



AUGUST 21, 2024

# Paradise Irrigation District Investment Update

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# PORTFOLIO REVIEW

# Current Portfolio

Paradise Irrigation District portfolio as of 7/31/2024

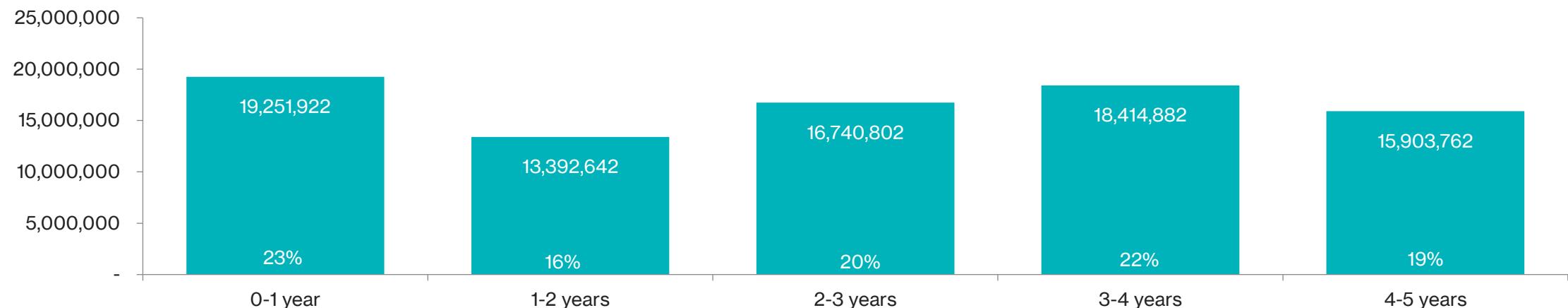
## Your Portfolio

Cash (TriCo, LAIF, CLASS)	\$24,950,162
Securities	\$83,704,010
Total Portfolio	\$108,654,172

## Your Securities

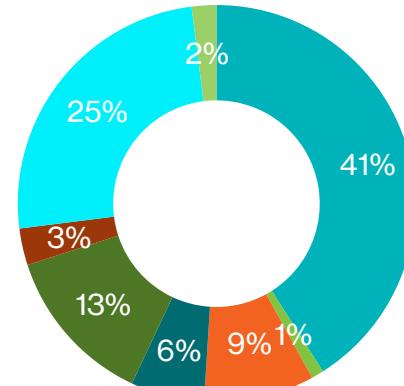
Weighted Average Maturity	2.50 years
Weighted Average Yield	4.05%

## Your Maturity Distribution



YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST.  
PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

## Your Asset Allocation

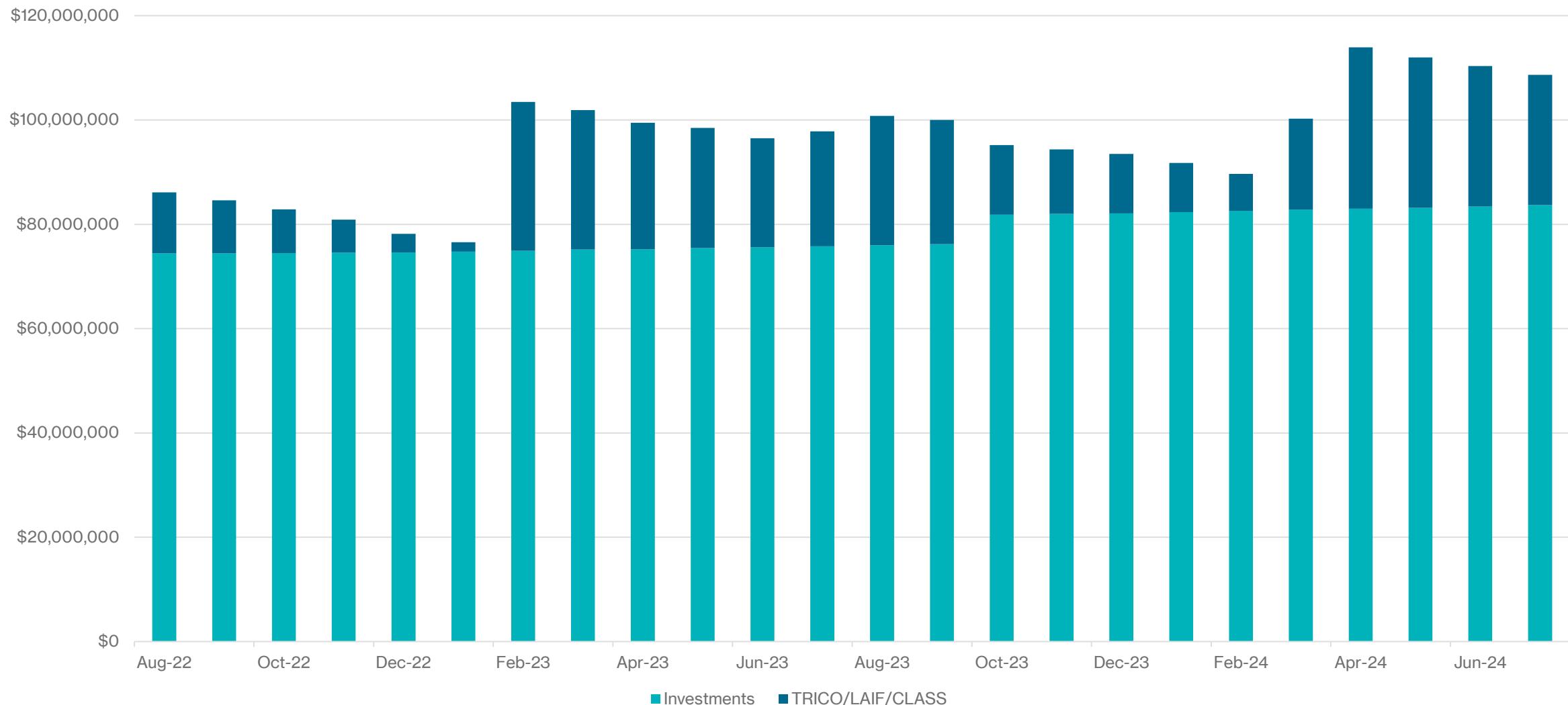


- US Government Agencies
- Commercial Paper
- Corporate Bonds
- Mortgage Backed Securities
- Municipal Securities
- Supranationals
- US Treasuries
- Negotiable CDs



# Portfolio Review

## Paradise Irrigation District Historical Portfolio Balances

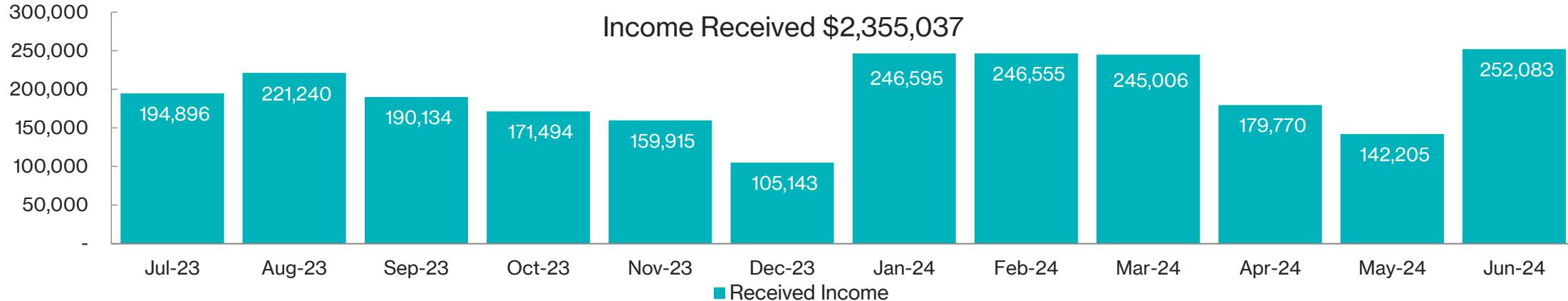


# Portfolio Review

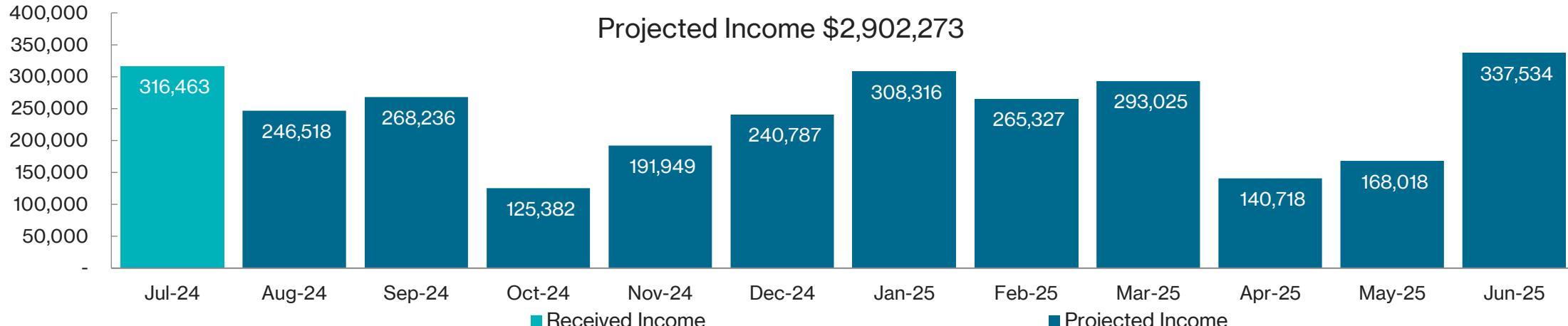
Paradise Irrigation District portfolio as of 7/31/2024



## 2023-2024 FISCAL YEAR INVESTMENT INCOME



## 2024-2025 FISCAL YEAR INVESTMENT INCOME



INTEREST INCOME REFLECTS INCOME RECEIVED ON SECURITIES HELD IN THE CUSTODY ACCOUNT AND DOES NOT INCLUDE INCOME RECEIVED ON CLIENT MANAGED ASSETS.



# MARKET UPDATE

# “FIGEY” Model of Interest Rates

Fed, Inflation, Growth, Employment, Yields

## Fed Policy



## Inflation



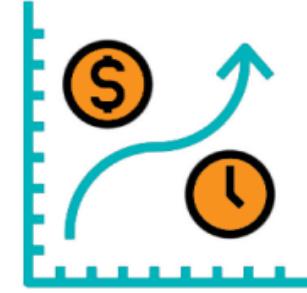
## Growth (GDP)



## Employment

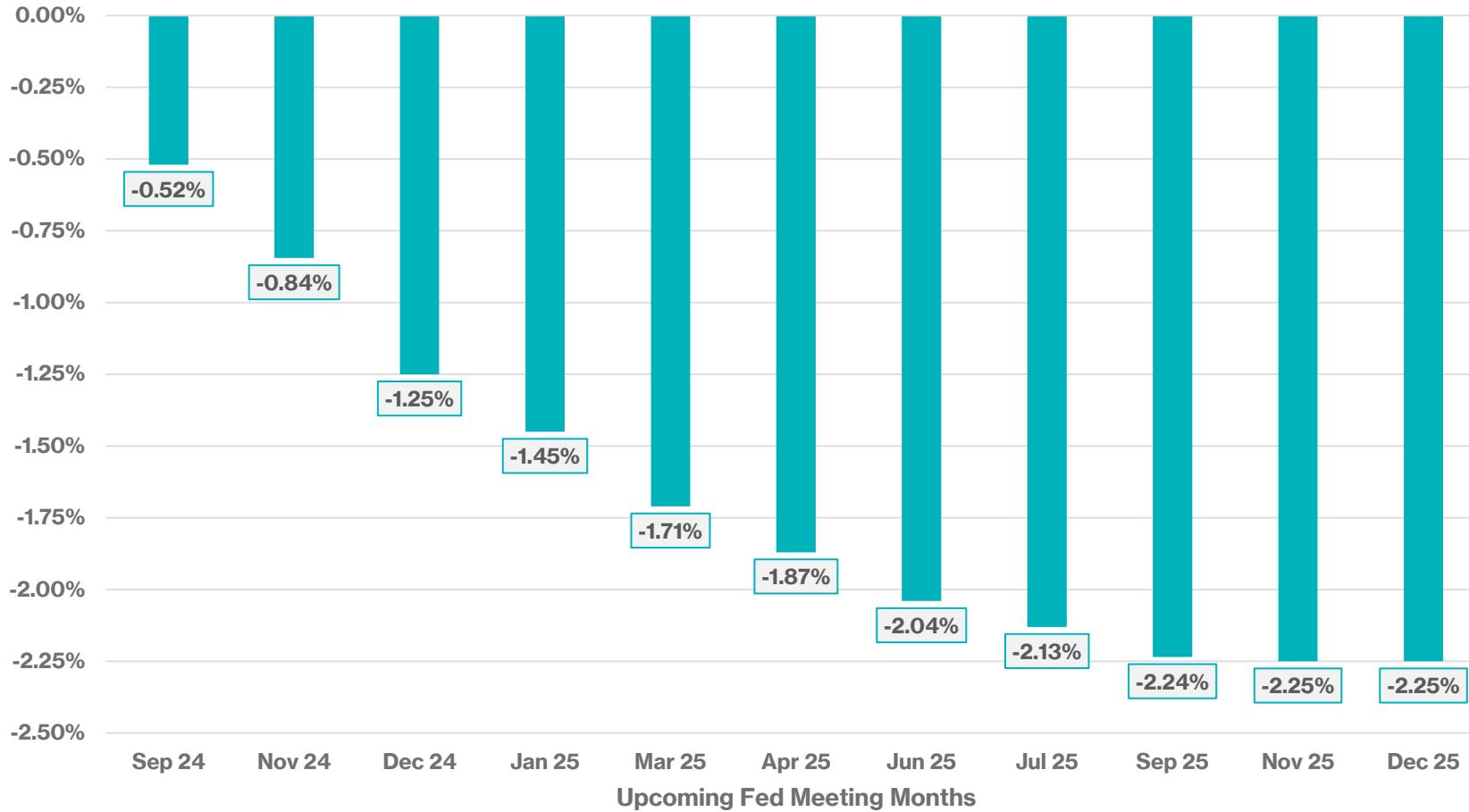


## Yields



- U.S. Treasury yields/rates are primarily a function of **Federal Reserve policy, inflation, economic growth, and employment**.
- Shorter-term yields are highly correlated with the **Fed Funds rate set by the Fed's Federal Open Market Committee (FOMC)**.
- Intermediate-term and longer-term yields are more correlated to the **expected future rates of inflation, economic growth, and the unemployment rate**.

## Fed Funds Rate Declines Priced In Per Futures Market

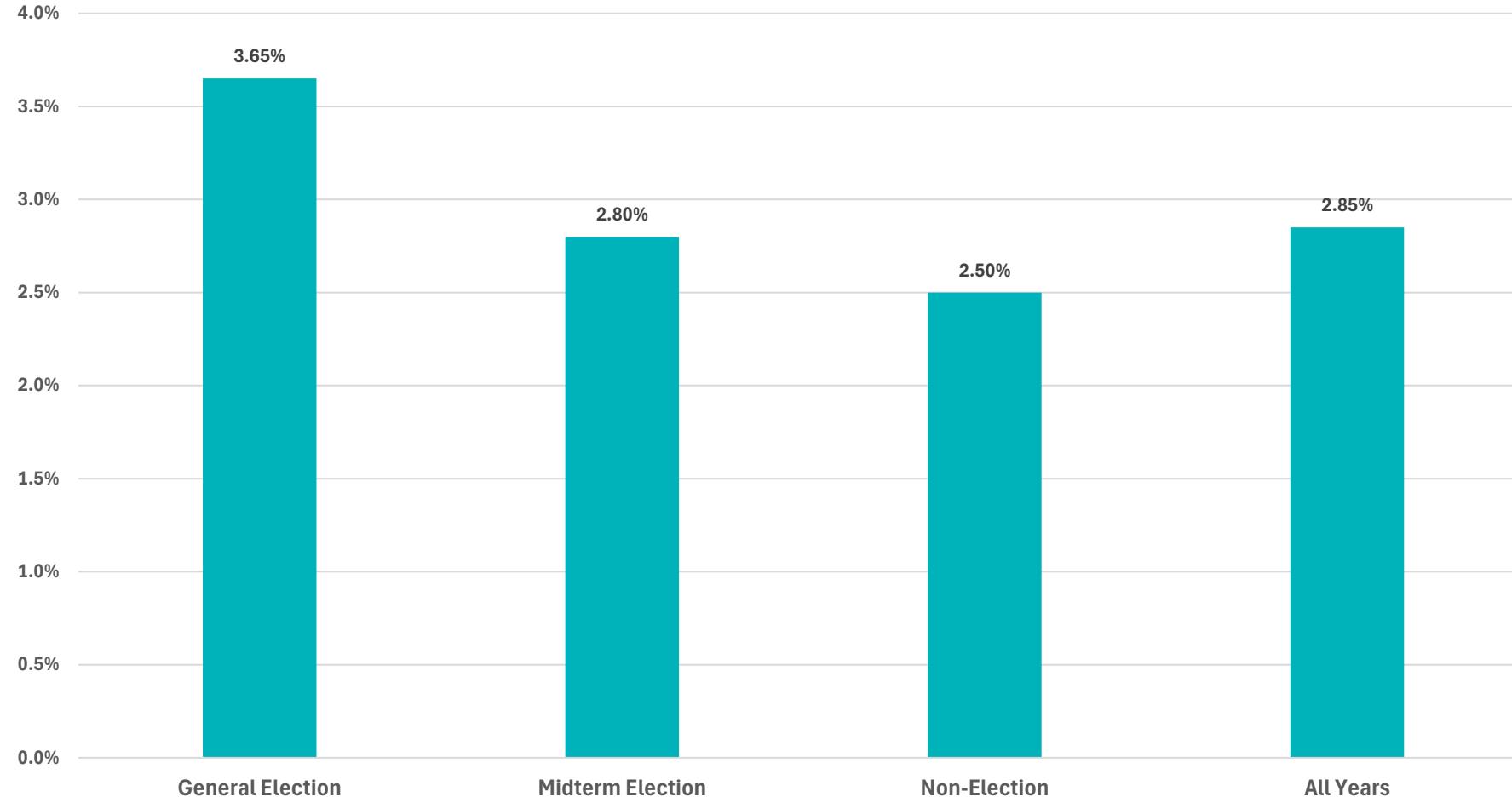


- After four quarter point hikes in 2023, the Federal Reserve has held this rate steady since last July.
- At the last Federal Open Market Committee Meeting (FOMC) press conference, Chair Powell stated, “so far this year, the data have not given us that greater confidence” to lower the Fed Funds rate.

# Fed Funds and Election Year Moves



Average Calendar Year Cumulative Absolute Percentage Change in the Target Fed Funds Rate  
Since 1971 by Type of Year



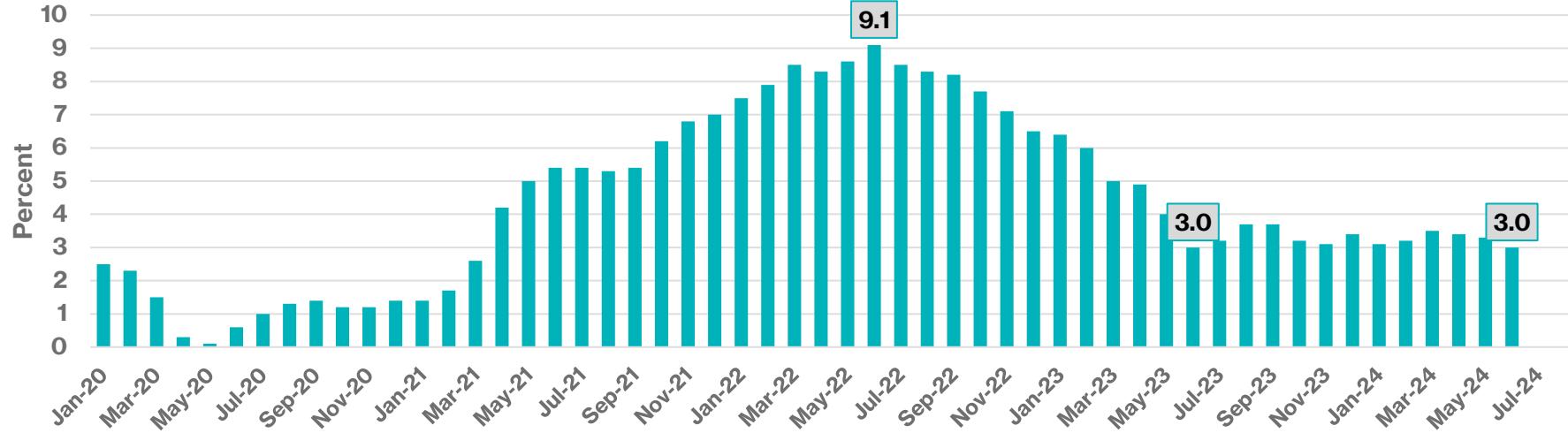
- The Fed changes policy (rates) in election years without hesitation.
- Actual policy rate changes back to 1971 suggests the Fed does not shy away from changing policy during general election years and midterm election years.
- Fed Chair Powell stated at the recent Fed meeting that election timing won't affect the Fed's decision to cut rates...we shall see!

# Inflation

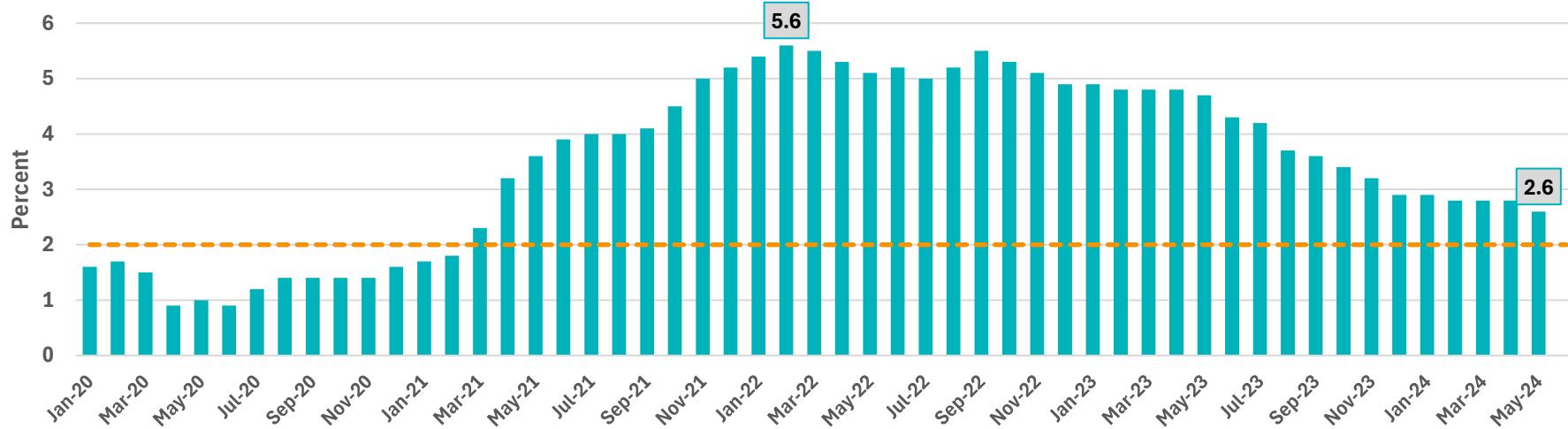


M E E D E R

CPI YOY



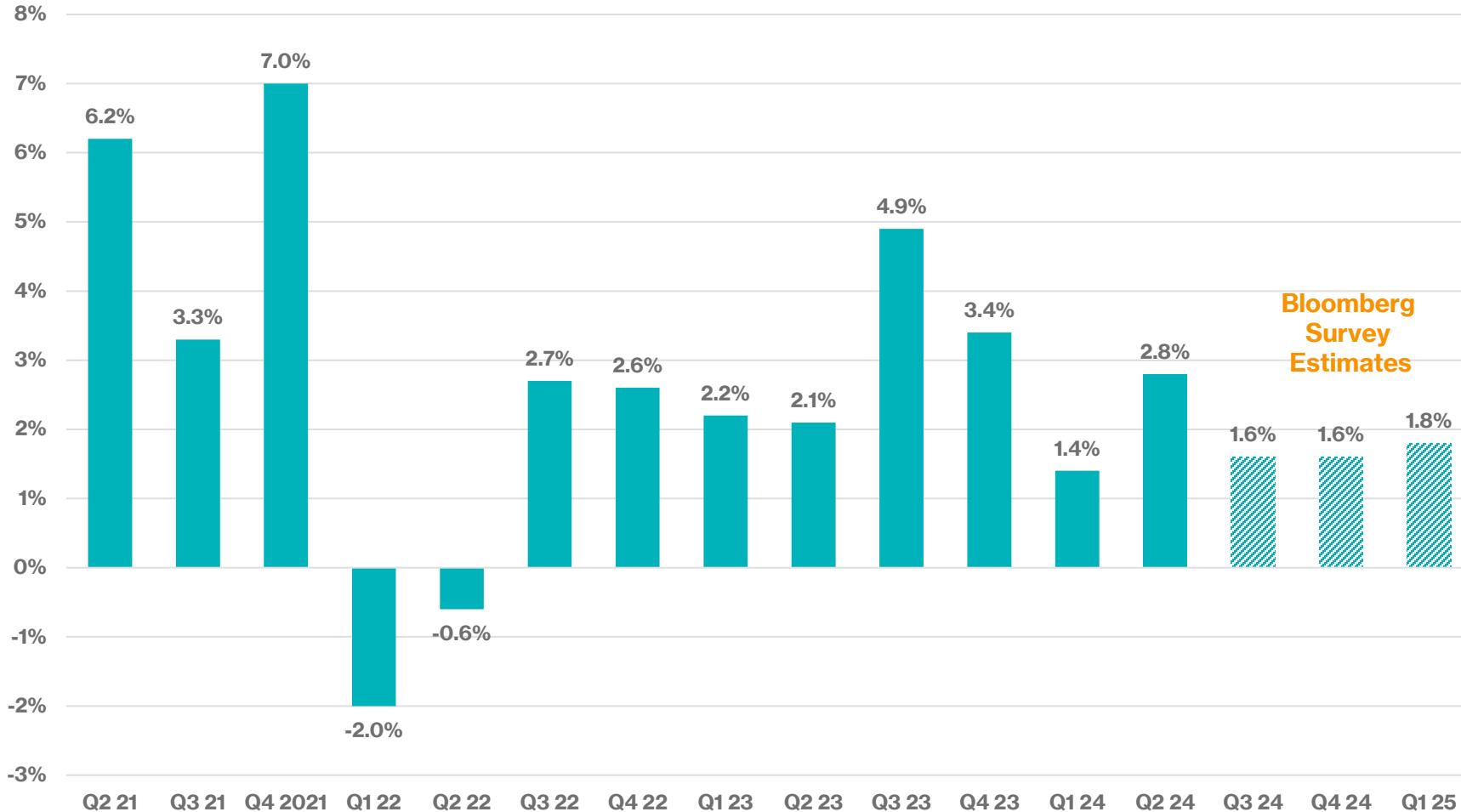
PCE Core YOY



SOURCE: BLOOMBERG, BUREAU OF LABOR STATISTICS, BUREAU OF ECONOMIC ANALYSIS

- The year-over-year Consumer Price Index data peaked in June 2022 in conjunction with the massive stimulus provided by Uncle Sam, supply chain challenges, and many commodities increasing due to the Russia/Ukraine war.
- CPI YoY bottomed in June 2023 at 3.0%, climbed a bit and is now currently at 3.0%
- Personal Consumption Expenditure (PCE) Core (excluding food and energy) is the Fed's preferred inflation gauge.
- PCE YoY percent change has also declined materially since 2022, but remains above the Fed 2% target.

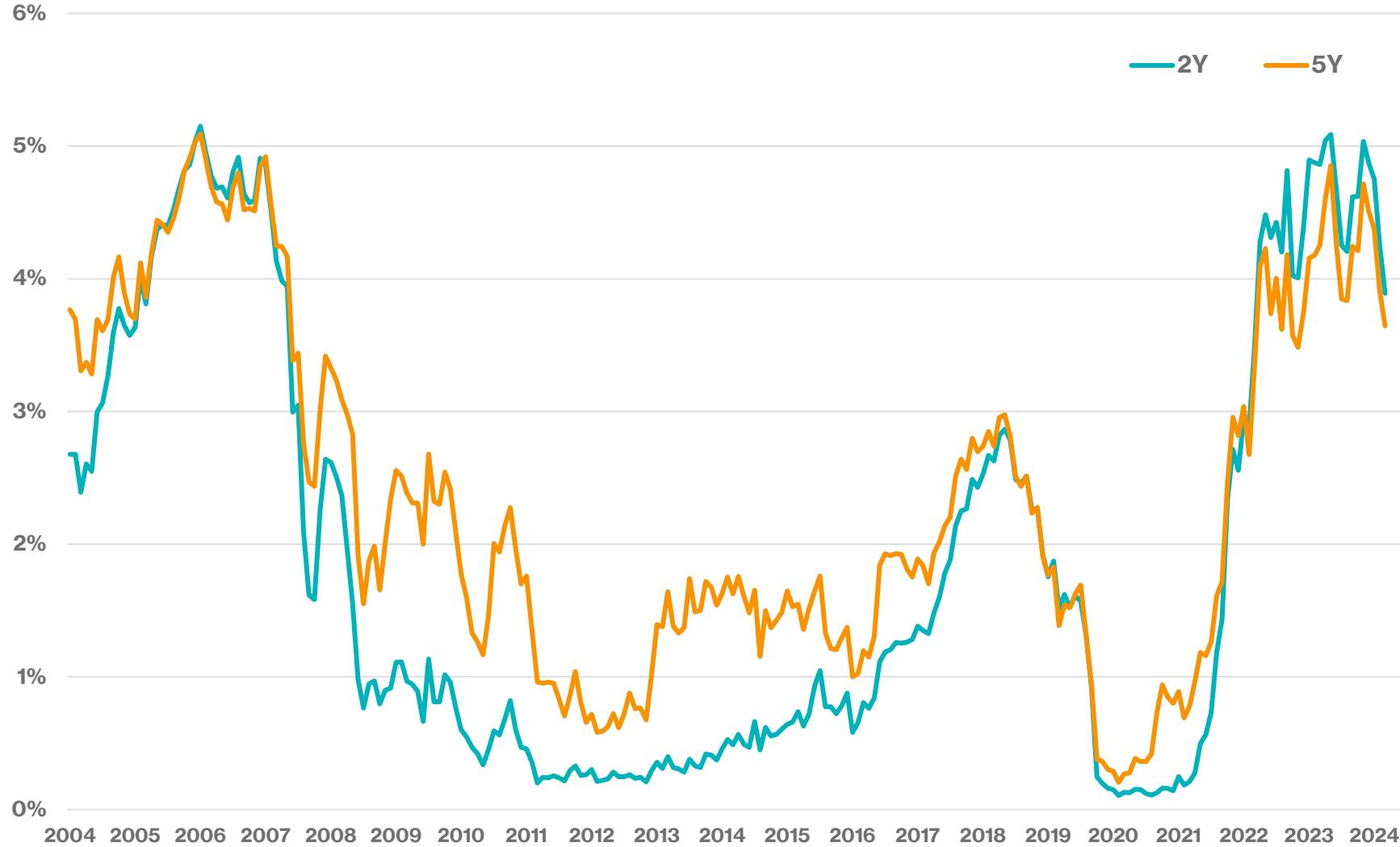
## Real GDP QoQ



SOURCE: BLOOMBERG, BUREAU OF ECONOMIC ANALYSIS

- U.S. Gross Domestic Product (GDP) slowed the first half of 2024 from its above average pace in the second half of 2023.
- Economists and strategists surveyed by Bloomberg expect GDP to slow below trend during 2024, with lower than 2% growth for the next few quarters.
- GDP year-over-year growth is projected by Bloomberg's survey of economists to be 1.6% for the full year of 2024.

## 2 Year and 5 Year Treasury Yields Past 20 Years



- Intermediate-term U.S. Treasury rates are near their highest levels since 2007.
- These rates most likely have peaked for this cycle due to economic growth slowing, unemployment increasing, and the rate of change of inflation moderating.
- With fixed income investors not seeing these higher yields for the past 17 years, we believe locking in these intermediate-term rates is a prudent strategy.

# Disclosures



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