

## Thoughts from Public Trust Advisors CEO, Tom Jordan

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2020 will forever be defined as a year of overall uncertainty and unprecedented events. Thankfully, we ended the year on a positive note, and I'd like to share with you a snapshot of Public Trust Advisors, LLC (Public Trust), the Investment Advisor for VIP, over the last nine months.

When the pandemic began to disrupt business operations and ultimately our individual lives in early 2020, I assured the VIP Board of Trustees and the VIP Participants that we were prepared and ready to proactively position their funds to best protect and serve their interests during these turbulent times. On March 15, 2020, the Federal Reserve made the decision to move interest rates to near zero while the Federal government expressed their overall concerns with the growing pandemic and economic uncertainty facing the nation; as a result, we quickly made the decision to remotely conduct all business operations for the safety of our staff.

We made swift decisions to prepare for volatility by reviewing our overall credit holdings, moving further into highly liquid market segments, evaluating the strength of our counterparties, and maintaining sufficient liquidity to be certain we met Participant needs. Our Marketing team reached out to all of our clients to reassure them that we would be there for them every step of the way; through all this, we remained fully operational through our contingency plan for what we believed would be a short period of time.

As we have all come to realize, the situation facing our country and the overall concern for the COVID-19 pandemic played out somewhat differently. Our first responsibility is always to keep our colleagues and teams safe, and their responsibility is to keep their families and children safe. While we had hopes of feathering our team back into our offices by mid-summer through the fall, we are still operating remotely to date and open for business, under normal business hours.

Through our overall strength and persistence, we have continued to grow and

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expand Public Trust across the country in the face of uncertainty. Without being able to have in-person conversations, we added more than 300 new local governments over the course of the year, helping them safely navigate the rapidly adjusting financial markets. We hired seven new team members in critical roles, allowing us to plan and build for the future. And we continued to achieve new milestones, with peak balances reaching an all-time high of more than \$50 billion in assets under management and administration\* as of June 30, 2020, all of which speaks to the stability and overall long-term vision for the firm.

As we prepare for another year, the message I leave with you is that we are here for you. We remain available and largely exist to assist local governments in managing their funds through varying market conditions for the betterment of their communities.

Please know we are truly grateful that you continue to place your trust in us, and we are honored to continue serving you now and in the future. We look forward to sharing with you several exciting things we have planned for 2021 in the coming weeks so stay tuned! From everyone at Public Trust, we collectively wish you a very happy, safe, and healthy new year.

Sincerely,



**Tom Jordan**

Chief Executive Officer  
Public Trust Advisors, LLC

\*Of the \$50 billion in assets under management, Public Trust local government investment pool services compose \$42 billion (administration only - one LGIP totaling \$2.8 billion) and Public Trust separately managed account services compose \$9 billion. Data unaudited. All comments and discussion presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.



## TheECONOMY

### Turn the Page

As COVID-19 vaccines slowly work their way across the world, we begin the new year with hopes that this year will be much better than the last. But despite this renewed optimism, many familiar headwinds persist. New virus cases are spiking throughout the country, threatening to overrun our healthcare system and offsetting the positive effect of inoculations. Unemployment remains elevated with a disproportional impact across races, education levels, and income classes. The \$900 billion COVID relief package passed by Congress in December will assist the unemployed and small businesses, alleviating some of the pain as the pandemic drags on.

Unfortunately, nearly four million Americans have been out of work for at least 27 weeks, the threshold for long-term unemployment. The reversal of public health orders can be directly attributed to December's 140k drop in non-farm payrolls, where restaurants, bars, and hotels felt the brunt of fresh pandemic restrictions. So far, the vaccine rollout has been confined to front-line health care workers and the retired which does not lend to job growth in the immediate future. Until the vaccine has been distributed to a meaningful portion of the population, the labor market will remain constrained.

A tenuous transfer of power in Washington also brings uncertainty to fiscal policy. With the Democrats gaining control of the White House and Congress, it will be easier to push their agenda through, fueling growth and inflation expectations for this year with tax reform on the horizon. Further fiscal support may include aid for state and local governments, enhanced unemployment benefits, and additional stimulus checks paid directly to households.

Meanwhile, the Federal Reserve remains steadfast in its commitment to ultra-low rates while ensuring robust financial conditions. President-Elect Biden's nomination of Janet Yellen to serve as U.S. Secretary to the Treasury should ensure a productive relationship between the Fed and the new administration. Building a bridge to the other side of the pandemic remains the primary concern for all parties involved.

### Treasury Yields

MATURITY	1/8/21	12/9/20	CHANGE
3-Month	0.078%	0.071%	0.007%
6-Month	0.081%	0.081%	0.000%
1-Year	0.096%	0.096%	0.000%
2-Year	0.133%	0.149%	-0.016%
3-Year	0.219%	0.211%	0.008%
5-Year	0.483%	0.404%	0.080%
10-Year	1.115%	0.936%	0.179%
30-Year	1.873%	1.684%	0.189%

Source: Bloomberg

### Agency Yields

MATURITY	1/8/21	12/9/20	CHANGE
3-Month	0.088%	0.087%	0.001%
6-Month	0.094%	0.096%	-0.002%
1-Year	0.106%	0.113%	-0.007%
2-Year	0.154%	0.176%	-0.022%
3-Year	0.229%	0.243%	-0.014%
5-Year	0.509%	0.484%	0.025%

Source: Bloomberg

### Commercial Paper Yields (A-1/P-1)

MATURITY	1/8/21	12/9/20	CHANGE
1-Month	0.100%	0.100%	0.000%
3-Month	0.160%	0.190%	-0.030%
6-Month	0.180%	0.240%	-0.060%
9-Month	0.210%	0.270%	-0.060%

Source: Bloomberg

### Current Economic Releases

DATA	PERIOD	VALUE
GDP QoQ	Q3 '20	33.40%
US Unemployment	Dec '20	6.70%
ISM Manufacturing	Dec '20	60.70
PPI YoY	Nov '20	-1.30%
CPI YoY	Nov '20	1.20%
Fed Funds Target	Jan 12, 2021	0.00% - 0.25%

Source: Bloomberg