re: Investment Portfolio Results for July 2019

The County Investment Pool's annualized earnings rate for July was 2.35%. This was a twenty one basis point decrease from the previous month's return of 2.56%. The year-to-date rate of return for Fiscal Year 2020 was 2.35%.

The U.S. Treasury 90-day T-Bill yield at the end of July was 2.08%. This was a four basis point decrease from June 30<sup>th</sup>.

The current yield for the State's Local Government Investment Pool is 2.60%.

Total nonfarm payrolls increased by 164,000 in July, with the unemployment rate unchanged at 3.7%. The Fed announced a 25 basis point cut in the fed funds rate at the July meeting, helping push Treasury yields lower. Trade tensions with China are creating uncertainty in the equity and fixed income markets. Markets are pricing in a high probability for a 25 basis point rate cut at the Fed's September meeting.

For questions and suggestions regarding this report, please call me at (503) 988-7471 or email at: [jeffrey.decosta@multco.us](mailto:jeffrey.decosta@multco.us)



GOVERNMENT  
PORTFOLIO  
ADVISORS

# Executive Summary

Month-End 07/31/19



## Investment Program

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## MONTH END COMMENTARY- JULY 2019

A cautious Fed helped Treasury yields bounce off 18-month lows made in June. At their July 31 meeting, the Fed elected to ease interest rates by 25 basis points as they lowered the fed funds level from a range of 2.25%-2.50% to a new range of 2.00%-2.25%. The move to cut rates by 25 basis points was widely expected but the cautious tone of Fed Chairman Powell following the announcement reduced the expectation of future cuts. The chairman stated that the easing was a “mid-cycle correction” and not the start of a lengthy policy easing shift. The fed funds futures market and the current structure of the yield curve are both pricing in substantial additional cuts, contradicting Powell’s statement that this cut was simply insurance to help support a weakening economy. The Treasury curve continues to be inverted with the three-month Treasury bill yielding more than the ten-year Treasury note, indicating that the Fed is still too tight and that future cuts are needed.

The two-year Treasury note rose by 12 basis points during the month to a yield of 1.87%. The move to higher yields during the month felt more like a correction of an over-bought market than a change in the direction of interest rates. Treasury yields are still poised to move lower to close the gap in yields with the rest of the world. The U.S. fed funds target of 2.50% had been higher than 98% of all sovereign bonds issued among developed economies. A move to a new range of 2.00%-2.25% did little to close this gap as over 20% of the world’s sovereign debt now trades at negative interest rates, including most of the European and Japanese markets. The yield gap between the U.S. and the rest of the world will continue to support lower yields in the U.S. as capital flows into the higher yielding U.S. markets.

The July jobs report came out as expected with a growth of 165 thousand in non-farm payrolls. The report was mostly positive but showed signs of weakening as the growth in the first seven months of 2019 is substantially slower than 2018. Non-farm payrolls grew at an average monthly rate of 223 thousand in 2018 versus an average monthly rate of 165 thousand so far in 2019.

GPA expects the Fed to cut rates another 25 basis points at their next meeting in September. Short duration Treasury investors should continue to be well diversified in maturities with expectations that rates are most likely trading in a secular downtrend. The downward pressure on rates will continue until U.S. yields trade closer to foreign yields or the economy gets a boost from a favorable trade deal with China. Both will likely take time to achieve and yields are likely to trend lower in the meantime.

### TREASURY YIELD CURVE TOTAL RETURNS LAST 12 MONTHS:

3 month bill	2.338%
1 year note	2.914%
2 year note	3.819%
3 year note	5.044%
5 year note	7.461%

### TREASURY BENCHMARK TOTAL RETURNS IN MONTH:

Benchmark	Period Return	YTM	Duration (Years)
ICE BAML 90 Day Bill	0.18%	2.07%	0.20
ICE BAML 0-1 Year Treasury	0.13%	2.08%	0.48
ICE BAML 0-3 Year Treasury	-0.04%	1.86%	1.40
ICE BAML 0-5 Year Treasury	-0.11%	1.81%	2.10

### CHANGES IN THE TREASURY MARKET (ABSOLUTE YIELD LEVELS):

	7/31/2018	5/31/2019	6/30/2019	7/31/2019	Monthly Change	Yearly Change
3 month bill	2.02%	2.34%	2.09%	2.06%	-0.03%	0.04%
6 month bill	2.19%	2.35%	2.09%	2.07%	-0.02%	-0.12%
2 year note	2.67%	1.92%	1.76%	1.87%	0.12%	-0.80%
3 year note	2.77%	1.87%	1.71%	1.83%	0.12%	-0.94%
5 year note	2.85%	1.91%	1.77%	1.83%	0.06%	-1.02%
10 year note	2.96%	2.13%	2.01%	2.01%	0.01%	-0.95%

Source: Bloomberg



# Total Funds Multnomah County

# Compliance Report

Policy 2017 | 07/31/2019

Maturity Constraints	Policy Requirement	% of Total Accumulated	Portfolio Allocation	Within Limits	Minimum Ratings at Purchase		
Under 30 days	10%	32%	\$ 157,934,510	Yes		<b>S&amp;P</b>	<b>Moodys</b>
Under 1 years	35%	64%	\$ 315,172,920	Yes	Corp Bonds	AA-	Aa3
Under 5 years	100%	100%	\$ 489,118,688	Yes	Corp 2%	A-	A3
					C P	A-1	P-1
Maximum Weighted Average Maturity	2 Years		0.81	Yes	B A	A-1+	P-1 F1
Maximum Callable Securities	25%	2%	\$ 9,976,050	Yes			
Maximum Single Maturity	5 Years		3.10	Yes	Policy states ONE rating meets requirement		

Asset Allocation Diversification	Maximum Policy Allocation	Issuer Constraint	Percentage of Portfolio	Market Value	% Within Limits	Ratings Compliance	Issuer Compliance
US Treasury Obligations	100%		33.16%	\$ 162,209,304	Yes		
US Agencies Primary	100%		34.52%	\$ 168,859,975	Yes		
FHLB		25%	9.92%	\$ 48,507,631	Yes		
FNMA		25%	2.03%	\$ 9,945,967	Yes		
FHLMC		25%	4.07%	\$ 19,920,300	Yes		
FFCB		25%	18.50%	\$ 90,486,078	Yes		
US Agencies Secondary	10%	10%					
Municipal Obligations OR, CA, ID, WA	10%	5%	2.54%	\$ 12,410,221	Yes		Yes
Corporate Bonds (No Fossil Fuel)			4.11%	\$ 20,083,894	Yes	Yes	Yes
Commercial Paper	25%	5%	2.02%	\$ 9,882,169	Yes	Yes	Yes
Bank Deposits	50%	25%	9.21%	\$ 45,026,289	Yes	*	*
Certificates of Deposit	20%	10%	1.42%	\$ 6,960,000	Yes	Yes	Yes
Bankers Acceptances	10%	5%					
Repurchase Agreements	10%	5%					
Reverse Repurchase Agreement	10%	5%					
OST Fund Pool	ORS 294.810 ***		13.02%	\$ 63,686,837	Yes*	**	**
<b>Total</b>			<b>100%</b>	<b>\$ 489,118,688</b>			

\*\*\* Current ORS Maximum \$ 49,500,000

\* FDIC or collateralized

\*\* Ratings & Issuer restrictions do not apply to pool funds

## STRATEGY REPORT

**Benchmark: BofA Merrill 0-3 year Treasury**

Name	Par Amount	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Eff Dur	Bench Dur
Multnomah County - Core Investment Fund	\$ 260,567,000	\$ 260,381,065	\$ 261,707,574	\$ 1,326,509	2.29	1.36	1.40
Multnomah Liquidity- Bank and OSTF Pool	\$ 108,713,126	\$ 108,713,126	\$ 108,713,126		2.18	0.05	0.10
Multnomah County Cash Matched	\$ 112,000,000	\$ 111,696,466	\$ 111,737,988	\$ 41,522	2.62	0.14	0.10
Multnomah County CD Fund	\$ 6,960,000	\$ 6,960,000	\$ 6,960,000		2.25	0.22	0.10
<b>TOTAL PORTFOLIO</b>	<b>\$ 488,240,126</b>	<b>\$ 487,750,656</b>	<b>\$ 489,118,688</b>	<b>\$ 1,368,032</b>	<b>2.34</b>	<b>0.78</b>	<b>0.80</b>



# Total Funds Multnomah County

For Period July 01, 2019 - July 31, 2019

# Investment Report

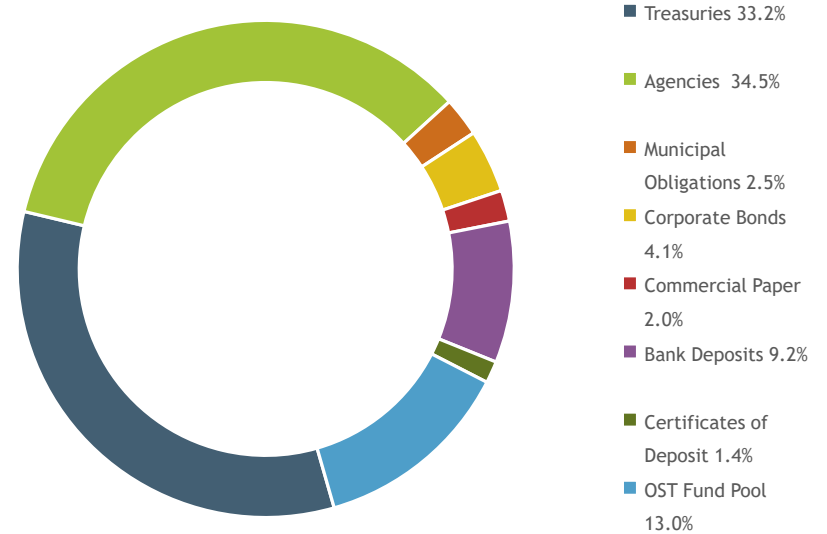
Policy 2017 | 07/31/2019

## HOLDINGS DISTRIBUTION

Investment Holdings at 07/31/2019	Market Value	% of Total Portfolio	Maximum Per Policy
US Treasury Obligations	\$ 162,209,304	33.16%	100%
US Agencies Primary	\$ 168,859,975	34.52%	100%
Municipal Obligations OR, CA, ID, WA	\$ 12,410,221	2.54%	10%
Corporate Bonds (No Fossil Fuel)	\$ 20,083,894	4.11%	25%
Commercial Paper	\$ 9,882,169	2.02%	
Bank Deposits	\$ 45,026,289	9.21%	50%
Certificates of Deposit	\$ 6,960,000	1.42%	20%
Bankers Acceptances	\$ -		10%
Reverse Repurchase Agreement	\$ -		10%
OST Fund Pool	\$ 63,686,837	13.02%	ORS
<b>Total Portfolio</b>	<b>\$ 489,118,688</b>	<b>100.00%</b>	

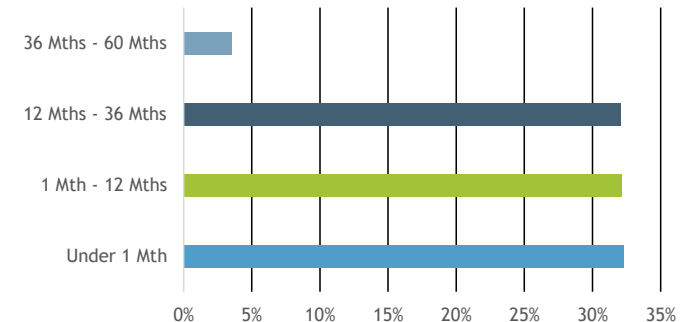
### % of Portfolio With One Issuer:

Corporate Notes	\$ 10,086,294	2.06%	5%
State Obligations	\$ 5,198,600	1.06%	5%



## MATURITY DISTRIBUTION

Maturities from 07/31/2019	Per Maturity Bucket		Cumulative		Minimum Per Policy
	Market Value	% of Total Portfolio	% of Total Portfolio		
Under 1 Mth	\$ 157,934,510	32%	32%		10%
1 Mth - 12 Mths	\$ 157,238,410	32%	64%		
12 Mths - 36 Mths	\$ 156,734,548	32%	96%		35%
36 Mths - 60 Mths	\$ 17,211,220	4%	100%		100%



Average Maturity on 07/31/2019: 0.81 Years  
 Average Maturity of Investments (excluding bank / LGIP deposits): 1.37 Years

Maximum Per Policy: 5 Years

## ACTIVITY & PERFORMANCE SUMMARY

Activity Summary	This Month	Fiscal Year-to-Date
Beginning Amortized Cost	\$ 536,293,595	\$ 536,293,595
Investment purchases	\$ 45,310,137	\$ 45,310,137
Investment maturities and sales	\$ (119,236,000)	\$ (119,236,000)
Amortization	\$ 287,511	\$ 287,511
Net cash deposit (withdrawals)	\$ 25,104,413	\$ 25,104,413
Realized Gain/Loss	\$ (9,000)	\$ (9,000)
<b>Ending Amortized Costs</b>	<b>\$ 487,750,656</b>	<b>\$ 487,750,656</b>

Market Value on 07/31/2019: \$ 489,118,688

Performance Summary	This Month	Fiscal Year-to-Date
Amortization	\$ 287,511	\$ 287,511
Interest income	\$ 753,674	\$ 753,674
Realized gain (loss)	\$ (9,000)	\$ (9,000)
<b>Total income</b>	<b>\$ 1,032,185</b>	<b>\$ 1,032,185</b>
<b>Average portfolio balance</b>	<b>\$ 516,178,690</b>	<b>\$ 516,178,690</b>

Total Portfolio yield at cost on 07/31/2019: 2.35%  
 Investment Portfolio yield at cost (excluding bank / LGIP deposits): 2.29%  
 Local Government Investment Pool interest rate: 2.75%



# Portfolio Appraisal - Settled Trades

US Dollar  
7/31/2019

## Multnomah County - Core Investment Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
<b>US Agency (USD)</b>								
15,000,000	3133EHYJ6	FEDERAL FARM CR BKS 1.375% Due 09-12-19	99.99	14,997,978.36	99.92	14,987,803.35	5.7	1.5
10,000,000	3137EAE5	FEDERAL HOME LN MTG CORP 1.500% Due 01-17-20	99.99	9,999,493.11	99.71	9,971,420.90	3.8	1.5
10,000,000	3133EJNW5	FEDERAL FARM CR BKS 2.550% Due 05-15-20	99.93	9,992,580.81	100.35	10,035,079.50	3.8	2.6
10,000,000	3130ABPV2	FEDERAL HOME LOAN BANKS 1.690% Due 06-29-20	99.98	9,998,456.01	99.76	9,976,050.20	3.8	1.7
10,000,000	3135G0T60	FEDERAL NATL MTG ASSN 1.500% Due 07-30-20	99.91	9,990,686.64	99.46	9,945,966.50	3.8	1.6
8,000,000	313370US5	FEDERAL HOME LOAN BANKS 2.875% Due 09-11-20	100.18	8,014,199.55	100.89	8,071,419.44	3.1	2.7
5,000,000	3130ACE26	FEDERAL HOME LOAN BANKS 1.375% Due 09-28-20	98.58	4,929,144.18	99.24	4,962,029.00	1.9	2.6
10,000,000	3137EAEJ4	FEDERAL HOME LN MTG CORP 1.625% Due 09-29-20	98.82	9,882,239.05	99.49	9,948,878.80	3.8	2.7
10,000,000	3133EJAW9	FEDERAL FARM CR BKS 2.250% Due 01-29-21	99.69	9,969,224.61	100.36	10,036,469.50	3.8	2.5
10,000,000	3133EJCE7	FEDERAL FARM CR BKS 2.350% Due 02-12-21	99.45	9,945,468.06	100.54	10,054,493.00	3.8	2.7
10,000,000	3133EJEM7	FEDERAL FARM CR BKS 2.500% Due 03-01-21	99.88	9,988,325.22	100.78	10,078,198.70	3.9	2.6
15,000,000	313373ZY1	FEDERAL HOME LOAN BANKS 3.625% Due 06-11-21	101.39	15,207,984.93	102.96	15,443,713.05	5.9	2.8
10,000,000	3133EJK24	FEDERAL FARM CR BKS 3.000% Due 10-19-21	100.08	10,007,762.13	102.21	10,220,511.00	3.9	3.0
10,000,000	313379Q69	FEDERAL HOME LOAN BANKS 2.125% Due 06-10-22	100.74	10,074,103.96	100.54	10,054,419.00	3.8	1.9
10,017,000	3133EKRD0	FEDERAL FARM CR BKS 1.875% Due 06-14-22	99.87	10,004,418.02	99.79	9,996,383.31	3.8	1.9
15,000,000	3133EKPC4	FEDERAL FARM CR BKS 2.125% Due 09-06-22	100.60	15,090,432.57	100.51	15,077,139.90	5.8	1.9
				<b>168,092,497.22</b>		<b>168,859,975.15</b>	<b>64.5</b>	<b>2.2</b>
<b>Corporate (USD)</b>								
10,000,000	594918BN3	MICROSOFT CORP 1.100% Due 08-08-19	100.00	9,999,922.65	99.98	9,997,615.10	3.8	1.1
5,000,000	037833AR1	APPLE INC 2.850% Due 05-06-21	99.99	4,999,747.58	101.20	5,059,767.05	1.9	2.9
5,000,000	037833CQ1	APPLE INC 2.300% Due 05-11-22	97.48	4,874,242.04	100.53	5,026,526.50	1.9	3.3
				<b>19,873,912.27</b>		<b>20,083,908.65</b>	<b>7.7</b>	<b>2.1</b>



# Portfolio Appraisal - Settled Trades

US Dollar  
7/31/2019

## Multnomah County - Core Investment Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
<b>Municipal (USD)</b>								
1,550,000	68607VZ32	OREGON ST LOTTERY REVENUE 2.448% Due 04-01-20	100.00	1,550,000.00	100.29	1,554,510.50	0.6	2.4
1,000,000	68608VDQ4	OREGON ST DEPT ADMINISTRATIVE COPS 2.678% Due 05-01-20	100.00	1,000,000.00	100.47	1,004,730.00	0.4	2.7
2,500,000	68607VZ40	OREGON ST LOTTERY REVENUE 2.450% Due 04-01-21	100.00	2,500,000.00	100.73	2,518,300.00	1.0	2.5
5,000,000	59163PKE2	METRO OREGON 3.500% Due 06-01-22	102.99	5,149,269.44	103.97	5,198,600.00	2.0	2.4
2,000,000	93974CRA0	WASHINGTON ST 4.369% Due 08-01-22	103.83	2,076,683.70	106.70	2,134,080.00	0.8	3.0
				<b>12,275,953.13</b>		<b>12,410,220.50</b>	<b>4.7</b>	<b>2.5</b>
<b>US Treasury (USD)</b>								
20,500,000	912796RY7	UNITED STATES TREAS BILLS 0.000% Due 01-30-20	98.76	20,246,758.38	98.97	20,288,645.00	7.8	2.5
20,000,000	912828XM7	UNITED STATES TREAS NTS 1.625% Due 07-31-20	99.15	19,830,398.30	99.56	19,912,500.00	7.6	2.5
10,000,000	9128285B2	UNITED STATES TREAS NTS 2.750% Due 09-30-20	100.47	10,046,941.18	100.82	10,082,420.00	3.9	2.3
10,000,000	9128284G2	UNITED STATES TREAS NTS 2.375% Due 04-15-21	100.15	10,014,604.32	100.70	10,069,920.00	3.8	2.3
				<b>60,138,702.18</b>		<b>60,353,485.00</b>	<b>23.1</b>	<b>2.4</b>
<b>Total Portfolio</b>				<b>260,381,064.80</b>		<b>261,707,589.30</b>	<b>100.0</b>	<b>2.3</b>



# Portfolio Appraisal - Settled Trades

US Dollar  
7/31/2019

## Multnomah Liquidity- Bank and OSTF Pool

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
<b>LGIP State Pool (USD)</b>								
63,686,837	OSTFLGIP	OREGON SHORT TERM FUND POOL 2.750% Due 08-29-19	100.00	63,686,836.55	100.00	63,686,836.55	58.6	2.8
				<b>63,686,836.55</b>		<b>63,686,836.55</b>	<b>58.6</b>	<b>2.8</b>
<b>Bank or Cash Deposit (USD)</b>								
17,849,636	SYSBADD1	BANK OF AMERICA 0.010% Due 08-29-19	100.00	17,849,635.59	100.00	17,849,635.59	16.4	0.0
17,088,658	SYSSBMM1	UMPQUA BANK 2.350% Due 08-29-19	100.00	17,088,657.75	100.00	17,088,657.75	15.7	2.4
195,046	SYSUSB076	US BANK 0.010% Due 08-29-19	100.00	195,045.51	100.00	195,045.51	0.2	0.0
8,282,479	000WAFED	WASHINGTON FEDERAL MMF 2.250% Due 08-29-19	100.00	8,282,479.22	100.00	8,282,479.22	7.6	2.3
1,610,471	SYSWCBMM1	WILLAMETTE COMMUNITY BANK 1.750% Due 08-29-19	100.00	1,610,471.11	100.00	1,610,471.11	1.5	1.8
				<b>45,026,289.18</b>		<b>45,026,289.18</b>	<b>41.4</b>	<b>1.4</b>
<b>Total Portfolio</b>				<b>108,713,125.73</b>		<b>108,713,125.73</b>	<b>100.0</b>	<b>2.2</b>



# Portfolio Appraisal - Settled Trades

US Dollar  
7/31/2019

Multnomah County Cash Matched

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
<b>US Treasury (USD)</b>								
19,000,000	9128282B5	UNITED STATES TREAS NTS 0.750% Due 08-15-19	99.93	18,986,504.61	99.95	18,989,664.00	17.0	2.6
20,000,000	9128282B5	UNITED STATES TREAS NTS 0.750% Due 08-15-19	99.93	19,985,758.93	99.95	19,989,120.00	17.9	2.6
19,000,000	912796RA9	UNITED STATES TREAS BILLS 0.000% Due 09-12-19	99.70	18,943,457.69	99.77	18,956,585.00	17.0	2.6
25,000,000	9128282X7	UNITED STATES TREAS NTS 1.375% Due 09-30-19	99.79	24,946,732.96	99.87	24,967,950.00	22.3	2.7
19,000,000	912828T59	UNITED STATES TREAS NTS 1.000% Due 10-15-19	99.65	18,934,344.95	99.75	18,952,500.00	17.0	2.7
				<b>101,796,799.13</b>		<b>101,855,819.00</b>	<b>91.2</b>	<b>2.7</b>
<b>Commercial Paper (USD)</b>								
10,000,000	89233GAG1	TOYOTA MOTOR CREDIT CP 0.000% Due 01-16-20	99.00	9,899,666.67	98.82	9,882,169.00	8.8	2.2
				<b>9,899,666.67</b>		<b>9,882,169.00</b>	<b>8.8</b>	<b>2.2</b>
<b>Total Portfolio</b>				<b>111,696,465.80</b>		<b>111,737,988.00</b>	<b>100.0</b>	<b>2.6</b>



# Portfolio Appraisal - Settled Trades

US Dollar  
7/31/2019

## Multnomah County CD Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
<b>Bank or Cash Deposit (USD)</b>								
245,000	SYS7505	PREMIER COMMUNITY BK (HERITAGE) CD 1.200% Due 08-01-19	100.00	245,000.00	100.00	245,000.00	3.5	1.2
5,000,000	SYS7558	JP MORGAN CHASE CD 2.320% Due 09-12-19	100.00	5,000,000.00	100.00	5,000,000.00	71.8	2.3
245,000	SYS7509	HOMESTREET BANK CD 2.000% Due 09-18-19	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7520	SUMMIT BANK CD 2.000% Due 11-15-19	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7510	WILLAMETTE COMMUNITY BK CD 2.000% Due 02-15-20	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7508	PACIFIC WEST BANK CD 2.000% Due 02-16-20	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7506	NORTHWEST COMMUNITY CU CD 1.900% Due 03-15-20	100.00	245,000.00	100.00	245,000.00	3.5	1.9
245,000	SYS7521	UMPQUA BANK CD 2.800% Due 05-20-20	100.00	245,000.00	100.00	245,000.00	3.5	2.8
245,000	SYS7564	UNITUS COMMUNITY CU CD 2.670% Due 07-24-20	100.00	245,000.00	100.00	245,000.00	3.5	2.7
				<b>6,960,000.00</b>		<b>6,960,000.00</b>	<b>100.0</b>	<b>2.2</b>
<b>Total Portfolio</b>				<b>6,960,000.00</b>		<b>6,960,000.00</b>	<b>100.0</b>	<b>2.2</b>



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### Disclaimer

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### Definition and Terms

**Investment Report:** Provides of summary asset allocation and maturity distribution. The activity and earnings summary provides a high level overview of the total funds.

**Total Funds:** This is the amount of the overall portfolio balances that are held in short term liquid investments to meet ongoing operational budgets and cash flows and investments held for longer periods. An annual assessment of the allocations to each component is evaluated through a cash flow process determining liquidity needs and District preferences, the Guideline Portfolio Strategy "GPS" is completed by Government Portfolio Advisors.

**Compliance Report:** Provides a comparison of the portfolio positions to the investment policy. This report includes a breakout of the specific funds and each allocation to the liquidity and investments.

**Holdings Reports:** Provides an overview by fund of portfolio distribution.

**Security Type:** Allocates the investment to a specific issuer type.

**Par Value:** The total face value of the investment at maturity.

**Security Name:** Lists the specific name of issuer.

**Book Yield or Yield at Cost:** Is the earning yield on each security at the time of purchase. The total is a weighting based on investment value.

**Market Value:** The current market value of the security based on a third party pricing source. This price represents the value if the securities were sold on the pricing date. The market value changes with interest rates.

**Total Adjusted Cost:** This may be referred to as "book value" and represents the cost basis to date after amortization of premiums or discounts since the purchase date.

**Unrealized gain or loss:** This represents the difference between the market value and the adjusted cost at the time of the report.

**% of Portfolio:** Represents the percent allocation dedicated to each security type in the fund.

**Effective Duration:** Represents the duration based on the time between the report date and the maturity of the bond. Duration is similar to average maturity and is used to measure the price sensitivity of the portfolio given interest rate changes.