



Marion County Board of County Commissioners

Investment Performance Review

Fiscal Year Ended September 30, 2020

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March 2021

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Agenda

- ◆ Market Update
- ◆ Annual Investment Report Summary
- ◆ Asset Allocation
- ◆ PFM-Managed Pooled Operating Fund
- ◆ Important Disclosures



Market Update



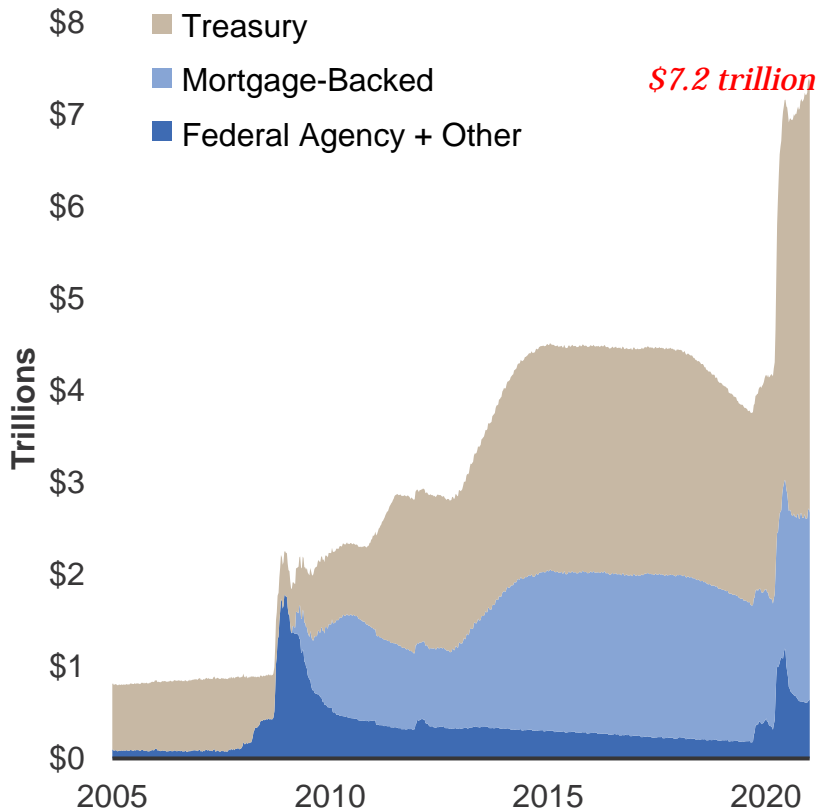
Market Themes

- The effects of the coronavirus rippled through global economies and financial markets during the County's fiscal year:
 - **Global health crisis** – The U.S. declared a public health emergency and locked down the country, following suit of many other countries around the world to contain the virus. Coronavirus restrictions were gradually eased throughout the fiscal year but have been followed by regional hot spots of infection, reminding people of how long the virus may linger.
 - **Economic shutdown** – GDP in the U.S. collapsed an unprecedented 31.4% annual rate in the second quarter before bouncing back strongly in the third quarter. A slowing of new Covid-19 cases in late summer allowed parts of the economy to reopen leading to a strong initial recovery, but many economic indicators remain well below pre-pandemic levels.
 - **Financial markets** – In March, The Federal Reserve responded to the economic crisis by aggressively cutting interest rates by 1.50% to its current target range of 0.00% to 0.25% and establishing several targeted programs to support various segments of the bond market. The Federal Reserve (Fed) continues to play a large role in supporting financial market stability through its purchase and liquidity programs and has extended the expiration date of many of its lending facilities. The Fed continues to extend forward guidance regarding zero short-term interest rates through 2023.
- Falling interest rates led to market value appreciation of most bond investments during the year. Although yield spreads on corporates and other credit instruments widened in the early days of the pandemic, they quickly reversed, marshaling strong incremental returns for the year on diversified portfolios. Portfolio performance will continue to be strongly influenced by the near-zero interest rate environment, with income as a likely key driver of performance.
- Considering the economic uncertainties that remain, we plan on structuring portfolios to have neutral durations relative to their respective benchmarks.

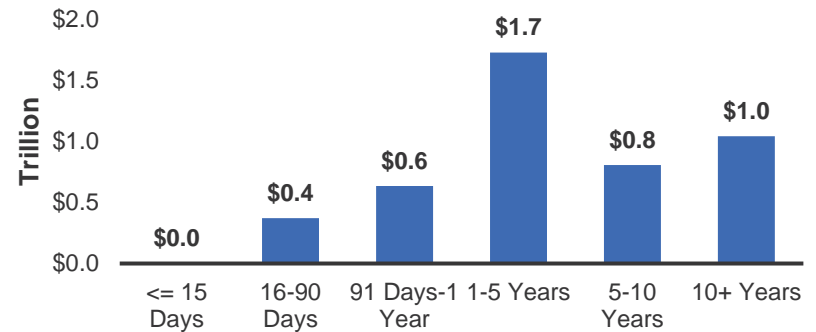


Federal Reserve Has Provided \$3 Trillion in Monetary Stimulus

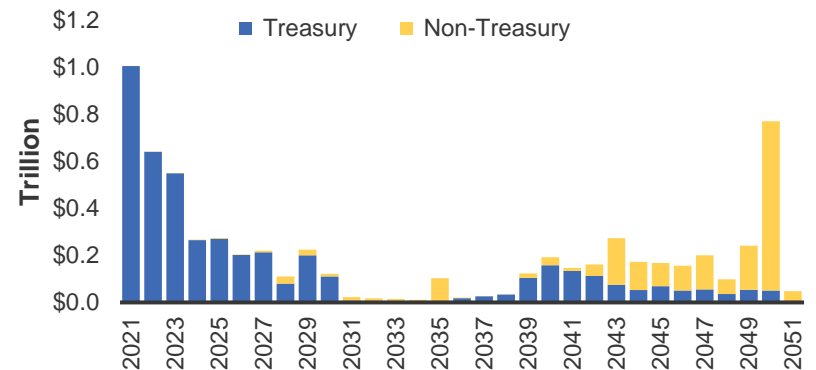
Assets of the Federal Reserve



Fed SOMA Treasury Holdings Maturity Distribution



Fed SOMA Holdings Maturity Distribution

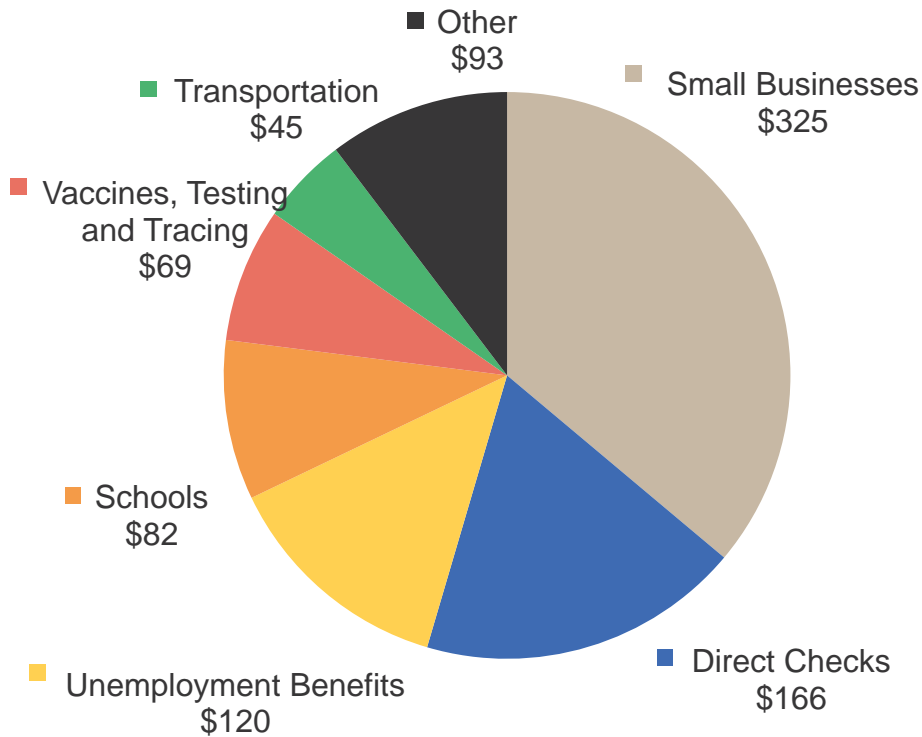


Source: Federal Reserve, as of 1/05/2021.



Congress Passes a New \$900 Billion Pandemic Relief Package

New Emergency Relief Package, in billions



Other Ongoing Economic Support Measures

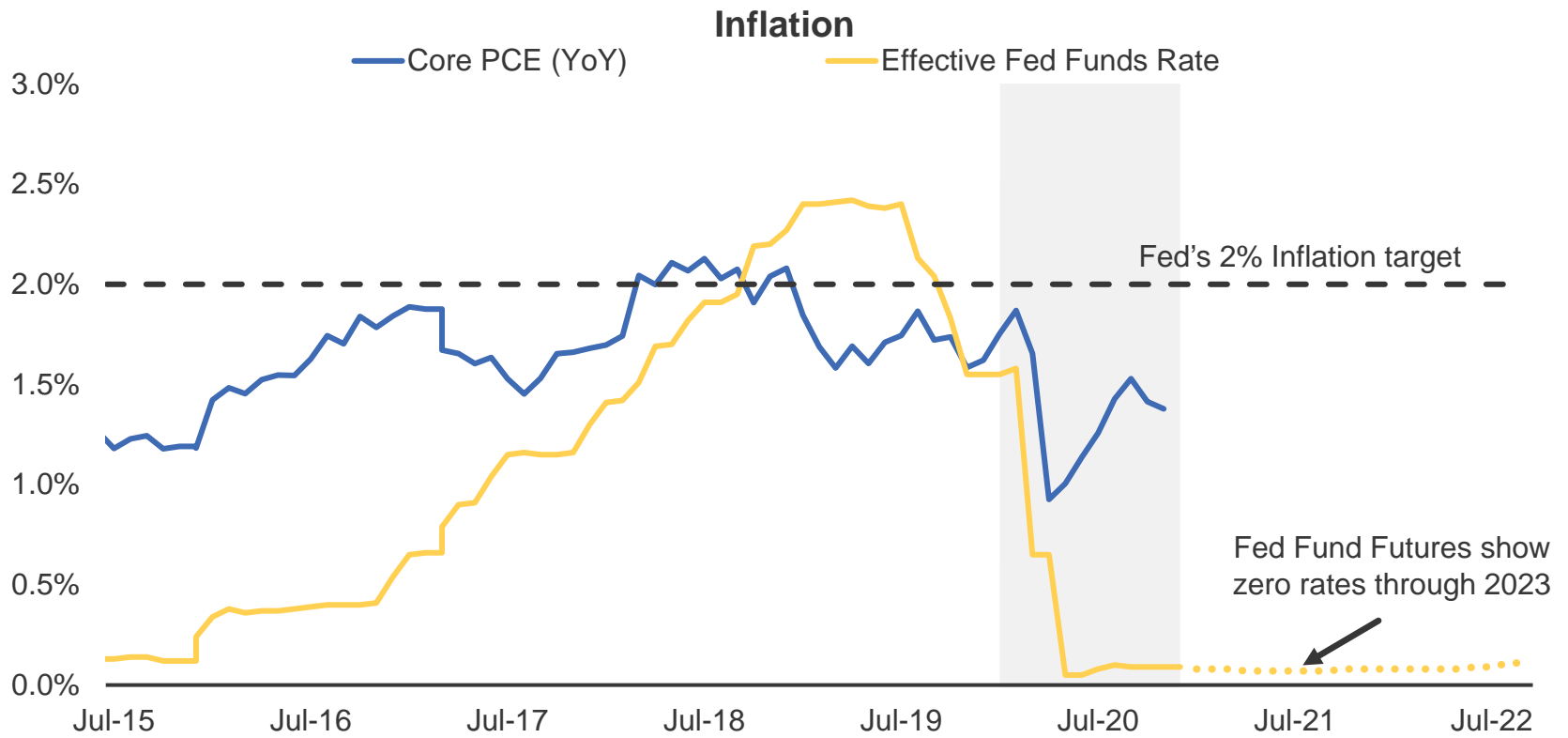
- Federal Reserve's near-zero interest rate target
- Federal Reserve's asset purchase programs and backstop of multiple asset classes
- CARES Act and Pandemic Unemployment Assistance programs
- Reduced bank reserve requirements, allowing for increased lending

Source: WSJ and Congressional aides, most recent data as of 12/31/2020. "Other" includes support for small banks that serve low-income and minority communities, childcare and broadband services, among other categories.



Federal Reserve's New Inflation Policy Means Rates May Be Lower for Longer

"...the Committee seeks to achieve inflation that averages 2 percent over time... following periods when inflation has been running persistently below 2 percent, appropriate monetary policy will likely aim to achieve inflation moderately above 2 percent for some time."

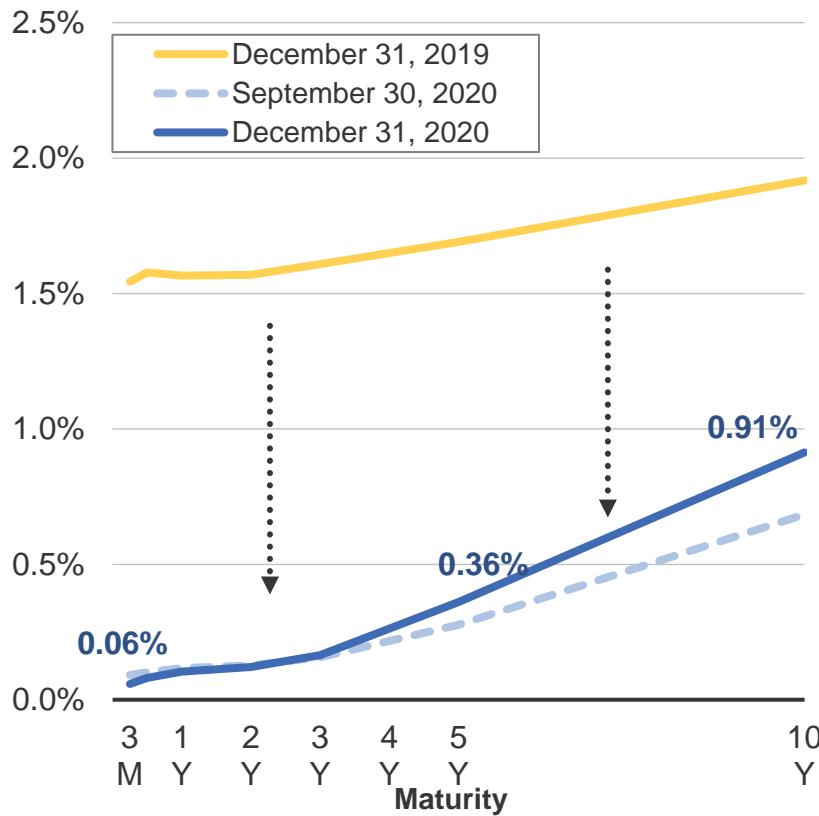


Source: Federal Reserve, as of 12/31/2020 (quote); Bloomberg, as of 12/31/2020 (chart). Fed Funds Futures projections as of 12/31/2020.

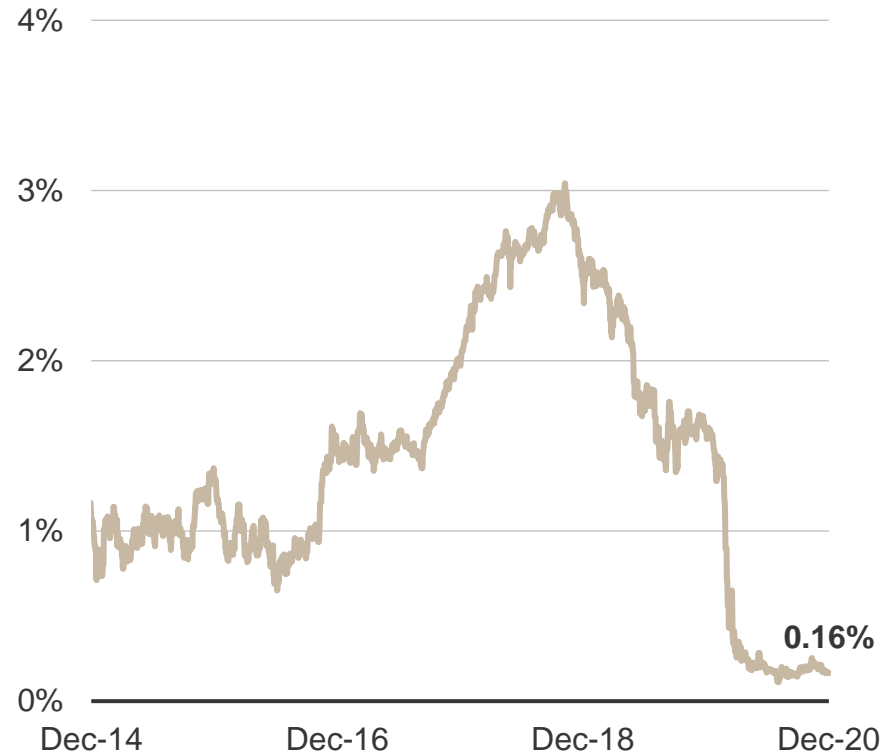


Short Rates Were Steady, But the Yield Curve Steepened in Q4

U.S. Treasury Yield Curve



3-Year Treasury Yield



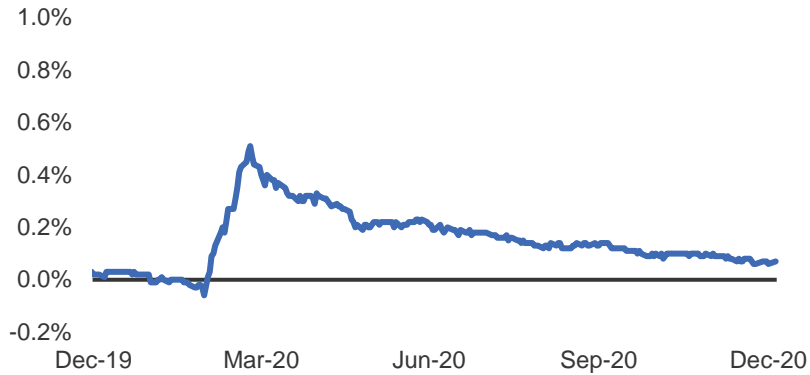
Source: Bloomberg as of 12/31/2020.



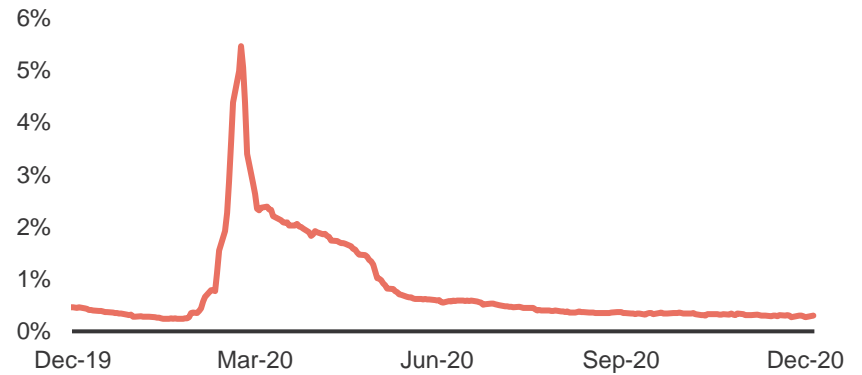
Yield Spread Narrowing Continued During Q4

1-5 Year Indices

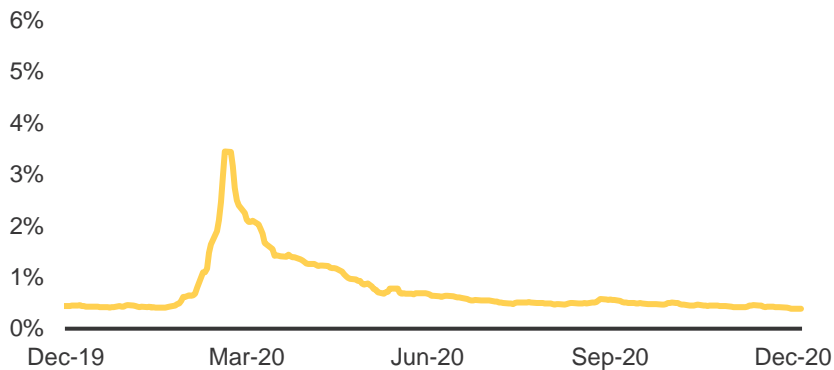
Federal Agency Yield Spreads



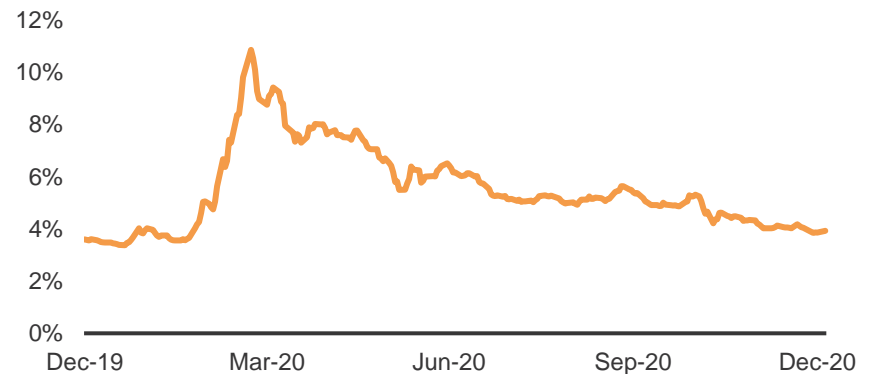
Asset-Backed Securities Yield Spreads



Corporate Notes A-AAA Yield Spreads



Corporate High Yield Spread

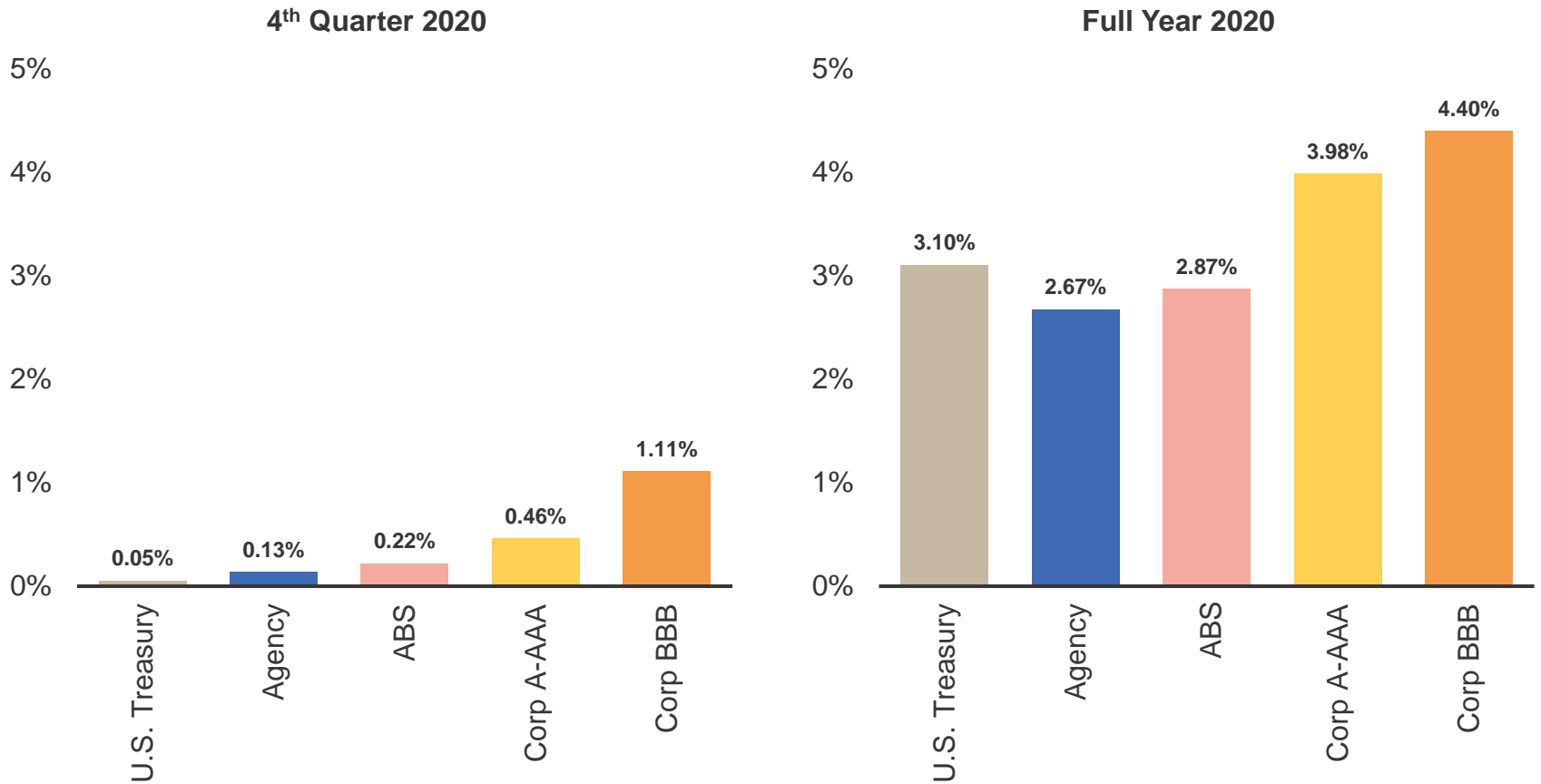


Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 12/31/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.



Credit Sector Continues Strong Outperformance in the Fourth Quarter

1-3 Year Indices



Source: ICE BofAML Indices. ABS indices are 0-3 year, based on weighted average life. As of 12/30/2020.



Annual Investment Report Summary



Pooled Operating Portfolio Fact Sheet

Ending Balance as of September 30, 2020		Balances	Average Duration (in Years)			
			Last 12 Months	Since Inception March 31, 2004		
Market Value		\$134,902,498	Pooled Operating Portfolio	1.83	1.66	
Amortized Cost		\$132,320,067	Merrill Lynch 1-3 Year U.S. Treasury Benchmark	1.82	1.77	
Total Return		Portfolio	Benchmark	Realized Gains/(Loss) on Sells		
				Fiscal Year 2020	Fiscal Year 2019	
Quarterly Return		0.28%	0.10%	Pooled Operating Portfolio	\$977,189.46	(\$361,193.02)
Annual Return		3.84%	3.58%	Interest Earnings		
Since Inception - March 31, 2004		2.51%	2.13%	Pooled Operating Portfolio	Last 12 Months	Since Inception ²
					\$2,930,179.23	\$45,231,167.53
Return in Dollars over the Benchmark¹		Last 12 Months	Since Inception ²	Standard & Poor's Credit Ratings		
				Last 12 Months	Since Inception ²	
Pooled Operating Fund		\$350,746.49	\$8,415,667.50	Pooled Operating Portfolio	AA	AA+

Notes:

1. Based on market value as of September 30, 2020.
2. Pooled Operating Portfolio inception date March 31, 2004.



Investment Balances & Interest Income as of September 30, 2020

Marion County Board of County Commissioners Summary of Investment Balances and Interest Income as of September 30, 2020								
Investments ¹					Enterprise Funds			Total
	General Fund	Special Revenue	Debt Service	Capital Project	Solid Waste	Utility	Internal Service	
Corporate Obligations	10,598,341	12,436,355	-	5,635,334	14,684,432	9,801,888	5,342,329	58,498,680
Federal National Mtg Assoc.	1,302,633	1,528,542	-	692,634	1,804,851	1,204,742	656,621	7,190,024
Federal Home Loan Bank	-	-	-	-	-	-	-	-
Federal Home Loan Mtg Corp.	6,618,365	7,766,153	-	3,519,107	9,170,014	6,121,003	3,336,133	36,530,776
Unites States Treasury	5,413,012	6,351,762	-	2,878,199	7,499,948	5,006,231	2,728,548	29,877,699
Municipal Bonds	278,162	326,403	-	147,904	385,405	257,259	140,214	1,535,347
Total Securities	\$ 24,210,514	\$ 28,409,215	\$ -	\$ 12,873,178	\$ 33,544,650	\$ 22,391,123	\$ 12,203,846	\$ 133,632,526
Suntrust Money Market Fund	140,602	164,986	-	74,761	194,810	130,036	70,874	776,068
Florida Prime (SBA)	20,566,152	109,679,305	3,268,936	43,615,168	38,646,497	6,024,545	2,205,817	224,006,420
Total Money Market Funds	20,706,754	109,844,291	3,268,936	43,689,929	38,841,307	6,154,580	2,276,691	224,782,487
Total Investments	44,917,268	138,253,506	3,268,936	56,563,107	72,385,958	28,545,703	14,480,536	358,415,014
Interest Income ²	1,303,060	2,380,192	46,377	930,504	1,581,912	936,794	472,417	7,651,256

Notes:

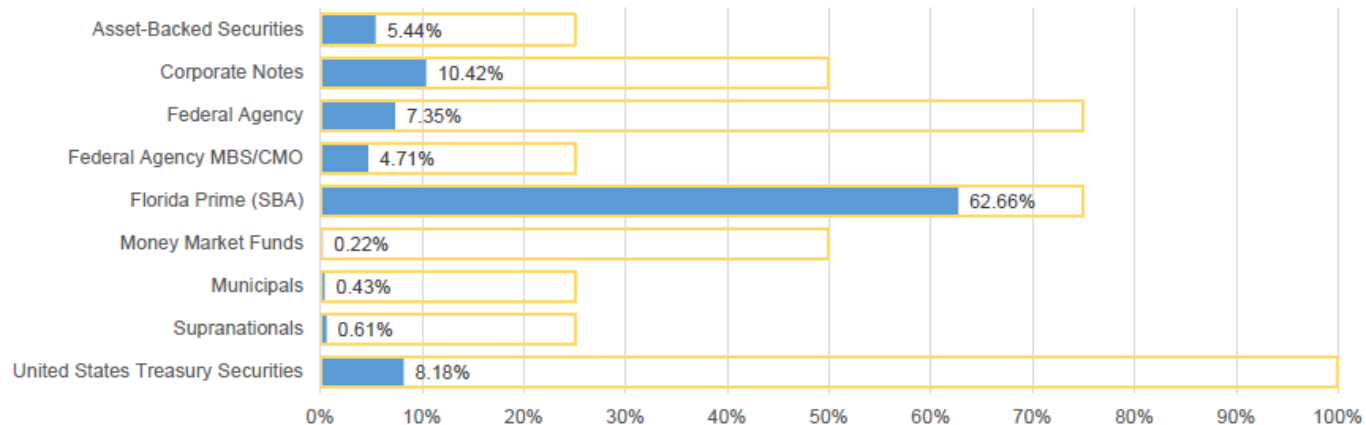
1. Investment balances are reported on market value, not including accrued interest.
2. The balances shown on this page are based on trade settlement date. The balances shown on other pages of this report include forward settling trades (trades that have not settled as of month end but will in the following month(s)); this is to comply with GASB accrual accounting reporting requirements.
3. Investment earnings are reported on total return basis with accrued interest.



Asset Allocation



Asset Allocation by Sector as of September 30, 2020



Security Type	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Asset-Backed Securities	19,434,683.56	5.44%	25%	Yes
Bankers' Acceptances	-	-	10%	Yes
Certificates of Deposit and Savings Accounts	-	-	50%	Yes
Commercial Paper	-	-	50%	Yes
Corporate Notes	37,245,000.66	10.42%	50%	Yes
Federal Agency	26,271,007.35	7.35%	75%	Yes
Florida Prime (SBA)	224,006,419.62	62.66%	75%	Yes
Intergovernmental Pools	-	-	50%	Yes
Federal Agency MBS/CMO	16,832,990.62	4.71%	25%	Yes
Money Market Funds	776,067.69	0.22%	50%	Yes
Municipals	1,522,170.64	0.43%	25%	Yes
Fixed-Income Mutual Funds and ETFs	-	-	20%	Yes
Repurchase Agreements	-	-	40%	Yes
Supranationals	2,167,745.45	0.61%	25%	Yes
United States Treasury Securities	29,244,942.44	8.18%	100%	Yes
Total	357,501,028.03	100.00%		

End of month trade-date amortized cost of portfolio holdings, including accrued interest.



Asset Allocation by Issuer as of September 30, 2020

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
ASSET-BACKED	ALLY AUTO RECEIVABLES TRUST	848,919.71	0.24%	5%	Yes
ASSET-BACKED	AMERICAN EXPRESS CREDIT ACCOUN	750,861.32	0.21%	5%	Yes
ASSET-BACKED	CAPITAL ONE MULTI-ASSET EXECUT	1,175,666.58	0.33%	5%	Yes
ASSET-BACKED	CAPITAL ONE PRIME AUTO REC TRUST	400,389.54	0.11%	5%	Yes
ASSET-BACKED	CNH EQUIPMENT TRUST	1,232,188.95	0.34%	5%	Yes
ASSET-BACKED	FIFTH THIRD AUTO TRUST	200,204.09	0.06%	5%	Yes
ASSET-BACKED	GM FINANCIAL AUTO LEASING TRUST	809,018.62	0.23%	5%	Yes
ASSET-BACKED	GM FINANCIAL SECURITIZED TERM	2,334,128.20	0.65%	5%	Yes
ASSET-BACKED	HARLEY-DAVIDSON MOTORCYCLE TRUST	275,177.15	0.08%	5%	Yes
ASSET-BACKED	HONDA AUTO RECEIVABLES OWNER T	655,496.26	0.18%	5%	Yes
ASSET-BACKED	HYUNDAI AUTO RECEIVABLES TRUST	802,301.20	0.22%	5%	Yes
ASSET-BACKED	NISSAN AUTO RECEIVABLES OWNER	1,266,044.30	0.35%	5%	Yes
ASSET-BACKED	TOYOTA AUTO RECEIVABLES OWNER	475,400.41	0.13%	5%	Yes
ASSET-BACKED	WORLD OMNI AUTO RECEIVABLES TR	487,207.05	0.14%	5%	Yes
ASSET-BACKED	BMW VEHICLE LEASE TRUST	110,476.26	0.03%	5%	Yes
ASSET-BACKED	CARMAX AUTO OWNER TRUST	1,884,377.21	0.53%	5%	Yes
ASSET-BACKED	JOHN DEERE OWNER TRUST	1,120,620.09	0.31%	5%	Yes
ASSET-BACKED	MERCEDES-BENZ AUTO RECEIVABLES	366,881.89	0.10%	5%	Yes
ASSET-BACKED	FORD CREDIT AUTO LEASE TRUST	557,840.26	0.16%	5%	Yes
ASSET-BACKED	NISSAN AUTO LEASE TRUST	739,674.93	0.21%	5%	Yes
ASSET-BACKED	MERCEDES-BENZ AUTO LEASE TRUST	540,955.25	0.15%	5%	Yes
ASSET-BACKED	DISCOVER CARD EXECUTION NOTE TRUST	375,249.39	0.10%	5%	Yes
ASSET-BACKED	VERIZON OWNER TRUST	1,400,437.74	0.39%	5%	Yes
ASSET-BACKED	VOLKSWAGEN AUTO LEASE TRUST	275,164.26	0.08%	5%	Yes
ASSET-BACKED	BMW VEHICLE OWNER TRUST	350,002.90	0.10%	5%	Yes
CORPORATE NOTE	AMERICAN EXPRESS CREDIT	758,269.23	0.21%	5%	Yes
CORPORATE NOTE	AMERICAN HONDA FINANCE	1,232,475.46	0.34%	5%	Yes
CORPORATE NOTE	APPLE INC	940,606.33	0.26%	5%	Yes
CORPORATE NOTE	BRANCH BANKING & TRUST	931,462.72	0.26%	5%	Yes
CORPORATE NOTE	CHEVRON CORP	436,351.59	0.12%	5%	Yes
CORPORATE NOTE	CITIGROUP INC	1,006,936.86	0.28%	5%	Yes
CORPORATE NOTE	GOLDMAN SACHS GROUP INC	656,630.19	0.18%	5%	Yes
CORPORATE NOTE	MORGAN STANLEY	302,456.43	0.08%	5%	Yes
CORPORATE NOTE	TOYOTA MOTOR CREDIT CORP	885,604.59	0.25%	5%	Yes
CORPORATE NOTE	WELLS FARGO BANK NA	377,050.27	0.11%	5%	Yes
CORPORATE NOTE	JOHN DEERE CAPITAL CORP	877,974.59	0.25%	5%	Yes
CORPORATE NOTE	IBM CORP	550,553.33	0.15%	5%	Yes
CORPORATE NOTE	JPMORGAN CHASE & CO	1,219,242.00	0.34%	5%	Yes
CORPORATE NOTE	CHARLES SCHWAB CORP	784,090.56	0.22%	5%	Yes



Asset Allocation by Issuer as of September 30, 2020

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
CORPORATE NOTE	US BANK NA CINCINNATI	435,160.64	0.12%	5%	Yes
CORPORATE NOTE	BANK OF AMERICA CORP	1,370,689.59	0.38%	5%	Yes
CORPORATE NOTE	UNILEVER CAPITAL CORP	334,830.48	0.09%	5%	Yes
CORPORATE NOTE	3M COMPANY	1,040,879.98	0.29%	5%	Yes
CORPORATE NOTE	HOME DEPOT INC	175,264.46	0.05%	5%	Yes
CORPORATE NOTE	WALT DISNEY COMPANY/THE	324,994.38	0.09%	5%	Yes
CORPORATE NOTE	PACCAR FINANCIAL CORP	781,961.89	0.22%	5%	Yes
CORPORATE NOTE	CATERPILLAR FINANCIAL SERVICES CORP	1,151,008.42	0.32%	5%	Yes
CORPORATE NOTE	AMAZON.COM INC	650,041.95	0.18%	5%	Yes
CORPORATE NOTE	WELLS FARGO & COMPANY	298,099.04	0.08%	5%	Yes
CORPORATE NOTE	UNITED PARCEL SERVICE	737,305.66	0.21%	5%	Yes
CORPORATE NOTE	MERCK & CO INC	428,007.31	0.12%	5%	Yes
CORPORATE NOTE	PFIZER INC	976,007.94	0.27%	5%	Yes
CORPORATE NOTE	NATIONAL RURAL UTIL COOP	521,616.26	0.15%	5%	Yes
CORPORATE NOTE	BOEING CO	427,759.71	0.12%	5%	Yes
CORPORATE NOTE	HONEYWELL INTERNATIONAL	886,023.09	0.25%	5%	Yes
CORPORATE NOTE	BANK OF NOVA SCOTIA HOUSTON	1,931,589.14	0.54%	5%	Yes
CORPORATE NOTE	BANK OF MONTREAL CHICAGO	899,234.10	0.25%	5%	Yes
CORPORATE NOTE	PEPSICO INC	310,440.71	0.09%	5%	Yes
CORPORATE NOTE	TORONTO DOMINION BANK	2,007,775.83	0.56%	5%	Yes
CORPORATE NOTE	MITSUBISHI UFJ FIN GRP	1,260,865.92	0.35%	5%	Yes
CORPORATE NOTE	ROYAL BANK OF CANADA NY	1,538,657.52	0.43%	5%	Yes
CORPORATE NOTE	EXXON MOBIL CORP	617,735.12	0.17%	5%	Yes
CORPORATE NOTE	BANK OF NY MELLON CORP	1,303,513.65	0.36%	5%	Yes
CORPORATE NOTE	BURLINGTN NORTH SANTA FE	405,168.60	0.11%	5%	Yes
CORPORATE NOTE	LLOYDS BANK PLC	810,365.69	0.23%	5%	Yes
CORPORATE NOTE	GLAXOSMITHKLINE CAPITAL	880,386.32	0.25%	5%	Yes
CORPORATE NOTE	SANTANDER UK PLC	859,280.91	0.24%	5%	Yes
CORPORATE NOTE	WESTPAC BANKING CORP NY	1,205,886.03	0.34%	5%	Yes
CORPORATE NOTE	BOEING COMPANY	175,931.00	0.05%	5%	Yes
CORPORATE NOTE	ORACLE CORP	420,740.97	0.12%	5%	Yes
CORPORATE NOTE	ADOBE INC	145,255.94	0.04%	5%	Yes
CORPORATE NOTE	SHELL INTERNATIONAL FIN	972,818.26	0.27%	5%	Yes
MBS / CMO	FANNIE MAE	5,484,095.72	1.53%	40%	Yes
MBS / CMO	FHLMC MULTIFAMILY STRUCTURED P	6,080,908.40	1.70%	40%	Yes
MBS / CMO	FREDDIE MAC	3,993,767.13	1.12%	40%	Yes
MBS / CMO	FANNIEMAE-ACES	1,274,219.37	0.36%	40%	Yes
US TSY BOND/NOTE	UNITED STATES TREASURY	29,244,942.44	8.18%	100%	Yes
SUPRANATL	ASIAN DEVELOPMENT BANK	2,167,745.45	0.61%	10%	Yes



Asset Allocation by Issuer as of September 30, 2020

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
MUNI BOND/NOTE	CONNECTICUT ST	143,072.59	0.04%	5%	Yes
MUNI BOND/NOTE	PORT AUTHORITY OF NY/NJ	743,826.45	0.21%	5%	Yes
MUNI BOND/NOTE	FLORIDA ST BRD OF ADMIN FIN CO	335,175.60	0.09%	5%	Yes
MUNI BOND/NOTE	NEW YORK ST URBAN DEV CORP REV	300,096.00	0.08%	5%	Yes
FED AGY BOND/NOTE	FANNIE MAE	8,123,743.47	2.27%	40%	Yes
FED AGY BOND/NOTE	FEDERAL HOME LOAN BANKS	469,419.11	0.13%	40%	Yes
FED AGY BOND/NOTE	FREDDIE MAC	17,677,844.77	4.94%	40%	Yes
FLORIDA PRIME (SBA)	FLORIDA PRIME (SBA)	224,006,419.62	62.66%	75%	Yes
MNY MKT/MUTUAL FND	CASH BALANCE	776,067.69	0.22%	25%	Yes
Total		357,501,028.03	100.00%		

End of month trade-date amortized cost of portfolio holdings, including accrued interest.



PFM-Managed Pooled Operating Fund

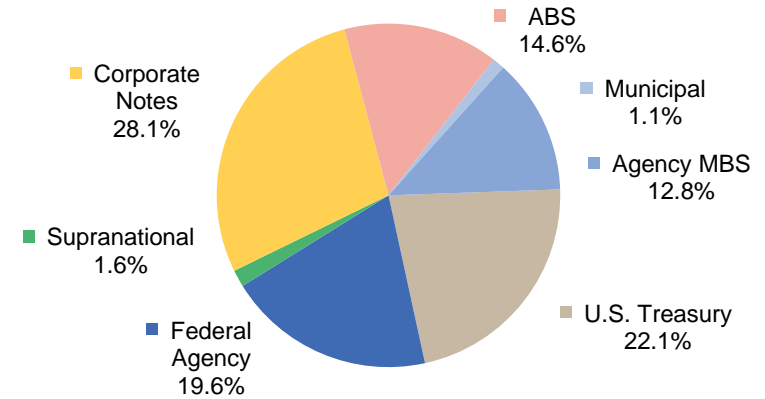


Current Holdings Snapshot as of September 30, 2020

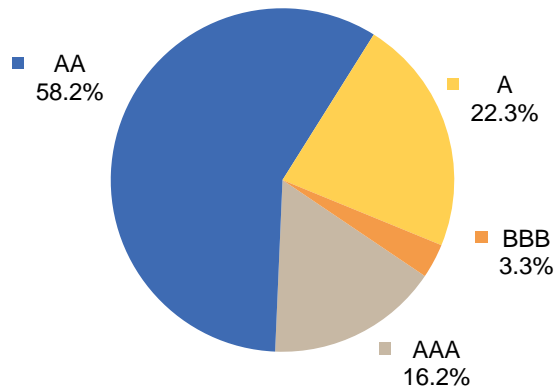
Portfolio Statistics

Market Value	\$134,902,498
Average Duration	1.89 Years
Average Yield at Cost	1.73%
Average Yield at Market	0.70%

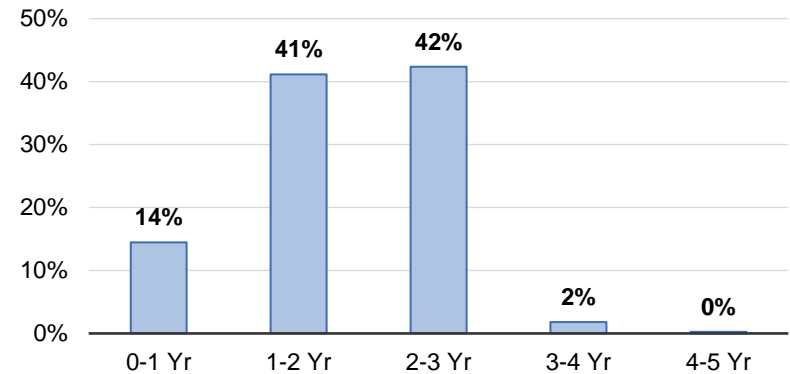
Sector Allocation



Credit Quality



Duration Distribution

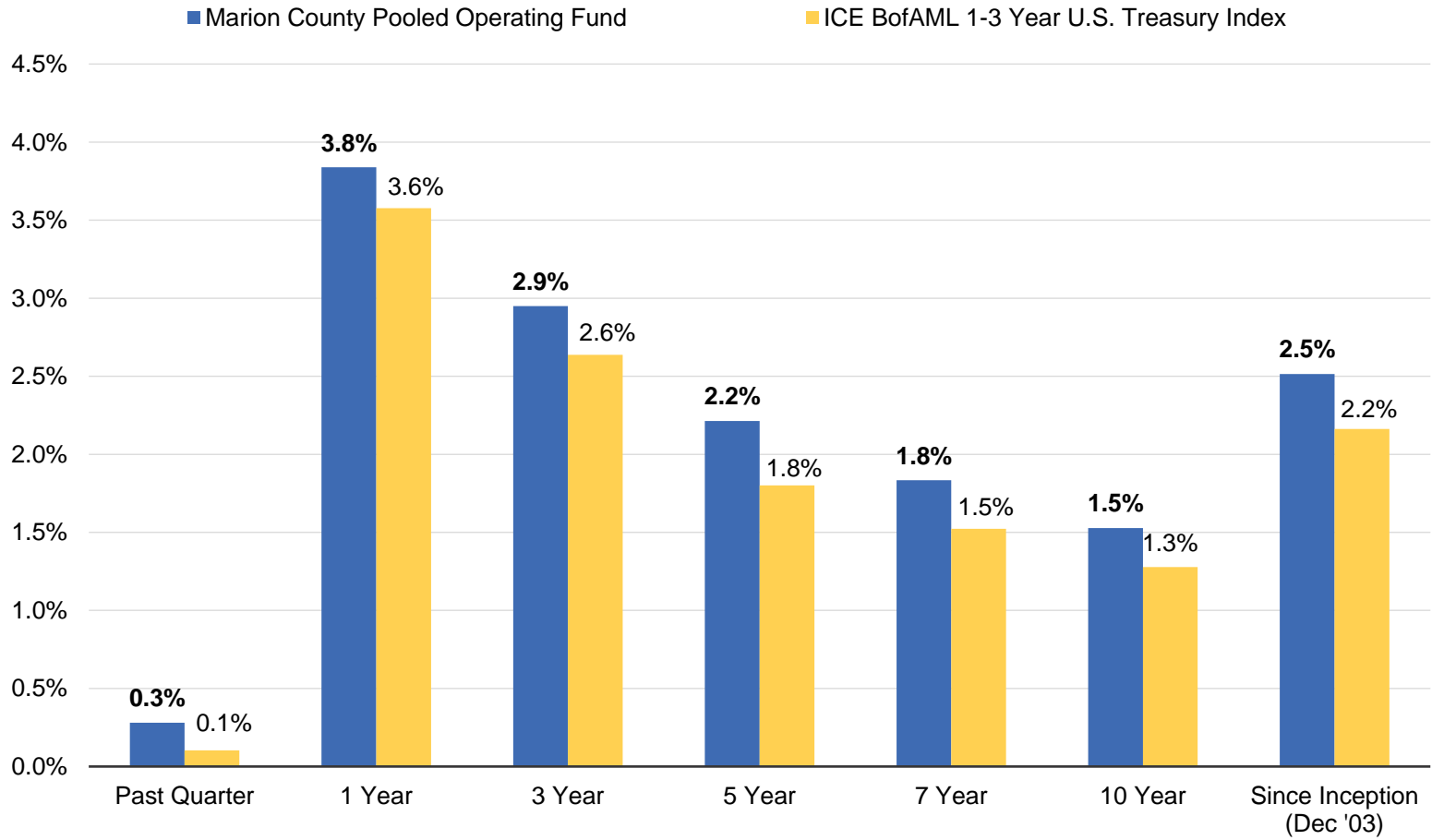


Sector allocation excludes cash balances. Credit quality uses S&P rating. Please see important disclosures.



Historical Performance

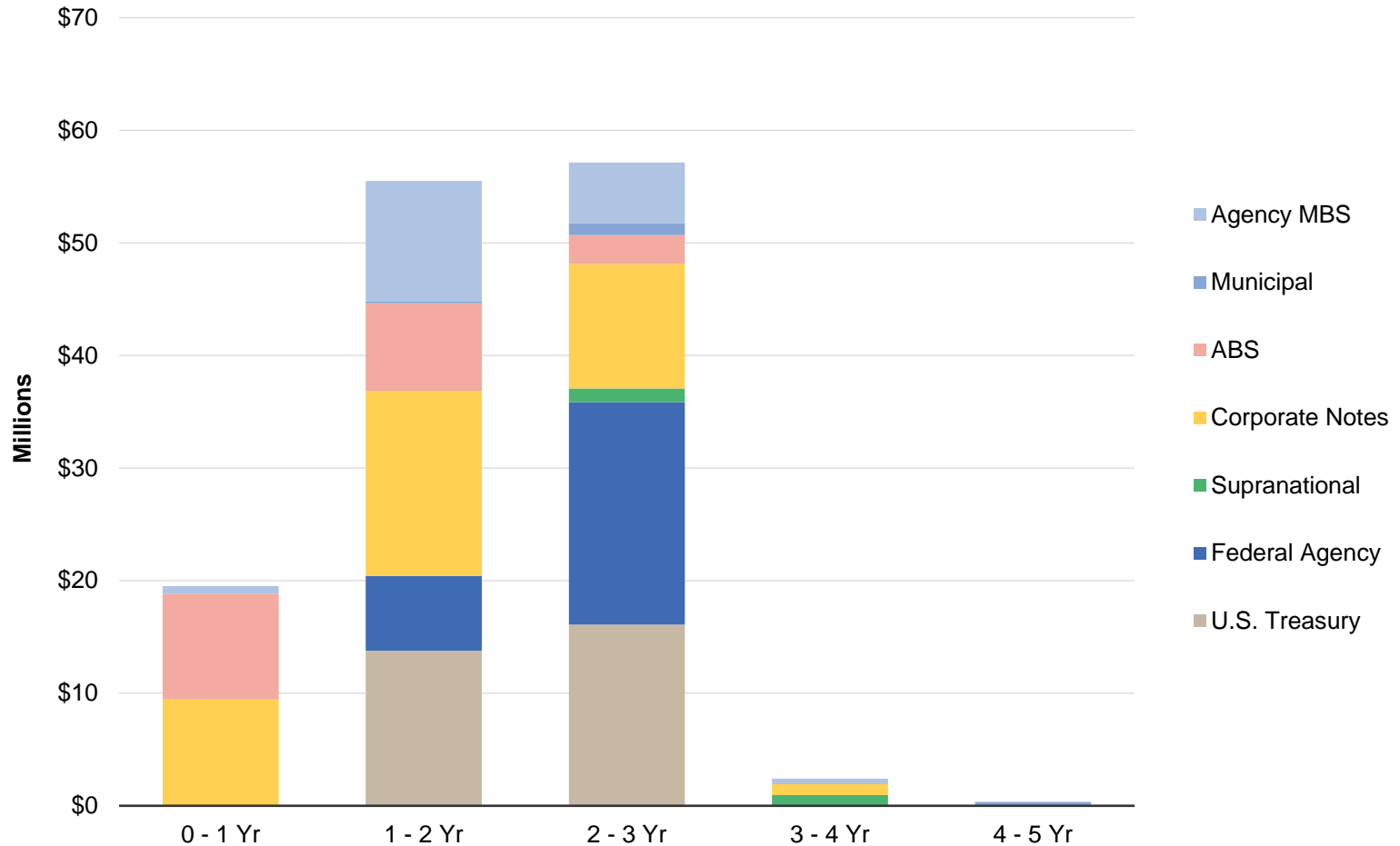
Periods September 30, 2020



Please see important disclosures.



Current Holdings Duration by Sector

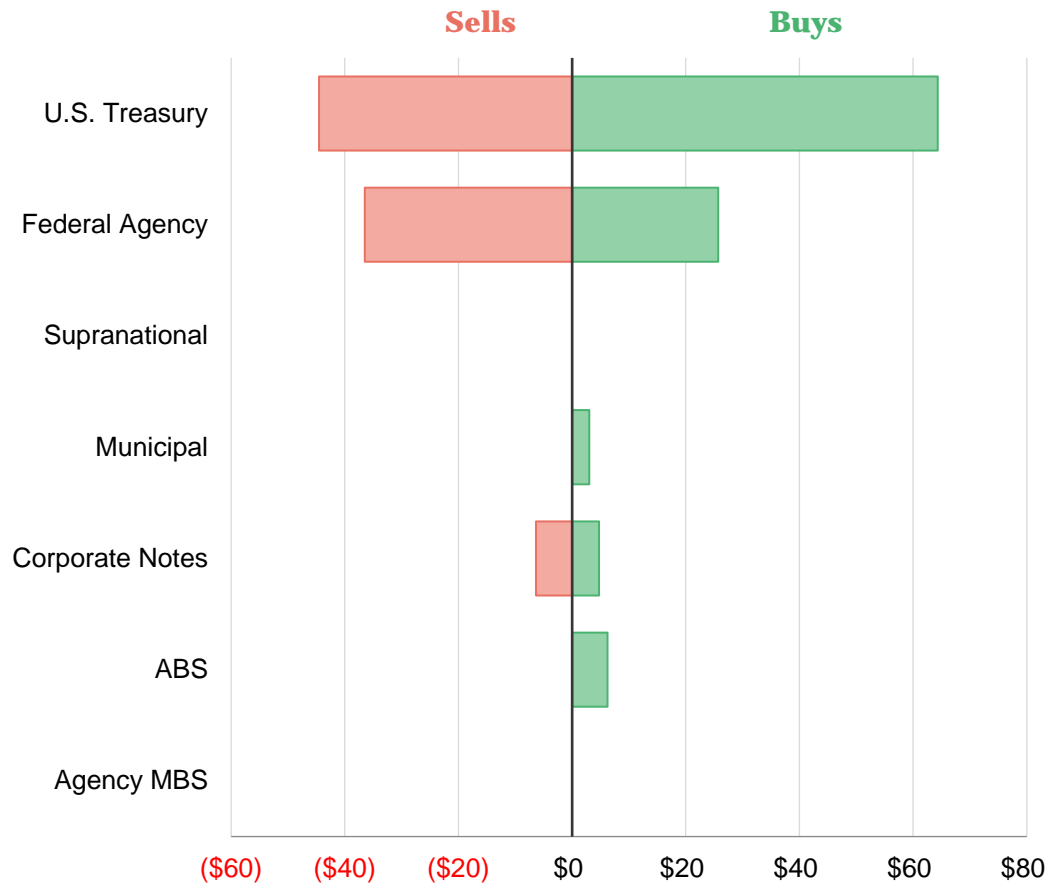


Holdings as of September 30, 2020. Please see important disclosures.



Trade Summary from October 1, 2019 to September 30, 2020

Gross Transactions by Sector (\$ millions)



Net Transactions by Sector (\$ millions)

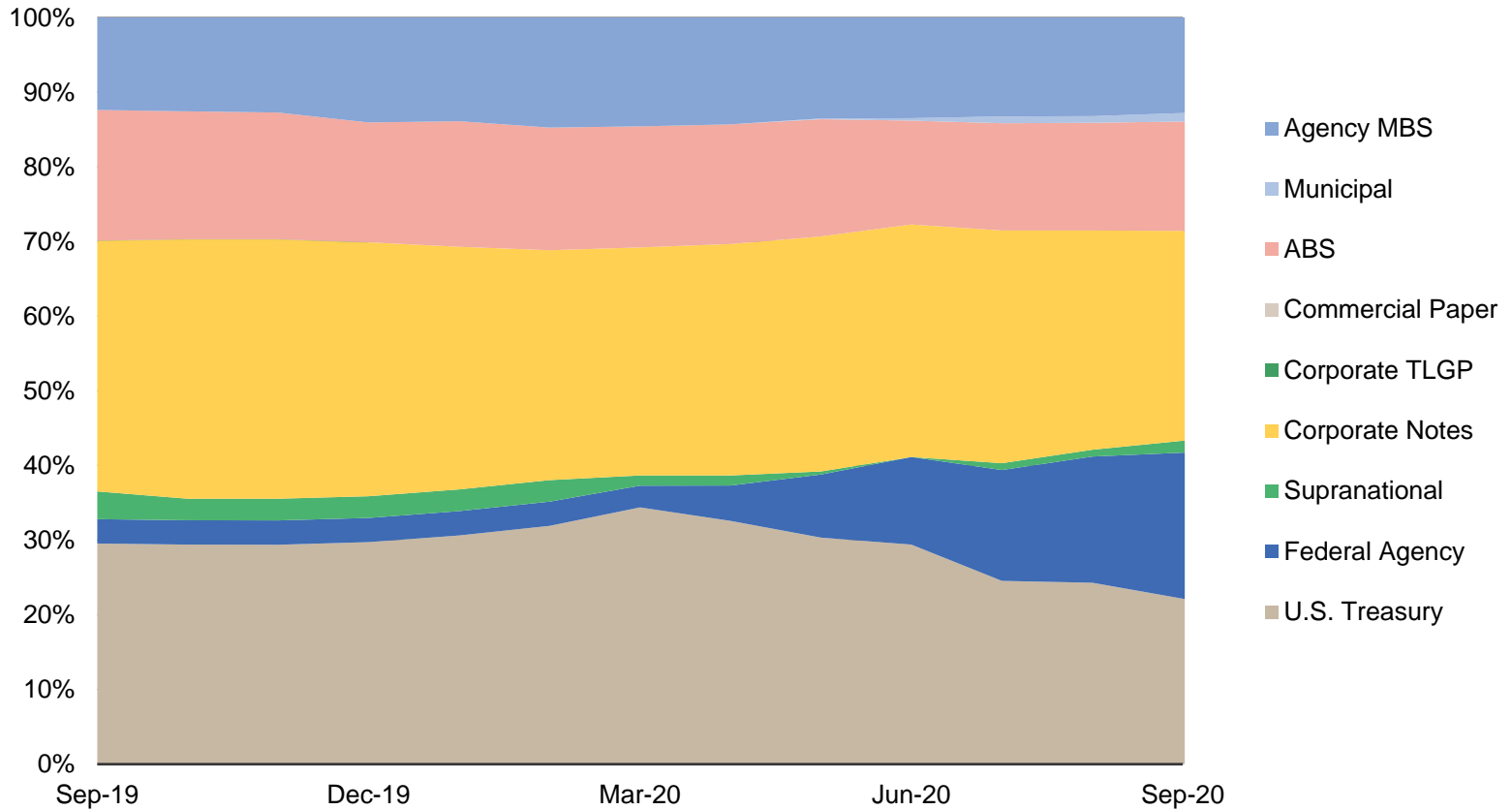
U.S. Treasury	(\$9.1)
Federal Agency	+ \$22.1
Supranational	(\$2.7)
Municipal	+ \$1.5
Corporate Notes	(\$6.0)
ABS	+ \$1.9
Agency MBS	+ \$4.8

Please see important disclosures.



Historical Sector Allocation

October 1, 2019 through September 30, 2020



Please see important disclosures.



Important Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.



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