



PUBLIC FUNDS ADVISORY

# City of Killeen

## Quarterly Investment Report

PRESENTED BY:

SCOTT GRUBER, CMT - DIRECTOR, ADVISORY SERVICES

MARCH 31, 2025



# Compliance Certification



The undersigned have acknowledged that they have reviewed this quarterly investment report for the period ending March 31, 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

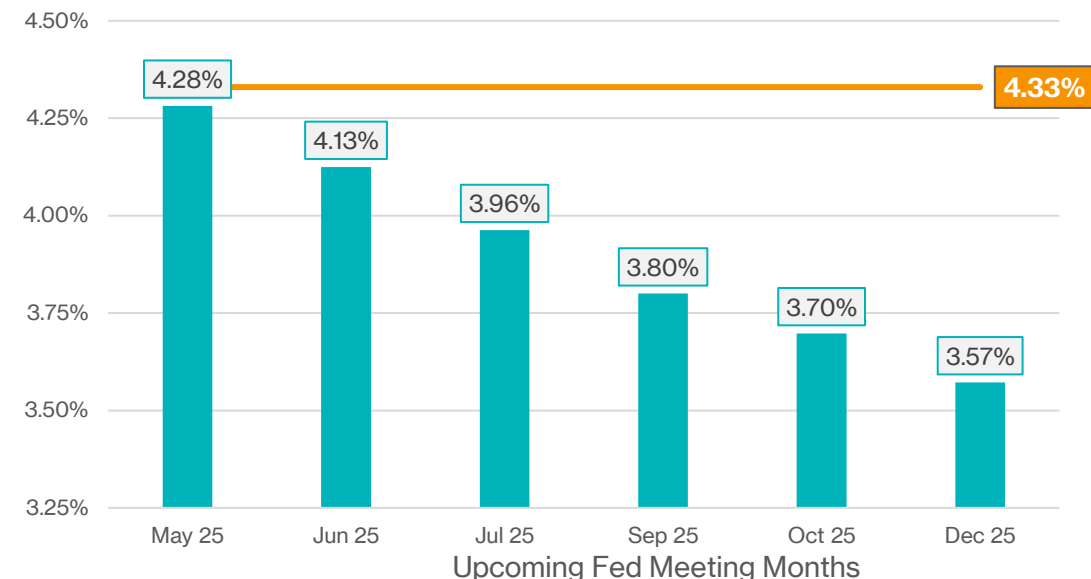
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Controller

## OBSERVATIONS AND EXPECTATIONS

- Market participants are expecting about three Federal Reserve rate cuts for 2025
- Fed Chair Powell recently stated that the labor market is stable
- The Fed's preferred inflation gauge remains above their target
- Short-term and intermediate-term interest rates were slightly lower for March

- The Federal Reserve expressed at their most recent meeting (March) they plan to cut the Fed Funds rate by .50% this year.
- At the end of March, the futures market was pricing in about .75% of cuts this year.

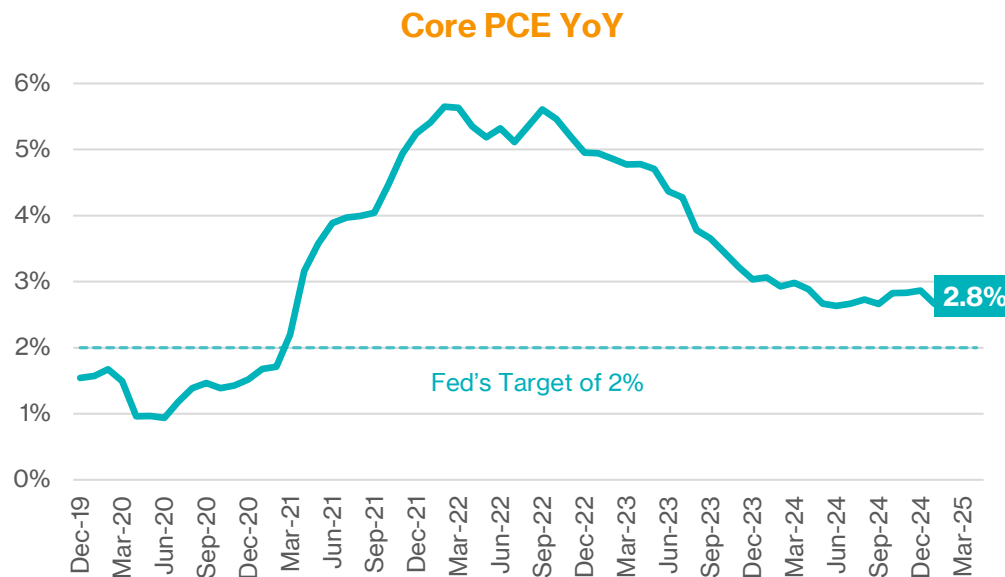
2025 Fed Funds Rate Per Futures Market by Fed Meeting Months



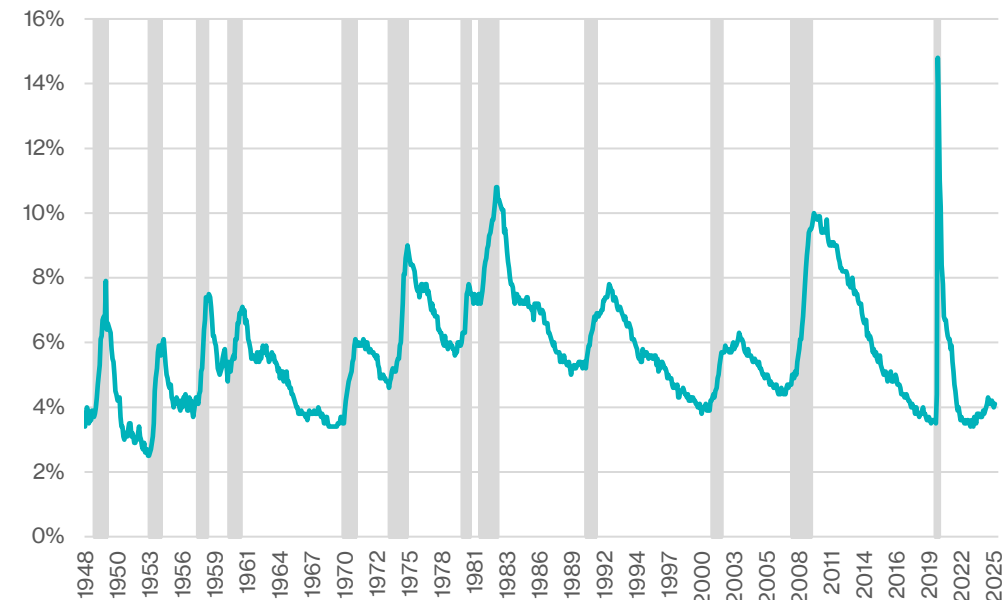
SOURCE: BLOOMBERG AS OF 3/31/25

- The current rate of 4.1% is an extremely low rate of unemployment by historical standards.
- Fed Chair Powell recently stated that the labor market remains solid, with their estimate of the unemployment rate trending only slightly higher to 4.4% this year.

SOURCES: BLOOMBERG, BUREAU OF LABOR STATISTICS



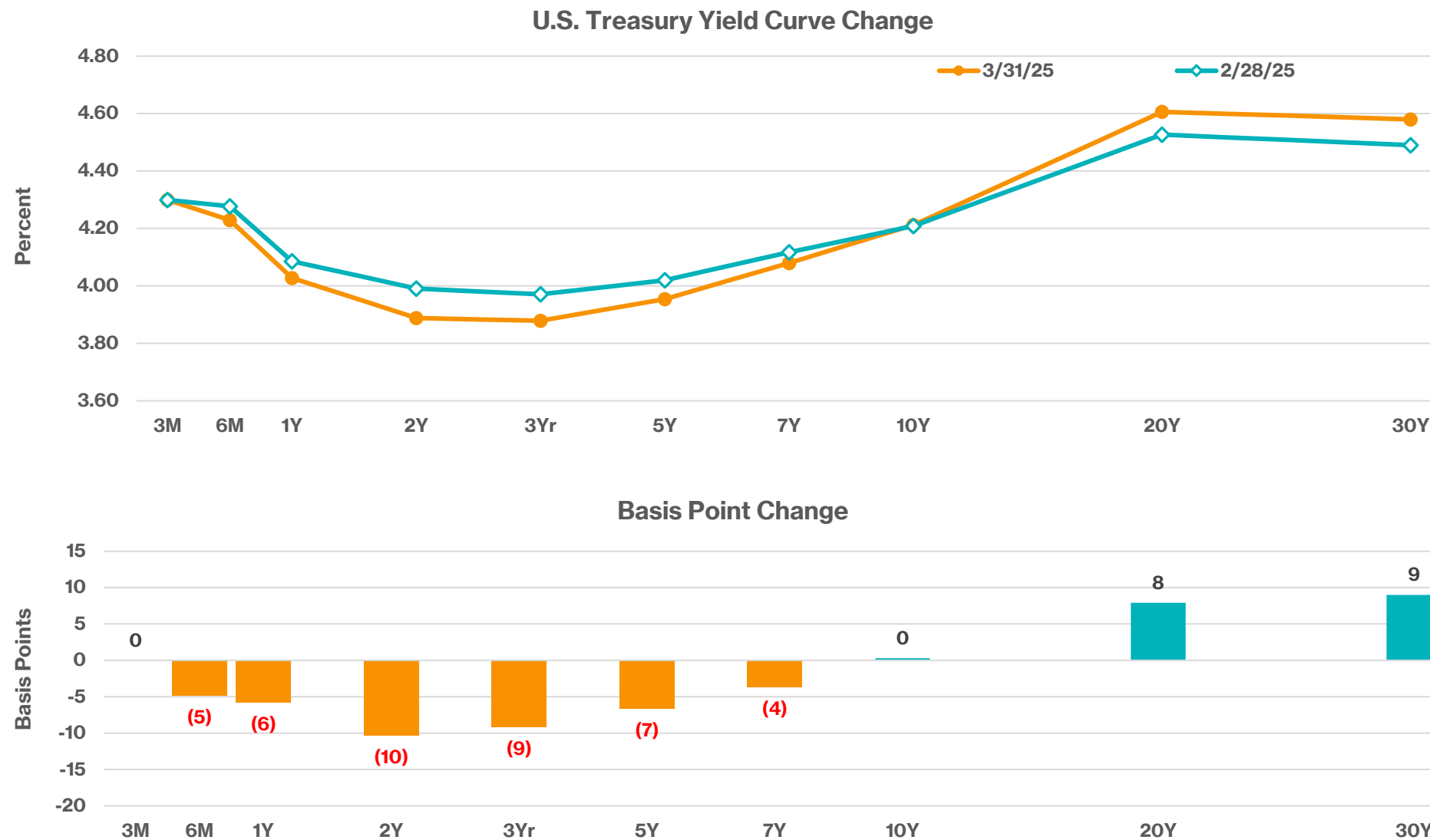
### U.S. Unemployment Rate



- Core Personal Consumption Expenditure YoY is the Fed's preferred inflation gauge. Core excludes food and energy components.
- Core PCE YoY is currently at 2.8%, not quite at the Fed's 2% target, but far below the 5.6% peak in 2022.
- Economists surveyed by Bloomberg expect Core PCE YoY will stay above the Fed's target and finish the full year of 2025 at 2.5%.

SOURCES: BLOOMBERG, BUREAU OF ECONOMIC ANALYSIS

## Treasury Rates Were Mixed for the Month of March





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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 December 31, 2024		Portfolio as of March 31, 2025	
Beginning Book Value	\$246,448,330	Ending Book Value	\$264,879,880
Beginning Market Value	\$246,431,458	Ending Market Value	\$265,951,728
Unrealized Gain/(Loss)	(\$16,872)	Unrealized Gain/(Loss)	\$1,071,848
		Change in Unrealized Gain/(Loss)	\$1,088,720
Weighted Average Maturity	521 days	Weighted Average Maturity	489 days
Weighted Average Yield	4.40%	Weighted Average Yield	4.28%

Portfolio Market Value by Fund	12/31/2024	3/31/2025	Change
Pooled Investments	\$246,021,072.07	\$265,605,288.01	\$19,584,215.94
Internal Services Fund	\$157,970.98	\$157,623.80	(\$347.18)
Enterprise Funds	\$204.09	\$231.85	\$27.76
General Fund	<u>\$252,211.15</u>	<u>\$188,584.15</u>	<u>(\$63,627.00)</u>
Total	\$246,431,458.29	\$265,951,727.81	\$19,520,269.52

# Portfolio Summary – Investment Pool

As of 3/31/2025

## Your Portfolio

Cash/LGIPs	\$80,787,413
Securities Book Value	\$183,746,028
Total Portfolio Book Value	\$264,533,441

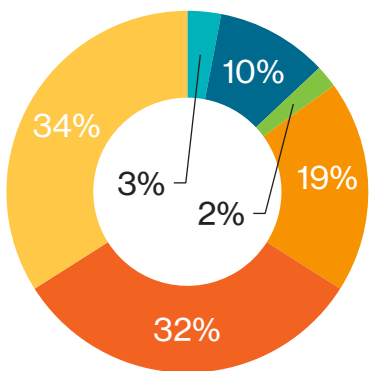
## Your Securities

Weighted Average Maturity	1.34 years
Weighted Average Yield	4.29%

## Interest Earnings:

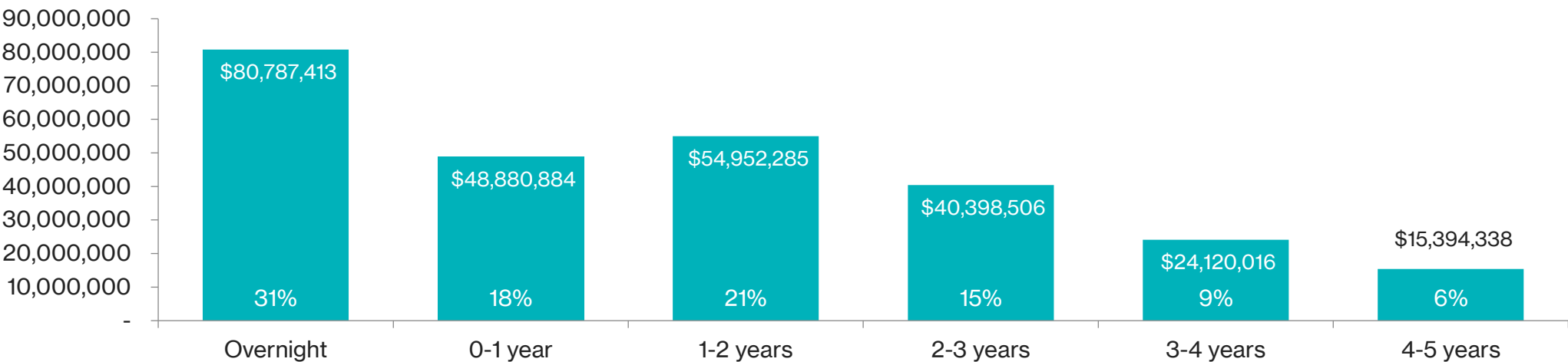
Quarterly Interest Earned	\$2,367,241
Year-to-date Interest Earned	\$5,144,470

## Your Asset Allocation



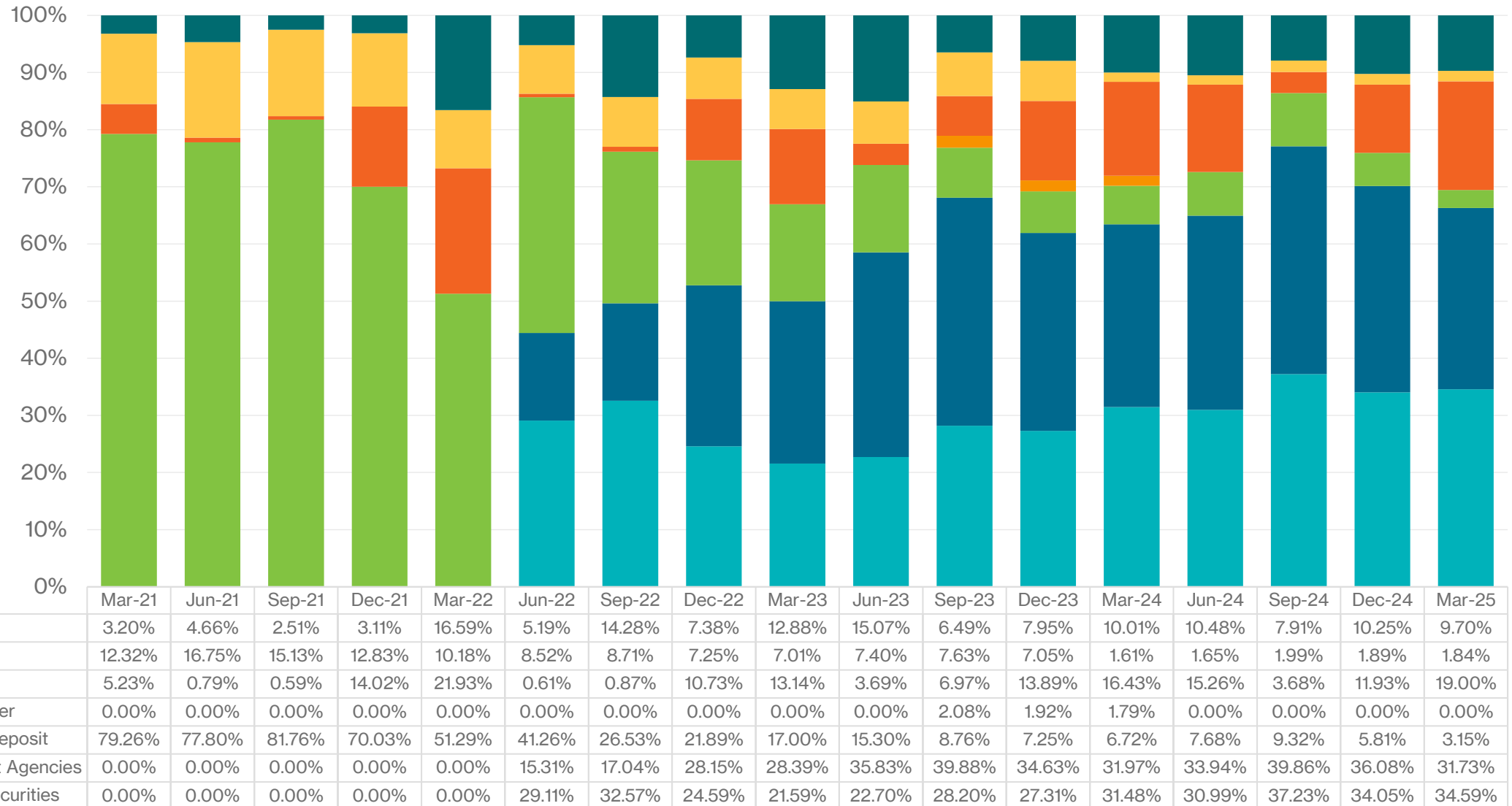
- Certificates of Deposit
- Cash & Equivalents
- Money market
- Local Government Investment Pools
- US Government Agencies
- US Treasuries

## Your Maturity Distribution



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PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

# Asset Composition



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Past performance does not guarantee future results. Opinions and forecasts are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security. Investing in securities involves inherent risks, including the risk that you can lose the value of your investment. Any forecast, projection, or prediction of the market, the economy, economic trends, and fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Meeder Public Funds, Inc. cannot and does not claim to be able to accurately predict the future investment performance of any individual security or of any asset class. There is no assurance that the investment process will consistently lead to successful results. The investment return and principal value of an investment will fluctuate, thus an investor's shares, or units, when redeemed, may be worth more or less than their original cost.

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