Fixed Income Portfolio Management

Managing fixed-income assets for public-sector and other institutional investors is a core focus for PFM's asset management business and has been since our inception. For more than 35 years, our professionals have provided investment management services to clients with operating funds, bond proceeds, working capital funds, and long-term reserves.

Our Philosophy

Our asset management professionals understand that the funds we manage impact many interests and support a broad range of projects and services that are vital to communities. To help protect our clients and their funds, we emphasize careful management of credit risk, market risk, and return volatility. Like our clients, our investment objectives, in order of priority, are:

- **Safety:** Preserve invested capital with high-quality investments
- **Liquidity:** Match the portfolio's liquidity needs to anticipated cash-flow needs
- **Return:** Maintain a portfolio structure that provides a market rate of return on assets while seeking to limit volatility

A Customized Approach

We believe that our clients deserve better than a "one size fits all" investment solution. Portfolios that we manage are tailored to match each client's specific investment policy and cash flow needs. Meticulous monitoring of market sectors allows us to quickly identify new investment opportunities and modify investment strategies as conditions change over time.

Our disciplined approach adheres to three key principles:

- Deeply understand client needs in order to develop a successful investment program that stands the test of time;
- Construct portfolios that are diversified and have lower volatility than comparable market benchmarks; and
- Actively manage portfolios by capturing market inefficiencies and avoiding risk

Independent Research

We offer clients objective market views driven by our own internal research and fixed-income expertise. Using proprietary models and industry-leading technology, our sector specialists and strategists are able to formulate strategies that keep pace with the changing market environment. Clients benefit from our investment professionals' best ideas for asset allocation and security selection, which are developed collaboratively by our experienced portfolio managers, strategists, and traders.

Our Process

Our investment process is client-driven and systematic as illustrated below. PFM's local asset management relationship managers collaborate with both clients and our fixed-income portfolio management team to formulate customized strategies. On an ongoing basis, we provide clients with a high level of service and transparent communication, including proactive market advice, detailed performance reporting, and client education. Clients have full access to our portfolio management, client service, analytical, and accounting staff as a general resource for all investment-related matters.

Why PFM's Asset Management Business?

We are a leading provider of investment advisory services. As of December 31, 2019, PFM advises on \$134.1 billion in total fixed-income assets under management and advisement, including \$101.2 billion in discretionary assets under management and \$32.9 billion in non-discretionary assets under advisement.

We have a sizeable presence in the marketplace and manage the portfolios of many large public-sector and institutional entities across the country, which provides clients with best practices from a national perspective. At the same time, local professionals at 37 regional offices nationwide provide personalized service. National investment management expertise combined with client-focused relationships allow us to deliver customized portfolio solutions that meet client needs.

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