

Treasury Group

To: Deborah Kafoury – Chair, Board of County Commissioners
Marissa Madrigal - Chief Operating Officer
Investment Advisory Board Members (IAB)
Mark Campbell – Chief Financial Officer
Jennifer McGuirk - County Auditor

From: Jeff DeCosta, County Treasury

Date: April 9, 2019

Re: Investment Portfolio Results for March 2019

The County Investment Pool's annualized earnings rate for March was 2.42%. This was a nine basis point decrease from the previous month's return of 2.51%. The year-to-date rate of return for Fiscal Year 2019 increased three basis points to 2.18%.

The U.S. Treasury 90-day T-Bill yield at the end of March was 2.40%. This was a five basis point decrease from February 28th.

The current yield for the State's Local Government Investment Pool is 2.75%.

Nonfarm payrolls increased by 196,000 in March, above market expectations of 180,000. Concerns have been building over the U.S. economy these past few weeks. The yield curve briefly turned negative in late March before reverting back to a positive slope. Sluggish retail sales, sagging factory orders for capital goods, and persistent low inflation readings. The Fed also stoked concern by moving towards a dovish stance at its last policy meeting.

For questions and suggestions regarding this report, please call me at (503) 988-7471 or email at: jeffrey.decosta@multco.us



GOVERNMENT
PORTFOLIO
ADVISORS

Executive Summary

Month-End 03/31/19



Investment Program

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MONTH END COMMENTARY- March 2019

The narrow trading range of the last two months finally broke to the downside resulting in significantly lower yields across all maturities. The decline in yields followed the Fed’s announcement on March 20 that they are lowering their outlook for future Fed Fund rate increases. The projections in future Fed Funds were lowered from 2 increases expected in 2019 to zero increases in 2019, and one increase in 2020. The yield on the two-year Treasury note declined 25 basis points during the month falling to 2.26 at month end from a close of 2.51 in February. The yield on the five year Treasury note declined by 28 basis points during the month and now yields three basis points less than the two-year note. The fixed income market is now discounting the next move in fed funds to be lower with a 50% probability of a 25 basis point cut in interest rates at the October 30, 2019 meeting. At the March 20 meeting, the Fed also announced that they would start slowing the reduction in their balance sheet at the beginning of May and halt the reduction altogether at the end of September. The exit from balance sheet reductions will imply a decrease in the amount of Treasury securities sold on the open markets. This action supports lower interest rates with a reduction of Treasury and mortgage-backed bonds to be sold.

The Bloomberg consensus economic growth projections were lowered for 2019 with real GDP expected to decline to 2.4% from the 2.9% realized gain in 2018. The Fed’s preferred rate of inflation, the Personal Consumption Expenditure (PCE), is expected to decline from an annual rate of 2% in 2018 to an annual rate of 1.8% in 2019. The inflation rate is below the Fed’s target rate of 2% and adds to the argument against future Fed Fund increases in 2019.

The move by the Fed to halt the process of raising Fed Funds for the remainder of 2019 supports their concern that economic momentum is slowing and higher rates could be too restrictive to a weak economy. GPA is maintaining a neutral weighting for portfolio durations relative to respective benchmarks. We feel that the markets are possibly approaching the lower range of yields without further proof that the Fed is getting closer to lower the Fed Funds rate. We expect the labor markets to continue to be relatively strong in the near future which should support rates in the 2.25% to 2.50% level for the two-year Treasury note over the next quarter. The yield curve has become inverted in the one year to the five-year area, and we believe that the 18-month to 30-month range of the curve possesses the best relative value for short duration investors. Corporate securities have tightened considerably during the first quarter and are now trading below the recent historical ranges relative to Treasury yields. We are being cautious in our credit selections with an overweight on shorter maturities. We will look to add corporate securities as relative value returns. The charts below demonstrate the value of longer maturities over long investment horizons. Over the last 12 months the five-year note has now produced a total return of 4.43%, the two year note has returned 2.61% while the 3 month treasury bill total return of 2.19%.

TREASURY YIELD CURVE TOTAL RETURNS LAST 12 MONTHS

3 month bill	2.191
1 year note	2.437
2 year note	2.613
3 year note	3.064
5 year note	4.430

TREASURY BENCHMARK TOTAL RETURNS IN MONTH

Benchmark	Period Return	Duration
BAML 0-3 Year Treasury	0.50%	1.40
BAML 1-3 Year Treasury	0.61%	1.85
BAML 0-5 Year Treasury	0.72%	2.10
BAML 1-5 Year Treasury	0.85%	2.60

Changes in the Treasury Market (absolute yield levels)

	3/31/2018	1/31/2019	2/28/2019	3/31/2019	Change from Last Month	Change from Prior Year
3 month bill	1.70	2.39	2.43	2.38	-0.05	0.68
1 year note	2.09	2.54	2.54	2.39	-0.15	0.30
2 year note	2.27	2.46	2.51	2.26	-0.25	-0.01
3 year note	2.38	2.43	2.49	2.21	-0.29	-0.18
5 year note	2.56	2.44	2.51	2.23	-0.28	-0.33
10 year note	2.74	2.63	2.71	2.41	-0.31	-0.33

Source: Bloomberg



Total Funds Multnomah County

Compliance Report

Policy 2018 | 03/31/2019

	Policy Requirement	% of Total Accumulated	Portfolio Allocation	Within Limits	S&P	Moody's
Under 30 days	10%	22%	\$ 142,202,115	Yes	Muni's AA-	Aa3
Under 1 year	35%	74%	\$ 486,438,559	Yes	Corp Bonds AA-	Aa3
Under 5 years	100%	100%	\$ 657,841,984	Yes	C P A-1	P-1
				Yes	B A A-1+	P-1
Maximum Weighted Average Maturity	2		0.69	Yes		
Maximum Callable Securities	25%	2%	\$ 9,904,920	Yes		
Maximum Single Maturity	5 Years		4.09	Yes	Policy states ONE rating meets requirement	

Asset Allocation Diversification	Maximum Policy Allocation	Issuer Constraint	Percentage of Portfolio	Market Value	% Within Limits	Ratings Compliance	Issuer Compliance
US Treasury Obligations	100%		53.16%	\$ 349,711,616	Yes		
US Agencies Primary	100%		26.44%	\$ 173,931,022	Yes		
FHLB		25%	8.24%	\$ 54,228,717	Yes		
FNMA		25%	3.01%	\$ 19,830,870	Yes		
FHLMC		25%	5.28%	\$ 34,746,210	Yes		
FFCB		25%	9.90%	\$ 65,125,225	Yes		
US Agencies Secondary	10%	10%	0.00%	\$ -			
Municipal Obligations OR, CA, ID, WA	10%	5%	0.48%	\$ 3,127,160	Yes		Yes
Corporate Bonds (No Fossil Fuel)	25%	5%	4.54%	\$ 29,852,320	Yes	Yes	Yes
Commercial Paper	10%	5%					Yes
Bank Deposits	50%	25%	3.98%	\$ 26,150,007	Yes	N/A	N/A
Certificates of Deposit	20%	10%	1.06%	\$ 6,960,000	Yes	Yes	Yes
Bankers Acceptances	10%	5%	0.00%	\$ -			
Repurchase Agreements	10%	5%					
Reverse Repurchase Agreement	10%	5%	0.00%	\$ -			
OST Fund Pool	ORS 294.810 ***		10.35%	\$ 68,109,858	Yes*	**	**
Total			100%	\$ 657,841,984			

*** Current ORS Maximum

\$ 49,500,000.00

* ORS allows for OST Balances to be above limit during tax receipt periods.

** Ratings & Issuer restrictions do not apply to pool funds

Benchmark: BofA Merrill 0-3 year Treasury

STRATEGY OVERVIEW

Name	Par Amount	Total Adjusted Cost	Market Value	Unrealized Gain/Loss	Yield At Cost	Eff Dur	Bench Dur
Multnomah County - Core Investment Fund	\$ 251,500,000	\$ 250,673,794	\$ 250,938,043	\$ 264,249	2.22	1.40	1.40
Multnomah County CD Fund	\$ 6,960,000	\$ 6,960,000	\$ 6,960,000	\$ -	2.22	0.34	0.10
Multnomah County Liquidity	\$ 401,259,866	\$ 399,834,216	\$ 399,943,941	\$ 109,724	2.56	0.21	0.10
TOTAL PORTFOLIO	\$ 659,719,866	\$ 657,468,010	\$ 657,841,984	\$ 373,973	2.43	0.67	0.60



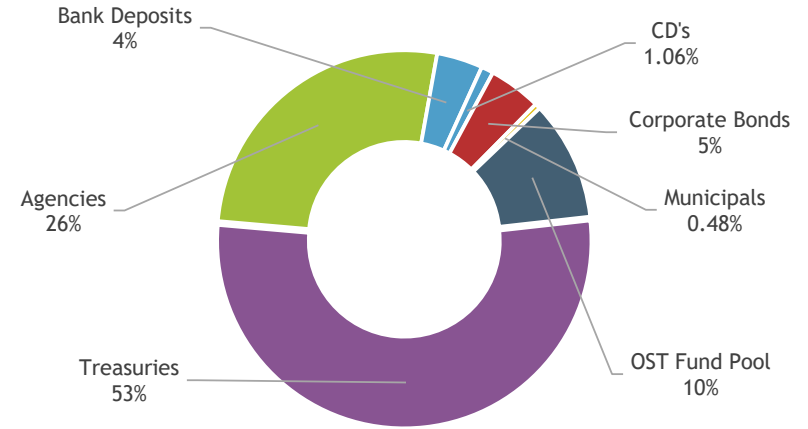
Total Funds Multnomah County

For Period March 01, 2019 - March 31, 2019

Investment Report

Policy 2018 | 03/31/2019

Investment Holdings at 03/31/2019	Market Value	% of Total Portfolio	Maximum Per Policy
US Treasury Obligations	\$ 349,711,616	53.16%	100%
US Agencies Primary	\$ 173,931,022	26.44%	100%
Municipal Obligations OR, CA, ID, WA	\$ 3,127,160	0.48%	10%
Corporate Bonds (No Fossil Fuel)	\$ 29,852,320	4.54%	25%
Commercial Paper	\$ -	-	10%
Bank Deposits	\$ 26,150,007	3.98%	50%
Certificates of Deposit	\$ 6,960,000	1.06%	20%
Bankers Acceptances	\$ -	-	10%
Repurchase Agreements	\$ -	-	10%
Reverse Repurchase Agreement	\$ -	-	10%
OST Fund Pool	\$ 68,109,858	10.35%	-
Total Portfolio	\$ 657,841,984	100.00%	

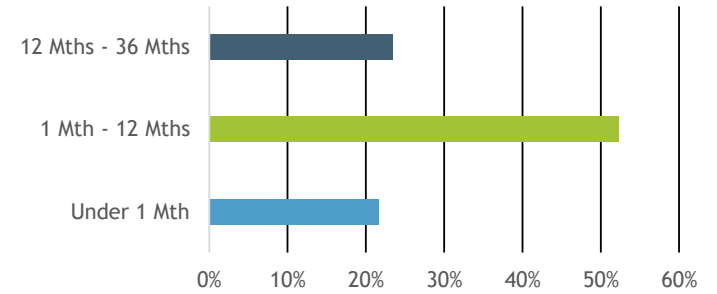


% of Portfolio With One Issuer:

Corporate Notes	\$ 19,903,880	3.03%	5%
State Obligations	\$ 2,124,660	0.32%	5%

MATURITY DISTRIBUTION

Maturities from 03/31/2019	Per Maturity Bucket		Cumulative	
	Market Value	% of Total Portfolio	% of Total Portfolio	Minimum Per Policy
Under 1 Mth	\$ 142,202,115	22%	22%	10%
1 Mth - 12 Mths	\$ 344,236,444	52%	74%	35%
12 Mths - 36 Mths	\$ 154,407,825	23%	97%	100%
36 Mths - 60 Mths	\$ 16,995,600	3%	100%	0%



Average Maturity on 03/31/2019
Average Maturity of portfolio
(excluding bank / LGIP deposits)

0.69 Years
1.41 Years

Maximum Per Policy
5 Years

ACTIVITY & PERFORMANCE SUMMARY

Activity Summary	This Month	Fiscal Year-to-Date
Beginning Amortized Cost	\$ 670,921,317	\$ 529,951,765
Investment purchases	\$ 36,005,716	\$ 622,884,562
Investment maturities and sales	\$ (63,984,405)	\$ (515,214,905)
Amortization	\$ 606,297	\$ 3,035,203
Net cash deposit (withdrawals)	\$ 13,900,848	\$ 16,749,753
Realized Gain/Loss	\$ 18,238	\$ 61,631
Ending Amortized Costs	\$ 657,468,010	\$ 657,468,010

Performance Summary	This Month	Fiscal Year-to-Date
Amortization	\$ 606,297	\$ 3,035,203
Interest income	\$ 769,544	\$ 7,678,640
Realized gain (loss)	\$ 18,238	\$ 61,631
Total income	\$ 1,394,079	\$ 10,775,474
Average portfolio balance*	\$ 678,099,778	\$ 657,193,968

Market Value on 03/31/2019 \$ 657,841,984

Daily average annualized earned for the period 2.42%
Investment Portfolio yield at cost (excluding bank / LGIP deposits) 2.22%
Local Government Investment Pool interest rate 2.75%

* Average portfolio balance is based on County's Sympro report system



Portfolio Appraisal - Settled Trades

US Dollar
3/31/2019

Multnomah County - Core Investment Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
US Agency (USD)								
15,000,000	3137EAEB1	FEDERAL HOME LN MTG CORP 0.875% Due 07-19-19	99.98	14,997,392.11	99.52	14,928,510.00	5.9	0.9
10,000,000	3136G3X67	FEDERAL NATL MTG ASSN 1.100% Due 08-23-19	100.00	10,000,000.00	99.46	9,946,330.00	4.0	1.1
15,000,000	3133EHYJ6	FEDERAL FARM CR BKS 1.375% Due 09-12-19	99.95	14,992,106.00	99.56	14,934,375.00	6.0	1.5
10,000,000	3137EAE5	FEDERAL HOME LN MTG CORP 1.500% Due 01-17-20	99.99	9,999,127.19	99.25	9,924,870.00	4.0	1.5
10,000,000	3133EJNW5	FEDERAL FARM CR BKS 2.550% Due 05-15-20	99.89	9,989,434.78	100.21	10,020,650.00	4.0	2.6
10,000,000	3130ABPV2	FEDERAL HOME LOAN BANKS 1.690% Due 06-29-20	99.98	9,997,887.98	99.05	9,904,920.00	3.9	1.7
10,000,000	3135G0T60	FEDERAL NATL MTG ASSN 1.500% Due 07-30-20	99.88	9,987,565.27	98.85	9,884,540.00	3.9	1.6
8,000,000	313370US5	FEDERAL HOME LOAN BANKS 2.875% Due 09-11-20	100.23	8,018,467.06	100.66	8,052,920.00	3.2	2.7
5,000,000	3130ACE26	FEDERAL HOME LOAN BANKS 1.375% Due 09-28-20	98.17	4,908,692.33	98.50	4,925,240.00	2.0	2.6
10,000,000	3137EAEJ4	FEDERAL HOME LN MTG CORP 1.625% Due 09-29-20	98.48	9,848,308.22	98.93	9,892,830.00	3.9	2.7
10,000,000	3133EJAW9	FEDERAL FARM CR BKS 2.250% Due 01-29-21	99.62	9,962,353.50	99.86	9,986,230.00	4.0	2.5
10,000,000	3133EJCE7	FEDERAL FARM CR BKS 2.350% Due 02-12-21	99.34	9,933,586.01	99.90	9,989,850.00	4.0	2.7
10,000,000	3133EJEM7	FEDERAL FARM CR BKS 2.500% Due 03-01-21	99.86	9,985,867.57	100.30	10,029,750.00	4.0	2.6
15,000,000	313373ZY1	FEDERAL HOME LOAN BANKS 3.625% Due 06-11-21	101.64	15,245,356.06	102.68	15,402,645.00	6.1	2.8
10,000,000	3133EJK24	FEDERAL FARM CR BKS 3.000% Due 10-19-21	100.09	10,008,932.38	101.64	10,164,370.00	4.1	3.0
				157,875,076.48		157,988,030.00	63.0	2.12
Corporate (USD)								
10,000,000	594918BN3	MICROSOFT CORP 1.100% Due 08-08-19	99.99	9,998,574.52	99.48	9,948,440.00	4.0	1.1
5,000,000	037833AR1	APPLE INC 2.850% Due 05-06-21	99.99	4,999,699.85	100.66	5,032,940.00	2.0	2.9
5,000,000	037833CQ1	APPLE INC 2.300% Due 05-11-22	97.18	4,859,110.96	99.35	4,967,460.00	2.0	3.3
10,000,000	037833AK6	APPLE INC 2.400% Due 05-03-23	99.27	9,927,442.44	99.03	9,903,480.00	3.9	2.6
				29,784,827.77		29,852,320.00	11.9	2.26



Portfolio Appraisal - Settled Trades

US Dollar
3/31/2019

Multnomah County - Core Investment Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
Municipal (USD)								
1,000,000	68608VDQ4	OREGON ST DEPT ADMINISTRATIVE COPS 2.678% Due 05-01-20	100.00	1,000,000.00	100.25	1,002,500.00	0.4	2.7
2,000,000	93974CRA0	WASHINGTON ST 4.369% Due 08-01-22	104.26	2,085,217.10	106.23	2,124,660.00	0.8	3.0
				3,085,217.10		3,127,160.00	1.2	2.90
US Treasury (USD)								
20,500,000	912796RY7	UNITED STATES TREAS BILLS 0.000% Due 01-30-20	97.94	20,077,003.00	98.03	20,097,093.00	8.0	2.5
20,000,000	912828XM7	UNITED STATES TREAS NTS 1.625% Due 07-31-20	98.87	19,773,822.02	99.00	19,799,220.00	7.9	2.5
10,000,000	9128285B2	UNITED STATES TREAS NTS 2.750% Due 09-30-20	100.60	10,060,386.46	100.57	10,056,640.00	4.0	2.3
10,000,000	9128284G2	UNITED STATES TREAS NTS 2.375% Due 04-15-21	100.17	10,017,461.05	100.18	10,017,580.00	4.0	2.3
				59,928,672.54		59,970,533.00	23.9	2.45
Total Portfolio				250,673,793.88		250,938,043.00	100.0	2.22



Portfolio Appraisal - Settled Trades

US Dollar
3/31/2019

Multnomah County CD Fund

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
Bank or Cash Deposit (USD)								
5,000,000	SYS7546	JP MORGAN CHASE CD 2.340% Due 06-12-19	100.00	5,000,000.00	100.00	5,000,000.00	71.8	2.3
245,000	SYS7502	UNITUS COMMUNITY CU CD 1.500% Due 07-24-19	100.00	245,000.00	100.00	245,000.00	3.5	1.5
245,000	SYS7505	PREMIER COMMUNITY BK (HERITAGE) CD 1.200% Due 08-01-19	100.00	245,000.00	100.00	245,000.00	3.5	1.2
245,000	SYS7509	HOMESTREET BANK CD 2.000% Due 09-18-19	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7520	SUMMIT BANK CD 2.000% Due 11-15-19	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7510	WILLAMETTE COMMUNITY BK CD 2.000% Due 02-15-20	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7508	PACIFIC WEST BANK CD 2.000% Due 02-16-20	100.00	245,000.00	100.00	245,000.00	3.5	2.0
245,000	SYS7506	NORTHWEST COMMUNITY CU CD 1.900% Due 03-15-20	100.00	245,000.00	100.00	245,000.00	3.5	1.9
245,000	SYS7521	UMPQUA BANK CD 2.800% Due 05-20-20	100.00	245,000.00	100.00	245,000.00	3.5	2.8
				6,960,000.00		6,960,000.00	100.0	2.2
Total Portfolio				6,960,000.00		6,960,000.00	100.0	2.22



Multnomah County Liquidity

Portfolio Appraisal - Settled Trades

US Dollar
3/31/2019

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
US Agency (USD)								
16,000,000	313384FZ7	FEDL HOME LOAN BKS DISC NT 0.000% Due 05-24-19	99.63	15,941,464.44	99.64	15,942,992.00	4.0	2.5
				15,941,464.44		15,942,992.00	4.0	2.53
US Treasury (USD)								
19,000,000	912796RG6	UNITED STATES TREAS BILLS 0.000% Due 04-11-19	99.93	18,987,482.17	99.93	18,987,460.00	4.7	2.4
10,000,000	912796QC6	UNITED STATES TREAS BILLS 0.000% Due 04-25-19	99.84	9,983,946.67	99.84	9,984,410.00	2.5	2.5
19,000,000	912796QC6	UNITED STATES TREAS BILLS 0.000% Due 04-25-19	99.84	18,969,935.67	99.84	18,970,379.00	4.7	2.4
19,000,000	912796RP6	UNITED STATES TREAS BILLS 0.000% Due 05-09-19	99.75	18,952,037.14	99.75	18,952,576.00	4.7	2.4
10,000,000	912828R44	UNITED STATES TREAS NTS 0.875% Due 05-15-19	99.80	9,980,342.44	99.81	9,980,810.00	2.5	2.5
25,000,000	912796QH5	UNITED STATES TREAS BILLS 0.000% Due 05-23-19	99.64	24,911,177.50	99.66	24,915,325.00	6.2	2.5
19,000,000	912828R85	UNITED STATES TREAS NTS 0.875% Due 06-15-19	99.65	18,934,050.19	99.67	18,937,623.00	4.7	2.6
25,000,000	912828XV7	UNITED STATES TREAS NTS 1.250% Due 06-30-19	99.67	24,916,967.65	99.69	24,921,875.00	6.2	2.6
19,000,000	912828S43	UNITED STATES TREAS NTS 0.750% Due 07-15-19	99.47	18,899,128.39	99.50	18,904,259.00	4.7	2.6
24,000,000	912828WW6	UNITED STATES TREAS NTS 1.625% Due 07-31-19	99.68	23,922,073.37	99.71	23,930,616.00	6.0	2.6
19,000,000	9128282B5	UNITED STATES TREAS NTS 0.750% Due 08-15-19	99.31	18,868,901.90	99.35	18,876,063.00	4.7	2.6
20,000,000	9128282B5	UNITED STATES TREAS NTS 0.750% Due 08-15-19	99.31	19,861,658.16	99.35	19,869,540.00	5.0	2.6
19,000,000	912796RA9	UNITED STATES TREAS BILLS 0.000% Due 09-12-19	98.84	18,779,215.73	98.92	18,795,085.00	4.7	2.6
25,000,000	9128282X7	UNITED STATES TREAS NTS 1.375% Due 09-30-19	99.35	24,838,423.30	99.46	24,864,250.00	6.2	2.7
19,000,000	912828T59	UNITED STATES TREAS NTS 1.000% Due 10-15-19	99.09	18,827,546.07	99.21	18,850,812.00	4.7	2.7
				289,632,886.35		289,741,083.00	72.4	2.58
LGIP State Pool (USD)								
68,109,858	OSTFLGIP	OREGON SHORT TERM FUND POOL 2.750% Due 04-29-19	100.00	68,109,858.29	100.00	68,109,858.29	17.0	2.8
				68,109,858.29		68,109,858.29	17.0	2.75



Multnomah County Liquidity

Portfolio Appraisal - Settled Trades

US Dollar
3/31/2019

Quantity	Symbol	Security	Unit Adj. Cost	Total Adjusted Cost	Price	Market Value	% Assets	Yield
Bank or Cash Deposit (USD)								
4,149,804	SYSBADD1	BANK OF AMERICA 0.010% Due 04-29-19	100.00	4,149,803.96	100.00	4,149,803.96	1.0	0.0
11,983,307	SYSSSBMM1	UMPQUA BANK 2.350% Due 04-29-19	100.00	11,983,306.55	100.00	11,983,306.55	3.0	2.4
195,483	SYSUSB076	US BANK 0.010% Due 04-29-19	100.00	195,483.26	100.00	195,483.26	0.0	0.0
8,220,482	000WAFED	WASHINGTON FEDERAL MMF 2.250% Due 04-29-19	100.00	8,220,482.14	100.00	8,220,482.14	2.1	2.3
1,600,931	SYSWCBMM1	WILLAMETTE COMMUNITY BANK 1.750% Due 04-29-19	100.00	1,600,931.49	100.00	1,600,931.49	0.4	1.8
				26,150,007.40		26,150,007.40	6.5	1.90
Total Portfolio				399,834,216.48		399,943,940.69	100.0	2.56



Disclaimer

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, GPA cannot guarantee its accuracy, completeness, or suitability. This material is for purposes of observations and oversight and is the opinion of the author and not necessarily of GPA, LLC. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this document is not an offer to purchase or sell any securities.

Definition and Terms

Investment Report: Provides of summary asset allocation and maturity distribution. The activity and earnings summary provides a high level overview of the total funds.

Total Funds: This is the amount of the overall portfolio balances that are held in short term liquid investments to meet ongoing operational budgets and cash flows and investments held for longer periods. An annual assessment of the allocations to each component is evaluated through a cash flow process determining liquidity needs and District preferences, the Guideline Portfolio Strategy "GPS" is completed by Government Portfolio Advisors.

Compliance Report: Provides a comparison of the portfolio positions to the investment policy. This report includes a breakout of the specific funds and each allocation to the liquidity and investments.

Holdings Reports: Provides an overview by fund of portfolio distribution.

Security Type: Allocates the investment to a specific issuer type.

Par Value: The total face value of the investment at maturity.

Security Name: Lists the specific name of issuer.

Book Yield or Yield at Cost: Is the earning yield on each security at the time of purchase. The total is a weighting based on investment value.

Market Value: The current market value of the security based on a third party pricing source. This price represents the value if the securities were sold on the pricing date. The market value changes with interest rates.

Total Adjusted Cost: This may be referred to as "book value" and represents the cost basis to date after amortization of premiums or discounts since the purchase date.

Unrealized gain or loss: This represents the difference between the market value and the adjusted cost at the time of the report.

% of Portfolio: Represents the percent allocation dedicated to each security type in the fund.

Effective Duration: Represents the duration based on the time between the report date and the maturity of the bond. Duration is similar to average maturity and is used to measure the price sensitivity of the portfolio given interest rate changes.