Virginia State Non-Arbitrage Program – SNAP Fund Portfolio

Annual Report

June 30, 2023

Virginia State
SNAP
Non-Arbitrage Program

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BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Virginia Treasury Board and Participants of the
Virginia State Non-Arbitrage Program – SNAP Fund Portfolio
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of the Virginia State Non-Arbitrage Program – SNAP Fund Portfolio (the "Fund"), which comprise the statement of net position as of June 30, 2023, the related statement of changes in net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2023, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Annual Report

Management is responsible for the other information included in the Fund's Annual Report. The other information comprises Other Information – Schedule of Investments as of June 30, 2023, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appear to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
October 24, 2023

Management's Discussion and Analysis

We are pleased to present the Annual Report for the Virginia State Non-Arbitrage Program - SNAP Fund Portfolio (the "Fund") for the year ended June 30, 2023. Management's Discussion and Analysis is designed to focus the reader on significant financial items and provide an overview of the Fund's activities for the year ended June 30, 2023.

Economic Update

The economic narrative throughout 2022 and the first half of 2023 was dominated by heightened levels of inflation and the Federal Reserve's ("Fed") efforts to fight it.

Powered by an extended period of low interest rates, COVID-related government stimulus, record consumer spending, supply chain challenges, and Russia's invasion of Ukraine, which pushed up prices on energy and other commodities, inflation surged to a 40-year high of 9.1% by June 2022. To fight inflation, the Fed began a historic series of rate hikes that raised the federal funds rate 500 basis points (5%) from early 2022 through June 2023. That pushed interest rates to their highest levels in 15 years and impacted certain segments the U.S. economy, like the interest-rate sensitive housing sector, but the economy remained surprisingly resilient.

Real gross domestic product ("GDP") in the U.S. increased 2.1% in 2022 (from the 2021 annual level), compared with an increase of 5.9% in 2021. The 2022 increase largely reflected increases in consumer spending, exports, private inventory growth, and business investment that were partly offset by decreases in residential fixed investment and federal government spending. The increase in consumer spending reflected an increase in services spending – such as travel, food services, accommodations, and health care – that was partly offset by a decrease in spending on goods. The economy in the second half of the year finished strong even as questions remained over whether the U.S. would slide into a recession in 2023. GDP in the first half of 2023 increased at an average annual rate of 2.2%, beating expectations and reflecting continued strength in consumer spending, nonresidential fixed investment, and government spending.

The labor market remained extremely tight, with the unemployment rate near a 50-year low, job openings near record highs, and wage growth elevated compared to historical levels. The unemployment rate averaged just 3.6% from July 2022 through June 2023 and ended the period at that level. Job openings were plentiful as the economy added more than 4.8 million new jobs in 2022 and 1.7 million new jobs in the first half of 2023. There were notable gains in education, professional and business services, and health care. Average hourly earnings, an important gauge of wages, rose a strong 4.4% year-over-year through June.

Consumer spending accounts for more than two-thirds of U.S. economic activity, and consumers drove demand in 2022 by deploying excess savings accumulated during the pandemic. As global supply chains were challenged, the economy saw shortages of both raw materials and finished goods that contributed to higher prices. Throughout the period, consumer spending began to shift from goods to services as the impact of COVID restrictions faded. Meanwhile, the personal savings rate (savings as a percent of personal disposable income) fell from all-time highs to near all-time lows as consumers continued to spend their savings accumulated during the pandemic.

After reaching a 40-year high of 9.1% in June 2022, the consumer price index ("CPI") moderated sharply in the second half of 2022 and first months of 2023, falling to a 3.0% year-over-year (price) gain by the end of June 2023. Crude oil prices, which initially spiked after the Russian invasion of Ukraine, were ultimately lower over the past year. But, prices for food, transportation and shelter were up markedly. Inflation was the most worrisome issue for both households and policymakers throughout the year.

The Fed's course for tighter monetary policy was solidified as inflation reached its multi-decade peak. Short-term rates rose in dramatic fashion as the Fed followed through with rate hikes at 10 consecutive meetings, four of which were 75-basis point hikes (June, July, September, and November 2022), the largest increment since 1994. That put the fed funds rate at a target range of 5.00% to 5.25% at fiscal year-end. Interest rates climbed at the fastest pace seen in recent history. The yield on 3-month Treasury bills rose from 1.72% at the end of June 2022 to 4.41% by the end of calendar year 2022 and reached 5.28% at the end of June 2023. The surge in interest rates pushed market values lower on longer-term bonds but created opportunities for short-term investors to earn much higher yields than in recent years.

Market volatility increased dramatically in reaction to three high profile bank failures in the first half of 2023. Both bond and equity markets reacted, with the 2-year treasury yield dropping nearly 100 basis points in just three days. This temporarily derailed the trend toward higher rates caused by the Fed's aggressive rate hikes, before the market focus returned to inflation, employment, and the expected future path of Fed policy. This took place amidst fears of a U.S. debt default due to another impasse over increasing the government's borrowing limit. In early June, just days ahead of the Treasury running out of funding, President Biden signed the bipartisan bill to suspend the debt ceiling until January 1, 2025.

The Fed has repeated its resolve to bring inflation down to the 2% target level, consistent with its dual mandate of achieving maximum employment and price stability. Coming out of its June 2023 meeting, the Federal Open Market Committee ("FOMC") decided to pause its rate hike cycle. Fed Chair Powell stated that the pause would allow the FOMC to assess additional economic data going into subsequent meetings. However, the Fed's updated Summary of Economic Projections in June indicated another 50 basis points of additional rate hikes in 2023. Following a stubbornly high Core CPI reading of 4.8% year-over-year by the end of June 2023, the FOMC moved ahead with another 25 basis point rate hike at its July 2023 meeting, in-line with market expectations. As of late July, the Fed Funds Rate sits at a target range of 5.25% to 5.50%.

Portfolio Strategy

The aggressive path of Fed rate hikes presented unique opportunities in managing the Fund in 2022 and early 2023. At the beginning of the fiscal year, short-term rates were on the rise. As always, we prioritized safety of principal and liquidity for investors, especially during periods of market volatility caused by rising rates, the three bank failures, and the prolonged debt ceiling impasse.

As the Fed's shift to tighter monetary policy pushed short-term interest rates to historic levels, we moved to a more defensive posture, shortening the maturity profile of the Fund to allow more frequent reinvestments that could quickly capitalize on each rate hike. The sharp rise in rates was also accompanied by a significant widening of credit spreads on commercial paper relative to comparable-maturity U.S. Treasuries. We sought to capitalize on these higher yields and wider yield spreads when we viewed them as fully compensating for expected future rate hikes. We also incorporated more floating-rate instruments into the Fund, securities on which the interest rate quickly adjusts to any rate increases. The overall yield to investors rose consistently over the past year as it followed short rates higher, resulting in a significant increase in investment income.

After 11 rate hikes and the inflation level moderating significantly from its 9.1% peak in June 2022, the Fed may be near the end of this rate hike cycle. The Fed continues to be "data dependent" as it implements monetary policy and as a result, we will continue to manage the maturity profile of the Fund according to the near-term expectations for any future Fed rate action.

Our active management style performed well this year during a very volatile market and the Fund remains well-positioned in the current environment, and in anticipation of potentially slowing rate increases in the second half of 2023.

Given that short-term interest rates are highly dependent on monetary policy, and more recently the inflation outlook, we continually monitor these factors and stand ready to adjust each portfolio accordingly. As always, our primary objectives are to protect the value of each portfolio's shares and to provide liquidity for investors. We will continue to work hard to achieve these goals, while also seeking to increase investment yields in a prudent manner as conditions evolve over the coming quarters.

Financial Statement Overview

Management's Discussion and Analysis provides an overview of the financial statements of the Fund. The financial statements for the Fund include a Statement of Net Position and Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements. In addition, a Schedule of Investments for the Fund is included as Other Information following the Notes to Financial Statements.

Condensed Financial Information and Analysis

The Statement of Net Position presents the financial position of the Fund at June 30, 2023 and includes all assets and liabilities of the Fund. The difference between total assets and total liabilities, which is equal to the participants' interest in the Fund's net position, is shown below for the current and prior fiscal year-end dates:

	June 30, 2023	June 30, 2022
Total Assets	$ 5,254,647,953	$ 5,662,654,619
Total Liabilities	(49,945,510)	(387,345)
Net Position	$ 5,204,702,443	$ 5,662,267,274

Total assets of the Fund fluctuate as investable assets rise and fall when capital shares are issued and redeemed. The decrease in total assets of the Fund is primarily comprised of a $470,563,878 decrease in investments, which was offset by a $49,658,533 receivable for securities sold, but not yet settled, at the current year-end date. The increase in total liabilities is primarily due to a $49,604,229 payable for securities purchased, but not yet settled, at the current fiscal year-end date of June 30, 2023.

The Statement of Changes in Net Position presents the Fund's activity for the year ended June 30, 2023. Yearly variances in the gross income generated by the Fund are impacted by the overall rate environment described in the preceding paragraphs. Average net assets also impact the net investment income, as well as certain expense line items that are based on a percent of net assets and other fixed costs that are spread over the average net assets. The changes in the Fund's net position during both the current and prior fiscal year primarily relate to a net capital share issuance/(redemption) for each period, but also includes net investment income and a net realized gain on sale of investments, as outlined in the table that follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Investment Income	$ 213,938,465	$ 20,088,152
Net Expenses	(3,822,413)	(3,743,133)
Net Investment Income	210,116,052	16,345,019
Net Realized Gain on Sale of Investments	8,858	9,567
Net Capital Shares Issued / (Redeemed)	(667,689,741)	821,079,755
Change in Net Position	$ (457,564,831)	$ 837,434,341

The investment income of the Fund is driven by a combination of the amount of investable assets and the general short-term interest rate environment that impacts the yields on investments the Fund can purchase. Net capital shares decreased $667,689,741 in the current year, which resulted in the bulk of the decrease in the change in net position. However, the Fund's average net assets over the course of the full fiscal year increased 2% year-over-year. While average net assets increased modestly year-over-year, the significant driver of the large increase in investment income was due to the significant increases to short-term interest rates described previously. Net expenses are mostly comprised of investment management fees, which are calculated as a percent of average net assets, a $100,000 annual oversight fee to the Virginia Treasury Board and other operating costs. With average net assets only increasing modestly, the net expenses also only increased modestly since the investment management fee that is the largest component of net expenses is determined based on a percentage of the Fund's average net assets. Realized gains on the sale of investments, which occurs whenever investments are sold for more than their carrying value, did not significantly change year-over-year. Net capital share activity represents the total shares issued net of shares redeemed for a year.

The Fund's return for the year ended June 30, 2023 was 4.08%, as compared to a return of 0.29% for the prior fiscal year. In addition, select financial highlights for the current fiscal year, as compared to the prior fiscal year, are as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Ratio of Net Investment Income to Average Net Assets	3.96%	0.31%
Ratio of Expenses to Average Net Assets	0.07%	0.07%

The ratio of net investment income to average net assets increased due to the increase in investment income as noted above. The ratio of expenses to average net assets was unchanged year-over-year. The year-over-year change of expenses paid indirectly did not significantly impact the current year or prior year ratios above.

Statement of Net Position

June 30, 2023

Assets	
Investments	$ 5,187,425,107
Cash and Cash Equivalents	282,233
Interest Receivable	17,275,754
Receivable for Securities Sold	49,658,533
Other Assets	6,326
Total Assets	5,254,647,953
Liabilities	
Payable for Securities Purchased	49,604,229
Investment Management Fees Payable	275,885
Banking Fees Payable	29,257
Audit Fees Payable	26,500
Other Accrued Expenses	9,639
Total Liabilities	49,945,510
Net Position	
(applicable to 5,204,702,443 outstanding shares of beneficial interest; unlimited authorization; no par value; equivalent to $1.00 per share)	$ 5,204,702,443

Statement of Changes in Net Position

Year Ended June 30, 2023

Income	
Investment Income	$ 213,938,465
Expenses	
Investment Management Fees	3,501,370
Treasury Board Oversight Fees	100,000
Banking Fees	176,543
Audit Fees	29,500
Other Expenses	15,000
Total Expenses	3,822,413
Net Investment Income	210,116,052
Other Income	
Net Realized Gain on Sale of Investments	8,858
Net Increase from Investment Operations Before Capital Transactions	210,124,910
Capital Shares Issued	2,607,976,728
Capital Shares Redeemed	(3,275,666,469)
Change in Net Position	(457,564,831)
Net Position – Beginning of Year	5,662,267,274
Net Position – End of Year	$ 5,204,702,443

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

A. Organization and Reporting Entity

The Virginia State Non-Arbitrage Program (the "Program") was established by the Treasury Board of the Commonwealth of Virginia in 1989 pursuant to the Government Non-Arbitrage Investment Act, also known as the SNAP Act (Chapter 47, Title 2.2, Code of Virginia 1950, as amended), to provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and their agencies, institutions and authorities are all eligible to invest in the Program.

The Program currently provides the SNAP Fund Portfolio (the "Fund") and separately managed Individual Portfolios as a means for Issuers to invest these proceeds. It also provides recordkeeping, depository and arbitrage calculation services. The Fund invests in securities permitted by Code of Virginia §2.2-4500 et seq. and may hold deposits subject to Code of Virginia § 2.2-4400 et seq.

The Fund was established as a local government investment pool on October 27, 2016 and it commenced operations on December 2, 2016. The Fund's financial statements presented within this Annual Report have been prepared in conformity with the reporting framework prescribed by the Governmental Accounting Standards Board ("GASB") for local government investment pools.

B. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Measurement Focus and Basis of Accounting

The Fund reports transactions and balances using the economic resources management focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

The Fund reflects cash on deposit in bank accounts which is available within one business day as cash and cash equivalents. Certificates of deposit are disclosed separately as investments in the financial statements.

Valuation of Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB Statement No. 72, as amended, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on interest rates, credit risk and like factors.

Level 3 – Unobservable inputs for the assets, including the Fund's own assumptions for determining fair value.

The Fund's investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. In accordance with GASB Statement No. 79, the portfolio securities are valued at amortized cost, which approximates fair value. GASB Statement No. 79 requires a comparison of the Fund's investments on an amortized cost basis to fair values determined on a market value basis at least monthly. The market prices used to determine fair values in this comparison are derived from closing bid prices as of the last business day of the month as supplied by third-party pricing services. Where prices are not available from these generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Since the value is not obtained from a quoted price in an active market, all securities held by the Fund at June 30, 2023 are categorized as Level 2.

Investment Transactions

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Costs used in determining realized gains and losses on the sale of investment securities are those of specific securities sold. Interest income is recorded using the accrual method. Discounts and premiums are accreted and amortized, respectively, to interest income over the lives of the respective securities.

Repurchase Agreements

Repurchase agreements entered into with broker-dealers are secured by U.S. government or agency obligations. The Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. The Fund also enters into tri-party repurchase agreements. Collateral pledged for tri-party repurchase agreements is held for the Fund by an independent third-party custodian bank until the maturity of the repurchase agreement. Repurchase agreements are collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines, realization of the value of the obligation by the Fund may be delayed. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to delays from legal proceedings.

Share Valuation and Participant Transactions

The net asset value ("NAV") per share of the Fund is calculated as of the close of business each business day by dividing the net position of the Fund by the number of outstanding shares. It is the Fund's objective to maintain a NAV of $1.00 per share; however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Dividends and Distributions

On a daily basis, the Fund declares dividends and distributions from its net investment income, and net realized gains or losses from securities transactions, if any. Such dividends and distributions are payable to participants of record at the time of the previous computation of the Fund's NAV and are distributed to each investor's account by purchase of additional shares of the Fund on the last business day of each month. For the fiscal year ended June 30, 2023, the Fund distributed dividends totaling $210,124,910.

Redemption Restrictions

Shares of the Fund are available to be redeemed upon proper notice, as outlined in the Fund's Information Statement, without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as an investor has a sufficient number of shares to meet their redemption request. The procedures for effecting redemption shall be as set forth in the Information Statement from time to time. The Treasury Board may suspend the right of withdrawal or postpone the date of payment if there is an emergency that makes the sale of the Fund's securities or determination of its NAV not reasonably practical.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Tax Status

The Fund is not subject to Federal or State income tax upon the income realized by it. Accordingly, no provision for income taxes is required in the financial statements.

Representations and Indemnification

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Subsequent Events Evaluation

The Fund has evaluated subsequent events through October 24, 2023, the date through which procedures were performed to prepare the financial statements for issuance. Other than the change in custodian noted in Note D, no events have taken place that meet the definition of a subsequent event requiring adjustment to or disclosure in these financial statements.

C. Investment Risks

Under GASB Statement No. 40, as amended, state and local governments and other municipal entities are required to disclose credit risk, concentration of credit risk, and interest rate risk for investment portfolios. The following risk disclosures of the Fund as of June 30, 2023 have been provided for the information of the Fund's investors.

Credit Risk

The Fund's investment policies, as outlined in the Fund's Information Statement, limits the Fund's investments to investments authorized under Virginia law for counties, cities, towns, political subdivisions and public bodies of the Commonwealth of Virginia as those terms are used in the Code of Virginia. As of June 30, 2023, the Fund's portfolio was comprised of investments which were, in aggregate, rated by S&P Global Ratings ("S&P") as follows:

S&P Rating	%
AAAm	0.04%
AA+	14.87%
A-1+	21.36%
A-1	47.14%
Exempt(1)	16.59%

(1) Represents investments in U.S. Treasury securities, which are not considered to be subject to overall credit risk per GASB.

The above ratings of the investments held by the Fund include the ratings of collateral underlying repurchase agreements in effect for the portfolio as of June 30, 2023. Securities with a long-term of A or higher are equivalent to the highest short-term rating category based on S&P rating methodology.

Concentration of Credit Risk

As outlined in the Fund's Information Statement, the Fund's investment policy establishes certain restrictions on investments and limitations on portfolio composition. The Fund's investment portfolio as of June 30, 2023 included the following issuers, which individually represented greater than 5% of its total investment portfolio:

Issuer	%
BNP Paribas (1)	14.64%
BofA Securities, Inc.(1)	14.91%
U.S. Treasury	8.57%

(1) These issuers are also counterparties to repurchase agreements entered into by the Fund. These repurchase agreements are collateralized by U.S. Treasury securities.

Interest Rate Risk

The Fund's investment policies limit its exposure to market value fluctuations due to changes in interest rates by requiring that the Fund maintain a dollar-weighted average maturity of not greater than 60 days. As of June 30, 2023, the weighted average maturity of the Fund's entire portfolio, including cash and cash equivalents, was 26 days. The range of yields to maturity, actual maturity dates, principal values, fair values and weighted average maturities of the types of investments the Fund was invested in at June 30, 2023 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Asset-Backed Commercial Paper	5.04%-5.71%	7/10/23-1/8/24	$ 514,000,000	$ 509,695,690	56 Days
Cash and Cash Equivalents	n/a	n/a	282,233	282,233	1 Day
Certificates of Deposit – Negotiable	4.99%-5.82%	7/3/23-4/1/24	2,084,000,000	2,083,969,322	25 Days
Commercial Paper	5.09%-5.86%	7/3/23-2/20/24	663,400,000	659,443,354	55 Days
Government Agency and Instrumentality Obligations:					
Agency Discount Notes	5.22%	7/21/23	28,000,000	27,919,422	21 Days
U.S. Treasury Bills	5.07%-5.23%	7/5/23-8/29/23	274,000,000	272,674,879	35 Days
U.S. Treasury Notes	5.53%	7/15/23	172,042,200	171,922,440	15 Days
Money Market Funds	5.02%-5.08%	n/a	2,000,000	2,000,000	7 Days
Repurchase Agreements	4.98%-5.22%	7/3/23-9/21/23	1,459,800,000	1,459,800,000	4 Days
			$5,197,524,433	$5,187,707,340	

The yields shown in the preceding table represent the yield-to-maturity at original cost except for adjustable-rate instruments, for which the rate shown is the coupon rate in effect as of June 30, 2023, and money market funds, for which the rate shown represents the current seven-day yield in effect as of June 30, 2023.

The weighted-average maturities shown in the preceding table are calculated based on the stated maturity dates with the following exceptions: (1) floating or variable rate securities are assumed to have an effective maturity of the date upon which the security's interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; (3) for instruments subject to demand features, the effective maturity is assumed to be the period remaining until the principal amount of the security may be recovered through the demand feature; (4) the effective maturity of money market instruments is assumed to be the date upon which the collection of redemption proceeds is due, typically seven days; and (5) the effective maturity of cash and cash equivalents is assumed to be one day. Refer to the Schedule of Investments included in the unaudited Other Information that follows for further information.

D. Fees and Charges

Management Fees

Effective September 17, 2004, the Treasury Board entered into an agreement with PFM Asset Management LLC ("PFMAM") to act as investment manager and program administrator to the Program. In conjunction with the establishment of the Fund on October 27, 2016, the Treasury Board entered into an updated agreement with PFMAM to act as investment manager and program administrator. In this capacity, PFMAM provides investment advice and generally supervises the investment program of the Fund, services all investor accounts, determines and allocates income of the Fund, provides administrative personnel, equipment and office space, determines the NAV of the Fund on a daily basis and performs all related administrative services. Shares of the Fund are distributed by PFMAM's affiliate, PFM Fund Distributors, Inc. ("PFMFD").

Under its current agreement with the Fund, PFMAM is entitled to a fee payable monthly that is determined based on the average daily net assets. PFMAM's fee was calculated as follows: 0.095% of the first $1 billion of average daily net assets, 0.07% of the next $2 billion of average daily net assets, and 0.05% of average daily net assets over $3 billion. PFMFD is not separately compensated for the services it provides to the Fund.

PFMAM is a subsidiary of U.S. Bancorp Asset Management Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank, National Association ("U.S. Bank"). U.S. Bank served as the Fund's custodian through the end of September 2023, after which State Street Bank and Trust, N.A. began serving as the Fund's custodian. During the year ended June 30, 2023, the Fund accrued custodial fees totaling $142,966 and $21,852 of these fees remain payable by the Fund as of June 30, 2023.

Treasury Board Oversight Fees

In accordance with the contract creating the Program, the Treasury Board has the power to conduct the business of the Fund and carry on its operations and to do all such other things and execute all such instruments as it deems necessary, proper or desirable in order to promote the interests of the Fund. Treasury Board may remove and appoint successors to the Investment Manager, the Depository, the Custodian and the Rebate Calculation Agent. The Fund is assessed an annual fee of $100,000 by the Treasury Board for its oversight of the Fund. The fee shall accrue daily, be payable quarterly and be subject to change not more than once each fiscal year. The Treasury Board shall provide at least 30 days' notice of any change in the amount of the annual fee.

Other Fund Expenses

The Fund pays custodial and depository banking fees, audit fees, rating fees, and other operating expenses.

Other Information (unaudited)

Schedule of Investments (unaudited)

June 30, 2023

Rate[1]	Maturity Date[2]	Principal	Fair Value[3]
Asset-Backed Commerical Paper (9.79%)			
Atlantic Asset Securitization LLC			
5.04%	7/28/23	$26,000,000	$25,904,060
Bedford Row Funding Corp.			
5.42% [4]	9/21/23	25,000,000	25,000,000
5.47% [4]	12/8/23	16,000,000	16,000,000
5.49% [4]	1/8/24	50,000,000	50,000,000
5.49% [4]	1/8/24	16,000,000	16,000,000
CAFCO LLC			
5.51%	9/11/23	50,000,000	49,458,000
5.59%	10/23/23	35,000,000	34,391,525
Chariot Funding LLC			
5.55%	9/21/23	40,000,000	39,502,533
Collateralized Commercial Paper FLEX Co. LLC			
5.07%	8/2/23	10,000,000	9,956,089
Collateralized Commercial Paper V Co. LLC			
5.23% [4]	8/23/23	50,000,000	50,000,000
CRC Funding LLC			
5.59%	10/19/23	19,000,000	18,681,275
Liberty Street Funding LLC			
5.39%	11/1/23	15,000,000	14,730,938
Old Line Funding LLC			
5.71%	1/4/24	27,000,000	26,225,820
Ridgefield Funding Co. LLC			
5.26% [4]	7/10/23	30,000,000	30,000,000
5.19% [4]	7/10/23	20,000,000	20,000,000
5.31% [4]	7/31/23	20,000,000	20,000,000
Sheffield Receivables Co. LLC			
5.52%	9/8/23	30,000,000	29,687,200
Starbird Funding Corp.			
5.71%	12/4/23	35,000,000	34,158,250
Total Asset-Backed Commercial Paper			509,695,690
Certificates of Deposit (40.04%)			
Bank of America			
5.53%	9/15/23	42,000,000	42,000,000
5.41% [4]	10/2/23	40,000,000	40,000,000
5.75%	12/12/23	15,000,000	15,000,000
5.56% [4]	2/5/24	35,000,000	35,000,000
Bank of Montreal (Chicago)			
5.35%	8/15/23	25,000,000	25,000,000
5.40%	9/8/23	20,000,000	20,000,000
5.50%	9/11/23	60,000,000	60,000,000
5.69% [4]	9/12/23	40,000,000	40,009,984
Bank of Nova Scotia (Houston)			
5.61% [4]	9/21/23	30,000,000	30,000,000
5.50% [4]	10/6/23	25,000,000	25,000,000
5.41% [4]	11/2/23	30,000,000	30,000,000
5.35% [4]	11/22/23	28,000,000	28,000,000

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

June 30, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Barclays Bank (NY)				
5.56%	9/18/23		$50,000,000	$50,000,000
5.56%	9/22/23		70,000,000	70,000,000
Canadian Imperial Bank of Commerce (NY)				
5.57% [4]	2/15/24		30,000,000	30,000,000
Commonwealth Bank of Australia (NY)				
5.27%	7/3/23		25,000,000	25,000,000
5.63% [4]	7/31/23		24,000,000	24,000,000
5.38% [4]	10/31/23		17,000,000	17,000,000
Credit Agricole Corporate and Investment Bank (NY)				
5.32%	8/9/23		15,000,000	15,000,000
5.36% [4]	8/25/23		43,000,000	43,000,000
Credit Industriel et Commercial (NY)				
5.19% [4]	9/8/23		31,000,000	31,000,000
DNB Bank ASA (NY)				
5.39%	11/16/23		50,000,000	50,000,000
Goldman Sachs Bank USA				
5.27%	7/5/23		50,000,000	50,000,000
HSBC USA				
5.82% [4]	8/18/23		49,000,000	49,021,258
5.61% [4]	10/3/23		36,000,000	36,000,000
5.38%	11/8/23		38,000,000	38,000,000
5.48%	11/17/23		35,000,000	35,000,000
Mitsubishi UFJ Trust & Banking Corp. (NY)				
5.20% [4]	7/10/23		20,000,000	19,998,985
5.31% [4]	8/8/23		15,000,000	15,000,000
5.48% [4]	11/13/23		30,000,000	30,000,000
5.44% [4]	11/14/23		11,000,000	10,999,918
5.41% [4]	11/16/23		15,000,000	15,000,000
Mizuho Bank Ltd. (NY)				
5.31% [4]	8/7/23		30,000,000	30,000,000
5.27% [4]	8/14/23		15,000,000	15,000,173
5.56% [4]	10/13/23		30,000,000	30,000,000
5.52% [4]	10/26/23		25,000,000	25,000,000
National Australia Bank (NY)				
5.44% [4]	12/15/23		25,000,000	25,000,000
5.57% [4]	2/22/24		25,000,000	25,000,000
Nordea Bank (NY)				
5.40% [4]	11/9/23		40,000,000	40,000,000
5.67% [4]	1/3/24		32,000,000	32,000,000
Royal Bank of Canada (NY)				
5.56% [4]	10/3/23		30,000,000	30,000,000
State Street Bank and Trust				
5.74% [4]	7/14/23		28,000,000	28,000,000
5.45% [4]	12/5/23		31,000,000	31,000,000
Sumitomo Mitsui Banking Corp. (NY)				
5.60% [4]	10/2/23		19,000,000	19,000,000
5.56% [4]	10/31/23		45,000,000	45,000,000

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

June 30, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Sumitomo Mitsui Banking Corp. (NY) (Cont.)				
5.39% [4]	11/17/23		$26,000,000	$26,000,978
5.51% [4]	1/3/24		70,000,000	69,999,960
Sumitomo Mitsui Trust Bank Ltd. (NY)				
5.37% [4]	8/7/23		30,000,000	30,000,000
5.21% [4]	8/15/23		20,000,000	20,000,000
5.50% [4]	12/8/23		60,000,000	60,000,000
5.49% [4]	1/5/24		55,000,000	55,000,000
Svenska Handelsbanken (NY)				
5.33%	8/15/23		38,000,000	37,938,066
5.54% [4]	10/4/23		20,000,000	20,000,000
Swedbank (NY)				
4.99%	7/20/23		15,000,000	15,000,000
5.47% [4]	10/19/23		50,000,000	50,000,000
5.44% [4]	11/9/23		45,000,000	45,000,000
Toronto Dominion Bank (NY)				
5.67% [4]	9/11/23		20,000,000	20,000,000
5.35%	10/2/23		15,000,000	15,000,000
5.51% [4]	10/11/23		40,000,000	40,000,000
5.52%	11/28/23		40,000,000	40,000,000
5.59% [4]	4/1/24		40,000,000	40,000,000
UBS AG (CT)				
5.26% [4]	8/16/23		15,000,000	15,000,000
5.31% [4]	12/1/23		16,000,000	16,000,000
Wells Fargo Banking Corp.				
5.51% [4]	11/13/23		25,000,000	25,000,000
5.55% [4]	2/12/24		25,000,000	25,000,000
Total Certificates of Deposit				2,083,969,322
Commercial Paper (12.67%)				
ABN AMRO Funding USA LLC				
5.49%	9/1/23		25,000,000	24,767,069
BofA Securities Inc.				
5.48% [4]	10/6/23		25,000,000	25,000,000
Citigroup Global Markets Inc.				
5.30%	8/15/23		35,000,000	34,776,000
5.51% [4]	1/5/24		40,000,000	40,000,000
Credit Agricole Corporate and Investment Bank (NY)				
5.33%	8/8/23		12,000,000	11,933,500
5.38%	8/21/23		20,000,000	19,850,400
ING US Funding LLC				
5.50%	11/3/23		33,000,000	32,386,979
Johnson & Johnson				
5.42%	9/6/23		27,400,000	27,130,750
JP Morgan Securities LLC (Callable)				
5.25%	10/31/23		28,000,000	28,000,000
5.86%	2/20/24		25,000,000	25,000,000
Metlife Short Term Funding LLC				
5.41% [4]	1/2/24		40,000,000	40,000,000
5.52%	1/4/24		22,000,000	21,392,042

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

June 30, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Mitsubishi UFJ Trust & Banking Corp. (NY)				
5.09%	8/1/23		$45,000,000	$44,807,800
Mizuho Bank Ltd. (NY)				
5.57%	10/18/23		50,000,000	49,171,903
MUFG Bank Ltd. (NY)				
5.58%	10/23/23		30,000,000	29,479,400
Natixis (NY)				
5.54%	9/21/23		20,000,000	19,752,178
5.52% [4]	10/6/23		30,000,000	30,000,000
5.52% [4]	1/5/24		25,000,000	25,000,000
5.52% [4]	1/8/24		50,000,000	50,000,000
5.51% [4]	1/8/24		35,000,000	35,000,000
Pricoa Short Term Funding LLC				
5.43%	7/3/23		16,000,000	15,995,333
Toyota Motor Credit Corp.				
5.51% [4]	10/6/23		30,000,000	30,000,000
Total Commerical Paper				659,443,354
Government Agency & Instrumentality Obligations (9.08%)				
Federal Home Loan Bank Discount Notes				
5.22%	7/21/23		28,000,000	27,919,422
U.S. Treasury Bills				
5.07%	7/5/23		45,000,000	44,974,650
5.23%	7/13/23		25,000,000	24,956,667
5.20%	7/20/23		49,000,000	48,866,298
5.10%	8/3/23		22,000,000	21,897,755
5.17%	8/22/23		83,000,000	82,375,280
5.22%	8/29/23		50,000,000	49,604,229
U.S. Treasury Notes				
5.53%	7/15/23		172,042,200	171,922,440
Total Government Agency & Instrumentality Obligations				472,516,741
Repurchase Agreements (28.05%)				
BNP Paribas SA				
5.05%	7/3/23		502,500,000	502,500,000
(Dated 6/30/23, repurchase price $502,711,469, collateralized by U.S. Treasury securities, 0.00%-3.625%, maturing 7/25/23-2/15/53, fair value $512,765,740)				
5.05%	7/6/23		40,000,000	40,000,000
(Dated 6/29/23, repurchase price $40,039,278, collateralized by U.S. Treasury securities, 3.00%, maturing 6/30/24, fair value $40,822,967)				
5.22%	7/7/23[5]		47,000,000	47,000,000
(Dated 6/29/23, repurchase price $47,572,460, collateralized by U.S. Treasury securities, 0.00%, maturing 11/15/34-11/15/41, fair value $47,967,827)				
5.16%	7/7/23[5]		55,000,000	55,000,000
(Dated 6/20/23, repurchase price $55,488,767, collateralized by U.S. Treasury securities, 3.875%, maturing 4/30/25, fair value $56,204,538)				
5.10%	7/7/23[5]		57,000,000	57,000,000
(Dated 6/14/23, repurchase price $57,347,225, collateralized by U.S. Treasury securities, 0.00%-3.875%, maturing 4/30/25-8/15/42, fair value $58,296,517)				

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Schedule of Investments (unaudited)

June 30, 2023

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
BNP Paribas SA (Cont.)				
5.17%	7/7/23[5]	(Dated 6/20/23, repurchase price $58,516,426, collateralized by: U.S. Treasury securities, 0.00%-4.625%, maturing 10/26/23-5/15/50, fair value $57,865,432; Ginnie Mae Securities, 3.00%-6.50%, maturing 3/15/32-3/20/51, fair value $71,113; and Fannie Mae Securities, 5.00%-5.50%, maturing 12/1/52-4/1/53, fair value $1,333,905)	$58,000,000	$58,000,000
BofA Securities Inc.				
5.06%	7/3/23	(Dated 6/30/23, repurchase price $514,516,863, collateralized by Ginnie Mae securities, 1.50%-5.00%, maturing 4/20/45-6/20/53, fair value $524,586,001)	514,300,000	514,300,000
4.98%	7/3/23	(Dated 4/3/23, repurchase price $50,629,417, collateralized by U.S. Treasury securities, 0.50%, maturing 2/28/26, fair value $51,000,050)	50,000,000	50,000,000
5.06%	7/6/23	(Dated 6/29/23, repurchase price $52,051,162, collateralized by U.S. Treasury securities, 0.50%, maturing 10/31/27, fair value $53,040,062)	52,000,000	52,000,000
Goldman Sachs & Company				
5.05%	7/3/23	(Dated 6/27/23, repurchase price $84,070,700, collateralized by: Ginnie Mae securities, 3.41%-5.50%, maturing 2/20/42-6/15/57, fair value $10,272,070; Fannie Mae Securities, 2.50%-7.00%, maturing 4/1/35-6/1/53, fair value $69,120,906; and Freddie Mac Securities, 3.00%-6.50%, maturing 5/1/35-11/1/48, fair value $6,359,138)	84,000,000	84,000,000
Total Repurchase Agreements				1,459,800,000
Money Market Funds (0.04%)				
Goldman Sachs Financial Square Government Fund, Institutional Class			**Shares**	**Fair Value[3]**
5.02%			1,000,000	1,000,000
Invesco Government & Agency Portfolio, Institutional Class				
5.08%			1,000,000	1,000,000
Total Money Market Funds				2,000,000
Total Investments (99.67%) (Amortized Cost $5,187,425,107)				5,187,425,107
Other Assets and Liabilities, Net (0.33%)				17,277,336
Net Position (100.00%)				$5,204,702,443

(1) Yield-to-maturity at original cost unless otherwise noted. Money market fund rates represent the annualized 7-day yield as of June 30, 2023.

(2) Actual maturity dates, unless otherwise noted.

(3) See Note B to the financial statements.

(4) Adjustable rate security. Rate shown is that which was in effect at June 30, 2023.

(5) Subject to put with 7-day notice.

The notes to the financial statements are an integral part of the schedule of investments.

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