Orange County Transportation Authority

Investment Management Presentation

April 16, 2026

Monique Spyke, Managing Director

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

pfm asset management

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Presenter Bios

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.

At a Glance

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

National

$247.5b

in total assets under management and advisement*

40+

Years Serving the Public Sector

700+

Public Sector Clients

California

$96.4b

in total assets under management and advisement*

1989

Started our California practice

180+

Public Sector Clients

**As of September 30, 2025. Total assets under management for U.S. Bancorp Asset Management, Inc. were $402.1 billion.*

Fixed Income Investment Resources

Portfolio Management Leadership

James Palmer, CFA
Chief Investment Officer

Jeff Rowe, CFA
Head of Liquidity Portfolio Management

James Sims, CFA
Head of Public Sector Fixed Income

Greg Haendel, CFA
Head of Corporate Fixed Income

Robert Cheddar, CFA
Short & Intermediate Fixed Income

Christopher Harris, CFA, CAIA
Head of Portfolio Strategies Group

Credit Research Group

Preserve Principal | Generate Alpha | Manage Approved Lists

Portfolio Strategies Group

Portfolio Construction | Investment Analytics & Attribution Structured Products Group

Investment Services Group

Trading Support | Trade Settlement | Data Management

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 | Sustainalytics

As of 4/1/2026.
**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.*

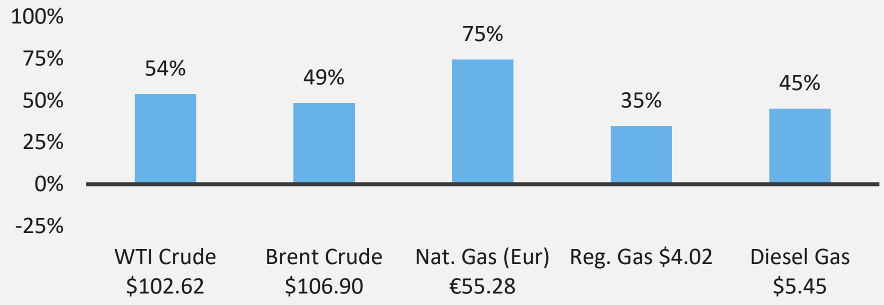
Market Overview and Portfolio Strategy

Implications of Conflict in Iran

- **Energy prices remain market's focus**
    - Duration of price shock more important than magnitude
- **Federal Reserve likely to retain policy flexibility**
    - Higher headline inflation expected but uncertainty regarding spillover into economy, core inflation and labor markets
- **Broader macro implications**
    - U.S. Energy independence and shift toward service economy may mitigate impact
    - Higher energy prices will have broad impact on items ranging from gasoline to food prices to transportation and may exacerbate "K-shaped" recovery

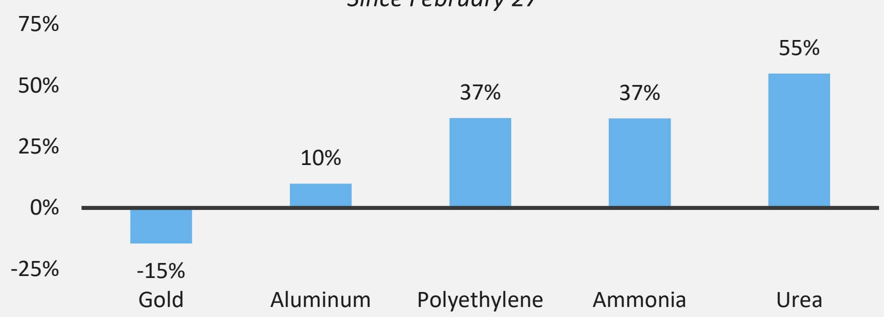
Price Change of Energy Commodities*

Since February 27



Price Change of Non-Energy Commodities**

Since February 27



WTI Crude and Brent Crude are quoted in dollars per barrel based on the front-month futures contract. Natural gas prices are quoted in euros per megawatt-hour. Gasoline prices are retail fuel prices per gallon as reported by AAA.

***Gold prices are quoted in dollars per troy ounce on a spot basis. Aluminum, ammonia, and urea prices are based on the front-month exchange-traded futures contract. Polyethylene is price are based on the active exchange-traded futures contract.*

Source: Bloomberg Finance L.P. Data as of March 31, 2026.

Latest Tariff Developments

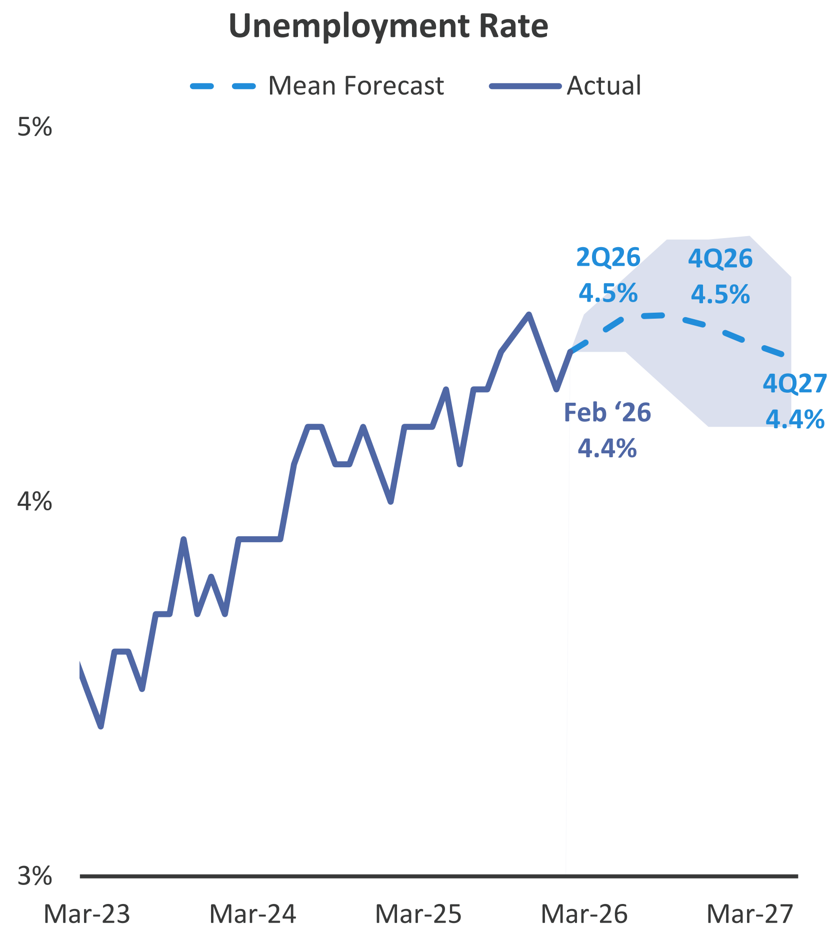
Reciprocal Tariffs Under IEEPA Deemed Unconstitutional
Framework replaced with universal 10% tariffs for 150 days

Federal Trade Court Directs Refund of IEEPA Tariffs
$160B+ in refunds but timing and mechanics still uncertain

Refunds Issued Directly to Importer-of-Record
Expected to be funded with additional Treasury Bill issuance

Source: Bloomberg Finance L.P.

Macro Data Takes a Back Seat



Source: Bureau of Labor Statistics and Bloomberg Finance L.P. as of February 2026. Survey responses after March 27, 2026, included in mean and forecast range for CPI Inflation and Unemployment Rate. Shading represents the central 80% of the forecasts.

Latest FOMC Meeting

FOMC Statement (edits purposely identified):

Available indicators suggest that economic activity has been expanding at a solid pace. Job gains remained low, and the unemployment rate has ~~shown some signs of stabilization~~ been little changed in recent months. Inflation remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The implications of developments in the Middle East for the U.S. economy are uncertain.

FOMC Press Conference:

"[T]he median [dot] didn't change, but there was actually a meaningful amount of movement towards fewer cuts by people … [A] number of people mentioned if we were ever to skip an SEP, this is a good one. We just don't know."

"…the risks to the labor market are to the downside, which would call for lower rates, and the risks to inflation are to the upside, which would call for higher rates or not cutting … [we are] on the higher borderline of restrictive versus not restrictive … we feel that is the right place to be. "

"Some big chunk [of inflation], between half and three quarters [of a percentage point] is tariffs …it takes eight, nine, ten, eleven months, a year [for tariffs] to go through the system."

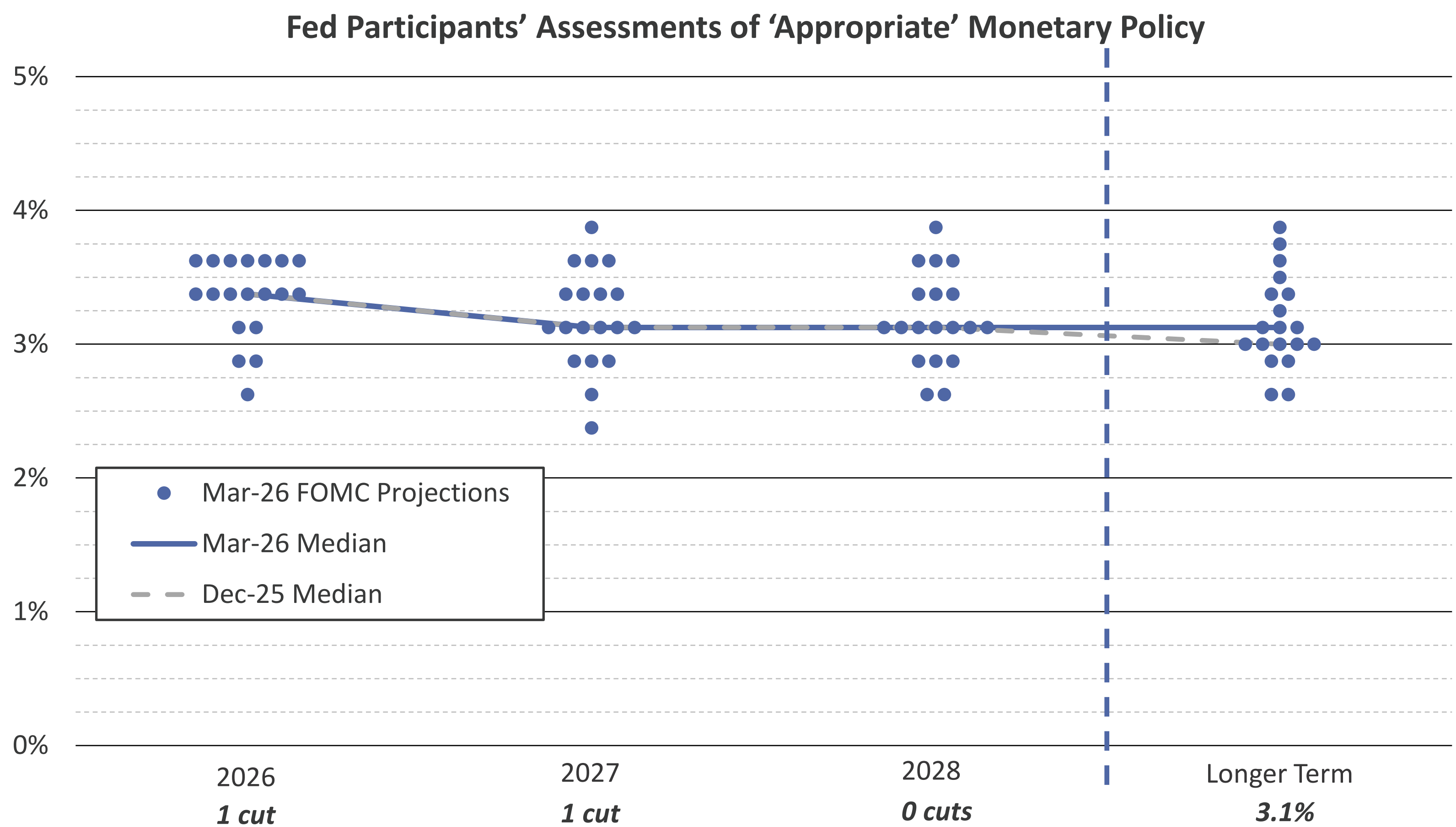
"[E]ffectively there is zero net job creation in the private sector … [which] is about what the economy needs in terms of dealing with very low, nonexistent growth in the labor force, which we never had in our history. So you have a sort of zero employment growth equilibrium."

"The implications of developments in the Middle East for the U.S. economy are uncertain … If we have a long period of much higher gas prices, that is going to weigh on consumption and disposable personal income."

"I have no intention of leaving the board until the [Justice Department's] investigation is well and truly over, with transparency and finality. … On the question of whether I will serve as a Governor after my term ends and the investigation is over, I have not made that decision yet. I will make that decision based on what I think is best for the institution and for the people we serve."

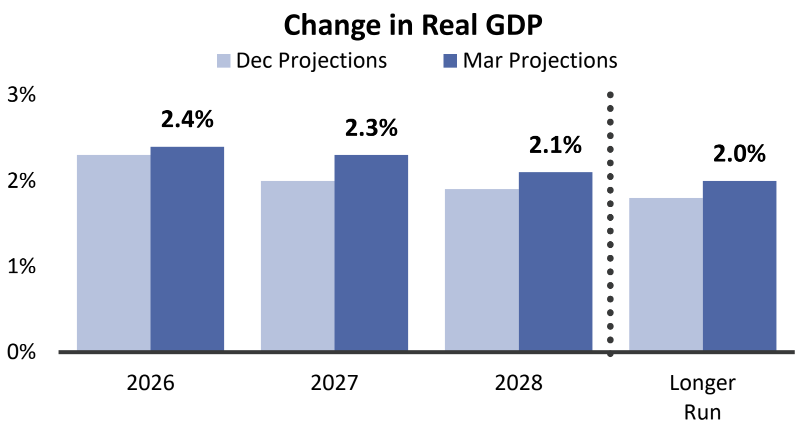
Source: Federal Reserve and Jerome Powell, as of March 18, 2026.

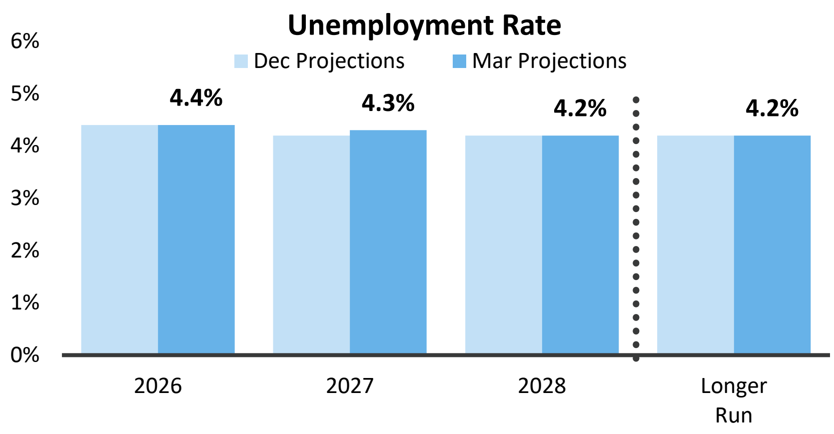
The Latest Fed "Dot Plot"

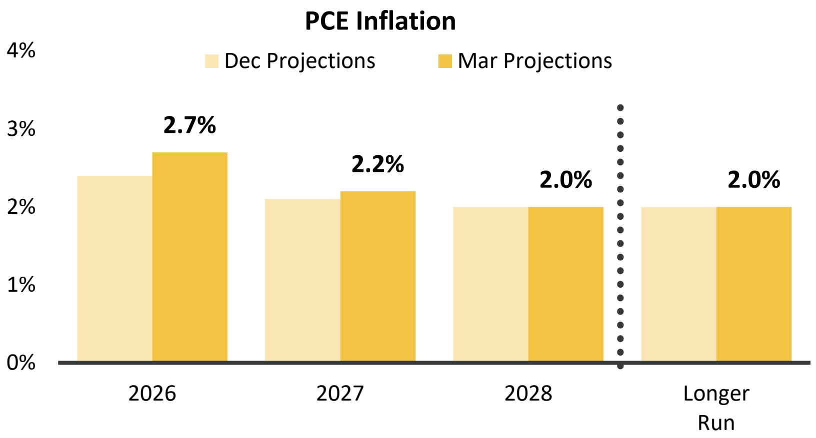


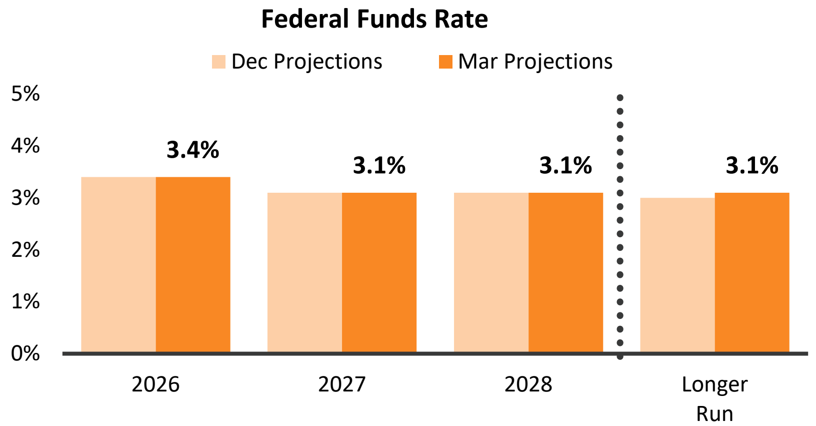
Source: Federal Reserve; Bloomberg Finance L.P. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of March 2026.

Fed's Updated Summary of Economic Projections



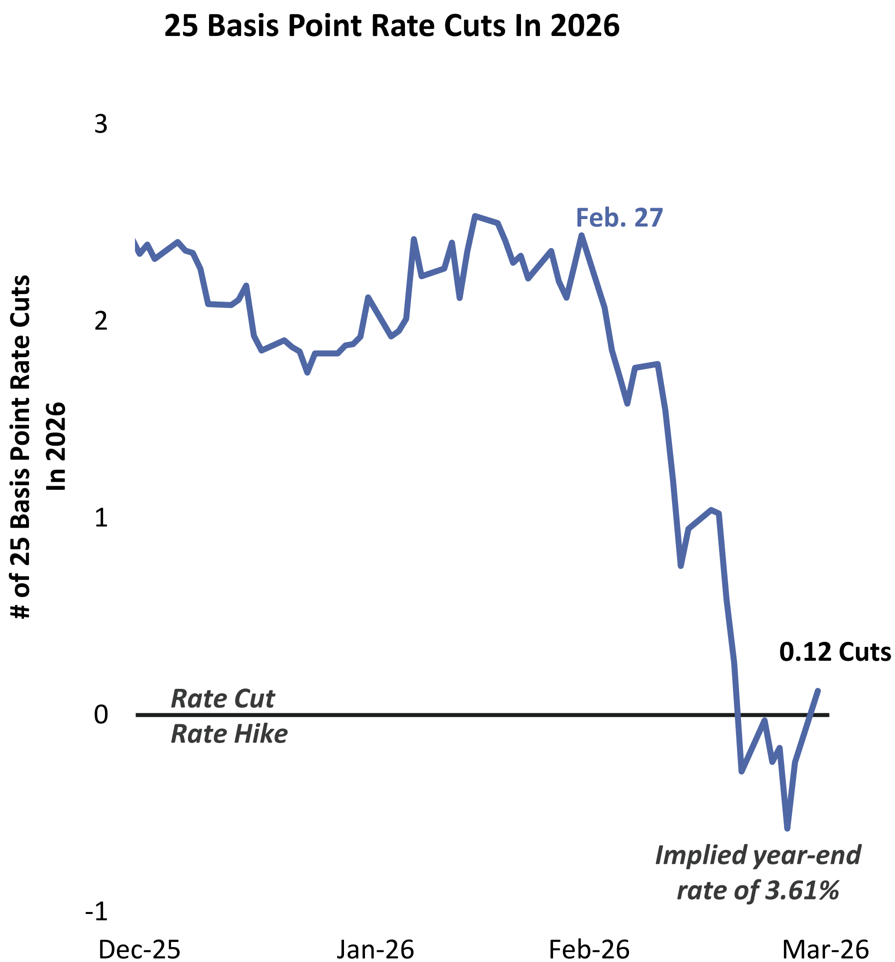


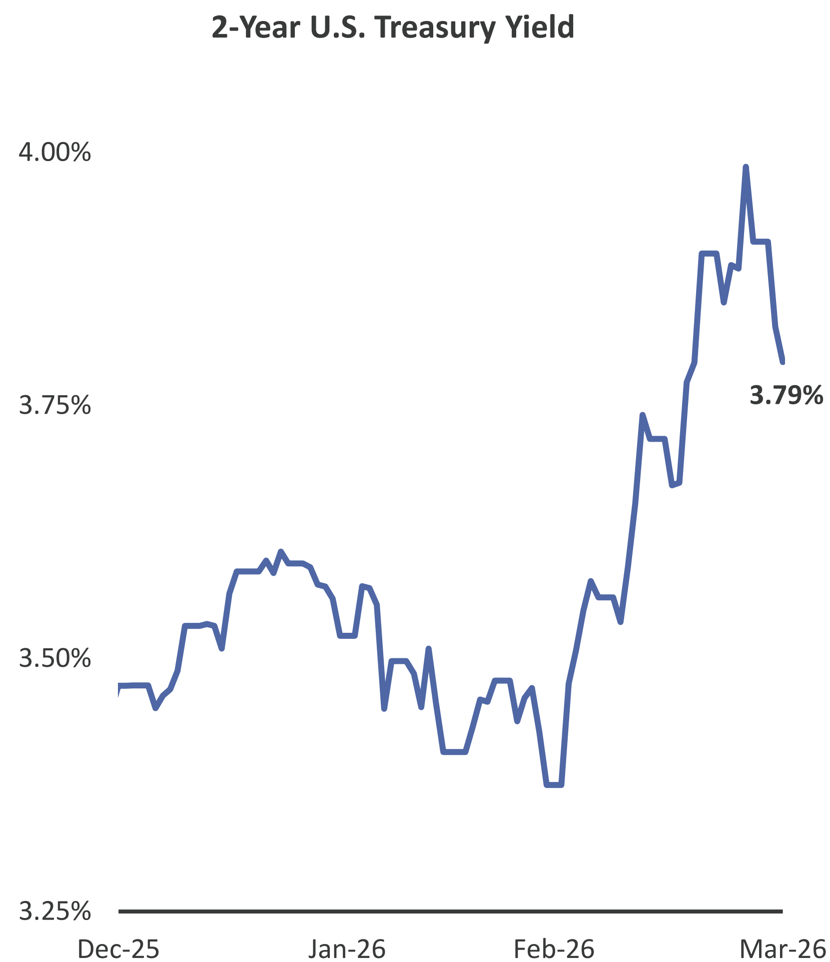




Source: Federal Reserve, latest economic projections as of March 2026.

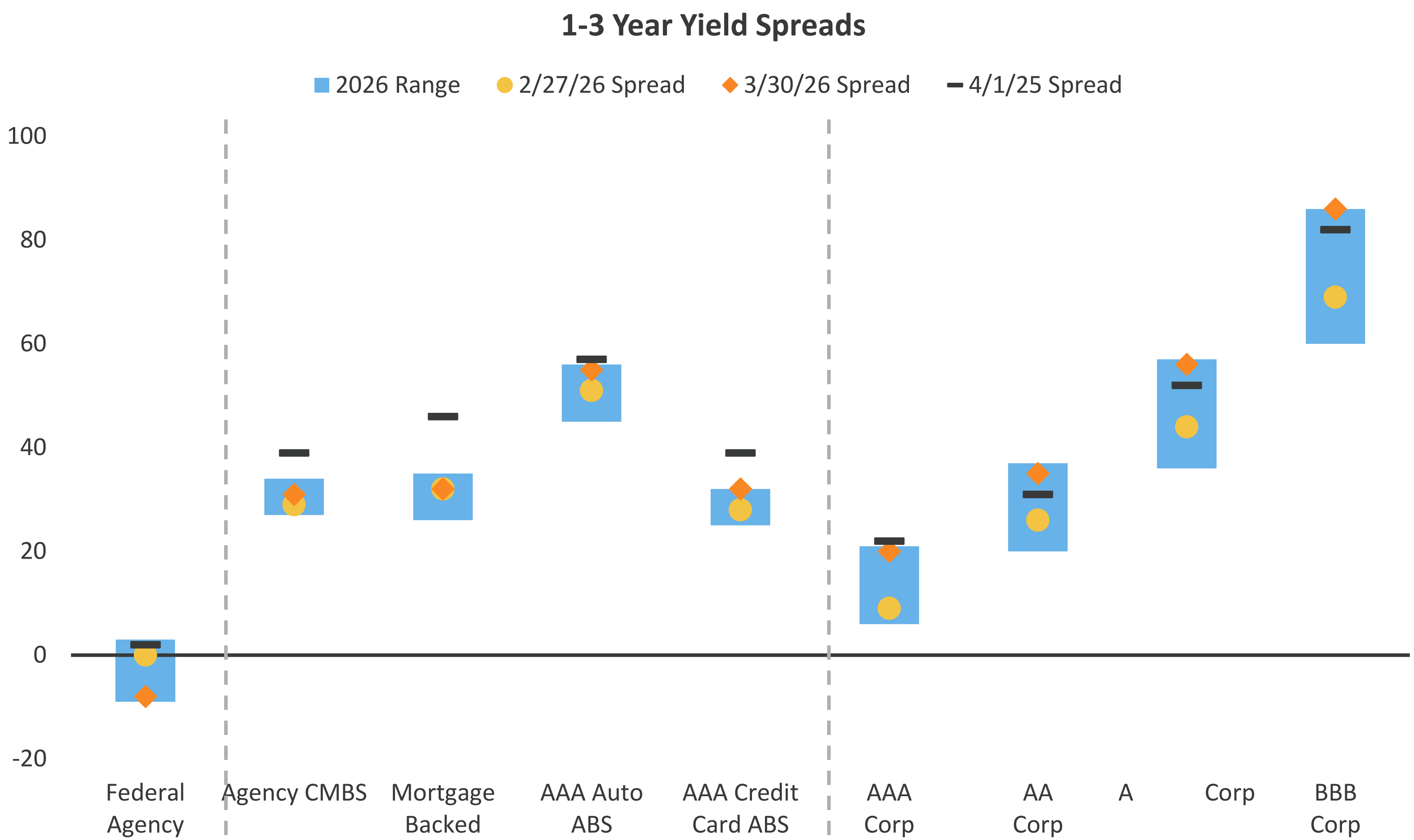
Pricing for Rate Cuts in 2026 Falls; 2-Year Treasury Yields Rise





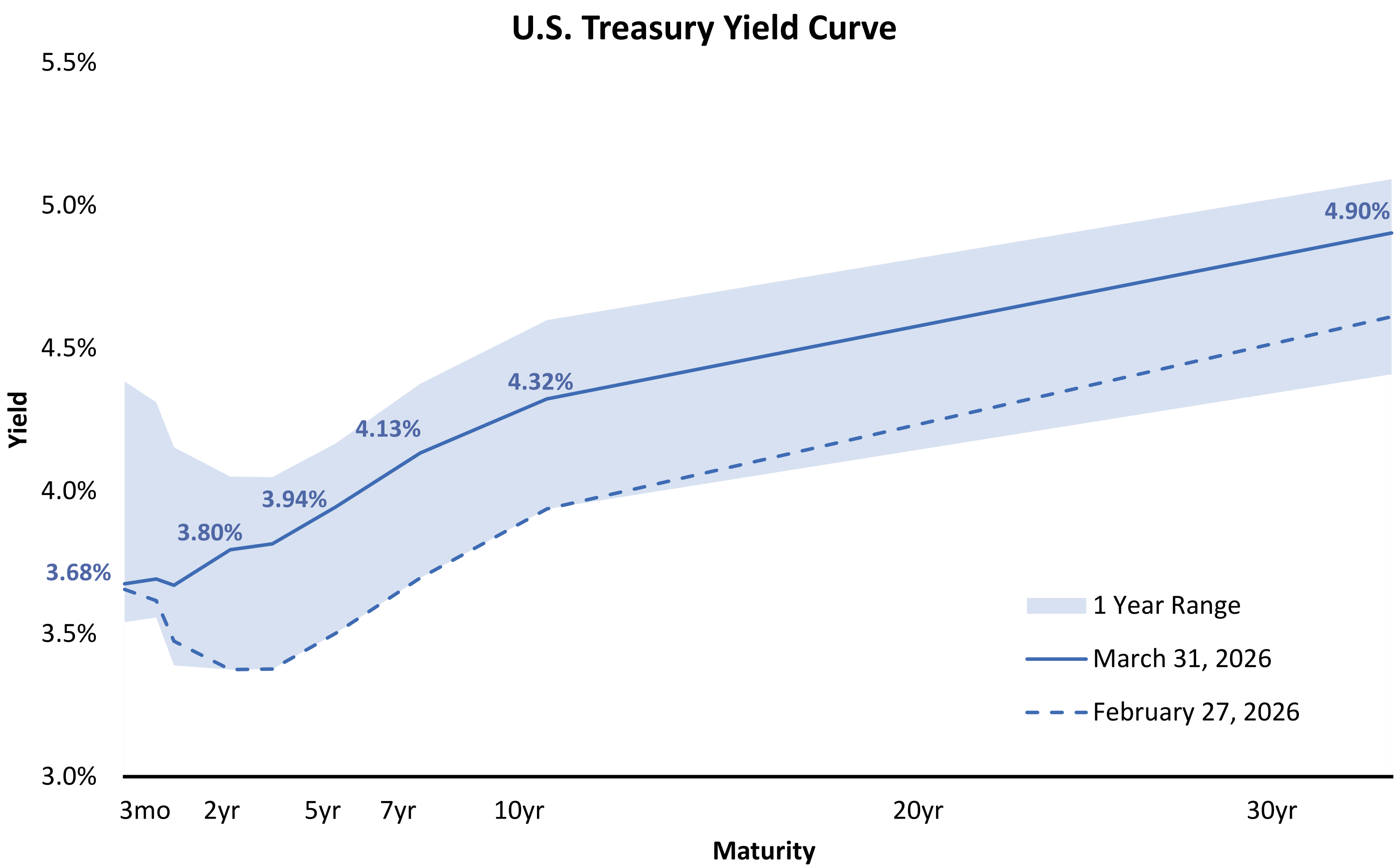
Source: Bloomberg Finance L.P., as of March 31, 2026.

Sector Yield Spreads



Source: ICE BofA 1-3 year Indices via Bloomberg Finance L.P. as of March 30, 2026. Spreads on ABS and MBS are option-adjusted spreads based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries.
CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of March 31, 2026.

Portfolio Review

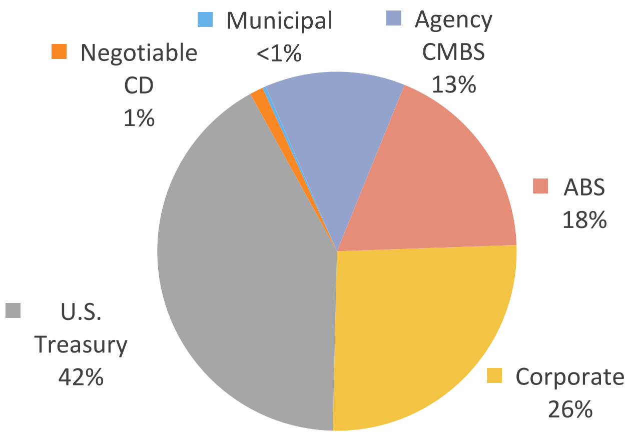
Consolidated Portfolio Summary

As of 2/28/2026

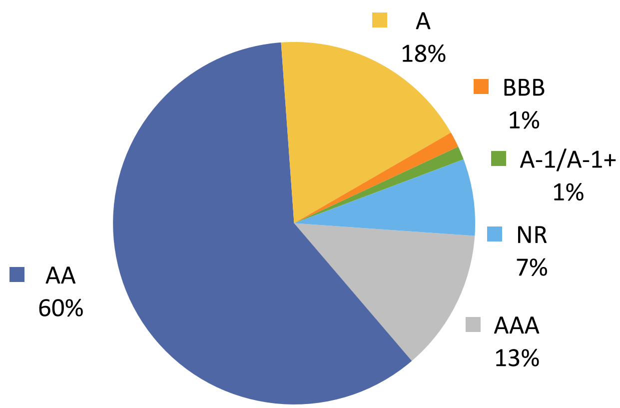
Account Statistics[1]

Total Market Value	$611,537,271
Effective Duration	1.94 years
Yield at Cost	4.16%
Yield at Market	3.68%
Portfolio Credit Quality	AA

Sector Allocation

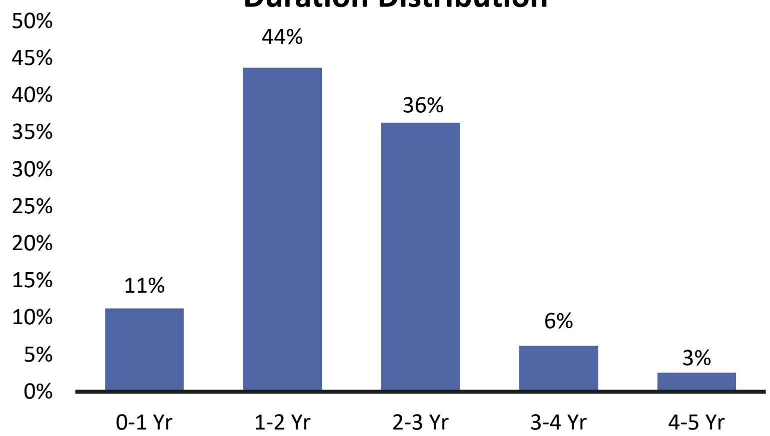


Credit Quality – S&P



S&P Ratings

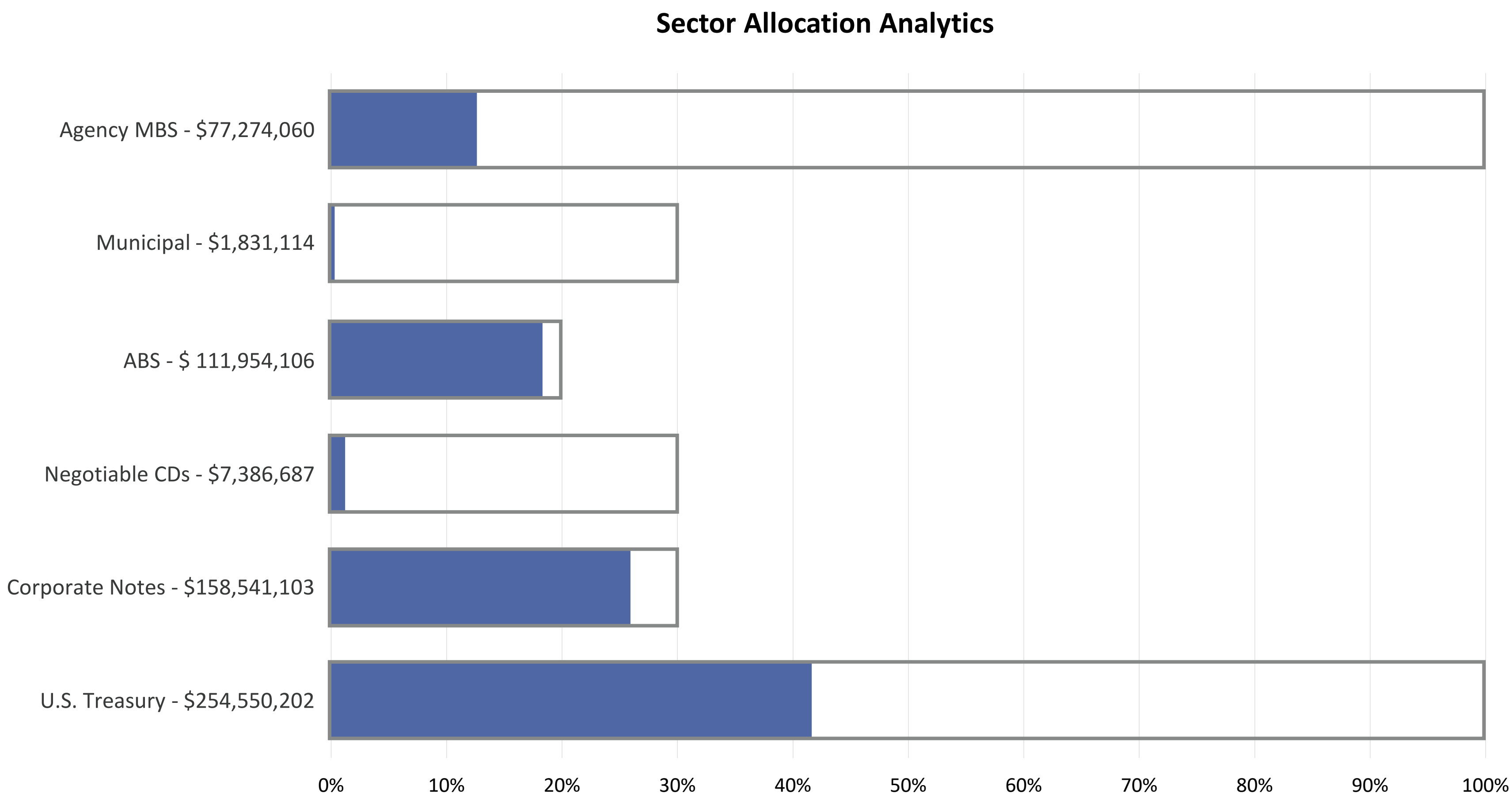
Duration Distribution



1. Portfolio Summary excludes accrued interest and money market fund balances as of February 28, 2026. 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 2/28/2026

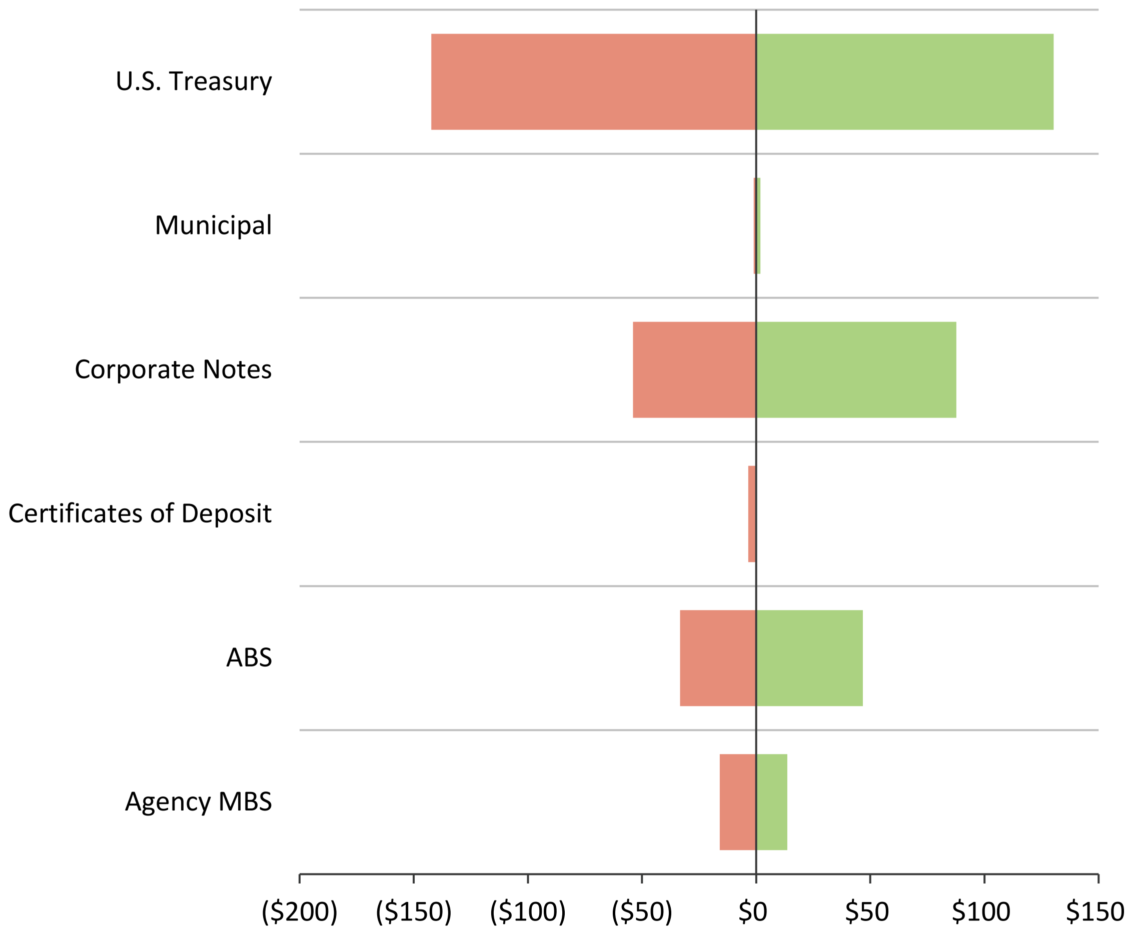


For informational/analytical purposes only and is not provided for compliance assurance. Excludes accrued interest.

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

Trade Recap

3/31/2025 through 2/28/2026

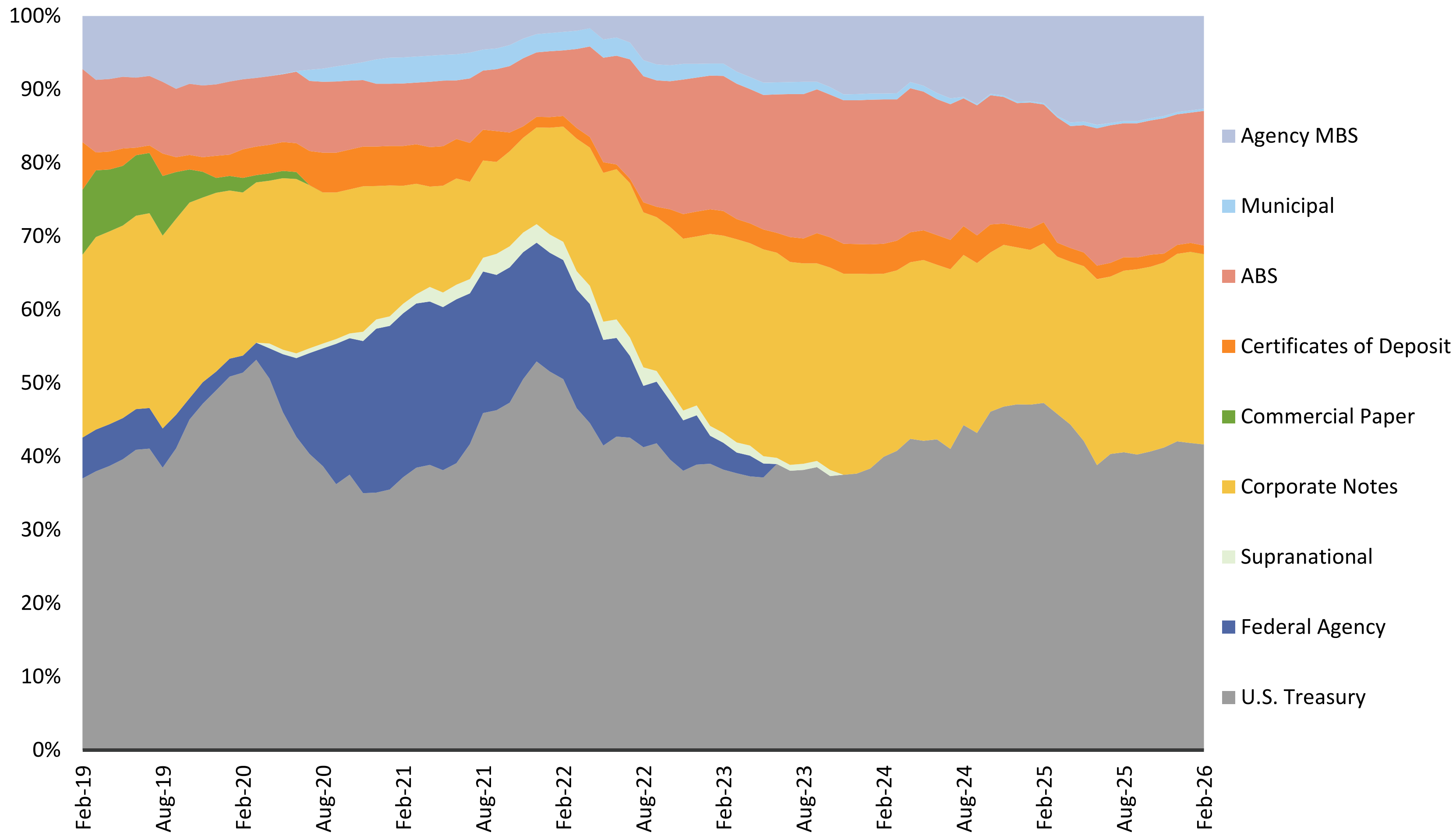


Net Transactions by Sector (Millions)

U.S. Treasury	**($12.1)**
Municipal	**+$0.8**
Corporate Notes	**+$33.7**
Certificates of Deposit	**($3.5)**
ABS	**+$13.4**
Agency MBS	**($2.4)**

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

Historical Sector Allocation

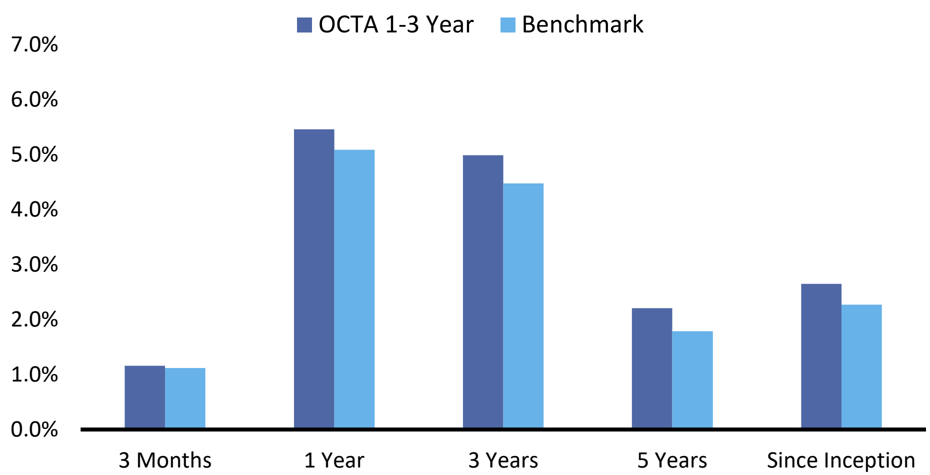


Only includes investments held within the separately managed accounts

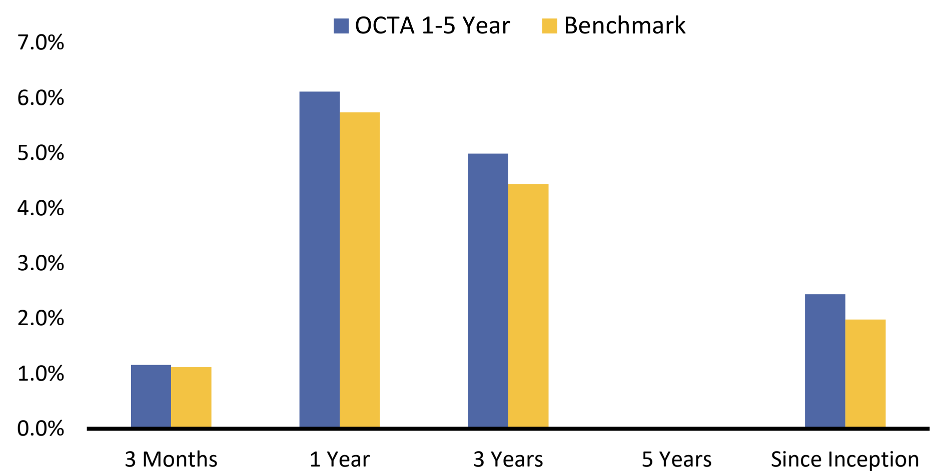
Portfolio Performance

As of 12/31/2025

Portfolio Returns
1-3 Year Strategy



Portfolio Returns
1-5 Year Strategy



Total Return	3 Months	1 Year	3 Years	5 Years	Since Inception
OCTA 1-3 YEAR	1.16%	5.46%	4.99%	2.21%	2.65%
Benchmark	1.12%	5.09%	4.48%	1.79%	2.27%
OCTA 1-5 YEAR	1.16%	6.12%	4.99%	-	2.44%
Benchmark	1.12%	5.74%	4.44%	-	1.98%
Difference (1-3 Year)	0.04%	0.37%	0.51%	0.42%	0.38%
Difference (1-5 Year)	0.04%	0.38%	0.55%	-	0.46%

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 BofA 1-3 Year U.S. Treasury Index. The 1-5 Year Portfolio's benchmark is currently the ICE BofA1-5 Year U.S. Treasury Index, prior to 9/30/2024 it was the ICE BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

Strategy Considerations

Government Sector Strategy

AGENCY BULLETS

Reduce

Summary:

- Spreads remain rich, especially in the 1–7y area, trading near or through Treasuries
- Limited issuance outside of 12 months continues to keep spreads narrow

Outlook:

- Spreads expected to remain tight unless issuance increases
- Opportunistically sell for rebalancing or swaps into new issue across sectors
- Continue monitoring ongoing privatization efforts of Fannie Mae and Freddie Mac

CALLABLE AGENCIES

Evaluate with caution

Summary:

- Front-end spreads have widened over the month on increased market volatility
- Activity remains elevated versus 1H25 as redemptions drive more issuance
- Valuations remain rich across the front end

Outlook:

- Evaluate callables cautiously with a preference for longer lockouts
- Value can be found due to wider spreads, but caution remains as most inventory is still at negative OAS

SUPRANATIONALS

Reduce

Summary:

- Spreads remain near historic lows and continue to tighten as issuance slows
- Flat spread curve favors shorter maturities inside 2.5 years
- The sector offers on average +5-10bps of value over Agencies

Outlook:

- New issue opportunities remain historically low, and increased volatility could keep issuers on the sidelines
- Continue evaluating new issues
- Opportunistically sell for rebalancing or sector rotation

● **Current outlook**

Negative	Slightly Negative	Neutral	Slightly Positive	Positive

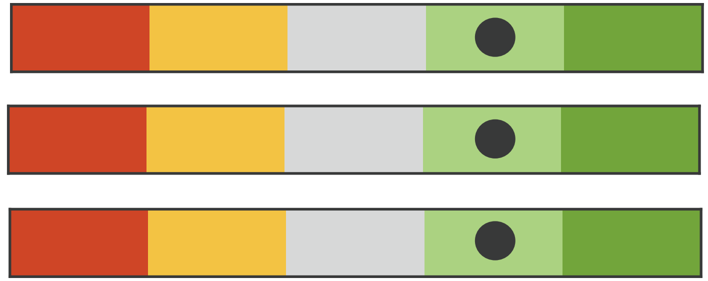
Statements and opinions were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (3/31/2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

Corporate Sector Strategy

OVERALL

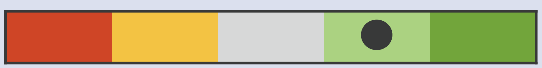
FINANCIALS

INDUSTRIALS



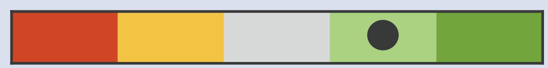
Short (<5 year) Corporates: Maintain flexibility to add / swap as opportunities arise

Fundamentals:



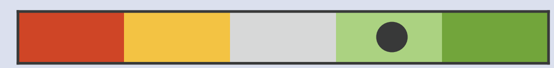
- Corporate balance sheets remain strong and default risk is low
- Some sectors or issuers, particularly industrials, could find credit metrics under pressure as spending a M&A activity increases
- Credit risks seem to be stabilizing, with upgrades continuing to outpace downgrade
- Risks include underperformance in AI-related sectors and higher exposure in CLOs and leveraged loans
- Corporate fundamentals will be impacted by direction of economy once Middle East conflict is settled

Technicals:



- Corporate supply continues to be extremely robust, with predictions for the year at a record $2 trillion in gross issuance
- Strong issuance has been met with extremely robust domestic demand; supply is expected to slow in Q2
- Lower yields and higher supply are main risks
- Market positioning is shifting towards higher-quality issuance, with sentiment around spreads pointing towards broader spreads.

Valuations:



- Short term credit spreads are currently at the highest levels since May '25, with new-issue concessions increasing alongside secondary spreads
- Longer-duration credit is extremely rich with spreads near the tightest levels since late '90s
- Spread breakevens have widened moderately across the curve YTD, with the short end of the curve remaining more relaxed
- Corporate credit curve remains flat and is expected to steepen on long end. Steepening is expected to provide value on the short end.
- All-in yields remain elevated

● **Current outlook**

Negative	Slightly Negative	Neutral	Slightly Positive	Positive

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Securitized Sector Strategy

AGENCY MBS

Maintain target underweight

Summary:

- Spreads have widened on general market volatility, particularly around the conflict in Iran, but remain historically narrow
- 2026 net supply is projected to increase modestly
- The sector is expected to underperform in the short term

Outlook:

- Maintain target underweight with a focus on specific structures

AGENCY CMBS

Reduce through attrition

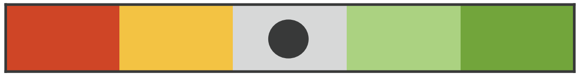
Summary:

- Spreads have barely widened despite market volatility
- Fundamentals are weak but stabilizing with soft rent growth and moderately high vacancies
- Issuance is up notably YTD and dealer inventory remains near record highs

Outlook:

- New issue remains extremely robust
- Valuations remain extremely tight
- Sector expected to perform well if/when volatility increases

ASSET-BACKED



Maintain allocations

Summary:

- Prime ABS fundamentals remain stable
- Credit metrics have normalized and structures remain resilient to recession scenarios

Outlook:

- Supply expected to be well digested, limiting new issue attractiveness
- Spread to corporates is narrowing, reducing relative value
- Prime auto and credit card ABS may be more defensive in a widening environment and help limit spread widening
- Carry expected to be driver of excess returns
- Evolution of labor market and economy remain key risks

● **Current outlook**

Negative	Slightly Negative	Neutral	Slightly Positive	Positive

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Disclosures

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