



# **FY 2019 Quarterly Investment Report**

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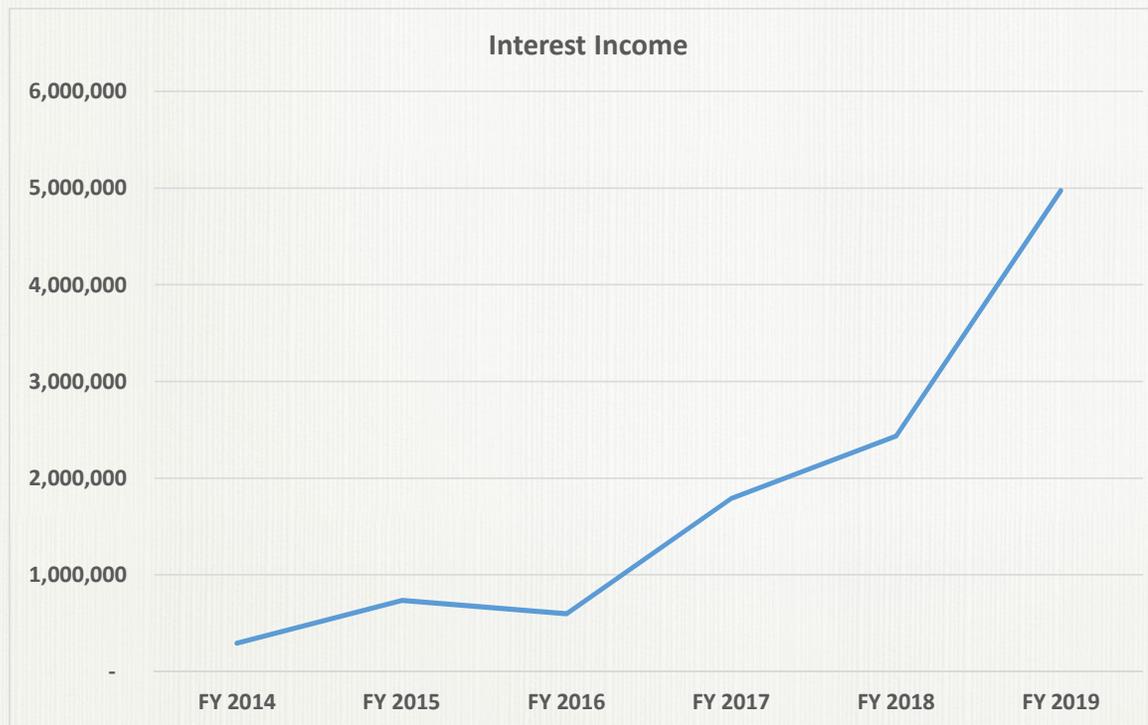
**Year End – Through September 2019**

**Kent Meredith**

Finance Director

December 5, 2019

# Interest Income – FY 2019



**FY 2019 Interest Earnings: \$4,973,029**

- **GF: \$668,532**
- **UF: \$1,036,740**
- **Capital Programs: \$1,876,710**
- **Other: \$1,389,499**

**FY 2018: \$2,433,112**

**FY 2017: \$1,787,499**

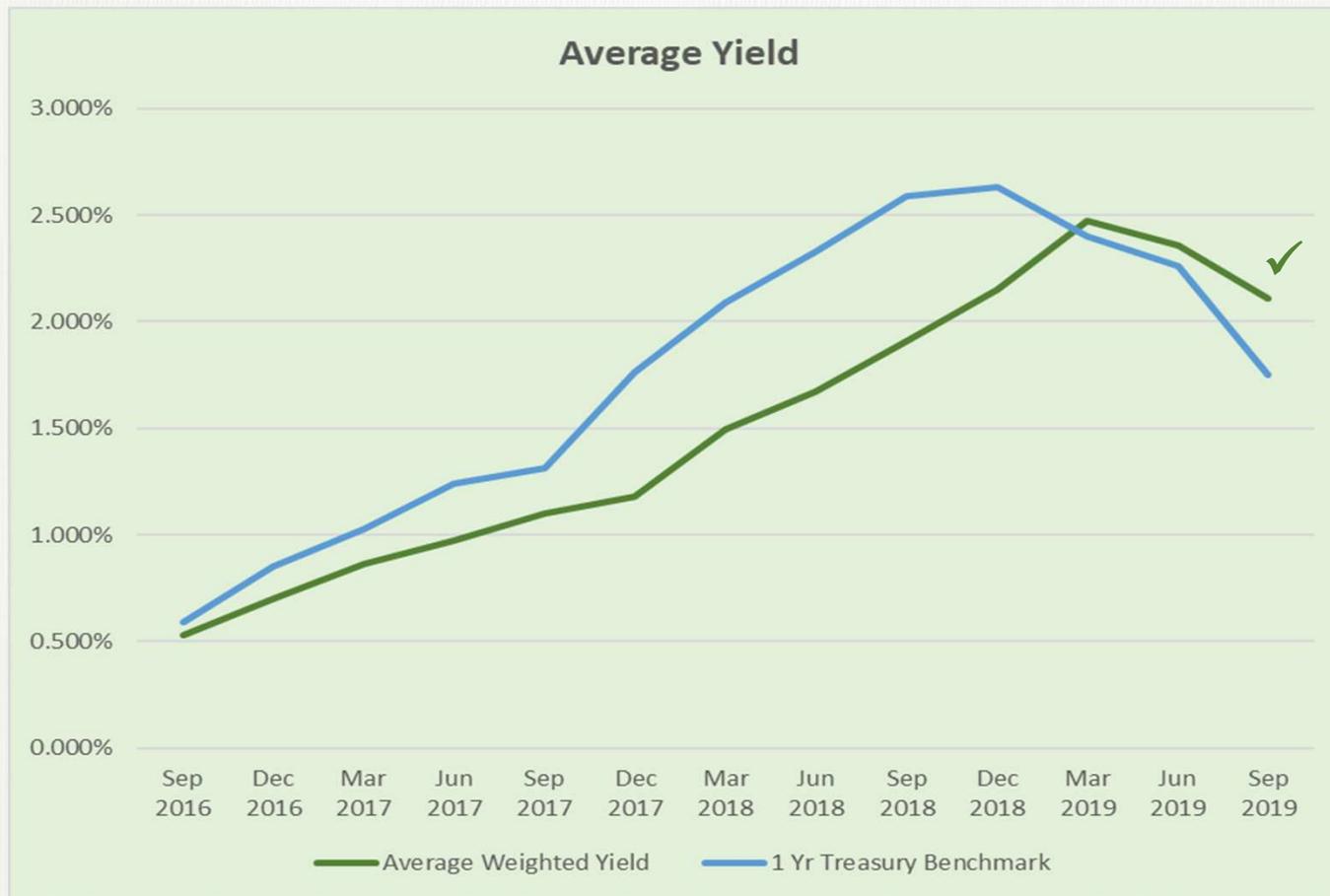
**FY 2014: \$290,753**

# Investment Strategy

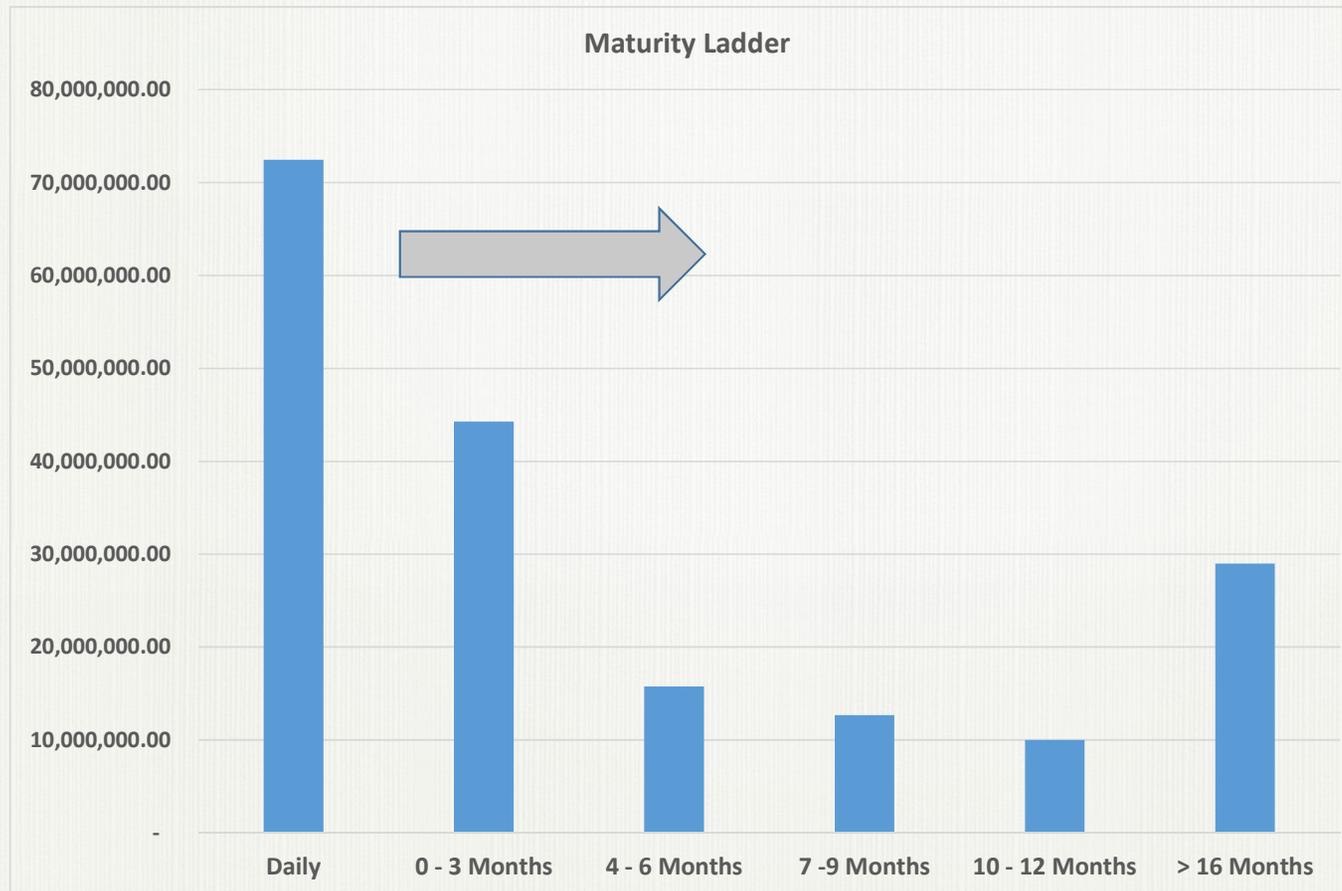
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- Use a ladder approach that matches liabilities and maturities
- Regularly review:
  - Cash flow model (maturities, revenues vs payments)
  - Types of investments
- Monitor changing market conditions
  - Currently short-term rates are higher than long term rates (inverted yield curve)
  - Evaluate stability of the markets
- Today's portfolio is well positioned to take advantage of opportunities

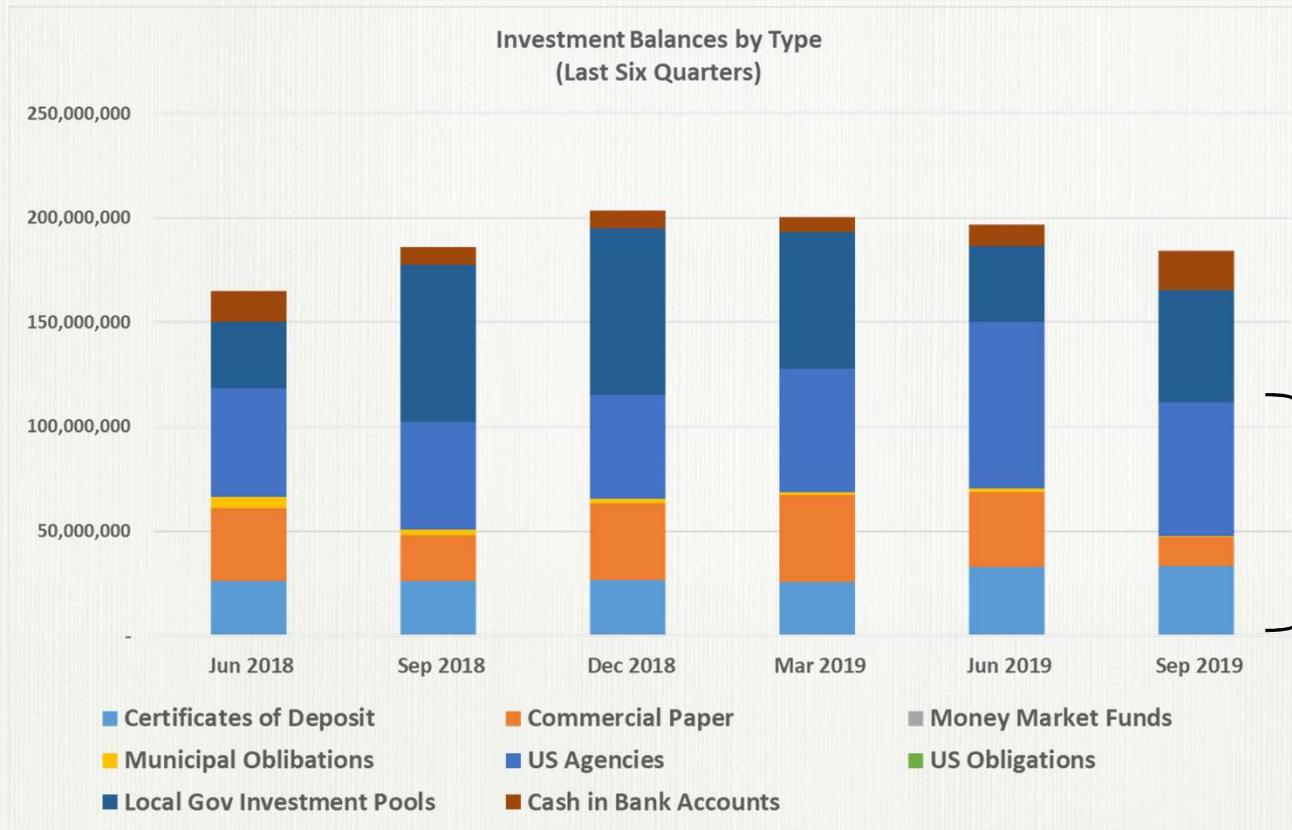
# Portfolio Benchmark



# Maturities Ladder

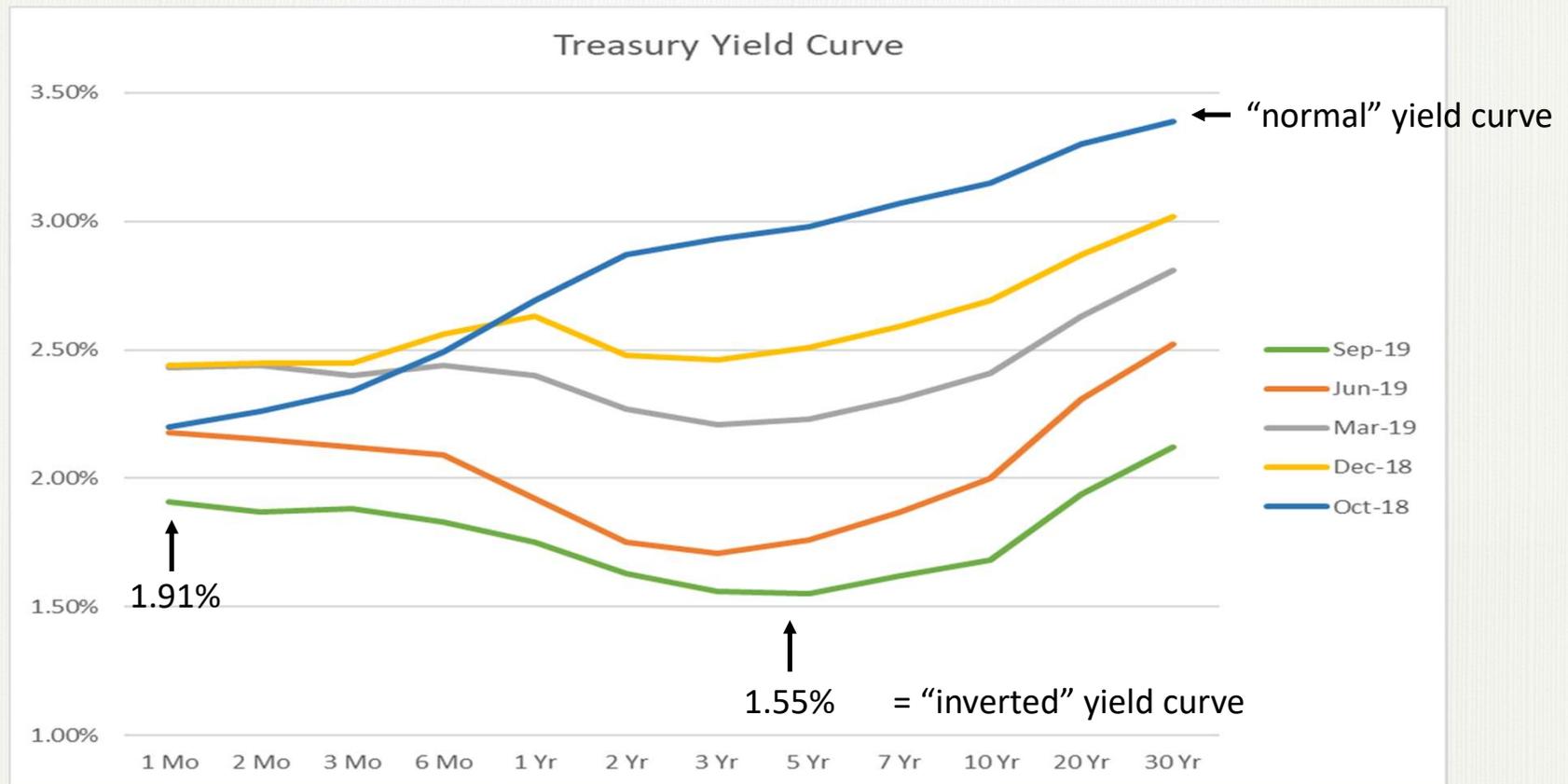


# Investments by Type



End of Quarter  
Portfolio Balance:  
\$184M

# Yield Curve Inversion (US Treasury)



# In Summary

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- Interest earnings are strong despite low Fed interest rates
- Economic conditions leading to an inverted the yield curve
  - US economy healthiest in the world, but slowing
    - Payrolls remain strong, however;
      - Weakness in housing, manufacturing and business investment grows
    - Relations with China creating a barrier to growth
  - Global economy – slow down, affected by trade concerns and international politics
    - China and violence in Hong Kong
- We'll increase the weighted average maturity (WAM) of the portfolio to increase yield and hedge possible reduction in rates
- Maintain portfolio in compliance with Public Funds Investment Act and City's Investment Policy

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- Quarterly investment reports are available on our web site
  - Questions?