INVESTMENT REPORT

City of South San Francisco | As of June 30, 2025

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

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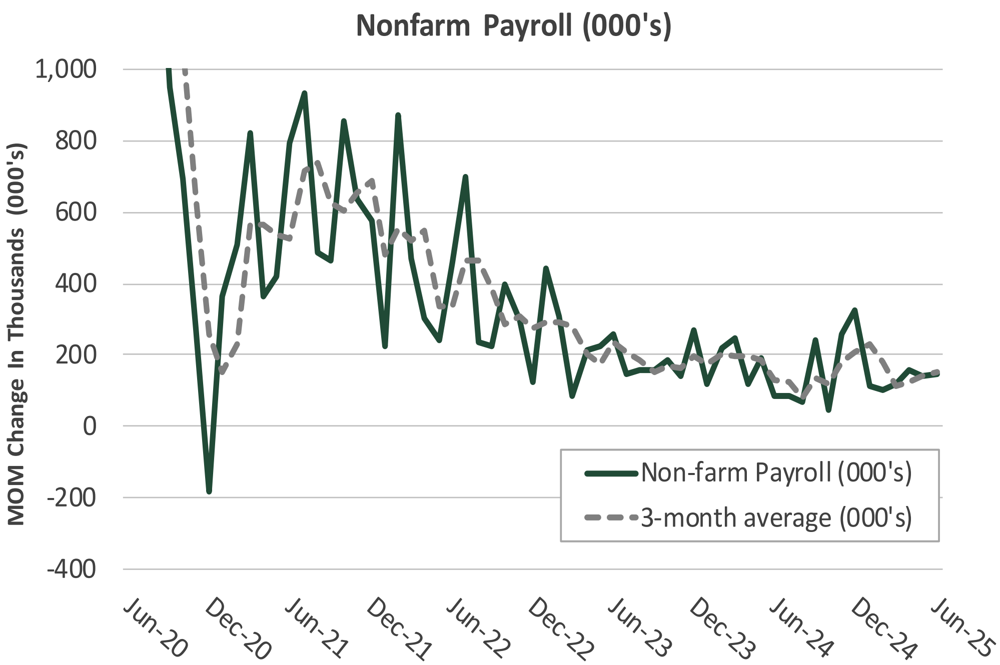
or contact clientservice@chandlerasset.com

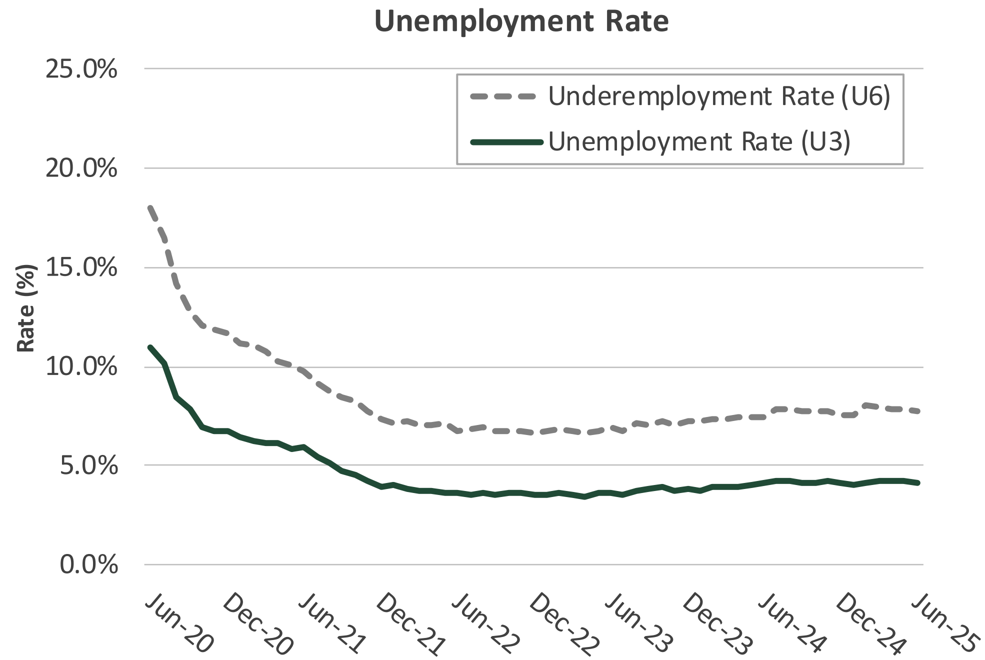
- Recent economic data suggest slower growth in 2025 and greater market uncertainty as the effects of fiscal policy unfold. Inflationary trends have subsided, but some components remain sticky, and core levels remain above the Fed’s target. The labor market reflects improved balance between supply and demand for workers. While job creation has been robust, continuing jobless claims remain elevated. Given the economic outlook, we expect gradual normalization of monetary policy and a steepening yield curve.

- As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25 - 4.50% at the June meeting. Fed Chair Powell continued to emphasize the Committee’s “wait and see” approach amidst economic uncertainty that remains elevated but diminished. Federal Reserve officials continued to pencil in two rate cuts in 2025.

- US Treasury yields declined in June. The 2-year Treasury yield fell 18 basis points to 3.72%, the 5-year Treasury dropped 17 basis points to 3.80%, and the 10-year Treasury yield also declined 17 basis points to 4.23%. The spread between the 2-year and 10-year Treasury yield points on the curve edged up to +51 basis points at June month-end versus +50 basis points at May month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -36 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -7 basis points in June, versus -6 basis points in May.

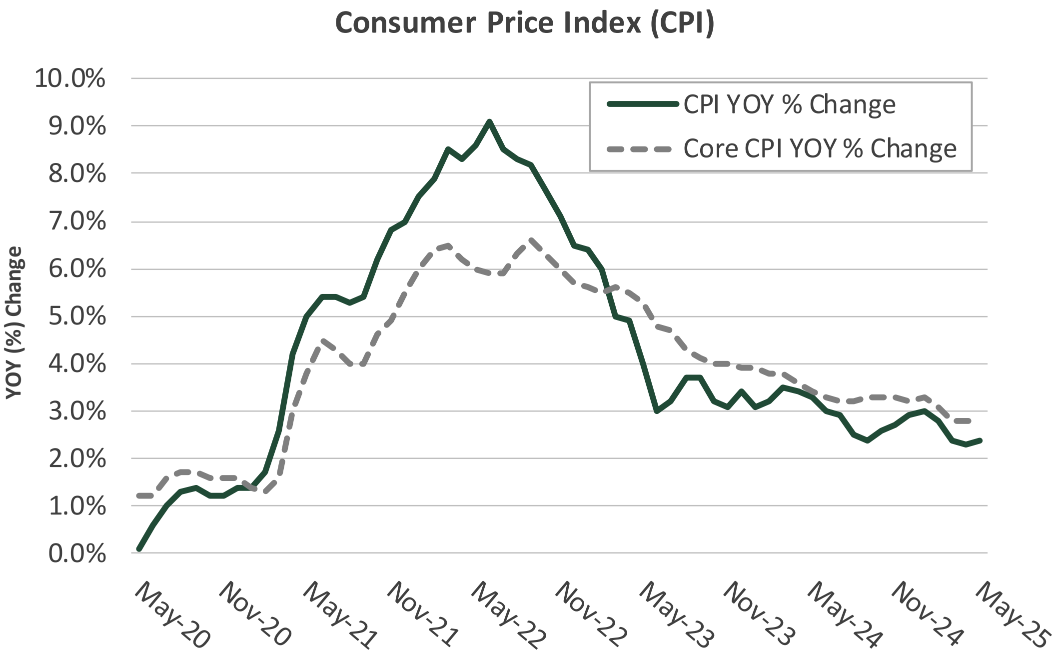


Source: US Department of Labor

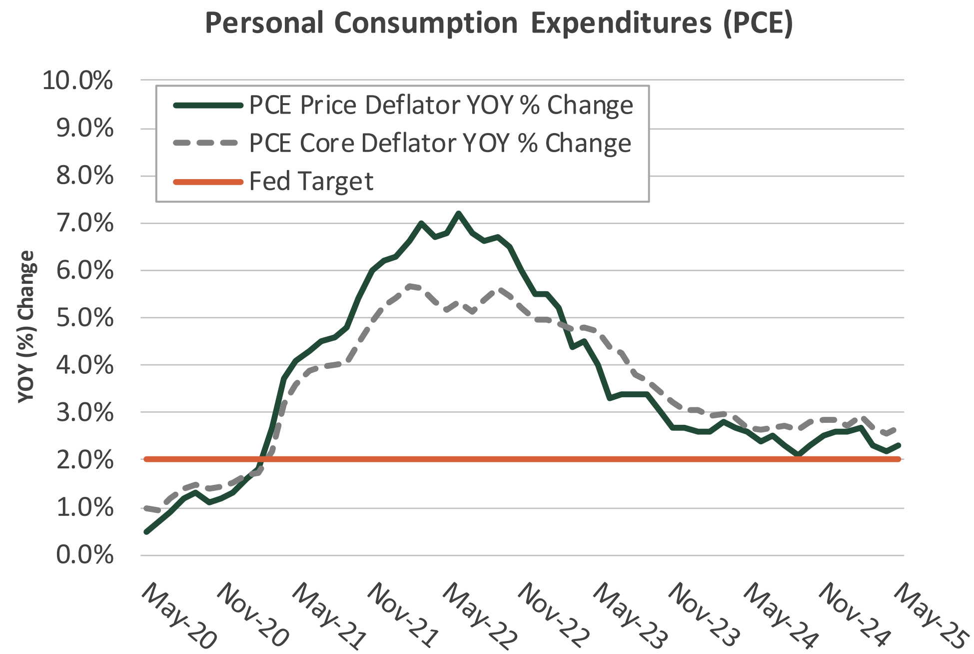


Source: US Department of Labor

The U.S. economy added 147,000 jobs in June, exceeding consensus expectations, and the last two months were revised up by 16,000. Gains were primarily driven by state and local government education, while job growth in service sectors languished. The three-month moving average and six-month moving average payrolls totaled 150,000 and 130,000 respectively. The unemployment rate declined to 4.1% in June from 4.2% in May, due to a shrinking labor force. The labor participation rate dipped to 62.3%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons dropped to 7.7% in June. Average hourly earnings fell slightly, marking a 3.7% year-over-year increase.

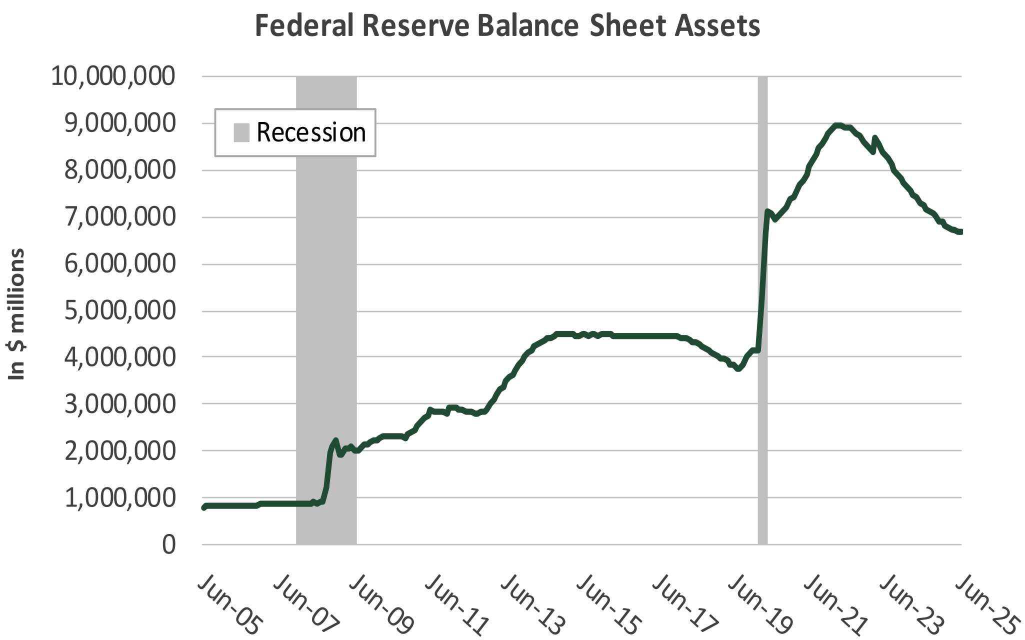


Source: US Department of Labor

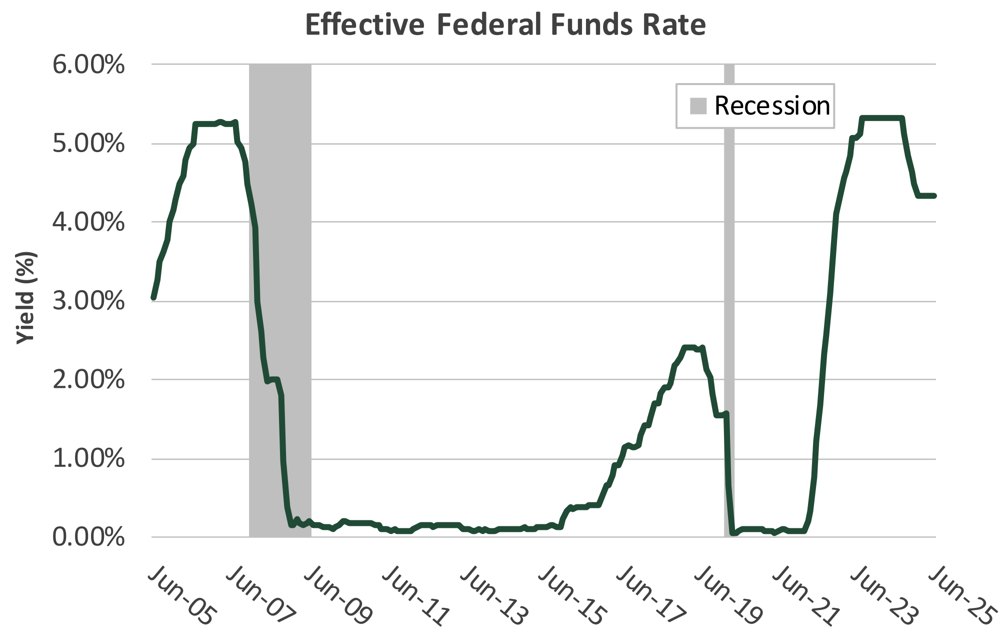


Source: US Department of Commerce

In May, the Consumer Price Index (CPI) cooled slightly more than consensus expectations. The headline CPI increased 0.1% month-over-month and rose 2.4% year-over-year, while the Core CPI rose 0.1% month-over-month and 2.8% year-over-year. The Personal Consumption Expenditures (PCE) price index increased 0.1% month-over-month and rose 2.3% year-over-year in May. The Core PCE deflator, which excludes food and energy and is the Fed's preferred gauge, increased 0.2% month-over-month and 2.7% year-over-year, up from April's 2.6% year-over-year increase. Inflation is hovering above the Fed's 2% target.

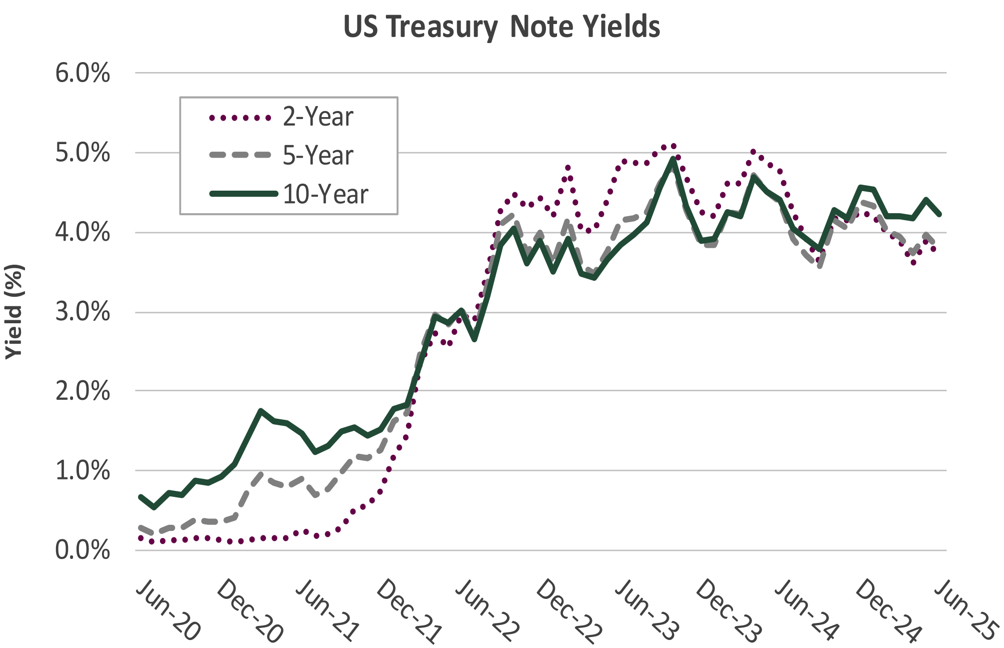


Source: Federal Reserve

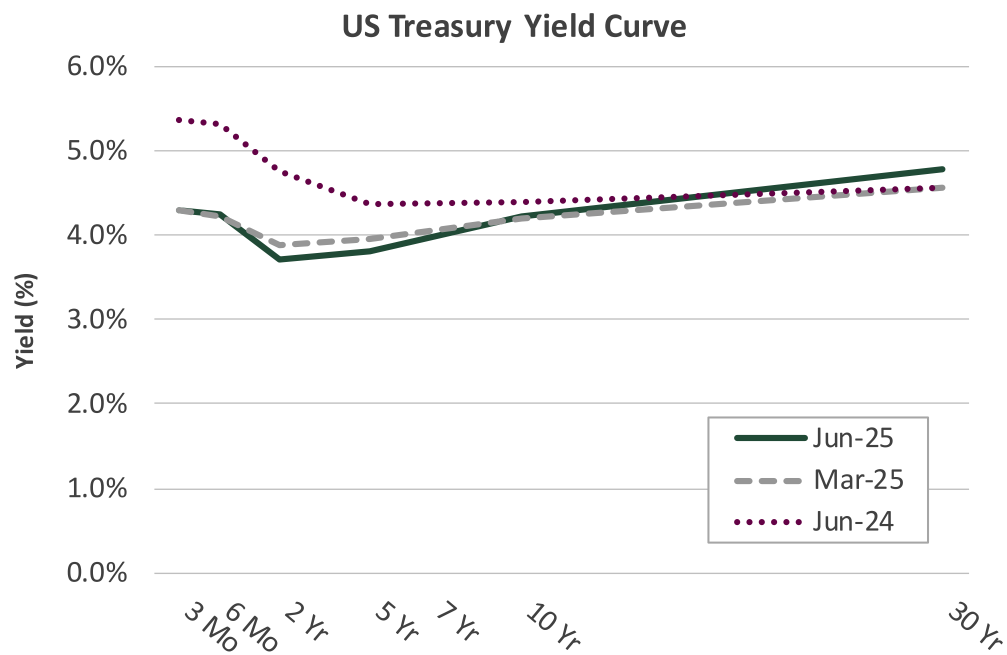


Source: Bloomberg

As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25 - 4.50% at the June meeting. In the Summary of Economic Projections (SEP), Federal Reserve officials continued to pencil in two rate cuts in 2025, while downgrading estimates for economic growth and raising forecasts for both unemployment and inflation this year. The statement indicated that uncertainty about the economic outlook remained elevated but had diminished. The monthly redemption cap on Treasuries will remain at $5 billion, while the cap on agencies and mortgage-backed securities will be maintained at $35 billion. Since the Fed began its Quantitative Tightening campaign in June 2022, securities holdings have declined by about $2.2 trillion to approximately $6.7 trillion.



Source: Bloomberg



Source: Bloomberg

At the end of June, the 2-year Treasury yield was 103 basis points lower, and the 10-Year Treasury yield was 17 basis points lower, year-over-year. The spread between the 2-year and 10-year Treasury yield points on the curve edged up to +51 basis points at June month-end versus +50 basis points at May month-end. The recent yield curve inversion which began in July 2022 was historically long. The average historical spread (since 2005) is about +99 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -7 basis points in June, versus -6 basis points in May.

ACCOUNT PROFILE

Investment Objectives

The City of South San Francisco's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

	Inception	Market Value as of June 30, 2025
Mid-Term Portfolio	March 31, 2009	$213,524,343
Limited Maturity Portfolio	January 31, 2023	$109,227,602
Pension Reserve Portfolio	December 31, 2022	$6,222,354
Liquidity (Investment Pools/Cash)	N/A	$62,334,056
Total Investment Program		**$391,308,356**

Source: Chandler Asset Management. Includes accrued interest.

	FY 2024-25 Interest Income	FY 2023-24 Interest Income
Mid-Term Portfolio	$ 6,546,466	$3,989,531
Limited Maturity Portfolio	$ 3,365,828	$2,979,563
Pension Reserve Portfolio	$ 268,062	$245,255
Total Investment Program Managed by City's Investment Advisor	**$ 10,180,356**	**$7,214,349**

Liquidity (Investment Pools/Cash)	**2,684,004**
Total Investment Program Earnings	**$12,864,360**

Source: Chandler Asset Management. Includes interest income and realized gains and losses. Does not include changes in fair value.

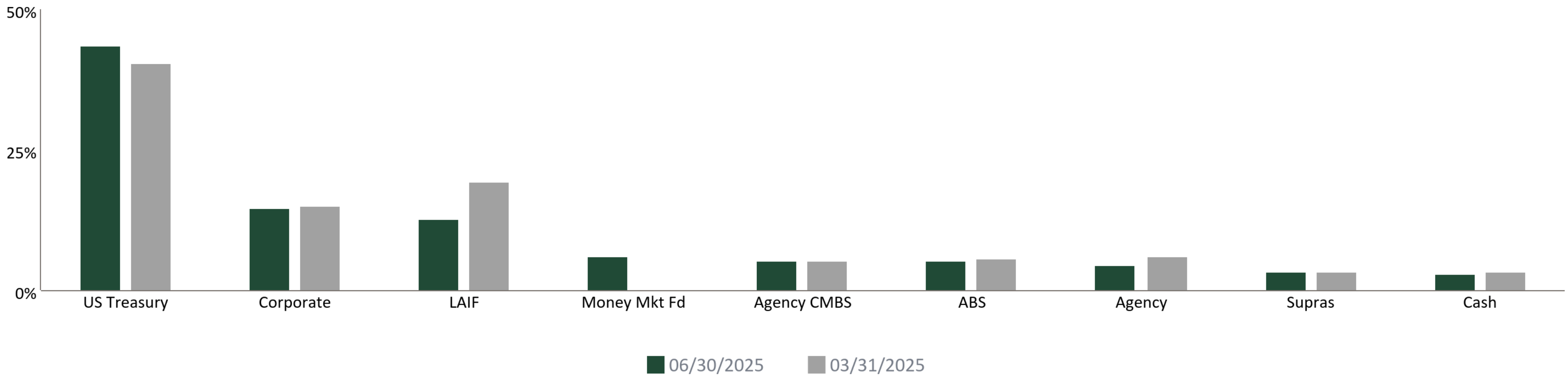
PORTFOLIO CHARACTERISTICS

So San Francisco Cons Portfolio | Account #10061 | As of June 30, 2025

	6/30/2025 Portfolio	3/31/2025 Portfolio
Average Maturity (yrs)	1.68	1.78
Average Modified Duration	1.45	1.53
Average Purchase Yield	3.85%	3.79%
Average Market Yield	3.97%	4.07%
Average Quality**	AA+	AA+
Total Market Value	391,308,356	369,712,144

*Benchmark: NO BENCHMARK REQUIRED
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch..

So San Francisco Cons Portfolio | Account #10061 | As of June 30, 2025



Sector as a Percentage of Market Value

Sector	06/30/2025	03/31/2025
US Treasury	43.59%	40.62%
Corporate	14.77%	15.11%
LAIF	12.91%	19.69%
Money Mkt Fd	6.44%	0.17%
Agency CMBS	5.57%	5.58%
ABS	5.43%	5.75%
Agency	4.77%	6.09%
Supras	3.42%	3.58%
Cash	3.09%	3.40%

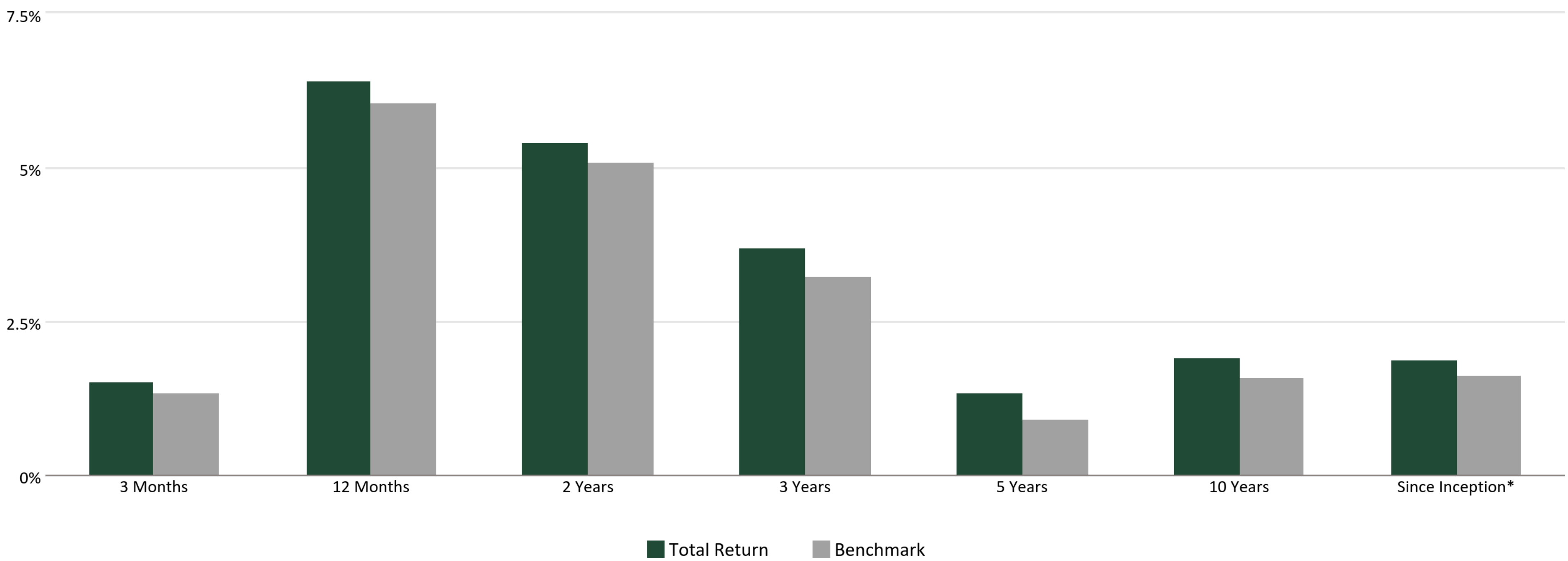
	Benchmark*	6/30/2025 Portfolio	3/31/2025 Portfolio
Average Maturity (yrs)	2.65	2.93	3.01
Average Modified Duration	2.48	2.51	2.59
Average Purchase Yield		3.76%	3.65%
Average Market Yield	3.78%	4.00%	4.16%
Average Quality**	AA+	AA+	AA+
Total Market Value		213,524,343	210,326,181

*Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

INVESTMENT PERFORMANCE

So San Francisco Mid-Term (Chandler) | Account #10059 | As of June 30, 2025

Total Rate of Return : Inception | 04/01/2009



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
So San Francisco MidTerm (CAM)	1.52%	6.45%	5.44%	3.73%	1.34%	1.92%	1.89%
Benchmark	*1.36%*	*6.06%*	*5.11%*	*3.24%*	*0.92%*	*1.61%*	*1.63%*

*Periods over 1 year are annualized.
Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

PORTFOLIO CHARACTERISTICS

So San Francisco Limited Maturity | Account #10590 | As of June 30, 2025

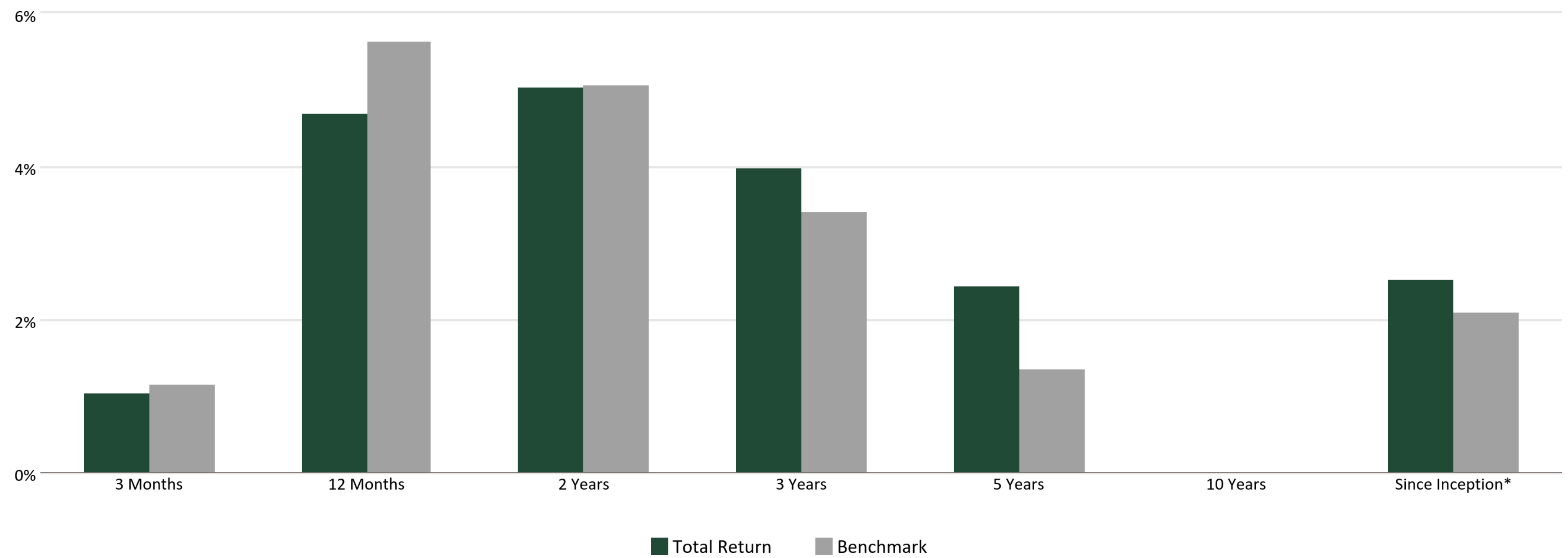
	Benchmark*	6/30/2025 Portfolio	3/31/2025 Portfolio
Average Maturity (yrs)	1.85	0.15	0.10
Average Modified Duration	1.76	0.15	0.10
Average Purchase Yield		4.22%	4.29%
Average Market Yield	3.80%	4.21%	4.30%
Average Quality**	AA+	AAA	AAA
Total Market Value		109,227,602	68,207,569

*Benchmark: ICE BofA 1-3 Year US Treasury & Agency Index
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

INVESTMENT PERFORMANCE

So San Francisco Limited Maturity | Account #10590 | As of June 30, 2025

Total Rate of Return : Inception | 05/01/2018



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
So San Francisco Limited Mat	1.04%	4.71%	5.06%	4.01%	2.45%		2.55%
Benchmark	*1.18%*	*5.67%*	*5.10%*	*3.42%*	*1.37%*		*2.12%*

*Periods over 1 year are annualized.
Benchmark: ICE BofA 1-3 Year US Treasury & Agency Index
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

PORTFOLIO CHARACTERISTICS

CHANDLER ASSET MANAGEMENT

City of South San Fran Pen Res | Account #11042 | As of June 30, 2025

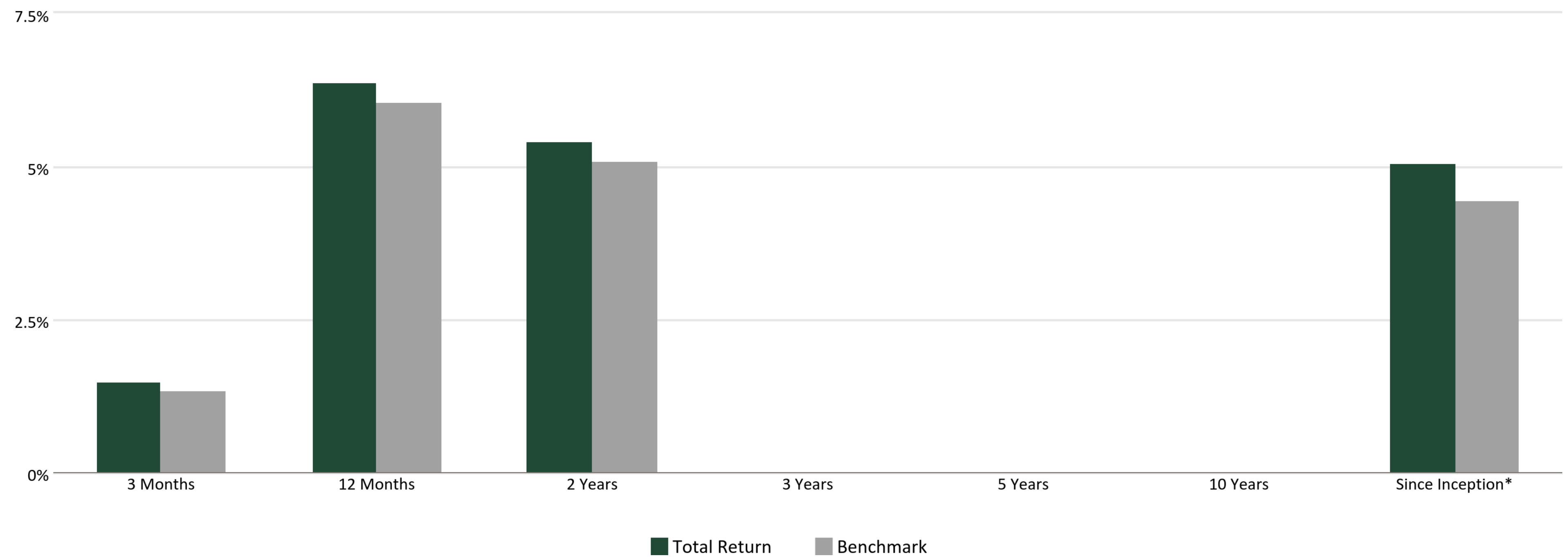
	Benchmark*	6/30/2025 Portfolio	3/31/2025 Portfolio
Average Maturity (yrs)	2.65	2.97	3.02
Average Modified Duration	2.48	2.52	2.55
Average Purchase Yield		4.34%	4.35%
Average Market Yield	3.78%	3.97%	4.14%
Average Quality**	AA+	AA+	AA+
Total Market Value		6,222,354	6,129,914

*Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

City of South San Fran Pen Res | Account #11042 | As of June 30, 2025

Total Rate of Return : Inception | 01/01/2023



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
City of South San Fran Pen Res	1.51%	6.41%	5.44%				5.06%
Benchmark	*1.36%*	*6.06%*	*5.11%*				*4.47%*

*Periods over 1 year are annualized.
Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

PORTFOLIO CHARACTERISTICS

So San Francisco Liquidity Portfolio | Account #10060 | As of June 30, 2025

	Benchmark*	6/30/2025 Portfolio	3/31/2025 Portfolio
Average Maturity (yrs)	0.44	0.00	0.00
Average Modified Duration	0.42	0.00	0.00
Average Purchase Yield		3.48%	3.71%
Average Market Yield	4.21%	3.45%	3.68%
Average Quality**	AA+	AAA	AAA
Total Market Value		62,334,056	85,048,480

*Benchmark: ICE BofA US 6-Month Treasury Bill Index
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

IMPORTANT DISCLOSURES

So San Francisco | As of September 30, 2024

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Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

Benchmark	Disclosure
ICE BofA 1-5 Yr US Treasury & Agency Index	The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of $1 billion for sovereigns and $250 million for agencies.
ICE BofA 1-3 Yr US Treasury & Agency Index	The ICE BofA 1-3 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of $1 billion for sovereigns and $250 million for agencies.