



Capital Metropolitan Transportation Authority Finance, Audit and Administration Committee

Review of Investment Strategy and Performance

Presented by:
Nelson L. Bush
Managing Director

October 13, 2021

PFM Asset Management LLC

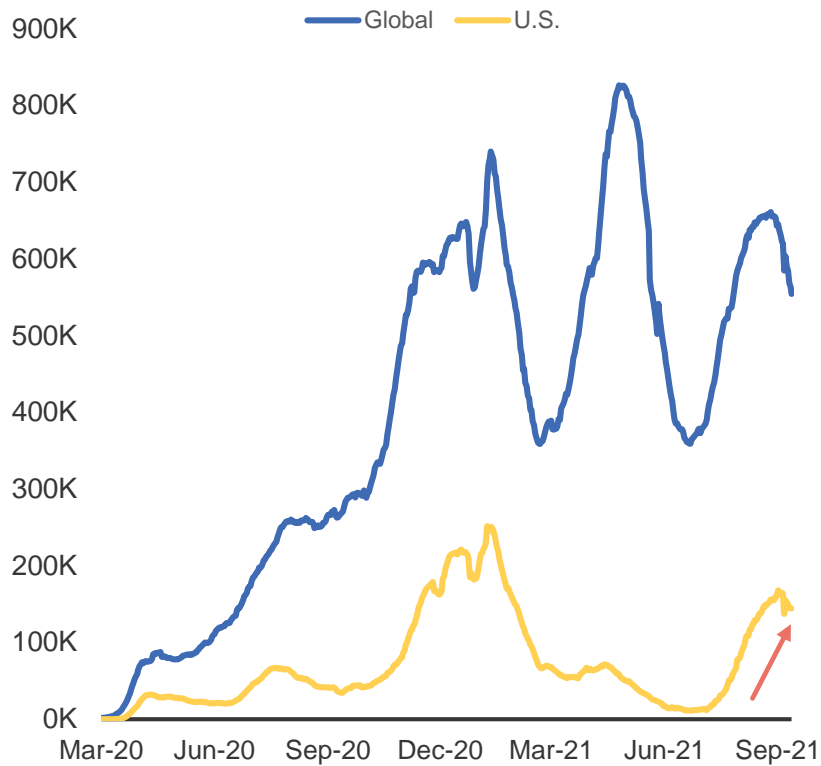
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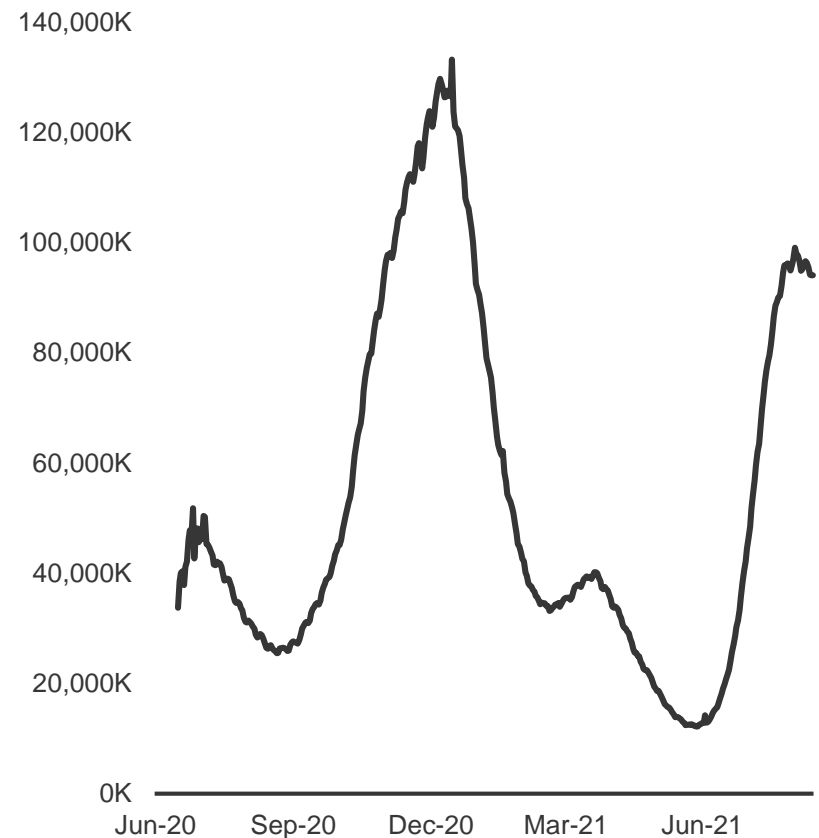


COVID Variants Presenting a Greater Concern for Economic Growth

U.S. New Cases Reported Daily
7-Day Moving Average



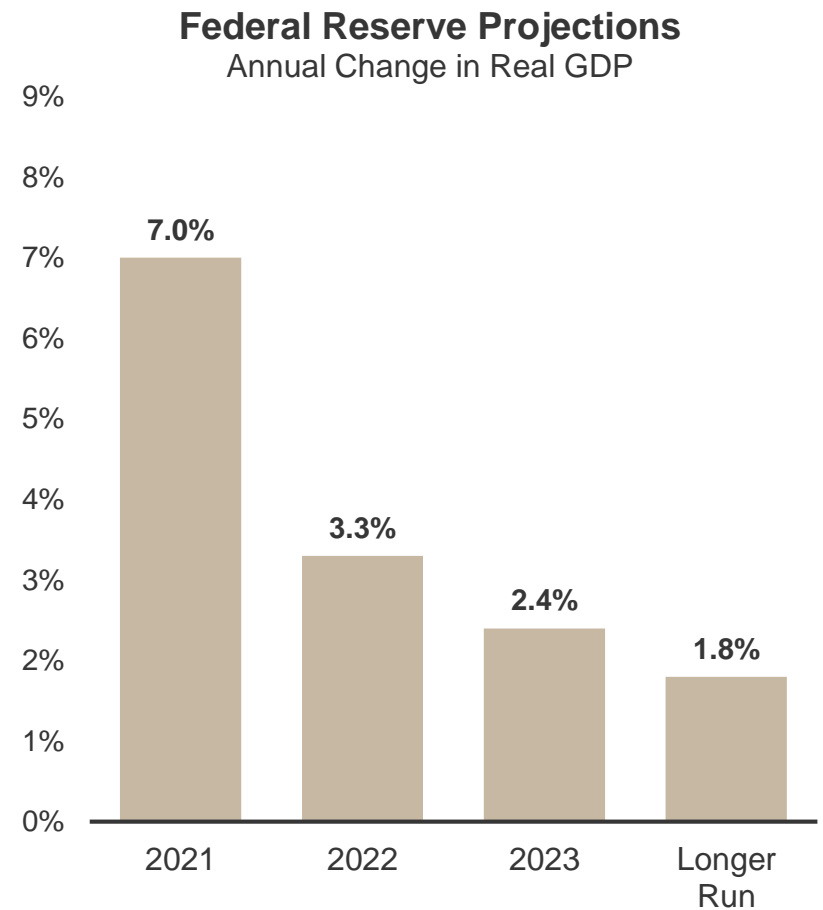
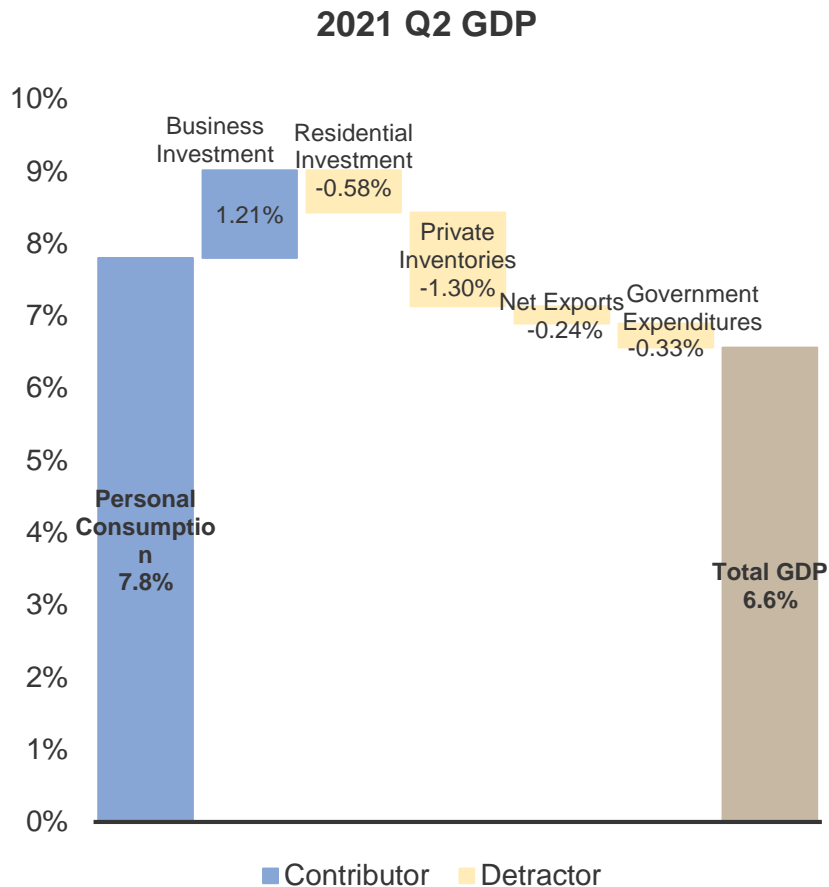
U.S. COVID-19 patients in hospital



Source: John Hopkins University Coronavirus Resource Center, PFM calculations; as of 9/13/2021.



Consumers Drove Q2 GDP, But Growth Is Expected to Subside



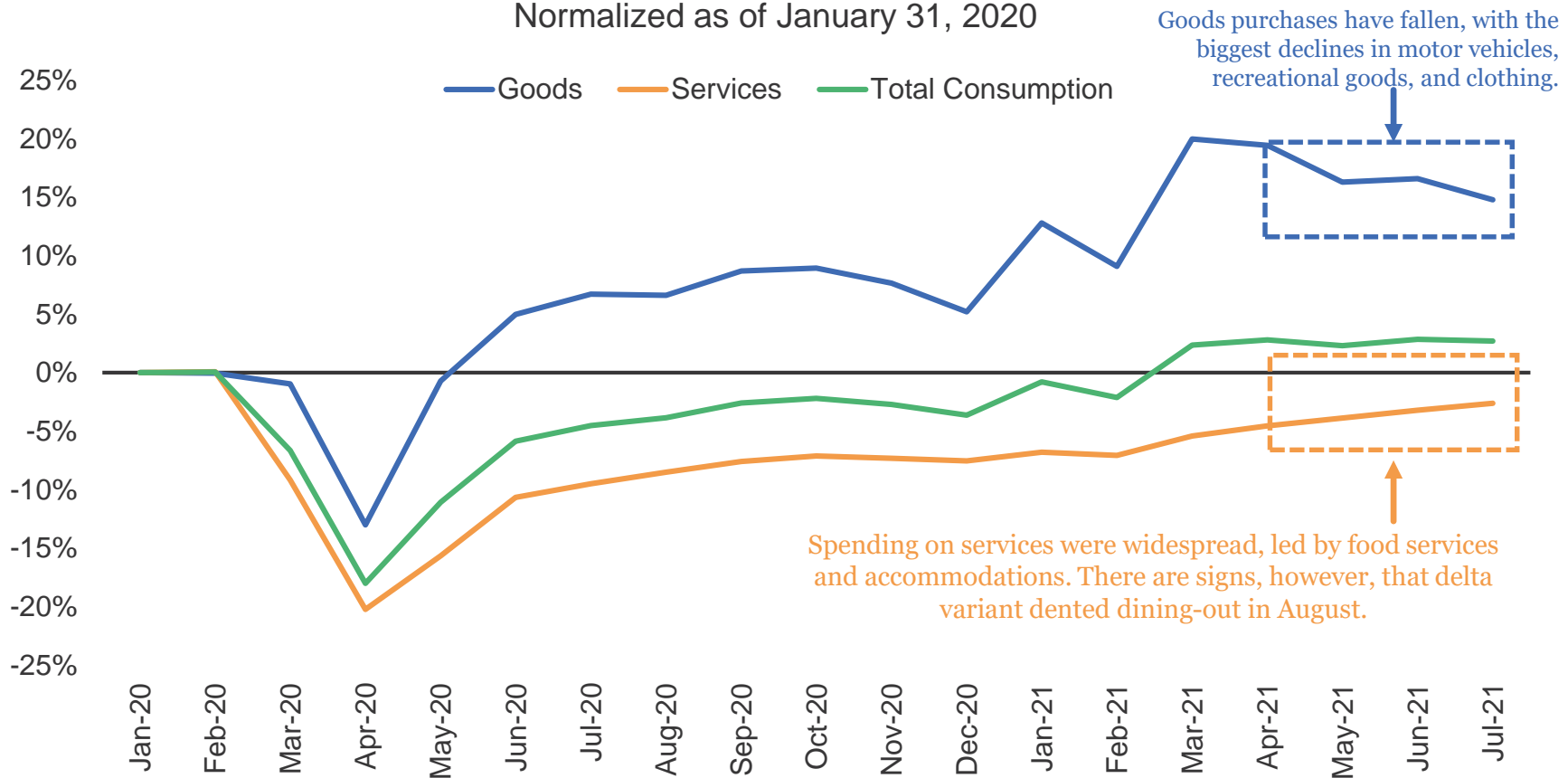
Source: Bureau of Economic Analysis (second revision of GDP), Federal Reserve June 2021 Economic Projections



Goods Spending Is Declining While Services Are Gradually Recovering

Real Personal Consumption Expenditures (MoM)

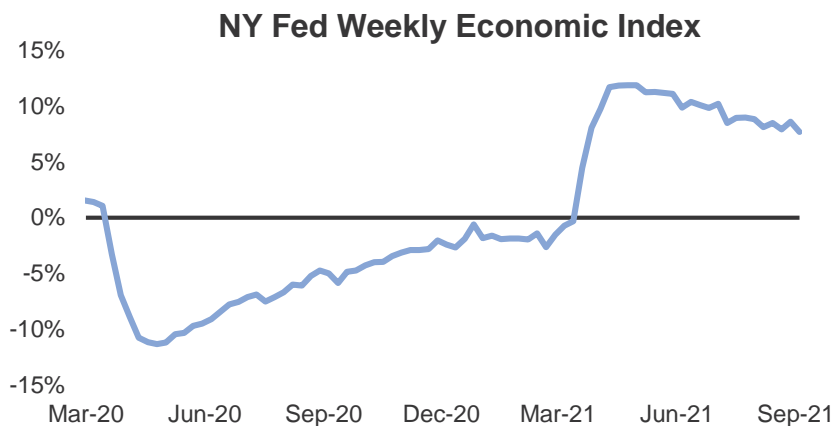
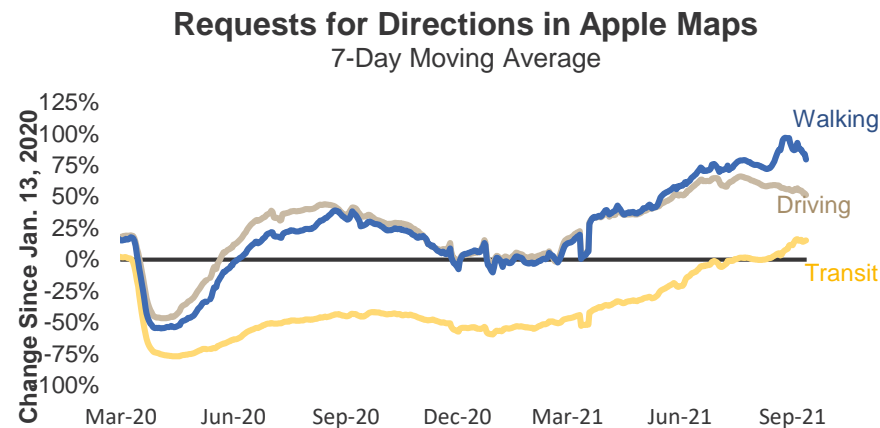
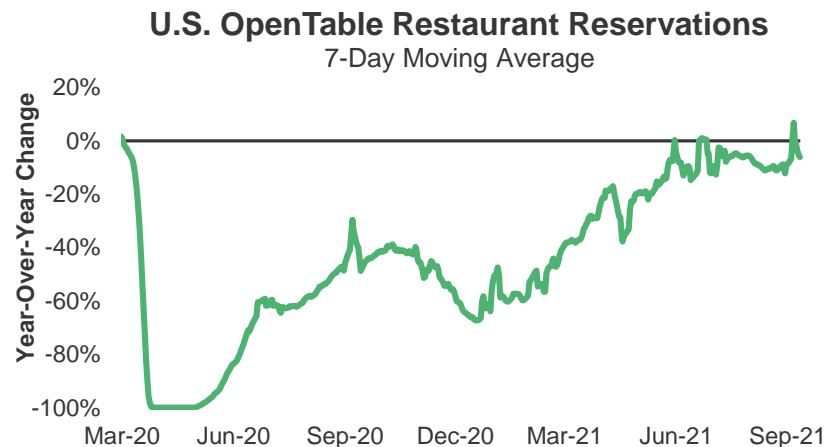
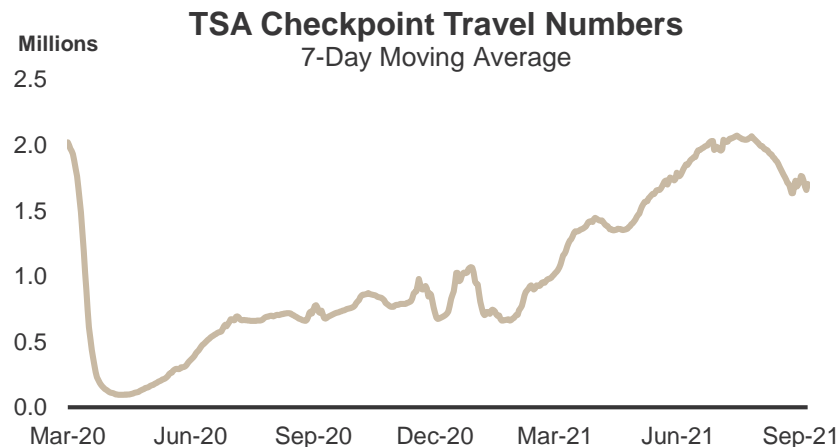
Normalized as of January 31, 2020



Source: Bloomberg, Bureau of Economic Analysis, as of July 2021.



Consumer Activity and Mobility Are Beginning to Trend Lower

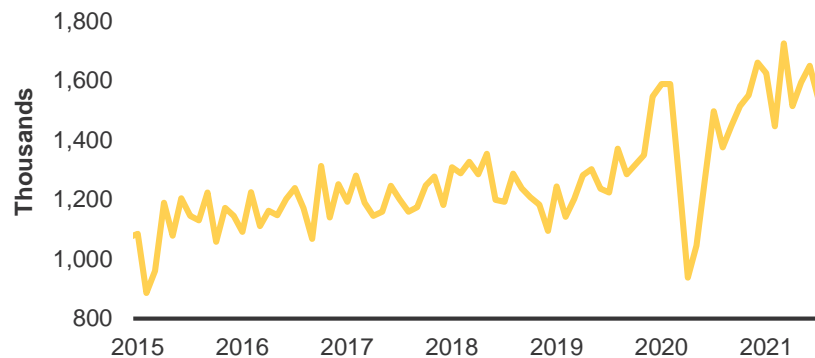


Source: (top left) Transportation Security Administration, PFM calculations, as of 9/13/2021. (top right) Includes phone, online, and walk-in diners; OpenTable, PFM calculations, most recent data as of 9/13/2021. (bottom left) Data for May 11-12 not available; Apple, PFM calculations, most recent data as of 9/13/2021. (bottom right) Federal Reserve Bank of New York, most recent data as of 9/13/2021.

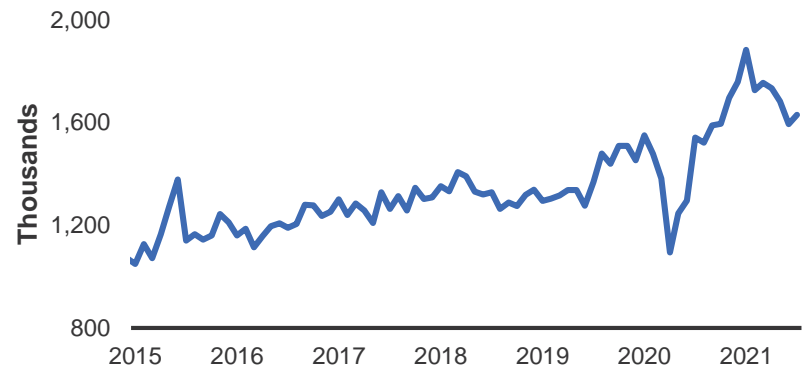


Housing Activity Showing Signs of Slowing

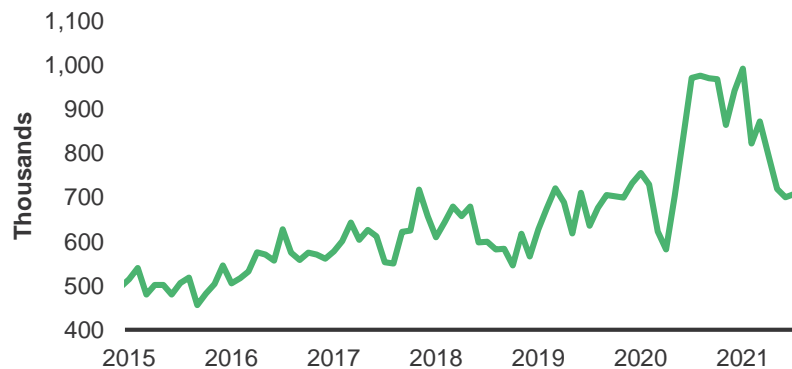
Housing Starts (SAAR)



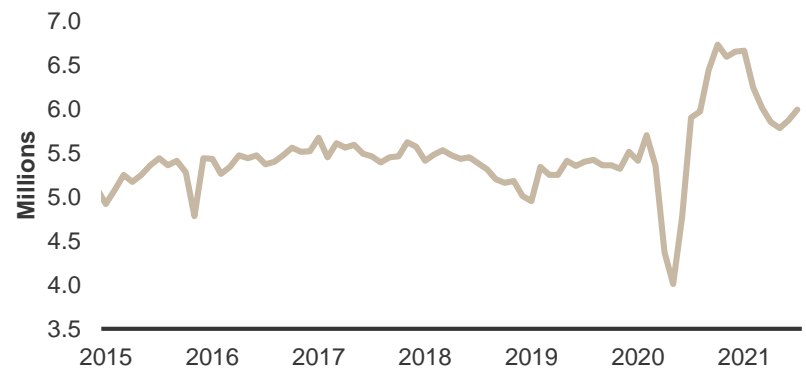
Building Permits (SAAR)



New Home Sales (SAAR)



Existing Home Sales (SAAR)

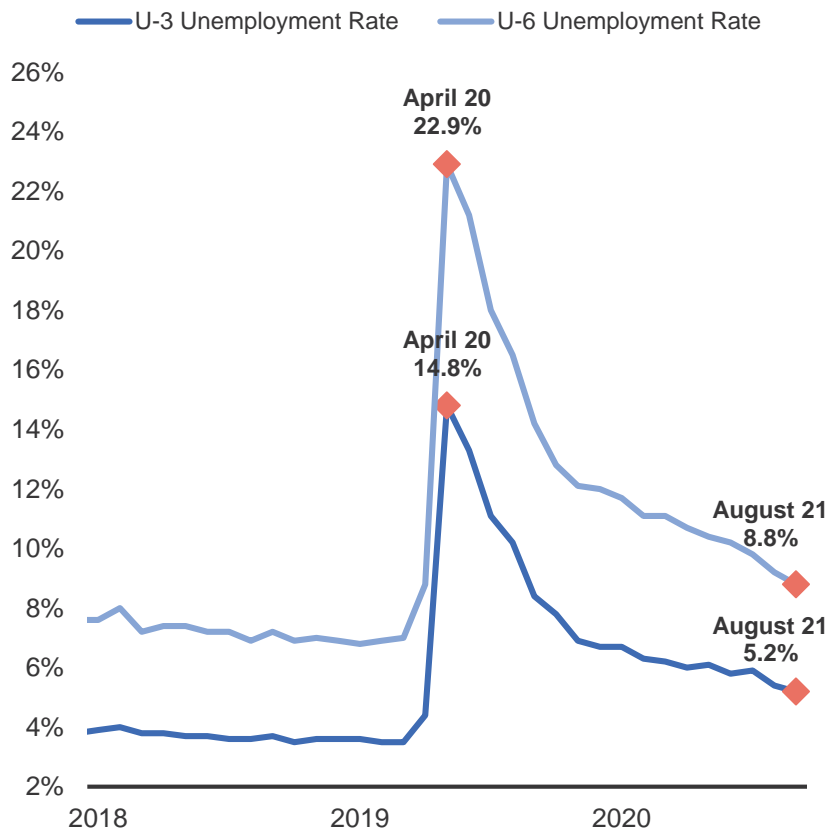


Source: Bloomberg, as of July 2021.

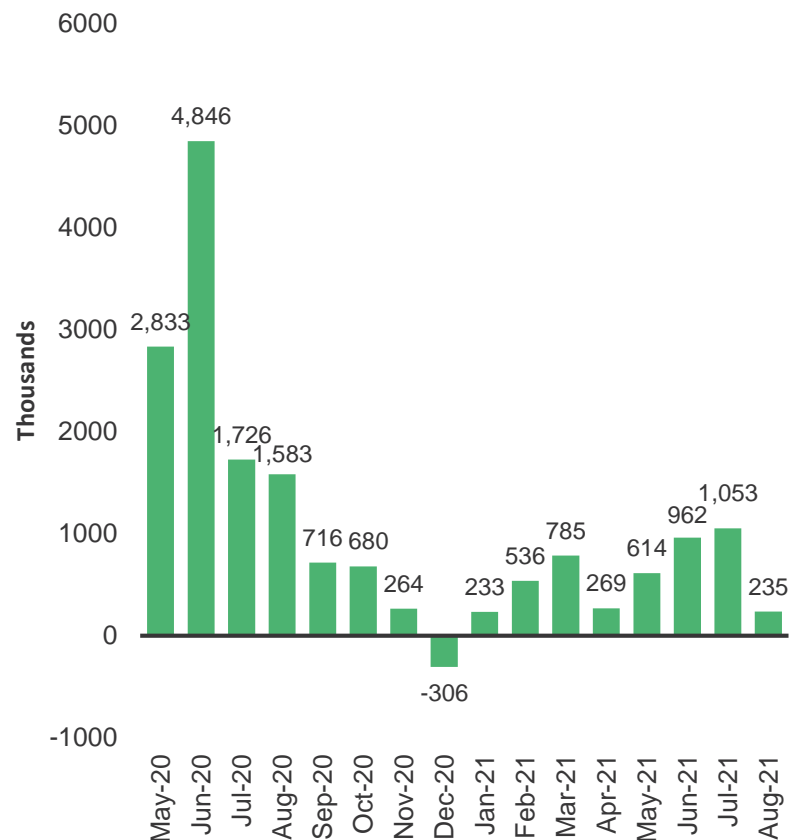


Hiring Slows Sharply in August as New Covid-19 Cases Impedes Job Gains

Unemployment Rate



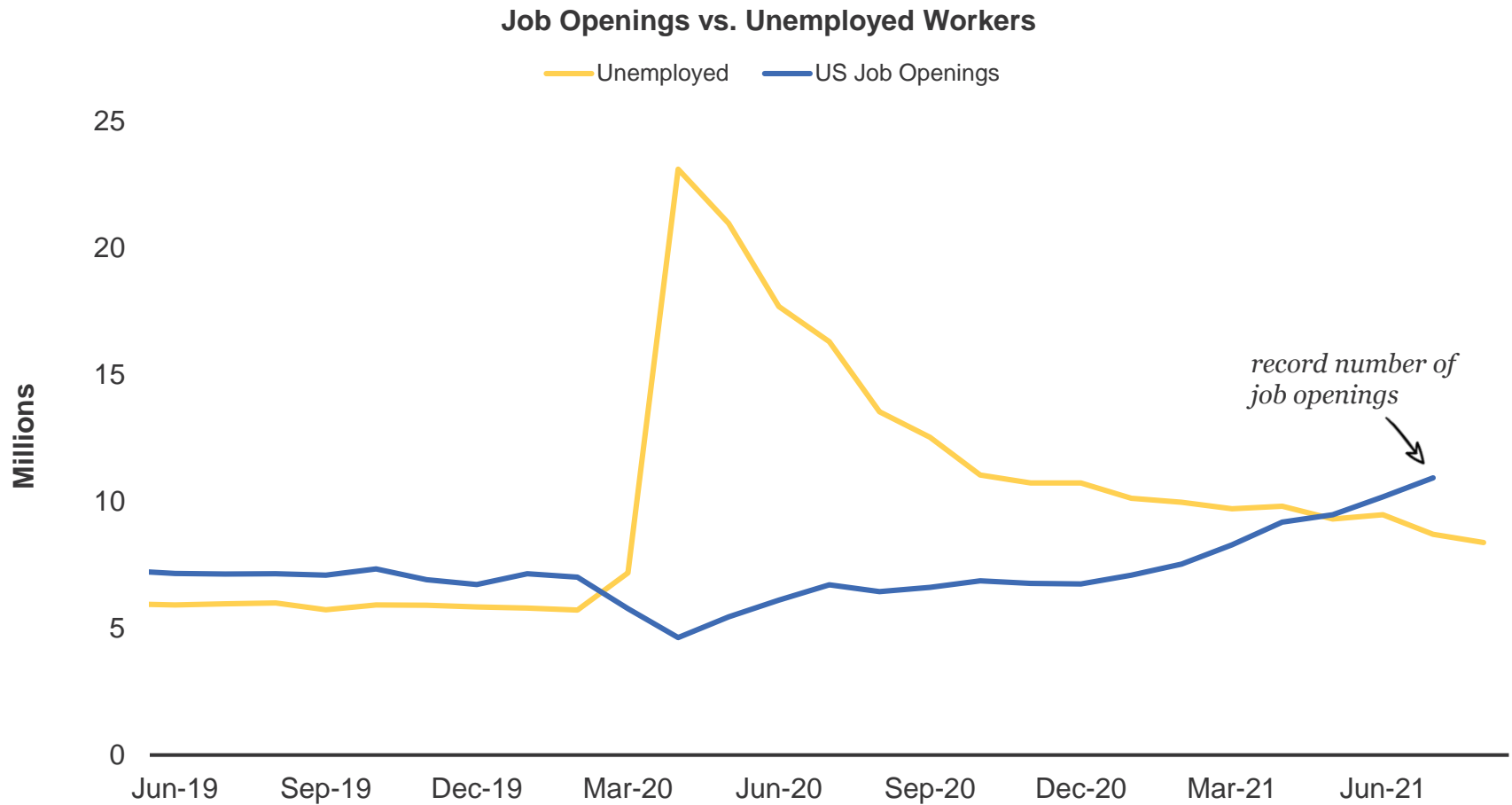
Nonfarm Payrolls MoM



Source: Bloomberg, as of August 2021. Data is seasonally adjusted.



Job Openings Hit New Record High

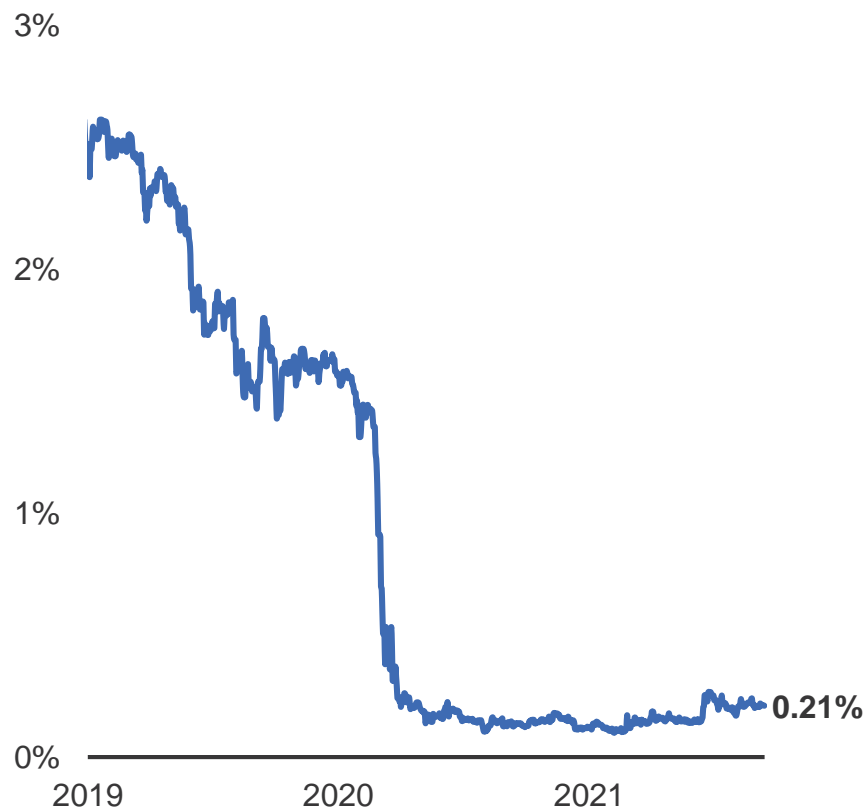


Source: JOLTS and BLS, as of August 2021.

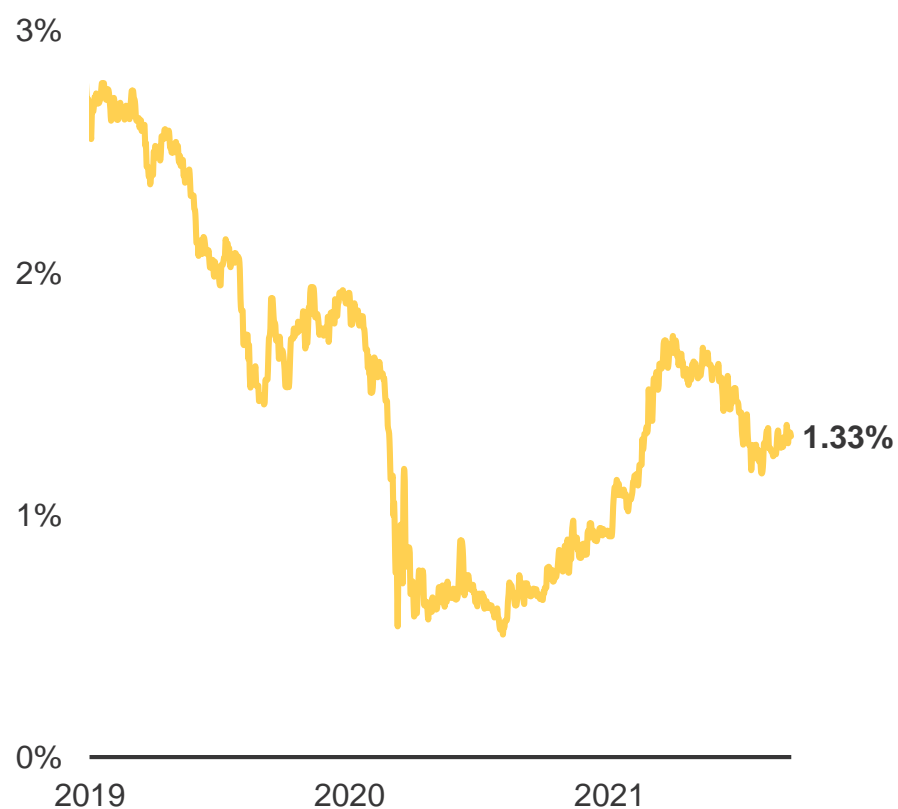


Long-Term Yields Falling Despite Inflation Fears and Possible Tapering

2-Year Treasury Yield



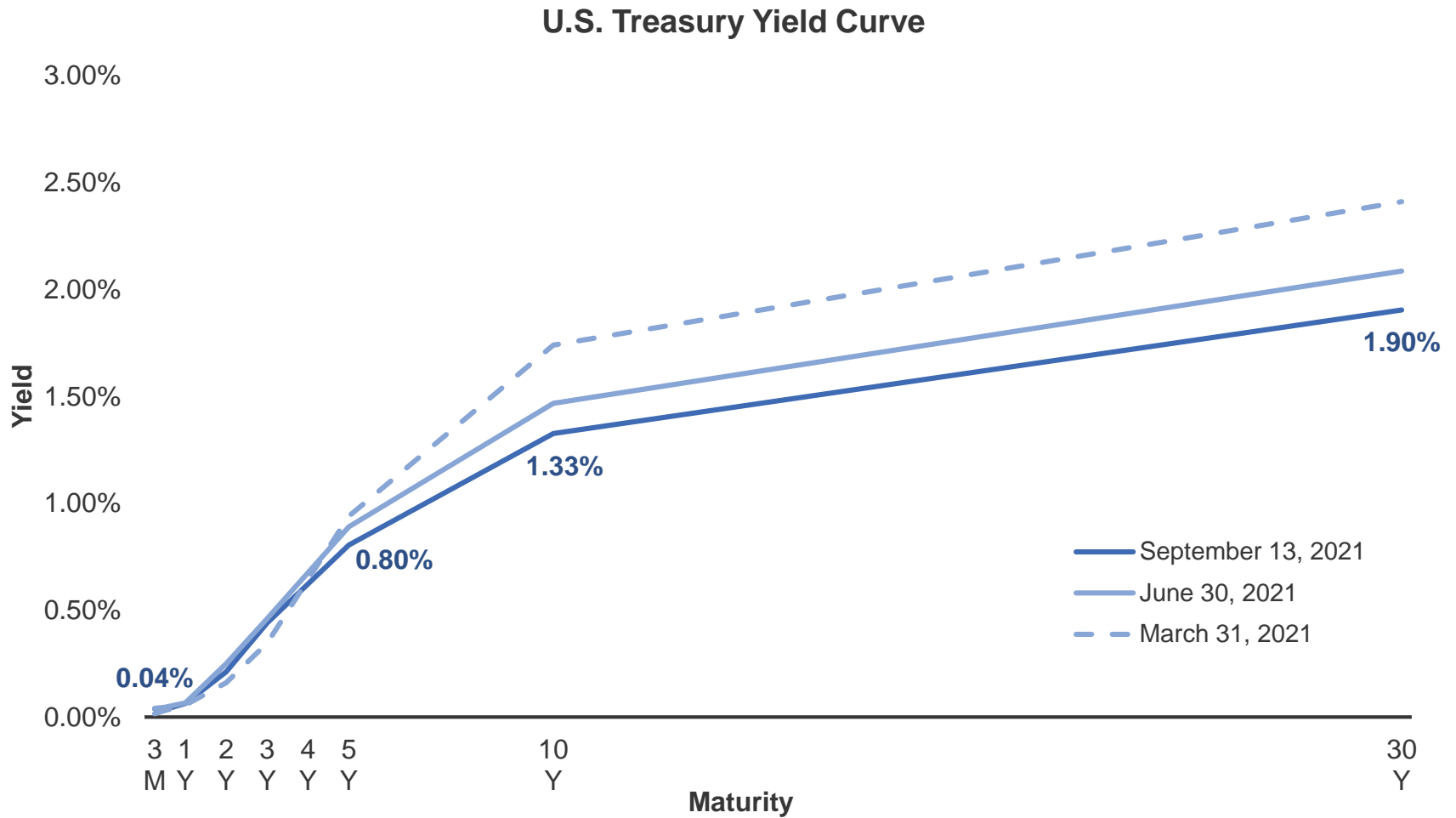
10-Year Treasury Yield



Source: Bloomberg, as of 9/13/2021.



Treasury Yield Curve Flattens



Source: Bloomberg, as of 9/13/2021.



Stock Market Continues to Climb

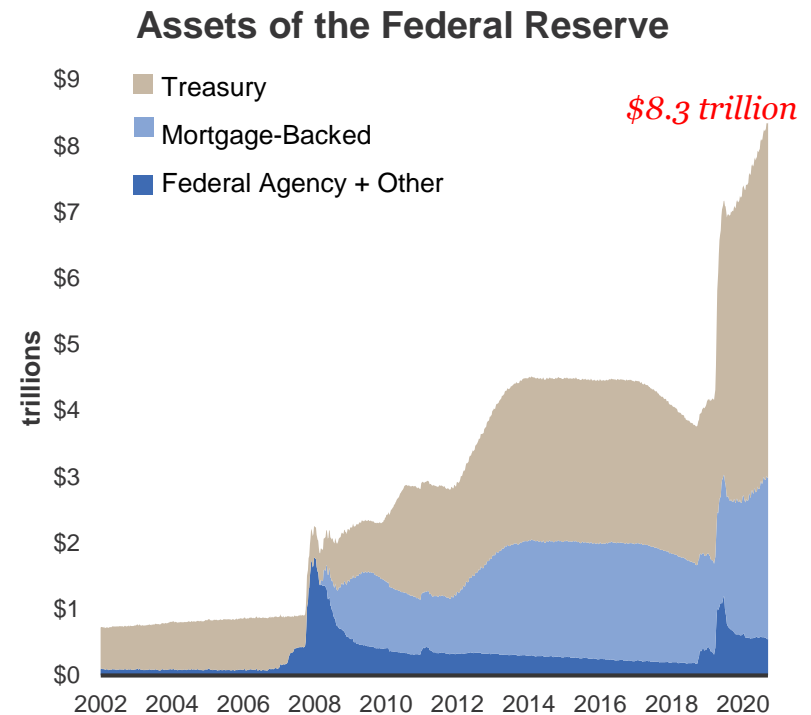
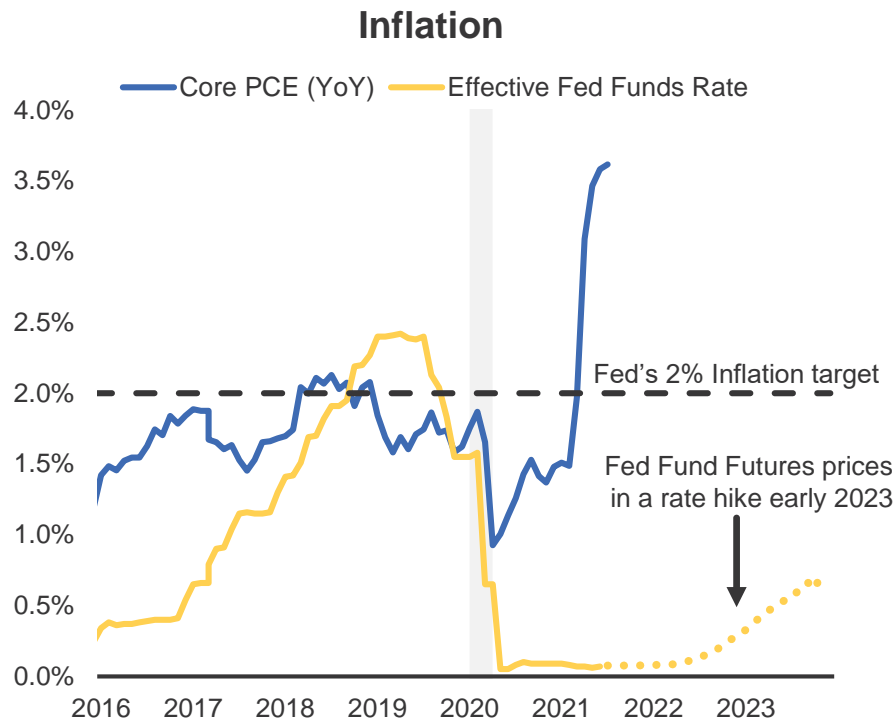


Source: Bloomberg, as of 9/13/2021.



In July, Fed Kept Rates Near Zero and Asset Purchases at \$120B/month

“...the Committee seeks to achieve inflation that averages 2 percent over time... following periods when inflation has been running persistently below 2 percent, appropriate monetary policy will likely aim to achieve inflation moderately above 2 percent for some time.”

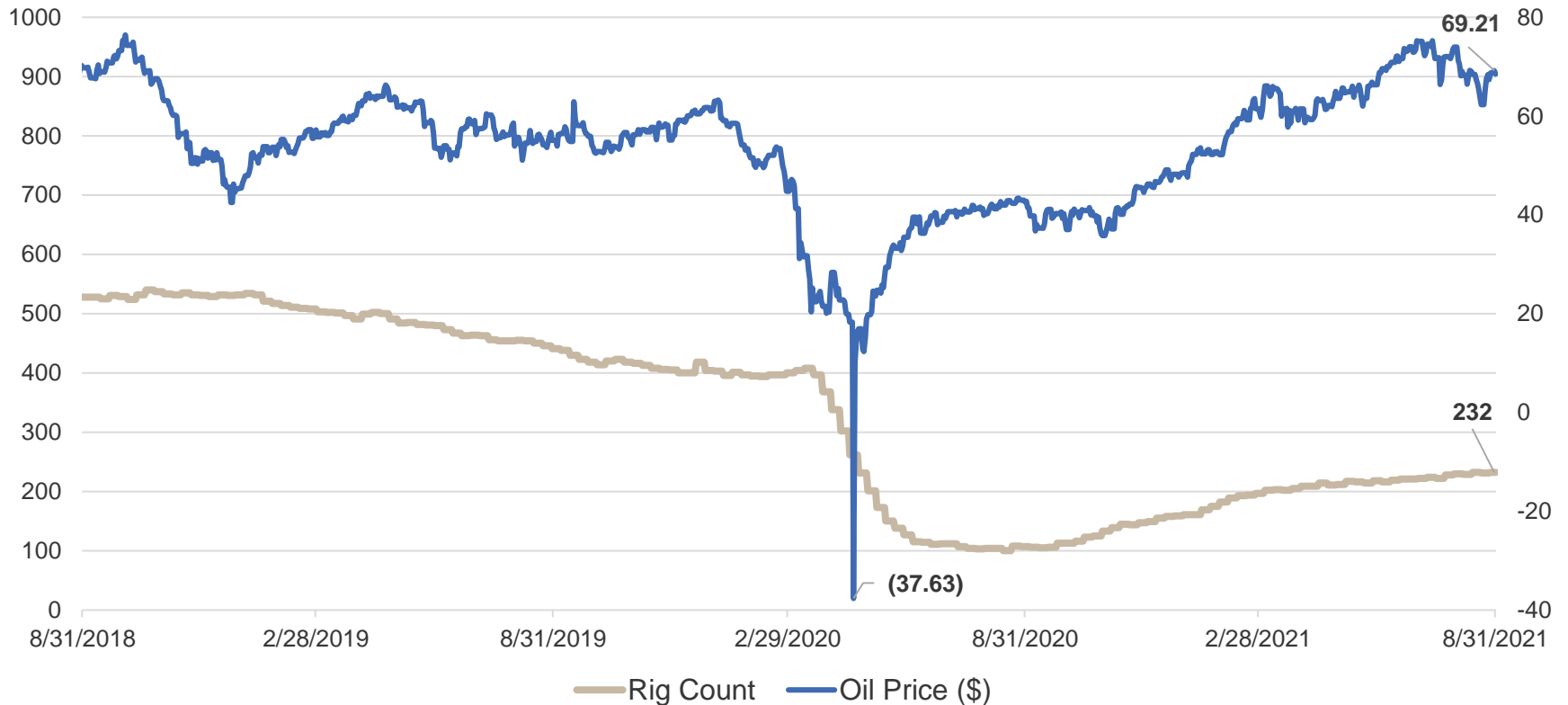


Source: Bloomberg, as of 9/07/2021 (chart). Fed Funds Futures projections as of 9/07/2021.



Largest Component of Texas GDP Slowly Recovering

Texas Oil Fundamentals



Sources: Bloomberg, Federal Reserve Bank of Dallas, as of August 2021. Rig Count is Baker Hughes Texas Oil and Gas Rotary Rig Count. Oil Price is West Texas Intermediate Crude Spot Oil Prices.



Portfolio Update



Summary of Capital Metro Portfolios

| Account | Market Value as of 8/31/21 | Strategy |
|---|-------------------------------|---|
| Capital Metro Transportation Authority | \$152,101,066 | Diversified portfolio with strategy designed to provide liquidity for forecast capital expenditures |
| Capital Metro City of Austin Mobility Port | \$7,772,271 | Diversified portfolio with strategy designed to provide liquidity for forecast capital expenditures |
| Capital Metro Statutory Operating Reserve Account | \$40,738,418 | Diversified portfolio with 0-3 year investment strategy and able to provide liquidity if needed |
| Capital Metro Budget Stabilization Reserve | \$22,447,883 | Diversified portfolio with 0-3 year investment strategy and able to provide liquidity if needed |
| Total | \$223,059,638 | |

Source: PFM Asset Management LLC, as of 8/31/2021. Market Values include accrued interest.

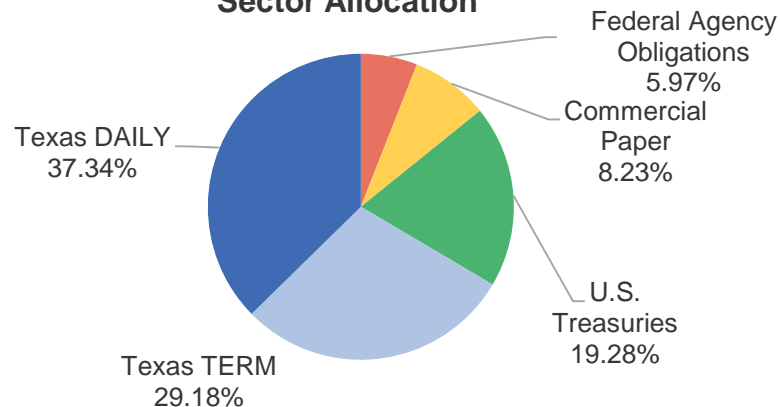


Capital Metro Composite Portfolio Composition as of August 31, 2021

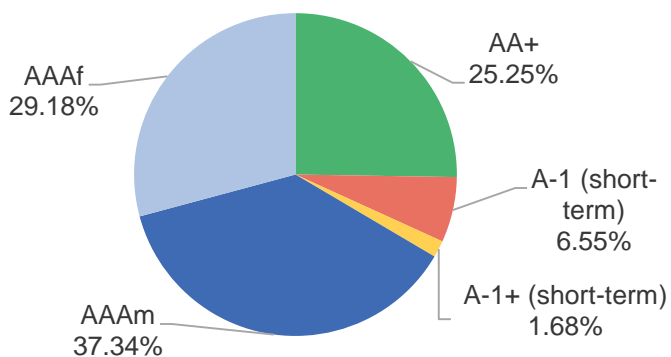
Portfolio Statistics

| | |
|---------------------------|---------------|
| Market Value | \$223,059,638 |
| Weighted Average Duration | 0.28 |
| Weighted YTM at Market | 0.10% |

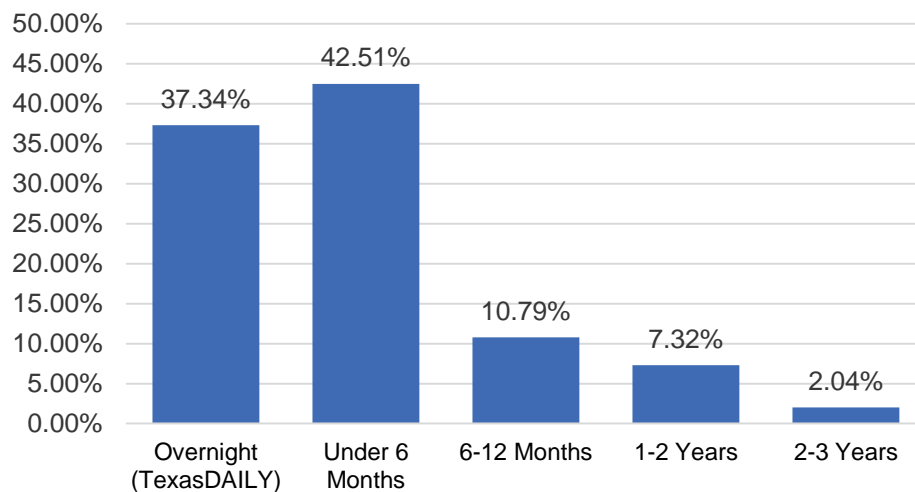
Sector Allocation



Credit Quality Distribution

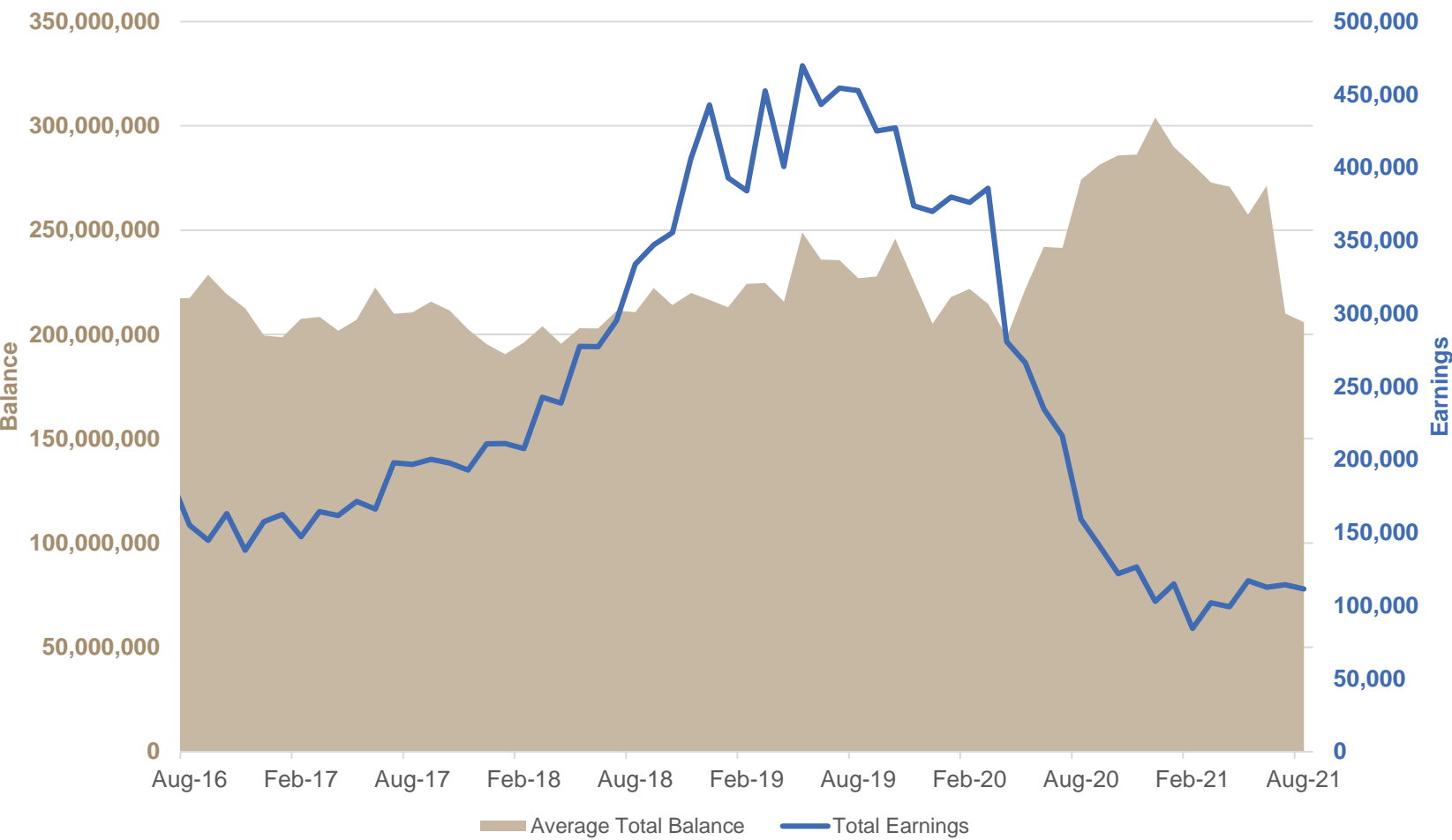


Maturity Distribution





Capital Metro Consolidated Balances and Earnings



Source: PFM Asset Management LLC, as of 8/31/2021.



Important Disclosures

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