


# Investment Report City of Fontana


October 31, 2020




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# Summary of Investment Policy

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- Adopted by City Council January 28, 2020
  - Objectives: Safety, Liquidity & Yield
  - Benchmark: Two-Year Treasury Note
  - Target Duration: Two years
  - 10% of Portfolio in short-term investments
  - Requires diversification of maturities
  - Maximum maturity of five years

# Summary of Cash and Investments

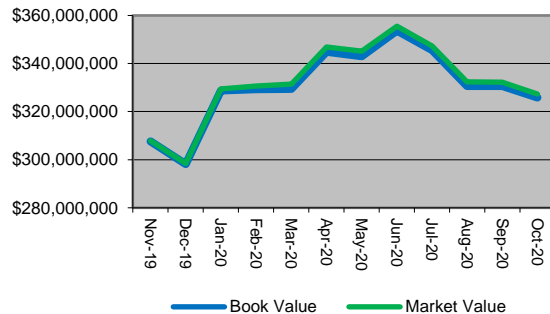
	Pooled Investments	Bond Funds	Other	Total
Money Market Funds	\$ 142,700,568.24	\$ 47,700,382.52	\$	\$ 190,400,950.76
Bankers Acceptances				0.00
Government Agency Issues	66,127,800.00			66,127,800.00
Medium-Term Notes	0.00			0.00
Local Agency Investment Fund (LAIF)	117,281,130.99			117,281,130.99
Investment Agreements		0.00		0.00
Fiscal Agent Cash Accounts		0.00		0.00
Bank of America - General Checking			3,039,748.90	3,039,748.90
Bank of America - Veterans			128,480.08	128,480.08
Deferred Compensation Funds			33,873,550.39	33,873,550.39
Escrow Accounts			2,507.93	2,507.93
Petty Cash/Self Insurance			427,100.00	427,100.00
	<u>\$ 326,109,499.23</u>	<u>\$ 47,700,382.52</u>	<u>\$ 37,471,387.30</u>	<u>\$ 411,281,269.05</u>

This report reflects all cash and investments managed by the Management Services Department and is in conformity with the Investment Policy of the City of Fontana as approved by the City Council on January 22, 2019. The investment program herein shown provides sufficient cash flow liquidity to meet City liabilities for the next six months.

# Portfolio Analysis

## INVESTMENT COMPOSITION:

Original cost of investments held	\$326,109,499.23
Adjusted book value of investments held	\$325,843,253.23
Market value of investments held	\$327,322,899.24
Unrealized gain (loss) - amount	\$1,479,646.01
Unrealized gain (loss) - percentage	0.45%
Weighted average portfolio life (final maturity)	0.34 years
Weighted average portfolio life (call dates)	0.34 years



Money Market Mutual Funds	43.76%
Government Agency Issues	20.28%
Medium Term Notes	0.00%
Local Agency Investment Fund (LAIF)	35.96%
	<u>100.00%</u>



## RETURN ON INVESTMENTS:

(July 1, 2020 to October 31, 2020)	Month-to-Date	Year-to-Date
Total investment earnings	\$196,498.77	\$825,491.29
Total realized gains (losses) on sales/calls	\$0.00	\$7,457.00
Total amortized premium/discount	(\$18,586.00)	(\$74,966.80)
Weighted average portfolio balance	\$324,736,947.70	\$336,406,370.70
Total return on investments annualized	0.65%	0.67%

## COMPARATIVE MARKET RATES:

October 31, 2020

12-Month  
Average

Three-Month Treasury Bills	0.09%
Six-Month Treasury Bills	0.09%
One-Year Treasury Bills	0.11%
Two-Year Treasury Notes	0.13%
Five-Year Treasury Notes	0.19%
LAIF	0.62%

## HISTORICAL RATES OF RETURN:

City of Fontana

Fiscal Year 2011/12	1.85%
Fiscal Year 2012/13	1.07%
Fiscal Year 2013/14	1.01%
Fiscal Year 2014/15	0.97%
Fiscal Year 2015/16	1.08%
Fiscal Year 2016/17	1.15%
Fiscal Year 2017/18	1.48%
Fiscal Year 2018/19	2.05%
Fiscal Year 2019/20	1.65%
Fiscal Year 2020/21	0.67%

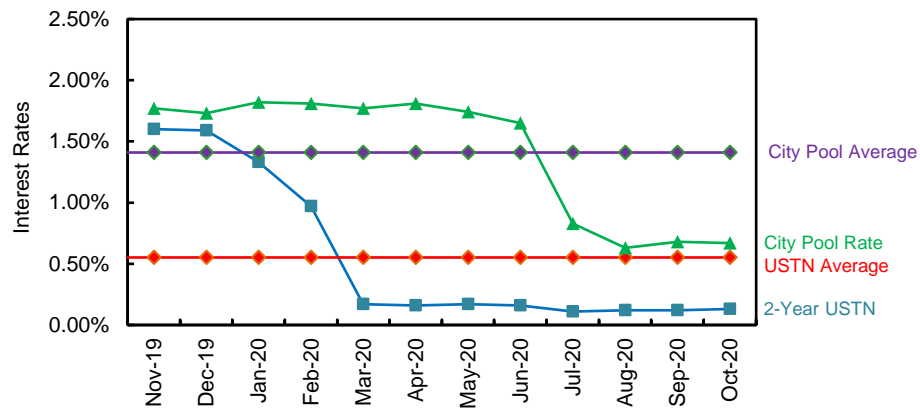
VARIANCE:	0.52%	0.12%
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To evaluate the performance of the City's portfolio, the Statement of Investment Policy has established the two-year treasury note as the benchmark for comparison purposes. It is expected that yields on City investments will regularly meet or exceed the benchmark; however, a variance of .50% (50 basis points) plus or minus is considered reasonable by the Investment Review Committee for evaluation purposes.

The City rate current exceeds the Benchmark rate  
12 basis points.

# Interest Rate Comparison

November 2019 - October 2020



	2-Year USTN	City Pool	Difference
11/30/19	1.60%	1.77%	+17 BPs
12/31/19	1.59%	1.73%	+14 BPs
01/31/20	1.33%	1.82%	+49 BPs
02/29/20	0.97%	1.81%	+84 BPs
03/31/20	0.17%	1.77%	+160 BPs
04/30/20	0.16%	1.81%	+165 BPs
05/31/20	0.17%	1.74%	+157 BPs
06/30/20	0.16%	1.65%	+149 BPs
07/31/20	0.11%	0.83%	+72 BPs
08/31/20	0.12%	0.63%	+51 BPs
09/30/20	0.12%	0.68%	+56 BPs
10/31/20	0.13%	0.67%	+54 BPs
Average	0.55%	1.41%	+86 BPs

# Actual to Model Comparison

## INVESTMENT PROGRAM:

The purpose of the investment program is to provide procedures which:

- 1) Adhere to the Statement of Investment Policy.
- 2) Prioritize safety and liquidity.
- 3) Determine risk and optimize return.
- 4) Provide for a system of due diligence in making investment decisions.

A "Model" investment portfolio has been developed to provide the strategic framework for managing and reporting on the investment portfolio. This model provides a system of due diligence and directs the tactical theme for how and why securities are bought and sold.

Liquidity	Actual	Model	Variance
Cash	79.72%	15.00%	64.72%
0-1 Year	9.25%	5.00%	4.25%
Total	88.97%	20.00%	68.97%

Avg Maturity	Actual	Model	Variance
0-1 Year	88.97%	20.00%	68.97%
1-2 Years	4.57%	20.00%	-15.43%
2-3 Years	0.00%	20.00%	-20.00%
3-4 Years	0.00%	20.00%	-20.00%
4-5 Years	6.46%	20.00%	-13.54%

*(Based on final maturity dates)*

Sector	Actual	Model	Variance
Cash	79.72%	15.00%	64.72%
Treasury/Agency	20.28%	55.00%	-34.72%
Med Term Notes	0.00%	30.00%	-30.00%

Avg Maturity	Actual	Model	Variance
0-1 Year	88.97%	20.00%	68.97%
1-2 Years	4.57%	20.00%	-15.43%
2-3 Years	0.00%	20.00%	-20.00%
3-4 Years	0.00%	20.00%	-20.00%
4-5 Years	6.46%	20.00%	-13.54%

*(Based on call dates if market price is at a premium)*

# Pooled Investments

Face Value	CUSIP #	Security Description	Coupon Rate	Maturity Date	Invest Type	Purchase Date	Cost Basis	Purchase Yield	Estimated Mkt Value	Amort Prem/Disc
117,281,131		Local Agency Investment Fund	Varies		LAIF	Varies	117,281,130.99	Varies	117,281,131	0
142,700,568		BNY - Dreyfus Cash Mgmt Fund	Varies		MM	Varies	142,700,568.24	Varies	142,700,568	0
15,000,000	3135G0H55	Fed Natl Mtg Assn	1.875%	12/28/20	FNMA	01/20/16	15,240,000.00	1.537%	15,042,450	(232,284)
15,000,000	3137EAE19	Fed Home Loan Mtg Corp	2.375%	02/16/21	FHLMC	04/17/18	14,932,500.00	2.540%	15,097,650	60,463
15,000,000	3130AABG2	Fed Home Loan Bank	1.875%	11/29/21	FHLB	01/27/17	14,902,500.00	2.016%	15,276,900	75,760
20,000,000	3130A3GE8	Fed Home Loan Bank	2.750%	12/13/24	FHLB	01/15/20	21,052,800.00	1.629%	21,924,200	(170,185)
Total Pooled Investments							<u>326,109,499.23</u>		<u>327,322,899</u>	<u>(266,246)</u>

Market prices of securities are obtained from BNY Western Trust Company, A Subsidiary of The Bank of New York Company, Inc.

## Types of Investments:

FFC	Federal Farm Credit	INVAGRMT	Investment Agreement
FHLB	Federal Home Loan Bank	LAIF	Local Agency Investment Fund
FHLMC	Fed Home Loan Mortgage Corp	MM	Money Market Mutual Funds
FNMA	Federal National Mortgage Assn	MTN	Medium Term Note



# Bond Investments

Face Value	Security Description	Coupon Rate	Maturity Date	Invest Rating	Invest Type	Purchase Date	Cost Basis	Yield to Maturity	Estimated Mkt Value	Amort Prem/Disc
Held By Fiscal Agent:										
0	Cash	Varies		NR		Varies	0.00	Varies	0	0
4,154,682	First American Treasury MM	Varies		Aaa	MM	Varies	4,154,681.53	Varies	4,154,682	0
42,021,978	US Bank MM	Varies		Aaa	MM	Varies	42,021,977.96	Varies	42,021,978	0
1,523,723	Wells Fargo Treasury Plus MM	Varies		Aaa	MM	Varies	1,523,723.03	Varies	1,523,723	0
Held By Management Services Department:										
0	Cash	Varies		NR		Varies	0.00	Varies	0	0
0	Fidelity Money Market Fund	Varies		Aaa	MM	Varies	0.00	Varies	0	0
Total Bond Investments							<u>47,700,382.52</u>		<u>47,700,383</u>	<u>0</u>

Market prices of securities are obtained from the fiscal agent holding the investment.

Types of Investments:

FFC	Federal Farm Credit	INVAGRMT	Investment Agreement
FHLB	Federal Home Loan Bank	LAIF	Local Agency Investment Fund
FHLMC	Fed Home Loan Mortgage Corp	MM	Money Market Mutual Funds
FNMA	Federal National Mortgage Assn	MTN	Medium Term Note