



## INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

June 30, 2023

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the Town of Prosper is in compliance with the Public Funds Investment Act and the Town of Prosper Investment Policy and Strategies.

A handwritten signature in blue ink that appears to read "Bob Scott".

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Bob Scott, Deputy Town Manager

A handwritten signature in blue ink that appears to read "Chris Landrum".

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Chris Landrum, Finance Director

**Disclaimer:** These reports were compiled using information provided by the Town of Prosper. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

## Summary

### Quarter End Results by Investment Category:

Asset Type	March 31, 2023			June 30, 2023		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW	4.57%	\$ 36,891,989	\$ 36,891,989	4.93%	\$ 22,177,649	\$ 22,177,649
MMF/Pools	4.61%	65,285,585	65,285,585	5.04%	77,488,064	77,488,064
Securities	2.94%	43,086,822	42,371,745	2.94%	43,060,614	42,227,990
Certificates of Deposit	1.32%	35,312,658	35,312,658	1.77%	25,362,107	25,362,107
<b>Total</b>	<b>3.63%</b>	<b>\$ 180,577,054</b>	<b>\$ 179,861,977</b>	<b>3.99%</b>	<b>\$ 168,088,435</b>	<b>\$ 167,255,811</b>

#### Average Yield - Current Quarter (1)

Total Portfolio	3.99%
Rolling Three Month Treasury	5.28%
Rolling Six Month Treasury	5.08%
TexPool	5.05%

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	3.55%
Rolling Three Month Treasury	4.75%
Rolling Six Month Treasury	4.57%
TexPool	4.55%

#### Interest Earnings (Approximate)

Quarter	\$ 1,752,952
Fiscal Year-to-date	\$ 4,399,709

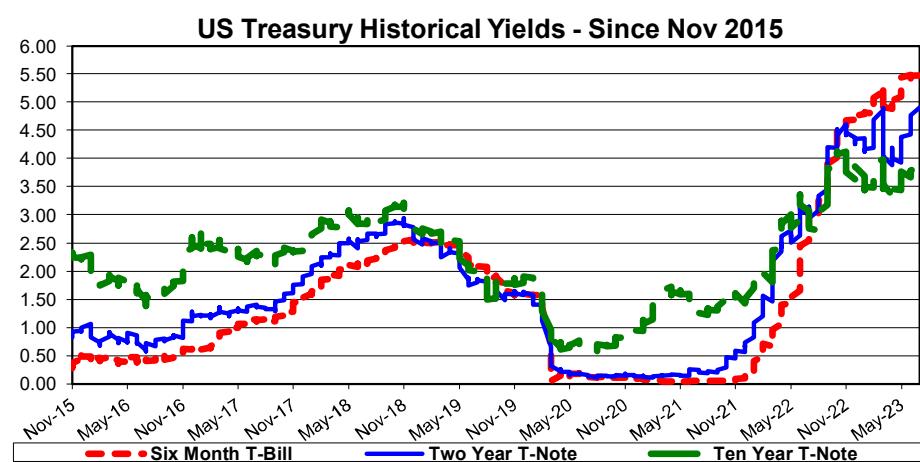
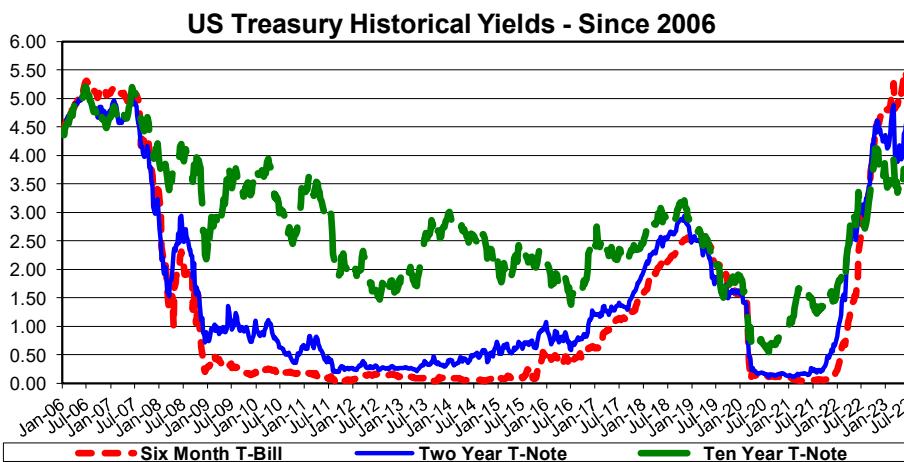
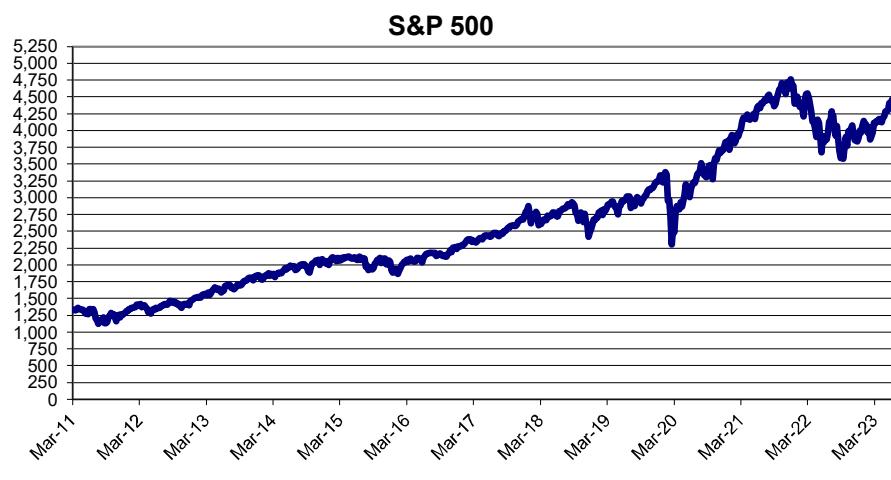
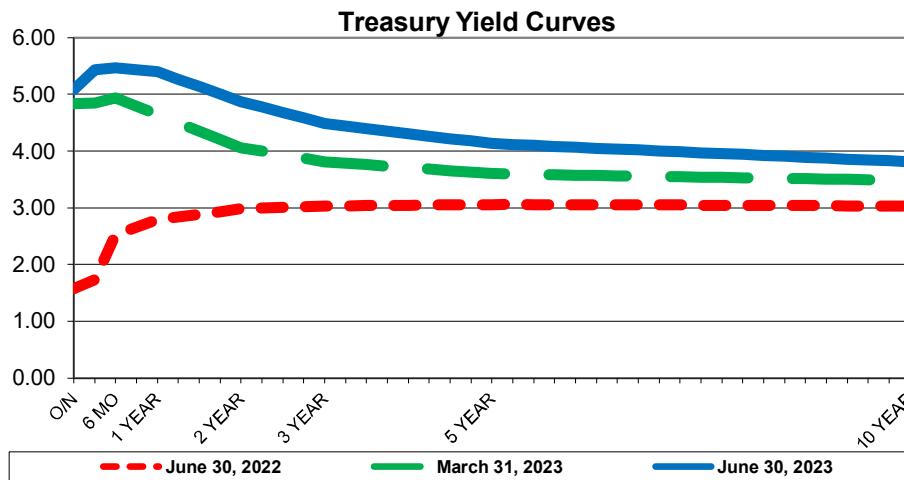
(1) **Quarter End Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

## Economic Overview

6/30/2023

The Federal Open Market Committee (FOMC) paused and kept the Fed Funds target range 5.00% - 5.25% June 14th (Effective Fed Funds are trading +/- 0.08%). Another increase is projected after the July 25-26 meeting. First quarter 2023 GDP (Final) recorded 2.0%. June Non-Farm Payroll added 209k new jobs, below the 230k projection. The three month average declined to 244k. The S&P Stock Index continues moderate increases, trading +/- 4,400. The yield curve rose from last month but remains steeply inverted with the expectation of future FOMC rate decreases. Crude Oil trades over +/- \$70 per barrel. Inflation declined slightly but is still over the FOMC 2% target (Core PCE +/- 4.6% and CPI +/- 5.3%). The Ukrainian/Russian war and Middle East conflicts increase market anxiety.



## Investment Holdings

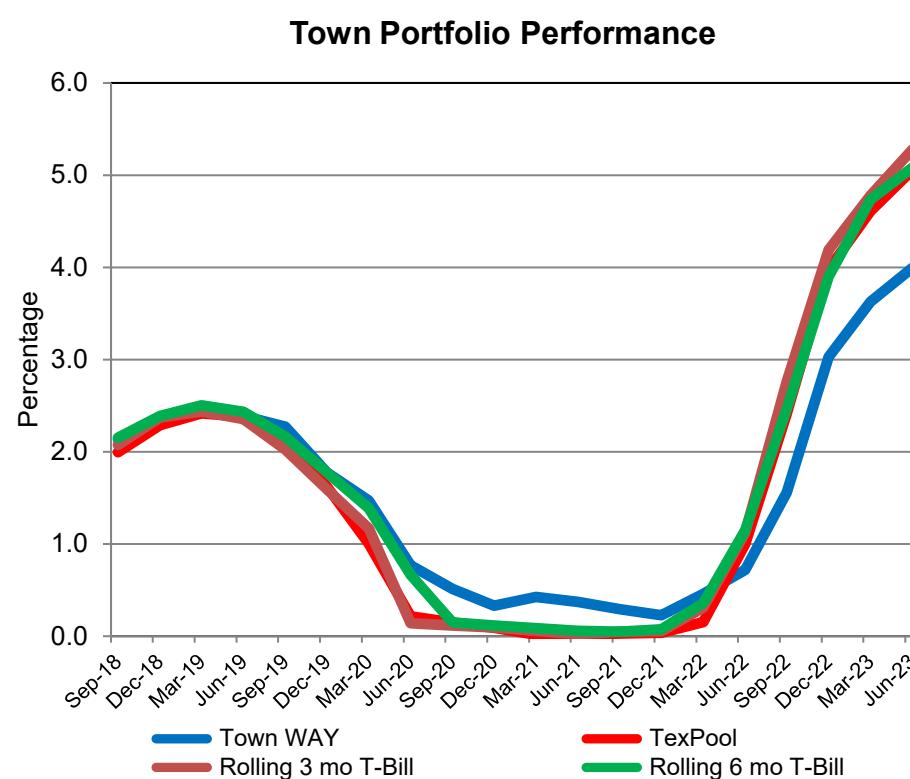
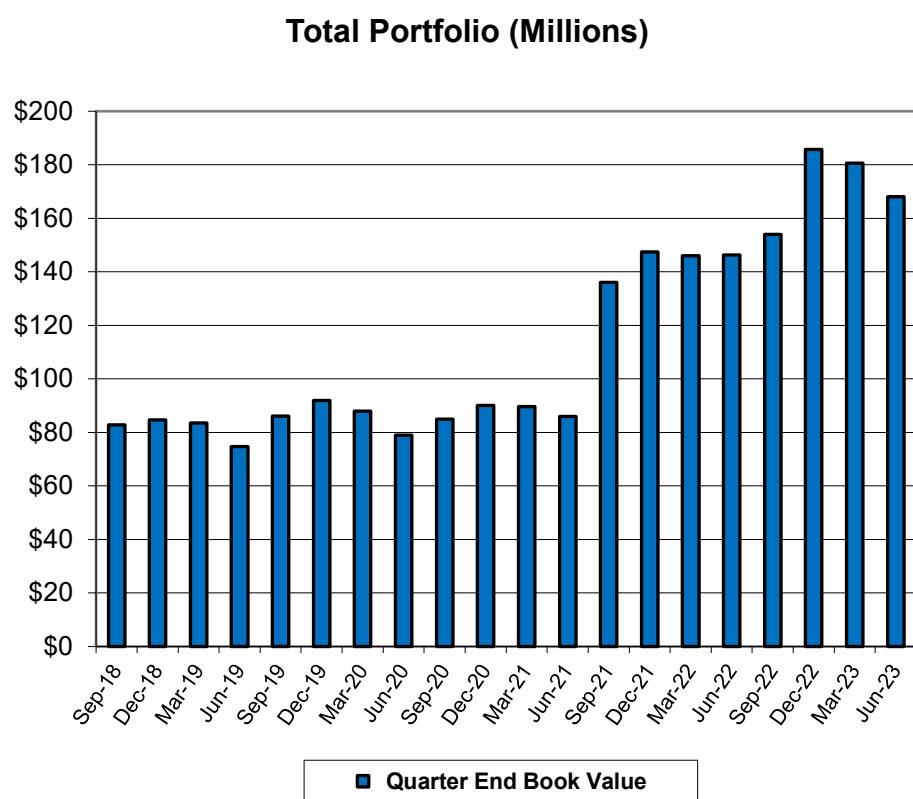
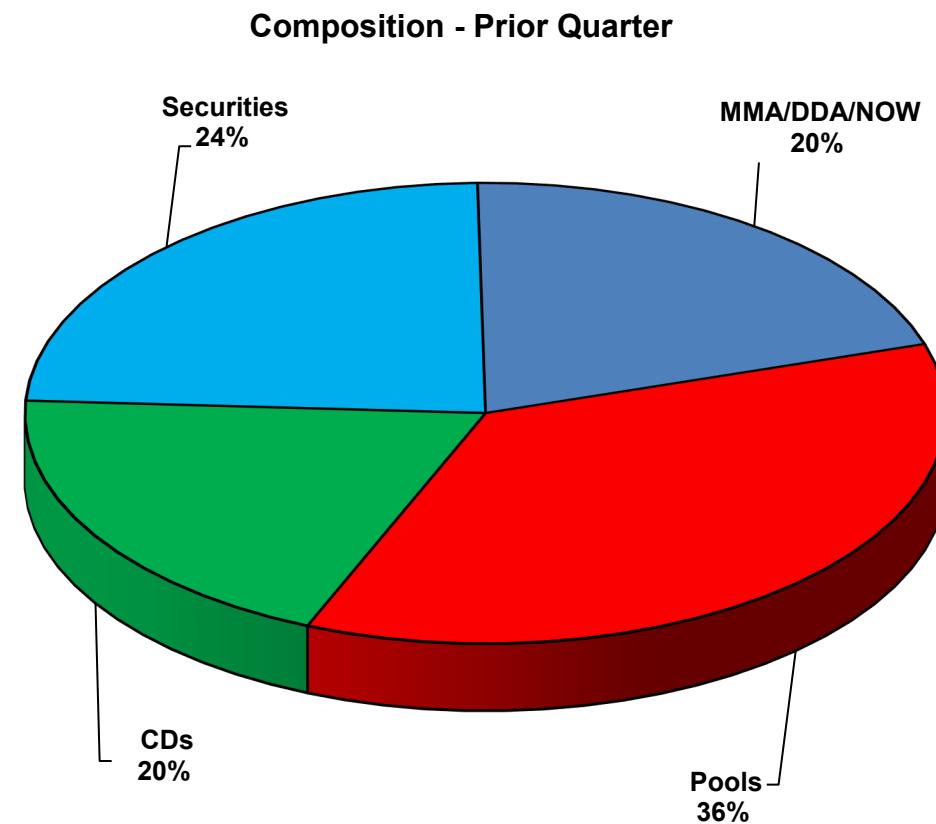
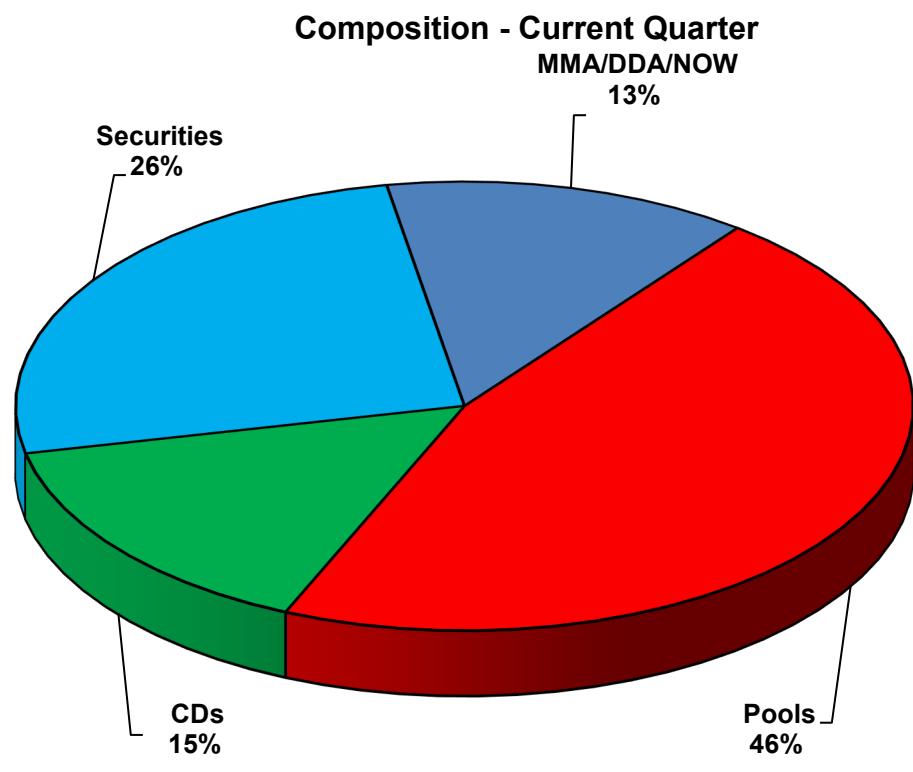
June 30, 2023

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Independent Financial DDA		2.53%	07/01/23	06/30/23	\$ 2,910,906	\$ 2,910,906	1.00	\$ 2,910,906	1	2.53%
Independent Financial DDA #2		5.38%	07/01/23	06/30/23	7,685,319	7,685,319	1.00	7,685,319	1	5.38%
Independent Financial DDA #3		5.38%	07/01/23	06/30/23	6,097,571	6,097,571	1.00	6,097,571	1	5.38%
NexBank MMA		5.30%	07/01/23	06/30/23	5,233,852	5,233,852	1.00	5,233,852	1	5.30%
PlainsCapital Bank MMA		0.00%	07/01/23	06/30/23	250,000	250,000	1.00	250,000	1	0.00%
PlainsCapital Bank ICS SWEEP MMF		1.85%	07/01/23	06/30/23	494,594	494,594	1.00	494,594	1	1.85%
TexSTAR	AAAm	5.08%	07/01/23	06/30/23	9,863,148	9,863,148	1.00	9,863,148	1	5.08%
TexPool	AAAm	5.05%	07/01/23	06/30/23	67,130,323	67,130,323	1.00	67,130,323	1	5.05%
T-Note	Aaa/AA+	0.13%	07/31/23	10/20/21	1,500,000	1,499,703	99.62	1,494,225	31	0.36%
Veritex Community Bank CD		0.25%	08/23/23	08/23/21	10,043,781	10,043,781	100.00	10,043,781	54	0.25%
Independent Financial CD		4.00%	09/04/23	10/11/22	10,296,436	10,296,436	100.00	10,296,436	66	4.00%
Veritex Community Bank CD		0.25%	09/15/23	09/17/21	5,021,890	5,021,890	100.00	5,021,890	77	0.25%
T-Note	Aaa/AA+	2.88%	10/31/23	10/20/21	1,500,000	1,512,313	99.19	1,487,865	123	0.43%
T-Note	Aaa/AA+	4.75%	02/29/24	02/09/22	5,000,000	5,033,734	98.02	4,900,800	244	1.35%
FHLB	Aaa/AA+	4.75%	03/08/24	12/21/22	10,000,000	9,997,096	99.51	9,951,100	252	4.79%
T-Note	Aaa/AA+	2.25%	04/30/24	03/16/22	10,000,000	10,031,013	97.41	9,740,600	305	1.87%
T-Note	Aaa/AA+	1.25%	08/31/24	02/09/22	5,000,000	4,986,754	95.36	4,767,800	428	1.48%
FHLB	Aaa/AA+	4.48%	10/03/24	12/22/22	10,000,000	10,000,000	98.86	9,885,600	461	4.48%
<b>Total Portfolio</b>					<b>\$ 168,027,821</b>	<b>\$ 168,088,435</b>		<b>\$ 167,255,811</b>	<b>92</b>	<b>3.99%</b>

(1) (2)

**(1) Weighted average life** - For purposes of calculating weighted average life, overnight bank and pool balances are assumed to have a one day maturity.

**(2) Weighted average yield to maturity** - The weighted average yield to maturity is based on Book Value, realized and unrealized gains/losses and investment advisory fees are not included. The yield for the reporting month is used for overnight bank and pool balances.



## Book and Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 03/31/23	Increases	Decreases	Book Value 06/30/23	Market Value 03/31/23	Change in Market Value	Market Value 06/30/23
Independent Financial DDA	2.53%	07/01/23	\$ 3,739,820	\$ —	\$ (828,914)	\$ 2,910,906	\$ 3,739,820	\$ (828,914)	\$ 2,910,906
Independent Financial DDA #2	5.38%	07/01/23	7,587,305	98,014	—	7,685,319	7,587,305	98,014	7,685,319
Independent Financial DDA #3	5.38%	07/01/23	19,914,535	—	(13,816,964)	6,097,571	19,914,535	(13,816,964)	6,097,571
NexBank MMA	5.30%	07/01/23	5,167,065	66,788	—	5,233,852	5,167,065	66,788	5,233,852
PlainsCapital Bank MMA	0.00%	07/01/23	250,000	—	—	250,000	250,000	—	250,000
PlainsCapital Bank ICS SWEEP MMF	1.85%	07/01/23	233,264	261,330	—	494,594	233,264	261,330	494,594
TexSTAR	5.08%	07/01/23	9,741,586	121,562	—	9,863,148	9,741,586	121,562	9,863,148
TexPool	5.05%	07/01/23	55,543,999	11,586,324	—	67,130,323	55,543,999	11,586,324	67,130,323
The American Nat'l Bank CD <i>(Reedemed 04/10/23 without penalty)</i>	2.30%	04/10/23	5,056,416	—	(5,056,416)	—	5,056,416	(5,056,416)	—
The American Nat'l Bank CD	0.43%	06/01/23	5,037,716	—	(5,037,716)	—	5,037,716	(5,037,716)	—
T-Note	0.36%	07/31/23	1,498,832	871	—	1,499,703	1,477,380	16,845	1,494,225
Veritex Community Bank CD	0.25%	08/23/23	10,037,662	6,119	—	10,043,781	10,037,662	6,119	10,043,781
Independent Financial CD	4.00%	09/04/23	10,162,137	134,300	—	10,296,436	10,162,137	134,300	10,296,436
Veritex Community Bank CD	0.25%	09/15/23	5,018,728	3,162	—	5,021,890	5,018,728	3,162	5,021,890
T-Note	0.43%	10/31/23	1,521,423	—	(9,110)	1,512,313	1,484,415	3,450	1,487,865
T-Note	1.35%	02/29/24	5,046,315	—	(12,581)	5,033,734	4,895,900	4,900	4,900,800
FHLB	4.79%	03/08/24	9,996,048	1,049	—	9,997,096	9,987,900	(36,800)	9,951,100
T-Note	1.87%	04/30/24	10,040,267	—	(9,253)	10,031,013	9,750,400	(9,800)	9,740,600
T-Note	1.48%	08/31/24	4,983,938	2,816	—	4,986,754	4,785,950	(18,150)	4,767,800
FHLB	4.48%	10/03/24	10,000,000	—	—	10,000,000	9,989,800	(104,200)	9,885,600
<b>TOTAL / AVERAGE</b>	<b>3.99%</b>		<b>\$ 180,577,054</b>	<b>\$ 12,282,335</b>	<b>\$ (24,770,954)</b>	<b>\$ 168,088,435</b>	<b>\$ 179,861,977</b>	<b>\$ (12,606,166)</b>	<b>\$ 167,255,811</b>

**Allocation****June 30, 2023**

<b>Book Value</b>	<b>Yield</b>	<b>Maturity Date</b>	<b>Total</b>	<b>Pooled Funds</b>	<b>Debt Service Fund</b>
Independent Financial DDA	2.53%		\$ 2,910,906	\$ 2,910,906	
Independent Financial DDA #2	5.38%		\$ 7,685,319	7,685,319	
Independent Financial DDA #3	5.38%		\$ 6,097,571	6,097,571	
NexBank MMA	5.30%		\$ 5,233,852	5,233,852	
PlainsCapital Bank MMA	0.00%		\$ 250,000	250,000	
PlainsCapital Bank ICS SWEEP MMF	1.85%		\$ 494,594	494,594	
TexSTAR	5.08%		\$ 9,863,148	9,863,148	
TexPool	5.05%		\$ 67,130,323	62,898,861	4,231,462
T-Note	0.36%	07/31/23	\$ 1,499,703	1,499,703	
Veritex Community Bank CD	0.25%	08/23/23	\$ 10,043,781	10,043,781	
Independent Financial CD	4.00%	09/04/23	\$ 10,296,436	10,296,436	
Veritex Community Bank CD	0.25%	09/15/23	\$ 5,021,890	5,021,890	
T-Note	0.43%	10/31/23	\$ 1,512,313	1,512,313	
T-Note	1.35%	02/29/24	\$ 5,033,734	5,033,734	
FHLB	4.79%	03/08/24	\$ 9,997,096	9,997,096	
T-Note	1.87%	04/30/24	\$ 10,031,013	10,031,013	
T-Note	1.48%	08/31/24	\$ 4,986,754	4,986,754	
FHLB	4.48%	10/03/24	\$ 10,000,000	10,000,000	
<b>Totals</b>			<b>\$ 168,088,435</b>	<b>\$ 163,856,973</b>	<b>\$ 4,231,462</b>

**Allocation****March 31, 2023**

<b>Book Value</b>	<b>Yield</b>	<b>Maturity Date</b>	<b>Total</b>	<b>Pooled Funds</b>	<b>Debt Service Fund</b>
Independent Financial DDA	2.04%		\$ 3,739,820	\$ 3,739,820	
Independent Financial DDA #2	4.94%		7,587,305	7,587,305	
Independent Financial DDA #3	4.94%		19,914,535	19,914,535	
NexBank MMA	4.87%		5,167,065	5,167,065	
PlainsCapital Bank MMA	0.00%		250,000	250,000	
PlainsCapital Bank ICS SWEEP MMF	0.00%		233,264	233,264	
TexSTAR	4.61%		9,741,586	9,741,586	
TexPool	4.61%		55,543,999	51,494,288	4,049,710
 The American Nat'l Bank CD	 0.43%	 06/01/23	 5,037,716	 5,037,716	
T-Note	0.36%	07/31/23	1,498,832	1,498,832	
Veritex Community Bank CD	0.25%	08/23/23	10,037,662	10,037,662	
Independent Financial CD	4.00%	09/04/23	10,162,137	10,162,137	
Veritex Community Bank CD	0.25%	09/15/23	5,018,728	5,018,728	
T-Note	0.43%	10/31/23	1,521,423	1,521,423	
T-Note	1.35%	02/29/24	5,046,315	5,046,315	
FHLB	4.79%	03/08/24	9,996,048	9,996,048	
T-Note	1.87%	04/30/24	10,040,267	10,040,267	
The American Nat'l Bank CD	2.30%	06/01/24	5,056,416	5,056,416	
T-Note	1.48%	08/31/24	4,983,938	4,983,938	
FHLB	4.48%	10/03/24	10,000,000	10,000,000	
 <b>Totals</b>			 <b>\$ 180,577,054</b>	 <b>\$ 176,527,344</b>	 <b>\$ 4,049,710</b>

**Town of Prosper, Texas**

**June 30, 2023 Quarterly Investment Report Investment Strategy Addendum**

As noted in the Economic Overview, the FOMC has tightened 500 basis points in the since early 2022 and as anticipated, tightened an additional 25 basis points on May 3, 2023 resulting in a Fed Funds target of 5.00%-5.25%. These increases reflect The Federal Reserve's efforts to slow the economy and reduce inflationary pressures.

In the low interest environment of 2021 and prior, Certificates of Deposit (CD) often provided a yield advantage over Treasury and Agency securities. This yield advantage is still selectively prevalent, but combined with the greater administrative requirements and lack of liquidity associated with CD's the Town will continue shifting more available funds into fixed income securities. In addition, the Town's premier money market account with its Depository Bank pays the Fed Funds rate. The Town also maintains balances in two local government investment pools to ensure liquidity and for diversification purposes.