

Investment Report

September 30th 2024

Portfolio Management Summary

City Investment	Market Value	Percent of City's Portfolio	Average Days to Maturity	Current Month Net Effective Rate of Return
Washington State Investment Pool	\$ 43,943,580	75.9%	14	5.00%
Kitsap County Investment Pool	\$ 13,971,627	24.1%	542	3.70%
Investment Total and Weighted Averages	\$ 57,915,207	100%	141	4.69%
City's benchmark Rate of Return *				4.75%

*The City's benchmark is an average of the 1 month to 5 year Daily US Treasury Par Yield Curve Rates, weighted to approximate the City's investment portfolio, over a time period equal to the City's weighted average days to maturity.

Interest	
Monthly Interest Earned	\$ 226,254
YTD Interest Earned	\$ 2,200,277
Annualized YTD Net Effective Rate of Return	5.07%

Washington State Investment Pool - Portfolio Summary

Investment Type	Market Value	Percent of Portfolio	City's proportionate share of State Investment Pool
Federal Agency Discount Notes	\$ 272,559,601	1.1%	
Federal Agency Floating Rate Notes	\$ 5,073,394,801	20.8%	
Certificates of Deposit	\$ 93,250,000	0.4%	
Interest Bearing Bank Deposits	\$ 4,538,372,437	18.6%	
Repurchase Agreements	\$ 7,439,166,667	30.5%	
Supranational Securities - Discount Notes	\$ 32,975,556	0.1%	
U.S. Treasury Securities	\$ 5,972,044,176	24.5%	
U.S. Treasury Floating Rate Notes	\$ 980,948,374	4.0%	
	\$ 24,402,711,612	100.0%	0.18%

Kitsap County Investment Pool - Portfolio Summary

Investment Type	Market Value	Percent of Portfolio	City's proportionate share of County Investment Pool
Federal Agency Coupon Securities	\$ 324,377,889	29.3%	
Federal Agency Disc. Amortizing	\$ 8,236,200	0.7%	
U.S. Treasury Coupon Securities	\$ 272,339,124	24.6%	
Federal Agency Callables	\$ 225,004,630	20.3%	
Washington State Investment Pool	\$ 239,355,120	21.6%	
Federal Agency Variable Rate Notes	\$ 37,929,120	3.4%	
	\$ 1,107,242,082	100.0%	1.26%

The current investment portfolio complies with the City's investment policy and meets the investment policy objectives, which are, in order of priority: (1) safety (2) liquidity (3) return on investment

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Glossary

Average Days to Maturity – A weighted average of the expiration dates for a portfolio's securities. An investment portfolio's volatility can be managed by shortening or lengthening the average maturity.

Certificates of Deposit – Also known as CDs, these are certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. Certificates of deposit bear rates of interest in line with money market rates at the time of issuance.

Discount Notes – Non-interest bearing securities issued at a discount and redeemed at maturity for the full face value (e.g., U.S. treasury bills).

Federal Agency Notes and Securities – A security issued by a federal agency or certain federally chartered entities (often referred to as government-sponsored enterprises or GSEs). Such notes typically are issued through dealers, mostly investment banking houses. While federal agency securities are backed directly by the U.S. government, GSEs carry only an implicit backing, and are not direct obligations of the U.S. Government. For this reason, these securities will typically offer a yield premium over U.S. Treasuries. Examples of GSE's are the National Mortgage Association (FNMA), the Federal Home Loan Bank System (FHLB), the Federal Farm Credit Bank System (FFCB), and the Federal Home Loan Mortgage Corporation (FHLMC).

Kitsap County Investment Pool – An investment option available to municipalities in Kitsap County who invest through the County Treasurer.

Repurchase Agreement (REPO) – A transaction where the seller (bank) agrees to buy back from the buyer (i.e., the City) securities at an agreed upon price after a stated period of time. The buyer in effect lends the seller money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this.

Supranational – A multi-national organization whereby member nations transcend national boundaries or interests to share in the decision making to promote economic development in member countries.

U.S Treasury Obligations – Federally guaranteed obligations that are debt securities issued by the U.S. government and considered risk-free because they receive the full faith and credit of the federal government. These include Treasury bonds, notes, and bills.

Washington State Local Government Investment Pool (LGIP) – An investment option available to all Washington State agencies and local municipalities legally allowed to invest with the State Treasurer.