

# City of Naperville

Quarterly Performance Report  
December 31, 2024

Total Fund Composite

Manager Status

Investment Manager	Asset Class	Status	Reason
PFM	Int. Govt. Fixed Income	In Compliance	--
Mesirow	Int. Fixed Income	On Notice	Organization Issues
Wintrust MFT Account - 6092	Cash & Equivalents	In Compliance	--
Wintrust General Account - 3763	Cash & Equivalents	In Compliance	--

Market Value History



Summary of Cash Flows

	1 Quarter (\$)	1 Year (\$)	3 Years (\$)	5 Years (\$)
Beginning Market Value	256,580,046	209,396,795	184,279,597	137,329,993
Net Cash Flow	-52,537,200	-16,126,363	11,879,821	54,138,639
Net Investment Change	-2,480,269	8,292,145	5,403,159	10,093,945
Ending Market Value	201,562,577	201,562,577	201,562,577	201,562,577

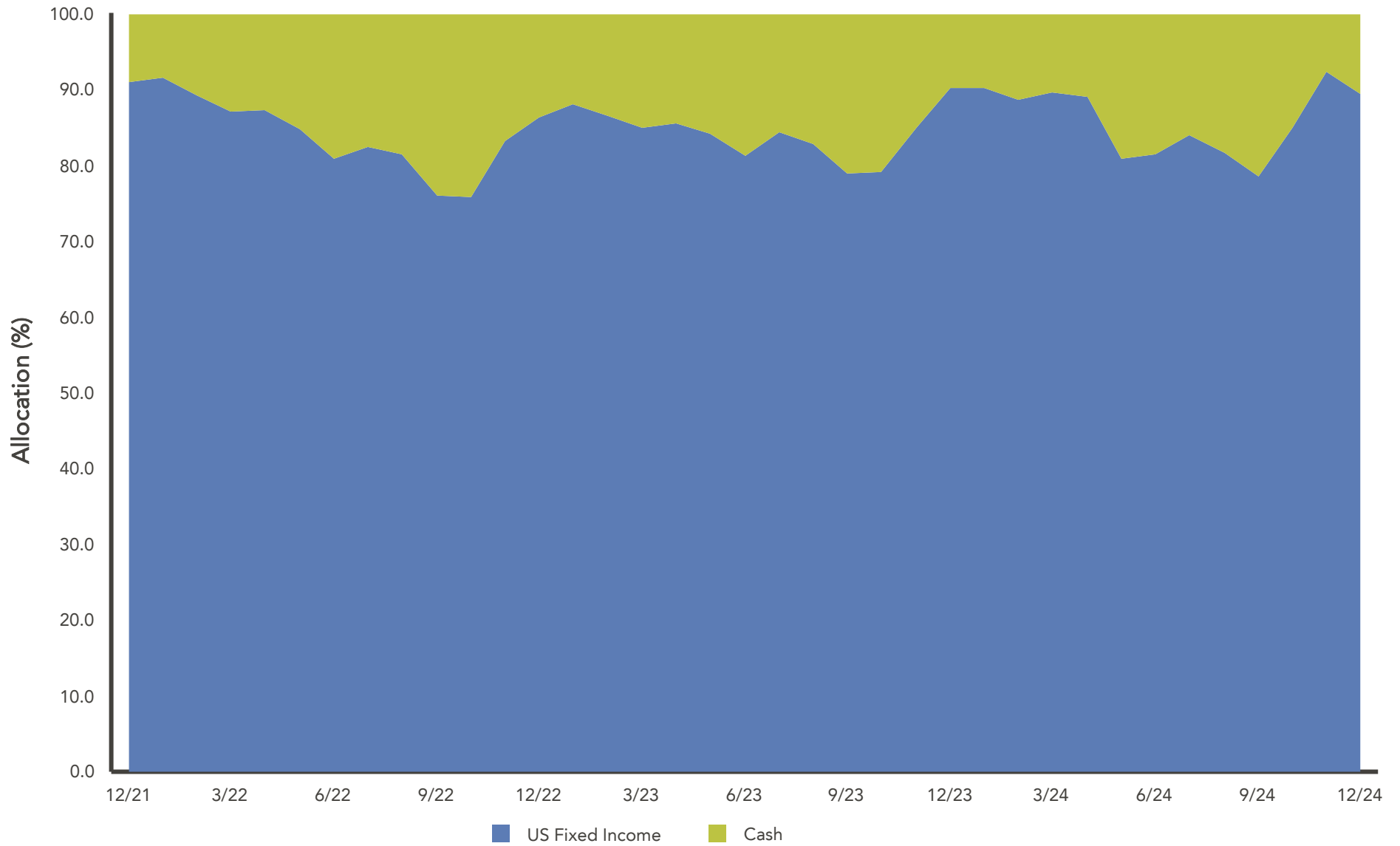
## Total Fund Composite

Portfolio Allocation  
As of December 31, 2024

	Asset Class	Current Balance	Current Allocation	Policy	Difference
<b>Total Fund Composite</b>		<b>201,562,577</b>	<b>100.0</b>	<b>100.0</b>	
<b>Fixed Income Composite</b>		<b>180,492,450</b>	<b>89.5</b>	<b>85.0</b>	<b>9,164,259</b>
PFM	Int. Govt. Fixed Income	99,785,821	49.5	42.5	14,121,726
Mesirow	Int. Fixed Income	80,706,629	40.0	42.5	-4,957,466
<b>Cash Equivalents Composite</b>		<b>21,070,127</b>	<b>10.5</b>	<b>15.0</b>	<b>-9,164,259</b>
Wintrust MFT Account - 6092	Cash & Equivalents	9,567,927	4.7		
Wintrust General Account - 3763	Cash & Equivalents	11,502,200	5.7		

# Total Fund Composite

Historical Asset Allocation  
3 Years Ending December 31, 2024



## Total Fund Composite

Annualized Performance (Net of Fees)

As of December 31, 2024

	3 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
<b>Total Fund Composite</b>	<b>-1.0</b>	<b>3.5</b>	<b>4.3</b>	<b>0.5</b>	<b>-0.1</b>	<b>1.0</b>	<b>1.5</b>	<b>1.3</b>
Policy Benchmark	-1.3	2.9	3.6	0.2	-0.2	0.8	1.5	1.3
<b>Fixed Income Composite</b>	<b>-1.5</b>	<b>3.4</b>	<b>4.1</b>	<b>-0.1</b>	<b>-0.5</b>	<b>0.8</b>	<b>1.5</b>	<b>1.4</b>
Custom Fixed Income Benchmark	-1.6	2.7	3.8	-0.3	-0.6	0.7	1.5	1.5
Blmbg. U.S. Government: Intermediate Index	-1.7	2.4	3.4	-0.5	-0.8	0.5	1.3	1.2
Blmbg. Intermed. U.S. Government/Credit	-1.6	3.0	4.1	-0.2	-0.5	0.9	1.7	1.7
<b>Cash Equivalents Composite</b>	<b>1.6</b>	<b>5.3</b>	<b>5.1</b>	<b>3.7</b>	<b>2.7</b>	<b>2.2</b>	<b>1.7</b>	<b>1.2</b>
ICE BofA 3 Month U.S. T-Bill	1.2	5.3	5.1	3.9	2.9	2.5	2.4	1.8

## Total Fund Composite

Calendar Performance (Net of Fees)  
As of December 31, 2024

	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
<b>Total Fund Composite</b>	<b>5.0</b>	<b>-6.7</b>	<b>-1.7</b>	<b>5.4</b>	<b>5.1</b>	<b>0.7</b>	<b>1.1</b>	<b>0.6</b>	<b>0.7</b>
Policy Benchmark	4.4	-6.4	-1.4	5.0	4.8	1.5	1.1	0.9	1.0
<b>Fixed Income Composite</b>	<b>4.9</b>	<b>-8.0</b>	<b>-1.8</b>	<b>6.1</b>	<b>6.1</b>	<b>0.8</b>	<b>1.4</b>	<b>1.1</b>	<b>1.1</b>
Custom Fixed Income Benchmark	4.8	-8.0	-1.6	6.1	6.1	1.1	1.6	1.6	1.1
Blmbg. U.S. Government: Intermediate Index	4.3	-7.7	-1.7	5.7	5.2	1.4	1.1	1.1	1.2
Blmbg. Intermed. U.S. Government/Credit	5.2	-8.2	-1.4	6.4	6.8	0.9	2.1	2.1	1.1
eV US Interm Duration Fixed Inc Rank	85	19	87	71	82	33	92	93	45
<b>Cash Equivalents Composite</b>	<b>4.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0.1</b>	<b>0.6</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
ICE BofA 3 Month U.S. T-Bill	5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.1

## Total Fund Composite

Annualized Performance (Net of Fees)

As of December 31, 2024

	3 Mo (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
<b>Total Fund Composite</b>	<b>-1.0</b>	<b>3.5</b>	<b>4.3</b>	<b>0.5</b>	<b>-0.1</b>	<b>1.0</b>	<b>1.5</b>	<b>1.3</b>
Policy Benchmark	-1.3	2.9	3.6	0.2	-0.2	0.8	1.5	1.3
<b>Fixed Income Composite</b>	<b>-1.5</b>	<b>3.4</b>	<b>4.1</b>	<b>-0.1</b>	<b>-0.5</b>	<b>0.8</b>	<b>1.5</b>	<b>1.4</b>
Custom Fixed Income Benchmark	-1.6	2.7	3.8	-0.3	-0.6	0.7	1.5	1.5
Blmbg. U.S. Government: Intermediate Index	-1.7	2.4	3.4	-0.5	-0.8	0.5	1.3	1.2
Blmbg. Intermed. U.S. Government/Credit	-1.6	3.0	4.1	-0.2	-0.5	0.9	1.7	1.7
<b>PFM</b>	<b>-1.5</b>	<b>3.4</b>	<b>4.3</b>	<b>0.1</b>	<b>-0.3</b>	<b>0.9</b>	<b>1.7</b>	<b>-</b>
Blmbg. U.S. Government: Intermediate Index	-1.7	2.4	3.4	-0.5	-0.8	0.5	1.3	1.2
<b>Mesirow</b>	<b>-1.5</b>	<b>3.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Blmbg. Intermed. U.S. Government/Credit	-1.6	3.0	4.1	-0.2	-0.5	0.9	1.7	1.7
<b>Cash Equivalents Composite</b>	<b>1.6</b>	<b>5.3</b>	<b>5.1</b>	<b>3.7</b>	<b>2.7</b>	<b>2.2</b>	<b>1.7</b>	<b>1.2</b>
ICE BofA 3 Month U.S. T-Bill	1.2	5.3	5.1	3.9	2.9	2.5	2.4	1.8
<b>Wintrust MFT Account - 6092</b>	<b>1.2</b>	<b>5.5</b>	<b>5.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ICE BofA 3 Month U.S. T-Bill	1.2	5.3	5.1	3.9	2.9	2.5	2.4	1.8
<b>Wintrust General Account - 3763</b>	<b>1.9</b>	<b>5.4</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ICE BofA 3 Month U.S. T-Bill	1.2	5.3	5.1	3.9	2.9	2.5	2.4	1.8



## Total Fund Composite

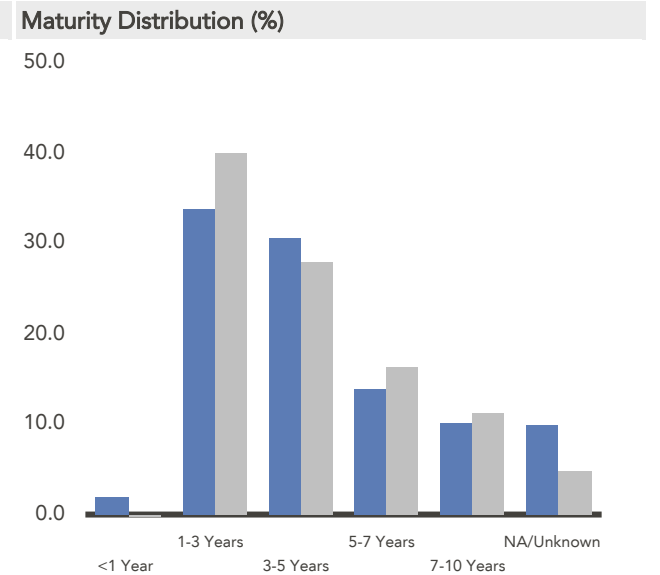
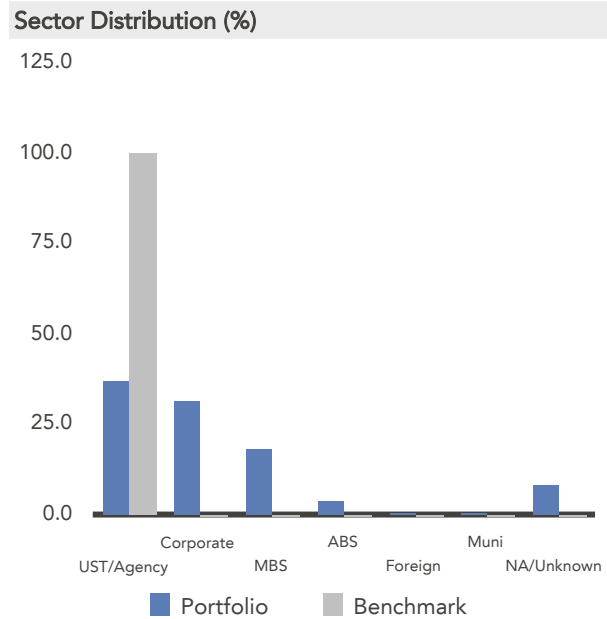
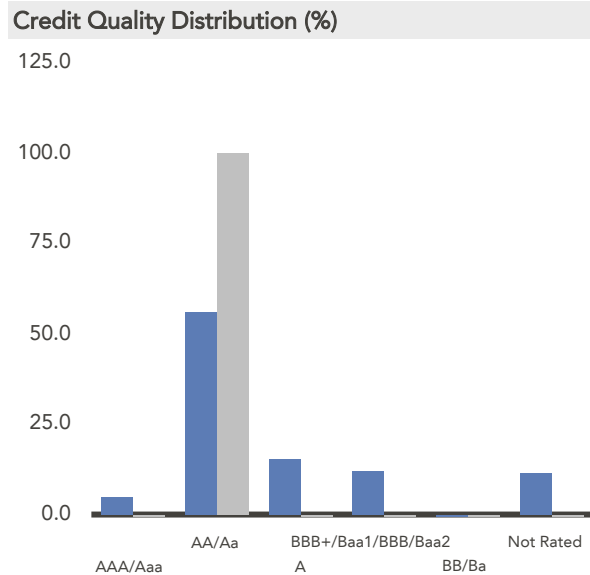
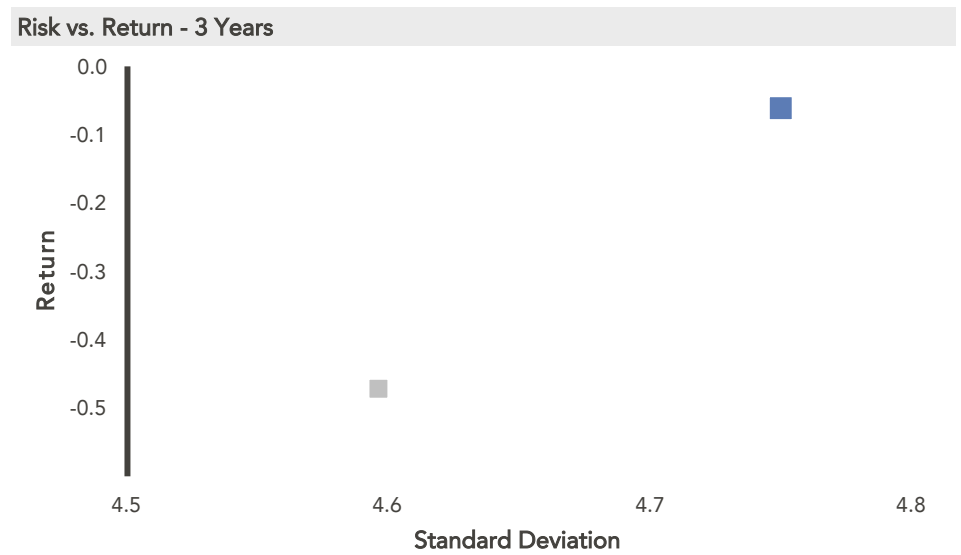
Calendar Performance (Net of Fees)  
As of December 31, 2024

	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
<b>Total Fund Composite</b>	<b>5.0</b>	<b>-6.7</b>	<b>-1.7</b>	<b>5.4</b>	<b>5.1</b>	<b>0.7</b>	<b>1.1</b>	<b>0.6</b>	<b>0.7</b>
Policy Benchmark	4.4	-6.4	-1.4	5.0	4.8	1.5	1.1	0.9	1.0
<b>Fixed Income Composite</b>	<b>4.9</b>	<b>-8.0</b>	<b>-1.8</b>	<b>6.1</b>	<b>6.1</b>	<b>0.8</b>	<b>1.4</b>	<b>1.1</b>	<b>1.1</b>
Custom Fixed Income Benchmark	4.8	-8.0	-1.6	6.1	6.1	1.1	1.6	1.6	1.1
Blmbg. U.S. Government: Intermediate Index	4.3	-7.7	-1.7	5.7	5.2	1.4	1.1	1.1	1.2
Blmbg. Intermed. U.S. Government/Credit	5.2	-8.2	-1.4	6.4	6.8	0.9	2.1	2.1	1.1
eV US Interm Duration Fixed Inc Rank	85	19	87	71	82	33	92	93	45
<b>PFM</b>	<b>5.3</b>	<b>-7.8</b>	<b>-1.7</b>	<b>5.9</b>	<b>6.2</b>	<b>1.2</b>	<b>1.3</b>	<b>-</b>	<b>-</b>
Blmbg. U.S. Government: Intermediate Index	4.3	-7.7	-1.7	5.7	5.2	1.4	1.1	1.1	1.2
eV US Interm Duration Fixed Inc Rank	68	16	80	77	81	9	94	-	-
<b>Mesirow</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Blmbg. Intermed. U.S. Government/Credit	5.2	-8.2	-1.4	6.4	6.8	0.9	2.1	2.1	1.1
eV US Interm Duration Fixed Inc Rank	-	-	-	-	-	-	-	-	-
<b>Cash Equivalents Composite</b>	<b>4.9</b>	<b>0.9</b>	<b>0.0</b>	<b>0.1</b>	<b>0.6</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
ICE BofA 3 Month U.S. T-Bill	5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.1
<b>Wintrust MFT Account - 6092</b>	<b>5.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ICE BofA 3 Month U.S. T-Bill	5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.1
<b>Wintrust General Account - 3763</b>	<b>4.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
ICE BofA 3 Month U.S. T-Bill	5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.1

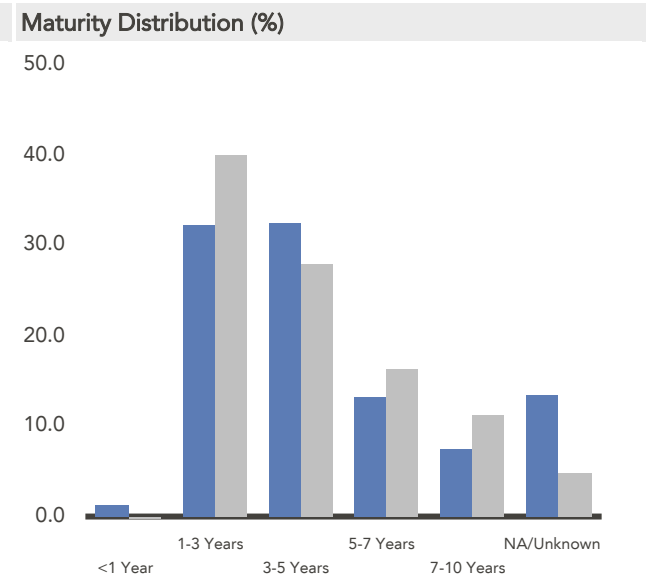
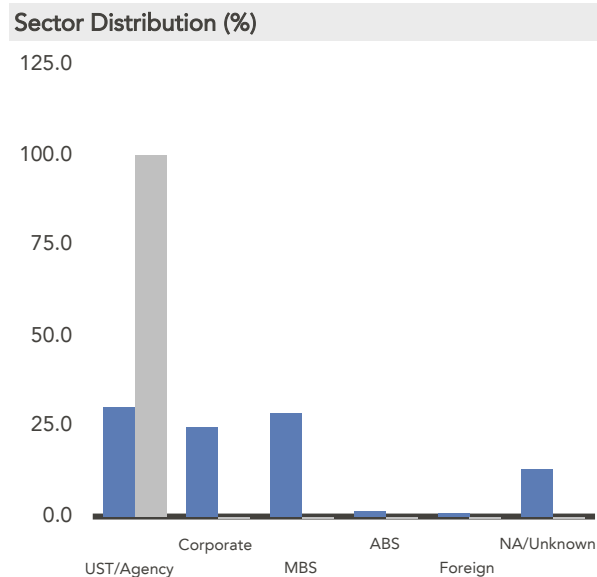
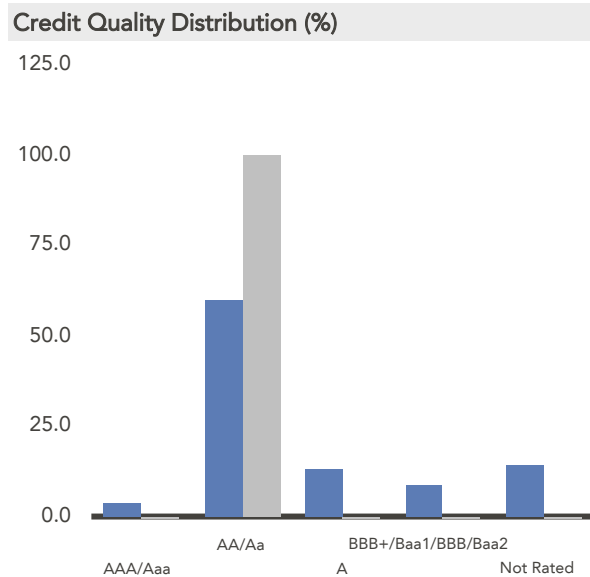
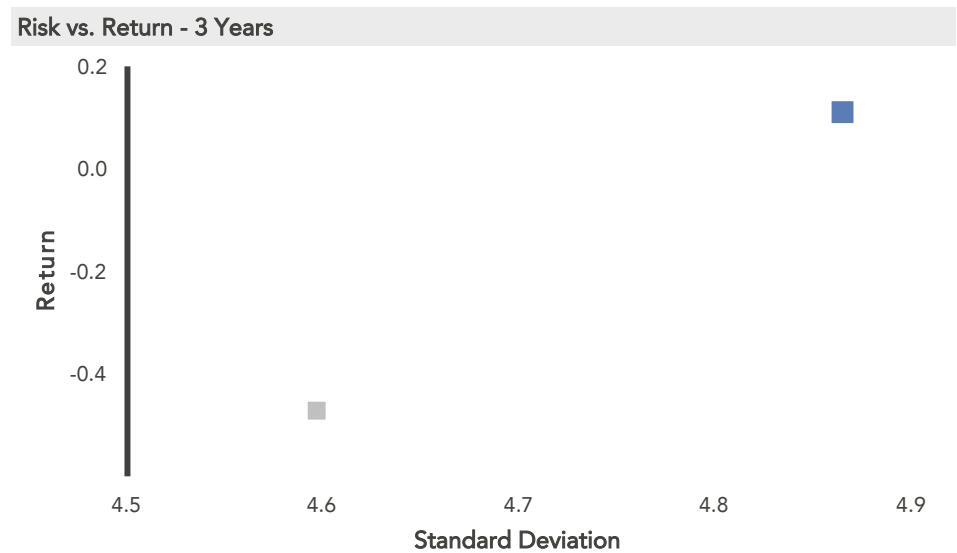
# Fixed Income Composite

Portfolio Characteristics  
As of December 31, 2024

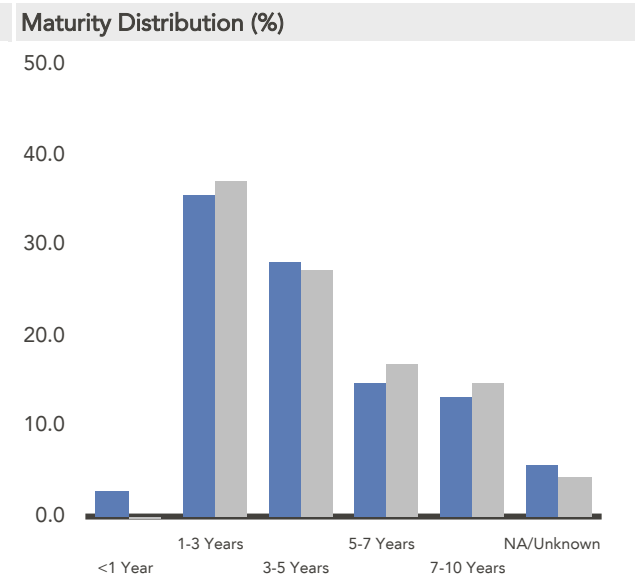
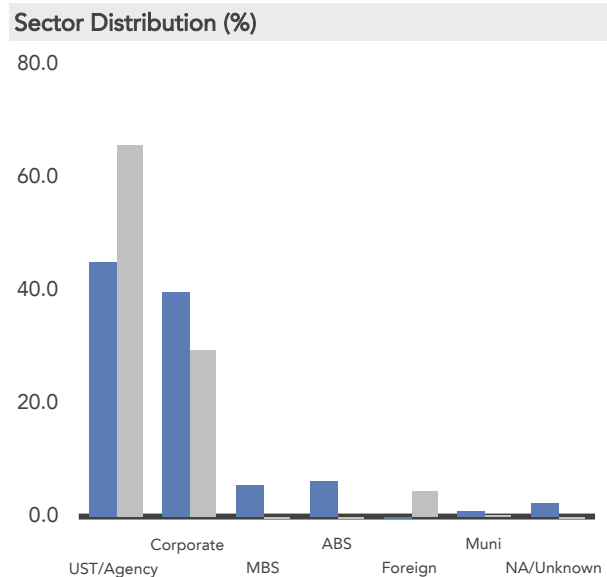
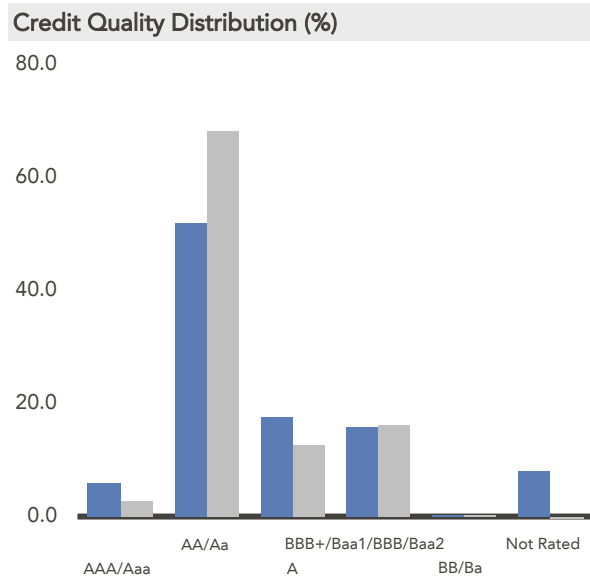
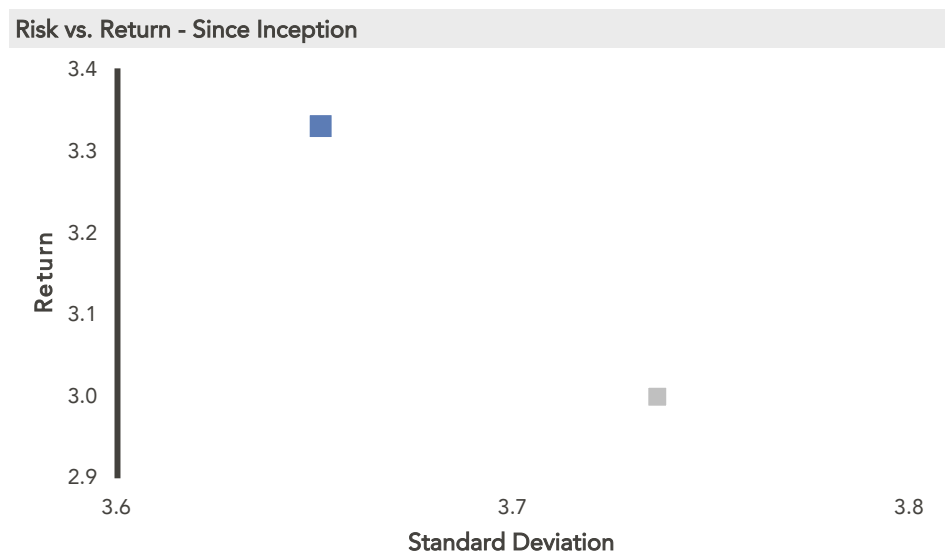
Portfolio Characteristics	Portfolio	Blmbg. U.S. Government: Intermediate Index
Avg. Maturity (yrs.)	4.1	4.0
Avg. Quality	AA	AA
Coupon Rate (%)	3.5	3.1
Modified Duration (yrs.)	3.4	3.6
Effective Duration (yrs.)	3.5	3.6
Yield To Maturity (%)	4.7	4.3
Yield To Worst (%)	4.7	4.4



Portfolio Characteristics	Portfolio	Blmbg. U.S. Government: Intermediate Index
Avg. Maturity (yrs.)	3.8	4.0
Avg. Quality	AA	AA
Coupon Rate (%)	3.0	3.1
Modified Duration (yrs.)	3.1	3.6
Effective Duration (yrs.)	3.2	3.6
Yield To Maturity (%)	4.7	4.3
Yield To Worst (%)	4.7	4.4



Portfolio Characteristics	Portfolio	Blmbg. Intermed. U.S. Government/Credit
Avg. Maturity (yrs.)	4.4	4.2
Avg. Quality	AA	AA
Coupon Rate (%)	4.2	3.4
Modified Duration (yrs.)	3.8	3.7
Effective Duration (yrs.)	3.8	3.7
Yield To Maturity (%)	4.7	4.6
Yield To Worst (%)	4.7	4.6



## Total Fund Composite

Fee Schedule  
As of December 31, 2024

Asset Class	Investment Manager	Fee Schedule	Est. Annual Fee <sup>1</sup>	Expense Ratio	Industry Median <sup>2</sup>
Int. Govt. Fixed Income	PFM	0.10% on the first \$25 million 0.08% on the next \$25 million 0.07% on the next \$50 million 0.06% on the balance	\$79,850	0.08%	0.25%
Int. Fixed Income	Mesirow	0.075% on the first \$50 million 0.05% on the balance	\$52,853	0.07%	0.25%
<b>Total Investment Management Fees</b>			<b>\$132,703</b>	<b>0.07%</b>	<b>0.44%</b>
Investment Consultant	Marquette Associates, Inc.	\$30,000 Annual Fee	\$30,000	0.01%	
<b>Total Fund</b>	<b>Total Fund</b>		<b>\$162,703</b>	<b>0.08%</b>	

<sup>1</sup> Expense Ratio & Estimated Annual Fee are Based on Market Value at Quarter End.

<sup>2</sup> Source: Marquette Associates Investment Management Fee Study.

## Total Fund Composite

	Weight (%)
Custom Fixed Income Benchmark : Jul-2024	
Blmbg. Intermed. U.S. Government/Credit	50.00
Blmbg. U.S. Government: Intermediate Index	50.00

## Benchmark Composition As of December 31, 2024

	Weight (%)
Policy Benchmark : Jan-1978	
Blmbg. U.S. Government: Intermediate Index	85.00
ICE BofA 3 Month U.S. T-Bill	15.00

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# CITY OF NAPERVILLE

## Investment Performance Review For the Quarter Ended December 31, 2024

### Client Management Team

Michelle Binns, Director  
Jeffrey K. Schroeder, Managing Director  
Michael P. Downs, Portfolio Manager  
Chris Harris, Director

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# Agenda

- Market Update
- Portfolio Review

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# Market Update

## Current Market Themes



- ▶ U.S. economic soft landing remains on track
  - ▶ Inflation and labor markets are in line with Fed expectations despite slower recent progress
  - ▶ Strong economic growth prospects remain intact, aided by a resilient consumer
  - ▶ Changes to fiscal policy may impact growth and inflation trajectory



- ▶ Fed easing cycle moves forward as expected, but looks to slow in 2025
  - ▶ The Fed cut the federal funds target rate by an additional 50 basis points (bps) during the fourth quarter to 4.25% - 4.50%
  - ▶ The Fed's December "dot plot" implies another 50 bps of cuts in 2025, less than the 100 bps of cuts previously projected in September
  - ▶ Fed Chair Powell noted the slower pace of cuts reflect "stickier" inflation heading into 2025

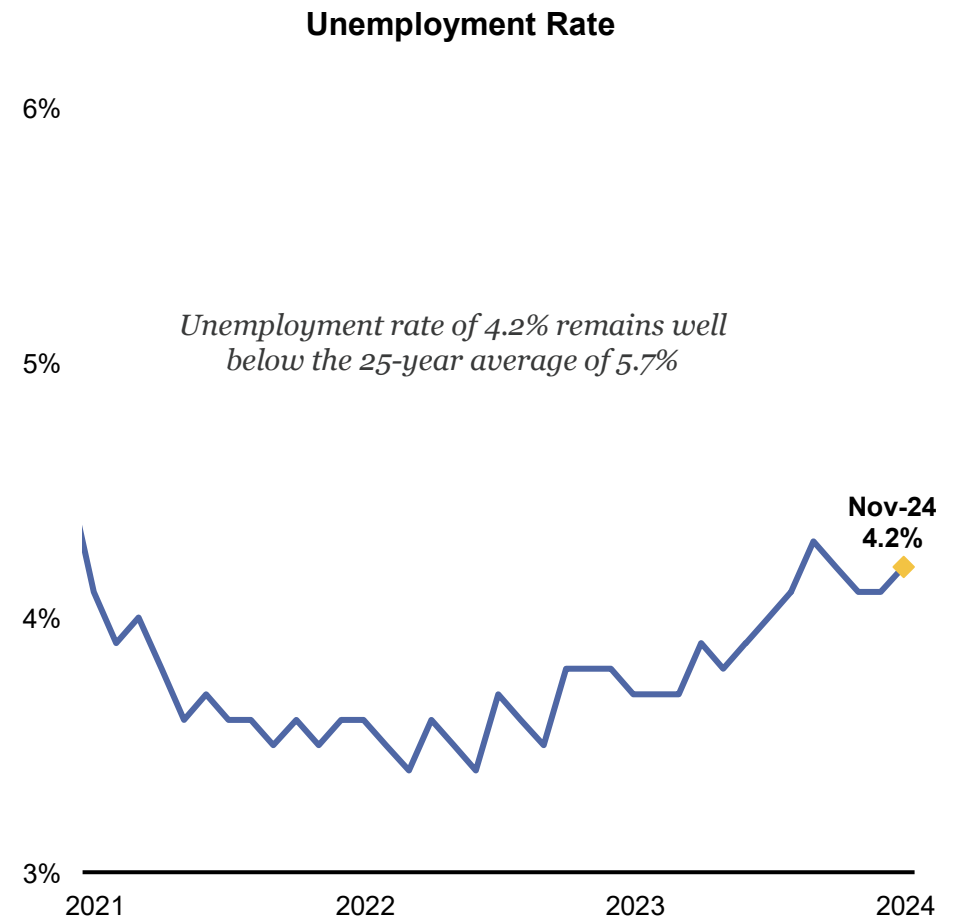
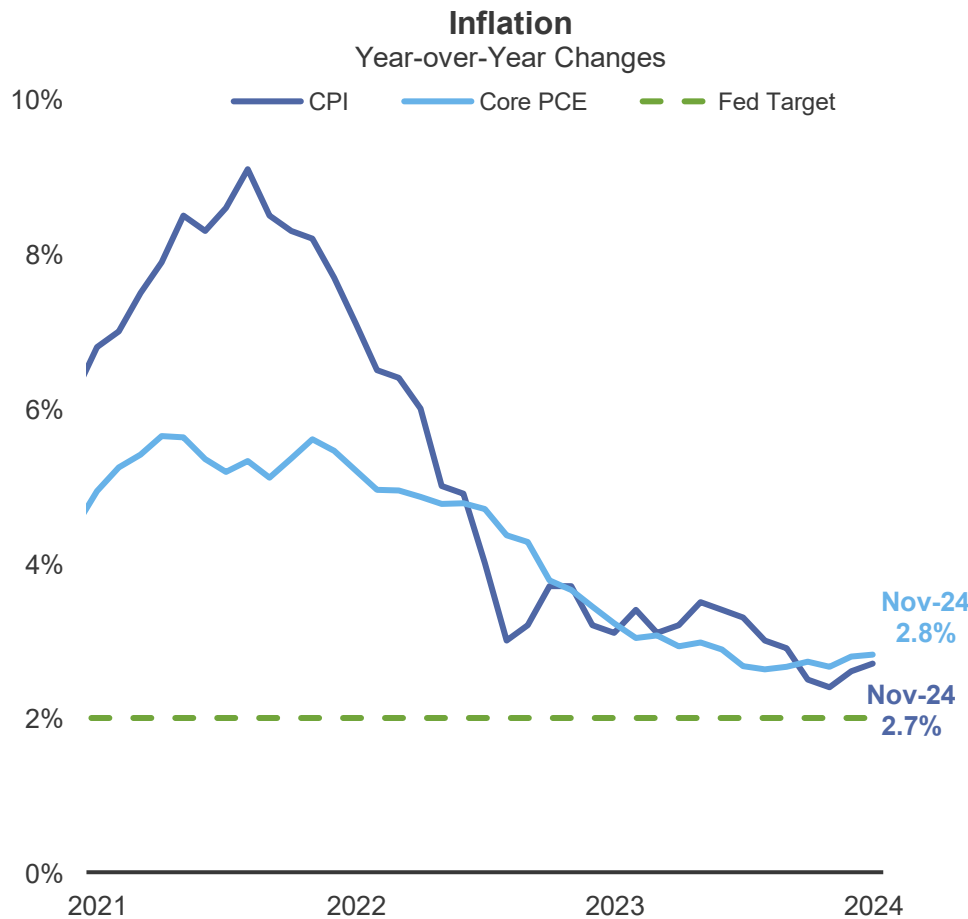


- ▶ Treasury yields responded to expected monetary and fiscal policy
  - ▶ Yields on maturities between 2 years and 10 years rose 60-83 bps during the 4<sup>th</sup> quarter
  - ▶ The yield curve disinversion continued and was flatter at the front end and positively sloped beyond 1-year
  - ▶ Yield spreads remained near historically tight levels across most sectors aided by robust demand and strength in the economy

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of December 31, 2024.

## The Fed's Dual Mandate

*Fed Chair Powell: "Downside risks to the labor market do appear to have diminished ... Inflation, we see that story as still broadly on track."*



Source: FOMC Chair Jerome Powell Press Conference, December 18, 2024. Bureau of Labor Statistics, Bureau of Economic Analysis, and Bloomberg Finance L.P., as of November 2024. Data is seasonally adjusted. Historical average unemployment rate calculated from January 1990-November 2024.

## Election & Potential Policy Implications on the Fed



### Taxes

Lower taxes viewed as positive for growth but negative for the deficit



### Tariffs

Uncertainty surrounding the scope and scale of tariff policy and viewed as inflationary



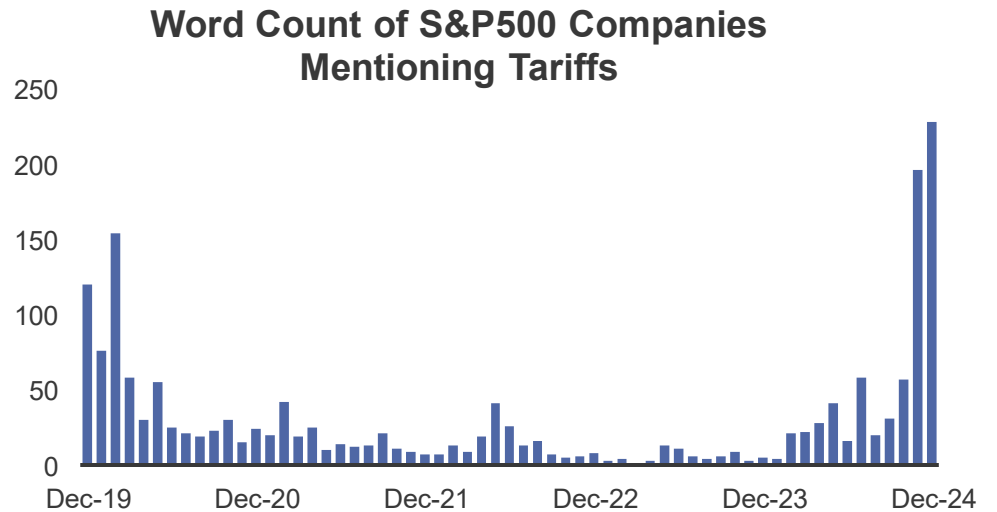
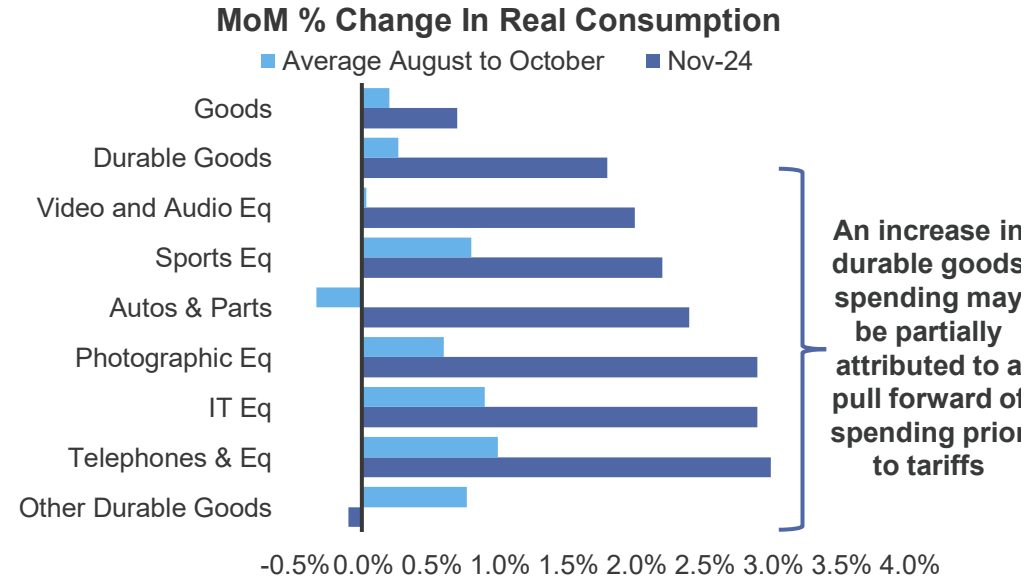
### Immigration

Tighter border policy may have adverse impacts on the labor market



### Regulation

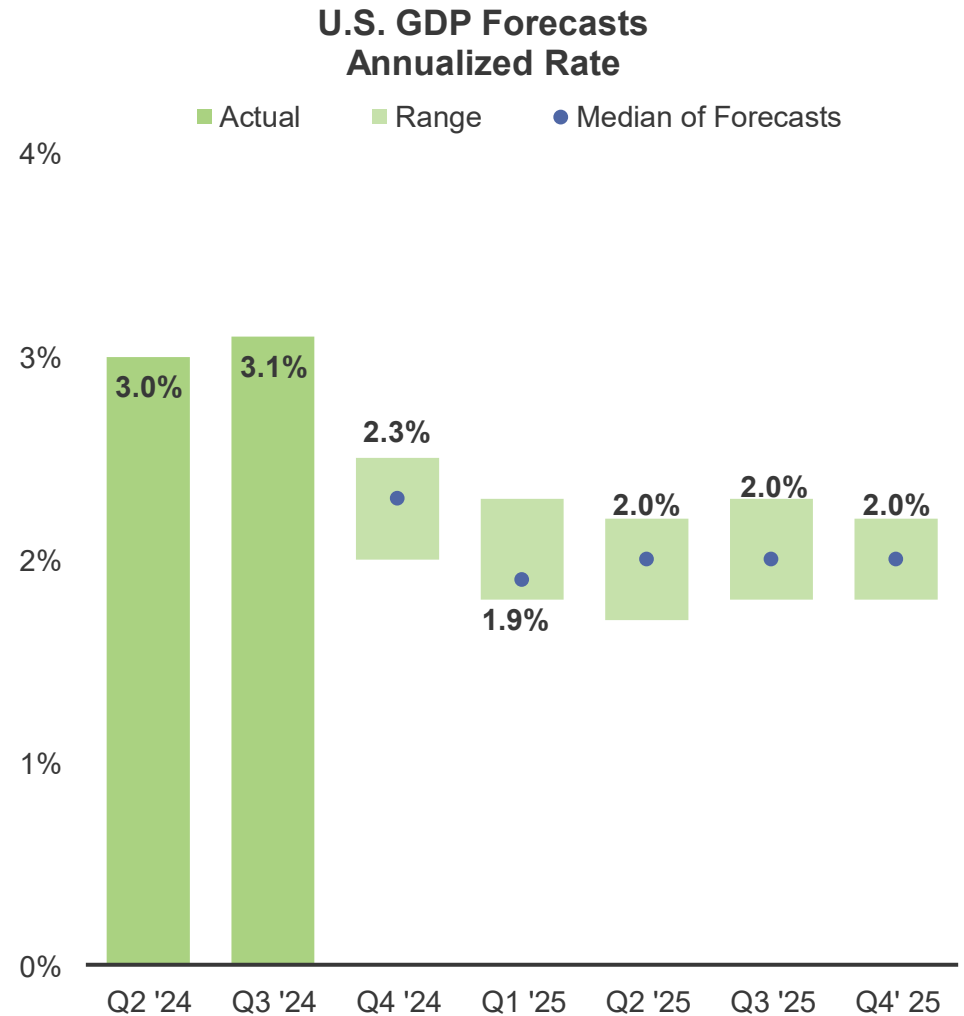
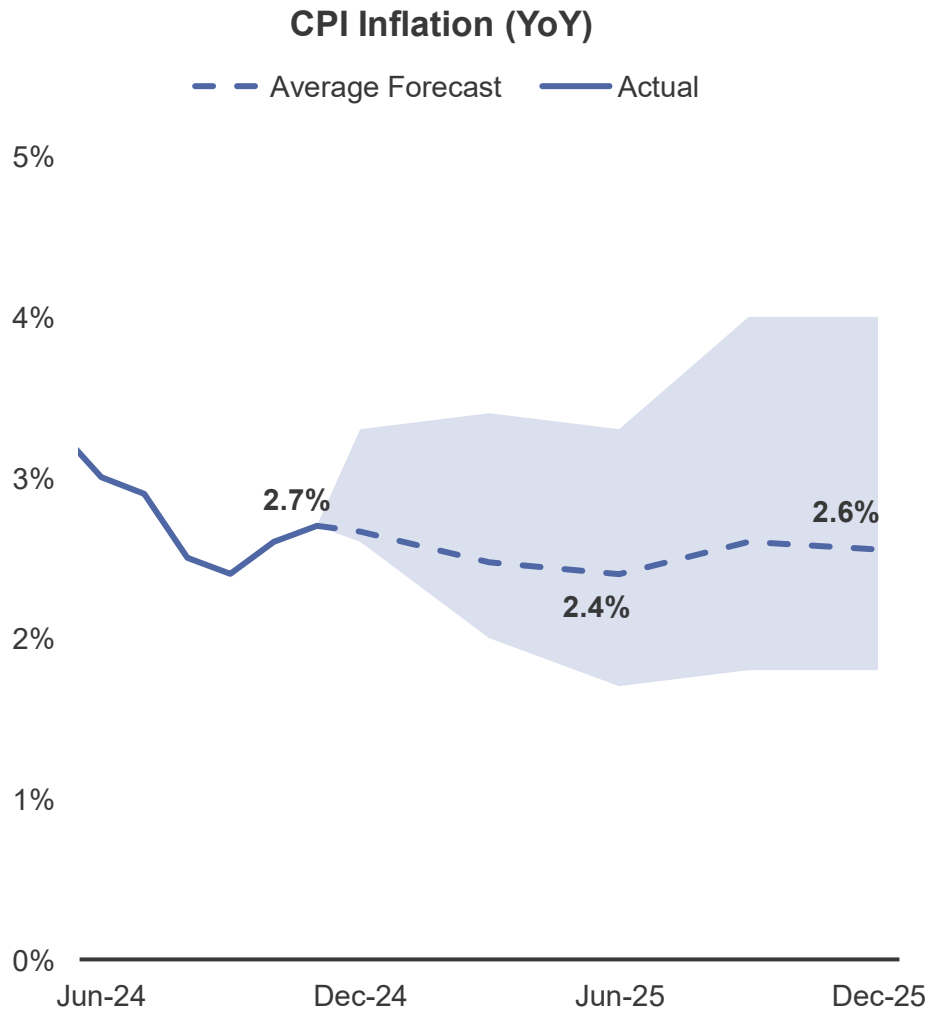
Easing regulation is generally viewed as positive for growth



Sources: U.S. Bank: [Stock Market Under The Trump Administration | U.S. Bank \(usbank.com\)](#); Bloomberg Finance L.P. and Bureau of Economic Analysis as of November 2024 (top right). Bloomberg Finance L.P. as of December 2024 (bottom right).

## Inflation and Growth Forecasted To Remain Stable

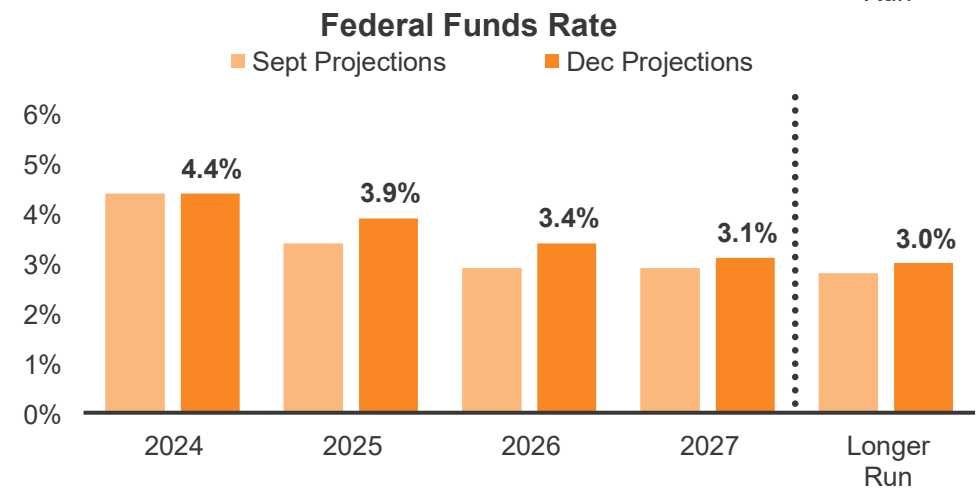
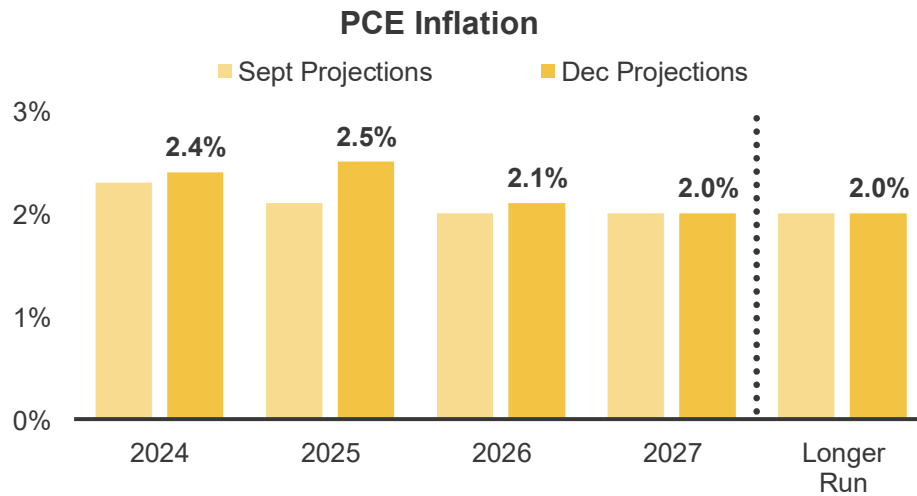
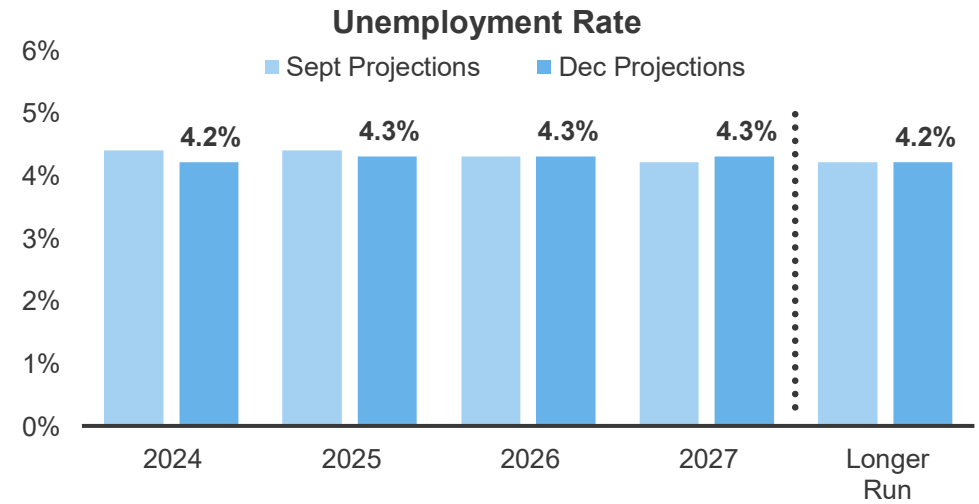
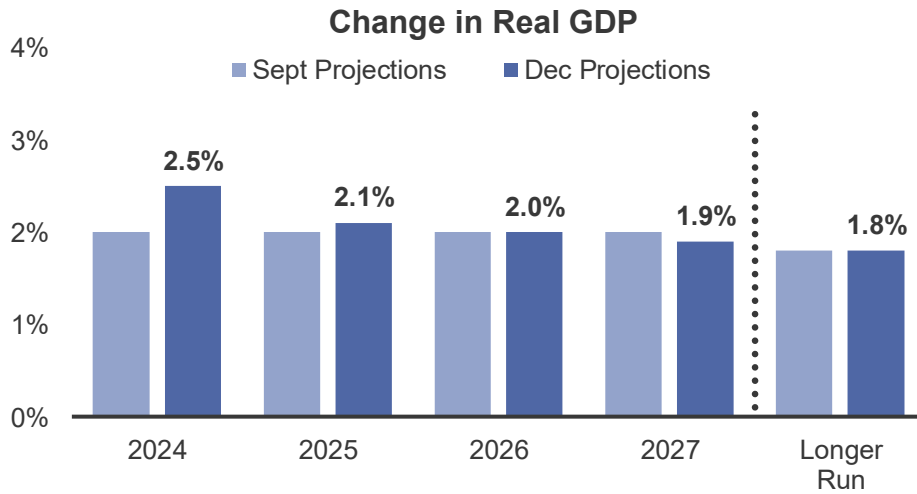
*Fed Chair Powell: "I think it's pretty clear we've avoided a recession. I think growth this year has been solid, it really has...Again the U.S. economy has just been remarkable."*



Source: Federal Reserve Chair Jerome Powell Press Conference as of December 18, 2024; Bureau of Labor Statistics and Bloomberg Finance L.P. as of December 2024 (left). Bureau of Economic Analysis and Bloomberg Finance L.P., as of December 2024 (right).

## Fed's Updated Summary of Economic Projections

*Fed Chair Powell: "These median projections are somewhat higher than in September, consistent with the firmer inflation projection."*

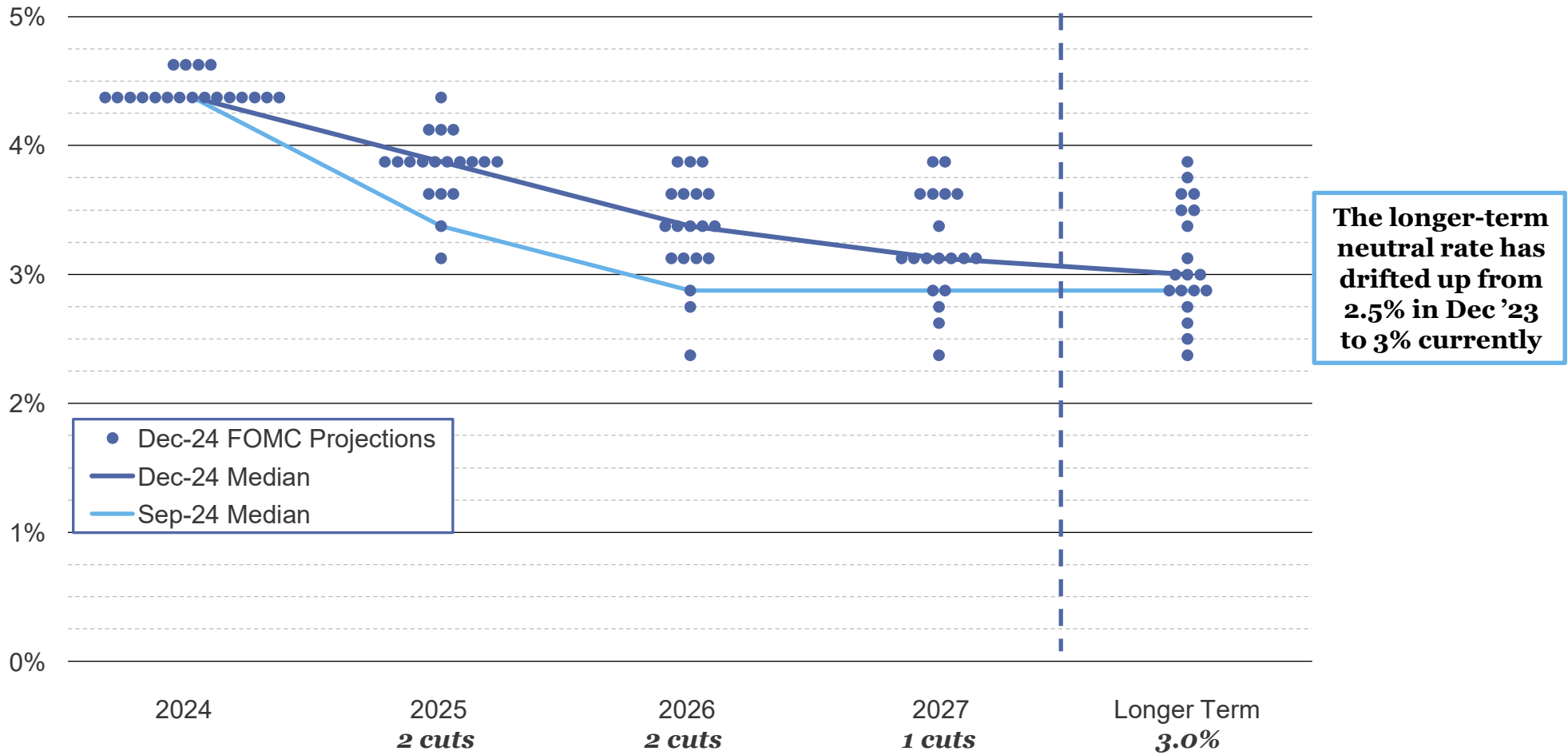


Source: Federal Reserve Chair Jerome Powell Press Conference as of December 18, 2024; Federal Reserve. As of December 2024.

## The Fed's Latest "Dot Plot"

*Fed Chair Powell: "You see a slower path ... meaningful progress to get inflation down to [2.5%] ... we have the labor market forecast as being in good shape, we are also mindful that it is ... very gradually cooling"*

### Fed Participants' Assessments of 'Appropriate' Monetary Policy

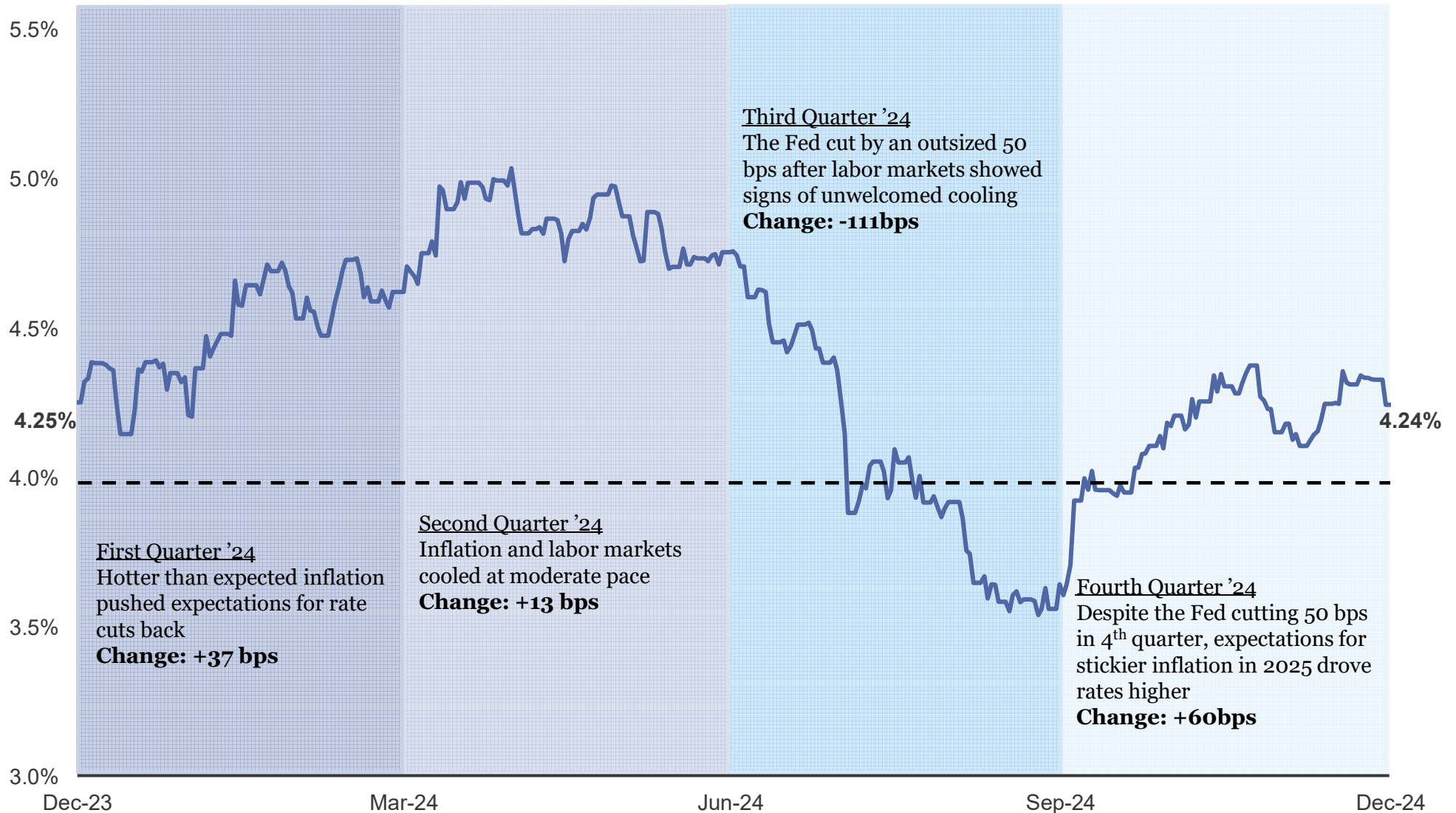


Source: Federal Reserve Chair Jerome Powell Press Conference as of December 18, 2024; Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of December 2024.



## Despite 100 Bps of Rate Cuts, 2-Year Finishes Year Nearly Unchanged

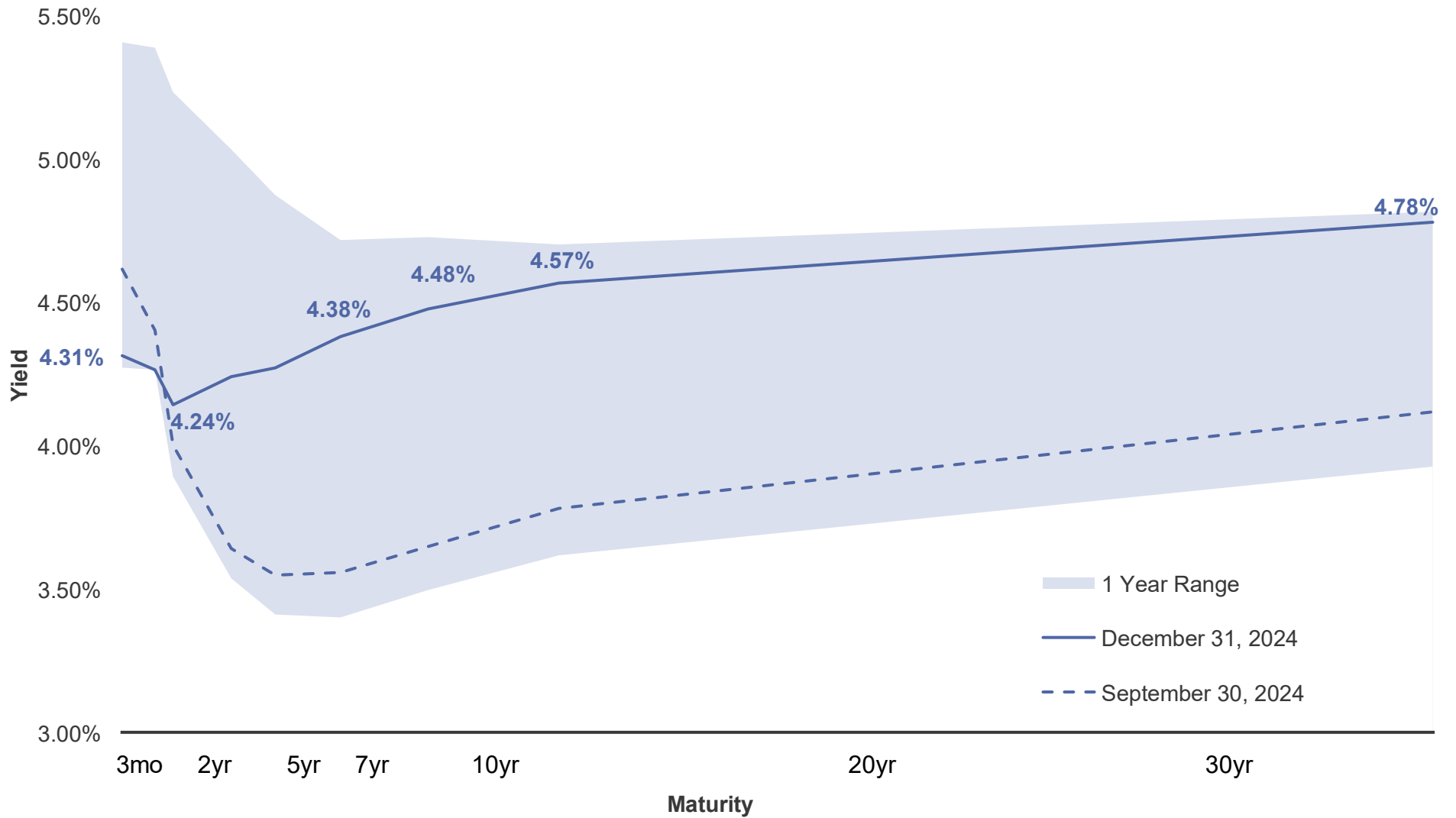
2-Year U.S. Treasury Yield  
December 31, 2023 – December 31, 2024



Source: Bloomberg Finance L.P., as of December 31, 2024.

### U.S. Treasury Yield Curve Steepens

#### U.S. Treasury Yield Curve

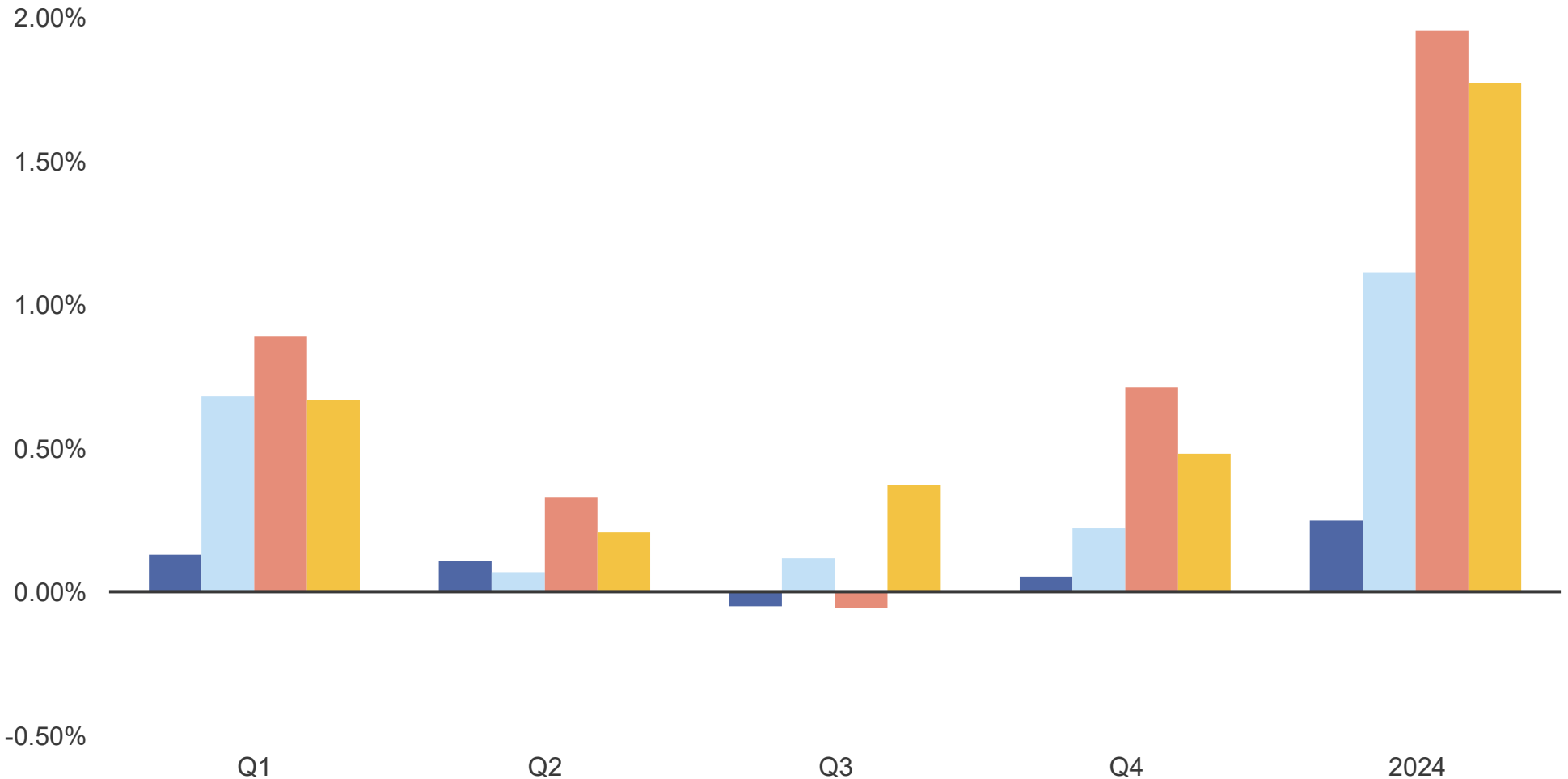


Source: Bloomberg Finance L.P., as of December 31, 2024.

## Fixed-Income Index Excess Returns in 2024

### 2024 Excess Returns 1-10 Year Indices

■ Federal Agency ■ Agency CMBS ■ ABS ■ Corp A-AAA

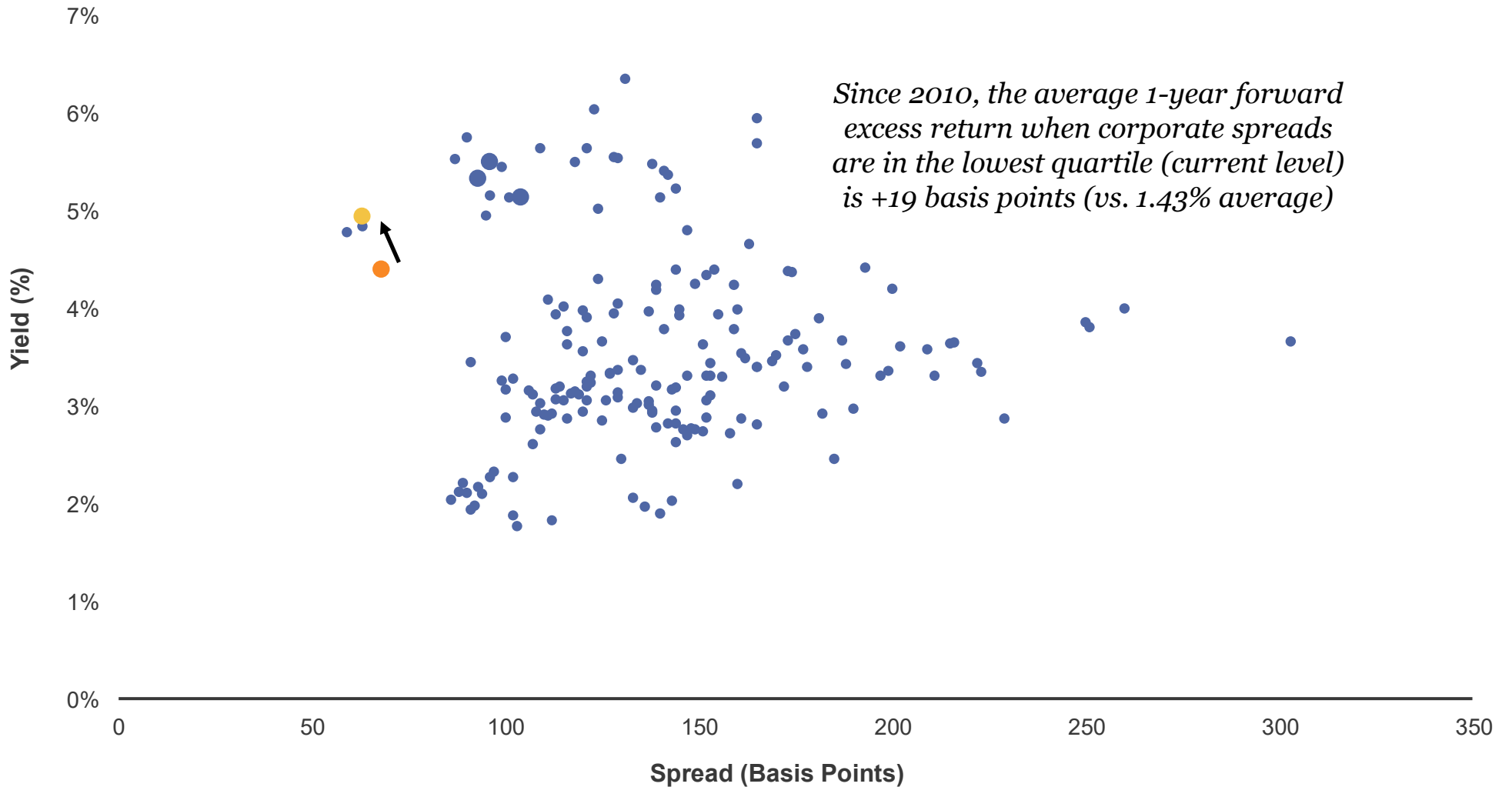


Source: ICE BofA Indices. ABS indices are 0-10 year, based on weighted average life. Agency CMBS represented by ICE BofA CMBY Index. As of December 31, 2024.

## Spreads Are Tight But Yields Remain Elevated

### U.S. Corporate Index (2010-Present)

● Post-2010 ● 12/31/2024 ● 9/30/2024

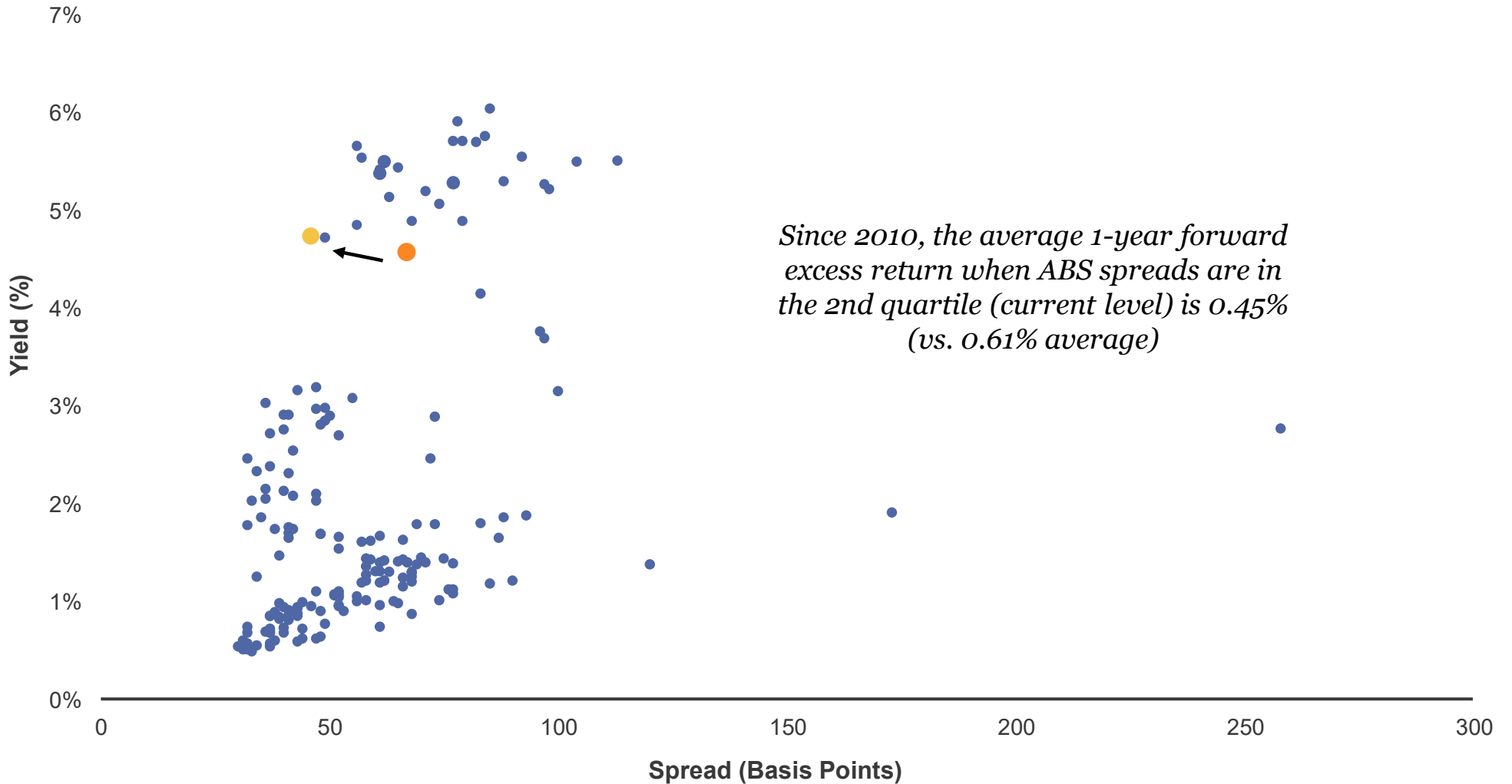


Source: Bloomberg Finance L.P., ICE BofA Indices. Spread is option adjusted spread (OAS). PFMAM calculations using overlapping monthly data from January 2010 to December 2024.

## Spreads Are Tight But Yields Remain Elevated

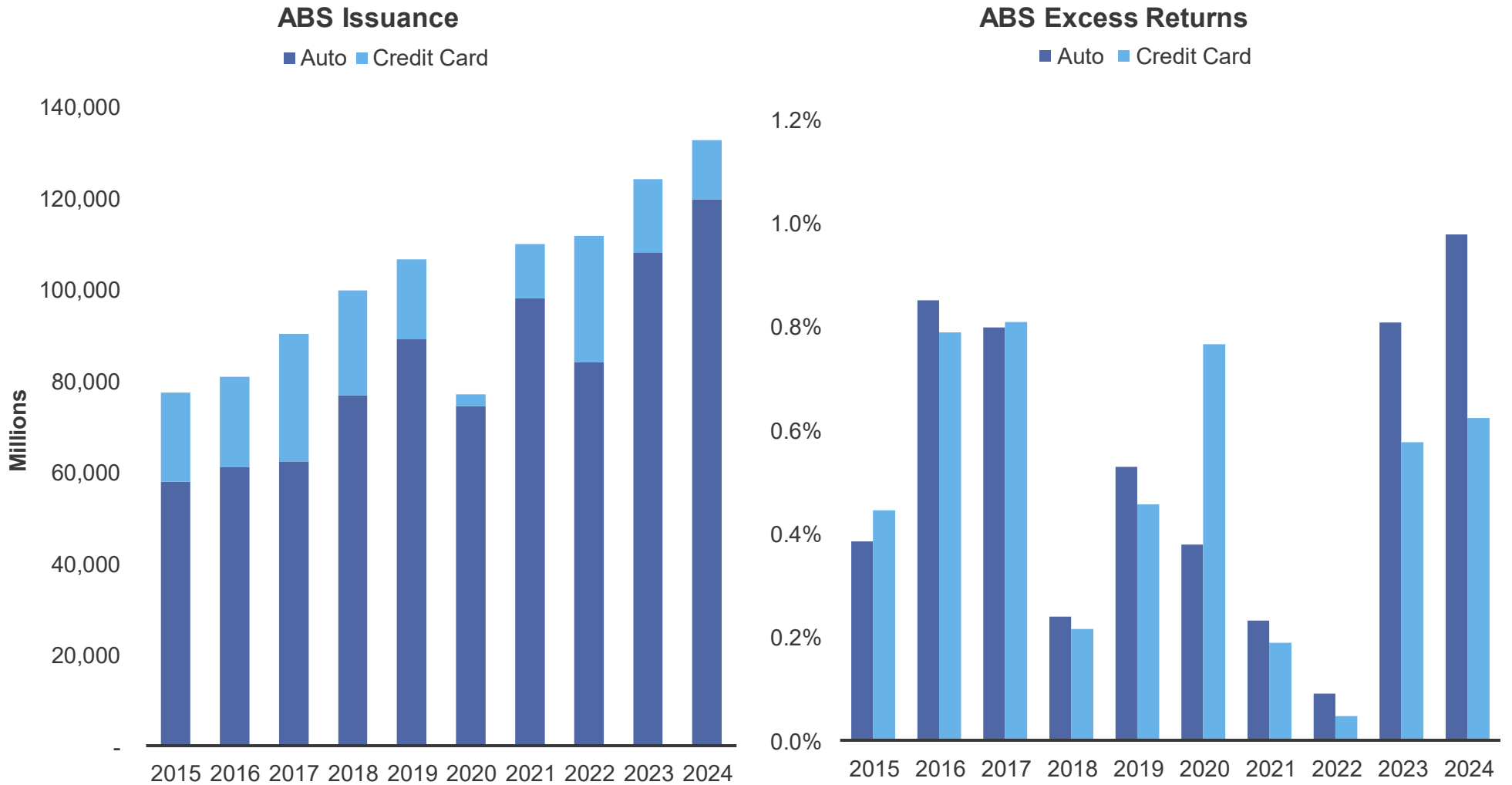
### AAA ABS Index (2010-Present)

● Post-2010 ● 12/31/2024 ● 9/30/2024



Source: Bloomberg Finance L.P., ICE BofA Indices. Spread is option adjusted spread (OAS). PFMAM calculations using overlapping monthly data from January 2010 to December 2024.

## Strong ABS Demand In The Face of Record Issuance

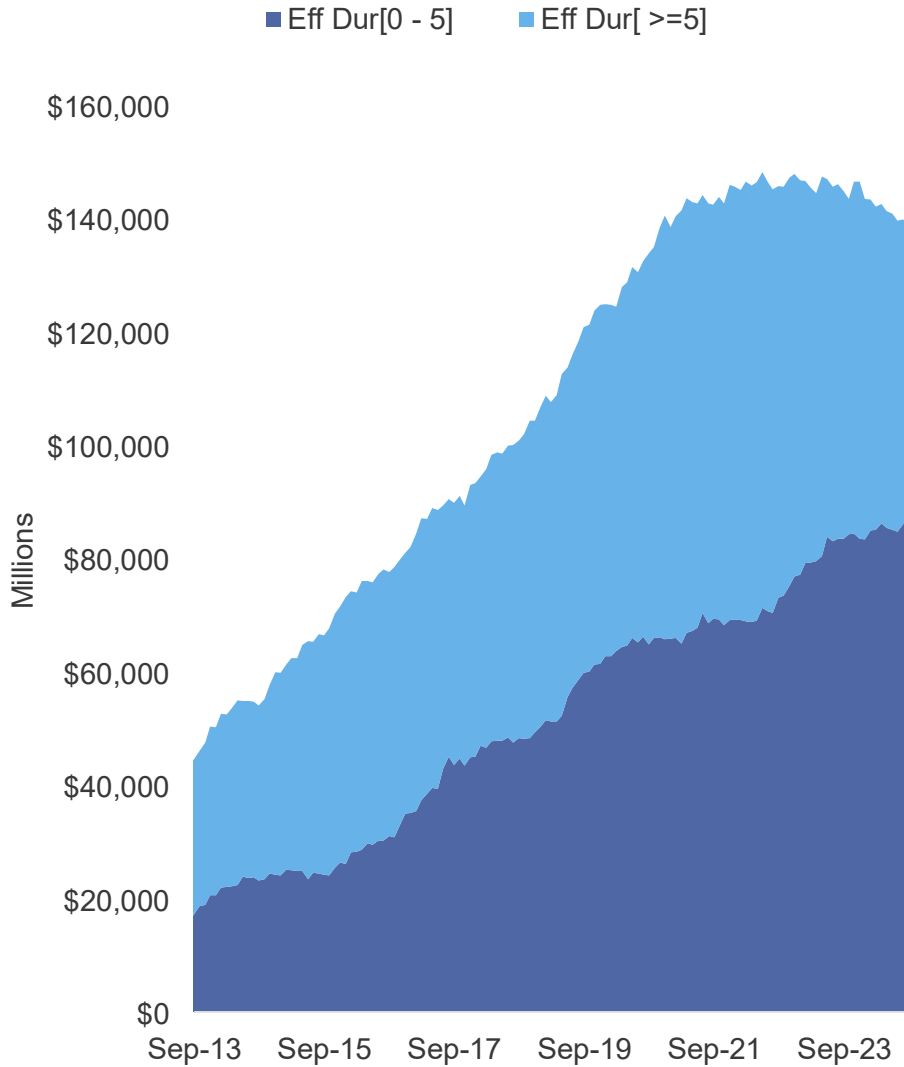


**ABS spreads have tightened 32 basis points in 2024 lead by insatiable demand in the face of strong issuance**

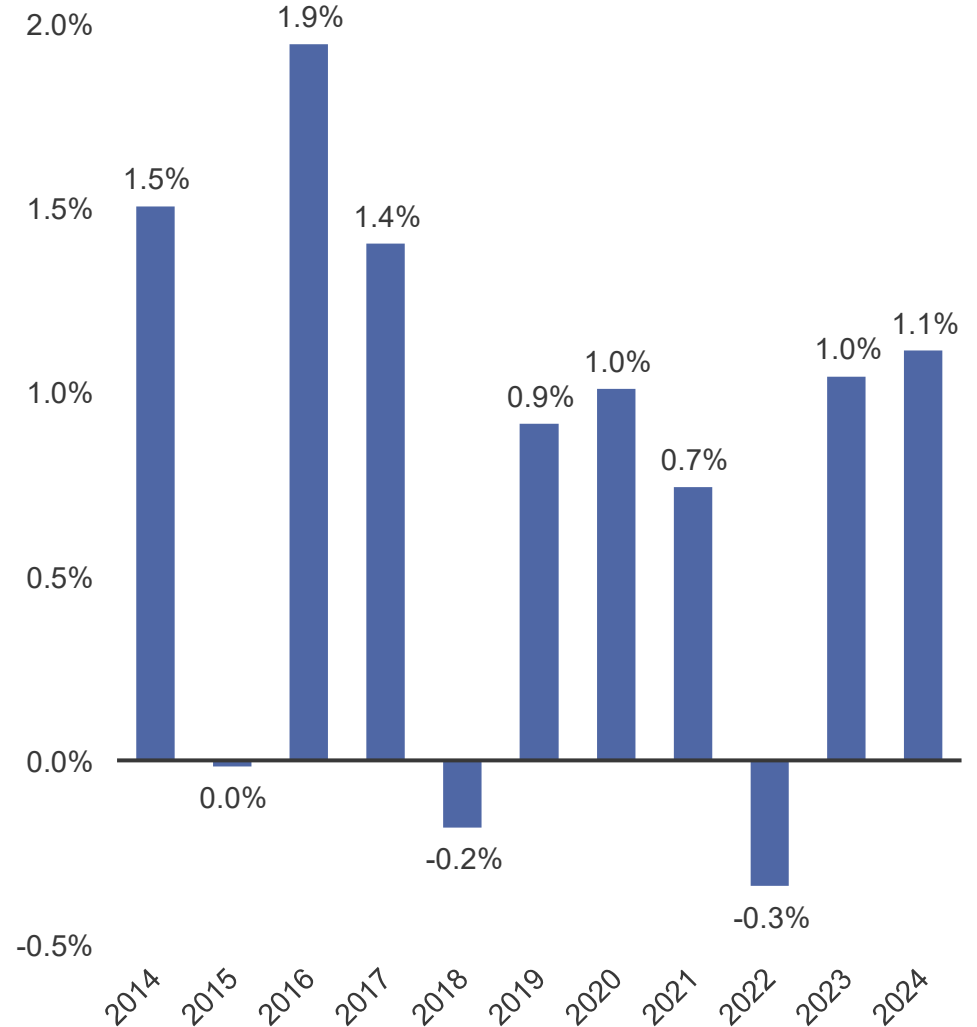
Source: Bloomberg Finance L.P., ICE BofA Indices. Spread is option adjusted spread (OAS). Monthly data from January 2010 to November 2024.

## Strong Agency CMBS Demand In The Face of Elevated Issuance

### Agency CMBS Face Value Outstanding

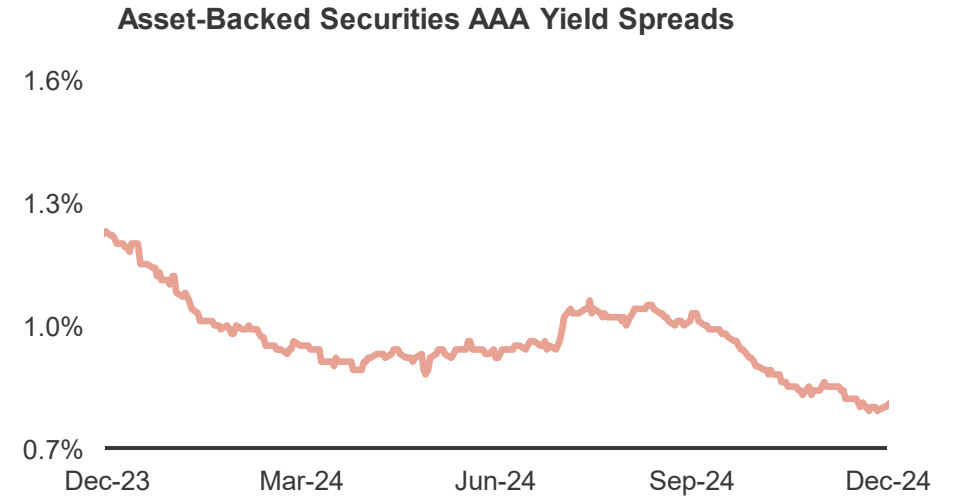
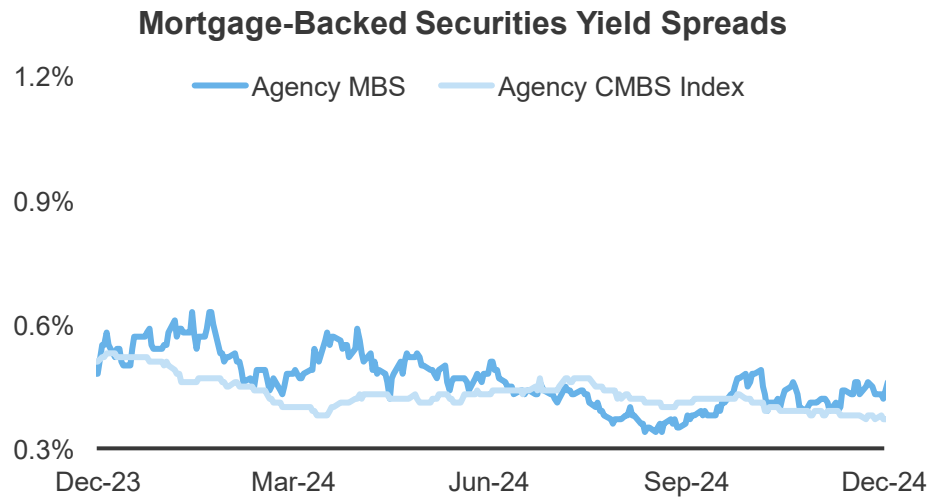
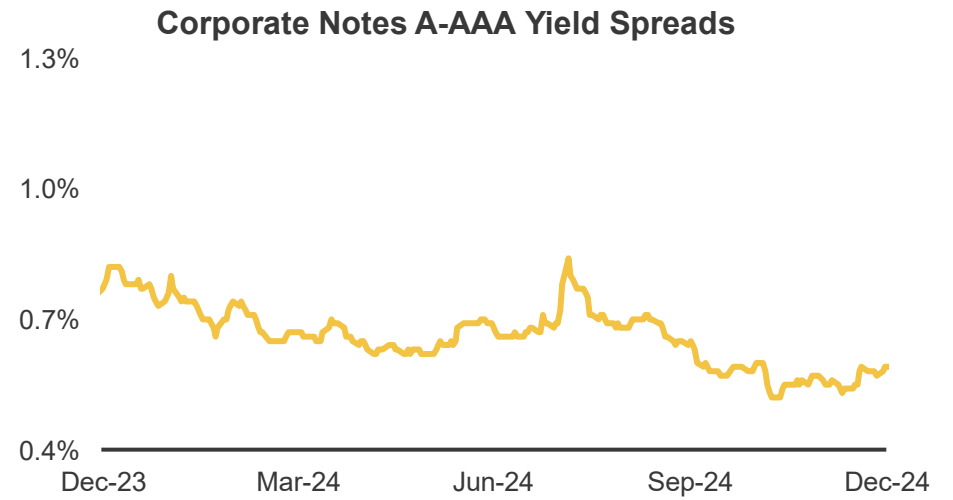
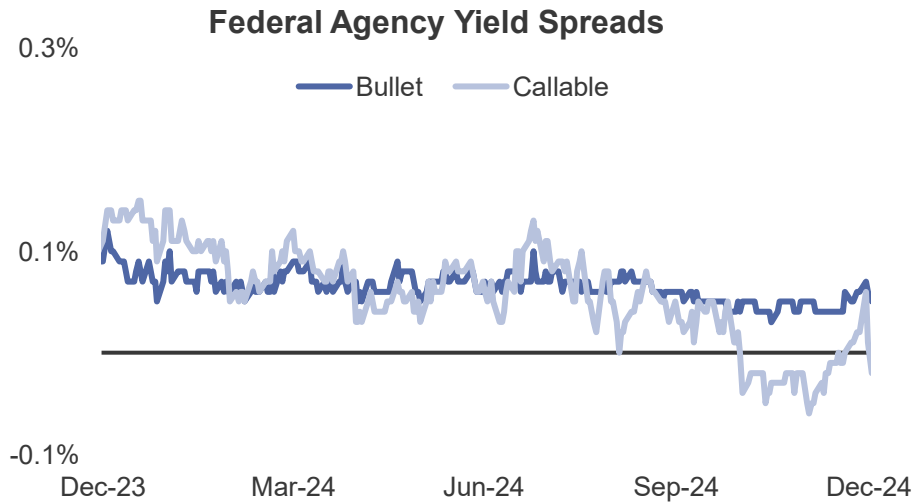


### Agency CMBS Excess Returns



Source: Bloomberg Finance L.P., ICE BofA Indices. Monthly data from September 2013 to September 2024 (left). Annual excess returns through December 2024 (right).

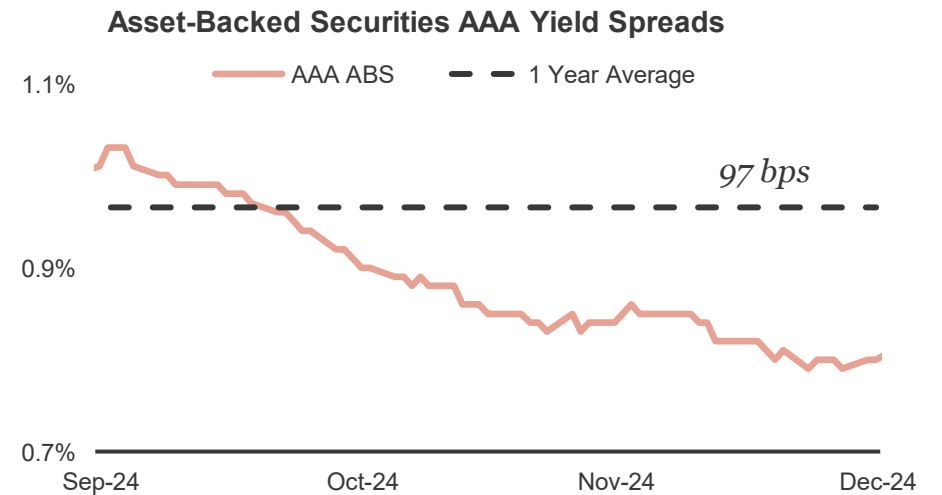
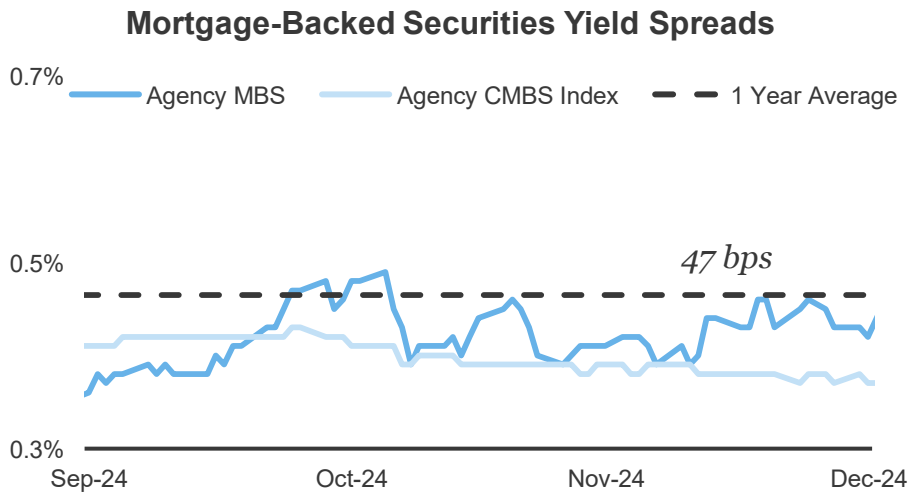
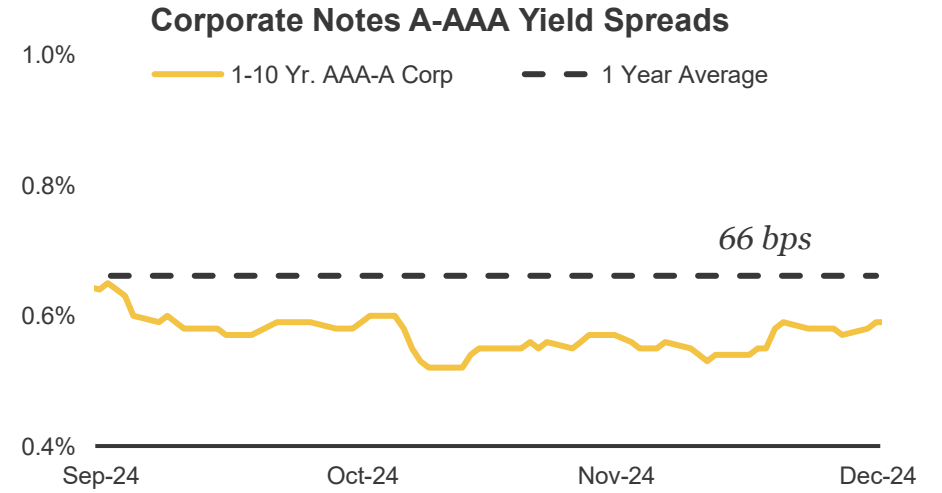
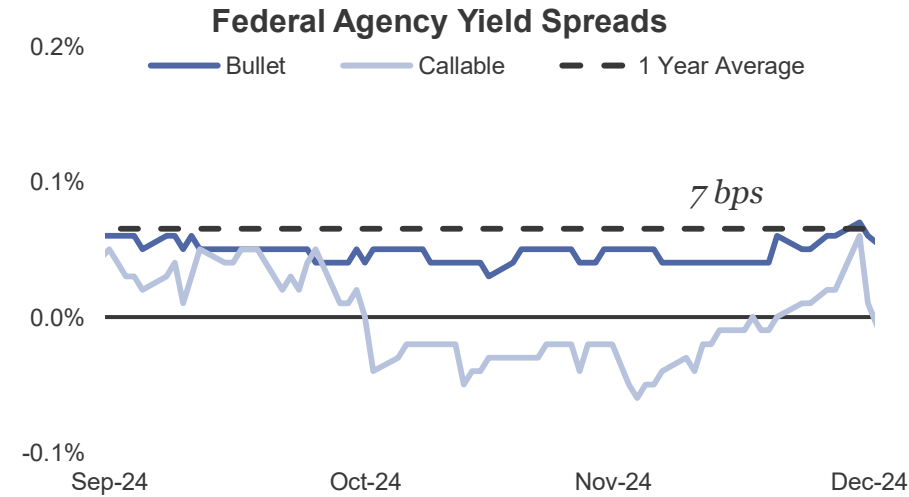
## Sector Yield Spreads



Source: ICE BofA 1-10 year Indices via Bloomberg, MarketAxess and PFMAM as of December 31, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-10 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.



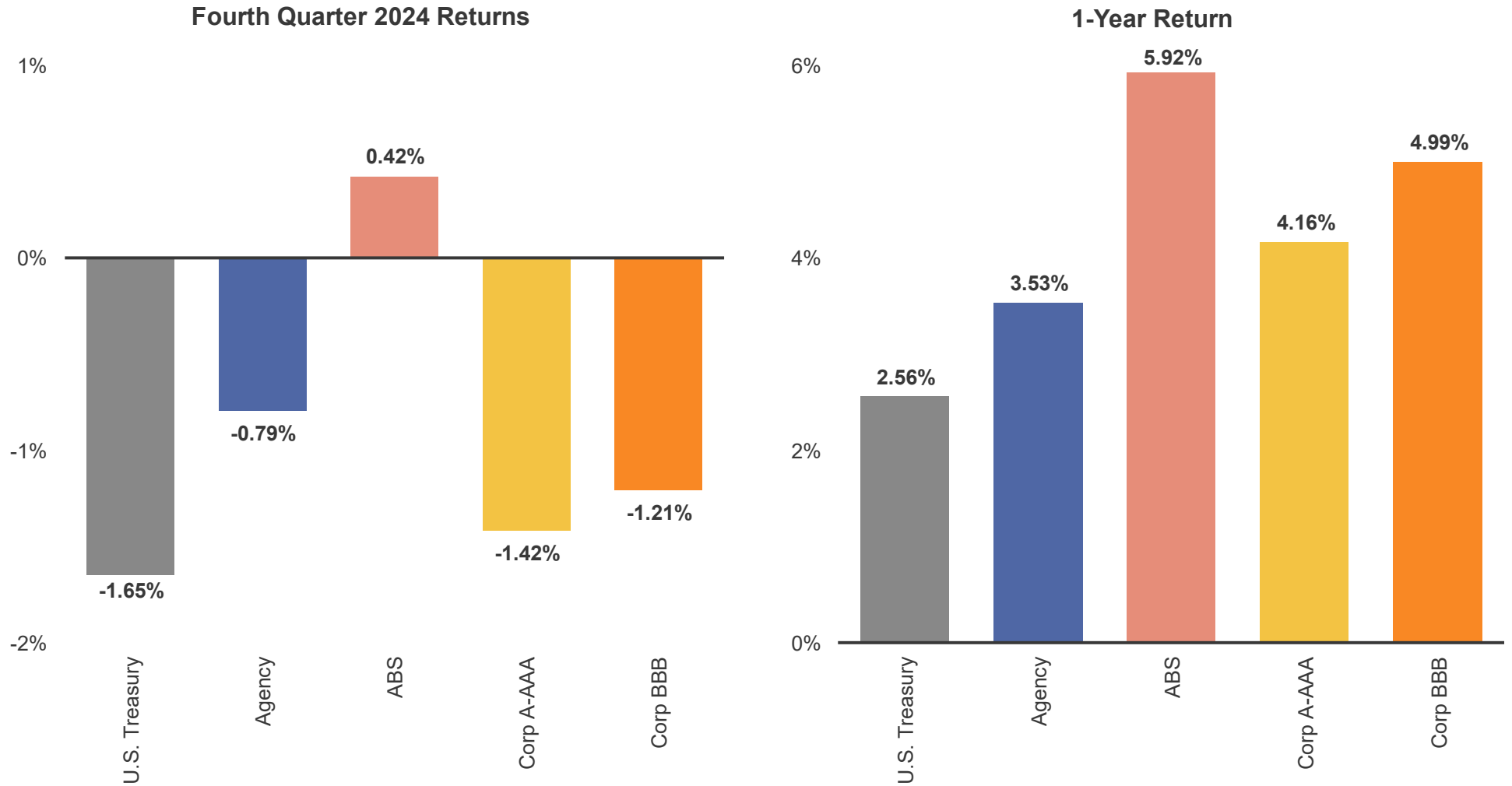
### Sector Yield Spreads



Source: ICE BofA 1-10 year Indices via Bloomberg, MarketAxess and PFMAM as of December 31, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-10 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

## Fixed-Income Index Total Returns in 4Q 2024

### 1-10 Year Indices



Source: ICE BofA Indices. ABS indices are 0-10 year, based on weighted average life. As of December 31, 2024.

## Fixed-Income Sector Commentary – 4Q 2024

- ▶ **U.S. Treasury** yields reacted to the market attempting to digest the potential impacts of the new administration's policy proposals. Areas of focus include taxes, tariffs, immigration, and deregulation, which the market generally expects will result in more growth but larger budget deficits and higher inflation. Additionally, the Federal Open Market Committee (FOMC) continued with rate cuts, as expected, cutting a total of 100bps (basis points) in 2024. While the Fed cut rates at both FOMC meetings in the 4th quarter, guidance on future rate cuts point toward a much slower pace of cuts than previously anticipated. The culmination of both fiscal and monetary impulses led the Treasury curve steeper with the 2-year Treasury yield rising 60 bps in the quarter while longer 10-year Treasuries rose 79 bps. As a result of the Treasury sell-off, total returns were negative for the period.
- ▶ **Federal Agency & Supranational** spreads remained low and range bound throughout Q4. These sectors produced muted excess returns relative to other investment grade fixed income sectors as issuance has remained quite light and the incremental income from the sectors is minimal.
- ▶ **Investment-Grade (IG) Corporates** posted another strong relative quarter as robust investor demand remained intact while issuance slowed into year end. Yield spreads tightened further toward multi-year tights. From an excess return perspective, lower-quality and longer-duration issuers outperformed in Q4. Excess returns of financial and banking issuers once again led most other industries across much of the yield curve during the quarter.
- ▶ **Asset-Backed Securities** spreads are tighter than their historical average while their underlying technicals remain strong. Cross-sector spread comparisons relative to corporates have shifted notably, as ABS spreads tightened substantially through year-end and now trade through corporates. As a result, ABS was a top of class performer for Q4.
- ▶ **Mortgage-Backed Securities** were adversely affected by heightened rate volatility and headwinds in the housing market. After an exceptionally strong Q3, agency-backed mortgages underperformed Treasuries in the fourth quarter. On the other hand, well-structured Agency-backed commercial MBS (CMBS) performed better for the quarter and saw positive excess returns.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yields on the front end fell in response to the Fed rate cuts, but the money market yield curve steepened on prospects for "higher for longer". Yield spreads also widened modestly across the money market curve, most notably towards the back end.

*The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (12/31/2024) 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.*

## Fixed-Income Sector Outlook – 1Q 2025

- ▶ **U.S. Treasury** yields moved notably higher throughout the 4th quarter as markets pared back expectations for aggressive Fed rate cuts in 2025 and now price a more tepid pace. We expect to see ongoing steepening of the yield curve with higher volatility as both fiscal and monetary policy evolve.
- ▶ **Federal Agency & Supranational** spreads are likely to remain at tight levels. Government-heavy accounts may find occasional value on an issue-by-issue basis, particularly in Supranationals as issuance increases in the new year.
- ▶ **Taxable Municipals** continue to see little activity due to an ongoing lack of supply and strong demand which continues to suppress yields in both the new issue and secondary markets. We expect few opportunities in the near term.
- ▶ **Investment-Grade Corporate** yield spreads are historically tight and our view is that the combination of heightened market volatility, fiscal policy uncertainty, and higher Q1 issuance seasonality may create opportunities to increase allocations at more attractive levels. Strength in market technicals and favorable fundamentals in the sector will likely limit significant downside. As a result, we will look to tactically reduce allocations in the sector to make room for future opportunities, with a focus on industry and credit quality-specific selectivity.
- ▶ **Asset-Backed Securities** fundamentals remain intact and have led to strong performance in the past quarter. New-year consumer credit trends will depend on the labor market, the resiliency of economic growth, and the consumer's response to monetary policy easing, which tends to work on a lagging basis. Credit metrics are expected to be constructive through 2025 and we will therefore seek to maintain allocations in the sector via the reinvestment of passive cash flows in new issuance over the coming months.
- ▶ **Mortgage-Backed Securities** are expected to produce muted excess returns entering the new year. Since the sector is highly rate sensitive, policy uncertainty and Fed caution may increase volatility. We may use any meaningful spread widening to add at more attractive levels.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yields have drifted higher in response to a slower pace of rate cuts in 2025. Yield spreads also begin to drift wider, and we believe spreads of 20 to 30 basis points offer good relative value. Given a money market yield curve that is now positively sloped, we favor a mix of floating rate in the front end with fixed rate in longer maturities.

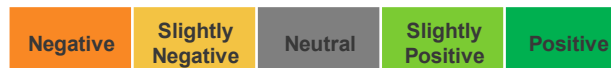
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### Fixed-Income Sector Outlook – 1Q 2025







Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago



## Factors to Consider for 6-12 Months

<p><b>Monetary Policy (Global):</b></p>  <ul style="list-style-type: none"> <li>The Fed continued its easing cycle with a total of 100 basis points (bps) of rate cuts in 2024. The FOMC's December median "dot plot" projection suggests another 50 bps in cuts by the end of 2025, which is significantly less than previously implied, in large part due to uncertainty surrounding implications of potential fiscal policy changes.</li> <li>While the Fed and other major central banks (excluding the Bank of Japan) continue to ease, expectations are for policy rates to settle higher in the longer term given the higher inflation outlook.</li> </ul>	<p><b>Economic Growth (Global):</b></p>  <ul style="list-style-type: none"> <li>U.S. economic growth remains strong on consumer spending which remains quite resilient.</li> <li>Fiscal policies discussed on the campaign trail are expected to boost growth, however actual policy implementation and timing are uncertain and subject to change.</li> <li>Economic growth outside the U.S. remains modest. Tariffs pose some risks with trading partners.</li> <li>Declines in foreign direct investment and weak domestic demand continue to impact China.</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>While inflation has fallen since its peak in 2022, progress has stalled in the past few months.</li> <li>The Fed has acknowledged higher inflation expectations going into 2025. Further rate cuts will depend on inflation moving closer to its 2% target.</li> <li>Proposed fiscal policies may put pressure on wages and goods costs. Some policymakers have already incorporated these impacts into their outlooks.</li> </ul>
<p><b>Financial Conditions (U.S.):</b></p>  <ul style="list-style-type: none"> <li>Market metrics such as narrow corporate yield spreads and strong equity returns continue to point to the stability of financial conditions. The potential for decreased regulation under the incoming administration has buoyed economic confidence.</li> <li>We remain attentive to further cooling in the labor markets and fiscal policy considerations as these will play a large role in the evolution of future conditions. While our base case is not for a dramatic shift in conditions, the potential impact of future policies warrants attention.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>Broad consumer metrics show spending fueled by the stability of the labor market continuing to support economic strength. A growing divergence among consumers exists as lower-income cohorts continue to feel more strain due to the higher overall level of prices.</li> <li>An unexpected material deterioration of labor market conditions is the biggest risk factor to consumer spending. Other headwinds may include slower real wage growth, which could reduce purchasing power, and higher interest rates persisting.</li> </ul>	<p><b>Labor Markets:</b></p>  <ul style="list-style-type: none"> <li>The labor market remains well-positioned and in balance despite intra-quarter data volatility caused by weather events and strikes which have now been resolved.</li> <li>Layoffs remain near historically low levels; however, the pace of hiring has slowed considerably. The Fed has acknowledged labor market conditions have loosened, and a further cooling of labor conditions is not necessary to achieve its dual mandate of maximum employment and stable prices.</li> </ul>

● Current outlook      ○ Outlook one quarter ago



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (12/31/2024) 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.

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# Portfolio Review: CITY OF NAPERVILLE

## Q4 2024 Commentary

Following a 50 basis points decrease in the third quarter; the Federal Reserve lowered the federal funds rate another 50 basis points to the 4.25% - 4.50% range during the fourth quarter. However, the Fed signaled they will significantly slow their pace of rate cuts in 2025. Correspondingly, the yield on the 10-yr. Treasury jumped 79 basis points in the fourth quarter after plunging 62 basis points during the third quarter. Our underweighting of longer maturity securities modestly detracted from fourth quarter performance, given that the 5-yr. to 10-yr. Treasury yield spread narrowed by 3 basis points. Conversely, the portfolio benefitted from our allocations to the corporate and agency CMBS sectors in the fourth quarter, as those areas outperformed Treasuries on a duration-neutral basis by 51 and 31 basis points, respectively. As a result, the portfolio exceeded the benchmark by 25 basis points. For all of 2024, the portfolio outdistanced the benchmark by 90 basis points, as the corporate, agency CMBS, and MBS sectors generated excess returns of 184, 135 and 37 basis points, respectively. Over the past eight years, the portfolio has outperformed the benchmark by an annualized 46 basis points.

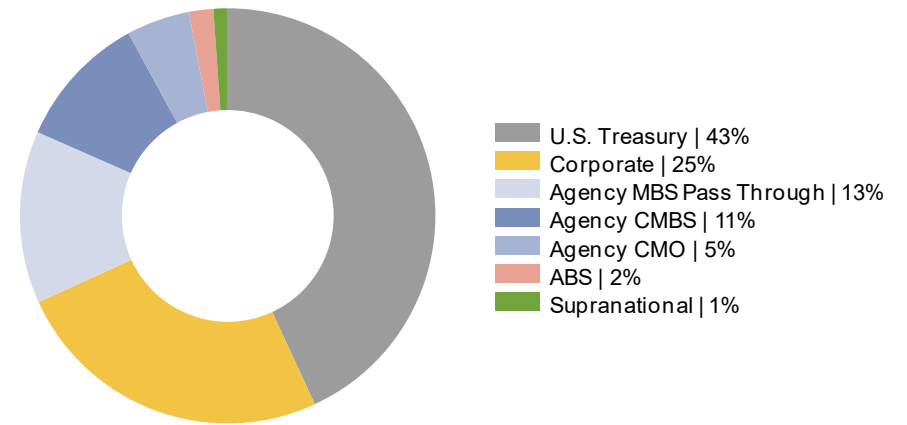


## Portfolio Snapshot - CITY OF NAPERVILLE<sup>1</sup>

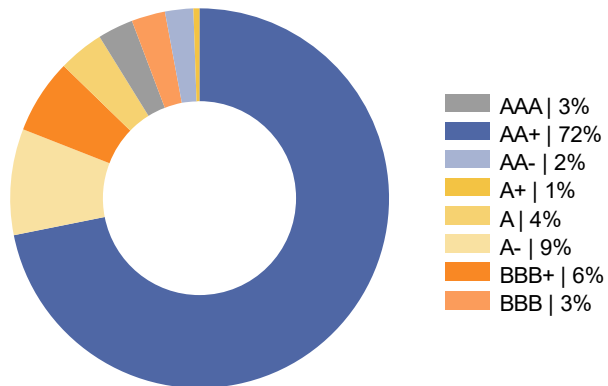
### Portfolio Statistics

<b>Total Market Value</b>	\$99,765,432.87
<i>Securities Sub-Total</i>	\$98,534,315.56
<i>Accrued Interest</i>	\$644,801.77
<i>Cash</i>	\$586,315.54
<b>Portfolio Effective Duration</b>	3.47 years
<b>Benchmark Effective Duration</b>	3.59 years
<b>Yield At Cost</b>	3.25%
<b>Yield At Market</b>	4.71%
<b>Portfolio Credit Quality</b>	AA

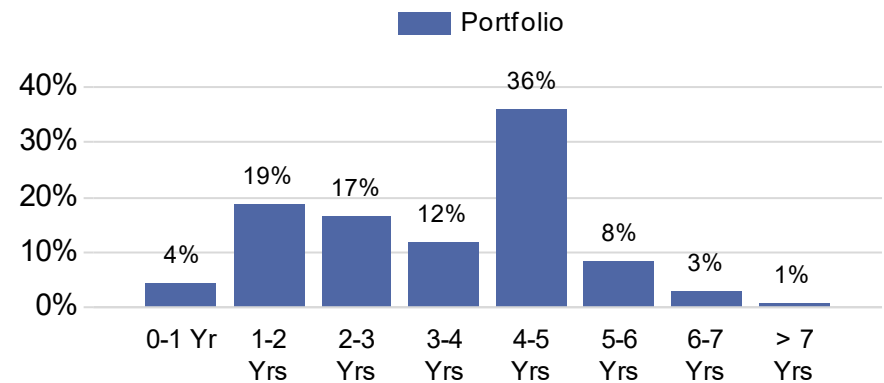
### Sector Allocation



### Credit Quality - S&P

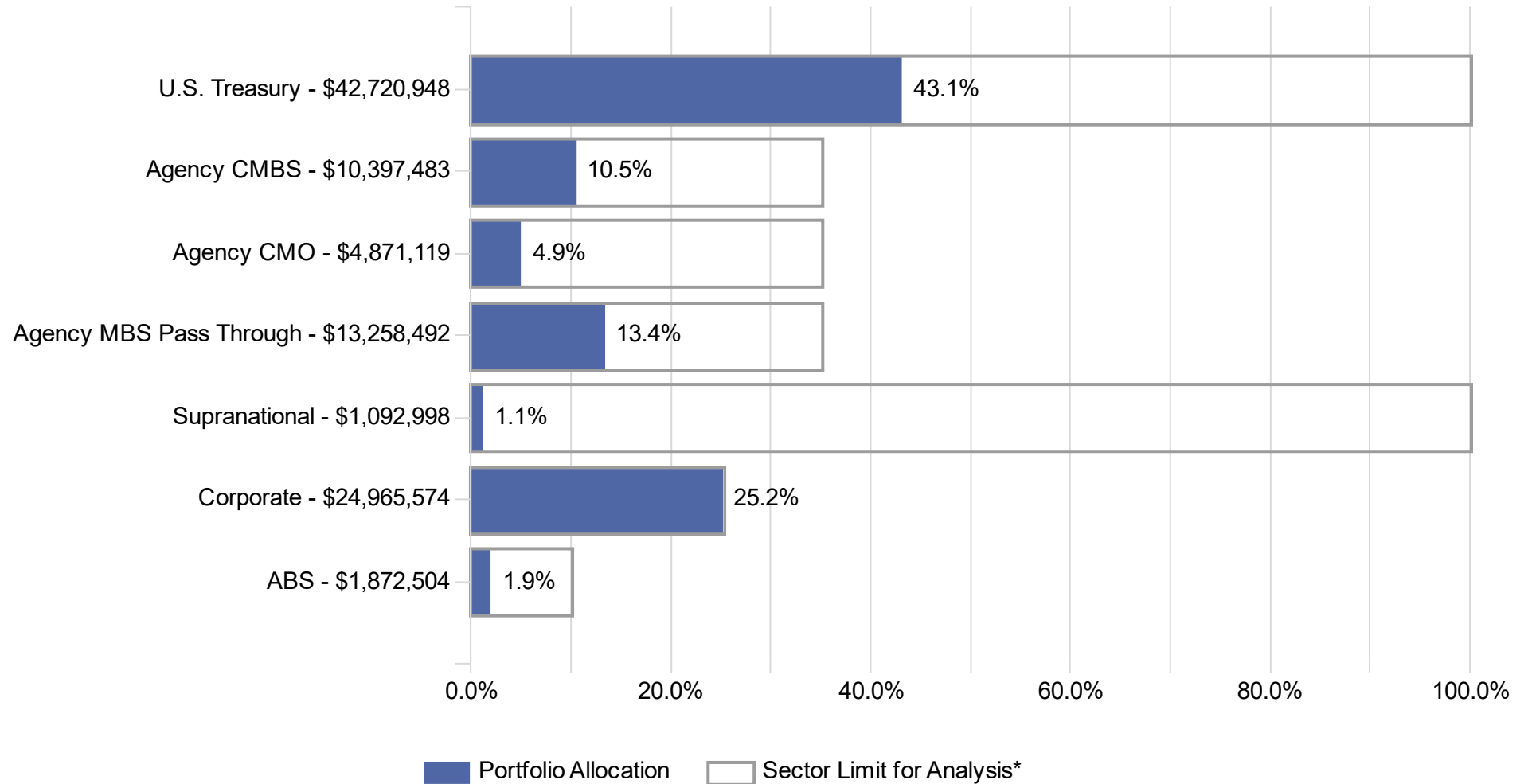


### Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government 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.

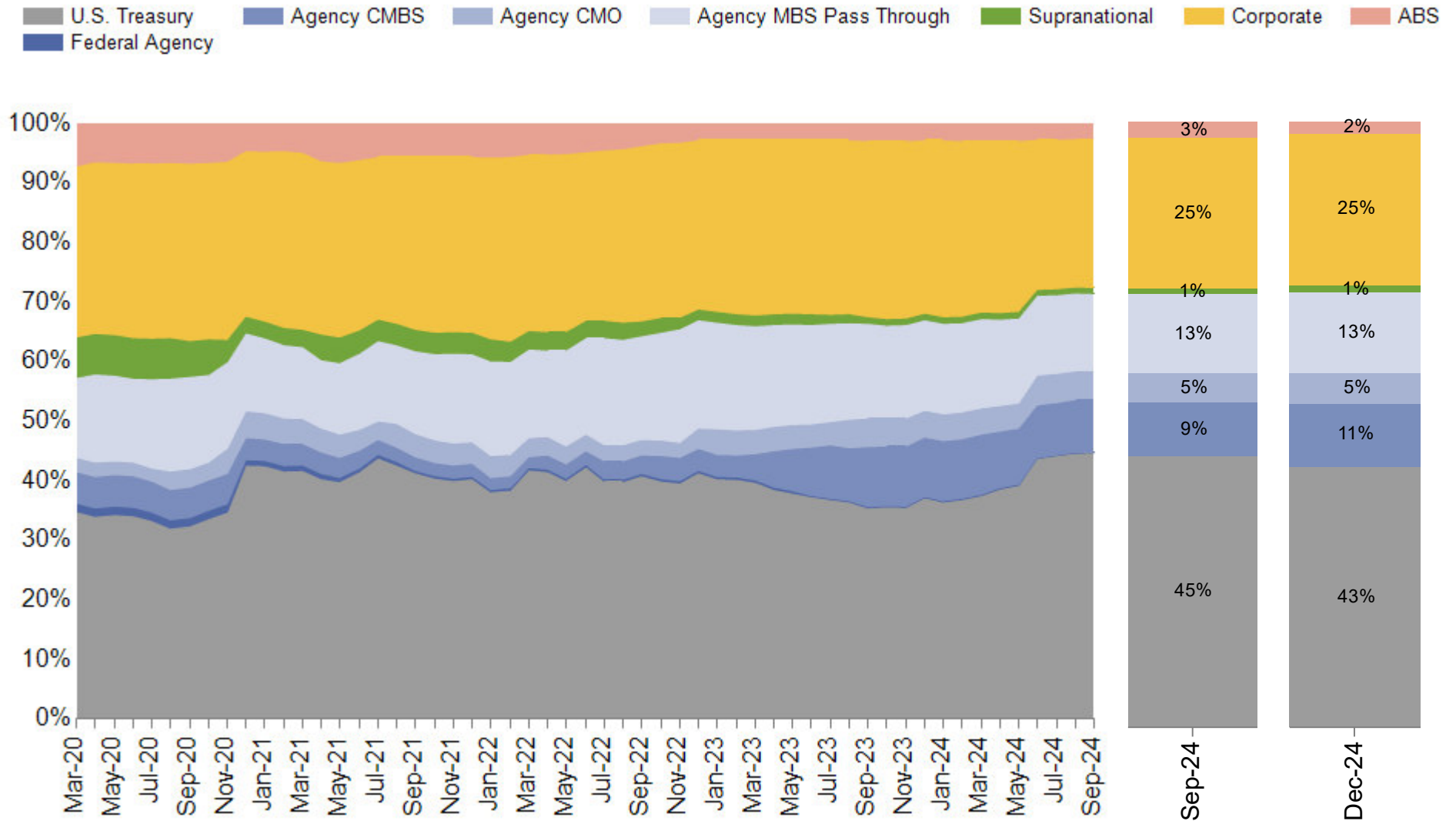
### Sector Allocation Analytics



*For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.*

*\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

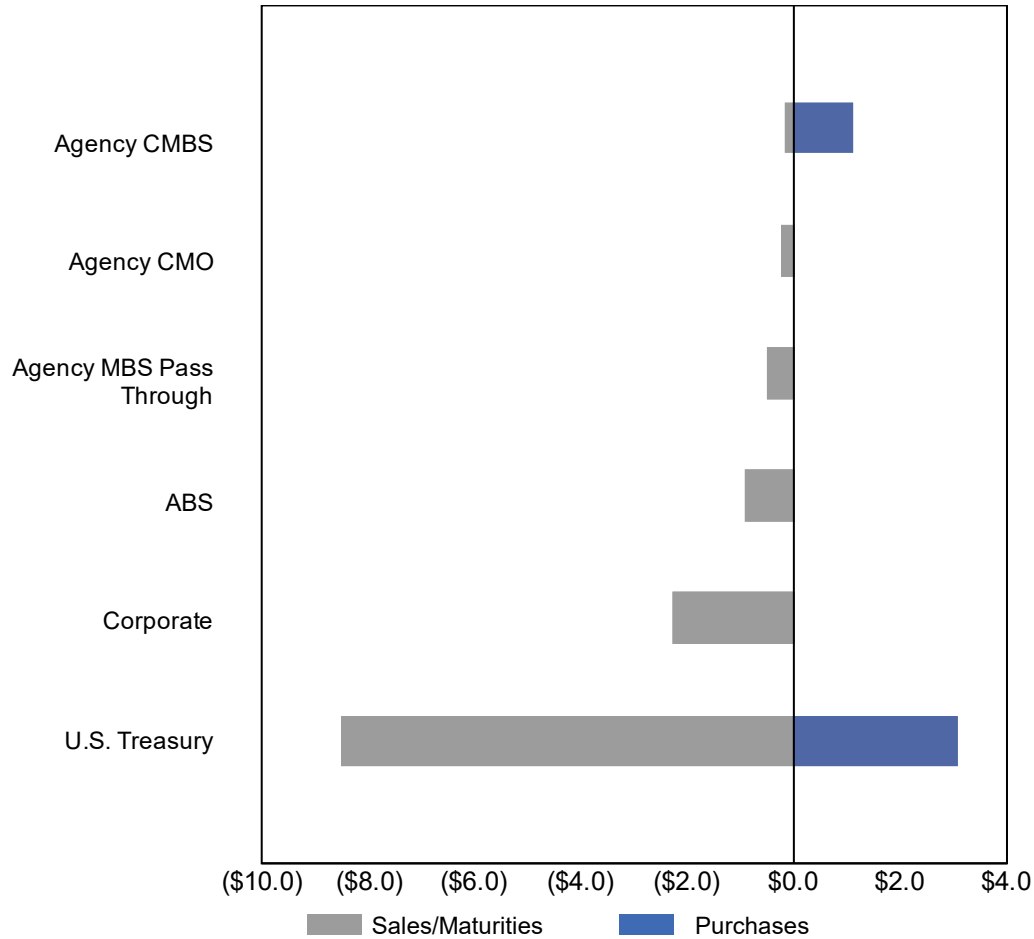
### Historical Sector Allocation - CITY OF NAPERVILLE



Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM.

### Portfolio Activity - CITY OF NAPERVILLE

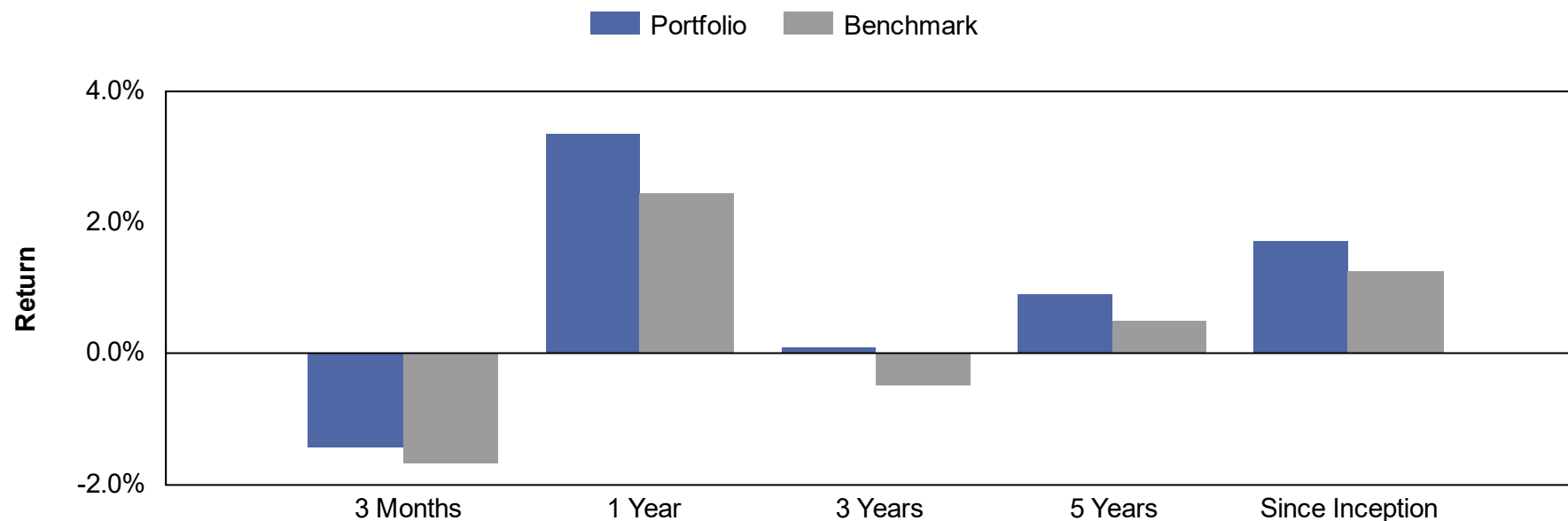
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
Agency CMBS	\$967,253
Agency CMO	(\$224,568)
Agency MBS Pass Through	(\$466,358)
ABS	(\$896,222)
Corporate	(\$2,240,627)
U.S. Treasury	(\$5,417,809)
<b>Total Net Activity</b>	<b>(\$8,278,332)</b>

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$821,342	\$3,067,513	\$7,294,697	\$10,303,503	\$12,747,317
Change in Market Value	(\$2,374,120)	\$539,263	(\$5,926,471)	(\$6,940,360)	(\$5,418,301)
<b>Total Dollar Return</b>	<b>(\$1,552,778)</b>	<b>\$3,606,776</b>	<b>\$1,368,226</b>	<b>\$3,363,143</b>	<b>\$7,329,016</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	-1.43%	3.34%	0.08%	0.92%	1.73%
Benchmark <sup>4</sup>	-1.68%	2.44%	-0.47%	0.49%	1.27%
<b>Difference</b>	<b>0.25%</b>	<b>0.90%</b>	<b>0.55%</b>	<b>0.43%</b>	<b>0.46%</b>

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 December 31, 2016.

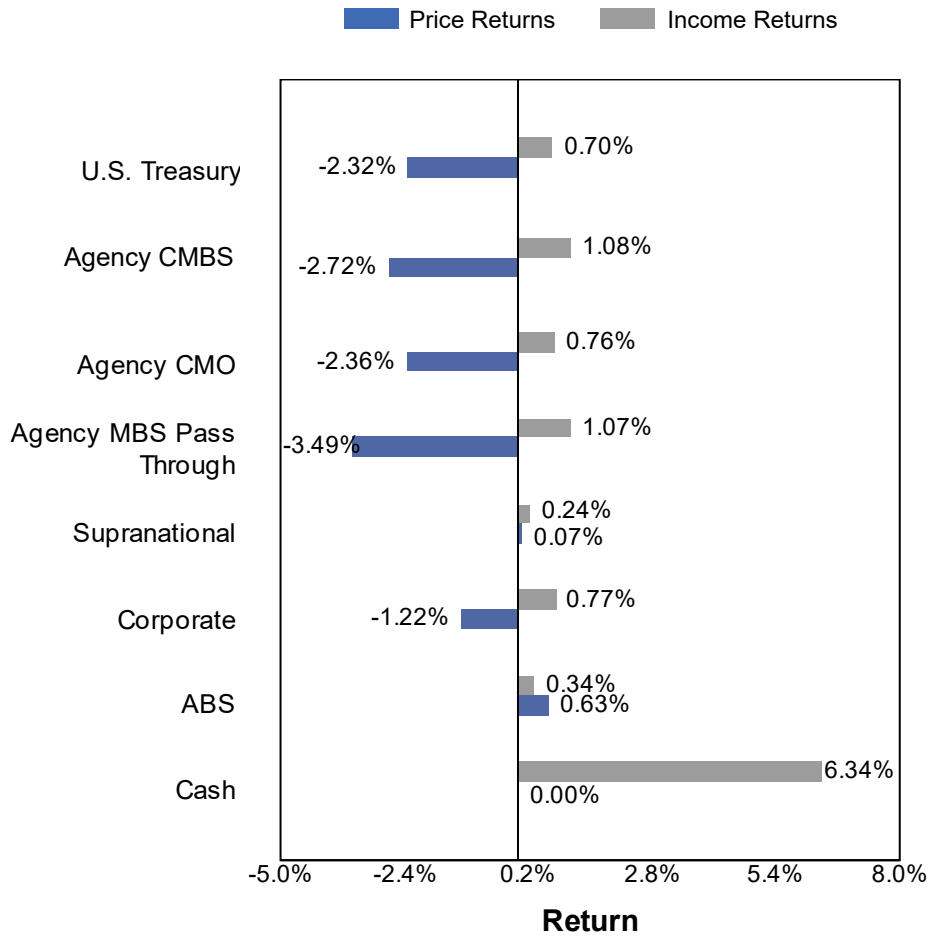
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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.

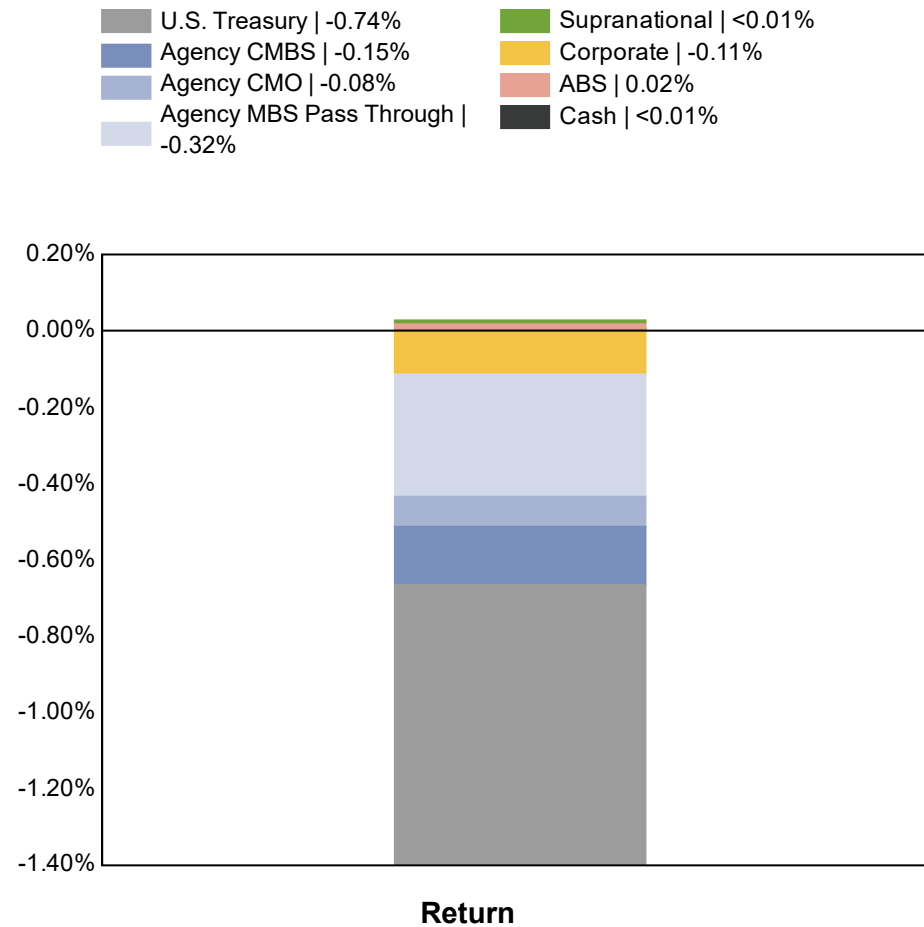
4. The portfolio's benchmark is Bloomberg Barclays Intermediate U.S. Government Index. Source: Bloomberg Financial LP.

### Quarterly Sector Performance

**Total Return by Sector**

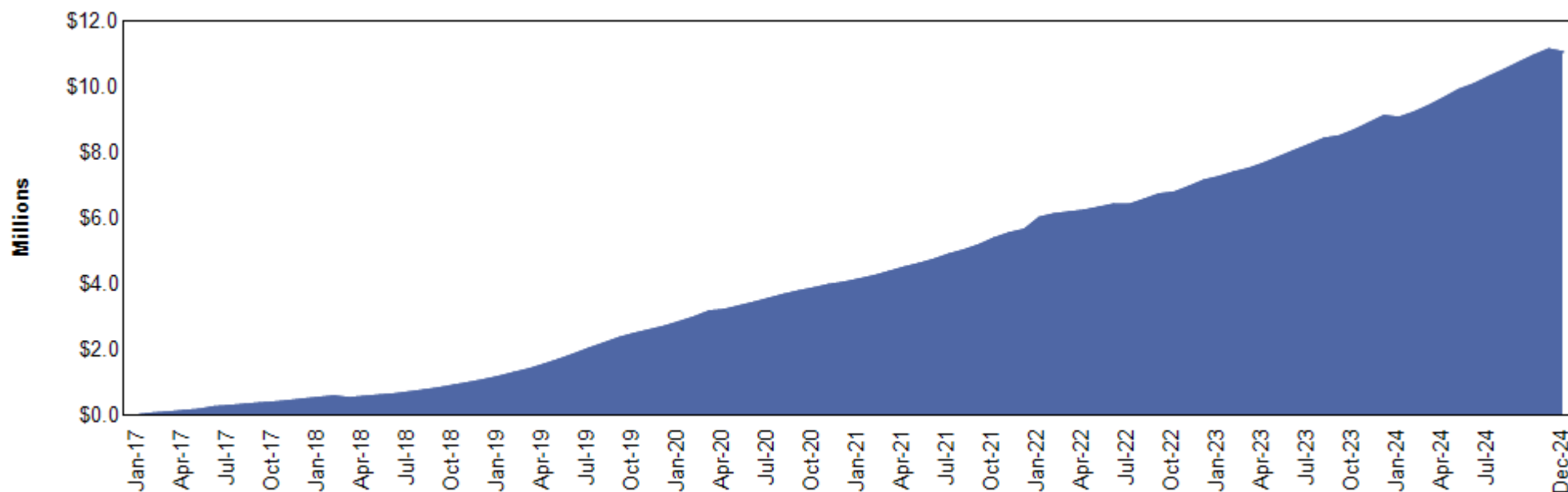


**Contribution to Total Return**



1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Income returns calculated as interest earned on investments during the period.
3. Price returns calculated as the change in market value of each security for the period.
4. Returns are presented on a periodic basis.

## Accrual Basis Earnings - CITY OF NAPERVILLE



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$821,342	\$3,067,513	\$7,294,697	\$10,303,503	\$12,747,317
Realized Gains / (Losses) <sup>3</sup>	(\$540,951)	(\$1,228,415)	(\$2,051,429)	(\$1,725,023)	(\$1,629,136)
Change in Amortized Cost	\$35,615	\$95,463	\$153,003	(\$234,287)	(\$53,153)
<b>Total Earnings</b>	<b>\$316,006</b>	<b>\$1,934,560</b>	<b>\$5,396,271</b>	<b>\$8,344,193</b>	<b>\$11,065,029</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is December 31, 2016.

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

3. Realized gains / (losses) are shown on an amortized cost basis.

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>43.1%</b>	
United States Treasury	43.1%	AA / Aaa / AA
<b>Agency CMBS</b>	<b>10.5%</b>	
Federal Home Loan Mortgage Corp	10.5%	AA / Aaa / AA
<b>Agency CMO</b>	<b>4.9%</b>	
Federal Home Loan Mortgage Corp	1.7%	AA / Aaa / AA
Federal National Mortgage Association	2.3%	AA / Aaa / AA
Government National Mortgage Associatio	0.9%	AA / Aaa / AA
<b>Agency MBS Pass Through</b>	<b>13.4%</b>	
Federal Home Loan Mortgage Corp	3.7%	AA / Aaa / AA
Federal National Mortgage Association	9.6%	AA / Aaa / AA
Government National Mortgage Associatio	0.0%	AA / Aaa / AA
<b>Supranational</b>	<b>1.1%</b>	
Asian Development Bank	0.4%	AAA / Aaa / AAA
Inter-American Development Bank	0.7%	AAA / Aaa / AAA
<b>Corporate</b>	<b>25.2%</b>	
Allstate Corp	0.3%	BBB / A / BBB
American Express Co	0.6%	A / A / A
Amgen Inc	0.5%	BBB / Baa / BBB
ANZ Group Holdings Ltd	0.8%	AA / A / A
AstraZeneca PLC	0.5%	A / A / A
Bank of America Corp	1.5%	A / A / AA
Bank of Montreal	0.7%	A / A / AA
Bank of Nova Scotia	0.7%	A / A / AA
Barclays PLC	0.4%	BBB / Baa / A
Bayerische Motoren Werke AG	0.7%	A / A / NR
BlackRock Inc	0.2%	AA / Aa / NR

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>25.2%</b>	
Bristol-Myers Squibb Co	0.6%	A / A / NR
Capital One Financial Corp	0.4%	BBB / Baa / A
Charles Schwab Corp	0.6%	A / A / A
Citigroup Inc	0.5%	BBB / A / A
Citizens Financial Group Inc	0.6%	BBB / Baa / BBB
Commonwealth Bank of Australia	0.7%	AA / Aa / NR
CVS Health Corp	0.5%	BBB / Baa / BBB
DNB Bank ASA	0.6%	A / A / NR
Elevance Health Inc	0.2%	A / Baa / BBB
Fifth Third Bancorp	0.5%	BBB / Baa / A
General Motors Co	0.3%	BBB / Baa / BBB
Goldman Sachs Group Inc	0.8%	BBB / A / A
HSBC Holdings PLC	0.7%	A / A / A
Huntington Bancshares Inc/OH	0.5%	BBB / Baa / A
Hyundai Motor Co	0.5%	A / A / A
Intel Corp	0.4%	BBB / Baa / BBB
JPMorgan Chase & Co	1.2%	A / A / AA
KeyCorp	0.4%	BBB / Baa / BBB
Lloyds Banking Group PLC	0.3%	BBB / A / A
Macquarie Group Ltd	0.4%	BBB / A / A
McCormick & Co Inc/MD	0.4%	BBB / Baa / NR
Mitsubishi UFJ Financial Group Inc	0.7%	A / A / A
Morgan Stanley	0.7%	A / A / A
National Australia Bank Ltd	0.8%	AA / A / NR
National Rural Utilities Cooperative Fi	0.2%	A / A / A
Nordea Bank Abp	0.7%	A / A / AA

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.



## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>25.2%</b>	
Principal Financial Group Inc	0.3%	A / Baa / A
Societe Generale SA	0.4%	BBB / Baa / A
Sumitomo Mitsui Financial Group Inc	0.7%	A / A / NR
Truist Financial Corp	0.7%	A / Baa / A
US Bancorp	0.5%	A / A / A
Verizon Communications Inc	0.3%	BBB / Baa / A
Volkswagen AG	0.4%	BBB / A / A
Wells Fargo & Co	0.8%	BBB / A / A
<b>ABS</b>	<b>1.9%</b>	
Capital One Financial Corp	1.0%	AAA / NR / AAA
CarMax Inc	0.7%	AAA / NR / AAA
World Omni Auto Trust	0.3%	AAA / NR / AAA
<b>Total</b>	<b>100.0%</b>	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- ICE Bank of America Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

MESIROW STRATEGIC FIXED INCOME

# City of Naperville

4<sup>th</sup> Quarter 2024

**David Nirtaut**  
Senior Managing Director,  
Chief Investment Officer,  
Portfolio Manager

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# Contents

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1. Portfolio Performance
2. Fixed Income Market Overview
3. Macroeconomic Overview
4. Portfolio Characteristics
5. Inventories

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# Portfolio Performance



# Portfolio Review<sup>1</sup>

## City of Naperville

### Change in portfolio (\$)

Portfolio value on 9.30.24	90,506,780.59
Accrued interest	582,768.78
Net additions/withdrawals	-9,002,788.65
Gains/losses	-1,840,797.16
Income received	404,151.12
Change in accrued interest	36,809.93
Portfolio value on 12.31.24	80,067,345.90
Accrued interest	619,578.71
<b>Total</b>	<b>80,686,924.61</b>

### Portfolio composition

	Market value (\$)	Assets (%)
Fixed Income	78,703,736.16	97.5
Cash & Equivalents	1,983,188.45	2.5
<b>Total</b>	<b>80,686,924.61</b>	<b>100.0</b>

### Performance

Total Return (%)	MTD	QTD	ITD 01/02/24
<b>Portfolio Gross</b>	<b>-0.61</b>	<b>-1.53</b>	<b>3.32</b>
Bloomberg Inter U.S. Govt/Credit TR	-0.62	-1.60	3.00
Difference (basis points)	+1	+7	+32

1. Past performance is not necessarily indicative of future results. Account performance returns are gross of fees. All returns over 1-year periods are annualized.

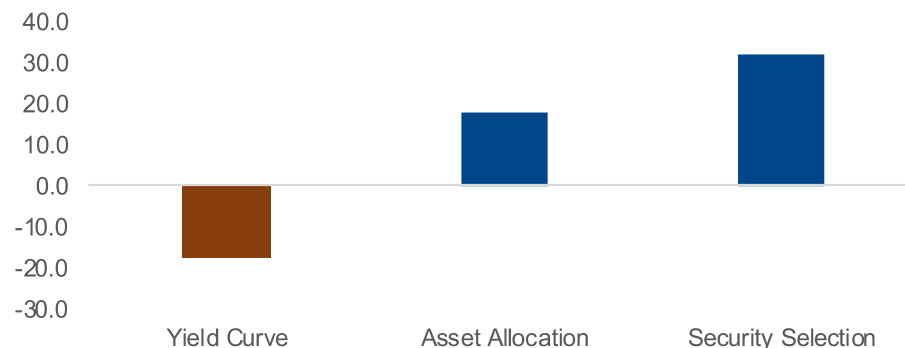
# Portfolio Attribution

Period: 12/29/2023 to 12/31/2024

## City of Naperville

### Outperformance (Total)

Portfolio Return (bps)	332.1
Benchmark Return (bps)	300.0
<b>Outperformance (bps)</b>	<b>32.1</b>



### Outperformance Details

<b>Yield Curve</b>	<b>-17.5</b>
Duration	5.9
Curve	-23.0
Carry	-0.5
<b>Asset Allocation</b>	<b>17.8</b>
<b>Security Selection</b>	<b>31.8</b>

### Best/Worst Instrument by Security Selection Contribution

Instrument	Bucket	% MV	Outperf
HOWMET AEROSPACE INC 3 01/15/29	Industrial	0.55	1.27
KANSAS ST DEPT OF TRANSPRTN HI 4.596 09/01/35	Local Authority	0.28	1.24
US TREASURY 3 ½ 02/15/33	Treasury	1.01	1.20
BANK OF AMERICA CORP 5.288 04/25/34	Financial Institutions	0.52	1.13
GENUINE PARTS CO 1 ⅞ 11/01/30	Industrial	0.36	1.12
US TREASURY 4 ⅞ 11/30/31	Treasury	0.58	-0.65
WELLS FARGO BANK Float 08/07/26	Financial Institutions	0.88	-0.99
MORGAN STANLEY BANK Float 07/16/25	Financial Institutions	0.50	-1.02
AMERICAN EXPRESS CO 3.95 08/01/25	Financial Institutions	0.69	-1.56
CAMDEN PROPERTY TRUST 4.9 01/15/34	Financial Institutions	0.34	-1.64

Past performance is not necessarily indicative of future results. Account performance returns are gross of fees. All returns over 1-year periods are annualized.

# Index Summary

	4Q2024 total return	4Q2024 excess return*	Year-to-date total return	Year-to-date excess return*
<b>Bloomberg Aggregate Index</b>	<b>-3.06</b>	<b>0.18</b>	<b>1.25</b>	<b>0.78</b>
<b>Bloomberg Government/Credit Index</b>	<b>-3.08</b>	<b>0.28</b>	<b>1.18</b>	<b>0.88</b>
<b>Bloomberg Intermediate Government/Credit Index</b>	<b>-1.60</b>	<b>0.18</b>	<b>3.00</b>	<b>0.66</b>
<b>Bloomberg Treasury Index</b>	-3.14	0.00	0.58	0.00
<b>Bloomberg Agency Index</b>	-1.06	0.09	3.16	0.38
<b>Bloomberg Mortgage-Backed Securities Index</b>	-3.16	-0.13	1.20	0.37
<b>Bloomberg Credit Index</b>	-3.04	0.72	2.03	2.23
<b>Bloomberg Intermediate Credit Index</b>	-1.46	0.51	4.01	1.84
<b>Bloomberg Corporate Index</b>	-3.04	0.82	2.13	2.46
<b>Bloomberg Asset-Backed Securities Index</b>	-0.05	0.61	5.02	1.53
<b>Bloomberg CMBS (Commercial Mortgage-Backed Securities) Index</b>	-1.48	0.66	4.68	2.80
<b>Bloomberg High Yield Index</b>	0.17	1.17	8.19	5.02

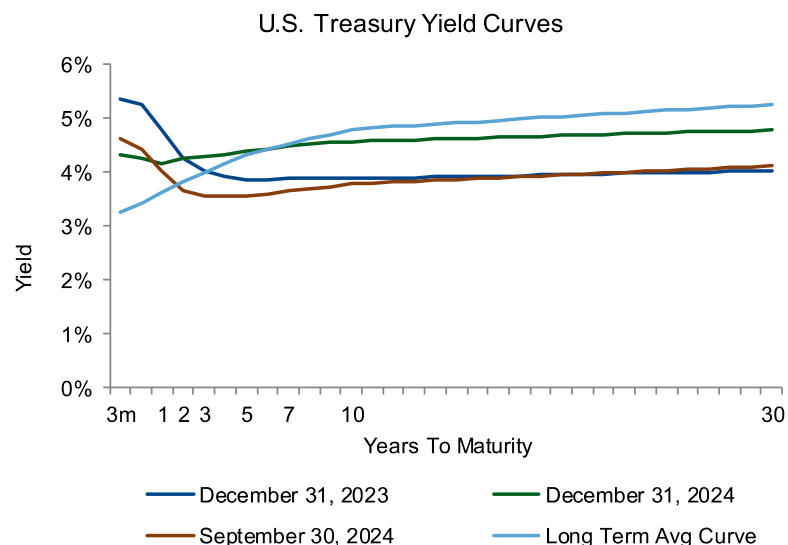
\* Excess return is the difference of the Total Return versus equal duration U.S. Treasuries.  
Source: Bloomberg. Please see the disclosures at the end for index descriptions.

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# Fixed Income Market Overview

# Fixed Income Market Review: U.S. Treasury

- Interest rates increased during the fourth quarter, led by the intermediate maturities as the markets began pricing a less aggressive easing cycle. The Federal Reserve met twice during the quarter, lowering the official rate by 25 basis points at each meeting. Chairman Powell signaled that risks to the market were balanced between inflation and labor markets allowing the FOMC to slow down the easing cycle. Post-election estimates of future growth, inflation and fiscal policy allowed for higher rates and better risk markets although better 4<sup>th</sup> quarter economic data also added fuel to the fire.
- Inflation data did continue the downward trajectory, although at a slower pace. The last few innings of the path to the Fed's 2% target will be more challenging, as certain CPI components remain sticky, aside from any impacts from 2025 fiscal policy. Consumer spending and growth continued to impress, outside of housing which remains mired in a standoff. Overseas, a sharp slowdown in China continued to weigh on global growth and inflation, leaving the U.S. as the lone leader. The summer slowdown in the labor market, which led the FOMC to cut by a non-consensus 50 basis points in September, bounced back quite impressively. Non-Farm payrolls, which averaged 159k per month in the 3<sup>rd</sup> quarter, increased to 170k in the fourth quarter. Rates increased, led by intermediates, with the 2-year yield up 60 basis points to 4.24%, and the 10-year up 79 bps to 4.57% and 30-year yields up 66 bps to 4.78%.
- Interest rates were driven mostly by an increase in real yields on fewer expected FOMC cuts. Inflation expectations based on TIPS break-evens also increased, as did the term premium in longer rates. Expectations for terminal Fed Funds were around 3% for the end of 2025 at the end of the 3<sup>rd</sup> quarter however this estimate moved to 4% by the end of the year. 2-5yr inflation expectations increased by 25-30 basis points while uncertainty around everything (including fiscal policy) caused the term premium to increase by 50 basis points.
- The market will continue to wrestle with where the appropriate "neutral policy" rates are, after raising rates to 5.375% in the summer of 2023 and cutting to 4.375% currently. Aside from the current economic and policy trajectory, the effects of the new administration's policies on growth and inflation will depend on the ordering of these priorities and the narrow margin in the U.S. House of Representatives.



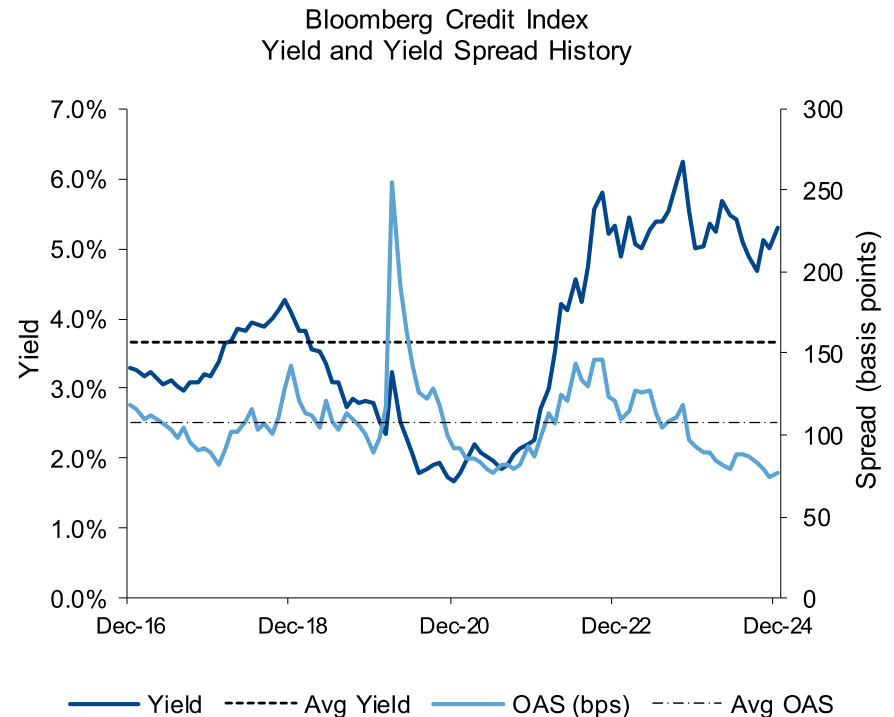
	12/31/2023 (%)	09/30/2024 (%)	12/31/2024 (%)	Change From 09/30/2024 - 12/31/2024
<b>3-month</b>	5.34	4.63	4.32	-31 bps
<b>2-year</b>	4.25	3.64	4.24	60 bps
<b>5-year</b>	3.85	3.56	4.38	82 bps
<b>10-year</b>	3.88	3.78	4.57	79 bps
<b>30-year</b>	4.03	4.12	4.78	66 bps

Source: Bloomberg

The information contained above has been obtained from sources deemed reliable but may not be complete, and its accuracy cannot be guaranteed. Said information may change without notice.

# Fixed Income Market Review: Investment Grade Corporate Bonds

- Credit spreads were mostly rangebound during the fourth quarter starting at a high of +84 as of September 30. The Index OAS closed at +77 and saw tightts at +71. All of these levels are meaningfully below historic averages.
- Overall yields remain relatively attractive with the yield on the Bloomberg Credit Index at 5.29% at the end of the year, levels last seen at the end of 2009. This continues to provide a positive technical backdrop for corporate bonds with strong demand from pension funds and insurance companies, especially for longer-maturity bonds.
- Over the 2016-2024 period shown in the graph, even after the August volatility, spreads are well inside of the historic average and are near the tightest levels reached in June 2021 (+80). Yields (dark blue line) remain at levels well above the recent historic average.
- During the fourth quarter of 2024, the best-performing industries were Supermarkets (+223), Cable/Satellite (+211), and Media Entertainment (+193), which were all industry groups with meaningful idiosyncratic events. The worst-performing were Supranationals (-7) and Health Insurance (-4).
- For the year to date, the best-performing industries were Tobacco (+464), Life Insurance (+419), and Airlines (+403). The worst-performing industries were Supranationals (+19), Health Insurance (+52), and Construction Machinery (+57).
- Within the Investment grade index, lower quality credit lead excess returns for the year with BBB rated securities earning +298 bps of excess return versus +195 for A rated and +89 for Aa.



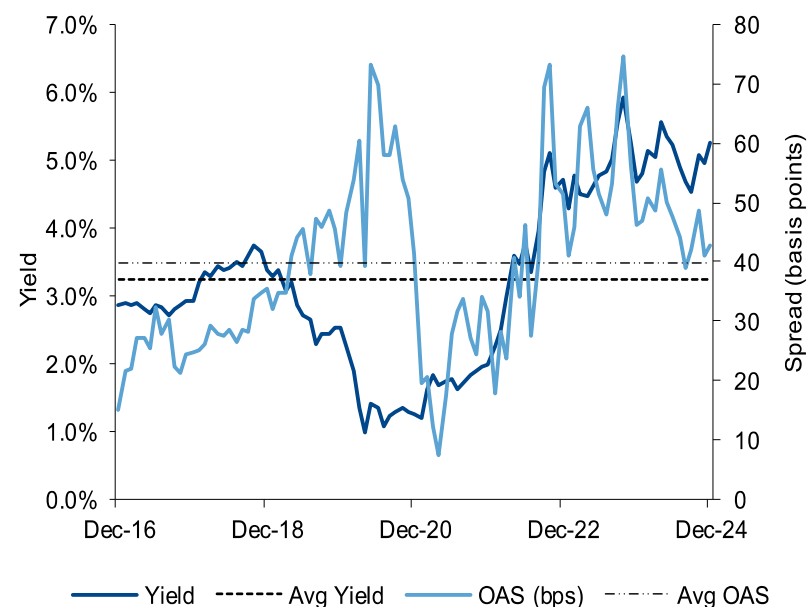
Source: Bloomberg

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# Fixed Income Market Review: Mortgage-Backed Securities

- The MBS component of the Bloomberg US Aggregate Index slumped in the 4<sup>th</sup> quarter of 2024 with an excess return of -13 basis points. In spite of the weak quarter, the MBS Index finished the year with an excess return of +37 basis points. The option-adjusted spread for mortgages increased by a basis point to 43 in the fourth quarter but declined by 3 basis points for the year. The yield to maturity, average price, and average coupon of the index were impacted by the change in the level of interest rates for longer dated Treasury securities. The MBS Index yield rose (+60 basis points), the price declined (\$92 to \$88), and the composition of the index continued to change with newly issued mortgages carrying substantially higher interest rates. At year end, single family 30-year fixed rate mortgages were offered at approximately 7%. The average coupon of the index finished the year at 3.32%, up 26 basis points for the year.
- Within the index, 30-year MBS outperformed 15-year maturities as a result of the flattening of the yield curve and decline in rate volatility. GNMA's modestly outperformed Conventional mortgages, and in the 30-year bucket, higher coupons outperformed lower coupons because of their generally lower durations coupled with rising interest rates.
- The most significant factor driving MBS performance, and perhaps the most unexpected turn of events, was the substantial rise of interest rates in longer maturity Treasury rates, after the Federal initiated the long-anticipated decline in policy rates. The first rate cut of 50 basis points on September 17<sup>th</sup> was followed by 2 subsequent 25 basis point cuts in November and December. Between the first cut and year end, the yield on the 10-year Treasury increased by approximately 80 basis points. The curve steepening that resulted mitigated a great deal of the negative impact of higher rates for MBS.
- The supply of newly issued mortgages remains well below historical averages, with refinancings non-existent and purchase activity slow.
- Demand remains steady; however, money managers are currently overweight the MBS sector and bank demand, the biggest owner of MBS, increasing only slightly.
- MBS relative value appears fair for current market conditions. Investors are somewhat cautious, uncertain of policy decisions of the new administration and the possible implications for interest rates.

Bloomberg 30-Year Mortgage-Backed Index  
Yield and Yield Spread History



Source: Bloomberg

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# Macroeconomic Overview



# Macro indicators | Top-down

Review of the broader macro environment helps inform and guide sector rotation and bottom-up security selection.

- Each category is scored on a monthly basis indicating the overall risk each macro indicator could have on markets
- A -3 to +3 range is utilized, with and -3 being the most bearish (negative) and +3 being the most bullish (positive)

## Topics

**Valuations** | Historical and current spreads

**Rates / duration** | Global yields

**Macroeconomics** | Economic growth outlook








**Monetary policy** | Global central banks

**Geopolitics** | Identify global risks

**Fundamentals** | Corporate leverage and outlooks

**Technicals** | Demand factors

## Scoring

Description	Jan 2025	Bearish -3	0	Bullish +3
Valuations	-2			
Rates / duration	0			
Macroeconomics	0			
Monetary policy	-1			
Geopolitics	-1			
Fundamentals	0			
Technicals	+1			

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# Asset class scoring and portfolio impact

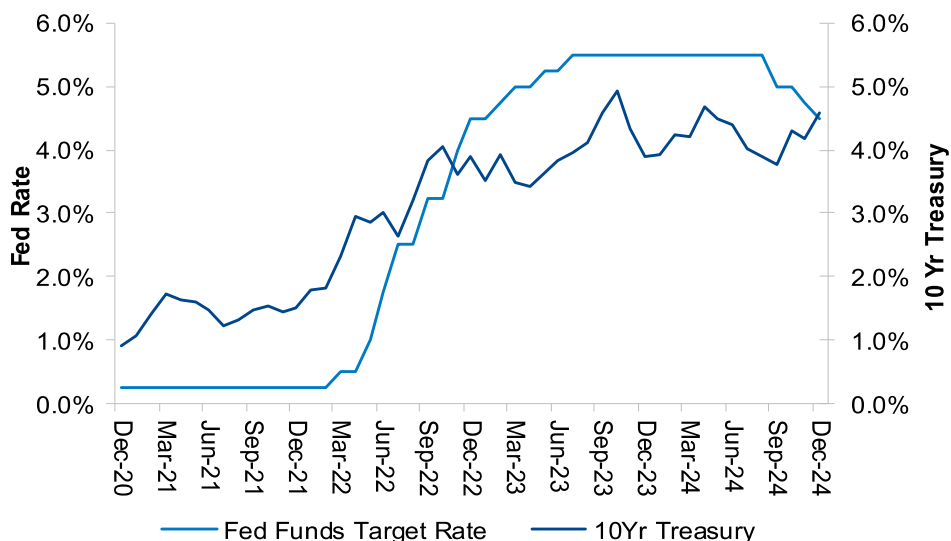
	Rates / Duration	Agency / Supras	Municipals	Corporates	MBS	ABS	CMBS	High Yield
<b>Asset Class View</b>								
	←—————→							
	Bearish -3							Bullish +3
<b>POLICY RANKINGS</b> Jan 2025	● 0	● 0	● -1	● 0	● 1	● 1	● 0	● -1

**Investment Strategy | Portfolio Impact**

Sector	Monthly Impact	Overall Position: OW/N/UW	Comments
Rates / Duration	▬	OW	Duration neutral to benchmark and curve as the FOMC remains heavily data dependent to determine the ultimate terminal rate; market has repriced to only 1 or 2 cuts in 2025; we view risk for a higher terminal rate than expected and a bearish lean on yields
Agency / Supranationals	▬	UW	Valuations remain rich however we would look to add on widening or primary issuance at a concession; minimal change, if any
Municipals	▬	OW	Spreads have moved back near the tights; little portfolio impact near term given valuations are full however we remain OW as we favor the higher quality/safe haven nature of the asset class
MBS	▲	N	Remain neutral agency mortgages given the mixed negative technical backdrop; rates appear to be range bound near term which should benefit mortgage spreads; affordability remains challenged and a higher rate environment should keep supply low
ABS	▲	OW	US consumer remains in decent shape and we remain OW given high quality nature of AAA ABS; opportunistically add here via new issue if there is any concession
CMBS	▬	UW	Remain UW with continued headline risk and uncertainty around refinancing risk in many commercial real estate sectors; higher rates are negative for cap rates and real estate valuations near term; prefer the quality of REIT assets over CMBS
Corporates	▬	OW	Remain OW but will continue to move positioning around reducing positions that have reached valuation targets and/or could have event risk; idiosyncratic risks are likely to be elevated given looming policy changes

# Macroeconomic Review

**Fed Funds Target Rate vs. Ten-Year Treasury**



Source: Bloomberg

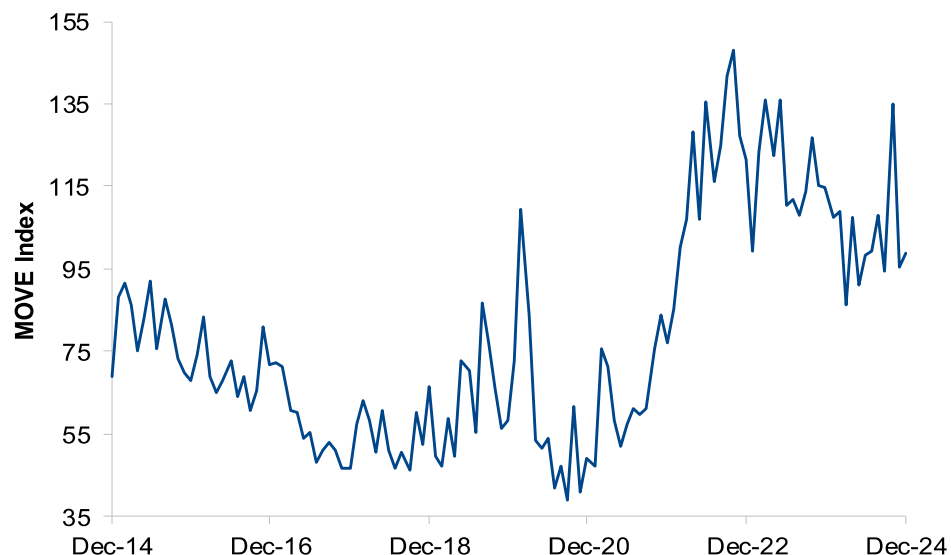
Following its 50 basis point rate cut in September, the FOMC reduced the Fed Funds rate twice during the fourth quarter, cutting rates by 25 basis points at each of its meetings on November 7 and December 18. Following the December action, Fed commentary has been focused on a slower pace of rate cuts in 2025.

Following cues from Chair Powell and other Fed speakers, the market reduced its expectations for additional rate cuts in 2025 and is currently only pricing one additional rate cut for the full year.

Consistent with this view, UST yields rose in December with the 10-year yield closing 2024 at 4.57%, the highest since May 2024. Yields continued to rise in the beginning of 2025.

The information contained above has been obtained from sources deemed reliable but may not be complete, and its accuracy cannot be guaranteed. Said information may change without notice.

**MOVE Volatility Index**



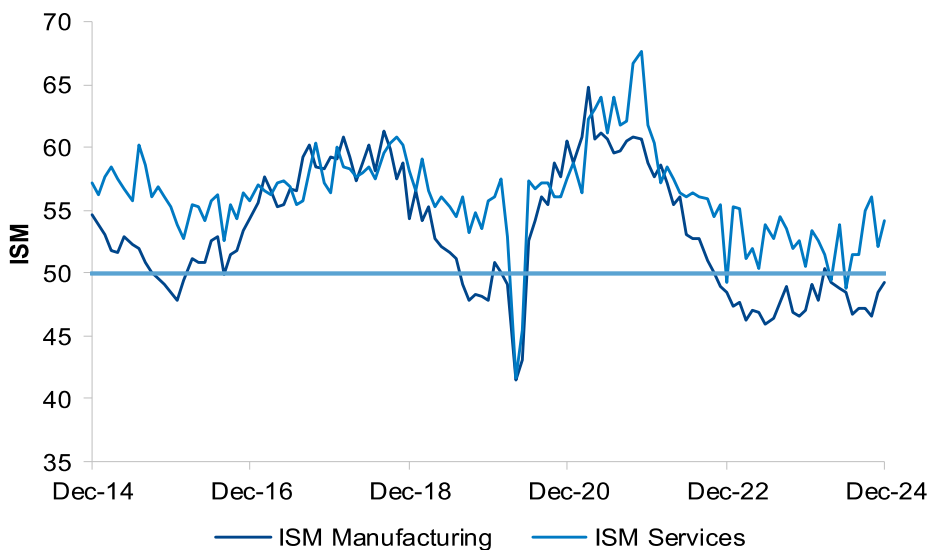
Source: Bloomberg

As shown on the graph above, as the FOMC continued its rate hiking campaign, market volatility continued to increase until peaking in March 2023. Since then, volatility steadily declined as the Fed paused its rate hikes and started cutting rates in the second half of 2024.

Even after rate cuts, market volatility remains somewhat elevated as the market continues to balance the possibility of recession versus continued growth and a pause in further rate cuts. We expect volatility to remain elevated given the change in U.S. fiscal policy expected with the new administration as well as ongoing geopolitical uncertainty.

# Macroeconomic Review

ISM Manufacturing & Services



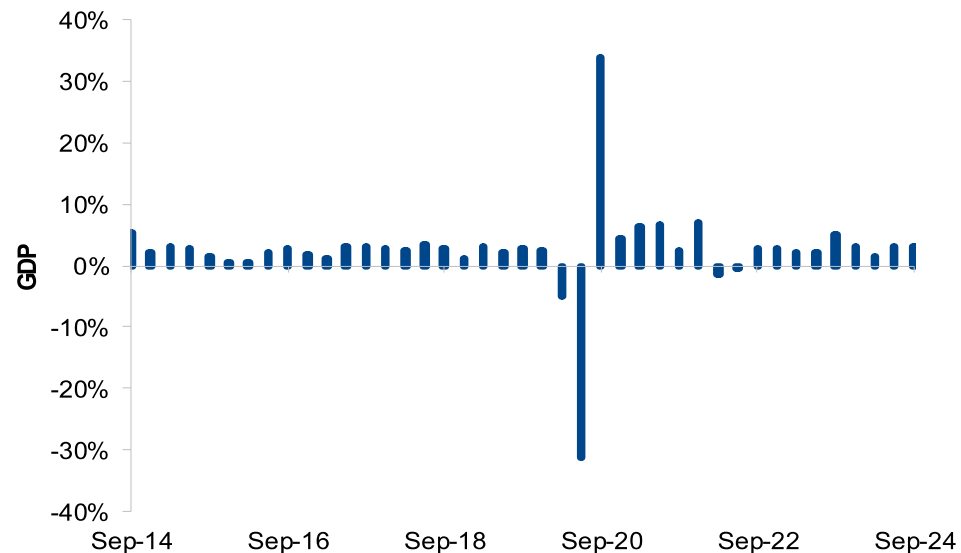
Source: Institute for Supply Management

The ISM data continues to show relative strength in the Services sector with relative weakness in manufacturing. Generally, a reading of 50.0 is neutral with higher readings indicating strength and readings below 50.0 indicating weakness.

Throughout 2024, the ISM Services Index showed a weakening trend and dipped below 50.0 in April and again in June, before rebounding to 54.9 at its last reading.

The ISM Manufacturing Index, has been below 50.0 throughout 2023 and for most of 2024. After some weakness in the 3<sup>rd</sup> quarter, the index improved in December to near neutral at 49.3.

Chain Weighted (Real) GDP<sup>1</sup>



Source: Bureau of Economic Analysis/Bloomberg

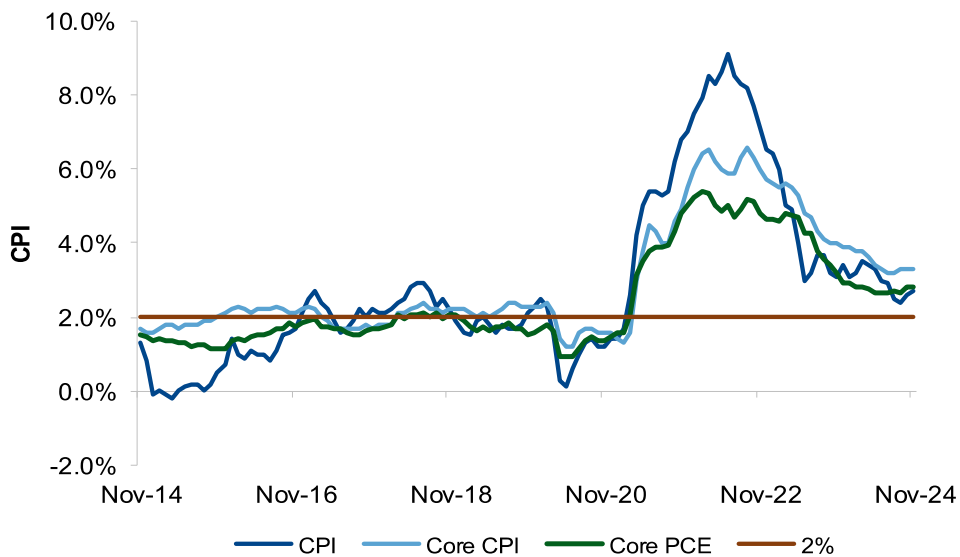
Since the first half of 2022, GDP has been positive for nine consecutive quarters, with third-quarter 2024 GDP reported at 2.7%.

The fourth-quarter advance GDP report is on January 31. GDPNow live estimates from the Atlanta Federal Reserve are currently indicating 2.726% growth in the fourth quarter, in line with recent estimates.

1. Updated quarterly. The information contained above has been obtained from sources deemed reliable but may not be complete, and its accuracy cannot be guaranteed. Said information may change without notice.

# Macroeconomic Review

**Inflation Indicators**



Source: Bureau of Labor Statistics

Inflation continued to moderate in 2024 but remained above FOMC targets. The last reports showed CPI at 2.7% for November, with Core CPI (ex food and energy) at 3.3%. Core Services, led by Shelter remain the stickiest components with Core Goods around -0.15% for the past year. The Fed's favored Core PCE Inflation (green line) rose modestly during the fourth quarter, with its last reading at 2.82% in November.

While moderation in these indexes is beneficial, all three measures remain above the Fed's stated inflation target of 2.0%, with estimates of reaching their target sometime in 2025.

**Per Barrel Price of Oil**



Source: Bloomberg

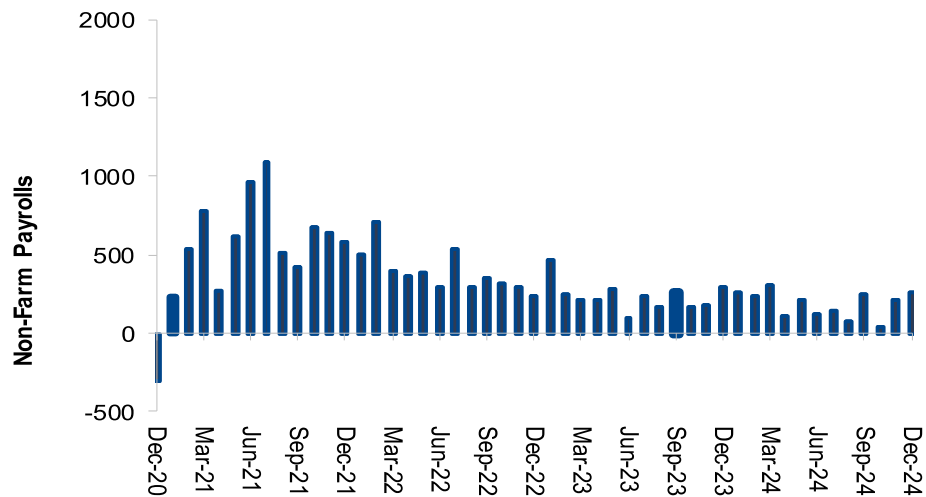
Driven by weak economic data and deflationary fears in China, oil prices declined during the third quarter before rising slightly in the fourth quarter. Oil prices are lower for the year to date.

After rising steadily in the first quarter of 2024, oil prices reached a high for the year to date at \$91.17 on April 5, before retreating through May. Brent crude rallied in June before retreating again into September, reaching lows at \$69.19 on September 10, before closing the year at \$74.64..

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# Macroeconomic Review

Monthly Non-Farm Payrolls (thousands)

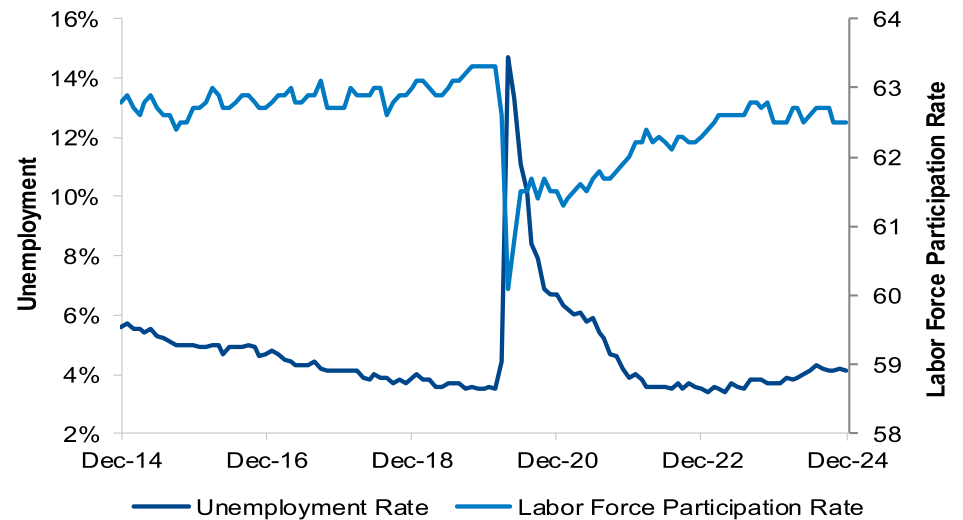


Source: Bureau of Labor Statistics

The labor market continued to show relative strength throughout 2024, albeit with some slower months (August and October). The biggest change for the year to date was in March which showed growth of 310k nonfarm payrolls. After modest growth during the summer months, September and December both showed job gains in excess of 250k. Job gains in December were led by strength in Retail Trade (43k), Health Care (70k), and (Leisure) Accommodation and Food Service (36k).

The recent strength in the job market reduces the likelihood of additional near-term rate cuts as the Fed continues its dual mandate focus on “supporting maximum employment and returning inflation to its 2 percent objective.”

Unemployment and Participation Rate



Source: Bureau of Labor Statistics

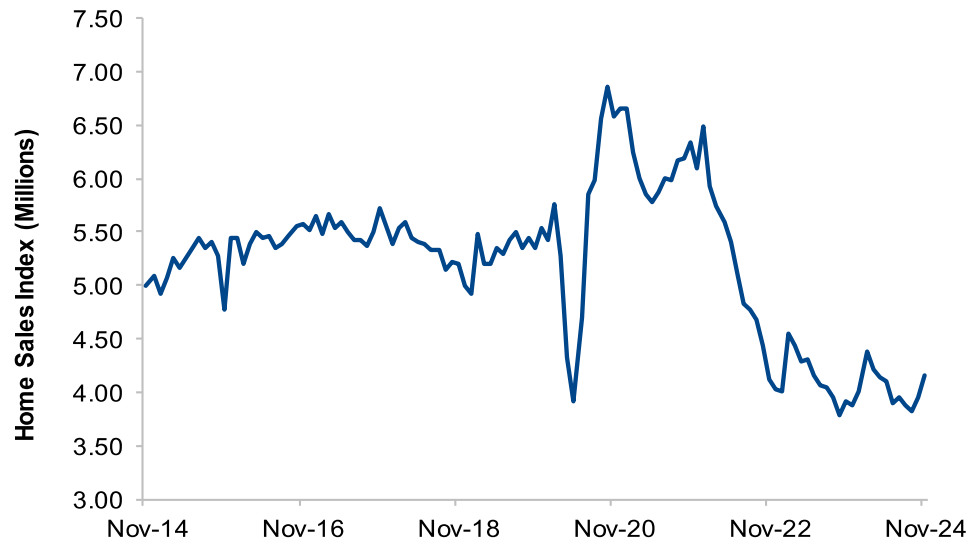
During the year, the unemployment rate increased to 4.2% in November but moderated slightly to 4.1% in December. These levels are notably higher than the low of 3.7% in January. Most of the increase in unemployment came from labor supply, rather than layoffs, at least for now. Indeed, the rise in unemployment of 40 basis points off the 1-year low has triggered recession warnings by some economists. We will need to see much more layoffs than we are currently seeing for this to play out.

Since the beginning of 2024, the Labor Force Participation Rate increased modestly from 62.3% to 62.7% in September, before closing the year at 62.5%. Since hitting a multi-decade low of 61.5% in 2020, the participation rate increased steadily but remains below its pre-Covid levels (63.3%). Leading up to the pandemic, participation rates declined steadily since 2000, when rates peaked at 67.3%.

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# Macroeconomic Review

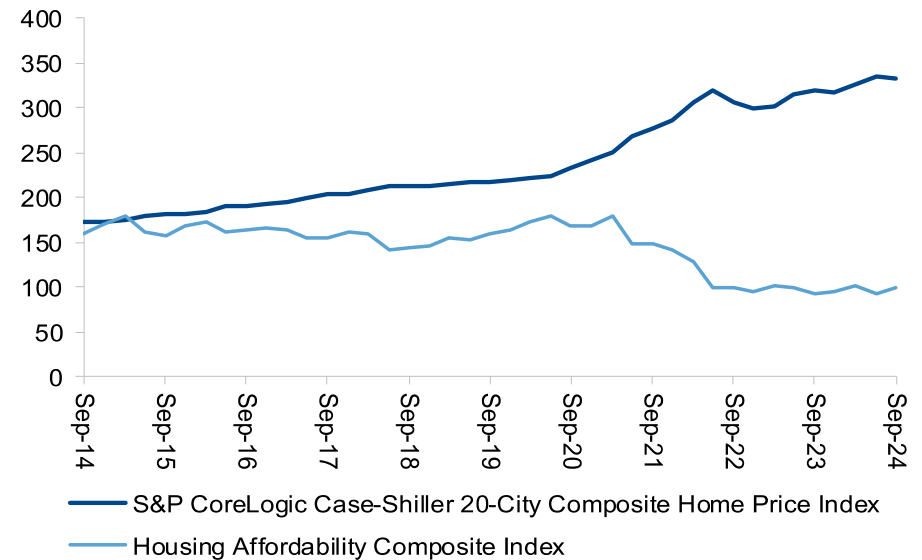
**Monthly Existing Home Sales Index**



Source: Bloomberg

After closing 2023 at lows, existing home sales increased during the first quarter of 2024 before moderating in subsequent months through September. Home Sales increased modestly during the fourth quarter, with its last reading at 4.15 million in November. The volatility in home sales reflects rising interest rates, rising home prices and a general lack of supply driven by the large percentage of homeowners locked in favorable rates. Interest rates declined since the end of April into September, led by the front-end repricing of monetary policy. During the fourth quarter, however, interest rates rose in anticipation of the U.S. Elections and uncertainty of future Fed rate cuts. Existing Home Sales (4.15mm units) remain well below peak levels reached during the pandemic (6.6mm units) and have only been lower during the Great Financial Crisis.

**Home Prices and Affordability**



Source: Bloomberg

Since hitting a peak in June 2022, home prices moderated into 2023 but have risen steadily since then. For the year to date, price changes peaked in March (+7.48%) and have moderated slightly to +4.22% in November.

During 2024, the average 30-year mortgage rate peaked in April at 7.56% before beginning a steady decline to a low at 6.58% on September 17, the day before the FOMC reduced the Fed Funds rate. Since then, mortgage rates increased to 7.28% at year-end 2024.

Housing Affordability continues to be near historic low levels, reflecting the combined effects of higher house prices with relatively high financing costs and median income levels not keeping pace.

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# Macroeconomic Review

**Consumer Confidence Index**



Source: University of Michigan Survey Research

Consumer Confidence started 2024 with relative strength and hit its high for the year in March (79.4) before declining in the second quarter. Since then, it has generally improved, with its most recent reading at 74.0 in December and 73.2 in January 2025.

**Personal Consumption**



Source: Bureau of Economic Analysis/Bloomberg

While continuing to moderate from early 2022 highs, Personal Consumption Expenditures remain at relatively robust levels on an historic basis. Consumption growth is still notably higher than pre-pandemic levels.

We expect continued moderation as higher borrowing costs and tighter lending standards, along with a lower savings rate to pressure consumer spending growth as we look towards 2025.

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# Portfolio Characteristics

# Portfolio Characteristics

City of Naperville as of December 31, 2024

## Bloomberg Inter U.S. Govt/Credit Index

Issuance Sector	Contribution to Duration		Market Value		Quality Distribution	Portfolio [%]	Benchmark [%]
	Portfolio [%]	Benchmark [%]	Portfolio [%]	Benchmark [%]			
Treasury	43.0	62.0	44.7	64.2	Cash	2.5	0.0
Government-Related	1.5	5.8	1.3	6.2	AAA	9.8	3.0
Corporate	44.0	32.2	37.6	29.6	AA	53.1	68.3
MBS Passthrough	4.1	0.0	4.8	0.0	A	20.7	13.7
ABS	7.2	0.0	8.6	0.0	BBB	13.9	15.0
CMBS	0.3	0.0	0.6	0.0	BB	0.0	0.0
Tax Exempt Municipal	0.0	0.0	0.0	0.0	B	0.0	0.0
Other	0.0	0.0	2.5	0.0	Below B	0.0	0.0

	Portfolio	Benchmark	Maturity Distribution	Portfolio [%]	Benchmark [%]
Yield to Maturity (%)	4.72	4.61	Less than 1 year	5.2	0.0
Average Quality	AA	AA	1-5 years	61.0	66.5
Duration (years)	3.72	3.66	5-10 years	33.6	32.5
Maturity (years)	4.48	4.31	Greater than 10 years	0.2	0.9

1. Other consists of Cash and Money Market. Government-Related consist of Agencies, Taxable Municipals, Sovereigns, Foreign Agency, Supranational & Other Govt. 2. Split rated securities may be categorized differently in the portfolio versus the benchmark due to client specific guidelines. Cash includes Money Market. Past performance is not necessarily indicative of future results.

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# Inventories

## Purchases and Sales

For: City of Naperville From: 10/1/2024 To: 12/31/2024 Date Type: Trade/Ex Date Report Basis: Closed Period Investments

Activity	Trade Date	Settle Date	Quantity	Security	CUSIP	Unit Price	Accrued Interest	Net Amount
Buy	10/01/2024	10/04/2024	295,000.00	ACCENTURE CAPITAL INC 4.05 10/04/2029	00440KAB9	99.8250	0.00	-294,483.75
	10/02/2024	10/03/2024	140,000.00	US TREASURY N/B 3.5 09/30/2026	91282CLP4	99.7461	-40.38	-139,684.91
	10/03/2024	10/04/2024	170,000.00	GENERAL MOTORS FINL CO 4.9 10/06/2029	37045XEZ5	99.9030	-647.89	-170,482.99
	10/04/2024	10/07/2024	625,000.00	US TREASURY N/B 3.5 09/30/2026	91282CLP4	99.2344	-420.67	-620,635.51
	10/04/2024	10/07/2024	430,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	99.7813	-2,322.35	-431,381.73
	10/04/2024	10/07/2024	295,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	99.2461	-1,646.35	-294,422.33
	10/17/2024	10/18/2024	520,000.00	DEVON ENERGY CORPORATION 5.2 09/15/2034	25179MBG7	98.1850	-3,755.56	-514,317.56
	10/23/2024	10/24/2024	130,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	99.2578	-927.31	-129,962.47
	10/23/2024	10/24/2024	365,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	98.1992	-1,973.72	-360,400.87
	10/25/2024	10/28/2024	285,000.00	ENTERGY LOUISIANA LLC 5.15 09/15/2034	29364WBP2	100.3360	-3,220.90	-289,178.50
	10/25/2024	10/28/2024	480,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	97.3516	-3,740.22	-471,027.72
	10/25/2024	10/28/2024	450,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	99.3242	-3,393.34	-450,352.32
	10/25/2024	10/28/2024	590,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	98.2813	-3,426.73	-583,286.11
	10/29/2024	10/30/2024	380,000.00	WELLS FARGO & COMPANY FRN 10/23/2034	95000U3H4	108.6010	-479.61	-413,163.41
	10/30/2024	11/08/2024	755,000.00	MARSH & MCLENNAN COS INC 4.85 11/15/2031	571748CB6	99.9220	0.00	-754,411.10
	10/31/2024	11/01/2024	740,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	97.6406	-4,594.34	-727,134.97
	11/05/2024	11/06/2024	1,275,000.00	US TREASURY N/B 4.375 08/15/2026	91282CHU8	100.2188	-12,581.10	-1,290,370.16
	11/13/2024	11/15/2024	2,285,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.5000	0.00	-2,250,725.00
	11/13/2024	11/15/2024	9,585,000.00	US TREASURY N/B 4.125 11/15/2027	91282CLX7	99.6211	0.00	-9,548,681.84
	11/19/2024	11/26/2024	655,000.00	ALIBABA GROUP HOLDING 4.875 05/26/2030	01609WBH4	99.8380	0.00	-653,938.90
	11/19/2024	11/20/2024	715,000.00	VERALTO CORP 5.45 09/18/2033	92338CAF0	101.1240	-6,711.07	-729,747.67
	11/20/2024	11/21/2024	345,000.00	REPUBLIC SERVICES INC 5.2 11/15/2034	760759BK5	100.5810	-299.00	-347,303.45

## Purchases and Sales

**For:** City of Naperville      **From:** 10/1/2024      **To:** 12/31/2024      **Date Type:** Trade/Ex Date      **Report Basis:** Closed Period Investments

Activity	Trade Date	Settle Date	Quantity	Security	CUSIP	Unit Price	Accrued Interest	Net Amount
	11/26/2024	12/02/2024	4,600,000.00	US TREASURY N/B 4.25 11/30/2026	91282CLY5	99.9375	-1,074.18	-4,598,199.18
	12/02/2024	12/06/2024	565,000.00	WISCONSIN PUBLIC SERVICE 4.55 12/01/2029	976843BQ4	99.9210	0.00	-564,553.65
	12/02/2024	12/03/2024	4,260,000.00	US TREASURY N/B 4.125 11/30/2029	91282CMA6	100.2422	-1,448.28	-4,271,765.47
	12/02/2024	12/03/2024	6,200,000.00	US TREASURY N/B 4.125 11/30/2031	91282CLZ2	100.0430	-2,107.83	-6,204,771.89
	12/03/2024	12/04/2024	365,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	100.3672	-814.19	-367,154.42
	12/05/2024	12/06/2024	2,405,000.00	US TREASURY N/B 4.25 11/30/2026	91282CLY5	100.1445	-1,684.82	-2,410,160.80
	12/05/2024	12/06/2024	500,000.00	US TREASURY N/B 4.125 11/30/2029	91282CMA6	100.0898	-339.97	-500,789.19
	12/10/2024	12/11/2024	1,090,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	100.1484	-3,327.21	-1,094,945.18
	12/12/2024	12/13/2024	270,000.00	REINSURANCE GRP OF AMER 6 09/15/2033	759351AR0	105.0680	-3,960.00	-287,643.60
	12/30/2024	12/31/2024	450,000.00	US TREASURY N/B 4.25 11/30/2026	91282CLY5	99.9648	-1,628.78	-451,470.58
<b>Subtotal: Buy</b>							<b>-66,565.80</b>	<b>-42,216,547.23</b>
FullCall	12/18/2024	12/18/2024	-120,000.00	KROGER CO 4.9 09/15/2031	501044DU2	101.0000	1,813.00	123,013.00
<b>Subtotal: FullCall</b>							<b>1,813.00</b>	<b>123,013.00</b>
Mature	11/01/2024	11/01/2024	-250,000.00	ROYAL BANK OF CANADA 2.25 11/01/2024	78015K7C2	100.0000	0.00	250,000.00
<b>Subtotal: Mature</b>							<b>0.00</b>	<b>250,000.00</b>
Sell	10/01/2024	10/02/2024	-315,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	100.5234	1,009.39	317,658.22
	10/02/2024	10/03/2024	-200,000.00	TRUIST FINANCIAL CORP FRN 03/02/2027	89788MAD4	95.5230	218.21	191,264.21
	10/03/2024	10/04/2024	-85,000.00	OWENS CORNING 5.5 06/15/2027	690742AN1	103.2320	1,610.28	89,357.48
	10/03/2024	10/04/2024	-250,000.00	HUBBELL INC 2.3 03/15/2031	443510AK8	88.0370	303.47	220,395.97
	10/03/2024	10/04/2024	-500,000.00	GENUINE PARTS CO 1.875 11/01/2030	372460AA3	85.5590	3,984.38	431,779.38
	10/03/2024	10/04/2024	-165,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	100.1797	561.77	165,858.25
	10/04/2024	10/07/2024	-80,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	99.2813	296.41	79,721.41

## Purchases and Sales

For: City of Naperville      From: 10/1/2024      To: 12/31/2024      Date Type: Trade/Ex Date      Report Basis: Closed Period Investments

Activity	Trade Date	Settle Date	Quantity	Security	CUSIP	Unit Price	Accrued Interest	Net Amount
	10/17/2024	10/18/2024	-490,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	98.1953	3,302.17	484,459.20
	10/23/2024	10/24/2024	-170,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	97.1953	1,253.06	166,485.09
	10/23/2024	10/24/2024	-340,000.00	US TREASURY N/B 4.375 08/15/2026	91282CHU8	100.4609	2,829.48	344,396.67
	10/25/2024	10/28/2024	-1,420,000.00	US TREASURY N/B 4.375 08/15/2026	91282CHU8	100.5078	12,492.53	1,439,703.47
	10/25/2024	10/28/2024	-280,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	97.3438	2,181.79	274,744.29
	10/29/2024	10/30/2024	-360,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	96.8867	2,880.98	351,673.17
	10/30/2024	10/31/2024	-765,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	97.7461	4,672.95	752,430.57
	10/31/2024	11/01/2024	-375,000.00	US TREASURY N/B 4.375 08/15/2026	91282CHU8	100.3008	3,477.41	379,605.34
	10/31/2024	11/01/2024	-155,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	96.5664	1,273.06	150,950.99
	10/31/2024	11/01/2024	-230,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	98.9414	1,828.13	229,393.36
	11/05/2024	11/06/2024	-360,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	96.1836	3,146.33	349,407.27
	11/05/2024	11/06/2024	-180,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	97.4063	1,207.67	176,538.92
	11/07/2024	11/08/2024	-740,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	96.1680	6,623.30	718,266.27
	11/07/2024	11/08/2024	-1,360,000.00	US TREASURY N/B 4.375 08/15/2026	91282CHU8	100.2500	13,743.21	1,377,143.21
	11/07/2024	11/08/2024	-805,000.00	US TREASURY N/B 4 07/31/2029	91282CLC3	99.1406	8,750.00	806,832.03
	11/07/2024	11/08/2024	-640,000.00	US TREASURY N/B 4.375 07/15/2027	91282CKZ3	100.4922	8,826.09	651,976.09
	11/13/2024	11/14/2024	-4,945,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	98.6523	45,855.47	4,924,213.87
	11/13/2024	11/14/2024	-2,375,000.00	US TREASURY N/B 3.875 08/15/2034	91282CLF6	95.5358	22,757.73	2,291,734.03
	11/13/2024	11/14/2024	-5,605,000.00	US TREASURY N/B 4.375 07/15/2027	91282CKZ3	100.2500	81,295.35	5,700,307.85
	11/19/2024	11/20/2024	-735,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	97.2852	5,961.72	721,007.62
	11/19/2024	11/20/2024	615,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.9883	-361.02	-609,138.95
	11/19/2024	11/20/2024	-615,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.9883	361.02	609,138.95

## Purchases and Sales

For: City of Naperville From: 10/1/2024 To: 12/31/2024 Date Type: Trade/Ex Date Report Basis: Closed Period Investments

Activity	Trade Date	Settle Date	Quantity	Security	CUSIP	Unit Price	Accrued Interest	Net Amount
	11/19/2024	11/20/2024	-615,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.9883	0.00	0.00
	11/19/2024	11/20/2024	615,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.9883	0.00	0.00
	11/19/2024	11/20/2024	-615,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.9883	361.02	609,138.95
	11/20/2024	11/21/2024	330,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.8320	-232.46	-326,378.16
	11/20/2024	11/21/2024	-330,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.8320	232.46	326,378.16
	11/20/2024	11/21/2024	-330,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.8320	232.46	326,378.16
	11/20/2024	11/21/2024	-330,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.8320	0.00	0.00
	11/20/2024	11/21/2024	330,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	98.8320	0.00	0.00
	11/26/2024	11/27/2024	-5,305,000.00	US TREASURY N/B 4.375 08/15/2026	91282CHU8	100.0799	65,591.71	5,374,831.94
	12/02/2024	12/03/2024	-6,500,000.00	US TREASURY N/B 3.75 08/31/2031	91282CLJ8	97.7969	63,294.20	6,420,091.08
	12/02/2024	12/03/2024	-560,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	98.0078	5,271.27	554,115.02
	12/02/2024	12/03/2024	-4,550,000.00	US TREASURY N/B 4 07/31/2029	91282CLC3	99.5742	61,820.65	4,592,447.60
	12/03/2024	12/04/2024	-390,000.00	TARGET CORP 4.5 09/15/2034	87612EBS4	97.3450	4,290.00	383,935.50
	12/05/2024	12/06/2024	-85,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	100.3242	209.56	85,485.15
	12/05/2024	12/06/2024	-470,000.00	US TREASURY N/B 4.125 11/15/2027	91282CLX7	99.9844	1,124.69	471,051.25
	12/10/2024	12/11/2024	-1,475,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	99.0273	17,736.07	1,478,389.39
	12/10/2024	12/11/2024	-1,375,000.00	US TREASURY N/B 3.5 09/30/2026	91282CLP4	98.8125	9,519.23	1,368,191.11
	12/10/2024	12/11/2024	-425,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	97.9102	4,340.99	420,459.15
	12/12/2024	12/13/2024	-235,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	99.6016	772.51	234,836.18
	12/23/2024	12/24/2024	-500,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	96.6445	5,757.94	488,980.60
	12/23/2024	12/24/2024	-1,750,000.00	US TREASURY N/B 3.5 09/30/2026	91282CLP4	98.5703	14,302.88	1,739,283.35
	12/30/2024	12/31/2024	-1,120,000.00	US TREASURY N/B 3.75 08/15/2027	91282CLG4	98.6797	15,750.00	1,120,962.50

## Purchases and Sales

For: City of Naperville		From: 10/1/2024	To: 12/31/2024	Date Type: Trade/Ex Date	Report Basis: Closed Period Investments			
Activity	Trade Date	Settle Date	Quantity	Security	CUSIP	Unit Price	Accrued Interest	Net Amount
	12/30/2024	12/31/2024	-645,000.00	US TREASURY N/B 4.25 11/15/2034	91282CLW9	97.6094	3,483.36	633,063.83
	12/30/2024	12/31/2024	-480,000.00	US TREASURY N/B 3.625 08/31/2029	91282CLK5	96.8633	5,864.09	470,807.84
<b>Subtotal: Sell</b>							<b>522,064.97</b>	<b>50,559,752.83</b>
<b>Grand Total:</b>								<b>8,716,218.60</b>



**For:** City of Naperville      **As Of:** 12/31/2024      **Report Basis:** Closed Period Investments

Security Type	Total Cost	Market Value	Accrued Interest	Market Value with Accrued Interest	Percent of Assets
Cash	1,983,188.45	1,983,188.45	0.00	1,983,188.45	2.48%
Treasury	36,207,242.40	35,844,308.44	209,741.71	36,054,050.15	44.77%
Municipal Bond - Taxable	861,338.45	847,889.05	10,957.78	858,846.83	1.06%
Corporate Bond	31,832,712.17	31,794,284.23	379,464.72	32,173,748.95	39.71%
Asset-Backed	5,259,112.44	5,294,803.54	9,217.98	5,304,021.52	6.61%
Mortgage Pool	2,130,516.86	2,093,721.05	4,340.76	2,098,061.81	2.61%
CMO: Agency	1,723,696.75	1,718,914.93	4,250.76	1,723,165.69	2.15%
CMBS: Non-Agency	476,079.98	490,236.21	1,605.00	491,841.21	0.61%
<b>Grand Total:</b>	<b>80,473,887.50</b>	<b>80,067,345.90</b>	<b>619,578.71</b>	<b>80,686,924.61</b>	<b>100.00%</b>

For: City of Naperville

As Of: 12/31/2024

Report Basis: Closed Period Investments

Sector	Industry	Security	Cusip	Par Value	Unit Cost	Original Cost	Accrued Interest	Price	Market Value	Market Value + Accr. Int	% of Assets
Cash		U.S. DOLLARS		1,983,188.45	1.00	1,983,188.45	0.00	1.00	1,983,188.45	1,983,188.45	2.48%
<b>Subtotal: Cash</b>				<b>1,983,188.45</b>			<b>0.00</b>		<b>1,983,188.45</b>	<b>1,983,188.45</b>	<b>2.48%</b>
Treasury		US TREASURY N/B 3.5 09/30/2026	91282CLP4	1,805,000.00	99.65	1,798,640.62	16,140.86	98.74	1,782,264.19	1,798,405.05	2.23%
		US TREASURY N/B 3.625 08/31/2029	91282CLK5	2,750,000.00	99.00	2,722,544.54	33,871.71	96.82	2,662,686.90	2,696,558.61	3.33%
		US TREASURY N/B 3.75 08/15/2027	91282CLG4	2,345,000.00	100.19	2,349,388.09	33,215.52	98.73	2,315,207.13	2,348,422.65	2.89%
		US TREASURY N/B 4.125 11/15/2027	91282CLX7	9,115,000.00	99.62	9,080,462.70	48,816.87	99.56	9,074,779.33	9,123,596.20	11.33%
		US TREASURY N/B 4.125 11/30/2029	91282CMA6	4,760,000.00	100.23	4,770,766.41	17,261.54	98.86	4,705,920.65	4,723,182.19	5.88%
		US TREASURY N/B 4.125 11/30/2031	91282CLZ2	6,200,000.00	100.04	6,202,664.06	22,483.52	97.86	6,067,628.70	6,090,112.22	7.58%
		US TREASURY N/B 4.25 11/15/2034	91282CLW9	1,830,000.00	99.85	1,827,333.20	10,097.85	97.39	1,782,303.96	1,792,401.81	2.23%
		US TREASURY N/B 4.25 11/30/2026	91282CLY5	7,455,000.00	100.01	7,455,442.78	27,853.84	99.98	7,453,517.58	7,481,371.42	9.31%
<b>Subtotal: Treasury</b>				<b>36,260,000.00</b>			<b>209,741.71</b>		<b>35,844,308.44</b>	<b>36,054,050.15</b>	<b>44.77%</b>
Municipal Bond - Taxable		NYC SER A2 5.206 10/01/2031	64966HMV9	275,000.00	101.89	280,189.25	3,579.13	99.10	272,520.79	276,099.92	0.34%
		TX ST TRANS-1ST TIER 5.178 04/01/2030	88283LHU3	570,000.00	101.96	581,149.20	7,378.65	100.94	575,368.26	582,746.91	0.72%
<b>Subtotal: Municipal Bond - Taxable</b>				<b>845,000.00</b>			<b>10,957.78</b>		<b>847,889.05</b>	<b>858,846.83</b>	<b>1.06%</b>
Corporate Bond	Financial	AMERICAN EXPRESS CO 3.95 08/01/2025	025816CY3	600,000.00	98.33	589,986.00	9,875.00	99.60	597,580.55	607,455.55	0.75%
		BANK OF AMERICA CORP FRN 04/25/2034	06051GLH0	450,000.00	98.56	443,506.50	4,362.60	99.16	446,219.33	450,581.93	0.56%
		BANK OF AMERICA CORP FRN 07/22/2027	06051GJS9	750,000.00	91.54	686,542.50	5,743.88	95.33	714,994.59	720,738.47	0.89%
		BANK OF AMERICA CORP FRN 09/15/2029	06051GLS6	665,000.00	102.98	684,803.70	11,393.93	102.47	681,419.84	692,813.77	0.85%
		CANADIAN IMPERIAL BANK 5.237 06/28/2027	13607L8C0	160,000.00	100.00	160,000.00	69.83	101.07	161,713.68	161,783.51	0.20%
		CITIBANK NA 4.929 08/06/2026	17325FBJ6	530,000.00	100.00	530,000.00	10,522.05	100.40	532,108.54	542,630.59	0.66%
		CITIBANK NA 5.57 04/30/2034	17325FBG2	250,000.00	100.00	250,000.00	2,359.51	101.17	252,924.88	255,284.39	0.32%
		CITIGROUP INC FRN 04/08/2026	172967MQ1	150,000.00	97.15	145,717.50	1,074.16	99.52	149,277.14	150,351.30	0.19%
		EQUINIX INC 1.55 03/15/2028	29444UBL9	275,000.00	87.71	241,199.75	1,255.07	90.07	247,700.74	248,955.81	0.31%
		ERP OPERATING LP 4.65 09/15/2034	26884ABP7	370,000.00	99.66	368,738.30	5,257.08	94.83	350,859.68	356,116.76	0.44%
		EXTRA SPACE STORAGE LP 5.9 01/15/2031	30225VAR8	290,000.00	101.74	295,051.80	7,889.61	103.15	299,141.93	307,031.54	0.37%
		FIDELITY NATL FINANCIAL 3.4 06/15/2030	31620RAJ4	300,000.00	89.34	268,005.00	453.33	90.71	272,138.90	272,592.23	0.34%
		GOLDMAN SACHS GROUP INC FRN 04/25/2030	38141GA87	155,000.00	100.00	155,000.00	1,627.42	102.06	158,194.27	159,821.69	0.20%
		GOLDMAN SACHS GROUP INC FRN 07/23/2030	38141GB29	775,000.00	100.00	775,000.00	17,173.61	99.41	770,394.39	787,568.00	0.96%
		JPMORGAN CHASE & CO FRN 04/22/2027	46647PCB0	500,000.00	92.24	461,220.00	1,512.25	96.02	480,114.20	481,626.45	0.60%
		JPMORGAN CHASE & CO FRN 06/01/2034	46647PDR4	375,000.00	100.01	375,037.50	1,671.88	99.93	374,738.58	376,410.46	0.47%
		JPMORGAN CHASE & CO FRN 07/22/2030	46647PEJ1	275,000.00	100.00	275,000.00	6,066.84	99.57	273,810.71	279,877.55	0.34%
		KIMCO REALTY OP LLC 3.8 04/01/2027	49446RAS8	250,000.00	95.95	239,862.50	2,375.00	97.94	244,846.29	247,221.29	0.31%
		MARSH & MCLENNAN COS INC 4.85 11/15/2031	571748CB6	755,000.00	99.92	754,411.10	5,390.91	98.75	745,562.39	750,953.30	0.93%
		MIZUHO FINANCIAL GROUP FRN 05/22/2027	60687YBP3	500,000.00	91.06	455,305.00	668.42	95.18	475,905.30	476,573.72	0.59%
		MIZUHO FINANCIAL GROUP FRN 05/26/2030	60687YDD8	330,000.00	100.00	330,000.00	1,724.80	101.01	333,338.15	335,062.95	0.42%

For: City of Naperville

As Of: 12/31/2024

Report Basis: Closed Period Investments

Sector	Industry	Security	Cusip	Par Value	Unit Cost	Original Cost	Accrued Interest	Price	Market Value	Market Value + Accr. Int	% of Assets
		MORGAN STANLEY BANK NA FRN 07/16/2025	61690U7V6	425,000.00	100.13	425,544.00	4,925.56	100.22	425,948.30	430,873.86	0.53%
		MORGAN STANLEY FRN 04/18/2030	61747YFQ3	295,000.00	100.00	295,000.00	3,383.39	101.80	300,299.21	303,682.60	0.38%
		MORGAN STANLEY FRN 04/19/2035	61747YFR1	150,000.00	100.78	151,171.50	1,749.30	101.90	152,856.50	154,605.80	0.19%
		MORGAN STANLEY FRN 05/04/2027	61772BAB9	500,000.00	92.05	460,270.00	1,261.12	95.85	479,265.59	480,526.71	0.60%
		REINSURANCE GRP OF AMER 6 09/15/2033	759351AR0	270,000.00	105.07	283,683.60	4,770.00	102.78	277,494.69	282,264.69	0.35%
		US BANCORP FRN 07/23/2030	91159HJS0	570,000.00	100.00	570,000.00	12,758.50	99.88	569,296.06	582,054.56	0.71%
		VENTAS REALTY LP 3 01/15/2030	92277GAU1	500,000.00	88.44	442,185.00	6,916.67	90.33	451,671.31	458,587.98	0.56%
		WELLS FARGO & COMPANY FRN 04/22/2028	95000U3L5	620,000.00	99.93	619,544.30	6,781.81	101.64	630,198.31	636,980.12	0.79%
		WELLS FARGO & COMPANY FRN 04/24/2034	95000U3D3	200,000.00	100.61	201,226.00	2,005.91	98.89	197,774.77	199,780.68	0.25%
		WELLS FARGO & COMPANY FRN 05/22/2028	95000U2A0	250,000.00	95.29	238,217.50	970.67	96.90	242,260.93	243,231.60	0.30%
		WELLS FARGO & COMPANY FRN 10/23/2034	95000U3H4	380,000.00	108.60	412,683.80	0.00	106.30	403,931.45	403,931.45	0.50%
		WELLS FARGO BANK NA FRN 08/07/2026	94988J6E2	750,000.00	100.51	753,787.50	6,399.43	100.92	756,877.25	763,276.68	0.95%
	Industrial	ACCENTURE CAPITAL INC 4.05 10/04/2029	00440KAB9	295,000.00	99.83	294,483.75	2,887.31	97.06	286,334.35	289,221.66	0.36%
		ALIBABA GROUP HOLDING 4.875 05/26/2030	01609WBH4	655,000.00	99.84	653,938.90	3,104.43	99.10	649,100.24	652,204.67	0.81%
		AT&T INC 2.25 02/01/2032	00206RKH4	655,000.00	82.10	537,761.55	6,140.63	82.67	541,498.29	547,638.92	0.68%
		BP CAP MARKETS AMERICA 4.97 10/17/2029	10373QBZ2	410,000.00	102.74	421,221.70	4,188.61	100.47	411,930.16	416,118.77	0.51%
		BROADCOM INC 5.15 11/15/2031	11135FBY6	175,000.00	99.84	174,716.50	1,151.60	100.65	176,133.08	177,284.68	0.22%
		CADENCE DESIGN SYS INC 4.3 09/10/2029	127387AN8	155,000.00	99.86	154,779.90	2,055.04	98.03	151,952.80	154,007.84	0.19%
		COCA-COLA CO/THE 5 05/13/2034	191216DR8	295,000.00	99.70	294,106.15	1,966.67	100.02	295,071.06	297,037.73	0.37%
		CONSTELLATION BRANDS INC 4.8 01/15/2029	21036PBQ0	385,000.00	99.89	384,572.65	8,521.33	99.40	382,687.15	391,208.48	0.48%
		DEVON ENERGY CORPORATION 5.2 09/15/2034	25179MBG7	520,000.00	98.19	510,562.00	9,238.67	94.93	493,622.31	502,860.98	0.62%
		DIAMONDBACK ENERGY INC 5.4 04/18/2034	25278XAZ2	500,000.00	99.68	498,395.00	5,475.00	98.32	491,618.97	497,093.97	0.61%
		ELI LILLY & CO 4.2 08/14/2029	532457CQ9	185,000.00	99.78	184,594.85	2,956.92	97.91	181,126.24	184,083.16	0.23%
		ENERGY TRANSFER LP 4.95 05/15/2028	292480AL4	300,000.00	99.50	298,509.00	1,897.50	99.82	299,468.76	301,366.26	0.37%
		ESTEE LAUDER CO INC 5 02/14/2034	29736RAV2	445,000.00	99.64	443,380.20	8,467.36	98.29	437,396.91	445,864.27	0.55%
		GENERAL MOTORS FINL CO 4.9 10/06/2029	37045XEZ5	170,000.00	99.90	169,835.10	2,660.97	98.50	167,456.55	170,117.52	0.21%
		GENERAL MOTORS FINL CO 5.4 04/06/2026	37045XEF9	125,000.00	100.55	125,692.50	1,593.75	100.56	125,698.42	127,292.17	0.16%
		GILEAD SCIENCES INC 1.65 10/01/2030	375558BY8	385,000.00	82.93	319,276.65	1,588.13	83.63	321,987.49	323,575.62	0.40%
		HOWMET AEROSPACE INC 3 01/15/2029	443201AB4	530,000.00	90.01	477,074.20	7,331.67	92.81	491,902.65	499,234.32	0.61%
		HP INC 2.65 06/17/2031	40434LAJ4	250,000.00	85.33	213,325.00	257.64	85.61	214,022.30	214,279.94	0.27%
		JOHN DEERE CAPITAL CORP 4.2 07/15/2027	24422EXV6	280,000.00	99.99	279,960.80	3,756.67	99.26	277,916.21	281,672.88	0.35%
		LOWE'S COS INC 1.7 10/15/2030	548661DY0	500,000.00	83.18	415,905.00	1,794.44	83.67	418,333.91	420,128.35	0.52%
		MCCORMICK & CO 4.95 04/15/2033	579780AT4	275,000.00	100.61	276,677.50	2,873.75	97.59	268,373.91	271,247.66	0.34%
		META PLATFORMS INC 4.8 05/15/2030	30303M8M7	670,000.00	102.07	683,861.05	4,109.33	100.83	675,574.98	679,684.31	0.84%
		MICRON TECHNOLOGY INC 5.3 01/15/2031	595112CD3	495,000.00	99.98	494,897.70	12,097.25	99.90	494,504.46	506,601.71	0.62%

For: City of Naperville

As Of: 12/31/2024

Report Basis: Closed Period Investments

Sector	Industry	Security	Cusip	Par Value	Unit Cost	Original Cost	Accrued Interest	Price	Market Value	Market Value + Accr. Int	% of Assets
		MONDELEZ INTERNATIONAL 4.75 08/28/2034	609207BE4	375,000.00	99.78	374,171.25	6,085.94	95.68	358,795.06	364,881.00	0.45%
		MPLX LP 4 03/15/2028	55336VAR1	250,000.00	96.41	241,015.00	2,944.44	97.02	242,544.13	245,488.57	0.30%
		NETAPP INC 1.875 06/22/2025	64110DAL8	75,000.00	95.03	71,274.00	35.16	98.47	73,853.72	73,888.88	0.09%
		OCCIDENTAL PETROLEUM COR 5.2 08/01/2029	674599EJ0	265,000.00	99.96	264,904.60	5,933.06	99.22	262,920.64	268,853.70	0.33%
		ONEOK INC 4.4 10/15/2029	682680CC5	230,000.00	99.89	229,756.20	2,726.78	96.95	222,985.53	225,712.31	0.28%
		PANASONIC HOLDINGS CORP 5.302 07/16/2034	69832AAE6	200,000.00	100.00	200,000.00	4,860.17	99.82	199,631.21	204,491.38	0.25%
		PHILIP MORRIS INTL INC 5.25 02/13/2034	718172DJ5	455,000.00	99.77	453,967.15	9,156.88	98.83	449,689.74	458,846.62	0.56%
		PHILIP MORRIS INTL INC 5.625 11/17/2029	718172CW7	325,000.00	104.84	340,743.00	2,234.38	103.00	334,756.61	336,990.99	0.42%
		PHILLIPS 66 CO 5.25 06/15/2031	718547AU6	285,000.00	103.13	293,923.35	665.00	100.27	285,759.83	286,424.83	0.36%
		REPUBLIC SERVICES INC 5.2 11/15/2034	760759BK5	345,000.00	100.58	347,004.45	2,292.33	99.04	341,696.80	343,989.13	0.43%
		ROCHE HOLDINGS INC 4.592 09/09/2034	771196CQ3	570,000.00	100.00	570,000.00	8,143.15	95.86	546,381.98	554,525.13	0.68%
		RYDER SYSTEM INC 4.95 09/01/2029	78355HLC1	360,000.00	99.60	358,542.00	7,425.00	99.65	358,732.54	366,157.54	0.45%
		SAUDI ARABIAN OIL CO 5.25 07/17/2034	80414L2N4	200,000.00	99.34	198,680.00	4,783.33	98.64	197,289.60	202,072.93	0.25%
		STRYKER CORP 4.25 09/11/2029	863667BE0	355,000.00	99.79	354,258.05	4,610.07	97.30	345,397.91	350,007.98	0.43%
		SUTTER HEALTH 5.164 08/15/2033	86944BAK9	440,000.00	100.22	440,946.00	8,583.72	99.25	436,695.01	445,278.73	0.55%
		TARGET CORP 4.5 09/15/2034	87612EBS4	15,000.00	99.43	14,913.75	215.63	95.06	14,258.48	14,474.11	0.02%
		THE CAMPBELLS COMPANY 5.2 03/21/2029	134429BN8	290,000.00	99.98	289,950.70	4,188.89	100.98	292,850.58	297,039.47	0.37%
		UBER TECHNOLOGIES INC 4.8 09/15/2034	90353TAP5	145,000.00	99.93	144,895.60	2,165.33	95.71	138,774.99	140,940.32	0.17%
		UNILEVER CAPITAL CORP 4.25 08/12/2027	904764BU0	155,000.00	99.73	154,586.15	2,543.51	99.42	154,095.17	156,638.68	0.19%
		VERALTO CORP 5.45 09/18/2033	92338CAF0	715,000.00	101.12	723,036.60	11,149.03	100.33	717,384.02	728,533.05	0.90%
		WORKDAY INC 3.8 04/01/2032	98138HAJ0	35,000.00	92.28	32,297.65	332.50	91.00	31,850.29	32,182.79	0.04%
	Utilities	AMEREN ILLINOIS CO 3.85 09/01/2032	02361DAY6	175,000.00	95.15	166,510.75	2,245.83	91.74	160,537.80	162,783.63	0.20%
		AMERICAN ELECTRIC POWER 1 11/01/2025	025537AR2	400,000.00	92.80	371,180.00	666.67	96.92	387,679.11	388,345.78	0.48%
		CONNECTICUT LIGHT & PWR 4.65 01/01/2029	207597ER2	170,000.00	99.79	169,648.10	3,952.50	99.49	169,136.06	173,088.56	0.21%
		CONSUMERS 23 SECURE FUND 5.21 09/01/2030	21071BAB1	560,000.00	100.88	564,933.60	9,725.33	101.01	565,648.92	575,374.25	0.71%
		DTE ELECTRIC CO 4.85 12/01/2026	23338VAU0	355,000.00	99.98	354,943.20	1,434.79	100.78	357,770.64	359,205.43	0.45%
		DUKE ENERGY FL PROJ FIN 2.858 03/01/2033	26444GAD5	850,000.00	86.91	738,692.50	8,097.67	86.84	738,182.31	746,279.98	0.92%
		ENTERGY LOUISIANA LLC 5.15 09/15/2034	29364WBP2	285,000.00	100.34	285,957.60	5,789.46	98.35	280,292.42	286,081.88	0.35%
		LOUISVILLE GAS & ELEC 5.45 04/15/2033	546676AZ0	410,000.00	103.03	422,418.90	4,717.28	101.07	414,395.59	419,112.87	0.52%
		OGE ENERGY CORP 5.45 05/15/2029	670837AD5	160,000.00	99.87	159,790.40	1,114.22	101.64	162,617.67	163,731.89	0.20%
		VIRGINIA POWER FUEL SEC 4.877 05/01/2031	92808VAB8	290,000.00	100.00	289,989.97	2,357.22	99.93	289,797.56	292,154.78	0.36%
		WISCONSIN PUBLIC SERVICE 4.55 12/01/2029	976843BQ4	565,000.00	99.92	564,553.65	1,785.24	98.64	557,312.66	559,097.90	0.70%
<b>Subtotal: Corporate Bond</b>						<b>32,575,000.00</b>		<b>379,464.72</b>	<b>31,794,284.23</b>	<b>32,173,748.95</b>	<b>39.71%</b>
Asset-Backed		AMXCA 2023-4 A 5.15 09/15/2030	02589BAC4	625,000.00	101.41	633,789.06	1,430.56	101.75	635,967.81	637,398.37	0.79%
		BMWLT 2023-1 A3 5.16 11/25/2025	05593AAC3	109,172.07	99.59	108,722.96	93.89	100.07	109,248.67	109,342.56	0.14%

For: City of Naperville

As Of: 12/31/2024

Report Basis: Closed Period Investments

Sector	Industry	Security	Cusip	Par Value	Unit Cost	Original Cost	Accrued Interest	Price	Market Value	Market Value + Accr. Int	% of Assets
		CHAIT 2023-A2 A 5.08 09/15/2030	161571HU1	605,000.00	102.78	621,802.93	1,365.96	101.65	614,954.97	616,320.93	0.77%
		CHAIT 2024-A2 A 4.63 01/15/2031	161571HW7	450,000.00	100.00	449,998.70	926.00	99.87	449,422.74	450,348.74	0.56%
		COMET 2021-A2 A2 1.39 07/15/2030	14041NFX4	510,000.00	87.64	446,951.95	315.07	89.37	455,763.18	456,078.25	0.57%
		DEFT 2024-1 A3 5.39 03/22/2030	24702GAE5	450,000.00	100.00	449,989.20	606.38	101.12	455,020.92	455,627.30	0.57%
		FNMNT 2024-1 A 5.34 05/15/2030	32113CCB4	340,000.00	99.98	339,940.57	806.93	100.93	343,150.75	343,957.68	0.43%
		FORDR 2023-1 A 4.85 08/15/2035	34535QAA3	600,000.00	100.62	603,726.56	1,293.33	100.40	602,391.36	603,684.69	0.75%
		HART 2021-B A4 0.6 02/16/2027	44934KAD6	160,614.09	93.85	150,732.55	42.83	98.82	158,725.53	158,768.36	0.20%
		HART 2022-A A3 2.22 10/15/2026	448977AD0	188,054.49	97.33	183,037.08	185.55	99.25	186,646.73	186,832.28	0.23%
		HGVGI 2019-A A 3.28 09/26/2033	05588UAA0	117,217.88	97.92	114,781.94	64.08	98.04	114,921.46	114,985.54	0.14%
		MVWOT 2024-1A A 5.32 02/20/2043	62847RAA5	175,869.32	99.99	175,859.68	285.89	100.38	176,537.59	176,823.48	0.22%
		TMUST 2024-1A A 5.05 09/20/2029	87267RAA3	165,000.00	99.99	164,978.95	254.60	100.69	166,144.61	166,399.21	0.21%
		VZMT 2024-3 A1A 5.34 04/22/2030	92348KCQ4	430,000.00	99.98	429,904.80	701.62	101.68	437,242.71	437,944.33	0.55%
		WFCIT 2024-A1 A 4.94 02/15/2029	92970QAA3	385,000.00	99.97	384,895.51	845.29	100.95	388,664.51	389,509.80	0.49%
<b>Subtotal: Asset-Backed</b>				<b>5,310,927.85</b>			<b>9,217.98</b>		<b>5,294,803.54</b>	<b>5,304,021.52</b>	<b>6.61%</b>
Mortgage Pool		FG G14713 2.5 04/01/2028	3128MDN66	61,842.24	99.07	61,266.90	128.84	97.30	60,173.72	60,302.56	0.08%
		FN AM8769 2.92 05/01/2027	3138L9W73	529,464.54	95.49	505,597.27	1,331.31	96.09	508,780.83	510,112.14	0.64%
		FN AP7831 2.5 09/01/2027	3138MBVZ6	84,291.68	98.95	83,408.42	175.61	97.55	82,222.61	82,398.22	0.10%
		FN BQ7777 2 03/01/2036	3140KTUB9	1,038,577.79	90.92	944,236.02	1,730.96	88.62	920,417.95	922,148.91	1.15%
		G2 MA7226 2 03/20/2036	36179WA32	584,422.35	91.72	536,008.25	974.04	89.34	522,125.94	523,099.98	0.65%
<b>Subtotal: Mortgage Pool</b>				<b>2,298,598.60</b>			<b>4,340.76</b>		<b>2,093,721.05</b>	<b>2,098,061.81</b>	<b>2.61%</b>
CMO: Agency		FHR 4159 KB 2.5 09/15/2042	3137AXXD0	1,000,000.00	91.63	916,250.00	2,083.33	90.96	909,575.10	911,658.43	1.14%
		FNR 2011-27 DB 3 04/25/2026	31397SFQ2	40,812.30	103.67	42,309.93	102.03	99.05	40,424.11	40,526.14	0.05%
		FNR 2012-21 PJ 4 03/25/2041	3136A35Z0	32,608.22	99.33	32,389.48	108.69	99.22	32,353.92	32,462.61	0.04%
		FNR 2012-28 PT 4 03/25/2042	3136A33E9	21,060.65	97.76	20,588.71	70.20	93.77	19,748.91	19,819.11	0.02%
		FNR 2019-9 EA 3 07/25/2047	3136B32X7	754,605.18	94.37	712,158.63	1,886.51	94.99	716,812.89	718,699.40	0.90%
<b>Subtotal: CMO: Agency</b>				<b>1,849,086.35</b>			<b>4,250.76</b>		<b>1,718,914.93</b>	<b>1,723,165.69</b>	<b>2.15%</b>
CMBS: Non-Agency		CGCMT 2018-B2 A4 4.009 03/10/2051	17327FAD8	250,000.00	94.99	237,481.20	835.21	97.06	242,640.28	243,475.49	0.30%
		WFCM 2015-C31 A4 3.695 11/15/2048	94989WAS6	250,000.00	95.44	238,598.78	769.79	99.04	247,595.93	248,365.72	0.31%
<b>Subtotal: CMBS: Non-Agency</b>				<b>500,000.00</b>			<b>1,605.00</b>		<b>490,236.21</b>	<b>491,841.21</b>	<b>0.61%</b>
<b>Grand Total:</b>				<b>81,621,801.25</b>			<b>619,578.71</b>		<b>80,067,345.90</b>	<b>80,686,924.61</b>	<b>100.00%</b>

# Disclosure

The Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis. The Bloomberg Intermediate Aggregate Index includes securities in the intermediate maturity range of the Aggregate Index. The Bloomberg Intermediate Government/Credit Index is the intermediate component of the U.S. Government/Credit index. The Bloomberg 1-3 Year Government/Credit Index includes securities in the U.S. Government/Credit Index with a maturity from 1 up to (but not including) 3 years. The Bloomberg Government/Credit Index includes securities in the Government and Credit Indices. The Bloomberg Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Bloomberg Treasury Index is the U.S. Treasury component of the U.S. Government index and includes public obligations of the U.S. Treasury with a remaining maturity of one year or more. The Bloomberg Agency Index is the U.S. Agency component of the U.S. Government/Credit index. The index includes both callable and noncallable agency securities. The Bloomberg Mortgage-Backed Securities Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). This index is the U.S. MBS component of the U.S. Aggregate index. The Bloomberg Intermediate Credit Index is the Intermediate component of the U.S. Credit Investment Grade Index that have a maturity from 1 up to (but not including) 10 years. The Bloomberg U.S. Credit Index is the same as the former U.S. Corporate Investment Grade Index, which has been renamed as the U.S. Credit Index. The Credit Index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government. The Bloomberg Asset-Backed Securities Index is the ABS component of the U.S. Aggregate index. The Asset-Backed Securities (ABS) Index has three subsectors (credit and charge cards, autos and utility) and includes pass-through, bullet, and controlled amortization structures. The Bloomberg CMBS ERISA-Eligible Index is the ERISA-eligible component of the Bloomberg CMBS Index. This index, which includes investment grade securities that are ERISA eligible under the underwriter's exemption, is the only CMBS sector that is included in the Bloomberg U.S. Aggregate Index. This index is the CMBS component of the U.S. Aggregate index. The Bloomberg U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt and includes both corporate and non-corporate sectors. The Conference Board Leading Economic Index is an American economic leading indicator intended to forecast future economic activity. It is calculated by The Conference Board, a non-governmental organization, which determines the value of the index from the values of ten key variables. The Bloomberg U.S. Financial Conditions Index (BFICUS) provides a daily statistical measure of the relative strength of the U.S. money markets, bond markets, and equity markets, and is considered an accurate gauge of the overall conditions in U.S. financial and credit markets. The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.

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GLOBAL INVESTMENT MANAGEMENT

CAPITAL MARKETS & INVESTMENT BANKING

ADVISORY SERVICES

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