

City of Huntington Beach Quarterly Investment Report

Quarter Ending: December 2019



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E C O N O M Y

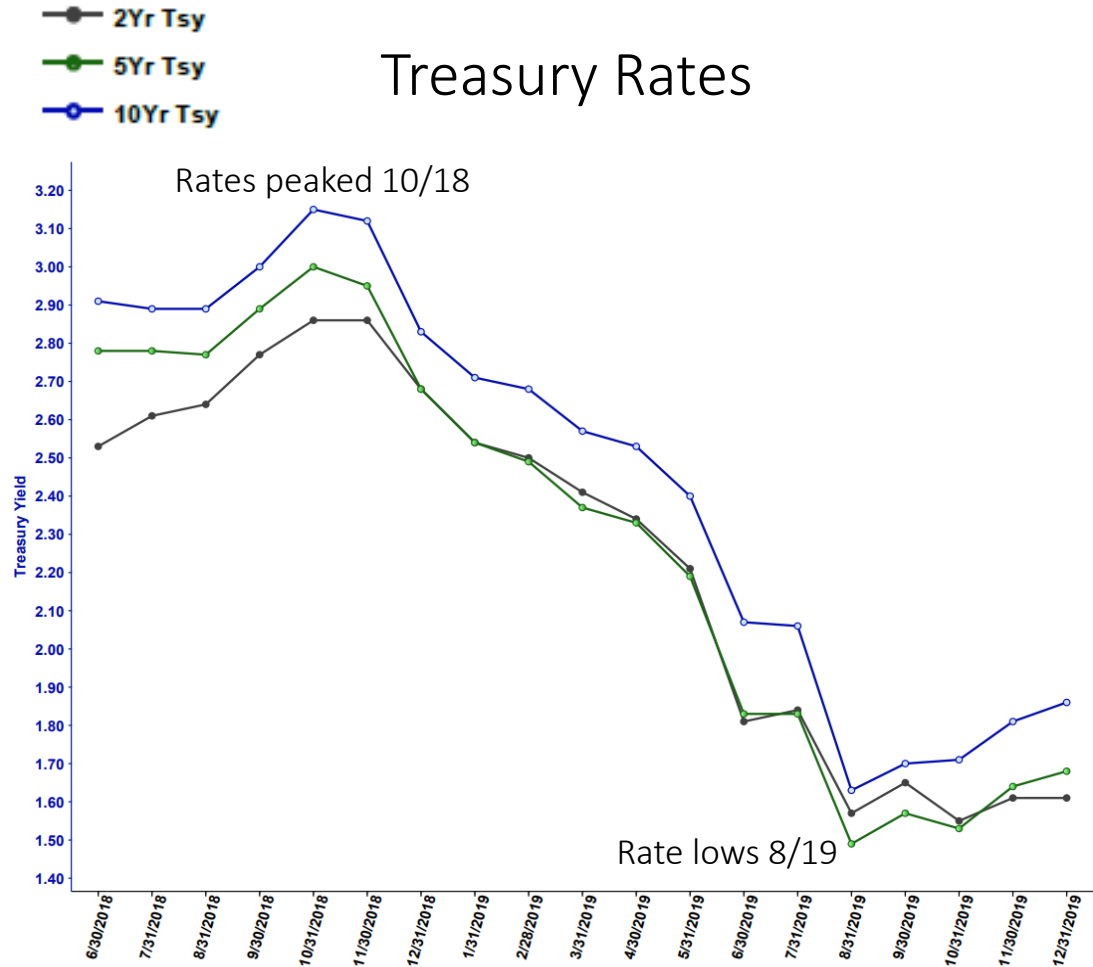
- ❑ Unemployment rate remained at 3.5%
- ❑ Federal Reserve held rates stable at 1.50-1.75% after 3 cuts in 2019
- ❑ Core PCE price index up 1.6% year-on-year basis in November
- ❑ Consumer confidence in fourth quarter of 2019 neared historic high at 122 points

M A R K E T S

- ❑ S&P up 28.9% for 2019, best year since 2013
- ❑ DJIA increased 5.7% for quarter ending December with 22.3% annual gain
- ❑ Treasury yields ended year off lows, but still down for 2019
- ❑ 10-year yield up 14.2 bps in December to 1.92% but down 76 bps for the year - biggest annual drop since 2011

INTEREST

Treasury Rates



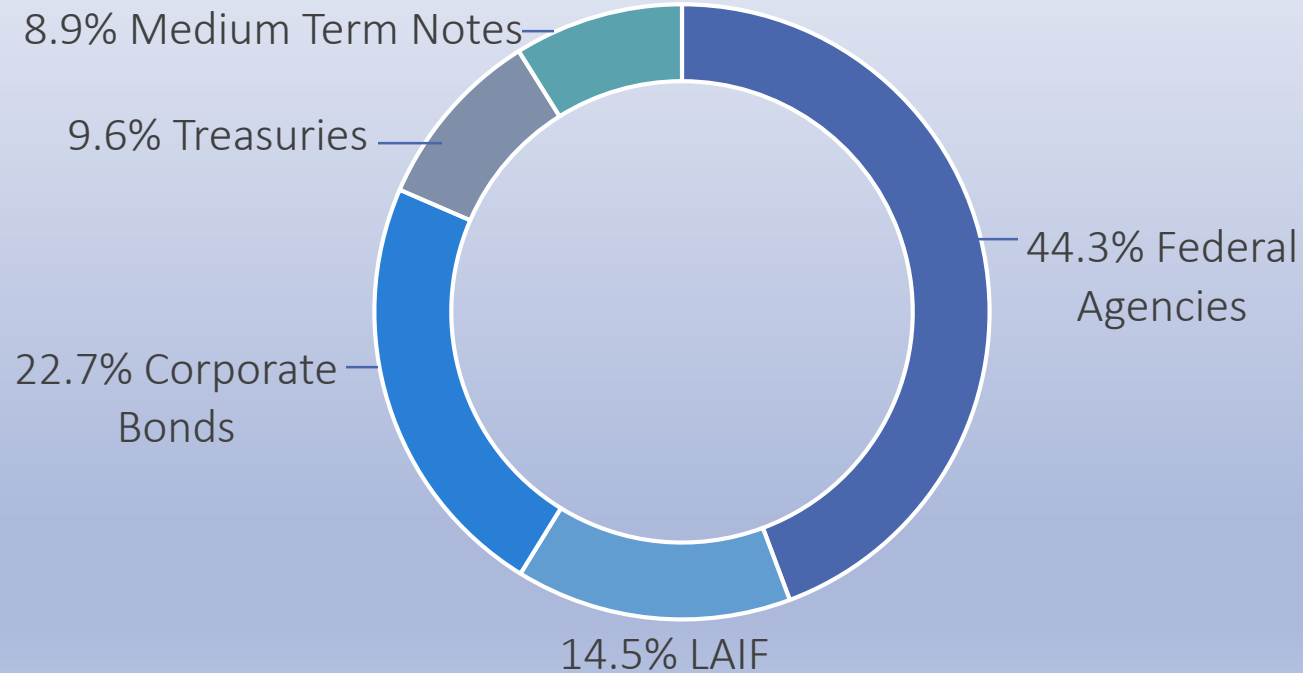
Portfolio Summary

As of 12/31/19

<u>Investment Type</u>	<u>Market Value</u>
Federal Agencies	\$106.9MM
Local Agency Investment Fund (LAIF)	\$34.8MM
Corporate Bonds	\$55.2MM
Treasury Securities	\$22.9MM
Medium Term Notes (IADB/IBRD)	<u>\$21.4MM</u>
TOTAL PORTFOLIO:	\$241.2MM

Investments by Type

As of 12/31/19



Monthly Activity

December 2019

Investment Type	Purchases	Calls/Maturities
• Federal Agencies	\$10MM	\$10MM
• LAIF	\$12MM	\$5MM
• Corporate Bonds	\$2.9MM	
• Treasury Securities	\$8MM	
• Medium Term Notes (IADB/IBRD)	\$5MM	
TOTAL :	\$37.9MM	\$15MM

Quarterly Activity



October - December 2019

Investment Type	Purchases	Calls/Maturities
• Federal Agencies	\$10MM	\$20MM
• LAIF*	\$34.1MM	\$13MM
• Corporate Bonds	\$2.9MM	
• Treasury Securities	\$8MM	
• Medium Term Notes (IADB/IBRD)	\$5MM	
TOTAL :	\$60MM	\$33MM

* Includes interest

Portfolio Earnings

As of 12/31/19

Total Earnings	Month	Fiscal Year-to-date
<ul style="list-style-type: none">• Current Year	\$416,454  15%	\$2,483,706  30%
<ul style="list-style-type: none">• Current Budget	\$300,000	\$1,800,000
<ul style="list-style-type: none">• Last Year Actual	\$362,343	\$1,913,783
Effective Rate of Return	2.17%	2.21%
Benchmark*	2.00%	

* 12-month moving average of interpolated 1.5-year treasury

Selected 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

No issues of non-compliance

S U M M A R Y

- Safety – No principal losses ✓
- Liquidity – Sufficient funds for operating needs ✓
- Anticipated yield return – 2.21% FYTD ✓
- Prudently managed – No compliance issues ✓
- Positive contributor to City – Earnings offset taxpayer funds ✓