

April 23, 2025

## RAMIREZ ASSET MANAGEMENT

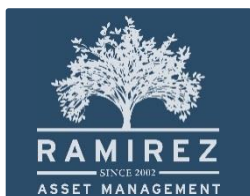


### Client Portfolio Review – Q1 2025

#### Materials prepared for:






City of St Louis, Treasurer's Office

- Market Update
- RAM Quarterly Performance Review



Our Clients' Success is Essential to Ours  
Experience ♦ Team Approach ♦ Client Service ♦ Transparency

# Macroeconomic Roadway

<b>Political Risks</b>		<ul style="list-style-type: none"> <li>⇒ President Trump said he is confident the US will strike a trade deal with Europe, South Korea, Japan, Canada, and Mexico before his 90-day tariff pause expires, as talks with global economies accelerate</li> <li>⇒ Easing tensions, Treasury Secretary Scott Bessent told a closed-door investor summit Tuesday that the tariff standoff with China is unsustainable and that he expects the situation to de-escalate</li> </ul>
<b>High Freq. Trends</b>		<ul style="list-style-type: none"> <li>⇒ The dollar depreciates as its safe haven status comes under pressure.</li> <li>⇒ IMF sees “off the charts” trade uncertainty</li> <li>⇒ Gold prices have been rising as China has been increasing the percentage of its gold reserves since 2022 from ~3.5% to ~7% currently</li> <li>⇒ Though oil prices have fluctuated since the beginning of the year, YTD they have declined from ~\$72 per barrel to ~\$62 per barrel due to the slowing global economy</li> </ul>
<b>Economic Growth (US)</b>	  	<ul style="list-style-type: none"> <li>⇒ Q4 real GDP is revised +0.1% to 2.4%, SAAR. Both real final sales and real Gross Domestic Income (GDI) were strong at 3.3% &amp; 4.5%</li> <li>⇒ Economic activity in the manufacturing sector, M-ISM, contracted in March after two consecutive months of expansion preceded by 26 months of contraction</li> <li>⇒ March Services PMI, S-ISM, slows down but remains slightly above 50%. The trade war in the goods sector may spill over to the services sector, and the employment index sinks to its lowest level since June 2024               <ul style="list-style-type: none"> <li>⇒ The New Orders Index contracted, the Prices Index surged further, and employment was down while deliveries slowed and inventories were up</li> </ul> </li> <li>⇒ The Conference Board Leading Economic Index (LEI) for the US declined by 0.7% in March, following a decline of 0.2% in February. The LEI is a predictive indicator that anticipates turning points in the business cycle, typically by around 7 months</li> <li>⇒ Bureau of Economic Analysis's February personal income, disposable personal income, and personal consumption expenditures come in at +0.8%, 0.9%, &amp; 0.4% m/m, suggesting that consumers may be holding back</li> <li>⇒ Consumer sentiment tumbles in April as inflation fears spike, U of Michigan survey shows</li> <li>⇒ Bank of America and Citigroup reported an increase in consumer spending despite tariff fears</li> <li>⇒ Census Bureau's Retail sales increased 1.4% m/m in March, greater than expected</li> <li>⇒ Major banks reported halts in corporate investments due to trade war uncertainty, as expected</li> <li>⇒ April's Philly Fed M-PMI fell 39 points to -26.4, its lowest level since April 2023</li> <li>⇒ The Fed's March industrial production declines 0.30% m/m</li> </ul>

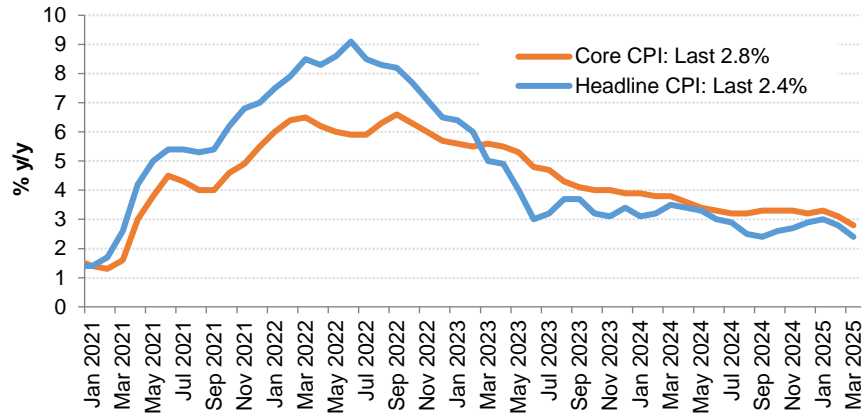
# Macroeconomic Roadway

<b>Labor Markets (US)</b>	●	<ul style="list-style-type: none"> <li>⇒ Total nonfarm payroll employment rose by 228k in March, and the unemployment rate changed little at 4.2%</li> <li>⇒ Average hourly earnings increased by 4% y/y</li> <li>⇒ February's JOLTS report showed a resilient job market, and the March Consumer Confidence Index survey showed that jobs remained relatively plentiful</li> </ul>
<b>Inflation</b>	●	<ul style="list-style-type: none"> <li>⇒ Inflation cooled in March with headline CPI up 2.4% y/y, &amp; core at 2.8% <ul style="list-style-type: none"> <li>⇒ PPI numbers were also cooler than expected</li> </ul> </li> <li>⇒ China CPI drops 0.1% m/m in March, signaling deflationary pressures</li> <li>⇒ The Philly Fed prices-paid index increased from 48.3 to 51.0, the highest since July 2022, when CPI was at ~9%</li> </ul>
<b>Monetary Policy</b>	●	<ul style="list-style-type: none"> <li>⇒ The Fed held rates steady at its March meeting, although it indicated that two cuts are still possible in 2025, supported by Chair Powell's use of the term "uncertainty" 16 times in his press conference. We recall that uncertainty implies "unknown unknowns" vs. risk which suggests "unknown knowns"</li> <li>⇒ The Fed also approved plans to slow the reduction of its \$6.8 trillion asset portfolio. Beginning in April, the Fed will allow \$5 billion in Treasury securities to mature every month without reinvesting the proceeds into new securities, down from the current pace of \$25 billion</li> <li>⇒ The Fed now projects weaker growth (1.7% vs. 2.1%), higher unemployment (4.4% vs. 4.3%), and greater inflation (2.7% vs. 2.5%) than expected in December</li> <li>⇒ European Central Bank cuts interest rates</li> </ul>
<b>Fiscal Policy</b>	●	<ul style="list-style-type: none"> <li>⇒ The Treasury Borrowing Advisory Committee, which advises the Treasury department on the issuance of Treasuries, has been recommending that no more than 20% of marketable debt should be in bills. Yet, in efforts to keep longer-rates low, both the former and current Treasury Secretaries have exceeded this 20% limit, at levels around 22%</li> <li>⇒ The next Treasury refunding announcement is scheduled for April 30<sup>th</sup></li> </ul>
<b>The Markets</b>	●	<ul style="list-style-type: none"> <li>⇒ Treasury curve steepened with rising inflation expectations, and over worries about the President's relationship with the Fed chair</li> <li>⇒ Policy uncertainty keeps term premium elevated</li> <li>⇒ Secretary Bessent's actions calm the bond market riled by unwinding arbitrage trades.</li> <li>⇒ The 2Y, 5Y, 10Y, and 30Y rates registered at 3.76%, 3.97%, 4.41%, and 4.90%, respectively</li> <li>⇒ The VIX reached 33.8% from a recent high at 52.33% observed on April 8<sup>th</sup>. The MOVE Index increased significantly to 128.6 bps.</li> </ul>
<b>The Bottom Line</b>	●	<ul style="list-style-type: none"> <li>⇒ Our outlook is murky and largely dependent on the resolution of tariff induced uncertainties</li> </ul>

# Macroeconomic Conditions – Increased Market Uncertainty / Interest Rate Volatility

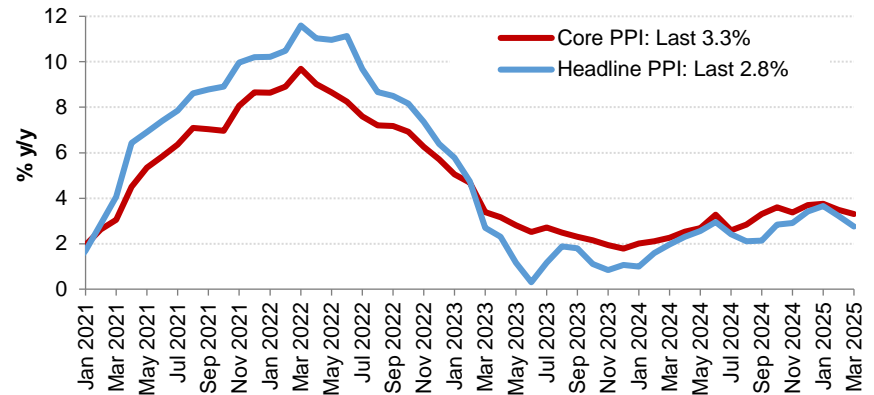
*Uncertainty, i.e. unknown unknowns will rule the waves, unless “stock market vigilantes” help Trump change his mind on tariffs*

**CPI Headline and Core, Jan 2021 – Mar 2025**



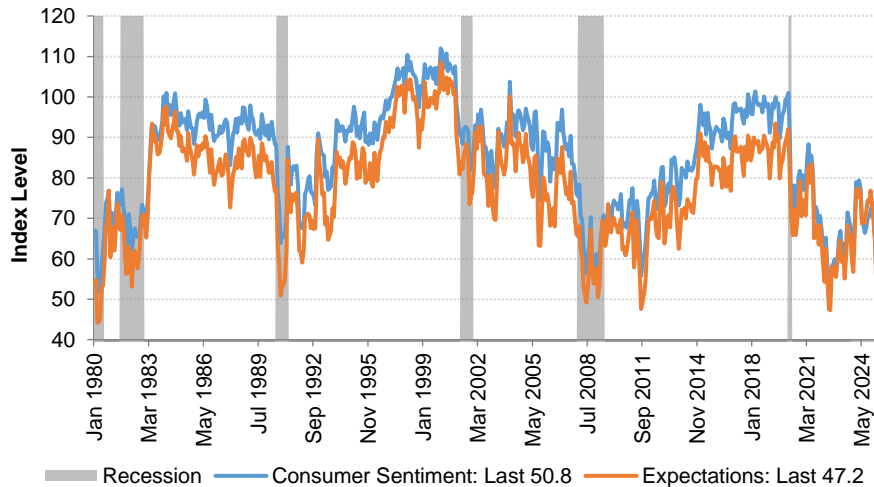
Source: Bureau of Labor Statistics

**PPI Headline and Core, Jan 2021 - Feb 2025**



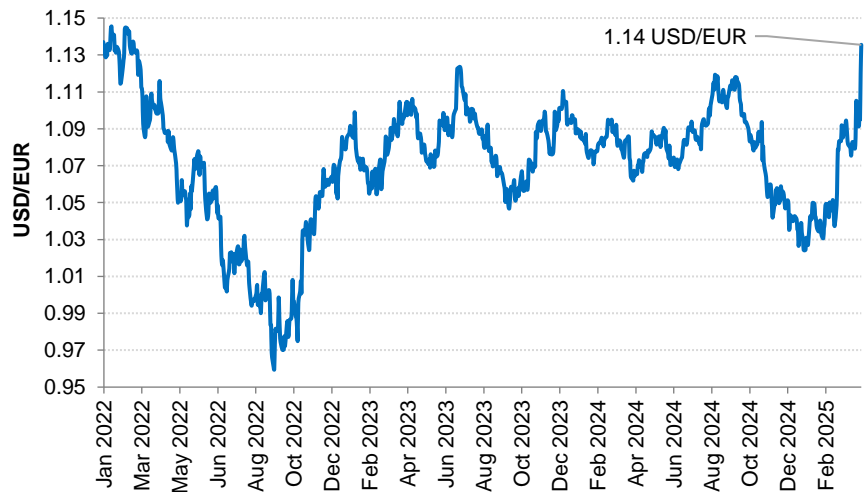
Source: Bureau of Labor Statistics

**University of Michigan Consumer Sentiment and Expectations, Jan 1980 – Apr 2025**



Source: University of Michigan

**\$/Euro Rate, 1 Jan 2022 – 11 Apr 2025**



Source: Bloomberg

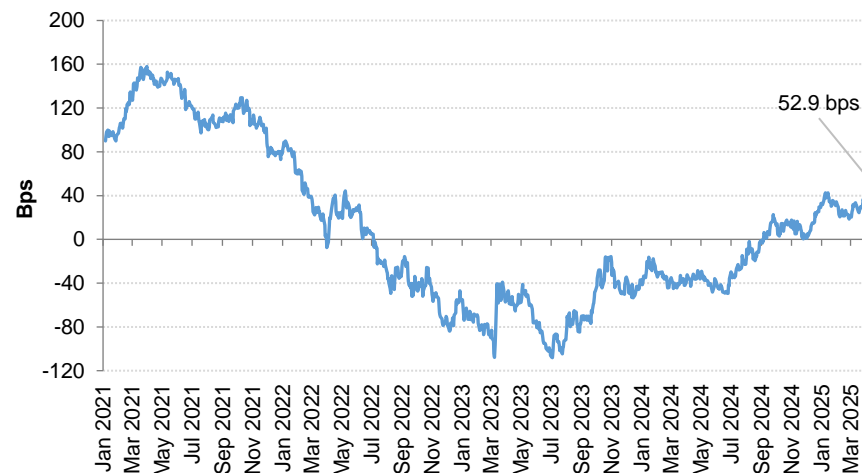
# Macroeconomic Conditions – Increased Market Uncertainty / Interest Rate Volatility

10Y Nominal Rate, 1 Jan 2021 – 11 Apr 2025



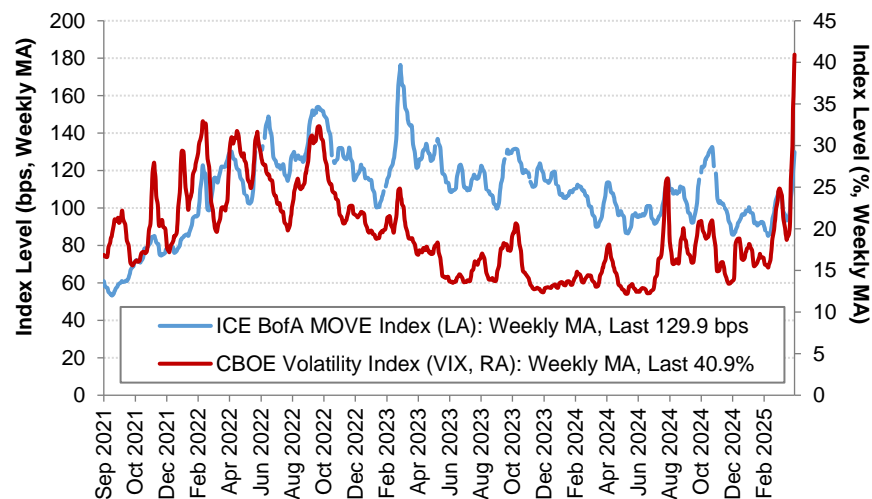
Source: Bloomberg

10-2Y Spread, 1 Jan 2021 – 11 Apr 2025



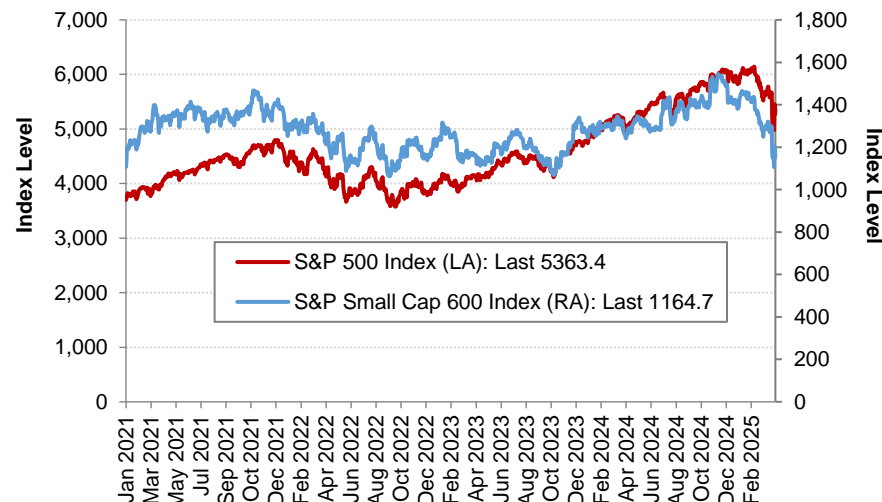
Source: Bloomberg

VIX and MOVE Indexes, 1 Sep 2021 – 11 Apr 2025



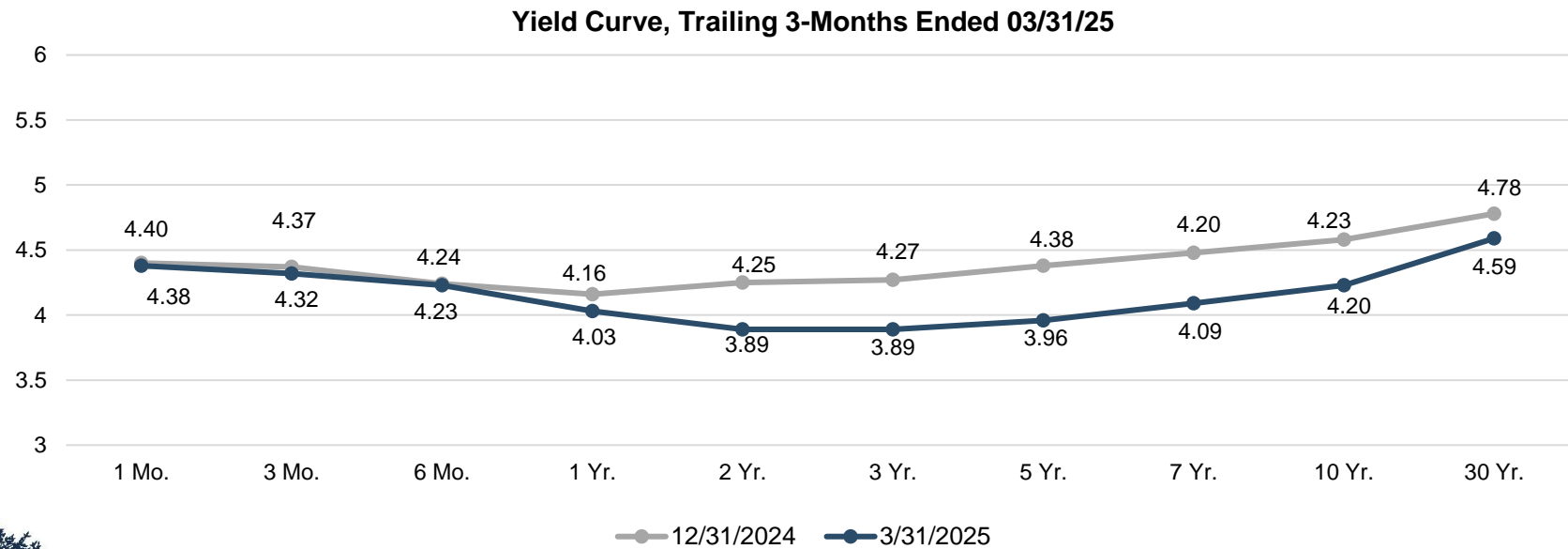
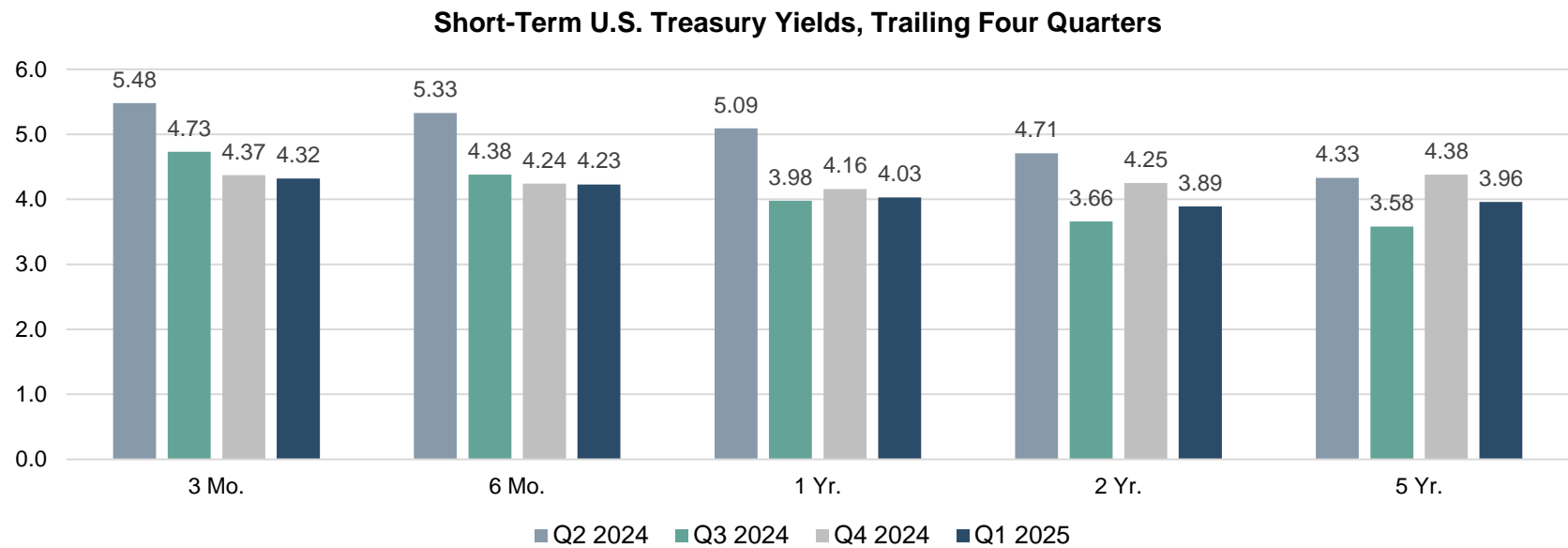
Source: Bloomberg

S&P 500 and Small Cap Indexes, 1 Jan 2021 – 11 Apr 2025



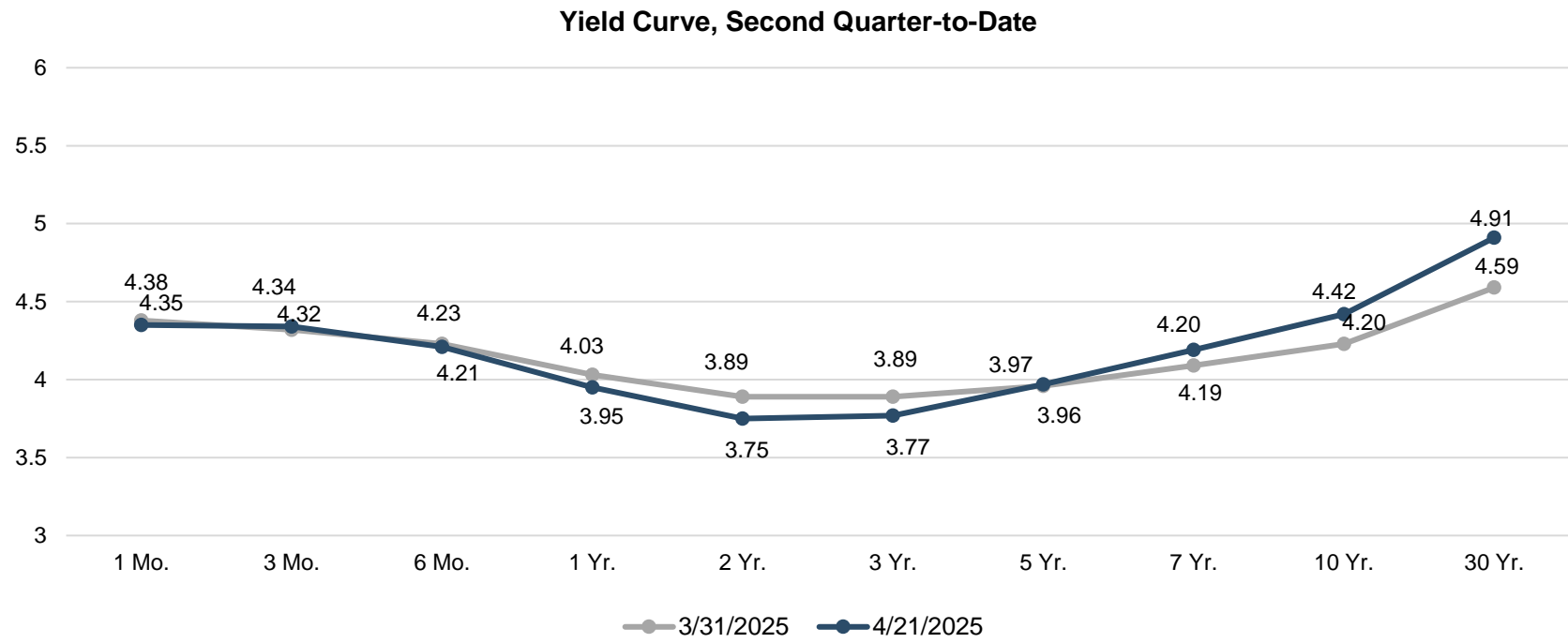
Source: Bloomberg

# Short-Term U.S. Treasuries Yields



Source: Bloomberg, As of 03/31/2025

# Short-Term U.S. Treasuries Yields – Second Quarter to Date (03/31/25 – 04/21/25)



# Credit Risk Premiums Expand Dramatically in Wake of Tariffs Announcement

Option-adjusted Spread, January 2024 – April 2025



Source: Bloomberg US Corporate Total Return Index

Note: Excess Return is measured over U.S. Treasuries. Spread data is measured in basis point (bps). High-yield rating category and government-related sector excluding municipal securities were not included in this table



# Introduction – Who We Are

- Ramirez Asset Management (“RAM”) was founded in 2002 and is a certified minority-owned fixed income and equity investment manager based in New York City
- RAM is an affiliate of Samuel A. Ramirez & Co. Inc., which was established in 1971, and is one of the oldest Hispanic-owned investment banks in the United States
- \$13.2 billion in firm-wide assets<sup>1</sup>
- RAM has experienced 30% trailing 5-year annualized AUM growth
- RAM has 47 firm-wide employees

## Firm Updates and Developments

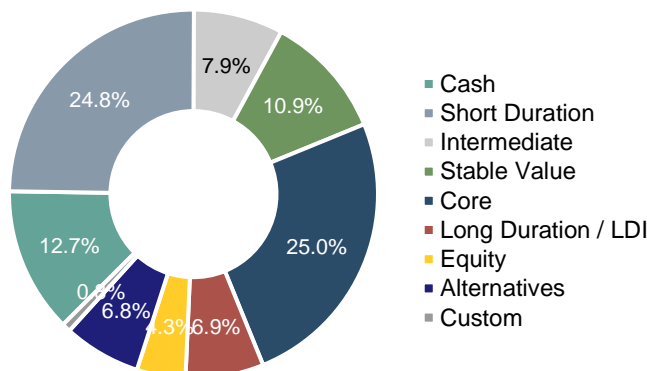
- RAM added \$3.3 billion in 2024; a combination of new mandates, add-on funding, and acquisitions
- Product Expansion: Equities (July 2023) and Private Credit (October 2024)

## A Growing, Diverse List of Products and Clients

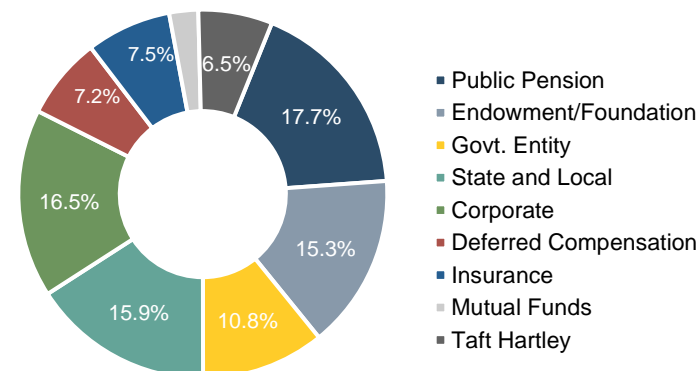
### Fixed Income Overview

<b>Number of Portfolios:</b>	156
<b>Average Client Size:</b>	\$137M

### Firm Products



### Fixed Income Clients



<sup>1</sup>Total is as of March 31, 2025 and includes AUM of \$12,570mm and Assets Under Advisement or AUA of \$618mm, which consists of assets from model portfolios for the primary equity strategies and Asset Based Financing or Early Buy Out or EBO loans. Assets defined as AUA are not included in regulatory assets under management.  
Source: Internal as of 3/31/25, unless otherwise noted.

# St. Louis Airport 2024A Capitalized Interest Portfolio - Overview of Portfolio

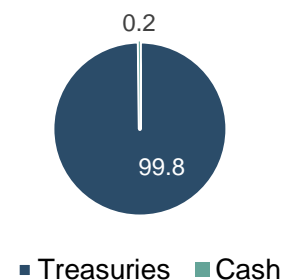
## Portfolio Summary

- Since June 24, 2024, RAM has managed **4 portfolios** on behalf of the City of St. Louis, totaling **\$76 million**
- Three portfolios were funded by the St. Louis Lambert Airport 2024 Bond Proceeds, totaling **\$50.8 million**
- One portfolio was funded by Gen Pool Excess Cash totaling **\$25 million**

<b>Beginning Balance (12/31/2024)</b>	<b>\$ 50,618,656</b>
Contributions	\$0
Withdrawals	(\$8,215,389)
Earned Interest	(\$12,360)
Change in Accrued Income	\$54,796
Realized Gains/Losses	\$116,928
Unrealized Gains/Losses	\$287,475
<b>Total P/L</b>	<b>\$446,838</b>
<b>Ending Balance (03/31/2025)</b>	<b>\$ 42,850,105</b>

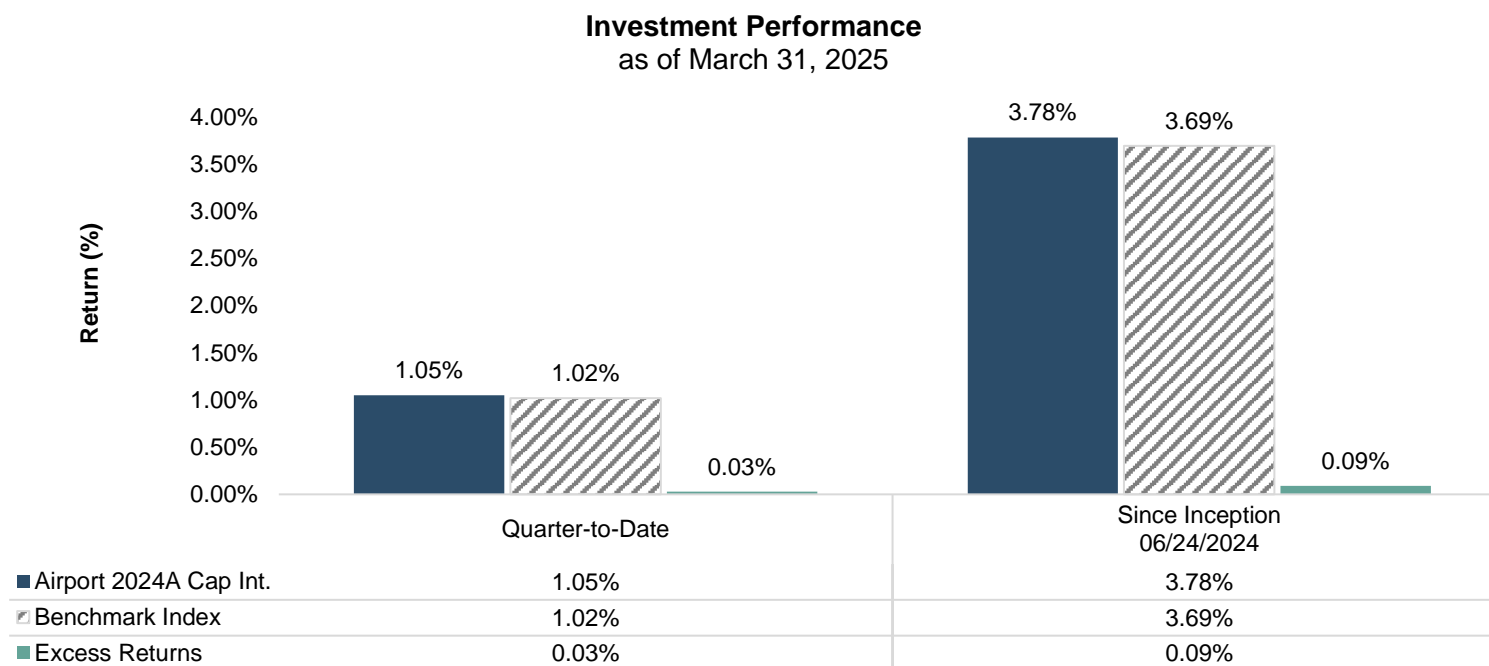
St. Louis Airport 2024A Capitalized Interest Portfolio	
<b>Portfolio Analytics:</b>	
Yield To Maturity:	4.20%
Maturity (Years):	0.215
Duration:	0.209
Quality:	Aaa

## Sector Allocation



# St. Louis Airport 2024A Capitalized Interest Portfolio – Investment Performance

## St. Louis Airport 2024A Capitalized Interest Portfolio Performance Review



- Since inception, the St. Louis Airport 2024A Cap Int Portfolio outperformed the benchmark by **9 bps**

# St. Louis Airport 2024B Capitalized Interest Portfolio - Overview of Portfolio

## Portfolio Summary

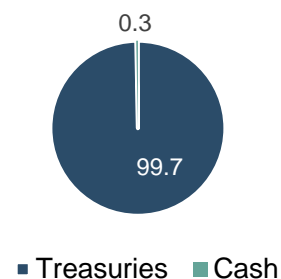
<b>Beginning Balance (12/31/2024)</b>	<b>\$</b>	<b>1,015,343</b>
Contributions		\$0
Withdrawals		(\$228,587)
Earned Interest		(\$5)
Change in Accrued Income		\$680
Realized Gains/Losses		\$1,976
Unrealized Gains/Losses		\$5,645
<b>Total P/L</b>		<b>\$8,296</b>
<b>Ending Balance (03/31/2025)</b>	<b>\$</b>	<b>795,052</b>

## St. Louis Airport 2024B Capitalized Interest Portfolio

### Portfolio Analytics:

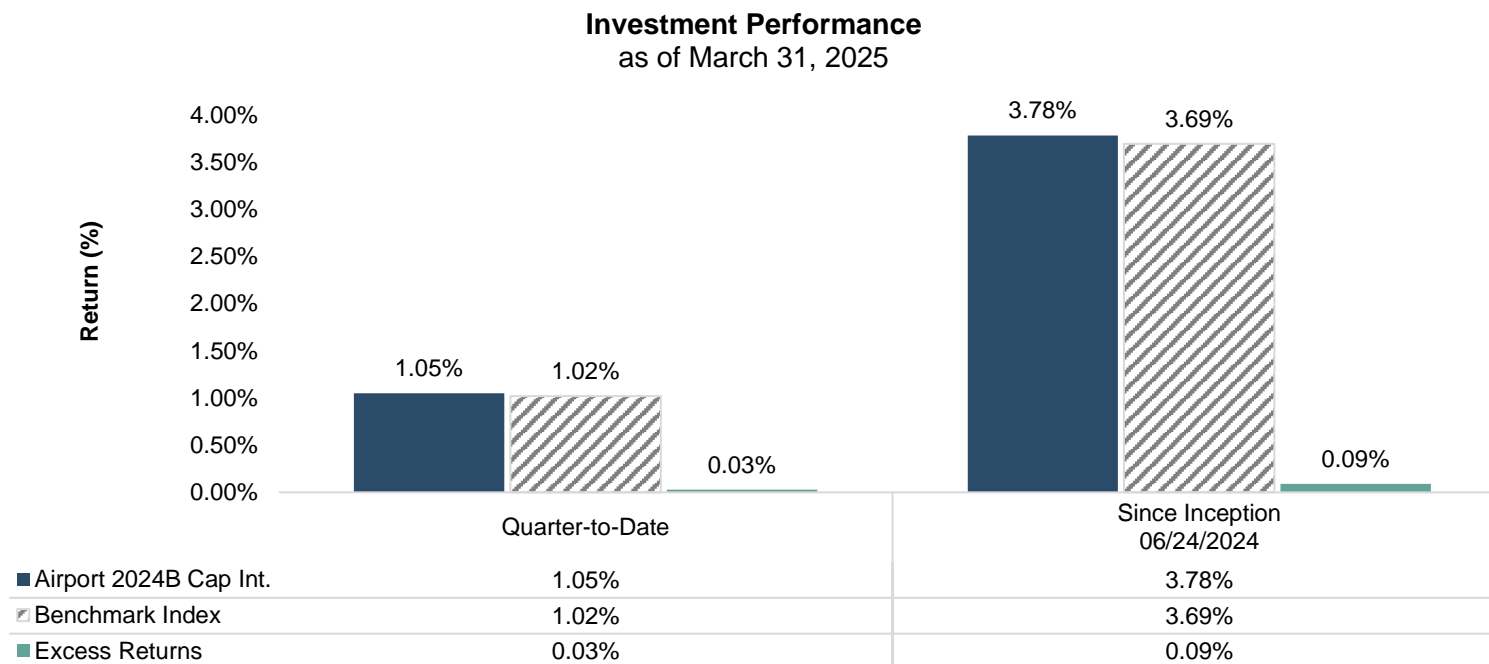
Yield To Maturity:	4.19%
Maturity (Years):	0.210
Duration:	0.204
Quality:	Aaa

## Sector Allocation



# St. Louis Airport 2024B Capitalized Interest Portfolio – Investment Performance

## St. Louis Airport 2024B Capitalized Interest Portfolio Performance Review



- Since inception, the St. Louis Airport 2024B Cap Int Portfolio outperformed the benchmark by **9 bps**

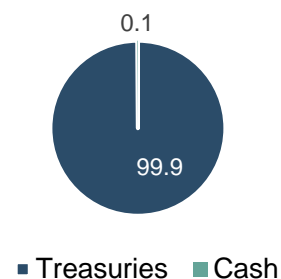
# St. Louis Airport 2024B Construction Fund Portfolio - Overview of Portfolio

## Portfolio Summary

<b>Beginning Balance (12/31/2024)</b>	<b>\$ 7,204,407</b>
Contributions	\$0
Withdrawals	\$0
Earned Interest	(\$4,277)
Change in Accrued Income	\$14,990
Realized Gains/Losses	\$20,799
Unrealized Gains/Losses	\$43,205
<b>Total P/L</b>	<b>\$74,717</b>
<b>Ending Balance (03/31/2025)</b>	<b>\$ 7,279,124</b>

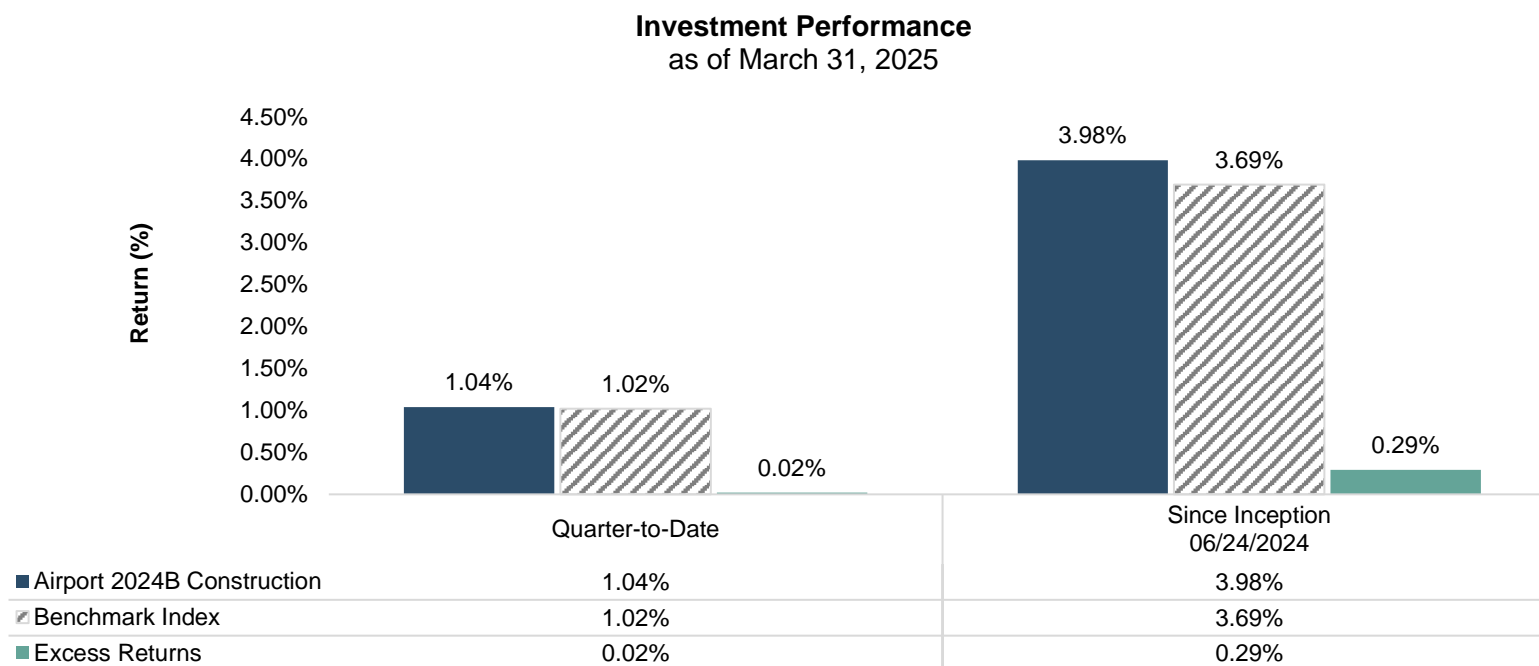
St. Louis Airport 2024B Construction Fund Portfolio	
<b>Portfolio Analytics:</b>	
Yield To Maturity:	4.21%
Maturity (Years):	0.228
Duration:	0.221
Quality:	Aaa

## Sector Allocation



# St. Louis Airport 2024B Construction Fund Portfolio – Investment Performance

## St. Louis Airport 2024B Construction Fund Portfolio Performance Review



- Since inception, the St. Louis Airport 2024B Construction Portfolio outperformed the benchmark by **29 bps**

# St. Louis Excess Cash Portfolio - Overview of Portfolio

## Portfolio Summary

- RAM also manages an Gen Pool Excess Cash portfolio on behalf of the Treasurers' Office, totaling **\$25 million**
  - RAM was initially funded **\$25,000** in June 2024
  - RAM received an additional, **\$25,000,000** on 1/14/2025 to the Excess Cash-Operating account

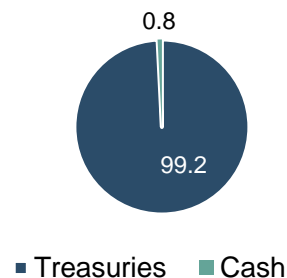
<b>Beginning Balance (12/31/2024)</b>	<b>\$</b>	<b>25,667</b>
Contributions		\$25,000,000
Withdrawals		\$0
Earned Interest		\$14,932
Change in Accrued Income		\$154,491
Realized Gains/Losses		\$62
Unrealized Gains/Losses		\$388,161
<b>Total P/L</b>		<b>\$557,646</b>
<b>Ending Balance (03/31/2025)</b>	<b>\$</b>	<b>25,583,313</b>

## St. Louis Airport 2024B Construction Fund Portfolio

### Portfolio Analytics:

Yield To Maturity:	3.98%
Maturity (Years):	2.554
Duration:	2.335
Quality:	Aaa

## Sector Allocation

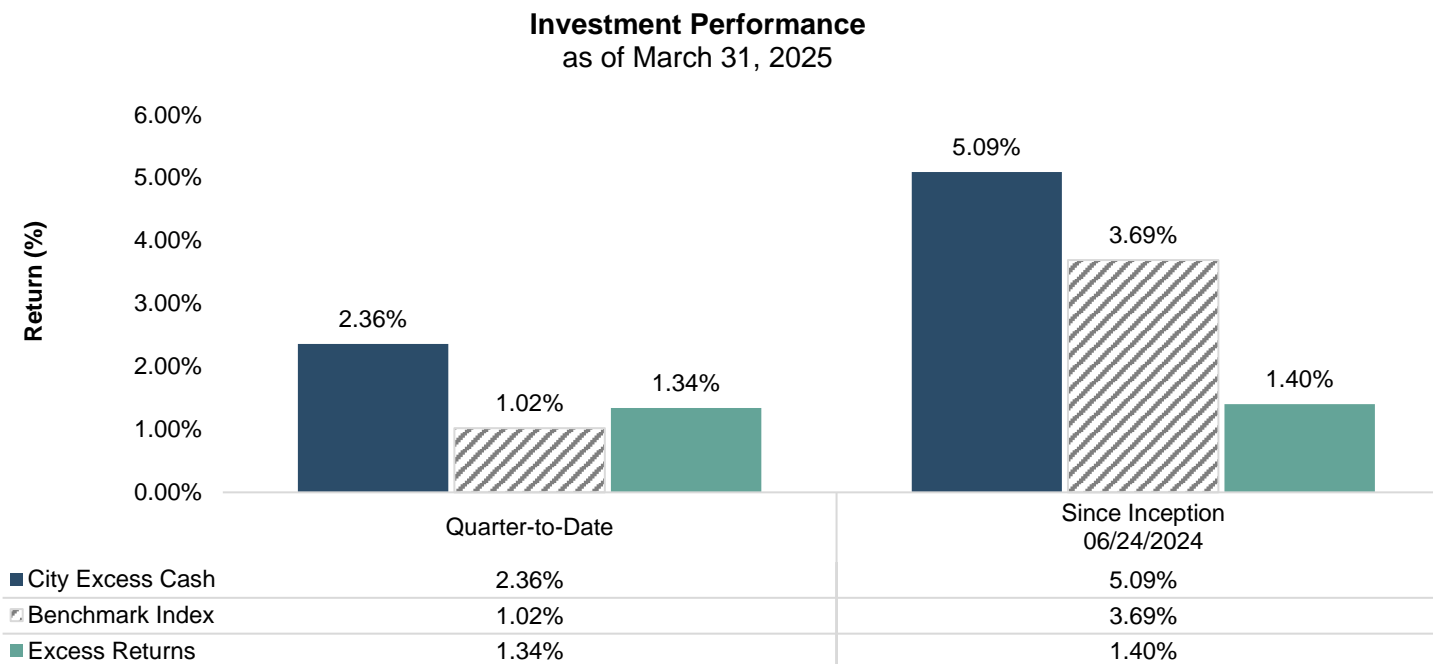




# St. Louis Excess Cash Portfolio – Investment Performance

## St. Louis Excess Cash Portfolio

### Performance Review



- Since inception, the St. Louis Airport 2024B Construction Portfolio outperformed the benchmark by **140 bps**

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