



McHenry County College

Investment Update

Jeff Schroeder, Managing Director / Partner
Matt Hanigan, Senior Managing Consultant

January 19, 2021

PFM Asset Management, LLC

190 S. LaSalle St.
Suite 2000
Chicago, IL 60603

312.977.1570

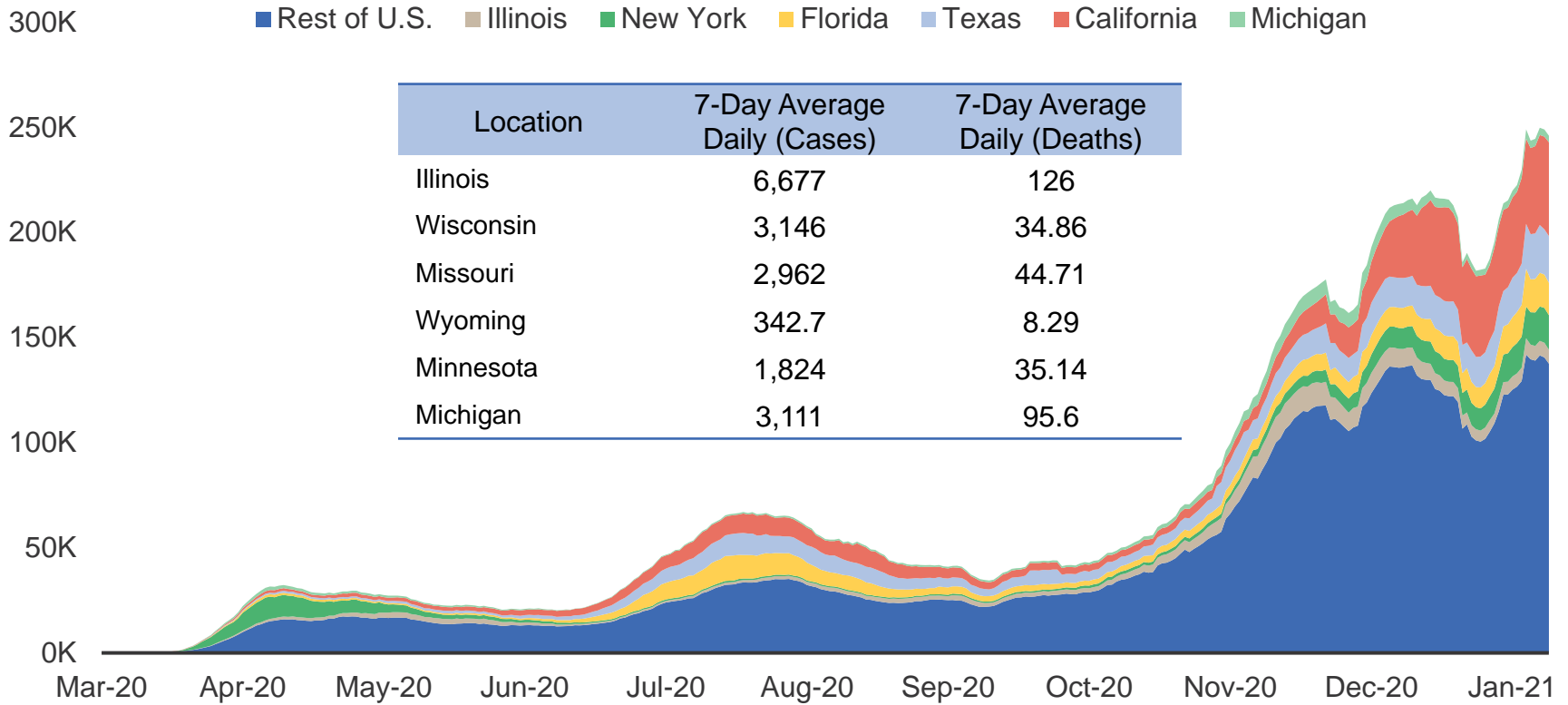


Market Update



COVID Surge Continues

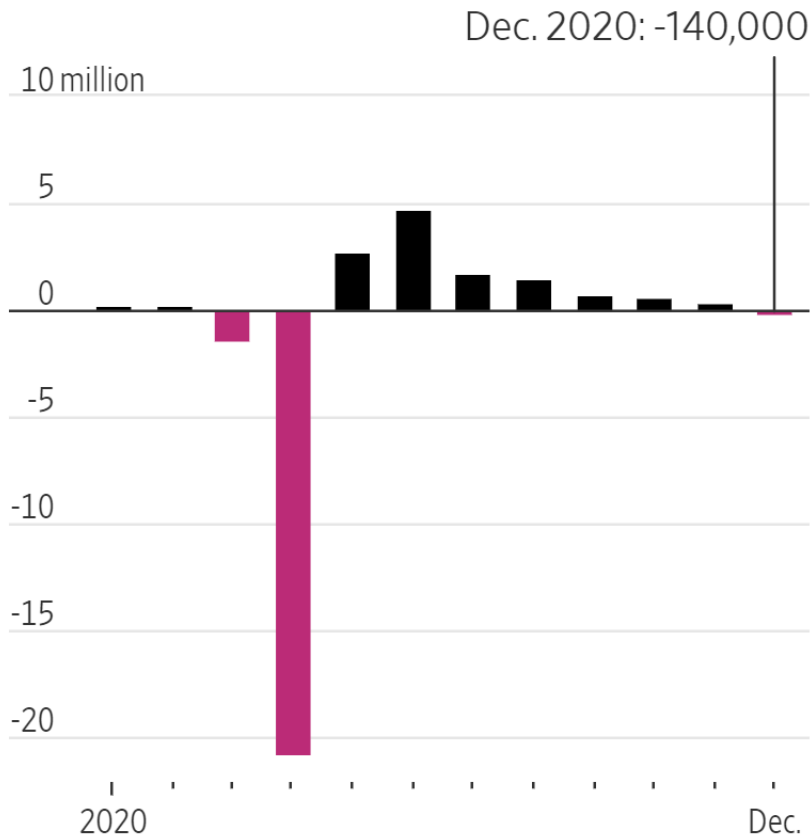
New Cases Reported Daily 7-Day Moving Average





While Unemployment Rate Holds Steady, December Sees Net Job Losses

Monthly Change in Nonfarm Payrolls



Sectors with Most Job Gains, MoM

Industry	Change
Professional and business services	+161,000
Retail trade	+121,000
Construction	+51,000

Sectors with Most Job Losses, MoM

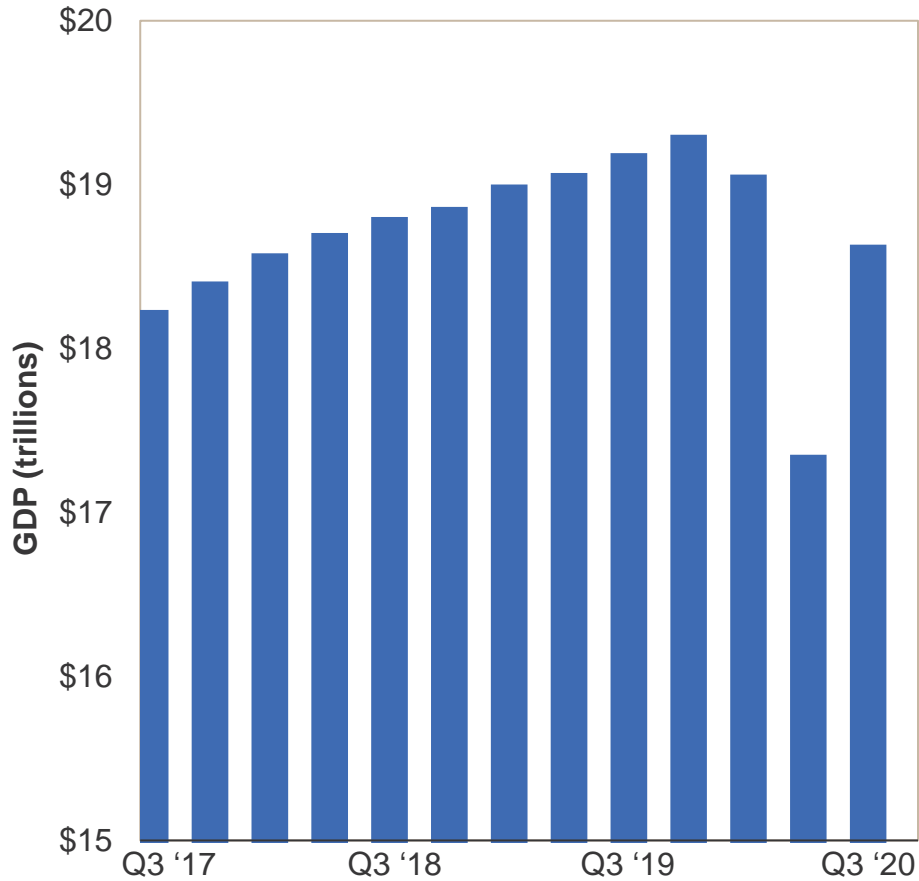
Industry	Change
Leisure and hospitality	-498,000
Government	-45,000
Education and health services	-31,000

Source: WSJ, Labor Department. Most recent data available as of 1/08/2021.

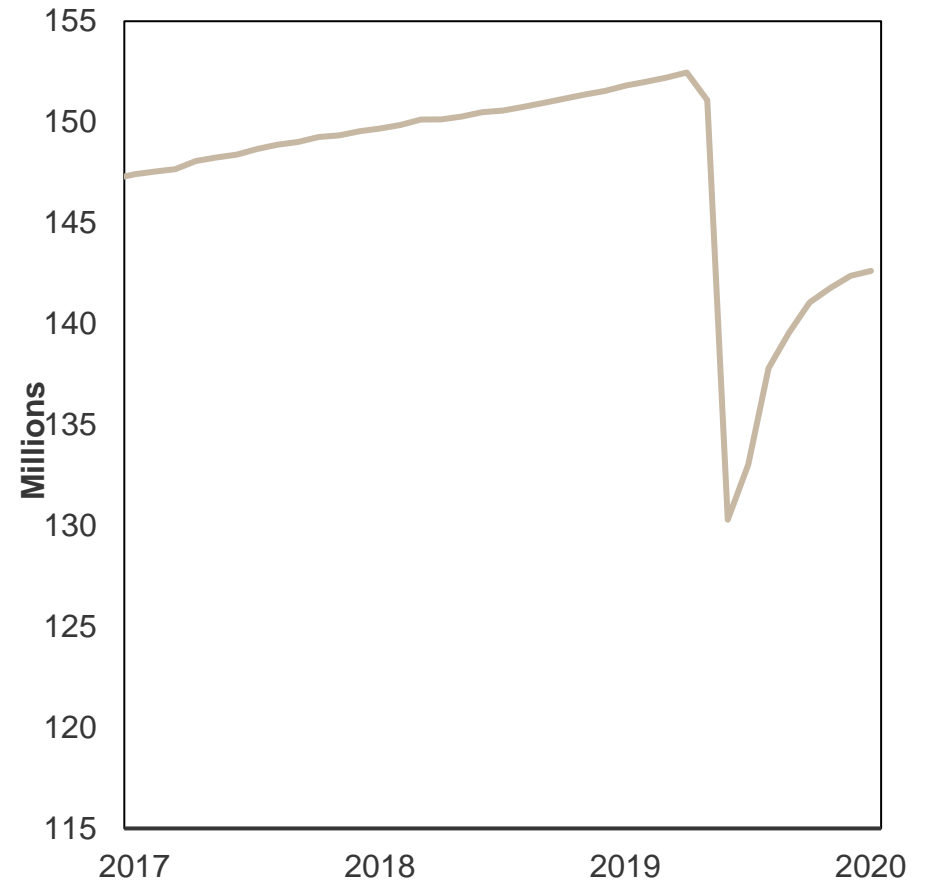


Economy Still Has a Long Road Ahead to Full Recovery

U.S. Real GDP



Total U.S. Employment



Source: Bloomberg, latest available data as of 12/30/2020. Total U.S. Employment is total non-farm payrolls.



Treasury Yields: A Year in Review

3- & 10-Year Treasuries

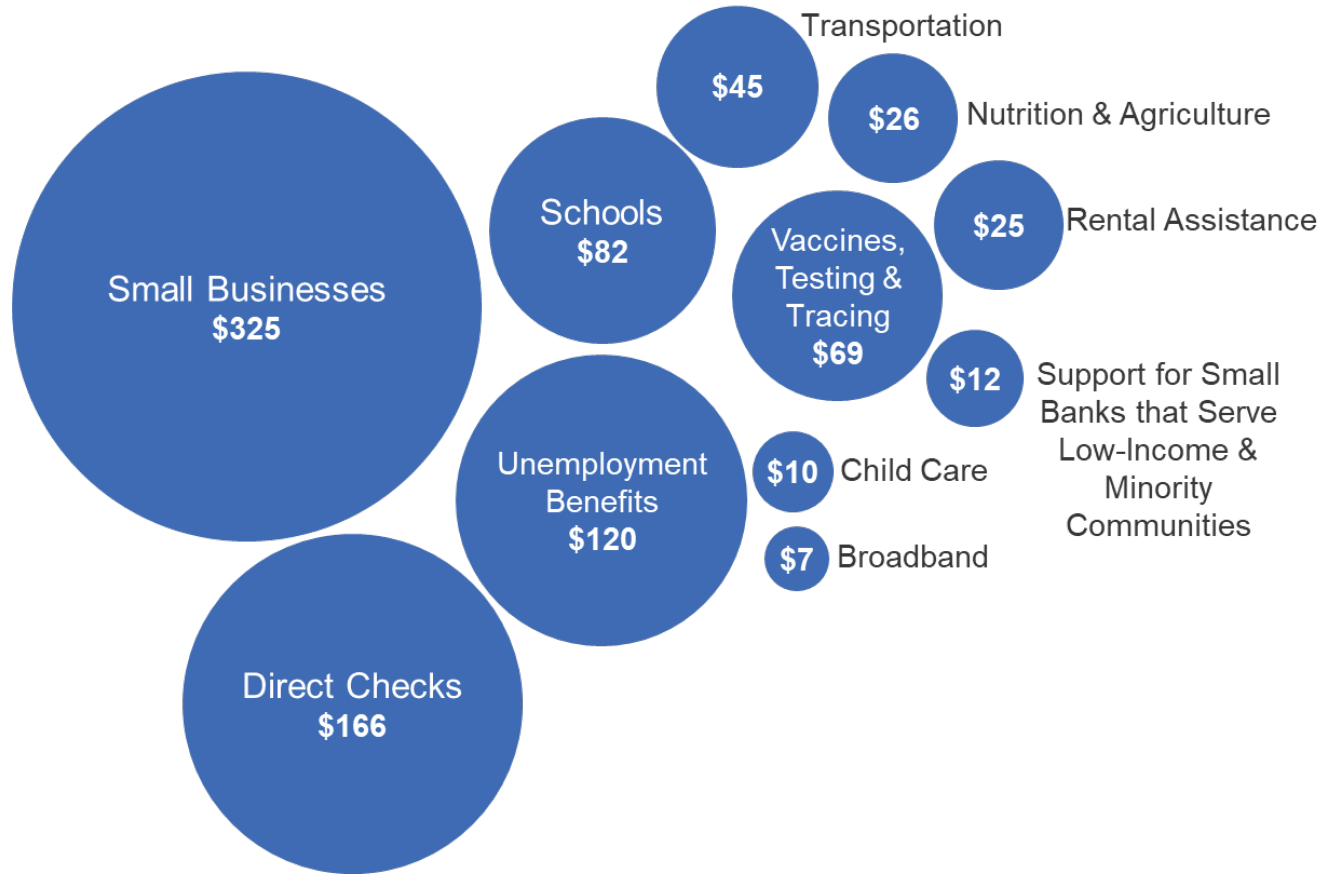


Source: Bloomberg, as of 01/11/2021.



Congress Passes \$900 Billion Pandemic Relief Package

Emergency Relief Package, in billions



Source: WSJ and Congressional aides. Most recent data as of 1/07/2021.



2021 Market Expectations



- ◆ Fed policies will remain **accommodative**
- ◆ Interest rates will remain at **near-zero levels**
- ◆ **Effective COVID-19 vaccines and treatments** will become available to large populations
- ◆ **Economic growth** spurred by re-openings and returning to “normal”
 - IMF predicts global growth to be 5.2%
 - The Fed expects U.S. growth to be 4.2%

Source: Nasdaq, Barron's, HIS Markit, and Foreign Policy. Most recent data as of 1/04/2021.



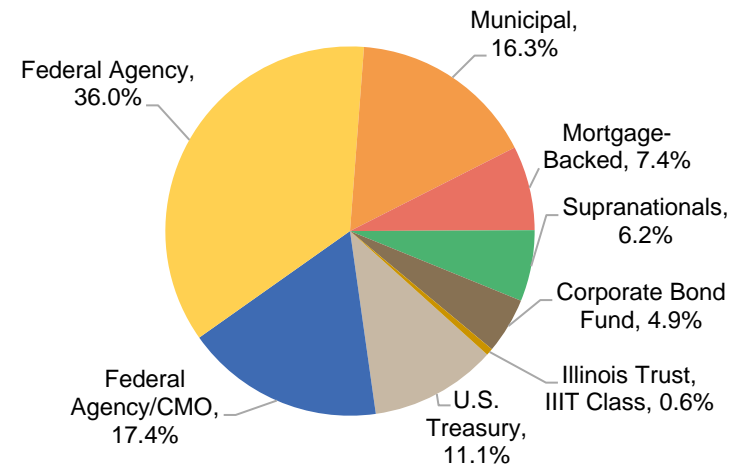
Portfolio Review



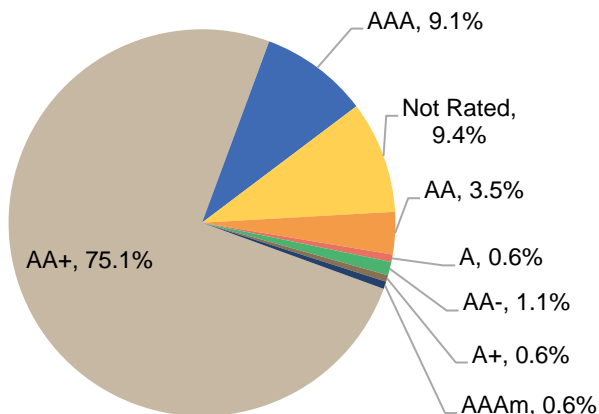
Long Term Portfolio Characteristics as of December 31, 2020

Portfolio Statistics	
Total Market Value	\$25,743,149
Effective Duration	1.91 Years
Yield at Cost	1.35%
Yield at Market	0.59%
12-Month MCC Total Return	3.45%
12-Month Benchmark Return (1-3 Yr.)	3.10%
Since Inception MCC Total Return	1.82%
Since Inception Benchmark Return (1-3 Yr.)	1.63%

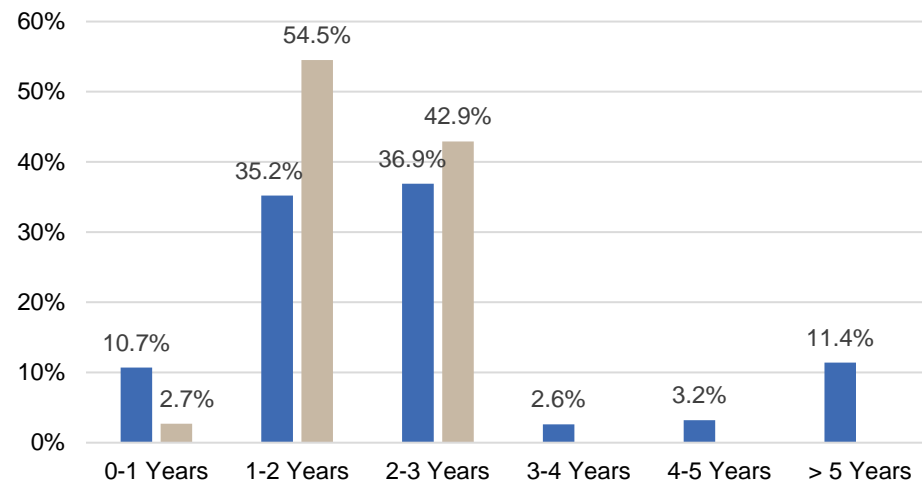
Sector Allocation



Credit Quality



Maturity Distribution

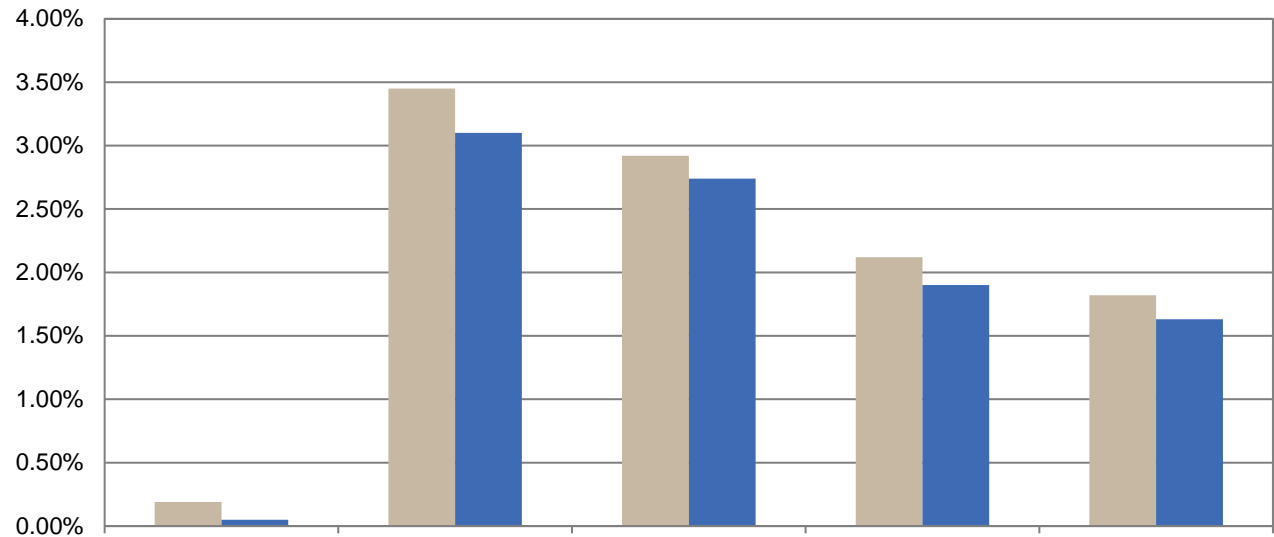




Long Term Portfolio Performance

Total Return Comparison*

- The portfolio has returned 1.82% since its inception, exceeding the benchmark by 0.19%
- Portfolio performance has exceeded the return of the benchmark for the past quarter, and the last 1, 3 and 5-year time periods.



	4Q 2020 ⁴	1 Year	3 Year	5 Year	Since Inception
MCC – Long Term Portfolio	0.19%	3.45%	2.92%	2.12%	1.82%
ICE BoA / ML 1-3 Year Treasury Bill Index	0.05%	3.10%	2.74%	1.90%	1.63%

**Notes:*

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Bank of America / Merrill Lynch Indices provided by Bloomberg Financial Markets.
3. Includes money market fund/cash balances in performance and duration calculations.
4. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than 1 year are presented on an annualized basis.

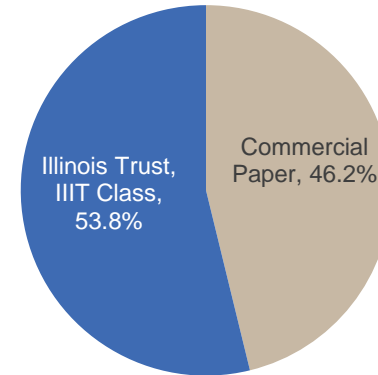
As of December 31, 2020



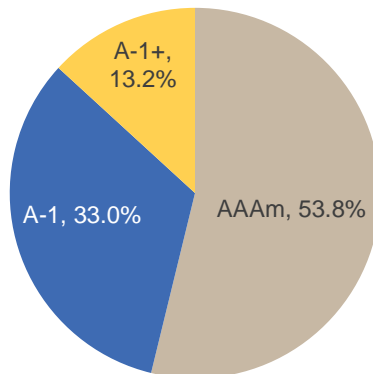
Short Term Portfolio Characteristics as of December 31, 2020

Portfolio Statistics	
Total Market Value	\$7,574,608
Effective Duration	0.17 Years
Yield at Cost	0.21%
Yield at Market	0.22%
12-Month MCC Total Return	0.72%
12-Month Benchmark Return (3-mo.)	0.67%
Since Inception MCC Total Return	1.13%
Since Inception Benchmark Return (3-mo.)	0.97%

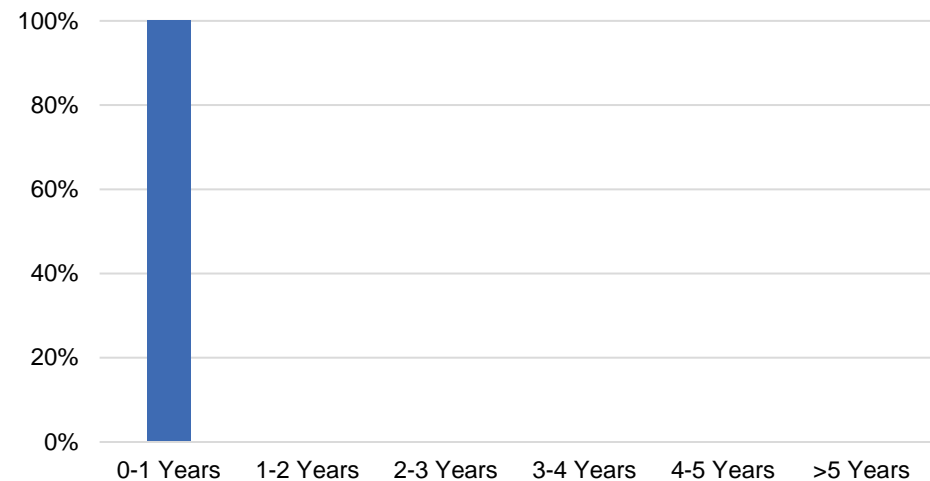
Sector Allocation



Credit Quality



Maturity Distribution

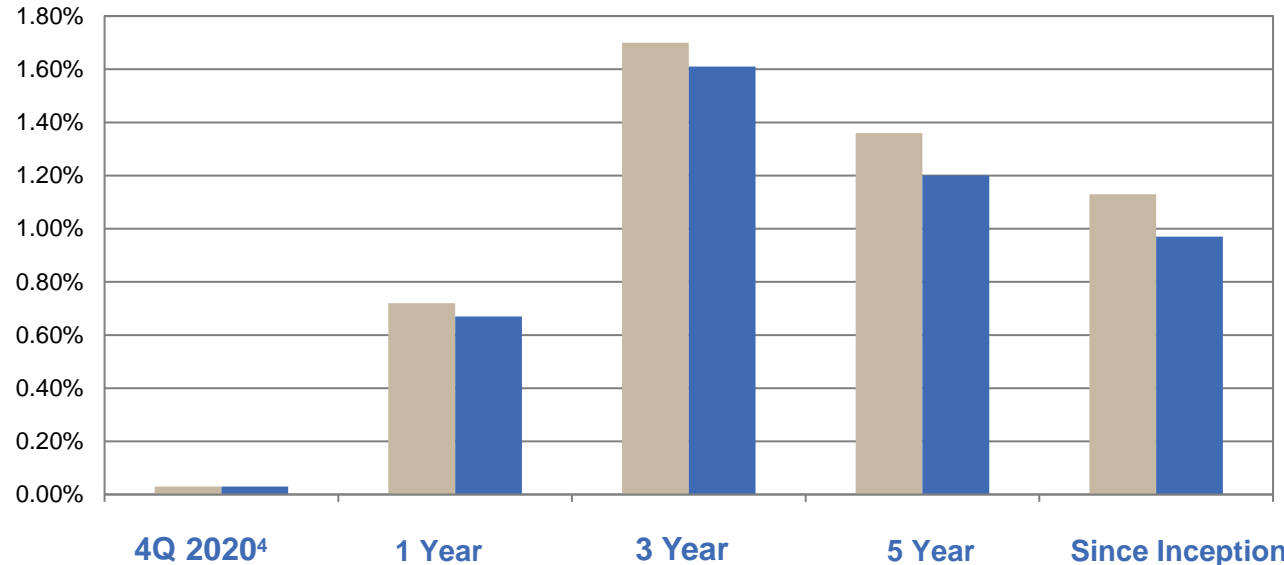




Short Term Portfolio Performance

Total Return Comparison*

- The portfolio has returned 1.13% since its inception, exceeding the benchmark by 0.16%
- Portfolio performance was in line with the benchmark for the quarter. The portfolio has exceeded the return of the benchmark for the last 1, 3 and 5-year time periods.



	4Q 2020 ⁴	1 Year	3 Year	5 Year	Since Inception
MCC – Short Term Portfolio	0.03%	0.72%	1.70%	1.36%	1.13%
ICE BoA / ML 3 Month Treasury Bill Index	0.03%	0.67%	1.61%	1.20%	0.97%

*Notes:

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).

2. Bank of America / Merrill Lynch Indices provided by Bloomberg Financial Markets.

3. Includes money market fund/cash balances in performance and duration calculations.

4. Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than 1 year are presented on an annualized basis.

As of December 31, 2020



Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

Thank You



pfm