City Council Special Meeting

Study Session Agenda
December 6, 2021
6:30 PM

1. **Roll Call**
2. **Agenda - Motion to accept Study Session Agenda as presented**
3. **Discussion: Quarterly Investment Report**
4. **Public Comment**
5. **Adjournment - Motion to adjourn the Special Meeting**

MEMORANDUM

To: Honorable City Council

From: Ellen L. Craig-Bragg, Clerk

Date: December 2, 2021

Re: Special Meetings

There is one special meetings scheduled for Monday, December 6, 2021.

1. **6:30 p.m.** **Open Session** **Quarterly Investment Report**

INTEROFFICE MEMORANDUM

TO: ELLEN CRAIG-BRAGG, CITY CLERK

FROM: STACY PAIGE, CITY TREASURER

SUBJECT: REQUEST FOR STUDY SESSION

DATE: NOVEMBER 9, 2021

I am respectfully requesting a Study Session with Romulus City Council for the purpose of discussing our quarterly investment report.

I will need 45 minutes and I have confirmed availability on Monday, December 6, 2021 from 6:30 pm to 7:30 p.m.

Thank you for your consideration.

City of Romulus

Investment Performance Review
For the Quarter Ended September 30, 2021

Client Management Team

Amber Cannegieter, Key Account Manager
Scott Bilheimer, Client Consultant
Melissa Shirk, Client Consultant
Brian Quinn, Managing Director

PFM Asset Management LLC

555 Briarwood Circle, Suite 333
Ann Arbor, MI 48108
734-994-9700

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

Agenda

- Market Update
- Total Cash and Investments
- Account Summary
- Portfolio Review
- Construction Accounts

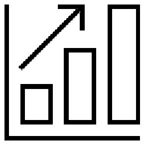
Market Update

Current Market Themes

- COVID-19 continues to overshadow the economic and market landscape

- The U.S. economy is characterized by:
  - Continued recovery aided by supportive monetary policy
  - Potentially stagnating labor market growth
  - Heightened inflationary pressures

- Federal Reserve is contemplating the end of unprecedented support
  - Near-term tapering of asset purchases
  - Fed Funds Rate hike now seen possible in late 2022
  - Significant turnover of FOMC leadership



- Fixed income market reacting to changing market dynamics
  - Short-term yields anchored by Fed rate policy
  - Long-term yields rising due to inflationary pressures and tapering

Investment Process and Style

- ✓ Robinson Capital Management's investment process begins with an analysis of the **economic cycle**, and specifically where the economy lies along the current cycle.
- ✓ We continuously remind ourselves that our role as fixed income managers is to provide portfolio stability and consistency. Therefore, protecting the portfolio from **downside risk** is an underlying theme of all of our investment decisions.
- ✓ Our style is best described as **sector rotation**, and we primarily use proprietary research and analytics to help with investment decisions.

Investment Philosophy

Portfolio decisions are governed by three* concepts:

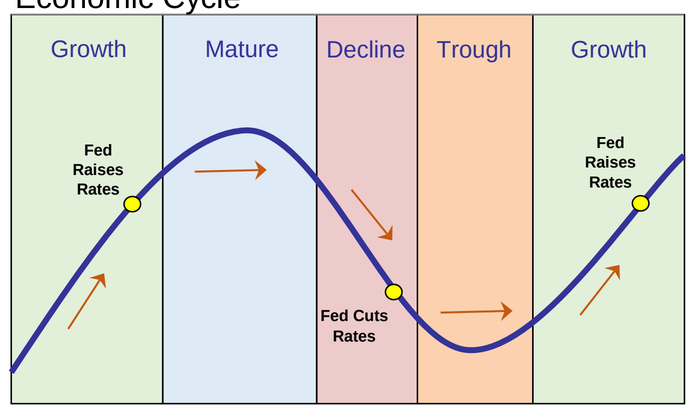
Safety: Diversification and credit analysis

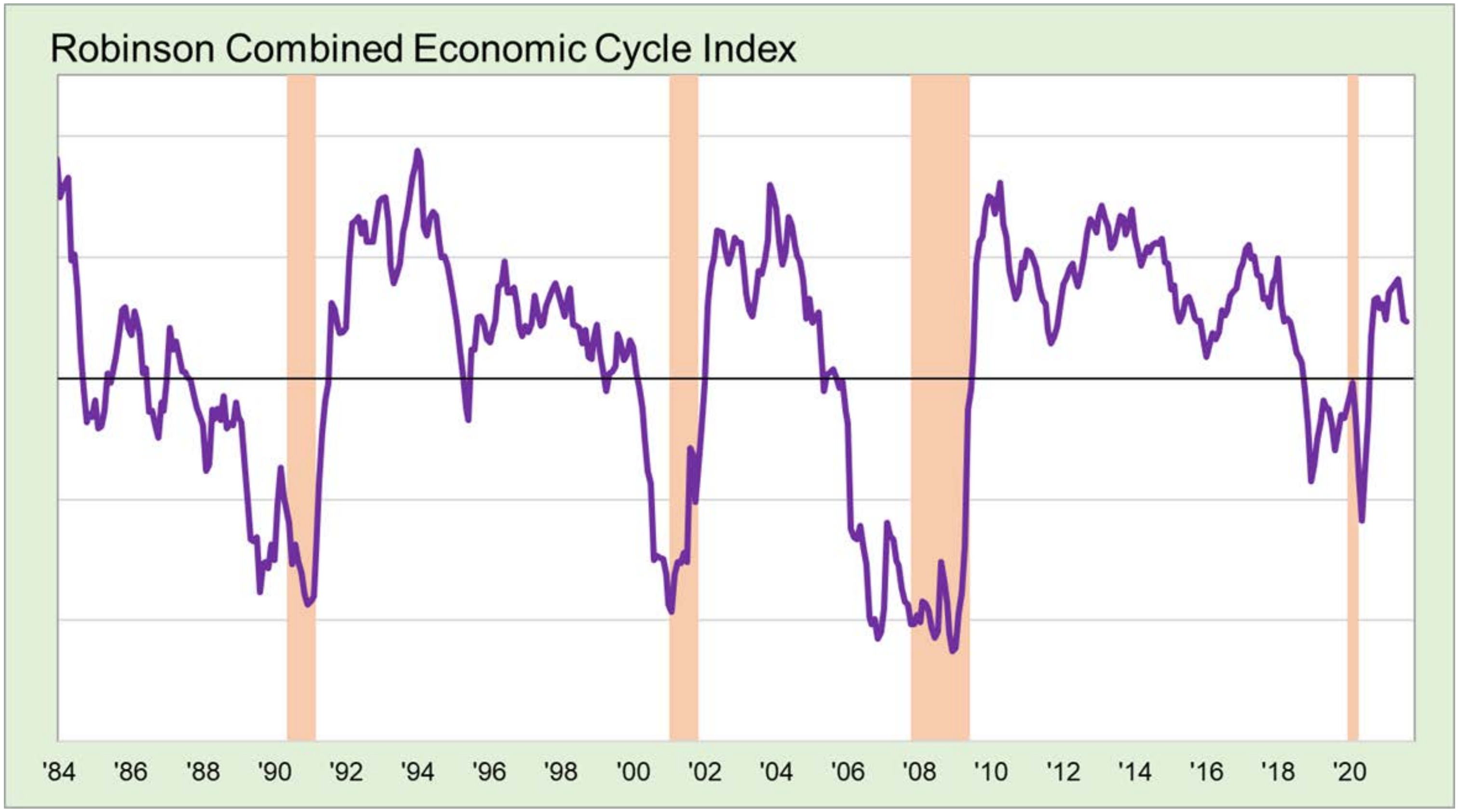
Liquidity: Identifying surplus funds

Yield: Maximize portfolio returns

In order of priority

Economic Cycle




Robinson Combined Economic Cycle Index
'84
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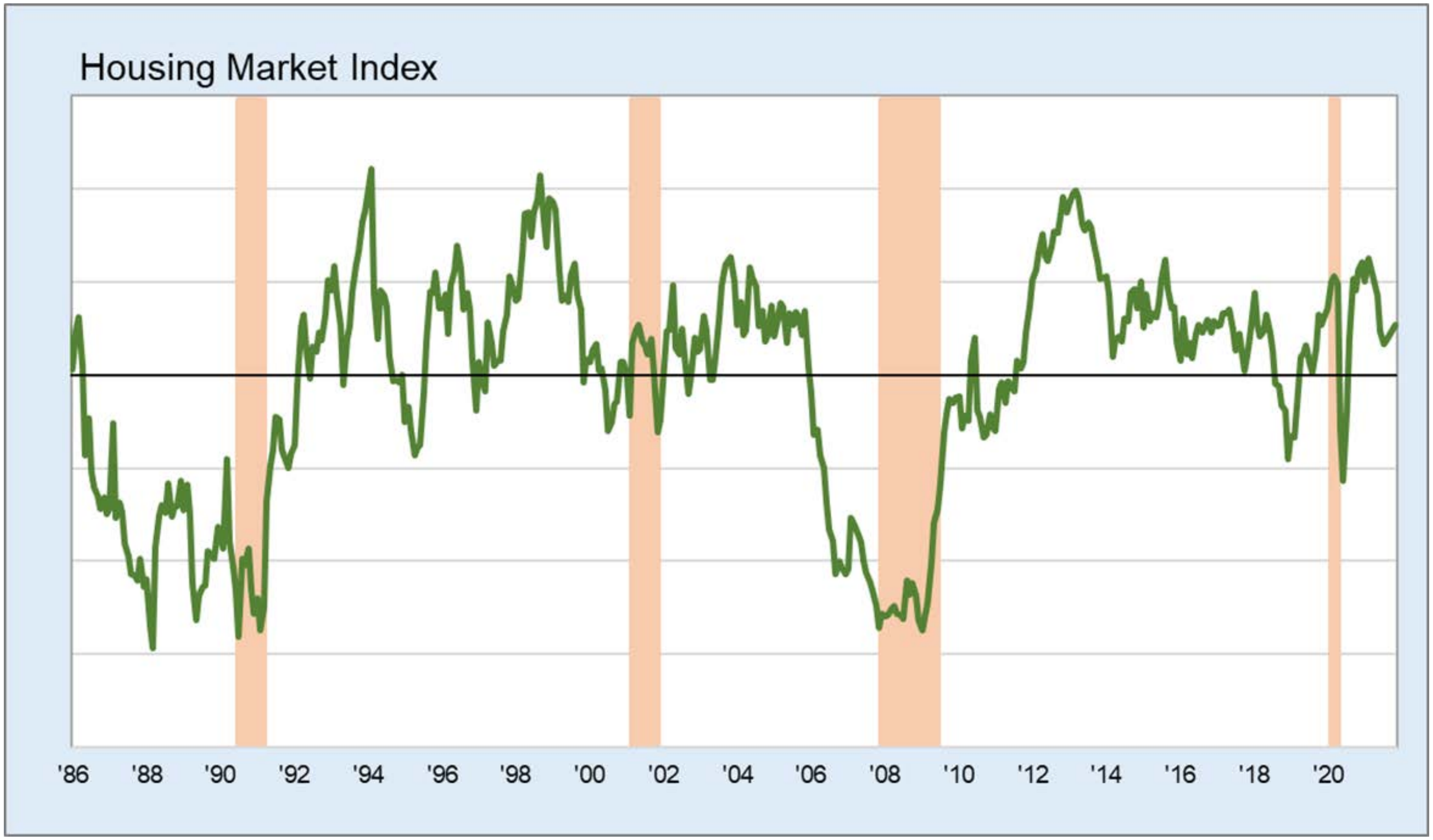
'14
'16
'18
'20


Housing Market Index
'86
'88
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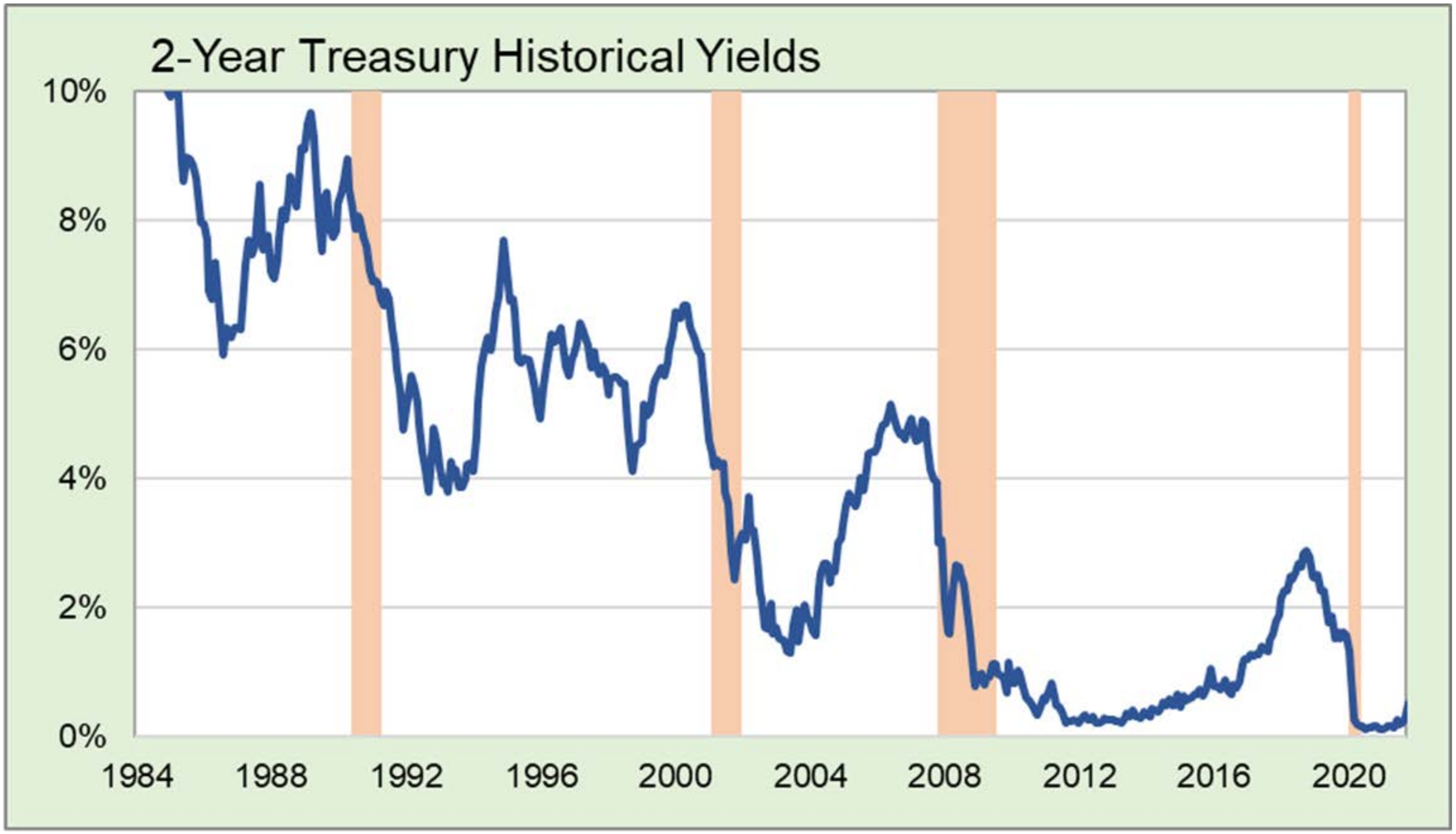
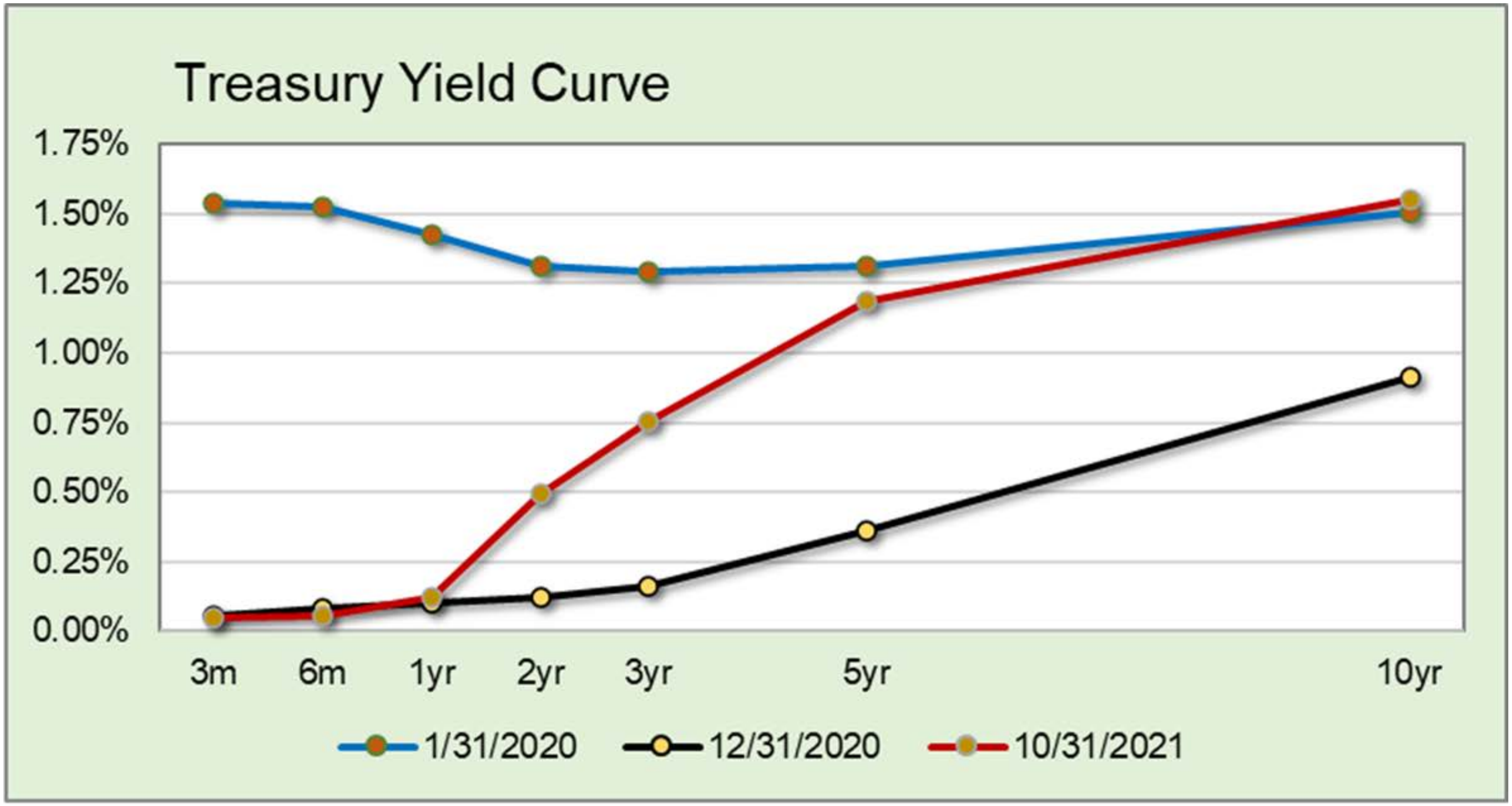
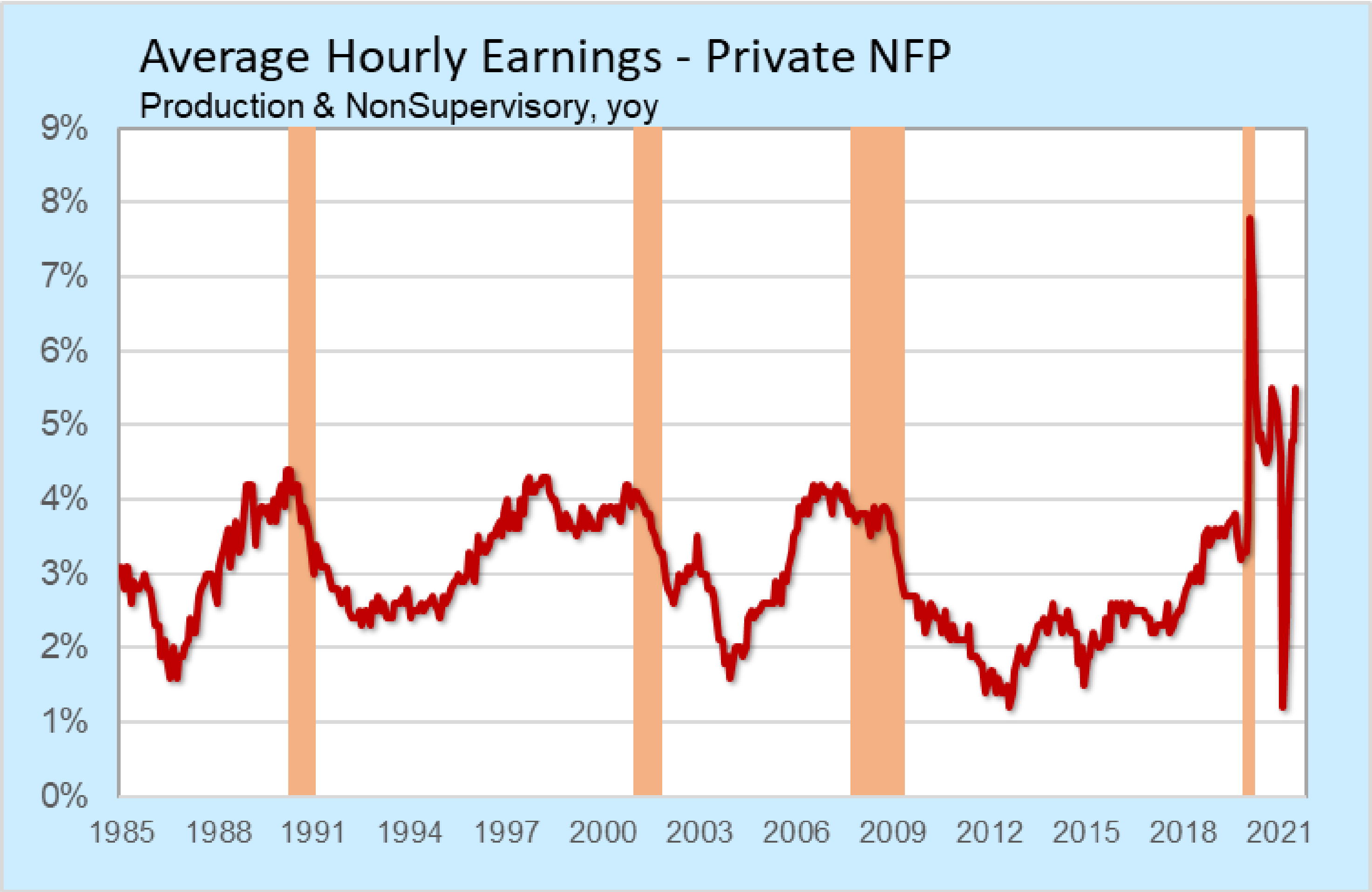


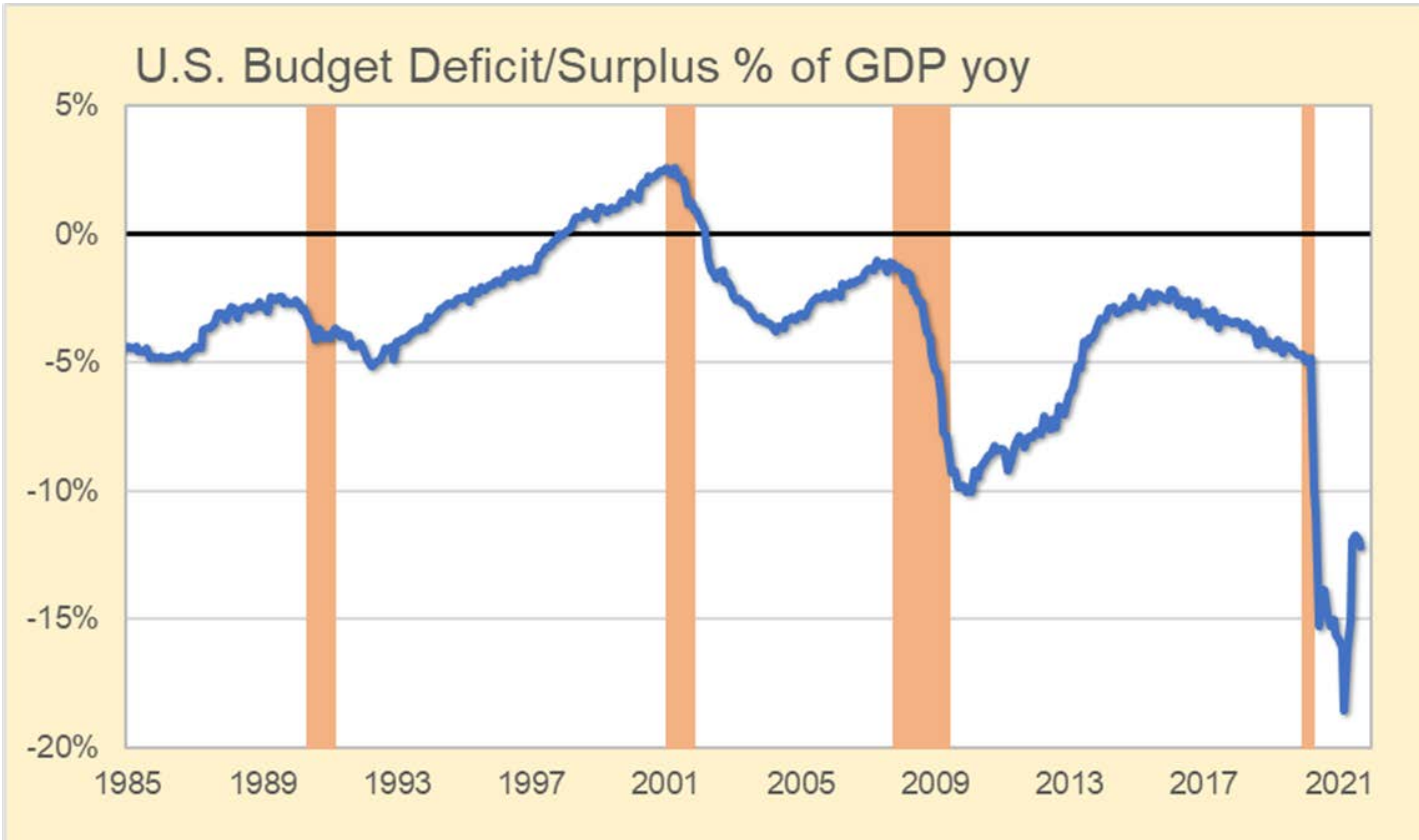
Source: Bloomberg, Federal Reserve, Robinson



Source: Bloomberg, Robinson

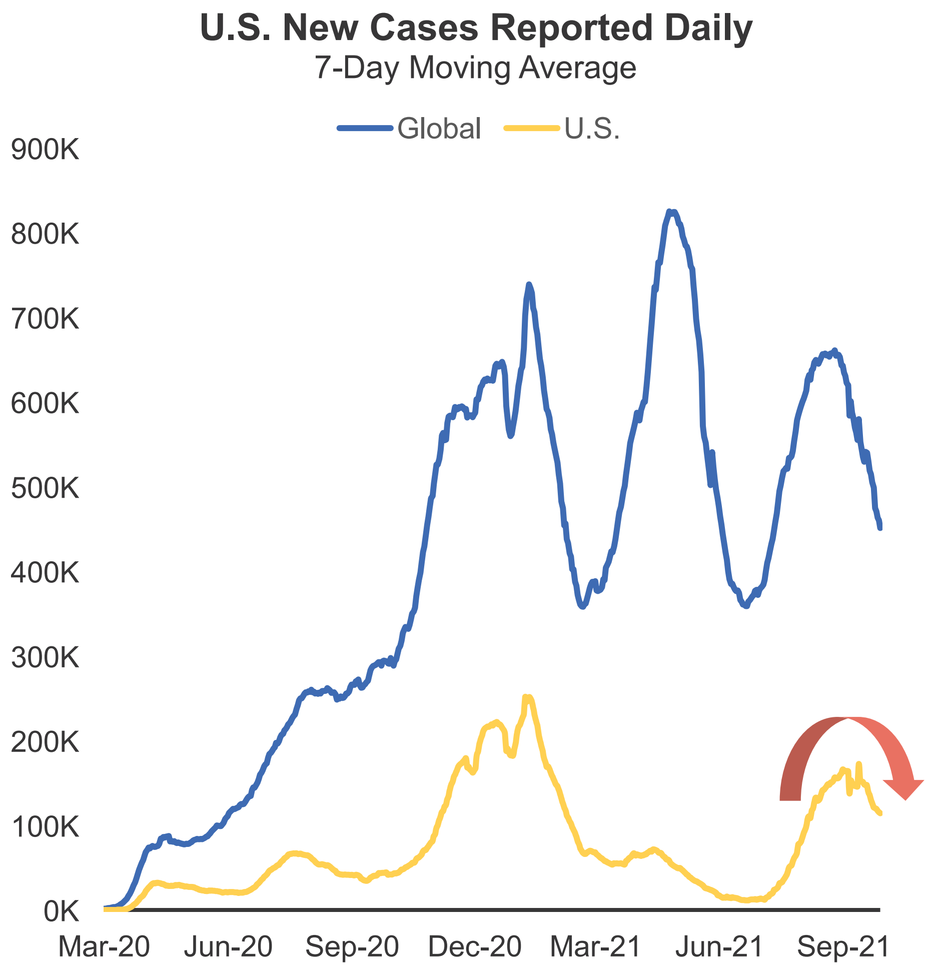


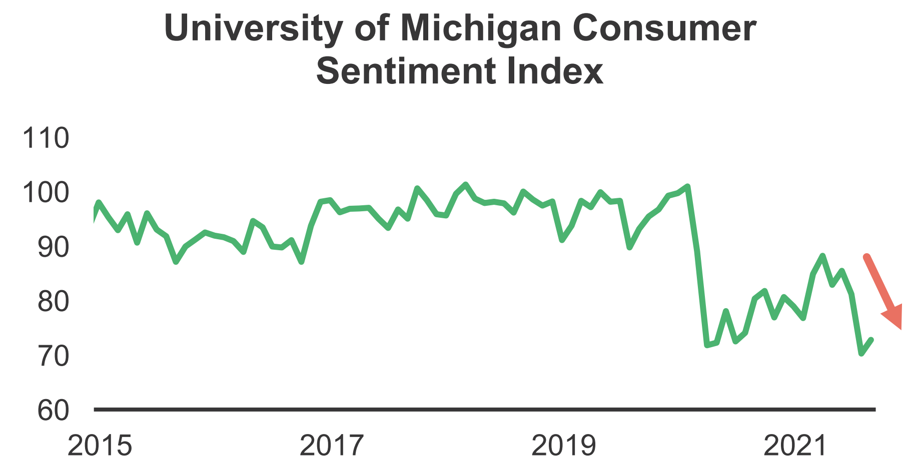
Source: Bloomberg, BLS, Robinson

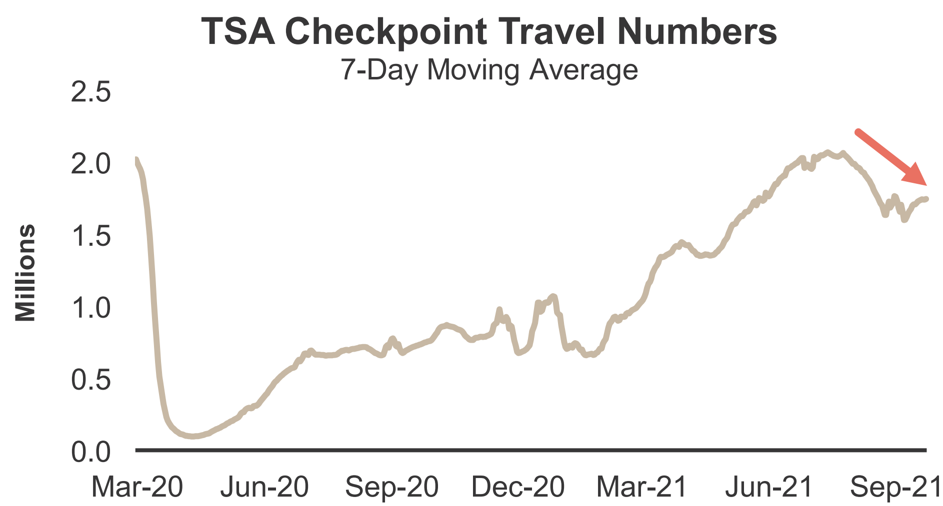


Source: Bloomberg, U.S. Treasury, Robinson

As COVID Goes, So Goes the Economy

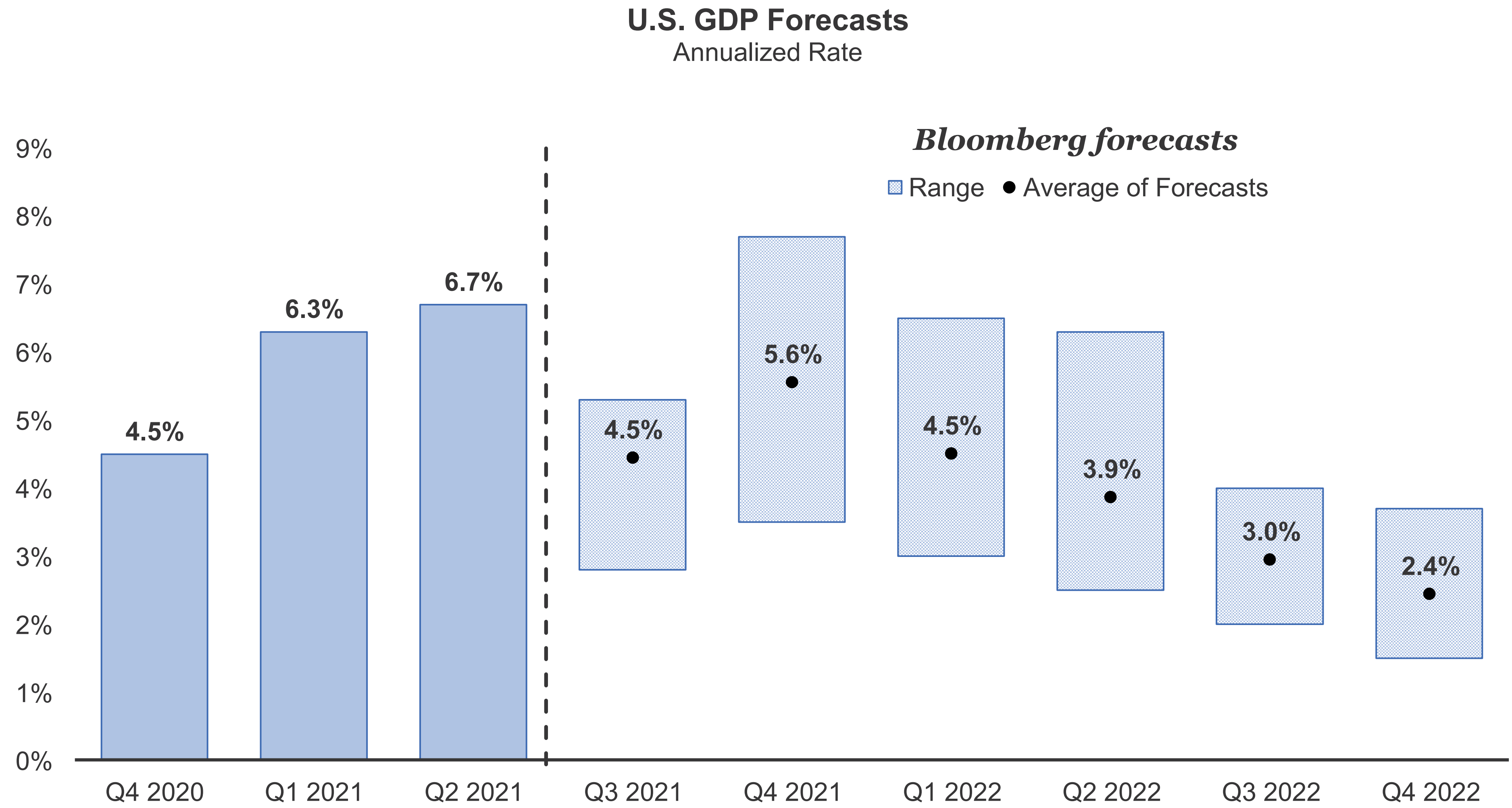






Source: John Hopkins University Coronavirus Resource Center, PFM calculations (left); Bloomberg (top right, bottom right) as of 9/30/2021.

U.S. Economic Growth Expected to Moderate, But Uncertainty is High

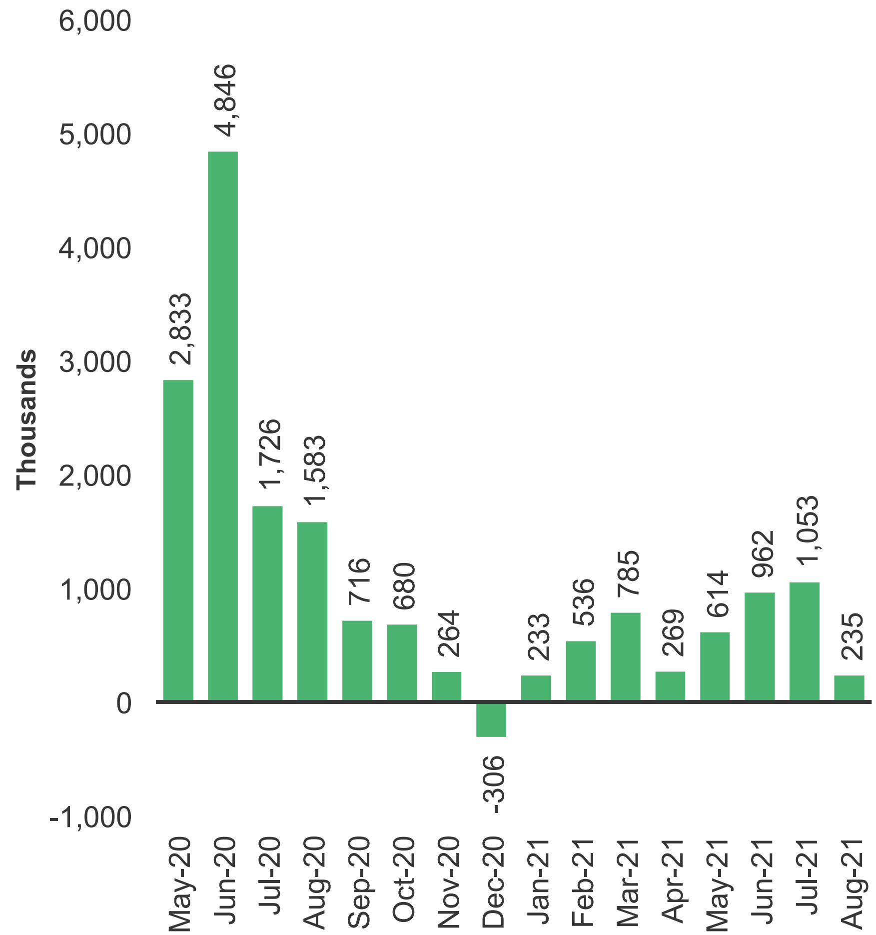


Source: Bloomberg, as of September 2021. Forecasts by Goldman Sachs Group, Deutsche Bank, ING Group, JPMorgan Chase, BMO Capital, Barclays, UBS, Morgan Stanley, and Wells Fargo.

U.S. Hiring Slowed in August as New Covid-19 Cases Impede Job Gains

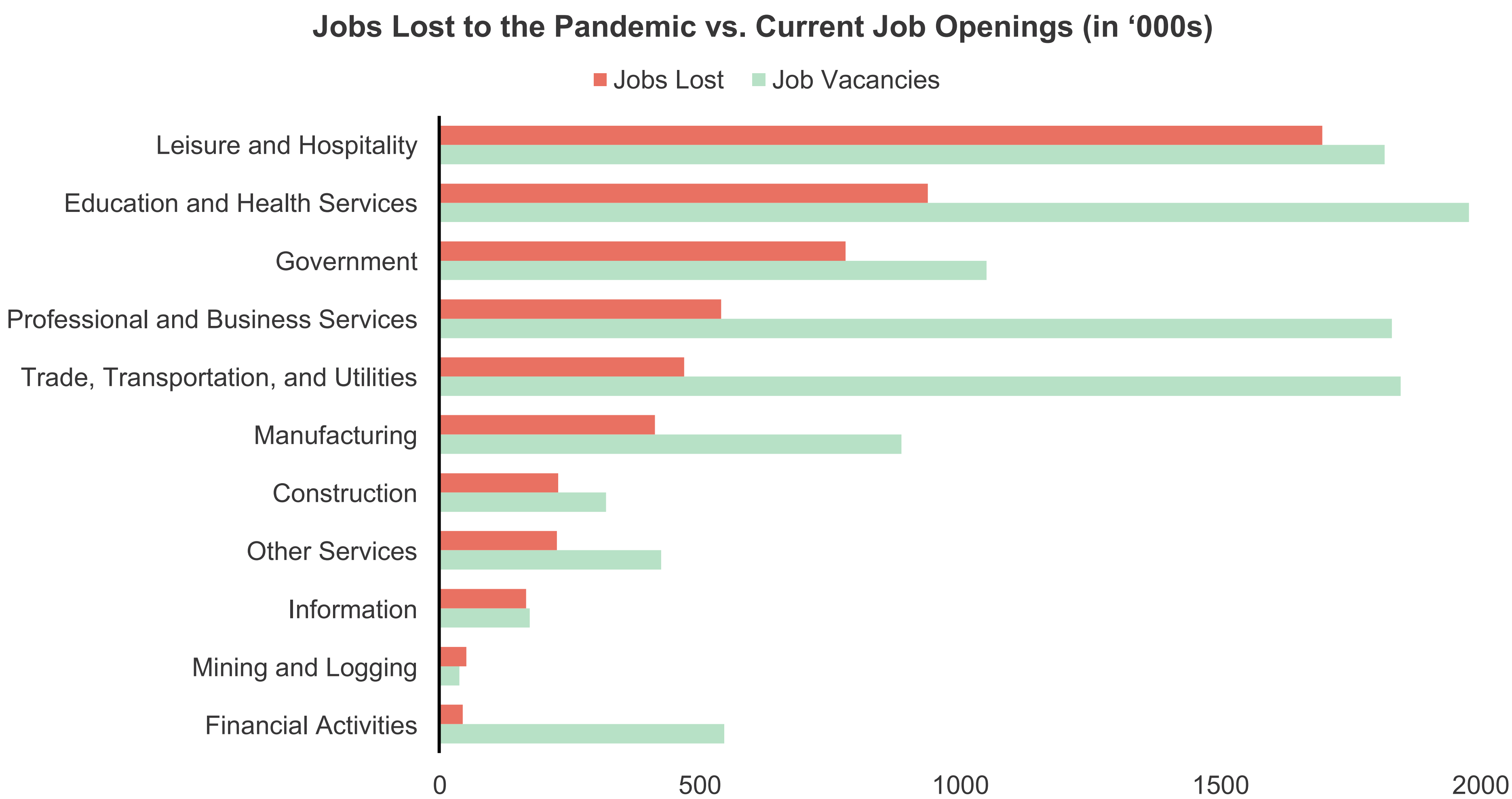
Unemployment Rate

Monthly Change In Nonfarm Payrolls



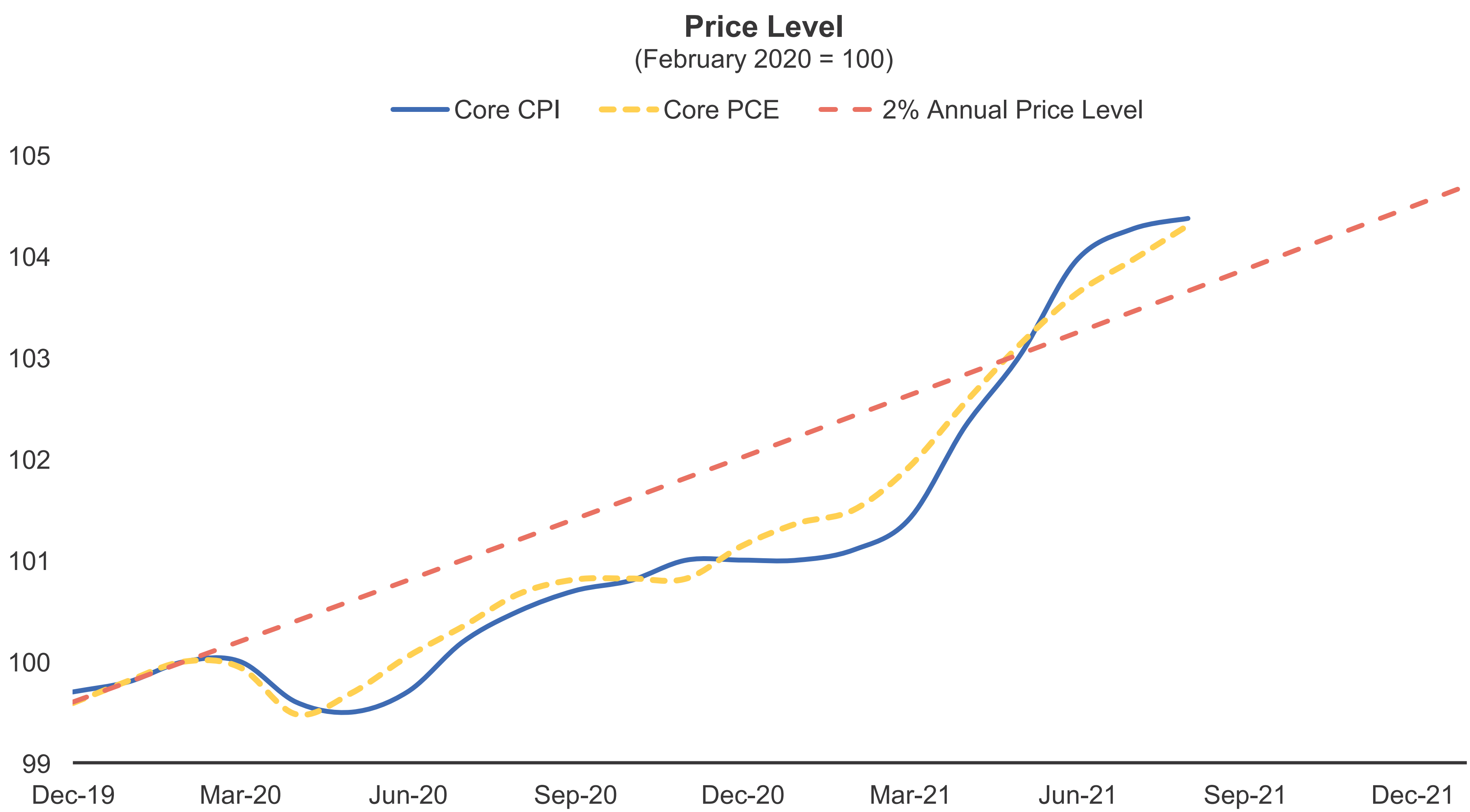
Source: Bloomberg, as of September 2021. Data is seasonally adjusted.

Labor Shortages Are More Dramatic in Select Industries



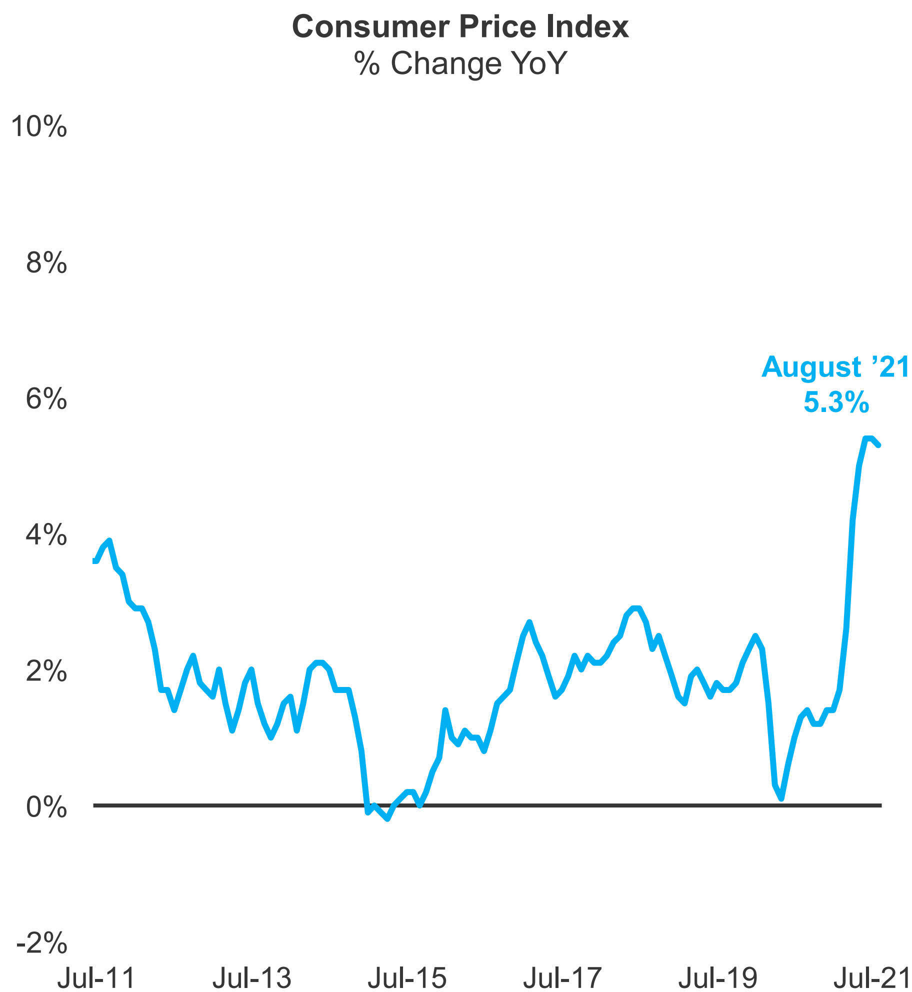
Source: Bureau of Labor Statistics, PFM calculations; as of 9/30/2021. Jobs Lost represents a change in payroll employment numbers from February 2020 to July 2021.

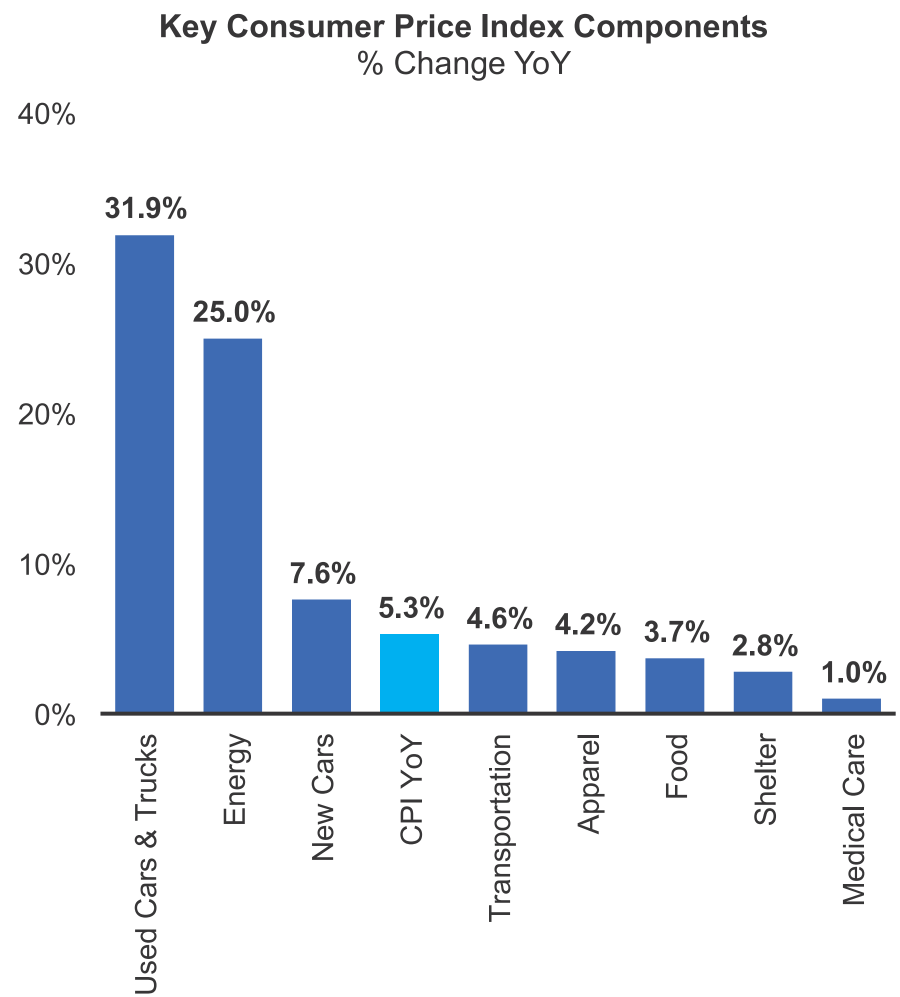
Inflation Indicators Surpass Pre-Covid Trend



Source: Bloomberg, as of 9/30/2021.

Consumer Prices High; Investors Still Appear To Believe It Is Transitory





Source: Bloomberg, as of September 2021.

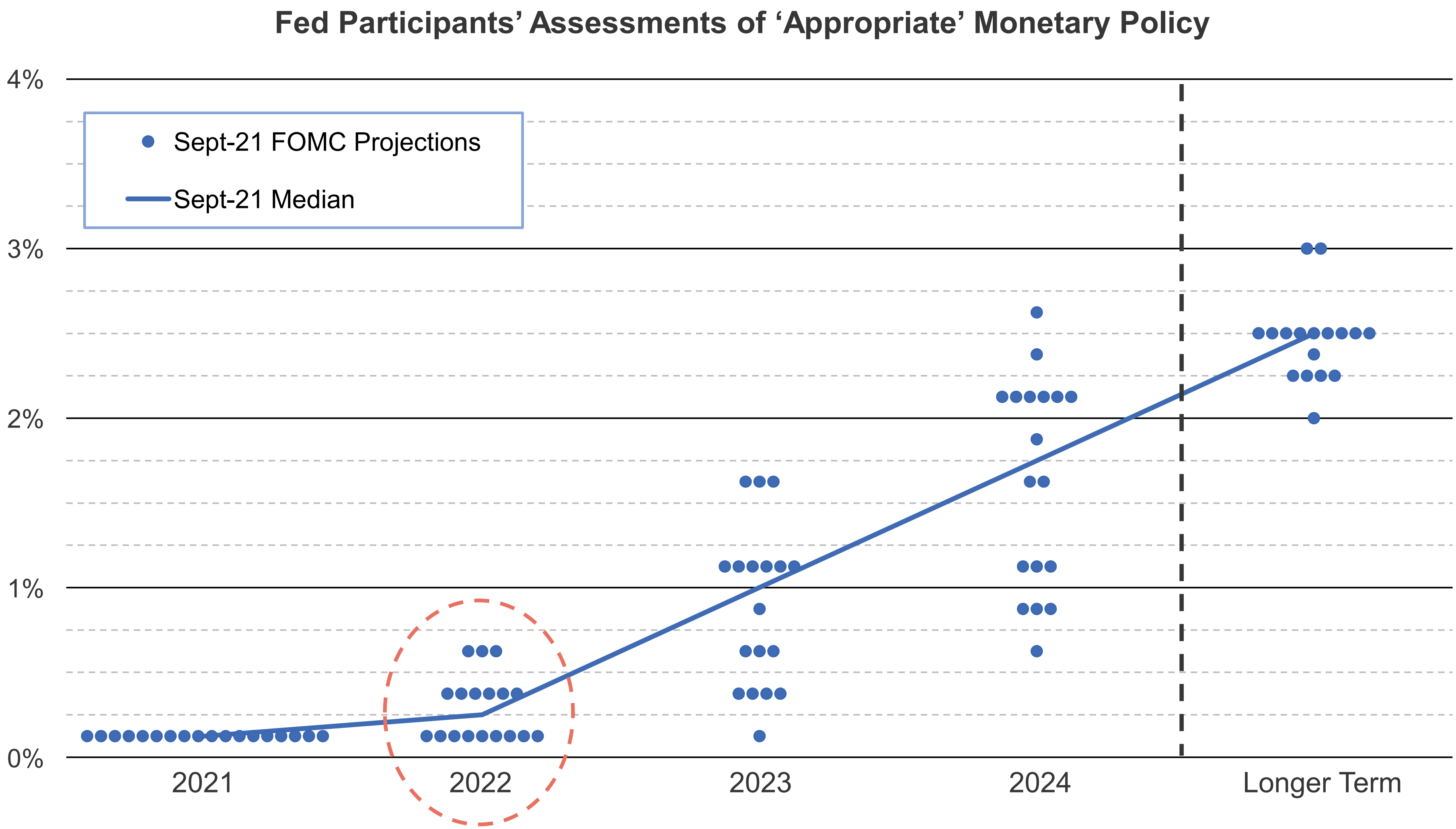
FOMC Acknowledges Economic Progress, Queues up Taper

September
22

- With progress on vaccinations and strong policy support, ***indicators of economic activity and employment have continued to strengthen***. The sectors most adversely affected by the pandemic have improved in recent months, but the rise in COVID-19 cases has slowed their recovery.
- ***Inflation is elevated, largely reflecting transitory factors***. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
- The path of the economy ***continues to depend on the course of the virus.***
- The Committee ***decided to keep the target range for the federal funds rate at 0 to 1/4 percent*** and expects it will be appropriate to maintain this target range **until** labor market conditions have reached levels consistent with the Committee's assessments of ***maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time***.
- Last December, the Committee indicated it would continue to increase its holdings of Treasury … and of agency mortgage-backed securities…until substantial further progress has been made toward its maximum employment and price stability goals. Since then, the economy has made progress toward these goals. ***If progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted.***

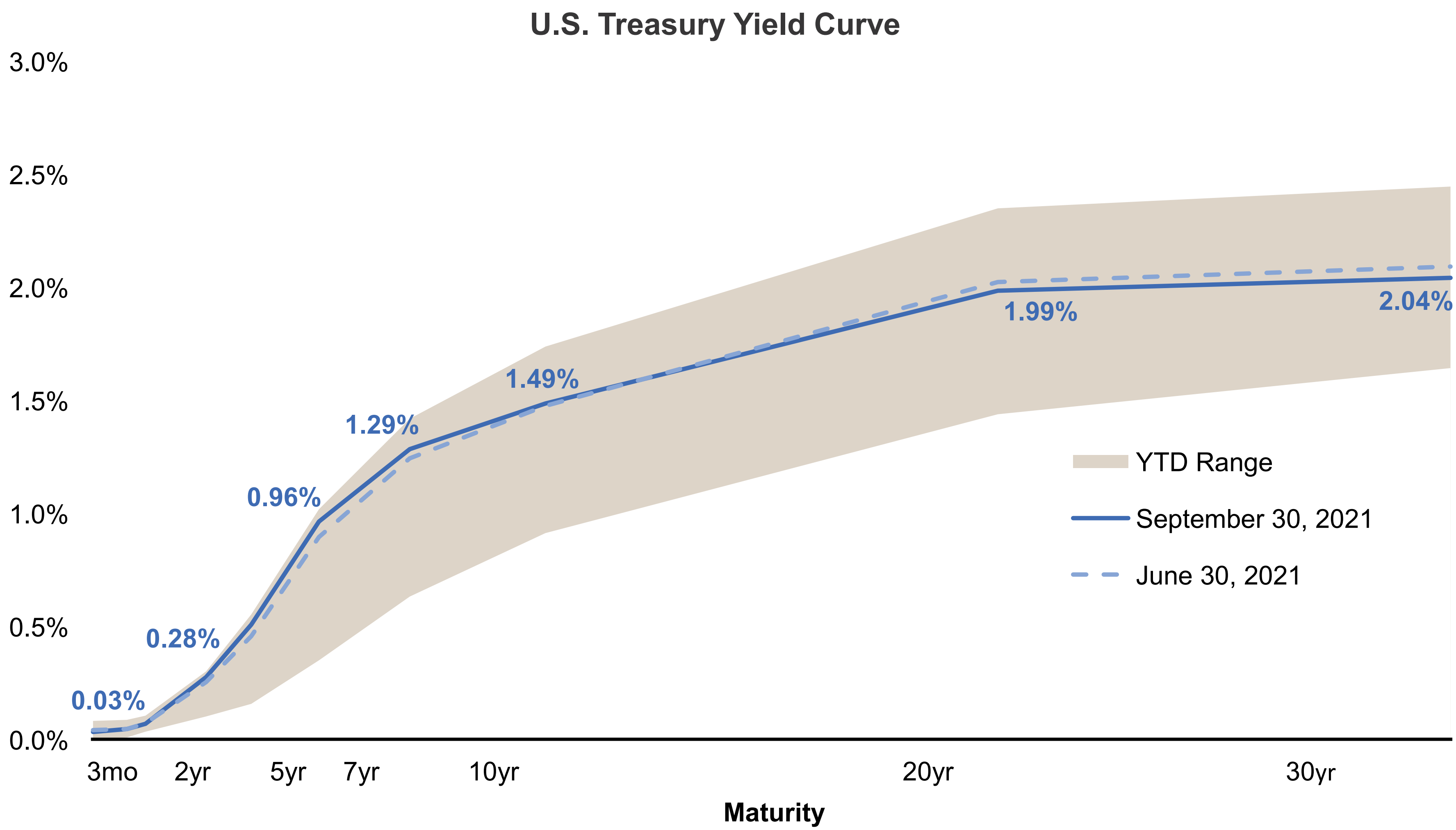
Source: Federal Reserve.

Fed's September "Dot Plot" Signals Rate Liftoff in 2022



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.

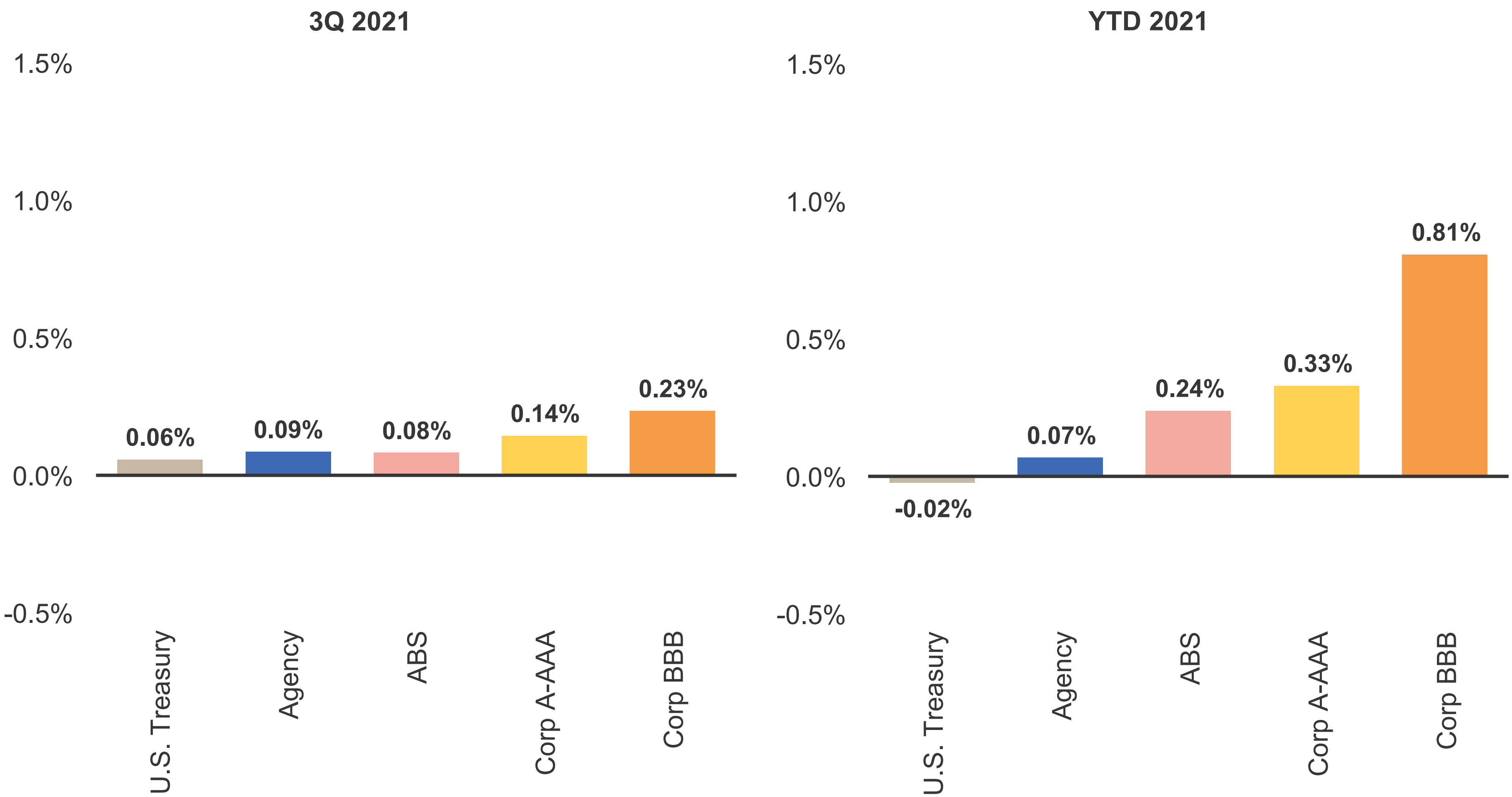
Despite Volatility, Yields Ended Little Changed in the Third Quarter



Source: Bloomberg, as of 9/30/2021.

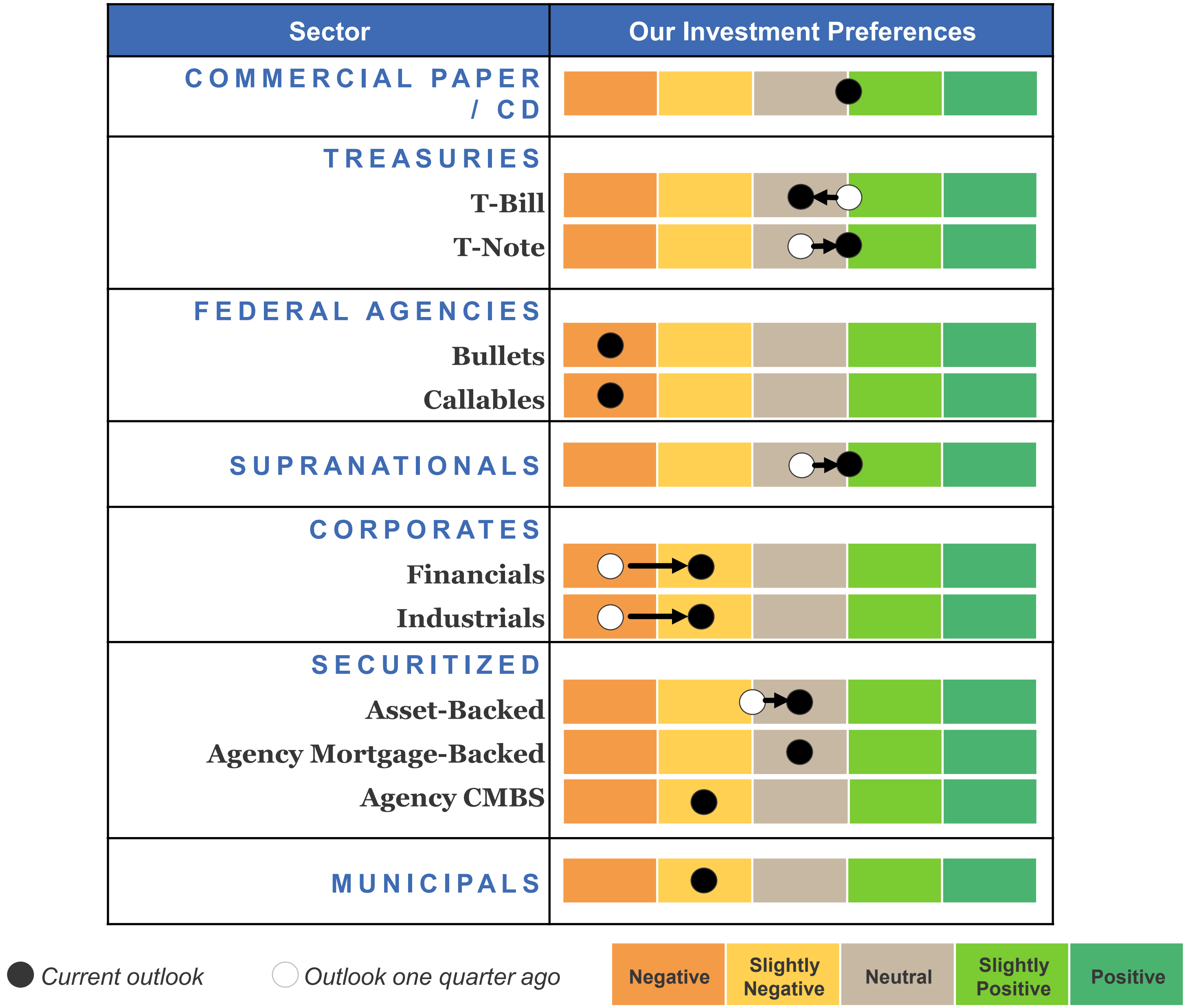
Credit Sectors Continue to Outperform

1-3 Year Indices



Source: ICE BofAML Indices. ABS indices are 0-3 year, based on weighted average life. As of 9/30/2021.

Fixed-Income Sector Outlook – Third Quarter 2021



Fixed-Income Sector Commentary – Third Quarter 2021

- **U.S. Treasury** Bills were under pressure near the end of the quarter from debt ceiling concerns. Short-term yields remain range-bound due to Fed policy, while longer-term yields have climbed due to changing policy and economic expectations, offering extension and roll-down opportunities.
- **Federal Agency/GSE** securities offer essentially zero additional yield benefit against Treasury securities out to seven years. There is little room for further spread narrowing.
- **Supranational** debt issuance increased during the quarter, widening spreads and creating good investment opportunities.
- **Corporate Notes** have benefitted from economic tailwinds, strong profits, improving credit fundamentals, and supportive global monetary policy. Overall, valuations remain rich and spreads have narrowed, approaching June tights.
- **Asset-Backed Securities** issuance has picked up ahead of forecasts. Collateral performance continues to be strong and yield spreads remain narrow. Shorter tranches offer good relative value.
- **Mortgage-Backed Securities** have experienced some spread widening, especially in lower coupon issues where collateral is most susceptible to rising Treasury yields.
- **Taxable Municipal** yield spreads narrowed as issuance slowed. Short maturities are especially tight. Proposed legislation that would again permit advance refundings could shift issuance to tax-exempts.
- **Commercial Paper and CD** rates have remained range-bound and near historical lows. Value can selectively be found in longer maturities, although rates remain anchored by Fed rate policy which is not expected to change in the near term.

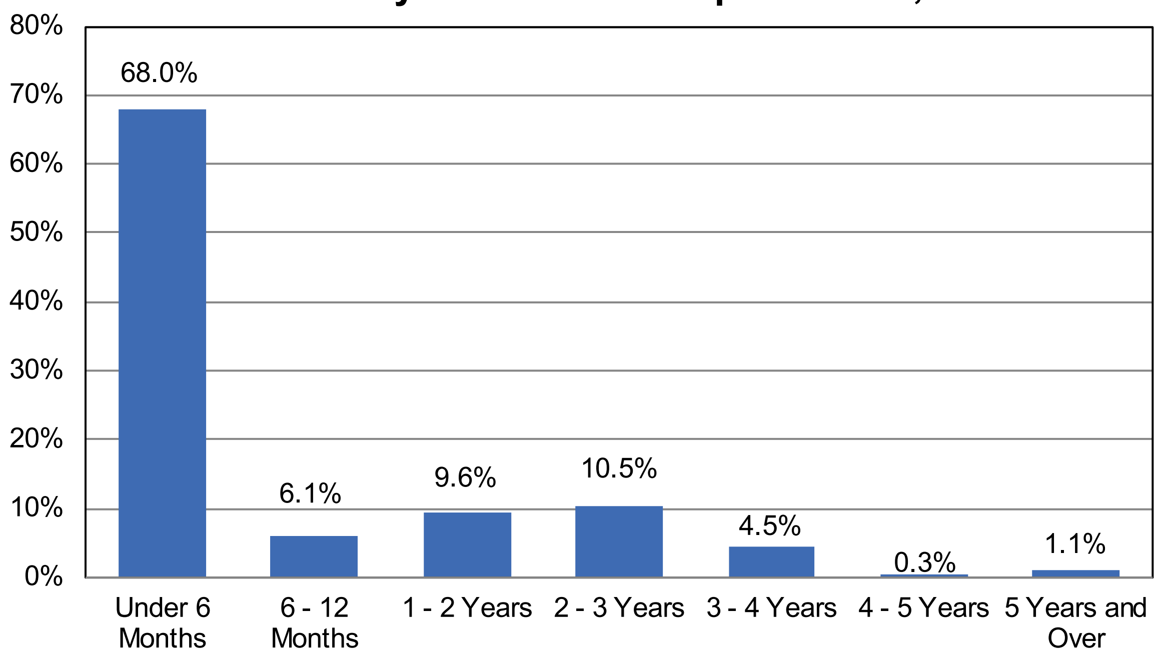
City of Romulus - Total Cash and Investments

Note: The following section includes the City's cash and investments held outside of the City's PFMAM account

City of Romulus
Bank Deposits and Investment Securities
As of September 30, 2021

Maturity Distribution	September 30, 2021	% of Total
Under 6 Months	$58,395,383	68.0%
6 - 12 Months	$5,251,223	6.1%
1 - 2 Years	$8,199,209	9.6%
2 - 3 Years	$8,981,678	10.5%
3 - 4 Years	$3,822,460	4.5%
4 - 5 Years	$288,990	0.3%
5 Years and Over	$903,962	1.1%
Totals	**$85,842,906**	**100.0%**

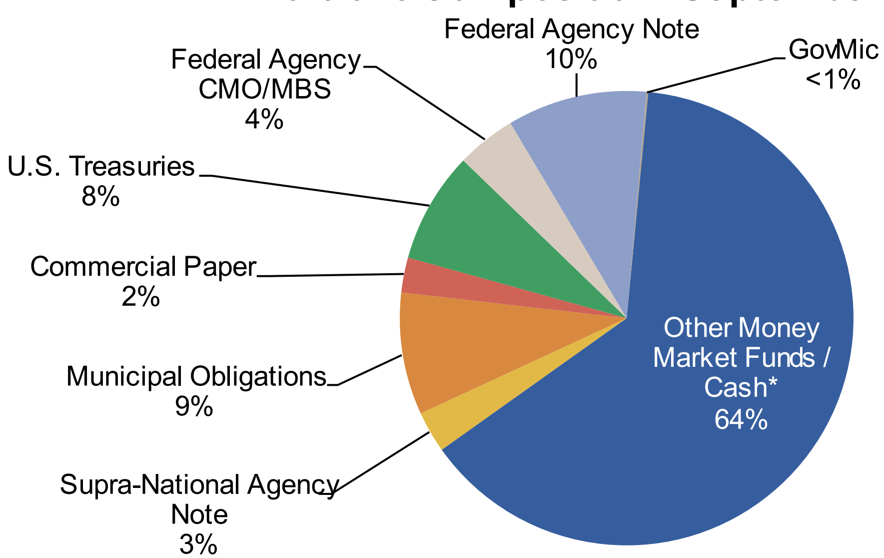
Maturity Distribution - September 30, 2021



City of Romulus
Bank Deposits and Investment Securities
As of September 30, 2021

	September 30, 2021	% of Total	June 30, 2021	% of Total
GovMic	$120,327	0.1%	$214,365	0.4%
Other Money Market Funds / Cash*	$54,627,894	63.6%	$21,059,014	40.7%
Supra-National Agency Note	$2,531,054	2.9%	$2,073,702	4.0%
Municipal Obligations	$7,462,678	8.7%	$6,943,796	13.4%
Commercial Paper	$2,138,938	2.5%	$2,119,165	4.1%
U.S. Treasuries	$6,786,457	7.9%	$6,851,195	13.2%
Federal Agency CMO/MBS	$3,633,780	4.2%	$3,663,667	7.1%
Federal Agency Note	$8,541,779	10.0%	$8,821,700	17.0%
Total Deposits and Investments	**$85,842,906**	**100.0%**	**$51,746,604**	**100.0%**

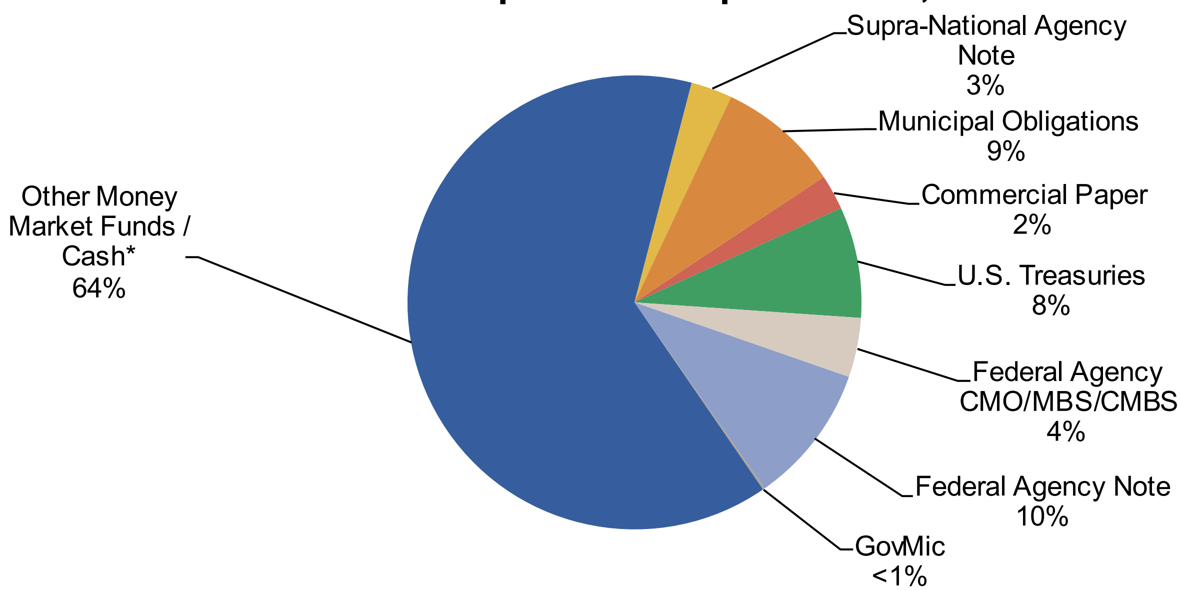
Portfolio Composition - September 30, 2021



City of Romulus
Bank Deposits and Investment Securities
As of September 30, 2021

	September 30, 2021	% of Total	September 30, 2020	% of Total
GovMic	$120,327	0.1%	$1,843,347	2.6%
Other Money Market Funds / Cash*	$54,627,894	63.6%	$41,854,147	59.1%
Supra-National Agency Note	$2,531,054	2.9%	$2,365,416	3.3%
Municipal Obligations	$7,462,678	8.7%	$5,198,626	7.3%
Commercial Paper	$2,138,938	2.5%	$1,773,987	2.5%
U.S. Treasuries	$6,786,457	7.9%	$5,094,894	7.2%
Federal Agency CMO/MBS/CMBS	$3,633,780	4.2%	$3,964,531	5.6%
Federal Agency Note	$8,541,779	10.0%	$8,666,927	12.2%
Total Deposits and Investments	**$85,842,906**	**100.0%**	**$70,761,875**	**100.0%**

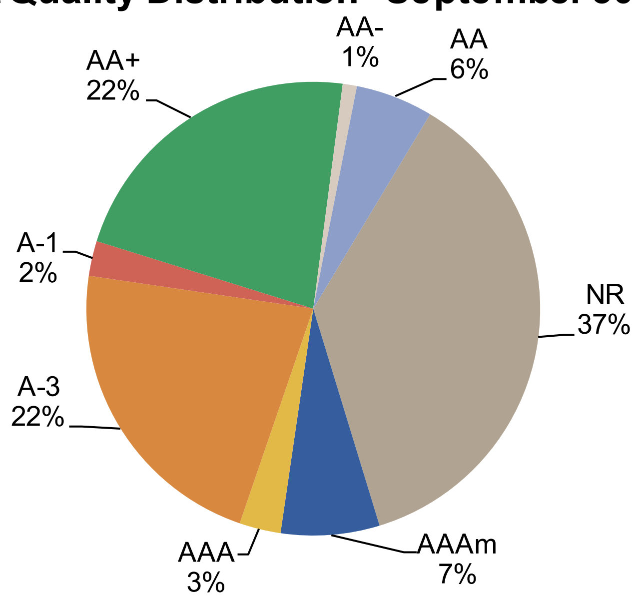
Portfolio Composition - September 30, 2021



City of Romulus
Bank Deposits and Investment Securities
As of September 30, 2021

	Credit Quality	September 30, 2021	% of Total
GovMic	AAAm	$120,327	0.1%
Huntington National Bank	A-3	$449,107	0.5%
Comerica Accounts	A-3	$18,493,417	21.5%
Michigan Class	NR	$28,057,904	32.7%
American Money Market	AAAm	$5,912,466	6.9%
American Term Deposit	NR	$1,715,000	2.0%
Supra-National Agency Note	AAA	$2,531,054	2.9%
Municipal Obligations	NR, AA, AA-, AA+	$7,462,678	8.7%
Commercial Paper	A-1	$2,138,938	2.5%
U.S. Treasuries	AA+	$6,786,457	7.9%
Federal Agency CMO/MBS	AA+	$3,633,780	4.2%
Federal Agency Note	AA+	$8,541,779	10.0%
Totals		**$85,842,906**	**100.0%**

Credit Quality Distribution - September 30, 2021



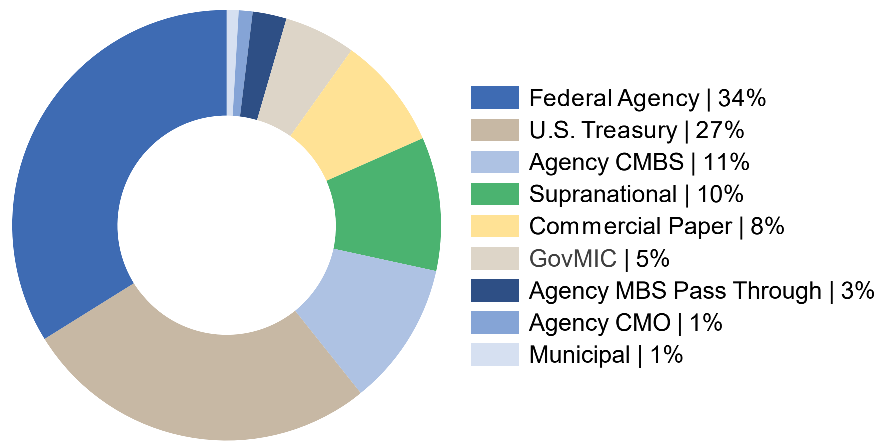
Account Summary

Consolidated Summary

Account Summary[1]

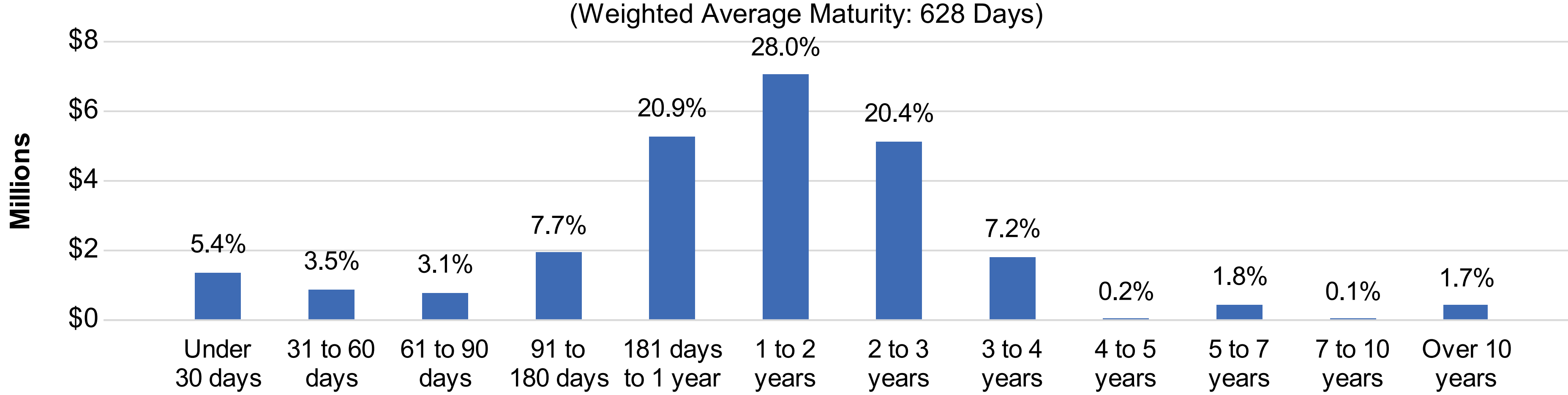
GovMIC	$1,365,329
MILAF Managed Account	$23,861,269
Total Program	**$25,226,597**

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 628 Days)



1. Market values exclude accrued interest, as of September 30, 2021.

Account Summary

City of Romulus - INVESTMENT ACCOUNT - 202536

Portfolio Values	September 30, 2021
MILAF Managed Account	$23,861,269
GovMIC	$120,327
Amortized Cost	$23,904,208
Market Value	$23,861,269
Accrued Interest	$54,782

Analytics[1]	September 30, 2021
Yield at Market	0.43%
Yield on Cost	0.89%
Portfolio Duration	1.48
GovMIC7-Day Yield	0.03%

1. *Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s).*
2. *The current 7-day yield is the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical fund account with a balance of one share over the seven-day base period including the statement date, expressed as a percentage of the value of one share (normally $1.00 per share) at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. The yields quoted should not be considered a representation of the yield of the fund in the future, since the yield is not fixed.*

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	**28.4%**	
UNITED STATES TREASURY	28.4%	AA / Aaa / AAA
Federal Agency	**35.8%**	
FANNIE MAE	11.5%	AA / Aaa / AAA
FEDERAL FARM CREDIT BANKS	2.7%	AA / Aaa / AAA
FEDERAL HOME LOAN BANKS	5.3%	AA / Aaa / NR
FREDDIE MAC	16.3%	AA / Aaa / AAA
Agency CMBS	**11.4%**	
FANNIE MAE	0.6%	AA / Aaa / AAA
FREDDIE MAC	10.8%	AA / Aaa / AAA
Agency CMO	**1.1%**	
FANNIE MAE	0.7%	AA / Aaa / AAA
FREDDIE MAC	0.4%	AA / Aaa / AAA
Agency MBS Pass Through	**2.7%**	
FANNIE MAE	2.3%	AA / Aaa / AAA
FREDDIE MAC	0.4%	AA / Aaa / AAA
Supranational	**10.6%**	
AFRICAN DEVELOPMENT BANK	1.4%	AAA / Aaa / AAA
ASIAN DEVELOPMENT BANK	4.1%	AAA / Aaa / AAA
INTER-AMERICAN DEVELOPMENT BANK	2.7%	AAA / Aaa / AAA
INTL BANK OF RECONSTRUCTION AND DEV	2.4%	AAA / Aaa / AAA
Municipal	**1.0%**	
AVONDALE SCHOOL DISTRICT	1.0%	NR / Aa / NR
Commercial Paper	**9.0%**	
COLLAT COMM PAPER V CO	3.0%	A / Aa / AA
MITSUBISHI UFJ FINANCIAL GROUP INC	2.9%	A / Aa / A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Commercial Paper	**9.0%**	
SUMITOMO MITSUI TRUST HOLDINGS INC	3.0%	A / Aa / A
Total	**100.0%**	

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

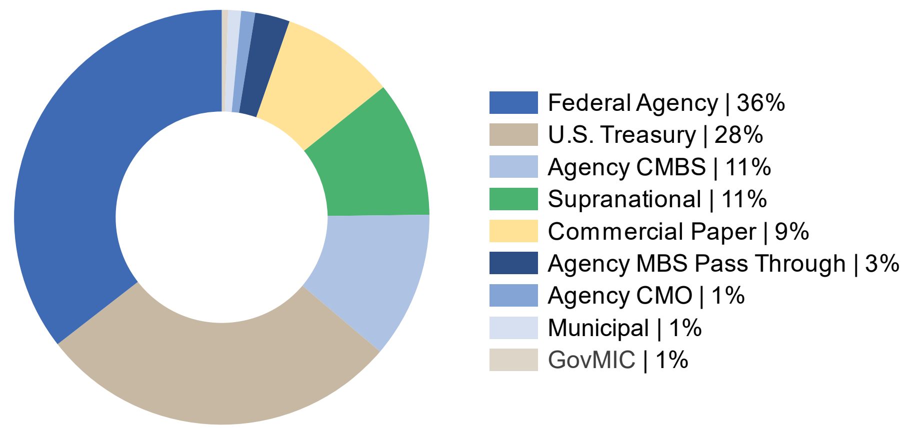
Portfolio Review:
MILAF-CITY OF ROMULUS INVESTMENT ACCT

Portfolio Snapshot - MILAF-CITY OF ROMULUS INVESTMENT ACCT[1]

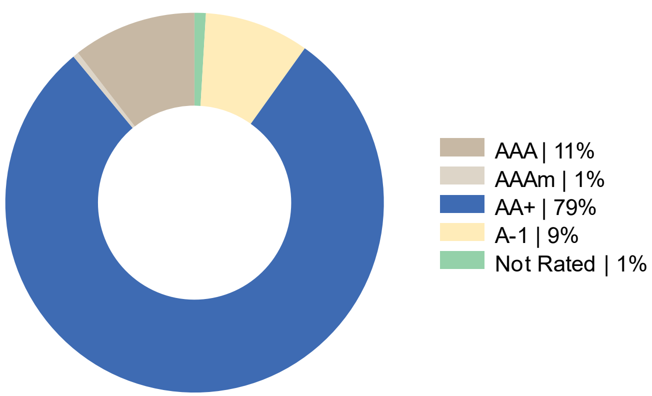
Portfolio Statistics

Total Market Value	$24,036,377.58
Portfolio Effective Duration	1.48 years
Benchmark Effective Duration	1.40 years
Yield At Cost	0.89%
Yield At Market	0.43%
Portfolio Credit Quality	AA

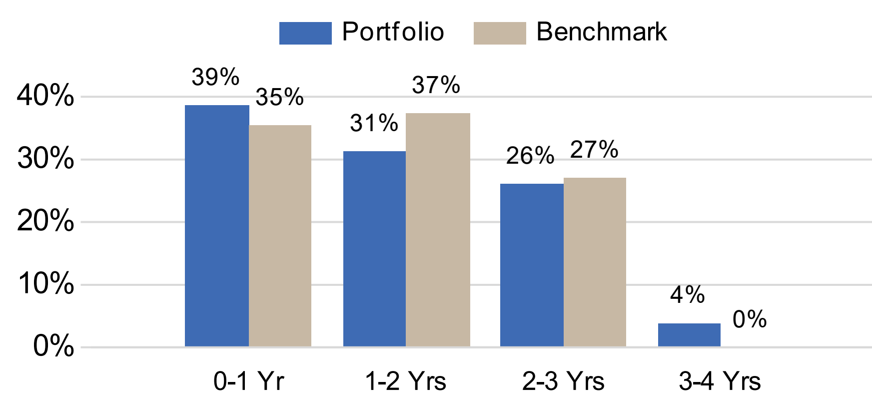
Sector Allocation



Credit Quality - S&P



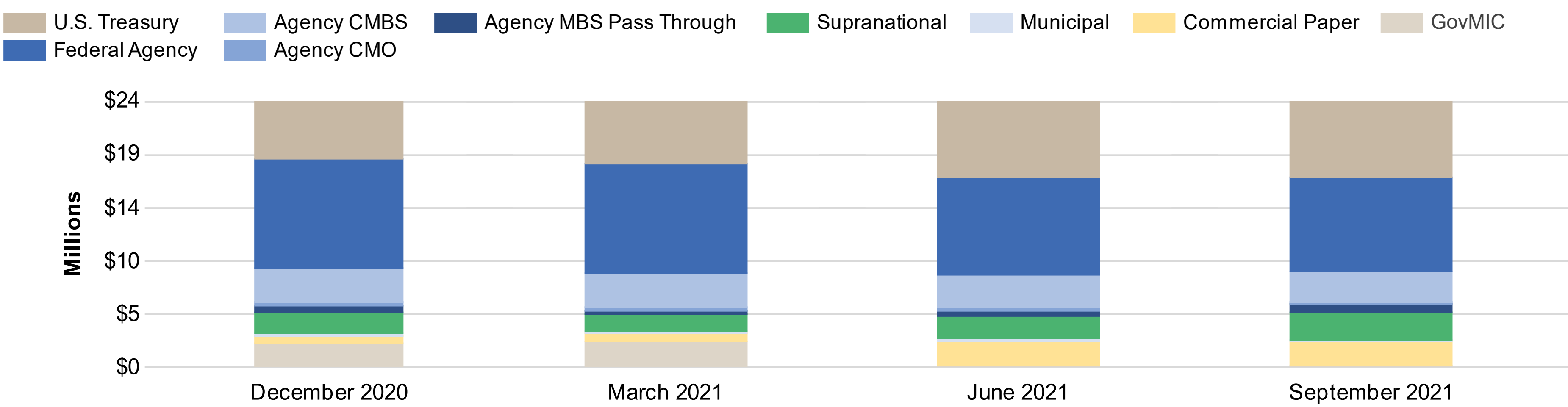
Duration Distribution



1. *Total market value includes accrued interest and balances invested in GovMIC, as of September 30, 2021.*
Calculations exclude balances invested in GovMIC.
The portfolio's benchmark is the currently the ICE BofAML 0-3 Year U.S Treasury Index. Prior to 12/31/14 it was the ICE BofAML 1-3 Year U.S Treasury Index. Prior to 12/31/13 it was the ICE BofAML 1-5 Year U.S Treasury 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 - MILAF-CITY OF ROMULUS INVESTMENT ACCT

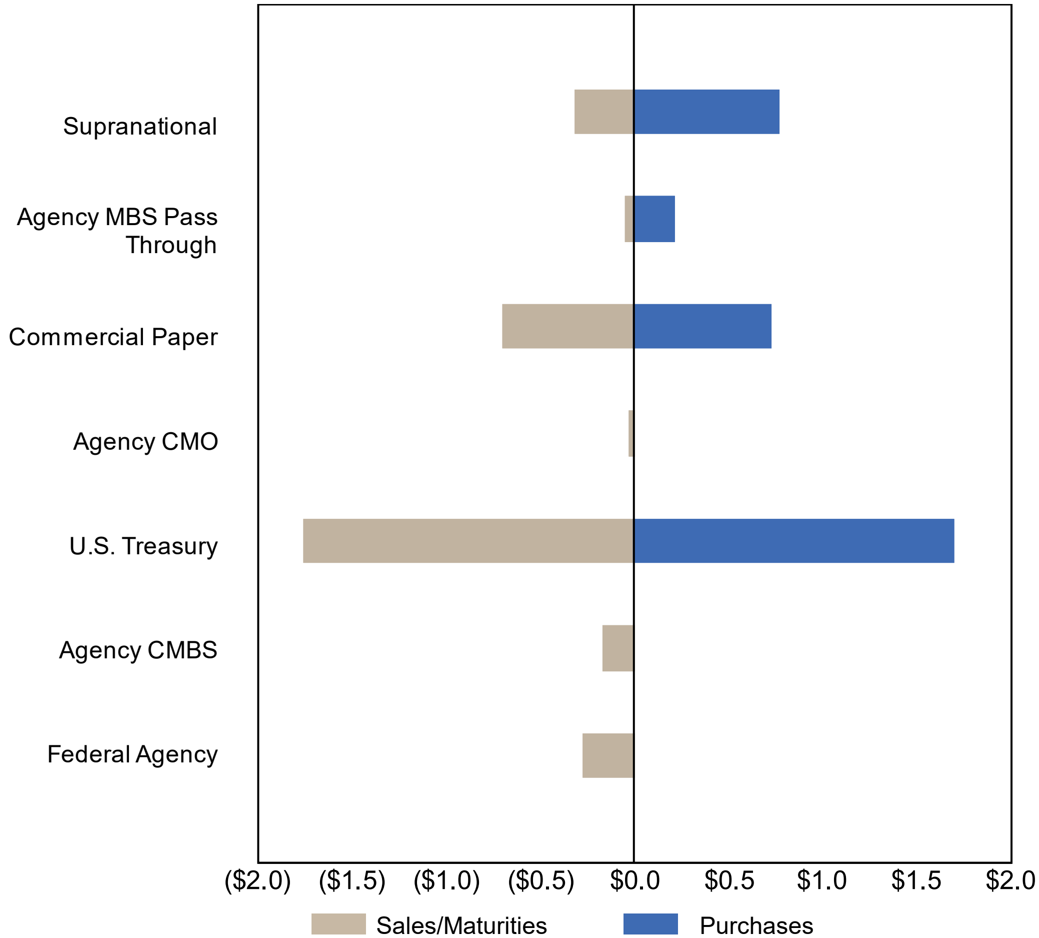
Security Type	Dec-20	% of Total	Mar-21	% of Total	Jun-21	% of Total	Sep-21	% of Total
U.S. Treasury	$5.0	20.9%	$5.5	22.9%	$6.9	28.6%	$6.8	28.3%
Federal Agency	$9.9	41.3%	$9.9	41.4%	$8.8	36.7%	$8.5	35.5%
Agency CMBS	$3.1	13.1%	$3.1	12.9%	$2.9	12.1%	$2.7	11.4%
Agency CMO	$0.4	1.6%	$0.3	1.4%	$0.3	1.2%	$0.3	1.1%
Agency MBS Pass Through	$0.5	2.1%	$0.4	1.6%	$0.5	2.0%	$0.6	2.7%
Supranational	$2.0	8.2%	$1.5	6.1%	$2.1	8.7%	$2.5	10.6%
Municipal	$0.2	1.0%	$0.2	1.0%	$0.2	1.0%	$0.2	1.0%
Commercial Paper	$0.7	2.9%	$0.7	2.9%	$2.1	8.8%	$2.1	8.9%
GovMIC	$2.1	8.9%	$2.3	9.8%	$0.2	0.9%	$0.1	0.5%
Total	**$24.0**	**100.0%**	**$24.0**	**100.0%**	**$24.0**	**100.0%**	**$24.0**	**100.0%**



Market values, excluding accrued interest. Only includes investments held within the separately managed account(s). Detail may not add to total due to rounding.

Portfolio Activity - MILAF-CITY OF ROMULUS INVESTMENT ACCT

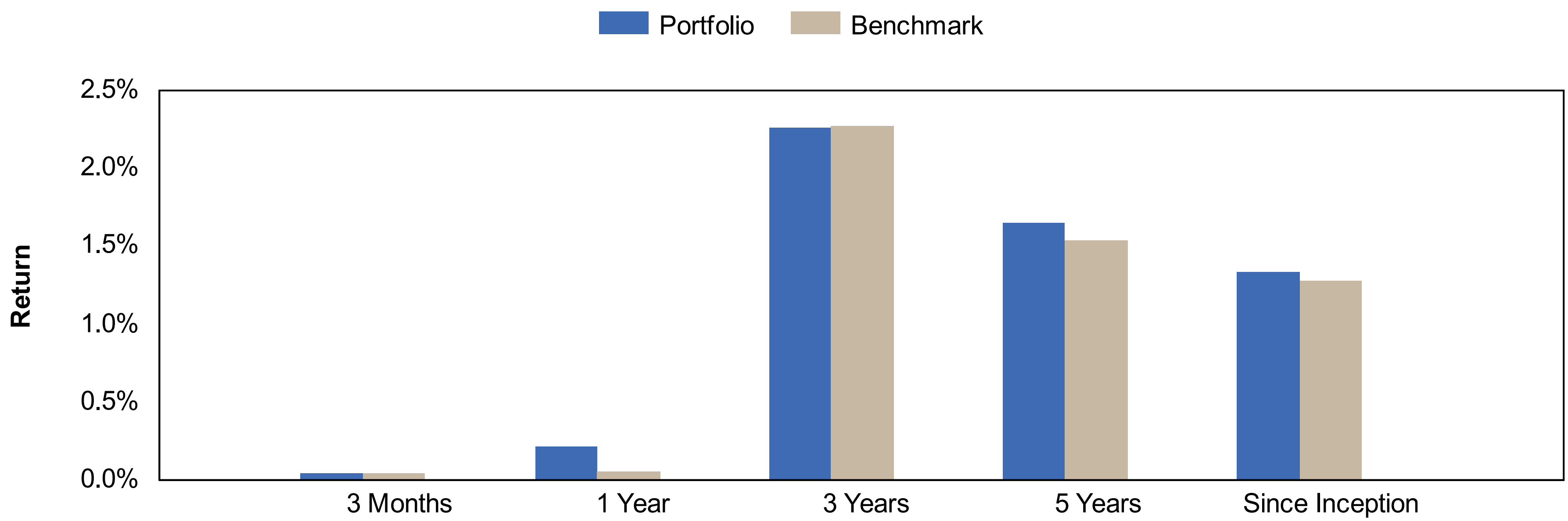
Net Activity by Sector
($ millions)



Sector	Net Activity
Supranational	$455,300
Agency MBS Pass Through	$174,639
Commercial Paper	$19,274
Agency CMO	($28,392)
U.S. Treasury	($54,093)
Agency CMBS	($157,829)
Federal Agency	($272,531)

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance

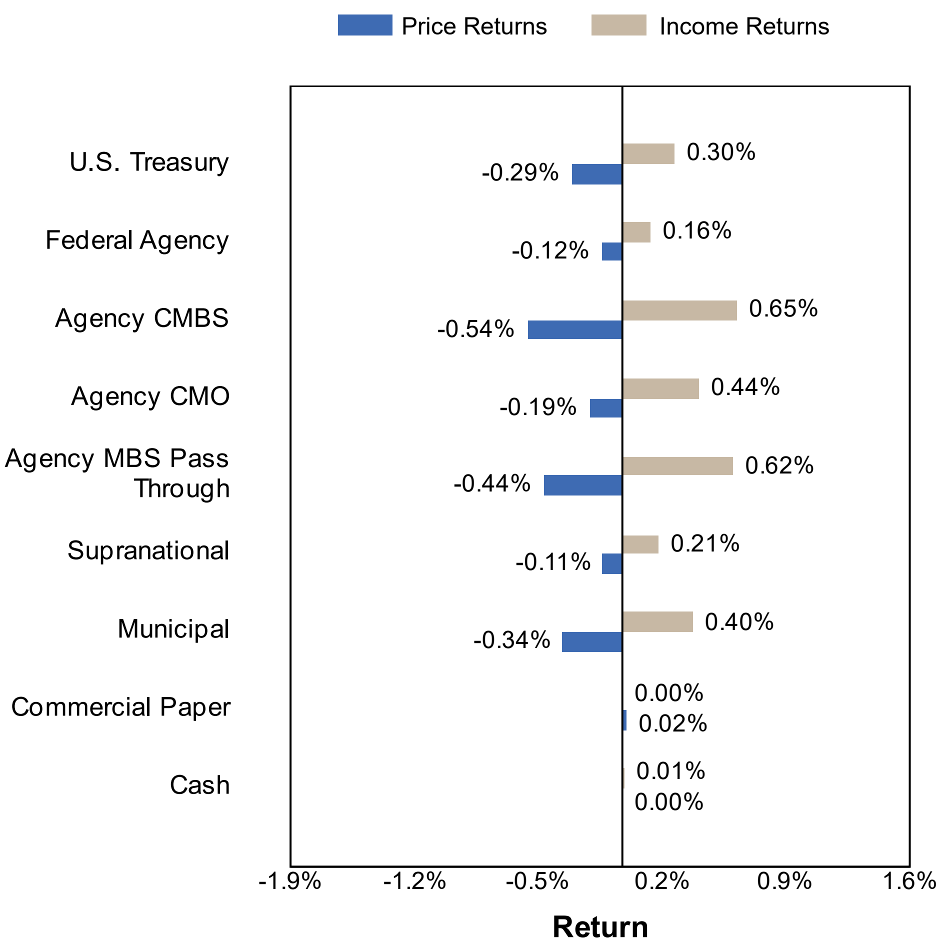


Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception[1]
Interest Earned[2]	$65,986	$291,855	$1,118,245	$1,571,408	$1,900,698
Change in Market Value	($52,043)	($237,876)	$454,666	$313,557	$254,338
Total Dollar Return	**$13,943**	**$53,979**	**$1,572,911**	**$1,884,965**	**$2,155,036**
Total Return[3]					
Portfolio	0.05%	0.21%	2.27%	1.65%	1.33%
Benchmark[4]	0.05%	0.06%	2.27%	1.54%	1.28%
Difference	0.00%	0.15%	0.00%	0.11%	0.05%

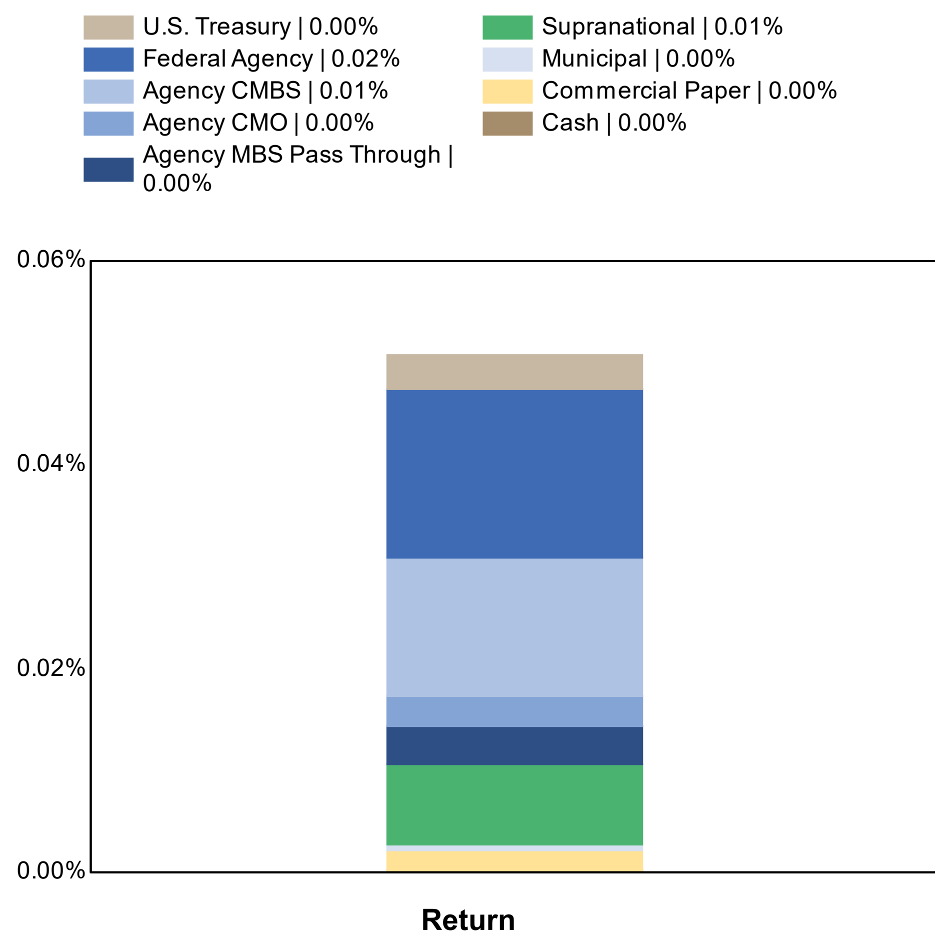
1. *The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2013.*
2. *Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.*
3. *Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.*
4. *The portfolio's benchmark is currently the ICE BofAML 0-3 Year U.S Treasury Index. Prior to 12/31/14 it was the ICE BofAML 1-3 Year U.S Treasury Index. Prior to 12/31/13 it was the ICE BofAML 1-5 Year U.S Treasury Index. Source: Bloomberg.*

Quarterly Sector Performance

Total Return by Sector

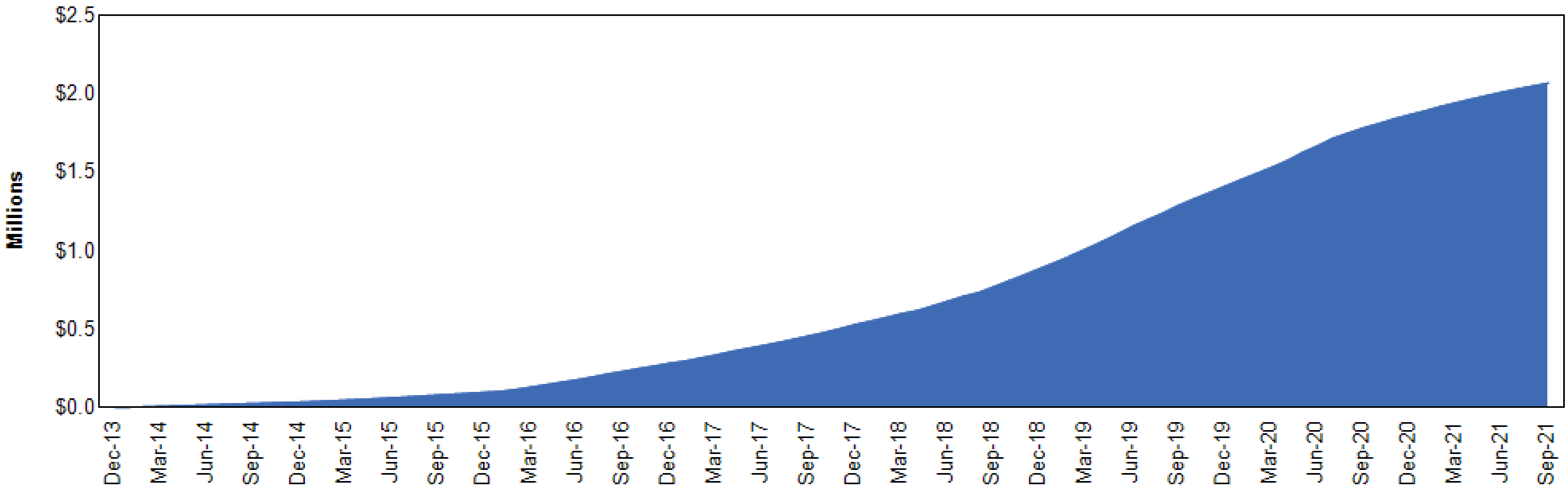


Contribution to Total Return



1. *Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).*
2. *Income returns calculated as interest earned on investments during the period.*
3. *Price returns calculated as the change in market value of each security for the period.*
4. *Returns are presented on a periodic basis.*

Accrual Basis Earnings - MILAF-CITY OF ROMULUS INVESTMENT ACCT



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception
Interest Earned	$65,986	$291,855	$1,118,245	$1,571,408	$1,900,698
Realized Gains / (Losses)	$3,151	$14,304	$91,804	$64,974	$85,904
Change in Amortized Cost	($11,495)	($20,656)	$86,649	$199,062	$81,484
Total Earnings	**$57,641**	**$285,503**	**$1,296,698**	**$1,835,444**	**$2,068,085**

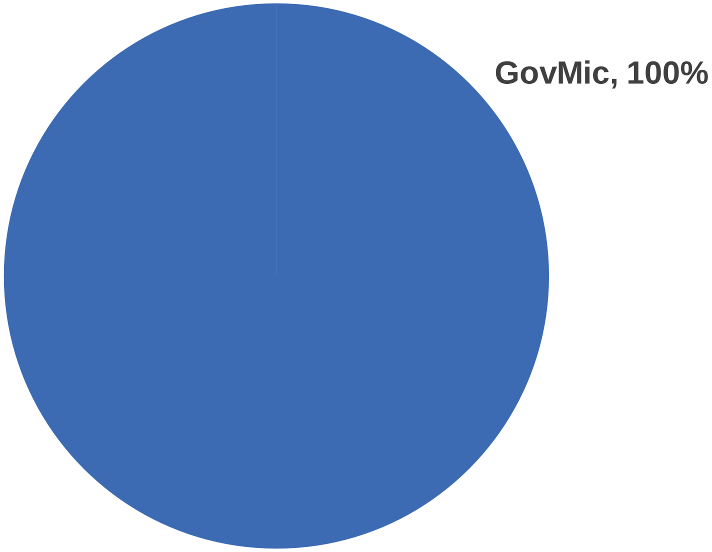
1. *The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2013.*
2. *Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.*
3. *Realized gains / (losses) are shown on an amortized cost basis.*

Construction Accounts

Portfolio Summary
As of September 30, 2021

Market Value	$1,099,874.36
Weighted Avg. Maturity (WAM)	52 Days
Yield	0.03%

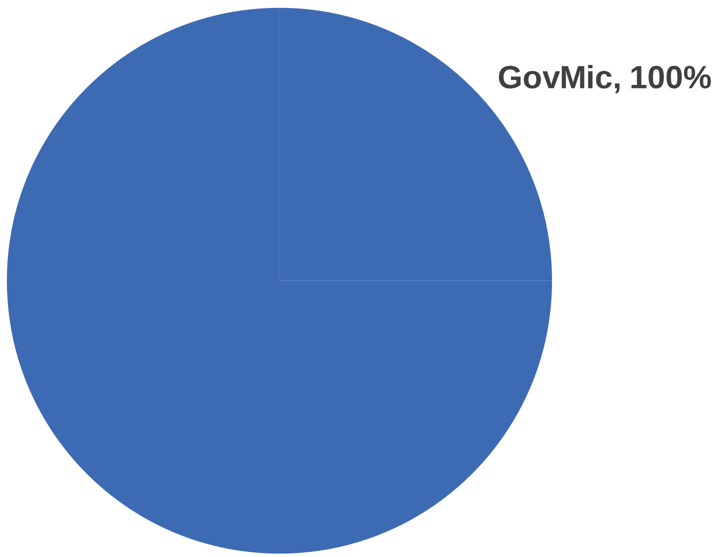
Sector Allocation



Portfolio Summary
As of September 30, 2021

Market Value	$12.38
Weighted Avg. Maturity (WAM)	52 Days
Yield	0.03%

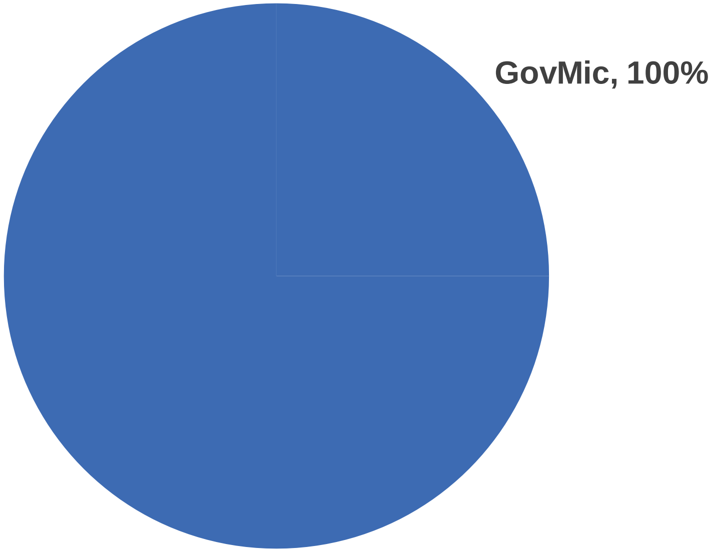
Sector Allocation



Portfolio Summary
As of September 30, 2021

Market Value	$18,145.93
Weighted Avg. Maturity (WAM)	52 Days
Yield	0.03%

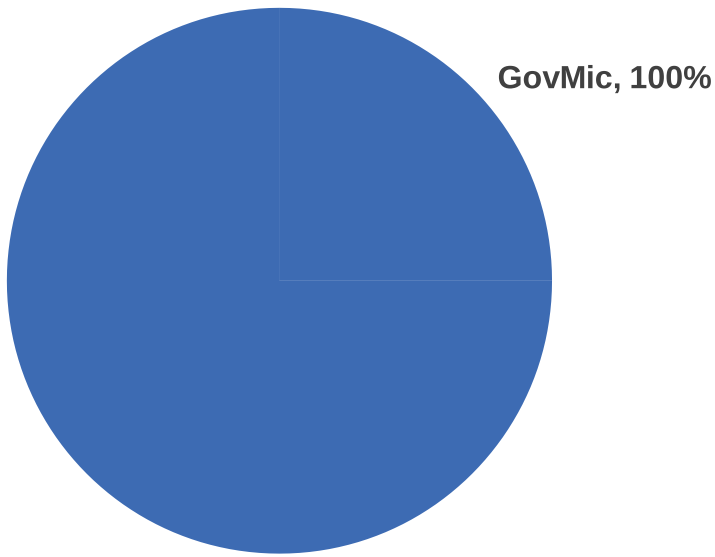
Sector Allocation



Portfolio Summary
As of September 30, 2021

Market Value	$126,968.82
Weighted Avg. Maturity (WAM)	52 Days
Yield	0.03%

Sector Allocation



Important Disclosures

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- 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 or Bloomberg. 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 or 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.