



# TOWN OF FOUNTAIN HILLS

## **Investment Performance Review For the Quarter Ended March 31, 2021**

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## GLOSSARY

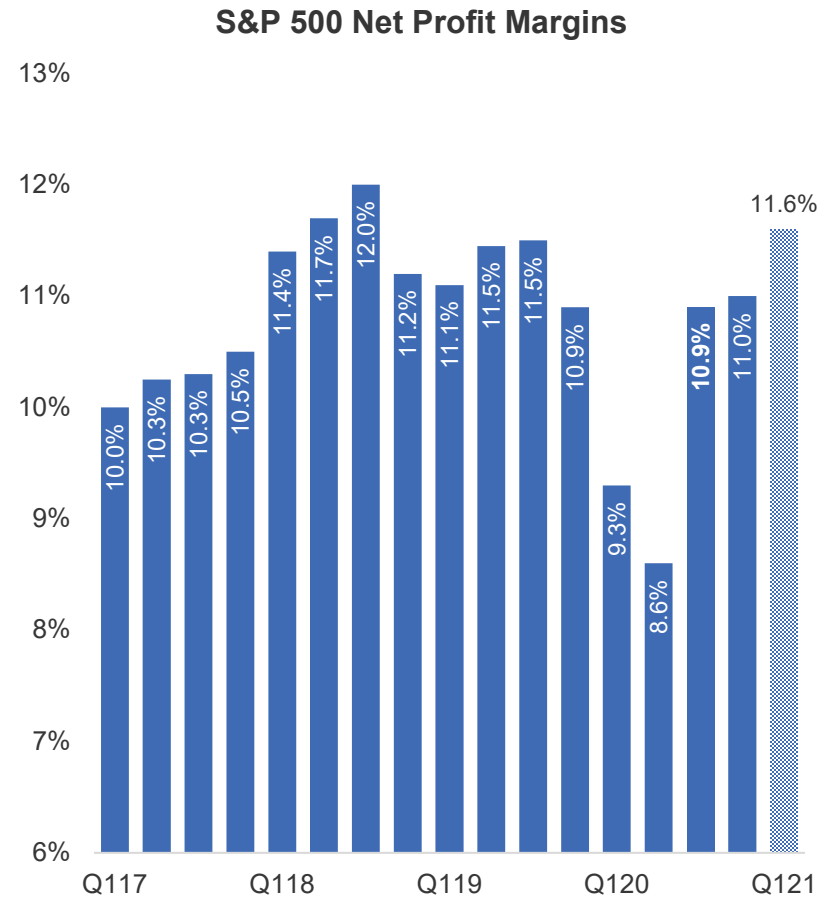
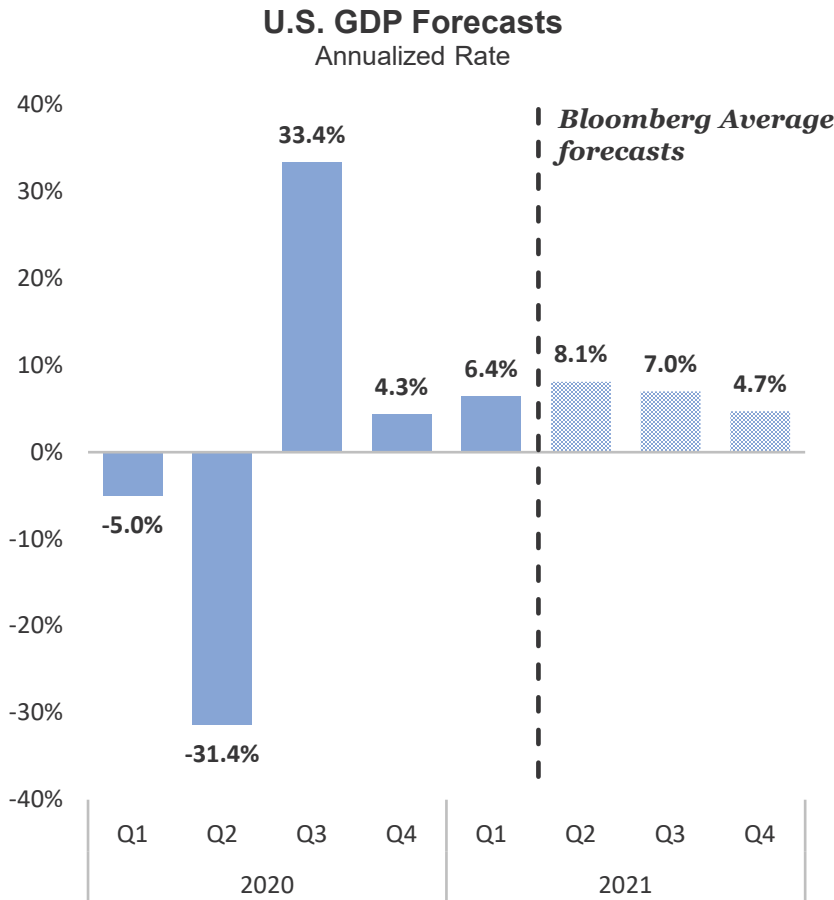
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **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.



# Economic Update



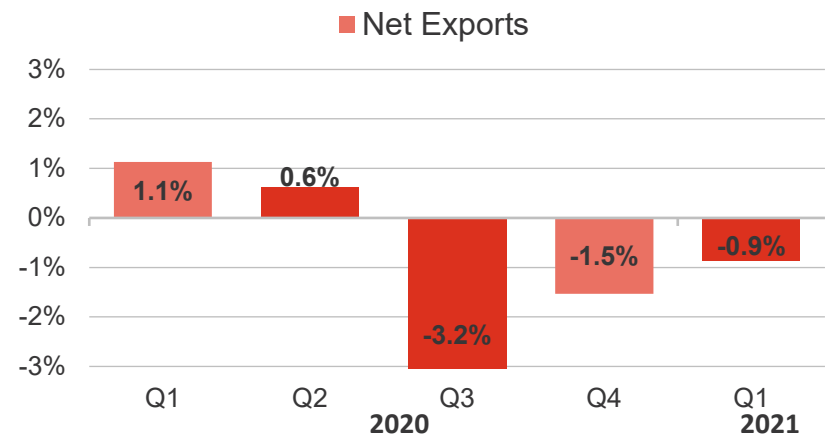
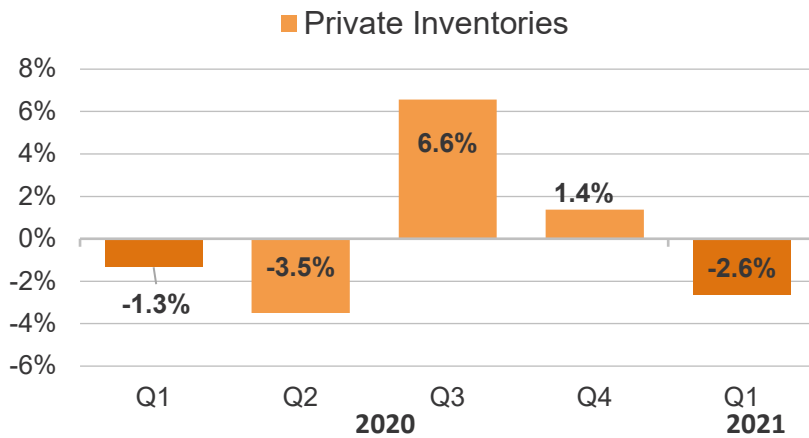
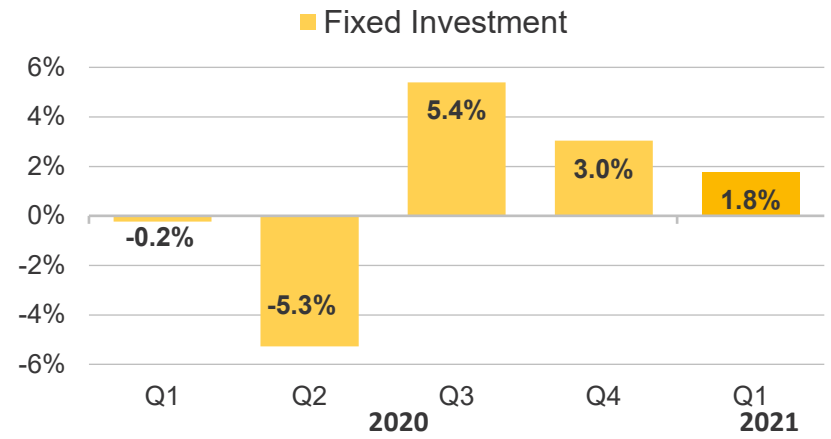
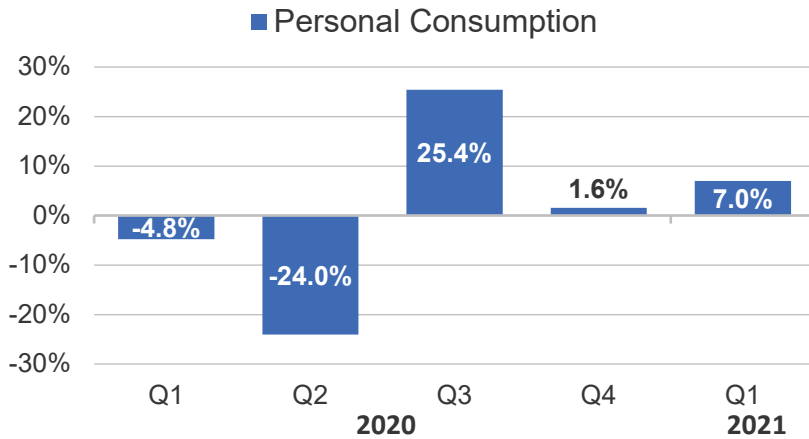
# Economists Raise GDP Growth Forecasts; Corporate Profit Margins Rising



Source: Bloomberg, as of 5/03/2021.



# U.S. Recovery Gains Steam as Spending Fuels GDP Growth



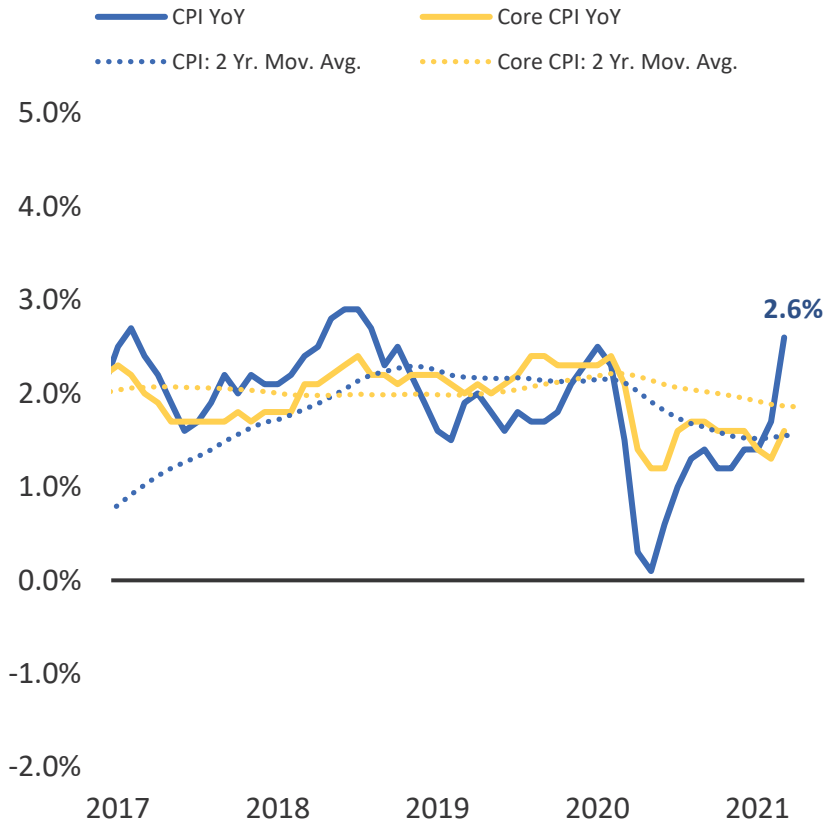
Source: Bureau of Economic Analysis, GDP component's contribution to growth.



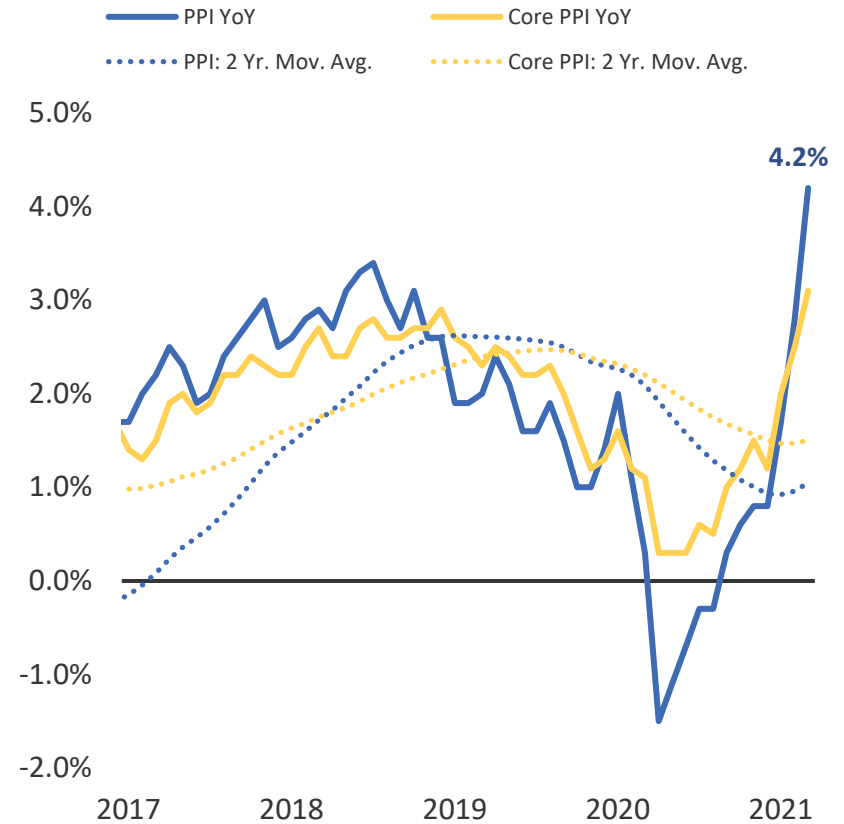


# Signs of “Base Effects” Inflation...

## Consumer Inflation Indicators



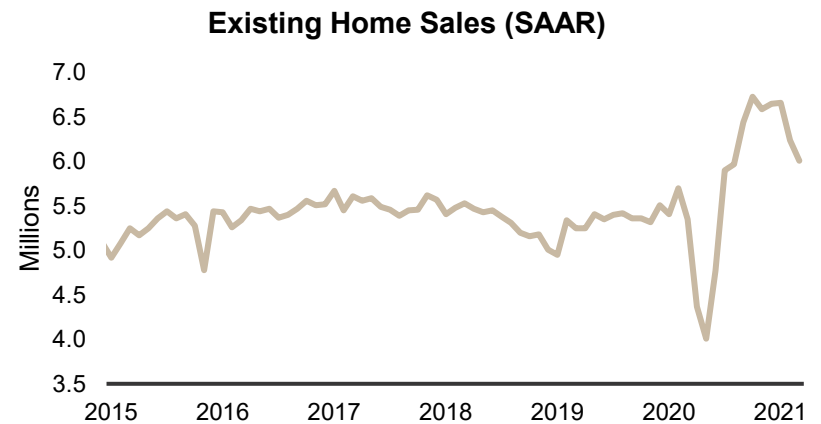
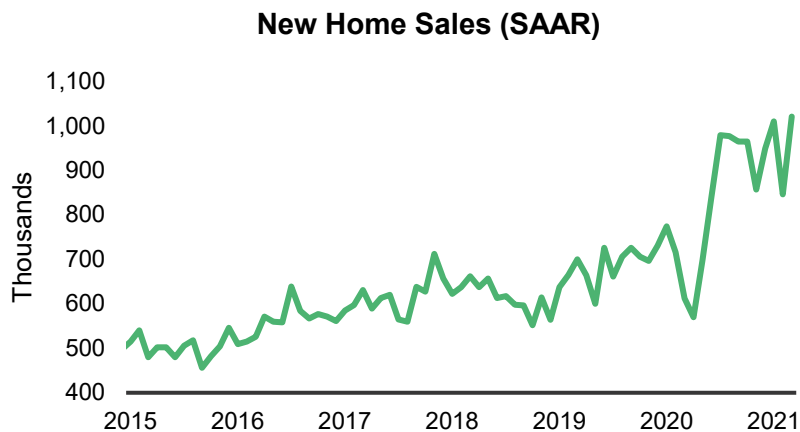
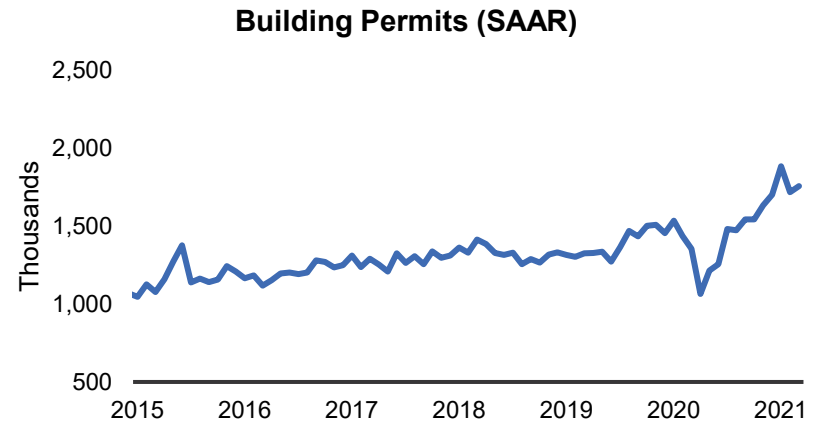
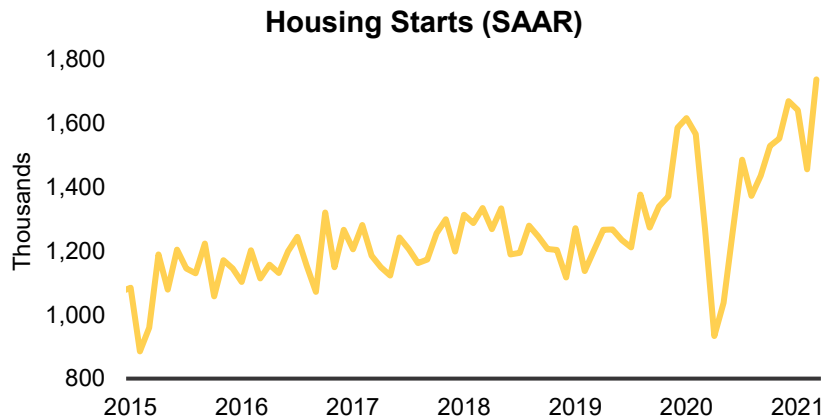
## Producer Price Inflation Indicators



Source: Bloomberg, as of 5/03/2021.



## New-Home Sales Rise to the Highest Since 2006 after Winter Setback



Source: Bloomberg, latest data as of 4/26/2021.



## Mortgage Rates Fall from Recent Highs

Freddie Mac U.S. Mortgage 30-Year Commitment Rates

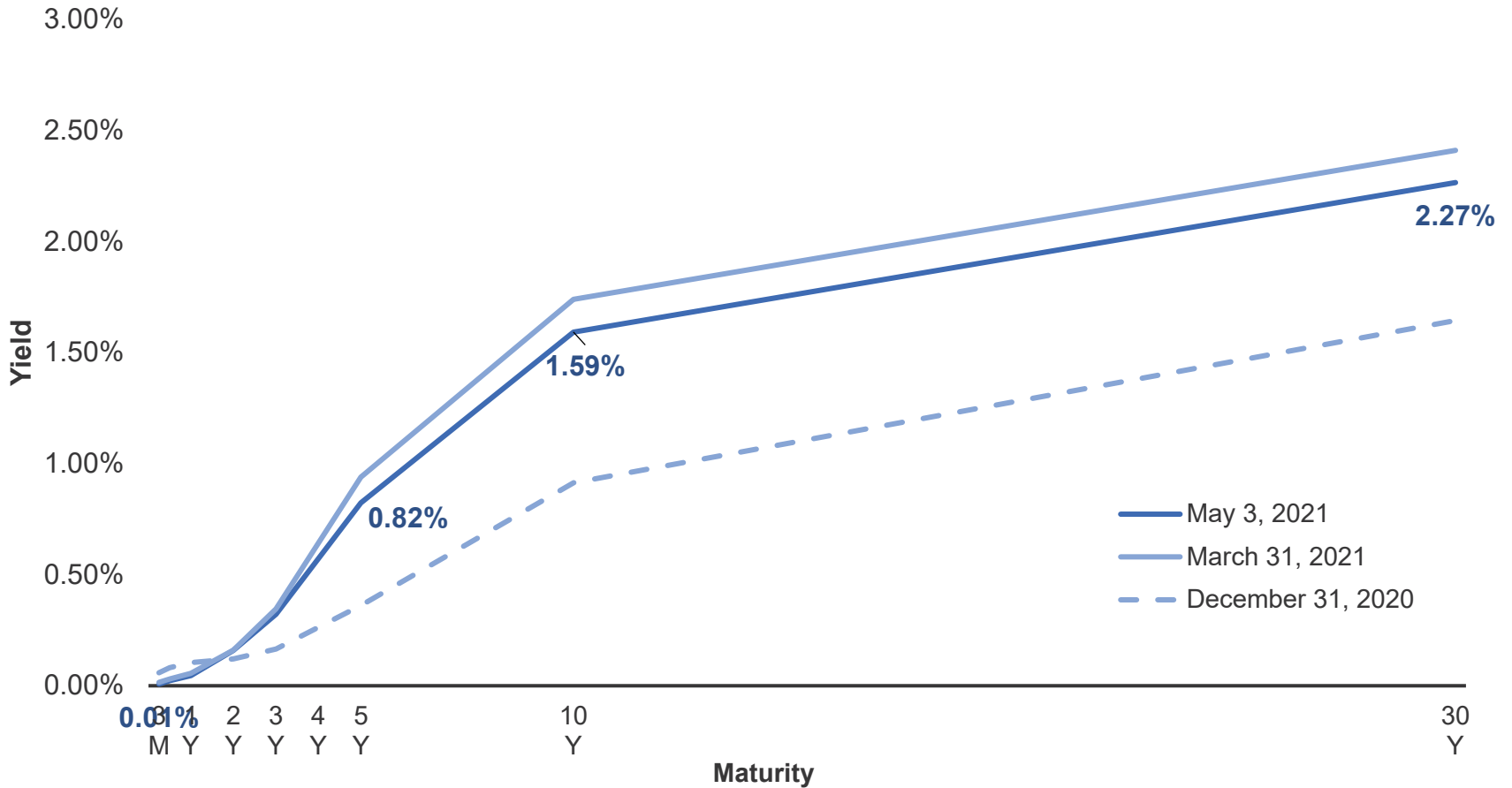


Source: Bloomberg, as of 4/26/2021.



## Treasury Yield Curve Flattens Modestly

### U.S. Treasury Yield Curve

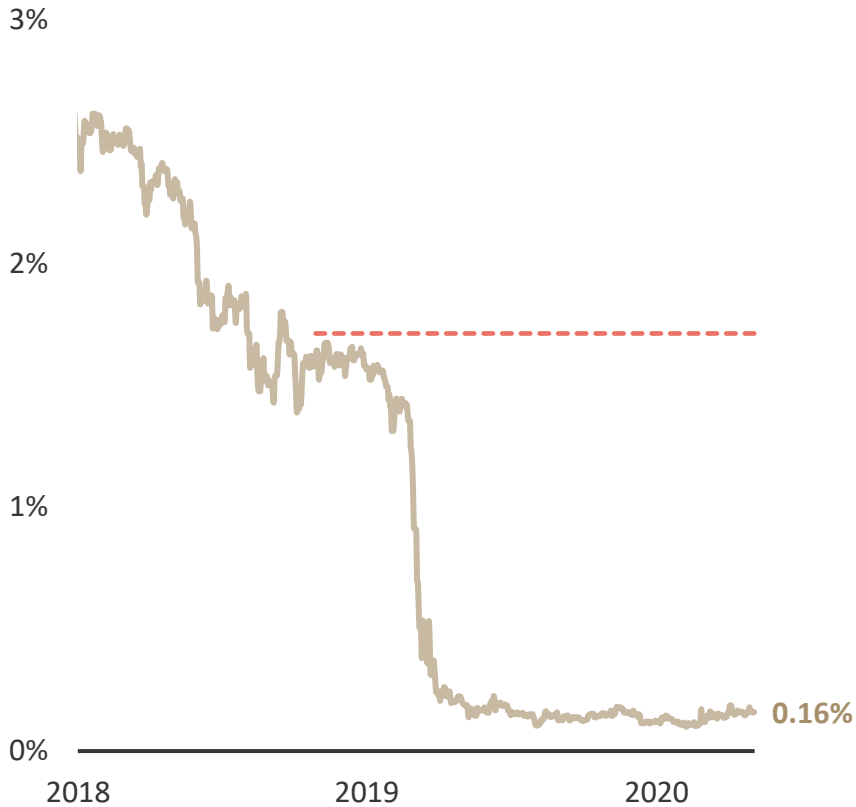


Source: Bloomberg, as of 5/03/2021.



# Long-Term Treasury Yields Pull Back from Highs

## 2-Year Treasury Yield



## 10-Year Treasury Yield



Source: Bloomberg, as of 5/03/2021.



## Disclosures

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