

# MMDT Short Term Bond Portfolio

## Highlights

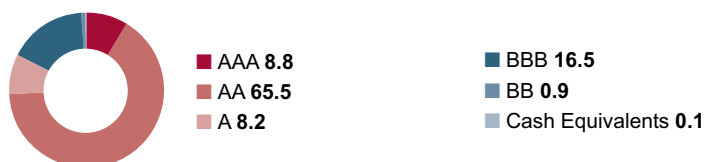
- Offers participation in a diversified portfolio of investment-grade short-term fixed-income securities that seeks to generate long-term performance exceeding the Bloomberg 1-5 Year Government/Credit Bond Index.
- Presents a fixed-income option for assets with a longer time horizon and risk tolerance than the cash portfolio.
- Offers participants an investment option for operating capital and bond proceeds consistent with their time horizons.

## Portfolio Overview as of 12/31/23

### Portfolio Composition (%)



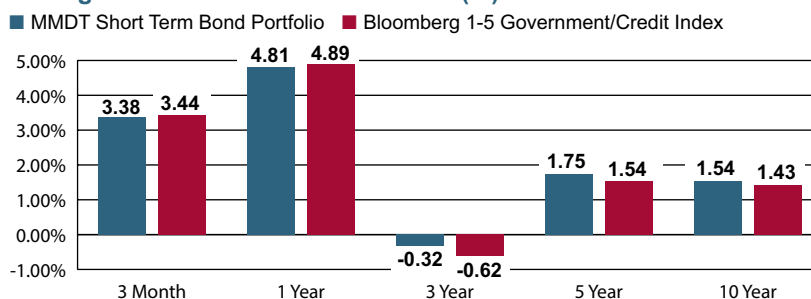
### Credit Quality Composition\* (%)



30-Day Distribution Yield	3.09%
Weighted Average Effective Duration	2.59 Yrs.
Weighted Average Effective Maturity	2.96 Yrs.
Portfolio Manager	John T. Gentry, CFA
Portfolio Total Assets	\$777.8 million

## Performance as of 12/31/23

### Average Annual Total Returns at NAV (%)



*Performance data quoted represents past performance which is no guarantee of future results. Current performance may be lower or higher than what is stated. Investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost.*

## Portfolio Manager Commentary

After pushing through higher lows and higher highs all year, Treasury yields rolled over in the fourth quarter, powering all fixed income sectors to solid total returns for both the quarter and the year. Risk appetite increased in November and again in December, as the Federal Reserve passed on raising its federal funds rate amid continuing evidence that inflation was cooling even as the economy continued to add jobs. It appears that the Fed may be done with rate hikes; in its December Summary of Economic Projections, the Fed called for three rate cuts in 2024, up from two in its last update, with inflation and economic growth slowing and unemployment rising only to 4.1%. Fed Chair Powell surprised markets after December's meeting with his dovish view of Fed policy. He explained that since Fed policy works with a lag, the Fed would not wait to achieve its 2% inflation target before cutting the funds rate, since that would cause the Fed to overshoot. The market sees nearly six rate cuts in 2024, and by not countering this narrative, Powell appeared to endorse the more accommodative policy, continuing the Fed's push and pull battle with the market into 2024.

In the fourth quarter, all fixed income sectors posted positive total returns, led by long duration and lower quality credit. The Bloomberg Aggregate index had a total return of 6.82%, exceeded by credit, emerging markets, mortgage-backed securities, and high yield, while higher quality assets like Treasuries, CMBS and ABS trailed, but still put up positive total returns. All sectors outperformed comparable duration Treasuries, led by high yield, long duration credit, and emerging market debt. Commodity returns were mixed, as crude oil and gasoline fell sharply, while iron ore, gold and silver rose, but nickel and copper fell. The 10-year Treasury yield started the quarter at 4.57%, peaked in mid-October at 4.99%, and then marched steadily lower, ending the quarter at 3.88%. The 2-10-year Treasury curve, an indicator of future recession, was little changed when comparing the start and end of the quarter but ranged sharply higher and then lower into December.

*Portfolio composition is subject to change.*

*\*Quality breakdown does not apply to Cash/Cash Equivalents.*

*Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.*

*The 30-day distribution yield is calculated by taking an average of the past 30 days' daily yields at NAV.*

*Weighted average effective maturity is the average time to maturity of debt securities held in the fund.*

*Weighted average effective duration is a measure of security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.*

*An investment in the Short Term Bond Portfolio is not a deposit of a bank and is neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The Portfolio's yield will vary from day to day based on changes in interest rates and market changes.*

*The rating agencies that provided the ratings are Standard & Poor's, Moody's, and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk.*

***For more complete information, visit [mymmdt.com](http://mymmdt.com). You should consider the investment's objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the Investment Circular, which you should read carefully before investing.***