

C/CAG Investment Portfolio Performance and Composition 4Q 2025

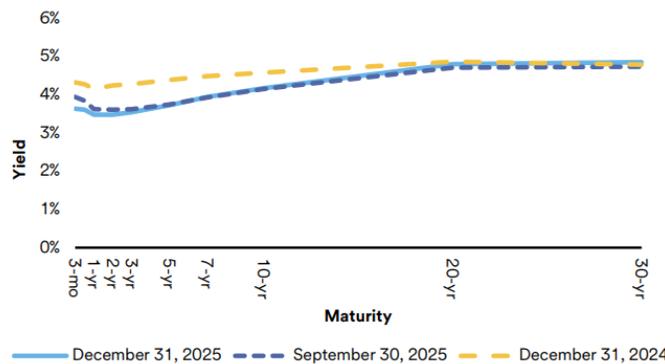
Report Created for Finance Committee February 26, 2026

ATTACHMENT 5

Capital Markets Summary 4Q 2025

In the fourth quarter of 2025, U.S. economic data was partially disrupted by a government shutdown, though available indicators pointed to slowing momentum. Inflation decelerated modestly, with Headline CPI falling to 2.7% year-over-year and Core CPI easing to 2.6%, still above the Fed's 2% target but trending lower. Labor market conditions softened as job growth slowed to near zero and unemployment edged higher to 4.4%, while low layoffs reflected a continued "no hire, no fire" environment. The Fed cut rates twice during the quarter, lowering the federal funds target range to 3.50%–3.75%, and signaled limited additional easing in 2026–2027 amid growing policy uncertainty. Treasury yields declined at the front end and rose modestly at longer maturities, supporting positive fixed income returns, while falling bond volatility reflected increased confidence in the policy outlook.

U.S. Treasury Yield Curve



U.S. Treasury Yields

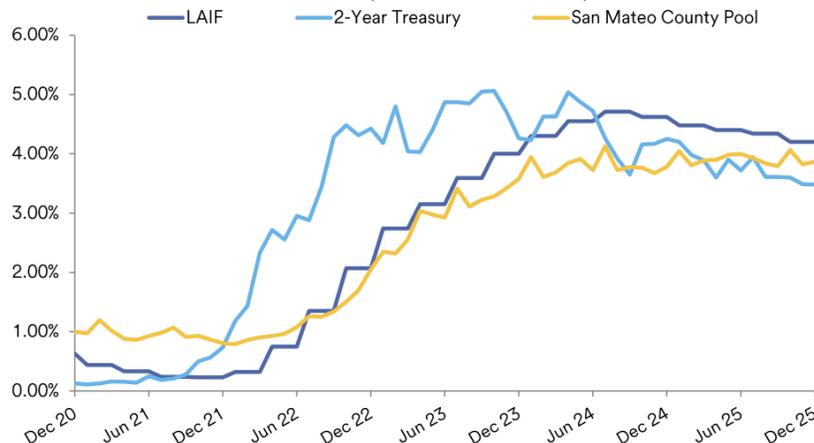
Maturity	Dec-25	Sep-25	Change over Quarter	Dec '24	Change over Year
3-Month	3.63%	3.94%	(0.31%)	4.32%	(0.69%)
1-Year	3.48%	3.62%	(0.14%)	4.15%	(0.67%)
2-Year	3.47%	3.61%	(0.14%)	4.24%	(0.77%)
5-Year	3.73%	3.74%	(0.01%)	4.38%	(0.65%)
10-Year	4.17%	4.15%	0.02%	4.57%	(0.40%)
30-Year	4.84%	4.73%	0.11%	4.78%	0.06%

Source: Bloomberg Finance L.P.

U.S. Treasury Yield Curve & U.S. Treasury Yields Over Time

During the fourth quarter of 2025, the U.S. Treasury yield curve steepened as short-term yields declined following Federal Reserve rate cuts, while longer-term yields moved modestly higher. The 3-month Treasury ended the quarter at 3.63%, while the 2-year and 5-year yields fell to 3.47% and 3.73%, respectively. In contrast, the 10-year and 30-year yields rose to 4.17% and 4.84%. Treasury returns were positive across most maturities, with longer-duration bonds outperforming on a calendar-year basis for the first time since 2020, reflecting declining volatility and increased duration demand as inflation pressures eased.

Yield History
December 31, 2025 - December 31, 2025



Portfolio Performance 4Q 2025

The C/CAG investment portfolio performed steadily during the fourth quarter of 2025, remaining in full compliance with the agency's investment policy and approved allocation strategy. The gradual decline in monthly yields under the LAIF fund reflects broader market conditions, including the Federal Reserve's first rate cut of 2025 and easing short-term Treasury rates. Under the County Investment Pool program, despite softening yields, it continued to produce stable returns supported by diversified investments in U.S. Treasuries, Federal Agencies, Certificates of Deposit, Corporate Notes, and government instruments.

The C/CAG investment portfolio returns for the fourth quarter of 2025 were stable, with an effective yield of approximately 4.20% for LAIF and net earnings rates declining slightly from 4.06% in October to 3.73% in December for the County Pool Fund. PMIA yields also trended modestly downward during the quarter, decreasing from about 4.15% in October to approximately 4.03% in December. The total C/CAG portfolio asset allocation at the end of the quarter remained approximately 60% in LAIF and 40% in the County Pool Fund, which is within the stated investment policy allocation ranges. Overall, portfolio performance remained consistent with investment policy objectives, maintaining stable earnings while prioritizing safety and liquidity.

LAIF

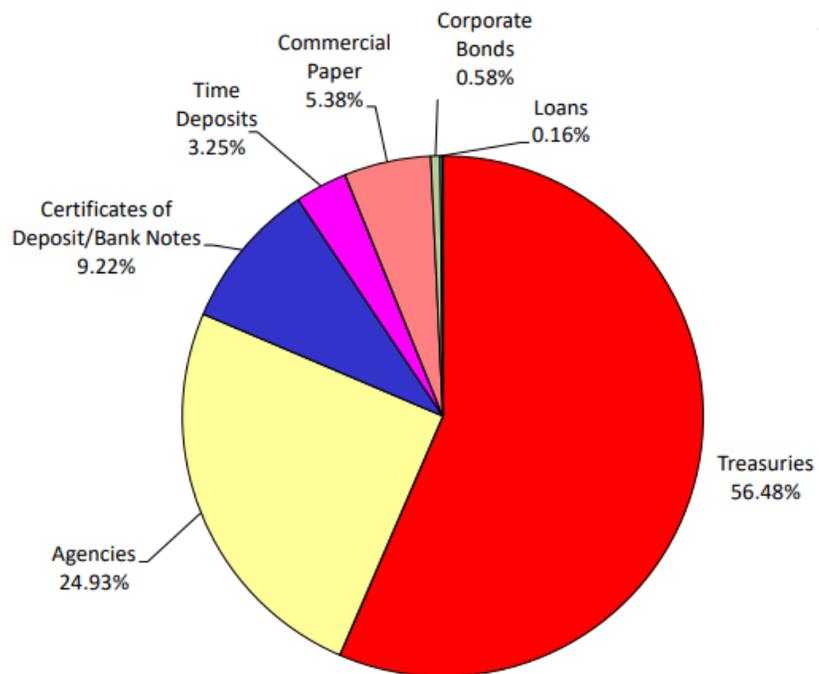
PMIA Average Monthly Effective Yields:

October 2025	4.150
November 2025	4.096
December 2025	4.025

PMIA Quarter to Date: 4.09%

PMIA Average Life: 244 days or 0.69 years

Portfolio Composition Pie Chart:



COPOOL

PMIA Average Monthly Effective Yields:

October 2025	4.061
November 2025	3.825
December 2025	3.732

PMIA Quarter to Date: 3.872%

PMIA Average Duration: 2.28 years

Portfolio Composition Pie Chart:

