



Annual Portfolio Review

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October 11th, 2022



Presentation Overview

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Portfolio Review



Investment Policy

Investment of Public Monies is set by Arizona Revised Statute 35-323

- Sets a maximum maturity of 5 years
- Defines Eligible Investments*:

US Treasury Obligations

Federal Agency & Instrumentality
Securities

Corporate Bonds

Prime Commercial Paper

Interest Bearing Savings Accounts

(*Other eligible investments include Repurchase Agreements, Pooled Investment Funds, Time Certificates of Deposit, Arizona Securities, Variable Rate Obligations, and Callable Securities)



Investment Policy

City's investment objectives per investment policy,
presented in order of priority

- Safety
- Liquidity
- Diversification
- Yield



Investment Strategy

– Liquidity Portfolio

- Focused on short term (allows for liquidity)
- Managed to meet cash flow needs

– Core Portfolio

- Focused on longer term (allows for diversity in investments)
- Managed by Public Trust Advisors to a benchmark following the city investment policy and with quarterly strategy updates

Glendale Partnering with Public Trust



Partnering with the City

Working on policy and strategy together since 2015



Expand Your Investment Team

We have served as an extension of your finance team, collaborating with staff



Build Your Portfolio Professionally

We worked with staff to create a Liquidity and Core strategy to better suit your needs



Gain Peace of Mind

We will continue to serve as a fiduciary and partner in prudently managing your funds



Market Update



Macroeconomic Themes



Inflation Keeps Rising

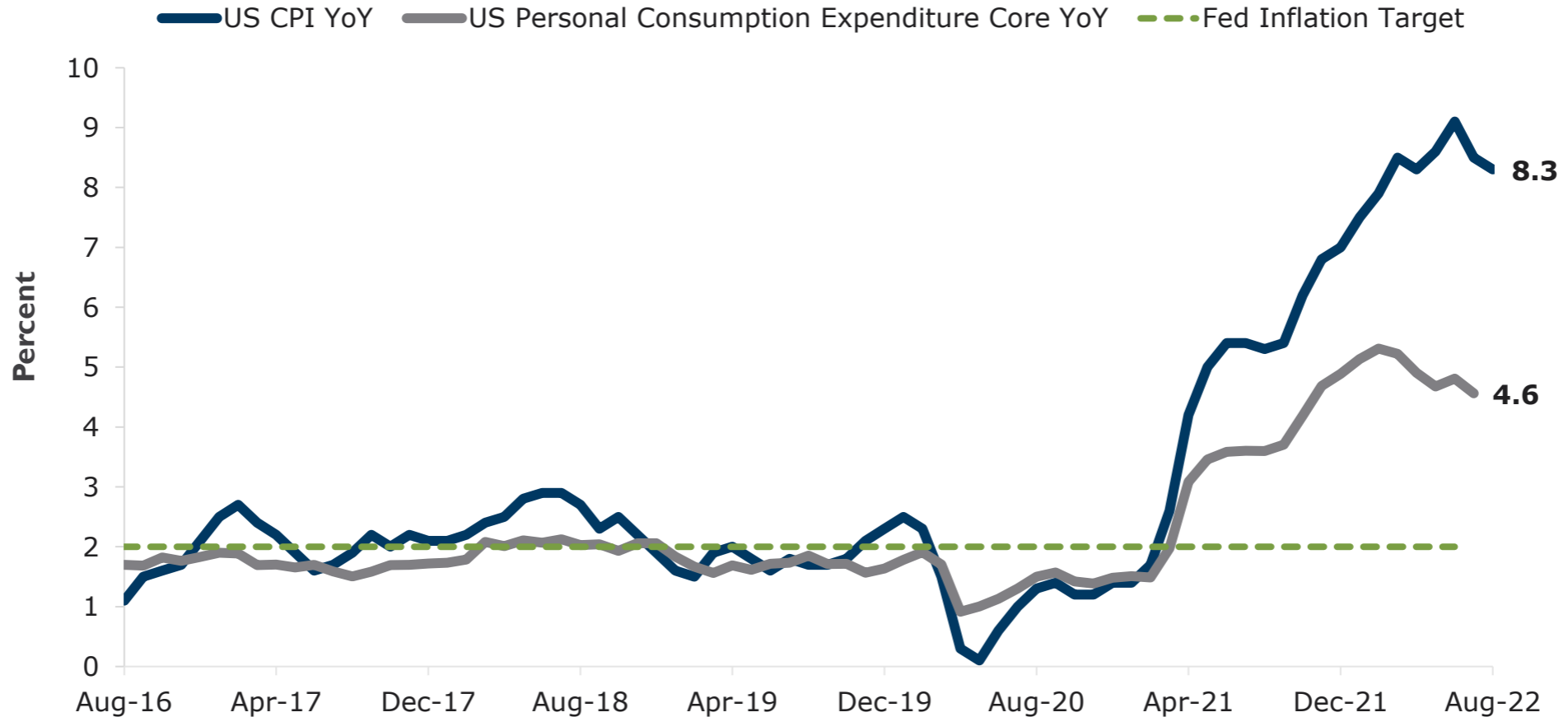


The Fed Goes Big



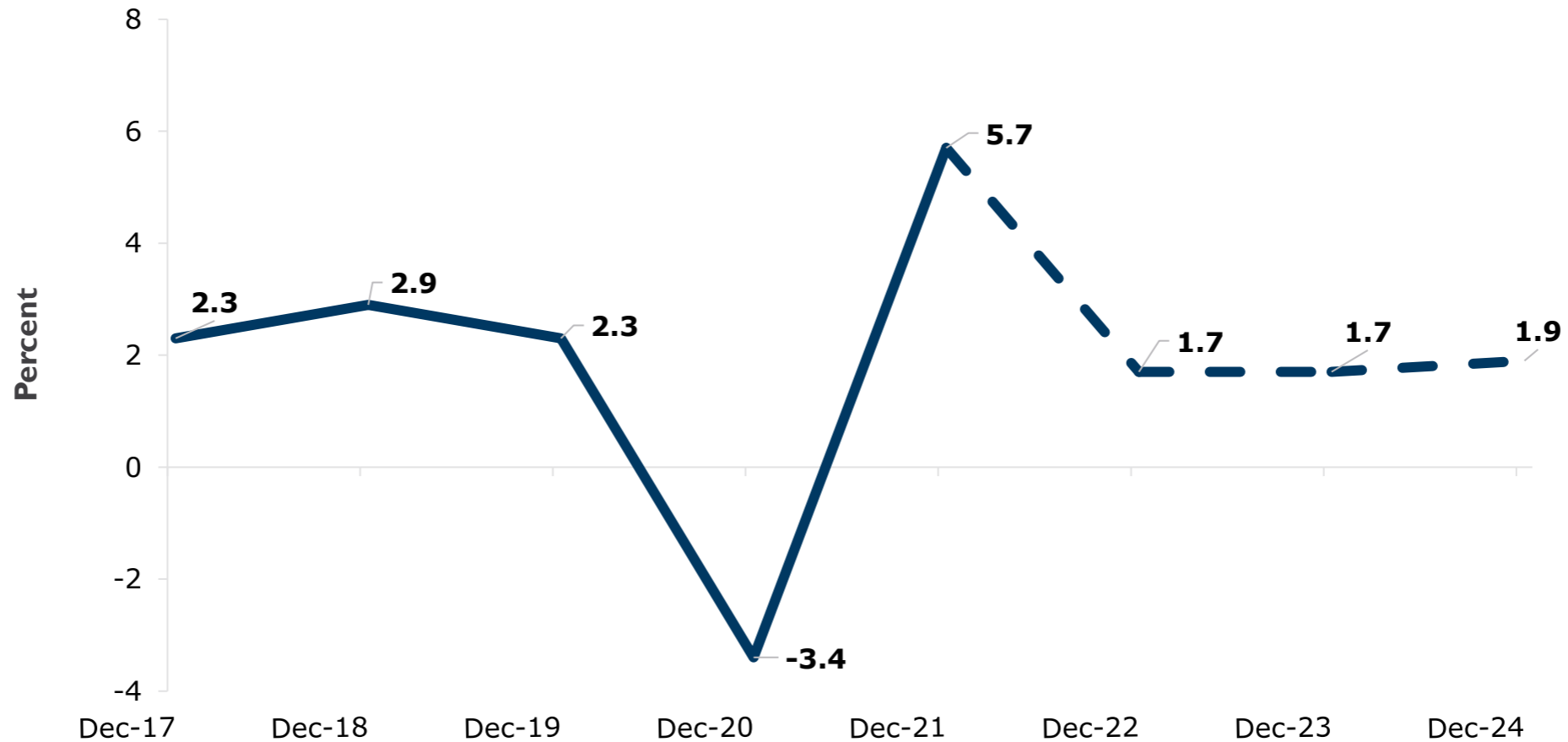
Recession Ahead?

Inflation



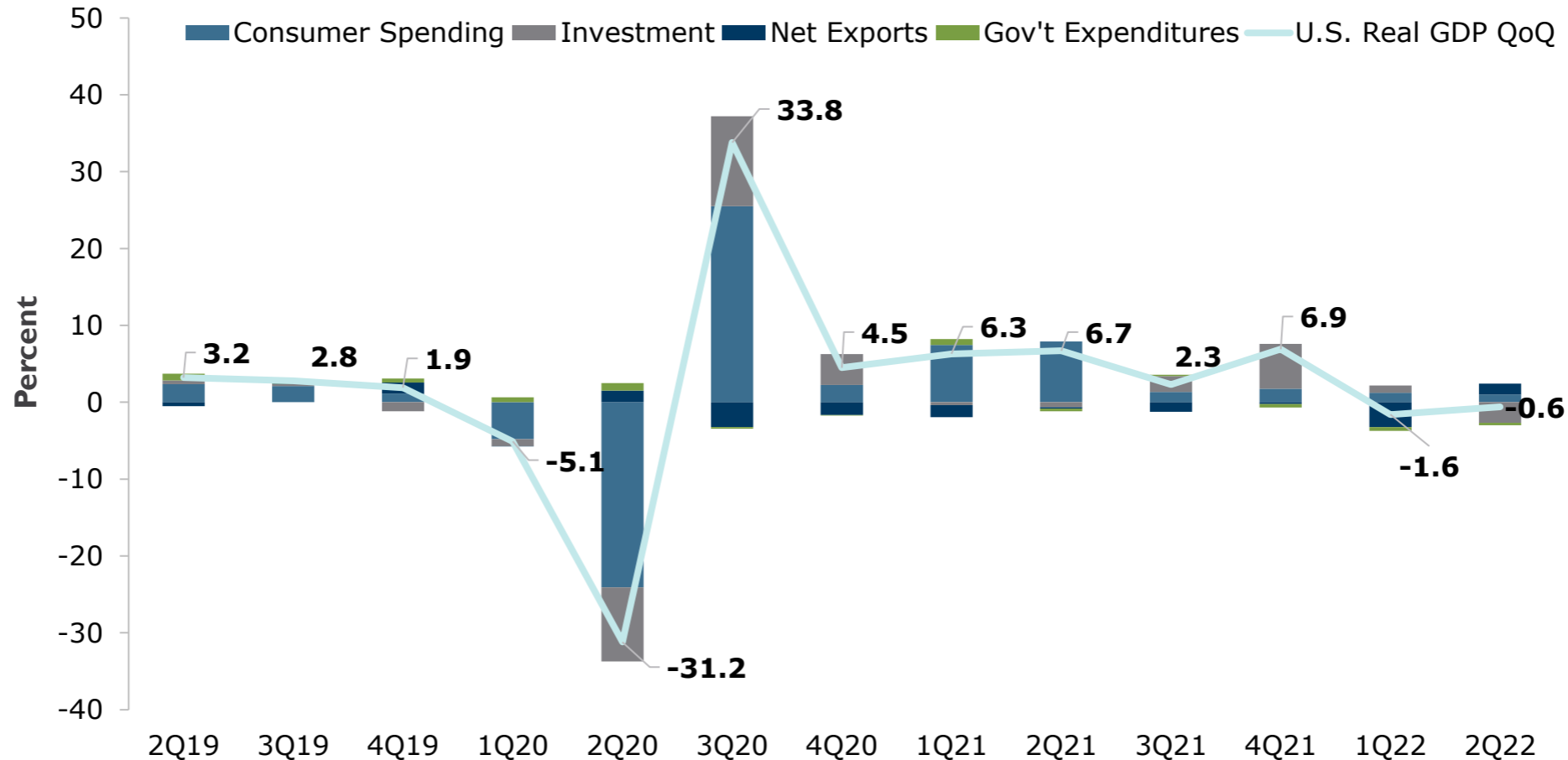
CPI is a measure of prices paid by consumers for a basket of goods/services and only accounts for urban households. PCE, the Fed's preferred measure of inflation, tracks overall price changes for goods and services for all U.S. households and nonprofits. Inflation above the Fed's 2% target is believed to be conducive to tighter monetary policy.

Federal Reserve Economic Forecast (GDP Growth YoY)



Gross Domestic Product (GDP) represents the total market value of all final goods and services produced by the U.S. during a given calendar year. Strong economic growth is conducive to tighter monetary policy.

Contributions to Real Gross Domestic Product (%)



The four major components of GDP are 1) **consumer spending** (personal consumption expenditures); 2) **investment** (private housing and business purchase of nonresidential structures, durable equipment, and computer software); 3) **net exports** (the value of exports minus the value of imports); and 4) **government spending**.

Investments





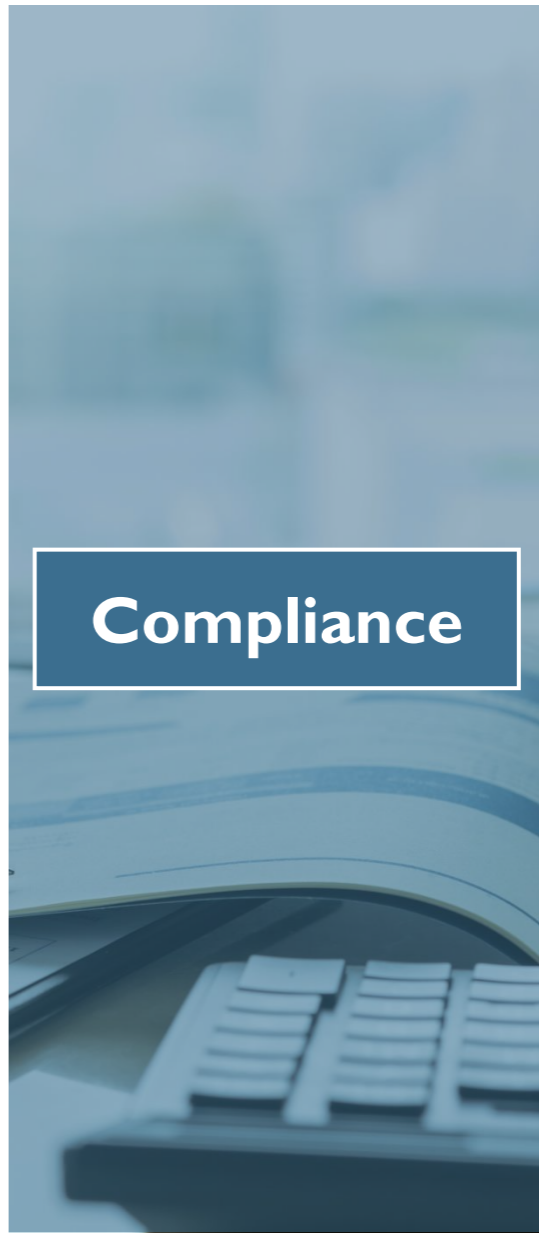
Safety



Liquidity



Yield



Compliance

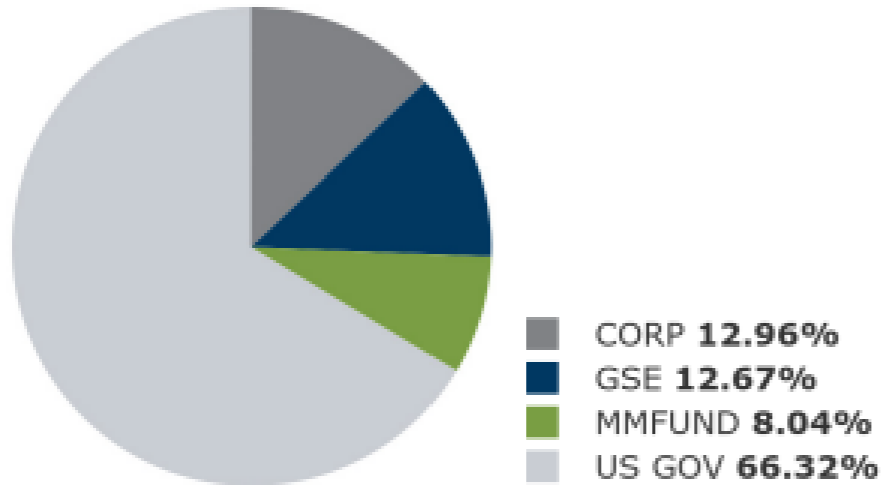


Transparency

Aggregate Assets Under Management (Funds)

June 30, 2022

Asset Allocation

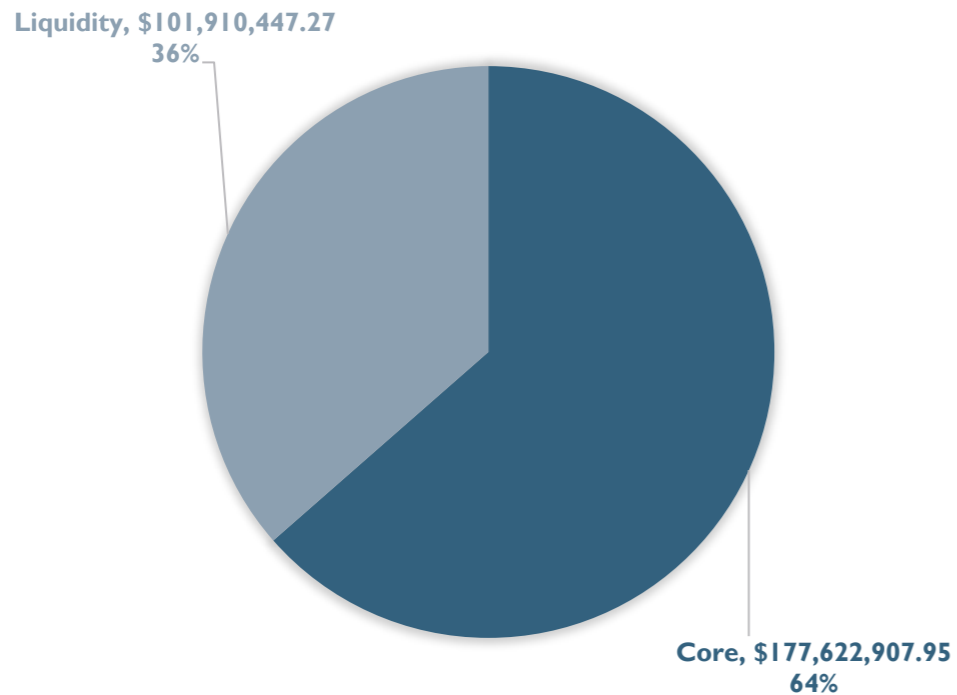


Portfolio Summary

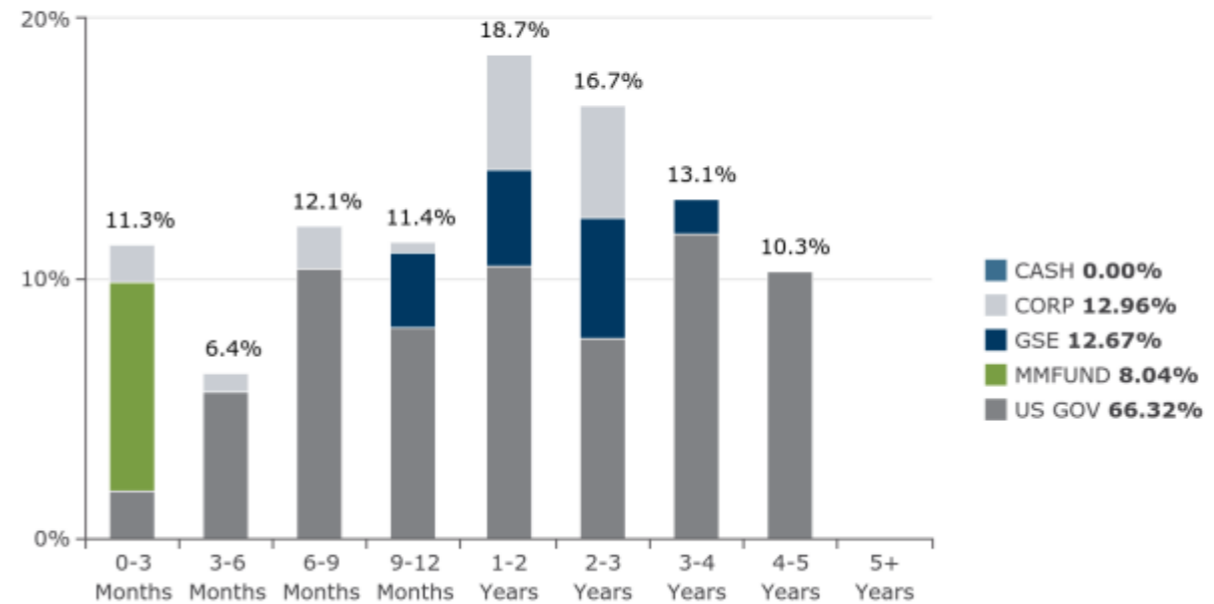
Summary	06/30/21	06/30/22
Historical Cost	\$192,279,568.17	\$288,036,830.94
Book Value	191,617,067.34	287,512,034.21
Accrued Interest	553,999.11	754,950.72
Net Pending Transactions	124.46	3,540.93
Book Value Plus Accrued	\$192,171,190.91	\$288,270,525.87
Net Unrealized Gain/Loss	767,737.33	(8,737,170.65)
Market Value Plus Accrued	\$192,938,928.25	\$279,533,355.22
Net Income		\$1,099,334.95

Aggregate Funds by Portfolio and Maturity

June 30, 2022

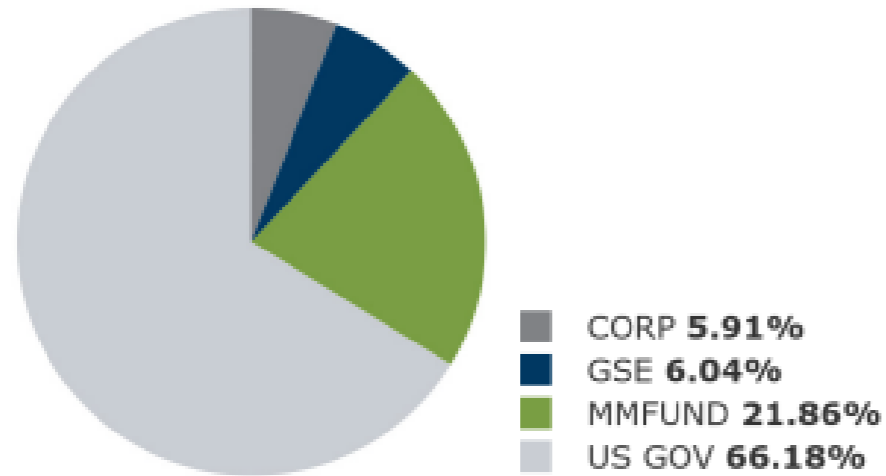


Maturity Distribution by Type



Market Value + Accrued Total: \$279,533,355.23

Asset Allocation



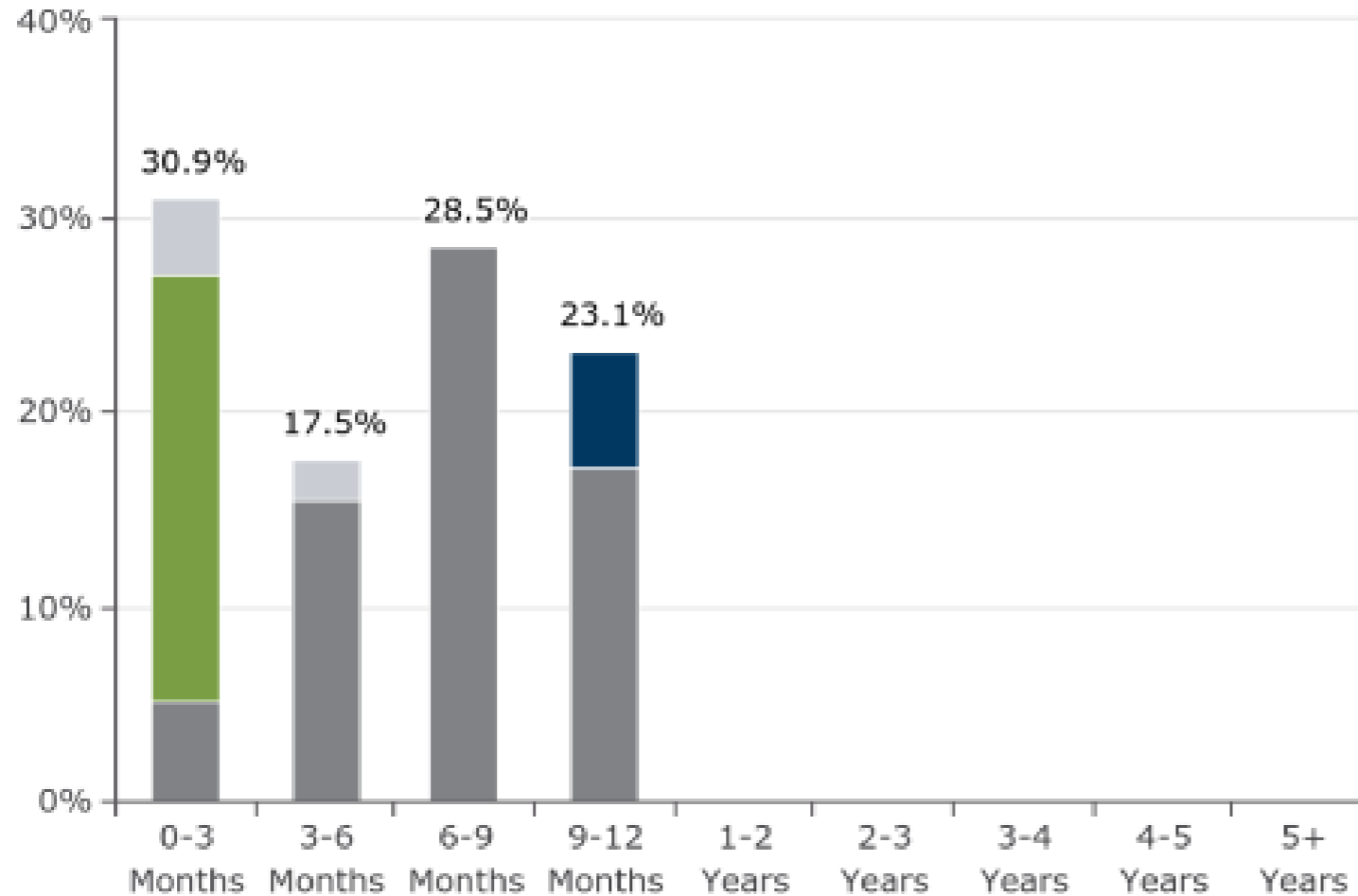
Portfolio Summary

Summary	06/30/21	06/30/22
Historical Cost	\$77,116,403.53	\$102,241,504.61
Book Value	76,958,811.59	102,182,633.71
Accrued Interest	179,809.02	232,470.56
Net Pending Transactions	123.28	3,515.84
Book Value Plus Accrued	\$77,138,743.90	\$102,418,620.11
Net Unrealized Gain/Loss	(8,637.09)	(508,172.84)
Market Value Plus Accrued	\$77,130,106.81	\$101,910,447.27
Net Income		\$279,876.21

Liquidity Portfolio by Maturity

June 30, 2022

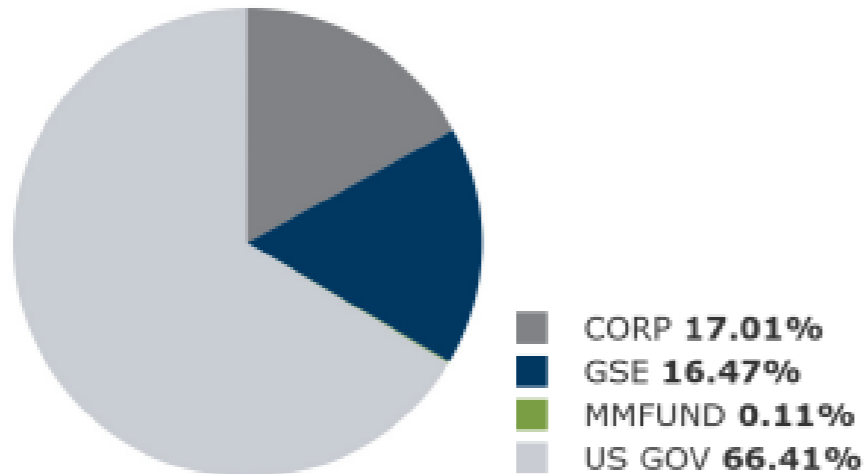
Maturity Distribution by Type



Liquidity
Total Market Value +
Accrued
\$101,9910,447.27

- CASH 0.00%
- CORP 5.91%
- GSE 6.04%
- MMFUND 21.86%
- US GOV 66.18%

Asset Allocation



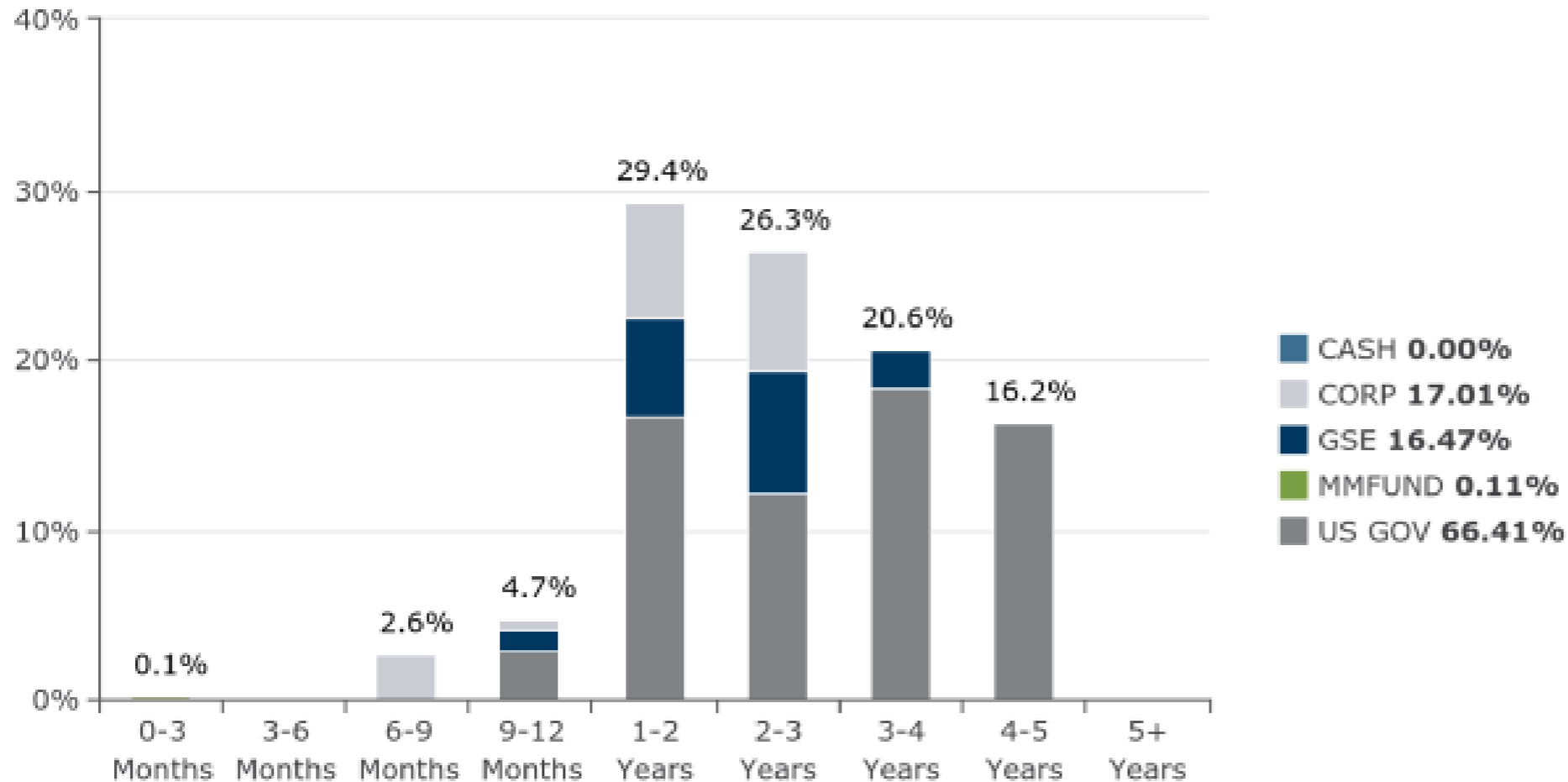
Portfolio Summary

Summary	06/30/21	06/30/22
Historical Cost	\$115,163,164.64	\$185,795,326.33
Book Value	114,658,255.75	185,329,400.50
Accrued Interest	374,190.09	522,480.17
Net Pending Transactions	1.18	25.09
Book Value Plus Accrued	\$115,032,447.02	\$185,851,905.76
Net Unrealized Gain/Loss	776,374.42	(8,228,997.81)
Market Value Plus Accrued	\$115,808,821.44	\$177,622,907.95
Net Income		\$819,458.74

Core Portfolio by Maturity

June 30, 2022

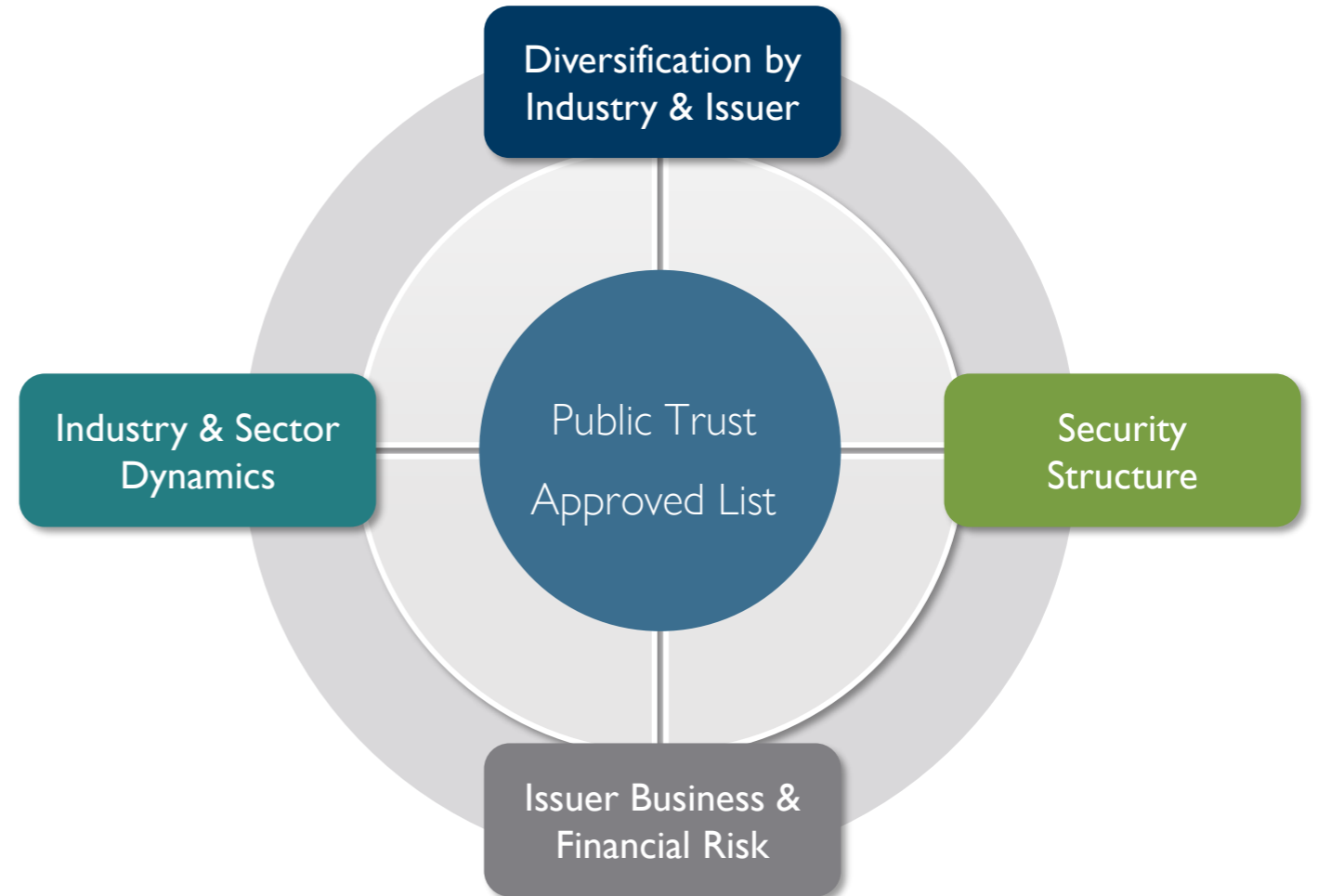
Maturity Distribution by Type



Core
Total Market
Value + Accrued
\$177,622,907.95

Credit Research Process

- ✓ Rigorous & Dynamic
- ✓ Forward-Looking
- ✓ Systematic
- ✓ Proactive



Strategy Looking Forward

Continue to coordinate with staff to:

- Provide regular updates regarding outlook for economy
- Review benchmark-based strategy for Core portfolio
- Continue to manage liquidity portfolio to City's cash needs
- Review portfolio balances every six months (May and December)

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