



Annual Portfolio Review

Ash Mehta, Director, Investment Services
Megan Ellgen, Controller Glendale, Arizona

September 24, 2024



Presentation Overview

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Arizona State Statute

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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 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



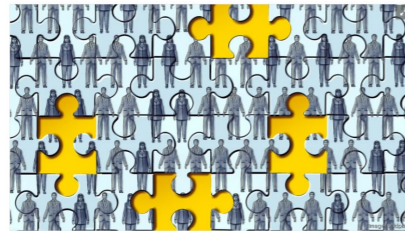
Market Update



Macroeconomic Themes



Inflation Trending Lower



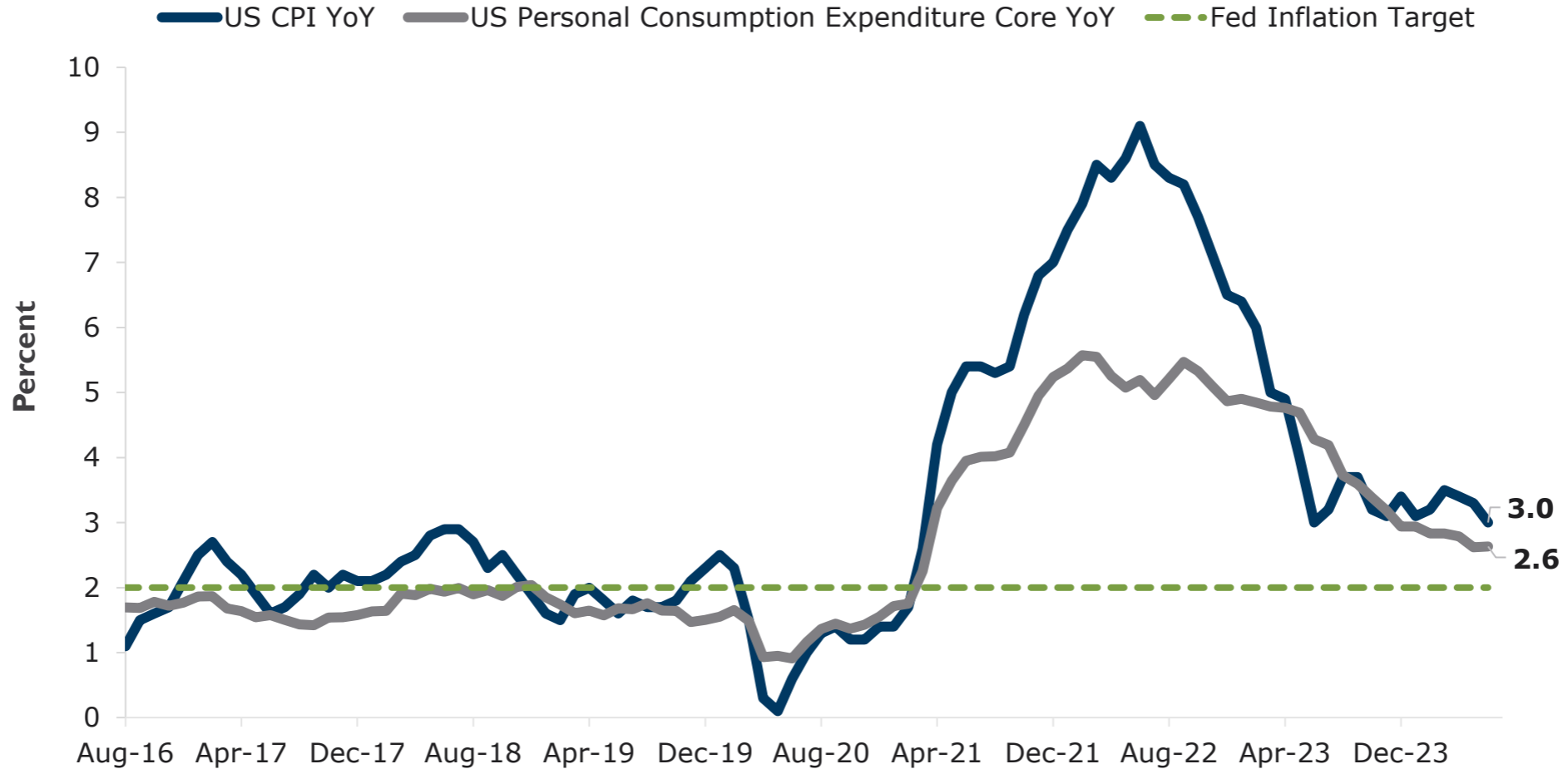
Labor Market Softening



Fed is Getting Comfortable With Rate Cuts

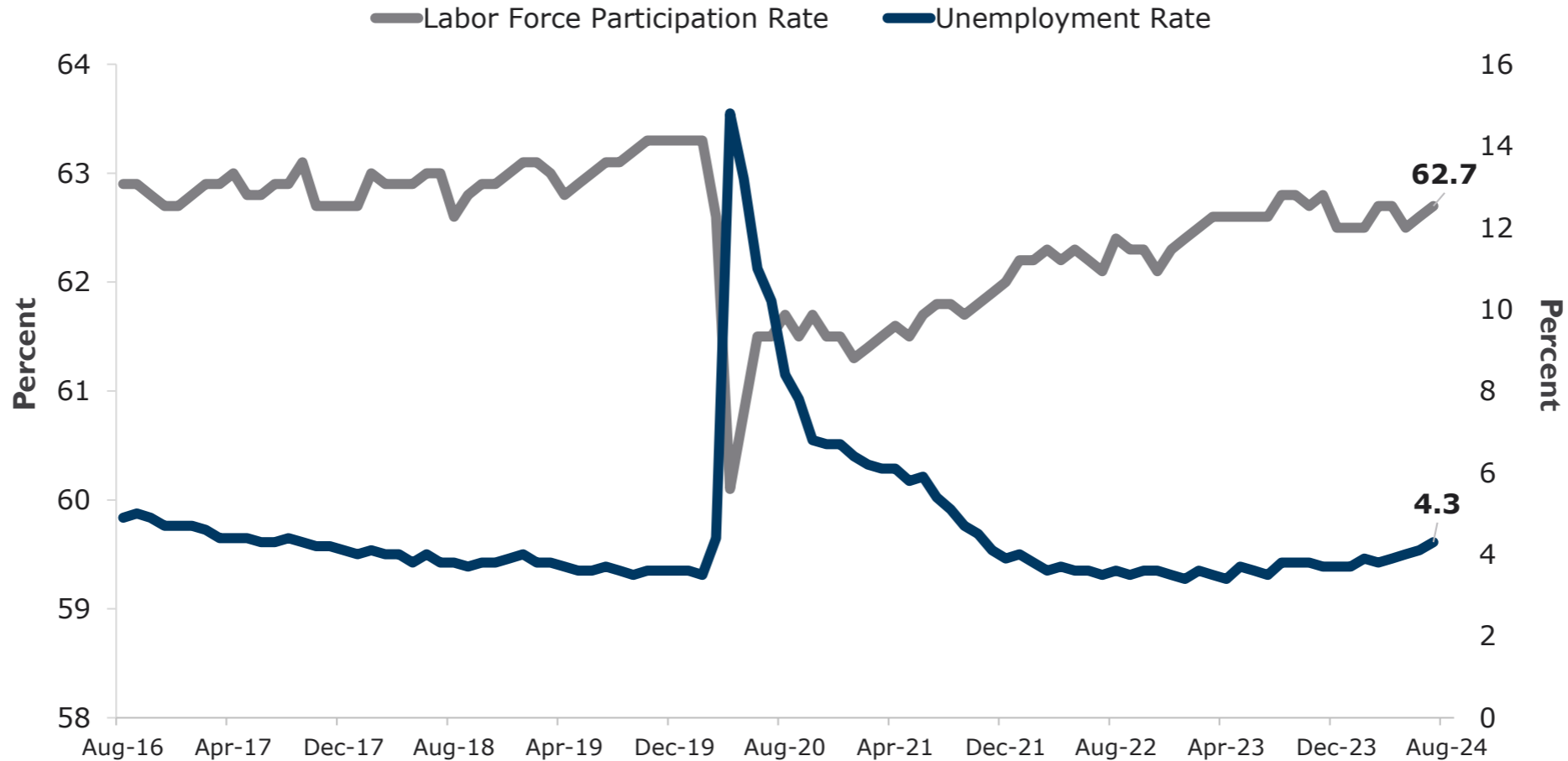
Please refer to the disclosure slide for additional information.

Inflation



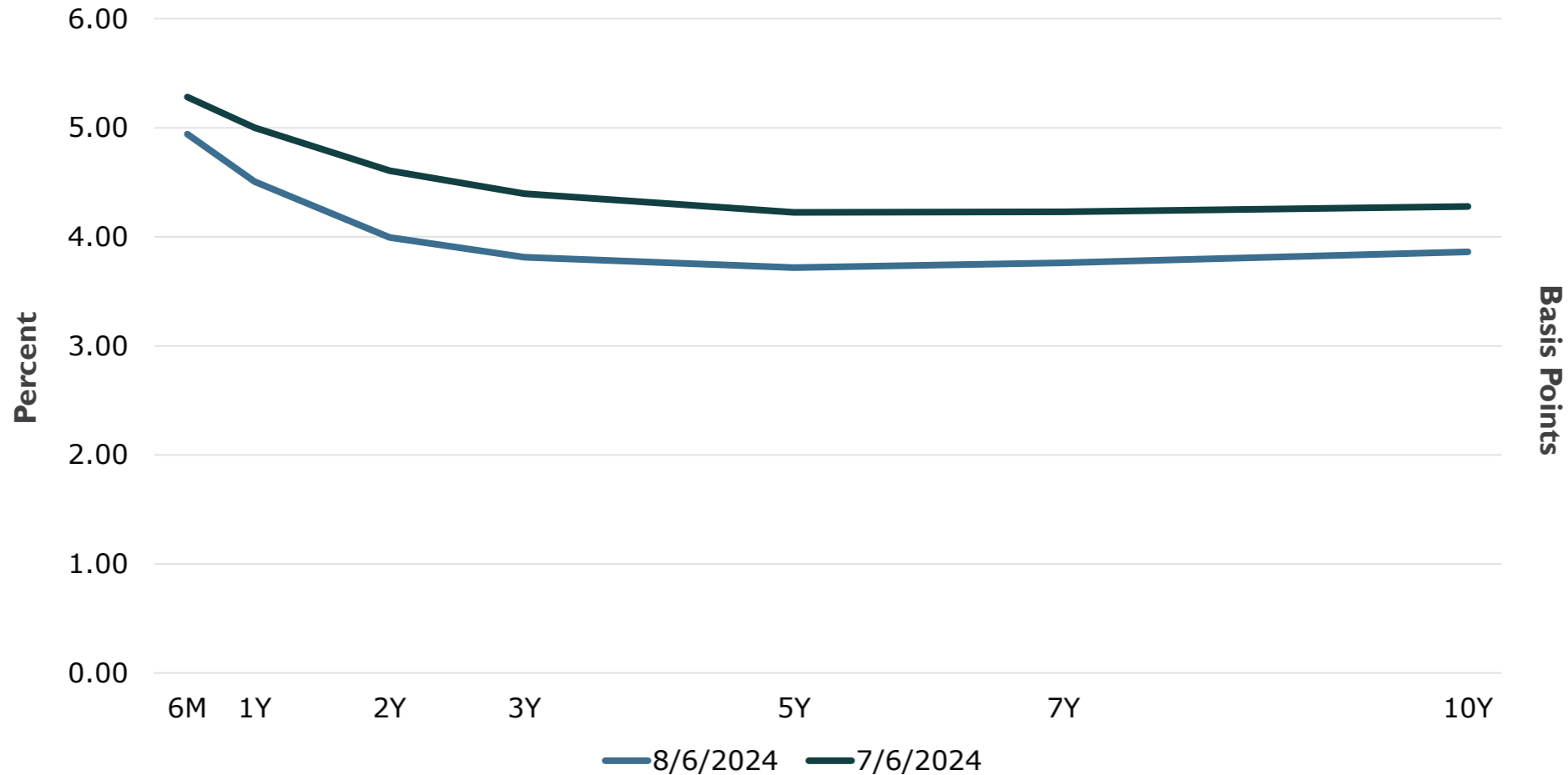
CPI is a measure of prices paid by consumers for a basket of goods/services and only accounts for urban households. PCE, the Fed's preferred measure of inflation, tracks overall price changes for goods and services for all U.S. households and nonprofits. Inflation above the Fed's 2% target is believed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

Unemployment



The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (total number of employed plus unemployed). The labor force participation rate is an estimate of the economy's active workforce. Full employment along with stable prices is one of the Fed's dual mandates with respect to monetary policy.

U.S. Treasury Yields



The green line represents the U.S. Treasury Actives curve at the historical date in the above chart legend. The blue line represents the current U.S. Treasury Actives curve on the date in the above chart legend. The light grey bars represents the change in yield between the current and historical curves as measured in basis points.

Conclusion

Inflation continues to trend lower, providing the “further confirmation” needed for the Fed to consider cutting rates.

The labor market is showing early signs of weakening, emphasizing the risk of keeping rates too high for too long.

If current trends continue, the Fed is likely to cut the federal funds target rate before the end of the year.

Investments





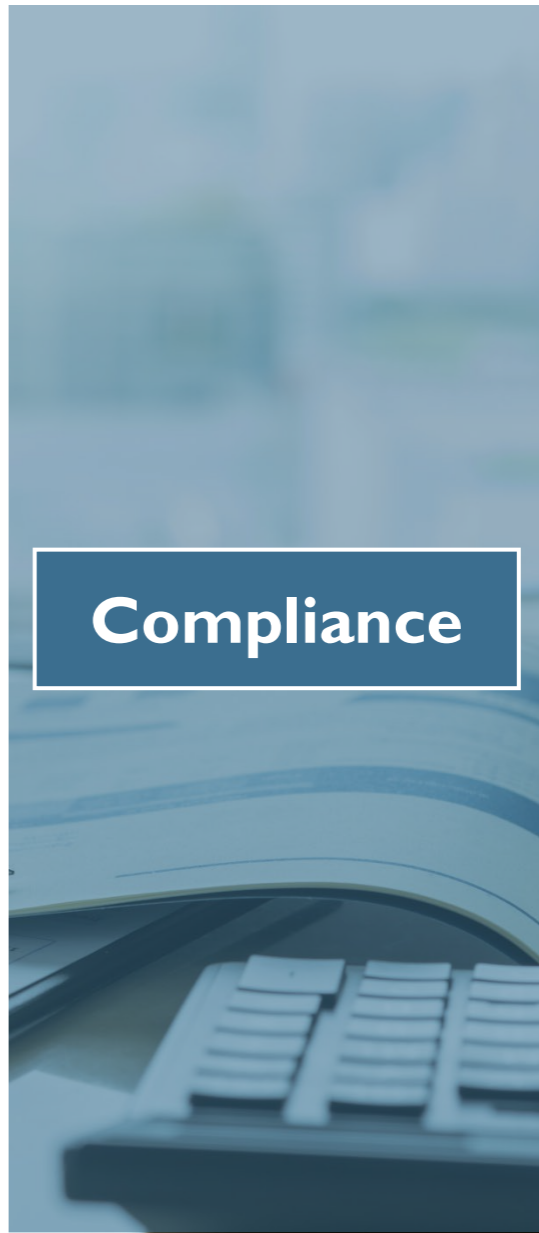
Safety



Liquidity



Yield



Compliance



Transparency

Aggregate Assets Under Management (Funds)

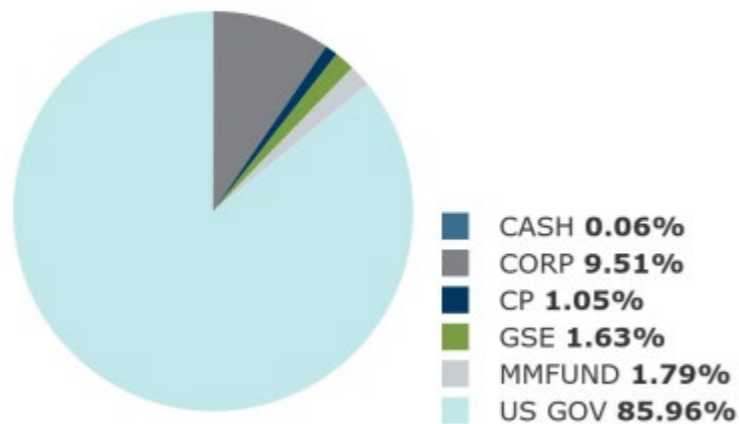
June 30, 2024

Portfolio Summary

Summary	06/30/23	06/30/24
Historical Cost	\$289,704,667.38	\$295,838,022.79
Book Value	291,308,065.94	299,488,072.07
Accrued Interest	751,479.17	1,127,763.01
Net Pending Transactions	4,862.54	170,909.68
Book Value Plus Accrued	\$292,064,407.65	\$300,786,744.77
Net Unrealized Gain/Loss	(9,711,020.25)	(5,448,575.95)
Market Value Plus Accrued	\$282,353,387.40	\$295,338,168.82

Net Income **\$8,722,337.12**

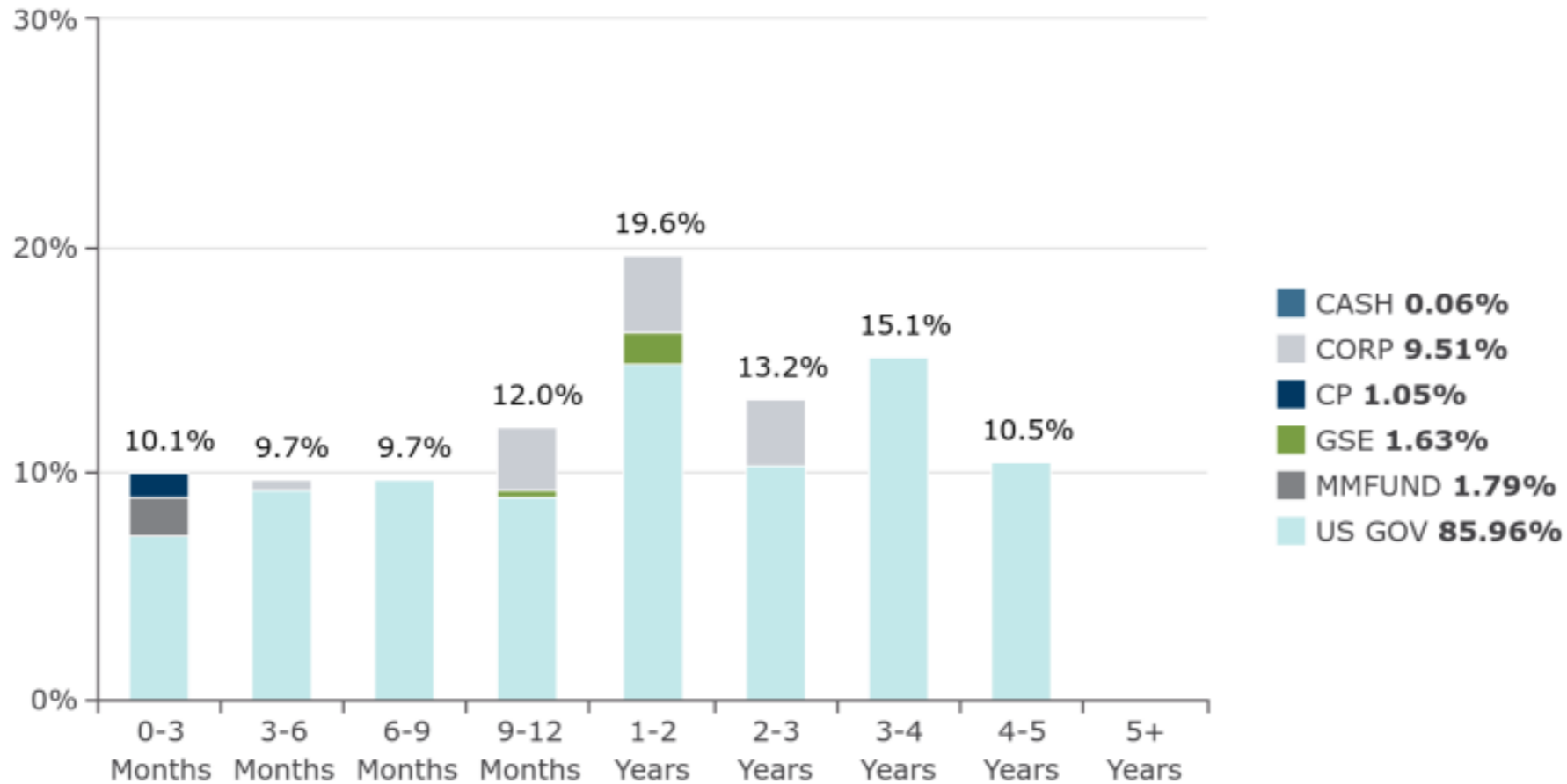
Asset Allocation



Aggregate Funds by Maturity

June 30, 2024

Maturity Distribution by Type

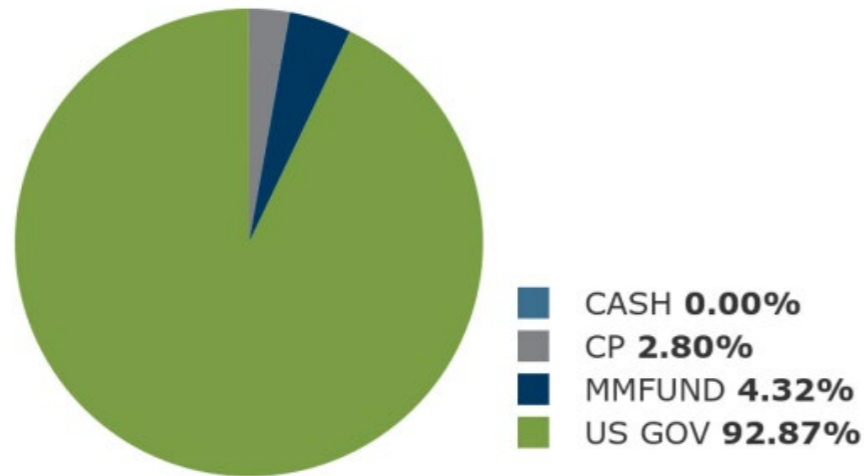


Portfolio Summary

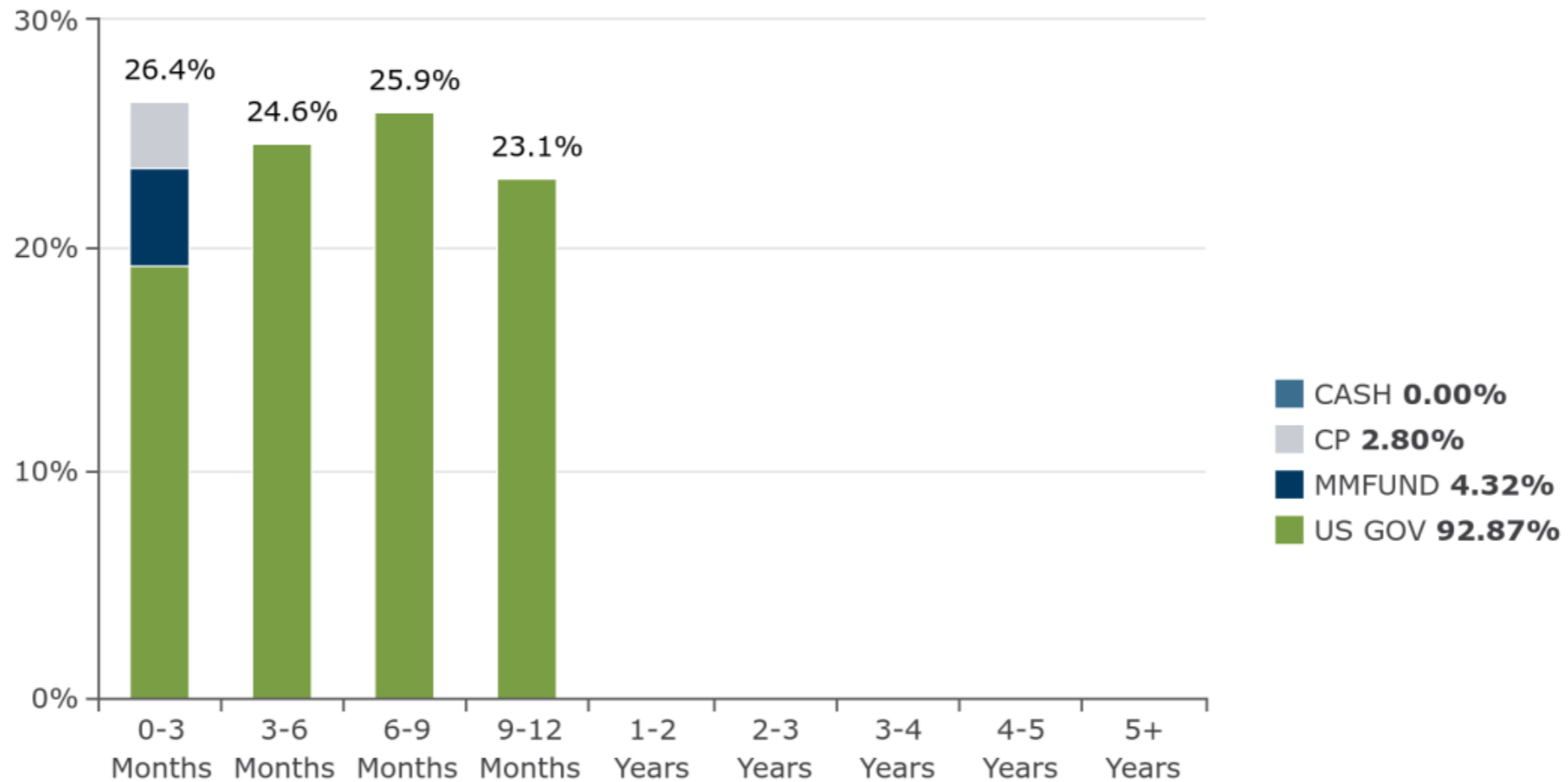
Summary	06/30/23	06/30/24
Historical Cost	\$103,715,005.48	\$108,651,590.88
Book Value	105,253,829.40	110,494,715.65
Accrued Interest	54,884.84	233,168.13
Net Pending Transactions	3,520.72	3,867.34
Book Value Plus Accrued	\$105,312,234.96	\$110,731,751.13
Net Unrealized Gain/Loss	(214,980.66)	(80,930.91)
Market Value Plus Accrued	\$105,097,254.30	\$110,650,820.22

Net Income **\$5,419,516.17**

Asset Allocation



Maturity Distribution by Type

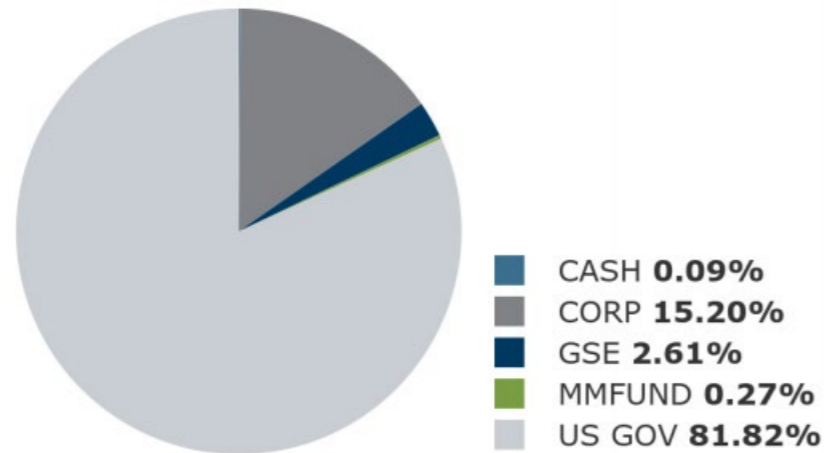


Portfolio Summary

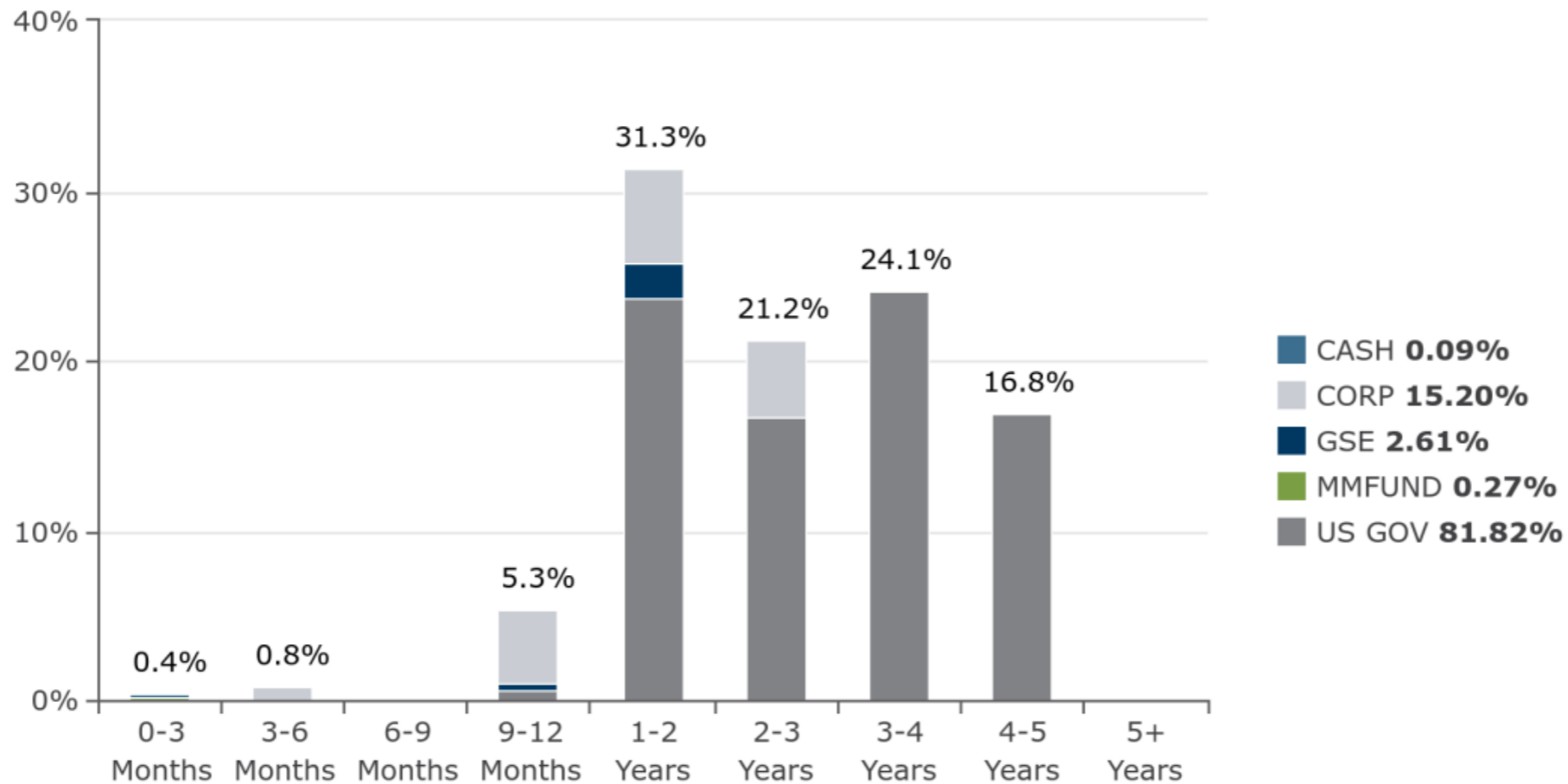
Summary	06/30/23	06/30/24
Historical Cost	\$185,989,661.91	\$187,186,431.91
Book Value	186,054,236.54	188,993,356.42
Accrued Interest	696,594.34	894,594.88
Net Pending Transactions	1,341.82	167,042.34
Book Value Plus Accrued	\$186,752,172.69	\$190,054,993.64
Net Unrealized Gain/Loss	(9,496,039.59)	(5,367,645.05)
Market Value Plus Accrued	\$177,256,133.10	\$184,687,348.60

Net Income **\$3,302,820.95**

Asset Allocation

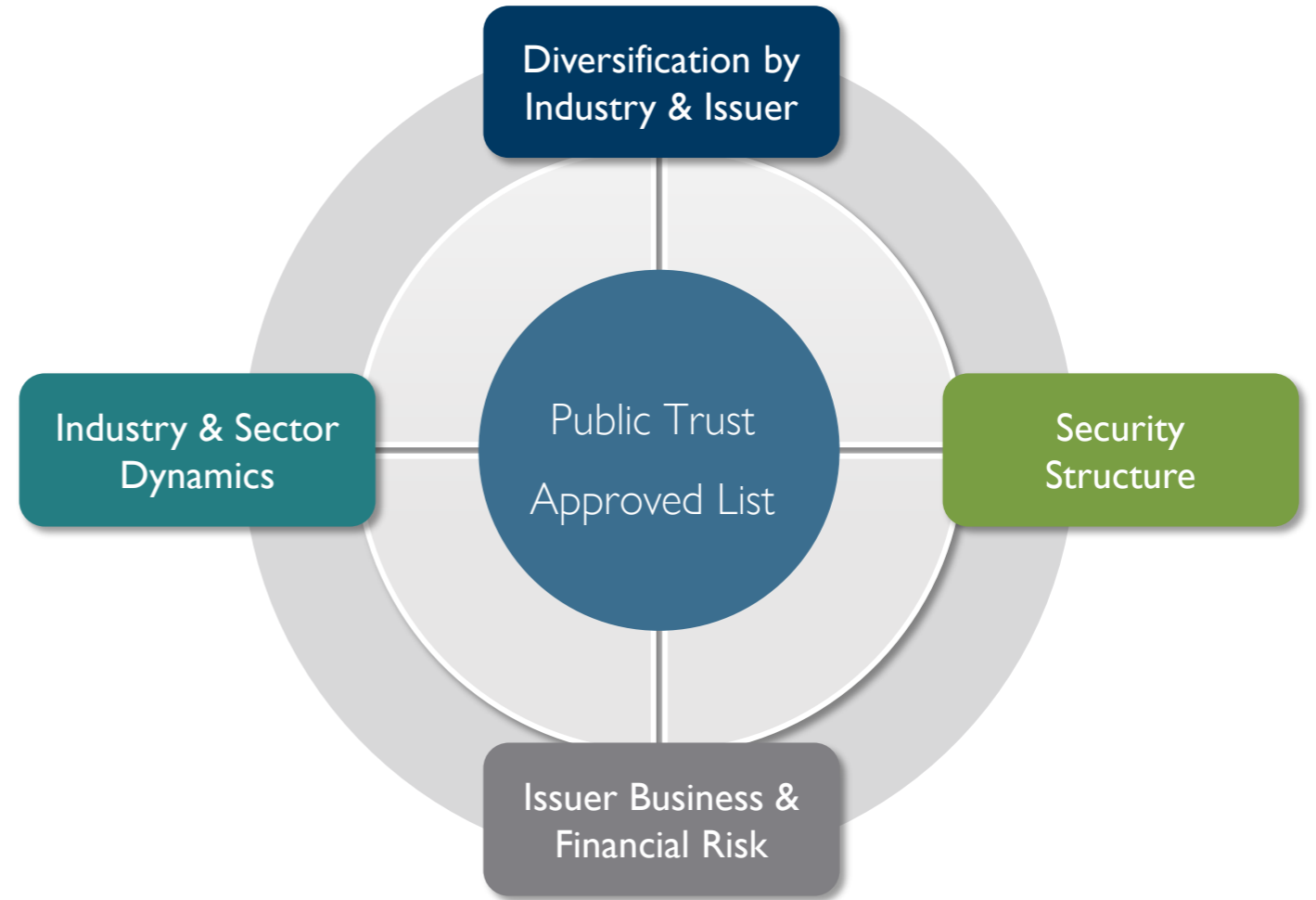


Maturity Distribution by Type



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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Public Trust Advisors
717 17th Street, Suite 1850
Denver, Colorado 80202