

Hugh L. Carey Battery Park City Authority  
Meeting of the Investment Committee  
200 Liberty Street, 24<sup>th</sup> Floor  
New York, New York 10281  
September 27, 2023  
12:30 p.m.

AGENDA

- I. CALL TO ORDER
- II. APPROVAL OF THE JUNE 6, 2023 MINUTES
- III. QUARTERLY REVIEW
- IV. MOTION TO ADJOURN

# Hugh L. Carey Battery Park City Authority

## Review of Investment Performance

Quarter Ended July 31, 2023 | [pfmam.com](http://pfmam.com) | 609.452.0263

*PFM Asset Management LLC*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

# Agenda

**I. Executive Summary**

**II. Summary of Aggregate Portfolio**

**III. Total Return Performance Attributes**

**IV. Market Commentary**

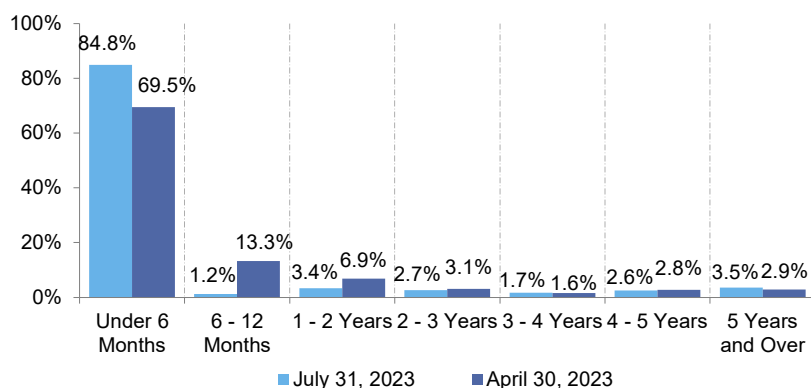
# I. Executive Summary



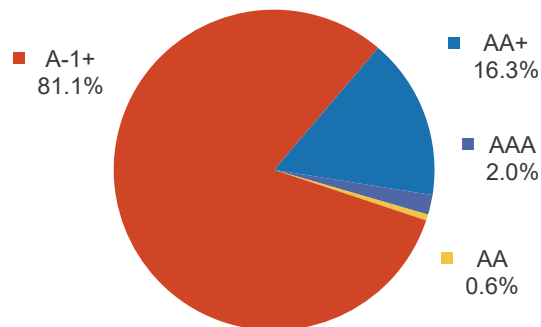
# Aggregate Portfolio Composition and Credit Quality

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	Effective Duration	April 30, 2023	% of Portfolio	Effective Duration	QoQ Change (% of portfolio)
U.S. Treasuries	\$504,396,540	89.7%	0.53	\$533,828,898	83.1%	0.68	6.6%
Federal Agencies and Instrumentalities (non-MBS)	\$10,403,769	1.9%	1.47	\$78,382,816	12.2%	0.35	(10.4%)
Commercial Paper	\$0	0.0%	0.00	\$0	0.0%	0.00	-
Municipals	\$4,777,319	0.8%	1.40	\$6,627,577	1.0%	1.47	(0.2%)
Government MBS <sup>2</sup>	\$804,305	0.1%	2.83	\$1,439,776	0.2%	2.80	(0.1%)
Cash	\$41,912,453	7.5%	0.00	\$22,097,042	3.4%	0.00	4.0%
<b>Totals</b>	<b>\$562,294,386</b>	<b>100.0%</b>	<b>0.56</b>	<b>\$642,376,110</b>	<b>100.0%</b>	<b>0.63</b>	

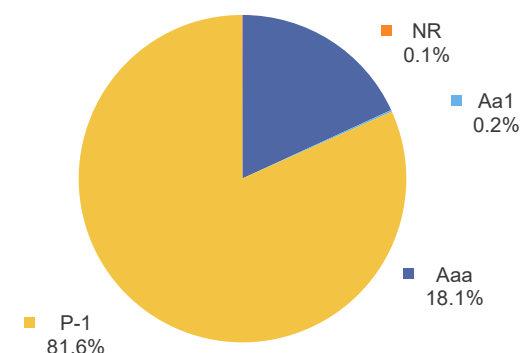
**Maturity Distribution  
As of 7/31/2023**



**Credit Quality Distribution (S&P)  
as of 7/31/2023**



**Credit Quality Distribution (Moody's)  
as of 7/31/2023**



**Notes:**

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
- NR holdings are not rated by S&P but rated by Moody's and are in compliance with BPCA's Investment Policy.

# Performance Overview – Total Return Strategies – July 31, 2023

	Past Quarter	Past 12 Months	Past 3-Years	Since Inception
<b>Long-Term Strategy:</b>				
<b>2003 Reserve Fund</b>	<b>0.01%</b>	<b>1.06%</b>	<b>-0.94%</b>	<b>2.54%</b>
<i>BM: BAML 1-5 Year US Treasury Note Index</i>	<i>-0.98%</i>	<i>-0.79%</i>	<i>-1.74%</i>	<i>2.46%</i>
<b>BPCPC Operating Reserve Contingency Insurance Fund</b>	<b>-1.52%</b>	<b>-1.59%</b>	<b>-2.50%</b>	<b>2.85%</b>
<b>Operating Budget Reserve</b>	<b>-0.84%</b>	<b>-1.38%</b>	<b>-2.40%</b>	<b>2.81%</b>
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	<i>-0.59%</i>	<i>-1.14%</i>	<i>-2.28%</i>	<i>2.93%</i>
<b>BPCA Other Post-Employment Benefits</b>	<b>-1.54%</b>	<b>-2.20%</b>	<b>-2.87%</b>	<b>2.60%</b>
<i>BM: BAML 1-10 Year US Treasury Note Index</i>	<i>-1.12%</i>	<i>-1.61%</i>	<i>-2.41%</i>	<i>2.22%</i>
<b>Short-Term Strategy:</b>				
<b>2003 Pledged Revenue</b>	<b>1.23%</b>	<b>3.91%</b>	<b>1.40%</b>	<b>1.10%</b>
<b>2003 Project Operating Fund</b>	<b>1.27%</b>	<b>4.02%</b>	<b>1.40%</b>	<b>1.10%</b>
<i>BM: BAML 3 Month US Treasury Bill Index</i>	<i>1.25%</i>	<i>3.95%</i>	<i>1.40%</i>	<i>1.05%</i>

Notes:

1. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
2. Performance of the highlighted portfolios was impacted in the 2nd and 3rd calendar quarters of 2019 by a temporary suspension of investment strategy in order to provide liquidity for the 2019 bond financing.
3. Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present.
4. For the 'Reserve Fund,' the BAML 1-5 Year Treasury Index became the performance benchmark on July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized.
5. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present.
6. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.
7. BPCPC Other Post Employment Benefits holdings were transferred and consolidated with BPCA Other Post Employment Benefits holdings on December 23, 2021.

# Portfolio Recap – Market Drivers

## Economy

- ▶ U.S. GDP grew 2.4% in the first quarter, up from the 1.1% expansion in the prior quarter. This comes as a result of increases in consumer spending, state and local government spending, private business investment growth, and federal government spending.
- ▶ The year-over year change in the Consumer Price Index (CPI) fell to 3.2% in July, slightly lower than market expectations. However, this was an increase from the month prior, as CPI came in at 3.0% in June, the lowest reading since March of 2021. Core CPI, which excludes volatile energy and food prices, climbed 4.7% in April from a year earlier, down from 4.8% in June.
- ▶ The labor market slowed slightly during the quarter, with the unemployment rate coming in around 3.5% in July. The economy added 187,000 jobs during the month, lower than analysts expectations.

## U.S. Treasury Yields

- ▶ Yields on U.S. Treasuries jumped during the quarter. The yield on the 2-year Treasury ended the quarter at 4.88%, up 87 basis points (0.87%) from the start of the quarter. The yield on the 10-year U.S. Treasury increased to 3.96% by quarter-end, an increase of 53 basis points (0.53%) from April 30, 2023.

## Federal Reserve

- ▶ The Fed paused its rate hiking cycle at it's June meeting, but resumed in June, raising rates by 25 basis points. The federal funds rate now stands at a target range of 5.25% - 5.50%.
- ▶ The updated summary of economic projections points toward lower growth, high inflation and a higher unemployment rate in 2023.



# Portfolio Recap – Performance & Cash Flows

## Longer-Term Funds.

- Increasing yields on longer-term securities led to negative returns.
- We continued to maintain a defensive duration posture relative to benchmarks.
- The performance of every Longer-Term fund exceeded all relevant benchmarks.

## Short-Term Funds

- The 2003 Pledged Revenue Fund and Project Operating Fund posted quarterly returns of 1.23% and 1.27% respectively. The 2003 Pledged Revenue Fund underperformed the benchmark by 2 basis points (-0.02%), while the Project Operating Fund overperformed the benchmark by 2 basis points (0.02%).
- Each portfolio continues to be structured based on anticipated liquidity needs. We continue to seek high-quality commercial paper issuers in line with liquidity needs and pockets of value in the current market.





# Investment Policy Issuer Guidelines

Compliance Issuer Check						
Issuer	Actual (%)	Actual (\$) <sup>3</sup>	IPS Limit	S&P Rating	Moody's Rating	Check
U.S. Treasury	89.7%	504,396,540	100%	AA+	Aaa	OK
Freddie Mac	0.0%	32,003	\$250,000,000	AA+	Aaa	OK
Cash	7.5%	41,912,453	N/A	N/A	N/A	N/A
Fannie Mae	0.3%	1,776,727	\$250,000,000	AA+	Aaa	OK
International Bank of Recon and Development	0.7%	3,699,092	\$250,000,000	AAA	Aaa	OK
International American Development Bank	0.4%	2,167,697	\$250,000,000	AAA	Aaa	OK
New York City	0.5%	2,669,818	10%	AA	Aa2	OK
Asian Development Bank	0.4%	2,209,518	\$250,000,000	AAA	Aaa	OK
African Development Bank	0.1%	704,191	\$250,000,000	AAA	Aaa	OK
Tennessee State	0.2%	980,310	10%	AAA	Aaa	OK
New York State	0.1%	812,569	10%	AA+	Aa1	OK
Small Business Administration	0.1%	476,483	100%	AA+	Aaa	OK
Ginnie Mae	0.0%	142,363	100%	AA+	Aaa	OK
NY State Dorm Authority	0.1%	306,986	10%	AA+	NR	OK

## Notes:

1. For informational/analytical purposes only and is not provided for compliance assurance. Subject to interpretation as derived from our interpretation of your Investment Policy as provided
2. BPCA's investment guidelines do not detail sector limits for commercial paper, supranationals, or Government MBS.
3. Commercial paper issuer limits are subject to the lesser of 5% or \$250 million per issuer.
4. Actual (\$) include market value plus accrued interest.
5. Bolded Issuers are new additions to the portfolio.

# Change in Value – Total Return Accounts

Account Name	Beginning Period Value <sup>1</sup>	(+/-)	Net Transfers <sup>2</sup>	(+/-)	Change in Value	=	Ending Period Value <sup>1</sup>
<b>Longer Term Investment Strategy</b>							
2003 Reserve Fund	\$33,748,535		(\$395,626)		\$603		\$33,353,512
BPCPC Operating Reserve Contingency	\$7,178,451		(\$0)		(\$109,120)		\$7,069,331
Insurance Fund	\$5,929,267		(\$0)		(\$49,829)		\$5,879,438
Operating Budget Reserve	\$24,623,112		\$0		(\$144,378)		\$24,478,734
BPCA Other Post-Employment Benefits	\$40,598,231		\$0		(\$454,909)		\$40,143,323
<b>Subtotal</b>	<b>\$112,077,597</b>		<b>(\$395,626)</b>		<b>(\$757,633)</b>		<b>\$110,924,338</b>
<b>Shorter Term Investment Strategy</b>							
2003 Pledged Revenue	\$72,088,687		\$108,100,903		\$6,620,460		\$186,810,051
2003 Project Operating Fund	\$10,932,084		(\$50,000)		\$79,548		\$10,961,633
<b>Subtotal</b>	<b>\$83,020,771</b>		<b>\$108,050,903</b>		<b>\$6,700,009</b>		<b>\$197,771,683</b>
<b>Total</b>	<b>\$195,098,368</b>		<b>\$107,655,277</b>		<b>\$5,942,375</b>		<b>\$308,696,021</b>

Notes:

1. Beginning Period Value is as of April 30, 2023 and Ending Period Value is as of July 31, 2023. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers are the total cash flows in and out of each account that occurred during the quarter.

# Change in Value – Other BPCA Accounts

Account Name	Beginning Period Value <sup>1</sup>	(+/-)	Net Transfers <sup>2</sup>	(+/-)	Change in Value	=	Ending Period Value <sup>1</sup>
<b>PFM Asset Management Accounts</b>							
Corporate Funds	\$3,709,967		\$0		\$46,389		\$3,756,356
2000 Arbitrage Rebate	\$859,846		\$0		\$10,203		\$870,048
Unpledged Revenue	\$9,502,687		\$1,633,736		\$821,233		\$11,957,656
2003 Residual Fund	\$172,273,312		(\$170,424,657)		\$838,620		\$2,687,275
Joint Purpose Fund	\$86,112,722		\$0		\$1,042,688		\$87,155,410
Special Fund	\$993,841		\$0		\$11,682		\$1,005,522
BPCPC Operating Reserve	\$0		\$0		\$0		\$0
BPCA Goldman Sachs Liberty Contribution Fund	\$1,438		\$0		\$0		\$1,438
BPCA Series 2009A Project Costs	\$0		\$0		\$0		\$0
BPCA2013ACDE Proj Cost Sub AC	\$9,284,630		(\$4,408,211)		\$41,853		\$4,918,272
BPCA Pier A Reserve Fund	\$1,458,073		\$7,399		\$17,963		\$1,483,435
BPCA 2019A Comm Ctr SB Proj	\$102		\$0		\$0		\$102
BPCA 2019A Sustainable Proj	\$21,250,007		(\$5,875,959)		(\$3,150,517)		\$12,223,531
BPCA 2019ABCDE COI	\$5,628		\$0		\$0		\$5,628
BPCA 2019BDE Project	\$6,278,036		(\$2,000,000)		\$59,530		\$4,337,566
BPCA 2019C Pier A SB Proj	\$3,651,109		(\$81,168)		\$44,088		\$3,614,029
<b>Subtotal</b>	<b>\$315,381,397</b>		<b>(\$181,148,860)</b>		<b>(\$216,269)</b>		<b>\$134,016,269</b>

Notes:

1. Beginning Period Value is as of April 30, 2023 and Ending Period Value is as of July 31, 2023. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers are the total cash flows in and out of each account that occurred during the quarter.

# Change in Value – Other BPCA Accounts

Account Name	Beginning Period Value <sup>1</sup>	(+/-)	Net Transfers <sup>2</sup>	(+/-)	Change in Value	=	Ending Period Value <sup>1</sup>
<b>Ramirez Asset Management Accounts</b>							
Liberty Terr Mariners Cove-K	\$311,828		\$0		\$3,895		315,723.26
Liberty House Mariners J	\$255,091		\$0		\$3,187		\$258,278
Rector Park L	\$35,498		\$0		\$435		\$35,934
Hudson View W Towers G	\$179,587		\$0		\$2,245		\$181,832
Hudson Towers E/F	\$218,410		\$0		\$2,728		\$221,139
Hudson View Towers C	\$192,787		\$0		\$2,406		\$195,193
Liberty Ct Mariners Cove B	\$636,812		\$0		\$7,973		\$644,785
Millenium	\$3,844,693		\$0		\$48,151		\$3,892,844
Liberty Battery Place Assoc 4	\$459,165		\$0		\$5,743		\$464,908
South Cove Assoc 11	\$416,992		\$0		\$5,220		\$422,212
Soundings Rector Park A	\$223,159		\$0		\$2,790		\$225,949
The Regatta Site 10	\$509,113		\$0		\$6,374		\$515,487
2003 Debt Service Junior Payments	\$32,680,962		(\$4,475,139)		\$294,915		\$28,500,737
2003 Debt Service Senior Payments	\$69,889,249		\$9,114,711		(\$17,615,900)		\$61,388,059
BPCA Millenium Tower Security Fund 2A	\$3,210,641		\$0		\$40,204		\$3,250,845
BPCA S 16/17 Riverhouse Security Fund	\$6,821,844		\$0		\$85,430		\$6,907,275
BPCA Visionaire Security Fund	\$4,154,243		\$0		\$52,022		\$4,206,265
BPCA One Rector Park Security Fund	\$1,019,531		\$0		\$12,761		\$1,032,292
BPCA Rector Square Security Fund Site D	\$234,776		\$0		\$2,938		\$237,714
BPCA WFC Tower C Retail Rent Escrow	\$264,714		\$0		\$3,310		\$268,024
BPCA River & Warren Sec Fund - Site 19A	\$6,282,913		\$0		\$78,683		\$6,361,596
BPCA North Cove Marina Security Fund	\$54,337		\$0		\$671		\$55,008
<b>Subtotal</b>	<b>\$131,896,344</b>		<b>\$4,639,571</b>		<b>(\$16,953,819)</b>		<b>\$119,582,097</b>

Notes:

1. Beginning Period Value is as of April 30, 2023 and Ending Period Value is as of July 31, 2023. Beginning Period Value and Ending Period Value equal market values of portfolio holdings plus accrued interest and cash.
2. Net Transfers are the total cash flows in and out of each account that occurred during the quarter.

## II. Summary of Aggregate Portfolio



# Aggregate Portfolio Issuer Breakdown

## Issuer Breakdown

Security Type	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
<b>United States Treasury<sup>2</sup></b>					
U.S. Treasury	\$504,396,540	89.7%	\$533,828,898	83.1%	(5.5%)
Ginnie Mae	\$142,363	0.0%	\$429,338	0.1%	(66.8%)
Small Business Administration	\$476,483	0.1%	\$646,323	0.1%	(26.3%)
<b>Federal Agencies and Instrumentalities<sup>2,3</sup></b>					
Freddie Mac	\$32,003	0.0%	\$25,088,501	3.9%	(99.9%)
Fannie Mae	\$1,776,727	0.3%	\$17,697,203	2.8%	(90.0%)
International Bank of Recon and Development	\$3,699,092	0.7%	\$5,079,016	0.8%	(27.2%)
International American Development Bank	\$2,167,697	0.4%	\$3,631,541	0.6%	(40.3%)
Asian Development Bank	\$2,209,518	0.4%	\$3,108,487	0.5%	(28.9%)
African Development Bank	\$704,191	0.1%	\$1,171,245	0.2%	(39.9%)
<b>Municipal Issuers<sup>2</sup></b>					
New York City	\$2,669,818	0.5%	\$3,465,197	0.5%	(23.0%)
NY State Dorm Authority	\$306,986	0.1%	\$381,175	0.1%	(19.5%)
New York State	\$812,569	0.1%	\$802,324	0.1%	1.3%
Tennessee State	\$987,945	0.2%	\$980,310	0.2%	0.8%
<b>Cash</b>					
Cash	\$41,912,453	7.5%	\$22,097,042	3.4%	89.7%
<b>TOTAL</b>	<b>\$562,294,386</b>	<b>100.0%</b>	<b>\$642,376,110</b>	<b>100.0%</b>	

### Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Pursuant to the Authority's Investment Policy, investments in obligations other than those backed by the full faith and credit of the U.S. Government are limited to the following: (1) Federal Agencies - \$250 million per issuer, (2) Commercial Paper - the lesser of 5% or \$250 million per issuer, (3) Bankers' Acceptances - the lesser of 5% or \$250 million per issuer and (4) Municipal Bonds - 10%.
- Federal Agencies and Instrumentalities includes Mortgage-Backed Securities.

# Portfolio Value – Total Return Accounts

	July 31, 2023			April 30, 2023			
	Total Market Value <sup>1</sup>	Effective Duration	% of Total Portfolio	Total Market Value <sup>1</sup>	Effective Duration	% of Total Portfolio	QoQ % Change
<b>Longer Term Investment Strategy</b>							
2003 Reserve Fund	\$33,353,512	0.00	5.9%	\$33,748,535	2.14	5.3%	-1.2%
BPCPC Operating Reserve Contingency	\$7,069,331	3.46	1.3%	\$7,178,451	3.13	1.1%	-1.5%
Insurance Fund	\$5,879,438	2.60	1.0%	\$5,929,267	3.09	0.9%	-0.8%
Operating Budget Reserve	\$24,478,734	2.28	4.4%	\$24,623,112	2.87	3.8%	-0.6%
BPCA Other Post-Employment Benefits	\$40,143,323	3.07	7.1%	\$40,598,231	3.48	6.3%	-1.1%
<b>Subtotal Longer Term Investment Strategy</b>	<b>\$110,924,338</b>	<b>1.98</b>	<b>19.7%</b>	<b>\$112,077,597</b>	<b>2.90</b>	<b>17.4%</b>	<b>-1.0%</b>
<b>Short Term Investment Strategy</b>							
2003 Pledged Revenue	\$186,810,051	0.19	33.2%	\$72,088,687	0.02	11.2%	159.1%
2003 Project Operating Fund	\$10,961,633	0.00	1.9%	\$10,932,084	0.02	1.7%	0.3%
<b>Subtotal Short Term Investment Strategy</b>	<b>\$197,771,683</b>	<b>0.18</b>	<b>35.2%</b>	<b>\$83,020,771</b>	<b>0.02</b>	<b>12.9%</b>	<b>138.2%</b>
<b>Subtotal of Total Return Accounts</b>	<b>\$308,696,021</b>	<b>0.82</b>	<b>54.9%</b>	<b>\$195,098,368</b>	<b>1.68</b>	<b>30.4%</b>	<b>58.2%</b>

Notes:

1. "Total Market Value" includes accrued interest and cash balances held at the bank.

# Portfolio Value – Other BPCA Accounts

PFM Asset Management Accounts	July 31, 2023			April 30, 2023			QoQ % Change
	Total Market Value	Effective Duration	% of Total Portfolio	Market Value <sup>1</sup>	Effective Duration	% of Total Portfolio	
Corporate Funds	\$3,756,356	0.00	0.7%	\$3,709,967	0.17	0.6%	1.3%
2000 Arbitrage Rebate	\$870,048	0.00	0.2%	\$859,846	0.07	0.1%	1.2%
Unpledged Revenue	\$11,957,656	0.13	2.1%	\$9,502,687	0.00	1.5%	25.8%
2003 Residual Fund	\$2,687,275	0.00	0.5%	\$172,273,312	0.04	26.8%	(98.4%)
Joint Purpose Fund	\$87,155,410	0.00	15.5%	\$86,112,722	0.00	13.4%	1.2%
Special Fund	\$1,005,522	0.00	0.2%	\$993,841	0.07	0.2%	1.2%
BPCPC Operating Reserve	\$0	0.00	0.0%	\$0	0.48	0.0%	-
BPCA Goldman Sachs Liberty Contribution Fund	\$1,438	0.00	0.0%	\$1,438	0.00	0.0%	-
BPCA Series 2009A Project Costs	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA Series 2009B Project Costs	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA Pier A Construction Escrow	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA Insurance Advance	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA2013ACDE COI SUB AC	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA2013B COI SUB AC	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA2013ACDE PROJ COST SUB AC	\$4,918,272	0.00	0.9%	\$9,284,630	0.08	1.4%	(47.0%)
BPCA2013B PROJ COSTS SUB AC	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA PIER A RESERVE FUND	\$1,483,435	0.00	0.3%	\$1,458,073	0.02	0.2%	1.7%
BPCA SUBORDINATED PAYMENT ACCOUNT	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA 2019A Comm Ctr SB Proj	\$102	0.00	0.0%	\$102	0.00	0.0%	-
BPCA 2019A Sustainable Proj	\$12,223,531	0.00	2.2%	\$21,250,007	0.01	3.3%	(42.5%)
BPCA 2019ABCDE COI	\$5,628	0.00	0.0%	\$5,628	0.00	0.0%	-
BPCA 2019BDE Project	\$4,337,566	0.00	0.8%	\$6,278,036	0.03	1.0%	(30.9%)
BPCA 2019C Pier A SB Proj	\$3,614,029	0.00	0.6%	\$3,651,109	0.03	0.6%	(1.0%)
<b>Subtotal PFM Asset Management Accounts</b>	<b>\$134,016,269</b>	<b>0.01</b>	<b>23.8%</b>	<b>\$315,381,397</b>	<b>0.03</b>	<b>56.1%</b>	<b>-57.5%</b>

Notes:

1. "Total Market Value" includes accrued interest and cash balances held at the bank.



# Portfolio Value – Other BPCA Accounts

RAM Managed Accounts	July 31, 2023			April 30, 2023			
	Total Market Value	Effective Duration	% of Total Portfolio	Market Value <sup>1</sup>	Effective Duration	% of Total Portfolio	QoQ % Change
Liberty Terr Mariners Cove-K	\$315,723	0.43	0.1%	\$311,828	0.44	0.0%	1.2%
Liberty House Mariners J	\$258,278	0.43	0.0%	\$255,091	0.44	0.0%	1.2%
Rector Park L	\$35,934	0.43	0.0%	\$35,498	0.44	0.0%	1.2%
Hudson View W Towers G	\$181,832	0.43	0.0%	\$179,587	0.44	0.0%	1.2%
Hudson Towers E/F	\$221,139	0.43	0.0%	\$218,410	0.44	0.0%	1.2%
Hudson View Towers C	\$195,193	0.43	0.0%	\$192,787	0.44	0.0%	1.2%
Liberty Ct Mariners Cove B	\$644,785	0.43	0.1%	\$636,812	0.44	0.1%	1.3%
Millenium	\$3,892,844	0.43	0.7%	\$3,844,693	0.44	0.6%	1.3%
Liberty Battery Place Assoc 4	\$464,908	0.43	0.1%	\$459,165	0.44	0.1%	1.3%
South Cove Assoc 11	\$422,212	0.43	0.1%	\$416,992	0.44	0.1%	1.3%
Soundings Rector Park A	\$225,949	0.43	0.0%	\$223,159	0.44	0.0%	1.3%
The Regatta Site 10	\$515,487	0.43	0.1%	\$509,113	0.44	0.1%	1.3%
2003 Debt Service Junior Payments	\$28,500,737	0.43	5.1%	\$32,680,962	0.11	5.1%	(12.8%)
2003 Debt Service Senior Payments	\$61,388,059	0.57	10.9%	\$69,889,249	0.24	10.9%	(12.2%)
BPCA Millenium Tower Security Fund 2A	\$3,250,845	0.43	0.6%	\$3,210,641	0.44	0.5%	1.3%
BPCA S 16/17 Riverhouse Security Fund	\$6,907,275	0.43	1.2%	\$6,821,844	0.44	1.1%	1.3%
BPCA Visionaire Security Fund	\$4,206,265	0.43	0.7%	\$4,154,243	0.44	0.6%	1.3%
BPCA Pier A Security Deposit Account	\$0	0.00	0.0%	\$0	0.00	0.0%	-
BPCA One Rector Park Security Fund	\$1,032,292	0.43	0.2%	\$1,019,531	0.44	0.2%	1.3%
BPCA Rector Square Security Fund Site D	\$237,714	0.43	0.0%	\$234,776	0.44	0.0%	1.3%
BPCA WFC TOWER C RETAIL RENT ESCROW	\$268,024	0.43	0.0%	\$264,714	0.44	0.0%	1.3%
BPCA RIVER & WARREN SEC FUND - SITE 19A	\$6,361,596	0.43	1.1%	\$6,282,913	0.44	1.0%	1.3%
BPCA NORTH COVE MARINA SECURITY FUND	\$55,008	0.43	0.0%	\$54,337	0.44	0.0%	1.2%
<b>Subtotal of RAM Managed Accounts</b>	<b>\$119,582,097</b>	<b>0.50</b>	<b>21.3%</b>	<b>\$131,896,344</b>	<b>0.25</b>	<b>0.21</b>	<b>-9.3%</b>
<b>Subtotal of Other BPCA Accounts</b>	<b>\$253,598,366</b>	<b>0.24</b>	<b>45.1%</b>	<b>\$447,277,742</b>	<b>0.09</b>	<b>69.6%</b>	<b>-43.3%</b>

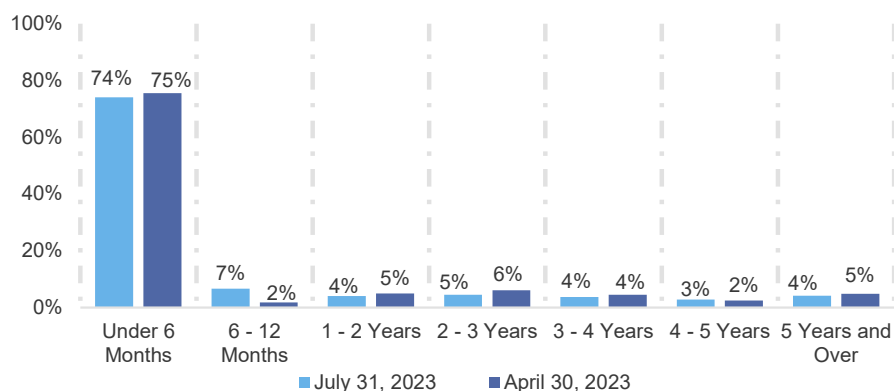
## Notes:

1. "Total Market Value" includes accrued interest and cash balances held at the bank.
2. Highlighted funds are managed by Ramirez Asset Management ("RAM"). Market values for these funds are provided by RAM.

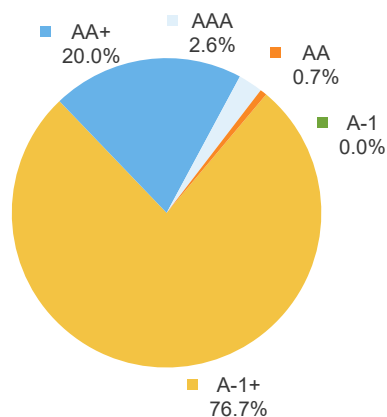
# Aggregate Portfolio Summary: PFM Asset Management

Security Type <sup>1</sup>	July 31, 2023	% of Advisor	% of Total Portfolio	Effective Duration	April 30, 2023	% of Advisor	% of Total Portfolio	Effective Duration	QoQ Change (% of Advisor)
U.S. Treasuries	\$427,398,498	96.5%	76.0%	0.54	\$424,236,621	83.4%	68.4%	0.71	0.7%
Federal Agencies and Instrumentalities (non-MBS)	\$10,403,769	2.4%	1.9%	1.47	\$78,382,816	15.4%	12.6%	0.35	(86.7%)
Commercial Paper	\$0	0.0%	0.0%	0.00	\$0	0.0%	0.0%	0.00	-
Municipals	\$3,789,374	0.9%	0.7%	1.70	\$4,648,695	0.9%	0.7%	2.10	(18.5%)
Government MBS <sup>2</sup>	\$786,600	0.2%	0.1%	2.86	\$1,420,272	0.3%	0.2%	2.84	(44.6%)
Cash	\$334,048	0.1%	0.1%	0.00	\$131,009	0.0%	0.0%	0.00	155.0%
<b>Totals</b>	<b>\$442,712,289</b>	<b>100%</b>	<b>78.7%</b>	<b>0.58</b>	<b>\$508,819,414</b>	<b>100.0%</b>	<b>82.0%</b>	<b>0.67</b>	

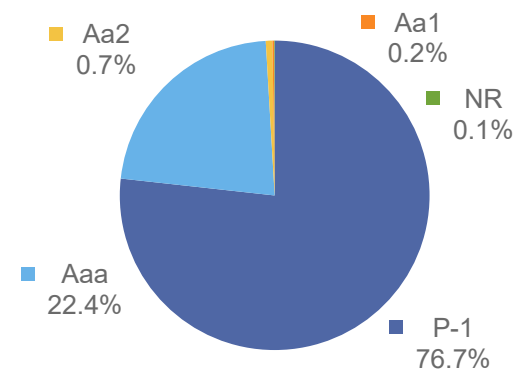
**Maturity Distribution  
as of 7/31/2023**



**Credit Quality (S&P)  
as of 7/31/2023**



**Credit Quality (Moody's)  
as of 7/31/2023**



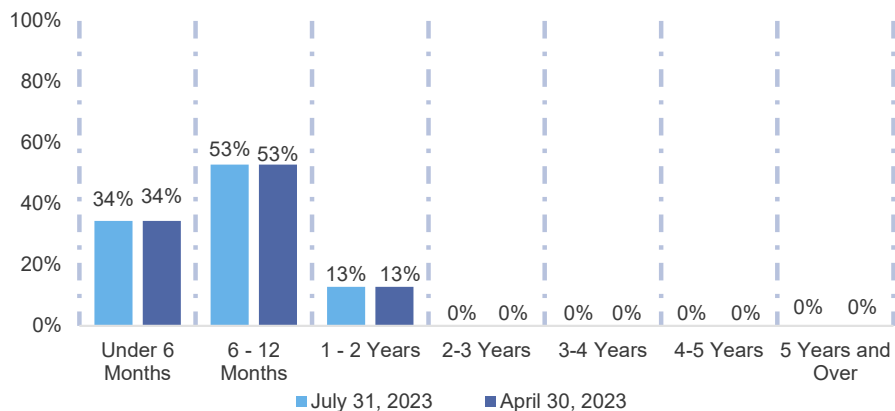
**Notes:**

1. Market Value includes accrued interest but does not include cash balances held at the bank.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.
3. NR holdings are not rated by S&P but rated by Moody's and are in compliance with BPCA's investment policy.

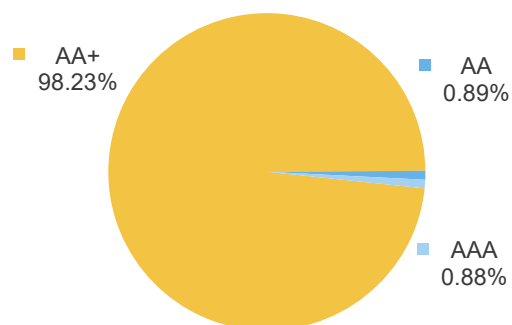
# Aggregate Portfolio Summary: Ramirez Asset Management

Security Type <sup>1</sup>	July 31, 2023	% of Advisor	% of Total Portfolio	Effective Duration	April 30, 2023	% of Advisor	% of Total Portfolio	Effective Duration	QoQ Change (% of Advisor)
U.S. Treasuries	\$76,998,042	64.4%	13.7%	0.48	\$109,592,277	83.1%	17.7%	0.48	(29.7%)
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	0.0%	0.00	\$0	0.0%	0.0%	0.00	-
Commercial Paper	\$0	0.0%	0.0%	0.00	\$0	0.0%	0.0%	0.00	-
Municipals	\$987,945	0.8%	0.2%	0.25	\$1,978,882	1.5%	0.3%	0.30	(50.1%)
Government MBS <sup>2</sup>	\$17,705	0.0%	0.0%	1.37	\$19,504	0.0%	0.0%	1.46	(9.2%)
Cash	\$41,578,405	34.8%	7.4%	0.00	\$20,305,682	15.4%	3.3%	0.00	104.8%
<b>Totals</b>	<b>\$119,582,097</b>	<b>100%</b>	<b>21.3%</b>	<b>0.31</b>	<b>\$131,896,344</b>	<b>100.0%</b>	<b>21.3%</b>	<b>0.40</b>	

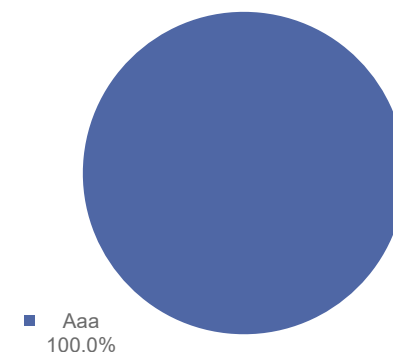
**Maturity Distribution  
as of 7/31/2023**



**Credit Quality (S&P)  
as of 7/31/2023**



**Credit Quality (Moody's)  
as of 7/31/2023**



**Notes:**

1. Market Value includes accrued interest but does not include cash balances held at the bank.
2. Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# Portfolio Earnings – PFMAM-Managed Accounts

## Portfolio Earnings Quarter-Ended July 31, 2023

	<u>Market Value Basis <sup>3</sup></u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value - April 2023 <sup>1</sup>	\$502,152,364	\$507,917,635
Net Purchases (Sales)	(\$68,793,877)	(\$68,793,877)
Change in Value	\$8,642,609	\$8,645,981
Ending Value - July 2023 <sup>1</sup>	\$442,001,095	\$447,769,738
Net Income <sup>2</sup>	\$570,611	\$570,611
Portfolio Earnings	\$9,213,220	\$9,216,592

Notes:

1. Beginning and ending Values exclude accrued income and cash balances at the bank.
2. Interest earned includes coupon income paid, change in beginning and ending accruals, and purchased/sold accrued interest.
3. A negative change in market value does not mean a realized loss. Losses are not realized until security/securities are sold.

# Portfolio Earnings – Ramirez-Managed Accounts

## Portfolio Earnings Quarter-Ended July 31, 2023

	<u>Market Value Basis <sup>1, 4</sup></u>	<u>Accrual (Amortized Cost) Basis <sup>2</sup></u>
Beginning Value - January 2023	\$111,468,717	\$110,557,501
Net Purchases (Sales)	(\$34,444,273)	(\$34,444,273)
Change in Value	\$677,096	\$1,207,591
Ending Value -April 2023	\$77,701,539	\$77,320,819
Net Income <sup>3</sup>	\$605,324	\$605,324
Portfolio Earnings	\$1,282,420	\$1,812,915

Notes:

1. Underlying data for Market Value Basis supplied by Advent APX, values exclude accrued income and cash balances at the bank.
2. Accrual (Amortized Cost) Basis data provided by custodian, BNY-Mellon.
3. Net Income includes coupon income paid, change in beginning and ending accruals, and purchased/sold accrued interest.
4. A negative change in market value does not mean a realized loss. Losses are not realized until security/securities are sold.

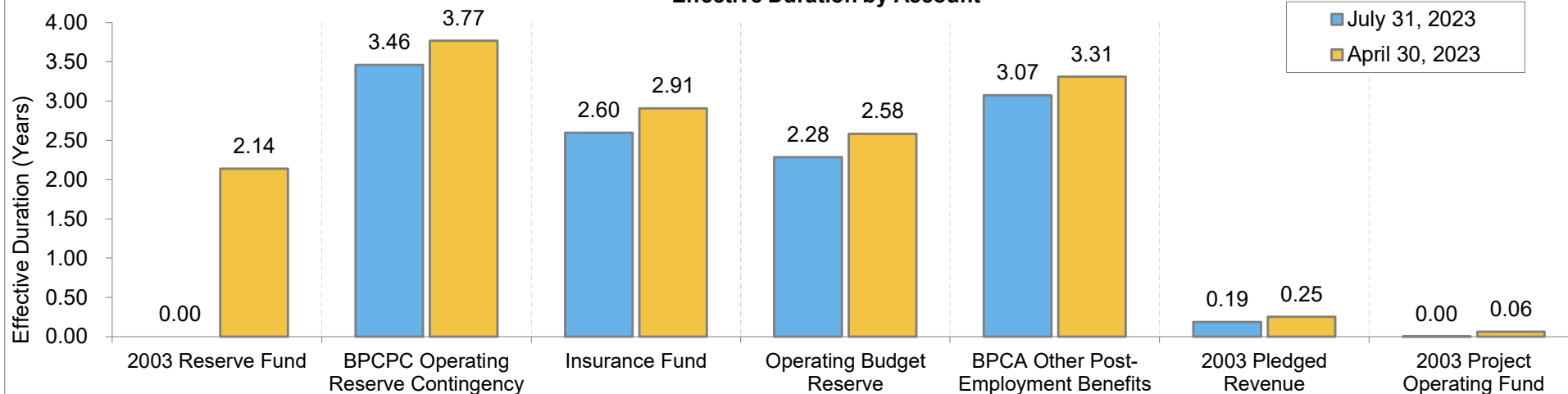
# **III. Total Return Performance Attributes**



# Total Return Portfolio Attributes

	Effective Duration (in years)		Yield To Maturity - At Market		Yield To Maturity - On Cost	
	July 31, 2023	April 30, 2023	July 31, 2023	April 30, 2023	July 31, 2023	April 30, 2023
<b>Longer Term Investment Strategy</b>						
2003 Reserve Fund	0.00	2.14	5.25%	4.19%	1.33%	1.33%
BPCPC Operating Reserve Contingency	3.46	3.77	4.46%	3.75%	1.40%	1.40%
Insurance Fund	2.60	2.91	4.67%	4.04%	1.72%	1.72%
Operating Budget Reserve	2.28	2.58	4.62%	4.08%	1.55%	1.55%
BPCA Other Post-Employment Benefits	3.07	3.31	4.69%	3.98%	1.77%	1.77%
<b>Short Term Investment Strategy</b>						
2003 Pledged Revenue	0.19	0.25	5.06%	4.93%	4.16%	4.16%
2003 Project Operating Fund	0.00	0.06	4.35%	4.58%	4.26%	4.26%

Effective Duration by Account



BPCPC Other Post Employment Benefits holdings were transferred and consolidated with BPCA Other Post Employment Benefits holdings on December 23, 2021

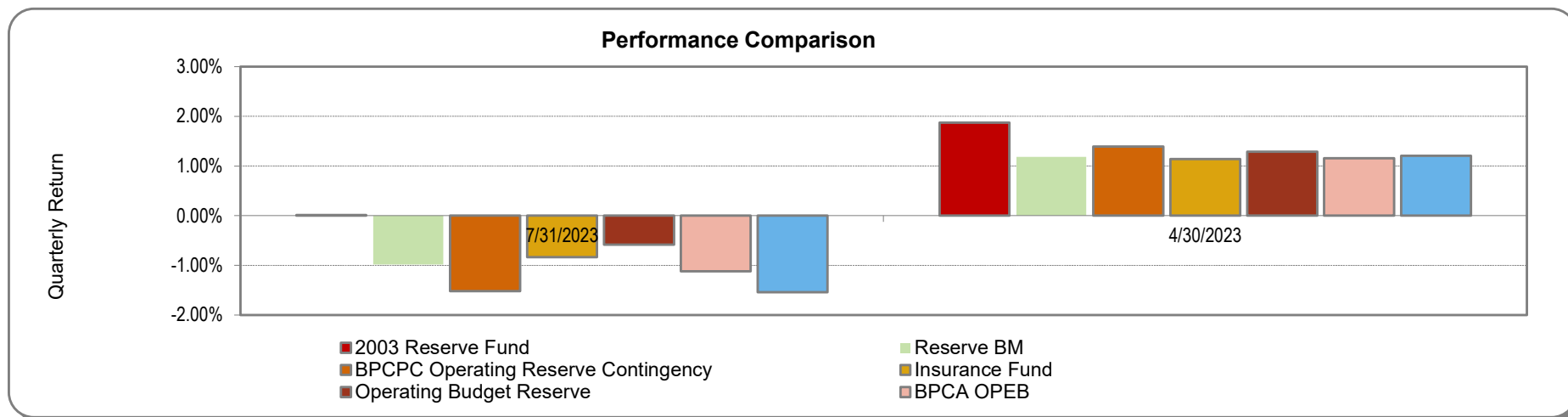
# **Portfolios Managed with a Longer-Term Investment Strategy**





# Longer-Term Investment Strategy

Total Return <sup>1,2,4,5</sup>	July 31, 2023	Annualized Quarter	Periodic Since Inception <sup>5</sup>	Annualized Since Inception
2003 Reserve Fund	0.01%	0.05%	55.16%	2.54%
<b>BM: BAML 1-5 Year US Treasury Note Index</b>	<b>(0.98%)</b>	<b>-3.84%</b>	<b>53.12%</b>	<b>2.46%</b>
BPCPC Operating Reserve Contingency Insurance Fund	(1.52%)	-5.90%	63.44%	2.85%
Operating Budget Reserve	(0.84%)	-3.29%	62.46%	2.81%
Operating Budget Reserve	(0.59%)	-2.31%	65.68%	2.93%
<b>BM: BAML 1-10 Year US Treasury Note Index</b>	<b>(1.54%)</b>	<b>-5.98%</b>	<b>56.82%</b>	<b>2.60%</b>
BPCA Other Post-Employment Benefits	(1.12%)	-4.37%	40.55%	2.22%
<b>BM: BAML 1-10 Year US Treasury Note Index</b>	<b>(1.54%)</b>	<b>-5.98%</b>	<b>35.92%</b>	<b>2.00%</b>
BPCPC Other Post-Employment Benefits	0.00%	0.00%	31.50%	2.05%
<b>BM: BAML 1-10 Year US Treasury Note Index</b>	<b>(1.54%)</b>	<b>-5.98%</b>	<b>25.16%</b>	<b>1.68%</b>

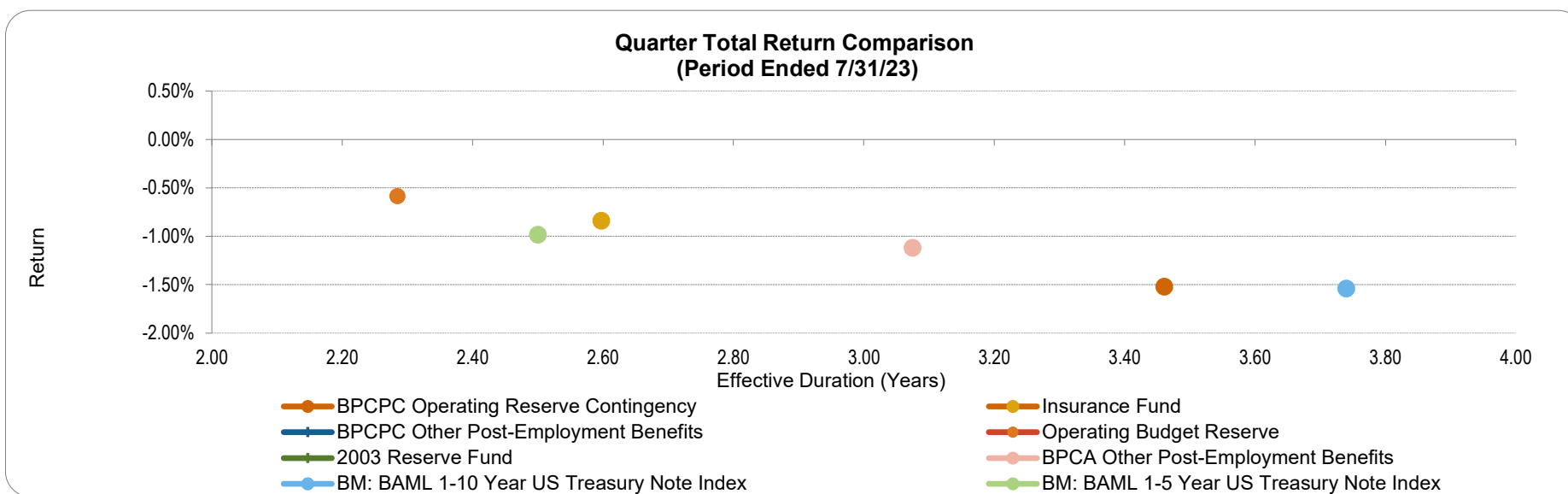


## Notes:

- Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
- 2003 Reserve Fund, Operating Budget Reserve, Insurance Fund, and the Operating Reserve Contingency Funds temporarily suspended their investment strategies from June 2019 to December 2019 due to 2019 bond funding.
- Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
- Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
- Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
- Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present. For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.
- BPCPC Other Post Employment Benefits holdings were transferred and consolidated with BPCA Other Post Employment Benefits holdings on December 23, 2021

# Longer Term Investment Strategy

Effective Duration (in years) <sup>3</sup>	July 31, 2023	April 30, 2023
2003 Reserve Fund	0.00	2.14
<b>BM: BAML 1-5 Year US Treasury Note Index</b>	<b>2.50</b>	<b>2.52</b>
BPCPC Operating Reserve Contingency	3.46	3.77
Insurance Fund	2.60	2.91
Operating Budget Reserve	2.28	2.58
BPCA Other Post-Employment Benefits	3.07	3.31
BPCPC Other Post-Employment Benefits	0.00	0.00
<b>BM: BAML 1-10 Year US Treasury Note Index</b>	<b>3.74</b>	<b>3.73</b>



## Notes:

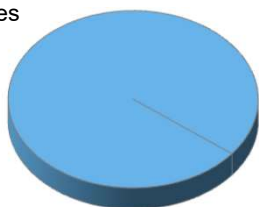
- Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
- 2003 Reserve Fund, Operating Budget Reserve, Insurance Fund, and the Operating Reserve Contingency Funds temporarily suspended their investment strategies from June 2019 to December 2019 due to 2019 bond funding.
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- Since inception performance for all portfolios other than 'BPCA Other Post Employment Benefits' and 'BPCPC Other Post Employment Benefits' is calculated from January 31, 2006 to present. For the 'Reserve Fund,' the inception of the BAML 1-5 Year Treasury Index as the performance benchmark is July 31, 2013. For prior periods, the BAML 1-10 Year Treasury Index was utilized. Since inception performance for the 'BPCA Other Post Employment Benefits' is calculated from January 31, 2008 to present. Since inception performance for the 'BPCPC Other Post Employment Benefits' is calculated from February 12, 2010 to present.
- BPCPC Other Post Employment Benefits holdings were transferred and consolidated with BPCA Other Post Employment Benefits holdings on December 23, 2021.

# 2003 Reserve Fund Portfolio

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
U.S. Treasuries	\$33,348,137	100.0%	\$28,252,801	83.7%	16.3%
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	\$3,996,409	11.8%	(11.8%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$0	0.0%	\$857,487	2.5%	(2.5%)
Government MBS	\$0	0.0%	\$552,575	1.6%	(1.6%)
Cash	\$5,374	0.0%	\$89,264	0.3%	(0.2%)
<b>Totals</b>	<b>\$33,353,512</b>	<b>100.0%</b>	<b>\$33,748,535</b>	<b>99.7%</b>	

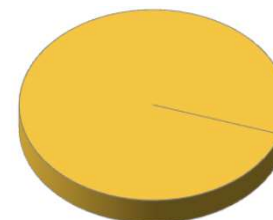
**Portfolio Composition  
as of 07/31/23**

■ U.S. Treasuries  
100.0%

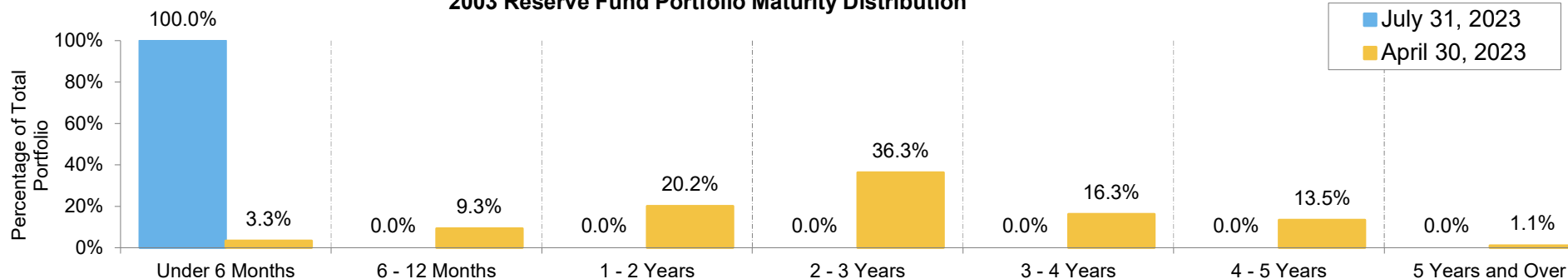


**Credit Quality Distribution  
as of 07/31/23**

■ A-1+ & A-1  
(Short-term),  
100.0%



**2003 Reserve Fund Portfolio Maturity Distribution**



**Notes:**

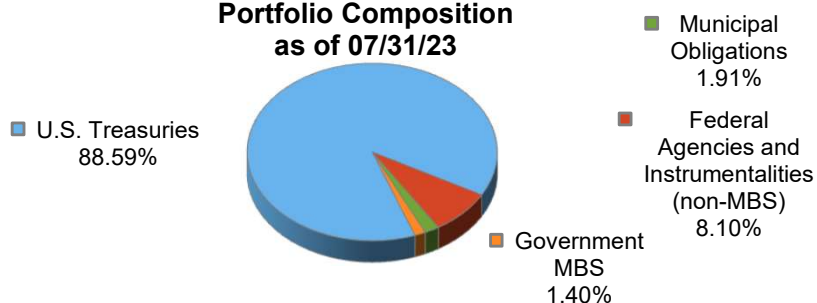
- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# BPCPC Operating Portfolio

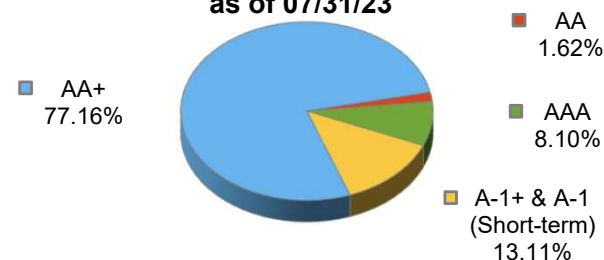
## BPCPC Operating Portfolio Composition, Credit Quality, and Maturity Characteristics

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
U.S. Treasuries	\$27,923,393	88.5%	\$28,009,086	88.1%	0.4%
Federal Agencies and Instrumentalities (non-MBS)	\$2,554,355	8.1%	\$2,674,501	8.4%	(0.3%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$602,530	1.9%	\$611,303	1.9%	(0.0%)
Government MBS	\$440,897	1.4%	\$482,870	1.5%	(0.1%)
Cash	\$26,890	0.1%	\$23,804	0.1%	0.0%
<b>Totals</b>	<b>\$31,548,065</b>	<b>100.0%</b>	<b>\$31,801,563</b>	<b>100.0%</b>	

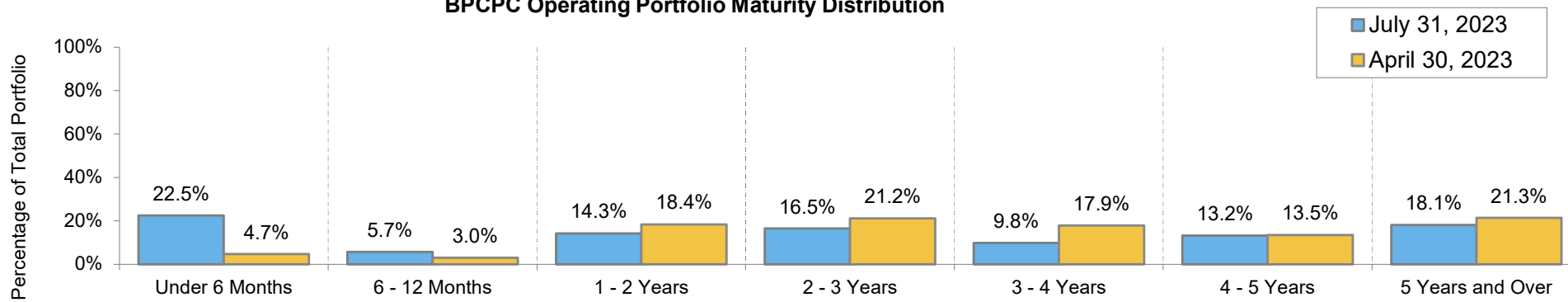
**Portfolio Composition  
as of 07/31/23**



**Credit Quality Distribution  
as of 07/31/23**



**BPCPC Operating Portfolio Maturity Distribution**



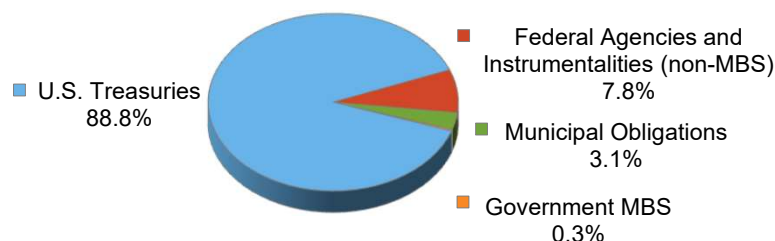
**Notes:**

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

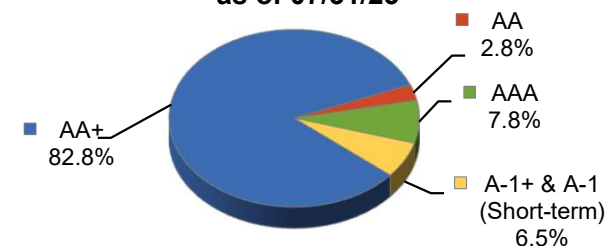
# Insurance Fund Portfolio

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
U.S. Treasuries	\$5,216,248	88.7%	\$5,200,664	87.7%	1.0%
Federal Agencies and Instrumentalities (non-MBS)	\$461,198	7.8%	\$525,209	8.9%	(1.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$181,704	3.1%	\$182,838	3.1%	0.0%
Government MBS	\$17,254	0.3%	\$18,940	0.3%	(0.0%)
Cash	\$3,035	0.1%	\$1,616	0.0%	0.0%
<b>Totals</b>	<b>\$5,879,438</b>	<b>100.0%</b>	<b>\$5,929,267</b>	<b>100.0%</b>	

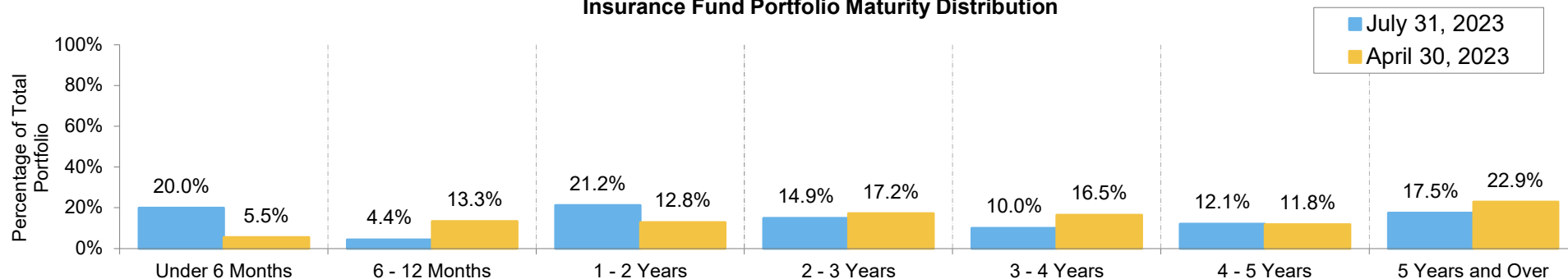
**Portfolio Composition  
as of 07/31/23**



**Credit Quality Distribution  
as of 07/31/23**



**Insurance Fund Portfolio Maturity Distribution**



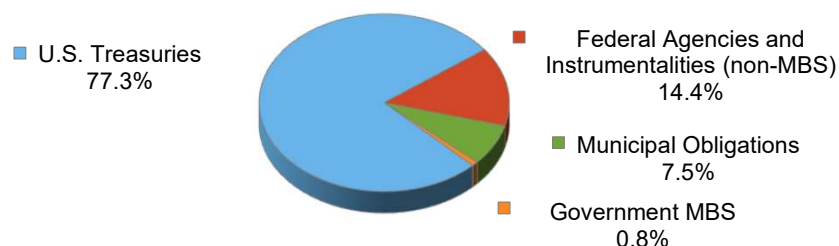
**Notes:**

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

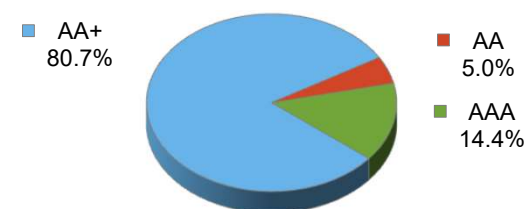
# BPCA OPEB Portfolio

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
U.S. Treasuries	\$30,999,731	77.2%	\$31,423,929	77.4%	(0.2%)
Federal Agencies and Instrumentalities (non-MBS)	\$5,764,945	14.4%	\$5,794,169	14.3%	0.1%
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$3,005,140	7.5%	\$2,997,066	7.4%	0.1%
Government MBS	\$328,450	0.8%	\$365,888	0.9%	(0.1%)
Cash	\$45,057	0.1%	\$17,178	0.0%	0.1%
<b>Totals</b>	<b>\$40,143,323</b>	<b>100.0%</b>	<b>\$40,598,231</b>	<b>100.0%</b>	

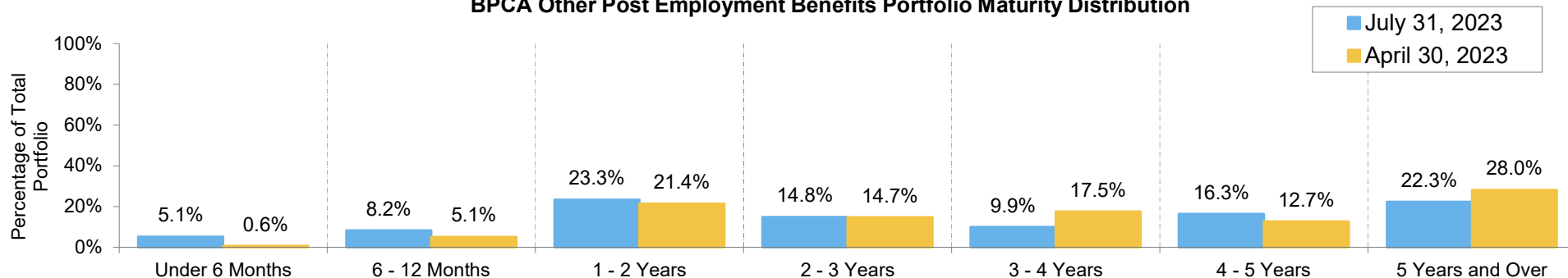
**Portfolio Composition  
as of 07/31/23**



**Credit Quality Distribution  
as of 07/31/23**



**BPCA Other Post Employment Benefits Portfolio Maturity Distribution**



**Notes:**

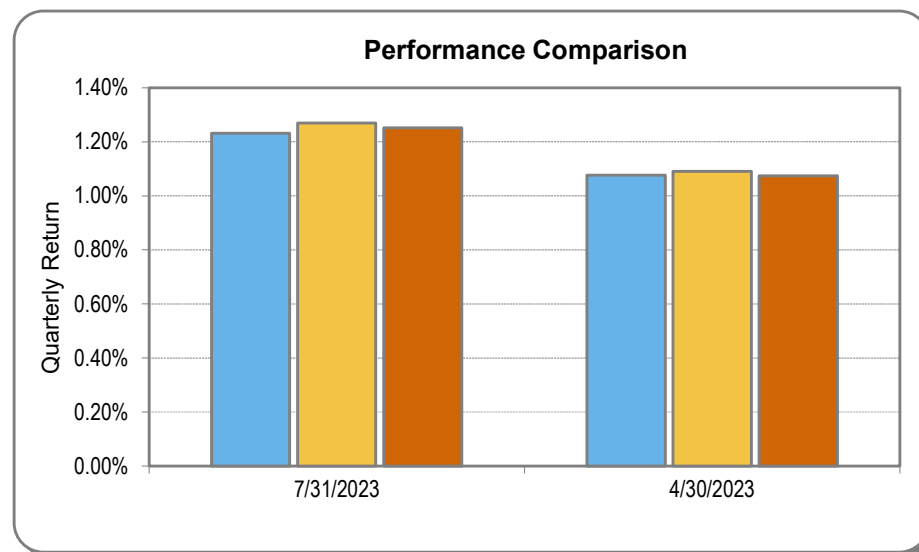
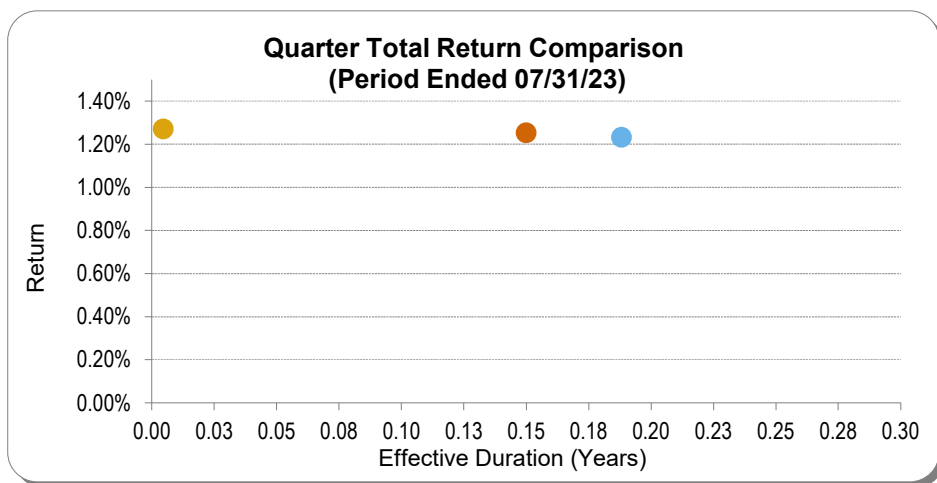
- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, and Small Business Administration MBS.
- NR holdings are not rated by S&P, but rated by Moody's and are in compliance with BPCA's investment policy.
- BPCPC Other Post Employment Benefits holdings were transferred and consolidated with BPCA Other Post Employment Benefits holdings on December 23, 2021

# **Portfolios Managed with a Shorter-Term Investment Strategy**



# Shorter-Term Investment Strategy

<b>Total Return<sup>1,2,4,5</sup></b>		<b>July 31, 2023</b>	<b>Annualized Since Inception</b>
■	2003 Pledged Revenue	<b>1.23%</b>	1.10%
■	2003 Project Operating Fund	<b>1.27%</b>	1.10%
■	<b>BM: BAML 3 Month US Treasury Bill Index</b>	<b>1.25%</b>	1.05%
<b>Effective Duration (in years)<sup>3</sup></b>		<b>July 31, 2023</b>	<b>April 30, 2023</b>
■	2003 Pledged Revenue	0.19	0.25
■	2003 Project Operating Fund	0.00	0.06
■	<b>BM: BAML 3-Month US Treasury Bill Index</b>	<b>0.15</b>	<b>0.16</b>



## Notes:

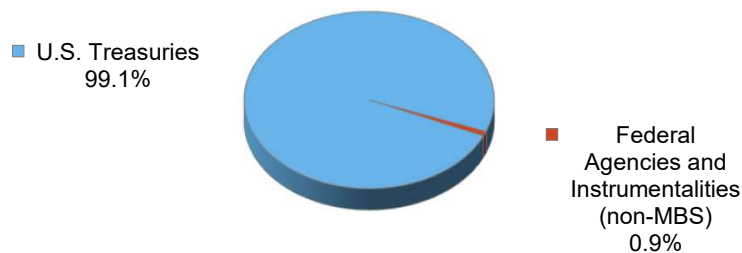
1. Performance on trade-date basis, gross-of-fees in accordance with the CFA Institute's Global Investment Performance Standards.
2. Bank of America/Merrill Lynch (BAML) indices provided by Bloomberg Financial Markets. The total returns shown for periods longer than a year are the annualized returns for the stated period.
3. Duration is the change in the value of a security that will result from a 1% change in interest rates, stated in years.
4. Periodic performance numbers are presented both as the periodic return and on an annualized basis. The annualized return assumes the periodic return is compounded at the same rate and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
5. Since inception performance is calculated from January 31, 2006 to present.



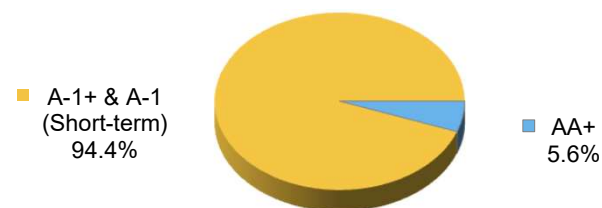
# 2003 Pledged Revenue

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
U.S. Treasuries	\$184,985,923	99.0%	\$57,778,701	80.1%	18.9%
Federal Agencies and Instrumentalities (non-MBS)	\$1,623,271	0.9%	\$14,269,560	19.8%	(18.9%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$0	0.0%	\$0	0.0%	0.0%
Government MBS	\$0	0.0%	\$0	0.0%	0.0%
Cash	\$200,856	0.1%	\$40,427	0.1%	0.1%
<b>Totals</b>	<b>\$186,810,051</b>	<b>100.0%</b>	<b>\$72,088,687</b>	<b>100.0%</b>	

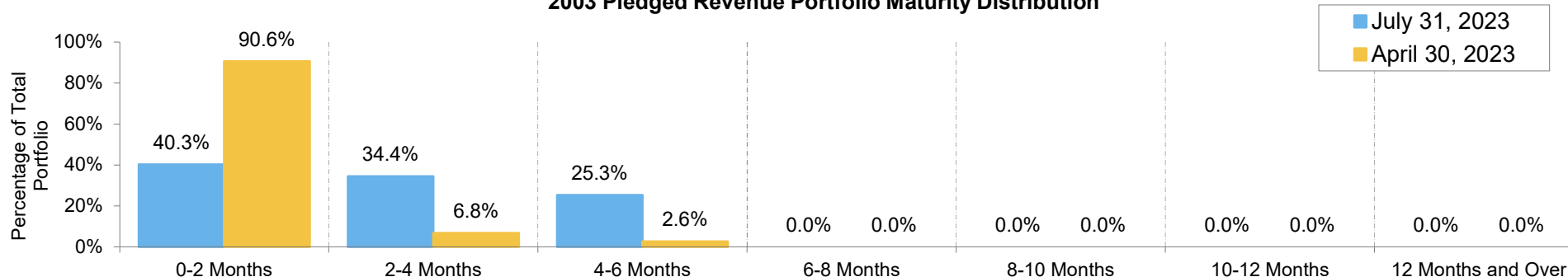
**Portfolio Composition  
as of 07/31/23**



**Credit Quality Distribution  
as of 07/31/23**



**2003 Pledged Revenue Portfolio Maturity Distribution**



**Notes:**

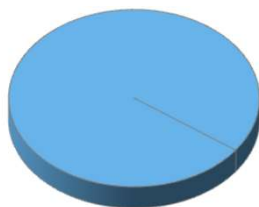
- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

# 2003 Project Operating Fund Portfolio

Security Type <sup>1</sup>	July 31, 2023	% of Portfolio	April 30, 2023	% of Portfolio	QoQ % Change
U.S. Treasuries	\$10,961,233	100.0%	\$6,125,410	56.0%	44.0%
Federal Agencies and Instrumentalities (non-MBS)	\$0	0.0%	\$4,804,905	44.0%	(44.0%)
Commercial Paper	\$0	0.0%	\$0	0.0%	0.0%
Municipal Obligations	\$0	0.0%	\$0	0.0%	0.0%
Government MBS	\$0	0.0%	\$0	0.0%	0.0%
Cash	\$399	0.0%	\$1,770	0.0%	(0.0%)
<b>Totals</b>	<b>\$10,961,633</b>	<b>100.0%</b>	<b>\$10,932,084</b>	<b>100.0%</b>	

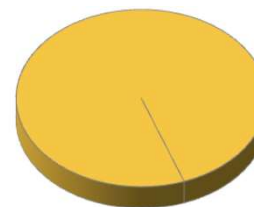
**Portfolio Composition  
as of 7/31/23**

■ U.S. Treasuries  
100%

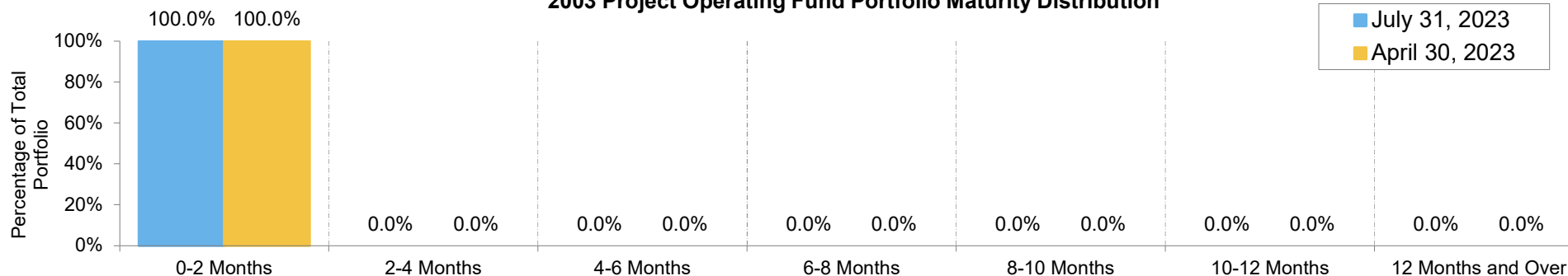


**Credit Quality Distribution  
as of 7/31/23**

■ A-1+ & A-1  
(Short-term)  
100.0%



**2003 Project Operating Fund Portfolio Maturity Distribution**



**Notes:**

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Government MBS includes Freddie Mac, Fannie Mae, Ginnie Mae, and Small Business Administration MBS.

## IV. Market Commentary



## Summary

- ▶ In Q2, U.S. economic conditions were characterized by a myriad of financial headlines: (1) investors contended with ongoing recession risks; (2) regional bank concerns; (3) the Federal Reserve's (Fed) historic pace of interest rate hikes; (4) stubbornly high inflation; and (5) a debt ceiling impasse in Washington.
- ▶ President Biden signed the bi-partisan debt ceiling bill, avoiding a much-publicized potential default and allowing the U.S. Treasury to fund its obligations. The bill suspends the debt ceiling until January 1, 2025 and included some spending cuts.
- ▶ U.S. inflation, as measured by the consumer price index (CPI), has fallen from 6.5% year-over-year (YoY) at the beginning of the year to just 3.2% as of July as monthly gains have moderated. Prices for energy, used cars and airlines fares have shown sharp declines over the past year. But, Core CPI, excluding food and energy prices, remained elevated at 4.7% YoY due to elevated prices for shelter, food, and medical services.
- ▶ The Fed followed up the two 25 basis point (bps) hikes in Q1 with one more 25 bp hike at the May meeting, bringing the overnight rate to a target range of 5% to 5.25%. At the June FOMC meeting, the Fed paused hiking, breaking the string of consecutive meetings with an increase at 10. The "hawkish pause" was accompanied by new Fed projections (the so called "dot plot") which indicated the expectation for two more 25 bp rate hikes in the remaining part of calendar year 2023, underscoring the Fed's vigilance in fighting inflationary pressures. At its July meeting, the Fed resumed hiking rates, with another 25 bp hike at the July meeting.

## Economic Snapshot

- ▶ Real gross domestic product (GDP) increased at an annual rate of 2.0% in the first quarter of 2023. The growth rate reflected increases in consumer spending, exports, government spending, and business fixed investment that were partly offset by decreases in private inventories and residential housing. Future growth expectations have been continually increased, with the median forecast reported by a Bloomberg survey of economists standing at 2.0% for Q2 as well.
- ▶ The U.S. labor market remained strong and tight in Q2. Over the second quarter, the U.S. economy added 732,000 new jobs. Although the pace of job gains has trended lower over the past two years, job creation remains elevated compared to pre-pandemic levels. The unemployment rate closed the quarter at 3.6%, very near its 50-year low of 3.4% reached in April. But, the strength of the labor market has moderated slightly, as weekly unemployment claims have risen, the number of job openings has fallen from record highs, and the labor force participation rate reached a post-pandemic high of 62.6%. Wage growth, measured by average hourly earnings, remains elevated at 4.4% YoY.
- ▶ In the housing sector, mortgage rates have been above 6% for the entire year, maintaining pressure on homebuyers. Homeowners appear reluctant to give up below-market mortgage rates, resulting in low sales inventory. As a result, existing home sales remain historically low, while new home sales to their highest level in more than a year.

## Interest Rates

- ▶ U.S. Treasuries, coming off one of the most volatile quarters in 15 years, posted firmly positive total returns as yields declined across the board. The ICE BofA 2-, 5- and 10-year U.S. Treasury indices returned -3.32%, -8.66% and 5.66%, respectively, for the second quarter.
- ▶ The yield on 3- and 12-month U.S. Treasury Bills finished the quarter at 5.42% and 5.39%, up 31 bps and 58 bps, respectively. Meanwhile, as markets digested the potential slower pace of Fed rate increases moving forward, the yield on the 3-, 5- and 10-year U.S. Treasury notes ended the quarter-end at 4.52%, 4.18%, and 3.96%, down 74 bps, down 64 bps and 51 bps, respectively.
- ▶ The yield curve remained steeply inverted, as the spread between the 3-month and 10-year U.S. Treasury yields ended the quarter at -146 bps. Only a handful of periods over the past 40 years has the curve reached this level of inversion, which has been a classic warning sign of a looming recession.

## Sector Performance

- ▶ Diversification away from U.S. Treasury securities was strongly additive to fixed-income performance during the second quarter as yield spreads across most sectors tightened. Although investors began the quarter with heightened concern about market volatility, recent bank failures, credit conditions and the looming debt ceiling impasse, sentiment eased during the quarter. That move to a more "risk on" mentality resulted in strong relative performance from spread sectors, like corporate, asset-backed and mortgage-backed securities.
- ▶ Investment-grade (IG) corporate spreads continued to retrace from their banking crisis wides but remain above longer-term averages. As spreads narrowed, the IG curve flattened resulting in longer durations performing better on a relative basis, as did lower quality issues. Although the spread between financials and industrials remains well above longer-term averages, financials outperformed in Q2 as their retracement from banking crisis wides was more significant.
- ▶ Asset-backed security (ABS) yield spreads also continued to retrace from mid-March wides, but not to the extent in corporates. Like IG credit, ABS was a positive contributor to performance during the quarter and excess returns were similar across both auto and credit card collateral.

## Interest Rate Overview

U.S. Treasury Note Yields



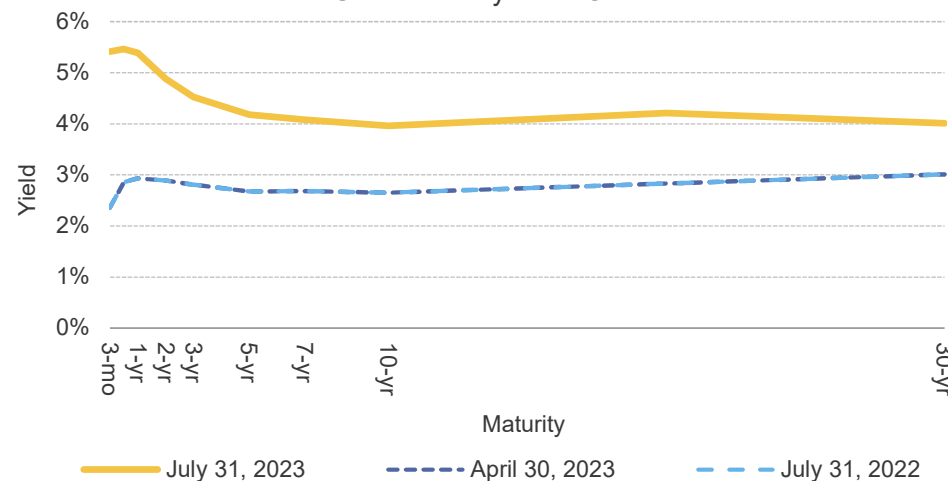
U.S. Treasury Yields

Maturity	Jul '23	Apr '23	Change over Quarter	Jul '22	Change over Year
3-month	5.42%	5.06%	0.36%	2.36%	3.06%
1-year	5.39%	4.76%	0.63%	2.94%	2.45%
2-year	4.88%	4.01%	0.87%	2.89%	1.99%
5-year	4.18%	3.49%	0.69%	2.68%	1.50%
10-year	3.96%	3.43%	0.53%	2.65%	1.31%
30-year	4.01%	3.68%	0.33%	3.01%	1.00%

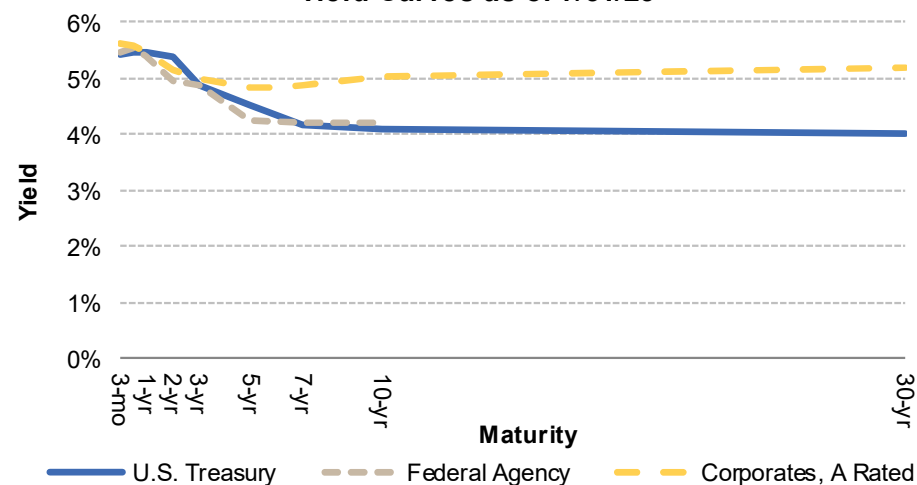
LIBOR Rates

Maturity	July '23	April '23	Change over Quarter	July '22	Change over Year
3-month	5.58%	5.25%	0.33%	2.61%	2.97%
1-year	N/A	5.32%	N/A	3.75%	N/A

U.S. Treasury Yield Curve



Yield Curves as of 7/31/23



Labor Market		Latest	Jul '23	Jul '22	
Unemployment Rate	Jul'23	3.5%	3.4%	3.5%	
Change In Non-Farm Payrolls	Jul'23	187,000	217,000	568,000	
Average Hourly Earnings (YoY)	Jul'23	4.4%	4.4%	5.4%	
Personal Income (YoY)	Jun'23	5.3%	5.5%	3.9%	
Initial Jobless Claims (week)	8/12/23	239,000	242,000	218,000	
Growth					
Real GDP (QoQ SAAR)	2023Q2	2.4%	2.0% <sup>1</sup>	-0.6% <sup>2</sup>	
GDP Personal Consumption (QoQ SAAR)	2023Q2	1.6%	4.2% <sup>1</sup>	2.0% <sup>2</sup>	
Retail Sales (YoY)	Jul'23	3.2%	1.3%	10.2%	
ISM Manufacturing Survey (month)	Jul'23	46.4	47.1	52.7	
Existing Home Sales SAAR (month)	Jun'23	4.16 mil.	4.29 mil.	4.88 mil.	
Inflation / Prices					
Personal Consumption Expenditures (YoY)	Jun'23	3.0%	4.3%	6.4%	
Consumer Price Index (YoY)	Jul'23	3.2%	4.9%	8.5%	
Consumer Price Index Core (YoY)	Jul'23	4.7%	5.5%	5.9%	
Crude Oil Futures (WTI, per barrel)	Jul 31	\$81.80	\$76.78	\$98.62	
Gold Futures (oz.)	Jul 31	\$1,971	\$1,999	\$1,763	

1. Data as of Second Quarter 2023

2. Data as of First Quarter 2023

Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

# ICE BofAML Index Returns

As of 7/31/2023

Returns for Periods ended 7/31/2023

July 31, 2023	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.81	4.97%	(0.47%)	0.15%	(0.96%)
Federal Agency	1.67	5.14%	(0.11%)	0.43%	(0.81%)
U.S. Corporates, A-AAA rated	1.87	5.54%	0.20%	1.19%	(0.40%)
Agency MBS (0 to 3 years)	2.03	5.24%	(0.11%)	(0.38%)	(2.00%)
Taxable Municipals	1.78	5.36%	(0.18%)	0.16%	0.53%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.56	4.72%	(0.98%)	(0.79%)	(1.74%)
Federal Agency	2.02	5.03%	(0.33%)	(0.27%)	(1.46%)
U.S. Corporates, A-AAA rated	2.62	5.44%	(3.75%)	(7.82%)	(0.98%)
Agency MBS (0 to 5 years)	3.15	5.08%	(0.55%)	(1.53%)	(2.38%)
Taxable Municipals	2.57	5.14%	(0.55%)	(0.25%)	(0.59%)
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	6.38	4.43%	(2.33%)	(4.44%)	(5.47%)
Federal Agency	3.32	4.88%	(0.79%)	(1.62%)	(2.65%)
U.S. Corporates, A-AAA rated	6.96	5.29%	(0.98%)	(2.09%)	(4.78%)
Agency MBS (0 to 30 years)	5.84	4.87%	(1.23%)	(4.75%)	(3.89%)
Taxable Municipals	9.19	5.15%	(2.43%)	(3.22%)	(5.53%)

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

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