

Great Lakes Water Authority

Investment Performance Report – September 2025



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PORTFOLIO RECAP

- **Safety** – The aggregate portfolio is diversified amongst cash, bank deposits, U.S. Treasuries, commercial paper, SEC-registered money market funds, and a local government investment pool. The total credit profile of the portfolio is strong with over 99% of the assets invested in bank deposits or securities that are rated within the two highest short and long-term rating classifications as established by Standard & Poor’s rating agency.
- **Liquidity** – Great Lakes Water Authority (“GLWA”) has continued to monitor its portfolio with the goal of limiting the allocation to cash and bank deposit accounts and maximizing the use of short-term investments to meet cash requirements. As of September 30, 2025, approximately 47% of the funds were held in cash and money market accounts maturing overnight. The percentage is lower than what has been seen in prior quarters.
- **Return** – The overall yield at market decreased to 4.01% as of September 30, 2025, versus 4.24% as of June 30, 2025. The lower yield is reflective of the Federal Reserve cutting interest rates and reducing borrowing costs while starting their easing cycle. GLWA earned over \$13.0 million (unaudited) in investment income for the first three months of fiscal year 2026 on a book value basis. Investment income includes earnings on all fund types, including restricted and unrestricted funds combined as well as construction and bond proceeds. It should be noted that investment income for GLWA for FY 2026 is projected to be less than what was seen in the prior fiscal year.

AVAILABLE FUNDS (Unaudited)

Type	Book Value	Market Value	Yield @ Cost (as of 9/30/25)	Yield @ Market (as of 9/30/25)
Deposit Accounts	\$23,125,980	\$23,125,980	1.93%	1.93%
Trust Money Market Fund	\$334,210,711	\$334,210,711	4.01%	4.01%
Money Market Fund	\$11,104,811	\$11,104,811	4.03%	4.03%
Local Government Investment Pool	\$238,200,329	\$238,200,329	4.21%	4.21%
Managed Funds	\$695,726,260	\$696,609,740	4.00%	4.01%
<u>SEPTEMBER 2025 TOTALS:</u>	<u>\$1,302,368,090</u>	<u>\$1,303,251,571</u>	<u>4.00%</u>	<u>4.01%</u>
<u>PREVIOUS QUARTER TOTALS:</u>	<u>\$1,498,941,617</u>	<u>\$1,498,814,945</u>	<u>4.19%</u>	<u>4.24%</u>

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Investment Strategy

OVERALL STRATEGY

- All investment activity is conducted subject to GLWA's investment policy and state statutes while meeting the primary objectives of safety and liquidity. The portfolio is managed to a disciplined investment plan to provide improved safety and diversification while putting every dollar to work.
- GLWA, working with its investment advisor PFM Asset Management ("PFMAM"), has continued to invest its funds in a mixture of short and intermediate-term individual investment securities to ensure adequate liquidity to cover upcoming debt, pension payments, and operational requirements.
- PFMAM will continue to actively manage long-term portfolios with full discretion and align short-term balances with expected liabilities and identify strategies to maximize future investment income in the current interest rate environment, subject to GLWA's investment policy and state statutes.

PORTFOLIO PERFORMANCE – CURRENT PERIOD*

- The overall portfolio's original yield at cost went from 4.19% as of 6/30/2025 to 4.00% as of 9/30/2025.
- The total portfolio had a market yield of 4.01% at the end of September, compared to 4.24% as of June 30, 2025. Yield at market represents what the market would provide in return if the portfolio was purchased on September 30, 2025 (versus purchased in prior months / years); the lower yield is a result of the expectation of Fed policy to cut overnight interest rates in the near future.
 - We utilize a variety of investment sectors, and because of that, this 4.01% yield at market as of 9/30/2025 is lower than in the prior quarter due to the Federal Reserve lowering the target range for the Federal Funds rate.

PORTFOLIO PERFORMANCE – PROJECTIONS

- GLWA earned over \$13.0 million (unaudited) in investment interest income for fiscal year-to-date 2026 (as of September 30, 2025) on a book value basis.
- The fiscal year 2026 period earnings are expected to be slightly lower than the 2025 fiscal year earnings, as expectations are for lower interest income for the entire FY 2026 mainly due to the expectation of the Fed moving monetary policy to a neutral level.

** Yield at cost is based on the original cost of the individual investments from the purchase date to maturity. On the other hand, yield at market is calculated on a specific day (in this case, September 30, 2025) and assumes that all the securities in the portfolio are purchased given the market price/yield on that particular day. If one is to generally hold their investments to the stated maturity date, then the yield at cost would be the better number to use to gauge how the portfolio is performing.*

Summary Market Overview and Outlook

ECONOMIC HIGHLIGHTS UPDATE

- The Federal Reserve (the “Fed”) delivered its first rate cut of 2025, lowering the Federal Funds target range to 4.00% – 4.25%. Fed Chair Jerome Powell called it a “risk management cut” as the Fed weighs risks to its dual mandate of full employment and price stability. Newly confirmed Governor Stephen Miran dissented, favoring a 50-basis point cut.
- The median forecast from the Fed’s updated “dot plot” shows an additional 50 basis points of rate cuts this year, 25 basis points more than its June projections. This comes despite an upward revision to Fed projections for gross domestic product (“GDP”) growth and inflation, which is projected to remain above the Federal Reserve’s 2.0% target for longer, along with a slight downward adjustment to the projection for the unemployment rate.
- The October 1st shutdown of the U.S. government delayed the September jobs report, a key data point for the Fed given its focus on the labor market. Other labor market data continues to suggest a low hiring/low firing environment.
- The Consumer Price Index (“CPI”) rose to 2.9% year-over-year. Certain import-reliant goods are showing modest tariff passthroughs, but the Fed expects tariff price effects to be short-lived. The tension between the weakening labor market and sticky inflation reinforces the Fed’s data dependence.
- August’s retail sales and consumer spending data showed consumers continued to support the U.S. economy. The second quarter of calendar year 2025 GDP was revised higher with consumer spending up by 2.5%, rebounding from the first quarter’s 0.6% reading.
- Despite labor market softness, consumer spending proved resilient in the previous quarter, largely supported by continued spending from higher-income households. Business investment has also remained strong.
- The value of the U.S. dollar reached its lowest level in over three years in September and is now down nearly 10% on the calendar year. This continues to serve as a tailwind for international equities.

ECONOMIC IMPACT ON PORTFOLIO

- Yields on 3-month, 2-year, and 10-year U.S. Treasuries ended the quarter at 3.93%, 3.61%, and 4.15%.
- The 30-year U.S. Treasury yield declined by 20 basis points over the last month and modestly flattened the yield curve from its steepest levels in over three years. This drop in longer-dated Treasury yields pushed mortgage-rates to their lowest levels in nearly three years, improving the backdrop for home buying activity.
- Portfolio Impact: Given the trajectory of additional Fed rate cuts, we plan to maintain portfolio durations near 100% of benchmarks and position portfolios to take advantage of our curve steepening bias. Spreads on Agencies remain quite narrow amid a lack of issuance. We do not anticipate any material changes or new issuance in the near term. Additionally, we continue to monitor the Administration’s ongoing efforts to at least partially privatize FNMA and FHLMC. On the short end of the curve, gross Treasury Bill issuance rose but net issuance declined as maturities of existing securities outweighed new issuance. The Treasury Bill market remains priced for further Fed rate cuts. Credit spreads on the short end stabilized during the past month, allowing selective attractive buying opportunities across various maturities.

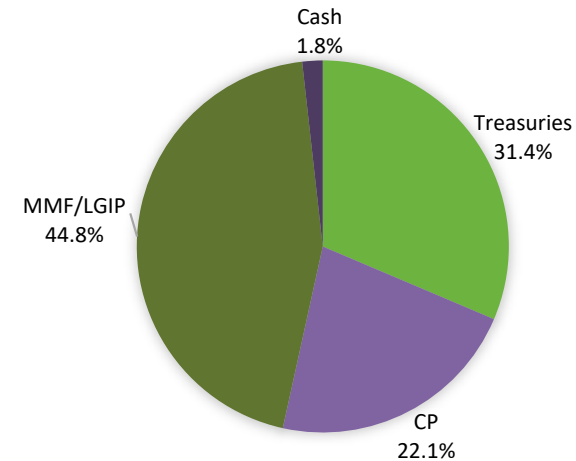
Portfolio Snapshot

Overall Portfolio Composition Summary

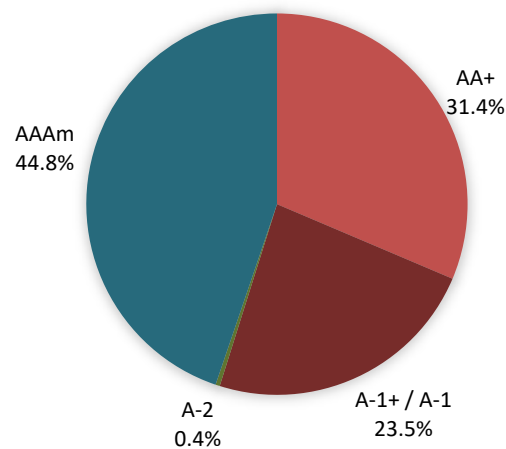
PORTFOLIO STATISTICS

Invested Amount	\$1.303 Billion
Duration	0.38 Years
Yield at Cost	4.00%
Yield at Market	4.01%

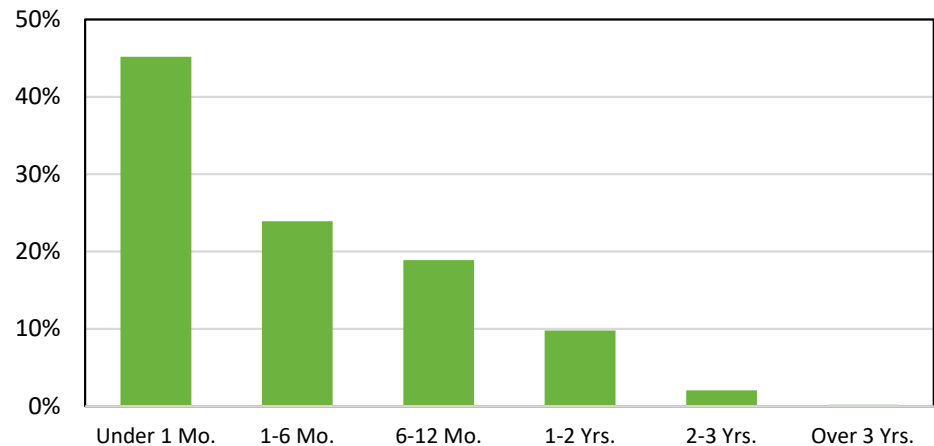
SECTOR ALLOCATION



CREDIT QUALITY



MATURITY DISTRIBUTION

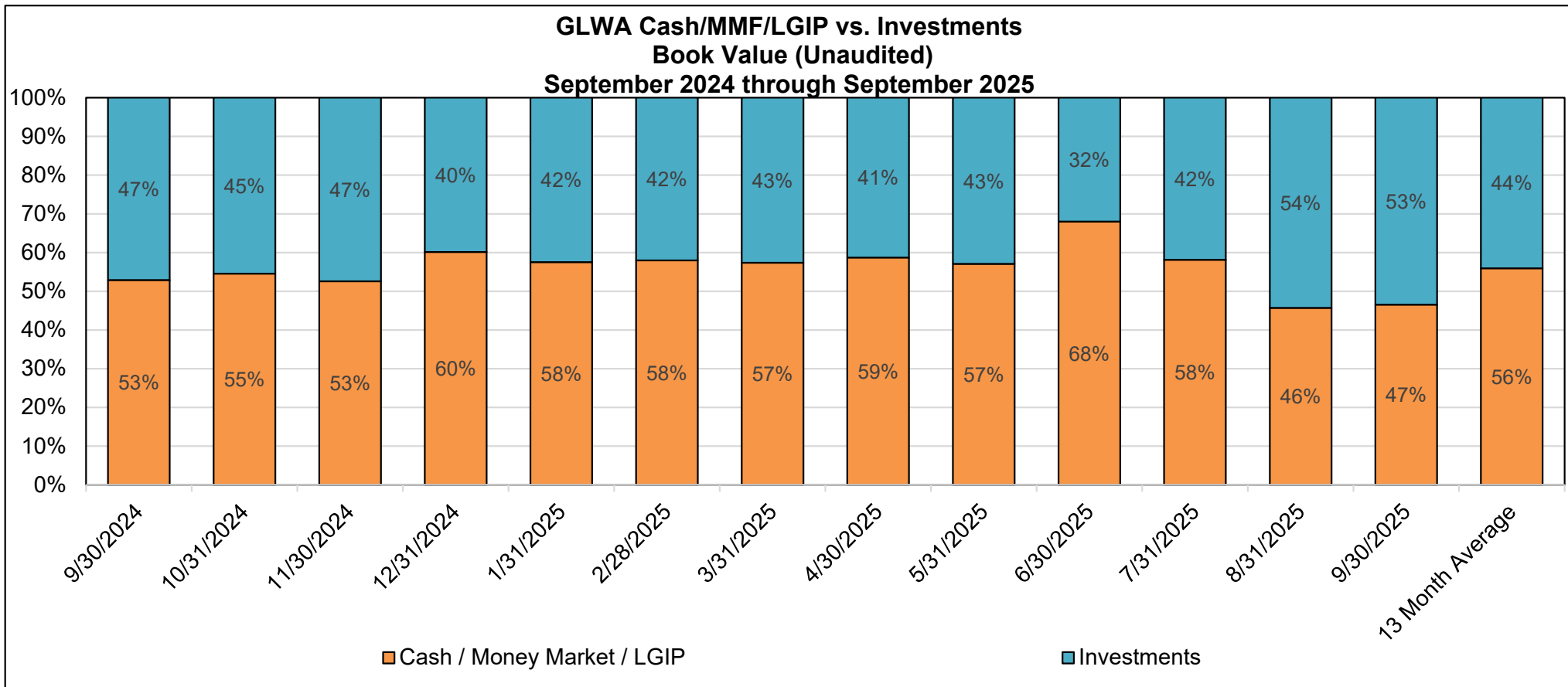


Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Portfolio Mix – Cash / Money Market vs. Investments

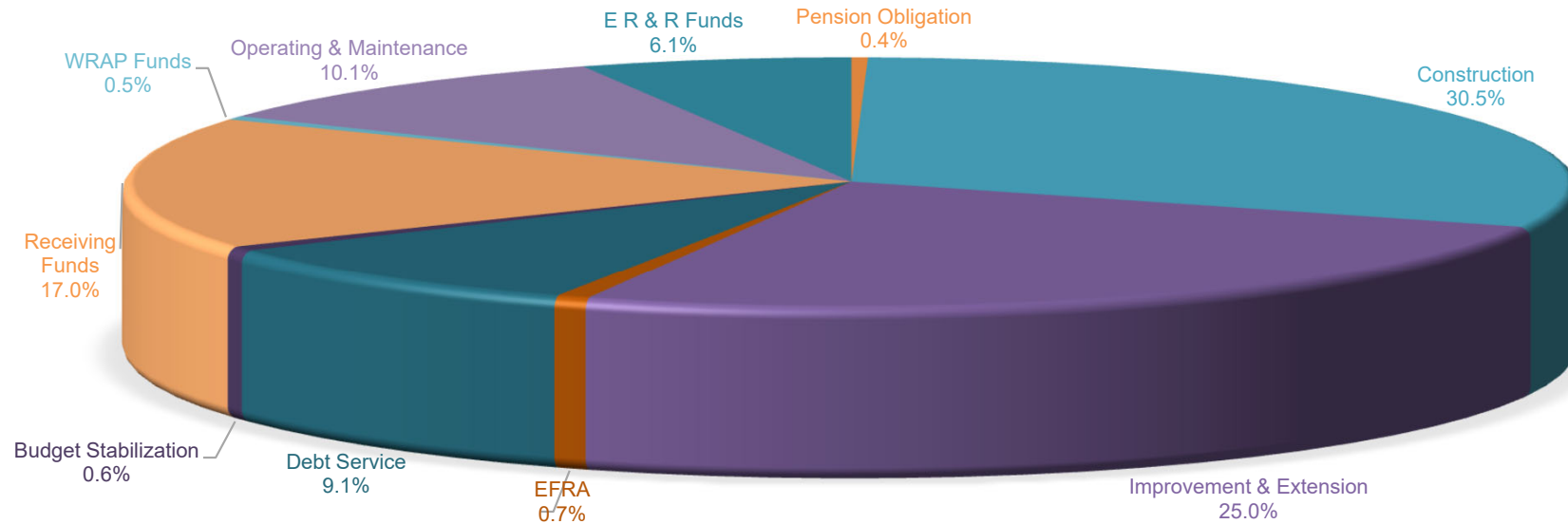
- GLWA’s liquidity requirements fluctuate each month based on operational requirements, capital funding, and debt payments. Based on a review of historical activity and refinement of cash flow projections, GLWA has continually tried to balance the allocation of the portfolio’s holdings to cash & money market accounts versus the allocation to investments for the portfolio holdings.
- The chart below compares the monthly allocation of the portfolio holdings to the 13-month average. The allocation between cash and investments will vary each month based on liquidity requirements. For September of 2025, about 47% of the overall portfolio was invested in cash, LGIP, and/or overnight money market fund accounts. This is slightly lower than the level seen in previous months and is reflective of the additional Fed rate cuts expected by the market.



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Account Purpose



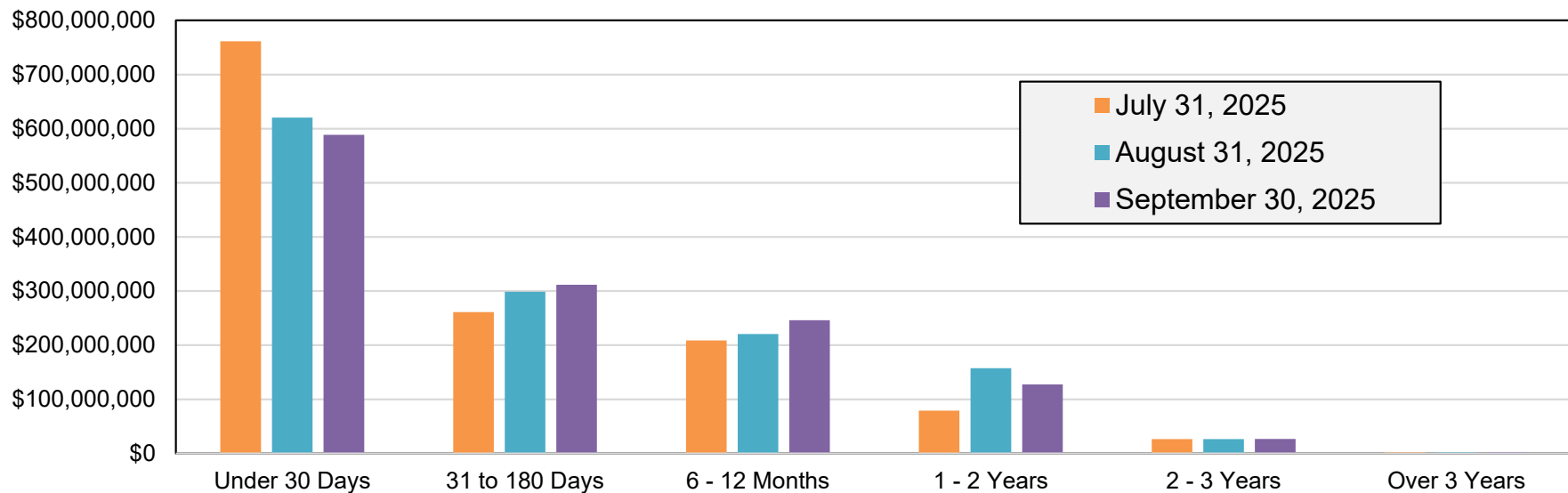
Account Purpose		Value Market	Allocation %	Cost Yield at	Market Yield at	Duration	Strategy
Construction Bond Funds	\$	397,812,318	30.5%	4.22%	4.14%	0.375 Years	Cash Flow Driven
Improvement & Extension	\$	326,224,957	25.0%	3.83%	3.97%	0.579 Years	Cash Flow Driven
Receiving Funds (includes lockbox account)	\$	221,895,588	17.0%	4.00%	4.00%	0.003 Years	Short-Term
Operating & Maintenance	\$	131,314,766	10.1%	3.93%	3.93%	0.003 Years	Short-Term
Debt Service	\$	117,966,552	9.1%	4.18%	4.06%	0.286 Years	Short-Term
Extraordinary Repair & Replacement Funds	\$	79,743,881	6.1%	3.73%	3.79%	1.442 Years	Long-Term
Evergreen Farmington Regional Account	\$	9,612,845	0.7%	2.83%	2.83%	0.003 Years	Short-Term
Budget Stabilization Funds	\$	7,568,486	0.6%	3.75%	3.86%	1.097 Years	Long-Term
WRAP Funds	\$	6,326,905	0.5%	4.01%	4.01%	0.003 Years	Short-Term
Pension Obligation Funds	\$	4,785,273	0.4%	4.16%	4.18%	0.381 Years	Short-Term
Total	\$	1,303,251,571	100.0%	4.00%	4.01%	0.382 Years	

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Maturity

Maturity Distribution	July 31, 2025		August 31, 2025		September 30, 2025	
		%		%		%
Under 30 Days	\$ 761,533,735	56.9%	\$ 620,618,433	46.8%	\$ 588,785,999	45.2%
31 to 180 Days	261,218,591	19.5%	298,658,865	22.5%	311,494,255	23.9%
6 - 12 Months	208,651,556	15.6%	220,620,386	16.6%	246,131,608	18.9%
1 - 2 Years	79,186,772	5.9%	157,606,618	11.9%	127,598,784	9.8%
2 - 3 Years	26,547,241	2.0%	26,786,521	2.0%	26,815,816	2.1%
Over 3 Years	2,396,571	0.2%	2,423,382	0.2%	2,425,108	0.2%
Totals	\$ 1,339,534,466	100.0%	\$ 1,326,714,205	100.0%	\$ 1,303,251,571	100.0%



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investment Accounts – Yield at Cost & Market

	As of September 30, 2025		As of June 30, 2025	
	YTM @ Cost	YTM @ Market	YTM @ Cost	YTM @ Market
Bank Deposits				
Bank A	0.01%	0.01%	0.01%	0.01%
Bank C	2.44%	2.44%	2.81%	2.81%
Sub-Total Bank Deposits	1.93%	1.93%	1.76%	1.76%
Money Market Funds / LGIPs				
Local Government Investment Pool	4.21%	4.21%	4.35%	4.35%
Trust Money Market Fund	4.01%	4.01%	4.17%	4.17%
Money Market Fund	4.03%	4.03%	4.19%	4.19%
Sub-Total MMF / LGIPs	4.09%	4.09%	4.27%	4.27%
Investment Portfolios				
Sewage - Construction Bond 2023	4.33%	4.21%	0.00%	0.00%
Sewage SR Debt Serv 5403	4.17%	4.04%	4.35%	4.29%
Sew 2nd Debt Serv 5403	4.22%	4.06%	4.35%	4.30%
Sew SRF Debt Serv 5410	4.05%	4.15%	4.35%	4.40%
Sewage ER & R	3.68%	3.80%	3.74%	3.98%
Sewer Improvement & Extension	3.75%	3.97%	3.80%	4.23%
Sewer Pension Obligation	4.21%	4.31%	0.00%	0.00%
Sewer Budget Stabilization Fund	3.73%	3.84%	3.83%	4.03%
Sewer Bond Fund Series 2025	4.22%	4.19%	0.00%	0.00%
Water - Construction Bond 2023	4.38%	4.22%	0.00%	0.00%
Water SR Debt Ser 5503	4.21%	4.06%	4.35%	4.32%
Water 2nd Debt Serv 5503	4.23%	4.06%	4.35%	4.31%
Water SRF Debt Serv 5575	4.08%	4.19%	4.36%	4.40%
Water ER & R	3.80%	3.78%	3.87%	3.98%
Water Improvement & Extension	3.76%	3.93%	3.80%	4.23%
Water Pension Obligation	4.18%	4.15%	0.00%	0.00%
Water Budget Stabilization Fund	3.72%	3.84%	3.83%	4.04%
Water Bond Fund Series 2025	4.18%	4.06%	0.00%	0.00%
Sub-Total Investment Portfolios	4.00%	4.01%	4.09%	4.23%
Grand Total	4.00%	4.01%	4.19%	4.24%

YTM @ Cost is the expected return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis. YTM @ Market is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

Portfolio Snapshot

Peer Analysis Comparison

- The comparison agencies included in the list below were selected based on type and/or other non-performance-based criteria to show a broad range of water entities/utilities; this peer group list does not represent an endorsement of any of the public agencies or their services.
- The overall yield of GLWA's aggregate portfolio compares somewhat similarly to those of other short-term market indices (i.e., the S&P LGIP index and the 3-month U.S. Treasury index), despite the volatility of short-term interest rates and the limited ability in managing assets to a longer-term strategy.
- GLWA does have some limitations and unique constraints related to its ordinance and covenants that restricts the potential for a longer duration portfolio when compared to other similar water agencies.

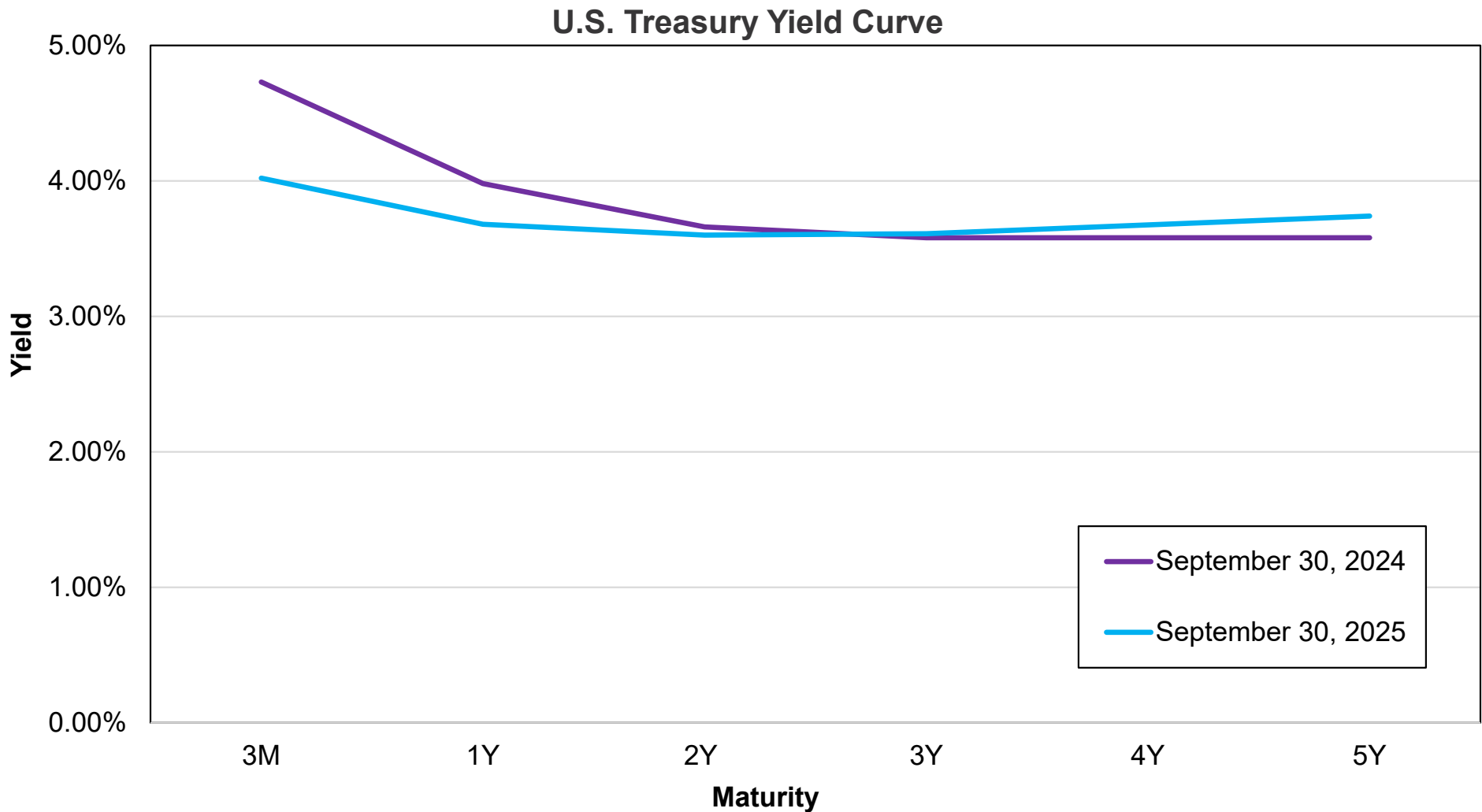
As of September 30, 2025				
	Market Value	YTM @ Market	Effective Duration	Weighted Average Maturity
GLWA				
Great Lakes Water Authority	\$1,303,251,571	4.01%	0.38 Years	140 Days
Short/Intermediate-Term Indices				
S&P Rated Government Investment Pool Index		4.27%	0.08 Years	30 Days
BoA / ML 3-Month Treasury Index		4.08%	0.15 Years	55 Days
BoA / ML 6-Month Treasury Index		3.85%	0.40 Years	146 Days
BoA / ML 1-Year Treasury Index		3.74%	0.89 Years	325 Days
BoA / ML 1-3 Year Treasury Index		3.65%	1.77 Years	646 Days
BoA / ML 1-5 Year Treasury Index		3.66%	2.48 Years	905 Days
Peer Analysis (Water Entities / Utilities)				
District of Columbia Water & Sewer Authority, DC	\$489,976,701	3.76%	1.01 Years	407 Days
DuPage Water Commission, IL	\$163,892,301	3.95%	1.99 Years	998 Days
Fairfax County Water Authority, VA	\$213,144,281	3.92%	8.88 Years	798 Days
Metro Wastewater Reclamation District, CO	\$189,620,645	3.75%	2.48 Years	984 Days
Metropolitan Water District of Southern California, CA	\$905,639,799	3.99%	1.75 Years	797 Days
Philadelphia Water Department, PA	\$272,894,774	3.93%	0.90 Years	342 Days
San Bernardino Valley Municipal Water District, CA	\$375,757,736	3.81%	1.70 Years	677 Days
Tohopekalgia Water Authority, FL	\$153,732,706	3.90%	1.68 Years	849 Days
Truckee Meadows Water Authority, NV	\$38,898,688	3.92%	1.48 Years	582 Days

The BoA / ML indexes are unmanaged indexes tracking on-the-run Treasuries. These indexes are produced and maintained by Bank of America / Merrill Lynch & Co. Yield to maturity is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

Portfolio Snapshot - Market Overview and Outlook

U.S. Treasury Yields Lower Across the Curve

- Over the last year, the Treasury yield curve flattened as yields fell along the very short end of the curve while staying relatively flat in the intermediate portion of the curve. Money market yields have recorded double-digit declines on the backdrop of the Federal Reserve's September 25 basis pint rate cut. Short-term interest rates have fell more than longer-term rates, signaling caution about the long-term economic outlook.

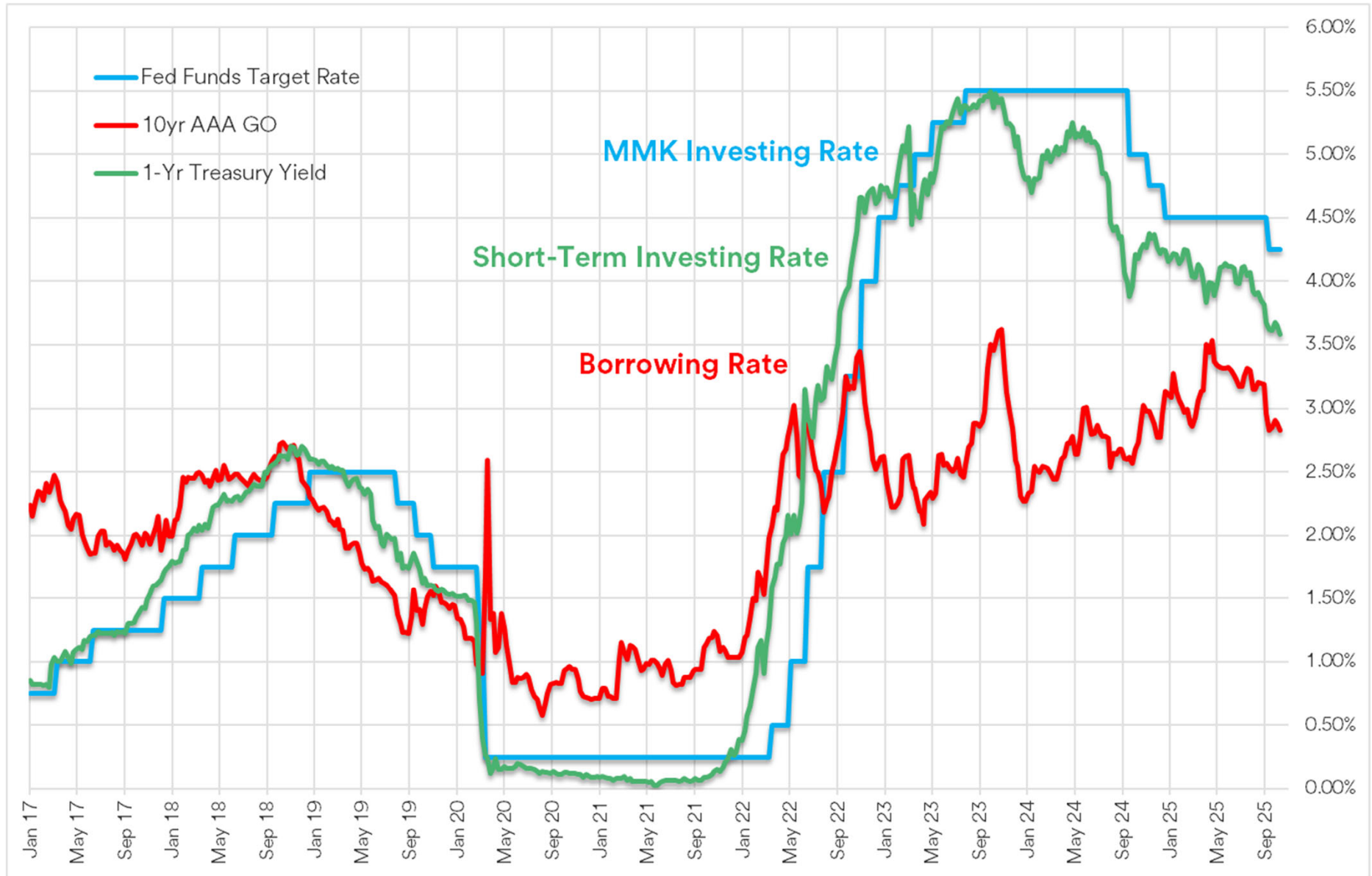


Treasury Yields Remain Above Historical Averages



Source: Bloomberg Finance L.P., as of September 30, 2025.

Arbitrage Environment



For illustrative purposes only. Sources: Bloomberg, EMMA. Rates as of November 4, 2025.

Portfolio Snapshot

Monthly Investment Income

(Book Value in 000's)

FY 2025 INVESTMENT INCOME BY MONTH (Unaudited)

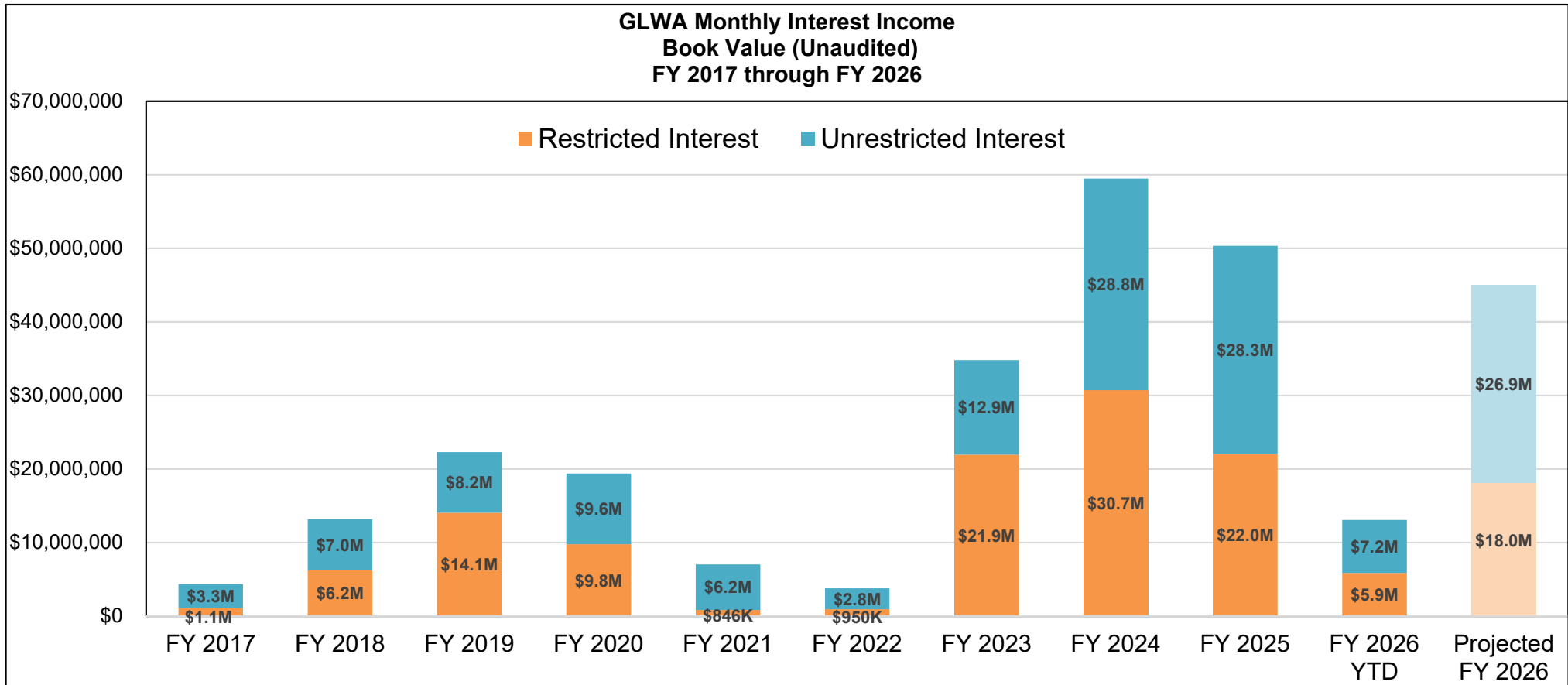
Month	Interest Earned During Period (in thousands)	Realized Gain / Loss (in thousands)	Investment Income (in thousands)
July 2025	\$4,277.5	\$0.0	\$4,277.5
August 2025	\$4,476.1	\$0.0	\$4,476.1
September 2025	\$4,330.4	\$0.0	\$4,330.4
<u>FY 2026 Y-T-D</u>	<u>\$13,084.0</u>	<u>\$0.0</u>	<u>\$13,084.0</u>

These figures are based upon actual interest earned and posted to the Authority's various accounts via book value and does not include any earnings credit rate tied to the Authority's bank deposits.

Portfolio Snapshot

Year-Over-Year Investment Income

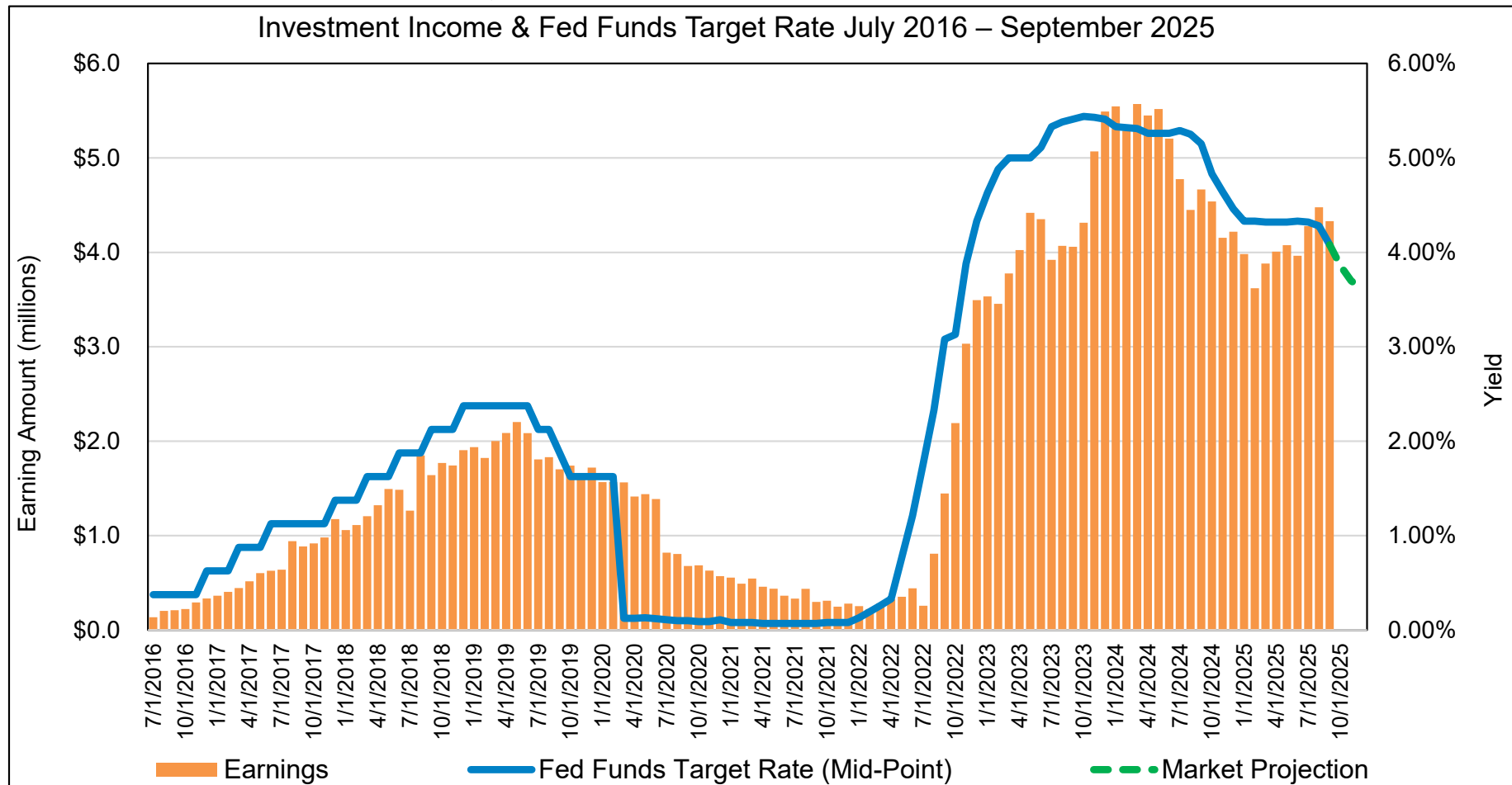
- GLWA earned \$13,084,019 in investment income for the first three months of fiscal year 2025 on a book value basis compared to \$12,049,932 for the first three months of fiscal year 2024.
- Based on current market assumptions, projected total investment income for fiscal year 2026 is forecasted to be lower than in FY 2025 (for both restricted fund income and unrestricted fund income combined) as the market expects the Federal Reserve to continue to cut overnight rates over the next several months.



Portfolio Snapshot

Monthly Investment Income Compared to Fed Funds Rate

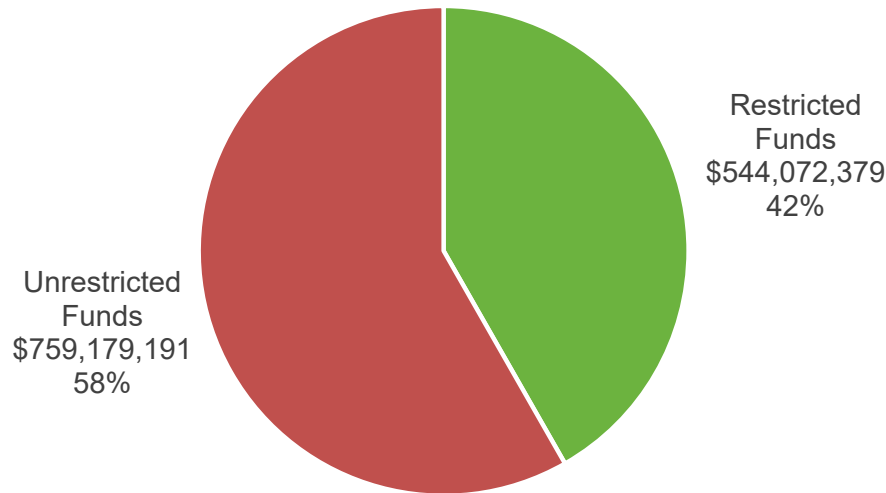
- At least 50% of the GLWA portfolio is designated for obligations that are 12 months or less. As a result of the short-term duration of GLWA's portfolio, it is heavily impacted by changes in the Fed Funds rate; the chart below shows that GLWA's income has consistently followed the trend of the Fed Funds rate.
- In September, the Federal Reserve initiated its first rate cut of the year, lowering the Federal Funds target range to 4.00% – 4.25%, citing growing risks to employment and a softening labor market. The move marked a shift from the Fed's earlier stance of holding rates steady, and it signaled a more accommodative posture heading into year end. The Fed's updated Summary of Economic Projections ("SEP") suggested two additional rate cuts may follow in the latter months of the 2025 calendar year.



Portfolio Snapshot

Allocation and Income by Fund Type

**Bank Balance as of
September 30, 2025**



**July 2025 – September 2025
Interest Earnings**



Restricted Principal and Restricted Interest
Construction Bond Funds
Debt Reserves
Debt Service
Evergreen Farmington Regional Account

Unrestricted Principal Unrestricted Interest
Extraordinary Repair & Replacement Funds
Improvement & Extension
Operating & Maintenance
Receiving Funds (includes lockbox account)

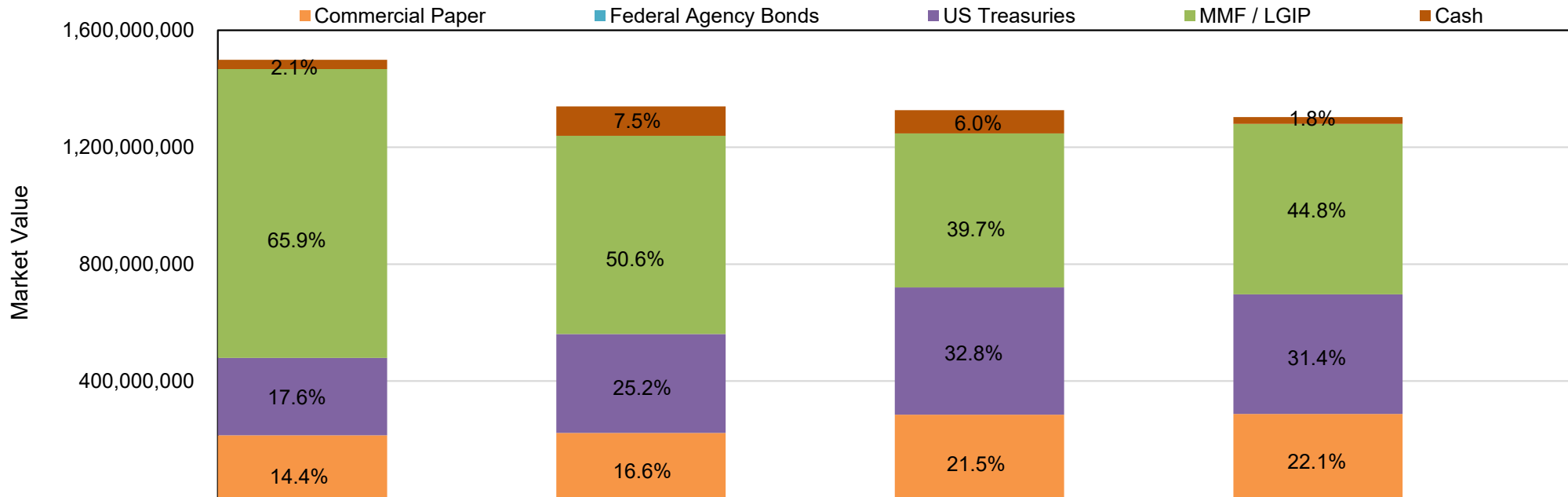
Restricted Principal Unrestricted Interest
Budget Stabilization Funds
Pension Obligation Funds
WRAP Funds

Note: Interest is sent to the Receiving Funds and can be used for operations

Note: Interest in I&E accounts is sent to the Receiving Funds and can be used for operations; DWSD's portion of the Receiving Funds is restricted and held in trust.

Portfolio Snapshot

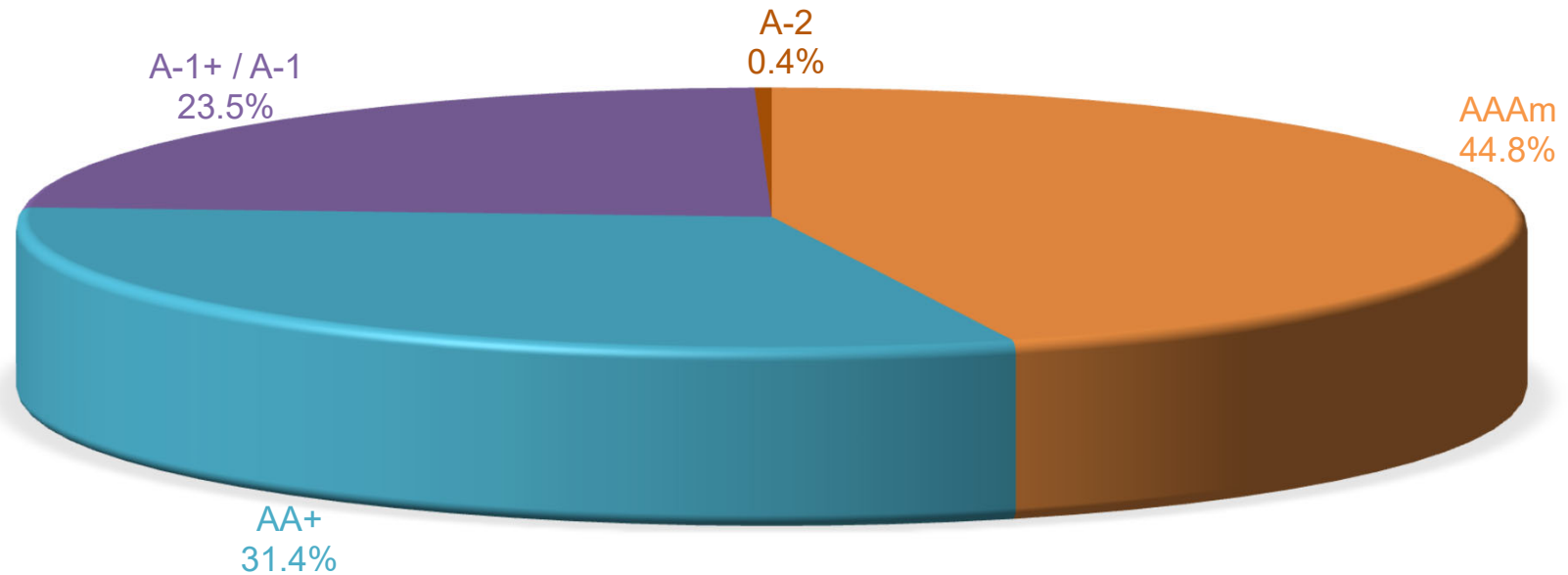
Investments – By Security Type



Security Type	June		July		August		September	
	Market Value	Asset Allocation	Market Value	Asset Allocation	Market Value	Asset Allocation	Market Value	Asset Allocation
Commercial Paper	215,100,917	14.4%	222,938,523	16.6%	284,779,348	21.5%	287,498,592	22.1%
Federal Agencies	-	0.0%	-	0.0%	-	0.0%	-	0.0%
U.S. Treasuries	264,248,085	17.6%	337,930,611	25.2%	435,365,762	32.8%	409,117,938	31.4%
MMF / LGIP	987,408,971	65.9%	678,235,644	50.6%	527,085,457	39.7%	583,515,851	44.8%
Cash	32,056,972	2.1%	100,429,687	7.5%	79,483,639	6.0%	23,119,190	1.8%
Total	1,498,814,945	100.0%	1,339,534,466	100.0%	1,326,714,205	100.0%	1,303,251,571	100.0%

Portfolio Snapshot

Investments – By Credit Quality

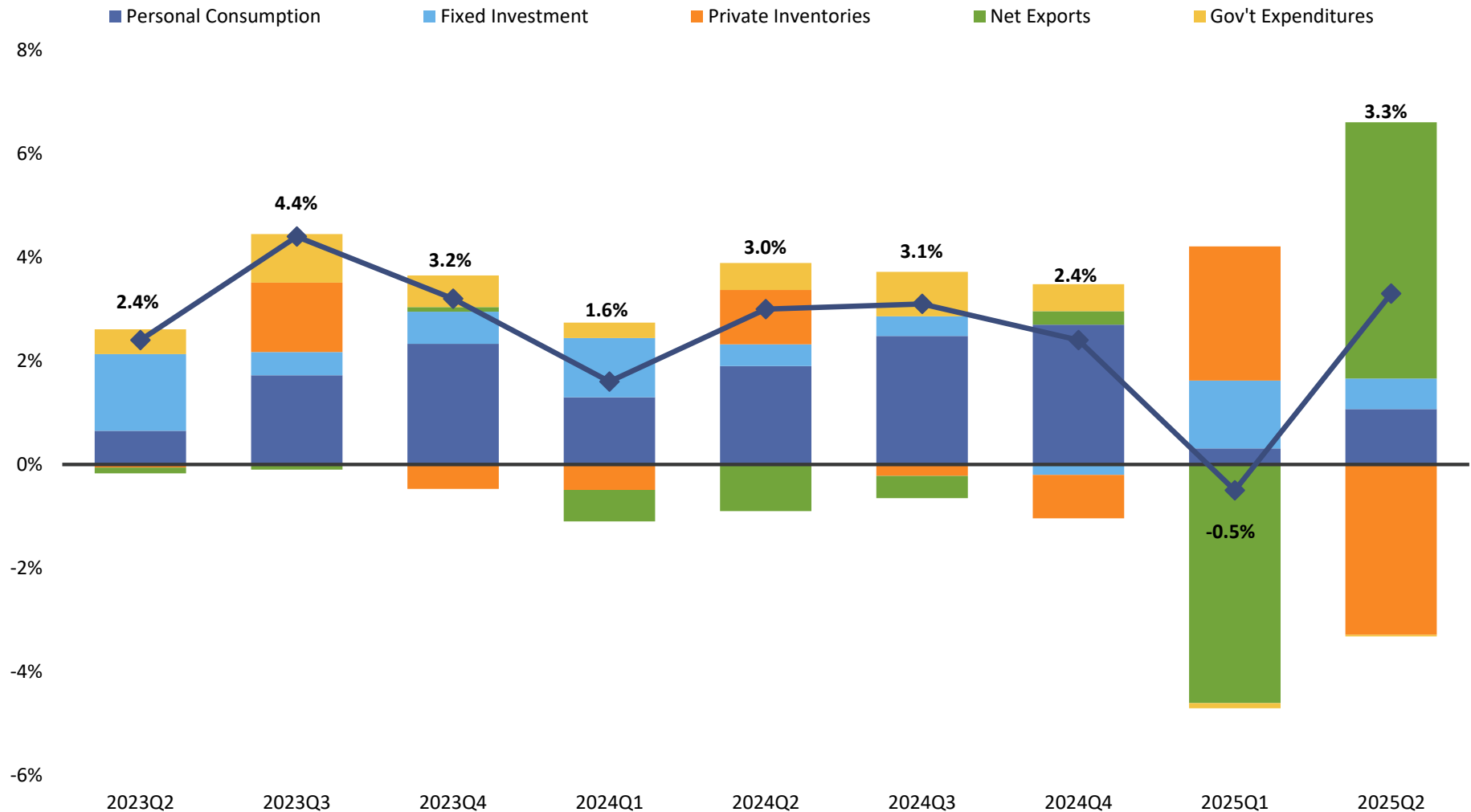


Credit Quality	Market Value	Asset Allocation
Ratings		
AAAm	583,515,851	44.8%
AA+	409,118,349	31.4%
A-1 + / A-1	305,805,917	23.5%
A-2	4,811,454	0.4%
NR	-	0.0%
Totals	1,303,251,571	100.0%

Appendix I: Economic Update

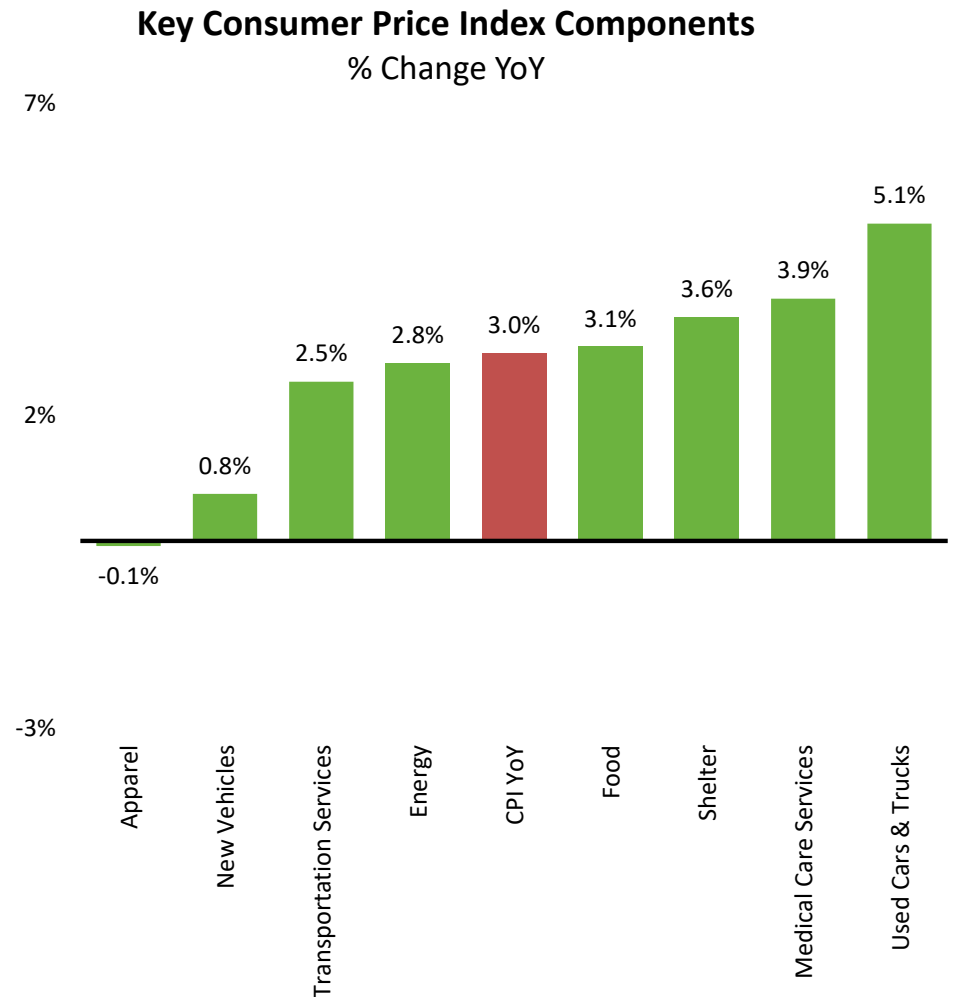
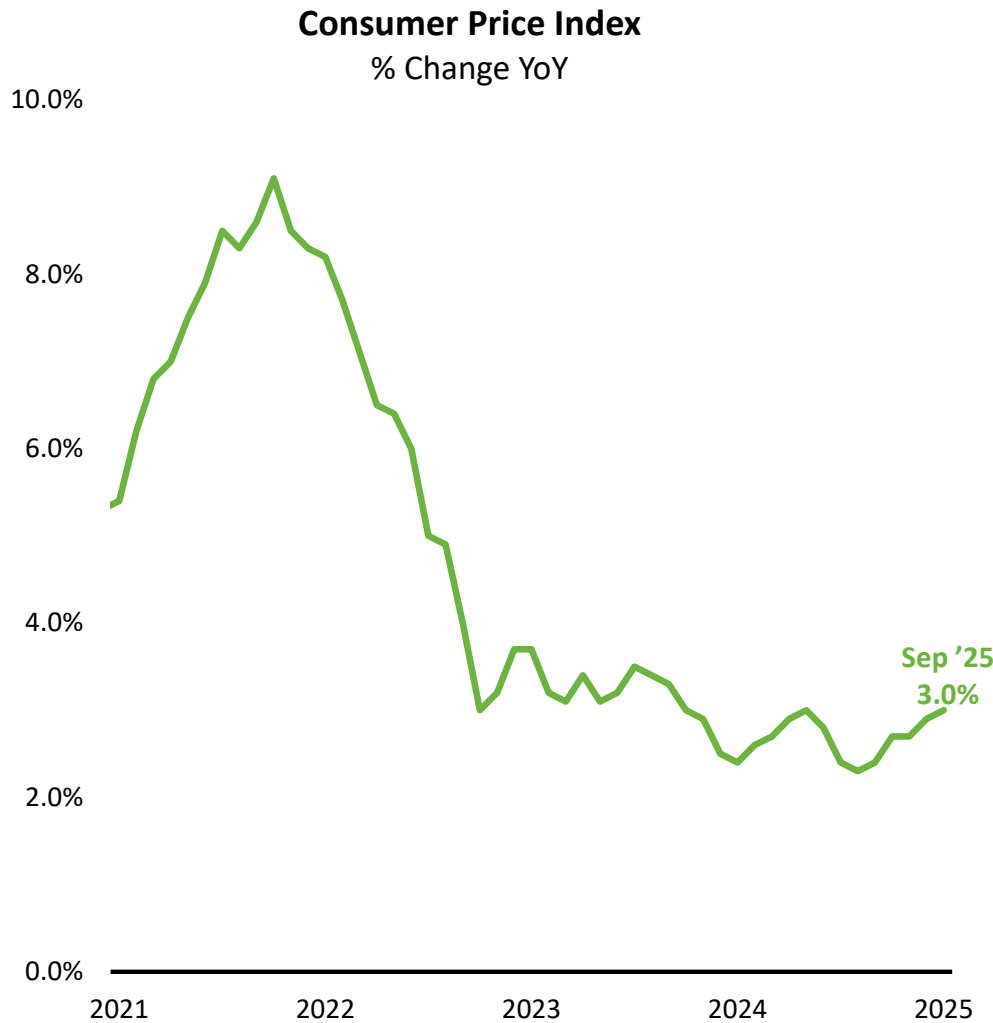
Gross Domestic Product

U.S. Real GDP Contributors and Detractors



Source: Bloomberg Finance L.P., Bureau of Economic Analysis, as of August 2025.

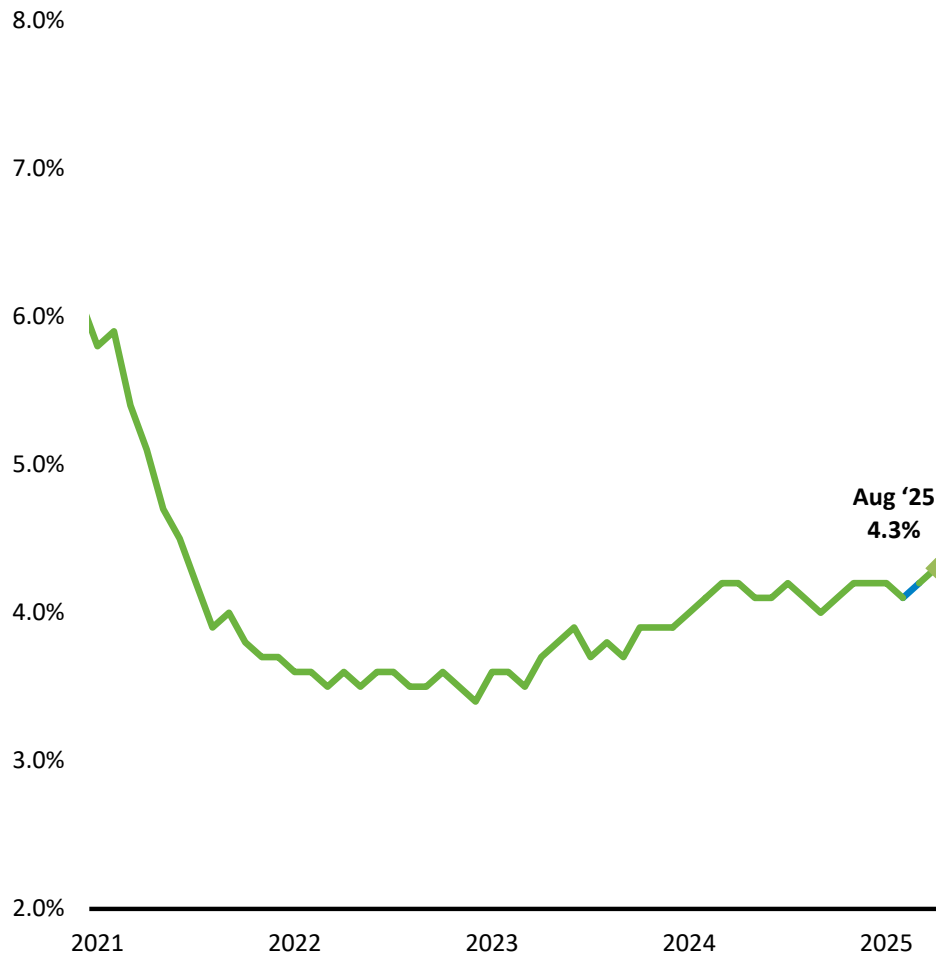
Consumer Price Index



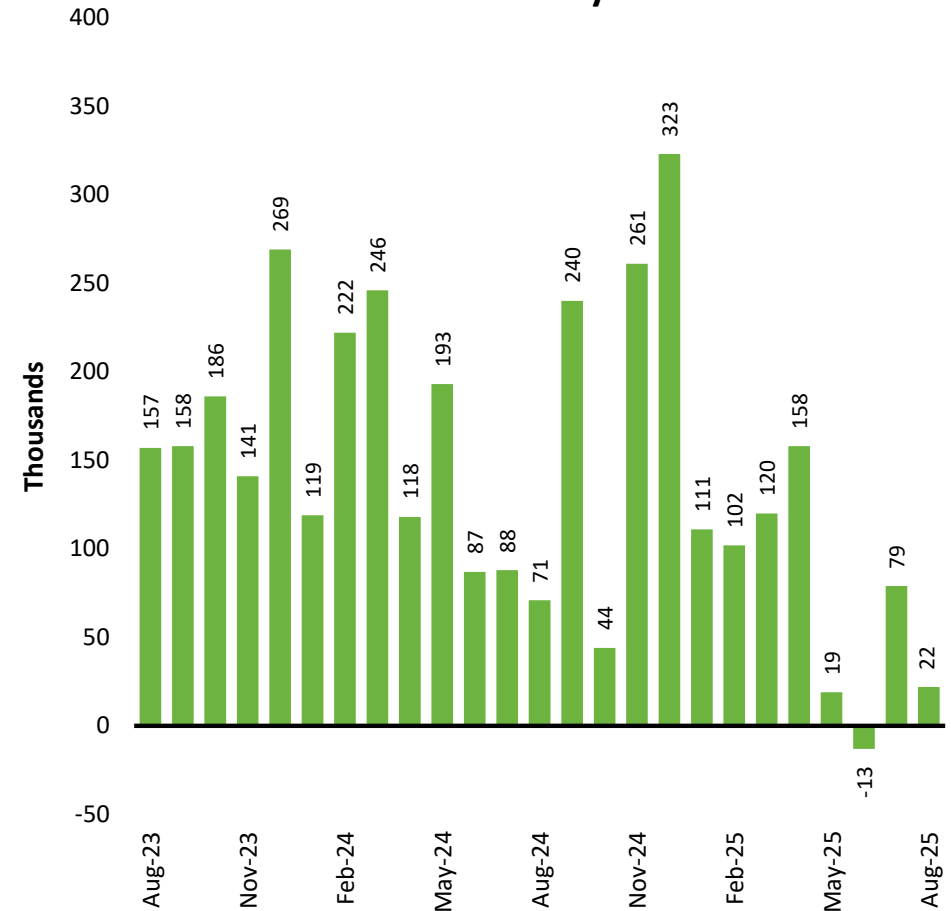
Source: Bloomberg Finance L.P., as of September 2025.

Labor Market Sends Mixed Signals

Unemployment Rate



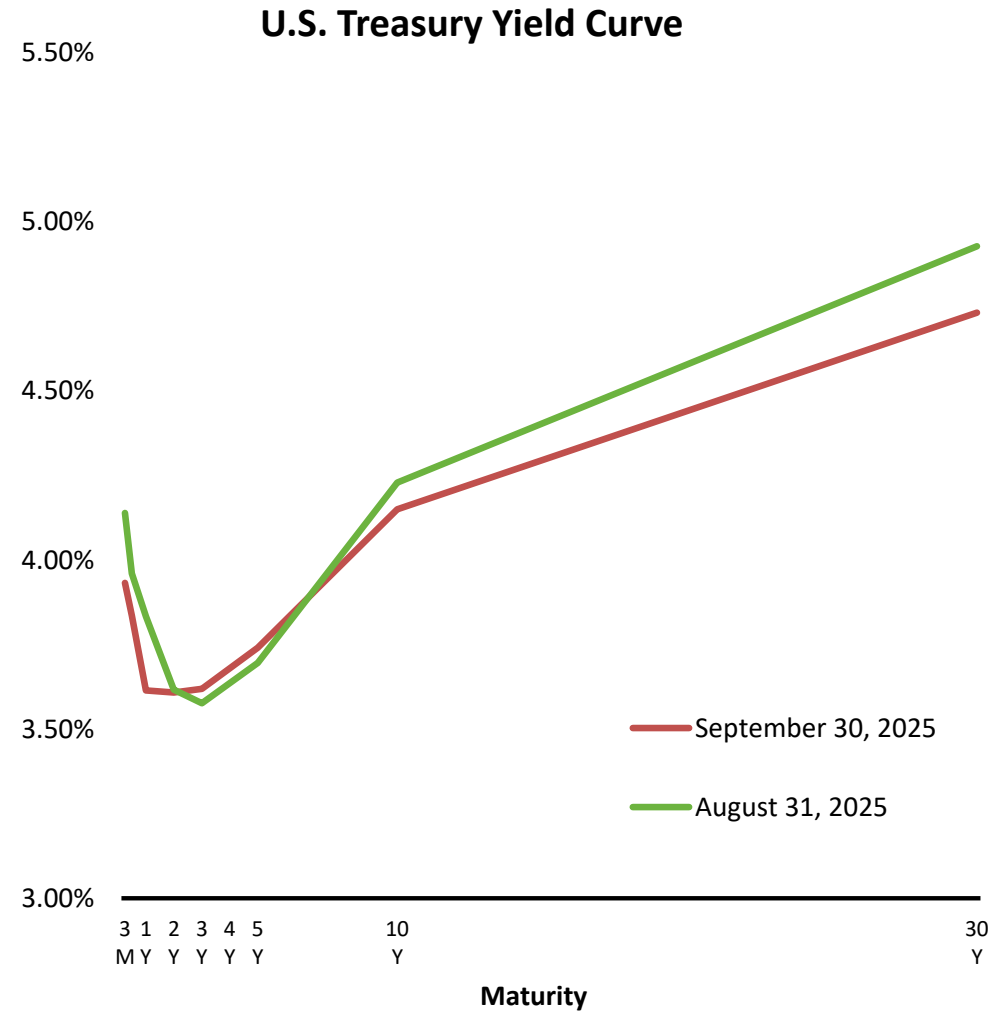
Monthly Change In Nonfarm Payrolls



Source: Bureau of Labor Statistics. Bloomberg Finance L.P., as of August 2025. Monthly change in nonfarm payrolls as of August 2025. Data is seasonally adjusted.

Treasury Yield Curve

	9/30/2025	8/31/2025	<u>Change</u>
3 month	3.93%	4.14%	-0.21%
1 year	3.61%	3.83%	-0.22%
2 year	3.61%	3.62%	-0.01%
3 year	3.62%	3.58%	0.04%
5 year	3.74%	3.70%	0.04%
10 year	4.15%	4.23%	-0.08%
30 year	4.73%	4.93%	-0.20%



Source: Bloomberg Finance L.P., as of 9/30/2025 and 8/31/2025, as indicated.

Fixed Income

Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- The U.S. federal government shut down after failing to pass a funding bill by the September 30th deadline, halting approximately 26% of federal spending and furloughing impacted federal workers
 - Previous federal shutdowns have had modest effects on the economy, depending on the length of the shutdown
 - The longest shutdown on record (35 days) reduced real gross domestic product (“GDP”) by approximately \$11 billion, according to the Congressional Budget Office (“CBO”)
- The third quarter of calendar year 2025 saw a gradual easing of uncertainty as markets digested the lingering effects of a complex tariff rollout
 - While the effective tariff rate remains elevated, the avoidance of worst-case trade outcomes helped stabilize investor sentiment
 - Equity and bond markets rebounded, supported by steady consumer spending and business investment
- The labor market continued to soften as job creation surprised to the downside in July and August
 - The unemployment rate rose during the quarter but remained below its 30-year average
- Rising goods prices and sticky services costs continued to keep core inflation well above the Federal Reserve’s (the “Fed’s”) 2.0% target
 - Certain import-reliant goods showed signs of modest tariff passthroughs
- In September, the Federal Reserve delivered its first rate cut of the 2025 calendar year, lowering the Federal Funds target range to 4.00% – 4.25%
 - Federal Reserve Chair Jerome Powell described it as a “risk management cut” reflecting growing concerns over the labor market
 - The median forecast from the Fed’s September “dot plot” showed an additional 50 basis points of rate cuts this calendar year, 25 basis points more than its June projections

Fixed Income

Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- In a softening labor market, a possible reduction in the federal workforce, despite the sheer size of the domestic economy, may increase the number of unemployed workers, as noted by the Office of Management and Budget (“OMB”)
- The U.S. Treasury yield curve steepened further in the third quarter of calendar year 2025, led by a decline in short-term Treasury yields
 - Maturities less than one year fell by 30 – 40 basis points as the markets reflected new Fed rate-cutting expectations
 - Longer-dated maturity yields from three to 30 years also fell but to a lesser extent after concerns over fiscal deficits and tariff-related inflation eased slightly
- The 3-month U.S. Treasury ended the quarter at 3.94%, over 35 basis points lower
 - The 2 and 5-year Treasuries fell by 11 and 6 basis points to 3.61% and 3.74%, respectively
 - In addition, the 10 and 30-year U.S. Treasury fell by 8 and 4 basis points to 4.15% and 4.73%, respectively
 - Bond volatility has continued to fall significantly from April highs that were seen and has now reached the lowest levels in three years
- As a result of lower yields over the quarter, bond indexes generated positive total returns for the quarter
 - The ICE BofA 3-month, 2-year, 5-year, and 10-year U.S. Treasury indices returned 1.08%, 1.01%, and 1.81% for the quarter, respectively
- Excess returns were strong across investment grade sectors as April’s spread widening fully reversed on positive trade news and resilient economic data
 - Federal Agency spreads remained low and traded in a narrow range throughout the quarter; excess returns remained muted in part due to limited issuance, which is a trend the market expects to continue
 - Short-term credit (commercial paper) yields declined as Treasury issuance surged, and the Federal Reserve cut interest rates; short-end yield spreads widened over the quarter and demand remained strong as investors viewed the sector as a hedge against future rate cuts

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