



Investment Review

March 31, 2024

City of Ocala Treasury Reserve Fund

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The Sawgrass Team

Member of Executive Committee

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President/CCO



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Fixed Income



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Large Cap Growth



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Fixed Income/Equity



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Large Cap Growth



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Fixed Income



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Small Cap Growth



Patrick Riley, CFA
Small Cap Growth



Tim Christiansen
Equity Trader/Analyst



Rusty Creighton, CFA
Private Wealth
Management

CLIENT EXPERIENCE



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Distribution



Brian Engel
Institutional
Distribution



Cristine Turner
Institutional
Client Relations



April December
Operations



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Sales Enablement

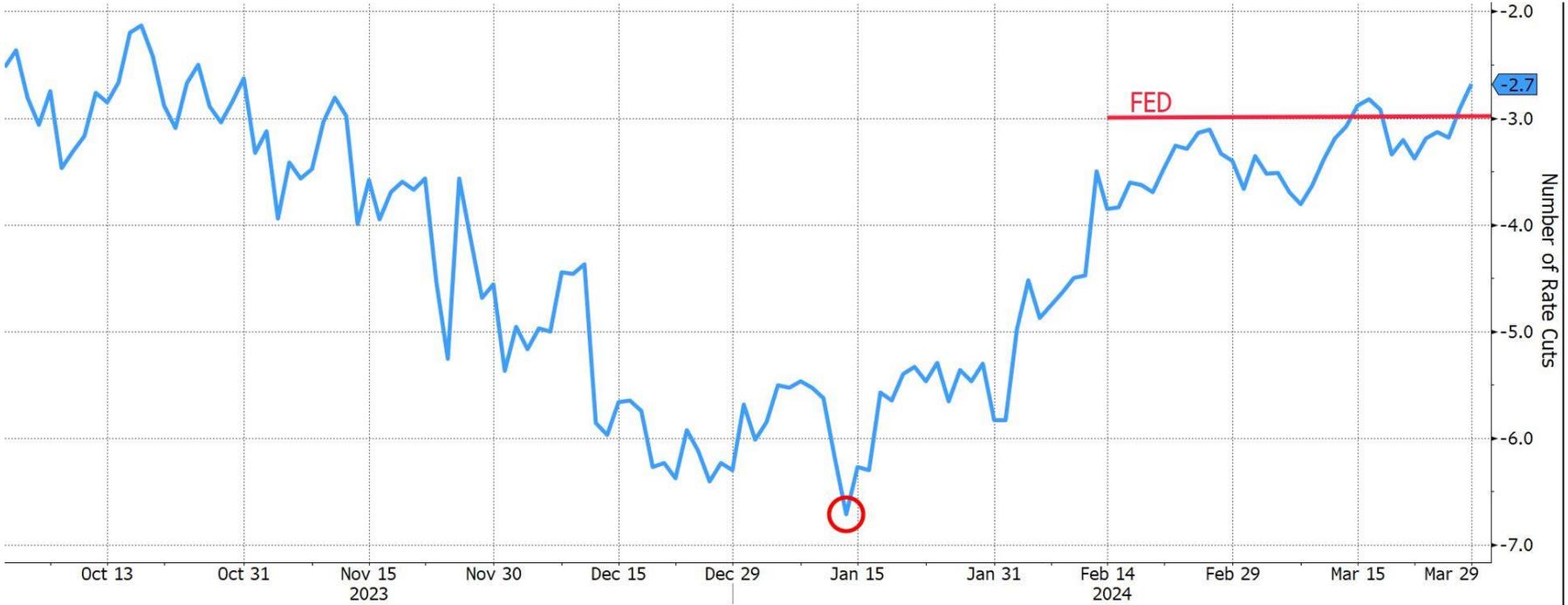


Jamie Wienckowski
Data Management



Khajasta Nichols
Office Management

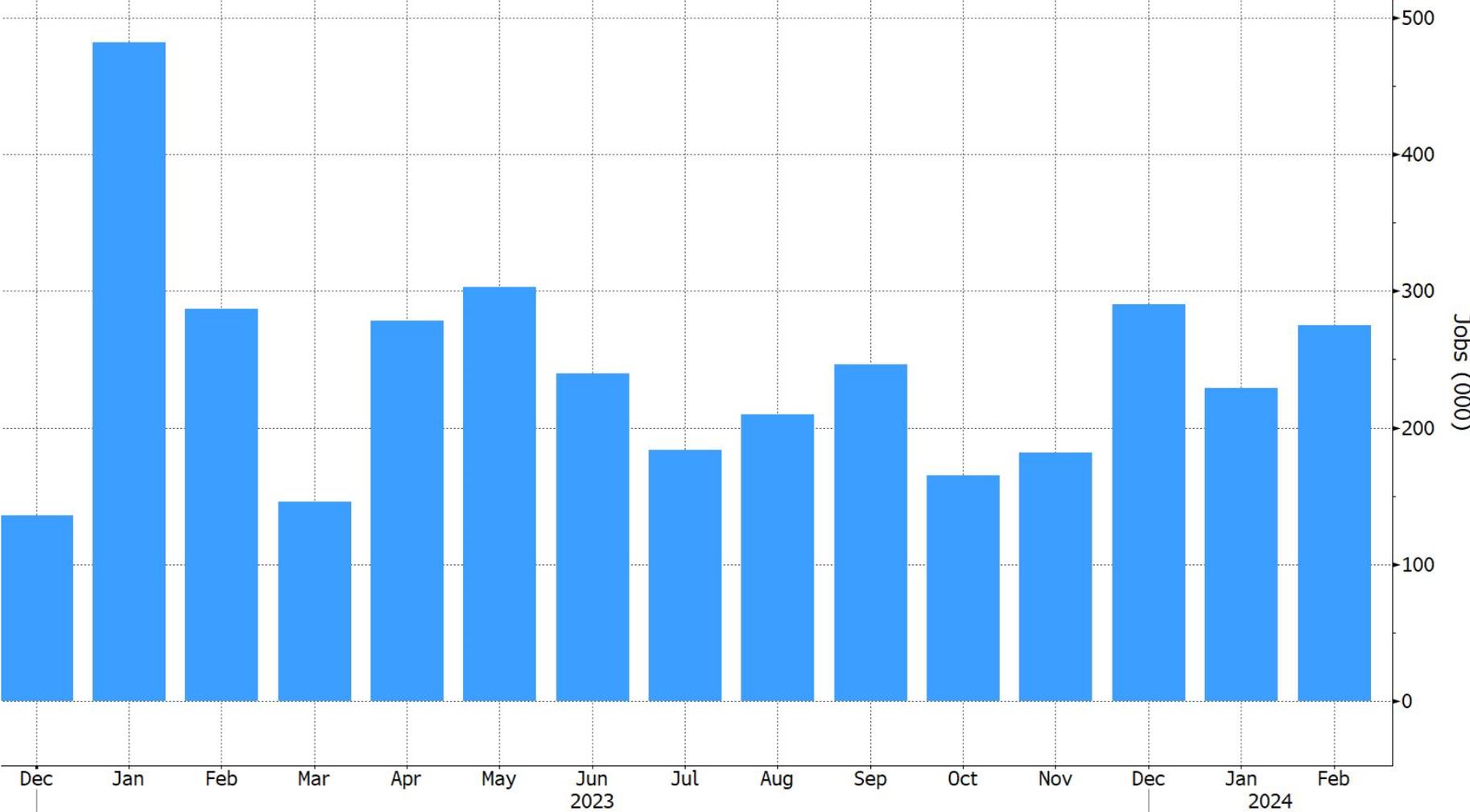
Fed Cuts Repriced



Market repriced the amount of Fed Cuts from six to three

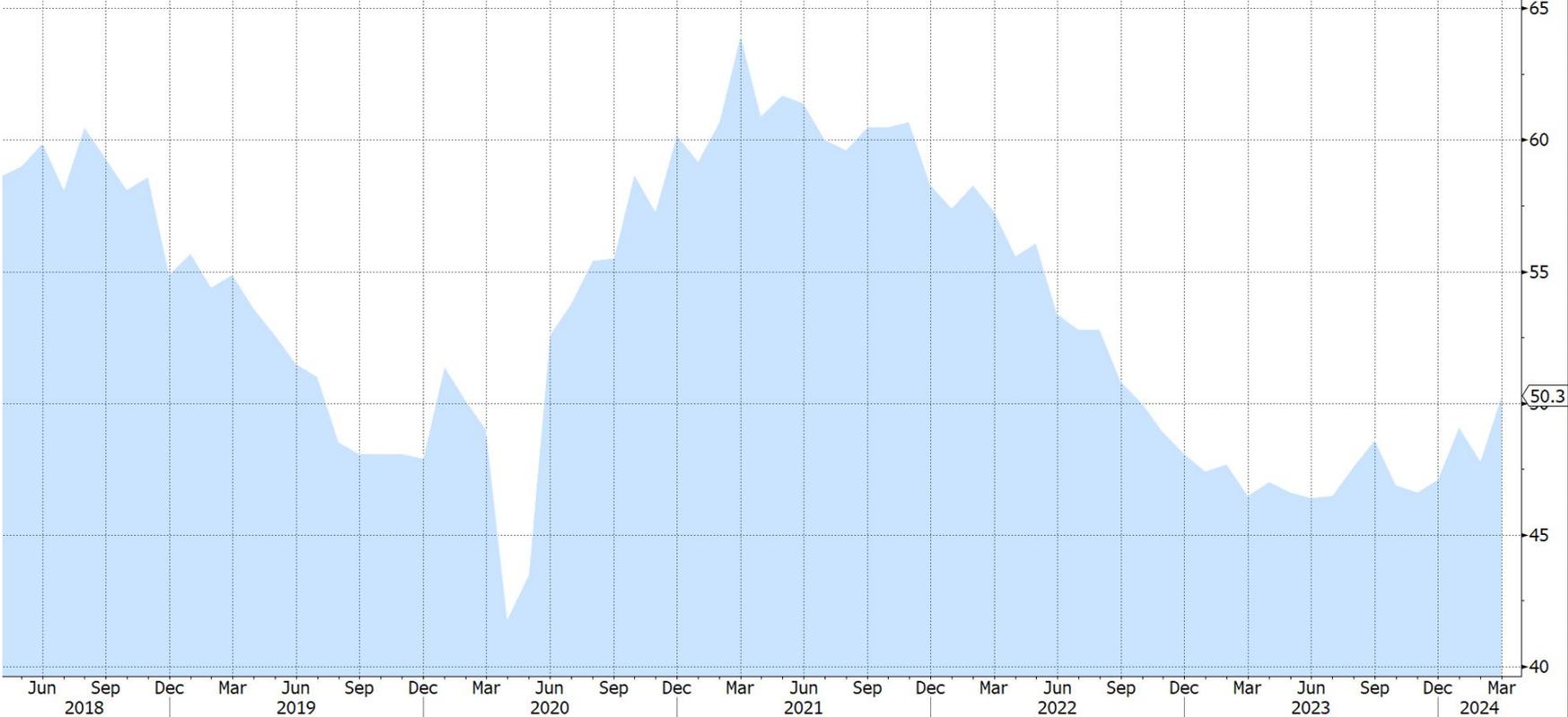
Source: Bloomberg

Continued Job Growth



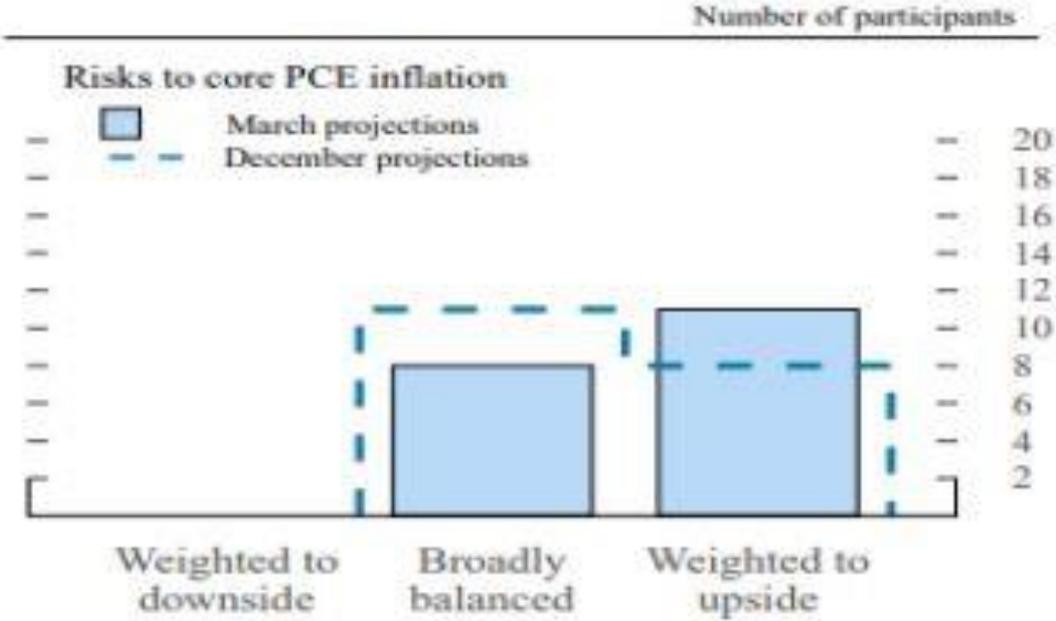
Source: Bloomberg

Manufacturing Showing Signs of Strength



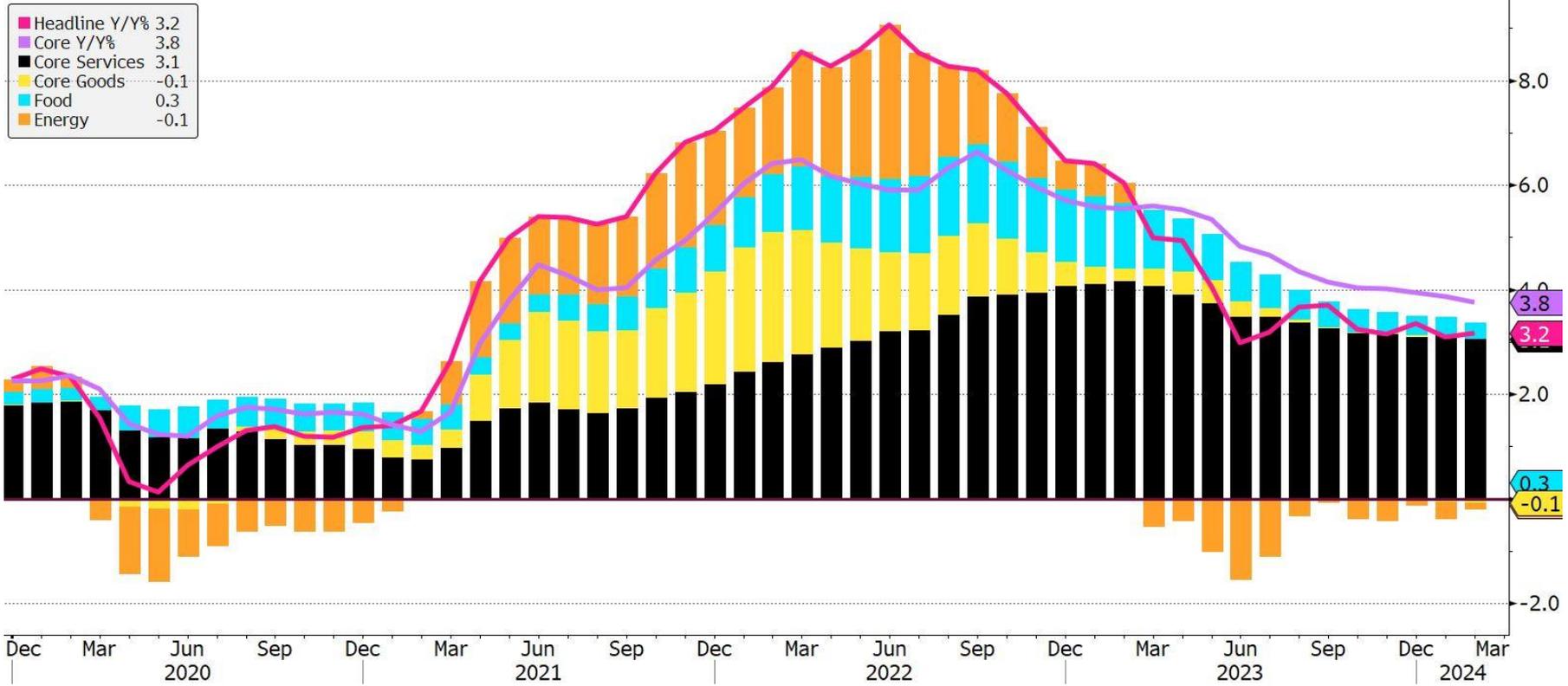
Source: Bloomberg

Fed Concerned about Inflation



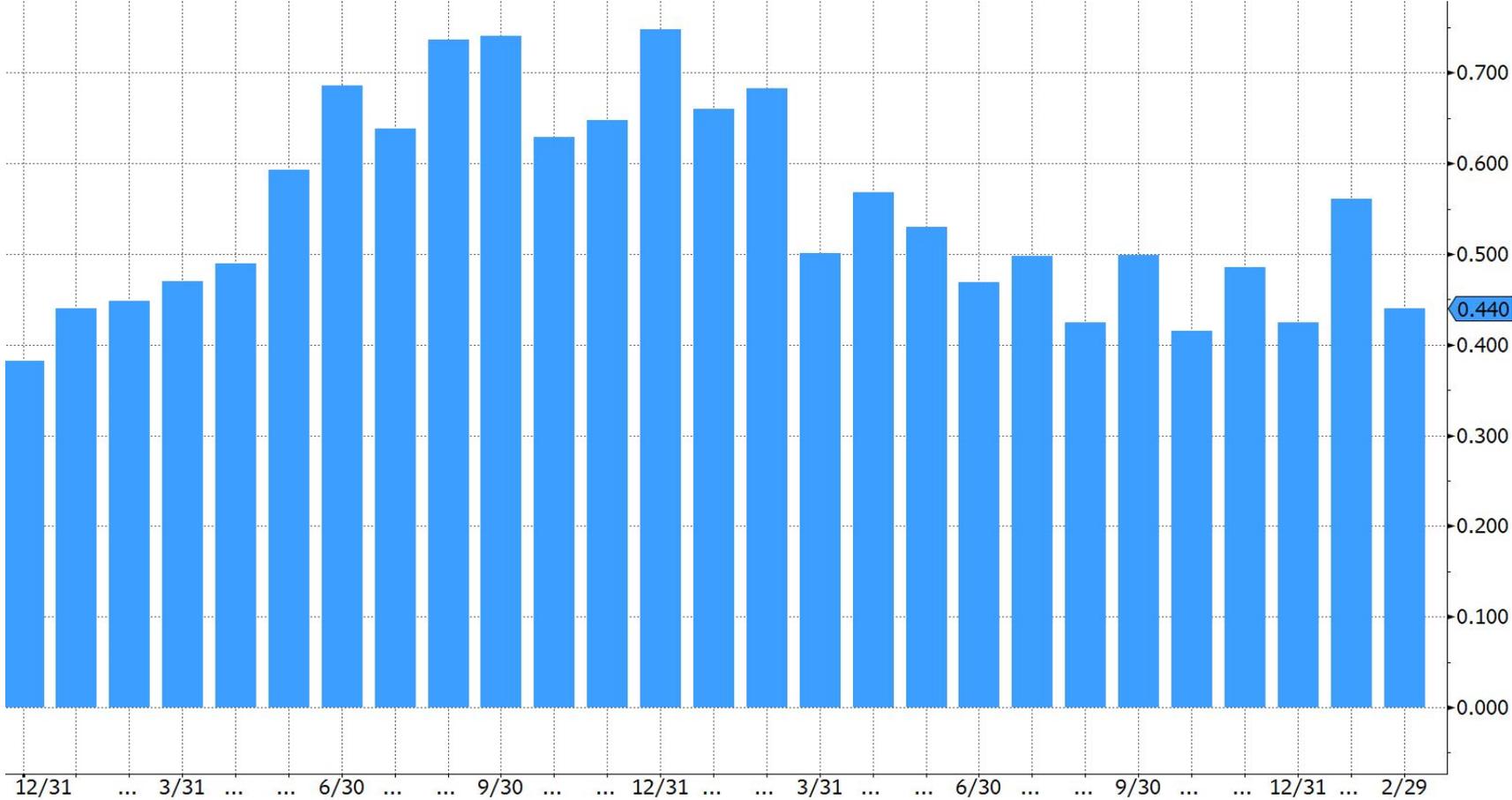
Source: Deutsche Bank

Services Leading Inflation Trending Lower



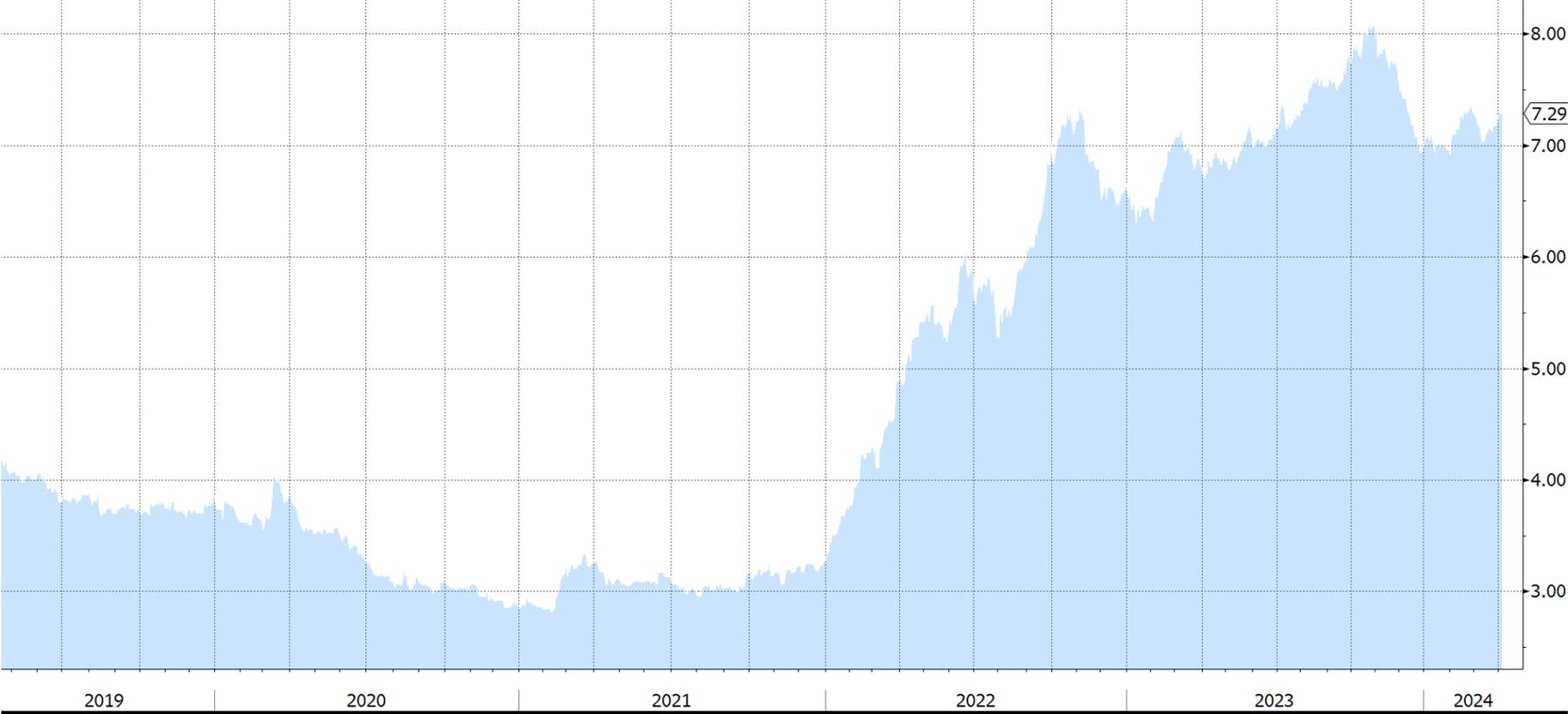
Source: Bloomberg

Owners Equivalent Rent Remain Sticky



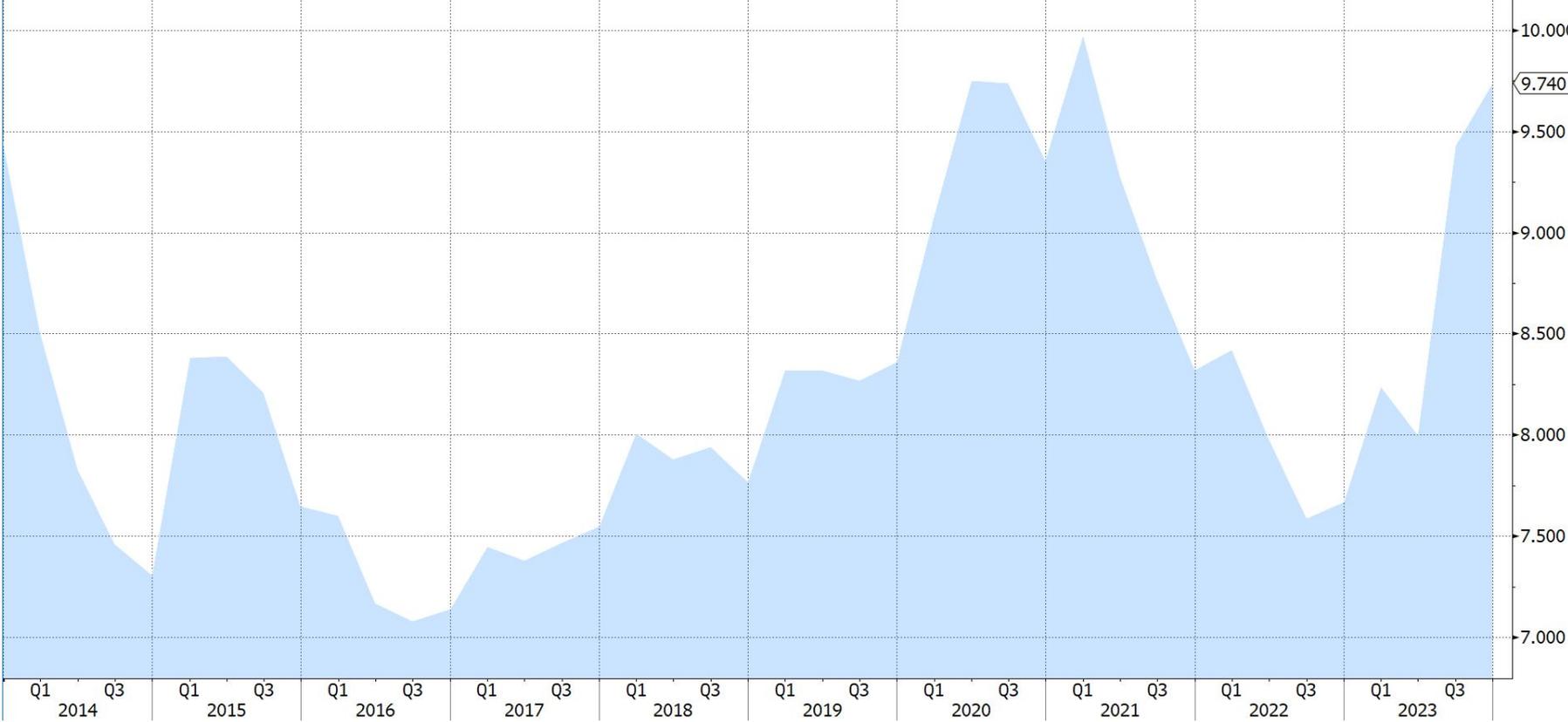
Source: Bloomberg

Mortgage Rates Stay Elevated



Source: Morgan Stanley

Credit Card Delinquencies Increasing



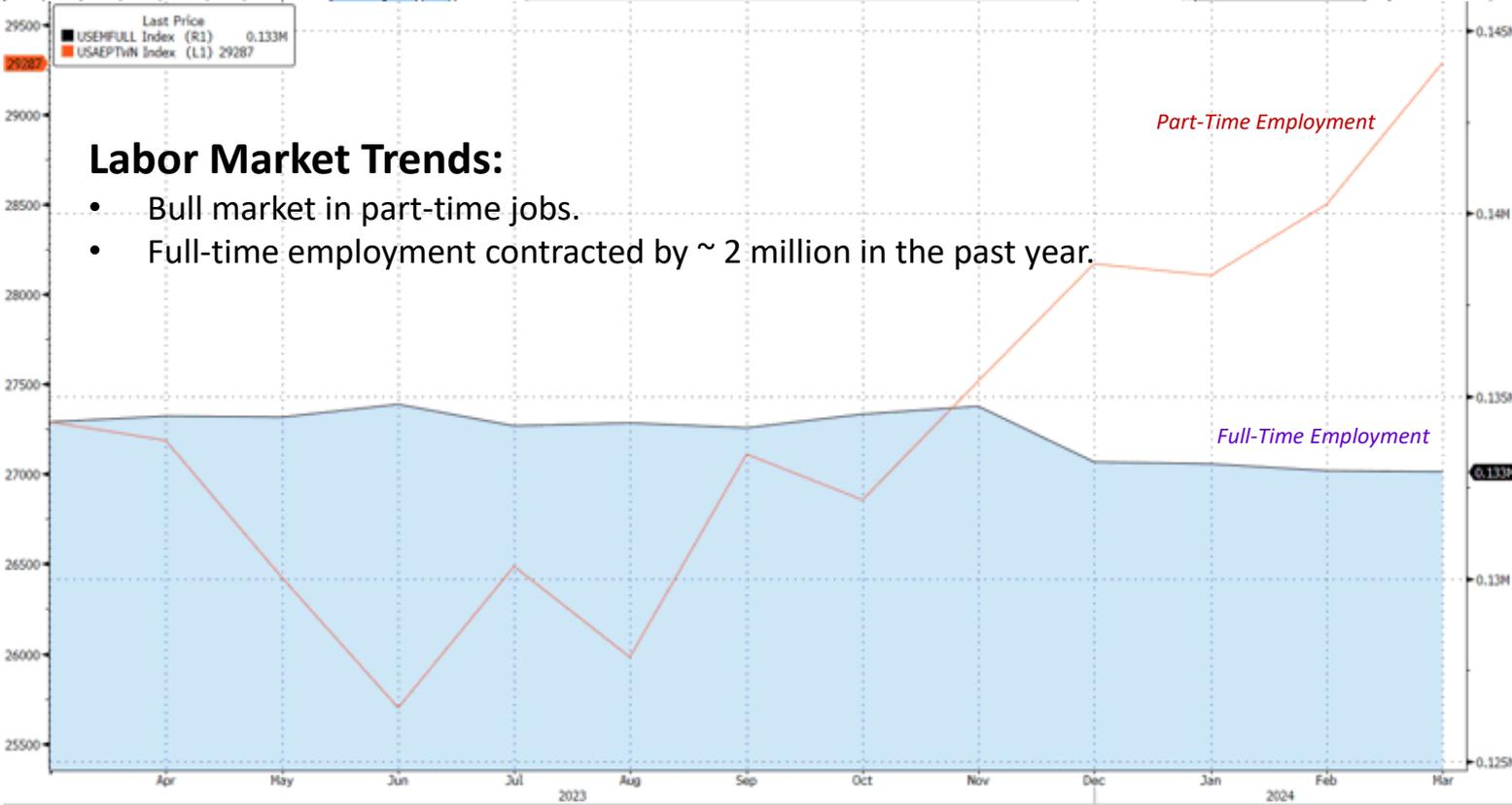
Source: Bloomberg

Employment Report: Part-Time and Government Jobs Booming

USEMFUL 132940 As Of 03/31 Thousand
 US Employment Total Full Time Bureau of Labor Statistic

USEMFULL Index 94 Suggested Charts 96 Actions 97 Edit Line Chart

03/31/2023 - 03/31/2024 Last Px Local CCY Mov Avgs Key Events
 1D 3D 1M 6M YTD 1Y 5Y Max Monthly Table + Related Dat Add Data Edit Chart



Labor Market Trends:

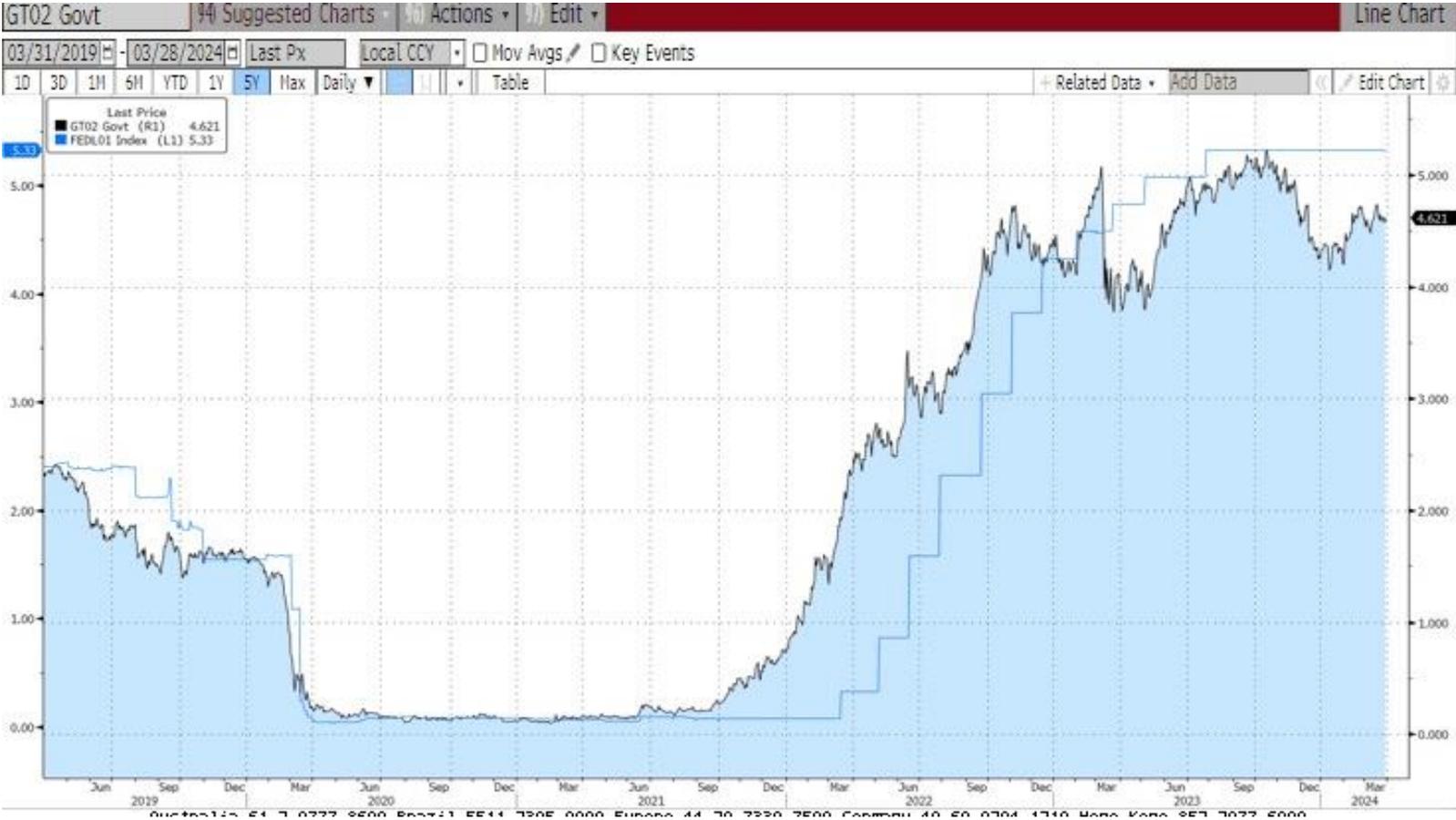
- Bull market in part-time jobs.
- Full-time employment contracted by ~ 2 million in the past year.

Source: Bloomberg

US TSY Short Term Rates Remain Volatile

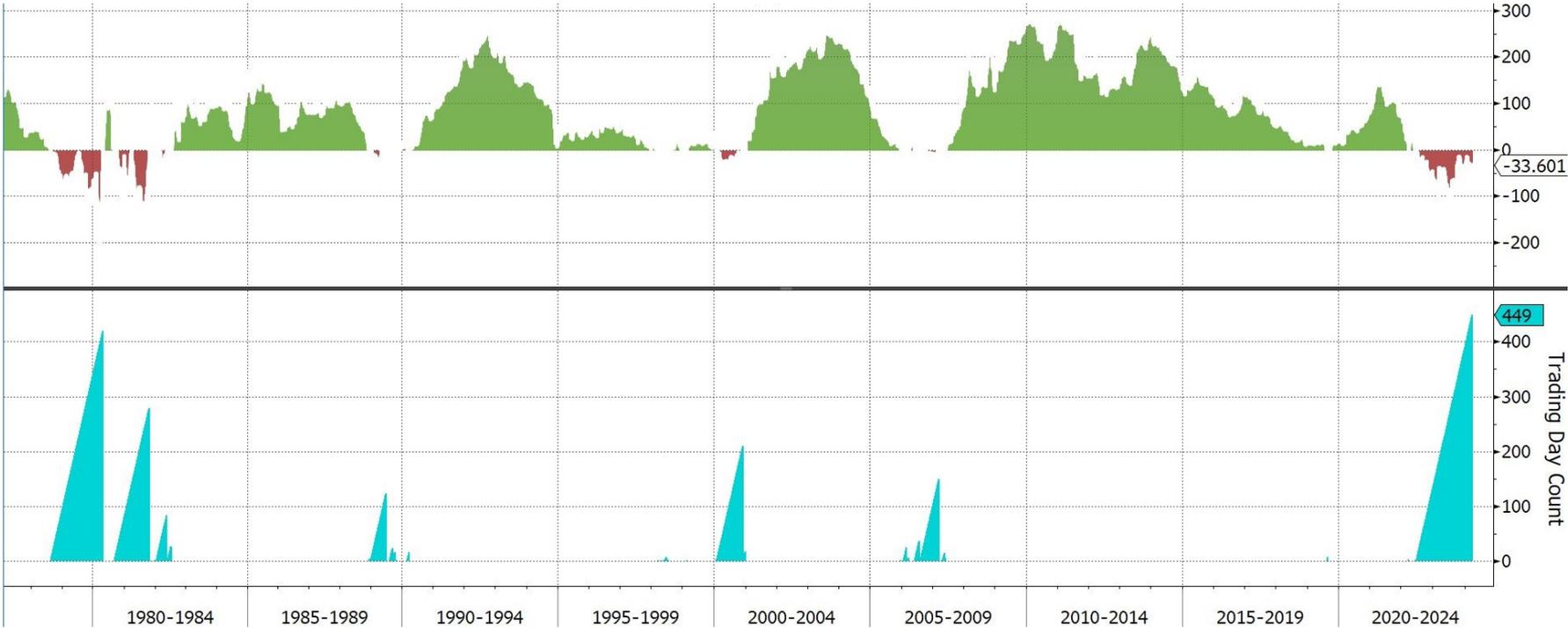
UST 2-Year vs Fed Funds Rate Inverted

2022 - Fed Funds Rate lagged dramatically, then started catching up to the market.



Source: Bloomberg

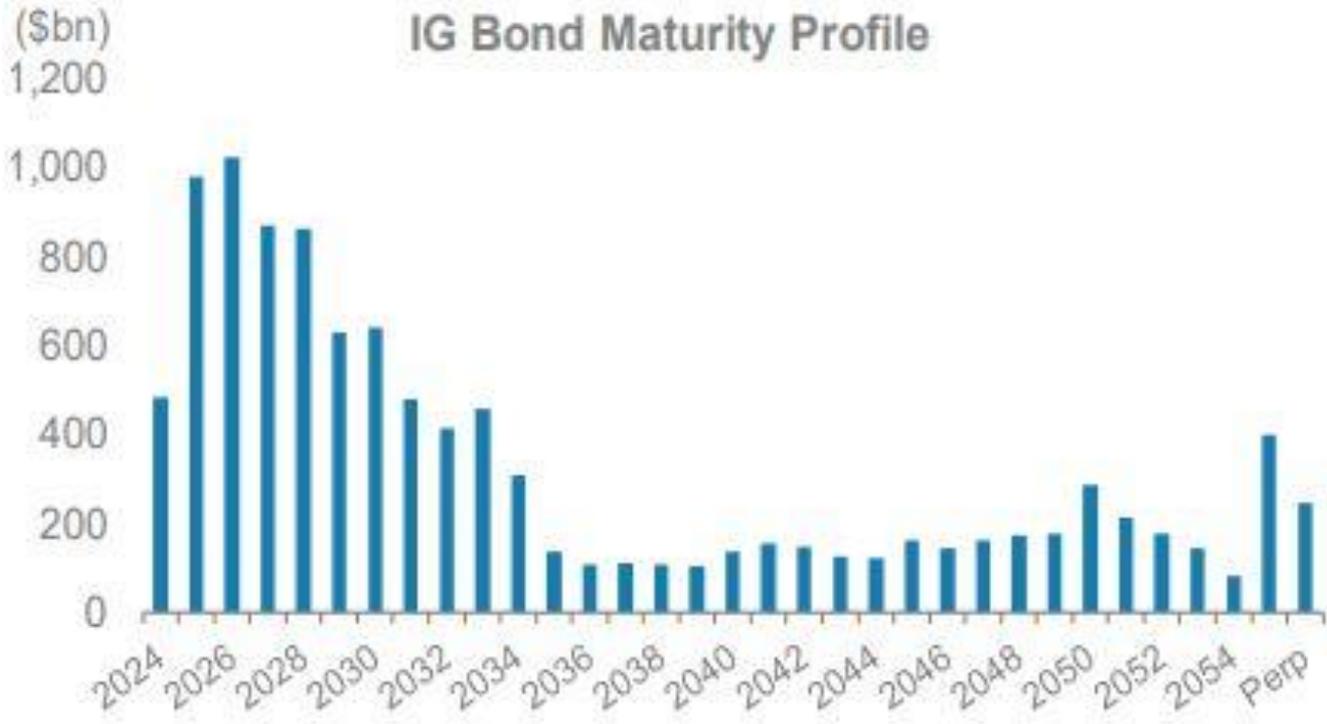
Record for Consecutive Days of Curve Inversion



449 consecutive days of 2/10s inversion

Source: Bloomberg

Upcoming Maturity Wall

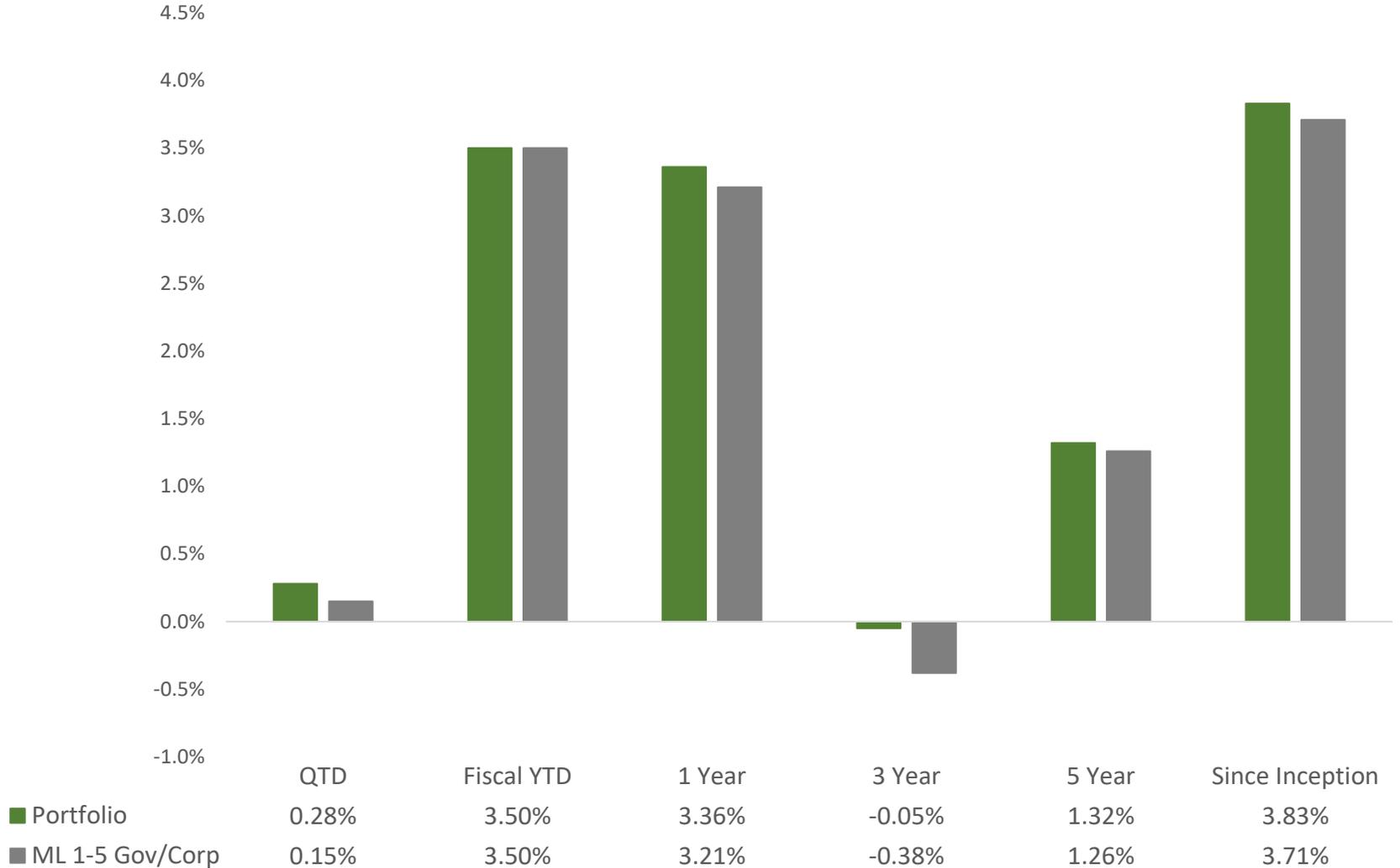


Source: Morgan Stanley

Portfolio Performance

Returns as of 03/31/2024

TOTAL RETURNS GROSS FOR SELECT PERIODS
City of Ocala Treasury Reserve Fund



Returns for periods of one year or longer are annualized

*Since Inception 04/30/98

Portfolio Summary

Portfolio Market Values

QTD

Beginning Market Value on 12/31/2023	\$68,268,953
Net Cash Flows	\$0
Investment Gain/Loss	\$187,786
Ending Market Value on 3/31/2024	\$68,456,740

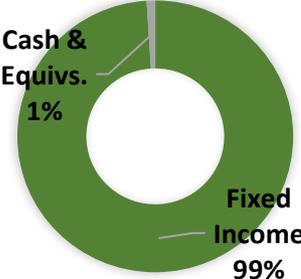
Portfolio Summary

Asset Class	Market Value	Percent of Assets
Fixed Income	\$68,371,740	100%
Cash & Equivs.	\$84,999.56	0%
TOTAL	\$68,456,740	100.0%

1 Year

Beginning Market Value on 3/31/2023	\$66,233,747
Net Cash Flows	\$0
Investment Gain/Loss	\$2,222,993
Ending Market Value on 3/31/2024	\$68,456,740

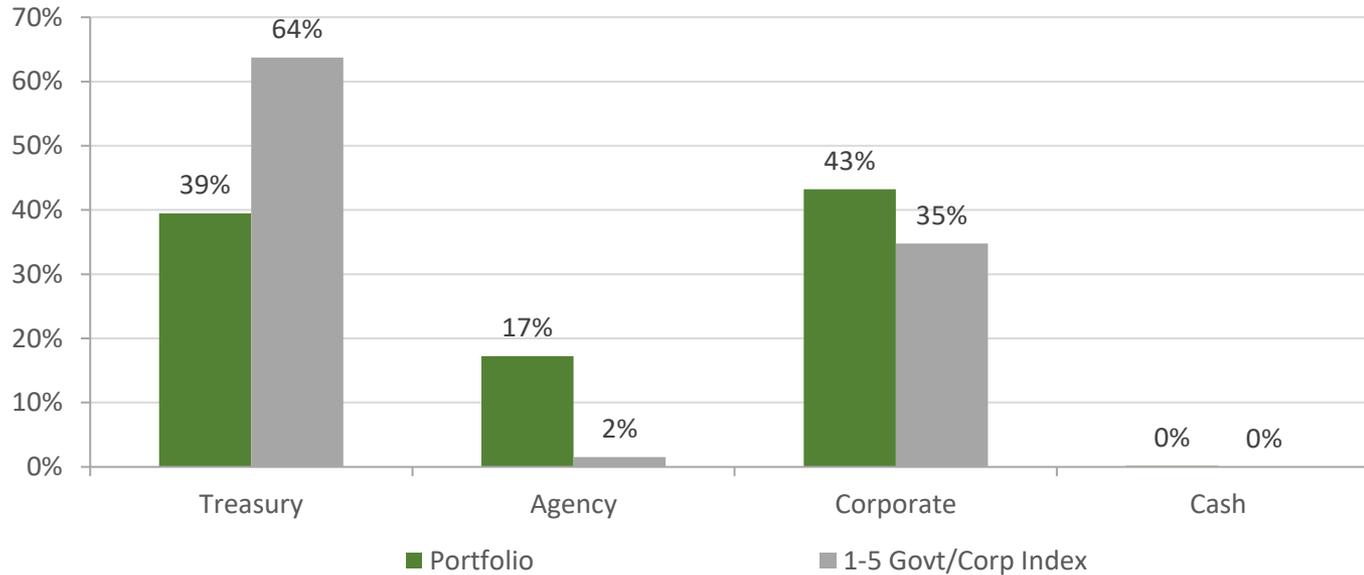
Asset Allocation



Current Attributes and Sectors

City of Ocala Treasury Reserve Fund
Attributes as of 03/31/24

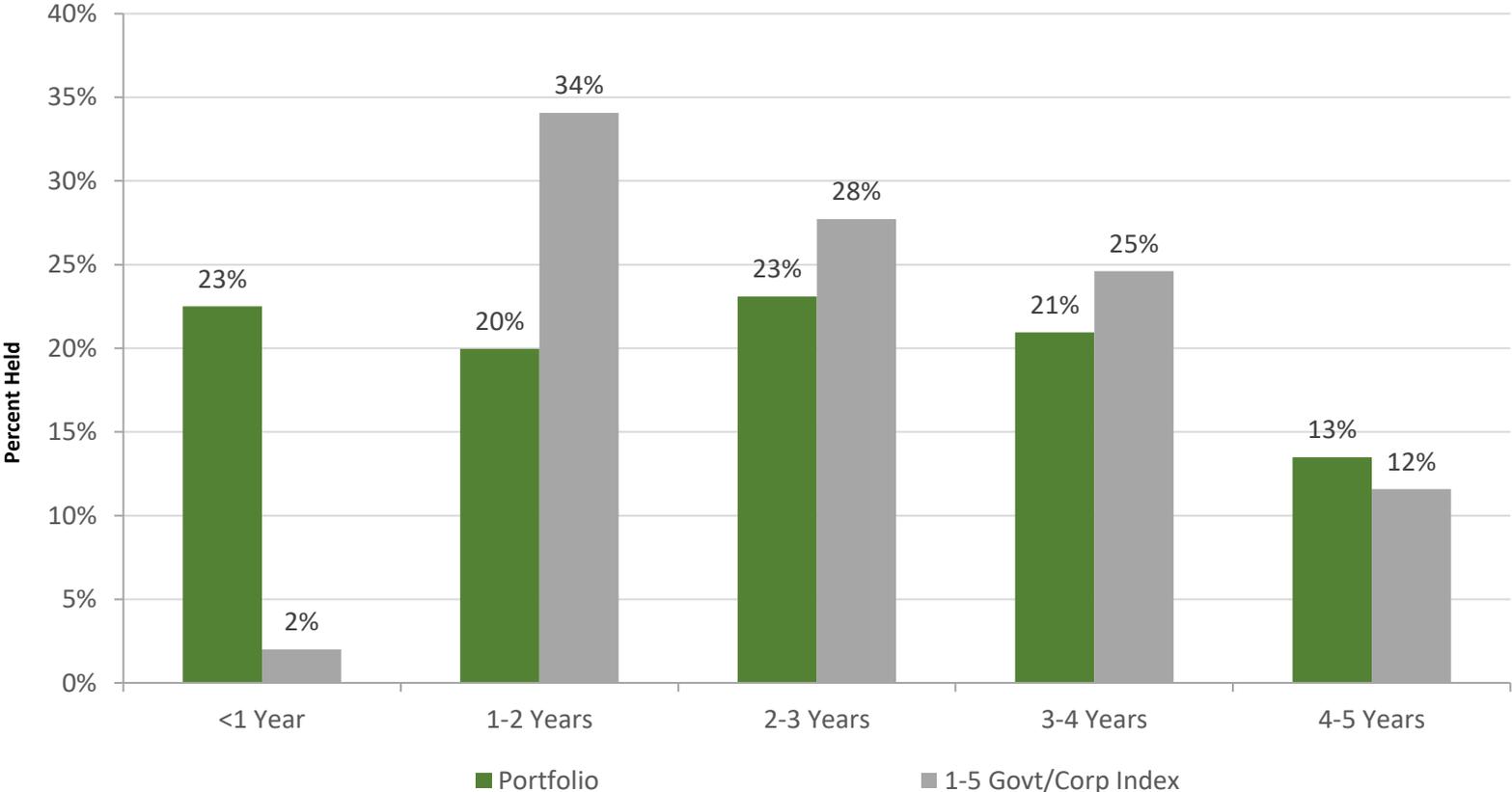
	<u>Portfolio</u>	<u>1-5 Govt/Corp Index</u>
Yield to Maturity (%)	4.81	4.75
Effective Duration (Yrs)	2.33	2.58
Effective Maturity (Yrs)	2.53	2.80
Quality Rating	Aa2	Aa2
Coupon Rate	2.00	2.88
Convexity	0.04	0.04



Source: BondEdge

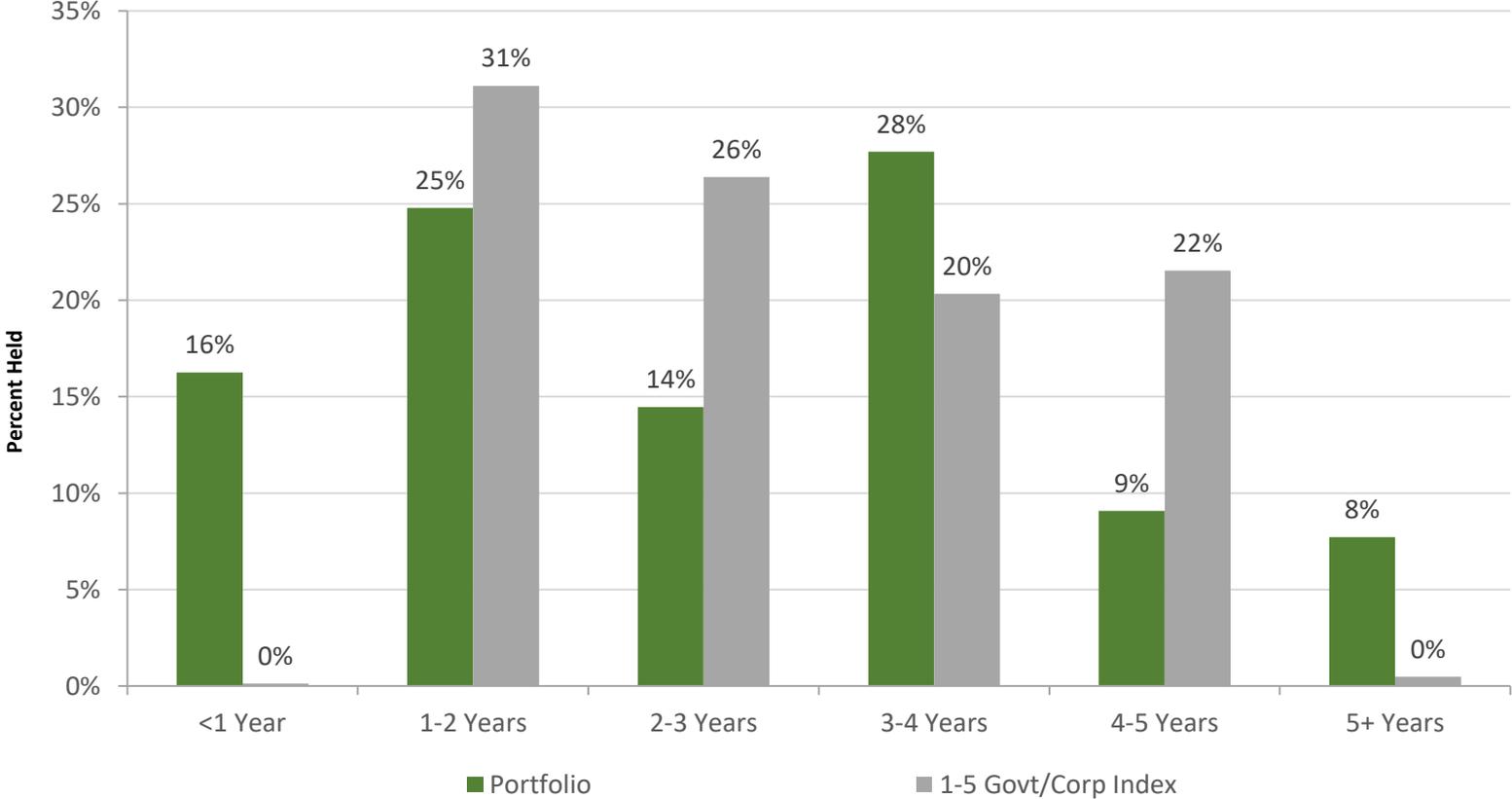
Current Duration Distribution

City of Ocala Treasury Reserve Fund
Attributes as of 03/31/24



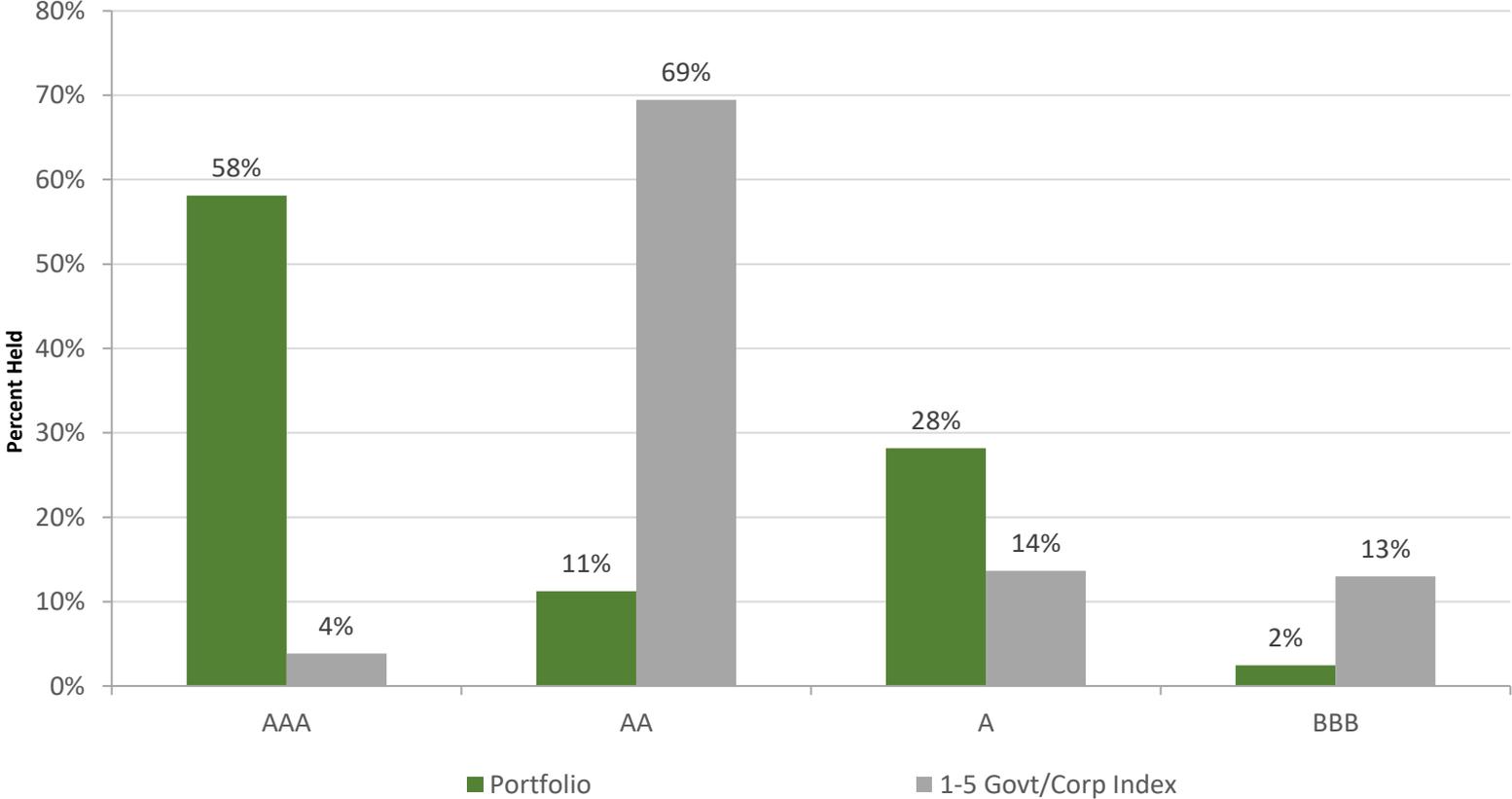
Source: BondEdge

Current Maturity Distribution



Source: BondEdge

Current Quality Distribution



Source: BondEdge

Interest Rate Risk Exposure: Slight Short Duration

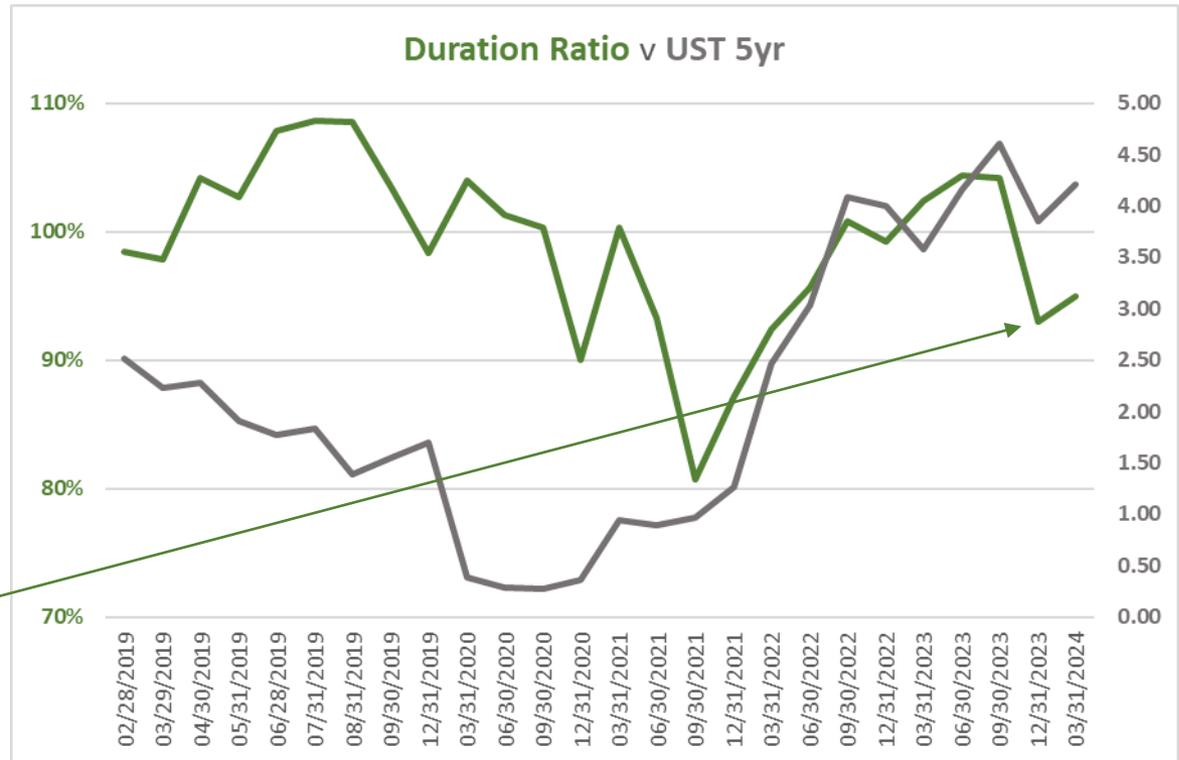
Interest Rate

Sector Allocation

Security Selection



Duration Ratio v UST 5yr



Long >100%

Short <100%

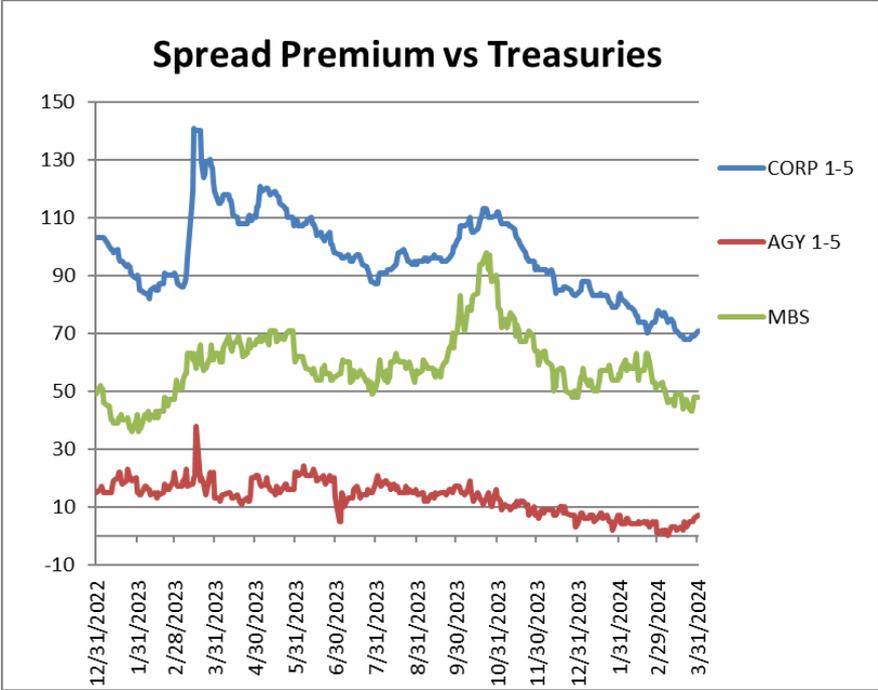
Neutral interest rate risk

Duration Ratio

Remain short duration following the recent rally in rates and the elevated volatility.

Source: BondEdge, Bloomberg

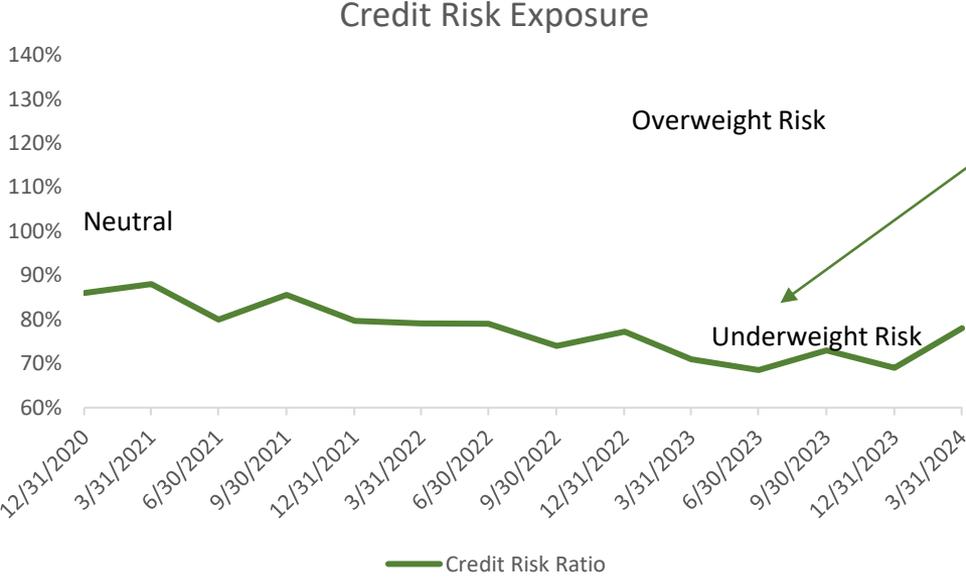
Sector Performance: Spreads Outperformed



Spread Performance (OAS in bp)					
	3/31/2024	12/31/2023	QoQ chg	3/31/2023	YoY Chg
CORP 1-5	71	84	-13	119	-48
AGY 1-5	7	4	3	13	-6
MBS	48	48	0	63	-15

Source: Bloomberg

Credit Risk Exposure - Actively Managing



- We turn underweight Investment Grade (IG) given the challenging macro backdrop. We focus on high quality issuers with attractive relative value.

Source: BondEdge

Performance Attribution Q4 2023

Interest Rate

Sector Allocation

Security Selection

12/31/23-3/31/24	Total Return	Income Effects			Term Structure Effects			Spread Effects		Residual
		Income	Paydown	Amort	Roll	Para Total	Non-Para	Sector/Quality	Selection	
SHORT COMPOSITE	0.24	0.50	0.00	0.66	-0.11	-0.75	-0.12	0.06	0.01	0.00
BAML G/C 1-5	0.15	0.72	0.00	0.39	-0.13	-0.85	-0.15	0.11	0.02	-0.01
Difference	0.09	-0.22	0.00	0.26	0.01	0.09	0.03	-0.05	-0.01	0.01

Portfolio Characteristics	Effective Duration Years					
	YTW	Eff Dur	Non-Para Dur	Qual Sprd Dur	Mtge Sprd Dur	Conv
3/31/2024						
SHORT COMPOSITE	4.74	2.31	1.11	0.52	0.00	0.04
BAML G/C 1-5	4.76	2.58	1.26	0.70	0.00	0.04
Difference	-0.03	-0.27	-0.15	-0.17	0.00	-0.01

12/31/2023	Effective Duration Years					
	YTW	Eff Dur	Non-Para Dur	Qual Sprd Dur	Mtge Sprd Dur	Conv
SHORT COMPOSITE	4.44	2.37	1.15	0.47	0.00	0.04
BAML G/C 1-5	4.43	2.57	1.26	0.68	0.00	0.04
Difference	0.02	-0.20	-0.12	-0.21	0.00	-0.01

SAM Comments:

What Helped:

Duration

What Hurt:

Sector Allocation - UW Credit

Source: BondEdge

Sensitivity Analysis – 12 Months Horizon

Scenario #		1	2	3	4	5	6	7	8	9	10	11	12	13
Scenario Description		TSY -100	TSY -50	TSY No Change	TSY + 50	TSY + 100	TSY Forward Curve	TSY Bull Flattener	TSY Bull Steepener	TSY Bear Steepener	TSY Bear Flattener	Corp 50 Tighter Parallel	Corp 50 Wider Parallel	Consensus Forecast
Credit Chg OAS		0	0	0	0	0	0	0	0	0	0	-50	+50	0
3/31/2024	BEGIN	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)	(bp)
U.S. TREASURY CURVE:														
6 Month	5.29	-100	-50	0	50	100	-82	-5	-140	5	100	0	0	-99
1 Year	5.08	-100	-50	0	50	100	-64	-5	-130	5	100	0	0	-98
2 Year	4.80	-100	-50	0	50	100	-50	-10	-120	10	100	0	0	-103
3 Year	4.62	-100	-50	0	50	100	-36	-10	-110	15	85	0	0	-87
5 Year	4.46	-100	-50	0	50	100	-20	-25	-100	25	75	0	0	-73
7 Year	4.45	-100	-50	0	50	100	-17	-35	-90	35	65	0	0	-62
10 Year	4.39	-100	-50	0	50	100	-9	-45	-55	45	50	0	0	-52
20 Year	4.68	-100	-50	0	50	100	-10	-50	-45	50	35	0	0	-53
30 Year	4.57	-100	-50	0	50	100	-11	-65	-25	65	25	0	0	-46
Short		6.85	5.74	4.64	3.56	2.50	5.44	4.92	7.13	4.33	2.78	4.94	4.35	6.55
ICE ML 1-5 G/C		7.19	5.89	4.61	3.35	2.11	5.56	4.96	7.46	4.22	2.41	5.06	4.15	6.84
Difference		-0.33	-0.15	0.04	0.22	0.39	-0.12	-0.04	-0.33	0.11	0.37	-0.13	0.20	-0.29

Source: BondEdge

Compliance Monitor

City of Ocala Treasury Reserve Fund
Attributes as of 3/31/2024

Ratings Guidelines

	Policy	Current	Within Policy?
Corporate Bonds	BBB/Baa2	Baa1/BBB+	Yes
CMO, Mortgage and ABS	AAA	AAA	Yes
Eurodollar Securities	BBB	N/A	Yes
Yankee Securities	BBB	N/A	Yes

Maturity Limitations

	Policy	Current	Within Policy?
Effective Maturity Per Security	<10 years	5.17	Yes
Portfolio Duration	50%/120%	93%	Yes
Portfolio Effective Maturity	<5 years	2.53	Yes

Sector Allocations

	Minimum	Maximum	Current %	Within Policy?
US Treasury and Federal Agencies	35%	None	56.7%	Yes
Corporate Debt Obligations	None	50%	43.2%	Yes
Mortgage/Asset Backed Securities	None	10%	0.0%	Yes
Municipal Securities	None	20%	0.0%	Yes
Certificates of Deposit	None	20%	0.0%	Yes
Repurchase Agreements	None	25%	0.0%	Yes
Local Government Surplus Funds/Trust Fund	None	25%	0.0%	Yes
Money Market/Trust	None	30%	0.1%	Yes

Sawgrass Product Performance Disclosures

Sawgrass Asset Management, LLC. (Sawgrass) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Sawgrass has been independently verified for the periods 31 March 1998 through 31 December 2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant accuracy or quality of the content contained herein.

Sawgrass is a 100 percent employee-owned Registered Investment Advisor whose primary focus is to provide institutional investment management services.

Gross returns do not reflect the deduction of investment advisory fees but do include transaction fees. Gross and net returns include the reinvestment of all dividends and income. Net of fee performance was calculated by reducing the actual management fee charged to clients, or if part of a balanced account by reducing the highest management fee charged, in accordance with the Short-term Fixed Income strategy fee schedule. Prior to 12/31/2015, the highest management fee was utilized to calculate net-of-fee performance.

Performance is in U.S. dollars. Prior to 12/31/2010, accounts were removed from the composite for the month in which a significant flow exceeded 20% of account value. A comprehensive list and description of the firm's composites and limited distribution pooled funds, and additional information regarding policies for valuing investments, calculating performance, and preparing compliant presentations are available upon request.

Past performance does not guarantee future results. Investments are subject to risk and may lose value.

Information Specific to the Short-Term Fixed Income Composite: As of 3/31/2024, this composite was comprised of 10 accounts valued at \$388.7 million. Assets in this product represent 16% of the firm's total assets under management. Total firm advisory model assets are \$749.7 million. The three-year standard deviation for this product and its benchmark was 2.8% and 3.1%, respectively. This composite's creation date was 12/31/1992, and the composite's minimum account size is currently \$1 million.

The investment management fee schedule is available in Form ADV 2 as follows: 0.25% on the first \$20 million and 0.15% on the next \$20 million and 0.10% over \$40 million.

Composite Description: Accounts included are comprised of all actively managed fixed-income accounts with assets greater than \$1,000,000 that are managed with a mandate of Short-term Fixed Income benchmarked to the ICE BofAML 1-5 Gov/Corp index. These accounts primarily invest in investment grade bonds with a one to five year effective maturity range. Various maturity restrictions or buckets can occur.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Short Term Fixed Income Composite										
Annual Total Return - Gross of Fees	1.5%	1.0%	1.8%	1.5%	1.5%	4.9%	4.4%	-1.0%	-4.8%	4.8%
Annual Total Return - Net of Fees	1.4%	0.9%	1.7%	1.4%	1.4%	4.8%	4.3%	-1.1%	-4.9%	4.7%
ICE BofAML 1-5 Gov / Corp*	1.5%	1.0%	1.6%	1.3%	1.4%	5.1%	4.6%	-0.9%	-5.5%	4.9%
Total Product Assets - Year End (MM)	\$525.0	\$535.2	\$539.8	\$528.4	\$479.1	\$511.4	\$641.6	\$512.0	\$462.8	\$407.8
Product Composite Assets - Year End (MM)	\$525.0	\$535.2	\$539.2	\$527.8	\$478.4	\$510.8	\$640.7	\$511.2	\$452.0	\$387.8
Product Advisory Model Assets - Year End (MM)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Firm Assets Under Advisement - Year End (Bln)	\$3.9	\$3.8	\$3.9	\$4.0	\$3.7	\$3.3	\$3.3	\$3.1	\$2.3	\$2.9
Total Firm Assets Under Management - Year End (Bln)	\$3.8	\$3.8	\$3.8	\$3.9	\$3.5	\$3.0	\$3.2	\$2.9	\$2.1	\$2.3
Total Firm Advisory Model Assets - Year End (Bln)	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3	\$0.1	\$0.2	\$0.2	\$0.6
Percent of Firm's Assets	13.8%	14.2%	14.2%	13.7%	13.6%	16.8%	19.9%	17.5%	21.4%	16.8%
Number of Accounts	14	12	13	15	15	15	15	14	13	10
Dispersion - Equal Weighted Gross Std Dev	0.12%	0.09%	0.18%	0.14%	0.07%	0.10%	0.13%	0.06%	0.09%	0.04%
Volatility - 3 Year Rolling Net Std Dev Sawgrass	0.99	0.93	1.00	0.93	0.97	1.14	1.32	1.42	2.27	2.78
Volatility - 3 Year Rolling Std Dev Index	1.11	1.23	1.36	1.29	1.33	1.34	1.45	1.44	2.51	3.07
Inception Date	12/31/1992									

Benchmark Index Definition: The ICE BofAML 1-5 Gov / Corp Index and is comprised of all U.S. Dollar denominated government and investment-grade corporate debt with a maturity between 1 and 5 years and an investment grade rating. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by Sawgrass Asset Management, LLC. ICE Data and its Third Party Suppliers accept no liability in connection with its use. See <https://saw-grass.com/disclosures> for a full copy of the disclaimer.