



Economic and Portfolio Update

San Mateo County Transportation Authority



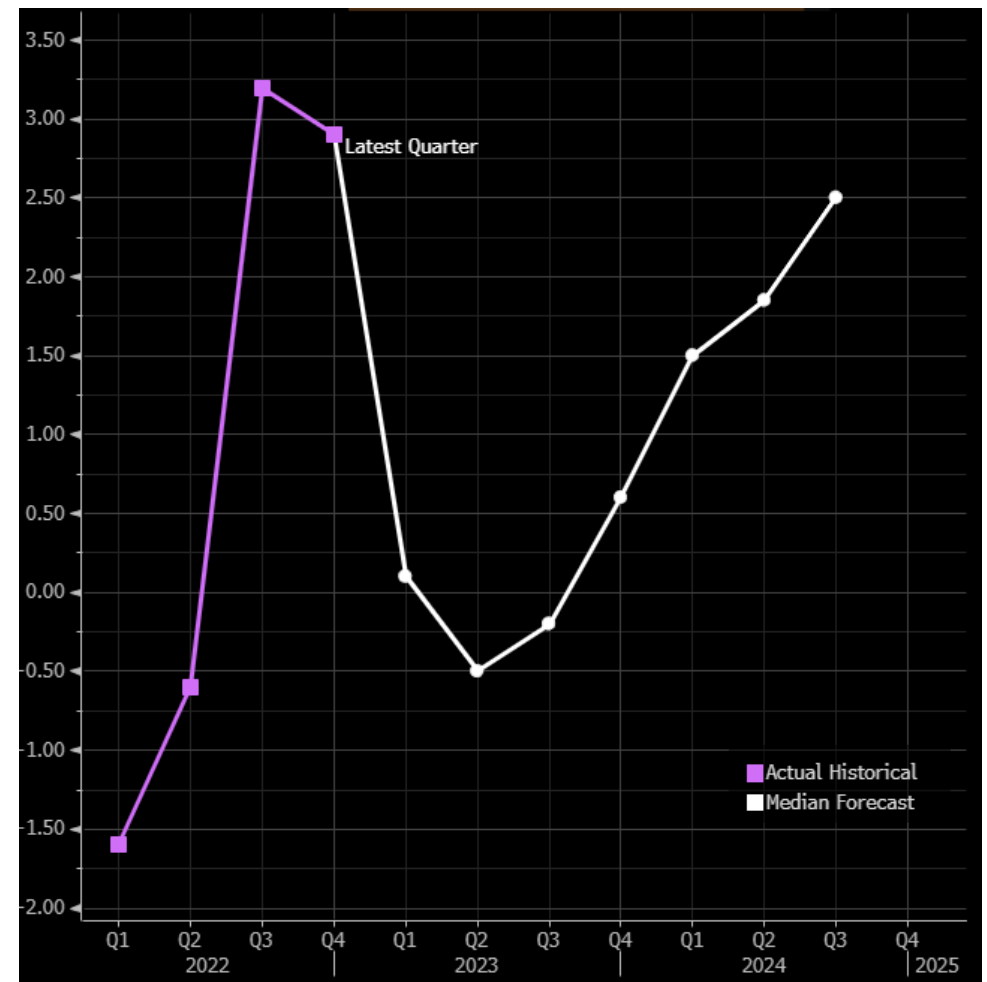
Board of Directors Meeting – February 2, 2023

U.S. Economic Conditions: The Good News is that Inflation is Cooling, the Bad News is so too is the Economy

Inflation has Cooled in Recent Months but Remains Well Above the Fed's 2% Target



Bloomberg GDP Survey: Growth is Expected to Slow Materially in 2023

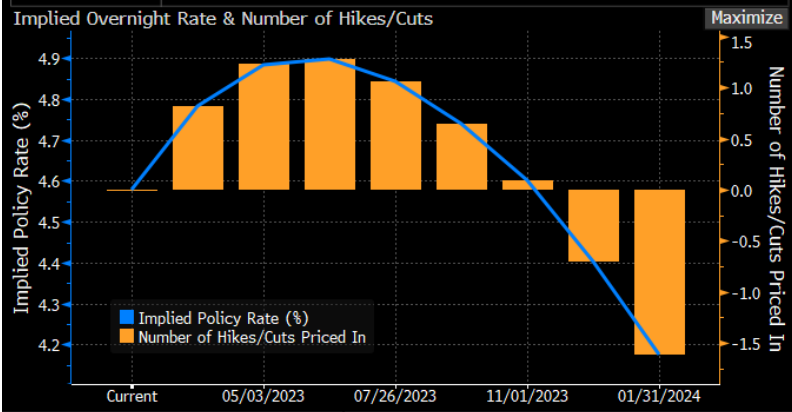


U.S. Economic Conditions: As the Federal Reserve Raises Short-Term Interest Rates, Longer-Term Yields Have Declined From Their Highs

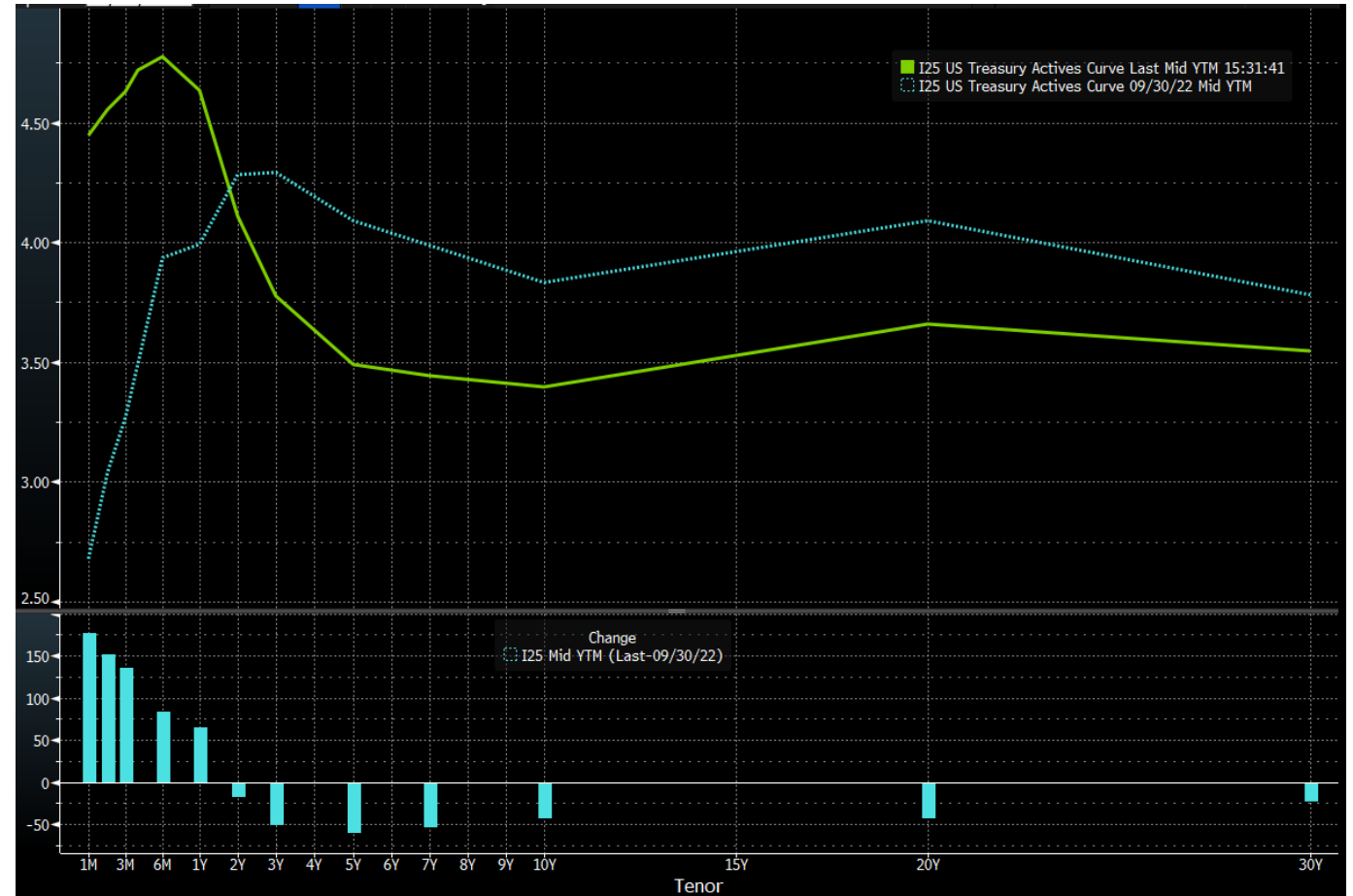
Market Participants Expect Rate Cuts in Second Half of Year

Region: United States » Instrument: Fed Funds Futures »
 Target Rate 4.75 Pricing Date 02/03/2023
 Effective Rate 4.33 Cur. Imp. O/N Rate 4.578

| Meeting | #Hikes/Cuts | %Hike/Cut | Imp. Rate Δ | Implied Rate | A.R.M. |
|------------|-------------|-----------|-------------|--------------|--------|
| 03/22/2023 | +0.817 | +81.7% | +0.204 | 4.783 | 0.250 |
| 05/03/2023 | +1.227 | +41.0% | +0.307 | 4.885 | 0.250 |
| 06/14/2023 | +1.278 | +5.1% | +0.319 | 4.898 | 0.250 |
| 07/26/2023 | +1.057 | -22.1% | +0.264 | 4.843 | 0.250 |
| 09/20/2023 | +0.647 | -41.0% | +0.162 | 4.740 | 0.250 |
| 11/01/2023 | +0.088 | -55.9% | +0.022 | 4.600 | 0.250 |
| 12/13/2023 | -0.701 | -78.9% | -0.175 | 4.403 | 0.250 |
| 01/31/2024 | -1.613 | -91.2% | -0.403 | 4.175 | 0.250 |



The Yield Curve Remains Deeply Inverted as Market Participants Anticipate A Fed Policy Pivot

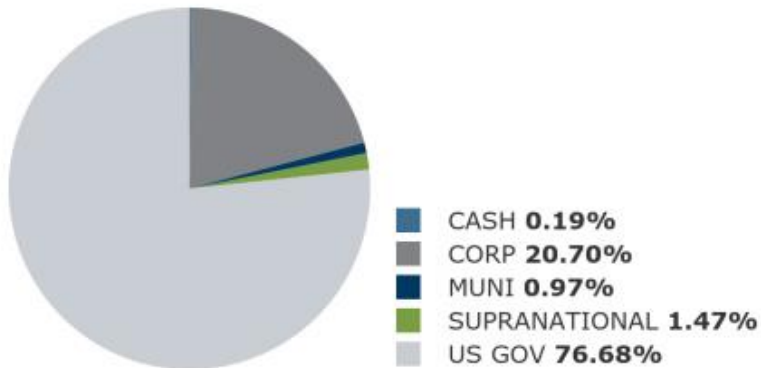


SMCTA Portfolio: Summary Characteristics

Portfolio Characteristics

| | 09/30/22 | 12/31/22 |
|-----------------------------|----------|----------|
| Duration | 2.493 | 2.495 |
| Years to Effective Maturity | 2.605 | 2.612 |
| Years to Final Maturity | 2.611 | 2.615 |
| Coupon Rate | 1.446 | 1.582 |
| Book Yield | 1.371 | 1.664 |
| Market Yield | 4.296 | 4.423 |
| Benchmark Yield | 4.284 | 4.365 |

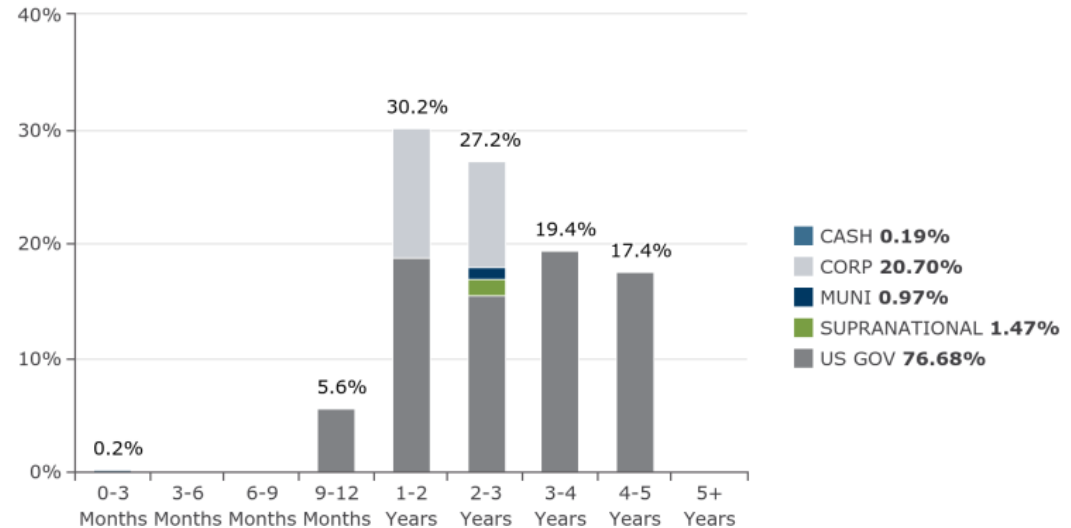
Asset Allocation



Portfolio Summary

| Summary | 09/30/22 | 12/31/22 |
|----------------------------------|-------------------------|-------------------------|
| Historical Cost | \$166,023,389.40 | \$165,787,231.33 |
| Book Value | 165,510,294.09 | 165,348,465.46 |
| Accrued Interest | 558,380.24 | 495,266.22 |
| Net Pending Transactions | 403.80 | 267,795.12 |
| Book Value Plus Accrued | \$166,069,078.12 | \$166,111,526.80 |
| Net Unrealized Gain/Loss | (11,219,301.42) | (9,921,748.18) |
| Market Value Plus Accrued | \$154,849,776.70 | \$156,189,778.62 |

Maturity Distribution by Type

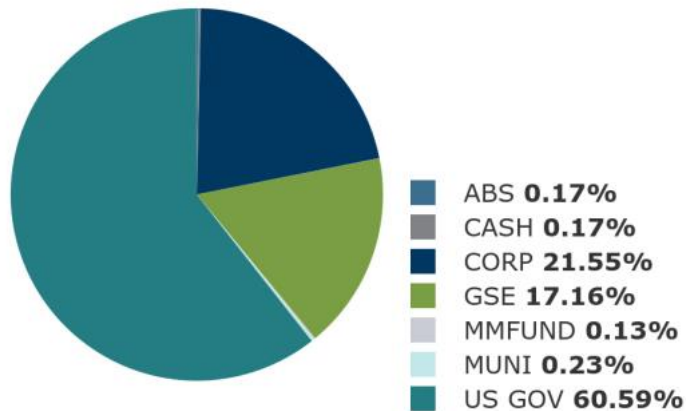


SMCTA Measure W Portfolio: Summary Characteristics

Portfolio Characteristics

| | 09/30/22 | 12/31/22 |
|-----------------------------|----------|----------|
| Duration | 2.509 | 2.477 |
| Years to Effective Maturity | 2.618 | 2.586 |
| Years to Final Maturity | 2.618 | 2.586 |
| Coupon Rate | 1.114 | 1.297 |
| Book Yield | 1.227 | 1.530 |
| Market Yield | 4.295 | 4.423 |
| Benchmark Yield | 4.284 | 4.365 |

Asset Allocation



Portfolio Summary

| Summary | 09/30/22 | 12/31/22 |
|----------------------------------|------------------------|------------------------|
| Historical Cost | \$49,889,612.65 | \$49,852,649.06 |
| Book Value | 49,905,161.48 | 49,883,213.42 |
| Accrued Interest | 120,041.14 | 154,186.76 |
| Net Pending Transactions | 89.46 | 30,247.99 |
| Book Value Plus Accrued | \$50,025,292.09 | \$50,067,648.18 |
| Net Unrealized Gain/Loss | (3,450,925.79) | (3,085,028.58) |
| Market Value Plus Accrued | \$46,574,366.29 | \$46,982,619.59 |

Maturity Distribution by Type

