City of Atwater Consolidated

Account #70012

Portfolio Summary

As of February 28, 2023

PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.20
Average Coupon	1.78%
Average Purchase YTM	1.50%
Average Market YTM	4.89%
Average S&P/Moody Rating	AA/Aa2
Average Final Maturity	2.56 yrs
Average Life	2.34 yrs

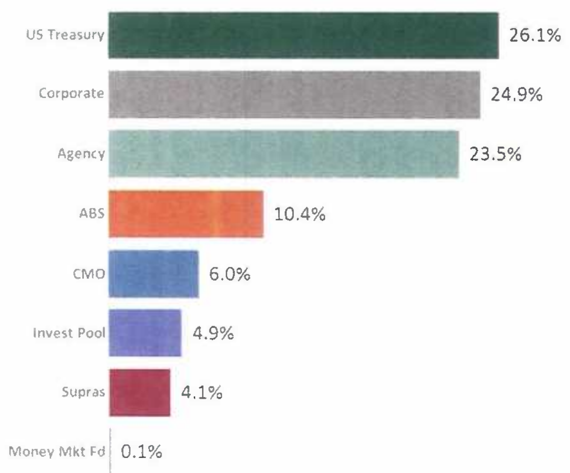
ACCOUNT SUMMARY

	Beg. Values as of 1/31/23	End Values as of 2/28/23
Market Value	23,099,756	22,869,279
Accrued Interest	75,229	74,983
Total Market Value	**23,174,984**	**22,944,262**
Income Earned	27,954	28,363
Cont/WD		
Par	23,248,329	23,284,518
Book Value	24,381,105	24,392,733
Cost Value	24,569,155	24,573,519

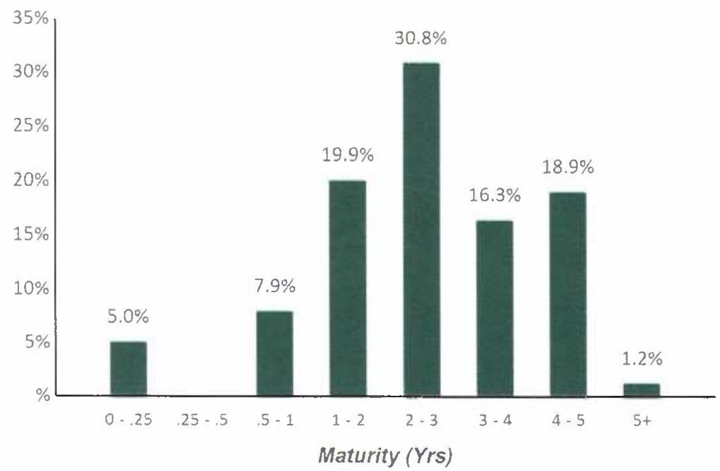
TOP ISSUERS

Government of United States	26.1%
Federal Home Loan Mortgage Corp	12.8%
Federal National Mortgage Assoc	12.5%
CSJVRMA Investment Pool	4.9%
Federal Home Loan Bank	2.6%
Intl Bank Recon and Development	2.3%
John Deere ABS	1.9%
Inter-American Dev Bank	1.8%
Total	**65.0%**

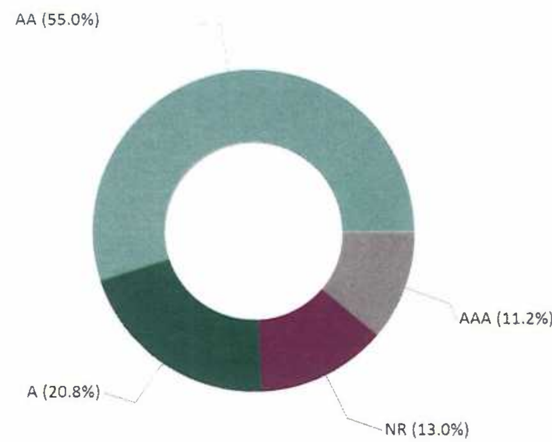
SECTOR ALLOCATION



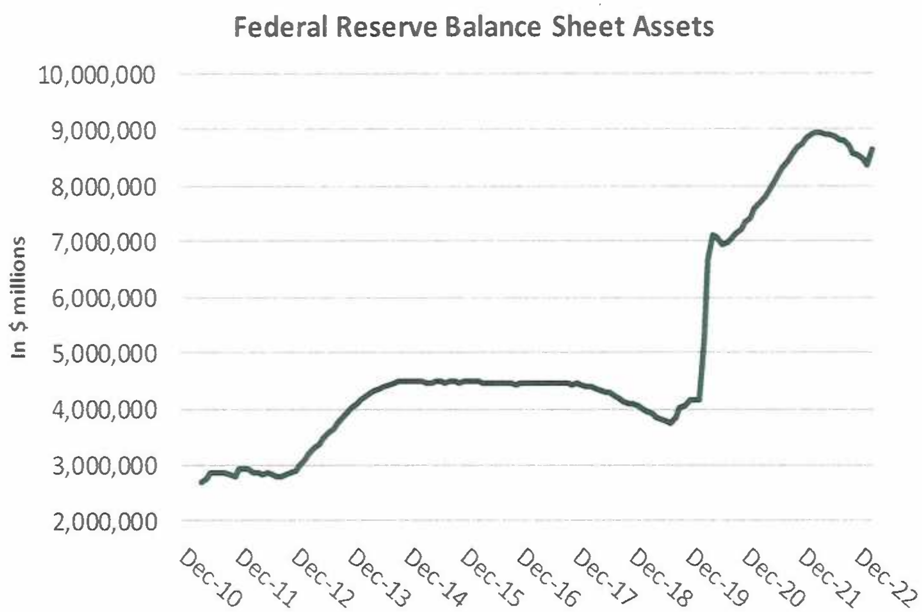
MATURITY DISTRIBUTION



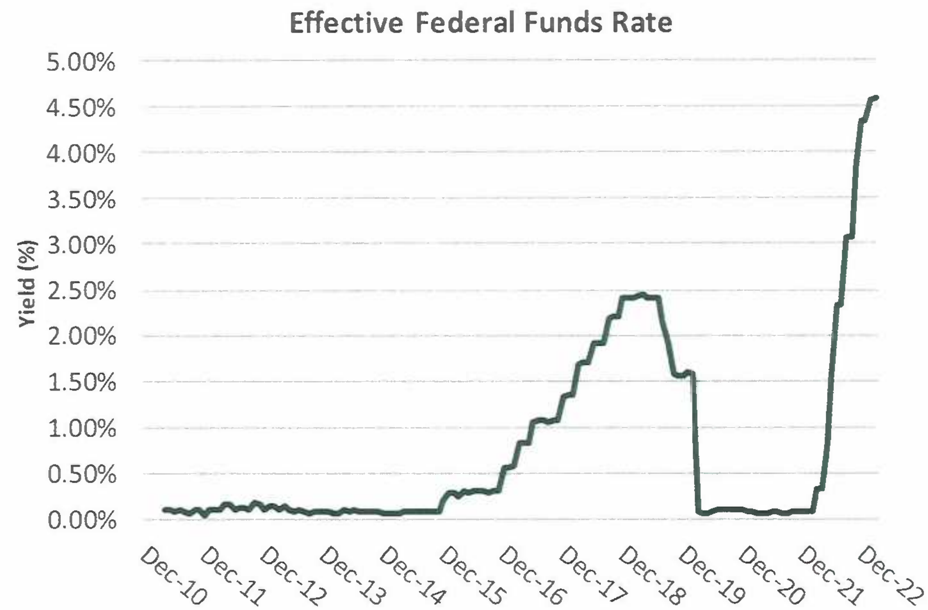
CREDIT QUALITY (S&P)



Federal Reserve



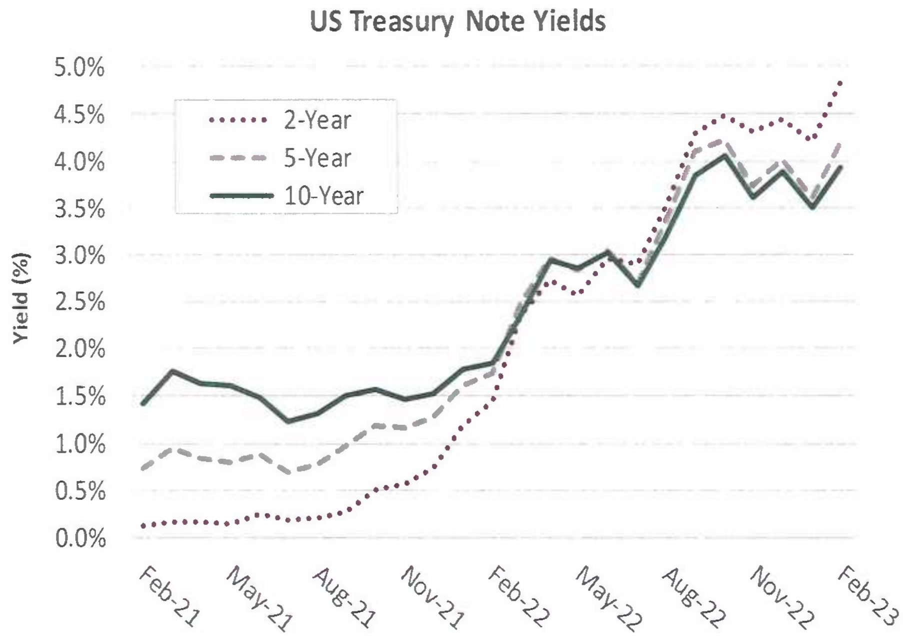
Source: Federal Reserve



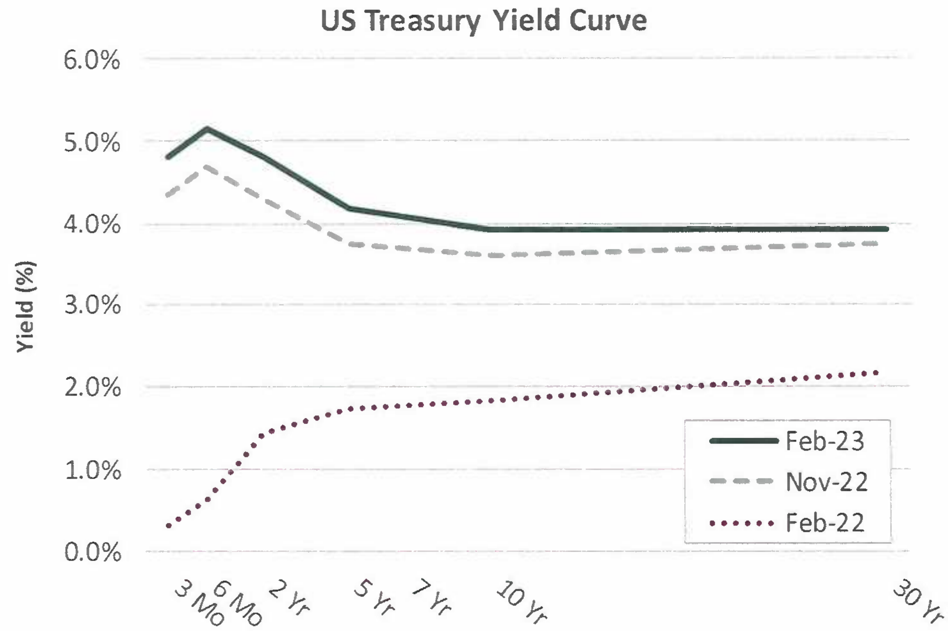
Source: Bloomberg

As expected at the February 1st meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 25 basis points to a range of 4.50 – 4.75%, in a continuing downshift from previous hikes. The decision was unanimous, and the statement reflects inflation easing "somewhat". The sentiment was hawkish, indicating that the extent of "ongoing increases" in the fed funds rate will be data dependent on labor market conditions, inflation expectations, and financial and international developments. The December Summary of Economic Projections indicated a peak median forecast of 5.1% in 2023 and no rate cuts until 2024; however, the market consensus diverged, implying rate cuts in the second half of 2023. FOMC members forecasted a higher fed funds rate, slower GDP growth, higher inflation, and higher unemployment in 2023 than in the September projections. We believe the FOMC will implement tighter monetary policy at a slower pace and hold rates at restrictive levels until inflationary pressures subside and remain in the Fed's target range for some time.

Bond Yields



Source: Bloomberg



Source: Bloomberg

At the end of February, the 2-year Treasury yield was 339 basis points higher, and the 10-Year Treasury yield was about 210 basis points higher, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield increased to -90 basis points at February month-end versus -69 basis points at January month-end. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year treasuries narrowed to -89 basis points in February from -115 basis points in January. The shape of the yield curve indicates that the probability of recession is increasing.