



2025: Q4 Investment Report

Finance Committee
April 22, 2026

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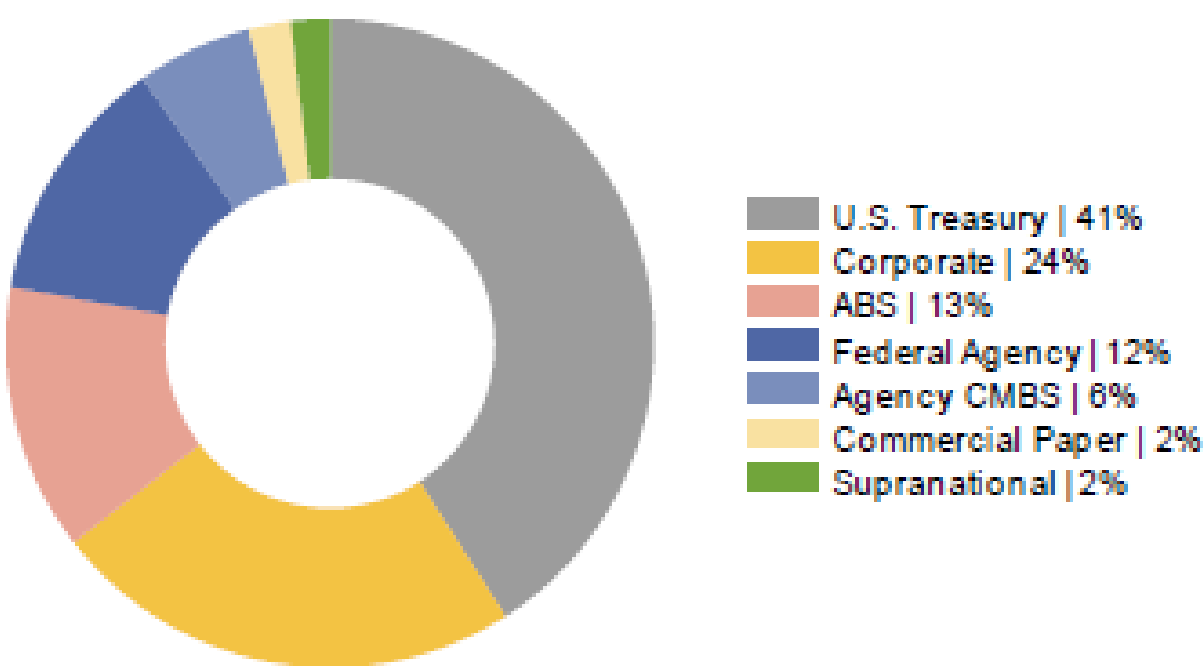


Portfolio Snapshot - CITY OF SAN LEANDRO INVESTMENT FUNDS¹

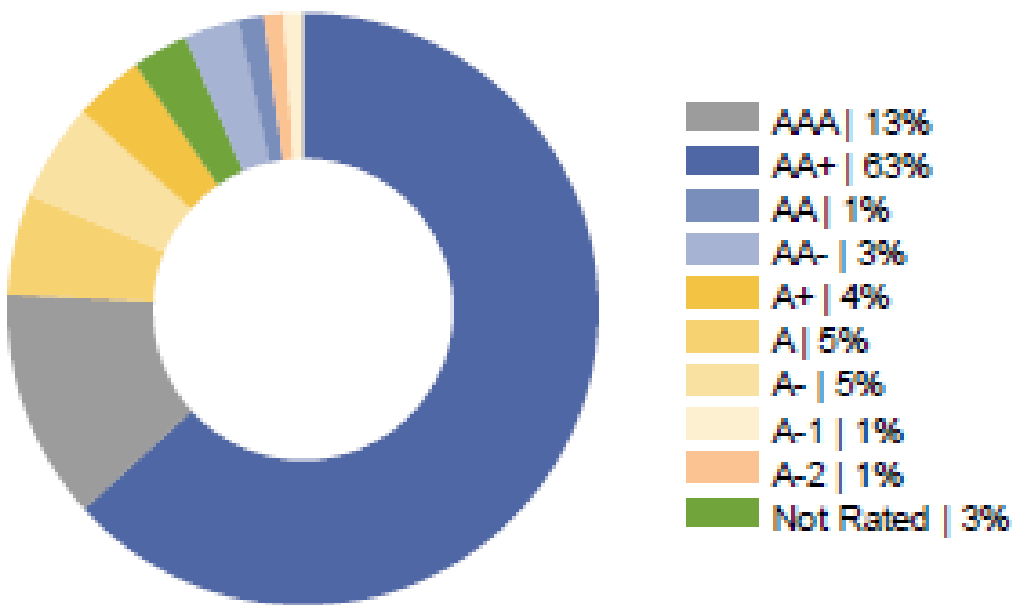
Portfolio Statistics

Total Market Value	\$163,304,505.25
Securities Sub-Total	\$160,968,330.84
Accrued Interest	\$1,320,067.00
Cash	\$1,016,107.41
Portfolio Effective Duration	2.05 years
Benchmark Effective Duration	2.02 years
Yield At Cost	4.16%
Yield At Market	3.76%
Portfolio Credit Quality	AA

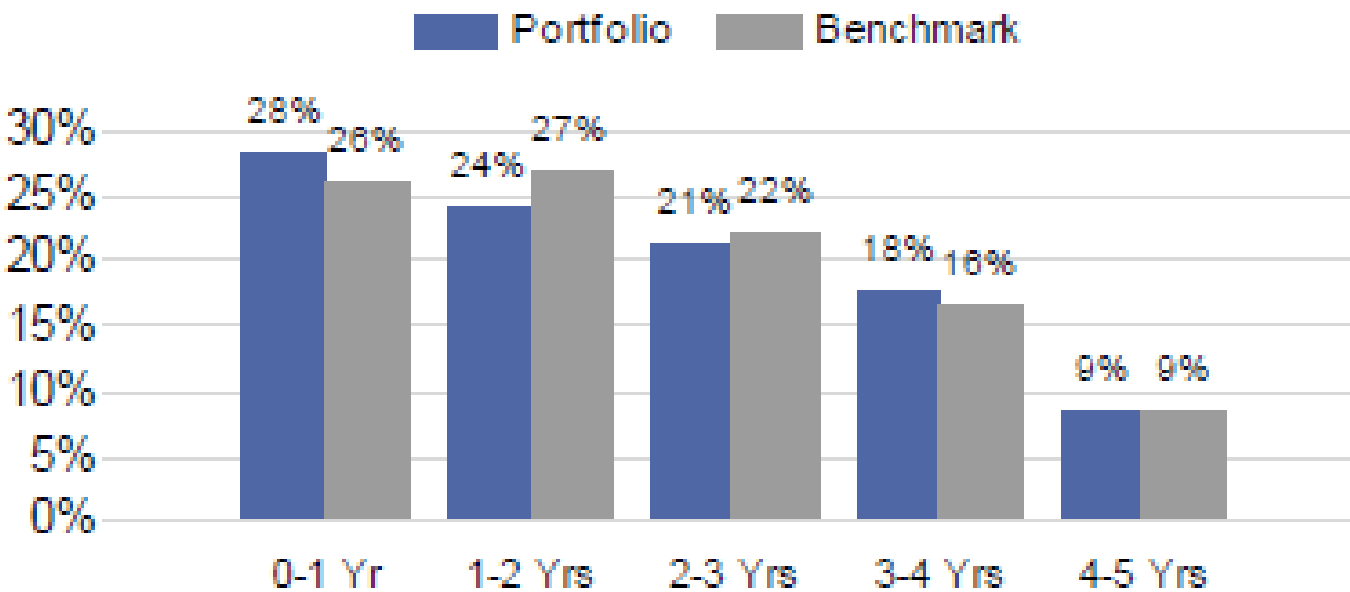
Sector Allocation



Credit Quality - S&P

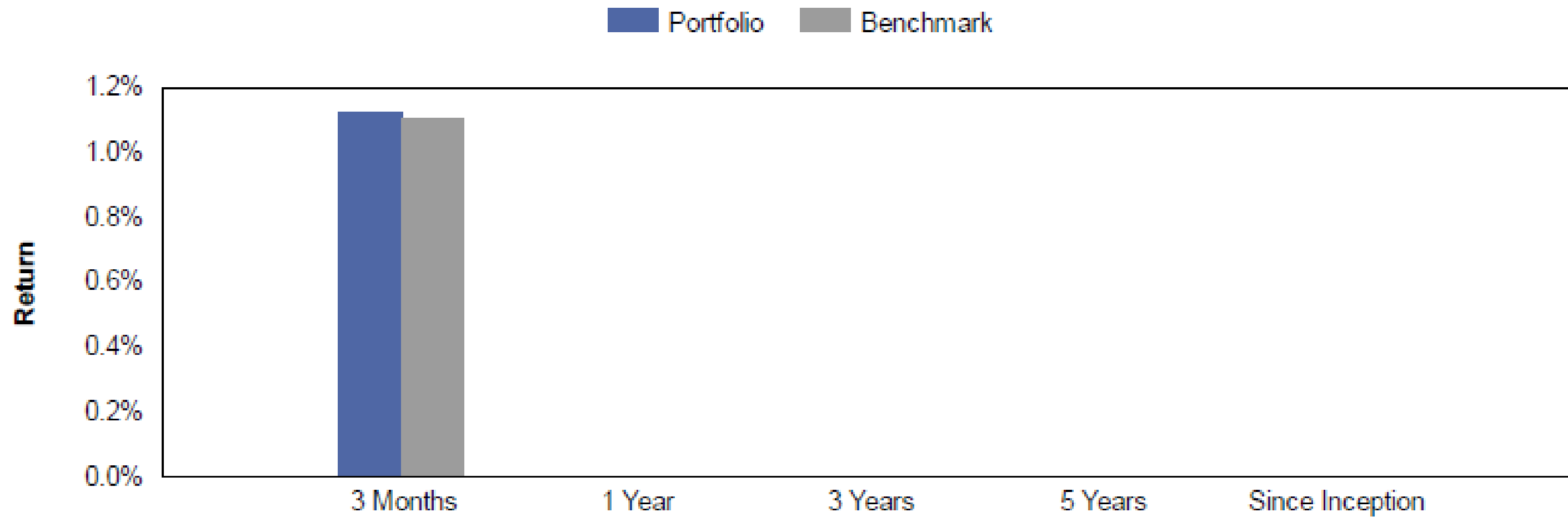


Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception¹
Interest Earned²	\$1,664,012	-	-	-	-
Change in Market Value	\$229,409	-	-	-	-
Total Dollar Return	\$1,893,421	-	-	-	-
Total Return³					
Portfolio	1.12%	-	-	-	-
Benchmark⁴	1.10%	-	-	-	-

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2025.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 0-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

Factors to Consider for 6-12 Months

Monetary Policy (Global):



- The Fed cut rates by 50 bps in Q4 but noted continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- The "dot plot" indicates 25 bps of projected cuts in both 2026 and 2027, but the wide dispersion underscores growing differences of opinion.
- Markets view policy risks as skewed towards additional easing assuming a more dovish Chair takes office in mid-2026 as expected.
- Most major central banks have continued easing with the BOJ being the notable exception.

Economic Growth (Global):



- Strong consumer and business spending and steadier trade dynamics continue to fuel economic growth.
- The effects of U.S. government shutdown are expected to be temporary and fully recouped in 1Q26.
- Benefits from the tax and reconciliation bill and increases in anticipated AI capex are expected to support growth in 2026.

Inflation (U.S.):



- While headline inflation moved lower in Q4, significant gaps in data collection due to the U.S. government shutdown likely biased the data lower.
- Lower shelter inflation continues to support disinflation going forward although goods prices continue to experience tariff passthroughs.
- Fed Chair Powell noted inflation excluding tariffs is near 2%, suggesting the Fed is looking through these effects.

Financial Conditions (U.S.):



- Financial conditions eased further as corporate earnings exceeded expectations and tariff concerns abated.
- Equities reached new all-time highs, credit spreads remain tight, and volatility remains low.
- Fiscal uncertainty and geopolitical risks could reintroduce tighter financial conditions over the next 6-12 months.

Consumer Spending (U.S.):



- Consumer confidence sank given a more pessimistic views of the labor market, particularly among lower-income cohorts.
- Consumer activity remained resilient through the holiday shopping season, highlighting the disconnect between sentiment and actual activity.
- Consumer spending is dominated by higher-income cohorts who benefit from elevated wage growth, strong equity markets, and home price appreciation.
- A significant correction in the equity market or a material slowdown in the labor market are the largest threats to consumer spending.

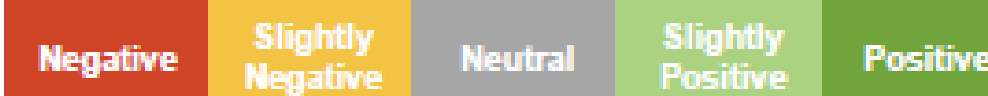
Labor Markets (U.S.):



- Labor market conditions continued to cool with net new job creation close to zero with gains concentrated in the healthcare sector.
- The breakeven employment level to keep pace with labor force growth has fallen. Initial jobless claims and layoff rates remains low, easing some concerns over labor weakness.
- The unemployment rate continued to tick higher, while job openings declined and the quits rate remain subdued, signaling reduced worker leverage.
- Wage growth continues to exceed inflation, supporting consumer spending.

● Current outlook ○ Outlook one quarter ago

Stance Unfavorable
to Risk Assets



Stance Favorable
to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg Finance L.P. and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (12/31/2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

Recommendation

Accept the 2025 Q4 Investment Report

Recommend the 2025 Q4 Investment Report be forwarded to City Council for acceptance by Resolution .