



## INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

March 31, 2024

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*

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Bob Scott, Deputy Town Manager

*Chris Landrum*

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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, 2023			March 31, 2024		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW	4.70%	\$ 30,248,616	\$ 30,248,616	4.42%	\$ 17,099,948	\$ 17,099,948
MMF/Pools	5.36%	105,427,768	105,427,768	5.31%	113,703,725	113,703,725
Securities	3.14%	40,012,265	39,597,216	2.83%	24,998,315	24,844,156
Certificates of Deposit	5.60%	25,764,800	25,764,800	5.50%	15,803,324	15,803,324
<b>Total</b>	<b>4.85%</b>	<b>\$ 201,453,449</b>	<b>\$ 201,038,400</b>	<b>4.88%</b>	<b>\$ 171,605,312</b>	<b>\$ 171,451,152</b>

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

Total Portfolio	4.88%
Rolling Three Month Treasury	5.46%
Rolling Six Month Treasury	5.37%
TexPool	5.32%

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

Total Portfolio	4.87%
Rolling Three Month Treasury	5.49%
Rolling Six Month Treasury	5.43%
TexPool	5.34%

#### Interest Earnings (Approximate)

Quarter	\$ 2,477,605
Fiscal Year-to-date	\$ 4,822,691

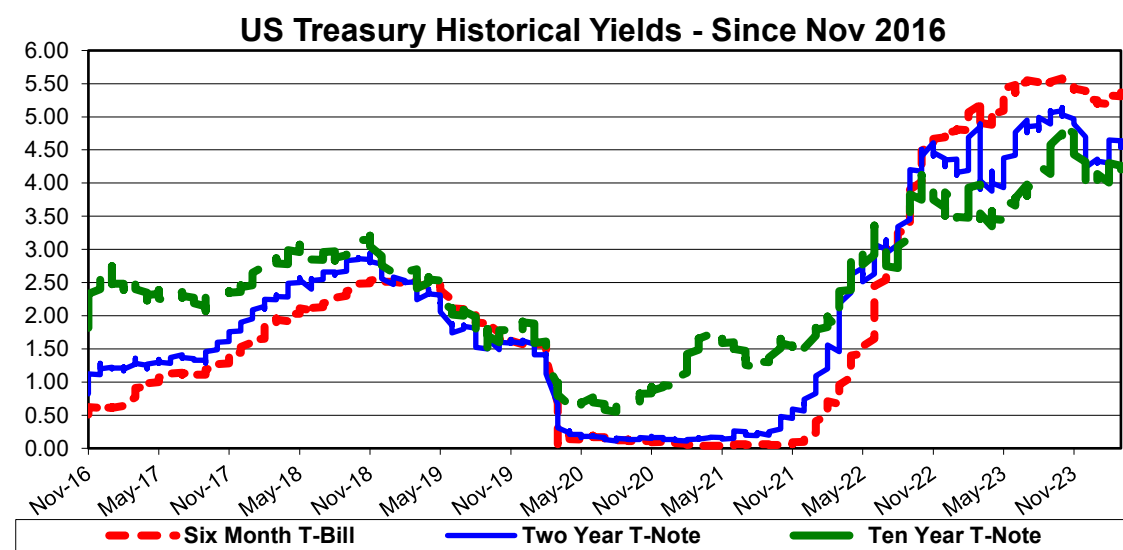
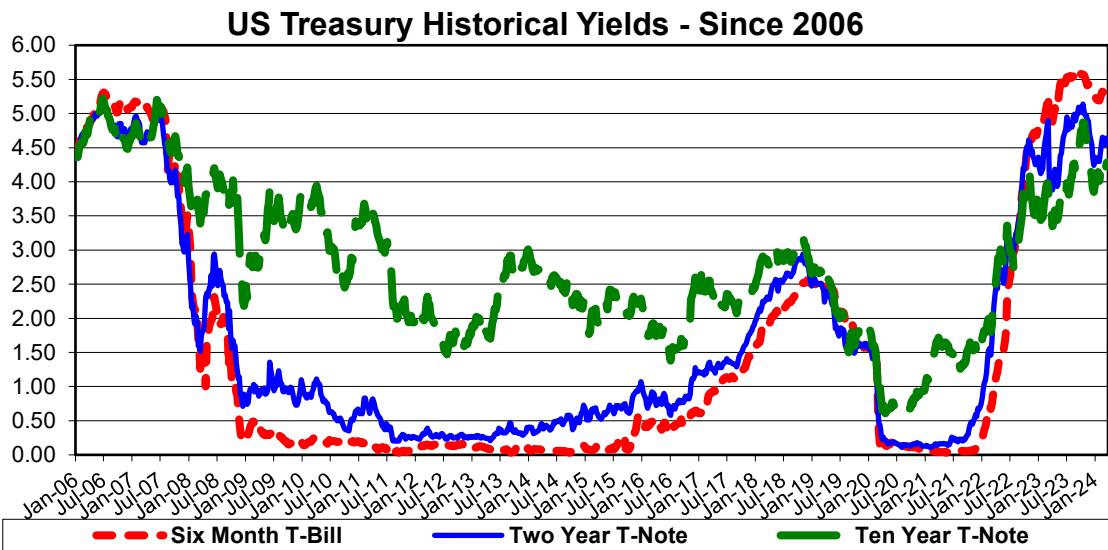
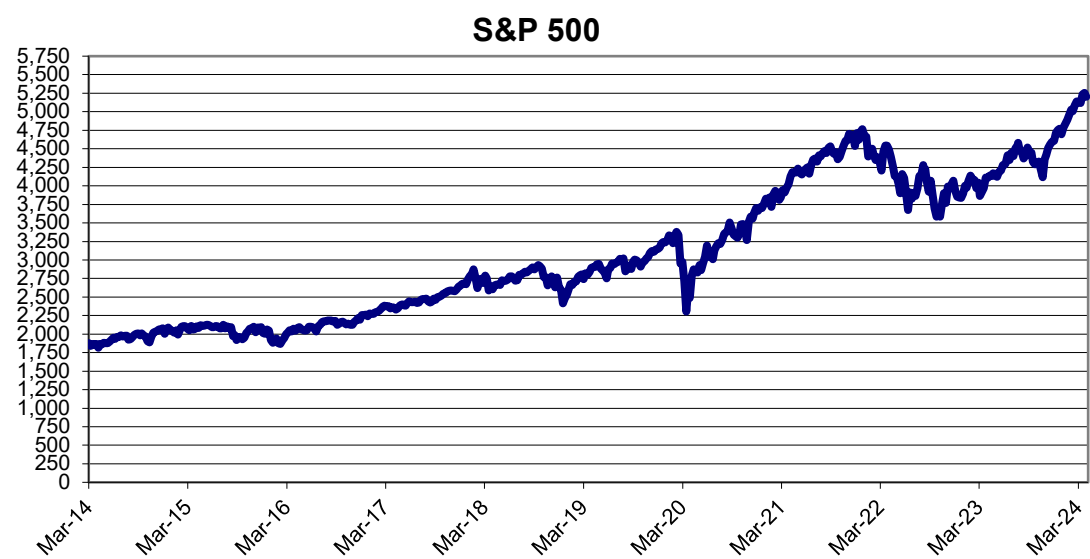
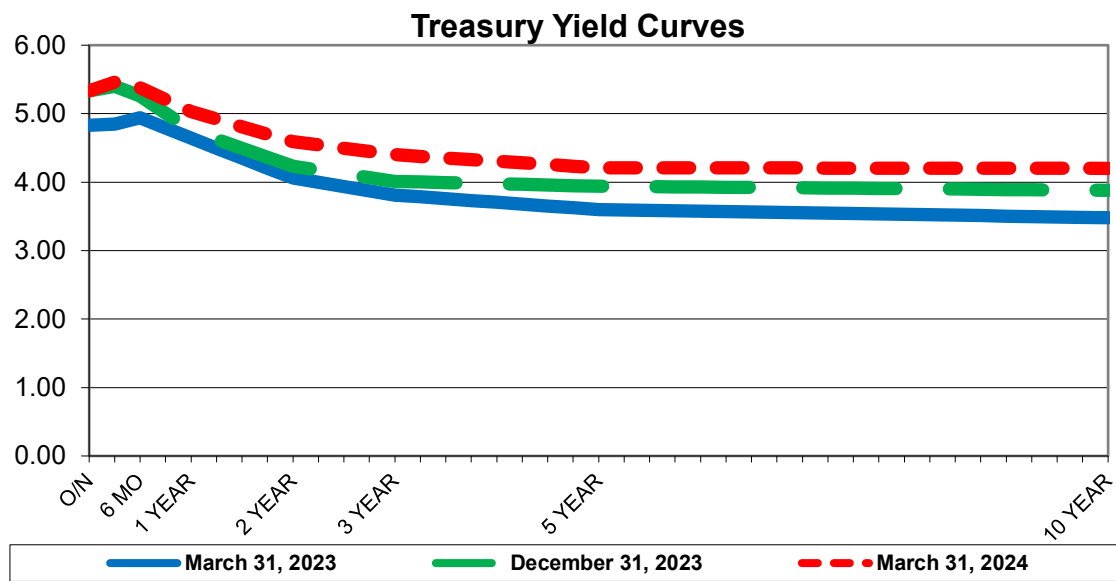
(1) **Quarter End Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(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.

Economic Overview

3/31/2024

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). All expectations are for reduced future rates, but any actions will be meeting-by-meeting and "data-dependent." Fourth Quarter 2023 GDP recorded a stronger than expected 3.4%. The S&P 500 Stock Index reached another new high closing over 5,200. The yield curve remains inverted but longer yields rose slightly. Crude Oil traded over \$87 per barrel. Inflation stubbornly remained above the FOMC 2% target (Core PCE +/-2.8% and Core CPI +/-3.8%). Reduced global economic outlooks and ongoing/expanding military conflicts continue increasing uncertainty.



## Investment Holdings

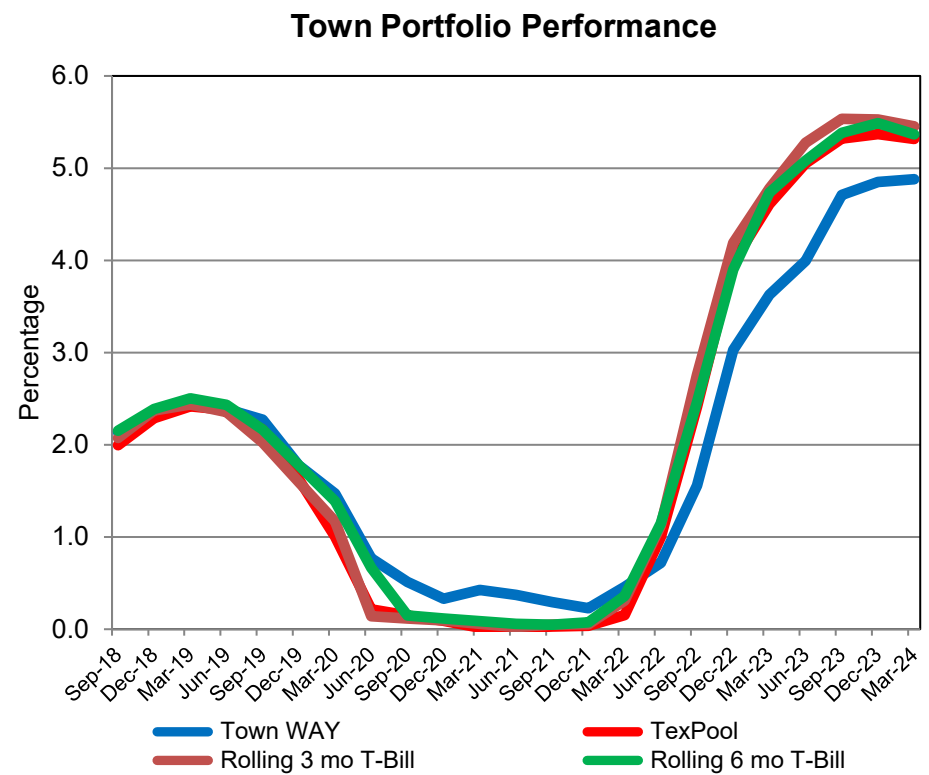
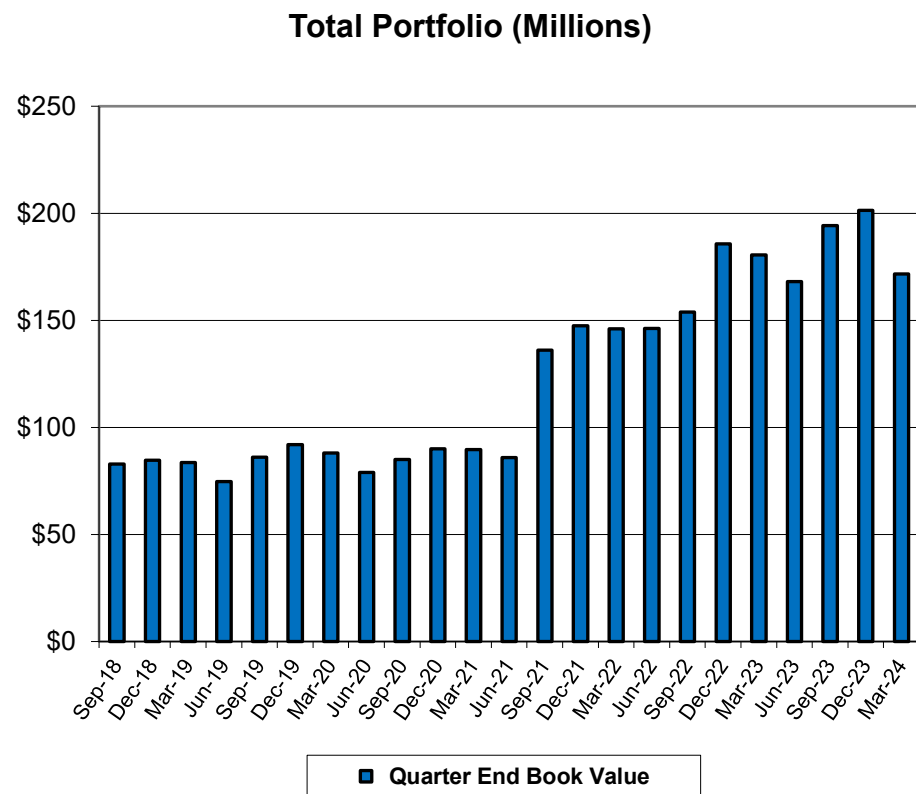
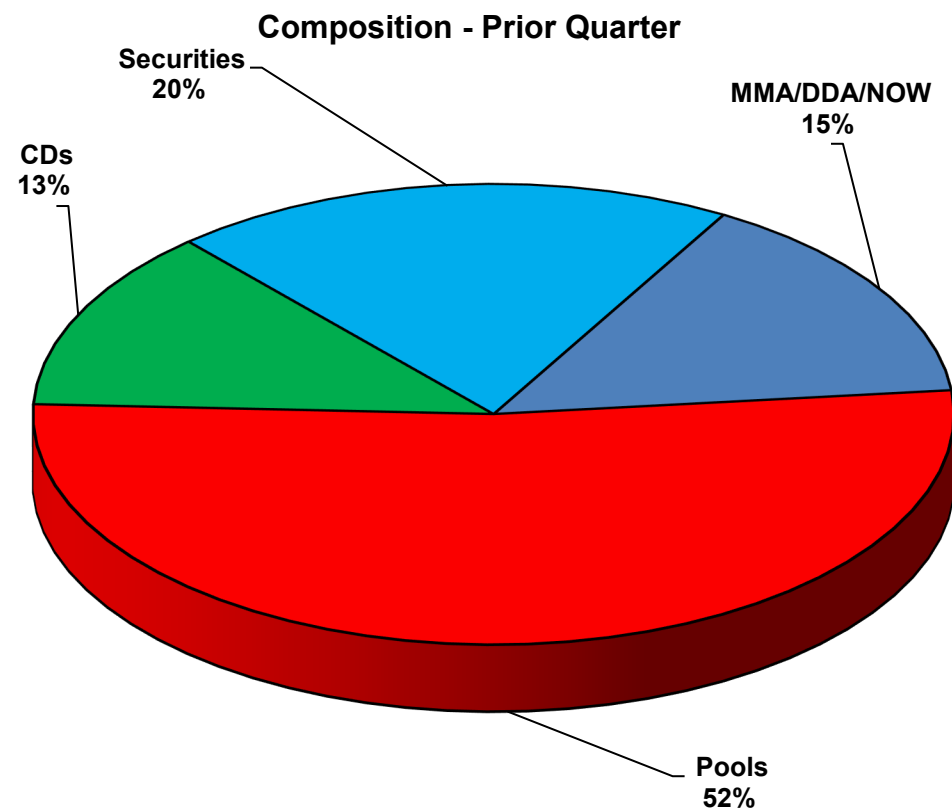
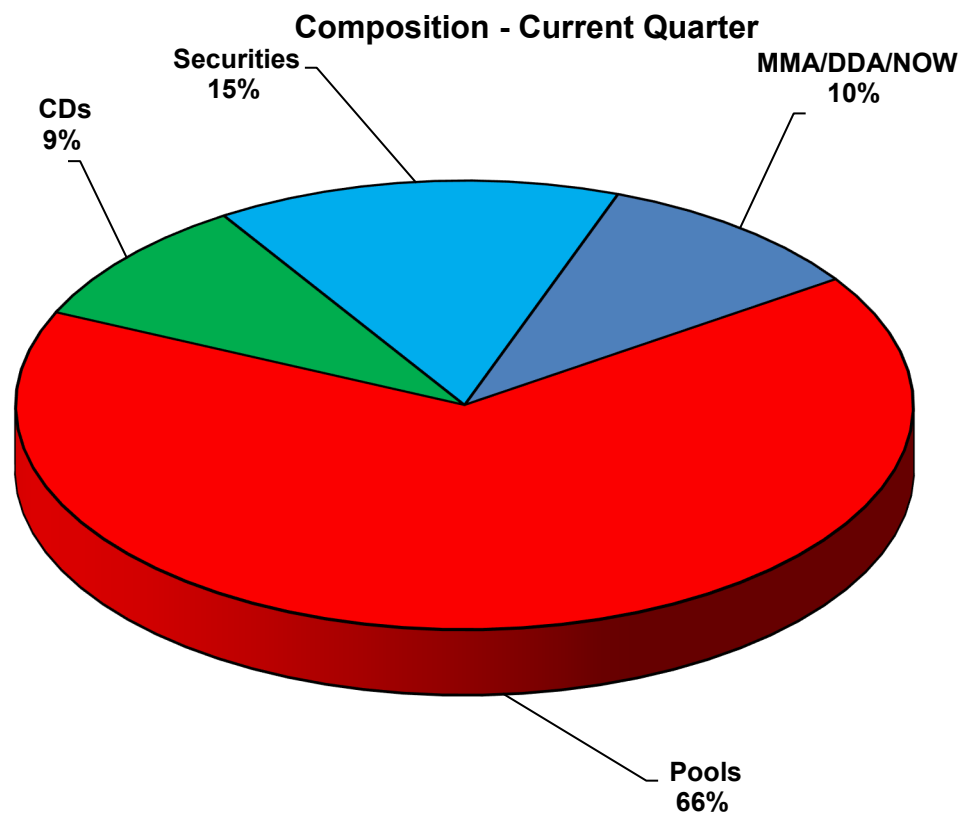
March 31, 2024

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Independent Financial DDA		2.78%	04/01/24	03/31/24	\$ 7,068,406	\$ 7,068,406	1.00	\$ 7,068,406	1	2.78%
Independent Financial DDA #2		5.62%	04/01/24	03/31/24	22,457	22,457	1.00	22,457	1	5.62%
Independent Financial DDA #3		5.62%	04/01/24	03/31/24	4,551,650	4,551,650	1.00	4,551,650	1	5.62%
NexBank MMA		5.55%	04/01/24	03/31/24	5,457,268	5,457,268	1.00	5,457,268	1	5.55%
PlainsCapital Bank MMA		1.85%	04/01/24	03/31/24	167	167	1.00	167	1	1.85%
TexSTAR	AAAm	5.30%	04/01/24	03/31/24	24,683,778	24,683,778	1.00	24,683,778	1	5.30%
TexPool	AAAm	5.32%	04/01/24	03/31/24	89,019,947	89,019,947	1.00	89,019,947	1	5.32%
T-Note	Aaa/AA+	2.25%	04/30/24	03/16/22	10,000,000	10,003,051	99.73	9,972,656	30	1.87%
Independent Financial CD		5.39%	08/04/24	09/14/23	10,648,381	10,648,381	100.00	10,648,381	126	5.39%
T-Note	Aaa/AA+	1.25%	08/31/24	02/09/22	5,000,000	4,995,265	98.35	4,917,578	153	1.48%
East West Bank CD		5.57%	09/16/24	09/14/23	5,154,943	5,154,943	100.00	5,154,943	169	5.73%
FHLB	Aaa/AA+	4.48%	10/03/24	12/21/22	10,000,000	10,000,000	99.54	9,953,922	186	4.48%
<b>Total Portfolio</b>					<b>\$ 171,606,996</b>	<b>\$ 171,605,312</b>		<b>\$ 171,451,152</b>	<b>31</b>	<b>4.88%</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 12/31/23	Increases	Decreases	Book Value 03/31/24	Market Value 12/31/23	Change in Market Value	Market Value 03/31/24
Independent Financial DDA	2.78%	04/01/24	\$ 9,884,164	\$ —	\$ (2,815,758)	\$ 7,068,406	\$ 9,884,164	\$ (2,815,758)	\$ 7,068,406
Independent Financial DDA #2	5.62%	04/01/24	14,128	8,329	—	22,457	14,128	8,329	22,457
Independent Financial DDA #3	5.62%	04/01/24	14,968,174	—	(10,416,523)	4,551,650	14,968,174	(10,416,523)	4,551,650
NexBank MMA	5.55%	04/01/24	5,381,759	75,510	—	5,457,268	5,381,759	75,510	5,457,268
PlainsCapital Bank MMA	1.85%	04/01/24	392	—	(226)	167	392	(226)	167
TexSTAR	5.30%	04/01/24	31,424,220	—	(6,740,443)	24,683,778	31,424,220	(6,740,443)	24,683,778
TexPool	5.32%	04/01/24	74,003,547	15,016,400	—	89,019,947	74,003,547	15,016,400	89,019,947
T-Note	1.35%	02/29/24	5,008,295	—	(5,008,295)	—	4,963,653	(4,963,653)	—
FHLB	4.79%	03/08/24	9,999,217	—	(9,999,217)	—	9,981,447	(9,981,447)	—
East West Bank CD	5.88%	03/14/24	5,085,983	—	(5,085,983)	—	5,085,983	(5,085,983)	—
East West Bank CD	5.65%	03/14/24	5,086,598	—	(5,086,598)	—	5,086,598	(5,086,598)	—
T-Note	1.87%	04/30/24	10,012,304	—	(9,253)	10,003,051	9,873,422	99,234	9,972,656
Independent Financial CD	5.39%	08/04/24	10,508,361	140,019	—	10,648,381	10,508,361	140,019	10,648,381
T-Note	1.48%	08/31/24	4,992,448	2,816	—	4,995,265	4,853,102	64,477	4,917,578
East West Bank CD	5.73%	09/16/24	5,083,858	71,086	—	5,154,943	5,083,858	71,086	5,154,943
FHLB	4.48%	10/03/24	10,000,000	—	—	10,000,000	9,925,593	28,329	9,953,922
<b>TOTAL / AVERAGE</b>	<b>4.88%</b>		<b>\$ 201,453,449</b>	<b>\$ 15,314,159</b>	<b>\$ (45,162,296)</b>	<b>\$ 171,605,312</b>	<b>\$ 201,038,400</b>	<b>\$ (29,587,247)</b>	<b>\$ 171,451,152</b>

**Allocation****March 31, 2024**

<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	2.78%		\$ 7,068,406	\$ 7,068,406	\$ —
Independent Financial DDA #2	5.62%		22,457	22,457	—
Independent Financial DDA #3	5.62%		4,551,650	4,551,650	—
NexBank MMA	5.55%		5,457,268	5,457,268	—
PlainsCapital Bank MMA	1.85%		167	167	—
TexSTAR	5.30%		24,683,778	24,683,778	—
TexPool	5.32%		89,019,947	83,891,398	\$ 5,128,549
T-Note	1.87%	04/30/24	10,003,051	10,003,051	—
Independent Financial CD	5.39%	08/04/24	10,648,381	10,648,381	—
T-Note	1.48%	08/31/24	4,995,265	4,995,265	—
East West Bank CD	5.73%	09/16/24	5,154,943	5,154,943	—
FHLB	4.48%	10/03/24	10,000,000	10,000,000	—
<b>Totals</b>			<b>\$ 171,605,312</b>	<b>\$ 166,476,763</b>	<b>\$ 5,128,549</b>

**Allocation****December 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	2.78%		\$ 9,884,164	\$ 9,884,164	\$ —
Independent Financial DDA #2	5.64%		14,128	14,128	—
Independent Financial DDA #3	5.64%		14,968,174	14,968,174	—
NexBank MMA	5.60%		5,381,759	5,381,759	—
PlainsCapital Bank MMA	0.00%		392	392	—
TexSTAR	5.34%		31,424,220	31,424,220	—
TexPool	5.37%		74,003,547	63,423,535	\$ 10,580,012
T-Note	1.35%	02/29/24	5,008,295	5,008,295	—
FHLB	4.79%	03/08/24	9,999,217	9,999,217	—
East West Bank CD	5.88%	03/14/24	5,085,983	5,085,983	—
East West Bank CD	5.65%	03/14/24	5,086,598	5,086,598	—
T-Note	1.87%	04/30/24	10,012,304	10,012,304	—
Independent Financial CD	5.39%	08/04/24	10,508,361	10,508,361	—
T-Note	1.48%	08/31/24	4,992,448	4,992,448	—
East West Bank CD	5.73%	09/16/24	5,083,858	5,083,858	—
FHLB	4.48%	10/03/24	10,000,000	10,000,000	—
<b>Totals</b>			<b>\$ 201,453,449</b>	<b>\$ 190,873,437</b>	<b>\$ 10,580,012</b>

**Town of Prosper, Texas**  
**March 31, 2024 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, left the fed funds rate steady at a 23-year high of 5.25%-5.50%. The increases since 2022 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.