



# **FY 2020 Quarterly Investment Report**

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**First Quarter – Through December 2019**

**Kent Meredith**

Finance Director

March 12, 2020

# Overview

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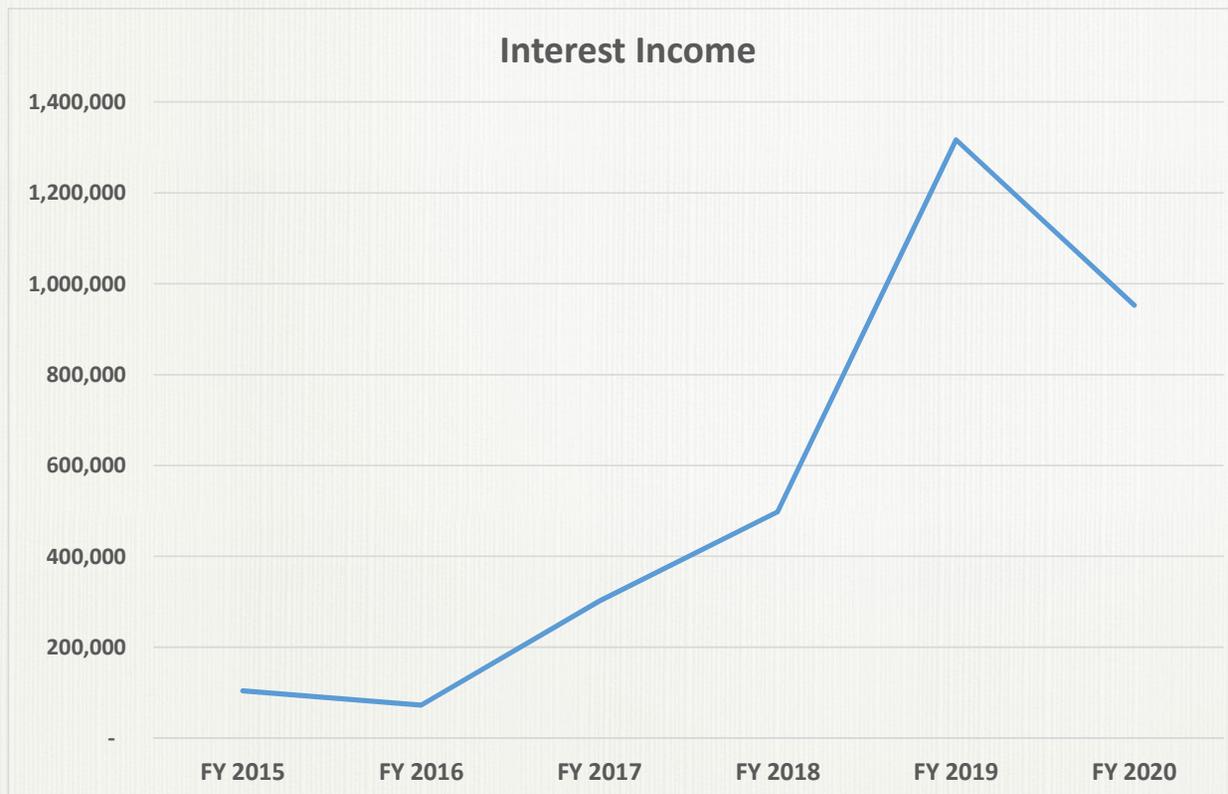
- 2019 was a challenging year – despite global economic news, the US economy remained strong
  - Geo political tensions
  - Three Fed interest rate cuts
  - Increased job opportunities and wages boosted consumer confidence
- 2020 started out even more challenging
  - Election year
  - Coronavirus affecting global economy
  - Consumers pulling back on expenditures
  - Federal Reserve emergency cut to interest rate to slow downturn
  - Job growth and wages remain strong

# Investment Strategy

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- Regularly review:
  - Cash flow model (maturities, revenues vs payments)
  - Types of investments
- Monitor changing market conditions
  - Evaluate stability of the markets
- Today's portfolio is well positioned to take advantage of opportunities

# Interest Income – 1<sup>st</sup> Qtr FY 2020



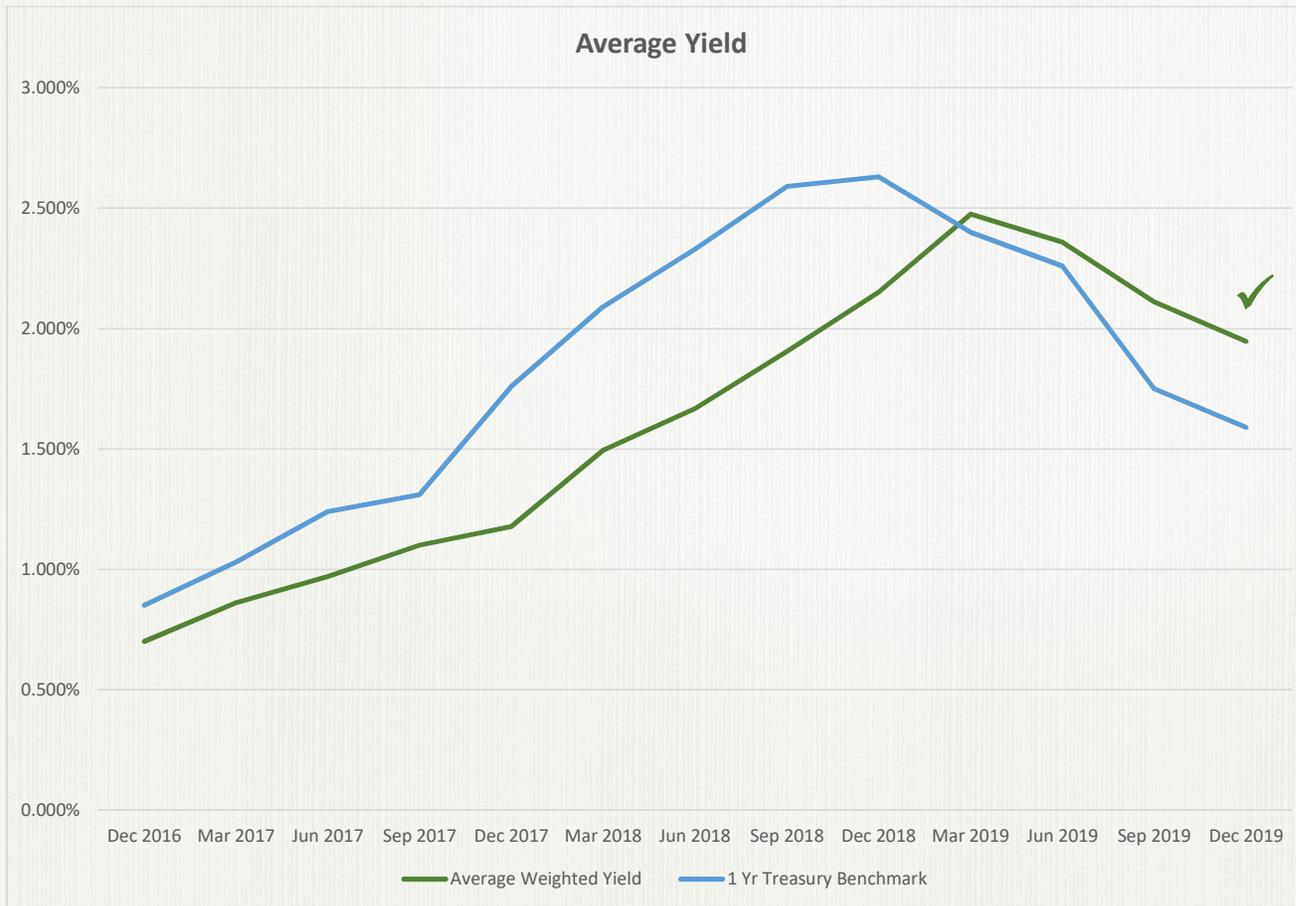
**FY 2020 Interest Earnings: \$952,592**

- **GF: \$112,621**
- **UF: \$192,533**
- **Capital Programs: \$331,244**
- **Other: \$316,193**

**Compared to:**

**FY 2019: \$1,317,063**

# Portfolio Benchmark



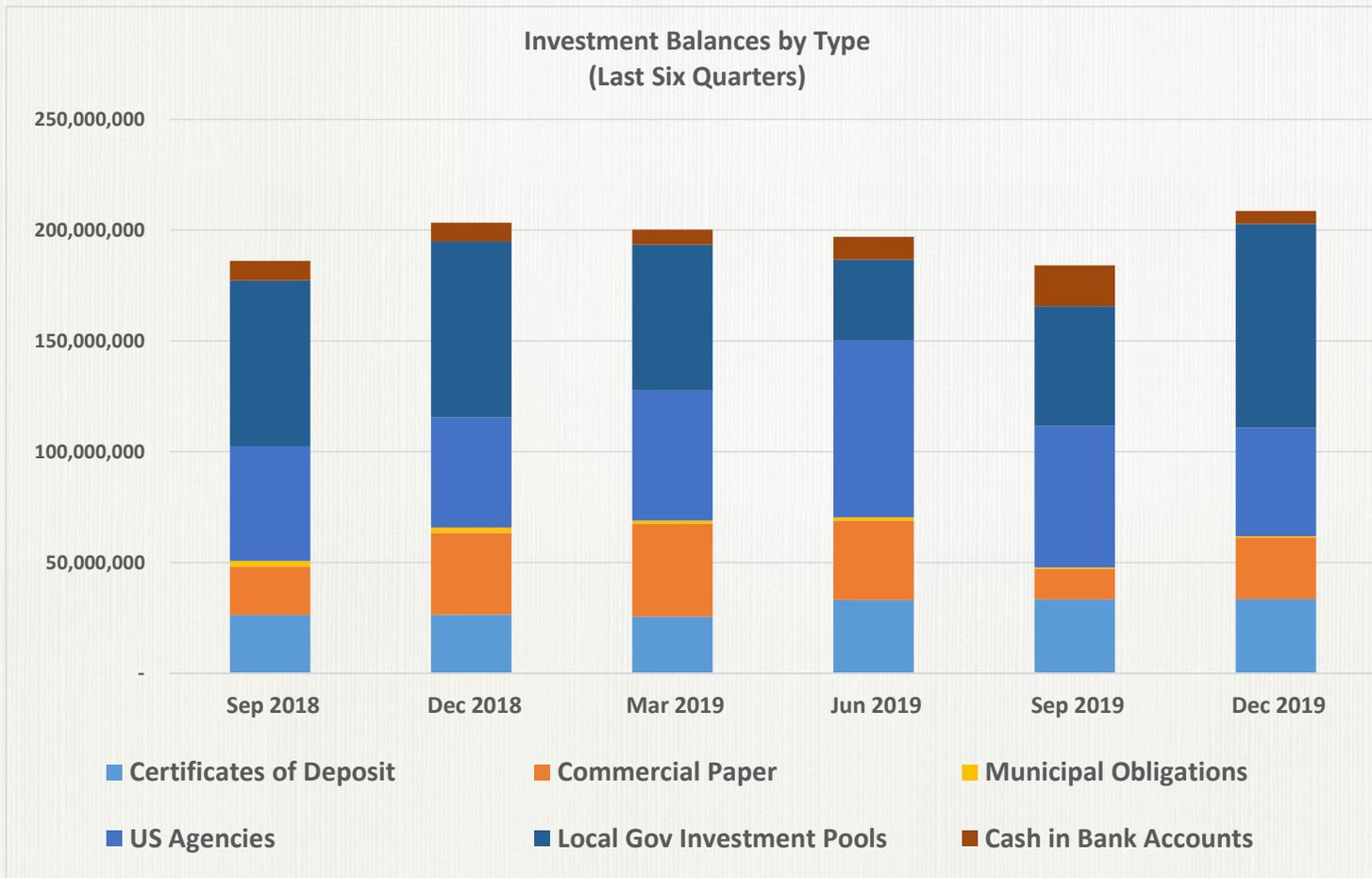
End of December Weighted  
Average Yield 1.947%

1 Yr US Treasury 1.59%

# Maturities Ladder

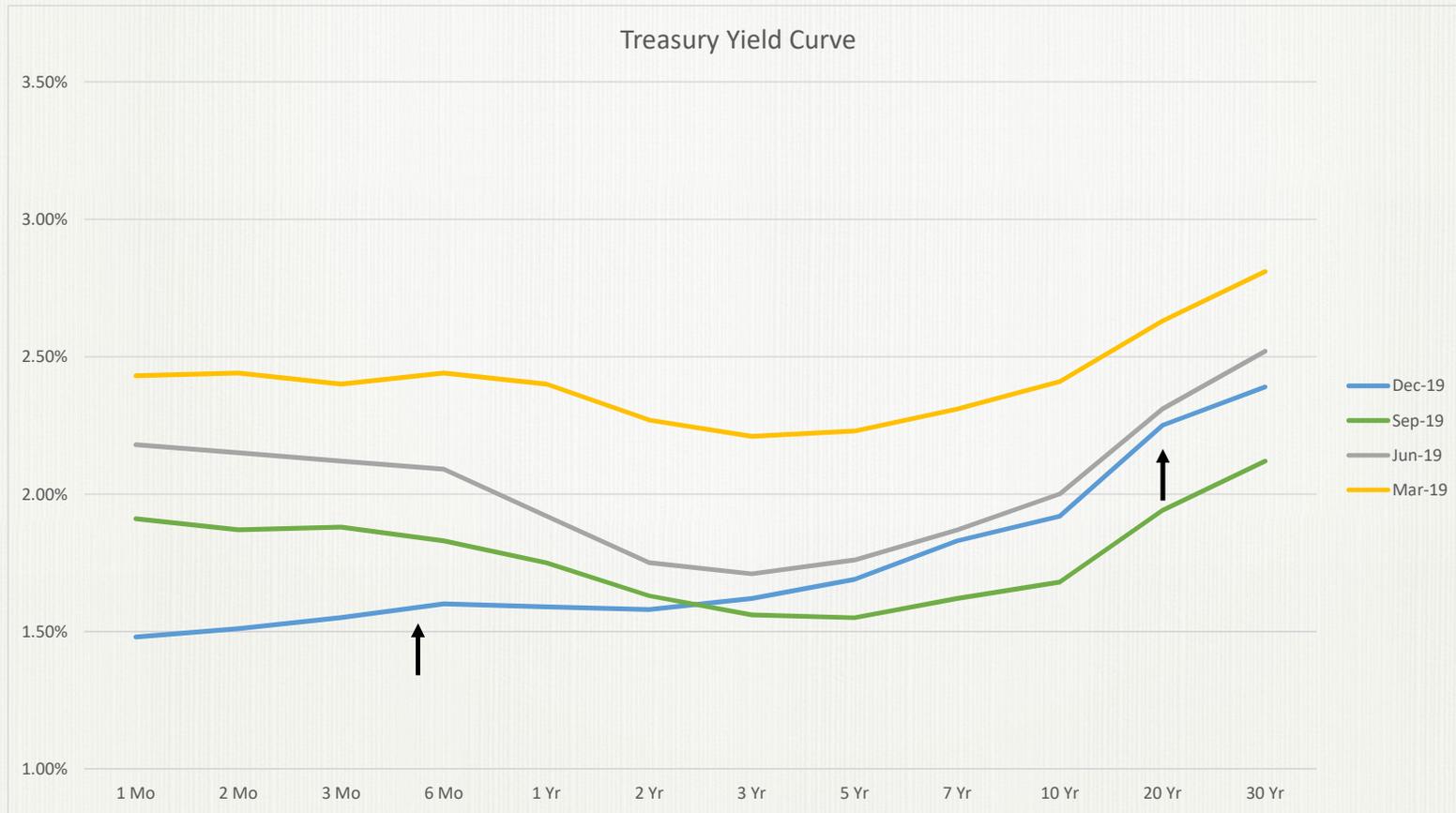


# Investments by Type



End of Quarter  
Portfolio Balance:  
**\$209M**

# Yield Curve (US Treasury)



# In Summary

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- Interest earnings are still strong despite low interest rates
- 2020 is going to be a bumpy year
  - US economy – signs of instability, but
  - US Job market and wages remain strong
  - Global economy – sharp slow down, affected Coronavirus and previous trade concerns and international politics
- We'll increase the weighted average maturity 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?