LOGIC

MONTHLY NEWSLETTER SEPTEMBER 2024

## PERFORMANCE

**As of September 30, 2024**

| | |
|---|---|
| Current Invested Balance | $ 12,000,294,194.26 |
| Weighted Average Maturity (1) | 47 Days |
| Weighted Average Life (2) | 79 Days |
| Net Asset Value | 1.000706 |
| Total Number of Participants | 721 |
| Management Fee on Invested Balance | 0.0975%* |
| Interest Distributed | $ 52,406,638.04 |
| Management Fee Collected | $ 953,784.32 |
| % of Portfolio Invested Beyond 1 Year | 0.00% |
| Standard & Poor's Current Rating | AAAm |

Rates reflect historical information and are not an indication of future performance.

**September Averages**

| | |
|---|---|
| Average Invested Balance | $ 11,963,872,480.63 |
| Average Monthly Yield, on a simple basis | 5.2340% |
| Average Weighted Maturity (1) | 48 Days |
| Average Weighted Life (2) | 77 Days |

Definition of Weighted Average Maturity (1) & (2)

(1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instruction to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

The maximum management fee authorized for the LOGIC Cash Reserve Fund is 12 basis points. This fee may be waved in full or in part in the discretion of the LOGIC co-administrators at any time as provided for in the LOGIC Information Statement.

## NEW PARTICIPANTS

We would like to welcome the following entities who joined the LOGIC program in September:

* City of Ballinger * DFW International Airport * Milford Independent School District

* City of Mount Vernon * City of Omaha * Tyler County

## HOLIDAY REMINDER

In observance of **Columbus Day, LOGIC will be closed on Monday, October 14, 2024.** All ACH transactions initiated on Friday, October 11th will settle on Tuesday, October 15th. Standard transaction deadlines will be observed on Friday, October 11th. Please plan accordingly for your liquidity needs.

## ECONOMIC COMMENTARY

**Market review**

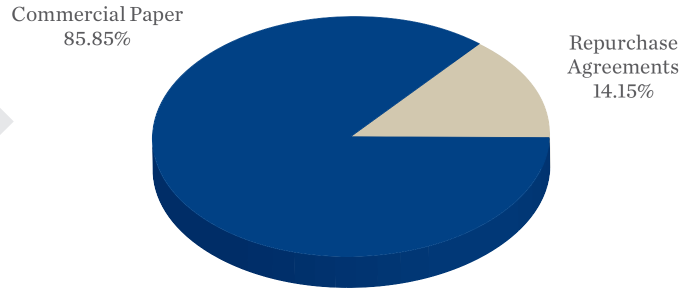
The third quarter provided further evidence that the Federal Reserve (Fed) has successfully cooled down the post-pandemic supercharged economy, aligning it with their dual mandate of price stability and full employment. The disinflationary trend has made significant progress, as the core Personal Consumption Expenditures Price Index (PCE), the Fed's preferred measure for inflation, has declined to a three-month annualized run rate of 2.1% as of August, a substantial drop from 6.6% in 2021. The labor market has also shown signs of cooling, with unemployment rising from a low of 3.4% to 4.2%. Despite these adjustments, the Fed has managed to keep the economy on a stable footing. The economy grew at a 3.0% seasonally adjusted annualized rate in the second quarter, well above first quarter's 1.6%, bringing average GDP growth for the first half of the year to a solid 2.3%, which is in line with trend growth. In a highly anticipated decision, the Federal Open Market Committee (FOMC) voted to lower the federal funds rate by 50 basis points (bps), a larger-than-expected move and their first move lower since March 2020. During his press conference, Powell described the move as a policy "recalibration," suggesting the Fed is proactively managing economic risk.

While the August jobs report was stronger than the downwardly revised weak July report, it didn't represent a full rebound, but it did alleviate some concerns about a hard landing. The establishment survey showed fewer-than-expected job gains of 142,000, primarily concentrated in the construction, leisure and hospitality, and healthcare industries, bringing the three-month moving average down to 116,000. Additionally, July's job gains were revised down to 89,000. On a positive note, the unemployment rate ticked lower from 4.25% to 4.22%, providing some relief after the recent increase.Wages grew by 0.4% month-over-month (m/m) and 3.8% year-over-year (y/y), slightly higher than July's monthly increase. The Job Openings and Labor Turnover Survey (JOLTS) indicated an uptick in labor demand in August, with job openings rising from an upwardly revised 7.7 million to 8.0 million, the highest since May.

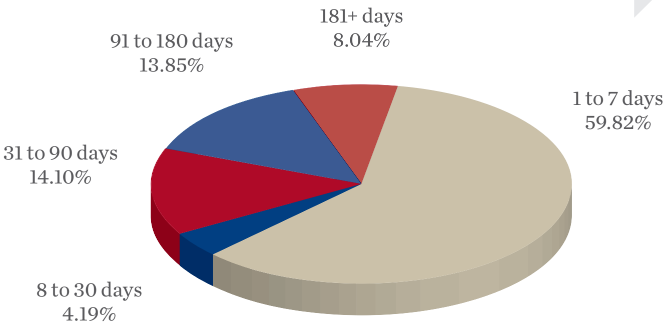
*(continued page 4)*

# INFORMATION AT A GLANCE

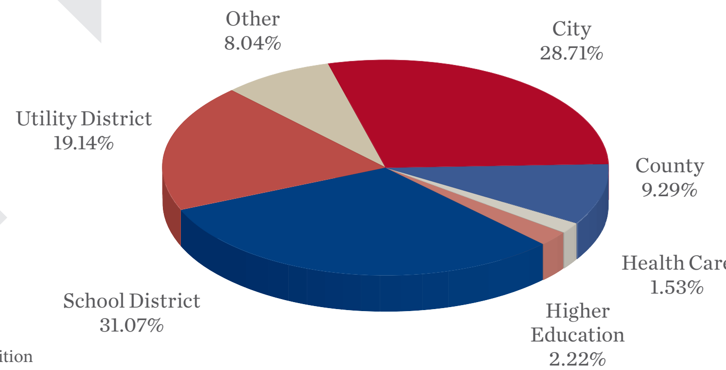
## PORTFOLIO BY TYPE OF INVESTMENT AS OF SEPTEMBER 30, 2024




## PORTFOLIO BY MATURITY AS OF SEPTEMBER 30, 2024 (1)




## DISTRIBUTION OF PARTICIPANTS BY TYPE AS OF SEPTEMBER 30, 2024




(1) Portfolio by Maturity is calculated using WAM (1) definition for stated maturity. See page 1 for definition

# HISTORICAL PROGRAM INFORMATION

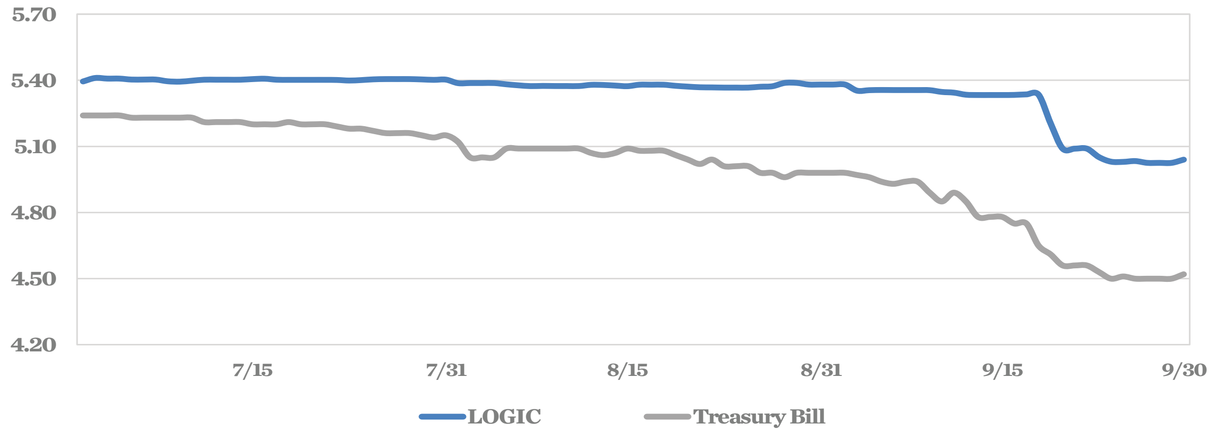
| MONTH | AVERAGE RATE | BOOK VALUE | MARKET VALUE | NET ASSET VALUE | WAM (1) | WAL (2) | NUMBER OF PARTICIPANTS |
|---|---|---|---|---|---|---|---|
| Sep 24 | 5.2340% | $12,000,294,194.26 | $12,008,777,523.51 | 1.000706 | 48 | 77 | 721 |
| Aug 24 | 5.3775% | 11,839,344,751.91 | 11,842,275,628.35 | 1.000051 | 46 | 68 | 715 |
| Jul 24 | 5.4031% | 12,289,700,901.39 | 12,290,658,895.72 | 1.000077 | 44 | 64 | 710 |
| Jun 24 | 5.4105% | 12,305,570,300.22 | 12,302,401,325.85 | 0.999742 | 46 | 68 | 709 |
| May 24 | 5.4208% | 12,027,790,517.42 | 12,026,906,145.27 | 0.999709 | 42 | 61 | 707 |
| Apr 24 | 5.4544% | 12,799,455,702.21 | 12,798,499,925.99 | 0.999925 | 42 | 63 | 700 |
| Mar 24 | 5.4733% | 12,597,157,883.28 | 12,594,398,914.29 | 0.999780 | 44 | 67 | 695 |
| Feb 24 | 5.4812% | 13,053,102,972.99 | 13,055,275,949.92 | 1.000166 | 45 | 67 | 692 |
| Jan 24 | 5.5102% | 12,694,647,319.98 | 12,699,839,697.62 | 1.000409 | 48 | 68 | 691 |
| Dec 23 | 5.5411% | 11,458,079,921.27 | 11,462,048,344.52 | 1.000254 | 53 | 77 | 688 |
| Nov 23 | 5.5598% | 10,489,760,450.40 | 10,492,958,358.89 | 1.000093 | 52 | 83 | 686 |
| Oct 23 | 5.5432% | 10,227,801,398.83 | 10,228,563,319.46 | 1.000074 | 44 | 82 | 684 |

# PORTFOLIO ASSET SUMMARY AS OF SEPTEMBER 30, 2024

| | BOOK VALUE | MARKET VALUE |
|---|---|---|
| Uninvested Balance | $ (200,518.63) | $ (200,518.63) |
| Accrual of Interest Income | 11,526,019.69 | 11,526,019.69 |
| Interest and Management Fees Payable | (52,400,530.72) | (52,400,530.72) |
| Payable for Investment Purchased | 0.00 | 0.00 |
| Repurchase Agreement | 1,703,843,999.89 | 1,703,843,999.89 |
| Commercial Paper | 10,337,525,224.03 | 10,346,008,553.28 |
| Government Securities | 0.00 | 0.00 |
| **TOTAL** | **$ 12,000,294,194.26** | **$ 12,008,777,523.51** |

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of LOGIC. The only source of payment to the Participants are the assets of LOGIC. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact LOGIC Participant Services.

## LOGIC VERSUS 90-DAY TREASURY BILL




This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The LOGIC management fee may be waived in full or in part at the discretion of the LOGIC co-administrators and the LOGIC rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment of $1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the LOGIC pool to the T-Bill Yield, you should know that the LOGIC pool consists of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-Day T-Bill. The LOGIC yield is calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940 as promulgated from time to time by the federal Securities and Exchange Commission.

## DAILY SUMMARY FOR SEPTEMBER 2024

| DATE | MNY MKT FUND EQUIV. [SEC Std.] | DAILY ALLOCATION FACTOR | INVESTED BALANCE | MARKET VALUE PER SHARE | WAM DAYS (1) | WAL DAYS (2) |
|---|---|---|---|---|---|---|
| 9/1/2024 | 5.3810% | 0.000147425 | $11,839,344,751.91 | 1.000051 | 46 | 74 |
| 9/2/2024 | 5.3810% | 0.000147425 | $11,839,344,751.91 | 1.000051 | 46 | 74 |
| 9/3/2024 | 5.3532% | 0.000146662 | $11,707,134,536.93 | 1.000343 | 48 | 79 |
| 9/4/2024 | 5.3555% | 0.000146725 | $11,742,967,560.09 | 1.000381 | 49 | 80 |
| 9/5/2024 | 5.3564% | 0.000146751 | $11,798,221,453.59 | 1.000428 | 49 | 80 |
| 9/6/2024 | 5.3560% | 0.000146739 | $11,765,429,788.50 | 1.000321 | 48 | 78 |
| 9/7/2024 | 5.3560% | 0.000146739 | $11,765,429,788.50 | 1.000321 | 48 | 78 |
| 9/8/2024 | 5.3560% | 0.000146739 | $11,765,429,788.50 | 1.000321 | 48 | 78 |
| 9/9/2024 | 5.3555% | 0.000146725 | $11,769,039,855.72 | 1.000441 | 48 | 79 |
| 9/10/2024 | 5.3476% | 0.000146509 | $11,791,069,315.57 | 1.000440 | 49 | 80 |
| 9/11/2024 | 5.3443% | 0.000146419 | $11,868,186,837.33 | 1.000440 | 49 | 79 |
| 9/12/2024 | 5.3349% | 0.000146161 | $11,999,716,716.23 | 1.000419 | 49 | 79 |
| 9/13/2024 | 5.3335% | 0.000146123 | $11,944,677,495.12 | 1.000331 | 49 | 78 |
| 9/14/2024 | 5.3335% | 0.000146123 | $11,944,677,495.12 | 1.000331 | 49 | 78 |
| 9/15/2024 | 5.3335% | 0.000146123 | $11,944,677,495.12 | 1.000331 | 49 | 78 |
| 9/16/2024 | 5.3340% | 0.000146136 | $11,941,666,455.01 | 1.000570 | 49 | 78 |
| 9/17/2024 | 5.3364% | 0.000146204 | $12,052,348,252.92 | 1.000567 | 48 | 76 |
| 9/18/2024 | 5.3354% | 0.000146176 | $12,103,018,112.22 | 1.000542 | 47 | 75 |
| 9/19/2024 | 5.2048% | 0.000142596 | $12,115,525,191.55 | 1.000678 | 47 | 74 |
| 9/20/2024 | 5.0899% | 0.000139448 | $12,069,813,109.86 | 1.000500 | 46 | 73 |
| 9/21/2024 | 5.0899% | 0.000139448 | $12,069,813,109.86 | 1.000500 | 46 | 73 |
| 9/22/2024 | 5.0899% | 0.000139448 | $12,069,813,109.86 | 1.000500 | 46 | 73 |
| 9/23/2024 | 5.0515% | 0.000138396 | $12,070,377,804.21 | 1.000681 | 46 | 72 |
| 9/24/2024 | 5.0308% | 0.000137830 | $12,095,497,889.98 | 1.000668 | 46 | 73 |
| 9/25/2024 | 5.0299% | 0.000137805 | $12,258,383,698.24 | 1.000690 | 45 | 75 |
| 9/26/2024 | 5.0336% | 0.000137906 | $12,204,750,172.85 | 1.000712 | 47 | 79 |
| 9/27/2024 | 5.0254% | 0.000137683 | $12,126,508,562.65 | 1.000524 | 47 | 78 |
| 9/28/2024 | 5.0254% | 0.000137683 | $12,126,508,562.65 | 1.000524 | 47 | 78 |
| 9/29/2024 | 5.0254% | 0.000137683 | $12,126,508,562.65 | 1.000524 | 47 | 78 |
| 9/30/2024 | 5.0400% | 0.000138083 | $12,000,294,194.26 | 1.000706 | 47 | 79 |
| | | | | | | |
| Average | 5.2340% | 0.000143397 | $11,963,872,480.63 | | 48 | 77 |

Conversely, the quit rate ticked down again, from 2.0% to a new cycle low of 1.9%, and the hires rate, which had increased from 3.3% to 3.4% between June and July, pulled back to 3.3%.

The August CPI report came in as expected, providing further evidence that inflation is on a steady path lower. Headline inflation rose 0.2% m/m and 2.5% y/y, while core inflation rose 0.3% m/m and 3.2% y/y. In the details, food and energy prices were well behaved with energy prices falling by 0.8% m/m. Elsewhere, core goods prices eased for a sixth straight month, led lower by used vehicle prices, although tobacco prices rose by a strong 1.2% m/m. Elsewhere, shelter inflation remained elevated at 0.5% m/m, which alongside a 3.9% m/m increase in airfares, kept core services inflation elevated at 0.5%. Auto insurance prices moderated but rose by a still-warm 0.6% m/m and 16.5% y/y. Headline PCE and Core PCE both rose 0.1% m/m, bringing the y/y figures to 2.2% and 2.7%, respectively. With shelter still driving the bulk of inflation, broad disinflationary tailwinds remain well established, suggesting that inflation is on a steady path back to 2%, enabling the Fed to begin normalizing monetary policy.

While inflation and the labor market have come into better balance, the federal funds rate has remained at a highly restrictive level. With market expectations roughly split between a 25 basis point and a 50 basis point cut, the FOMC voted to reduce the federal funds rate target range by 50 bps to 4.75% – 5.00% at its September meeting, with one dissent in favor of a 25 bp cut. The economic assessment was amended to recognize that job growth has "slowed" rather than merely "moderated," and the statement noted that the committee has gained greater confidence in inflation returning to target. The risks to employment and inflation are now considered balanced, compared to a previous tilt towards inflation. The 'dot plot' provided a refreshed view of the Committee's expectations for the path of the fed funds rate. The median member now expects the policy rate to fall to 4.375% by year-end 2024, equivalent to an additional 50 bps of rate cuts this year, with an additional 100 bps of cuts anticipated in 2025 and 50 bps in 2026. The long-run dot shifted higher to 2.875%, reflecting discussions among Fed members about the possibility that the neutral policy rate is higher than previously anticipated.

In sum, the Fed delivered the message that policy normalization has begun, more cuts are coming and, despite a slightly larger cut to begin with, easing will still be gradual, barring a more material slowdown in the economy. Markets saw mixed and choppy price action following the Fed decision with short term Treasury yields falling more sharply than longer-term Treasury yields over the month. Three- and six-month Treasury bill yields fell by 49 bps and 45 bps to 4.63% and 4.41%, respectively, while one- and two-year Treasury yields declined 40 bps and 28 bps to 4.01% and 3.64%, respectively.

**Outlook**

More than two years and 11 rate hikes later, the Fed has begun to normalize policy, with more cuts projected on the horizon. Cooling inflation in recent months has allowed the Fed to shift its focus towards supporting the labor market; while they are not overly concerned about its current state, their goal is to maintain its strength. With slowing inflation and rising unemployment, we anticipate additional front-loaded cuts to bring the Fed closer to a neutral policy stance by 2025. We believe the Fed is on track to deliver two 25 bp rate cuts by year-end and will likely continue easing in 2025. However, as Powell emphasized during the press conference, policy decisions will be contingent on evolving economic data.

The need for restrictive policy has diminished as the risks between employment and inflation have come into balance. With U.S. economic activity broadly looking healthy and the summer growth scare behind us, the Fed's decision to pre-emptively cut more aggressively likely extends the current economic cycle. This increases our conviction in a soft-landing outcome, with only a moderate rise in the unemployment rate as the base case.

This information is an excerpt from an economic report dated September 2024 provided to LOGIC by JP Morgan Asset Management, Inc., the investment manager of the LOGIC pool.



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LOGIC


## LOGIC BOARD MEMBERS

| | | |
|---|---|---|
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| Monte Mercer | Qualified Non-Participant | Advisory Board Member |



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