



PUBLIC FUNDS ADVISORY

City of Killeen

Quarterly Investment Report

PRESENTED BY:

SCOTT GRUBER, CMT - DIRECTOR, ADVISORY SERVICES

JUNE 30, 2025



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Compliance Certification



The undersigned have acknowledged that they have reviewed this quarterly investment report for the period ending June 30, 2025. The City officials designated as investment officers by the City's Investment Policy attest that all investments are in compliance with the Texas Public Funds Investment Act and the City's Investment Policy.

Executive Director of Finance

Assistant Director of Executive Finance

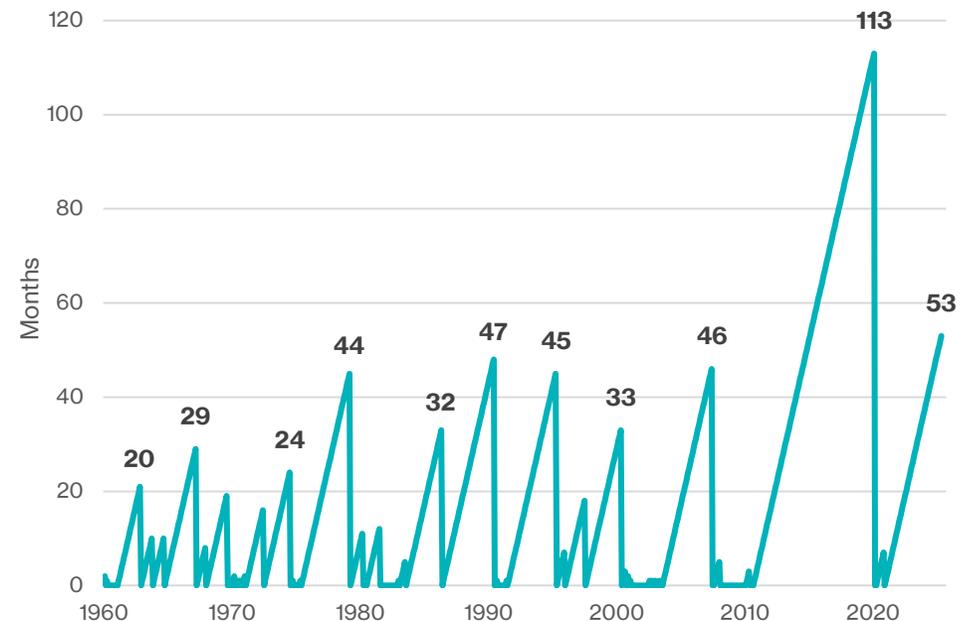
Controller

OBSERVATIONS AND EXPECTATIONS

- Fed's Powell stated the labor market is still solid but slowing somewhat
- Trade/tariff tensions continue to weigh on business investment and sentiment
- The Fed held rates steady at the June FOMC meeting, projecting two cuts later in 2025
- GDP is expected to rebound in Q2 from the tariff-induced decline of -0.5% in Q1
- The Fed's favored inflation metric – Core PCE – ticked higher in May
- Interest rates across the yield curve were lower in the month of June

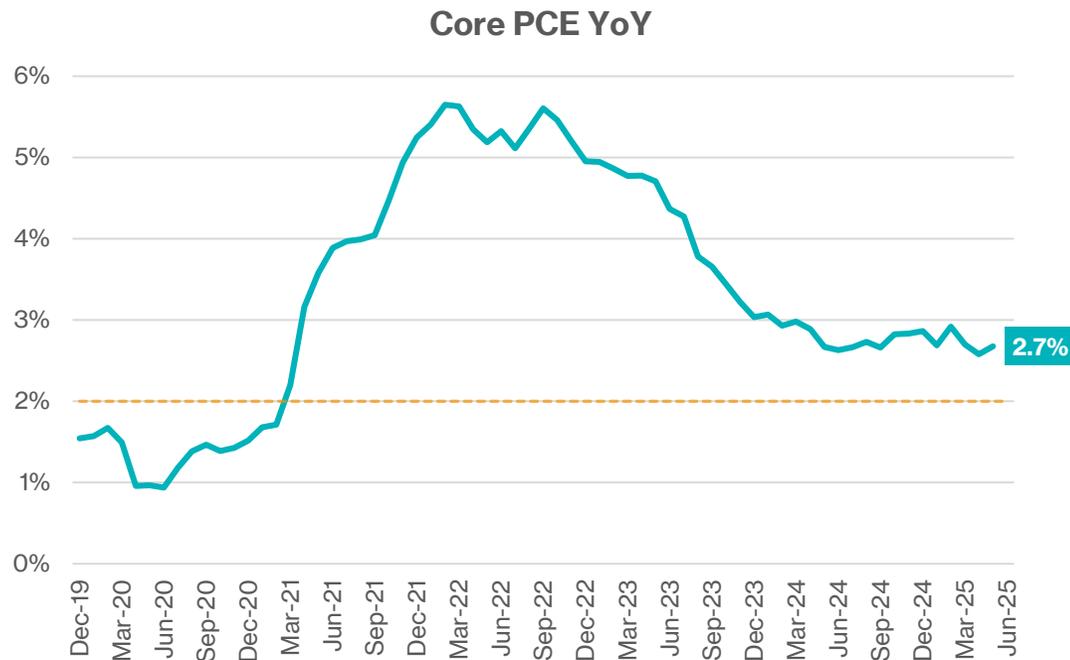
- May 2025 marks the 53rd consecutive month of job growth, the second-best streak since the 1960s.
- With this consistent job growth, average wages have been outpacing inflation (CPI) for the past two years.
- The Federal Reserve and other economists expect unemployment to increase by the end of 2025.

Number of Months for Consecutive Job Growth



SOURCE: BLOOMBERG, BUREAU OF LABOR STATISTICS

- The Fed Funds futures market continually prices where market participants expect the Fed Funds rate to be heading.
- At the end of June, the futures market was showing about two and a half 0.25% Fed cuts by the end of 2025, with the rate ending the year at approximately 3.7%, from its current 4.3%.



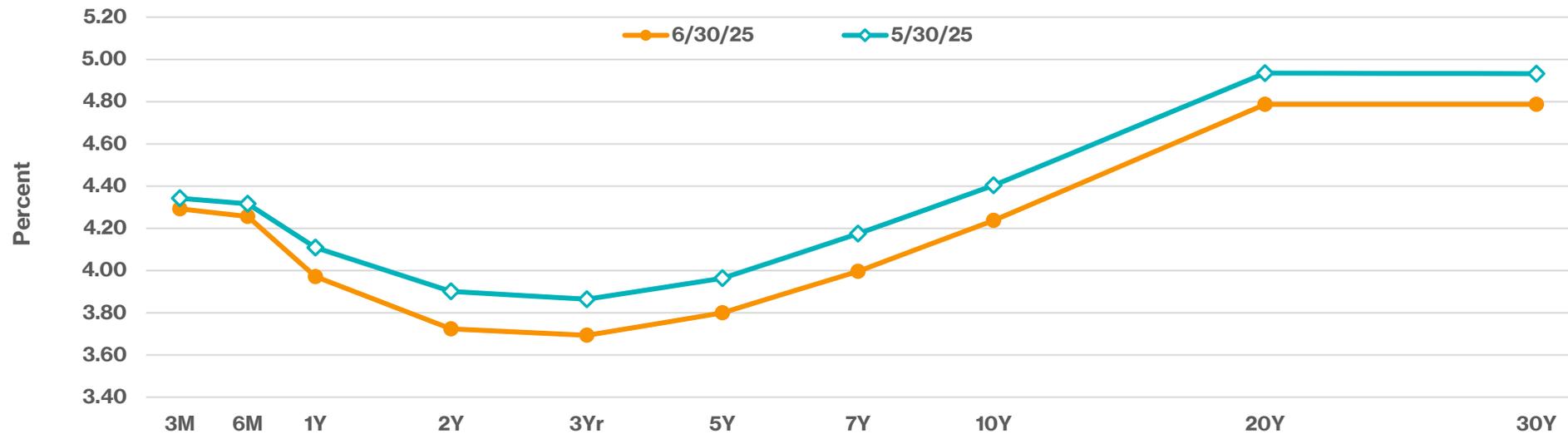
History of Dec 2025 Expected Fed Funds Rate



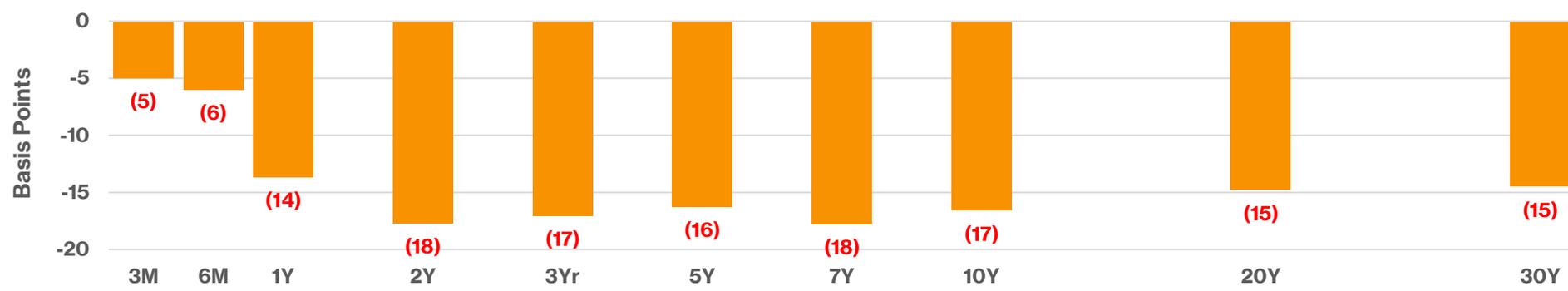
SOURCES: BLOOMBERG, CME

- Core Personal Consumption Expenditure YoY is the Fed’s preferred inflation gauge.
- Core excludes food and energy components, which generally make the series less volatile.
- Core PCE YoY is currently at 2.7%, not yet at the Fed’s 2% target, and moved higher last month.
- The Federal Reserve expects inflation to move higher later this year.

U.S. Treasury Yield Curve Change



Basis Point Change





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PORTFOLIO REVIEW

Quarterly Portfolio Summary – All Funds



This quarterly report is prepared in compliance with the Investment Policy and Strategy of the City of Killeen and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

Portfolio as of March 31, 2025		Portfolio as of June 30, 2025	
Beginning Book Value	\$264,879,880	Ending Book Value	\$285,761,373
Beginning Market Value	\$265,951,728	Ending Market Value	\$287,119,929
Unrealized Gain/(Loss)	\$1,071,848	Unrealized Gain/(Loss)	\$1,358,556
		Change in Unrealized Gain/(Loss)	\$286,708
Weighted Average Maturity	489 days	Weighted Average Maturity	500 days
Weighted Average Yield	4.28%	Weighted Average Yield	4.27%

Portfolio Market Value by Fund	3/31/2025	6/30/2025	Change
Pooled Investments	\$265,605,288.01	\$286,714,447.16	\$21,109,159.15
Internal Services Fund	\$157,623.80	\$189,897.89	\$32,274.09
Enterprise Funds	\$231.85	\$242.38	\$10.53
General Fund	\$188,584.15	\$215,341.49	\$26,757.34
Total	\$265,951,727.81	\$287,119,928.92	\$21,168,201.11

Portfolio Summary – Investment Pool

As of 6/30/2025

Your Portfolio

Cash/LGIPs	\$76,820,168
Securities Book Value	\$208,535,723
Total Portfolio Book Value	\$285,355,891

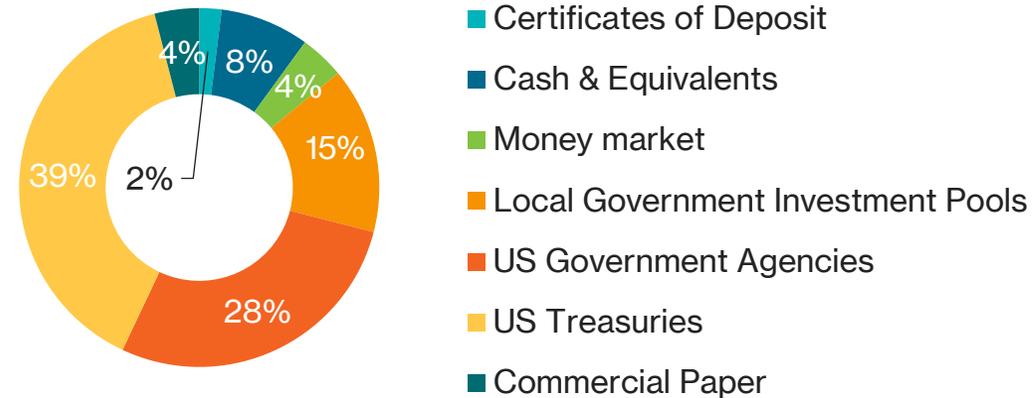
Your Securities

Weighted Average Maturity	1.37 years
Weighted Average Yield	4.28%

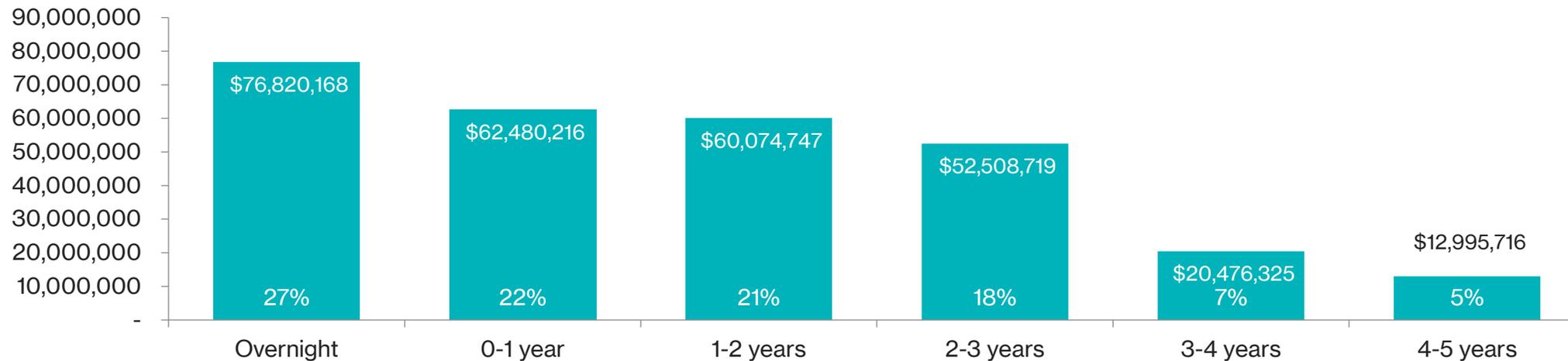
Interest Earnings:

Quarterly Interest Earned	\$2,979,106
Year-to-date Interest Earned	\$8,123,576

Your Asset Allocation

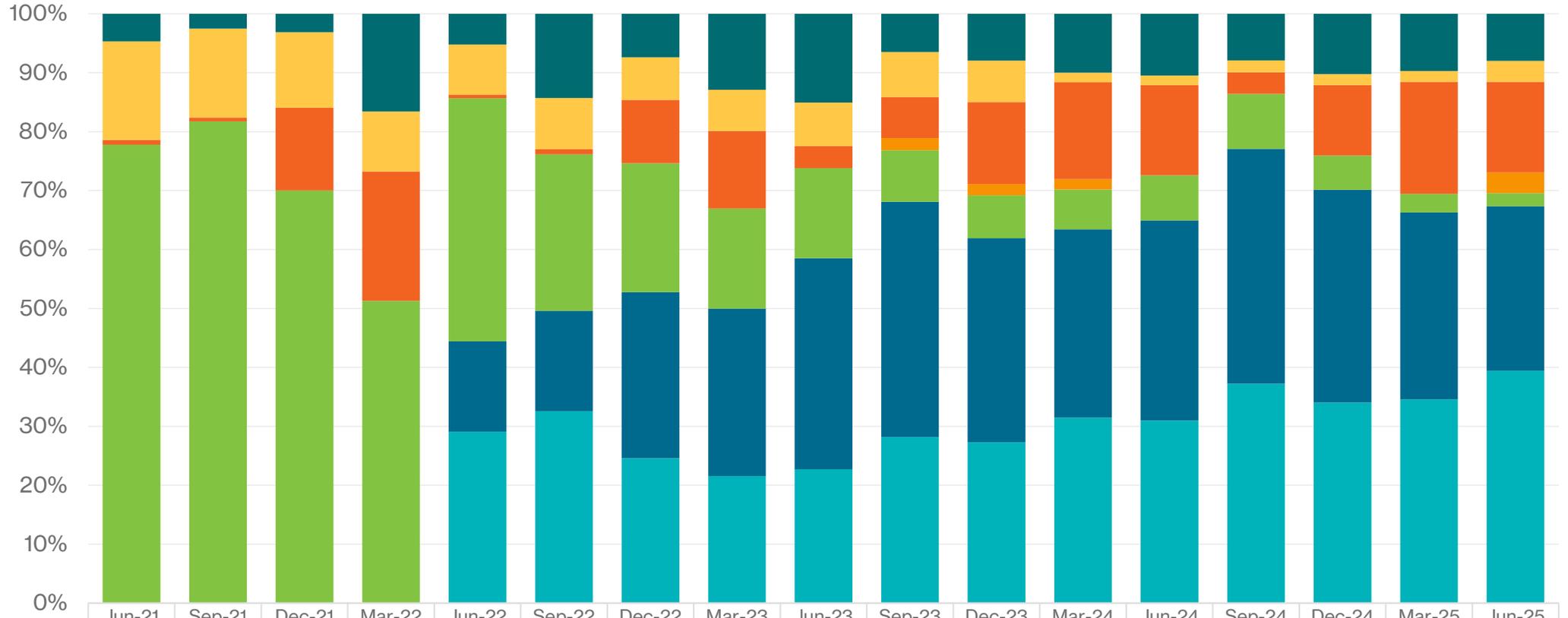


Your Maturity Distribution



YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

Asset Composition



	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
■ Cash	4.66%	2.51%	3.11%	16.59%	5.19%	14.28%	7.38%	12.88%	15.07%	6.49%	7.95%	10.01%	10.48%	7.91%	10.25%	9.70%	7.98%
■ Money Market	16.75%	15.13%	12.83%	10.18%	8.52%	8.71%	7.25%	7.01%	7.40%	7.63%	7.05%	1.61%	1.65%	1.99%	1.89%	1.84%	3.55%
■ LGIPs	0.79%	0.59%	14.02%	21.93%	0.61%	0.87%	10.73%	13.14%	3.69%	6.97%	13.89%	16.43%	15.26%	3.68%	11.93%	19.00%	15.39%
■ Commercial Paper	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.08%	1.92%	1.79%	0.00%	0.00%	0.00%	0.00%	3.52%
■ Certificates of Deposit	77.80%	81.76%	70.03%	51.29%	41.26%	26.53%	21.89%	17.00%	15.30%	8.76%	7.25%	6.72%	7.68%	9.32%	5.81%	3.15%	2.21%
■ U.S. Government Agencies	0.00%	0.00%	0.00%	0.00%	15.31%	17.04%	28.15%	28.39%	35.83%	39.88%	34.63%	31.97%	33.94%	39.86%	36.08%	31.73%	27.89%
■ U.S. Treasury Securities	0.00%	0.00%	0.00%	0.00%	29.11%	32.57%	24.59%	21.59%	22.70%	28.20%	27.31%	31.48%	30.99%	37.23%	34.05%	34.59%	39.46%

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