

Orange County Transportation Authority

Investment Management Presentation

May 28, 2025

Monique Spyke, Managing Director

Chris Harris, CFA, CAIA, Head of
Portfolio Strategies Group



Monique Spyke

Monique Spyke joined PFM Asset Management in 2003 and serves as a client liaison for Western region clients, where her primary focus is the development and implementation of investment strategies for operating funds and bond proceeds related accounts.

Monique has substantial experience drafting investment policies and indenture and resolution provisions governing permitted investments. She has served as a client manager for billions of assets under management and advisement. Her clients include municipalities, non-profit corporations, hospitals, universities and colleges. Monique has conducted numerous training workshops for clients and is a frequent lecturer on bond proceeds reinvestment-related matters.



Christopher Harris, CFA, CAIA

Chris joined PFM Asset Management in 2008 and works in the Harrisburg office. He is the head of the Portfolio Strategies Group and the head of the Structured Products Group.

As the head of the Portfolio Strategies Group, Chris focuses on the investment strategy development process for many large and strategically important client relationships. He is also a member of the Fixed Income Investment Committee and Credit Risk Management Committee.



Structure of Organizational Support and Resources

U.S. Bancorp

- Parent company of U.S. Bank, N.A.
- 70k+ employees and \$678b in assets

U.S. Bank, N.A.

- Among the largest commercial banks in the U.S. by assets

U.S. Bancorp Asset Management, Inc.

- Institutionally focused Registered Investment Adviser
- Fixed income and multi-asset solutions for institutional investors
- \$394b in assets under management*

PFM Asset Management

- A division of U.S. Bancorp Asset Management, Inc.
- 40+ years of providing public sector investment solutions

Built to Serve the Public Sector

We serve state and local governments, public pensions, higher education, other post employment benefit trusts (OPEB), and public insurance and captives

- Public sector investment and relationship management teams experienced in the specific investment codes & needs of public sector clients
- Strong performance track record, transparent reporting and commitment to client education

Our Solutions

- Local Government Investment Pools (LGIPs)
- Fixed Income Strategies
 - Cash & Enhanced Cash
 - Short & Intermediate Duration
 - Core Aggregate
- Outsourced Chief Investment Officer (OCIO)
- Specialized Solutions
 - Structured Products
 - Arbitrage Rebate

\$197b

in Public Sector Assets Under Management

40+

Years Serving the Public Sector

700+

Public Sector Clients

Totals as of 12/31/2024.

Fixed Income Investment Resources

Portfolio Management Leadership

Ken Schiebel, CFA

CIO – Public Sector Management and OCIO Strategies

Greg Haendel, CFA

Head of Core Fixed Income

Jeff Rowe, CFA

Head of Liquidity Products

Portfolio Management

Robert Cheddar, CFA

Co-Head of Short & Intermediate Fixed Income (Credit)

James Sims, CFA

Co-Head of Short & Intermediate Fixed Income (Securitized)

Credit Research Group

- Preserve Principal
- Manage Approved Lists
- Generate Alpha

Investment Services Group

Trading Support | Trade Settlement | Data Management

Portfolio Strategies Group

Portfolio Construction | Investment Analytics & Attribution
Structured Products Group

45+

Investment professionals*

20+

Average Years Experience*

Sector Specialists & Investment Strategies

Sectors:

- Agencies
- Asset-Backed Securities
- Certificates of Deposits
- Commercial Paper
- Corporates
- Mortgage-Backed Securities
- Municipals
- Repurchase Agreements
- Supranationals
- Treasuries

Portfolio Types:

- Money Market Funds and Securities Lending
- Local Government Investment Pools
- Fixed Maturity TERM Investments
- Cash & Enhanced Cash
- Short & Intermediate Duration
- Core Aggregate Fixed Income
- Structured/Escrow
- Asset/Liability Matched

Investment Resources and Tools

Proprietary Models | Bloomberg AIM | TradeWeb | MarketAxess
S&P Global | CreditSights | Sustainability

As of 10/1/2024.

*Investment professionals include fixed income portfolio managers, traders, credit research, portfolio strategy teams of U.S. Bancorp Asset Management, Inc. including those serving public sector strategies as PFM Asset Management. Average years of industry experience.

Market Overview and Portfolio Strategy



Tariffs Have Broad Economic Implications

Tariff Implications



Inflation

Fed staff research¹ suggests each 10% increase in the effective tariff rate leads to a 0.8% increase in inflation



Economic Impact

Fed staff research¹ suggests each 10% increase in the effective tariff rate leads to a 1.4% decrease in GDP



Tariff Revenues

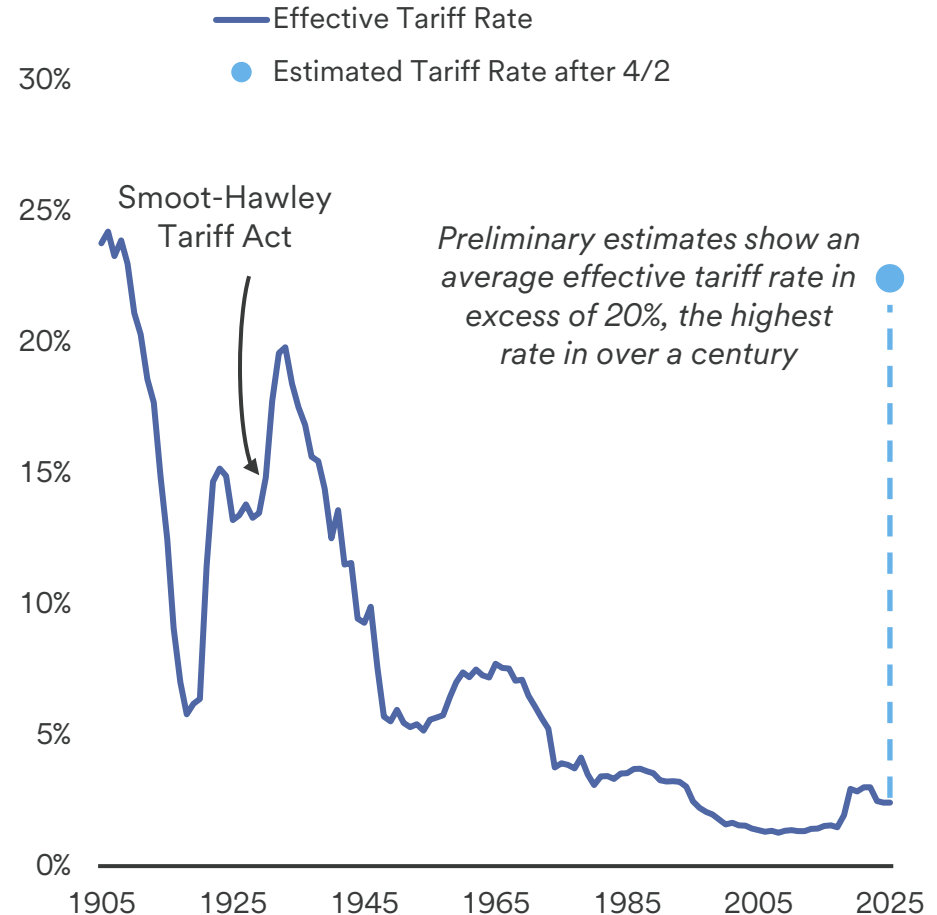
Each \$100 billion of tariffs paid by the consumer is approximately equal to a 0.4% increase in income taxes



Consumer Spending

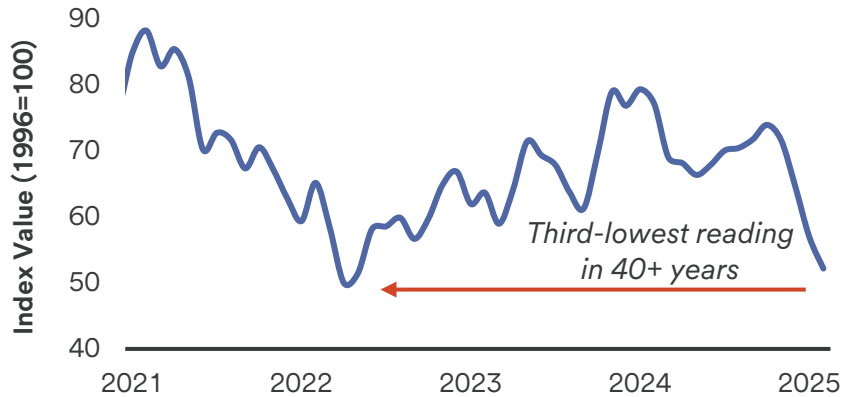
Price increases and uncertainty could directly impact consumer confidence and spending habits

Effective Tariff Rate

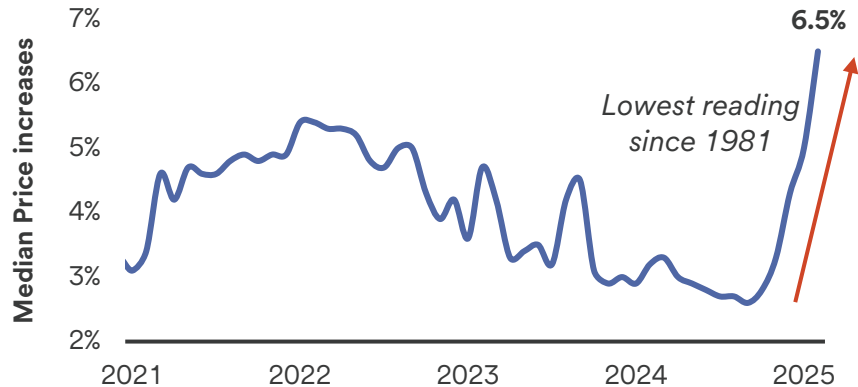


Policy Changes Increase Consumer Uncertainty

Consumer Sentiment Index

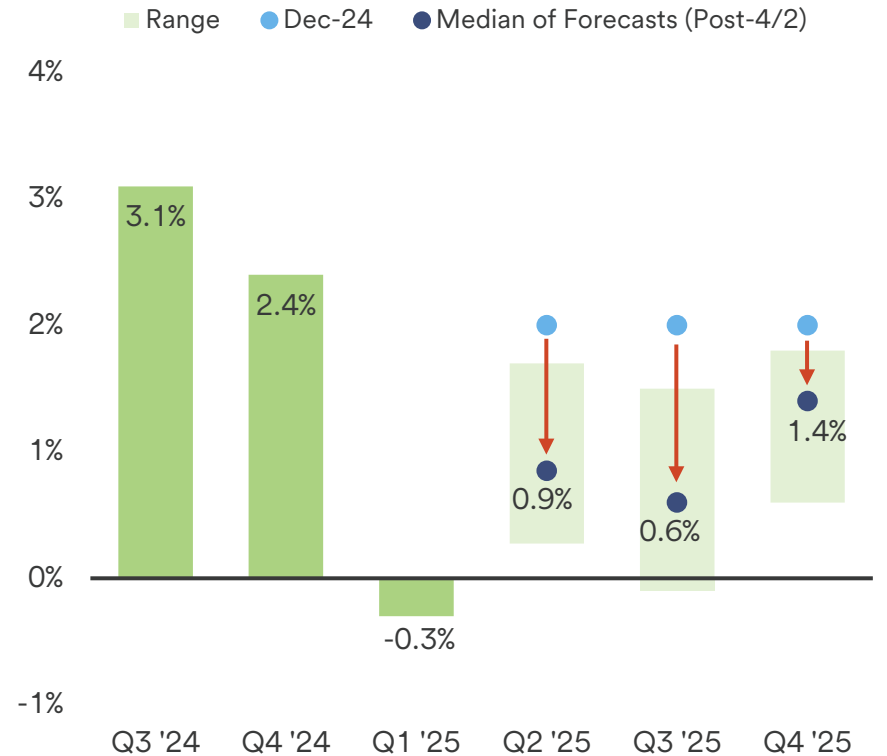


Expected Change in Prices During Next Year



U.S. GDP Forecasts

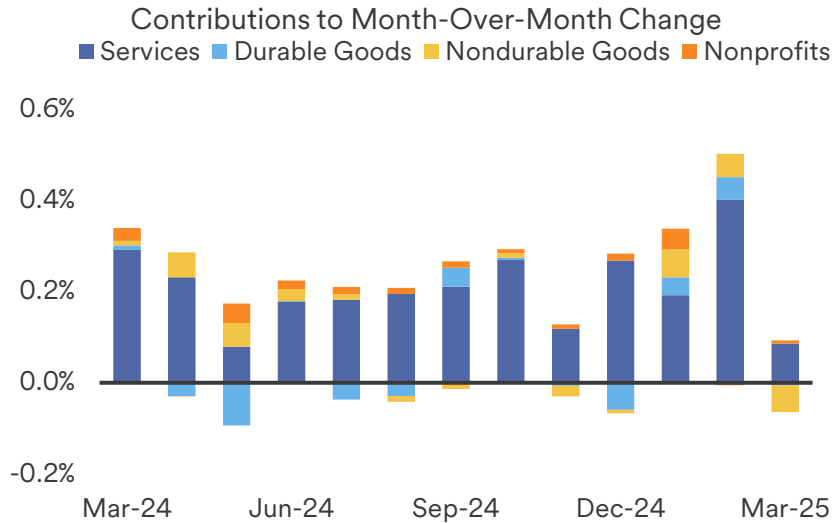
Annualized Rate



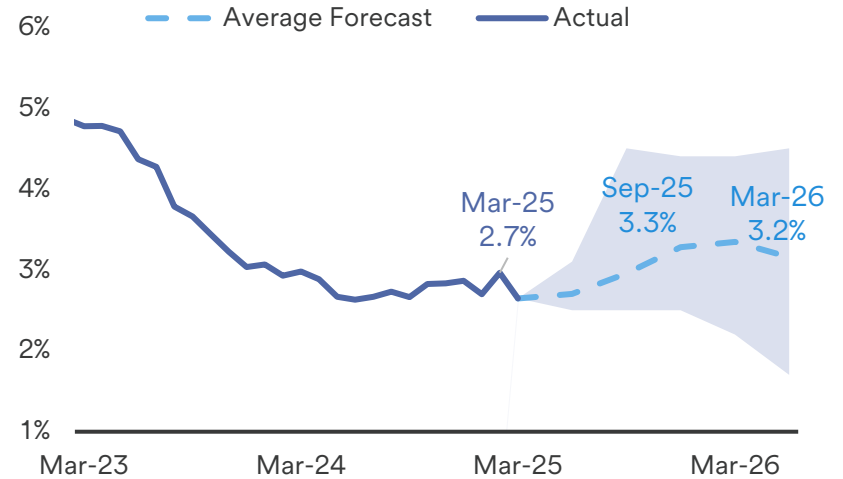
Net exports subtracted -4.8% from 25Q1 GDP while inventories added 2.3%. Final sales to private domestic purchasers remained steady. Government spending fell -1.4%.

Tariffs Complicate the Fed's Job

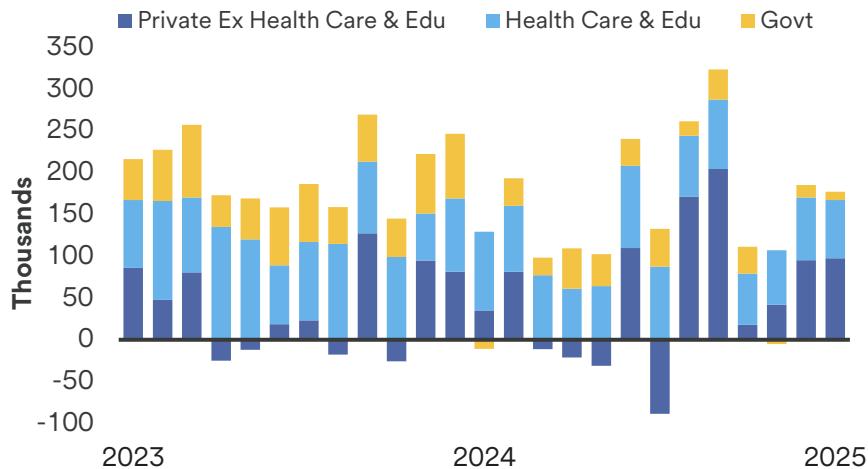
Core PCE Inflation



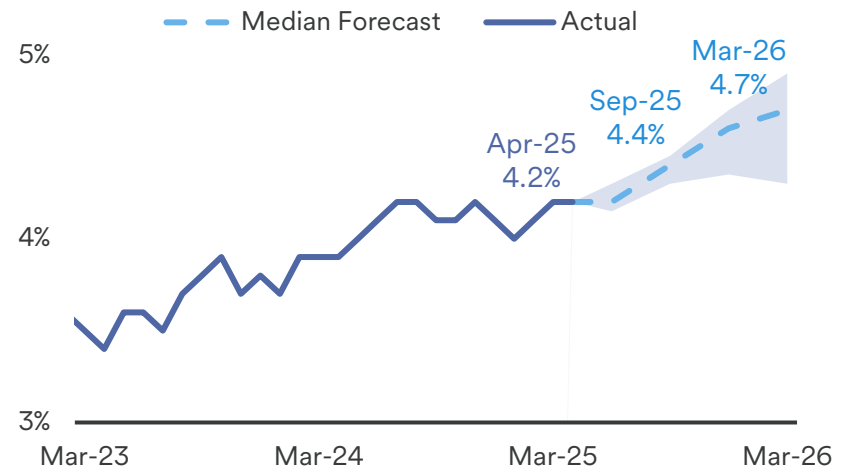
Core PCE Inflation (YoY)



Monthly Change In Nonfarm Payrolls



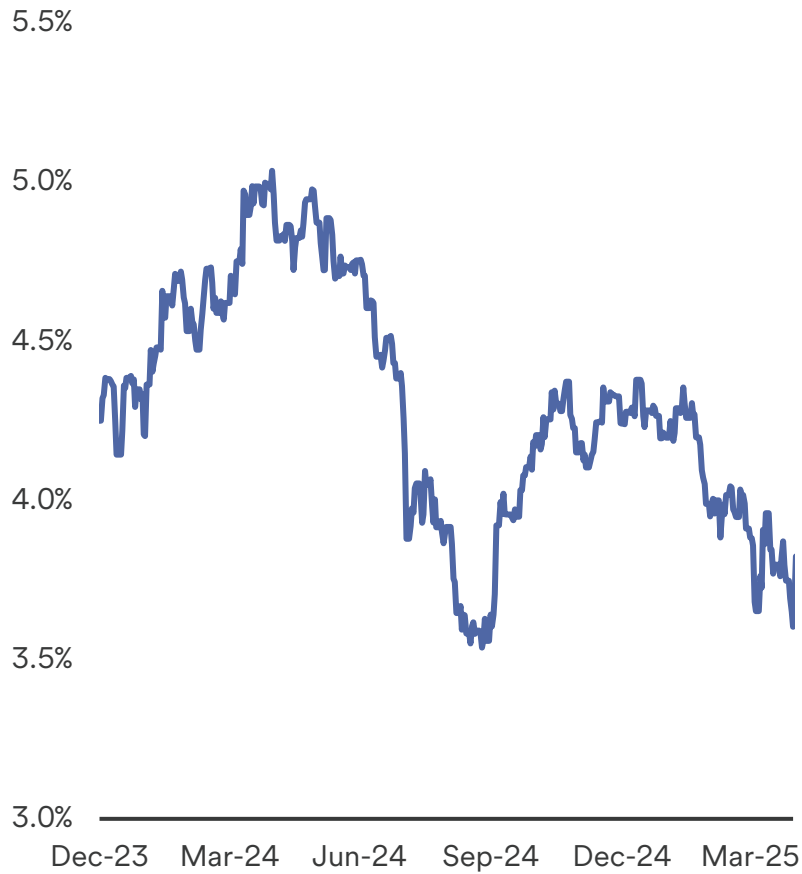
Unemployment Rate



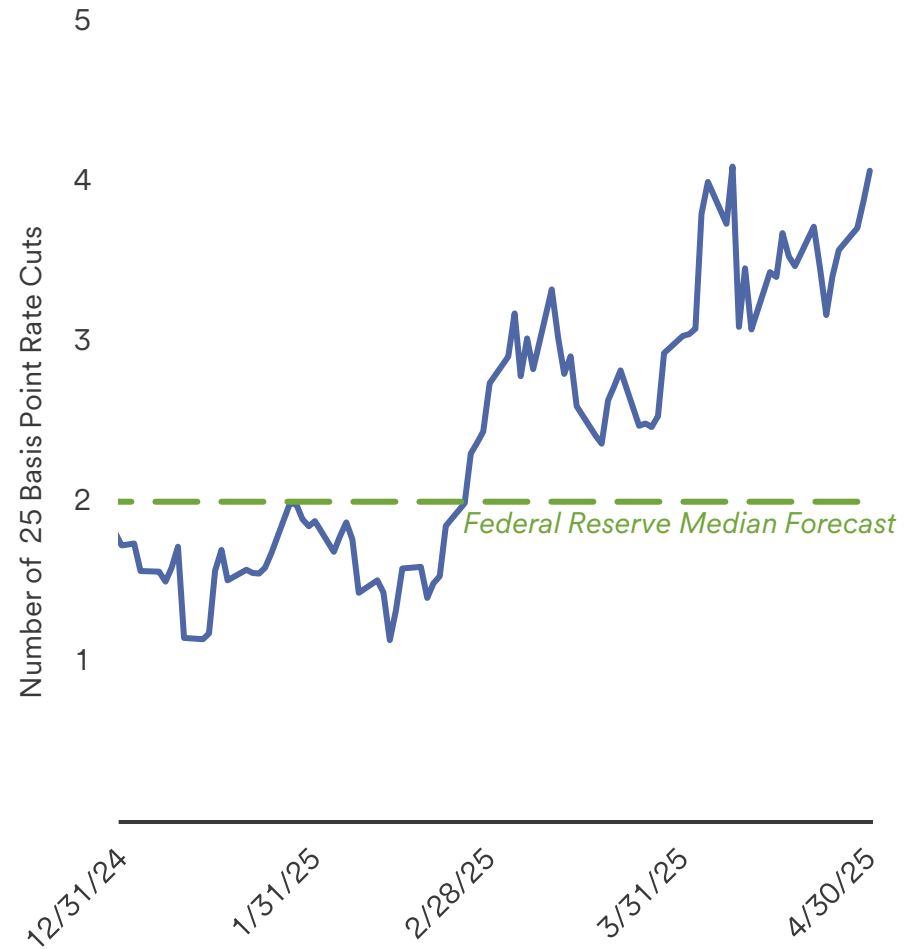
Source: Bureau of Economic Analysis and Bloomberg Finance L.P. as of March 2025 (top). Bureau of Labor Statistics and Bloomberg Finance L.P. as of April 2025 (bottom). Survey responses after April 2, 2025, included in median and forecast range. Forecast range shown is the 75th and 25th percentile of responses (right).

Treasury Yields Lower On Tariff Concerns

2-Year U.S. Treasury Yield December 31, 2023 – April 30, 2025



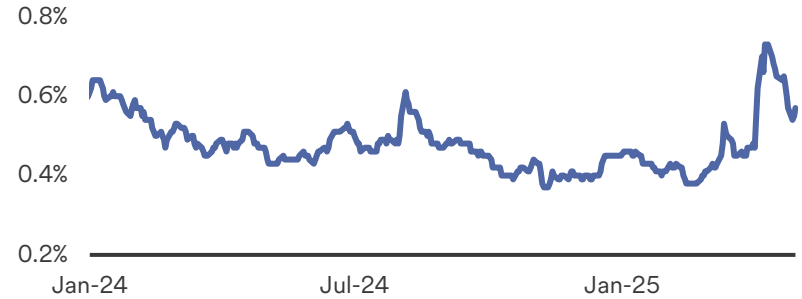
Number of Implied 25 Bps Rate Cuts in 2025



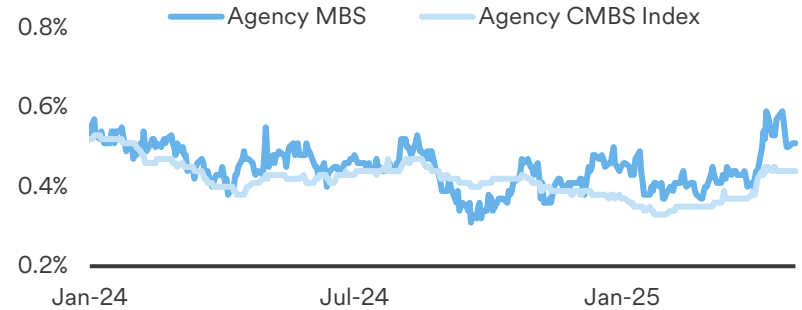
Fixed-Income Sector Outlook – 1Q 25

	Rich	Fair	Cheap
Treasury Securities	●	○	○
Agencies/Supranationals	●	○	○
Agency CMBS	○	○	●
Asset-Backed Securities	○	○	●
Credit	○	●	○

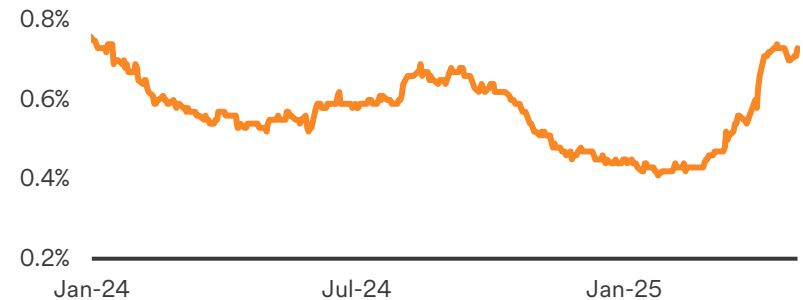
1-3 Yr. AAA-A Corp Spreads



Mortgage-Backed Securities Yield Spreads



Asset-Backed Securities AAA Yield Spreads



Source: ICE BofA 1-3 year Indices via Bloomberg, MarketAxess and PFMAM as of 4/30/2025. 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.

Portfolio Review



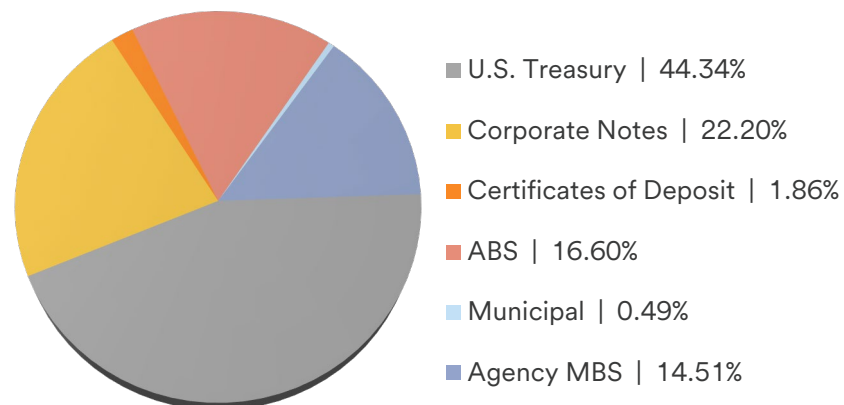
Consolidated Portfolio Summary

As of 4/30/2025

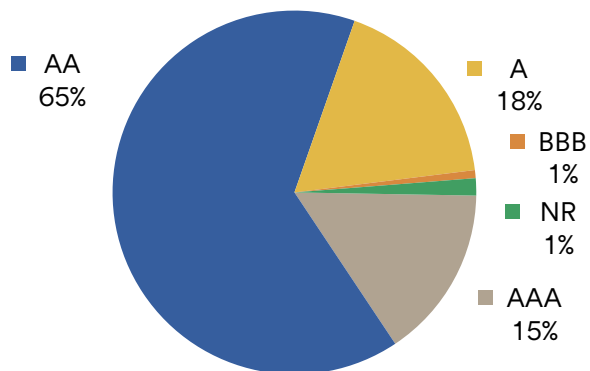
Account Statistics¹

Total Market Value	\$587,668,344
Effective Duration	1.94 years
Yield at Cost	4.46%
Yield at Market	4.03%
Portfolio Credit Quality	AA

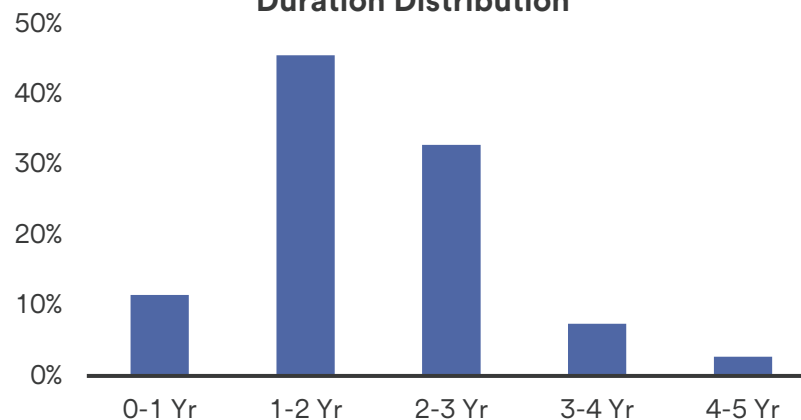
Sector Allocation



Credit Quality



Duration Distribution



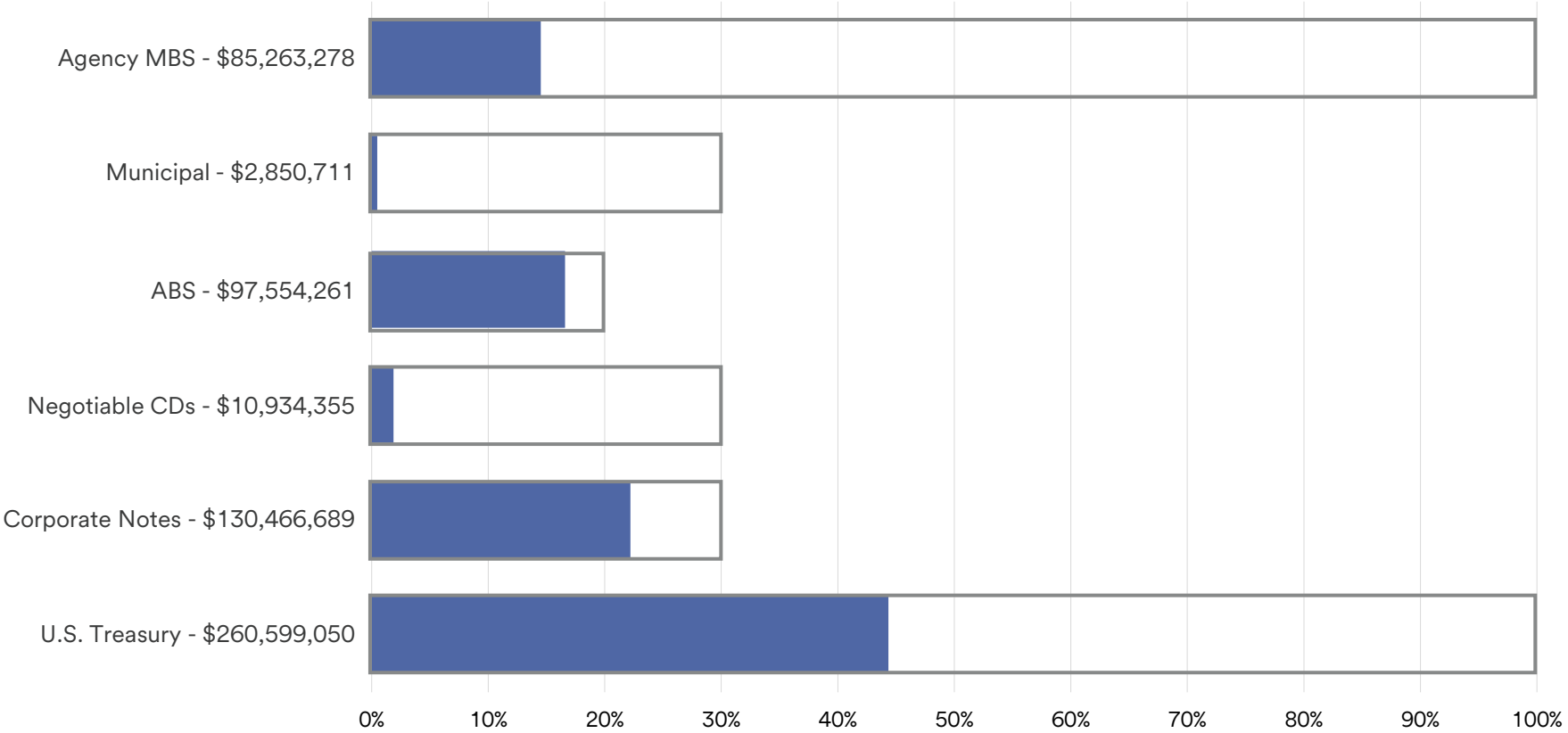
S&P Ratings, or Moody's equivalent if not rated by S&P

1. Market Values include accrued interest and money market fund balances as of April 30, 2025. Maturity Distribution and sector allocation excludes money market fund balances. Please see important disclosures.
2. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Sector Allocation Analytics

As of 4/30/2025

Sector Allocation Analytics

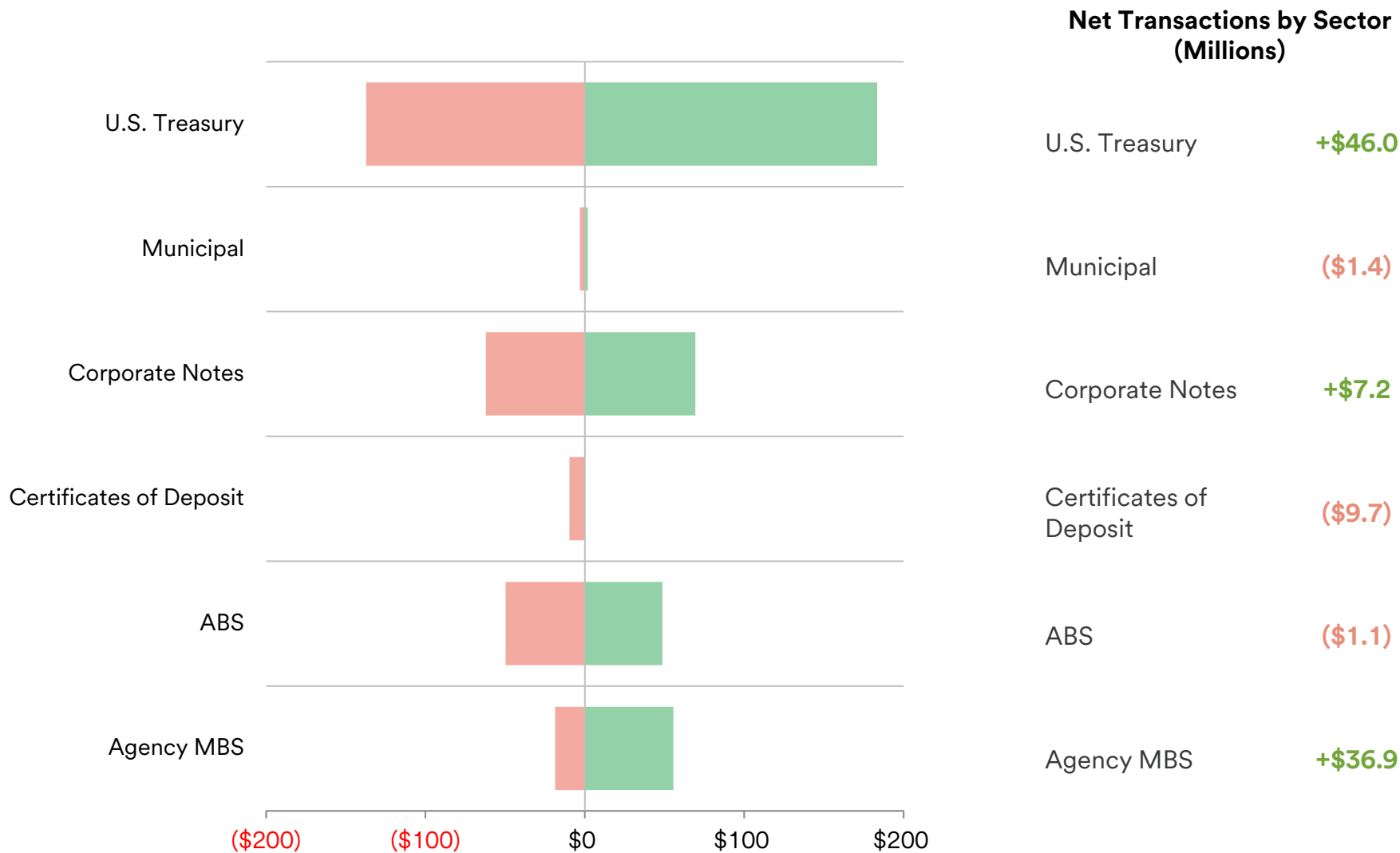


For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

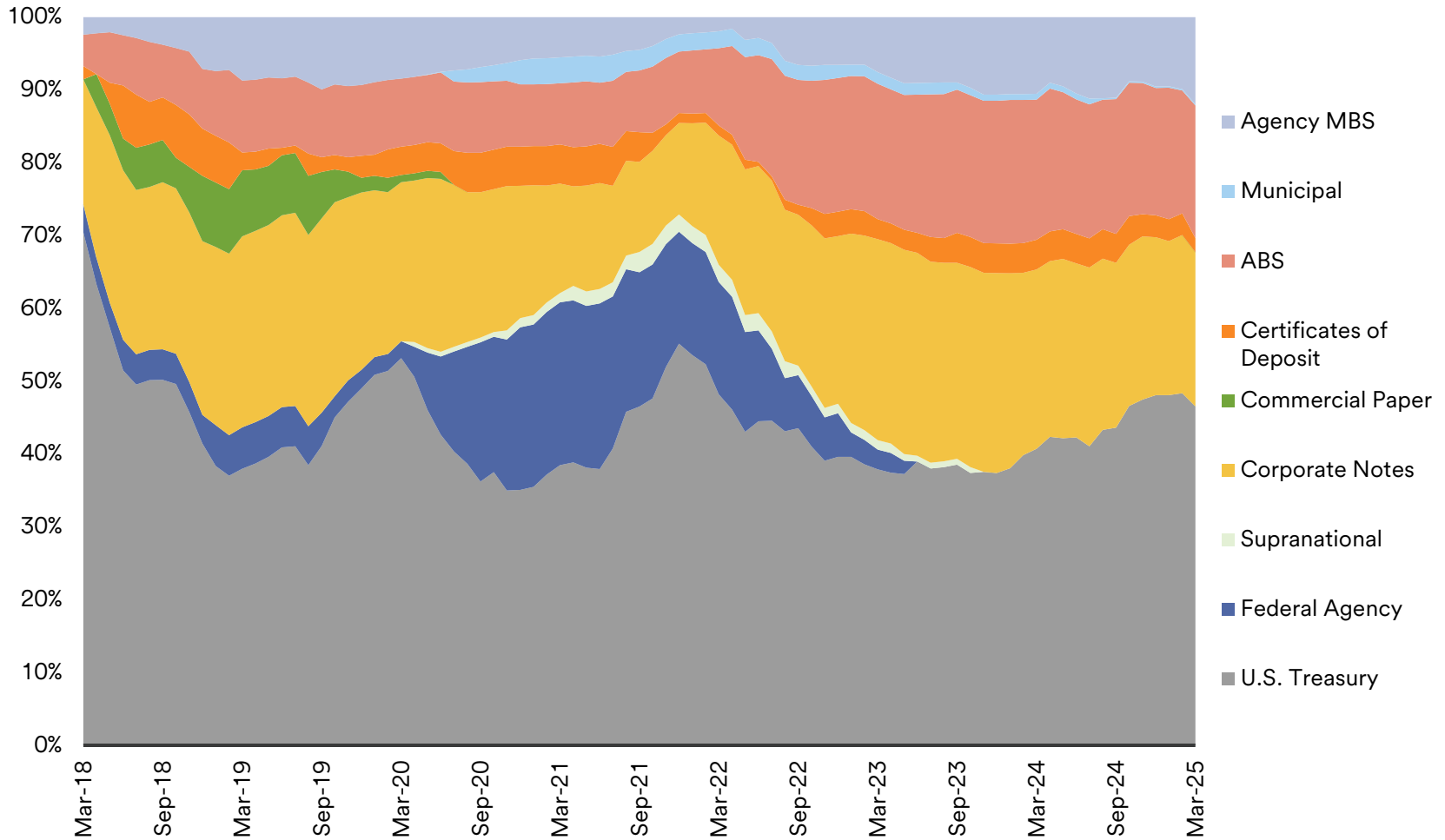
Trade Recap

4/30/2024 through 4/30/2025



Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns.

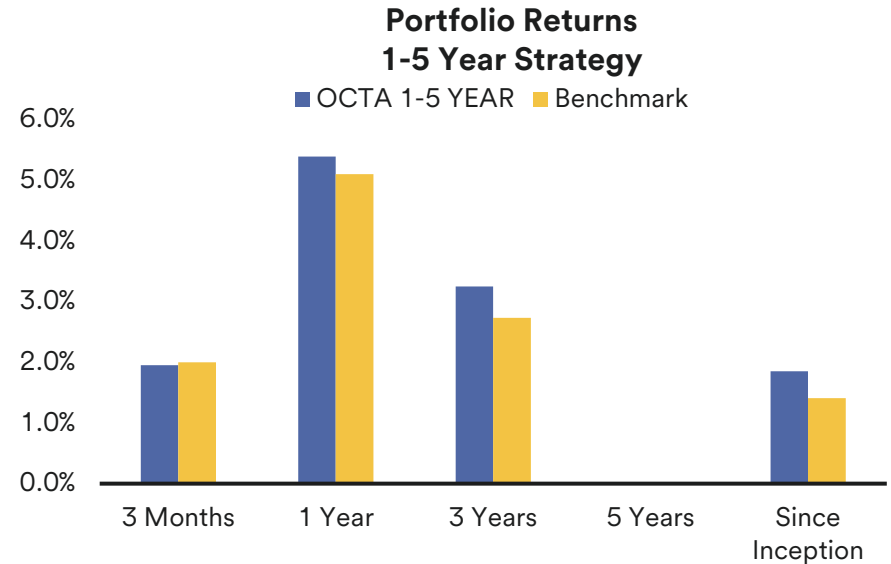
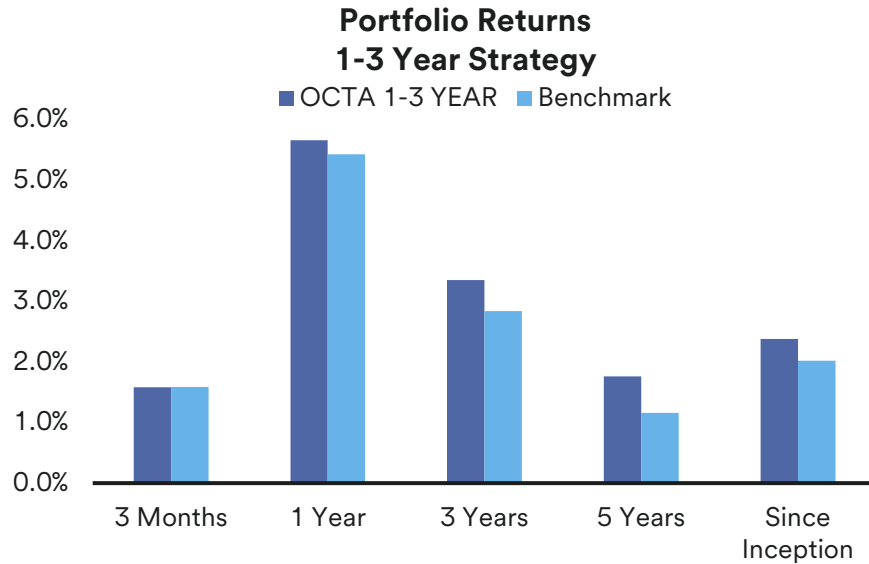
Historical Sector Allocation



Only includes investments held within the separately managed accounts

Portfolio Performance

As of 3/31/2025



Total Return	3 Months	1 Year	3 Years	5 Years	Since Inception
OCTA 1-3 YEAR	1.58%	5.66%	3.35%	1.76%	2.38%
Benchmark	1.59%	5.43%	2.84%	1.16%	2.02%
OCTA 1-5 YEAR	1.95%	5.39%	3.25%	-	1.85%
Benchmark	2.00%	5.10%	2.73%	-	1.41%
Difference (1-3 Year)	-0.01%	+0.23%	+0.51%	+0.60%	+0.36%
Difference (1-5 Year)	-0.05%	+0.29%	+0.52%	-	+0.44%

1. Performance inception date for the 1-3 Year Portfolio is June 30, 2018. Performance inception date for the 1-5 Year Portfolio is June 30, 2021.
 2. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.
 3. The benchmark for the 1-3 Year Portfolio is the ICE BofAML 1-3 Year U.S. Treasury Index. The 1-5 Year Portfolio's benchmark is currently the ICE BofAML 1-5 Year U.S. Treasury Index, prior to 9/30/2024 it was the ICE BofAML 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP.



Disclosures

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

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NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

