

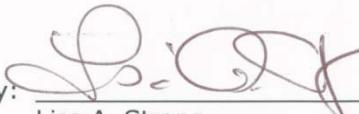
# Investment Report

## City of Fontana

May 31, 2021

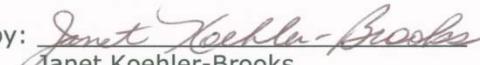


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# Summary of Investment Policy

- Adopted by City Council January 12, 2021

- 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

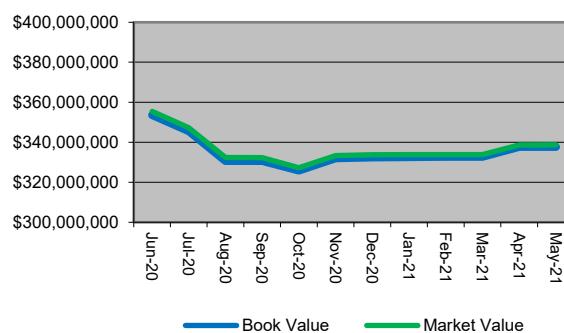
	Pooled Investments	Bond Funds	Other	Total
Money Market Funds	\$ 133,449,363.01	\$ 51,779,810.14	\$ 0.00	\$ 185,229,173.15
Bankers Acceptances				0.00
Government Agency Issues	55,955,300.00			55,955,300.00
Medium-Term Notes	0.00			0.00
Local Agency Investment Fund (LAIF)	148,442,629.49			148,442,629.49
Investment Agreements		0.00		0.00
Fiscal Agent Cash Accounts		0.00		0.00
Bank of America - General Checking			128,671,923.95	128,671,923.95
Bank of America - Veterans			131,530.08	131,530.08
Deferred Compensation Funds			39,632,326.93	39,632,326.93
Escrow Accounts			2,511.39	2,511.39
Petty Cash/Self Insurance			427,100.00	427,100.00
	<u>\$ 337,847,292.50</u>	<u>\$ 51,779,810.14</u>	<u>\$ 168,865,392.35</u>	<u>\$ 558,492,494.99</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 12, 2021. The investment program herein shown provides sufficient cash flow liquidity to meet City liabilities for the next six months.

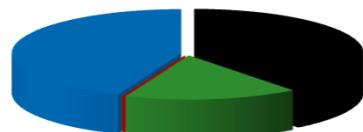
# Portfolio Analysis

## INVESTMENT COMPOSITION:

Original cost of investments held	\$337,847,292.50
Adjusted book value of investments held	\$337,640,154.50
Market value of investments held	\$338,658,192.01
Unrealized gain (loss) - amount	\$1,018,037.51
Unrealized gain (loss) - percentage	0.30%
Weighted average portfolio life (final maturity)	0.54 years
Weighted average portfolio life (call dates)	0.54 years



Money Market Mutual Funds	39.50%
Government Agency Issues	16.56%
Medium Term Notes	0.00%
Local Agency Investment Fund (LAIF)	43.94%



## RETURN ON INVESTMENTS:

(July 1, 2020 to May 31, 2021)	Month-to-Date	Year-to-Date
Total investment earnings	\$167,393.35	\$1,973,969.87
Total realized gains (losses) on sales/calls	\$0.00	\$7,457.00
Total amortized premium/discount	(\$16,481.00)	(\$166,938.83)
Weighted average portfolio balance	\$337,847,292.50	\$333,830,932.60
<b>Total return on investments annualized</b>	<b>0.53%</b>	<b>0.59%</b>

## COMPARATIVE MARKET RATES:

May 31, 2021	12-Month Average
Three-Month Treasury Bills	0.01%
Six-Month Treasury Bills	0.03%
One-Year Treasury Bills	0.05%
<b>Two-Year Treasury Notes</b>	<b>0.14%</b>
Five-Year Treasury Notes	0.79%
LAIF	0.32%

## HISTORICAL RATES OF RETURN:

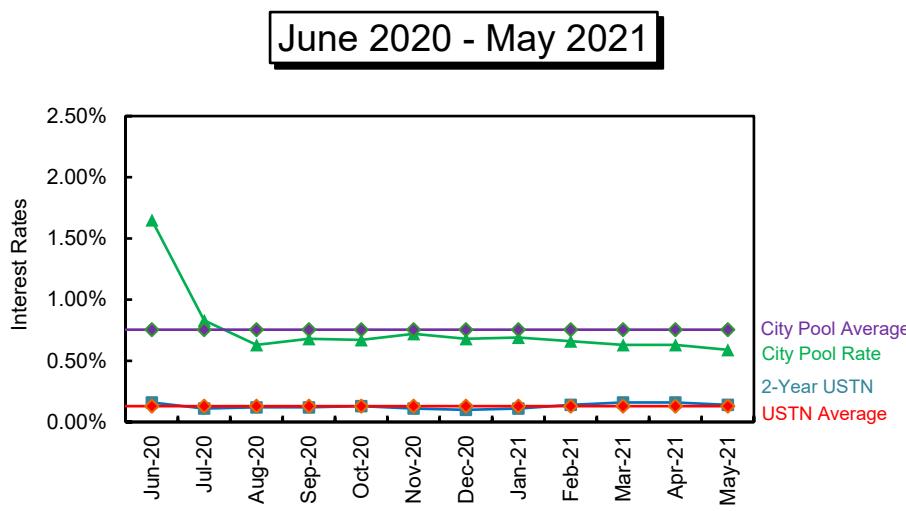
<i>City of Fontana</i>	
Fiscal Year 2011/12	1.85%
Fiscal Year 2012/13	1.07%
Fiscal Year 2013/14	1.01%
Fiscal Year 2014/15	0.97%
Fiscal Year 2015/16	1.08%
Fiscal Year 2016/17	1.15%
Fiscal Year 2017/18	1.48%
Fiscal Year 2018/19	2.05%
Fiscal Year 2019/20	1.65%
Fiscal Year 2020/21	0.59%

<b>VARIANCE:</b>	<b>0.39%</b>	<b>0.46%</b>
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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 46 basis points.

# Interest Rate Comparison



	2-Year USTN	City Pool	Difference
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
11/30/20	0.11%	0.72%	+61 BPs
12/31/20	0.10%	0.68%	+58 BPs
01/31/21	0.11%	0.69%	+58 BPs
02/28/21	0.14%	0.66%	+52 BPs
03/31/21	0.16%	0.63%	+47 BPs
04/30/21	0.16%	0.63%	+47 BPs
05/31/21	0.14%	0.59%	+45 BPs
Average	0.13%	0.76%	+63 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	83.44%	15.00%	68.44%
0-1 Year	4.41%	5.00%	-0.59%
Total	87.85%	20.00%	67.85%

Avg Maturity	Actual	Model	Variance
0-1 Year	87.85%	20.00%	67.85%
1-2 Years	0.00%	20.00%	-20.00%
2-3 Years	0.00%	20.00%	-20.00%
3-4 Years	6.23%	20.00%	-13.77%
4-5 Years	5.92%	20.00%	-14.08%

*(Based on final maturity dates)*

Sector	Actual	Model	Variance
Cash	83.44%	15.00%	68.44%
Treasury/Agency	16.56%	55.00%	-38.44%
Med Term Notes	0.00%	30.00%	-30.00%

Avg Maturity	Actual	Model	Variance
0-1 Year	87.85%	20.00%	67.85%
1-2 Years	0.00%	20.00%	-20.00%
2-3 Years	0.00%	20.00%	-20.00%
3-4 Years	6.23%	20.00%	-13.77%
4-5 Years	5.92%	20.00%	-14.08%

*(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
148,442,629		Local Agency Investment Fund	Varies		LAIF	Varies	148,442,629.49	Varies	148,442,629	0
133,449,363		BNY - Dreyfus Cash Mgmt Fund	Varies		MM	Varies	133,449,363.01	Varies	133,449,363	0
15,000,000	3130AABG2	Fed Home Loan Bank	1.875%	11/29/21	FHLB	01/27/17	14,902,500.00	2.016%	15,136,200	87,458
20,000,000	3130A3GE8	Fed Home Loan Bank	2.750%	12/13/24	FHLB	01/15/20	21,052,800.00	1.629%	21,625,200	(294,596)
20,000,000	3130ALXE9	Fed Home Loan Bank	1.200%	04/29/26	FHLB	04/01/21	20,000,000.00	1.200%	20,004,800	0
Total Pooled Investments							<u>337,847,292.50</u>		<u>338,658,192</u>	<u>(207,138)</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  
 FHLB Federal Home Loan Bank  
 FHLMC Fed Home Loan Mortgage Corp  
 FNMA Federal National Mortgage Assn

INVAGRMT Investment Agreement  
 LAIF Local Agency Investment Fund  
 MM Money Market Mutual Funds  
 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
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Held By Fiscal Agent:

0	Cash	Varies	NR	Varies	0.00	Varies	0	0
5,772,540	First American Treasury MM	Varies	Aaa	MM	5,772,540.05	Varies	5,772,540	0
43,883,166	US Bank MM	Varies	Aaa	MM	43,883,166.20	Varies	43,883,166	0
2,124,104	Wells Fargo Treasury Plus MM	Varies	Aaa	MM	2,124,103.89	Varies	2,124,104	0

Held By Management Services Department:

0	Cash	Varies	NR	Varies	0.00	Varies	0	0
0	Fidelity Money Market Fund	Varies	Aaa	MM	0.00	Varies	0	0

Total Bond Investments

51,779,810.14 51,779,810 0

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