

City of Hayward

Portfolio Update to the Council Budget and Finance Committee

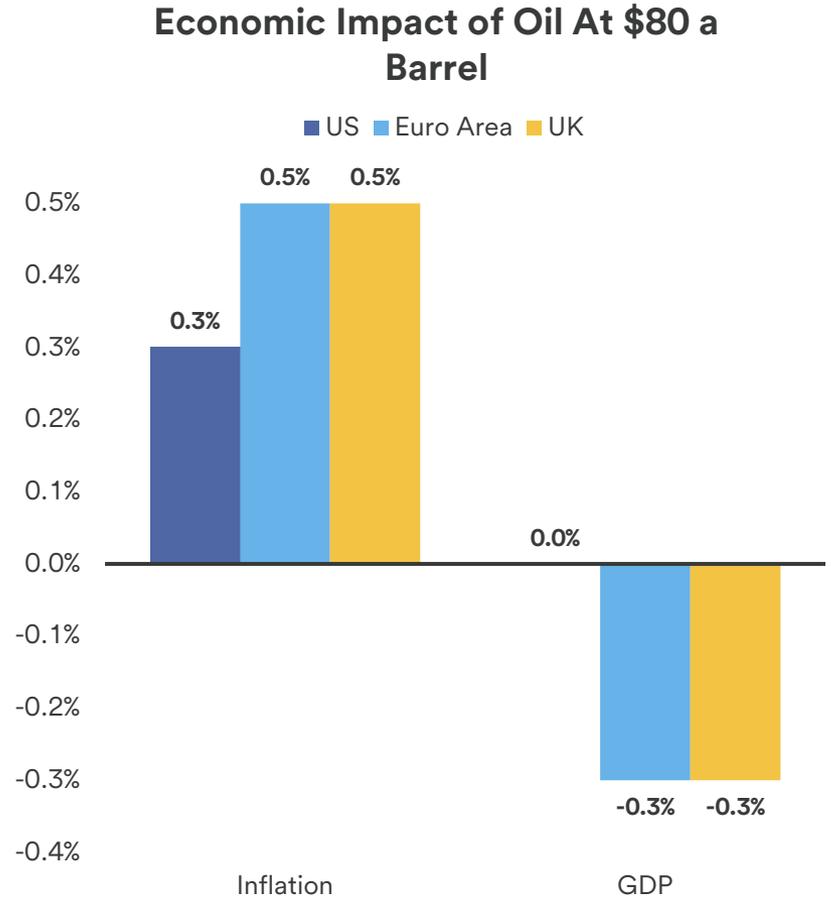
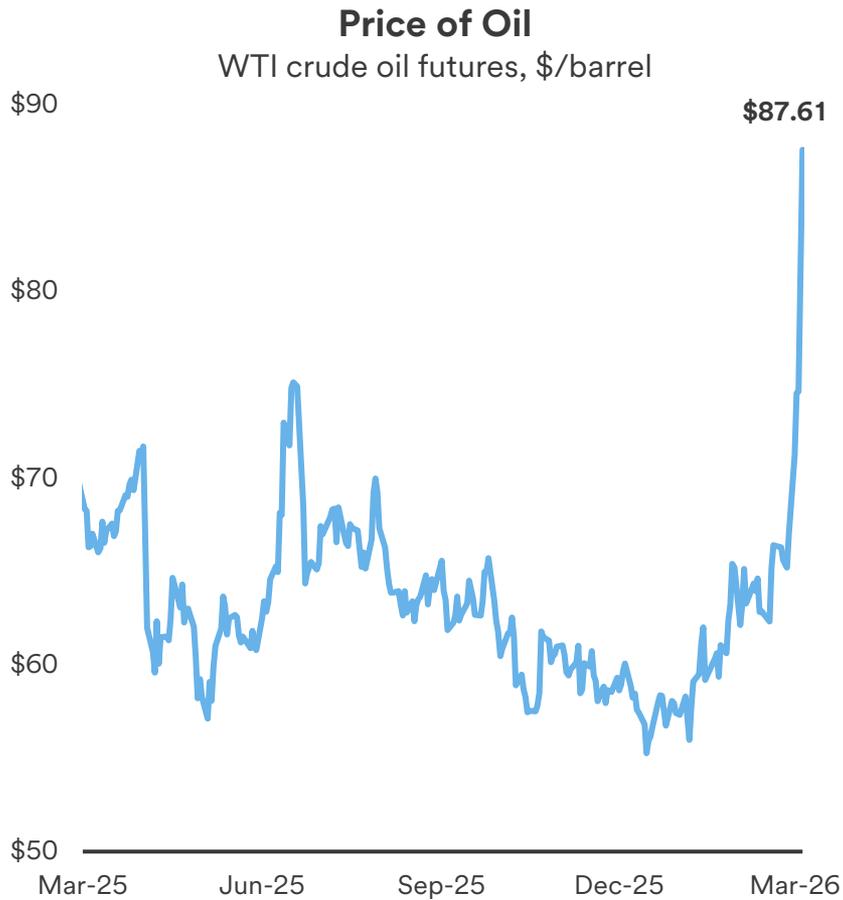
March 18, 2026

Monique Spyke, Managing Director

I. Economic & Market Update



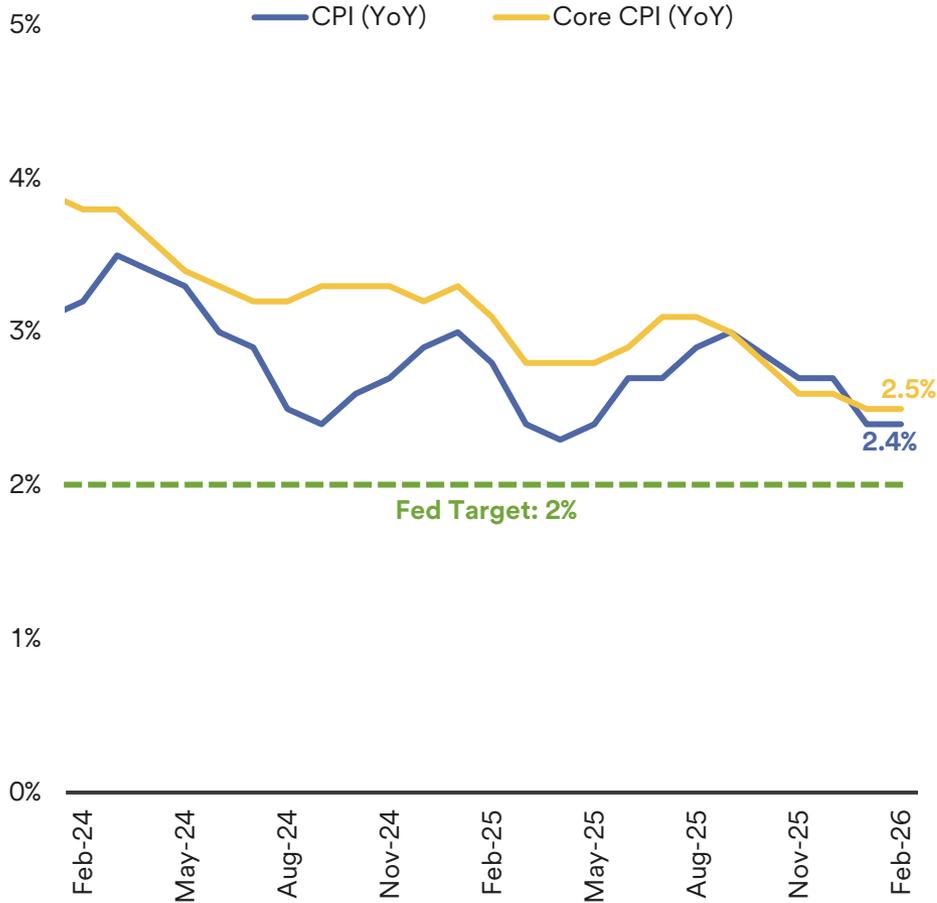
Conflict In Iran Pushes Oil Higher



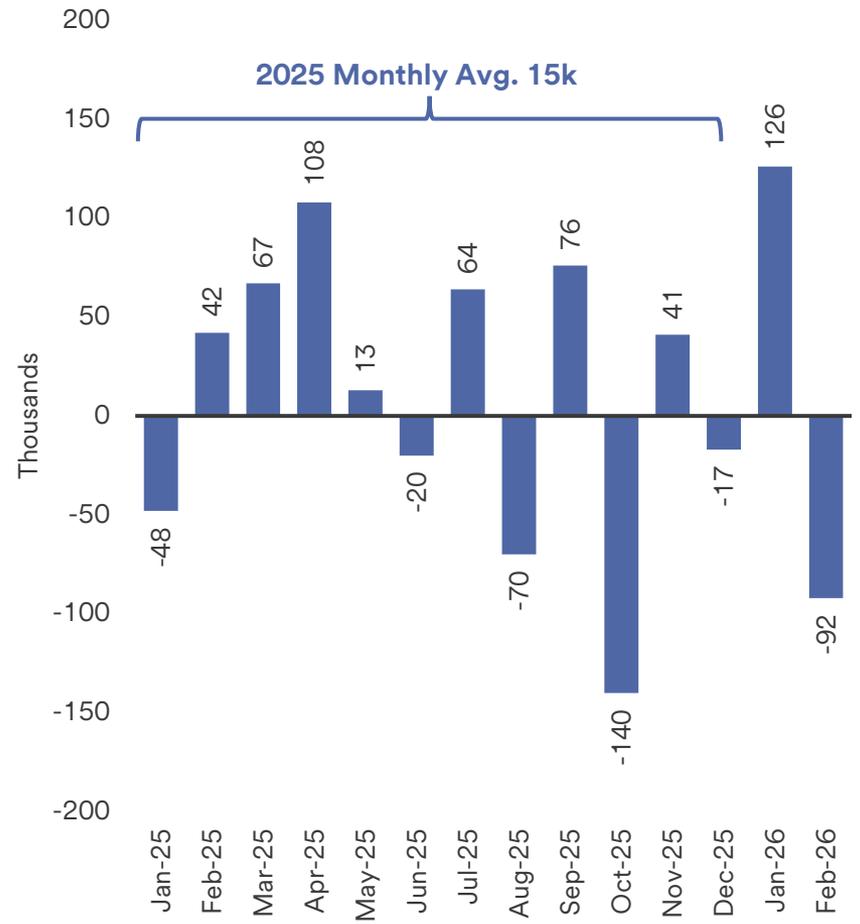
Source: Bloomberg Finance L.P., as of 3/6/2026. Oil Shock is \$15 for U.S. and \$20 for Europe, reflecting gas exposure.

Fed's Dual Mandate

Consumer Price Index (CPI) Year-Over-Year Changes

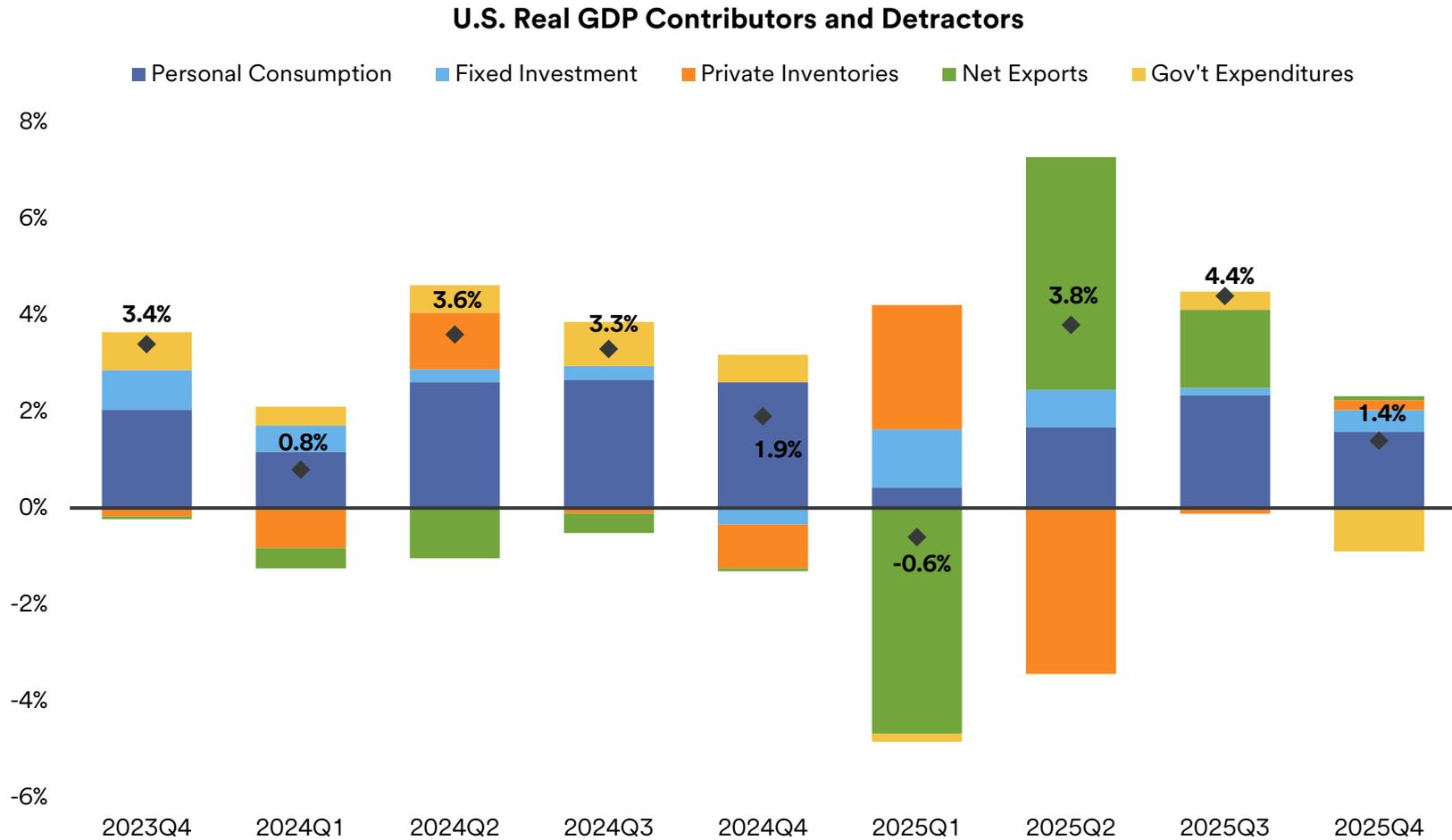


Monthly Change In Nonfarm Payrolls



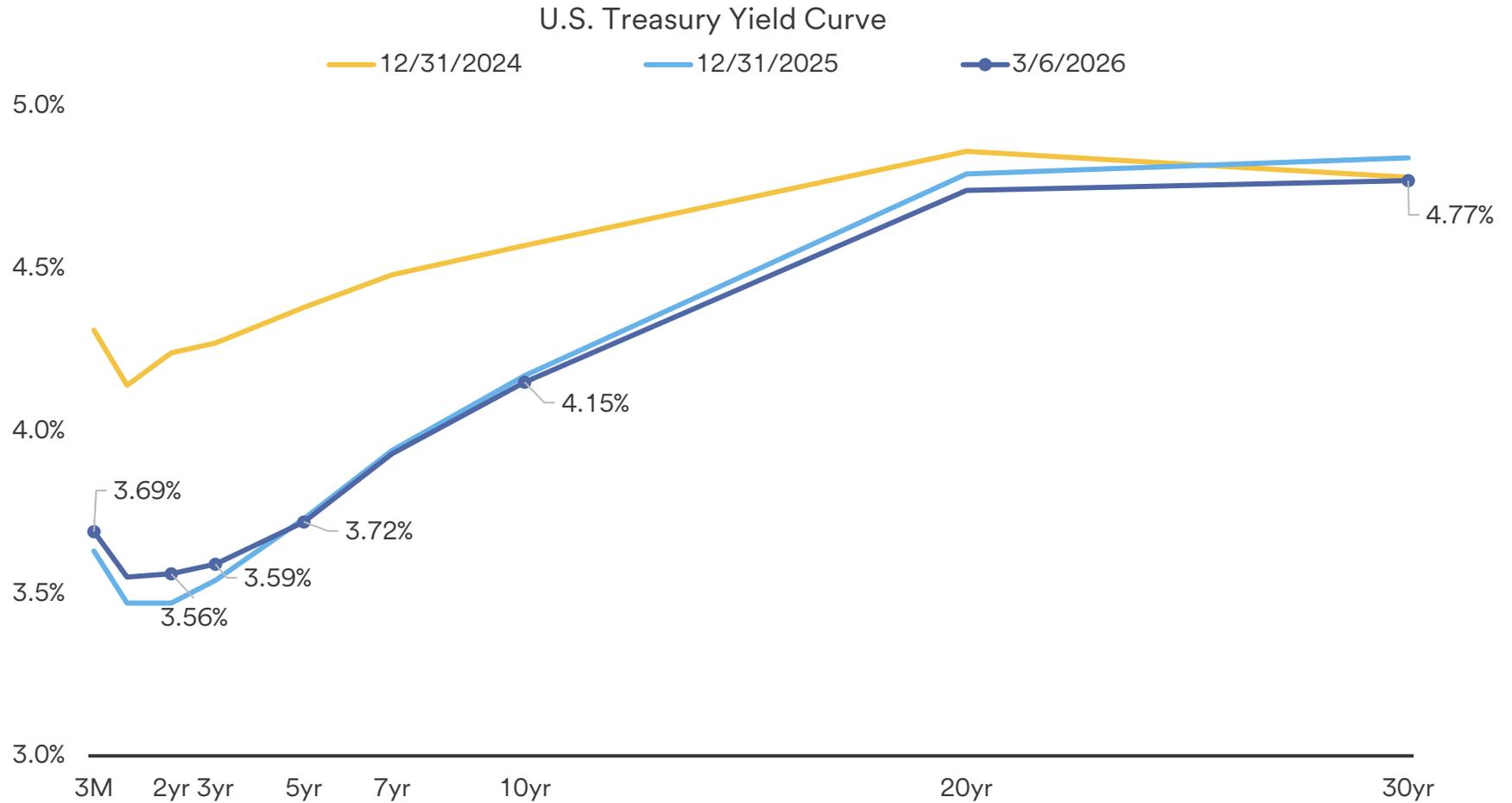
Sources: Bureau of Labor Statistics and Bloomberg Finance L.P. as of February 2026.

U.S. Real GDP Contributors and Detractors



Source: Bloomberg Finance L.P., Bureau of Economic Analysis, as of February 2026.

U.S. Treasury Yields

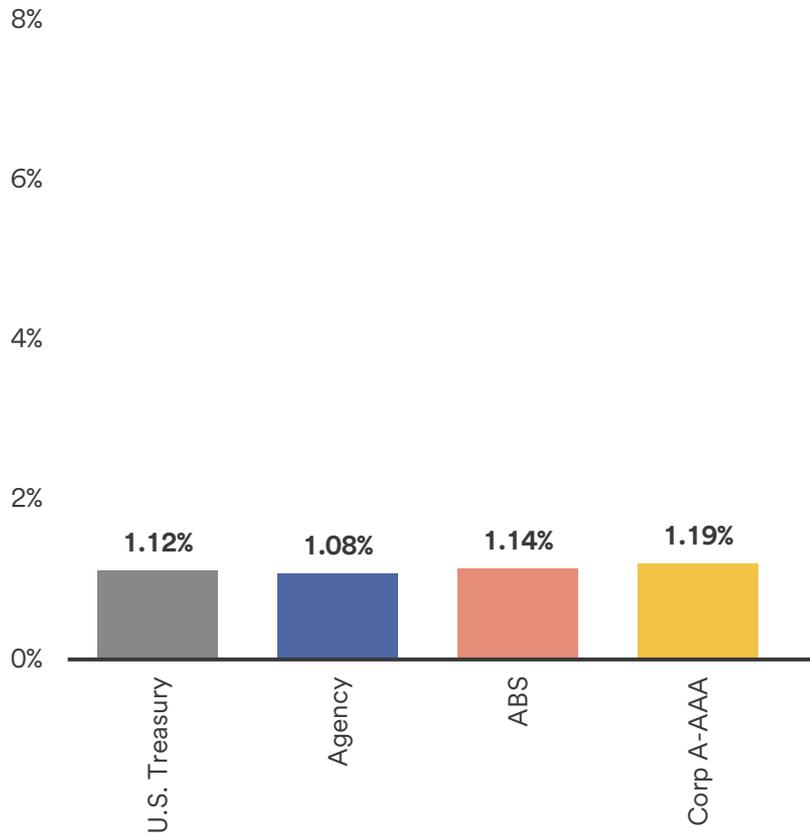


Source: Bloomberg, as of March 6, 2026.

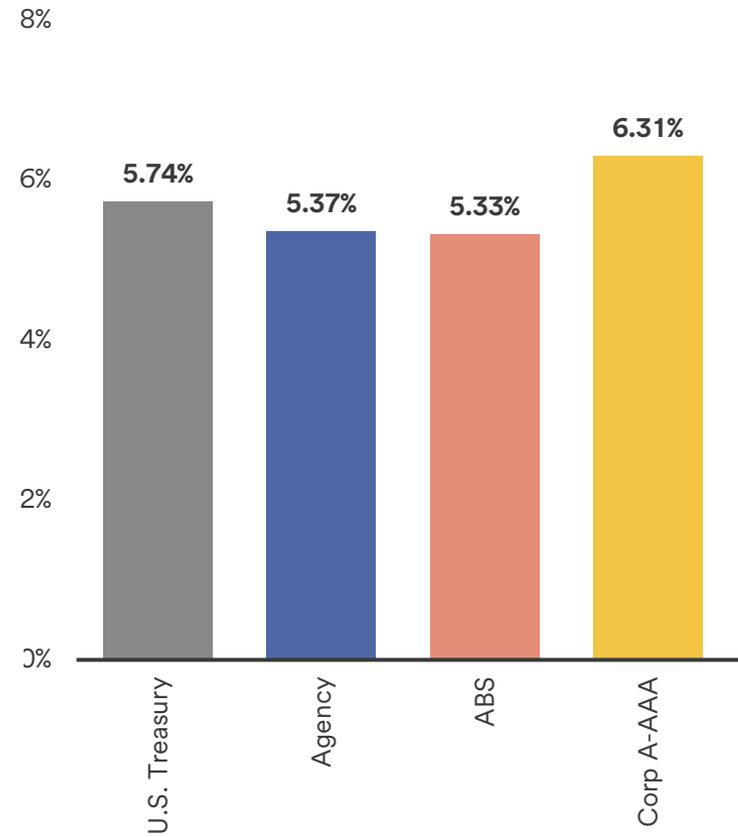
Fixed-Income Index Total Returns

1-5 Year Indices

Fourth Quarter 2025 Returns



1-Year Return



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of December 31, 2025.

City of Hayward Portfolio

As of December 31, 2025



Certificate of Compliance

During the reporting period for the quarter ended December 31, 2025, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Financial LP Asset and Investment Management ("AIM").

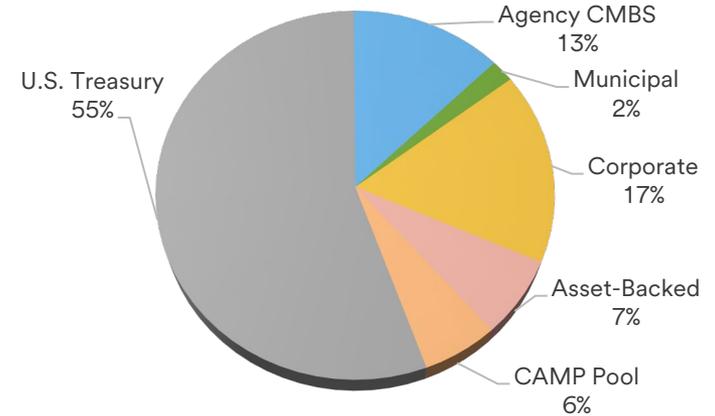
Consolidated Summary

As of December 31, 2025

Portfolio Summary

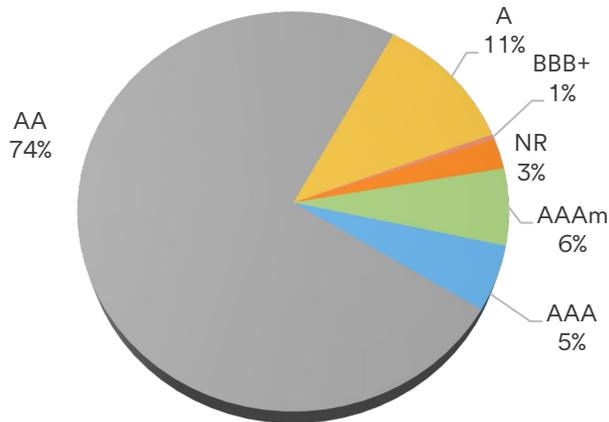
	Total Market Value	Yield at Cost	Yield at Market	Average Maturity
Long-Term Portfolio	\$243,183,598	4.16%	3.73%	2.94 years
Short-Term Portfolio	\$52,348,990	4.15%	3.95%	0.38 years
Total	\$295,532,588	4.16%	3.76%	2.49 years

Sector Allocation

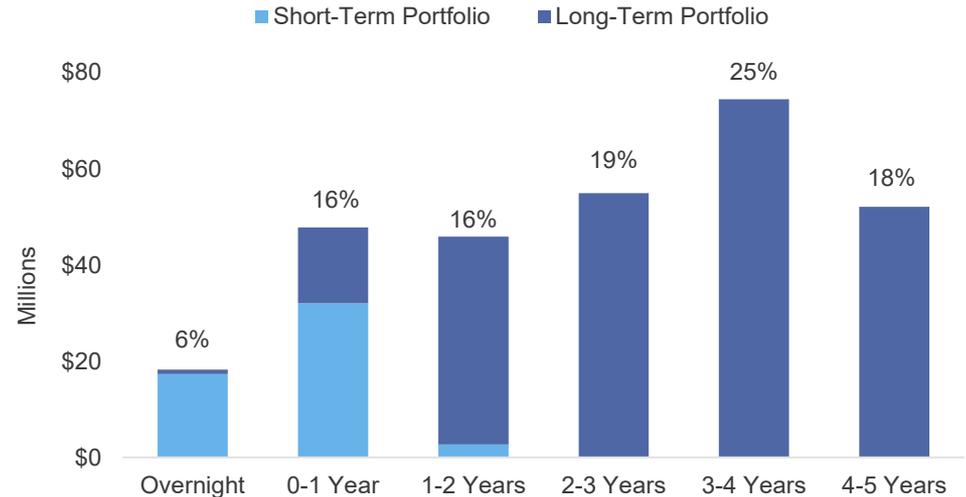


Credit Quality

S&P Ratings

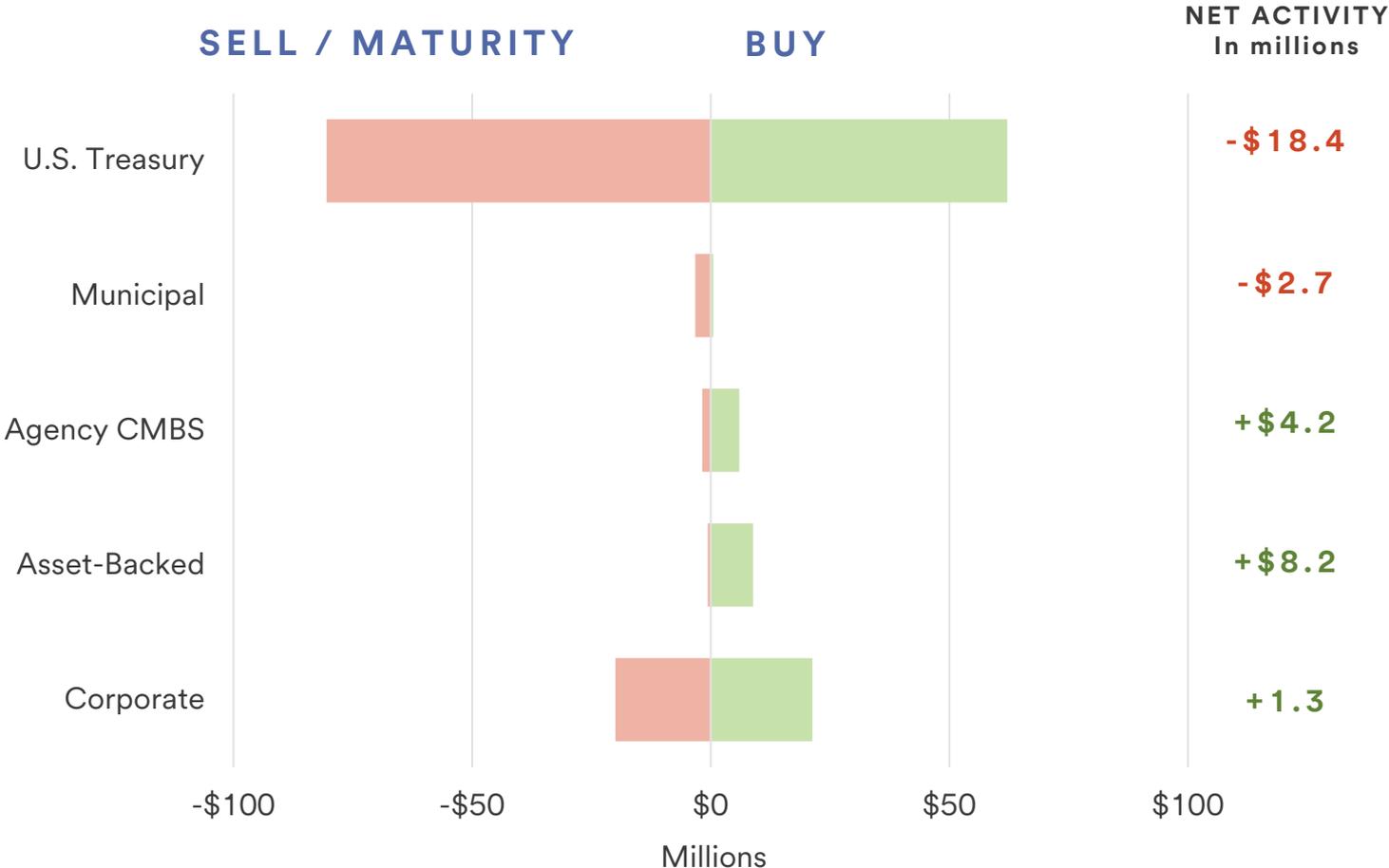


Maturity Distribution



Market values include accrued interest and cash. Yield calculations exclude funds in the CAMP Pool. Securities rated BBB+ or NR by S&P are rated A1 or better by Moody's.

Transaction Summary (1/1/2025 – 12/31/2025)



Portfolio Performance

Long-Term Portfolio – Total Return Performance

As of December 31, 2025

Market Value Basis Earnings	Past Quarter	1 Year	5 Years	10 Years
Interest Earned	\$2,227,935	\$8,397,331	\$20,677,482	\$30,871,709
Change in Market Value	\$520,303	\$5,544,951	\$463,222	\$3,309,438
Total Dollar Return	\$2,748,238	\$13,942,282	\$21,140,704	\$34,181,147
Total Return				
Portfolio	1.14%	6.08%	1.80%	1.96%
Benchmark	1.12%	5.74%	1.45%	1.68%
Difference	+0.03%	+0.34%	+0.35%	+0.28%

Portfolio Realized Earnings

As of December 31, 2025

	Past Quarter	1 Year	5 Years	10 Years
Short-Term Portfolio	\$494,983	\$1,835,088	na	na
Long-Term Portfolio	\$2,085,987	\$7,709,966	\$17,671,029	\$28,629,431
Total	\$2,580,970	\$9,545,054	\$17,671,029	\$28,629,431

Performance inception date of Long-Term Portfolio is September 30, 2012. Performance inception date of Short-Term Portfolio is September 30, 2022.

Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

The portfolio's benchmark is currently the ICE BofA 1-5 Year U.S. Treasury Index. Prior to 12/31/21 it was the ICE BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

Realized earnings include interest earned and realized gains/losses on sales.

Looking Forward

ECONOMY AND INTEREST RATES

- ▶ The administration has indicated it plans to reinstitute tariffs substantially similar to those struck down by the Supreme Court.
- ▶ Inflation remains above the Fed's target and labor market data is mixed.
- ▶ After delivering two 25 basis point rate cuts in the fourth quarter, lowering the federal funds target range to 3.50% to 3.75%, the Fed is now taking a “wait-and-see” approach.
- ▶ The eruption of conflict in Iran has spiked volatility in bond and equity markets as investors eye the expansion of conflict and disruptions to the oil supply chain.

PORTFOLIO STRATEGY

- ▶ Remain in communication with the City regarding cash needs and portfolio updates.
- ▶ Continue to lock in duration, as appropriate, in the Long-Term portfolio.
- ▶ Maintain broad diversification by sector, industry, and issuer.
- ▶ Carefully manage risk and maintain high credit quality.



Disclaimer

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