



Date: December 17, 2024

To: Honorable Mayor and Members of the City Council

From: Tim Goodrich, City Treasurer

By: Jasmine Allen, Deputy City Treasurer | JAllen@TorranceCA.gov

Subject: City Treasurer – Accept and File Investment Report for the Month of October 2024.
Expenditure: None.

RECOMMENDATION

Recommendation of the City Treasurer that City Council accept and file the Investment Report for the month of October 2024.

FUNDING

None required.

DISCUSSION

On May 21, 2024, your Honorable Body adopted Resolution No. 2024-24 establishing the City's 2024 Statement of Investment Policy (Investment Policy). The City's Investment Policy requires the City Treasurer to report a monthly statement of investment activity.

Monthly Investment Report Summary

The City's investment objectives, in order of priority, shall be: (1) Safety which is investing in the highest quality securities; (2) Liquidity which can be converted into cash and necessary to meet our cash flow disbursement requirements; and (3) Yield which is earning a higher yield than the market rate of return.

October 2024 Investment Report

City's portfolio yielded 4.421% for October, a slight decrease of 6.8 basis points over the previous month. The fiscal year-to-date earnings are \$4,673,265.

As of October 31, 2024, the ending balance of total funds was \$318,708,243, a decrease of \$9,430,221 from the previous month, which included investments of \$303,535,073 and cash of \$15,173,170. The large decrease was primarily due to payments for CalPERS CERBT (\$6.8M),

2016 COP (\$888K), and to PARS (\$1.2M). The funds described in the investment report are distributed amongst our various major fund categories as follows:

Fund Category	Grand Total
Capital Improvement Fund	23,528,091
Enterprise Funds	116,884,687
Fiduciary Funds	9,715,804
General Fund	26,051,351
Internal Svc - Fleet Services Fund	34,370,600
Internal Svc - OPEB Fund	5,194,842
Internal Svc - Self-Insurance Fund	19,871,016
Nonmajor Governmental Funds	79,096,324
Reconciling Adjustments:	3,995,528
Ending Total Bank Balances as of October 31, 2024	318,708,243
*Reconciling Adjustments include any outstanding checks, in-transit deposits, and any other outstanding transactions that would result in a variance between the ending cash balances of our bank statements and our financial ledgers.	

For the month of October, California Asset Management Program (CAMP)'s balance was \$78.4M, earning a yield of 5.030%. The Local Agency Investment Funds (LAIF)'s yield remains lower, at 4.518%. Staff continue to monitor these rates relative to the cash flow needs of City operations and invest the funds accordingly.

Four new fixed income instruments totaling \$33.7M were purchased during the month, with an average yield of 4.598%. Nine investments totaling \$19.6M were matured or called, with an average yield of 4.227%.

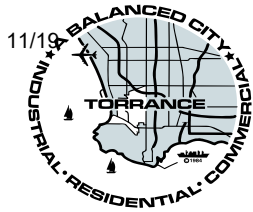
The City is in compliance with California Government Code Section 53646 which requires the local agency to report on its ability to meet pooled expenditure requirements for the next six (6) months. Over the next 6 months, cash, cash equivalents (LAIF, CAMP, Sweep Money Market) and projected inflows exceed projected cash outflows by \$173.2M.

Investment Committee Members

The Investment Committee members include the City Manager, City Attorney, Finance Director, City Treasurer, and Deputy City Treasurer, as created by your honorable body. The Committee has reviewed the attached investment report (Attachment 1).

ATTACHMENT

1. Monthly Investment Report for October 2024



**City of Torrance, California
Monthly Investment Portfolio
Report October, 2024**

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City of Torrance, California
Investment Report Summary Notes
For the Month of: October 2024

Summary

The City's investment objectives, in order of priority, shall be safety, which is investing in the highest quality securities, liquidity, which can be converted into cash and necessary to meet our cash flow disbursement requirements, and yield, which is earning a higher yield than the market rate of return.

City's portfolio yielded 4.421% for October, a slight decrease of 6.8 basis points over the previous month. The fiscal year-to-date earnings are \$4,673,265.

As of October 31, 2024, the ending balance of total funds was \$318,708,243, a decrease of \$9,430,221 from the previous month, which included investments of \$303,535,073 and cash of \$15,173,170. The large decrease was primarily due to payments for CalPERS CERBT (\$6.8M), 2016 COP (\$888K), and to PARS (\$1.2M).

Ending Balance of Total Funds as of September 30, 2024	\$	328,138,464.17
Ending Balance of Total Funds as of October 31, 2024	\$	318,708,242.79
Difference	\$	(9,430,221.38)

For the month of October, California Asset Management Program (CAMP)'s balance was \$78.4M, earning a yield of 5.030%. The Local Agency Investment Funds (LAIF)'s yield remains lower, at 4.518%. Staff continue to monitor these rates relative to the cash flow needs of City operations and invest the funds accordingly.

Four new fixed income instruments totaling \$33M were purchased during the month, with an average yield of 4.598%. Nine investments totaling \$19.6M were matured or called, with an average yield of 4.227%.

Purchases:

Purchases	Broker	Purchase Date	Description	NRSRO Rating	Maturity Date	Term (YR)	Coupon (%)	YTM 365 (%)	Par Value (\$)
11468	OP	10/28/2024	OMAHA	A+	10/15/2029	5	4.770%	4.770%	\$10,000,000.00
11469	OP	10/28/2024	PACLIF	AA-	8/28/2029	4.8	4.471%	4.471%	\$10,000,000.00
11470	OP	10/28/2024	PRIMEA	AA-	6/12/2029	4.6	4.550%	4.550%	\$5,000,000.00
11471	OP	10/28/2024	CARGIL	A2	6/18/2027	2.6	4.601%	4.601%	\$8,000,000.00
Average Rate / Totals								4.598%	\$33,000,000.00

Maturities/Calls:

Maturities/ Calls/Sales	Broker	Purchase Date	Description	NRSRO Rating	Maturity/Call/ Sale Date	Days Held/Days to Maturity/Sale	Coupon (%)	YTM 365 (%)	Par Value (\$)
11419	OP	4/5/2023	FFCB	AA+	10/9/2024	1.5	5.336%	5.336%	\$850,000.00
11421	OP	4/12/2023	FFCB	AA+	10/9/2024	1.5	5.215%	5.215%	\$2,000,000.00
11422	OP	4/19/2023	FHLMC	AA+	10/17/2024	1.5	5.539%	5.539%	\$3,000,000.00
11369	AC	1/25/2022	FHLMC	AA+	10/25/2024	2.8	1.141%	1.141%	\$2,500,000.00
11406	WB	1/30/2023	FHLMC	AA+	10/26/2024	1.7	5.197%	5.197%	\$2,000,000.00
11404	WB	1/30/2023	FHLMC	AA+	10/28/2024	1.7	5.248%	5.248%	\$3,000,000.00
11407	Stifel	1/30/2023	FNMA	AA+	10/28/2024	1.7	4.998%	4.998%	\$3,000,000.00
11356	MB	11/22/2019	Toyota	AA-	10/7/2024	4.9	1.974%	1.974%	\$3,000,000.00
11415	OP	3/30/2023	CD	FDIC	10/30/2024	1.6	5.450%	5.450%	\$243,000.00
Annualized Yield / Totals								4.227%	\$19,593,000.00



City of Torrance, California
Investment Report Summary Notes
For the Month of: October 2024

Liquidity of the Portfolio

- ❖ A yield curve is typically defined as the difference between the 3-month and 10-year treasury rate. However, the City uses the 1-year and 5-year yield curve, as the City is allowed to purchase investments for up to five years per the City's investment policy. The shape of the 1-year and 5-year yield curve continues to show a decline, which means the 1-year yield is higher than the 5-year. As of October 31, 2024, the 1-year, 3-year and 5-year treasury yields were 4.27%, 4.12% and 4.15%, respectively.
- ❖ The City is in compliance with California Government Code Section 53646 which requires the local agency to report on its ability to meet pooled expenditure requirements for the next six (6) months. Over the next 6 months, cash, cash equivalents (LAIF, CAMP, Sweep Money Market) and projected inflows exceed projected cash outflows by \$173.2M.

Cash Activity/Balances projected over the next 6 months (millions):			
Cash Balance as of October 31, 2024		\$	15.2
CAMP/LAIF Balance as of October 31, 2024		\$	78.4
Money Market Account as of October 31, 2024		\$	22.6
Cash Inflows		\$	254.0
Cash Outflows		\$	197.0
Projected Cash/Liquidity Balance		\$	173.2

Investment Comparison to Benchmark

As stated above for the month of October, the City's portfolio yielded 4.421%. The 1-year and 2-year U.S. Constant Maturing Treasury (CMT) is at 4.27% and 4.16%, respectively. The City's portfolio has a current average maturity of 551 days or 1.51 years.

Investment Report
October 2024

Portfolio Highlights

RETURN	Current Month	Prior Month
City Portfolio YTM	4.421%	4.489%
U.S. Treasury Constant Maturity (2 year)	4.160%	3.660%
LAIF Monthly Return	4.518%	4.575%
CAMP Monthly Return	5.030%	5.290%
Sweep Money Market Monthly Return	4.690%	4.830%
INCOME	Current Month	Prior Month
Fiscal Year to Date	\$4,673,264.66	\$3,448,596.36
Current Month	\$1,148,780.86	\$1,142,367.23
MATURITY	Current Month	Prior Month
Days to Maturity	551	434
Days to Maturity (Prior Year)	816	870
Average Maturity (Years)	1.51	1.19
VOLUMES	Total Volume (\$)*	# of Transactions**
Purchases/Deposits*	\$64,236,369.50	4
Maturities/Redemptions*	\$68,747,451.67	9

*Includes LAIF/CAMP and MMA activity

**Transaction count does not include LAIF/CAMP or MMA activity


Investment Report October 2024


Portfolio Summary

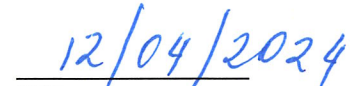
	Book Value (\$)	BV % of Portfolio *	Market Value (\$)	MV % of Portfolio *	NRSRO Rating	\$/% per Policy	Modified Duration	Days to Maturity	Maximum Term	YTM
Local Agency Investment Fund (LAIF)	\$ 11.34	0.00%	\$ 11.34	0.00%	LAIF	\$75Mil	0.000	-	N/A	4.518%
California Asset Management Program (CAMP)	\$ 78,374,474.23	25.82%	\$ 78,374,474.23	25.86%	AAA	30%	0.000	1	N/A	5.030%
US Bank Custodial - Money Market Account	\$ 22,610,351.10	7.45%	\$ 22,610,351.10	7.46%	A-1	20%	0.000	1	N/A	4.690%
U.S. Treasury Securities - Coupon	\$ 28,202,629.94	9.29%	\$ 28,021,880.00	9.25%	AA+	100%	0.696	265	5-Year	3.185%
Federal Agency Issues	\$ 90,186,337.38	29.71%	\$ 89,849,695.00	29.65%	AA+	75%	1.561	605	5-Year	3.911%
Federal Farm Credit Bank	\$ 52,702,370.64	17.36%	\$ 52,650,270.00	17.37%	AA+	30%	1.666	643	5-Year	4.228%
Federal Home Loan Bank	\$ 31,483,966.74	10.36%	\$ 31,198,495.00	10.30%	AA+	30%	1.654	643	5-Year	3.169%
Federal Home Loan Mortgage Co	\$ 6,000,000.00	1.97%	\$ 6,000,930.00	1.98%	AA+	30%	0.166	61	5-Year	5.027%
Negotiable Certificates of Deposit	\$ 8,260,919.79	2.72%	\$ 8,286,035.31	2.73%	FDIC	30%	0.925	355	5-Year	4.292%
Municipal Bonds	\$ 347,410.33	0.11%	\$ 347,595.30	0.11%	Aaa	10%	2.636	1,003	5-Year	4.434%
Medium-Term Notes	\$ 70,553,935.34	23.24%	\$ 70,486,989.93	23.26%	A-/A+/A3	30%	3.261	1,348	5-Year	4.786%
Corporate Bond	\$ 4,999,003.57	1.65%	\$ 5,050,250.00	1.67%	AA-		3.225	1,320	5-Year	4.905%
Total Investments:	\$ 303,535,073.02	100.00%	\$ 303,027,282.21	100.00%			1.3499	551		4.421%
Cash In Bank (General):	\$ 14,589,417.24									
Cash In Bank (Housing):	\$ 583,752.53									
Total Funds:	\$ 318,708,242.79									

* Line items are calculated by formulas. There might be immaterial discrepancy between the summation of line items and the subtotal or grand total due to rounding issue.

I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Resolution 2024-24 on May 21, 2024, per California Government Code §53601. A copy of this policy is available at the office of the City Clerk.


 Tim Goodrich
 City Treasurer


 Jasmine Allen
 Deputy City Treasurer


 Date

Investment Report
October 2024

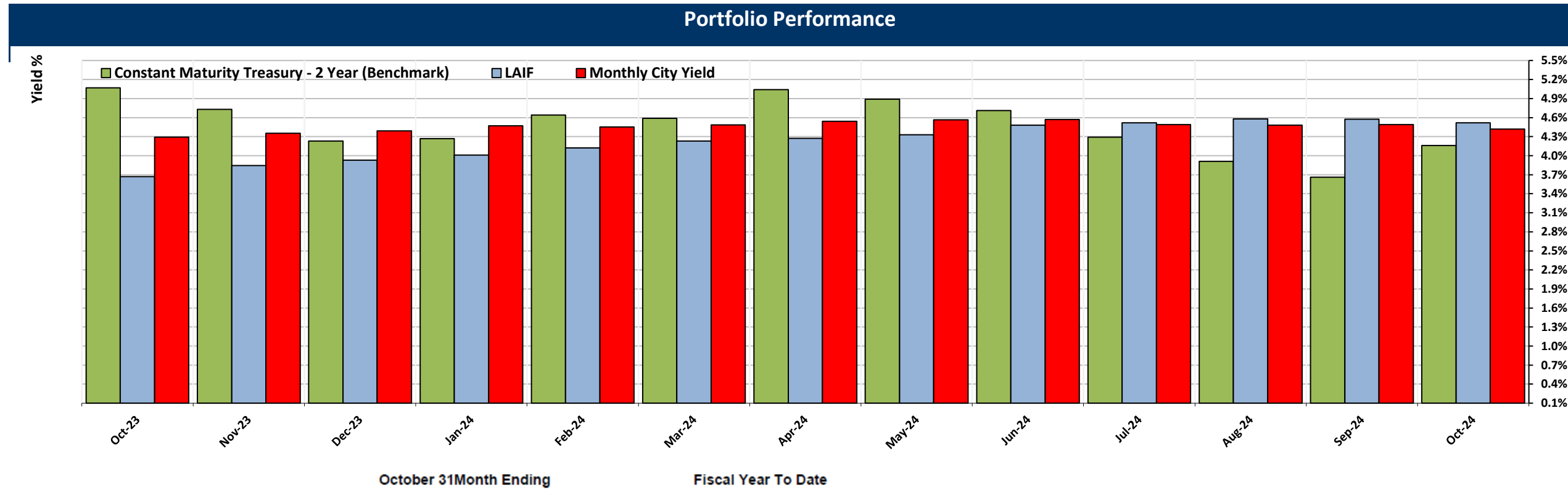
Portfolio Monthly Activity Detail

Purchases	Broker	Purchase Date	Description	NRSRO Rating	Maturity Date	Term (YR)	Coupon (%)	YTM 365 (%)	Par Value (\$)	Book Value (\$)
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11471	OP	10/28/2024	CARGIL	A2	6/18/2027	2.6	4.601%	4.601%	\$8,000,000.00	\$8,551,076.16
Average Rate / Totals								4.598%	\$33,000,000.00	\$ 33,691,073.15

Maturities/ Calls/Sales	Broker	Purchase Date	Description	NRSRO Rating	Maturity/Call/ Sale Date	Days Held/Days to Maturity/Sale	Coupon (%)	YTM 365 (%)	Par Value (\$)	Book Value (\$)
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Annualized Yield / Totals								4.227%	\$19,593,000.00	\$19,593,000.00

US Bank	Beginning Balance	Coupon (%)	Yield (%)	Deposits (\$)	Withdrawals (\$)	Monthly Interest Earned (\$)	Ending Balance (\$)
Money Market	\$41,553,568.58	4.690%	4.690%	\$30,030,392.42	\$49,154,451.67	\$180,841.77	\$22,610,351.10
LAIF	Beginning Balance	Coupon (%)	Yield (%)	Deposits (\$)	Withdrawals (\$)	Quarterly Interest Earned (\$)	Ending Balance (\$)
General	\$11.21	4.518%	4.518%	\$0.00	\$0.00	\$0.13	\$11.34
CAMP	Beginning Balance	Coupon (%)	Yield (%)	Deposits (\$)	Withdrawals (\$)	Monthly Interest Earned (\$)	Ending Balance (\$)
CAMP Pool	\$78,041,829.05	5.030%	5.030%	\$0.00	\$0.00	\$332,645.18	\$78,374,474.23

Investment Report October 2024


CD/Coupon/Discount Investments:

Interest Collected	437,392.42	3,764,492.13
Plus Accrued Interest at End of Period	1,297,853.31	1,297,849.75
Less Accrued Interest at Beginning of Period	(1,167,535.04)	(2,411,121.74)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	567,710.69	2,651,220.14
Adjusted by Premiums and Discounts	62,585.90	253,691.20
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	630,296.59	2,904,911.34

Cash/Checking Accounts:

Interest Collected	513,487.08	1,611,653.86
Plus Accrued Interest at End of Period	315,371.62	315,371.62
Less Accrued Interest at Beginning of Period	(310,374.43)	(158,672.16)
Interest Earned during Period	518,484.27	1,768,353.32

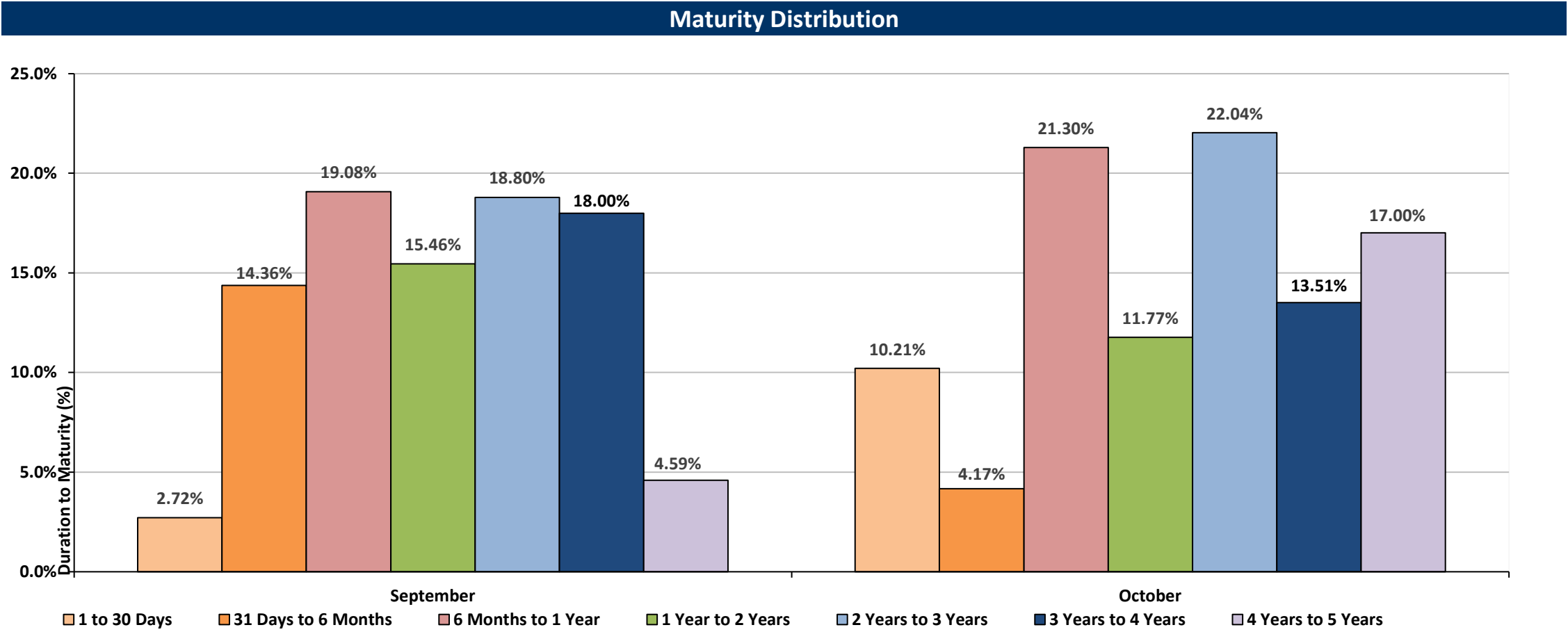
Total Interest Earned during Period	1,086,194.96	4,419,573.46
Total Adjustments from Premiums and Discounts	62,585.90	253,691.20
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	1,148,780.86	4,673,264.66

***Accrued Interest:** Interest that has accumulated between the most recent payment and the sale of a bond or other fixed-income security. At the time of sale, the buyer pays the seller the bond's price plus "accrued interest," calculated by multiplying the coupon rate by the fraction of the coupon period that has elapsed since the last payment. (If a bondholder receives \$40 in coupon payments per bond semiannually and sells the bond one-quarter of the way into the coupon period, the buyer pays the seller \$10 as the latter's proportion of interest earned.)

Adjusted by Premiums/Discounts represents the premium or discount cost involved to secure higher or lower yield securities. The cost of the premium or discount is amortized down or up respectively to par over the life of the bond until reaching maturity. By amortizing, the amount of taxable interest is reduced for each year the city owns the bond. This is because the amortized premium or discounts offsets the ordinary income of the coupon payment.

As long as a bond is held to maturity there will be no capital loss or gain to report.

Investment Report
October 2024



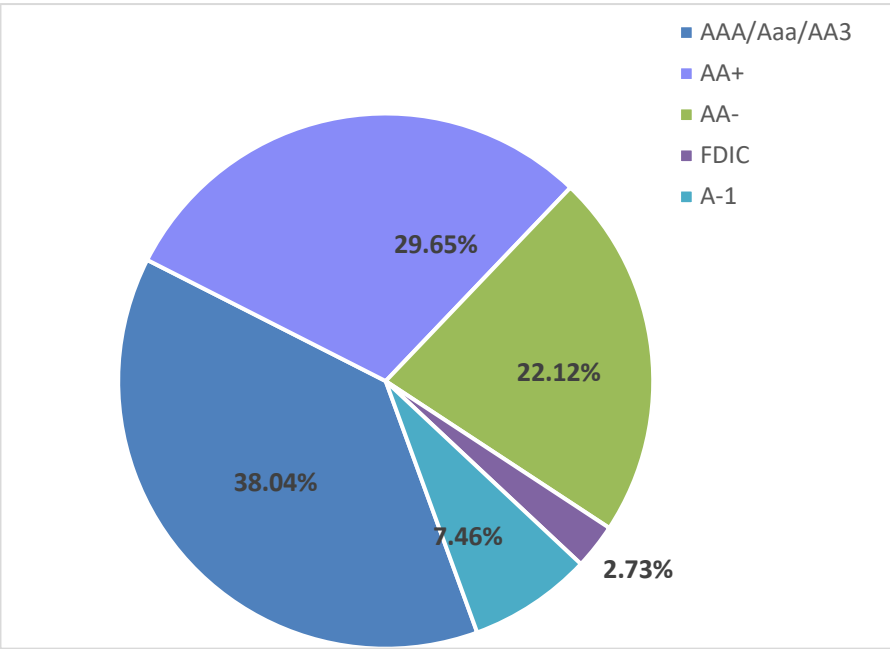
NOTE: SB 564 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and monies of the local agency was eliminated by AB 2853 on September 29, 2004 .

CA GC §53646(b)(3) requires a statement of compliance of the portfolio with the statement of investment policy and a statement of the local agency’s ability to meet the expenditure requirements of the pool for the next six months. We are in compliance with the section.

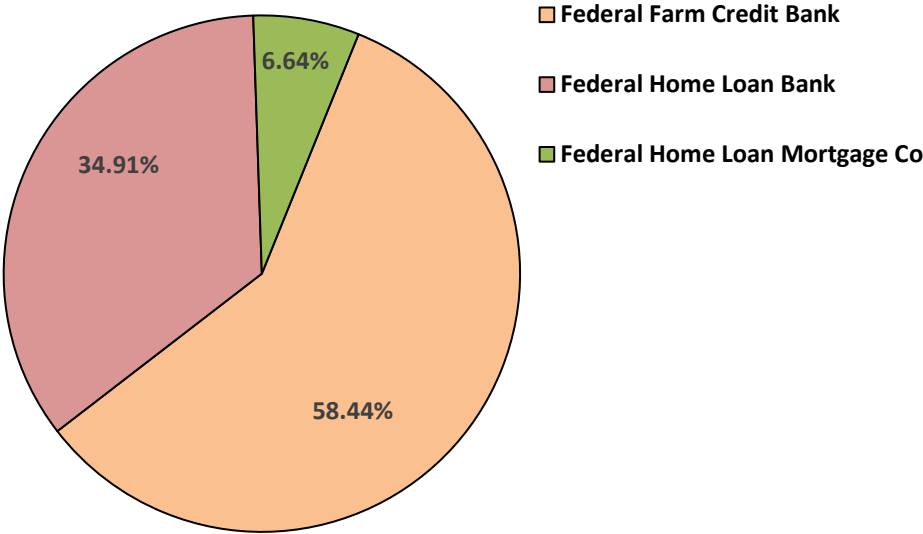
Investment Report
October 2024

Portfolio Distribution

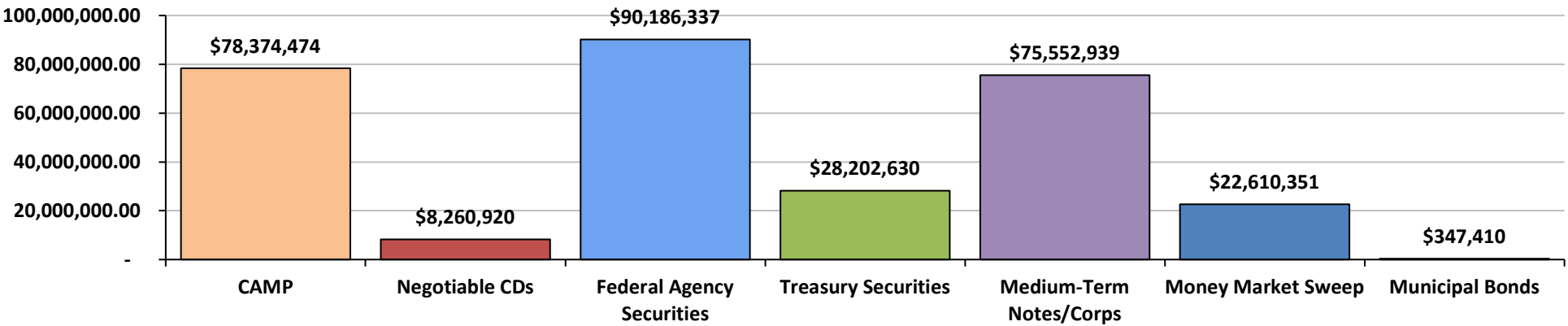
Assigned Credit Ratings of Investments (Total Portfolio)



Federal Agencies Distribution



Portfolio Sectors (Book Value)



Investment Report October 2024

Value of Portfolio per GASB 31


	Beginning Investment Value As of July 1, 2024	Purchase / (Redemption of Principal)	Change in Market Value	Ending Investment Value
U.S. Treasury Securities - Coupon	\$27,579,335.00	\$0.00	\$442,545.00	28,021,880.00
Federal Agency - Coupon	147,549,390.50	(58,850,000.00)	1,150,304.50	89,849,695.00
Negotiable Certificate of Deposits	8,439,211.98	(243,000.00)	89,823.33	8,286,035.31
Medium-Term Notes	42,808,676.84	27,442,490.00	235,823.09	70,486,989.93
Municipal Bonds	617,665.10	(280,000.00)	9,930.20	347,595.30
Corporate Bond	4,989,650.00	-	60,600.00	5,050,250.00
Sub-total per GASB 31:	\$231,983,929.42	(\$31,930,510.00)	\$1,989,026.12	\$202,042,445.54
Non-GASB				
California Asset Management Program	86,247,426.49	(7,872,952.26)	-	78,374,474.23
Local Agency Investment Funds	11.10	0.24	-	11.34
Money Market	16,840,341.01	5,770,010.09	-	22,610,351.10
Federal Agency - Disc.	-	-	-	-
Treasury Security - Disc.	-	-	-	-
Certificate of Deposits -Disc.	-	-	-	-
Commercial paper	-	-	-	-
Sub-total Non-GASB:	103,087,778.60	(2,102,941.93)	-	100,984,836.67
Total Portfolio:	\$335,071,708.02	(\$34,033,451.93)	\$1,989,026.12	\$303,027,282.21

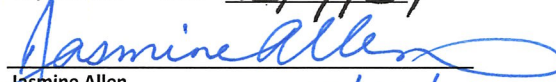
The Governmental Accounting Standards Board (GASB) has established Statement No. 31 for setting investment valuation standards. We report the unrealized gain/(loss) monthly and book realized gain/(loss) at year end as a GASB 31 requirement.

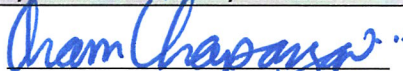
GASB 31 is a reporting requirement that reports the "Fair Value" of investments held in our portfolio. Fair value is the amount at which a financial instrument (investment) could be exchanged in a current transaction between willing parties at current market prices. It is important to understand the relationship between prevailing interest rates and fixed coupon investments. As market interest rates fall, the "Fair Value" of held securities will rise (unrealized Gains). The opposite occurs as market interest rates rise (market prices of held investments will fall). It should be noted that investments held in the city pool are to be held until maturity so both gains and losses (unrealized) will not be taken.

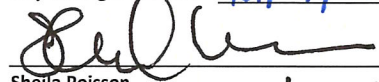
I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Resolution 2024-24 on May 21, 2024, per California Government Code §53601. A copy of this policy is available at the office of the City Clerk.

Reviewed by the Investment Advisory Committee


Tim Goodrich
City Treasurer Date: 12/4/24


Jasmine Allen
Deputy City Treasurer Date: 12/04/2024


Aram Chaparyan
City Manager Date: 12/4/24


Sheila Poisson
Finance Director Date: 12/4/24

absent
Patrick Q. Sullivan
City Attorney Date: _____

Deputy Treasurer Monthly Reports

Portfolio Management

Portfolio Details - Investments

October 31, 2024

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L		07/01/2022	11.34	11.34	11.34	4.518	LAIF	4.518	1	
Subtotal and Average			11.21		11.34	11.34	11.34			4.518	1	
Money Market Sweep Account												
316175108	10001	US Bank		07/01/2022	22,610,351.10	22,610,351.10	22,610,351.10	4.690	A-1	4.690	1	
Subtotal and Average			41,789,975.57		22,610,351.10	22,610,351.10	22,610,351.10			4.690	1	
Federal Agency Issues - Coupon												
3133ENL99	11381	FEDERAL FARM CREDIT BANK		10/07/2022	13,000,000.00	12,721,670.00	12,750,143.61	3.375	AA+	4.120	1,048	09/15/2027
3133ENP95	11383	FEDERAL FARM CREDIT BANK		10/07/2022	10,000,000.00	9,992,000.00	9,993,775.68	4.250	AA+	4.322	333	09/30/2025
3133ENP95	11384	FEDERAL FARM CREDIT BANK		10/07/2022	10,000,000.00	9,992,000.00	9,995,676.70	4.250	AA+	4.300	333	09/30/2025
3133ENQ29	11385	FEDERAL FARM CREDIT BANK		10/07/2022	10,000,000.00	9,952,600.00	9,967,097.95	4.000	AA+	4.125	1,062	09/29/2027
3133ENP95	11386	FEDERAL FARM CREDIT BANK		10/07/2022	10,000,000.00	9,992,000.00	9,995,676.70	4.250	AA+	4.300	333	09/30/2025
3130AMKK7	11363	FEDERAL HOME LOAN BANK		06/14/2021	2,500,000.00	2,414,675.00	2,500,114.15	0.875	AA+	0.871	390	11/26/2025
3130AMSY9	11364	FEDERAL HOME LOAN BANK		06/29/2021	1,000,000.00	968,470.00	1,000,000.00	0.800	AA+	0.800	332	09/29/2025
3130AMSY9	11365	FEDERAL HOME LOAN BANK		06/29/2021	1,000,000.00	968,470.00	1,000,000.00	0.800	AA+	0.800	332	09/29/2025
3130AMSY9	11366	FEDERAL HOME LOAN BANK		06/29/2021	1,000,000.00	968,470.00	1,000,000.00	0.800	AA+	0.800	332	09/29/2025
3130AQM3	11372	FEDERAL HOME LOAN BANK		01/28/2022	5,000,000.00	4,920,950.00	5,000,000.00	2.125	AA+	1.575	361	10/28/2025
3130AQP2	11375	FEDERAL HOME LOAN BANK		02/18/2022	3,000,000.00	2,916,240.00	2,999,664.89	1.625	AA+	1.633	382	11/18/2025
3130AQSG9	11377	FEDERAL HOME LOAN BANK		02/22/2022	1,000,000.00	984,150.00	999,956.42	2.125	AA+	1.477	273	08/01/2025
3130ATHV2	11380	FEDERAL HOME LOAN BANK		10/07/2022	7,000,000.00	7,003,010.00	7,004,278.71	4.250	AA+	4.214	679	09/11/2026
3130AUWT7	11413	FEDERAL HOME LOAN BANK		02/28/2023	3,000,000.00	2,996,220.00	3,000,000.00	6.250	AA+	6.052	1,210	02/24/2028
3130ASH44	11414	FEDERAL HOME LOAN BANK		03/30/2023	2,000,000.00	1,997,740.00	1,994,948.01	4.700	AA+	4.816	971	06/30/2027
3130B1EF0	11467	FEDERAL HOME LOAN BANK		05/24/2024	5,000,000.00	5,060,100.00	4,985,004.56	4.625	AA+	4.748	952	06/11/2027
3134GYGK2	11409	FEDERAL HOME LOAN MORTGAGE CO		02/10/2023	3,000,000.00	3,000,510.00	3,000,000.00	5.050	AA+	5.050	101	02/10/2025
3134GYGJ5	11411	FEDERAL HOME LOAN MORTGAGE CO		02/22/2023	3,000,000.00	3,000,420.00	3,000,000.00	5.000	AA+	5.005	21	11/22/2024
Subtotal and Average			101,239,659.75		90,500,000.00	89,849,695.00	90,186,337.38			3.911	605	
Treasury Securities - Coupon												
91282CAT8	11361	U.S.TREASURY NOTE		05/28/2021	2,500,000.00	2,401,350.00	2,489,535.99	0.250	N/A	0.677	364	10/31/2025
91282CAZ4	11370	U.S.TREASURY NOTE		01/25/2022	1,000,000.00	958,630.00	988,991.05	0.375	N/A	1.428	394	11/30/2025
91282CDH1	11371	U.S.TREASURY NOTE		01/25/2022	2,000,000.00	1,997,000.00	1,999,645.73	0.750	N/A	1.223	14	11/15/2024
91282CDH1	11373	U.S.TREASURY NOTE		02/02/2022	3,000,000.00	2,995,500.00	2,999,346.65	0.750	N/A	1.330	14	11/15/2024
9128286F2	11388	U.S.TREASURY NOTE		12/16/2022	5,000,000.00	4,889,050.00	4,912,982.77	2.500	N/A	3.909	484	02/28/2026
912828G38	11390	U.S.TREASURY NOTE		12/22/2022	5,000,000.00	4,995,250.00	4,996,410.39	2.250	N/A	4.221	14	11/15/2024
912828U24	11391	U.S.TREASURY NOTE		12/22/2022	5,000,000.00	4,792,600.00	4,822,081.91	2.000	N/A	3.900	744	11/15/2026
91282CDH1	11392	U.S.TREASURY NOTE		12/22/2022	5,000,000.00	4,992,500.00	4,993,635.45	0.750	N/A	4.245	14	11/15/2024

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Subtotal and Average			28,183,750.96		28,500,000.00	28,021,880.00	28,202,629.94			3.185	265	
Medium Term Notes												
06406RAH0	11445	BANK OF NEW YORK		05/18/2023	3,000,000.00	2,936,250.00	2,948,667.79	3.850	A	4.399	1,274	04/28/2028
141784AM0	11471	Cargill Inc		10/29/2024	8,000,000.00	8,517,840.00	8,551,076.16	7.410	N/A	4.601	959	06/18/2027
17325FBB3	11461	Citigroup/Smith Barney		01/09/2024	5,709,000.00	5,929,196.13	5,873,548.16	5.803	A+	4.965	1,428	09/29/2028
17325FBB3	11463	Citigroup/Smith Barney		02/12/2024	2,000,000.00	2,077,140.00	2,070,104.38	5.803	A+	4.791	1,428	09/29/2028
46625HRS1	11460	JPMORGAN		10/10/2023	3,600,000.00	3,527,064.00	3,474,487.81	3.200	A1	5.540	591	06/15/2026
58942HAC5	11464	Mercy Healthcare		02/12/2024	3,390,000.00	3,349,387.80	3,341,652.89	4.302	A+	4.737	1,338	07/01/2028
30303M8L9	11459	META Platforms		10/10/2023	3,000,000.00	3,020,100.00	2,950,302.45	4.600	A1	5.130	1,291	05/15/2028
62829D2E9	11468	Mutual of Omaha		10/28/2024	10,000,000.00	9,878,400.00	9,991,015.11	4.750	A+	4.770	1,809	10/15/2029
6944PL2Z1	11462	Pacific Life Global		02/08/2024	4,200,000.00	4,211,046.00	4,198,283.05	4.900	AA-	4.911	1,532	01/11/2029
6944PL2U2	11465	Pacific Life Global		03/28/2024	1,900,000.00	1,943,016.00	1,933,155.01	5.500	AA-	4.970	1,355	07/18/2028
6944PL3C1	11469	Pacific Life Global		10/28/2024	10,000,000.00	9,914,000.00	10,012,278.79	4.500	AA-	4.471	1,761	08/28/2029
74368CBV5	11466	Prime Alliance Bank		03/28/2024	5,000,000.00	5,119,050.00	5,104,263.96	5.467	AA-	4.889	1,498	12/08/2028
74368CBY9	11470	Prime Alliance Bank		10/28/2024	5,000,000.00	5,096,350.00	5,136,703.09	5.215	AA-	4.550	1,684	06/12/2029
90331HPL1	11439	US Bank		05/16/2023	5,000,000.00	4,968,150.00	4,968,396.69	2.050	A+	5.051	81	01/21/2025
Subtotal and Average			41,508,397.03		69,799,000.00	70,486,989.93	70,553,935.34			4.786	1,348	
CAMP												
SYS10002	10002	CAMP		07/11/2023	78,374,474.23	78,374,474.23	78,374,474.23	5.030		5.030	1	
Subtotal and Average			78,052,559.54		78,374,474.23	78,374,474.23	78,374,474.23			5.030	1	
Municipal Bonds												
630362ES6	11423	Napa Valley USD		04/21/2023	105,000.00	96,711.30	96,657.67	1.342	N/A	4.554	1,003	08/01/2027
732098PH5	11424	Ponoma USD		04/21/2023	270,000.00	250,884.00	250,752.66	1.516	N/A	4.387	1,003	08/01/2027
Subtotal and Average			347,019.28		375,000.00	347,595.30	347,410.33			4.434	1,003	
Negotiable CD												
88413QCK2	11355	Third Federal Savings and Loan		11/25/2019	245,000.00	244,510.00	245,000.00	1.950	FDIC	1.952	24	11/25/2024
01882MAC6	11396	Alliant Credit Union		12/30/2022	245,000.00	252,712.60	245,000.00	5.000	FDIC	5.003	1,154	12/30/2027
098079AR7	11447	B1BANK BATON		05/19/2023	245,000.00	245,019.60	245,000.00	4.950	FDIC	4.973	18	11/19/2024
062119BU5	11434	BANK FIVE NINE		05/12/2023	245,000.00	247,619.05	245,000.00	4.400	FDIC	4.404	922	05/12/2027
06251A5M8	11446	Bank Hapoalim BM NY		05/19/2023	243,000.00	242,917.38	243,000.00	5.000	FDIC	5.023	18	11/19/2024
05600XQA1	11426	BMO HARRIS C		05/09/2023	243,000.00	243,381.51	243,000.00	4.800	FDIC	4.799	189	05/09/2025
05580AXF6	11362	BMW Bank of No America #35141		06/24/2021	200,000.00	193,442.00	199,919.79	0.500	FDIC	0.546	328	09/25/2025
06063HQL0	11436	Bank of Baroda #33681		05/15/2023	243,000.00	242,910.09	243,000.00	5.050	FDIC	5.073	14	11/15/2024
130162AQ3	11394	California Credit Union		12/27/2022	245,000.00	245,009.80	245,000.00	4.850	FDIC	4.856	56	12/27/2024
14042RVT5	11440	Capital One#4297		05/17/2023	243,000.00	246,078.81	243,000.00	4.500	FDIC	4.504	927	05/17/2027

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Negotiable CD												
12481GAW7	11374	CBC Fed Credit Union		02/18/2022	245,000.00	239,526.70	245,000.00	1.450	FDIC	1.449	290	08/18/2025
15118RTC1	11351	CELTIC BANK		11/27/2019	245,000.00	244,497.75	245,000.00	1.850	FDIC	1.852	26	11/27/2024
12547CBG2	11438	CIBC BK USA		05/16/2023	243,000.00	243,408.24	243,000.00	4.800	FDIC	4.807	196	05/16/2025
20416TAX0	11401	CIT Bank		01/06/2023	245,000.00	246,501.85	245,000.00	4.700	FDIC	4.704	431	01/06/2026
597338AJ1	11431	Comenity Capital Bank		05/10/2023	245,000.00	247,611.70	245,000.00	4.400	FDIC	4.404	920	05/10/2027
20349RBZ0	11441	COMMUNITY BK		05/17/2023	245,000.00	245,044.10	245,000.00	4.900	FDIC	4.680	17	11/18/2024
20368TDL1	11448	COMMUNITY FI		05/19/2023	245,000.00	246,918.35	245,000.00	4.600	FDIC	4.605	564	05/19/2026
227563CJ0	11449	CROSS RIVER		05/19/2023	243,000.00	243,483.57	243,000.00	4.850	FDIC	4.857	199	05/19/2025
2546734T0	11430	Discover Bank #5649		05/10/2023	243,000.00	244,598.94	243,000.00	4.550	FDIC	4.555	556	05/11/2026
40219MAG9	11442	GULF CAP BK		05/17/2023	243,000.00	244,632.96	243,000.00	4.550	FDIC	4.555	562	05/17/2026
58404DSD4	11452	Medallion Bank Salt Lake City		05/22/2023	245,000.00	245,543.90	245,000.00	4.800	FDIC	4.800	202	05/22/2025
61690U5T3	11432	Morgan Stanley Bank		05/10/2023	243,000.00	246,632.85	243,000.00	4.600	FDIC	4.604	920	05/10/2027
75472RAN1	11352	Raymond James BK		11/26/2019	245,000.00	244,478.15	245,000.00	1.850	FDIC	1.852	25	11/26/2024
15987UBR8	11433	CHARLES SCHWAB		05/11/2023	243,000.00	243,014.58	243,000.00	5.050	FDIC	5.074	4	11/05/2024
843879EC7	11427	SOUTHERN STS		05/09/2023	245,000.00	246,511.65	245,000.00	4.500	FDIC	4.505	556	05/11/2026
843383CR9	11443	SOUTHERN STS		05/17/2023	245,000.00	246,531.25	245,000.00	4.500	FDIC	4.505	560	05/15/2026
84287PHR6	11453	SOUTHERN FIR		05/26/2023	245,000.00	247,146.20	245,000.00	4.650	FDIC	4.655	571	05/26/2026
87164DWC0	11450	SYNOVUS BK C		05/19/2023	243,000.00	243,133.65	243,000.00	5.000	FDIC	5.022	48	12/19/2024
89388CGQ5	11451	TRANSPORTATI		05/19/2023	245,000.00	245,019.60	245,000.00	4.950	FDIC	4.973	18	11/19/2024
91527PBX4	11435	UNIVEST NATL BK		05/12/2023	245,000.00	247,913.05	245,000.00	4.450	FDIC	4.454	922	05/12/2027
065427AE6	11429	BANK UTAH OGDEN		05/10/2023	245,000.00	246,511.65	245,000.00	4.500	FDIC	4.395	556	05/11/2026
920133AK1	11393	Valley Strong		12/23/2022	245,000.00	245,686.00	245,000.00	4.800	FDIC	4.803	234	06/23/2025
940637QZ7	11444	WASHINGTON TRUST		05/17/2023	243,000.00	243,051.03	243,000.00	5.000	FDIC	5.023	17	11/18/2024
949764CD4	11428	Wells Fargo Bank		05/09/2023	245,000.00	245,036.75	245,000.00	5.000	FDIC	5.022	11	11/12/2024
Subtotal and Average			8,488,238.71		8,261,000.00	8,286,035.31	8,260,919.79			4.292	355	
Non-US Corporate Bond												
63253QAE4	11457	Australia National Bank		07/19/2023	5,000,000.00	5,050,250.00	4,999,003.57	4.900	AA-	4.905	1,320	06/13/2028
Subtotal and Average			4,998,992.83		5,000,000.00	5,050,250.00	4,999,003.57			4.905	1,320	
Total and Average			304,608,604.89		303,419,836.67	303,027,282.21	303,535,073.02			4.421	551	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM Days to Maturity
Average Balance			0.00	Accrued Interest at Purchase		468,385.28	468,385.28			0
				Subtotal		468,385.28	468,385.28			
Total Cash and Investments			304,608,604.89		303,419,836.67	303,495,667.49	304,003,458.30		4.421	551

Notes to Investment Report

1. REPORTING ENTITY

City of Torrance was established May 31, 1921 and adopted a city charter form of government on January 7, 1947.

Under City Charter section 630 CITY TREASURER. It shall be the duty of the City Treasurer to receive and safely keep all moneys which shall come into his/her hands as City Treasurer. He/She shall comply with all provisions of law governing the deposit and securing of public funds. He/She shall also comply with all the provisions of the general laws of the State governing the handling of such trust funds as may come into his/her possession. He/She shall pay out moneys only on warrants signed by persons designated by law, or ordinance, as the proper persons to sign warrants and as to trust funds which may come into his/her possession or control by virtue of some law, ordinance or resolution, by warrant or other order, in accordance with the provisions of such law, ordinance or resolution. He/She shall at regular intervals, at least once each month, submit to the Director of Finance a written report and accounting of all receipts, disbursements and fund balances, a copy of which report he/she shall file with the City Council.

The City Treasurer may appoint a deputy, or deputies, from an eligible list to be prepared in accordance with the proceedings prescribed in the civil service system of the City, such deputy or deputies to receive such compensation as may be provided by the City Council. (Ratified Gen. Mun. Elec. 4/10/56, Amend. No. 8; Approved by State Legislature Concurrent Res. No. 3 on 1/9/57).

2. BASIS FOR REPORTING

This Investment Report has been prepared in accordance with the State of California Government Code §53600 and City of Torrance Investment Policy as noted in the City Charter. The City of Torrance Investment Policy is approved and adopted annually by City Council. The Investment Policy is annually submitted by the City Treasurer to the Investment Advisory Committee for review before being forwarded to the City Council. The investment Advisory Committee is made up of City Treasurer, City Manager, City Attorney, Finance Director, and Deputy City Treasurer.

3. ASSUMPTIONS

The Investment Report represents a specific snapshot in time and is compared to other market performers during that same period which includes but is not limited to: Constant Maturing Treasury 2-year term rates, Local Agency Investment Fund (State of California), and prior year performance. All investment activity calculations are results from SymPro portfolio management software v7.3.6.

Adjusted by Premiums/Discounts represent the premium/discount cost involved to secure higher or lower yield securities. The cost of the premium or discount is amortized down or up to par over the life of the bond until reaching maturity. By amortizing, the amount of taxable interest is reduced for each year the city owns the bond. This is because the amortized premium or discount offsets the ordinary income of the coupon payment.

There is no capital loss or gain to report if bonds are kept to maturity.

Notes to Investment Report

4. COMPLIANCE

The Investment Report is required to be submitted to City Council on a monthly basis. State of California statutes requires quarterly reporting. GASB 31 section requires market changes be booked annually but reported monthly as part of this report. SB 564 requires quarterly reporting to the legislative body.

5. LAIF RISK

LAIF statute §16429.3 Deposits; prohibited transfers and loans; impoundment or seizure:

Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:

- a. Transfer or loan pursuant to Section 16310, 16312, or 16313.
- b. Impoundment or seizure by any state official or state agency

LAIF statute §16429.4 Right of withdrawal:

The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year.

Additional information about LAIF may be found on the California State Treasurer Website:

<http://www.treasurer.ca.gov/pmia-laif/answer/laifstatutes.asp>

Glossary

ACCRUED INTEREST. Interest that has accumulated between the most recent payment and the sale of a bond or other fixed-income security. At the time of sale, the buyer pays the seller the bond's price plus "accrued interest," calculated by multiplying the coupon rate by the fraction of the coupon period that has elapsed since the last payment. (If a bondholder receives \$40 in coupon payments per bond semiannually and sells the bond one-quarter of the way into the coupon period, the buyer pays the seller \$10 as the latter's proportion of interest earned.)

AGENCIES. Also referred to as Federal Agencies or Fed Agencies and include such organizations or enterprises as the: Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB), and Government National Mortgage Association (GNMA). See FEDERAL AGENCIES or the specific organization/enterprise in this glossary for additional information.

AMORTIZATION. The spreading out of capital expenses for intangible assets over a specific period of time (usually over the asset's useful life) for accounting and tax purposes. Amortization is similar to depreciation, which is used for tangible assets, and to depletion, which is used with natural resources.

ASKED. The price at which securities are offered.

BANKER'S ACCEPTANCE ("BA"). A draft, bill, or exchange accepted by a bank or a trust company. Both the issuer and the accepting institution guarantee payment of the bill.

BASIS POINT. Common unit of measure used for expressing changes in interest rates; one basis point equates to 1/100th of 1%. (i.e. 0.1% equals 10 basis points.)

BID. The price offered by a buyer of securities (when one sells securities, one asks for a bid). See "Offer".

BOND. Bonds are commonly referred to as fixed-income securities and are one of the three main generic asset classes, along with stocks (equities) and cash equivalents. Many corporate and government bonds are publicly traded on exchanges, while others are traded only over-the-counter (OTC).

BROKER. A broker is an individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor. It is also the role of a firm when it acts as an agent for a customer and charges the customer a commission for its services.

BULLET BOND. Bullet Bonds are non-callable bonds, which cannot be redeemed early by the issuer.

CALLABLE BOND. A bond that can be redeemed by the issuer earlier than the bond's maturity date. Callable bonds with specific details as to when the bond may be called back are noted. Embedded options attached to callable bonds detail how the issuer may "call" back the security. Three forms of embedded options for callable bonds are:

- *American Option:* Bond may be called back by the issuer at any time after the lockout period expires. (continuously callable)
- *Bermudian Option:* The issuer has the right to call the bond on the predetermined interest payment dates only.
- *European Option:* Allows the holder to exercise the option (i.e. to buy) only on the option expiration date.
- *1X:* One time callable only
- *6M:* Callable only after predetermined 6 month lockout period.

CERTIFICATE OF DEPOSIT ("CD"). A time deposit with a specific maturity, as evidenced by a certificate. Large-

Glossary

denomination CDs are typically negotiable. A certificate of deposit (CD) is a savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks and are insured by the FDIC. The term of a CD generally ranges from one month to five years.

COLLATERAL. Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT ("CAFR"). The official annual report for the City of Torrance. It includes combined statements for each individual fund and account group, which are prepared in conformity with GAAP. It also includes supporting schedules that are necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

CORPORATE BOND/NOTES. A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.

COUPON. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. It can also be a certificate attached to a bond, which evidences interest due on a payment date. The annual interest rate paid on a bond, expressed as a percentage of the face value.

DEALER. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: (1) delivery versus payment (DVP); and (2) delivery versus receipt (DVR). DVP is delivery of securities with an exchange of money for the securities. DVR is delivery of securities with an exchanged of a signed receipt for the securities.

DERIVATIVES. (1) Financial instruments that are linked to, or derived from, the movement of one or more underlying indexes or securities, and may include a leveraging factor; or (2) financial contracts based upon a notional amount whose value is derived from an underlying index or security (e.g., interest rates, foreign exchange rates, equities, or commodities).

DISCOUNT. The difference between the acquisition cost of a security and its value at maturity, when quoted at lower than face value. A security that sells below original offering price shortly after sale is also considered to be at a discount. In finance, discount refers to the condition of the price of a bond that is lower than par, or face value. The discount equals the difference between the price paid for a security and the security's par value.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued a discount and that are redeemed at maturity for full face value (e.g., U.S. Treasury Bills).

DIVERSIFICATION. Dividing investment funds among a variety of securities that offer independent returns.

FEDERAL AGENCIES. Special government organizations set up for a specific purpose such as the management of resources, financial oversight of industries or national security issues. These organizations are typically created by legislative action, but may initially be set up by a Presidential Order as well. The directors of these agencies are typically selected by Presidential appointment. A number of these organizations issue securities such as stocks and bonds that have been historically popular with investors. Agencies of the Federal Government that were established to supply credit to various classes of institutions and individuals (e.g., S&Ls, small business firms,

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students, farmers, farm cooperative, and exporters).

FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"). A federal agency that insures bank deposits, currently up to \$ 250,000.00 per deposit.

FEDERAL FARM CREDIT BANK ("FFCB"). In the United States, a network of federally-chartered financial institutions designed to provide credit-related services to the agricultural and farming sectors of the economy. In total, this government-sponsored enterprise comprises approximately 100 financial institutions that serve all 50 states and Puerto Rico

FEDERAL FUNDS RATE. The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS ("FHLB"). Government-sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing-related assets of its member, who must purchase stock in their District Bank. FHLB - An organization created by the Federal Home Loan Bank Act of 1932 to increase the amount of funds available for lending institutions who provide mortgages and similar loan agreements to individuals. This system was created in response to the depressive economic conditions of the era, which had impaired the U.S. banking system.

FEDERAL HOME LOAN MORTGAGE CORP ("Freddie Mac or FHLMC"). FHLMC is a stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle income Americans. The FHLMC purchases, guarantees and securitizes mortgages to form mortgage-backed securities. The mortgage-backed securities that it issues tend to be very liquid and carry a credit rating close to that of U.S. Treasuries.

FEDERAL NATIONAL MORTGAGE ASSOCIATION ("FNMA"). FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act of 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assures and guarantees that all security holders will receive timely payment of principal and interest. Fannie Mae is a publicly-traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low-, moderate- and middle-income Americans.

FEDERAL OPEN MARKET COMMITTEE ("FOMC"). The FOMC consist of seven members of the Federal Reserve Board and five of the 12 Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. Also known as "The Fed." The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks, and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATIONS ("GNMA" or "Ginnie Mae"). Securities that influence the volume of bank credit that is guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan

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associations, and other institutions. The full faith and credit of the U.S. Government protect a security holder. Ginnie Mae securities are backed by the FHA, VA, or FMHM mortgages. The term "pass-through" is often used to describe Ginnie Maes.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD ("GASB"). An organization whose main purpose is to improve and create accounting reporting standards or generally accepted accounting principles (GAAP). These standards make it easier for users to understand and use the financial records of both state and local governments. The Government Accounting Standards Board (GASB) is funded and monitored by the Financial Accounting Foundation (FAF).

IMPLIED RATING ("IMP"). Government Sponsored Enterprises ex: Federal Home Loan Bank, Federal Home Loan Mortgage Corp, Federal National Mortgage Association each carrier the rate of the US Treasury. There are GSE that are not officially rated by a credit rating agency but carry an implied rating because they are GSE. An example of this is Farmer Mac.

LIQUIDITY. A Liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow, and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND ("LAIF"). Monies from local governmental units may be remitted to the California State Treasurer for deposit in this special fund for the purpose of investment.

LOCKOUT (BOND FEATURE). The period of time when a security may not be redeemed by the issuer.

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer (lender) to liquidate the underlying securities in the event of default by the seller (borrower).

MATURITY. The date upon which the principal or stated value of an investment becomes due and payable.
Medium Term Notes - A corporate note continuously offered by a company to investors through a dealer. Investors can choose from differing maturities, ranging from nine months to 30 years.

MONEY MARKET. The market in which short-term debt instruments (e.g., bills, commercial paper, and banker's acceptances) are issued and traded.

NOT RATED ("NR"). GSE (government sponsored enterprises) or any security that are not officially rated by a credit rating agency.

OFFER. The price asked by a seller of securities (when one buys securities, one asks for an offer). See "Asked" and "Bid."

OPEN MARKET OPERATIONS. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC in order to influence the volume of money and credit in the economy.

Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

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PORTFOLIO. A collection of securities that an investor holds.

PREMIUM - A premium is the total cost of an option. The difference between the higher price paid for a fixed-income security and the security's face amount at issue.

PRIMARY DEALER. A group of government securities dealers that submit daily reports of market activity and positions, and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) — registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT INVESTOR RULE. An investment standard. A fiduciary, such as a trustee, may invest in a security if it is one that would be bought by a prudent investor acting in like capacity, who is seeking reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES. A financial institution that: (1) does not claim exemption from the payment of any sales, compensating use, or ad valorem taxes under the laws of this State; (2) has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability; and (3) has been approved by the Public Deposit Protections Commission to hold public deposits.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT ("RP" OR "REPO"). A holder of securities sells them to an investor with an agreement to repurchase the securities at a fixed price on a fixed date. The security "buyer" in effect, lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use **RP** extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money (increasing bank reserves).

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET. A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION. An agency created by Congress to administer securities legislation for the purpose of protecting investors in securities transactions.

SEC RULE 15c3-1. See "Uniform Net Capital Rule." SEC Rule 15c3-1 requires broker-dealers to maintain the following minimum net capital requirements in order to offer sufficient protection for the firm's customers:

- \$250,000 for broker-dealers who conduct general securities business and carry customer funds and securities
- \$50,000 for broker-dealers who introduce accounts to another broker-dealer on a fully disclosed basis, receive but do not hold customer securities for delivery to the clearing broker-dealer and do not carry customer accounts
- \$25,000 for broker-dealers that only handle mutual fund transactions and do not hold customer funds or securities
- \$5,000 for broker-dealers who do not directly or indirectly receive securities from customers (known as introducing brokers)

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STEP-UP BOND. A bond that pays an initial coupon rate for the first period, and then a higher coupon rate for the following periods. A step-up bond is one in which subsequent future coupon payments are received at a higher, predetermined amount than previous or current periods. These bonds usually have a callable component.

STRUCTURED NOTES. Notes issued by instrumentalities (e.g., FHLB, FNMA, SLMA) and by corporations, that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) in their debt structure. The market performance of structured notes is affected by fluctuating interest rates; the volatility of imbedded options; and shifts in the yield curve.

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of receiving future tax receipts and revenues at a future date.

TREASURY BILLS. A non-interest-bearing discount security that is issued by the U.S. Treasury to finance the national debt. Most T-bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term, coupon-bearing U.S. Treasury securities that are issued as direct obligations of the U.S. Government, and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term, coupon-bearing U.S. Treasury securities that are issued as direct obligations of the U.S. Government, and having initial maturities of two to 10 years. U S Notes - A treasury note is a marketable U.S. government debt security with a fixed interest rate and a maturity between one and 10 years. Treasury notes can be bought either directly from the U.S. government or through a bank.

UNIFORM NET CAPITAL RULE. SEC requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to one. Also called net capital rule and net capital ratio. Indebtedness covers all money that is owed to a firm, including margin loans and commitments to purchase securities (one reason that new public issues are spread among members of underwriting syndicates). Liquid capital includes cash and assets easily converted to cash.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD OR YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY (YTM). The percentage rate of return paid on a bond or note if the investor buys and holds it to its maturity date. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the bond will be reinvested at the same rate.

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