



AOS LGOC 2026 CONFERENCE | MARCH 19, 2026

Navigating the Economic Landscape: Planning for Challenges

PRESENTED BY:
GABE PHILLIPS



MEEDER

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OF THE PRESENTATION.

Today's Presenter



Gabe Phillips

Director, Advisory Services

614.495.5979

gphillips@meederinvestment.com

Itinerary

- Today's market environment
- Building the foundation
- Dynamic liquidity and cash flow integration
- Resilient portfolio design
- Q&A session



What is the biggest challenge in public funds investing today?

- A. Unknown cash flows
- B. Direction of interest rates
- C. Don't know



There are decades
where nothing happens;
and there are weeks
where decades happen.

SOURCE: SOCIETY FOR ADVANCING BUSINESS EDITING AND WRITING CONFERENCE, APRIL 4, 2025.

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2025 Review



Federal Reserve Cuts Rates
Fed lowered the Fed Funds
rate three times in 2025
from 4.50% to 3.75%

Rates Dropped

The 3-mo Treasury Bill
yielded 4.31% in Dec 2024
and ended the year at 3.63%

Tariffs ,
Government Shutdown,
and Immigration
were major economic
stories of 2025

U.S. Economic Growth
was better than
economists expected

The 2-yr Treasury Note
yielded 4.24% in Dec 2024
and ended the year at 3.47%

YoY CPI drops from
2.9% (Dec 2024) to
2.7% (Dec 2025)

U.S. Treasury yield curve
Re-inverts
in shorter maturity tenors

U.S.
Unemployment Rate
climbs from 4.1%
(Dec 2024)
to 4.4%
(Dec 2025)

The 5-yr Treasury Note
yielded 4.38% in Dec 2024
and ended the year at 3.73%

U.S. Federal debt tops
\$38 trillion

S&P 500 closes
near an all-time high,
up 16.4% for the year
AI stocks were Big Drivers

SOURCE: BLOOMBERG AS OF 1/26/26. THE PERFORMANCE DATA SHOWN REPRESENTS PAST PERFORMANCE, WHICH DOES NOT GUARANTEE FUTURE RESULTS.

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“FIGEY” Model of Interest Rates

Fed, Inflation, Growth, Employment, Yields

Fed Policy



Inflation



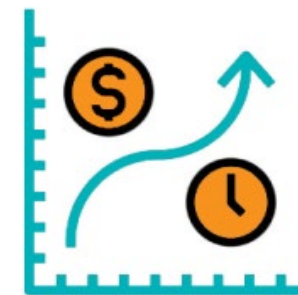
Growth (GDP)



Employment



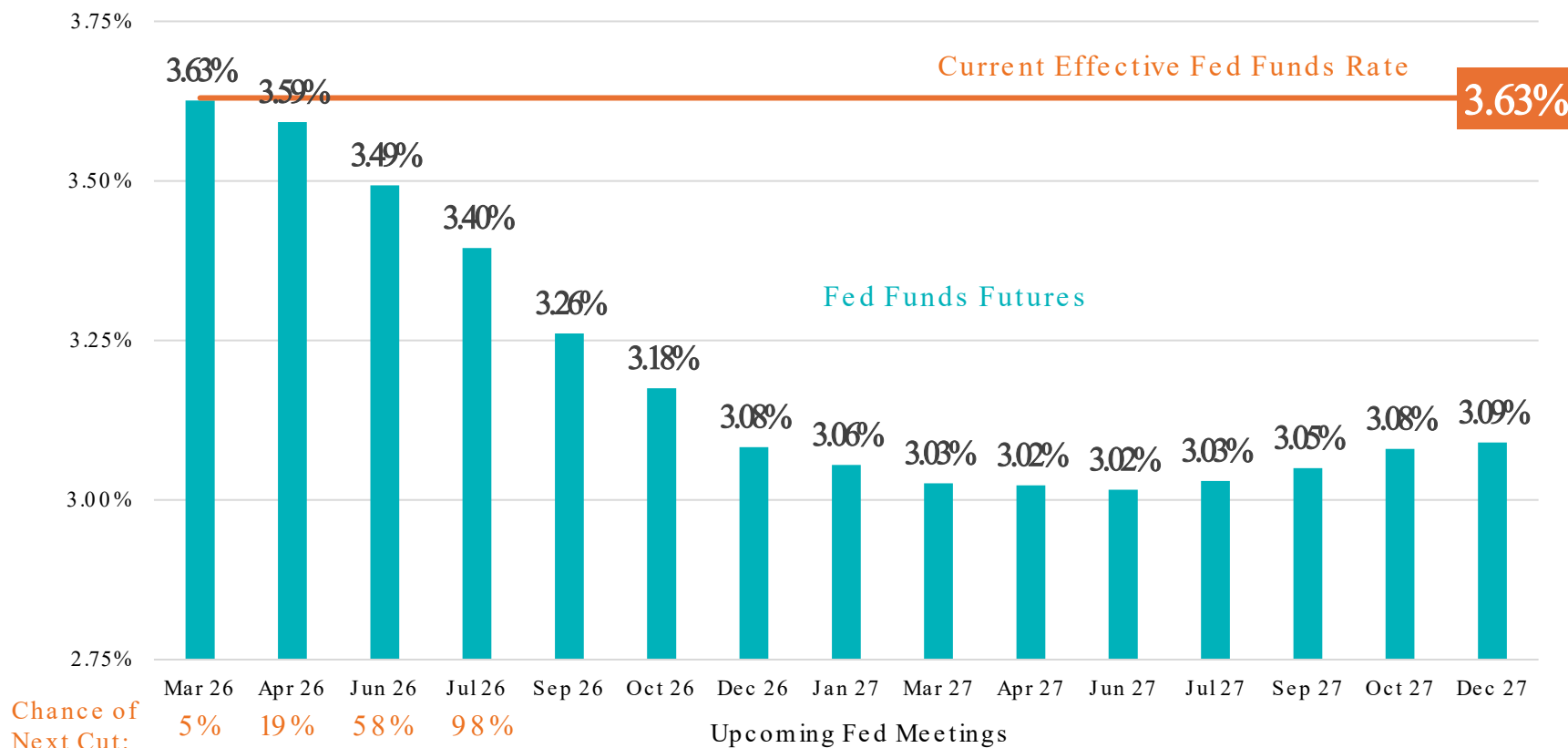
Yields



- U.S. Treasury yields/rates are primarily a function of Federal Reserve policy, inflation, economic growth, and employment.
- Shorter-term yields are highly correlated with the Fed Funds rate set by the Fed’s Federal Open Market Committee (FOMC).
- Intermediate-term and longer-term yields are more correlated to the expected future rates of inflation, economic growth, and the unemployment rate.

Fed Funds Projections

2025-27 Fed Funds Rate Per Futures Market by Fed Meeting Months

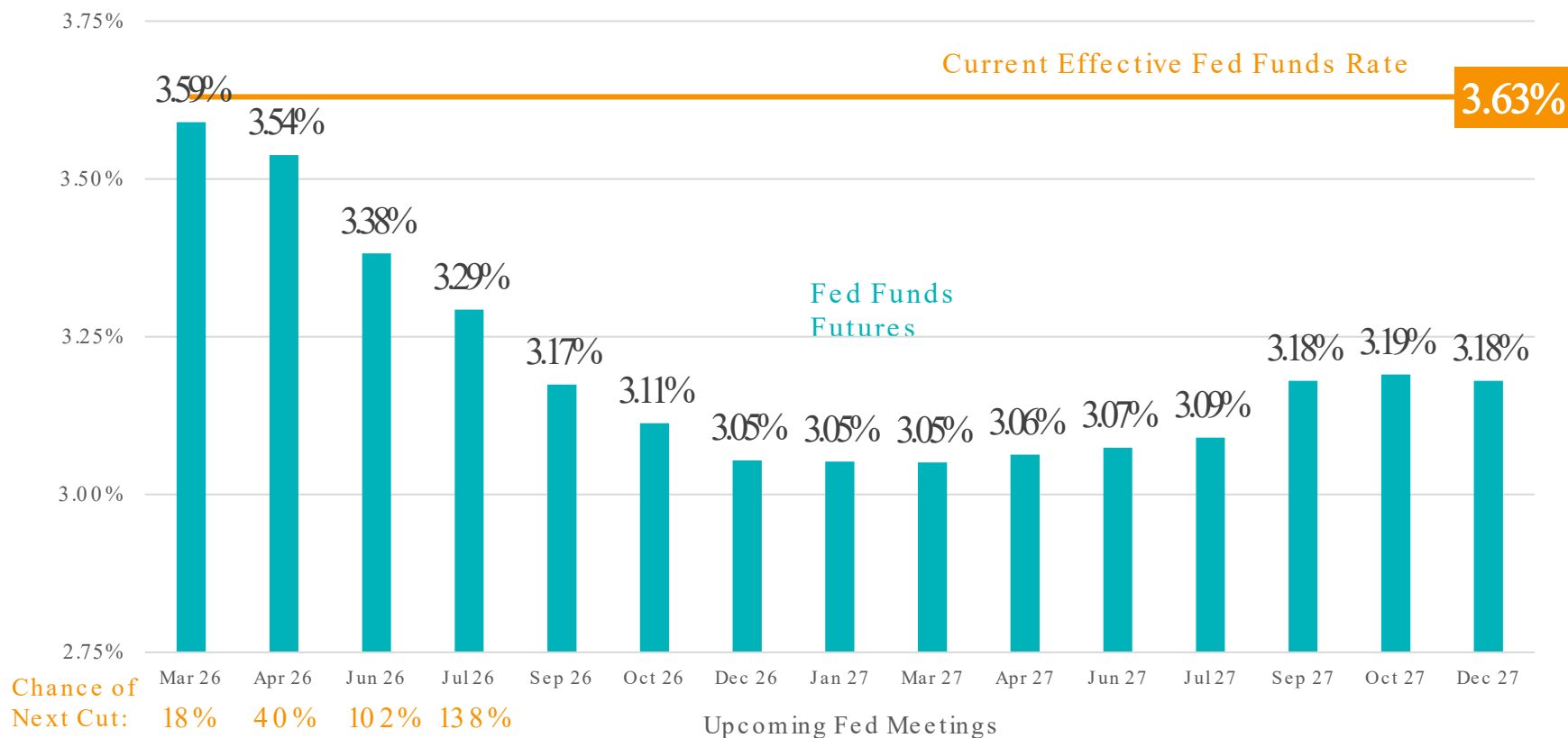


- The Federal Reserve lowered the Fed Funds rate at the December 2025 meeting by .25% and held the rate steady at the January 2026.
- The Fed said they didn't lower the rate due to the stronger-than-expected economy, with solid growth and a stabilizing, rather than weakening, job market.
- Also, some Fed members are still concerned inflation is above their target.
- The futures market is pricing in the next .25% cut at July 2026 meeting.

SOURCE: BLOOMBERG AS OF 2/20/26. THE PERFORMANCE DATA SHOWN REPRESENTS PAST PERFORMANCE, WHICH DOES NOT GUARANTEE FUTURE RESULTS. PORTIONS OF THE ILLUSTRATION ARE HYPOTHETICAL IN NATURE, DO NOT REFLECT ACTUAL RESULTS, AND DO NOT GUARANTEE FUTURE RESULTS.

Fed Funds

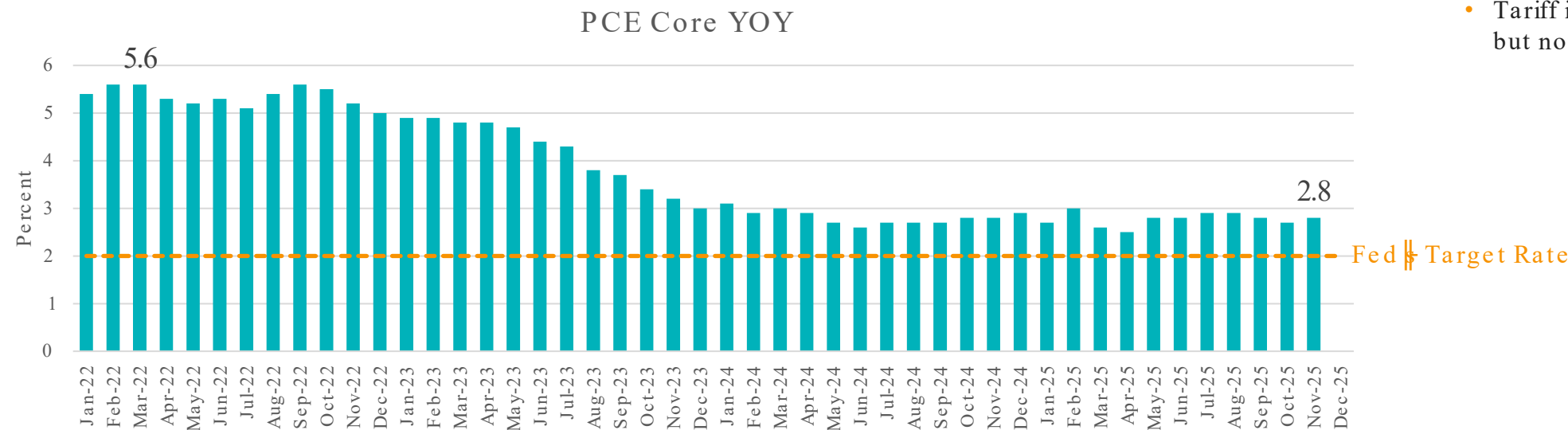
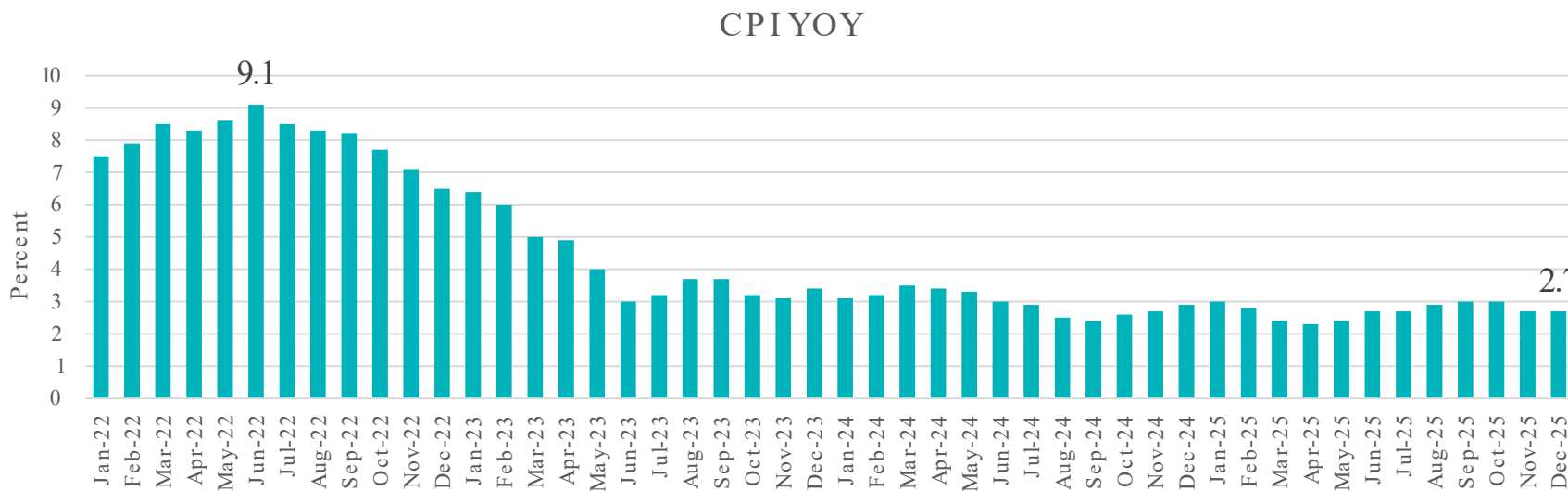
2025-27 Fed Funds Rate Per Futures Market by Fed Meeting Months



- The Federal Reserve lowered the Fed Funds rate at the December 2025 meeting by .25% and held the rate steady at the January 2026.
- The Fed said the didn't lower the rate due to the stronger-than-expected economy, with solid growth and a stabilizing, rather than weakening, job market.
- The futures market is pricing in the next .25% cut at the June or July 2026 meeting.

SOURCE: BLOOMBERG AS OF 2/6/26. THE PERFORMANCE DATA SHOWN REPRESENTS PAST PERFORMANCE, WHICH DOES NOT GUARANTEE FUTURE RESULTS. PORTIONS OF THE ILLUSTRATION ARE HYPOTHETICAL IN NATURE, DO NOT REFLECT ACTUAL RESULTS, AND DO NOT GUARANTEE FUTURE RESULTS.

Inflation



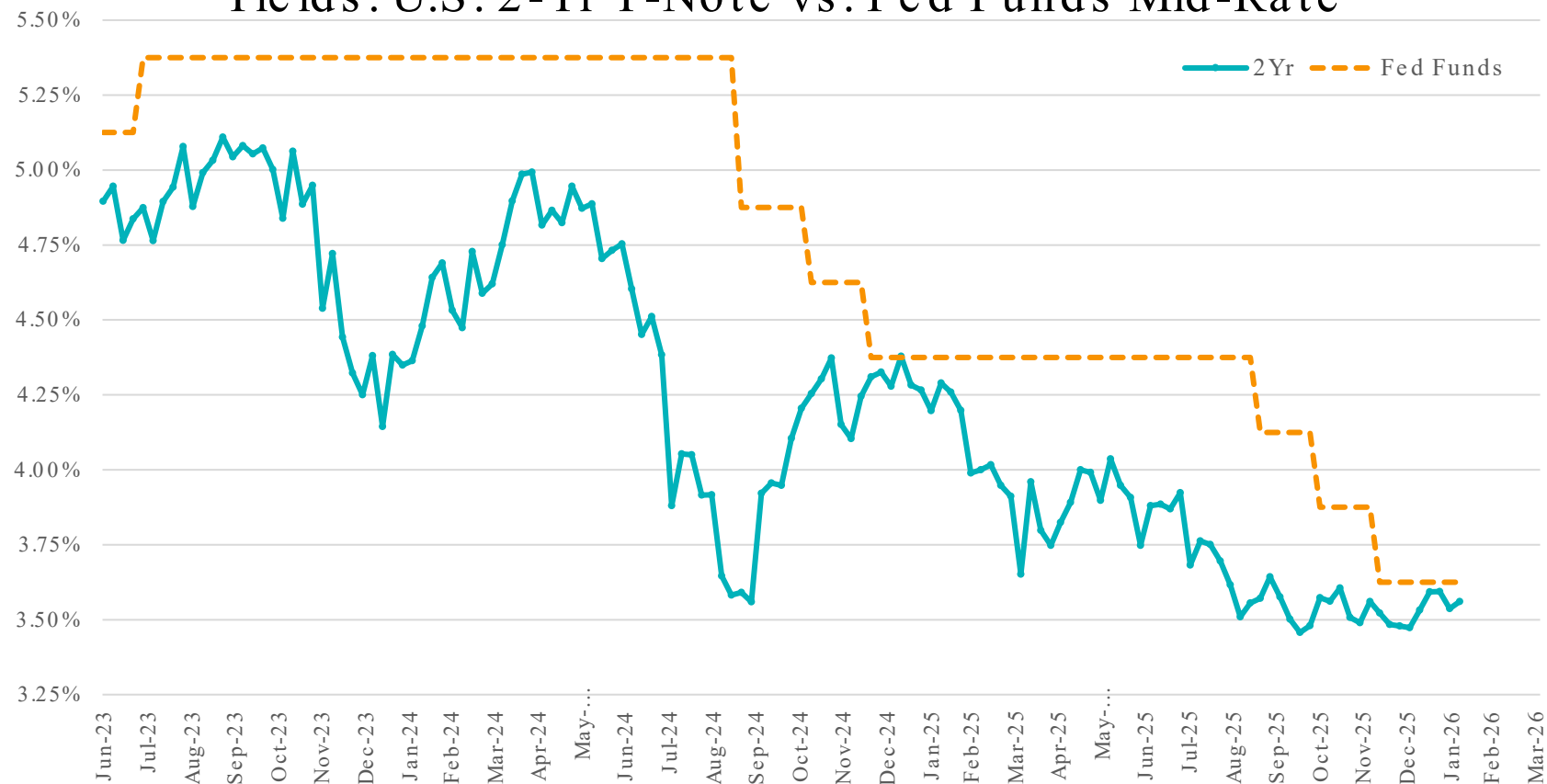
- Inflation declined considerably from the pandemic highs of 2022 (CPI YoY 9.1%).
- However, inflation remains above the Federal Reserve’s target 2% (Personal Consumption Expenditures Core YoY rate – lower graph).
- Tariff inflation is still a concern, but not as much as last year.

SOURCE: BLOOMBERG AS OF 2/4/26. THE PERFORMANCE DATA SHOWN REPRESENTS PAST PERFORMANCE, WHICH DOES NOT GUARANTEE FUTURE RESULTS.

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Yields

Yields: U.S. 2-Yr T-Note vs. Fed Funds Mid-Rate



- Intermediate-term interest rates peaked in October of 2023, with the 2-year Treasury hitting a cycle high of 5.22%.
- Even though interest rates have declined with lower job growth, they are still materially higher than the average the past 20 years.
- The 2-year Treasury has averaged 2% the past 20 years.
- With the Fed expected lower short-term rates, Meeder believes it is still an opportune time to lock in interest income stability with purchases of intermediate-term securities.

SOURCE: BLOOMBERG AS OF 2/4/26. THE PERFORMANCE DATA SHOWN REPRESENTS PAST PERFORMANCE, WHICH DOES NOT GUARANTEE FUTURE RESULTS.

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Would you consider
your entity to be
conservative when it
comes to investing?

- A. Yes
- B. No
- C. Maybe



“Being conservative doesn’t
mean being passive.
It means being purposeful.”

Primary Objectives of Investment Programs

1 Safety of principal

2 Sufficient liquidity

3 Market rate of investment income



Investment Policy versus Investment Plan



RULE BOOK

Legal
Words
General
Static

PLAY BOOK

Suitable
Portfolio
Specific
Dynamic

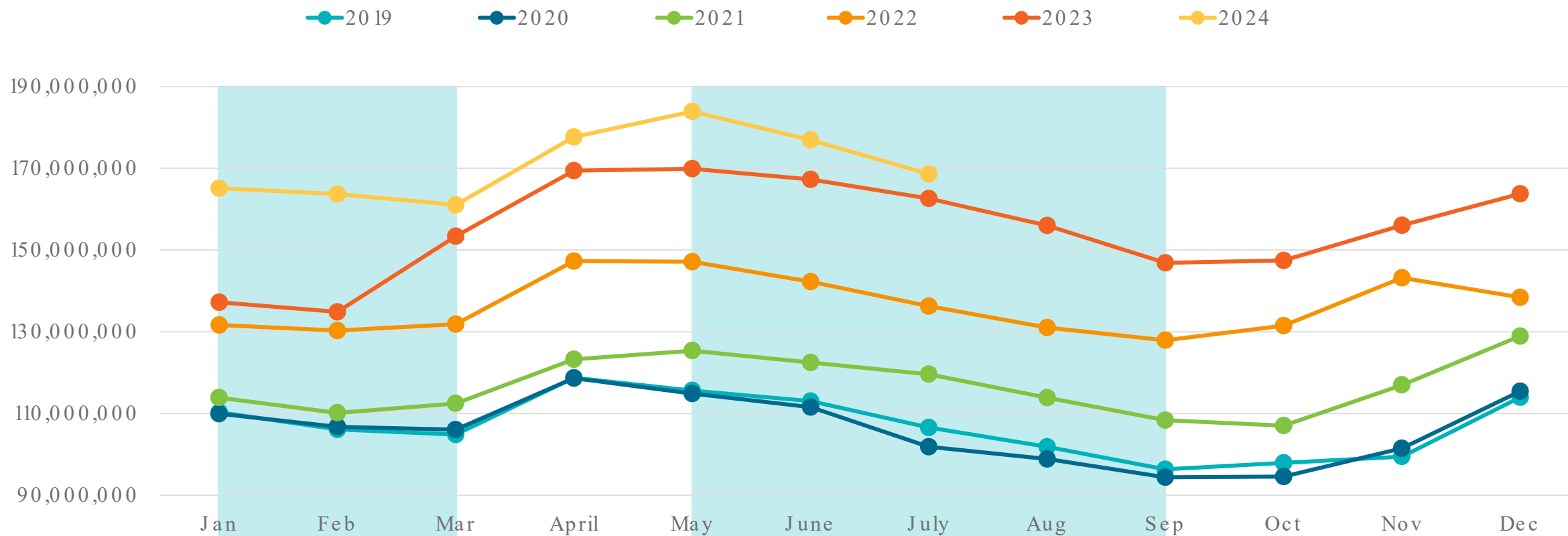
In investing, as in life, a strong foundation doesn't guarantee the future—but it makes surviving the storms a lot more likely.

Cash Flow Analysis

Know your fund seasonality



Monthly Balances by Calendar Year



SOURCE: MEEDER PUBLIC FUNDS. FOR ILLUSTRATIVE PURPOSES ONLY. PORTFOLIO ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

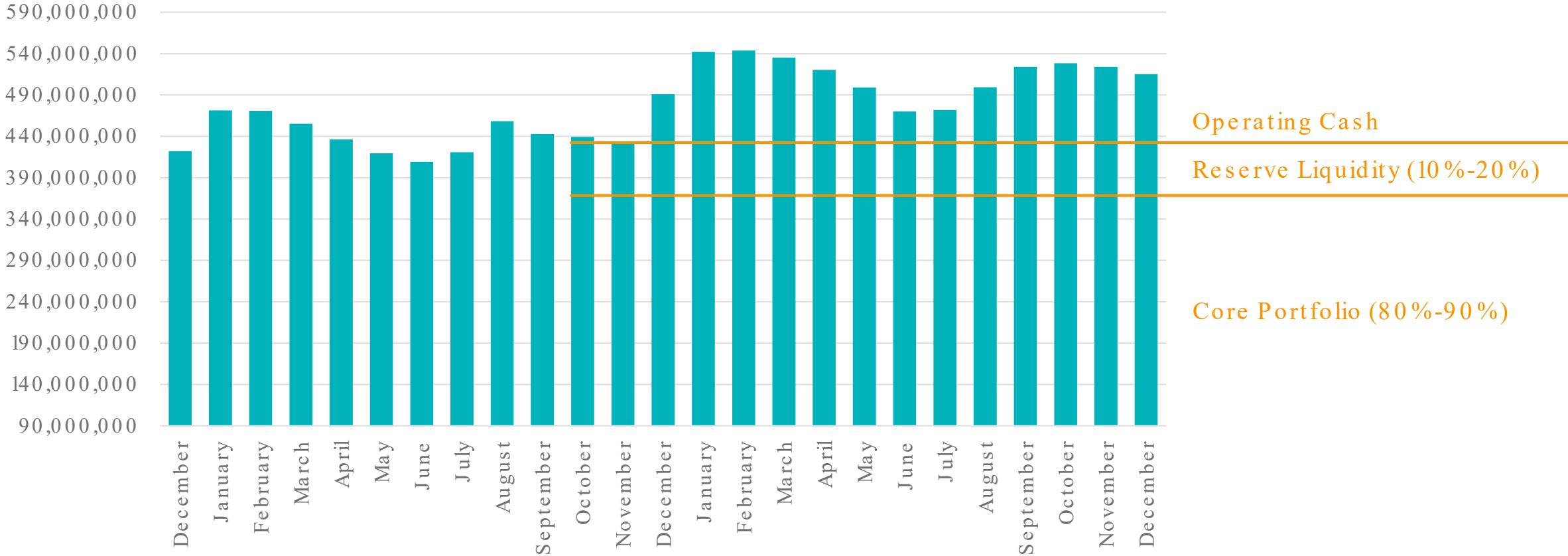
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Cash Flow Analysis

Know your recent low points



Monthly Balances



SOURCE: MEEDER PUBLIC FUNDS. FOR ILLUSTRATIVE PURPOSES ONLY. PORTFOLIO ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

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Too Much Liquidity?



Liquid

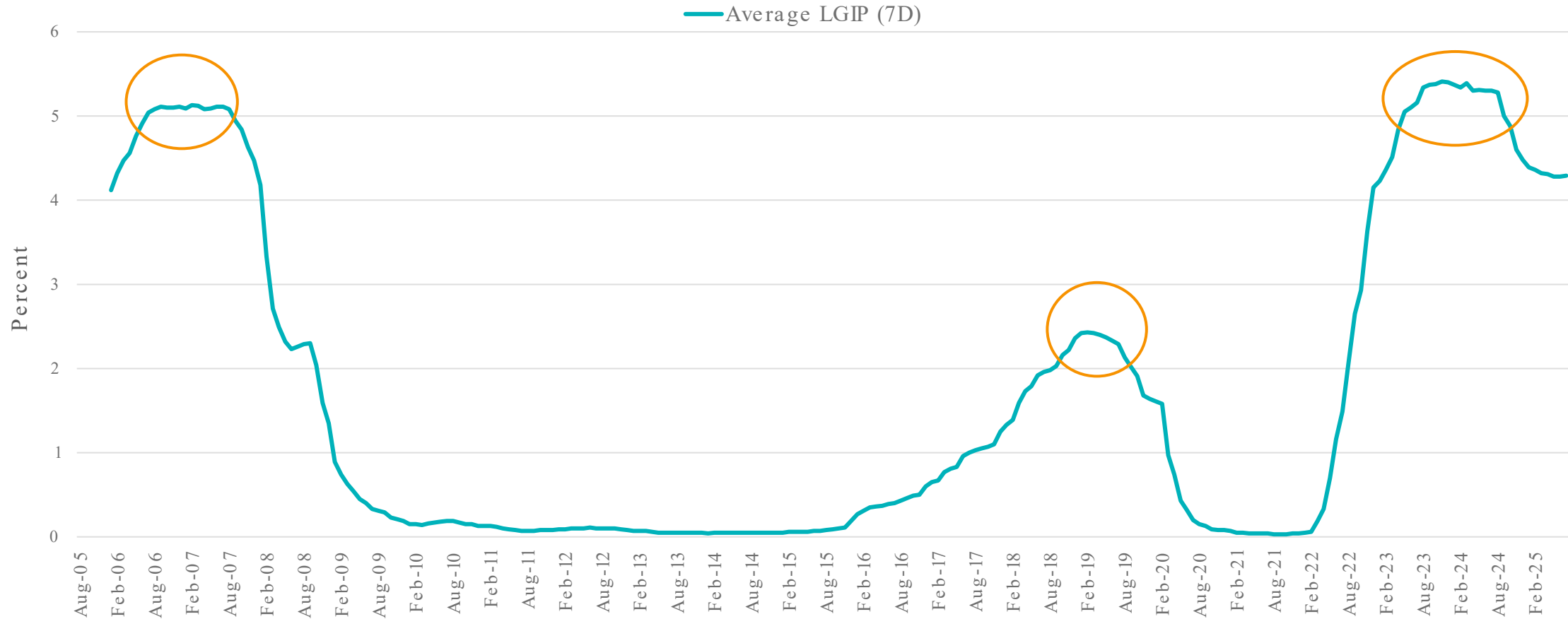
Core

High cash
flow needs?

or

Timing of
the market?

Opportunity to Create Longer-Term Certainty



SOURCE BLOOMBERG AS OF 8/31/2025. AVERAGE LGIP REPRESENTED BY LGIP7D NET INDEX. THE PERFORMANCE DATA SHOWN REPRESENTS PAST PERFORMANCE, WHICH DOES NOT GUARANTEE FUTURE RESULTS.

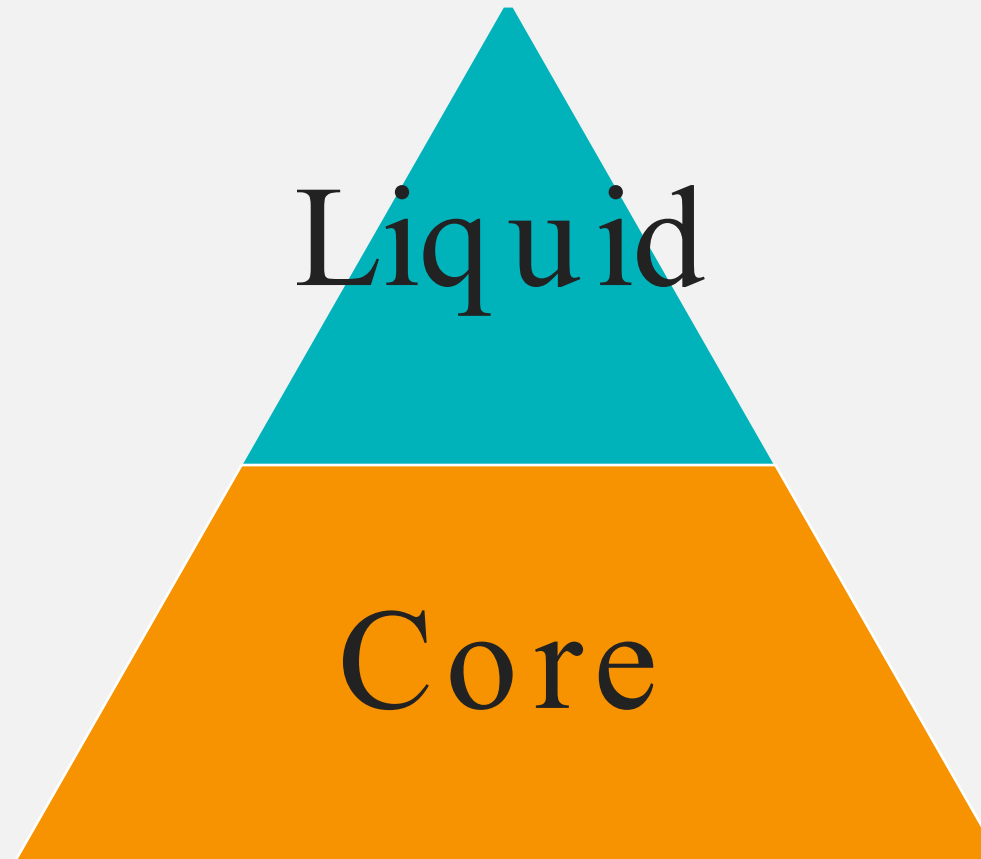
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Cash and Investment Allocation

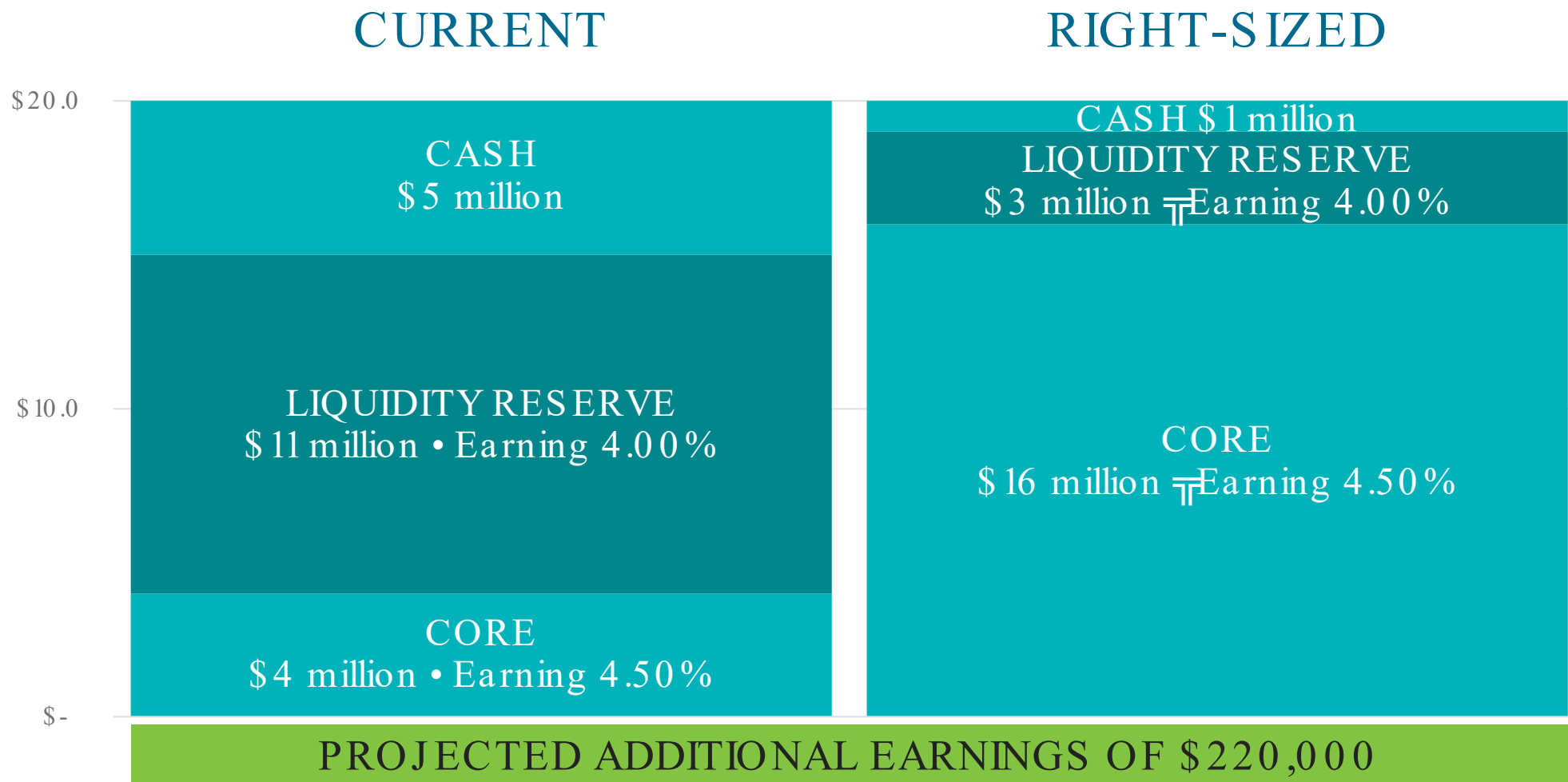
Manage cash
flow needs



Build core
investment base



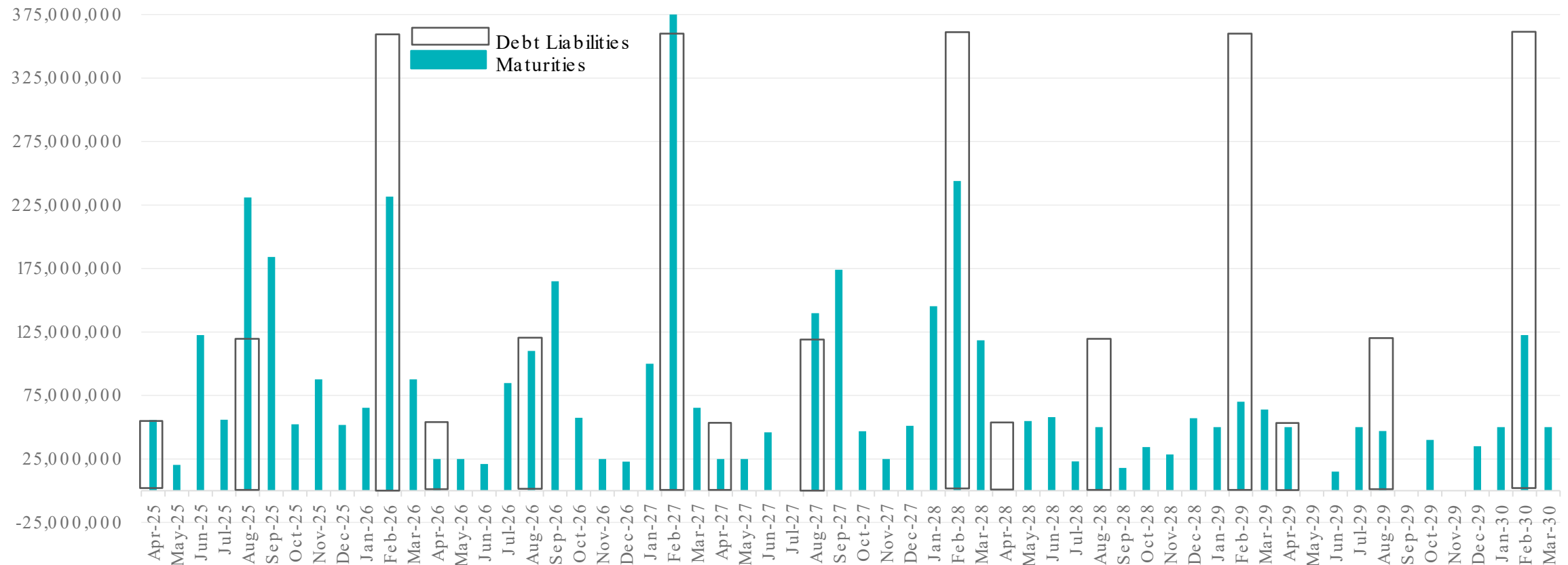
Cash Allocation



SOURCE: MEEDER PUBLIC FUNDS. PORTFOLIO ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

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Integrating Forecasts into Portfolio Strategy: Debt Payments



SOURCE: MEEDER PUBLIC FUNDS. FOR ILLUSTRATIVE PURPOSES ONLY. ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

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Hypothetical Portfolio Illustration

Sample Portfolio

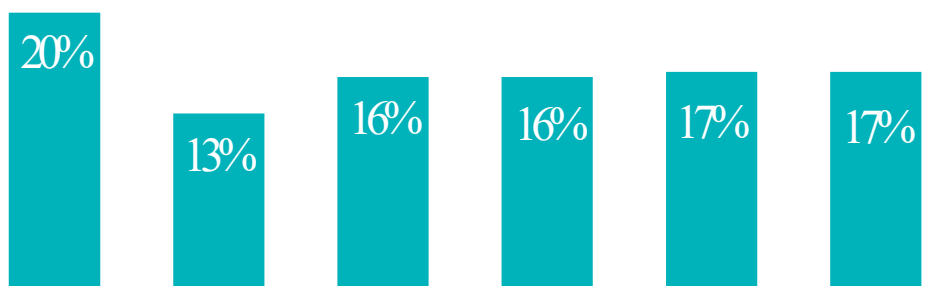
Cash 20%

Securities 80%

Sample Securities

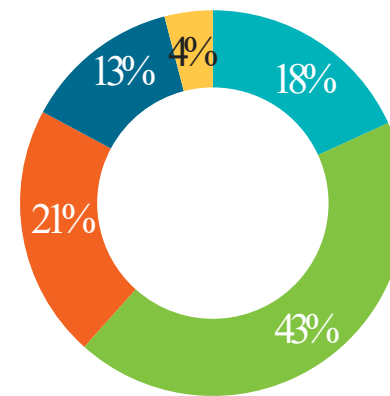
Weighted Average maturity 2.07 Years

Sample Maturity Distribution



Overnight 0-1 year 1-2 years 2-3 years 3-4 years 4-5 years

Sample Asset Allocation



- US Treasuries
- US Government Agencies
- Cash
- Commercial Paper
- Municipal Securities

PORTFOLIO ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS. THE PORTFOLIO ILLUSTRATION PROJECTS THE WEIGHTED AVERAGE YIELD OF A HYPOTHETICAL PORTFOLIO INVESTED ON THE DATE SHOWN AND ALLOCATED ACROSS THE INDICATED ASSET CLASSES AND MATURITIES.

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Budget Stability of
Investment Income



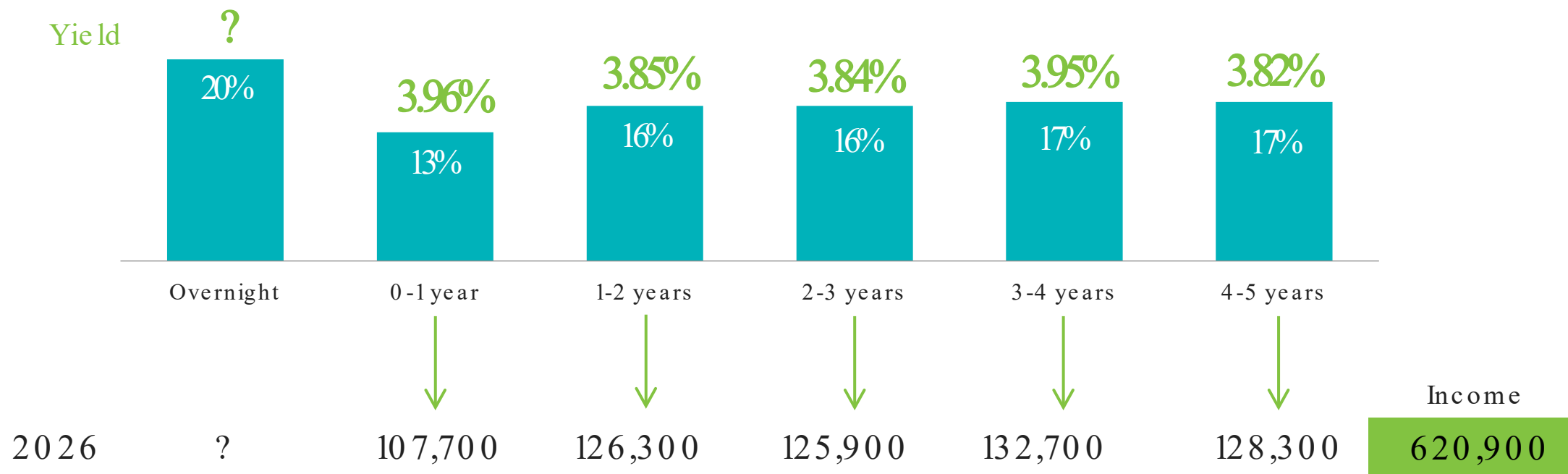
Sleep Adjusted
Returns

The Investment Portfolio

The only place in
local government
where revenue
can be generated
without assessing
taxes or fees

Budget Stability

Example \$20 million portfolio



SOURCE: MEEDER PUBLIC FUNDS. FOR ILLUSTRATIVE PURPOSES ONLY. ILLUSTRATION IS HYPOTHETICAL IN NATURE, DOES NOT REFLECT ACTUAL INVESTMENT RESULTS, AND DOES NOT GUARANTEE FUTURE RETURNS.

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You don't build a secure portfolio for the sunny days. You build it so you can sleep through the storms.

Proactive Management Strategies



- 1 To meet additional liquidity needs
- 2 To purchase another security to increase yield or current income
- 3 To lengthen or shorten the portfolio's average maturity (duration)
- 4 To realize any capital gains and/or income
- 5 To adjust the portfolio's asset allocation

Market Themes to Watch

Ongoing shifts in global trade policy and tariffs are expected to remain in focus and continue influencing the markets



Inflation may remain sticky while labor market resilience will be tested



The Federal Reserve's expected pace of rate cuts and change in leadership



Key Takeaways

- Governance + Forecasting + Design = Resilience
- Every entity is different: Tailor with discipline
- Consistent Approach

Being conservative doesn't mean being passive. It means being purposeful.





Q & A

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meederpublicfunds.com
866.633.3371

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