

INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

September 30, 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.

Robert B. Scott

Bob Scott, Deputy Town Manager

Chris Landrum

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.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

City Funds	September 30, 2022			September 30, 2023			
	Asset Type	Book Value	Market Value	Ave. Yield	Book Value	Market Value	Ave. Yield
MMA/NOW	\$ 41,450,612	\$ 41,450,612		1.91%	\$ 29,395,973	\$ 29,395,973	4.48%
MMF/Pools	49,720,257	49,720,257		2.31%	97,997,016	97,997,016	5.23%
Securities	23,145,288	22,208,630		1.48%	41,533,532	40,938,205	3.04%
Certificates of Deposit	39,602,746	39,602,746		0.28%	25,409,754	25,409,754	5.67%
City Funds	\$ 153,918,903	\$ 152,982,245			\$ 194,336,276	\$ 193,740,948	
Fourth Quarter-End Yield				1.56%			4.71%
Average Quarter-End Yields (1):				<u>2022</u>			<u>2023</u>
Prosper				0.74%			3.84%
Rolling Three Month Treasury				1.06%			4.95%
Rolling Six Month Treasury				1.01%			4.77%
TexPool				0.90%			4.74%
Fiscal year-to-date Interest Income	\$ 764,980	(Approximate)			\$ 6,086,745	(Approximate)	

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2023			September 30, 2023		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW	4.93%	\$ 22,177,649	\$ 22,177,649	4.48%	\$ 29,395,973	\$ 29,395,973
MMF/Pools	5.04%	77,488,064	77,488,064	5.23%	97,997,016	97,997,016
Securities	2.94%	43,060,614	42,227,990	3.04%	41,533,532	40,938,205
Certificates of Deposit	1.77%	25,362,107	25,362,107	5.67%	25,409,754	25,409,754
Total	3.99%	\$ 168,088,435	\$ 167,255,811	4.71%	\$ 194,336,276	\$ 193,740,948

Average Yield - Current Quarter (1)

Total Portfolio	4.71%
Rolling Three Month Treasury	5.54%
Rolling Six Month Treasury	5.38%
TexPool	5.32%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	3.84%
Rolling Three Month Treasury	4.95%
Rolling Six Month Treasury	4.77%
TexPool	4.74%

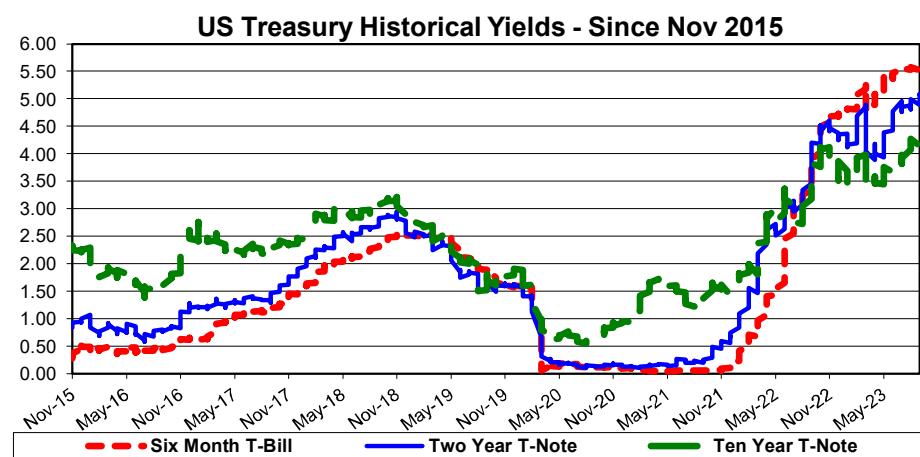
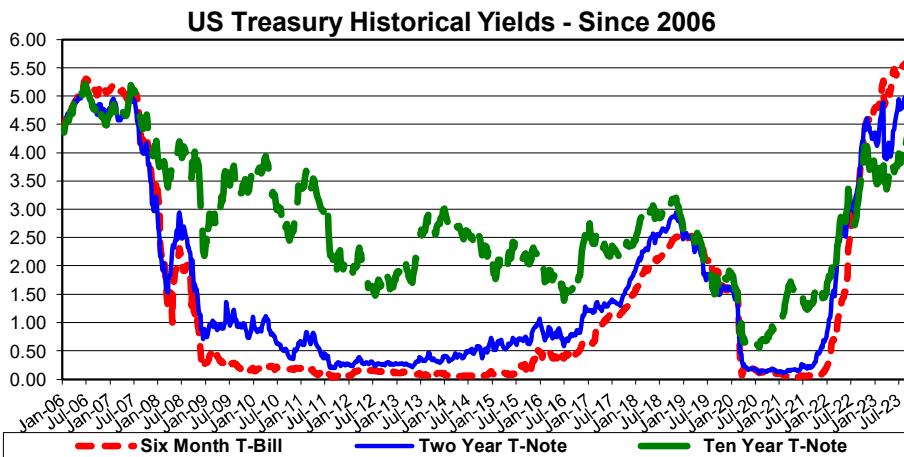
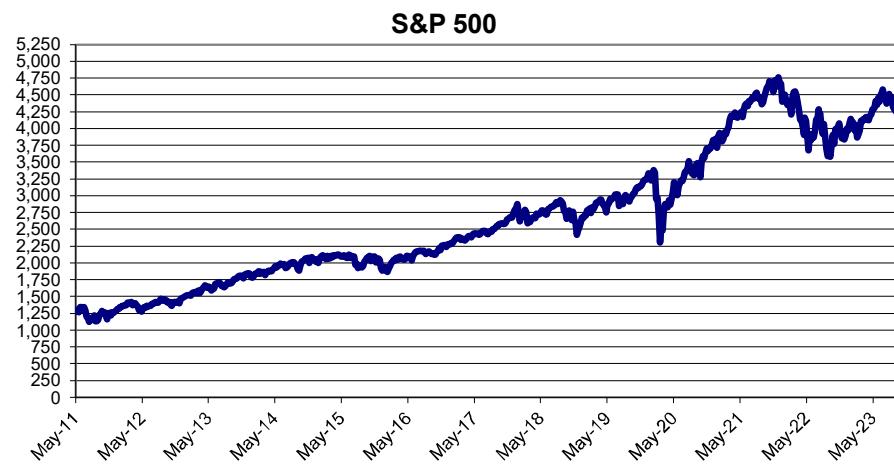
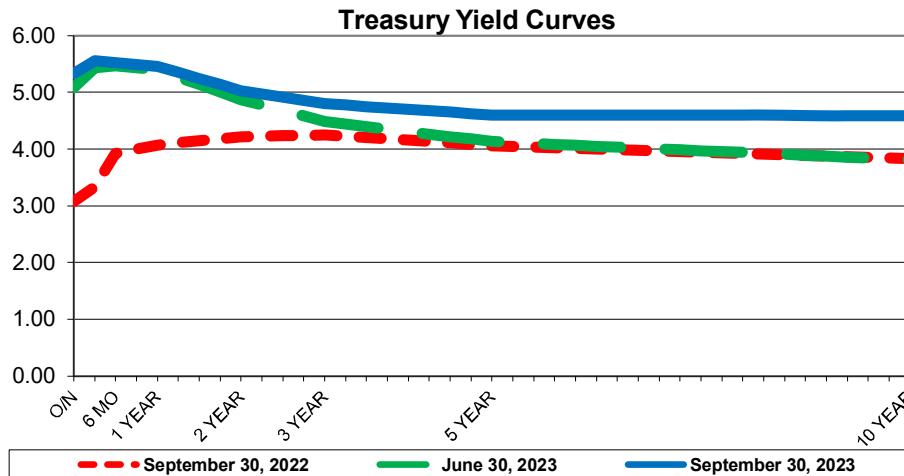
Interest Earnings (Approximate)

Quarter	\$ 1,687,036
Fiscal Year-to-date	\$ 6,086,745

(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.

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 0.25% to 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). A pause is projected at least until the September 19-20 meeting, with any future actions data-dependent. Second Quarter 2023 GDP posted 2.1%. September Non-Farm Payroll surged up 336k new jobs, above the 170k projection. The S&P Stock Index continued to slide below 4,300. The yield curve drifted higher on the long end. Crude Oil traded +/-\$85 per barrel. Inflation drifted lower but still over the FOMC 2% target (Core PCE +/-3.9% and CPI +/-3.7%). The slowing China and German economies, Ukrainian/Russian and Israeli/Hamas conflicts continue to weight on future outlooks.



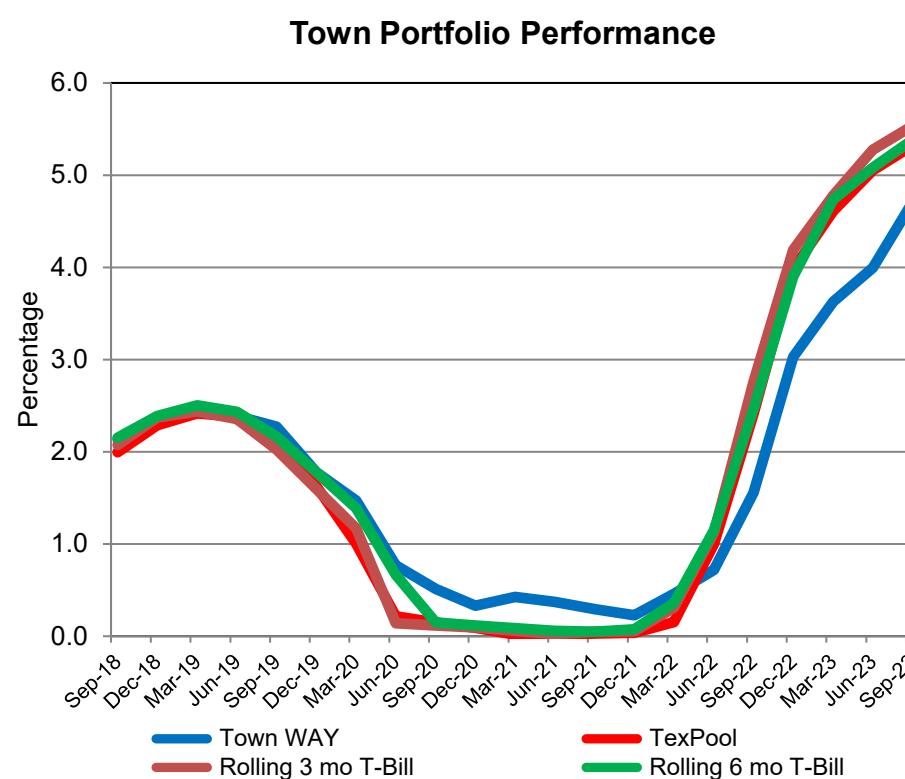
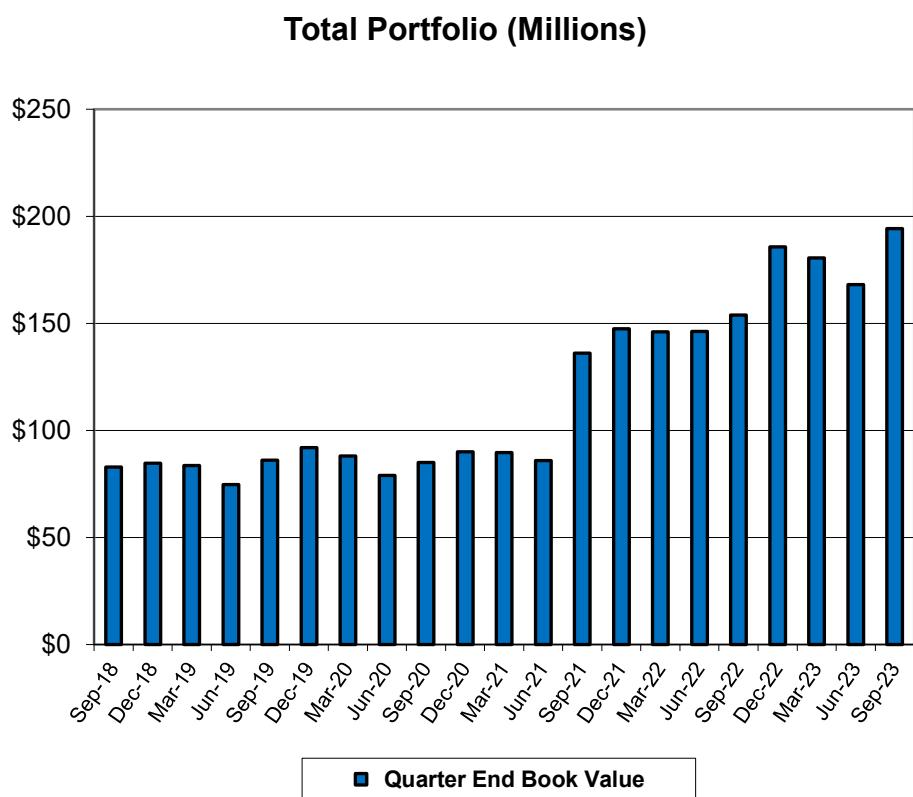
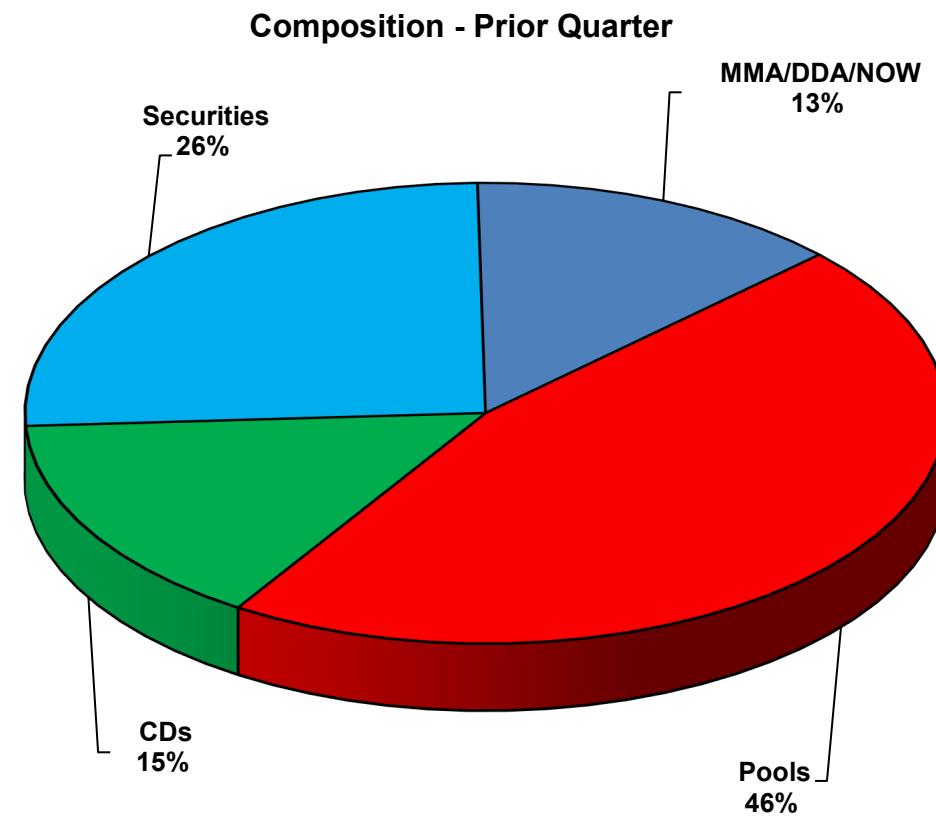
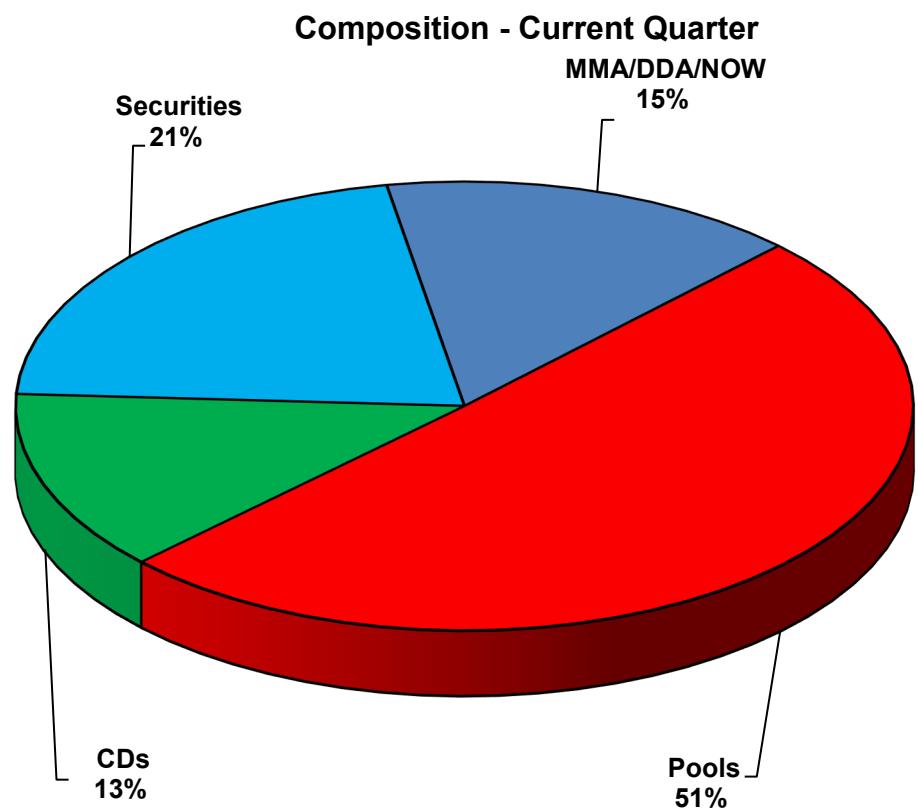
Investment Holdings
September 30, 2023

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Independent Financial DDA		2.78%	10/01/23	09/30/23	\$ 11,226,083	\$ 11,226,083	1.00	\$ 11,226,083	1	2.78%
Independent Financial DDA #2		5.64%	10/01/23	09/30/23	13,307	13,307	1.00	13,307	1	5.64%
Independent Financial DDA #3		5.64%	10/01/23	09/30/23	12,600,169	12,600,169	1.00	12,600,169	1	5.64%
NexBank MMA		5.55%	10/01/23	09/30/23	5,306,415	5,306,415	1.00	5,306,415	1	5.55%
PlainsCapital Bank MMA		0.00%	10/01/23	09/30/23	250,000	250,000	1.00	250,000	1	0.00%
PlainsCapital Bank ICS SWEEP MMF		1.85%	10/01/23	09/30/23	2,330,916	2,330,916	1.00	2,330,916	1	1.85%
TexSTAR	AAAm	5.31%	10/01/23	09/30/23	46,661,274	46,661,274	1.00	46,661,274	1	5.31%
TexPool	AAAm	5.32%	10/01/23	09/30/23	49,004,826	49,004,826	1.00	49,004,826	1	5.32%
T-Note	Aaa/AA+	2.88%	10/31/23	10/20/21	1,500,000	1,503,103	99.82	1,497,305	31	0.43%
East West Bank CD		5.80%	12/14/23	09/14/23	5,013,524	5,013,524	100.00	5,013,524	75	5.97%
T-Note	Aaa/AA+	4.75%	02/29/24	02/09/22	5,000,000	5,021,015	98.80	4,940,235	152	1.35%
FHLB	Aaa/AA+	4.75%	03/08/24	12/21/22	10,000,000	9,998,155	99.67	9,967,100	160	4.79%
East West Bank CD		5.71%	03/14/24	09/14/23	5,013,314	5,013,314	100.00	5,013,314	166	5.88%
T-Note	Aaa/AA+	2.25%	04/30/24	03/16/22	10,000,000	10,021,659	98.20	9,819,531	213	1.87%
Independent Financial CD		5.39%	08/04/24	09/14/23	10,369,929	10,369,929	100.00	10,369,929	309	5.39%
T-Note	Aaa/AA+	1.25%	08/31/24	02/09/22	5,000,000	4,989,601	96.28	4,814,063	336	1.48%
East West Bank CD		5.57%	09/16/24	09/14/23	5,012,987	5,012,987	100.00	5,012,987	352	5.73%
FHLB	Aaa/AA+	4.48%	10/03/24	12/22/22	10,000,000	10,000,000	99.00	9,899,972	369	4.48%
Total Portfolio					\$ 194,302,743	\$ 194,336,276		\$ 193,740,948	83	4.71%

(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 06/30/23	Increases	Decreases	Book Value 09/30/23	Market Value 06/30/23	Change in Market Value	Market Value 09/30/23
Independent Financial DDA	2.78%	10/01/23	\$ 2,910,906	\$ 8,315,177	\$ —	\$ 11,226,083	\$ 2,910,906	\$ 8,315,177	\$ 11,226,083
Independent Financial DDA #2	5.64%	10/01/23	7,685,319	—	(7,672,012)	13,307	7,685,319	(7,672,012)	13,307
Independent Financial DDA #3	5.64%	10/01/23	6,097,571	6,502,597	—	12,600,169	6,097,571	6,502,597	12,600,169
NexBank MMA	5.55%	10/01/23	5,233,852	72,562	—	5,306,415	5,233,852	72,562	5,306,415
PlainsCapital Bank MMA	0.00%	10/01/23	250,000	—	—	250,000	250,000	—	250,000
PlainsCapital Bank ICS SWEEP MMF	1.85%	10/01/23	494,594	1,836,322	—	2,330,916	494,594	1,836,322	2,330,916
TexSTAR	5.31%	10/01/23	9,863,148	36,798,126	—	46,661,274	9,863,148	36,798,126	46,661,274
TexPool	5.32%	10/01/23	67,130,323	—	(18,125,496)	49,004,826	67,130,323	(18,125,496)	49,004,826
T-Note	0.36%	07/31/23	1,499,703	—	(1,499,703)	—	1,494,225	(1,494,225)	—
Veritex Community Bank CD	0.25%	08/23/23	10,043,781	—	(10,043,781)	—	10,043,781	(10,043,781)	—
Independent Financial CD	4.00%	09/04/23	10,296,436	—	(10,296,436)	—	10,296,436	(10,296,436)	—
Veritex Community Bank CD	0.25%	09/15/23	5,021,890	—	(5,021,890)	—	5,021,890	(5,021,890)	—
T-Note	0.43%	10/31/23	1,512,313	—	(9,210)	1,503,103	1,487,865	9,440	1,497,305
East West Bank CD	5.97%	12/14/23	—	5,013,524	—	5,013,524	—	5,013,524	5,013,524
T-Note	1.35%	02/29/24	5,033,734	—	(12,719)	5,021,015	4,900,800	39,435	4,940,235
FHLB	4.79%	03/08/24	9,997,096	1,058	—	9,998,155	9,951,100	16,000	9,967,100
East West Bank CD	5.88%	03/14/24	—	5,013,314	—	5,013,314	—	5,013,314	5,013,314
T-Note	1.87%	04/30/24	10,031,013	—	(9,355)	10,021,659	9,740,600	78,931	9,819,531
Independent Financial CD	5.39%	08/04/24	—	10,369,929	—	10,369,929	—	10,369,929	10,369,929
T-Note	1.48%	08/31/24	4,986,754	2,847	—	4,989,601	4,767,800	46,263	4,814,063
East West Bank CD	5.73%	09/16/24	—	5,012,987	—	5,012,987	—	5,012,987	5,012,987
FHLB	4.48%	10/03/24	10,000,000	—	—	10,000,000	9,885,600	14,372	9,899,972
TOTAL / AVERAGE	4.71%		\$ 168,088,435	\$ 78,938,444	\$ (52,690,603)	\$ 194,336,276	\$ 167,255,811	\$ 26,485,137	\$ 193,740,948

Allocation**September 30, 2023**

Book Value	Yield	Maturity Date	Total	Pooled Funds	Debt Service Fund
Independent Financial DDA	2.78%		\$ 11,226,083	\$ 11,226,083	
Independent Financial DDA #2	5.64%		13,307	13,307	
Independent Financial DDA #3	5.64%		12,600,169	12,600,169	
NexBank MMA	5.55%		5,306,415	5,306,415	
PlainsCapital Bank MMA	0.00%		250,000	250,000	
PlainsCapital Bank ICS SWEEP MMF	1.85%		2,330,916	2,330,916	
TexSTAR	5.31%		46,661,274	46,661,274	
TexPool	5.32%		49,004,826	47,676,988	\$ 1,327,838
T-Note	0.43%	10/31/23	1,503,103	1,503,103	
East West Bank CD	5.80%	12/14/23	5,013,524	5,013,524	
T-Note	1.35%	02/29/24	5,021,015	5,021,015	
FHLB	4.79%	03/08/24	9,998,155	9,998,155	
East West Bank CD	5.71%	03/14/24	5,013,314	5,013,314	
T-Note	1.87%	04/30/24	10,021,659	10,021,659	
Independent Financial CD	5.39%	08/04/24	10,369,929	10,369,929	
T-Note	1.48%	08/31/24	4,989,601	4,989,601	
East West Bank CD	5.57%	09/16/24	5,012,987	5,012,987	
FHLB	4.48%	10/03/24	10,000,000	10,000,000	
Totals			\$ 194,336,276	\$ 193,008,438	\$ 1,327,838

Allocation**June 30, 2023**

Book Value	Yield	Maturity Date	Total	Pooled Funds	Debt Service Fund
Independent Financial DDA	2.53%		\$ 2,910,906	\$ 2,910,906	
Independent Financial DDA #2	5.38%		\$ 7,685,319	7,685,319	
Independent Financial DDA #3	5.38%		\$ 6,097,571	6,097,571	
NexBank MMA	5.30%		\$ 5,233,852	5,233,852	
PlainsCapital Bank MMA	0.00%		\$ 250,000	250,000	
PlainsCapital Bank ICS SWEEP MMF	1.85%		\$ 494,594	494,594	
TexSTAR	5.08%		\$ 9,863,148	9,863,148	
TexPool	5.05%		\$ 67,130,323	62,898,861	4,231,462
 T-Note	 0.36%	 07/31/23	 \$ 1,499,703	 1,499,703	
Veritex Community Bank CD	0.25%	08/23/23	\$ 10,043,781	10,043,781	
Independent Financial CD	4.00%	09/04/23	\$ 10,296,436	10,296,436	
Veritex Community Bank CD	0.25%	09/15/23	\$ 5,021,890	5,021,890	
T-Note	0.43%	10/31/23	\$ 1,512,313	1,512,313	
T-Note	1.35%	02/29/24	\$ 5,033,734	5,033,734	
FHLB	4.79%	03/08/24	\$ 9,997,096	9,997,096	
T-Note	1.87%	04/30/24	\$ 10,031,013	10,031,013	
T-Note	1.48%	08/31/24	\$ 4,986,754	4,986,754	
FHLB	4.48%	10/03/24	\$ 10,000,000	10,000,000	
 Totals			 \$ 168,088,435	 \$ 163,856,973	 \$ 4,231,462

Town of Prosper, Texas
September 30, 2023 Quarterly Investment Report Investment Strategy Addendum

As noted in the Economic Overview, the FOMC has tightened 525 basis points in the since early 2022 and as anticipated, tightened an additional 25 basis points on July 26, 2023 resulting in a Fed Funds target of 5.25%-5.50%. 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 may 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.