



**Illinois Metropolitan
Investment Fund**

Market Update



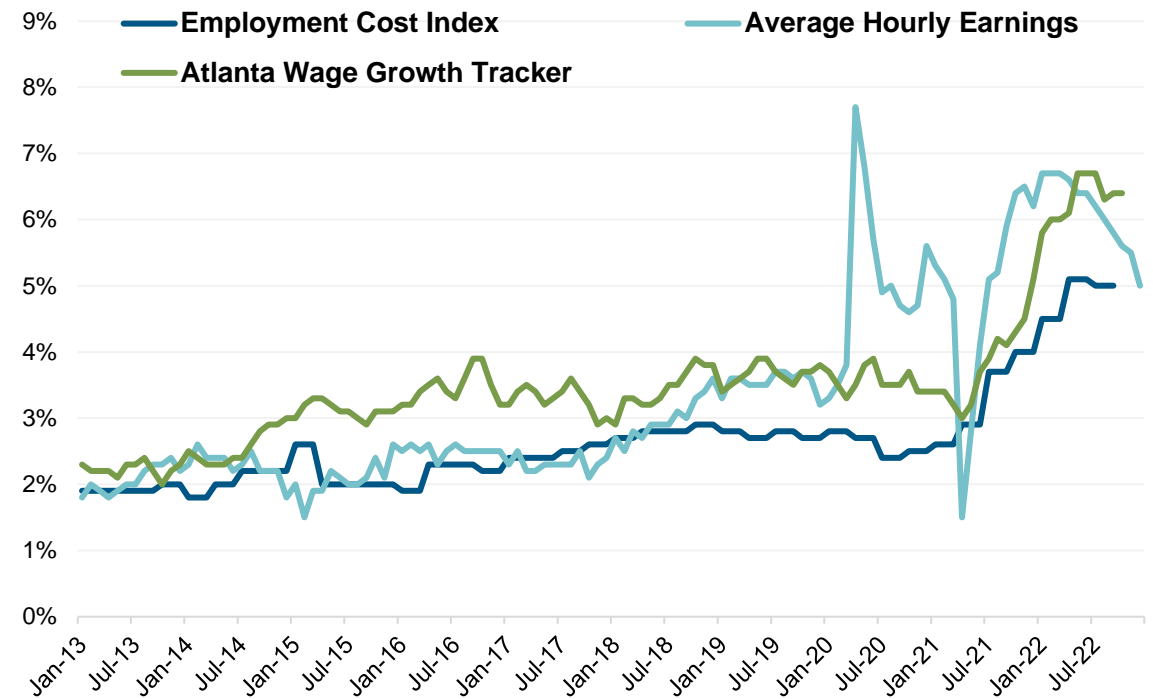
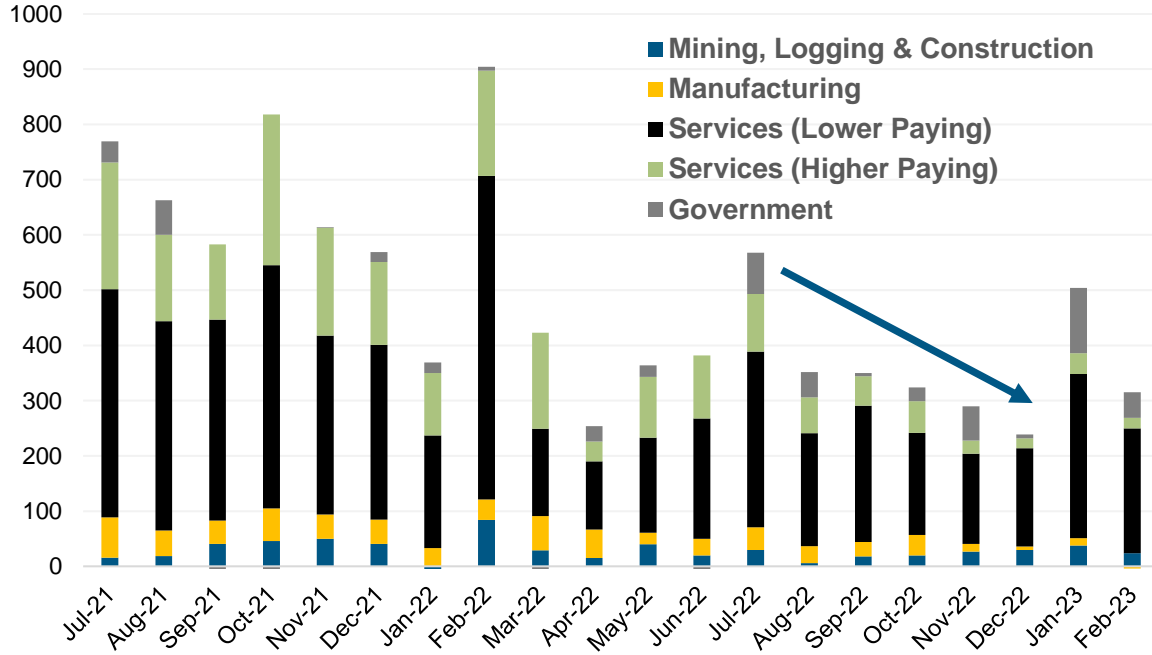
MARCH 2023

JASON HEADINGS, MEEDER INVESTMENT MANAGEMENT

JASON SZABO, MEEDER INVESTMENT MANAGEMENT

JOB GROWTH POWERS AHEAD, UNEMPLOYMENT HITS 53 YEAR LOW

NON-FARM PAYROLLS

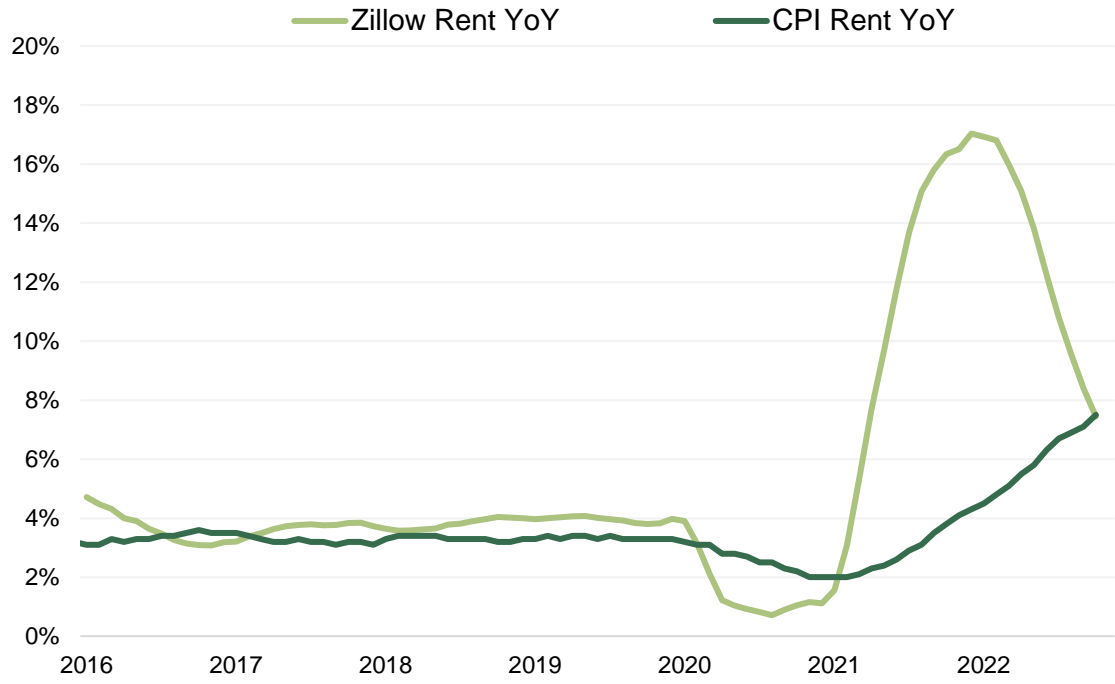


- Fourth quarter labor market data trending in positive direction for Fed policy objective of loosening labor market, however, recent labor market data surprising to the upside
- Non-Farm payroll rose by 517k compared to survey expectations of 189k in January and exceed expectations again February. Continues to be more job openings than unemployed people.
- Unemployment rate dropped to 3.4%, the lowest since May 1969.
- Economists estimate wage growth of 2%-3.5% as being consistent with 2.00% inflation target. Multiple indicators point to wage growth having peaked.

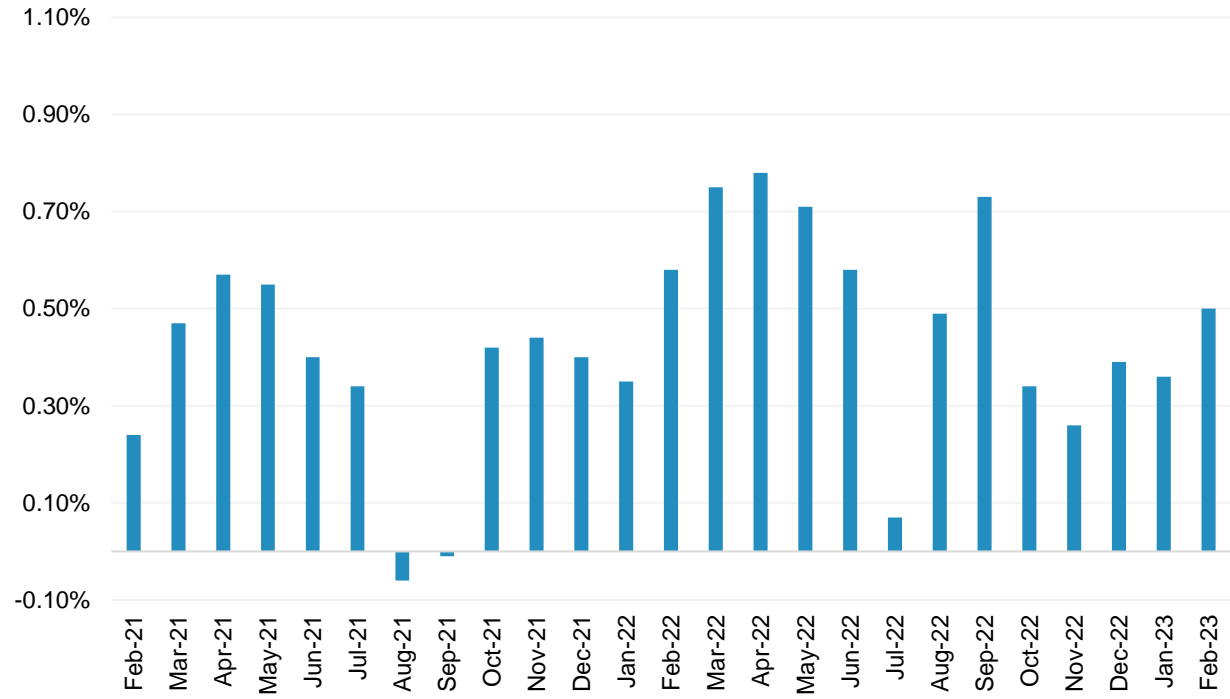


Source: Bloomberg, Atlanta Fed

DISINFLATION FLOATING ACROSS THE US, PATH IS BUMPY



CPI Core Services Less Housing (Supercore)



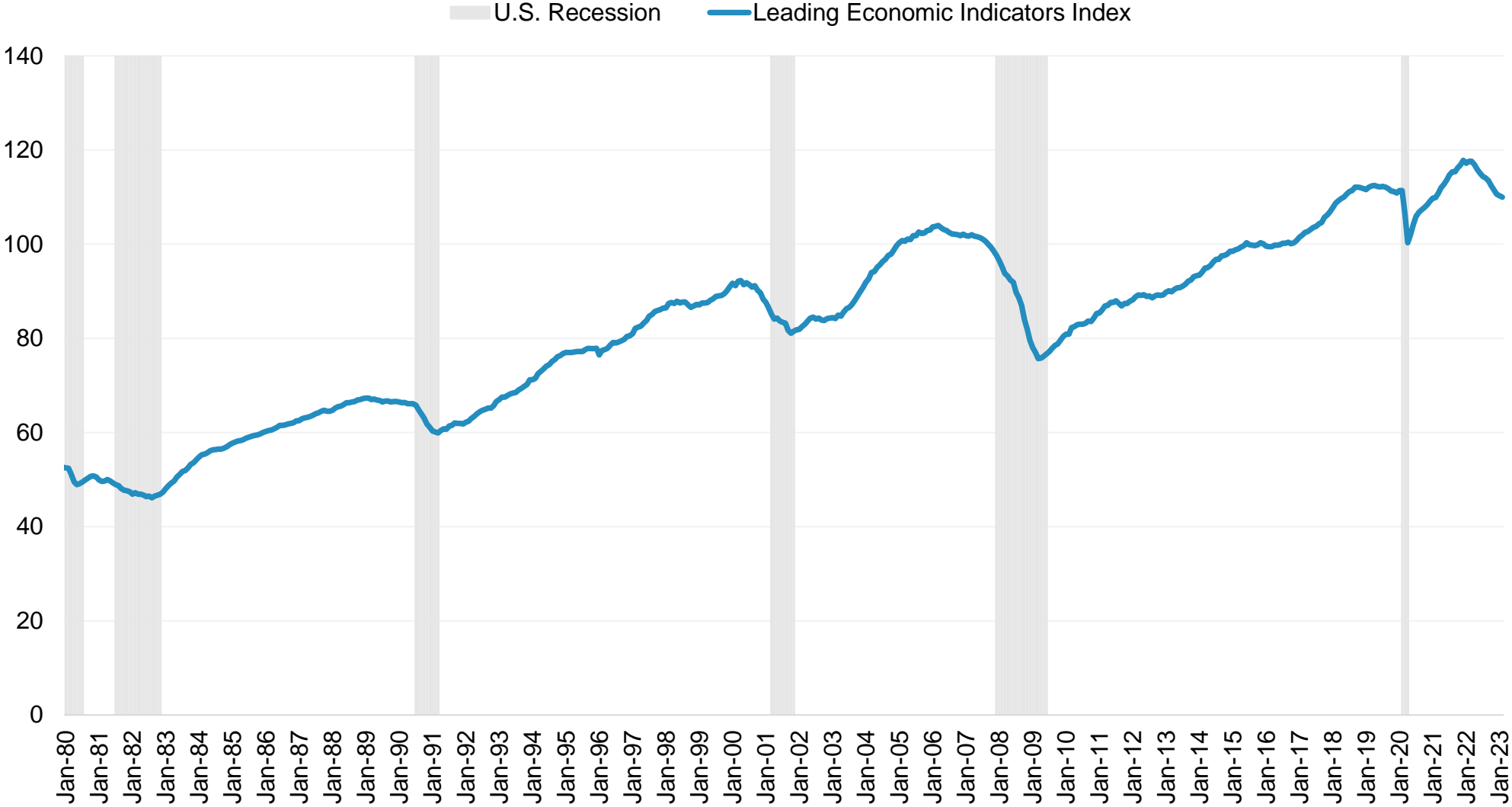
- Shelter, the service that a housing unit provides its occupants, is one of the largest parts of the Consumer Price Index (CPI) basket at 33% of CPI
- Methodology to calculate CPI Shelter historically lags homes price change by 4 quarters.
- Zillow’s measure of market rents – rents for new lease by a new tenant indicates CPI rent should fall over next year.

- Familiar with CPI, the most well known measure of U.S. Inflation? Familiar with core inflation, which strips out food and energy prices that tend to be volatile? Since November, the Fed has focused on an even narrower measure to guide policy – Supercore inflation
- Supercore inflation compromises the price of services – things such as barbers, plumbers, lawyers – excluding energy and housing.
- Focusing on inflation in services as those prices are more likely to be driven by cost of labor, which the Fed historically can more easily control with interest rates – higher rates tend to slow the economy and cause companies to slow hiring or begin layoffs



Source: Bloomberg, Atlanta Fed

BROAD SET OF ECONOMIC INDICATORS POINT TO SLOWER GROWTH AHEAD



- Leading Economic Indicators (LEI) captures turning points of economic activity.
- While other data have come in favorable and sparked sentiment to change positively, the Leading Economic Index continues to signal a recession on the horizon.
- 6 month average change in LEI has never been below -0.40%, without a recession in over 60 years.
- The largest offsetting factors come from the continued strength in the labor market as measured by jobless claims.



Source: The conference board leading and lagging economic indicators. US Recessions defined by NBER.

RECENT BANK HEADLINES



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RECENT BANKING SECTOR STRESS

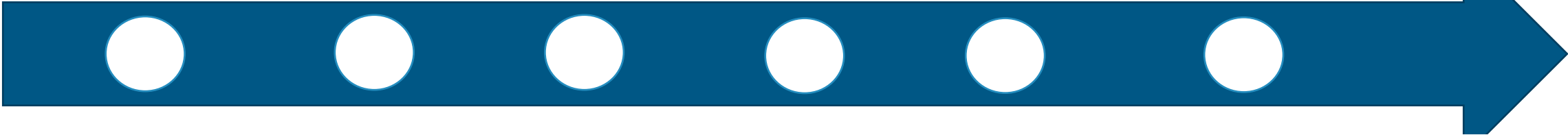
FALL 2021 -
EARLY 2022



MARCH 8



MARCH 12



MARCH 2022



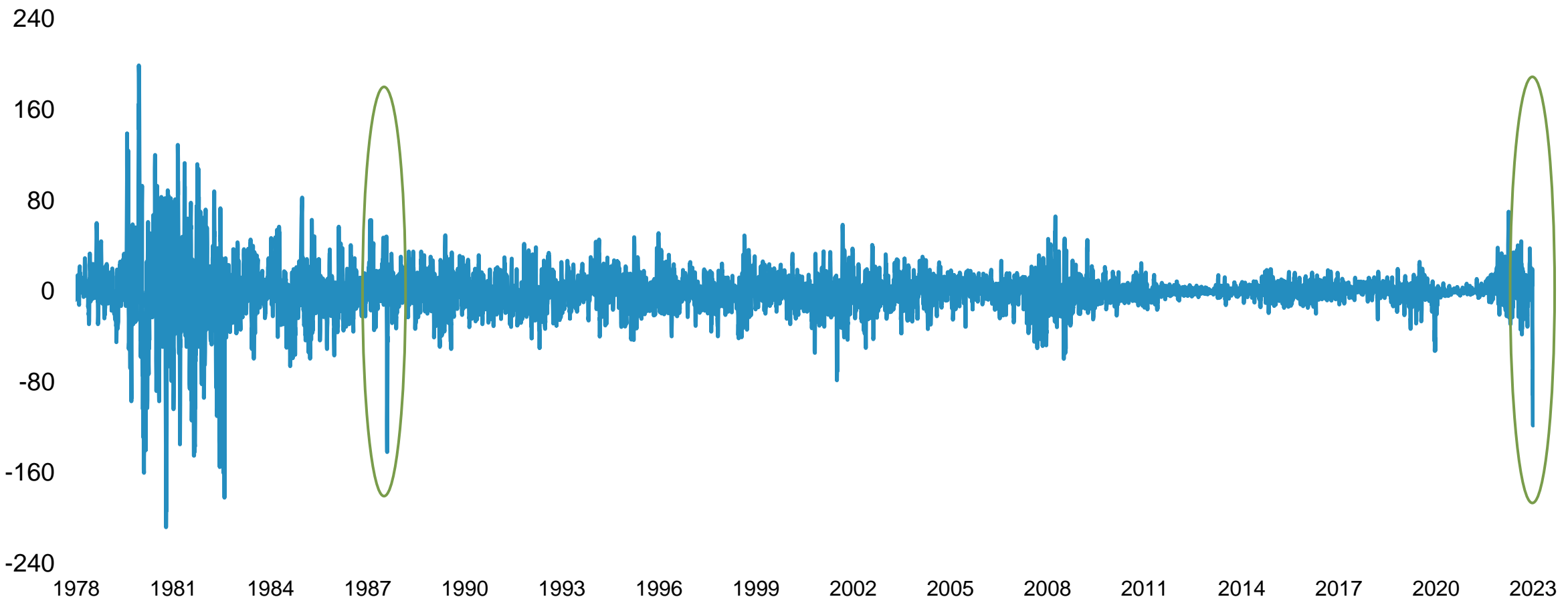
MARCH 8-10



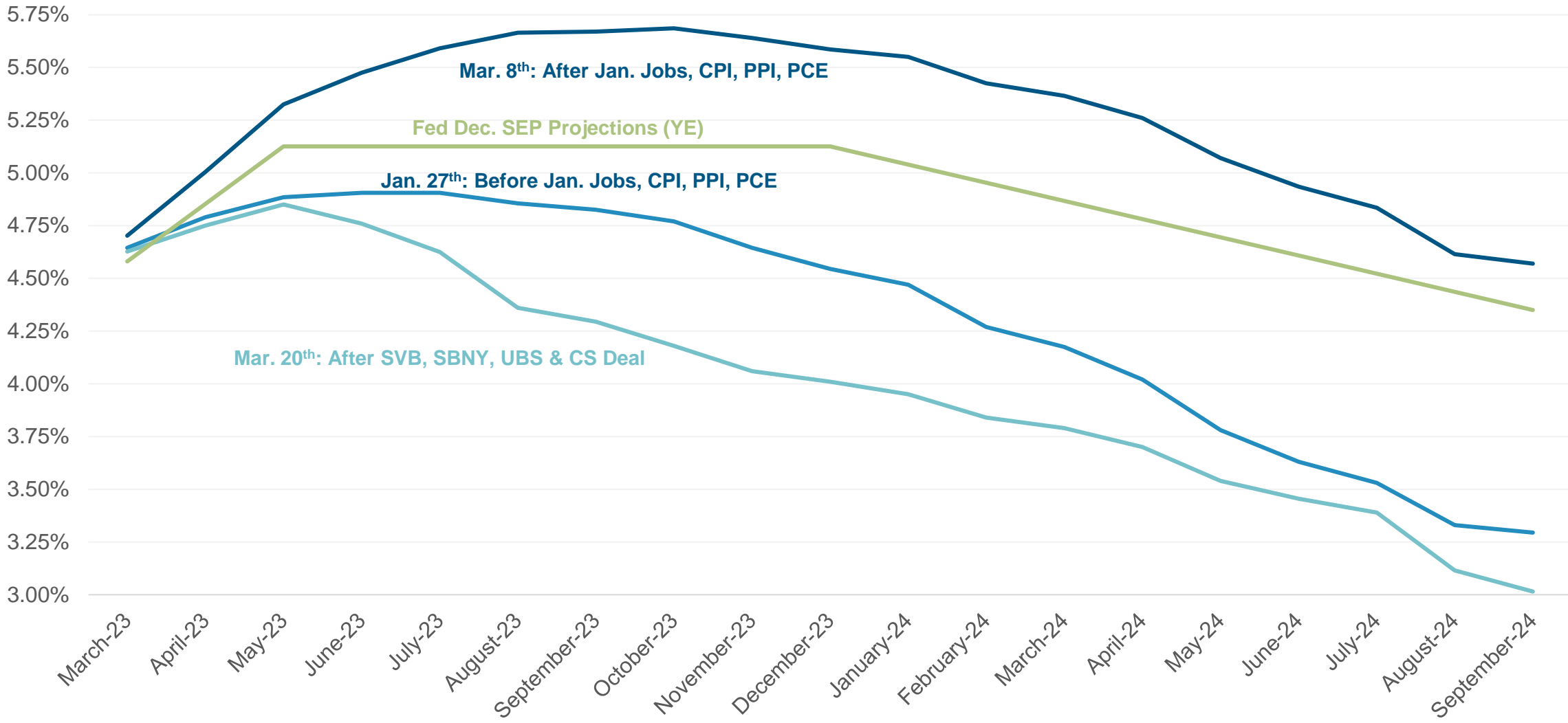
MARCH 15



5-DAY CHANGE IN 2-YEAR U.S. TREASURY YIELD

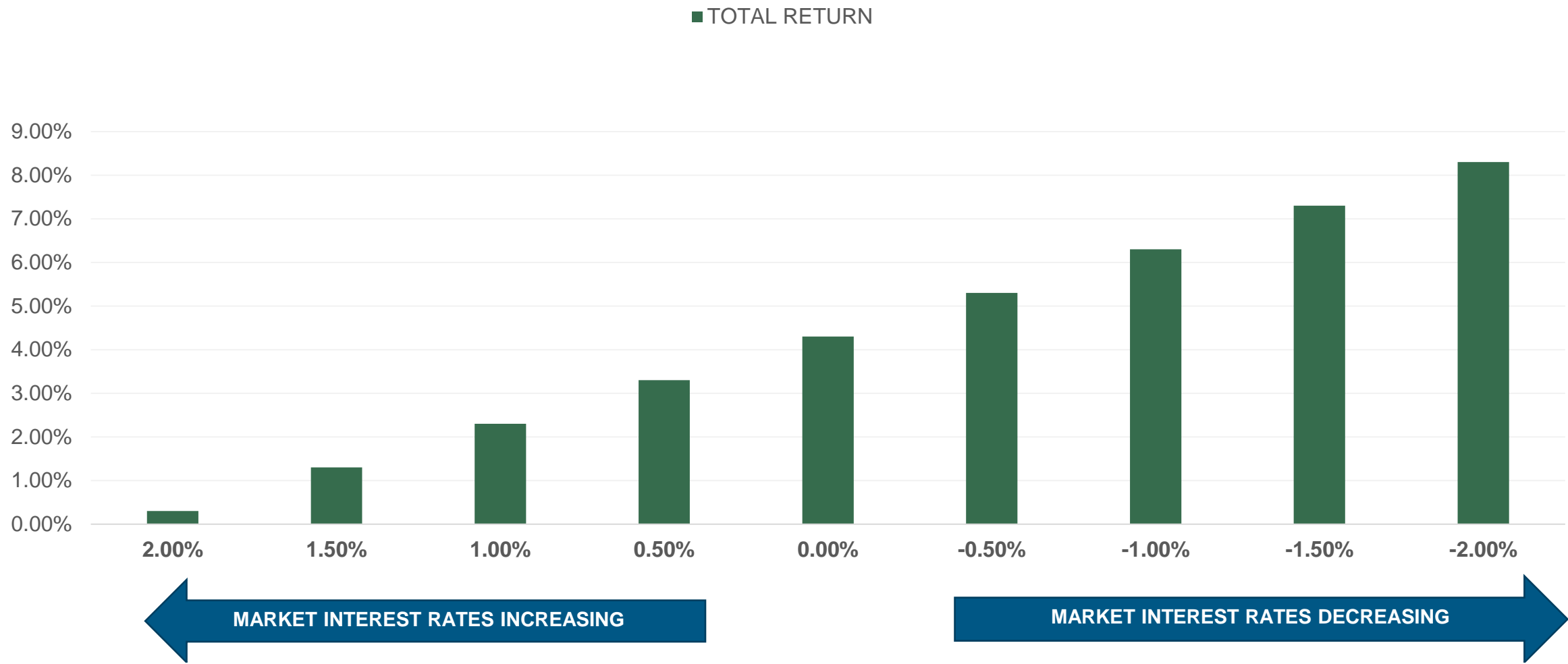


FED FUNDS RATE EXPECTATIONS MOVED SHARPLY



HIGHER MARKET YIELDS IMPROVE TOTAL RETURN POTENTIAL

STARTING YIELD OF 4.30%, MARKET INTEREST RATES NEED TO RISE OVER 2.00% FOR TOTAL RETURN'S TO BE NEGATIVE OVER A 1-YEAR TIME HORIZON.



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Source: Meeder calculations using 1-3 Year Bloomberg Government Index, approximating total return over a 1 year holding period, assuming market yield of 4.30% as of 9/30/2022 and maintaining a portfolio duration of 2 years.

CURRENT PORTFOLIO

AS OF 02/28/2023

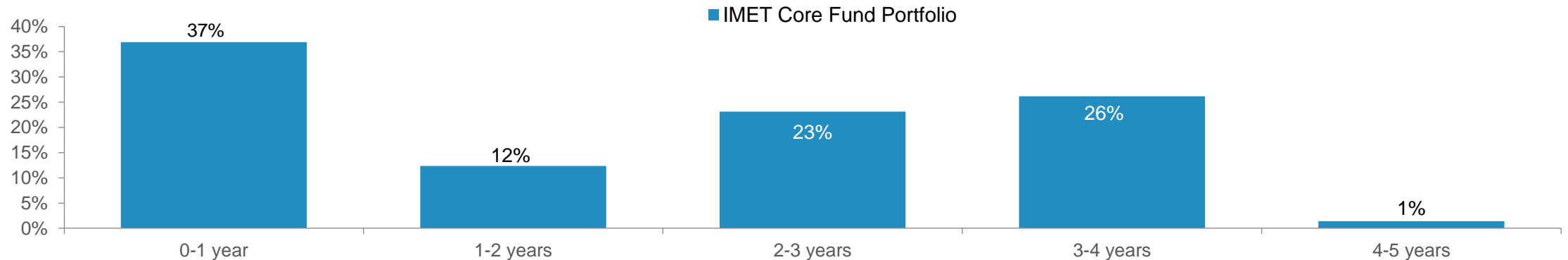
Asset Allocation

	Percentage
Cash	11.69%
Corporate Credit	4.30%
US Agency Obligations	70.49%
Treasuries	13.53%
Total Portfolio	100.00%

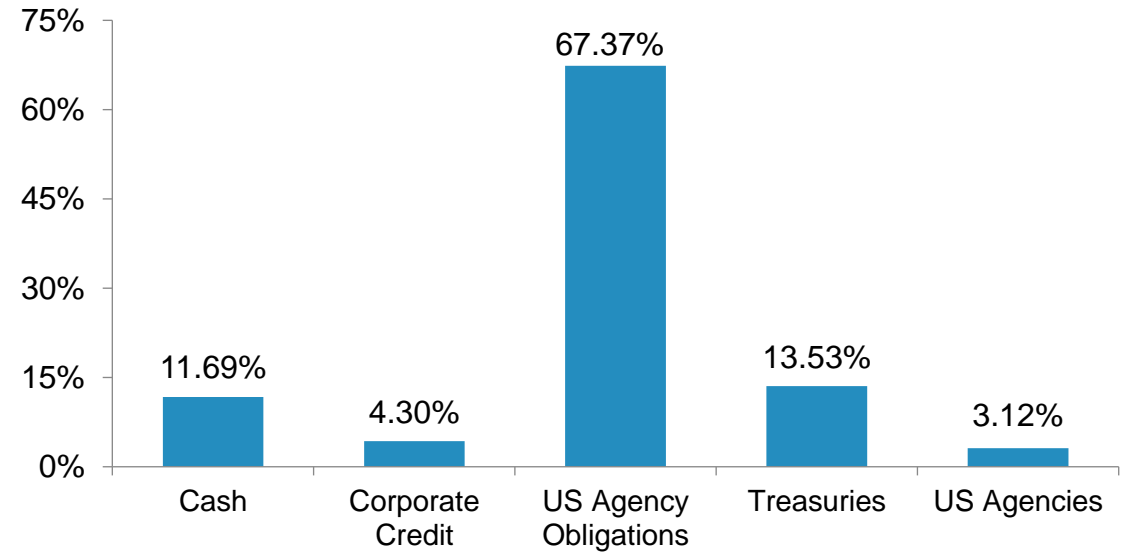
Portfolio Statistics

Weighted Average Life	2.10
Effective Duration	1.71
WAY at Market Value	5.06%
Net Asset Value Per Share	19.899

Expected Maturity Distribution



Asset Allocation



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