

# City Colleges of Chicago

## Annual Investment Portfolio Review to the Finance and Administrative Services Committee

March 7, 2024

Jeffrey Schroeder, *Managing Director*  
Danny Nelson, *Director*

312.523.2423 | [pfmam.com](http://pfmam.com)

*PFM Asset Management LLC*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

# Agenda

- ▶ **Overview of PFM Asset Management**
- ▶ **Current Market Conditions**
- ▶ **Portfolio & Investment Strategy Review**
- ▶ **Appendix: Relationship Team**

# Overview of PFM Asset Management



# PFM Asset Management LLC

**43 years of experience**

**290+ professionals**

- ▶ Specialist in customized, investment-grade fixed income and multi-asset class portfolios
- ▶ Fixed income strategies include:
  - ▶ Liquidity management
  - ▶ Enhanced cash
  - ▶ 1 – 3, 1 – 5, and 1 – 10-year mandates
- ▶ Outsourced Chief Investment Officer (OCIO) builds multi-asset portfolios based on client's risk/return objectives

**\$229.8b**

Total assets nationwide

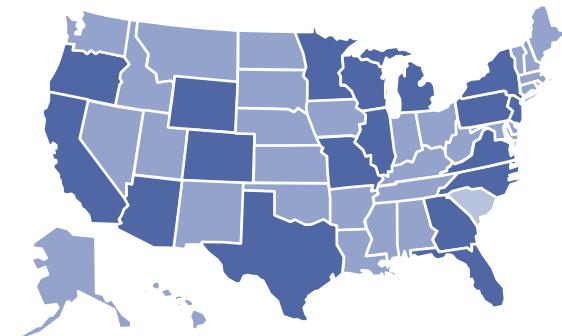
**\$176.3b**

Discretionary assets under management

**\$53.4b**

Non-discretionary assets under advisement

**National Reach:  
PFMAM Offices**



As of December 31, 2023.

### *Safety of Principal*

**Preservation of principal** is the foremost objective.

- **High-quality** investments
- **Continuous monitoring** of the creditworthiness of all investment securities

### *Liquidity*

The City Colleges of Chicago's aggregate portfolio shall remain **sufficiently liquid** to enable the CCC to meet its cash flow requirements, including both current and anticipated operating requirements.

- Cash flow **coordination** with the CCC
- **Appropriate allocation** among short-term liquidity vehicles and the longer-term managed portfolios

### *Return*

The CCC's overall portfolio is designed to attain a **market rate of return through economic cycles** consistent with the constraints imposed by its safety and liquidity objectives.

- **Active trading and continual evaluation** of relative value among allowable sectors, maturities, and issuers
- **Duration** management

### *Diversification*

The CCC's aggregate portfolio is designed to attain a **market rate of return through economic cycles** consistent with the constraints imposed by its safety and liquidity objectives.

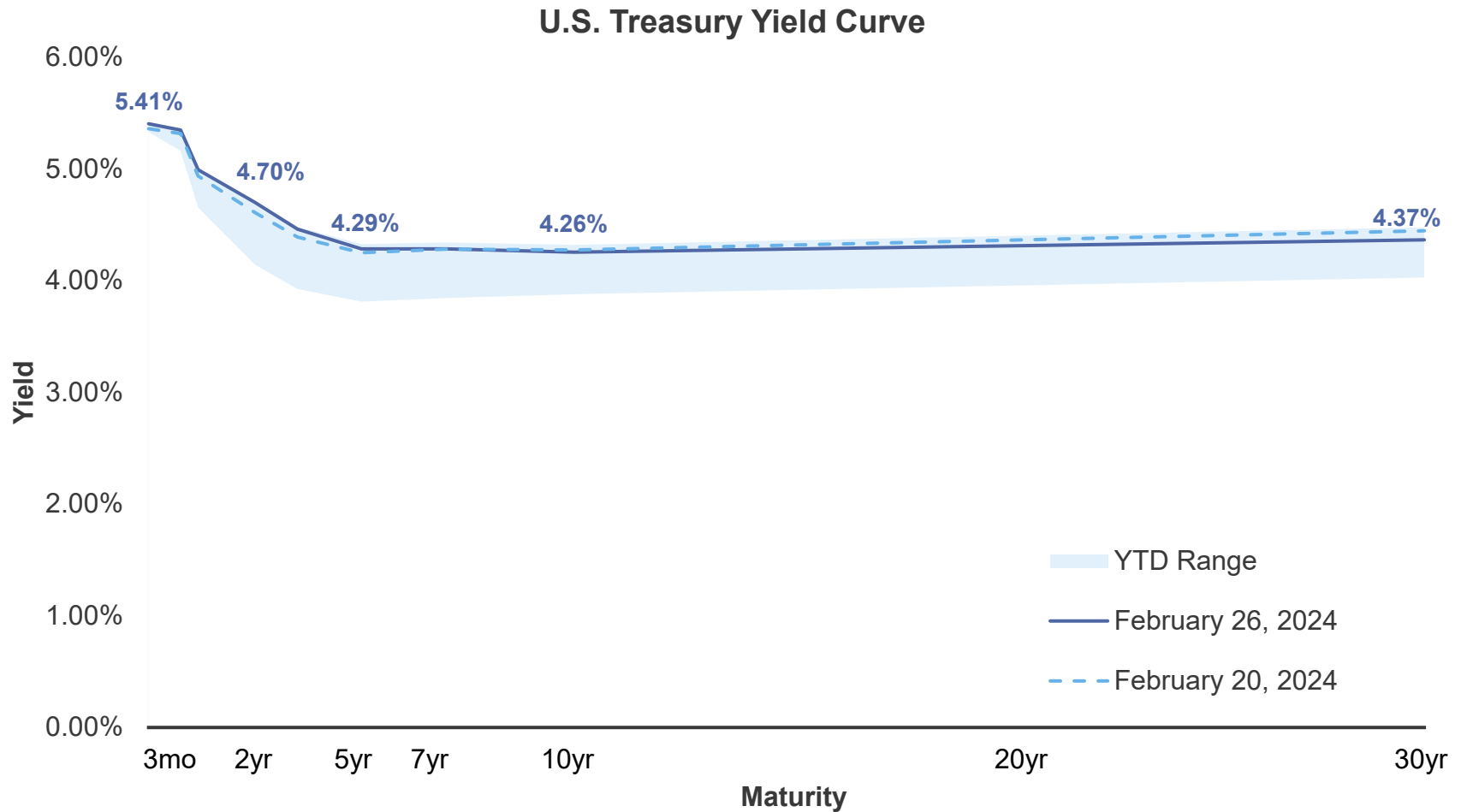
- Diversification by **sector, issuer, and maturity**
- Manage **concentration risk** to ensure no disproportionate impact on portfolio



# Current Market Conditions

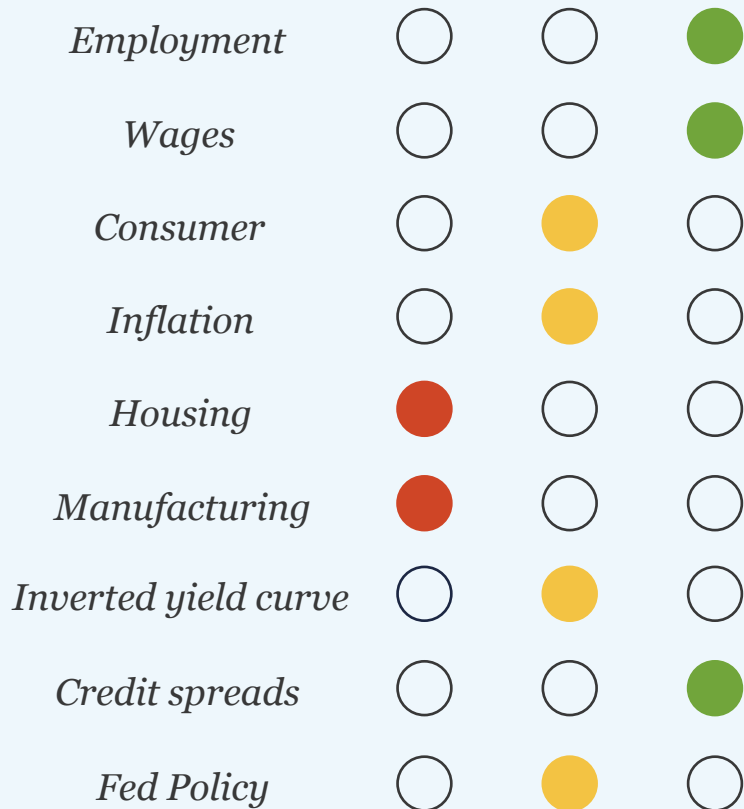


# Treasury Yields Slightly Higher in the 0 – 10 Year Space



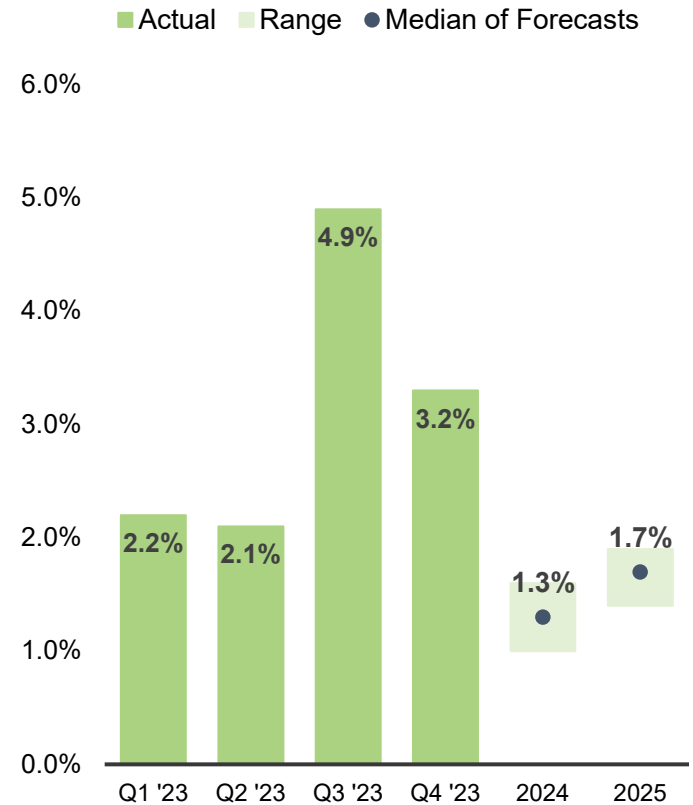
Source: Bloomberg, as of 2/26/2024.

# Balanced Risks Support Soft Landing



## U.S. GDP Forecasts

*Annualized Rate*

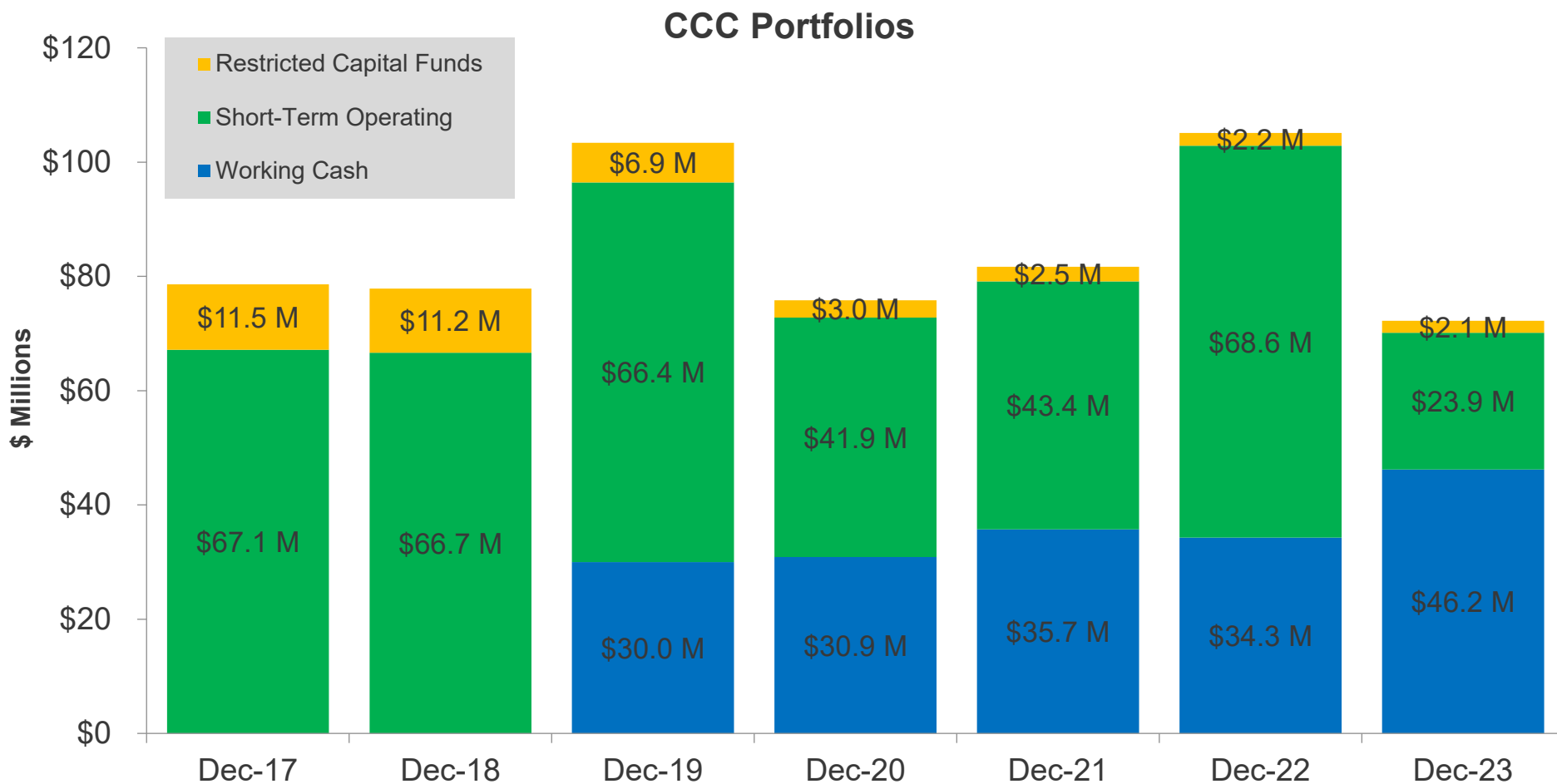




# Portfolio and Investment Strategy Review



# Segmenting the Overall Portfolio Added Value Over Time

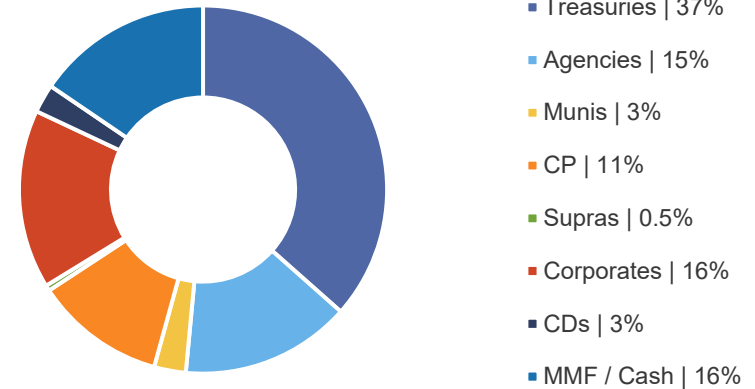


The chart above does not include assets at Chase Bank or at the Illinois Public Treasurers' Investment Pool and only includes assets managed by PFM Asset Management LLC.

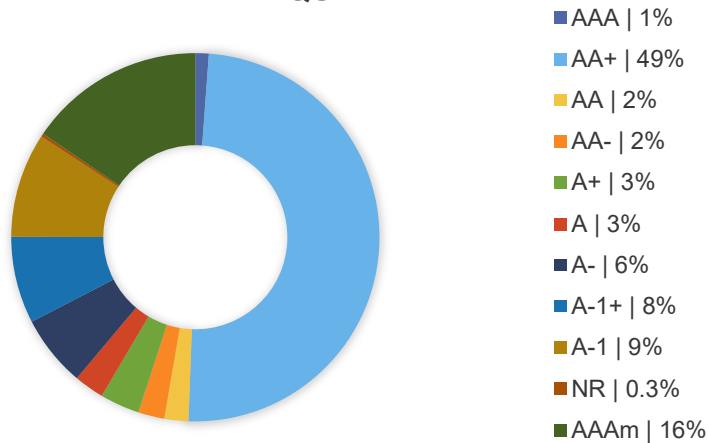
## PORTFOLIO STATISTICS

Invested Amount	\$72.254 million
Duration	1.36 Years
Yield at Cost	4.22%
Yield at Market	4.69%

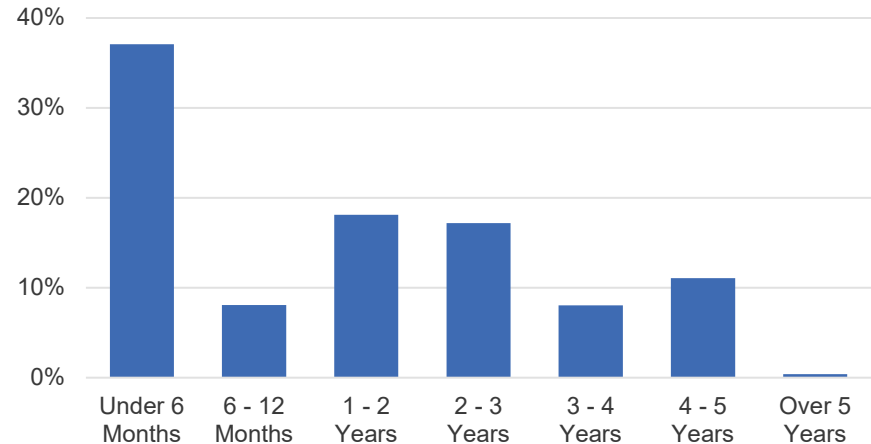
## SECTOR ALLOCATION



## CREDIT QUALITY



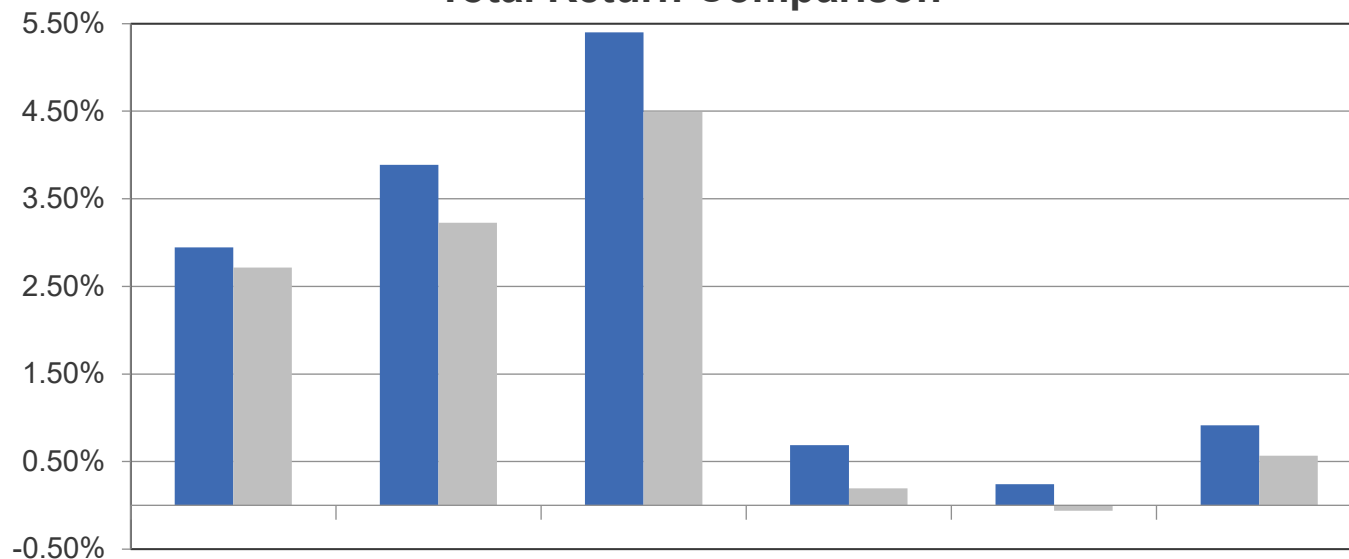
## DURATION DISTRIBUTION



Information as of December 31, 2023. Sector allocation excludes cash balances. Credit quality uses S&P rating, or Moody's equivalent if not rated by S&P. Please see important disclosures.

- The portfolio returned 2.94% for the quarter, which was exceeded the total return of the benchmark index
- Portfolio performance has so far exceeded the return of the benchmark for the past year, past three years, and since its re-inception of December 31, 2019

### Total Return Comparison\*



	Duration	2Q FY 2024 <sup>4</sup>	Past 6 Months	Past Year	Past 2 Years	Past 3 Years	Since Inception (12/31/2019)
<b>CCC Working Cash Reserve Portfolio</b>	<b>2.01</b>	<b>2.94%</b>	<b>3.89%</b>	<b>5.40%</b>	<b>0.69%</b>	<b>0.24%</b>	<b>0.91%</b>
<b>BoA / ML 0 – 5 Year U.S. Treasury Index</b>	<b>2.01</b>	<b>2.72%</b>	<b>3.23%</b>	<b>4.49%</b>	<b>0.19%</b>	<b>-0.06%</b>	<b>0.57%</b>

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

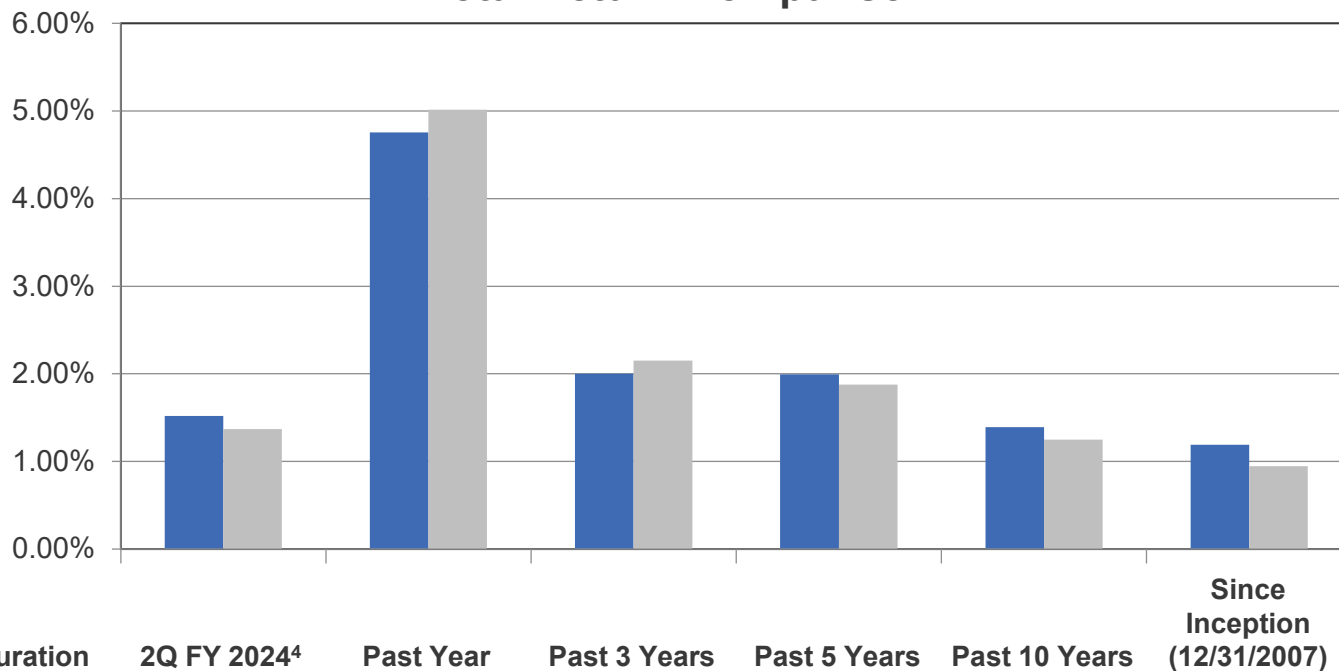
2. Bank of America / Merrill Lynch Indices provided by Bloomberg Financial Markets.

3. Includes money market fund/cash balances in performance and duration calculations.

4. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than 1 year are presented on an annualized basis. Information as of December 31, 2023.

## Total Return Comparison\*

- The portfolio has returned 1.19% since its inception, exceeding the benchmark by 0.24%
- Portfolio performance has exceeded the return of the benchmark for the past 5 and 10-year time periods as well as since its inception of December 31, 2007



Duration	2Q FY 2024 <sup>4</sup>	Past Year	Past 3 Years	Past 5 Years	Past 10 Years	Since Inception (12/31/2007)
<b>CCC Short-Term Operating Portfolio</b>	<b>0.28</b>	<b>1.52%</b>	<b>4.75%</b>	<b>2.00%</b>	<b>1.99%</b>	<b>1.39%</b>
<b>BoA / ML 3-Month Treasury Bill Index</b>	<b>0.16</b>	<b>1.37%</b>	<b>5.02%</b>	<b>2.15%</b>	<b>1.88%</b>	<b>1.25%</b>

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# Investments Currently Utilized



- ▶ PFM Asset Management monitors all regulatory and statutory changes and immediately discusses with the CCC
- ▶ The CCC updated its investment guidelines in October of 2021 to include all investments allowed by the Illinois Public Funds Investment Act to enhance the overall yield while maintaining the objectives of safety and liquidity

Investment Type	Allowed By The Illinois Public Funds Investment Act	Allowed by the CCC's Investment Guidelines?
U.S. Treasury Obligations	Yes	✓
Federal Agency Obligations	Yes	✓
FDIC-Insured Certificates of Deposit	Yes	✓
Negotiable Certificates of Deposit	Yes	✓
Commercial Paper	Yes	✓
Municipal Bonds	Yes	✓
Money Market Funds / LGIP's	Yes	✓
Corporate Notes	Yes	✓
Repurchase Agreements	Yes	✓
Supranationals	Yes	✓
Corporate Bond Funds	Yes	✓

# Appendix: Relationship Team



# Brief Resumes: Key Professionals

Team Member	Brief Resume
 <p data-bbox="369 548 653 648"><b>Jeffrey Schroeder</b> <i>Managing Director</i> <a href="mailto:schroederj@pfmam.com">schroederj@pfmam.com</a></p>	<p data-bbox="703 376 1244 401"><b>33 Years of Experience / 18 Years with PFMAM</b></p> <p data-bbox="703 439 1839 715">Jeffrey Schroeder is a managing director for PFM Asset Management, where he leads the Asset Management teams in Illinois and Wisconsin. Jeff also directly serves key governmental clients in the Midwest practice. In this role, he helps school districts, colleges and universities, municipalities, counties and other public authorities with their investment needs. Jeff ensures that the client's investment objectives and cash flow needs are integrated into the investment strategy developed by the portfolio manager and the Portfolio Strategies Group. Additionally, Jeff is active and has been successful in expanding state investment statutes for the benefit of governmental investors. Jeff is a member of GFOA, ILGFOA, IASBO, ICCCF, IMTA, WGFOA and is an active presenter and moderator at various industry conferences and events.</p> <p data-bbox="703 758 1839 811">Furthermore, Jeff is on the board of directors of the Intercultural Montessori School of Chicago and serves on its executive and finance committees..</p>
 <p data-bbox="369 952 624 1052"><b>Danny Nelson</b> <i>Director</i> <a href="mailto:nelsond@pfmam.com">nelsond@pfmam.com</a></p>	<p data-bbox="703 876 1244 901"><b>22 Years of Experience / 22 Years with PFMAM</b></p> <p data-bbox="703 939 1839 1125">Danny Nelson joined PFM Asset Management in 2022 and is currently a director in the Midwest region. He manages relationships for various clients in Illinois, Michigan and Minnesota. He helps municipal governments, school districts and other public authorities with cash flow analysis and overall investment needs. He provides investment advisory and consulting services, develops investment policies and monitors guidelines and strategy implementation. Danny provides clients with training and technical and analytical support with respect to their investment portfolios..</p>



# Disclaimer

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