

INVESTMENT REPORT

Orange County Transportation Authority | As of January 31, 2025

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
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ECONOMIC UPDATE

ACCOUNT PROFILE

PORTFOLIO HOLDINGS

TRANSACTIONS

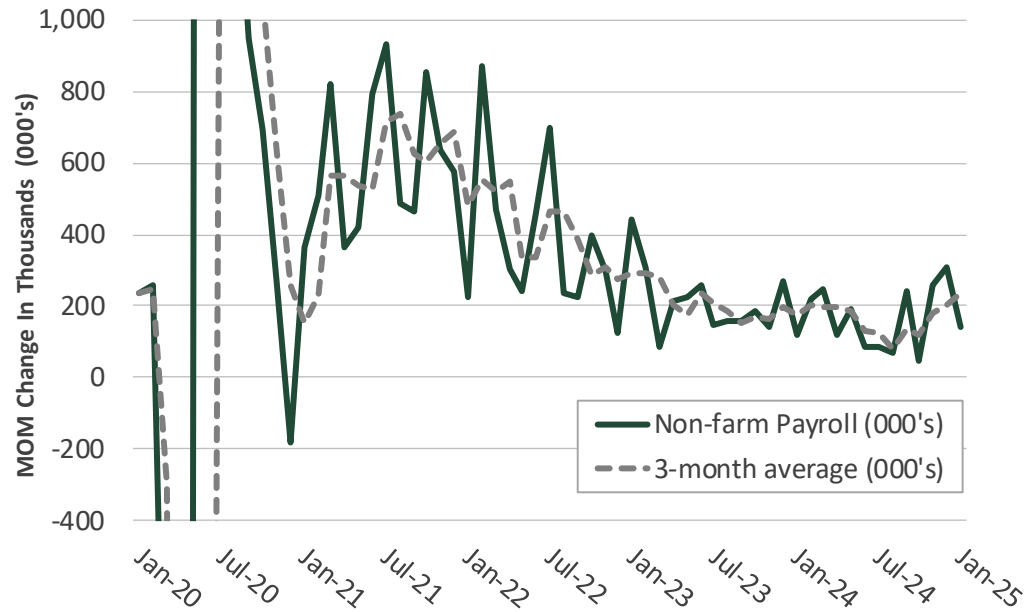
ECONOMIC UPDATE

- Recent economic data suggests continued growth fueled by a resilient consumer. Inflationary trends have subsided, but some components remain sticky, and core levels remain above the Fed's target. The labor market reflects improved balance between supply and demand for workers. While job creation has been robust, continuing jobless claims remain elevated. Given the economic outlook, we expect gradual normalization of monetary policy and a steepening yield curve.

- As broadly anticipated, the Federal Open Market Committee (FOMC) left the Fed Funds Rate unchanged at the range of 4.25-4.50% at the January meeting. Chair Jerome Powell reiterated previous statements indicating the economy is in a good place and that monetary policy is well positioned, adding that the committee is in no hurry to make any changes to monetary policy. The Chandler team believes monetary policy easing will continue at a slower cadence, and lower short-term yields will likely contribute to a steepening yield curve.

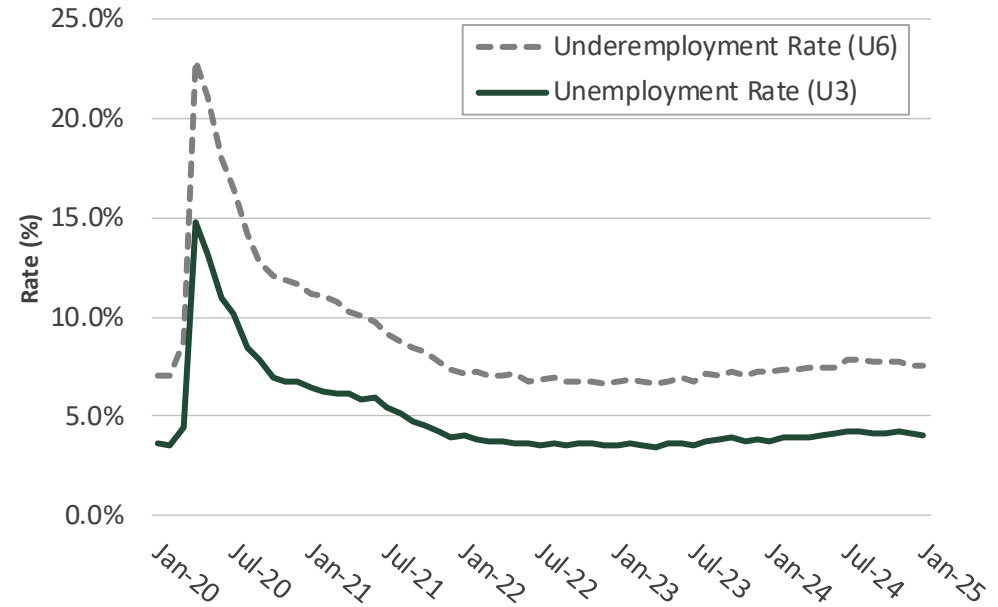
- US Treasury yields shifted slightly lower in January. The 2-year Treasury yield declined 4 basis points to 4.20%, the 5-year Treasury fell 5 basis points to 4.33%, and the 10-year Treasury yield dropped 3 basis points to 4.54%. The spread between the 2-year and 10-year Treasury yield points on the curve increased slightly to +34 basis points at January month-end versus +33 basis points at December month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -30 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was +25 basis points in January, unchanged from December.

Nonfarm Payroll (000's)



Source: US Department of Labor

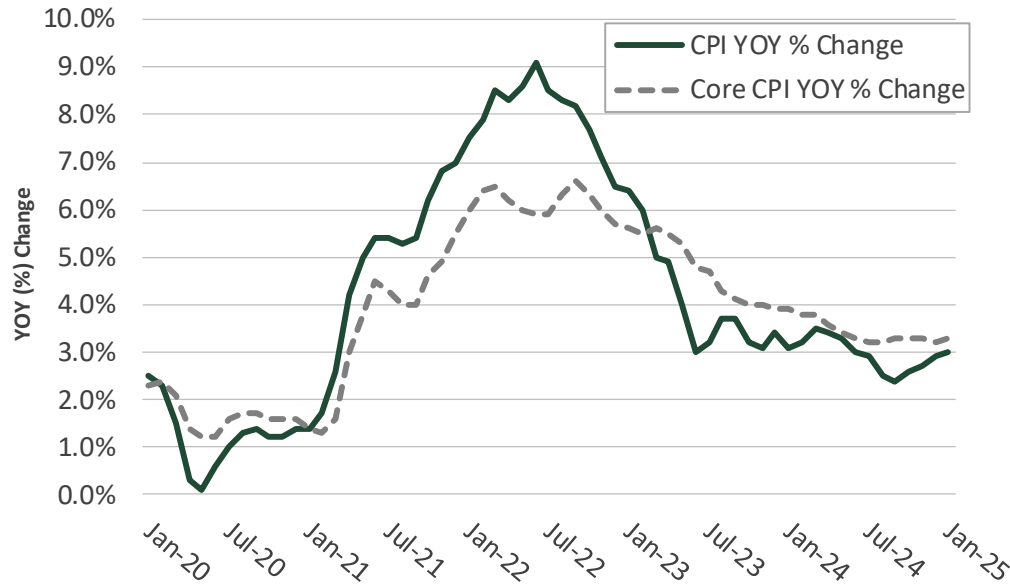
Unemployment Rate



Source: US Department of Labor

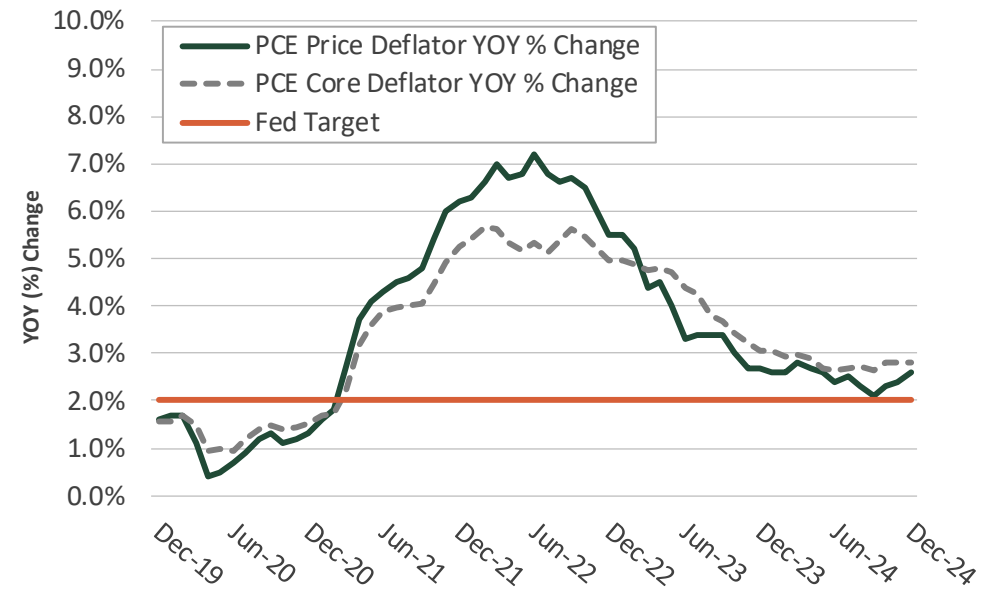
The U.S. economy added 143,000 jobs in January, below consensus expectations, and the last two months were revised up by 100,000. Gains were led by retail and health care. The three-month moving average and six-month moving average payrolls totaled 237,000 and 178,000 respectively. The unemployment rate declined to 4.0% in January, and the labor participation rate edged up to 62.6%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons remained unchanged at 7.5%. Average hourly earnings ticked up to an increase of 4.1% year-over-year in January.

Consumer Price Index (CPI)



Source: US Department of Labor

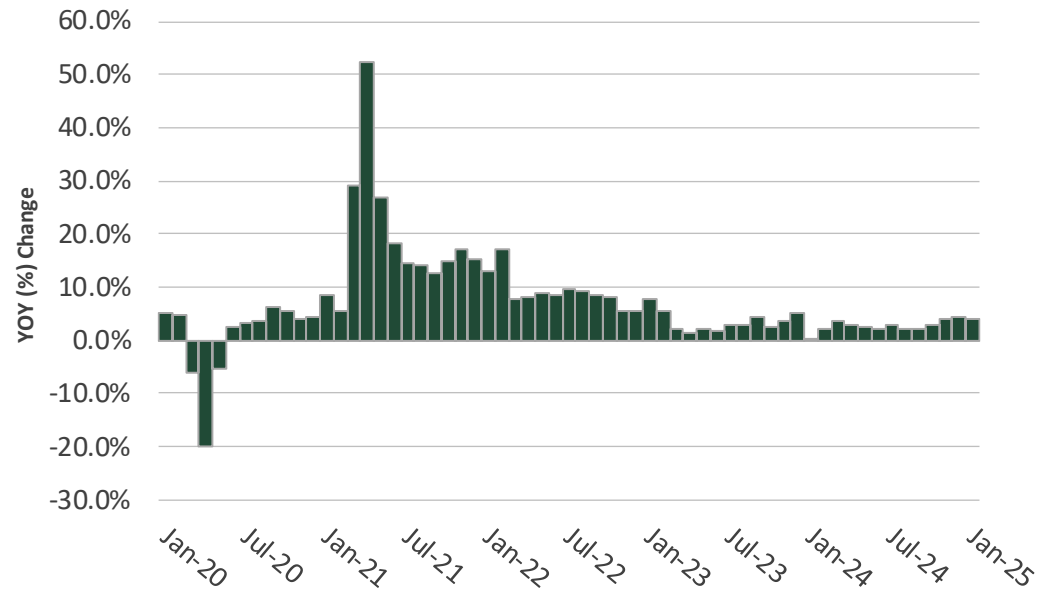
Personal Consumption Expenditures (PCE)



Source: US Department of Commerce

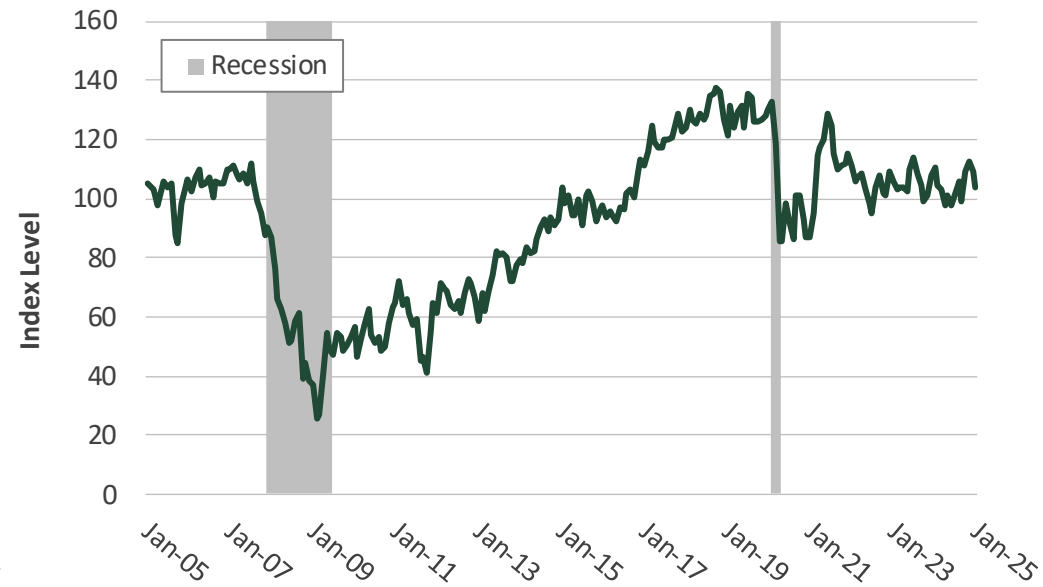
In January, both the Consumer Price Index (CPI) and Core CPI, which excludes volatile food and energy components, accelerated from last month and came in higher than consensus expectations. The headline CPI rose 0.5% month-over-month and 3.0% year-over-year, while the Core CPI rose 0.4% month-over-month and 3.3% year-over-year. The Personal Consumption Expenditures (PCE) Index rose 0.3% from the previous month and 2.6% year-over-year in December versus a 2.4% increase in November. The Core PCE deflator (the Fed's preferred gauge) increased 0.2% month-over-month and 2.8% over the past year. Inflation remains above the Fed's 2% target.

Retail Sales YOY % Change



Source: US Department of Commerce

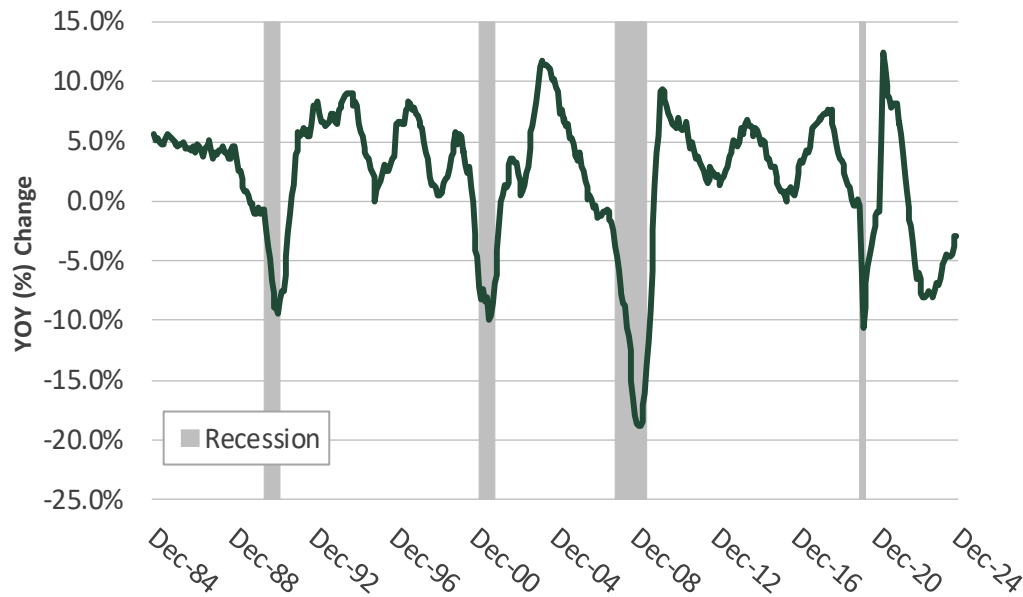
Consumer Confidence



Source: The Conference Board
 All time high is 144.70 (1/31/00); All time low is 25.30 (2/28/09)

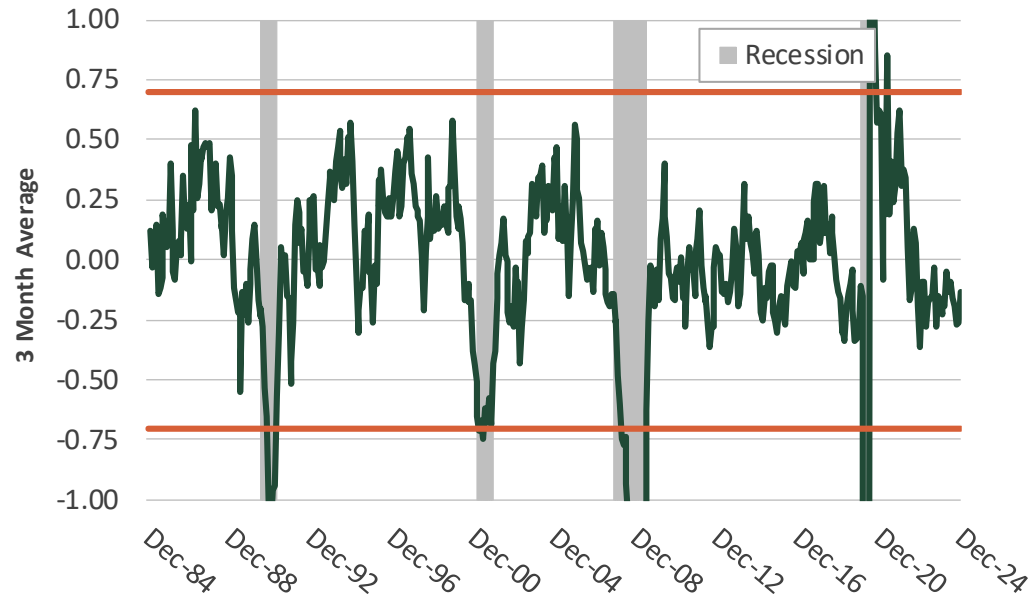
The Advance Retail Sales report for January fell short of expectations, dropping 0.9% month-over-month following a 0.7% increase in December. The weaker January retail sales estimates versus December were likely due to the upward revisions to the strong holiday shopping season and consumers front loading purchases in anticipation of tariffs. On a year-over-year basis, Retail Sales grew 4.2% in January versus 4.4% in December. The Conference Board's Consumer Confidence Index declined to 104.1 in January from an upwardly revised 109.5 in December. Consumers' assessment of current business and labor market conditions fell sharply, and consumers were also less optimistic about future business conditions. While the consumer has been resilient, low savings rates, growing credit card debt, higher delinquencies, and a moderating labor market pose potential risks to future spending.

Leading Economic Indicators (LEI)



Source: The Conference Board

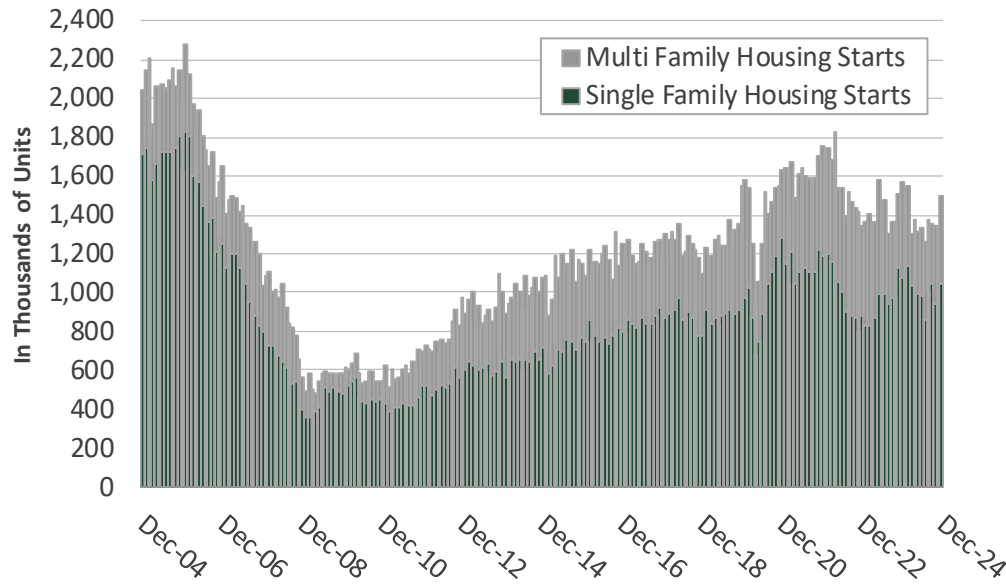
Chicago Fed National Activity Index (CFNAI)



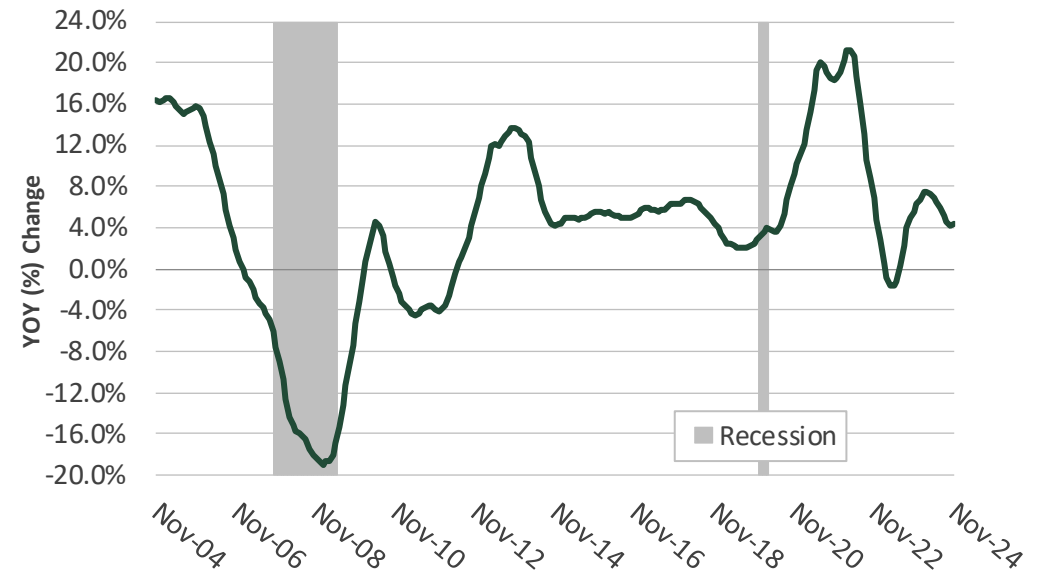
Source: Federal Reserve Bank of Chicago

The Conference Board's Leading Economic Index (LEI) dipped 0.1% in December, losing some momentum following November's upwardly revised 0.4% increase. The LEI decreased year-over-year by -3.0%. While low consumer confidence and weak manufacturing activity led to the decline, the Conference Board still expects moderately strong growth for 2025. The Chicago Fed National Activity Index (CFNAI) improved to 0.15 in December from an upwardly revised -0.01 in November, posting its first positive reading since May 2024. The three-month moving average rose to -0.13 in December from -0.26 in November, indicating below-trend growth expectations for the economy.

Annualized Housing Starts

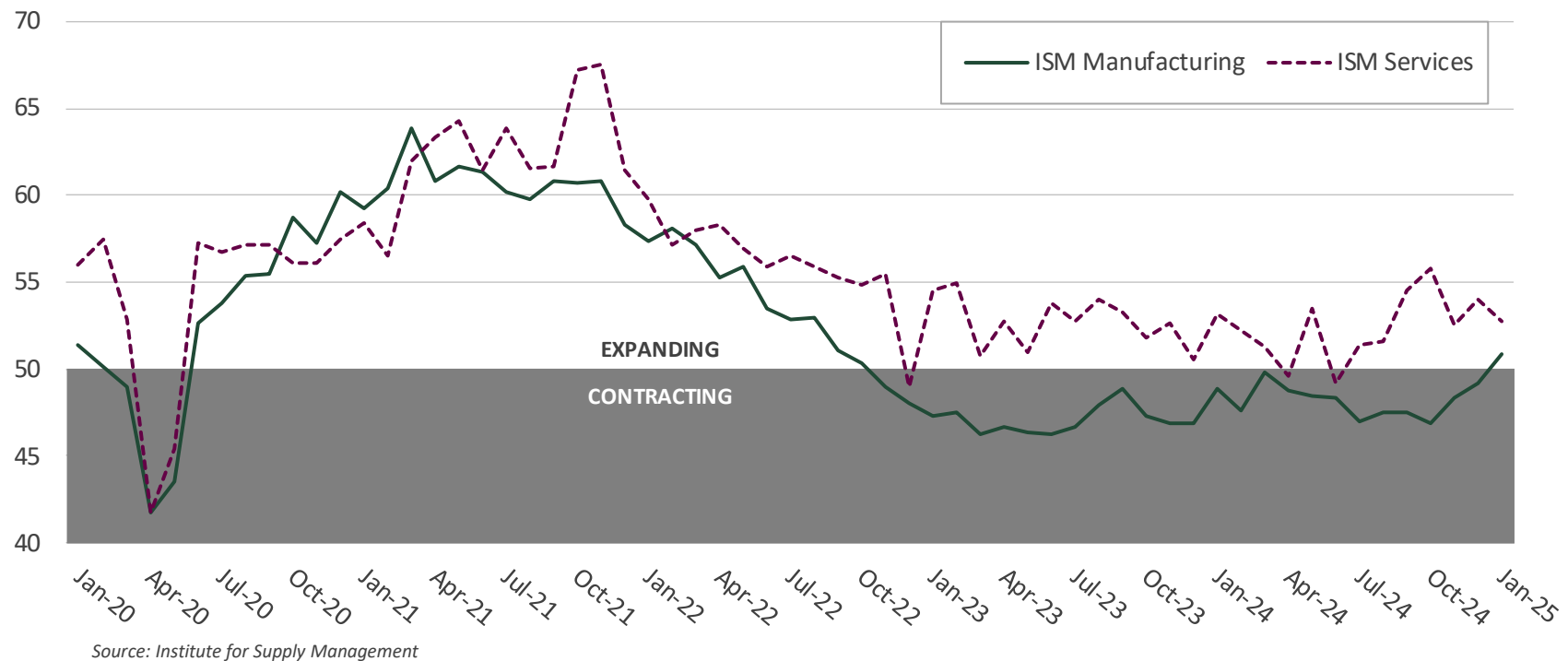


S&P/Case-Shiller 20 City Composite Home Price Index



Housing starts surged by 15.8% in December to 1.5 million units after declining in the prior three months. Total starts are down 4.4% compared to December 2023. The supply of existing homes is gradually becoming more abundant after the period of scarcity as homeowners held onto their low mortgage rates. The Freddie Mac 30-year fixed rate mortgage averaged approximately 7% in January. According to the Case-Shiller 20-City Home Price Index, housing prices rose 4.3% year-over-year in November versus 4.2% year-over-year in October. With more inventory entering the market the trend is gradually improving; however higher mortgage rates continue to impact affordability.

Institute of Supply Management (ISM) Surveys



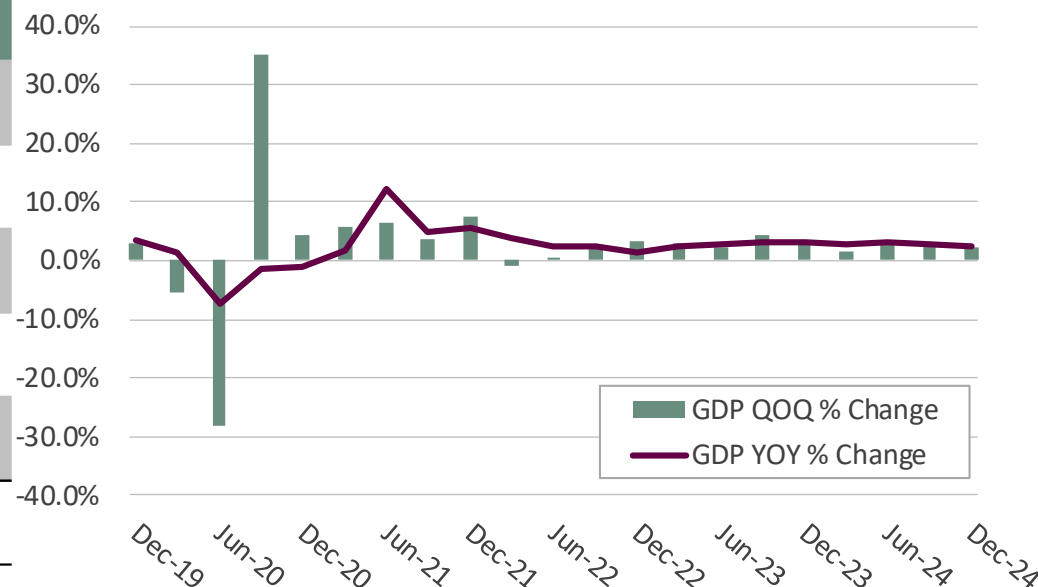
The Institute for Supply Management (ISM) Manufacturing index rose more than forecast to 50.9 in January from 49.2 in December. The index moved into expansion territory in January as new orders, production, and employment all exhibited growth. The ISM Services Index fell more than expected to 52.8 in January from 54.0 in December, while remaining in expansion territory. A reading over 50 indicates expansion, while a reading under 50 indicates contraction.

GROSS DOMESTIC PRODUCT (GDP)

Components of GDP	3/24	6/24	9/24	12/24
Personal Consumption Expenditures	1.3%	1.9%	2.5%	2.8%
Gross Private Domestic Investment	0.6%	1.5%	0.2%	-1.0%
Net Exports and Imports	-0.6%	-0.9%	-0.4%	0.0%
Federal Government Expenditures	0.0%	0.3%	0.6%	0.2%
State and Local (Consumption and Gross Investment)	0.3%	0.3%	0.3%	0.2%
Total	1.6%	3.0%	3.1%	2.3%

Source: US Department of Commerce

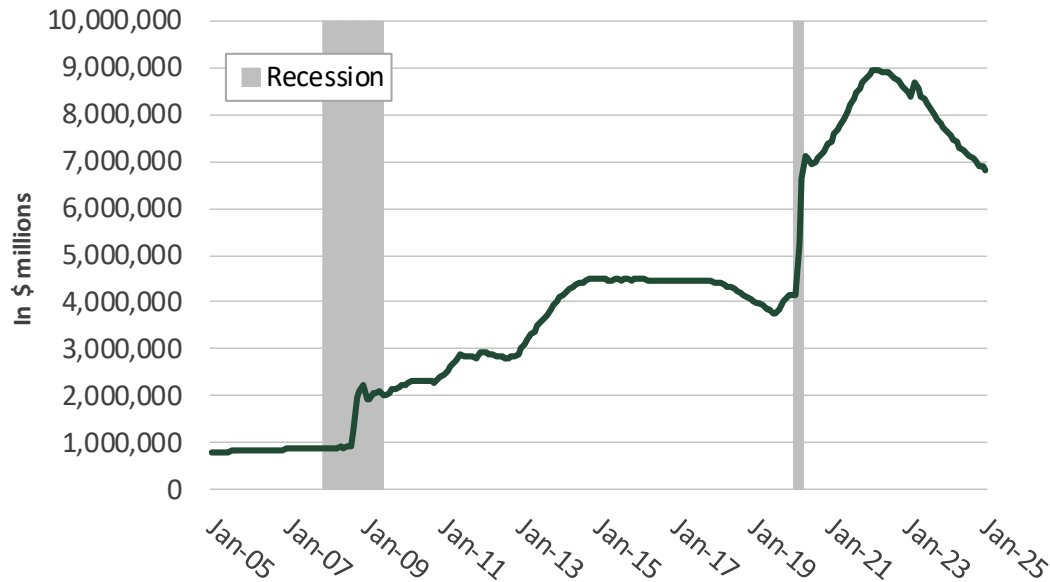
Gross Domestic Product (GDP)



Source: US Department of Commerce

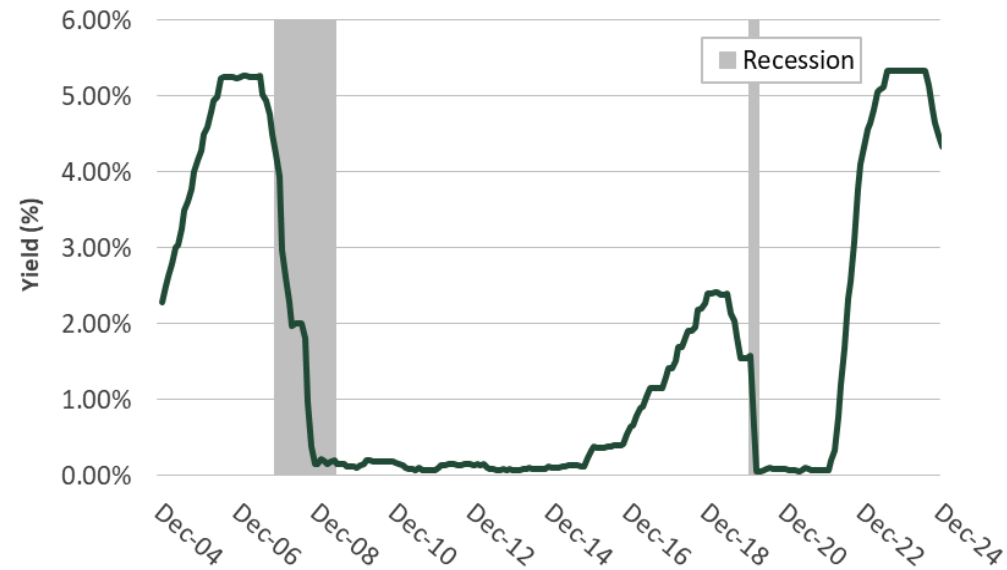
According to the advance estimate, fourth quarter GDP increased at an annualized rate of 2.3%, moderating from 3.1% growth in the third quarter. Growth continues to be powered by personal consumption expenditures, while private inventories and weaker net exports were the primary contributors to the slowdown. The consensus projection calls for 2.8% growth for the full year 2024, and 2.1% for the current quarter.

Federal Reserve Balance Sheet Assets



Source: Federal Reserve

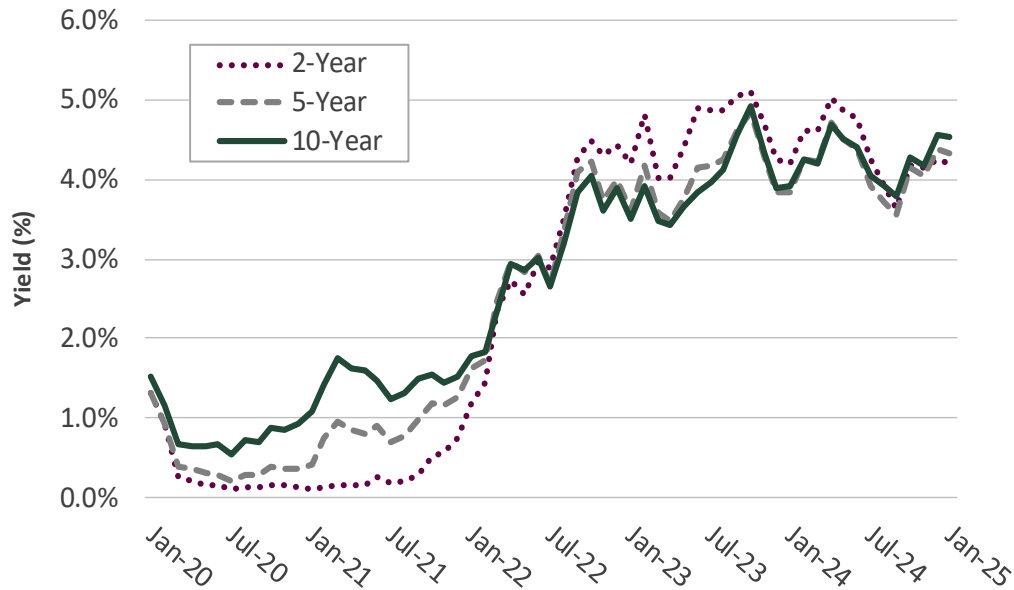
Effective Federal Funds Rate



Source: Bloomberg

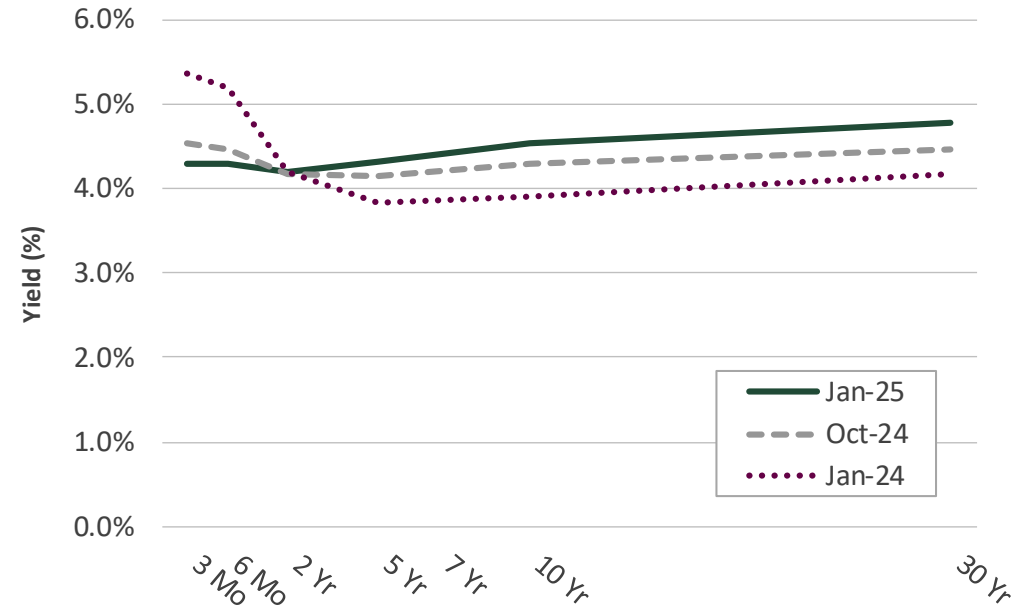
As broadly anticipated, the Federal Open Market Committee (FOMC) left the Fed Funds Rate unchanged at the range of 4.25-4.50% at the January meeting. Chair Jerome Powell reiterated previous statements indicating the economy is in a good place and that monetary policy is well positioned, adding that the committee is in no hurry to make any changes to monetary policy. Powell indicated that the risks to achieving the dual mandate are balanced, and monetary policy remains restrictive. The Fed continues to reduce its holdings of U.S. Treasury securities and agency mortgage-backed securities as per its predefined schedule of \$25 billion and \$35 billion per month. Since the Fed began its Quantitative Tightening campaign in June 2022, securities holdings have declined by approximately \$2.2 trillion to approximately \$6.8 trillion.

US Treasury Note Yields



Source: Bloomberg

US Treasury Yield Curve



Source: Bloomberg

At the end of January, the 2-year Treasury yield was 1 basis point lower, and the 10-Year Treasury yield was 63 basis points higher, year-over-year. The spread between the 2-year and 10-year Treasury yield points on the curve increased slightly to +34 basis points at January month-end versus +33 basis points at December month-end. The yield curve inversion which began in July 2022 was historically long. The average historical spread (since 2005) is about +99 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was +25 basis points in January, unchanged from December.

ACCOUNT PROFILE

Investment Objectives

The Orange County Transportation Authority's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

STATEMENT OF COMPLIANCE

Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES (CMOS)				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	100.0	8.6	Compliant	
Max % Issuer (MV)	100.0	8.6	Compliant	
Max Maturity (Years)	5.0	4.6	Compliant	
Negative Watch	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 2)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
COLLATERALIZED BANK DEPOSITS				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	5.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Min Rating (A-1 by 1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
COMMERCIAL PAPER				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	10.0	1.4	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1 by 2, A by 2)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Downgrade	0.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Max % (MV)	30.0	22.2	Compliant	
Max % Issuer (Corporate & Commercial Paper; MV)	10.0	1.4	Compliant	
Max % Issuer (MV)	5.0	1.4	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
FEDERAL AGENCIES/US GSES				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	100.0	17.5	Compliant	
Max % Issuer (MV)	100.0	10.2	Compliant	
Max Maturity (Years)	5	4	Compliant	
Negative Watch	0.0	0.0	Compliant	
JPA INVESTMENT POOLS				
Downgrade	0.0	0.0	Compliant	
JPA Investment Pools Max %	10.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Downgrade	0.0	0.0	Compliant	
Max Concentration (MV)	75.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
LOCAL GOVERNMENT INVESTMENT POOL (LGIP)				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	10.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	20.0	1.7	Compliant	
Max % Issuer (MV)	10.0	1.7	Compliant	

STATEMENT OF COMPLIANCE

Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Min Rating (AAA by 2)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
MORTGAGE OR ASSET-BACKED SECURITIES (NON-AGENCY)				
Downgrade	0.0	0.0	Compliant	
Max % (ABS) (MV)	20.0	7.5	Compliant	
Max % (CMO) (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	1.3	Compliant	
Max Maturity	5.0	4.9	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	30.0	0.3	Compliant	
Max % Issuer (MV)	5.0	0.3	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (A by 1 or A-1 by 1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A by 1 or A-1 by 1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
MUTUAL FUNDS				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Negative Watch	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A by 2, A-1 by 2 if > FDIC Limit)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
OCTA NOTES AND BONDS				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	25.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
ORANGE COUNTY INVESTMENT POOL (OCIP)				
Downgrade	0.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
Orange County Investment Pool (OCIP) Max %	10.0	0.0	Compliant	
REPURCHASE AGREEMENTS				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	25.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	1.0	0.0	Compliant	
Min Rating (A or A-1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	20.0	1.5	Compliant	
Max % Issuer (MV)	10.0	0.9	Compliant	

STATEMENT OF COMPLIANCE



Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
Negative Watch	0.0	0.0	Compliant	
U.S. TREASURIES				
Downgrade	0.0	0.0	Compliant	
Max % (MV)	100.0	40.6	Compliant	
Max % Issuer (MV)	100.0	40.6	Compliant	
Max Maturity (Years)	5	4	Compliant	
Negative Watch	0.0	0.0	Compliant	

PORTFOLIO CHARACTERISTICS



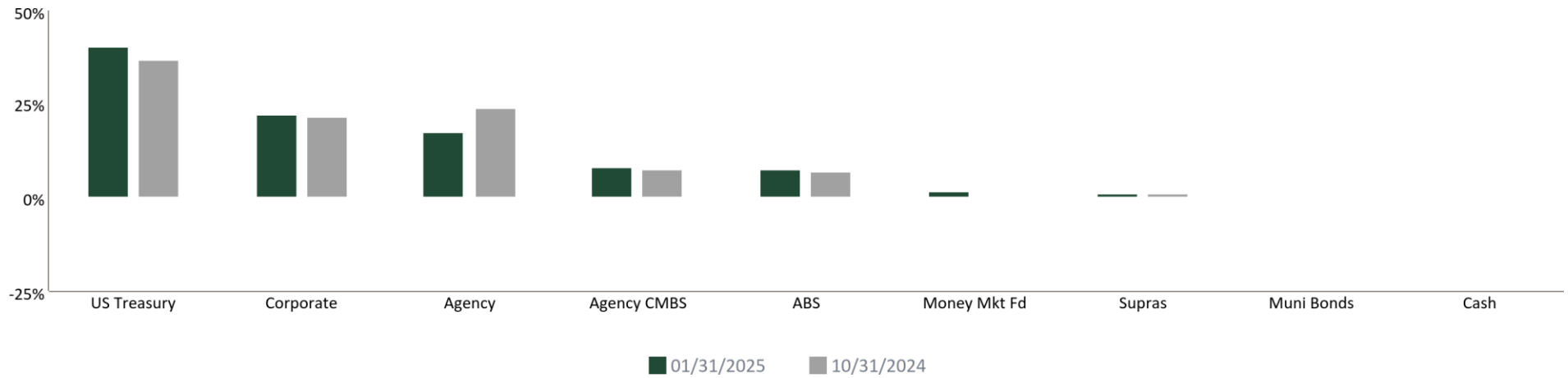
Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

	Benchmark*	1/31/2025 Portfolio	10/31/2024 Portfolio
Average Maturity (yrs)	1.83	2.39	2.21
Average Modified Duration	1.73	2.06	1.94
Average Purchase Yield		4.02%	3.76%
Average Market Yield	4.22%	4.38%	4.39%
Average Quality**	AA+	AA+	AA+
Total Market Value		547,294,113	542,122,696

*Benchmark: ICE BofA 1-3 Year US Treasury Index
**The credit quality is a weighted average calculation of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025



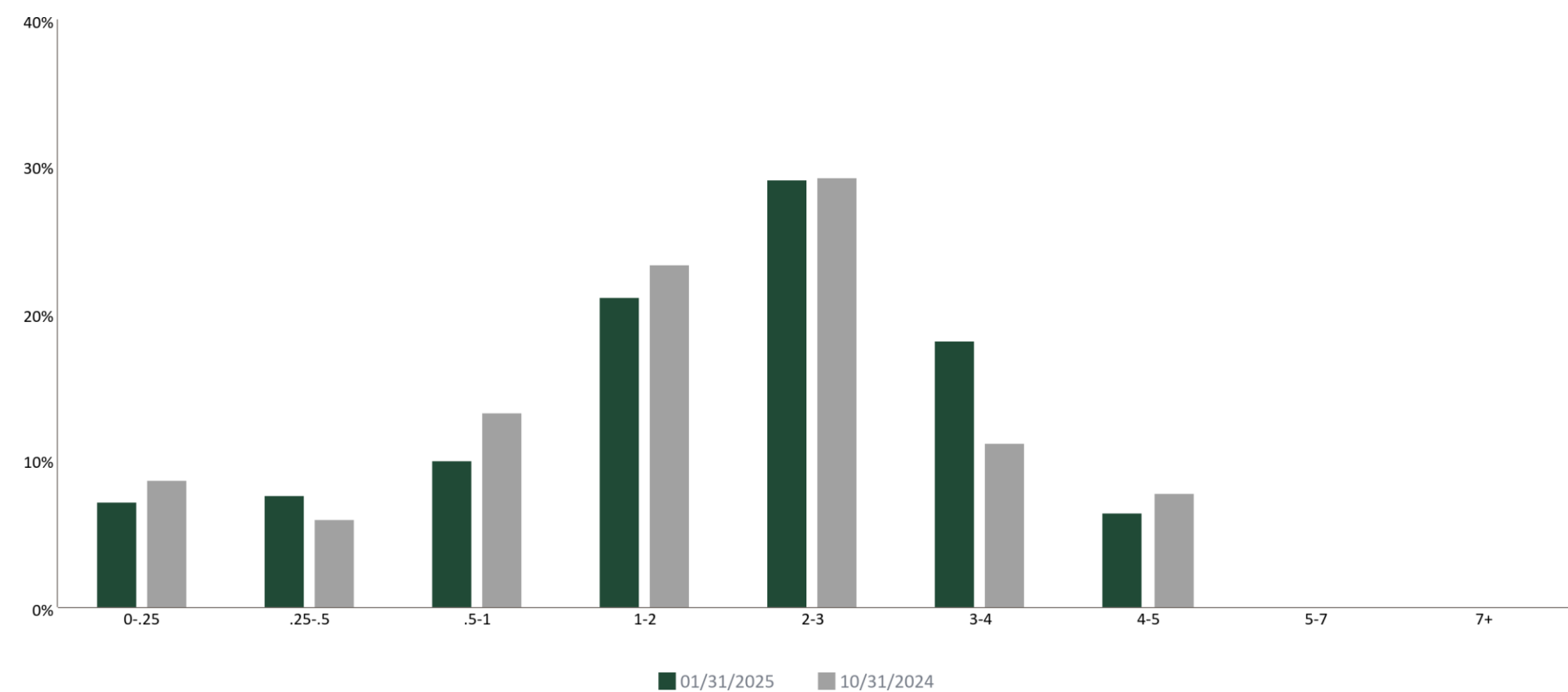
Sector as a Percentage of Market Value

Sector	01/31/2025	10/31/2024
US Treasury	40.61%	36.87%
Corporate	22.19%	21.91%
Agency	17.49%	23.98%
Agency CMBS	8.60%	8.00%
ABS	7.57%	7.12%
Money Mkt Fd	1.69%	0.91%
Supras	1.54%	1.56%
Muni Bonds	0.31%	0.32%
Cash	0.00%	-0.66%

DURATION DISTRIBUTION



Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

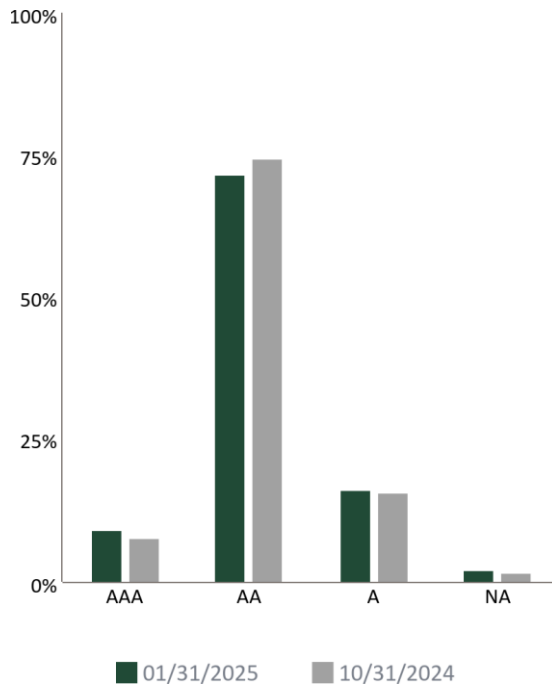


Date	0-.25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
01/31/2025	7.3%	7.7%	10.0%	21.2%	29.1%	18.2%	6.5%	0.0%	0.0%
10/31/2024	8.7%	6.1%	13.3%	23.4%	29.4%	11.2%	7.9%	0.0%	0.0%

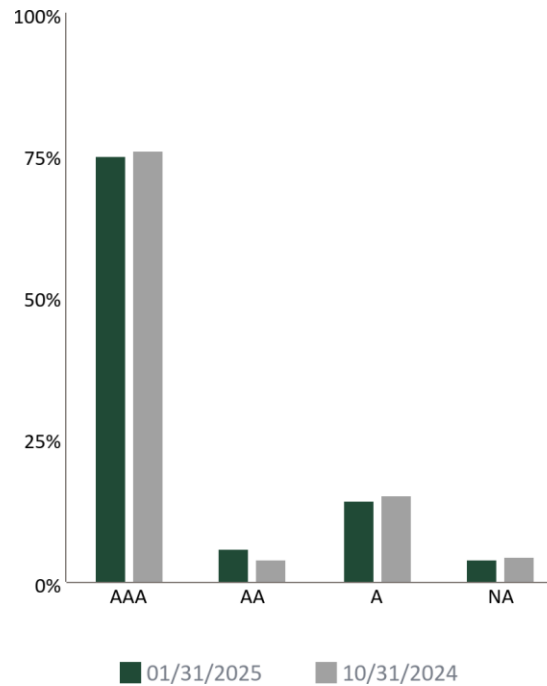
QUALITY DISTRIBUTION

Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

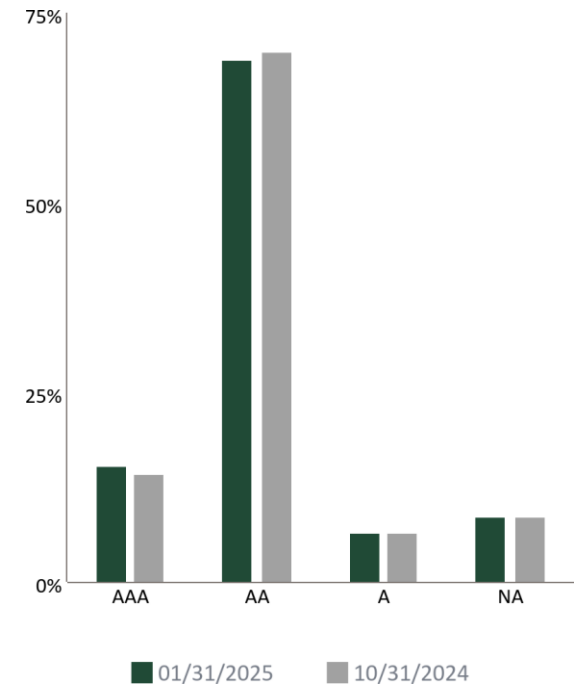
S&P Rating



Moody's Rating



Fitch Rating



Rating	01/31/2025	10/31/2024
AAA	9.2%	7.9%
AA	71.9%	74.7%
A	16.6%	15.8%
NA	2.2%	1.7%

Rating	01/31/2025	10/31/2024
AAA	75.3%	75.9%
AA	6.1%	4.0%
A	14.3%	15.5%
NA	4.3%	4.5%

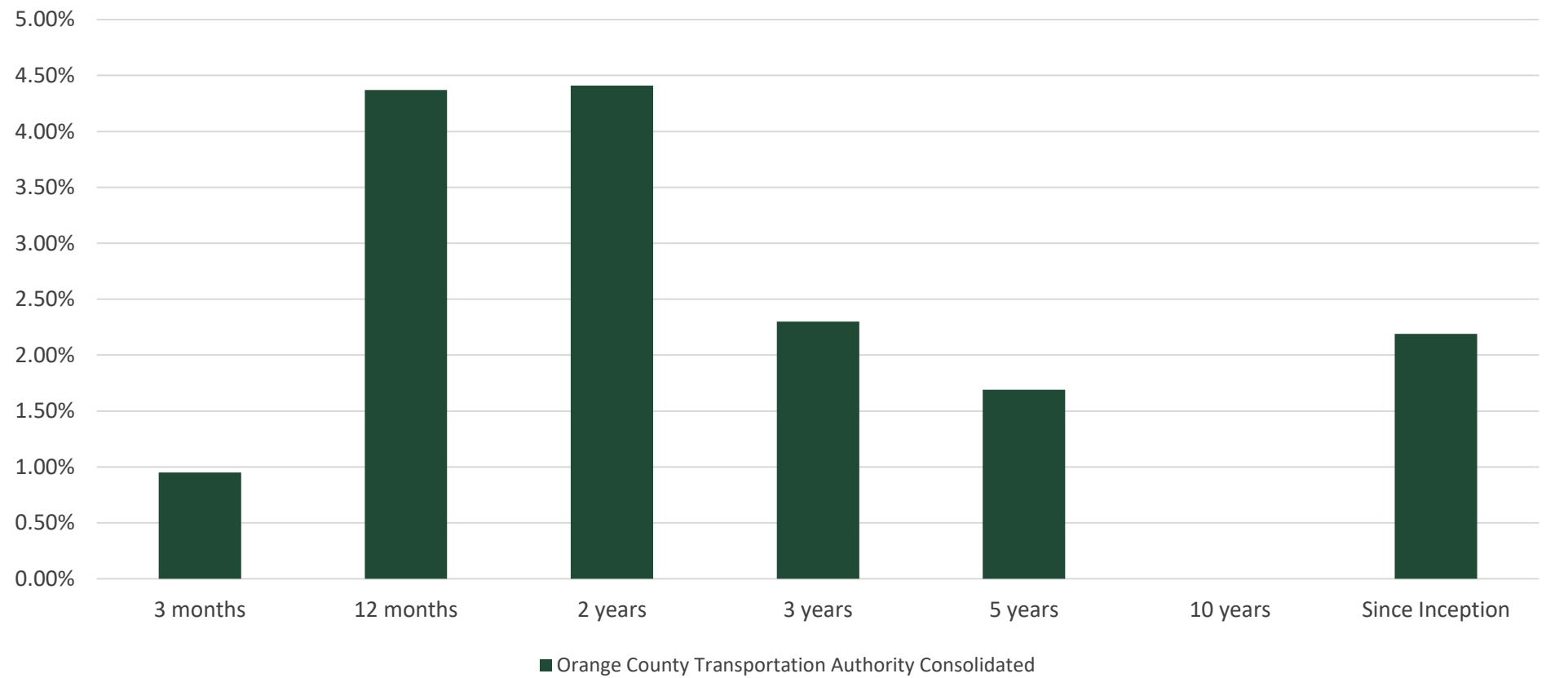
Rating	01/31/2025	10/31/2024
AAA	15.6%	14.3%
AA	69.0%	70.1%
A	6.8%	6.8%
NA	8.6%	8.8%

INVESTMENT PERFORMANCE



Orange County Transportation Authority Cons | Account #10829 | As of January 31, 2025

Total Rate of Return : Inception | 05/01/2018



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
OCTA Cons Agg	0.95%	4.37%	4.41%	2.30%	1.69%		2.19%

*Periods over 1 year are annualized.
Total rate of return: A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

PORTFOLIO CHARACTERISTICS



Orange County Transportation Authority | Account #10587 | As of January 31, 2025

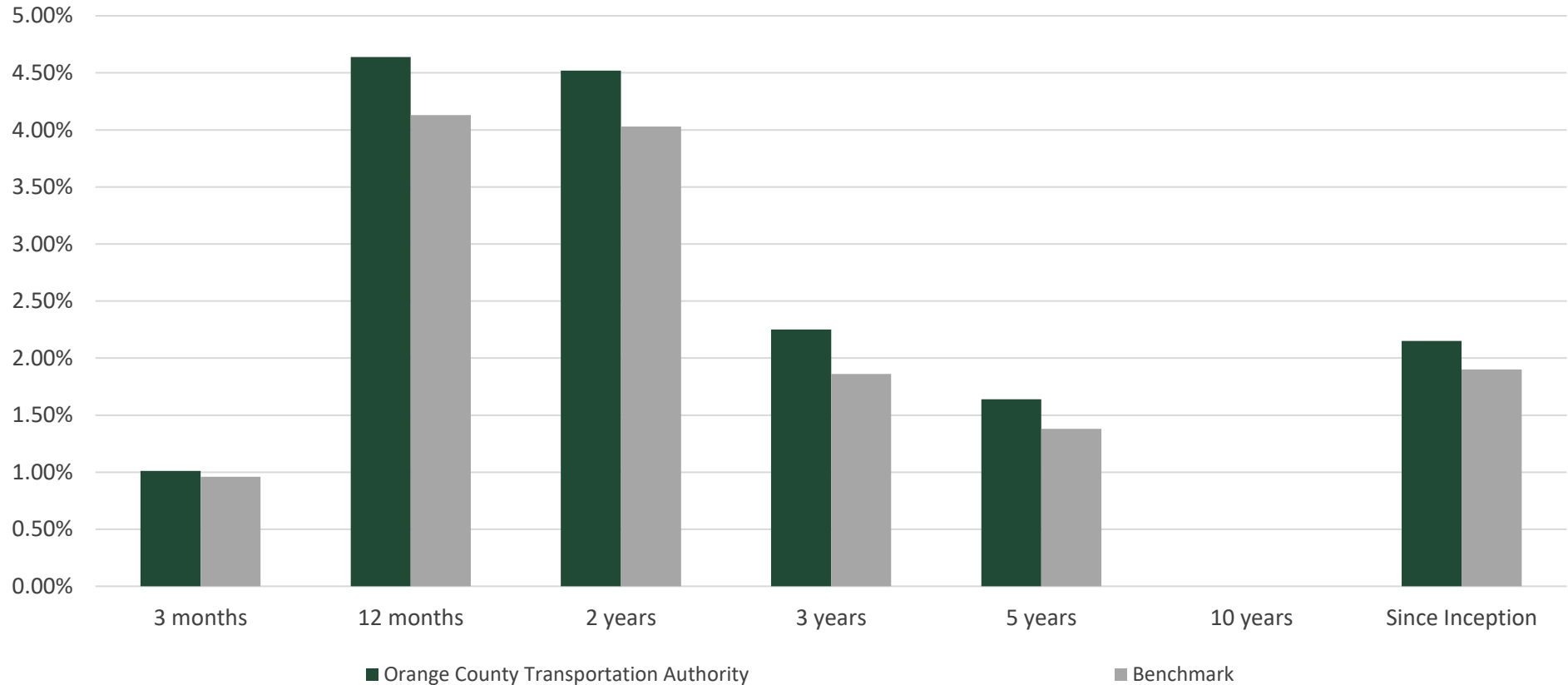
	Benchmark*	1/31/2025 Portfolio	10/31/2024 Portfolio
Average Maturity (yrs)	1.83	2.18	2.00
Average Modified Duration	1.73	1.85	1.71
Average Purchase Yield		3.95%	3.53%
Average Market Yield	4.22%	4.40%	4.41%
Average Quality**	AA+	AA+	AA+
Total Market Value		380,589,680	376,790,535

*Benchmark: ICE BofA 1-3 Year US Treasury Index
**The credit quality is a weighted average calculation of S&P, Moody's and Fitch.

INVESTMENT PERFORMANCE

Orange County Transportation Authority | Account #10587 | As of January 31, 2025

Total Rate of Return : Inception | 05/01/2018



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
Orange Cnty Trans Authority	1.01%	4.64%	4.52%	2.25%	1.64%		2.15%
Benchmark	0.96%	4.13%	4.03%	1.86%	1.38%		1.90%

*Periods over 1 year are annualized.

Benchmark: ICE BofA 1-3 Year US Treasury Index

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

PORTFOLIO CHARACTERISTICS



OCTA 405 Improvement Project | Account #10828 | As of January 31, 2025

	Benchmark*	1/31/2025 Portfolio	10/31/2024 Portfolio
Average Maturity (yrs)	2.64	2.87	2.70
Average Modified Duration	2.46	2.56	2.46
Average Purchase Yield		4.16%	4.27%
Average Market Yield	4.25%	4.35%	4.34%
Average Quality**	AA+	AAA	AAA
Total Market Value		166,704,434	165,332,161

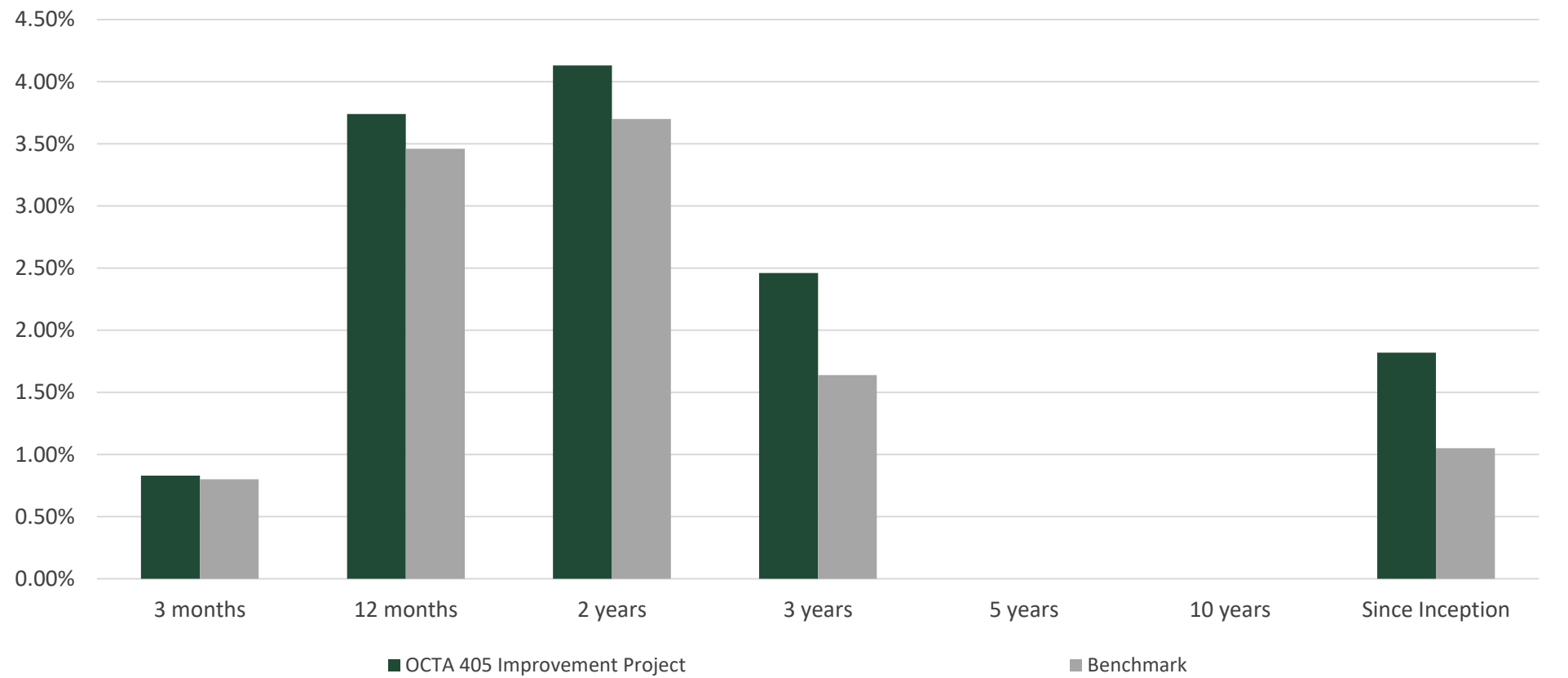
*Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index
**The credit quality is a weighted average calculation of S&P, Moody's and Fitch.

INVESTMENT PERFORMANCE



OCTA 405 Improvement Project | Account #10828 | As of January 31, 2025

Total Rate of Return : Inception | 07/01/2021



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
OCTA 405 Improvement Project	0.83%	3.74%	4.13%	2.46%			1.82%
Benchmark	0.80%	3.46%	3.70%	1.64%			1.05%

*Periods over 1 year are annualized.
Benchmark: ICE BofA 1-3 Yr US Treasury Index to 9/30/2024, thereafter ICE BofA 1-5 Yr US Treasury & Agency Index
Total rate of return: A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.