

City of Frisco



T E X A S

CDC Fund

For the Quarter Ended

June 30, 2021

Report Name

| |
|-----------------------------------|
| Certification Page |
| Executive Summary |
| Benchmark Comparison |
| Detail of Security Holdings |
| Change in Value |
| Earned Income |
| Investment Transactions |
| Amortization and Accretion |
| Projected Fixed Income Cash Flows |

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:

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

Account Summary

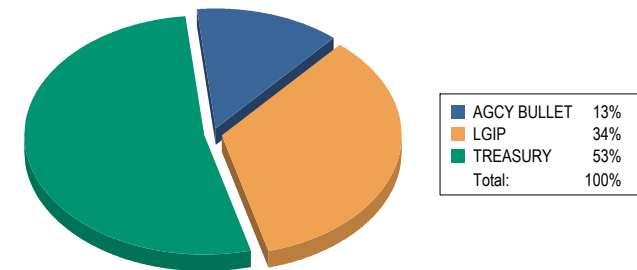
Allocation by Security Type

Beginning Values as of 03/31/21

Ending Values as of 06/30/21

| | | |
|------------------------|----------------|---------------|
| Par Value | 33,437,036.87 | 38,216,989.10 |
| Market Value | 33,655,298.67 | 38,406,063.40 |
| Book Value | 33,654,340.78 | 38,409,252.99 |
| Unrealized Gain/(Loss) | 957.89 | (3,189.59) |
| Market Value % | 100.00% | 99.99% |

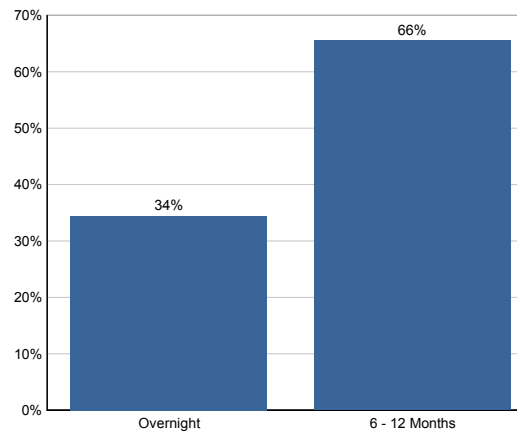
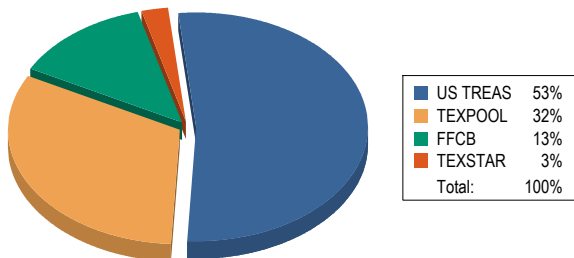
| | | |
|-------------------|--------|--------|
| Weighted Avg. YTW | 0.147% | 0.052% |
| Weighted Avg. YTM | 0.147% | 0.052% |



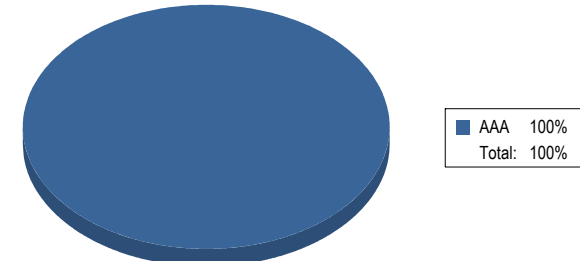
Allocation by Issuer

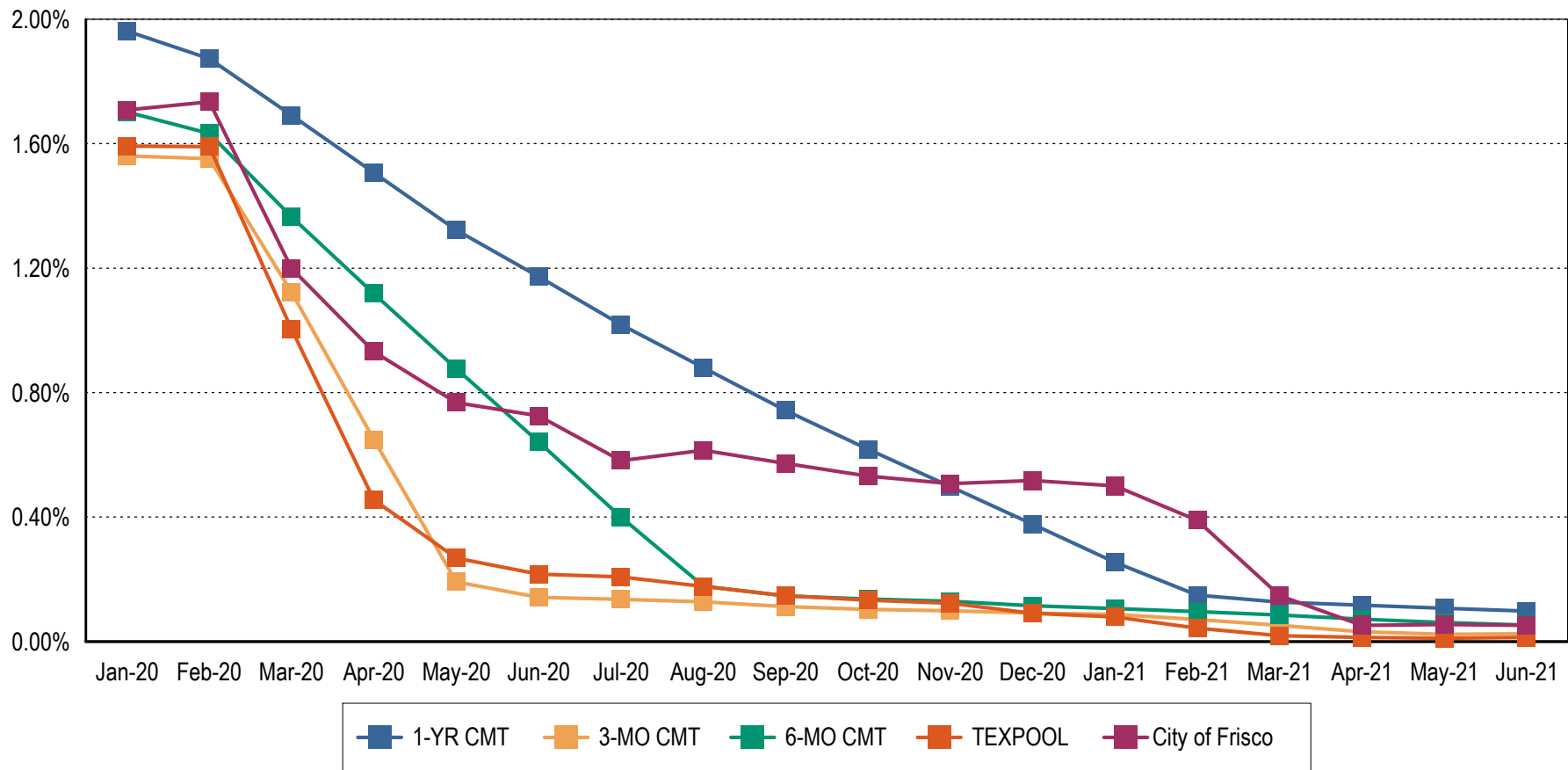
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 192





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 |
|---------------------------------|-------------|------------|------------------|-------|----------|-----------|-----------|----------------------|----------------|----------------------|----------------------|----------------|----------------------|-------------|--------------|--------------|--------------|
| 700 - CDC Fund | | | | | | | | | | | | | | | | | |
| TEXPOOL | | LGIP | TexPool | | | | | 12,209,372.53 | 100.000 | 12,209,372.53 | 12,209,372.53 | 100.000 | 12,209,372.53 | 1 | | 0.013 | 0.013 |
| TEXSTAR | | LGIP | TexSTAR | | | | | 1,007,616.57 | 100.000 | 1,007,616.57 | 1,007,616.57 | 100.000 | 1,007,616.57 | 1 | | 0.010 | 0.010 |
| 912828ZA1 | 02/16/21 | TREAS NOTE | U.S. Treasury | 1.125 | 02/28/22 | | | 5,000,000.00 | 101.078 | 5,053,906.25 | 5,034,741.40 | 100.688 | 5,034,375.00 | 243 | | 0.081 | 0.081 |
| 912828W89 | 03/31/21 | TREAS NOTE | U.S. Treasury | 1.875 | 03/31/22 | | | 9,000,000.00 | 101.801 | 9,162,070.31 | 9,121,338.81 | 101.344 | 9,120,937.50 | 274 | | 0.073 | 0.073 |
| 912828M7 | 04/09/21 | TREAS NOTE | U.S. Treasury | 2.250 | 04/15/22 | | | 2,000,000.00 | 102.215 | 2,044,296.88 | 2,034,412.28 | 101.711 | 2,034,218.80 | 289 | | 0.070 | 0.070 |
| 912828ZR4 | 05/14/21 | TREAS NOTE | U.S. Treasury | 0.125 | 05/31/22 | | | 4,000,000.00 | 100.055 | 4,002,187.50 | 4,001,913.00 | 100.031 | 4,001,250.00 | 335 | | 0.073 | 0.073 |
| 3133EMF64 | 06/11/21 | AGCY BULET | FFCB | 0.060 | 06/09/22 | | | 3,000,000.00 | 99.997 | 2,999,910.00 | 2,999,915.04 | 99.966 | 2,998,975.80 | 344 | | 0.063 | 0.063 |
| 3133EMF64 | 06/11/21 | AGCY BULET | FFCB | 0.060 | 06/09/22 | | | 2,000,000.00 | 99.997 | 1,999,940.00 | 1,999,943.36 | 99.966 | 1,999,317.20 | 344 | | 0.063 | 0.063 |
| Total for 700 - CDC Fund | | | | | | | | 38,216,989.10 | 100.692 | 38,479,300.04 | 38,409,252.99 | 100.499 | 38,406,063.40 | 192 | | 0.052 | 0.052 |
| Total for City of Frisco | | | | | | | | 38,216,989.10 | 100.692 | 38,479,300.04 | 38,409,252.99 | 100.499 | 38,406,063.40 | 192 | | 0.052 | 0.052 |

| 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 |
|---------------------------------|---------------|------------------------------|------------------------|----------------------|-------------------------------|-----------------------------|-------------------------|------------------------|--------------------------|--------------------------|------------------------|
| 700 - CDC Fund | | | | | | | | | | | |
| TEXPOOL | LGIP | TexPool | 14,429,446.69 | 955,622.51 | (3,175,696.67) | 0.00 | 0.00 | 12,209,372.53 | 14,429,446.69 | 12,209,372.53 | (2,220,074.16) |
| TEXSTAR | LGIP | TexSTAR | 1,007,590.18 | 26.39 | 0.00 | 0.00 | 0.00 | 1,007,616.57 | 1,007,590.18 | 1,007,616.57 | 26.39 |
| 3133ELGL2 | AGCY BULET | FFCB 1.600 04/09/21 | 1,999,995.76 | 0.00 | (2,000,000.00) | 4.24 | 0.00 | 0.00 | 2,000,700.40 | 0.00 | (2,000,700.40) |
| 3130A1W95 | AGCY BULET | FHLB 2.250 06/11/21 | 2,008,039.12 | 0.00 | (2,000,000.00) | (8,039.12) | 0.00 | 0.00 | 2,008,499.00 | 0.00 | (2,008,499.00) |
| 912828ZA1 | TREAS NOTE | U.S. Treasury 1.125 02/28/22 | 5,047,641.45 | 0.00 | 0.00 | (12,900.05) | 0.00 | 5,034,741.40 | 5,048,047.00 | 5,034,375.00 | (13,672.00) |
| 912828W89 | TREAS NOTE | U.S. Treasury 1.875 03/31/22 | 9,161,627.58 | 0.00 | 0.00 | (40,288.77) | 0.00 | 9,121,338.81 | 9,161,015.40 | 9,120,937.50 | (40,077.90) |
| 912828M7 | TREAS NOTE | U.S. Treasury 2.250 04/15/22 | 0.00 | 2,044,296.88 | 0.00 | (9,884.60) | 0.00 | 2,034,412.28 | 0.00 | 2,034,218.80 | 2,034,218.80 |
| 912828ZR4 | TREAS NOTE | U.S. Treasury 0.125 05/31/22 | 0.00 | 4,002,187.50 | 0.00 | (274.50) | 0.00 | 4,001,913.00 | 0.00 | 4,001,250.00 | 4,001,250.00 |
| 3133EMF64 | AGCY BULET | FFCB 0.060 06/09/22 | 0.00 | 4,999,850.00 | 0.00 | 8.40 | 0.00 | 4,999,858.40 | 0.00 | 4,998,293.00 | 4,998,293.00 |
| Total for 700 - CDC Fund | | | 33,654,340.78 | 12,001,983.28 | (7,175,696.67) | (71,374.40) | 0.00 | 38,409,252.99 | 33,655,298.67 | 38,406,063.40 | 4,750,764.73 |
| Total for City of Frisco | | | 33,654,340.78 | 12,001,983.28 | (7,175,696.67) | (71,374.40) | 0.00 | 38,409,252.99 | 33,655,298.67 | 38,406,063.40 | 4,750,764.73 |

| CUSIP | Security Type | Security Description | Beg. Accrued | Interest Earned | Interest Rec'd / Sold / Matured | Interest Purchased | Ending Accrued | Disc Accr / Prem Amort | Net Income |
|---------------------------------|---------------|------------------------------|------------------|------------------|------------------------------------|--------------------|------------------|---------------------------|-----------------|
| 700 - CDC Fund | | | | | | | | | |
| TEXPOOL | LGIP | TexPool | 0.00 | 428.64 | 428.64 | 0.00 | 0.00 | 0.00 | 428.64 |
| TEXSTAR | LGIP | TexSTAR | 0.00 | 26.39 | 26.39 | 0.00 | 0.00 | 0.00 | 26.39 |
| 3133ELGL2 | AGCY BULET | FFCB 1.600 04/09/21 | 15,288.89 | 711.11 | 16,000.00 | 0.00 | 0.00 | 4.24 | 715.35 |
| 3130A1W95 | AGCY BULET | FHLB 2.250 06/11/21 | 13,750.00 | 8,750.00 | 22,500.00 | 0.00 | 0.00 | (8,039.12) | 710.88 |
| 912828ZA1 | TREAS NOTE | U.S. Treasury 1.125 02/28/22 | 4,891.30 | 13,909.65 | 0.00 | 0.00 | 18,800.95 | (12,900.05) | 1,009.60 |
| 912828W89 | TREAS NOTE | U.S. Treasury 1.875 03/31/22 | 461.07 | 41,956.96 | 0.00 | 0.00 | 42,418.03 | (40,288.77) | 1,668.19 |
| 912828M7 | TREAS NOTE | U.S. Treasury 2.250 04/15/22 | 0.00 | 10,208.97 | 22,500.00 | (21,758.24) | 9,467.21 | (9,884.60) | 324.37 |
| 912828ZR4 | TREAS NOTE | U.S. Treasury 0.125 05/31/22 | 0.00 | 657.02 | 2,500.00 | (2,266.48) | 423.50 | (274.50) | 382.52 |
| 3133EMF64 | AGCY BULET | FFCB 0.060 06/09/22 | 0.00 | 166.66 | 0.00 | (16.67) | 183.33 | 8.40 | 175.06 |
| Total for 700 - CDC Fund | | | 34,391.26 | 76,815.40 | 63,955.03 | (24,041.39) | 71,293.02 | (71,374.40) | 5,441.00 |
| Total for City of Frisco | | | 34,391.26 | 76,815.40 | 63,955.03 | (24,041.39) | 71,293.02 | (71,374.40) | 5,441.00 |

| 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 |
|-----------------------------------|-------------|-----------|---------------|----------------------|--------|----------|-----------|----------------------|---------|----------------------|--------------------------|----------------------|----------------------|--------------|--------------|
| 700 - CDC Fund | | | | | | | | | | | | | | | |
| Maturities | | | | | | | | | | | | | | | |
| 04/09/21 | 04/09/21 | 3133ELGL2 | AGCY BULET | FFCB | 1.600 | 04/09/21 | | 2,000,000.00 | 100.000 | 2,000,000.00 | 0.00 | 2,000,000.00 | | 1.610 | |
| 06/11/21 | 06/11/21 | 3130A1W95 | AGCY BULET | FHLB | 2.250 | 06/11/21 | | 2,000,000.00 | 100.000 | 2,000,000.00 | 0.00 | 2,000,000.00 | | 0.181 | |
| Total for: Maturities | | | | | | | | 4,000,000.00 | | 4,000,000.00 | 0.00 | 4,000,000.00 | | 0.895 | |
| Purchases | | | | | | | | | | | | | | | |
| 04/08/21 | 04/09/21 | 9128286M7 | TREAS NOTE | U.S. Treasury | 2.250 | 04/15/22 | | 2,000,000.00 | 102.215 | 2,044,296.88 | 21,758.24 | 2,066,055.12 | | 0.070 | 0.070 |
| 05/12/21 | 05/14/21 | 912828ZR4 | TREAS NOTE | U.S. Treasury | 0.125 | 05/31/22 | | 4,000,000.00 | 100.055 | 4,002,187.50 | 2,266.48 | 4,004,453.98 | | 0.073 | 0.073 |
| 06/09/21 | 06/11/21 | 3133EMF64 | AGCY BULET | FFCB | 0.060 | 06/09/22 | | 3,000,000.00 | 99.997 | 2,999,910.00 | 10.00 | 2,999,920.00 | | 0.063 | 0.063 |
| 06/09/21 | 06/11/21 | 3133EMF64 | AGCY BULET | FFCB | 0.060 | 06/09/22 | | 2,000,000.00 | 99.997 | 1,999,940.00 | 6.67 | 1,999,946.67 | | 0.063 | 0.063 |
| Total for: Purchases | | | | | | | | 11,000,000.00 | | 11,046,334.38 | 24,041.39 | 11,070,375.77 | | 0.068 | 0.068 |
| Income Payments | | | | | | | | | | | | | | | |
| 04/09/21 | 04/09/21 | 3133ELGL2 | AGCY BULET | FFCB | 1.600 | 04/09/21 | | | | 0.00 | 16,000.00 | 16,000.00 | | | |
| 04/15/21 | 04/15/21 | 9128286M7 | TREAS NOTE | U.S. Treasury | 2.250 | 04/15/22 | | | | 0.00 | 22,500.00 | 22,500.00 | | | |
| 06/01/21 | 05/31/21 | 912828ZR4 | TREAS NOTE | U.S. Treasury | 0.125 | 05/31/22 | | | | 0.00 | 2,500.00 | 2,500.00 | | | |
| 06/11/21 | 06/11/21 | 3130A1W95 | AGCY BULET | FHLB | 2.250 | 06/11/21 | | | | 0.00 | 22,500.00 | 22,500.00 | | | |
| Total for: Income Payments | | | | | | | | | | 0.00 | 63,500.00 | 63,500.00 | | | |

| 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 |
|------------|-------------|-------|---------------|----------------------|--------|----------|-----------|-----------|-------|------------------|--------------------------|--------------|----------------------|-----|-----|
|------------|-------------|-------|---------------|----------------------|--------|----------|-----------|-----------|-------|------------------|--------------------------|--------------|----------------------|-----|-----|

Total for All Portfolios

| Transaction Type | Quantity | Total Amount | Realized G/L | YTM | YTW |
|-----------------------|---------------|---------------|--------------|-------|-------|
| Total Maturities | 4,000,000.00 | 4,000,000.00 | | 0.895 | |
| Total Purchases | 11,000,000.00 | 11,070,375.77 | | 0.068 | 0.068 |
| Total Income Payments | 0.00 | 63,500.00 | | | |

| 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 |
|---------------------------------|-------------|---------------|------------------------------|----------------|----------------------|------------|----------------------|----------------------|-----------------------------|-----------------------|----------------------|
| 700 - CDC Fund | | | | | | | | | | | |
| 3133ELGL2 | 01/14/20 | AGCY BULET | FFCB 1.600 04/09/21 | | 0.00 | 99.989 | 0.00 | 4.24 | 0.00 | 0.00 | 0.00 |
| 3130A1W95 | 06/29/20 | AGCY BULET | FHLB 2.250 06/11/21 | | 0.00 | 101.963 | 0.00 | (8,039.12) | 0.00 | 0.00 | 0.00 |
| 912828ZA1 | 02/16/21 | TREAS NOTE | U.S. Treasury 1.125 02/28/22 | | 5,000,000.00 | 101.078 | 5,053,906.25 | (12,900.05) | (19,164.85) | (34,741.40) | 5,034,741.40 |
| 912828W89 | 03/31/21 | TREAS NOTE | U.S. Treasury 1.875 03/31/22 | | 9,000,000.00 | 101.801 | 9,162,070.31 | (40,288.77) | (40,731.50) | (121,338.81) | 9,121,338.81 |
| 9128286M7 | 04/09/21 | TREAS NOTE | U.S. Treasury 2.250 04/15/22 | | 2,000,000.00 | 102.215 | 2,044,296.88 | (9,884.60) | (9,884.60) | (34,412.28) | 2,034,412.28 |
| 912828ZR4 | 05/14/21 | TREAS NOTE | U.S. Treasury 0.125 05/31/22 | | 4,000,000.00 | 100.055 | 4,002,187.50 | (274.50) | (274.50) | (1,913.00) | 4,001,913.00 |
| 3133EMF64 | 06/11/21 | AGCY BULET | FFCB 0.060 06/09/22 | | 5,000,000.00 | 99.997 | 4,999,850.00 | 8.40 | 8.40 | 141.60 | 4,999,858.40 |
| Total for 700 - CDC Fund | | | | | 25,000,000.00 | | 25,262,310.94 | (71,374.40) | (70,047.05) | (192,263.89) | 25,192,263.89 |
| Total for City of Frisco | | | | | 25,000,000.00 | | 25,262,310.94 | (71,374.40) | (70,047.05) | (192,263.89) | 25,192,263.89 |

| CUSIP | Security Type | Security Description | Pay Date | Interest | Principal | Total Amount |
|---------------------------------|---------------|------------------------------|----------|-------------------|-------------|-------------------|
| 700 - CDC Fund | | | | | | |
| 912828ZA1 | TREAS NOTE | U.S. Treasury 1.125 02/28/22 | 08/31/21 | 28,125.00 | 0.00 | 28,125.00 |
| 912828W89 | TREAS NOTE | U.S. Treasury 1.875 03/31/22 | 09/30/21 | 84,375.00 | 0.00 | 84,375.00 |
| 9128286M7 | TREAS NOTE | U.S. Treasury 2.250 04/15/22 | 10/15/21 | 22,500.00 | 0.00 | 22,500.00 |
| 912828ZR4 | TREAS NOTE | U.S. Treasury 0.125 05/31/22 | 11/30/21 | 2,500.00 | 0.00 | 2,500.00 |
| 3133EMF64 | AGCY BULET | FFCB 0.060 06/09/22 | 12/09/21 | 1,500.00 | 0.00 | 1,500.00 |
| Total for 700 - CDC Fund | | | | 139,000.00 | 0.00 | 139,000.00 |

| CUSIP | Security Type | Security Description | Pay Date | Interest | Principal | Total Amount |
|--|---------------|----------------------|----------------|-------------------|-------------|-------------------|
| Total for All Portfolios | | | | | | |
| | | | August 2021 | 28,125.00 | 0.00 | 28,125.00 |
| | | | September 2021 | 84,375.00 | 0.00 | 84,375.00 |
| | | | October 2021 | 22,500.00 | 0.00 | 22,500.00 |
| | | | November 2021 | 2,500.00 | 0.00 | 2,500.00 |
| | | | December 2021 | 1,500.00 | 0.00 | 1,500.00 |
| Total Projected Cash Flows for City of Frisco | | | | 139,000.00 | 0.00 | 139,000.00 |