

## City of St. Louis Airport – 2024A Construction AC

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Loop Capital Asset Management

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*Presenters:*

George Liu – Senior Vice President

*October 23, 2024*



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## Organizational Overview

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# Loop Capital Asset Management - Fixed Income

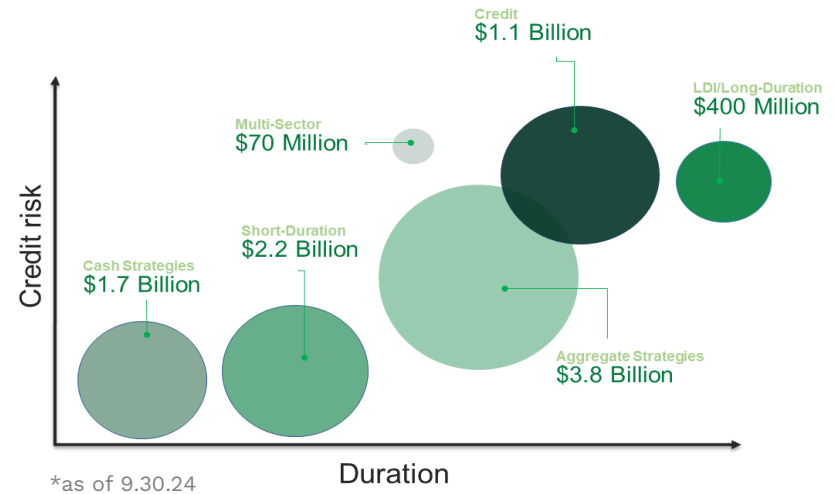
## Overview

- Leadership & Portfolio Management team averages 18 years experience and 10 years tenure with the firm; supported by deep and diverse team.
- Team-based approach managing across the maturity/duration and credit quality spectrum with expertise in the government, securitized and credit sectors.
- 10+ year relationships with some of the largest and most prominent public and corporate plans.

## Products

### Key Strategy Assets

Overall AUM, \$9.3 billion\*



## Key Attributes and Differentiators

1. **Multi-dimensional alpha:** a diversified set of alpha sources drive returns, helping to create a differentiated return profile and successful track record across multiple market environments.
2. **High Conviction:** an active approach focused on investments we believe are most likely to add value for clients.
3. **Strict relative value discipline:** we invest in securities where we observe sectors or securities offer attractive risk-adjusted returns; nimble implementation designed to capture market dislocations and opportunities others may overlook.
4. **Commitment to partner with clients:** top tier client service with direct access to senior investment personnel and key decision makers; we tailor strategies to client needs.

# Loop Capital Asset Management Investment Team & Leadership

16

members of investment and leadership team

18

years of average industry experience

10

years of average company tenure

13

members with advanced degrees or CFA® charterholders



**James Reynolds, Jr., CFA®**  
Chairman and Chief Executive Officer  
MBA  
41 yrs. Industry / 27 yrs. LC



**Adam Phillips, CFA®**  
Managing Director  
BA  
20 yrs. Industry / 10 yrs. LCAM



**Timothy Alt, CFA®, CMT**  
Managing Director  
BA  
18 yrs. Industry / 5 yrs. LCAM



**George Liu**  
Senior Vice President  
BS  
16 yrs. Industry / 9 yrs. LCAM



**Adam Eccles**  
Vice President  
MSF  
20 yrs. Industry / 5 yrs. LCAM



**Andre Villarreal, CFA®**  
Vice President  
BBA  
14 yrs. Industry / 9 yrs. LCAM



**Joseph Magazine**  
Vice President  
BA  
18 yrs. Industry / 8 yrs. LCAM



**Khalfani King**  
Associate  
BBA  
6 yrs. Industry / 3 yrs. LCAM



**Scott Kimball, CFA®**  
Managing Director, Chief Investment Officer  
MBA  
21 yrs. Industry / 17 yrs. LCAM



**Frank Reda, CMT**  
Managing Director  
MS  
23 yrs. Industry / 23 yrs. LCAM



**Ronald Salinas, CFA®**  
Senior Vice President  
MBA  
20 yrs. Industry / 20 yrs. LCAM



**Jackson Smith**  
Senior Vice President  
MBA  
11 yrs. Industry / 2 yrs. LCAM



**Josu Elejabarrieta**  
Senior Vice President  
MS  
21 yrs. Industry / 5 yrs. LCAM



**Julie Kwock**  
Vice President  
MBA, MS  
18 yrs. Industry / 18 yrs. LCAM



**Daniesha Dawes**  
Associate  
MBA  
13 yrs. Industry / 4 yrs. LCAM



**Fermon Reid**  
Associate  
MBA  
1 yr. Industry / 1 yr. LCAM

## Non-Investment Team Members

Compliance (2) | Client Support (4) | Distribution (2)

## Account Update

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## 2024A Construction AC – Performance and Market Value

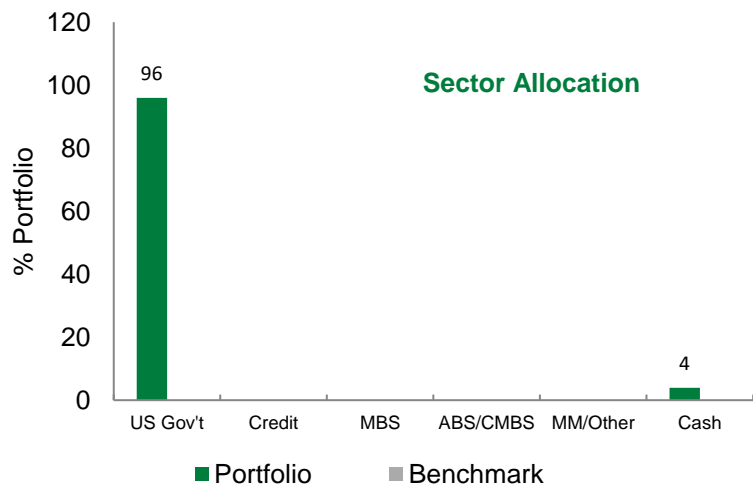
**As of September 30, 2024**

	QTD	Since Inception 6/11/2024
Gross Returns	1.44%	1.69%

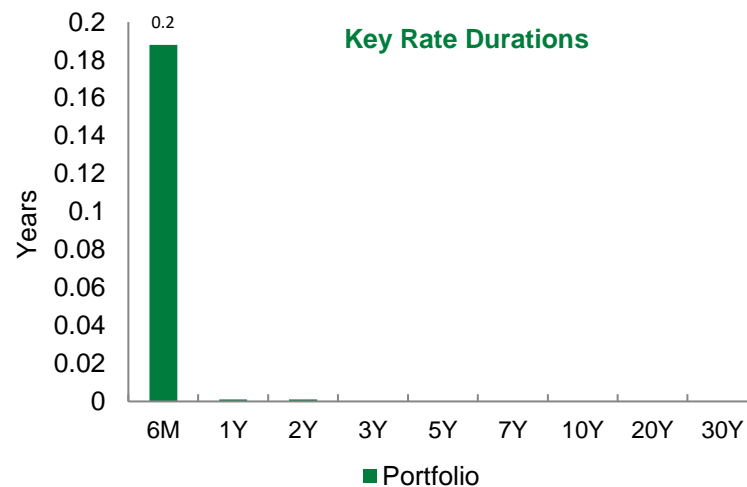
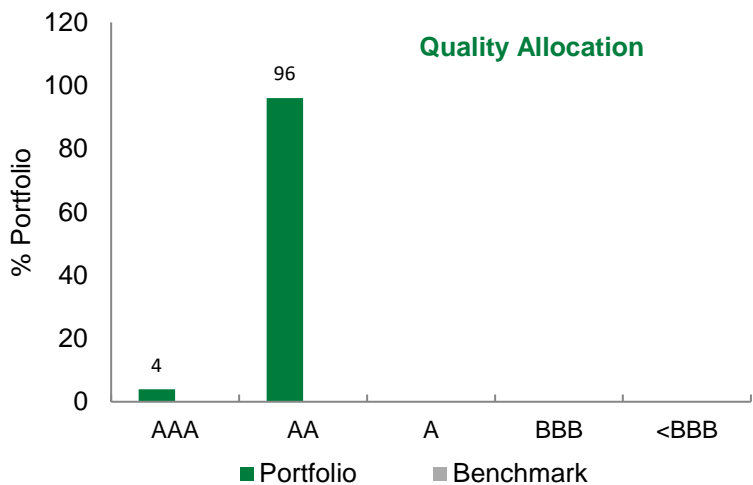
<b>Market Value Reconciliation: Q3 2024</b>	
Market Value with Accrued Interest: June 30, 2024	\$250,461,418
Contribution/Withdrawal	\$0
Change in Accrued Interest	\$51,944
Net Income	\$200,091
Unrealized Gain/Loss	\$2,274,148
Net Realized Gain/Loss	\$1,068,015
Market Value with Accrued Interest: September 30, 2024	\$254,055,616

Source: Loop Capital Asset Management  
 All returns over one year are annualized.  
 Past performance does not guarantee future results.  
 Investments cannot be made in an index.

# 2024A Construction AC - Portfolio Characteristics



Portfolio characteristics	City of St. Louis Airport – 2024A Construction AC
Market Value (M)	\$254.1
Yield to Worst (%)	3.1
Average Years to Maturity	0.2
Effective Duration (Yrs)	0.2



All data as of 9.30.24

Source for all data: BondEdge



## Investment Strategy and Current Positioning

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## Summary: After the cut

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### A Fed put for the labor market

- The start of the Fed's easing cycle signals a return of the dual mandate and a commitment to ward off additional labor market softening and minimize downside risks to growth.
- With risks to the outlook roughly balanced, the Fed will reduce restriction until policy rates are deemed to be near neutral – currently believed to be around 3%.
- Cyclical sectors such as housing should benefit somewhat from lower rates and technology driven investment should continue to support the growth outlook.
- Corporate profits should also remain solid which will support the labor market and consumption.

### Known and unknown risks on the horizon

- The U.S. election will increasingly dominate focus in coming weeks and markets may shift once the outcome is known and changes in fiscal policy are digested.
- Changes in household and corporate taxation will be a key focus as will trade policy.
- U.S and China relations will also remain in focus, particularly as Chinese authorities have been forced to step-up stimulus to buffer growth.

### Manageable risks, but valuations leave little room for error

- Global policy makers stand ready to offset downside risks to growth and have significant flexibility given the elevated level of policy rates.
- Markets have rationally repriced to reflect additional stimulus and reduced downside risk, leaving them susceptible to an increase in volatility.
- High quality fixed income should remain supported due to their defensive characteristics, attractive yield levels, as central banks continue easing policy rates.

# Outlook Summary

## Investment Dashboard

As at September 30, 2024

Factors	Key				
	Current		Prior		
	--	-	+/-	+	++
<b>Policy</b>					
<b>Fiscal &amp; Political Climate</b>		●			
<b>Monetary Policy</b>		■		●	
U.S. Dollar			■	●	
Yield Curve			■	●	
Volatility			■	●	
<b>Growth</b>					
<b>Aggregate</b>		■	●		
<b>U.S. Housing</b>	■	●			
<b>Copper</b>			●		
<b>Inflation</b>					
<b>Aggregate</b>			●		
<b>Wages</b>			●		
<b>Crude Oil</b>		■		●	
<b>Fundamentals &amp; Market Trend</b>					
<b>Credit Spreads</b>		■	●		
<b>Market Trend</b>		■		●	
<b>Corporate Fundamentals</b>			●		
<b>Sentiment &amp; Technicals</b>					
<b>Sentiment</b>		●	■		
<b>S&amp;P 500 Overall</b>		■	●		
<b>Bond Fund Flows</b>			●		

\*Sources: Bloomberg, Philadelphia Federal Reserve, VoteView, Matteoiacoviellio.com

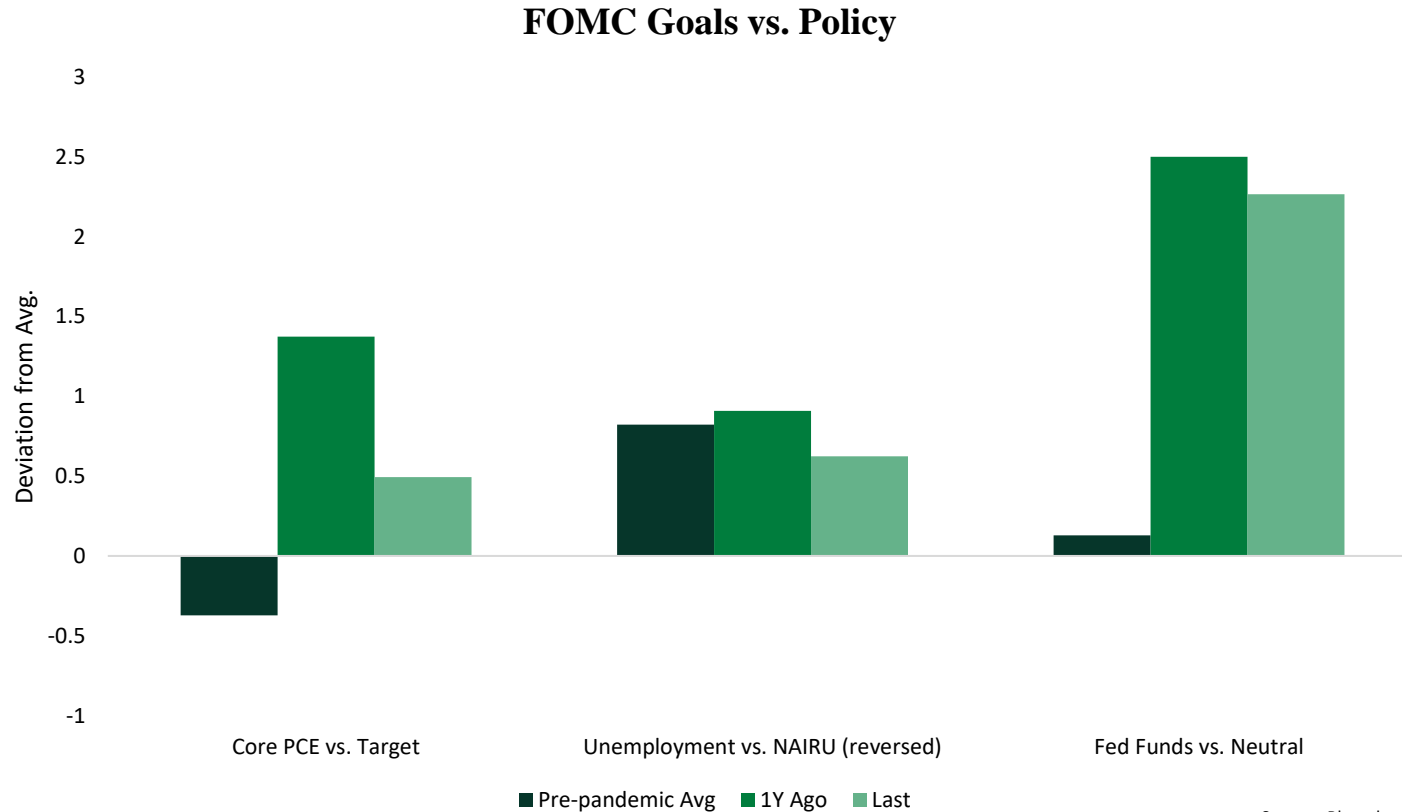
\*\*Scores represent the factor's implication for market risk based on aggregated level, trend, & momentum inputs

- Monetary policy committed to offsetting labor market softening minimizes downside risks, however valuations may limit market performance.

## Macro Update

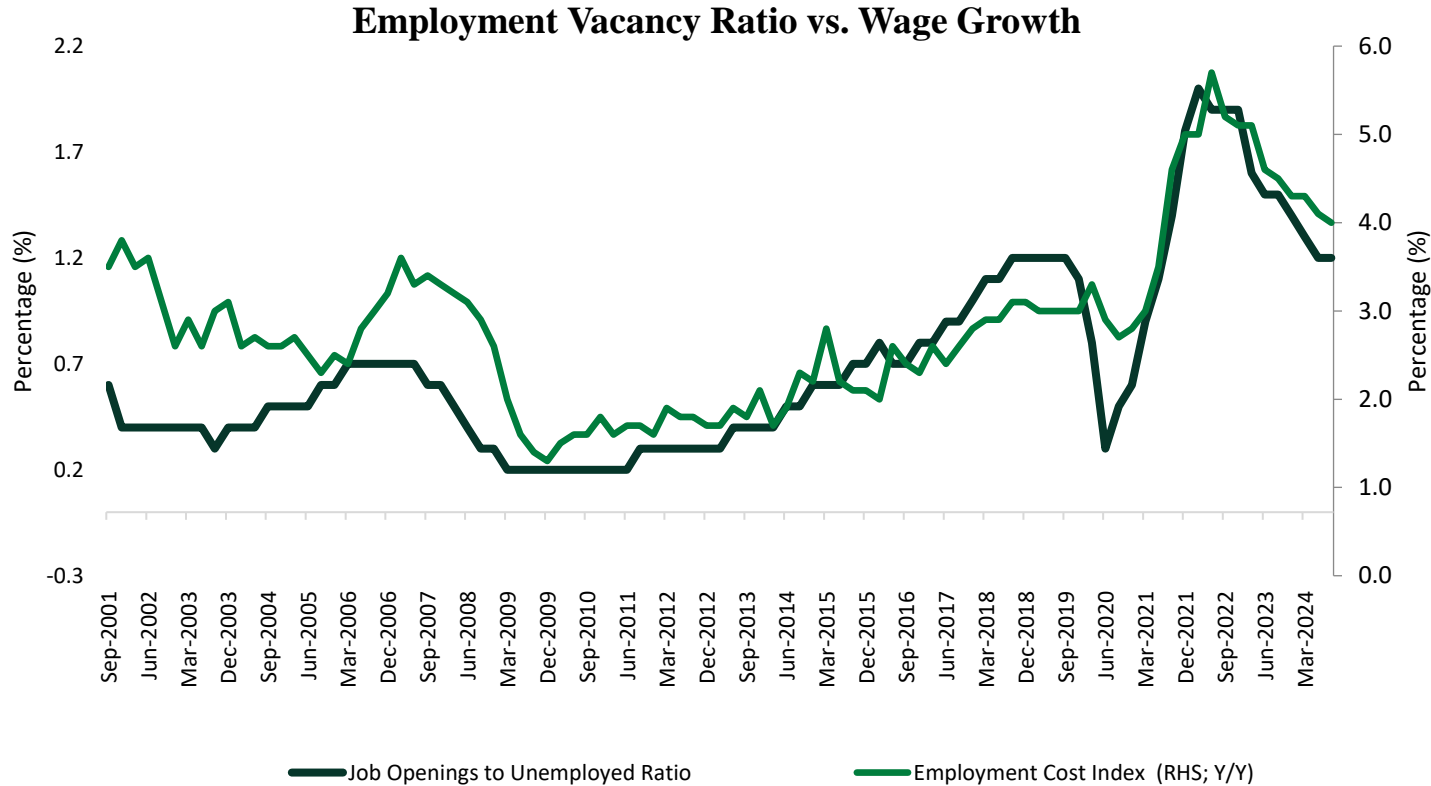
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# Fed balancing act



- The FOMC's 50 basis point cut was driven by greater confidence inflation would sustainably move toward 2% and somewhat increased risks to the labor market.
- The committee views their inflation and employment goals as roughly in balance, while policy remains restrictive.

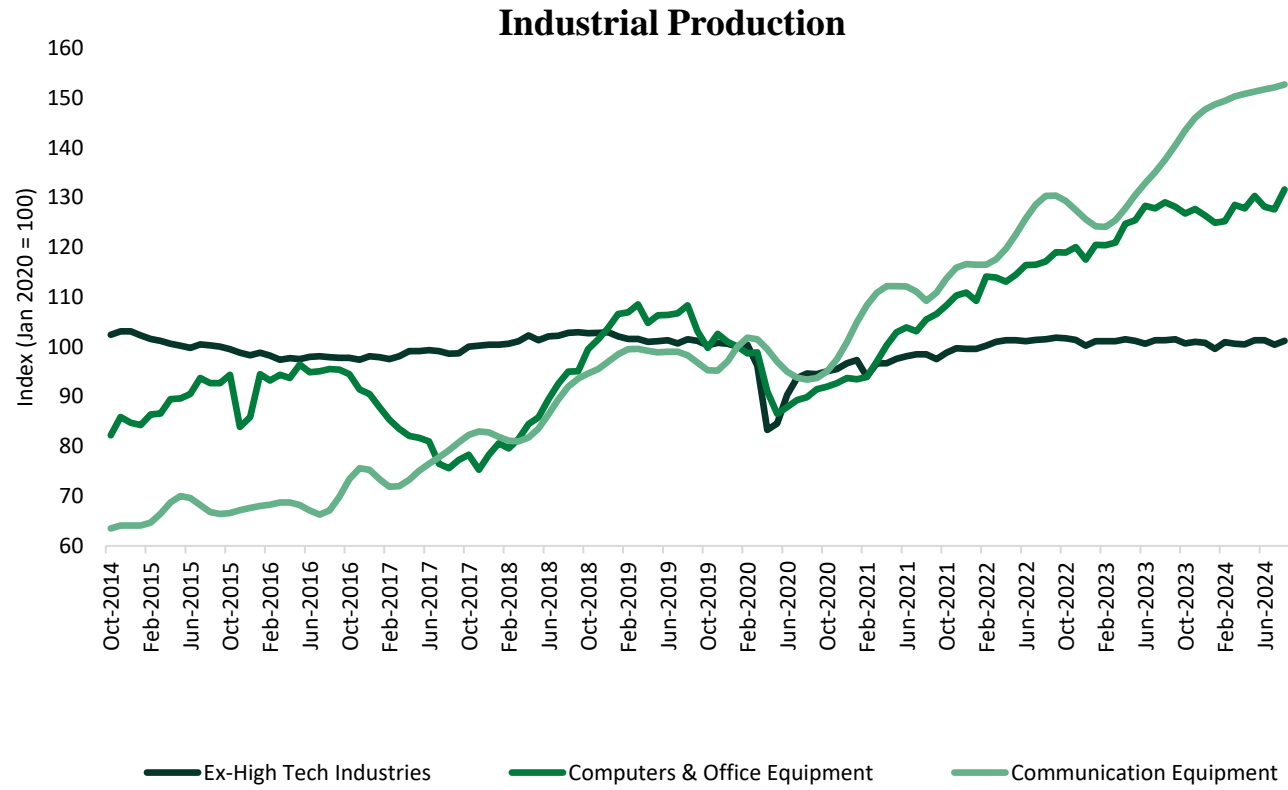
# Labor market normalization



Source: Bloomberg

- The labor market continues to cool and with many measures suggesting labor is looser than pre-pandemic.
- The Fed has abruptly shifted its focus to ward off any ‘unwelcome’ labor market weakness.

# Tech spending supporting growth

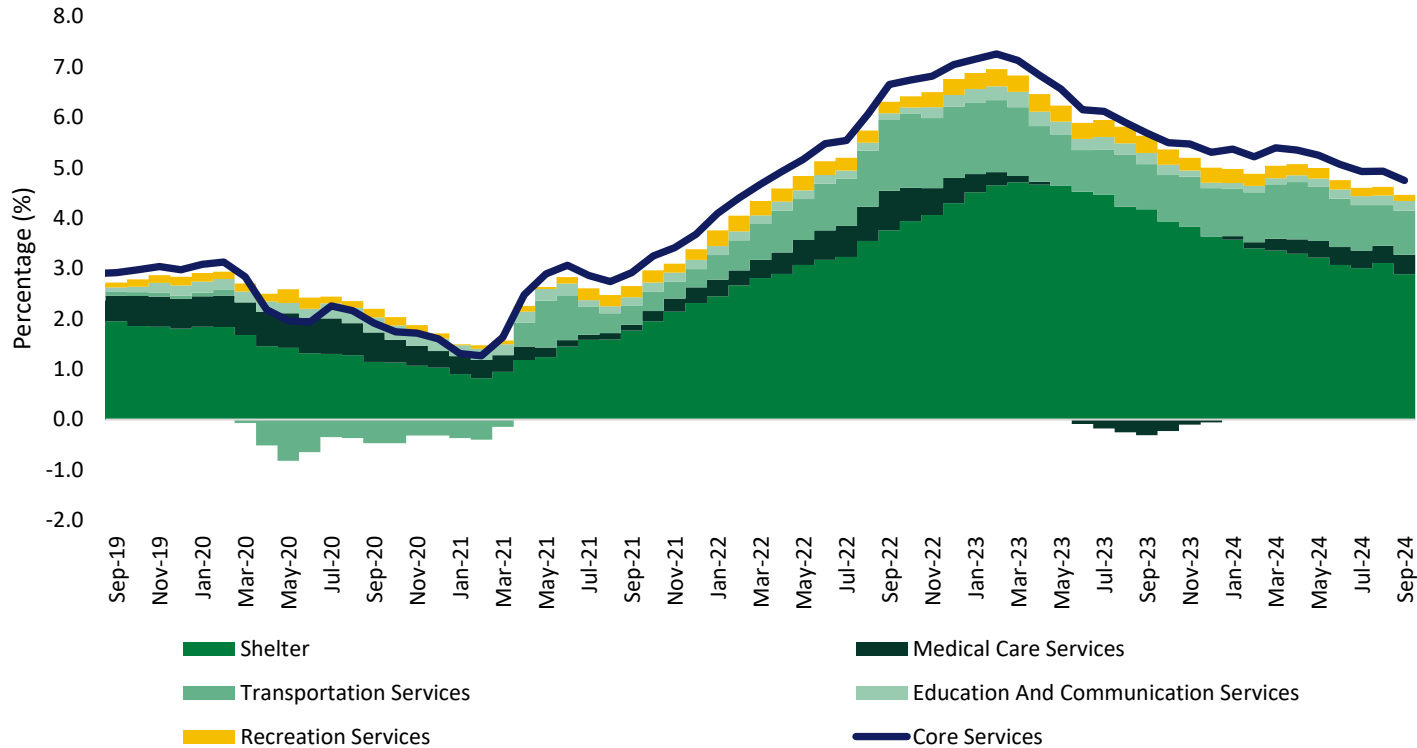


Source: Bloomberg

- Healthy corporate profits and AI-focused investment are providing a tailwind to spending and overall growth.

# Services inflation remains elevated

## CPI Core Services Contributions

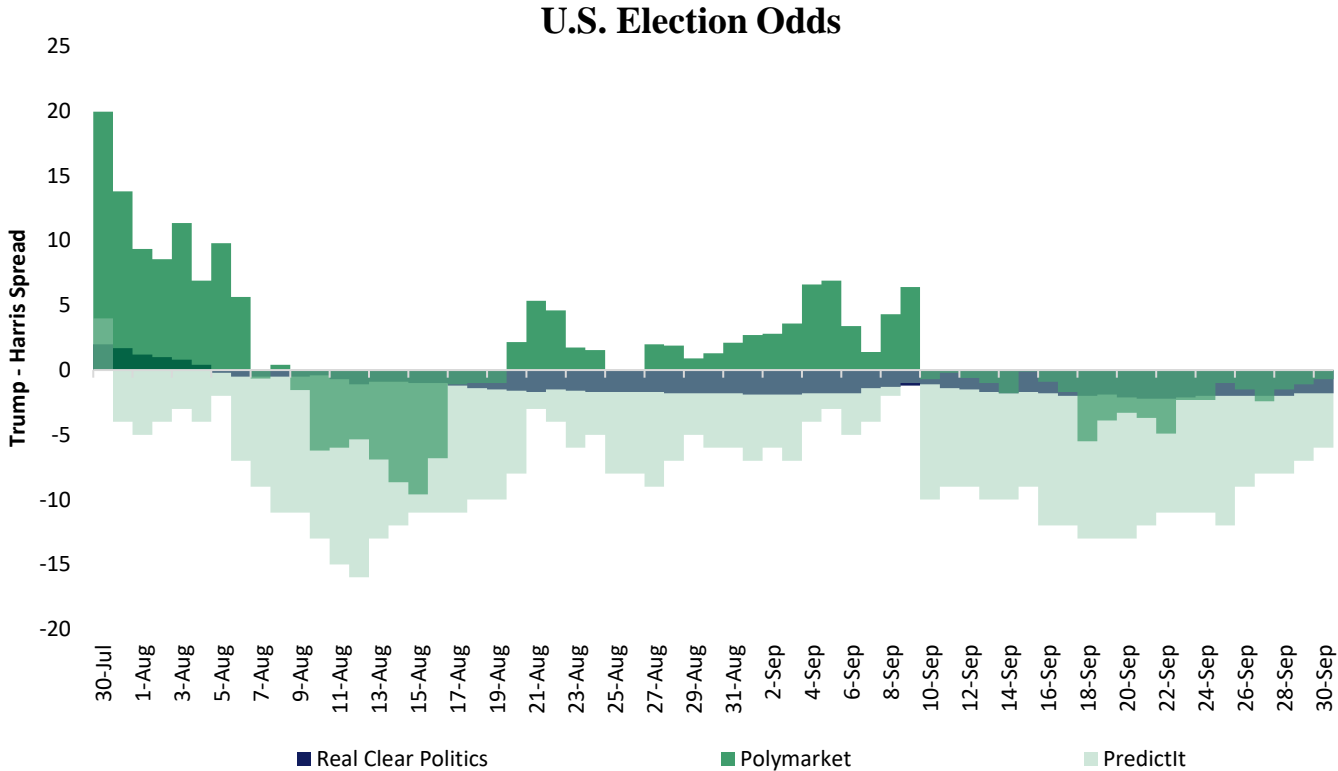


Source: Bloomberg;

- Shelter and transportation remain the key areas preventing services inflation from declining.
- While inflation rates have broadly fallen, price levels remain elevated and are a key source of consumer discontent.



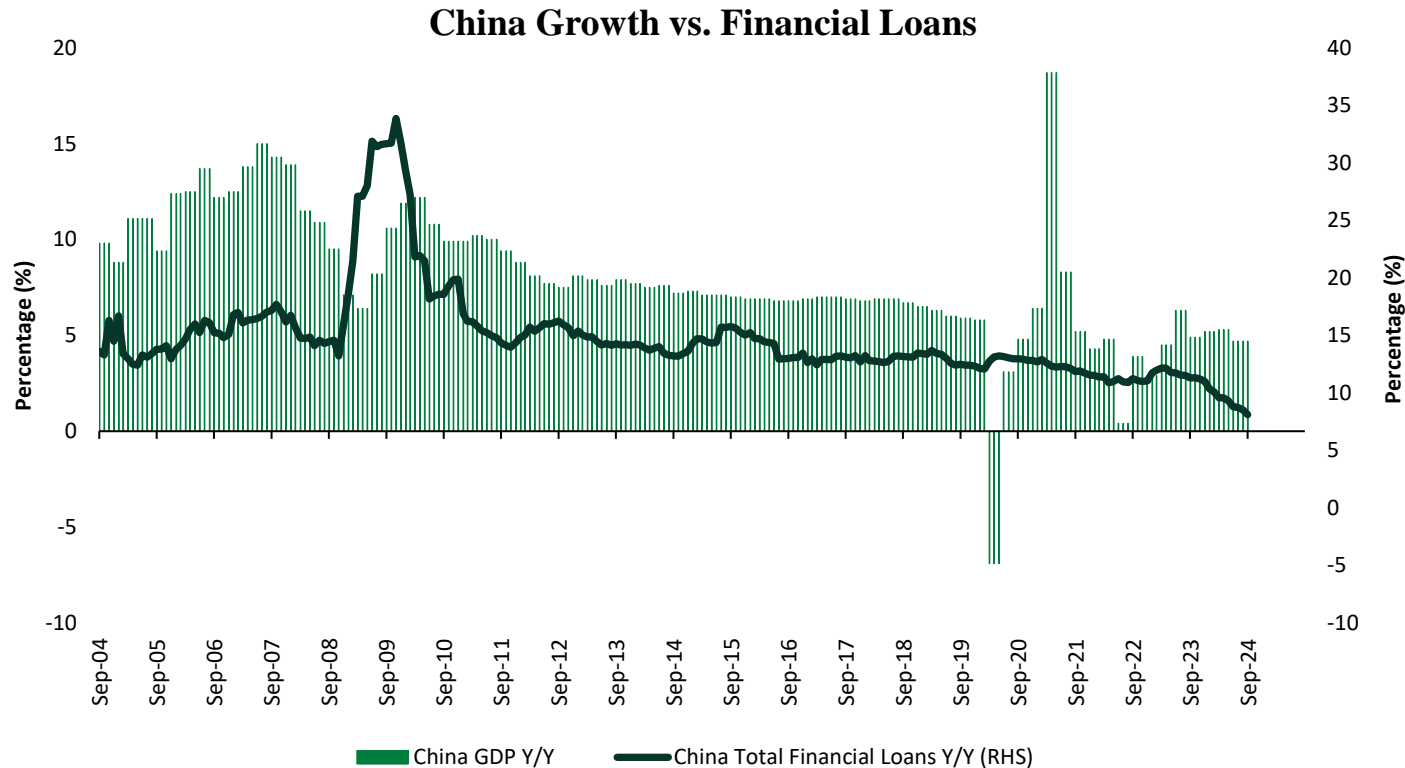
# U.S. election in focus



Source: Bloomberg

- Markets will increasingly focus on the U.S. election with neither candidate gaining a decisive lead in polls or betting markets.
- The dour fiscal outlook may again come to the fore as the new president's tax and spending plans begin to take shape.

# China growth worries



Source: Bloomberg;

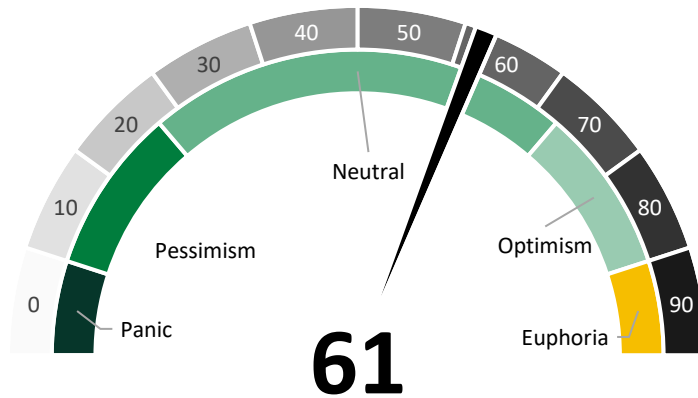
- Chinese loan growth has fallen to historic lows, putting official growth targets at risk.
- Authorities have announced aggressive stimulus plans to offset the prolonged downturn in the property sector and stabilize consumer confidence.

## Markets Update

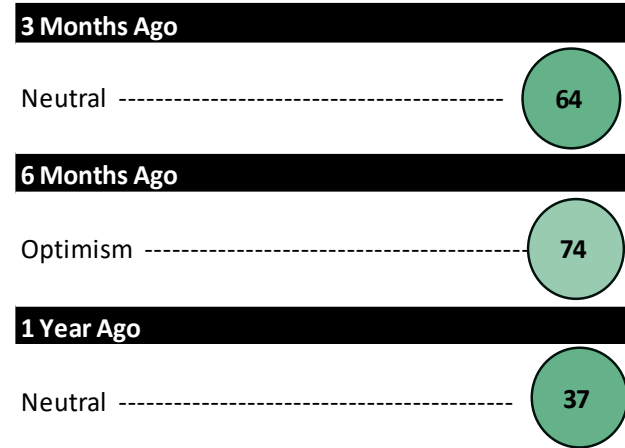
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# Risk appetite remains in neutral territory

### Risk Premium Index



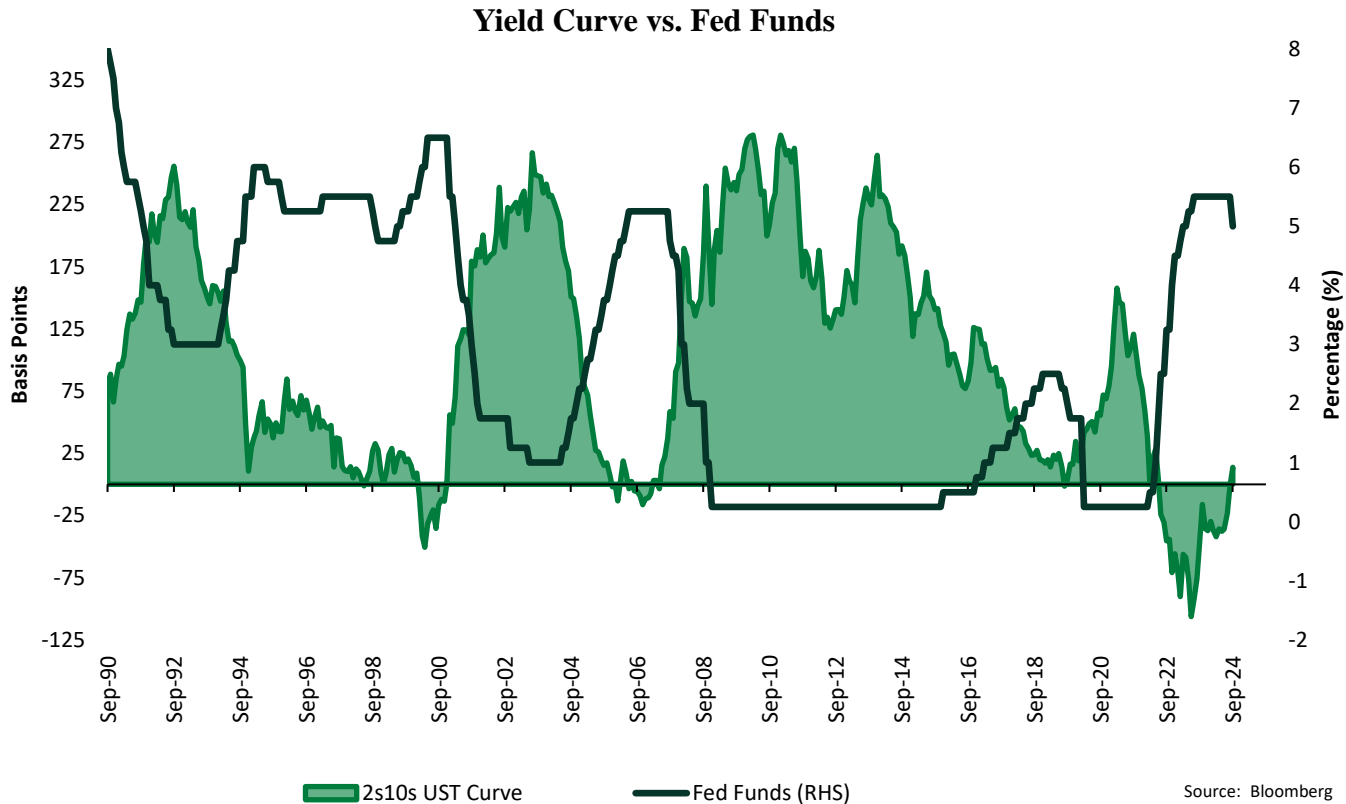
### Risk Premium History



Source: Bloomberg, LCAM

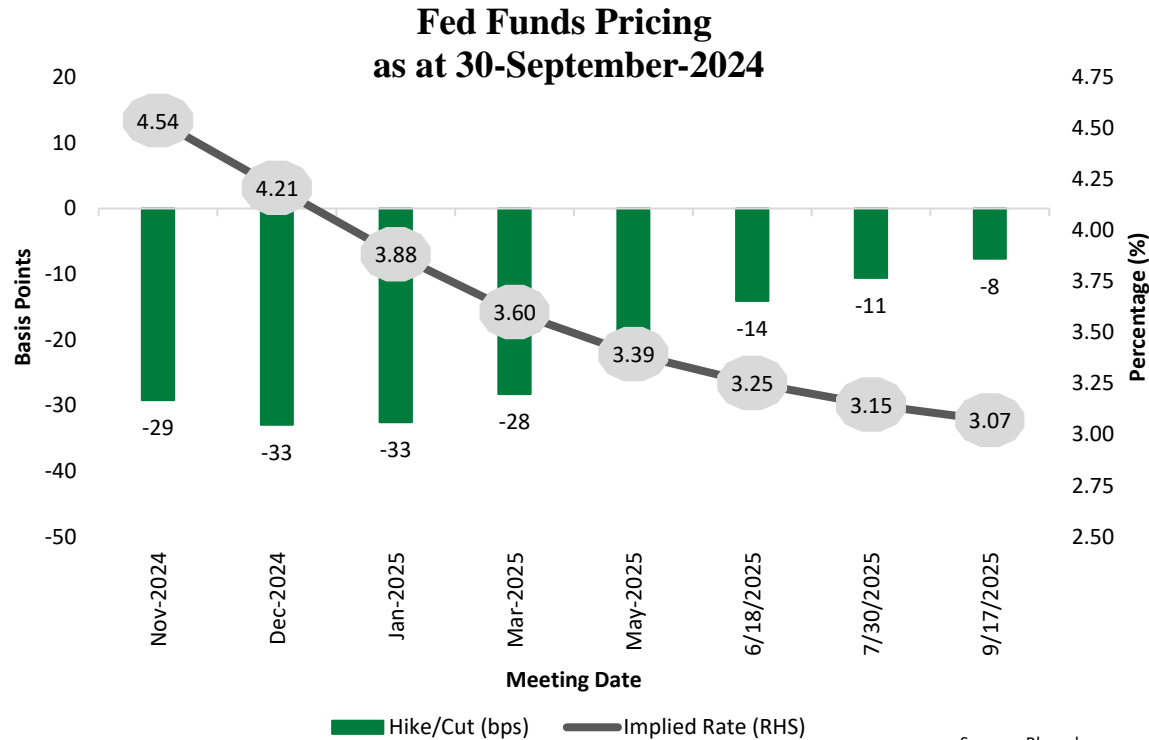
- Despite some volatility, risk appetite remains in neutral territory, aided by supportive central bank policy moves.

# Fed cuts steepen the yield curve



- After more than two years in inversion, the yield curve finally returned to a positive slope as the Fed delivered a 50-basis point rate cut.
- The front end of the yield curve can continue to drift lower as the Fed adjusts policy rates.

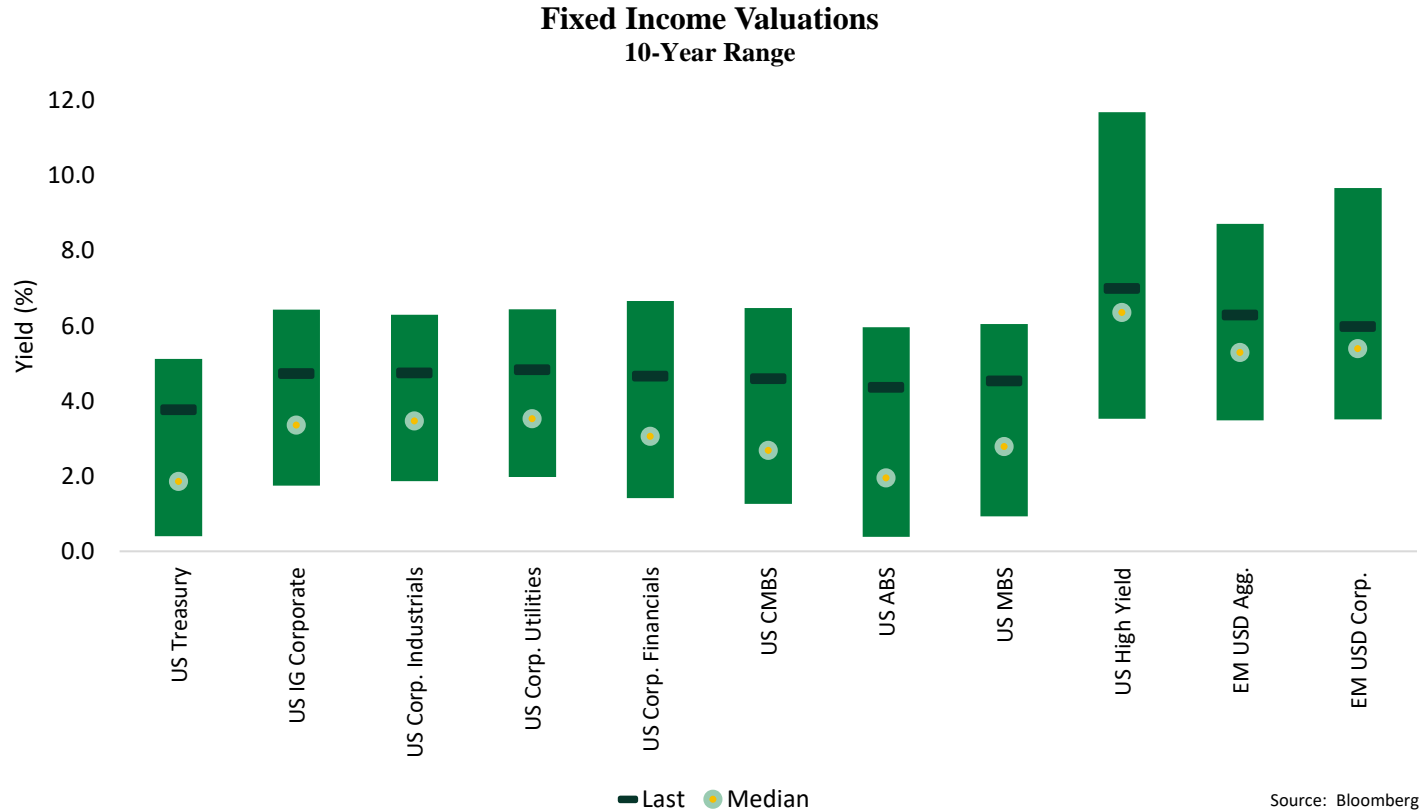
# Fed expectations



Source: Bloomberg

- The Fed’s updated Summary of Economic Projections suggested the median participant expects 50 basis points of additional cuts in 2024 and 100 basis points of cuts in 2025.
- The market continues to price a more aggressive easing path than the Fed anticipates, despite resilient growth and the potential for additional fiscal support under a new administration.

# Fixed income valuations



- Yields across fixed-income sectors remain attractive relative to recent history, offering the potential to create high-quality, income-oriented portfolios.
- Inflows to fixed-income funds remained stable with flows attracted to elevated all-in yields.

# Fixed income ranked returns

## Bloomberg Index Total Returns

as at 30-September-2024

HY (11.1%)	Utes. (3%)	HY (11.8%)	TIPS (11.6%)	UST (13.7%)	HY (58.2%)	CMBS (20.4%)	TIPS (13.6%)	HY (15.8%)	HY (7.4%)	Utes. (11.4%)	MBS (1.5%)	HY (17.1%)	Utes. (7.6%)	Cash (1.8%)	Indu. (15.5%)	Utes. (12.2%)	TIPS (6%)	Cash (1.5%)	HY (13.4%)	HY (8%)
TIPS (8.5%)	Cash (3%)	MBS (5.2%)	UST (9%)	Agcy. (9.3%)	CMBS (28.5%)	HY (15.1%)	Utes. (13.2%)	Fins. (14.6%)	Fins. (0.9%)	Indu. (7.6%)	Fins. (1.5%)	Indu. (7.2%)	HY (7.5%)	ABS (1.8%)	IG (14.5%)	TIPS (11%)	HY (5.3%)	ABS (-4.3%)	Indu. (8.9%)	Fins. (6.3%)
Utes. (6%)	TIPS (2.8%)	Cash (4.8%)	Agcy. (7.9%)	MBS (8.5%)	ABS (24.7%)	Fins. (9.4%)	Indu. (10.5%)	IG (9.8%)	CMBS (0.2%)	IG (7.5%)	ABS (1.2%)	IG (6.1%)	Indu. (6.7%)	Agcy. (1.3%)	Utes. (14.4%)	Indu. (9.9%)	Cash (0%)	Agcy. (-7.9%)	IG (8.5%)	CMBS (6.3%)
Indu. (5.9%)	UST (2.8%)	Fins. (4.8%)	Agg. (7%)	Agg. (5.2%)	Utes. (22.1%)	Utes. (9.2%)	UST (9.8%)	CMBS (9.7%)	Cash (0%)	Fins. (6.2%)	Agcy. (1%)	Utes. (6%)	IG (6.4%)	MBS (1%)	HY (14.3%)	IG (9.9%)	ABS (-0.3%)	CMBS (-10.9%)	Fins. (8.1%)	Utes. (5.6%)
IG (5.4%)	HY (2.7%)	CMBS (4.7%)	MBS (7%)	Cash (1.8%)	Fins. (18.7%)	IG (9%)	IG (8.1%)	Indu. (7.6%)	ABS (-0.3%)	MBS (6.1%)	CMBS (1%)	TIPS (4.7%)	Fins. (5.6%)	UST (0.9%)	Fins. (12.8%)	Fins. (9.3%)	Indu. (-0.9%)	HY (-11.2%)	Utes. (8%)	IG (5.3%)
MBS (4.7%)	MBS (2.6%)	ABS (4.7%)	Indu. (6%)	Indu. (-2%)	IG (18.7%)	Indu. (8.7%)	Agg. (7.8%)	Utes. (7.5%)	Agcy. (-1.4%)	Agg. (6%)	UST (0.8%)	Fins. (4%)	Agg. (3.5%)	CMBS (0.8%)	Agg. (8.7%)	CMBS (8.1%)	IG (-1%)	MBS (-11.8%)	ABS (5.5%)	ABS (5.1%)
Fins. (4.5%)	Fins. (2.6%)	Agcy. (4.4%)	CMBS (5.6%)	TIPS (-2.4%)	Indu. (18.4%)	Agg. (6.5%)	MBS (6.3%)	TIPS (7%)	MBS (-1.5%)	UST (5.1%)	Agg. (0.5%)	CMBS (3.3%)	CMBS (3.4%)	Agg. (0%)	TIPS (8.4%)	UST (8%)	MBS (-1%)	TIPS (-11.8%)	Agg. (5.5%)	TIPS (4.9%)
Agg. (4.3%)	Agg. (2.4%)	Agg. (4.3%)	Utes. (5.2%)	Utes. (-3.7%)	TIPS (11.4%)	TIPS (6.3%)	CMBS (6%)	Agg. (4.2%)	IG (-1.5%)	CMBS (3.9%)	Cash (0%)	Agg. (2.6%)	TIPS (3%)	TIPS (-1.3%)	CMBS (8.3%)	Agg. (7.5%)	Fins. (-1.1%)	UST (-12.5%)	CMBS (5.4%)	Indu. (4.7%)
CMBS (4.1%)	Agcy. (2.3%)	IG (4.3%)	Cash (4.8%)	IG (-4.9%)	Agg. (5.9%)	UST (5.9%)	ABS (5.1%)	ABS (3.7%)	Agg. (-2%)	TIPS (3.6%)	IG (-0.7%)	ABS (2%)	MBS (2.5%)	Fins. (-1.7%)	UST (6.9%)	HY (7.1%)	CMBS (-1.2%)	Agg. (-13%)	Cash (5.1%)	MBS (4.5%)
UST (3.5%)	ABS (2.1%)	Indu. (4%)	IG (4.6%)	Fins. (-8.4%)	MBS (5.8%)	ABS (5.9%)	HY (5%)	MBS (2.6%)	Indu. (-2.6%)	Agcy. (3.6%)	TIPS (-1.4%)	MBS (1.7%)	UST (2.3%)	HY (-2.1%)	MBS (6.4%)	Agcy. (5.5%)	Agcy. (-1.3%)	Fins. (-13.1%)	Agcy. (5.1%)	Agg. (4.4%)
Agcy. (3.3%)	CMBS (1.8%)	Utes. (3.9%)	Fins. (2.8%)	ABS (-12.7%)	Agcy. (1.5%)	MBS (5.5%)	Agcy. (4.8%)	Agcy. (2.2%)	UST (-2.7%)	HY (2.5%)	Utes. (-1.5%)	Agcy. (1.4%)	Agcy. (2.1%)	IG (-2.5%)	Agcy. (5.9%)	ABS (4.5%)	Agg. (-1.5%)	IG (-15.8%)	MBS (5%)	Agcy. (4.3%)
ABS (3%)	IG (1.7%)	UST (3.1%)	ABS (2.2%)	CMBS (-20.5%)	Cash (0.1%)	Agcy. (4.4%)	Fins. (3.1%)	UST (2%)	Utes. (-3.2%)	ABS (1.9%)	Indu. (-1.8%)	UST (1%)	ABS (1.6%)	Indu. (-2.8%)	ABS (4.5%)	MBS (3.9%)	Utes. (-2.2%)	Indu. (-16.8%)	UST (4.1%)	Cash (4.1%)
Cash (1.2%)	Indu. (0.8%)	TIPS (0.4%)	HY (1.9%)	HY (-26.2%)	UST (-3.6%)	Cash (0.1%)	Cash (0.1%)	Cash (0.1%)	TIPS (-8.6%)	Cash (0%)	HY (-4.5%)	Cash (0.3%)	Cash (0.8%)	Utes. (-3.8%)	Cash (2.2%)	Cash (0.5%)	UST (-2.3%)	Utes. (-18.6%)	TIPS (3.9%)	UST (3.8%)
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD

Source: Bloomberg



# Disclosures

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## **All investments involve risk, including the possible loss of principal.**

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The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). Bloomberg Barclays U.S. Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supra-nationals and local authorities.

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