City of Chandler Health Care Benefits Trust

Investment Management Update

November 4, 2026

Luke Schneider
Managing Director
PFM Asset Management

Annette Gaston
Director
PFM Asset Management

pfm asset management

A Division of U.S. Bancorp Asset Management, Inc.

For Institutional Investor or Investment Professional Use Only – This material is not for inspection by, distribution to, or quotation to the general public

pfmam.com



Luke Schneider, CFA

Managing Director
PFM Asset Management
schneiderl@pfmam.com



Annette Gaston

Director
PFM Asset Management
gastona@pfmam.com



Michael Komori

Portfolio Strategist
PFM Asset Management
michael.komori@pfmam.com

CHCBT's Investment Objectives

- **Safety** – Safety of principal is the foremost objective of the investment program. Investments for the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.

- **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

- **Yield** – The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.

Chandler HCBT Permitted Investments

Investment Objectives: In relation to the investment portfolio, the Trust's investment strategy focuses on the following:

- Permitted Investments. CHCBT will invest in permitted securities consistent with A.R.S.§35-323. Additionally, HCBT may desire to be more conservative in its investment portfolio and restrict or prohibit certain investments outlined in the Investment Policy.

Security Type	Arizona Revised Statutes	HCBT Investment Policy
U.S. Treasuries	✓	✓
Federal Agencies	✓	✓
Negotiable Certificates of Deposit	✓	✓
Repurchase Agreements	✓	✓
AZ LGIP	✓	✓
Arizona Municipals	✓	✓
Corporate Notes	✓	✓
Commercial Paper	✓	✓
Bankers' Acceptances	✓	✓
Deposit Accounts, Savings Accounts	✓	✓

- The maximum maturity on investments will be five years from purchase date.
- The investment manager may sell securities prior to maturity upon approval by HCBT and as permitted under established guidelines:
  - A security with declining credit may be sold early to minimize loss of principal.
  - Liquidity needs of the portfolio require that the security be sold.
  - Securities may be sold to improve the quality, yield, or target duration in the portfolio.

How We Partner with You

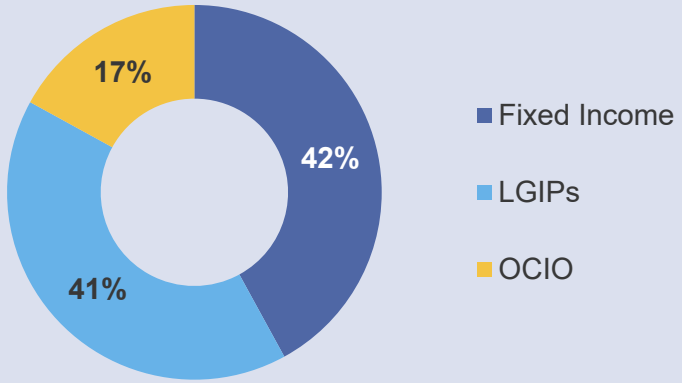
Our Investment Solutions

- **Fixed Income:** High-quality, short- and intermediate-term portfolios for operating funds, reserves, working capital, self-insurance funds and bond proceeds
- **Local Government Investment Pools (LGIPs):** services for programs with options ranging from fully liquid cash management to a fixed-rate, fixed-term investment
- **Outsourced Chief Investment Officer (OCIO):** Multi-asset class portfolios for institutional investors
- **Specialized Solutions:** Arbitrage rebate, escrow restructuring, bond proceeds investments, structured investments

40+ years *of* experience in the public sector*

$177.2b in public sector assets under management*

Assets by Investment Solution[1]



[1]Illustrates public sector assets under management by investment solution as of December 31, 2025. Total may not add up to 100% due to rounding.

**As of December 31, 2025. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were $416.4 billion.*

Program Considerations & Achievements

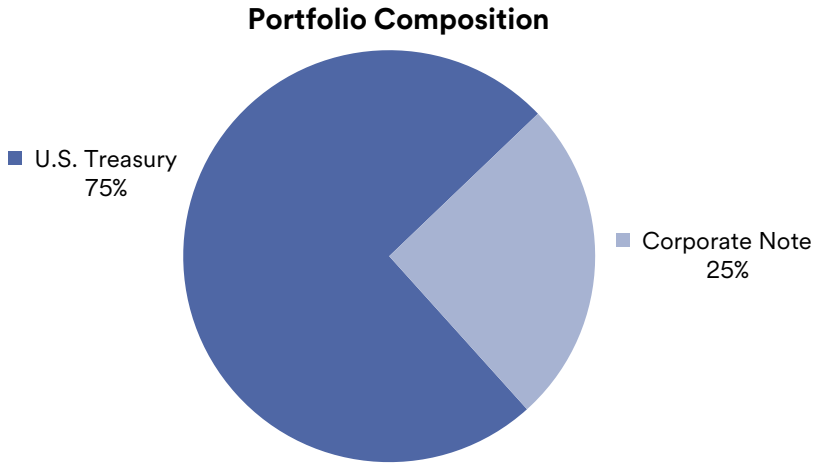


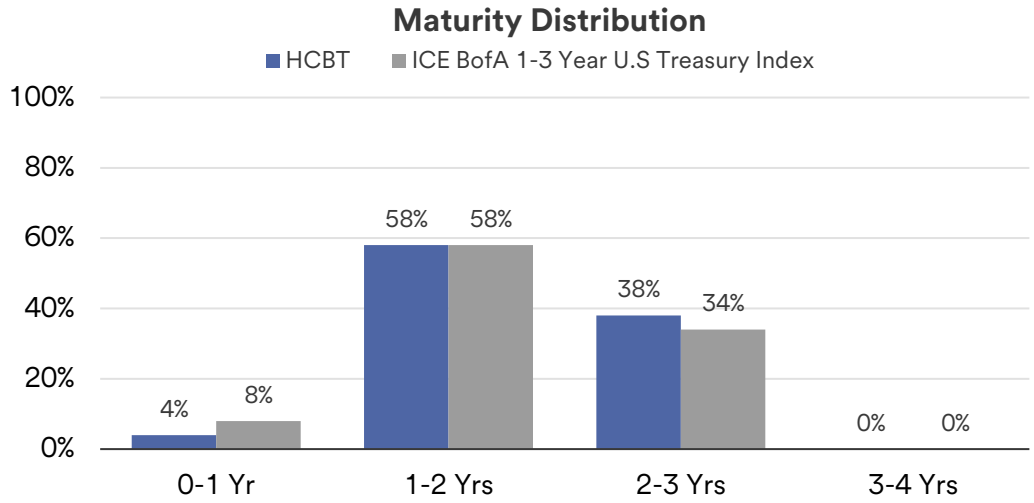
- Trust established to hold and administer medical self-insurance funds.
- From November 2010-Janaury 2014, initial transfer of funds subsidized reserve and disbursement requirements.
- Initially, the portfolio balance fluctuated due to draws. The portfolio currently has a stable and growing core balance.

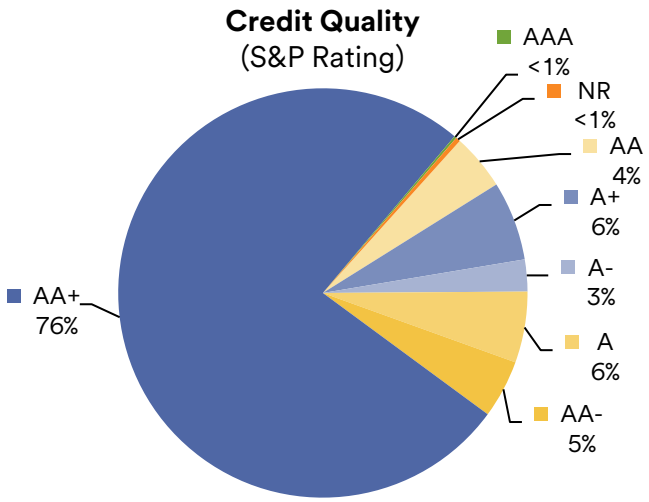
- Continue to manage portfolio to achieve the CHCBT's investment objectives.
- Maintain a high-quality, diversified portfolio focusing on safety, liquidity, and yield.
- Monitor and manage portfolio holdings on a daily basis.
- Provide timely economic, legislative, and market information.
- Act as general financial resource.
- Portfolio has generated in excess of **$4.5 million in accrual basis earnings** in the last ten years.

CHCBT Portfolio Characteristics[1]

- Portfolio inception November 3, 2010
- Portfolio value (amortized cost): $24,976,171
- Yield to Maturity: 4.91%
- $196,132 in combined accrual and money market fund earnings
- $950,203 in combined accrual and money market fund earnings for the last year







CHCBT Portfolio
Total Return Performance[1,2,3,4]

For Periods Ending September 30, 2026[1,2]						
	Effective Duration	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception[3]
Chandler HCBT	1.74	**-0.10%**	**1.79%**	**4.19%**	**2.63%**	**2.23%**
ICE BofA 1-3 Year U.S Treasury Index[4]	1.74	-0.13%	1.67%	4.07%	1.90%	1.78%
Difference		**+0.03%**	**+0.12%**	**+0.12%**	**+0.73%**	**+0.45%**

Portfolio Information Summary

- Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
- Market Value. The current price at which that security is trading between buyers and sellers. Valuation is highly dependent on interest rate movements.

Economic Update

Current Market Themes



- U.S. growth remains resilient, supported by consumer spending and AI investment
  - Core inflation remains sticky while elevated oil prices and rising input costs leave risks skewed to the upside
  - Labor-market conditions remain balanced, although hiring momentum continues to slow
  - AI-related investment continues to support domestic demand and potential productivity growth, although its long-term impact on employment and inflation remains uncertain

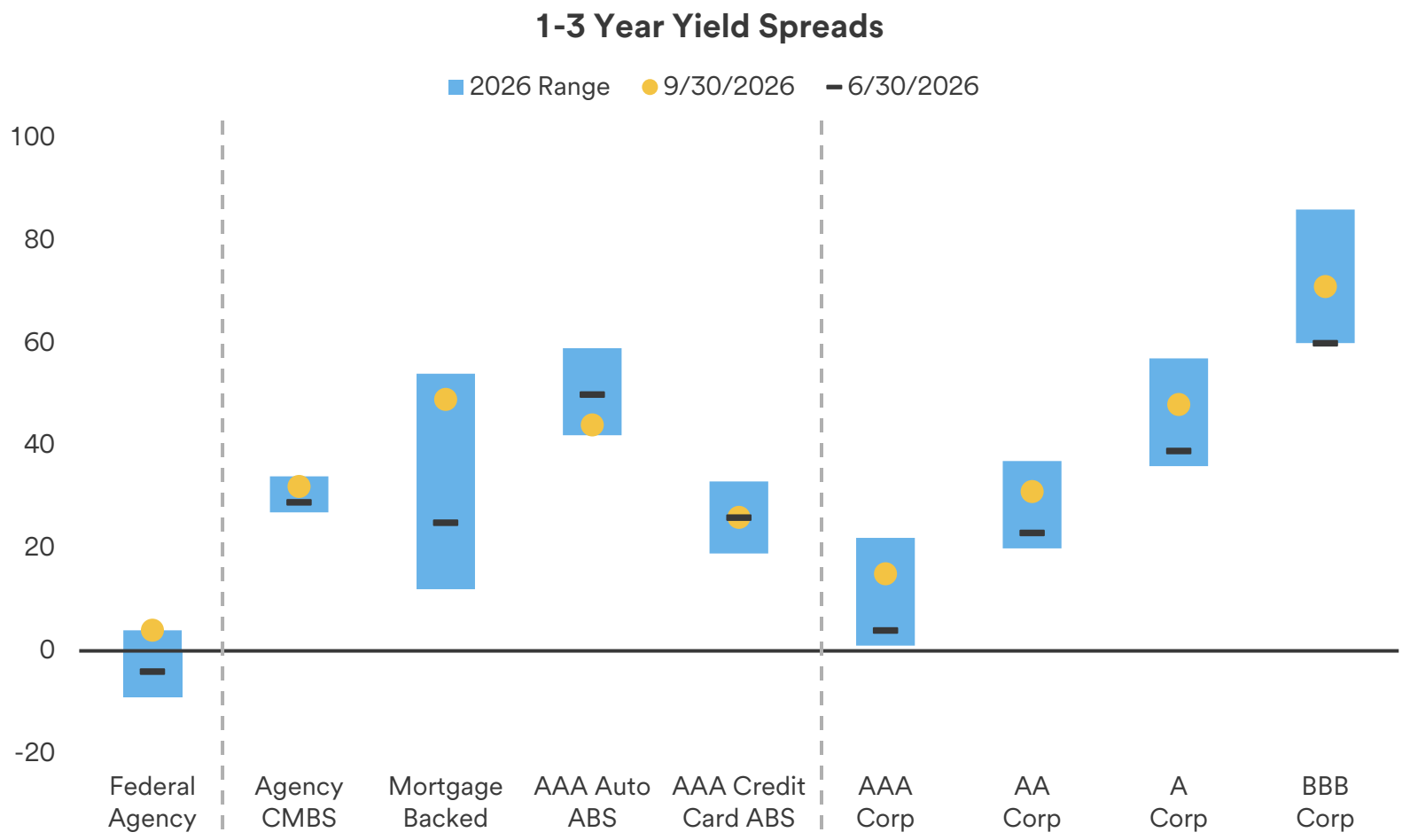


- Federal Reserve (Fed) hikes rates by 25 basis points
  - September dot plot shows 16 of 18 officials projecting one or more hikes this year
  - Economy viewed as strong enough to absorb the hike, allowing the Fed to continue to focus on inflation side of its mandate
  - Hike characterized as removing accommodation as opposed to tightening conditions



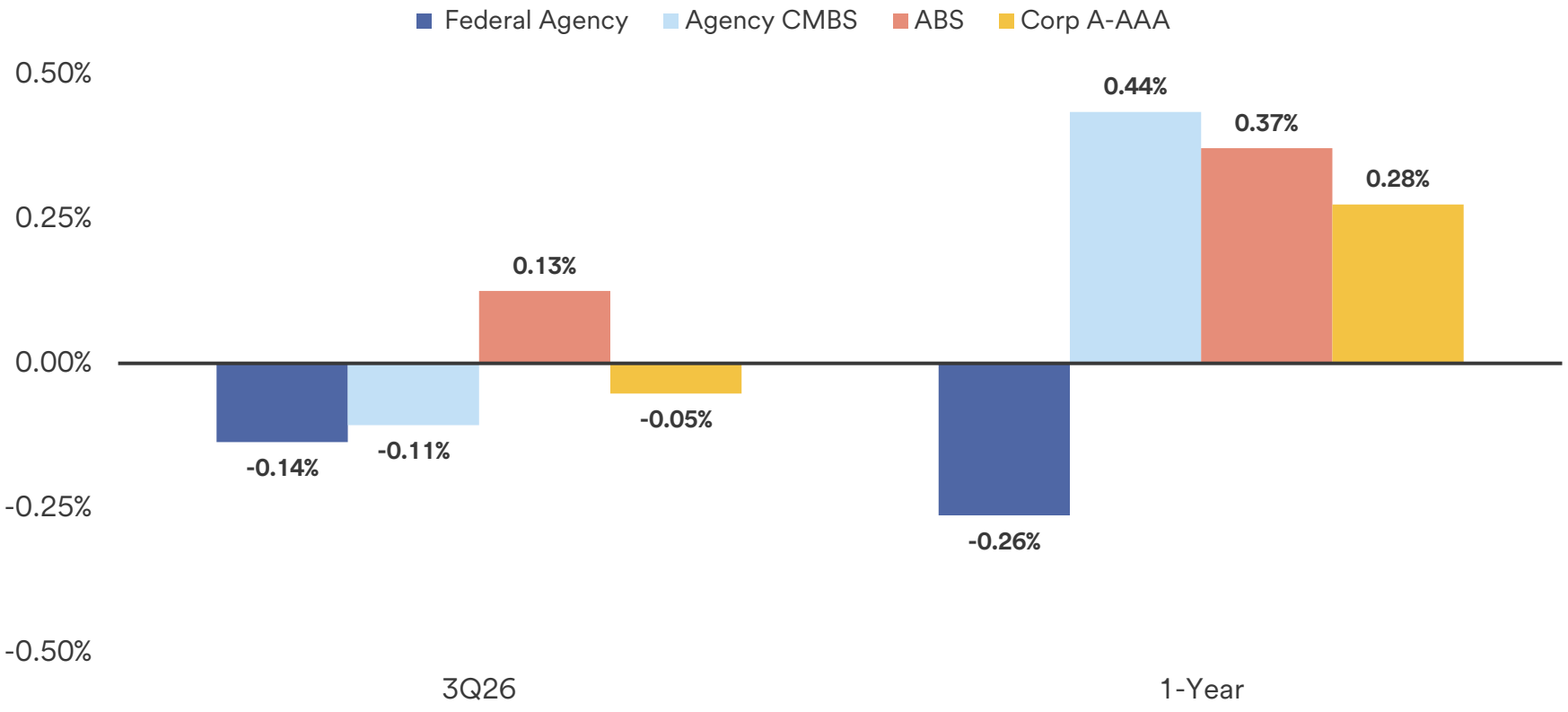
- Inflation, resilient growth, and a hawkish Fed lift yields to multi-year highs
  - All-in yields remain attractive, particularly on short end where market pricing reflects a more aggressive tightening path than our base case
  - Expanding fiscal deficits, heavy Treasury and corporate issuance, strong growth, and rising term premia pressure long-end yields
  - Credit spreads widen off historically tight levels amid a surge in rate volatility

Sector Yield Spreads



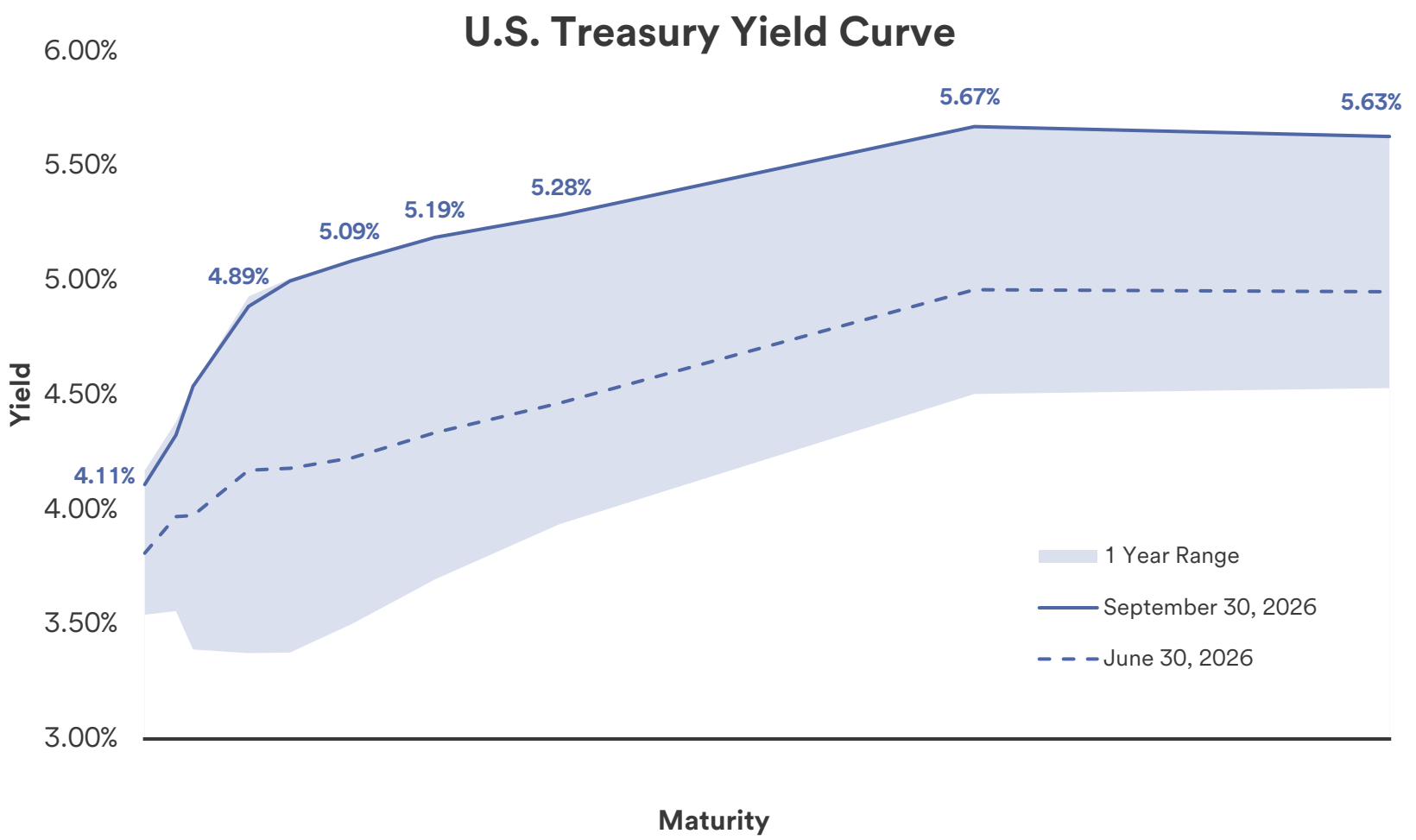
Source: ICE BofA 1-3 year Indices via Bloomberg Finance L.P. as of September 30, 2026. Spreads on ABS and MBS are option-adjusted spreads based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries.
CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

Excess Returns
1-3 Year Indices



Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. Agency CMBS represented by ICE BofA Agency CMBS Index. As of September 30, 2026.

Treasury Yields Rise Across the Curve



Source: Bloomberg Finance L.P., as of September 30, 2026.

Factors Shaping Our Economic Outlook

Negative

- Persistent inflation which may require additional tightening
- Fiscal deficits and higher rates
- Geopolitical uncertainty and supply chain disruptions

Neutral

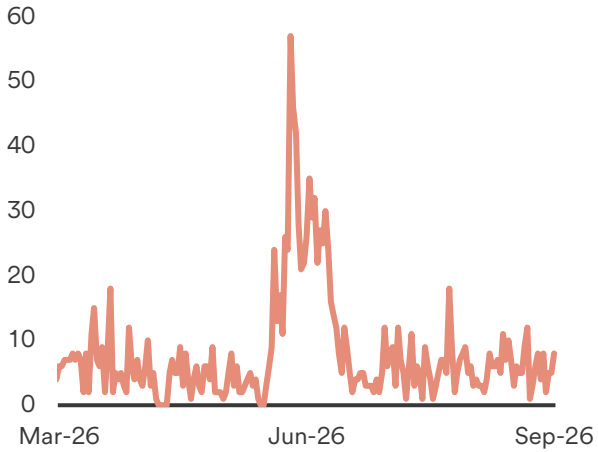
- Core inflation passthrough from energy shock modest thus far
- U.S. growth near trend with support from the consumer and AI investment

Positive

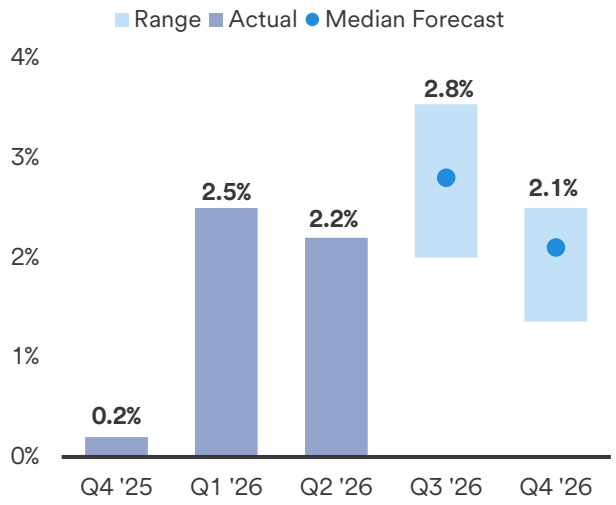
- Resilient domestic demand
- Low-hire, low-fire labor market
- Strong corporate fundamentals
- Supportive fiscal policy

Hormuz Ship Traffic

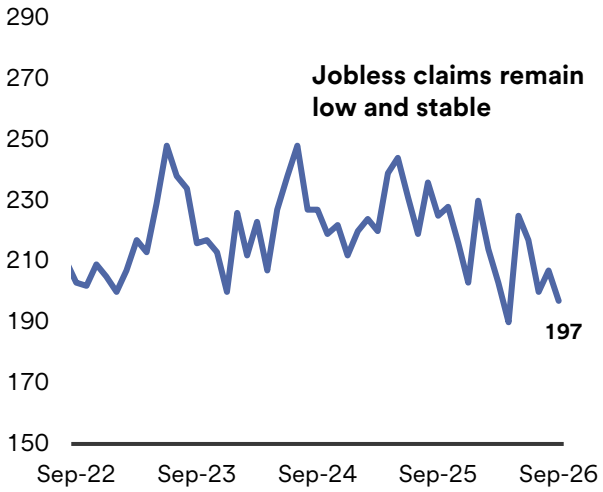
Daily Volume



U.S. GDP Forecasts



Initial Jobless Claims



Disclosures

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

