

INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 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.

Robert B. Scott

Bob Scott, Deputy Town Manager

Chris Landrum

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	September 30, 2023			December 31, 2023		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW	4.48%	\$ 29,395,973	\$ 29,395,973	4.70%	\$ 30,248,616	\$ 30,248,616
MMF/Pools	5.23%	97,997,016	97,997,016	5.36%	105,427,768	105,427,768
Securities	3.04%	41,533,532	40,938,205	3.14%	40,012,265	39,597,216
Certificates of Deposit	5.67%	25,409,754	25,409,754	5.60%	25,764,800	25,764,800
Total	4.71%	\$ 194,336,276	\$ 193,740,948	4.85%	\$ 201,453,449	\$ 201,038,400

Average Yield - Current Quarter (1)

Total Portfolio	4.85%
Rolling Three Month Treasury	5.53%
Rolling Six Month Treasury	5.49%
TexPool	5.37%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	4.85%
Rolling Three Month Treasury	5.53%
Rolling Six Month Treasury	5.49%
TexPool	5.37%

Interest Earnings (Approximate)

Quarter	\$ 2,345,086
Fiscal Year-to-date	\$ 2,345,086

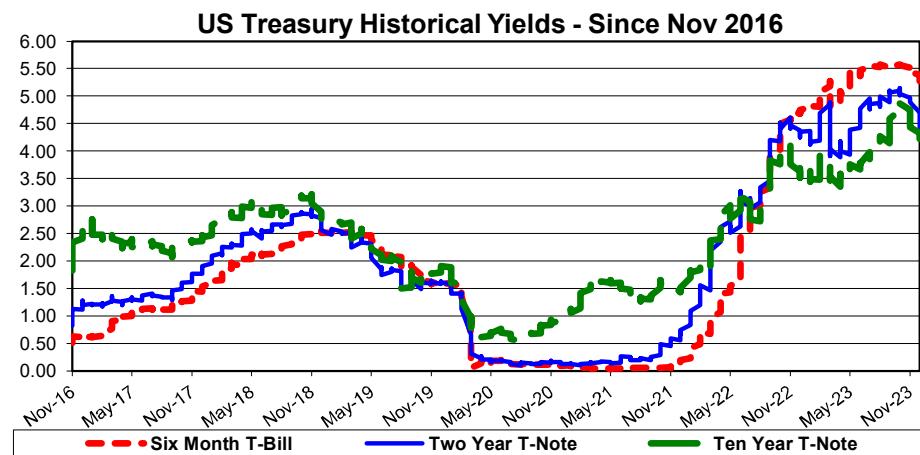
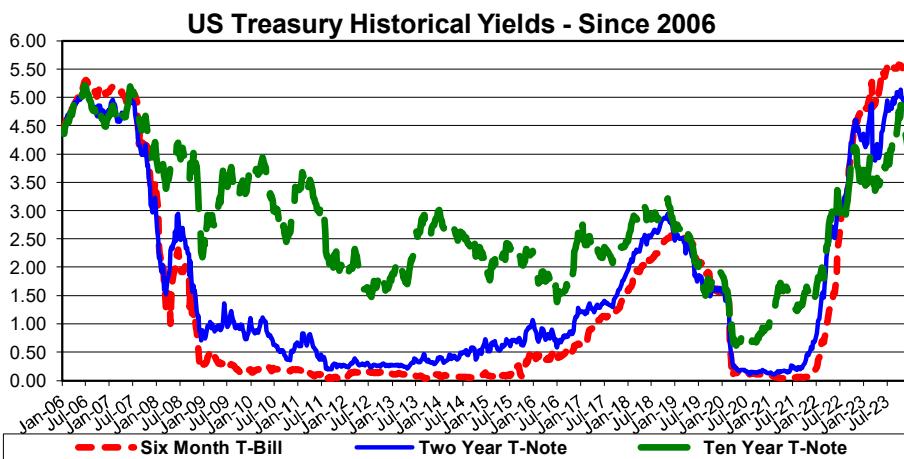
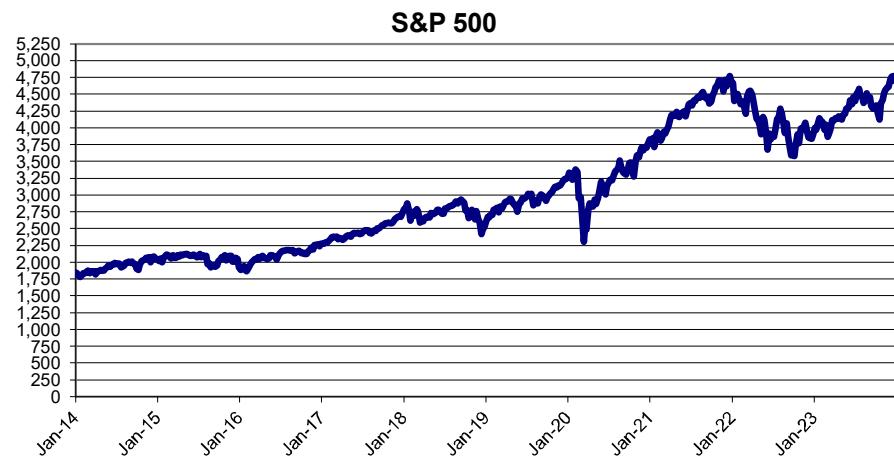
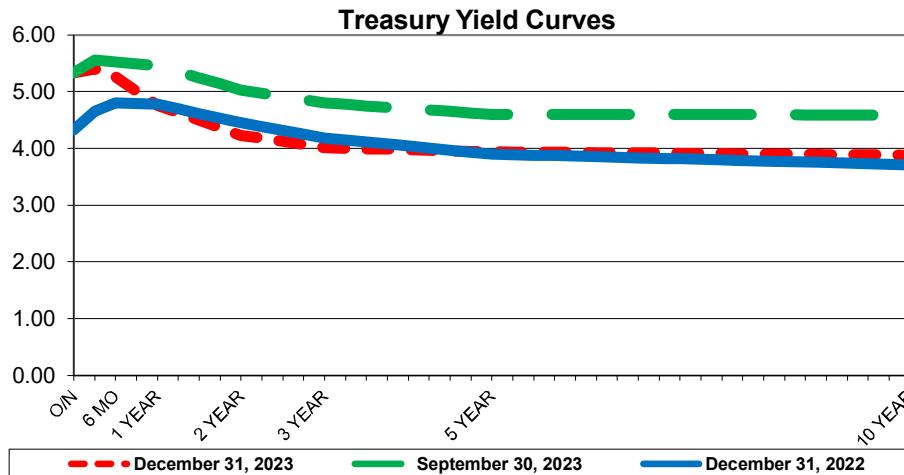
(1) **Quarter End Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(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

12/31/2023

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). Any additional actions, up or down, will be data-dependent. Final Third Quarter 2023 GDP revised downward to 4.9%, but still robust growth. December Non-Farm Payroll posted 216k new jobs (above the estimated 170k). The Three Month Rolling Average declined to 165k. The S&P 500 Stock Index reached a new peak trading over 4,770 (exceeding 4,766 in Dec 2021). The yield curve shifted lower anticipating future FOMC target reductions. Crude Oil stabilized at +/- \$73 per barrel. Inflation continued to decline but still remained above the FOMC 2% target (Core PCE +/-3.2% and Core CPI +/-4.0%). Reduced global economic outlooks and ongoing/expanding military conflicts increase uncertainty.



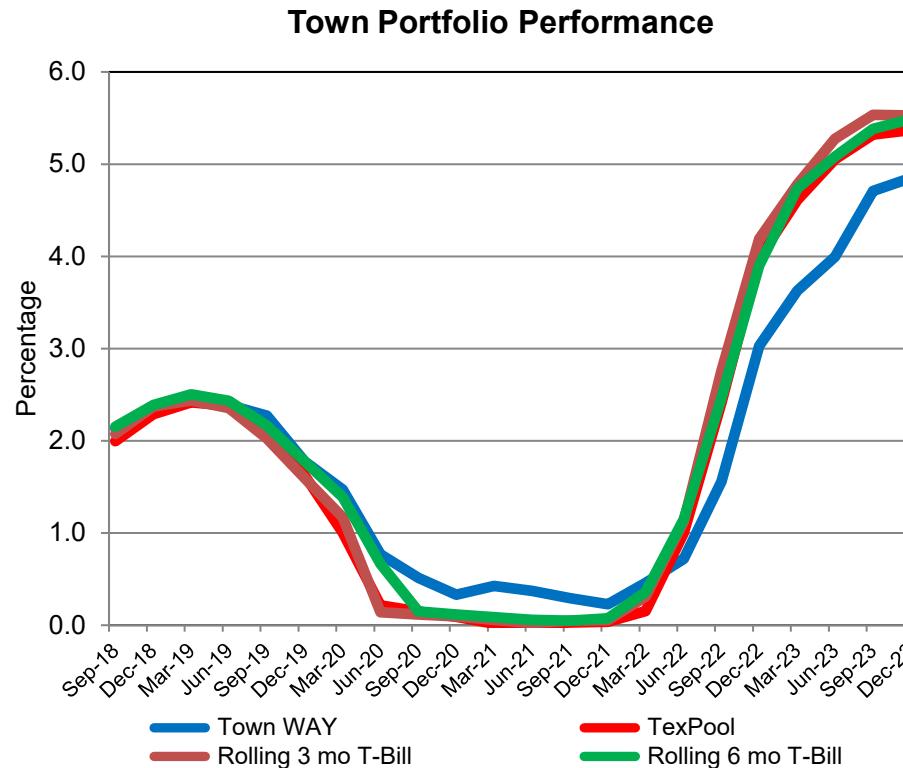
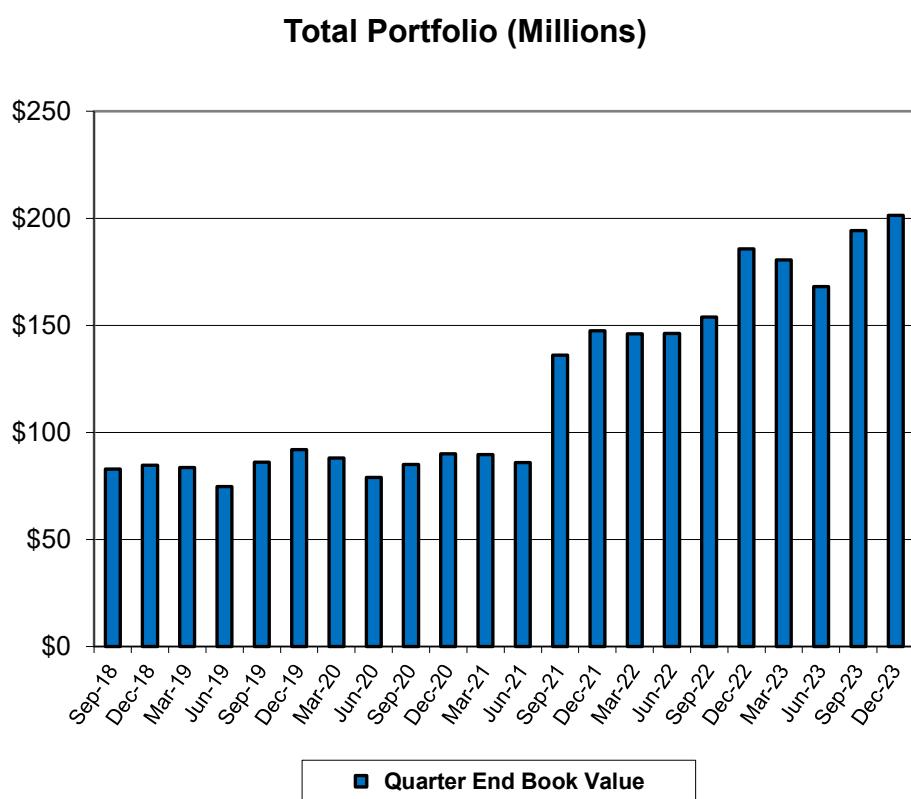
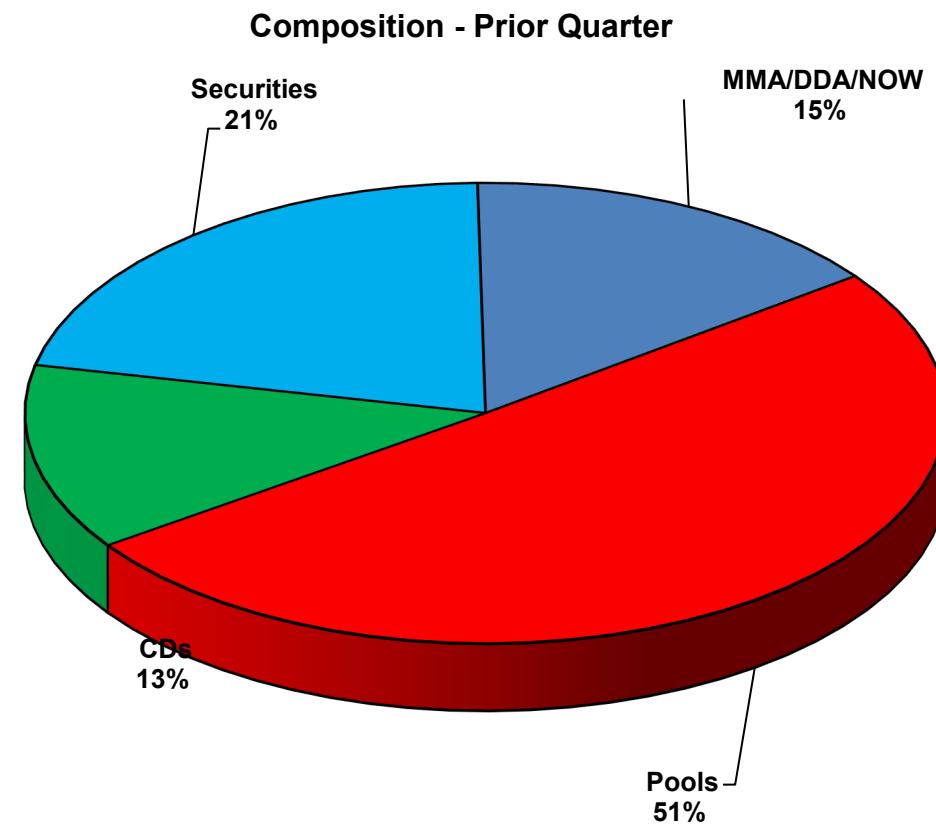
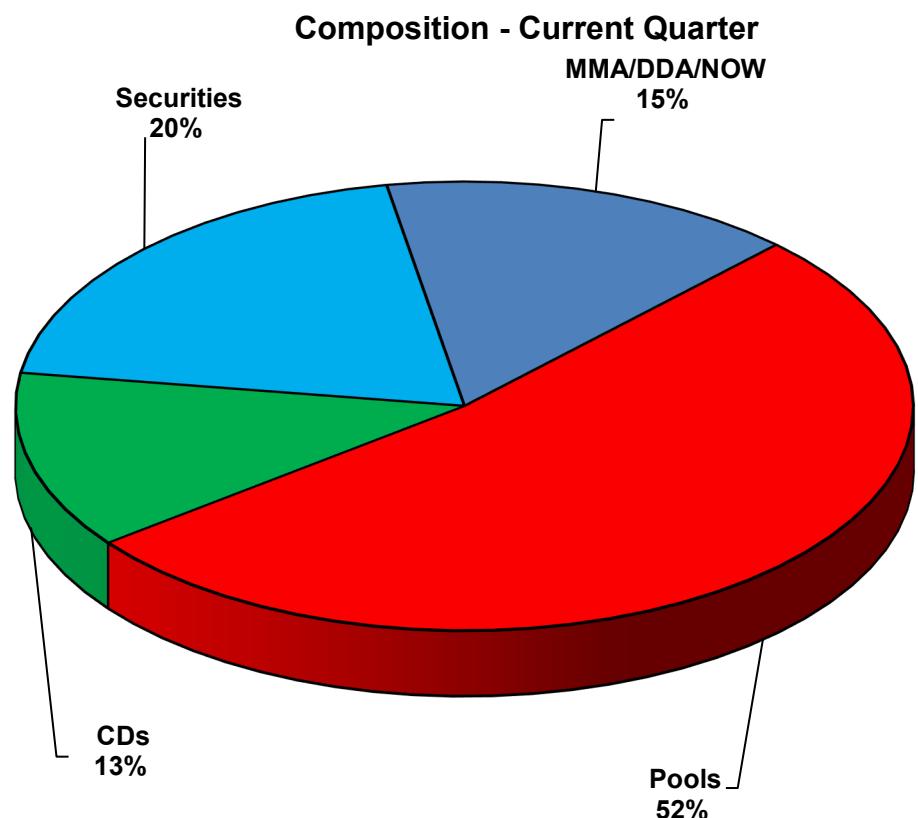
Investment Holdings
December 31, 2023

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Independent Financial DDA		2.78%	01/01/24	12/31/23	\$ 9,884,164	\$ 9,884,164	1.00	\$ 9,884,164	1	2.78%
Independent Financial DDA #2		5.64%	01/01/24	12/31/23	14,128	14,128	1.00	14,128	1	5.64%
Independent Financial DDA #3		5.64%	01/01/24	12/31/23	14,968,174	14,968,174	1.00	14,968,174	1	5.64%
NexBank MMA		5.60%	01/01/24	12/31/23	5,381,759	5,381,759	1.00	5,381,759	1	5.60%
PlainsCapital Bank MMA		0.00%	01/01/24	12/31/23	392	392	1.00	392	1	0.00%
TexSTAR	AAAm	5.34%	01/01/24	12/31/23	31,424,220	31,424,220	1.00	31,424,220	1	5.34%
TexPool	AAAm	5.37%	01/01/24	12/31/23	74,003,547	74,003,547	1.00	74,003,547	1	5.37%
T-Note	Aaa/AA+	4.75%	02/29/24	02/09/22	5,000,000	5,008,295	99.27	4,963,653	60	1.35%
FHLB	Aaa/AA+	4.75%	03/08/24	12/21/22	10,000,000	9,999,217	99.81	9,981,447	68	4.79%
East West Bank CD		5.71%	03/14/24	09/14/23	5,085,983	5,085,983	100.00	5,085,983	74	5.88%
East West Bank CD		5.50%	03/14/24	12/14/23	5,086,598	5,086,598	100.00	5,086,598	74	5.65%
T-Note	Aaa/AA+	2.25%	04/30/24	03/16/22	10,000,000	10,012,304	98.73	9,873,422	121	1.87%
Independent Financial CD		5.39%	08/04/24	09/14/23	10,508,361	10,508,361	100.00	10,508,361	217	5.39%
T-Note	Aaa/AA+	1.25%	08/31/24	02/09/22	5,000,000	4,992,448	97.06	4,853,102	244	1.48%
East West Bank CD		5.57%	09/16/24	09/14/23	5,083,858	5,083,858	100.00	5,083,858	260	5.73%
FHLB	Aaa/AA+	4.48%	10/03/24	12/21/22	10,000,000	10,000,000	99.26	9,925,593	277	4.48%
Total Portfolio					\$ 201,441,184	\$ 201,453,449		\$ 201,038,400	53	4.85%

(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 09/30/23	Increases	Decreases	Book Value 12/31/23	Market Value 09/30/23	Change in Market Value	Market Value 12/31/23
Independent Financial DDA	2.78%	01/01/24	\$ 11,226,083	\$ —	\$ (1,341,919)	\$ 9,884,164	\$ 11,226,083	\$ (1,341,919)	\$ 9,884,164
Independent Financial DDA #2	5.64%	01/01/24	13,307	821	—	14,128	13,307	821	14,128
Independent Financial DDA #3	5.64%	01/01/24	12,600,169	2,368,005	—	14,968,174	12,600,169	2,368,005	14,968,174
NexBank MMA	5.60%	01/01/24	5,306,415	75,344	—	5,381,759	5,306,415	75,344	5,381,759
PlainsCapital Bank MMA	0.00%	01/01/24	250,000	—	(249,608)	392	250,000	(249,608)	392
PlainsCapital Bank ICS SWEEP MMF	0.00%	01/01/24	2,330,916	—	(2,330,916)	—	2,330,916	(2,330,916)	—
TexSTAR	5.34%	01/01/24	46,661,274	—	(15,237,054)	31,424,220	46,661,274	(15,237,054)	31,424,220
TexPool	5.37%	01/01/24	49,004,826	24,998,721	—	74,003,547	49,004,826	24,998,721	74,003,547
T-Note	0.43%	10/31/23	1,503,103	—	(1,503,103)	—	1,497,305	(1,497,305)	—
East West Bank CD	5.97%	12/14/23	5,013,524	—	(5,013,524)	—	5,013,524	(5,013,524)	—
T-Note	1.35%	02/29/24	5,021,015	—	(12,719)	5,008,295	4,940,235	23,418	4,963,653
FHLB	4.79%	03/08/24	9,998,155	1,063	—	9,999,217	9,967,100	14,347	9,981,447
East West Bank CD	5.88%	03/14/24	5,013,314	72,669	—	5,085,983	5,013,314	72,669	5,085,983
East West Bank CD	5.65%	03/14/24	—	5,086,598	—	5,086,598	—	5,086,598	5,086,598
T-Note	1.87%	04/30/24	10,021,659	—	(9,355)	10,012,304	9,819,531	53,891	9,873,422
Independent Financial CD	5.39%	08/04/24	10,369,929	138,432	—	10,508,361	10,369,929	138,432	10,508,361
T-Note	1.48%	08/31/24	4,989,601	2,847	—	4,992,448	4,814,063	39,039	4,853,102
East West Bank CD	5.73%	09/16/24	5,012,987	70,870	—	5,083,858	5,012,987	70,870	5,083,858
FHLB	4.48%	10/03/24	10,000,000	—	—	10,000,000	9,899,972	25,621	9,925,593
TOTAL / AVERAGE	4.85%		\$ 194,336,276	\$ 32,815,371	\$ (25,698,198)	\$ 201,453,449	\$ 193,740,948	\$ 7,297,452	\$ 201,038,400

Allocation**December 31, 2023**

Book Value	Yield	Maturity Date	Total	Pooled Funds	Debt Service Fund
Independent Financial DDA	2.78%		\$ 9,884,164	\$ 9,884,164	
Independent Financial DDA #2	5.64%		14,128	14,128	
Independent Financial DDA #3	5.64%		14,968,174	14,968,174	
NexBank MMA	5.60%		5,381,759	5,381,759	
PlainsCapital Bank MMA	0.00%		392	392	
TexSTAR	5.34%		31,424,220	31,424,220	
TexPool	5.37%		74,003,547	63,423,535	\$ 10,580,012
T-Note	1.35%	02/29/24	5,008,295	5,008,295	
FHLB	4.79%	03/08/24	9,999,217	9,999,217	
East West Bank CD	5.88%	03/14/24	5,085,983	5,085,983	
East West Bank CD	5.65%	03/14/24	5,086,598	5,086,598	
T-Note	1.87%	04/30/24	10,012,304	10,012,304	
Independent Financial CD	5.39%	08/04/24	10,508,361	10,508,361	
T-Note	1.48%	08/31/24	4,992,448	4,992,448	
East West Bank CD	5.73%	09/16/24	5,083,858	5,083,858	
FHLB	4.48%	10/03/24	10,000,000	10,000,000	
Totals			\$ 201,453,449	\$ 190,873,437	\$ 10,580,012

Allocation**September 30, 2023**

Book Value	Yield	Maturity Date	Total	Pooled Funds	Debt Service Fund
Independent Financial DDA	2.78%		\$ 11,226,083	\$ 11,226,083	
Independent Financial DDA #2	5.64%		13,307	13,307	
Independent Financial DDA #3	5.64%		12,600,169	12,600,169	
NexBank MMA	5.55%		5,306,415	5,306,415	
PlainsCapital Bank MMA	0.00%		250,000	250,000	
PlainsCapital Bank ICS SWEEP MMF	1.85%		2,330,916	2,330,916	
TexSTAR	5.31%		46,661,274	46,661,274	
TexPool	5.32%		49,004,826	47,676,988	\$ 1,327,838
T-Note	0.43%	10/31/23	1,503,103	1,503,103	
East West Bank CD	5.80%	12/14/23	5,013,524	5,013,524	
T-Note	1.35%	02/29/24	5,021,015	5,021,015	
FHLB	4.79%	03/08/24	9,998,155	9,998,155	
East West Bank CD	5.71%	03/14/24	5,013,314	5,013,314	
T-Note	1.87%	04/30/24	10,021,659	10,021,659	
Independent Financial CD	5.39%	08/04/24	10,369,929	10,369,929	
T-Note	1.48%	08/31/24	4,989,601	4,989,601	
East West Bank CD	5.57%	09/16/24	5,012,987	5,012,987	
FHLB	4.48%	10/03/24	10,000,000	10,000,000	
Totals			\$ 194,336,276	\$ 193,008,438	\$ 1,327,838

Town of Prosper, Texas

December 31, 2023 Quarterly Investment Report Investment Strategy Addendum

As noted in the Economic Overview, the FOMC has tightened 525 basis points in the since early 2022 and as anticipated, tightened an additional 25 basis points on July 26, 2023 resulting in a Fed Funds target of 5.25%-5.50%. 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 may 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.