

City of Frisco



T E X A S

EDC Fund

For the Quarter Ended

June 30, 2021

Report Name

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MARKET RECAP - JUNE 2021:

At this point, nearly everyone who wants a vaccine has been able to receive one, and while new strains continue to pop up it seems that vaccines by and large provide a high level of protection. Covid restrictions are becoming more and more relaxed with most of the United States "open" or at least partially open. As the country returns to normalcy this summer, we should continue to see the economy improve.

The ISM manufacturing index rose from 60.7 to a two-month high of 61.2 in May. The ISM non-manufacturing (service sector) index rose from 62.7 in April to 64.0 in May, the highest reading since the survey started in 1997. Nonfarm payrolls missed the mark for the second month in a row, increasing by +559k, which in a pre-pandemic world would be huge, but the median forecast was +675k and we're still 7.6 million jobs below last year's pre-pandemic peak. The unemployment rate dropped from 6.1% to 5.8% in May, but the drop was the result of 166k Americans exiting the labor force during the month as the labor force participation rate slipped to 61.6%. Average hourly earnings climbed +0.5% in May after a +0.7% jump in April. These are significant single month increases as employers must pay more to find and retain workers. Retail sales took a breather in May, declining -1.3%, but upward revisions boosted April's previously reported unchanged reading to +0.9% and March's already lofty +9.8% gain was increased to +11.3%. Recall that March and April sales were boosted by the last round of government stimulus, so a pullback in May was expected. May's decline doesn't change the fact that consumer spending has been on a torrid pace. The total value of retail sales was \$620.2 billion in May, an +18% increase over February 2020's pre-pandemic level. On the inflation front, the headline consumer price index rose +0.6% in May while core CPI climbed +0.7%. On a year-over-year basis, headline CPI was advancing at a +5.0% pace, *the biggest annual increase in almost 13 years*. Core CPI rose +3.8% year-over-year, the most since 1992. Much of the year-over-year gains can be attributed to the "base effect" as prices were severely depressed 12 months ago while many U.S. businesses were shuttered. The base effect will dissipate going forward, but shortages of materials and labor promise to keep prices high for much of the year. Estimates for second quarter GDP growth center around +10%. Fiscal and monetary stimulus, combined with pent up demand and consumers eagerly returning to pre-pandemic habits, mean the summer should see substantial growth.



The Fed made no official change to policy at its June FOMC meeting, holding rates steady and maintaining the monthly addition of \$120 billion to its balance sheet. However, the FOMC did signal they will discuss tapering these QE purchases soon. The updated "dot plot" showed Fed officials expect initial rate hikes earlier than previously indicated with 13 of 18 Fed officials now envisioning at least one hike in 2023. The FOMC also made two technical adjustments, increasing the interest on excess reserves (IOER) rate from 0.10% to 0.15%, and the overnight reverse repo rate from 0% to 0.05%. The IOER hike incentivizes banks to hold higher balances with the Fed while the reverse repo facility allows eligible financial firms and money market mutual funds to place cash at the Fed and earn 0.05%. Both should help to ease overall demand for short-term securities and nudge yields higher. The Fed's action had an immediate effect on yields with the two-year treasury yield climbing from 0.15% to 0.26%. Treasury bills inside of 3 months, which had been trading near 0% were up a few basis points. Longer-term yields have fallen as inflation expectations moderate.

For the Quarter Ended
June 30, 2021

This report is prepared for the **City of Frisco** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:

	
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Name: Anita Cothran	Title: Chief Financial Officer
	
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Name: Brett Peterson	Title: Treasury Manager

Account Summary

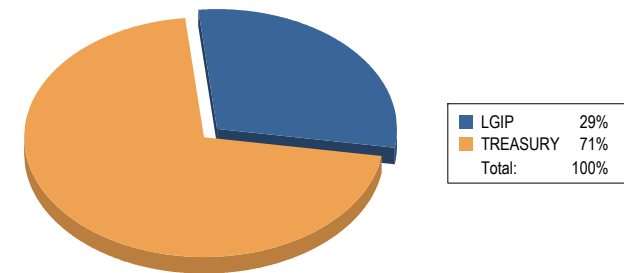
Allocation by Security Type

Beginning Values as of 03/31/21

Ending Values as of 06/30/21

Par Value	37,532,950.26	40,523,262.15
Market Value	37,953,529.99	40,862,488.98
Book Value	37,947,772.29	40,859,223.75
Unrealized Gain/(Loss)	5,757.70	3,265.23
Market Value %	100.02%	100.01%

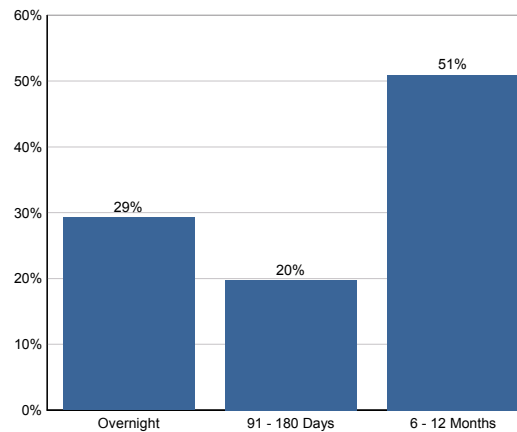
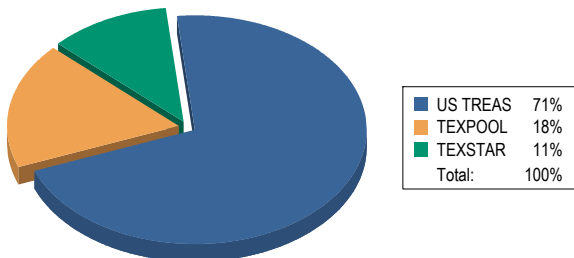
Weighted Avg. YTW	0.081%	0.071%
Weighted Avg. YTM	0.081%	0.071%



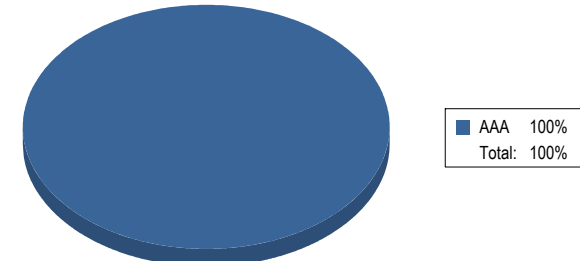
Allocation by Issuer

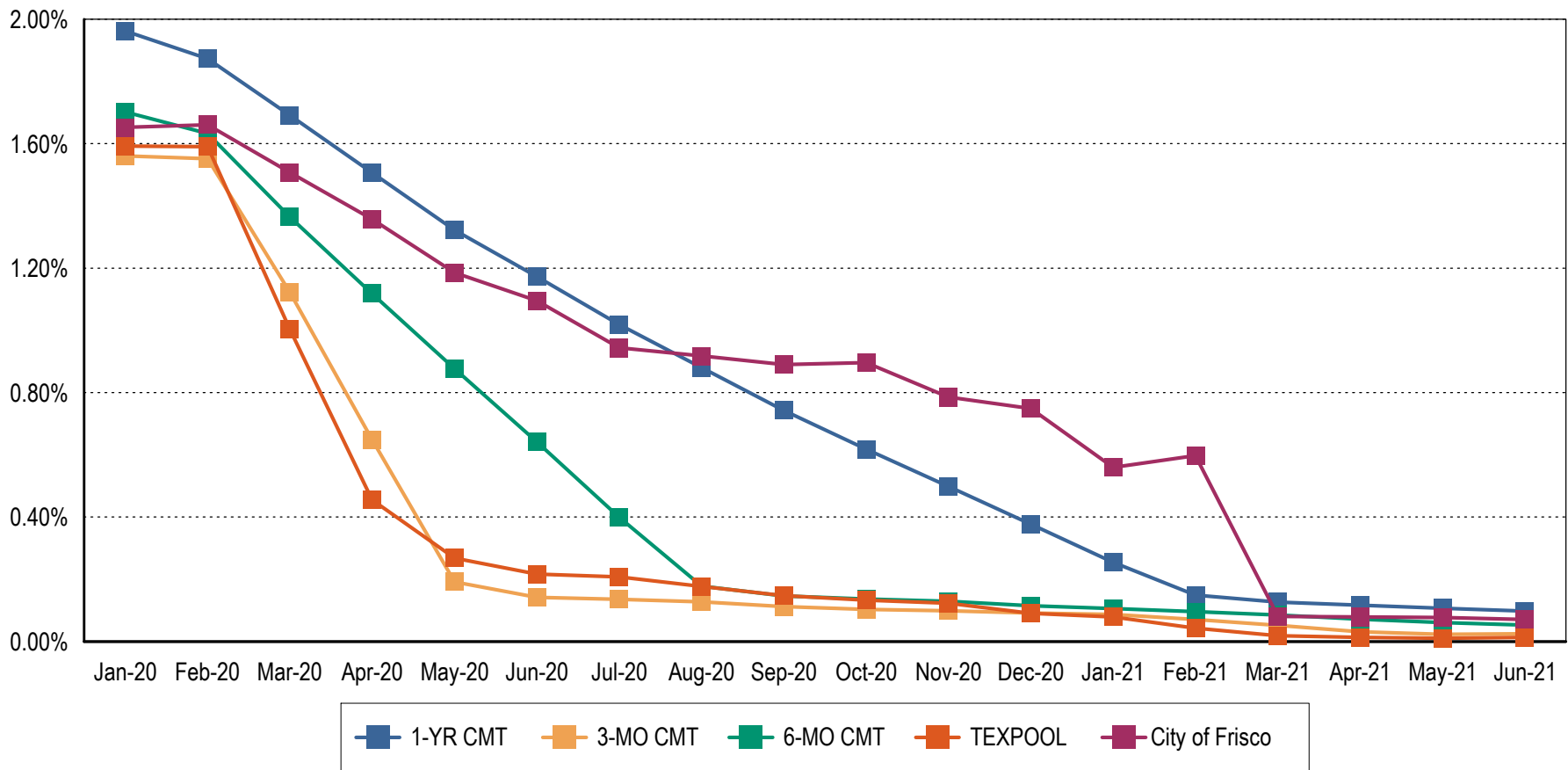
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 168





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
800 - EDC Fund																	
TEXPOOL		LGIP	TexPool					7,280,639.32	100.000	7,280,639.32	7,280,639.32	100.000	7,280,639.32	1		0.013	0.013
TEXSTAR		LGIP	TexSTAR					4,692,622.83	100.000	4,692,622.83	4,692,622.83	100.000	4,692,622.83	1		0.010	0.010
912828YT1	11/30/20	TREAS NOTE	U.S. Treasury	1.500	11/30/21			5,000,000.00	101.391	5,069,531.25	5,028,884.20	100.598	5,029,883.00	153		0.108	0.108
9128285R7	12/03/20	TREAS NOTE	U.S. Treasury	2.625	12/15/21			3,000,000.00	102.582	3,077,460.94	3,034,233.66	101.168	3,035,039.10	168		0.123	0.123
912828H86	01/15/21	TREAS NOTE	U.S. Treasury	1.500	01/31/22			4,750,000.00	101.457	4,819,208.98	4,788,667.57	100.844	4,790,078.13	215		0.103	0.103
9128286H8	03/15/21	TREAS NOTE	U.S. Treasury	2.375	03/15/22			10,000,000.00	102.285	10,228,515.63	10,161,466.10	101.625	10,162,500.00	258		0.088	0.088
912828W89	03/31/21	TREAS NOTE	U.S. Treasury	1.875	03/31/22			1,800,000.00	101.801	1,832,414.06	1,824,267.76	101.344	1,824,187.50	274		0.073	0.073
912828ZR4	05/14/21	TREAS NOTE	U.S. Treasury	0.125	05/31/22			1,000,000.00	100.055	1,000,546.88	1,000,478.25	100.031	1,000,312.50	335		0.073	0.073
9128286Y1	06/15/21	TREAS NOTE	U.S. Treasury	1.750	06/15/22			2,000,000.00	101.672	2,033,437.50	2,031,976.04	101.574	2,031,484.40	350		0.077	0.077
9128286Y1	06/15/21	TREAS NOTE	U.S. Treasury	1.750	06/15/22			1,000,000.00	101.672	1,016,718.75	1,015,988.02	101.574	1,015,742.20	350		0.077	0.077
Total for 800 - EDC Fund								40,523,262.15	101.308	41,051,096.14	40,859,223.75	100.842	40,862,488.98	168		0.071	0.071
Total for City of Frisco								40,523,262.15	101.308	41,051,096.14	40,859,223.75	100.842	40,862,488.98	168		0.071	0.071

CUSIP	Security Type	Security Description	03/31/21 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	06/30/21 Book Value	03/31/21 Market Value	06/30/21 Market Value	Change in Mkt Value
800 - EDC Fund											
TEXPOOL	LGIP	TexPool	6,290,449.26	1,304,126.96	(313,936.90)	0.00	0.00	7,280,639.32	6,290,449.26	7,280,639.32	990,190.06
TEXSTAR	LGIP	TexSTAR	4,692,501.00	121.83	0.00	0.00	0.00	4,692,622.83	4,692,501.00	4,692,622.83	121.83
9128284T4	TREAS NOTE	U.S. Treasury 2.625 06/15/21	2,010,002.14	0.00	(2,000,000.00)	(10,002.14)	0.00	0.00	2,010,525.20	0.00	(2,010,525.20)
912828YT1	TREAS NOTE	U.S. Treasury 1.500 11/30/21	5,046,233.15	0.00	0.00	(17,348.95)	0.00	5,028,884.20	5,047,656.50	5,029,883.00	(17,773.50)
9128285R7	TREAS NOTE	U.S. Treasury 2.625 12/15/21	3,052,962.93	0.00	0.00	(18,729.27)	0.00	3,034,233.66	3,054,257.70	3,035,039.10	(19,218.60)
912828H86	TREAS NOTE	U.S. Treasury 1.500 01/31/22	4,805,336.79	0.00	0.00	(16,669.22)	0.00	4,788,667.57	4,806,406.25	4,790,078.13	(16,328.12)
9128286H8	TREAS NOTE	U.S. Treasury 2.375 03/15/22	10,217,961.50	0.00	0.00	(56,495.40)	0.00	10,161,466.10	10,219,531.00	10,162,500.00	(57,031.00)
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	1,832,325.52	0.00	0.00	(8,057.76)	0.00	1,824,267.76	1,832,203.08	1,824,187.50	(8,015.58)
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	0.00	1,000,546.88	0.00	(68.63)	0.00	1,000,478.25	0.00	1,000,312.50	1,000,312.50
9128286Y1	TREAS NOTE	U.S. Treasury 1.750 06/15/22	0.00	3,050,156.25	0.00	(2,192.19)	0.00	3,047,964.06	0.00	3,047,226.60	3,047,226.60
Total for 800 - EDC Fund			37,947,772.29	5,354,951.92	(2,313,936.90)	(129,563.56)	0.00	40,859,223.75	37,953,529.99	40,862,488.98	2,908,958.99
Total for City of Frisco			37,947,772.29	5,354,951.92	(2,313,936.90)	(129,563.56)	0.00	40,859,223.75	37,953,529.99	40,862,488.98	2,908,958.99

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
800 - EDC Fund									
TEXPOOL	LGIP	TexPool	0.00	214.68	214.68	0.00	0.00	0.00	214.68
TEXSTAR	LGIP	TexSTAR	0.00	121.83	121.83	0.00	0.00	0.00	121.83
9128284T4	TREAS NOTE	U.S. Treasury 2.625 06/15/21	15,432.69	10,817.31	26,250.00	0.00	0.00	(10,002.14)	815.17
912828YT1	TREAS NOTE	U.S. Treasury 1.500 11/30/21	25,137.36	18,715.10	37,500.00	0.00	6,352.46	(17,348.95)	1,366.15
9128285R7	TREAS NOTE	U.S. Treasury 2.625 12/15/21	23,149.04	19,668.58	39,375.00	0.00	3,442.62	(18,729.27)	939.31
912828H86	TREAS NOTE	U.S. Treasury 1.500 01/31/22	11,809.39	17,910.91	0.00	0.00	29,720.30	(16,669.22)	1,241.69
9128286H8	TREAS NOTE	U.S. Treasury 2.375 03/15/22	10,971.47	58,729.62	0.00	0.00	69,701.09	(56,495.40)	2,234.22
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	92.21	8,391.40	0.00	0.00	8,483.61	(8,057.76)	333.64
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	0.00	164.25	625.00	(566.62)	105.87	(68.63)	95.62
9128286Y1	TREAS NOTE	U.S. Treasury 1.750 06/15/22	0.00	2,295.08	0.00	0.00	2,295.08	(2,192.19)	102.89
Total for 800 - EDC Fund			86,592.16	137,028.76	104,086.51	(566.62)	120,101.03	(129,563.56)	7,465.20
Total for City of Frisco			86,592.16	137,028.76	104,086.51	(566.62)	120,101.03	(129,563.56)	7,465.20

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
800 - EDC Fund															
Maturities															
06/15/21	06/15/21	9128284T4	TREAS NOTE	U.S. Treasury	2.625	06/15/21		2,000,000.00	100.000	2,000,000.00	0.00	2,000,000.00		0.195	
Total for: Maturities								2,000,000.00		2,000,000.00	0.00	2,000,000.00		0.195	
Purchases															
05/12/21	05/14/21	912828ZR4	TREAS NOTE	U.S. Treasury	0.125	05/31/22		1,000,000.00	100.055	1,000,546.88	566.62	1,001,113.50		0.073	0.073
06/14/21	06/15/21	9128286Y1	TREAS NOTE	U.S. Treasury	1.750	06/15/22		2,000,000.00	101.672	2,033,437.50	0.00	2,033,437.50		0.077	0.077
06/14/21	06/15/21	9128286Y1	TREAS NOTE	U.S. Treasury	1.750	06/15/22		1,000,000.00	101.672	1,016,718.75	0.00	1,016,718.75		0.077	0.077
Total for: Purchases								4,000,000.00		4,050,703.13	566.62	4,051,269.75		0.076	0.076
Income Payments															
06/01/21	05/31/21	912828ZR4	TREAS NOTE	U.S. Treasury	0.125	05/31/22				0.00	625.00	625.00			
06/01/21	05/31/21	912828YT1	TREAS NOTE	U.S. Treasury	1.500	11/30/21				0.00	37,500.00	37,500.00			
06/15/21	06/15/21	9128284T4	TREAS NOTE	U.S. Treasury	2.625	06/15/21				0.00	26,250.00	26,250.00			
06/15/21	06/15/21	9128285R7	TREAS NOTE	U.S. Treasury	2.625	12/15/21				0.00	39,375.00	39,375.00			
Total for: Income Payments										0.00	103,750.00	103,750.00			

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
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Total for All Portfolios

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Maturities	2,000,000.00	2,000,000.00		0.195	
Total Purchases	4,000,000.00	4,051,269.75		0.076	0.076
Total Income Payments	0.00	103,750.00			

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amrt/Accr for Period	Total Amrt/Accr Since Purch	Remaining Disc / Prem	Book Value
800 - EDC Fund											
9128284T4	06/05/20	TREAS NOTE	U.S. Treasury 2.625 06/15/21		0.00	102.492	0.00	(10,002.14)	0.00	0.00	0.00
912828YT1	11/30/20	TREAS NOTE	U.S. Treasury 1.500 11/30/21		5,000,000.00	101.391	5,069,531.25	(17,348.95)	(40,647.05)	(28,884.20)	5,028,884.20
9128285R7	12/03/20	TREAS NOTE	U.S. Treasury 2.625 12/15/21		3,000,000.00	102.582	3,077,460.94	(18,729.27)	(43,227.28)	(34,233.66)	3,034,233.66
912828H86	01/15/21	TREAS NOTE	U.S. Treasury 1.500 01/31/22		4,750,000.00	101.457	4,819,208.98	(16,669.22)	(30,541.41)	(38,667.57)	4,788,667.57
9128286H8	03/15/21	TREAS NOTE	U.S. Treasury 2.375 03/15/22		10,000,000.00	102.285	10,228,515.63	(56,495.40)	(67,049.53)	(161,466.10)	10,161,466.10
912828W89	03/31/21	TREAS NOTE	U.S. Treasury 1.875 03/31/22		1,800,000.00	101.801	1,832,414.06	(8,057.76)	(8,146.30)	(24,267.76)	1,824,267.76
912828ZR4	05/14/21	TREAS NOTE	U.S. Treasury 0.125 05/31/22		1,000,000.00	100.055	1,000,546.88	(68.63)	(68.63)	(478.25)	1,000,478.25
9128286Y1	06/15/21	TREAS NOTE	U.S. Treasury 1.750 06/15/22		3,000,000.00	101.672	3,050,156.25	(2,192.19)	(2,192.19)	(47,964.06)	3,047,964.06
Total for 800 - EDC Fund					28,550,000.00		29,077,833.99	(129,563.56)	(191,872.39)	(335,961.60)	28,885,961.60
Total for City of Frisco					28,550,000.00		29,077,833.99	(129,563.56)	(191,872.39)	(335,961.60)	28,885,961.60

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
800 - EDC Fund						
912828H86	TREAS NOTE	U.S. Treasury 1.500 01/31/22	07/31/21	35,625.00	0.00	35,625.00
9128286H8	TREAS NOTE	U.S. Treasury 2.375 03/15/22	09/15/21	118,750.00	0.00	118,750.00
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	09/30/21	16,875.00	0.00	16,875.00
912828YT1	TREAS NOTE	U.S. Treasury 1.500 11/30/21	11/30/21	37,500.00	5,000,000.00	5,037,500.00
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	11/30/21	625.00	0.00	625.00
9128285R7	TREAS NOTE	U.S. Treasury 2.625 12/15/21	12/15/21	39,375.00	3,000,000.00	3,039,375.00
9128286Y1	TREAS NOTE	U.S. Treasury 1.750 06/15/22	12/15/21	26,250.00	0.00	26,250.00
Total for 800 - EDC Fund				275,000.00	8,000,000.00	8,275,000.00

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
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Total for All Portfolios

July 2021	35,625.00	0.00	35,625.00
September 2021	135,625.00	0.00	135,625.00
November 2021	38,125.00	5,000,000.00	5,038,125.00
December 2021	65,625.00	3,000,000.00	3,065,625.00
Total Projected Cash Flows for City of Frisco	275,000.00	8,000,000.00	8,275,000.00