King County Investment Pool

Portfolio Review

Quarter Ended
September 30, 2022
717.232.2723

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PFM Asset Management LLC

Executive Summary

Purpose, Scope and Approach	• PFM Asset Management LLC ("PFM") prepared this report to update our ongoing analysis and to address any Investment Pool developments since our June 2022 review. Our approach included a detailed portfolio analysis and Investment Policy review, based on the County's Investment Policy, dated July 26, 2017. • Our analysis was based on the Investment Pool's holdings as of September 30, 2022, with reference to holdings in past periods. • The review encompasses all current investments in the County's Investment Pool.
Investment Program and Portfolio Review	• PFM Asset Management reviewed the County's portfolio with respect to Investment Policy Compliance, Sector Allocation, Issuer Concentration, Credit Quality, Maturity Distribution, and Duration Distribution. • The County's Investment Pool appears to provide ample liquidity, is well diversified, and is of sound credit quality. All holdings are investment grade and pose very low risk to principal.

Market Recap	• U.S. economic conditions are characterized by:
	    • Persistently high inflation
	    • A deteriorating housing market
	    • Continued personal consumption that is impacting household savings and balance sheets
	    • Worsening economic outlook that is propped up by a strong labor market
	• The Federal Reserve is tightening monetary policy
	    • Short-term fed funds rate projection to reach 4.25% to 4.50% by year-end
	    • Expectations have shifted from a soft landing to a moderate/hard landing, with increased recession risks.
	    • Increased pace of quantitative tightening
	• Rapidly rising rates negatively impacting valuations and inducing market volatility
	    • Yields across curve reached their highest levels in 14 years
	    • Treasury yield curve remains inverted
	    • Elevated volatility across all major asset classes

Observations	• The portfolio is of very high credit quality. The majority of securities (approximately 88%) are explicitly guaranteed or carry a high level of support by the U.S. Government (U.S. Treasury, federal agency and U.S. instrumentalities) and/or possess overnight liquidity (Washington State LGIP, bank deposits, and repurchase agreements). • The County maintained broad issuer diversification during the quarter. • The Portfolio's duration over the quarter was 88% of the benchmark's duration. • The County increased its allocation to overnight liquidity, from 5% last quarter to 8% this quarter (or $635.9 million) invested in a combination of the State LGIP, bank deposits, and repurchase agreements.

Portfolio Review

I. **Investment Policy Summary**

II. **Sector Allocation**

- U.S. Treasuries
- Federal Agencies
- Supranational Agencies
- Commercial Paper
- Corporate Notes
- Repurchase Agreements
- LGIP and Cash Equivalents

III. **Issuer Concentration**

IV. **Overall Credit Quality**

V. **Maturity and Duration Distribution**

Investment Policy Summary

- The Investment Policy summary is based on the current Investment Policy for the County Investment Pool, dated July 26, 2017.

Type	Maximum Portfolio Allocation	Issuer Restrictions	Credit Ratings	Maturity Restrictions
U.S. Treasuries	100%	None	N/A	Up to 5 years
U.S. Agencies	100%	35% exposure to any single Agency	Senior debt obligations issued by any government sponsored enterprise, agency or instrumentality of the United States.	Up to 5 years
Repurchase Agreements – Top Tier Rating (A-1 or P1)	100%	100% for repurchase agreements with the Federal Reserve Bank of New York 25% maximum exposure to any one repo counterparty. For the purposes of aggregating issuers across sectors, overnight repo counterparties are not included.	The counterparty must have: 1. A rating in the highest short-term credit rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO) or possess a guarantee by an entity with such a rating; and 2. A minimum asset and capital size of $5 billion in assets and $175 million in capital	60 days or less
Repurchase Agreements – Second Tier Rating (A-2 or P-2)	10%	5% maximum exposure to any one repo counterparty. For the purposes of aggregating issuers across sectors, overnight repo counterparties shall NOT be included.	1. A rating in the second highest short-term credit rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO) or possesses a guarantee by an entity with such a rating; and 2. A minimum asset and capital size of $5 billion in assets and $175 million in capital	Overnight only
Reverse Repurchase Agreement	20%	5% per investment dealer	1. Rated in the highest short-term credit rating category by at least one NRSRO or possesses a guarantee by an entity with such a rating; and 2. A minimum asset and capital size of $5 billion in assets and $175 million in capital	6 months or less
Local Government Investment Pool ("LGIP")	25%	State of Washington LGIP	N/A	N/A

Investment Policy Summary (cont'd)

Type	Maximum Portfolio Allocation	Issuer Restrictions	Credit Ratings	Maturity Restrictions
Bankers' Acceptances	25% When combined with Term Repos (greater than overnight), Certificates of Deposit, Commercial Paper and Corporate Notes not to exceed 50% of the Pool assets.	Must be issued by a bank organized and operating in the U.S. Maximum 5% per issuer applied across investment types.	Rated in the highest short-term credit rating category by at least two NRSROs.	Up to 180 days
Certificates of Deposit	25% When combined with Banker's Acceptance, Term Repos (greater than overnight), Commercial Paper and Corporate Notes not to exceed 50% of the Pool assets.	Must be a public depository in the State of Washington. Maximum 5% per issuer applied across investment types.	See RCW 39.58 of the state Code. If not 100% collateralized, must be rated in the highest short-term rating category by at least one NRSRO. Those institutions not meeting the 100% collateralization or minimum credit requirements may receive deposits up to the FDIC or federally guaranteed amounts.	Up to 1 year
Commercial Paper	25% of total market value when combined with Corporate Notes. When combined with Banker's Acceptance, Certificates of Deposit, Term Repos (greater than overnight) and Corporate Notes not to exceed 50% of the Pool assets.	Secondary market purchases only. Must be issued by a bank or corporation organized and operating in the U.S. Maximum 3% per issuer in combined categories of commercial paper and corporate notes. Maximum 5% per issuer applied across investment types.	Purchases with greater than 100 days maturity must have an issuer long-term rating in one of the three highest credit rating categories by one major NRSRO. Rated in the highest short-term rating category by at least two major NRSROs. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of the organizations. State law requires that Commercial Paper be purchased only from dealers.	270 days
General Obligation Municipal Bonds	20%	5% of portfolio: bond issues by pool participants must be purchased on the secondary market only	Rated in at least the highest three long-term rating categories by at least one NRSRO.	5 years

Investment Policy Summary (cont'd)

Type	Maximum Portfolio Allocation	Issuer Restrictions	Credit Ratings	Maturity Restrictions
Mortgage-Backed Securities	25%	Must be issued by Federal Agencies of the United States. Investments in MBS will count toward the total that can be invested in any one agency as described in U.S. Agencies above. Full faith and credit MBS are limited to 25%.	Senior debt obligations issued by any government sponsored enterprise, agency or instrumentality of the United States. The securities must pass the Federal Financial Institutions Examination Council ("FFIEC") suitability test, which banks use to determine lowest risk securities.	5 year average life at time of purchase
Corporate Notes	25% of total market value when combined with commercial paper When combined with Banker's Acceptance, Certificates of Deposit, Commercial Paper and Term Repos (greater than overnight) not to exceed 50% of the Pool assets.	3% per issuer rated AA or better. 2% per issuer rated in broad single A category. Split ratings will take most conservative rating. Maximum 3% per issuer in combined categories of commercial paper and corporate notes. Maximum 5% per issuer applied across investment types.	Must be rated at least in the broad single A category or better. Broad single A category with a negative outlook may not be purchased.	5 years The maximum duration of the corporate notes portfolio shall not exceed 3 years.

Additional Notes to the Investment Policy

- The Pool will maintain an effective duration of 1.5 years or less.
- The Pool will maintain at least 40% of its total value in securities having a remaining maturity of 12 months or less.
- Floating rate and variable rate securities are permitted subject to the following criteria:
    1) The rate on the FRN/VRN resets no less frequently than quarterly; and
    2) The FRN/VRN is indexed to a money market rate.
- Major NRSRO is defined as Moody's and Standard & Poor's.
- Purchases prior to 9/15/16 are considered grandfathered in for issuer limit purposes and can be held to maturity.

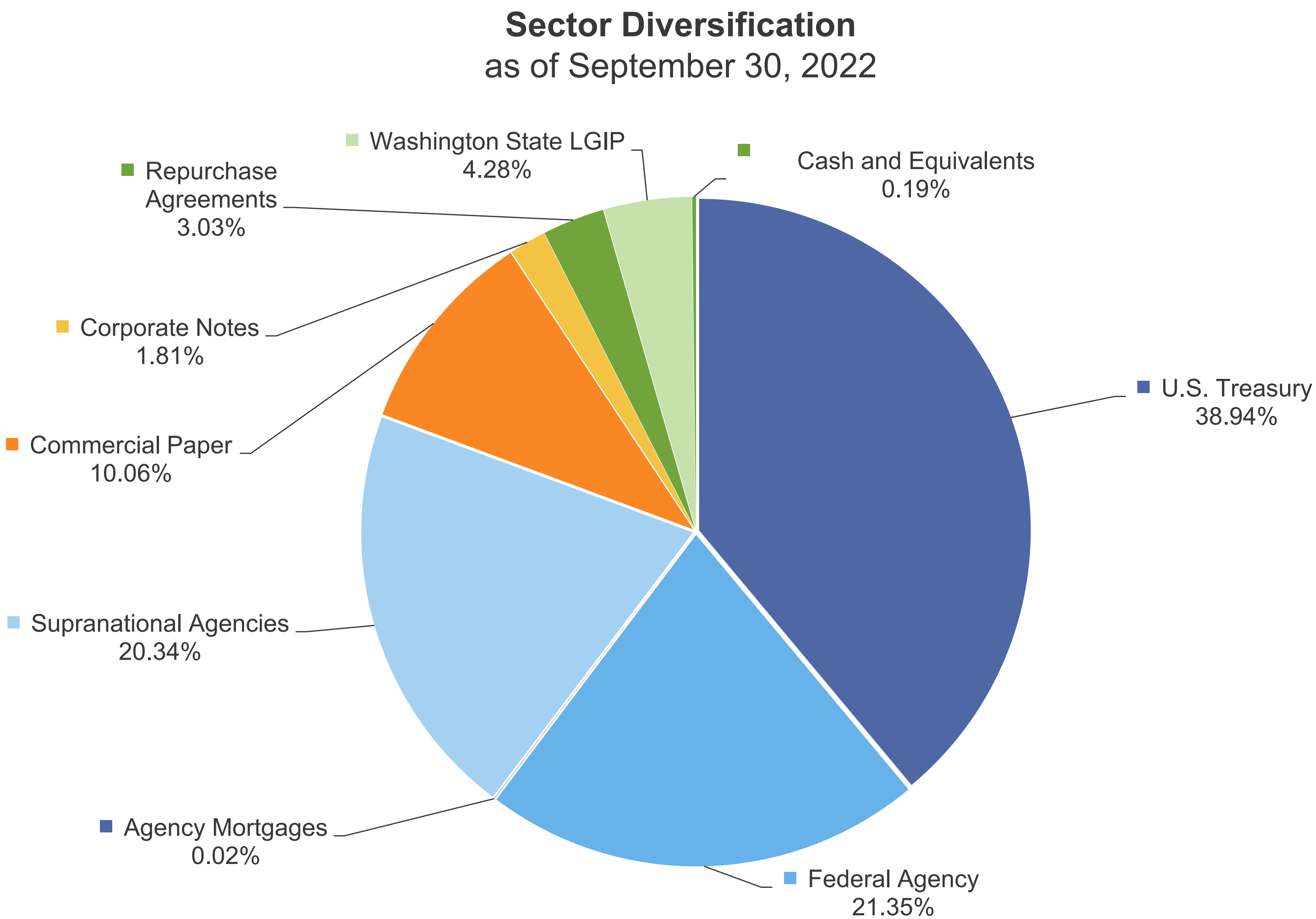
Investment Policy Review

Topic	Observations
Sector Allocation	• All sector allocations fall within the limits set forth by the County's Investment Policy Statement. The Pool is predominantly invested in U.S. government securities which are either explicitly guaranteed or carry a high level of support by the U.S. government. • The County's Investment Pool balance (market value) as of September 30, 2022, was $8.5 billion, a $0.5 billion decrease from last quarter. • The County's Investment Pool decreased allocation to Corporate Notes (-0.79%), Commercial Paper (-2.05%), Supranational Agencies (-3.55%), and Federal Agencies (-0.93%). • Over the quarter, allocation increased to the following sectors: U.S. Treasuries (+5.07%), Repurchase Agreements (+0.59%), Cash and Equivalents (+0.11%), and the Washington State LGIP (+1.57%). • All sectors remain within applicable policy limits.
Credit Quality	• Approximately 81% of the County pool's assets are directly guaranteed or supported by the U.S. government and roughly 4% of the assets are indirectly guaranteed via a portion of the State LGIP allocation and its underlying investments. • Combined corporate allocations (both commercial paper and corporate notes) decreased slightly to 11.86% of the portfolio from 14.71% last quarter, and all securities remain investment grade. Combined allocations to corporate notes and commercial paper continue to be below the maximum allocation limit of 25%. • Total allocations to corporate related issues also do not exceed the 50% allocation limit set forth in the County's Investment Policy.
Maturity Distribution	• All maturities fall within the limits set forth in the County's Investment Policy. • Approximately 56% of the Pool's assets mature in one year or less, above the minimum of 40% that is mandated by the Investment Policy.

Security Type	Market Value($)	Allocation Percentage	Within Policy Limits	Max Maturity Held	Within Policy Limits
U.S. Treasury	$3,305,230,047	38.94%	✓	2.71 years	✓
Supranational Agencies	$1,726,692,821	20.34%	✓	3.56 years	✓
Corporate Notes	$153,289,547	1.81%	✓	3.86 years	✓
Federal Agency	$1,812,655,468	21.35%	✓	2.52 years	✓
Washington State LGIP	$363,203,030	4.28%	✓	1 day	✓
Repurchase Agreement	$257,000,000	3.03%	✓	1 day	✓
Commercial Paper	$853,646,488	10.06%	✓	195 days	✓
Cash and Equivalents	$15,755,997	0.19%	✓	1 day	✓
Agency Mortgages	$1,485,304	0.02%	✓	3.26 years (WAL)	✓
TOTAL	**$8,488,958,702**	**100.00%**			

**Percentages may not total to 100% due to rounding.*

Sector Allocation

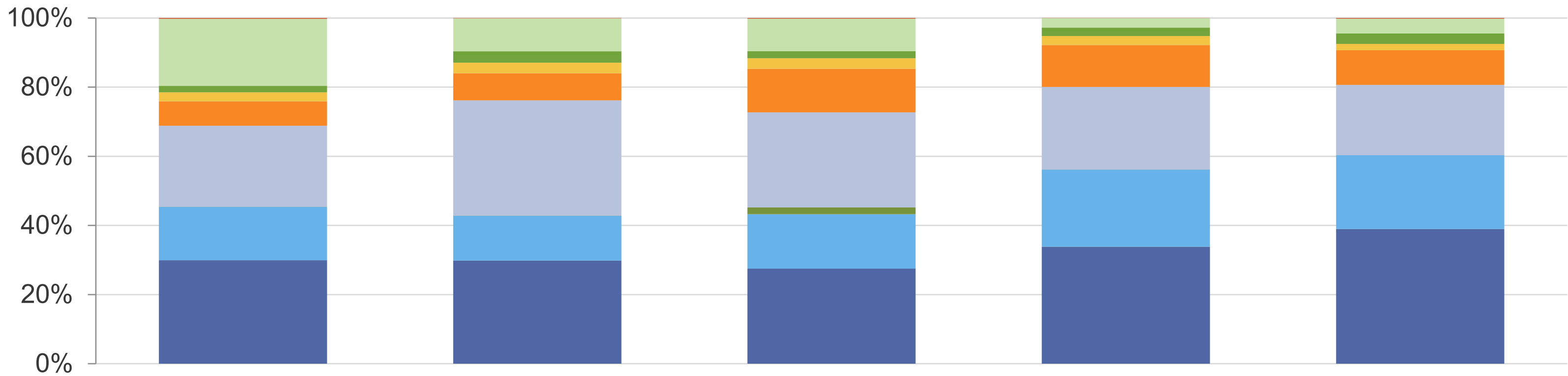


**Percentages may not total to 100% due to rounding.*

Changes In Portfolio Sector Allocation over the Past 12 Months

Changes in Sector Allocation

- The portfolio increased exposure to U.S. Treasuries (+5.07%), Repurchase Agreements (+0.59%), Cash and Equivalents (+0.11%), and the Washington State LGIP (+1.57) while decreasing its exposure to Federal Agencies (-0.93%), Supranational Agencies (-3.55%), Commercial Paper (-2.05%), and Corporate Notes (-0.79%).
- **U.S. Treasuries** During the third quarter, exposure to U.S. Treasuries saw a significant increase from 33.87% to 38.94%, keeping the county in the 30% to 40% allocation range that existed prior to the pandemic.
- **Federal Agencies** Federal agency allocations, excluding supranationals and mortgage securities, decreased by 0.93% over the period.
- **Supranational Agencies** Allocation to supranationals decreased by 3.55%, which brings the total decrease of 13.01% to this sector in 2022.
- **Corporate Notes** The allocation to corporate notes decreased over the quarter by 0.79%, continuing a downward trend off the previous quarter.
- **Commercial Paper** Commercial paper decreased over the period from 12.11% to 10.06% of the portfolio.
- **Washington State LGIP** Balances invested in the State LGIP increased from 2.71% of the portfolio to 4.28%, giving more liquidity to the portfolio.
- **Repurchase Agreements** The portfolio's allocation to repurchase agreements increase from 2.44% to 3.03% of the portfolio.



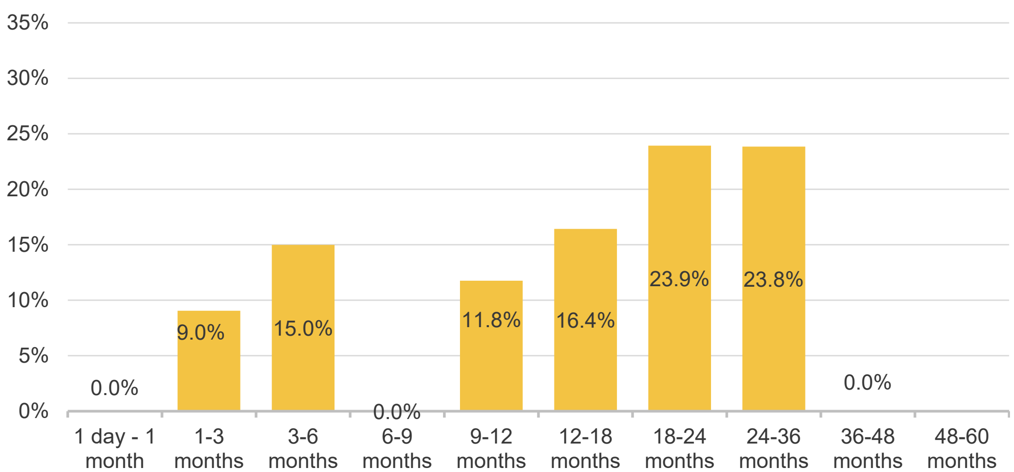
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022
U.S. Treasury	29.92%	29.83%	28.07%	33.87%	38.94%
Federal Agencies	15.45%	12.98%	16.02%	22.28%	21.35%
Agency Mortgages	0.03%	0.02%	0.02%	0.02%	0.02%
Supranational Agencies	23.43%	33.35%	28.05%	23.89%	20.34%
Commercial Paper	7.07%	7.82%	12.86%	12.11%	10.06%
Corporate Notes	2.6%	3.06%	3.11%	2.60%	1.81%
Repurchase Agreements	1.84%	3.30%	2.09%	2.44%	3.03%
Washington State LGIP	19.41%	9.55%	9.56%	2.71%	4.28%
Cash and Equivalents	0.23%%	0.08%	0.22%	0.08%	0.19%

**Percentages may not total to 100% due to rounding.*

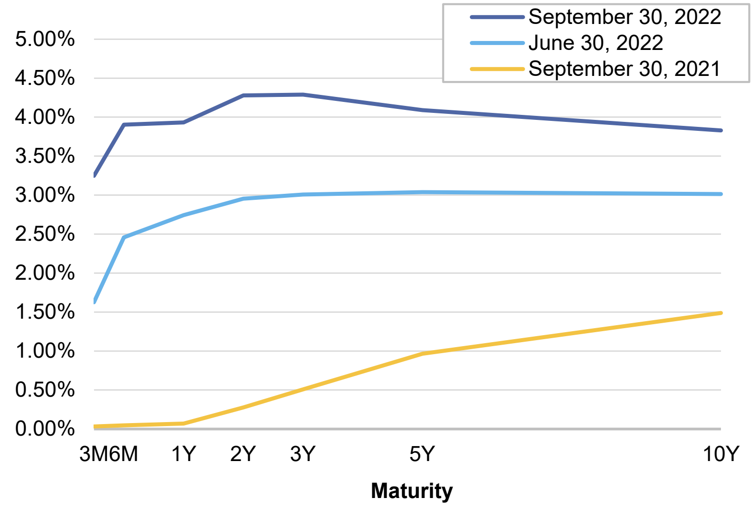
II. Sector Allocation – U.S. Treasury Securities

Topic	Observations
Observations	• The County's balances held in U.S. Treasuries increased significantly from 33.87% of the total portfolio to 38.94%. • Due to continuous Fed rate hikes of 75 bps, high inflation, and fears of recession, we continue to see an inverted yield curve. Yields across all maturities of the curve reached their highest levels in 14 years. The 10-year treasury yield increased 82 basis points (0.82%), while the 2-year yield rose 133 bps (1.33%) from second quarter levels. • Approximately 35% of all Treasury holdings have remaining maturities of one year or less. • The weighted average maturity (WAM) of the County's Treasury allocation continued to decrease over the quarter from 517 days to 512 days as a result of previously held securities rolling down and new purchases remaining within a two-year maturity. • The chart on the left below displays the current maturity distribution of the County's allocations to U.S. Treasuries while the chart on the right compares the current shape of the Treasury yield curve to the curve last quarter, and the yield curve one year ago. • The County's Treasury holdings favor short to intermediate-term securities, and treasury yields saw the greatest increase on the short end of the curve. The quarter over quarter rate increases diminish as you go further towards the back of the curve.

U.S. Treasury Maturity Distribution
as of September 30, 2022



U.S. Treasury Yield Curve
09/30/21 vs 6/30/22 vs 09/30/22

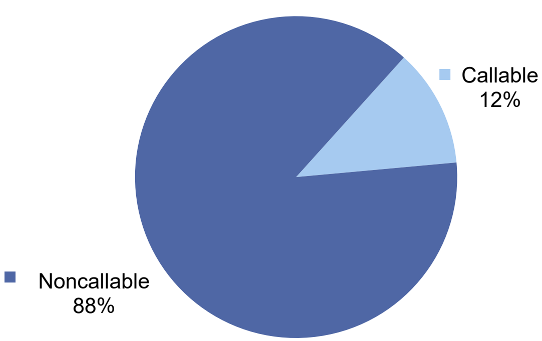


**Percentages may not total to 100% due to rounding.*

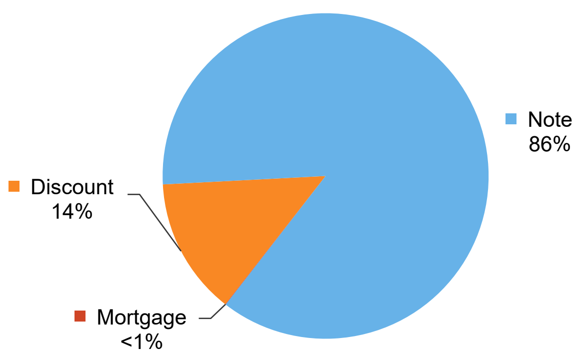
II. Sector Allocation – Federal Agencies

Topic	Observations	
Structure *(as % of Federal Agency Allocations)*	• Non-Callable 88.1% • Callable 11.9%	• Coupon Bearing Notes 86.3% • Discount Notes 13.6% • Agency Mortgage < 0.1%
Diversification *(as % of Federal Agency Allocations)*	• Federal Farm Credit Bank (FFCB)*** 11.3% • Freddie Mac (FHLMC) 14.3% • Federal Home Loan Bank (FHLB)*** 20.2% • Supranational Agencies*** 48.8%	• Fannie Mae (FNMA)*** 5.4% • Fannie Mae Mortgage-Backed (FNR) < 0.1%
Conclusions	• The County's federal agency holdings continue to be well diversified by issuer. All issuer allocations fall within the issuer guidelines and security structures in the County's Investment Policy (max per agency issuer 35%). • The percentage of the portfolio invested in federal agencies, excluding supranationals and mortgage securities, decreased by 0.93% in the quarter from 22.28% to 21.35%. The portion of callable federal agency securities increased from 11.4% to 11.9% this quarter. The rapid rise in rates and volatility prompted a widening in spreads for callable federal agencies in the third quarter. • All supranational agency holdings are below the 35% issuer limit and represent approximately 20% of the entire portfolio. • The County Pool's only allocation to agency mortgages is in Fannie Mae, totaling approximately 0.02% of the total portfolio.	

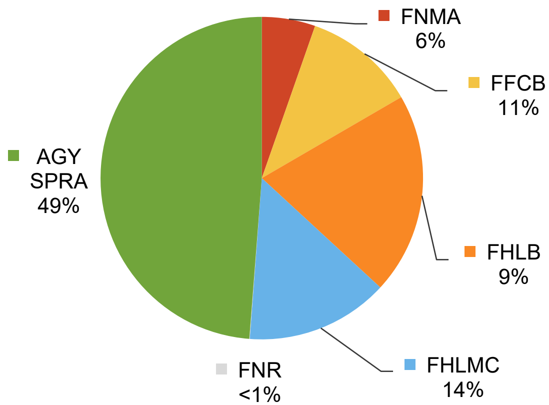
Callable vs. Non-Callable
as of September 30, 2022



Structure Distribution
as of September 30, 2022



Issuer Diversification
as of September 30, 2022

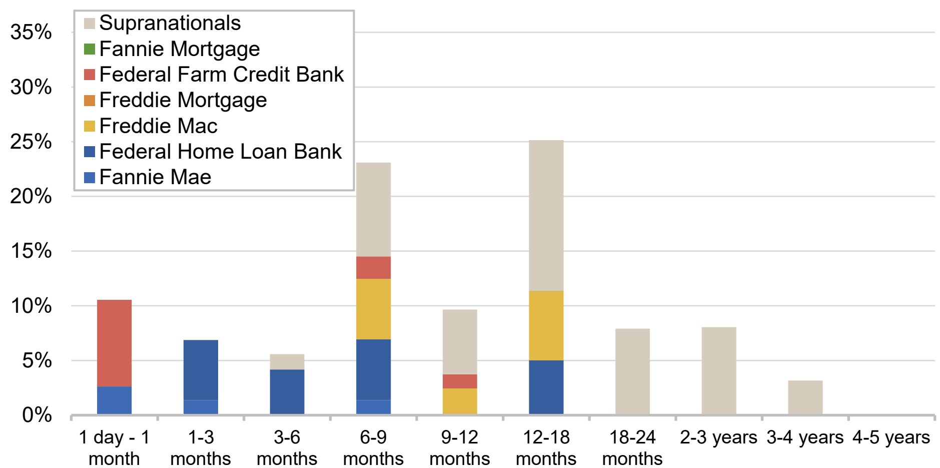


**All calculations above are based on total federal agency exposure, not overall Portfolio.*
***Percentages may not total to 100% due to rounding.*
****Includes discount notes*

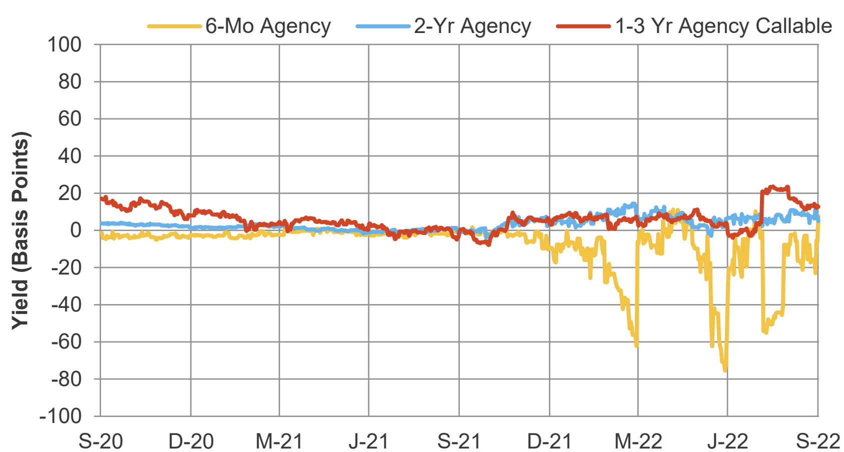
II. Sector Allocation – Federal Agencies

Topic	Observations
Maturity Distribution	• The County's federal agency maturity distribution falls within the limits set forth by the Investment Policy Statement. • Over the quarter, the weighted average maturity (WAM) of the County's federal agency holdings, including supranationals, decreased from 435 days on June 30th to 368 days on September 30th. • The portfolio slightly decreased its allocation to federal agencies and significantly decreased its exposure to supranational agencies. — There were not many opportunities in this quarter to add to the supranational sector. New issue opportunities remained the best entry point. — The Federal Agency sector generated modest incremental returns over treasuries in the second quarter but continue to offer narrow yield spreads in the low single-digits and the sector remained largely stagnant on light issuance. — 2-year federal agency spreads provide little value relative to U.S. Treasuries, with the spread ending the quarter at 5 bps (0.05%).

Federal Agency Maturity Distribution by Name
as of September 30, 2022



Federal Agency Yield Spreads to Treasuries
Past 24 Months



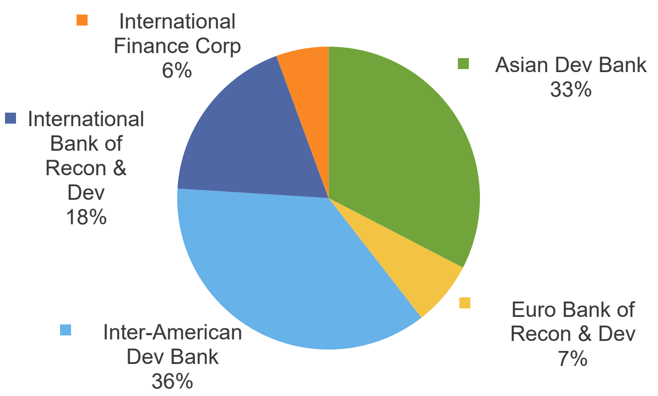
** Source Bloomberg Financial Systems*

- *Agency Mortgage maturities are calculated as average life. Average life data taken from Bloomberg Financial Markets*
- *Callable securities are shown to their next call date.*
- *All other Agency maturities are calculated as days to maturity.*

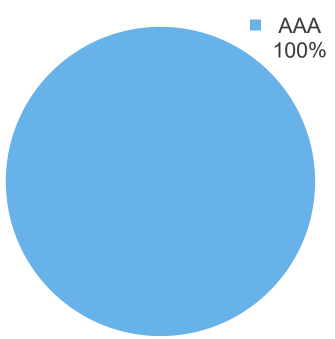
II. Sector Allocation – Supranational Agencies

Topic	Observations
Credit Distribution	• Based on the holdings as of June 30th, five supranational securities have matured in the third quarter. • The County maintained its exposure to five supranational issuers, but decreased its exposure to the sector by 3.55%, as there were limited opportunities for new entry. – The U.S. remains the largest country from a shareholder perspective for all five supranational issuers (co-largest with Japan for the Asian Development Bank), meaning the U.S. has the largest decision-making power, and these securities are directly supported by the U.S. government. However, over the quarter sector activity was negatively affected by low funding levels and high liquidity pressures. • By continuing to invest in this sector, the County is diversifying the portfolio and adding to its high credit quality with AAA supranationals, while also capturing additional yield over federal agency and Treasury securities on the longer-end of the curve. – The portfolio's allocation to supranational agencies is relatively balanced across maturities, with some emphasis in the 1-1.5 year range. Approximately 67.4% having a remaining maturity of over 1 year.
Spread to Agency Rates	• The chart on the right shows the spread between supranational agencies and federal agency securities. – Spreads compared to Treasuries and agencies continue to remain range-bound, although the sector continues to present a reasonable incremental yield to other government securities if new issues can be accessed.

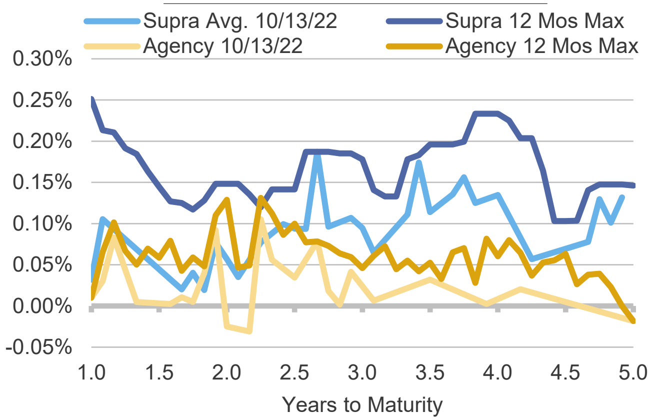
Issuer Distribution
as of September 30, 2022



Credit Distribution
as of September 30, 2022



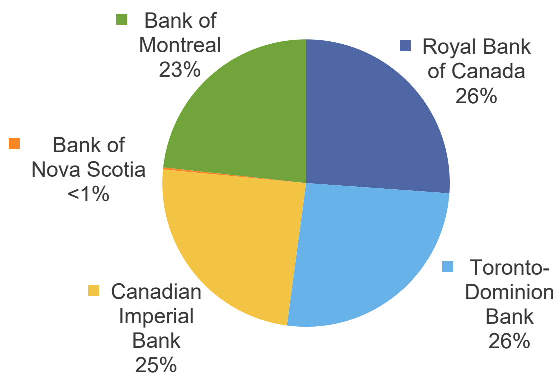
Supranational Agency vs. Federal Agency Yield Spreads



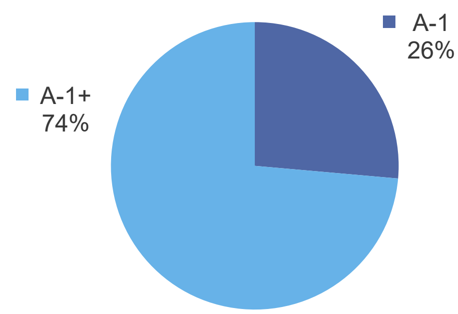
II. Sector Allocation – Commercial Paper

Topic	Observations
Issuer Diversification	• The County's allocation to commercial paper decreased by 2.05% over the quarter, ending the period at 10.06% of the total portfolio. • The portfolio holds commercial paper from Toronto-Dominion Bank, the Royal Bank of Canada, Canada Imperial Bank, Bank of Nova Scotia and Bank of Montreal Chicago. • Due to the Fed's continuous series of aggressive rate hikes throughout the year, credit spreads widened and the short-term credit curve remains steep. • Commercial paper continues to provide incremental returns while allowing the County to tap into a broader universe of issuers compared to the alternative of U.S. T-Bills and federal agency discount notes.
Credit Distribution	• With the decreased exposure to the Bank of Nova Scotia's A-1 rated commercial paper and increased allocation to the commercial paper of TD Bank, the Canadian Imperial Bank of Commerce, and the Royal Bank of Canada, the overall credit quality of commercial paper in the portfolio has increased significantly.
Conclusions	• Commercial paper spreads are elevated and attractive, particularly on maturities near nine months which have heightened value and a steeper curve. • From an overall portfolio duration perspective, utilizing short term commercial paper helps the County to offset the purchasing of longer term securities. These commercial paper investments have historically offered greater yields than other short term securities and overnight investments.

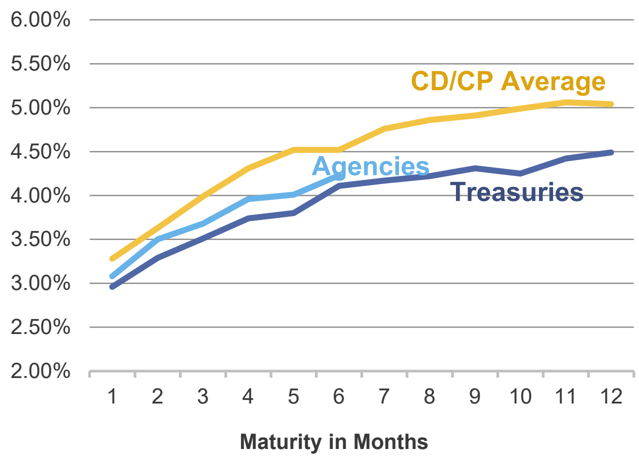
Issuer Distribution
as of September 30, 2022



Credit Distribution
as of September 30, 2022



Current Short-Term Yields
as of October 13, 2022

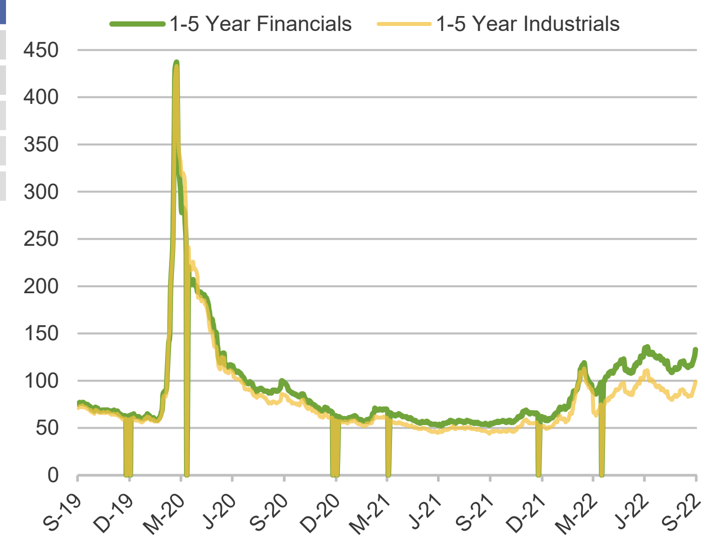


II. Sector Allocation – Corporate Notes

Topic	Observations
Maturity Distribution	• The County's exposure to corporate notes decreased over the quarter, from 2.60% to 1.81%. To end the period, the Pool's corporate note holdings were from high quality issuers, with 73% of it's corporate notes carrying a rating of at least AA- by S&P. – Callable corporate notes made up 31% of the County's corporate sleeve, with all call dates being about a month before maturity. – The weighted average maturity of the corporate note portion of the portfolio is 1.05 years. – The graph on the right below shows the spread for financial corporates and industrial corporates when compared to similar-maturity Treasuries. Investment grade corporate bond spreads remained lower in the quarter. Financials, which make up a large portion of the County's corporate holdings, closed the quarter slightly wider than industrials. – Corporates were a strong performer in the third quarter as spreads tightened overall. However, while corporate credit fundamentals are solid, global events such as the Russia-Ukraine war and recession fears leave potential for credit ratings to take a negative turn.

Credit & Issuer Distribution	S&P Short	S&P Long	Moody's Short	Moody's Long	% of Corporate Holdings	% of Portfolio
Apple Inc.	A-1+	AA+	P-1	Aaa	46.0%	0.8%
Microsoft Corp.	A-1+	AAA	P-1	Aaa	4.3%	0.1%
Canadian Imperial Bank	A-1	A+	P-1	Aa2	10.8%	0.2%
Bank of Montreal	A-1	A+	P-1	Aa2	16.3%	0.3%
US Bank	A-1+	AA-	P-1	A1	22.7%	0.4%

Corporate/Treasury Yield Spreads
September 2019 through September 2022 (in basis points)

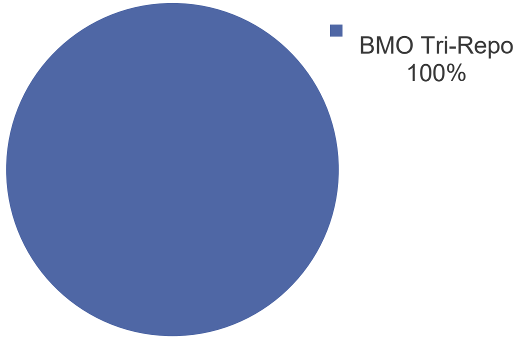


**Source: Bloomberg Financial Systems as of 10/13/2022*
**Percentages may not total to 100% due to rounding.*

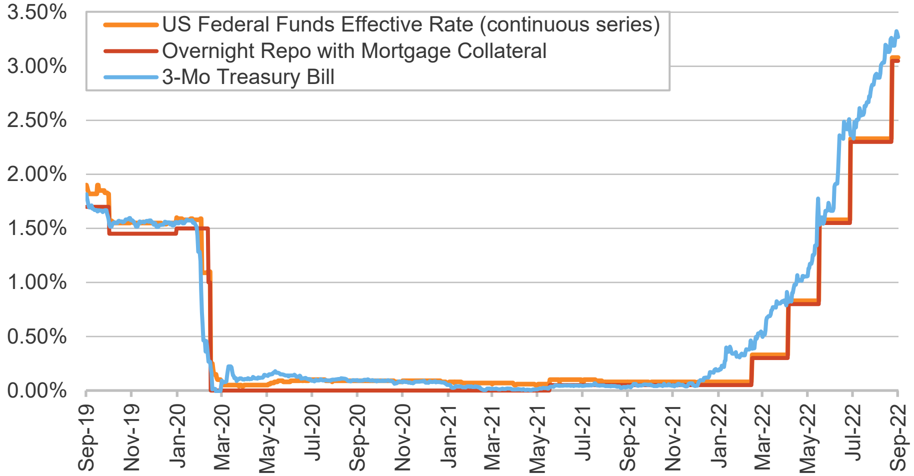
II. Sector Allocation – Repurchase Agreements

Topic	Observations
Issuer Diversification	• The County increased its tri-party repurchase agreement allocation over the quarter by 0.59%. This sector now holds 3.03% allocation in the portfolio, greater than the 2.44% allocation at the end of the second quarter. • At the end of the quarter, the portfolio utilized one repurchase agreement provider, BMO Capital Markets, with an allocation of $257 million. • This allocation falls within the permitted investment guidelines of 25% per issuer and 100% maximum to the sector.
Credit Distribution	• Standard & Poor's rates BMO's short-term issuer credit as A-1. • While this issuer has a high-quality rating from S&P, the ultimate quality of the repurchase agreement depends on the underlying collateral.
Conclusions	• As of September 30, 2022, the repurchase agreement sector's weighted-average yield increased compared to the previous quarter. Yields for overnight repurchase agreements have risen as the Fed funds target rate increases on a continuous basis with rate hikes.

Issuer/Credit Distribution
as of September 30, 2022



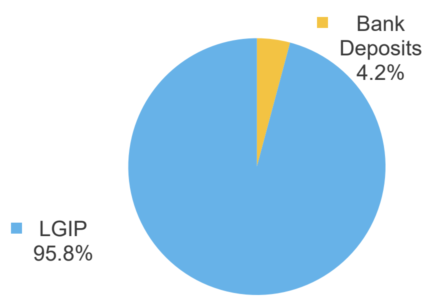
Short-Term Yields
September 2019 through September 2022



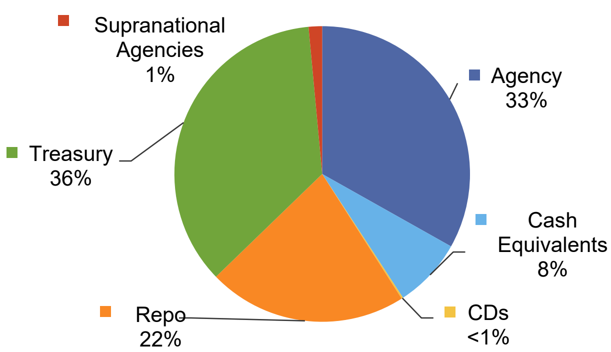
II. Sector Allocation – LGIPs & Cash Equivalents

	Underlying Investments	Rating (Short-Term: S&P/ Moody's/Fitch)	Observations
Washington State LGIP	• U.S. Treasuries 35.8% • Federal Agencies 33.1% • Supranational Agencies 1.5% • Repurchase Agreements 21.8% • Certificates of Deposit 0.2% • Cash Equivalents 7.6% *As of September 30, 2022*	• N/A	• The County currently has allocated about $363 million to the Washington State LGIP, an increase from last quarter's $245 billion figure. • The County's allocation to the State LGIP continues to serve as the primary source of overnight liquidity for the portfolio. • During the quarter, the State LGIP increased its exposure to Federal Agencies (+6.76%), U.S. Treasuries (+3.78%), Repurchase Agreements (+5.26%), and cash and cash equivalents (+2.69%) while it decreased CDs (-0.02%) slightly and decreased Supranationals (-18.47%) significantly.
Cash Equivalents	• State LGIP 95.84% • U.S. Bank 3.52% • Key Bank 0.55% • Bank of America 0.09%	• U.S. Bank: A-1+/P-1/F1+ • Key Bank: A-2/P-2/F1 • Bank of America: A-1/P-1/F1	• The County's deposit accounts at U.S. Bank, Key Bank, and Bank of America are FDIC-insured up to FDIC limits and are collateralized by the Public Deposit Protection Commission. • The portfolio's cash and cash equivalents holdings increased over the quarter, from 0.08% to 0.19% of the total portfolio.

Cash Equivalents Distribution
as of September 30, 2022



Washington State LGIP Sector Distribution
as of September 30, 2022



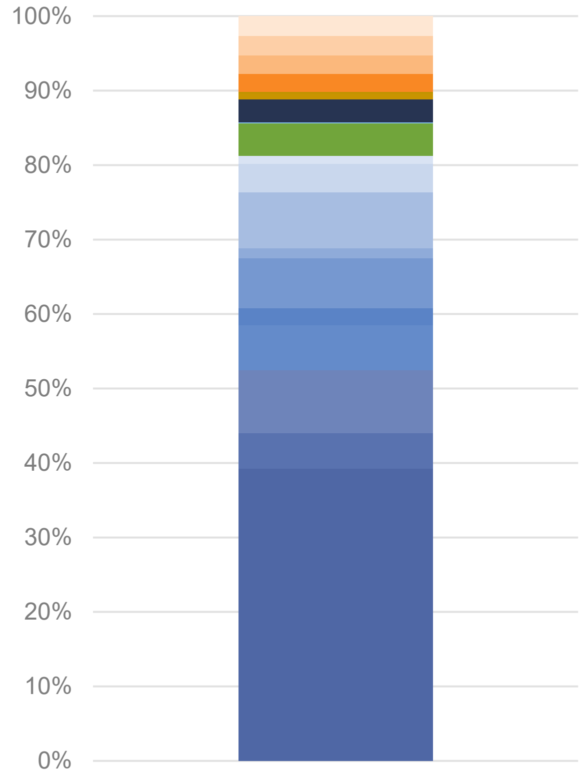
*All calculations above are based on total cash equivalents exposure, not overall Portfolio.
**Percentages may not total to 100% due to rounding.

III. Issuer Concentration

Issuer Exposure

- The County maintains a well-diversified portfolio by issuer, as shown in the tables and graph below.
- More than 81% of the portfolio is allocated directly to U.S. government guaranteed or government supported entities.
- Of the remaining 19% of the portfolio, about 8% is allocated to very short-term or overnight investment vehicles, including the State LGIP, repurchase agreements, and bank deposits. The remaining 11% is allocated to credit issuers, including commercial paper and corporate notes.

U.S. Treasury (100% Limit)	38.94%
Agency Issuers	Percentage (35% Limit)
Asian Dev Bank	6.63%
Inter-American Dev Bk	7.43%
Intn'l Bk of Recon & Dev	3.74%
FFCB	4.70%
FHLMC	5.98%
FNMA	2.25%
Euro Bk of Recon & Dev	1.40%
FHLB	8.44%
International Finance Corp	1.14%
Washington State LGIP (25% Limit)	4.28%
Overnight Deposits	Percentage (No Limit)
US Bank	0.16%
Bank of America	0.004%
Key Bank	0.03%
Repo Issuers	Percentage (25% Limit)
BMO Capital Markets Corp	3.03%



Corporate Issuers	Percentage (5% Limit)
Apple Inc	0.83%
US Bank	0.41%
Canadian Imperial Bank	0.19%
Microsoft Corp	0.08%
Bank of Montreal	0.29%

CP Issuers	Percentage (5% Limit)
Toronto Dominion (CP)	2.61%
Royal Bank of Canada (CP)	2.63%
Bank of Nova Scotia (CP)	0.02%
Canadian Imperial Bank (CP)	2.45%
Bank of Montreal	2.63%

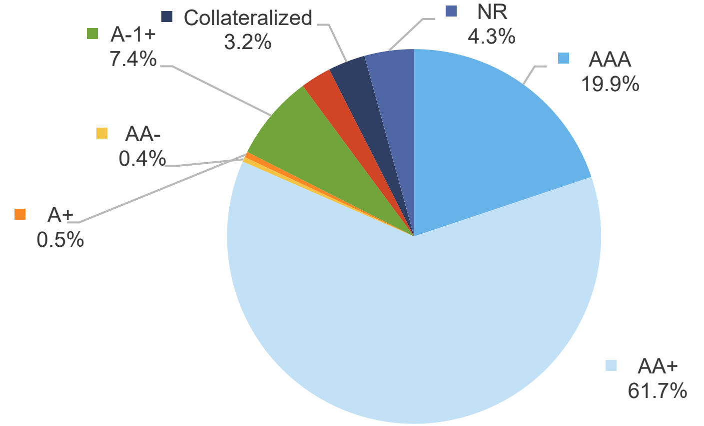
Percentages may not add to 100% due to rounding.
** For the purposes of totaling issuer concentration, issuers are aggregated across all sector types.*
It is noted however that issuers across sector types may maintain separately rated issuer credits.

IV. Overall Credit Quality

County Investment Pool Credit Analysis

- The County Pool's overall average credit position remains very strong and is primarily concentrated in U.S. government guaranteed and/or supported securities which maintain a long-term credit rating of AA+ by Standard & Poor's and federal agency notes, which maintain a short-term credit rating of A-1+ by S&P.
- The County also continued to hold supranational agencies, which are rated AAA.
- The County largely maintained its credit exposure through commercial paper and corporate notes over the quarter, ending at 11.86% of the portfolio, compared to 14.72% last quarter.
  - Commercial paper accounts for 10.06% of the entire portfolio, while corporate notes account for 1.81%.
- Corporate note allocations held throughout the quarter have ratings of A+ or higher.
  - Commercial paper allocations are all rated A-1/P-1 or higher.
- The 4.3% NR allocation represents the County's investment in the Washington State LGIP, which is not currently rated by any ratings agency.
- The County's investment in the Washington LGIP includes indirect corporate exposure:
  - Through the LGIP, 0.94% of the County's Pool is allocated indirectly to corporate securities (repurchase agreements and certificates of deposit).

Total Pool Credit Distribution*
as of September 30, 2022



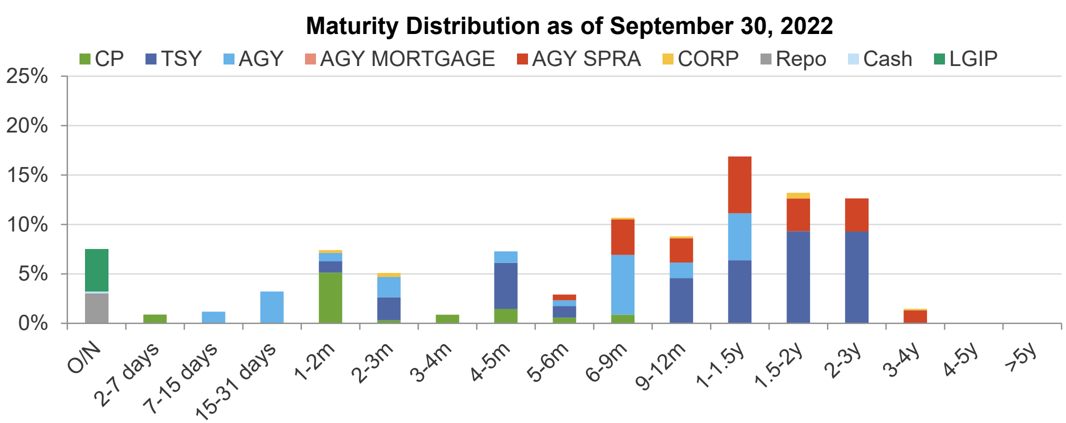
Corporate/CP Issuer Ratings Table
as of September 30, 2022

Issuer DistributionM	Sectors Invested	S&P Short*	S&P Long*	Moody's Short**	Moody's Long**
Apple Inc	Corp	A-1+	AA+	P-1	Aaa
Bank of Nova Scotia	CP	A-1	A+	P-1	Aa2
Canadian Imperial Bank	Corp/CP	A-1	A+	P-1	Aa2
Royal Bank of Canada	CP	A-1+	AA-	P-1	Aa1
Toronto-Dominion Bank	CP	A-1+	AA-	P-1	Aa2
US Bank	Corp	A-1+	AA-	P-1	A1
Bank of Montreal	Corp/CP	A-1	A+	P-1	Aa2
Microsoft Corp	Corp	A-1+	AAA	P-1	Aaa

Source: Bloomberg Financial Services as of 10/13/2022

V. Maturity Distribution

Maturity Distribution	Observations
Weighted Average Maturity ("WAM")	• The County continues to invest across its permitted maturity range, as seen in the chart below. • About 56% of the portfolio holdings are scheduled to mature within the next twelve months, similar to the previous quarter-end and well above the 40% mandated by the investment policy. • It appears the County's maturity strategy over the past quarter included: – Continuing to allow previously purchased, longer-dated U.S. Treasury investments to naturally shorten in maturity and roll-down the yield curve while purchasing new treasury securities with maturities between 1.5 and 2 years. – Targeting the following spaces: o maintaining allocation to Commercial Paper to take advantage of the short-term credit curve while increasing the overall credit quality of CP in the portfolio. o letting Supranational securities mature without repurchasing new ones. – The WAM of the portfolio ended the quarter at 396 days, very similar to the 398 WAM from the second quarter. – The minimal change in portfolio WAM can primarily be attributed to the slight increased allocation to overnight liquidity balancing out the increase to U.S. treasuries in the 1-2 year space.
Liquidity	• The County has increased allocation in the portfolio to the combination of the Washington State LGIP, bank deposits, and repurchase agreements (overnight liquidity), from 5% in the previous quarter to 8% this quarter. However, another 8% of the portfolio's holdings are scheduled to mature within the next thirty-one days.



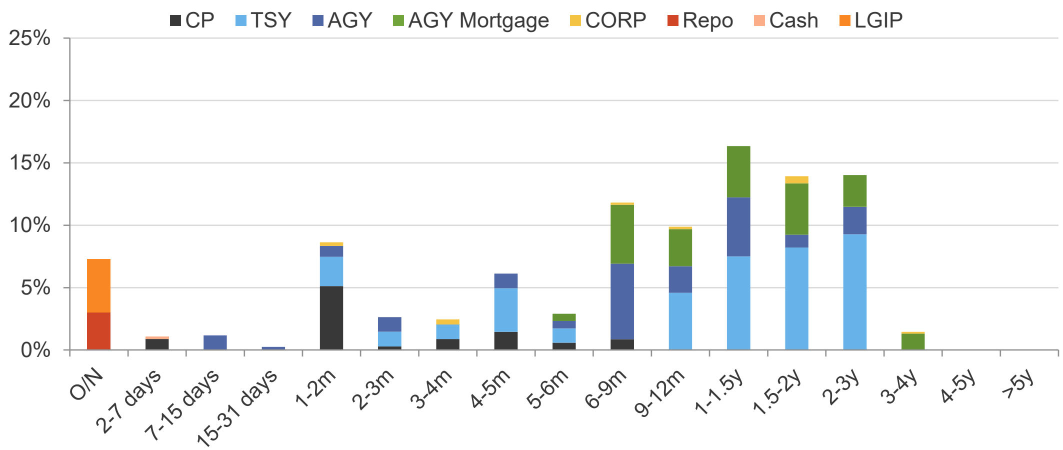
Contribution to Maturity		
Sector	**9/30/2022**	**6/30/22**
Supranational Agencies	108.59	118.30
Cash	0.00	0.00
Corporate Notes	6.94	7.09
Commercial Paper	8.20	13.01
Federal Agencies	72.78	83.73
The Washington State LGIP	0.04	0.03
Agency Mortgages	0.67	0.70
Repurchase Agreements	0.03	0.02
US Treasuries	199.54	175.17
Maturity:	**396 days**	**398 days**

Agency Mortgage maturities are reported as average life. Average life data taken from Bloomberg Financial Markets. Callable securities shown to their call date. All other security maturities are reported as days to maturity. WA LGIP is considered to have a one -day maturity.

V. Duration Distribution

Duration Distribution	Observations
Definition	• Duration is a measure of the sensitivity of the value of principal of an investment to a change in interest rates. The value of a portfolio with a higher duration is more sensitive to interest rate increases and decreases. • Duration is often quoted in years and is commonly used as a measure of the market risk of a security or portfolio. Duration can be derived in a number of ways; please refer to the notes at the bottom of this page for details.
Duration	• The portfolio's weighted average duration is within the IPS guidelines (no greater than 1.5 years). • As of September 30, the duration of the County Investment Pool was 1.05 years, a decrease from the previous quarter which ended at 1.13 years. – The shortened portfolio duration was driven by increase in overnight liquidity and the maturity of supranational agencies without repurchase. – The portfolio is measured against a blended benchmark consisting of 40% ICE Bank of America Merrill Lynch 3-Month Treasury Index and 60% ICE Bank of America Merrill Lynch 1-3 Year Treasury & Agency Index. – The overall portfolio duration decreased by 0.08 years, and the benchmark duration decreased by 0.02 years over the quarter. The portfolio's duration decreased from 94% to 88% of the benchmark duration for the period ending September 30.

Duration Distribution as of September 30, 2022



Contribution to Duration

Sector	9/30/22	6/30/22
Supranational Agencies	0.29	0.33
Cash	0.00	0.00
Corporate Notes	0.02	0.02
Commercial Paper	0.02	0.04
Federal Agencies	0.19	0.22
The Washington State LGIP	0.00	0.00
Agency Mortgages	0.00	0.00
Repurchase Agreements	0.00	0.00
US Treasuries	0.53	0.51
Duration:	1.05 years	**1.13 years**

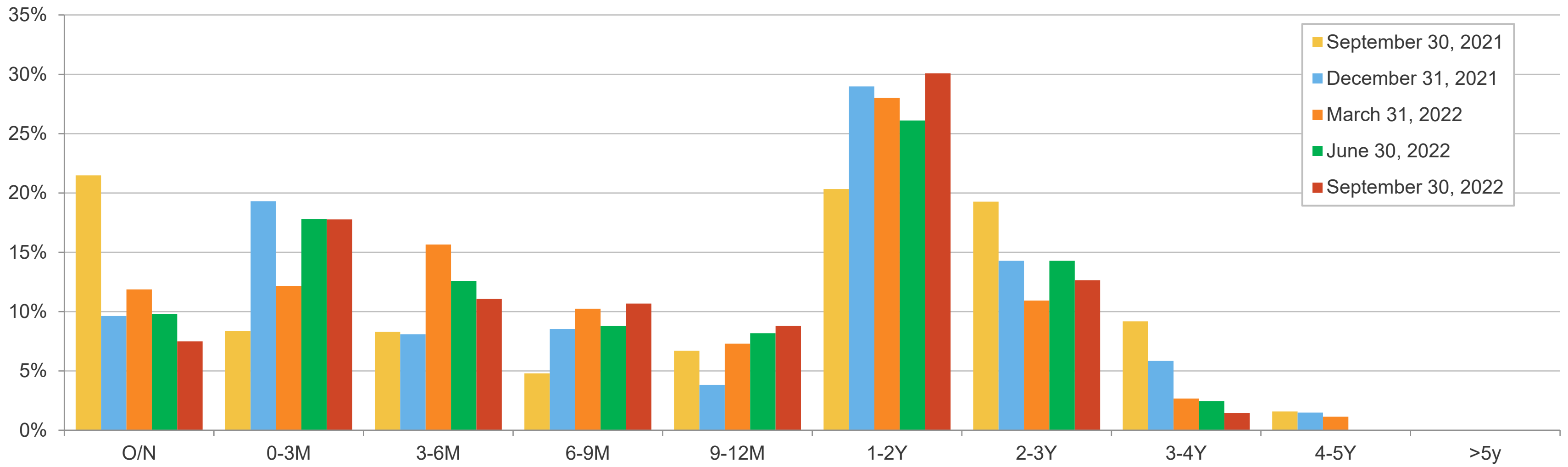
Agency Mortgage durations are shown as effective duration taken from Bloomberg Financial Markets.
Duration for Federal Agency Discount Notes and Repurchase Agreements are calculated as days to maturity.
WA LGIP and bank deposits considered to have a one day duration.
All other security durations are calculated as effective duration as given by Bloomberg Financial Markets.

V. Changes in Portfolio Maturity Distribution

Changes in Portfolio Maturity Distribution

- When viewing the current maturity distribution (red bars) in relation to previous periods, a few primary observations are noted:
  - It appears the County targeted a significant expansion during the quarter in the 1-2 year space through treasury securities, as seen by the increased allocations to the 1-2 year maturity buckets.
  - The portfolio is diverse across maturity buckets in the 0-1 year range.
- Compared to the second quarter, the yield curve is steeper in the 1-2 year space. Therefore, the relative value in the 1-2 year space is higher than 3-5 year space.
  - Locking in the higher yields in the 1-2 year area of the curve and finding relative value within sectors may allow the portfolio to benefit from incremental income even as short-term interest rates continue rise further as we progress through the year.

Maturity Distribution September 30, 2021 to September 30, 2022



Agency Mortgage maturities are reported as average life. Average life data taken from Bloomberg Financial Markets
Callable securities shown to their call date.
All other security maturities are calculated as days to maturity. WA LGIP is considered to have a one day maturity.

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