



**CITY OF KIRKLAND**  
Finance and Administration  
123 Fifth Avenue, Kirkland, WA 98033  
425-587-3000

## MEMORANDUM

**To:** Kurt Triplett, City Manager  
**From:** Michael Olson, Director of Finance and Administration  
**Date:** February 6, 2025  
**Subject:** 4<sup>th</sup> Quarter 2024 Investment Report

### RECOMMENDATION:

Staff recommends that City Council receives the 4<sup>th</sup> Quarter 2024 Investment Report.

### EXECUTIVE SUMMARY

- City Staff recommends that Council receives the 4<sup>th</sup> Quarter 2024 Investment Report. No action by Council is required.
- The Quarterly Investment Report appears on the Consent Agenda following each quarter presenting all City investment activity in the previous quarter.
- The attached report is prepared by the City's contracted Investment Advisor.

### BACKGROUND:

This Quarterly Investment report is provided on the consent calendar following each quarter. 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 to 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 City issued a request for proposals in early 2024 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, 2024.

#### **DISCUSSION/ANALYSIS:**

The attached Quarterly Investment Report includes a brief market commentary and market outlook at the beginning of the report on page 3. Following that, the status of compliance to Kirkland's Investment Policy is on pages 4 & 5 and a strategic outlook is presented on page 6. A summary of Portfolio characteristics, structure, activity, and returns can be found on pages 10-12. The report also includes details on each of the security holdings in Kirkland's Portfolio on pages 16-19.

#### **NEXT STEPS**

None.

#### **ATTACHMENTS**

Attachment 1 – Quarterly Investment Report City of Kirkland December 31, 2024

# Quarterly Investment Report City of Kirkland

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December 31, 2024

Total Aggregate Portfolio

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## Market Commentary

**Market Yields:** After declining for several consecutive months through September, interest rates reversed course in a curve steepening manner during Q4 reaching 6-month highs as 2-year Treasury note yields increased by 60 basis points to 4.24% while 5-year notes climbed by 82 basis points to 4.38%. Driving the rise in rates was a recent stall in the disinflationary trend as well as an increasingly uncertain outlook on fiscal policy.

**FOMC:** The Federal Open Market Committee (FOMC) continued to ease monetary policy by lowering the federal funds rate by 25 basis points at each of the November and December meetings bringing the upper bound from 5.00% to 4.50%. Influencing the Fed to lower rates was past progress on inflation and a moderating labor market.

**Employment:** Despite an October hiccup due to hurricanes in the southeast and labor strikes, job growth remained robust, albeit with a slight uptick in the unemployment rate. The labor market added 227 thousand workers to payrolls in November while wage growth advanced at an annual pace of 4.0%. The unemployment rate climbed to 4.2% in November from 4.1% in October while participation fell, indicating some weakness behind the headline number however, the Fed had been expecting an increase and even revised down their forecast for the unemployment rate in 2025 coming out of their December meeting.

**Inflation:** The disinflationary trend began to sputter in Q4 with the core PCE index proving sticky at an annualized 2.7% for three months before accelerating to 2.8% in October and November. Driving inflation have been costs for financial services and insurance along with housing. Fortunately, shelter costs have been decelerating as economists had predicted and if continued, should help bring inflation down in 2025.

## Market Outlook

**GDP:** The economy continued to grow at a brisk pace clocking an above trend, annualized rate of 3.1% in the final estimate of Q3 and was driven by consumption, which advanced by an outsized 3.7%. Going forward, economic growth is expected to moderate with the Atlanta Fed GDPNow model forecasting GDP growth to expand at a 2.4% rate in Q4.

**Fed Funds:** The FOMC lowered the federal funds rate by 25 basis points in November and again in December with both moves being widely anticipated. However, recent Fed speak and forecasts, show the FOMC will proceed easing policy at a slower pace by pausing until more progress on inflation achieved or if the labor market begins to deteriorate. At the time of this writing, markets and the FOMC are both predicting two 25 basis point rate cuts in 2025.

**2-year Yield Expectations:** Even with the recent rise in rates that saw the yield on 2-year Treasury notes increase by 60 basis points in Q4, market forecasters are still calling for lower yields in the year ahead as the Fed continues to fight inflation by holding a restrictive stance on monetary policy. Of course, this will be subject to the incoming data where any further moderation in the labor market or deceleration in price growth, will be met with expectations for a quicker path to lower rates.

**Portfolio Positioning:** Yield spreads on corporate and municipal securities continue to trade tight to Treasuries offering little relative value leading us to prefer Treasuries while giving consideration to agency and supranational markets when opportunities arise. We advise clients to manage durations neutral to their respective benchmarks with a slight bias to a bullet structure duration profile as the curve is expected to continue to steepen.

## Quarterly Yield Change

	03/31/24	06/30/24	09/30/24	12/31/24
3 month bill	5.36	5.36	4.62	4.31
2 year note	4.62	4.75	3.64	4.24
5 year note	4.21	4.38	3.56	4.38
10 year note	4.2	4.4	3.78	4.57

## Economists' Survey Projections

	Q1-25	Q2-25	Q3-25	Q4-25
Real GDP	2.5	2.2	2.0	1.9
Core PCE (YOY%)	2.2	2.2	2.4	2.3
Unemployment	4.3	4.3	4.3	4.3

## Economists' Survey Projections for Rates

	Q1-25	Q2-25	Q3-25	Q4-25
Fed Funds	4.25	4.0	3.85	3.75
2 Year	4.01	3.86	3.76	3.68
10 year	4.24	4.16	4.14	4.12

# Compliance Report

City of Kirkland | Total Aggregate Portfolio



December 31, 2024

## Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	47.403	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25.000	0.000	Compliant
US Agency FFCB Issuer Concentration	30.000	20.866	Compliant
US Agency FHLB Issuer Concentration	30.000	10.187	Compliant
US Agency FHLMC Issuer Concentration	30.000	3.308	Compliant
US Agency FNMA Issuer Concentration	30.000	4.143	Compliant
US Agency Obligations - All Other Issuers Combined	35.000	0.000	Compliant
Municipal Bonds Issuer Concentration	5.000	0.000	Compliant
Municipal Bonds Maximum % of Holdings	30.000	0.000	Compliant
Municipal Bonds WA issues GO/Local and GO only Outside WA	0.000	0.000	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.000	Compliant
Certificates of Deposit Maximum % of Holdings	10.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	12.179	Compliant
PDPC Bank Deposits Issuer Concentration	30.000	1.914	Compliant
PDPC Bank Deposits Maximum % of Holdings	50.000	1.914	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



December 31, 2024

**Category**

<b>Policy Maturity Structure Constraint</b>	<b>Policy Limit</b>	<b>Actual %</b>	<b>Status</b>
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	14.093	Compliant
Maturity Constraints Under 1 year Minimum % of Total Portfolio	25.000	30.101	Compliant
Maturity Constraints Under 5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
<b>Policy Maturity Constraint</b>	<b>Policy Limit</b>	<b>Actual Term</b>	<b>Status</b>
US Treasury Maximum Maturity At Time of Purchase (years)	5.000	4.986	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.000	4.995	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
Certificates of Deposit Maximum Maturity At Time of Purchase (years)	5.000	0.000	Compliant
Weighted Average Maturity (years)	2.500	1.854	Compliant

1) Actual values are based on market value.

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### Strategic Outlook

The pace of policy easing is expected to slow in 2025 with Fed Chairman J. Powell commenting that they will likely hold off on lowering rates again until further progress on inflation is achieved or if the labor market weakens.

Market participants are bracing for uncertainties surrounding fiscal policy as a new administration takes control of the White House leaving forecasters to speculate on what effects policy changes may have on capital markets.

The next Fed meeting is slated for late January where markets are expecting the FOMC to leave rates unchanged, however, the committee will have two more months of labor and inflation data that carry potential to shift the narrative.

### Portfolio Positioning

- The portfolio ended the year fully invested and the core investment portfolio will continue to managed neutral to the benchmark duration.
- The portfolio continues to be overweighted to US Treasury securities versus agency securities given the tight yield spreads. We see more value in US Treasuries.
- The total portfolio book yield decreased from 3.566 to 3.549.
- The total portfolio unrealized loss ended the quarter at -\$2,716,001.
- The core portfolio duration decreased over the quarter from 2.172 last quarter to 2.008 this quarter. The benchmark duration ended the quarter at 2.102.
- Net total return for the core portfolio, which includes change in market value and interest income, was -0.51%. The benchmark total return for the period was -0.37%.

# Strategic Quarterly Update

City of Kirkland | Total Aggregate Portfolio



December 31, 2024

Metric	Previous	Current
<b>Strategy</b>	<b>09/30/2024</b>	<b>12/31/2024</b>
<b>Effective Duration</b>		
Investment Core	2.17	2.01
Benchmark Duration	2.13	2.10
<b>Total Effective Duration</b>	<b>1.88</b>	<b>1.73</b>
<b>Total Return (Net of Fees %)*</b>		
Investment Core	3.28	(0.51)
Benchmark Return	2.99	(0.37)
<b>Total Portfolio Performance</b>	<b>3.00</b>	<b>(0.27)</b>
<i>*Changes in Market Value include net unrealized and realized gains/losses.</i>		
<b>Maturity Total Portfolio</b>		
<b>Average Maturity Total Holdings</b>	<b>2.02</b>	<b>1.86</b>

Metric	Previous	Current
<b>Book Yield</b>	<b>09/30/2024</b>	<b>12/31/2024</b>
<b>Ending Book Yield</b>		
Investment Core	3.34%	3.38%
Liquidity	5.03%	4.60%
<b>Total Book Yield</b>	<b>3.57%</b>	<b>3.55%</b>
<b>Values</b>		
	<b>09/30/2024</b>	<b>12/31/2024</b>
<b>Market Value + Accrued</b>		
Investment Core	258,287,181	254,908,065
Liquidity	39,772,718	41,531,870
<b>Total MV + Accrued</b>	<b>298,059,898</b>	<b>296,439,934</b>
<b>Net Unrealized Gain/Loss</b>		
<b>Total Net Unrealized Gain/Loss</b>	<b>718,050</b>	<b>(2,716,001)</b>

# Asset Allocation Change over Quarter

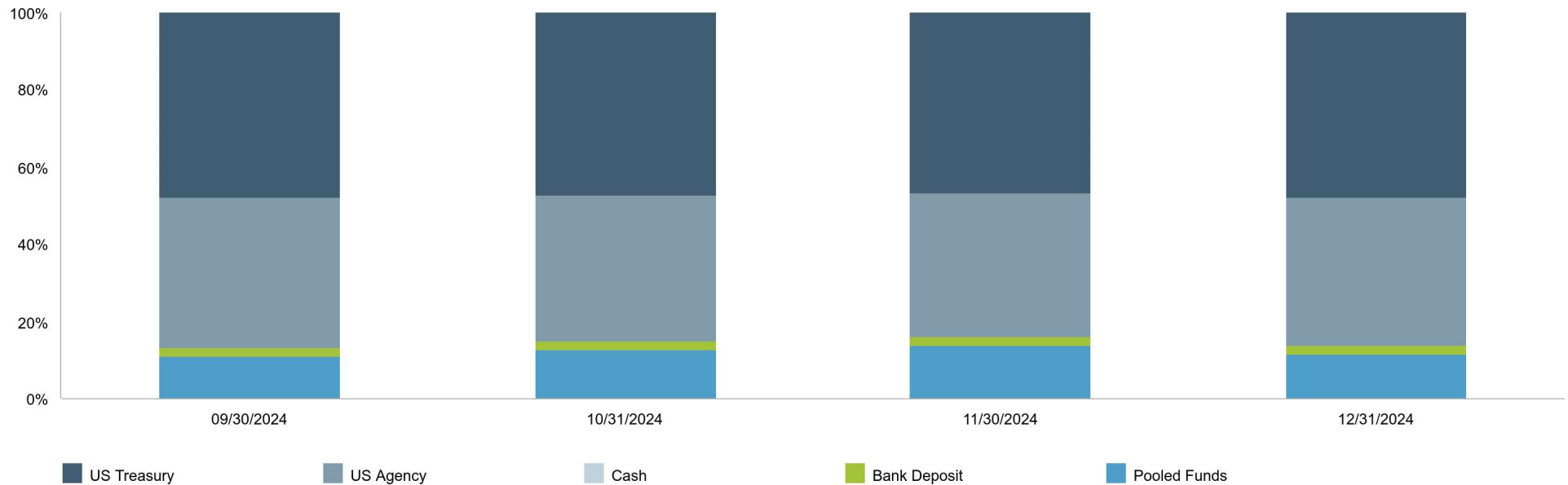
City of Kirkland | Total Aggregate Portfolio



December 31, 2024

## Asset Allocation Changes

Security Type	09/30/2024		12/31/2024		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	141,963,869.22	47.63%	140,630,835.15	47.44%	(1,333,034.06)	(0.19%)
US Agency	116,323,311.38	39.03%	114,277,229.35	38.55%	(2,046,082.03)	(0.48%)
Bank Deposit	5,574,254.40	1.87%	5,640,097.10	1.90%	65,842.70	0.03%
Pooled Funds	34,198,463.40	11.47%	35,891,772.77	12.11%	1,693,309.37	0.63%
Total	298,059,898.40	100.00%	296,439,934.37	100.00%	(1,619,964.02)	



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

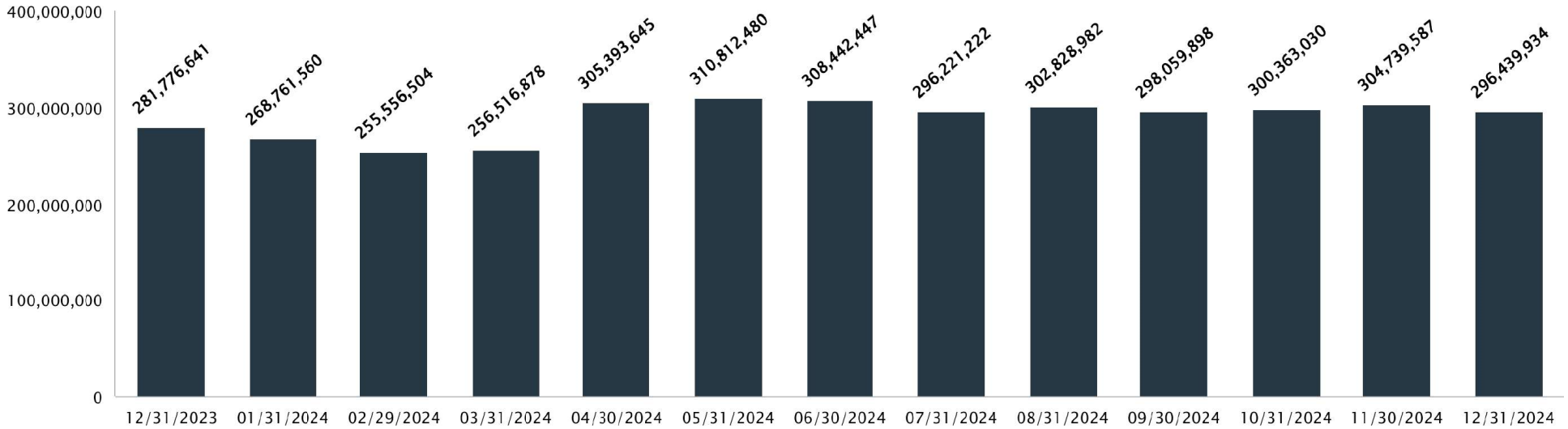
# Historical Balances

City of Kirkland | Total Aggregate Portfolio



December 31, 2024

## Market Value



## Market Value and Return

Period Begin	Period End	Market Value + Accrued	Earned Income	Book Yield	Effective Duration	Maturity in Years
12/01/2023	12/31/2023	281,776,641	685,558	2.98%	1.67	1.79
01/01/2024	01/31/2024	268,761,560	665,182	2.90%	1.72	1.85
02/01/2024	02/29/2024	255,556,504	591,507	2.81%	1.82	1.96
03/01/2024	03/31/2024	256,516,878	590,258	2.81%	1.75	1.88
04/01/2024	04/30/2024	305,393,645	690,624	3.30%	1.47	1.58
05/01/2024	05/31/2024	310,812,480	892,011	3.43%	1.48	1.61
06/01/2024	06/30/2024	308,442,447	375,727	3.62%	1.91	2.07
07/01/2024	07/31/2024	296,221,222	912,209	3.64%	1.96	2.12
08/01/2024	08/31/2024	302,828,982	885,682	3.66%	1.88	2.03
09/01/2024	09/30/2024	298,059,898	877,430	3.57%	1.88	2.02
10/01/2024	10/31/2024	300,363,030	867,374	3.57%	1.77	1.90
11/01/2024	11/30/2024	304,739,587	897,779	3.59%	1.75	1.89
12/01/2024	12/31/2024	296,439,934	871,346	3.55%	1.73	1.86

# Summary Overview

City of Kirkland | Total Aggregate Portfolio



December 31, 2024

## Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	41,531,869.87
Investments	254,908,064.50
Book Yield	3.55%
Market Yield	4.35%
Effective Duration	1.73
Years to Maturity	1.86
Avg Credit Rating	AAA

## 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	257,500,000.00	255,874,699.13	254,976,497.83	253,158,698.48	(2,716,000.65)	1,749,366.02	3.38%	2.01	2.10	ICE BofA 0-5 Year US Treasury Index
KIRK-Liquidity	41,531,869.87	41,531,869.87	41,531,869.87	41,531,869.87	0.00	0.00	4.60%	0.01	0.09	ICE BofA US 1-Month Treasury Bill Index
<b>Total</b>	<b>299,031,869.87</b>	<b>297,406,569.00</b>	<b>296,508,367.70</b>	<b>294,690,568.35</b>	<b>(2,716,000.65)</b>	<b>1,749,366.02</b>	<b>3.55%</b>	<b>1.73</b>	<b>0.96</b>	

# Portfolio Activity

City of Kirkland | Total Aggregate Portfolio



December 31, 2024

## Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2024)
Beginning Book Value	295,466,094.96	286,638,714.67
Maturities/Calls	(5,000,000.00)	(48,000,000.00)
Purchases	4,927,148.44	96,435,412.64
Sales	0.00	(19,589,523.44)
Change in Cash, Payables, Receivables	1,759,152.07	(18,085,758.42)
Amortization/Accretion	254,173.53	496,966.06
Realized Gain (Loss)	0.00	(489,242.51)
Ending Book Value	297,406,569.00	297,406,569.00

## Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2024)
Beginning Market Value	296,184,145.00	280,563,998.79
Maturities/Calls	(5,000,000.00)	(48,000,000.00)
Purchases	4,927,148.44	96,435,412.64
Sales	0.00	(19,589,523.44)
Change in Cash, Payables, Receivables	1,759,152.07	(18,085,758.42)
Amortization/Accretion	254,173.53	496,966.06
Change in Net Unrealized Gain (Loss)	(3,434,050.69)	3,358,715.24
Net Realized Gain (Loss)	0.00	(489,242.51)
Ending Market Value	294,690,568.35	294,690,568.35

Maturities/Calls	Market Value
Quarter to Date	(5,000,000.00)
Fiscal Year to Date	(48,000,000.00)

Purchases	Market Value
Quarter to Date	4,927,148.44
Fiscal Year to Date	96,435,412.64

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	(19,589,523.44)

# Return Management-Income Detail

City of Kirkland | Total Aggregate Portfolio



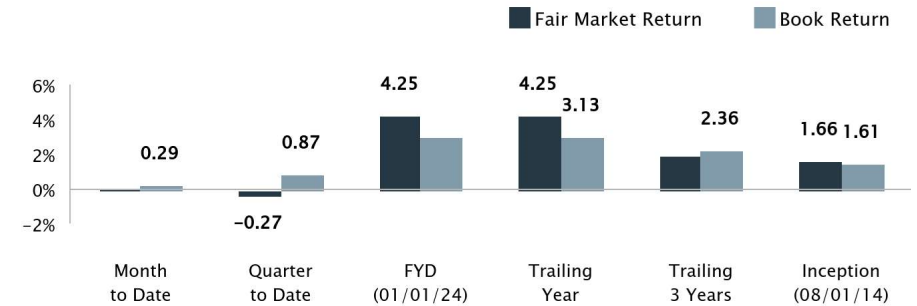
December 31, 2024

## Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2024)
Amortization/Accretion	254,173.53	496,966.06
Interest Earned	2,382,325.08	9,109,404.38
Realized Gain (Loss)	0.00	(489,242.51)
Book Income	2,636,498.60	9,117,127.93
Average Portfolio Balance	299,327,120.43	291,054,097.61
Book Return for Period	0.87%	3.13%

## 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 (01/01/2024)
Market Value Change	(3,434,050.69)	3,358,715.24
Amortization/Accretion	254,173.53	496,966.06
Interest Earned	2,382,325.08	9,109,404.38
Fair Market Earned Income	(1,051,725.61)	12,468,119.62
Average Portfolio Balance	299,327,120.43	291,054,097.61
Fair Market Return for Period	(0.27%)	4.25%

## Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2024)
Beginning Accrued Interest	1,875,753.40	1,212,642.04
Coupons Paid	2,516,999.74	9,476,637.38
Purchased Accrued Interest	8,287.29	727,818.65
Sold Accrued Interest	0.00	(106,708.89)
Ending Accrued Interest	1,749,366.02	1,749,366.02
Interest Earned	2,382,325.08	9,109,404.38

# Security Type Distribution

City of Kirkland | Total Aggregate Portfolio

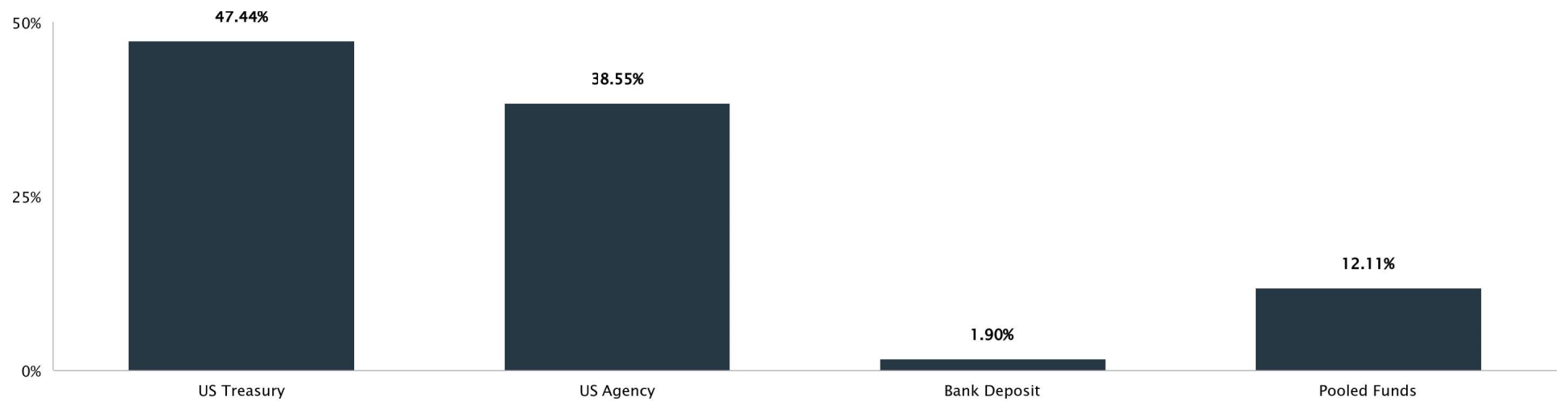


December 31, 2024

## Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	143,500,000.00	3.04%	140,630,835.15	47.44%
US Agency	114,000,000.00	3.79%	114,277,229.35	38.55%
Bank Deposit	5,640,097.10	4.60%	5,640,097.10	1.90%
Pooled Funds	35,891,772.77	4.60%	35,891,772.77	12.11%
<b>Total</b>	<b>299,031,869.87</b>	<b>3.55%</b>	<b>296,439,934.37</b>	<b>100.00%</b>

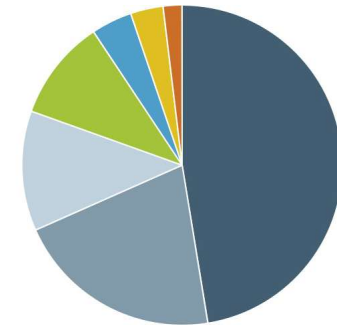
## Security Type Distribution



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

	Market Value + Accrued	%
<b>S&amp;P</b>		
AA+	254,908,064.50	85.99
NA	41,531,869.87	14.01
<b>Moody's</b>		
Aaa	254,908,064.50	85.99
NA	41,531,869.87	14.01
<b>Fitch</b>		
AA+	254,908,064.50	85.99
NA	41,531,869.87	14.01
<b>Total</b>	<b>296,439,934.37</b>	<b>100.00</b>

## Issuer Concentration



- Government of The United States **47.4%**
- Farm Credit System **20.9%**
- WASHINGTON LGIP **12.1%**
- Federal Home Loan Banks **10.2%**
- Federal National Mortgage Association **4.1%**
- Federal Home Loan Mortgage Corporation **3.3%**
- Cathay Bank **1.9%**

# Risk Management-Maturity/Duration

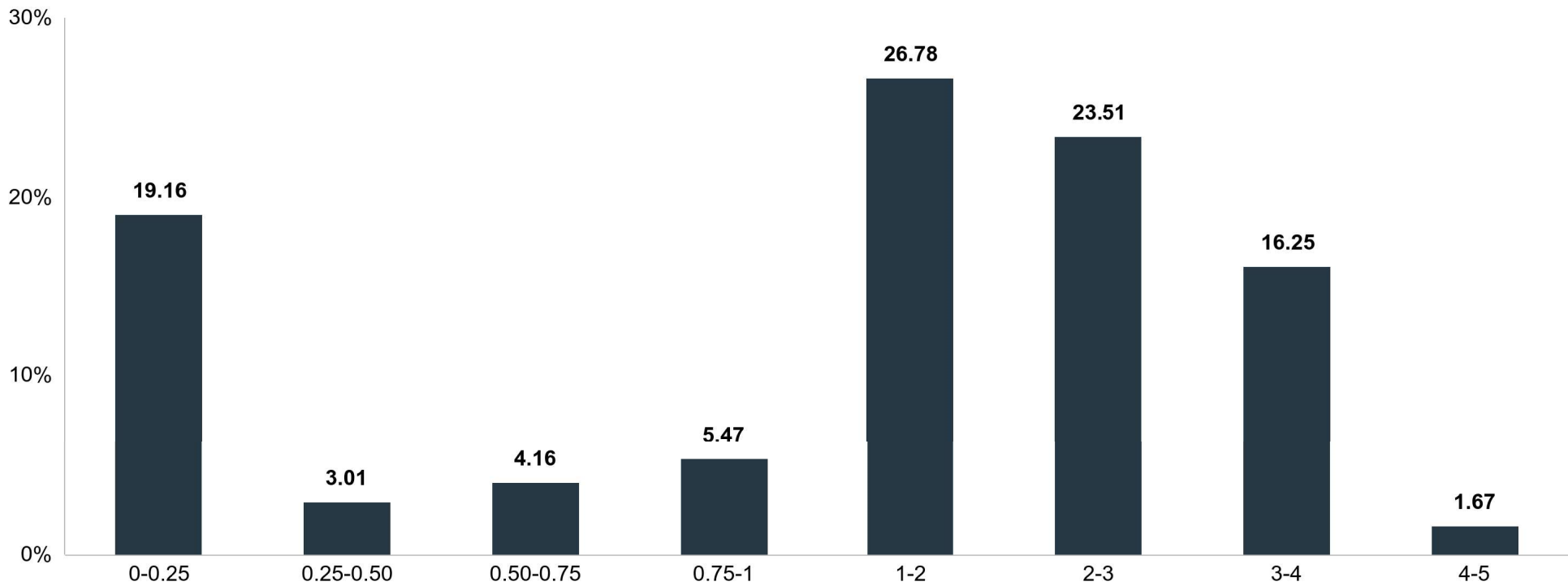
City of Kirkland | Total Aggregate Portfolio



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<b>1.73 Yrs</b>	<b>Effective Duration</b>	<b>1.86 Yrs</b>	<b>Years to Maturity</b>	<b>678</b>	<b>Days to Maturity</b>
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Distribution by Effective Duration



# Holdings by Maturity & Ratings



City of Kirkland | Total Aggregate Portfolio

December 31, 2024

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_CATHA Y_MMF	5,640,097.10	Cathay Bank	4.600%	12/31/2024		5,640,097.10	0.00	5,640,097.10	4.60%	4.60%	1.90	0.01	0.01	NA NA NA
WA_LGIP	35,891,772.77	WASHINGTON LGIP	4.602%	12/31/2024		35,891,772.77	0.00	35,891,772.77	4.60%	4.60%	12.11	0.01	0.01	NA NA NA
912828Z52	5,000,000.00	UNITED STATES TREASURY	1.375%	01/31/2025		4,987,354.60	28,770.38	5,016,124.98	1.22%	4.36%	1.69	0.08	0.08	AA+ Aaa AA+
3133EEWP1	10,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.370%	04/01/2025		9,943,869.00	59,250.00	10,003,119.00	5.08%	4.61%	3.37	0.25	0.25	AA+ Aaa AA+
3135G03U5	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.625%	04/22/2025		4,943,294.75	5,989.58	4,949,284.33	0.53%	4.35%	1.67	0.31	0.30	AA+ Aaa AA+
912828ZW3	4,000,000.00	UNITED STATES TREASURY	0.250%	06/30/2025		3,921,906.24	27.62	3,921,933.86	0.57%	4.24%	1.32	0.50	0.49	AA+ Aaa AA+
3137EAEU9	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.375%	07/21/2025		4,889,880.55	8,333.33	4,898,213.88	0.44%	4.43%	1.65	0.55	0.54	AA+ Aaa AA+
91282CHV6	2,500,000.00	UNITED STATES TREASURY	5.000%	08/31/2025		2,511,796.88	42,472.38	2,554,269.25	4.78%	4.26%	0.86	0.67	0.64	AA+ Aaa AA+
3137EAEX3	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.375%	09/23/2025		4,859,318.75	5,104.17	4,864,422.92	0.42%	4.34%	1.64	0.73	0.71	AA+ Aaa AA+
3135G06G3	7,500,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.500%	11/07/2025		7,265,650.65	5,625.00	7,271,275.65	2.82%	4.28%	2.45	0.85	0.83	AA+ Aaa AA+
91282CBC4	4,000,000.00	UNITED STATES TREASURY	0.375%	12/31/2025		3,850,843.76	41.44	3,850,885.20	0.63%	4.22%	1.30	1.00	0.98	AA+ Aaa AA+
3133EN6A3	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	01/13/2026		4,989,690.25	93,333.33	5,083,023.58	3.82%	4.20%	1.71	1.04	0.98	AA+ Aaa AA+
91282CBH3	5,000,000.00	UNITED STATES TREASURY	0.375%	01/31/2026		4,796,679.70	7,846.47	4,804,526.17	0.47%	4.25%	1.62	1.08	1.06	AA+ Aaa AA+
91282CBQ3	3,000,000.00	UNITED STATES TREASURY	0.500%	02/28/2026		2,873,554.68	5,096.69	2,878,651.37	0.81%	4.25%	0.97	1.16	1.13	AA+ Aaa AA+

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City of Kirkland | Total Aggregate Portfolio

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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
313373B68	5,000,000.00	FEDERAL HOME LOAN BANKS	4.375%	03/13/2026		5,003,754.05	65,625.00	5,069,379.05	4.63%	4.31%	1.71	1.20	1.14	AA+ Aaa AA+
91282CBT7	3,000,000.00	UNITED STATES TREASURY	0.750%	03/31/2026		2,872,968.75	5,748.63	2,878,717.38	0.76%	4.27%	0.97	1.25	1.22	AA+ Aaa AA+
3133EPHH1	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	04/28/2026		3,987,687.88	28,000.00	4,015,687.88	3.95%	4.24%	1.35	1.32	1.27	AA+ Aaa AA+
91282CBW0	4,000,000.00	UNITED STATES TREASURY	0.750%	04/30/2026		3,819,687.52	5,138.12	3,824,825.64	0.76%	4.27%	1.29	1.33	1.30	AA+ Aaa AA+
91282CCF6	4,000,000.00	UNITED STATES TREASURY	0.750%	05/31/2026		3,808,906.24	2,637.36	3,811,543.60	0.78%	4.26%	1.29	1.41	1.38	AA+ Aaa AA+
91282CKS9	6,000,000.00	UNITED STATES TREASURY	4.875%	05/31/2026		6,049,687.50	25,714.29	6,075,401.79	4.74%	4.26%	2.05	1.41	1.35	AA+ Aaa AA+
91282CCJ8	5,000,000.00	UNITED STATES TREASURY	0.875%	06/30/2026		4,756,640.60	120.86	4,756,761.46	2.62%	4.26%	1.60	1.50	1.46	AA+ Aaa AA+
91282CCP4	5,000,000.00	UNITED STATES TREASURY	0.625%	07/31/2026		4,724,023.45	13,077.45	4,737,100.90	0.80%	4.26%	1.60	1.58	1.54	AA+ Aaa AA+
91282CHU8	5,000,000.00	UNITED STATES TREASURY	4.375%	08/15/2026		5,009,375.00	82,625.68	5,092,000.68	4.19%	4.25%	1.72	1.62	1.53	AA+ Aaa AA+
3133EPUW3	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	09/01/2026		5,036,986.25	79,166.67	5,116,152.92	4.75%	4.28%	1.73	1.67	1.56	AA+ Aaa AA+
91282CCZ2	5,000,000.00	UNITED STATES TREASURY	0.875%	09/30/2026		4,718,164.05	11,177.88	4,729,341.93	1.05%	4.26%	1.60	1.75	1.70	AA+ Aaa AA+
91282CJC6	6,000,000.00	UNITED STATES TREASURY	4.625%	10/15/2026		6,035,859.36	59,464.29	6,095,323.65	4.67%	4.27%	2.06	1.79	1.69	AA+ Aaa AA+
91282CDK4	5,000,000.00	UNITED STATES TREASURY	1.250%	11/30/2026		4,726,757.80	5,494.51	4,732,252.31	1.26%	4.25%	1.60	1.91	1.86	AA+ Aaa AA+
91282CDQ1	5,000,000.00	UNITED STATES TREASURY	1.250%	12/31/2026		4,715,429.70	172.65	4,715,602.35	1.35%	4.25%	1.59	2.00	1.94	AA+ Aaa AA+

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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
91282CJT9	6,000,000.00	UNITED STATES TREASURY	4.000%	01/15/2027		5,969,296.86	110,869.57	6,080,166.43	4.62%	4.26%	2.05	2.04	1.90	AA+ Aaa AA+
91282CEC1	6,000,000.00	UNITED STATES TREASURY	1.875%	02/28/2027		5,705,859.36	38,225.14	5,744,084.50	4.60%	4.27%	1.94	2.16	2.07	AA+ Aaa AA+
91282CEF4	5,000,000.00	UNITED STATES TREASURY	2.500%	03/31/2027		4,813,671.90	31,936.81	4,845,608.71	2.99%	4.25%	1.63	2.25	2.14	AA+ Aaa AA+
3133ERGF2	6,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	04/30/2027		6,059,974.62	48,291.67	6,108,266.29	4.61%	4.29%	2.06	2.33	2.17	AA+ Aaa AA+
3133ERDS7	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	05/06/2027		4,039,651.12	29,027.78	4,068,678.90	4.69%	4.30%	1.37	2.34	2.19	AA+ Aaa AA+
91282CEW7	5,000,000.00	UNITED STATES TREASURY	3.250%	06/30/2027		4,881,835.95	448.90	4,882,284.85	3.29%	4.26%	1.65	2.50	2.37	AA+ Aaa AA+
91282CFB2	6,000,000.00	UNITED STATES TREASURY	2.750%	07/31/2027		5,777,109.36	69,048.91	5,846,158.27	4.54%	4.28%	1.97	2.58	2.43	AA+ Aaa AA+
91282CFH9	7,000,000.00	UNITED STATES TREASURY	3.125%	08/31/2027		6,797,109.34	74,326.66	6,871,436.00	4.45%	4.29%	2.32	2.67	2.49	AA+ Aaa AA+
91282CFM8	5,000,000.00	UNITED STATES TREASURY	4.125%	09/30/2027		4,979,882.80	52,695.74	5,032,578.54	4.19%	4.28%	1.70	2.75	2.54	AA+ Aaa AA+
3133EPYM1	2,500,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	10/13/2027		2,527,460.03	25,729.17	2,553,189.19	4.71%	4.32%	0.86	2.78	2.56	AA+ Aaa AA+
3133EN3S7	7,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING BANKS CORP	3.750%	12/07/2027		6,886,145.63	17,500.00	6,903,645.63	3.81%	4.35%	2.33	2.93	2.74	AA+ Aaa AA+
91282CGH8	7,000,000.00	UNITED STATES TREASURY	3.500%	01/31/2028		6,839,218.75	102,527.17	6,941,745.92	4.40%	4.30%	2.34	3.08	2.84	AA+ Aaa AA+
91282CGP0	5,000,000.00	UNITED STATES TREASURY	4.000%	02/29/2028		4,954,492.20	67,955.80	5,022,448.00	4.31%	4.31%	1.69	3.16	2.90	AA+ Aaa AA+
3130ATS57	5,000,000.00	FEDERAL HOME LOAN BANKS	4.500%	03/10/2028		5,018,128.55	69,375.00	5,087,503.55	3.79%	4.38%	1.72	3.19	2.91	AA+ Aaa AA+

# Holdings by Maturity & Ratings



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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
3133EPGW9	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.875%	04/25/2028		3,937,951.64	28,416.67	3,966,368.31	3.71%	4.38%	1.34	3.32	3.05	AA+ Aaa AA+
3130AWMN7	5,000,000.00	FEDERAL HOME LOAN BANKS	4.375%	06/09/2028		4,999,133.35	13,368.06	5,012,501.41	4.35%	4.38%	1.69	3.44	3.15	AA+ Aaa AA+
3130AWN63	5,000,000.00	FEDERAL HOME LOAN BANKS	4.000%	06/30/2028		4,954,525.10	555.56	4,955,080.66	4.01%	4.28%	1.67	3.50	3.23	AA+ Aaa AA+
3130AWTR1	5,000,000.00	FEDERAL HOME LOAN BANKS	4.375%	09/08/2028		4,998,138.25	68,663.19	5,066,801.44	4.44%	4.38%	1.71	3.69	3.33	AA+ Aaa AA+
3133EPWK7	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.500%	09/22/2028		5,024,781.95	61,875.00	5,086,656.95	4.72%	4.35%	1.72	3.73	3.36	AA+ Aaa AA+
91282CJF9	5,000,000.00	UNITED STATES TREASURY	4.875%	10/31/2028		5,089,257.80	41,747.24	5,131,005.04	4.36%	4.36%	1.73	3.84	3.44	AA+ Aaa AA+
9128285M8	5,000,000.00	UNITED STATES TREASURY	3.125%	11/15/2028		4,784,960.95	20,286.60	4,805,247.55	4.24%	4.34%	1.62	3.88	3.58	AA+ Aaa AA+
3133ERAK7	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	04/10/2029		4,996,889.15	49,218.75	5,046,107.90	4.63%	4.39%	1.70	4.27	3.82	AA+ Aaa AA+
3133ERDH1	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	04/30/2029		4,057,974.72	32,194.44	4,090,169.16	4.54%	4.38%	1.38	4.33	3.86	AA+ Aaa AA+
3130B1BC0	5,000,000.00	FEDERAL HOME LOAN BANKS	4.625%	06/08/2029		5,046,926.45	14,774.31	5,061,700.76	4.47%	4.39%	1.71	4.44	3.97	AA+ Aaa AA+
91282CFT3	5,000,000.00	UNITED STATES TREASURY	4.000%	10/31/2029		4,918,554.70	34,254.14	4,952,808.84	4.33%	4.38%	1.67	4.83	4.31	AA+ Aaa AA+
<b>Total</b>	<b>299,031,869.87</b>		<b>3.193%</b>			<b>294,690,568.35</b>	<b>1,749,366.02</b>	<b>296,439,934.37</b>	<b>3.55%</b>	<b>4.35%</b>	<b>100.00</b>	<b>1.86</b>	<b>1.73</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.

**Performance Calculation:** Historical returns are presented as time-weighted total return values and are presented gross and net of fees.

**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.

