



## INVESTMENT PORTFOLIO SUMMARY

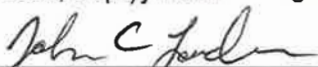
For the Quarter Ended

March 31, 2023

Prepared by  
Valley View Consulting, L.L.C.

The investment portfolio of the Town of Prosper is in compliance with the Public Funds Investment Act and the Town of Prosper Investment Policy and Strategies.

  
\_\_\_\_\_  
Bob Scott, Deputy Town Manager

  
\_\_\_\_\_  
Chris Landrum, Finance Director

**Disclaimer:** These reports were compiled using information provided by the Town of Prosper. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

## Summary

### Quarter End Results by Investment Category:

Asset Type	December 31, 2022			March 31, 2023		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW	2.92%	\$ 31,294,332	\$ 31,294,332	4.57%	\$ 36,891,989	\$ 36,891,989
Pools	3.97%	71,672,414	71,672,414	4.61%	65,285,585	65,285,585
Securities	1.95%	48,140,591	47,219,763	2.94%	43,086,822	42,371,745
Certificates of Deposit	1.38%	34,641,918	34,641,918	1.32%	35,312,658	35,312,658
<b>Total</b>	<b>3.03%</b>	<b>\$ 185,749,255</b>	<b>\$ 184,828,427</b>	<b>3.63%</b>	<b>\$ 180,577,054</b>	<b>\$ 179,861,977</b>

#### Average Yield - Current Quarter (1)

Total Portfolio	3.63%
Rolling Three Month Treasury	4.78%
Rolling Six Month Treasury	4.73%
TexPool	4.61%

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	3.33%
Rolling Three Month Treasury	4.49%
Rolling Six Month Treasury	4.32%
TexPool	4.30%

#### Interest Earnings (Approximate)

Quarter	\$ 1,634,976
Fiscal Year-to-date	\$ 2,646,757

(1) **Quarter End Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

**Town of Prosper, Texas**  
**March 31, 2023 Quarterly Investment Report Investment Strategy Addendum**

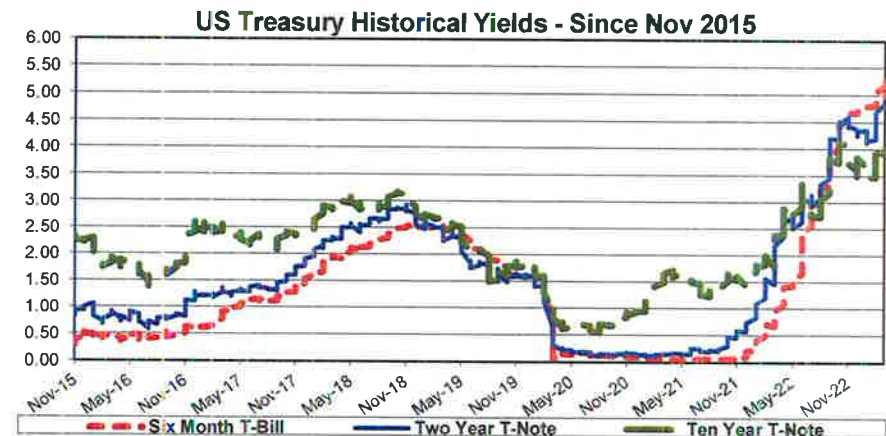
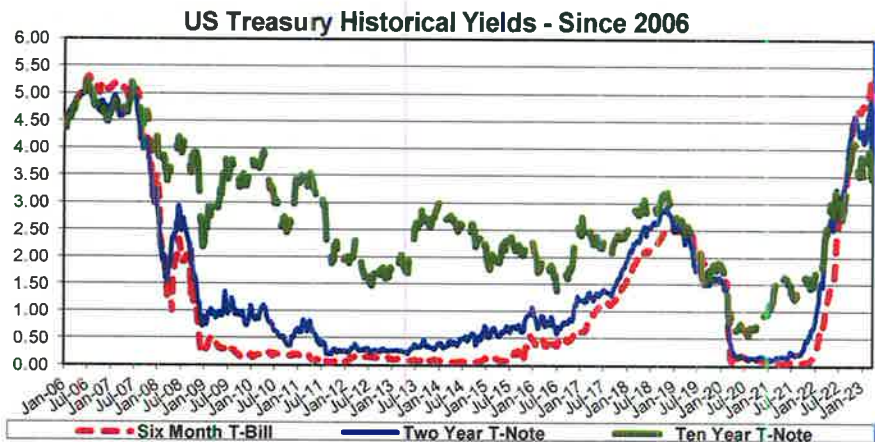
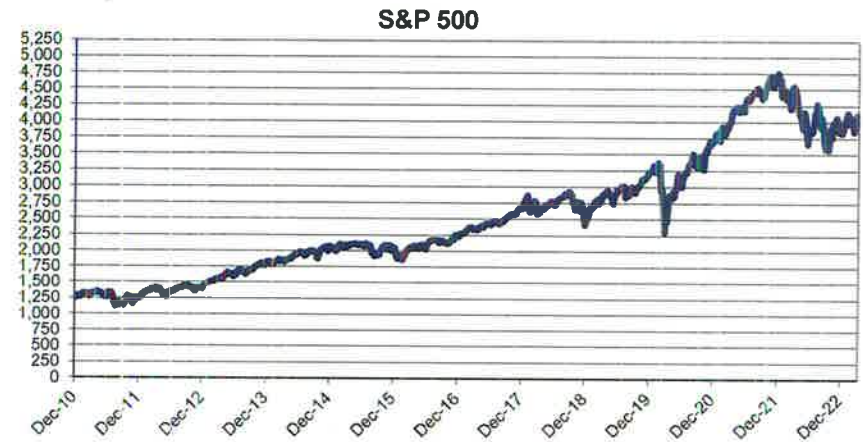
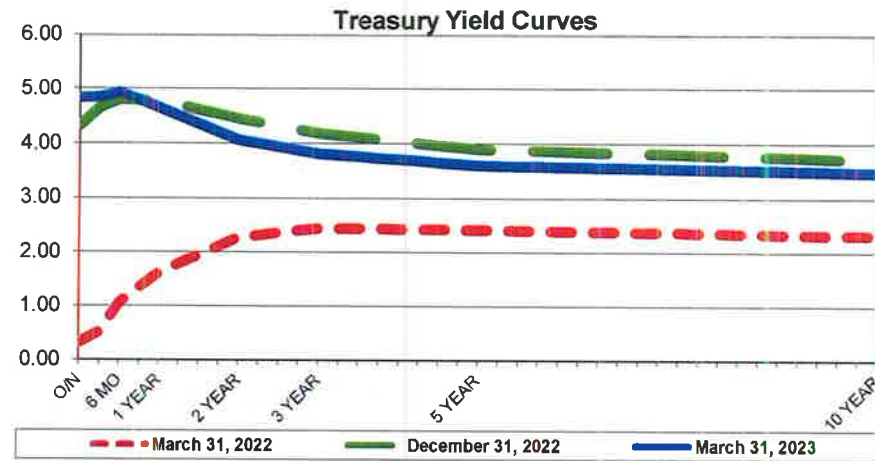
As noted in the Economic Overview, the FOMC has tightened 500 basis points in the since early 2022 and as anticipated, tightened an additional 25 basis points on May 3, 2023 resulting in a Fed Funds target of 5.00%-5.25%. These increases reflect The Federal Reserve's efforts to slow the economy and reduce inflationary pressures.

In the low interest environment of 2021 and prior, Certificates of Deposit (CD) often provided a yield advantage over Treasury and Agency securities. This yield advantage is still selectively prevalent, but combined with the greater administrative requirements and lack of liquidity associated with CD's the Town will continue shifting more available funds into fixed income securities. In addition, the Town's premier money market account with its Depository Bank pays the Fed Funds rate. The Town also maintains balances in two local government investment pools to ensure liquidity and for diversification purposes.

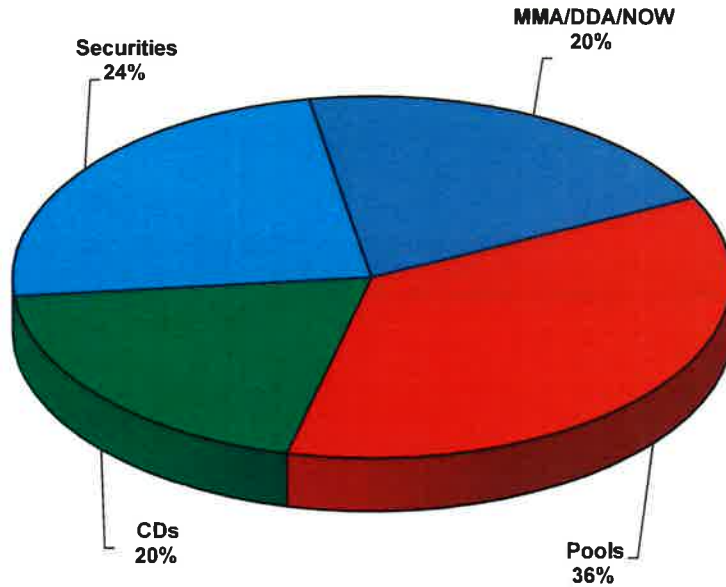
## Economic Overview

3/31/2023

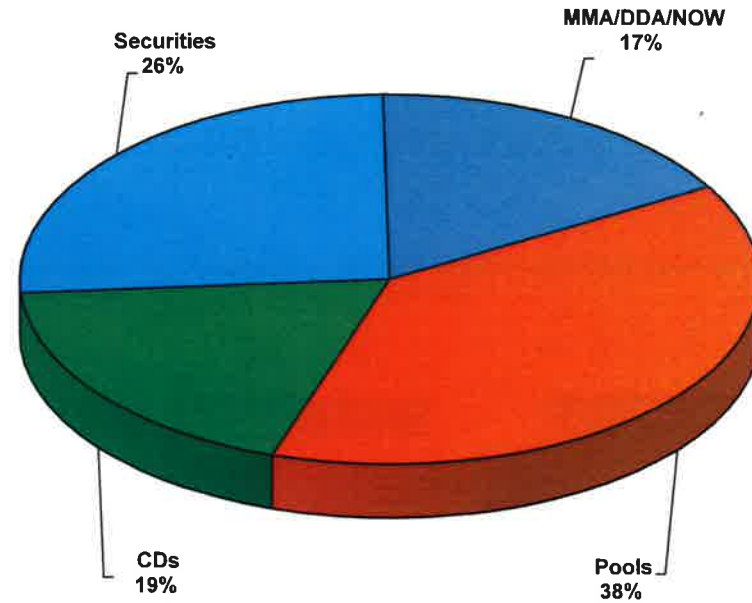
The Federal Open Market Committee (FOMC) raised the Fed Funds target range 0.25% to 4.75% - 5.00% March 22nd (Effective Fed Funds are trading +/-4.82%). An additional 0.25% increase is projected May 3rd. Fourth Quarter 2022 GDP was revised downward to 2.6% (final number). March Non-Farm Payroll saw 236k new jobs. OPEC announced production cuts and Crude Oil moved up slightly to +/- \$80 per barrel. The S&P Stock Index still oscillates on either side of 4,000. In early March, two large US banks and one European bank required bail-outs to prevent wider financial market disruption. The yield curve shifted lower on broader economic concerns, even with the expectation of additional FOMC rate increases. The Market is now considering lower future interest rates as early as this fall. Inflation is still over the FOMC 2% target (Core PCE +/-4.7% and CPI +/-6.4%). International challenges add to economic uncertainty.



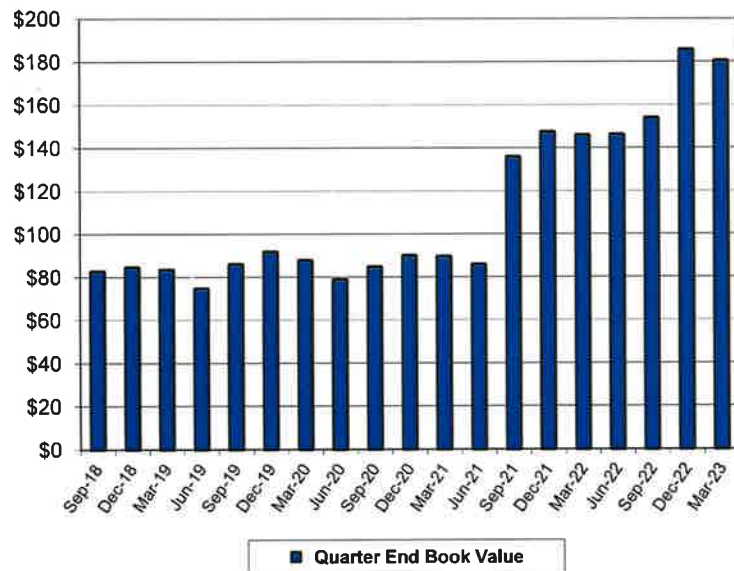
Composition - Current Quarter



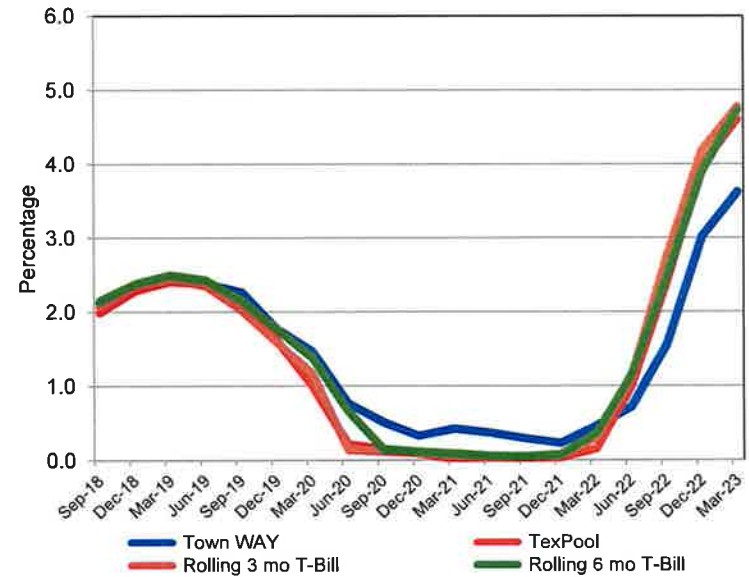
Composition - Prior Quarter



Total Portfolio (Millions)



Town Portfolio Performance



**Investment Holdings**  
**March 31, 2023**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Independent Financial DDA		2.04%	04/01/23	03/31/23	\$ 3,739,820	\$ 3,739,820	1.00	\$ 3,739,820	1	2.04%
Independent Financial DDA #2		4.94%	04/01/23	03/31/23	7,587,305	7,587,305	1.00	7,587,305	1	4.94%
Independent Financial DDA #3		4.94%	04/01/23	03/31/23	19,914,535	19,914,535	1.00	19,914,535	1	4.94%
NexBank MMA		4.87%	04/01/23	03/31/23	5,167,065	5,167,065	1.00	5,167,065	1	4.87%
PlainsCapital Bank MMA		0.00%	04/01/23	03/31/23	250,000	250,000	1.00	250,000	1	0.00%
PlainsCapital Bank ICS SWEEP MMF		0.00%	04/01/23	03/31/23	233,264	233,264	1.00	233,264	1	0.00%
TexSTAR	AAAm	4.61%	04/01/23	03/31/23	9,741,586	9,741,586	1.00	9,741,586	1	4.61%
TexPool	AAAm	4.61%	04/01/23	03/31/23	55,543,999	55,543,999	1.00	55,543,999	1	4.61%
The American Nat'l Bank CD		0.43%	06/01/23	06/01/21	5,037,716	5,037,716	100.00	5,037,716	62	0.43%
T-Note	Aaa/AA+	0.13%	07/31/23	10/20/21	1,500,000	1,498,832	98.49	1,477,380	122	0.36%
Veritex Community Bank CD		0.25%	08/23/23	08/23/21	10,037,662	10,037,662	100.00	10,037,662	145	0.25%
Independent Financial CD		4.00%	09/04/23	10/11/22	10,162,137	10,162,137	100.00	10,162,137	157	4.00%
Veritex Community Bank CD		0.25%	09/15/23	09/17/21	5,018,728	5,018,728	100.00	5,018,728	168	0.25%
T-Note	Aaa/AA+	2.88%	10/31/23	10/20/21	1,500,000	1,521,423	98.96	1,484,415	214	0.43%
T-Note	Aaa/AA+	4.75%	02/29/24	02/09/22	5,000,000	5,046,315	97.92	4,895,900	335	1.35%
FHLB	Aaa/AA+	4.75%	03/08/24	12/21/22	10,000,000	9,996,048	99.88	9,987,900	343	4.79%
T-Note	Aaa/AA+	2.25%	04/30/24	03/16/22	10,000,000	10,040,267	97.50	9,750,400	396	1.87%
The American Nat'l Bank CD		2.30%	06/01/24	12/01/22	5,056,416	5,056,416	100.00	5,056,416	428	2.30%
T-Note	Aaa/AA+	1.25%	08/31/24	02/09/22	5,000,000	4,983,938	95.72	4,785,950	519	1.48%
FHLB	Aaa/AA+	4.48%	10/03/24	12/22/22	10,000,000	10,000,000	99.90	9,989,800	552	4.48%
<b>Total Portfolio</b>					<b>\$ 180,490,232</b>	<b>\$ 180,577,054</b>		<b>\$ 179,861,977</b>	<b>134</b>	<b>3.63%</b>

(1) (2)

(1) **Weighted average life** - For purposes of calculating weighted average life, overnight bank and pool balances are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on Book Value, realized and unrealized gains/losses and investment advisory fees are not included. The yield for the reporting month is used for overnight bank and pool balances.

# **Book and Market Value Comparison**

Issuer/Description	Yield	Maturity Date	Book Value 12/31/22	Increases	Decreases	Book Value 03/31/23	Market Value 12/31/22	Change in Market Value	Market Value 03/31/23
Independent Financial DDA	2.04%	04/01/23	\$ 1,393,119	\$ 2,346,701	\$ —	\$ 3,739,820	\$ 1,393,119	\$ 2,346,701	\$ 3,739,820
Independent Financial DDA #2	4.94%	04/01/23	7,505,376	81,928	—	7,587,305	7,505,376	81,928	7,587,305
Independent Financial DDA #3	4.94%	04/01/23	17,059,507	2,855,028	—	19,914,535	17,059,507	2,855,028	19,914,535
NexBank MMA	4.87%	04/01/23	5,108,280	58,785	—	5,167,065	5,108,280	58,785	5,167,065
PlainsCapital Bank MMA	0.00%	04/01/23	228,050	21,950	—	250,000	228,050	21,950	250,000
PlainsCapital Bank ICS SWEEP MMF	0.00%	04/01/23	—	233,264	—	233,264	—	233,264	233,264
TexSTAR	4.61%	04/01/23	35,894,668	—	(26,153,082)	9,741,586	35,894,668	(26,153,082)	9,741,586
TexPool	4.61%	04/01/23	35,777,746	19,766,253	—	55,543,999	35,777,746	19,766,253	55,543,999
Legend Bank IntraFi CD	0.35%	03/23/23	1,500,000	—	(1,500,000)	—	1,500,000	(1,500,000)	—
CapTex Bank IntraFi CD	0.40%	03/23/23	3,000,000	—	(3,000,000)	—	3,000,000	(3,000,000)	—
The American Nat'l Bank CD	0.43%	06/01/23	5,032,378	5,338	—	5,037,716	5,032,378	5,338	5,037,716
T-Note	0.36%	07/31/23	1,497,971	861	—	1,498,832	1,460,505	16,875	1,477,380
Veritex Community Bank CD	0.25%	08/23/23	10,031,341	6,321	—	10,037,662	10,031,341	6,321	10,037,662
Independent Financial CD	4.00%	09/04/23	10,062,563	99,574	—	10,162,137	10,062,563	99,574	10,162,137
Veritex Community Bank CD	0.25%	09/15/23	5,015,636	3,092	—	5,018,728	5,015,636	3,092	5,018,728
T-Note	0.43%	10/31/23	1,530,433	—	(9,010)	1,521,423	1,477,560	6,855	1,484,415
T-Note	1.35%	02/29/24	5,058,758	—	(12,443)	5,046,315	4,871,300	24,600	4,895,900
FHLB	4.79%	03/08/24	9,995,011	1,037	—	9,996,048	9,990,600	(2,700)	9,987,900
T-Note	1.87%	04/30/24	10,049,418	—	(9,152)	10,040,267	9,685,900	64,500	9,750,400
The American Nat'l Bank CD	2.30%	06/01/24	5,027,848	28,568	—	5,056,416	5,027,848	28,568	5,056,416
T-Note	1.48%	08/31/24	4,981,152	2,785	—	4,983,938	4,735,950	50,000	4,785,950
FHLB	4.48%	10/03/24	10,000,000	—	—	10,000,000	9,970,100	19,700	9,989,800
<b>TOTAL / AVERAGE</b>	<b>3.63%</b>		<b>\$ 185,749,255</b>	<b>\$ 25,511,485</b>	<b>\$(30,683,686)</b>	<b>\$ 180,577,054</b>	<b>\$ 184,828,427</b>	<b>\$ (4,966,450)</b>	<b>\$ 179,861,977</b>

**Allocation**

**March 31, 2023**

<b>Book Value</b>	<b>Yield</b>	<b>Maturity Date</b>	<b>Total</b>	<b>Pooled Funds</b>	<b>Debt Service Fund</b>
Independent Financial DDA	2.04%		\$ 3,739,820	\$ 3,739,820	
Independent Financial DDA #2	4.94%		7,587,305	7,587,305	
Independent Financial DDA #3	4.94%		19,914,535	19,914,535	
NexBank MMA	4.87%		5,167,065	5,167,065	
PlainsCapital Bank MMA	0.00%		250,000	250,000	
PlainsCapital Bank ICS SWEEP MMF	0.00%		233,264	233,264	
TexSTAR	4.61%		9,741,586	9,741,586	
TexPool	4.61%		55,543,999	51,494,288	4,049,710
The American Nat'l Bank CD	0.43%	06/01/23	5,037,716	5,037,716	
T-Note	0.36%	07/31/23	1,498,832	1,498,832	
Veritex Community Bank CD	0.25%	08/23/23	10,037,662	10,037,662	
Independent Financial CD	4.00%	09/04/23	10,162,137	10,162,137	
Veritex Community Bank CD	0.25%	09/15/23	5,018,728	5,018,728	
T-Note	0.43%	10/31/23	1,521,423	1,521,423	
T-Note	1.35%	02/29/24	5,046,315	5,046,315	
FHLB	4.79%	03/08/24	9,996,048	9,996,048	
T-Note	1.87%	04/30/24	10,040,267	10,040,267	
The American Nat'l Bank CD	2.30%	06/01/24	5,056,416	5,056,416	
T-Note	1.48%	08/31/24	4,983,938	4,983,938	
FHLB	4.48%	10/03/24	10,000,000	10,000,000	
<b>Totals</b>			<b>\$ 180,577,054</b>	<b>\$ 176,527,344</b>	<b>\$ 4,049,710</b>



# Allocation

December 31, 2022

Book Value	Yield	Maturity Date	Total	Pooled Funds	Debt Service Fund
Independent Financial DDA	1.76%		\$ 1,393,119	\$ 1,393,119	
Independent Financial DDA #2	1.76%		7,505,376	7,505,376	
Independent Financial DDA #3	4.43%		17,059,507	17,059,507	
NexBank MMA	4.40%		5,108,280	5,108,280	
PlainsCapital Bank ICS SWEEP MMF	0.00%		228,050	228,050	
TexSTAR	3.97%		35,894,668	35,894,668	
TexPool	3.98%		35,777,746	27,815,175	7,962,571
Legend Bank IntraFi CD	0.35%	3/23/2023	1,500,000	1,500,000	
CapTex Bank IntraFi CD	0.40%	3/23/2023	3,000,000	3,000,000	
The American Nat'l Bank CD	0.43%	6/1/2023	5,032,378	5,032,378	
T-Note	0.36%	7/31/2023	1,497,971	1,497,971	
Veritex Community Bank CD	0.25%	08/23/23	10,031,341	10,031,341	
Independent Financial CD	4.00%	09/04/23	10,062,563	10,062,563	
Veritex Community Bank CD	0.25%	09/15/23	5,015,636	5,015,636	
T-Note	0.43%	10/31/23	1,530,433	1,530,433	
T-Note	1.35%	02/29/24	5,058,758	5,058,758	
FHLB	4.79%	03/08/24	9,995,011	9,995,011	
T-Note	1.87%	04/30/24	10,049,418	10,049,418	
T-Note	1.48%	08/31/24	4,981,152	4,981,152	
FHLB	4.48%	10/03/24	10,000,000	10,000,000	
<b>Totals</b>			<b>\$ 180,721,406</b>	<b>\$ 172,758,835</b>	<b>\$ 7,962,571</b>