INVESTMENT DIVISION OVERVIEW

- The Investment Division is responsible for the management of the City's $16.5 billion general investment pool and $2.5 Billion in special fund portfolios.

- Responsibilities include daily cash flow forecasting, revenue projections, strategy development, trade execution, credit review and compliance activities.

- The Office of Finance invests City funds in compliance with the State of California Government Code and the City's Investment Policy, which is adopted by the City Council and approved by the Mayor.

INVESTMENT POLICY OBJECTIVES

1. SAFETY OF PRINCIPAL
2. LIQUIDITY
3. MARKET RATE OF RETURN

#1 INVESTMENT OBJECTIVE

SAFETY OF PRINCIPAL

Liquidity

Market Rate of Return

An emphasis on high quality, low volatility assets.

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Examples of Investable Securities

U.S. Treasury bonds
U.S. Agency bonds
Moody’s and S & P rated Corporate Bonds (A>)
Money Market Funds
Short-term Commercial Paper
AAA rated Asset Backed Securities
Supranational Organizations (e.g., World Bank)

#2 INVESTMENT OBJECTIVE

Safety of Principal

LIQUIDITY

Market Rate of Return

The ability to drawdown cash in a reasonable amount of time.

CASH FLOW PROJECTION OBJECTIVES

- Accurate daily inflow and outflow projections allows us to invest surplus funds and earn higher interest earnings.

- Forecasting helps to track and fund large liabilities such as debt service wires and vendor payments.

- Historical cashflows data assists budget planning.

- Matching liabilities with maturities ensures we avoid costly overdraft fees while earning the best relative interest rate.

CASH FLOW PROJECTION MODEL

CASH FLOW FORECAST	input #s in black	DWP Pay	City Pay
Jan 2026 - June 2026		Tue	Wed
Date		3/17/2026	3/18/2026
JP Morgan Beginning Balance		50,000	50,000
INFLOWS			
DWP-6334	JPM x1662	34,000	28,000
R&P-3809	JPM x0638	500	500
LAWA-5776	JPM x0961	2,000	6,000
Harbor-5789	JPM x0876	3,500	100
Finance-5792	JPM x0501	2,500	4,000
Treasury-5802	JPM x9803	5,000	2,500
DOT-5815	JPM x7225	2,000	600
Housing-5828	JPM x0116	1,000	300
Building & Safety-5831	JPM x0306	1,000	1,300
General Services Dept-5844	JPM x9225	10	15
Public Works-5899	JPM x9092	500	400
Property & State Taxes	JPM x9886		-
Local Taxes	JPM x5302		
Other Deposits/Departments			
Bond Proceeds			
GP Maturities/Wires/Interest from Ge	BNY	133,297	257,546
Special Fund Maturities/ Sales/MMF Rdm	BNY	13,075	-

CASH FLOW PROJECTION MODEL

OUTFLOWS			
DWP Retirement x6125	**DWP Retire x8266**	**700**	**100**
Accounts Payable ACH x6141	**x8282, x8738**	**34,402**	**51,040**
AP DWP	**DWP Acct x8720**	**63,865**	**12,195**
AP (Wires) x8129,5706,5698	**x3339, x8753, x8837**	**5,000**	**59,399**
Payrollx6251	**x8290**	56,004	**143,000**
Debt Service Payments			
PayrollTax			21,382
Other Outflows		-	-
Wires/Reinvestment to Pool	**BNY**		
JPM Outflows		159,971	287,116
Total Outflows		**159,971**	**287,116**
LEDGER BALANCE			
SPECIAL FUNDS		**13,075**	**-**
GENERAL FUND - 1		**25,336**	**14,145**

#3 INVESTMENT OBJECTIVE

Safety of Principal

Liquidity

MARKET RATE OF RETURN

Expected Interest Income earned in the current capital markets.

CAPITAL MARKETS = BENCHMARK INDICES

- Each of our three portfolios track a specific Index.
- Similar assets in our portfolios and their respective index.
- Similar risk characteristics between our portfolios and index.
- Return performance is measured against their index.

Benchmark for our portfolios

- Core Portfolio = Three Month Treasury Bill
- Reserve Portfolio = BofA 1-5 year US Corporate & Government Index
- Extended Reserve = BofA 5 – 10 year US Treasury Index

CORE PORTFOLIO

- Current Market Value of $5.9 billion
- Benchmark ICE 3-month U.S. Treasury-Bill
- The Core Average Effective Duration is .40 years
- An Average Moody's Credit Rating of Aa1, and an overall yield of 3.24%.
- Asset Allocation of U.S. Treasury/Agencies (44%) and Corporate Commercial paper (56%).

RESERVE PORTFOLIO

- Current Market Value of $ 7.2 billion
- Benchmarked against the ICE-BofA 1-5 year Government and Corporate Index.
- The Reserve Portfolio Average Duration is 2.6 years.
- An Average Moody's Credit Rating of Aa2, and an overall yield of 3.12%.
- Asset Allocation of U.S. Treasury/Agencies (81%) and Corporate bonds (19%).

EXTENDED RESERVE PORTFOLIO

- Current Market Value of $3.4 billion
- Longer dated portfolio to diversify investments along the yield curve.
- Benchmarked against the ICE-BofA 5-10 year U.S. Treasury Index.
- Average Duration is 6.10 years.
- An Average Moody's Credit Rating of Aa1, and an overall yield of 3.71%.
- Asset Allocation of U.S. Treasury (95%) and U.S. Agencies (5%).

GENERAL POOL CHARACTERISTICS

	Core Portfolio	Reserve Portfolio	Extended Reserve Portfolio	General Pool
Market Value	$5,900,000,000	$7,200,000,000	$3,400,000,000	$16,500,000,000
Mkt % of GP	35%	44%	21%	100%
Weighted Yield	3.27%	3.07%	3.75%	3.28%

PERFORMANCE: CALCULATION AND METHODOLOGY

BOOK RETURN

- + Accrued/Received Interest
- +/- Amortization/Accretion of Premiums/Discounts
- +/- Realized Gains/Losses
- Average Daily Book Balance for the Period

TOTAL RETURN

- + Accrued/Received Interest
- +/- Realized Gains/Losses
- **+/- Unrealized Gains/Losses**
- Time Weighted Invested Market Value for the Period

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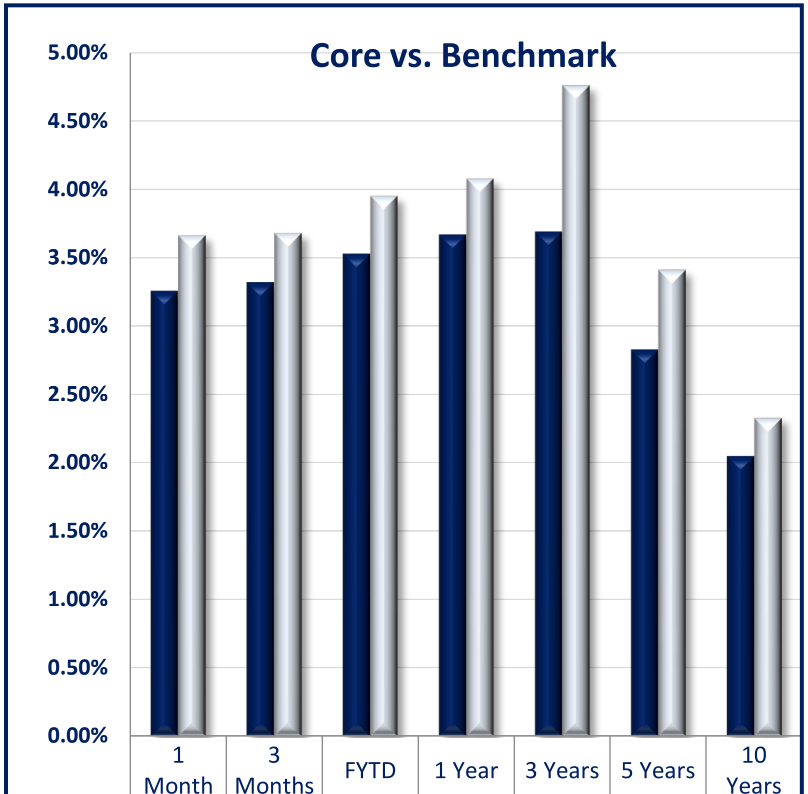
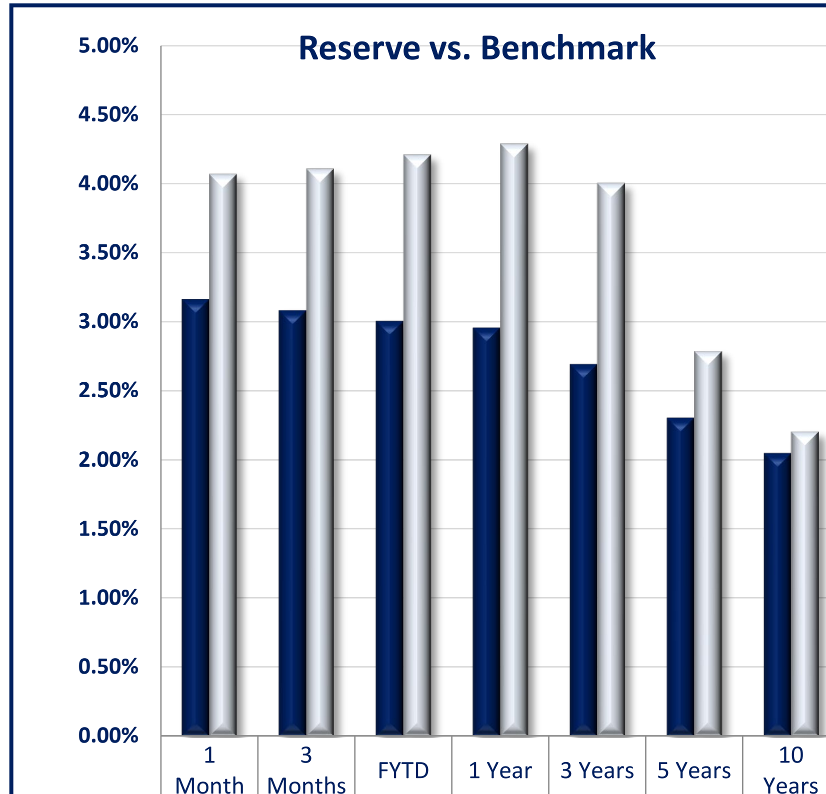
Month-End Book Yield: Core and Reserve

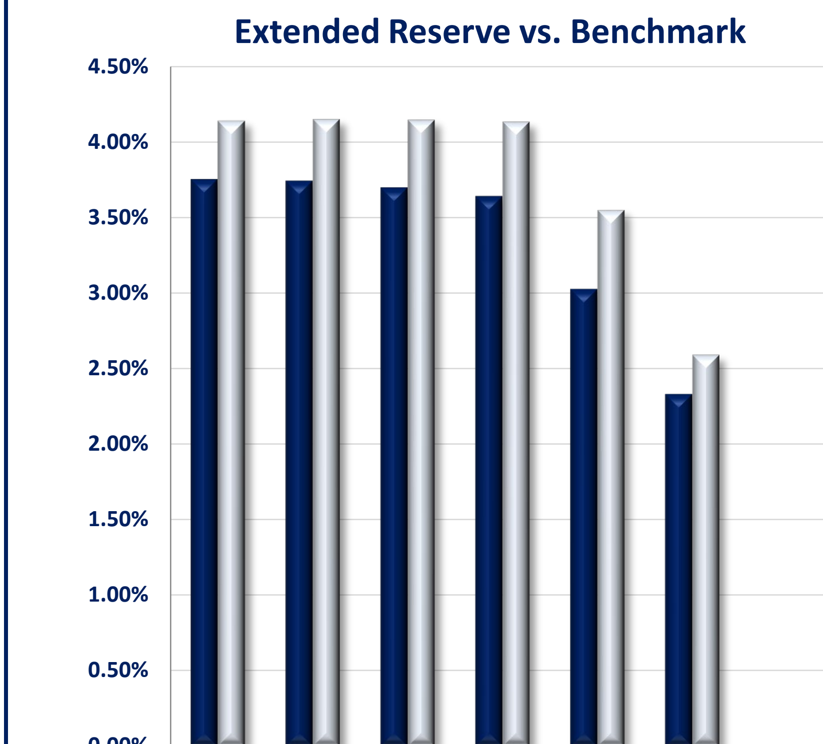


	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Core	3.25%	3.32%	3.53%	3.67%	3.69%	2.82%	2.05%
Index	3.66%	3.68%	3.95%	4.08%	4.76%	3.41%	2.33%

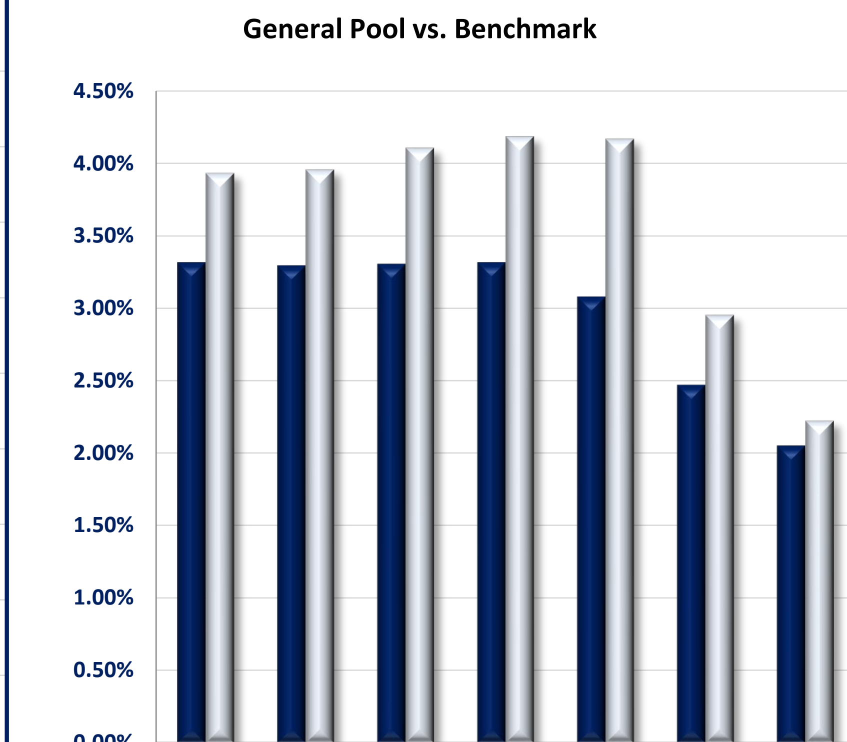


	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Reserve	3.16%	3.08%	3.00%	2.95%	2.69%	2.30%	2.05%
Index	4.07%	4.11%	4.21%	4.29%	4.00%	2.79%	2.20%

Month-End Book Yield: Ext. Reserve & General Pool

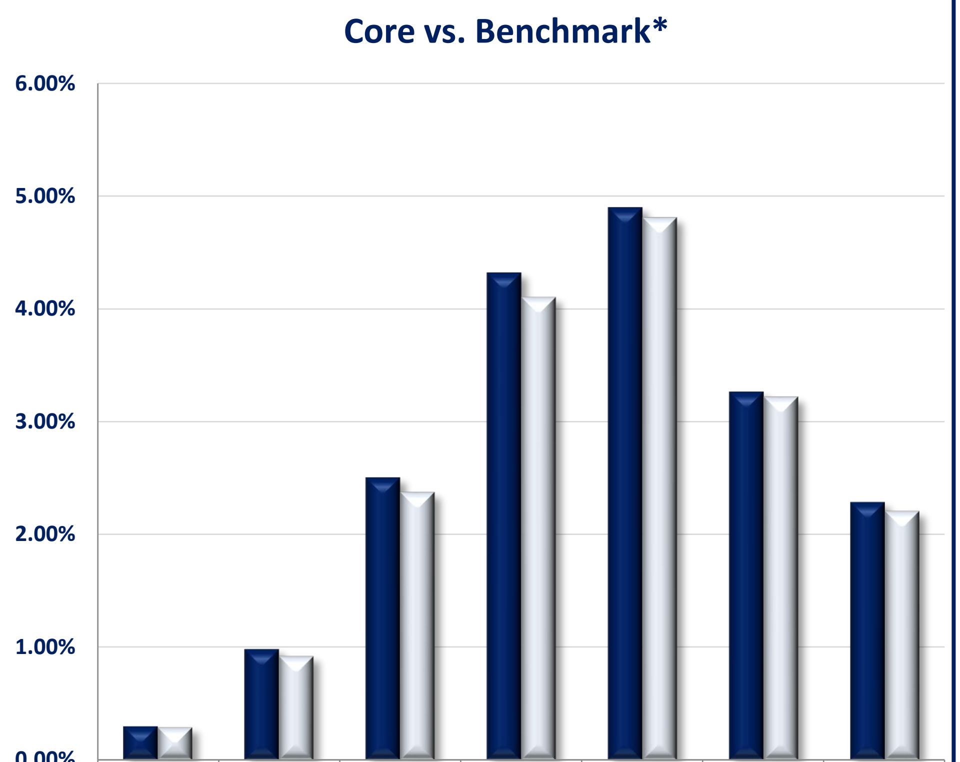


	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Extended	3.75%	3.74%	3.70%	3.64%	3.02%	2.33%	
Index	4.14%	4.15%	4.14%	4.13%	3.55%	2.59%	



	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
General	3.31%	3.29%	3.30%	3.32%	3.08%	2.47%	2.05%
Index	3.93%	3.96%	4.11%	4.19%	4.17%	2.95%	2.22%

Total-Return: Core

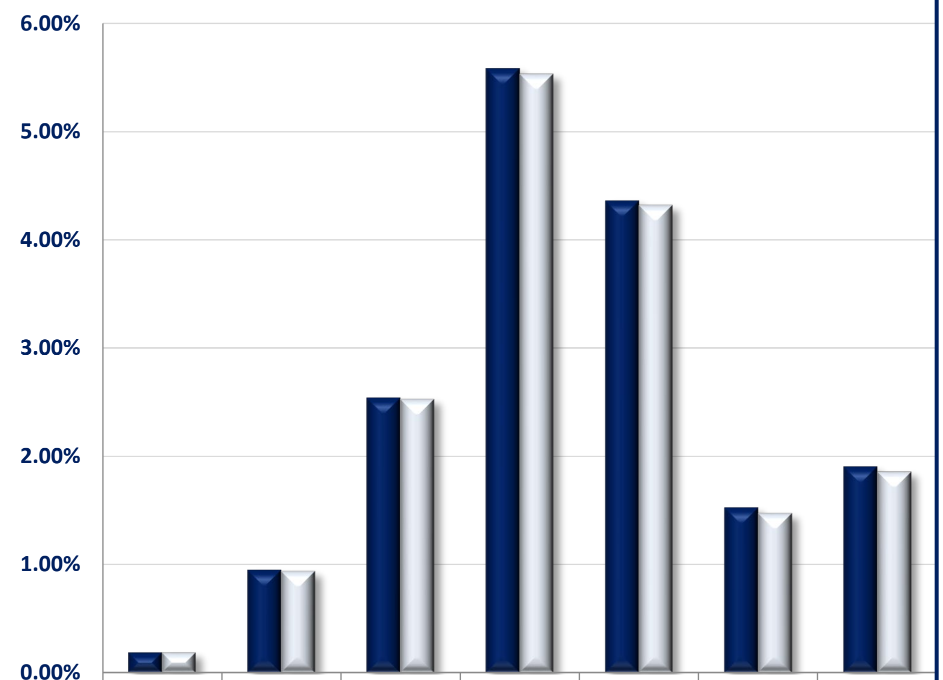


	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Core	0.30%	0.98%	2.51%	4.32%	4.90%	3.27%	2.29%
Index	0.29%	0.92%	2.37%	4.11%	4.81%	3.22%	2.21%

*Benchmark: Performance is Measured using ICE BofA Indices. Total returns for periods one year and greater are annualized. Figures may not total due to rounding.

Total-Return: Reserve

Reserve vs. Benchmark*



	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Reserve	0.19%	0.95%	2.54%	5.59%	4.36%	1.53%	1.91%
Index	0.19%	0.94%	2.53%	5.54%	4.32%	1.48%	1.86%

*Benchmark: Performance is Measured using ICE BofA Indices. Total returns for periods one year and greater are annualized. Figures may not total due to rounding.

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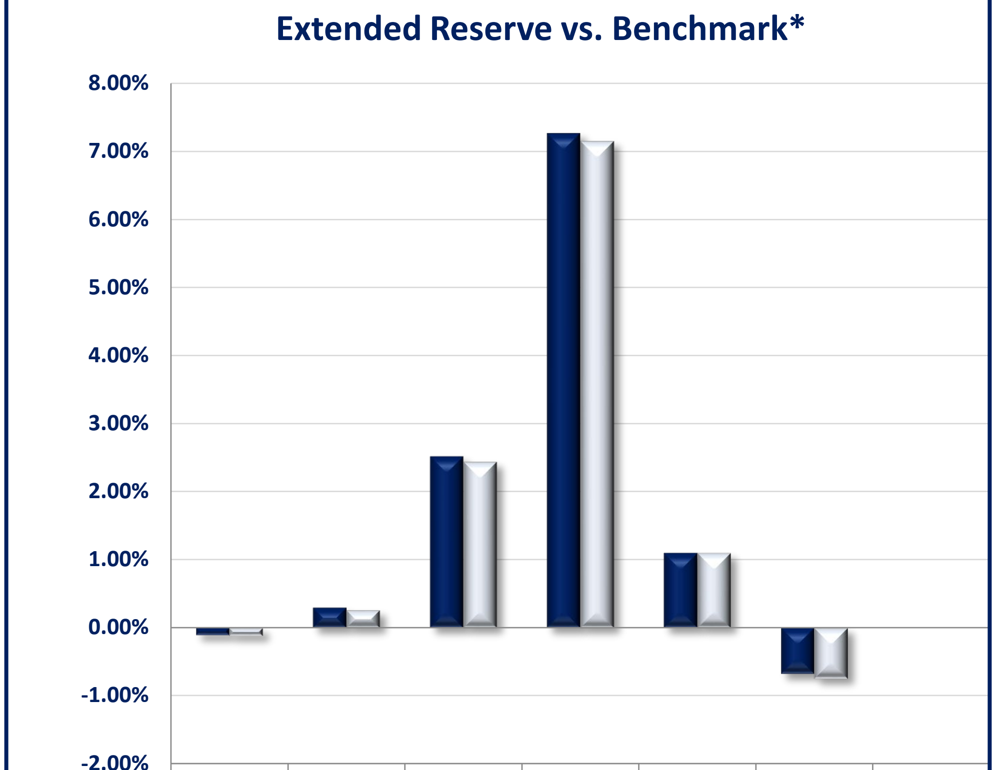
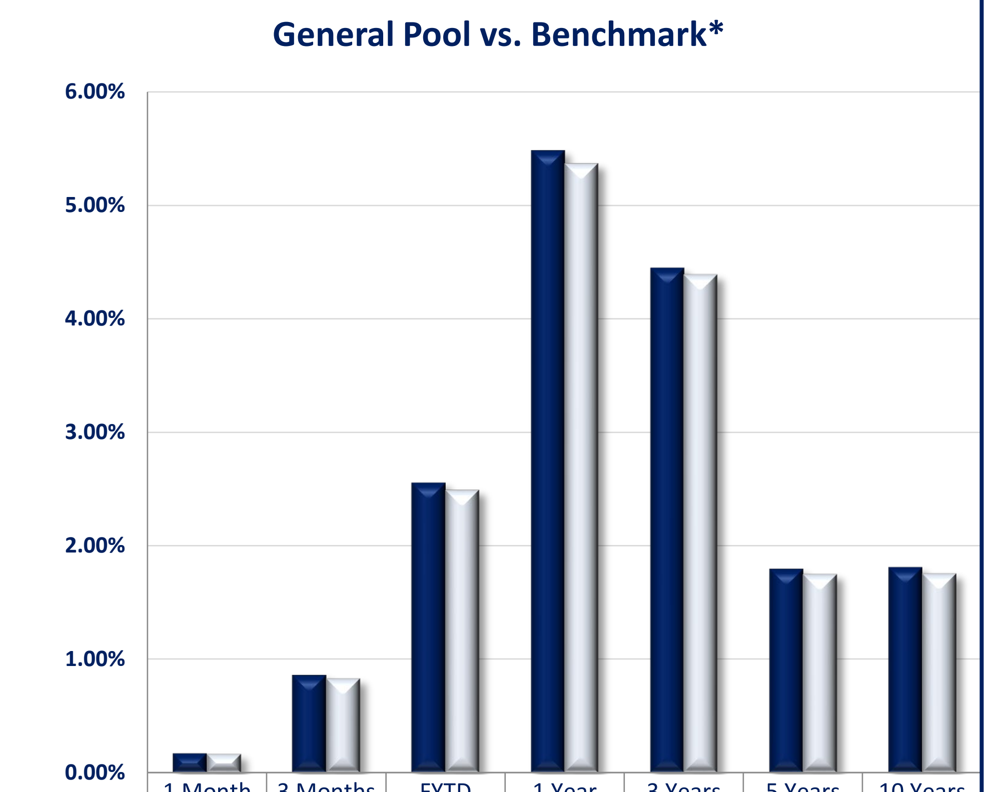
Total-Return: Extended Reserve



	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
Extended	-0.11%	0.29%	2.52%	7.27%	1.10%	-0.68%	
Index	-0.12%	0.25%	2.44%	7.15%	1.10%	-0.75%	

*Benchmark: Performance is Measured using ICE BofA Indices. Total returns for periods one year and greater are annualized. Figures may not total due to rounding.

Total-Return: General Pool



	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years
General	0.17%	0.86%	2.56%	5.49%	4.45%	1.80%	1.81%
Index	0.17%	0.83%	2.49%	5.37%	4.39%	1.75%	1.76%

*Benchmark: Performance is Measured using ICE BofA Indices. Total returns for periods one year and greater are annualized. Figures may not total due to rounding.

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