INVESTMENT REPORT

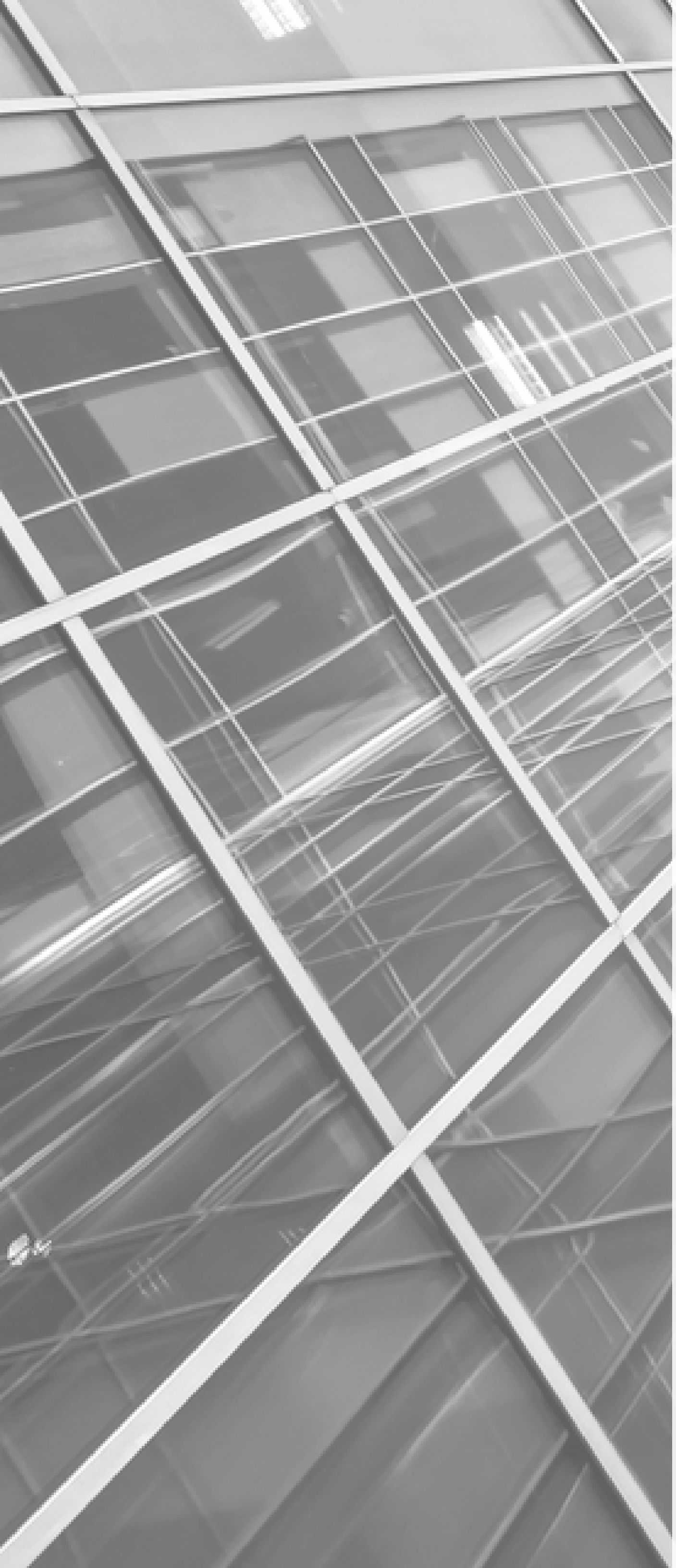
Orange County Transportation Authority

Period Ending January 31, 2024

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com

Table of Contents

As of January 31, 2024



Section 1 | Economic Update

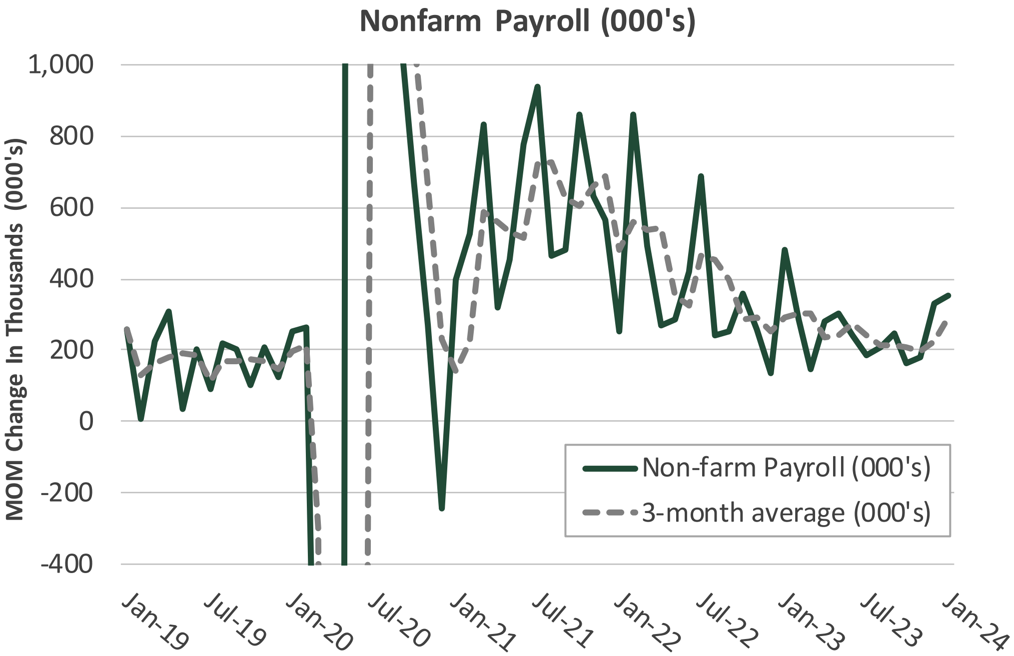
Economic Update

- Recent economic data has shown above trend growth fueled by a rise in consumer spending and a continuing healthy US job market. Inflationary trends are subsiding, but core levels remain above the Fed's target. Given the cumulative effects of restrictive monetary policy and tighter financial conditions, we believe the economy will gradually soften and the Fed will loosen monetary policy in 2024.

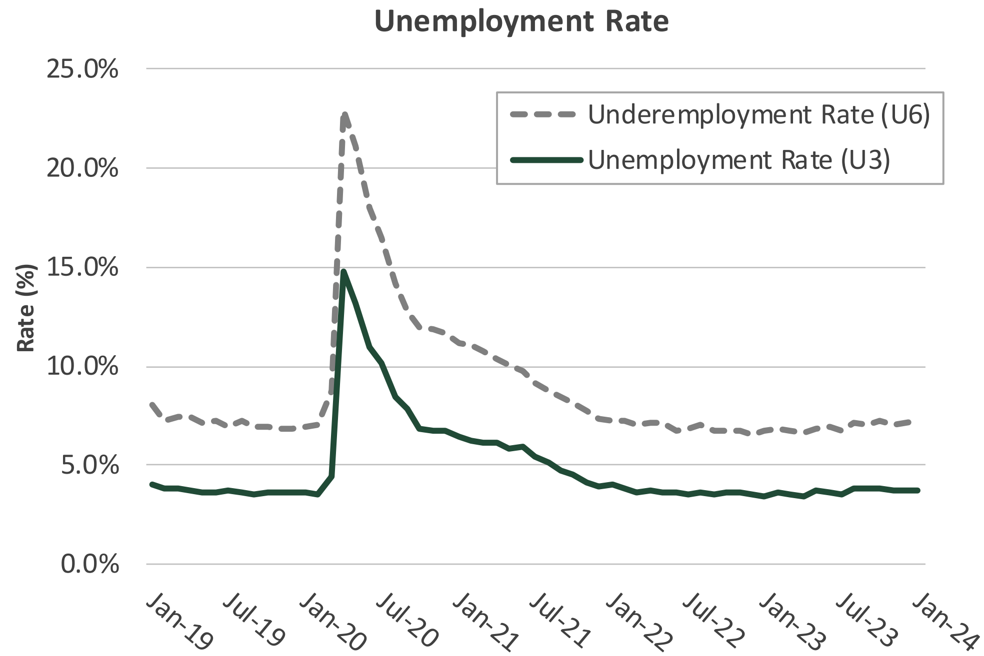
- As expected at the January meeting, the Federal Open Market Committee voted unanimously to leave the Federal Funds rate unchanged at a target range of 5.25 - 5.50%. Fed Chair Powell signaled that the federal funds rate is likely at or near its peak, but discounted market expectations of a rate cut in March. We believe the FOMC will loosen monetary policy in mid-2024 as inflation and economic growth continue to moderate.

- US Treasury rates declined minimally in the front-end of the yield curve in January. The 2-year Treasury yield declined 4 basis points to 4.21%, the 5-year Treasury yield dropped 1 basis point to 3.84%, and the 10-year Treasury yield decreased 3 basis points to 3.91%. The inversion between the 2-year Treasury yield and 10-year Treasury yield narrowed to -30 basis points at January month-end versus -37 basis points at December month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -69 basis points. The inversion between 3-month and 10-year Treasuries remained at -146 basis points in January from December. Interest rates peaked in the third quarter of 2023 prior to Fed Chair Powell's dovish remarks late in the year, which resulted in a decline in yields across the curve. The Fed signaled a shift towards less restrictive monetary policy in 2024. The shape of the yield curve indicates that the probability of recession persists.

Employment



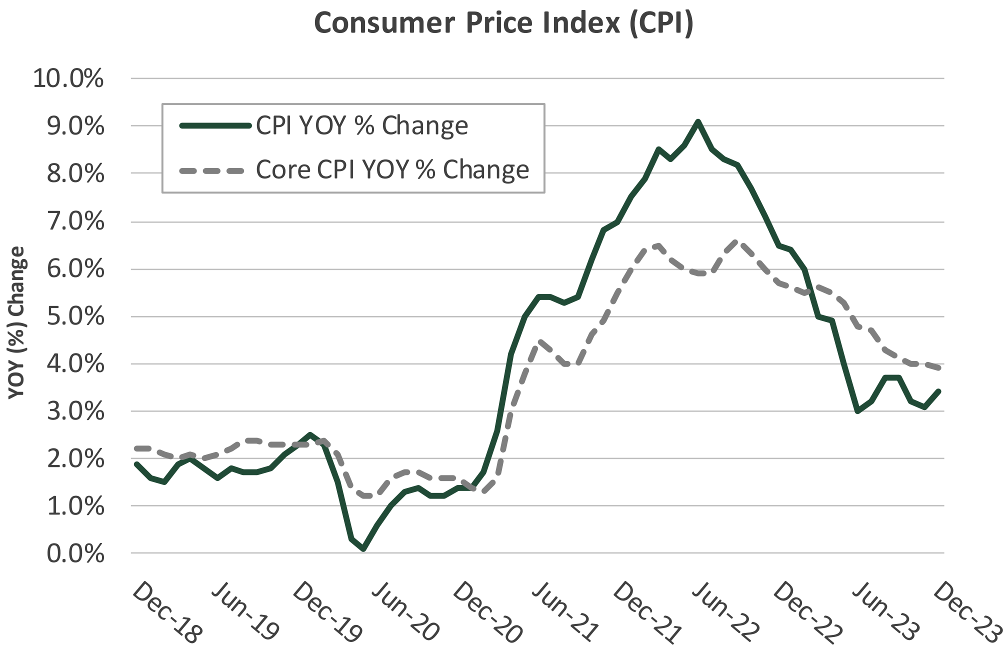
Source: US Department of Labor



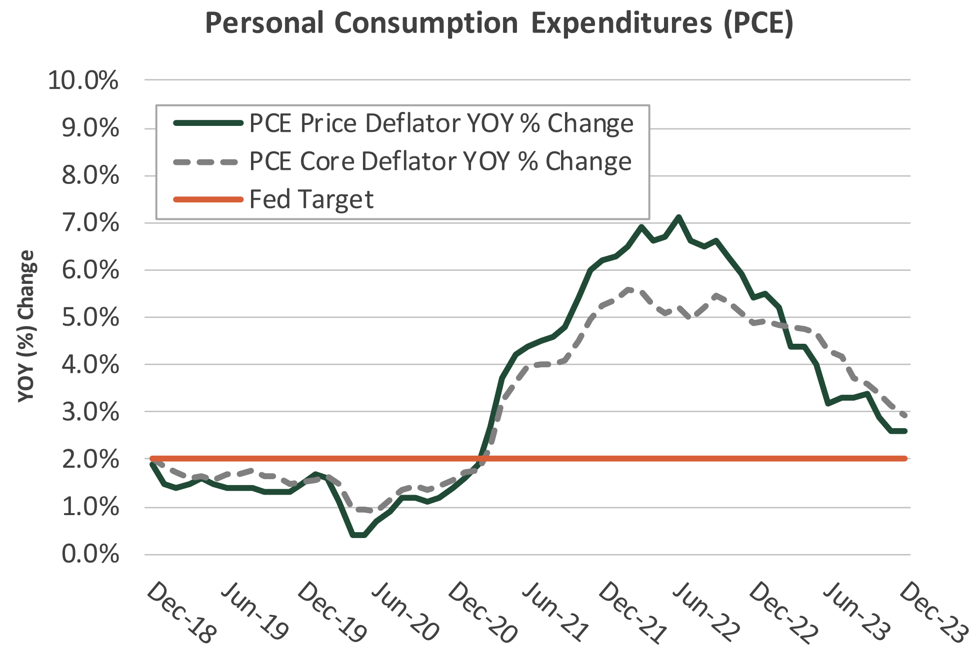
Source: US Department of Labor

The U.S. economy added 353,000 jobs in January, vastly exceeding consensus expectations of 185,000, and upwardly revised 333,000 jobs in December. Leading sectors included professional and business services, health care, retail trade, and social assistance. The trajectory of job creation has increased, with the three-month moving average payrolls at 289,000 and the six-month moving average at 248,000. The unemployment rate remained unchanged at 3.7% for the third month, and the labor participation rate was unchanged at 62.5%, 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 rose to 7.2% from 7.1% last month. Average hourly earnings rose 4.5% year-over-year in January, increasing from an upwardly revised 4.3% gain last month. Employment remains strong by historical standards.

Inflation



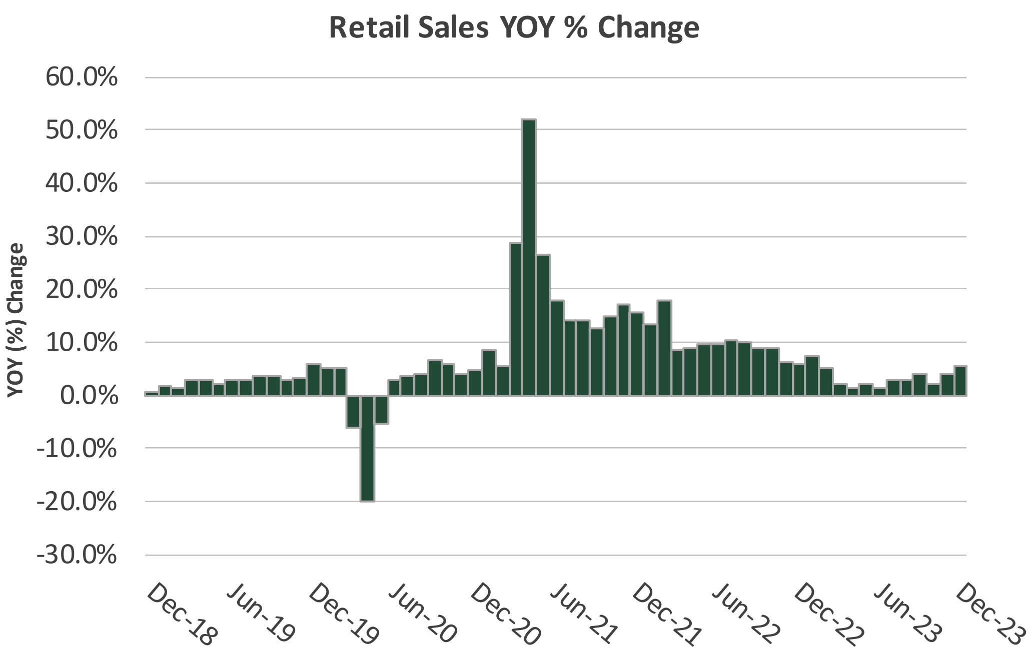
Source: US Department of Labor



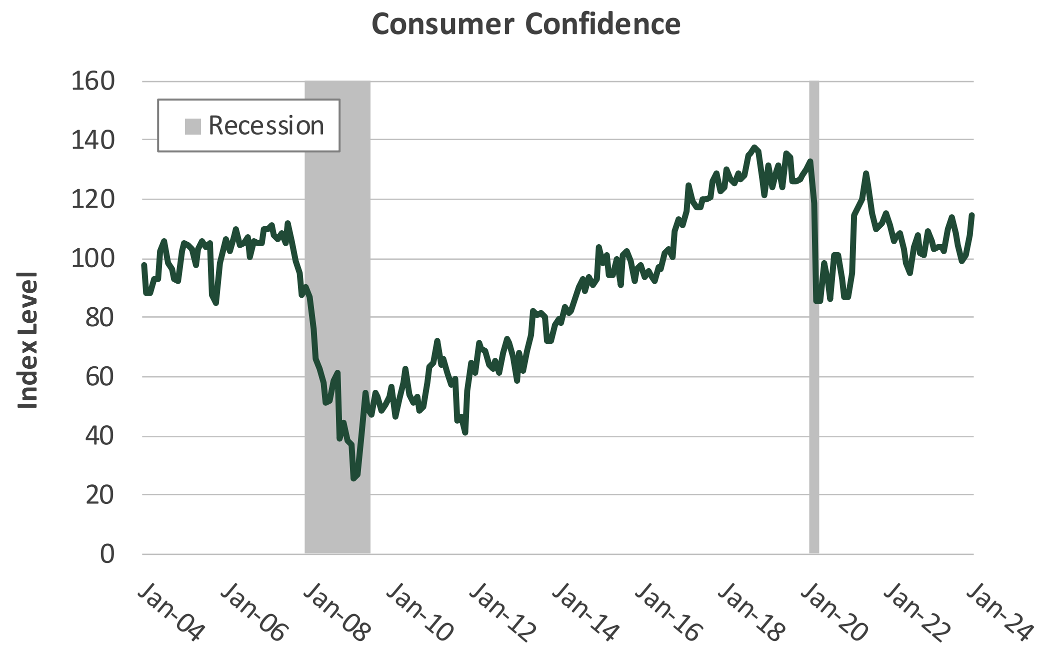
Source: US Department of Commerce

The Consumer Price Index (CPI) increased 0.3% month-over-month and 3.4% year-over-year in December, increasing from 3.1% year-over-year in November. The Core CPI, which excludes volatile food and energy components, was up 0.3% month-over-month and 3.9% year-over-year, down from November. Shelter costs remain elevated, contributing to more than half of the overall increase while motor-vehicle insurance costs jumped by over 20%, the most since 1976. The Personal Consumption Expenditures (PCE) Index headline inflation increased 0.2% month-over-month and rose 2.6% year-over-year in line with November. Core PCE, the Federal Reserve's preferred inflation gauge, increased 0.2% month-over-month and continued its deceleration to 2.9% year-over-year in December from a 3.2% year-over-year in November. The trend is moderating, but inflation remains above the Fed's 2% target.

Consumer



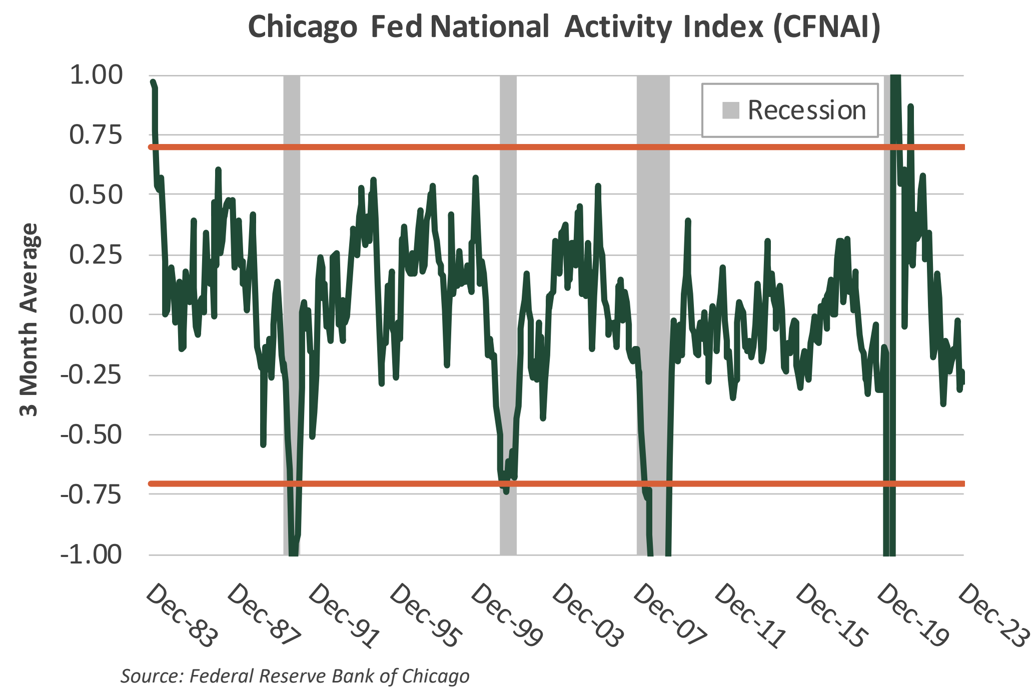
Source: US Department of Commerce



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

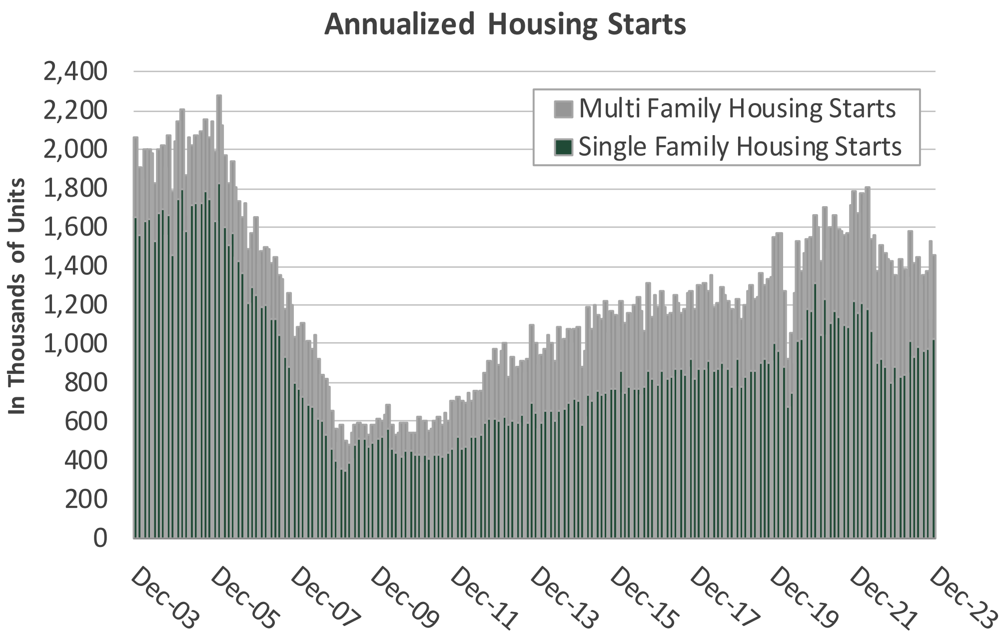
Retail Sales accelerated to 0.6% in December after an unrevised +0.3% in November, exceeding the +0.4% consensus forecast. On a year-over-year basis, Retail Sales growth increased to 5.6% in December from 4.0% in November due to notable gains in categories like food and drinking places, clothing, general merchandise stores, and e-commerce. The Conference Board's Consumer Confidence Index surged to a two-year high of 114.8 in January from 108.0 in December on surging views of current conditions and declining pessimism about the future. The increase in confidence points to slower inflation, anticipation of lower interest rates, and generally favorable employment conditions. While the consumer has been resilient, dwindling excess savings, rising credit card balances, and the resumption of student loan payments pose potential headwinds to future economic growth.

Leading Indicators of Economic Activity

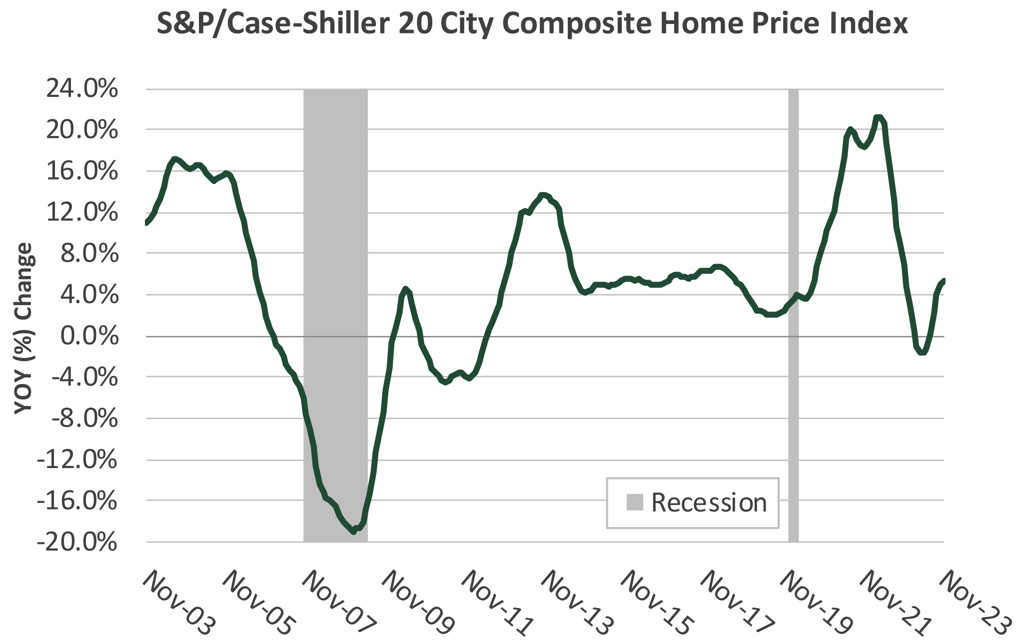


The Conference Board's Leading Economic Index (LEI) fell 0.1% in December, marking the twenty-first consecutive month-over-month decline. The index dropped 6.9% year-over-year. Although the magnitude of the monthly declines has lessened, the Conference Board continues to view the underlying weakness as signaling the risk of recession persists. The Chicago Fed National Activity Index (CFNAI) declined to -0.15 in December from a downwardly revised +0.01 in November. On a 3-month moving average basis, the CFNAI declined to -0.28 in December from -0.24 in November, indicating a rate of growth below the historical average trend.

Housing



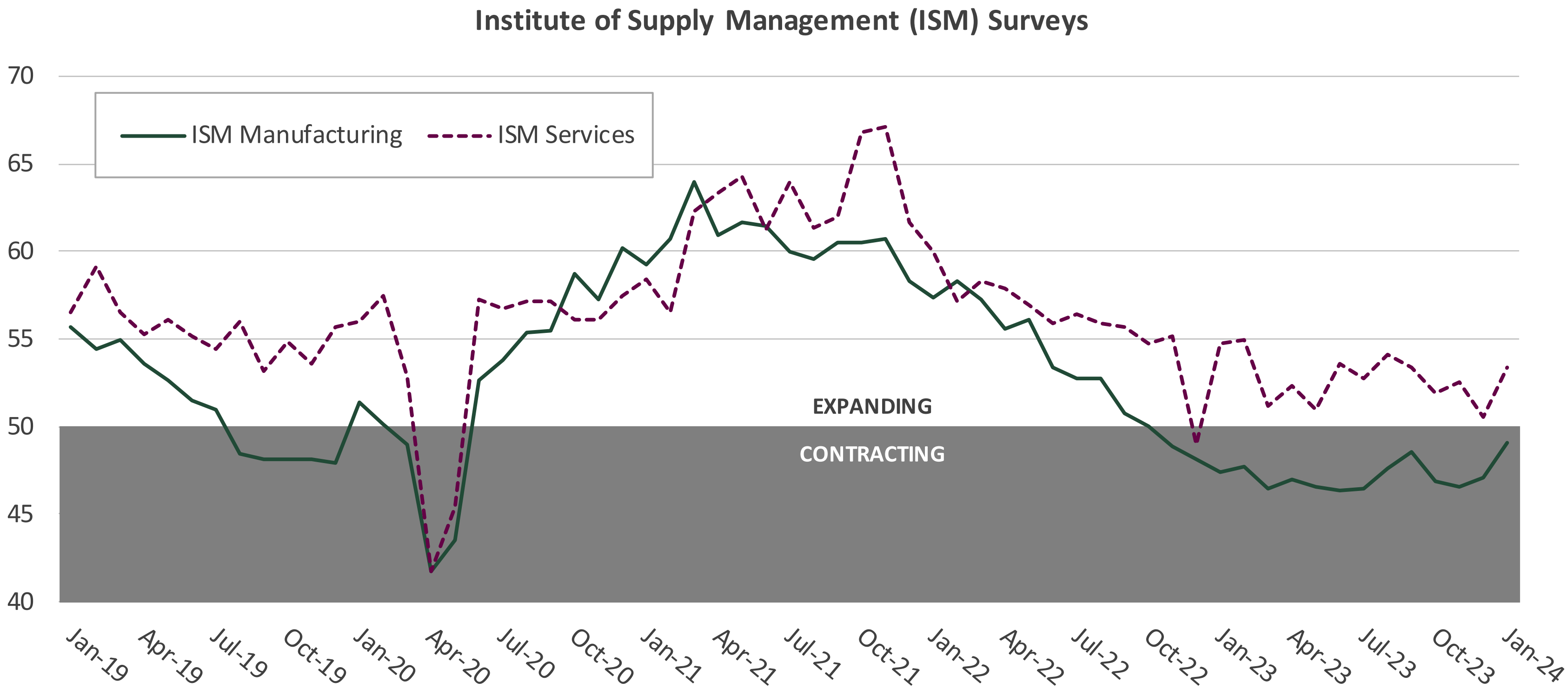
Source: US Department of Commerce



Source: S&P

Housing Starts decreased month-over-month in December by 4.3% to an annual rate of 1.460 million units. Starts for single-family homes were down 8.6%, while multi-family homes rose 7.5%. Total starts of new homes are up 15.8% year-over-year. Although single family home starts decreased in December, the National Association of Home Builders Market Index increased faster than expectations due to lower mortgage rates providing a boost in confidence for homebuilders. According to Freddie Mac, average 30-year fixed rate mortgage rates declined to 6.63% as of February 1st. According to the Case-Shiller 20-City Home Price Index, housing prices rose 5.40% year-over-year in November, accelerating from a 4.88% year-over-year gain in October. Tight inventories and higher mortgage rates continue to impact affordability.

Survey Based Measures



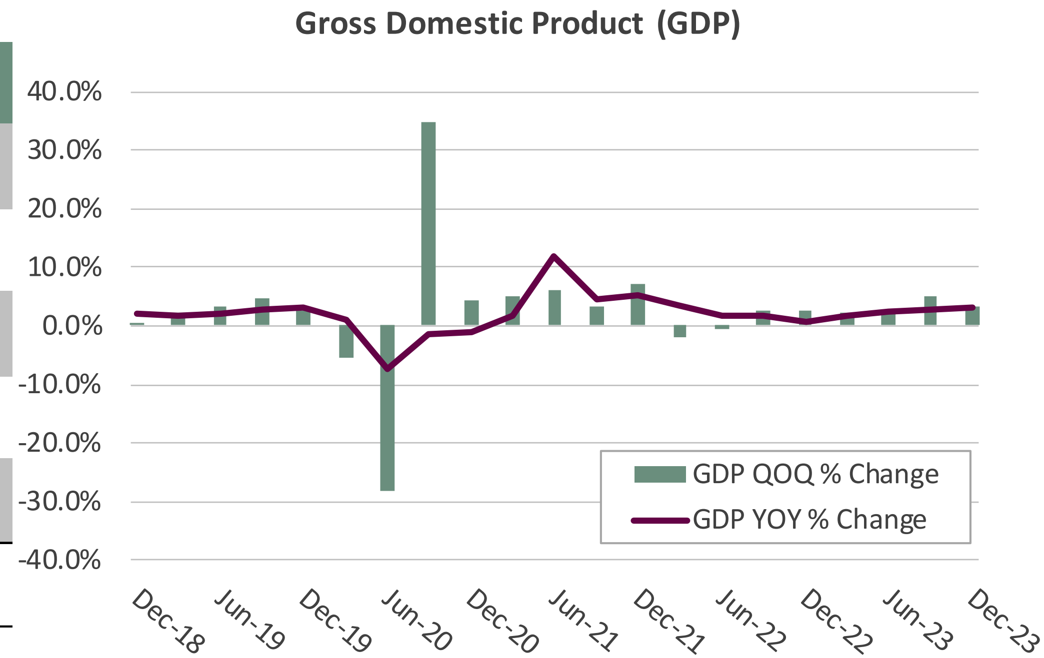
Source: Institute for Supply Management

The Institute for Supply Management (ISM) Manufacturing index moved higher to 49.1 in January from 47.1 in December as demand moderately improved, while output remained stable. However, this marks the 15th consecutive month of contraction in factory activity below a reading of 50. The ISM Services Index rebounded to 53.4 in January from 50.6 in December due to steady business conditions across the sector. Respondents are optimistic about the economy due to the potential impact of interest rate cuts; however, they are cautious due to inflation, associated cost pressures and ongoing geopolitical conflicts.

Gross Domestic Product (GDP)

Components of GDP	3/23	6/23	9/23	12/23
Personal Consumption Expenditures	2.5%	0.6%	2.1%	1.9%
Gross Private Domestic Investment	-1.7%	0.9%	1.7%	0.4%
Net Exports and Imports	0.6%	0.0%	0.0%	0.4%
Federal Government Expenditures	0.3%	0.1%	0.5%	0.2%
State and Local (Consumption and Gross Investment)	0.5%	0.5%	0.5%	0.4%
Total	**2.3%**	**2.1%**	**4.9%**	**3.3%**

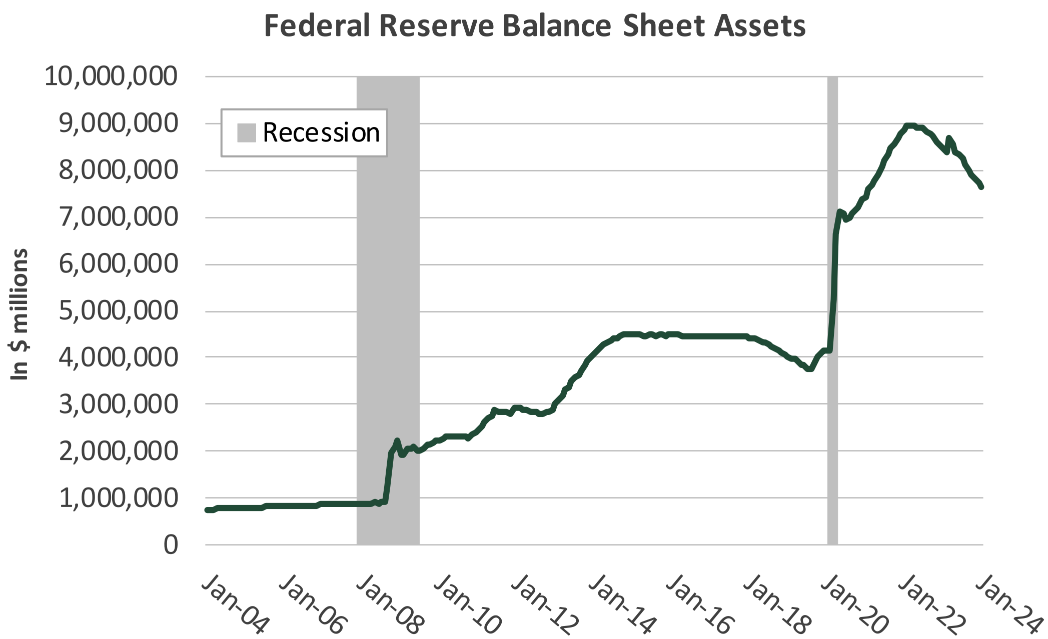
Source: US Department of Commerce



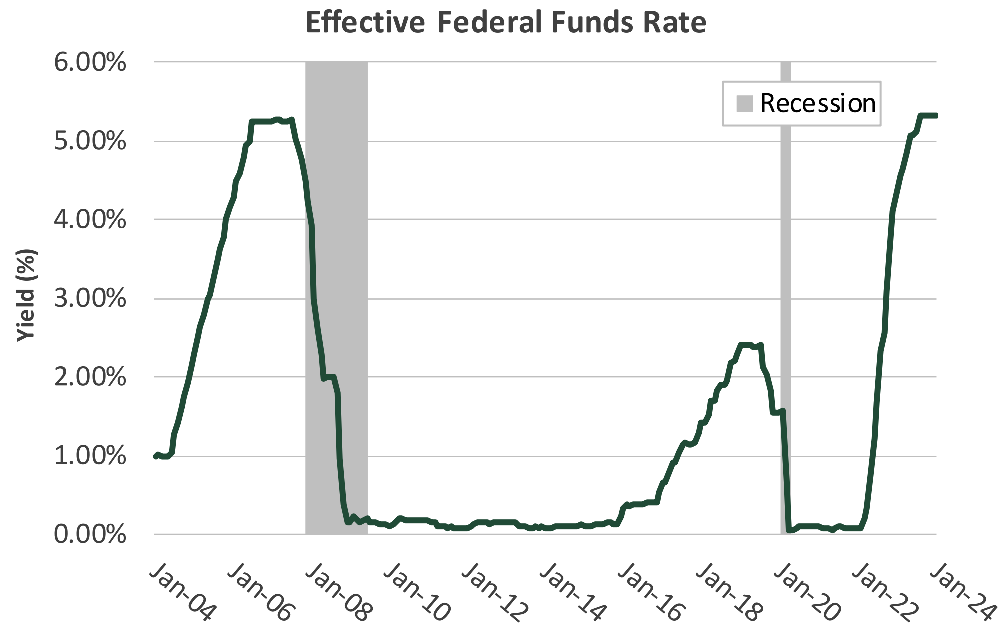
Source: US Department of Commerce

According to the advance estimate, fourth quarter GDP increased at an annualized rate of 3.3%, down from 4.9% in the third quarter. The headline growth was led by consumer and government spending. The consensus estimate calls for 2.3% growth in the first quarter and 1.5% growth for the full year 2024.

Federal Reserve



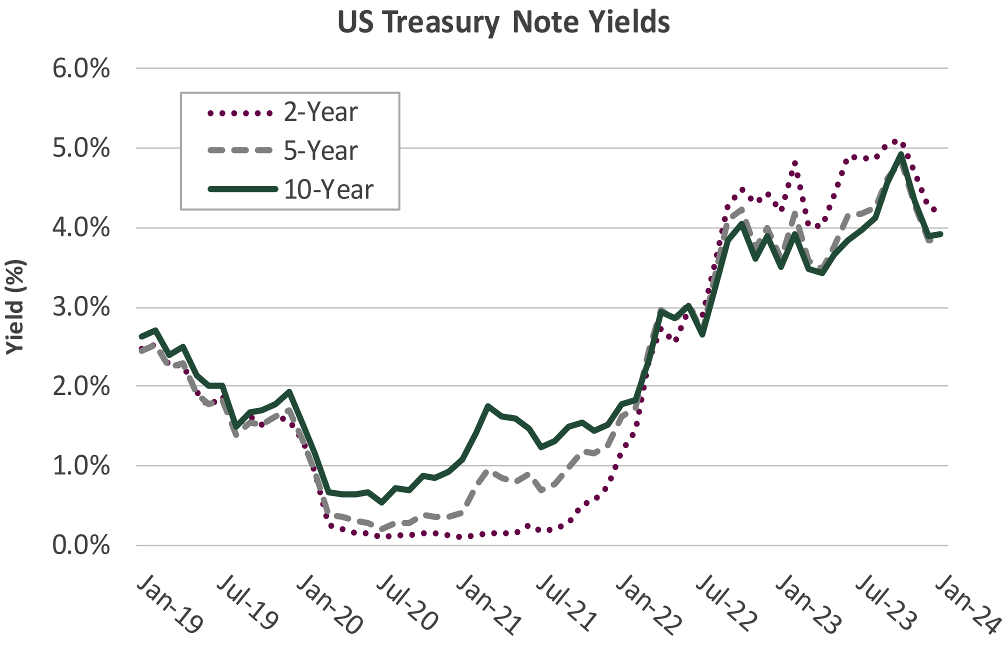
Source: Federal Reserve



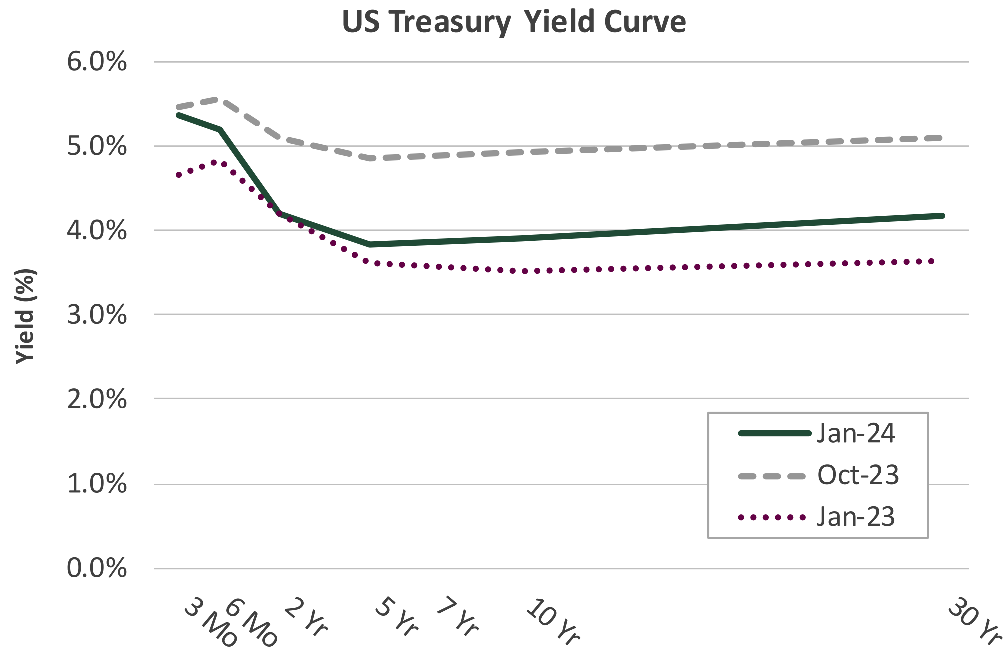
Source: Bloomberg

As expected at the January meeting, the Federal Open Market Committee voted unanimously to leave the federal funds rate unchanged at a target range of 5.25-5.50%. The Fed assesses the progress to achieving its employment and inflation goals are moving into better balance, yet changes to monetary policy remain data dependent. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. However, Fed Chair Powell signaled that the federal funds rate is likely at or near its peak. The futures market is pricing in 5 rate cuts in 2024. We believe the FOMC will loosen monetary policy in mid-2024 as inflation and economic growth continue to moderate. Since the Fed began its Quantitative Tightening campaign in June 2022, securities holdings have declined by over $1.3T to approximately $7.6T.

Bond Yields

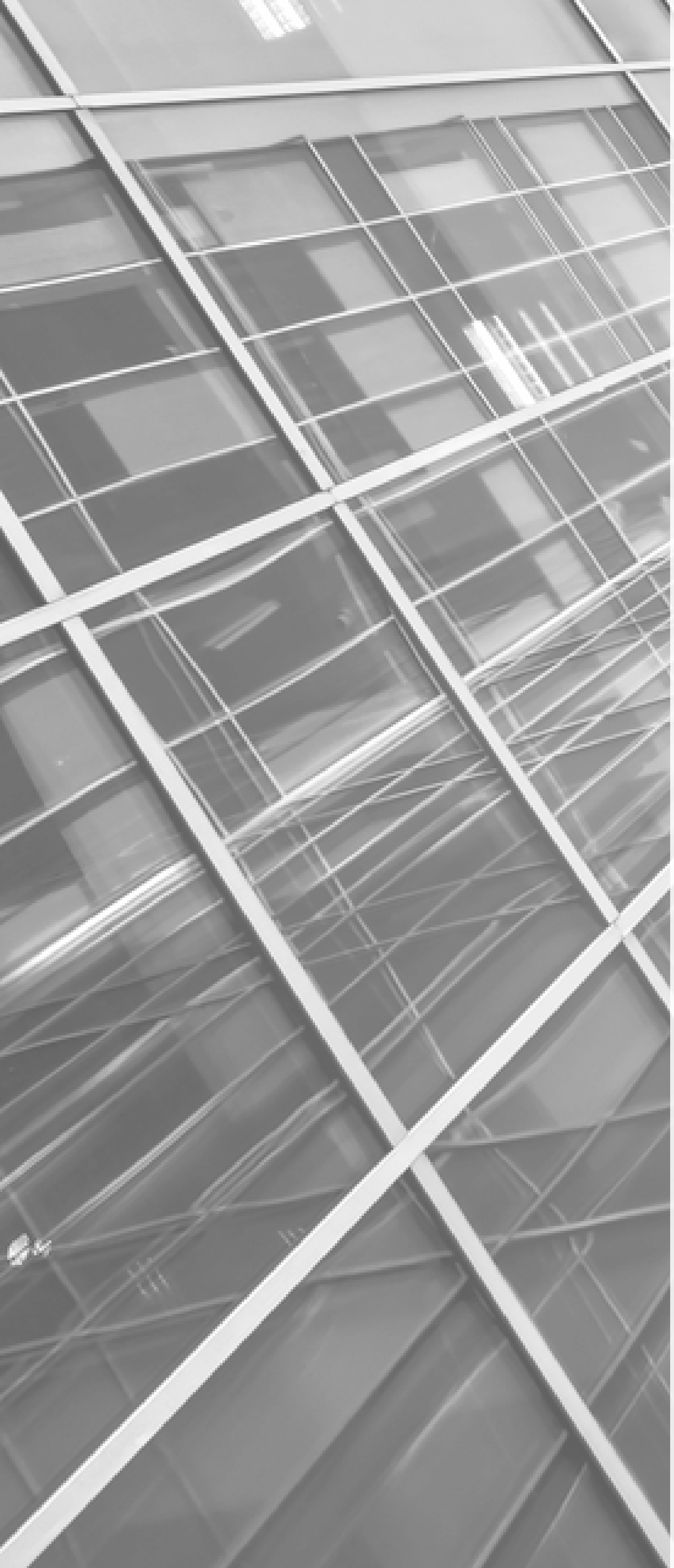


Source: Bloomberg



Source: Bloomberg

At the end of January, the 2-year Treasury yield was 1 basis point lower, and the 10-Year Treasury yield was 40 basis points lower, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield narrowed to -30 basis points at January month-end versus -37 basis points at December month-end. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year Treasuries was unchanged at -146 basis points in January from December. The shape of the yield curve indicates that the probability of recession persists.



Section 2 | 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.

Compliance

As of January 31, 2024

Orange County Transportation Authority Consolidated

Assets managed by Chandler Asset Management are in full compliance with state law and the Client's investment policy.

Investment Type	Minimum Rating	Max%	Max % Issuer	Max Maturity	Miscellaneous	Comment
U.S. Treasuries		100%		5 years		*Complies*
Federal Agencies		100%		5 years		*Complies*
Supranational Obligations	"AA" rating category or higher by a NRSRO	20%	10%	5 years	USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	*Complies*
Municipal Securities (CA, Local Agency)	"A" rating category or "A-1" rated or higher by a NRSRO	30%	5%	5 years	OCTA Notes and Bonds: 25% max	*Complies*
Municipal Securities (CA, Other States)	"A" rating category or "A-1" rated or higher by a NRSRO	30%	5%	5 years		*Complies*
Corporate Medium Term Notes	"A" rating category or better by a NRSRO	30%	5%	5 years	Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	*Complies*
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (Non-Agency)	"AA" rating category or better by a NRSRO	20%	5%	5 years	5% max per issuer (except U.S. Treasuries and U.S. Government Agency issuers)	*Complies*
Agency Mortgage Securities				5 years		*Complies*
Negotiable Certificates of Deposit (NCD)	"A" rating category or "A-1" rated or higher by 2 NRSROs	30%	5%	5 years		*Complies*
Collateralized Bank Deposits	A-1 short-term rating or higher by a NRSRO	5%		5 years		*Complies*
Banker's Acceptances	"A-1" rated or higher by 2 NRSROs	30%	5%	180 days		*Complies*
Commercial Paper	"A-1" rated or higher by 2 NRSROs; A rating category or its equivalent or higher by 2 NRSROs, if any long-term debt issued	40%	10%	270 days	Issued by corporations organized and operating within the U.S. and having total assets >$500 million	*Complies*
Money Market Mutual Funds	"AAA" or Highest rating by two NRSROs	20%	10%			*Complies*
Mutual Funds	"AAA" or Highest rating by two NRSROs	20%	10%			*Complies*
Local Agency Investment Fund (LAIF)		$75 million			$75 million per account; Current deposit limits for LAIF regular account are set by the State Treasurer; Not used by Investment Adviser	*Complies*
Local Government Investment Pool		10%			Orange County Treasury Investment Pool (OCIP): 10% max; Pooled fund managed by the Orange County Treasurer; Comprised of two funds: the Money Market Fund and Extended Fund; Joint Powers Authority (JPA) Investment Pools: 10% max; Shares of beneficial interest issued by a joint powers authority pursuant to CGC	*Complies*

Compliance

As of January 31, 2024

Orange County Transportation Authority Consolidated

Assets managed by Chandler Asset Management are in full compliance with state law and the Client's investment policy.

Investment Type	Minimum Rating	Max%	Max % Issuer	Max Maturity	Miscellaneous	Comment
Repurchase Agreements	"A" rating category or "A-1" rated or higher by 2 NRSROs	25%		1 year	102% Collateralized by U.S. Treasuries or Agency securities; Not used by Investment Adviser	*Complies*
Variable and Floating Rate Securities		30%		5 years	30% max; 5 years max maturity; Must utilize traditional money market reset indices such as US Treasury bills, Federal Funds, commercial paper or LIBOR, or SOFR, and meet credit requirements detailed in Investment Policy; Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, (i.e. dual index notes)	*Complies*
Negative Credit Watch/ Credit Rating Actions					For all other security rating downgrades, and for securities placed on Negative Credit Watch, the decision to retain or sell the security will be left to the Investment Manager, and OCTA will be notified immediately of the decision along with rationale regarding the decision to retain or sell.	*Complies*
Max Per Issuer			5%		5% max per issuer/counterparty for all securities except U.S. Treasuries and U.S. Government Agency Securities; Unless otherwise specified in the policy, any one corporation, bank, local agency, special purpose vehicle or other corporate issuer name for one or more series of securities shall not exceed 5% of the portfolio.	*Complies*
Maximum Maturity				5 years	5 years, unless otherwise specified	*Complies*

Portfolio Characteristics

As of January 31, 2024

Orange County Transportation Authority Consolidated

	01/31/24		10/31/23
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	1.84	1.99	1.93
Average Modified Duration	1.75	1.77	1.68
Average Purchase Yield	n/a	2.72%	2.42%
Average Market Yield	4.32%	4.55%	5.39%
Average Quality**	NR	NR/NR	NR/NR
Total Market Value		500,084,344	486,511,876

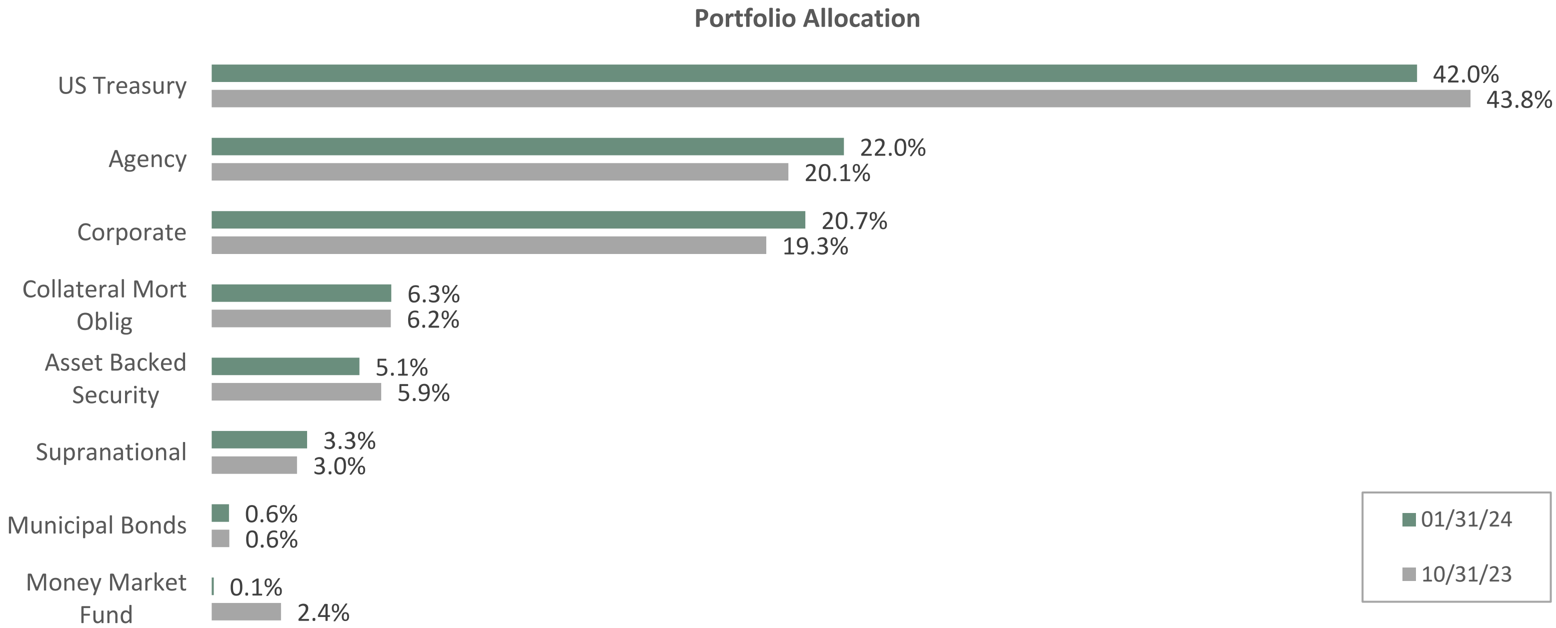
**ICE BofA 1-3 Yr US Treasury Index*

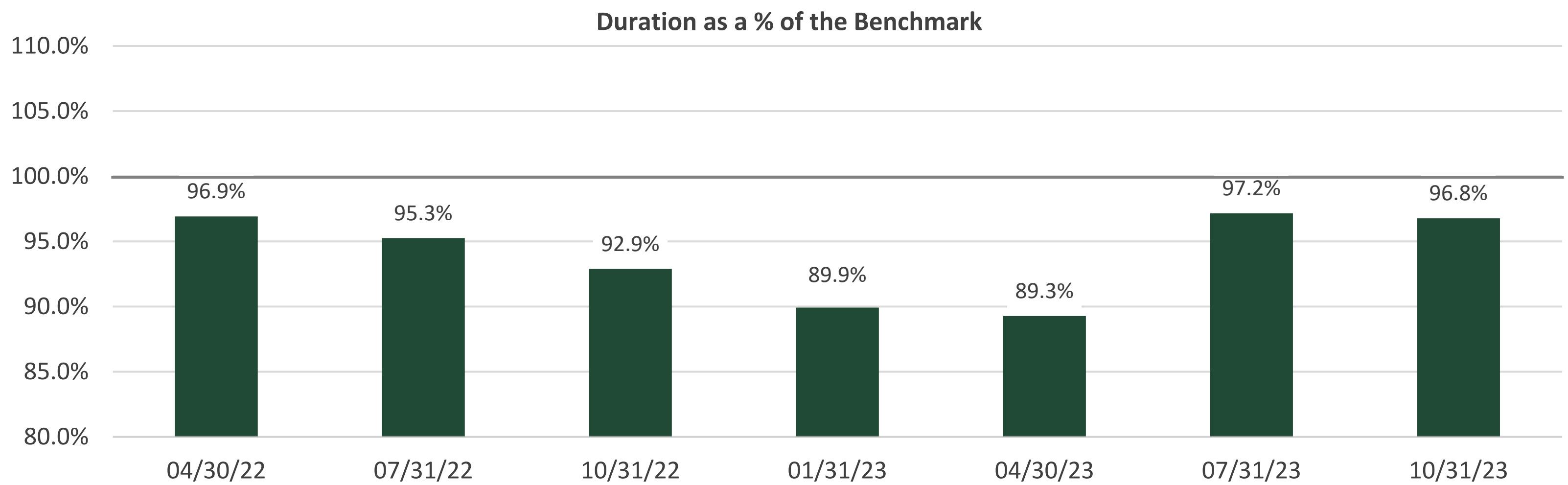
***Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.*

Portfolio Allocation & Duration Changes

As of January 31, 2024

Orange County Transportation Authority Consolidated

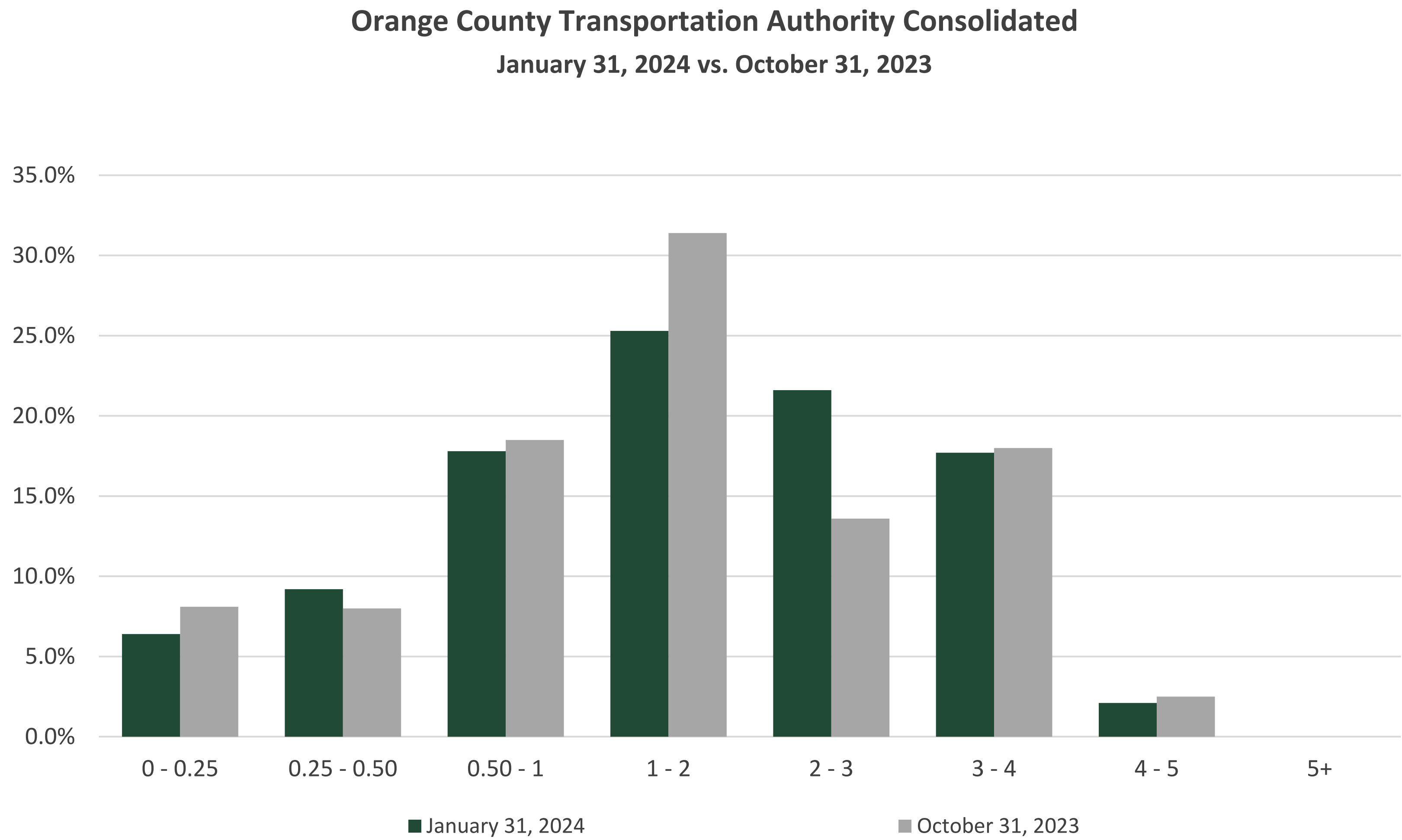




Benchmark: ICE BofA 1-3 Yr US Treasury Index

Duration Distribution

As of January 31, 2024

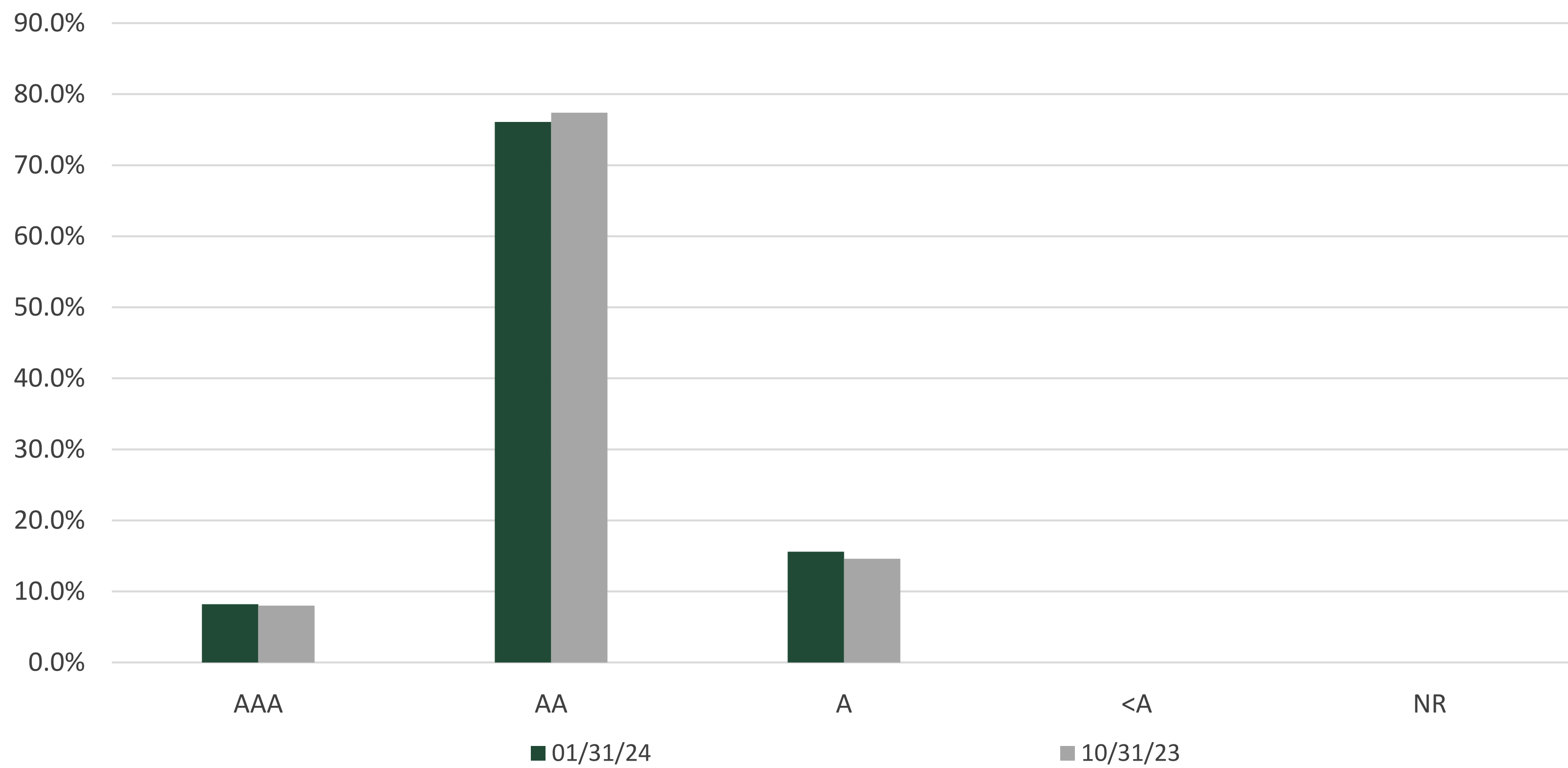


	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
01/31/24	6.4%	9.2%	17.8%	25.3%	21.6%	17.7%	2.1%	0.0%
10/31/23	8.1%	8.0%	18.5%	31.4%	13.6%	18.0%	2.5%	0.0%

Quality Distribution

As of January 31, 2024

Orange County Transportation Authority Consolidated
January 31, 2024 vs. October 31, 2023



	AAA	AA	A	<A	NR
01/31/24	8.2%	76.1%	15.6%	0.0%	0.0%
10/31/23	8.0%	77.4%	14.6%	0.0%	0.0%

Source: S&P Ratings

As of January 31, 2024

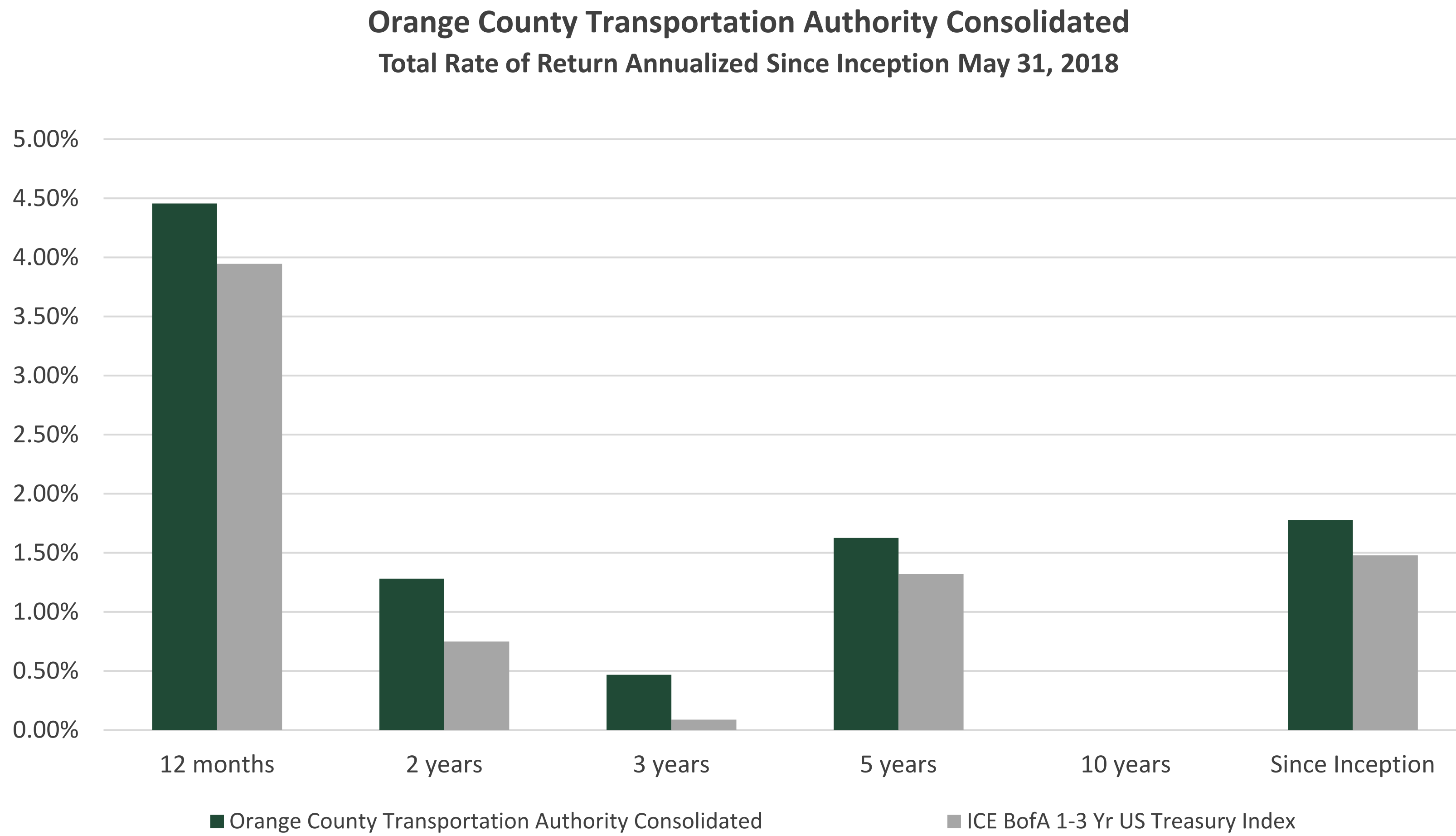
Orange County Transportation Authority Consolidated – Account #10829

Issue Name	Investment Type	% Portfolio
AT&T Corporation	US Treasury	41.95%
Federal Home Loan Bank	Agency	10.70%
Federal Farm Credit Bank	Agency	9.80%
Federal Home Loan Mortgage Corp	Collateral Mort Oblig	6.25%
Federal National Mortgage Association	Agency	1.51%
Inter-American Dev Bank	Supranational	1.32%
Royal Bank of Canada	Corporate	1.29%
New York Life Global Funding	Corporate	1.15%
JP Morgan ABS	Asset Backed Security	1.09%
Paccar Financial	Corporate	1.08%
Caterpillar Inc	Corporate	1.03%
Intl Bank Recon and Development	Supranational	1.01%
International Finance Corp	Supranational	1.00%
Northwestern Mutual Glbl	Corporate	0.99%
Bank of New York	Corporate	0.99%
Deere & Company	Corporate	0.95%
Public Service El & Gas	Corporate	0.92%
US Bancorp	Corporate	0.90%
American Express ABS	Asset Backed Security	0.87%
Charles Schwab Corp/The	Corporate	0.86%
JP Morgan Chase & Co	Corporate	0.85%
Metlife Inc	Corporate	0.82%
Nextera Energy Capital	Corporate	0.81%
Northern Trust Corp	Corporate	0.80%
Apple Inc	Corporate	0.79%
Chubb Corporation	Corporate	0.78%
Duke Energy Field Services	Corporate	0.75%
Amazon.com Inc	Corporate	0.65%
Toyota Motor Corp	Corporate	0.61%
State of New York	Municipal Bonds	0.60%
Toronto Dominion Holdings	Corporate	0.60%
National Rural Utilities	Corporate	0.58%
Prudential Financial Inc	Corporate	0.56%
Honda ABS	Asset Backed Security	0.51%
Morgan Stanley	Corporate	0.49%
Hyundai Auto Lease Securitization	Asset Backed Security	0.48%
GM Financial Securitized Term Auto Trust	Asset Backed Security	0.45%
United Health Group Inc	Corporate	0.40%

Issuers

Orange County Transportation Authority Consolidated – Account #10829

Issue Name	Investment Type	% Portfolio
John Deere ABS	Asset Backed Security	0.38%
Toyota ABS	Asset Backed Security	0.38%
Hyundai Auto Receivables	Asset Backed Security	0.38%
Home Depot	Corporate	0.34%
State Street Bank	Corporate	0.32%
BMW ABS	Asset Backed Security	0.31%
GM Financial Automobile Leasing Trust	Asset Backed Security	0.26%
Wal-Mart Stores	Corporate	0.26%
Salesforce.com Inc	Corporate	0.11%
First American Govt Obligation Fund Class-Z	Money Market Fund	0.07%
BMW Vehicle Lease Trust	Asset Backed Security	0.05%
Account Receivable Payable	Cash	0.00%
TOTAL		**100.00%**



			Annualized				
TOTAL RATE OF RETURN	**3 months**	**12 months**	**2 years**	**3 years**	**5 years**	**10 years**	**Since Inception**
Orange County Transportation Authority Consolidated	2.78%	4.46%	1.28%	0.47%	1.63%	N/A	1.78%
ICE BofA 1-3 Yr US Treasury Index	2.54%	3.95%	0.75%	0.09%	1.32%	N/A	1.48%

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 value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Important Disclosures

Information contained herein is confidential. Prices are provided by ICE Data Services Inc (“IDS”), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client’s Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Source ICE Data Indices, LLC ("ICE"), used with permission. ICE permits use of the ICE indices and related data on an "as is" basis; ICE, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE data, its affiliates or their respective third party providers guarantee the quality, adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and licensee's use it at licensee's own risk. ICE data, its affiliates and their respective third party do not sponsor, endorse, or recommend chandler asset management, or any of its products or services.

This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody’s, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities (“MBS”) reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody’s and Fitch respectively.

Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Benchmark Disclosures

As of January 31, 2024

ICE BofA 1-3 Yr US Treasury Index

The ICE BofA 1-3 Year US Treasury Index tracks the performance of US dollar-denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, a fixed coupon schedule, and a minimum amount outstanding of $1 billion. Qualifying securities must have at least 18 months to final maturity at the time of issuance.