



INVESTMENT PORTFOLIO SUMMARY

For the Fourth Quarter Ended

December 31, 2022

Prepared by
Valley View Consulting, L.L.C.

The investment portfolio of the Town of Prosper is in compliance with the Public Funds Investment Act and the Town of Prosper Investment Policy and Strategies.

Bob Scott, Executive Director of Administrative Services

Chris Landrum, Assistant Finance Director

Disclaimer: These reports were compiled using information provided by the Town of Prosper. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

Asset Type	September 30, 2022			December 31, 2022		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
MMA/NOW	1.91%	\$ 41,450,612	\$ 41,450,612	3.63%	\$ 31,294,332	\$ 31,294,332
Pools	2.31%	49,720,257	49,720,257	3.97%	71,672,414	71,672,414
Securities	1.48%	23,145,288	22,208,630	1.90%	43,112,743	42,191,915
Certificates of Deposit	0.28%	39,602,746	39,602,746	1.38%	34,641,918	34,641,918
Total	1.56%	\$ 153,918,903	\$ 152,982,245	3.17%	\$ 180,721,406	\$ 179,800,579

Average Yield - Current Quarter (1)

Total Portfolio	3.17%
Rolling Three Month Treasury	4.19%
Rolling Six Month Treasury	3.90%
TexPool	3.98%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	3.17%
Rolling Three Month Treasury	4.19%
Rolling Six Month Treasury	3.90%
TexPool	3.98%

Interest Earnings (Approximate)

Quarter	\$ 1,002,277
Fiscal Year-to-date	\$ 1,002,277

(1) **Quarter End Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Town of Prosper, Texas
December 31, 2022 Quarterly Investment Report Investment Strategy Addendum

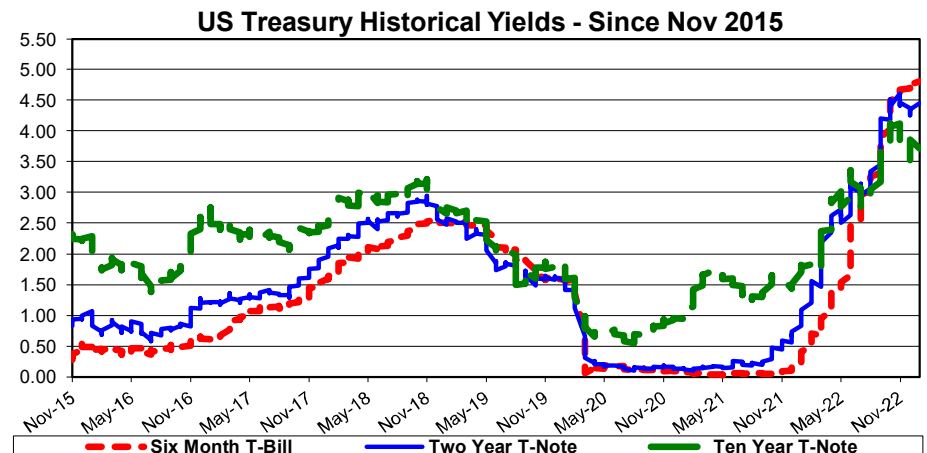
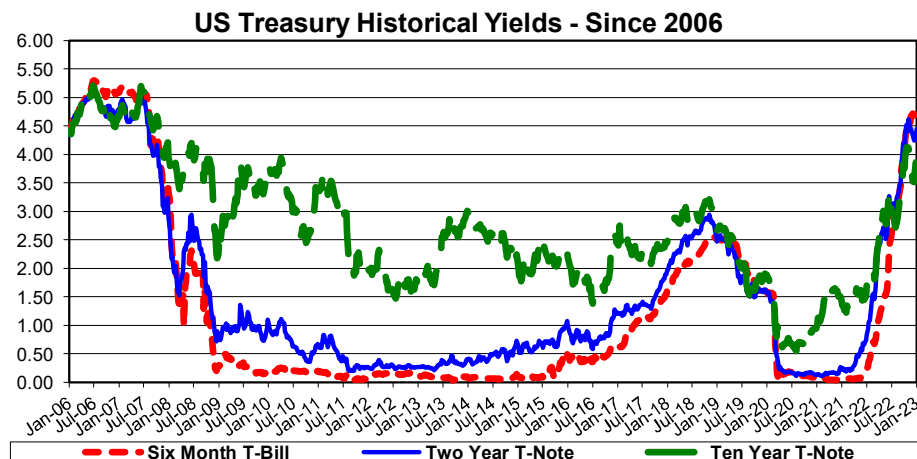
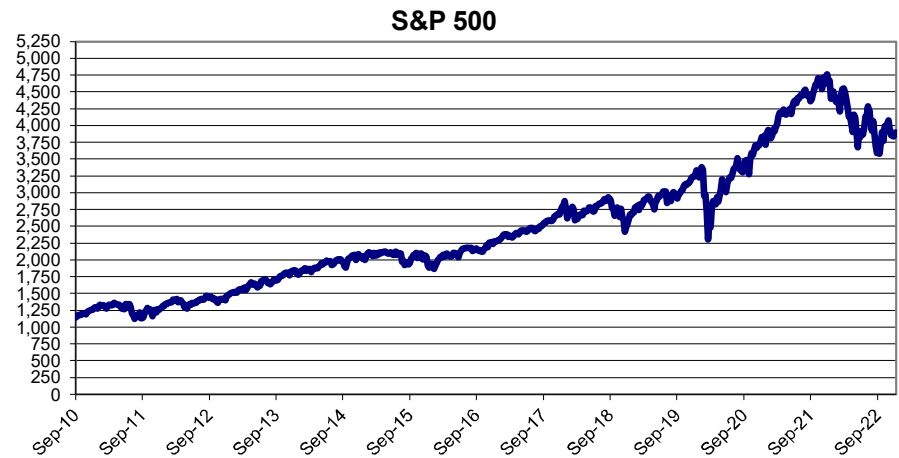
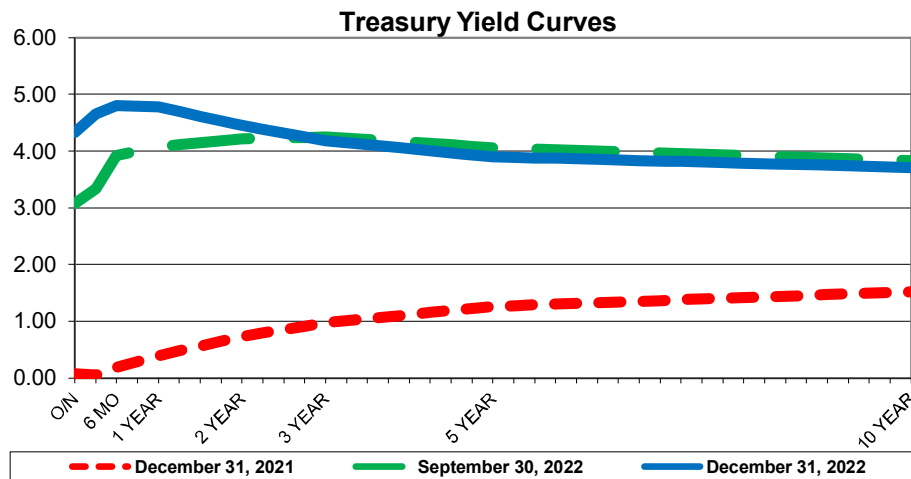
As noted in the Economic Overview, the FOMC has tightened 425 basis points in the since early 2022 and as anticipated, tightened an additional 25 basis points on February 1, 2023 resulting in a Fed Funds target of 4.50%-4.750%. These increases reflect The Federal Reserve's efforts to slow the economy and reduce inflationary pressures.

In the low interest environment of 2021 and prior, Certificates of Deposit (CD) often provided a yield advantage over Treasury and Agency securities. This yield advantage is still selectively prevalent, but combined with the greater administrative requirements and lack of liquidity associated with CD's the Town will continue shifting more available funds into fixed income securities. In addition, the Town premier money market account with its Depository Bank that pays the Fed Funds rate. The Town also maintains balances in two local government investment pools to ensure liquidity and for diversification purposes.

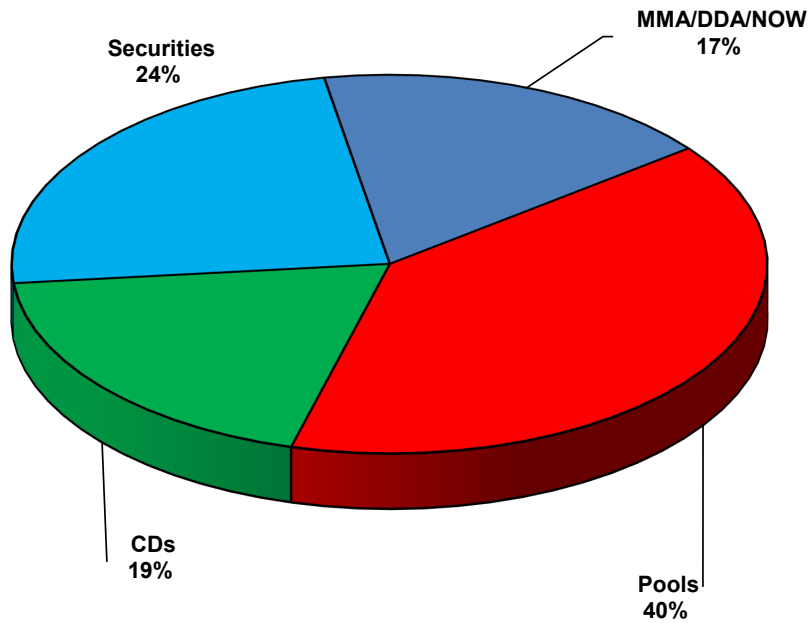
Economic Overview

12/31/2022

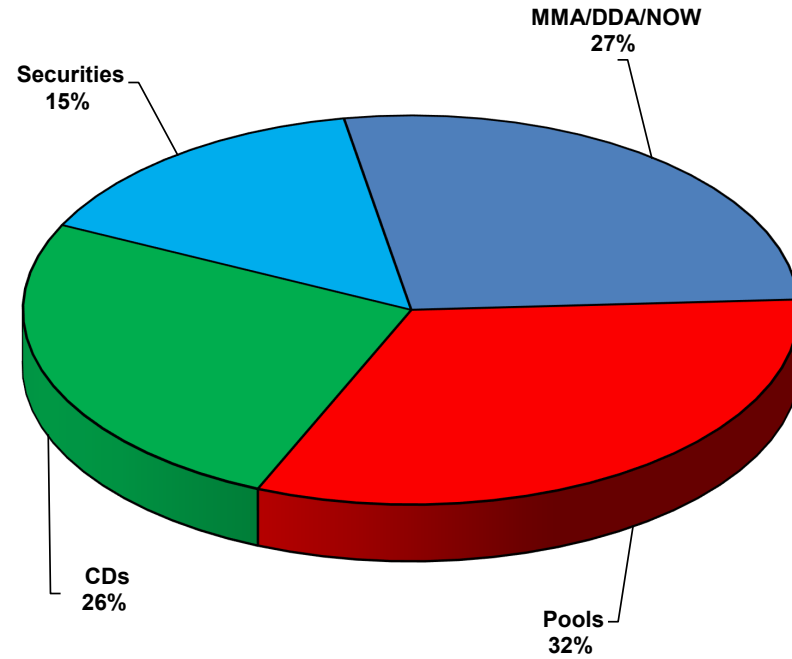
The Federal Open Market Committee (FOMC) raised the Fed Funds target range 0.50% to 4.25% - 4.50% December 14th (Effective Fed Funds are trading +/-4.33%). A 0.25% increase is projected February 1st. Third Quarter GDP jumped to 3.2% in the final number. December Non-Farm Payroll added 223k new jobs with the Three Month Average declining to 247k. Crude oil continues moderating at +/- \$75 per barrel. The Stock Markets drifted between +/-15% to +/-19% below the 2021 peak. The yield curve is fully negatively sloped (3 months to 10 years, with peak yield at 6 months) and continues to indicate lower future interest rates. Inflation remained well over the FOMC 2% target (Core PCE +/-5% and CPI +/-6%). International challenges add to economic uncertainty.



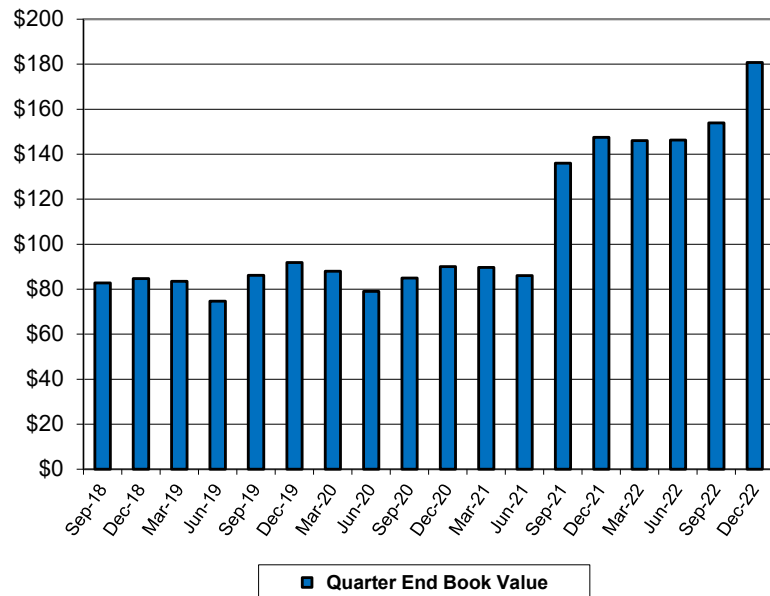
Composition - Current Quarter



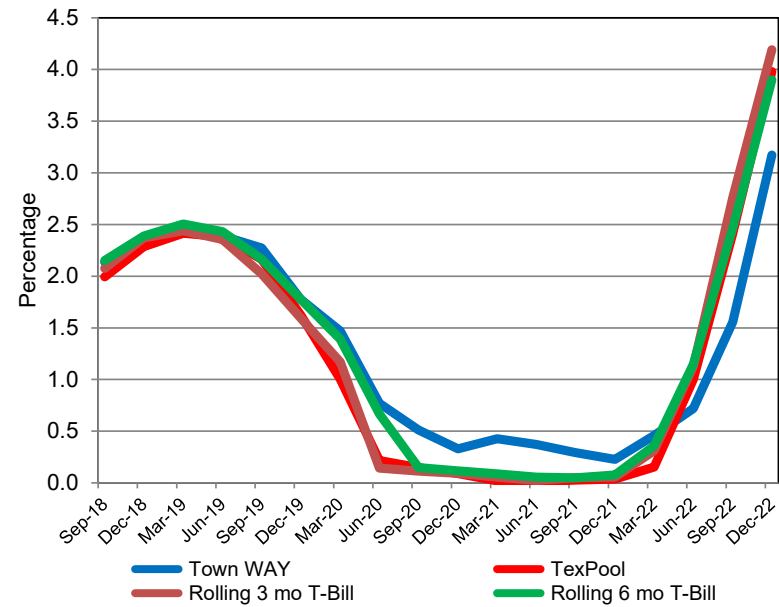
Composition - Prior Quarter



Total Portfolio (Millions)



Town Portfolio Performance



Investment Holdings
December 31, 2022

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Independent Bank DDA		1.76%	01/01/23	12/31/22	\$ 1,393,119	\$ 1,393,119	1.00	\$ 1,393,119	1	1.76%
Independent Bank DDA #2		1.76%	01/01/23	12/31/22	7,505,376	7,505,376	1.00	7,505,376	1	1.76%
Independent Bank DDA #3		4.43%	01/01/23	12/31/22	17,059,507	17,059,507	1.00	17,059,507	1	4.43%
NexBank MMA		4.40%	01/01/23	12/31/22	5,108,280	5,108,280	1.00	5,108,280	1	4.40%
PlainsCapital Bank MMA		0.00%	01/01/23	12/31/22	228,050	228,050	1.00	228,050	1	0.00%
TexSTAR	AAAm	3.97%	01/01/23	12/31/22	35,894,668	35,894,668	1.00	35,894,668	1	3.97%
TexPool	AAAm	3.98%	01/01/23	12/31/22	35,777,746	35,777,746	1.00	35,777,746	1	3.98%
Legend Bank IntraFi CD		0.35%	03/23/23	03/25/21	1,500,000	1,500,000	100.00	1,500,000	82	0.35%
CapTex Bank IntraFi CD		0.40%	03/23/23	03/25/21	3,000,000	3,000,000	100.00	3,000,000	82	0.40%
The American Nat'l Bank CD		0.43%	06/01/23	06/01/21	5,032,378	5,032,378	100.00	5,032,378	152	0.43%
T-Note	Aaa/AA+	0.13%	07/31/23	10/20/21	1,500,000	1,497,971	97.37	1,460,505	212	0.36%
Veritex Community Bank CD		0.25%	08/23/23	08/23/21	10,031,341	10,031,341	100.00	10,031,341	235	0.25%
Independent Financial CD		4.00%	09/04/23	10/11/22	10,062,563	10,062,563	100.00	10,062,563	247	4.00%
Veritex Community Bank CD		0.25%	09/15/23	09/17/21	5,015,636	5,015,636	100.00	5,015,636	258	0.25%
T-Note	Aaa/AA+	2.88%	10/31/23	10/20/21	1,500,000	1,530,433	98.50	1,477,560	304	0.43%
T-Note	Aaa/AA+	4.75%	02/29/24	02/09/22	5,000,000	5,058,758	97.43	4,871,300	425	1.35%
FHLB	Aaa/AA+	4.75%	03/08/24	12/21/22	10,000,000	9,995,011	99.91	9,990,600	433	4.79%
T-Note	Aaa/AA+	2.25%	04/30/24	03/16/22	10,000,000	10,049,418	96.86	9,685,900	486	1.87%
T-Note	Aaa/AA+	1.25%	08/31/24	02/09/22	5,000,000	4,981,152	94.72	4,735,950	609	1.48%
FHLB	Aaa/AA+	4.48%	10/03/24	12/22/22	10,000,000	10,000,000	99.70	9,970,100	642	4.48%
Total Portfolio					\$ 180,608,664	\$ 180,721,406		\$ 179,800,579	160	3.17%

(1) (2)

(1) **Weighted average life** - For purposes of calculating weighted average life, overnight bank and pool balances are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on Book Value, realized and unrealized gains/losses and investment advisory fees are not included. The yield for the reporting month is used for overnight bank and pool balances.

Book and Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 09/30/22	Increases	Decreases	Book Value 12/31/22	Market Value 09/30/22	Change in Market Value	Market Value 12/31/22
Independent Bank DDA	1.76%	01/01/23	\$ 28,823,024	\$ —	\$(27,429,905)	\$ 1,393,119	\$ 28,823,024	\$ (27,429,905)	\$ 1,393,119
Independent Bank DDA #2	1.76%	01/01/23	7,472,368	33,009	—	7,505,376	7,472,368	33,009	7,505,376
Independent Bank DDA #3	4.43%	01/01/23	—	17,059,507	—	17,059,507	—	17,059,507	17,059,507
NexBank MMA	4.40%	01/01/23	5,061,391	46,889	—	5,108,280	5,061,391	46,889	5,108,280
PlainsCapital Bank MMA	0.00%	01/01/23	93,829	134,221	—	228,050	93,829	134,221	228,050
TexSTAR	3.97%	01/01/23	42,087,949	—	(6,193,281)	35,894,668	42,087,949	(6,193,281)	35,894,668
TexPool	3.98%	01/01/23	7,632,308	28,145,438	—	35,777,746	7,632,308	28,145,438	35,777,746
The American Nat'l Bank CD	0.37%	12/01/22	5,023,213	—	(5,023,213)	—	5,023,213	(5,023,213)	—
Prosperity Bank CD	0.15%	12/27/22	10,015,010	—	(10,015,010)	—	10,015,010	(10,015,010)	—
Legend Bank IntraFi CD	0.35%	03/23/23	1,500,000	—	—	1,500,000	1,500,000	—	1,500,000
CapTex Bank IntraFi CD	0.40%	03/23/23	3,000,000	—	—	3,000,000	3,000,000	—	3,000,000
The American Nat'l Bank CD	0.43%	06/01/23	5,026,987	5,391	—	5,032,378	5,026,987	5,391	5,032,378
T-Note	0.36%	07/31/23	1,497,091	880	—	1,497,971	1,450,485	10,020	1,460,505
Veritex Community Bank CD	0.25%	08/23/23	10,025,023	6,317	—	10,031,341	10,025,023	6,317	10,031,341
Independent Financial CD	4.00%	09/04/23	—	10,062,563	—	10,062,563	—	10,062,563	10,062,563
Veritex Community Bank CD	0.25%	09/15/23	5,012,512	3,124	—	5,015,636	5,012,512	3,124	5,015,636
T-Note	0.43%	10/31/23	1,539,643	—	(9,210)	1,530,433	1,477,845	(285)	1,477,560
T-Note	1.35%	02/29/24	5,071,477	—	(12,719)	5,058,758	4,868,750	2,550	4,871,300
FHLB	4.79%	03/08/24	—	9,995,011	—	9,995,011	—	9,990,600	9,990,600
T-Note	1.87%	04/30/24	10,058,773	—	(9,355)	10,049,418	9,684,400	1,500	9,685,900
T-Note	1.48%	08/31/24	4,978,305	2,847	—	4,981,152	4,727,150	8,800	4,735,950
FHLB	4.48%	10/03/24	—	10,000,000	—	10,000,000	—	9,970,100	9,970,100
TOTAL / AVERAGE	3.17%		\$ 153,918,903	\$ 75,495,197	\$(48,692,693)	\$ 180,721,406	\$ 152,982,245	\$ 26,818,334	\$ 179,800,579

Allocation

December 31, 2022

Book Value	Yield	Maturity Date	Total	Cash Positions - Bank Investments	Cash Positions - Pool Investments	Certificates of Deposit / CDARS	US Agency	US Treasury
Independent Bank MMA	1.76%		\$ 1,393,119	\$ 1,393,119	\$ —	\$ —	\$ —	\$ —
Independent Bank MMA #2	1.76%		7,505,376	7,505,376	—	—	—	—
Independent Bank MMA #3	4.43%		17,059,507	17,059,507	—	—	—	—
NexBank MMA	4.40%		5,108,280	5,108,280	—	—	—	—
PlainsCapital Bank MMA	0.00%		228,050	228,050	—	—	—	—
TexSTAR	3.97%		35,894,668	—	35,894,668	—	—	—
TexPool	3.98%		35,777,746	—	35,777,746	—	—	—
Legend Bank IntraFi CD	0.35%	03/23/23	1,500,000	—	—	1,500,000	—	—
CapTex Bank IntraFi CD	0.40%	03/23/23	3,000,000	—	—	3,000,000	—	—
The American Nat'l Bank CD	0.43%	06/01/23	5,032,378	—	—	5,032,378	—	—
T-Note	0.36%	07/31/23	1,497,971	—	—	—	—	1,497,971
Veritex Community Bank CD	0.25%	08/23/23	10,031,341	—	—	10,031,341	—	—
Independent Financial CD	4.00%	09/04/23	10,062,563	—	—	10,062,563	—	—
Veritex Community Bank CD	0.25%	09/15/23	5,015,636	—	—	5,015,636	—	—
T-Note	0.43%	10/31/23	1,530,433	—	—	—	—	1,530,433
T-Note	1.35%	02/29/24	5,058,758	—	—	—	—	5,058,758
FHLB	4.79%	03/08/24	9,995,011	—	—	—	9,995,011	—
T-Note	1.87%	04/30/24	10,049,418	—	—	—	—	10,049,418
T-Note	1.48%	08/31/24	4,981,152	—	—	—	—	4,981,152
FHLB	4.48%	10/03/24	10,000,000	—	—	—	10,000,000	—
Totals			\$ 180,721,406	\$ 31,294,332	\$ 71,672,414	\$ 34,641,918	\$ 19,995,011	\$ 23,117,732

Allocation

December 31, 2022

Market Value	Yield	Maturity Date	Total	Cash Positions - Bank Investments	Cash Positions - Pool Investments	Certificates of Deposit / CDARS	US Agency	US Treasury
Independent Bank MMA	1.76%		\$ 1,393,119	\$ 1,393,119	\$ —	\$ —	\$ —	\$ —
Independent Bank MMA #2	1.76%		7,505,376	7,505,376	—	—	—	—
Independent Bank MMA #3	4.43%		17,059,507	17,059,507	—	—	—	—
NexBank MMA	4.40%		5,108,280	5,108,280	—	—	—	—
PlainsCapital Bank MMA	0.00%		228,050	228,050	—	—	—	—
TexSTAR	3.97%		35,894,668	—	35,894,668	—	—	—
TexPool	3.98%		35,777,746	—	35,777,746	—	—	—
Legend Bank IntraFi CD	0.35%	03/23/23	1,500,000	—	—	1,500,000	—	—
CapTex Bank IntraFi CD	0.40%	03/23/23	3,000,000	—	—	3,000,000	—	—
The American Nat'l Bank CD	0.43%	06/01/23	5,032,378	—	—	5,032,378	—	—
T-Note	0.36%	07/31/23	1,460,505	—	—	—	—	1,460,505
Veritex Community Bank CD	0.25%	08/23/23	10,031,341	—	—	10,031,341	—	—
Independent Financial CD	4.00%	09/04/23	10,062,563	—	—	10,062,563	—	—
Veritex Community Bank CD	0.25%	09/15/23	5,015,636	—	—	5,015,636	—	—
T-Note	0.43%	10/31/23	1,477,560	—	—	—	—	1,477,560
T-Note	1.35%	02/29/24	4,871,300	—	—	—	—	4,871,300
FHLB	4.79%	03/08/24	9,990,600	—	—	—	9,990,600	—
T-Note	1.87%	04/30/24	9,685,900	—	—	—	—	9,685,900
T-Note	1.48%	08/31/24	4,735,950	—	—	—	—	4,735,950
FHLB	4.48%	10/03/24	9,970,100	—	—	—	9,970,100	—
Totals			\$ 179,800,579	\$ 31,294,332	\$ 71,672,414	\$ 34,641,918	\$ 19,960,700	\$ 22,231,215

Allocation

September 30, 2022

Book Value	Yield	Maturity Date	Total	Cash Positions - Bank Investments	Cash Positions - Pool Investments	Certificates of Deposit / CDARS	US Treasury
Independent Bank MMA	1.76%		\$ 28,823,024	\$ 28,823,024	\$ —	\$ —	\$ —
Independent Bank MMA #2	1.76%		7,472,368	7,472,368	—	—	—
NexBank MMA	3.05%		5,061,391	5,061,391	—	—	—
PlainsCapital Bank MMA	0.00%		93,829	93,829	—	—	—
TexSTAR	2.29%		42,087,949	—	42,087,949	—	—
TexPool	2.41%		7,632,308	—	7,632,308	—	—
The American Nat'l Bank CD	0.37%	12/01/22	5,023,213	—	—	5,023,213	—
Prosperity Bank CD	0.15%	12/27/22	10,015,010	—	—	10,015,010	—
Legend Bank IntraFi CD	0.35%	03/23/23	1,500,000	—	—	1,500,000	—
CapTex Bank IntraFi CD	0.40%	03/23/23	3,000,000	—	—	3,000,000	—
The American Nat'l Bank CD	0.43%	06/01/23	5,026,987	—	—	5,026,987	—
T-Note	0.36%	07/31/23	1,497,091	—	—	—	1,497,091
Veritex Community Bank CD	0.25%	08/23/23	10,025,023	—	—	10,025,023	—
Veritex Community Bank CD	0.25%	09/15/23	5,012,512	—	—	5,012,512	—
T-Note	0.43%	10/31/23	1,539,643	—	—	—	1,539,643
T-Note	1.35%	02/29/24	5,071,477	—	—	—	5,071,477
T-Note	1.87%	04/30/24	10,058,773	—	—	—	10,058,773
T-Note	1.48%	08/31/24	4,978,305	—	—	—	4,978,305
Totals			\$153,918,903	\$ 41,450,612	\$ 49,720,257	\$ 39,602,746	\$ 23,145,288

Allocation

September 30, 2022

Market Value	Yield	Maturity Date	Total	Cash Positions - Bank Investments	Cash Positions - Pool Investments	Certificates of Deposit / CDARS	US Treasury
Independent Bank MMA	1.76%		\$ 28,823,024	\$ 28,823,024	\$ —	\$ —	\$ —
Independent Bank MMA #2	1.76%		7,472,368	7,472,368	—	—	—
NexBank MMA	3.05%		5,061,391	5,061,391	—	—	—
PlainsCapital Bank MMA	0.00%		93,829	93,829	—	—	—
TexSTAR	2.29%		42,087,949	—	42,087,949	—	—
TexPool	2.41%		7,632,308	—	7,632,308	—	—
The American Nat'l Bank CD	0.37%	12/01/22	5,023,213	—	—	5,023,213	—
Prosperity Bank CD	0.15%	12/27/22	10,015,010	—	—	10,015,010	—
Legend Bank IntraFi CD	0.35%	03/23/23	1,500,000	—	—	1,500,000	—
CapTex Bank IntraFi CD	0.40%	03/23/23	3,000,000	—	—	3,000,000	—
The American Nat'l Bank CD	0.43%	06/01/23	5,026,987	—	—	5,026,987	—
T-Note	0.36%	07/31/23	1,450,485	—	—	—	1,450,485
Veritex Community Bank CD	0.25%	08/23/23	10,025,023	—	—	10,025,023	—
Veritex Community Bank CD	0.25%	09/15/23	5,012,512	—	—	5,012,512	—
T-Note	0.43%	10/31/23	1,477,845	—	—	—	1,477,845
T-Note	1.35%	02/29/24	4,868,750	—	—	—	4,868,750
T-Note	1.87%	04/30/24	9,684,400	—	—	—	9,684,400
T-Note	1.48%	08/31/24	4,727,150	—	—	—	4,727,150
Totals			\$152,982,245	\$ 41,450,612	\$ 49,720,257	\$ 39,602,746	\$ 22,208,630