Nebraska Liquid Asset Fund

Exclusively for School Districts, Educational Service Units, Community Colleges, Public Agencies and Other Governmental Subdivisions

Annual Report

May 31, 2024

NLAF is sponsored by the:

Nebraska Council of School Administrators

Nebraska Association of School Boards

NEBRASKA LIQUID ASSET FUND

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Report of Independent Auditors

To the Board of Trustees of the Nebraska Liquid Asset Fund

Opinion

We have audited the financial statements of the Nebraska Liquid Asset Fund (the Fund), which comprise the statement of net position as of May 31, 2024, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund at May 31, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of investments but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst + Young LLP

Philadelphia, Pennsylvania

August 28, 2024

Management's Discussion and Analysis

We are pleased to present the Annual Report for the Nebraska Liquid Asset Fund (the Fund) for the year ended May 31, 2024. Management's Discussion and Analysis is designed to focus the reader on significant financial items and provides an overview of the Fund's financial statements for the year ended May 31, 2024. The Fund's financial statements have been prepared in conformity with the reporting framework prescribed by the Governmental Accounting Standards Board (GASB) for local government investment pools.

Economic Update

The latter half of 2023 saw the Federal Reserve (Fed) reach the end of its rate hiking cycle with the Federal Funds Rate target range maintained at 5.25-5.50%. A "higher for longer" narrative persists in 2024, based on "sticky" inflation and continuing economic strength. Markets have begun to readjust expectations on timing of the Fed's rate cutting cycle based on recent inflation and employment data prints.

Inflation, as measured by the year-over-year change in the Consumer Price Index (CPI), peaked at 3.7% in August and September of 2023. CPI continued to move lower over the latter half of the year and into 2024. However, CPI reversed trend in February and March as services inflation—and shelter in particular—put upward pressure on inflation. Recently, CPI has begun moving lower again and ended May at 3.3%.

The labor market continued to show exceptional strength as the unemployment rate has remained at or below 4% for over three years. During 2023, an average of 225,000 new jobs were added per month, which has since been exceeded by the average pace of job creation during the first five months of 2024. The strength in the labor market has resulted in wages continuing to increase as average hourly earnings are up by more than 4% on a year-over-year basis. However, the job market has started to come into better balance as the number of unfilled job openings declined to the lowest level since February 2021. The worker-demand gap, a measure of the number of jobs per unemployed worker, continues to fall from elevated levels during the pandemic.

At the same time, strong consumer spending contributed to U.S. domestic production defying expectations. In fact, Q3 2023 Gross Domestic Product (GDP) growth of 4.9% was the strongest reading over the prior seven quarters and was followed up by a stronger-than-expected Q4 2023 GDP growth of 3.4%. Growth in GDP rose an average of 3.1% per quarter over calendar year 2023, an improvement from the prior four quarter average of 0.7%, mostly driven by strong consumer spending. Growth showed signs of slowing up in Q1 2024, with the annualized quarterly GDP increase lowering to 1.3%. Combined with the prior quarters' strength, GDP grew 2.9% from the year prior, still well above the Fed's long-term expectation of 1.8%.

Short-term rates remained elevated as the yield on the 3-month Treasury Bill has closed above 5% every trading day since mid-April 2023. This level continues to create opportunities for short-term investors to earn the highest yields in more than two decades. Meanwhile, the 2-year U.S. Treasury ended the fiscal year 49 bps higher. Underscoring elevated bond volatility during the year, the range of yields on the benchmark tenor was 105 bps, including a low of 4.14% in January and a high of 5.19% in October.

The stronger economic backdrop resulted in significant changes in market expectations for the timing and number of rate cuts in 2024. At the start of the year, the market was pricing in five or six rate cuts with the first cut in March. Now, the market expects one or two rate cuts, with the first cut occurring in September or December. In its most recent "dot plot" from June, the Fed's median forecast implies one rate cut by the end of 2024, which is two fewer than previously projected in March. The Fed's "dot plot" also implies four rate cuts in 2025, implying a target range of 4.00%-4.25% by the beginning of 2026.

Portfolio Strategy

The Fund began the fiscal year in June 2023 in a defensive posture, while maintaining a very short maturity profile. This strategy had been in place since early 2022 when the Federal Reserve began a historic campaign to tighten monetary policy in an effort to tame elevated inflation. This strategy allowed for more frequent reinvestments that could quickly capitalize on each interest rate hike. We had also incorporated more floating-rate instruments into the Fund, securities on which the interest rate quickly adjusts to any rate increases.

The fiscal year proved to be relatively calm from a monetary policy standpoint, as the Federal Reserve has kept interest rates steady at 5.25-5.50% since July 2023. However, beneath the surface, there was significant volatility in short-term interest rates during the period as demonstrated by an over 100 basis point range on 2-year U.S. Treasury Notes. A "data-dependent" Federal Reserve coupled with resilient economic data led to this outcome. During these uncertain times for monetary policy, we've deployed a balanced portfolio strategy that aims to (1) capitalize on current opportunities available in short-term investments such as repurchase agreements and floating rate securities while also (2) selectively adding investments in 6-12 month fixed rate securities that would provide an anchor to portfolio yields once the Fed begins to normalize interest rate policy.

Our active management style performed well this year during a period of interest rate uncertainty. The Fund remains well-positioned in the current environment, and flexible enough to adapt should market conditions change. Given that short-term interest rates are highly dependent on monetary policy, and specifically the inflation and labor outlook, we continually monitor these factors and stand ready to adjust the portfolio accordingly. As always, our primary objectives are to protect the value of the shares and to provide liquidity for investors. We will continue to work hard to achieve these goals, while also seeking to maximize investment yields in a prudent manner.

Financial Statement Overview

The financial statements for the Fund include a Statement of Net Position and a Statement of Changes in Net Position. These financial statements are supported by the Notes to Financial Statements. In addition, a Schedule of Investments for the Fund is included as unaudited Other Information following the Notes to Financial Statements.

Condensed Financial Information and Analysis

Statement of Net Position: The Statement of Net Position presents the financial position of the Fund as of May 31, 2024 and includes all assets and liabilities of the Fund. Total assets of the Fund fluctuate as investable assets rise and fall when capital shares are issued and redeemed. The difference between total assets and total liabilities, which is equal to the investors' interest in the Fund's net position, is shown below for the current and prior fiscal year-end dates:

	May 31, 2024	May 31, 2023
Total Assets	$ 911,346,721	$ 812,918,967
Total Liabilities	(338,453)	(339,314)
Net Position	$ 911,008,268	$ 812,579,653

The increase in total assets of the Fund is primarily due to a $56,190,151 increase in investments and a $41,990,385 increase in cash and cash equivalents. The cash and cash equivalents as of May 31, 2024 includes $75,000,000 of bank time deposits yielding 5.52%-5.55%, which were classified as cash equivalents since they are available on demand with one-day notice. The Fund's total liabilities are primarily comprised of accrued fees payable to its service providers and remained relatively consistent year-over-year.

Statement of Changes in Net Position: The Statement of Changes in Net Position presents the Fund's activity for the year ended May 31, 2024. The changes in the Fund's net position for the year primarily relate to the net capital shares issued/(redeemed) and the net investment income during the year. The investment income of the Fund is driven by a combination of the amount of investable assets and the general short-term interest rate environment that impacts the yields on investments the Fund can purchase. Realized gains or losses on sale of investments occur whenever investments are sold for more or less than their carrying value. Activity within the Fund is outlined below for the current and prior fiscal years:

	Year Ended	
	May 31, 2024	May 31, 2023
Investment Income	$ 40,063,411	$ 25,302,817
Net Expenses	(2,808,297)	(2,972,139)
Net Investment Income	37,255,114	22,330,678
Net Realized Gain on Sale of Investments	7,578	2,541
Net Capital Shares Issued/(Redeemed)	61,165,923	(83,461,898)
Change in Net Position	$ 98,428,615	$ (61,128,679)

The Fund's net position increased approximately 12% year-over-year, which is primarily related to net capital shares issued as reflected above. Its average net assets increased approximately 1% year-over-year. While investable assets increased, the 25 basis point increase in the federal funds target rate during the current fiscal year compared to 425 basis points of increases in the prior fiscal year was the primary factor for investment income increasing approximately 58% from the prior fiscal year. The Fund's net expenses include gross investment advisory and administration fees of 0.25% of its average daily net assets for the current fiscal year, which was lowered during the prior fiscal year, pursuant to the current Investment Advisory and Administration Agreement with PFM Asset Management LLC (PFMAM) which became effective February 1, 2023, from the cumulative 0.29% rate previously charged for such services. As such, net expenses decreased approximately 6% from prior fiscal year, despite the Fund's average net assets remaining relatively consistent year-over-year.

The total return of the Fund for the year ended May 31, 2024 was 5.14%, up from 3.15% for the year ended May 31, 2023. Select financial highlights for the Fund for the current fiscal year, as compared to the prior fiscal year, are as follows:

	Year Ended	
	May 31, 2024	**May 31, 2023**
Ratio of Net Investment Income to Average Net Assets	5.01%	3.03%
Ratio of Net Investment Income to Average Net Assets, Before Fees Reimbursed and Expenses Paid Indirectly	5.06%	3.07%
Ratio of Expenses to Average Net Assets	0.38%	0.40%
Ratio of Expenses to Average Net Assets, Before Fees Reimbursed and Expenses Paid Indirectly	0.33%	0.36%

The Fund's ratio of net investment income to average net assets, both before and after factoring in fees reimbursed and expenses paid indirectly, significantly increased year-over-year. This increase, as well as the increase in total return year-over-year, is due to the increase in investment income that was driven primarily by the increased interest rates noted previously. The Fund's expense ratio decreased 0.03% before fees reimbursed and expenses paid indirectly from the prior fiscal year due primarily to a lower fee rate charged by PFMAM, the Fund's Investment Adviser and Administrator, following the adoption of the current Investment Advisory and Administration Agreement previously noted which became effective February 1, 2023. The impact of fees reimbursed and expenses paid indirectly, on both the ratio of net investment income to average net assets and the ratio of expenses to average net assets, was 0.05% for the current fiscal year compared to 0.04% for the prior fiscal year.

Statement of Net Position

May 31, 2024

Assets	
Investments	$ 832,683,556
Cash and Cash Equivalents[1]	75,302,728
Interest Receivable	3,350,617
Prepaid Expenses	9,820
Total Assets	911,346,721
Liabilities	
Redemptions Payable	16,730
Investment Advisory and Administration Fees Payable	212,531
Consulting Fees Payable	51,007
Banking Fees Payable	15,322
Legal Fees Payable	3,000
Audit Fees Payable	31,600
Other Expenses Payable	8,263
Total Liabilities	338,453
Net Position	
(applicable to 911,008,268 outstanding shares of beneficial interest; unlimited authorization; no par value; equivalent to $1.00 per share)	$ 911,008,268

[1] *Includes cash and bank time deposit accounts which are subject to a one-day put. Guaranteed by Federal Home Loan Bank letters of credit.*

Statement of Changes in Net Position

For the Year Ended May 31, 2024

Income	
Investment Income	$ 40,063,411
Expenses	
Investment Advisory and Administration Fees	1,856,395
Consulting Fees	445,535
Banking Fees	62,292
Legal Fees	46,437
Audit Fees	31,600
Other Expenses	23,582
Total Expenses	2,465,841
Investment Advisory and Administration Fees Reimbursed	278,459
Consulting Fees Reimbursed	66,830
Expenses Paid Indirectly	(2,833)
Net Expenses	2,808,297
Net Investment Income	37,255,114
Other Income	
Net Realized Gain on Sale of Investments	7,578
Net Increase from Investment Operations Before Capital Transactions	37,262,692
Capital Shares Issued	820,555,380
Capital Shares Redeemed	(759,389,457)
Change in Net Position	98,428,615
Net Position – Beginning of Year	812,579,653
Net Position – End of Year	$ 911,008,268

The accompanying notes are an integral part of this financial statement.

Notes to Financial Statements

A. Organization and Reporting Entity

The Nebraska Liquid Asset Fund (the Fund) was established on March 23, 1988 as the Nebraska School District Liquid Asset Fund Plus, pursuant to the Interlocal Cooperation Act and Article XV, Section 18 of the Nebraska State Constitution. Under its original Declaration of Trust and Interlocal Agreement (Declaration of Trust) establishing the Fund, shares of the Fund were offered exclusively to Nebraska school districts, educational service units and technical community colleges. The Declaration of Trust was amended, restated and readopted effective February 5, 2008, to change the name of the Fund to Nebraska Liquid Asset Fund and to expand the authorized Participants of the Fund to add Nebraska public agencies and other political subdivisions. The objective of the Fund is to provide a high yield for the Participants while maintaining liquidity and preserving capital by investing only in instruments permitted by Nebraska law. The Fund commenced operations on May 27, 1988.

An objective of the Fund is to maintain a net asset value of $1 per share, but there can be no assurance that the net asset value will not vary from $1. Shares are issued and redeemed at the net asset value per share next determined after receipt of a request. The Fund has not provided or obtained any legally binding guarantees to support the value of the shares. All participation in the Fund is voluntary. The Fund is not required to register as an investment company with the Securities & Exchange Commission (SEC).

The Fund's financial statements presented within this Annual Report have been prepared in conformity with the reporting framework prescribed by the Governmental Accounting Standards Board (GASB) for local government investment pools.

B. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements.

Measurement Focus and Basis of Accounting

The Fund reports transactions and balances using the economic resources management focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

The Fund reflects cash on deposit in bank accounts which is available within one business day as cash and cash equivalents. Certificates of deposit are disclosed separately as investments in the financial statements.

Valuation of Investments

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB Statement No. 72, as amended, the Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on interest rates, credit risk and like factors.

Level 3 – Unobservable inputs for the assets, including the Fund's own assumptions for determining fair value.

The Fund's investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. In accordance with GASB Statement No. 79, securities held by the Fund are valued at amortized cost, which approximates fair value. GASB Statement No. 79 requires a comparison of the Fund's investments on an amortized cost basis to fair values determined on a market value basis at least monthly. The market prices used to determine fair values in this comparison are derived from closing bid prices as of the last business day of the month as supplied by third-party pricing services. Where prices are not available from these generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Since the value is not obtained from a quoted price in an active market, all securities held by the Fund as of May 31, 2024 are categorized as Level 2.

Investment Transactions

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Costs used in determining realized gains and losses on the sale of investment securities are those of specific securities sold. Interest income is recorded using the accrual method. Discounts and premiums are accreted and amortized, respectively, to interest income over the lives of the respective securities.

Repurchase Agreements

Repurchase agreements entered into with broker-dealers are secured by government or agency obligations. The Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. The Fund also enters into tri-party repurchase agreements. Collateral pledged for tri-party repurchase agreements is held for the Fund by an independent third-party custodian bank until the maturity of the repurchase agreement. Repurchase agreements are collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines, realization of the value of the obligation by the Fund may be delayed. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to delays from legal proceedings.

Share Valuation and Participant Transactions

The net asset value (NAV) per share of the Nebraska Liquid Asset Fund is calculated as of the close of each business day by dividing the net position of the Fund by the number of outstanding shares. It is the Fund's objective to maintain a NAV of $1.00 per share; however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Dividends and Distributions

On a daily basis, the Fund declares dividends and distributions from its net investment income and net realized gains or losses from securities transactions, if any. Such dividends and distributions are payable to investors of record at the time of the previous computation of the Fund's net asset value and are distributed to each investor's account by purchase of additional shares of the Fund on the last business day of each month. For the year ended May 31, 2024, the Fund distributed dividends totaling $37,262,692.

Redemption Restrictions

Shares of the Fund are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as an investor has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees may temporarily suspend the right of withdrawal or postpone the date of payment of redemption proceeds for the whole or any part of any period: (1) during which there shall have occurred any state of war, national emergency, banking moratorium or suspension of payments by banks in the State of Nebraska or any general suspension of trading or limitation or prices on the New York or American Stock Exchange or (2) during which any financial emergency situation exists as a result of which disposal by the Fund of fund property is not reasonably practicable because of the substantial losses which might be incurred or it is not reasonably practicable for the Fund to determine the value of its net assets.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Tax Status

The Fund is not subject to Federal or State income tax upon the income realized by it. Accordingly, no provision for income taxes is required in the Fund's financial statements.

Representations and Indemnifications

In the normal course of business, the Fund may enter into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Subsequent Events Evaluation

The Fund has evaluated subsequent events through August 28, 2024, the date through which procedures were performed to prepare the financial statements for issuance. No events have taken place that meet the definition of a subsequent event requiring adjustment or disclosure in these financial statements.

C. Investment Risks

Under GASB Statement No. 40, as amended, State and Local governments and other municipal entities are required to disclose credit risk, concentration of credit risk, and interest rate risk for investment portfolios. The following risk disclosures of the Fund as of May 31, 2024 have been provided for the information of the Fund's investors.

Credit Risk

The Fund’s investment policy, as outlined in its Information Statement, limits the Fund’s investments to certain fixed income instruments which school entities are permitted to invest in under Nebraska law.

As of May 31, 2024, the Fund’s investment portfolio was comprised of investments which were, in aggregate, rated by S&P Global Ratings (S&P) as follows:

S&P Rating	%
AA+	42.66%
A-1+	7.41%
Exempt(1)	49.93%

(1) Represents investments in U.S. Treasury obligations, which are not considered to be subject to overall credit risk per GASB.

The ratings of the investments in the preceding table include the ratings of collateral underlying repurchase agreements in effect as of May 31, 2024. Securities with a long-term rating of A or higher are equivalent to the highest short-term rating category based on S&P rating methodology.

Concentration of Credit Risk

As outlined in the Fund’s Information Statement, the Fund’s investment policy establishes certain restrictions on investments and limitations on portfolio composition. As of May 31, 2024, the Fund included the following issuers, aggregated by affiliated issuers where applicable, which individually represented greater than 5% of the Fund’s total investment portfolio:

Issuer	%
BNP Paribas (1)	13.47%
Credit Agricole Corporate & Investment Bank (NY) (1)	16.33%
Federal Farm Credit Bank	16.03%
Federal Home Loan Bank	27.93%
U.S. Treasury	18.08%

(1) These issuers are also counterparty to repurchase agreements entered into by the Fund. These repurchase agreements are collateralized by U.S. government and agency obligations.

Interest Rate Risk

The Fund’s investment policies limit its exposure to market value fluctuations due to changes in interest rates by requiring that it maintain a dollar-weighted average maturity of not greater than 60 days. As of May 31, 2024, the weighted average maturity of the Fund’s portfolio, including cash and cash equivalents, was 45 days. The range of yields, actual maturity dates, principal values, fair values and weighted average maturities of the types of investments the Fund held as of May 31, 2024 are as follows:

Type of Deposits and Investments	Yield-to-Maturity Range	Maturity Range	Principal	Fair Value	Weighted Average Maturity
Cash and Cash Equivalents	n/a	n/a	$ 75,302,728	$ 75,302,728	1 Day
Government Agency and Instrumentality Obligations:					
Agency Discount Notes	5.14%-5.33%	7/24/24-11/29/24	62,500,000	61,688,901	92 Days
Agency Notes	5.04%-5.55%	6/4/24-11/17/25	330,485,000	329,220,942	80 Days
U.S. Treasury Bills	5.23%-5.32%	7/5/24-10/17/24	101,000,000	100,189,757	56 Days
U.S. Treasury Notes	5.25%-5.47%	7/31/24-4/30/25	50,600,000	50,383,956	35 Days
Repurchase Agreements	5.32%-5.34%	6/3/24-7/9/24	291,200,000	291,200,000	4 Days
			$ 911,087,728	$ 907,986,284	

The yields shown in the preceding table represent the yield-to-maturity at original cost except for adjustable-rate instruments, for which the rate shown is the coupon rate in effect as of May 31, 2024. The weighted average maturities shown in the preceding table are calculated based on the stated maturity dates with the following exceptions: (1) floating or variable rate securities are assumed to have an effective maturity of the date upon which the security's interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; (3) for instruments subject to demand features, the effective maturity is assumed to be the period remaining until the principal amount of the instrument may be recovered through the demand features; and (4) the effective maturity of cash and cash equivalents is assumed to be one day. Refer to the Schedule of Investments included in the unaudited Other Information that follows for further information.

D. Fees and Charges

Investment Advisory, Administration and Marketing Fees

Pursuant to an Investment Advisory and Administration Agreement with the Fund which became effective February 1, 2023, PFM Asset Management LLC (PFMAM) serves as the Investment Adviser and Administrator of the Fund, and PFMAM's affiliate, PFM Fund Distributors, Inc. (PFMFD), has been delegated the authority to provide marketing services to the Fund. PFMAM is paid a fee at an annual rate equal to 0.25% of the Fund's average daily net assets. Such fee is calculated daily and paid monthly. PFMFD is not separately compensated by the Fund pursuant to this agreement.

Prior to February 1, 2023, PFMAM provided investment advisory services and administration services to the Fund pursuant to a separate Investment Advisory Agreement and a separate Administration Agreement with the Fund and PFMFD provided marketing services to the Fund pursuant to a separate Marketing Agreement with the Fund. For the investment advisory services provided under the prior Investment Advisory Agreement, PFMAM was paid a fee at an annual rate equal to 0.10% of the Fund's average daily net assets. For the administration services provided under the prior Administration Agreement, PFMAM was paid an additional fee at an annual rate equal to 0.10% of the Fund's average daily net assets. For the marketing services provided under the prior Marketing Agreement, PFMFD was paid a fee at an annual rate equal to 0.09% of the Fund's average daily net assets. All such fees under these prior agreements were calculated daily and paid monthly.

PFMAM is a subsidiary of U.S. Bancorp Asset Management Inc. (USBAM). USBAM is a subsidiary of U.S. Bank, National Association (U.S. Bank). U.S. Bank serves as the Fund's Custodian. During the year ended May 31, 2024, the Fund accrued banking fees to the Custodian totaling $59,459, after factoring in $2,833 of earnings credits on available cash balances, and $15,322 of these fees remain payable by the Fund as of May 31, 2024.

Consulting Fees

The Fund has separate consulting agreements with the Nebraska Council of School Administrators (NCSA) and Nebraska Association of School Boards (NASB), referred to as the Consultants. Pursuant to these agreements, the Consultants advise PFMAM, as a representative of the Fund, on applicable and pending state laws affecting the Fund, schedule and announce through their publications informational meetings and seminars at which representatives of the Fund will speak, provide mailing lists of potential Participants and permit the use of their logos. The Consultants are each paid a fee at an annual rate equal to 0.03% of the Fund's average daily net assets. Such fee is calculated daily and paid monthly.

Fee Deferral Agreements

The Fund has separate Fee Deferral Agreements (each a Fee Deferral Agreement or, collectively, the Fee Deferral Agreements) with each Consultant and with PFMAM (each a Service Provider), pursuant to which each Service Provider individually may, but shall not be obligated to, temporarily waive a portion of its fees to assist the Fund in an attempt to maintain a positive yield. In the event that a Service Provider elects to initiate a fee deferral, such fee deferral shall be applicable to the computation of the NAV of the Fund on the business day immediately following the date on which the Service Provider gives notice to the Fund of the rate of the fee deferral to be applied in calculating the NAV. A fee deferral shall remain in effect until notice is provided to the Fund by the Service Provider regarding its intent to terminate its fee deferral or revise, upward or downward, the rate of its fee deferral.

Under the terms of the Fee Deferral Agreement with each Service Provider, at any time after a fee deferral has occurred, and if the monthly distribution yield of the Fund was in excess of 0.50% per annum for the preceding calendar month, the relevant Service Provider may elect to have the amount of its accumulated deferred fees recaptured in whole or in part under the conditions described in the Service Provider's Fee Deferral Agreement with the Fund by way of a payment of fees in excess of the rate it was entitled to, prior to any fee deferral, all as set forth in the respective Fee Deferral Agreement. In all cases, the total fees paid to each Service Provider in a given month, inclusive of the amount of any accumulated deferred fees to be recaptured, may not exceed 115% of the fees payable under the terms of each Service Provider's related agreement with the Fund. Any fees recaptured under the Fee Deferral Agreements may only be recaptured during the three-year period following the calendar month to which they relate. In conjunction with the new Investment Advisory and Administration Agreement which went into effect on February 1, 2023, any investment advisory, administration or marketing fee deferrals by PFMAM and PFMFD were consolidated such that the 115% limit above was applied to all such fee deferrals in the aggregate.

The chart that follows depicts the cumulative fees voluntarily waived, reimbursed or deemed unrecoverable by PFMAM and each Sponsor, as of May 31, 2024, under the Fee Deferral Agreements since their inception. The chart also includes the year by which any fees not reimbursed will be deemed permanently unrecoverable.

	PFMAM/ PFMFD	NCSA	NASB
Cumulative Fee Waivers	$ 2,460,769	$ 286,822	$ 286,822
Amounts Reimbursed	(555,064)	(63,468)	(63,468)
Amounts Unrecoverable	(555,306)	(72,886)	(72,886)
Remaining Recoverable	$ 1,350,399	$ 150,468	$ 150,468
Fee Waivers Not Reimbursed Become Unrecoverable in Fiscal Year-End:			
May 31, 2025	$ 1,350,399	$ 150,468	$ 150,468

Other Fund Expenses

The Fund pays expenses incurred by its Trustees and officers (in connection with the discharge of their duties), insurance fees for Trustees, audit fees, legal fees, rating fees and other operating expenses.

Other Information (unaudited)

Schedule of Investments (unaudited)

May 31, 2024

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Government Agency and Instrumentality Obligations (59.44%)				
Fannie Mae Notes				
5.23%	4/22/25		$6,160,000	$5,916,876
Federal Farm Credit Bank Discount Notes				
5.16%	11/25/24		3,000,000	2,926,693
Federal Farm Credit Bank Notes				
5.39% [4]	6/4/24		5,000,000	4,999,996
5.45% [4]	6/14/24		11,000,000	10,999,984
5.41% [4]	8/9/24		11,000,000	11,000,000
5.41% [4]	9/3/24		10,000,000	9,999,637
5.39% [4]	9/9/24		15,000,000	15,002,184
5.33%	9/26/24		5,000,000	4,983,182
5.22%	10/30/24		5,000,000	4,993,202
5.44% [4]	11/15/24		11,000,000	10,999,899
5.50% [4]	1/23/25		3,000,000	3,000,735
5.43% [4]	1/24/25		12,000,000	11,999,811
5.16%	2/14/25		6,000,000	5,860,877
5.33%	2/25/25		2,500,000	2,436,564
5.47% [4]	5/19/25		9,000,000	9,005,892
5.18%	5/22/25		2,000,000	1,998,988
5.48% [4]	6/27/25		10,060,000	10,063,868
5.48% [4]	9/15/25		4,250,000	4,254,227
5.47% [4]	11/10/25		3,000,000	3,003,107
5.40% [4]	11/17/25		4,000,000	4,000,000
Federal Farm Credit Bank Notes (Callable)				
5.21%	4/7/25		2,000,000	1,922,094
Federal Home Loan Bank Discount Notes				
5.31%	7/24/24		6,500,000	6,449,569
5.31%	7/26/24		12,000,000	11,903,420
5.18%	8/7/24		9,000,000	8,915,513
5.26%	8/23/24		5,000,000	4,940,863
5.33%	8/30/24		17,000,000	16,776,492
5.31%	10/23/24		6,000,000	5,875,800
5.14%	11/29/24		4,000,000	3,900,551
Federal Home Loan Bank Notes				
5.33% [4]	8/9/24		17,000,000	17,000,000
5.45% [4]	1/3/25		2,000,000	2,000,000
5.36%	2/18/25		6,015,000	6,001,822
5.09%	2/25/25		6,000,000	5,998,537
5.45% [4]	5/1/25		8,000,000	8,003,129
5.49% [4]	7/10/25		38,000,000	38,040,276
5.49% [4]	7/21/25		10,000,000	10,011,370
Federal Home Loan Bank Notes (Callable)				
5.55%	7/26/24		2,850,000	2,847,925
5.32%	10/25/24		17,000,000	16,689,447
5.46%	11/22/24		6,000,000	5,878,569
5.41%	11/25/24		5,000,000	4,881,402

The notes to the financial statements are an integral part of the schedule of investments.

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
Federal Home Loan Bank Notes (Callable) (Cont.)				
5.35% [4]	1/2/25		$30,000,000	$30,000,000
5.16%	2/19/25		6,425,000	6,418,343
5.33%	2/27/25		2,625,000	2,562,607
5.04%	3/7/25		10,200,000	10,200,000
5.23%	4/14/25		3,000,000	3,000,000
5.26%	4/28/25		2,400,000	2,310,905
5.50% [4]	6/26/25		2,000,000	2,000,000
Freddie Mac Bank Notes				
5.30%	1/27/25		2,000,000	1,975,550
Freddie Mac Bank Notes (Callable)				
5.48%	1/27/25		17,000,000	16,959,937
U.S. Treasury Bills				
5.31%	7/5/24		41,000,000	40,795,818
5.31%	7/11/24		15,000,000	14,912,000
5.32%	7/23/24		29,000,000	28,779,036
5.23%	9/26/24		6,000,000	5,900,550
5.29%	10/17/24		10,000,000	9,802,353
U.S. Treasury Notes				
5.36% [4]	7/31/24		34,000,000	33,998,515
5.47% [4]	10/31/24		11,600,000	11,599,268
5.25%	4/30/25		5,000,000	4,786,173
Total Government Agency and Instrumentality Obligations				541,483,556
Repurchase Agreements (31.96%)				
BNP Paribas SA				
5.32%	6/3/24		75,200,000	75,200,000
		(Dated 5/31/24, repurchase price $75,233,339, collateralized by U.S. Treasury obligations, 0.00%-3.25%, maturing 6/30/27-8/15/45, fair value $76,738,084)		
5.32%	6/3/24		11,000,000	11,000,000
		(Dated 4/3/24, repurchase price $11,099,159, collateralized by U.S. Treasury obligations, 0.00%-5.53%, maturing 1/31/25-5/15/53, fair value $11,321,142)		
5.32%	6/7/24[5]		10,000,000	10,000,000
		(Dated 5/8/24, repurchase price $10,053,200, collateralized by U.S. Treasury obligations, 0.00%-3.125%, maturing 2/15/29-2/15/54, fair value $10,239,191)		
5.32%	6/7/24[5]		16,000,000	16,000,000
		(Dated 5/1/24, repurchase price $16,144,231, collateralized by U.S. Treasury obligations, 0.00%-4.25%, maturing 2/15/25-2/15/54, fair value $16,399,587)		
BofA Securities, Inc.				
5.34%	6/7/24[5]		9,000,000	9,000,000
		(Dated 4/16/24, repurchase price $9,077,430, collateralized by Fannie Mae obligations, 2.00%-5.00%, maturing 10/1/32-8/1/53, fair value $6,527,826, Freddie Mac obligations, 1.50%-7.50%, maturing 6/1/36-12/1/53, fair value $2,717,535)		
5.32%	6/7/24[5]		7,000,000	7,000,000
		(Dated 4/3/24, repurchase price $7,092,066, collateralized by U.S. Treasury obligations, 0.00-4.50%, maturing 8/15/31-11/15/33, fair value $7,204,363)		

The notes to the financial statements are an integral part of the schedule of investments.

Schedule of Investments (unaudited)

May 31, 2024

Rate[1]	Maturity Date[2]		Principal	Fair Value[3]
BofA Securities, Inc. (Cont.)				
5.34%	6/7/24[5]		$10,000,000	$10,000,000
(Dated 5/2/24, repurchase price $10,100,867, collateralized by U.S. Treasury obligations, 0.00%-4.875%, maturing 5/31/26-8/15/31, fair value $10,248,416)				
Credit Agricole Corporate & Investment Bank (NY)				
5.33%	6/3/24		110,000,000	110,000,000
(Dated 5/31/24, repurchase price $110,048,858, collateralized by U.S. Treasury obligations, 0.875%, maturing 6/30/26, fair value $112,249,888)				
5.32%	6/3/24		7,000,000	7,000,000
(Dated 5/3/24, repurchase price $7,032,068, collateralized by U.S. Treasury obligations, 1.125%, maturing 5/15/40, fair value $7,172,730)				
5.32%	6/7/24[5]		11,000,000	11,000,000
(Dated 5/16/24, repurchase price $11,045,516, collateralized by U.S. Treasury obligations, 1.125%, maturing 5/15/40, fair value $11,249,897)				
5.32%	6/7/24[5]		8,000,000	8,000,000
(Dated 5/24/24, repurchase price $8,036,649, collateralized by U.S. Treasury obligations, 1.25%, maturing 5/15/40, fair value $8,172,105)				
Goldman Sachs & Co.				
5.32%	6/4/24		17,000,000	17,000,000
(Dated 5/28/24, repurchase price $17,017,586, collateralized by Fannie Mae obligations, 5.50%, maturing 5/1/54, fair value $17,355,375)				
Total Repurchase Agreements				291,200,000
Total Investments (91.40%) (Amortized Cost $832,683,556)				832,683,556
Other Assets and Liabilities, Net (8.60%)				78,324,712
Net Position (100.00%)				$911,008,268

(1) Yield-to-maturity at original cost unless otherwise noted.
(2) Actual maturity dates, unless otherwise noted.
(3) See Note B to the financial statements.
(4) Adjustable rate security. Rate shown is that which was in effect at May 31, 2024.
(5) Subject to put with 7-day notice.

The notes to the financial statements are an integral part of the schedule of investments.

Nebraska Liquid Asset Fund
c/o Nebraska Council of School Administrators
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