

Town of Paradise Valley

Investment Portfolio Summary

Quarter Ending December 31, 2025

Annette Gaston, Director

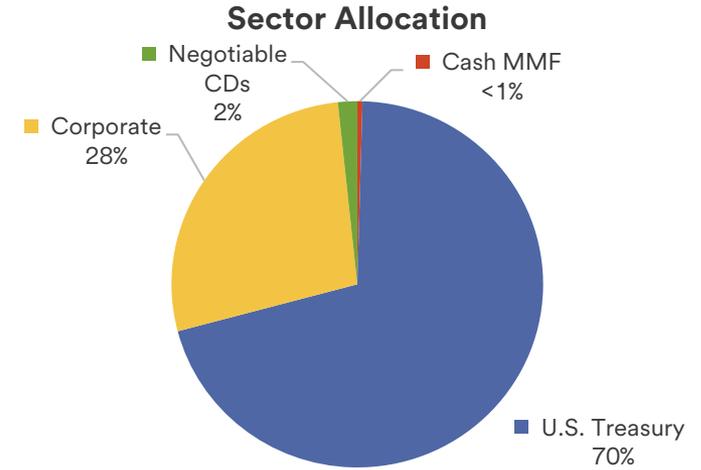
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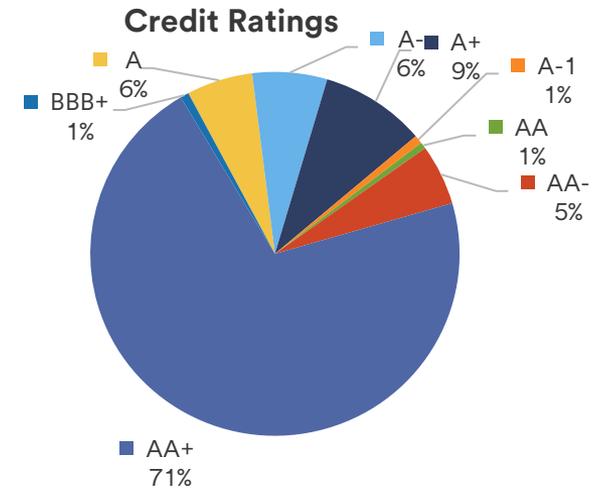
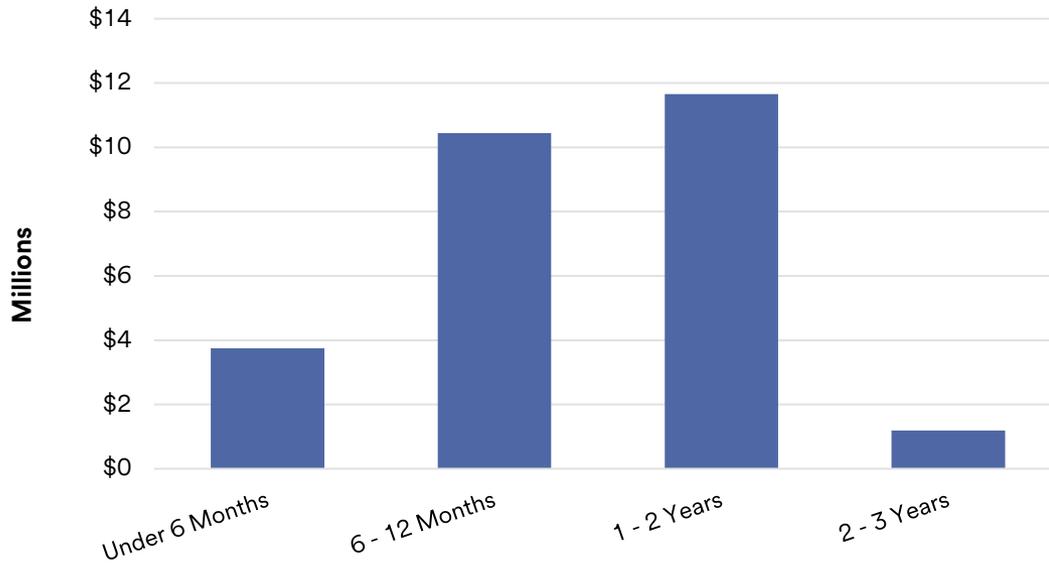
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Account Summary	Beginning Values as of 09/30/25	Ending Values as of 12/31/25
Market Value	\$26,805,623	\$27,145,625
Book Value	\$26,587,699	\$26,922,231
Unrealized Gain/(Loss)	\$291,475	\$345,234
Weighted Average YTM at Market	3.78%	3.61%
Weighted Average YTM at Cost	4.30%	4.18%



Maturity Distribution

Weighted Average Maturity: 713 days



1. Market Value and Book Value include \$121,840.27 invested in the PFAM Cash Money Market Fund.
 2. Weighted average maturity uses book values for weighting. Accrued interest excluded.

Security Type and Issuer Compliance^{1,2,3}

Town of Paradise Valley
as of 12/31/2025

Security Type	Book Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$18,976,634	70%	100%
Corporates	\$7,373,757	27%	30%
Negotiable CDs	\$450,000	2%	30%
Cash MMF	\$121,840	<1%	100%
Total Book Value	\$26,922,231	100%	

Accrual Basis Earnings	10/01/25 through 12/31/25
Estimated Earnings	\$302,984
Total Estimated Earnings	\$302,984

Maturity	Book Value	% of Portfolio	Permitted by Policy
0-6 Months	\$3,627,415	14%	No Limit
6-12 Months	\$10,442,962	39%	No Limit
1-2 Years	\$11,659,360	43%	No Limit
2-3 Years	\$1,192,495	4%	No Limit
3-4 Years	\$0	0%	No Limit
4-5 Years	\$0	0%	No Limit
Over 5 Years	\$0	0%	0%
Total Book Value	\$26,922,231		

1. Investment policy dated May 2016.
2. Maturity distribution does not include accrued interest.
3. Accrual basis earnings does not include cash balances.

Security Type and Issuer Compliance¹

Town of Paradise Valley
as of 12/31/2025

Issuer	Book Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$18,976,634	70%	100%
Chevron	\$394,988	1%	30%
Wells Fargo & Company	\$350,284	1%	30%
Morgan Stanley	\$324,535	1%	30%
Citigroup	\$250,264	1%	30%
National Australia Bank	\$250,159	1%	30%
Cooperative Rabobank	\$250,147	1%	30%
JP Morgan & Chase	\$250,104	1%	30%
ANZ Banking Group Ltd	\$250,000	1%	30%
Credit Agricole Group	\$250,000	1%	30%
Truist Financial	\$250,000	1%	30%
UBS AG Stamford CT	\$250,000	1%	30%
State Street	\$230,000	1%	30%
Cisco Systems Inc	\$214,872	1%	30%
Bank of America	\$210,000	1%	30%
Adobe Inc	\$204,937	1%	30%
HSBC Holdings PLC	\$200,005	1%	30%
Groupe BPCE	\$200,000	1%	30%
Caterpillar Financial	\$199,964	1%	30%
National Rural Utility Corp	\$195,064	1%	30%
John Deere Capital Corp	\$189,949	1%	30%
American Honda Finance	\$179,955	1%	30%
Goldman Sachs	\$178,493	1%	30%
American Express Co	\$162,042	1%	30%
Amazon	\$154,967	1%	30%

1. Investment policy dated May 2016.

Security Type and Issuer Compliance¹

Town of Paradise Valley
as of 12/31/2025

Issuer	Book Value	% of Portfolio	Permitted by Policy
BP PLC	\$145,000	1%	30%
Analog Devices Inc	\$144,871	1%	30%
Eli Lilly & Co	\$134,973	1%	30%
Blackrock Inc.	\$124,998	<1%	30%
Cash MMF	\$121,840	<1%	100%
Texas Instruments	\$114,972	<1%	30%
Cintas Corp	\$109,985	<1%	30%
Novartis Ag	\$104,978	<1%	30%
Paccar Inc.	\$104,954	<1%	30%
Hershey Company	\$100,225	<1%	30%
Lockheed Martin	\$100,133	<1%	30%
Cummins Inc	\$100,027	<1%	30%
Advanced Micro Devices Inc	\$100,000	<1%	30%
AstraZeneca PLC	\$99,933	<1%	30%
Home Depot Inc.	\$99,886	<1%	30%
Accenture Capital Inc	\$99,653	<1%	30%
Charles Schwab	\$98,668	<1%	30%
Toyota Motor Credit Corp	\$89,954	<1%	30%
PNC Financial Services Group Inc	\$85,009	<1%	30%
Merck & Co.	\$79,884	<1%	30%
Mastercard Inc.	\$59,980	<1%	30%
Hormel Foods Corp	\$54,984	<1%	30%
Google Inc	\$44,963	<1%	30%
Target Corporation	\$35,000	<1%	30%
Total Book Value	\$26,922,231	100%	

1. Investment policy dated May 2016.

Current Market Themes

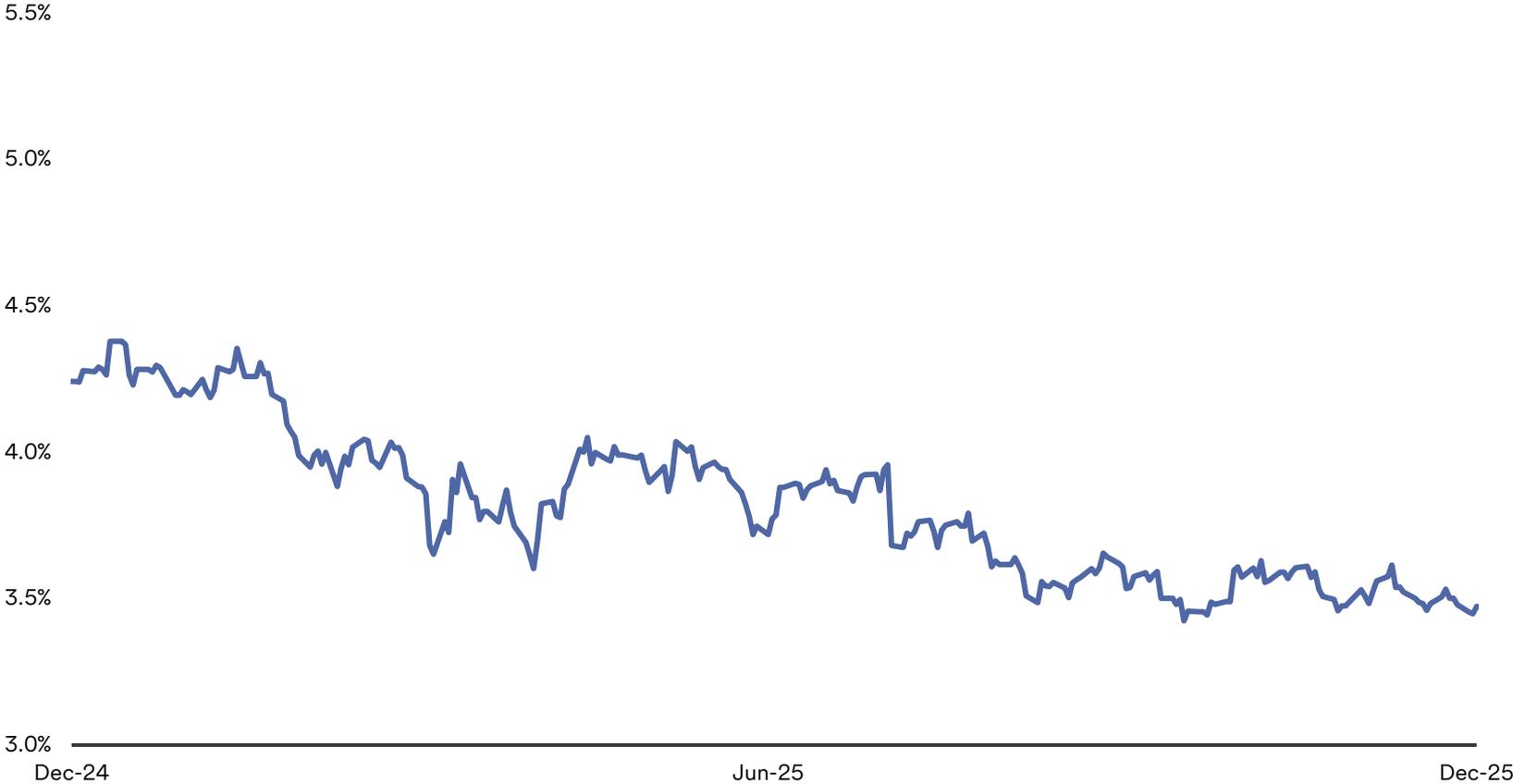
- ▶ U.S. economy remains resilient but government shutdown obscures data
 - ▶ Inflation print likely biased lower due to data collection gaps and technical adjustments
 - ▶ Unemployment rate trends higher with net new job creation near zero
 - ▶ Strong consumer and business spending, along with steadier trade dynamics, support growth
- ▶ The Fed lowered the target rate by 50 basis points in the fourth quarter to 3.50–3.75%
 - ▶ Fed Chair Powell acknowledged ongoing challenges in achieving the Fed’s dual mandate of maximum employment and price stability
 - ▶ The Fed’s December “dot plot” indicates 25 bps of cuts in both 2026 and 2027, but the wide dispersion in underlying projections highlights differing views on path forward
 - ▶ Markets view policy is skewed towards additional easing assuming a more dovish Chair takes office in mid-2026
- ▶ Treasury yield curve continues to steepen but remains inverted inside 2 years
 - ▶ Front end Treasury yields moved lower during the fourth quarter on Fed rate cut expectations
 - ▶ Yields were range bound as volatility waned into year end
 - ▶ Credit spreads widened marginally but remain near historically narrow levels

Market Outlook

- ▶ The Fed cut rates by 50 bps in Q4 but noted continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- ▶ The “dot plot” indicates 25 bps of projected cuts in both 2026 and 2027, but the wide dispersion underscores growing differences of opinion.
- ▶ Financial conditions eased further as corporate earnings exceeded expectations and tariff concerns abated.
- ▶ Consumer confidence sank given a more pessimistic views of the labor market, particularly among lower-income cohorts.
- ▶ We will continue to maintain portfolio durations near or slightly above 100% of benchmarks given the ongoing rate and policy uncertainty and the rebound in the absolute yield levels from their early-May lows.

- ▶ Treasury yield remains above historical averages.

2-Year Treasury Yield

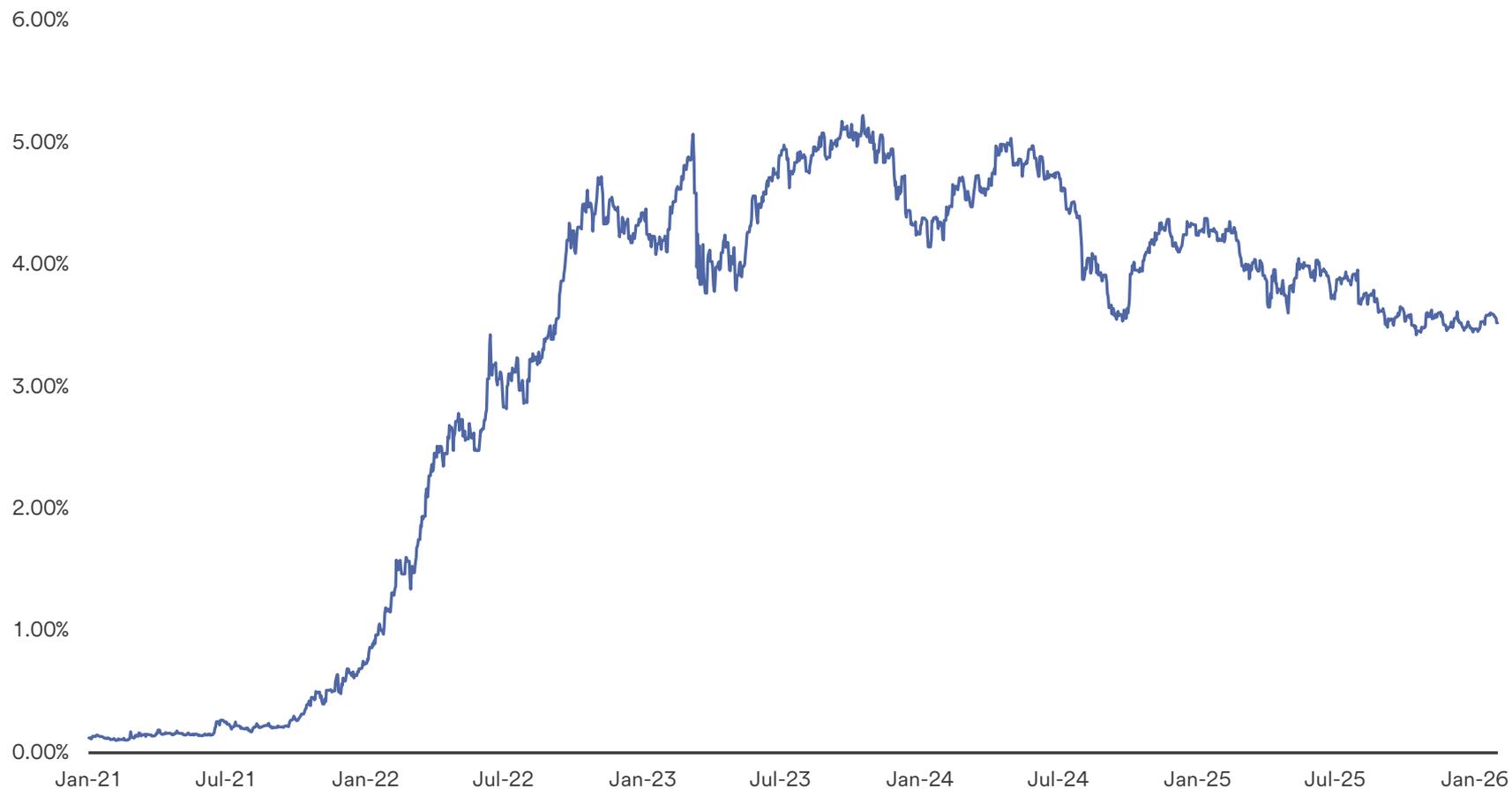


Source: Bloomberg Finance L.P., as of 12/31/2025.



Treasury Yield Range Bound to Begin Year

2-Year Treasury Yield



Source: Bloomberg Finance L.P., as of January 31, 2026.

Disclaimer

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