



# Limited Maturity Income Fund

First Quarter 2024

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## OBJECTIVE & OVERVIEW

The Colorado Episcopal Foundation Limited Maturity Fund (LMIF) is a pooled investment fund seeking to provide current income and lower risk. Capital appreciation is a secondary consideration. The goal of the Fund is to produce, over the long-term, a total return that exceeds the Bloomberg US Government Bond 1-3 Year Index (the "Bloomberg 1-3") on a risk-adjusted basis.

Please refer to the *Index Definitions and Performance Disclosures* page found in the back of this report for more information on the Limited Maturity Income Fund's primary benchmark.

The Investment Committee, with the approval of the Board of Trustees, has invested 80% of the assets of the Limited Maturity Income Fund equally in two different short-term bond mutual funds and the remaining 20% in cash and cash equivalents.

## INVESTMENT REVIEW

As the year began, expectations were high for a series of Federal Reserve interest rate reductions, amidst futures market forecasts and media speculation hinting at up to six rate cuts. However, as the first quarter progressed, these predictions proved premature; equity markets continued their surge, and persistent inflation kept the possibility of rate reductions at bay. This shift underscored a growing anticipation of monetary policy adjustments in response to economic indicators, suggesting a complex interplay between investor sentiment, inflationary pressures, and the Federal Reserve's strategic maneuvers. The evolving scenario highlighted the market's sensitivity to policy signals, with investor behavior and short-term bond yields reflecting nuanced interpretations of the Fed's potential actions. With inflation persisting above 3% -- currently at 3.5% as of March 2024 -- the fading prospects for near-term rate cuts reinforce the notion that a higher-for-longer rate regime may be essential.

After a quick decline in short-term yields during the fourth quarter, the 2-year Treasury yield, which aligns with the duration profile of the LMIF, experienced a partial reversal in the first quarter, rising by 36 basis points to settle at 4.6%. This redirect reflects the market's softening stance on near-term rate reduction, as both inflation remains higher than expected and market conditions have improved markedly over the last 6 months. Additionally, the ICE BofA 1-3 Year US Corporate Index Option-Adjusted Spread (OAS) Index, a key barometer of credit risk within the short-term fixed income market, saw a consecutive quarter-over-quarter decrease by falling 0.16%, representative of improving investor confidence toward corporate lending.

As shown in Figure 1.1, **the Limited Maturity Income Fund's total return was +0.8% in the first quarter and +4.6% for the twelve months ended March 31, 2024**, as compared to the Bloomberg 1-3 index's total return of +0.3% for the first quarter and +3.0% for the past the past twelve months. As of March 31, 2024, The LMIF has outperformed the Bloomberg 1-3 on a 12-month and 3-, 5-, and 10-year basis.

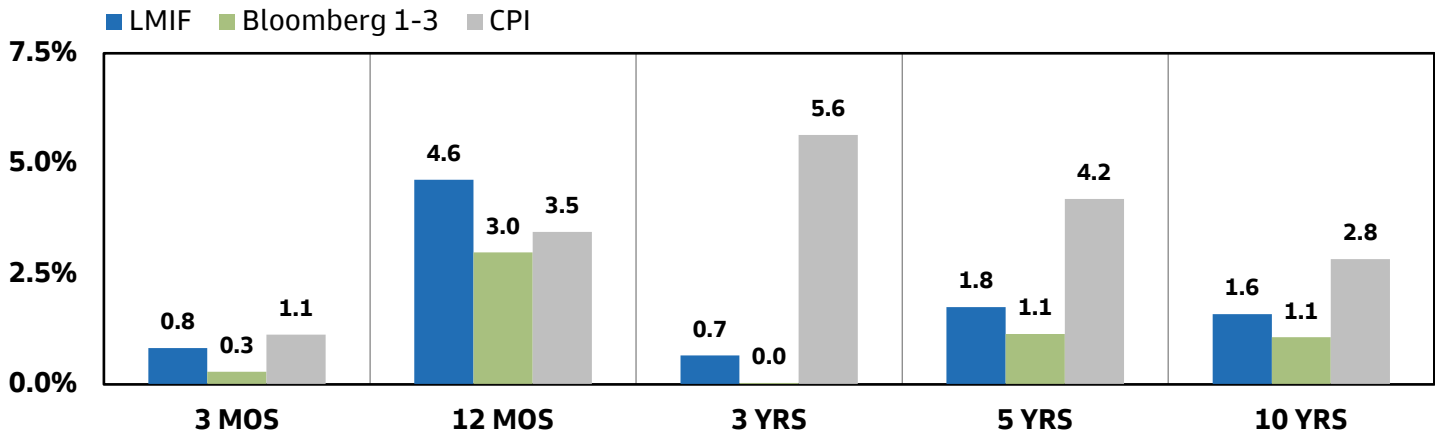
As shown in Figure 1.3, for the first quarter, the Vanguard Short-Term Bond Fund and T. Rowe Price Short-Term Bond Fund have returned +0.7% and +0.7%, respectively, relative to +0.3% for the Bloomberg US Government Bond 1-3 Year Index.

The primary objective of the Limited Maturity Income Fund is to produce current income. The LMIF has a **current income yield<sup>1</sup> of 4.3%** for the twelve months ending March 31, 2024.

(1) Current Income Yield is total unit income for the prior 12 months as a percentage of current unit price.

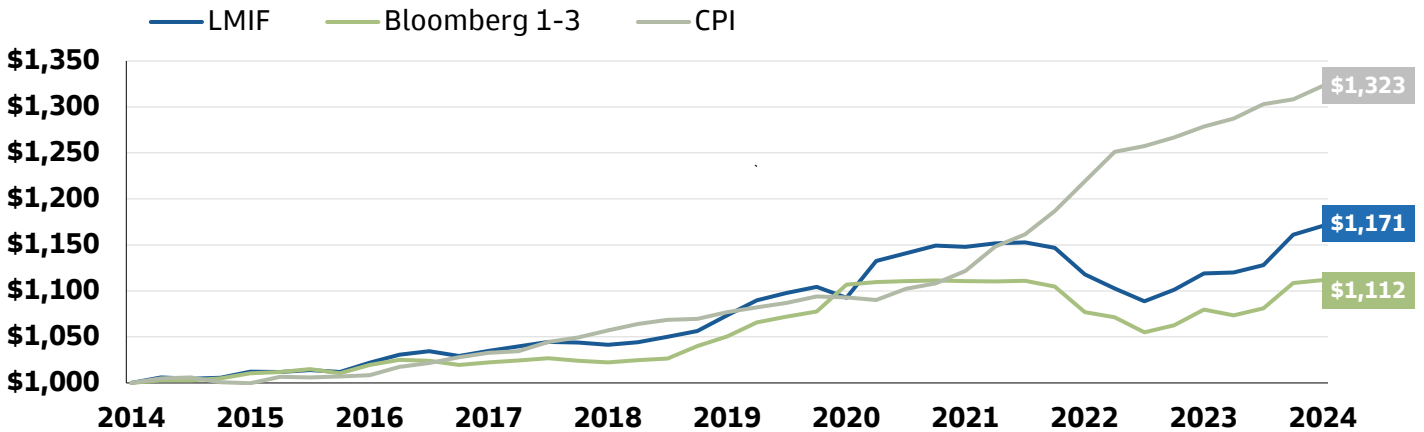
## LMIF AND BENCHMARK TOTAL RETURNS AS OF MARCH 31, 2024

Figure 1.1: Annualized LMIF Performance



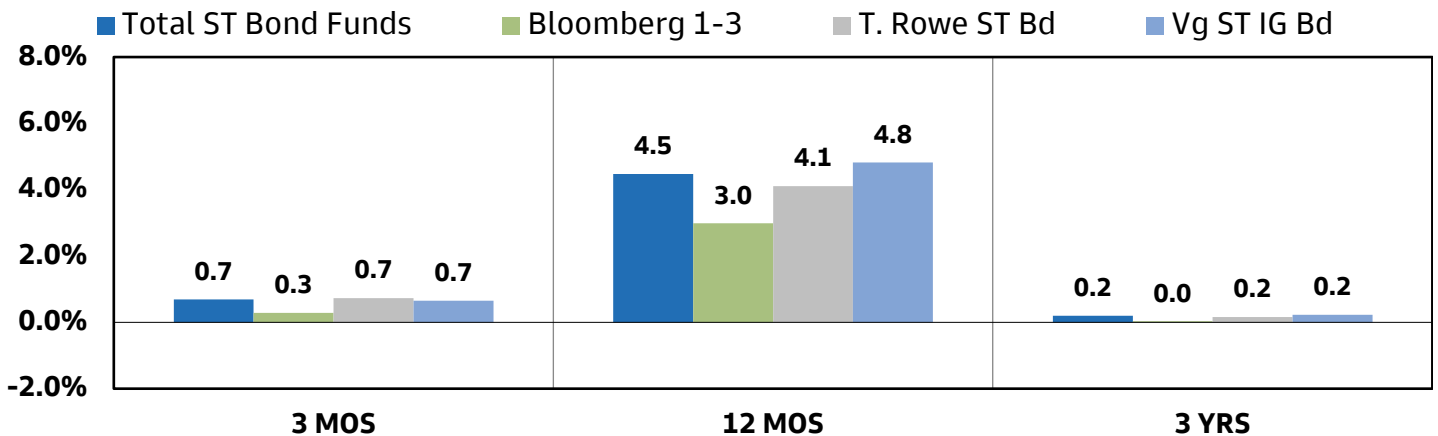
## GROWTH OF \$1,000 – TRAILING 10 YEARS AS OF MARCH 31, 2024

Figure 1.2: Cumulative LMIF Performance



## ASSET CLASS AND MUTUAL FUND TOTAL RETURNS AS OF MARCH 31, 2024

Figure 1.3: Short Term Bond Performance



Past performance is no guarantee of future results. Indexes used for comparative purposes are the Bloomberg US Government Bond 1-3 Year Index (Bloomberg 1-3) representing low risk short-term bonds and the Consumer Price Index (CPI) representing inflation. If this report is published before official CPI figures are available, CPI is estimated for the last month in the quarter. Total Returns include capital appreciation plus income. Periods greater than one year are annualized. Growth of \$1,000 shows the value of an initial \$1,000 investment after ten years with all income reinvested.

## PORTFOLIO HOLDINGS AS OF MARCH 31, 2024

	<u>Market Value</u>	<u>Weight</u>	<u>3MO Return</u>	<u>12MO Return</u>	<u>3YR Return</u>
<b>Short Term Bond Funds</b>					
T Rowe Price Short-Term Bond Fund	\$1,828,332.40	40.0%	0.7%	4.1%	0.2%
Vanguard Short-Term IG Fund	1,832,197.13	40.0%	0.7%	4.8%	0.2%
<b>Total Short Term Bond Funds</b>	<b>3,660,529.53</b>	<b>80.0%</b>	<b>0.7%</b>	<b>4.5%</b>	<b>0.2%</b>
Net Cash & Equivalents	915,942.70	20.0%			
<b>Total Limited Maturity Income Fund</b>	<b>4,576,472.23</b>	<b>100.0%</b>	<b>0.8%</b>	<b>4.6%</b>	<b>0.7%</b>
<i>Bloomberg 1-3</i>			<i>0.3%</i>	<i>3.0%</i>	<i>0.0%</i>

(1) Returns displayed are partial period returns reflecting either a purchase or a full redemption during the period. Due to the partial nature of these returns, comparing them to one another should be avoided. The performance of the asset class should be relied upon in these instances as the return calculations are full period calculations and can be directly compared to the performance of the asset class benchmark.

### Overall Fund Benchmark Definition:

**All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.**

**Primary Benchmark:** The **Bloomberg US Government Bond 1-3 Year Index** measures the performance of the US government bond market and includes public obligations of the U.S. Treasury with a maturity between 1 and up to (but not including) 3 years. Certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded

The Bloomberg 1-3 has been maintained by Bloomberg L.P. since August 24, 2016 after acquiring Barclays Risk Analytics and Index Solutions. The recent name change is solely related to a planned rebranding by Bloomberg and does not reflect an underlying change in the constituents of the index.

### Performance Disclosures:

Past performance is no guarantee of future results. All Limited Maturity Income Fund, Asset Class, Asset Class Benchmark, and Mutual Fund returns displayed in this report are total returns which include capital appreciation plus income.

In certain cases, the returns displayed are partial period returns reflecting either a purchase or a full redemption during the applicable period. Due to the partial nature of these returns, comparing them to one another should be avoided. The performance of the asset class should be relied upon in these instances as the return calculations are full period calculations and can be directly compared to the performance of the asset class benchmark. Applicable positions are marked with a (1) superscript on the Portfolio Holdings report.