INVESTMENT TRUST OF CALIFORNIA

doing business as

CalTRUST

A JOINT POWERS AUTHORITY

INVESTMENT POLICY

FOR THE SHARES PROGRAM

EFFECTIVE AS OF:

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INVESTMENT POLICY FOR THE CalTRUST SHARES PROGRAM

I. INTRODUCTION AND SCOPE

The following are the investment objectives, policies and restrictions (collectively, the "Investment Policy") for each of the three separately managed programs (each, a "Series") within the investment program offered by Investment Trust of California, doing business as CalTRUST ("CalTRUST"), whereby participants ("Participants") invest in shares issued by CalTRUST (the "Shares Program").

The three Programs of the Shares Program are the "CalTRUST Liquidity Fund" Series (the "Liquidity Fund"), the "CalTRUST Short-Term Fund" Series (the "Short-Term Fund"), and the "CalTRUST Medium-Term Fund" Series (the "Medium-Term Fund").

All capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to such terms in the Information Statement for the Shares Program (the "Information Statement") or the Joint Exercise of Powers Agreement (the "Agreement"). **The Information Statement and Agreement provide further detailed information about the Shares Program and CalTRUST Participants should read them both carefully prior to participating in the Shares Program.**

II. PURPOSE

CalTRUST is a California joint powers authority and public agency established under the provisions of Title 1, Division 7, Chapter 5 of the California Government Code (the "Joint Exercise of Powers Act"), to provide Public Agencies with consolidated investment activities thereby reducing duplication, achieving economies of scale and carrying out coherent and consolidated investment strategies.

III. WHO MAY INVEST

Each Participant must be: (1) a California "Public Agency" as that term is defined in Section 6509.7 of Title 1, Division 7, Chapter 5, Article 1 of the California Government Code (the "Joint Exercise of Powers Act"), which, as of the date hereof, is defined as "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another state, or any joint powers authority formed pursuant to article 1 of the Joint Exercise of Powers Act by any of these agencies," and includes "a nonprofit corporation whose membership is confined to public agencies or public officials;" and (2) either the United States, a State, or any political subdivision of a State, or any agency, authority or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned directly or indirectly by any one or more of the foregoing, as those terms are used in the Investment Company Act of 1940, as amended.

IV. PERFORMANCE STANDARDS AND SERIES BENCHMARKS

The investment portfolios shall be designed with the objective of obtaining a market rate of return throughout economic cycles, commensurate with the investment risk constraints and liquidity needs of participants, always aligned with the focus on preservation of capital, liquidity, and yield.

The performance benchmarks for the Liquidity Fund, Short-Term Fund, and Medium-Term Fund are specified below:

Liquidity Fund:	Three Month Treasury Bill
Short-Term Fund:	Local Agency Investment Fund Barclays Short-Term U.S. Government/Corporate Index
Medium-Term Fund:	Merrill Lynch U.S. Corporate & Government 1-3 Years, "A" Rated or Above Index

V. FIDUCIARY RESPONSIBILITY

The California Government Code, Section 53600.3 defines the prudent investor standard to which the CalTRUST Board of Trustees and staff applies in the context of managing the CalTRUST funds. This standard requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

VI. INVESTMENT OBJECTIVES

By purchasing Shares in any Series, the Investment Advisor seeks to adhere to the following objectives:

- **Preservation of Principal.** Preserve principal to the extent reasonably possible in accordance with the applicable investment strategy by investing only in fixed-income oriented Authorized Investments, and in accordance with an investment strategy designed to preserve capital.
- **Liquidity**. Provide liquidity so that Participants have ready access to their Shares to the extent described in this Information Statement.
- **Income**. Provide as high a level of current income in each Series as is consistent with preserving principal and maintaining liquidity.
- **Professional Management.** Investments are managed by investment professionals that follow both general economic and current market conditions affecting interest rates and the value of fixed-income oriented investments
- **Diversification**. Each Participant in a Series will own Shares in a diversified portfolio of high-quality securities.
- **Accounting, Safekeeping and Separate Series**. The Participants' investments are accounted for in compliance with governmental accounting and auditing requirements, and Participants will be provided with all necessary information to do the bookkeeping and safekeeping associated with the ownership of the Shares. Participants will have secure online access to their accounts, as well as being provided with monthly statements.

There can be no assurance that the investment objectives of any particular Program will be achieved.

VII. DELEGATION OF AUTHORITY

Per the CalTRUST JPA, the CalTRUST Board of Trustees delegates the authority to invest or reinvest funds of the JPA, or to sell or exchange securities so purchased, to a third-party Investment Manager. The Investment Manager shall be selected through a Request for Proposals process. Any investment manager retained by CalTRUST shall meet all of the criteria set forth in Section 6509.7 of the Act, as such provision may be amended from time to time, which, as of the date hereof, requires that:

- the investment manager shall be registered or exempt from registration with the Securities and Exchange Commission;
- the investment manager shall not have less than five (5) years of experience investing in the securities and obligations authorized by the Law; and
- the investment manager shall have assets under management in excess of five hundred million dollars ($500,000,000).

CalTRUST may exercise broad discretion in allowing the Investment Manager to administer and regulate the operations of the Shares Program, to act as agent for CalTRUST, to execute documents on behalf of CalTRUST, and to make decisions which conform to general policies and general principles established by CalTRUST. In furtherance of the Shares Program, CalTRUST may authorize the Investment Manager to effect purchases, sales, loans or exchanges of securities of CalTRUST on behalf of CalTRUST or may authorize any officer, employee or Trustee to effect such purchases, sales, loans or exchanges pursuant to recommendations of the Investment Manager, all without further action by CalTRUST. Any such purchases, sales, pledges and exchanges shall be deemed to have been authorized by CalTRUST.

VIII. Ethics and Conflicts of Interest

Trustees, officers, and staff members involved in the investment activity shall refrain from personal business activity that could conflict with proper execution and management of the policy and the investment program, or which could impair their ability to make impartial decisions. All Trustees and specified staff positions must annually file a Form 700 (Statement of Economic Interests) in accordance with the JPA's Conflict-of-Interest Code and governing laws.

IX. Authorized Investments

The Shares purchased by the Investment Advisor will be comprised exclusively of the following investments (the "Authorized Investments"). These investments are authorized investments under the California Government Code, as may be amended from time to time, for money not required for the immediate needs of Local Agencies. The California Government Code limits the amount of surplus money of a Local Agency which may be invested in certain of the investments described below. Each Participant shall be responsible for monitoring the aggregate amount of its investments in any of these kinds of investments, to assure its own compliance with the California Government Code. None of the Investment Advisor, the Administrator or CalTRUST shall be responsible for such monitoring. **The Board may revise this Investment Policy from time to time subject to Section 4.2(a) of the Agreement.** Pursuant to the Agreement, the Board shall cause the amended Investment Policy to be delivered to each Participant. The Investment Policy may additionally be administratively revised to reflect updates to California Government Code.

Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

1) Unites States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

2) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

3) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

4) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

5) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

6) Bankers acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers acceptances may not exceed 180 days' maturity or 40 percent of the assets in a Series. However, no more than 30 percent of the assets in a Series may be bankers acceptances of any one commercial bank.

7) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization ("NRSRO"). The entity that issues the commercial paper shall meet all of the following criteria in either clause (a) or (b): (a)(i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000) and (iii) has debt other than commercial paper, if any, that is rated "A" or higher, without gradation, by an NRSRO; or (b)(i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond and (iii) has commercial paper that is rated "A-1" or higher, without gradation, or the equivalent, by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. No more than 40 percent of the assets in a Series may be eligible commercial paper. No more than 10 percent of the assets in a Series may be outstanding commercial paper of any single issuer. No more than 10 percent of the outstanding commercial paper of any single issuer may be purchased for a Series.

8) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the California Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the assets in a Series. Purchases shall not exceed the shareholder's equity of any depository bank. Shareholder's equity shall be determined in accordance with Section 118 of the California Financial Code, but shall be deemed to include capital notes and debentures. Purchases shall not exceed the total of the net worth of any savings association or federal association, except that deposits not exceeding a total of five hundred thousand dollars ($500,000) may be made to a savings association or federal association without regard to the net worth of that depository, if such deposits are insured or secured as required by law. Purchases of negotiable certificates of deposit from any regularly chartered credit union shall not exceed the total of the unimpaired capital and surplus of the credit union, as defined by rule of the California Commissioner of Financial Institutions, except that the deposit to any credit union share account in an amount not exceeding five hundred thousand dollars ($500,000) may be made if the share accounts of that credit union are insured or guaranteed pursuant to Section 14858 of the California Financial Code or are secured as required by law. Purchases of negotiable certificates of deposit issued by a state or federal credit union are prohibited if a member of the CalTRUST Board of Trustees, or any person with investment decision making authority for CalTRUST, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

9) Investments in repurchase agreements of Authorized Investments as long as the agreements are subject to the requirements of California Government Code Section 53601(j), including the delivery requirements specified

in California Government Code Section 53601(j). "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. Investments in repurchase agreements may be made, on any Authorized Investments, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

10) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subsection shall be rated "A" or better, without gradation, by a nationally recognized rating service. Purchases of medium-term notes (not including other Authorized Investments) may not exceed 30 percent of the assets in a Series.

11) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. Such companies shall have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this subsection shall not include any commission that the companies may charge and shall not exceed 20 percent of the assets in a Series.

12) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted

13) Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subsection shall have an "AA" or higher rating or its equivalent or better, without gradation, by a nationally recognized rating service and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subsection may not exceed 20 percent of the assets in a Series.

14) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA", without gradation, or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

Funds invested through a Series will be invested by the Investment Advisor in accordance with the prudent investor standard of the California Government Code. Any investments consisting of notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants shall be legal investments for savings banks in the State. Funds invested through a Series will not be invested in any inverse floaters, range notes or mortgage-derived, interest-only strips, or in any security that could result in zero interest accrual if held to maturity.

X. DURATION AND DIVERSIFICATION

Each Series seeks to attain as high a level of current income as is consistent with the preservation of principal. Each Series will invest in only fixed-income oriented Authorized Investments. The Short-Term Fund seeks a target portfolio duration of 0 to 2 years. The Medium-Term Fund seeks a target portfolio duration of 1 ½ to 3 ½ years. The Liquidity Fund will have a maximum portfolio duration weighted average maturity of 60 days and a maximum weighted average life of 120 days.

Each Series will invest in a diversified portfolio of fixed-income oriented investments of varying maturities with a different portfolio "duration." Duration is a measure of the expected life of a fixed-income oriented investment that was developed as a more precise alternative to the concept of "term to maturity." Duration incorporates a bond's yield, coupon interest payments, final maturity, call and put features and prepayment exposure into one measure. Traditionally, a fixed-income oriented investment's "term to maturity" has been used to determine the sensitivity of the investment's price to changes in interest rates (which is the "interest rate risk" or "volatility" of the investment). However, "term to maturity" measures only the time until a fixed-income oriented investment provides its final payment, taking no account of the pattern of the investment's payments prior to maturity. Duration is used in the management of Series as a tool to measure interest rate risk. For example, a Series with a portfolio duration of two years would be expected to change in value 2% for every 1% move in interest rates.

XI. INVESTMENT RESTRICTIONS

The Board has adopted the following investment restrictions for the Shares Program, which may not be changed in a material way by the Board, except as may be required by applicable law, without the approval of the Participants holding a majority of the Shares in the affected Series. Funds invested through a Series will not be used to:

1) Purchase any securities other than those described under "Authorized Investments," unless California law at some future date redefines the types of securities which are legal investments for all classes of Participants, in which case the permitted investments for the Series may be changed by the Board to conform to California law.

2) Invest in securities of any issuer in which a Trustee, officer, employee, agent or adviser of CalTRUST is an officer, director or 5% shareholder unless such investment is periodically authorized by resolution adopted by the Board, excluding officers, directors or 5% shareholders of such issuer.

3) Make loans, except that repurchase agreements may be entered into as specified under "Authorized Investments."

4) Borrow money or pledge, hypothecate or mortgage the assets in a Series or otherwise engage in any transaction that has the effect of creating leverage with respect to a Series; provided, however, that short-term credits necessary for the settlement of securities trades may be used, and forward purchases and sales of securities that are expected to settle beyond a normal "T+3" basis may be entered into.

5) Purchase the securities of any issuer (other than obligations issued and guaranteed as to principal and interest by the government of the United States, its agencies or instrumentalities) if, as a result, more than 10% of the total assets in a series would be invested in the securities of any one issuer.

6) Purchase securities with a forward settlement of greater than 45 days from the time of the investment.

7) Purchase securities that at the time of settlement have a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a

part of an investment program approved by the legislative body no less than three months prior to the investment.

XII. COLLATERALIZATION

CalTRUST does not partake in investment activities that require collateralization by the JPA.

XIII. APPLICATION OF PERCENTAGES

Any percentage limitation or rating requirement described in this Investment Policy will be applied at the time of purchase.

XIV. OVERSIGHT AND DUE DILIGENCE

Management shall receive and review the investment holdings monthly and distribute a copy of the holdings to the Investment Committee. The Investment Committee shall receive and review all investment holdings on a quarterly basis. The following information shall be required in each quarterly investment portfolio report:

- Listing of individual securities held at the end of the reporting period;
- Rating of each individual securities;
- Percentage of portfolio by investment type;
- Investments stated rate and book value;
- Average rate of return;
- Maturity aging by type of investment; and
- Market value of securities.

Holdings shall be updated on the public website, at minimum, semi-annually. Statements shall be provided to participants by 5pm PT the first business day of the following month. Performance reports shall be provided to participants and on the website by 5pm PT on the fifth business day of the following month.

In-depth due diligence meetings with the Investment Manager shall be conducted by the Investment Committee at least once annually. The Investment Manager shall present holdings and current strategy to the Board of Trustees at least twice annually.

XV. REPORTING

In the event that a Portfolio investment is downgraded below the minimum mandated credit quality guidelines, the Investment Manager shall notify CalTRUST and provide an evaluation and a plan of action within five (5) business days.

XVI. SAFEKEEPING AND CUSTODY

Securities will be held by an independent third-party custodian selected by the JPA as evidenced by safekeeping receipts in the JPA’s name and monthly reports from the custodian. Any custodian retained by the JPA shall meet the following criteria:

i. the custodian shall be a bank or trust company, in good standing, duly authorized to exercise trust powers and subject to supervision or examination by a federal or state banking authority; and
ii. the custodian shall have combined capital and surplus in excess of fifty million dollars ($50,000,000).

Notwithstanding the foregoing, a custodian that does not meet the requirement of clause (ii) above may be retained as the custodian for CalTRUST if its obligations under the Custody Agreement are guaranteed by an Affiliate which meets all of the qualifications set forth above, and such guaranty is acceptable in form and substance to the JPA.

XVII. INTERNAL CONTROLS

Management is responsible for the creation and administration of internal controls. A system of internal controls to ensure compliance with investment policies and procedures of the JPA and the California Government Code are established in conjunction with the Investment Manager, Custodian and Transfer Agent/Recordkeeper. The controls are reviewed annually through an independent audit of the funds conducted by a third-party auditor.

XVIII. INVESTMENT POLICY REVIEW

The investment policy shall be reviewed annually by the Investment Committee and Board of Trustees. The Board shall take action annually to either amend or reaffirm the Investment Policy.

XIX. GLOSSARY

ACCRUED INTEREST – Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

ASSET-BACKED SECURITY (ABS) – A financial security backed by a loan, lease, or receivables against assets other than real estate and mortgage-backed securities.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

DURATION – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of

1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve Federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

- Federal National Mortgage Association (FNMA) Federal Home Loan Bank (FHLB)
- Federal Farm Credit Bank (FFCB)
- Federa Home Loan Mortgage Corporation (FHLMC)

ILLIQUID – A security that is difficult to buy or sell or has a widespread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INVERSE FLOATERS – Floating rate notes that pay interest in inverse relationship to an underlying index.

LIQUID – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONDON INTERBANK OFFERED RATE (LIBOR) - A globally accepted key benchmark interest rate that indicates borrowing costs between banks. The rate is calculated and published each day by the Intercontinental Exchange (ICE). LIBOR is being phased out and will be replaced by the Secured Overnight Financing Rate (SOFR).

MARKET VALUE – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THRU SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

PORTFOLIO VALUE – The total book value amount of all the securities held in each fund.

PRIMARY DEALER – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor, the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements.

SAFEKEEPING – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

SECURED OVERNIGHT FINANCING RATE (SOFR) - A benchmark interest rate for dollar-denominated derivatives and loans that is replacing the London interbank offered rate (LIBOR).

SECURITIES LENDING – A transaction wherein the pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SPECIAL PURPOSE ENTITY (or TRUST) - A legally separated pass-through entity, trust or equivalent that makes its obligation secure and independent from the parent entity. This term is used to define purchase of Asset-Backed Securities at either the depositor or master trust level.

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

WHEN-ISSUED SECURITIES – A security traded before it receives final trading authorization with the investor receiving the certificate/security only after the final approval is granted.

YIELD – The gain, expressed as a percentage that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.