



## INVESTMENT REVIEW

# CITY OF OCALA TREASURY INVESTMENT FUND

For the Period Ended September 30, 2024



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# MARKET REVIEW & ECONOMIC OUTLOOK

# 3Q 2024 INVESTMENT GRADE MARKET REVIEW & ECONOMIC OUTLOOK

## RATE MOVE DRIVES ROBUST TOTAL RETURNS

Following persistently higher rates over the first half of 2024, **the third quarter ushered in a powerful shift to lower rates.** The driving force was easing, an eagerly anticipated pivot in September from the U.S. Federal Reserve (Fed).

Softer economic data in July set the stage early and got the quarter off to a solid start. Given the disappointment around inflation over the first half of the year, a market-friendly Consumer Price Index (CPI) update on July 11th offered evidence that the short-term trajectory had shifted and was moving in the right direction. **Having spiked to 4.5% in March, the three-month annualized core inflation rate declined to 2.1% through June.** On the heels of a less robust employment report, **inflation data added fuel to the Treasury market rally.** In tandem, the short-term rates market began pricing in a more aggressive Fed easing cycle.

The July 31st Federal Open Market Committee (FOMC) meeting offered confirmation: Chair Powell stated that a discussion of rate cuts was likely on the table at their next meeting. **The July move in rates generated strong total returns across all sectors of the investment grade bond market,** essentially setting the tone for the entire quarter. The overall shift in Treasury yields for 3Q can be seen below:

	6/28/24	9/30/24	3Q24
	(%)	(%)	(basis points - bps)
2 Year	4.76	3.64	-1.12
5 Year	4.38	3.56	-0.82
10 Year	4.40	3.78	-0.62
30 Year	4.56	4.12	-0.44

Source: Bloomberg

August offered an interesting, albeit brief, period of volatility for markets right out of the gates. A weak employment report on August 2nd reignited fears that the U.S. economy could be headed for a more severe slowdown. Many worried that the Fed was behind the curve, having kept rates too high for too long. This disappointing release dovetailed with a rate hike from the Bank of Japan (BoJ) on July 31st that lent further steam to an already strong Japanese yen. Expectations for a Fed pivot to cutting rates alongside the BoJ hiking rates saw the yen rise +6.8% in July. This served to exaggerate the fears around central bank divergence and how much further the yen could advance.

As the last central bank to hike rates, the BoJ had created a backdrop where the yen was exceptionally weak for several years as it held rates near zero. The weak Japanese currency had been used to finance risk-taking across other higher yielding currencies. In market parlance, this was the “yen carry trade.”

The shifting backdrop saw the yen begin to appreciate in 3Q, disadvantaging any investor who financed a risk position by selling yen. **Market pundits and strategists will never agree on the magnitude, but the yen carry trade began to unwind. This put many different risk markets under pressure,** and the global sell-off in stock markets on August 5th serves as the easiest exhibit for what ensued. Very briefly, the VIX—a popular stock market metric for volatility—spiked to levels last seen in March 2020. Intraday, the S&P 500® Index declined over 5%, before managing to close down only 3%. There was even chatter in the market that the Fed might have to ease before their next scheduled meeting in September.

**Remarkably, the risk market sell-off abated as quickly as it materialized.** Over the course of the first full week in August, the S&P 500 managed to recoup most of that 3% loss and went on to record another positive total return for the month.

**The fundamental economy did not fall off a cliff,** as intimated by the jobless claims report on August 8th, a robust retail sales report the following week, and yet another CPI update that offered evidence of further moderation in core inflation. Chair Powell delivered a market-friendly message at the annual Jackson Hole Economic Symposium on August 23rd. He announced that the time had come for policy to adjust, solidifying a September rate cut. In addition, Powell emphasized a focus on the labor market rather than inflation, stating that the Fed does not seek or welcome any further cooling in labor market conditions.

**September saw rates decline further,** and debate over the ultimate size of the first rate cut dominated market commentary right up until the meeting on September 18th, when the Fed delivered an aggressive rate cut of 50 basis points (bps). Clearly, the Fed proved as willing as the market to look through core inflation data and stay focused on the labor market.

# 3Q 2024 INVESTMENT GRADE MARKET REVIEW & ECONOMIC OUTLOOK

## 3Q24 TOTAL/EXCESS RETURN SUMMARY

Using Bloomberg index data, 3Q 2024 total returns were fairly robust for the Bloomberg Aggregate Bond Index (Agg) and the primary spread sectors (Corporates and RMBS), given the precipitous decline in Treasury yields.

Total Returns	3Q24 (%)	YTD (%)
Aggregate	5.20	4.45
Investment Grade (IG) Corporate	5.84	5.32
Residential Mortgage-Backed Securities (RMBS)	5.53	4.50
Commercial Mortgage-Backed Securities (CMBS)	4.65	6.25
Asset-Backed Securities (ABS)	3.35	5.07

The Agg has now generated a positive total return for five consecutive months, bringing its total return since the end of April to +7.99%. Even the pure Treasury index over that interval generated a total return of +7.34%. **Bonds are definitely back!**

It could be fair to say that with the pricing of significant rate cuts over the next 15 months or so, the easy money in bonds has already been made. With a 4.23% yield, the Agg still offers a solid coupon clip, however, for income-oriented investors.

Excess returns were solid but, unspectacular for all primary investment grade spread sectors. Both corporate credit and RMBS produced near-equal excess returns, while the smaller CMBS and ABS sectors generated more modest excesses. For some historical context, the +165 bps the credit sector generated year-to-date already surpassed the trailing 20-year average annual excess of +118 bps. Similarly, the RMBS excess of +52 bps bested its 20-year average of +23 bps.

Excess Returns	3Q24 (bps)	YTD (bps)
Investment Grade (IG) Corporate	+77	+165
Residential Mortgage-Backed Securities (RMBS)	+78	+52
Commercial Mortgage-Backed Securities (CMBS)	+36	+215
Asset-Backed Securities (ABS)	+15	+89

Within IG corporate credit there was little distinction across the ratings spectrum. Lower-quality BBB rated risk and higher-quality single A risk generated +74 bps and +79 bps of excess return, respectively. The robust supply backdrop in corporate credit seen over the first half of the year persisted in 3Q, with September's supply actually setting a record for that calendar month and year-to-date issuance about 28% higher than the comparable period in 2023..

RMBS rebounded from a more challenging first half of the year to generate a solid quarter of excess return. There was greater dispersion across the coupon stack, with conventional 4% coupons performing the best in excess terms, followed by the lower coupon segment. The higher coupon sector was challenged, but that is not atypical given the aggressive move lower in rates over the quarter. The overall spread change for the production coupon was considerably tighter.

- Perfect current coupon (PCC), a generic spread proxy for the "production" coupon, tightened -30 bps to +118 bps

CMBS/ABS both generated modest positive excess returns in the third quarter at +36/+15 bps, respectively. Similar to the corporate sector, ABS sector performance is admirable, given a robust supply backdrop seen over the first nine months of 2024.

**CMBS performance remains impressive amidst the still-challenged backdrop for the commercial real estate (CRE) market.** The move to lower rates over the quarter and the belief in an aggressive Fed rate-cutting cycle offers the potential for a friendlier refinancing environment going forward. Many sectors within CRE remain challenged. The office sector, in particular, will likely continue to underperform as many older, less attractive properties approach their refinancing window. Remember, CMBS and ABS are small sectors within the Agg (~2% total in market value terms) and so typically contribute less to overall excess returns for strategies benchmarked to that index.

**"Plus" sectors offered another quarter of outperformance in both total and excess returns.**

- High yield delivered a 3Q total return of +5.28% and excess return of +172 bps
- High yield total return year-to-date was +8.00%
- Emerging markets debt (EMD) delivered a 3Q total return of +5.71% and excess return of +107 bps
- EMD total return year-to-date was +8.17%

# 3Q 2024 INVESTMENT GRADE MARKET REVIEW & ECONOMIC OUTLOOK

## MISPLACED EMPHASIS ON THE FED TARGET RATE

Having given ample warning that a pivot and rate cut were forthcoming, **the Fed's formal return to lowering rates in September was no surprise.** The only element of surprise was the magnitude. Typically, the Fed does its best to telegraph its intent so as to not surprise the market. In this instance, the Fed went into its traditional blackout period (no communication regarding policy for the ten days leading up to each meeting) without guiding the market definitively towards 25 or 50 bps.

There was no shortage of ink wasted on this unique setup, and articles that came out during the blackout period were thought to be the Fed potentially using the financial press to signal intent. Despite the Fed's effort to emphasize that 50 bps was not going to be a consistently aggressive cadence, the market immediately began pricing in a front-loaded easing cycle. This is not the first time the market took it upon itself to get ahead of the Fed and it certainly won't be the last.

Since the Fed reached the terminal rate for this cycle back in July 2023, the market has debated the degree of restrictiveness represented by a 5.50% Fed target rate. Some assumption about a neutral policy setting is required to make that assessment, and guidance around the neutral rate has been cloudy of late.

**The neutral rate published quarterly with the Fed's "dot chart" has been inching up, but the most recent estimate still has it just below 3%. If that is the case, it's reasonable to conclude Fed policy has been and remains fairly restrictive.** However, if the neutral rate is higher, then the policy setting is less restrictive.

Herein lies the rub. Considering the overall performance of the economy since the Fed began raising rates, perhaps the neutral rate is well above 3%. This debate is quite topical, with pundits and economists loudly arguing points. Perhaps the focus on the target rate alone is misguided. **As the Fed repeatedly emphasized, they are focused on the totality of the economic data to guide policy. As such, the market would be wise to focus more on broader financial conditions rather than just the target rate.**

## YIELD CURVE DISINVERSION

**The yield curve steepened considerably over the third quarter in a bullish fashion.** Shorter maturity Treasury note yields declined more than longer maturity Treasury notes and bonds. This is a very typical pattern investors expect when the Fed cuts rates. It also ended a record inversion between two-year and 10-year Treasury notes.

The inversion began back in July 2022. Since then, **the 10-year Treasury yield fell as much as 100+ bps below the two-year Treasury yield on multiple occasions.** This historic inversion was one of many indicators that kept investors wary of an imminent slowdown or recession, as a yield curve inversion has essentially preceded every prior recession. **Entering 3Q, this two-year/10-year curve was still inverted by 36 bps, but it ended the quarter at +14 bps—with a positive slope.**

The degree to which the yield curve continues to normalize will depend in part on the rate cuts the Fed ultimately delivers. Using the assumption of no landing or a soft landing, the curve would likely stay positively sloped, but may be slow to steepen. The trailing 10-year average for this curve is around +50 bps, while a trailing 20-year average is around +100 bps. **Should the fundamental economic backdrop slow more than anticipated, the Fed might cut rates more aggressively.** In that case, the curve would bullishly steepen again, to look more like it has in the past. Conversely, **should the Fed fail to respond to a new inflation scare, the curve could return to a steeper long-term average,** a bear steepening, where longer maturity Treasury yields rise more than shorter term yields. This latter outcome could prove to be even more challenging to risk assets.

## LOOKING FORWARD

**As the fourth quarter gets underway, a much stronger-than-expected employment report is refocusing the market on economic resilience. It's important, however, not to extrapolate a positive outcome prematurely from this single data point.** Data dependency has been the Fed's guiding force this year. Each passing month of fundamental economic data has informed policy decisions. Given that backdrop, **considerable volatility has sprung up around important data releases.** It's safe to say this seemingly hyper-dependency on data will persist over the balance of 2024.

**Overall, risk markets remain well-supported, and the attractiveness of all-in investment grade yields persists.** The robust total returns seen over the most recent quarter will not likely repeat (outside of a considerable economic slowdown that challenges the expansion, reasserts the fear of imminent recession, and drives Treasury yields considerably lower). **The Agg ended the quarter with a 4.23% yield, so even a coupon clip offers a return many investors remain comfortable with at this point in the cycle.** It's worth noting that for the decade preceding the Fed raising rates in March 2022, the Agg only offered an average yield of 2.25%. Putting the income back in fixed income has certainly made a difference.

## 3Q 2024 INVESTMENT GRADE MARKET REVIEW & ECONOMIC OUTLOOK

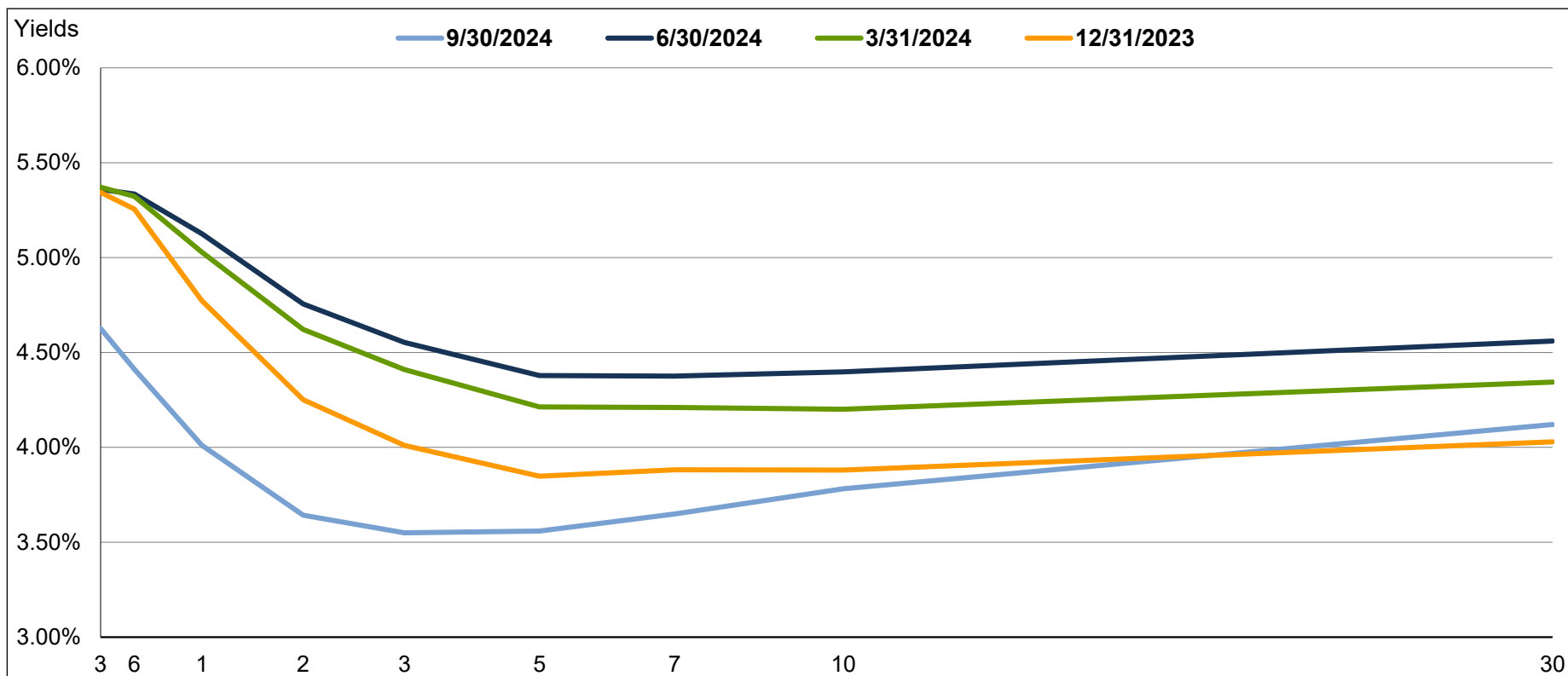
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**Credit spreads were slightly tighter over the quarter and managed to generate positive excess returns each month.** The agency RMBS market rebounded in 3Q after underperforming over the first half of the year. Excess return from RMBS has been sporadic at best, and the sector still offers good relative value going forward. Overall, the absolute level of spreads for investment grade corporates remain below historical averages. Adjusted for leverage, spreads are not far from record tights. As such, the spread on offer fails to adequately compensate for risk, and a more defensive risk posture seems appropriate.

As much as the Fed wants to move on from the inflation side of their dual mandate, ignoring the incoming data is not recommended. The core PCE deflator was still +2.7% year-over-year against the Fed's 2% price stability target through August. Core inflation, as measured by the Fed's preferred personal consumption expenditures (PCE) deflator, is unlikely to improve considerably through year-end, given the base effects of low comparables from the end of 2023.

Many analysts have talked about the difficulty of the "last mile" of the inflation fight, and the Fed has seemingly set sights solely on the labor market for policy going forward. **Should inflation prove as sticky as some fear, monetary policy could look out of sync. The market would then have to reassess the outright level of rates, as well as the shape of the yield curve.**

# TREASURY YIELD CURVES



Period	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	7 Year	10 year	30 Year
9/30/2024	4.627	4.412	4.011	3.642	3.550	3.559	3.649	3.782	4.120
6/30/2024	5.360	5.335	5.126	4.756	4.553	4.378	4.376	4.398	4.560
3/31/2024	5.371	5.323	5.029	4.621	4.410	4.213	4.210	4.201	4.344
12/31/2023	5.344	5.256	4.773	4.251	4.010	3.848	3.882	3.880	4.029

- Following persistently higher rates over the first half of 2024, the third quarter ushered in a powerful shift to lower rates.
- The yield curve steepened considerably over the third quarter in a bullish fashion.
- Shorter maturity Treasury note yields declined more than longer maturity Treasury notes ending a record inversion between two-year and 10-year Treasury notes.
- Entering 3Q, the two-year/10-year curve was still inverted by 36 bps but ended the quarter at +14 bps – with a positive slope.

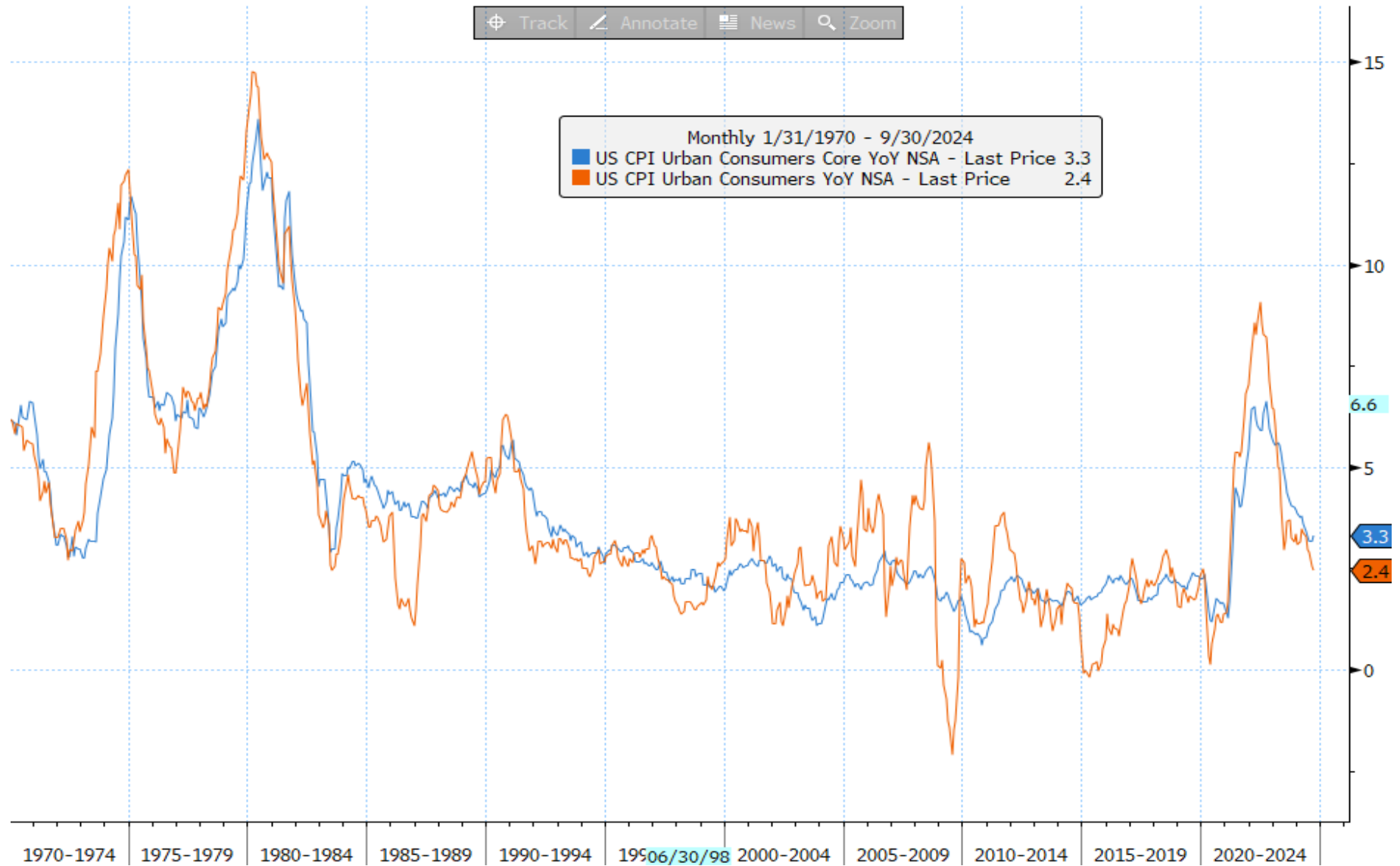


# INFLATION OVERVIEW

January 31, 1970 – September 30, 2024

## Consumer Price Index

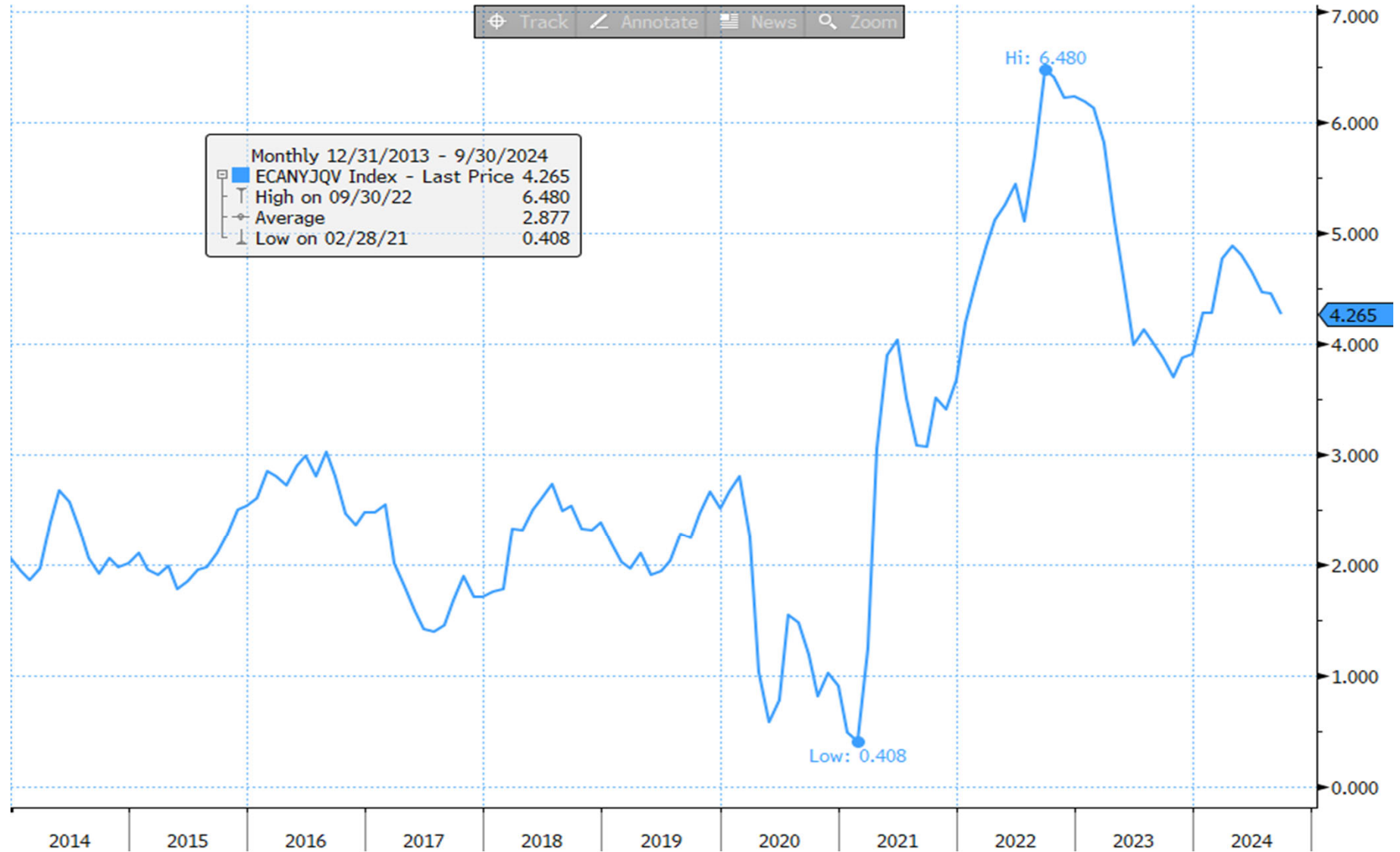
Headline & Core Y-O-Y



# INFLATION OVERVIEW

December 31, 2013 – September 30, 2024

## CPI Supercore Y-O-Y Core Services ex Rent/OER



# INFLATION OVERVIEW

December 31, 2013 – August 31, 2024

## PCE Supercore Y-O-Y Core Services ex Housing



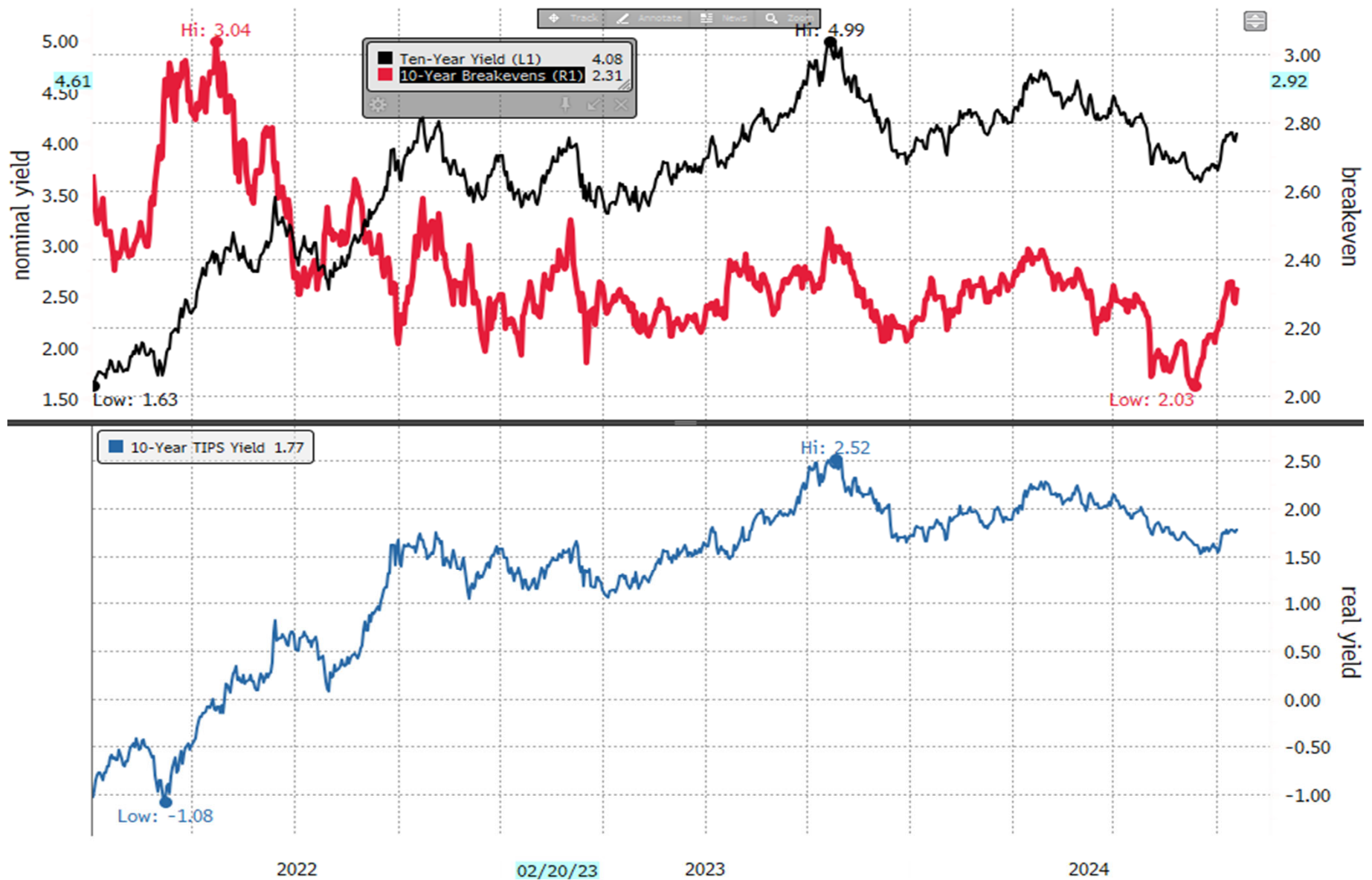
# INFLATION OVERVIEW

Inflation Metric Summary	
PCE (headline)	2.2
PCE (core)	2.7
CPI (headline)	2.4
CPI (core)	3.3
Dallas Fed Trimmed Mean One Year PCE (1yr)	2.7
Dallas Fed Trimmed Mean Six Months (annlzd)	2.3
Cleveland Fed 16% Trimmed Mean CPI (YOY)	3.2
Cleveland Fed Median CPI (YOY)	4.1
Atlanta Fed Sticky CPI (12mos)	4.0
Atlanta Fed Core Sticky CPI (12mos)	4.0
<b>Average</b>	<b>3.1</b>
NY Fed 3yr Inflation Expectation	2.7
Univ of Michigan 1yr Inflation Expectation	2.9
Univ of Michigan 5-10yr Inflation Expectation	3.0
Conference Board 12mos Inflation Expectation	5.2
<b>Average</b>	<b>3.4</b>

# MACRO OVERVIEW

January 3, 2022 – October 18, 2024

## 10YR Real & Breakeven Change

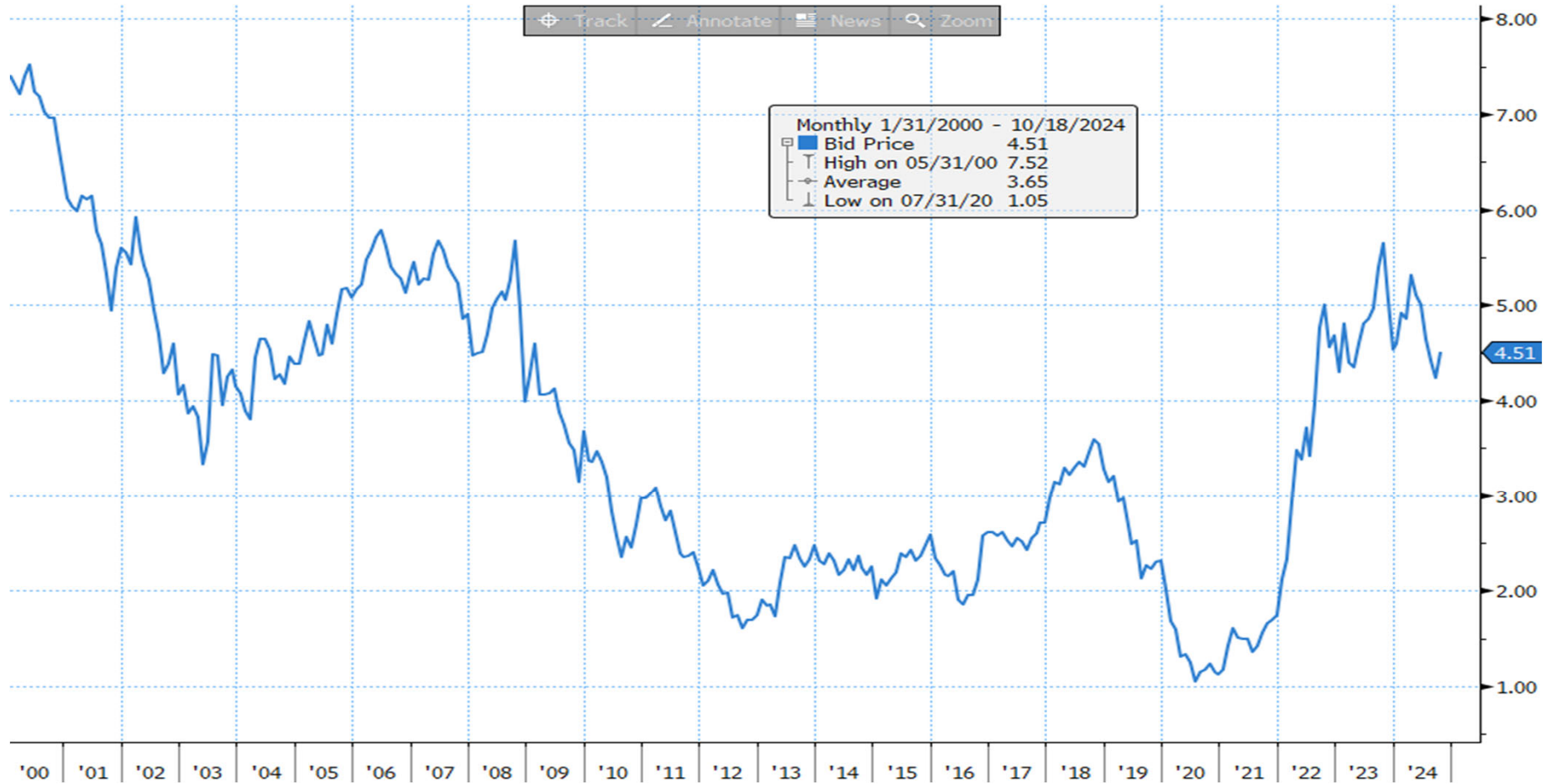




# MACRO OVERVIEW

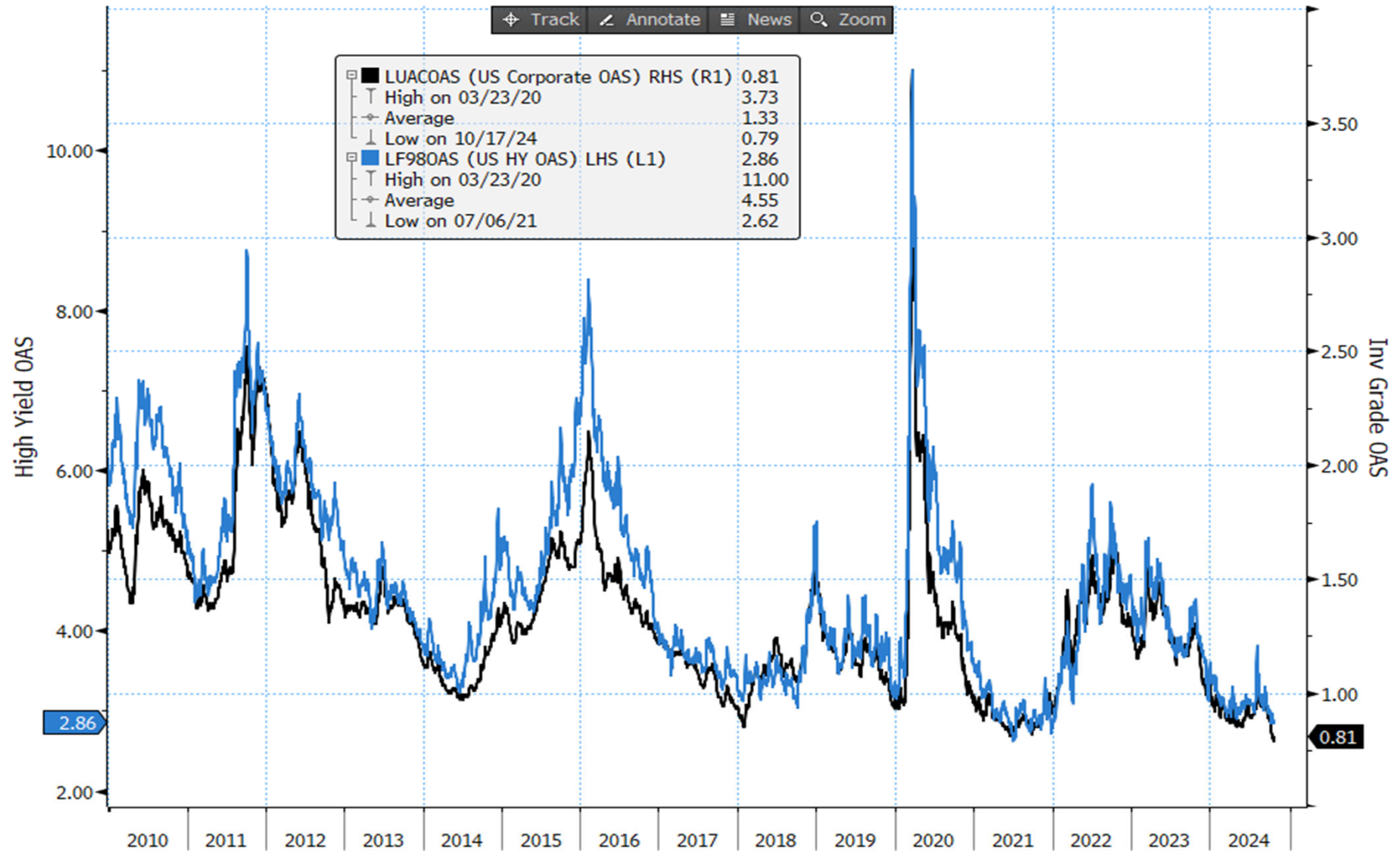
January 31, 2000 – October 18, 2024

## Bloomberg Aggregate Index YTW Back to the "Old Normal"



- The Aggregate ended the quarter with a 4.23% yield, so even a coupon clip offers a return many investors remain comfortable with at this point in the cycle.
- It's worth noting that for the decade preceding the Fed raising rates in March 2022, the Aggregate only offered an average yield of 2.25%.

## Corporate Credit Spreads Bloomberg IG/HY OAS Remain Tight



# FEDERAL RESERVE'S OPEN MARKET COMMITTEE

## US Federal Funds Target Interest Rate History

As of 9/18/2024

Date	Target	BN Survey	Survey vs Actual	Direction	Change	Discount	Vote
09/18/24 *	4.75%-5.00%	5.00%-5.25%	Surprise	Easing	-0.50%	5.00%	11-1
07/31/24	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
06/12/24 *	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
05/01/24	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
03/20/24 *	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
01/31/24	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
12/13/23 *	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
11/01/23	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
09/20/23 *	5.25%-5.50%	5.25%-5.50%	Expected	None	None	5.50%	12-0
07/26/23	5.25%-5.50%	5.25%-5.50%	Expected	Tightening	0.25%	5.50%	11-0
06/14/23 *	5.00%-5.25%	5.00%-5.25%	Expected	None	None	5.25%	11-0
05/03/23	5.00%-5.25%	5.00%-5.25%	Expected	Tightening	0.25%	5.25%	11-0
03/22/23 *	4.75%-5.00%	4.75%-5.00%	Expected	Tightening	0.25%	5.00%	11-0
02/01/23	4.50%-4.75%	4.50%-4.75%	Expected	Tightening	0.25%	4.75%	12-0
12/14/22 *	4.25%-4.50%	4.25%-4.50%	Expected	Tightening	0.50%	4.50%	12-0
11/02/22	3.75%-4.00%	3.75%-4.00%	Expected	Tightening	0.75%	4.00%	12-0
09/21/22 *	3.00%-3.25%	3.00%-3.25%	Expected	Tightening	0.75%	3.25%	12-0
07/27/22	2.25%-2.50%	2.25%-2.50%	Expected	Tightening	0.75%	2.50%	12-0
06/15/22 *	1.50%-1.75%	1.25%-1.50%	Surprise	Tightening	0.75%	1.75%	10-1
05/04/22	0.75%-1.00%	0.75%-1.00%	Expected	Tightening	0.50%	1.00%	9-0
03/16/22 *	0.25%-0.50%	0.25%-0.50%	Expected	Tightening	0.25%	0.50%	8-1
01/26/22	0.00%-0.25%	0.00%-0.25%	Expected	None	None	0.25%	9-0
12/15/21 *	0.00%-0.25%	0.00%-0.25%	Expected	None	None	0.25%	11-0
11/03/21	0.00%-0.25%	0.00%-0.25%	Expected	None	None	0.25%	11-0
09/22/21 *	0.00%-0.25%	0.00%-0.25%	Expected	None	None	0.25%	11-0

- Having given ample warning that a pivot and rate cut were forthcoming, the Fed's formal return to lowering rates in September was no surprise.
- The only element of surprise was the magnitude – 50 bps.

The FOMC Vote column refers to votes for and against the decision.

NOTE: (\*) Meeting with Economic Projections and a press conference by the Chair The discount rate was changed to the primary credit rate on Jan. 9, 2003.

Source: Bloomberg



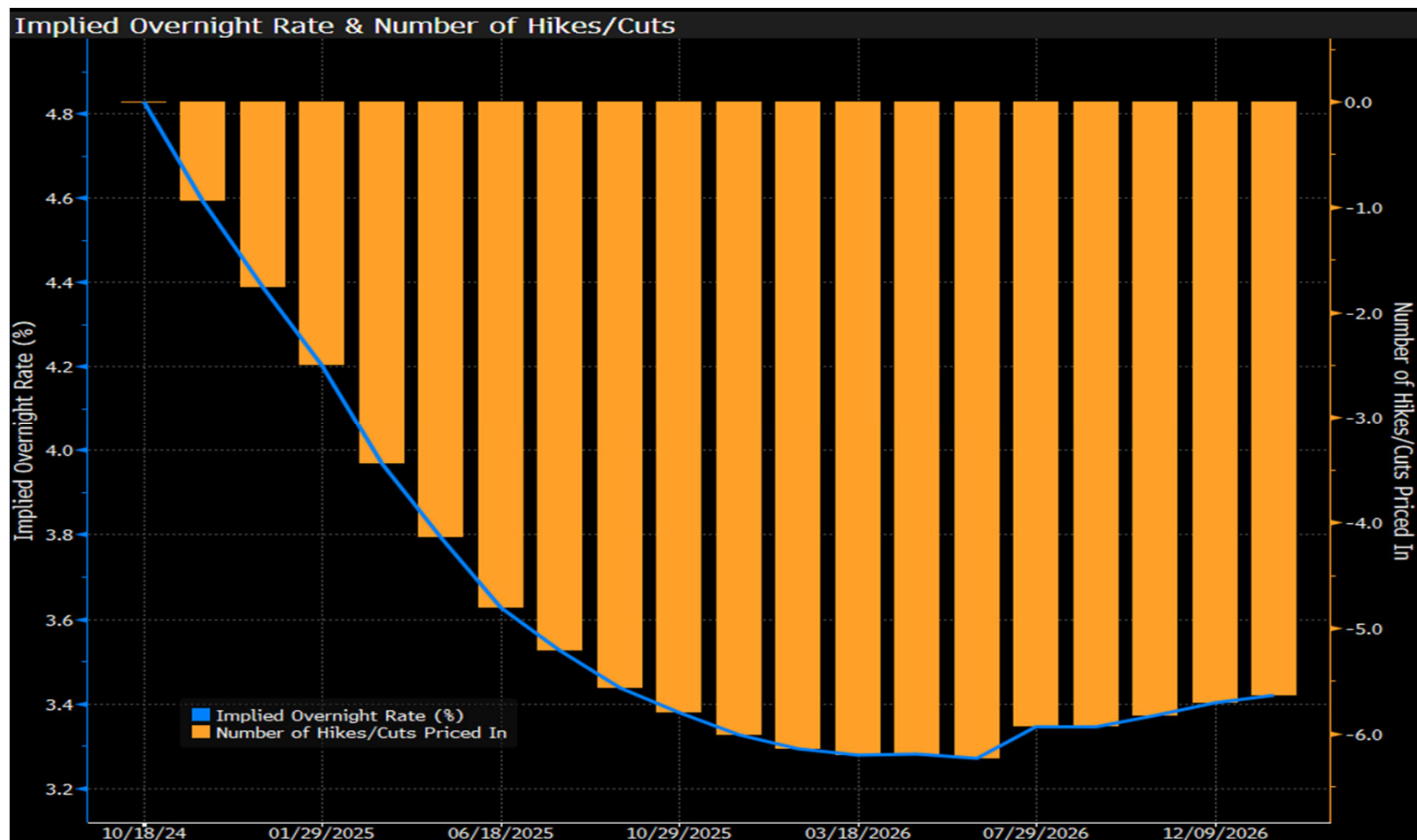
# FOMC DOT CHART

As of 9/18/2024



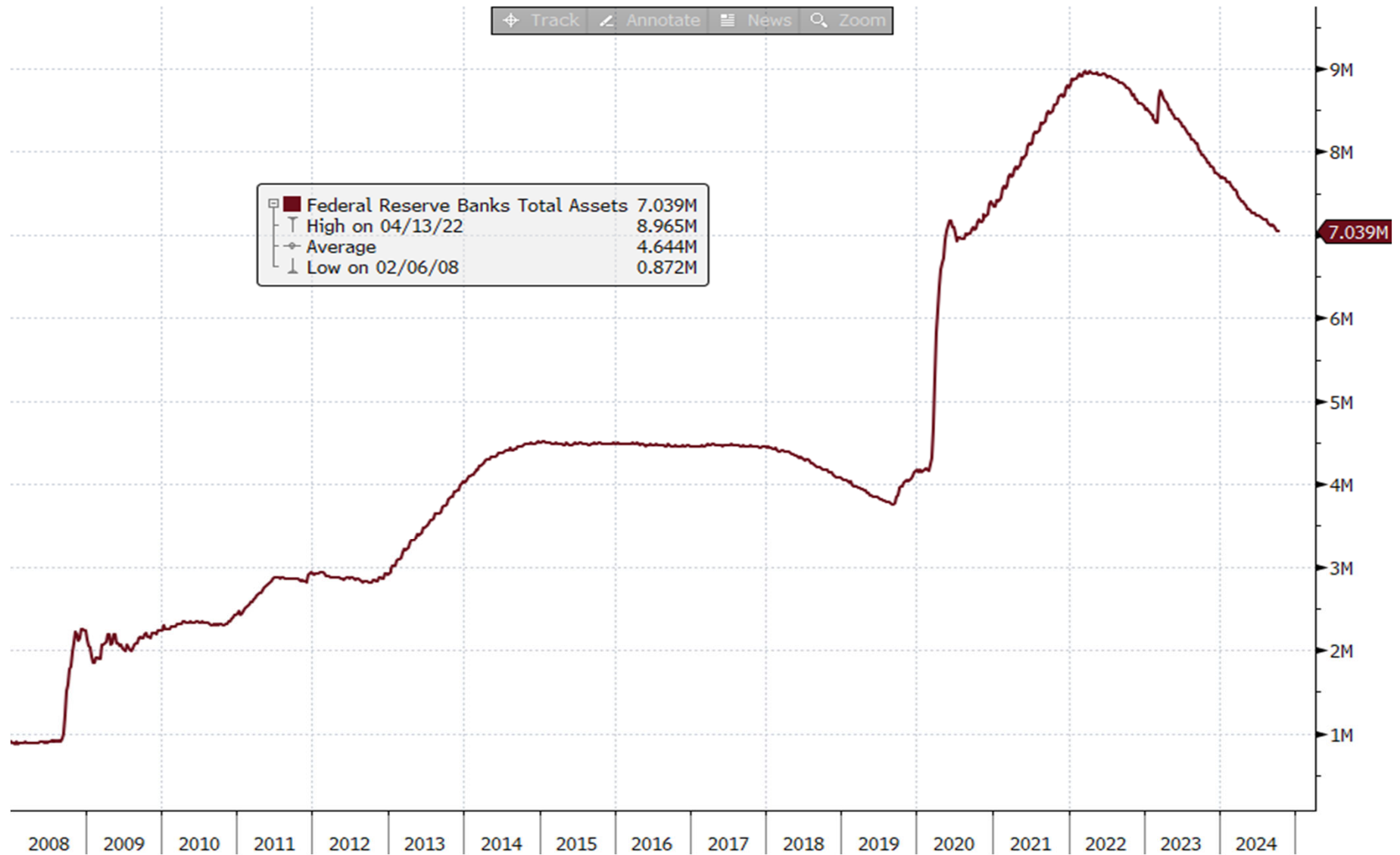
- The median Fed target rate for the end of 2024 is 4.375% (implying a 4.25% - 4.50% target rate range).
- The FOMC expectation is for 50 bps more of easing in 2024.
- The median Fed target rate for 2025 is 3.375% down from 4.125%, and the target rate expectation for 2026 is 2.875% down from 3.125%.

## Market Pricing of Rate Cuts Has Moderated



- At the beginning of the year, markets were pricing approximately six rate cuts for 2024, with those cuts starting as early as the Fed's March 20, 2024 meeting.
- Entering the second quarter, expectations for rate cuts were reduced by half to three and revised market pricing concurred with the Fed's guidance offered via the dot chart as of March 20, 2024.
- Pricing of rate cuts as of October 2024 now reflects one 25 bps rate cut almost fully priced in for November and another 25 bps rate cut almost fully priced in for December.

## Federal Reserve Balance Sheet Lower QT Pace Slows Reduction



December 31, 2015 – October 18, 2024

## Goldman Sachs FCI

Broad Financial Conditions Modestly Easier in 2024

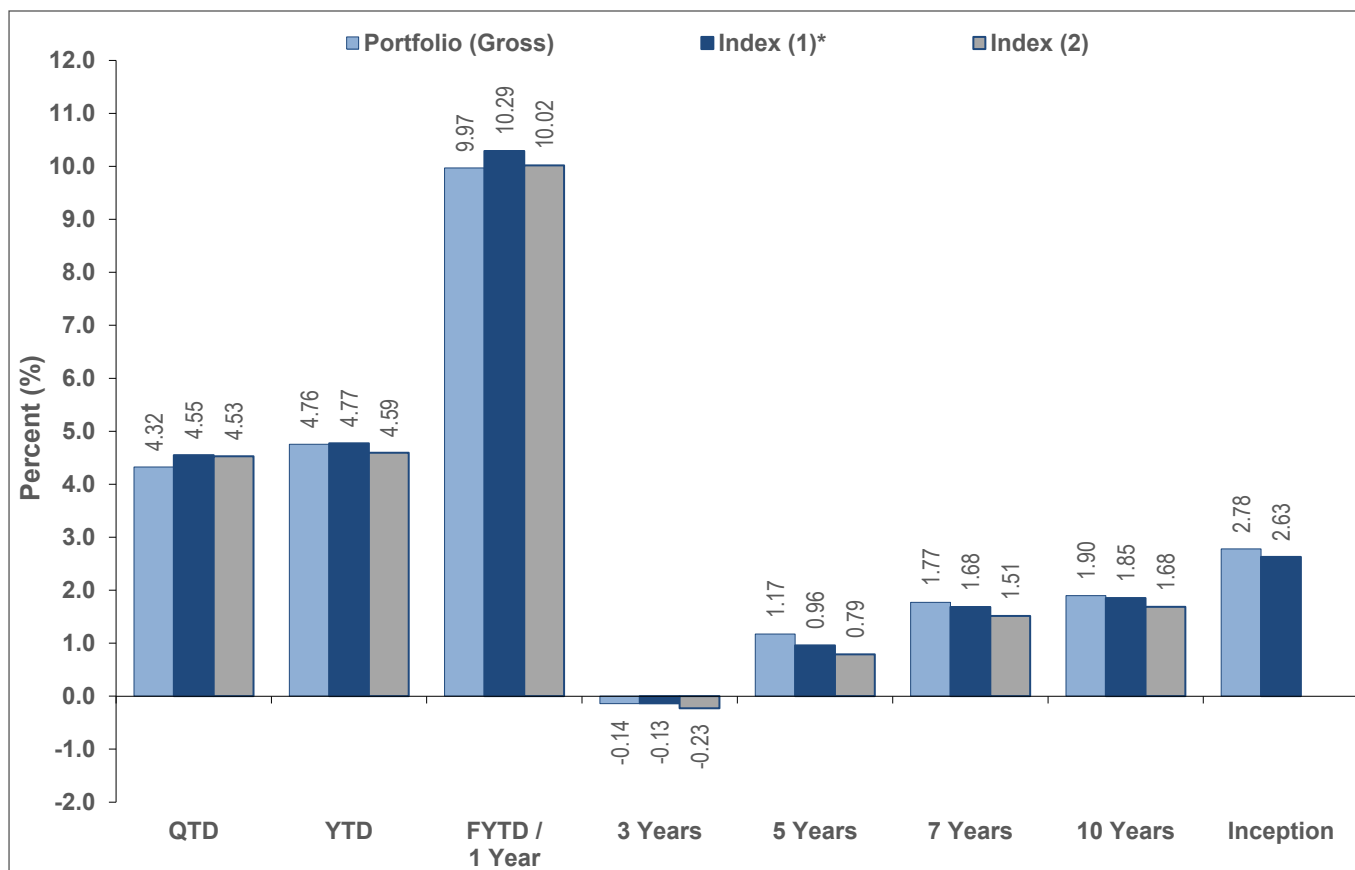


# PORTFOLIO REVIEW

# CITY OF OCALA TREASURY INVESTMENT FUND

## Portfolio Performance & Characteristics

As of 9/30/2024



Portfolio Characteristics		
	Portfolio	Index (1)
Market Value (\$)	52,401,767	
Yield-to-Worst (%)	4.25	4.14
Yield-to-Maturity (%)	4.25	4.15
Effective Duration (yrs)	4.16	4.12
Coupon (%)	4.00	3.35
Weighted Average Life (yrs)	5.20	4.69
Average Credit Quality	Aa2	Aa2
Number of Holdings	125	8,730

Performance - Gross (%)		
	Portfolio	Index (1)*
Performance (QTD)	4.32	4.55
Performance (YTD)	4.76	4.77
Performance (FYTD)	9.97	10.29
Performance (1 Year)	9.97	10.29
Performance (3 Years)	-0.14	-0.13
Performance (5 Years)	1.17	0.96
Performance (7 Years)	1.77	1.68
Performance (10 Years)	1.90	1.85
Performance (Since Inception)	2.78	2.63

Calendar Year Returns (%)										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross	5.01	-9.00	-1.24	6.85	6.18	0.99	1.82	2.14	1.15	3.84
Index (1)*	5.11	-9.11	-1.29	5.63	6.79	0.92	2.26	2.01	1.25	4.12
Index (2)	4.76	-8.91	-1.41	5.31	6.13	1.14	1.89	1.57	1.39	4.02

Account Inception: June 30, 2003

Fiscal Year End: September 30<sup>th</sup>

Index (1)\*: ICE BofA 1-10 Yr Corporate, Government & Mortgage Index (D5A0)

\*Blended Index: ICE BofA 1-5 Yr AAA-A Corporate & Government Index (BV10) from inception to 5/31/2011; ICE BofA 1-10 Yr AAA-A Corp/Gov/Mtg Index (D510) from 6/1/2011 to 10/31/2013; ICE BofA 1-10 Yr Corporate, Government & Mortgage Index (D5A0) from 11/1/2013 to present.

Index (2): ICE BofA 1-10 Yr AAA-A Corporate, Government & Mortgage Index (D510); (Inception performance comparison is excluded since portfolio was managed to a 1-5 year mandate prior to 6/1/2011.)

Source: Virtus Business Application Manager (VBAM), ICE BofA

Periods greater than one year are annualized. Performance is gross of management fees. Past performance is not indicative of future results.

# CITY OF OCALA TREASURY INVESTMENT FUND

## Portfolio Distributions

As of 9/30/2024

Sector Distribution (% Mkt Val)			Ratings Distribution (% Mkt Val)			Maturity Distribution (% Mkt Val)		
	Portfolio	Index		Portfolio	Index		Portfolio	Index
U.S. Treasury	39.86	43.53	Aaa	4.55	2.38	Under 1 Year	7.70	0.78
Government Related	0.00	5.85	Aa	81.24	75.91	1-2 Years	2.59	16.46
Inv Grade Corporate - Financial	5.38	9.18	A	9.06	10.43	2-3 Years	22.49	14.82
Inv Grade Corporate - Industrial	9.17	10.87	Baa	4.46	11.19	3-5 Years	17.30	25.67
Inv Grade Corporate - Utility	0.27	1.54	Ba	0.00	0.08	5-7 Years	21.46	19.00
Securitized - ABS	3.49	0.02	Not Rated	0.00	0.01	7-10 Years	26.41	23.26
Securitized - CMBS	2.15	0.00	Cash & Equivalents	0.70	0.00	Over 10 Years	2.06	0.00
Securitized - Covered	0.00	0.17						
Securitized - RMBS	38.97	26.23						
Other	0.00	2.61						
Cash	0.70	0.00						

Top 10 Issuers (% Mkt Val)			Top 10 Industries (% Mkt Val)			Duration Distribution (% Mkt Val)		
	Portfolio	Index		Portfolio	Index		Portfolio	Index
United States	39.86	43.73	Treasury	39.86	43.53	Under 1 Year	7.70	2.08
Fannie Mae	18.35	0.15	Agency Fixed Rate	38.97	26.23	1-2 Years	9.18	18.69
Freddie Mac	15.85	21.12	Financial Institutions	5.38	9.18	2-3 Years	18.53	15.74
Ginnie Mae	5.88	7.89	Consumer Non-Cyclical	3.21	2.60	3-5 Years	30.57	26.63
Jp Morgan Chase & Co	1.12	0.50	Credit Card	2.07	0.00	5-7 Years	20.71	26.41
American Express Co	1.04	0.10	Energy	1.94	1.30	7-10 Years	13.30	10.45
Abbvie Inc	1.04	0.09	Agency CMBS	1.10	0.00			
Wells Fargo Company	0.90	0.31	Non Agency CMBS	1.06	0.00			
At&T Corp	0.89	0.13	Technology	0.91	1.68			
Apple Inc	0.83	0.14	Stranded Cost Utility	0.90	0.02			

**Index:** ICE BofA 1-10 Yr Corporate, Government & Mortgage Index (D5A0)

Source: Virtus Business Application Manager (VBAM), ICE BofA

Components may not add to total due to rounding.

Portfolio characteristics, sector analysis, and holdings may change at any time without notice. Seix utilizes a proprietary analytics system for Portfolios and Indices, you may notice slight changes in characteristics, yields and/or durations. You are urged to compare the information regarding your account contained in this report to the information in the account statements provided by the custodian for this account.

# CITY OF OCALA TREASURY INVESTMENT FUND

Compliance Monitor

As of 9/30/2024

PORTFOLIO LIMITATIONS	POLICY	CURRENT	WITHIN POLICY?
Portfolio Effective Duration	>50% BM, < 120% BM	4.16	Yes
Minimum Credit Quality (Moody's/S&P)	Baa2/BBB	Baa3/BBB	Yes
MBS/ABS Minimum Quality (Moody's/S&P)	A/A	Aaa/AA+	Yes
CMOs Backed by Govt. Agency	US Agency-backed	N/A	Yes
Yankee Securities Minimum Quality (Moody's/S&P)	Baa2/BBB	N/A	Yes

SECTOR ALLOCATIONS	MINIMUM	MAXIMUM	CURRENT PERCENTAGE	WITHIN POLICY?
Treasury/TIPS	0%	100%	39.9%	Yes
Government Related	0%	100%	0.0%	Yes
Corporate Debt Obligations	0%	50%	14.8%	Yes
Mortgage/Asset Backed Securities	0%	50%	44.6%	Yes
Municipal Securities	0%	20%	0.0%	Yes
Certificates of Deposit	0%	20%	0.0%	Yes
Repurchase Agreements	0%	25%	0.0%	Yes
Money Market Mutual/Trust	0%	30%	0.7%	Yes
			100.0%	

Source: Virtus Business Application Manager (VBAM)

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# PORTFOLIO STRATEGY

## Fundamentals

- Debt leverage continues to be near historical high levels and is likely to continue to be elevated in coming quarters. In addition, interest costs have risen, and debt-service coverage declined.
- Most investment grade companies still have ample liquidity positions they could use to de-leverage.
- Most investment grade companies don't face large near-term debt maturities.

## Technicals

- The narrative of a “soft landing” and “goldilocks” environment for many investors continues, with the Fed expected to continue its rate cutting throughout the next several quarters.
- Corporate debt demand from yield-buyers, coupled with M&A funding needs, have resulted in continued healthy IG new issuance.
- Support from continued demand from yield-buyers offsetting reticence from total-return buyers to add to corporate bond positions at currently very tight spread levels.
- Costs from hurricanes Helene and Milton may put some pressure on corporate spreads near term as insurance companies may refrain from buying and or outright sell paper.
- Foreign demand for U.S. Credit facing headwinds from high hedging costs and rising global yields.

## Valuations

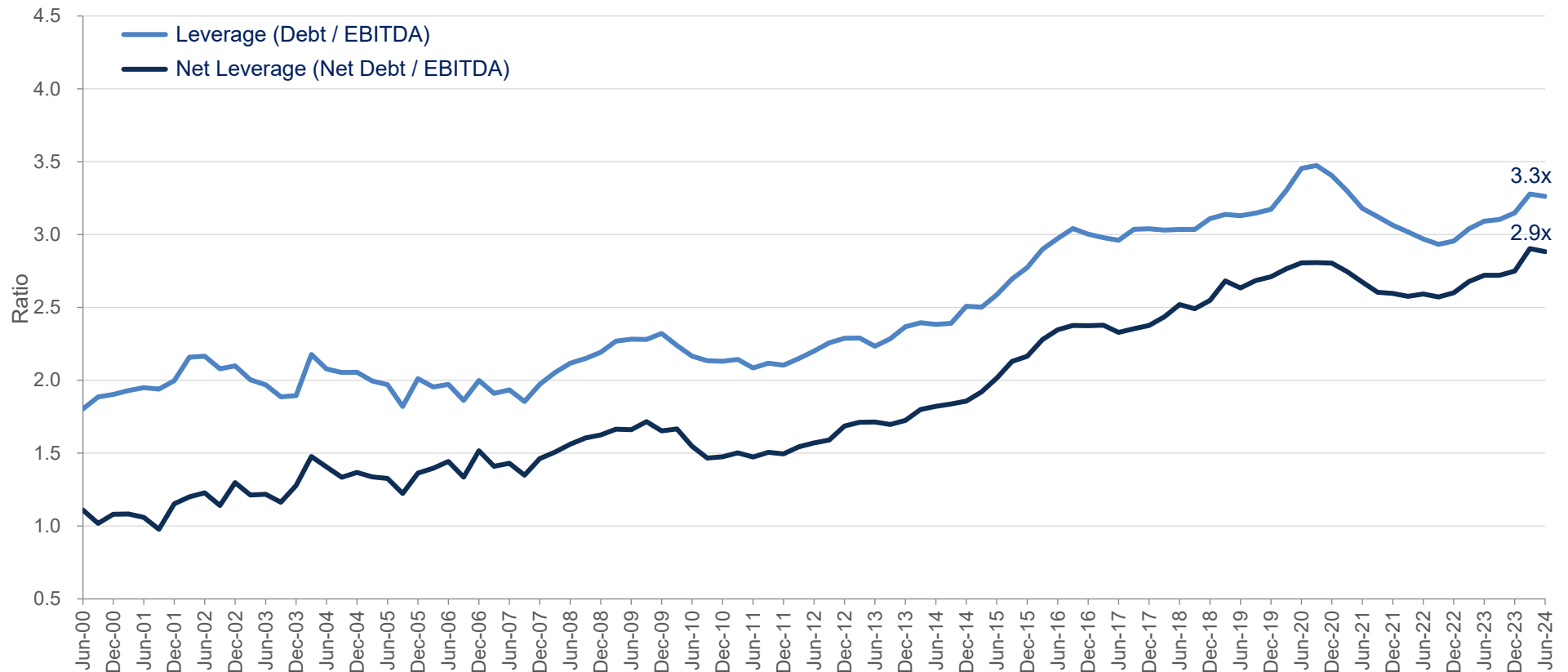
- Valuations as at 9/30/24 were tight relative to the 1-year, 5-year, and 10-year historical averages.
- Corporate bond option-adjusted spread level at 89bps as of 9/30/24 was tight of the 1-year average of 98bps, the 5-year average of 118bps, and the 10-year average of 122bps.
- Leverage-adjusted corporate (Ex-Financials) spread level of 27 bps per unit of leverage, as at 9/30/24\* is at near record tight levels. The current level is also tight to the 3-year average of 37bps; the 1-year average of 32bps, the 5-year average of 38bps; and the 10-year average of 42bps.
- The current level also is well inside the 58bps long-term mean.

# CORPORATE - FUNDAMENTALS

Leverage Remains Near All-Time High

As of 6/30/2024

## Leverage (JULI Index Ex-Financials)



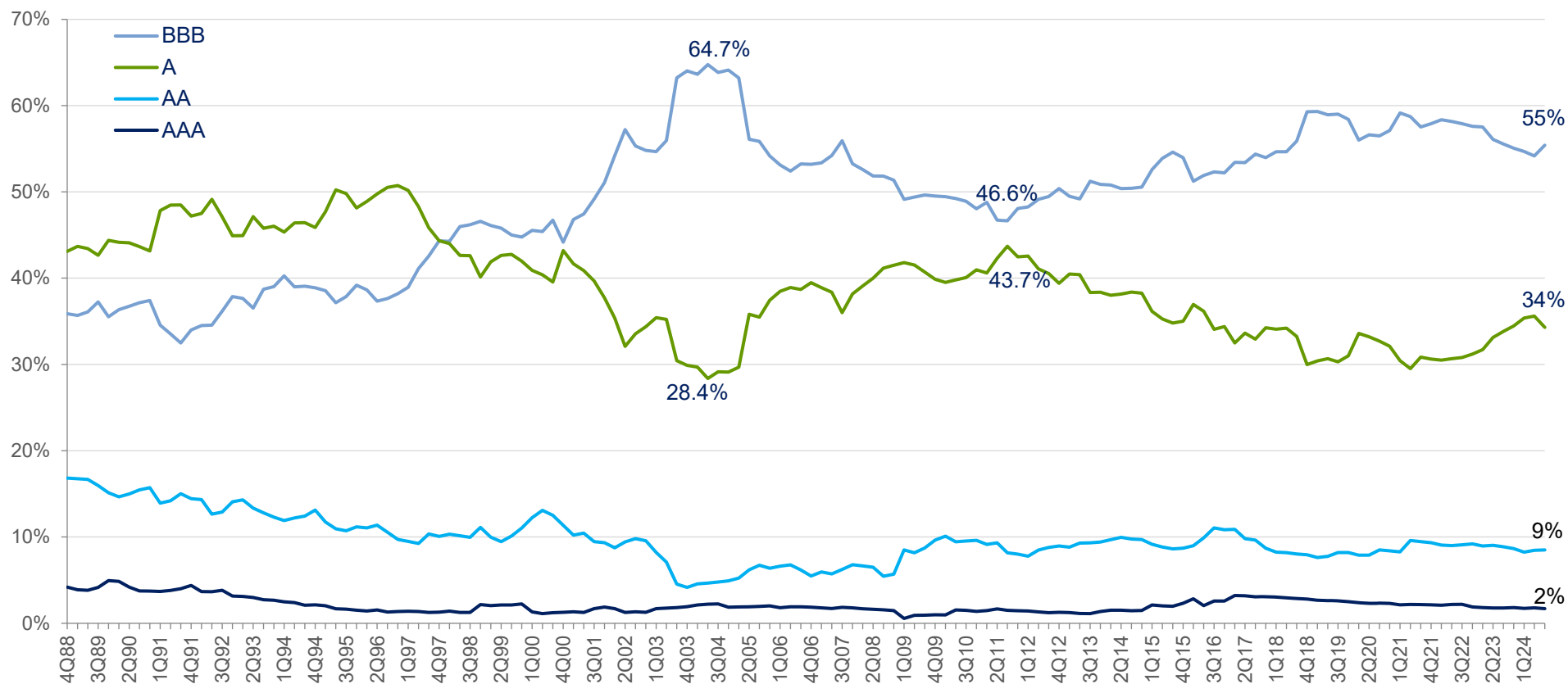
	LAST	MIN	MAX	MEAN	STDDEV
Debt/EBITDA	3.3	1.8	3.5	2.5	0.5
	6/30/24	9/30/05	9/30/20		
Net					
Debt/EBITDA	2.9	1.0	2.9	1.9	0.6
	6/30/24	9/30/05	3/31/24		

# CORPORATE - FUNDAMENTALS

Quality of Investment Grade Corporate Markets Has Deteriorated

As of 9/30/2024

## Bloomberg IG Corp Ex Financials Ratings Migration (Amount Outstanding %)



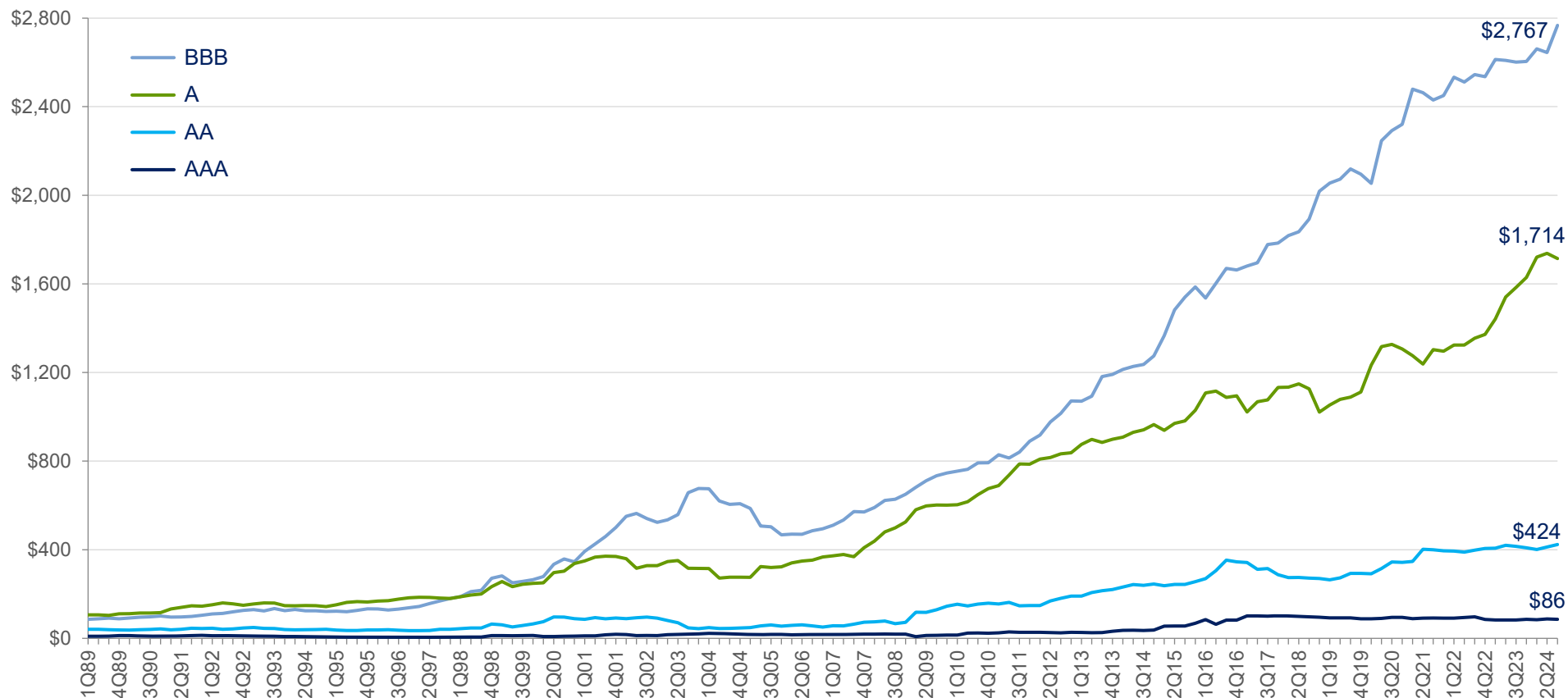
	BBB		A		AA		AAA	
Last	55.4%		34.3%		8.5%		1.7%	
Max	64.7%	2Q04	50.7%	4Q96	16.8%	4Q88	5.0%	4Q89
Min	32.5%	3Q91	28.4%	2Q04	4.2%	4Q03	0.6%	1Q09

# CORPORATE - FUNDAMENTALS

Growth in BBB Debt Far Exceeds other Categories

As of 9/30/2024

**Bloomberg IG Corp Ex Financials Ratings Migration (Amount Outstanding \$bn)**



	BBB		A		AA		AAA		Total	
Last	\$2,767		\$1,714		\$424		\$86		\$4,992	
Max	\$2,767	3Q24	\$1,738	2Q24	\$424	3Q23	\$102	4Q17	\$4,992	3Q24
Min	\$86	1Q89	\$104	3Q89	\$35	2Q97	\$5	4Q97	\$242	1Q89

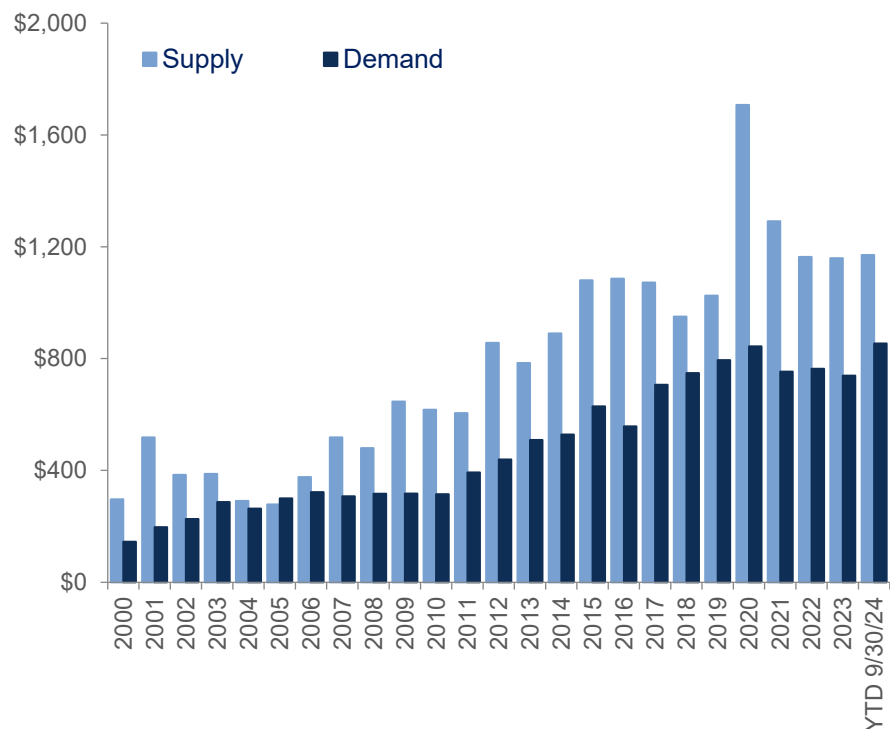
Note: The amount of outstanding non-financial BBB debt in the Bloomberg Corporate Index (\$2,767bn) is 2.0x the amount of total High Yield debt outstanding (\$1,376bn) in the Bloomberg High Yield Index.  
Source: Bloomberg

# CORPORATE - TECHNICALS

## Corporate Bond Issuance to Normalize

As of 9/30/2024

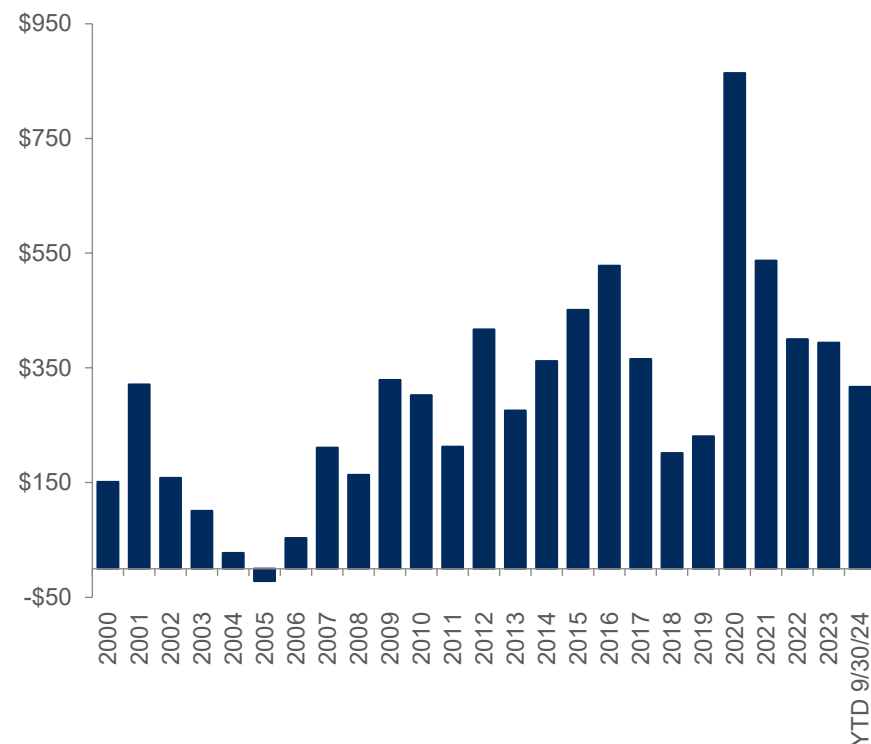
### Supply vs. Demand (\$bn)



	LAST	MIN	MAX	MEAN	STDDEV
<b>Supply</b>	\$1,159	\$278	\$1,707	\$785	\$378
	9/30/24	2005	2020		
<b>Demand*</b>	\$854	\$145	\$854	\$490	\$229
	9/30/24	2000	9/30/24		

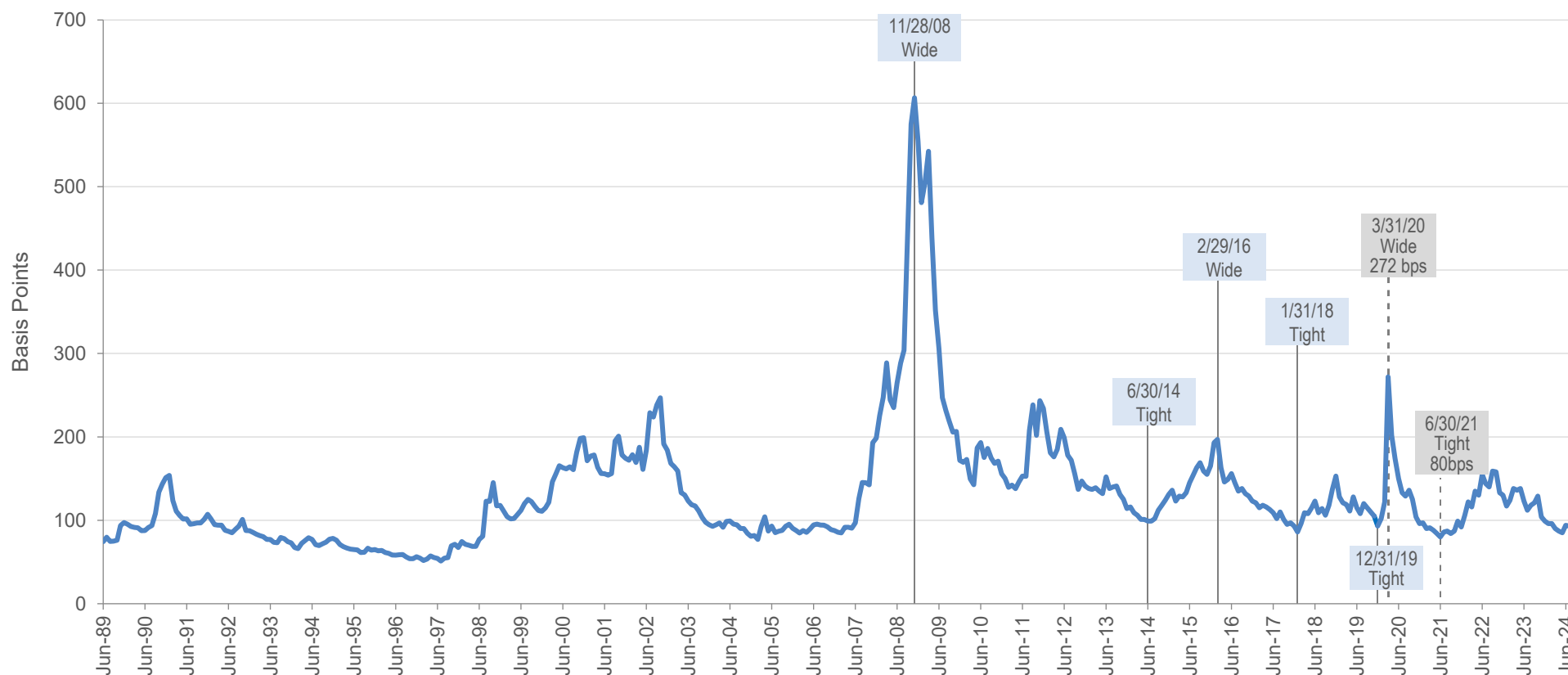
\* Represents redemptions and 75% of coupon

### New Issuance Net Supply (\$bn)



	LAST	MIN	MAX	MEAN	STDDEV
<b>Net Supply</b>	\$317	-\$22	\$864	\$294	\$189
	9/30/24	2005	2020		

## Bloomberg Corporate Bond Index Option-Adjusted Spreads



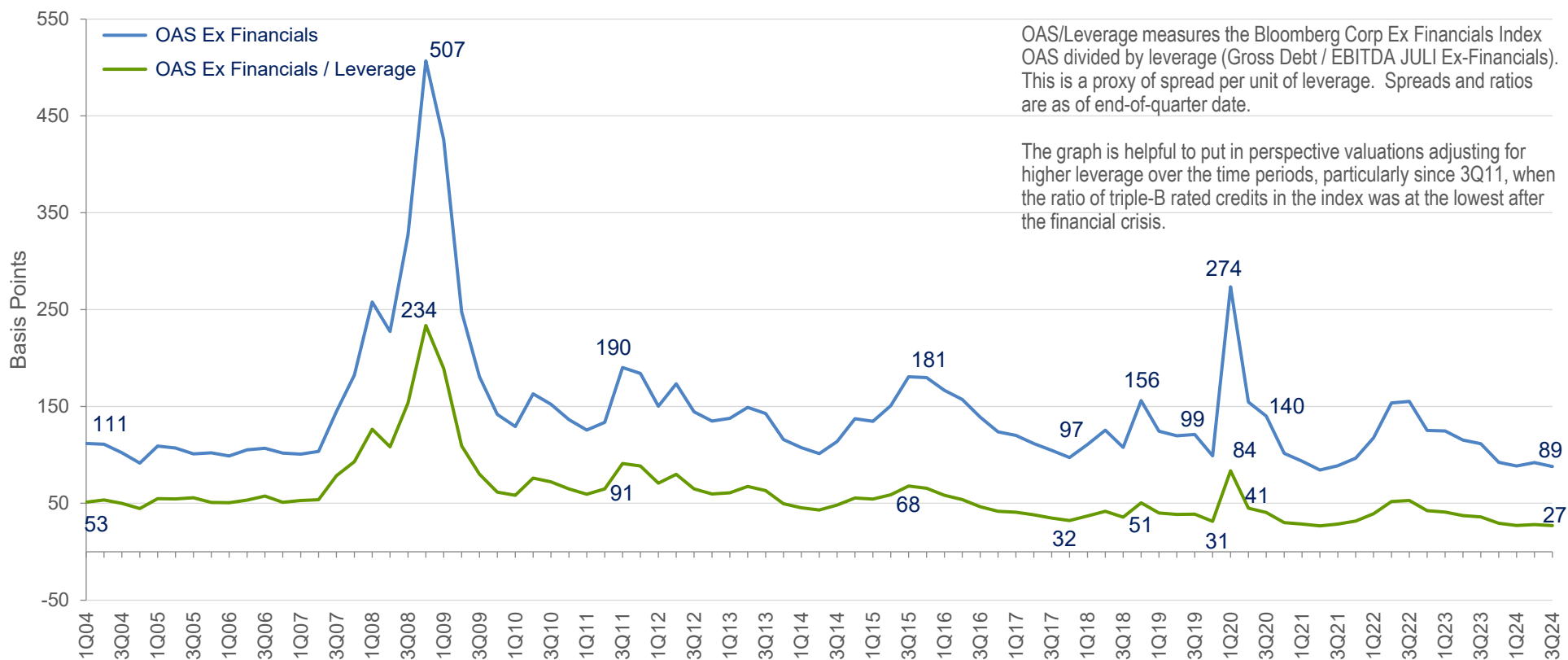
LAST	MIN	MAX	MEAN	STDDEV
89 bps	51 bps	607 bps	130 bps	73 bps
9/30/24	7/31/97	11/28/08		

# CORPORATE - VALUATIONS

## Leveraged-Adjusted Risk Premiums

As of 9/30/2024

### Bloomberg IG Corp Ex Financials Index Spread Per Unit of Leverage



	1Q04 –2Q24																					MIN	MAX	MEAN
	4Q19	3/23/20*	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24**	2Q21	4Q08	
OAS Ex Financials	99	371	274	155	140	102	93	84	89	97	118	154	155	125	125	115	111	92	88	92	89	84	507	143
OAS Ex Financials / Leverage	31	124	83	45	40	30	28	26	28	31	39	52	53	42	41	37	36	29	27	28	27	27	234	59

\*Calculated using 1Q20 leverage

\*\*Calculated using 2Q24 leverage

Source: JPMorgan, Bloomberg



## Market Technicals

- MBS spreads were mixed but overall, slightly wider during September
- Specified pool pay-ups were generally slightly higher
- Purchase mortgage applications remain low as the supply of homes for sale remains low; but applications picked up a bit as mortgage rates came down as the market priced in more Fed rate cuts
- Mortgage rates declined 27 bp to 6.08%

## RMBS

- MBS spreads widened slightly in September, with GSE exposure posting flat to slightly positive excess returns while GNMA exposure was solidly negative
- Current coupon spread decreased 11 bp in September, ending the month at +116 bp/10s
- “Story bonds” (loan balance, seasoning, LTV, FICO, new issue, etc.) pay-ups were slightly higher with rates declining

## CMBS

- CMBS spreads were slightly tighter in September as the Fed pivot to rate cuts continued to ease some property refinancing concerns
- Single A rated and longer duration CMBS were the better performers

# SECURITIZED OUTLOOK

## Freddie 30 Year Homeowner Mortgage Rate

As of 9/26/2024

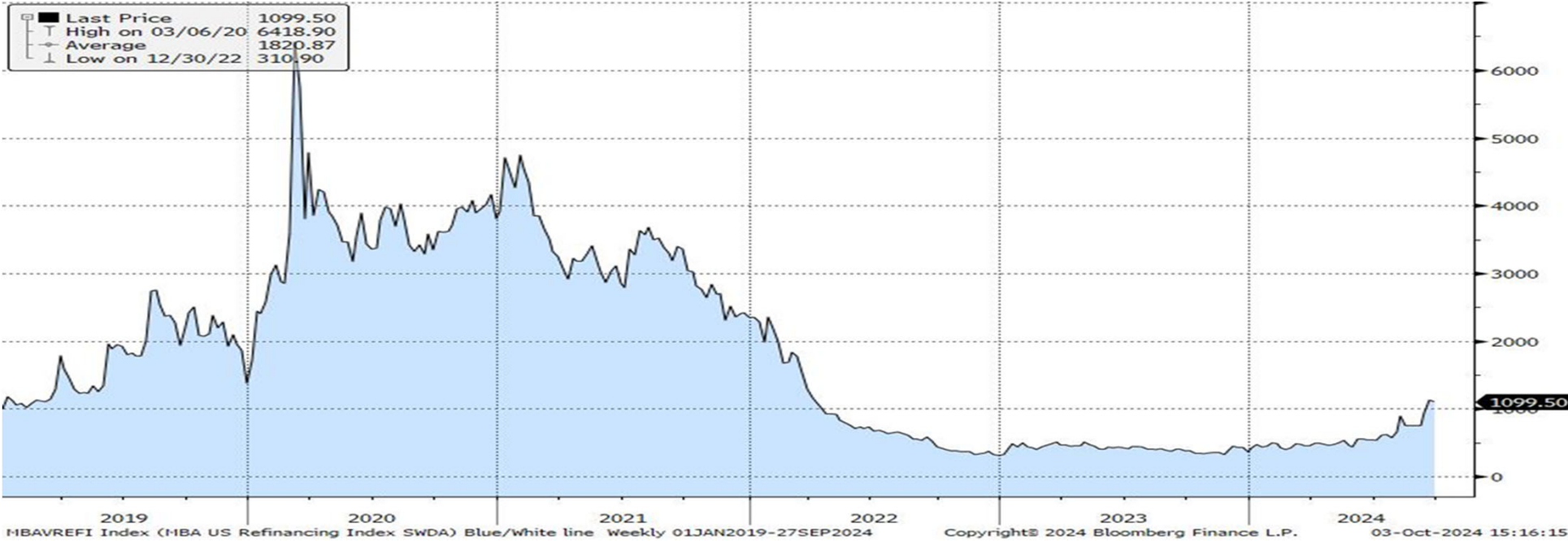
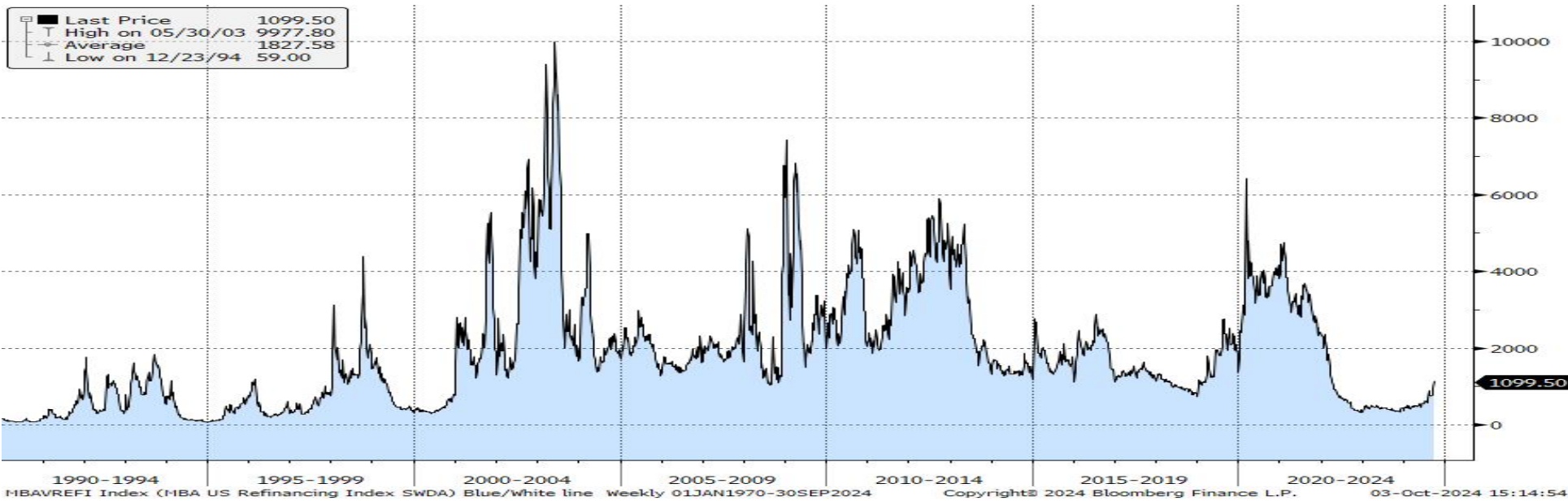


Source: Bloomberg

# SECURITIZED OUTLOOK

MBA REFI Index

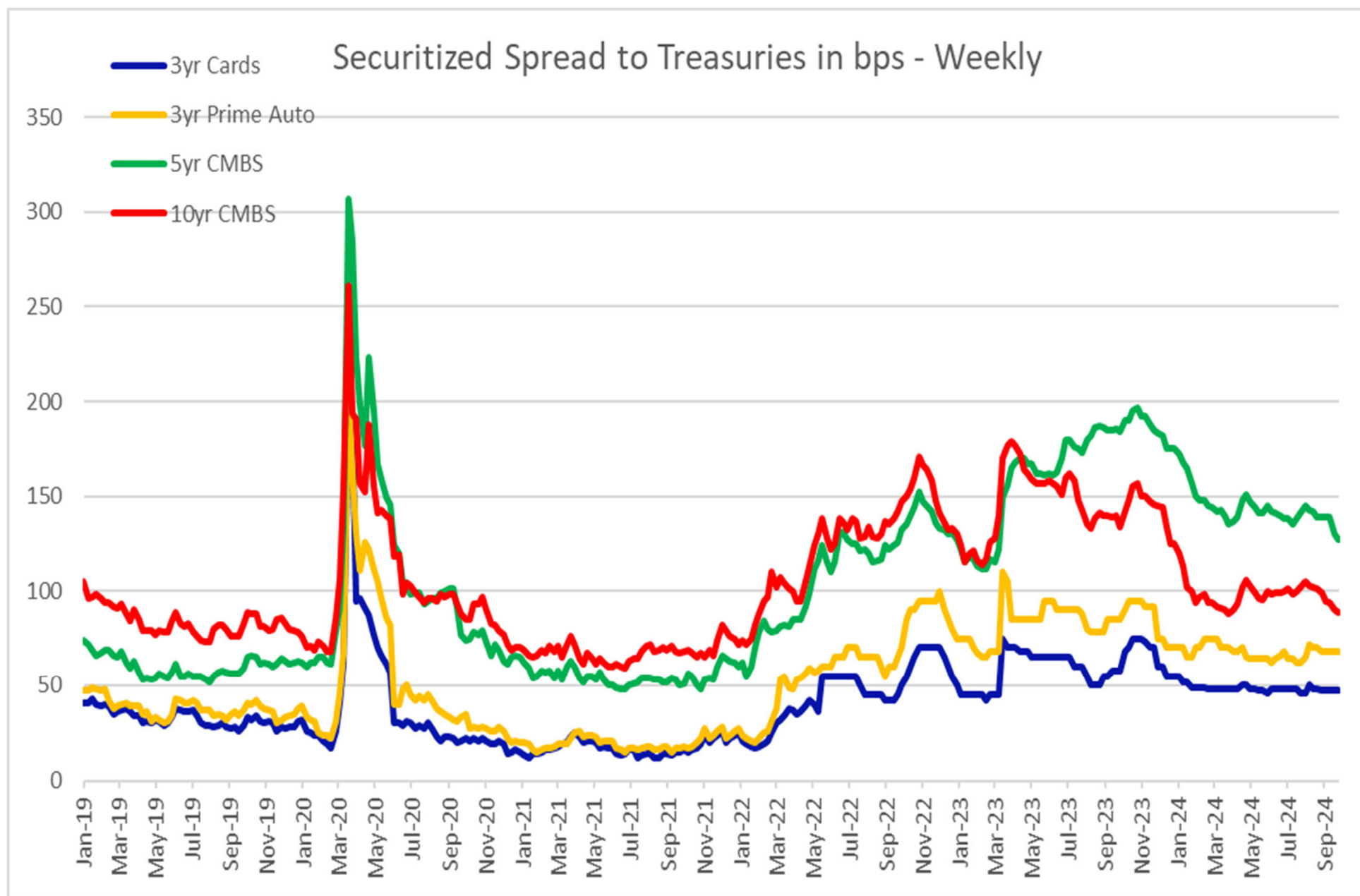
As of 9/27/2024



# SECURITIZED OUTLOOK

Securitized Sub-Sector Relative Value

As of 9/30/2024



# GOVERNMENT RELATED OUTLOOK & STRATEGY

- 2s/10s steepened ~ 16 bp in September, ending the long tenured inversion and 14 bp of positive curve slope as the market prices in a more aggressive rate cut cycle; market pricing anticipates three more rate cuts in 2024, implying at least one additional 50 bp cut at one of the final two FOMC meetings this year
- 2s/10s over a trailing 10-year period has averaged +52 bp with a range of -108 bp (7/3/23) to +190 bp (10/28/14)
- As the FOMC finally cuts rates, the market continues to debate whether this cycle will be a mid-cycle recalibration (soft landing) or a full easing cycle to offset a more pronounced economic slowdown (hard landing)
- Curve volatility will remain elevated as the market reacts to evolving economic data and FOMC guidance/action while fiscal profligacy comes into focus as the election cycle heats up; pace of QT stands at a reduced \$60 bn/month

- Government related sector offers an OAS of +47 bps, which is fair over one, three and ten years
- Since 2004, OAS has ranged from +30 bps to +190 bps

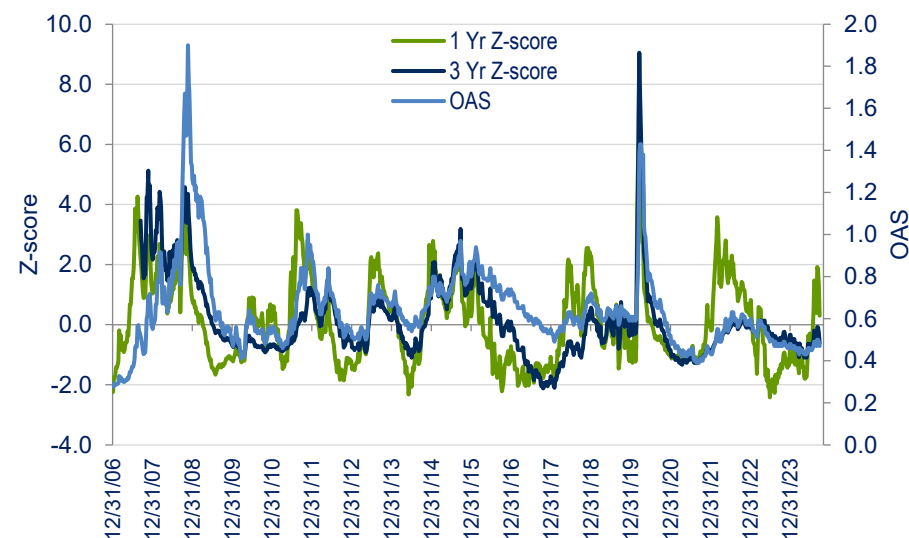
## Current Government Related Strategy

- Remain underweight as other IG sectors offer greater relative value

## Historical Yield Curve

	12/29/23	9/30/24	Change
3 Month	5.34	4.63	-0.71
6 Month	5.26	4.41	-0.85
1 Year	4.77	4.01	-0.76
2 Year	4.25	3.64	-0.61
3 Year	4.01	3.55	-0.46
5 Year	3.85	3.56	-0.29
7 Year	3.88	3.65	-0.23
10 Year	3.88	3.78	-0.10
30 Year	4.03	4.12	+0.09

## Government Related OAS/Z-Scores



## Index Comparisons

	OAS SINCE INDEX INCEPTION*			OAS AVERAGES		
	High	Low	9/30/24	5 Year Average	10 Year Average	Average Since Inception
<b>Corporate Bond</b>	607 bps (11/08)	51 bps (7/97)	89 bps	117 bps	122 bps	130 bps
<b>AAA CMBS</b>	1273 bps (11/08)	48 bps (1/18)	79 bps	83 bps	76 bps	140 bps
<b>MBS</b>	176 bps (3/89)	-5 bps (7/10)	42 bps	45 bps	36 bps	58 bps
<b>Gov't Related</b>	173 bps (11/08)	16 bps (11/96)	47 bps	55 bps	62 bps	54 bps
<b>High Yield</b>	1833 bps (11/08)	235 bps (9/97)	295 bps	397 bps	420 bps	487 bps
<b>BB High Yield</b>	1278 bps (11/08)	130 bps (6/97)	180 bps	271 bps	279 bps	328 bps
<b>B High Yield</b>	1742 bps (11/08)	228 bps (5/07)	285 bps	415 bps	426 bps	488 bps
<b>Leveraged Loans **</b>	1799 bps (12/08)	230 bps (2/07)	498 bps	545 bps	516 bps	473 bps

\*Month end OAS data. Bloomberg Indices are used for all of the above except for Leveraged Loans which are represented by the CS Leveraged Loan Index. High Yield Index, BB High Yield Index, and B High Yield Index OAS data from 1/31/94, Leveraged Loan Index Inception 1/31/92, Corporate Bond Index Inception 6/30/89, MBS Index Inception 8/31/88, Gov't Related Index Inception 1/31/94, AAA CMBS Index Inception 7/31/99. \*\* Leveraged Loan Discount Margin (3-year life). Spread vs. TSY for all others.  
Source: Bloomberg, Credit Suisse



# APPENDIX

## Key Facts

- Founded in 1992
- A division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser
- Headquartered in Park Ridge, NJ with offices in Atlanta, GA and Orlando, FL

## Organizational Characteristics

- Institutional fixed income boutique
- Performance oriented, risk focused and collaborative culture
- Seasoned fixed income professionals
- Sound, transparent, and repeatable investment philosophy and process

## Assets Under Management

Total Assets  
**\$13.1 Billion<sup>1</sup>**

Investment Grade  
**\$5.1**

Leveraged Finance  
**\$8.0<sup>1</sup>**

Signatory of:



## Strategies

- Investment Grade Fixed Income (Taxable & Tax-Exempt)
- High Yield Bonds & Leveraged Loans
- CLOs

<sup>1</sup>Includes the AUM of two private funds managed by Seix CLO Management, which shares staff with Seix. Components may not add to total due to rounding.



# CITY OF OCALA TREASURY INVESTMENT FUND

## Fixed Income Holdings

As of 9/30/2024

Sector / Issuer Name	Cusip	Quantity	Coupon	Maturity Date	Moody Rating	S&P Rating	Fitch Rating	Current Price	Total Market Value	Accrued Income	Yield To Mat	Mod Dur	Current Yield	Avg Life	% of Mkt Val
<b>CASH EQUIVALENT</b>															
CASH EQUIVALENT	999991AY8	365,077.63	0.000	11/09/2024	Aaa	AAA	AAA	100.000	365,077.63	0.00	4.86	0.00	4.86	0.00	0.70
<b>Treasury Bonds &amp; Notes</b>															
US TREASURY N/B	91282CAM3	2,988,000.00	0.250	09/30/2025	Aaa	AA+	AA+	96.391	2,880,172.41	20.53	3.99	0.98	0.26	1.00	5.50
US TREASURY N/B	91282CHB0	377,000.00	3.625	05/15/2026	Aaa	AA+	AA+	99.840	381,558.19	5,161.98	3.72	1.54	3.63	1.62	0.73
US TREASURY N/B	91282CJC6	1,845,000.00	4.625	10/15/2026	Aaa	AA+	AA+	101.883	1,919,139.47	39,401.59	3.65	1.89	4.54	2.04	3.66
US TREASURY N/B	91282CKE0	4,695,000.00	4.250	03/15/2027	Aaa	AA+	AA+	101.543	4,776,261.73	8,819.34	3.58	2.31	4.19	2.45	9.11
US TREASURY N/B	91282CKZ3	2,324,000.00	4.375	07/15/2027	Aaa	AA+	AA+	102.094	2,394,209.43	21,550.68	3.57	2.58	4.29	2.79	4.57
US TREASURY N/B	91282CJR3	918,000.00	3.750	12/31/2028	Aaa	AA+	AA+	100.672	932,867.61	8,699.80	3.58	3.86	3.72	4.25	1.78
US TREASURY N/B	91282CKX8	3,068,000.00	4.250	06/30/2029	Aaa	AA+	AA+	102.922	3,190,594.95	32,951.82	3.57	4.23	4.13	4.74	6.09
US TREASURY N/B	91282CLF6	4,361,000.00	3.875	08/15/2034	Aaa	AA+	AA+	100.703	4,413,246.08	21,582.80	3.79	8.14	3.85	9.87	8.42
<b>Finance</b>															
AMERICAN EXPRESS CO	025816DL0	90,000.00	6.338	10/30/2026	A2	BBB+	A	101.985	94,178.92	2,392.60	4.42	1.01	6.21	1.08	0.18
BANK OF AMERICA CORP	06051GJZ3	300,000.00	2.087	06/14/2029	A1	A-	AA-	92.345	278,897.34	1,860.91	4.35	3.48	2.26	3.70	0.53
BANK OF AMERICA CORP	06051GKD0	60,000.00	2.572	10/20/2032	A1	A-	AA-	87.684	53,300.25	690.15	4.65	6.24	2.93	7.05	0.10
BANK OF NY MELLON CORP	06406RBJ5	169,000.00	4.414	07/24/2026	A1	A	AA-	99.825	170,092.05	1,388.33	5.49	0.78	4.42	0.81	0.32
CITIGROUP INC	172967LD1	184,000.00	3.887	01/10/2028	A3	BBB+	A	98.995	183,760.62	1,609.22	4.36	2.13	3.93	2.28	0.35
GOLDMAN SACHS GROUP INC	38141GYG3	229,000.00	1.542	09/10/2027	A2	BBB+	A	94.772	217,232.73	205.99	4.37	1.89	1.63	1.94	0.41
HARTFORD FINL SVCS GRP	416515BE3	217,000.00	2.800	08/19/2029	Baa1	BBB+	NR	93.246	203,052.09	708.87	4.38	4.41	3.00	4.88	0.39
JPMORGAN CHASE & CO	46647PCB0	449,000.00	1.578	04/22/2027	A1	A-	AA-	95.797	433,257.51	3,129.31	4.36	1.51	1.65	1.56	0.83
JPMORGAN CHASE & CO	46647PDR4	145,000.00	5.350	06/01/2034	A1	A-	AA-	104.642	154,316.05	2,585.83	4.69	6.83	5.11	8.67	0.29
MORGAN STANLEY	61747YEB7	228,000.00	5.703	01/22/2025	A1	A-	A+	100.006	230,653.07	2,638.71	5.27	0.05	5.70	0.31	0.44
MORGAN STANLEY	61746BEF9	173,000.00	3.625	01/20/2027	A1	A-	A+	99.098	172,677.00	1,236.83	4.06	2.17	3.66	2.30	0.33
PNC FINANCIAL SERVICES	693475BT1	112,000.00	6.615	10/20/2027	A3	A-	A	104.507	120,361.46	3,313.38	4.30	1.86	6.33	2.05	0.23
PNC FINANCIAL SERVICES	693475BX2	87,000.00	5.492	05/14/2030	A3	A-	A	104.497	92,730.56	1,818.31	4.41	3.99	5.26	4.62	0.18
US BANCORP	91159HJQ4	63,000.00	5.384	01/23/2030	A3	A	A	103.851	66,066.65	640.70	4.41	3.79	5.18	4.31	0.13
WELLS FARGO & COMPANY	95000U3C5	160,000.00	4.540	08/15/2026	A1	BBB+	A+	99.826	160,649.19	928.18	5.63	0.84	4.55	0.87	0.31
WELLS FARGO & COMPANY	95000U2V4	136,000.00	3.526	03/24/2028	A1	BBB+	A+	98.106	133,517.95	93.24	4.34	2.34	3.59	2.48	0.25
WELLS FARGO & COMPANY	95000U2U6	62,000.00	3.350	03/02/2033	A1	BBB+	A+	91.418	56,846.20	167.31	4.73	6.44	3.66	7.42	0.11
<b>Industrial</b>															
ABBVIE INC	00287YBF5	406,000.00	4.250	11/14/2028	A3	A-	NR	101.087	416,980.26	6,566.49	3.97	3.58	4.20	3.87	0.80
ABBVIE INC	00287YBX6	131,000.00	3.200	11/21/2029	A3	A-	NR	95.630	126,789.35	1,513.78	4.16	4.55	3.35	5.14	0.24
AIR PRODUCTS CHEMICALS	009158BF2	186,000.00	4.800	03/03/2033	A2	A	NR	103.297	192,827.49	694.40	4.32	6.81	4.65	8.17	0.37
AMGEN INC	031162DR8	235,000.00	5.250	03/02/2033	Baa1	BBB+	BBB	104.108	245,646.56	993.85	4.66	6.69	5.04	8.17	0.47
APPLE INC	037833DU1	487,000.00	1.650	05/11/2030	Aaa	AA+	NR	88.744	435,310.09	3,124.92	3.92	5.19	1.86	5.61	0.83
AT&T INC	00206RKG6	504,000.00	1.650	02/01/2028	Baa2	BBB	BBB+	92.185	466,000.79	1,386.00	4.19	3.16	1.79	3.34	0.89
BOARDWALK PIPELINES LP	096630AH1	53,000.00	3.400	02/15/2031	Baa2	BBB-	BBB	91.850	48,910.98	230.26	4.91	5.55	3.70	6.38	0.09
BORGWARNER INC	099724AQ9	87,000.00	5.400	08/15/2034	Baa1	BBB	BBB+	102.101	89,415.41	587.25	5.13	7.51	5.29	9.62	0.17
BP CAP MARKETS AMERICA	10373QBU3	228,000.00	4.812	02/13/2033	A1	A-	A+	101.337	232,512.09	1,462.85	4.62	6.73	4.75	8.12	0.44

Source: Virtus Business Application Manager (VBAM)

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# CITY OF OCALA TREASURY INVESTMENT FUND

## Fixed Income Holdings

As of 9/30/2024

Sector / Issuer Name	Cusip	Quantity	Coupon	Maturity Date	Moody Rating	S&P Rating	Fitch Rating	Current Price	Total Market Value	Accrued Income	Yield To Mat	Mod Dur	Current Yield	Avg Life	% of Mkt Val
<b>Industrial - continued</b>															
FISERV INC	337738BD9	42,000.00	5.450	03/02/2028	Baa2	BBB	NR	103.745	43,757.43	184.39	4.26	3.04	5.25	3.34	0.08
GENERAL MOTORS FINL CO	37045XER3	73,000.00	5.750	02/08/2031	Baa2	BBB	BBB	103.394	76,095.63	617.97	5.12	5.19	5.56	6.19	0.15
INGERSOLL RAND INC	45687VAB2	90,000.00	5.700	08/14/2033	Baa2	BBB	BBB	107.142	97,097.25	669.75	4.71	6.87	5.32	8.62	0.19
KIMBERLY-CLARK CORP	494368CE1	156,000.00	4.500	02/16/2033	A2	A	NR	101.823	159,721.28	877.50	4.23	6.84	4.42	8.13	0.30
MARATHON PETROLEUM CORP	56585ABH4	156,000.00	4.700	05/01/2025	Baa2	BBB	BBB	99.873	158,856.72	3,055.00	4.92	0.51	4.71	0.58	0.30
NEWMONT CORP	651639AY2	189,000.00	2.250	10/01/2030	Baa1	BBB+	A-	89.585	171,441.44	2,126.25	4.24	5.47	2.51	6.00	0.33
OWENS CORNING	690742AP6	178,000.00	5.700	06/15/2034	Baa1	BBB	BBB	106.161	192,375.89	3,410.18	4.89	7.28	5.37	9.45	0.37
PFIZER INVESTMENT ENTER	716973AE2	291,000.00	4.750	05/19/2033	A2	A	NR	101.930	301,683.98	5,068.25	4.46	6.86	4.66	8.39	0.58
PHILIP MORRIS INTL INC	718172DG1	146,000.00	4.875	02/13/2029	A2	A-	A	102.528	150,640.05	949.00	4.24	3.84	4.75	4.28	0.29
PHILIP MORRIS INTL INC	718172DB2	268,000.00	5.375	02/15/2033	A2	A-	A	104.584	282,125.48	1,840.64	4.71	6.62	5.14	8.12	0.54
PIONEER NATURAL RESOURCE	723787AQ0	281,000.00	1.900	08/15/2030	NA	AA-	AA	87.673	247,042.83	682.21	4.30	5.40	2.17	5.87	0.47
TARGA RESOURCES CORP	87612GAA9	83,000.00	4.200	02/01/2033	Baa3	BBB	BBB	94.689	79,173.06	581.00	4.99	6.82	4.44	8.34	0.15
TRANSCONT GAS PIPE LINE	893574AP8	266,000.00	3.250	05/15/2030	Baa1	BBB	BBB+	93.660	252,401.86	3,265.89	4.54	4.93	3.47	5.62	0.48
UNITED AIR 2020-1 A PTT	90931GAA7	63,371.17	5.875	10/15/2027	Aa3	A+	NR	102.042	65,451.21	785.98	4.77	1.82	5.76	2.01	0.12
UNITED AIR 2020-1 B PTT	90932VAA3	71,868.00	4.875	01/15/2026	Baa1	A-	NR	99.095	71,957.21	739.64	5.92	0.88	4.92	0.94	0.14
UNITED PARCEL SERVICE	911312BZ8	195,000.00	4.875	03/03/2033	A2	A	NR	103.475	202,515.89	739.38	4.38	6.79	4.71	8.17	0.39
<b>Utility</b>															
SOUTHERN CO	842587DE4	142,000.00	3.700	04/30/2030	Baa1	BBB+	BBB+	96.651	139,447.59	2,203.76	4.38	4.82	3.83	5.58	0.27
<b>RMBS Pools</b>															
FG A95259	312943ZY2	155,685.34	4.000	12/01/2040	Aaa	AA+	AA+	98.244	153,469.83	518.95	4.37	4.66	4.07	5.86	0.29
FG C91725	3128P74J9	269,444.12	3.500	09/01/2033	Aaa	AA+	AA+	97.934	264,663.71	785.88	4.17	3.05	3.57	3.38	0.51
FG G60019	31335AAU2	53,661.83	4.500	03/01/2044	Aaa	AA+	AA+	100.390	54,072.40	201.23	4.43	4.74	4.48	6.57	0.10
FG Q53881	3132XWJ36	64,810.47	4.500	01/01/2048	Aaa	AA+	AA+	99.889	64,981.41	243.04	4.53	5.48	4.51	7.39	0.12
FG V81283	3132L6M81	34,216.52	4.000	07/01/2044	Aaa	AA+	AA+	97.934	33,623.63	114.06	4.38	5.09	4.08	6.91	0.06
FN AB3692	31417AC64	131,946.50	4.000	10/01/2041	Aaa	AA+	AA+	97.642	129,274.68	439.82	4.42	5.33	4.10	6.70	0.25
FN AB3878	31417AJY6	142,189.35	4.000	11/01/2041	Aaa	AA+	AA+	97.601	139,251.60	473.96	4.43	5.34	4.10	6.71	0.27
FN AB5924	31417CSN6	228,593.55	3.000	08/01/2042	Aaa	AA+	AA+	91.624	210,017.65	571.48	4.46	5.91	3.27	7.10	0.40
FN AL7497	3138EQKK7	78,287.59	3.500	09/01/2040	Aaa	AA+	AA+	95.055	74,644.72	228.34	4.56	4.58	3.68	5.51	0.14
FN AS2037	3138WBHP3	48,026.80	4.500	03/01/2044	Aaa	AA+	AA+	100.280	48,341.43	180.10	4.43	4.72	4.49	6.70	0.09
FN BN4542	3140JMBL5	22,893.07	4.500	02/01/2049	Aaa	AA+	AA+	98.594	22,657.02	85.85	4.73	5.37	4.56	7.71	0.04
FN BO1351	3140JVQD7	15,679.47	4.000	08/01/2049	Aaa	AA+	AA+	97.460	15,333.44	52.26	4.45	5.29	4.10	7.07	0.03
FN BT7914	3140LWYL5	408,119.87	5.000	10/01/2052	Aaa	AA+	AA+	100.477	411,766.82	1,700.50	4.88	4.19	4.98	6.15	0.79
FN BW3311	3140MUV9	451,251.28	4.500	07/01/2052	Aaa	AA+	AA+	98.998	448,420.75	1,692.19	4.66	5.07	4.55	7.61	0.86
FN BY6934	3140NPV49	159,524.03	5.500	09/01/2053	Aaa	AA+	AA+	101.496	162,642.43	731.15	4.99	2.72	5.42	3.98	0.31
FN BY8494	3140NRNL6	412,227.95	5.500	08/01/2053	Aaa	AA+	AA+	101.832	421,669.58	1,889.38	5.04	3.50	5.40	5.33	0.80
FN CA4166	3140QBTY4	376,999.81	3.500	09/01/2049	Aaa	AA+	AA+	93.498	353,585.87	1,099.58	4.44	7.00	3.74	9.25	0.67
FN CB0998	3140QLDC7	601,649.47	3.000	07/01/2051	Aaa	AA+	AA+	89.764	541,571.68	1,504.12	4.35	7.96	3.34	10.37	1.03
FN CB3110	3140QNN40	301,588.28	2.500	03/01/2047	Aaa	AA+	AA+	86.946	262,846.78	628.31	4.73	6.64	2.88	7.62	0.50
FN CB3630	3140QPA80	583,278.52	4.000	05/01/2052	Aaa	AA+	AA+	96.188	562,990.20	1,944.26	4.63	5.97	4.16	7.97	1.07

Source: Virtus Business Application Manager (VBAM)

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# CITY OF OCALA TREASURY INVESTMENT FUND

## Fixed Income Holdings

As of 9/30/2024

Sector / Issuer Name	Cusip	Quantity	Coupon	Maturity Date	Moody Rating	S&P Rating	Fitch Rating	Current Price	Total Market Value	Accrued Income	Yield To Mat	Mod Dur	Current Yield	Avg Life	% of Mkt Val
<b>RMBS Pools - continued</b>															
FN CB3875	3140QPJV0	330,554.42	3.500	06/01/2047	Aaa	AA+	AA+	93.376	309,621.12	964.12	4.66	5.74	3.75	7.34	0.59
FN CB4451	3140QP5M5	109,149.77	4.000	08/01/2042	Aaa	AA+	AA+	97.521	106,808.24	363.83	4.52	4.62	4.10	5.54	0.20
FN CB7240	3140QTB7	380,440.92	6.000	10/01/2053	Aaa	AA+	AA+	102.986	393,704.92	1,902.20	4.86	1.97	5.83	3.32	0.75
FN FS0143	3140XFER8	246,858.67	2.500	01/01/2047	Aaa	AA+	AA+	87.475	216,454.35	514.29	4.69	6.45	2.86	7.38	0.41
FN FS1644	3140XGZJ1	582,836.13	3.000	04/01/2042	Aaa	AA+	AA+	93.173	544,504.94	1,457.09	4.29	5.42	3.22	6.42	1.04
FN FS2249	3140XHQB6	363,011.39	5.000	06/01/2052	Aaa	AA+	AA+	100.377	365,891.78	1,512.55	4.92	4.61	4.98	7.07	0.70
FN FS2692	3140XH7E1	413,224.56	5.000	08/01/2052	Aaa	AA+	AA+	100.442	416,773.53	1,721.77	4.90	4.31	4.98	6.49	0.80
FN FS2826	3140XJD83	225,377.56	4.000	09/01/2042	Aaa	AA+	AA+	97.893	221,379.40	751.26	4.43	4.68	4.09	5.70	0.42
FN FS2873	3140XJFP3	1,220,968.39	3.500	08/01/2042	Aaa	AA+	AA+	95.791	1,173,141.91	3,561.16	4.30	5.17	3.65	6.28	2.24
FN FS3262	3140XJTU7	354,526.31	4.000	10/01/2046	Aaa	AA+	AA+	98.260	349,538.77	1,181.75	4.34	4.61	4.07	5.81	0.67
FN FS3386	3140XJXQ1	359,132.81	3.500	05/01/2038	Aaa	AA+	AA+	96.839	348,828.23	1,047.47	4.28	3.99	3.61	4.55	0.67
FN FS3658	3140XKB41	315,999.80	5.000	01/01/2053	Aaa	AA+	AA+	100.410	318,613.31	1,316.67	4.90	3.96	4.98	6.38	0.61
FN FS3687	3140XKCZ1	329,696.86	5.000	11/01/2052	Aaa	AA+	AA+	100.277	331,982.27	1,373.74	4.97	6.45	4.99	10.44	0.63
FN MA4696	31418EGE4	142,693.16	3.500	08/01/2042	Aaa	AA+	AA+	96.032	137,447.96	416.19	4.23	5.17	3.64	6.49	0.26
FR QE1443	3133BAS85	254,099.54	4.000	05/01/2052	Aaa	AA+	AA+	96.547	246,172.85	847.00	4.55	6.03	4.14	8.32	0.47
FR QE1985	3133BBF20	176,480.55	4.500	05/01/2052	Aaa	AA+	AA+	99.152	175,645.86	661.80	4.62	6.53	4.54	9.77	0.34
FR QE2366	3133BBTX7	68,333.12	5.000	05/01/2052	Aaa	AA+	AA+	100.740	69,123.38	284.72	4.85	4.66	4.96	7.06	0.13
FR QE4826	3133BELF8	438,429.45	4.500	07/01/2052	Aaa	AA+	AA+	98.419	433,143.14	1,644.11	4.76	5.08	4.57	7.72	0.83
FR QE9908	3133BLAH0	155,914.73	5.500	09/01/2052	Aaa	AA+	AA+	101.806	159,444.63	714.61	5.02	3.62	5.40	5.02	0.30
FR QF4847	3133BSL42	604,224.56	5.500	12/01/2052	Aaa	AA+	AA+	101.191	614,187.96	2,769.36	5.16	3.17	5.44	4.72	1.17
FR QF8190	3133BWC35	171,900.78	6.000	02/01/2053	Aaa	AA+	AA+	103.079	178,053.04	859.50	5.16	3.20	5.82	4.88	0.34
FR QF8551	3133BWQC0	93,502.41	5.500	03/01/2053	Aaa	AA+	AA+	101.597	95,424.20	428.55	4.91	2.05	5.41	3.65	0.18
FR QF8817	3133BWYN7	207,882.65	6.000	03/01/2053	Aaa	AA+	AA+	102.230	213,558.86	1,039.41	5.45	3.36	5.87	5.34	0.41
FR RA2579	3133KH2L9	1,394,619.42	3.000	05/01/2050	Aaa	AA+	AA+	90.366	1,263,744.51	3,486.55	4.42	7.07	3.32	8.99	2.41
FR RA8188	3133KQCZ7	279,161.48	4.500	11/01/2052	Aaa	AA+	AA+	98.425	275,811.69	1,046.86	4.76	5.04	4.57	7.86	0.53
FR RA8285	3133KQF27	476,559.15	4.500	10/01/2047	Aaa	AA+	AA+	98.797	472,613.91	1,787.10	4.71	4.53	4.55	7.14	0.90
FR RJ0194	3142GQGC0	661,778.20	6.000	11/01/2053	Aaa	AA+	AA+	102.756	683,327.08	3,308.89	4.73	1.54	5.84	2.74	1.30
FR SD1618	3132DNYP2	833,770.37	5.000	09/01/2052	Aaa	AA+	AA+	100.201	838,920.25	3,474.04	4.94	4.01	4.99	6.17	1.60
FR SD2317	3132DPSE9	708,258.37	6.000	01/01/2053	Aaa	AA+	AA+	102.441	729,091.62	3,541.29	5.06	2.23	5.86	3.38	1.39
FR SD2526	3132DPYX0	397,206.69	4.000	08/01/2049	Aaa	AA+	AA+	96.723	385,514.39	1,324.02	4.49	6.36	4.14	8.78	0.74
FR SD5272	3132DS2D3	778,678.55	6.000	05/01/2054	Aaa	AA+	AA+	103.720	811,538.24	3,893.39	5.15	3.83	5.78	5.85	1.55
FR SI2061	3133USJE2	95,087.30	3.500	09/01/2050	Aaa	AA+	AA+	93.374	89,063.74	277.34	4.45	7.06	3.75	9.38	0.17
G2 787186	3622AC2T6	445,737.74	6.000	10/20/2053	Aaa	AA+	AA+	102.413	458,720.88	2,228.69	5.48	4.17	5.86	6.16	0.88
G2 787394	3622ADC71	701,539.49	5.500	05/20/2054	Aaa	AA+	AA+	102.212	720,274.14	3,215.39	5.05	4.41	5.38	6.47	1.37
G2 CR3025	3618AHLE5	184,246.97	5.500	12/20/2052	Aaa	AA+	AA+	102.174	189,096.13	844.47	5.05	4.48	5.38	6.37	0.36
G2 CR9210	3618AQGT8	144,623.18	5.500	01/20/2053	Aaa	AA+	AA+	101.057	146,815.17	662.86	5.24	3.63	5.44	5.51	0.28
G2 CS5391	3618AX7C0	162,004.14	6.000	01/20/2053	Aaa	AA+	AA+	102.706	167,198.33	810.02	5.33	3.65	5.84	5.37	0.32
G2 CS5448	3618AYBR0	239,920.92	6.000	01/20/2053	Aaa	AA+	AA+	102.706	247,613.31	1,199.60	5.31	3.51	5.84	5.17	0.47
G2 CS7736	3618B1SZ5	273,288.46	6.000	04/20/2053	Aaa	AA+	AA+	102.847	282,434.74	1,366.44	5.26	3.12	5.83	5.18	0.54
GN 783745	3622A2ES7	691,965.04	3.500	03/15/2043	Aaa	AA+	AA+	95.467	662,614.27	2,018.23	4.21	6.52	3.67	8.06	1.26
GN CO1904	3617FDDH3	196,920.71	5.000	08/15/2052	Aaa	AA+	AA+	103.132	203,908.07	820.50	4.65	7.28	4.85	11.87	0.39

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# CITY OF OCALA TREASURY INVESTMENT FUND

## Fixed Income Holdings

As of 9/30/2024

Sector / Issuer Name	Cusip	Quantity	Coupon	Maturity Date	Moody Rating	S&P Rating	Fitch Rating	Current Price	Total Market Value	Accrued Income	Yield To Mat	Mod Dur	Current Yield	Avg Life	% of Mkt Val
<b>CMBS</b>															
FN BL7779	3140J0UD0	670,000.00	1.460	08/01/2030	Aaa	AA+	AA+	85.806	574,954.48	54.34	4.22	5.53	1.70	5.90	1.10
GSMS 2019-GC40 AAB	36257HBQ8	446,230.12	3.040	07/10/2052	NA	AAA	AAA	96.540	431,920.42	1,130.45	4.36	2.18	3.15	2.35	0.82
WFCM 2021-C59 ASB	95003CAD2	130,000.00	2.298	04/15/2054	NA	AAA	AAA	93.078	121,250.23	248.95	4.19	3.16	2.47	3.39	0.23
<b>ABS</b>															
AMXCA 2023-3 A	02582JKD1	225,000.00	5.230	09/15/2028	NA	AAA	AAA	102.300	230,697.96	523.00	4.09	1.82	5.11	1.96	0.44
AMXCA 2024-2 A	02582JKF6	210,000.00	5.240	04/15/2031	NA	AAA	AAA	105.022	221,035.29	489.07	4.05	3.98	4.99	4.54	0.42
COMET 2024-A1 A	14041NGE5	370,000.00	3.920	09/17/2029	NA	AAA	AAA	99.894	369,889.49	282.02	3.99	2.74	3.92	2.96	0.71
CONSUMERS 23 SECURE FUND	21071BAB1	90,000.00	5.210	09/01/2030	Aaa	AAA	NR	104.120	94,098.77	390.75	4.17	3.82	5.00	4.32	0.18
PG&E WILDFIRE RECOVERY	693342AB3	180,000.00	4.263	06/01/2036	Aaa	AAA	NR	97.348	177,784.11	2,557.80	4.63	7.02	4.38	8.67	0.34
PSNH 2018-1 A3	69363PAC4	100,000.00	3.814	02/01/2035	Aaa	AAA	AAA	96.970	97,605.56	635.67	4.37	4.61	3.93	5.24	0.19
SIGECO SECURITIZATION I	82655KAA9	99,811.53	5.026	11/15/2036	Aaa	AAA	NR	102.153	103,855.19	1,895.13	4.62	5.24	4.92	6.50	0.20
SYNIT 2024-A1 A	87166PAM3	255,000.00	5.040	03/15/2030	NA	AAA	AAA	101.946	260,533.02	571.20	4.27	2.26	4.94	2.46	0.50
VZMT 2023-7 A1A	92348KCD3	265,000.00	5.670	11/20/2029	NA	AAA	AAA	103.101	273,676.79	459.11	4.19	1.98	5.50	2.14	0.52
<b>Total</b>		<b>52,605,036.99</b>	<b>3.998</b>	<b>12.9 Yrs</b>	<b>Aaa</b>	<b>AA</b>	<b>AA+</b>	<b>99.243</b>	<b>52,401,767.02</b>	<b>294,913.78</b>	<b>4.25</b>	<b>4.16</b>	<b>4.03</b>	<b>5.20</b>	<b>100.00</b>

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