PUBLIC FUNDS ADVISORY

City of Killeen

Quarterly Investment Report

PRESENTED BY:

SCOTT GRUBER, CMT - DIRECTOR, ADVISORY SERVICES

SEPTEMBER 30, 2025

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PUBLIC FUNDS

Compliance Certification

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The undersigned have acknowledged that they have reviewed this quarterly investment report for the period ending September 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

Economic Overview

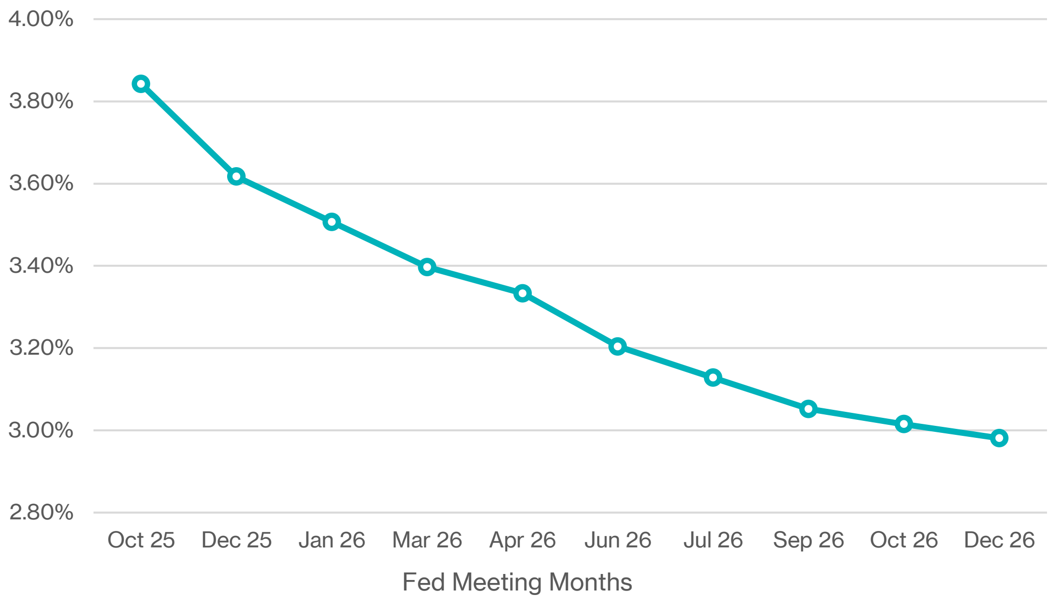
OBSERVATIONS AND EXPECTATIONS

- Fed lowered the Fed Funds rate by .25% at the September 17th meeting
- Labor market continued to show signs of slowing as 22,000 jobs were created in September
- U.S. Treasury rates were generally lower for the month of September
- GDP rebounded in Q2 to 3.8% from the tariff-induced decline of -0.5% in Q1
- Atlanta Fed's GDPNow forecast is projecting a 3.9% GDP for Q3
- The futures market and the Fed are expecting two more .25% cuts this year; more cuts in 2026

- The Fed Funds futures market is expecting the Fed Funds rate to end 2025 at about 3.6% and 2026 at approximately 3.0%.

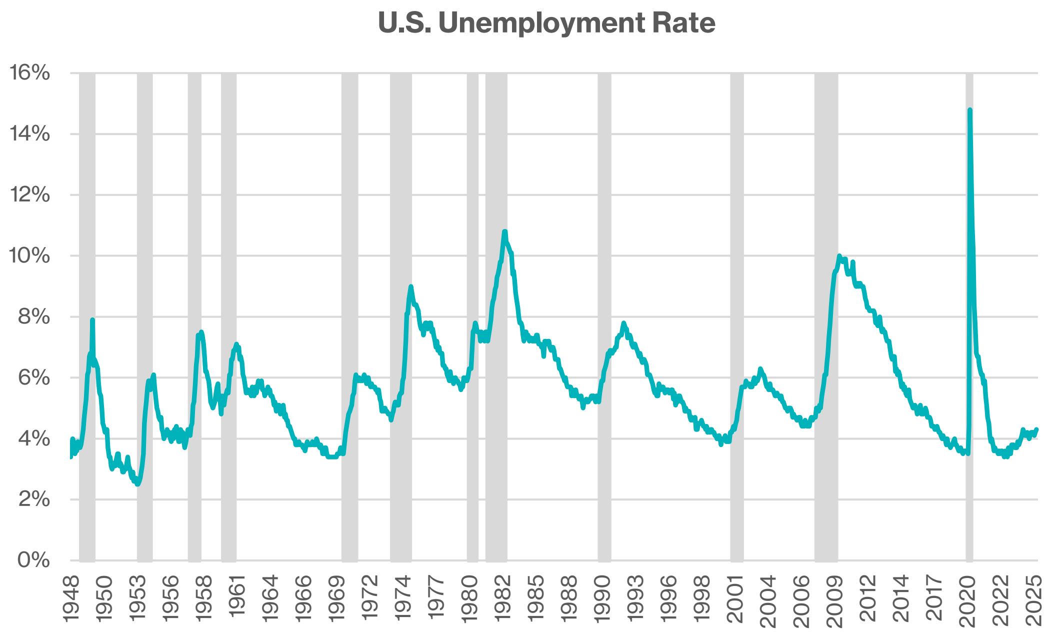
- The Fed is watching both of their mandates (employment and inflation) closely to determine the path of Fed Funds. They say the risk is more tilted to slower job growth.

Fed Funds Futures Yields



SOURCE: BLOOMBERG

- The current unemployment rate of 4.3% has moved up from earlier this year but remains low by historical standards.
- Lower immigration during 2025 has clouded the conclusions from lower nonfarm payrolls.
- Economists estimate not as many jobs are needed as compared to the previous few years to keep the unemployment rate low.



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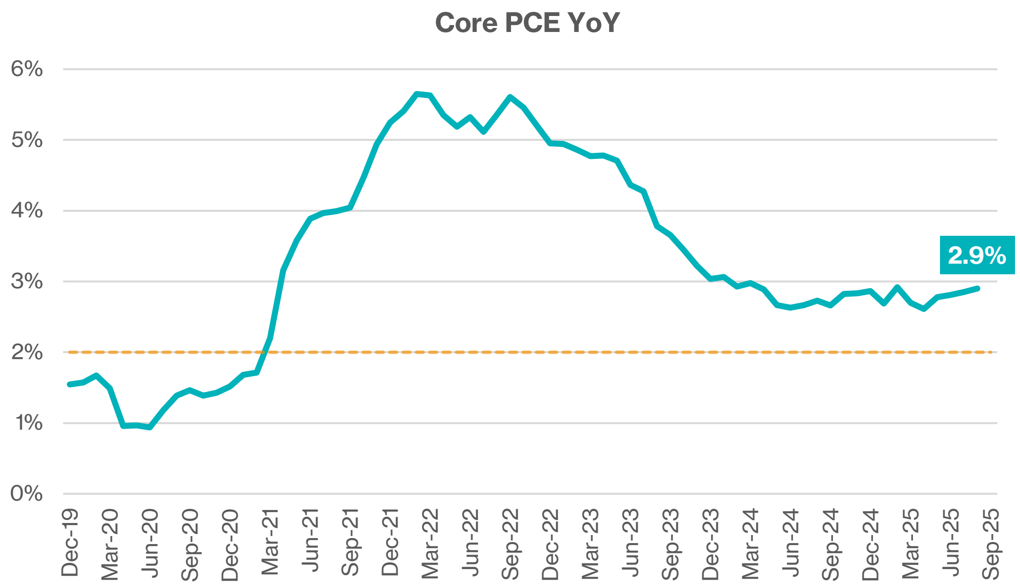

- Core Personal Consumption Expenditure YoY is the Fed's preferred inflation gauge.
- Core excludes food and energy components, which generally make the series less volatile.
- Core PCE YoY is currently at 2.9% and has been above the Fed's 2% target for 54 consecutive months.

SOURCES: BLOOMBERG

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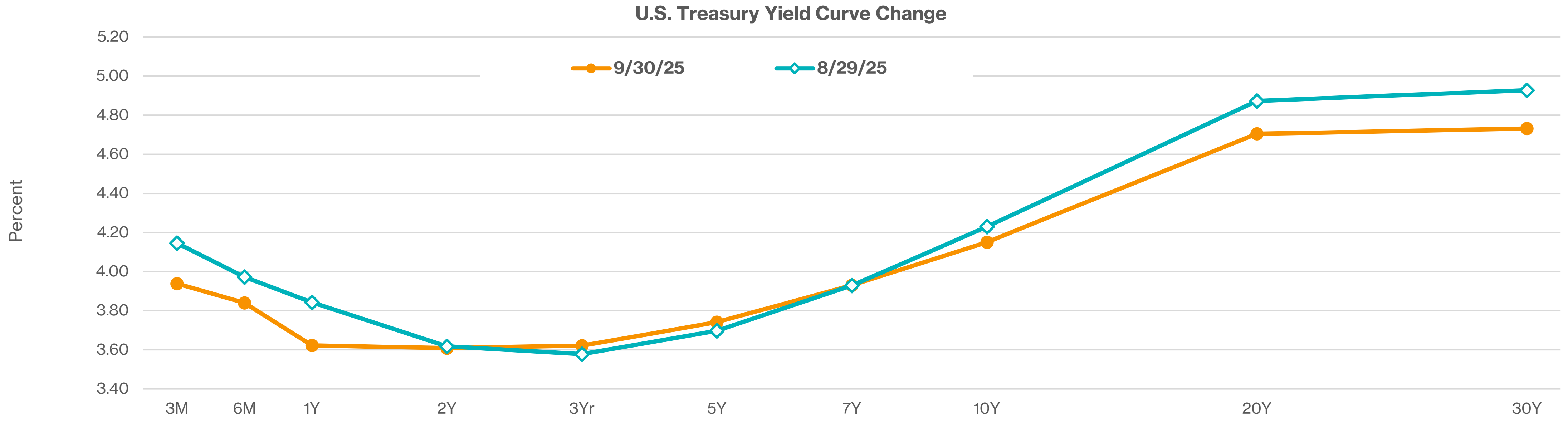

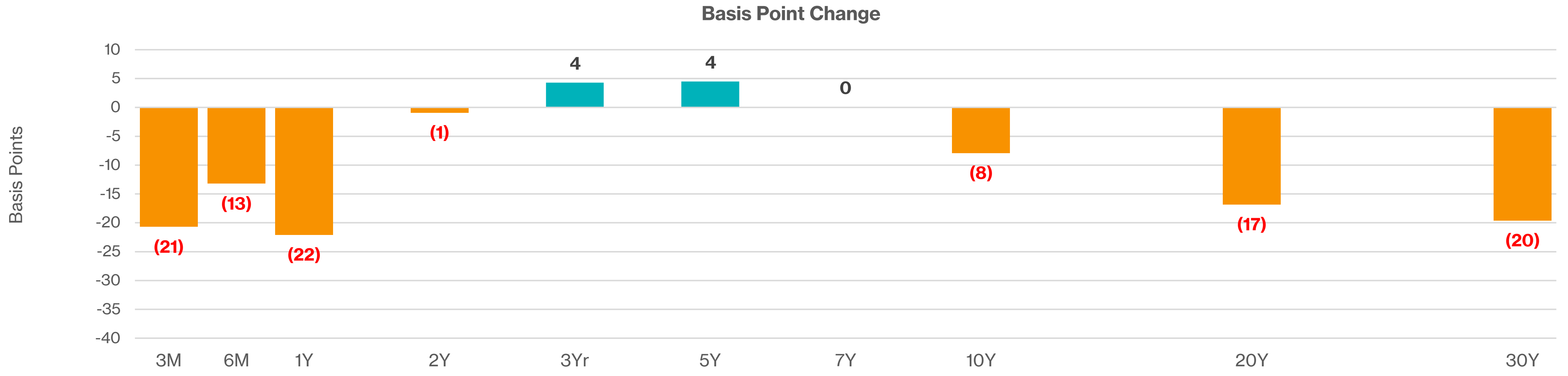

SOURCES: BLOOMBERG

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PORTFOLIO REVIEW

Quarterly Portfolio Summary – All Funds

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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 June 30, 2025		Portfolio as of September 30, 2025	
Beginning Book Value	$285,761,373	Ending Book Value	$285,188,478
Beginning Market Value	$287,119,929	Ending Market Value	$286,789,958
Unrealized Gain/(Loss)	$1,358,556	Unrealized Gain/(Loss)	$1,601,479
		Change in Unrealized Gain/(Loss)	$242,924
Weighted Average Maturity	500 days	Weighted Average Maturity	545 days
Weighted Average Yield	4.27%	Weighted Average Yield	4.20%

Portfolio Market Value by Fund	6/30/2025	9/30/2025	Change
Pooled Investments	$286,714,447.16	$286,292,061.65	($422,385.51)
Internal Services Fund	$189,897.89	$189,553.28	($344.61)
Enterprise Funds	$242.38	$261.47	$19.09
General Fund	$215,341.49	$308,081.11	$92,739.62
Total	**$287,119,928.92**	**$286,789,957.51**	**($329,971.41)**

Portfolio Summary – Investment Pool

As of 9/30/2025

Your Portfolio

Cash/LGIPs	$74,072,351
Securities Book Value	$210,618,231
Total Portfolio Book Value	$284,690,582

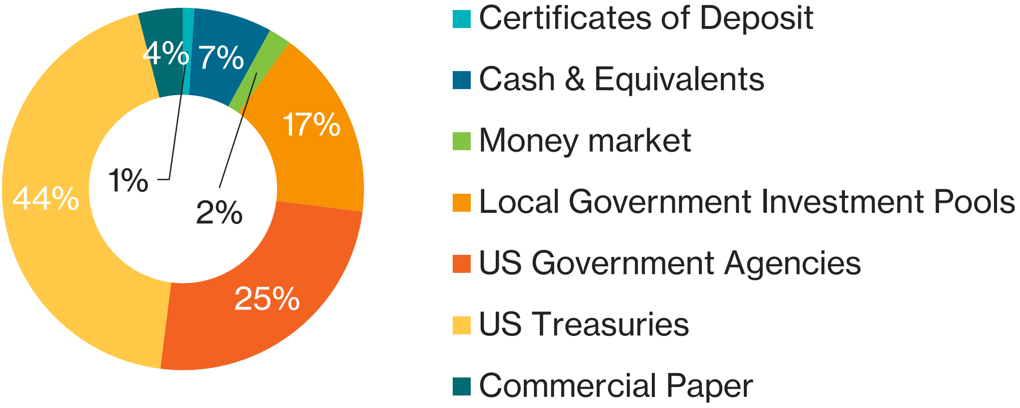
Your Securities

Weighted Average Maturity	1.50 years
Weighted Average Yield	4.20%

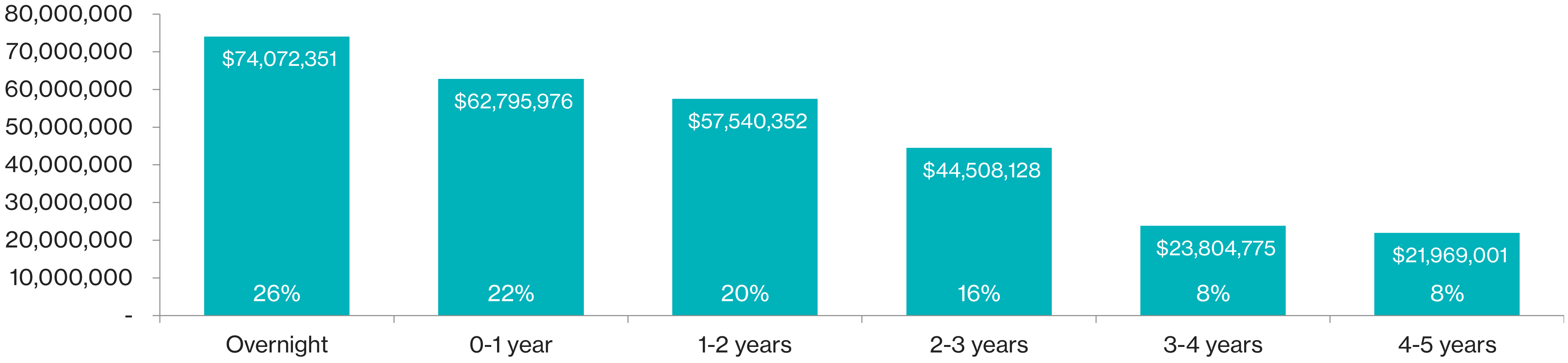
Interest Earnings:

Quarterly Interest Earned	$3,179,662
Year-to-date Interest Earned	$11,303,238

Your Asset Allocation

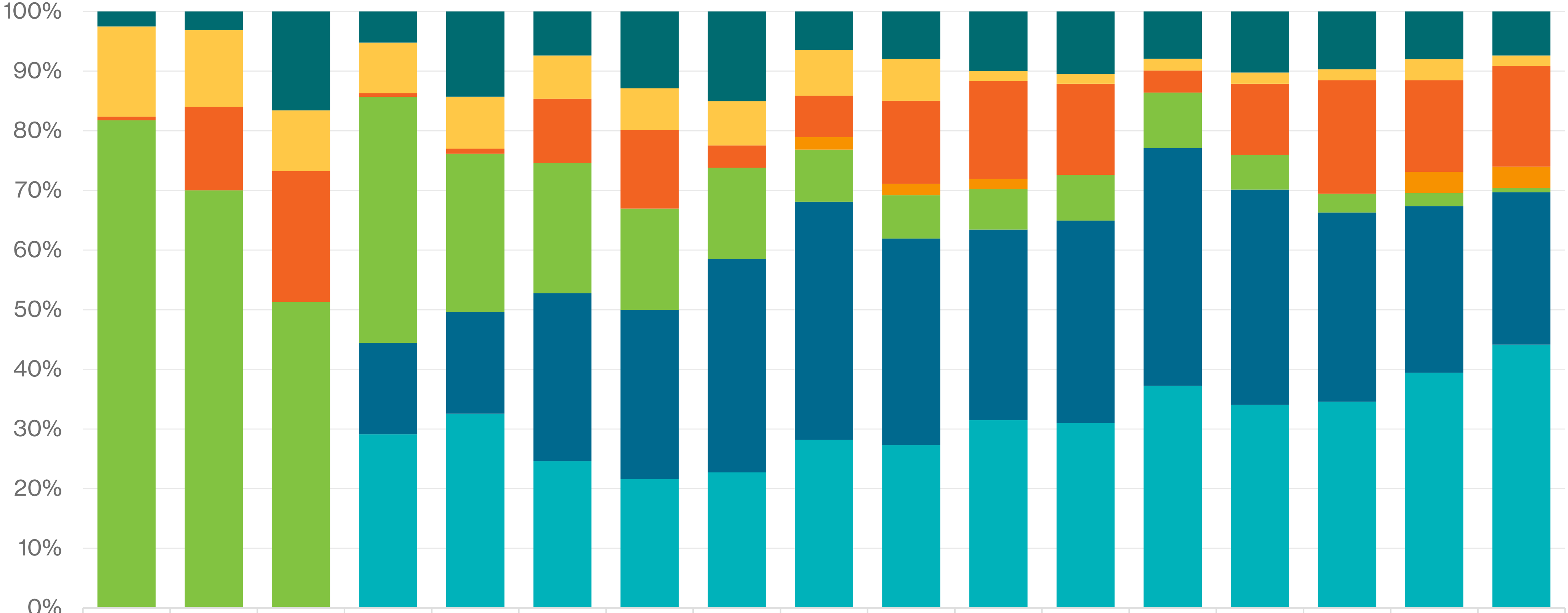


Your Maturity Distribution



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



	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	Sep-25
Cash	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%	7.36%
Money Market	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%	1.77%
LGIPs	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%	16.89%
Commercial Paper	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%	3.57%
Certificates of Deposit	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%	0.72%
U.S. Government Agencies	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%	25.54%
U.S. Treasury Securities	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%	44.16%

Disclosures

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