



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
**123 Fifth Ave, Kirkland, WA 98033 · 425.587.3100**  
**[www.kirklandwa.gov](http://www.kirklandwa.gov)**

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**MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** Michael Olson, Director of Finance and Administration

**Date:** August 23, 2021

**Subject:** QUARTERLY INVESTMENT REPORT, 2<sup>ND</sup> QUARTER 2021

**RECOMMENDATION:**

It is recommended that the City Council receive the Quarterly Investment Report

**BACKGROUND DISCUSSION**

This report was previously provided to the Council Finance and Administration Committee and will now be presented to the City Council each quarter on the consent agenda.

The Quarterly Investment report is prepared by the City's Investment Advisor. The City began contracting with an Investment Advisor in late 2014 to supplement limited internal resources, provide for dedicated resources in managing the portfolio and provide for more active trading in the portfolio to ensure the most advantageous yield. The Investment Advisor assists City staff with the management of the City's investment portfolio by providing non-discretionary advisory services for the City's investment portfolio and investment policy. Non-discretionary service means that the City retains control of the portfolio and authorizes all transactions.

Kirkland's Investment Policy, adopted by resolution from the City Council, establishes standards and guidelines for the direction, management and oversight for all the City's investable funds. Government revenues are collected and spent for public purposes and their use must be legal, transparent and accountable to the public. Public funds that are invested must be strongly protected against loss and must be available to be spent if the need arises. Therefore, the primary objectives for the City of Kirkland's investment activities are: legality, safety, liquidity and finally, yield. Additionally, the City diversifies its investments according to established maximum allowable exposure limits so that reliance on any one issuer will not place an undue financial burden on the City.

Investments are limited those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080). The current investment portfolio consists primarily of U.S. Treasury obligations, Government Sponsored Enterprises (GSE's) such as the Federal Home Loan Banks (FHLB), the Washington State Local Government Investment Pool and deposits in banks approved by the Public Deposit Protection Commission (PDPC) where those funds are 100% collateralized and protected by other assets.

The portfolio increase in the second quarter of approximately \$50 million was due to the issuance of debt for transportation and fire capital projects, increased property tax collections from the passage of Fire Prop 1 in 2020 and receipt of the first distribution of ARPA funds.

The attached Quarterly Investment Report includes a brief market commentary and market outlook at the beginning of the report on page 2. Following that, the status of compliance to Kirkland's Investment Policy pages 3 & 4 and a strategic outlook is presented on page 5. A summary of Portfolio characteristics, structure, activity and returns can be found on pages 8-10. The report also includes a full listing of the security holdings in Kirkland's Portfolio is listed on pages 14-17.

The City issued a request for proposals in early 2020 for the Investment Advisor as the original contract and extensions for Government Portfolio Advisors were completed. Although the City did receive multiple qualified submittals for the contract, Government Portfolio Advisors provided the best combination of services and expertise and began their new three-year contract on September 1, 2020.



# Quarterly Executive Investment Report City of Kirkland

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June 30, 2021

Total Aggregate Portfolio

## Market Commentary

**Market Yields:** The Treasury curve flattened in the second quarter as longer-term yields declined with the 10-year yield lower by 0.27% and the 30-year yield lower by 0.33%. While long-term yields declined, the front-end saw yields rise in response to a more hawkish response out of the Federal Reserve with 2-year yields increasing by 0.09% to end the quarter at 0.25%. The markets also re-priced lower the anticipated peak federal funds rate for the current cycle from 2.35% at the end of the first quarter down to 1.70% to close out June. The message is that the Fed is likely to hike rates sooner than anticipated and this will cool growth and inflation back toward levels consistent with the environment pre-COVID when the federal funds rate was 1.50% and the 10-year Treasury yield traded in a range from 1.50% to 2.00%.

**FOMC:** The Fed made waves in June with the release of their updated economic and policy rate projections that cast doubt that the modern Fed operates under a new reaction function that is more responsive to labor market conditions than inflation. The Fed upgraded their current year inflation outlook and left their 2023 core PCE inflation estimate stable at 2.1%. Despite this, median expectations from policy makers now forecasts hiking rates twice by the end of 2023 where none were expected just three months earlier. Markets reacted by sending front-end yields higher and longer-term yields lower.

**Employment and Inflation:** The employment sector continues to heal from the damage inflicted by the pandemic. The labor market added 1.7 million jobs in the second quarter led by large gains in leisure and hospitality where 977 thousand jobs were filled ahead of the summer season. While the gains are impressive by most standards, the pace of job additions has been slower than economists anticipated and still leaves a hole of 6.8 million jobs when comparing the labor market to pre-COVID levels. We continue to monitor the struggling, labor force participation rate which indicates there may be more slack in the labor market than the headline indicator suggest. The focus has now shifted toward the fall when schools and day care facilities fully reopen and extended unemployment benefits expire nationwide. As of the end of the second quarter, there are still over 14 million Americans receiving some form of unemployment compensation which is no doubt a large tailwind to the economy by injecting income.

## Quarterly Yield Change

	09/30/20	12/31/20	03/31/21	06/30/21
3 month bill	0.09	0.06	0.02	0.04
2 year note	0.13	0.12	0.16	0.25
5 year note	0.28	0.36	0.94	0.89
10 year note	0.68	0.91	1.74	1.47

## Economists' Survey Projections

	Q3-21	Q4-21	Q1-22	Q2-22
Real GDP	7.0	5.0	3.5	3.0
Core PCE (YOY%)	2.7	2.8	2.7	2.1
Unemployment	5.3	4.8	4.5	4.3

## Market Outlook

**GDP:** Economic growth in the first quarter came in strong at an annualized pace of 6.4% led by outsized gains in consumer and government spending offset by contractions in private domestic investment and exports. Fueled by stimulus and economic reopening, growth for the second quarter is expected to be even stronger with estimates from the Federal Reserve ranging from 3.2% to 7.8% while the median economist forecast, according to Bloomberg, calling for growth to come in at 10%.

**Fed Funds:** Uncertainty has increased for the federal funds rate as several policy makers grow increasingly concerned with inflation. The June update from the FOMC now indicates a median expectation of two rates hikes before the end of 2023. Around this median expectation is a wide amount of dispersion as five members are calling for no rate hikes and two members are projecting six. The amount of uncertainty is easy to understand, with over \$5 trillion in stimulus, damaged supply chains, economic reopening, and a successful vaccine campaign has led to historically volatile data that makes it difficult to understand what is happening. The only thing for sure is that no one is sure on the path forward, including Fed members.

**Two-year Yield Expectations:** 2-year yields were jolted out of their trading range after the release of the Fed's more hawkish projections of future rate hikes. As the Fed pays more attention to inflation, so too will front-end yields. Looking for signs of abating inflation or more durable pressures, we continue to believe it will come down to wages and residential rent trends in the months ahead. Until we get more clarity on inflation, we anticipate 2-year yields will trade in a wider range between 0.15% and 0.30%.

**Portfolio Positioning:** Last quarter, we were constructive on the three to five-year area to get accounts up to their strategic duration targets. While yields have moved lower, we continue to guide clients to remain neutral around duration given we are likely past peak growth and inflation and face uncertainty in the months ahead around where the economy settles once stimulus wanes. While we are not outright avoiding spread sectors, valuations are at historic lows leading us to be more patient and selective.

## Economists' Survey Projections for Rates

	Q3-21	Q4-21	Q1-22	Q2-22
Fed Funds	0.25	0.25	0.25	0.3
2 Year	0.25	0.31	0.38	0.46
10 year	1.79	1.88	1.95	2.02

# Compliance Report

City of Kirkland | Total Aggregate Portfolio



## Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	29.366	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25.000	0.000	Compliant
US Agency FFCB Issuer Concentration	30.000	10.717	Compliant
US Agency FHLB Issuer Concentration	30.000	14.829	Compliant
US Agency FHLMC Issuer Concentration	30.000	7.707	Compliant
US Agency FNMA Issuer Concentration	30.000	13.063	Compliant
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB Maximum % of Holdings	100.000	46.316	Compliant
US Agency Obligations - Secondary FICO, FARMER MAC etc. Maximum % of Holdings	20.000	0.000	Compliant
US Agency Obligations Issuer Concentration - Secondary FICO, FARMER MAC etc.	10.000	0.000	Compliant
Municipal Bonds Issuer Concentration	5.000	0.000	Compliant
Municipal Bonds Maximum % of Holdings	20.000	0.000	Compliant
Commercial Paper Issuer Concentration	3.000	0.000	Compliant
Commercial Paper Maximum % of Holdings	25.000	0.000	Compliant
Certificates of Deposit Issuer Concentration	5.000	1.834	Compliant
Certificates of Deposit Maximum % of Holdings	10.000	1.834	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	5.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	14.432	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	8.053	Compliant
PDPC Bank Deposits Maximum % of Holdings	50.000	9.886	Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

# Compliance Report

City of Kirkland | Total Aggregate Portfolio



## Category

Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	22.415	Compliant
Maturity Constraints Under 5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Maturity Constraints Under 1 Year Minimum % of Total Portfolio	25.000	39.952	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	5.000	0.000	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.000	0.000	Compliant
US Agency Obligations - Secondary Must be rated by Atleast one	0.000	0.000	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	5.000	0.000	Compliant
Commercial Paper Days to Final Maturity (days)	270.000	0.000	Compliant
Weighted Average Maturity (years)	3.000	1.840	Compliant
Policy Credit Constraint			Status
US Agency Obligations - Secondary Minimum Ratings AA-/Aa3/AA- if rated			Compliant
Municipal Bonds Ratings Minimum AA-/Aa3/AA- by All if rated			Compliant
Commercial Paper Ratings Minimum Ratings A1/P1 by both and F1 (if rated)			Compliant

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# Strategic Quarterly Update

City of Kirkland | Total Aggregate Portfolio



June 30, 2021

## Strategic Outlook

- The second quarter is likely to mark peak growth and inflation for the current cycle as we do not anticipate any major stimulus efforts that are geared to spark near-term economic growth. All eyes are on the health of the consumer as we move through the summer and into the fall where job gains and wage growth will be needed to support further spending as stimulus and economic support begins to wane.
- Spread sectors ended the quarter at or near historically tight spread levels. We continue to see very little agency issuance while robust corporate and municipal issuance is easily absorbed by investors eager to add incremental yield into portfolios.
- Inflation, growth, and labor trends will be closely monitored over the coming months to see how, and to what degree, the economy changed from the pre-COVID path we were on. Thus far the United States is leading the way globally as \$5 trillion in stimulus boosted growth and drove demand for goods that was significantly higher than levels seen before the pandemic.

## Portfolio Positioning

- Your portfolio's duration ended the quarter well-aligned with our target level. Investment opportunities going forward will be used to maintain duration positioning.
- Agency spreads are near historically low levels, our focus going forward will be on Treasury securities.
- The total portfolio book yield decreased from 1.335 to 1.078.
- The total portfolio unrealized gain ended the quarter at \$2,910,700.
- The core portfolio duration increased over the quarter from 2.293 last quarter to 2.358 this quarter. The benchmark duration ended the quarter at 2.201.
- Net total return for the core portfolio, which includes change in market value and interest income, was 0.03%. The benchmark total return for the period was 0.09%.

Strategy	03/31/2021	06/30/2021
<b>Effective Duration</b>		
Investment Core	2.29	2.36
Benchmark Duration	2.19	2.20
<b>Total Effective Duration</b>	<b>1.74</b>	<b>1.81</b>
<b>Total Return (Net of Fees %)*</b>		
Investment Core	(0.36)	0.03
Benchmark Return	(0.39)	0.09
<b>Total Portfolio Performance</b>	<b>(0.26)</b>	<b>0.04</b>

\*Changes in Market Value include net unrealized and realized gains/losses.

<b>Maturity Total Portfolio</b>		
<b>Average Maturity Total Holdings</b>	<b>1.77</b>	<b>1.84</b>

Book Yield	03/31/2021	06/30/2021
<b>Ending Book Yield</b>		
Certificates of Deposit	0.60%	0.30%
Investment Core	1.72%	1.39%
Liquidity	0.11%	0.08%
<b>Total Book Yield</b>	<b>1.34%</b>	<b>1.08%</b>

Values	03/31/2021	06/30/2021
<b>Market Value + Accrued</b>		
Certificates of Deposit	5,341,789	5,349,143
Investment Core	179,896,459	221,669,207
Liquidity	53,454,475	65,587,644
<b>Total MV + Accrued</b>	<b>238,692,723</b>	<b>292,605,994</b>

<b>Net Unrealized Gain/Loss</b>		
<b>Total Net Unrealized Gain/Loss</b>	<b>3,664,292</b>	<b>2,910,700</b>

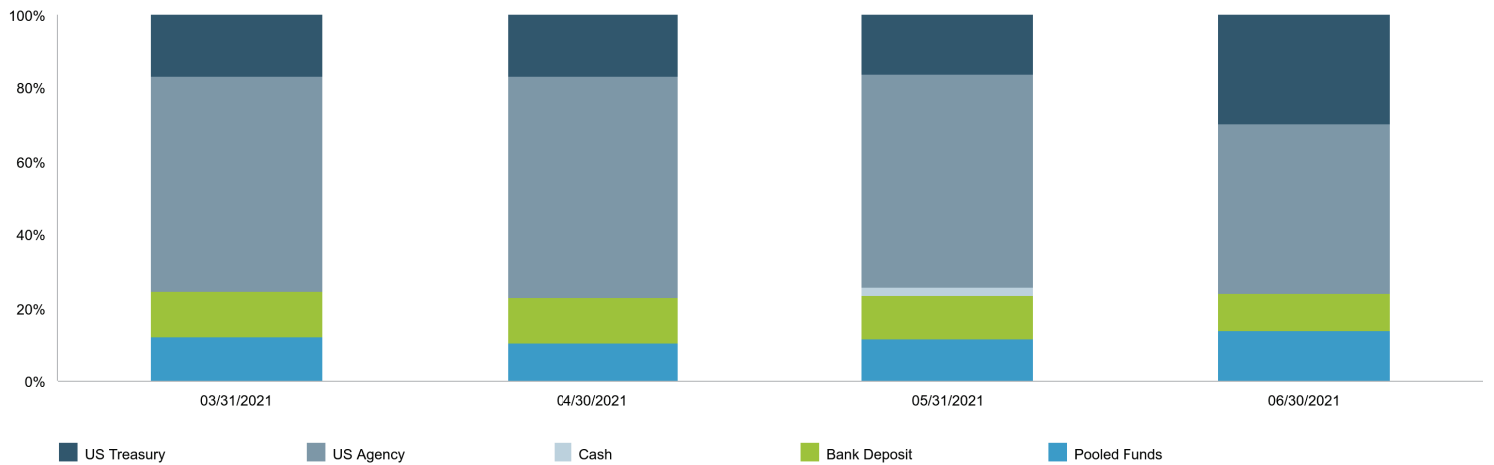
# Asset Allocation Change over Quarter

City of Kirkland | Total Aggregate Portfolio



## Asset Allocation Changes

Security Type	03/31/2021		06/30/2021		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	38,594,202.21	16.17%	85,813,589.96	29.33%	47,219,387.75	13.16%
US Agency	141,302,256.81	59.20%	135,855,617.22	46.43%	(5,446,639.58)	(12.77%)
Bank Deposit	28,824,895.32	12.08%	28,838,736.13	9.86%	13,840.80	(2.22%)
Pooled Funds	29,971,368.81	12.56%	42,098,051.14	14.39%	12,126,682.33	1.83%
Total	238,692,723.15	100.00%	292,605,994.45	100.00%	53,913,271.30	



If negative cash balance is showing, it is due to a pending trade payable at the end of period.

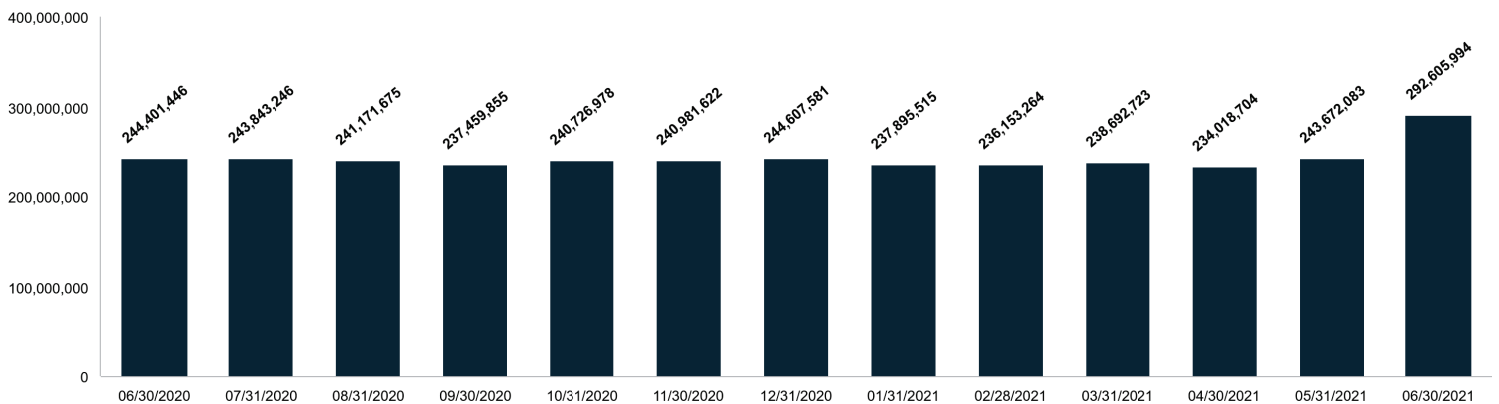


# Historical Balances

City of Kirkland | Total Aggregate Portfolio



## Market Value



## Market Value and Return

Period Begin	Period End	Market Value + Accrued	Interest Income	Book Yield	Effective Duration	Maturity in Years
06/01/2020	06/30/2020	244,401,446	342,926	1.59%	1.61	1.71
07/01/2020	07/31/2020	243,843,246	330,850	1.55%	1.65	1.75
08/01/2020	08/31/2020	241,171,675	321,712	1.56%	1.61	1.70
09/01/2020	09/30/2020	237,459,855	316,546	1.53%	1.68	1.76
10/01/2020	10/31/2020	240,726,978	309,318	1.48%	1.65	1.73
11/01/2020	11/30/2020	240,981,622	305,959	1.44%	1.67	1.75
12/01/2020	12/31/2020	244,607,581	303,743	1.41%	1.58	1.66
01/01/2021	01/31/2021	237,895,515	301,178	1.45%	1.56	1.63
02/01/2021	02/28/2021	236,153,264	290,657	1.39%	1.73	1.76
03/01/2021	03/31/2021	238,692,723	284,353	1.34%	1.74	1.77
04/01/2021	04/30/2021	234,018,704	278,557	1.36%	1.71	1.75
05/01/2021	05/31/2021	243,672,083	279,088	1.28%	1.68	1.71
06/01/2021	06/30/2021	292,605,994	283,110	1.08%	1.81	1.84

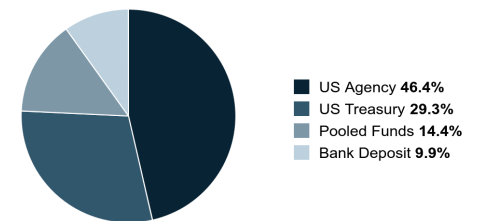
# Summary Overview

City of Kirkland | Total Aggregate Portfolio

## Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	65,587,644.48
Investments	227,018,349.97
Book Yield	1.08%
Market Yield	0.38%
Effective Duration	1.81
Years to Maturity	1.84
Avg Credit Rating	AA+

## Allocation by Asset Class



## Strategic Structure

Account	Par Amount	Book Value	Original Cost	Market Value	Net Unrealized Gain (Loss)	Accrued	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
KIRK-Investment Core	217,000,000.00	217,851,789.92	218,332,003.45	220,762,489.50	2,910,699.58	906,717.69	1.39%	2.36	2.20	ICE BofA 0-5 Year US Treasury Index
KIRK-Liquidity	65,587,644.48	65,587,644.48	65,587,644.48	65,587,644.48	0.00	0.00	0.08%	0.01	0.09	ICE BofA US 1-Month Treasury Bill Index
KIRK-Certificates of Deposit	5,349,098.82	5,349,098.82	5,349,098.82	5,349,098.82	0.00	43.97	0.30%	0.97	0.16	ICE BofA 0-3 Month US Treasury Bill Index
<b>Total</b>	<b>287,936,743.30</b>	<b>288,788,533.22</b>	<b>289,268,746.75</b>	<b>291,699,232.80</b>	<b>2,910,699.58</b>	<b>906,761.65</b>	<b>1.08%</b>	<b>1.81</b>	<b>1.69</b>	

# Portfolio Activity

City of Kirkland | Total Aggregate Portfolio



June 30, 2021

## Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2021)
Beginning Book Value	234,301,687.32	238,580,651.79
Maturities/Calls	(16,347,051.62)	(33,347,051.62)
Purchases	58,775,620.77	75,679,910.77
Sales	0.00	0.00
Change in Cash, Payables, Receivables	12,133,169.57	8,019,785.12
Amortization/Accretion	(74,892.82)	(144,762.84)
Realized Gain (Loss)	0.00	0.00
Ending Book Value	288,788,533.22	288,788,533.22

Maturities/Calls	Market Value
Quarter to Date	(16,347,051.62)
Fiscal Year to Date	(33,347,051.62)

Purchases	Market Value
Quarter to Date	58,775,620.77
Fiscal Year to Date	75,679,910.77

## Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2021)
Beginning Market Value	237,965,978.97	243,657,216.67
Maturities/Calls	(16,347,051.62)	(33,347,051.62)
Purchases	58,775,620.77	75,679,910.77
Sales	0.00	0.00
Change in Cash, Payables, Receivables	12,133,169.57	8,019,785.12
Amortization/Accretion	(74,892.82)	(144,762.84)
Change in Net Unrealized Gain (Loss)	(753,592.07)	(2,165,865.30)
Net Realized Gain (Loss)	0.00	0.00
Ending Market Value	291,699,232.80	291,699,232.80

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	0.00

# Return Management-Income Detail

City of Kirkland | Total Aggregate Portfolio

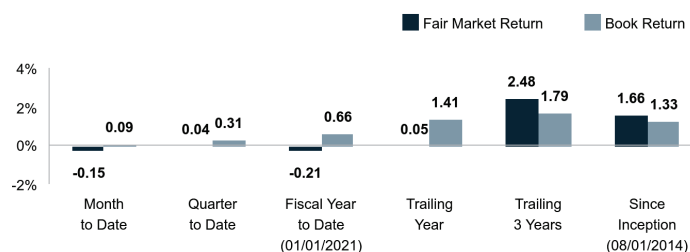


## Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2021)
Amortization/Accretion	(74,892.82)	(144,762.84)
Interest Earned	840,754.87	1,716,943.32
Realized Gain (Loss)	0.00	0.00
Book Income	765,862.05	1,572,180.48
Average Portfolio Balance	247,540,156.73	243,123,878.84
Book Return for Period	0.31%	0.66%

## Return Comparisons

Periodic for performance less than one year. Annualized for performance greater than one year.



## Fair Market Return

	Quarter to Date	Fiscal Year to Date (01/01/2021)
Market Value Change	(753,592.07)	(2,165,865.30)
Amortization/Accretion	(74,892.82)	(144,762.84)
Interest Earned	840,754.87	1,716,943.32
Fair Market Earned Income	12,269.98	(593,684.82)
Average Portfolio Balance	247,540,156.73	243,123,878.84
Fair Market Return for Period	0.04%	(0.21%)

## Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2021)
Beginning Accrued Interest	726,744.18	950,364.49
Coupons Paid	745,085.29	1,858,620.84
Purchased Accrued Interest	84,347.89	98,074.68
Sold Accrued Interest	0.00	0.00
Ending Accrued Interest	906,761.65	906,761.65
Interest Earned	840,754.87	1,716,943.32

# Security Type Distribution

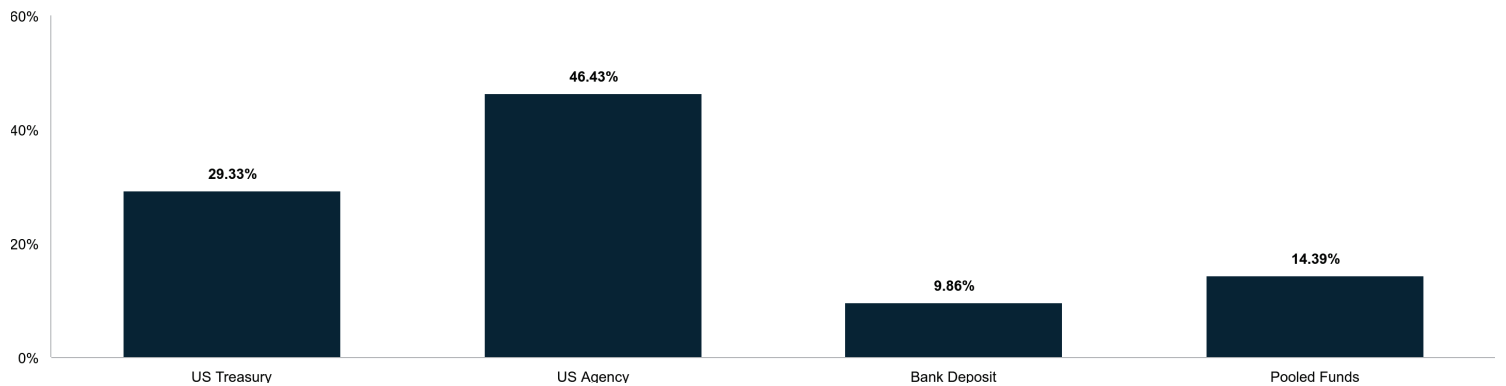
City of Kirkland | Total Aggregate Portfolio



## Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	85,000,000.00	0.63%	85,813,589.96	29.33%
US Agency	132,000,000.00	1.87%	135,855,617.22	46.43%
Bank Deposit	28,838,692.16	0.13%	28,838,736.13	9.86%
Pooled Funds	42,098,051.14	0.07%	42,098,051.14	14.39%
<b>Total</b>	<b>287,936,743.30</b>	<b>1.08%</b>	<b>292,605,994.45</b>	<b>100.00%</b>

## Security Type Distribution



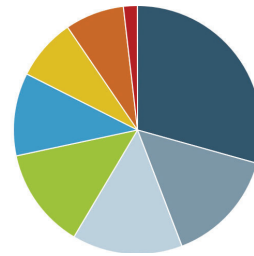
# Risk Management-Credit/Issuer

City of Kirkland | Total Aggregate Portfolio

## Credit Rating S&P/Moody's/Fitch

	Market Value + Accrued	%
<b>S&amp;P</b>		
AA+	221,669,207.19	75.76
NA	70,936,787.27	24.24
<b>Moody's</b>		
Aaa	221,669,207.19	75.76
NA	70,936,787.27	24.24
<b>Fitch</b>		
AAA	221,669,207.19	75.76
NA	70,936,787.27	24.24
<b>Total</b>	<b>292,605,994.45</b>	<b>100.00</b>

## Issuer Concentration



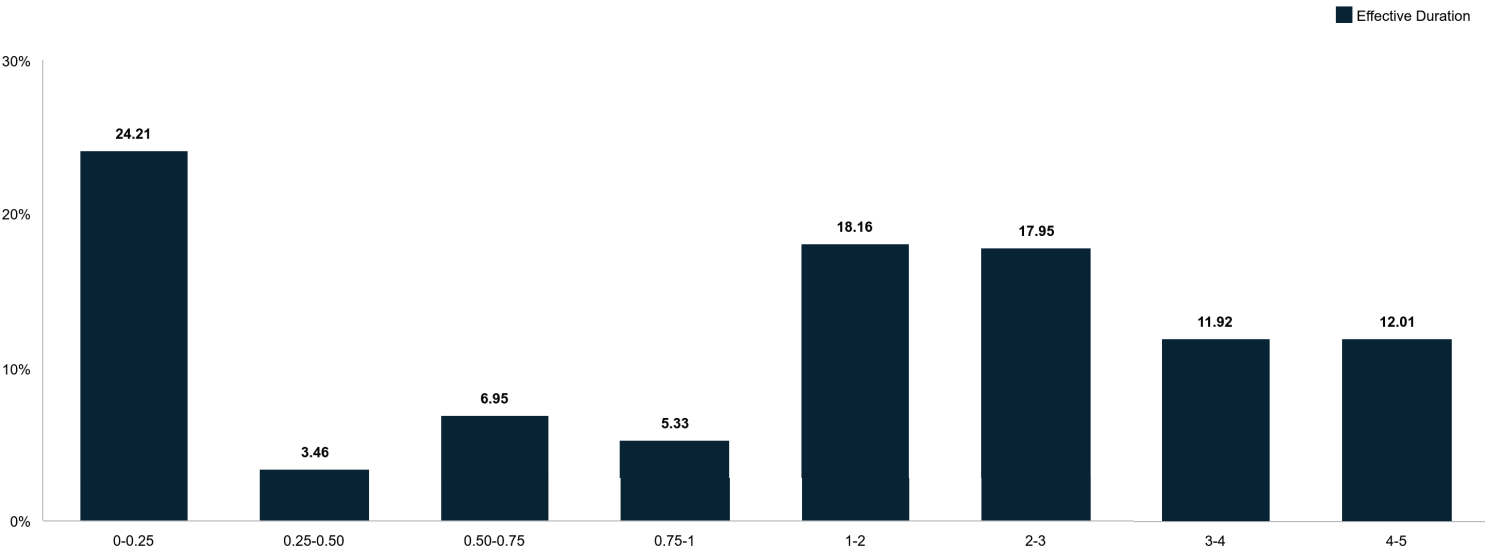
- United States **29.3%**
- Federal Home Loan Banks **14.8%**
- WASHINGTON LGIP **14.4%**
- Federal National Mortgage Association **13.1%**
- Farm Credit System **10.8%**
- PACIFIC PREMIER DEPOSIT **8.0%**
- Federal Home Loan Mortgage Corporation **7.7%**
- East West Bank **1.8%**

# Risk Management-Maturity/Duration

City of Kirkland | Total Aggregate Portfolio

1.81 Yrs	Effective Duration	1.84 Yrs	Years to Maturity	672	Days to Maturity
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Distribution by Effective Duration



# Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



June 30, 2021

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
KIRK_PCFC_DEP	23,489,593.34	PACIFIC PREMIER DEPOSIT	0.093%	06/30/2021		23,489,593.34	0.00	23,489,593.34	0.09%		8.03	0.01	0.01	NA NA NA
WA_LGIP	42,098,051.14	WASHINGTON LGIP	0.069%	06/30/2021		42,098,051.14	0.00	42,098,051.14	0.07%		14.39	0.01	0.01	NA NA NA
313378JP7	5,000,000.00	FEDERAL HOME LOAN BANKS	2.375%	09/10/2021		5,022,775.00	36,614.58	5,059,389.58	1.64%	0.03%	1.73	0.20	0.19	AA+ Aaa AAA
3130AF5B9	5,000,000.00	FEDERAL HOME LOAN BANKS	3.000%	10/12/2021		5,041,500.00	32,916.67	5,074,416.67	2.50%	0.07%	1.73	0.28	0.28	AA+ Aaa AAA
3130A0EN6	5,000,000.00	FEDERAL HOME LOAN BANKS	2.875%	12/10/2021		5,062,485.00	8,385.42	5,070,870.42	2.61%	0.06%	1.73	0.45	0.44	AA+ Aaa AAA
3135G0S38	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.000%	01/05/2022		5,049,345.00	48,888.89	5,098,233.89	2.05%	0.08%	1.74	0.52	0.51	AA+ Aaa AAA
3135G0U92	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.625%	01/11/2022		5,067,585.00	61,979.17	5,129,564.17	2.59%	0.08%	1.75	0.53	0.52	AA+ Aaa AAA
3133EKBV7	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.550%	03/01/2022		5,082,000.00	42,500.00	5,124,500.00	2.52%	0.10%	1.75	0.67	0.66	AA+ Aaa AAA
313378WG2	5,000,000.00	FEDERAL HOME LOAN BANKS	2.500%	03/11/2022		5,084,635.00	38,194.44	5,122,829.44	2.36%	0.07%	1.75	0.70	0.69	AA+ Aaa AAA
3135G0T45	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.875%	04/05/2022		5,066,920.00	22,395.83	5,089,315.83	1.11%	0.12%	1.74	0.76	0.76	AA+ Aaa AAA
3130AEBM1	5,000,000.00	FEDERAL HOME LOAN BANKS	2.750%	06/10/2022		5,124,420.00	8,020.83	5,132,440.83	2.84%	0.11%	1.75	0.94	0.94	AA+ Aaa AAA
KIRK-17340 25-22	5,349,098.82	East West Bank	0.300%	06/21/2022		5,349,098.82	43.97	5,349,142.79	0.30%	0.30%	1.83	0.97	0.97	NA NA NA
91282CAG6	5,000,000.00	UNITED STATES TREASURY	0.125%	08/31/2022		4,999,805.00	2,088.99	5,001,893.99	0.07%	0.13%	1.71	1.17	1.17	AA+ Aaa AAA
91282CAN1	5,000,000.00	UNITED STATES TREASURY	0.125%	09/30/2022		4,998,635.00	1,571.04	5,000,206.04	0.10%	0.15%	1.71	1.25	1.25	AA+ Aaa AAA



# Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
9128283C2	5,000,000.00	UNITED STATES TREASURY	2.000%	10/31/2022		5,123,045.00	16,847.83	5,139,892.83	1.59%	0.15%	1.76	1.34	1.32	AA+ Aaa AAA
3130A3KM5	7,000,000.00	FEDERAL HOME LOAN BANKS	2.500%	12/09/2022		7,233,450.00	10,694.44	7,244,144.44	2.94%	0.18%	2.48	1.44	1.42	AA+ Aaa AAA
3135G0T94	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.375%	01/19/2023		5,166,605.00	53,437.50	5,220,042.50	3.04%	0.22%	1.78	1.56	1.52	AA+ Aaa AAA
91282CBN0	5,000,000.00	UNITED STATES TREASURY	0.125%	02/28/2023		4,993,750.00	2,088.99	4,995,838.99	0.13%	0.20%	1.71	1.67	1.66	AA+ Aaa AAA
3133EJFK0	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.650%	03/08/2023		5,207,265.00	41,590.28	5,248,855.28	1.60%	0.19%	1.79	1.69	1.65	AA+ Aaa AAA
91282CBX8	5,000,000.00	UNITED STATES TREASURY	0.125%	04/30/2023		4,990,040.00	1,052.99	4,991,092.99	0.14%	0.23%	1.71	1.83	1.83	AA+ Aaa AAA
3135G04Q3	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.250%	05/22/2023		5,001,485.00	1,354.17	5,002,839.17	0.32%	0.23%	1.71	1.89	1.89	AA+ Aaa AAA
3133EJUS6	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.875%	07/17/2023		5,265,390.00	65,486.11	5,330,876.11	3.07%	0.27%	1.82	2.05	1.98	AA+ Aaa AAA
313383YJ4	5,000,000.00	FEDERAL HOME LOAN BANKS	3.375%	09/08/2023		5,338,915.00	52,968.75	5,391,883.75	3.04%	0.27%	1.84	2.19	2.11	AA+ Aaa AAA
3135G0U43	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.875%	09/12/2023		5,284,480.00	43,524.31	5,328,004.31	2.54%	0.28%	1.82	2.20	2.13	AA+ Aaa AAA
3137EAEY1	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.125%	10/16/2023		4,980,090.00	1,302.08	4,981,392.08	0.24%	0.30%	1.70	2.30	2.29	AA+ Aaa AAA
3137EAEZ8	2,500,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	11/06/2023		2,497,197.50	954.86	2,498,152.36	0.28%	0.30%	0.85	2.35	2.34	AA+ Aaa AAA
912828V80	5,000,000.00	UNITED STATES TREASURY	2.250%	01/31/2024		5,242,385.00	46,926.80	5,289,311.80	1.60%	0.36%	1.81	2.59	2.50	AA+ Aaa AAA

# Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3133EKBW5	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.610%	02/27/2024		5,292,285.00	44,950.00	5,337,235.00	2.57%	0.40%	1.82	2.66	2.56	AA+ Aaa AAA
91282CBV2	5,000,000.00	UNITED STATES TREASURY	0.375%	04/15/2024		4,992,970.00	3,944.67	4,996,914.67	0.29%	0.43%	1.71	2.79	2.77	AA+ Aaa AAA
91282CCC3	3,000,000.00	UNITED STATES TREASURY	0.250%	05/15/2024		2,983,827.00	957.88	2,984,784.88	0.31%	0.44%	1.02	2.88	2.86	AA+ Aaa AAA
3130A1XJ2	5,000,000.00	FEDERAL HOME LOAN BANKS	2.875%	06/14/2024		5,348,695.00	6,788.19	5,355,483.19	2.03%	0.50%	1.83	2.96	2.85	AA+ Aaa AAA
3133EKWV4	10,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.850%	07/26/2024		10,413,240.00	79,652.78	10,492,892.78	1.92%	0.49%	3.59	3.07	2.97	AA+ Aaa AAA
9128282U3	5,000,000.00	UNITED STATES TREASURY	1.875%	08/31/2024		5,216,015.00	31,334.92	5,247,349.92	0.37%	0.50%	1.79	3.17	3.07	AA+ Aaa AAA
912828G38	5,000,000.00	UNITED STATES TREASURY	2.250%	11/15/2024		5,285,545.00	14,368.21	5,299,913.21	1.69%	0.54%	1.81	3.38	3.26	AA+ Aaa AAA
912828YY0	5,000,000.00	UNITED STATES TREASURY	1.750%	12/31/2024		5,202,735.00	237.77	5,202,972.77	0.44%	0.58%	1.78	3.50	3.40	AA+ Aaa AAA
3137EAEPO	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	1.500%	02/12/2025		5,156,060.00	28,958.33	5,185,018.33	0.55%	0.63%	1.77	3.62	3.51	AA+ Aaa AAA
912828ZF0	5,000,000.00	UNITED STATES TREASURY	0.500%	03/31/2025		4,974,610.00	6,284.15	4,980,894.15	0.43%	0.64%	1.70	3.75	3.70	AA+ Aaa AAA
3135G03U5	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.625%	04/22/2025		4,996,170.00	5,989.58	5,002,159.58	0.53%	0.65%	1.71	3.81	3.76	AA+ Aaa AAA
912828ZW3	4,000,000.00	UNITED STATES TREASURY	0.250%	06/30/2025		3,928,752.00	27.17	3,928,779.17	0.57%	0.70%	1.34	4.00	3.97	AA+ Aaa AAA
3137EAEU9	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.375%	07/21/2025		4,928,290.00	8,333.33	4,936,623.33	0.44%	0.73%	1.69	4.06	4.01	AA+ Aaa AAA
3137EAEX3	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.375%	09/23/2025		4,920,370.00	5,104.17	4,925,474.17	0.42%	0.76%	1.68	4.23	4.18	AA+ Aaa AAA

# Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3135G06G3	2,500,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.500%	11/07/2025		2,471,105.00	1,875.00	2,472,980.00	0.52%	0.77%	0.85	4.36	4.29	AA+ Aaa AAA
91282CBC4	4,000,000.00	UNITED STATES TREASURY	0.375%	12/31/2025		3,923,280.00	40.76	3,923,320.76	0.63%	0.81%	1.34	4.50	4.45	AA+ Aaa AAA
91282CBH3	5,000,000.00	UNITED STATES TREASURY	0.375%	01/31/2026		4,901,760.00	7,821.13	4,909,581.13	0.47%	0.81%	1.68	4.59	4.52	AA+ Aaa AAA
91282CBQ3	3,000,000.00	UNITED STATES TREASURY	0.500%	02/28/2026		2,955,819.00	5,013.59	2,960,832.59	0.81%	0.82%	1.01	4.67	4.59	AA+ Aaa AAA
91282CBT7	3,000,000.00	UNITED STATES TREASURY	0.750%	03/31/2026		2,985,819.00	5,655.74	2,991,474.74	0.76%	0.85%	1.02	4.75	4.65	AA+ Aaa AAA
91282CBW0	4,000,000.00	UNITED STATES TREASURY	0.750%	04/30/2026		3,981,876.00	5,054.35	3,986,930.35	0.76%	0.85%	1.36	4.83	4.73	AA+ Aaa AAA
91282CCF6	4,000,000.00	UNITED STATES TREASURY	0.750%	05/31/2026		3,979,064.00	2,540.98	3,981,604.98	0.78%	0.86%	1.36	4.92	4.81	AA+ Aaa AAA
<b>Total</b>	<b>287,936,743.30</b>		<b>1.219%</b>			<b>291,699,232.80</b>	<b>906,761.65</b>	<b>292,605,994.45</b>	<b>1.08%</b>	<b>0.38%</b>	<b>100.00</b>	<b>1.84</b>	<b>1.81</b>	

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

**Questions About an Account:** GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

**Trade Date versus Settlement Date:** Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

**Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities:** GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

**Account Control:** GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

**Custodial Bank Interface:** Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

**Market Price:** Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

**Amortized Cost:** The original cost on 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. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

**Callable Securities:** Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

**Duration:** The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

**Benchmark Duration:** The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

**Rating:** Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

**Coupon Payments and Maturities on Weekends:** On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

**Cash and Cash Equivalents:** GPA has defined cash and cash equivalents to be cash, bank deposits, LGIP pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

**Account Settings:** GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

**Historical Numbers:** Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

**Financial Situation:** In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

**No Guarantee:** The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.

