



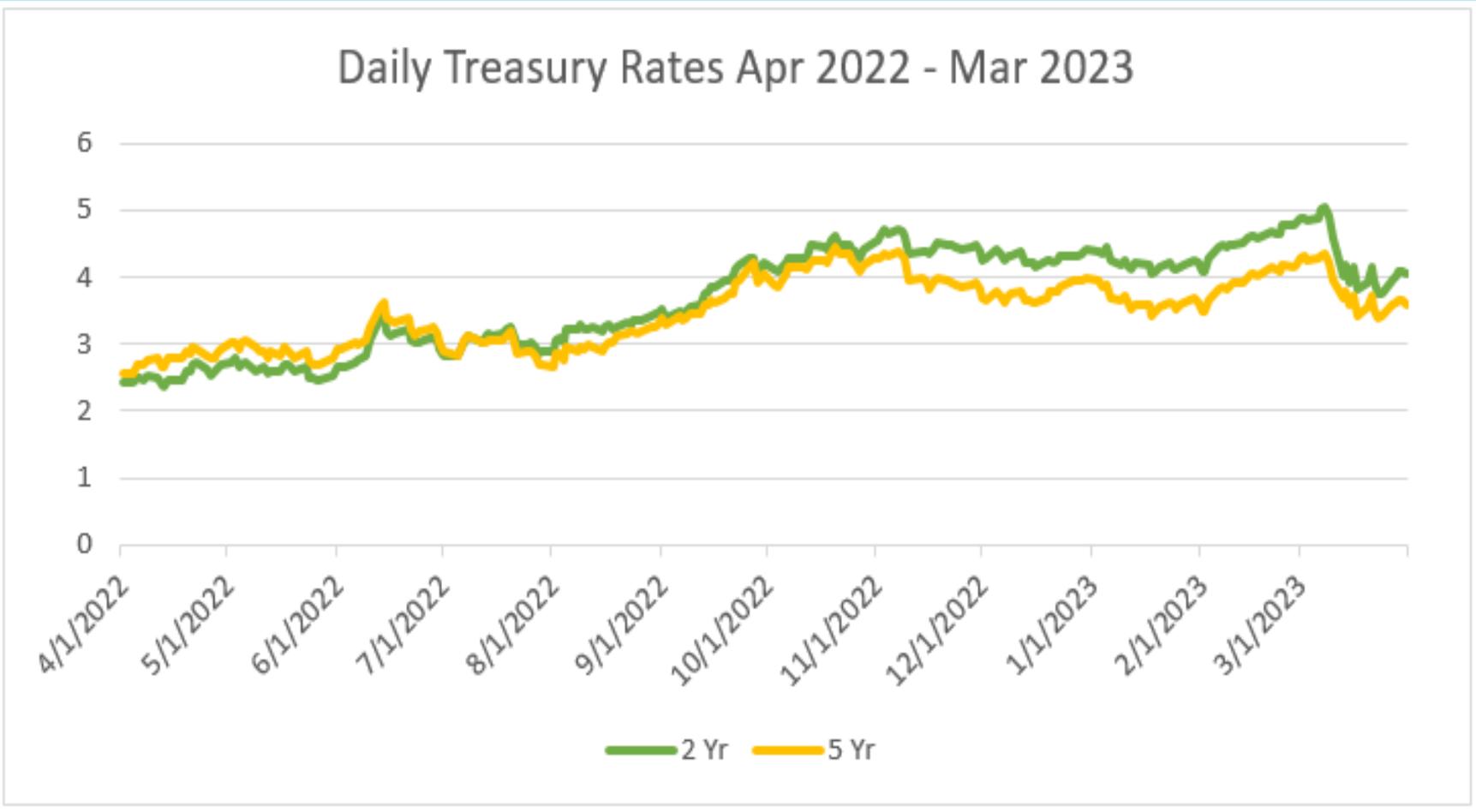
CITY OF HUNTINGTON BEACH
QUARTERLY INVESTMENT REPORT
CITY TREASURER, ALISA BACKSTROM, MBA, CCMT, CPFIM
QUARTER ENDED: MARCH 31, 2023

ECONOMIC UPDATE

- **Federal Reserve raised rates 475 basis points in 12 months as of March 2023**
- **Slow process of bringing inflation down to 2% target:**
 - **Core services inflation remains elevated**
 - **Very tight labor market – March Unemployment: 3.5%**
- **Inverted yield curve – signaled recession in past**

INTEREST RATES – US TREASURY YIELD CURVE

APRIL 1, 2022 – MARCH 31, 2023:



2-year US Treasury
4.06%
at 3/31

5-year US Treasury
3.60%
at 3/31

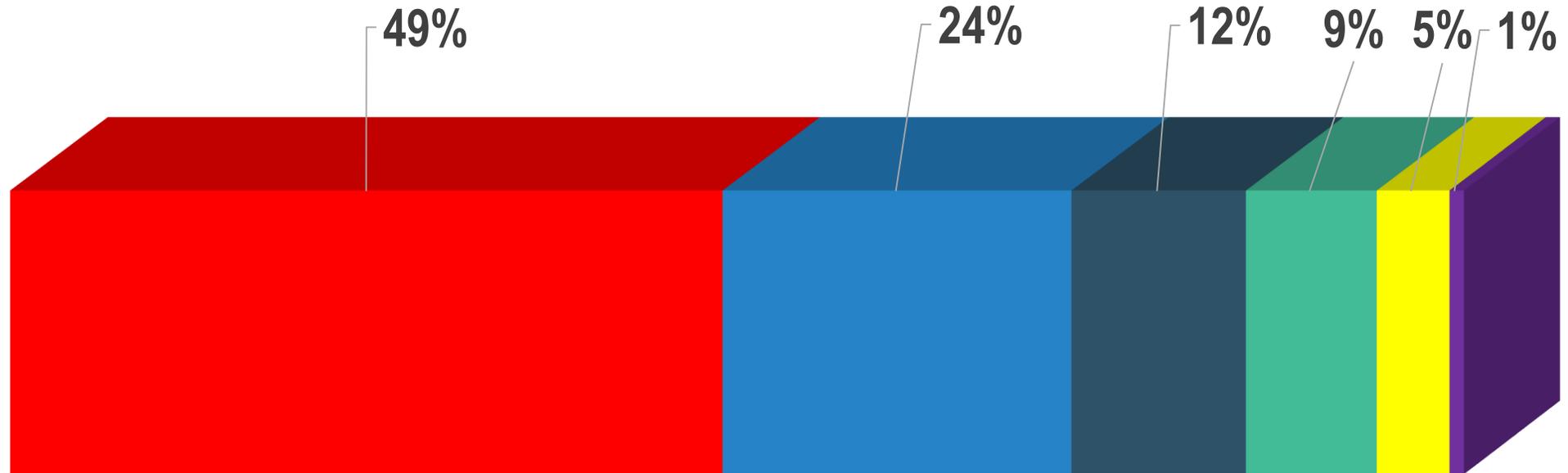
INVESTMENT PORTFOLIO – SUMMARY

QUARTER END 03/31/23:

Investment Type \$ in 000's	Market Value	Book Value
Local Govt Investment Pools (LGIP)	\$ 17.3	\$ 17.3
Commercial Paper	\$ 4.9	\$ 4.9
U.S. Treasuries	\$ 79.5	\$ 82.7
Supranationals	\$ 27.5	\$ 29.0
U.S. Agencies	\$ 159.2	\$ 166.8
Corporate Bonds	\$ 38.5	\$ 39.4
TOTAL	\$ 326.9	\$ 340.1

INVESTMENT PORTFOLIO – INVESTMENTS BY TYPE

QUARTER END 03/31/23:



■ U.S. Agencies

■ U.S. Treasuries

■ Corporate Bonds

■ Supranationals

■ LGIPs (CAMP)

■ Commercial Paper

INVESTMENT PORTFOLIO – SELECTED ACTIVITY

QUARTER END 03/31/23:

MATURITIES

- Liquidity funds moved from LAIF to CAMP
- \$5MM Corporate Bond (Apple) matured
- \$3MM U.S. Treasury matured

PURCHASES

- Four U.S. Agencies purchased for a total of \$20MM
- \$5MM Corporate Bond (Pfizer Inc.)

INVESTMENT PORTFOLIO – EARNINGS:

Current Year - Month

- ☐ March 2023: \$574,351
- ☐ Up 77% from prior year

Current Fiscal Year-to-date

- ☐ Through 03/31/23: \$3,875,960
- ☐ Up 56% from prior year

Effective Rate of Return

- ☐ March 2023: 1.99%
- ☐ Fiscal Year-to-date: 1.62%

Benchmark

- ☐ March 2023: 3.63%
- ☐ 12-month moving average 1.5-year Treasury

SELECTED INVESTMENT POLICY COMPLIANCE REQUIREMENTS

QUARTER END 3/31/23:

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO/ MAXIMUM PER ISSUER	MINIMUM QUALITY REQUIREMENTS	IN COMPLIANCE
Commercial Paper	270 days	25%/10%	A1, "A" Rating Category	YES
U.S. Treasuries	5 years	None	None	YES
U.S. Agencies	5 years	None	None	YES
Supranationals	5 years	30%	"AA" Rating Category	YES
Corporate Bonds	5 years	30%/10%	"A" Rating Category	YES
CA Asset Management Program (CAMP)	N/A	Up to \$75,000,000	None	YES
Maximum Maturities	No more than 50% of portfolio maturing over 4 years.			YES

(Requirements are at purchase)

SUMMARY:

- **Safety – No principal losses**
- **Liquidity – Sufficient funds for operations**
- **Market rate of return – 1.99% March, 1.62% Fiscal Year-to-date (upward trend)**
- **Prudently managed – No compliance issues**
- **Positive contributor to City – Earnings of \$3.88 million fiscal year-to-date to be utilized for operating and other expenses**