



Bond Proceeds Investment Strategies

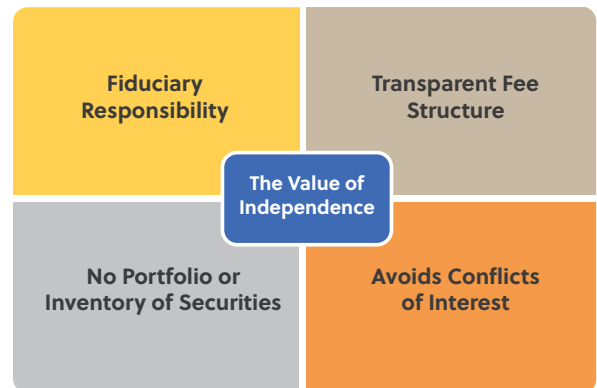
A careful and thoughtful approach to the investment of bond proceeds can make a real difference when seeking to generate competitive returns over the life of the bond issue. Investors should evaluate whether actively managing bond proceeds or a one-time portfolio purchase is the best option to suit their needs. When deciding how to invest bond proceeds, investors must consider the following:

- The time horizon and complexity of a project
- Permitted investments
- Cash flow expectations
- Arbitrage rebate implications
- Flow of funds
- Risk tolerance

PFM's asset management business helps bond issuers professionally manage their bond proceeds using strategies that are tailored to their individual needs. At PFM, we do not believe that "one size fits all." Instead, our asset management strategies are customized to each client's permitted investments, cash flows, and other constraints.

Why PFM's Asset Management Business?

We are unaware of any firm with more experience in the specialized field of bond proceeds investment strategies. We have more than two decades of experience managing bond proceeds for public-sector investors, from which we have gained a deep understanding of their investment guidelines and challenges. As of March 31, 2020, our investment professionals managed \$113.4 billion in assets, of which include about \$11.5 billion in bond proceeds. Since 2006, PFM's Structured Products Group has advised on more than 2,960 bond proceeds related transactions totaling more than \$279.3 billion in related assets on behalf of a wide range of issuers (as of March 31, 2020).



Our investment professionals use sophisticated portfolio optimization software and work closely with our fixed-income trading desk to structure and competitively procure portfolios based on expected cash flow needs as well as current and projected market conditions. Our team is an independent investment advisor that is accountable to clients as a fiduciary and acts in their best interest. We believe this independence benefits our clients in many ways.



Our Philosophy

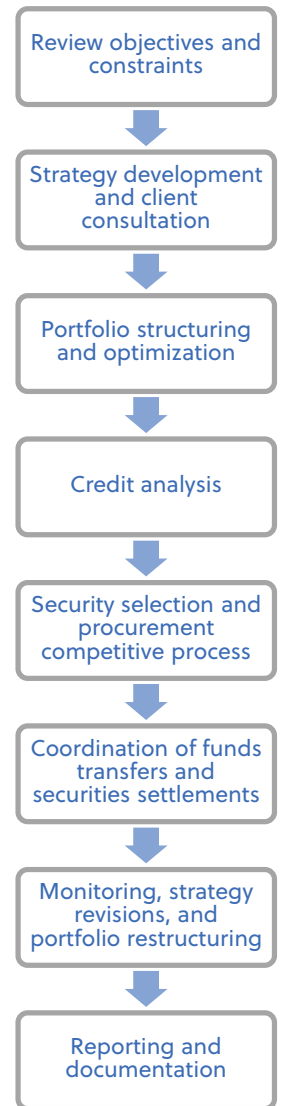
Our investment philosophy focuses on the tenets of safety, liquidity, and competitive returns when managing fixed-income securities for public-sector and other institutional investors. Additionally, we look at bond proceeds investments from a tax planning standpoint, leveraging the expertise of our dedicated Arbitrage and Tax Compliance Group.

Our Process

After considering the project's distinct characteristics, we help clients decide whether an active or passive approach would be most likely to generate the highest net return. If active management is deemed appropriate, we utilize a number of strategies to enhance the portfolio, including:

- Secondary market supply and pricing research
- Utilization of portfolio optimization software to aid structuring and procurement
- Regularly conducting rigorous credit analysis
- Making relative value trades seeking to enhance returns with low volatility
- Competitively shopping all securities to ensure best execution
- Monitoring cash flow needs and restructuring the portfolio when appropriate

PFM's asset management business has an outstanding track record, an accomplishment we are proud of given the challenges of the past five years. Since inception, we have not lost any of the principal that clients have entrusted to us; in fact, we have helped our clients avoid the losses suffered by many during the recent credit crisis. Working in collaboration with our clients, we are able to structure intelligent strategies that help maximize earnings over the life of a bond issue.



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