

City of Huntington Beach Quarterly Investment Report



Quarter Ending: June 2019

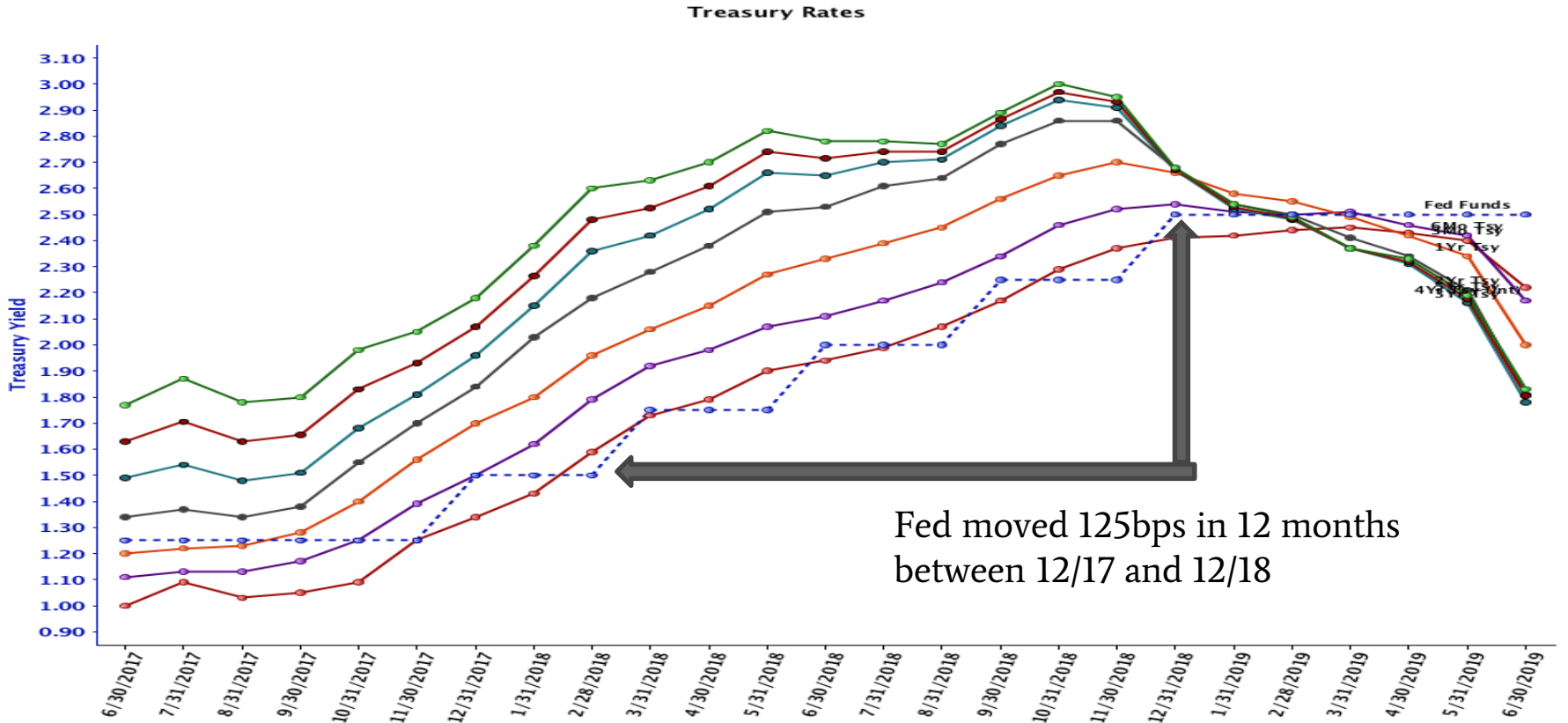
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Economic and Market Overview – At June 28, 2019

- ❖ Continued solid GDP, Mitigated Inflation ($\leq 2\%$), Strong equity markets
- ❖ Slowing growth estimates, Trade issues (instability), Dovish interest rate outlook
- ❖ Unemployment stable at 3.7%
- ❖ Federal Reserve maintained interest rates: Fed Funds 2.25%-2.50%
- ❖ Decreasing U.S. Treasury Rates:

	<u>12/31/18</u>	<u>6/28/19</u>	<u>% Chg</u>
2-Year Treasury:	2.68%	1.81%	↓ 32.5%
10-Year Treasury:	2.83%	2.07%	↓ 26.9%

Interest Rates – U.S. Treasuries + Fed Funds



Portfolio Summary

As of 6/28/19

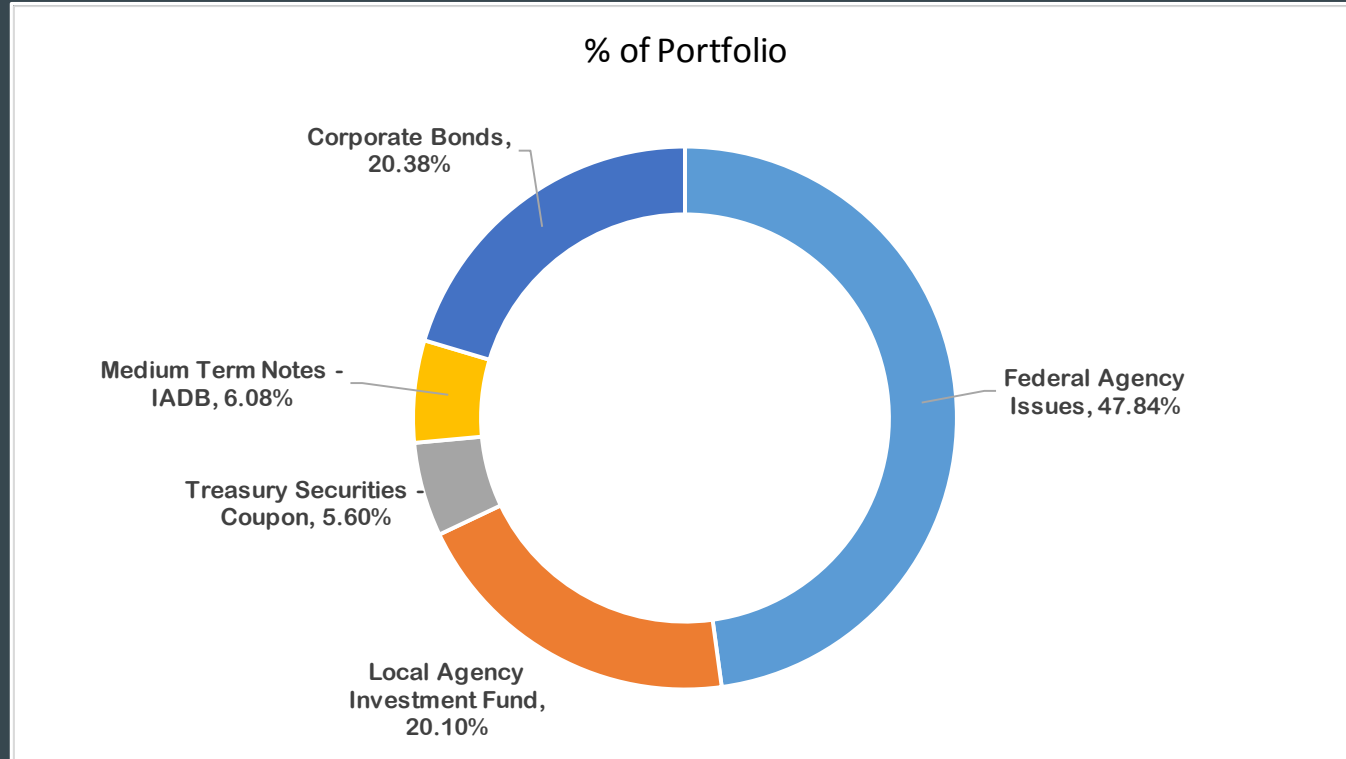
Investment Type / Market Value:

- Federal Agencies - \$127.7MM
- Corporate Bonds - \$54.9MM
- Treasury Securities - \$15.0MM
- LAIF - \$53.5MM
- IADB - \$16.3MM

TOTAL PORTFOLIO: \$267.4MM

Investments by Type

As of June 29, 2019



Monthly Activity:

Purchases/Deposits:

- \$8 million Federal Agencies
- \$14 million LAIF Deposit

Total: \$22 million

Calls/Maturities:

- \$22 million Federal Agencies
- \$3 million Commercial Paper

Total: \$25 million

Quarterly Activity:

Purchases/Deposits:

- \$13 million Federal Agencies
- \$57.2 million LAIF Deposit
- \$10 million Corporate Bonds

Total: \$80.2 million

Calls/Maturities:

- \$32 million Federal Agencies
- \$16 million LAIF withdrawals
- \$3 million Corporate Bonds
- \$3 million Commercial Paper

Total: \$54 million

Portfolio Earnings - As of June 28, 2019

Current Year - Month

❑ June, 2019:	\$452,757	93% ↑
❑ vs. last year:	\$234,383	

Current Fiscal Year 2018/19

❑ Through 6/28/19:	\$4,541,948	45% ↑
❑ vs. last year:	\$3,122,142	

Effective Rate of Return

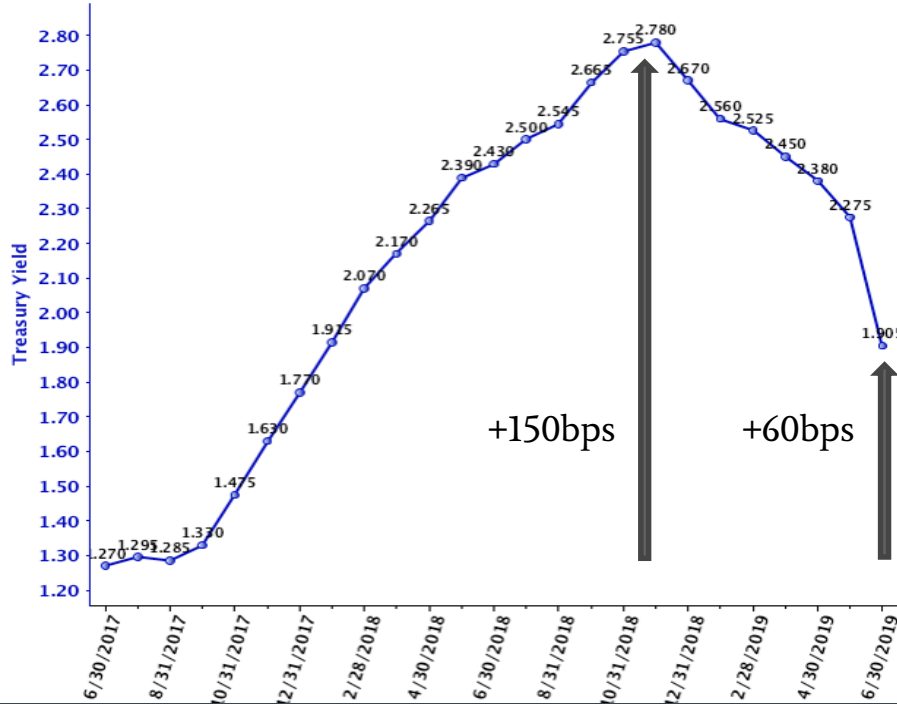
❑ June 2019:	2.21%
❑ Fiscal Year:	2.00%

Notes

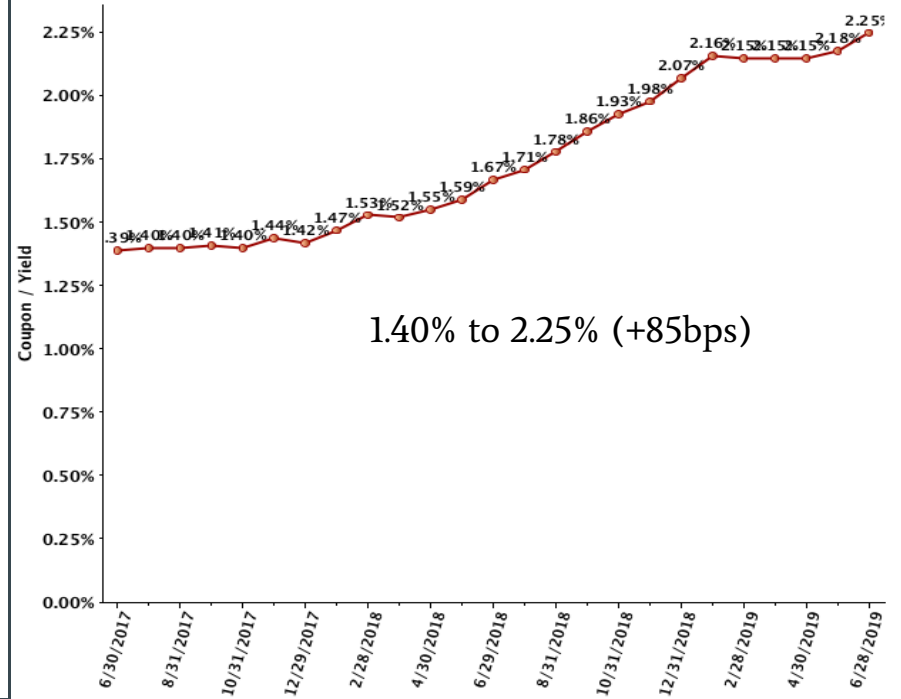
- ❑ Purchase Yield: 2.25%
- ❑ Forward-looking measurement

Interest Rates (volatile) versus Portfolio Yield (smooth)

1.5yr Treasury Rate



Portfolio Yield



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
U.S. Treasury Obligations	5 years	None	None	YES
U.S. Government Agency Obligations	5 years	None	None	YES
IBRD, IFC, IDB	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

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