

City of Huntington Beach Quarterly Treasurer's Report



Quarter Ending: June 30, 2017

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Market Overview - At 6/30/17

Economic Indicators

- PCE 1.4%
- Unemployment rate 4.4%
- Labor Participation rate 62.8%
- FOMC raised rates to: 1.00-1.25%

Debt/Equity Markets

		<u>% QTRLY CHANGE</u>
• S&P 500:	2,423.41	+2.6%
• DOW:	21,349.63	+3.0%
• 10 YR Treasury:	2.31%	-3.8%

Bond Basics

Bond Characteristics

- Loan to issuer from investor
- Pays interest - typically semi-annual
- Investor receives principal back at Maturity
- Some are callable

Bond Ratings

- Rated by Rating Agencies: S&P, Moody's, Fitch
- Company's ability to repay
- Ratings BBB/Baa or above = Investment Grade = Unlikely to default

Definitions

- Face/Par Value = \$ bond holder receives at maturity
- Coupon = Annual rate of interest
- Yield = Measure of return
 - YTM
 - YTC

Portfolio Summary

As of 6/30/17

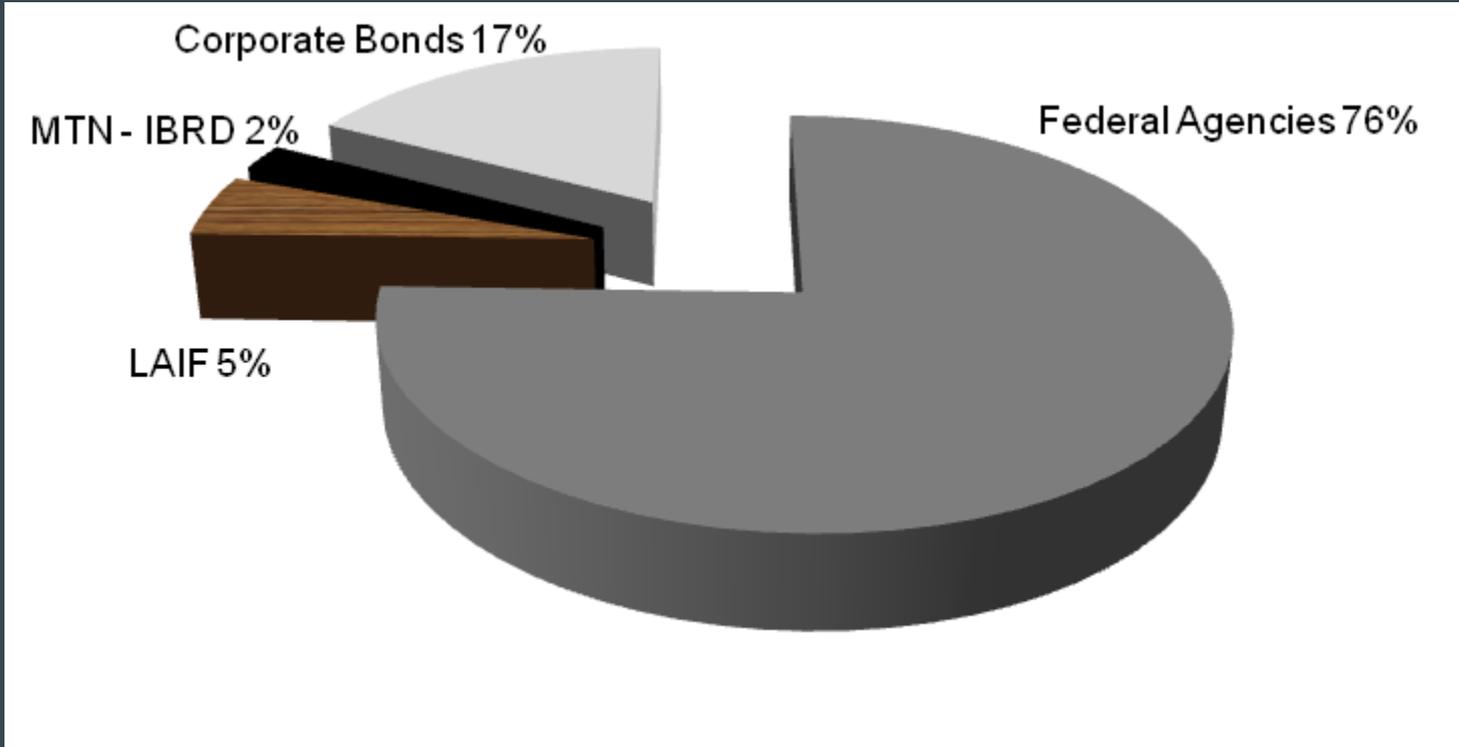
Investment Type / Market Value:

- Federal Agencies - \$172.2MM
- Corporate Bonds - \$36.9MM
- LAIF - \$11.6MM
- IBRD - \$5.0MM

TOTAL PORTFOLIO: \$228.4MM

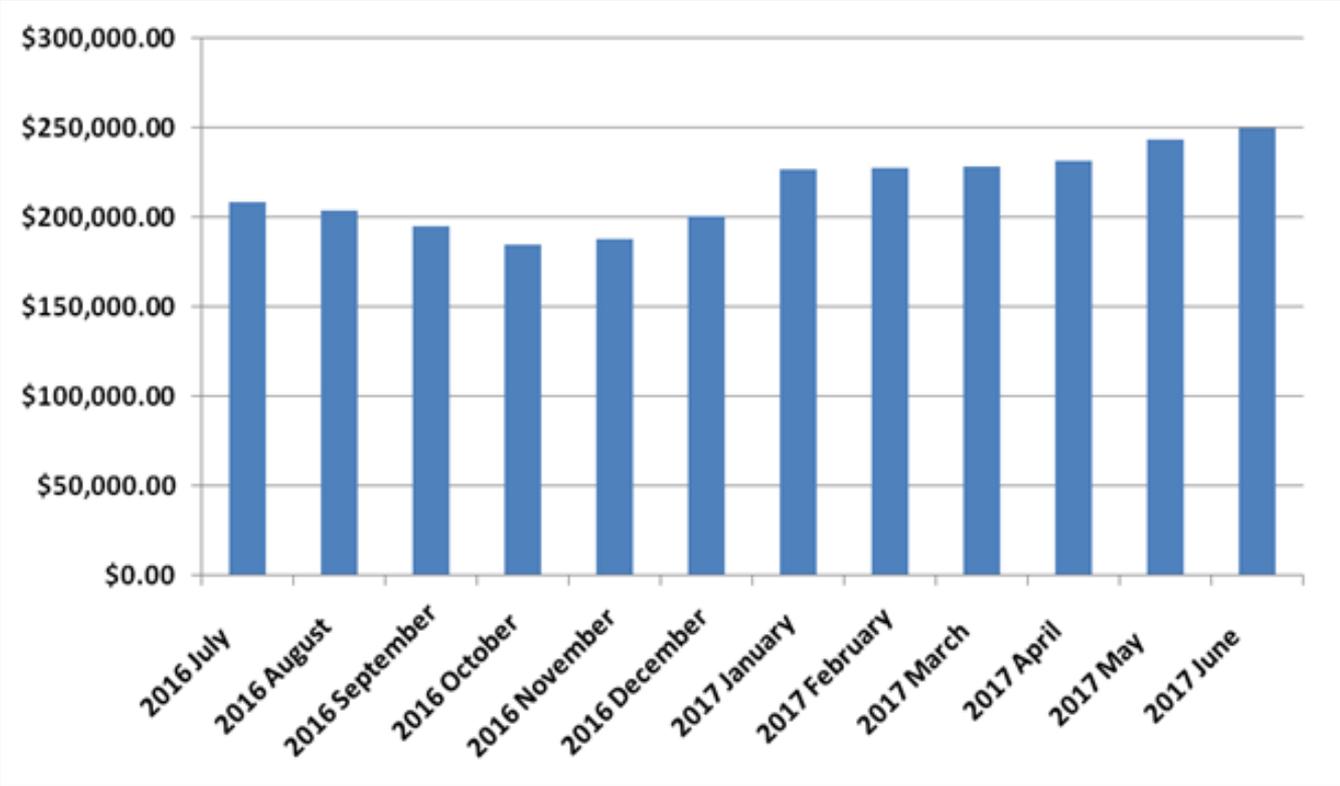
Investments by Type

As of June 30, 2017



Monthly Earnings - July 2016 to June 2017

\$ in thousands



Portfolio Earnings - As of June 30, 2017

Current Year - Month

❑ June, 2017:	\$249,911
❑ vs. last year:	\$206,086

Current Year - Fiscal YTD

❑ Through 6/30/17:	\$1,989,045
❑ vs. last year:	\$1,692,690

Effective Rate of Return

❑ June, 2017:	1.32%	12mo. moving avg. 2 year Treas.: 1.04%
❑ Fiscal YTD:	1.26%	

Projected Earnings Fiscal Year 2016-17

- ❑ \$2,600,000 to be utilized for City operations
- ❑ Offset taxpayer \$

Compliance

Selected Investment Policy Requirements:

<u>Investment Type</u>	<u>Max. Maturity</u>	<u>Max. % of Portfolio</u>	<u>Ratings</u>
Federal Agencies	5 yrs	none	AAA/Aa
IBRD	5 yrs	10%	AAA/Aaa
Corporate Bonds	5 yrs	30%	A or above
LAIF	n/a	\$65MM per account	n/a

The portfolio is in compliance with all relevant State regulations and the City's Investment Policy