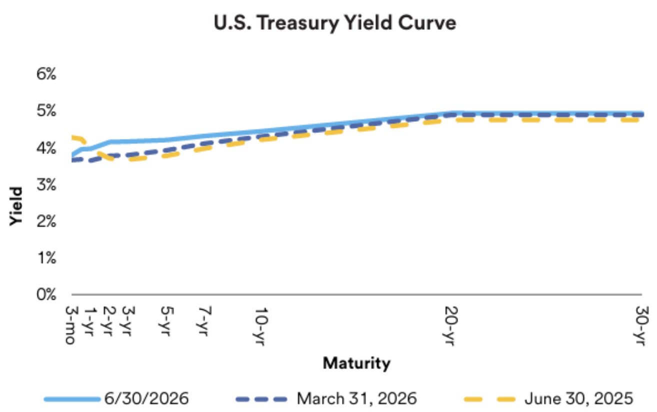
C/CAG Investment Portfolio Performance and Composition 2Q 2026

Report Created for Finance Committee August 27, 2026

Capital Markets Summary 2Q 2026

During the second quarter of 2026, U.S. economic growth moderated while inflation remained elevated. Real GDP increased at a 1.5% annualized rate, down from 2.1% in the first quarter. Consumer spending, investment, and exports contributed to growth, while government spending declined. Labor market conditions softened, with the unemployment rate at 4.2% in June and payroll growth slowing. June CPI rose 3.5% from a year earlier, while core CPI increased 2.6%; energy prices remained an important source of headline inflation pressure. The Federal Reserve held the federal funds target range at 3.50% to 3.75% at its June meeting and continued to describe inflation as elevated relative to its 2% goal. Geopolitical and energy-market concerns were prominent early in the quarter, before sentiment improved as tensions eased and oil prices retreated.



U.S. Treasury Yields

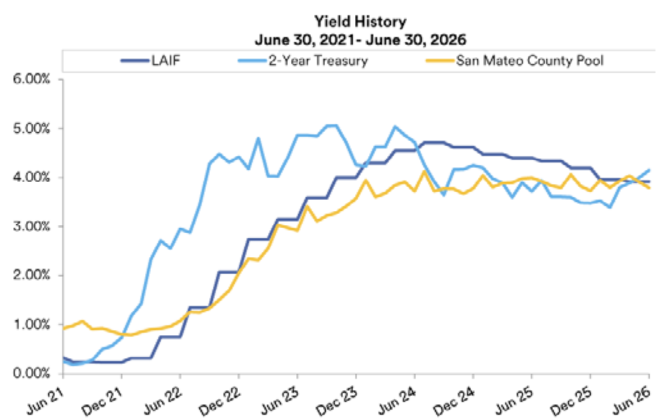
Maturity	Jun-26	Mar-26	Change over Quarter	Jun-25	Change over Year
3-Month	3.81%	3.67%	0.14%	4.29%	(0.48%)
1-Year	3.97%	3.65%	0.32%	3.97%	0.00%
2-Year	4.17%	3.79%	0.38%	3.72%	0.45%
5-Year	4.23%	3.94%	0.28%	3.80%	0.43%
10-Year	4.47%	4.32%	0.15%	4.23%	0.24%
30-Year	4.95%	4.91%	0.04%	4.77%	0.18%

Source: Bloomberg Finance L.P.

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

U.S. Treasury yields rose across the curve during Q2, with the largest increases concentrated in shorter and intermediate maturities. The 3-month yield ended the quarter at 3.81%, up 14 basis points, while the 1-year yield increased 32 basis points to 3.97%. The 2-, 5-, 10-, and 30-year yields ended at 4.17%, 4.23%, 4.47%, and 4.95%, respectively, representing quarter-over-quarter increases of 38, 28, 15, and 4 basis points. Because shorter and intermediate maturities rose more than the long end, the yield curve flattened somewhat during the quarter while remaining upward sloping at June 30.

Over the longer term, the yield history chart shows that the 2-year Treasury experienced greater fluctuations than LAIF and the San Mateo County Pool, while LAIF and County Pool yields generally adjusted more gradually. By June 2026, yields across all three benchmarks had moved closer together, generally around the 4% level.



Portfolio Performance 2Q 2026

The C/CAG investment portfolio returns for the second quarter of 2026 were stable, with a 3.81% return for LAIF and a 4.01% return for the County Pool Fund. LAIF's effective yield decreased slightly from 3.88% to 3.81% since the first quarter of 2026, while the County Pool Fund's effective yield increased slightly from 3.99% to 4.01% during the same period. At the end of the second quarter, approximately 58% of the C/CAG investment portfolio was invested in LAIF and 42% in the County Pool Fund, which remains within the stated investment policy allocation ranges. Overall, portfolio performance remained consistent with investment policy objectives, maintaining stable earnings while prioritizing safety and liquidity.

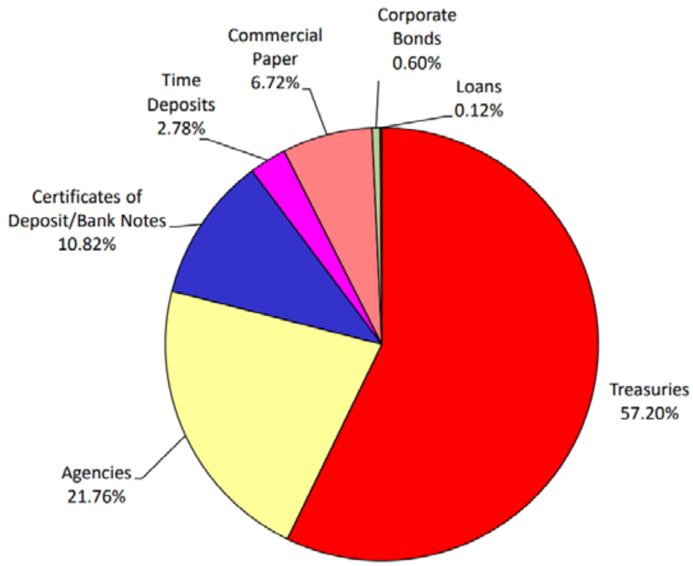
LAIF

PMIA Average Monthly Effective Yields:

April 2026	3.811
May 2026	3.810
June 2026	3.816

PMIA Quarter to Date: 3.81%   PMIA Average Life: 269 days or 0.74 years

Portfolio Composition Pie Chart:



Source: PMIA/LAIF Report as of 8/12/26

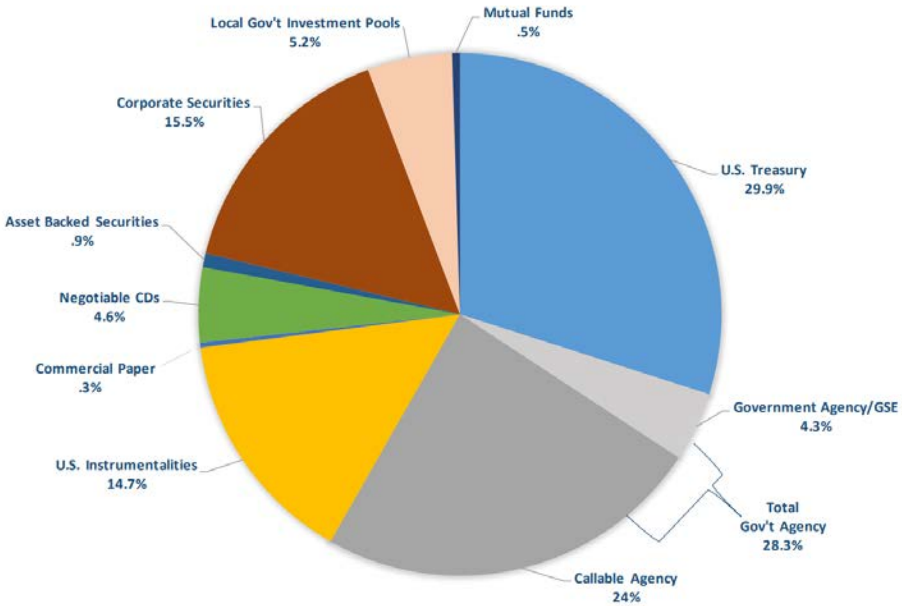
COPOOL

Monthly Gross Earnings Rates:

April 2026	4.044
May 2026	3.913
June 2026	3.794

Quarterly Gross Earnings Rate: 4.012%   Average Duration: 2.48 years

Portfolio Composition Pie Chart:



Source: San Mateo County Investment Portfolio Compliance Report June 2026