City of Chandler Workers Comp & Employer Trust

Investment Management Update

November 4, 2026

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pfm asset management

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

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Chandler WCELT Investment Team



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WCELT's Investment Objectives

- **Investment Objectives:** In accordance with CWCELT's Investment Policy, CWCELT's primary objectives in order of priority are:

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

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

  - **Yield** – The Trust'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 WCELT Permitted Investments

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

- Permitted Investments. CWCELT will invest in permitted securities consistent with A.R.S.§35-323. Additionally, CWCELT 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	CWCELT 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 CWCELT 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

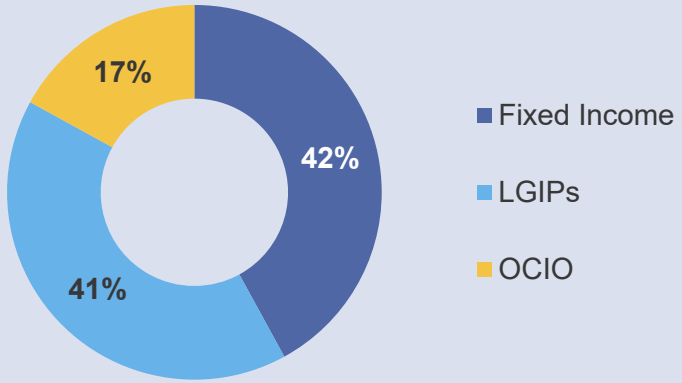
Our Investment Solutions

- **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.*

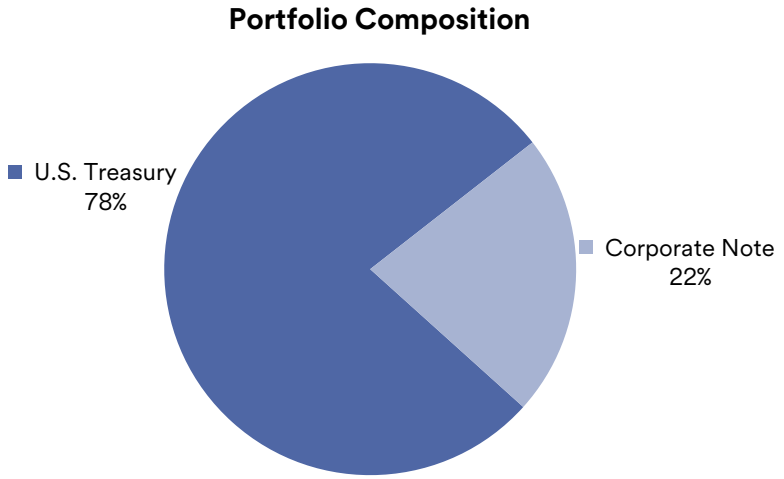
Program Considerations & Achievements

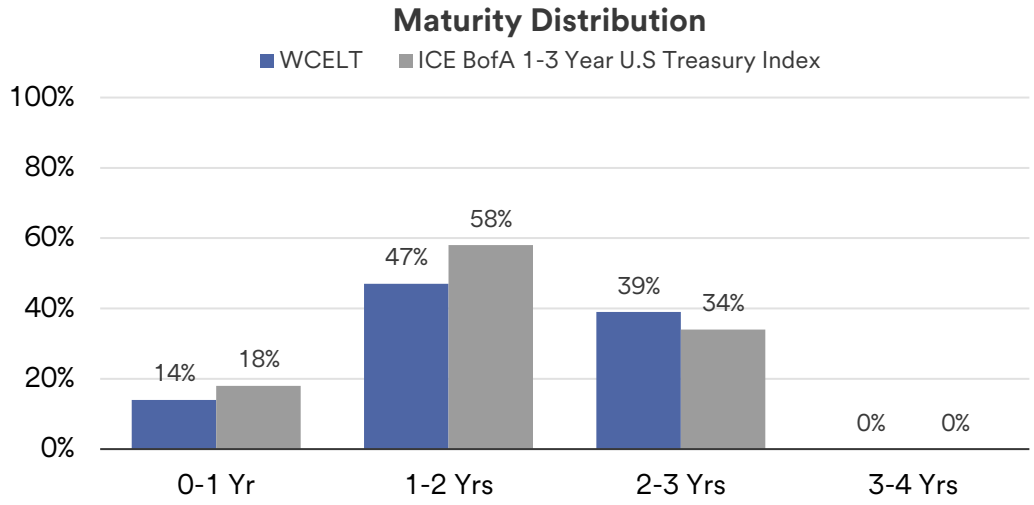


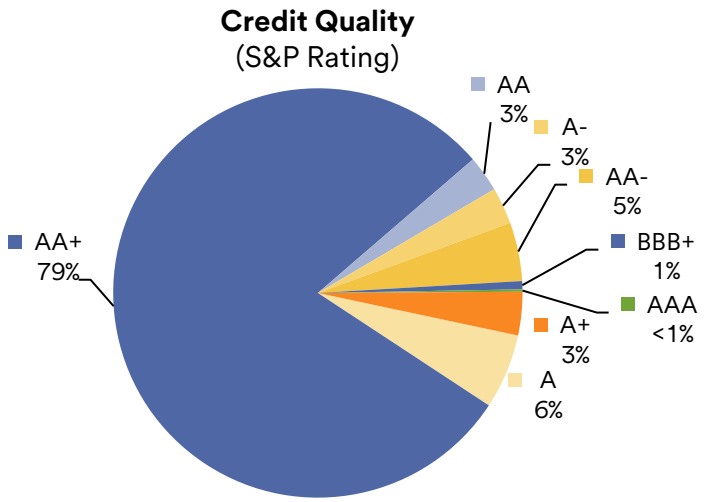
- **Considerations**
  - Trust established to hold and administer medical self-insurance funds.
  - From November 2010 – January 2014, initial transfer of funds subsidized reserve and disbursement requirements.
  - Initially, the portfolio balance fluctuated due to draws. The portfolio currently has a stable and growing core balance.
- **Achievements**
  - Continue to manage portfolio to achieve the WCELT'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 **$3.6 million in accrual basis earnings** in the last ten years.

WCELT Portfolio Characteristics[1]

- Portfolio inception March 31, 2013
- Portfolio value (amortized cost): $24,217,798
- Yield to Maturity: 4.90%
- $233,679 in combined accrual and money market fund earnings







1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. As of September 30, 2026.
2. The portfolio's benchmark is currently the ICE BofA 1-3 Year U.S Treasury Index. Source: Bloomberg Financial LP.

WCELT 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 WCELT	1.78	**-0.16%**	**1.75%**	**4.17%**	**2.26%**	**2.02%**
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%**	**+0.08%**	**+0.09%**	**+0.35%**	**+0.24%**

1. Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Returns for periods greater than one year are annualized.
3. Performance inception date is March 31, 2013 (first full quarter of management).
4. The portfolio's benchmark is currently the ICE BofA 1-3 Year U.S Treasury Index. Prior to 3/31/17 it was the ICE BofA 0-3 Year U.S Treasury Index.
Source: Bloomberg Financial LP.

Portfolio Information Summary

Funds Included in Report

- The following report includes the Trust's funds held in overnight investment vehicles (savings accounts and money market funds) and portfolios of individual fixed income securities (Core Portfolio and Liquidity Portfolio).

Portfolio Summary and Characteristics

- Funds are shown on an amortized cost, and market value basis.
  - 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.
- The investment sector, maturity, and credit ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

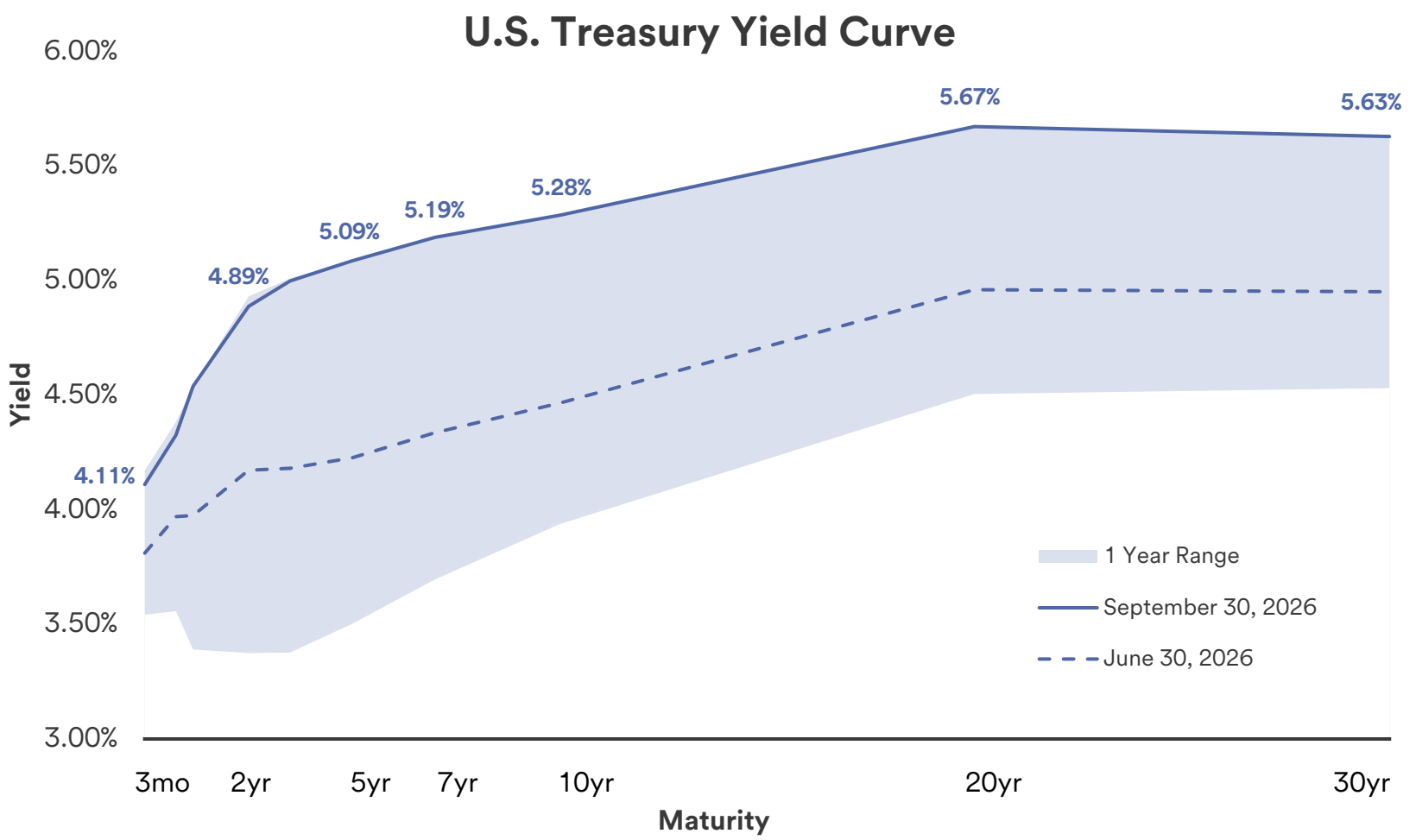
Investment Program Maturity Summary

- The maturity distribution of the Trust's funds (market value plus accrued interest) from one-day to the ten-year mandated limit.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that the Trust has funds to meet its cash flow needs.

Portfolio Yield Summary

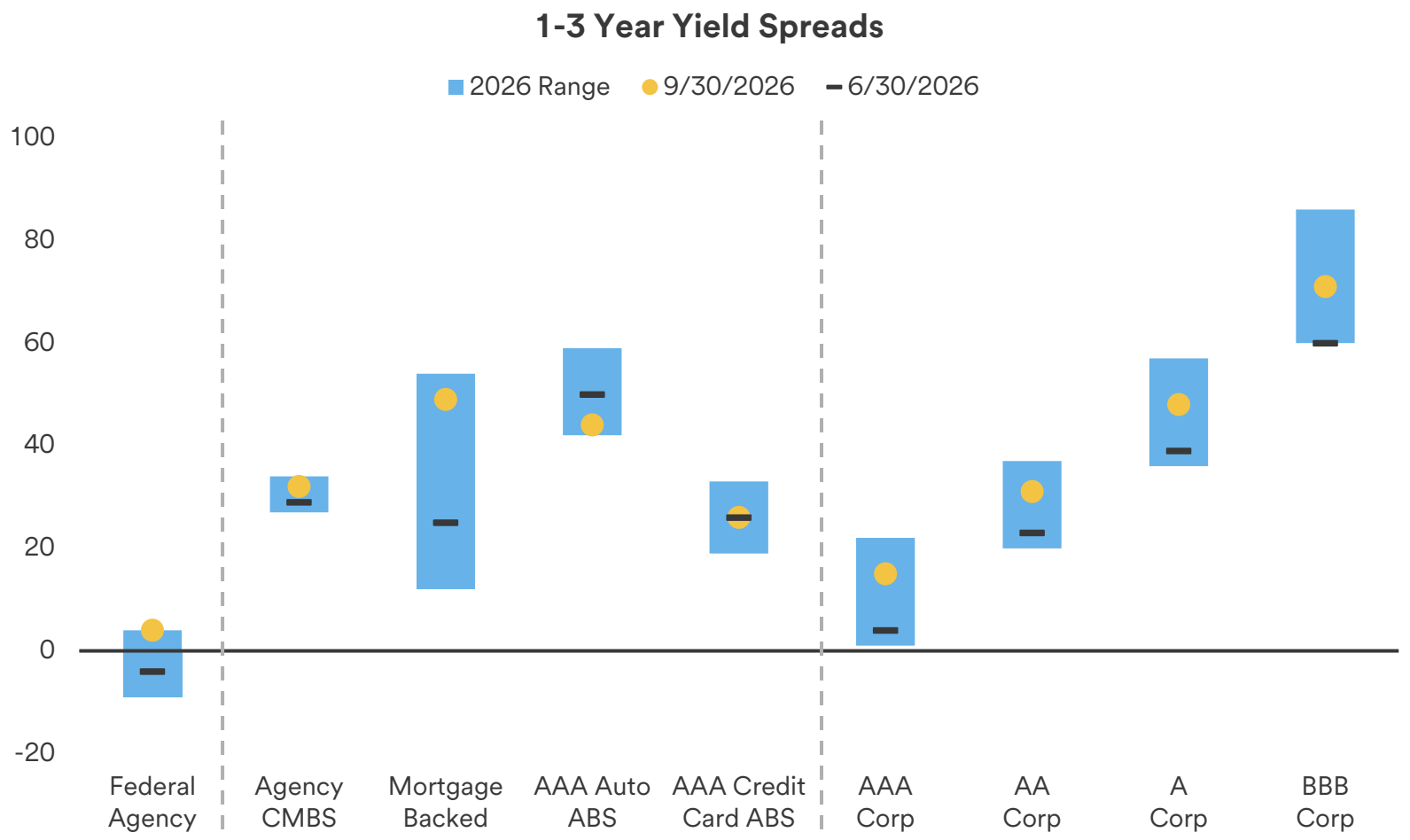
- The historical yield and duration of the Trust's funds and the monthly yield for the ICE BofA 1-3 Year U.S Treasury Index is shown from inception.
- A historical record of the Trust's overall fund balance and earnings rates.

Treasury Yields Rise Across the Curve



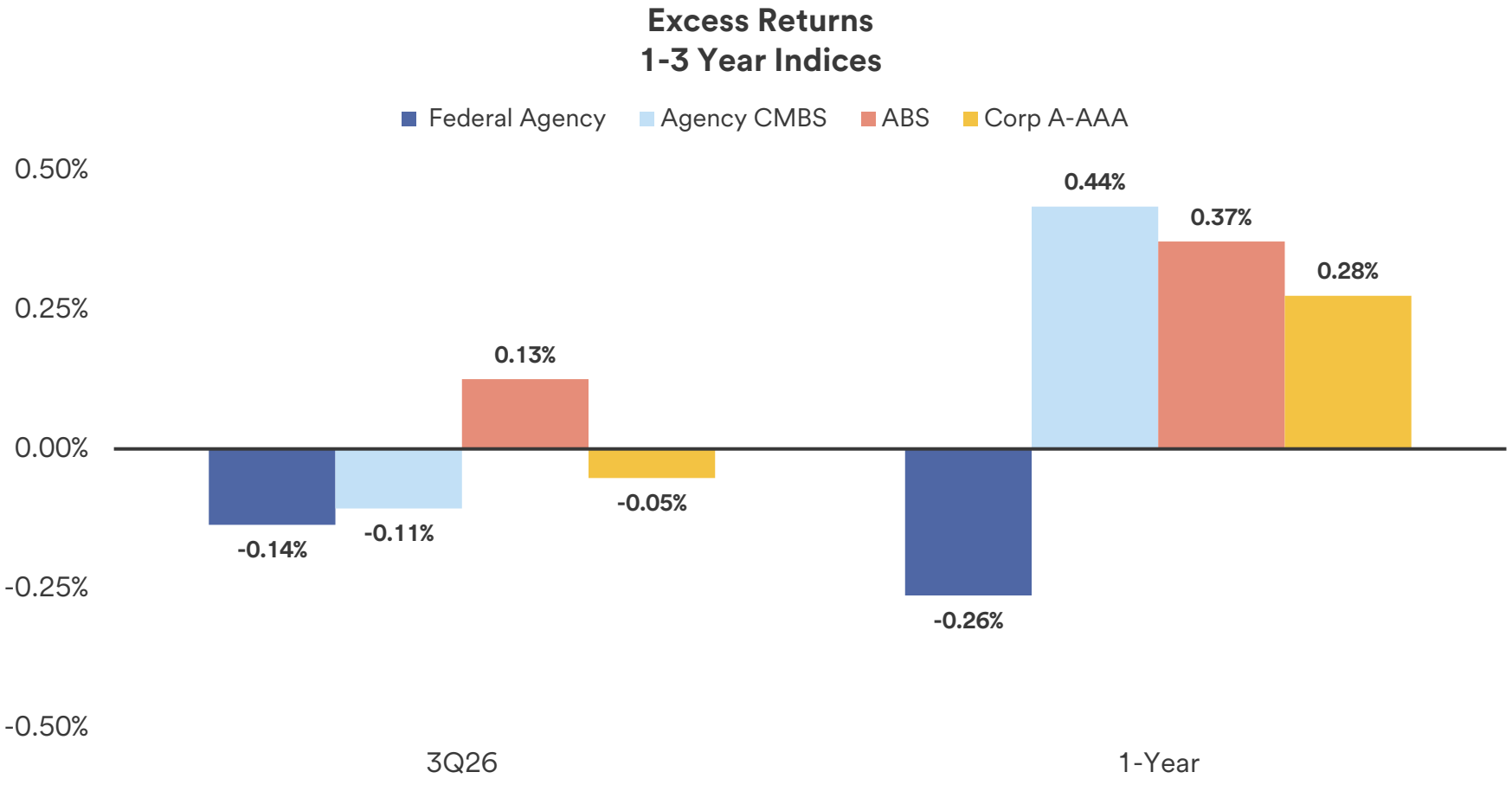
Source: Bloomberg Finance L.P., as of September 30, 2026.

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.

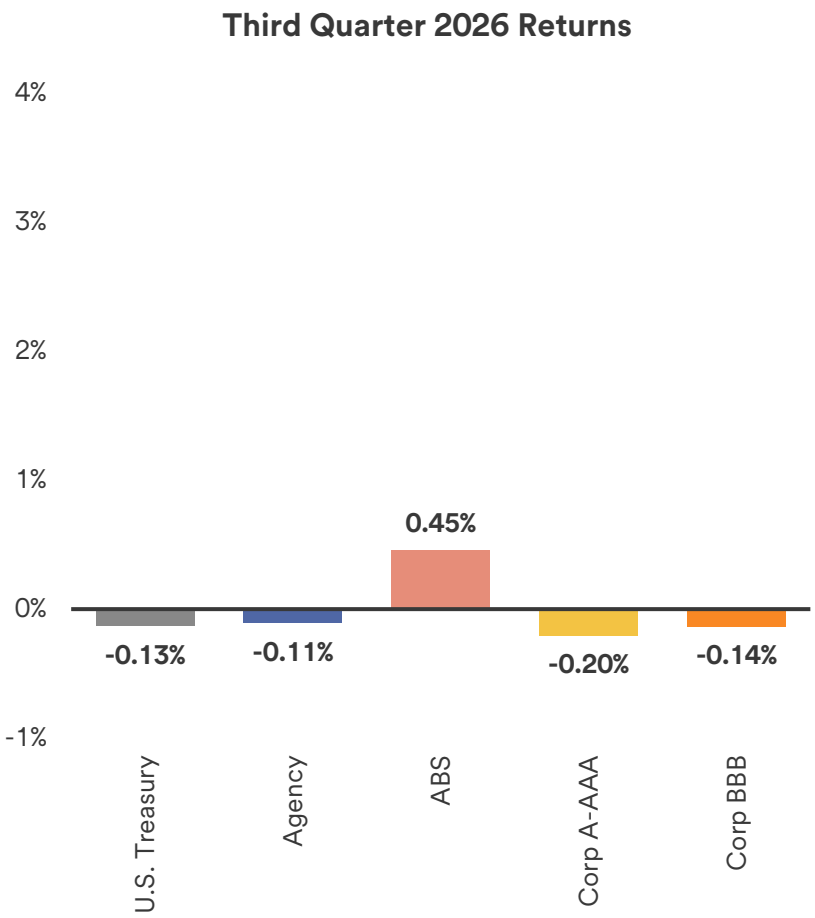
Fixed-Income Index Excess Returns

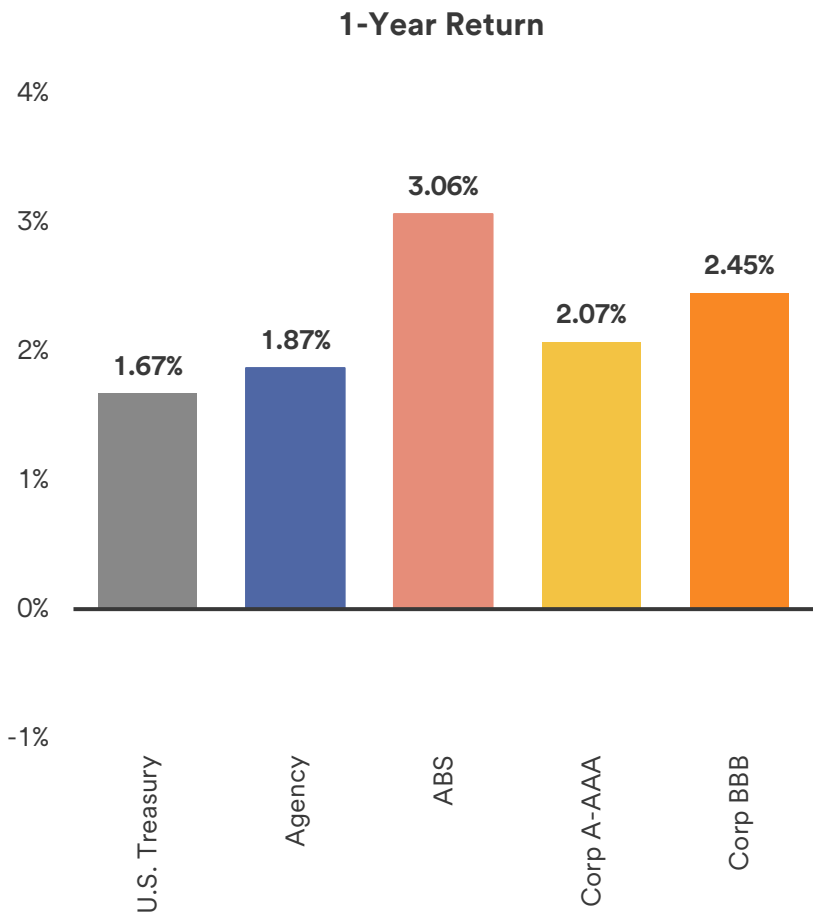


Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. Agency CMBS represented by ICE BofA Agency CMBS Index. As of September 30, 2026.

Fixed-Income Index Total Returns in 3Q 2026

1-3 Year Indices





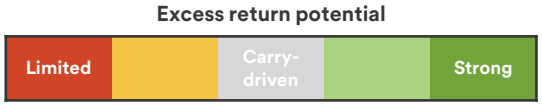
Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. As of September 30, 2026.

Fixed-Income Sector Outlook – 4Q 2026

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	



● *Current outlook* ○ *Outlook one quarter ago*



BofA Fixed-Income Index Returns

September 30, 2026	Effective Duration	Yield	YTD	1 Month	3 Month	1 Year	3 Years	5 Years
1-3 Year Indices								
U.S. Treasury	1.80	4.84%	0.55%	(0.53%)	(0.13%)	1.67%	4.07%	1.90%
Agency	1.71	4.87%	0.79%	(0.51%)	(0.11%)	1.87%	4.17%	2.03%
Corp A-AAA	1.86	5.27%	0.87%	(0.64%)	(0.20%)	2.07%	4.92%	2.54%
Municipals	1.86	3.78%	0.20%	(1.37%)	(1.16%)	0.72%	3.08%	1.53%
1-5 Year Indices								
U.S. Treasury	2.50	4.92%	(0.39%)	(0.97%)	(0.82%)	0.72%	3.94%	1.34%
Agency	2.41	4.96%	(0.14%)	(1.01%)	(0.82%)	0.93%	4.00%	1.51%
Corp A-AAA	2.66	5.43%	(0.20%)	(1.16%)	(1.04%)	1.00%	5.00%	2.04%
MBS (15 Years)	3.42	5.52%	(1.78%)	(2.06%)	(2.14%)	(0.34%)	4.59%	0.61%
Municipals	2.48	5.49%	0.58%	0.61%	0.58%	4.68%	0.14%	1.81%
Master Indices (Maturities 1 Year and Greater)								
U.S. Treasury	5.73	5.14%	(2.73%)	(2.29%)	(3.15%)	(2.01%)	3.15%	(1.17%)
Agency	3.39	5.06%	(0.93%)	(1.51%)	(1.67%)	0.15%	4.04%	0.80%
Corp A-AAA	6.30	5.87%	(3.09%)	(2.64%)	(3.87%)	(2.36%)	4.60%	(0.54%)
MBS (0 to 30 Years)	5.93	5.89%	(3.02%)	(3.27%)	(4.14%)	(1.48%)	4.55%	(0.39%)
Municipals	7.65	4.42%	(3.74%)	(4.05%)	(5.78%)	(2.35%)	3.02%	(0.15%)

Source: ICE BofA Indices. Returns greater than one year are annualized.

Disclosures

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