



PRINCE WILLIAM

— Finance

Investment

Performance Report

Second Quarter-Fiscal Year 2025
(For the Quarter Ending Dec. 31, 2024)

**This report was reviewed and accepted by the
Prince William County Investment Oversight Committee
on February 27, 2025**

Chair



Michelle L. Attreed, Acting Deputy County Executive/CFO

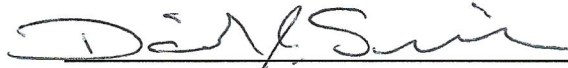
Standing Member



Timothy M. Leclerc, Acting Director of Finance

Appointed by County Executive

Vacant, Deputy County Executive – Government Operations,
Performance & Innovation



Dave Sinclair, Budget Director

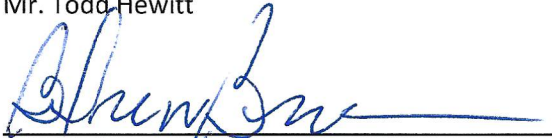


Wade Hugh, Deputy County Executive – Mobility, Economic Growth & Resiliency

Citizen Members Appointed by the Board of County Supervisors



Mr. Todd Hewitt



Mr. Drew Brown

EXECUTIVE SUMMARY

This report reflects the FY 2025 second quarter performance of the County's investment management program for quarter end December 31, 2024, prepared in accordance with the County's Investment Policy reporting guidelines. Prince William County's *Principles of Sound Financial Management* and Investment Policy adopted by the Board of County Supervisors (BOCS) require that the County's investment program meet four criteria, listed below in order of importance:

Legality - *"Investment instruments shall, at a minimum, be limited to security, issuers and maturities in compliance with the Code of Virginia (1950) as amended"*

Safety - *"The next objective is the preservation of capital and the protection of investment principal. The County will employ mechanisms to control risks and diversify its investments regarding specific security types or individual financial institutions"*

Liquidity - *"The investment portfolio will remain sufficiently liquid to enable the County to meet operating requirements which might be reasonably anticipated"*

Yield - *"The County will maximize yield on the portfolio but will avoid unreasonable investment risk to preserve the purchasing power of the portfolio"*

Following 100 basis points of interest rate cuts over three prior meetings, Federal Reserve officials voted unanimously on January 29 to maintain the Federal Funds rate at 4.25% - 4.50%. But as measurements of inflation suggest progress has stalled, while economic growth has remained firm, the probability of future rate cuts in the near term has gradually fallen. Currently, the market has priced in a 0% chance of a 25 basis points rate cut at the Federal Reserve's March meeting versus nearly 60% in late December. Treasury Management has attempted to mitigate interest rate risk and grow investment income by leveraging cash/cash equivalent products, while balancing downside risks to economic conditions through select purchases of longer dated securities.

INVESTMENT PORTFOLIO STRUCTURE

The County's general portfolio is comprised of all funds except certain restricted and special funds, i.e., bond proceeds, escrow, pension funds and self-insurance funds. All general fund interest income is earned from securities in the general portfolio. Bond proceeds are invested in accordance with the requirements and restrictions outlined in the bond documents as directed by the Debt Management Team and reported and provided as an attachment to this report.

INVESTMENT STRATEGY

The current investment strategy addresses the requirements of legality, safety, and liquidity by investing in a diversified portfolio of specific security types and financial institutions while maintaining sufficient liquidity to meet anticipated operating requirements. Furthermore, the County seeks to match its cash flow needs to the maturity structure of the portfolio to enhance yield. The current investment strategy attempts to:

- (1) Avoid the premature sale of investments to meet day-to-day operating requirements.
- (2) Maintain higher balances in short-term investments when longer-term interest rates are not favorable.
- (3) Further diversify short-term investment options to reduce dependency on money market funds.

EXCEPTIONS TO INVESTMENT POLICY

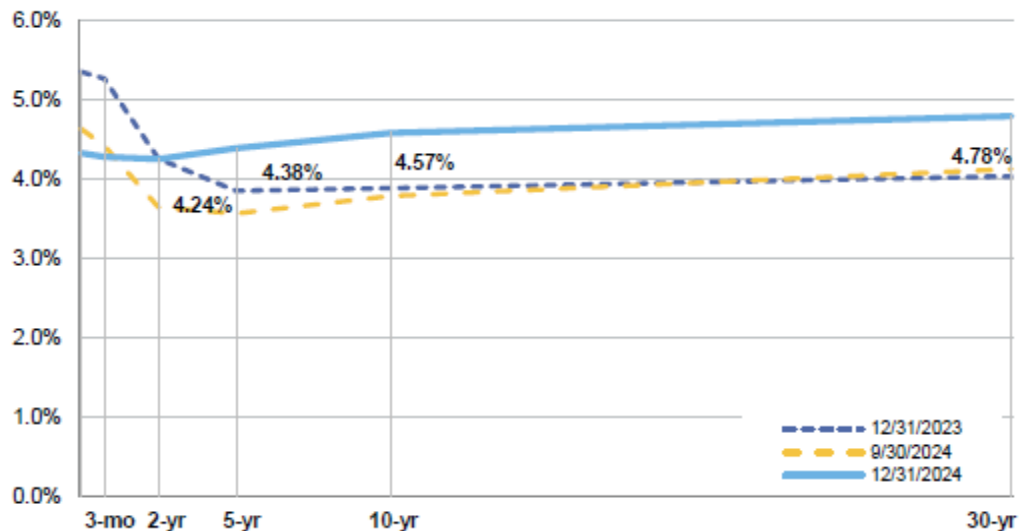
In accordance with Section 17 of the Investment Policy, specific exceptions to the policy guidelines are to be included as part of this report. There were no exceptions to the Investment Policy as of quarter end December 31, 2024.

MARKET COMMENTARY

Since taking office on January 20, the Trump administration's flurry of executive orders and policy initiatives have gripped markets and the future of the U.S economy with a palpable level of uncertainty. The outlook for the nation and global partners will likely depend on the extent to which President Trump pursues tariffs, immigration and the reconfiguration of the Federal Government. Given the fluid nature of developments over the early days of the Trump presidency, quantifying the potential economic impact amounts to little more than guesswork. William Dudley, former president of the New York Federal Reserve, suggests if at least a ten percent tariff is imposed on aggregate imports, inflation could increase 0.25% - 0.50% over the next year as importers pass on costs. When assessing the fallout from the Biden administration's clampdown on border crossings, baby boomer retirements and a high labor participation rate among prime-age workers, "modest deportations could hold the annual increase in the labor supply to less than 0.5%." The implication points to a "maximum real GDP growth rate of just 1.5% to 2.5%." Dudley intimates the various factors in play may portend a challenging economic climate for 2025. "Expect higher inflation, elevated interest rates, slower growth and more volatility as markets and the Fed struggle to adjust to Trump's pronouncements and actions. In short, prepare for turbulence ahead."

While the scale of fiscal plans remains unknown, the Federal Reserve has rightfully retained a neutral stance amid ambiguous signals emanating from the president's administration. With recent data pointing to an economy that, although slowing, has remained relatively firm, the Federal Reserve chose to maintain the target range of the Federal Funds rate at 4.25% - 4.50%. The decision announced on January 29 was widely anticipated after policymakers previously delivered interest rate cuts totaling 100 basis points over three consecutive meetings. The revised statement issued following the meeting reflected mixed sentiment. The description of the labor market improved to "the unemployment rate has stabilized at a low level" from "the unemployment rate has moved up but remains low." In contrast, the outlook for inflation was downgraded from "inflation has made progress toward the committee's 2 percent objective" to "inflation remains somewhat elevated." The post meeting press conference saw Chairman Powell peppered with questions about how tariffs and immigration may impact the economic outlook. Powell delicately maneuvered through policies seen by many economists as inflationary, indicating additional information was necessary before a reasonable assessment can be formulated. In the opinion of Bloomberg Economics, "the future rate path depends entirely on the job market and inflation - and the Fed has no crystal ball. Ultimately, we see core inflation ending the year lower and unemployment higher than the Fed anticipates - which suggests the Fed will cut by more than the 50 bps they projected in the December dot plot."

U.S. Treasury Yield Curve



Source: Bloomberg.

PORTFOLIO HIGHLIGHTS

➤ Portfolio Performance

Investment performance is presented both on a total return basis, which includes the impact of adjusting investments to market value, and earnings yield basis. Total return is made up of two primary components. The first is the earnings/yield income component which is comprised of coupon interest rates, principal value invested, and the time-period of the investments being measured. That component of total return remains relatively stable and moves slowly as new investments are added to the portfolio or investments are removed from the portfolio as securities mature. The second component of total return is determined by the change in market value¹ of the securities at the end of the period being measured. This portion of the total return can be volatile given changes in the economic environment, Federal Reserve Board (FRB) rate policies, and significant geopolitical events.

The target federal funds rate is a significant driver behind the average yield and return characteristics of the portfolio. In addition, factors such as prevailing interest rates at the time assets are purchased or sold, market volatility, the portfolio's duration, and cash flow requirements can impact overall portfolio yield and total return performance.

After sending early warnings of deterioration in late summer/early fall, signs of labor market stabilization during the quarter triggered a sharp selloff in the U.S. government bond market. The increase in Treasury yields across the 2-30 year maturity horizon contributed to a total return decline of -0.56% in general portfolio assets. Federal agency bonds, normally the primary driver of cumulative total return, fell -3.03%, while a decline in municipal bond holdings of -4.13% exerted additional downward pressure. The County's considerable on-demand cash position, which provided a key level of support to the profile of asset returns, generated 4.78%. While the pace of future interest rate cuts by the Federal Reserve is unknown, the backdrop driving the current interest rate environment should permit the general portfolio's earnings yield to remain stable over the short term.

Quarterly Change	FY 2025 Q2	FY 2025 Q1
Total Return	-0.56%	11.21%
Earnings Yield	3.04%	3.01%

Annual Change	FY 2025 Q2	FY 2024 Q2
Total Return	-0.56%	11.48%
Earnings Yield	3.04%	2.93%

¹ A change in market value will not impact future cash flow.

➤ **Investment Earnings**

On a total return basis, the general portfolio’s value declined by -\$3.1 million versus an increase of \$57.3 million the previous quarter. Investment earnings received and allocated to the general fund through December 31, 2024, were \$18.4 million. Present measurements that suggest progress on inflation has stalled, while economic growth has remained sturdy, have led the bond market to price in a shallower path of interest rate cuts throughout 2025 than originally anticipated in early December. The current macroeconomic environment is expected to support returns on cash/cash equivalent investments over the near-term, the primary driver of investment income to date. Staff are of the opinion prevailing conditions that are driving investment earnings supports raising the FY 2025 Investment Income forecast to \$32.0 million from the original projection of \$25.5 million.

➤ **Market Value**

The amortized value of the County’s portfolio at quarter end was \$2.456 billion and the market value was \$2.370 billion. This represents an unrealized marked-to-market loss of \$85.6 million, a decrease of 3.5%.

➤ **Investment Activity**

Funds available to invest flowed into a mixture of federal agency, municipal and U.S Treasury securities. Combined, purchases during the quarter generated a weighted yield-to-maturity of 4.57%, a decrease of 16 basis points compared to the prior quarter.

Transactions	Par Value (millions)	Yield
Purchase	\$61.1	4.57%
Mature/Call	\$59.7	2.12%

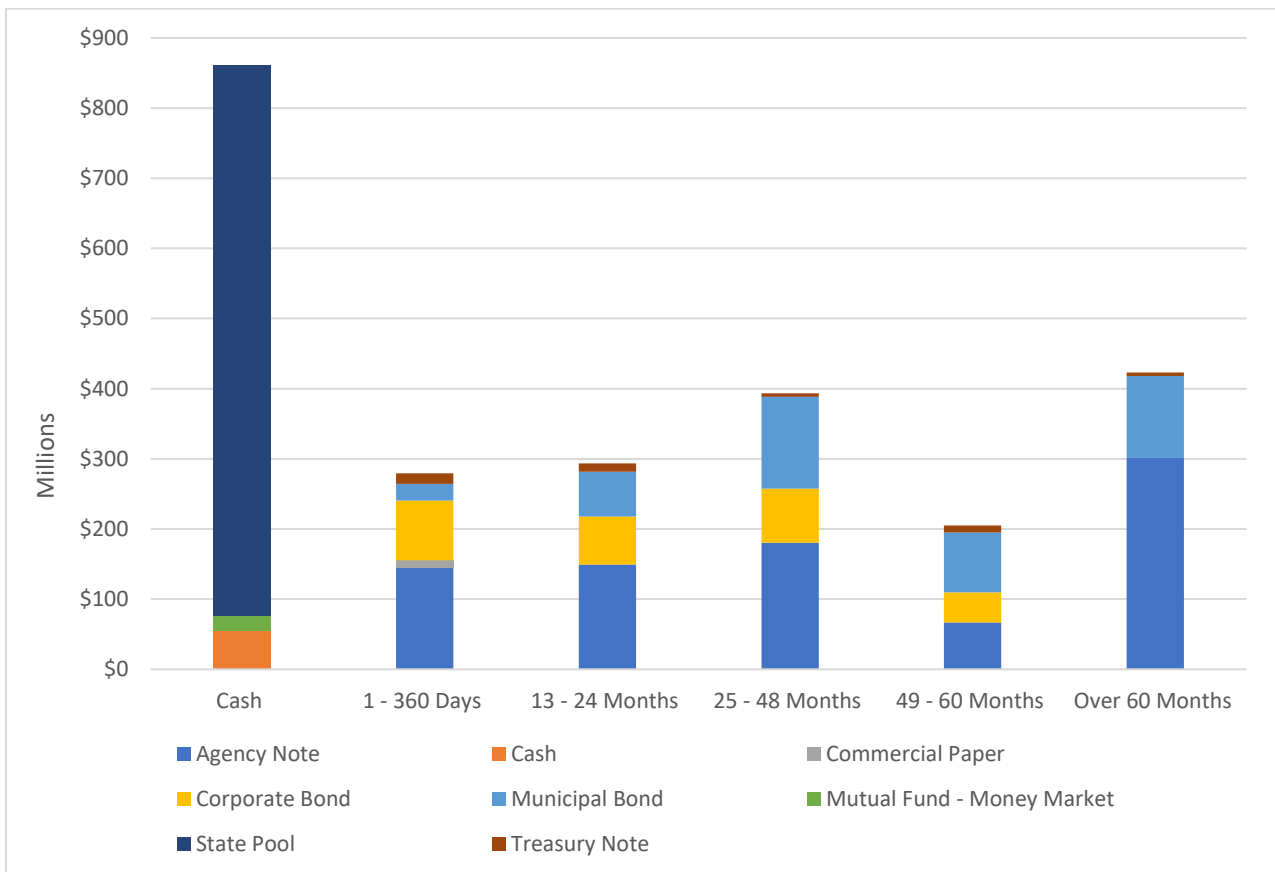
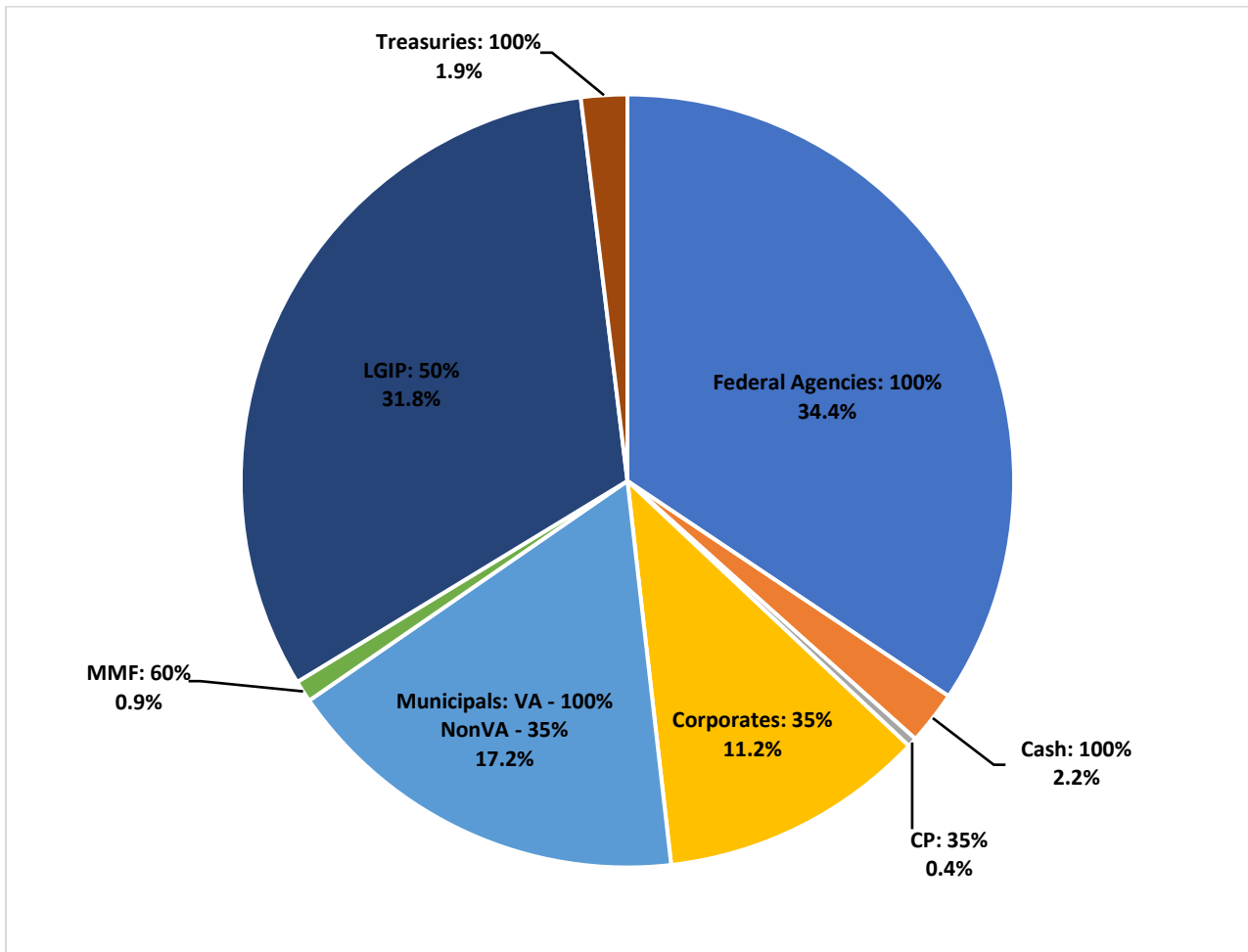
➤ **Maturity**

The weighted average maturity (WAM) of assets on December 31, 2024, was 2.2 years, while the WAM on a callable life basis was 385 days. The portfolio’s duration at quarter end was 2.0 years.

➤ **Portfolio Composition**

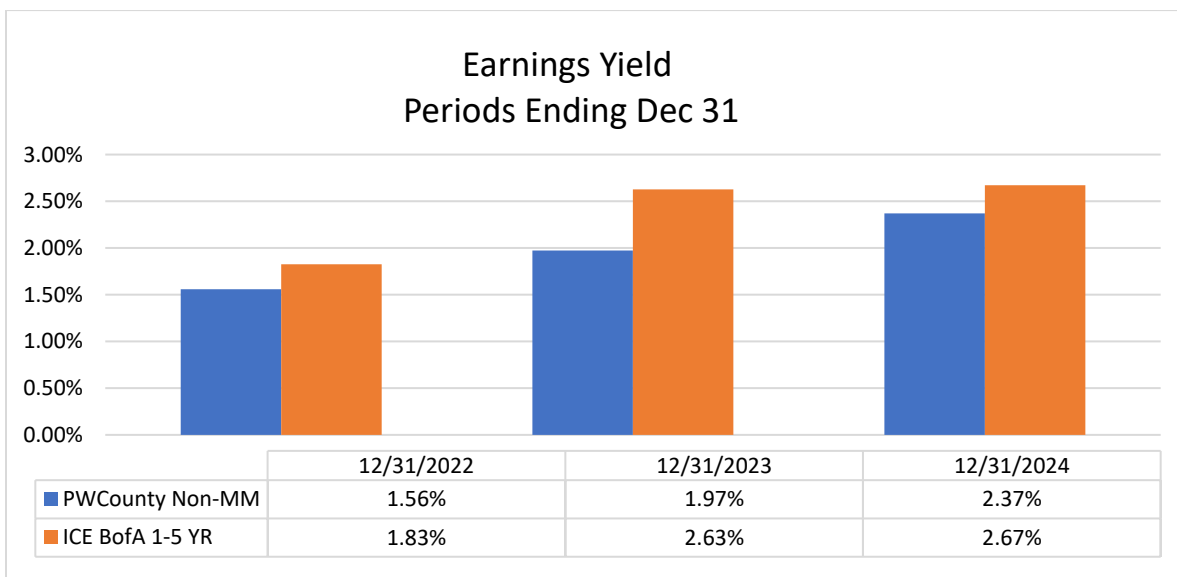
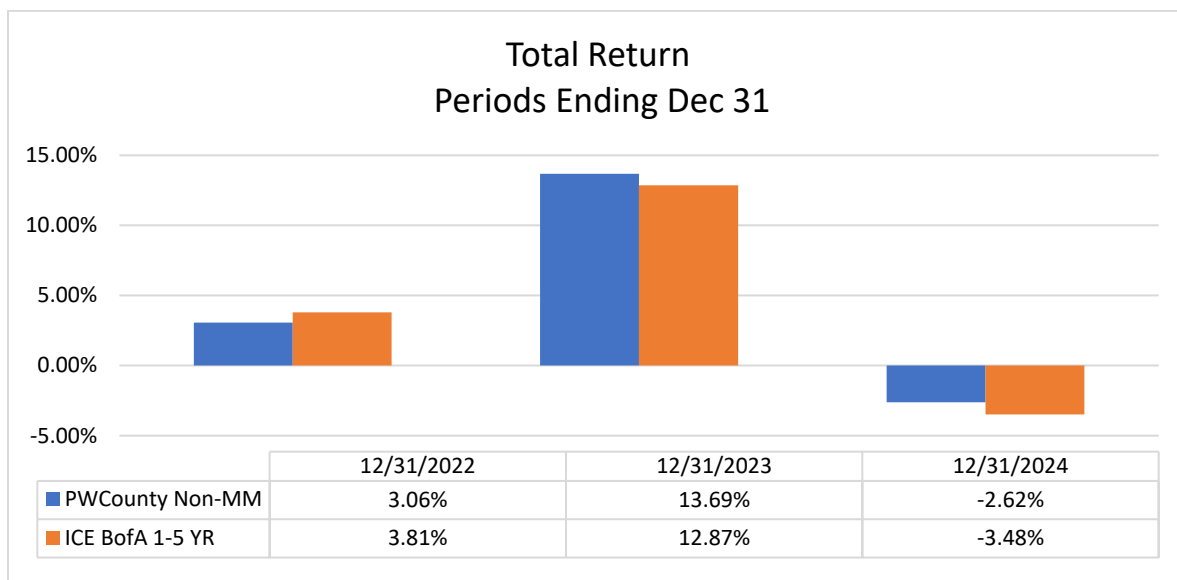
Investments held by the County are diversified to control the risk of loss resulting from over-concentration of assets in a specific security or class of securities. The pie chart on the next page presents the investment guideline limits for each asset category and the percentage of assets held as of December 31, 2024, by investment type, while the bar chart displays the maturity distribution of holdings by investment category.

Portfolio Composition & Maturity Distribution



➤ Performance Benchmarks (QTR)

As of quarter end December 31, 2024, total return on non-money market holdings of -2.62% outperformed the ICE BofA 1-5-year Treasury index by 86 basis points, while the earnings yield of 2.37% for the same group of assets underperformed the benchmark by 30 basis points. The County's cash/cash equivalents yield of 4.78% slightly trailed the Virginia Local Government Investment Pool's (LGIP) yield on assets of 4.81%. With inflation proving stubborn, coupled with uncertain fiscal policy under the new Trump administration, equity and bond markets are likely to remain volatile in the months ahead. The totality of the current backdrop could cause the return profile of non-money market assets to gyrate over the near term as markets seek to readjust asset positioning against an evolving economic climate. Provided funds available to invest are disbursed within the current interest rate environment, the yield earned on non-money market instruments should continue to increase modestly as lower yielding bonds mature over the next several quarters.



➤ **Performance Benchmarks (FYTD)**

Amid higher than anticipated economic growth, a relatively firm labor market, and a disinflation process that appears to have lost momentum, Treasury Management has retained a defensive posture to mitigate deterioration in the portfolio's total return performance. With existing conditions leading investors, and potentially the Federal Reserve, to reset the pace of interest rate cuts over the next several quarters, interest income generation on the County's cash accounts could outperform prior expectations if economic conditions remain resilient. On a fiscal year-to-date basis, the County's total return on general portfolio assets was 5.10% compared to 5.93% for the same period one year prior. The table below provides year-over-year average returns for the County's general portfolio, the ICE BofA Treasury Index, Virginia LGIP, and select government securities.

Performance Benchmarks (FYTD)	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023
PWC General Portfolio		
Total Return	5.10%	5.93%
Earnings Yield	3.03%	2.79%
ICE BofA Treasury Index		
Total Return 1-5 Yr. Treasury	5.58%	6.72%
Earnings Yield 1-5 Yr. Treasury	2.87%	2.41%
Virginia LGIP	5.09%	5.51%
90 Day U.S. Treasury Bill	4.91%	5.53%
2 Yr. U.S. Treasury Note	4.09%	4.86%

Prince William County
General Portfolio Holdings
12/31/2024

CUSIP	Invest Number	Security Description	Purchase Date	Call Date	Yield Matur	Yield Call	Original Unit Cost	Original Par Val/Shares	Original Princ/Cost	Orig Prem Discount	Ending Unit Price	Ending Par Val/Shares	Ending Amor Val/Cost
3130AL5A8	21-0124	FHLB 0.90 02/26/27	02/26/21	05/26/21	0.9000	0.9000	1.000000	10,000,000.00	10,000,000.00	0.00	1.000000	10,000,000.00	10,000,000.00
3134GWT63	21-0040	FHLMC 0.75 03/04/27	09/24/20	03/24/21	0.7500	0.7500	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133EMUQ3	21-0132	FFCB 1.30 03/30/27	03/30/21	01/30/25	1.3000	1.3000	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133ELZ23	21-0017	FFCB 0.98 04/27/27	07/27/20	10/27/20	0.9800	0.9800	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133EMET5	21-0095	FFCB 0.79 04/27/27	12/16/20	01/30/25	0.7900	0.7900	1.000000	6,738,000.00	6,738,000.00	0.00	1.000000	6,738,000.00	6,738,000.00
3133EMKZ4	21-0094	FFCB 0.79 06/21/27	12/21/20	01/30/25	0.7900	0.7900	1.000000	10,000,000.00	10,000,000.00	0.00	1.000000	10,000,000.00	10,000,000.00
3130AJYV5	21-0028	FHLB 0.935 08/24/27	08/24/20	01/30/25	0.9350	0.9350	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3136G42A0	21-0033	FNMA 0.80 08/26/27	08/26/20	08/26/22	0.8000	0.8000	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3130AJYZ6	21-0035	FHLB 0.90 09/02/27	09/02/20	01/30/25	0.9000	0.9000	1.000000	6,730,000.00	6,730,000.00	0.00	1.000000	6,730,000.00	6,730,000.00
3135G05Y5	21-0059	FNMA 0.75 10/08/27	11/10/20	Open	0.8601	0.8601	0.992630	7,000,000.00	6,948,410.00	51,590.00	0.996995	7,000,000.00	6,978,963.72
3135G05Y5	21-0112	FNMA 0.75 10/08/27	01/21/21	Open	0.8095	0.8095	0.996120	3,000,000.00	2,988,360.00	11,640.00	0.998375	3,000,000.00	2,995,124.67
3135G05Y5	21-0113	FNMA 0.75 10/08/27	01/21/21	Open	0.8110	0.8110	0.996020	4,053,000.00	4,036,869.06	16,130.94	0.998333	4,053,000.00	4,046,243.40
3135GAB42	21-0084	FNMA 0.875 12/14/27	12/14/20	12/14/22	0.8750	0.8750	1.000000	10,000,000.00	10,000,000.00	0.00	1.000000	10,000,000.00	10,000,000.00
3133ENHD5	22-0049	FFCB 1.78 12/14/27	12/14/21	01/30/25	1.7800	1.7800	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3134GWWZ5	21-0042	FHLMC 0.85 12/30/27	09/30/20	09/30/21	0.8500	0.8500	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3135GACQ2	21-0105	FNMA 1.02 01/19/28	01/19/21	07/19/21	1.0200	1.0200	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133EP5S0	24-0029	FFCB 4.25 03/20/28	03/20/24	Open	4.4424	4.4424	0.993020	5,000,000.00	4,965,100.00	34,900.00	0.994290	5,000,000.00	4,971,448.62
3133EMUS9	21-0131	FFCB 1.50 03/30/28	03/30/21	01/30/25	1.5000	1.5000	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3133EMLU4	21-0097	FFCB 0.95 06/29/28	12/29/20	01/30/25	0.9500	0.9500	1.000000	10,000,000.00	10,000,000.00	0.00	1.000000	10,000,000.00	10,000,000.00
3133ERLL3	25-0003	FFCB 4.125 07/18/28	07/18/24	Open	4.2125	4.2125	0.996810	5,000,000.00	4,984,050.00	15,950.00	0.997145	5,000,000.00	4,985,726.52
3133EL5U4	21-0006	FFCB 1.12 09/01/28	09/01/20	01/30/25	1.1200	1.1200	1.000000	10,000,000.00	10,000,000.00	0.00	1.000000	10,000,000.00	10,000,000.00
3133EPWM3	24-0038	FFCB 5.04 09/22/28	09/22/23	09/22/26	5.0400	5.0400	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3130APD77	22-0029	FHLB 1.54 10/06/28	10/06/21	01/30/25	1.5400	1.5400	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
742651EA6	24-0025	Private Export Funding 4.30 12/15/28	02/15/24	Open	4.4383	4.4383	0.994070	5,000,000.00	4,970,350.00	29,650.00	0.995035	5,000,000.00	4,975,173.38
3130AYJ56	24-0020	FHLB 4.25 01/12/29	01/16/24	01/12/27	4.2500	4.2500	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3134GWDS2	21-0016	FHLMC 1.15 01/29/29	07/29/20	01/29/21	1.1500	1.1500	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3134GWAF3	21-0011	FHLMC 1.20 04/27/29	07/27/20	01/27/21	1.2000	1.2000	1.000000	6,660,000.00	6,660,000.00	0.00	1.000000	6,660,000.00	6,660,000.00
3133ERDH1	24-0036	FFCB 4.75 04/30/29	05/01/24	Open	4.7659	4.7659	0.999300	5,000,000.00	4,996,500.00	3,500.00	0.999386	5,000,000.00	4,996,928.32
3133EMN65	22-0002	FFCB 1.61 07/06/29	07/07/21	01/30/25	1.6141	1.6141	0.999690	5,000,000.00	4,998,450.00	1,550.00	1.000000	5,000,000.00	5,000,000.00
3134GWAB2	21-0005	FHLMC 1.25 07/20/29	07/20/20	10/20/20	1.2500	1.2500	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133EL4P6	21-0032	FFCB 1.14 08/20/29	08/25/20	01/30/25	1.1400	1.1400	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133EL6D1	21-0039	FFCB 1.23 09/10/29	09/10/20	01/30/25	1.2300	1.2300	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133ELEN0	20-0046	FFCB 2.25 12/18/29	12/18/19	01/30/25	2.2870	2.3201	0.996710	7,000,000.00	6,976,970.00	23,030.00	1.000000	7,000,000.00	7,000,000.00
3133ELEN0	20-0049	FFCB 2.25 12/18/29	12/19/19	01/30/25	2.3081	2.3601	0.994840	5,000,000.00	4,974,200.00	25,800.00	1.000000	5,000,000.00	5,000,000.00
3134HAV42	25-0038	FHLMC 5.15 12/18/29	12/27/24	06/18/25	5.1500	5.1500	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3130AHY64	20-0066	FHLB 2.37 01/28/30	01/28/20	01/30/25	2.3700	2.3700	1.000000	9,900,000.00	9,900,000.00	0.00	1.000000	9,900,000.00	9,900,000.00
3130AHYJ6	20-0067	FHLB 2.23 01/30/30	01/30/20	01/30/25	2.2300	2.2300	1.000000	10,000,000.00	10,000,000.00	0.00	1.000000	10,000,000.00	10,000,000.00
3130AHY72	20-0068	FHLB 2.25 01/30/30	01/30/20	01/30/25	2.2500	2.2500	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3133ELMB7	21-0067	FFCB 2.12 02/05/30	11/19/20	02/05/25	1.4507	0.7308	1.057500	6,000,000.00	6,345,000.00	-345,000.00	1.001307	6,000,000.00	6,007,843.26
3133ELMB7	21-0068	FFCB 2.12 02/05/30	11/24/20	02/05/25	1.4555	0.7382	1.057000	6,000,000.00	6,342,000.00	-342,000.00	1.001300	6,000,000.00	6,007,801.44
3130AL3Q5	21-0122	FHLB 1.25 02/11/30	02/11/21	02/11/22	1.2500	1.2500	1.000000	7,500,000.00	7,500,000.00	0.00	1.000000	7,500,000.00	7,500,000.00
3133ELNNO	20-0090	FFCB 2.08 02/19/30	02/19/20	02/19/25	2.0800	2.0800	1.000000	8,000,000.00	8,000,000.00	0.00	1.000000	8,000,000.00	8,000,000.00
3133ELNNO	20-0091	FFCB 2.08 02/19/30	02/19/20	02/19/25	2.0800	2.0800	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3130AJ7L7	20-0095	FHLB 2.15 02/28/30	02/28/20	01/30/25	2.1500	2.1500	1.000000	6,000,000.00	6,000,000.00	0.00	1.000000	6,000,000.00	6,000,000.00
3133ELXP4	20-0137	FFCB 1.68 04/29/30	04/29/20	01/30/25	1.6800	1.6800	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133ELB86	20-0147	FFCB 1.40 05/28/30	06/02/20	01/30/25	1.4000	1.4000	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133ELD84	20-0148	FFCB 1.28 06/03/30	06/03/20	06/03/25	1.2800	1.2800	1.000000	7,000,000.00	7,000,000.00	0.00	1.000000	7,000,000.00	7,000,000.00
3133ELM43	21-0007	FFCB 1.25 06/17/30	07/10/20	01/30/25	1.2500	1.2500	1.000000	5,000,000.00	5,000,000.00	0.00	1.000000	5,000,000.00	5,000,000.00
3133EMAZ5	21-0043	FFCB 1.25 06/24/30	09/28/20	01/30/25	1.2637	1.7697	0.998750	7,000,000.00	6,991,250.00	8,750.00	1.000000	7,000,000.00	7,000,000.00

Prince William County
General Portfolio Holdings
12/31/2024

<i>CUSIP</i>	<i>Invest Number</i>	<i>Security Description</i>	<i>Purchase Date</i>	<i>Call Date</i>	<i>Yield Matur</i>	<i>Yield Call</i>	<i>Original Unit Cost</i>	<i>Original Par Val/Shares</i>	<i>Original Princ/Cost</i>	<i>Orig Prem Discount</i>	<i>Ending Unit Price</i>	<i>Ending Par Val/Shares</i>	<i>Ending Amor Val/Cost</i>
9128286L9	22-0028	US Treasury Note 2.25 03/31/26	09/29/21	Open	0.9203	0.9203	1.058516	7,000,000.00	7,409,609.38	-409,609.38	1.016412	7,000,000.00	7,114,884.15
91282CHX2	25-0024	US Treasury Note 4.375 08/31/28	11/12/24	Open	4.2183	4.2183	1.005391	5,000,000.00	5,026,953.13	-26,953.13	1.005232	5,000,000.00	5,026,160.83
91282CKX8	25-0036	US Treasury Note 4.25 06/30/29	12/12/24	Open	4.1146	4.1146	1.005547	5,000,000.00	5,027,734.38	-27,734.38	1.005506	5,000,000.00	5,027,531.58
91282CLC3	25-0035	US Treasury Note 4.00 07/31/29	12/12/24	Open	4.1093	4.1093	0.995391	5,000,000.00	4,976,953.13	23,046.87	0.995456	5,000,000.00	4,977,277.79
91282CGQ8	24-0022	US Treasury Note 4.00 02/28/30	01/31/24	Open	4.0404	4.0404	0.997813	5,000,000.00	4,989,062.50	10,937.50	0.998134	5,000,000.00	4,990,668.58
Treasury Note Total					2.2844	2.2844	1.024240	47,000,000.00	48,139,296.91	-1,139,296.91	1.004544	47,000,000.00	47,213,552.00
100 - POOLED INVESTMENTS Total					3.1606	3.1889	1.002923	1,618,751,834.90	1,623,483,048.06	-4,731,213.16	1.000373	2,455,672,413.66	2,456,588,251.60

**Attachment B
Investment Statistics**

	FY 2025			FY 2024	FY 2023	FY 2022
	Q1	Q2	YTD			
Portfolio Return & Earnings (\$ In Millions)						
Total Return	57.3	(3.1)	54.2	89.2	7.5	(89.1)
Earnings - General Fund	8.5	9.9	18.4	33.4	21.9	7.6
General Fund Participation as a Percent of Earnings	55.1%	59.4%	57.3%	58.8%	55.8%	52.8%
Average Composition (\$ In Millions)						
Government Agency Securities	867.9	852.7	860.3	854.6	793.6	725.1
Cash Accounts	42.9	47.1	45.0	31.9	29.7	63.2
Certificates of Deposit	10.0	6.7	8.4	19.2	11.6	24.5
Commercial Paper	9.8	9.7	9.8	6.9	12.9	1.5
Corporate Bonds	280.4	281.4	280.9	259.7	245.2	166.1
Municipal Bonds	371.0	402.9	387.0	326.9	280.2	210.4
Money Market	21.4	22.6	22.0	28.7	34.8	35.5
LGIP	405.4	537.4	471.4	434.3	377.2	335.7
Treasury Securities	32.4	37.2	34.8	29.6	27.8	19.6
Average Invested Balances (\$ In Millions)						
High	2,061.2	2,440.7	2,440.7	2,210.9	2,073.6	1,792.1
Low	1,984.1	2,056.8	1,984.1	1,794.4	1,675.9	1,461.8
Comparative Performance (%)						
PWC Total Return	11.21	-0.56	5.10	4.47	0.41	-5.63
PWC Earnings Yield	3.01	3.04	3.03	2.89	2.17	0.92
ICE BofA 1-5 Yr U.S. Treas. Total Return	15.05	-3.48	5.58	4.16	-0.07	-4.58
ICE BofA 1-5 Yr U.S. Treas. Earnings Yield	3.06	2.67	2.87	2.49	1.81	1.32
VA LGIP	5.36	4.81	5.09	5.46	3.98	0.31
U.S. Treasury (90-Day)	5.23	4.58	4.91	5.50	4.24	0.38
U.S. Treasury (2 Year)	4.04	4.15	4.09	4.76	4.09	1.23

Jan. 2025

Recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Susan M. Collins; Lisa D. Cook; Austan D. Goolsbee; Philip N. Jefferson; Adriana D. Kugler; Alberto G. Musalem; Jeffrey R. Schmid; and Christopher J. Waller.

Dec. 2024

Recent indicators suggest that economic activity has continued to expand at a solid pace. Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee's 2 percent objective but remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Michael S. Barr; Raphael W. Bostic; Michelle W. Bowman; Lisa D. Cook; Mary C. Daly; Philip N. Jefferson; Adriana D. Kugler; and Christopher J. Waller. Voting against the action was Beth M. Hammack, who preferred to maintain the target range for the federal funds rate at 4-1/2 to 4-3/4 percent.



Consolidated Summary Statement

Account Statement

For the Month Ending **December 31, 2024**

Prince William County

Portfolio Summary

Portfolio Holdings	Cash Dividends and Income	Closing Market Value	Current Yield
SNAP Fund	874,630.43	215,432,794.36	4.68 %
Total	\$874,630.43	\$215,432,794.36	

Investment Allocation

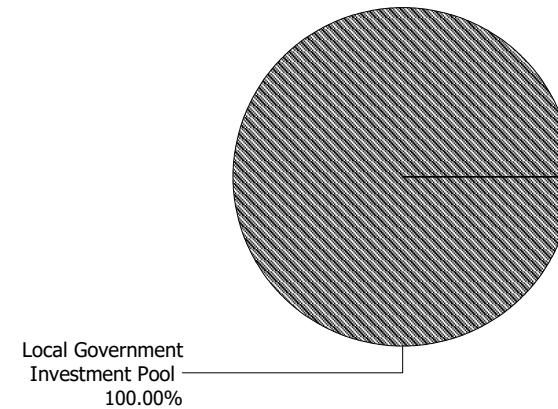
Investment Type	Closing Market Value	Percent
Local Government Investment Pool	215,432,794.36	100.00
Total	\$215,432,794.36	100.00%

Maturity Distribution (Fixed Income Holdings)

Portfolio Holdings	Closing Market Value	Percent
Under 30 days	215,432,794.36	100.00
31 to 60 days	0.00	0.00
61 to 90 days	0.00	0.00
91 to 180 days	0.00	0.00
181 days to 1 year	0.00	0.00
1 to 2 years	0.00	0.00
2 to 3 years	0.00	0.00
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total	\$215,432,794.36	100.00%

Weighted Average Days to Maturity 1

Sector Allocation



Glossary

Commonly Used Acronyms

APY	Annual Percentage Yield
CUSIP	Committee on Uniform Securities Identification Procedures
DK	Don't Know
DTC	Depository Trust Company
DVP	Delivery vs. Payment
FDIC	Federal Deposit Insurance Company
FINRA	Financial Industry Regulatory Authority
FOMC	Federal Open Market Committee or 'The Fed'
NRSROs	Nationally Recognized Statistical Rating Organizations
QPD	Qualified Public Depository
REPOS	Repurchase Agreements
SEC	Securities and Exchange Commission
SIFMA	Securities Industry and Financial Markets Association
SNAP	Virginia State Non-Arbitrage Program
YTC	Yield to Call
YTM	Yield to Maturity
YTW	Yield to Worst

Definitions

ABA Transit Number - A unique number assigned by the ABA that identifies a specific federal or state chartered bank or savings institution (also referred to as ABA routing number).

Accrued Interest - The amount of interest that accumulates on a fixed-income security from one interest payment to the next.

Agency Bonds – The informal name that refers to securities issued by agencies of the United States Government and U.S. Government Sponsored Enterprises.

Annual Percentage Yield – The effective annual rate of return taking into account the effect of compounding interest.

Ask - The lowest price at which a seller is willing to sell his or her securities.

Glossary

Asset Allocation – The diversification of assets across different asset classes, such as stocks, bonds and cash, to meet goals given risk tolerance, tax status and time horizon.

Asset Class – The categorization of an asset. Examples of representative asset classes include equities, bonds, money markets and cash.

Basis Point - A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument. One basis point on a \$1,000,000 bond is equal to \$100.

Benchmark – A standard index used for measuring the performance of an investment. The goal of most money managers and investors is to outperform their respective benchmark.

Bid – The price a broker is willing to pay for a security.

Bond - A debt instrument issued by corporations and governments in which the issuer promises to pay to the bondholder principal and interest according to the terms and conditions of the bond.

Book Entry - Most bonds are issued in book entry form, which means that there is no physical bond certificate. Bond ownership is evidenced by a trade confirmation issued by the broker/dealer, and by the monthly statements that the brokerage firm provides.

Bullet - A bond that is not able to be redeemed prior to maturity is said to be non-callable. A slang term for a non-callable bond is a “bullet”. A bullet usually carries a lower interest rate since the investor is protected against the possibility of the bond being called when interest rates fall.

Call Date - The date after which a bond issuer can redeem a callable bond. The list of dates on which a specified bond can be called is a call schedule.

Call Protection – A period of time during which a bond issuer cannot call, or buy back, a bond. For example, if the first call on a bond is in 3 years from now, a buyer will have 3 years of call protection, and they are assured that they can own the bond for at least 3 years.

Call Risk – Risk to a bond holder that a bond may be redeemed before scheduled maturity. The main risk of having a bond called before maturity is that the investor will be unable to replace the bond’s yield with another similar quality bond paying the same yield.

Callable Bond - A callable bond can be redeemed by the issuer before it matures if that provision is included in the terms of the bond agreement. Bonds are typically called when interest rates fall, since issuers can save money by paying off existing debt and offering new bonds at lower rates.

Glossary

Certificate of Deposit – A deposit of funds, in a bank or savings and loan association, for a specified term that earns interest at a specified rate or rate formula.

Commercial Paper – Commercial paper consists of unsecured, short-term promissory notes issued by companies or commercial bank holdings. CP maturities are generally limited to a maximum of 270 days.

Corporate Bond - The debt of corporations. The bonds are fully taxable, and issued in maturities ranging from less than one year up to 30 years.

Covered Bonds - A corporate bond with one important enhancement: Recourse to a pool of assets that secures or "covers" the bond if the originator (usually a financial institution) becomes insolvent. This enhancement typically (although not always) results in the bonds being assigned AAA credit ratings.

For the investor, one major advantage to a covered bond is that the debt and the underlying asset pool remain on the issuer's financials, and issuers must ensure that the pool consistently backs the covered bond. In the event of default, the investor has recourse to both the pool and the issuer. Another advantage is that the interest is paid from an identifiable source of projected cash flow versus out of other financing operations.

Coupon – Interest rate on a debt security the issuer promises to pay to the holder until maturity.

Credit Ratings - A financial indicator to potential investors used to assess the credit worthiness of a bond issuer. NRSROs are agencies that study the financial strength of bond issuers, and assign credit ratings. The three major NRSROs are Moody's Investors Service, Inc., Standard & Poor's Inc. and Fitch Ratings.

Current Yield - The rate of return an investor will get, without taking into account the value of the premium or discount of the purchase price. It is calculated by dividing the coupon by the price. The current yield is not a good indication of your return on investment. Yield to maturity and yield to call take into account the value of the discount or premium paid for the bond, and as such they offer a much better indication of the value of the bond.

CUSIP - A CUSIP number identifies a company or issuer and the type of security.

Dated Date - The date a bond is issued and starts to accrue interest.

Default Risk - The event in which companies will be unable to make the required payments on their debt obligations. Default risk is a component in virtually all forms of credit extensions. To mitigate the impact of default risk, lenders often charge rates of return that correspond to the debtor's level of default risk.

Glossary

Delivery vs. Payment – The simultaneous exchange of securities and cash. The safest method of settling either the purchase or sale of a security.

Discount – The amount by which the price for a security is less than its par.

Diversification – The investment of funds in several different asset classes and a variety of securities within each class to help reduce the impact of volatility in a portfolio and assist in managing risk.

DK – “don’t know”. A security is said to be ‘DK’d’ when it is delivered to the purchaser or more typically the purchaser’s correspondent but is rejected because the purchaser either doesn’t know or doesn’t agree with one or more of the aspects of the trade.

Duration – A measure of the average timing of cash flows from an asset or a liability or from an asset portfolio or a liability portfolio. Essentially, duration is a more accurate measure of maturity because it reflects the timing of cash flows from period interest and/or principal payments in addition to the cash flows represented by the funds transferred at maturity. Duration is computed by summing the present values of all of the future cash flows after multiplying each by the time until receipt, and then dividing that product by the sum of the present value of the future cash flows without weighting them for the time of receipt.

Earnings Yield – The result of coupon interest rates, principal value invested and the time period of investments being measured.

Extraordinary Redemption - Some municipal bonds are issued with an extraordinary redemption provision which gives the issuer the right to call the bonds under certain circumstances. The circumstances could range from natural disasters to cancelled projects to almost anything else.

General Obligation Bonds - Municipal bond backed by the full faith and credit of a municipality. A GO bond is repaid with general revenue and borrowings.

Government Obligations - Bonds, notes and other evidences of indebtedness of the: U.S. Government or agency thereof, Commonwealth of Virginia, and Virginia political subdivisions. The principal and interest of which are unconditionally guaranteed. Such securities will include, but not be limited to: U.S. Treasury Bills, Notes and Bonds, State and Local Government Securities (SLGS), Government National Mortgage Association (GNMA), Small Business Administration (SBA), Federal Housing Administration (FHA), Farmers Home Administration (FHMA), General Services Administration (GSA) and Export-Import Bank.

Government Sponsored Enterprises (GSEs) – U.S. Government sponsored corporations which carry the implicit backing of the U.S. Government, but are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Examples of GSEs include: Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its District Banks (FHLB) and Federal Home Loan Mortgage Corporation (FHLMC).

Glossary

High Yield Bonds – A bond that has a rating of BB or lower and that pays a higher yield to compensate for its greater risk. Also known as non-investment grade, speculative-grade, or junk bonds

Interest Rate – Rate of interest charged for the use of money, usually expressed at an annual rate.

Interest Payment Dates - Most bonds pay interest semi-annually (twice per year). The interest payment dates are usually the same month and day as the maturity date of the bond, and the six month anniversary.

Investment Grade – A rating that indicates that a municipal or corporate bond has a relatively low risk of default. Bonds that are rated at or above 'Baa' by Moody's or 'BBB' by S&P are said to be investment grade bonds

Issuer – A legal entity that develops, registers and sells securities for the purpose of financing its operations. The issuer is a company in the case of a corporate bond, or a state, city, or county in the case of a municipal bond. The U.S. government is the issuer of Treasury bonds.

Laddered Bond Portfolio - A portfolio in which asset classes and investment maturities are staggered, in order to receive regular income and to smooth-out the effect of interest rate fluctuations. This also enables the investor to diversify in terms of default risk and reinvestment risk.

Liquidity – The ability to rapidly buy or sell an asset without substantially affecting the asset's price.

Liquidity Risk - The ability to easily convert securities to cash and is determined by how active the secondary market is for a particular security.

Market Risk – The possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets. Market risk, also called “systemic risk”, cannot be eliminated through diversification, though it can be hedged against.

Mark to Market – When an investment is marked to the market, its value is adjusted to reflect the current market price.

Maturity Date - The date at which a debt instrument is due and payable.

Municipal Bonds - Bonds that are issued by state, county, or city governments to finance general governmental activities or special projects. They are generally exempt from federal tax, and are generally state tax-free for residents of the state in which they are issued.

Par Value - The face value, or named value, of a stock or bond. With bonds, par value, is the amount you pay to purchase at issue and the amount you receive when the bond is redeemed at maturity. Par is also the basis on which the interest you earn on a bond is figured.

Premium - Amount by which a bond sells above its face (par) value.

Glossary

Principal - Basic amount invested, exclusive of earnings

Realized Gain - The amount by which the sale price of an asset exceeds its purchase price.

Rebalancing - The systematic practice of restoring your portfolio to its intended asset allocation

Repurchase Agreement – A form of secured, short-term borrowing in which a security is sold with a simultaneous agreement to buy it back from the purchaser at a future date. Rates paid on repos are short-term money market interest rates and are completely unrelated to the coupon rate paid on the instrument being purchased.

Revenue Bonds - The interest and principal payments for municipal bonds are typically either guaranteed by the issuer or by the revenue from a specific project. If they are guaranteed by a specific project, the bondholder is relying on revenue from the project to pay principal and interest, and the bonds are known as revenue bonds.

Reverse Repurchase Agreement - The mirror image of a REPO. In a reverse REPO, an investor (governmental entity) owns securities, such as a Treasury note, U.S. government agency bond or other security, that a bank or dealer purchases under an agreement and sells back to an investor on a specified date, at an agreed-upon interest rate.

Secondary Market - A market where investors purchase securities or assets from other investors, rather than from issuing companies themselves.

Settlement Date - Date by which an executed order must be settled, either by a buyer paying for the securities with cash or by a seller delivering the securities and receiving the proceeds of the sale for them.

SNAP - The Treasury Board, an agency of the Commonwealth of Virginia, is responsible for implementing and supervising SNAP, which provides assistance to local governments in the investment of bond proceeds and the preparation of rebate calculations in compliance with treasury arbitrage rebate calculations.

Spread - The difference between the yield of the bond and the yield of a Treasury bond with a comparable maturity. Since the Treasury yield is considered risk-free, the spread reflects the risk premium of the bond.

Step-Up Bond - A bond that pays an initial coupon rate for the first period, and then a higher coupon rate for the following periods.

STRIPS - Separate trading of registered interest and principal of securities.

Glossary

Taxable Equivalent Yield - Pretax yield that a taxable bond would have to pay to equal the tax-free yield of a municipal bond in an investor's tax bracket.

Total Return – The return on investment, including income from dividends and interest, as well as appreciation or depreciation in the price of the security, over a given time period.

Trade Date - Day on which a security trade actually takes place.

Treasury Bills - Securities issued by the U.S. Government in 3 month, 6 month and 1 year maturities, and they are sold at a discount to par. The bonds do not pay period interest, and the return an investor receives is based on the amount that the purchase price is discounted from par.

Treasury Bonds and Notes - Securities issued by the U.S. Government in maturities of two, five, ten and 30 years. They all pay interest semi-annually. The issues that mature in ten years or less are called notes, and the 30 year issue is called a bond. The 30 year US Treasury bond is also known as the 'long bond'

Treasury Inflation Protection Securities (TIPS) – Bonds issued by the U.S. Treasury that hedge the purchaser against the impact of inflation by semi-annually increasing the par value of the issue by the amount of inflation. These securities represent a real, inflation-adjusted yield. Because of this the coupon on TIPS is significantly lower than a non-TIP security.

Treasury STRIPS - These zero-coupon bonds come about when the bond's coupons are separated from the bond or note; an investor's return is determined by the difference between the purchase price and the bond's trading value, or face value if held to maturity. Treasury STRIPS are a direct obligation of the U.S. Treasury.

Variable/Floating- Rate Securities - Variable- or floating-rate debt may include corporate, municipal, or asset-backed securities and also senior bank loans. They can be linked to nearly any type of benchmark and pay interest based on a wide range of formulas. The most basic type pays a coupon equal to some widely followed interest rate, such as the one- or three-month LIBOR (London Interbank Offered Rate), plus a fixed spread above that rate.

Yield to Call - The calculated yield based on price paid, coupon rate and amount of time until first call date. The yield is based on the security being called and not maturing and will fluctuate with market price.

Yield Curve - A curve that shows the relationship between the yields on short-term and long-term bonds of the same investment quality.

Yield to Maturity - The calculated return on investment that an investor will get if they hold the bond to maturity. It takes into account the present value of all future cash flows, as well as any premium or discount to par that the investor pays.

Glossary

Yield to Worst - The return if the worst possible bond repayment takes place, or the lowest potential yield that can be received on a bond without the issuer actually defaulting

Zero Coupon Bonds - Bonds that do not pay interest during the life of the bond. They are bought at a discount to the maturity value. For example, a zero coupon bond is bought at \$700 today to get back \$1,000 in 5 years. The difference between the purchase amount and the future amount received is the return. Zero Coupon Bonds are similar to savings bonds.