

Exhibit B



Portfolio Strategy Review

John F Grady, Managing Director

January 9, 2024



Disclosures

Data unaudited. This presentation is for informational purposes only. The information contained herein has been obtained from sources that we believe to be reliable, but its accuracy and completeness are not guaranteed. The information presented should not be used in making any investment decisions and 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. All comments and discussion presented are purely based on opinion and assumptions, not fact, and these assumptions may or may not be correct based on foreseen and unforeseen events.

Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. Public Trust Advisors is not a bank and your investment with Public Trust Advisors is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Past performance is not an indicator of future performance or results. **Any financial and/or investment decision may incur losses.**

Public Trust Advisors
717 17th Street, Suite 1850
Denver, Colorado 80202

City of Cocoa's Investment Program Review

- ✓ The City maintained an actively managed investment program during Fiscal year 2023 and the maturity structure for each portfolio is custom tailored based on the following criteria:
 - ✓ Sources and uses of funds
 - ✓ Anticipated timing of expenditures
 - ✓ Investment policy statement objectives and parameters
 - ✓ Current market conditions and historical performance
- ✓ This investment strategy has the primary focus on Safety of principal as the primary objective, providing daily liquidity from bank balances and local government investment pools, and the potential for increased earnings from the longer term investment portfolios.
- ✓ This multiple duration investment approach minimizes risks in rising and declining interest rate environments with the primary objective of safety of principal by investing in highly rated fixed income securities.
- ✓ We collaborate with the City's Finance Director and team to determine optimal investment options based on cash flows, investment policy and FI State Statutes, and current market conditions.
- ✓ The investment program is compliant with the City's investment policy and with Florida State Statutes.

Operating Portfolio Strategy Update

Investment Strategy and Maturity Structure

- The Operating Portfolio provides funding over multiple fiscal years. The portfolio is structured with maturities between one and five years. Funds are undesignated.
- The target duration is approximately 2.5 years
- The portfolio is managed as a with 1-5 year strategy, primarily using maturities between one and five years.

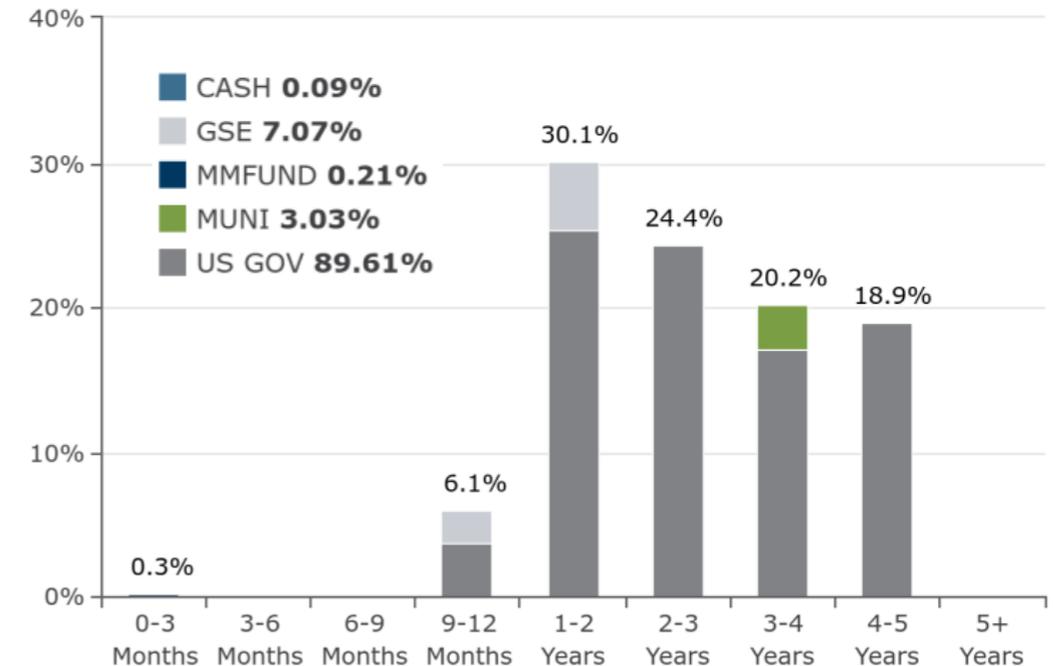
Asset Allocation and Diversification

- The portfolio is well diversified, 89.6% in UST, 7.1% in GSE, 3.0% in municipal bonds and 0.2% in MMF.
- Reinvested \$9.5mm (33%) of the portfolio during the fiscal year in securities yielding 3.5% - 5.0%. These investments resulted in an increase in the book yield of 1.13%, providing the opportunity for higher income in FY2024 compared to FY2023.

Portfolio Summary

	09/30/22	09/30/23
Duration	2.483	2.504
Years to Effective Maturity	2.592	2.648
Years to Final Maturity	2.605	2.652
Coupon Rate	1.137	1.663
Book Yield	1.074	2.204
Market Yield	4.237	4.978

Maturity Distribution by Type



Reserves Portfolio Strategy Update

Investment Strategy and Maturity Structure

- The Reserves Portfolio is structured based on requirements defined in the bond indenture for the City's outstanding debt per debt issuance.
- The target duration is approximately 2.5 years
- The portfolio is managed as a with 1-5 year strategy, primarily using maturities between one and five years.

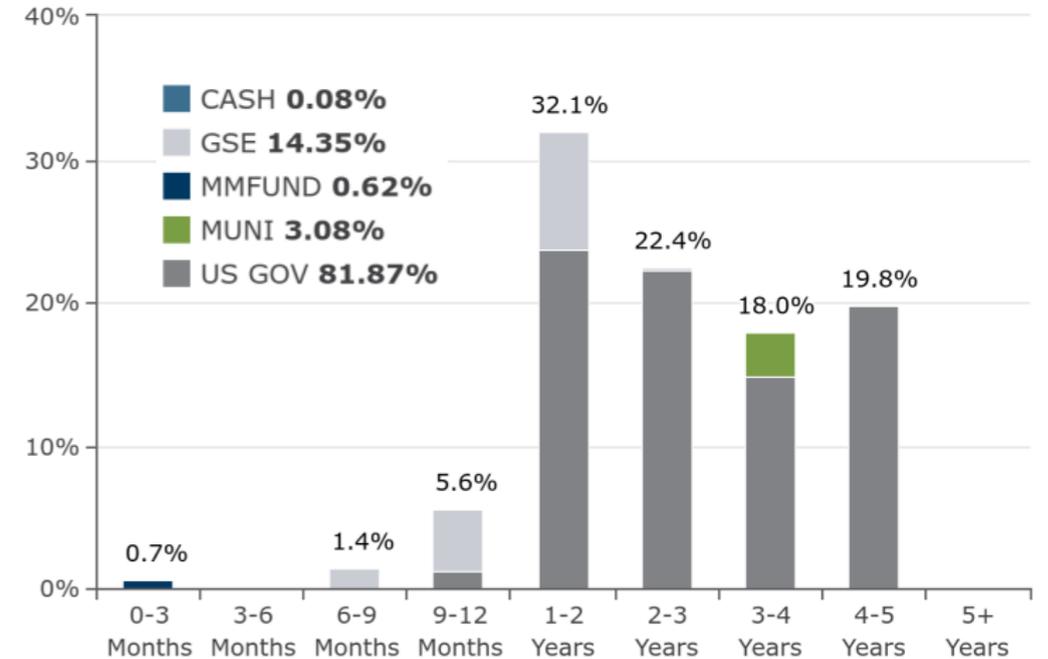
Asset Allocation and Diversification

- The portfolio is well diversified, 81.9% in UST, 14.4% in GSE, 3.1% in municipal bonds and 0.6% in MMF.
- Reinvested \$4.4mm (32%) of the portfolio during the fiscal year in securities yielding 3.5% - 4.3%. These investments resulted in an increase in the book yield of 1.09%, providing the opportunity for higher income in FY2024 compared to FY2023.

Portfolio Summary

	09/30/22	09/30/23
Duration	2.455	2.478
Years to Effective Maturity	2.563	2.622
Years to Final Maturity	2.619	2.639
Coupon Rate	1.263	1.692
Book Yield	1.059	2.146
Market Yield	4.208	4.994

Maturity Distribution by Type



Restricted Portfolio Strategy Update

Investment Strategy and Maturity Structure

- The Restricted Portfolio is restricted cash that is held long-term. These funds are restricted and held long-term.
- The target duration is approximately 2.0 years
- The portfolio is managed as a with 0-5 year strategy, primarily using maturities between three months and five years.

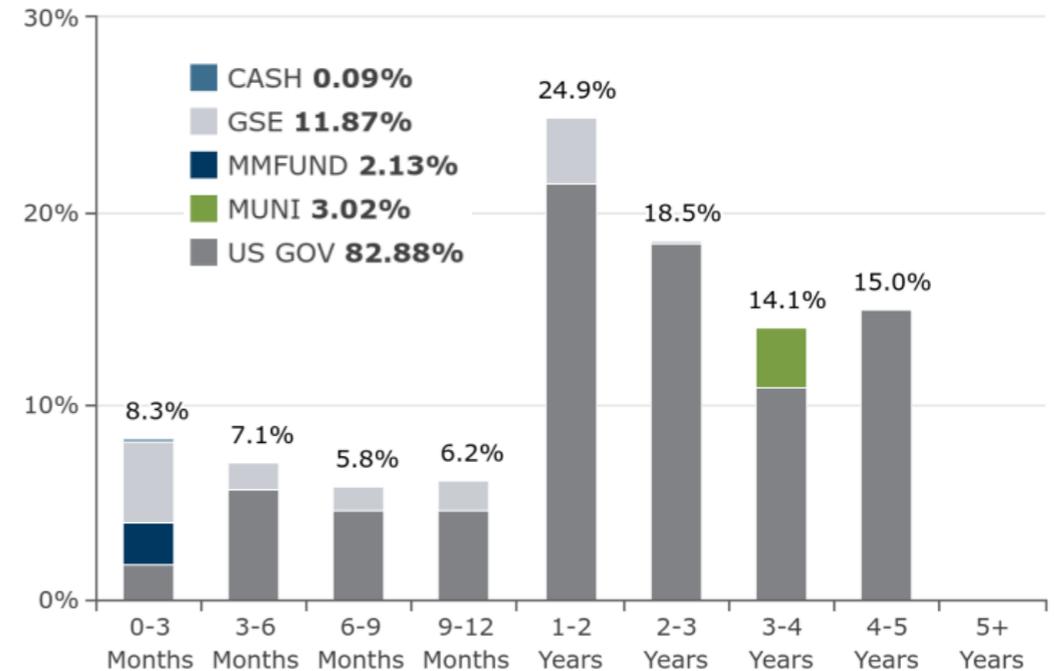
Asset Allocation and Diversification

- The portfolio is well diversified, 82.9% in UST, 11.9% in GSE, 3.0% in municipal bonds and 2.1% in MMF.
- Reinvested \$8.3mm (32%) of the portfolio during the fiscal year in securities yielding 3.5% - 5.4%. These investments resulted in an increase in the book yield of 1.20%, providing the opportunity for higher income in FY2024 compared to FY2023.

Portfolio Summary

	09/30/22	09/30/23
Duration	1.983	1.983
Years to Effective Maturity	2.068	2.096
Years to Final Maturity	2.083	2.101
Coupon Rate	0.954	1.677
Book Yield	0.844	2.047
Market Yield	4.086	5.055

Maturity Distribution by Type



Aggregate Asset Allocation – September 30, 2023

<u>Security Distribution</u>	<u>September 30, 2023 Portfolio Balance</u>	<u>Portfolio Allocation</u>	<u>Book Yield</u>	<u>Permitted by Policy*</u>	<u>Compliant</u>
Cash	\$ 31,838,242.12	19.55%	0.50%	100.00%	YES
LGIP	20,598,660.90	12.65%	5.49%	25.00%	YES
U.S. Treasury Notes	43,779,429.87	26.88%	2.34%	100.00%	YES
FNMA	1,587,157.73	0.97%	0.60%	40.00%	YES
FHLMC	1,612,487.61	0.99%	0.43%	40.00%	YES
FHLB	1,779,011.68	1.09%	0.29%	40.00%	YES
Money Market Funds	320,684.21	0.20%	4.96%	100.00%	YES
Municipal Bonds	1,541,721.39	0.95%	3.63%	25.00%	YES
FLCLASS	59,819,075.47	36.73%	5.59%	50.00%	YES
Total Portfolio Market Value	\$ 162,876,470.98	100.00%	3.53%		

*Security allocations as defined within the City's investment policy statement.

City of Cocoa's Investment Program Review

- ✓ The Federal Open Market Committee (FOMC) began the most aggressive monetary tightening policy in March 2022 increasing the overnight Federal Funds Rate to from 0.25% to 5.50% by July 2023, following two years of zero interest rate policy (ZIRP). This is the highest level in more than two decades. As of December 31, 2023, market expectations are for no additional rate hikes, rather, that the FOMC will need to cut the overnight rate at some during 2024.
- ✓ This monetary policy has also resulted in the highest yields in overnight investment vehicles (LGIPs and MMF strategies) since the early 2000's with rates of more than 5.50% through September 2023.
- ✓ Longer term US Treasury rates have also continued to increase through the end of the fiscal year. The two year US Treasury was 5.05% on September 30th 2023, more than 0.70% higher than the rate of 4.28% on September 30th 2022.
- ✓ We reinvested more than 30% of each portfolio through active management and the higher interest rate environment provided the opportunity for reinvestment in yields as high as 3.5% - 5.0%, the highest yields since 2007. These securities will provide much higher income compared to the securities purchased during the lower interest rate environment.
- ✓ The City has utilized FLCLASS LGIP investment accounts with a yield of 5.59% (September 30, 2023) that the City invests in for daily liquidity. This investment option is AAA rated and provides higher interest earnings compared to the bank deposit rate and provides the same daily liquidity. FLCLASS is benefitting from the significant rise in rates with rates increasing almost daily.
- ✓ City's Operating, Reserve and Restricted portfolios maturity structures are based on historical balances and anticipated cash flow needs as well as serving as longer term reserves. The continued reinvestment within these portfolios during the fiscal year has resulted in higher income opportunities for these assets are benefitting with the reinvestments of securities that will provide higher income for the next 2-4 years. These duration strategies are complementary to the liquidity investments and provide benefits in both rising and declining rate environments.