

City of Huntington Beach Quarterly Investment Report

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Quarter Ending: September 2019
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City Treasurer

Economic and Market Overview – September 2019

- ❖ Slight uptick in inflation however, PCE remained under 2%
- ❖ Unemployment decreased slightly to 3.5%
- ❖ Federal Reserve cut interest rates: Fed Funds 1.75%-2.00%
- ❖ Market volatility: trade issues, global slowing, domestic political discourse

As of:	10-Yr. Treasury	S&P 500	DJIA
9/30/2019	1.68%	\$2,976.74	\$26,916.83
<i>Change from prior Quarter</i>	<i>-16%</i>	<i>+1.19%</i>	<i>+1.19%</i>

Bond Basics

Bond Characteristics

- Loan to issuer from investor
- Pays interest-typically semi-annual
- Investor receives principal back at maturity
- Some are callable

Bond Ratings

- Rated by Rating Agencies: S&P, Moody's, Fitch
- Company's ability to repay
- Ratings BBB/Baa or above = Investment Grade = Unlikely to default

Definitions

- Face/Par Value = \$ bond holder receives at maturity
- Coupon = Annual rate of interest
- Yield = Measure of return
 - YTM
 - YTC

Portfolio Summary

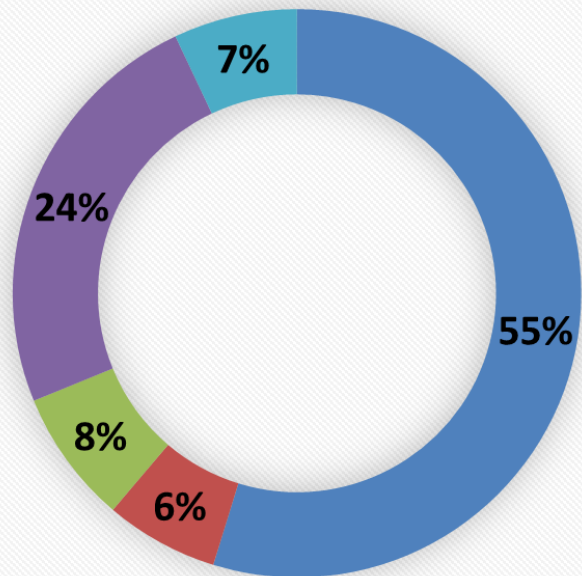
As of 9/30/19

Investment Type / Market Value:

- Federal Agencies - \$116.9MM
- Corporate Bonds - \$52.1MM
- Treasury Securities - \$15.0MM
- LAIF - \$13.7MM
- MTN (IADB) - \$16.4MM

TOTAL PORTFOLIO: \$214.1MM

Investments by Type – As of September 30, 2019



- Federal Agency Issues
- Local Agency Investment Fund (LAIF)
- Medium Term Notes - IADB
- Corporate Bonds
- Treasury Securities

Monthly Activity

September 2019

Investment Type \$ in 000's	Purchases/ Deposits	Calls/Maturities/ Withdrawals
Federal Agency Issues		\$ 8,000
Local Agency Investment Fund (LAIF) *	\$ 5,000	
Medium Term Notes - IADB		
Corporate Bonds		\$ 3,000
Commercial Paper		
Treasury Securities		
TOTAL	\$ 5,000	\$ 11,000
*Includes Interest Income		

Quarterly Activity

July - September 2019

Investment Type \$ in 000's	Purchases/ Deposits	Calls/Maturities/ Withdrawals
Federal Agency Issues	\$ 5,000	\$ 16,000
Local Agency Investment Fund (LAIF) *	\$ 5,223	\$ 45,000
Medium Term Notes - IADB		
Corporate Bonds		\$ 3,000
Commercial Paper		
Treasury Securities		
TOTAL	\$ 10,223	\$ 64,000
*Includes Interest Income		

Portfolio Earnings

Current Year - Month

❑ September 2019: \$396,532 52% ↑
❑ vs. previous year: \$260,871

Fiscal Year-to-Date

❑ Through 9/30/19: \$1,266,304 42% ↑
❑ vs. previous year: \$893,752

Effective Rate of Return

❑ September 2019: 2.25%
❑ Fiscal Year: 2.20%

Benchmark

❑ 2.28%
❑ 12-month avg. 1.5-year Treasury (interpolated)

Selected Investment Policy Compliance Requirements

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	YES
State Obligations-- CA And Others	5 years	None/10%	"A" Rating	YES
U.S. Treasury Obligations	5 years	None	None	YES
U.S. Government Agency Obligations	5 years	None	None	YES
IBRD, IFC, IADB	5 years	10%	"AA" Rating	YES
Corporate Notes	5 years	30%/10%	"A" Rating	YES
Local Agency Investment Fund (LAIF)	N/A	Up to \$65,000,000	None	YES
Maximim Maturities	No more than 50% of portfolio maturing over 4 years.			YES

The portfolio is in compliance with all relevant State regulations and the City's Investment Policy