



Ann Arbor DDA Investment Account

March 31, 2026

Portfolio Manager

David Rever, CFA, CEPA

Trust Officer

Rachel Estelle, J.D., ESQ.

Market Outlook

U.S. Economy:

- After a strong second half of 2025, U.S. economic momentum has moderated, though growth remains positive.
- Recent data suggest real GDP growth of approximately 1% in the first half of 2026, reflecting slower consumer spending growth (running near a 1.5% annualized pace), cooling labor demand, and a pause in business investment.
- Consensus forecasts now point to full-year US real GDP growth of approximately 1.8% in 2026.
- Our base case remains no recession this year, supported by elevated household net worth, unemployment holding near 4.3%, and corporate earnings growth in the low-double-digit range.
- That said, the distribution of outcomes has widened meaningfully. Geopolitical disruptions, energy-price volatility, and policy uncertainty have increased downside risks even if recession is not the central expectations.

Interest Rates & Inflation:

- Inflation remains above the Fed's long-term target in early 2026.
- Headline inflation is running at approximately 3.4%, driven by services inflation near 4.5%, residual shelter pressures and higher energy prices following Middle East disruptions.
- Core inflation is easing gradually, and structural forces continue to argue against a lasting inflation overshoot.
- Labor markets have rebalanced with wage growth slowing to approximately 3.5% year-over-year, and longer-term inflation expectations remain well anchored near 2.3%.
- The Federal Reserve remains on hold, with the federal funds target range at 3.50%–3.75%.
- Market pricing and economist consensus suggest one to two rates cuts later in 2026, contingent on further disinflation and incremental labor-market cooling.

Global Themes:

- Geopolitical risk has become a first order macro variable in 2026.
- The conflict involving Iran has increased volatility in global energy markets, with oil prices briefly moving above \$100 per barrel and shipping costs rising modestly in key trade corridors.
- While markets have thus far treated the disruption as contained, miscalculation risk remains elevated.
- The IMF now estimates that extended conflict could reduce global growth by approximately 0.8 percentage points under an adverse scenario.
- At the same time, structural trends continue to shape capital allocation globally; energy security, supply-chain resilience, elevated defense and infrastructure spending, and sustained investment tied to artificial intelligence.

Our View:

- Markets in 2026 remain fundamentally supported by earnings, but valuations leave less room for error than in prior cycles.
- The S&P 500 is currently valued at 20x forward earnings, suggesting returns are likely to be more volatile and more selective, driven by fundamentals rather than multiple expansion.
- Periods of stress typically expose existing fragilities rather than create new ones.
- Historically, assets entering volatile periods at elevated valuations tend to suffer the most, while diversified portfolios are better positioned to navigate uncertainty.
- We remain constructive but disciplined, emphasizing diversification across asset classes and geographies, and a focus on companies with durable cash flows, pricing power and balance-sheet resilience.

Economy

The U.S. economy is estimated to have grown at 2.0% for the quarter ended March 31st. Expectations for 2026 are now in the 1.5%-2.0% range.

The Federal Reserve is not expected to cut interest rates this year, as the war with Iran has reignited inflation concerns.

Markets

The stock market as measured by the S&P 500 was down for the quarter by (4.35%). Most of the underperformance took place during the month of March.

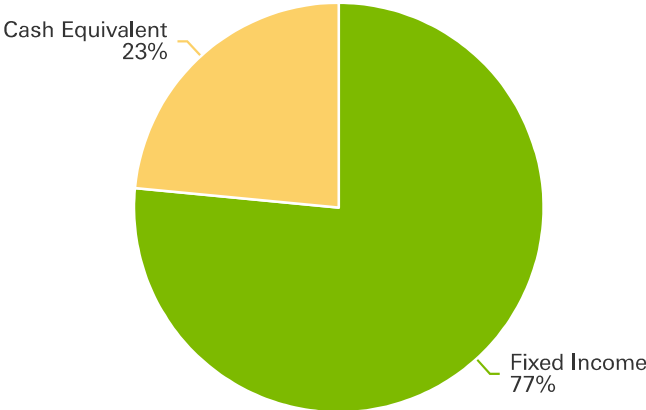
The U.S. Bond Market as measured the Bloomberg Barclays Agg returned (.05%) for the quarter ended 3/31. Rates increased significantly across the boards with the 2 year yield rising from 3.47% at 12/31/25 to 3.79% and the 10 year yield rising from 4.17% to 4.32%.

Portfolio

For the quarter ending 3/31, the return on the portfolio was 0.70% vs the index of 0.29% (ICE BA Treasury 1-3 yr.) and YTD (9mos) was 2.98% vs the index of 2.55%. On a rolling 1 year basis the return was 4.44% vs the index of 3.75%. The YTM for the bond portfolio was 3.87% with a duration of 2.58 years. In addition, a significant percentage of the overall portfolio was invested in a Government Money Market Fund yielding 3.54%. There are maturities of \$5.0 million in maturities during calendar year 2026.

Portfolio Overview

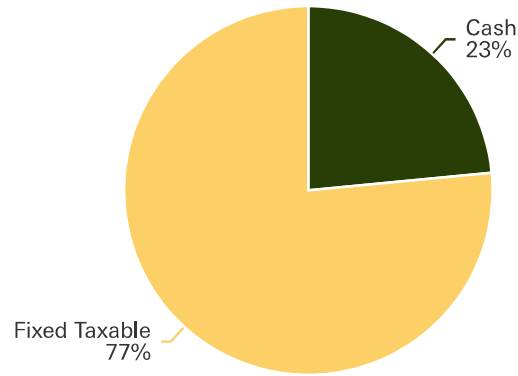
Asset Allocation



Performance Returns by Asset Class

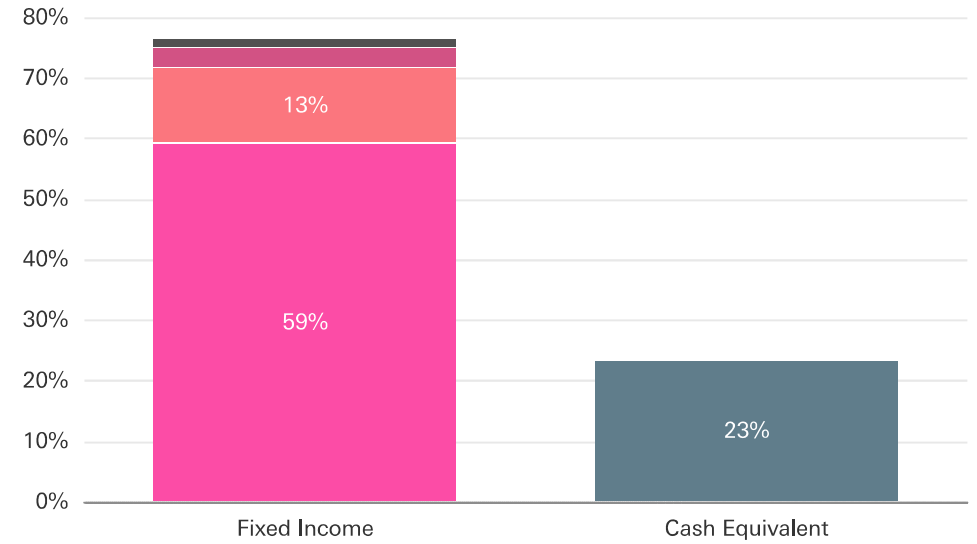
MAJOR ASSET TYPE	% OF PORTFOLIO	MARKET VALUE	CURRENT PERIOD	LATEST QUARTER	FISCAL YEAR TO DATE	1 YEAR
Cash Equivalentent	23.49%	\$10,723,456	0.88%	0.89%	2.96%	4.07%
Fixed Income	76.51%	\$34,937,276	0.64%	0.65%	2.97%	4.50%
Total	100.00%	\$45,660,732	0.70%	0.70%	2.98%	4.44%

Asset Allocation



MAJOR ASSET TYPE	% OF PORTFOLIO	MARKET VALUE
Fixed Income	76.51%	\$34,937,276
U.S. Government Notes & Bonds	59.15%	\$27,009,262
U.S. Government Agency Bonds	12.55%	\$5,728,937
U.S. Treasury Bills	3.33%	\$1,522,582
Municipal Bonds - Fed Taxable	1.48%	\$676,495
Cash Equivalent	23.49%	\$10,723,456
Money Market Funds	23.42%	\$10,692,474
Cash Equivalents	0.07%	\$30,982
Total	100.00%	\$45,660,732

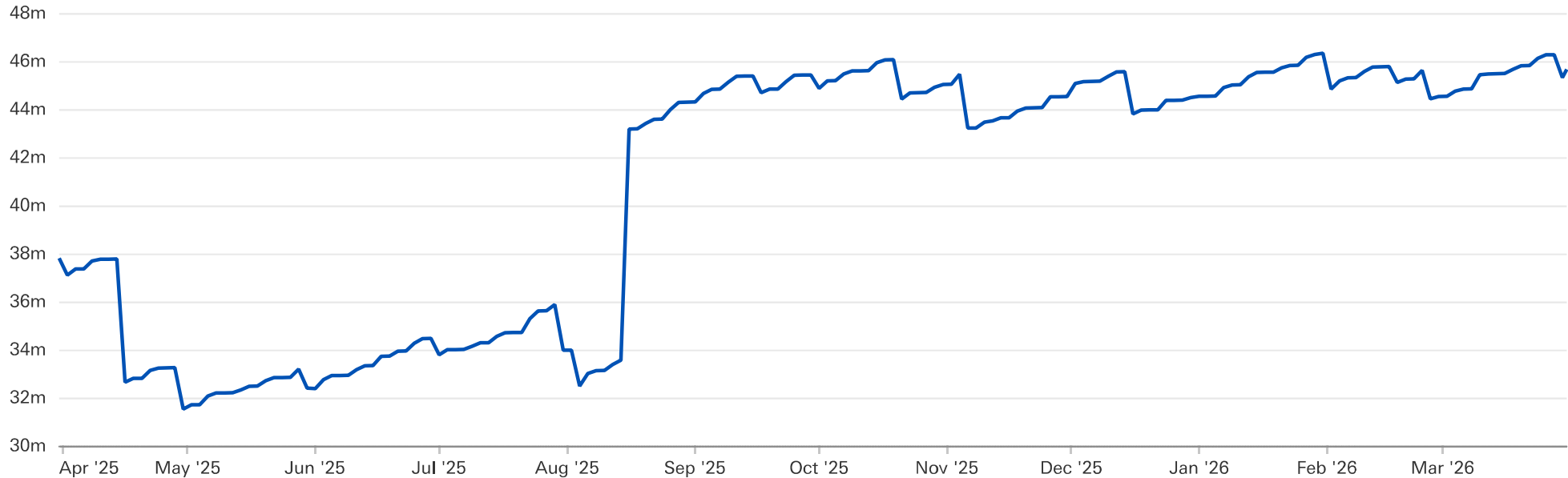
Investment Allocation



- U.S. Government Notes & Bonds
- U.S. Government Agency Bonds
- U.S. Treasury Bills
- Money Market Funds
- Other

INVESTMENT TYPE	% OF PORTFOLIO	MARKET VALUE
Bond	76.51%	\$34,937,276
Money Market Fund	23.42%	\$10,692,474
Currency	0.07%	\$30,982
Total	100.00%	\$45,660,732

Change In Value

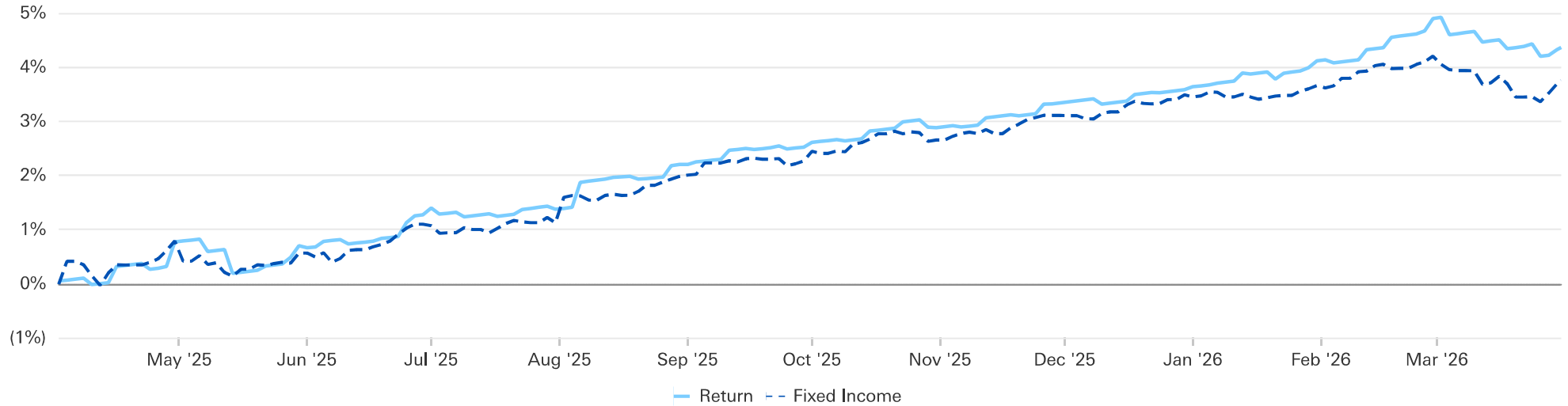


Account Activity

ACTIVITY	CURRENT PERIOD	FISCAL YEAR TO DATE
Starting Value	\$44,532,190	\$33,503,956
Net Cash Flow (USD)	\$916,404	\$11,011,817
All Income/Expenses (USD)	\$432,522	\$1,139,923
Net Gain/Loss	(\$180,101)	\$25,808
Change In Accrued Income (USD)	(\$13,493)	(\$20,772)
Ending Value	\$45,660,732	\$45,660,732

Performance Overview

Overall Performance Return vs. Blended Benchmark



Trailing Performance Returns

HOLDING ACCOUNT	MARKET VALUE	CURRENT PERIOD	LATEST QUARTER	FISCAL YEAR TO DATE	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
Ann Arbor DDA Investment Account (19-1022)	\$45,660,732	0.70%	0.70%	2.98%	4.44%	4.89%	2.53%	2.05%
Total	\$45,660,732	0.70%	0.70%	2.98%	4.44%	4.89%	2.53%	2.05%
<i>Fixed Income</i>		<i>0.29%</i>	<i>0.29%</i>	<i>2.55%</i>	<i>3.75%</i>	<i>4.04%</i>	<i>1.86%</i>	<i>1.94%</i>

Portfolio Holdings

As Of Date : 03/31/2026

Processing Date : 05/04/2026

Price Date : 03/31/2026

Account Name : Ann Arbor DDA Investment Account

Account No : 19-1022

Investment Objective : Government Bond

Cusip/Ticker	Description			Price	Quantity	Cost	Market Value	Gain/Loss	Income	Yield (%)	TMV (%)	Asset Class%
Fixed Income												
U.S. Government Notes & Bonds												
91282CHM6	United States Treasury Notes	4.500%	07/15/2026	100.21	1,000,000	992,267.81	1,002,098.44	9,830.63	45,000.00	4.49	2.21	2.88
912828Z78	United States Treasury Notes	1.500%	01/31/2027	98.17	500,000	461,645.04	490,859.38	29,214.34	7,500.00	1.53	1.08	1.41
91282CKE0	United States Treasury Notes	4.250%	03/15/2027	100.49	1,000,000	991,546.64	1,004,898.44	13,351.80	42,500.00	4.23	2.21	2.89
91282CEW7	United States Treasury Notes	3.250%	06/30/2027	99.30	500,000	485,498.18	496,484.38	10,986.20	16,250.00	3.27	1.09	1.43
91282CFH9	United States Treasury Notes	3.125%	08/31/2027	99.01	1,000,000	958,878.77	990,117.19	31,238.42	31,250.00	3.16	2.18	2.85
91282CFM8	United States Treasury Notes	4.125%	09/30/2027	100.41	1,000,000	1,003,985.42	1,004,062.50	77.08	41,250.00	4.11	2.21	2.89
91282CGC9	United States Treasury Notes	3.875%	12/31/2027	100.06	500,000	495,525.15	500,312.50	4,787.35	19,375.00	3.87	1.10	1.44
91282CGH8	United States Treasury Notes	3.500%	01/31/2028	99.42	1,000,000	988,290.63	994,218.75	5,928.12	35,000.00	3.52	2.19	2.86
91282CHE4	United States Treasury Notes	3.625%	05/31/2028	99.60	1,000,000	1,002,421.56	995,976.56	-6,445.00	36,250.00	3.64	2.19	2.87
91282CCV1	United States Treasury Notes	1.125%	08/31/2028	93.82	1,000,000	910,585.71	938,203.13	27,617.42	11,250.00	1.20	2.07	2.70
91282CJA0	United States Treasury Notes	4.625%	09/30/2028	101.91	1,000,000	1,020,618.05	1,019,062.50	-1,555.55	46,250.00	4.54	2.24	2.93
91282CJR3	United States Treasury Notes	3.750%	12/31/2028	99.79	1,000,000	1,008,297.37	997,929.69	-10,367.68	37,500.00	3.76	2.20	2.87
91282CKD2	United States Treasury Notes	4.250%	02/28/2029	101.14	1,500,000	1,513,207.11	1,517,167.97	3,960.86	63,750.00	4.20	3.34	4.37
91282CKP5	United States Treasury Notes	4.625%	04/30/2029	102.25	1,000,000	1,030,103.36	1,022,539.06	-7,564.30	46,250.00	4.52	2.25	2.94
91282CLC3	United States Treasury Notes	4.000%	07/31/2029	100.45	1,500,000	1,498,810.49	1,506,738.29	7,927.80	60,000.00	3.98	3.32	4.34
91282CLK5	United States Treasury Notes	3.625%	08/31/2029	99.24	1,000,000	998,589.51	992,382.81	-6,206.70	36,250.00	3.65	2.18	2.86
91282CFT3	United States Treasury Notes	4.000%	10/31/2029	100.41	1,000,000	1,008,120.45	1,004,062.50	-4,057.95	40,000.00	3.98	2.21	2.89
91282CGB1	United States Treasury Notes	3.875%	12/31/2029	99.95	1,500,000	1,489,260.28	1,499,238.29	9,978.01	58,125.00	3.88	3.30	4.32
91282CMG3	United States Treasury Notes	4.250%	01/31/2030	101.27	1,250,000	1,273,011.09	1,265,820.31	-7,190.78	53,125.00	4.20	2.79	3.64
91282CMU2	United States Treasury Notes	4.000%	03/31/2030	100.37	1,500,000	1,516,564.72	1,505,507.82	-11,056.90	60,000.00	3.99	3.31	4.33
91282CNG2	United States Treasury Notes	4.000%	05/31/2030	100.35	2,000,000	2,018,236.97	2,007,031.26	-11,205.71	80,000.00	3.99	4.42	5.78
91282CHZ7	United States Treasury Notes	4.625%	09/30/2030	102.84	1,500,000	1,556,292.25	1,542,597.66	-13,694.59	69,375.00	4.50	3.40	4.44
91282CKC4	United States Treasury Notes	4.250%	02/28/2031	101.30	2,000,000	2,034,940.03	2,026,093.76	-8,846.27	85,000.00	4.20	4.46	5.83
91282CKW0	United States Treasury Notes	4.250%	06/30/2031	101.27	2,000,000	2,033,996.01	2,025,312.50	-8,683.51	85,000.00	4.20	4.46	5.83
Total U.S. Government Notes & Bonds						28,290,692.60	28,348,715.69	58,023.09	1,106,250.00	3.90	62.41	81.59
U.S. Government Agency Bonds												
3130AMKN1	Fed Home Loan Bank Step-up	2.250%	05/27/2026	99.70	300,000	299,850.00	299,085.25	-764.75	6,750.00	2.26	0.66	0.86
3130ANVD9	Fed Home Loan Bank Step-up	2.500%	09/23/2026	99.33	2,000,000	2,000,000.00	1,986,554.36	-13,445.64	50,000.00	2.52	4.37	5.72
3130APFR1	Federal Home Loan Banks	1.120%	10/28/2026	98.47	1,000,000	995,479.16	984,686.37	-10,792.79	11,200.00	1.14	2.17	2.83
3130APGM1	Federal Home Loan Banks	1.750%	10/28/2026	98.83	550,000	548,900.00	543,547.54	-5,352.46	9,625.00	1.77	1.20	1.56
3130ATHW0	Federal Home Loan Banks	4.125%	09/10/2027	100.52	950,000	955,374.44	954,984.43	-390.01	39,187.50	4.10	2.10	2.75
3130ALC93	Federal Home Loan Banks	1.125%	02/25/2028	94.90	1,000,000	906,938.12	949,046.81	42,108.69	11,250.00	1.19	2.09	2.73

Portfolio Holdings

As Of Date : 03/31/2026

Processing Date : 05/04/2026

Price Date : 03/31/2026

Account Name : Ann Arbor DDA Investment Account

Account No : 19-1022

Investment Objective : Government Bond

Cusip/Ticker	Description		Price	Quantity	Cost	Market Value	Gain/Loss	Income	Yield (%)	TMV (%)	Asset Class%
Total U.S. Government Agency Bonds					5,706,541.72	5,717,904.76	11,363.04	128,012.50	2.24	12.59	16.45
Municipal Bonds - Fed Taxable											
279196CX5	Ecorse MI Public School Dist	2.192%	05/01/2026	200,000	193,140.00	199,718.62	6,578.62	4,384.00	2.20	0.44	0.57
490580ES2	Kent Hosp Fin Auth MI Rev	2.921%	07/15/2030	500,000	497,090.00	471,866.20	-25,223.80	14,605.00	3.10	1.04	1.36
Total Municipal Bonds - Fed Taxable					690,230.00	671,584.82	-18,645.18	18,989.00	2.83	1.48	1.93
Total Fixed Income					34,687,464.32	34,738,205.27	50,740.95	1,253,251.50	3.61	76.48	99.97
Cash Equivalent											
Money Market Funds											
BGSXX	Northern Institutional US Government Select			10,692,473.74	10,692,473.74	10,692,473.74	0.00	378,796.49	3.54	23.54	100.00
Total Money Market Funds					10,692,473.74	10,692,473.74	0.00	378,796.49	3.54	23.54	100.00
Total Cash Equivalent					10,692,473.74	10,692,473.74	0.00	378,796.49	3.54	23.54	100.00
Total Portfolio					45,379,938.06	45,430,679.01	50,740.95	1,632,047.99	3.59	100.02	
Principal Cash					-455,331.16						
Income Cash					455,331.16						
Trade Cash					0.00						

Due to rounding, percentage may not equal 100.

Fixed Income Fundamentals

Processing Date : 05/04/2026

As of Date : 03/31/2026

Price Date : 03/31/2026

Account Name : Ann Arbor DDA Investment Account

Account Number : 19-1022

Description			Par Value	Market Value	YTM %	Duration To	Current	Rating	
						Maturity	Yield %	Moody	SP
<u>Maturity Year : 2026</u>									
Fed Home Loan Bank Step-up	2.50%	09/23/2026	2,000,000	1,986,554.36	3.90	0.48	2.52	AA1	AA+
Federal Home Loan Banks	1.75%	10/28/2026	550,000	543,547.54	3.79	0.57	1.77	AA1	AA+
Federal Home Loan Banks	1.12%	10/28/2026	1,000,000	984,686.37	3.79	0.57	1.14	AA1	AA+
Fed Home Loan Bank Step-up	2.25%	05/27/2026	300,000	299,085.25	4.16	0.16	2.26	AA1	AA+
Ecorse MI Public School Dist	2.19%	05/01/2026	200,000	199,718.62	3.80	0.08	2.20	AA1	NA
United States Treasury Notes	4.50%	07/15/2026	1,000,000	1,002,098.44	3.73	0.29	4.49	AA1	NR
Total For Maturity Year : 2026			5,050,000	5,015,690.58	3.84	0.43	2.53		
<u>Maturity Year : 2027</u>									
United States Treasury Notes	4.13%	09/30/2027	1,000,000	1,004,062.50	3.84	1.44	4.11	AA1	NR
United States Treasury Notes	1.50%	01/31/2027	500,000	490,859.38	3.74	0.82	1.53	AA1	NR
United States Treasury Notes	3.25%	06/30/2027	500,000	496,484.38	3.83	1.21	3.27	AA1	NR
United States Treasury Notes	3.88%	12/31/2027	500,000	500,312.50	3.84	1.68	3.87	AA1	NR
United States Treasury Notes	4.25%	03/15/2027	1,000,000	1,004,898.44	3.72	0.93	4.23	AA1	NR
United States Treasury Notes	3.13%	08/31/2027	1,000,000	990,117.19	3.85	1.37	3.16	AA1	NR
Federal Home Loan Banks	4.13%	09/10/2027	950,000	954,984.43	3.75	1.41	4.10	AA1	AA+
Total For Maturity Year : 2027			5,450,000	5,441,718.82	3.80	1.27	3.63		
<u>Maturity Year : 2028</u>									
United States Treasury Notes	3.50%	01/31/2028	1,000,000	994,218.75	3.83	1.76	3.52	AA1	NR
Federal Home Loan Banks	1.13%	02/25/2028	1,000,000	949,046.81	3.89	1.88	1.19	AA1	AA+
United States Treasury Notes	3.63%	05/31/2028	1,000,000	995,976.56	3.82	2.07	3.64	AA1	NR
United States Treasury Notes	1.13%	08/31/2028	1,000,000	938,203.13	3.82	2.35	1.20	AA1	NR
United States Treasury Notes	3.75%	12/31/2028	1,000,000	997,929.69	3.83	2.59	3.76	AA1	NR
United States Treasury Notes	4.63%	09/30/2028	1,000,000	1,019,062.50	3.82	2.35	4.54	AA1	NR
Total For Maturity Year : 2028			6,000,000	5,894,437.44	3.83	2.17	3.01		
<u>Maturity Year : 2029</u>									
United States Treasury Notes	4.00%	10/31/2029	1,000,000	1,004,062.50	3.88	3.32	3.98	AA1	NR
United States Treasury Notes	4.25%	02/28/2029	1,500,000	1,517,167.97	3.83	2.72	4.20	AA1	NR
United States Treasury Notes	3.63%	08/31/2029	1,000,000	992,382.81	3.86	3.19	3.65	AA1	NR
United States Treasury Notes	3.88%	12/31/2029	1,500,000	1,499,238.29	3.89	3.46	3.88	AA1	NR
United States Treasury Notes	4.00%	07/31/2029	1,500,000	1,506,738.29	3.86	3.10	3.98	AA1	NR
United States Treasury Notes	4.63%	04/30/2029	1,000,000	1,022,539.06	3.84	2.86	4.52	AA1	NR
Total For Maturity Year : 2029			7,500,000	7,542,128.92	3.86	3.10	4.04		
<u>Maturity Year : 2030</u>									
Kent Hosp Fin Auth MI Rev	2.92%	07/15/2030	500,000	471,866.20	4.35	4.02	3.10	AA3	AA
United States Treasury Notes	4.63%	09/30/2030	1,500,000	1,542,597.66	3.93	4.04	4.50	AA1	NR
United States Treasury Notes	4.25%	01/31/2030	1,250,000	1,265,820.31	3.89	3.52	4.20	AA1	NR
United States Treasury Notes	4.00%	03/31/2030	1,500,000	1,505,507.82	3.90	3.67	3.99	AA1	NR
United States Treasury Notes	4.00%	05/31/2030	2,000,000	2,007,031.26	3.91	3.81	3.99	AA1	NR
Total For Maturity Year : 2030			6,750,000	6,792,823.25	3.94	3.79	4.08		
<u>Maturity Year : 2031</u>									
United States Treasury Notes	4.25%	02/28/2031	2,000,000	2,026,093.76	3.96	4.41	4.20	AA1	NR
United States Treasury Notes	4.25%	06/30/2031	2,000,000	2,025,312.50	3.98	4.67	4.20	AA1	NR

Fixed Income Fundamentals

Processing Date : 05/04/2026

As of Date : 03/31/2026

Price Date : 03/31/2026

Description	Par Value	Market Value	YTM %	Duration To	Current	Rating	
				Maturity	Yield %	Moody	SP
Total For Maturity Year : 2031	4,000,000	4,051,406.26	3.97	4.54	4.20		
Total Fixed Income Portfolio	34,750,000	34,738,205.27	3.87	2.58	3.61		
