

Chairman Christy Powell Welcome Speech at Twenty Fifth Annual Meeting of IMET Participants

Good morning. Thank you for joining us today for a Zoom call of our 25th annual participants' meeting. A quarter century! Over the course of the past quarter of a century, the world has changed drastically. This is our second annual meeting held remotely. While we had hoped that last year's remote meeting would have been an exception – here we are today. The good news is that IMET, like so much of our personal and professional lives, has evolved and prospered in the current world order. We will discuss some of the ways IMET is evolving shortly. Let me thank you again for joining us.

I would like to give you an overview of 2020 and share the Board's outlook moving forward.

Despite the changes COVID-19 has brought, IMET operations continue. IMET staff is working remotely. Our hours of operation continue as normal. Our funds operate as usual, and you continue to have three ways to transact purchases or redemptions. Our business partners continue to provide the services that are required to function effectively.

IMET continues to provide Illinois municipalities with attractive investment options. To reiterate, we offer two investment strategies – the IMET 1-3 Year Series which is the original fund IMET offered. It is geared for intermediate funds or those not needed for daily liquidity. The IMET 1-3 Year Series is unique in Illinois – there are no other pools available to Illinois governmental entities that invest in maturities in the 1-to-3 year range. Over periods of time, longer-term maturities such as in the 1-to-3 year maturity range tend to outperform shorter maturity investments. Just to remind everyone, the name may be a bit misleading, while it is called the IMET 1-to-3 Year Series, this does not mean that it is a term product or that our participants need to remain invested for that period, or for any period. The 1-to-3 Year Fund has next day liquidity - as long as we are notified by 3 pm on a given business day, participants can redeem their funds the next business day. The board has worked with its partners to ensure this fund

provides participants with liquidity. Another feature IMET added along with enhanced liquidity of the fund, is the addition of ACH. Now, participants have the choice to Wire or ACH their funds into and from IMET. The second IMET fund, the Convenience Fund, is geared to provide liquidity for participants. It has same day liquidity as long as we are notified by 3 pm on a given business day.

Our goal in both funds is to be competitive on a risk-adjusted basis to alternatives available in the state. As I reiterate every year when I come before you, what this means is IMET will never seek to hit home runs but singles and doubles, confident that slow and steady always wins the race.

For fiscal 2020, the IMET 1-3 Year Series had a total return of 3.77% on a net of fees basis. This compares to a return of 3.62% for its benchmark, the Bloomberg Barclay's 1-to-3 Year Government Total Return Index. For calendar year 2020, the 1-to-3 Year Series had the best performance, since inception, of 3.44%, relative its benchmark , 3.14%, a relative outperformance of 30 basis points. At the end of IMET's 2020 fiscal year, the Convenience Fund had a 12 month total return of 97 basis points and a 30 day yield of 33 basis points. At September 30, 2020, the target Federal Funds range was 0.00% – 0.25%. At the end of February, the most recent measuring period available, the Convenience Fund had a 30-day yield of 0.25%. Liquidity alternatives had yields of between 4 and 8 basis points.

An important question to ask is why are we seeing a divergence between the yield of the Convenience Fund and the yield of available alternatives in Illinois? Importantly, as we have mentioned again and again, the Convenience Fund is not managed money market fund-like. Funds managed money market fund-like must adhere strictly to SEC Rule 2A-7 in terms of liquidity and diversification. The Convenience Fund is an alternative to bank deposits. It is comprised primarily of FDIC insured, collateralized, and Federal Home Loan Bank Letter of Credit backed bank deposits. Bank deposits respond differently to market conditions than open market money market instruments that comprise money market fund like pools. There is not much asset overlap between IMET and many competitive alternative

pools in the state. There is never a good reason to have all your funds in one pool – even if that is an IMET fund. However, there is very good reason to have some of your funds in various pools, including IMET funds.

Diversification is a very effective way to manage risk. So even now when IMET funds are meaningfully outperforming competitive options, we ask that you consider including IMET funds a part of your diversified investment programs.

We continue to undertake meaningful changes. First, as was mentioned during last year's annual meeting, we completed our conversion to a new provider of fund accounting and transfer agency, effectively the administration of IMET funds. After a thorough review of the market and a competitive procurement, the IMET board selected Public Funds Administrators, a subsidiary of Meeder Investment Management. We cannot be more pleased with the conversion. The administrator of the funds serves as the face of IMET along with our Executive Director and our Public Funds Marketing Associate. For that reason, it is extremely important that everything the administrator does to administer the funds is done in a timely fashion and correctly. Meeder is a true extension of us to our participants.

IMET added an online encyclopedia for public sector investing with the help of a summer intern. The encyclopedia, along with our Arbitrage Rebate Calculation Services, provided by BNY Mellon Arbitrage Compliance Group, and the IMET cash flow forecast model underscore that IMET is more than a provider of two investment funds. We strive to be a trusted resource for information and tools for public sector investing.

Our goals continue to be to provide Illinois local governments with safe, liquid and attractive investment options. By pooling funds together, IMET participants can enjoy:

- expanded investment options (especially for smaller investors)
- portfolio diversification
- enhanced safety and liquidity

- improved convenience, and
- add-on services such as arbitrage rebate calculation services and cash flow modeling offered at very attractive pricing.

On behalf of the IMET Board and staff, we look forward to continuing to work with participants for your long-term success.

With our business partners, we continue to work to help you manage your investment needs for your constituents and thereby help your municipalities, counties, districts and entities weather the storm.

IMET is committed to being your steward – earning your trust and deserving your confidence!

Thank you.

March 23, 2021