



City of Colorado Springs Review of Investment Performance

Quarter-ended June 30, 2017

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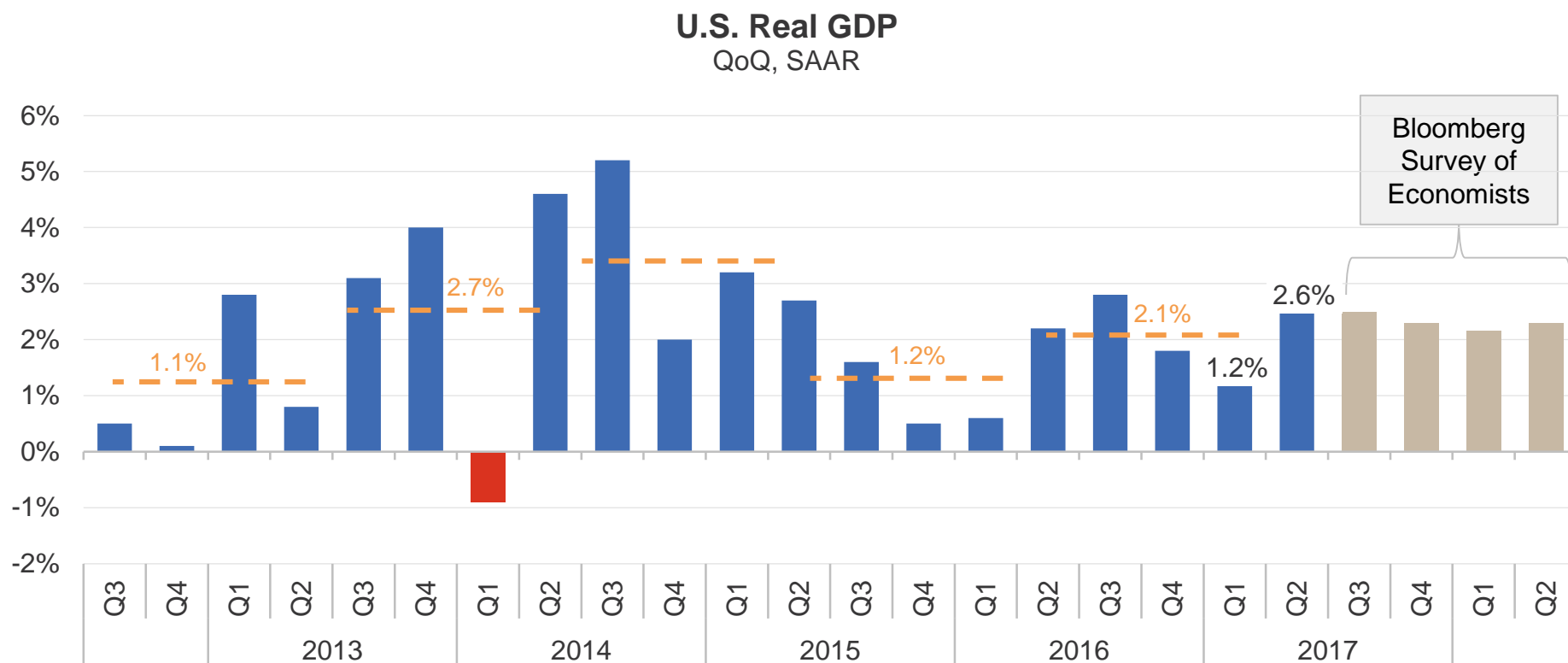
Economic and Market Update

Current Market Themes

- ◆ U.S. economic conditions are characterized by:
 - Disappointing Growth Domestic Product (“GDP”) growth in Q1, but expected to pick up in Q2 and the 2nd half of 2017
 - Labor market continuing to strengthen, but some slack remains
 - Muted inflation pressures
- ◆ Short U.S. Treasury yields moved higher following the Federal Reserve’s (the “Fed’s”) rate hike in March and June, but longer-term yields have lagged due to moderating inflation expectations
 - Fed officials still forecast 3 total rate hikes in 2017, according to the June “dot plot”
 - The Fed also released plans to reduce the size of its balance sheet later this year
- ◆ Global stock markets have rallied amid very low volatility as U.S. consumer confidence remains strong and the growth outlook brightens in Europe. Conflicting messages from equity and bond markets are puzzling.
- ◆ President Trump’s economic policies were considered pro-business and inflationary, but setbacks to their rollouts have dampened expectations.
- ◆ Geopolitical risks continue to loom in the background (North Korea, Middle East, Russia).

Economic Growth Decelerated in 1st Quarter

- ◆ GDP increased at an annualized rate of 2.6% in second quarter of 2017, with growth averaging 2.1% over the last four quarters.
- ◆ All four major components contributed positively to economic growth, with personal consumption bouncing back and adding 1.9% to the top line.
- ◆ Gross private investments, net exports, and government consumption were more modest, contributing 0.7% in total to second quarter GDP.

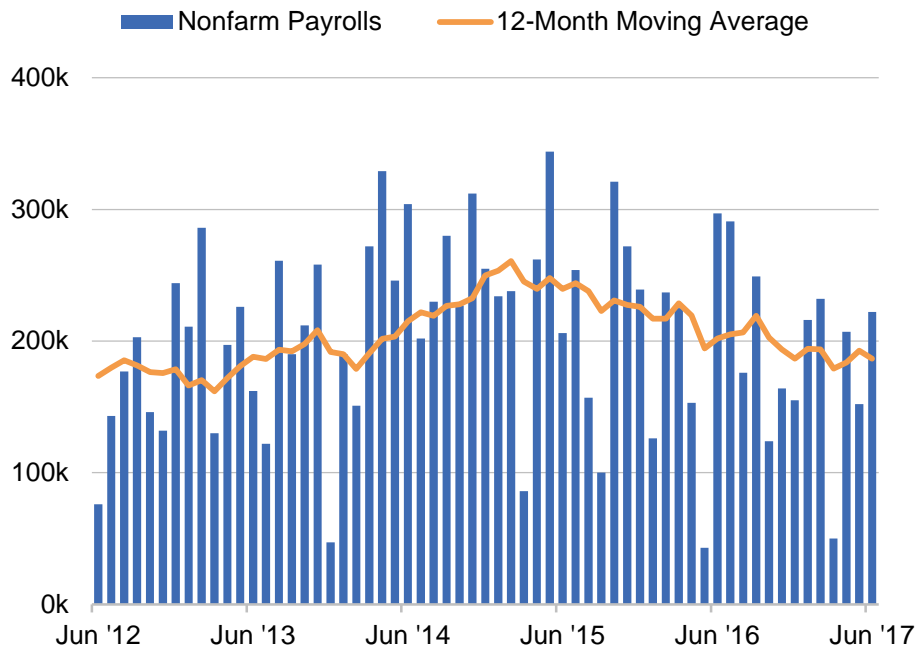


Source: Bloomberg, as of June 2017. SAAR is seasonally adjusted annualized rate. Orange denotes rolling four-quarter averages.

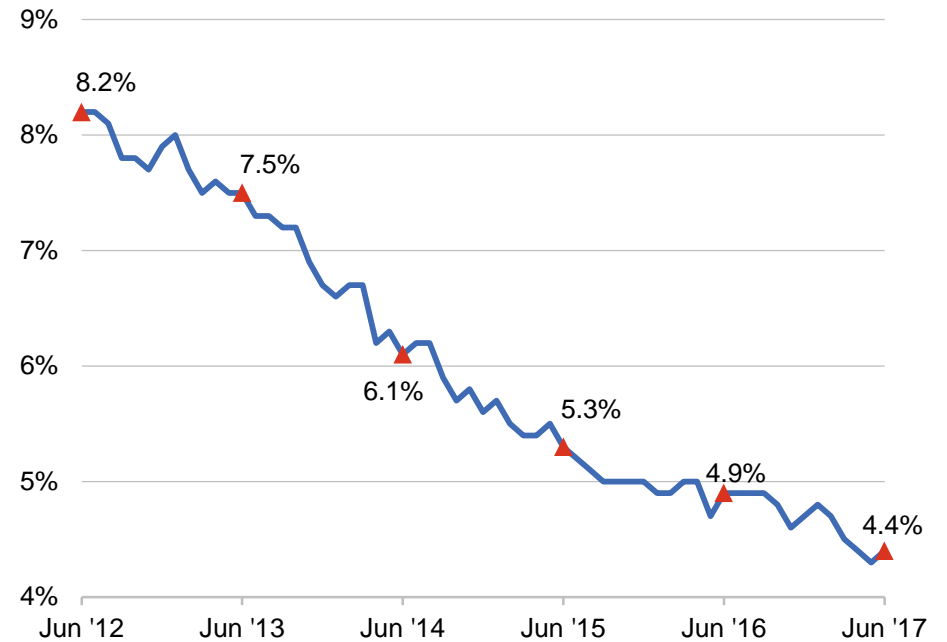
Labor Market Strength Continues

- The U.S. labor market continued to improve, adding 581,000 jobs in the second quarter and an average of 187,000 jobs per month over the past year.
- The headline unemployment rate and the labor force participation rate ticked up to 4.4% and 62.8%, respectively. The U-6 rate, which includes underemployed and discouraged workers, ended the quarter at 8.6%—the lowest since 2007.
- Average hourly earnings – an important gauge of wage growth – grew 2.5% over the past 12 months.

Monthly Change in Nonfarm Payrolls



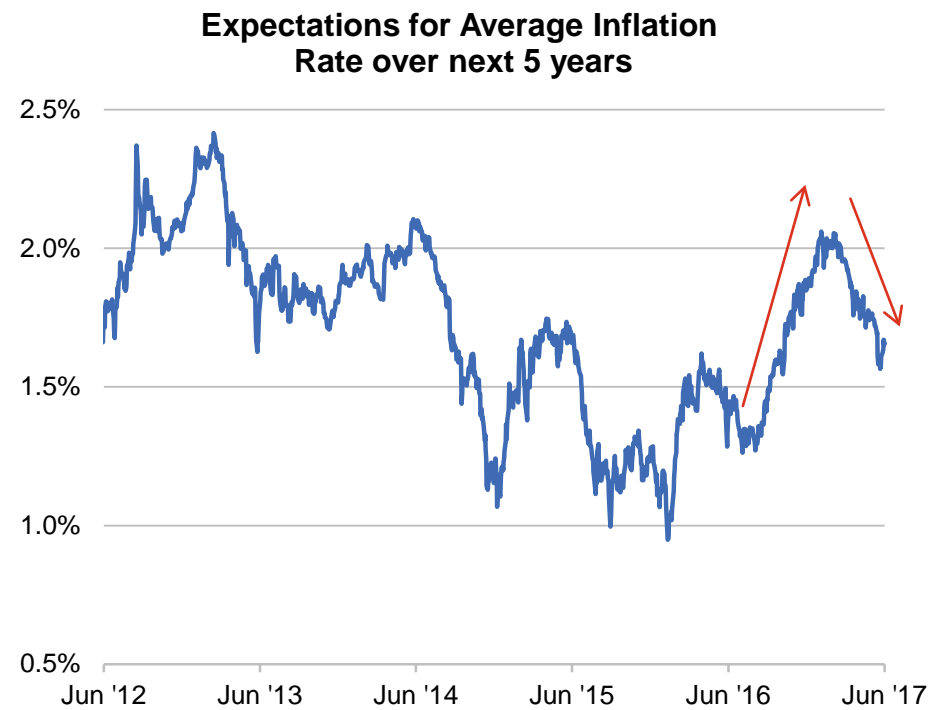
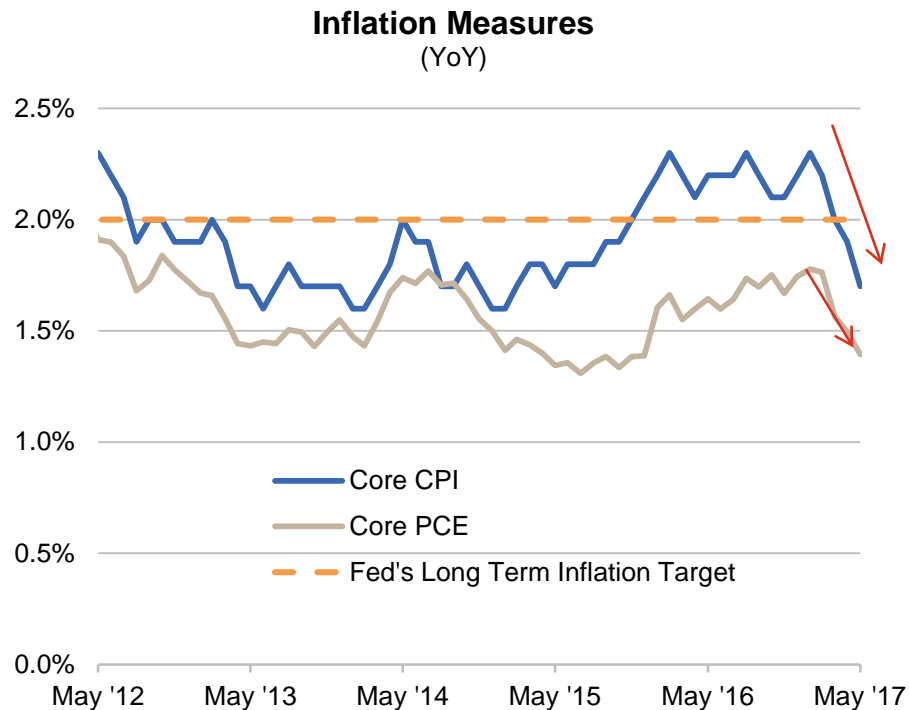
Unemployment Rate



Source: Bloomberg, as of June 2017.

Inflation Continues to Trend Lower

- ◆ The core personal consumption expenditures (“PCE”) price index, slipped to 1.4% year-over-year in May, marking the fourth consecutive month of decline. While some Fed officials, including Chair Janet Yellen, expect this weakness in inflation to be transitory, the prospect for another rate hike in 2017 may be diminished, should this trend continue.
- ◆ Following the U.S. election, inflation expectations jumped as President Trump’s proposed spending policies would likely increase price pressures. The inflation outlook has since softened, reflecting doubts in the new administration’s ability to implement its agenda.



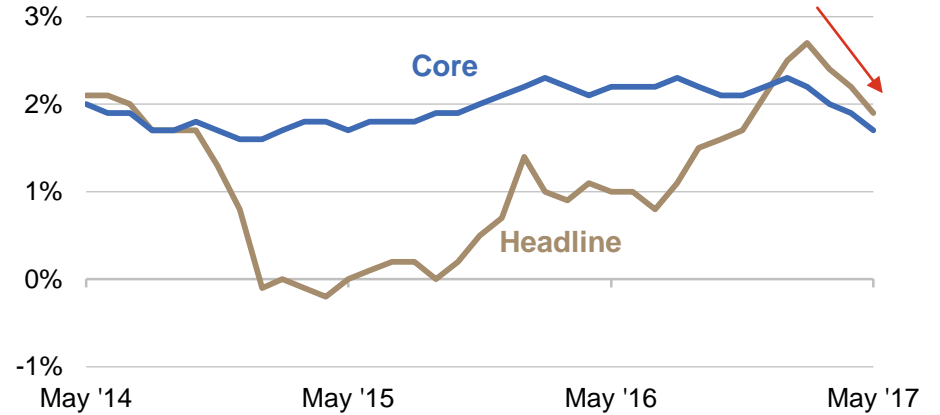
Source: Bloomberg, as of 06/30/17. Inflation expectations based on yield difference between 5-year Treasury note and 5-year Treasury Inflation Protected Securities (TIPS).

Disappointing Economic Data in Q2

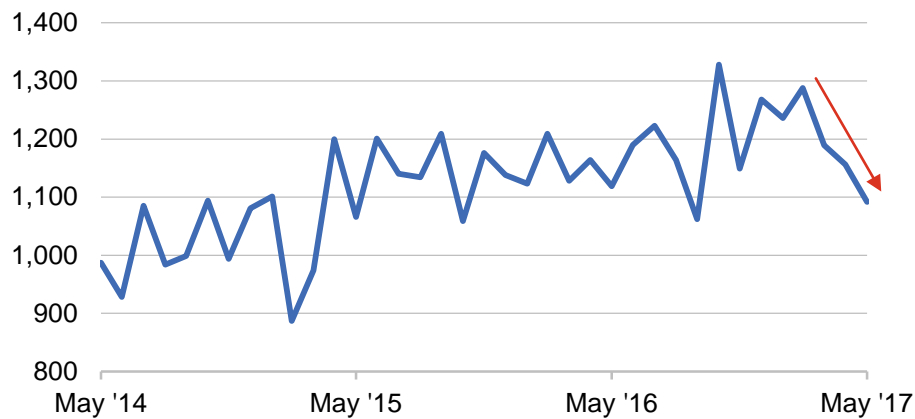
Citi Economic Surprise Index



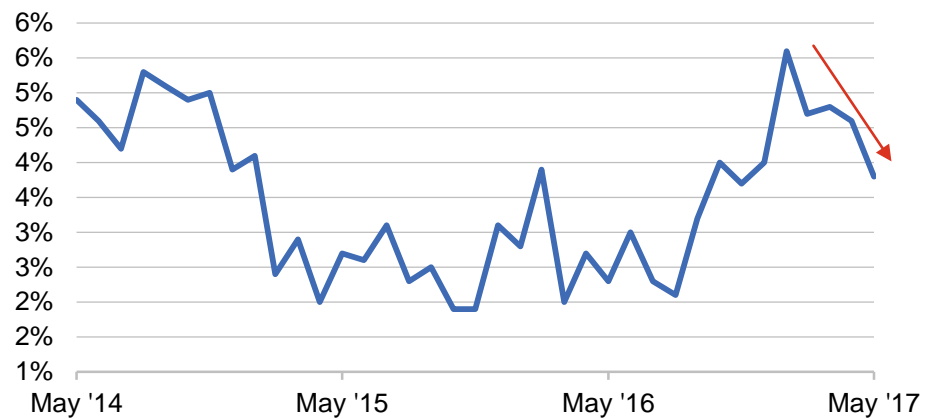
Consumer Price Index (YoY)



Housing Starts (000s)



Retail Sales (YoY)

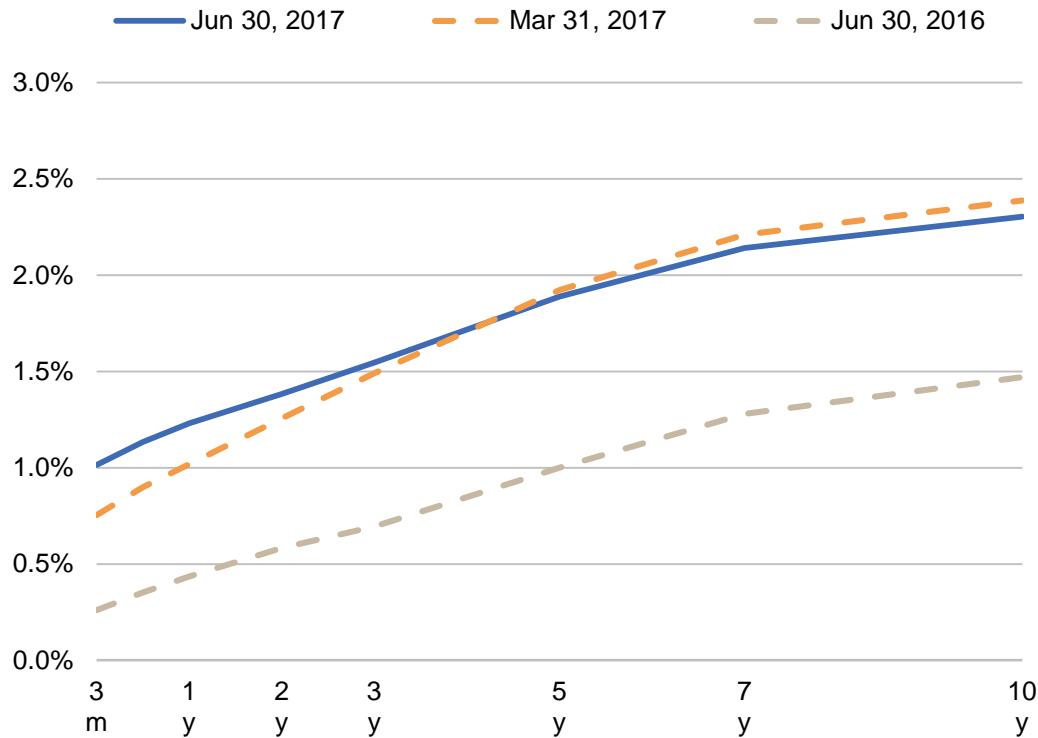


Source: Bloomberg, as of 06/30/17.

Short-Term Yields Higher, but Curve Flatter in Q2

- ◆ Treasury yields are substantially higher compared to a year ago; short-term yields rose as the Fed raised rates, while longer yields reflected higher inflation expectations following the U.S. Presidential Election.
- ◆ The yield curve flattened in Q2 as inflation expectations moderated.

U.S. Treasury Yield Curve

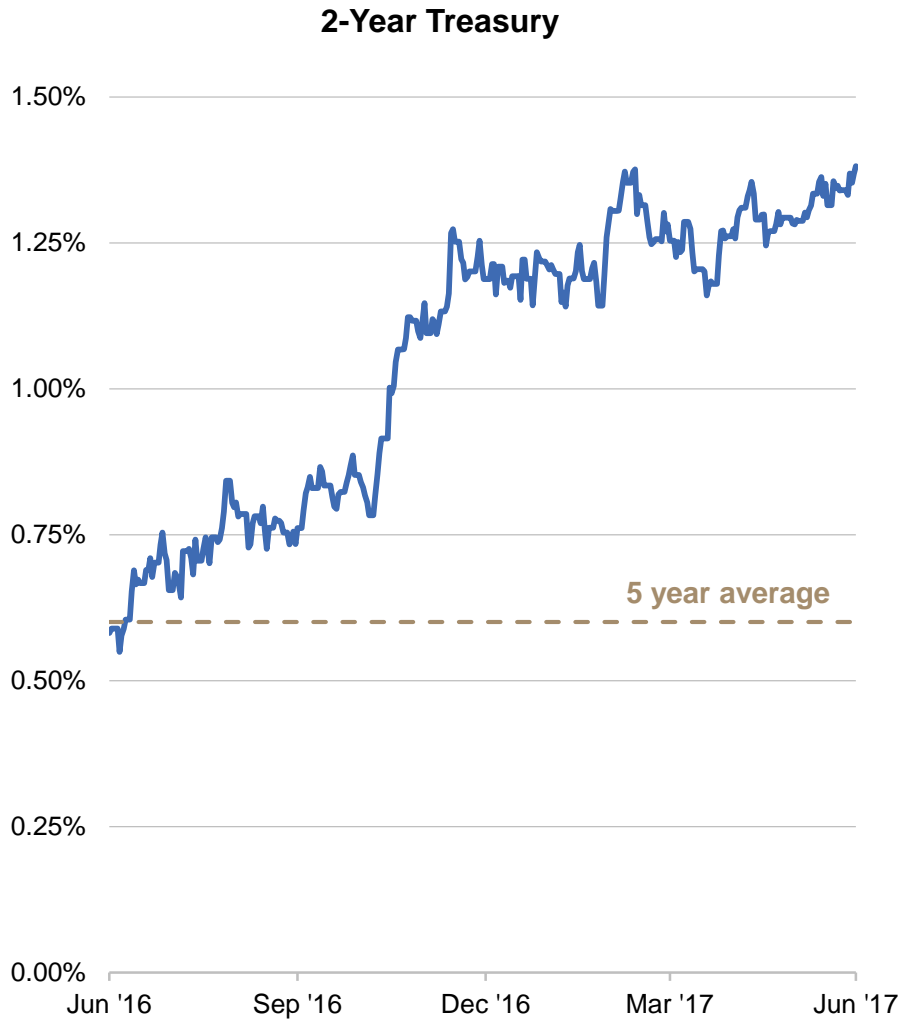


Yield Curve History

Maturity	06/30/17	03/31/17	06/30/16
1-Mo.	0.84	0.73	0.17
3-Mo.	1.01	0.75	0.26
6-Mo.	1.13	0.90	0.35
1-Yr.	1.23	1.02	0.44
2-Yr.	1.38	1.26	0.58
3-Yr.	1.55	1.49	0.69
5-Yr.	1.89	1.92	1.00
7-Yr.	2.14	2.21	1.28
10-Yr.	2.31	2.39	1.47
30-Yr.	2.84	3.01	2.29

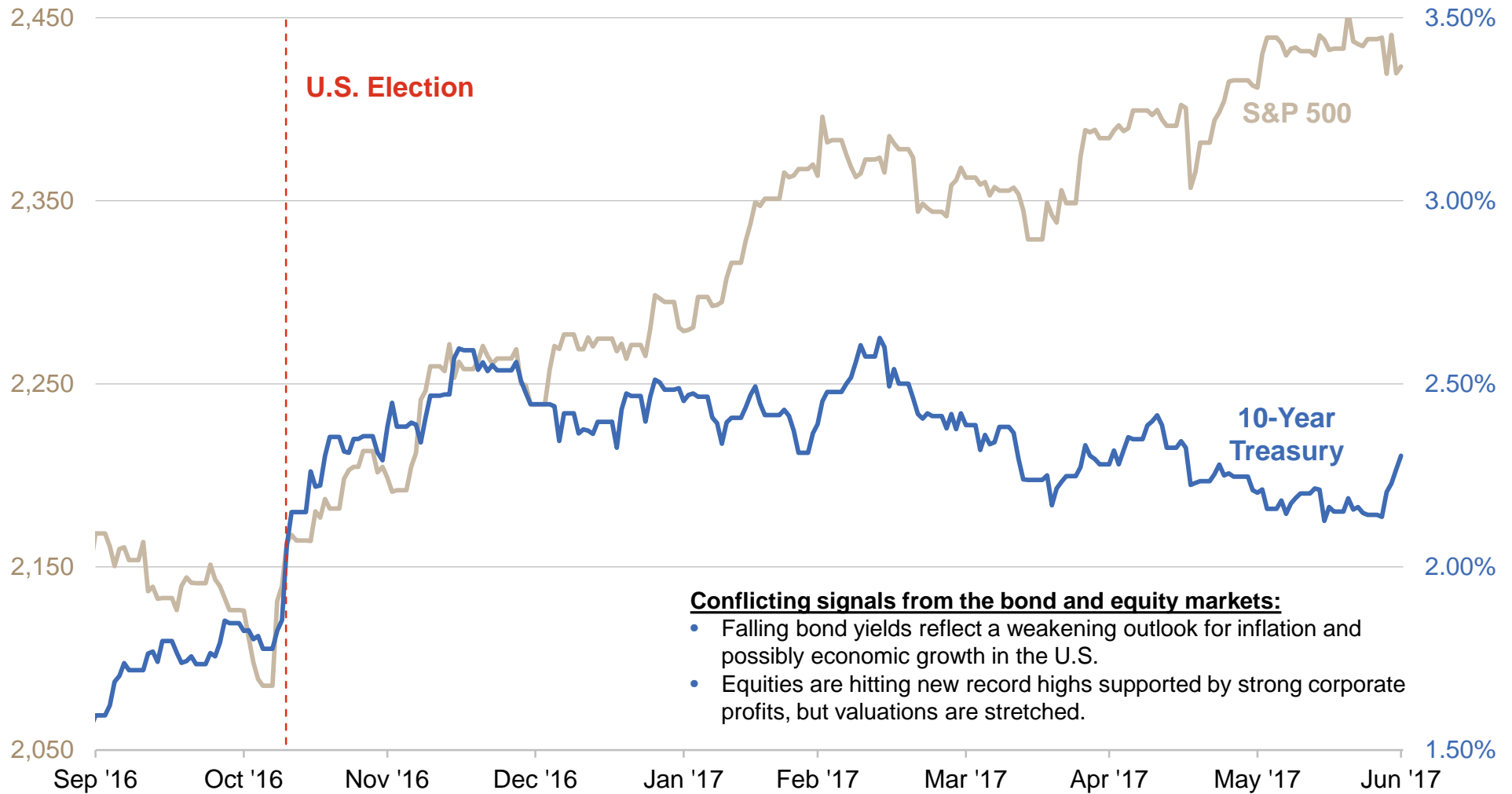
Source: Bloomberg, as of 06/30/17.

U.S. Treasury Yield History over Past 12 Months



Source: Bloomberg, as of 06/30/17.

A Tale of Two Markets



Source: The WSJ Daily Shot, Bloomberg, as of 06/30/17.

June

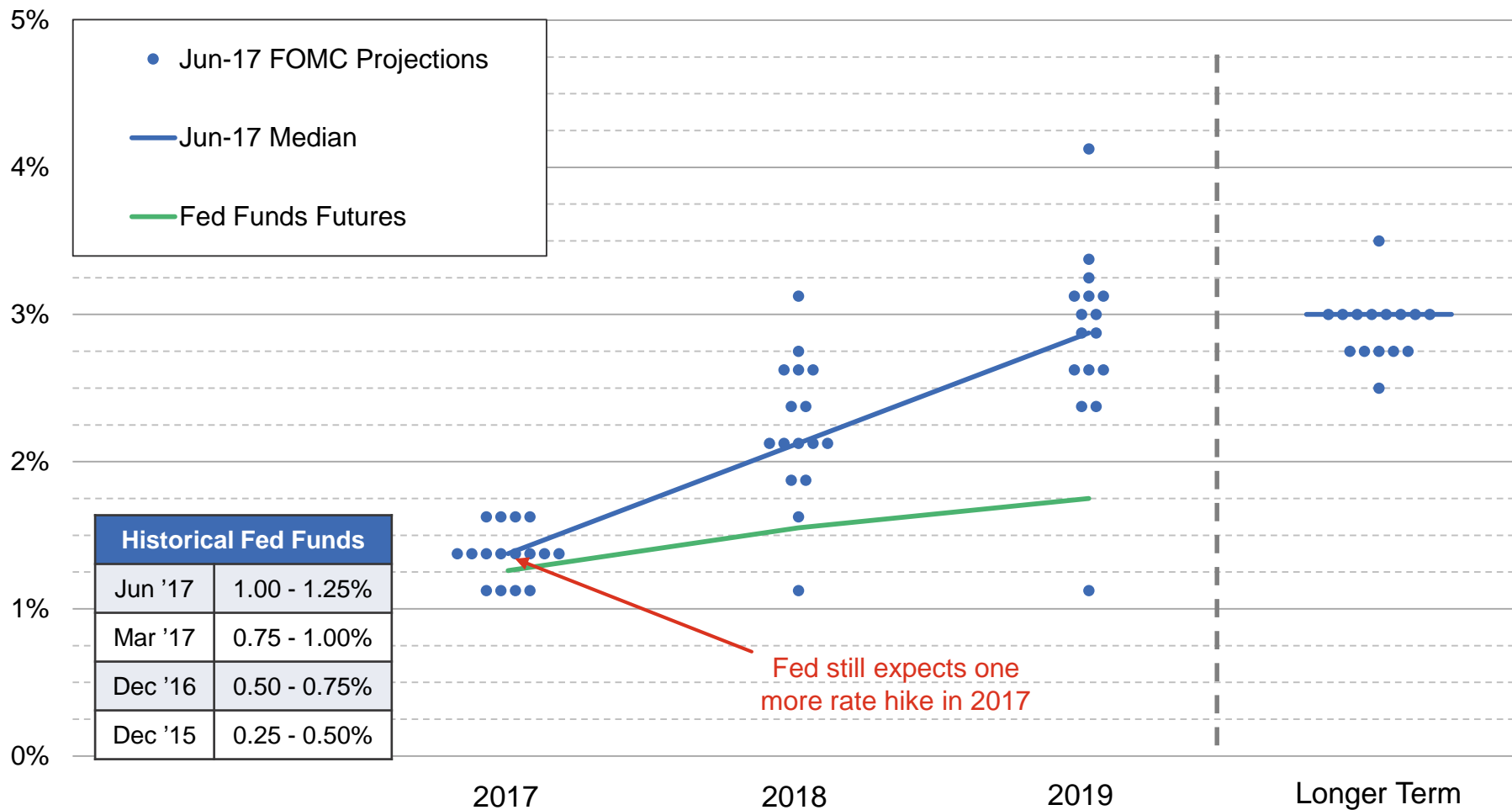
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- Information received since the Federal Open Market Committee (“FOMC” or “Committee”) met in May indicates that the **labor market has continued to strengthen** and that economic activity has been rising moderately so far this year. **Job gains have moderated but have been solid**, on average, since the beginning of the year, and the **unemployment rate has declined**.
- Inflation on a 12-month basis **is expected to remain somewhat below 2 percent in the near-term** but to stabilize around the Committee’s 2 percent objective over the medium-term.
- The Committee decided to **raise the target range for the federal funds rate to 1 to 1-¼ percent**. The committee expects that economic conditions will evolve in a manner that will warrant **gradual increases in the federal funds rate**.
- The Committee currently **expects to begin implementing a balance sheet normalization program this year**, provided that the economy evolves broadly as anticipated. This program, which would gradually reduce the Federal Reserve's securities holdings by **decreasing reinvestment of principal payments** from those securities.
- All voting members supported the monetary policy actions, except for Neel Kashkari (Minneapolis Fed President), who preferred to maintain the existing target range for the federal funds rate.

Source: Federal Reserve.

FOMC "Dot Plot"

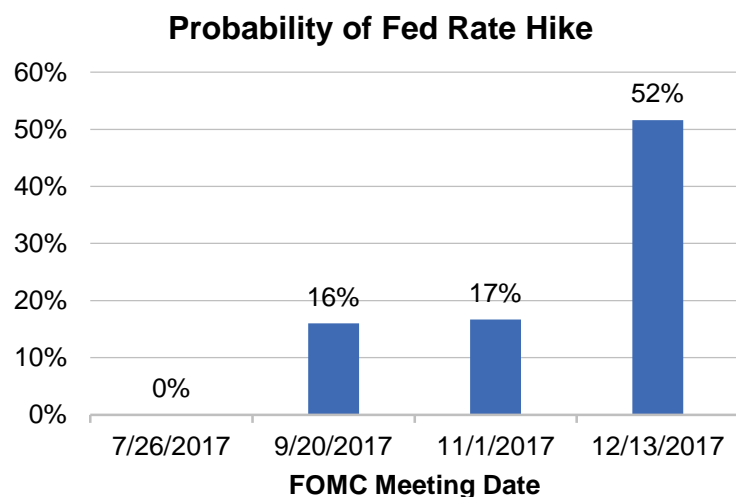
Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 06/30/17.

Fed Divided over Timing of Next Monetary Policy Decision

The majority of Fed officials expect one more rate hike in 2017, but are split on the timing of it due to several weak inflation readings recently. Markets deem a rate move in December as more likely. Fed officials are also divided over when to start the balance sheet runoff. According to the June FOMC meeting minutes, some preferred starting within a couple of months, while others would like to defer until later in the year to allow more time to assess the outlook for economic activity and inflation.



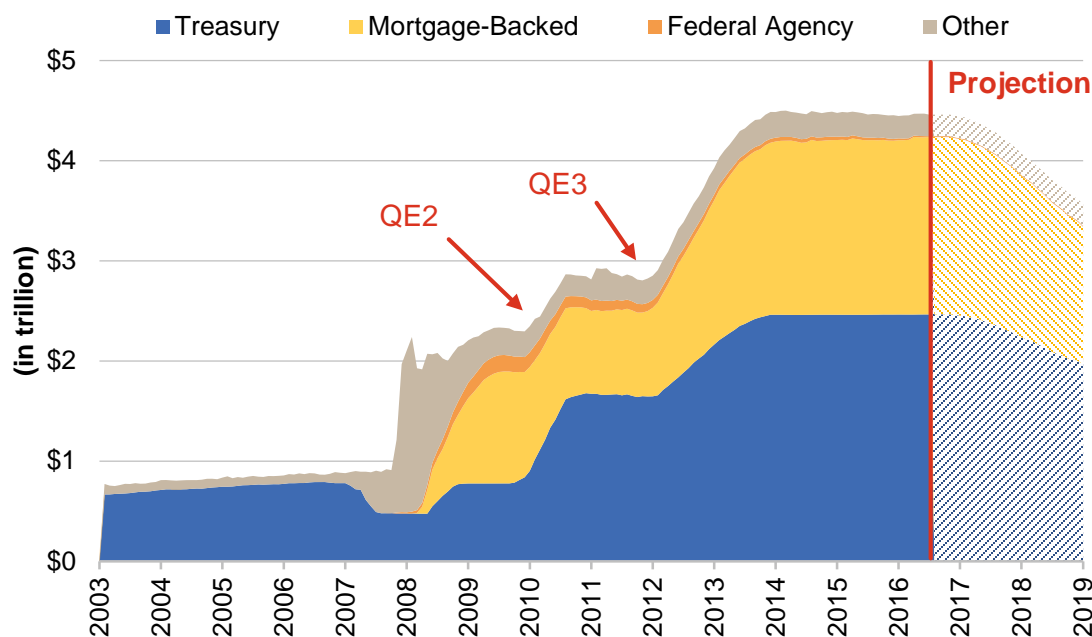
Fed Official	Comments/Views	
Janet Yellen (Fed Chair: Voter)	"It's important not to overreact to a few [inflation] readings." "We currently expect to begin implementing a balance sheet normalization program this year."	More Hawkish Tone
William Dudley (New York: Voter)	"This is actually a pretty good place to be... inflation is a little lower than what we would like... but will gradually get back to 2 percent."	
John Williams (San Francisco)	Believes recent weak inflation readings will be transitory... Fed needs to keep raising rates gradually "to keep the economic expansion on a sound footing."	
Patrick Harker (Philadelphia: Voter)	"It is prudent for us to pause on the next rate increase." He suggested that September's meeting is a possible moment to begin balance sheet plan.	Cautious About Inflation
Robert Kaplan (Dallas: Voter)	"We should be very careful about raising rates and we should do it patiently and carefully." Wants to wait for more data to understand whether recent weak inflation readings are transitory.	
Charles Evans (Chicago: Voter)	"The current environment supports very gradual rate hikes and slow preset reductions in the balance sheet... I don't see why we would not be served to allow more time to wait."	
Neel Kashkari (Minneapolis: Voter)	Dissented on raising rates in both March and June meeting. "I have been calling for the FOMC to put out detailed plans for when and how we begin to normalize our balance sheet."	

Source: Bloomberg, as of 06/30/17. Probability of rate hike based on Fed Funds Futures.

Fed's Balance Sheet Normalization Plan

- ◆ The Federal Reserve laid out its plan at the June FOMC meeting to reduce the size of its balance sheet, which grew to \$4.5 trillion after multiple rounds of quantitative easing following the 2008 financial crisis. Fed officials currently expect to begin implementing the program this year, provided the economy evolves broadly as anticipated.
- ◆ The Fed plans to gradually reduce its holdings by decreasing reinvestments of principal payments on its U.S. Treasury and agency mortgage-backed securities. The pace of this decline will start at a cap of \$10 billion per month, increasing by \$10 billion per month every three months, until it reaches \$50 billion per month.

Fed's Total Balance Sheet Assets



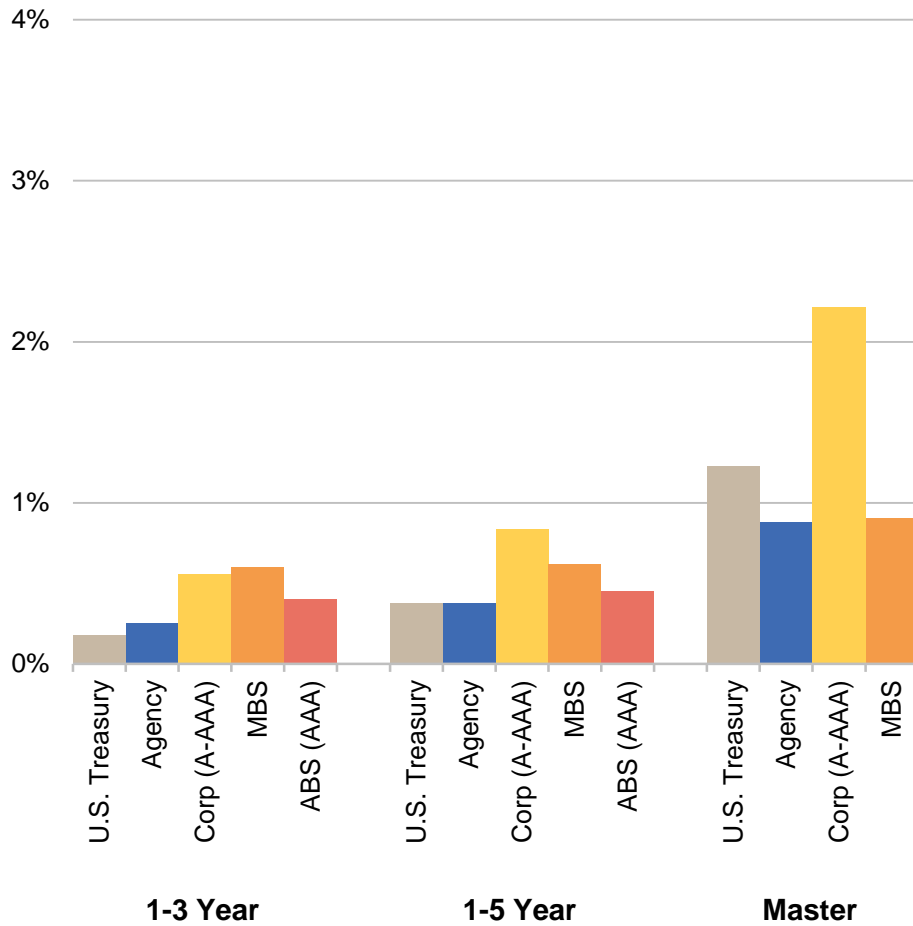
(in billion)	Treasury Holdings	MBS Holdings	Total Fed Assets
Sep 2017	\$2,465	\$1,770	\$4,460
Dec 2019 (Projected)	\$1,965	\$1,350*	\$3,540
Difference:	\$(500)	\$(420)*	\$(920)

*MBS projection assumes that principal payments will always exceed the cap over the horizon period (i.e. the monthly run off amount is equal to the cap).

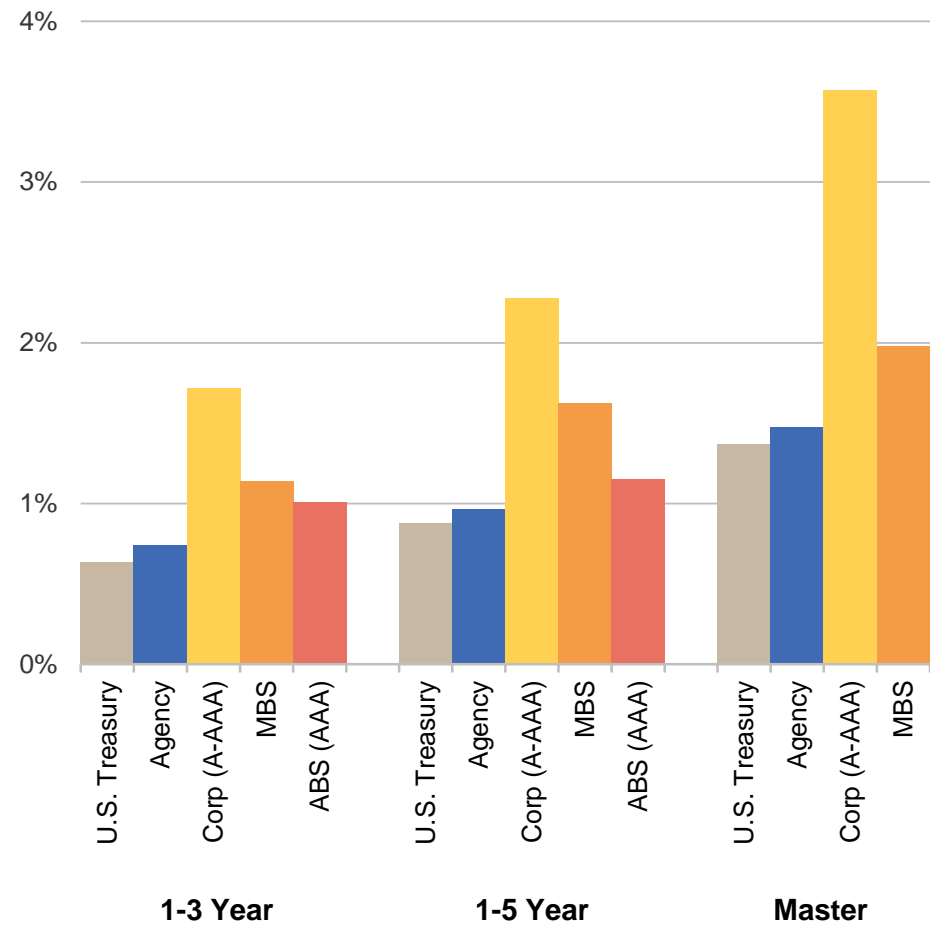
Source: PFM, Bloomberg, The Federal Reserve, FRB of St. Louis, as of 06/15/17. Projection is based on maturity schedule of Fed's Treasury holdings and caps on reinvestments as described in FOMC's June 2017 addendum to the Policy Normalization Principles and Plans, assuming normalization begins in October 2017.

Corporates Continue to Outperform

Q2 2017
(03/31/17 - 06/30/17)



5-Year Average Annualized Returns
(Period ended 06/30/17)



Source: BofA Merrill Lynch Indices. MBS and ABS indices are 0-3 and 0-5 year, based on Weighted Average Life.

Yield Environment as of June 30, 2017

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate	AAA Taxable Municipal
3-Month	1.01%	1.03%	1.19%	1.28%	-
6-Month	1.13%	1.12%	1.31%	1.37%	-
1-Year	1.23%	1.26%	1.44%	1.61%	1.48%
2-Year	1.38%	1.42%	1.70%	1.88%	1.69%
3-Year	1.55%	1.56%	1.94%	2.13%	1.88%
5-Year	1.89%	1.92%	2.34%	2.51%	2.22%
10-Year	2.31%	2.48%	3.10%	3.23%	3.09%

Source: Bloomberg BVAL yield curves for Treasury, Corporate and Municipal yields, TradeWeb for Federal Agency yields. 3 and 6 month corporate yields from commercial paper; A-1+ for AA and A-1 for A.

Portfolio Characteristics and Investment Strategy

Portfolio Recap

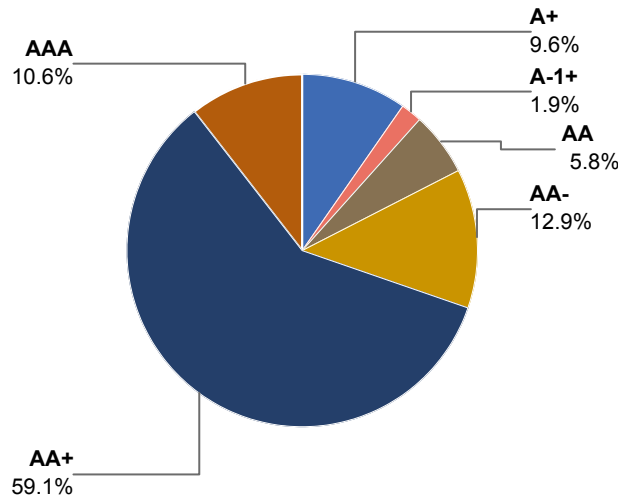
- ◆ Key drivers of market conditions in the second quarter included:
 - an additional Federal Reserve rate hike;
 - mixed readings on key economic data in the U.S.;
 - persistently subdued inflation readings;
 - narrowing credit spreads; and
 - stronger growth readings and higher yields in Europe and elsewhere.
- ◆ Short-term and long-term Treasury yields diverged during the second quarter as short-term yields (those three years and under) moved higher, pricing in the Fed's June rate hike, while yields on longer-term maturities fell amid muted inflation and fading prospects for stimulative fiscal policy. As a result, the yield curve flattened, retracing all the steepening that took place following the U.S. presidential election.
- ◆ Our duration strategy is to remain largely in line with the benchmark's duration unless we have a strong conviction that rates are not appropriately reflecting market risks and expectations. Since market conditions were consistent with moderate growth and the Fed on track to gradually raise rates, we positioned the portfolio to be "neutral"—with its duration equal to the benchmark's duration—to start the second quarter. During May and June, however, we allowed the portfolio's duration to drift shorter as we believed that rates were not adequately pricing in the likelihood of a near-term Fed rate increase. When the Fed did raise rates in June, shorter-term portfolios benefited as yields adjusted to reflect a higher Fed funds rate.
- ◆ Federal agency yield spreads narrowed further amid minimal new issuance, ending the quarter at historical tight levels. Our strategy remained opportunistic as we sought to:
 - purchase new issues that offered acceptable yield concessions, mostly in the 2-3 year maturity range;
 - favor U.S. Treasuries in most other maturities; and
 - consider swap opportunities out of expensive agency holdings into U.S. Treasuries or other sectors.
- ◆ We maintained corporate allocations as the sector's additional income remained advantageous, and the sector benefited from further spread tightening. As an alternative in the credit space, negotiable certificates of deposit ("CDs") offered good value during the quarter, providing attractive yields vs. corporate securities. The corporate sector generated strong outperformance relative to comparable-maturity Treasuries, logging its seventh straight quarter of outperformance.
- ◆ We continued to participate in new AAA-rated asset-backed security ("ABS") issues (where permitted), adding to our allocations in the sector. ABS provided both enhanced diversification and incremental yield. The ABS sector performed well, posting its second straight quarter of outperformance to Treasuries as yield spreads tightened.
- ◆ We maintained existing holdings of mortgage-backed securities ("MBS"), emphasizing structures with limited exposure to interest rate and prepayment risk, such as Agency MBS backed by commercial mortgages ("CMBS"). Shorter-duration structures produced modest outperformance during the quarter, while longer structures underperformed the strong performance of longer Treasuries.
- ◆ In the money market space, short-term Treasury yields rose, repricing to reflect the Fed's ¼ percent June rate hike. The yield spread offered by commercial paper CDs tightened during the quarter to levels not seen since the Fed began raising rates in late 2015 as the effects of money market reform and conviction about further Fed rate hikes faded.

Portfolio Statistics

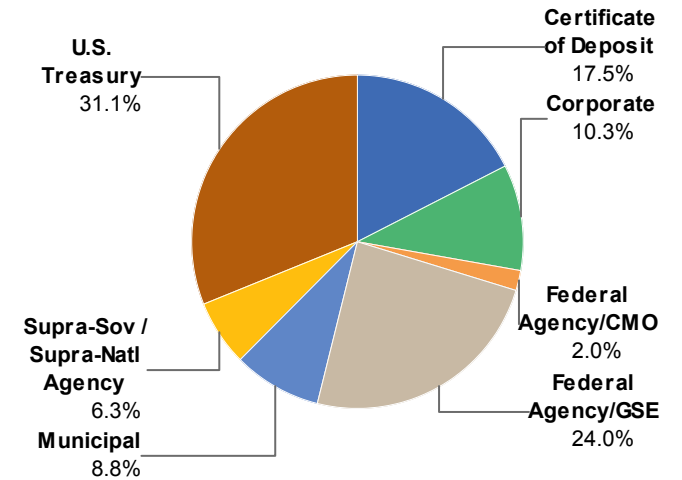
As of June 30, 2017

Par Value:	\$74,950,582
Total Market Value:	\$75,586,890
Security Market Value:	\$75,074,303
Accrued Interest:	\$341,110
Cash:	\$171,477
Amortized Cost:	\$75,446,079
Yield at Market:	1.62%
Yield at Cost:	1.50%
Effective Duration:	2.52 Years
Duration to Worst:	2.53 Years
Average Maturity:	2.63 Years
Average Credit: *	AA

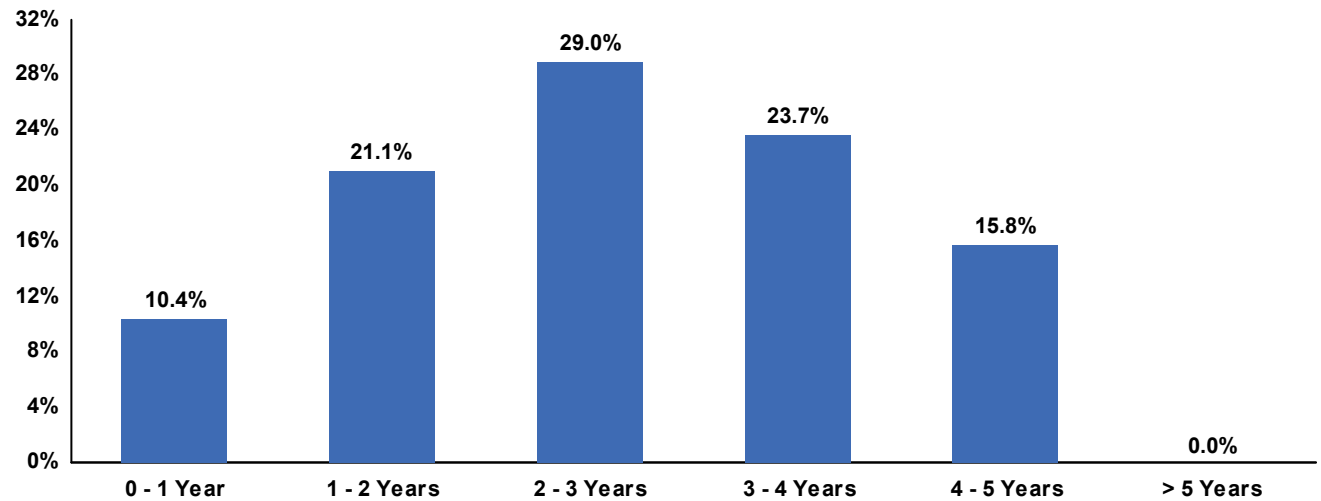
Credit Quality (S&P Ratings)



Sector Allocation



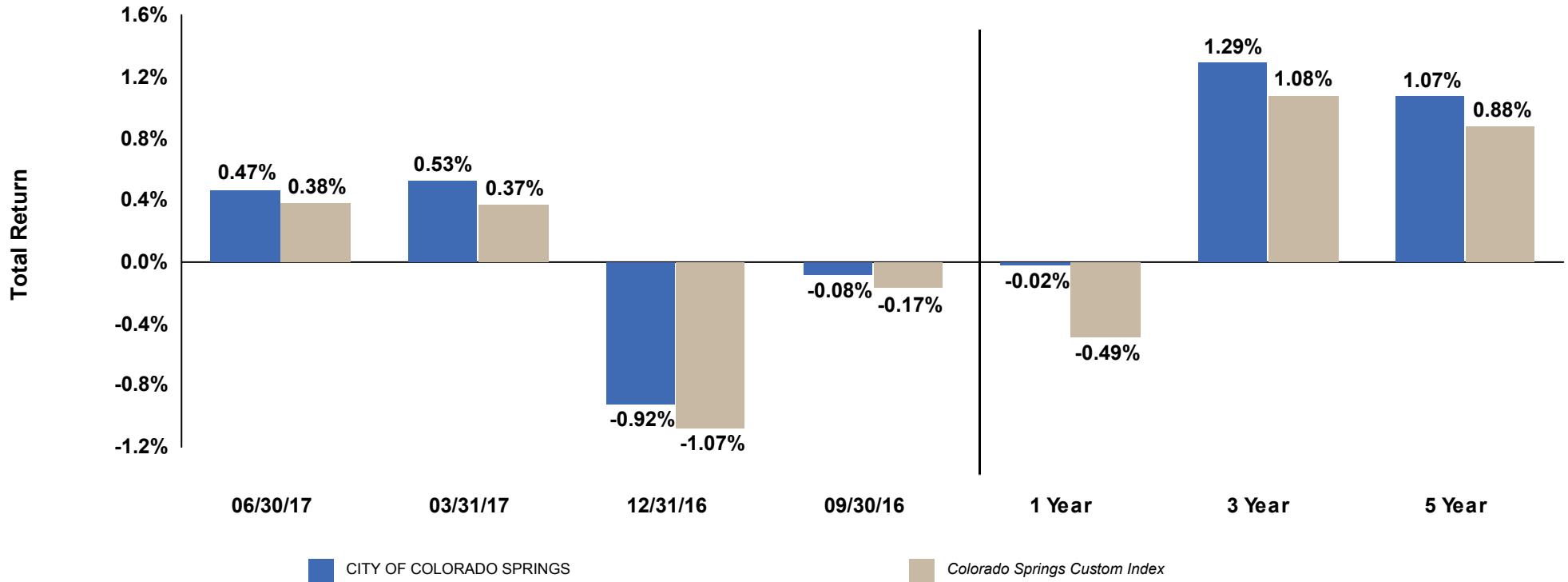
Maturity Distribution



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

Portfolio Performance (Total Return)

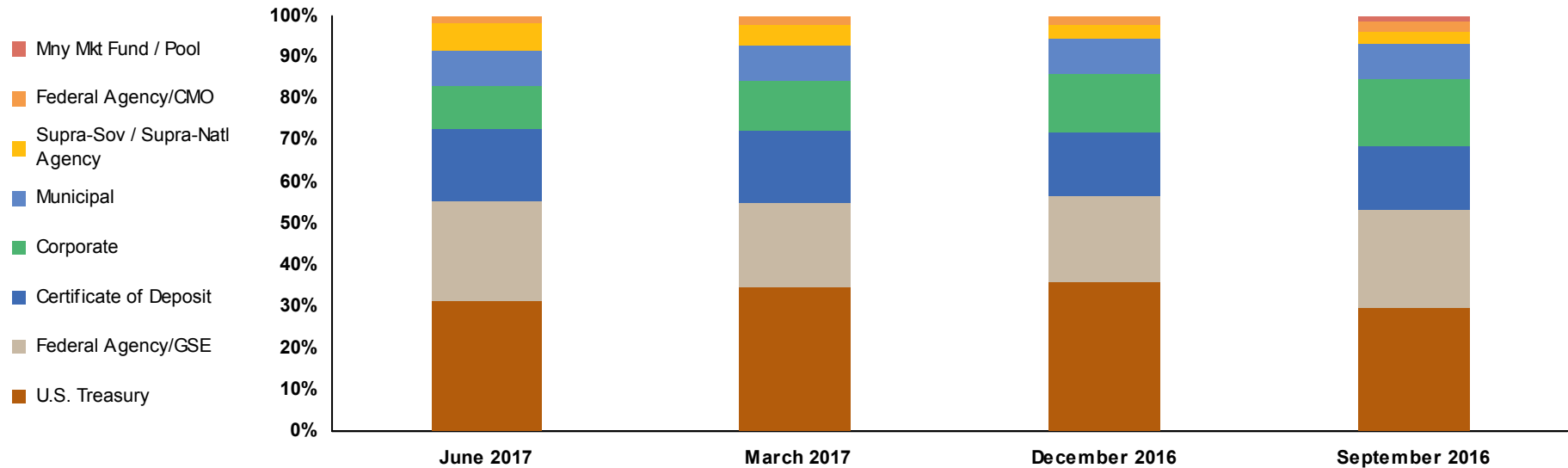
Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		06/30/17	03/31/17	12/31/16	09/30/16	1 Year	3 Year	5 Year
CITY OF COLORADO SPRINGS	2.52	0.47%	0.53%	-0.92%	-0.08%	-0.02%	1.29%	1.07%
<i>Colorado Springs Custom Index</i>	2.60	0.38%	0.37%	-1.07%	-0.17%	-0.49%	1.08%	0.88%
Difference		0.09%	0.16%	0.15%	0.09%	0.47%	0.21%	0.19%



Portfolio performance is gross of fees unless otherwise indicated.

Sector Allocation

Sector	June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	23.4	31.1%	26.1	34.8%	26.6	35.8%	22.6	29.6%
Federal Agency/GSE	18.0	24.0%	15.0	20.0%	15.3	20.6%	18.0	23.6%
Certificate of Deposit	13.1	17.5%	13.1	17.5%	11.6	15.6%	11.6	15.3%
Corporate	7.7	10.3%	8.7	11.6%	10.3	13.9%	12.2	16.0%
Municipal	6.6	8.8%	6.6	8.8%	6.6	8.8%	6.7	8.8%
Supra-Sov / Supra-Natl Agency	4.7	6.3%	3.8	5.1%	2.3	3.0%	2.3	3.0%
Federal Agency/CMO	1.5	2.0%	1.6	2.2%	1.7	2.3%	1.7	2.2%
Mny Mkt Fund / Pool	0.0	0.0%	0.0	0.0%	0.0	0.0%	1.1	1.5%
Total	\$75.1	100.0%	\$74.9	100.0%	\$74.5	100.0%	\$76.2	100.0%



Detail may not add to total due to rounding.

Sector/Issuer Distribution

As of June 30, 2017

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Certificate of Deposit			
BANK OF MONTREAL	1,508,720	11.5%	2.0%
BANK OF NOVA SCOTIA	1,449,146	11.0%	1.9%
CANADIAN IMPERIAL BANK OF COMMERCE	1,456,074	11.1%	1.9%
HSBC HOLDINGS PLC	1,451,064	11.1%	1.9%
NORDEA BANK AB	1,456,074	11.1%	1.9%
ROYAL BANK OF CANADA	1,452,635	11.1%	1.9%
SKANDINAVISKA ENSKILDA BANKEN AB	1,449,369	11.0%	1.9%
TORONTO-DOMINION BANK	1,453,484	11.1%	1.9%
US BANCORP	1,450,136	11.0%	1.9%
Sector Total	13,126,702	100.0%	17.5%
Corporate			
APPLE INC	1,434,508	18.6%	1.9%
BERKSHIRE HATHAWAY INC	622,534	8.1%	0.8%
CHEVRON CORPORATION	1,358,855	17.6%	1.8%
COCA-COLA COMPANY	771,947	10.0%	1.0%
JOHNSON & JOHNSON	397,897	5.2%	0.5%
MICROSOFT CORP	1,347,360	17.5%	1.8%
TOYOTA MOTOR CORP	1,272,052	16.5%	1.7%
WELLS FARGO & COMPANY	502,315	6.5%	0.7%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Sector Total	7,707,468	100.0%	10.3%
Federal Agency/CMO			
FANNIE MAE	1,475,173	100.0%	2.0%
Sector Total	1,475,173	100.0%	2.0%
Federal Agency/GSE			
FANNIE MAE	10,070,526	55.9%	13.4%
FEDERAL HOME LOAN BANKS	4,321,164	24.0%	5.8%
FREDDIE MAC	3,624,542	20.1%	4.8%
Sector Total	18,016,232	100.0%	24.0%
Municipal			
CITY OF NEW YORK CITY, NY	1,416,139	21.5%	1.9%
FLORIDA ST HURRICAN CAT FUND	1,458,222	22.2%	1.9%
MISSISSIPPI STATE	885,020	13.5%	1.2%
NEW YORK CITY NY TRANSITIONAL	1,449,137	22.0%	1.9%
STATE OF CONNECTICUT	1,367,669	20.8%	1.8%
Sector Total	6,576,187	100.0%	8.8%
Supra-Sov / Supra-Natl Agency			
AFRICAN DEVELOPMENT BANK	2,065,602	43.7%	2.8%
ASIAN DEVELOPMENT BANK	945,129	20.0%	1.3%
INTER-AMERICAN DEVELOPMENT BANK	1,004,200	21.2%	1.3%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
INTL BANK OF RECONSTRUCTION AND DEV	714,675	15.1%	1.0%
Sector Total	4,729,606	100.0%	6.3%
U.S. Treasury			
UNITED STATES TREASURY	23,442,934	100.0%	31.2%
Sector Total	23,442,934	100.0%	31.2%
Portfolio Total	75,074,303	100.0%	100.0%

Investment Strategy Outlook

- Our outlook for the third quarter is for continued modest growth in the U.S. economy. But, the future path of Fed tightening is less certain as recent economic data has been disappointing, fiscal policy initiatives have stalled, and inflation remains below the Fed's 2% target.
- With rates priced for the current level of uncertainty, we are once again positioning the portfolio's duration to match the benchmark. We will continue to assess our duration positioning during the quarter as we gain more clarity surrounding Fed policy and trajectory of the U.S. and global economies.
- Agency yield spreads remain at or near historically tight levels as demand remains strong while supply is minimal. Unless we find an issue with appropriate yield spread, our strategy will generally favor U.S. Treasuries over agencies except in government-only accounts where current holdings will be maintained. Supranational issues may offer alternatives, but yield spreads in that sector have tightened since the start of the year.
- Corporate yield spreads are near the tightest levels since the post-recession of 2014. Although we remain constructive on the fundamental strength of the sector, we plan to be more selective with regard to our choice of industry, issuer, and maturity while maintaining broad issuer diversification. Given the flatness of the yield curve, we may favor somewhat shorter maturities.
- We anticipate continuing to add to ABS allocations (where permitted) as the sector offers incremental return potential. We will continue to evaluate opportunities in both the ABS and MBS sectors, purchasing those issues we believe are well structured, offer adequate yield spreads, and which have limited extension and headline risk from expected Fed balance sheet tapering.
- Our strategy continues to favor broad allocation to various credit sectors, including corporate notes, commercial paper, negotiable bank CDs, and asset-backed securities.
- In the money market space, yield spreads on commercial paper and CDs have narrowed significantly from the wide levels driven by money market reform in late 2016. Given low short-term Treasury and agency yields, CP and CD spreads still offer modest incremental yield, but supply is somewhat constrained. Agency discount notes offer little value relative to Treasuries except in the shortest maturities.
- We will continue to monitor incoming economic data, Fed policy, and sector relationships to identify market opportunities. This will include assessing the impact of any additional policies put forth by the Trump administration.

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

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **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.

GLOSSARY

- **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.
- **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.
- **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.