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Title: 2023 Third-Quarter City of San Leandro Investment Report Update

Sponsors: T. Michael Yuen

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Attachments: 1. A - Investment Report for Quarter Ended September30, 2023, prepared by Chandler Asset Management, 2. B - Investment Report Presentation for Quarter Ended September 30, 2023

Date	Ver.	Action By	Action	Result
1/31/2024	1	Finance Committee		

2023 Third-Quarter City of San Leandro Investment Report Update

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council Finance Committee review and recommend the City Council approve the City Investment Report for the quarter ended September 30, 2023.

BACKGROUND

The purpose of the City of San Leandro Investment Report is to inform the City Council of the City’s investment portfolio status as of the end of the third quarter, September 30, 2023. The City’s Investment Policy Statement requires this quarterly reporting on specific investments, amounts invested with approved institutions, and purchase and maturity dates and interest yields.

DISCUSSION

As of September 30, 2023, the City’s investment portfolio had a market value of \$212,670,000, which is \$30,705,000 lower than the prior quarter, ending June 30, 2023. The decrease was mainly due to budgeted transactions, including pre-payment of the CalPERS Annual Lump Sum Contribution amount (\$16,506,000) and contributions to the pension trust fund (\$9,580,000) during the quarter. Nearly \$28,189,000 of the total market value was placed with the Local Agency Investment Fund (LAIF) and bank accounts. A total of \$185,480,000 was placed in the Chandler Asset Management portfolio.

The rate of return for cash deposits (LAIF and bank balances) at the end of the quarter was 2.00%, while the average book yield for the Chandler managed funds was 3.23%. The cash deposit return was 0.49 percentage points higher than the previous quarter, while the Chandler return was 0.56 percentage points higher. LAIF’s investment (56% of cash deposits) rate reflects a snapshot in time (the quarterly apportionment rate), while Chandler’s reflects the performance of the portfolio over the

entire quarter.

The City's investment policy establishes criteria for the standard for portfolio performance. The Chandler managed fund criteria are compared with the ICE Bank of America 1-3-year US Treasury and Agency Index. This index is an unmanaged index tracking performance of direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years. The benchmark for Average Market Yield for the period ending September 30 is 5.15%. Chandler managed funds' yield for the period is 5.31%.

Amounts invested with LAIF are liquid; funds can be withdrawn with minimal notice as City operations may require. The rate of return earned by LAIF follows fixed income security rates.

Chandler Asset Management manages the balance of the portfolio having a market value of \$184,480,000, 87% of the total portfolio. These investments range from one to almost five years to maturity, with the average maturity at 2.07 years (a slightly higher duration than 1.96 years on June 30, 2023).

The report notes that the City follows all provisions of the City's Investment Policy and can meet its cash obligations during the next six months. Chandler's strategy is gradually lengthening the average maturity of the portfolio.

ATTACHMENTS

Attachment A - Investment Report for the Quarter Ended September 30, 2023, prepared by Chandler Asset Management

Attachment B - Investment Report Presentation for the Quarter Ended September 30, 2023

PREPARED BY

T. Michael Yuen, Finance Director