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**From:** tdeen@valocalfinance.org  
**Sent:** Wednesday, July 6, 2022 3:57 PM  
**To:** Krens, Liz; 'Steve Mulroy'  
**Cc:** Hicks, Paula  
**Subject:** RE: VIP 1-3 Performance

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

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Hi Liz,

Thanks for reaching out and I appreciate you providing the transparency of what Pinnacle is offering Purcellville. I will start by saying you are correct in assuming that the Stable NAV liquidity pool is offering competitive rates. It appears based on what they sent you that the liquidity pool is currently offering a higher net yield at 1.49% and rising. The Stable NAV yield tends to track the overnight Fed Funds rate.

In regards to the 1–3-year Fund, you hit the nail on the head about timing. This is a good time to stay in the fund as the income is continuing to grow and to avoid selling which would lock in the unrealized losses. The 1-3 Year Fund works best if you can invest through market cycles – unrealized losses tend to be offset by unrealized gains over time. Historically, income is what has driven long-term performance. The 1-3 year fund also offers twice monthly liquidity as opposed to CD's which are generally locked up for the stated term. The market yield for the 1-3 year fund is 3.05% as of June 27<sup>th</sup> which is offering a more competitive rate than the bank's CDs. Another benefit of the 1-3 Year Fund is that it is actively managed; the portfolio manager is able to take advantage of a wider range of investment options and is able to make adjustments based on current market conditions. CD's, on the other hand, offer a buy-and-hold strategy without adjusting to changing market conditions.

Let me know if you would like to discuss further or have any more questions! We can also meet with the Mayor if you'd like.

Thanks,  
Tyler

**Tyler Deen**  
Manager of Investment Programs



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**From:** Krens, Liz <ekrens@purcellvilleva.gov>  
**Sent:** Wednesday, July 6, 2022 2:37 PM

**To:** tdeen@valocalfinance.org; Steve Mulroy <smulroy@valocalfinance.org>

**Cc:** Hicks, Paula <phicks@purcellvilleva.gov>

**Subject:** VIP 1-3 Performance

Hello Steve and Tyler,

Town Council is asking for more info about the VIP 1-3 performance (historical and current) for discussion at the next TC meeting on July 12. The VIP website only shows the VIP 1-3 gross market yield through 5.31.22 as 2.42%. Do you have the June information yet as I expect performance has been impacted by recent market conditions? According to the Mayor's request, he would like us to compare the VIP 1-3 ROI against other investment options like CD's. The Mayor received the attached offer from Pinnacle. I believe the VIP NAV is offering competitive rates compared to this offer but not sure how to compare the longer term VIP 1-3 investment.

### Current Yields & Recent Performance

VIP Stable NAV Liquidity Pool

**1.49%**

*(net yield as of 7/5/22)*

VIP 1-3 Year High Quality Bond Fund

**2.42%\***

*(gross market yield as of 05/31/22)*

*\* Represents annualized rate of return (before fees) a new investor could earn if the securities in the portfolio are held to maturity; based on current market prices.*

Also, I will be sure to explain this is not good a time to cash out our holdings in VIP 1-3 given the unrealized losses incurred due to market factors associated with increasing interest rates.

Sincerely,

***Elizabeth Krens, MGT***

Director of Finance

Town of Purcellville

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