



# WASHOE COUNTY REGIONAL TRANSPORTATION COMMISSION

## Investment Performance Review For the Quarter Ended March 31, 2026

### Client Management Team

Annette Gaston, Director

### PFM Asset Management A division of U.S. Bancorp Asset Management, Inc

1101 W. Washington Street  
Tempe, AZ 85288  
480-271-0432

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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# Agenda

- Market Update
- Account Summary
- Portfolio Review

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# Market Update

## Current Market Themes



- ▶ Geopolitics has overtaken U.S. macro fundamentals as the market's primary focus
  - ▶ Conflict in Iran has increased near-term inflation risks due to higher commodity prices
  - ▶ Unemployment rate remains stable with net new job creation near zero
  - ▶ Consumer spending and business investment continue to support growth, though momentum is slowing



- ▶ The Federal Reserve paused during both meetings in Q1, keeping rates at 3.50-3.75%
  - ▶ The median "dot plot" projection continues to show one 25 basis point cut in 2026, though individual projections showed less easing
  - ▶ Fed Chair Powell acknowledged the path forward is complicated by geopolitical uncertainty, making it more difficult for the Fed to balance its dual mandate

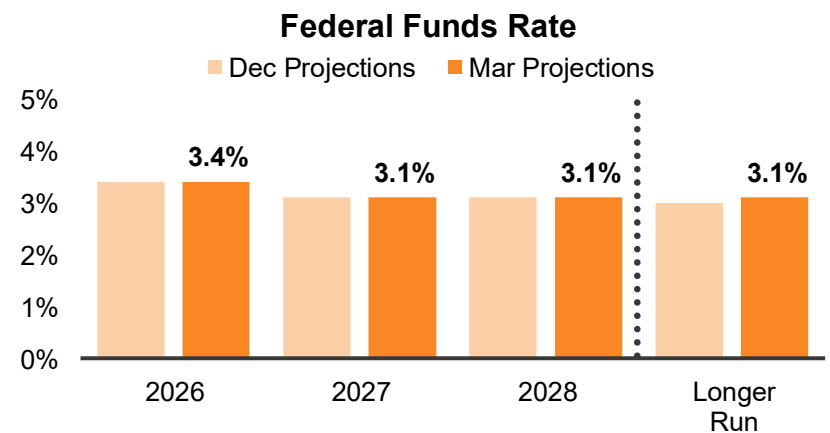
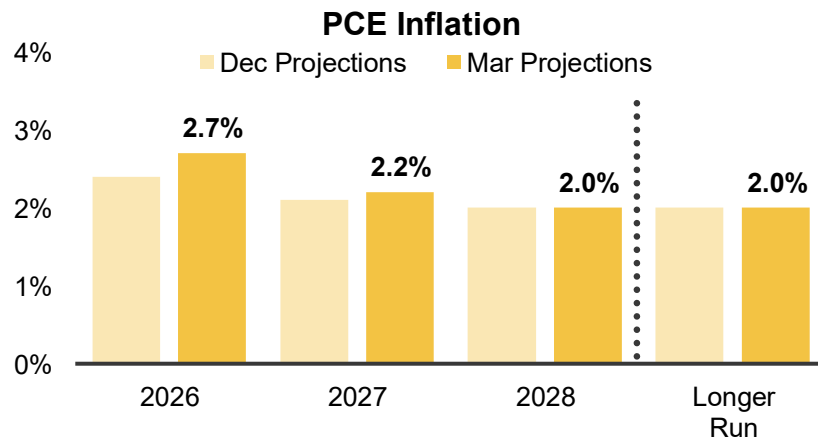
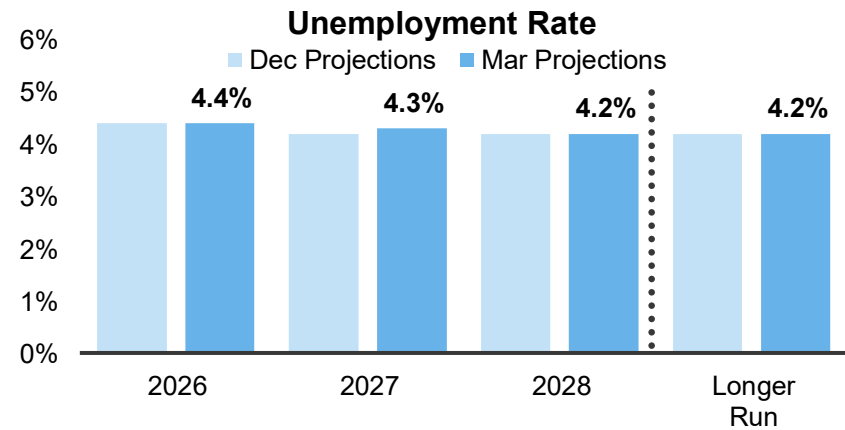
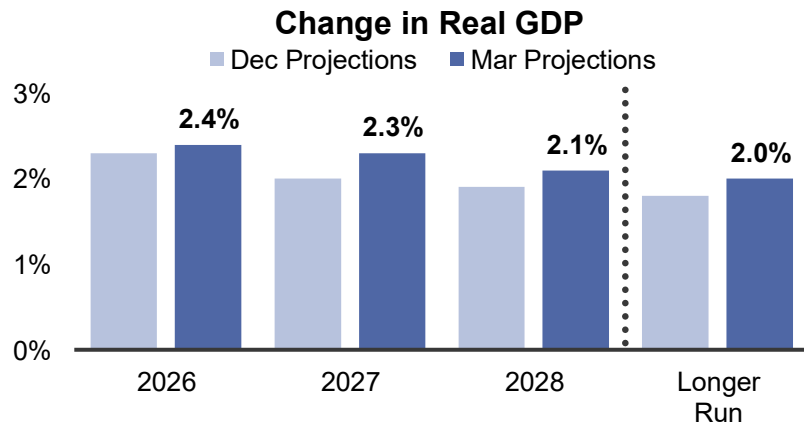


- ▶ Rising front-end yields unwound the inversion in the Treasury curve
  - ▶ Rate cut expectations were pushed further out, lifting front-end yields
  - ▶ Escalating Middle East conflict drove a spike in volatility
  - ▶ Credit spreads widened from historically tight levels amid heavy supply and geopolitical pressure

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of March 31, 2026.

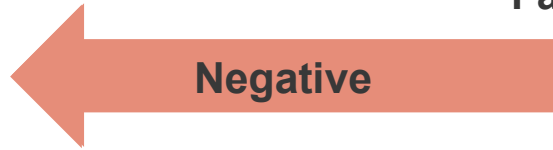
## Fed's Updated Summary of Economic Projections

*Fed Chair Powell: "The economic effect could be bigger, they could be smaller ... We just don't know. People are writing down what seems to make sense to them but have no conviction."*



Source: FOMC Chair Jerome Powell Press Conference, March 18, 2026. Federal Reserve, latest median economic projections, as of March 2026.

## Factors Shaping the Economic Outlook



### Negative

- ▶ Geopolitical uncertainty
- ▶ Higher energy prices
- ▶ Net new job creation near zero
- ▶ Increasing retail credit card balances
- ▶ Rising student loan delinquencies



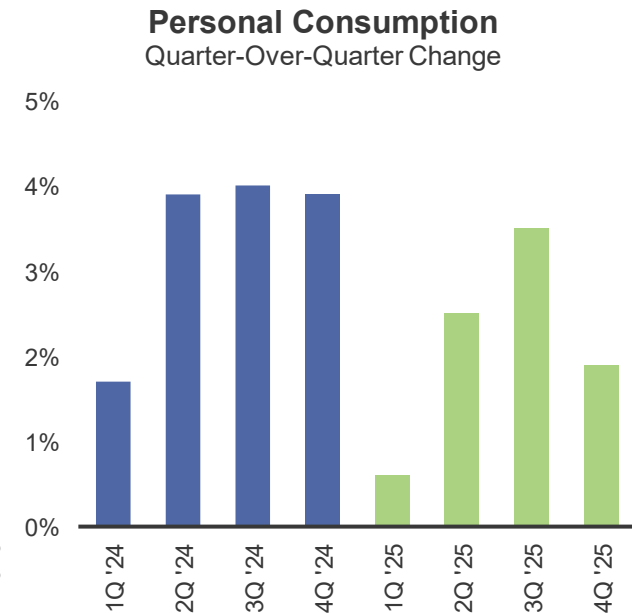
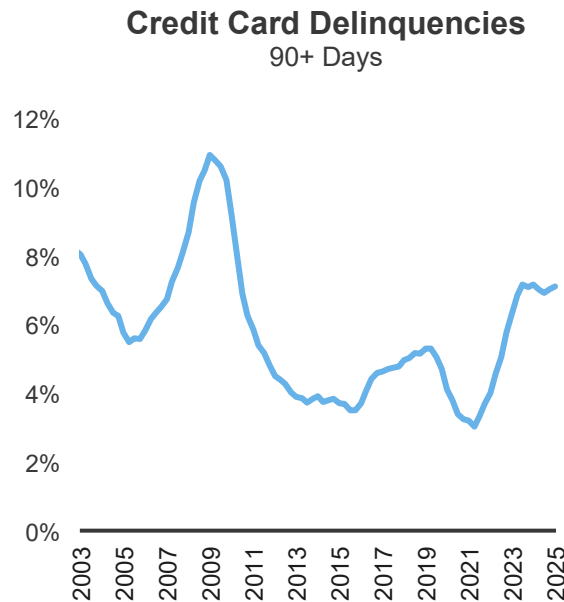
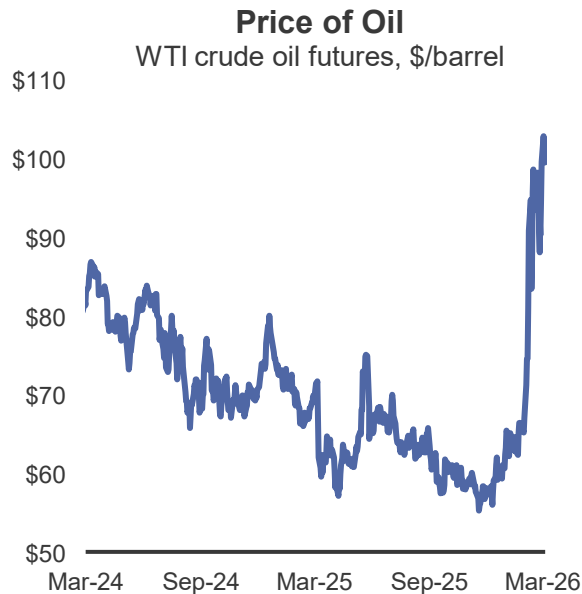
### Neutral

- ▶ Stable Fed Policy
- ▶ Core inflation stable but above target
- ▶ Stabilizing credit card delinquencies



### Positive

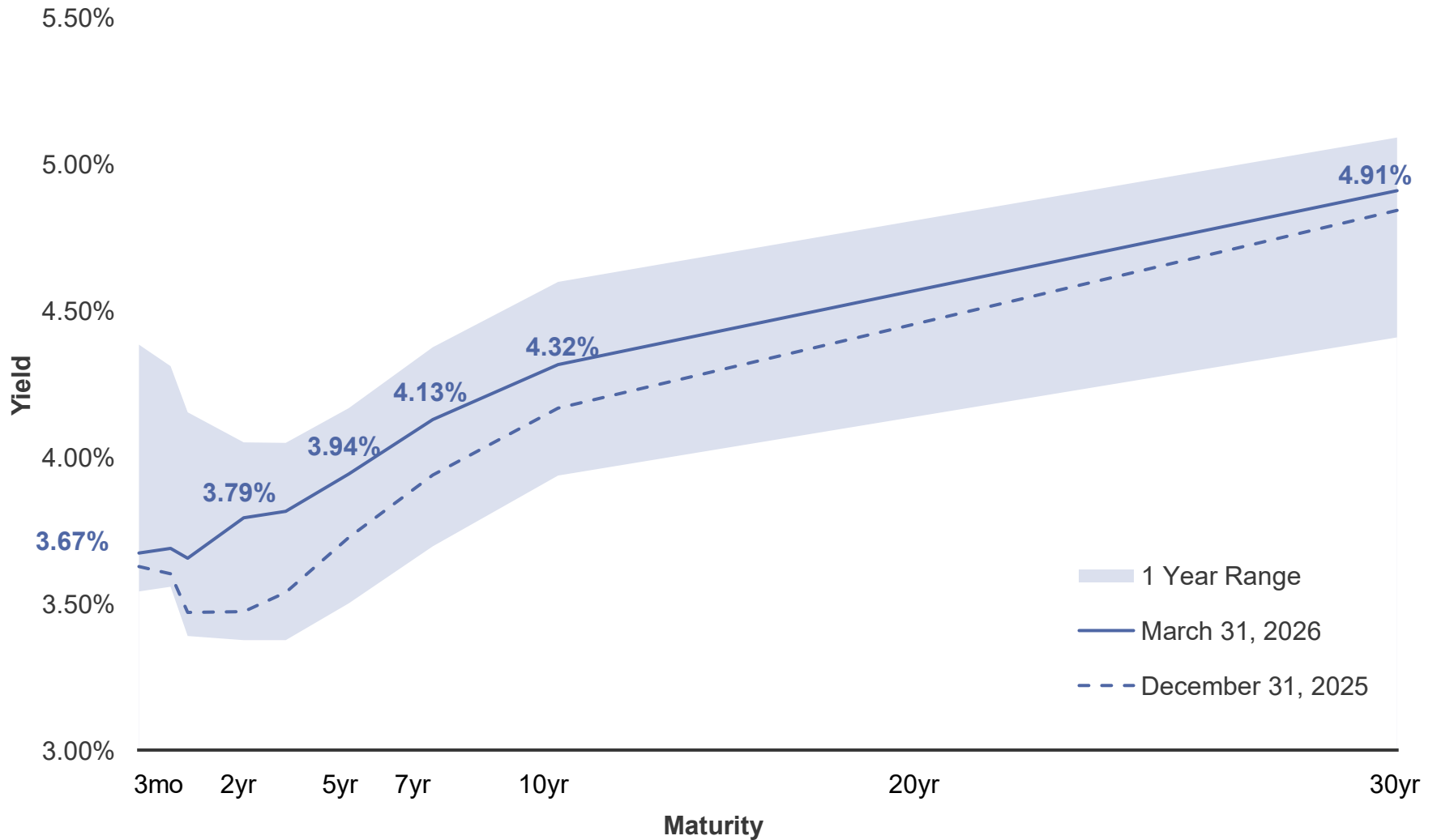
- ▶ Above-average tax refunds
- ▶ Resilient consumer spending
- ▶ Positive real disposable personal income growth
- ▶ Corporate fundamentals



Sources: Bloomberg Finance L.P., March 31, 2026, Federal Reserve Bank of New York as of December 2025, and Bureau of Economic Analysis as of December 2025.

### Treasury Yields Rise Across the Curve

#### U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of March 31, 2026.

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# Account Summary

## Fixed-Income Sector Commentary – 1Q 2026

- ▶ The **Federal Open Market Committee (FOMC)** maintained the target range for the federal funds rate, noting continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- ▶ **U.S. Treasury** yields rose across the curve with 2- to 5-year tenors experiencing the largest repricing. The short-end curve inversion ended given the move higher in yields.
- ▶ **Federal Agency & supranational** issuance remained limited, keeping spreads narrow and excess returns muted. The announcement of \$200 billion of mortgage purchases by FNMA and FHLMC is unlikely to materially affect issuance trends with buying funded by cash.
- ▶ **Investment-Grade (IG) corporate** bond yield spreads were stable in the first two months of the quarter. However, in response to geopolitical tensions, heightened issuance, and concerns over private debt capital in the last month of the quarter, spreads widened noticeably. Excess returns for the sector were generally negative, but strong carry is expected to provide support.
- ▶ Spreads on **Asset-Backed Securities** widened marginally, but spreads versus equivalent-duration corporate notes narrowed. Auto loan collateral marginally outperformed credit receivables.
- ▶ 30-year **Agency-backed mortgage-backed securities (MBS)** generated solid excess returns in Q1 and outperformed 15-year tenors. Surging bond volatility toward quarter end neared weighed on excess returns. **Agency-backed commercial MBS (CMBS)** also produced positive excess returns for the quarter.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) experienced spread widening which created opportunities, particularly in 9- to 12-month tenors. Floating-rate notes also saw notable spread widening, ending the quarter 10 to 15 bps wider versus year end levels.

*The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (3/31/2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.*

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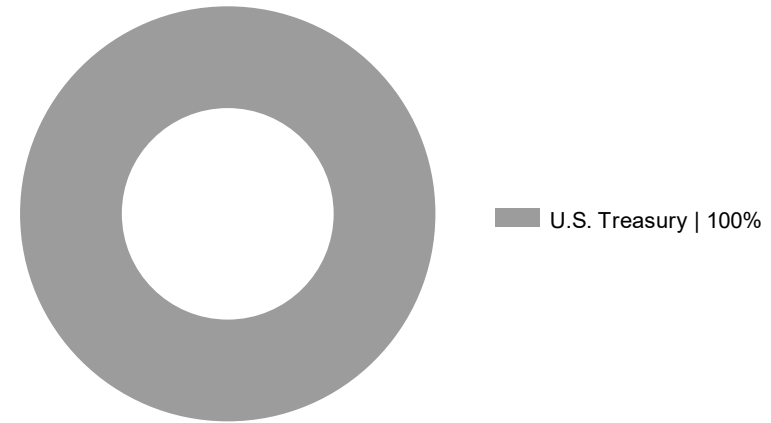
Portfolio Review:  
WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

## Portfolio Snapshot - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO<sup>1</sup>

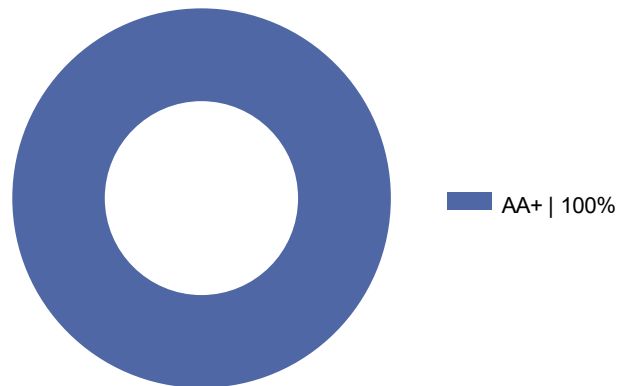
### Portfolio Statistics

<b>Total Market Value</b>	\$9,087,885.39
<i>Securities Sub-Total</i>	\$8,996,490.54
<i>Accrued Interest</i>	\$37,313.53
<i>Cash</i>	\$54,081.32
<b>Portfolio Effective Duration</b>	2.34 years
<b>Yield At Cost</b>	3.94%
<b>Yield At Market</b>	3.83%
<b>Portfolio Credit Quality</b>	AA

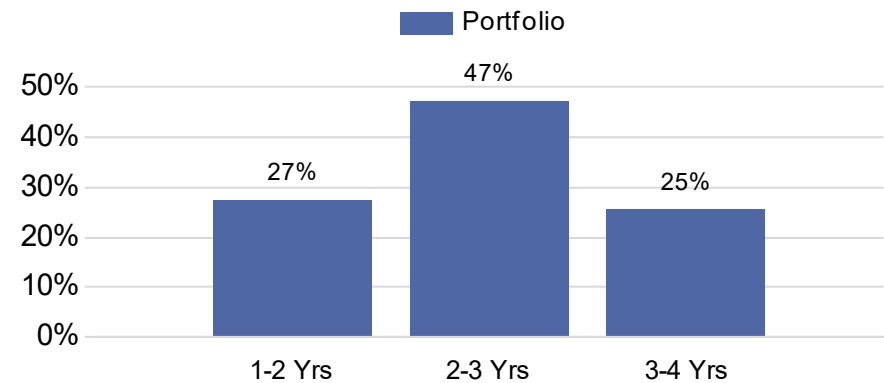
### Sector Allocation



### Credit Quality - S&P<sup>2</sup>



### Duration Distribution

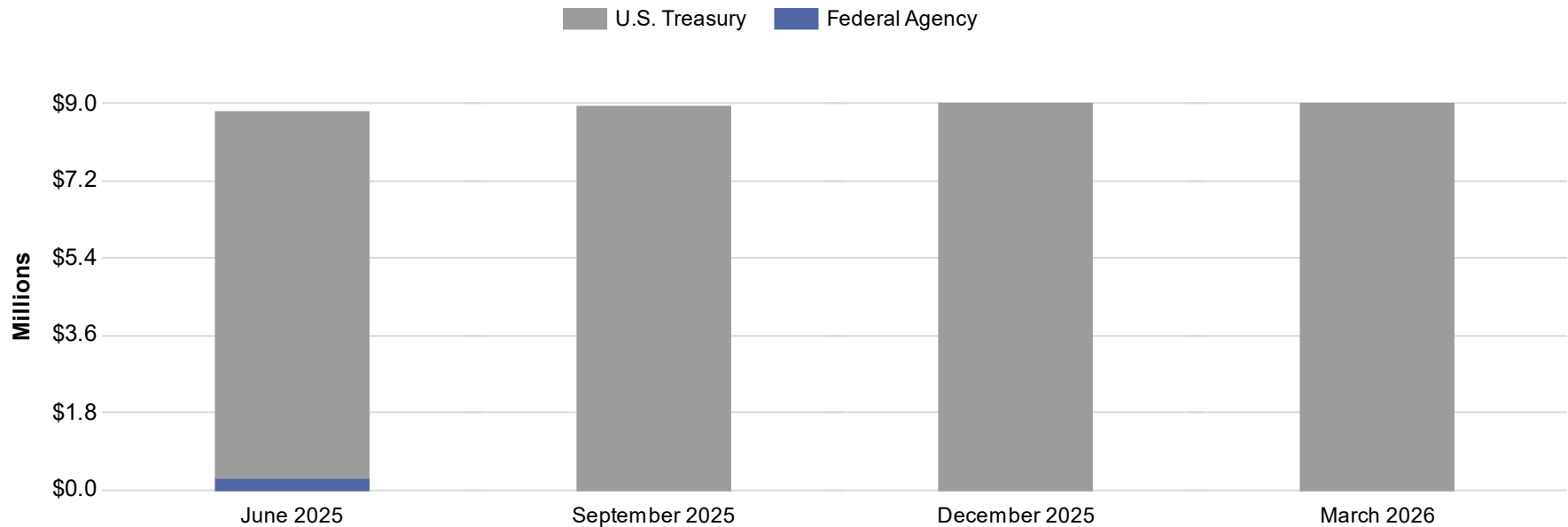


1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest.

2. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

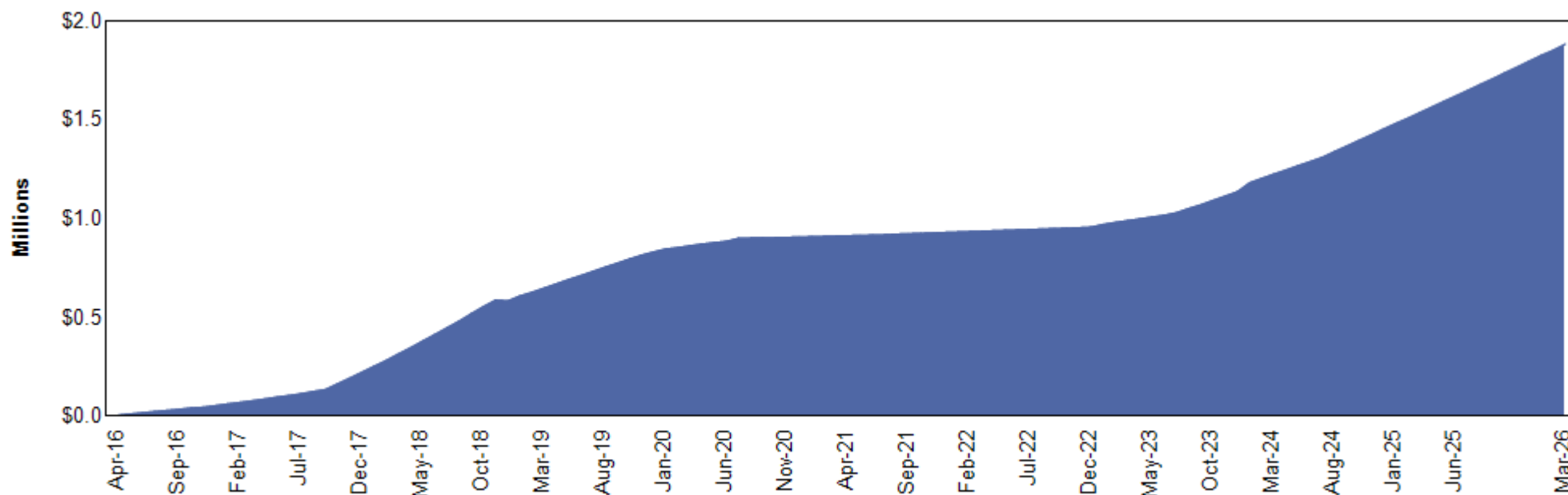
### Sector Allocation Review - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Security Type	Jun-25	% of Total	Sep-25	% of Total	Dec-25	% of Total	Mar-26	% of Total
U.S. Treasury	\$8.5	96.8%	\$8.9	100.0%	\$9.0	100.0%	\$9.0	100.0%
Federal Agency	\$0.3	3.2%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
<b>Total</b>	<b>\$8.8</b>	<b>100.0%</b>	<b>\$8.9</b>	<b>100.0%</b>	<b>\$9.0</b>	<b>100.0%</b>	<b>\$9.0</b>	<b>100.0%</b>



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

## Accrual Basis Earnings - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO



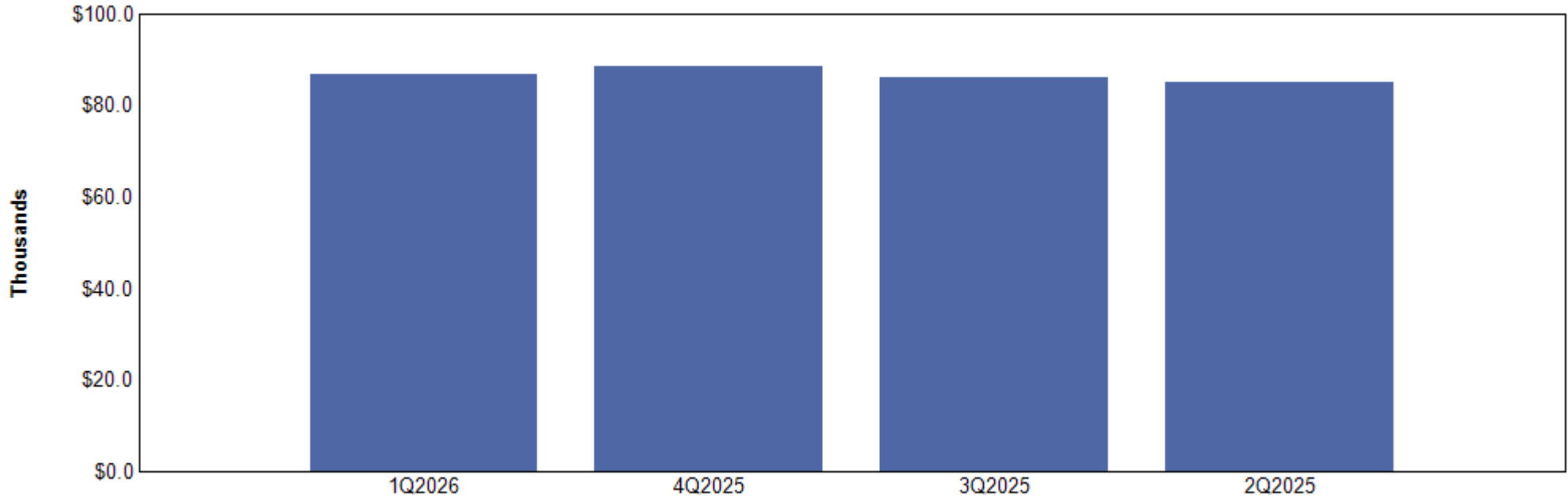
Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year <sup>1</sup>
Interest Earned <sup>2</sup>	\$48,497	\$152,705	\$400,182	\$500,256	\$1,287,647
Realized Gains / (Losses) <sup>3</sup>	-	-	\$20,915	\$22,479	(\$8,884)
Change in Amortized Cost	\$38,335	\$194,023	\$472,067	\$448,695	\$607,689
<b>Total Earnings</b>	<b>\$86,832</b>	<b>\$346,728</b>	<b>\$893,164</b>	<b>\$971,431</b>	<b>\$1,883,921</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2012.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

### Accrual Basis Earnings - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO



Accrual Basis Earnings	1Q2026	4Q2025	3Q2025	2Q2025
Interest Earned <sup>1</sup>	\$48,497	\$35,879	\$34,351	\$33,978
Realized Gains / (Losses) <sup>2</sup>	-	-	-	-
Change in Amortized Cost	\$38,335	\$52,717	\$51,820	\$51,151
<b>Total Earnings</b>	<b>\$86,832</b>	<b>\$88,596</b>	<b>\$86,171</b>	<b>\$85,129</b>

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

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# Portfolio Holdings and Transactions

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>100.0%</b>	
United States Treasury	100.0%	AA / Aa / AA
<b>Total</b>	<b>100.0%</b>	

*Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.*

### Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury</b>											
US TREASURY N/B DTD 01/31/2023 3.500% 01/31/2028	91282CGH8	2,350,000.00	AA+	Aa1	7/31/2024	8/1/2024	2,304,835.94	4.10	13,632.60	2,325,530.61	2,336,597.95
US TREASURY N/B DTD 01/31/2023 3.500% 01/31/2028	91282CGH8	135,000.00	AA+	Aa1	9/23/2025	9/24/2025	134,810.16	3.56	783.15	134,850.59	134,230.10
US TREASURY N/B DTD 08/02/2021 1.000% 07/31/2028	91282CCR0	3,100,000.00	AA+	Aa1	1/16/2024	1/17/2024	2,727,273.44	3.92	5,138.12	2,908,350.62	2,906,975.40
US TREASURY N/B DTD 08/02/2021 1.000% 07/31/2028	91282CCR0	1,175,000.00	AA+	Aa1	1/31/2025	2/3/2025	1,051,395.51	4.28	1,947.51	1,090,404.02	1,101,837.45
US TREASURY N/B DTD 01/31/2022 1.750% 01/31/2029	91282CDW8	240,000.00	AA+	Aa1	9/23/2025	9/24/2025	226,162.50	3.59	696.13	228,189.54	226,696.80
US TREASURY N/B DTD 07/31/2024 4.000% 07/31/2029	91282CLC3	2,280,000.00	AA+	Aa1	2/3/2026	2/4/2026	2,301,553.13	3.71	15,116.02	2,300,652.32	2,290,152.84
<b>Security Type Sub-Total</b>		<b>9,280,000.00</b>					<b>8,746,030.68</b>	<b>3.94</b>	<b>37,313.53</b>	<b>8,987,977.70</b>	<b>8,996,490.54</b>
<b>Managed Account Sub Total</b>		<b>9,280,000.00</b>					<b>8,746,030.68</b>	<b>3.94</b>	<b>37,313.53</b>	<b>8,987,977.70</b>	<b>8,996,490.54</b>
<b>Securities Sub Total</b>		<b>\$9,280,000.00</b>					<b>\$8,746,030.68</b>	<b>3.94%</b>	<b>\$37,313.53</b>	<b>\$8,987,977.70</b>	<b>\$8,996,490.54</b>
<b>Accrued Interest</b>											<b>\$37,313.53</b>
<b>Total Investments</b>											<b>\$9,033,804.07</b>

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
2/3/2026	2/4/2026	2,280,000.00	91282CLC3	US TREASURY N/B	4.00%	7/31/2029	2,302,560.86	3.71%	
<b>Total BUY</b>		<b>2,280,000.00</b>					<b>2,302,560.86</b>		<b>0.00</b>
<b>INTEREST</b>									
1/2/2026	1/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		14.00		
1/31/2026	1/31/2026		91282CCR0	US TREASURY N/B	1.00%	7/31/2028	21,375.00		
1/31/2026	1/31/2026		91282CBH3	US TREASURY N/B	0.37%	1/31/2026	4,275.00		
1/31/2026	1/31/2026		91282CGH8	US TREASURY N/B	3.50%	1/31/2028	43,487.50		
1/31/2026	1/31/2026		91282CDW8	US TREASURY N/B	1.75%	1/31/2029	2,100.00		
2/2/2026	2/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		13.64		
3/2/2026	3/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		548.71		
<b>Total INTEREST</b>		<b>0.00</b>					<b>71,813.85</b>		<b>0.00</b>
<b>MATURITY</b>									
1/31/2026	1/31/2026	2,280,000.00	91282CBH3	US TREASURY N/B	0.37%	1/31/2026	2,280,000.00		
<b>Total MATURITY</b>		<b>2,280,000.00</b>					<b>2,280,000.00</b>		<b>0.00</b>

## Important Disclosures

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- ICE Bank of America Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.